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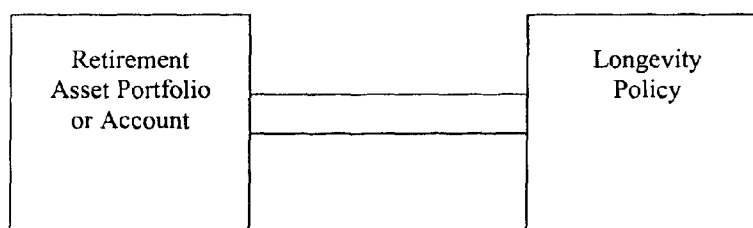
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(54) Title: SYSTEM AND PROCESS FOR PROTECTED RETIREMENT ASSET MANAGEMENT

Figure 1



(57) Abstract: In one aspect, the invention comprises a system for the management and administration of a longevity policy funded by a retirement account comprising: (a) a means for creating a customized longevity policy by predicting future economic performance based on client data and (b) a means of servicing the customized longevity policy. In another aspect, the invention comprises a method of funding and administering a longevity policy comprising: (a) creating a longevity policy; (b) transferring the asset fee from a retirement account to the longevity policy on a systematic basis; (c) providing statements regarding the longevity policy; (d) distributing benefit payments to the longevity policy holder on a systematic basis; (e) allowing the asset fee and starting age to be adjusted.



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**TITLE: SYSTEM AND PROCESS FOR PROTECTED RETIREMENT ASSET
MANAGEMENT**

**Inventor:
Garth Bernard**

Field of Invention

[0001] The present invention generally relates to systems for administering a plurality of individual accounts directed to retirement account analysis and management. More particularly, the present invention relates to a data processing system designed to evaluate select inputs corresponding to client demographics, develop portfolio performance based on certain select inputs and manage the events and transactions related to the retirement account.

Background Of the Invention

[0002] Planning for retirement has become a crucial task for people of all ages. Unlike prior generations, today's adults must be proactive in ensuring that they will have adequate financial support for both themselves and their families up until death.

[0003] In previous generations, retirees were able to rely on Social Security, pension plans—also known as defined benefit plans—and personal savings to provide financial support throughout retirement. Under a defined benefit plan, the monthly retirement benefit paid out is usually a definite amount based on a calculation that takes into account the retiree's years of employment, wages earned while employed, and his/her age. There is financial security in that a retiree is usually able to know the monthly pay-out of his/her retirement plan well in advance. Furthermore, retirees are guaranteed their defined benefit payment for the duration of their life.

[0004] However, in more recent years, most employers have stopped offering a defined benefits plan and converted to a defined contribution plan. In fact, at present only 20% of Americans work for a company that offers a defined benefits plan. Under a defined contribution plan, each participant in the plan has an individual account and is responsible for contributing money to the plan. This money is then invested and the value of the account either increases or decreases depending on market performance. The ultimate retirement benefit payment made during retirement is unknown at the time of contribution and is based on the performance of the account investments.

[0005] Because the retirement benefit payment is based on the value of the account, retirees are often overly cautious with their accounts during the contribution, investment and distribution period. A retiree may refuse to invest aggressively for fear that a down market will deplete their accounts and their retirement savings will be gone. Alternatively, even when a retiree's account has benefited from the market and increased greatly in value, a retiree may prefer to take minimal retirement benefit payments for fear of outliving the total funds. Thus, the problem with the defined contribution system is that it is largely based on conjecture and hope—conjecture in that a retiree attempts to guess how long he/she will live, and hope in that the retiree hopes that the funds in his/her defined contribution account will last until death. Often, the fear that a person will “outlive” their retirement account causes an over-cautiousness in terms of investment and distribution.

[0006] Between the defined contribution plan and Social Security, adults planning for retirement do not have an adequate means of developing a stable, certain and potentially long-standing financial base with which to live during the duration of their life.

Summary of the Invention

[0007] The present invention addresses the problems of the prior art by providing a retiree with the ability to seamlessly move from funds derived from a retirement asset portfolio or account to a source of funds from a longevity policy which has been funded by the retirement asset portfolio or account. The longevity policy referred to herein refers to a product, similar to a deferred annuity, in which a policy is purchased and benefit payments are made to the policy owner, beginning at a specified age such as 85, and extending for the duration of the policy owner's life.

