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Nestimate Debuts Software Solution for In-Plan Guaranteed Income Products

Software billed as giving plan advisors, consultants and sponsors a scalable way to implement lifetime income into retirement plans



by **Brian Anderson, Editor-in-Chief** · April 3, 2023 · ⌚ 3 minute read



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Nestimate, Inc, a software analytics platform empowering retirement income solutions, today announces the launch of its first software tool, “Nestimate.”



Nestimate's Kelby Meyers

Nestimate is designed to help fiduciaries overcome the initial hurdles of in-plan retirement income solutions. This software gives advisors, consultants, and plan sponsors a scalable way to implement lifetime income.

In announcing the software's debut, Kelby Meyers, CEO of Lincoln, Neb.-based Nestimate said the expansion of the Safe Harbor provision surrounding lifetime income in the SECURE Act of 2019 and a seismic demographic shift underpins the growing interest. As a result, the idea of income in-plan is picking up steam and can be a differentiating value creation for plan advisors and consultants.

“We are at the precipice of a new era in retirement,” Meyers said. “The greatest risk to a retiree today is not the market, it is not inflation, and it is not Silicon Valley Bank. The greatest risk a retiree faces is running out of money before they run out of life. As more participants remain in-plan, it will be critical for plan fiduciaries to address their longevity risk.”

Meyers highlighted a few of the software's key features for *401(k) Specialist*:

- A succinct due diligence workflow which guides the user through a prudent process and intuitively adheres to SECURE Act.
- Unique digital and physical documentation of diligence process.
- Powerful product recommendation algorithm which captures the best interest of the participants.
- Appropriately compares benefits in respect to fees with a one-of-a-kind method to compare fees.
- Proprietary and actuarially developed modeling to more accurately portray the value of lifetime income products.
- Ongoing monitoring in adherence with the SECURE Act requirements.

Nestimate's proprietary process was vetted by several leading ERISA attorneys, including Marcia Wagner and John Sohn of the Wagner Law Group. Their recent opinion states, *"the (Nestimate) Analytics Tool is reasonably designed to assist Financial Professionals who are Fiduciary Advisors to their Plan clients in providing annuity selection advice (i.e., annuity product recommendations) to their respective Plan clients that comport and are consistent with their Duty of Prudence as Plan fiduciaries under ERISA Section 404(a)(1)(B)."*

In his view, Meyers said it makes sense that a retirement plan has a plan for retirement income, whether that includes a product with guarantees or not. "While it may be new and novel, it would not surprise me that within the next decade every plan in the country has an in-plan retirement income option," Meyers said.

Nestimate points to widespread academic research that has long concluded that having part of a portfolio in a guaranteed income solution can improve retirement outcomes. "This is where we believe the SECURE Act was a game-changer. The ability for participants to access institutional guaranteed income products under a fiduciary oversight is a big win," Meyers said.

Many think the SECURE Act and SECURE 2.0 will provide a launch pad for in-plan annuities in much the same way the Pension Protection Act of 2006 (PPA) gave rise to the QDIA and Target Date Funds.

"Organic guaranteed assets and participants doubled on the SS&C Retirement Income Platform (RICC) in 2022 and we expect guaranteed assets to double again in 2023," said Jacqueline Rynn, Head of Product Development, Income Solutions at SS&C Retirement Solutions. "SS&C believes guaranteed retirement income solutions will continue to gain traction as new, innovative solutions come to market and recordkeepers roll out their strategies on how to bring guaranteed retirement income solutions to plan sponsors and participants."

While only time will tell if it will have that kind of reach, there's no doubting retirement income is now top-of-mind for entire industry.

“Right now, approximately 10% of plans have any sort of option for guaranteed income,” Meyers said. “It is our belief that it won't be long until these solutions are considered table stakes for retirement plan advisors and providers.”

SEE ALSO:

- [Annexus Retirement Solutions, iJoin Partner on Lifetime Income Solution for TDFs](#)
- ['MPI Stylus Web' Debuts as 401\(k\) Analytics, Reporting Tool for Advisors](#)
- [Talking Guaranteed Lifetime Income Solutions with Allianz Life's Michael De Feo](#)

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Veteran financial services industry journalist Brian Anderson joined 401(k) Specialist as Managing Editor in January 2019. He has led editorial content for a variety of well-known properties including Insurance Forums, Life Insurance Selling, National Underwriter Life & Health, and Senior Market Advisor. He has always maintained a focus on providing readers with timely, useful information intended to help them build their business.

