LIMRA

2026 Advanced Sales Forum

Washington Update

Alex Kim

Vice President, Public Policy

Finseca

Financial Security for All

Finseca is the leading voice of financial security professionals, serving those who have dedicated their careers to helping families and businesses create a financially secure future.

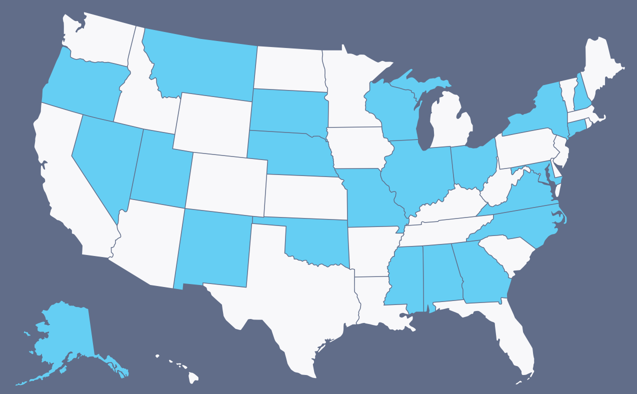
Why the Profession Matters

2 out of 3

Americans don't work with a **financial advisor**

2 out of 3

Americans don't have a **written financial plan**



102 million

Americans have no or not enough life insurance

$4 trillion

Retirement savings gap

100K

Advisor gap predicted by 2034

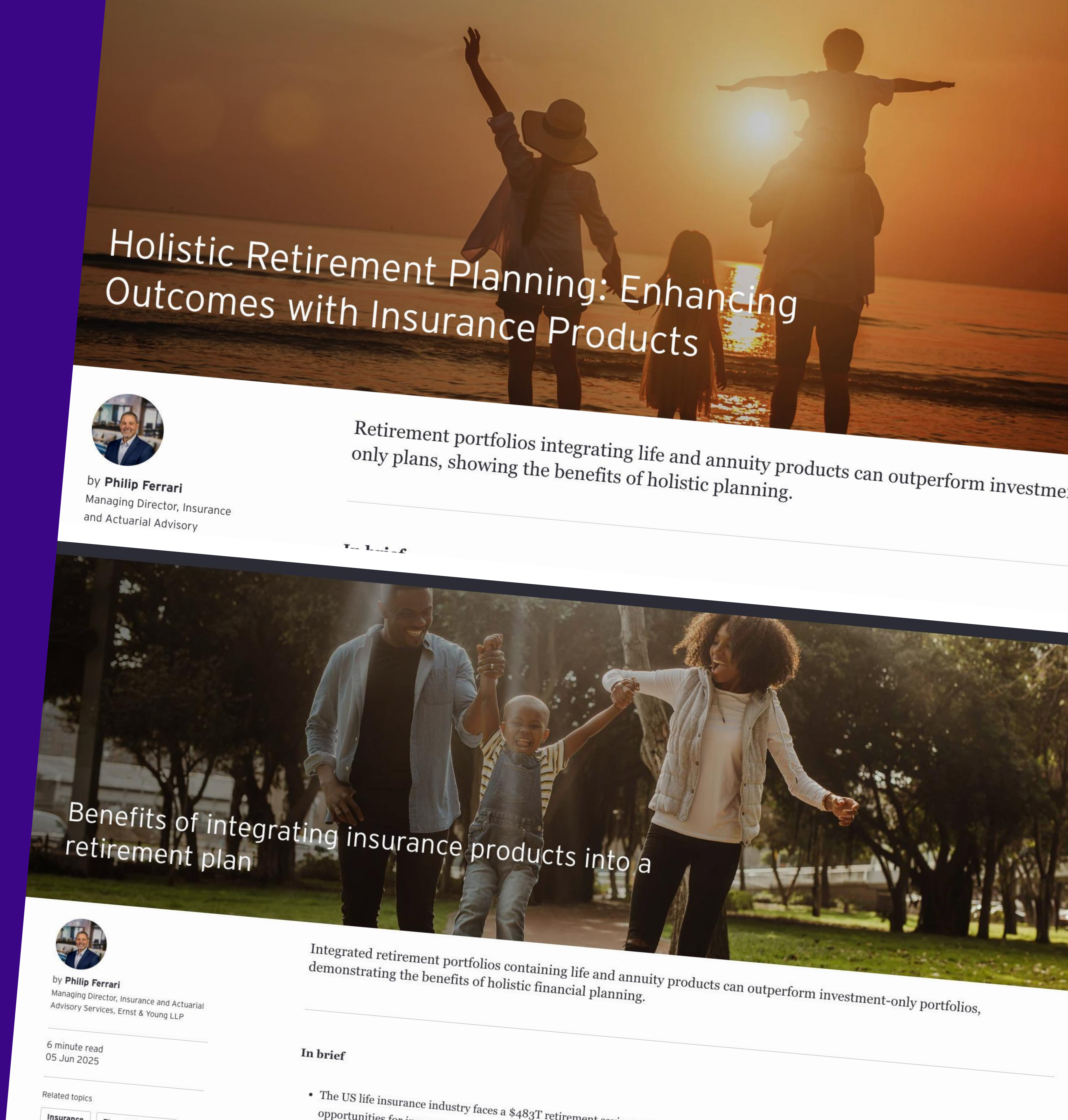
2032

Social Security will be insolvent

$39 trillion

National debt

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



Agenda

- Brief Recap
- Federal Priorities
  - Regs (There are a lot)
  - Retirement
  - PPLI
- State Priorities
  - Louisiana BOLI
  - LTC Coast-to-Coast
  - NAIC
- The Storm
- Election Predictions

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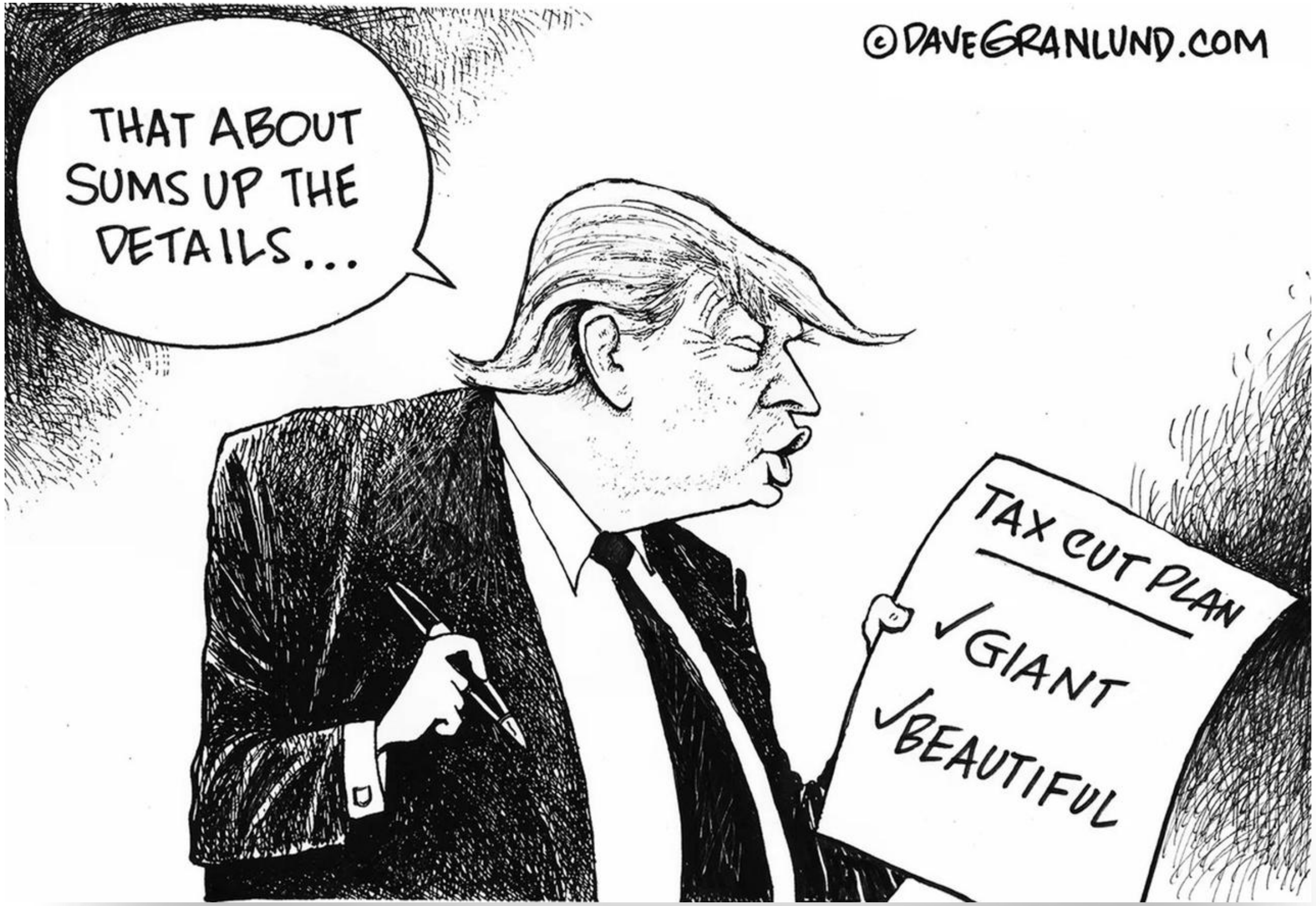
Tax Reform 2026

One Big Beautiful Bill Act in Review

H.R. 1: 2025 Tax Bill

In Review

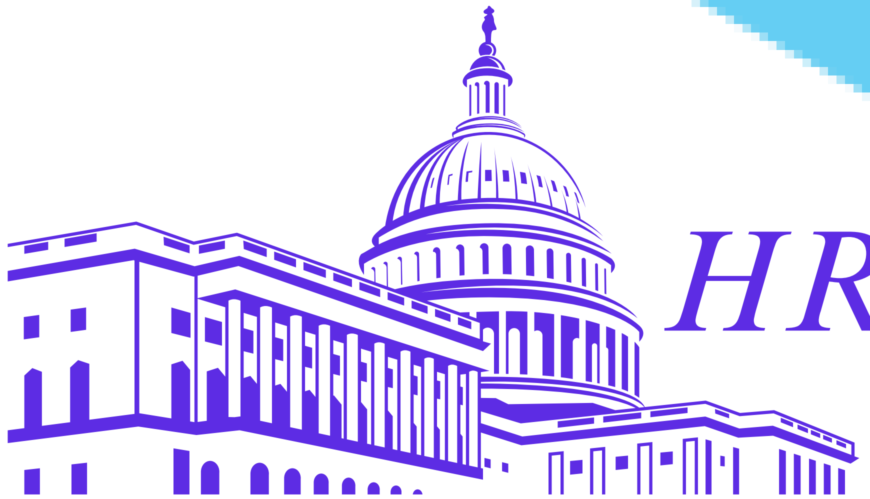


Estate Tax Permanence

2026 Changes

Exemption PERMANENCE!

