
Honorable Mention

By Editorial Staff Thu, Feb 7, 2019

Sweeping bipartisan retirement bill reintroduced; OneAmerica and Broadridge create Collective Investment Trust data resource; Empower launches Snapchat and Instagram campaigns; Equity funds rebound in January: TrimTabs; Oregon auto-IRA program gathers momentum.

Sweeping bipartisan retirement bill re-introduced

The Retirement Enhancement and Savings Act (RESA) has been reintroduced in the new Congress. The bipartisan bill introduced on Feb. 6 is sponsored by Reps. Ron Kind (D-WI) and Mike Kelly (R-PA), NAPANet reported.

The **bill** includes provisions intended to improve the retirement plan options available to small businesses by allowing unrelated employers to adopt a multiple employer plan (MEP). The legislation would give employers additional time to adopt a qualified retirement plan for the prior year up until the due date of the tax return (with extensions). The legislation provides for greater flexibility for a business to adopt a safe harbor 401(k) plan. The bill reduces the premiums charged to cooperative and small employer charity (CSEC) pension plans like the ones sponsored by some rural electric and agricultural cooperatives and the Girl Scouts.

The bill provides a tax credit of up to \$5,000 to defray the cost of starting a retirement plan and adds an additional tax credit for plan designs with an automatic enrollment feature. It also enhances automated saving by removing the 10% cap on automatic employee contribution rate increases.

OneAmerica and Broadridge create CIT data resource

OneAmerica, in collaboration with Broadridge Advisor Solutions, has created a new website that offers an online repository of collective investment trust (CIT) for its retirement plan advisors who are considering CITs as an investment option for participants in their plans, according to a news release.

CITs are popular due to their flexibility and cost effectiveness, but a disadvantage that exists is “The inability to quickly and easily find information about the funds and important documents such as a declaration of trust” have slowed the adoption of CITs, OneAmerica said. The new online portal is designed to remedy that.

“The overhead associated with compliance and regulation [of CITs] isn’t as time-consuming as traditional mutual funds, therefore making them a cost-effective option for plans,” the release said.

OneAmerica is the marketing name for the companies of OneAmerica. The firm provides administrative and participant services for some 12,000 retirement plans with over \$63 billion in assets under administration.

Empower launches Snapchat and Instagram campaigns

Empower Retirement, the nation’s second largest retirement services provider, has expanded its social media strategy to reach Generation Z and more millennials.

The firm has launched video campaigns on Snapchat, a mobile messaging application widely used by young adults, as well as Instagram Stories. Both campaigns speak directly to young adults ages 18 to 34 about the idea that it’s never too early to start saving for their future financial freedom.

Empower Retirement is among the first retirement services firms in the nation to take its message to Snapchat, which reported 186 million daily active users in Q3 2018. Pew Research Center reports that 78% of 18 to 24-year-olds use Snapchat and 71% visit the platform multiple times per day.

The first campaign features five new animated videos, developed by Empower, that have some fun with a “rare artifact” theme. The videos will run nationwide now through the end of February.

The second campaign provides financial “pro tips,” and allows users to “swipe up” for additional educational content. Both campaigns, designed vertically, specifically for Snapchat and Instagram Stories, are part of Empower Retirement’s expansive social media effort to continue an on-going conversation with millennial savers and start one with Generation Z (born from the mid 1990s to the early 2000s) about the importance of saving early. Longer videos will be featured on Facebook, Twitter and Instagram.

Empower has had previous success in connection with younger generations on social media. In its last Snapchat campaign the number of users in the 18 to 34-year-age range watching the entire video was nearly double the completion rate of other social media platforms.

Millennials (born between 1981 and 1994) are on track to replace 75% of their income in

retirement compared to Generation X workers who are on track to replace 61% and baby boomers that are on track to replace 58%, according to an Empower Institute survey of 4,000 working Americans ages 18 to 65.4.

Equity funds rebound in January: TrimTabs

Retail investors jumped back into the equity markets in January, with all equity mutual funds taking in \$11.0 billion in January, the most since February 2014, according to a TrimTabs Investment Research estimate.

The inflow of \$3.3 billion into U.S. equity mutual funds was the most since February 2015, while the inflow of \$7.8 billion into global equity mutual funds was the most since March 2018.

The buying in January came just one month after all equity mutual funds lost a record \$89.3 billion in December. “Flows shifted dramatically last month,” said David Santschi, Director of Liquidity Research at TrimTabs.

“Mom and pop investors may simply have been chasing performance, or perhaps they were reassured by soothing words from central bankers or seeking out active management amid higher volatility.”

Equity exchange-traded fund flows fell sharply last month, TrimTabs noted in its research note. U.S. equity ETFs had their biggest monthly outflow on record, shedding \$26.1 billion. Global equity ETFs issued \$4.2 billion, their lowest monthly inflow since September 2018.

Oregon auto-IRA program gathers momentum

OregonSaves, a state-based, auto-enrolled IRA program for workers whose employers don't offer retirement plans, reported milestones this week: \$12.8 million in total savings so far, the receipt of an innovation award from Pensions & Investments magazine and the Defined Contribution Institutional Investors Association, and the testimony of an OregonSaves employer at a recent US House committee hearing on retirement security.

Luke Huffstutter, the co-owner of Annastasia Salon in Portland and one of the first small business owners to embrace OregonSaves, testified before the U.S. House Ways and Means Committee in a hearing focused on “Improving Retirement Security for America’s Workers.” The committee is chaired by U.S. Rep. Richard Neal, D-Mass., and includes U.S. Rep. Earl Blumenauer, D-Ore.

“OregonSaves is easy for my employees, but it’s also easy for me,” Hufstutter told the committee. “OregonSaves has changed the future for the people in my company. Please consider making it easier for other states to follow in Oregon’s steps.” His participating workers, almost all women, have saved an average of more than \$2,200 each, he said.

OregonSaves provides an employment-based retirement savings option to an estimated one million Oregonians who lack the ability to save at work. It is overseen by the Oregon Retirement Savings Board and managed by the Oregon State Treasury.

Illinois and California launched their own state-based versions in the past year, and several other states and municipalities, including New York City, are considering similar programs. Local officials recognize that Americans have a collective retirement savings deficit of \$6.8 trillion, and that an under-saved elderly population will put pressure on taxpayer-funded safety net programs.

OregonSaves is available for workers who lack a savings option through their employer, and individual Oregonians who want to sign up on their own at <http://www.OregonSaves.com>. Workers are automatically signed up, and have the ability to opt out at any time.

A recent poll that found more than 80% of Oregon’s population support for the program, which is rolling out in phases statewide. The current phase is for employers with between 20 and 49 workers. The program will finish the rollout phase at the end of 2020, and at that time will be available to workers at companies of any size, if those companies do not offer a different retirement savings option.

The combined savings of participants in OregonSaves is now increasing by more than \$1 million a month, according to Feb. 1 data.