

Council on Members Insurance and Retirement Programs

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The Council's 2021-22 liaisons include: Dr. Rudolph T. Liddell (Board of Trustees, Seventeenth District) and Dr. Jonathan Wong (American Student Dental Association).

Areas of Responsibility as Set Forth in the *Bylaws or Governance and Organizational Manual of the American Dental Association*

As listed in Chapter VIII, Section K.8. of the *ADA Governance and Organizational Manual*, the areas of subject matter responsibility of the Council on Members Insurance and Retirement Programs ("CMIRP") shall be:

- a. Insurance and retirement plan products and resources; and
- b. Risk management education programs and resources.

Advancing ADA Strategic Goals and Objectives: Agency Programs, Projects, Results and Success Measures

Objective 1-5: The ADA members insurance and retirement plans are uniquely designed to enhance the value of membership across all segments which helps support the Membership strategic goal and objective to increase member recruitment and retention, and the Financial strategic goal and objective to increase non-dues revenue (royalties and service income).

Initiative/Program: ADA Members Group Insurance Plans, issued by Protective Life ("Protective"); ADA Members Retirement Programs, administered by Equitable; ADA Health Insurance Exchange web portal, powered by JLBG Health, Inc., and development of insurance and financial risk management educational resources to help members succeed in managing exposure to risk.

Success Measure: Increase member engagement and utilization of the ADA members insurance and retirement programs and risk management resources as defined by growth in plan participation, total assets under management and non-dues revenue (royalties and service income). In addition, benchmarking studies help validate the competitive cost value and financial stability of the product offerings as benefits of membership.

* *New Dentist member*

Target: 2022 revenue is estimated to generate a combined total of approximately \$6.5 million from all budgeted sources including royalties, service income and CMIRP expense budget reimbursement in support of the ADA financial goals.

Range: An estimated \$5 to \$6 million in combined total non-dues revenue from all budgeted sources including 1) CMIRP expense budget reimbursement; 2) ADA Members Insurance Plans royalties, Protective; 3) ADA Members Retirement Programs service income, Equitable; and 4) ADA-endorsed Health Insurance Exchange web portal, JLBG Health, Inc.

Outcome: On track to meet the estimated target goal with nearly \$5.9 million total paid to ADA as of June 30, 2022 in insurance plan royalties and service income.

ADA Members Group Insurance Plans: The ADA Members Insurance Plans (“ADA Plans”) products portfolio consists of nine group plans administered by Protective (following their acquisition from Great-West Life & Annuity) which include the 1) Annually Renewable Term Life, 2) Level Term Life, 3) Universal Life, 4) Student Life, 5) Disability Income Protection, 6) Student Disability, 7) Office Overhead Expense (disability), 8) Hospital Indemnity with an optional Extended Care Rider and 9) Critical Illness. The two supplemental medical insurance plans replaced the former MedCASH Insurance Plan which remains in effect, but only for existing certificate holders. The ADA Student Members Life and Disability Insurance Plans (“Student Plans”) provide coverage on a guaranteed issue basis at *no-cost* to ADA student members while completing their dental school education D1-D4 years, including post-doctoral residency programs.

Table 1. ADA Members Group Insurance Plans Participation as of December 31, 2021

Participation is defined as the total number of certificates of insurance issued by plan to dentist members and dental student members, and the number of certificate riders issued to cover spouses and/or dependent children. Members insured in more than one plan hold multiple certificates.

ADA MEMBERS GROUP INSURANCE PLANS	EOY 2020	EOY 2021
Term Life (Members)	39,283	37,457
Spouses	13,414	11,988
Dependent Children ¹	5,134	4,726
Student Members <i>No-Cost</i> Term Life	14,918	13,206
Universal Life	1,079	996
Level Term Life (Members)	1,272	1,420
Spouses	278	312
Dependent Children ¹	123	144
Disability Income Protection	13,191	12,879
Student Members <i>No-Cost</i> Disability	13,421	12,482
Office Overhead Expense (disability)	6,457	6,172
MedCASH (Members & Dependents)	4,082	3,688
Hospital Indemnity (Members & Dependents)	556	602
Critical Illness (Members & Dependents)	523	555
Total Number of Certificates of Insurance and Dependent Riders (All Plans)	113,731	106,627

¹ Members with dependent child coverage; not the number of insured children.

As shown and defined in Table 1, Protective reports that 2021 participation across all the ADA Plans decreased by approximately 6.25% which largely reflects the impact of persistent membership declines and aging trends contributing to higher voluntary lapses and coverage terminations without new and sustained growth to offset the losses. More specifically for year-ending December 31, Protective reported that organic sales to first-time buyers of one or more of the ADA Plans was modest with a total of 1,134. This included 304 sales generated from promotion of the new member incentive offer which provides a guaranteed-issue term life benefit at no-cost for six months to eligible dentists who newly join the ADA. However, it is important to note that sales and marketing efforts were hindered last year due to the pending completion of the carrier transition.

