Honorable Mention

By Editorial Staff *Wed, Oct 25, 2017*

Edward Jones reaches $1 trillion is assets "under care," Milliman study shows MEPs funding status has improved, Concord Coalition criticizes Senate budget proposal, Jonathan Matta joins MassMutual DCIO sales team, and Fidelity adds a short-term bond fund to its lineup of index funds.

Edward Jones reaches trillion-dollar milestone

Financial services firm Edward Jones has reached $1 trillion in assets under care (AUC), managed by more than 15,000 financial advisors for some seven million clients, according to a release this week. The firm's growth since 1957 into a Fortune 500 company has been "organic, without reliance on buyouts, takeovers, or mergers."

Headquartered in St. Louis, Mo., Edward Jones provides financial services in the U.S. (and in Canada through an affiliate), it operates as a partnership owned by its current and former associates. The firm allows advisors to build and run their own practices, while offering access to Edward Jones' in-house research department, technology and customized tools.

MEPs benefit from bull market: Milliman

Multi-employer pension funds, or MEPs, "are nearing the healthiest they've been since U.S. financial markets collapsed in 2008," according to the Fall 2017 **Multiemployer Pension Funding Study** by Milliman, the global consulting and actuarial firm.

As of June 30, 2017, the aggregate funding percentage ("funded status") for all multiemployer pensions climbed from 77% to 81%, thanks largely to favorable investment returns, Milliman said in a release this week. The system's overall shortfall dropped by $21 billion.

"In aggregate, asset growth for multiemployer plans far outpaced assumptions for the first half of 2017," says Kevin Campe, consulting actuary at Milliman and co-author of the MPFS. "But that bears little weight for critical plans, which are hurt by their substantially lower asset base. Despite the bull market, we're seeing the funding gap continue to widen between critical and noncritical plans."

Of roughly 1,250 plans analyzed in the study, Milliman considers around 75% to be noncritical. Noncritical plans are nearing an aggregate funded percentage of 90%. The funding level for critical plans remains around 60%, however. Some of the most troubled are likely to need help from the Pension Benefit Guaranty Corporation, which itself faces severe financial challenges.

According to the Department of Labor's Employee Benefits Security Administration:

Under Federal pension law, if a multiemployer pension plan has funding or liquidity problems and falls into “critical” or “endangered” status, it must notify participants, beneficiaries, the bargaining parties, the PBGC and the DOL. To avoid running out of money, it may reduce adjustable benefits and offer no lump sum distributions in excess of $5,000. If a plan is critical and declining, the plan sponsor may ask the Secretary of the Treasury for a temporary or permanent reduction of benefits. Plans in critical and endangered status must adopt a plan aimed at restoring its financial health.

Tax cuts alone don’t enhance growth: Concord Coalition

The U.S. Senate “has abandoned fiscal responsibility” by calling for deficit-financed tax cuts of up to $1.5 trillion over 10 years in its fiscal year 2018 budget resolution, according to the Concord Coalition, a Vermont-based organization that advocates for fiscal prudence.

“The flawed premise of this budget is that tax cuts alone, regardless of their financing, composition or magnitude, will enhance long-term economic growth,” said Robert L. Bixby, Concord’s executive director, in a release.

“This budget fails when evaluated according to some of our key lessons: Tax cuts don’t pay for themselves, PAYGO (pay as you go) is an important standard, and the budget process should be focused on long-term planning,” the release said.

“While the Senate budget claims more than $5 trillion of spending cuts, it does not include enforcement mechanisms to put them into effect. This is in contrast to the fast-track ‘reconciliation’ process used to ease the passage of tax cuts. The more responsible House-passed budget… assumes deficit-neutral tax reform and $200 billion of mandatory spending cuts enforced through reconciliation.”

Matta joins MassMutual DCIO team

MassMutual has appointed Jonathan Matta as regional managing director for the Midwest, responsible for sales of the MassMutual Funds in the defined contribution investment-only (DCIO) market. Before joining MassMutual, Matta was a sales director for Janus Capital Group for more than 10 years, responsible for sales and business development. He served on the Janus Wholesaler Advisory Council. He earned a bachelor’s degree from Ohio University.

Matta’s appointment brings MassMutual’s DCIO sales and support team to 10 members. The team works with MassMutual’s 80 managing directors to support sales of bundled retirement plans. The 51 MassMutual Funds, which offer a multi-manager approach, include the Premier and Select funds and the RetireSMART target-date funds.

Fidelity expands index fund lineup

Fidelity Investments has launched Fidelity Short-Term Bond Index Fund, a new short-duration bond fund, and added two lower priced share classes, Institutional and Institutional Premium classes, to its Long-Term Treasury Bond Index Fund, Intermediate Treasury Bond Index Fund and Short-Term Treasury Bond Index Fund.

Brandon Bettencourt and Jay Small, managers of Fidelity's existing bond index funds, will co-manage Short-Term Bond Index Fund.

Fidelity Short-Term Bond Index Fund tracks the Bloomberg Barclays U.S. 1–5 Year Government/Credit Bond Index. It invests at least 80% of assets in securities included in that index. Fidelity Short-Term Bond Index offers four classes: Investor, Premium, Institutional and Institutional Premium.

The Bloomberg Barclays U.S. 1–5 Year Government/Credit Bond Index is a market value-weighted index of fixed-rate investment- grade debt securities with maturities from one to five years from the U.S. Treasury (60%), U.S. Government-Related (13%), and U.S. Corporate (27%) Indexes.