Honorable Mention

By Editorial Staff *Thu, Apr 13, 2017*

Brief or late-breaking items from eMoney Advisor, New York Life, Northwestern Mutual, and Milliman.

eMoney launches 'best interest' compliance tool despite uncertainty

The fiduciary rule may be delayed, but eMoney Advisor, the Fidelity-owned maker of financial planning software, said it would launched its Advisor Assurance software on schedule on April 4, according to a release this week.

Advisor Assurance, a new function on the eMoney dashboard, is intended to provide advisors, broker-dealer compliance officers and administrative users comply with "documentation and archival of advisor-client interactions throughout the financial planning process" in order to demonstrate compliance with the now-endangered rule.

Ed O'Brien, CEO of Radnor, Pa.-based eMoney Advisor, said users of AdvisorAssurance can:

- Monitor manual account changes.
- Assist with oversight of consolidated reporting.
- Offer real-time access to seven years' worth of a firm's event logs.
- Access deleted records.
- Allow managers to review and approve advisor presentations.
- Track email exchanges (an enhancement planned for 2017).

A year ago, O'Brien moved to eMoney from his post as senior vice president for head platform technology at Fidelity Investments, which bought eMoney two years ago. A long-time IT specialist, he was granted a patent in 2011 for the technology design behind WealthCentral, a platform for registered investment advisors (RIAs). He also launched AdvisorTech, a technology platform for financial advisors in Japan, South Korea, and Germany.

Advisor Assurance is part of eMoney's Fiduciary Framework, a response to the fiduciary rule's promulgation last June. Nearly 10,000 of eMoney's 45,000 clients have adopted or are implementing Advisor Assurance, including financial institutions, broker-dealers, insurance companies and RIAs.

In 2016, New York Life again dominates income annuity sales

New York Life Insurance Company set new company records in life insurance and annuity sales, life insurance in force, dividend payout and surplus for 2016, the giant Manhattan-based mutual insurer announced this week.

The performance of the company's core life insurance business and annuities and asset management operations enabled New York Life to pay out a record amount in dividends to its whole life policy owners and benefits to its customers, while producing an all-time high surplus.

In 2016, the firm said it posted its 20th consecutive year of growing life insurance sales through its agents. Strong results from the company's in-force block of life insurance and annuity products helped raise the surplus and asset valuation reserve to a record $23.3 billion, despite a record dividend payout and the low-interest rate environment. New York Life said it remains one of only two companies out of more than 900 in the life insurance industry to receive the highest financial strength ratings from all four major financial rating agencies, Standard & Poor's, Moody's, Fitch and A.M. Best.

Performance highlights as of December 31, 2016 included:

- $1.95 billion in operating earnings for 2016, the second highest in company history.
    - $10.1 billion in dividend and benefits paid to policy owners.
    - $1.8 billion dividend payout, a 35% increase since 2012.
    - $1.3 billion in life insurance sales and $957 billion in in-force policies, both record highs.
    - $13 billion in annuity sales, a record high.
    - 24% market share in fixed immediate annuities
    - 33% of the deferred income annuity market.
    - $230 billion in cash and invested assets in the general account, and $538 billion in total assets under management.

About one in four Americans feels financially insecure: Northwestern Mutual

While Americans feel like the country is currently "on firmer financial footing" today, overall confidence has waned, according to new research by Northwestern Mutual. The company's

2017 Planning & Progress Study found:

- 43% of U.S. adults 18 and over say the economy will be better this year than in 2016 (up from 31% who said the same last year).
- 72% of Americans feel financially secure.
- 48% of U.S. adults aged 25-65 say most Americans can still attain “the American Dream” (down from 58% who said the same in 2009).

The *Planning & Progress Study* is an annual research project commissioned by Northwestern Mutual. It explores Americans’ attitudes and behaviors toward money, financial decision-making, and the broader landscape issues impacting people’s long-term financial security.

Financial vulnerability: down but still high

The 2017 Planning & Progress Study suggests that while Americans still feel a high degree of financial vulnerability, there are some signs of improvement over last year:

- 67% of U.S. adults 18 and over believe that, over time, there will likely be more financial crises (down from 76% who said the same in 2016).
- 43% of U.S. adults say the economy will be better this year than in 2016, versus 31% who said the same last year.
- 72% feel financially secure.
- 38% expect their financial security to increase in the next year.
- 19% expect to feel less secure in the coming year.
- 28% of Americans feel a level of financial insecurity.
- 11% feel “not at all secure.”

Financial habits are slipping

Despite widespread expectations that financial crises are likely to occur again, people are slipping in terms of their long-term financial planning. The study found:

- 50% of U.S. adults 18 and over say they need a plan that anticipates up and down cycles (down from 57% who said the same last year).

41% say their long-term savings strategy has a mix of high-risk and low-risk investments, compared to 44% last year.

About the study

The 2017 Planning & Progress Study was conducted by Harris Poll on behalf of Northwestern Mutual and included 2,117 American adults aged 18 or older (2,117 interviews with U.S. adults age 18+ in the General Population and an oversample of 632 interviews with U.S. Millennials age 18-34) who participated in an online survey between February 14 and February 22, 2017.

Funded status of biggest pensions hovers at about 81%: Milliman

In 2016, the funded status of America's 100 largest pension plans fell by $21.7 billion, according to Milliman's 2017 Pension Funding Study. Although plan assets appreciated by $32.3 billion, the funds' projected benefit obligation rose by $54.0 billion.

The Milliman 100 plans finished 2016 with a funded ratio of 81.2%, down only from 81.9% the year before. But the incremental drop in funded status "masked a year that experienced volatility across the board for pension plans," according to the global consulting and actuarial firm.

"The last year was a tug-of-war for these pension plans," said Zorast Wadia, consulting actuary and co-author of the Milliman Pension Funding Study, in a release.

While the funds' overall 8.4% investment return in 2016 was far higher than the 0.8% return in 2015, the discount rate fell by 30 basis points. The funded ratio oscillated for most of the year before the post-election bump and ended the year close to where it began.

Study highlights include:

Analysis of asset gains. The 8.4% investment returns were well above the expectation of 7% set for 2016. Employers' 2016 plan contributions were up 38% from the year prior. Higher plan contributions improve funded status and reduce PBGC premium expenses.

Impact of updated mortality assumptions. Future life expectancy declined for the second year in a row, resulting in significant reductions in projected obligations for several Milliman 100 companies.

Use of spot rates increases by 24%. Of the largest 100 plan sponsor companies, 46 will consider recording the fiscal year 2017 pension expense using an accounting method change linked to the spot interest rates derived from yield curves of high quality corporate bonds. The move to spot rates will result in pension expense savings.

Pension Risk Transfers continue. The estimated sum of pension risk transfers to insurance companies ("pension lift-outs") and settlement payments increased from $11.6

billion in FY2015 to $13.6 billion in FY2016.

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