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Government Relations Consulting Proposal

Prepared for:



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National Association for Fixed Annuities Government Relations Consulting Proposal

Executive Summary

The National Association for Fixed Annuities (NAFA), a trade association founded in 1998, is dedicated to promoting awareness and understanding of fixed annuities. NAFA led the fight to defeat 151A, the most recent attempt to change the status of indexed annuities. (The Securities and Exchange Commission first questioned the securities status of indexed annuities in 1997.)

Recently NAFA issued a Request for Proposal for a lobbyist to represent the organization's interests among legislators and regulators in Washington. While the need to monitor legislation and regulation is critical, hiring a lobbyist to influence non-existent legislation may not be the best strategy for the organization at this time. In the absence of an imminent threat, a more immediate need is to build out the organization's government relations program, so NAFA is ready to fight the next battle or capitalize on the next opportunity.

A comprehensive government relations program includes well-formulated strategic, action and communications plans; an informed and engaged constituency; legislative and regulatory monitoring; a lobbying component that is engaged when needed; and, depending on the specific needs of the organization, a political action committee.

The Grassley Group (TGG) is uniquely positioned to develop a robust government relations program for NAFA. Our executives have literally been immersed in the political process their entire lives. We have an intimate knowledge of the insurance industry and its broad issues, having served for the last three years as the association management company for NAIFA-Iowa. We also have a working knowledge of those issues specific to NAFA, having worked with NAFA leaders on an informal basis in 2010 while the association was fighting the 151A issue.

While TGG is building NAFA's government relations program, TGG would engage Raffaniello and Associates to actively monitor the issues affecting NAFA. Raffaniello & Associates, a Washington consulting and lobbying firm, has significant experience working with the life insurance industry. They have previously represented the American Council of Life Insurers (ACLI) and the Association for Advanced Life Underwriting (AALU), and they currently represent the National Association of Insurance and Financial Advisors (NAIFA).

Scope of Services

TGG would act as an extension of the organization's staff, serving as NAFA's federal government relations department. Working closely with staff and volunteers, TGG would:

- Work with the organization to shape its advocacy agenda
- Develop and implement a strategic government relations plan to direct the organization's advocacy efforts
- Create and execute action plans and communications tactics to support the strategic government relations plan. Some examples may include:
 - Creating related position papers, talking points, press releases and white papers
 - Updating the advocacy section of the NAFA Web site; preparing articles for internal publications; and providing reports to committees, task forces and the board, as required
 - Identifying vehicles for delivering issue information to key constituencies (social media, email, printed communications, press releases, etc.)
 - Supporting the organization's annual Day on the Hill
- Monitor and report on legislative and regulatory issues affecting the industry
- Build the organization's grassroots lobbying program, capitalizing on opportunities to engage members in the organization's advocacy efforts
- Foster and maintain alliances with like-minded associations and other affiliate organizations
- Participate in government relations committee meetings, organization conferences and other events as required

As part of this engagement, TGG would bring in Raffaniello & Associates, a Washington consulting and lobbying firm with extensive experience in representing industry associations and public companies. Among the activities Raffaniello & Associates would undertake to advance this engagement would be:

- Arranging for NAFA members to meet with key House and Senate policymakers to provide background on NAFA and on the activities and legislative concerns of NAFA members.
- Seeking other opportunities to enhance policymaker awareness of NAFA.
- Monitoring federal legislative and regulatory developments and assisting TGG in keeping NAFA members apprised of developments that could affect their businesses:
 - For example, Raffaniello & Associates would monitor developments relating to federal tax reform, a possible component of which could be subjecting life insurance and annuity investment income to increased taxation.

- They would also monitor developments relating to proposals for expanded use of annuities as part of retirement savings plans.
- Other examples that could affect NAFA members are developments relating to a possible fiduciary standard of care in selling annuities, developments in annuity suitability standards, and developments relating to the disclosure of commissions.
- Providing technical support to TGG in analyzing proposed legislation.

Should legislative or regulatory issues arise on which NAFA wishes to actively engage, Raffaniello & Associates would be prepared to enter into a lobbying representation of NAFA on mutually agreeable terms.

