
# REFERENCE LIST
## February 2017

### Target Date Funds: What´s Under the Hood?

***February 2017- Center for Retirement Research at Boston College***

While nearly 60 percent of new 401(k) participants have savings in target date funds (TDFs), little research has looked under the hood of this investment vehicle. This analysis uses a unique dataset with extensive information on the underlying mutual funds that TDFs hold.

The results show that TDFs:

- Often invest in specialized assets (e.g., emerging markets and real estate);
- Charge fees that are only modestly higher than if an individual investor assembled a similar portfolio on his own; and
- Earn returns that are broadly in line with other mutual funds.

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### Defined Contribution Marking Decisions to Lower Plan Fees

***February 2017- Planadviser***

Defined contribution plan sponsors are looking to negotiate recordkeeping fees, reduce revenue sharing and switch to lower-cost investments, a survey found.

Callan's 10th-annual "Defined Contribution Trends Survey" reveals that fees are playing a heightened role in driving plan sponsor decision-making.

Reviewing plan fees was cited as a key area of fiduciary focus, both now and for the foreseeable future. Also, related to this focus on fees are trends including an increase in recordkeeper search activity, movement to institutional fund structures, de-emphasizing revenue sharing, and adoption of fee policy statements.

"Plan sponsors described their review of plan fees as 'continuous'," says survey co-author and DC consultant Jamie McAllister.

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### Managing Money with Cognitive Decline

***February 2017- Center for Retirement Research at Boston College***

Despite the normal cognitive challenges that people in their 70s and 80s inevitably face, most are sharp enough to be in charge of their financial affairs or oversee them. But the significant minority of seniors who do have trouble is explored in a new summary of the research by Anek Belbase and Geoffrey Sanzenbacher at the Center for Retirement Research, which supports this blog. One such group is people learning for the first time how to carry out financial tasks. Widows, not surprisingly, are often required to negotiate this financial learning curve, which gets steeper as a senior's ability to process new information erodes. With guidance from a family member or professional, however, the novices can usually figure things out.

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**Did the January Effect Affect 401(k) Balances?**

***February 2017- NAPA-NET***

As stock market indicators go, the so-called "January effect" seems to have been at play with average 401(k) balances.

The "January effect" holds that early-year stock market gains are driven by several "powerful" seasonal anomalies – and while that wouldn't seem to hold as a motivator for 401(k) participants, an analysis by the nonpartisan Employee Benefit Research Institute (EBRI) found that the average account balance for younger (25-34), less tenured (1-4 years) workers rose by 3.2% in January, while those aged 55-64 with more than 20 years of tenure gained 1.6%.

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**Retiree Benefits: Tale of 2 Cities (States)**

***February 2017- Center for Retirement Research at Boston College***

Some of the workers and retirees around the country who count on having a government pension surely get nervous when they see headlines about the most troubled state and local plans – in places like Illinois, New Jersey, Connecticut, Chicago, and Detroit.

A broader perspective on retirement benefits, however, shows that the results are more mixed. A study by the Center for Retirement Research, which sponsors this blog, estimated long-term costs for pensions, retiree health benefits, and general debt service as a share of revenues for the 50 states, 178 counties, and 173 cities.

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**Requires Retirement Savings Rates Today**

***February 2017- Employee Benefit Research Institute***

Recent asset pricing studies suggest that demand for stocks since 1980 has driven expected returns below their historical average. The current yield of risk-free assets in the U.S. is also well below historical bond yields. This decrease in bond yields, coupled with increases in longevity, has doubled the cost of funding a real dollar of income in retirement since 1980 for a 65-year-old retiree. Many common financial planning practices are surprisingly sensitive to asset returns, and advisors need to understand the challenges clients will face if high asset prices persist. Results from a life cycle planning model show that savings rates would need to rise sharply for households hoping to maintain the same standard of living in retirement if real asset returns are low. Low expected returns also have a surprisingly strong impact on the amount of savings needs to fund legacy goals and a negative impact on client spending throughout their life cycle.

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**Some Insured Workers Delay Healthcare**

***February 2017- Center for Retirement Research at Boston College***

Stark differences are emerging in the ways that workers, depending on how much they earn, are using the medical services covered by their employer health plans. While higher-income workers gravitate toward preventive and maintenance care, lower-wage workers visit emergency rooms far more often, according to a study published last month in *Health Affairs*. The researchers pointed to one major culprit: a 67 percent increase in average deductibles for employer health plans since 2010.

Employers usually offer the same health plans to all their employees. But the growing prevalence of high-deductible plans could be making making some low-wage workers think twice before seeing a doctor if they'll have to pay the entire bill because they haven't hit their yearly deductibles yet. Health insurance premiums and other out-of-pocket medical costs in high-deductible plans together consumed about 21 percent of pretax earnings for the low-wage workers studied.