- **$30 million per married couple**
- **$15 million per individual**



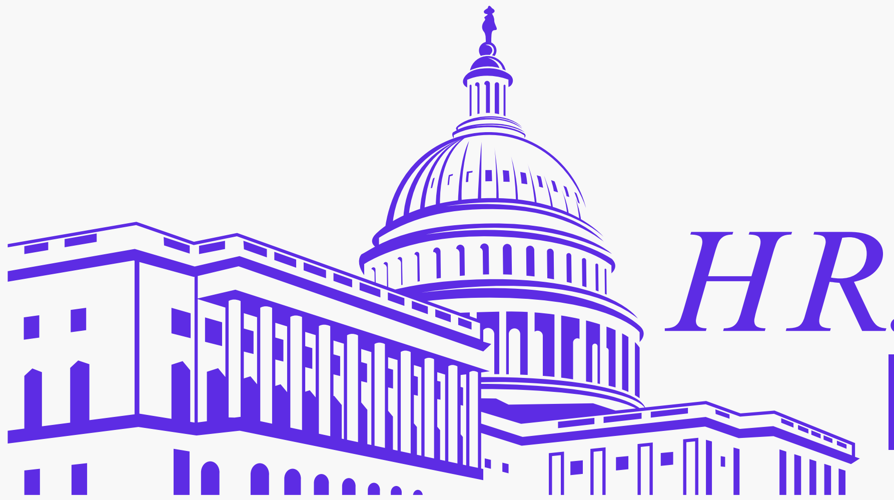
HR. 1

INDUSTRY WINS

Section 199A Permanence

Effective January 1, 2026

- Small businesses / pass-throughs can deduct 20% of their qualified business income.
- Expands the taxable income phase-out limitations (increased to $75,000 & $150,000, respectively).
- Introduces a new deduction of $400 for taxpayers who have at least $1,000 of QBI from one or more active trades or businesses.



HR. 1

INDUSTRY WINS

H.R. 1 Additional Provisions

- Individual Rates Permanent
- Standard Deduction Increased
- SALT Increased from $10k to $40k for taxpayers under $500k Income
    - Phased out in 2029
    - Small business work-around preserved
- Eligible expenses for 529s Expanded

HR. 1
INDUSTRY WINS

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Tax Reform 2026

Trump Accounts

What are Trump Accounts?

- Tax-Advantaged Individual Retirement Accounts for Children Under Age 18
- Created Under the One Big Beautiful Bill Act
- Designed to Build Long-Term Generational Wealth

Pilot Program Details

- One-time $1000 contribution from the U.S. Department of Treasury
- Available beginning July 4, 2026
- For children born between 2025 and 2028
- Treasury contribution does not count toward annual contribution limits

Trump Accounts

Eligibility Requirements

- Must be a U.S. Citizen
- Available to children with a valid SSN born between January 1, 2025 & December 31, 2028
- Managed by a parent or legal guardian until age 18
- Only one funded Trump Account per child

Trump Accounts

Enrollment Data and Participation Snapshot

Data from US Dept. of Treasury as of June 30, 2026

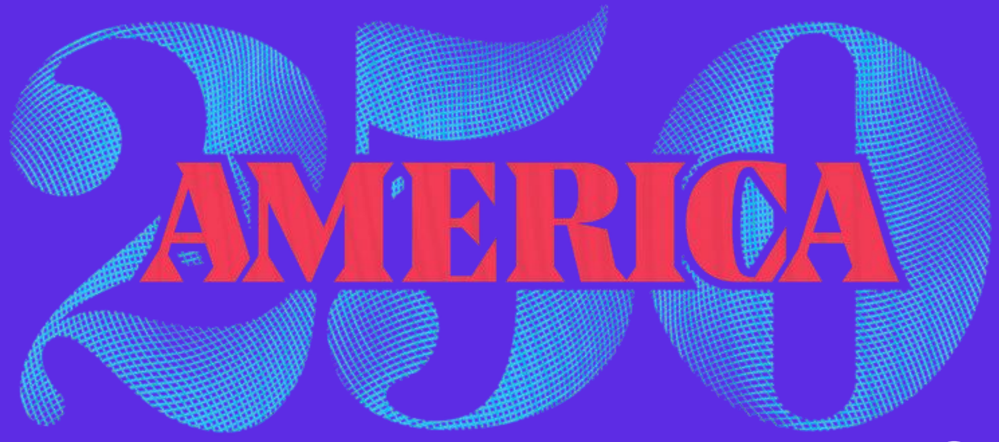
6 Million+

Trump Accounts registered by families

Approximately

1.4 Million

Children eligible for the $1000 pilot program contribution



July 4, 2026

Trump Accounts officially began accepting contributions.

Annual Contribution Limits

Individual Contribution

$5,000/yr.

Indexed for inflation after 2027

Employer Contribution

Up to $2,500/yr.

Tax-free to employee, part of $5,000 cap

Potential Account Growth

Maximum Contributions

By Age 18 **$303,800**

By Age 28 **$1,091,900**

No Additional Contributions

By Age 18 **$5,800**

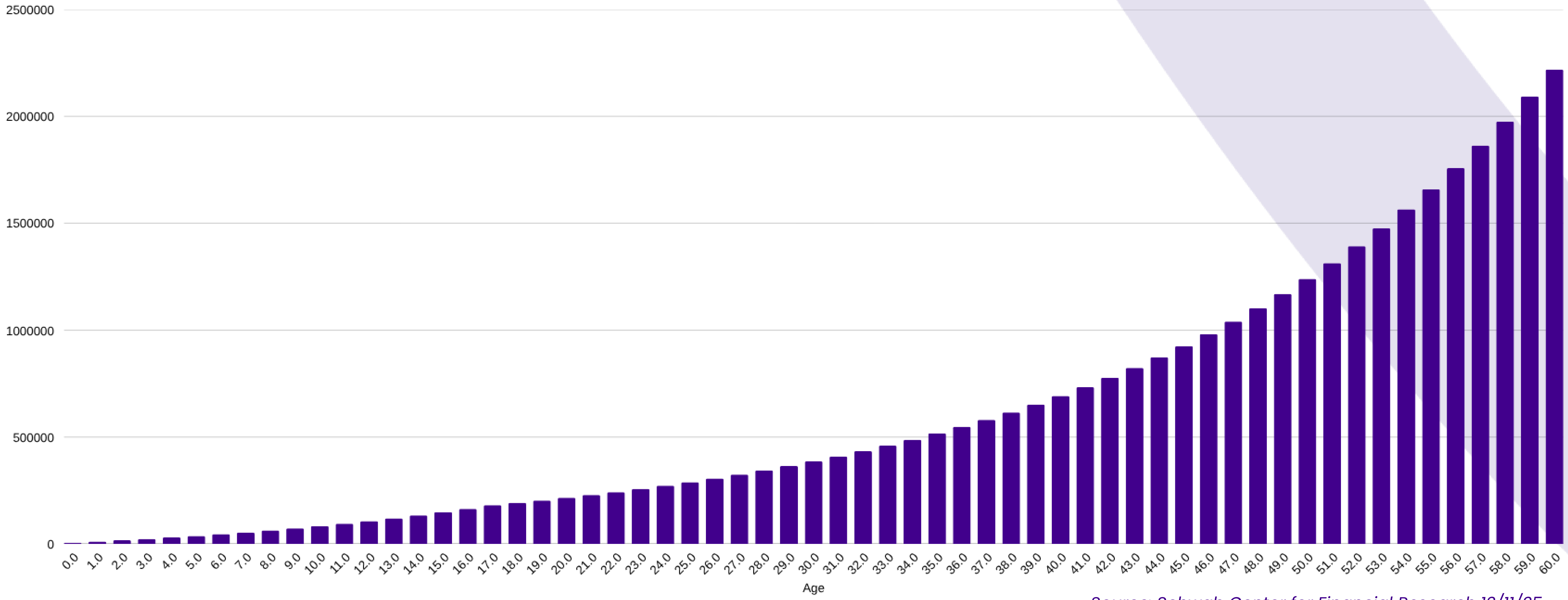
By Age 28 **$18,100**

Council of Economic Advisers projections for child born in 2026
(assuming average stock market returns)

Maxing out contributions could allow recipients to accumulate over $2 million by age 60

Potential growth of a Trump Account with maximum contributions

SCHWAB CENTER FOR FINANCIAL RESEARCH



Source: Schwab Center for Financial Research 12/11/25

All children under the age of 18 are eligible for Trump Accounts (530A Accounts)

Comparing Trump accounts, 529 plans, and traditional IRAs:

Feature	Trump Account	529 Plan	Traditional IRA
Purpose	Child-focused savings	Education savings	Retirement savings
Eligibility	Children born between 2025-2028; up to 25M children aged 10 and under	Anyone saving for education	Anyone with earned income
Federal seed money	$1,000 for eligible newborns	None	None
Annual contribution limit	$5,000 (indexed); employer up to $2,500	Up to $19,000 per donor or $95,000 front-load	$7,500 (2026 limit; $8,600 if 50+)
Tax treatment of earnings	Tax-deferred; taxed on withdrawal	Tax-free if used for qualified education	Tax-deferred; taxed on withdrawal
Qualified users	After age 18, follows IRA rules	College, K-12 tuition, apprenticeships, student loans	Retirement only (penalties for early use)
Forced distribution rates	No withdrawals before 18 (except rollovers)	No forced distribution; Roth rollover possible	Required minimum distribution at age 73

WHAT'S HAPPENING IN WASHINGTON

The White House: East Wing Demolition

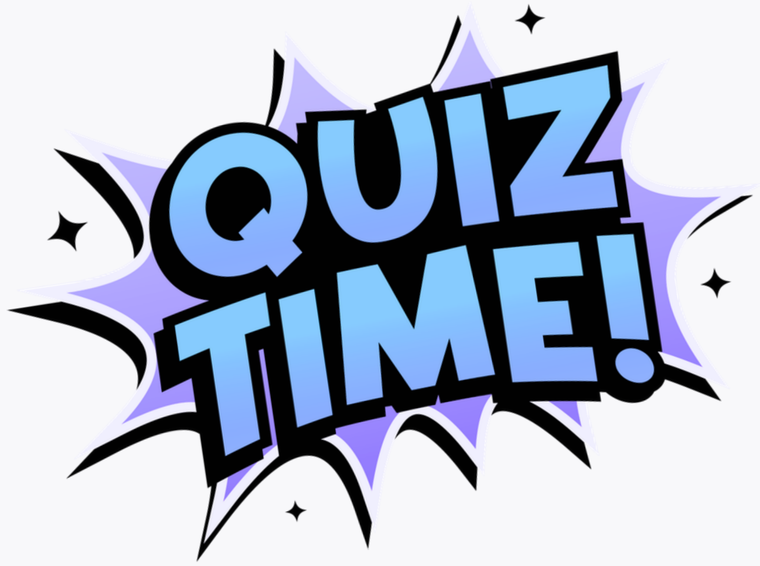
Federal Legislative Priorities

- Regulation
- Retirement Policy
- PPLI

REGULATIONS

SEC: Finseca Engagement

- Regulation by Enforcement
- Ensemble Payments
- Pay-to-Play



Clarity for Compensation Solves:

A) Workforce Development

B) Regulatory Uncertainty

C) Simplification of Business Operations

D) All of the Above

D) All of the Above

Call to Action Follow-Up: Clarity for Compensation

- Allows for securities payments to be sent to teams instead of individuals.
- Adding co-sponsors - readying for a hearing.
- Partnered with FSI to host a staff briefing.