[0008] The present invention assists in the integration and management of assets associated with a retirement account. As implemented by the inventive system, there are two parts of a retiree's plan: first, the retiree lives off the retirement benefit payments received from his/her defined contribution plan, then the retiree lives off of the benefit payments from a longevity policy. Because a retiree plans to use the funds from his/her defined contribution plan for only a finite amount of time, there is no fear that the funds will run out. As such, the funds can be invested at a more aggressive rate, potentially achieving a better result for the retiree. Additionally, through the use of compiled data, there is a capacity for the present invention to create models of economic performance, enabling the retiree to more knowledgeably manage his/her retirement asset portfolio or account and accompanying longevity policy.

[0009] It is an object of the present invention to provide a data processing system that manages the servicing and administration of a plurality of longevity policies coupled to a plurality of retirement asset portfolios or accounts.

[0010] It is also an object of the present invention to provide systems for predicting future economic scenarios both with and without the protection afforded by the longevity policy in order to optimize the long-term returns.

[0011] It is another object of the present system to provide a system for coordinating a retirement asset portfolio or account and the longevity policy such that optimal funds are conveyed from one to the other.

[0012] It is a further object of the present system to provide a system for managing and servicing a pay-out phase of a longevity policy at an appropriate time.

[0013] The above and other objects of the present invention are realized in an illustrative computer based administrative system. The subject invention includes a database memory for storing a plurality of individual retirement accounts. A processor ran software that provides programming logic for account servicing and management, including the ability to create models of investments or make portfolio performance predictions. Individual retirement account information is routinely updated by the system manager depending on the retirement account owner's instructions. The system administers the retirement accounts as integrated with the longevity policy. The integration of the longevity policy with the selected retirement asset portfolio or account is first accomplished with the assistance of the present invention and then subsequently administered by the system of the present invention.

[0014] Implementation of the above attributes on a large scale can be accomplished with greater efficiency with a specifically structured data processing system that is configured to manage the multiple accounts in accordance with the characteristics of each account. The data processing system involves two discrete modules. The first compare account modeling and forecasting. This module presents future economic modeling to an account holder as a function of select inputs and assumptions regarding investments of the account. The second

module supports account management and maintenance. This module receives inputs various events and tracks key dates, providing instructions based on these events and dates. The foregoing features are more fully appreciated taken in conjunction with the following description of a specific illustrative example.

[0015] In one aspect, the invention comprises a system for the management and administration of a longevity policy funded by a retirement account comprising: (a) a means for creating a customized longevity policy by evaluating client and demographic data and predicting future economic performance and (b) a means of servicing and maintaining the customized longevity policy including making sure that the funds are transferred at the appropriate time and that the benefit payments begin at the appropriate time.

[0016] In various embodiments: the client data can be pulled from a remote database or directly inputted; the balance and customized data of the longevity policy are maintained so that the user can be provided information on a systematic basis or upon request; and the presentation of future economic performance can be shown graphically or numerically.

[0017] In another aspect, the invention comprises a method of funding and administering a longevity policy comprising: (a) creating a longevity policy; (b) transferring the asset fee from a retirement account to the longevity policy on a systematic basis; (c) providing statements regarding the longevity policy; (d) distributing benefit payments to the longevity policy holder on a systematic basis; (e) allowing the asset fee and starting age to be adjusted.

[0018] In various embodiments: the longevity policy is established by a retirement account agent; the asset fee can be calculated as a percentage of the monthly account balance or the net account balance; and the statements can be provided on either a systematic basis or upon request.

Brief Description of the Drawings

The present invention is illustrated by way of example, and not by way of limitation, in the figures of the accompanying drawings and in which like reference numerals refer to similar elements and in which:

Fig. 1 illustrates the system's focus on the management of the link between the retirement asset portfolio or account and the coupled longevity policy.

Fig. 2 illustrates the type of hardware and the associated interconnections therebetween that may be used to implement the present invention.

Fig. 3 illustrates one embodiment of the invention.

Fig. 4 illustrates one embodiment of the economic models and calculations that are visually displayed to the retiree.

Fig. 5 illustrates another embodiment of the economic models and calculations that are visually displayed to the retiree.

