

Washington Update

Alex Kim

VP, Public Policy



Financial Security for All

Finseca is the leading association
for top financial security professionals



For the second time in four years, EY proves that a holistic financial plan leads to better outcomes.

A photograph showing the silhouettes of a family of four (two adults and two children) standing on a beach, looking out at the ocean during a sunset. The sun is low on the horizon, creating a warm, orange glow.

Holistic Retirement Planning: Enhancing Outcomes with Insurance Products



by **Philip Ferrari**
Managing Director, Insurance
and Actuarial Advisory

Retirement portfolios integrating life and annuity products can outperform investment-only plans, showing the benefits of holistic planning.

A photograph of a family of four (a man, a woman, and two young children) walking together on a paved path in a park. They are all smiling and looking towards the camera. The background shows trees and a clear sky.

Benefits of integrating insurance products into a retirement plan



by **Philip Ferrari**
Managing Director, Insurance and Actuarial
Advisory Services, Ernst & Young LLP

Integrated retirement portfolios containing life and annuity products can outperform investment-only portfolios, demonstrating the benefits of holistic financial planning.

6 minute read
05 Jun 2025

In brief

Finseca Policy
Federal and state public policy insights
exclusively designed for financial security professionals

Net Investment Income Tax Expanded for Pass-Through Businesses?

As negotiations heat up and the deadline for Democrats to pass a Reconciliation package that includes potential tax changes draws near, details of what might be able

Net Investment Income Tax Expanded for Pass-Through Businesses?

This Finseca Policy Deep Dive publication was prepared exclusively for Finseca members by Josh Caron, Finseca VP Federal Affairs and Alex Kim, Finseca VP Public Policy.

Tuesday, July 12, 2022

Fundamentals Series

Course

Finseca Fundamentals: 199A For You and Your Business Owner Clients

★★★★★

Are you taking What about your Finseca Funds designed to o Read More

Actions

Finseca advocacy results:
Life Insurance & Remying Charitable Rights For Small Business Deduction

YES NO

Would you like a 20% federal tax deduction?

Read no further

What is your household income?

Under \$42K Over \$42K

What is the % of your pass-through business income that is generated from the financial & securities contribution?

YOU QUALIFY! CALL YOUR CPA OR TAX ATTORNEY TODAY TO SAVE WITH 199A

Greater than 95% 80% or lower

NO TAX ADVICE! Consult a tax attorney

Talk to your tax attorney, there may be ways to reduce your business to receive the deduction.

What can you do with your deduction, consult your tax advisor

Contact: Advertising Information, C&D at advertising@finseca.org or (202) 745-4035

Insights: Be The Smartest Person in The Room

Why it Matters

Our profession protects the dreams and promotes the prosperity of the American

Meet Granny Nanny Mary Jo

In the early days of the pandemic, a grandmother named M financial security professional – a Finseca Member. She h

Show

Ernst & Young Study

Independent research by Ernst and Young illustrates that a element to achieving financial security. According to that s

Show

The Numbers Don't Lie

- Four-in-five retirement savers (81%) report they are c savings to last through retirement. (ACLI)

Show

Additional Resources
Our Response

Details	<ul style="list-style-type: none"> Marc Cadin's Remarks to the House Financial Services Committee House Financial Services Subcommittee 	<ul style="list-style-type: none"> The Limi Mo
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House Fact Sheet
tion Timeline

Finseca Daily

Home of the top financial security professionals.

SIGN UP SHARE

TOP STORIES

Democrats look to make further progress on spending bill

Democrats are gearing up for a legislative push ahead of the upcoming midterm elections, with work expected to continue on a bill to bolster competitiveness with China and pass a spending package through the budget reconciliation process. While work remains on the spending package, "I do feel more confident about the progress that has been made," said Sen. Ron Wyden, D-Ore., who chairs the Senate Finance Committee. **Full Story:** The Washington Post (tiered subscription model) (7/10), The Wall Street Journal (7/10)

INDUSTRY UPDATE

Investors turn attention to corporate earnings reports

Investors and analysts are watching corporate earnings reports for clues about the market and the potential for a recession. Observers will want to see whether companies lower their guidance after global equities lost \$18 trillion in value during the first half of the year. **Full Story:** BNN Bloomberg (Canada) (7/10)

POLICY & REGULATION

1970s missteps offer lessons for today's Fed

The Federal Reserve faces a challenging environment in the future as it looks to ensure that inflation is brought under control despite the growing pessimism that is spreading throughout the economy. Policymakers will look to avoid the "stop-and-go" tactics of the 1970s, when the Fed took a halting approach to raising rates and was ultimately unable to tame inflation or protect growth. **Full Story:** The Wall Street Journal (7/10)

Secrets of My Success

Finseca's Secrets of My Success series is designed to help members accelerate their business, whether that be individual growth or business growth, increasing revenue, finding