FINANCIAL SERVICES INSTITUTE

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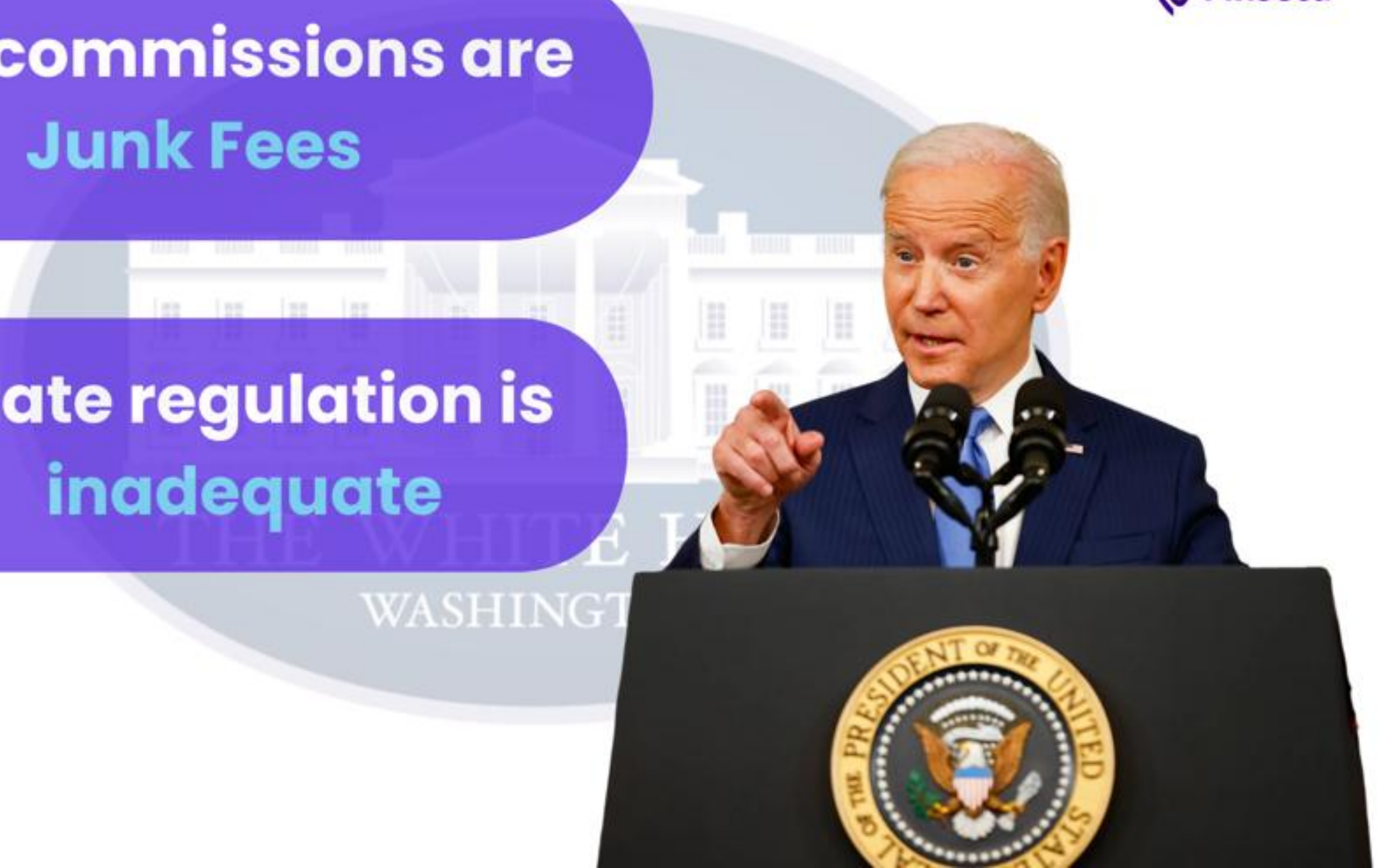
Your commissions are **Junk Fees**

State regulation is **inadequate**



DOL Fiduciary Rule Timeline

- **2016** DOL 2.0
- **2018** ~~DOL 2.0~~
- **2019** SEC Reg BI
- **2020** NAIC #275
- **2024** DOL 3.0
- **2026** ~~DOL 3.0~~

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Treasury Rule 1035 & Transfer for Value

- Cleared IRS Chief Counsel
- Now in final review
- Could be released in Q3

NEW INDEPENDENT CONTRACTOR RULE

New DOL Independent Contractor Rule

How the proposed framework supports the profession

What the Proposed Rule Does

- Shifts classification back toward independent contractor (IC) status by repealing the 2024 Biden-era rule and largely restoring the clearer, more flexible 2021 framework, making it easier to qualify as an IC.
- Supports current industry model, allowing financial professionals to remain independent, represent multiple insurers, and preserve flexible distribution structures valued by firms and advisors.
- Reduces regulatory ambiguity compared to the 2024 rule, which lacked industry-specific clarity and could have led to inconsistent classification outcomes for financial professionals.

If Reclassified as Employees

Reclassification as Employees would mean:

- Loss of entrepreneurial independence,
- Loss of deductions (including Section 199A),
- Higher employer costs,
- Shift from commissions to salary, and
- Potential reduction in consumer access to products.

New Jersey Independent Contractor Rule

Original Proposal

Generally mirrors the U.S. DOL's proposal from a couple of years ago, could interpret some facets of the profession to be considered **employer control.**

Final Proposal

Recognizes exemption under unemployment compensation law but does not have statutory authority to extend exemption to **Wage and Hour, Wage Payment, and Earned Sick Leave.**

S 2782 & A 1511

Reaffirms **independent contractor status** of the profession.

NJ Independent Contractor Rule

N.J.A.C. 12:11 | 2026 Regulatory Milestones

First Quarter 2026

Sherrill Administration begins; puts a 90-day pause on new regulations

May 4, 2026

Pause ends

May 5, 2026

Final rule for Independent Contractor is proposed

June 2026

Rules to be posted in June Bulletin

October 1, 2026

Rule takes effect

Finseca

RETIREMENT POLICY

New Retirement Accounts

Recently announced by President Trump for the

56 million

Workers

who lack an employer-sponsored savings plan.

Alternative Assets for 401(k) Investors

1

August 2025

President Trump signed Executive Order 14330, "Democratizing Access to Alternative Assets for 401(k) Investors."

What are these alternative assets?

Private Equity

Private Credit

Real Estate

Infrastructure

Cryptocurrency

Lifetime Income Products

Alternative Assets for 401(k) Investors

2

March 2026

DOL releases proposed regulations clarifying how these will play out

3

June 2026

Finseca submitted comments to the DOL.

PPLI
Protecting The Tax Treatment of Life Insurance

- **Meetings with moderate Democrats & Republicans on tax writing committees**
- **Coordinating with ACLI and carrier partners**

APRIL 13,2026

New Wyden Bill Would Close Private Placement Life Insurance Tax Shelter Abused by the Ultra-Rich

Committee Investigation Found the Ultra-Rich Used PPLI Loophole to Abuse Special Tax Rules for Life Insurance and Shelter Tens of Billions from Tax; New Bill Would Protect the Special Tax Treatment of Traditional Life Insurance

PPLI

Legislation Update

Senator Wyden's PPLI Reform Bill

Wyden's Protecting Proper Life Insurance from Abuse Act

- Narrow the tax and structural advantages of many PPLI and PPVA arrangements
- Taxes gains annually; excess withdrawals taxed as ordinary income
- Attack on PPLI is an attack on all permanent life insurance

"Buy, borrow, die"

Congressional Focus: PPLI
Topline Takeaways

Represents a direct threat to the **CORE TAX TREATMENT** of all permanent life insurance

GREATER THREAT due to upcoming legislative focus on reducing the deficit

Requires an **Act of Congress**, signed by the President

Finseca will vigorously protect the appropriate tax treatment of ALL life insurance.

Long-Term Care: The Bad

Senator Wyden making assumptions about the marketplace.

MAY 20,2026

Wyden, Senate Democrats Unveil Plans to Improve Long-Term Care Amid Republican Attacks

STATE ADVOCACY IN ACTION

Louisiana BOLI Bill

SB 509

Permits Insurable Interest on Former Employees

- To provide an endorsement split dollar death benefit to the insured's beneficiary or to offset the cost of an employee's benefit plan.
- Must be exchanged for the same type and death benefit amount.
- The former employee must provide written consent to the exchange.

Legislation Update

Louisiana BOLI Bill

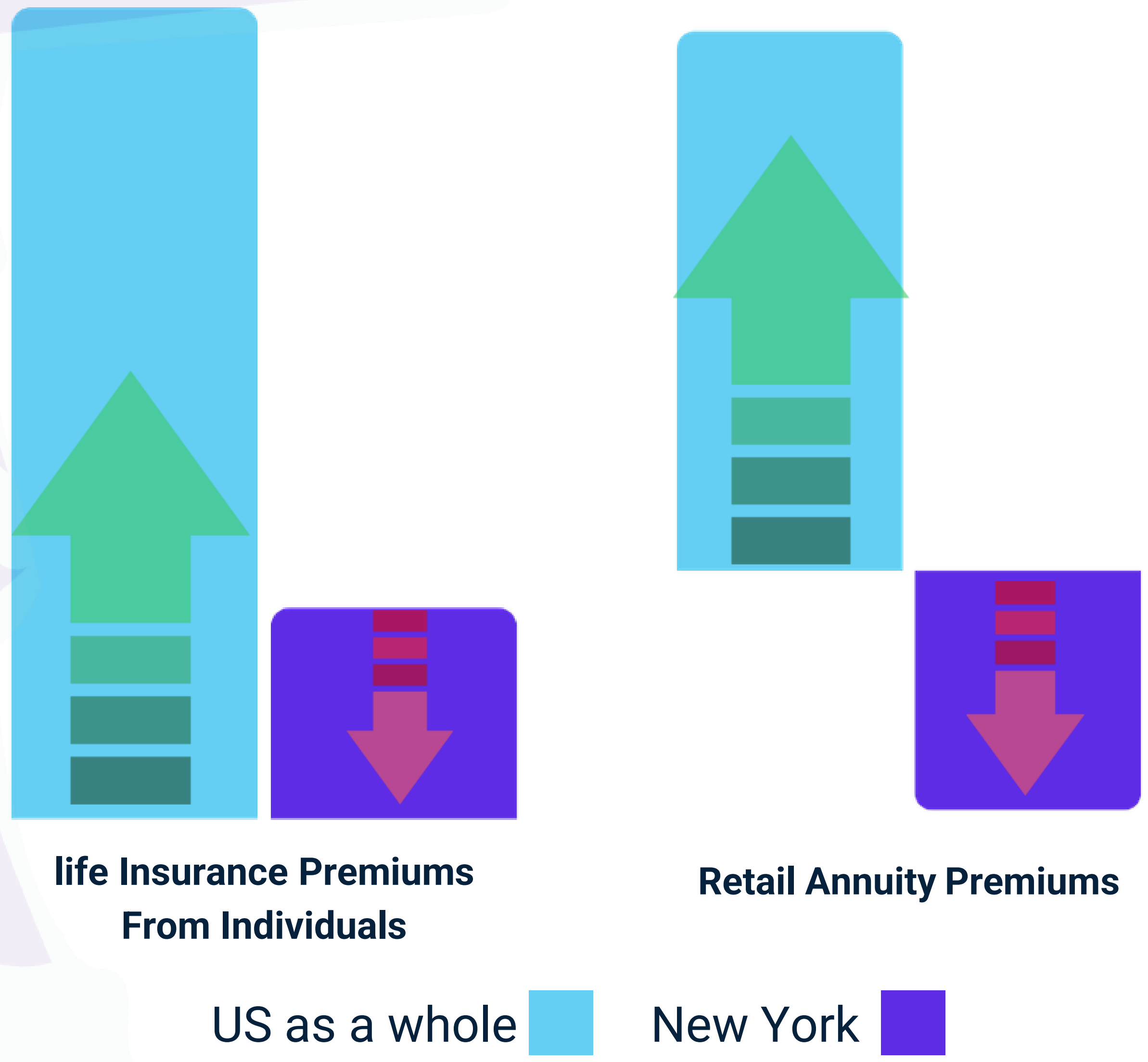
Now Act 588 of 2026

- Amended to **remove** consent.
- Puts consent in the hands of the Department.

