The Bucket

By Editorial Staff *Wed, Sep 21, 2011*

Brief or late-breaking items from Vanguard, Prudential, AEGON/Transamerica, Celent, Fidelity, GuidedChoice, LPL Financial, Milliman, EagleEye Analytics, Archstone Foundation, and Fidelity.

Vanguard and Ascensus to provide 401(k) plans to small companies

Vanguard, the low-cost investment provider, said that it will partner with Ascensus, a recordkeeper and administrator of small retirement plans, to offer bundled services for 401(k) and profit-sharing plans with assets of $20 million or less.

The service is expected to launch in the fourth quarter with "all-in" plan costs—total investment and recordkeeping costs—anticipated to be among the lowest in the industry, Vanguard said in a release.

"The new service will include funds, recordkeeping, call center services, compliance testing, participant education, and optional services such as participant advice, self-directed brokerage, and trustee services," the release said.

Vanguard received the top ranking for overall satisfaction as well as satisfaction with investment performance and value for cost from plan sponsors in Boston Research Group's 2010 Plan Sponsor Satisfaction and Loyalty Study.

Ascensus was ranked No. 1 in favorable impression of micro-plan providers in a Cogent survey published in June 2011.

Investors with guaranteed income stick with equities: Prudential

Almost nine out of ten (84% of respondents in a new Prudential survey ("2006 to 2011: Changing Attitudes About Retirement Income") indicated that if they had a retirement investment product with guaranteed income they would likely stay in the stock market through short-term losses, and 76% said that they would stay invested for the longer-term.

The two measures are higher than comparable survey results in 2006, by 10 and four percentage points respectively.

The new survey showed that Americans are more worried about retirement investment strategies now than five years ago. Almost 60% are concerned about how much income they will need in retirement; 56% wonder if their investment strategy is right for their retirement needs (up 11% from 2006), and 68% are more cautious than ever. About 73% worry about a significant decline in the stock market immediately before or after their retirement.

Almost half (47%) hesitate to invest more in the market despite future growth opportunities. Sixty percent feel that investing too aggressively is riskier than investing too conservatively, up nine percent from 2006. More than 80% are concerned about inflation.

Awareness of guaranteed retirement income products and strong interest in them seems to be up. Three quarters of investors "find these products appealing" and 82% see them as "a valuable addition to their portfolio." More than half (52%) say that having stable income in retirement is a leading concern.

The survey showed that investors value good advice; it also highlights a five-year trend toward self-reliance. While 48% "want guidance on the financial issues" the 32% now call themselves do-it-yourself investors, up from 23% in 2009, and 78% "hold themselves more accountable for investment decisions."

For the study, Prudential polled 1,001 Americans in an online survey from May 4 – 12, 2011. The study compared data on investors' retirement planning attitudes and concerns, to similar studies conducted in 2009 and 2006.

The study's participants are a national random sample of heads of mass affluent households selected from panelists in the Research Now U.S. Consumer Panel. Prudential targeted respondents considered to be "Retirement Red Zone Investors."

The participants were primary or joint decision-maker for household financial decisions, between the ages of 45-75 with household income and investable assets of at least $100,000 ($50,000 income if retired) and retirement savings of at least $100,000. The study has a margin of error of ±3.1% at the 95% confidence level.

"We are the Tomorrow Makers," says AEGON/Transamerica

AEGON's operations in North America are consolidating under the organization's strongest retail brand: Transamerica, the company said. In conjunction with this realignment, Transamerica will highlight the realignment and "reintroduce" the brand with a new ad campaign.

The campaign, developed with the brand communications agency JWT, carries the slogan, "We Are the Tomorrow Makers." The ads will run on TV, in consumer and trade publications, as well as in online media.

The first of a series of television spots depicts the interior of the Transamerica Pyramid in San Francisco as a "factory" where, together with sales representatives, Transamerica employees "work to make tomorrows for their customers."

Other advertising spots focus on Transamerica’s core insurance, investments and retirement businesses.

UMAs will reach the mass market investor: Celent

In a new report, “The Future of Advice: The State of the UMA and the Mass Market,” Celent provides a status update on the UMA sector and points the microscope on developments in the mass affluent market segment.

UMA structures are not generally marketed to the mass affluent, since minimums are generally over US$250,000 in investable assets, out of the reach of much of the market. In addition, adopting a UMA is a big mental leap for most mass affluent investors and their advisors.

In 2011 UMA asset growth has not matched the most optimistic projections. However, despite these shortcomings, discount brokerages are increasingly supplying platforms to support UMA delivery to a wider audience of investors, including the mass affluent segment.

“Mass affluent investors will find the UMA account structure increasingly useful and appropriate,” said David Easthope, research director with Celent’s Capital Markets Group and author of the report. “Industry momentum, advisor education, marketing, and technology will all advance the UMA structure to a broader audience over time.”

