

## With a Name Like Golden, You'd Better Be Good

By Kerry Pechter     Mon, Jan 7, 2013

*Actuary Jerry Golden is always up to something. Now he has a new retail business, called Savings2Income, which offers mass-affluent retirees three ways to create retirement income.*



In the retirement industry, many people recognize the name “Golden.” Not as in golden years or oldies or anniversaries, but as in Jerome S. Golden.

A former insurance executive and actuary turned entrepreneur, Jerry Golden has appeared Zelig-like at key junctures in retirement product history. In the mid-1990s, he developed AXA’s first GMIB. A decade later, he led the Retirement Management Account project at MassMutual.

The RMA program didn’t work out—more on that later—and Golden left MassMutual. But he has since launched [Savings2Income](#), or S2I, a retirement income education site for consumers, and a Manhattan-based registered investment advisor, Golden Retirement Advisors.



A lead-generating tool for [Golden Retirement Advisors](#), Savings2Income describes three potential retirement income “tracks,” designed for people ages 45 and older with up to \$1 million in investable assets.

There’s a comprehensive planning track, a track that helps investors squeeze the most retirement income out of their taxable savings and a track that merely helps people purchase the right income annuity.

“In the holistic track, we show hypothetical case studies that encompass investors’ Social Security income, their 401(k) assets and their after-tax savings, which we call ‘Personal Retirement Savings,’ ” Golden told *RJJ*.

“For people who want to do more with their after-tax money, we can create a mini-plan around just those savings,” he added. “The third track is for people who just want to increase their cash flow in retirement. We help them make the right decision about buying a fixed payout annuity.”

On-line visitors to S2I are encouraged to call GRA’s toll-free number, where they are introduced to one of GRA’s licensed advisors. Those in-house advisors serve clients in the New York-New Jersey-Connecticut region over the phone. Golden may also license its process to advisors elsewhere who want to replicate it.

In short, Golden is trying to build a low-cost Web-and-phone-based, scalable retirement income business for

mass-affluent and affluent clients. Other advisors, of course, have become RIAs and repositioned themselves as “retirement income specialists.” But Golden comes from a very different direction—primarily from a product development background—to arrive at roughly the same place. And he’s building a primarily virtual, rather than across-the-desk, type of business. (Golden has a Series 65 license but not the CFP designation.)

The S2I venture is predicated in part on Golden’s belief that people can squeeze more retirement income out of their taxable (non-IRA, non-401(k)) savings or windfalls by putting that money into no-load variable annuities and then buying a series of period-certain or fixed payout income annuities with portions of the assets, to top-up income from Social Security and other sources. (He doesn’t recommend buying life annuities until very late in life, if ever.)

Until recently, partial annuitization from deferred variable annuities wasn’t generally practicable, since the tax code didn’t clearly allow it. That ambiguity was cleared up by H.R. 5297, the Small Business Jobs Act of 2010, which went into effect on January 1, 2011. It gave partial annuitization a green light.

If there’s a secret sauce to S2I, it’s the way the GRA phone-bank of licensed advisors will determine when their clients should pull the trigger on purchasing annuities, exactly what kind of contract they should choose, how much income they should buy and who they should buy their annuity from. For the initiated, that’s not rocket science. But the average retiree couldn’t possibly do it on his or her own.

TIAA-CREF’s no-load Intelligent Variable Annuity will be the primary vehicle for the S2I process, Golden said. The VA’s 50 underlying investments from 15 investment companies have expense ratios ranging from 10 basis points to 141 basis points. The annual insurance expense, including a return of principal death benefit, is only 45 basis points for the first 10 years. It drops to just 20 basis points starting in Year 11.

Golden Retirement Advisors will charge another 50 basis points on average for its expertise. For back-office and investment consulting services, Golden partners with Kanon Bloch Carré of Braintree, Mass.

Golden believes that the S2I strategy will beat the classic 4% annual drawdown from taxable during retirement, both in terms of downside protection and in terms of potential tax-deferred build-up inside the variable annuity. It’s not just for people who are super-cautious.

“This might seem namby-pamby,” Golden told *RIJ*. “But because of the low fees and the tax deferral from the no-load variable annuity, this will outperform both on the upside and during the income mode. The reality is, I don’t see a scenario where we lose.”

S2I’s roots go back to 2004 and a 401(k) rollover tool that Golden brought to Principal Financial. Its brand name was RetireMentor. It became the basis for Retirement Management Account, a process that Golden sold to MassMutual in 2005.

That business, intended to be intermediated by MassMutual’s captive agent force, called for clients to roll their 401(k) assets into MassMutual IRAs, park the money in MassMutual’s proprietary Oppenheimer Funds and then purchase a series of MassMutual income annuities over time.

For a variety of reasons—the project was eclipsed by MassMutual's living benefit guarantee business; then the financial crisis intervened—that venture never took off. So Golden put his entrepreneurial hat back on.

Being a grandfather by then, he might have scaled back his workload. He decided to double down on it instead. "Part of it is wanting to give something back," he said, and part is to do something for "the underserved middle-market, the mass-affluent." Not everyone in his family necessarily agrees with that choice, he noted. "My wife says, 'Why don't you just become a consultant?' "

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