

STATE OF THE

INSURED RETIREMENT INDUSTRY

2019 Review & 2020 Outlook



February 2020



ABOUT THE INSURED RETIREMENT INSTITUTE:

The Insured Retirement Institute (IRI) is the leading association for the retirement income industry. IRI proudly leads a national consumer coalition of more than 30 organizations and is the only association that represents the entire supply chain of insured retirement strategies. IRI members are the major insurers, asset managers, broker-dealers/distributors, and 150,000 financial professionals. As a not-for-profit organization, IRI provides an objective forum for communication and education, and advocates for the sustainable retirement solutions Americans need to help achieve a secure and dignified retirement. Learn more at www.irionline.org.

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OVERVIEW

The annuity industry is poised for significant growth in the coming years. Consumers are concerned about retirement risks and outliving savings, uncertain how to use retirement account balances to create sustainable lifetime income and are worried about potential Social Security insolvency and rising medical costs. These factors are putting insured retirement income squarely on the radar of retirement savers and financial advisors.

Today, too few Americans are using, or are even aware of, annuities, and too few are consulting with financial professionals regarding their retirement needs, wants, and aspirations. Evidence abounds that annuities and advisors improve outcomes. The insured retirement industry is focused on improving technologies that enable seamless inclusion of annuities in retirement portfolios. It is focused on promoting legislation that encourages and empowers Americans to save for retirement. And it is focused on getting the message to consumers that guaranteed income and protection from market downturns are valuable aspects of annuities that can help them live their best lives in retirement.

Framing the Need

- Americans' wealth continues to grow.** Fidelity Investments reported the average 401(k) balance was \$105,200 in the third quarter of 2019, down slightly from an average of \$106,500 in the third quarter of 2018. For long-term savers (those in their plans for 10 or more years) the average balance reached a record \$306,500 in Q3 2019, versus the previous high of \$306,000 in Q3 2018..
- Americans are also growing more dependent on their assets to generate sufficient retirement income.** IRI research on Americans retired for between five and 15 years finds that 79 percent of retirees with at least \$100,000 in retirement savings receive pension payments, with 64

percent citing a pension as providing at least 25 percent of their income from a pension.¹ Meanwhile, only 28 percent of Baby Boomers receive or expect a pension.²

- Demographic shifts are under way that have far reaching implications for the marketing of retirement income solutions.** The populations of older and younger Americans, and especially older, are expected to increase in the next 10 years, while the segment of the population generally perceived to be in peak earning years, and historically the bulk of the target market for annuities, is projected to shrink.

Age Group	POPULATION (MILLIONS)		PERCENT OF POPULATION	
	2015	2025	2015	2025
25 to 44 Years	84.7	93.4 (+10%)	26%	27%
45 to 64 Years	84.0	82.2 (-2%)	26%	24%
65 and Older	47.8	65.9 (+38%)	15%	19%

- In the 3rd quarter of 2019, U.S. household assets were \$130.2 trillion, with liabilities of \$16.4 trillion and net worth of \$113.8 trillion. Liabilities have remained relatively flat since 2008, while net worth has increased.³
- Despite increasing wealth, most Americans have only modest savings relative to their retirement income needs, and a substantial portion of their savings is held in 401(k) accounts.⁴
- Despite holding significant wealth in 401(k) plans, most plan participants do not connect their account balances to the creation of sustainable retirement income. For example, nearly seven in 10 baby boomer plan to simply withdraw money as needed.⁵

AGE	MEDIAN RETIREMENT SAVINGS	MEDIAN 401(K) BALANCE	AVERAGE 401(K) BALANCE
20 - 29	\$16,000	\$4,300	\$11,800
30 - 39	\$45,000	\$16,500	\$42,400
40 - 49	\$63,000	\$36,000	\$102,700
50 - 59	\$117,000	\$60,900	\$174,100
60 - 69	\$172,000	\$62,000	\$195,500

- **Consumers embrace guaranteed retirement income solutions as a concept,** and annuity owners are satisfied with the products:



Depending on age, **88 percent to 95 percent of consumers** are very or somewhat interested in guaranteed lifetime income as a feature of annuities.⁶



Three in four consumers ages 35 - 44 say they would be very interested in a financial product providing a greater amount of guaranteed lifetime income than a non-guaranteed alternative, even if they were unable to access the principal investment.⁷



Eight in 10 retirees receiving income from an annuity are very or somewhat satisfied with their annuity investment.⁸

DEVELOPMENTS IN 2019

- **Fixed indexed annuities (FIAs)** continued to capture more sales than any other annuity product type. While off recent highs, FIAs currently account for almost one-third of total annuity sales, having surpassed variable annuities with lifetime income benefits (VAGLIB) in 2018.
- **Fee-based variable annuity product issuance slowed,** with existing fee-based annuities closing to new investors at approximately the same amount.
- **Fee-based annuity sales have grown,** but still represent less than 4 percent of total annuity sales.
- **Fee-based fixed indexed annuities are just beginning to reach the market,** with little sales activity to date. However, this trend foretells more versatility for fee-based advisors in terms of the types of annuity products that can be seamlessly used in wrap accounts.
- Insurers including Nationwide, Lincoln National, Pacific Life, and Great American received private letter rulings (PLR) from the Internal Revenue Service (IRS) asserting that the payment of an advisory **fee from a variable, fixed indexed, or hybrid non-qualified annuity can be structured** so as to not give rise to a taxable distribution.
- **The SECURE Act passed,** which will create more opportunity for Americans to save for retirement and access lifetime income products.

LOOKING INTO 2020

- **A challenging environment for individual annuity sales,** as persistent low interest rates may impact sales, but demographic trends, improvements in technology and processes, and the potential desire of investors to lock gains and establish a loss floor after more than a decade of overwhelmingly positive market performance are longer term positive trends.
- **Headwinds in 2020 will include persistently low interest rates,** ongoing efforts by the states to enact fiduciary regulations, and friction in the transaction process acting as a barrier to entry for new and fee-based advisors.
- **Potential emerging opportunities:** renewed interest in stand-alone living benefits as options within managed account platforms, annuity options in defined contribution plans under the recently passed SECURE Act, continued growth and design evolution in structured annuities, and continued advances in enabling the integration of annuities into portfolios in planning software.

Annuity Market Review

In 2016, fixed annuities surpassed variable annuities in market share for the first time, capturing 51% of annuity sales that year, led primarily by large annual increases in fixed indexed annuity sales throughout the decade. As of the third quarter of 2019, fixed products account for about 57% of total annuity sales, with fixed indexed annuities poised to surpass \$70 billion in annual sales for the first time. Variable annuities with embedded or optional guaranteed lifetime withdrawal benefits have lost more than half of their market share, falling from 59 percent of total sales in 2011 to 26 percent in 2019. This can be attributed in part to a falloff in 1035 exchanges – when guaranteed lifetime income benefits were first introduced, it was advantageous for investors to exchange from older variable annuities lacking such benefits to the newer products. Post-financial crisis and the de-risking of these benefits due to the persistent low interest rate environment, the reverse is true – investors are more likely to find it economically advantageous to remain in an older product with a richer guarantee.

A bright spot in the variable landscape are structured annuities, also referred to as Registered Index Linked Annuities, or RILAs. Structure annuities are index option-based products that provide a capped upside and limited (the insurance company will absorb market loss greater than x%) or buffered (the insurance company will absorb the first x% of market loss) downside protection. These products appeal to investors who are willing to take some risk of investment loss in exchange for greater participation in market index gains than offered by a fixed indexed annuity, which guarantees against any loss of principal due to market downturns. Sales of structured annuities are still small in dollar terms when compared to variable annuities with guaranteed income benefits or fixed indexed annuities, but they have grown considerably in market share in the past few years.

Figures 1 through 4 and the accompanying data tables show the evolution of annuity sales and market share over the past decade, on both a broad product type (fixed versus variable) basis and through the more detailed lens of specific product type.

