
The Bucket

By Editorial Staff Tue, Apr 3, 2012

Brief or late-breaking items from BNY Mellon, LPL Financial, MassMutual Retirement Services, Natixis Global Asset Management, Prudential Retirement, Edward Jones, BMO Global Asset Management, AllianceBernstein and the Insured Retirement Institute.

Funding of U.S. pensions up over three points in March: BNY Mellon

The best quarter for U.S. equity markets in a decade helped to drive the funded status of the typical U.S. corporate pension plan 3.6 percentage points higher in March to 79.8%, according to BNY Mellon Asset Management. U.S. stocks have now risen for six consecutive months.

The pension plans also benefited from an increase in the Aa corporate discount rate, which resulted in lower liabilities, according to the BNY Mellon Pension Summary Report for March 2012. The funded status of the typical corporate plan has now increased 7.4 percentage points this year.

Assets for the typical corporate pension plan in March rose 1.3%, and liabilities fell 3.2%, BNY Mellon said. The decrease in liabilities was due to the Aa corporate discount rate rising 25 basis points to 4.58 percent, according to the report.

Plan liabilities are calculated using the yields of long-term investment grade corporate bonds. Higher yields on these bonds result in lower liabilities.

“Both the equity markets and interest rates moved in the right direction in March, helping moderate risk corporate pension plans approach a funding level of 80%,” said Jeffrey B. Saef, managing director, BNY Mellon Asset Management, and head of the BNY Mellon Investment Strategy & Solutions Group (a division of The Bank of New York Mellon). “Further improvements in the funded status could encourage plans to increase their hedge against interest rate moves.”

LPL Financial launches ‘WomenInvest’ platform

WomenInvest, a suite of free tools and resources to help financial advisors market more effectively to women investors, has been launched by independent broker/dealer LPL Financial.

The new web-based platform, exclusive to LPL advisors, includes “customizable and compliance-approved marketing materials, best practices materials for working with women investors, [and] original research on behavioral psychology,” LPL said in a release.

According to LPL, the tools and resources are aligned around four educational tracks, each corresponding to a stage or segment of a woman’s life:

- ***In Relationships***, where advisors learn to engage with both partners in a marriage or domestic union.
- ***In Transition***, where advisors learn to support women investors during a career transition, divorce or death of a spouse.
- ***In Business***, where advisors learn to advise professional women, women business owners, or women who have inherited large sums.
- ***In Retirement***, where advisors learn to counsel women investors on financial strategies that support the goals of living “longer and better.”

MassMutual Retirement Services adds to South/Central Region

Ann Kutrow and Garrett Carlough have joined MassMutual Retirement Services Division’s sales and client management organization, which is led by Hugh O’Toole.

Kutrow rejoined the division as senior relationship manager, after four years at The Meltzer Group. Based in Washington D.C., she serves on the south/central region client management team and works with mid-market plan advisors. She reports to Brian Barrett, assistant vice president.

Carlough was been promoted to managing director, with responsibility for business development and sales support of MassMutual’s third-party and dedicated distribution channels in Washington D.C., Maryland and Virginia. He came to MassMutual as sales director in 2011 from Principal Financial Group. He will be based in Washington D.C. and reports to Michael Reilly, divisional sales manager.

Natixis Global unveils risk-driven portfolio platform

To help financial advisors and investors worldwide manage volatility and enhance diversification as they build portfolios, Natixis Global Asset Management has introduced a platform called Durable Portfolio Construction.

“Faced with a prolonged period of volatility and uncertainty, it’s time to start building more durable portfolios,” said John T. Hailer, Natixis president and CEO, in a release. The new platform “makes risk the primary consideration for asset allocation and is intended to help investors minimize the impact of extreme market movements, make smarter use of traditional asset classes, add exposure to alternative investments, and employ non-correlated investment techniques such as hedging and long/short strategies,” the release said.

Key elements of the new platform include:

- Expansion of the NGAM Portfolio Research and Consulting (PRC) Group, led by Matthew Coldren, executive vice president, Client Solutions Group, and Marina Gross, senior vice president, Portfolio Research and Consulting. The program is agnostic with regard to products offered by NGAM and its

investment affiliates.

- Launch of the NGAM Durable Portfolio Construction Research Center, which generates research on asset allocation, risk management and other issues.
- Global Durable Portfolio Construction Symposia, to be held in Rome (May 16, 2012), Madrid (June 19, 2012), London and several U.S. locations.

Jumbo employer plan adopts Prudential's in-plan annuity option

Adventist Healthcare Retirement Plan, Roseville, Calif., intends to offer Prudential Retirement's IncomeFlex Target in-plan guaranteed lifetime income product to its plan participants, Prudential Financial said in a release. Aon Hewitt will continue to recordkeep the \$2.6 billion plan.

With \$229.5 billion in retirement account values as of December 31, 2011, Prudential Retirement serves more than 3.6 million participants and annuitants. Retirement products and services are provided by Prudential Retirement Insurance and Annuity Company (PRIAC), Hartford, CT, or its affiliates.

