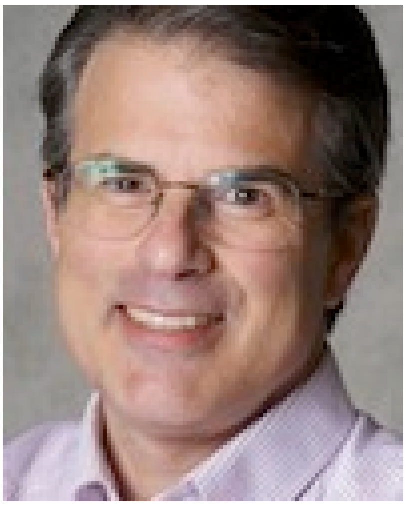
Introducing the 'Alliance for Lifetime Income'

By Kerry Pechter *Thu, Jun 14, 2018*

Two dozen major life insurers and asset managers have formed a non-profit to educate the public about the benefits of lifetime income products. That's never been done before, they say.



Still frustrated that the Boomer retirement wave hasn't sparked a proportionate boom in income product sales, two dozen financial companies have started a not-for-profit organization to fund a multi-year, public-facing advertising and educational campaign to plead the case for annuities and other sources of retirement paychecks.

The 501(c)(6) organization is called the **Alliance for Lifetime Income**. Its founding members are life insurers or asset managers. After a competitive selection process, they engaged **Statler Nagle**—a Washington, D.C. communications firm whose only prior financial services client has been MasterCard.

Jean Statler

Alliance for Lifetime Income (it doesn't use a three-letter acronym; ALI is taken) launches today. Its homepage, www.allianceforlifetimeincome.org, elevates today. Print ads, radio ads, twitter and other social media will complement the digital engagement strategy. National TV ads are planned for the fall, said Jean Statler, executive director of the organization and partner at Statler Nagle.

The organization was born out of conversations that started among members of the American Council on Life Insurers, according to an ACLI spokesman who said it has been working with the Alliance and supports its mission. Where the ACLI and the Insured Retirement Institute both lobby on behalf of the annuities industry, the Alliance will focus on messaging for individuals and advisors.

“The companies were looking at their own disparate efforts and realized that if they joined forces they could be more powerful together. We met with the IRI, and they have a more legislative mandate. The Alliance is focused on the consumer audience and advisors,” said Matt Conroy of Peppercomm, a public relations/marketing/communications firm based in New York that is working with the Alliance.

The organization’s list of founding members (see today’s Data Connection chart) includes the leading annuity issuers, a half dozen asset managers and some retirement plan providers, plus Milliman, the actuarial consulting firm. Currently absent are major players like BlackRock, Fidelity, New York Life and Vanguard. The Alliance did not indicate the amount of money provided by the founding members for the awareness campaign.

The campaign slogan is “Retire Your Risk,” Conroy said. “The companies will be simplifying the language around lifetime income products. People don’t understand these products very well.”

“It’s a new organization promoting protected monthly income,” said someone close to the Alliance’s founders who asked not to be identified. “It’ll be adding a strong voice to the debate on retirement security. They’ll emphasize education and simplification.”

“What’s new is that there are now 24 CEOs involved, from companies that are used to competing against each other in this space. That’s unprecedented,” a communications specialist from one of the founding members of the Alliance told *RIJ*.

As for the stubborn underlying question—why, given the Boomers’ needs, their professed appetite for safe income in retirement, and more than a decade of energetic messaging by the annuities industry, the industry hasn’t gotten more traction—Statler, an admitted newcomer to the world of annuities, isn’t sure what the answer is. She’s been told by the Alliance members that industry’s value proposition still isn’t understood very well by the public.

“In the research we’ve looked at and conducted, it all boils down to a misunderstanding about what [income] products offer,” Statler told *RIJ*. “We’ve looked at the IRI’s studies of their 150,000 advisors. We see a lack of understanding of the products or a sense that the products have to be shoehorned into [advisor] strategies. Advisors haven’t kept pace with the emerging products. And there’s so much momentum built up in rewarding advisors for wealth accumulation” [at the expense of distribution].

The organization will use a straightforward yardstick for success: greater market penetration of income products. Statler told *RIJ* this week, “The measurement that our eyes are fixed on is the number of ‘protected households.’ Today, about 48% of US households between the ages of 45 and 72 with between $75,000 and $1.99 million in investable assets are approaching retirement without protected monthly income other than Social Security.”

To measure the effectiveness of the campaign itself, she said, “Three times a year we’ll check to see if there’s more engagement, if people are going to the website. We’re not interested so much in hits or views as in whether people take our quizzes, or have called their financial advisors to ask about lifetime income.”

For life insurance industry expertise, the Alliance has engaged Colin Devine as its educational consultant and lead spokesperson. For 15 years until 2012, Devine was a life insurance company equity analyst and managing director at Smith Barney Citigroup, where he developed a reputation for candor and independence.

Colin Devine

“The annuity industry has dug a big hole for itself and people are turned off,” he said, adding that when individual annuity issuers have run ad campaigns, “people just zone out. What’s different about this is that it’s not just one company running ads. We want to educate people about a real risk that they face.”

“I have followed the [life insurance] companies for years,” Devine said, “and they relied largely on conducting feature wars, and to publishing illustration language that nobody understood. They created a situation where people didn’t understand the real issue, which is higher longevity. They relied on gimmicks and features rather than needs-based selling.

“It’s time we do a reset,” he added. “That means having the asset managers involved, and that we’re not talking only about one product, or one type of annuity, but a combination of products that can be used to generate stable income in retirement. You need a mix. That’s what’s different here.”