
Honorable Mention

By Editorial Staff *Wed, Jun 8, 2016*

*Brief or late-breaking items from E*Trade, Personal Capital, MassMutual, Northwestern Mutual, State Street Global Advisors, and Pershing/BNY Mellon.*

E-Trade offers Adaptive Portfolio, robo-advice for 30 basis points

E*Trade Financial, the self-directed online discount brokerage firm that helped create and appease Americans' appetite for risky day-trading, said it will introduce a robo-advisory service. E*Trade will compete for the client money flowing into robo solutions. Assets under management by robos like Betterment reached \$53 billion at the end of 2015, according to Aite Group, up from \$2 billion at the end of 2013.

This week, E-Trade introduced Adaptive Portfolio, a product line that uses a combination of stock and bond exchange-traded funds and actively managed mutual funds to create baskets that are weighted according to an investor's risk preferences and investment goals. People entering through E-Trade's website answer a series of questions and are sorted into one of six risk categories and corresponding model portfolios based on their answers.

Most robos offer only exchange-traded funds, but E-Trade digital advice clients will be able to mix ETF portfolios with mutual funds if they wish. The account charge on Adaptive Portfolio is 0.3% of assets (30 basis points) annually on a minimum investment of \$10,000 plus fund fees. All of the portfolios have a position of one percent cash, and human advisers will be available for investors who want to communicate with one by telephone or instant message.

Personal Capital helps NBA players with financial game plans

To help young pro basketball players avoid careless turnovers when handling their \$4.7 million average first-year salaries (often rising to \$6 million by their fourth year), Personal Capital, the online financial advisory firm, has become a provider of digital financial tools for the National Basketball Players Association (NBPA).

The NBPA offers education in-person seminars on varied financial topics to players,

including pre-draft and rookie players, to prepare them for the 40 or 50 years when they are no longer in the game. Players can now use Personal Capital's mobile phone-mediated tools to monitor their finances and learn how not to double-dribble their money away.

"Personal Capital's tools show players where their money is coming from and going to, their net worth, their investment strategies, the account fees they pay, and their plans for retirement," said an NBPA release.

"Players have short careers, have complicated taxes and make fast financial decisions that can result in spending money too quickly. Education is only half the battle. It really comes down to behavior and habits," said former Golden State Warrior and NBAPA director of Player Programs Purvis Short, in the release.

NBA Players have access to these digital tools from Personal Capital:

Cash Flow Analyzer. Offers insights into weekly, monthly and yearly income, spending and savings trends.

Net Worth Calculator. Shows assets and liabilities and overview of all financial accounts.

[Retirement Planner](#). Calculates impact of current investments, savings rate, and future income and spending rates, on retirement readiness.

Investment Checkup. This portfolio analysis tool presents a target investment allocation based on user profile data and shows potential concentrations of risk in stocks or asset classes.

Fee Analyzer. Displays fund fees and costs over time.

Dashboard. A summary of accounts, net worth, cash flow, portfolio performance, investment "gainers and losers," and asset allocation.

MassMutual to offer lending service that spares plan assets

To help plan participants obtain emergency loans without tapping their retirement plans, Massachusetts Mutual Life Insurance Co. is making fast-track online credit services available through its [BeneClick!](#) employee benefits exchange.

The credit services are provided by Kashable, which allows plan participants to apply online and take low-cost loans instantly, then repay them automatically through equal installment payroll deductions or direct deposits, according to a MassMutual release.

Employees are prequalified for credit based on their employment and the amount of credit they qualify for is based on their ability to repay. The program provides credit at rates starting at 6% APR with a 6-12 month term.

The service is designed to help prevent the stress associated with financial problems from hurting productivity. The 2015 MassMutual Employee Benefits Security Study found that 37% of workers find managing their personal finances “somewhat” or “very” difficult and 40% say personal financial problems distract them during work hours.

Many working Americans lack a cash buffer. According to Bankrate.com’s 2016 Financial Security Index, 29% of Americans have no emergency savings and 21% don’t have enough to cover three months’ expenses.

BeneClick!, powered by Maxwell Health’s benefits technology platform, includes MassMutual’s “MapMyBenefits” tool, which helps employees choose among retirement, healthcare and insurance protection benefits based on their personal life stages. Maxwell Health owns the underlying technology, but MassMutual owns the differentiated features on BeneClick!, a MassMutual spokesman told *RIJ*. MassMutual also owns the platform’s distribution relationships with intermediaries and controls what products and carriers are distributed through it.

Fear of unexpected expenses haunts Americans: Northwestern Mutual

Most Americans (85%) report feeling financial anxiety, 36% say their anxiety has increased in the last three years, and 28% worry about their finances every day, according to a new survey sponsored by Northwestern Mutual. Only 14% of Americans say their financial anxiety is decreasing.

When people were asked to name the source of their financial anxiety 55% said “unexpected expenses.” When asked to name for the single top benefit that financial security would bring, 52% said “Peace of mind that I never have to worry about day-to-day expenses.”

