Honorable Mention

By Editorial Staff *Wed, Mar 31, 2021*

Edward Jones pays $34 million to settle suit by minority advisors; J.P. Morgan to diversify advisor hiring by 2025; HUB launches bundled retirement plan for small to mid-sized employers; Allstate Corp. concludes exit from life/annuity business; Prudential adds Invesco and BlackRock ETFs as options on its FlexGuard RILA.

Edward Jones to pay $34 million, agrees to improve treatment of minority advisors

Edward Jones, the broker-dealer and 16,000-adviser financial products distribution network, has agreed to pay $34 million to settle a racial discrimination **lawsuit** filed in 2018 on behalf of current and former African American financial advisers, according to news reports this week. Edward Jones also agreed to change its hiring, training, promotional practices and policies to better support financial advisers of color.

“The settlement includes measures Edward Jones is taking to report diversity progress to its leadership team, create a financial advisor council with diverse representation and reduce training cost obligations,” the brokerage said in a release.

Wayne Bland, a Black financial adviser who worked at Edward Jones from 2014 to 2016 filed the class action suit in 2018. The Chicago law firm of Stowell & Friedman, which negotiated class-action settlements on similar claims against Merrill Lynch and Wells Fargo, represented the class.

Bland’s suit alleged that management at Edward Jones repeated passed over Bland and other Black advisers in favor of equally or less-qualified white advisers when granting or assigning the most desirable assignments, clients, training programs, mentorships, and promotions, all of which reduced the ability of the Black advisors to get ahead at the firm. to young advisers.

The class includes Black financial advisers employed by Edward Jones at any time between May 24, 2014, and Dec. 31, 2020, according to settlement documents filed with the federal court in Chicago.

According to the 2018 complaint, African American hires at Edward Jones were “disproportionately” from the “Legacy” and “Goodknight” training programs, where new advisers received office space, administrative support, and mentoring from an established FA. The suit claims that these programs disproportionately went to white advisers. The best territory assignments and the opportunity to inherit clients from retiring advisers also went mainly to white advisers, the suit said.

"The Firm disproportionately relegates African American FAs to territories and offices in less lucrative locations with less investable income and that are less productive for the FA. The Firm also reserves territories with greater investment opportunities for non-African American FAs in order to race-match its FAs to the neighborhood demographics," according to the complaint.

Bland and co-plaintiffs said that, in 2015, only 6% of Edward Jones advisers were Asian, African American or Latino, compared with 21% of financial advisers nationally.

J.P. Morgan to diversify advisor hiring by 2025

J.P. Morgan Wealth Management unveiled plans this week to serve more Black and Latinx clients and increase diverse advisor hiring by 2025. The firm said it had made a "$30 billion commitment to advance racial equality."

The plans will include partnerships with Historically Black Colleges and Universities (HBCUs), initiatives to promote internal mobility, resources to allow diverse employees to grow their career over time and a goal of hiring 300 additional Black and Latinx advisors by 2025.

Over the next five years, J.P. Morgan Wealth Management will partner with various HBCUs to offer students resources and information about careers in wealth management, and to provide scholarships, training and licenses. The initiative will create 185 full time positions specifically for this program by 2025.

The Advisor Development Program is a 24-36 month training that is providing about 270 candidates with the investments knowledge, mentorship and coaching needed to become a successful financial advisor. Nearly 80% of the participants are women or minorities.

HUB launches bundled retirement plan for small to mid-sized employers

The introduction of HUB Retirement Select, a bundled retirement plan solution for small to mid-sized businesses "looking for amenities traditionally afforded to large organizations," was announced this week by HUB Retirement and Private Wealth, a unit of Hub international Ltd.

HUB Retirement Select is designed for owner-only organizations to those with hundreds of employees, providing “advanced technology and analytics, leading retirement benefits specialists and compliance support at an affordable cost,” according to a news release. HUB Retirement Select’s managed account service offer investment guidance to participants.

HUB Retirement Select is being positioned as “a highly competitive alternative option to state-mandated and voluntary retirement plans for employers.” California, Illinois, Oregon, Washington, New York, Vermont, Connecticut, New Jersey, Massachusetts, Maryland, and Seattle have enacted mandated and voluntary retirement programs.

HUB RPW provides investment advisory services on more than $93 billion in assets through its SEC-registered RIAs. It offers institutional and retirement services to for-profit and not-for-profit organizations and customized private wealth management services to individuals and families. Joe DeNoyior is National President of HUB RPW.

Insurance services are offered through HUB International, an affiliate. Global Retirement Partners, LLC, Silverstone Asset Management, LLC, Hub International Investment Advisory Services, Inc., and Sheridan Road Advisors, LLC are SEC-registered investment advisors and wholly owned subsidiaries of HUB International.
Headquartered in Chicago, Illinois, HUB International Ltd is a full-service global insurance broker with more than 13,000 employees. It provides risk management, insurance, employee benefits, retirement and wealth management products and services.

Allstate Corp. concludes exit from life/annuity business

Wilton Re will pay $220 million to acquire Allstate Life Insurance Company of New York (ALNY) from the Allstate Corporation, according to a release this week. The transaction is expected to close in the second half of 2021, subject to regulatory approval and other closing conditions.

With this transaction, and its announced agreement to sell Allstate Life Insurance Company (ALIC) and certain affiliates to entities managed by Blackstone, Allstate has exited the life and annuity businesses. Allstate agents and advisers will offer life insurance and retirement products of third-party providers. The agreement includes termination of an ALIC stop-loss reinsurance treaty.

Allstate has agreed to contribute $660 million of capital into ALNY, then receive a payment of $220 million from Wilton Re. The transaction will reduce GAAP reserves and invested assets by $5 billion and $6 billion respectively. The combined divestitures will result in an estimated GAAP net loss of approximately $4 billion, which will be recorded in the first quarter of 2021, and generate approximately $1.7 billion of deployable capital.

J.P. Morgan Securities LLC and Ardea Partners LP acted as financial advisers, and Willkie Farr & Gallagher LLP was the legal adviser to Allstate.

Prudential adds Invesco and BlackRock ETFs as options on its FlexGuard RILA

Prudential Financial, Inc., has added the Invesco QQQ ETF, which tracks the Nasdaq-100 Index, and the BlackRock iShares Russell 2000 ETF as options within the crediting strategies of Prudential's FlexGuard indexed variable annuity.

FlexGuard has achieved close to $2 billion in sales within less than a year of launching, according to annuity sales data from the Secure Retirement Institute. Indexed variable annuities are also RILAs (registered index-linked annuities). Sales of RILAs, introduced in 2011 by AXA Equitable, grew more than 30% in calendar 2020.

"FlexGuard's index strategies allow customers to select strategies providing the potential to accelerate gains above and beyond the index return when certain targets are met. Importantly, FlexGuard is designed to adapt with consumers' needs, allowing periodic changes to investment length, protection level and growth strategies, as the markets shift, and individual financial goals evolve," a Prudential release said.