Figure 1: Historic Annuity Sales by Variable versus Fixed

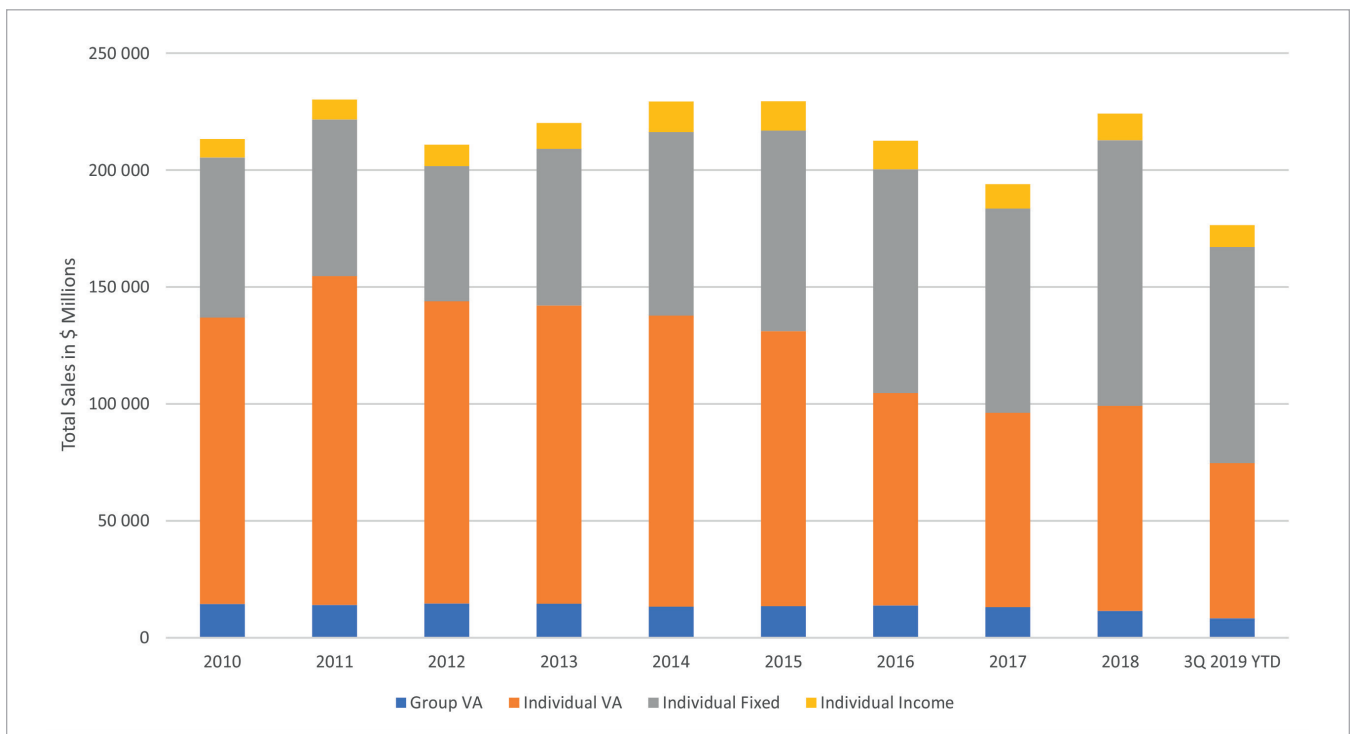


Figure 1: Data Table: Historic Annuity Sales in \$Millions

Broad Type	2010	2011	2012	2013	2014	2015	2016	2017	2018	3Q 2019 YTD
Group VA	14,401	13,949	14,669	14,543	13,264	13,508	13,769	13,068	11,443	8,306
Individual VA	122,538	140,633	129,250	127,523	124,522	117,548	90,810	83,113	87,707	66,353
Individual Fixed	68,445	67,092	57,788	67,053	78,509	85,867	95,695	87,386	113,611	92,371
Individual Income	7,958	8,481	9,197	11,030	13,021	12,523	12,317	10,459	11,412	9,402
	213,342	230,154	210,905	220,149	229,315	229,446	212,592	194,026	224,173	176,432

Figure 2: Historic Market Share by Product Type

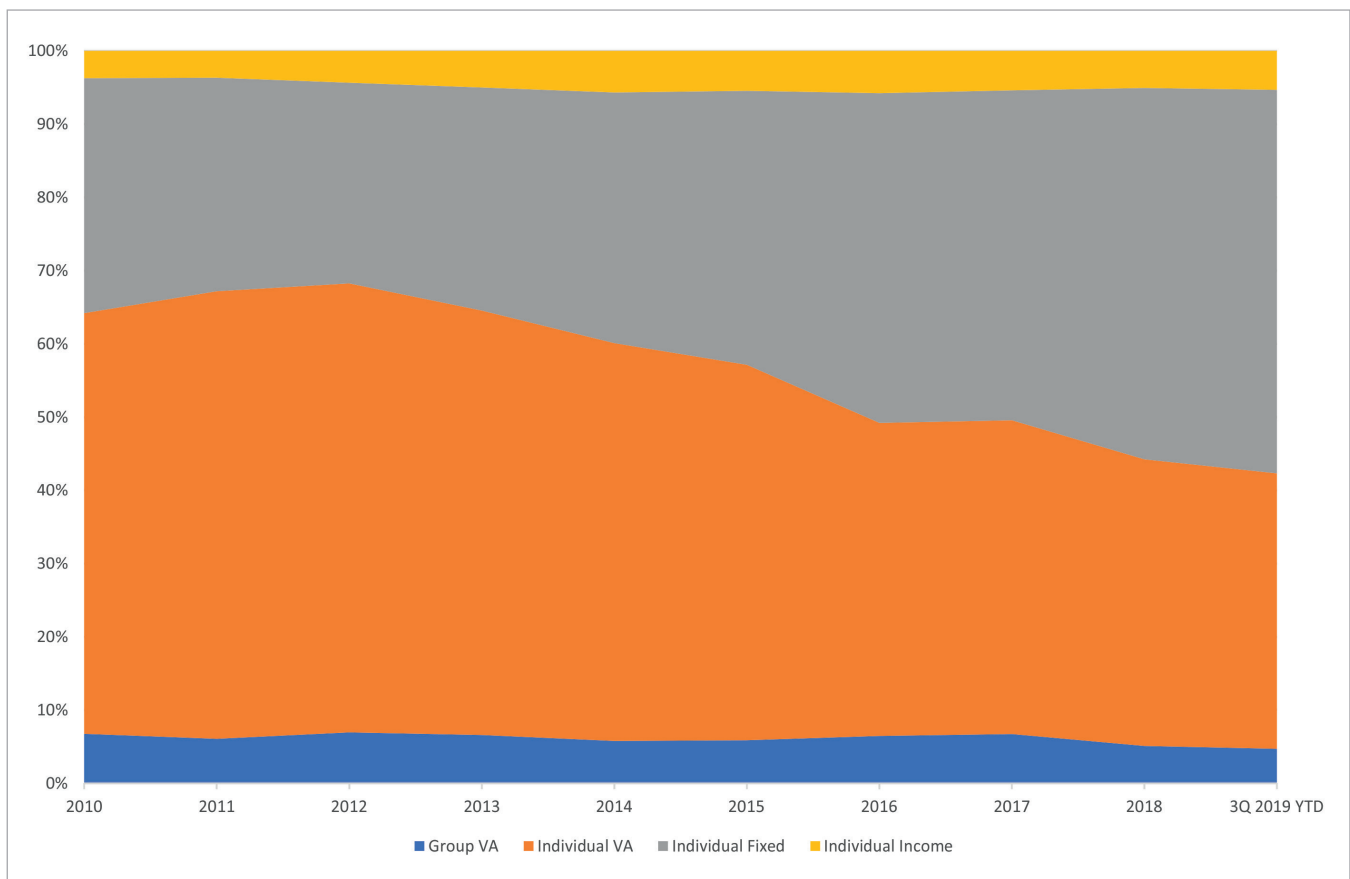


Figure 2: Data Table: Historic Annuity Market Share

Product Type	2010	2011	2012	2013	2014	2015	2016	2017	2018	3Q 2019 YTD
Group VA	7%	6%	7%	7%	6%	6%	6%	7%	5%	5%
Individual VA	57%	61%	61%	58%	54%	51%	43%	43%	39%	38%
Individual Fixed	32%	29%	27%	30%	34%	37%	45%	45%	51%	52%
Individual Income	4%	4%	4%	5%	6%	5%	6%	5%	5%	5%

