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## Honorable Mention

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By Editorial Staff     Wed, Mar 15, 2017

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*Brief or late-breaking items from Voya Financial, The Retirement Equity Laboratory at the New School, and Kehrer-Bielan consultants.*

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### **Voya introduces new resources for plan sponsors**

Voya Financial, Inc. is introducing a suite of resources to help retirement plan sponsors design plans with better choice architecture, more automated features, and strategies like re-enrollment of participants who are under-saving.

Intended for plan sponsors in all market segments, the package of new materials includes a series of informational webcasts and a new digital communication vehicle. The resources are designed to augment engagement through digital channels and cover these topics:

- Improving retirement plans using behavioral science
- Myth vs. reality: The building blocks for a successful retirement plan
- How employers can support the special-needs community
- Building retirement relevancy for Millennials

The new content lives at [voyainsights.voya.com](http://voyainsights.voya.com).

### **Half of elderly black women in America are poor: ReLab**

The unemployment rate for workers age 55 and older declined by 0.1 percentage points, to 3.4%, from January to February 2017, according to the Bureau of Labor Statistics. The data was reported by the SCEPA Retirement Equity Lab (ReLab) at The New School in New York.

“While the headline unemployment rate for older workers is low, women still face sex discrimination in the labor market. Older women earn less than men,” the ReLab release said. In other findings:

- Among full-time workers aged 55 to 64, men earn an average of \$50,000 a year while women earn an average of \$37,000.
- Black women earn \$35,000 on average, or \$15,000 less than men, while Hispanic women average \$27,000, or \$23,000 less than men.
- Low-earning workers are more likely to be poor in retirement. Women are at higher risk for poverty because they live 2.5 years longer than men, on average.

- 28% of elderly men and 36% of elderly women are poor (income <\$11,880) or near-poor (income <\$23,760).
- 43% of elderly Hispanic women and 51% of elderly black women are poor.

ReLab economist Teresa Ghilarducci advocates the establishment of “Guaranteed Retirement Accounts (GRAs),” which are mandatory individual defined contribution accounts designed to purchase annuity income at retirement and supplement Social Security benefits.

## **Survey describes compensation levels for fixed rate annuities at banks and credit unions**

The expected sales compensation for fixed rate annuities under the Department of Labor’s (now uncertain) fiduciary rule at bank broker-dealers and at third-party broker-dealers that partner with banks and credit unions is “somewhat more than 3%, compared to 4% for indexed annuities and even higher for variable annuities.”

That finding was reported by the consulting firm of Kehrer-Bielan, based on a survey conducted in January 2017 among 20 broker-dealers with over 6,000 advisors serving almost 3,000 banks and credit unions. The survey was commissioned by Global Atlantic Financial Group to find out how distributors intend to adjust their product menus under the fiduciary standard.

According to the survey:

- Firms that intend to segregate product offerings by type of account (retirement or taxable) have slightly lower sales compensation expectations than the firms that will have a one-size-fits-all product menu.
- The median expected sales compensation is 3% for fixed rate annuities across both kinds of firms, but the average compensation in the firms with the same product menu for all clients is slightly higher, due to the expectation of commissions as high as 5% in some firms.
- The range of expected sales compensation in the firms with separate product menus for retirement and retail investment accounts is from 2.5% to 4.3%—below the range at both the high and low ends for firms that plan to offer the same products to all clients.
- Firms that plan to offer the same products to all types of accounts will all offer fixed rate annuities to retirement accounts.
- A slim majority will allow advisors to choose between among several up-front/trail commission options, and almost three-fourths expect agents to receive the same sales

compensation for each fixed rate annuity on their menu.

- A significant number of firms that plan to have separate product menus for taxable and retirement accounts are still undecided about whether to include fixed rate annuities in retirement accounts, whether to permit advisors to choose among commission options, and whether to offer fixed rate annuities with sales compensation that varies by consumer benefits.

“Ten months since the announcement of the Rule, some of these firms are still not clear on how to best adapt their business model while balancing commitments to their clients and advisors,” Kehrer-Bielan’s report said. “Among the firms that have decided on commission structures, the majority would not offer commission options to their advisors and three-fourths want to be paid the same sales compensation for each fixed rate annuity in retirement accounts.”

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