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## Honorable Mention

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By Editorial Staff    *Thu, Jul 18, 2019*

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*Fidelity, in pursuit of Vanguard, bolsters its index fund line-up; Subscription-based advice resonates with investors: Schwab; 'Wealth' costs more than \$1 million these days: Ameriprise; Global Atlantic to educate advisors on income planning.*

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### **Fidelity, in pursuit of Vanguard, bolsters its index fund line-up**

Fidelity Investments, which has followed the ongoing mass-investor trend toward passive investing and now manages more than \$482 billion in index funds for clients, has launched five new index mutual funds (with ticker symbols and expense ratios):

Fidelity Mid Cap Growth Index Fund (FMDGX, 0.5%).

- Fidelity Mid Cap Value Index Fund (FIMVX, 0.5%).

Fidelity Small Cap Growth Index Fund (FECGX, 0.5%).

Fidelity Small Cap Value Index Fund (FISVX, 0.5%).

Fidelity Municipal Bond Index Fund (FMBIX, 0.05%).

As with Fidelity's 53 existing stock and bond index funds and 11 sector ETFs, "The new funds have lower expense ratios than their comparable funds at Vanguard," said a Fidelity release, reflecting competition between the two prominent competitors in the retail and institutional investment markets. The five new funds are available to individual investors, third-party financial advisors and workplace retirement plans.

Fidelity's launched a line of "ZERO" expense index funds last year, and its index funds feature expense ratios as low as 0.015%, or 1.5 basis points.

The index funds also carry no investment minimums for individual who invest directly with Fidelity or through a financial advisor. Fidelity is the financial industry's second largest index mutual fund provider after Vanguard. The firm's index mutual fund assets have increased 144% in the last three years and are now approaching \$500 billion.

### **Subscription-based advice resonates with investors: Schwab**

Since introducing new subscription-based pricing at the end of March 2019, Schwab Intelligent Portfolios Premium has added \$1 billion in new assets under management,

Charles Schwab reported this week.

The service has also seen a 25% increase in account opens, a 40% increase in average household assets enrolled, and a 37% rise in new-to-Schwab household enrollments. Overall client assets managed by Schwab's digital advisory solutions total \$41 billion, up 23% year-over-year, the company said in a release.

Schwab Intelligent Portfolios Premium offers unlimited one-on-one guidance from a Certified Financial Planner (CFP), access to the financial plan 24/7 via a comprehensive digital planning experience, and a diversified portfolio of low-cost exchange-traded funds (ETFs) that automatically rebalances over time.

In March, pricing for Schwab Intelligent Portfolios Premium was changed from an asset-based advisory fee to an initial one-time \$300 fee for planning, and a \$30 monthly subscription (advisory) fee (\$90 billed quarterly) that does not change at higher asset levels.

Clients also pay the operating expenses on the ETFs in the portfolios, including Schwab ETFs. Based on a client's risk profile, a portion of their portfolio is placed in an FDIC-insured deposit at Schwab Bank.

#### **"Wealth" costs more than \$1 million these days: Ameriprise**

Only 13% of people who have one million dollars or more in investable assets consider themselves "wealthy," according to Ameriprise Financial's new Modern Money study, which surveyed more than 3,000 U.S. adults ages 30-69 with at least \$100,000 in investable assets, including more than 700 millionaires.

About half (53%) of the investors surveyed know exactly how much they want or need to save or invest, while 43% have a detailed plan. Only four percent of respondents have no financial plan.

Millennials and Generation X investors focus on paying down debt. Baby Boomers cite protecting accumulated wealth as their second priority, reflecting the fact that many are in or nearing retirement. "They all cite saving for retirement as their top priority, regardless of where they fall on the age spectrum," an Ameriprise release said.

About half (49%) of respondents believe their approach to making long-term investing decisions is different or very different from what they saw their parents do growing up, compared with 42% who say it's similar or very similar.

With respect to how they make investment decisions: 46% say they do it themselves, 38% say they do it with someone else in their lives, and 9% say their spouses or partners do it. Half (51%) of respondents agree that aligning investments with personal values is more important today compared with 10 years ago.

Respondents commonly cite “the money a job pays” as the most important factor in choosing a career path. Flexibility and work-life balance rank second, followed by health and dental insurance and vacation time.

For more information about the study, go to [Ameriprise.com/modernmoney](https://ameriprise.com/modernmoney).

### **Global Atlantic to educate advisors on income planning**

To help retirees successfully transition from saving for retirement to dependable income they can rely on in retirement, Global Atlantic has launched a new “Income Ready” initiative. It features dedicated educational websites for financial advisors and consumers looking to learn more about developing a retirement income strategy.

GetIncomeReady.com, the consumer website, features educational resources for individuals who are planning for retirement. These features include videos, a retirement income needs calculator and sample stories to illustrate strategies.

The financial advisor website, IncomeReady.com, is designed to educate and prepare advisors to engage clients in income planning discussions. The website features educational materials including client income insight videos, an interactive experience that aims to dispel common annuity myths, and retirement case studies, as well as other resources advisors can use to support their client conversations. Advisors can also use the website to request a live Alliance for Lifetime Income workshop on the best ways to communicate with clients regarding retirement income needs.