Figure 3: Historic Annuity Sales by Product Type

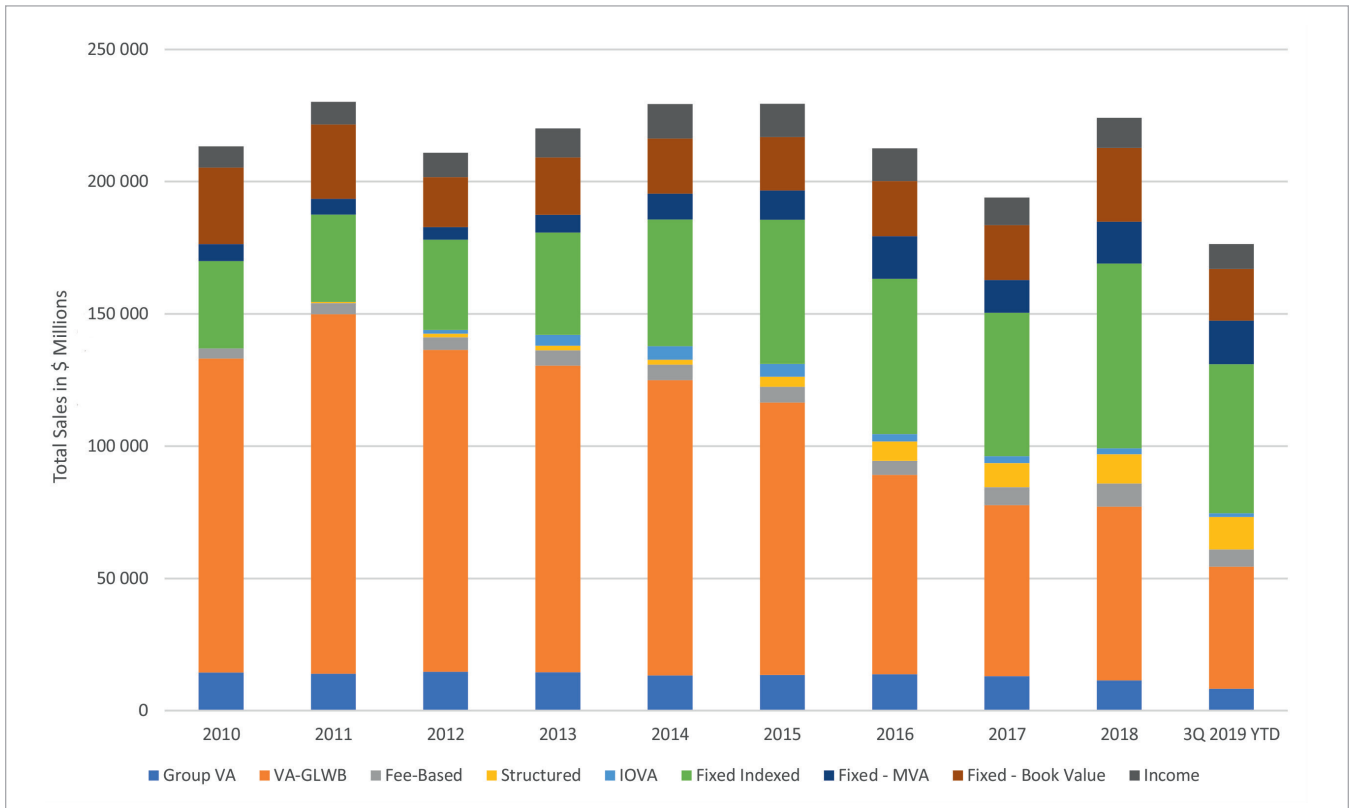


Figure 3: Data Table: Historic Annuity Sales in \$Millions

Product Type	2010	2011	2012	2013	2014	2015	2016	2017	2018	3Q 2019 YTD
Group VA	14,401	13,949	14,669	14,543	13,264	13,508	13,769	13,068	11,443	8,306
VA-GLWB	118,727	135,952	121,762	115,869	111,702	102,976	75,388	64,662	65,668	46,107
Fee-Based	3,700	4,200	4,700	5,800	5,900	6,000	5,300	6,800	8,800	6,500
Structured	70	457	1,413	1,783	1,776	3,746	7,314	9,085	11,074	12,360
IOVA	42	24	1,375	4,072	5,144	4,826	2,808	2,566	2,165	1,386
Fixed Indexed	33,080	32,978	34,198	38,710	47,958	54,603	58,756	54,276	69,882	56,337
Fixed - MVA	6,348	5,996	4,751	6,716	9,778	11,058	16,025	12,371	15,838	16,459
Fixed - Book Value	29,017	28,117	18,840	21,627	20,772	20,206	20,914	20,739	27,890	19,574
Income	7,958	8,481	9,197	11,030	13,021	12,523	12,317	10,459	11,412	9,402
	213,342	230,154	210,905	220,149	229,315	229,446	212,592	194,026	224,173	176,432

Figure 4: Historic Market Share by Product Type

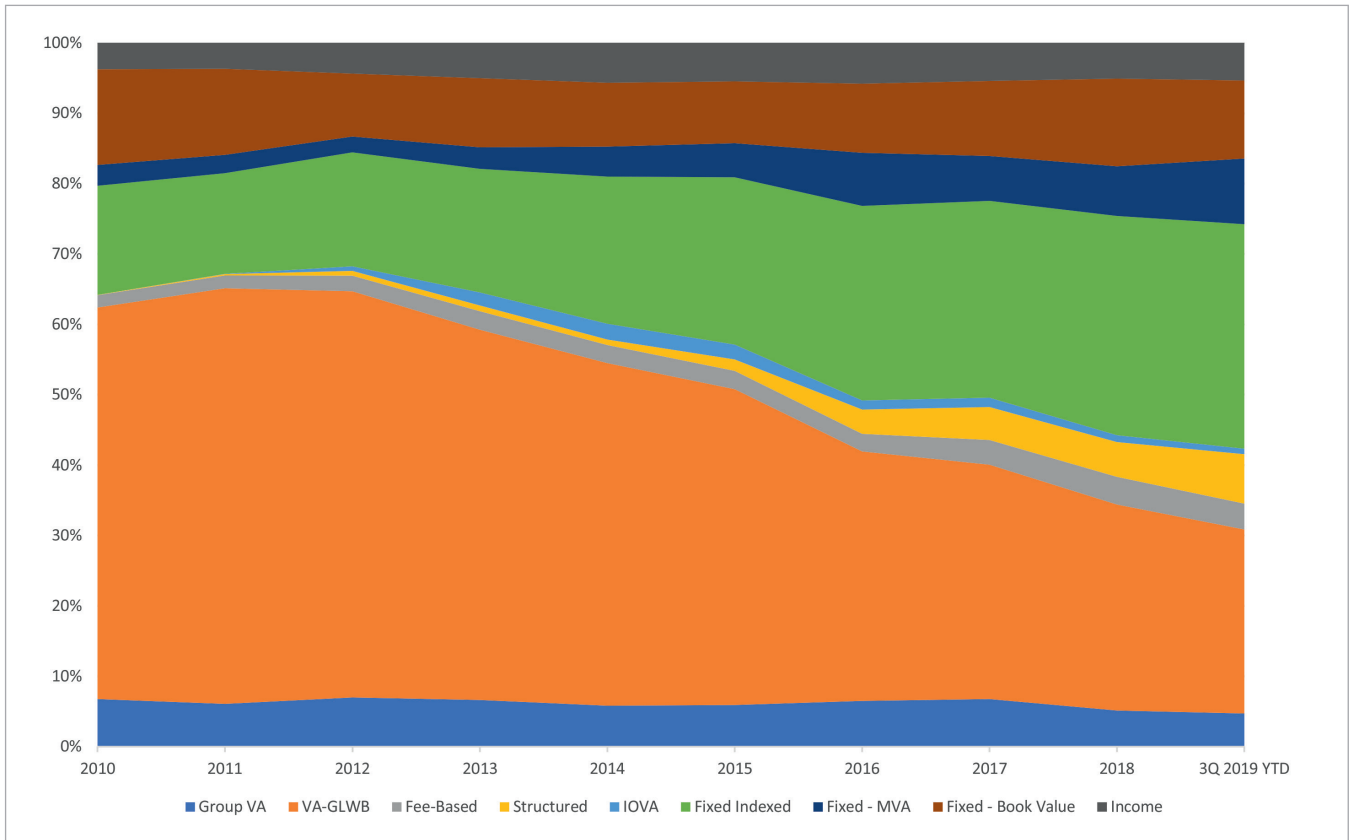


Figure 4: Data Table: Historic Annuity Market Share

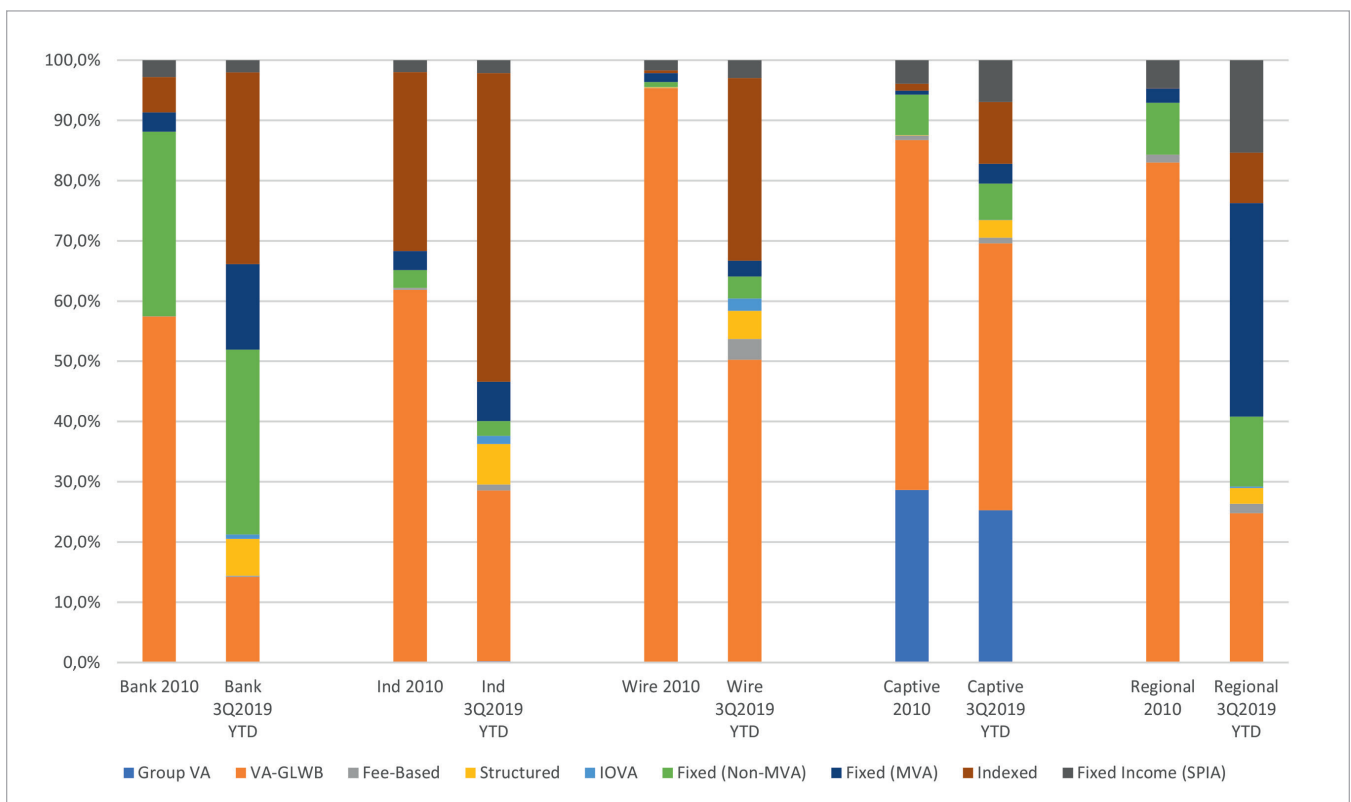
Product Type	2010	2011	2012	2013	2014	2015	2016	2017	2018	3Q 2019 YTD
Group VA	7%	6%	7%	7%	6%	6%	6%	7%	5%	5%
VA-GLWB	56%	59%	58%	53%	49%	45%	35%	33%	29%	26%
Fee-Based	2%	2%	2%	3%	3%	3%	2%	4%	4%	4%
Structured	0%	0%	1%	1%	1%	2%	3%	5%	5%	7%
IOVA	0%	0%	1%	2%	2%	2%	1%	1%	1%	1%
Fixed Indexed	16%	14%	16%	18%	21%	24%	28%	28%	31%	32%
Fixed - MVA	3%	3%	2%	3%	4%	5%	8%	6%	7%	9%
Fixed - Book Value	14%	12%	9%	10%	9%	9%	10%	11%	12%	11%
Income	4%	4%	4%	5%	6%	5%	6%	5%	5%	5%