Our Industry Experts

SECRETS OF MY SUCCESS
STEFAN GREENBERG
LEVERAGING EXECUTIVE COMPENSATION BENEFITS AS A REFERRAL SOURCE

SECRETS OF MY SUCCESS
HEATHER SETTER & HOPE OCHOA
MAKING THE MOST OF ONE-ON-ONE'S

SECRETS OF MY SUCCESS
JERRY TAVELLA
PROTEGE TO PLANNER

SECRETS OF MY SUCCESS
AMY JAMROG

SECRETS OF MY SUCCESS
COREY SCHNEIDER

SECRETS OF MY SUCCESS
ION R. MENDELSON



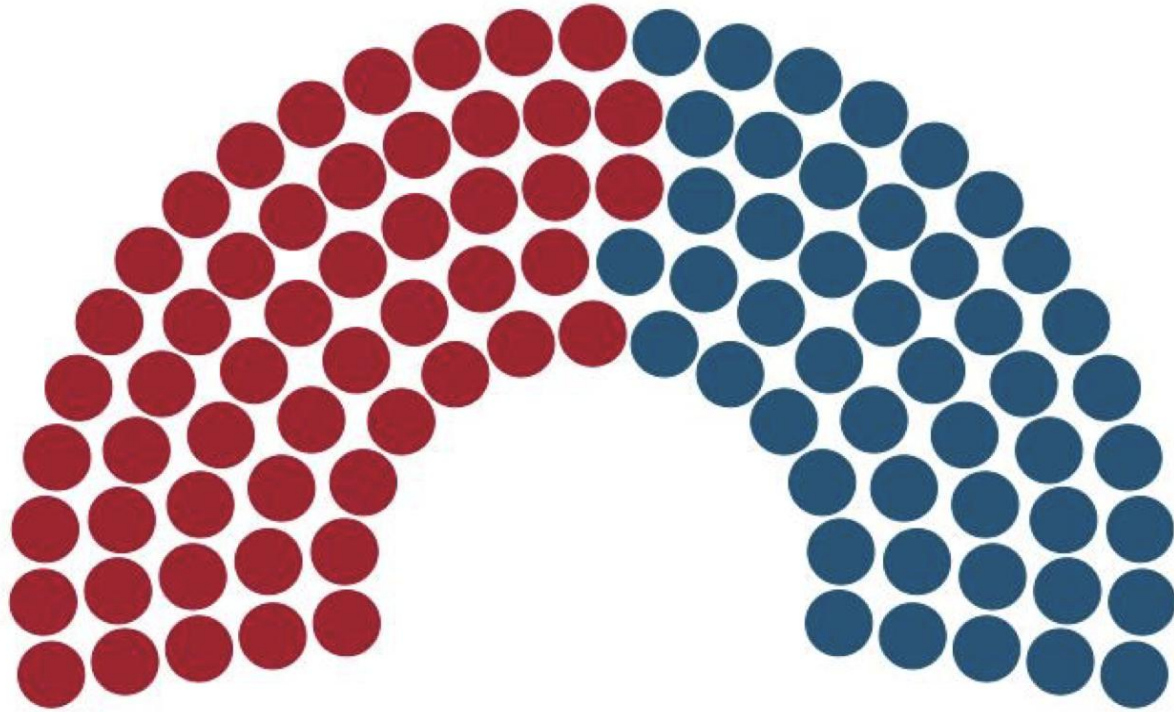
2024 in Review

A cartoon illustration of a political debate. Joe Biden, with white hair, is on the left, and Donald Trump, with blonde hair, is on the right. They are both behind a blue rectangular podium. An American flag is visible in the background. The year '2024' is written in large red letters above the podium.

2024

2024 Presidential Election

Senate in the 119th Congress



U.S. Senate

Current Control: **53** | **47**

4 seats flipped from Democrat to Republican
(WV, OH, MT, PA)

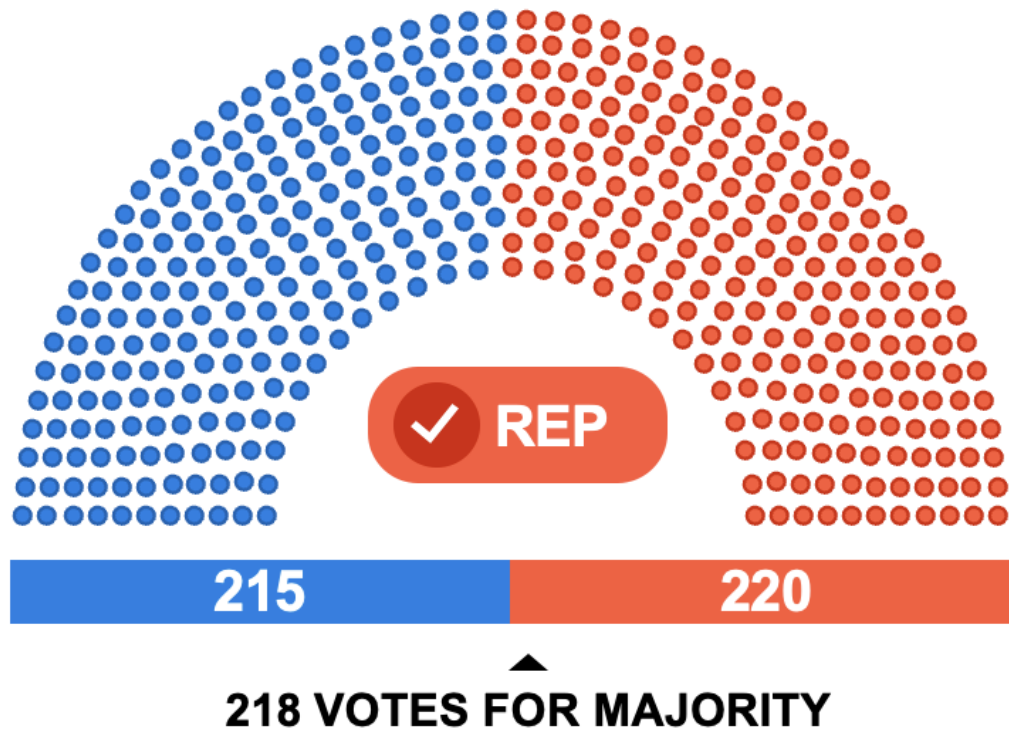
Leadership Changes

- **Majority** Leader John Thune (R-SD) – first time in 18 years
- **Finance** Chairman Mike Crapo (R-ID)
 - Ranking Member Ron Wyden (D-OR)
- **Banking** Chairman Tim Scott (R-SC)
 - Ranking Member Elizabeth Warren (D-MA)



