
Honorable Mention

By Editorial Staff Thu, Mar 21, 2019

Global Atlantic and RiverSource complete reinsurance deal; Empower Retirement partners with advisory firms on 401(k) managed accounts; Among women, good intentions about retirement go unfulfilled: Lincoln; Life/annuity industry income rises 8.5% in 2018: AM Best

Global Atlantic and RiverSource complete reinsurance deal

Global Atlantic Financial Group has executed a \$1.7 billion fixed annuity reinsurance transaction with RiverSource Life Insurance Company, an affiliate of Ameriprise Financial. With the deal, Global Atlantic has reinsured \$27 billion of assets since its founding in 2004.

In its Institutional business, Global Atlantic offers custom reinsurance products solutions for U.S. life and annuity insurance companies. The company was founded at Goldman Sachs in 2004 and separated as an independent company in 2013. It has \$75 billion in GAAP assets as of December 31, 2018.

Global Atlantic Financial Group is the marketing name for Global Atlantic Financial Group Limited and its subsidiaries: Accordia Life and Annuity Co., Commonwealth Annuity and Life Insurance Co., Forethought Life Insurance Co., and Global Atlantic Re Ltd. Each subsidiary is responsible for its own financial and contractual obligations.

Empower Retirement partners with advisory firms on 401(k) managed accounts

Empower Retirement this week announced a new means of delivering customized advisory services to workers saving for retirement through close collaboration with the skills and expertise of financial advisors. The new program is called Advisor Managed Accounts.

Advisor Managed Accounts (AMA) drive integration between advisor firms and Empower. They combine advisors' portfolio construction and plan design expertise with Empower's newly redesigned technology platform.

Empower serves approximately nine million Americans participating in some 39,000 retirement plans. The provision of advice to those individuals typically occurs through retirement managed accounts, which provide personalized retirement planning through an analysis of an individual's goals, demographic data and full financial picture.

AMA allows advisor firms to offer managed account services to their Empower Retirement

clients, leveraging Empower's advisory services infrastructure. Advisor firms serve as the registered investment advisor for the service and provide the investment expertise as well as pricing and branding.

AMA is offered through Advised Assets Group, LLC (AAG), which also provides Empower Retirement Advisory Services.

Empower launched AMA in partnership with advisory firms SageView Advisory Group, LLC, Mesirow Financial Retirement Planning and Advisory and Resources Investment Advisors, LLC, none of which are affiliated with Empower. Empower has invited other advisory firms to offer AMA to their clients.

A white paper published by the Empower Institute last year lays out the fundamental value of using a managed account for retirement savings purposes. The paper, "Made to Measure: Evaluating the Impact of a Retirement Managed Account," contains further details.

AMA is Empower's latest initiative involving managed account services. In 2017, the firm launched "Empower Dynamic Retirement Manager," which integrates target date funds with managed accounts.

Last year, Empower introduced "My Total Retirement," which can guide plan participants from goal-setting at the start of their careers through a withdrawal strategy at the end. The AMA offering is geared toward advisor-sold plans of any size. The program is available to advisors serving any employer-sponsored retirement plan.

Among women, good intentions about retirement go unfulfilled: Lincoln

Women want to plan for retirement and their family's future, but certain obstacles "keep them from reaching the positive outcomes they seek," according to a recent survey by Lincoln Financial Group.

Lincoln Financial's "Love and Responsibility Survey" shows that most women say planning for their retirement is a priority (90%) and their family's future is important (84%). But over seven in 10 feel they are not acting on those priorities. Seventy percent of women say they are worried they will run out of money in retirement. Of those, only 20% say they have a plan in place.

Women also cited the following barriers to the financial planning process:

- Current expenses make it hard to set aside money for the future (58%)

- Lack of time for financial planning (44%)
- Feeling less educated about retirement planning (52%) and personal financial planning (55%) than they should be

Women's knowledge of certain financial products and solutions is lower than men's, the study showed. Women acknowledged knowing little about annuities (61% versus 45% men) or long-term care (50% versus 41% men).

While women rank their partners/spouses (42%) as their main sources of financial information, men rely on financial professionals (37%). Both women and men prefer not to discuss finances with others, but 72% are open to working with a financial advisor.

Lincoln Financial will be hosting a live Twitter chat on this topic, moderated by Anita Grossman, a registered representative of Lincoln Financial Advisors. Tweet questions live on March 27, 2019 at 1:00 p.m. ET using the hashtag #LFGWomen.

The 2018 Lincoln Love & Responsibility Survey is based on responses from 2,393 Americans ages 18+ from June 28 to July 3, 2018. The survey was conducted by Whitman Insight Strategies on behalf of Lincoln Financial Group.

Life/annuity industry income rises 8.5% in 2018: AM Best

The U.S. life/annuity industry's total income for year-end 2018 increased 8.5% from the prior year, thanks to a \$54.1 billion increase in other income that offset modest increases in premium and annuity considerations and net investment income, according to an AM Best analysis.

These preliminary financial results are detailed in "First Look - 2018 U.S. Life/Annuity Financial Results," a new Best's Special Report. The data is derived from companies' annual statutory statements that were received by Mar. 14, 2019, representing an estimated 93% of total industry premiums and annuity considerations.

The boost in total income was due to \$50 billion of reserve adjustments on reinsurance ceded at American General Life Insurance Company, Voya Insurance, Delaware Life Insurance Company and Hannover Life Reassurance Company of America (related to the execution of Modified Coinsurance Agreements and the recapture of retrocessions from foreign affiliates), the report said.

Total incurred benefits rose 12.3% from the prior year due to a \$76 billion increase in surrender and other benefits. Pretax net operating gain for the industry declined to \$44.3

billion in 2018, down 19.7% from the prior year.

An \$8.1 billion reduction in federal and foreign taxes and a \$2.4 billion reduction in realized capital losses resulted in total industry net income of \$36.7 billion remaining relatively flat with the prior year.

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