The Bucket

By Editorial Staff *Wed, Jan 26, 2011*

Late-breaking items from the Diversified Services Group, Financial Crisis Inquiry Commission, ING, Wealth2k, Fidelity, Bank of America Merrill Lynch and Nataxis.

DSG releases "2010 Retirement Income Products and Solutions Study"

Diversified Services Group, Wayne, PA, has released a synopsis of its 11th annual study of retirement income products, issues and market trends. The synopsis concludes by saying :

At the completion of last year's report, a major retrenchment was taking place across the retirement income industry. Now, at this point in time, much of the industry has worked through much of this adjustment, and there is a resurgence of optimism among many respondents regarding the outlook for the retirement income market.
Most of the companies in this study are actively preparing for the future, rather than reacting to the recent past.
As companies focus again on building their retirement income business, they face a set of critical challenges that take into account recent market and product adjustments. These challenges include:

- Turning the retirement income market into an expansive and distinctly profitable line of business. Employing a business model that takes into account the fact that the decumulation phase of retirement is very different from the accumulation phase.
- Acknowledging that a broad array of retirement income planning services and product solutions will be necessary to satisfy all the retirement income needs of the retail consumer.
- Solving for consumer needs that are rapidly becoming critical concerns, but do not yet have widely-accepted or appropriate solutions.

This list of challenges is by no means exhaustive, but it highlights some of the major problems that need to be targeted. How well companies respond to these, and other, challenges will ultimately determine their long-term success.

The complete in-depth Report, which covers survey findings and key perspectives from the executive interviews, is available for purchase by interested parties. For additional information about the 123-page Report from DSG's1th Annual Retirement Income Products & Solutions Study, please contact Borden Ayers at (610) 989-1710, ext. 21 or by e-mail at BordenA@DSG-Network.com.

Financial crisis report to be published January 27; Commission finds many to blame

The bipartisan Financial Crisis Inquiry Commission will publish its long-awaited and partially-leaked findings as a 576-page book on January 27, the *New York Times* reported Wednesday. The report is said to conclude that the crisis was not an accident, it was foreseen by many, and it was preventable.

"The crisis was the result of human action and inaction, not of Mother Nature or computer models gone haywire," the report states. "The captains of finance and the public stewards of our financial system ignored warnings and failed to question, understand and manage evolving risks within a system essential to the well-being of the American public. Theirs was a big miss, not a stumble."

Wealth2k announces LTC modeling tool for advisors

Wealth2k today launched the LTC Impact Calculator, a web-based, interactive tool for showing investors the impact of long-term care costs on retirement security.

The LTC Impact Calculator uses state-specific daily rates for nursing home care, enabling advisors to visually demonstrate the impact of uninsured long-term care costs on an investor's retirement assets. Advisors may use the tool to develop a variety of "what if" scenarios by assuming relevant factors, including:

1. The investor's age and life expectancy
2. The duration of nursing home care
3. The capital sum of the investor's retirement assets
4. The projected ROR on retirement assets
5. The rate of asset liquidation

The LTC Impact Calculator offers visual representations that address the effects of LTC costs on both cash flows and ending balances. Wealth2k believes that the LTC Impact Calculator will help investors better understand the value of long-term care insurance, especially in the context of safeguarding retirement security.

Wealth2k also announced that the LTC Impact Calculator will be added to Retirement Time websites, free of charge. In addition, Wealth2k's new compliant, investor education multimedia presentation, *Why Long-Term Care Insurance is Needed**, will also be added to Retirement Time websites at no additional cost.

To sign-up for The Income for Life Model, including Retirement Time, visit www.IncomeForLifeModel.com. Wealth2k is offering a 50% discount promotion on licensing costs for the first three months. The promotion applies only to new customers who sign-up by Thursday, January 27.

Natixis Expands Retirement Strategy Group

Natixis Global Associates (NGA), a global asset manager, announced that today two new key staff appointments that complete the organizational plan for its retirement strategy group.

Paul M. Davidson and Charles N. Johnson have been named to the position of vice president, retirement strategy, working with financial advisors to provide information for plan sponsors and individual investors.

