
The Bucket

By Editorial Staff *Wed, Mar 14, 2012*

Brief or late-breaking items from Athene, Prudential Financial and T. Rowe Price.

New Athene fixed annuity issued

ATHENE MaxRate is a multi-year guarantee annuity with a choice of five or seven-year guarantee periods. Seven-year guaranteed rates are currently 4.15% in the first year and 3.15% in years 2-7; for five years, the rates are 3.85% in year one and 2.85% in years 2-5.

The new product provides a 30-day window at the end of each guarantee period during which contract holders can request a partial withdrawal, surrender their annuity, or convert it into a guaranteed stream of income without incurring a market value adjustment or any withdrawal charges.

If no action is taken during the 30-day window, the annuity will automatically begin a new guarantee period of the same duration with a new guaranteed interest rate.

Most younger investors not confident about retirement: T. Rowe Price

Only 39% of investors between the ages of 21-50 are confident that they will have enough money for retirement, according to new study from T. Rowe Price.

Most younger investors (63%) have no detailed plan for their finances in retirement., but of those who have a detailed plan, 58% believe they will have enough money for retirement, a survey showed.

The study was conducted online in December 2011 by Harris Interactive on behalf of T. Rowe Price among 860 adults aged 21-50 who have at least one investment account. The survey also showed:

- 77% of those who have a plan said that it targets an anticipated monthly budget. 84% cited having a specific monthly withdrawal strategy.
- 78% said their plan considers life expectancy and how long their savings might need to last.
- 74% of Gen X and Y expect to receive retirement income from 401(k)s or other workplace retirement plans.
- 65% expect to receive retirement income from IRAs.
- 64% expect income from non-retirement accounts (checking, savings, stocks, bonds, mutual funds).
- 63% of investors aged 50 and under anticipate receiving Social Security.

When asked at what age they expect to retire, the mean age investors gave was 62. When asked how many years they expect to live in retirement, the mean answer was 22 years.

Prudential Retirement calls for MEPs for small employers

Prudential Retirement's Jamie Kalamarides, senior vice president of Institutional Investment Products, testified last week during a U.S. Senate Special Committee on Aging hearing on the shortage of retirement savings plans among small businesses.

Kalamarides discussed Prudential Retirement's support for expanding retirement coverage through multiple small employer plans, which would allow groups of employers to pool resources under a single defined contribution plan, resulting in lower costs and simplified administrative requirements.

Compliance with ERISA's reporting, disclosure and fiduciary requirements may be a concern for many small employers and, the ability to reallocate these responsibilities to professionals through a multiple employer plan would remove a major impediment to small employers extending retirement savings opportunities to their employees.

If multiple employer plans are to play a meaningful role in closing the "retirement coverage gap" clarifications and changes in the law are necessary, including expanding multiple employer plan sponsorship, reallocating fiduciary and plan administration responsibilities and eliminating non-discrimination testing, Kalamarides said.