Spotlight on State Advocacy

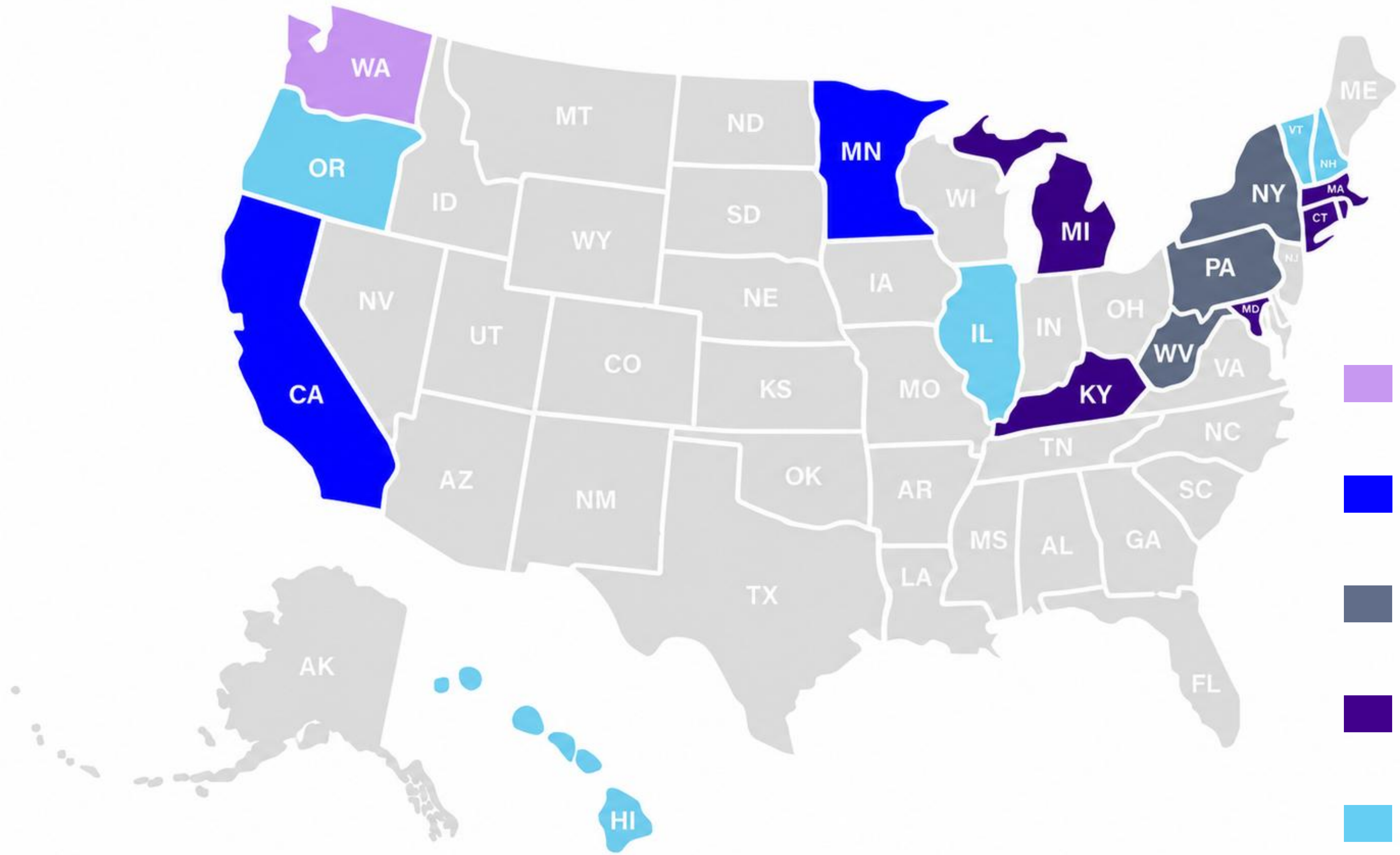
- NY Reg. 187
- Long-Term Care Proposals
- Wealth Tax Proposals
  - CA
  - CT
  - HI
  - IL
  - MD
  - MN
  - NY
  - RI
  - VT
  - WA

New York's Regulatory Environment hurts Consumers'



based on data from S&P Capital IQ Pro

Long-Term Care

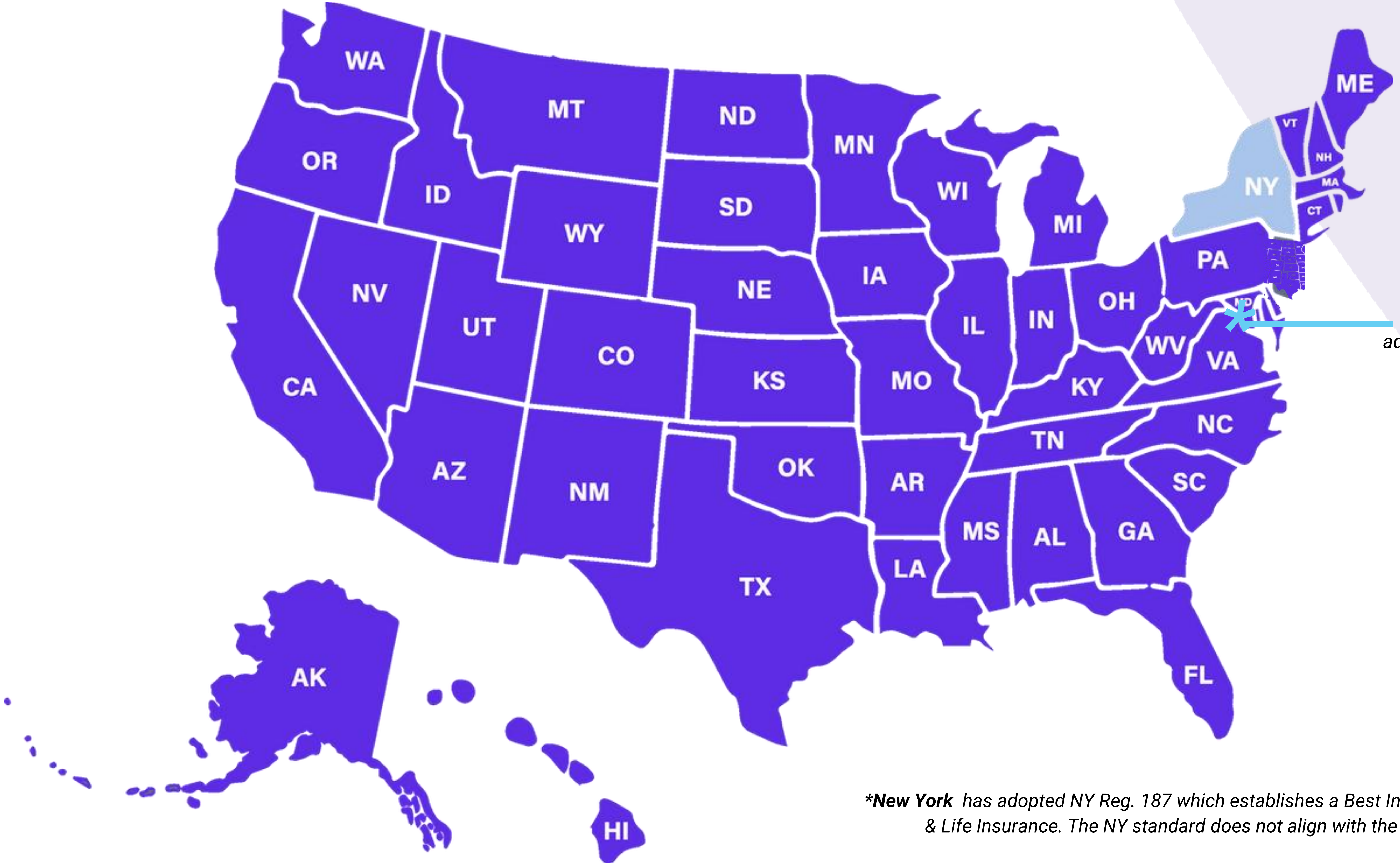


- Publicly funded long-term care legislation passed
- *Task force currently studying publicly funded long-term care possibilities
- *Publicly funded long-term care legislation introduced
- *Discussions of legislation or studies to address long-term care funding
- *Informal discussions for long-term care funding to be addressed

This map is for agent informational purposes only and may not be used with the public

*There is no legislation or regulation implementing a publicly funded long-term care program at this time.

49 States Adopt NAIC Best Interest Standard for Annuities



Washington D.C. *has not yet adopted the NAIC Best Interest Standard for Annuities*

****New York*** *has adopted NY Reg. 187 which establishes a Best Interest Standard for Annuities & Life Insurance. The NY standard does not align with the NAIC Best Interest Standard.*

NAIC

NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Life Insurance & Annuities Working Group

Regulators have observed index annuity disclosures that suggest annual returns can range from 10%-25% for several years.

This has brought up potential concerns around whether consumers are receiving reasonable expectations regarding future performance upon purchasing an annuity.

NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Life Insurance & Annuities (A) Committee Exposure

1 Illustration Tracking

Are there tools to evaluate and compare projected accumulations in an annuity illustration at time of sale with subsequent actual performance? This could help identify which annuities significantly fail to meet projections or require an update to the illustration.

2 IMO Compensation Monitoring

Are there tools that could be used to monitor IMO compensation incentives?

3 Consumer View Monitoring

Are there efficient ways to monitor what consumers actually see?

4 Early Feedback

Are there ways to aggregate findings to provide early feedback to industry to encourage course correction in real time?

