
Honorable Mention

By Kerry Pechter *Sun, Oct 11, 2020*

Protective's new fee-based VA available at RetireOne; U.S. could save trillions in health care costs in coming decades: McKinsey; Vanguard adds new manager to its International Value Fund

Protective's new fee-based VA available at RetireOne

RetireOne and Protective Life have teamed up to bring a new, low-cost advisory variable annuity to market. The Protective Investors Benefit Variable Annuity has a mortality and expense risk fee of only 30 basis points and low-cost subaccounts from Vanguard and DFA.

"After acquiring Great-West Life last year, our goal was to capitalize on competitive positioning in the advisory marketplace by delivering solutions that offer tremendous value for investors and the RIA firms who serve them," said Aaron Seurkamp, President, Retirement Division at Protective Life, in a release.

"As financial advisors aim to reduce fees to improve portfolio performance, Protective endeavored to lower mortality and expense charges, and strip out unnecessary costs like fund facilitation fees and surrender penalties. The result is an efficient accumulation solution ideal for lowering the costs of expensive client annuities and extending tax deferral to investors who've maxed out their 401(k) and IRA plans," the release said.

[Annual mortality and expense (M&E) risk charges, despite the name, typically represent an insurer's gradual recovery of the upfront commission it paid to advisers on B-share variable annuities, as well as covering unexpected changes in mortality rates. The M&E fee for no-commission annuities is therefore substantially lower.]

Serving over 900 RIAs and fee-based advisors since 2011, RetireOne is an independent platform for fee-based insurance solutions. Through the fiduciary platform, RIAs can access products from multiple 'A' rated companies at no additional cost to them or their clients. RetireOne currently services over \$1 billion of retirement savings and income investments.

Protective Life Corporation produces, a subsidiary of Dai-ichi Life Holdings, Inc., distributes and administers insurance and investment products throughout the U.S. As of June 30, 2020, Protective had assets of approximately \$123 billion.

U.S. could save trillions in health care costs in coming decades: McKinsey

A new [report](#) from McKinsey & Co.'s Center for Societal Benefit through Healthcare, "How Prioritizing Health is a Prescription for US Prosperity," shows how much room for improvement there is in the U.S. in terms of preventing and treating chronic health conditions that create drag on the non-health care segments of the economy.

"We estimate that each year, poor health costs the US economy about \$3.2 trillion from premature deaths and the lost productive potential associated with diseases," the report said. "The five diseases with the biggest economic impact are, in order, musculoskeletal disorders (e.g., arthritis, osteoporosis, and carpal tunnel syndrome), mental disorders, neurological disorders, substance use disorders, and diabetes and kidney disease."

Better health would give people the freedom to spend their leisure time on what they want to do most, McKinsey believes. This includes older people, many of whom may choose to give back to society in other ways after retirement. "In fact, through volunteering alone, we estimate that having a larger population of healthier people aged 65 and up could add \$9 billion to \$13 billion in societal value in 2040," the report said.

Vanguard adds new manager to its International Value Fund

Vanguard has added Sprucegrove Investment Management Ltd. to its roster of active managers. Effective October 12, 2020, Sprucegrove will manage the 35% of the Vanguard International Value Fund previously overseen by Edinburgh Partners Limited.

A Toronto-based boutique firm managing \$13.8 billion, Sprucegrove will join Lazard Asset Management LLC and ARGA Investment Management, LP, in overseeing the \$9.8 billion Vanguard fund. Arjun Kumar, CFA, and Shirley Woo, CFA, will co-manage Sprucegrove's portion of the Fund. The Vanguard International Value Fund invests in companies from developed and emerging markets around the world that its advisers view as temporarily undervalued by the markets.

As a result of Vanguard's performance-based fee arrangements, the Fund's expense ratio is expected to increase one (1) basis point to 0.38%. The average asset-weighted expense ratio for foreign large value funds is 0.98%, according to Lipper. Vanguard, though best known for index funds, is also one of the largest providers of actively managed funds in the world, with more than \$1.6 trillion in active assets.