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AALU

April 19, 2019



This Week in Washington



COLI/BOLI Alert: Proposed Regulation Responsive to Life Insurance Concerns

The Tax Cuts and Jobs Act of 2017 included language that modified the Transfer for Value rules related to certain life insurance contracts by subjecting them to new reportable policy sale requirements. This new provision has a narrow, but potentially significant implication for the COLI/BOLI marketplace that could affect the taxation of death benefits on some contracts owned by an acquired business or bank that owns COLI/BOLI. In the immediate aftermath of tax reform, AALU established with the congressional tax writers that this potential outcome was not intended. Ever since, AALU has been engaged constructively with the Treasury Department and the tax writers on the Hill to address this situation.

The proposed regulations are responsive to the concerns raised by AALU with respect to the potential impact of the reportable policy sale rules on ordinary course transactions.

[Read AALU's Analysis of the Proposed Regulations](#)

[Click here for a client piece on the proposed regulations](#)

Back in-District – AALU Members host Rep. Josh Gottheimer (D-NJ)

On April 15th, AALU members Chris Dyrhaug and AALU Board Member Chet Schwartz hosted a breakfast for Congressman Josh Gottheimer in Paramus, New Jersey. The breakfast was productive, with the Congressman expressing support for the profession and the work that advisors do for their clients every day – including an interesting anecdote about his advisor competing for his business against a robo-advisor.



Chris Dyrhaug, Rep. Josh Gottheimer, and Chet Schwartz, left to right

[Read more](#)

New Jersey Proposes Fiduciary Standard for Brokers and Advisors

Earlier this week, New Jersey proposed a broad uniform fiduciary standard for brokers and advisors. In our initial analysis, the proposal applies to recommendations of investment strategies, recommendations for opening or transferring assets to any type of account, and to buy/sell/hold recommendations of securities. In addition, recommendations must be made without regard to the interests of the producer or anyone but the client, and dual registrants are subject to an ongoing fiduciary duty. Plans subject to ERISA are exempt from the proposal.

Comments on this proposal are due by June 14th. We are working closely with our industry partners to address State regulatory challenges and will continue to coordinate

through the process in New Jersey. We will be providing members a more detailed analysis of this proposal the near future.

[Read more from ThinkAdvisor here](#)

Retirement Outlook

Retirement policy is one of the few bright spots for bipartisanship and lawmaking in this Congress. It is also the focus of our advocacy during Capitol Hill Club this year.

Americans are not saving enough for retirement. About one-fifth of Americans have nothing saved for retirement, and almost half of workers do not have access to a workplace retirement plan. Other expenses, like the cumulative \$1.5 trillion in student loan debt, are getting in the way of financial security. But, there is bipartisan appetite and ambition to tackle the problem and new laws to help may be enacted this Congress.

[Read AALU's Full Retirement Policy Outlook](#)

Capitol Hill Club – Retirement policy

On April 30th, we will storm Capitol Hill with around 400 advocates to meet with their Congressional representatives. They will talk with lawmakers and their staff to put a spotlight on the importance of financial planning and how the life insurance industry helps Americans plan for the future. Specifically, they will ask for support of two wide-ranging retirement bills: the SECURE Act in the House and RESA in the Senate.

[Click here to read the details on the bills we support and why](#)

CHC Prep!

We hosted two webinars this week in preparation for CHC Day, April 30. Watch them here:

[First Time Attendees](#)

[All Attendees](#)

Three Open-MEP Opportunities for Financial Advisors (Wealth Management)

Both the SECURE Act and RESA would enable unrelated small businesses to come together in sponsoring a retirement plan in open multiple employer plans (open-MEPs). Doing so allows small businesses to gain economies of scale, lowering administrative costs. The benefits of open-MEPs for advisors include the ability to: consolidate multiple existing plans into their own sponsored MEP; create new business by encouraging local associations to sponsor an open-MEP; and tap into existing large associations to consolidate members in an open-MEP.

[Click here to learn more on the benefits of SECURE and RESA for advisors](#)

Connecting Life Insurance and Pop Culture: Love *Game of Thrones*? What kind of life insurance would the heroes and villains of Westeros need?

These aren't the most sophisticated case studies you'll encounter this week, but it does connect what you do with one of the most significant cultural phenomena of the last decade. The final season premiered last Sunday night and **17.4 million people tuned in!**

Read Entrepreneur's Life Insurance Recommendations for the High-Risk Characters



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