# Honorable Mention

By Editorial Staff *Thu, Sep 17, 2020*

*New A-CAP 10-year FIA linked to Credit Suisse Momentum Index; PlanGap Annuity insures against Social Security failure; 80% of older Americans need financial advice: The American College; 'Mercer Wise 401(k)' passes $1 billion in AUM; Completion of Voya-Resolution Life transaction is delayed.*

**New A-CAP 10-year FIA linked to Credit Suisse Momentum Index**

A-CAP and AmeriLife have launched the Accumulation Protector Plus ("APP") Annuity, a 10-year fixed indexed annuity, an addition to the product lines of Sentinel Security Life Insurance Company and Atlantic Coast Life Insurance Company, two A-CAP subsidiaries.

The APP Annuity offers contract holders exclusive access to the Credit Suisse Momentum Index, a 10-year guarantee of participation rates through the index, and a choice of eight crediting strategies. Four of those strategies can be paired with the Credit Suisse Momentum Index.

The Credit Suisse Momentum Index diversifies its underlying components across equities, bonds and commodities in four global regions. Implementing a momentum-driven strategy, managers of the index take long positions in components with the strongest trends and short positions in components with weaker trends.

The contract's "Rate Enhancement Rider" increases the fixed, participation, and cap rates across the contract holder's crediting strategies, raising the potential return from market upswings. This rider also increases the amount available for free withdrawal from 5% to 10% of the contract holder's account value and includes a 110% minimum guaranteed return of premium over 10 years.

The participation rates for the Credit Suisse Momentum Index are guaranteed for 10 years with the selection of the one-year point-to-point or two-year point-to-point crediting strategies, provided that Sentinel Security Life Insurance Company and Atlantic Coast Life Insurance Company continue to have access to the Credit Suisse Momentum Index.

**PlanGap Annuity insures against Social Security failure**

Worried that Congress will fail to re-finance Social Security and simply allow benefits to drop by about 25% across-the-board after 2034? You can now insure that risk with a "**PlanGap Annuity**" issued by the American Life & Security Corp., based in Lincoln, Nebraska.

“The PlanGap Annuity is the first financial product that empowers people to protect themselves against a future reduction in Social Security benefits while still earning a guaranteed interest rate,” said PlanGAP founder and CEO David Duley in a release.

“The PlanGap Annuity introduces a class of financial solutions called retirement insurance, which is a suite of ‘trigger-based’ annuity and life insurance products that solve fundamental financial issues for retirees,” the release said.

According to the Social Security Administration (SSA), its retirement program cash reserves will be exhausted in 2034, triggering a 24% reduction in benefits. If this reduction takes place, an average two-income household would see a $700 reduction in monthly income. (These calculations do not include Covid-19 impacts, which could further erode the program’s ability to pay.)

With the PlanGap Annuity, if a contract owner’s Social Security benefits are reduced, she will receive a PlanGap Bonus to help fill the income gap. If benefits aren’t reduced and she no longer feels the need for the insurance, she can withdraw the initial premium, the interest she earned and a “Flexibility Bonus” at the end of any five-year anniversary of the policy.

PlanGap pays policyholders a sum based on the amount of coverage chosen at the time the annuity was purchased. This “PlanGap Bonus” escalates over time and caps at 30% of initial annuity value, said David Duley, PlanGap’s founder and CEO, in a release. Available in 18 states and the District of Columbia, with more states expected in the near future, PlanGap annuities are available from licensed insurance professionals.

**80% of older Americans need financial advice: The American College**

Only one in five Americans ages 50 to 75 knows how to plan for a financially secure retirement, according to The American College of Financial Service’s 2020 Retirement Income Literacy Survey. Income needs in retirement, investment management skills, and long-term care costs were unfamiliar concepts for most of them, the survey showed.

A majority of respondents are holding their financial plans steady amid the COVID-19 pandemic, yet “just one in three report having a formal, written retirement plan in place,” according to an American College release this week.

These findings are part of the third iteration of the survey, which tests consumers' knowledge about retirement income concepts and focusing on the drawdown phase when Americans have limited or no ability to earn additional money through work. This year's study expanded the scope of those surveyed to include Americans ages 50-75.

Retirement literacy in 2020 remains low overall, as was the case in The College's 2014 and 2017 surveys. Eight in ten (81%) Americans surveyed failed a 38-question retirement literacy quiz, scoring just 42% on average. Consumers also lack confidence—only a third of those surveyed felt "highly knowledgeable" about retirement income planning.

The survey showed that:

- More than half underestimate the life expectancy of a 65-year-old man, suggesting that many don't know how long their assets may have to last.
- Only 32% know that $4,000 is the most they can afford to withdraw "safely" from a $100,000 retirement account per year, suggesting most don't understand prudent withdrawal rates.
- Only 35% know that a negative single year return in a retirement portfolio, if it happens at the year of retirement, has the most significant impact on long-term retirement security. This suggests low knowledge about investment risk in the pre-retirement and retirement period.

