Honorable Mention

By Editorial Staff *Thu, Mar 11, 2021*

Biden DOL won't enforce Trump's anti-ESG rule; PEP rally: TAG Advisors launches Pooled Employer Plan; Net income for life/annuity industry fell 55% in first three-quarters of 2020: AM Best; Luma platform will use FireLight annuity sales technology; SEI Wealth Platform to offer Income Conductor income planning tool; David Lacusky appointed to senior sales position at Global Atlantic.

Biden DOL won't enforce Trump's anti-ESG rule

The Department of Labor issued a **notice** yesterday saying, "Until it publishes further guidance, the Department will not enforce either final rule or otherwise pursue enforcement actions against any plan fiduciary based on a failure to comply with those final rules with respect to an investment, including a Qualified Default Investment Alternative, or investment course of action or with respect to an exercise of shareholder rights."

The notice referred to "Financial Factors in Selecting Plan Investments," 85 Fed. Reg. 72846 (November 13, 2020), which adopted amendments to the "Investment Duties" regulation under Title I of the Employee Retirement Income Security Act of 1974 (ERISA). The amendments generally require plan fiduciaries to select investments and investment courses of action based solely on consideration of "pecuniary factors."

In yesterday's notice, the Biden DOL said it "heard from stakeholders that the rules, and investor confusion about the rules, have already had a chilling effect on appropriate integration of ESG factors in investment decisions, including in circumstances that the rules can be read to explicitly allow. Accordingly, the Department intends to revisit the rules."

PEP rally: TAG Advisors launches Pooled Employer Plan

TAG Advisors, a branch of Cambridge Investment Research, Inc., has launched a Pooled Employer Plan (PEP) with Voya Financial, Inc. serving as the PEP's recordkeeper. The plan went into effect on Feb. 1, 2021.

The TAG(k) PEP is "one of the first of its kind in the independent broker-dealer space." a company release said. The PEP is available to all independent financial professionals affiliated with TAG Advisors, along with clients who seek less fiduciary liability and the pricing advantage associated with aggregating plan assets.

The TAG(k) PEP will use Plan Compliance Services, Inc., an affiliate of The Platinum 401k, Inc., as the pooled plan provider for the program. “TAG Advisors sees the benefit of having a ‘private label’ PEP to market through their distribution network,” said Terry Power, president of the Platinum 401k, in a release.

The PEP will market to pre-existing 401(k) plans with assets of $2 million to $50 million, which may currently feel burdened by undergoing an annual plan audit as part of their Form 5500 submission. TAG Advisors selected Voya to serve as the PEP’s recordkeeper. For more than 40 years, Voya currently serves has approximately 13.8 million individual and institutional customers in the US.

“We are pleased to be one of the first firms of our type in the country to offer a custom-branded Pooled Employer Plan to our clients,” said Greg Raines, CEO of TAG Advisors.

PEPs were enabled by the Setting Every Community Up for Retirement Enhancement (SECURE) Act, a bill enacted in December 2019. Under the Act, pooled plan providers began operating in January 2021, allowing retirement plan service providers to offer a single 401(k) plan, and ending the requirement that single plans had to be sponsored by single employers.

Some sponsors of the Act hoped it would bring 401(k) plans to small companies that had never had a retirement plan of their own because of the paperwork and complexity involved. But PEP providers appear to be marketing to existing plans. That’s logical, because companies with no plans have no assets to manage, at least at first.

As a branch of Cambridge Investment Research, Inc., TAG Advisors supports more than 300 advisers in 29 states.

Net income for life/annuity industry fell 55% in first three-quarters of 2020: AM Best

While the sales process remains a challenge, most rated US life/annuity (L/A) insurance companies have remained well-capitalized during the pandemic to date, and have benefited from favorable mortality and morbidity experience, low credit impairments and rebounding equity markets, according to AM Best’s annual Review & Preview market segment report.

Net income for the L/A industry in the nine-month 2020 period fell by 55% from the same period of 2019, to $13.2 billion. Absolute capital and surplus (C&S) for the segment grew by approximately 5% through Sept. 30, 2020, from the prior-year period, said the new report, “US Life/Annuity Industry Weathers the Pandemic Well in 2020.”

