

## NAIFA Members Participate in Successful Day on the Hill



This year's Congressional Conference, held May 14-15 in Washington, DC, was a prime example of NAIFA's grassroots strength. NAIFA members visited 90% of Congress in a single day. NAIFA's ask to support the SECURE Act/RESA resulted in interest and support from many members of Congress. Additionally, attendees impressively met with almost 95% of the freshman

class, ensuring that those new to Congress have NAIFA as a resource when important legislation is brought to the table.

Six hundred attendees from across the country gathered on Tuesday for legislative updates from Sen. Chuck Grassley (R-IA), Rep. Jackie Walorski (R-IN), and NAIFA lobbyists. The update was followed by meeting preparation and networking. NAIFA members then travelled to Capitol Hill on Wednesday to educate their Senators and Members of the House of Representatives on issues of key importance to NAIFA members and their clients.

***Save the Date! NAIFA's next Congressional Conference will be held May 19-20, 2020.***

## New Jersey Enacts Auto IRA Program

New Jersey Gov. Phil Murphy has signed into law the “NJ Auto-IRA Law.” Under the law, most employers that do not sponsor a retirement savings plan will be required to automatically enroll their employees in the state’s new Secure Choice Savings Program.

New Jersey employers subject to the new law include those with 25 or more employees that have been in business for at least two years and that have not sponsored a qualified retirement plan within the preceding two years. The law does not apply to government employers in New Jersey.



Secure Choice contributions will be made by employees, but will be collected and transmitted to the Secure Choice Savings Program Fund by the employer. Workers will be automatically enrolled by their employers in the program, but will have the option to opt out from participation in the program. In addition, employers must offer an open enrollment period at least every two years in order to allow workers who initially opted out to later enroll.

The law will be enforced by warnings and/or fines of up to \$500/employee for failure to enroll workers; and fines of \$2500 (first offense) or \$5000 (second and subsequent offenses) for failure to deposit employee contributions to the Secure Choice Program Fund within the required timeframe.

The law takes effect March 28, 2021—two years after enactment. The two-year delay is to allow the New Jersey Secure Choice Savings Board—the program’s administrator—to get up and operating. The law also allows the Board to extend the time period for implementation by up to 12 months.

**Prospects:** This was a hard-fought battle in New Jersey, which is now the sixth state in the Union to enact a Secure Choice-type auto-IRA program. New Jersey previously had enacted a marketplace-based voluntary participation plan, which is the type of program supported by NAIFA. It is anticipated that the federal government will also take up auto-IRA/auto-401(k) legislation later this year. The federal proposal is likely to stop short of creating a federal savings board or program, but instead to require employers to collect and transmit employee contributions to private sector IRAs (or 401(k) accounts) chosen by either the employer or the employee. Formal introduction of such a proposal could come as early as later this summer.

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## U.S House of Representatives passes H.R. 1876, the Senior Security Act of 2019

On April 30, H.R. 1876, the Senior Security Act of 2019. H.R. 1876 was passed by the House and was referred to the U.S. Senate Banking Committee on May 1. The Senior Security Act establishes an interdivisional task force at the Securities and Exchange Commission to investigate continuing issues facing senior investors. The task force will work with government authorities to formulate recommendations to Congress that will address areas where more protections are needed to protect seniors.



Under the proposed legislation, the Government Accountability Office will also prepare a report on the economic impact and consequences of elder financial exploitation. The study will further assist legislators in better understanding the challenges faced by senior investors while allowing them to better address factors that lead to their exploitation.

**Prospects:** NAIFA is supportive of H.R. 1876 on the basis that such legislation will further strengthen protections of senior investors and will compliment recently enacted legislation such as the Senior Safe Act by continuing to identify strategies that will better protect America's most vulnerable of citizens. Although a definitive timeline for Senate action is up in the air, preliminary reports are favorable.

## Washington State Enacts Public LTC Insurance Program



On April 23, Washington State's Legislature approved a public long-term care insurance program. The legislation (SB 5331 in the Senate and H.B.1087 in the House) was signed into law by Washington Gov. Jay Inslee (D). Gov. Inslee earlier this month.

The "Long-Term Care Trust Act" would provide a maximum benefit of \$36,500 for state residents who

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require assistance with at least three activities of daily living (ADLs). The benefit is funded by a payroll tax of 0.58 percent of wages, starting in 2022. The money would be paid into a separate trust fund that could be used only for the program's expenses and to pay long-term care benefits.

State residents who have worked at least part-time over the previous 10 years without interruption for five or more consecutive years, or who have worked for three of the past six years, would be eligible for the benefit. The program will begin paying benefits in 2025.

**Prospects:** This new state program is likely to have some competitive impact on the long-term care insurance (LTCi) market in Washington, but many Washington residents will need or want benefits far greater than the maximum \$36,500 provided by this program which could ensure demand for private LTCi..