



## FEDERAL

### **A new administration and a new Congress ready to kick off 2021: Retirement 2.0 and best interest regulation are top of mind for NAFA**

While the dust is still settling from an intense and partisan presidential and congressional election cycle, policymakers and stakeholder groups are actively preparing for what promises to be a busy new year. There is hope that a new Biden Administration and a new Democratic-controlled 117th Congress will work in a bipartisan manner to overcome the ongoing division that has marked D.C. for many years and in an effort to emerge from the adversities of COVID to position America on a positive track to recovery.

Top of mind for NAFA is continuing to educate lawmakers about the benefits of fixed annuities and to promote lifetime income retirement policy solutions. Crucial to this effort will be continuing our relationships with Chairman Wyden (D-OR) and Ranking Member Crapo (R-ID) of the Senate Finance Committee and Chairman Neal (D-MA) and Ranking Member Brady (R-TX) of the House Ways and Means Committee.

There are growing prospects for passing a second retirement savings reform package to follow up on the SECURE Act, which was signed into law at the end of 2019. Indeed, last year there were bipartisan calls to build upon this legislation, especially given the adverse impacts from COVID. We were pleased that in October, Chairman Neal and Ranking Member Brady introduced a new retirement bill, the Securing a Strong Retirement Act, which contained a number of key NAFA-supported provisions.

In particular, the legislation would extend the Required Minimum Distribution (RMD) to age 75, allow individuals to satisfy RMD requirements by purchasing a fixed annuity with a circumscribed set of features and expand qualified longevity annuity contract (QLAC) contribution limits. Some of these provisions are also included in the Retirement Security & Savings Act, introduced in the last Congress by Senators Portman (R-OH) and Cardin (D-MD), legislation that NAFA supported. Of note, the Senate Finance Committee held a hearing on retirement last month where there were bipartisan calls from Senators Portman and Cardin, among others, to move a new package by the end of 2021, which they believe is possible regardless of party control.

Accordingly, NAFA appreciates the ongoing leadership from Senators Portman and Cardin and Congressmen Neal and Brady. We look forward to working with them and other trade group stakeholders to craft a robust retirement 2.0 bill and advocate for its passage this year.

Another focus for NAFA will be monitoring the evolving policy debate on the best interest standard of care. At the end of last year, a long-awaited new prohibited class exemption was finalized by the Department of Labor under Secretary Scalia. NAFA had a number of concerns with the original proposal that were partially addressed. Additionally, prominent Democratic policymakers, including incoming Chairwoman Murray (D-WA) of the Senate Health, Education, Labor and Pensions Committee and Chairman Scott (D-VA) of the House Education and Labor Committee, panned the final regulation as too weak. However, the final regulation does not go into effect until after President-elect Biden is sworn in as President on January 20, and his transition team has indicated that President Biden will issue an executive order to freeze all pending regulations. NAFA is examining the potential ramifications on industry and our membership, with some observers believing that the DOL's interpretations in the preamble to the final regulations may still carry compliance issues even if the final regulation is halted.

Regardless of the outcome, it is fair to say that we will be back at a fresh "best interest drawing board" and anticipate that the DOL will consider new regulations at some point during the Biden administration. Of note, President-elect Biden recently picked Boston Mayor Marty Walsh to serve as his Labor secretary. We will monitor developments and look forward to working with the new Secretary of Labor.

*As 2021 will be another busy year for NAFA in Washington, D.C. please stay tuned for action alerts, as well as a forthcoming announcement of timing for our virtual Annuity Leadership Forum June!*

Visit [nafa.com](https://nafa.com) for complete details!

## STATE

### **NAFA continues to monitor and work toward uniform Model Regulation #275 adoption**

The start of the year kicked off implementation of the revised Suitability in Annuity Transactions Model Regulation (#275) in Iowa and Arizona. We anticipate a continued push for adoption throughout the country in the coming weeks and months. As states continue evaluating the model and determining necessary requirements for implementation, NAFA is actively submitting comment letters and maintaining involvement in the consideration process to push for uniformity and to avoid a complicated patchwork of state regulations.

The addition of the best interest language and requirements around it were adopted by the NAIC on Thursday, February 13, 2020. NAFA had been involved in a nearly three-year effort to finalize this amended model in support of enhancing consumer protection — without harming consumers' access to the fixed annuity products and professionals that will help them secure guaranteed retirement income.

To help members maintain compliance, NAFA has developed [\*\*A Changing Regulatory Landscape for Annuity Transactions\*\*](#), a paper discuss language that changed as part of the regulatory revision and roles and responsibilities of producers and insurers under this “best interest” standard. For a snapshot of individual state actions regarding proposed adoption, view our [\*\*State-by-State Adoption Status Summary\*\*](#).

*Also, keep watching your inbox for our forthcoming **Best Interest Toolkit** and a webinar addressing producer and insurer responsibilities!*