



December 20, 2019

SECURE Act Soon to Become Law – Included in Spending Deal Passed Yesterday

Financial security professionals received good news this week when congressional leadership included the Setting Every Community Up for Retirement Enhancement Act of 2019 (the “SECURE Act”) in their end-of-the-year legislative package. On Monday, congressional leadership released the details of a plan to fund the government through September 2020. The deal included two pieces of legislation, known as “minibus” bills, H.R. 1158 and H.R. 1865, which include all twelve appropriations bills necessary to keep the government fully funded.

Most significant for the financial security of the American people, H.R. 1865 includes the SECURE Act. Despite the hurdles in the Senate, AALU, our members, and our industry partners continued to push Congress to get this important legislative effort across the finish line before the end of the year. Fortunately, these efforts resulted in

the SECURE Act's inclusion in the end-of-year budget deal.



The graphic features the AALU logo at the top left. Below it, the text "Benefits of the SECURE Act" is displayed in a large, bold, white font. A red arrow points from the text towards a white piggy bank. To the left of the piggy bank are several stacks of gold coins and a small model house. At the bottom left of the graphic, the hashtag "#SECUREAct" and the website "www.aalu.org" are listed.

- 1 Allows older workers to save longer to keep building their nest egg
- 2 Reduces costs for small businesses who offer retirement plans to their employees
- 3 Gives all American workers the ability to carry their lifetime income products from employer-to-employer
- 4 Encourages employers to offer lifetime income products in their employer-sponsored benefit plans
- 5 Gives part-time workers more opportunities to contribute to 401(k) plans
- 6 Provides retirement savers with better clarity on how their savings would translate to retirement income on a month-to-month basis

Both bills were passed by House and Senate this week, and President Trump is expected to sign them before midnight tonight. The \$1.4 trillion spending package contains legislative priorities from both parties, including funds for President Trump's border wall and money to finance gun violence research.

Beyond the government funding bills and SECURE, the deal includes several tax provisions. These include a [variety of tax extenders](#) ranging from biodiesel to disaster relief. In addition, the bills make technical corrections to the Tax Cuts and Jobs Act (the "TCJA"). Those corrections include protections for rural cooperatives, removal of a tax on fringe benefits offered by non-profit organizations, and corrections to the "Kiddie Tax." Other priorities fell by the wayside, including refundable tax credits and technical corrections to Qualified Investment Property section (known as "QIP") in the TCJA. Finally, the package repeals three controversial taxes related to the Affordable Care Act – including the tax on "Cadillac" insurance plans, the medical device tax, and the health insurance tax. In total, the Joint Committee on Tax reports that the tax provisions will cost the Treasury \$427 billion in revenue between 2020 and 2021.

Stay tuned in the January for more information about the practical impacts of SECURE on your clients.

Think New York's Best Interest Rule 187 Can't Apply to You? You Might Be Surprised.

New York State's best interest standard for life insurance products is effective on February 1, 2020. Guidance from the NY Department of Financial Services has been sparse, but we continue working with our partners on additional guidance. We provided an [analysis](#) explaining what the rule means for producers with business in New York, and we will continue to provide members with the latest information.

If you think this will only affect New York producers directly recommending an annuity or life insurance policy to a New York residents, you may be wrong.

The very broad language in New York's best interest rule means it could apply to intermediaries who are working with a New York producer, even if they never have direct contact with the client. In our latest alert, we explain how the NY rule could apply to producers and intermediaries who may not expect it.

>> [Read the latest analysis](#)

>> [NY Best Interest Standard: What Producers Need To Know](#)

**AALU Ambassador Insider Podcast: 2020 Elections, the Profession,
and your Business**



For our December episode of Ambassador Insider, Chris Morton sits down with AALU counsel and Democratic party insider, Jeff Ricchetti, to chat about the implications of the 2020 election on issues facing life insurance and the financial security profession. What direction is the Democratic primary election heading? How realistic are some of the candidates' policies? What will certain election outcomes mean for your business and clients? Tune in to find out.



2019: The Ambassador Program's Best Year Yet

A look at 2020 AALU Wins

199A
Tax Break

SECURE
Act

Estate Tax
Clawback

Transfer for
Value

The largest tax relief in history for financial security professionals and their clients.

Broadening retirement savings and planning opportunities for savers and advisors.

Preserving gifting opportunities in estate planning, without the threat of clawbacks.

Preserving the current tax treatment for business uses of life insurance in M&A activity.

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A look at AALU Ambassador Achievements

55



New Ambassador Relationships



\$2.3

Million in political contributions

540

Meetings with
lawmakers



325



Total Ambassadors enrolled in 2019

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>> [Find the full list of 2019 AALU Ambassadors here!](#)

In Case You Missed It

- [AALU Members in the Community](#)
 - [SECURE Act attached to end-of-year spending bill](#)
 - [Simplifying Transfer for Value & Reportable Policy Sale Regulations for Clients](#)
 - [Private Placement Life Insurance – SEC Initiates Rulemaking to Amend Accredited Investor Definition](#)
 - [Standard of Conduct – FINRA amends suitability rule, awaits SEC approval](#)
 - [AALU 199A win featured in WIFS December 2019 AdviserHER issue \(page 20\)](#)
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IRS Issues Additional Guidance on TCJA Deduction Limitations Under 162(m)

The Tax Cuts and Jobs Act (TCJA) amended the deduction limitations under Internal Revenue Code 162(m) by (1) eliminating the “qualified performance-based” pay exception to the \$1 million deduction limitation for compensation for “covered employees” and (2) expanding of the scope of §162(m) to more companies and individuals.

Proposed guidance issued August 21, 2018, addressed some of the questions surrounding the 162(m) changes in the TCJA. AALU filed [comments](#) in April 2019 expressing concern about several issues and identifying potential solutions to be included in the final rule. However, instead of issuing final regulations, the IRS issued new proposed guidance on the deduction limitation provisions in the TCJA on December 16, 2019. The new proposed regulations take previous comments into account. We continue to analyze the proposed regulation in full and will be providing members with a detailed analysis in the near future.

- **Please Note—Grandfather Clause:** As with previous guidance, it appears that the TCJA changes will not apply to compensation paid pursuant to a written contract in effect on November 2, 2017, unless there are material modifications after that date.

- A pair of North Carolina Mark's - Meadows and Walker – are retiring from the House of Representatives, and Rep. Jeff Van Drew (D-NJ) is switching to Republican party. [See AALU's piece on Republican Retirements.](#)
 - Josh Harder (D-CA) and Max Rose (D-NY) [introduced legislation to ban corporate PACs.](#)
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Calendar

- **January 19** - Membership voting begins to approve AALU-GAMA merger
 - **February 14** - Voting Ends
 - Q1 Democratic Presidential Primary Elections:
 - **February 3** - Iowa
 - **February 11** - New Hampshire
 - **February 22** - Nevada
 - **February 29** - South Carolina
 - **March 3** - AL, American Samoa, AR, CA, CO, ME, MA, MN, NC, OK, TN, TX, UT, VT, VA
 - **March 10** - ID, MI, MS, MO, ND, WA
 - **March 14** - Northern Mariana
 - **March 17** - AZ, FL, IL, OH
 - **March 24** - Georgia
 - **March 29** - Puerto Rico
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We've updated our login process! If you haven't done so already, click [here](#) to reset your password by selecting *Forgot password*.

Questions?

Contact support@aalu.org

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