The Bucket

By Editorial Staff *Thu, Oct 21, 2010*

Late-breaking items from Allianz Life of North America, MetLife, Nationwide Financial, Prudential and Genworth Financial.

Forty-Somethings Are Worried About Retirement: Allianz Life

Younger boomers in their 40s worry more about financial control and stability in retirement than older boomers, according to a survey of Americans aged 44-75 by Allianz Life Insurance Company of North America.

A majority (54%) of 44-49 year olds) reported feeling “totally unprepared” for retirement, and were more likely than older Boomers to say they needed to take more control of their financial future (47% to 35%). cent), to attain more certainty and financial security (41 % to 30%), and reduce their financial vulnerability (26% to 22%). Over eighty percent (84%) agreed that the safety of their money mattered more to them now than it had a few years ago.

“The economic downturn woke up many Americans to the challenges of securing retirement income, but this younger boomer segment seems to have taken the lesson even more seriously,” said Gary C. Bhojwani, president and CEO of Allianz Life. “Our Reclaiming the Future study told us that security and guarantees with retirement-income products are now very important to Americans.”

Only 19% of younger Boomers reported working with a financial planner, but 47% percent were receptive to working with one. Ninety-five percent of younger boomers said it was “important” or “extremely important” that their financial professional help protect a portion of their nest egg. A similar number (87%) want their financial professional to help them get guaranteed income in retirement.

Of younger Boomers who own an annuity, 83% were satisfied with their purchase, compared to 66% who were satisfied with their mutual funds, 63% satisfied with their stocks, 51% satisfied with U.S. savings bonds and 43% satisfied with certificates of deposit.

MetLife Asks, ‘What’s Your “Retirement Income Mindset?

MetLife has created an online tool to help consumers determine their “retirement income mindset.” Through the tool, the Retirement Income Selector, visitors to the firm’s website are asked a series of questions designed to elicit and reveal their attitudes towards traditional investments and guaranteed sources of income so they can pick the right retirement strategy.

“The Retirement Income Selector takes into account behavioral economic principles and acknowledges the unique personal, and sometimes, emotionally driven factors that influence the decision many of us make around retirement income needs,” said Julia Lennox, vice president, Retirement Products, MetLife, in a release.

The heuristic tool guides investors through nine questions about their attitudes toward longevity, liquidity and market volatility. At the end of the questionnaire, users are told their “income mindset.”

Each income mindset suggests the balance between guaranteed and risky products that’s probably right for each person. There are five income mindsets that indicate a range of risk appetite and a range of receptivity to guaranteed products, from no guarantees to full annuitization.

Nationwide Adds Flexibility to SPIA

Nationwide Financial Services, Inc. now gives owners of its INCOME Promise single premium immediate annuity the option to take lump-sum withdrawals if they need cash for an emergency. But there are restrictions and penalties.

New contract options include:

- Owners of term-certain or installment refund payment versions of INCOME Promise can take lump-sum withdrawals after payments begin if they pay a fee.
- A joint-life as well as single-life payout option is now available.
- A 1-3% COLA is available but will reduce the initial income amount.

Nationwide said that a survey it sponsored by the Oechsli Institute found that 76% of affluent investors expect their advisor to provide them with guaranteed income in retirement.

Prudential’s Global Outlook for Q4 2010

In the October 2010 edition of his Global Investment Strategy newsletter, John Praveen, chief investment strategist for Prudential International Investments, predicts that 2010 equity rally will continue toward the end of the year.

“A new round of monetary stimulus should support the flagging recovery, while providing additional liquidity for financial markets. In addition, the earnings outlook remains solid while valuations remain attractive giving scope for multiple expansion,” Praveen wrote.

In other forecasts:

- Global macro uncertainties continue to ease with a fresh round of monetary stimulus. “These reflation measures should ease fears of double-dip and deflation, while providing additional liquidity for financial markets."

- While growth momentum remains weak in the developed economies, Q3 GDP is expected to rebound in the U.S. and Japan after the weak Q2.
- Eurozone & U.K. expected to slow in Q3 after the Q2 rebound. GDP growth remains solid in the emerging economies. The earnings outlook for the second half of 2010 in the major markets remains solid although slower than the strong pace in the first half.
- Equity valuations remain attractive, which combined with low interest rates are likely to lead to multiple expansion in coming months.
- The U.S. mid-term election cycle is positive for stocks as historically the U.S. equity market posted solid gains following mid-term elections.
- Bond yields are likely to remain supported by the second round of asset purchases by the Bank of Japan and the Fed (expected in November).
- GDP growth in the developed economies remains below trend in the first half and inflation remains uncomfortably low. However, a double-dip is increasingly unlikely in 2010 with growth expected to improve in Q3 & Q4.
- Deflation is not a risk in the near-term and prices are unlikely to remain depressed if central banks keep the spigot of monetary stimulus open well into 2011.
- Stocks still remain attractive relative to bonds with P/E ratios depressed and bond yields low. Among global stock markets, Praveen remains overweight in emerging markets and Eurozone; among global sectors, it is overweight on industrials and information technology; it remains underweight in healthcare, telecom, and utilities.
- Among global government bond markets, Praveen remains overweight in emerging markets and U.S. Treasuries and underweight in U.K. gilts.

Genworth Financial Acquires Wealth Management Firm

Genworth Financial, Inc., has agreed to acquire the Altegris companies, which manages $2 billion in hedge funds and managed futures products and provides clearing services, for $35 million at closing and future payments contingent on performance. The deal is expected to close at the end of the year.

The move enhances Genworth's presence in the competitive high-net worth client market by giving it a new suite of investment products and new relationships with registered investment advisors and broker-dealers. Together, Genworth Financial Wealth Management (GFWM) and Altegris will manage approximately $23 billion.

"The addition of Altegris will provide independent financial advisors an expanded set of offerings that are integral to serving the needs of their clients," said Gurinder Ahluwalia, President & CEO of GFWM.