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## **Honorable Mention**

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By Editorial Staff    *Thu, Sep 12, 2019*

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*Lincoln's Fuller wins IRI award; JP Morgan offers tool for plan advisors; Scholten to retire from Principal; Principal absorbs Wells Fargo plan services; 11% of Gen Xers still paying off their own student loans: Schwab; Genworth's U.S. life insurance units suffer ratings downgrade; Military is adapting to new retirement savings system: Survey.*

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### **Lincoln's Fuller wins IRI award**

Will Fuller, executive vice president and president of Annuities, Lincoln Financial Distributors and Lincoln Financial Network, was recognized by the Insured Retirement Institute (IRI) as the recipient of their 2019 Industry Champion of Retirement Security award.

The award recognizes the contributions of individuals to the enhancement of retirement security in the United States through advocacy, communication, education and other initiatives. Fuller is the first industry recipient of the annual award.

Fuller "has been an industry advocate for best interest regulation, with agencies including the Department of Labor (DOL), and Securities and Exchange Commission (SEC), to ensure the best possible outcome for the benefit of customers. In addition, he has played a leadership role in the Alliance for Lifetime Income, a non-profit organization focused on raising awareness on the importance of retirement income planning and protected income in retirement," a Lincoln release said this week.

A former board member of IRI and LL Global, Inc., the parent organization of LIMRA and LOMA, Fuller was the recipient of IRI's 2014 Leadership Award for his contributions to the retirement income planning industry.

IRI created the Champions of Retirement Security Award in 2013 to recognize policymakers who have contributed to retirement security in America. IRI broadened the program in 2019 to recognize private sector individuals.

### **JP Morgan offers tool for plan advisors**

J.P. Morgan Asset Management has launched Price Smart, a digital tool that lets plan advisors generate custom 401(k) pricing proposals for clients. Price Smart is available through Retirement Link, J.P Morgan's bundled defined contribution plan offering.

Price Smart enables advisors to:

Identify potential cost savings

- View three pricing options per plan, in flat dollars and percentages
- Compare Retirement Link pricing proposal vs. current 401(k) fees

Tailor proposals to each plan

- Present bundled or TPA pricing for multiple scenarios
- Help clients make informed decisions by customizing additional services

Get instant results

- Gain secure, 24/7 access to plan quotes on demand
- Save and manage proposals online

### **Scholten to retire from Principal**

Gary Scholten, executive vice president, chief information officer, chief digital officer, and direct report to Principal chairman, president and CEO Dan Houston, will retire effective Dec. 31, 2019, the company reported.

Scholten joined Principal in 1980 and has overseen the company's use of information technology since 2002. He was named executive vice president in 2014 and became the chief digital officer in 2017. Scholten also oversees global sourcing and leads our offshore resourcing, Principal Global Services in Pune, India.

Scholten was part of Principal's African America/Black Employee Resource Group for 10 years and chaired its Diversity Council for the past seven years. He has also served as the chairman of the board for the Technology Association of Iowa.

An internal and external global search for Scholten's replacement is currently underway.

### **Principal absorbs Wells Fargo plan services**

As part of its absorption of the Wells Fargo Institutional Retirement & Trust (IRT) business, Principal Financial Group is incorporating capabilities from the Wells Fargo IRT platform into its own proprietary recordkeeping platform. The enhanced Principal platform will serve both defined contribution and defined benefit participants.

Principal has accelerated investments in the Principal Total Retirement Suite (TRS) and its retirement recordkeeping system—launching financial wellness resources such as Principal Milestones, Principal Real Start, and a chat feature. Principal plan sponsors and participants will have access to a single source for plan benchmarking, performance monitoring, and feedback on plan health, regardless of plan type.

**Plan sponsor benefits:**

**Flexible to fit various plan sizes and needs.** Robust plan health assessment, benchmarking and reporting plus with a strategy dashboard.

**Easy-to-administer plans.** Plan sponsors have key decision-making and time-saving tools and resources to manage payroll processing, loans, and participant notices, etc. The chat feature for retirement plan sponsors gives them with answers to administrative questions.

**Simplicity.** Customizable, all-in-one retirement solutions for all major types of retirement plans, as well as risk management support.

**Participant benefits:**

**Personalization.** Provides tailored education and communications, including the Principal Real Start on-boarding experience, Retirement Wellness Score, and Retirement Wellness Planner, all capabilities. Customizable features on the website enable participants to build a retirement savings dashboard.

**Simplicity.** Interactive tools and resources such as contribution slider with easy button, My Virtual Coach annual check-up and account aggregation.

**Confidence enhancement.** Participants receive congratulatory messages when they take progress. The Principal Milestones platform facilitates will preparation, budgeting and applying for scholarships.

The enhancements to the Principal platform are expected to be available in 2020 and coincide with the transition of Wells Fargo IRT clients to the Principal platform.

**11% of Gen Xers still paying off their own student loans: Schwab**

Many 401(k) participants in Generation X struggle with credit card and other debt, according to research from Schwab Retirement Plan Services. About 40% of this group, ages 39 to 54, said they focus more on debt repayment than saving for retirement.