DISTRIBUTION CHANNEL DISRUPTION AND EVOLUTION

The past decade saw unprecedented shifts in the types of annuities sold in each of the major distribution channels. In 2010, variable annuities with embedded or optional guaranteed lifetime withdrawal benefits (GLWBs) were the top selling annuity product in every channel, and in the Wirehouse and Regional broker-dealer channels almost to the exclusion of all other types. By 2019 the product mix in every channel had become far more diversified, with fixed indexed

annuities the dominant product in the Independent channel, while market-value adjusted (MVA) and traditional fixed products accounted for the majority of sales in the Bank and Regional channels. It is only in the Wirehouse and Captive channels that VA/GLWB still captures the largest percentage of sales, albeit with loss of market share to other types. Figure 5 shows how the mix of annuity types has changed in each channel between 2010 and 2019.

Figure 5: Evolution of Annuity Product Mix by Channel 2010 vs. 2019

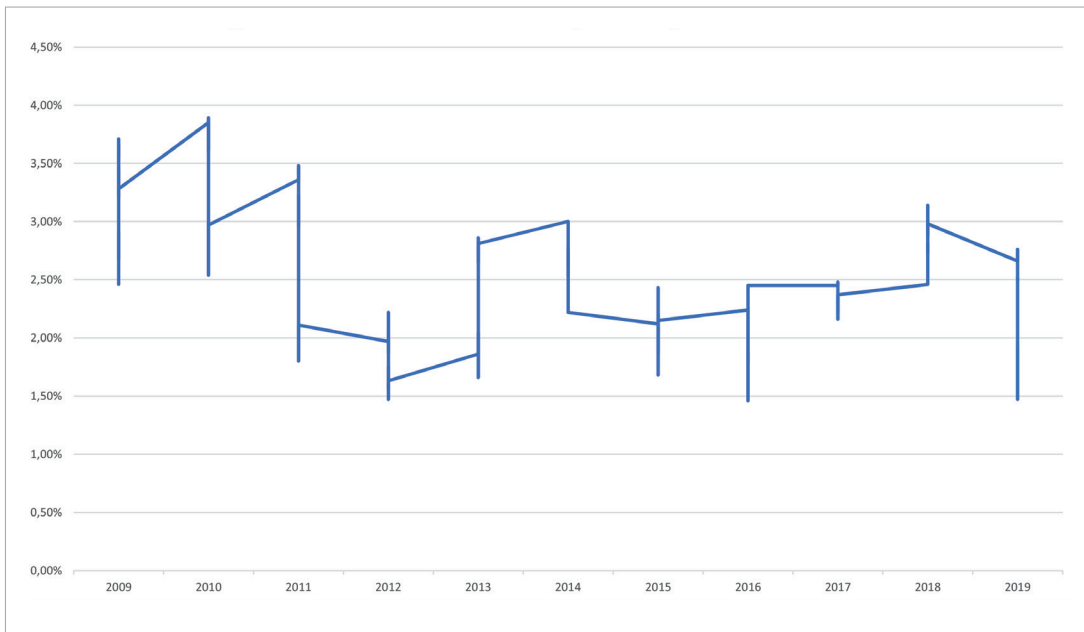


INTEREST RATES

Long-term interest rates fell steadily throughout 2019 and ended the year at 1.92%. With rates more than 100 basis points below 3%, capacity, withdrawal rates on GLWBs, and participation rates on fixed indexed

products are constrained. While ending the year higher than a September low of 1.47%, rates need to move solidly higher for a sustained period in order to produce meaningful changes in annuity products.

Figure 6: 10 Year Constant Maturity Treasury Rates 2009 to 2019



MANAGING RISK AND CAPACITY

The Milliman Hedge Cost Index™ (MHCI) provides the estimated hedging cost for a hypothetical Lifetime Guaranteed Withdrawal Benefit block of business. As of November 29, 2019, the expected hedge cost for a hypothetical guaranteed lifetime withdrawal benefit was 192 basis points, down from a peak of 211 basis

points in August but significantly higher than the average cost of 129 basis points over the past several years. Persistently low interest rates are the primary cause of the increase in hedging costs. A complete description of the Milliman methodology can be found at <http://www.milliman.com/mhci-methodology/>.



**Figure 7:
Expected
Hedge Cost for
Hypothetical
GLWB**

Source: Milliman Hedge Cost Index™

Financial Resilience and Company Strength

While product focus has shifted away from variable and the industry has further consolidated over the past few years as a few carriers, notably Ohio National and Great-West, re-focused their business lines, the industry remains fundamentally strong.

POSITIVE DEVELOPMENTS AND OUTLOOKS IN 2019

- The top 15 annuity carriers, which represent approximately two-third of total annuity sales, all have at least an “A” rating from AM Best.
- Improvement in the transaction process and the advisor/customer experience continue to improve the environment for, and perception of, annuities. Carriers are focused on distributing/supporting products on Advisory platforms such as Envestnet/FIDx and Simon. There is greater focus on using digital and analytics for cost reduction, efficiency and customer experience, and newer technologies such as chatbots and artificial intelligence are beginning to be leveraged more effectively, and workforces are being retrained to work differently.
- Regulation Best Interest provided a workable standard to protect investors while also preserving access to investment and insurance products, and choice.
- The passage of the SECURE Act paves the way for increased retirement savings and broader use of annuities in defined contribution plans.
- The longest bull market in history should be a tremendous opportunity for variable annuities with income guarantees, fixed indexed annuities, and structured annuities as products that can help investors lock gains and create floors against potential losses while continuing to participate in further market gains.

NUMBER OF CARRIERS	AM BEST RATING	MARKET SHARE
6	A	25%
6	A+	30%
3	A++	13%

HEADWINDS

- The longest bull market in history is also a potential headwind – nervous investors may sit on the sidelines in cash for fear of having any exposure to a market downturn.
- Efforts by the states to enact their own fiduciary standards continue apace, with the potential to ultimately create a patchwork of differing standards with which companies may find it difficult and costly to comply.
- Distributor, advisor, and consumer perception of, and reaction to, moves to reduce the risk of lifetime income guarantee liabilities.

Advisors Make the Connection

Automated investment advice (robo-advice) continues to develop and expand in terms of capabilities. However, such solutions remain primarily automated asset allocation tools with limited, or no, ability to help consumers make decisions about, and manage, products designed to help them generate sustainable income from their portfolios.

The financial advisor is currently, and for the foreseeable future will be, the gateway through which consumers will find annuities. IRI continues to work with member companies to study advisor product knowledge, attitudes and preferences how advisors view their roles, their practices, and their responsibilities to their clients. Some of the learnings from those groups bear repeating and reinforcing this year:

- Advisors who successfully use annuities tend to perform complete financial reviews, identifying both financial goals and financial habits.
- Successful advisors do not shy away from characterizing annuities as insurance. They compare annuities to other solutions, such as managed accounts, and explain to the client that the annuity costs more because it insures against a negative outcome, such as market loss or loss of income.
- Advisors perceive that robo platforms are good for small portfolios, beginning investors, and the very few true do-it-yourselfers, but ultimately consumers want advice from someone they trust. This also reflected in IRI consumer research, which consistently shows that investors, including millennials who generally prefer automated solutions in other aspects of their lives, prefer working with a human advisor when dealing with the complexity of planning for retirement.
- Advisors believe do-it-yourself does not work for most people due to paralysis of choice – there are simply too many options.
- Advisors continue to make significant investments in technology in order to maintain or increase efficiency.
- Advisors are increasingly helping their clients manage all their retirement income sources, risks and insurance needs – Social Security; Medicare, Health Savings Accounts and health care in general, and long-term care – either within their own practices by hiring specialists, or through strategic partnerships.
- Managing family dynamics is often a large part of the value advisors deliver. Whether helping clients see the impact of overspending or showing them how their retirement will be affected if they continue to support adult children, financial advisors can help consumers avert a slow-motion disaster before it occurs – another function a robo-advisor simply cannot perform.

