
Industry-led 'Retirement Income Institute' to Launch

By Kerry Pechter Thu, Jan 30, 2020

The Retirement Income Institute, which will fund new research and white papers on 'protective lifetime income,' is the latest annuity education project from the financial industry-led Alliance for Lifetime Income.

In the latest stage of its campaign to break through the fog of misinformation that keeps annuities obscure, the industry-led Alliance for Lifetime Income has created an academic spin-off to bring new and existing pro-annuity research to the world's attention—in language that the world can easily understand.

The new project is called the Retirement Income Institute, or RII. The Alliance for Lifetime Income, a 501c (6) non-profit educational organization, was started more than two years ago by a slew of the largest life insurers, asset managers and other big financial services firms with stakes in the annuity market.



Harris

"The ALI created the Retirement Income Institute for the purpose of fostering scholarly research into retirement income and particularly *protected lifetime income*—the regular and reliable payments that last throughout your lifetime, like payments from annuities, pensions and Social Security," said Seth Harris, a former senior Department of Labor official who is Senior Advisor to RII and academic Fellow of ALI.

"The Institute will foster new original scholarly research and also translate and glean insights from existing research on retirement income," he added. "It's going to help people who are not familiar with scholarly language, to be able to learn from and take action based on the valuable insights and findings, that scholars have developed over many years."

Harris said that the RII will do a combination of commissioning and funding new research on annuities, soliciting specific authors to do specific research, publishing reviews of past research, translating existing research into plain language white papers, and facilitating data-sharing between companies and academics for research purposes.

The primary audience for the RII's output will be members of what Harris called the retirement income "ecosystem," including manufacturers, distributors and advisers. They can use the information to develop talking points, fine-tune marketing angles and generally bolster the case for annuities with the public.

The information will be disseminated through the ALI website and in other ways. There will be a conference in partnership with MIT, Harris said. The RII will not publish a journal but will encourage its scholars to publish RII-sponsored research in academic journals.

For decades, academics from Menahem Yaari to Moshe Milevsky to Wade Pfau have generated terabytes of research that proves the more or less self-evident point that retirees who buy guaranteed lifetime income products—i.e., annuities—are less likely to run short of money before they die.

But for reasons that include low interest rates, the crowding-out effect of Social Security, conflict with advisers' business models, the complexity and cost of insurance products compared with investments, and negative headlines about the mis-selling of annuities, annuities are either unknown to or ill-favored by the public. Ironically, that's happening when millions of retired Boomers need tools for converting savings to income.

The ALI is the annuity industry's attempt over the past two years, at no small cost, to change the tone of that conversation through public events, a traveling visual reality booth, admirable spokespeople, ads on National Public Radio, and even sponsorship last summer of a concert tour of the U.S. by the Boomers' beloved Rolling Stones.

ALI members include AIG, Allianz, Brighthouse, Capital Group/American Funds, Equitable, Franklin Templeton, Global Atlantic, Goldman Sachs, Invesco, Jackson National Life, J.P. Morgan Asset Management, Lincoln Financial Group, Macquarie Group, MassMutual, Milliman, Pacific Life, PIMCO, Protective, Prudential, State Farm, State Street Global Advisors, TIAA, Transamerica and T. Rowe Price.

The ALI will add a couple of firms to this list shortly, Harris told *RIJ*. (New York Life and Northwestern Mutual Life, major manufacturers of single-premium immediate annuities, have been conspicuously absent so far.)

At least a dozen prominent retirement income experts from universities and think tanks have lent their gravitas to the RII by agreeing to serve on its Scholars Advisory Group. Jonathan Forman and Leora Friedberg (see below) will chair the group.

"Jonathan and I both joined RII in the fall," Friedberg told *RIJ*. "There will be an effort to connect researchers and the industry. The connections can go both ways. We'll be translating scholarly research in this area—translating research that doesn't have as wide a reach as it should. Another direction is to have the industry speak more to researchers and help to direct the research, or to provide data for the research."

Alicia Munnell, director of the Center for Retirement Research at Boston College, told *RIJ* that the RII offered her a leadership position, but she said she declined for lack of "room on her plate." *RIJ* was told that at least some of these academics will be paid, and there will be funding for research, but RII did not say who will be paid or how much they might be paid.

Here are the 12 co-chairs and members of the Scholars Advisory Group in alphabetical order, including six (*) who were already Fellows of the Alliance for Lifetime Income:

- Co-chair: Jonathan B. Forman, University of Oklahoma College of Law
- Co-chair: Leora Friedberg, Associate Professor of Economics and Public Policy, Frank Batten School of Leadership and Public Policy, University of Virginia
- Andrew Biggs, Resident Scholar, American Enterprise Institute
- Annamaria Lusardi, DenitTrust Endowed Chair of Economics and Accountancy, The George Washington University School of Business
- *Ben Harris, Alliance Fellow, Executive Director, Kellogg Private-Public Interface, Northwestern University
- *Bill Gale, Alliance Fellow, Arjay and Frances Miller Chair in Federal Economic Policy and senior fellow in the Economic Studies Program, Brookings Institution
- *Gopi Shah Goda, Alliance Fellow, Senior Fellow and Deputy Director at Stanford Institute for Economic Policy Research
- *Jason Fichtner, Alliance Fellow, Senior Lecturer, Associate Director, Johns Hopkins University School of Advanced International Studies
- Julie Agnew, Richard C. Kraemer Term Professor of Business at William & Mary School of Business
- *Michael Finke, Alliance Fellow, Dean and Chief Academic Officer, American College of Financial Services
- Nora Super, Senior Director at Milken Institute Center for the Future of Aging
- *Wade Pfau, Alliance Fellow, Professor of Retirement Income, The American College

Harris said that the RII 2020 research agenda will be four-fold: 1) New approaches to the

annuity puzzle; 2) Optimizing annuities in a retirement portfolio; 3) Private sector solutions for legal and regulatory barriers to annuities in 401(k) plans; 4) Understanding differences in consumer behavior and decision-making.

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