For Immediate Release

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Institutional Retirement Income Council Identifies Retirement Industry Trends to Watch in 2018

Iselin, NJ, January 8, 2018 – The Institutional Retirement Income Council (IRIC), a non-profit think tank for the retirement income planning community, today released its list of top retirement industry trends for plan sponsors, providers and advisors to watch in 2018. IRIC says it expects a growing number of plan sponsors and industry stakeholders to evaluate retirement income solutions and de-accumulation strategies for their defined contribution plans as the drive to help workers with their financial well-being and retirement readiness intensifies in the coming year.

"There will be no shortage of issues this coming year that will grab the attention of all retirement industry stakeholders, including retirement plan sponsors, providers and advisors," said Bob Melia, executive director of IRIC. "From the ongoing interest among plan sponsors to help workers with their financial well-being to a host of fiduciary and legislative developments, 2018 will be a critical year as the industry looks for ways to enhance their ability to provide workers with a path to a financially secure retirement."

IRIC identified the following retirement industry trends to watch in 2018:

In-Plan Retirement Income Solutions: We expect in-plan retirement income solutions will continue to evolve this year with a goal of providing retirement plan participants with more flexibility. As more plan sponsors implement financial well-being programs to help employees with retirement readiness, offering plan participants options such as in-plan retirement income solutions will be a critical component. Plan sponsors that have not recently revisited an in-plan solution will be more inclined to do so this year as new solutions emerge. Plan sponsors have a fiduciary duty to review offered investments on an on-going basis. As the aging of the population impacts the work force, we expect sponsors to place more emphasis on the distribution of assets over time.

De-accumulation Strategies: Guaranteed and non-guaranteed de-accumulation products and strategies should grow this year as plan sponsors and other industry stakeholders see the positive impact this will have on overall retirement security and readiness. Additionally, we expected de-accumulation strategies will be developed more holistically from a participant's perspective with factors such as Social Security elections and outside assets including home values considered. Plan sponsors, service providers and consultants that want to retain large retirement assets within the DC system will consider implementing multiple de-accumulation strategies.

Tax Law and Retirement Savings: The new tax law will likely provide an opportunity for 401(k) plan participants to save more in their retirement plans. The law also creates an ideal opportunity for plan sponsors, providers and consultants to rethink strategies around offering Roth features and educate participants on the retirement readiness effects of Roth. We anticipate plan sponsors and retirement industry stakeholders will continue to study how the new tax law will affect retirement plan strategies and the industry itself.

Fiduciary Risk: The ongoing concern over fiduciary risk has had a dampening effect on innovation, new retirement income products, and alternative investments. As a result, consultants have been hesitant to propose innovative products to their clients, especially in a litigious environment. However, helpful fiduciary guidance by the Departments of Labor and Treasury regarding annuities and other income products will help plan sponsors add retirement income strategies to their retirement plans. Proposed positive legislation such as the Retirement Enhancement and Savings Act will continue to have a similar affect in supporting lifetime income other retirement security proposals.

Fiduciary Rule: The DOL decision to implement part of the rule last June while delaying other components consumed consultants, their business models and other sectors of the industry. The delay until next July, allows the SEC, which announced its own desire to implement new standard of care regulations, will influence the final rule's ultimate outcome. For consultants, the rule and the integration of the SEC could bring further changes to business models and a continuation of the merger activity we saw in 2017.

Market Conditions and Correction: As the bull market enters its tenth year, participants could be facing difficult investment decisions if a market correction occurs. A lower stock market along with steady or rising interest rates would cause even well-diversified portfolios to decline in value. How participants react could drive plan sponsors to a greater use of stable value contracts, insurance products such as deferred annuities and guaranteed income benefits, alternative funds, real asset funds and holdings of certain financial sector funds.

About The Institutional Retirement Income Council

The Institutional Retirement Income Council (IRIC) is a non-profit, membership-based organization of industry advisors who are dedicated to sharing best practices, informing about legislative and regulatory issues, and facilitating solutions for plan sponsors and their participants. IRIC's mission is to facilitate the culture shift of defined contribution plans from supplemental savings programs to programs that provide retirement security. By providing a forum for insightful, solutions-oriented thought leadership on institutional retirement income, IRIC is promoting the need for retirement income adequacy for defined contribution plan participants. For more information, visit www.iricouncil.org

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