Detailed Description of the Invention

[0019] The system of the present invention is directed to administration and management of a longevity policy selectively integrated into a retirement account. Generally speaking, the first function of the present invention involves the determination of an investment strategy regarding the longevity policy appropriate for the account owner's retirement needs.

[0020] This may involve several alternatives for balancing risk with the desire for long term growth. For example, system default values based on select account demographics will produce a first model iteration for consideration. Alternatively, the system may attempt to optimize cash flow given select input parameters regarding the account. In one variation, the amount of the longevity policy is linked to account income for a pre-selected period.

[0021] Based upon client specific inputs and client demographics, different economic scenarios are predicted, both with and without the protection of a longevity policy, and shared with the client. Based on the economic predictions and the client's input, an asset fee, or systematic withdrawal, is established. The asset fee determined is a percentage of the total account balance of the retirement asset portfolio or account that is invested in the longevity policy. The asset fee to be invested in the longevity policy can be changed by the owner depending on future performance. The invention contemplates the asset fee being systematically withdrawn on a monthly basis or, alternatively, taken out as a lump sum. Thus, the percentage at which the asset fee is set can be based on the monthly balance or the net balance of the account.

[0022] After the investment strategy has been established, the system controls the day to day management of the longevity policy during the contribution/investment phase and the distribution phase, including, but not limited to, monitoring portfolio performance, predicting portfolio performance, creating models of investment with which to advise the retirement account owner, the calculation of any service fees or charges, determination and calculation of pay-outs, the management of the asset fee and the investment of such asset fee into the longevity policy. The types of tasks conducted by the system differ according to the directions of an individual owner.

[0023] The system also manages the conversion from the retirement account pay-out to the longevity policy pay-out. Once the conversion to the longevity policy is made, the system controls the day to day management of the longevity policy.

[0024] With the foregoing overview in mind, the specific details of the present invention are further described. To provide a more complete understanding of the invention, Fig. 1 illustrates the distinct yet contiguous information that is processed and managed by the

system. Specifically, Fig. 1 is a block diagram illustrating the system's focus on the management of the link between the retirement asset portfolio or account and the coupled longevity policy.

[0025] Fig. 2 is a block diagram depicting the type of hardware and the associated interconnections there-between that may be used to implement the present invention. A central database 10 is linked to a Network Server 20. The Network Server provides separate links to one or more individual and discrete work stations (WS) 40. These work stations provide for multiple access ports to the database for economic scenario modeling with regards to the retirement asset portfolio or account and servicing and management of the coupled longevity policy.

[0026] The flow chart in Fig. 3 depict a method embodiment of the invention. Beginning with start block 100, a user, usually sitting at a remotely located workstation, illustrates multiple economic scenarios that depict the retiree's future retirement income both with and without the protection of a longevity policy. These illustrations can take the form of values and graphs and are fully customizable, allowing the user to choose age, gender, starting portfolio value, asset allocation, asset fee withdrawal, etc.

[0027] In order to generate such illustrations, a representative, as demonstrated by the chart below, inputs various parameters including client name, gender, etc. Then a "funding starting age" is chosen. This age, typically the current age of the client, signals the time at which the asset fee is be taken from the retirement asset portfolio or account and invested in the longevity policy. Then a separate "withdrawal starting age" is chosen which signals the time at which time the systematic withdrawals are to be taken from the retirement asset portfolio or account. The "withdrawal starting age" may or may not be the same as the "funding starting age."

Withdrawal Starting Age	65
Percent or Dollar Amount	Percent
Withdrawal Rate	5%
Dollar Amount	\$0
Withdrawal Increase Rate	3%
Funding Starting Age	55
Funding Percent	1.00%
Funding Amount Years	30

Table I

[0028] Based on the data input by a representative and demographic data either directly inputted by a representative or uploaded from a remote database or file, various economic models are calculated based on standard algorithms and formulas, and visually displayed in order to demonstrate future economic predictions.

[0029] Fig. 4 depicts a format by which the collected information and the economic models are visually displayed to the retiree. Section 50 of Figure 4 represents the data that is inputted by a representative. Section 60 of Figure 4, shows the economic predictions, calculated from system formulas, based on the data entered in by the representative. Fig. 5 provides an alternative illustration of the output in a chart format.

