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Honorable Mention

By Editorial Staff *Thu, Nov 21, 2019*

DPL Financial Partners expands insurance platform for RIAs; T. Rowe Price now closer to issuing active ETFs; Financial literacy low among African-Americans: TIAA and GFLEC.

DPL Financial Partners expands insurance platform for RIAs

DPL Financial Partners, a web platform where registered investment advisors (RIAs) can buy annuities and life insurance from a variety of carriers, said now serves 300 RIA firms, up from 200 last April, according to a press release issued this week.

DPL's member firms represent more than 2,600 individual advisors who work with an estimated 320,000 households with combined assets under advisement of $130 billion, the release said. DPL is also allowing firms to join DPL as "lifetime" members and plans to hire a dozen more personnel by the end of 2019, the release said.

RIA members range in size from boutique practices with less than $50 million in assets to national firms with hundreds of advisors and billions in assets. Firms typically join the network on an annual renewal basis, but the firm is currently rolling out the lifetime membership option.

The DPL platform has added five new insurance carrier partners this year, bringing the total number of carriers on the platform to 17 and the number of commission-free annuity and life products to 31, the release said. DPL is based in Louisville, KY.

DPL was created by David Lau, a co-founder of Jefferson National Life, which distributed investment-only variable annuities to RIAs. Jefferson National was acquired by Nationwide in 2017 and relaunched as Nationwide Advisory Services.

1. **T. Rowe Price now closer to issuing active ETFs**

The Securities and Exchange Commission (SEC) has granted preliminary exemptive relief to T. Rowe Price to offer semi-transparent exchange-traded funds (ETFs). T. Rowe Price can now bring to market ETFs that employ the firm's actively managed investment approach.

The semi-transparent structure, which is an alternative to the daily portfolio disclosure structure used by conventional transparent ETFs, would allow T. Rowe Price to deliver its active strategies in an ETF wrapper without disclosing information that could be harmful to the interests of fund shareholders.

1. Rowe Price has negotiated with the SEC about the potential launch of semi-transparent active ETFs for several years and first filed for exemptive relief in 2013, according to a press release. More regulatory steps must take place before the firm can launch any ETFs.
2. Rowe Price is still determining which investment strategies may be available as semi-transparent ETFs, though it will begin by offering certain U.S. equity strategies.

Due to regulatory requirements for daily portfolio transparency, most current ETFs are based on passively managed strategies. By contrast, T. Rowe Price's active ETFs will enable investors to pursue alpha beyond a passive index.

Financial literacy low among African-Americans

In a test administered by the TIAA Institute and the Global Financial Literacy Excellence Center at George Washington University, African-Americans answered 38% of the Personal Finance (P-Fin) Index questions correctly compared with 55% among whites, according to a report based on the test results.

The **report**, "Financial Literacy and Wellness among African-Americans: New Insights from the Personal Finance (P-Fin) Index," was released this week. The results left open the question of whether low financial literacy was a cause or an effect (or both) of low average wealth and income among African-Americans relative to whites.
African-Americans scored highest on "borrowing" matters, with 47% of these questions answered correctly, on average. They scored lowest on "insuring," with 32% of questions answered correctly. African-American financial literacy was lower than that of whites in all areas but "comprehending risk," where they scored similarly.

"The nation's 44 million African-Americans account for 13% of the U.S. population and have a significant impact on the economy, with $1.2 trillion in purchases annually, the TIAA-GFLEC report said.

"Yet the financial well-being of African-Americans lags that of the U.S. population as a whole, and whites in particular. The reasons for these gaps are complex, but one area of importance in addressing them is increased financial literacy."

Regarding the possible cause of the disparity between whites and blacks, the report suggested that low socio-economic status was a cause as well as a result of low financial literacy.

“The financial literacy gap between African-Americans and whites can be partially, but not completely, attributed to underlying demographic differences between the two groups. Financial literacy is consistently correlated with various demographics in the adult population as a whole. In general, financial literacy is lower among females, younger individuals, those with less formal education and those with lower income,” the report said.

TIAA and the GFLEC stressed the link between financial literacy and financial wellness among African-Americans. Financially literate people “are more likely to plan and save for retirement, to have non-retirement savings and to better manage their debt; they are also less likely to be financially fragile,” their press release said.

“African-Americans make up 13% of the U.S. population and constitute a critical segment of our economy. Yet financial literacy gaps exist across this demographic group regardless of gender, age, income level, or degree of education,” said Stephanie Bell-Rose, Head of the TIAA Institute. “It is imperative that we continue to shed light on this challenge in order to better map a course for financial success.”

“Given the strong link between financial literacy and financial well-being, increased financial knowledge can lead to improved financial capability and behaviors,” said Annamaria Lusardi, Academic Director of GFLEC and Denit Trust Endowed Chair of Economics and Accountancy at GWSB, in the release.

The TIAA Institute-GFLEC Personal Finance Index (P-Fin Index) assessed financial literacy across these financial activities: earning, consuming, saving, investing, borrowing, insuring, understanding risk and gathering information. The report was authored by Paul Yakoboski, senior economist at the TIAA Institute; Annamaria Lusardi, academic director at GFLEC, GWSB; and Andrea Hasler, assistant research professor in financial literacy at GFLEC, GWSB.

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