Honorable Mention

By Editorial Staff *Thu, Jul 19, 2018*

Vanguard publishes 'How America Saves'; Milliman reports on rising pension funded ratios; Lincoln Financial adds financial wellness offering.

Vanguard publishes ‘How America Saves’

As it has done every year since 2000, Vanguard has published a fact book on its retirement plans, *How America Saves,* which can be downloaded **here**. This year Vanguard has supplemented this document with a report on the mutual fund and 401(k) giant’s small plans. It can be downloaded **here**.

Rising rates lift pension funding levels: Milliman

The 100 largest U.S. corporate pension plans experienced a $23 billion increase in funded status in June, as the deficit of the Milliman 100 PFI plans fell to $118 billion on June 30 from $141 billion at the end of May, according to Milliman’s latest Pension Funding Index (PFI).

The improvement stemmed from an increase in the benchmark corporate bond interest rates used to value pension liabilities, which saw discount rates increase by 13 basis points to 4.12% from 3.99% over the same time period, according to the global actuarial consulting firm. The funded ratio for the Milliman 100 PFI jumped to 92.8% from 87.6% in the first half of the year despite June’s poor investment returns of -0.09%.

“Six months into 2018 and corporate pensions are well ahead of where they started at the beginning of the year,” said Zorast Wadia, co-author of the Milliman 100 PFI. June saw the highest rate since January 2016.

June’s -0.09% investment return led the Milliman 100 PFI asset value to decline to $1.536 at the end of June from $1.531 trillion at the end of May. By comparison, the 2018 Milliman Pension Funding Study reported that the monthly median expected investment return during 2017 was 0.55% (6.8% annualized). The projected benefit obligation (PBO) decreased by $28 billion during June, lowering the Milliman 100 PFI value to $1.644 trillion.

Under an optimistic forecast, with interest rates reaching 4.42% by the end of 2018 and 5.02% by the end of 2019, and assets returning 10.8% per year, the funded ratio would climb to 100% by the end of 2018 and 116% by the end of 2019.

Under a pessimistic forecast, with a 3.82% discount rate at the end of 2018 and 3.22% by the end of 2019, and 2.8% annual returns, the funded ratio would decline to 89% by the end of 2018 and 83% by the end of 2019.

Click **here** to view the complete Pension Funding Index. Click **here** to see the 2018 Milliman Pension Funding Study.

Announcing WellnessPath, from Lincoln Financial

Lincoln Financial Group has launched Lincoln WellnessPATH, a financial wellness tool for plan sponsors and participants, according to a release from Sharon Scanlon, head of Customer Experience, Retirement Plan Services, Lincoln Financial Group.

"Twenty percent of savers admit to putting off retirement saving because of competing priorities such as a mortgage, credit card debt, student and car loans," the Lincoln release said.

Financial wellness programs, which have become a must-have offering for retirement plan providers, are intended to help employees manage short-term financial stress without sacrificing long-term security. It's too early to say whether they will accomplish that goal.

According to Lincoln Financial's 2017 Retirement Power Participant Study, 51% of employees want to learn how to budget more effectively, and more than 25% of plan participants have researched at least eight financial issues, including: prioritizing financial goals; being on track with savings; and expenses in retirement.

Likewise, 78% of employees "wish they had a better understanding of the elements of saving for retirement in their workplace retirement plans and six in ten cite their employer as a top source of information about financial topics," the release said.

The program includes "actionable web content, on-site personal support and an interactive financial wellness tool," said Scanlon.

Participants who want instant help with establishing budgets, goals and priorities can take a simple quiz, get a financial wellness score and learn actionable ways to improve their scores. The quiz is accessible from the employee's online account.

John Y. Kim to retire as president of New York Life

New York Life announced today that John Y. Kim will retire as President at the end of the year. He joined the company in 2008 and was named President in 2015. “During his tenure, he led the investment management arm of the company, which experienced impressive growth in assets under management, expanded globally, and posted record profitability,” a New York Life release said.

With Mr. Kim’s pending retirement, the company also announced several organizational changes including:

- Mark Madgett, Senior Vice President in charge of New York Life’s career Agency distribution system, who has led record sales campaigns and guided a successful transition to a digital sales platform in the last two years, will continue in this critical role and report to Ted Mathas, Chairman and CEO of New York Life, effective January 1, 2019.
- Craig DeSanto, promoted to Executive Vice President, assumes oversight of Retail Annuities in addition to his current responsibilities for the Strategic Insurance Businesses.
- Matt Grove, promoted to Executive Vice President, assumes oversight for the Technology, Service, and Business Planning and Strategy organizations in addition to his current responsibilities, which include the life insurance, underwriting, and marketing functions of the company.
- Anthony Malloy, promoted to Executive Vice President, assumes oversight for New York Life Investment Management, which will continue to be led by Yie-Hsin Hung, in addition to his current responsibilities as Chief Investment Officer.
- DeSanto, Mr. Grove, and Mr. Malloy will also begin reporting to Mr. Mathas on January 1, 2019. Mr. DeSanto and Mr. Malloy will also join the company’s Risk Steering Committee. Mr. Madgett, Mr. DeSanto, Mr. Grove, Mr. Malloy and Ms. Hung remain members of the Executive Management Committee of the company.