Company Profiles

The Grassley Group

TGG, formerly known as Franklin Management Company, was founded in 1998 to provide associations an alternative solution for managing critical back office functions. Over the past 13 years, the scope of our services has expanded to meet the growing needs of our clients. In addition to full-service association management for professional and trade organizations, TGG offers a full range of services provided on a project/outsourced basis or consulting engagement, including:

- Strategic planning and organizational and leadership development
- Government affairs program development and management
- Marketing and communications services, including copywriting and editorial services, Web site management and social media strategy
- Conference and event planning
- Sales program management and development, including advertising, exhibit and sponsorship sales
- Financial analysis and budget development, management and reporting
- Accounting services
- Membership recruitment and retention
- Customer service/database management

With an innate understanding of the political process and more than a half century of combined experience in every facet of association management, TGG is uniquely positioned to provide the services needed to develop great organizations. TGG's management team provides the depth and breadth of experience necessary to deliver a quality solution to trade and professional organizations.

TGG is headquartered in northeast Iowa, with the organization's President and CEO, Michele Grassley Clarke, working from a satellite office near Washington.

Raffaniello & Associates

Raffaniello & Associates is a Washington consulting and lobbying firm with extensive experience in representing industry associations and public companies. The Raffaniello firm's leader,

Patrick Raffaniello, has a proven track record of working on a bipartisan basis with the Senate and House Leadership, the Senate Committee on Finance, and the House Committee on Ways and Means. He has achieved significant legislative results on behalf of businesses in all types of industries and, in doing so, has earned a reputation of impeccable integrity by providing Members of Congress and their staffs with timely, accurate and useful information.

Mr. Raffaniello's more than 25 years of experience in the policy arena includes serving as Chief of Staff to a Member of the Committee on Ways & Means, as a principal of PricewaterhouseCoopers, LLP, and as a lobbyist for federal and state trade associations. Mr. Raffaniello's colleague, Tim Hanford, has been involved in federal legislative policy for more than two decades, including 13 years of service as Tax Counsel to the House Ways and Means Committee and more than 10 years of representing and advising businesses and trade associations. Their biographical information is included as part of this proposal.

The Raffaniello & Associates team has significant experience working with the life insurance industry. They have previously represented the American Council of Life Insurers (ACLI) and the Association for Advanced Life Underwriting (AALU), and they currently represent the National Association of Insurance and Financial Advisors (NAIFA). Mr. Raffaniello serves as a member of the industry-wide team that is preparing the industry for potential challenges to the tax treatment of life insurance products and companies.

Key Personnel

The Grassley Group

Michele Grassley Clarke, President and CEO

TGG's team is led by president and founder, Michele Grassley Clarke. Ms. Clarke has more than 25 years of organizational management experience, with more than 18 of those years at the chief executive or senior management level. She currently serves as Executive Director of NAIFA-Iowa, where she provides strategic direction and executive management for the state association, including its advocacy program.

Prior to founding TGG, she served as director of marketing and later director of operations for a \$3.5 million professional association. As director of operations, she managed a staff of more than 20, overseeing departments handling finance, membership, publications/communications, marketing/sales and the meetings department, including an annual conference with more than 3,000 attendees and 40,000 square feet of exhibit space. Before that, she served as director of membership and computer services for a 12,000-member professional association.

Ms. Clarke is the daughter of U.S. Senator Charles E. Grassley (R-Iowa). Her father has served as an elected official since before she was born, so she was literally raised in politics.

Wendy Grassley Speckerman, Vice President

Ms. Speckerman oversees the day-to-day operations of our Iowa office. Among her client responsibilities, she works with NAIFA-Iowa's political involvement team to increase member involvement our grassroots lobbying efforts, manages the state's annual Day on the Hill, works with the issue teams to monitor state issues and formulates and communicates the organization's

positions on relevant issues. She also manages a Washington Lobby Day for another trade association client, as well as other projects for TGG.

Early in her career, Ms. Speckerman worked for the American Conservative Union in Washington, where she coordinated the state grassroots program. Prior to joining TGG, she served as the meeting planner for a publishing firm, where she managed as many as 24 national and international events each year.

Ms. Speckerman holds a B.S. and an M.B.A. from the University of Northern Iowa.