House Balance of Power for the 119th Congress

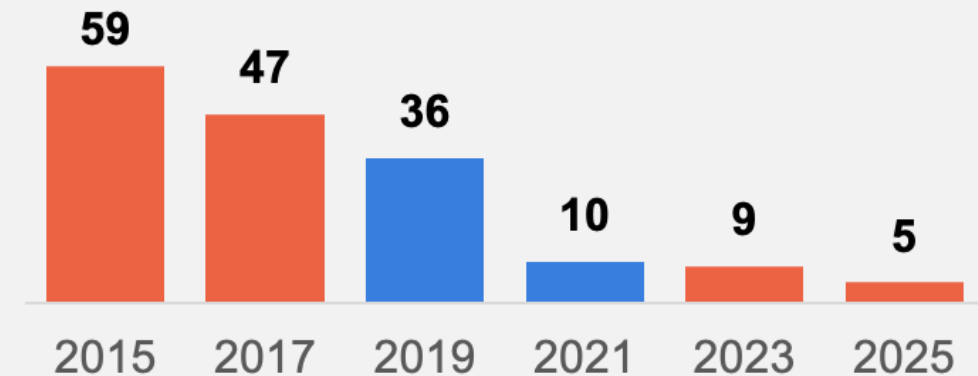
HOUSE RESULTS



SMALLEST MAJORITY SINCE THE 1930s

Republicans successfully maintained control of the House, but will have a razor-thin majority of only 5 seats

HOUSE MAJORITIES: 114TH – 119TH CONGRESS



Priorities That Safeguard Financial Security

Estate Tax and Wealth
Transfer Policy

Carrier Taxation /
ACLI alignment



Tax Treatment of
Products

COLI/BOLI-NQDC

199A

Life Insurance, Annuities, Deferral



Looking Back: Hurdles to Tax Reform in 2025

fiscal hawks

narrow Rep

Tariffs

interest rates

C-SALT

Medicaid
cuts

margin in House

market
volatility

Social Security

SALT Caucus

TCJA

regulatory
landscape

“X”-Date
and National debt

estate tax repeal

DOGE

Byrd Rule

inflation

Foreign
policy

not for
profits

Current Policy Baseline v.
Current Law Baseline

Tax on
millionaires

immigration

A photograph of a two-lane road stretching into the distance, flanked by trees and grass. The entire image is covered with a semi-transparent purple overlay. The text is centered over the road.

The Road to ONE BIG, BEAUTIFUL BILL ACT

ONE, BIG, BEAUTIFUL BILL ACT

On July 4, 2025, President Trump signed the One Big Beautiful Bill Act into law.



H.R. 1 OBBBA

Estate Tax Exemption

- Permanently Increased to \$15 million per individual
- Begins after December 31, 2025. No Expiration date.

Individual Tax

- Extension of reduced rates beyond 2025
- Inflation adjustment increased one year for lower brackets



H.R. 1 OBBBA

199A Deduction for QBI

- 20% deduction now permanent
- \$400 minimum deduction with at least \$1k of QBI

SALT Deduction Cap

- Increased from \$10k to \$40k, with 1% increases
- Effective December 31, 2024. Increased cap reverts to \$10k in 2030



H.R. 1 OBBBA

No Tax on Tips

- Temporary tax deduction on qualified tipped income not exceeding \$25,000 for the taxable year.
- The deduction is phased out when the income is greater than \$150,000 for single filers (\$300,000 for married filing jointly).
- *Applicable to taxable years beginning after December 31, 2024. Expires after December 31, 2028*



H.R. 1 OBBBA



No Tax on OT

- Temporary tax deduction on qualified tipped income not exceeding \$12,500 (\$25k joint filers) for the taxable year.
- The deduction is phased out when the income is greater than \$150,000 for single filers (\$300,000 for married filing jointly).
- *Applicable to taxable years beginning after December 31, 2024. Expires after December 31, 2028*



H.R. 1 OBBBA

No Tax on SS

- Campaign promise to end taxes on SS
- A temporary \$6,000 deduction for those 65 and older
- The deduction is phased out when the MAGI amount exceeds \$75,000 for single filers (\$150,000 for married filing jointly). The deduction is completely phased out at \$170,000 (\$250,000 married filing jointly).
- Effective December 31, 2024, and expires after December 31, 2028.



Trump Accounts

- New tax-advantaged savings account for children born 2025–2028
- \$1,000 federal seed deposit at account opening
- Contributions begin July 4, 2026
- Converts to a traditional IRA at age 18
- Compare with IRAs and 529 plans for suitability



Expansion of Sec. 4960

Current Law	New Law (OBBBA)
21% excise tax on tax-exempt organizations for compensation over \$1 million to any of the five highest-paid employees	Removes "top five" requirement — applies to any employee earning over \$1 million <i>(Effective January 1, 2026)</i>



Section 162(m)

Could Have Been Worse

- Aggregation rules only
- New Effective Date – After 12/31/2025
- Does not include the next five highest paid, that could have included non-executives.



OBBBA Impact on States

Insights

The OBBB's Aftermath: State Tax Chaos Looms

State Impacts of the "One Big Beautiful Bill"

JUL 15, 2025

By: Anthony Galace, Deputy Director, State Policy, NACHC

ers, Mike Santoro

Highlights | 7/24/2025



The Good, the Bad, and the Ugly in the One Big Beautiful Bill Act

July 9, 2025 • 7 min read

By: Daniel Bunn, Alex Muresianu, W

What is the "One Big Beautiful Bill" and Its Impact?

