The Bucket

By Editorial Staff *Tue, Jul 26, 2011*

Brief and late-breaking items from Putnam, Symetra, Pacific Life, Allianz Life, Russell Investments, the Phoenix Companies, The Hartford, and Prudential.

Putnam appoints research and investment executives

Putnam Investments has named Aaron M. Cooper as its director of Global Equity Research and Richard "Shep" Perkins as co-head of International Equities. Perkins will partner with London-based Putnam veteran Simon Davis. All three managers will report directly to Walter C. Donovan, Putnam's Chief Investment Officer.

Cooper will oversee Putnam's global equity research efforts, and will join the team of portfolio managers who run Putnam Research Fund and Putnam Global Sector Fund.

He will also be named portfolio manager of Putnam Global Equity Fund, joining Darren Jaroch.

Like many current Putnam senior executives, including CEO Robert Reynolds, Cooper and Perkins previously held investment roles at Fidelity Investments. Cooper was managing director of research at Fidelity Investments from 2007 to 2011. He led the company's cyclical team, covering cyclicals, media and healthcare as an analyst. He also formerly managed the Fidelity Advisor Health Care Fund, the Fidelity VIP Health Care Portfolio and the Fidelity Select Medical Equipment and Systems Portfolio. Cooper holds a B.A. in economics from Harvard University.

Perkins was the portfolio manager of the Fidelity Mid-Cap Stock Fund from 2005 to 2011. Prior to that, he was responsible for the Fidelity OTC Fund. Earlier, he was a research analyst at Donaldson, Lufkin & Jenrette, covering the chemical, healthcare, telecommunications and technology sectors. He received a B.A. in economics from Amherst College and is a CFA.

Kevin Knull joins Symetra to start registered annuity business

Symetra Life has named Kevin Knull to head up product strategy and development of an expanding annuity business. He will lead the creation of a registered annuity business, with an initial focus on lower-cost variable annuities that do not offer living benefit guarantees. He will report to Dan Guilbert, executive vice president of Symetra's Retirement Division.

Knull most recently served as CEO of The Knull Group, LLC, a consulting firm focused on product and sales strategies for investment and insurance companies. He previously spent nine years at The Hartford Financial Services Group in a variety of sales leadership positions. At The Hartford, Knull and his team of wholesalers represented variable annuities, fixed annuities, 401(k) and other tax-deferred investments with financial planning, wirehouse and regional investment firms.

Knull earned a B.A. at the United States Coast Guard Academy. He is a Certified Financial Planner (CFP) and currently serves on the board of directors of the National Capital Area Financial Planning Association in Washington, D.C. He will be based in Bellevue, Wash.

Allianz Life appoints Sherri Du Mond as head of distribution training

Allianz Life Insurance Company of North America has appointed Sherri Du Mond, formerly vice president of Internal Sales and Sales Development, to the newly created post of Head of Distribution Training.

Du Mond will define and execute training strategies for all areas of distribution including sales training, sales development and customer events, and regulatory training.

Under Du Mond, the Sales Training team will provide sales and product training for employees in both internal and external supporting roles for FMO Distribution, Broker/Dealer Distribution, ADG Distribution, Life Distribution, and Distribution Relationship Management.

The Sales Development and Customer Events team will be responsible for developing both the field and the careers of Distribution employees. This team will partner closely with the Meeting and Events Team in planning and coordinating field training events and will also lead programs such as Broker/Dealer University and WINGs (Winning in Navigation Growth) that provide employees with training to help them develop their careers.

The Regulatory Training team is newly formed and will work closely with the Legal, Compliance, and Suitability departments to ensure training efforts align with changes occurring in the regulatory environment.

Du Mond joined Allianz Life in 2008 as vice president of Marketing Solutions, responsible for Allianz marketing solutions programming as well as Advanced Markets, Allianz Academy and value-add programming. She transitioned to the Allianz FMO Distribution team in November of that year, leading the FASTeam internal sales desk as vice president of Internal Sales and Sales Development.

Prior to joining Allianz Life, Du Mond was national recruiting vice president with Securian. Du Mond received her Bachelor of Arts degree from Washington University and has done graduate work in business administration at the University of Dayton. She is a Certified Financial Planner and holds Series 6, 63, 7 and 24 FINRA registrations.

Pacific Life to buy Manulife life retrocession business

Pacific Life has agreed to buy Manulife Financial Corporation's $106 billion life retrocession business. The portfolio of individual life reinsurance face amount will make Pacific Life the leading individual life retrocessionaire in North America, with a market share of about 41%. Terms of the purchase agreement, including the purchase price, were not disclosed and the transaction is expected to be completed during the third quarter pending customary closing conditions.

Insurance companies purchase reinsurance from a reinsurer to diversify and manage their insurance risk. Often, these reinsurers also wish to reinsure their insurance risk, which is then accomplished through retrocession agreements with another insurance company, called a retrocessionaire.

"The businesses of reinsurance and retrocession are not new to Pacific Life," said James T. Morris, Pacific Life's Chairman, President and CEO. "Pacific Life Re, a subsidiary of Pacific Life, is focused on providing life reinsurance solutions and support to insurance clients in the U.K., Ireland, and Asia. Additionally, Pacific Life's Life Insurance Division has been in the life retrocession business since 2002."

Virtually all employees from Manulife's Life Retrocession business unit have been offered jobs with Pacific Life. Operations centers for the business will remain in Toronto, Canada and Boston, Massachusetts. London-based David Howell, CEO of Pacific Life Re, will oversee the new operations.

