Honorable Mention

By Editorial Staff *Thu, Oct 22, 2020*

SEC to air October 26 public hearing on 'Reg BI'; Plan participants want lifetime income options: Lincoln Financial; Pandemic creates anxiety about Social Security: Wells Fargo; Empower marks year of extraordinary growth; Financial Times announces top 401 retirement plan advisers of 2020.

SEC to air October 26 public hearing on 'Reg BI'

Commission (SEC) has announced the agenda and panelists for its October 26, 2020, roundtable, where Commission staff and FINRA will discuss initial observations on Regulation Best Interest and Form CRS implementation.

The event will be webcast to the public. No registration or pre-registration is required. The roundtable will be publicly viewable on Monday, October 26 at 1:00 p.m. ET on SEC.gov. It will also be recorded and archived to enable viewing at a later date.

Panelists at the roundtable will discuss initial observations on the implementation of Regulation Best Interest and Form CRS. Separately, market participants and other members of the public may continue to send interpretive questions to the Commission's Inter-Divisional Standards of Conduct Implementation Committee at IABDQuestions@sec.gov.

Agenda and schedule
Monday, October 26, 2020 1:00 – 3:00 p.m. ET
Webcast on **SEC.gov**

1:00 p.m. Opening Remarks

- Jay Clayton, Chairman, SEC

1:15 p.m. Panel One Regulation Best Interest – Issues and Observations

- John Polise, Associate Director, Broker-Dealer and Exchange Examination Program (BDX), Office of Compliance Inspections and Examinations (OCIE)
- Lourdes Gonzalez, Assistant Chief Counsel for Sales Practices, Division of Trading and Markets
- Rina Hussain, Assistant Director, BDX, OCIE
- Bill St. Louis, Senior Vice President, Member Supervision, FINRA

2:00 p.m. Panel Two: Form CRS – Issues and Observations

- Jim Reese, Chief Risk and Strategy Officer, OCIE
- Melissa Gainor, Assistant Director, Division of Investment Management
- Alicia Goldin, Senior Special Counsel, Division of Trading and Markets
- Jim Wrona, Vice President & Associate General Counsel, FINRA

2:45 p.m. Concluding Remarks

- Peter Driscoll, Director, Office of Compliance Inspections and Examinations

Plan participants want lifetime income options: Lincoln Financial

A new consumer survey by Lincoln Financial Group suggests that employees prefer employers that offer guaranteed income options in their retirement plan, with nearly two-thirds calling it a "wow factor" when considering a job offer. More than seven in 10 employees say all employers would ideal offer an in-plan guaranteed income investment option, the survey showed.

Lincoln Financial recently introduced **PathBuilder**, a lifetime income benefit rider that can be attached to a target-date fund or other QDIA (qualified default investment alternative) in a qualified retirement plan. The SECURE Act of 2019 smoothed the way for annuities in qualified plans by limiting an employer's liability for its choice of an annuity provider.

"From 2016-2019, the number of plans offering in-plan guaranteed income investment options declined, despite many recordkeepers offering these solutions. Following the passage of the SECURE Act nearly 10 months ago, however, it is now easier for plan sponsors to offer a plan design that includes the option for participants to generate guaranteed retirement income," Lincoln said in a release this week.

In Lincoln's survey, seven in 10 respondents said they would use a guaranteed income-producing investment if offered. The same percentage said these solutions would help them budget in retirement and feel more prepared for retirement. More than half of respondents preferred to be automatically enrolled in an in-plan guaranteed investment option.

"In planning for retirement, the ultimate outcome is income," said Jamie Ohl, Executive Vice President, President, Retirement Plan Services, Head of Life & Annuity Operations, Lincoln Financial Group, in the release.

While 87% of Baby Boomers look to Social Security for retirement income and 41% expect income from pension plans, only 21% of Millennials, the largest generation in the workforce, expect a pension and only half expect Social Security benefits, the release added.

In a custom target-date portfolio with a PathBuilder rider, the "account balances will automatically transition over time, to an investment that can provide lifetime income. Participants can then choose to take this as a regular check that will last throughout their retirement to help ensure their basic expenses are covered," Lincoln said.

All data in this release, unless otherwise noted, is based on research done by Lincoln Financial Group, using the Qualtrics survey platform, with responses gathered from 1043 U.S. Adults from Sept. 3, 2020 – Sept. 14, 2020. The sample included quotas to be representative of the total U.S. adult population.

Pandemic creates anxiety about Social Security: Wells Fargo

COVID-19 has raised fresh concerns about Americans' retirement preparations, with some saying the pandemic has permanently impacted their ability to save for retirement, according to the 2020 Wells Fargo Retirement study conducted by The Harris Poll in August, which examines the attitudes and savings of working adults and retirees.

Fifty-eight percent of workers impacted by the pandemic say they now don't know if they have enough saved to retire because of COVID-19, compared to 37% of all workers. Moreover, among workers impacted by COVID-19, 70% say they are worried about how to make sure they don't run out of money in retirement, 61% say they are much more afraid of life in retirement, and 61% say the pandemic took the joy out of looking forward to retirement.

Working men report median retirement savings of $120,000, which compares to $60,000 for working women, according to the study. Yet for those impacted by COVID-19, men report median retirement savings of $60,000, which compares to $21,000 for women.

Women and Younger Generations

Barely half of working women (51%) say they are saving enough for retirement, or that they are confident they will have enough savings to live comfortably in retirement (51%). Women impacted by COVID-19 have saved less than half for retirement than men and are much more pessimistic about their financial lives.

