Honorable Mention

By Editorial Staff *Wed, Jul 28, 2021*

White House nominates Lisa Gomez to lead EBSA section of the DOL; Blackstone to manage almost $100 billion for AIG by 2027; DOJ nixes Aon-WTW mega-merger; American Equity issues new FIA with lifetime income, disability riders; Rising liabilities offset market gains at big corporate pensions: Milliman; SIMON offers its first VA, from Midland National.

White House nominates Lisa Gomez to lead EBSA section of the DOL

Lisa Gomez has been nominated by President Joe Biden to become the head of the Employee Benefits Security Administration (EBSA) in the Department of Labor (DOL), the White House announced this week.

If the US Senate approves the nominate, she'll run a department that Phyllis Borzi led during the Obama presidency and Preston Rutledge led during the Trump presidency. She'll serve under DOL Secretary Marty Walsh, the former mayor of Boston.

Gomez is a partner with the law firm Cohen, Weiss and Simon LLP and the Chair of the Firm's Management Committee. She specializes in employee benefits law, representing various Taft-Hartley and multiemployer pension and welfare plans, single employer plans, jointly administered training program trust funds, a federal employees health benefit (FEHB) plan, supplemental health plans, and VEBAs.

She is a graduate of the Fordham University School of Law (J.D. 1994) and Hofstra University (B.A. 1991).

Blackstone to manage almost $100 billion for AIG by 2027

American International Group, Inc., and Blackstone announced that they have reached a definitive agreement for Blackstone to acquire a 9.9% equity stake in AIG's Life & Retirement business for $2.2 billion in an all-cash transaction, according to a release this week.

Blackstone will manage an initial $50 billion of Life & Retirement's existing investment portfolio upon closing of the equity investment, with that amount increasing to $92.5 billion over the next six years.

Upon the closing of these transactions, which are expected to occur simultaneously by the end of the third quarter of 2021, Jon Gray, President and Chief Operating Officer of

Blackstone, will join the Life & Retirement Board of Directors. These transactions are subject to HSR (Hart-Scott-Rodino Antitrust Improvements Act of 1976) approval and other customary closing conditions.

Separately, AIG and Blackstone Real Estate Income Trust (BREIT) announced that BREIT will pay about $5.1 billion in cash for AIG’s interests in a US affordable housing portfolio, subject to customary closing conditions. The deal is expected to close in the fourth quarter of 2021.

The ratings agency AM Best has commented that the credit ratings of AIG and its subsidiaries remain unchanged pending the completion of the deal, which was announced last July 14. In a release, AM Best said it “expects the sale to increase liquidity and add available capital to AIG while receiving the benefits of Blackstone’s extensive expertise in real estate and property management.”

American International Group, Inc., will report financial results for the second quarter ended June 30, 2021 after the market closes on Thursday, August 5, 2021. AIG will also host a conference call on Friday, August 6, 2021 at 8:30 a.m. ET to review these results. The live, listen-only webcast is open to the public and can be accessed in the Investors section of https://www.aig.com.

DOJ nixes Aon-WTW mega-merger

Aon and Willis Towers Watson have mutually agreed to end their proposed acquisition following an “impasse” with the US Department of Justice (DOJ), according to a July 27 **report** in Captiveinsurancetimes.

Aon will pay Willis Towers Watson a termination fee of $1 billion, following which both firms will move forward independently. The proposed acquisition would have merged two of the three largest global insurance brokers, with an implied combined equity value of around $80 billion.

The business combination was announced in March 2020 between Aon, a risk, retirement, and health solutions provider, and Willis Towers Watson, an advisory, broking and solutions firm.

Although the European Commission conditionally approved the acquisition under divestment conditions of the EU Merger Regulation, last month the DOJ filed a civil antitrust lawsuit against the acquisition on the grounds that it would jeopardise industry competition, increase prices and weaken innovation. This suit was said to have created a non-negotiable "impasse" that made it impossible for the acquisition to go ahead.

American Equity issues new FIA with income, disability riders

American Equity Investment Life Insurance Company has launched a new 10-year fixed index annuity (FIA), the EstateShield 10. The contract has 12 interest crediting options, including and one- and two-year crediting strategies linked to five different indices.

For investors seeking retirement income, protection against the expense of disabilities, and protection for beneficiaries, the product carries a lifetime income benefit rider, a "Wellbeing Benefit" and an enhanced death benefit for no additional fees. Income payments and the enhanced death benefit are based on a notional Benefits Account Value (BAV).

The Wellbeing Benefit is part of the income benefit rider. It allows for increases in eligible withdrawal amounts by up to 150% for single and 200% for joint owners, for up to five years, if medical eligibility requirements are met.

Lifetime income payments can begin after 10 years, but the contract can grow indefinitely as long as it remains active. Contract owners can withdraw up to 10% of purchase payment each year, beginning after the first year, penalty free.

The enhanced death benefit is based on the BAV amount at the date of death. Beneficiaries can receive 75% of the BAV as a lump sum, or 100% of the BAV is a series of equal payments over five years. There is also a base death benefit option that provides access to the contract value, paid in a lump sum with no surrender charges.

Rising liabilities offset market gains at big corporate pensions: Milliman

The market value of assets for the 100 largest US corporate pension plans (members of the Milliman 100 Pension Funding Index) increased by $20 billion in June 2021, according to a Milliman, Inc., release this week.

But an increase in pension liabilities offset those gains. The funded status of those pensions decreased by $30 billion for the month, and the funded ratio slid to 97.2%.

"We've had a great run of pension funding improvements over the last eight months, pulling within 2% of full funding, but that momentum ran out in June," said Zorast Wadia, author of the Milliman 100 PFI. "Full funding remains within reach, thanks to our year-to-date 6.9% improvement in funded status."

Under an optimistic forecast (with interest rates reaching 3.04% by the end of 2021 and 3.64% by the end of 2022) and asset gains (10.2% annual returns), the funded ratio would climb to 105% by the end of 2021 and 122% by the end of 2022, Milliman said.

Under a pessimistic forecast (2.44% discount rate at the end of 2021 and 1.84% by the end of 2022 and 2.2% annual returns), the funded ratio would decline to 93% by the end of 2021 and 85% by the end of 2022.

To view the complete Pension Funding Index, go to www.milliman.com/pfi. To see the 2021 Milliman Pension Funding Study, go to www.milliman.com/pfs. To receive regular updates of Milliman’s pension funding analysis, contact us at pensionfunding@milliman.com.

SIMON offers its first VA, from Midland National

SIMON Annuities and Insurance Services LLC has added the first variable annuity (VA) contract to its investment and insurance product distribution platform. The LiveWell VA is issued by Midland National Life and administered by Sammons Retirement Solutions (a division of Sammons Institutional Group).

LiveWell is the first VA on SIMON’s Marketplace platform, joining fixed indexed annuities, fixed annuities, and structured annuities. Additional carriers will join SIMON’s variable annuities marketplace in the coming months, a SIMON release said.

Variable annuities (VAs) can help accumulate assets for retirement with tax deferred growth, offering flexible, tax-free reallocations, and optional death benefits for heirs. Often employed as a part of a long-term retirement planning strategy for tax-efficient growth,

SIMON gives financial professionals access to tools and resources with which to analyze the products on the platform, including rider illustrations, allocation analytics, fund options and performance statistics, and historical performance data.