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## The Bucket

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By Editorial Staff     Tue, May 29, 2012

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*Brief or late-breaking items from Putnam Investments, Nationwide, Allianz Life, and the SPARK Institute.*

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### Buffett is the ideal advisor: Allianz Life survey

Among famous personages, Berkshire Hathaway CEO Warren Buffett is the one that baby boomers and their parents would most like their financial advisors to resemble, according to the 2012 American Legacies Pulse Study by Allianz Life.

Ben Stein, the economist-lawyer-actor-author, ran a distant second (9% of boomers and 6% of elders) to Buffett, but Stein was well ahead of Katie Couric and Ellen DeGeneres, whom only about 2% of boomers and even fewer older people suggested as their ideal advisor.

Most people would rather inherit “family stories” than money, the Allianz Life study suggested. Eighty-six percent of boomers (ages 47 to 66) and 74% of those ages 72 and older say that “family stories” are the most important aspect of their legacy, ahead of personal possessions (64% for boomers, 58% for elders) and the expectation of inheritance (9% for boomers, 14% for elders). A similar Allianz Life study in 2005 found that 77% of both boomers and elders called “family values and life lessons” the most important legacy.

In both the 2005 and 2012 studies, only 4% of boomers and elders said they felt the previous generation “owed” them an inheritance. The share of elders who feel they owe their children an inheritance fell to 14% in 2012 from 22% in 2005—perhaps because they have less excess savings to bequeath in the wake of the financial crisis.

Boomers and their parents are not equally focused on legacy planning, however. The 2012 study showed that 75% of elders have obtained help from a lawyer, financial professional, accountant or estate planner in planning their inheritance and 79% have discussed legacy planning with their children.

In comparison, fewer than half of boomers have obtained professional legacy planning assistance and nearly 50% have *not* talked with their own children about inheritance issues. A fourth of boomers, but only a twentieth of elders, have *not* planned their inheritance.

“Honest and trustworthy” are the characteristics that boomers and elders continue to seek in advisors (89% and 91% in 2012, up from 74% and 67% in 2005). Those surveyed also looked for advisors who “explain things in an easy to understand way” and are “good listeners.”

Concern over taxes has risen sharply over the past seven years. In 2005, 51% of boomers and 43% of elders cited the importance of their financial professional’s ability to “help minimize taxes.” In 2012, 75% of boomers and 70% of elders indicated the same skill.

The 2012 American Legacies Pulse Study was commissioned by Allianz Life Insurance Company of North America and conducted online by SNG Research Corporation during the week of January 12-19, 2012. About 2000 boomers and elders were surveyed in both 2005 and 2012.

### **Nationwide introduces fee disclosure ‘Solutions Kit’**

Nationwide Financial has developed a “408(b)(2) Solutions Kit” to help retirement plan sponsors and advisors comply with Department of Labor (DoL) regulations generally and with the fee disclosure regulations that take effect July 1 in particular.

The Solutions Kit includes:

- A guide to Nationwide’s tools and services that help plan sponsors understand and comply with the new requirements.
- Summaries of the DoL requirements and of the plan fiduciary’s responsibilities for establishing that the fees paid to service providers are “reasonable.”
- A handbook that helps plan advisors explain their services to plan providers.

Nationwide said it will send updates to retirement plan advisors on its 408(b)(2) resources via emails and conference calls. Through Nationwide’s ERISA and Regulatory [Online Resource](#), advisors can consult regulatory specialists.

### **Saving habits determine retirement security: Putnam**

Americans who defer 10% or more of their income to employer-sponsored retirement plans will be best prepared for retirement, according to the most recent edition of the Putnam [Investments] Lifetime Income Score survey of about 4,000 Americans.

The survey showed that U.S. households are on track to replace 65% of their current income in retirement, on average. Households that were best prepared (with scores of 100% or more) have a total household retirement savings rate of 27.4%, while those least prepared (with scores of 0% to <45%) save only 5.1% of their income.

## **Spark Institute creates 403(b) participant disclosure information form**

The SPARK Institute has created an “Investment Provider Information Form for Multivendor 403(b) Plan Participant Disclosure” that will help facilitate compliance with the Department of Labor’s participant disclosure regulations by investment providers and record keepers serving 403(b) plans with multiple vendors.

“As service providers prepare to comply with the 404a-5 participant disclosure regulations for multivendor 403(b) plans, it may be necessary for them to contact and coordinate disclosures with other investment

providers,” said Larry H. Goldbrum, General Counsel of The SPARK Institute.

“In order to assist in this process, we have developed a short information form that will help record keepers and investment providers locate the appropriate contacts at other companies so their disclosures may be coordinated.” The information form also includes some basic information about the investment provider’s compliance approach and timing, he said.

Goldbrum said The SPARK Institute has already collected contact information from many of the leading 403(b) plan vendors. The completed information forms are available upon request and free of charge to 403(b) plan record keepers and investment providers, including non-SPARK Institute members.

Investment providers are asked to complete the form with respect to their disclosure efforts prior to receiving the other investment providers’ information. A blank form, including instructions for submission, is available at [www.sparkinstitute.org](http://www.sparkinstitute.org). Record keepers and investment providers may request the completed information forms by sending an email to [403bmultivendorform@sparkinstitute.org](mailto:403bmultivendorform@sparkinstitute.org).

The SPARK Institute represents the interests of a broad-based cross-section of retirement plan service providers and investment managers, including banks, mutual fund companies, insurance companies, third party administrators, trade clearing firms and benefits consultants. Its members serve approximately 70 million participants in 401(k) and other defined contribution plans.

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