These findings come from the [2016 Northwestern Mutual Planning & Progress Study](#). The

research was conducted in February among over 2,000 U.S. adults aged 18 and older.

Among those feeling financial anxiety:

- 67% say it negatively impacts their health
- 70% say it negatively impacts their happiness
- 61% say it negatively impacts their home life
- 70% say it negatively impacts their moods
- 69% say it negatively impacts their ability to pursue dreams/passions/interests
- 51% say it negatively impacts their social life
- 41% say it negatively impacts their career

The most common cause of anxiety is “unexpected expenses.” More than losing a job, being unemployed or running out of money in retirement, American adults fear:

- Having an unplanned financial emergency (38%); and
- Having an unplanned medical expense due to an illness (34%)

When asked to name the first two things they would do if they had the financial security to live their lives differently:

- 9% said they would change careers
- 12% said they would purchase a boat, car, second home or other luxury
- 15% said they would stop working
- 29% said they would pursue a dream/passion
- 29% said they would work on their own personal health and well-being
- 34% said they would relocate or buy a home
- 32% said they would leave money to loved ones to help them feel financially secure

Harris Poll conducted the survey on behalf of Northwestern Mutual. It included 2,646 American adults aged 18 or older who participated in an online survey between February 1 and February 10, 2016.

CEO of State Street Global Advisors calls for universal workplace savings

The president and CEO of State Street Global Advisors (SSGA), the asset management arm of State Street Corp., called on Congress this week to enact a national framework that ensures workplace coverage for all private-sector working Americans.

In an open letter to Congress, Ron O’Hanley proposed a framework that expands access to

workplace retirement savings plans and ensures coverage through auto-enrollment, auto-escalation, tax incentives for small employers, eliminates barriers to open Multiple Employer Plans (MEPs).

The framework could reduce the expected retirement savings shortfall by up to \$740 billion, he said in a release. “Today we face an access imperative,” O’Hanley said. “The Government Accountability Office report on retirement security finds that nearly 40% of working households lack access to, or are not eligible to participate in, an employer-sponsored defined contribution (DC) plan.

“We applaud efforts by the White House, Congress, and many states to expand workplace retirement savings opportunities through auto-IRAs and open MEPs. However, discrete initiatives will lead to a complex and inefficient set of retirement savings programs that perversely could lead to lower savings levels. It’s time for a national, bipartisan solution that guarantees workplace coverage in a retirement savings plan.”

The full text of O’Hanley’s letter and policy proposal is available [here](#).

Pershing offers digital solutions, plus help for reps adapting to DOL rule

As part of its “ongoing digital enablement strategy,” Pershing LLC, a BNY Mellon company, has launched a suite of technology enhancements that provide wealth management firms “with greater flexibility to digitally transform their business.”

Announced during Pershing’s annual INSITE 2016 conference, “The new enhancements aim to make integration easier and improve investor and advisor experiences,” Pershing said in a release. The new initiative was announced during Pershing’s INSITE 2016 conference.

Pershing’s clients will now have the choice to leverage available services via the new API store or they can select tools from third-party providers integrated with NetX360, Pershing’s technology for broker-dealers, wealth managers and advisors.

The new NetXServices API Store, powered by NEXEN, provides firms with self-service access to BNY Mellon’s library of APIs. In the store, clients will find digital services for account opening and funding, asset allocation and automated rebalancing. The API store facilitates integration by providing inline documentation, code samples and “sandbox testing.”

A number of digital advice providers currently use Pershing as a custodian and leverage its ecosystem to scale their businesses, including Motif, NextCapital, and Personal Capital, Pershing's release said. Jemstep, Marstone, SigFig, and Vanare are among the digital advice providers available for integration. Pershing selected the firms based on their user experience design, flexibility and their ability to integrate with NetX360 and NetXInvestor.

In the areas of customer relationship management (CRM), financial planning, wealth reporting and other services on both NetX360 and NetXInvestor, Pershing said it has already integrated the fourth generation of MoneyGuidePro and NaviPlan.

In another announcement, Pershing said it would help financial services firms comply with the Department of Labor's (DOL) Conflict of Interest rule.

Pershing said it will launch the following new advisory capabilities to assist registered reps with the transition from a commission-based sales model to a fee-based advisory model:

New mutual fund and/ETF wrap solutions designed to serve emerging investors.

Pershing clients will be able to access expanded managed account solutions to help them serve a broad spectrum of investors from emerging to mass affluent investors. The solutions feature mutual fund/exchange traded fund (ETF) models from industry leading firms designed to provide a diversified risk-based portfolio with lower account minimums.

Enhanced versions of Pershing's practice management materials supporting the shift to advisory. Pershing also plans to roll out third-party tools to facilitate conversations between registered reps and their clients on transitioning accounts. Pershing is currently examining planning tools and other resources that advisors may use to help with the transition of client accounts where appropriate.

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