Insights > Tax News Highlights >

Navigating State Tax Changes After the OBBB

US TAX REFORM

Tax experts outline state-level uncertainty following federal tax reform

Christopher Wood, CPP

July 29, 2025 • 5 minute read



Standards of Conduct:

DOL Fiduciary 3.0, NAIC Best Interest & More

Frances Perkins
Building

United States
Department
of Labor

200
Constitution Avenue NW

**Your commissions are
Junk Fees**

**State regulation is
inadequate**





United States
Department
of Labor



NAIC

NATIONAL ASSOCIATION OF
INSURANCE COMMISSIONERS

Regulatory Challenges Continue



DOL Fiduciary Rule



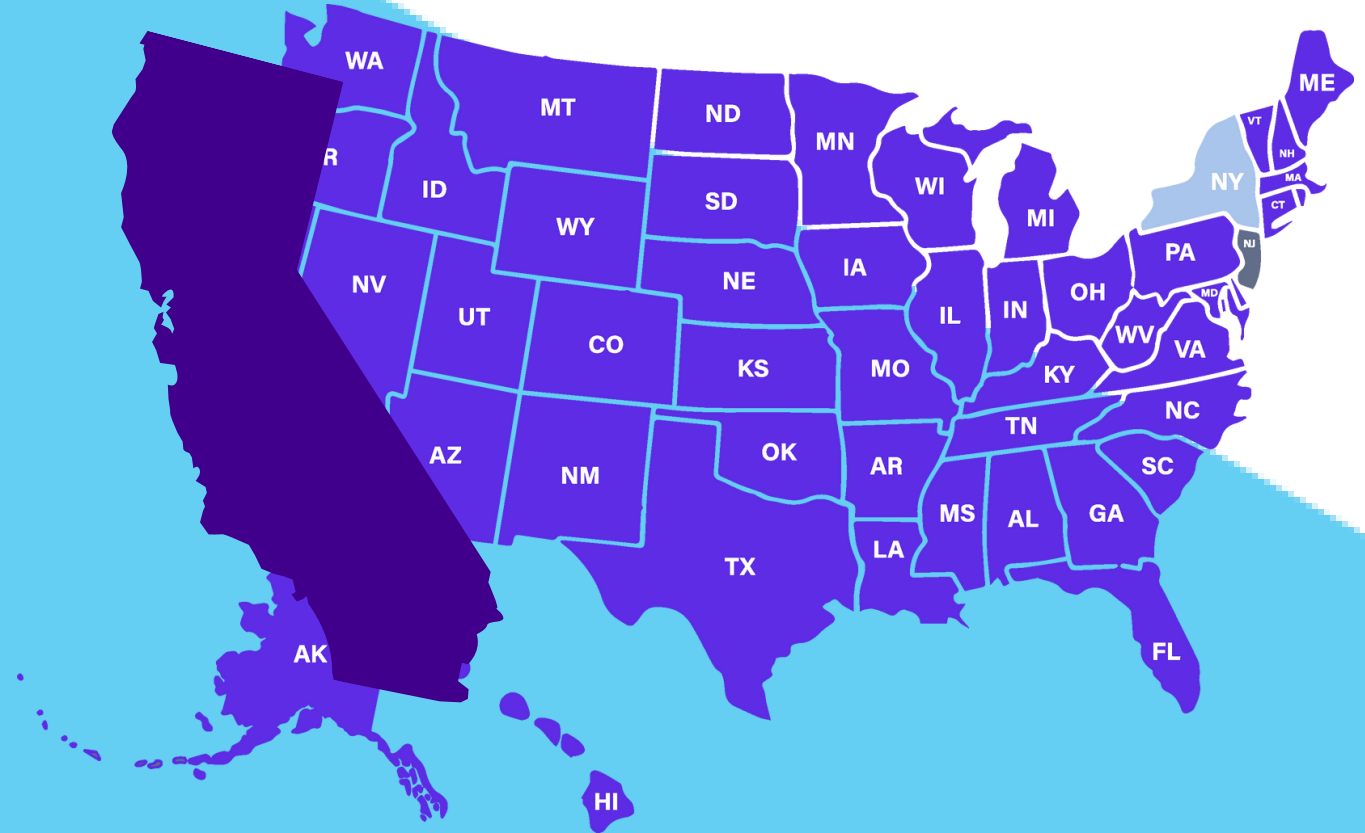
SEC Regulations



NAIC and State-Level Changes

California's adoption of NAIC Annuity Protection model means 90% of U.S. Consumers Now Covered

48 states have adopted the NAIC Suitability in Annuity Transactions Model Regulation (#275)