[0030] After analyzing the different illustrations, a retiree or other user decides to purchase a longevity policy and chooses an asset fee, (see step 110 of Fig. 3). At this time the retiree also chooses a future date upon which the longevity policy will begin distributing pay-outs. There is no limit to the number of models that can be calculated and displayed to a retiree.

[0031] The system then manages the linked longevity policy by deducting the appropriate asset fee (step 120) and providing periodic balance information to the retiree or other user (step 130). The system also provides a means for a retiree or other user to change the asset fee or other parameters of the account based on the performance of either the asset based portfolio or account or the longevity policy (step 140). Any reconsideration of asset fee or

other parameters may be accompanied by further economic scenario modeling based on the changed parameters (step 150). Any change in the asset fee or other parameters will be managed by the system immediately.

[0032] Finally, the system manages the beginning of the distribution phase of the longevity policy, administering the pay-outs and providing periodic updates on the account balance (step 160).

[0033] The above-described arrangement is merely illustrative of the principles of the present invention. Numerous modifications and adaptations thereof will be readily apparent to those skilled in the art without departing from the spirit and scope of the present invention.

Claims

What is claimed is:

1. A data processing system for the management and administration of a deferred retirement account funded by a non-deferred retirement account, comprising:

deferred retirement account creation means including interactive data collection means operable to provide information for evaluating future economic performance of deferred retirement account;

deferred retirement account evaluation means operable to provide an evaluation of future economic performance of said deferred retirement account and said non-deferred retirement account based on data collected; and

deferred retirement account servicing means for monitoring a plurality of deferred retirement accounts and providing for transactions associated with said deferred retirement accounts, including scheduled asset fee payments and benefit payouts, and tracking of unscheduled events.
2. A system for the management and administration of a deferred retirement account funded by a non-deferred retirement account, said system comprising:

a non-deferred retirement account maintained on a non-deferred retirement account system;

data regarding client information and demographic data;

deferred retirement account creation means having access to said client information and said demographic data;

deferred retirement account evaluation means in communication with said deferred retirement account creation means, said account evaluation means having software operable to evaluate said client information and said demographic data and compute future economic performance of deferred retirement account;

presentation means in communication with said deferred retirement account evaluation means and said deferred retirement account creation means, said presentation means operable to receive said data describing said computed future economic performance and present said data describing said computed future economic performance to client, whereby deferred retirement account is customized for said client; and deferred retirement account servicing means in communication with said deferred retirement account creation means and said non-deferred retirement account system for monitoring a plurality of deferred retirement accounts and providing for transactions associated with said deferred retirement accounts and non-deferred retirement accounts.

3. The system of claim 2 wherein the deferred retirement account creation means has access to said client information and demographic data through communication with a database.
4. The system of claim 2 wherein the deferred retirement account creation means has access to said client information through direct input by a user.
5. The system of claim 2 wherein the client information includes the client's age, gender, an asset fee, a withdrawal starting age, a funding starting age, and a benefit payout age.
6. The system of claim 2 wherein the deferred retirement account servicing means monitors a deferred retirement account's information.
7. The system of claim 6 wherein said deferred retirement account's information includes account balance, asset fee information, and benefit payment information.
8. The system of claim 6 wherein the deferred retirement account servicing means is in communication with a user presentation means for presenting said deferred retirement account information to a user.
9. The system of claim 8 wherein said deferred retirement account information is presented to a user on a systematic basis.

10. The system of claim 8 wherein said deferred retirement account information is presented to a user upon request.
11. The system of claim 2 wherein said account servicing means changes or updates deferred retirement account information as notified by account creation means.
12. The system of claim 2 wherein said account servicing means changes or updates deferred retirement account information as notified by a user.
13. A method of funding and administering a deferred retirement account, comprising the steps of:
 - a. establishing a deferred retirement account;
 1. said deferred retirement account having an associated customized asset fee chosen through economic modeling and prediction;
 2. said deferred retirement account having an associated starting age at which said asset fee begins to be invested in the deferred retirement account;
 - b. transferring said asset fee from a non-deferred retirement account to said deferred retirement account on a systematic basis;
 - c. providing periodic balance reports to an owner of said deferred retirement account;
 - d. distributing benefit payments to a deferred retirement account beneficiary on a systematic basis;
 - e. allowing said asset fee and said starting age to be adjusted.
14. The method of claim 13 wherein the deferred retirement account is established by a non-deferred retirement account agent.
15. The method of claim 13 wherein said customized asset fee is calculated as a percentage of a monthly balance of the non-deferred retirement account value.
16. The method of claim 13 wherein said customized asset fee is calculated as a percentage of a net balance of the non-deferred retirement account value.
17. The method of claim 13 wherein the balance reports can also be provided upon request.

