The Bucket

By Editorial Staff *Thu, Oct 9, 2014*

Brief or late-breaking items about an in-plan income option from Lincoln Financial, a new long/short fund for Elite Access, and news from LIMRA and John Hancock.

Lincoln Retirement Plan Services launches in-plan income option

Lincoln Financial Group's Retirement Plan Services business has introduced the Lincoln Secured Retirement Income investment option, a guaranteed withdrawal benefit designed to provide plan participants with downside investment protection and guaranteed income for life.

The investment option is available as a Qualified Default Investment Alternative (QDIA), a custom target date solution within Lincoln's LifeSpanadministrative platform or as a standalone investment.

With the introduction of this product, which works like the guaranteed lifetime withdrawal benefit of a retail variable annuity, Lincoln joins Prudential Retirement (IncomeFlex) and Great-West Life & Annuity (SecureFoundation Smart Future) as providers of so-called "in-plan" lifetime income options.

Participant contributions in the Lincoln Secured Retirement Income option are invested in Lincoln's LVIP Managed Risk Profile Moderate Fund, a balanced fund that employs a risk management strategy and seeks to lower the volatility of returns and provide capital protection in down markets, according to a Lincoln release.

Through this guarantee, the SecuredRetirementIncome option determines a participant's guaranteed lifetime retirement income by the participant's Income Base. The Income Base is reset annually and equals the higher of the market value of the account or the previous year's Income Base plus contributions less withdrawals. The Income Base also provides a level of protection against market declines while allowing participation in rising markets. At any time, participants have access to the market value and can withdraw, transfer, take a loan or execute other transactions from the balanced fund as allowed by the plan.

The Secured Retirement Incomeoption includes fiduciary support for plan sponsors, a competitive benefit to employees and a way to transition employees more easily into retirement, according to a Lincoln release. The solution is available to participants of any age.

"When combined with automatic enrollment, automatic increase and professionally managed portfolios, SRI can complete the automatic suite of solutions while providing growth potential that can act as a hedge against inflation, reduce the risk to downturns in the market, and offer a steady income stream in retirement," said Eric Levy, Head of Product and Solutions Management, Retirement Plan Services, Lincoln Financial Group, in a statement.

Jackson's Elite Access VA to include Boston Partners long/short fund

Boston Partners, a provider of value equity investment products, has received a $320 million mandate from Jackson National Life Insurance Company for the new JNL/Boston Partners Global Long Short Equity Fund. Jackson has made the fund available on its Elite Access variable annuity investment platform.

The long/short fund will invest at least 40% of assets in undervalued international stocks, with the portfolio's long positions ranging from 90% to 100%, and short positions of 30% to 60%. The portfolio will be comprised of over 200 stock positions spread across industries.

Boston Partners launched a version of the fund available to the public, the Robeco Boston Partners Global Long/Short Fund, earlier this year. The Fund's investment process is similar to that of Robeco Boston Partners Long/Short Research Fund, a U.S. stock version launched in 2010.

Jay Feeney, Boston Partners' co-CEO and chief investment officer, will co-manage the Fund with Boston Partners Portfolio Manager Christopher Hart and Associate Portfolio Manager Josh Jones.

Boston Partners began its long/short investing in 1998, with introduction of the firm's Boston Partners Long/Short Equity Fund, an all-cap strategy focused on small and micro cap investing. The fund was closed to new investors in 2010 upon reaching $500 million in assets under management. Boston Partners currently manages about $7.6 billion across its long/short strategies and approximately $67 billion in value equities overall.

Boston Partners was founded in 1995. In 2002, the firm was acquired by Robeco Group

N.V., a Netherlands-based asset management firm, and joined Robeco Investment Management, Inc., the Group's U.S.-based investment operation.

E-signatures are slowly becoming the norm for insurance products

Sixty percent of insurers that sell their products through agents and advisers use e-signatures, according to LIMRA, and 58% of companies use e-signatures with e-applications. An additional 20% of companies plan to add this tool within a year.

In a survey of 55 U.S. and Canadian companies, LIMRA looked at website capabilities, e-applications and e-signatures and other technology sales tools to see if they successfully increased efficiency and sales.

Consumers, particularly Gen X and Gen Y consumers, expect more of the process to be digital, prior LIMRA research has shown. To encourage adoption among financial professionals, insurers rely on training, ease of use, and increasing comfort level with the technology.

The most common e-signature in use at 52% is "click wrap," which refers to the "I Accept" or "I Agree" buttons that consumers click in the presence of a financial professional. The second most common e-signature, used 49% of the time, is a click wrap sent by email to the customer.

In terms of effectiveness, 78% of the companies said their use of e-signatures was very or somewhat successful.

John Hancock Investments reduces TDF fees

John Hancock Investments has reduced the expenses of its Retirement Living Portfolios by between 20 and 26 basis points in an effort to make the products more competitive in the crowded target-date fund market, the company said in a release.

The Retirement Living Suite comprises ten portfolios with target retirement dates from 2010 to 2055. Each portfolio eligible to be rated by Morningstar carries a 4- or 5-star rating on its R6 share class as of August 31, 2014.

John Hancock Retirement Living Portfolios combine up to 50 strategies from 20 specialized managers worldwide. The global asset allocation team at John Hancock Asset Management, which manages over $118 billion in multi-asset strategies, manages the portfolios.

Target-date funds are on track to receive 63% of all 401(k) contributions and could make up 35% of all 401(k) assets by 2018, according to Cerulli Associates. TDFs took off after they were designated as qualified default investment alternatives for retirement plans with auto-enrollment under the Pension Protection Act of 2006.

In 2013, the Department of Labor issued guidance to plan fiduciaries choosing among target-date strategies that highlighted the diversification benefits of portfolios populated with multiple managers.