

ISSUE ALERT

Who does it affect?

Independent broker-dealers and independent financial advisors

What is the issue?

On July 30, Rep. Jim McDermott (D-WA 7th) introduced [HR 3408](#), the *Taxpayer Responsibility, Accountability and Consistency Act of 2009*. The bill's core provisions make it more difficult for employers to classify workers as independent contractors. Among other things, the proposed legislation would remove an important safe harbor provision in the U.S. tax code and give the IRS reason to question the independent contractor status of independent financial advisors affiliated with independent broker-dealers. If passed, this legislation could easily end up requiring you to forfeit your independent contractor status and become a W-2 employee of your Broker-Dealer.

Why is it important?

- Expose independent financial advisors to unnecessary and onerous IRS scrutiny of their worker classification status;
- Expose independent financial advisors to the possibility of losing their independence as business owners and their control over how they best serve their own clients; and
- Force independent broker-dealers to incur additional costs and compliance burdens that would cripple their ability to remain profitable while providing the vital services needed by the independent financial advisors to serve their clients.

What can be done?

- Call or write your Representative to ask them not to cosponsor H.R. 3408.
- Submit a letter:
(https://www.bipac.net/issue_alert.asp?g=FSI&issue=Independent_Contractor_Bill&parent=FSI)

For more information:

- [Click here](#) view/print FSI's Op-Ed that was published in the August 17 issue of *Investment News*.
- [Click here](#) to view/print FSI's Issue Briefing on independent contractor status (2 pages in PDF).

*This information was obtained through the **Financial Services Institute** at financialservices.org.*

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