Morningstar launches "Ultimate Stock-Pickers" indices

Morningstar, Inc. has launched three Morningstar Ultimate Stock-Pickers Indexes, including the Ultimate Stock-Pickers, Ultimate Stock-Pickers Target Volatility 7, and Ultimate Stock-Pickers Target Volatility 10. BNP Paribas has licensed these indexes to serve as benchmarks for three new structured bank notes expected to launch April 2.

In April 2009, Morningstar equity analysts began to research the quarterly holdings, purchases, and sales of 26 top investment managers, or what Morningstar calls the "Ultimate Stock-Pickers."

Morningstar combined the picks of these managers with its own equity research to produce the Ultimate Stock-Pickers Index. The Morningstar Index team first compiles a list of fund holdings from the managers selected by Morningstar's research team and then excludes securities that analysts believe are overvalued or difficult to predict. Next, the index team examines how many of the well-regarded managers hold the security, how much of it they hold, and whether or not managers have been adding to the position to determine a fund manager conviction score. Securities with the highest manager conviction scores comprise the Morningstar Ultimate Stock-Pickers Index.

The Morningstar Ultimate Stock-Pickers Target Volatility 7 and 10 Indexes are similar in construction to the Ultimate Stock-Pickers Index, but seek to control volatility by moving assets in and out of cash positions to maintain standard deviations of seven and 10, respectively. Morningstar reconstitutes the indexes monthly.

Introduced in 2002, the Morningstar Indexes include a broad range of global equity, fixed income, and commodity indexes that are also combined to form an asset allocation index series. Currently, 32 ETFs and one ETN track Morningstar Indexes.

Edward Jones proud to hire veterans as advisors

Americans today view the traits of military veterans positively when selecting to work with a financial advisor, underscoring a demand in the market for veterans in the financial field. When asked why they would choose to work with a financial advisor with military experience, Americans mentioned their discipline (77%), goal-orientation (73%) and integrity (72%), according to a new survey by Edward Jones.

Edward Jones employs 1,300 financial advisors with military experience, or 11% of the total, said Jim Weddle, managing partner at the firm.

The survey of 1,006 respondents by ORC International revealed that nine in 10 people think that skills gained in the military are transferable to post-military careers. Fifty-seven percent believe those skills are specifically applicable to a career as a financial advisor. Seventy-five percent of Americans said they would be likely to work with a financial advisor who was formerly a military serviceman or woman.

Edward Jones was recently recognized by CivilianJobs.com as a finalist for the 2012 Most Valuable Employers (MVE) for Military.

IRI, AllianceBernstein survey suggests that it's smart to sell VAs

["After the Crisis,"](#) a new whitepaper/survey published by asset manager AllianceBernstein and the Insured Retirement Institute, aims to demonstrate that financial advisors who sell variable annuities are more successful than financial advisors who don't sell variable annuities.

The online survey, conducted for the two firms by InsightExpress, posed 34 questions to 500 advisers, of whom 26% sell more than 10 VAs per year, 55% sell between one and 10 VAs per year, and 19% who don't sell any. AllianceBernstein's funds are used in variable annuities and, since 2008, the IRI (formerly the National Association for Variable Annuities) has lobbied on behalf of VAs.

Among the findings of the survey:

- 50% of respondents said they started recommending VAs more because their clients are demanding "guaranteed investments."
- 57% of respondents said they increased their use of VAs because the "designs have become more attractive."
- 49% of dabblers have increased their recommendations for VAs since the credit crisis.
- 60% of sellers have increased their recommendations for VAs since the credit crisis.
- 42% bring up VAs in "every conversation" with clients and see them as an important part of financial planning solutions.
- Roughly 45% have a combined fee- and commission-based compensation structure, most of which is commission-based.
- More than seven out of 10 sellers have more than a decade of experience in selling VAs, compared

with roughly half of non-sellers and dabblers.

- The average allocation for new clients is 29% VAs, 14% mutual funds, 14% IRAs, 8% life insurance, 6% unified managed accounts/mutual fund wrap accounts and 29% other.
- Approximately a quarter of sellers had assets under management in excess of \$100 million.
- Nearly a third of sellers had annual revenues (fees plus gross commission) in excess of \$500,000.
- Sellers have double the number of high-net-worth clients (with investable assets between \$1 million and \$29 million) of dabblers and one-third more than non-sellers.
- More than 70% of dabblers and sellers say that a colleague or wholesaler influenced them to begin recommending VAs.

BMO Global Asset Management rebrands retirement group

BMO Global Asset Management today announced that its defined contribution recordkeeping and educational services business, now known as BMO Retirement Services, would no longer operate under the Institutional Trust Services umbrella.

“By bringing our retirement research and investment management expertise to bear on our retirement plan solutions we can put the full power of our resources toward improving the retirement security of the people we serve, our retirement plan participants,” said Barry McInerney, Co-CEO of BMO Global Asset Management, in a release.

The Milwaukee-based BMO Retirement Services will continue to feature an open architecture platform, which will be augmented by BMO Global Asset Management’s expanding investment management capabilities.

Phil Enochs, CFA, Managing Director, Head of Relationship Management for BMO Global Asset Management, said BMO Retirement Services seeks to be counted among the major players in the U.S. retirement market. BMO also intends to grow its specialty teams that serve not-for-profit and Taft-Hartley clients.