Raffaniello & Associates

Patrick J. "Pat" Raffaniello, Principal

Mr. Raffaniello primarily represents businesses before the tax-writing committees and the Congressional leadership. With more than 25 years of experience serving corporations, trade associations, and other business enterprises, he maintains strong working relationships with key policymakers and is committed to effective, ethical advocacy.

Prior to founding Raffaniello & Associates, Mr. Raffaniello was a Director in the Federal Policy Group where he provided legislative and lobbying support to a wide range of clients on tax and other important issues. Mr. Raffaniello was a partner in the Washington National Tax Services office of PricewaterhouseCoopers LLP when that practice was acquired by the Federal Policy Group of Clark Consulting in February 2002. Mr. Raffaniello was a partner at Collier, Shannon, Rill & Scott, a Washington law firm specializing in government relations, international trade, antitrust, and Federal Trade Commission practices. There he served as counsel for numerous associations and corporations.

Mr. Raffaniello served as Chief of Staff to U.S. Congressman Bill Brewster from 1991 to 1995. In this capacity, he served as Tax Counsel on legislation before the Ways & Means Committee. Previously, Mr. Raffaniello served as Director of Federal Affairs for the National Rifle Association. His advocacy experience also includes working as Manager of State Public Affairs for Unocal Oil Corporation, where he lobbied state governments on behalf of this Fortune 100 integrated oil company. He also served as Executive Director to the Southwest Energy Council, an association of nine energy-producing states lobbying on federal energy issues.

Mr. Raffaniello holds a Juris Doctorate from The Washington College of Law (1983); a Bachelor of Arts from The American University College of Public Affairs (1979); and an Associate of Arts from The State University of New York. He served in the United States Army Military Police Corps from 1975 through 1978.

Timothy Hanford

Timothy Hanford provides Raffaniello & Associates clients a broad range of services on legislative and regulatory matters, primarily involving the tax-writing Committees of Congress, the Treasury Department, and the Internal Revenue Service. With more than two decades of Washington experience working for the House Ways and Means Committee and for corporations, trade associations, and other business enterprises, Mr. Hanford draws on significant technical and practical expertise in developing legislative and regulatory proposals and advocating them before policymakers.

Prior to working with Raffaniello & Associates, Mr. Hanford was a Director in the Federal Policy Group, a division of Clark & Wamberg LLP, where he provided legislative and lobbying support to a broad range of clients on tax and other issues. Mr. Hanford was also a Director in the Washington National Tax Services office of PricewaterhouseCoopers LLP when his federal legislative practice group was acquired in February 2002 by the Federal Policy Group (then part of Clark Consulting).

Prior to that, Mr. Hanford was Tax Counsel to the U.S. House of Representatives Committee on Ways and Means, where he served for 14 years (until 2001). In this position, he advised Chairman Bill Archer and other Members of the House of Representatives in the development and analysis of federal tax legislation. He also coordinated tax policy and procedural initiatives with representatives of the Treasury Department and the IRS.

Prior to coming to Washington, Mr. Hanford, a native of San Francisco, spent seven years as an attorney at the firm of Cooley, Godward, Castro, Huddleson & Tatum. He is a member of the bar in both California (where he served as an advisor to the State Bar Tax Section Executive Committee from 1988 to 2001) and the District of Columbia, and has spoken on a wide variety of tax topics. Mr. Hanford holds a Juris Doctorate cum laude from Harvard Law School and a Bachelor of Sciences in Mathematics from Stanford University.

Fees

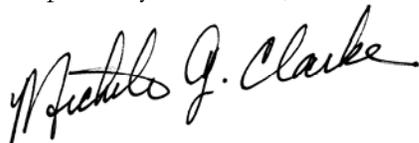
Government Affairs Consulting Fee \$12,000/Month

The consulting fee covers the services outlined in the scope of services section of this proposal, including the services provided through the TGG engagement of Raffaniello & Associates.

Direct and Out-of-Pocket Expenses

The association is responsible for its own direct expenses and out-of-pocket expenses incurred by TGG on the association's behalf. Direct expenses include such things as printing, graphic design, meeting logistic expenses, etc. The association also is responsible for reimbursing TGG for out-of-pocket expenses such as travel, postage, copying, etc., incurred by TGG on behalf of the association. All out-of-pocket expenses are invoiced at cost.

Respectfully submitted,



Michele Grassley Clarke
President and CEO
The Grassley Group