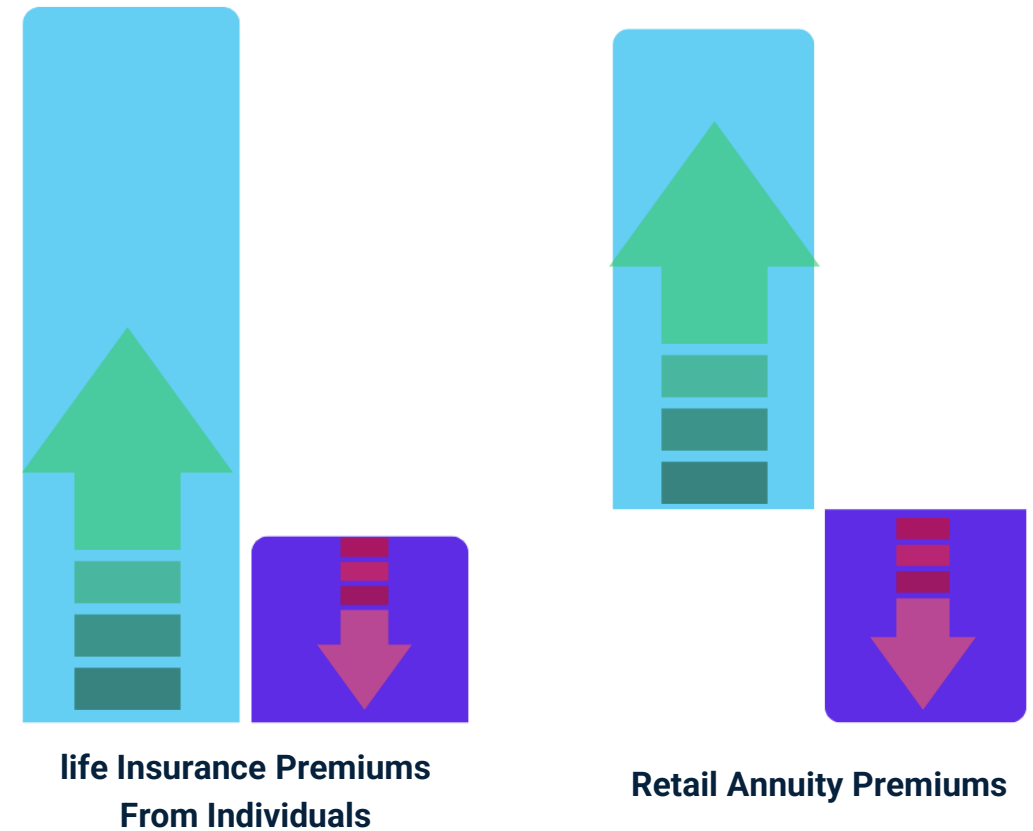


life annuity
specialist

NY Reg 187 Limits Consumers' Access to Financial Advice

based on data from S&P Capital IQ Pro

Growth of Life Products from 2019 to 2021



United States as a whole



New York



Potpourri From 2024....

SEC v. Cutter

Sander wants to tax CEO pay

BASEL III – Impact to BOLI

Wyden's Attack on PPLI

Mark to Market

TFV on Inactive Lives (COLI/BOLI)