In addition, women impacted by COVID-19 are less likely to have access to an employer-sponsored retirement savings plan (59%), and are less likely to participate (77%).

Fifty-two percent of Generation Z workers say they don't know if they'll be able to save enough to retire because of COVID-19. Half say they are much more afraid of life in retirement due to COVID-19, and 52% say the pandemic took the joy out of looking forward to retirement.

Pandemic underscores importance of social insurance

Nearly all workers and retirees say that Social Security and Medicare play or will play a significant role in their retirement — a reality underscored by the pandemic. According to the study, 71% of workers, 81% of those negatively impacted by COVID-19, and 85% of retirees say that COVID-19 reinforced how important Social Security and Medicare will be or are for their retirement.

Overall, workers expect that Social Security will make up approximately one-third of their monthly budget (30% median) in retirement. And even among wealthy workers, Social Security and Medicare factor significantly into their golden year plans — high-net-worth workers (with >$1 million in household investable assets) expect Social Security to cover 20% (median) of their monthly expenses.

The dependence by many on the programs also drives anxiety: The vast majority of the study's respondents harbor concerns that the programs will not be available when they need them and worry that the government won't protect them.

According to the study:

- 90% of workers would feel betrayed if the money they paid into Social Security is lost and not available when they retire.
- 76% of workers are concerned Social Security will be raided to pay down government debt.
- 72% of workers are afraid that Social Security won't be available when they retire.
- 67% of workers have no idea what out-of-pocket healthcare costs will be in retirement.
- 45% of workers are optimistic that Congress will make changes to secure the future of Social Security.
- 23% of workers are willing to accept less from Social Security to help pay down the national debt.
- 76% of workers and 81% of retirees say retirement should be a top priority for the presidential candidates
- 88% of workers and 91% of retirees say Congress needs to make it easier for workers to access tax-friendly retirement plans.

Glass half full

A majority of workers say they are very or somewhat satisfied with their current life (79%), in control of their financial life (79%), are able to pay for monthly expenses (95%), and feel confident they are able to manage their finances (86%). Sixty-nine percent of workers and 73% of retirees feel in control and/or happy about their financial situation.

In addition, 92% of workers and 91% of retirees say they can positively affect their financial situation, and 90% of workers and 88% of retirees say they can positively affect how their debt situation progresses. And 83% of workers say they could pay for a financial emergency of $1,000 without having to borrow money from friends or family. Slightly more than half — 54% of workers and 50% of retirees — say they have a detailed financial plan, and just 27% of workers and 29% of retirees have a financial advisor.

Empower marks year of extraordinary growth

With its sixth anniversary approaching, Empower Retirement, the nation's second-largest retirement services provider, is announcing record sales growth and new client commitments totaling some $110 billion.

Empower announced some $4.3 billion in strategic acquisitions in the 92 days from June 29 to Sept. 28. In the last year, the company has taken in approximately $110 billion in new client commitments, which include new 401(k), 457(b) and 403(b) defined contribution plans of all sizes covering corporate, government and not-for-profit employers.

The $110 billion represents funded and committed sales from the 12-month period that ended Sept. 30. In the large and mega market (plans with more than $50 million in assets), Empower has signed 64 new clients, 130 new public plan clients, 15 not-for-profit clients, and over 3,200 advisor-sold clients with less than $50 million in assets.

In September, Empower announced the acquisition of the retirement businesses of MassMutual and Fifth Third in transactions that, when closed, will amount to an estimated 2.5 million new participants on the Empower recordkeeping platform. The transactions are expected to close later in 2020 pending regulatory approval.

The MassMutual retirement plan business comprises 26,000 workplace savings plans through which approximately 2.5 million participants have saved $167 billion in assets. Following the close of the transaction (pending regulatory approval) and combined with new organic sales, Empower will have nearly 13 million participants on its platform and more than $800 billion administered in approximately 67,000 workplace savings plans.

Empower was created by bringing together the retirement companies of Great-West Financial, Putnam Investments and JP Morgan Retirement Plan Services.

Financial Times announces top 401 retirement plan advisers of 2020

The Financial Times has **published** its sixth annual list of the FT 401 Top Retirement Plan Advisers. The ranking of top advisers to 401(k) plans and other defined contribution (DC) retirement programs was developed in collaboration with Ignites Research, an FT subsidiary that provides business intelligence on the investment management industry.

The list represents an elite group of professionals, with the average FT 401 adviser managing $2.01bn in DC plan assets, up 22% from last year. The advisers in the FT 401 are true retirement specialists: DC plans account for an average of 86% of the FT 401 advisers' overall client assets.

The pandemic and related market volatility in 2020 spurred employers to rely on the guidance of elite plan advisers like the members of the FT 401. Most plan sponsors did not panic: the average FT 401 adviser estimated that 81 per cent of plan clients didn't make major changes to their plans.

Another consequence of 2020's dramatic events has been the embrace of virtual meetings, which has enabled plan advisers to hold more remote meetings with individual plan participants (both in groups and one-on-one). An overwhelming 94% of FT 401 advisers expect to continue doing more remote meetings with investors even after the pandemic fades.

"The widespread uncertainty this year has spurred more workplaces to offer 'financial wellness' programs that aim to educate employees about saving for retirement, managing debt, and other basics of personal finance. Some 79% of FT 401 advisors now offer online classes to DC plan participants, up from 72 %t the prior year. A more productive focus on financial literacy could be one of the legacies of 2020," said Loren Fox, Director of Ignites Research and head of the FT 401 ranking.

Top advisers hail from 41 states across the country, plus Washington D.C. The largest number of advisers reside in California (47) followed by Texas (36) and Massachusetts (27).