
News from RIJ Corporate Subscribers

By Editorial Staff Thu, Apr 16, 2020

Public pensions shed \$419 billion in Q1; Milliman; SEC awards over \$27 million to whistleblower; Silver: A new app from Kindur, a robo-adviser; Retirement isn't what most pre-retirees expect: Allianz Life; MetLife waives certain small business service fees; Securian Financial waives 401(k) COVID-19 and hardship distribution fees; Few near-retirees understand Social Security: MassMutual.

Public pensions shed \$419 billion in Q1: Milliman

During Q1 2020, the overall funded ratio of the nation's 100 largest public defined benefit pension plans suffered the single largest quarterly drop in the history of the Public Pension Funding Index (PPFI), Milliman, the creator of the index, reported this week.

The PPFI decreased from 74.9% to 66.0% between Jan 1 and March 31. Economic volatility from the COVID-19 pandemic resulted in a \$419 billion loss in the market value of assets for these pensions, which in aggregate experienced investment returns of -10.81% in Q1. Individual plans in the PPFI had estimated returns ranging from -17.41% to 4.76%.

"The economic fallout from the COVID-19 pandemic has completely wiped out any public pension funding gains we saw last year," said Becky Sielman, author of the Milliman 100 Public Pension Funding Index. But "it's important to remember that most public pension plans use some sort of asset smoothing mechanism to dampen the impact of market gyrations," she added.

Sorting the plans by funded ratio, four plans now remain at 90% funded or higher, down from 20 plans in the previous quarter. At the lower end of the spectrum, nine plans fell below the 60% funded mark, bringing the total number under 60% to 35, up from just 26 at Q4 2019.

The total pension liability (TPL) continues to grow and stood at an estimated \$5.355 trillion at the end of Q1 2020, up from \$5.313 trillion at the end of Q4 2019.

SEC awards over \$27 million to whistleblower

The Securities and Exchange Commission today announced an award of more than \$27 million to a whistleblower who alerted the agency to misconduct occurring, in part, overseas. After providing the tip to the Commission, the whistleblower provided critical investigative leads that advanced the investigation and saved significant Commission

resources.

“This award marks several milestones for the program,” said Jane Norberg, Chief of the SEC’s Office of the Whistleblower. “This is the largest whistleblower award announced by the Commission this year, and the sixth largest award overall since the inception of the program. This award also brings the total amount awarded to whistleblowers by the SEC over the \$400 million mark.”

The SEC has awarded approximately \$425 million to 79 individuals since issuing its first award in 2012. All payments are made out of an investor protection fund established by Congress that is financed entirely through monetary sanctions paid to the SEC by securities law violators. No money has been taken or withheld from harmed investors to pay whistleblower awards.

Whistleblowers may be eligible for an award when they voluntarily provide the SEC with original, timely, and credible information that leads to a successful enforcement action. Whistleblower awards can range from 10 percent to 30 percent of the money collected when the monetary sanctions exceed \$1 million.

As set forth in the Dodd-Frank Act, the SEC protects the confidentiality of whistleblowers and does not disclose information that could reveal a whistleblower’s identity.

Silvur: A new app from Kindur, a robo-adviser

Robo-advice platform [Kindur](#) has launched a new smartphone app called [Silvur](#), with which users can “check at any time to see where they are with their goals and get useful savings and guidance to reach,” Kindur announced this week.

According to Kindur’s release, Silvur estimates Medicare costs and Social Security benefits to illustrate Babyboomers’ retirement income and expenses. Silvur’s Marketplace feature offers “cash back” discounts on purchases at Uber Eats, Walgreens, Hulu and other retailers.

Silvur is available for download on iOS in the Apple App Store, and will be soon available on Android in the Google Play Store.

According to a Kindur-sponsored survey, 79.3% of Babyboomers say they would like a simplified process of post-retirement financial planning. In addition, Boomers’ concern that the coronavirus or other source of market instability would impact retirement funds or their

ability to retire on time has risen nearly 50% since the start of the COVID-19 quarantine.

Silvur offers personalized projections based on current income, spending, assets, and account balances, the release said. Financial information can be as detailed as users choose by linking accounts or estimating assets. As someone's income changes, the progress towards their goals will too.

