The Bucket

By Editorial Staff *Thu, Oct 8, 2015*

Brief or late-breaking items from T. Rowe Price, Wealth-X, MassMutual, Voya, AARP, JPMorgan and BNY Mellon Fiduciary Solutions.

T. Rowe Price introduces less pricey TDFs

T. Rowe Price has launched 13 new Retirement I Funds, a series of target date funds for retirement plans and other institutional investors. They have the same glide paths, underlying funds and asset allocation targets as the firm's current Retirement Fund TDFs, but lower shareholder servicing costs.

Financial intermediaries, retirement plans, other institutional investors, and individuals investing a minimum of $1 million can use Retirement I Fund series as a low-cost share class option. The Retirement I Fund series add to the 19 I Class offerings T. Rowe Price launched in September 2015.

There is a T. Rowe Price Retirement I Fund for each of 12 target dates from 2005 to 2060, plus a T. Rowe Price Retirement Balanced I Fund. The funds are available as of October 1, 2015.

A T. Rowe Price press release includes disclosures saying that the funds may not be appropriate for someone retiring long before or after age 65, that the underlying stock and bond funds will change over time, that the funds focus on supporting on supporting an income stream over a long-term postretirement withdrawal horizon, that they are not designed for a lump-sum redemption at the target date and do not guarantee a particular level of income, and that the funds maintain a substantial allocation to equities both prior to and after the target date.

The 'UHNW' of the Middle East control almost US$1 trillion: Wealth-X

There are 1,275 "ultra wealthy" individuals in the United Arab Emirates (UAE), representing 20% of the total ultra wealthy population in the Middle East, according to a new study from Wealth-X. The combined wealth of the UAE's ultra high net worth ($30 million or more) population stands at US$255 billion.

More than half (57%) of the UAE's UHNW population built their fortunes through entrepreneurship, the report said. Only 8% fully inherited their fortune; 35% partially inherited and grew their wealth. In other findings from the study:

- Nearly a thousand UHNW individuals are based in the UAE capital Abu Dhabi (450 individuals) and Dubai (495).
- Saudi Arabia and the UAE jointly account for over 45% of the UHNW population in the Middle East.
- Only 3% of the UAE's UHNW population acquired its wealth through oil, gas and consumable fuels.
- Industrial conglomerates are the biggest source of wealth for the UAE's UNHW population, at more than 20%.
- The UAE is ranked twenty-secondth in Wealth-X's global ranking of UHNW population by country, after Saudi Arabia(17) and ahead of Kuwait (32).

There are nearly 6,000 UHNW individuals in the Middle East with a combined net worth of US$995 billion. Saudi Arabia has the largest UHNW population (1,495 ultra wealthy individuals).

MassMutual rolls out benefits exchange platform

MassMutual is launching BeneClick!, a unique, integrated exchange featuring a guidance tool that helps employees prioritize their retirement savings, healthcare and insurance protection benefits based on their individual life stages and then take action.

The new exchange, an online marketplace where people can select their employer-sponsored benefits, is powered by Maxwell Health's benefits technology platform. Maxwell Health built the first "Health as a Service" platform, an operating system for benefits that "engages employees, incentivizes a holistic view of health, and provides a centralized place to access health and benefits services," a release said.

BeneClick! is being introduced through MassMutual's distribution partners on a limited basis and will be available more broadly in mid-2016. Initially, through BeneClick!, MassMutual will offer access to retirement plan enrollment features and life insurance products. It expects to add additional insurance products such as critical illness and accident protection in 2016.

The exchange integrates MassMutual's MapMyBenefits tool, which enables employees to prioritize their benefits choices. This approach combines retirement readiness, healthcare coverage and preparation for life’s unforeseen events. The tool is designed to help mitigate health and financial issues.

Employers are increasingly turning to benefit exchanges. Approximately 40 million Americans are expected to buy their health insurance coverage from exchanges by 2018, according to a 2015 study by Accenture Plc. Instead of offering a companywide health plan, more employers are asking workers to choose their own plans from a menu of options.

Voya to administer savings plan of CenterPoint Energy

Voya Financial, Inc. said its retirement business will administer the savings plan of CenterPoint Energy, Inc., a Houston-based Fortune 500 company list that delivers electricity and natural gas to customers in Arkansas, Louisiana, Minnesota, Mississippi, Oklahoma and Texas.

The plan, which transitioned to Voya’s administration platform October 1, 2015, represents nearly $1.7 billion in assets and approximately 9,300 plan participants as of September 28, 2015.

Voya will provide administrative and recordkeeping services for the CenterPoint Energy Savings Plan and offer Voya’s newly enhanced participant website, which features the myOrangeMoney retirement income planning capability.

AARP and JPMorgan to invest $40 million in aging-related startups

AARP and J.P. Morgan Asset Management have formed the “AARP Innovation Fund,” a $40 million vehicle designed to invest in healthcare-related startups “focusing on improving the lives of people 50-plus.” AARP is the only third-party investor in the fund.

The new venture capital fund will make direct investments in early- to late-stage companies with products in three areas:

Aging at home. The fund will encourage the development of products and services that leverage technology to enable older adults to continue living in their homes safely and affordably. These include home sensor activity tracking; hearing and vision health; mobility assistance; meal plan/delivery/cooking solutions; social communities; physical augmentation devices.

Convenience and access to healthcare. The fund will support the advancement of products and services that enable 50-plus consumers to adopt positive health behaviors, such as telemedicine; consumer diagnostics; consumer care transparency tools.

Preventative health. The fund will seek to expand the market for products and services that help 50-plus consumers prevent the onset of serious health conditions through diet and nutrition management; stress and emotion management/therapy; fitness apps and programs; integrated health engagement incentives; cognitive and brain health.

People 50-plus are responsible for at least $7.1 trillion in annual economic activity, a number that is expected to grow to $13.5 trillion by 2032, an AARP release said.

Recent market volatility hurts funded status of U.S. pensions

The funded status of the typical U.S. corporate pension plan declined in September for the third month in a row, dropping by 2.4 percentage points to 81.8%, and is now down year-to-date, according to BNY Mellon Fiduciary Solutions.

Public plans, foundations and endowments also failed to meet targets due to declining asset values, according to a BNY Mellon release.

For the typical U.S. corporate plan, funded status peaked at 85.5% on September 16 before falling 3.7% in the second half of the month, driven by an overall 1.9% decline in assets since August.

Meanwhile, liabilities increased 1.1% as the Aa Corporate discount rate fell by six basis points. Plan liabilities are calculated using the yields of long-term investment grade bonds. Lower yields on these bonds result in higher liabilities.

Public defined benefit plans in September missed their return target by 2.8% as assets declined 2.2%, according to the September BNY Mellon Institutional Scorecard. Public plans have missed year-to-date and one-year return targets by 9.4% and 10.1%, respectively.

Endowments and foundations missed their spending plus inflation target by 2.8%. According to the monthly report, asset returns for the typical endowment and foundation fell 3.5 percent over the past year, which is behind the spending plus inflation target by 8.6

percent.

“High Yield securities and equities continued to struggle, leading to the decline in asset values that hit typical public defined benefit plans, endowments and foundations,” said the release. “Fixed income ex-High Yield and REITs were the exception, performing well over the month as investors moved away from risk.”