
What's in the latest issue of Journal of Retirement?

By Editorial Staff Thu, Jan 25, 2018

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The *Journal of Retirement* has released its Winter 2018 edition (Vol. 5, No. 3). As usual, the scholarly journal, published by Institutional Investor Journals and edited by George A. (Sandy) Mackenzie, contains a half-dozen or so authoritative articles by some of the most prominent academics and policy experts in the retirement field.

The latest issue features a mix of articles by familiar authors, including Mark Warshawsky, David Blanchette, John Turner, Michael Kitces, and others. Topics include safe savings rates during accumulation, safe withdrawal rates during decumulation, using term life to protect the purchasing power of a surviving spouse, comparative studies of pension systems in Hong Kong and Australia, reverse mortgages and others.

The contents of the Winter 2018 edition of the *JoR* are:

“Retire on the House: The Possible Use of Reverse Mortgages to Enhance Retirement Security,” by Mark J. Warshawsky. This study asks whether reverse mortgages can be used to fill at least some of this gap. He finds that 12%–14% of all retired households are suitable for, and might sensibly use, an HECM. He concludes with proposals to lower costs, increase demand for, and encourage the use of reverse mortgages.

“The Value of a Gamma-Efficient Portfolio,” by David Blanchett and Paul D. Kaplan. In 2014, the authors introduced gamma, a new metric designed to quantify the value of working with a financial advisor. Here, they find that the “average” investor is likely to benefit from working with an advisor who provides “comprehensive, high-quality portfolio services for a reasonable fee.” The actual benefits, they caution, will vary by investor.

“Maximum Withdrawal Rates: An Empirical and Global Perspective,” by Javier Estrada. The author evaluates different retirement strategies through a historical analysis of maximum withdrawal rates in 21 countries over 115 years with 11 asset allocations ranging from 100% stocks to 100% bonds.

“Optimal Longevity Risk Management in the Retirement Stage of the Life Cycle,” by Koray D. Simsek, Min Jeong Kim, Woo Chang Kim and John M. Mulvey. The authors look for the

optimal asset allocation for a retired couple with uncertain life expectancy using term life insurance to protect against a drop in pension income for a surviving spouse. The solution depends on the couple's longevity risks, the relative price of insurance and the size of any cut in pension benefits.

"Blending Growth, Income, and Protection to Create Default Post-Retirement Solutions for Australia and Hong Kong," by Lesley-Ann Morgan, Paul Marsden, Clement Yong and Sean Markowicz. After looking at case studies of pensioners in Australia and Hong Kong, two countries that have reformed their social security systems, the authors conclude that retirees need a combination of protection and growth to produce enough income for a comfortable retirement.

"Life-Cycle Earnings Curves and Safe Savings Rates," by Derek T. Tharp and Michael E. Kitces. By assuming smooth lifetime earnings growth for workers, analysts have overstated successful retirement rates (SSRs) for lower-income households and older households while understating SSRs for higher-income households and younger households, the authors say. Using more realistic earnings curves and Social Security benefits, the authors claim that only the highest-income households need to save more than 10% per year.

"Regulating Financial Advice: The Conflicted Role of Record Keepers in Pension Rollovers," by John A. Turner. The recordkeepers of 401(k) plans manage roughly 40% of assets rolled over to IRAs. In this article, the author shows that recordkeepers can easily reword their communications to avoid the appearance of non-fiduciary advice while still effectively influencing participants to use the recordkeeper's IRA rollover service.

Review of *The Nation's Retirement System: A Comprehensive Re-evaluation Is Needed to Better Promote Future Retirement Security*, by George A. (Sandy) Mackenzie. The editor of the Journal of Retirement assesses the 174-page study issued in October 2017 by the Government Accountability Office, which was based on the input of a panel of 15 retirement policy experts.