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## Exploring Annuities for Retirement Income

Hueler Companies offers advisors tools  
to compare and analyze options

► By **Jody Strakosch**  
Principal, Strakosch Retirement Strategies, LLC

## PROVIDER SPOTLIGHT



**KELLI HUELER** is CEO and founder of Hueler Companies, an independent data and research firm founded in 1987 that provides reporting and systems designed for the annuity and stable value marketplace. Hueler is nationally recognized as a key contributor on the topic of lifetime income and is actively engaged in related public policy matters. In 2004, Hueler Companies launched Income Solutions®, a groundbreaking best-practice annuity purchasing platform.

Jody Strakosch, Principal, Strakosch Retirement Strategies, LLC, spoke with Hueler about her firm's strategy and trends in the income annuity arena.

# Exploring Annuities for Retirement Income

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## What was the impetus behind the founding of Income Solutions®?

**KELLI HUELER:** While presenting at a conference in Japan in 1999, I had the opportunity to meet with Japanese insurers. That was when I realized that the longevity issues facing Japan would eventually impact the US. Given our work with employers and insurers related to stable value investments, I was convinced it would become critical for retirees to have access to institutionally priced lifetime income alternatives. We believe a comprehensive retirement income plan should include some allocation to low-cost guaranteed lifetime income in order to help retirees manage investment and longevity risk during the paydown phase.

## How did you turn that idea into action?

**HUELER:** We created the Income Solutions® annuity platform, which allows individuals and their

financial advisors to obtain low-cost income annuity quotes from multiple insurance companies in real time. The platform was designed to help people convert a portion of their retirement assets into a reliable income stream to cover baseline living expenses and help protect against outliving their financial resources. In my experience, retirees are more comfortable with a “paycheck” each month than they are drawing down a lump sum.

The ability to combine management of assets and a guaranteed income stream offers advisors and their clients an opportunity to more effectively manage their retirement assets. We find that, on average, clients use 20% to 25% of their available assets to purchase income annuities. Incorporating partial annuitization as part of a wealth management strategy works across the income spectrum and provides retirees with much-needed peace of mind.

## How does the platform work?

**HUELER:** There are several critical components to the platform. First, there is competitive bidding from multiple well-known insurance companies. Years of research on insurer pricing behavior shows that no single insurance company can always provide the best quote. The number of contracts purchased by carrier varies over time (see **Exhibit 1**, page 15), and individuals generally choose the contract with the highest monthly income.

Second, our standardized quote responses are displayed in a single grid, which allows for a simple and straightforward, apples-to-apples comparison of the income annuities. We have taken the guesswork out of comparing the various offers by making sure that the insurers are bidding on the same framework (i.e., single life with a 10-year certain payout period). We created an automated, standardized, fee and feature leveled bidding process to ensure meaningful competition among insurers. This process helps ensure that individuals receive a monthly income result for their specific need.

**“We expect to see significant growth in longevity annuities as advisors work with their clients to create a comprehensive spending plan.”**

Kelli Hueler

Finally, we offer a number of tools to help inform decisions. We ask practical questions: Do you want income now or later? Do you want to protect a spouse? Do you want to include a cost-of-living adjustment feature? We provide a range of income payment options to meet each client’s goals. The Income Gap Calculator, a proprietary feature, is one tool a participant or advisor may use to estimate how much additional guaranteed income might be needed.

**What type of income products are offered?**

**HUELER:** We currently offer four types of income annuities:

- Immediate income annuity: Income begins within 12 months.
- Deferred income annuity: Income begins after 13 months to no more than 40 years from purchase.
- Longevity insurance: Payments begin at age 85.
- Qualified longevity annuity contract: This deferred income or longevity insurance annuity enables you to defer taking income from your qualified assets past the age of 70 ½, when applicable law generally requires that minimum distributions from retirement plans begin.

**Do you see any trends in purchases?**

**HUELER:** We have noticed a definite increase in the purchases of deferred income annuities, based on data from our platform. In 2014, approximately 10% of purchases went to deferred income annuities. Two years later, this percentage grew to almost 25%. Longevity annuities are growing in popularity too, although they still make up a small segment of overall purchases.

We expect to see significant growth in longevity annuities as advisors work with their clients to create a comprehensive spending plan that provides a draw-down from managed assets while protecting their clients in their later years with a guaranteed income stream beginning at age 80 or 85. This “tail risk” protection is important for people concerned about outliving their assets. A lot of interesting product development is also occurring in the longevity/asset management space.

**How can plans provide solutions that help participants prepare to annuitize at retirement?**

**HUELER:** It is important that plan sponsors recognize the uniquely different risks that participants face in the drawdown phase—longevity and the need for predictable income. By dovetailing appropriately risk-adjusted investment strategies with connectivity to income annuities, investment programs in the plan can facilitate and serve to create a smooth path to ensuring better retirement outcomes.

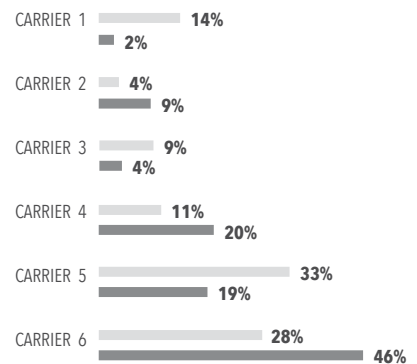
**How do advisors access your platform?**

**HUELER:** Advisors can access the Income Solutions® platform by visiting *Incomesolutions.com* and clicking on the “Advisor Access” tab. Once registered, they can obtain live quotes for their clients. To speak with a licensed annuity specialist or obtain assistance navigating the site, advisors can call (866) 297-9835. ◀

**Exhibit 1 Income Solutions® Income Annuities Volume**

No insurer on the platform is the most competitive at all times.

**Contracts Purchased (by percentage of total)**  
■ 2016 ■ 2017



*Data based on total purchases on Hueler Income Solutions® platform.*

*Source: Hueler Companies.*

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