The Bucket

By Editorial Staff *Tue, Aug 2, 2011*

Brief or late-breaking items from New York Life, MetLife, Lincoln Financial Group, Still River, Huntington Funds, Weiss Ratings, MassMutual, Fidelity, and Cerulli Associates.

Chris Ashe moves to New York Life from Prudential Annuities

Chris Ashe has joined the New York Life as senior vice president and chief financial officer of the company's Retirement Income Security (RIS) unit, reporting to Chris Blunt, the executive vice president in charge of RIS. Ashe will oversee financial planning and reporting, product pricing, investment alignment and risk management for the RIS business unit.

Ashe spent the past sixteen years at Prudential Financial, most recently serving as vice president of financial and strategic planning at Prudential Annuities. Prior to that, he served as CFO in the retirement division at Genworth Financial, and assistant controller and operations director at Wachovia Corporation.

He holds a bachelor's degree in business management from Rutgers University, an M.B.A. from Georgia State University, and a chartered financial analyst (CFA) professional designation.

Boomers are redefining the word 'grandparent'

A new report from the MetLife Mature Market Institute shows that there are 65 million grandparents in the U.S. today, up from 40 million in 1980. In general, they are younger, more financially comfortable and more generous to their grandchildren than their predecessors.

The report, *"The MetLife Report on American Grandparents: New Insights for a New Generation of Grandparents,"* was produced with demographer Peter Francese. Data for was gathered from the 2010 U.S. Census and compared with previous Census figures. Other information came from the Centers for Disease Control and Prevention and the Department of Labor's Bureau of Labor Statistics.

Contrary to the stereotypical "grandma" and "grandpa" of yesteryear, today's grandparents are far from dependent, the study fond. They are more likely to be sharing their resources with their children and grandchildren. Many of them are working age and most are heading households.

While the real income of those ages 55 and over has risen, that of their children has declined. Grandparents are more likely than ever before to be college graduates, while college graduation rates have remained the same among younger men.

"The number of multi-generational households has increased, due in part to the recession," said Sandra Timmermann, Ed.D., director of the MetLife Mature Market Institute. "This trend, coupled with the increased financial instability of today's younger families, has huge business implications.

"The fact that grandparents are spending a great deal of money on infant food and equipment, children's clothing, toys, elementary and secondary school tuition, and financial, mortgage and insurance products, represents a change in buying habits and may change the way marketers and advertisers focus their efforts."

The MetLife Report estimates that by 2020 there will be 80 million grandparents who will represent one in every three adults. While the majority of today's grandparents are women (124 grandmothers for every 100 grandfathers), the gap is expected to close because older men are now healthier and living longer.

Additionally, the study found:

- Households headed by those ages 55 and older are now spending $2.43 billion annually on primary and secondary school tuition, about 2.5 times the amount of $853 million in 1999.
- According to the U.S. Census Bureau, the average age of new grandmothers is 50; it is 54 for new grandfathers.
- In 2010, there were 39.8 million grandparent-headed households, one of every three households in the U.S. Only one in five grandparents lives alone.
- An estimated 4.5 million grandparent-headed households include one or more of their grandchildren; 11% of grandparent households have at least one grandchild and 60% of multi-generational households have two or more grandchildren.
- Incomes of households headed by those ages 55 or older rose by $491 from 2000 to 2009, while those in the 25-34 and 35-44 age groups saw their incomes decline. 45- to 54-year-olds had just a $42 increase.
- A rise in spending on auto insurance by those ages 55 and older, coupled with a decline in such spending among younger people, suggests that grandparents may be buying insurance and/or cars for their children or grandchildren.
- One in five grandparents is African-American, Hispanic or Asian.

"The MetLife Report on American Grandparents: New Insights for a New Generation of Grandparents," can be downloaded from www.MatureMarketInstitute.com.

Huntington VA funds chosen by Lincoln Financial Group

Philadelphia-based Lincoln Financial Group has chosen two Huntington variable annuity funds to be included in the company's long-term investment variable annuity. Huntington VA Balanced Fund and Huntington VA Dividend Capture Fund will be included in the Lincoln ChoicePlus Design annuity, which will offer clients several options for creating retirement income, including an income stream for life.

Lincoln ChoicePlus Design is available only through The Huntington Investment Company and the Raymond James Financial Group.

The Huntington VA Dividend Capture Fund has a five-star rating from Morningstar for the overall and five-year time period in the financial funds category. The Huntington VA Balanced Fund consists of 11 Huntington Funds in a balanced portfolio.

Still River Announces Free Limited Version of RetirementWorks® II for Consumers

RetirementWORKS, Inc., and its parent company, Still River Retirement Planning Software, Inc., have released a simplified, free version of the RetirementWorks II financial software for retirees and near-retirees.

The free version takes into account assets, debts, income sources, household expenses, insurance, benefits, health, and financial needs at death. It also can make integrated recommendations on about two dozen financial issues that confront people in this age group.

People approaching retirement, or already retired, can try out the free version by going to the company's website. http://www.RetirementWorks2.com. When they have registered their information, they will be provided a link to the web-based software, along with a User ID and Password. They can test it out as much as they like. To upgrade to a more detailed and accurate version of the system, they can link back to the RetirementWorks2 website and do so. Most of their initial inputs will be retained, but much more information will also be requested.

To offer the free version to your clients, and for more information, contact Chuck Yanikoski at csy@StillRiverRetire.com, or call 978-456-7971.

Weiss Ratings gives U.S. debt a 'C-minus'

Weiss Ratings, an independent rating agency of U.S. financial institutions and sovereign debts, has downgraded the debt of the United States government from C to C-minus.

