
RIAs will continue to resist indexed annuities: Cerulli

By Editorial Staff Thu, Mar 29, 2018

It will be an uphill battle to convince RIAs to sell more fixed indexed annuities, given RIA's "proven lack of adoption of variable annuities," Cerulli said.

Assets in mutual funds fell sharply in February, reduced by 3.3% to \$14.8 trillion, down from \$15.3 trillion in January, according to the March 2018 issue of The Cerulli Edge, US Monthly Product Trends Edition for February.

Net flows dipped into negative territory during the month (-\$2.1 billion), but they remain positive for 2018 YTD (\$50.9 billion). February 2018 was the first month since January 2016 when ETFs collectively suffered net negative flows, losing \$4.2 billion. Like mutual funds, ETF assets also decreased, dropping 3.9% for the month.

The Product Trends Edition for February covers registered investment advisor (RIA) distribution strategies and managed account services offered by 401(k) plan sponsors.

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Cerulli's report said that RIA distribution strategies must be consultative and convey how annuities can be implemented within the firms' established investment process. To sell FIAs, firms may need to add portfolio and/or product specialists, as asset managers have done.

In a 4Q 2017 Cerulli survey of 401(k) plan sponsors, 60% of respondents indicated they offer a managed account service to participants. Nearly 45% of 401(k) plan sponsors surveyed said they believe "managed accounts help participants with retirement income."

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