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**Can Employers Adapt When Workers Want to Delay Retirement?**

***February 2017- The Upjohn Institute for Employment Research***

As is evident from the figure shown at right, aging men and women are increasingly remaining in the labor force. Most often the reason for this is that they need to work additional years in order to be able to support an increasing number of years in retirement. But how do employers react to an aging workforce? In a new WEfocus series book from the Upjohn Press, *Extending Work Live: Can Employers Adapt When Employees Want to Delay Retirement?*, authors Robert Clark and Melinda Sandler Morrill are among the first to address this issue. In the process, they provide a thorough assessment of the costs and benefits of accommodating later retirement ages, and they describe options employers may use to create some new form of employment contract with aging workers.

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**Using Sound Actuarial Principles to Better Manage Retirement Finances**

***February 2017- Society of Actuaries***

This article briefly discusses advice currently being given to retirees on how to manage their finances in retirement and how the use of sound actuarial principles to develop a reasonable spending budget can improve that advice. It also discusses the potential benefits to retirees, financial advisors and the actuarial profession of using such principles or encouraging their use.

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**How Job Changes Affect Retirement Timing by Socioeconomics Status**

***February 2017- Center for Retirement Research at Boston College***

The brief's key findings are:

- Workers in their 50s today, compared to previous generations, are more likely to switch jobs voluntarily.
- The question is whether such job changes lengthen or shorten a worker's career.
- The results suggest that job changes lengthen careers: those who switch jobs are much more likely to still be in the labor force at age 65 than those who stay put.
- This effect is somewhat larger for better-educated workers than for less-educated workers.

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**A Bigger Bite Out of Social Security**

***February 2017- Center for Retirement Research at Boston College***

Most retirees didn't notice the $5 cost-of-living increase in the average Social Security check. That's because the Part B Medicare premium deducted from their checks went up nearly as much (from $104.90 in 2016 to an average $109 this year).

Beyond premium hikes, the bigger issue for retirees are the additional out-of-pocket costs they must pay as part of their Part B coverage for doctor visits and outpatient care. When rapidly rising copayments are added to the basic premium, they together consumed more than 15 percent of the average Social Security benefit last year. That is more than double the percentage in 1980, and it's expected to exceed 17 percent by 2030, according to the Centers for Medicare and Medicaid (CMS).

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# UPCOMING EVENTS

**PBSS/IACA Colloquium Cancun 2017**

***Date: 4-7 June, 2017. Cancun, Mexico***

Come join your friends and peers from around the world for the **Pension Benefits and Social Security (PBSS) Colloquium**, to be held on June 4th-7th in the Caribbean paradise of Cancun in the CasaMagna Marriott Cancun Resort. Actuaries and non-actuaries from all disciplines involved with technical and social aspects of Pensions and Social Security are encouraged to participate.The PBSS 2017 Scientific Committee is assembling a preliminary agenda with key issues facing today's public and private concerns on the sustainability of pensions and social security.

Call for papers has already close the reception, more than 50 papers have been received!

For More Information

**2017 Enrolled Actuary Meeting**

***Date: 2-5 April, Washington DC***

The American Academy of Actuaries and the Conference of Consulting Actuaries are pleased to serve as joint hosts for the 42nd annual Enrolled Actuaries Meeting, April 2-5, 2017 at the Marriott Wardman Park Hotel in Washington, DC. The meeting offers a variety of panels and workshops, covering a wide range of topics and issues relevant to Enrolled Actuaries and other pension professionals.

For More Information

**2017 Conference of Consulting Actuaries Healthcare Meeting**

***Date: 5-6 April, Washington DC***

The CCA Healthcare Meeting provides health actuaries and other healthcare professionals the chance to hear the latest developments on the Affordable Care Act, and it affords the opportunity to discuss with peers what's happening on the home front of healthcare reform. The meeting features a variety of sessions on healthcare issues, providing relevant education for healthcare providers, carriers and employers.

For More Information

**2017 Retirement Research Consortium Meeting**

***Date: 3-4 April, Washington DC***

The 2017 Retirement Research Consortium Meeting will be held August 3-4, 2017 at the National Press Club in Washington, DC. This event showcases the latest in retirement research from the nation's top scholars. The agenda and registration information will be available in the spring.

For More Information

**ASTIN/AFIR Colloquium 2017**

***Date: 20-24 August, 2017. Panama City***

The 2017 ASTIN AFIR-ERM Colloquia will take place on August 2017, in the beautiful coastal city of Panamá, in the heart of the Americas. The event will feature leading researchers' and practitioners' research through concurrent presentations, plenary and panel sessions, and educational workshops. See our Program or Register Now.

For More Information

**31st International Congress of Actuaries (ICA Berlin 2018)**

***Date: 4-8 June, 2018. Berlin, Germany***

Like no other metropolis in Europe, Germany's capital Berlin symbolizes the breakdown of old structures and the opening of a new era of understanding and cooperation. The unique atmosphere of a city that has re-invented itself in recent decades, invites you to be an integral part of an inspiring and vibrant International Congress of Actuaries in 2018. Feel the spirit of colleagues working together at the event with no cultural or geographical barriers.

You can also see here the list of pension's topics.

For More Information