Kindur is offering a free advice hotline, the release said. Anyone can schedule a free 15-minute call with a retirement advisor at Kindur or text Kindur at (800) 961-3572 with questions. Kindur has also made available a virtual calculator to estimate Social Security benefits.

Retirement isn't what most pre-retirees expect: Allianz Life

Common perceptions about when retirement will start and what it will be like don't match the experiences of people already in retirement, according to the new 2020 Retirement Risk Readiness Study from Allianz Life Insurance Company of North America.

While many non-retirees expect to retire when they are "financially ready" (46%) or in order to "have fun while they still can" (35%), half of survey respondents said they retired earlier than expected, often because of unanticipated job loss (34%) and healthcare issues (25%).

The Retirement Risk Readiness Study surveyed three categories of Americans to get different perspectives on retirement:

- Pre-retirees (those 10 years or more from retirement);
- Near-retirees (those within 10 years of retirement);
- Those already retired.

Nearly two-thirds (65%) of non-retirees think it is likely they will work at least part time in retirement, but only 7% of retirees are currently working at least part time.

The closer people are to retirement, the less keen they are to work.

When asked if they would rather retire at age 55 and have their basic expenses covered in retirement or work until age 75 and live more extravagantly in retirement, only 23% of retirees said they would prefer to work longer (versus 33% of near-retirees and 48% of pre-retirees).

In other findings:

- More than half (55%) of non-retirees said they are worried they won't have enough saved for retirement and six in 10 said running out of money before they die is one of their biggest worries.
- Forty-two percent of those within 10 years of retirement said they are currently unable to put away any money for retirement (versus 34% of pre-retirees), and almost one-third (32%) of near-retirees say they are way too far behind on retirement goals to be able to catch up in time (versus 30% of pre-retirees).
- Asked about choices they are making or planning to make, less than a third (32%) said they want to save more in a retirement account; 12% said they are setting long-term financial goals and only 6% said they want to make a formal financial plan with a financial professional.
- Less than one-third (30%) of non-retirees say they currently have a source of guaranteed income in their portfolio to help them meet retirement goals.
- Nearly four in 10 (39%) say they plan to purchase a guaranteed income product in the future, only 3% view it as a top priority.

Allianz Life conducted an online survey, the 2020 Retirement Risk Readiness Study, in January 2020 with a nationally representative sample of 1,000 individuals age 25+ in the contiguous USA with an annual household income of \$50k+ (single) / \$75k+ (married/partnered) or investable assets of \$150k.

MetLife waives certain small business service fees

Eighty-four percent of small business owners say they are concerned about the impact of the coronavirus outbreak on their business, and a majority (58%) are very concerned, according to a recent poll from MetLife and the U.S. Chamber of Commerce.

To help small businesses weather the economic fall-out and immediate challenges of COVID-19, MetLife is offering several resources to both small business owners and their employees. Effective today, MetLife is making the following available to our small business customers:

Financial Wellness. Small businesses with fewer than 100 employees can now access COVID-19-related guidance on cash flow issues, IRS taxpayer relief, government legislation, market volatility and asset allocation through MetLife's PlanSmart Financial Wellness planners.

For 90 days, small business owners and their employees will have phone access – at no cost to them – through our alliance with Ernst & Young LLP, the U.S. firm (EY), to credentialed EY financial planners.

Overall Wellness. Overall individual health and well-being is a top priority during a crisis. To help our small business customers address these needs, MetLife is offering a dedicated COVID-19 hotline provided by LifeWorks. Through the hotline, small business owners and their employees will have access to services including immediate emotional support, research and referrals along with guidance and resources to cope with COVID-19. The hotline is available to all customers with fewer than 500 employees through September 30.

No rate increases. MetLife will not increase rates on any Group Benefits products for customers who have fewer than 500 employees for June 1, 2020, through September 1, 2020, renewals.

Additionally, MetLife is making the following available for all customers and their employees:

Financial Wellness Hub. This dynamic new financial wellness microsite is designed to guide employees at all companies and in all circumstances as they actively manage stress, navigate life choices, and manage their finances in this volatile environment. The hub, which will expand over time, helps consumers think about what they need to do now and how they can prepare for the future.

