
Honorable Mention

By Editorial Staff Thu, Feb 2, 2017

Brief or late-breaking items from Edward Jones, Hanlon Investment Management, Pantheon and Transamerica/Aegon.

Hope trumps fear in new Ed Jones survey

A majority of Americans surveyed (57%) believe that the new presidential administration will impact their retirement savings income strategy and nearly half (48%) expect an uptick in market volatility in 1Q2017, according to a survey sponsored by the advisory firm Edward Jones.

Among Americans with investments, 42% believe that the new administration will positively impact their portfolio in the coming year, and about one-quarter (27%) expect a negative effect on their assets.

Three-quarters of those surveyed believe their investment assets will be impacted over the long-term, with nearly half (46%) anticipating a positive effect. Baby Boomer investors, ages 53-71, are the most optimistic, with 52% expecting a positive long-term impact; 39% of Millennials and 48% of Gen-X investors were optimistic.

“Regardless of what the perceived impact of the new administration is, it’s important to focus on what you can control, and avoid making rash decisions based off emotion, especially where retirement planning is concerned,” said Scott Thoma, Principal and Retirement Strategist for Edward Jones, in a release.

The survey was conducted by ORC International’s Telephone CARAVAN Omnibus for Edward Jones. The survey was conducted among a nationally representative sample of 1015 respondents from January 19-22, 2017.

Hanlon Investment Management links to BlackRock’s iRetire methodology

Hanlon Investment Management said this week that it is offering BlackRock’s iRetire retirement investment framework to financial advisors and wealth managers on the Hanlon Wealth Advisor Platform.

The iRetire framework, introduced in 2015, lets advisors estimate how much income their

clients' current savings could provide annually in retirement and how changes in behavior (e.g., working longer, saving more, changing their investment strategy) could help close the income gap.

The iRetire platform draws on CoRI methodology, the engine behind BlackRock's retirement income indexes, and the risk analytics of Aladdin, BlackRock's risk and enterprise investment system. Advisors can also use iRetire insights to build various portfolio scenarios for clients to consider based on their retirement income goals.

The iRetire platform provides advisors with tools and resources to let investors see where they stand when it comes to the number that really matters—annual retirement income—and take action to help their clients close the retirement income gap.

Hanlon offers asset management, technology, and practice management solutions to thousands of advisors nationwide. Hanlon's Wealth Advisor Platform helps advisors manage portfolio accounting, reporting and marketing, to investment management and retirement planning.

Private equity firm eyes DC market, offers 'performance-based pricing'

In hopes of distributing its private equity investment options to defined contribution plan participants, Pantheon, a \$35.2 billion global private equity firm, has introduced "performance-based pricing" as an option for its private equity strategies targeted at the DC market.

"Based on the strong returns the private equity asset class has delivered in recent years⁵, Pantheon believes that private equity strategies have the potential to address the performance delta between DB and DC plans and merit consideration as a viable investment option by plan sponsors," Pantheon, which invests in infrastructure funds and real assets funds, said in a release.

The idea is to make often-illiquid private equity investments, which defined benefit pension fund managers have used to boost returns, accessible to DC plans. Historically, DB plans have outperformed DC plans for reasons that include a shift toward alternative assets and differing investment fee structures.

Pantheon's performance pricing option would apply only to that portion of a portfolio

invested in private equity investments (e.g., not including cash and liquid securities). Pantheon would take its performance-based fee only when the performance of the private assets in the portfolio beats performance of the S&P 500.

Pantheon does not receive all the performance fees that accrued immediately. When a performance fee is accrued, it is gradually paid to Pantheon over at least eight calendar quarters. This leaves a reservoir available to offset performance fee accruals in scenarios of underperformance.

Because Pantheon's strategy intends to accommodate periodic trading, and the fee accrued would be reflected in the strategy NAV as of the relevant period, investors will not pay for performance they did not experience.

Pantheon said it is working with general partners, including KKR, to seek to manage the less predictable and irregular investor capital inflows that can be expected in a DC plan, and to facilitate efficient deployment.

"The need for expedited capital deployment presents some potential challenges. Our objective is to facilitate efficient GP capital deployment to reduce potential cash drag, and address the more irregular capital flows typically experienced by a DC plan," said Kevin Albert, managing director at Pantheon.

Pantheon is majority-owned by Affiliated Managers Group Inc, a NYSE-listed global asset management company with equity investments in leading boutique investment management firms.

Many in the 'gig economy' plan to work indefinitely

Über drivers, musicians, contract software engineers, consultants and "gig" workers of all stripes, as well as self-employed professionals and garage-based entrepreneurs—all belong to the global army of people who don't necessarily participate in formal retirement savings plans.

Many of them are still young; but they won't always be. So how do they save for retirement? Do they save for retirement? Do they reinvest all of their spare revenue back into the business? Do they plan to sell their businesses to finance their retirement years? And, importantly, how can retirement asset managers better assess, nurture and capture this growing but atomized market?

The Transamerica Center for Retirement Studies and Aegon Center for Longevity and Retirement have co-sponsored a survey and report that gauge the attitudes toward retirement among people in 16 countries who are self-employed or who work part-time in the contract or “gig” economy.

The report, “Retirement Preparations in a New Age of Self-Employment,” may be a step toward serving these elusive potential customers. The underlying survey offers several insights, most of them common-sensical if not self-evident. It doesn’t explore the question of whether the self-employed are gravitating toward robo-advisors like Betterment in lieu of established financial service providers like Transamerica.

The survey showed that the self-employed rarely anticipate a specific retirement date. Many expect to retire after the age 65 or never (40% globally, 56% U.S.), perhaps not realizing that retirement isn’t always voluntary, even for the self-employed. More than two-thirds (69% globally and in the U.S.) envision a “flexible transition” to retirement.

Only 26% globally (25% U.S.) say they are either “very” or “extremely confident” that they will achieve a comfortable retirement, the survey found. Other findings of the report include:

- 26% globally (29% U.S.) expect to change the way they work (e.g., work part-time or on temporary contracts) for a while before they fully retire.
- 20% globally (17% U.S.) plan to change the way they work and continue to do paid work throughout retirement.
- 23% globally and in the U.S. say they will keep working as they currently do. Retirement age won’t change the way they work.
- The self-employed will keep working because they want to keep active (63% globally, 67% U.S.) and/or because they enjoy their work (51% globally, 54% U.S.).
- 28% globally and in the U.S. will keep working because they’re worried that social security benefits will be lower than expected or that their savings might not last their lifetimes (27% globally, 22% U.S.), or because they haven’t saved enough (26% globally and in the U.S.).

About one-third of the self-employed (34% globally, 36% U.S.) say they save for retirement. Some save occasionally (22% globally, 19% U.S.) or that they have stopped saving (17% globally, 24% U.S.). Others say they intend to start saving in the future (20% globally, 14% U.S.).

While most of the self-employed (60% globally, 63% U.S.) have a retirement planning strategy, few have a written plan (13% globally, 20% U.S.). Relatively few (38% globally,

39% U.S.) have a backup income plan in case they're forced to retire early.

As sources of retirement income, the self-employed cite social security (33% globally, 48% U.S.) and savings (38% globally, 32% U.S.). Few (14% globally, 15% U.S.) cite their business as a means for saving for retirement.

The survey covered self-employed workers in Australia, Brazil, Canada, China, France, Germany, Hungary, India, Japan, The Netherlands, Poland, Spain, Turkey, United Kingdom, and United States.

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