



February 22, 2019



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## Upcoming Webinar:

*The 199A Deduction Series*

**Section 199A Webinar: Estate Planning Impact—Family  
Aggregation and Trust Planning Opportunities and Limitations**

**Next Thursday, February 28, 2019**

**1:00pm ET**

Don't miss the next member-only webinar in our WRNewswire Series: The 199A

Deduction, with BakerHostetler experts Michelle Hervey and Michael Stiff as they discuss the implications of the final 199A regulations on aggregating related businesses to qualify for the deduction. They will walk through examples of different strategies and discuss the benefits and disadvantages for business owners.

[Save Your Seat](#)

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## **In-District Spotlight – AALU Members Engage Lawmakers at Home**

When Members of Congress leave D.C. and head back to their home States, it's sometimes referred to as "recess." Lawmakers call this time in-district work periods. Most members use this time to traverse the sometimes-vast geography they represent to dedicate quality time with their constituents. Done right, it is hard work: hosting town halls, meeting with constituents and local officials, and attending groundbreaking ceremonies, parades, and more.



Check out how our AALU Ambassadors are engaging with lawmakers this week

Interested in getting involved? Let us know by reaching out to [Josh Caron!](#)

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## Endorsed Candidate Spotlight – Susan Collins (R-ME)

AALU Ambassadors: Dermot Healy & Carl Peterson

AALU has long supported Senator Collins because she values the work the life insurance

profession does in protecting Americans and helping them save for the retirement. Past-President Dermot Healy has known the Senator for decades, and the two have an open-door policy for discussion around issues that affect the life insurance industry. Thanks to the Ambassador program, current AALU Board Member Carl Peterson has now taken the plunge to support and build on the foundation that that Dermot successfully laid with Senator Collins.



Senator Susan Collins is at the center of most debates in the Senate. She has a strong independent streak, *is the last federally elected Republican in New England*, and is fiercely loyal to her constituents in Maine. Senator Collins is close to the ideological

center of the Senate and therefore has the ability to make or break legislation depending on her vote.

[Learn more about Senator Collins and her work on Retirement Policy](#)

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## **What You Don't Hear in the Headlines, and how it ties into AALU's Advocacy Strategy**

### **The Cook Political Report Debunks the Notion that Democrats are Dominated by the Hard Left**

With many of the headlines you read today focused on lawmakers like Senator Elizabeth Warren (D-MA) or Rep. Alexandria Ocasio-Cortez [D-NY], it's easy to think that the loudest voices are the ones leading Democrats in Congress. However, the new Democratic Majority was built in red and purple districts that have elected some quieter, but serious moderates.

Democrats picked up seats previously held by Republicans in suburbs of cities, like Atlanta, Dallas, and Kansas City. The freshman Members representing those districts are proving to be more moderate and business-friendly. While it isn't often carried by the national news, there is hope for bipartisan solutions on the horizon – despite the media coverage.

*AALU has long focused our Ambassador efforts on the moderates in both parties that are the legislative engine of D.C., not the latest flash in the pan on tv. This bipartisan approach is part of what has made the AALU a successful advocacy organization – and will continue to do so in the future.*

[Read More](#)

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## **AALU in Action: Best Interest & Estate Tax Clawback Regulation**

Beyond Congress, AALU regularly engages on behalf of the profession with regulatory bodies through meetings and formal comments. We've been busy on this front for the last few weeks engaging in multiple ways on the best interest debate as well as offering important comments on estate tax regulations.

### **AALU Joins ACLI and NAIFA in Support of a Workable, Business Model-Neutral Best Interest Standard for Annuities and Securities Transactions that Preserves Access and Choice for Consumers**

We continue to work closely with our industry partners to meaningfully engage in the debate around standards of conduct to promote your profession and protect consumers, while preserving their access to, and choice of, a broad range of products. Given the current political environment, it is important not just to point out challenges with fiduciary/best interest proposals, but to affirmatively offer a standard that works for both consumers and producers. In this spirit, earlier this week, we joined ACLI and NAIFA in issuing our support for a best interest standard of care for annuities and securities transactions that will enhance consumer protections while preserving consumer choice, particularly for commission-based products. This is consistent with the principles adopted last year by the Board of Directors.

[Read AALU-ACLI-NAIFA Press Release Here](#)

### **AALU Submits Comments on NAIC's Model Annuity Standard Proposal**

The NAIC has been working to revise its model annuity standard and establish a best interest standard for annuity sales. They issued proposed revisions for comment on November 19, 2018. The revised model will likely be the basis for many State standards once finalized. Comments on NAIC's proposed revisions were due February 15<sup>th</sup>, and we

submitted a joint letter along with our life insurance partners, including ACLI, NAIFA, IRI, and NAFA, among others.

[Read Joint Comment Letter Here](#)

### **AALU Submits Comments on Treasury Clawback Regulations**

The Tax Cuts and Jobs Act included a temporary doubling of the Estate and Gift tax exemption. TCJA also instructed the Treasury to write regulations ensuring that no taxpayer who used the doubled exemption would be later taxed on those transfers. AALU's Estate Tax Working Group vetted the draft regulation and identified three items for our comment letter to Treasury and the IRS. The three issues are spousal portability, availability of the inflation adjustments post sunset, and ordering the application of the exclusion.

