

Talking Points



Advocacy

Introduction by Facilitator

- We're members of NAIFA - the nation's oldest and largest insurance and financial services association.
 - 90% of NAIFA members serve middle income individuals and families, and 82% of our typical client's annual household income falls below \$150,000.
 - NAIFA members believe our profession is more than a job. We are committed to putting our clients' needs first when helping to protect against financial risks associated with death, disability, illness, and long-term care, and to protect against longevity risk with guaranteed lifetime income options.
- Today we're asking you to:
 - Support bipartisan retirement enhancements by cosponsoring and urging enactment of the Retirement Security and Savings Act, S. 1770
 - Ensure that public policy does not make it harder or more expensive for families and small businesses to obtain reliable advice and affordable products to reduce risks and protect assets and support tax stabilization.
 - Recognize that small business owners are not misclassified workers and exclude financial services professionals from the PRO Act, S. 420, as well as any ABC test to determine worker classification (Support an amendment in the PRO Act that would protect the relationship shared between insurance producers, independent broker-dealers (IBDs), and independent financial advisors (IFAs) with the insurance industry).

Retirement Enhancements

- Congress should continue its excellent work in making it easier for employers to sponsor retirement plans, increasing employee participation and improving overall retirement readiness.
- Retirement is a truly bipartisan issue, and with the introduction of Cardin-Portman's Retirement Security and Savings Act, expected to be marked up by the Senate Finance Committee shortly, and the House's Securing a Strong Retirement Act, approved by the Ways & Means committee unanimously, both sometimes called "Secure 2.0" legislation, we are hopeful that Congress can make meaningful enhancements to overall retirement readiness.
- Some of the enhancements include employer matching of student loan repayment, tax credits for start-up plans and increasing the Required Minimum Distribution age to 75.

Tax Changes and Life Insurance Tax Stabilization

- Tax policy should continue to encourage Americans to plan for financial and retirement security for themselves, their families and their employees.
- Even though the Tax Cuts and Jobs Act of 2017 (TCJA) lowered the corporate tax rate to 21%, it also disproportionately targeted the life insurance industry with \$24.6 billion in tax increases. If Congress raises the corporate tax rate – even if by a modest amount – life insurers would be disproportionately impacted, and costs would ultimately be borne by consumers.
- It is critical that Congress lower the TCJA's life insurance tax hikes if the corporate rate goes up – otherwise known as "tax stabilization" – to protect consumers and an important financial safety net for American households.

Worker Classification

- The independent contractor/statutory employee model is the distribution model that most insurance companies and producers adhere to within the insurance industry. This working model is essential to providing consumers with the greatest protections and access to insurance products.
- A majority of NAIFA members entered the financial services industry as a second career citing the entrepreneurial and goodwill aspects as top reasons for choosing this profession.
- Creating a new standard that does not exempt these vital individuals from the PRO Act's ABC test severely limits the scope of insurance products consumers would have access to as well as general distribution of insurance products and investment advice, thereby limiting consumers' ability to protect themselves and their loved ones.

NAIFA Amendment: Exemption for Highly Regulated Entities

An "employee" for purposes of Section 2(3) of the National Labor Relations Act (29 U.S.C. 152(3)) does not include individuals who are registered with the SEC or a self-regulatory organization ("SRO") or are regulated or subject to regulation by a State's securities or insurance regulator.

Further provided, performing supervisory responsibilities for purposes of compliance with federal securities laws or regulations, the rules of a self-regulatory organization, or state securities or insurance laws or regulations shall not be considered as a factor in determining whether such control exists.