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By Editorial Staff *Wed, Dec 21, 2011*

Brief or late-breaking items regarding AXA Equitable Life, MassMutual, Prudential Financial, Barclays Wealth, and Wealth & Pension Services Group.

Euro-crisis triggers "review with negative implications" for AXA

The financial strength rating (A+, Superior) and issuer credit ratings (aa-) of AXA Equitable Life Insurance Co. have been placed under review with negative implications by A.M. Best Co. The ratings agency also instituted a similar review of the ICR (a-) of AXA Financial and the debt ratings of AXA Financial and AXA Equitable.

The actions stem from exposure of the companies' French parent, AXA S.A., to the ongoing eurozone financial crisis, which A.M. Best described as "the continued deterioration of the sovereign creditworthiness of several eurozone countries and the negative economic outlook for the region."

The review will remain in effect while A.M. Best examines the organization's exposure to a prolonged adverse economic environment within the eurozone and the potential impact on its U.S. life insurance operations.

"Downward rating pressure may occur if there were a worsening of the AXA Group or AXA Financial life insurance subsidiaries' risk-adjusted capitalization tied to investment losses, a deterioration of the operating environment in key territories of the parent or a perceived lessening of support for the U.S. insurance operations," A.M. Best said in a release.

Besides AXA Equitable Life, the review affects MONY Life Insurance Co. and MONY Life Insurance Co. of America. In addition, the A (Excellent) and "a+" issuer credit ratings of AXA Equitable Life and Annuity Co. and U.S. Financial Life Insurance Co. are under review with negative implications. The "a" debt ratings on $350 million in 7% senior unsecured debentures, due 2028, issued by AXA Financial Inc. and $200 million on 7.7% surplus notes, due 2015, issued by AXA Equitable Life Insurance Co. were also under review with negative implications.

Prudential to sponsor National Retirement Risk Index

Prudential Financial will be the exclusive sponsor of the Center for Retirement Research (CRR) at Boston College's National Retirement Risk Index, Prudential said in a release.

The Index measures the percentage of working-age Americans at risk of failing to maintain their standard of living in retirement. As its sponsor, Prudential will underwrite a number of studies conducted by the CRR related to the Index.

The National Retirement Risk Index reflects the changing retirement landscape. According to the Index, the percentage of households at risk of not being able to maintain their standard of living in retirement rose to 51% in 2009 from 30% in 1989. The next update of the Index is scheduled for the spring of 2012.

"Retirement needs are increasing due to longer life spans and rising health care costs, while retirement resources are shrinking due to declining Social Security replacement rates and insufficient savings in 401(k)s," said Alicia Munnell, director of the Center for Retirement Research.

MassMutual launches new retirement plan investment option

MassMutual's Retirement Services Division has launched MassMutual Barings Dynamic Allocation Fund, with management by MassMutual-affiliate Baring International Investment Limited. The fund is offered to MassMutual's plan sponsor clients and their advisors.

The new Fund relies on Barings' dynamic multi-asset strategy, which has been in operation since 2002, to combine investment types from across the risk/return spectrum. The portfolio includes stock and bond investments from developed and emerging economies as well as real estate, commodities, and other investment vehicles.

Barings portfolio managers have discretion to increase exposure to investments with growth potential when they anticipate growth markets and hold more defensive alternatives when they anticipate weaker markets.

Barclays Wealth hires five to serve HNW clients in New York

Barclays Wealth has appointed five Investment Representatives to its New York office, bringing the total number of new advisors hired in the Americas this year to 50.

Jack Broderick and Bill Belleville, CFA, join as managing directors from Credit Suisse Private Banking. Broderick and Belleville have more than 40 years of combined experience in wealth management, trading and solutions development for high net worth individuals and family offices.

Broderick spent 15 years at Credit Suisse, initially running the Monetization Services Group, an equities trading desk. In 2000, he moved to London to develop a similar platform for European clients. He returned to New York three years later as a relationship manager in Private Banking. Prior to Credit Suisse, Broderick managed the Execution Services Desk at Lehman Brothers for seven years. He holds a B.A. in mathematics and economics from Bucknell and an M.B.A. from Fordham.

Belleville, CFA, joined Credit Suisse Private Banking in 2001 to design customized solutions for high net worth clients. Prior to Credit Suisse, he specialized in fixed-income derivatives and structured products in roles at Merrill Lynch, Cantor Fitzgerald Securities, and First Continental Trading. A CFA charterholder, Belleville holds a B.S. in economics from Cornell, an M.B.A. from the Wharton School, and an M.A. in International Studies from the School of Arts and Sciences at University of Pennsylvania. He sits on the Board of Trustees of The Albany Academy.

Barclays Wealth also hired Michael Gordon, Scott Madison and Jonathan Sopher as advisors in New York. Gordon and Madison join as Directors from Credit Suisse Private Banking, where for the past three years they specialized in serving high net worth clients. Previously, Gordon worked for six years in the Private Client Group of Jefferies & Co. He holds a B.S. in Business and an M.B.A from the University of Chicago.

Prior to Credit Suisse, Mr. Madison worked in the Markets Coverage Group in Goldman Sachs's Private Bank and in Jefferies's Private Client Group. He holds a B.S. in Accounting from Indiana University.

Jonathan Sopher joins as a Director and brings 17 years of wealth management experience to his new role at Barclays Wealth. Previous roles included serving as a financial advisor at Jefferies & Co., Wachovia Securities and Prudential Securities. He holds a B.A. in Business Communications from California State Northridge.

The five new New York-based Investment Representatives report to Mark Stevenson, regional manager for New York.

New kit to help plan sponsors comply with fee disclosure regs

To help plan sponsors comply with Department of Labor rules for fee disclosure in 2012, 401k Pro Advisor, a division of Wealth & Pension Services Group, Inc., is providing needed fiduciary reviews and cost analysis to assist 401k plans in evaluating the new information.

Under the new rules, known as 408(b) and 404(a), retirement plans will receive fee disclosures from their service providers that are intended to allow plan sponsors to tell whether vendor fees are reasonable and to reveal hidden compensation and conflicts of interest.

Compensation is defined to include "both direct and indirect and applies to the service provider, its affiliates or subcontractors." Service providers must disclose if they are acting in the capacity of a fiduciary to the plan. In many instances, this will be a "no," which will be a surprise to many plan sponsors.

"As a fiduciary, the plan sponsor is duty-bound to understand, review and monitor this newly disclosed information," says William Kring, chief investment officer of Wealth & Pension Services Group, Inc. and founder of 401k ProAdvisor.

Plan sponsors may find it difficult to evaluate this new information against a standard of "reasonableness" as required by ERISA, according to Kring. Also, participants will raise alarms as they realize they pay for most plan expenses. A recent survey by AARP showed that 74% of participants do not know they pay for plan expenses.

ERISA requires that plan sponsors hire prudent experts to help them with determinations of reasonableness. 401k ProAdvisor's 408b2 Rules Kit and consulting services "will take the burden off plan sponsors to evaluate the disclosure information that will be forthcoming," the company said in a release.

"Further, 401k ProAdvisor will identify fiduciary breaches, conflicts, cost control issues, and highlight areas that need additional fiduciary follow-up. If necessary, 401k Pro Advisor can negotiate fees across service providers to meet the test of reasonable compensation,” the release said.