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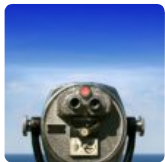


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2023 NAPA 401(K) SUMMIT

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Brian Graff at NAPA 401(k) Summit: Year's Long Battle Beginning Over Future of America's Retirement Plan System

Soon-to-be-introduced "Retirement Savings for America Act" could be first salvo in battle between private and public retirement plan control

by Brian Anderson, Editor-in-Chief · April 2, 2023 · ⌚ 3 minute read

Brian Graff and Nevin Adams during Sunday's "Hill to the Summit" opening general session at the NAPA 401(k) Summit in San Diego.

“We are at the beginning of what I expect will be a continuous battle for several years over the future of America’s retirement plan system.”

Pretty heady stuff to kick off the **NAPA 401(k) Summit in San Diego** on Sunday from American Retirement Association CEO Brian Graff, during his traditional “From the Hill to the Summit” session that opened this year’s event in front of a record crowd of retirement plan advisors.

“Frankly it’s not the specifics of this particular proposal that matter. What you should be worried about is that there is actually bipartisan support

for the idea of a federally run retirement savings plan.”

ARA's Brian Graff

What's this upcoming battle? No less than whether employer-based retirement plans remain the domain of the private market or get taken over by the government.

Advocates for the private retirement plan industry hardly got to bask in the glow of SECURE 2.0 passing before having to turn their attention to what looks be the next big challenge to employer-sponsored retirement plans.

“I'm afraid that we're now going to turn the page and we're going to be going towards a period of time where we're going to have to play some defense,” Graff said. He emphasized that while workplace retirement plans work really well for the people that have them—the problem has been that not enough people *have* them.

He pointed to statistics such as 60 million Americans still lacking access to a workplace retirement plan, including 52% of Black workers and 68% of Hispanic workers lacking access compared to 40% of white workers.

And at some point, he said, the policymakers in Washington D.C. are going to get tired of this coverage gap. He just didn't think it would be so soon after the passage of SECURE 2.0—designed specifically to address the coverage gap.

And the landmark retirement legislation reform very well should, given a proper runway to do so. But the question now will be whether policymakers will give

these reforms the chance to close the coverage gap before trying to tackle the coverage gap issue with a—groan—government-sponsored “solution.”

“Could we at least get a minute with the provisions of SECURE 2.0 and give them a chance to see if they make a difference? Well, we got about 60 days,” Graff said. “The first salvo in this debate is a proposal called the Retirement Savings for America Act. Think of it as a MEP operated by the Treasury Department.”

Graff said the ARA expects the bipartisan legislation to be introduced in Congress in the coming weeks. The bill is being backed by a formidable, well-funded Washington D.C.-based “think tank” called the Economic Innovation Group, which launched in 2021 with a white paper by economists Teresa Ghilarducci and Kevin Hassett that outlined an idea to significantly expand retirement savings for millions of low- and moderate-income Americans through a new program modeled after the federal government’s Thrift Savings Plan (TSP).

“Do not underestimate this organization,” Graff said. “They are extremely well-funded. They have hired some very well-respected D.C. lobbyists.”

Last December, U.S. Senators John Hickenlooper (D-CO) and Thom Tillis (R-NC), and Representatives Terri Sewell (D-AL) and Lloyd Smucker (R-PA) introduced the “Retirement Savings for America Act,” a bipartisan, bicameral bill based on the EIG.

Under the proposal, all uncovered or excluded employees would need to be auto-enrolled into the program at 3%. It would be exempt from ERISA and nondiscrimination testing even if the owner participates. The federal government—not the employer—provides the safe harbor match and 1% non-elective contribution. It would supposedly be paid for by eliminating retirement savings tax incentives for wealthy Americans.

“Talk about unfair competition! A plan exempt from ERISA where the federal government is covering the match?” Graff said.

“I’m not panicking that this is going to become law this year. And I’m really not too worried it’s going to become law next year,” he continued. “Frankly it’s not the specifics of this particular proposal that matter. What you should be worried about is that there is actually bipartisan support for the idea of a federally run retirement savings plan.”

In concluding on the subject before moving to other issues, Graff said the ARA has “got this” in the short run, thanks to member support.

“But with your help, we need to make it crystal clear –both from a policy and a political standpoint that the federal government competing with the retirement plan system will never be acceptable.”

That drew a rousing round of applause from the audience.

SEE ALSO:

- [TSP-Like ‘Retirement Savings for Americans Act’ Introduced with Eye on 2023](#)
- [NAPA 401\(k\) Summit Takes Over San Diego](#)
- [Mayors Want TSP-Like Program for Workers Lacking Access to Retirement Plans](#)

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