

Retirement Security Working Group

Insurance is a key part of a comprehensive retirement plan. Personal financial security involves not only robust personal and employment-based retirement savings plans, but also appropriate insurance products, which may include annuities and life, health, disability, and long-term care insurance coverage. Because insurance plays an important role to protect the financial assets of consumers, state insurance departments should play a major part in helping put Americans on a path toward secure retirement.

Commented [BJC1]: This is more general language. (Even more correct would be defined contribution and defined benefit.) Fewer than a quarter of all employees in the US today participate in a traditional pension plan.

Commented [BJC2]: Better wording as not everyone needs all of these products.

Thus, insurance regulators through the NAIC developed its Retirement Security Initiative in 2016.

The Working Group has the following charge: Explore ways to promote retirement security consistent with the NAIC's continuing Retirement Security Initiative. The Working Group shall promote retirement security through the following Work Plan.

Education

This section needs a major rewrite. It is laudable that NAIC recognizes education as a vital component with respect to consumers' insurance knowledge. However, the following work tasks (1, 2, 3) are already being done by others in the education arena and it is not effective or efficient for NAIC to reinvent what has been done or is current underway. We suggest a rewrite to "Explore and inventory" Items 2, 3, and 5 to determine what is known and how that is beneficial for insurance consumers.

1. Investigate the cause(s) of American's low savings rate and propose solutions to improve the savings rate and retirement plan participation of everyone. Recommend deletion. There already is extensive research on this topic and other organizations have greater comparative expertise in this area than NAIC. One important perspective on changing the savings rate in the US that the most likely route to success is changing attitudes, which may take a generation to change.
2. Research and develop a financial education curricula/ resources for individuals for each life stage beginning with high school through retirement to plan and save for retirement (subjects should include financial literacy and good financial decision-making, time value of money, long-term care, and debt/credit/credit scoring). Again, many other organizations already do excellent work in this area, with greater knowledge and expertise in education than NAIC has. What NAIC COULD do is to review some of the more widely-used standards for financial education as well as financial education curricula and possibly contribute to the risk management/insurance components.
3. Explore whether women and members of the "sandwich generation" may need extra attention in this area as they often have less money saved for retirement due to being out of the work force caring for children and/or parents. Again, this is a question long-ago

settled by other organizations with much more expertise on this topic. NAIC might, however, review any proposed solutions that relate to insurance and contribute in that way.

4. Review education/CE requirements for insurance producers to ensure requisite knowledge of suitability requirements as well as prohibitions such as unfair trade/marketing/advertising practices and determine if additional CE requirements are needed. This task may be important to undertake. Not only will producers gain appropriate knowledge but can be assured that unfair practices are avoided in selling insurance products. However, it is somewhat unclear what motivated this charge as it seems to be an ongoing activity in many NAIC working groups.
5. Develop an education campaign targeting employers to provide retirement plans and assist employees with saving for retirement. Employers already have access to educational programs regarding retirement security. NAIC can inventory what is now being done, evaluate the actions, and contribute information specific to risk management and insurance for employees and employers.

Consumer Protection

1. Develop a NAIC-produced document identifying top 10 insurance/annuity scams (Why arbitrarily choose 10?). The document could include information about how to identify and combat various types of insurance fraud as well as information to help consumers become aware of possible scams/fraud and suitability for their personal needs. We recommend you clarify the charge to indicate whether this is a news release (likely only a page or two in length) or a more detailed resource for consumers.
2. Inventory and support further enactment of consumer protection laws and regulations (e.g., NAIC suitability; disclosure model laws; long-term care) that enhance retirement security. This seems vague. What criteria would be used to identify laws that “enhance retirement security?”

Innovation

1. Hold an Innovation Forum with interested parties (industry and consumers) to identify and address areas where current laws/ regulations unnecessarily stifle innovation -- to do what?
2. Examine the compensation structures of insurance products and services and explore other structures and incentives to ensure better inclusiveness (e.g., to ensure that all levels of net worth have access to expert advice).
3. Explore how new technologies and big data/analytics can be used to benefit consumers (affordability and accessibility?) and the insurance industry. How is this specific to retirement security?

4. Research and identify initiatives that state and federal governments could take to assist individuals and employers to improve and increase retirement options. If we interpret this correctly as states sharing best practices, this could be very worthwhile.

Commented [KK3]: Are you referring to insurance only? OR other government agencies/departments? Not sure this would be a NAIC initiative. I may not fully understand this work task.

“Plan of Action”

Develop and adopt a final issue document that incorporates an education campaign, education curricula, anti-fraud alerts related to insurance and how insurance impacts can aid with retirement security. The document should include a plan for continued support and promotion of retirement security.

Commented [KK4]: Who is to use this plan? Consumers, industry, employers ...?