
Breaking News

By Editorial Staff Thu, Jan 27, 2022

Voya to keep records for new pooled employer plan (PEP); MetLife announces 'significant' pension risk transfer deal in UK; SEC bolsters oversight of private funds; Public pensions are 85.5% funded: Milliman.

Voya to keep records for new pooled employer plan (PEP)

National Professional Planning Group Inc. (NPPG) has launched a new pooled employer plan (PEP) in collaboration with flexPATH and Voya Financial. NPPG will serve as the pooled plan provider (and PPP). NFP, a large insurance broker and consultant, will serve as the consultant firm for plan sponsors who want to join the PEP, to be called "Your 401(k) Plan."

NPPG will also serve as the ERISA 3(16) plan administrator and will oversee the plan from day-to-day and ensure compliance with ERISA and IRS regulations. As the 3(38) fiduciary, flexPATH Strategies is responsible for fund selection and monitoring.

PEPs became available in the marketplace at the start of January 2021, as a result of the passage of the Setting Every Community Up for Retirement Enhancement Act of 2019 (the SECURE Act).

NFP will serve as the consultant firm for adopting plan sponsors of the new PEP. NFP assisted NPPG with the search and ultimate selection of Voya as the plan's recordkeeper, and will serve as the consultant firm for plan sponsors who join the new PEP.

Under the SECURE Act, small businesses that want to offer their managers and employees a 401(k) defined contribution plan no longer need to establish and maintain their own plan. Now they can join other companies in a single large plan.

Within a PEP, participants enjoy the low costs associated with large plans while employers eliminate many of the administrative chores and risks usually associated with plan sponsorship. The federal government expects the widespread use of PEPs by small businesses to help extend retirement savings plan coverage to more small-company employees.

MetLife announces 'significant' pension risk transfer deal in UK

Metropolitan Tower Life Insurance Company, a subsidiary of MetLife, Inc., announced today it has completed a significant longevity reinsurance transaction involving an unnamed U.K.

pension scheme, using an independent U.K. regulated insurer, Zurich Assurance Ltd. as intermediary.

The transaction, which was completed in Q4 2021, was MetLife's first longevity swap of U.K. pension scheme liabilities. Aon was the lead adviser to the scheme for the transaction. Under the terms of the agreement, Metropolitan Tower Life Insurance Company will provide reinsurance for longevity risk associated with approximately \$3.5 billion of pension liabilities.

"As MetLife's first pension scheme longevity swap transaction, this marks an important milestone in the evolution of our UK longevity reinsurance business," said Jay Wang, senior vice president and head of Risk Solutions with MetLife's Retirement & Income Solutions business, in a release.

SEC bolsters oversight of private funds

The Securities and Exchange Commission today voted to propose amendments to Form PF, the confidential reporting form for certain SEC-registered investment advisers to private funds. The proposed amendments are designed to enhance the Financial Stability Oversight Council's (FSOC) ability to assess systemic risk as well as to bolster the Commission's regulatory oversight of private fund advisers and its investor protection efforts in light of the growth of the private fund industry.

"Since the adoption of Form PF in 2011, a lot has changed," said SEC Chair Gary Gensler. "The private fund industry has grown in size to \$11 trillion and evolved in terms of business practices, complexity of fund structures, and investment strategies and exposures. The Commission and Financial Stability Oversight Council now have almost a decade of experience analyzing the information collected on Form PF. We have identified significant information gaps and situations where we would benefit from additional information.

Among other things, today's proposal would require certain advisers to hedge funds and private equity funds to provide current reporting of events that could be relevant to financial stability and investor protection, such as extraordinary investment losses or significant margin and counterparty default events. I am pleased to support it."

The proposed amendments would require current reporting for large hedge fund advisers and advisers to private equity funds. These advisers would file reports within one business day of events that indicate significant stress at a fund that could harm investors or signal risk in the broader financial system. The proposed amendments would provide the

Commission and FSOC with more timely information to analyze and assess risks to investors and the markets more broadly.

The proposal also would decrease the reporting threshold for large private equity advisers from \$2 billion to \$1.5 billion in private equity fund assets under management. Lowering the threshold would result in reporting on Form PF that continues to provide robust data on a sizable portion of the private equity industry. Finally, the proposal would require more information regarding large private equity funds and large liquidity funds to enhance the information used for risk assessment and the Commission's regulatory programs.

The proposal will be published on SEC.gov and in the Federal Register. The public comment period will remain open for 30 days after publication in the Federal Register.

Public pensions are 85.5% funded: Milliman

Milliman released the fourth quarter (Q4) 2021 results of its Public Pension Funding Index (PPFI), which consists of the nation's 100 largest public defined benefit pension plans.

Public pensions closed out 2021 with a funded status of 85.5%, up from 83.9% in Q3 and the highest recorded funded status since Milliman began tracking the PPFI in 2016. In aggregate, these plans experienced an investment return of 3.21% for the quarter, though individual plans' estimated returns ranged from 0.57% to 6.80%. Nearly half of the plans in our study (46) are now funded over 90%, while 18 plans are funded below 60% – down from 21 plans in Q3.

“Over the past two years, public pension funding has climbed from a low of 66% funded to a high of 85.5% – a jump that can be largely attributed to positive investment returns during almost every quarter since Q2 2020,” said Becky Sielman, author of Milliman's Public Pension Funding Index. “Looking to 2022, however, declines in the stock market coupled with predicted rising interest rates could result in asset values falling from their Q4 heights.”

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