



March 13, 2020

Register for CHC

Coming to TRANSFORM 2020? Take advantage of the opportunity to meet with your Representatives while you're in town by signing up for Capitol Hill Club on April 28, the final day of TRANSFORM 2020. For questions or to RSVP, email James Bailey at bailey@aalu.org.

Washington Update



This Week in Washington with Armstrong Robinson
March 13, 2020

Congress Considers Economic Package to Address Coronavirus

The novel coronavirus, labeled a pandemic by the World Health Organization earlier this week, has taken center stage in Washington. President Trump addressed the nation from the Oval Office Wednesday night, laying out a series of proposals to address the crisis. Trump proposed a series of tax relief and a number of measures to boost the economy, in addition to a 30-day travel ban on passenger travel from Europe. He declared a national emergency today. The House passed a bill to address the spread of the coronavirus that provides for emergency paid sick leave, broader unemployment benefits, and free testing. However, Senate Finance Chairman Chuck Grassley (R-IA) said the Senate would not take up the measure without White House support. Pelosi and Treasury Secretary Steve Mnuchin have been in negotiations this week over the bill, and Speaker Pelosi has vowed to move forward with the bill today, which is expected to pass the House. However, Trump recently confirmed that he does

not support the legislation, throwing uncertainty into the outcome.

SEC Reg BI Implementation: Form CRS

Under the SEC's Reg BI, brokers and advisors are required to provide clients with a two-page standardized disclosure form. Broker-dealers and advisory firms must submit a version of their required Form CRS to the SEC by the effective date of the rule on June 30th, in addition to providing existing clients with a copy of the form within 30 days of that date. Many firms are addressing the limited space in the disclosure form by providing layered disclosure—hyperlinks or other means for clients to get to supplemental information. The SEC released a set of Frequently Asked Questions on Form CRS earlier this year, but questions remain.

We continue to work with our partners and the SEC on the implementation of Reg BI and will provide members with an update on Reg BI guidance in the near future. If you are concerned about issues in the marketplace related to the SEC's Reg BI regulation, reach out to David Hollingsworth (hollingsworth@aalu.org, 202-742-4589).

>> [Form CRS' Brevity Brings New Challenge for Firm](#)

Federal and State Regulatory Tracker

Keep up to date with the standard of conduct regulatory activity at the federal and state level.



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Federal & State Regulatory Activity – Current Snapshot

A number of best interest and fiduciary standards have been proposed that would apply to certain broker-dealer and registered investment advisor recommendations—these rules vary by products they cover. This chart provides the current status of the various rules, the product recommendations they apply to, and links to the specific details. While there are material differences in these rules and their application, the common thread is that producers and advisors will need to document why a recommendation was in the best interest of the client at the time of the recommendation. Penalties for these standards of conduct vary, but violating any of them could ultimately result in significant fines and loss of license.

	SEC	NAIC	NY	MD	NJ	NV	MA
Current Status	FINAL Effective June 30, 2020	PROPOSED Vote on final rule February 13, 2020	FINAL Effective August 1, 2019 (Annuities) and February 1, 2020 (Life Insurance)	DID NOT PASS Legislature adjourned without passage	PROPOSED Public Hearing July 2019	PROPOSED Regulators reviewing industry comments – public hearing expected in next few months	PROPOSED Public Hearing January 2020
Summary	"Best interest" standard for securities recs; revisions to the RIA standard; required disclosure form for BDs + RIAs	Revising Model Annuity Standard - best interest standard for variable annuity recs	"Best interest" standard for life insurance and variable annuity recs	Across-the-board fiduciary standard	Fiduciary standard for brokers for securities recs	Fiduciary standard to brokers for securities and variable annuity recs	Fiduciary standard for brokers for securities, annuities, and life insurance product recs
Summaries and Materials	Click for more details	Click for more details	Click for more details	Click for more details	Click for more details	Click for more details	Click for more details
Products Impacted	SEC	NAIC	NY	MD	NJ	NV	MA
Securities	✓			✓	✓	✓	✓
Variable Annuities	✓	✓	✓	✓		✓	✓
Valuable Life Insurance	✓		✓	✓			✓
Life Insurance Products			✓	✓			✓

Ambassadors in Action: Sen. Susan Collins (R-ME) and Rep. Linda Sánchez (D-CA-38)