The nationwide survey of 1,000 401(k) plan participants included 368 Gen Xers, 315 Millennials and 317 Baby Boomers. Among Gen Xers, 70% feel “on top” of their 401(k) investments but “still face obstacles and experience financial stress.”

When asked what prevents them from saving more for retirement, Gen Xers named:

- Unexpected expenses like home repairs (38%)
- Credit card debt (31%)
- Monthly bills (29%)

In addition, 22% are paying for children’s education/tuition, and 11% are still paying off their own student loans. Saving for retirement is Gen Xers’ top source of money-related stress (40%), followed by credit card debt (27%), and keeping up with monthly expenses (23%).

#### **Genworth’s U.S. life insurance units suffer ratings downgrade**

AM Best has downgraded the Financial Strength Rating (FSR) to B (Fair) from B+ (Good) and the Long-Term Issuer Credit Rating (Long-Term ICR) to “bb+” from “bbb-” of Genworth Life and Annuity Insurance Company (GLAIC) (Richmond, VA).

“The ratings of GLAIC reflect its balance sheet strength, which AM Best categorizes as strong, as well as its weak operating performance, limited business profile and appropriate enterprise risk management (ERM),” AM Best said in a release.

Concurrently, AM Best downgraded the FSR to C++ (Marginal) from B- (Fair) and the Long-Term ICRs to “b” from “bb-” of Genworth Life Insurance Company (GLIC) (Wilmington, DE) and Genworth Life Insurance Company of New York (GLICNY) (New York, NY).

Additionally, AM Best affirmed the Long-Term ICRs of “b” of Genworth Financial, Inc. (Genworth) [NYSE: GNW] and Genworth Holdings, Inc. (both domiciled in Delaware), as well as their Long-Term Issue Credit Ratings (Long-Term IR). The outlook of these Credit Ratings (ratings) is stable.

The rating downgrades of GLAIC follow a deterioration in its operating performance, in AM Best’s view. There has been history of negative profitability in aggregate and in most lines of businesses. Uncertainty around the potential for future reserve increases and other write-downs decreases credibility of future earnings projections.

Absolute and risk-adjusted capital, as measured by Best’s Capital Adequacy Ratio (BCAR),

has decreased steadily over the past few years, driven by poor operating performance, although the overall balance sheet is assessed as strong. GLAIC calculated its risk-based capital (RBC) level at 422% at the end of 2018, a decrease from the prior year's RBC score of 427%.

The ratings of GLIC and GLICNY reflect the group's balance sheet strength, which AM Best categorizes as weak, as well as its weak operating performance, limited business profile and appropriate ERM.

The rating downgrades of GLIC and GLICNY follow a deterioration in AM Best's view of its balance sheet strength and its operating performance. Risk-adjusted capitalization, as measured by BCAR and other capital metrics, deteriorated significantly.

An offsetting factor is management's focused strategy of garnering actuarially supported premium rate increases on in-force long-term care policies.

"Management identified the need for these increases in 2012, took corrective action and has achieved meaningful results, although the ability to gain sufficient premium increases across all states will take a number of years.

"While GNW has had some success at achieving these increases in the past, operating losses continue to persist and the impact and timing of the approval and receipt of those rate increases continue to be uncertain," the release said.

The rating affirmations of the two holding companies, Genworth and Genworth Holdings, Inc., as well as its associated debt, reflect the impact of the recently announced the sale of Genworth's 57% stake in Genworth MI Canada, Inc. to Brookfield Business Partners.

Net proceeds are expected to be approximately \$1.8 billion, strengthening the balance sheet flexibility and liquidity of the holding company as the proceeds are expected mainly to be used to reduce upcoming debt.

#### **Military is adapting to new retirement savings system: Survey**

A survey conducted by First Command Financial Services, which provides banking and financial coaching services to members of U.S. military forces, shows that middle-class military families who are covered by the new Blended Retirement System (BRS)—which combines the traditional military pension with a defined contribution plan—are more likely than those in the traditional military pension program to:

**Invest conservatively.** The Index reveals that their most frequent investment choice is the government securities fund (“G Fund”) which offers protection from loss of principal but delivers returns that may be below the rate of inflation. The G Fund was selected by 43% of BRS participants versus 25% of those in the traditional pension.

**Contribute to the government’s tax-advantaged savings program.** Families covered under the BRS are significantly more likely than those covered under the traditional military pension to contribute to the Thrift Savings Plan (TSP), the government’s 401(k)-style defined contribution plan for service members and federal employees. The Index reveals that the TSP participation rate is 81% for those in the BRS versus 56% for those in the traditional pension system.

**Invest 5% or more of their paychecks in TSP.** Among those participating in TSP, 82% of BRS participants are contributing 5% or more of their pay to the savings plan. That compares to just 51% for those in the traditional system.

**Feel confident about retirement.** Eighty-four percent of BRS participants say they feel extremely or very confident in their ability to retire comfortably. That compares to 56% for those in the traditional system.

**Benefit from working with an adviser.** TSP participation is particularly high among career military families who seek out professional financial assistance. The First Command Financial Behaviors Index reveals that the participation rate is 70% for those who work with a financial advisor versus 45% for their do-it-yourself colleagues.

The survey was conducted among commissioned officers and senior NCOs in pay grades E-5 and above with household incomes of at least \$50,000.

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