Based in Dallas, Texas, Davidson heads the South Central region. Johnson is located in San Francisco, California and oversees the Western region. Both men report to Matt Coldren, executive vice president and head of the retirement strategy group located in Boston, MA.

The announcement noted, “2010 retirement-related gross sales serviced by NGA are up 24% as compared to the previous year.”

Headquartered in Paris and Boston, Natixis Global Asset Management’s assets under management totaled $719 billion (€527 billion) as of September 30, 2010. In the U.S., NGA includes Natixis Asset Management Advisors, L.P. (a registered investment advisor).

HPconsolidates retirement plans with Fidelity

Fidelity Investments has extended its relationship with HP (Hewlett-Packard), the world’s largest technology company, to provide its employees in North America with total retirement services for an additional five years. The extension began on January 1, 2011. The agreement extends the relationship Fidelity and HP began in 1991.

As of November 30, 2010, HP’s defined contribution assets totaled $14.2 billion.

As a part of the agreement, Fidelity will begin servicing an additional 162,500 participants in the EDS retirement plans previously serviced by other providers. In total, Fidelity will now be servicing all of HP’s retirement plan participants, covering more than 135,000 defined contribution and 192,000 defined benefit participants.

HP participants will continue to access their retirement accounts as well as planning tools through Fidelity’s NetBenefits Web site. They may also receive personal finance education and employer benefit support through HP Finance Central, a customized retirement planning portal developed by Fidelity’s Benefits Consulting business.

In addition, participants have access to virtual guidance and telephone support, Web-based workshops and seminars, plus in-person assistance at Fidelity’s 152 investor centers.

ING’s Planwithease.com reaches million 403(b) participants

ING’s U.S. Retirement Services business announced that it now reaches more than one million 403(b) retirement plan participants with its plan administration service, planwithease.com®.

ING developed planwithease.com prior to the new IRS 403(b) regulations taking effect in January 2009, and in anticipation of the greater responsibilities that many tax-exempt plan sponsors would have under these regulatory changes.

The system was designed to assist tax-exempt employers—public schools and 501(c)(3) nonprofit organizations—with increased plan administration burdens arising out of the new 403(b) regulations. The goal is to help them remain compliant as they manage their new role as a primary point of contact for participants initiating retirement plan transactions.

Currently, more than 1,400 of ING’s 403(b) plan customers use planwithease.com, which

enables various retirement plan vendors to input their respective data into the system. This data is then merged so that sponsors can generate reports and conduct a number of administrative tasks required by the IRS regulations, such as annual notifications to employees, contribution limit monitoring, and review and approval of participant withdrawal requests.

The service provides participants with 24-hour access to account summary information for each of their selected vendors, and allows participants to initiate withdrawal requests, all in a secure environment. Planwithease.com can also provide employees with electronic salary-reduction agreements, and enable them to make contribution rate changes online. Additionally, the site offers retirement planning tools and calculators to help educate employees about whether they’re on track to meet their personal retirement goals.

Mass affluent don’t expect to be rich: Merrill Edge Report

Despite reports of improving economic conditions, the mass affluent lack confidence that their financial picture will brighten in the near future, according to the Merrill Edge Report, a new semi-annual study from Bank of America Merrill Lynch that looks at the financial concerns of consumers with $50,000 to $250,000 in investment assets.

Nearly half (45%) of the mass affluent surveyed believe they will never be wealthy, even though 75% of them have a household income in excess of six figures, according to the survey.

Sixty-three percent of respondents believe that preparing for long-term goals such as retirement and college education will only get harder in the future. Nearly two in five (36%) consider themselves low-risk investors, and 45% said they are more conservative with their investment decisions today than they were a year ago.

Balancing short- and long-term financial needs is a priority for 63% of mass affluent, but they struggle to accomplish both goals. In the last year 28% of mass affluent have tapped into their long-term investments, such as retirement and college savings accounts, to meet monthly living expenses like bills or groceries (29%), and a mortgage payment or car loan (14%).