[Read the Letter here](#)

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**ICYMI:**

**If you missed our 2019 Regulatory Outlook you can find it here.**

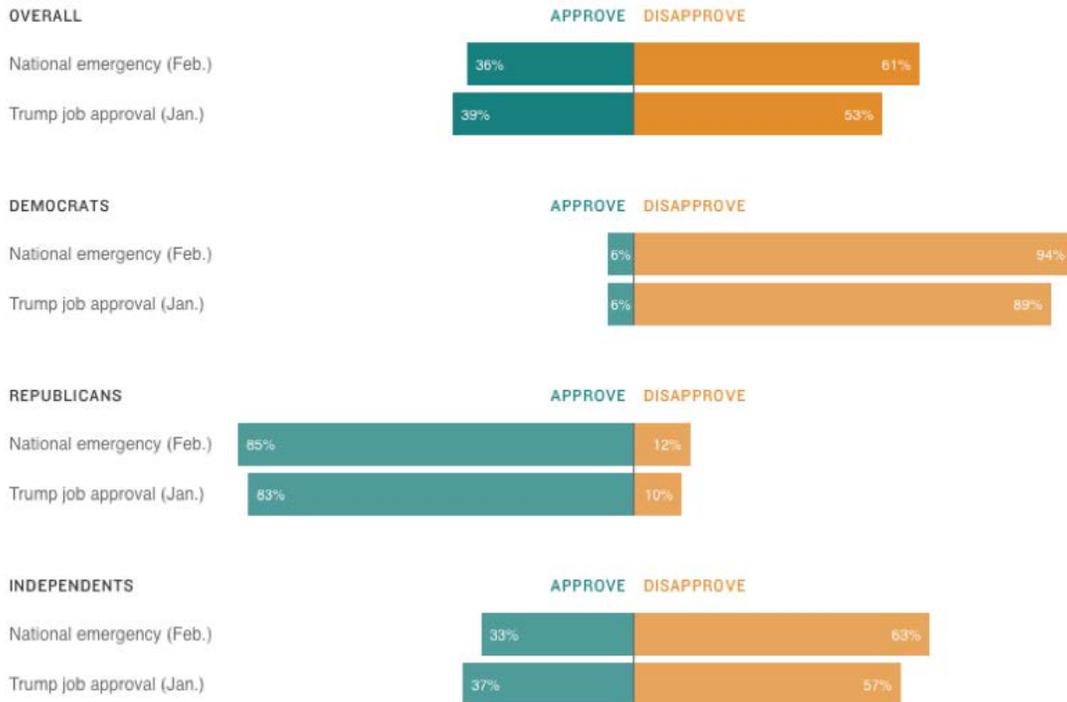
[View 2019 Regulatory Outlook](#)

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## **Beneath the Noise – President Trump’s Emergency Declaration Could Have Far-Reaching Implications – Will Republicans Ultimately Support the Move?**

The fight over the border wall entered a new phase last week as President Trump declared a national emergency on the Southern border wall. Some lawmakers worry that the emergency declaration could dramatically change the balance of power in Washington between the executive and legislative branches. Amid questions about the constitutionality of the move, White House policy advisor [Stephen Miller defended the President’s authority on Fox News Sunday](#). Pushback from Democrats started in earnest this week. It is interesting, according to an NPR/PBS NewsHour/Marist poll, that support and opposition on the issue tracks almost exactly with Americans’ perception of President Trump. See the results below.

## Support for the national emergency tracks with approval of Trump's job performance



Source: National emergency poll data come from an NPR/PBS NewsHour/Marist Poll of 807 U.S. adults conducted Feb. 15-17. "Overall" results reflect all respondents, and the margin of error is 4.6 percentage points. Job approval poll data come from an NPR/PBS NewsHour/Marist Poll of 1,023 U.S. adults conducted Jan. 10-13. The margin of error for the overall sample is 3.8 percentage points. "Unsure" responses not shown.

Credit: Alyson Hurt/NPR

Find out what's next in the balance of power

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## The Next Fight: The Debt Ceiling

At AALU, we are always looking ahead to the next inflection point that could force big Congressional action. Since 2010, raising the nation's debt limit (a legal limit on how much the Treasury Department can borrow) has become a major undertaking to amass the required votes in the House and Senate. Nothing short of America's role as the global leader in financial services and the lender of last resort is at stake in this matter.

Last February, Congress suspended the debt ceiling until March 1<sup>st</sup>, 2019. The Treasury

Department can extend the deadline for action through so-called 'extraordinary measures' into the Summer.

This will be the first time President Trump will have to manage a debt limit increase with the Democratic House. It is not yet clear whether we will see a return to clean and simple increases or whether some players will try and use this must pass legislation as a leverage point for other priorities.

[Check out this Vox piece providing a brief history of the debt ceiling debate and overview of the current dynamics.](#)

House Democrats made a move early this year that restores their ability to embed a debt limit increase in their budget resolution by reviving the so-called "Gephardt rule." Named after former House Majority Leader and original architect of the rule, Richard Gephardt (D-MO), the rule allows the House to automatically raise the federal debt limit ceiling when it passes a budget resolution. Senate Majority Leader Mitch McConnell (R-KY) has indicated that he is looking for a clean increase in the debt limit. If House Democrats can move a clean bill, they could sidestep the conflict altogether.

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 **Ask us anything**

Have a question or comment? Just reply to this email and send it our way!



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