
The Bucket

By Kerry Pechter *Thu, Nov 28, 2013*

Brief or late-breaking items from New York Life, MassMutual, Towers Watson, Jackson National, Fidelity Investments and Guardian Life.

New York Life reports 2013 annuity sales

New York Life experienced strong third quarter gains in sales of life insurance, annuities and mutual funds, as well as an increase in agent new-hires in the first nine months of 2013, the company said. Career agents gathered 10% more whole life insurance premia and 11% more annuity premia in the period, compared with the same period in 2012.

For the second consecutive year, the company also reported an 8% increase in its dividend payout to participating policyholders. The total payout increased \$109 million over the prior year, to \$1.43 billion in 2014. The company said it has paid a dividend every year since 1854.

Individual recurring premium life insurance sales through agents were up 12% through the third quarter compared with the same period in 2012.

New York Life's sales of single premium immediate annuities and the company's deferred income annuity, Guaranteed Future Income Annuity, increased 17% through the third quarter compared with the same period in 2012. Total annuity sales through all channels have increased 36% compared with the first nine months of 2012, the company said.

Sales through New York Life Direct, including sales through AARP, increased by 5% over the same period last year. New York Life has been the exclusive direct provider of life insurance to AARP members since 1994 and of lifetime income annuities to AARP members since 2006.

Sales of its MainStay family of mutual funds increased by 78% to a record \$22.47 billion through the third quarter, year over year. New York Life's operations in Mexico (Seguros Monterrey New York Life) saw 10% sales growth in the first nine months of 2013, compared with the same period in 2012.

MassMutual sells record \$3 billion of annuities in 2013

Massachusetts Mutual Life Insurance Company has sold over \$3 billion of annuities year to date, exceeding prior full-year sales, the Boston-based company said in a release. The total reflects sales across MassMutual's full suite of fixed, variable, and income annuities.

Sales of the MassMutual RetireEase Choice flexible premium deferred income annuity contributed to the increase, the company said. The product, which allows individuals to buy personal pensions years in advance of their retirement date, is available for direct purchase through the Fidelity Investments website.

MassMutual also attributed sales growth to its “Sound Retirement Solutions” retirement income planning framework. Based on the company’s research into the outcomes of various retirement strategies, the SRS framework shows how guaranteed income streams can help cover a retiree’s critical living expenses.

On Nov. 4, MassMutual announced that its board had approved the company’s largest dividend payout in the company’s history. The payout to eligible participating policyowners for 2014 was about \$1.49 billion, up more than \$100 million from the 2013 estimated payout and based on a 7.10% dividend interest rate. MassMutual said it has paid dividends to eligible participating policyowners since the 1860s.

Financial strength ratings for MassMutual (and subsidiaries C.M. Life and MML Bay State Life) are: A.M. Best Company, A++ (Superior); Fitch Ratings, AA+ (Very Strong); Moody’s Investors Service, Aa2 (Excellent); and Standard & Poor’s, AA+ (Very Strong). Ratings are as of 11/13/2013 and are subject to change.

[The dividend interest rate is not the rate of return on the insurance policy. Dividends have an investment component, a mortality component and an expense component. Dividends for any given policy are influenced by policy series, issue age, gender, underwriting class, policy year and policy loan rate and changes in experience.]

Towers Watson hires former MetLife executive Edward Root

Edward Root has been hired as a senior pension risk analyst by Towers Watson, the global consulting firm. He will join the firm’s Stamford, Conn.-based North American retirement business, which advises plan sponsors on pension plan risk management strategies.

Root had been vice president and head of U.S. pensions at MetLife, where he was responsible for its multibillion-dollar pension risk transfer annuities business. Previously, he was a senior vice president and actuary at Transamerica. Root began his professional career as a pension actuary at Towers Perrin.

Root received a B.S. degree in mathematics from California State University at Sonoma and an M.B.A. in finance from the University of Southern California.

Jackson National notes rising sales of Elite Access VA

Jackson National Life, a unit of the U.K.’s Prudential plc, reported sales and deposits of \$20.7 billion in the first nine months of 2013, up 5.4% year over year. Total sales included \$15.5 billion in variable annuity sales, the company said in a release.

The \$15.5 billion (up from \$15.3 billion in 2012) included almost \$3 billion in sales (up from \$630.1 million in 2012) of Elite Access, a VA designed for tax-deferred investment in alternatives for accumulation. Sales of Perspective variable annuities, which offer lifetime income benefits, dipped.

Jackson’s sales of fixed index annuities totaled \$1.3 billion, up from \$1.2 billion in the first nine months of 2012. Fixed annuity sales were \$679.6 million, down from \$713.5 million in 2012.

In the first nine months of 2013, Jackson issued \$1.1 billion of institutional products, up from \$440.5 million in the first nine months of 2012. Jackson participates in the institutional market (guaranteed investment contracts, medium-term notes and funding agreements) on “an opportunistic basis.”

Curian Capital LLC, Jackson’s asset management subsidiary, generated deposits of \$2.1 billion during the first nine months of 2013, up 11.1% over 2012. Assets under management in Curian’s core business increased to \$10.3 billion as of September 30, 2013, up from \$8.9 billion at year-end 2012.

As of November 13, 2013, Jackson had the following strength ratings: A+ (superior) from A.M. Best, AA from Standard & Poor’s, AA from Fitch Ratings, and A1 from Moody’s Investors Service Inc.

Fidelity 401(k) plan accounts now average \$84,300

This year’s rising stock market has helped boost the average balance in 401(k) plan accounts provided by Fidelity Investments to a record \$84,300 at the end of the third quarter of 2013, an increase of 11.1% from a year prior, Fidelity said in a release.

Employees who were continuously active in their 401(k) plan over the last 10 years saw their average balance rise 19.6% to \$223,100 during the past 12 months. For pre-retirees age 55 or older who have been active in their plan for 10 years or more, the average balance is \$269,500.

Fidelity also found that one in three participants now uses a professionally managed investment option, such as a target date fund or a managed account.

At the end of the third quarter of 2013, one third (33.1%) of 401(k) participants overall and 55% of “Gen Y” participants (aka “Millennials” under age 30) had all of their plan assets in a target date fund.

Fidelity has seen a more than three-fold increase in the portion of plan sponsors offering managed accounts to their employees since the third quarter of 2009 and in the number of participants using them. Assets in retail managed accounts have more than doubled since then.

Fidelity offers “Plan for Life,” which furnishes advice to plan participants via phone, web, smartphones or tablets and in person.

Guardian declares dividend for life policyholders

Guardian Life Insurance Company of America announced that its board had approved payment of \$776 million in dividends to the company’s individual life policyholders in 2014. The dividend interest rate will be 6.25% in 2014, the company said in a release.

