

Boeing's 401(k) Joins the Hueler Annuity Platform

By Kerry Pechter Wed, Apr 19, 2017

Boeing joined IBM, General Motors, Vanguard and other firms in giving its 401(k) plan participants access to the Hueler Income Solutions platform, where they can roll over savings to an IRA and purchase income annuities at competitive prices.



Boeing, sponsor of the largest 401(k) plan in the U.S., has decided to offer its plan participants access to Income Solutions, the annuity platform that allows participants to obtain annuity quotes and buy income annuities online, Kelli Hueler, CEO of the Hueler Companies and creator of [Income Solutions](#), told *RIJ* yesterday.

The Hueler Companies also announced this week that it has improved its platform to better serve large plan sponsors. "Our new site is the first step in a series of planned technology enhancements designed to improve the participant experience, increase delivery flexibility, and facilitate greater connectivity between 401(k) investment options and lifetime income alternatives," Hueler told *RIJ*.

Boeing's DC plan, the Voluntary Investment Plan, has more than \$47 billion in assets and more than 200,000 current and retired participants. Other large 401(k) sponsors using the Hueler platform include IBM (the second largest U.S. defined contribution plan) and [General Motors](#) (the seventh largest). Vanguard, the giant full service 401(k) provider, provides access to the Hueler platform for all of its plans' participants and its mutual fund shareholders. Hueler is based in Eden Prairie, Minn., a suburb of Minneapolis.

Lots of players in the retirement industry have observed the incomplete nature of the defined contribution system, which helps people accumulate savings but doesn't help them turn the savings into what they've been saving for: retirement income.

Certain plan providers, such as TIAA, and a few life insurers, like MetLife and Principal Financial Group, are active in the so-called in-plan annuity market, where participants buy future income with their salary deferrals at below-retail and gender-neutral prices. But most

plan sponsors, fearful of legal entanglements, have avoided in-plan



Hueler's platform offers a simpler, out-of-plan annuity option. "I first assumed back in 2000 that we'd be serving the in-plan distribution option, I had no idea that we would have to create a rollover capability," said Hueler (at right). "But this is what the plans needed. Our connectivity is simple and straightforward. Its easy to implement anywhere with any plan. We don't need a lot of infrastructure. We're just a link on the benefits portal."

Hueler's web-based Income Solutions platform, established 10 years ago, sits outside 401(k) plans (and outside their recordkeeping platforms). Participants use the platform to roll over all or a portion of their 401(k) balances to an IRA. They can then apply the IRA assets to the purchase of an immediate or deferred income annuity. One of Hueler's salaried, licensed agents executes the sale.

The platform was designed by Hueler to change the informational asymmetry of the typical retail annuity sales process. Hueler wanted potential annuity buyers to be able see a cross-section of bids, the way personal advisors can, rather than one annuity price in isolation. The annuity contracts are gender-specific, meaning that the payouts are higher for men than for women.

The annuity manufacturers that offer products on the platform submit competitive prices that Hueler says are often significantly lower than those offered in the retail channel. Some insurers, like New York Life and Northwestern Mutual, have declined to participate in the platform out of reluctance to create competition with their other distribution channels, such as captive agent forces.

The life insurance companies that offer bids for single premium immediate annuities, deferred income annuities and qualified longevity annuity contracts at Income Solutions include AIG, Integrity Companies, Lincoln, Mutual of Omaha and Symetra. (These are the firms that bid on business from Vanguard clients; the mix of life insurers may be different for different plan sponsors.)

Plan sponsors typically conduct months of due diligence before deciding to use the platform, Hueler said.. Many of the large plan sponsors are long-time customers of one of her companies, which sells data on stable value funds to plan sponsors. "We've had our Stable Value Analytics business for 30 years, and when we designed the Income Solutions program in 2000 we met with large plans across the country, many of whom used our stable value product," Hueler told *RIJ*.

Many jumbo plan sponsors no longer offer defined benefit plans but have a tradition of doing so. Providing access to annuities through Income Solutions allows them to satisfy their sense of responsibility to long-tenured employees without undertaking the chores or assuming the liabilities of a formal defined benefit pension.

Besides using her own network of relationships, Hueler develops clients for the platform through partnerships with plan providers and certain fee-only plan sponsor advisors. Plan sponsors each pay the Hueler Companies a flat annual fee for access to the platform. Hueler earns an additional service fee when it fulfills a transaction between a participant and an annuity manufacturer.

Some of those access fees have recently gone to pay for technology upgrades at Income Solutions. The service has a new website and a new ability to create and push out projections of future monthly income, based on real-time pricing, to the desktops of thousands of plan participants. Repeatedly reminding participants that the real goal of saving is to produce income is considered essential to preparing them to make the decision to purchase an annuity at retirement.

"With the automated nudging that we're creating, we're hoping to move the needle in the participant space," Hueler said. "If a plan sponsor wants to show participants exactly how their balances equate to income, we can process thousands of lives at a time. The information will be made available to them. The idea is to push more communication out to the participant on automated basis."

"If you just put an annuity in front of people," she added, "they won't have much interest in it. But if you show them that it's a way to create income for life, and if the messages touch them over and over instead of once in a blue moon or when they leave the plan, and if you offer an institutional value proposition that's designed to be low cost, and then give them the ability to compare products and encourage them to take the next step, then I think we'll see a shift in attitudes, and eventually even see people buying annuities inside their plans."

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