The Term Life Plan, the oldest of the group plans introduced as a benefit of membership in 1934, illustrates the compounded effect of aging and lapse trends which accounted for the loss of 1,826 insured members and a corresponding loss of covered spouses and/or dependent children. One of the factors influencing lapses is the increasing number of members who are in or approaching retirement and have a lesser need for annually renewable term life, especially as rates increase each year with attained age. Rather these members are often interested in life insurance product designs more suitable for wealth transfer or estate planning purposes. At its August 2022 meeting, the Council will be exploring new product development opportunities to address the diverse needs of our members and their families at all life stages and expand the ADA portfolio of options.

The ADA Plans, by definition of eligibility to participate in the group, are directly impacted by membership trends and in particular, nonrenews which trigger voluntary lapses and coverage terminations. Additionally, post-graduates who choose to defer or not convert to active membership following the expiration of dues discounts and the no-cost student insurance benefits reduce the eligible number of active members needed to grow the ADA Plans. With the strategic goal to curb lapses and increase conversions, Protective accelerated its 2021 conservation outreach efforts to engage and connect with members at risk of lapsing during each renewal period. Protective insurance specialists consult with the insureds to discuss their personal coverage needs and what options exist to best manage any cost considerations. Protective reports these conservation efforts are having a positive impact on retention.

Looking at participation in the ADA Student Plans as shown in Table 1, there were 13,206 student members in the no-cost term life plan and 12,482 student members in the no-cost disability plan which provides a loan repayment benefit in the event of a disability which prevents the student from completing their dental school education. Protective notes that approximately 1% of the year-end decline reflects the timing of insurance auto-enrollment of the incoming classes of student members.

The Dental School Insurance Auto-Enrollment Program continues to deliver strong results with 18 dental schools currently participating and additional schools under consideration for automatic enrollment of all their registered students (D1-D4 and post-doctoral residents) in the ADA no-cost Student Members Life and Disability Plans. In 2022, Protective is working collaboratively with ADA to align its marketing outreach to dental schools and foster engagement with deans and faculty administrators to discuss the key advantages of insurance auto-enrollment, as well as create awareness of the competitive value of the ADA Plans available to faculty members.

In addition to the dental school initiative, Protective has added dedicated staff resources to connect directly with D1-D4 students and residents and help educate them on the need for insurance to protect the investment made in their dental career, and further empower them to take advantage of the no-cost life and disability benefits of ADA membership while in school and the conversion offer following graduation. Protective held lunch and learns and on-campus events, exhibited and presented at several local district, state and national meetings and conferences in 2021 and early 2022. These activities were promoted using Protective's new multi-channel digital marketing strategies, supported by e-communications and social media posts, which helped reach over 6,100 students and grow the student member email database by 4,000.

The student member no-cost insurance benefits of membership are of significance because they provide the foundation for the next generation of active members and future growth of the ADA Plans. Protective was pleased to report that conversion of new graduates in 2021 grew by 8.25% or 721 members which is a positive sign, considering the year in perspective and constraints during the transition.

Protective Transition: 2021 marked an important and transformative year for the ADA Plans with successful completion of the lengthy transition from Great-West Life and Annuity Insurance Company to Protective, including the issuance of Protective branded replacement certificates of insurance to all group plan participants effective February 1, 2022 and the launch of Protective's newly designed, mobile responsive website for the [ADA Plans](#) with expanded online tools and resources to optimize the member's digital experience.

Despite the significant growth challenges facing the ADA Plans in 2021, including membership trends, the unforeseen cost impact of COVID-19 related claims on the life and disability plan financials, fierce competitive market conditions, economic pressures on buyer spending and the lack of marketing during the transition, Protective reports that the ADA Plans remain strongly viable and provide competitive, quality insurance protection to more than **75,400** dentist members, inclusive of active, life, retired, federal, student, graduate and faculty, their spouses and dependent children. The Council proudly recognizes that the group plans are important benefits of membership and of financial significance to the ADA and its future sustainability.

ADA-endorsed Members Retirement Program: The ADA-endorsed Members Retirement Program ("ADA Program"), administered by Equitable Insurance Company, offers competitive retirement plan design options for dentist practice owners through various retirement products. These plan design types are 401(k) plans (i.e., Safe Harbor, Traditional, Simple and Owners only), New Comparability Plans, defined contribution pension and profit-sharing plans, as well as Defined Benefit plans and Cash Balanced plans that offer managed accounts. Safe Harbor is the most often requested plan design.

The ADA Members Retirement Program design includes Equitable's comprehensive service platform, provided through various retirement products, which provides full recordkeeping and plan administration services to dentist employer and employee participants at competitive fees. The broad range of services include maintaining the tax-qualified status of the IRS-approved plan offerings, discrimination testing, 5500 form filings, transaction processing and contemporary web tools and resources to manage plan participant contributions and allocation of funds.

Equitable's Investment Management Group manages the investment fund portfolios under the ADA Members Retirement Program. ADA retains an outside consultant to annually review the Program structure, fees and fund performance as measured against applicable benchmarks and industry trends. This helps ensure that ADA's endorsement of the Equitable brand products and service platform continues to offer a market competitive option for members and employees who elect to participate.