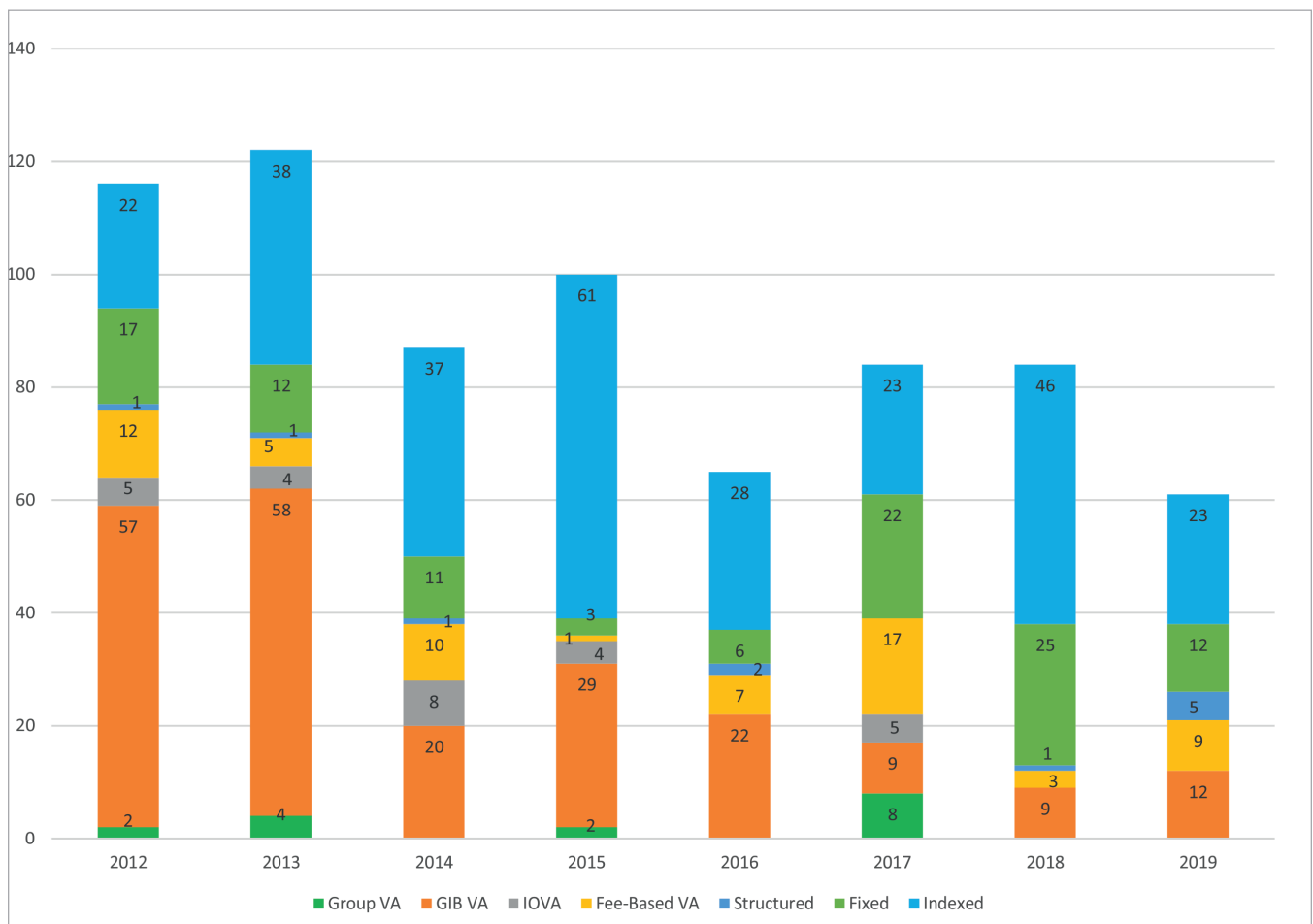
A decade ago IRI created the IRI Advisor Council, a diverse group of 30+ accomplished financial professionals who help inform and guide IRI's research and outreach efforts. Annually during National Retirement Planning Week, these individuals gather in Washington, D.C. and conduct a Financial Fitness Fair for Senate and Congressional staff, helping to promote a deeper understanding of the importance and complexity of retirement planning, and the critical role financial advisors play. Twelve Advisor Council members provided financial counseling to 130 staffers during the April 2019 event, a new record for attendance.

Product Development

Product development in 2019 was led by fixed and fixed indexed annuities; 23 new fixed indexed annuities were introduced, and 12 fixed products. The new fixed annuities consisted of four market-value adjusted (MVA) products and eight non-MVA. On the

variable side, 12 commissionable variable annuities with optional lifetime income benefits were launched, as well as nine fee-based VAs and five structured products (also referred to as “register index-linked annuities, or RILAs).

Figure 8: New Annuity Issuance 2012 - 2019



Public Policy 2019 Retirement Security Blueprint

In March IRI released its 2019 Federal and State Retirement Security Blueprints. The Blueprints detail common sense, bipartisan policies to help Americans achieve their retirement goals.

The Federal Blueprint called upon Congress and the Trump Administration to expand access to workplace retirement plans; preserve current tax treatment for retirement savings; expand automatic savings features for retirement savings; increase access to retirement lifetime income that cannot be outlived; protect access to professional financial advice to assist Americans in saving more and preparing for retirement; and improve access to education and information allowing American savers to make effective and informed decisions regarding their finances. The State Blueprint calls for state legislators and regulators to adopt a clear, consistent and workable best interest standard of conduct for financial professionals; maintain the robust private-sector marketplace for retirement savings solutions; protect seniors and other vulnerable segments of the population against financial fraud and exploitation; enhance safeguards to protect Americans' personal financial information; and facilitate and encourage improvements to the consumer and advisor experience.

STANDARDS OF CONDUCT FOR FINANCIAL PROFESSIONALS

For nearly a decade, Congress and regulators at the federal and state levels have been working to formulate appropriate standards of conduct for financial professionals who provide personalized advice about investments and/or insurance to retail consumers. IRI and its members have long supported the principle that financial professionals should be required to act in their clients' best interest, and IRI has been among the leaders of the financial services industry's efforts to advocate for adoption of a clear, consistent, and workable best interest standard

that will provide meaningful and effective consumer protections without depriving Americans of access to valuable financial products and services.

Following the 5th Circuit Court of Appeals decision in favor of IRI and our co-plaintiffs to vacate the Department of Labor (DOL) fiduciary rule in 2018, the focus of this debate shifted away from the DOL to the Securities and Exchange Commission (SEC), the National Association of Insurance Commissioners (NAIC), and individual state legislatures and regulators.

SEC ACTIVITY

In June 2019, the SEC adopted a regulatory package designed to enhance and clarify the obligations of financial professionals when they provide investment advice to retail customers. This regulatory package included two new regulations, Regulation Best Interest (Reg BI) and Form CRS (Customer Relationship Summary), and two new pieces of guidance on the fiduciary obligations of investment advisers (IAs) and the "solely incidental" prong of the broker-dealer (BD) exclusion under the Investment Advisers Act of 1940.

These new rules establish a best interest standard for broker-dealers and require all broker-dealers and investment advisers to provide standardized disclosures about their services, fees, and material conflicts of interest. The compliance deadline for these new rules is June 30, 2020.

The SEC and the Financial Industry Regulatory Authority (FINRA) have undertaken significant efforts to help broker-dealers and registered representatives prepare for implementation of the new rules. Both agencies have issued regulatory guidance on various aspects of Reg BI and Form CRS, and both are

conducting preparedness reviews to make sure firms are taking appropriate steps aimed at achieving compliance by the deadline.

DOL ACTIVITY

The DOL is developing a proposal to align with Reg BI in light of the 5th circuit decision to vacate the 2017 fiduciary rule. IRI believes the DOL should refrain from re-opening the definition of “investment advice fiduciary” under ERISA. In November 2019, IRI leadership met with senior DOL officials to share our preliminary thoughts on possible adjustments to the five-part test (which they confirmed is in effect from the DOL’s perspective) as well as a possible prohibited transaction exemption (PTE) based on compliance with Reg BI.

Gene Scalia, who represented IRI and our coalition partners in our successful lawsuit against the DOL on the 2017 fiduciary rule, is now in place as Secretary of Labor, and he has received ethics clearance to participate in this rulemaking.

The DOL is expected to issue its new proposal in early 2020, and IRI will work with our members to assess and formulate our position on the proposal, and to develop a strategy for participating in the rulemaking process.

STATE ACTIVITY

NAIC. In late 2019, the National Association of Insurance Commissioners (NAIC) Life Insurance and Annuities (A) Committee voted to approve a revised and enhanced version of the NAIC Suitability in Annuity Transactions Model Regulation. Consistent with IRI’s view on the importance of regulatory coordination, the revised model is closely aligned with Reg BI and Form CRS, with appropriate distinctions necessary to reflect differences between insurance and securities.

The revised model requires insurance producers to act in their clients’ best interest without putting their own interests ahead of their clients’ interests, and it specifies that producers will satisfy that standard by meeting four obligations – care, disclosure, conflicts of interest, and recordkeeping. It also requires

insurance companies to supervise producers to make sure their recommendations satisfy the best interest standard.

At IRI’s behest, the revised model also includes an expanded safe harbor for recommendations by producers who are subject to and comply with comparable or higher standards, such as broker-dealers subject to the best interest standard imposed under Reg BI and investment advisers subject to a fiduciary standard under the Investment Advisers Act.

The full NAIC will vote in early 2020 to fully approve the revised model regulation, and individual states will then be able to begin the process for adoption in their respective jurisdictions. IRI will work proactively to pursue broad, uniform adoption of the revised model in 2020 and beyond.