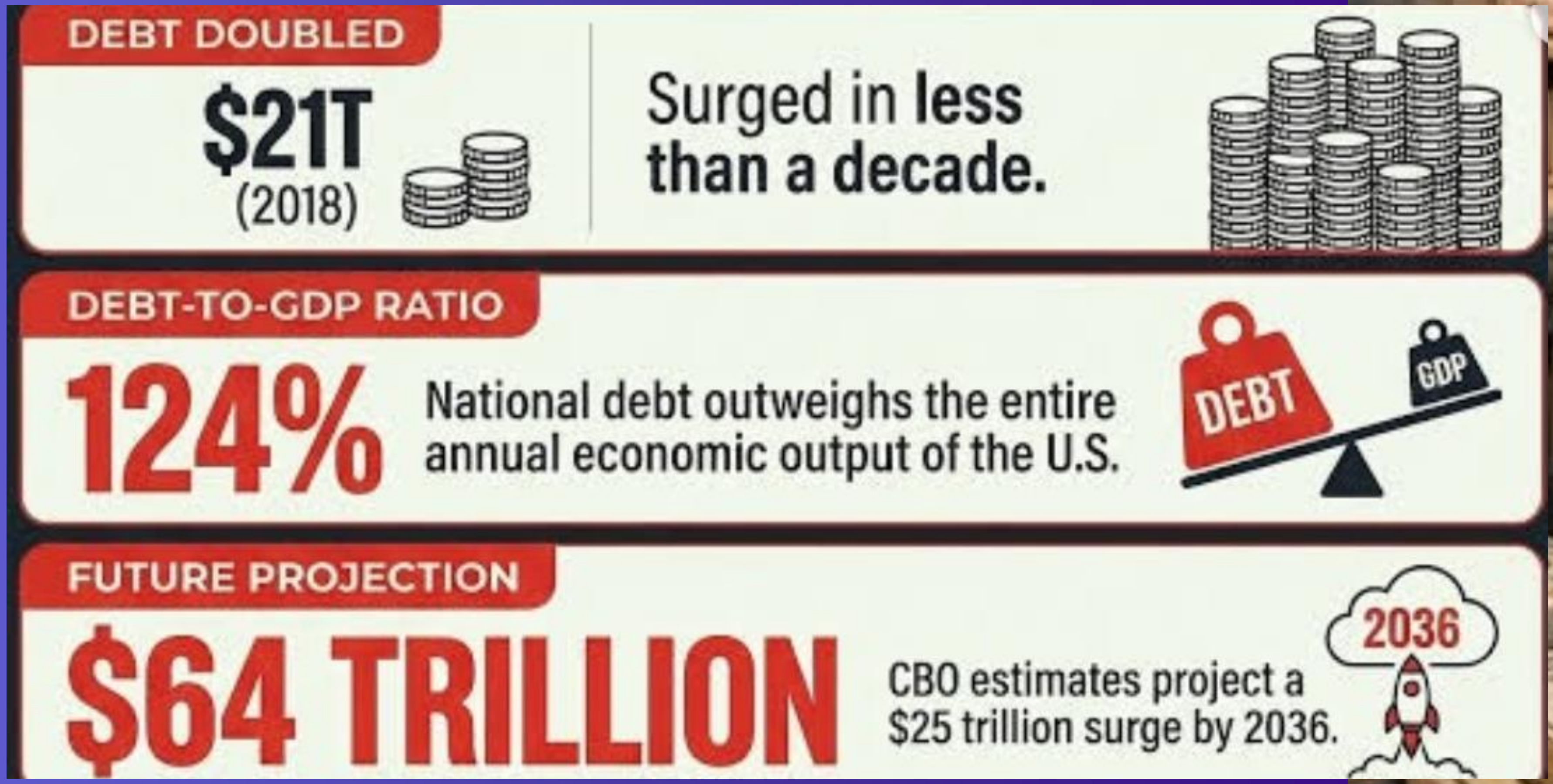
5 Additional Ideas

Are there any other ideas or suggestions we should consider?

The Pending Storm

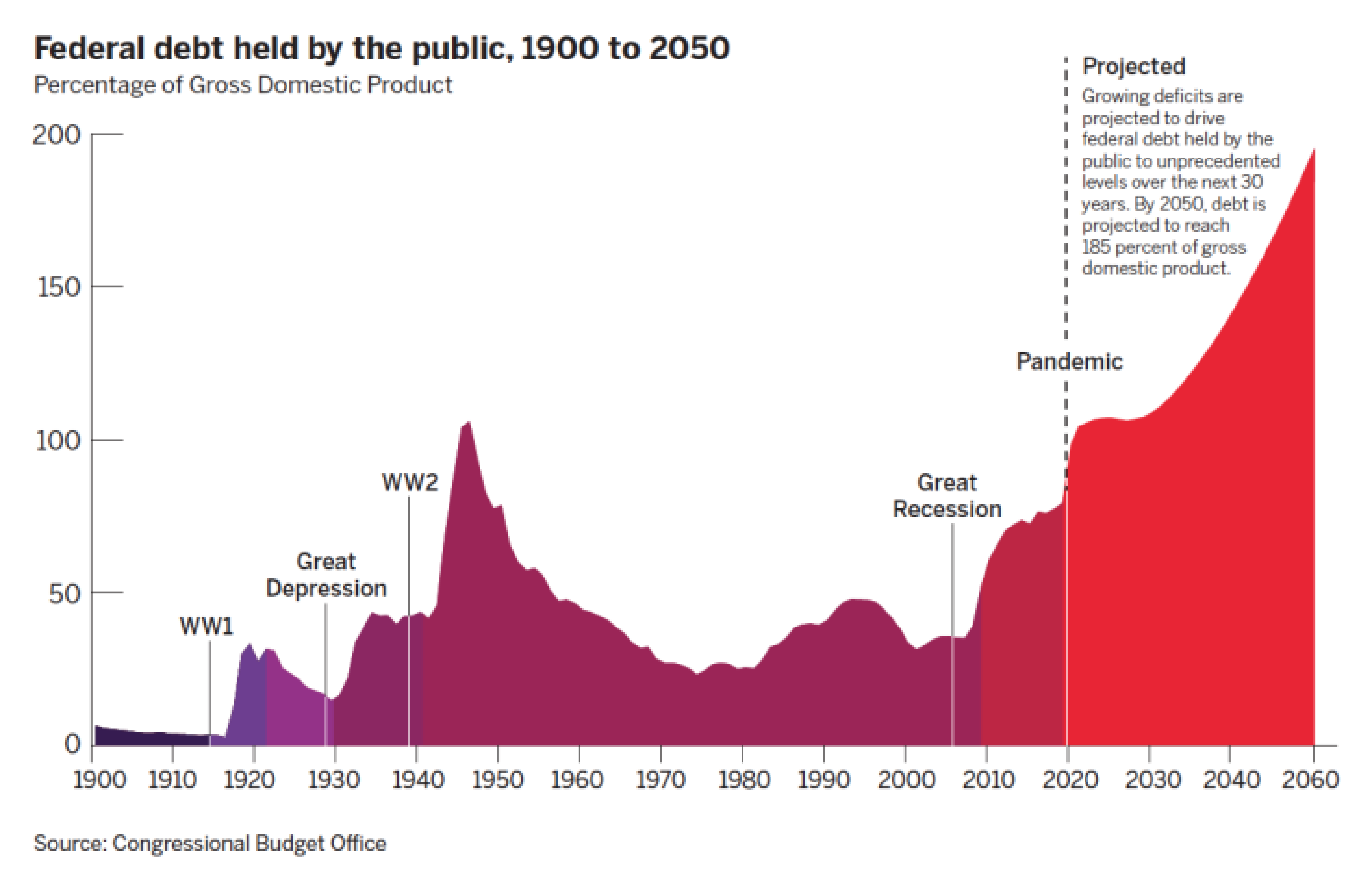
Winter is Coming


$39 TRILLION: THE DEBT EXPLOSION
NEW RECORD
$39 TRILLION
Officially crossed this historic gross debt threshold in March 2026.
ACCELERATING PACE
+$2 TRILLION
Added in just 8 MONTHS. Trillions now added in months, not years.


DEBT DOUBLED
$21T
(2018)
Surged in less than a decade.
DEBT-TO-GDP RATIO
124%
National debt outweighs the entire annual economic output of the U.S.
DEBT
GDP
FUTURE PROJECTION
$64 TRILLION
CBO estimates project a $25 trillion surge by 2036.
2036


The U.S. national debt just crossed
$39 TRILLION
That is $240,000
per taxpaying American.

Spiraling Debt Problem



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.

"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."

The Great Wealth Transfer

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

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

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

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

SUCCESS· FORTUNE INTELLIGENCE

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

NBERG
IGENCE EDITOR

ERSONAL FINANCE

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

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

Jessica Dickler
@JDICKLER

SHARE

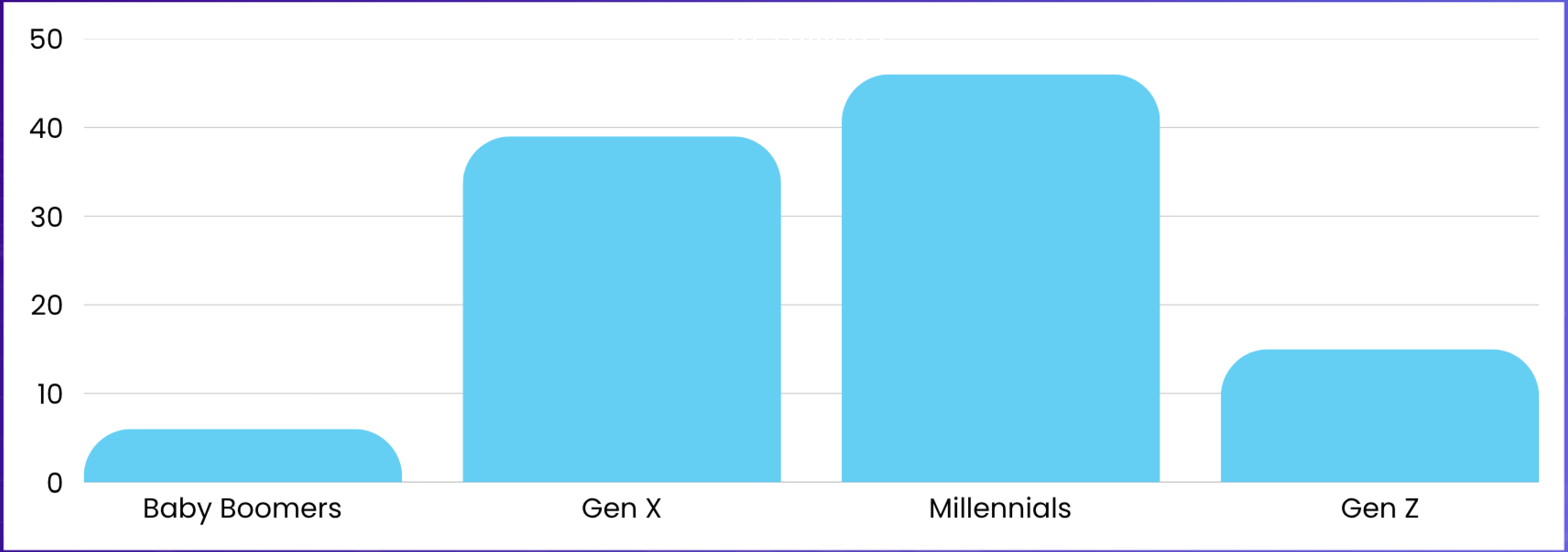
Aging Baby Boomers Drive $124 Trillion Wealth Transfer Reshaping Financial Systems Over Next Decade

