

Legislative and Regulatory Report

A monthly review of the latest information of importance to retirement plan sponsors

July 2025

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FinCEN delays IA AML rules until 2028

On July 21, the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) [announced](#) a 2-year delay in the effective date of its Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) rules for federally registered investment advisers (RIAs), postponing implementation from January 1, 2026, to January 1, 2028. FinCEN cited the need to “ensure efficient regulation that appropriately balances costs and benefits,” and noted that the delay may help ease compliance burdens and reduce regulatory uncertainty while it undertakes a broader review of the rule. The announcement opens the door for FinCEN to revisit the scope of its expanded rule, including potential relief for retirement-related interactions, such as managed account programs, which were previously denied a carve-out despite presenting low risk for illicit activity.

House subcommittee panel holds hearing on EBSA oversight

July 22, 2025, the House Subcommittee on Health, Employment, Labor, and Pensions held a [hearing](#) titled, “Restoring Trust: Enhancing Transparency and Oversight at the Employee Benefits Security Administration (EBSA).” During the hearing, Republican members of the subcommittee expressed concerns about EBSA’s investigative powers, arguing that the agency has become overly aggressive and lacks transparency in how it selects and conducts investigations. They emphasized the need for reforms to ensure due process and prevent potential regulatory overreach. By contrast, Democratic

members defended EBSA's role in safeguarding retirement security. They warned that proposed budget cuts could significantly weaken the agency's ability to enforce ERISA and protect workers' benefits. Democrats stressed the importance of maintaining a strong regulatory presence to ensure accountability and prevent abuse within the retirement system. Republican members also highlighted 2 pieces of legislation aimed at increasing transparency around EBSA investigations and the Department of Labor's (DOL) use of common interest agreements:

- The EBSA Investigations Transparency Act ([H.R. 2869](#)), introduced by Rep. Lisa McClain (R-MI), would require EBSA to submit an annual report to Congress detailing the status of all ongoing investigations, with specific reporting on those lasting more than 3 years.
- The Balance the Scales Act ([H.R. 2958](#)), introduced by Rep. Mike Rulli (R-OH), would mandate that any DOL agreement to assist plaintiffs' attorneys in litigation be disclosed to the affected employer, plan sponsor or fiduciary. It would also require DOL to submit an annual, redacted report to Congress outlining the nature of such agreements and explaining how they align with ERISA's public policy goals.

Senators introduce retirement legislative package

On July 7, U.S. Senators Bill Cassidy (R-LA), Tim Scott (R-SC), and Rand Paul (R-KY) introduced a legislative [package](#) aimed at modernizing federal labor laws to support the 27 million independent workers in the United States. The package is designed to expand access to portable workplace benefits, such as health care and retirement savings, while preserving the flexibility that many independent workers have. This type of provision is likely to be included in a "Secure 3.0" legislative package. Such a package will not soon become law, but with this and other retirement-related proposals, we are nearing critical mass for the formation and introduction of such a package.

The package described above includes 4 key bills:

- Unlocking Benefits for Independent Workers Act (Cassidy): Creates a legal safe harbor for companies to voluntarily offer benefits such as health care and retirement to independent workers without reclassifying them as employees. It also supports emerging models, including portable benefit accounts.
- Modern Worker Empowerment Act (Scott): Establishes a single, consistent federal definition of employment status to reduce confusion and legal risk for both workers and businesses.
- Association Health Plans Act (Paul): Expands access to affordable health insurance by allowing gig workers, sole proprietors and small-business employees to join together in Association Health Plans (AHPs), which can negotiate better rates and coverage.
- Independent Retirement Fairness Act (Cassidy): Enables independent workers to participate in retirement plans such as pooled employer plans and SEP IRAs, which are already available under federal law.

Cassidy and Kaine pen bipartisan op-ed to reform Social Security

On July 8, in an [op-ed](#) in the Washington Post, Senators Bill Cassidy (R-LA) and Tim Kaine (D-VA) introduced a bipartisan plan to strengthen Social Security by creating a new investment fund that would operate alongside the existing trust fund. This new fund would invest in higher-yield assets, such as stocks and corporate bonds, aiming to generate stronger returns and help close the program's long-term funding gap. The proposal calls for an initial \$1.5 trillion investment, with the fund allowed to grow over 75 years. During that time, the Treasury Department would continue paying benefits, and the fund would eventually repay the Treasury and support future Social Security payments. The plan includes safeguards to prevent political misuse, modeled after successful programs such as the Railroad Retirement Trust. The senators argue that acting now could preserve benefits and reduce national debt over time.

Congress passes bipartisan bill to ease tax burdens after disasters

On July 10, Congress passed the bipartisan Filing Relief for Natural Disasters Act ([H.R. 517](#)). This bill provides expanded tax relief for individuals impacted by federally declared natural disasters. Specifically, it extends the automatic IRS deadline extension from 60 to 120 days for key tax and retirement-related actions, including filing returns, making IRA or retirement plan contributions, correcting excess contributions, and completing rollovers. The change applies to disaster declarations made after the law takes effect. Additionally, the IRS retains its authority to grant discretionary extensions of up to 1 year for a broader set of deadlines, such as required minimum distributions (RMDs), Form 5500 filings, and loan repayments, as outlined in IRS guidance.

Trump accounts included in the One Big Beautiful Bill Act

On July 4, The [Trump Accounts provision](#), enacted as part of the One Big Beautiful Bill Act, establishes federally backed, tax-advantaged savings accounts for all U.S. citizens born on or after that date. Each account is automatically created at birth and seeded with a \$1,000 federal contribution. The accounts are designed to support long-term financial goals such as education, homeownership, retirement and entrepreneurship. Contributions from family members, employers and community organizations are permitted, and the accounts are managed by private financial institutions under federal oversight. The provision outlines rules for portability, investment options and phased implementation, with further incentives and matching programs to be developed through future rulemaking. The accounts are intended to complement existing savings vehicles such as 529 and ABLE accounts while expanding access to generational wealth-building tools.

References and source material used in this publication

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"Chair Cassidy, Scott, Paul Release Legislative Package Empowering Independent Workers to Access Portable Benefits," <https://www.help.senate.gov/rep/newsroom/press/chair-cassidy-scott-paul-release-legislative-package-empowering-independent-workers-to-access-portable-benefits> (July 7, 2025).

"Our Bipartisan Plan Could Rescue Social Security," <https://www.washingtonpost.com/opinions/2025/07/08/new-trust-fund-social-security/> (July 8, 2025).

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"Trump Accounts, Up Close," <https://www.asppa-net.org/news/2025/7/trump-accounts-up-close/> (July 14, 2025).

Keeping watch

You can find the most recent information on issues affecting governmental defined contribution plans, plan sponsors and plan participants on the Employer page of our plan website, NRSforu.com/plansponsor.



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