Legal document access and review. Through the end of July, MetLife Legal Plans will provide free document review and consultation to all employees, regardless of whether or not they are signed up for the service, of employers that offer MetLife **Legal Plans**. Employees can access our network attorneys to get answers to questions related to legal issues they may be facing and have attorneys review estate planning documents or insurance forms.

These customer offerings follow MetLife Foundation's announcement on March 31 that it is committing \$25 million to the global response to COVID-19 in support of communities impacted by the pandemic.

Securian Financial waives 401(k) COVID-19 and hardship distribution fees

Securian Financial is waiving all COVID-19 related 401(k) distribution fees for the retirement plans it serves as recordkeeper and, moving forward, will permanently make all hardship distributions fee-free to customers—regardless of the triggering event.

Securian Financial will also act as an ERISA 3(16) fiduciary for participant distributions and loans under the CARES Act, at no additional cost, for its existing full-service 401(k)

employer customers. The company will also provide these customers with a suite of wellness services to make available to their employees, free-of-charge, through the end of the year.

Under the recently enacted CARES (Coronavirus Aid, Relief and Economic Security) Act, individuals younger than age 59½ can withdraw up to \$100,000 from their 401(k) without paying the usual 10% penalty provided the distribution meets certain criteria. Securian Financial will not charge customers a fee for COVID-19 related 401(k) distributions, and to ensure equitable treatment, the company is permanently waiving all 401(k) hardship distribution fees.

For all full-service 401(k) employer customers who provide relief to their employees under the CARES Act, Securian Financial will assume the role of ERISA 3(16) fiduciary¹ at no additional cost—reducing employers’ administrative responsibilities and lessening their fiduciary burden. Securian Financial will also waive the ordinary applicable plan amendment fee.

The wellness services Securian Financial is making available free-of-charge to its 401(k) customers through the end of the year include access to professional financial and grief counselors, self-service tools to prepare legal documents such as a will, power of attorney or health care directive, and relevant education.

Few near-retirees understand Social Security: MassMutual

“Better but still not great” is how MassMutual is characterizing the results of its latest assessment—the third since 2015—of how well near-retirees’ (ages 55 to 65) in the U.S. understand their future Social Security benefits.

This year, 33% of those surveyed failed a basic knowledge quiz about Social Security, while 19% received a D. Only 3% got an A+ by answering all 12 true/false statements correctly. In 2015, only one person got all answers correct and 62% of those age 50+ failed and only one got an A+. In 2018, 47% failed.

Almost all Americans (94%) know that if they take benefits before full retirement, the monthly benefit will be reduced, but only 69% understood their benefits at full retirement age under current law. Only 28% knew that you don’t have to be a U.S. citizen to collect Social Security retirement benefits.

The most significant differences Those between ages 60 and 65 were more likely than those between ages 55 and 59 to correctly answer questions related to full retirement age,

spousal benefits and ex-spouse benefits.

Few people were aware of their right to “voluntary suspension.” Those with a dire need for retirement income can take Social Security benefits before full retirement age and then, at full retirement age, suspend benefits and draw from other income sources for a period of time “to basically fill their Social Security credit bucket back up to become whole (or near whole) for Social Security benefits for the rest of their lifetime,” the MassMutual release said.

Free term life for front-line health workers

In other news, MassMutual launched HealthBridge, which will provide free term life insurance to frontline healthcare workers across Massachusetts and Connecticut risking their lives during the COVID-19 pandemic. MassMutual is offering local healthcare workers no-cost policies of up to \$25,000.

All active employees of licensed hospitals, urgent care centers or emergency medical services providers in Massachusetts and Connecticut, the primary operational locations for many of MassMutual’s employees, whose jobs may involve occupational exposure to the virus are eligible for the 3-year term life policies. By uploading proof of employment and filling out a short application on the HealthBridge page, qualified healthcare workers will receive this free element of financial protection – completed fully online – from MassMutual.

Additionally, the company extended its free FutureSmart digital financial literacy curriculum beyond educators to families in which the parents/guardians are currently taking on secondary roles as their children’s teachers.

HealthBridge, totaling \$3 billion of insurance coverage, is an extension of MassMutual’s current LifeBridge program, which has provided free life insurance for nearly two decades to income-eligible families to help children with educational expenses in the event a parent or guardian passes away.

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