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

1min read

The Great Wealth Transfer

Estimated to be inherited through 2048, by generation



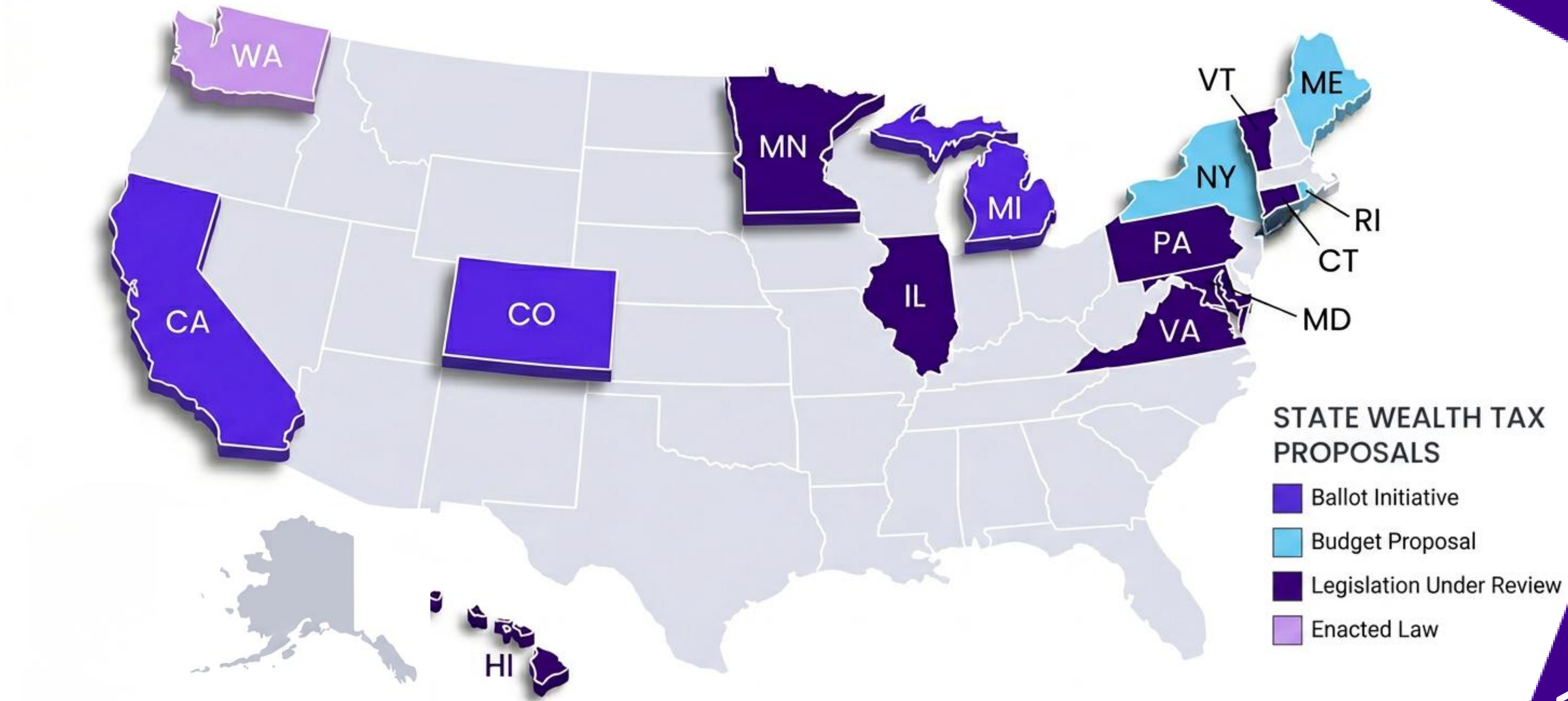
Source: Cerulli Associates, "The Cerulli Report: U.S. High-Net-Worth and Ultra-High-Net-Worth Markets 2024."

The Solution?

TAX THE RICH

Wealth Tax: State Focus

Current State Initiatives that Include Wealth Tax Proposals*



*Map depicts states with initiatives that include wealth tax as part of other state tax bill legislation reviews and proposals.

Federal Wealth Tax Proposals

Percentages of Proposed Annual Tax to Net Worth and/or Income

Senator Sanders

Make Billionaires Pay Their Fair Share Act

5% Tax on net worth above $1 billion.

Senator Warren

Ultra-Millionaire Tax Act of 2026

2% Tax on net worth from $50 million to $1 billion

3% Tax on net worth above $1 billion plus an exit-tax concept.

Information presented as outlined in sponsor materials

Senator Van Hollen

Working Americans' Tax Cut Act

Tiered *surtax* on $1 milliion and above incomes paired with expanded relief for lower-and middle-income households.

Federal Wealth Tax Proposals Deep Dive

Tax Base, Rate Structure, and Noteworthy Features

Senator Sanders

Make Billionaires Pay Their Fair Share Act

- **Tax base is the net worth of the *taxpayers***
- **Rates structured at 5% Annual Tax**
- **Applies only once threshold is crossed; materials cite ~ 938 billionaires & project $4.4 trillion over 10 yrs.**

Senator Warren

Ultra-Millionaire Tax Act of 2026

- **Tax base is the net worth of households & trusts above $50 million**
- **2% from $50 million to $1 billion; 3% above $1 billion**
- **Includes proposed 40% exit tax on wealth above $50 million for citizenship renunciations & major IRS enforcement funding**

Information presented as outlined in sponsor materials

State Wealth / Income Tax Proposals

Scope and Focus Overview

Pure Wealth Tax

- Taxes on net worth, financial assets, or unrealized gains.

Millionaire Surtaxes

- Income tax /surtax above $500,000, $1 million, or other high-income thresholds.

Related Measures

Adjacent proposals included in broader state debates with some focus on taxing high-wealth households:

- Estate Tax Proposals
- Capital Gains Proposals
- Study-Commission Proposals

A one-time 5% levy on the net worth of California residents with assets exceeding $1 billion.

States With Explicit Wealth-Style Proposals

State	Proposal	Threshold/Base	Status
California	2026 Billionaire Tax Act	One-time 5% tax on net worth of state billionaires	On the November ballot
Hawaii	S.B. 313 / H.B. 1235	1% annual tax on net worth above $20 million	Passed Senate Judiciary; referred to House Ways & Means
Illinois	Market-to-Market Tax Act, S.B. 3376	Annual tax on unrealized gains for residents with net assets above $1 billion	Referred to Assignments
Maryland	H.B. 1238	Surtax on individuals with net worth above $1 billion	Did not advance before 2026 adjournment.
Minnesota	H.F. 4616	1% tax on taxable wealth above $10 million	Did not advance before 2026 adjournment.
New York	A3632	Tax on unrealized gains for taxpayers with net assets of $1 billion+	In committee
Rhode Island	H.B. 7595 / S.B. 2361	1% tax on worldwide intangible assets above $25 million	In committee
Vermont	H.620	Study commission on feasibility & interstate coordination of a wealth tax	In committee
Washinton	S.B. 5797	Tax on stocks, bonds, & other financial intangible assets	In committee

States With Millionaire or High-Income Tax Proposals

State	Measure	Illustrative Threshold	Status
Colorado	Graduated income tax ballot initiative	Higher rates for income of $500,000 +	Collecting signatures
Hawaii	S.B. 2468	2% surcharge on taxable income above $1 million	In committee
Illinois	HJRCA0026	3% surtax on annual income above $1 million	In committee; would go to voters if adopted
Maine	2% surtax in state spending plan	Earnings above $1 million, $750,000 if married filing single	Signed into law
Massachusetts	Existing 4% millionaire surtax	Income above $1 million	Already enacted
Michigan	Invest in MI Kids	5% surtax above $500,000 filing single or $1 million filing jointly	Proposal pulled from 2026 ballot
Virginia	H.B. 188 and H.B. 979	8% or 10% rates starting at $600,000 & $1 million	In committee
Washington	S.B. 6346 millionaire tax	9.9% tax on annual net income above $1 million	Signed into law; effective June 11, 2026

Closely Monitored States

CALIFORNIA

- Framed as a one-time 5% billionaire wealth tax
- Critics warn drafting could result in a higher effective burden
- Signature collection ongoing; Gov. Newsom opposes a state wealth tax

NEW YORK

- Applies a mark-to-market tax on unrealized gains for residents with $1B+ in net assets
- Targets ultra-high-net-worth individuals alongside existing high income-tax rates
- Builds on New York's elevated top tax rates for very high earners

WASHINGTON

- Most advanced state effort in 2026 on a new millionaire income tax
- S.B. 6346 signed into law establishing the income tax framework
- S.B. 5797 proposes a separate tax on stocks & other financial assets

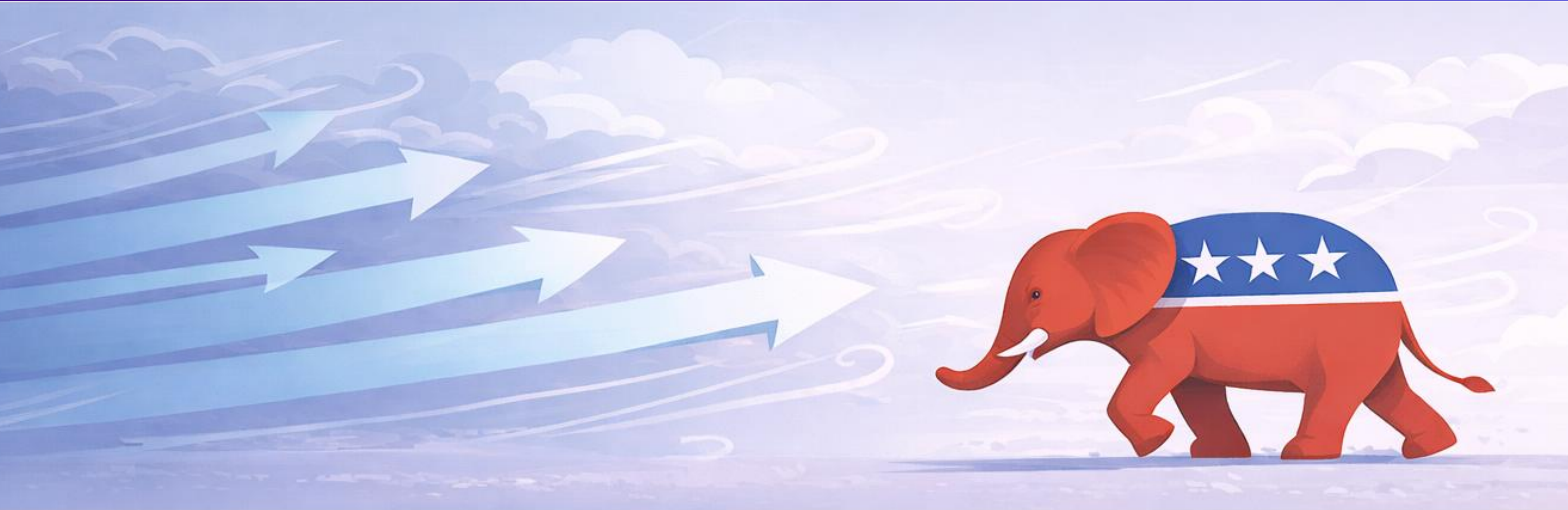
RHODE ISLAND

- Proposes a wealth tax on worldwide intangible assets above $25M
- Part of a broader "Fair Share" package targeting high-wealth households
- Governor supports a narrower millionaire income-tax approach