Figure 1

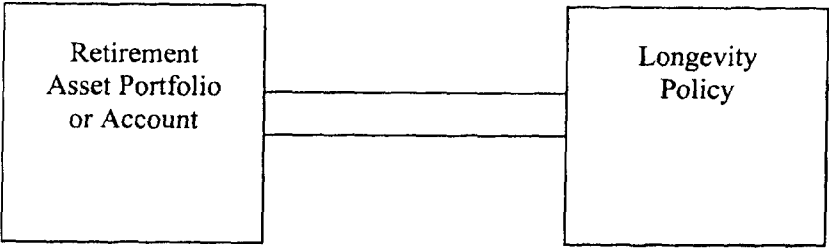


Figure 2

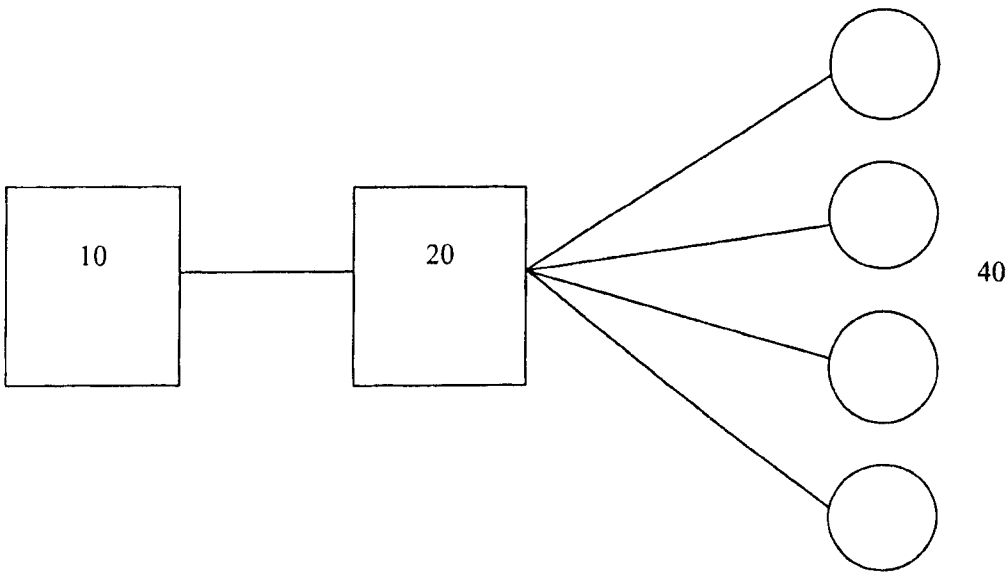


Figure 3

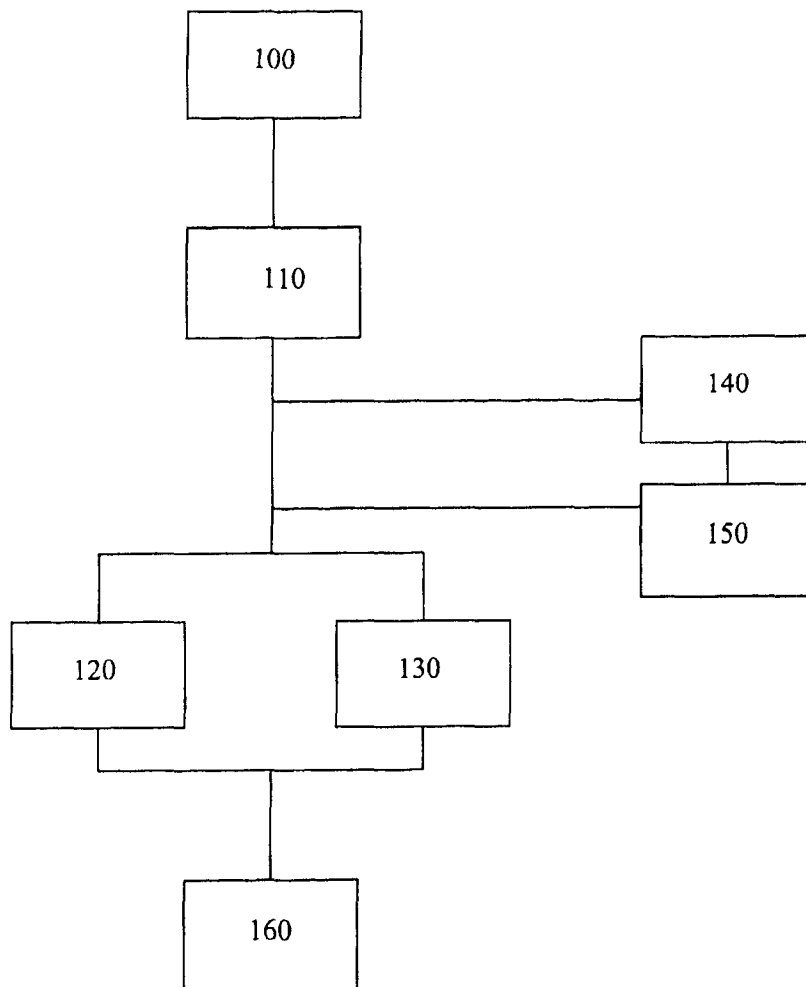


FIGURE 4
Longevity Income Protection Program

General					
Client Name	John Doe				
Gender	Male				
Current Age	55				
Current Account Balance	\$1,000,000				
LIG Annual Income Previously Guaranteed	\$0		50		
Tax Market	Non-qualified				
Average Tax Rate	25%				
<u>Systematic Withdrawals</u>					
Starting Age	65				
Percent or Dollar Amount Withdrawal Rate	Percent				
Dollar Amount	\$0				
Withdrawal Increase Rate	3%				
<u>Asset Allocation</u>					
Pre SWP			Moderate		
Post SWP			Moderate		
<u>Management Fees</u>					
Breakpoint			Fee		
0 - \$499,999			1.25%		
\$500,000 - \$999,999			1.00%		
\$1,000,000 +			0.75%		
<u>LIG Funding</u>					
Funding Percent			1.00%		
Funding Amount Years			30		