Left to right: Marc Schwartz (NFP), Rep. Linda Sánchez (D-CA-38), Chris Morton (AALU), Marc Cadin (AALU); Carl Peterson (M Financial), Magda Patrick, Sen. Susan Collins (R-ME), Dermot Healey (Crump)

AALU Members Carl Peterson (M Financial) and Dermot Healey (Crump) hosted Sen. Susan Collins (R-ME) in our D.C. office. The senator spoke candidly about the legislative agenda for 2020 as well as how her re-election race is unfolding. The senator has been one of the most accomplished and moderate voices in the Senate, and AALU values her advice and counsel on the issues that most concern our members.

Ambassador Marc Schwartz (NFP) hosted a lunch for Rep. Linda Sánchez (D-CA-38) also in AALU's D.C. office. Marc has been developing a relationship with Rep. Sánchez for several years, and this was a great opportunity to catch up and remind the congresswoman of the important work our members do in the financial planning space. Rep. Sánchez highlighted the need for more access to retirement planning products, noting the SECURE Act was a step in the right direction in terms of employer incentives. The Congresswoman noted that she would like to see more employers offering retirement plans and other benefits, as well as more portability in these plans. She also stated that she believes Chairman Richard Neal (D-MA-1) is on the right track

with his sensibilities around retirement legislation.

Endorsed Candidate spotlight: Sen. Gary Peters (D-MI) & Rep. Drew Ferguson (R-GA-3)



From left to right: Sen. Gary Peters (D-MI), Rep. Drew Ferguson (R-GA-3)

This week, we highlight two AALU-endorsed candidates: Sen. Gary Peters (D-MI) and Rep. Drew Ferguson (R-GA-3). Both of these lawmakers serve on committees that directly impact the profession, have a great understanding of our issues, and have strong relationships with AALU Ambassadors. We are proud to endorse both of these representatives in 2020!

Sen. Gary Peters has represented Michigan since 2014, when he became the only Democrat to win one of the open seats of the election cycle. Peters is admittedly “wonky,” holding degrees from four different colleges in Michigan and frequently reaching across the aisle to co-author legislation focusing on the inner gears of the

government.

>> [Read more about Sen. Peters and Rep. Drew Ferguson](#)

What We're Reading

>> [Coronavirus Threatens to Disrupt 2020 Campaign - Politico](#)

>> [What We Learned on Super Tuesday – Cook Political](#)

>> [AALU CEO Marc Cadin on the Importance of a Financial Advisor](#)

In Case You Missed It:

Member Spotlight: Rep. Denver Riggleman (R-VA)

Last month, AALU's Armstrong Robinson sat down with Freshman Congressman Denver Riggleman (R-VA-5), who sits on the Financial Services Committee, to talk about his first year in Congress, goals for the future, and the importance of constituent advocacy. Tune in [here!](#)

Sen. Warren Ends Presidential Campaign

Sen. Elizabeth Warren (D-MA) ended her Presidential campaign on March 5th.

COLI/BOLI: Reportable Policy Sale / Transfer for Value Treasury Regulations

The TCJA modified transfer for value rules impacting the COLI/BOLI marketplace, as explained in previous [AALU analysis](#). There is a concern affecting the application of the exception to the Transfer for Value rule for C-corps. This development could have significant implications for the marketplace, and we are actively pursuing avenues for resolution. We will continue to keep members informed.

>> [COLI/BOLI Reportable Policy Sale / Transfer for Value Treasury Regulations](#)

>> [AALU CEO Marc Cadin on plans to target NQDC - WSJ](#)

Calendar:

- Mar. 15: Democratic Debates in Phoenix, AZ
- Mar. 17: Arizona, Florida, Illinois, Ohio Democratic Primary Election
- Mar. 24: Georgia Democratic Primary Election
- Apr. 4: Alaska, Hawaii, Wyoming Primary Election
- Apr. 7: Wisconsin Primary
- Apr. 28: Connecticut, Delaware, Maryland, New York, Pennsylvania, Rhode Island Primary Election
- Apr. 26-28: [AALU Transform 2020 Conference](#)
- Apr. 28: Capitol Hill Club Day
- Jul. 13: Democratic National Convention
- Aug. 24: Republican National Convention

235 days until Election Day 2020!

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Questions?

Contact support@aalu.org

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