With the evolution of time, the Program's aging trends have contributed to a decline in the number of active employer-sponsored retirement plans and related participants. Notwithstanding the decrease in plans, Table 2 shows the net gain in total assets under management which continue to grow from ongoing contributions and market performance.

Table 2. ADA Members Retirement Program Participation

	EOY 2020	EOY 2021
Number of Sponsored Plans (401k)	2,398	2,234
Number of Dentist Employers and Employee Participants	11,048	10,574
Total Assets under management	\$1.786B	\$1,888B

To address the needs of members and employees who are at or approaching retirement and have maximized their contributions, preserve existing accounts, and grow new business takeovers, the Equitable portfolio also includes a comprehensive suite of fixed indexed and customizable variable annuities. These Equitable product options for dentist members marketed under ADA's endorsement include the 1) Structured Capital Strategies, 2) Retirement Cornerstone and 3) Investment Edge. In addition, Equitable offers the Retirement Gateway Association ("RGA") plan product which is designed to attract large retirement plans with assets over \$500,000.

In recent years, Equitable's targeted marketing efforts to promote the RGA's competitive pricing and customizable features has helped attract new participants and increase sales. The RGA program continues to add value to the broader ADA-endorsed portfolio of product options for members and help conserve existing accounts with higher assets. As of December 31, 2021, Equitable reports there are approximately 150 participants in the RGA and \$33 million in assets under management.

The Structured Capital Strategies, Retirement Cornerstone and Investment Edge individual annuity products are more challenging to sell through direct mail marketing but nonetheless, are important to Equitable's strategy for future growth and diversification of the ADA-endorsed products portfolio to attract and retain members. At year-end 2021, there were 11 participant accounts with approximately \$1.86 million in total assets under management.

Individual Retirement Accounts: ADA endorses the Equitable 300+ Series Individual Retirement Account although it is no longer available to new account participants. Rather, in 2021 Equitable began offering the Equivest Individual Retirement Account products, including SEP (Simplified Employee Pension) and SIMPLE (Savings Incentive Match Plan for Employees) IRA plan types. As of December 31, 2021 Equitable reports a total of 1,941 IRA plan participants, and assets under management now represent approximately \$102.5 million.

As of year-end 2021, the ADA Members Retirement Program and endorsed suite of other product options represented a total of approximately \$2 billion in assets under management that generated nearly \$600,000 in service income to the ADA in support of ADA Strategic Plan goals.

New Equitable Financial Advisor Services & Initiatives: In 2021, Equitable successfully completed a multi-state expansion effort to promote the availability of Equitable Financial Advisor services to ADA members and their employees which will complement the existing ADA Members Retirement Program and endorsed products suite. Equitable Advisors uses a holistic, consultative approach to providing financial and retirement planning and wealth management services to best meet the needs of our members. Through collaboration with ADA, Equitable also provides financial advisor subject matter experts to present for the ADA Financial Journey educational webinar series which began in 2021. Most recently, Equitable redesigned its [website](#) to highlight the new financial advisor services and optimize digital engagement with members.

Equitable has plans in 2022-23 to expand its presence at dental schools to develop connections with student members and help educate them on managing debt, financial planning strategies and

retirement savings. In addition, Equitable is developing webinar content uniquely designed to address the female and new dentist market segments.

ADA-endorsed Health Insurance Exchange Web Portal Resource: The ADA-endorsed JLBG Health, Inc. web portal ([ADAHealthExchange.com](https://www.ADAHealthExchange.com)) offers value as a national resource for members, their employees and families looking to navigate the health insurance exchange marketplace and insurance plan options in each state. Royalty revenue generated for ADA's endorsement of the web portal is minimal per year and totaled approximately \$11,400 for the 2021-22 open enrollment period.

Emerging Issues and Trends

The Council is not aware of any new, significant trends or emerging issues not already being addressed by the Council, or by ADA's outside consultants, Protective and Equitable.

Self-Assessment

In accordance with Resolution 1H-2013, the Council conducted a self-assessment through electronic survey based on the topic outline developed by the Board of Trustees and held group discussion on the results at its August 27, 2021 meeting. The survey broadly focused on the Council's current structure, governance efficiency, threshold issues, Bylaws areas of expertise and strategic oversight duties, meeting agendas and strategic direction, and alignment with the ADA Strategic Plan goals. There was consensus on most all areas of the assessment with respectable discussion on shared views regarding ways to further improve the effectiveness of the Council given the financial significance of the ADA member programs and its strategic oversight responsibilities on behalf of the ADA and its members.

Pursuant to Resolution 49H-2017, Proposed Council Restructure (*Trans.* 2017:291), and action taken following its 2017 governance self-assessment, the Council also proudly noted that 2021 marked the completion of its transition to a skills-set qualified and optimal sized decision-making group composed of nine members eligible to serve up to two terms of three years each and one new dentist member eligible to serve a one year term. This new structure has proven to help foster stronger engagement among volunteers, enhance functionality, reduce cost and maximize opportunities for greater efficiency. For this reason, the Council took no action to recommend any changes to the current structure.

Council Minutes

For more information on recent activities, see the Council's [minutes](#) on ADA.org.