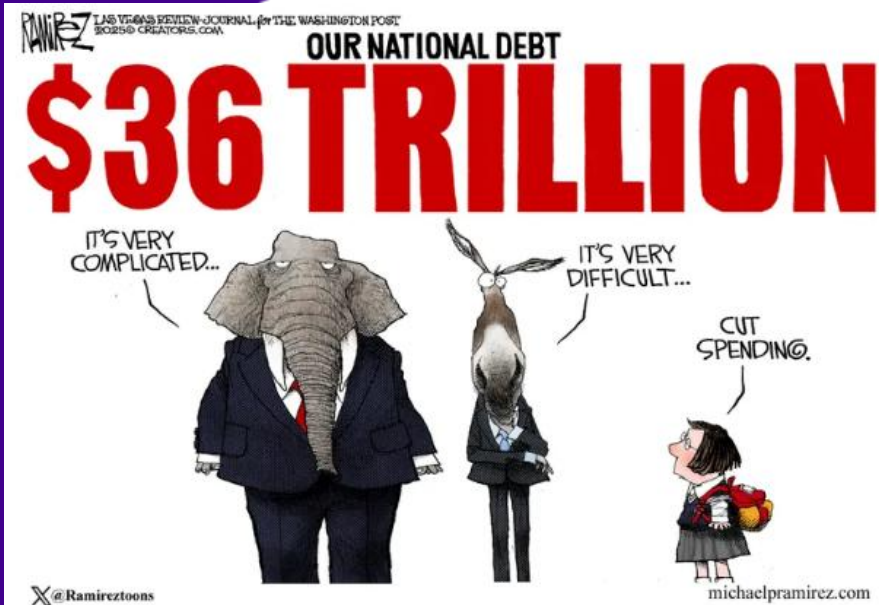
FTC Ban on Non-compete

SEC – AI Conflicts Rule



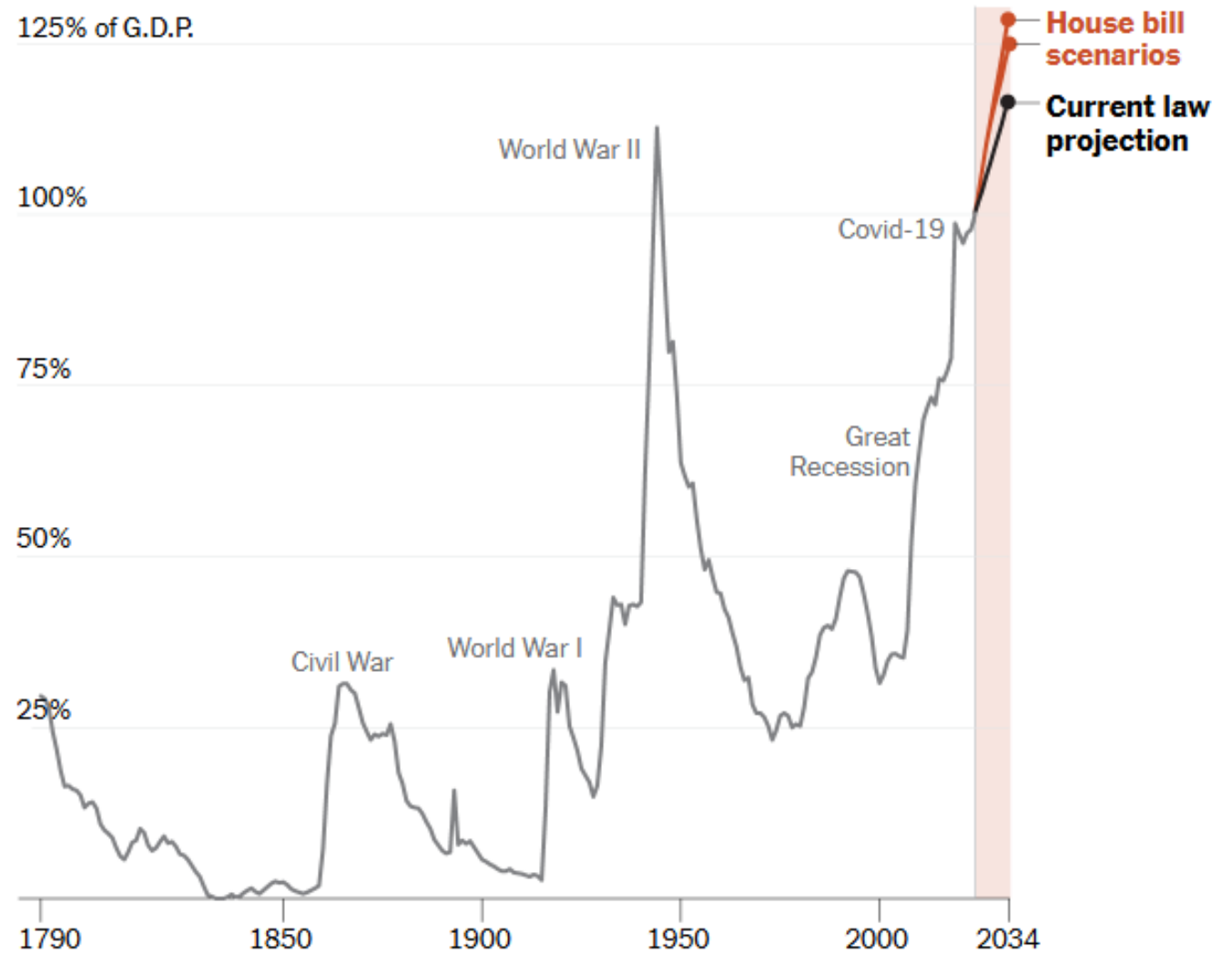
2025 & BEYOND

Spiraling Debt Problem



(Image credit: Michael Ramirez / Copyright 2025 Creators Syndicate)

U.S. Federal Debt as a Share of the Economy Since 1790



Sources: Congressional Budget Office (historical [federal debt held by the public](#)); Committee for a Responsible Federal Budget (projections under the House bill if temporary provisions are made permanent, and under the bill as written) - The New York Times



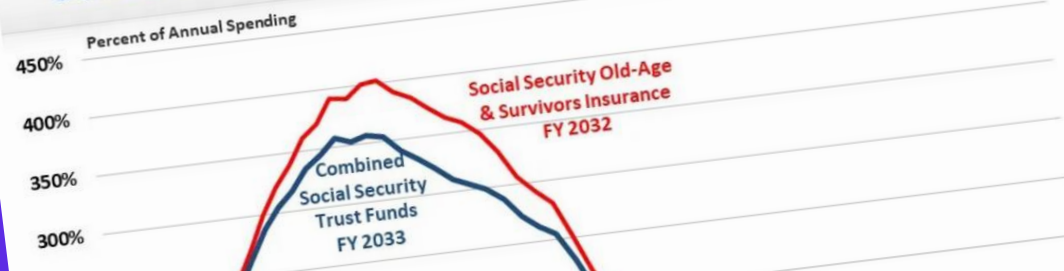
CBO: Social Security is Ten Years from Insolvency

JUL 5, 2023 | BUDGETS & PROJECTIONS | SOCIAL SECURITY

The Congressional Budget Office (CBO) recently published detailed [long-term projections for Social Security](#) that project the financial outlook for the program over the next 75 years. Under CBO's projections, the [Social Security Old-Age and Survivors Insurance \(OASI\) trust fund](#) will exhaust its reserves by Fiscal Year (FY) 2032 and the [Social Security Disability Insurance \(SSDI\) trust fund](#) will become insolvent by calendar year 2052 (the [Social Security Trustees project](#) OASI insolvency by 2033 and the SSDI trust fund to remain solvent over the next 75 years). On a theoretically combined basis, assuming revenue is reallocated in the years between OASI and SSDI insolvency, the [Social Security trust funds](#) will be insolvent by FY 2033, when today's 57-year-olds reach the normal retirement age and today's youngest retirees turn 72. Upon insolvency, all beneficiaries regardless of age, income, or need will see their benefits cut by 25 percent across-the-board.

The analysis below updates [our previous analysis](#) of CBO's last set of long-term Social Security projections, which were released in December 2022.

