Advocacy Corner
Neena Moorjani

A Recap of Advocacy Day

32 financial planners took part this year (it was 14 two years ago). This is the fourth time financial planners in CA met with legislators on one day and this was the second time that they met with regulators. Five from our chapter participated.

Day 1

Department of Business Oversight

We met with the commissioner (she stayed for 2 minutes) and nine of her staff (many flew in from various parts of California for this meeting). A key message from them was that they were increasing their staff (hard to recruit with limited compensation package), they added 34 in 2016 but with staff leaving the net gain was small. Once they are able to increase staff they should be able to offer more exams. They have an issue with financial advisors not providing consistent documentation.

There was a lot of discussion on identifying financial advisors who needed to be investigated. They encouraged us to file a complaint online (the link is on their homepage). Their Los Angeles staff spoke at length to the LA chapter about auditing. I am working on getting them to speak to our chapter. As a side note, they mentioned that someone from the financial planning field was offering their services on Groupon. This is problematic as it opens up new legal issues such as Groupon's liability on the financial advice given.

Treasurer's Office
We met with one person - a senior policy advisory on
Secure Choice - the recently passed legislation mandating that companies with more than five employees who did not offer a retirement plan had to enroll their employees into a government managed retirement plan (no employer contribution). The House of Representatives recently passed legislation blocking the ability of states to offer such a plan. The Senate will act soon and the President is sure to sign. California plans to proceed but will downgrade it from a mandatory plan to a volunteer plan. The most vocal Republican voice in California against this plan - State Senator John Moorlach – recently introduced a state constitutional amendment to prevent the State of California from being on the hook for guaranteeing a minimum investment return or guaranteeing against investment losses. Moorlach asked FPA to support him on this. The Treasurer's office is fine with this proposal as long as it does not block them.

CalABLE - this is a new program that allows people with disabilities (26 and younger) to establish a tax-advantaged savings account and save up to $14,000 per year and up to $100,000 in total without losing vital public benefits, such as supplemental security income. Earnings in these accounts are not subject to federal income tax or California state income tax, so long as the earnings are spent on qualified expenses. CalABLE began operations on July 1, 2016 and is anticipated to open for business in 2017.

Controller's Office
We met with the Chief of Staff and an aide. Most of the discussion was spent on the pro bono financial planning activities that they knew about. They asked us to follow the state's efforts to include financial literacy in schools which we are following up on.

Insurance Commissioner's Office
We met with the Insurance Commissioner David Jones and four of his staff. Most of the time was focused on their key concern about veterans purchasing products that were already free to them. They wanted our help in identifying bad actors.

Day 2
Aide to Assemblyman Kevin McCarty.
This meeting was brief as we met with an aide. He asked about the fiduciary regulation. We brought up one of our legislative priorities - no tax on professional services – and he noted that we were not the only ones lobbying on this. We spoke about our pro bono work, which we have since shared with the district staff.

State Senator Richard Pan and a senate fellow.
The senator was incredibly friendly and happy to meet with us. He is very interested in financial literacy issues and spoke about his own experience in funding his retirement account when he was a medical resident. He was amazed that his low monthly contribution along with a match from his employer brought about pleasing results. We again brought up our pro bono work. We have since followed up with district staff about pro bono work.

Advocacy Day next year (2018) will take place Monday, March 5 and Tuesday, March 6. We hope to double the representation from our chapter for the meetings with our local representatives.