
Financial Engines makes Income+ service portable from 401(k) to IRA

By Editor Test Thu, May 9, 2013

Income+ is a retirement income planning service that Financial Engines launched in late 2011. Morningstar Inc., a Financial Engines competitor in this space, also made an announcement this week.

Financial Engines said it will extend its "Income+" retirement income planning service, formerly available only to 401(k) plan participants, to the Individual Retirement Accounts (IRAs) that it manages.

Demand for Income+ has been strong, Financial Engines said. Over 70 plan sponsors have signed contracts as of March 31, 2013, representing over \$126 billion in assets and over 1.4 million participants.

The new service will enable participants to take Income+ with them if or when they roll their Financial Engines-managed 401(k) accounts to Financial Engines-managed IRAs with custodians such as Charles Schwab and TD Ameritrade.

In 2001, Financial Engines expanded its 401(k) investment advice toolbox to include advice on accounts outside the 401(k), including IRAs. In 2004, the company introduced a 401(k) discretionary account management program, which was expanded in 2011 to include Income+.

Financial Engines stresses that its IRAs are open-architecture, so plan sponsors should have no fiduciary worries about the rollover process. According the Financial Engines' release:

"The General Accounting Office found that participants are subjected to pervasive marketing of IRAs, in many cases from their plan service provider steering participants towards the purchase of their own retail products and services. Financial Engines doesn't sell investments and is free from the product conflicts or the perception of conflicts of interest that can arise for firms that sell products."

On Monday, Morningstar, Inc., which competes against Financial Engines in this space, announced an updated version of its Retirement Manager, an advice and managed account service for defined contribution participants.

"For some time now we've had two advice and managed account platforms—Advice by Ibbotson and Retirement Manager," Morningstar's Alexa Auerbach told RIJ. "We've now taken the best features from Advice by Ibbotson and combined it into Retirement Manager."

"Some of those features include detailed drawdown advice where we're making recommendations about which accounts (taxable and non-taxable) to draw from each year and how much. We've also enhanced the portfolio methodology with a liability-driven overlay and retirement age advice."

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