Social Security is Quickly Approaching Insolvency

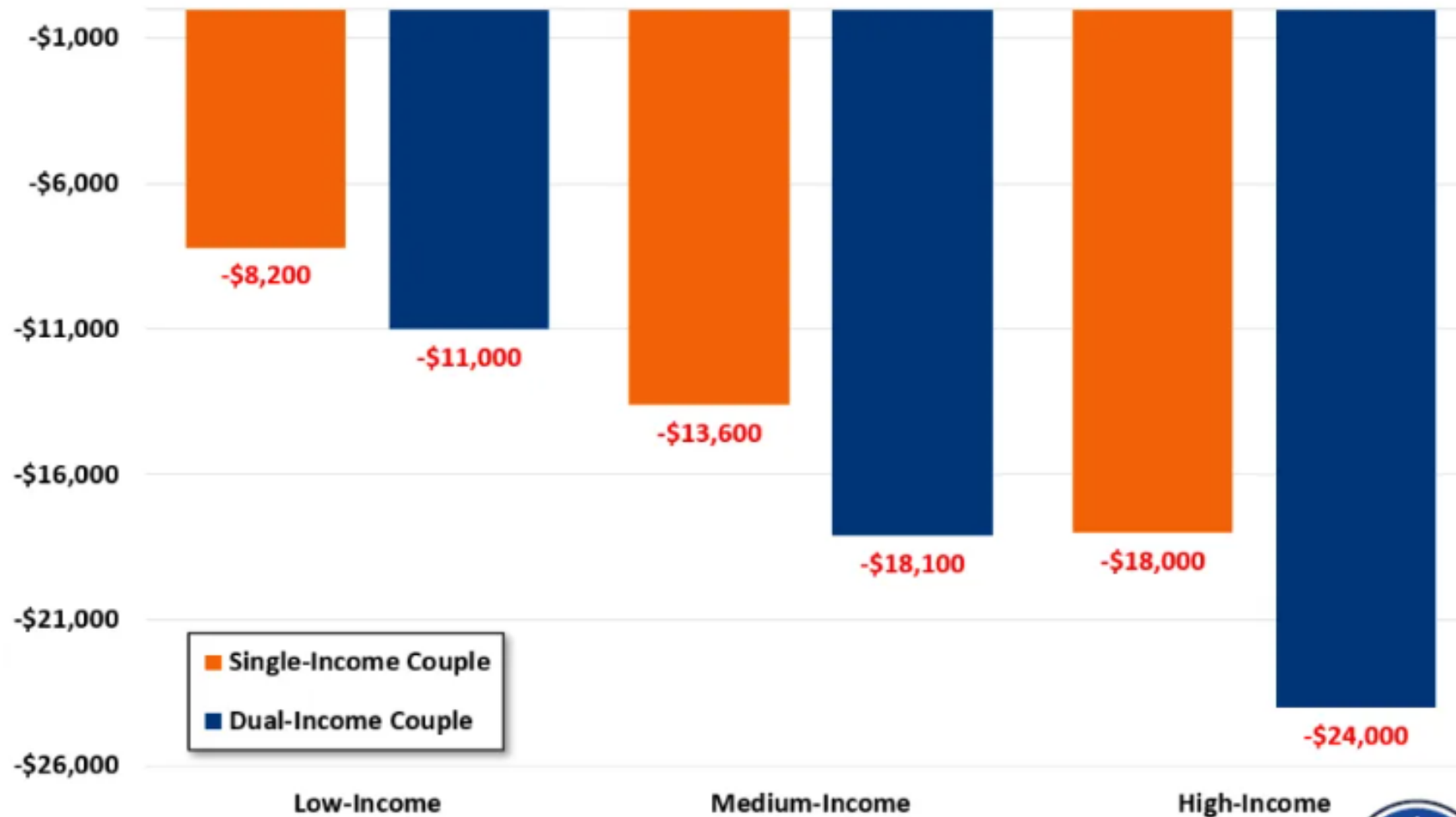


"As Social Security's trust funds rapidly approach insolvency, the necessary adjustments to restore solvency will become harder and the burden on beneficiaries more pronounced the longer policymakers wait to act."



Not Touching Social Security Means Large Benefit Cuts

Projected Benefit Cut for Couple Retiring in 2033 (Current Dollars, 2033)