New York. In mid-2018, the New York Department of Financial Services (NY DFS) amended the state’s annuity suitability regulation to incorporate a best interest standard of conduct. IRI actively engaged with NY DFS to provide constructive feedback throughout the rulemaking process. The amended regulation applies to recommendations of new sales and in-force transactions involving life insurance and annuities, as well as recommendations that a client refrain from entering a transaction. Insurers remain responsible for oversight of producers’ suitability determinations but are not charged with supervising best interest determinations. The rule took effect with respect to annuities on August 1, 2019 and will take effect with respect to life insurance on February 1, 2020. IRI has provided implementation support for our members as they prepared to comply with the amended regulation.

IRI has led industry efforts to resolve a variety of challenges and issues arising under the revised regulation. For example, several insurers withdrew fee-based annuity products from the New York market as a result of concerns about the requirement to provide consumers with a comparison document when their producer is authorized to sell fee-based and commission-based versions of the same annuity product. Through IRI’s efforts, the NY DFS issued guidance to address those concerns, resulting in those products returning to the market.

Massachusetts. In December 2019, the Massachusetts Securities Division, at the direction of Secretary of the Commonwealth William Galvin, issued a proposal to impose a fiduciary standard on broker-dealers and investment advisers. IRI submitted written comments and testified at a hearing on the proposal on January 7, 2019. These comments closely followed comments submitted by IRI on a preliminary version of the proposal in June 2019. In both letters and the oral testimony, IRI encouraged the Division to delay moving forward with the proposal until the effectiveness of Reg BI can be assessed and warned against the implications of inconsistent state and federal regulatory scheme on Massachusetts residents.

The Division will now consider the written comments and testimony provided by IRI and other interested parties and determine whether and how to proceed. Recent intelligence suggests a final rule could be issued in early 2020.

New Jersey. The New Jersey Bureau of Securities issued a proposal in April 2019 that would impose a uniform fiduciary standard on broker-dealers and investment advisers. IRI submitted written comments on the proposal in June 2019 and testified at a hearing held by the Bureau in July 2019. IRI encouraged the Bureau to delay moving forward with the proposal until the effectiveness of Reg BI can be assessed and warned against the implications of inconsistent state and federal regulatory scheme on New Jersey residents. IRI led the joint trades efforts to request the public hearing on the proposal considering the recent adoption of Reg BI.

The Bureau will consider the written comments and testimony provided by IRI and other interested parties and determine whether and how to proceed on the proposal. Under the state's administrative procedure rules, the Bureau has until April 2020 to take final action on the proposal.

Nevada. In January 2019, the Nevada Securities Division issued proposed regulations intended to implement the fiduciary bill passed by the state legislature in 2017. The proposal purports to specify acts, practices and courses of business that violate the fiduciary duty and those that are excluded. IRI submitted a letter in March 2019 urging the Division to refrain from finalizing its proposal until after the

SEC completes its work on its best interest proposal and objecting to the proposal as an attempt to impose an overly broad and ill-defined fiduciary duty to an overly expansive universe of financial professionals. The Division has given no indication as to its timing or next steps.

Maryland. Fiduciary bills were introduced in both chambers of the Maryland legislature in February 2019 and hearings were held in March 2019. The bills did not make it out of committee and therefore did not pass during the 2019 legislative session. IRI testified at the March hearings, urging the legislature to allow the SEC to complete its rulemaking process before deciding whether to move forward with the bills. IRI also joined a coalition to lobby state legislators against adopting the legislation. Similar bills are expected to be reintroduced during the 2020 session.

Other States. Legislators and regulators in several other states are reportedly considering similar proposals to establish state fiduciary standards for financial advisers. IRI is monitoring state activity and will engage as appropriate

PROMOTING RETIREMENT SECURITY AND INCREASING ACCESS TO LIFETIME INCOME

In the past, many Americans relied on employer-based pension plans for retirement savings. Today, most Americans rely on the other types of retirement savings plans such as 401(k) accounts and Individual Retirement Accounts (IRAs), which make individuals responsible for ensuring their own financial security and retirement options. IRI's 2019 Retirement Security Blueprint included several common-sense, bipartisan policy recommendations to help Americans address many challenges and overcome obstacles they face in saving for their retirement years.

In December 2019, the Setting Every Community Up for Retirement Enhancement Act – the SECURE Act – a major new law that has wide-ranging positive implications for the insured retirement industry was passed by Congress and signed into law by the President. The SECURE Act is the most comprehensive retirement security legislation enacted

in more than a decade. It will substantially address several issues that have contributed to a national retirement crisis where too few Americans are saving enough for retirement. The bill was the successor bill to the Retirement Enhancement and Savings Act (RESA) (H.R. 1007), which was introduced in the House earlier by Representatives Ron Kind (D-WI) and Mike Kelly (R-PA) and in the Senate (S. 972) by Senate Finance Committee Chairman Chuck Grassley (R-IA) and Ranking Member Ron Wyden (D-OR).

The SECURE Act contained several of IRI's policy proposals from our 2019 Federal Retirement Security Blueprint. The new law expands opportunities for employers to offer retirement plans to more workers and it reduces barriers to include lifetime income options in retirement plans. Included in the bill were measures to authorize Open Multiple Employer Plans, increase the auto enrollment safe harbor cap and the tax credit for small employer pension startup costs, provide for annuity portability, increases the age for required minimum distributions, require the inclusion of illustrations of lifetime income on annual benefit statements, and clarifies the annuity selection safe harbor to remove the common-bond requirement and "one bad apple" rule. In addition, the SECURE Act also repeals the age requirement for IRA contributions, requires employers to maintain a 401k plan for employees who are long-term, part-time workers, allows individuals to make a penalty-free withdrawal of up to \$5,000 to pay for expenses associated with the birth or adoption of new child, and authorizes the filing of a combined Form 5500 for a group of plans, if the plans have the same trustee, fiduciary, administrator in same plan year and same investments or investment options offered to participants and beneficiaries.

Even with the enactment of SECURE Act, there is still more retirement-related legislation that IRI advocated for in 2019 which had been proposed by the leaders in both chambers of Congress who have been champions and strong advocates for other retirement security legislative proposals, including Representative Richard Neal (D-MA), Chairman of the House Ways and Means Committee, and Senators Rob Portman (R-OH), Ben Cardin (D-MD) and Ron Wyden (D-OR). All the legislative proposals describe below are ones which can serve as the basis for another comprehensive retirement security bill. The measures include:

- **Automatic Retirement Plans Act** (H.R. 4523 – 115th Congress). Introduced in the last session of Congress by Chairman of the House Ways and Means Committee, Representative Richard Neal (D-MA) would increase access to workplace retirement plans by requiring all but the smallest employers to maintain a 401(k) plan; automatically enroll employees (with the ability to opt out) in a workplace sponsored 401k retirement plan; and remove the cumbersome legal and regulatory impediments that currently discourage many employers from offering retirement plans. A small business can meet the requirements established by the bill by simply joining an open Multiple Employer Plan. It would also enhance automatic enrollment and escalation features in workplace plans, while maintaining protections for employers and their employees. IRI was the first financial services trade association to express its strong support for this bill and included the bill in its 2018 and 2019 Federal Retirement Security Blueprints.
- **Retirement Savings and Security Act of 2019** (S. 1431). Introduced by Senators Rob Portman (R-OH) and Ben Cardin (D-MD) it contains more than 50 measures (several of which were included in the SECURE Act) designed to strengthen Americans' retirement security by allowing people who have saved too little to set more aside for their retirement; help small businesses offer 401(k)s and other retirement plans; expand access to retirement savings plans for low-income Americans without coverage; and provide more certainty and flexibility during one's retirement years. Measures included in the bill would allow for catch-up contribution limits for Baby Boomers over age 60 to be increased, a voluntary employer matching contribution to an employee's account in the amount of a student loan payment, expanded ability for 403(b) plans to offer collective investment trusts, and expanded use of QLACs to prevent older Americans from outlasting their savings.
- **The Retirement Plan Simplification and Enhancement Act of 2017** (H.R. 4524 – 115th Congress). Introduced by Rep. Richard Neal (D-MA), chair of the House Ways and Means Committee the bill would expand retirement plan coverage, increase savings levels, preserve lifetime retirement income, simplify and clarify qualified retirement plan rules, and implement a more limited

set of defined benefit (DB) plan reforms. The measures proposed in this bill would make changes regarding non-spouse beneficiary rollovers to IRAs and employer plans and qualified longevity annuity contracts, modify the RMD rules to accommodate annuities offering accelerating distribution options and lump-sum payouts, simplify and encourage greater use of the existing Saver's credit, expand the IRS current system to allow for more self-corrections to employer plans and IRAs, provide for more aggressive 401(k) design, and other miscellaneous technical plan administration improvements.

