

Essential policy and politics for the profession



# ••• Decoding D.C.

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By AALU

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**AALU Ambassador Insider Podcast:**  
***Best Interest Standard of Care Regulations – Where Are We Now?***



In this podcast, Brad Campbell (Partner, Drinker Biddle) and AALU's own [David Hollingsworth](#) discuss the latest development in best interest standard of care regulations. From the SEC and New York, to upcoming DOL proposals and the NAIC's work on a new annuity standard, Brad and David breakdown the different rules and what they mean for producers. They also spent time on the impacts for independent producers and wholesalers. [Click here](#) to listen and follow the Ambassador Insider Podcast!

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### **IRS 2020 Cost of Living Adjustments to Retirement Plan Limitations**

The IRS recently released cost-of-living adjustments for defined benefit and defined contribution plans, including IRAs, SEP and SIMPLE plans, and plans for highly compensated employees.

[View chart here >>](#)

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### **Ambassadors in Action: Sen. Mike Crapo (R-ID) and Sen. Ben Cardin (D-MD)**



*Left: Tom Sellin (Pacific Life) with Sen. Mike Crapo (R-ID).*

*Right: David Morris (MassMutual) with Sen. Ben Cardin (D-MD)*

On November 14th, Tom Sellin (Pacific Life) of Eagle, Idaho, led a lunch with Sen. Mike Crapo, who Tom has gotten to know over several years through his involvement in AALU's Ambassador program. Much of the conversation centered around the outlook for the SECURE Act. The senator agreed that it is time to pass this "must-do legislation" and would continue to press his colleagues to get this bill on the president's desk.

This past Tuesday, David Morris (MassMutual) of Baltimore, Maryland, hosted Sen. Ben Cardin (D-MD) for breakfast in our Washington, D.C., office. David and Sen. Cardin have also gotten to know each other due to David's work as an Ambassador over many years. The breakfast with Sen. Cardin centered around retirement policy and long-term care solutions. The senator learned a bit more about how the industry offers both stand-alone and hybrid products and was interested in digging deeper. The attendees also discussed the SECURE Act, which the senator agreed needed to be included in an end-of-year package if one came about.

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## **Market Trends – The Race to Zero Commissions Among Discount Brokerage**

Late this year, there has been an incredible shift in the discount brokerage industry to remove commissions for online trades among trading platforms, such as E\*Trade, Charles Schwab, TD Ameritrade, and Interactive Brokerage. While each platform is offering unique products designed around the zero-commission model, generally each platform is offering free trades on exchange-listed stocks and exchange-traded funds.

Removing commissions is beginning to shake the discount brokerage market. On Thursday, it was reported that Charles Schwab is in talks to acquire TD Ameritrade, and analysts are projecting more market consolidation to come. With trading commissions comprising over ten percent of revenue for TD Ameritrade and E\*Trade, analysts expect companies less reliant on commissions to use this price war to

consolidate the market.

Despite the movement on commissions among the discount brokerage industry, Morgan Stanley Chairman and CEO James Gorman says that online brokers' recent move to zero commissions should not put much pricing pressure on financial advice. In a call with equity analysts, Gorman said, "When you put together the research, the financial planning, tying people into their trusts and estate planning, working with the accountants — it is complicated stuff. And being wrong on this stuff can overwhelm a few basis points on the fees...."

This race to zero commissions for trades will likely have little impact on the value proposition of financial advice and wealth management services. Instead, it will continue the market trend focused on enhancing the client experience and building comprehensive client relationships.

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### In Case You Missed It

[199A Webinar: 199A to Help Your Clients. Listen here!](#)

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**2019 Gubernatorial Elections:** This month saw three elections for governors in Kentucky, Louisiana, and Mississippi. Kentucky saw a particularly close race between Republican incumbent Matt Bevin and Democrat Andy Beshear. Beshear beat Bevin by less than 1%, ousting the unpopular governor of the right-leaning state. In Louisiana, Democratic Governor John Bel Edwards was reelected over Republican Eddie Rispone. Though the state generally leans to the right, this particular race was rated as leaning to the left. Finally, Mississippi, a heavily Republican state, elected another Republican, Tate Reeves, to replace term-limited Republican incumbent Phil Bryant.

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**WR Newswire (Transfer for Value): Impact of the Treasury Department's Final Regulations on Reportable Policy Sales on COLI/BOLI Marketplace**

This WR Newswire offers an overview of the Treasury Department's recently adopted Reportable Policy Sales rule and provides analysis with respect to Ordinary Course Transactions that include COLI/BOLI assets. In brief, new exclusions included in the final rule signal significant improvements from the Tax Cuts and Jobs Act and afford the COLI/BOLI marketplace much needed relief.

[Read full report here >>](#)

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**Individual Political Contribution Limit Raised:** The maximum contribution limit allowed to congressional candidates has been raised by \$100 as a result of regular indexing to adjust for inflation. Individuals are now allowed to give \$2,800 to a candidate for each election (primary and general), for a total of \$5,600 per election cycle.

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**WR Marketplace: 409A Failure Leads to Employee Lawsuit Against Employer: Lessons Learned**

This WR Marketplace reviews a recent Sixth Circuit decision (Wilson v. Safelite Group, Inc.) that highlights the risk to employers if the IRS finds that an employer's NQDC plan is in noncompliance with Section 409A. The case demonstrates that the IRS is clearly looking at NQDC plans' 409A compliance.

[Read the important takeaways for NQDC sponsors >>](#)

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## Committees of Jurisdiction: House Committee on Financial Services



Members of Congress are tasked with understanding numerous complex issues from agriculture to zero-sum games to life insurance. One of the ways the body manages that information is by organizing themselves into committees that focus on a specific set of issues, also known as their jurisdiction. In this series, we will share with you some insights on the key committees that have the most effect on AALU members in the House and Senate. So far, we have covered the House Ways and Means Committee as well as the Senate Finance Committee. This week, we'll take a look at the House Committee on Financial Services.

[Click here to learn about the committee >>](#)

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### Key Upcoming Dates

- **December 20, 2019:** Continuing Resolution to fund the government expires. Target adjournment date for 2019.
  - **January 7, 2020:** Congress begins the second session of the 116th Congress.
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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?**

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**Our mailing address is:**

AALU  
11921 Freedom Drive  
Suite 1100  
Reston, Virginia 20190