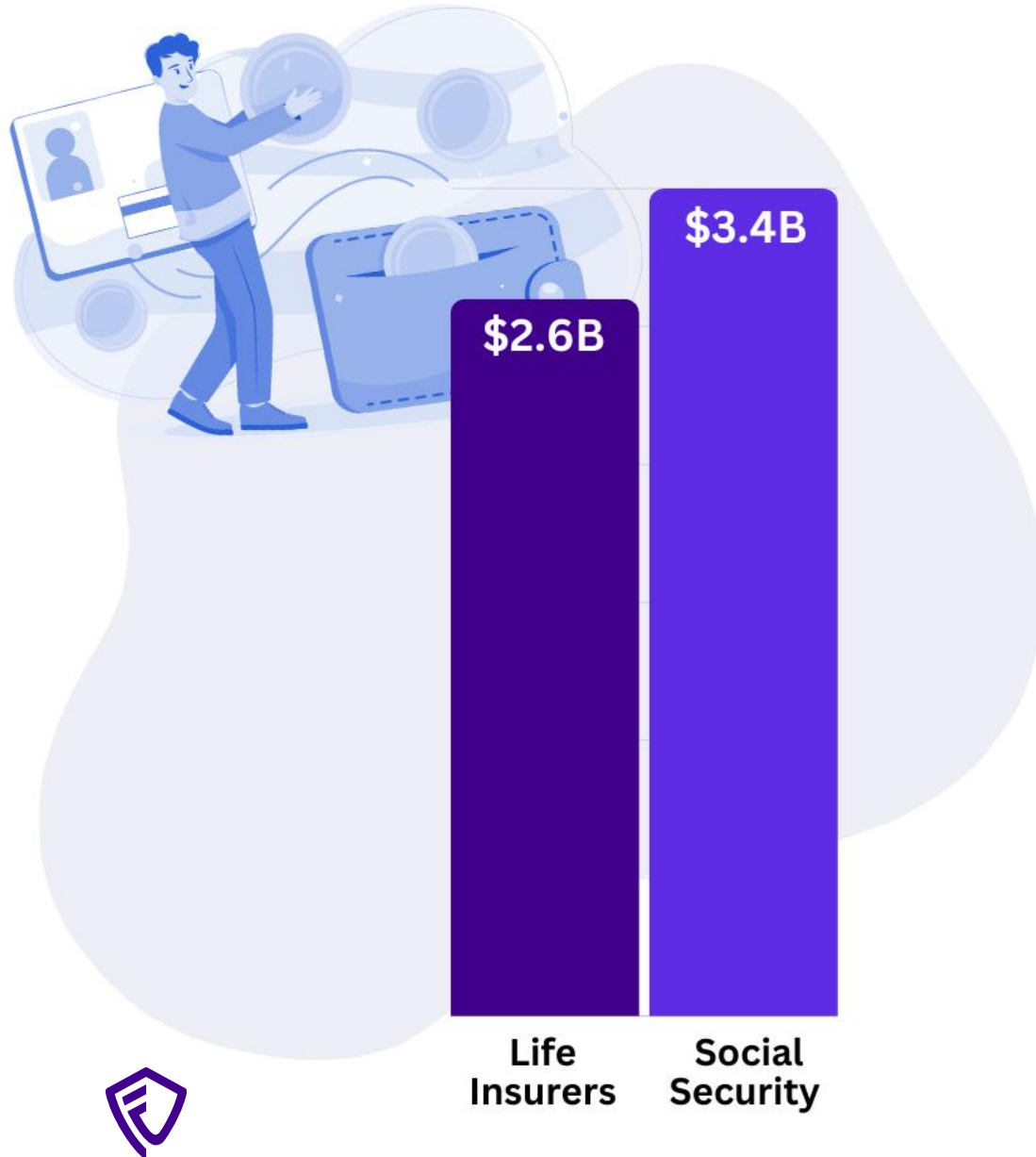


Source: Social Security Administration and Committee for a Responsible Federal Budget

Note: Estimates are based on benefits for couples retiring in January 2033.

CRFB.org





Daily Payouts Comparison

In 2022, life insurers paid out **\$2.6 billion daily**. In comparison, Social Security paid out **\$3.4 billion daily**.

The Great Wealth Transfer

Don't Ignore Next-Gen as the Wealth Transfer Begins

INSIDE WEALTH

More than \$100 trillion in wealth is about to be inherited — here are the biggest winners

C 13 2024•4:42 PM EST

The Greatest Wealth Transfer in History Is Here, With Familiar (Rich) Winners

SUCCESS • FORTUNE INTELLIGENCE

The \$124 trillion Great Wealth Transfer is bigger than ever—and millennials will get the biggest cut

PERSONAL FINANCE

Women will get most of the \$124 trillion 'great wealth transfer,' studies show. Here's why

PUBLISHED WED, MAR 12 2025•11:15 AM EDT | UPDATED THU, MAR 13 2025•7:18 PM EDT



Jessica Dickler
@JDICKLER

SHARE



stock values, U.S. family
rs going to heirs will larg

Aging Baby Boomers Drive \$124

Trillion Wealth Transfer

Reshaping Financial Systems Over Next Decade

NBERG

IGENCE EDITOR



Coin World • Saturday, Jul 26, 2025 3:11 pm ET

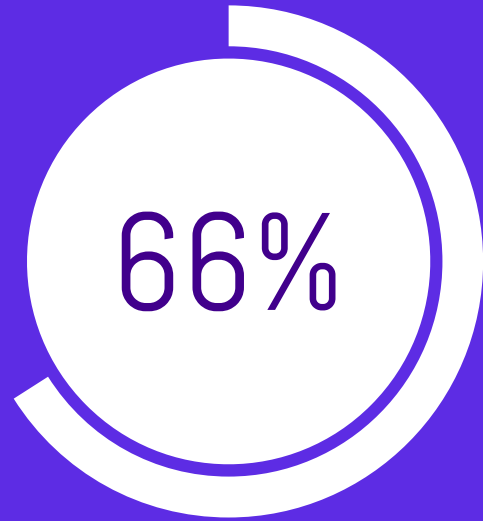
1min read

Transfer for Value

Three **RISKS** of 1035s on inactive lives



- 1 Tax Risk – Triple Threat**
 - Gain on exchange is taxable
 - Any subsequent inside build-up is taxable
 - Death Benefit is taxable
- 2 Transaction Complexity**
 - Insurable Interest & Privacy
- 3 Reputational Risk**
 - Leads to Congressional Reexamination...



**of Americans do not work with
a financial security advisor.***

**Americans that do not have
a written financial plan.***



\$4 trillion

retirement savings gap*

102 million

Americans have no or not enough life insurance.*



Poll Results Favored...



66%

**Eliminating Federal
Tax on Tips**



61%

**Tax Deductibility of
financial planning fees**



How to Get Involved

ADVOCACY & ENGAGEMENT

Less than 5%
of the 535 members in the U.S. Congress
have experience with Insurance.



Finseca's Accomplishments Leading to H.R. 1 Enacted:

- ✓ Hosted over **200 meetings** since January
- ✓ Met with **100%** of Senate Finance Committee Republicans
- ✓ Met with **100%** of House Ways and Means Committee Republicans



House Ways & Means Fly-In



Senate Finance Fly-In



You Belong Here

Advancing FINancial SECurity for All



Pro
Membership
\$500/Year
\$50/Month

Benefits for all
professionals



Influencer
Membership
\$1,500/Year
\$135/Month

Benefits for the advanced
markets professional



Questions? Contact 703.641.8110 or membership@Finseca.org



Questions?