- **Retirement Parity for Student Loans Act** (S. 1428). Introduced by Senate Finance Committee Ranking Member Ron Wyden (D-OR) along with Senators Maria Cantwell (D-WA), Ben Cardin (D-MD), Sheldon Whitehouse (D-RI), Maggie Hassan (D-NH), and Sherrod Brown (D-OH) the bill would give working Americans the ability to save for the future while repaying their student loans by allowing employers to make matching contributions to a retirement plan while their employees make student loan repayments. This measure is included the Retirement Savings and Security Act of 2019 and the IRI 2019 Federal Blueprint.
- **Expanding Access to Retirement Savings for Caregivers Act** (H.R. 3078). Introduced by Representatives Harley Rouda (D-CA) and Jackie Walorski (R-IN) the bill will allow individuals that took at least one year out of the workforce without receiving an earned income, for the purposes of caring for a family member, to make catch-up contributions in years prior to age 50 to their 401(k) plans, individual retirement accounts (IRAs), and other eligible retirement accounts. By using the catch-up contribution mechanism, many more individuals who took time out of the workforce to care for family members will have an opportunity to expand their retirement savings after missing opportunities to save for their retirement for multiple years. This disparity predominantly impacts women, since women are more likely to take more time to act as family caregivers full-time.

Another bill IRI advocated for was the "Receiving Electronic Statements to Improve Retiree Earnings

Act" (RETIRE Act) (H.R. 4610-115th Congress), introduced by Representatives Phil Roe (R-TN) and Jared Polis (D-CO). The bill will modernize and foster more efficient communications between the retirement income industry and consumers by authorizing the use of electronic communications as the default mode of communication between firms, plan participants, and beneficiaries. The RETIRE Act will also maintain important safeguards to ensure participants who still want to receive required communications in paper format can do so.

In addition to the legislative activity during this past year, three regulations have been proposed by the IRS and the Department of Labor which complement several of the retirement security measures included in the SECURE Act as well as those contained in several other retirement bills proposed by Congress. IRI has submitted comments with respect to all the proposed rulemakings.

- **IRS "One Bad Apple" Rule.** This rule proposal would provide an exception, if certain requirements are met, to the application of what the regulations call the "unified plan rule," for a defined contribution MEP in the event of a failure by an employer participating in the plan ("one-bad-apple") to satisfy a qualification requirement or to provide information needed to determine compliance with a qualification requirement. IRI has long supported this change (either by rule or legislation and the SECURE Act contains a provision which eliminates the "one-bad apple rule" for MEPs.
- **The Department of Labor MEP rule.** The Department published a final rule giving small businesses a way to band together to offer retirement savings plans for workers. The rule establishes a system through which small employers could offer workers 401(k)s sponsored by a larger association, such as a local Chamber of Commerce. In theory, it will enable businesses to offer retirement plans comparable to larger corporations. However, the rule does not remove the common bond requirement but does provide some clarification of what constitutes both an industry and geographic common bond. The rule also does not remove the prohibition of the provider of a retirement plan authorized by the rule from being a bank, trust company,

insurance issuer, broker-dealer, or other similar financial services firm (including a pension record keeper or a third-party administrator) and from being owned or controlled by such a financial services firm. The Department has stated that they may revisit this issue depending on future action, which could include the enactment of the SECURE Act, and has issued an RFI on open MEPs. IRI has long supported a change to remove the barriers that would encourage greater use of Open MEPs by small business employers either by rule or legislation and the SECURE Act contains a provision which eliminates the “common bond barrier” for MEPs.

- **The Department of Labor E-Delivery Rule.** The Department issued its proposed rule, “Default Electronic Disclosure by Employee Pension Benefit Plans under Employee Retirement Income Security Act”. This rulemaking was called for by President Trump’s Executive Order 13847, titled “Strengthening Retirement Security in America” which called for the examination of the potential for broader use of electronic delivery as a way to improve the effectiveness of disclosures and to reduce their associated costs and burdens for retirement plan disclosures required under ERISA and the Internal Revenue Code. The proposed rule is expected to allow default participant statements — such as quarterly account statements and fee-disclosure statements — to be delivered to the plan participant via digital means rather than paper delivery, which is the standard today while preserving the right of participants to be able to opt into receiving paper statements. IRI has long supported a change of the default method for receipt of required retirement plan disclosures from paper to electronic delivery.

2020 Outlook

IRI will continue to encourage Congress and/or the administration to enact the measures to increase workers’ access to lifetime income in retirement plans, help Americans to better prepare for a secure retirement, promote consumer choice and education, and reduce regulatory burdens for lifetime income options.

VARIABLE ANNUITY SUMMARY PROSPECTUS

Since late 2008, IRI has been advocating for the SEC to adopt a rule allowing for the use of a simplified summary prospectus for variable annuities to improve consumers’ understanding of their investment choices through more streamlined disclosures. In support of this effort, IRI developed and provided the SEC with a proof-of-concept sample variable annuity summary prospectus. Nearly a decade after IRI submitted its initial rulemaking request, the SEC issued a proposal in October 2018 to allow for the use of variable annuity summary prospectus. The following are the key elements of the proposal:

- The proposal would allow the optional use of two distinct types of summary prospectuses for all variable insurance contracts, including variable annuities and variable life insurance, including initial summary prospectuses for offerings to new investors and updating summary prospectuses for use with existing investors.
- The initial summary prospectus would provide key information about the contract’s terms, benefits and risks in a concise, plain English and reader-friendly format, with additional information to be made available online or in paper upon request.
- The updating summary prospectus would provide a brief description of key changes to the contract, as well as a subset of the information included in the initial summary prospectus.
- Certain key information about the underlying investments would be provided in both the initial summary prospectus and updating summary prospectus.
- The Great-West line of no-action letters, which have been relied on by the industry for many years to provide alternative disclosures in lieu of updated statutory prospectuses for variable contracts that are no longer being offered to new investors, would be grandfathered, meaning that contracts relying on the relief provided under those no-action letters would be permitted to continue relying on that relief. However, contracts that are taken off the market after the effective date could not do so and

would instead have to provide updating summary prospectus rather than the alternative disclosures required by the Great-West letters.

- The registration forms for variable contracts – Forms N-3, N-4, and N-6 – would be amended to consolidate certain summary information and reflect recent developments in the industry, such as the increasing prevalence of optional benefit riders since the forms were originally developed over 30 years ago.

IRI submitted written comments on the proposal in March 2019. IRI’s comment letter focused on three key recommendations in response to a request by the Director of the SEC’s Division of Investment Management, Dalia Blass, for constructive feedback to “future-proof” the proposal:

1. **Extend the “access equals delivery” framework** to all variable contract and mutual fund prospectuses, conditioned, if necessary or appropriate, on the filing and availability of summary prospectuses, or on the provision of an annual notice of the availability of statutory and summary prospectuses.
2. **Codify the Great-West line** of no-action letters for discontinued variable contracts, with certain practical modifications to eliminate current burdens
3. **Revise the “N” registration forms** to accommodate the registration of insurance products other than variable contracts.

The letter also briefly describes the work underway by some of our members to start using more readily understandable language to describe our products and their features to consumers and asks that the final rule provide adequate flexibility to allow insurers to incorporate language improvements into future statutory and summary prospectuses.

IRI met with the SEC staff in August 2019 to discuss these comments. We submitted a supplemental comment letter in November 2019 to further substantiate our arguments with respect to the Great-West issue.

2020 Outlook

IRI is optimistic that the SEC will finalize its proposed rule in early 2020

SENIOR FINANCIAL PROTECTION INITIATIVES

IRI continued to pursue initiatives to protect older investors by seeking measures to increase awareness about the financial exploitation of older investors, and advocate for policies and resources for programs to protect older investors. IRI’s past advocacy efforts realized positive results with the enactment of the “SeniorSafe Act.” In April, IRI endorsed the “Senior Security Act” (H.R. 1876), introduced by Reps. Josh Gottheimer (D-NJ) and Trey Hollingsworth (R-IN). The bill directs the SEC to establish an interdivisional task force focused on the exploitation of older investors and to provide a report to Congress on its findings every two years. In addition, the legislation directs the Government Accountability Office to study the economic costs of senior exploitation, including losses incurred by victims of exploitation as well as costs incurred by the financial services industry and government agencies.

In December 2019, IRI called for the adoption of the “*Empowering States to Protect Seniors from Bad Actors Act*.” The bill would amend the *Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank)* to provide clarification that senior investor protection grants made by the Consumer Financial Protection Bureau (CFPB) be made in the same manner as other grants issued by the Bureau. Section 989 (A) of the *Dodd-Frank* directed the CFPB to establish grant programs to bolster efforts made by the individual states to protect vulnerable Americans. Unfortunately, while the CFPB was authorized to establish these grant programs, they have not been implemented due to alleged funding hindrances. The clarification to Section 989 (A) under the *Empowering States to Protect Seniors from Bad Actors Act* will improve protections for senior citizens by certifying that the CFPB is obligated to fund these programs.

2020 Outlook

IRI will continue to urge for the development of industry best practices, educational efforts, and

training to help firms and financial professionals take appropriate steps to prevent financial exploitation of seniors and other vulnerable investors. IRI will also continue to pursue increasing awareness about senior financial exploitation and the enactment of legislation and adoption of regulations to strengthen and enhance protections and for older investors.

CYBERSECURITY

State Activity

The North American Securities Administrators Association (NASAA) adopted a cybersecurity model rule to govern information security and privacy issues for investment advisors in May 2019. The rule amended several NASAA data security model regulations, including the Recordkeeping Requirement rule, Unethical Business Practice of Investment Advisers rule, the Investment Adviser Representative rule, and the Federal Covered Advisers rule. Collectively, the amendments would require IAs to establish policies and procedures on information security, which would need to be delivered to clients on an annual basis. The policies and procedures would also include recordkeeping responsibilities. Failure to comply with the new rule would constitute a violation of IA's uniform business practice obligations.