GuidedChoice offers ‘reality check’ for DC participants

GuidedChoice, a provider of investment advice, managed account services, and strategic solutions for retirement plans and individuals, has launched Retirement Readiness, a personalized report that lets retirement plan participants gauge and improve their savings progress.

“The new offering meets a need in the marketplace for a participant ‘reality check’ that is both extremely clear and immediately actionable,” the company said in a release.

The Retirement Readiness report reflects each participant’s own data, such as projected retirement income (in today’s dollars), savings rate, and portfolio diversification. It also suggests next-steps and provides access to professional advice and asset management through GuidedSavings.

The new offering is based on a pre-launch version already in use by employees at select Fortune 500 companies, and extends the service to third-party administrators whose plan sponsor clients in the past lacked the connectivity required to deliver live, personalized retirement plan information.

“It’s an extension of what we routinely do for record keepers,” said Dave Bernard, GuidedChoice executive vice president of Strategic Relationships. “Only plans served by large record keepers have had access to this kind of product, and that left a lot of plans and participants out in the cold.”

Milliman and EagleEye Analytics extend partnership

Milliman, Inc., the actuarial consulting firm, premier global consulting and actuarial firm, announced the next phase in an alliance with EagleEye Analytics, which provides "predictive analytics" to the insurance industry. The co-venture will provide data intended to enhance the profits of life insurers and property & casualty insurers.

Milliman's consulting services and analytic software from EagleEye's analytic software can be used by companies "to improve strategies for growth, identify underperforming segments, and develop priorities for re-underwriting or rate actions," the companies said in a release.

Barron's includes five LPL Financial advisors in its "Top 100" list

Five advisors associated with independent broker-dealer LPL Financial were among the "Top 100 Independent Financial Advisors" recently chosen by *Barron's*, the financial magazine.

The magazine rates retail financial advisors in U.S. on the basis of assets under management, revenues generated and "the quality and strength of the advisor's overall practice," said LPL in a release.

The LPL Financial advisors were:

- Ron Carson (ranked eighth) is founder and CEO of Carson Wealth Management Group ($3.1 billion in AUM) of Omaha, Nebraska.
- John Waldron (ranked 21st) is founder and CEO of Waldron Wealth Management ($2.4 billion in AUM) of Pittsburgh, Pennsylvania.
- Charles Zhang (ranked 37th) is managing partner of Zhang Financial ($1.3 billion in AUM) of Portage, Michigan.
- Susan Kaplan (ranked 41st) is president of Kaplan Financial Services ($1.3 billion in AUM) of Newton, Massachusetts.
- Robert Fragasso (ranked 97th) is chairman and CEO of Fragasso Financial Advisors ($750 million in AUM) of Pittsburgh, Pennsylvania.

California age-in-place “villages” to get $1.3 million in grants

The Archstone Foundation, a Long Beach, Calif.-based charity that helps older Americans, has granted $1.3 million for the expansion of “Villages” in California where older adults “can age in place with maximum independence and dignity.”

Villages are self-governing, membership driven, non-profit organizations run by small staffs and volunteers working together to build welcoming communities, provide social supports, and coordinate affordable services, including transportation, in-home medical care, home repairs and other day-to-day needs for elderly people wishing to remain in their home and communities.

The first Village was the Beacon Hill Village in Boston, set up in 2001. Currently, eight Villages have opened in California and 21 more are in development. Nationally, 55 Villages are operating and 120 more are in various stages of development, the Foundation said in a release.

Villages supported by these grants will receive training in business planning, marketing, sustaining growth and viability, creating and managing strategic partnerships, and designing member programs, services, and benefits.

The grants “represent an investment in *Creating Aging Friendly Communities through the Expansion of Villages,* which seeks to further understand and document the varying village models being developed,” Archstone Foundation said in a release.

Fidelity collects $17 billion in first half of 2011

Fidelity Investments reported it has received defined contribution (DC) commitments representing 315,000 participants, 269 plans and $17 billion in assets under administration in the first half of 2011, strengthening its lead position in the industry.

More than $15 billion were a result of new clients to Fidelity, with the remaining $2 billion from merger and acquisition activity with existing clients. Fidelity also announced that it is seeing robust sales commitments for 2012, which have already exceeded more than $6 billion.

Fidelity reported significant increases in sales in the emerging, mid, large and tax- exempt markets. Tax-exempt sales, in particular, rose significantly over last year as Fidelity continued to make investments in this sector to support health care and higher education markets as they looked to consolidate providers.

In addition, corporate market sales were up from the prior year as Fidelity honed in on several industries including professional services.

Fidelity Investments had $3.4 assets under administration, including managed assets of more than $1.5 trillion, as of August 31, 2011.