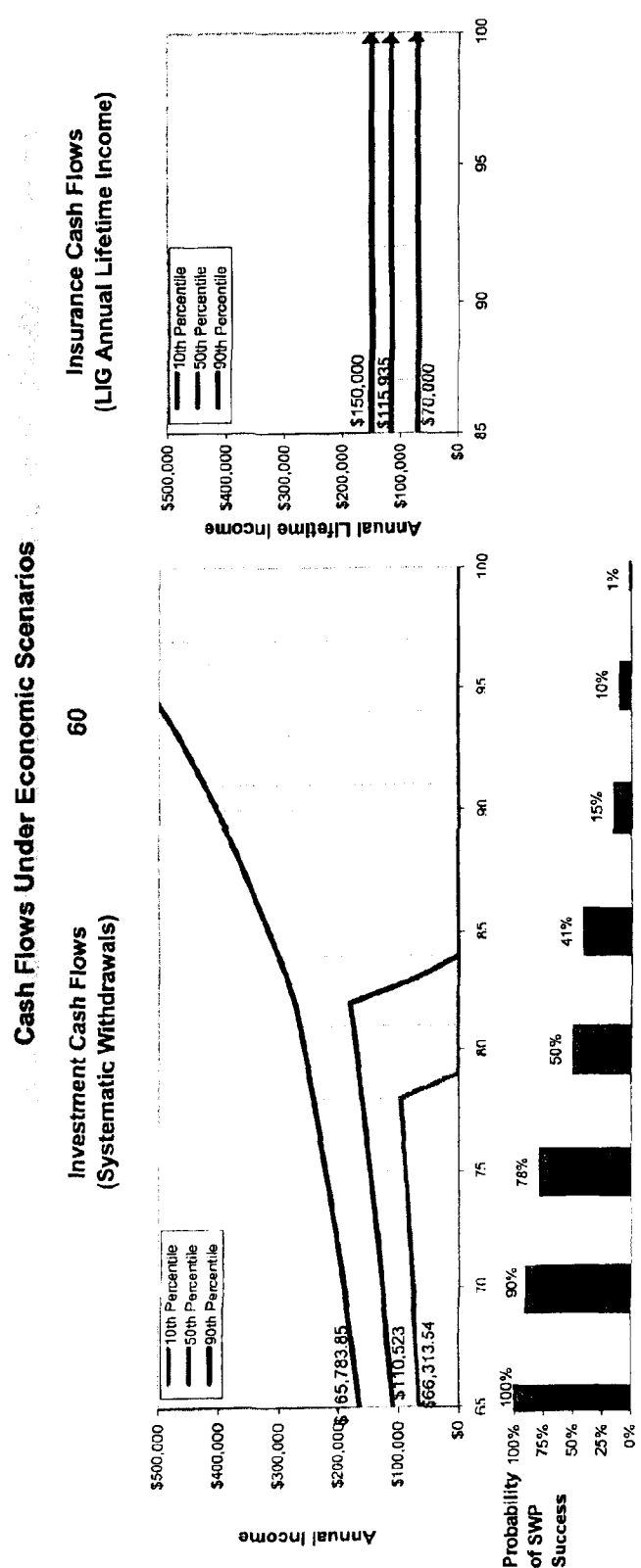


FIGURE 5
50th Percentile of Economic Scenarios Summary

Age	Probability of Living	Investments		Insurance
		Account Balance	Systematic Withdrawal Program (SWP) Annual Income	
55	100%	\$1,000,000	\$0	\$8,017
60	97%	\$1,578,285	\$0	\$43,653
65	94%	\$2,265,002	\$110,523	\$78,680
70	88%	\$1,690,628	\$128,126	\$101,582
75	79%	\$1,017,695	\$148,533	\$112,669
80	66%	\$442,962	\$172,191	\$115,927
85	50%	\$0	\$0	\$115,935
90	31%	\$0	\$0	\$115,935
95	15%	\$0	\$0	\$115,935
100	6%	\$0	\$0	\$115,935

INTERNATIONAL SEARCH REPORT

International application No.

PCT/US08/63603

A. CLASSIFICATION OF SUBJECT MATTER IPC: G06Q 40/00(2006.01) USPC: 705/35 According to International Patent Classification (IPC) or to both national classification and IPC		
B. FIELDS SEARCHED Minimum documentation searched (classification system followed by classification symbols) U.S. : 705/35,10,37 Documentation searched other than minimum documentation to the extent that such documents are included in the fields searched NONE Electronic data base consulted during the international search (name of data base and, where practicable, search terms used) NONE		
C. DOCUMENTS CONSIDERED TO BE RELEVANT		
Category *	Citation of document, with indication, where appropriate, of the relevant passages	Relevant to claim No.
Y	US 2002/0046154 A1 (PRITCHARD) 18 April 2002 (18.04.2002), see entire document.	1-12,17
Y	MASSMUTUAL, Responding to Baby Boomer, Retiree Needs for Retirement Income Solutions, MassMutual Unveils Retirement Management Account, 5/22/2006	1-13,15-17
Y	BONNIE BAUMAN, Diversified Launches Lifetime Income Fund 06.06.2006	1-13,15-17
Y,P	US 2007/0288301 A1 (LIBMAN) 13 December 2007 (13.12.2007), see entire document.	2-12
Y	US 2003/0217008 A1 (HABEGGER et al.) 20 November 2003 (20.11.2003), see entire document.	3
Y,P	US 2008/0010095 A1 (JOYCE) 10 January 2008 (10.01.2008), see entire document.	5,13,15-17
Y	US 2005/0177509 A1 (MAHANEY et al.) 11 August 2005 (11.08.2005), see entire document.	13,15-17
<input type="checkbox"/> Further documents are listed in the continuation of Box C. <input type="checkbox"/> See patent family annex.		
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"O"	document referring to an oral disclosure, use, exhibition or other means	"&" document member of the same patent family
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