A majority self-report that they are at least moderately knowledgeable about investment management, but:

- Just 26% understand that the value of bonds and bond funds falls as interest rates rise.
- Just 28% know that actively managed mutual funds have higher fees than ETFs.
- Only 18% know that B-rated corporate bonds have higher yield than AAA corporate bonds or treasury bonds.

**Long-term care**

Only three in ten (31%) have a plan in place for how to fund long-term care needs and only one in four (23%) have some sort of long-term care insurance coverage. In addition:

- Half (50%) say it is at least somewhat likely they will need long-term care services in the future.
- Only 8% consider it very likely that they will ever experience a long-term care need, even though the reality is that 70% will.
- 52% of respondents have not looked into long-term care insurance at all.
- Just 25% know that family members provide the majority of long-term care services

nationally; 70% of respondents do not expect their family members to provide the care.

**COVID-19**

Nearly four in ten (39%) consumers reported feeling highly prepared for the market downturn associated with the pandemic. Interestingly, what made a difference in consumers' perception of preparedness for the crisis was having a formal, written retirement plan.

Those with a written retirement plan (47% vs. 35% of those without) or a retirement income plan (43% vs. 22%) reported feeling more prepared to deal with the market downturn. Only one in three (33%) respondents report having a written plan.

The pandemic has shifted the mindset of many investors. Four in ten (39%) say they now feel less comfortable taking investment risk. Only 8% say they've adjusted their allocations to be more conservative, but a realignment of risk tolerance is noteworthy. More than half (54%) of consumers said they are holding their financial plans steady.

For more information about the 2020 Retirement Income Literacy Survey results and to take the quiz, visit theamericancollege.edu/retirement-income-literacy-survey.

Greenwald & Associates conducted the study of 1,500 people for The American College between April 29 and May 18, 2020. To participate, respondents had to be ages 50-75 and have at least $100,000 in household assets, not including their primary residence.

**'Mercer Wise 401(k)' passes $1 billion in AUM**

Mercer, an employee benefits business of Marsh & McLennan, announced that its retirement plan solution, Mercer Wise 401(k), has exceeded $1 billion in assets under management.

Launched in 2017, Mercer Wise 401(k) is a bundled solution that allows plan sponsors to outsource the administrative burdens, operating function, fiduciary risk, and investment decisions associated with each plan and to serve as named fiduciary under ERISA.

Mercer Wise 401(k)'s latest AUM milestone comes at a time when regulatory reforms are expected to further increase plan sponsors' access to bundled plans, as evident in the passage of the 2019 SECURE Act and the establishment of "Pooled Employer Plans." These plans are expected to be available starting in 2021.

Mercer Wise 401(k) is part of Mercer's growing Outsourced Chief Investment Officer (OCIO) business, which surpassed more than $300 billion in assets under management in December 2019, and currently has U.S. Defined Contribution (DC) OCIO assets in excess of $58 billion.

**Completion of Voya-Resolution Life transaction is delayed**

Voya Financial, Inc., now expects to complete the divestment of its Individual Life and other legacy non-retirement annuities businesses in 4Q2020. Voya previously announced that it sold these businesses to Resolution Life Group Holdings pursuant to a Master Transaction Agreement dated Dec. 19, 2019.

Voya's Security Life of Denver Insurance Company (SLD) and Security Life of Denver International Limited (SLDI) subsidiaries will be acquired by a new holding company, Resolution Life US, created by Resolution Life to hold these blocks of business.

In addition, Voya will reinsure the life insurance, pension risk transfer and non-retirement annuities business issued by ReliaStar Life Insurance Company (RLI), Voya Retirement Insurance and Annuity Company (VRIAC), and ReliaStar Life Insurance Company of New York (RNY) to SLD. Voya will retain ownership of VRIAC, RNY and RLI. Voya will also take an interest in Resolution Life, the parent investment fund of Resolution Life US.

Voya and Resolution Life had previously expected to complete the transaction by Sept. 30, 2020. They are shifting the targeted closing to allow more time to complete the remaining regulatory reviews of the transaction. To date, the two companies have received approval from most of the state and federal regulators that need to review the transaction.

"However, we recently learned that the approval process will not be complete prior to Sept. 30, 2020. As a result, we now expect that the transaction will close in the fourth quarter of 2020. We also continue to expect that the sale will provide Voya with approximately $1.5 billion in deployable capital," said Rodney O. Martin, Jr, chairman and chief executive officer, Voya Financial, Inc., in a release.

Pursuant to the Master Transaction Agreement, Voya and Resolution Life will close the transaction on the first of the month following the receipt of all regulatory approvals of the transaction.