The National Association of Insurance Commissioners' (NAIC) Insurance Data Security Model Law, first adopted by South Carolina in May 2018, has been since adopted by Ohio and Michigan. The law provides standards for data security, investigation, and consumer breach notification requirements and goes into effect on March 20, 2020, (Ohio) and January 20, 2021 (Michigan). In total, different iterations of the NAIC model law have been adopted by 9 states: South Carolina, Ohio, Michigan, Maine, Mississippi, New Hampshire, Delaware, Connecticut, and Alabama. In addition, Nevada and Rhode Island's state houses both saw the model introduced as bills; however, neither state has yet to enact the model as law.

The California Consumer Protection Act (CCPA), went into effect on January 1, 2020, and provides consumers with the ability to receive disclosures about personal information companies have collected, the business purpose for the collection, and how and with whom the information is shared. The CCPA is

considered the strictest privacy law in the country. Prior to the CCPA's effective date, IRI submitted a comment letter to the California Attorney General, whose office was developing implementation regulations for the law, calling for consideration on several principles. IRI urged that consumer notices be presented in a manner that is not overly prescriptive and beyond comprehension. IRI also expressed concerns that certain provisions contained in the AG's regulations went beyond the statutory scope of the CCPA and we requested that all final regulations be within the scope and intent of the underlying legislation.

Federal Activity

Congress continued to focus on cybersecurity in the first session of the 116th Congress. Throughout 2019, numerous Congressional Committees and Subcommittees have held hearings to investigate steps that need to be taken to establish national standards for data and cybersecurity. Additionally, key Senators have met with representatives from the European Union in April to discuss the merits of GDPR-like legislation for the United States. In March, Senators Michael Crapo (R-ID) and Sherrod Brown (D-OH) called for input from stakeholders regarding the use and protection of sensitive consumer information. IRI responded, calling for Congress to enact legislation providing for a uniform standard for data protection which is complementary to the existing framework of international, federal, and state regulatory regimes governing data protections. There is support from some Senate Democrats to include a private right of action enforcement mechanism in a national standard. It is unclear if a compromise will be reached.

2020 Outlook

Congress is expected to continue its focus on cybersecurity and protection of consumers personal data. IRI will continue to monitor Congress for actions related to data and cybersecurity and will advocate for risk-based policy proposals that create consistency across jurisdictions, enable safe harbors for the existing regulatory regime, and are proportional to the business purpose for collecting data. IRI's Cybersecurity Task Force will continue its mission to provide IRI's membership with updates as cybersecurity and privacy become more intertwined and critical to our members' business operations.

IRI AND IRIPAC ON CAPITOL HILL

In advocating on behalf of our members, during 2019 IRI organized and/or participated with our coalition partners 109 meetings with Members of Congress and their staffs to discuss the SECURE Act and other retirement security policy priorities. In addition, through the IRIPAC - which is a critical component of our outreach and is often the most effective way of developing relationship with Members of Congress - IRI was able to contribute \$148,500 to 65 Members of Congress and host 13 events raising more than \$130,000 in 2019.

In conjunction with the meetings, IRI led and participated in several events on Capitol Hill, all aimed at educating and recognizing Members of Congress and their staffs. In March, IRI organized and conducted in partnership with a few other industry associations conducted a "Retirement 101" educational session for staff of newly elected Members of the House of Representatives during which an overview of legislative proposals that Congress could consider during the 116th session. The session was attended by representatives from 30 offices.

In April, IRI hosted a panel discussion and luncheon as a portion of National Retirement Planning Week to explore with prominent leaders of the insured retirement industry the "Challenges of Saving for Retirement Today and What Congress Can Do to Help" for Congressional staff and other

industry professionals to highlight the benefits of the SECURE Act and other legislative policy proposals that were included in the IRI 2019 Federal Retirement Security Blueprint. Also, during National Retirement Planning Week, IRI hosted two days of free financial counseling for congressional staffers during which over 130 staffers met with members of IRI's Advisor Council.

In addition, IRI's political action committee (IRI PAC) contributed \$137,500 to 63 Members of Congress and hosted nine events raising more than \$80,000 in 2017. IRI PAC is a critical component of all outreach and is often the most effective way of developing relationships with Members of Congress.

2020 Outlook

IRI and the IRIPAC will continue its aggressive advocacy activity on Capitol Hill both through meetings with Members of Congress and their staffs to articulate our legislative policy priorities as well as by attending small, private events with key Members of Congress who serve on committees relevant to IRI's issue areas, often specifically targeted for their partnership on important legislation and action on our main advocacy agenda items.

Long-Term Outlook

Despite regulatory challenges, consumer reticence to commit retirement savings dollars to annuities, and years of persistently low interest rates, consumer demand for guaranteed lifetime income can be expected to grow in the future, for several important reasons:

- **Demographics:** Pew Research Center estimates that 10,000 Baby Boomers will turn 65 every day for the next 13 years.
- **Consumer needs:** IRI research shows that “guaranteed income each month” and “will not lose principal” are two of the most important traits consumers say they want in a retirement product.
- **Increased longevity:** As people live longer, guaranteed lifetime income becomes a key component to managing longevity risk. According to the Society of Actuaries, healthy 65-year-old males in the United States have a 50 percent chance of living to age 87 and a 25 percent chance of living to age 93. Their female counterparts have a 50 percent chance of living to age 89, and a 25 percent chance of living to age 95. For a couple aged 65, there is a 50 percent chance at least one spouse will live to age 93 and a 25 percent chance at least one spouse will live to age 97.
- **Decline of traditional pension plans:** In 1985, there were 114,000 private-sector defined benefit pension plans, but by 2013 there were only 23,769 of these plans remaining, according to the Pension Benefit Guaranty Corporation (PBGC). The PBGC currently pays benefits to approximately 840,000 retirees, with another 560,000 workers scheduled to receive benefits when they retire. The March 2018 Bureau of Labor Statistics’ National Compensation Survey reports that only about 16 percent of private-sector workers have access to a traditional pension (down from 17 percent in 2018 and 18 percent in 2017).
- **Industry Efforts to Educate and Raise Awareness:** The Retire Your Risk campaign launched by the Alliance for Lifetime Income is committed to a focused, aggressive effort to educate consumers and raise awareness of the importance of ensuring that one does not outlive retirement savings. Considering the demographic factors and consumer needs referenced earlier, this is a well-timed effort.
- **Large dollar amounts in qualified plans:** The total assets in qualified retirement plans, as of the end of 2019, were \$30.2 trillion, up 10.3 percent from the end of 2016. The following table details this amount by the different types of retirement plans.

ASSETS IN TAX QUALIFIED RETIREMENT PLANS 2019 Q3	
Private Trusted Defined Benefit Plans	\$3.3 trillion
Private Trusted Defined Contribution Plans	\$8.5 trillion
Individual Retirement Accounts (IRAs)	\$9.8 trillion
State and Local Government Plans	\$4.6 trillion
Federal Government Retirement Plans for Federal Employees	\$1.8 trillion
Annuities	\$2.2 trillion
Total	\$30.2 trillion

Sources: Investment Company Institute with data derived from Federal Reserve Board, Department of Labor, National Association of Government Defined Contribution Administrators, American Council of Life Insurers, and the Internal Revenue Service Statistics of Income Division.

- **Concerns about Social Security and other governmental programs:** The 2019 Social Security Trustees Report projects the combined Old Age and Survivors Insurance and Disability Insurance Trust Fund will be exhausted in 2034; thereafter, in order to remain fully solvent through a 75 year projection period, payroll taxes would need to increase by 2.70 percent or benefits would have to

be reduced by 17 percent for all recipients or by 20 percent for those who became eligible for benefits in 2019 or later. The 2019 Medicare Trustees Report projects that the Hospital Insurance Trust Fund (Part A) will be depleted in 2026, the same as noted in the 2018 report but three years earlier than noted in the 2017 report.

SUMMARY

Current retirees rely heavily on pension income to enjoy a secure retirement. As America ages, and particularly as Baby Boomers without pensions enter retirement at the rate of 10,000 per day, the need to efficiently use retirement savings for guaranteed lifetime income continues to grow. Baby Boomers, and Generation X and Millennials that will inevitably follow, have not saved enough to take haphazard withdrawals from their retirement accounts (as studies show most plan to do) to fund their lifestyles and be assured of both maintaining the ability to support themselves and defraying the expenses associated with health care and long-term care. The retirement industry must work diligently to ensure that consumers are aware of the longevity, health care, and other risks they face in retirement, that they adequately protect themselves against those risks, and that they are educated about the solutions that can protect them. Despite headwinds such as potential new regulatory changes (especially at the state level), the difficulties involved in the development and industry-wide adoption of transaction processing improvements, shifting product focus in the various distribution channels, and other factors the insured retirement industry continues to evolve and become poised for significant growth.

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Supporting data for this report were derived from publicly available research from the United States Census Bureau, the 2019 Social Security Trustees Report; 2019 Medicare Trustees Report; American Council of Life Insurers; Beacon Annuity Solutions; the Bureau of Labor Statistics; the Department of Labor; the Federal Reserve Board; Internal Revenue Service Statistics of Income Division; Investment Company Institute; Merrill Lynch; Morningstar, Inc.; the National Association of Government Defined Contribution Administrators; Pension Benefit Guaranty Corporation; St. Louis Federal Reserve Board, Federal Reserve Economic Data (FRED); Society of Actuaries.



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