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## **Honorable Mention**

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By Editorial Staff    *Thu, Jun 13, 2019*

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*Wink to provide insured product sales data by index; Participants are new to (and naïve about) investing; Schwab; iPipeline partners with Atidot, a data mining firm; Fidelity and asset manager to finance RIA M&A; Help (but not more money) is available for workers feeling financial stress; Walker to succeed Rasmussen as Nationwide CEO.*

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### **Wink to provide insured product sales data by index**

Wink, Inc., the life insurance and annuity research firm, will begin reporting indexed annuity and indexed life product sales at an index level, for each index available in a product, Wink president and CEO Sheryl J. Moore announced this week.

“Since 2012, hybrid indexes have driven indexed annuity product development, and that trend is gaining momentum with indexed life as well,” said Moore, owner of Moore Market Intelligence and Wink, Inc. “Insurance companies used to be protective about the sales of volatility-controlled, proprietary or bespoke indices because they were new. Now product manufacturers want this information disclosed quid pro quo.”

Wink, Inc. is responding to their requests for intelligence with its new report, which will provide data and insight on the following:

### **Indexed annuity and indexed life sales by index**

- More than a decade of historical sales for each index
- Sales by Index by year
- Sales by Index by quarter

### **Product information**

- The indexes each company uses
- Products/crediting methods on which index is offered
- Indexed crediting criteria (how frequently interest is credited, how it is measured, and how it is limited)

### **Index intelligence**

- Index launch date
- Index ticker symbol
- Index components
- Index target volatility

- Whether the index is Excess/Total/Price Return
- Index classification (multi-asset or equity)
- Rebalancing frequency
- Index leverage
- Index performance drag
- URL link to index values

“This report, capturing over 60,000 data points, will be an invaluable resource for those interested in hybrid indices on insurance products,” Moore said, adding that Wink’s annual report with 2018’s data will be distributed within the month.

### **Participants are new to (and naïve about) investing: Schwab**

On average, 401(k) participants believe they’ll need a nest egg of \$1.7 million to retire on, but relatively few are investing enough to reach that goal, according to new research from Schwab Retirement Plan Services.

Schwab’s nationwide survey of 1,000 401(k) plan participants also showed that most people (58%) say their 401(k) is their only or largest pot of retirement savings. About two-thirds (65%) say their 401(k) was their first investment account, and 64% said they viewed themselves as savers, not investors.

Half of those surveyed (51%) contribute 10% or less of their salary to their 401(k), with an average annual contribution of \$8,788. Schwab has determined that investing 10% to 15% of salary each year, starting in one’s 20s, can produce an amount sufficient to retire on. But those who delay saving until age 45 or older would have to save 35% of salary each year.

When survey participants were asked how they decided on a contribution percentage, 55% said they chose a percentage they “were comfortable with;” 36% contributed “as much as their employer matched;” and 8% said they were automatically enrolled at a default percentage chosen by their employer. Among those auto-enrolled into their 401(k) plan, 33% have never increased their contribution rate and 44% have never changed their investment choices.

Just half of participants (52%) feel their situation warrants professional financial advice. They named some of the specific areas where they would like help, including:

- Determining at what age they can afford to retire (41%)
- Calculating how much they need to save for retirement (40%)
- Receiving specific advice on how to invest their 401(k) (37%)

- Figuring out what their expenses will be in retirement (35%)

Many participants leverage and find value in web-based financial tools, with just over half (52%) saying they have used an [online retirement calculator](#). Of those who have used one, 71% felt encouraged and wanted to learn more, and 61% took positive actions related to their finances, such as:

- Increasing their 401(k) contributions (48%)
- Changing their spending habits (29%)
- Accessing online advice (28%)

In other survey findings:

87% consider a 401(k) a must-have benefit. Only health insurance ranked higher (89%).

Obstacles to saving include: Paying for unexpected expenses like home repairs (37%), paying off credit card debt (31%), and needing enough money for basic monthly bills (30%). Just 14% named paying off student loans as an obstacle.

Participants' top sources of financial stress are saving enough money for a comfortable retirement (38%), paying off credit card debt (25%) and keeping up with monthly expenses (24%).

Finally, 26% of participants have taken a loan from their 401(k). Of those, more than half have taken multiple loans.

This online survey of U.S. 401(k) participants was conducted by Logica Research for Schwab Retirement Plan Services, Inc. Survey respondents worked for companies with at least 25 employees, were current contributors to their 401(k) plans and were 25-70 years old.

#### **iPipeline partners with Atidot, a data mining firm**

iPipeline, a provider of cloud-based software solutions for the life insurance and financial services industry, said it will partner with Atidot, a Gartner "Cool Vendor" insurtech company that helps "the life insurance industry with big data and predictive analytics."

The "InsureSight In-Force Service *powered by Atidot*" software will help insurers in North America predict customer insurance and financial needs, lapse patterns and profitability, iPipeline said. The in-force service is available as a module for InsureSight, iPipeline's data

analytics and benchmarking product.

As part of the service, information about customer behavior, based on machine learning, AI and actuarial models, will be used to build target-qualified opportunities for proactive customer retention and up-sell and cross-sell efforts for life and annuity products.