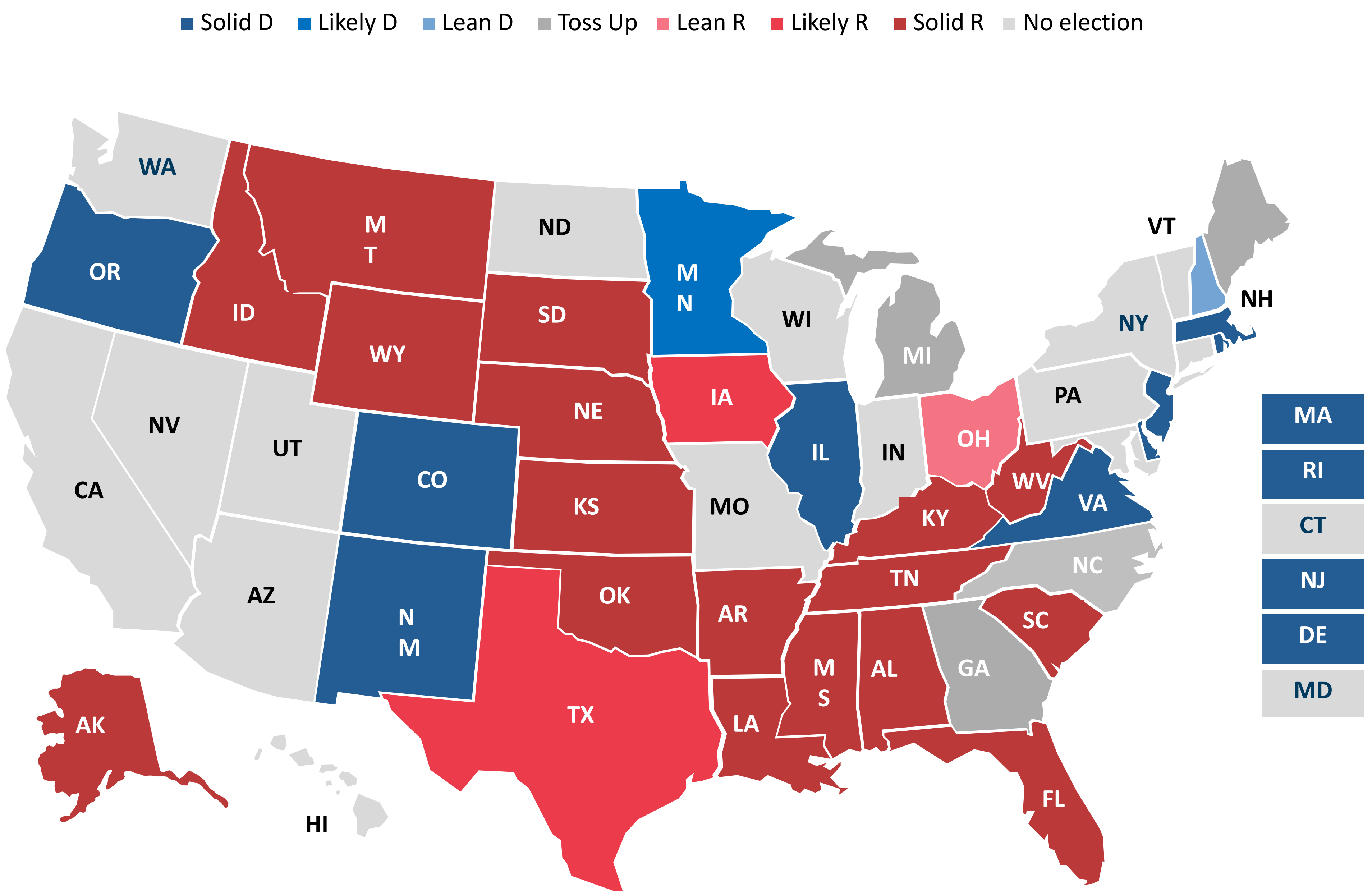
Midterm Elections

Political Headwinds

The current environment heading into the midterms presents challenges for Republican candidates.



Four Senate seats are considered toss-ups in the 2026 election

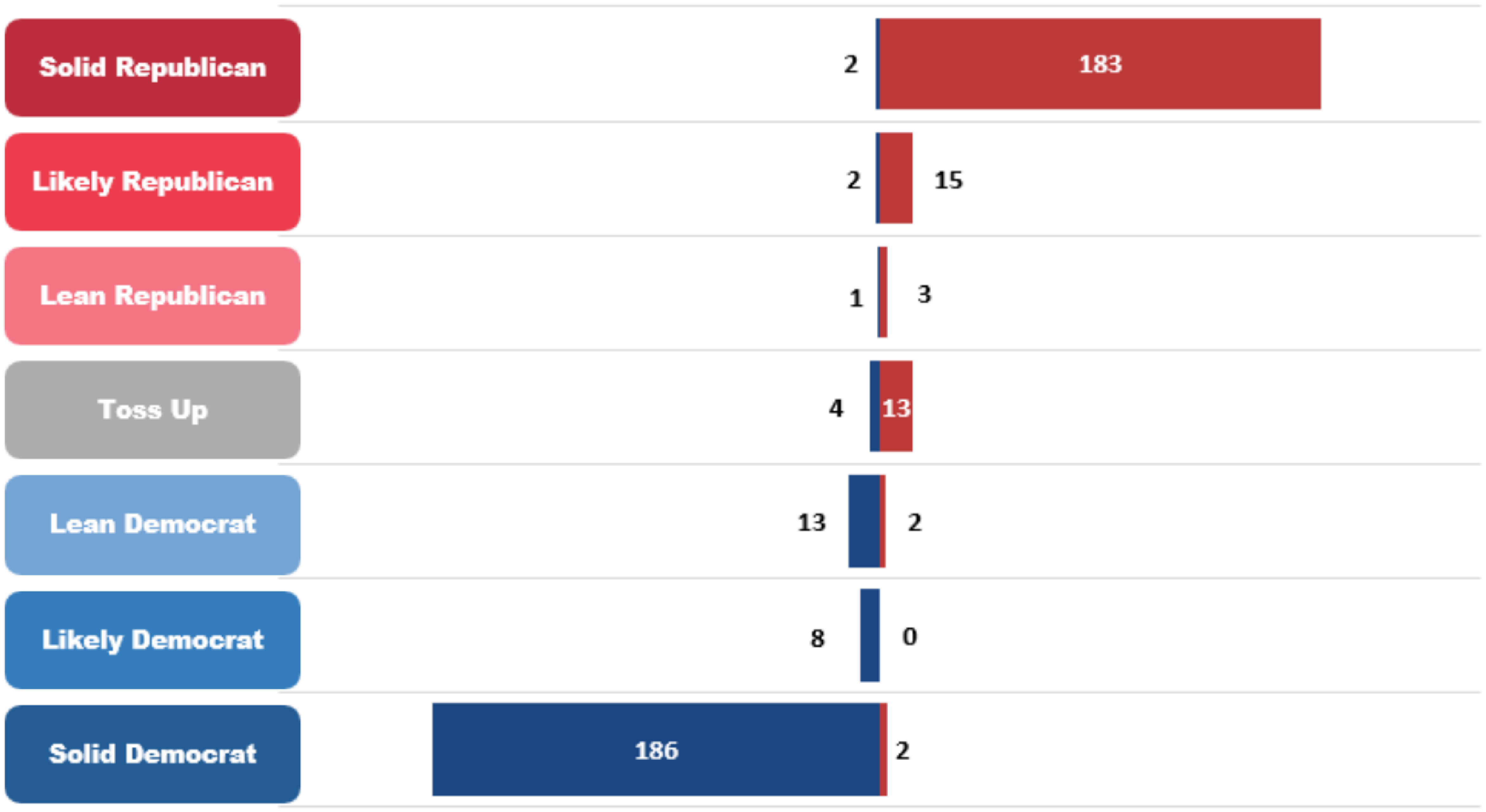


*The seats of Sens. King (ME) and Sanders (VT) are considered "Democrat"

SOURCE *The Cook Political Report with Amy Walter*

2026 House Race Rankings

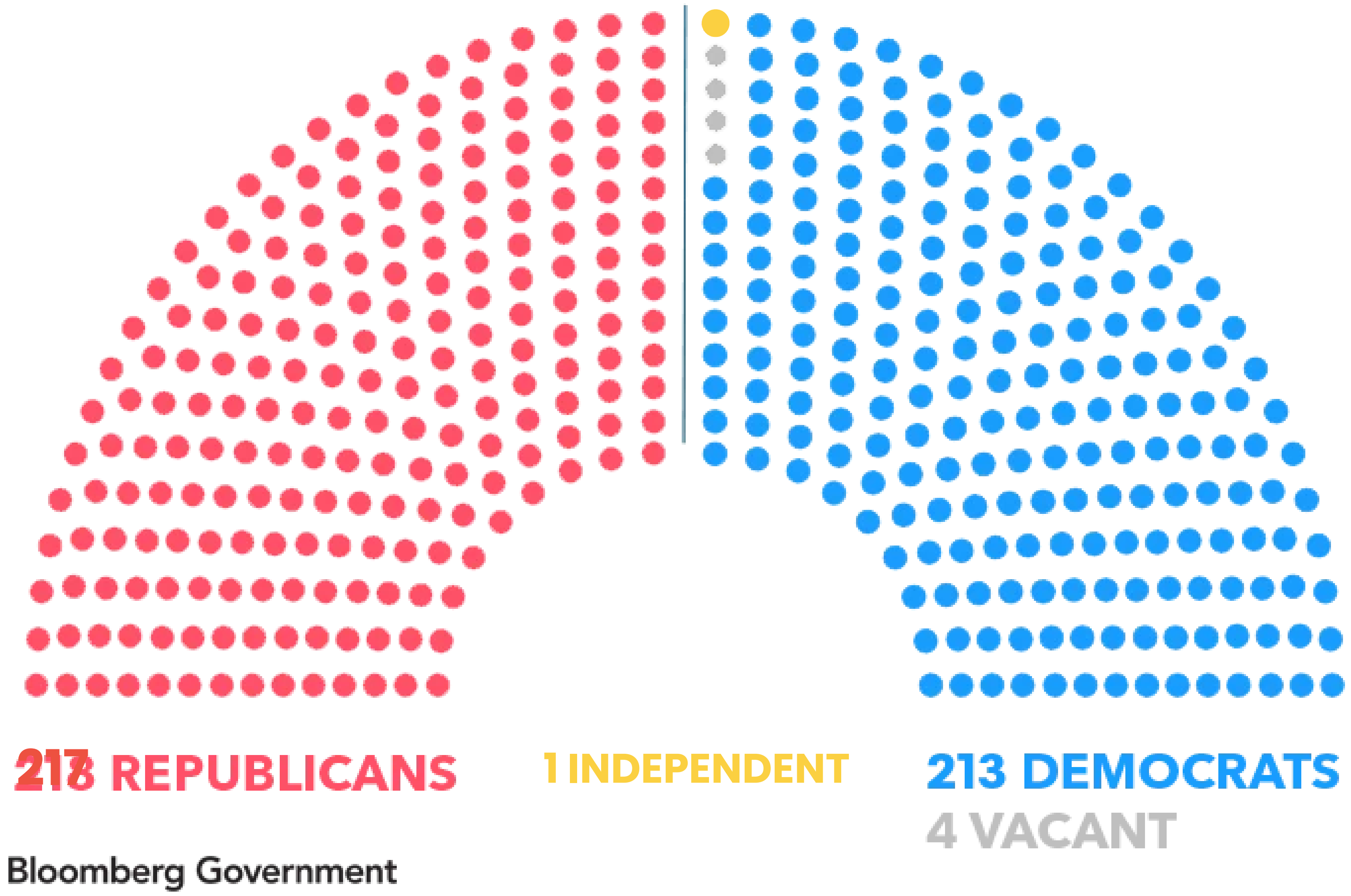
As of March 19, ratings have been updated for all 435 House districts.