The Phoenix Companies partners with Legacy Marketing

The Phoenix Companies, Inc. has allied with the Legacy Marketing Group, an independent marketing organization that partners with insurance companies to design and market proprietary fixed annuity products. They will co-develop annuity products and bring these solutions to a larger universe of consumers.

Simultaneously, Legacy is launching the CommandMark, series of fixed indexed annuities for both pre-retirees and retirees, available only through the Phoenix and Legacy alliance.

The CommandMark Series features vesting bonus options of up to 12%, a choice of index crediting strategies, and an optional income rider. Clients can access up to 10% of premium in penalty-free withdrawals each year after the first.

"This latest product offers a combination of features unlike any other fixed annuity in the market including: built-in strategic diversification, high bonus options, a Guaranteed Lifetime Withdrawal Benefit (GLWB) rider, and a generous liquidity option," said Preston Pitts, Legacy's president.

Russell expands DC team

Given continued growth in the defined contribution market, Russell Investments has added Keith Lennon and Michelle Rappa to its institutional DC team. Both will report to Dick Davies, managing director, defined contribution, Americas Institutional.

Lennon, an internal appointment, joins the DC team in Seattle after being promoted to the newly created role of director, defined contribution solutions. He is responsible for enhancing Russell's offerings to institutional defined contribution plan investors, including glide path management and customized target date funds.

Lennon has more than 20 years of experience at Russell in various client service, analytical and managerial positions. Most recently, he served as director of product for Americas Institutional and led the team responsible for all aspects of product development and management across the defined benefit, defined contribution and non-profit market segments.

Rappa joins Russell as director of business growth, defined contribution, and is based in New York. In addition to formulating and executing Russell's DC strategy for institutional clients, she will lead new business development initiatives focused on identifying Russell investment management capabilities relevant to DC plan sponsors and introducing them to the marketplace.

Most recently, Rappa worked as an independent consultant with the Russell Indexes team to design and develop product strategy for various Russell Indexes. She was formerly managing director and head of marketing at Seligman Advisors where she was responsible for the strategic direction of the firm's retirement plans, mutual funds and college savings businesses. Earlier in her career at Oppenheimer Funds and Oppenheimer Capital, she gained significant experience building and marketing retirement plan products.

The Hartford finds more Americans saving for retirement

In a recent survey, the Hartford found that participation in 401(k)s and other defined contribution retirement plans by employed adults rose to 76% overall in 2011, up from 71% a year ago and up from 63% two years ago.

The study, conducted in spring 2011, polled 1,000 employed adults ages 18-65 who had a minimum household income of $25,000.

Three demographic sub groups of respondents showed the biggest gains:

- Participation by boomers – those closest to retirement – rose to 79%, up from 71% in 2010 and from 63 percent in 2009;
- 77% of Gen Xers, or those ages 32-46, contributed to their employer's retirement plan in 2011, an increase from 71% in 2010 and from 67% in 2009; and
- Participation by men jumped to 81%, up from 71% last year and from 66% two years ago.

A slight decline was seen in participation by employees ages 19 to 31 and participation among women overall was flat. Seven in 10 women contributed to their employer's retirement plan, unchanged from the previous year when women showed greater improvement than men. Participation in retirement plans amongst Gen Y declined by two percent.

Asked about the next 12 months, 34% of study respondents said they were "extremely" or "very confident" that their lives would improve. Those expressing optimism cited expected improvements in their personal finances:

- 53% said reducing debt and increasing savings were part of their financial goals;
- 52% indicated they were "extremely" or "very" confident their personal finances would continue to improve; and
- 42% said securing their financial future was their primary goal.

More people (26%) said they "live comfortably" in 2011, an increase from 19% in 2010. Nearly half of all respondents (48%) said they "meet my expenses with a little left over for extras."

Plan to retire in a market boom? A bust may follow.

A new University of Missouri study, sponsored by Prudential Financial, on the timing of individual retirement decisions from 1992 to 2008 demonstrates that Americans are more likely to retire after periods of strong equity market performance, following the retirement of a spouse, or if they participated in a defined benefit (DB) pension plan.

"The study clearly shows that the stronger the equity market performs over any period, the more likely it is that near-retirees will, in fact, retire," said Professor Rui Yao of the University of Missouri, who conducted the study for Prudential.

"A 10% increase in the S&P 500 index results in a 25% increase in the likelihood that individuals will retire, compared to a year in which the S&P 500 index performance was flat—all other factors being equal," he added.

But the stronger that equities performance over a prior three-year period, the likelier they are to fall in the subsequent year, according to an analysis of the historical returns of the S&P 500 index from 1926 to 2010 conducted by Prudential Financial.

As a result, Americans are more likely to choose to retire at a time when there is more risk that their retirement assets will decline in value just after retiring.

The study also found:

- Pre-retirees with only defined benefit plans are almost twice as likely to retire in any given year

versus those covered only by a defined contribution plan.
- Pre-retirees with a retired spouse are almost two-and-one-half times as likely to retire in any given year as their counterparts with a working spouse.

A Prudential white paper on the findings of the study and its implications for individuals and financial advisors, "Why Do Individuals Retire When They Do and What Does it Mean for Their Retirement Security?" is available at http://www.news.prudential.com/. The University of Missouri's academic paper on the research is expected to be published in the coming months.

The research is based on the analysis of voluntary retirement decisions of a cohort of pre-retirees and retirees tracked by the Health and Retirement Study, a national biannual panel survey that tracks the retirement, health, insurance and economic status of a sample of individuals over age 50 and their spouses/partners.

The study's results support the ongoing theme in Prudential's marketing and advertising materials, which claim that retirees' assets are particularly vulnerable to economic downturns that occur during a "red zone" stretching from about five years before to about five years after the retirement date.