Honorable Mention

By Editorial Staff *Thu, Nov 8, 2018*

RetireOne platform to offer Great American Index Protector 7 FIA; OneAmerica crosses $2bn mark in retirement plan sales; 401(k) balances reach new high-water marks: Fidelity; Empower offers new platform for IRA clients; Affordable Care Act co-ops lead insurance impairments: A.M. Best.

RetireOne platform to offer Great American Index Protector 7 FIA

RetireOne will offer the Great American Index Protector 7 fixed indexed annuity on its platform for RIAs and other fee-based advisors who are looking for no-commission annuities for their clients, the two companies announced this week.

Great American Life partnered with Wade Pfau, Ph.D., and InStream Solutions to create a tool that simulates the effects of allocating part of a retirement portfolio to the Index Protector 7.

In addition to its collaboration with InStream, Great American Life has forged technology integrations with Quovo, Tamarac, Orion and others. ARIA Solutions' RetireOne platform has provided fee-based insurance products to over 900 RIAs and fee-based advisors since 2011.

OneAmerica crosses $2bn mark in retirement plan sales

OneAmerica expects $2.34 billion in retirement plan sales by the end of 2018, a nearly 20% increase from $1.93 billion at the end of 2017. It will be the first $2 billion-plus sales year for the Indianapolis-based financial services firm.

OneAmerica provides administrative and participant services for nearly 12,000 plans with over $63 billion in assets under administration. Its regional sales directors work with advisors and advisor firms representing plans with $3 million to $250 million in participant assets.

OneAmerica focuses on tax-exempt 403(b) plans, plans for professional services firms and plans for manufacturing firms.

"Our recent announcements of OnePension and Personal Retirement Accounts, through Russell Investments, are just two examples of how we are helping participants prepare for retirement through a next-gen default investment solution and guaranteed lifetime income option."

OneAmerica is the marketing name for the companies of OneAmerica. Insurance products are issued and underwritten by American United Life Insurance Co. (AUL), a OneAmerica company. Administrative and recordkeeping services are provided by McCready and Keene, Inc. or OneAmerica Retirement Services LLC.

401(k) balances reach new high-water marks: Fidelity

Fidelity Investments today released its quarterly analysis of retirement savings trends, including account balances, contributions and savings behavior, across more than 30 million retirement accounts. Highlights from this quarter's analysis include:

- The average 401(k) balance reached an all-time high of $106,500, surpassing the previous record of $104,300 from Q4 2017. The average balance is seven percent higher than a year ago and 87% above the average balance of $56,900 in Q3 2008. The average IRA balance increased to $111,000, almost a 4% increase from last quarter and more than twice the average of $52,000 in Q3 2008. The average 403(b) account balance reached a record high of $85,500, nearly double the average balance of $43,300 in Q3 2008.
- The number of people with $1 million or more in their 401(k) increased to 187,400 at the end of Q3, an increase of 41% from the 133,000 401(k) millionaires in Q3 2017 and nearly 10 times the 19,300 savers with a $1 million in their 401(k) in Q3 2008. The number of IRA millionaires increased to 170,400 in Q3 2018, up 25% from a year ago.
- The overall average employee 401(k) contribution rate reached 8.7%, the highest level since Q4 2006. Contribution rates for women investors reached a record high with an 8.5% average rate in Q3. In addition, 32% of 401(k) women investors increased their contribution rate over the last year, compared with just 14% of 401(k) women investors who increased their contribution rate in the 12-month period ending in Q3 2008. IRA contributions among female Millennials increased 19% in the past year.
- Half of all 401(k) accounts now hold 100% of savings in a target date fund. For the first time, more than half (50.4%) of 401(k) savers have all of their assets in a target date fund. Just over 30% of overall 401(k) assets are in target date funds, up from 9.8% of overall assets in Q3 2008. In addition, slightly more than half (51%) of all "new" 401(k) contributions go into a target date fund. For 403(b) savers, the percentage of individuals who have all their assets in a target date fund climbed to 62%, a record high.

An analysis of 401(k) savers who have been in their plan for either five, 10 or 15 years straight revealed the following:

- Among workers who have been in their company's 401(k) plan for five consecutive years, which is 32.2% of Fidelity's entire 401(k) platform, the average balance reached $221,200 at the end of Q3, up from an average of $103,700 five years earlier. Among Millennials within this category, the average balance reached $82,000, up from $20,600 five years ago.
- Among participants who have been in their 401(k) plan for 10 years straight, the average balance reached $305,400, nearly five times the average balance of $65,700 for this group 10 years ago.
- The average 401(k) balance for workers who have been in their 401(k) plan continuously since Q3 2003 increased to $400,300 in Q3 2018, more than eight times the average balance of $47,800 for this same group in Q2 2003.

Empower offers new platform for IRA clients

Empower Retirement said this week that it will launch a digital consumer-focused wealth management platform for new and existing owners of Empower Individual Retirement Accounts as well as for prospective clients.

The new platform will bring investment advice, financial planning and insurance to "underserved mass affluent investors who may not currently work with a professional advisor as they make crucial personal financial decisions," an Empower release said.

Empower will develop the platform in collaboration with Toronto-based Wealthsimple US, Ltd., and Dallas-based Apex Clearing Corp. Wealthsimple will build the user experience of the new retail platform. Apex will create and manage back office functions.

Empower, with approximately $570 billion in assets under administration and 8.7 million participants in 38,000 employer-sponsored retirement plans, is the nation's second largest retirement plan provider.

Affordable Care Act co-ops lead insurance impairments: A.M. Best

Three health insurance co-ops (Consumer Operated and Oriented Plans) that were formed through the Affordable Care Act (ACA) became impaired in 2017, representing all U.S. life/health impairments in the last year and 18 of 20 impairments since 2015, according to a new A.M. Best special report.

The Best's Special Report, titled, "2017 Life/Health Impairments Update," states that from 2000 to 2017, 159 life/health insurers became impaired. The impairments consisted of 132 insolvent liquidations, 25 rehabilitations (of which 13 were closed during the period) and two conservation actions.

The significant challenge of operating as a qualified nonprofit health insurer under the ACA was the leading specific cause and was present in 19 of the impairments, A.M. Best said.

During the 2000-2017 period, 72% of the impairments concerned health (90) and accident and health (25) insurers, while 15% (24) related to small life insurers primarily focused on selling lower policy value industrial/burial or stipulated premium business in the South.

The remaining 13% of impairments involved five fraternal entities, eight annuity writers, and seven other life or combined life, annuity and health business. Six of the seven health insurer impairments in 2015 and nine of the 10 insurer impairments in 2016 related to the co-op plans.

Impairments are situations where companies are placed by court order into conservation, rehabilitation or insolvent liquidation. Supervisory actions undertaken by insurance department regulators without court order were not considered impairments for this study unless policyholder payments were delayed or limited.

Most impairments fell into the category of general business failure arising from a combination of poor strategic direction, weak operations, internal controls weaknesses or under-pricing and under-reserving the business.