The C-minus rating for the U.S. reflects a continued deterioration in the weaknesses cited in the Weiss Ratings release of April 28, 2011, including heavy debt burdens, shaky international stability, and poor economic health.

On the Weiss Ratings scale, which ranges from A (excellent) to E (very weak), a C-minus rating is the approximate equivalent of a triple-B-minus on the scales used by other credit rating agencies, or approximately one notch above speculative grade (junk).

"Our downgrade today is not contingent on the outcome of the debt ceiling debate in Washington," said Weiss Ratings senior financial analyst Gavin Magor. "It is driven exclusively by the numbers, which indicate that, in addition to a decline in the long-standing weaknesses we noted three months ago, the U.S.

has already lost the golden halo that helped guarantee liquidity and acceptance of its government securities in global markets."

MassMutual consolidates funds under RetireSMART brand

In a brand consolidation initiative, MassMutual's Retirement Services Division has rebranded its Select Destination target date funds and Journey lifestyle funds so that they are part of the company's RetireSMART series of funds. The funds' old names (on the left) and new names (on the right) can be seen in the chart below.

Previous Select Destination Retirement Fund Target Date Series	**New RetireSMART Target Date Series**
Select Destination Retirement Income Fund	RetireSMART In Retirement Fund
Select Destination Retirement 2010 Fund	RetireSMART 2010 Fund
Select Destination Retirement 2015 Fund	RetireSMART 2015 Fund
Select Destination Retirement 2020 Fund	RetireSMART 2020 Fund
Select Destination Retirement 2025 Fund	RetireSMART 2025 Fund
Select Destination Retirement 2030 Fund	RetireSMART 2030 Fund
Select Destination Retirement 2035 Fund	RetireSMART 2035 Fund
Select Destination Retirement 2040 Fund	RetireSMART 2040 Fund
Select Destination Retirement 2045 Fund	RetireSMART 2045 Fund
Select Destination Retirement 2050 Fund	RetireSMART 2050 Fund
Previous Journey Lifestyle Series	**New RetireSMART Lifestyle Series**
Conservative Journey Fund	RetireSMART Conservative Fund
Moderate Journey Fund	RetireSMART Moderate Fund
Aggressive Journey Fund	RetireSMART Moderate Growth Fund
Ultra Aggressive Journey Fund	RetireSMART Growth Fund

Many pension participants "lack awareness" of their benefits: Fidelity

Seventy one percent of corporate defined benefit pension participants surveyed by Fidelity Investments don't really know how their pension plans work, even though more than half said they would rely on those pensions in retirement.

The Boston-based mutual fund and retirement plan giant examined the attitudes and behaviors of more than 500 corporate employees who participate in employer-sponsored pension plans nationwide.

Nearly one-third (31%) of those surveyed said they don't know their plan's vesting schedule, 40% don't know what their payment options will be upon retirement or when leaving their company and about one-quarter (27%) don't know at what age they can begin to receive payments.

Most of those surveyed (61%) said they have never inquired about how much money they will receive upon retirement. When asked to explain their passive approach to determining the monetary value of their pensions, 43% said they rely on their employer to provide the information when necessary and more than one in four (29%) said they lack knowledge about the plan and/or they don't know whom to ask for information.

On average, participants expect their pension benefits to supply almost one quarter of their retirement income, the survey found. Most (56%) said they will rely on their pension payouts to cover living expenses during their retirement years, rather than as "extra" money for expenses like travel or hobbies.

The breakdown of expected sources of income in retirement, on average, is as follows: pensions (23%), defined contribution plans (27%), Social Security (26%) and savings/other (24%).

Most of the pension plan participants surveyed (56%) said they expect to receive annuitized payments from their plans when they retire. Just 10% plan to take lump sum payments and 9% expect a combination of both a lump sum payment and a form of annuity.

One-quarter of those surveyed said they don't know how they will be paid. Among those surveyed who plan to receive only annuitized payments, the median expected amount is $1,500 a month. The median expected lump sum payment is $95,000.

Cerulli identifies niche retirement market opportunities

The primary retirement markets—401(k), 403(b), public and private DC and DB, and traditional and Roth IRAs—may represent nearly $14 trillion in 2010, but the secondary or niche markets represent a not-to-be-sniffed-at $1 trillion, says Cerulli Associates.

Cerulli identifies six burgeoning areas of growth and asset-gathering potential for firms willing to look beyond the crowded mainstream retirement markets. They include:

- Taft-Hartley Plans: In an effort to improve their funded ratios, these plans are primed to increase their allocation to international investments as they seek to improve performance.

- Nonqualified Deferred Compensation Plans (NQDCP): As economic conditions improve, hiring activity will lead employers to consider enhancements to benefit plans, such as adding a NQDCP, in order to gain an edge in the competition for talent.
- 457 Plans: While-asset gathering opportunity is limited and specific, firms that are able to offer a 403(b) plan together with a 457 plan are poised to win assets as this combination allows for the creation of higher balance accounts.
- 412i Plans: The asset manager opportunity is limited due to requirements related to the funding vehicles used in these plans. There are opportunities, however, for B/Ds and insurance companies because plans are attractive to small, but very profitable businesses, typically characterized by highly compensated, late-career professionals with significant assets.
- Small Business IRAs: With 70% of small business owners not saving for retirement in any vehicle, these plans provide the solution, and thus can’t be ignored by firms seeking asset-gathering opportunities.
- Solo 401(k) plans: Current growth is positive for these plans and may be augmented by Baby Boomers who, working past retirement age, may see the flexibility of a sole-proprietorship arrangement, and desire to continue to save for retirement through this familiar vehicle.