“We expect carriers and financial institutions to experience a 25% improvement in revenue from the up-sell and cross-sell activity,” said Tim Wallace, iPipeline’s CEO.

Atidot CEO Dror Katzav added that the software can “predict premium persistency, lapse rates, up-sell, conversion rates, the probability to be under-insured, and more.”

“If you know your data, you can simulate buying scenarios, use the projections to manage your capital better, get better re-insurance prices, focus on desirable customer segments with specific behavior, and better navigate your business decisions,” he added.

#### **Fidelity and asset manager to finance RIA M&A**

Fidelity Clearing & Custody Solutions, Fidelity Investments’ clearing and custody business, this week announced a partnership with Merchant Investment Management to arrange loans with discounted origination fees for firms that custody assets with Fidelity.

“Lending solutions like this one are a game-changer for firms looking to make strategic acquisitions to create long-term, sustainable value,” said David Canter, head of the RIA segment at Fidelity Clearing & Custody Solutions, in a release.

“Today’s most competitive firms are achieving scale through M&A. By our count, there are over 700 RIAs that manage over \$1 billion, and they’re often doing so with national footprints. But it takes capital to create scale—and with the average deal size increasing three-fold in the past five years, access to that capital can sometimes be a roadblock,” he said.

Merchant will also offer Fidelity’s custody clients reduced rates to services of Merchant’s family of companies, including Advisor Assist, which offers compliance solutions, and Compass, which provides outsourced CFO and accounting services for advisory firms.

Though the number of deals in the RIA channel was down slightly in 2018, the size of those transactions grew significantly. Out of 88 transactions, the 10 largest RIA deals by assets accounted for 59% of the total transaction AUM in 2018. Compared to April 2018, April

2019 RIA transactions increased by 83%, with total assets in transition up 201 percent, Fidelity said.

**Help (but not more money) is available for workers feeling financial stress**

Employee financial wellness programs are an “opportunity for employers to reduce employee stress, improve retention and engagement and set themselves apart in the marketplace,” according to new research commissioned by “Morgan Stanley at Work.”

The research consisted of a survey by the Financial Health Network of 1,000 full-time employees of mid- to large-sized companies. It found that many employees are struggling financially and that financial stress has an impact on employees’ productivity at work.

The findings of the study include:

**Financial wellness is an opportunity for employers.** The financial stress experienced by employees is affecting their productivity at work. Employees are looking to employers for solutions and are open to financial advice, including when offered at work.

In fact, financial stress has spillover effects on employees’ productivity: nearly four in five employees (78%) who report high financial stress say that they are distracted by stress at work.

**Finances are the greatest source of stress for employees.** Almost 60% say their finances cause them stress; that’s more than the number who say their work situation (51%), health issues (45%) or family issues (44%) cause stress. This applies even to higher wage-earners; 52% of employees with household income of more than \$100,000 per year said that finances cause them stress.

Three out of four employees (74%) say that financial wellness benefits are an important workplace offering, while 60% of employees surveyed say they’d be more likely to stay at a job if their employer offered services that help them better manage their finances.

**Employees have diverse financial needs.** Employees need help with short-term goals like budgeting, managing debt and building emergency savings, in addition to long-term goals like retirement planning.

Half of employees spend more than they earn each month, while 37% say they have more debt than they can manage, and 41% said that they do not have enough savings to cover

three months of living expenses.

Even among higher-income employees, more than half report debt and unexpected expenses as sources of stress (52% and 55%, respectively), while 43% report stress from having inadequate savings.

**Employers can compete by offering holistic solutions.** Fewer than one-third of employees reported that their employers offer financial wellness benefits beyond retirement plans. Yet when these benefits are offered, uptake and employee satisfaction is high.

Between 40% and 60% of employees whose employers offer financial wellness benefits that help with financial needs such as emergency savings, student loan repayment tools or access to financial coaching, say they have used them in the past three years.

Among employees who use at least one financial wellness benefit, 56% say that the benefits cause them to feel positively about their employer.

**Clear communication and ease-of-use foster uptake of financial wellness solutions.** Employees report that making it easier to find and understand their benefits is more important even than incentives in encouraging them to use the benefits they are offered. Nearly half (42%) of employees say that they do not feel adequately informed about the benefits and programs their employer offers.

Online calculations and live meetings with a financial advisor are preferred ways to learn about benefits, with 66% and 62% saying they prefer those methods, respectively.

#### **Walker to succeed Rasmussen as Nationwide CEO**

Kirt Walker has been selected to serve CEO of Nationwide, according to a release from the Ohio-based insurance and financial services company. He assumes his new role on October 1, 2019, succeeding incumbent CEO Steve Rasmussen, who announced his retirement earlier this spring.

Walker joined Nationwide in 1986. He was most recently president and chief operating officer of Nationwide's financial services business lines and spent 23 years in a variety of leadership roles, including president and chief operating officer of Nationwide's property and casualty business, as well as president of Allied Insurance (Nationwide's former independent agency subsidiary).

A release said that the company board of directors selected Walker after an extensive search process. Walker will report to both Rasmussen and Corcoran until October, when Rasmussen steps down.

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