The segment benefited from positive, albeit significantly lower, earnings and a change in unrealized capital gains. Low interest rates and L/A carriers' desire to hold more liquidity during the pandemic drove an increase in debt issuance, as companies took advantage of the opportunity to refinance older issues that had been priced at higher interest rates.

Debt issuance for the L/A carriers amounted to nearly $35 billion through September 2020, significantly higher than the approximately $20 billion through September 2019.

Offsetting the ongoing macroeconomic challenges that L/A insurers face are favorable underwriting and evolving risk management practices, including the use of hedges, adjustments to crediting and discount rates, and a focus on technology to improve sales.

Still, the industry has been facing the challenge of adapting to the remote work environment while converting to virtual sales practices during a period where a COVID-19-fueled spike in unemployment has been a drag on demand, despite a renewed interest in the need for life insurance on the part of consumers.

While companies in this market segment will need to focus a significant amount of attention to mitigating these risks and others, the report notes that they can ill-afford to allocate resources to strictly defensive initiatives, if they are to survive and grow over the long term.

In 2021, leveraging capabilities developed to support remote work and sales environments during the pandemic in order to better position their business models for top-line growth will be critical. A flurry of merger and acquisition announcements in early 2021 reinforces AM Best's expectations that the L/A segment will remain heavily focused on interest rate risk amid declining interest margins.

Luma platform will use FireLight annuity sales technology

Luma Financial Technologies, an independent, multi-issuer structured products and annuities platform, will use the FireLight insurance and retirement sales platform provided by Insurance Technologies, LLC, to bring its Luma Annuities solution to market.

The Luma platform is intended to simplify the structured product investment process. A global fintech firm in the structured products space, Luma is betting that market volatility and the low interest rate environment and the prospect of market volatility will continue to drive interest in annuities.

Luma Annuities is a turn-key annuity sales and lifecycle management solution for advisers.

It simplifies all aspects of learning, transacting, configuring, and managing annuities for investment firms and advisors that sell income-generating products.

The Luma platform was created in 2011 by Luma Financial Technologies to help financial teams study, create, order and manage market-linked investments such as structured products and structured annuities. Broker/dealer firms, RIA offices and private banks use Luma to automate the full process cycle for offering and transacting in market-linked investments, including education and certification; creation and pricing of custom structures; order entry; and post-trade actions.

SEI Wealth Platform to offer Income Conductor income planning tool

WealthConductor LLC, a fintech company, announced that its **Income Conductor** retirement income planning software is now available with the SEI Wealth Platform for use by independent advisers who use the platform.

IncomeConductor uses a time-segmented strategy developed by co-founder Phil Lubinski CFP, and provides financial professionals the ability to create customized plans for their clients, implement with products of their choice, and track and manage those plans efficiently and compliantly throughout long retirement horizons.

Advisors can automatically pull in daily account and position values regardless of location through direct and open architecture integration options, providing daily plan performance, segment analytics and automated alerts that help advisors protect their clients' income.

This service is now available to mutual clients of the Platform and IncomeConductor, including advisors that use SEI's Managed Account Solutions and Unified Managed Account capabilities.

David Lacusky appointed to senior sales position at Global Atlantic

Global Atlantic Financial Group has appointed David Lacusky as senior vice president and director of Strategy & Internal Sales for Individual Markets. He will report to Sam Barnett, Global Atlantic's head of sales.

Lacusky will be responsible for defining engagement strategies, as well as developing a strategy to use technology, data and analytics in the sales process for both annuities and life insurance. He will also engage with partner firms' sales desks and wholesaling teams to improve the sales experience.

Prior to joining Global Atlantic, Lacusky served as senior vice president and chief sales officer of retirement and investments at Stadion Money Management. Before that, he spent 15 years with The Hartford, where he held sales leadership positions, including head of sales office and national sales manager for annuities, as well as chief distribution officer for Hartford Japan.

On February 1, 2021, Global Atlantic became a majority-owned subsidiary of KKR, a leading global investment firm that offers asset management and capital markets solutions across multiple strategies.