

Auto workers' DC plan will link to Hueler Income Solutions

By Editorial Staff Tue, Apr 2, 2024

Union workers at General Motors and Stellantis (Chrysler et alia) in Detroit will be able to link directly from their 401(k) platform or employee benefits portal to the Hueler annuity website, where they can solicit bids on immediate or deferred income annuities, or deferred fixed-rate annuities, from up to six life insurers.



In recent wage negotiations in Detroit, the United Auto Workers union couldn't persuade the big automakers to restore its members' defined benefit pensions. The last of those beloved but antiquated retirement-financing vehicles rolled off the Motor City's unionized assembly lines circa 2007.

But last fall's compensation agreement contained a consolation prize, thanks to the efforts of retirement entrepreneur Kelli Hueler, CEO of [Hueler Income Solutions](#).

Union workers at General Motors and Stellantis (the Netherlands-based owner of Chrysler, Dodge, Jeep, and Ram, as well as several European brands) in Detroit will have a direct internet link from an employee benefit portal to Hueler's online annuity platform, where they can use part of their savings to buy a guaranteed income stream.

Long before the SECURE Acts began encouraging annuity vendors and 401(k) plan sponsors to think seriously about forming relationships, Hueler started using her forceful entrepreneurial personality and her connections in the retirement industry (thanks to her stable value fund business, sold to Morningstar in 2020) to talk companies like Boeing and Vanguard into linking their DC plans to her site.

There's an old saying that "annuities are sold, not bought." But Hueler has always believed that, properly educated about financial risks in retirement, some 401(k) participants will actively choose to buy income annuities at retirement.

Anyone, including financial advisers, can visit the Hueler platform and solicit competitive income annuity quotes participating life/annuity companies. They can also get quotes for interest-rate yields on fixed deferred annuities. Hersh Stern's [immediateannuities.com](#) and Stan Haithcock's [stantheannuityman.com](#) serve an overlapping but not identical audience.

Income Solutions is a so-called "out of plan" annuity option. It requires retired participants

to roll over plan assets to an individual IRA by a prior to the annuity purchase. Plan sponsors bear no fiduciary responsibility for offering access to the site. Hueler asks little of plan sponsors beyond a link to Income Solutions on one of their employee benefit portals and a commitment to encourage its use. Income Solutions doesn't replace a plan sponsor's existing 401(k) plan providers.

Six highly-rated annuity issuers currently bid on new business on the Hueler platform. They are the Integrity Companies, Lincoln Financial, Mutual of Omaha, Nationwide, Symetra, and Securian. Hueler ordinarily charges a 2% (of premium) sales charge for brokering the sale. According to Hueler's agreement with UAW members, they will pay only a one percent fee.

According to a January 5, 2024 article in the *Detroit News*, "The UAW contracts... ratified in November after a 46-day strike, received more attention for other gains, including a total pay increase of 25% over the course of a 4½ year contract, the resumption of cost of living adjustments and a pretax, \$5,000 ratification bonus for all employees, including temporary workers."

The article continued, "The UAW contracts at the three automakers all included a significant boost in the automatic employer contribution to 401(k) plans — with no required employee contribution — for eligible UAW members who are not covered by pensions. The Detroit Three employers will contribute 10% of base pay for these eligible hourly workers. That's up from 6.4% for those hired after the fall of 2007."

Michigan has lost more than half of its auto assembly plant jobs over the past 35 years, with auto employment there falling from 98,258 jobs in 1990 to 44,900 jobs last year. U.S. auto assembly plants employed some 278,000 workers last year, according to the Bureau of Labor Statistics, but many workers were employed at non-union plants in the South.

Purchasing power for both unionized and nonunion workers has stagnated since the early 1990s. The average real auto manufacturing wage today is \$22, or about the same as 30 years ago, according to data presented on MSNBC last fall. UAW workers earn \$18 to \$32 an hour, depending on seniority.

Hueler's headquarters is in Edina, Minnesota, hundreds of miles west of Detroit's auto assembly plants. But Kelli Hueler is no stranger to large automakers. More than eight years ago, Hueler concluded a deal with General Motors that gave its defined contribution plan members direct access through their plan website to the Hueler platform.

At the time, GM's 401(k) and profit-sharing plan had 58,000 salaried participants in the

U.S., with \$11 billion in assets and an average account value of \$190,000. The largest single holding was the GMAM Investment Holdings Trust. Hueler has had similar relationships with Boeing and with 401(k) plans administered by Vanguard.

According to the 2015 article in *RIJ* about Hueler's deal with GM:

Hueler's main business contacts are on the institutional side of the retirement industry. Ten years ago, while running a stable value fund data business for retirement plans, she noticed that near-retirees were at a disadvantage in the marketplace because they couldn't readily compare the prices of a broad range of annuities, whose prices by manufacturer and from month to month.

She knew that an unsavvy or ill-timed purchase by an individual could easily reduce monthly income benefits by as much as 10%. Captive agents promoted only their employers' products. Open-architecture Internet platforms such as immediateannuities.com were available to individual purchasers, but not as retirement plan option.

"In 2014 we revamped our delivery of the program, and required collaborative communication and ongoing communication. It's very different from way we started the platform in the early days. The communication is key. We also service the plan participants. Our help center is able to assist the participants. Our goals in help center are to explain annuitization, to assist participants with purchasing as the need arises," she told *RIJ*.

"We play a more active role today than organizations may remember us having. In the last five or six years, it's become a more high touch program. There's a lot of e-messaging. We have communications where they can use the income estimator right in the communication. Our approach focuses on partial annuitizations. If the plan sponsors don't already allow partial annuitizations, we advocate for that. We also advocate for participants to keep the rest of their assets in the plan."

Amid the current debate over the Department of Labor's proposed fiduciary rule, which aims in part to shield participants from aggressive rollover marketing at the point of retirement, plan sponsors are sensitive about whom they let approach their participants about rollovers. In such a climate, the Hueler model appeals to them.

"We're not a product manufacturer that might want to sell other products to the participant. It's clear what our goal is," Hueler told *RIJ*. "When we started this business, we structured the program so that it could fit any fiduciary process. We wanted to remove conflicts, 'pay-to-play' arrangements, and issuer selection objectives, and to provide level fees and full

disclosure.

“If you keep the process opaque and you’re steering people to one product or another, you lose all credibility. We made strategic decisions early on that were unpopular at the time, and very different from the rest of the marketplace. All of that was self-imposed. But now the world around us has woken up to all of that. Those things are seen as the future.”

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