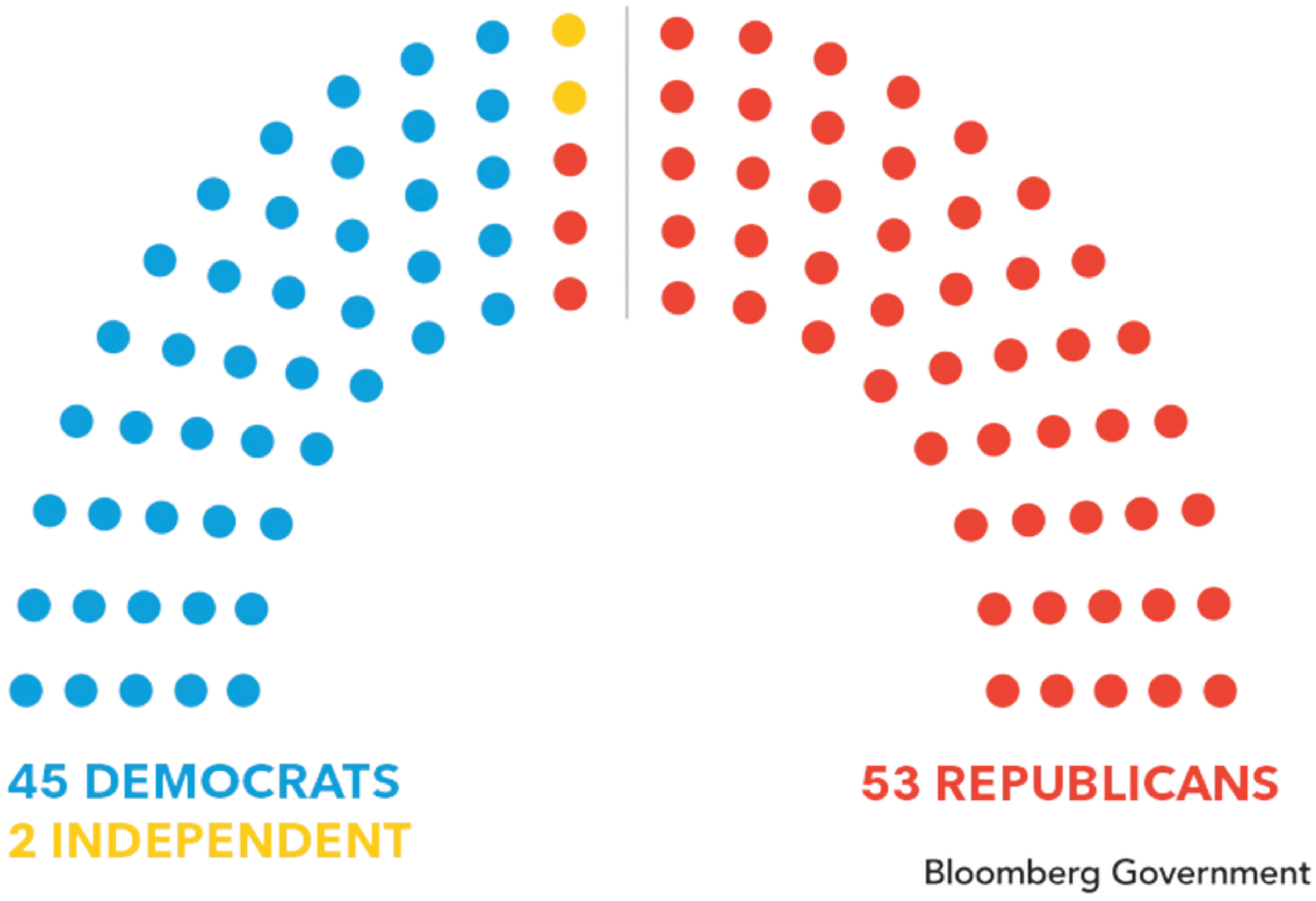
SOURCE *The Cook Political Report 03/19/26*

Balance of Power

House



Senate



YouGov® Most popular Democrats

Barak Obama

Bernie Sanders

Kamala Harris

Elizabeth Warren

Alexandria Ocasio-Cortez

6. 

Gavin Newsome

7. 

Joe Biden

8. 

Zohran Mamdani

9. 

Pete Buttigieg

10. 

Tim Walz

Numbers to Know

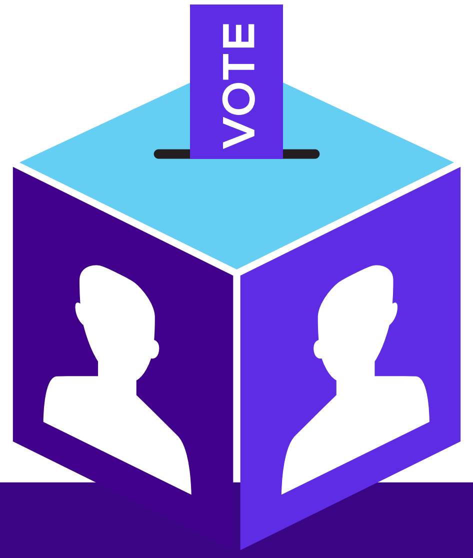
Number of House seats Democrats need to flip. On average, the party in power **loses 28 seats** in the midterms.

3

Number of **Senate seats Democrats need** to flip

4

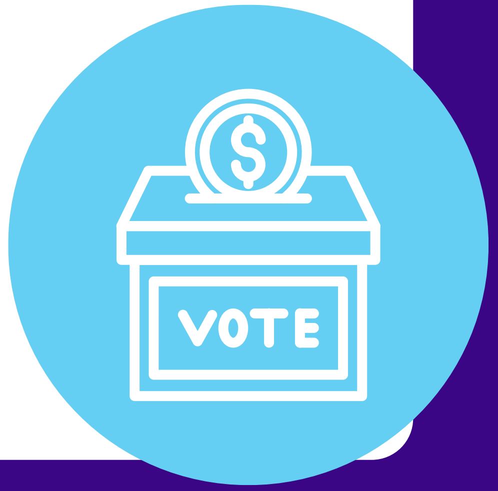
Number of states with **gubernatorial races** in 2026



36

Total projected **price tag on campaign ads** in the midterms

$10.8B



SOURCE *National Journal Hotline Presentation Center 11/7/25*

The Congressional Retirement Wave

66 Members of Congress will not seek re-election in 2026

55 Incumbent Representatives not seeking re-election

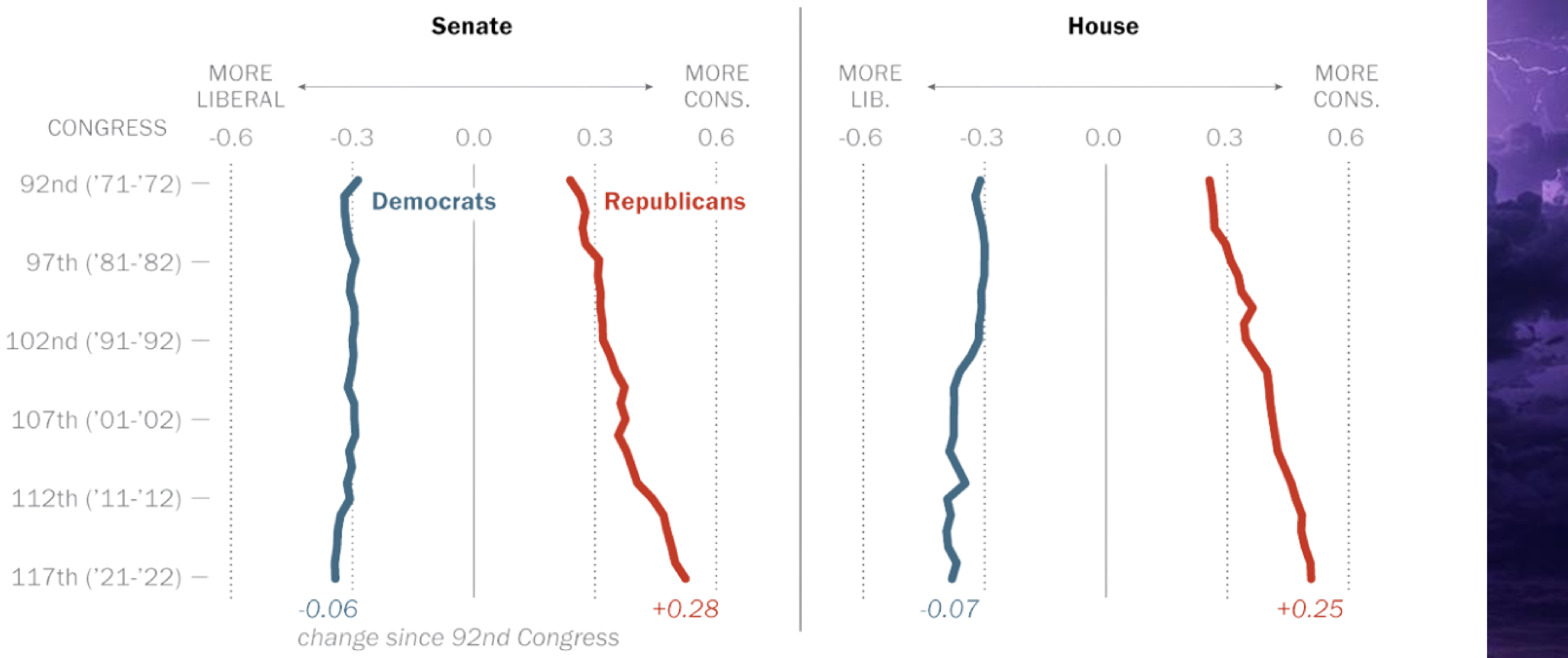
- 35 Republicans
- 20 Democrats

11 Incumbent Senators not seeking re-election

- 7 Republicans
- 4 Democrats

Political Polarization

Average Ideology of Members, by Congress



Source: Pew Research Center, 2025

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QUESTIONS?

Feel free to reach out!

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