



March 15, 2019



A Republican and a Democrat Walk Into a Recording Studio....Part Two



Armstrong Robinson, Rep. Tom Reed (R-NY) [same barber], Rep. Josh Gottheimer (D-NJ) record the Ambassador Insider Podcast from Rep. Reed's office in the Rayburn House Office Building.

"When people come to our offices or send us a note, it makes such a difference."

"Get engaged. Stay engaged."

The value of committed constituent advocates isn't the only thing these two unusual Members of Congress agree on. [Tune into the Ambassador Insider Podcast to hear about their leadership working to break through gridlock in Washington!](#)

SEC's Standard of Conduct Proposal Debated in Financial Services Committee Hearing

Yesterday, the House Financial Services Committee's Subcommittee on Investor Protection, Entrepreneurship and Capital Markets held a hearing examining the SEC's standard of conduct proposal that would establish a best interest standard for brokers in addition to enhancements for advisors. Democrats, led by Subcommittee Chairwoman Carolyn Maloney (D-NY), blasted the SEC's standard of conduct proposal as too weak, noting that it does not impose a full fiduciary standard.

Republicans spoke favorably of the SEC's proposal and noted that the previous effort by the DOL to impose a fiduciary standard on brokers negatively impacted consumers. Financial Services Committee Ranking Member Patrick McHenry (R-NC) said the SEC proposed rule requires a higher standard for brokers without eliminating investor choice. The witness testimony at the hearing was generally negative about the rule, reflecting a largely Democratic panel. Representatives from the Consumer Federation of America, Certified Financial Planner Board of Standards, and AARP Georgia all said that no rule from the SEC was better than enacting the rule as proposed.

AALU is working closely with our partners to ensure a final SEC rule preserves consumer choice and access to professional financial advice. The following op-ed from Carl Wilkerson, Vice President and Chief Council, Securities at ACLI, was published today in response to some of the testimony at the hearing yesterday. It does a great job of explaining how consumers would be harmed by requiring a universal fiduciary standard—a core point we have been making to regulators.

[Read Carl Wilkerson's Morning Consult Op-Ed](#)

ICYMI: Preparing for Capitol Hill Club Day 2019!

Have you registered for Capitol Hill Club (CHC) during TRANSFORM 2019 (Tuesday, April 30th 12pm -5pm)? If so, **don't forget to send your home mailing address to tavino@aalu.org by March 21**. This will ensure we match you with the right lawmakers.

Mark your calendars for our upcoming prep webinars (and click on the links below to register):

- [First time attendee: April 15 from 2-3pm ET](#)
- [All attendees: April 18 from 2-3pm ET](#)

Haven't registered for CHC yet? [Learn more here](#) or contact [Jennifer Fox](#) to register (fox@aalu.org).

Endorsed Candidate Spotlight

Patrick McHenry (R-NC)

AALU Ambassadors: Rich DeVita, Ken Samueslon, Charles Stegall, and Dan Barry

Representative Patrick McHenry of North Carolina is currently serving his seventh term in Congress, representing central and western North Carolina. He is the Ranking Member of the House Financial Services Committee.

Ranking Members are the leaders in Congressional committees from the minority party.

Since the beginning of his career, a cadre of AALU members from North Carolina, including past presidents and board members, have struck up a lasting friendship with Congressman McHenry. His curiosity about our issues and natural interest in financial security has allowed our Ambassadors to exchange ideas and work together on the challenges facing the profession. Rep. McHenry was a great Champion for AALU throughout tax reform in 2017.



Learn more about the Congressman and the North Carolina Members who have gotten to know him through AALU's Ambassador program

Heard on the Hill

Quotes and insight from key policymakers this week on Capitol Hill

Retirement Policy:

Ranking Member Kevin Brady (R-TX) said he wants to seek cooperation across the aisle. During his opening statement, he said **"I'm hopeful that we can work together on shared priorities, like increasing retirement security for our workers and families."** Given Chairman Neal's desire to legislate in this area, the bipartisan interest in tackling the challenge gives us a path for the Retirement Savings Enhancement Act (RESA) and possibly more.

House / Ways & Means | 3/13 | President's FY2020 budget

Sen. Rob Portman (R-OH), long a leader on retirement policy, used his time to secure **Treasury Secretary Steve Mnuchin's** support for addressing the issue this Congress. His bill with **Sen. Ben Cardin (D-MD)**, the Retirement Security and Savings Act, was one of the most significant bipartisan retirement bills in the last Congress. While it has not yet been reintroduced, it is widely seen as the second act on retirement policy after RESA.

Senate / Finance / 3/13 / President's FY2020 budget

Data & Privacy

Sen. Diane Feinstein (D-CA) proclaimed **"I won't support any privacy bill that weakens the California standard"** and suggested the California Consumer Privacy Act (CCPA) should be even tougher. As discussed in [last week's Decoding](#), the CA and European Union data laws are driving new legislative attention to this issue. By setting out the CA law as a floor, Ranking Member Feinstein has establish another substantial marker on the road to updating federal law. The devilish details and drafting of the CA law have raised a multitude of concerns about practicality and implementation.

Senate / Judiciary / 3/12 / Data & Privacy

Wealth Tax Proposals Face Significant Challenges

Setting aside their current popularity, wealth tax proposals are not the silver bullet that has been advertised. The problems include:

- Dubious constitutionality;
- Revenues less than many anticipate;
- Valuation challenges, particularly with respect to things like art;
- Uncertain support in Congress.

Politico takes a deeper look

Fiduciary Legislation in Maryland

Panels in both of Maryland's legislative chambers held hearings Wednesday on legislation that would impose a fiduciary duty on broker-dealers and insurance producers. SIFMA, FSI, NAIFA, and IRI each testified. They explained that the law would harm consumers and contribute to a patchwork of best-interest rules that would increase consumer confusion. They urged the State lawmakers to wait until the SEC releases Regulation Best Interest to ensure harmonious standards of care.

Amendments are expected that would remove the fiduciary duty's application to brokers and insurance producers. Exact timing of next steps is unclear. The life insurance community is engaging positively with Maryland lawmakers to produce standards that enhance consumer confidence and preserve their choices. AALU is working closely with our partners, and we will continue to address standard of conduct challenges at the State level and advocate for consistent standards so that our members can continue to serve the planning needs of Americans as efficiently as possible.

ThinkAdvisor takes a look at the industry's efforts in Maryland

Want to learn more or get involved? Email [David Hollingsworth](mailto:David.Hollingsworth@aalu.org) at hollingsworth@aalu.org



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