The Bucket

By Editorial Staff *Wed, Jul 11, 2012*

Brief or late-breaking items from Jackson National, Guardian Life and BNY Mellon.

Advisor interest in alternatives continues to grow: Jackson National

A recent survey by Jackson National Life of 2,000 financial advisors showed an large increase in the expected use of alternatives to help offset market volatility and potentially improve portfolio diversification. Advisers also expressed a growing demand for guided strategies to help leverage alternatives within client portfolios.

According to the Elite Access Alternative Investment survey, more than nine out of 10 advisers expect to increase their use of alternative asset classes over the next year. Jackson distributed the survey to advisers in attendance at more than 100 road shows across the country in support of Elite Access, a variable annuity designed to provide the potential for greater portfolio diversification through the use of alternative asset classes. The surveys were conducted in March 2012 and responses were received from 2,190 advisers.

Among those advisers who anticipate an increase in their use of alternatives, more than half said they would increase their use of alternatives by 15% or more in the next 12 months. Nearly a third will boost their use of alternatives by 20% or more. Of the small percentage of advisers who have not used alternative asset classes to date, more than 90% say they are now considering using them.

Nearly two-thirds of advisors surveyed cited further diversification as the primary purpose. However, the practical use of alternatives was not as clear among respondents. Understanding of alternative asset classes and clarity on how to use them within client portfolios topped the list of adviser concerns. The contrast between the demand for alternatives and adviser confidence in their proper utilization highlights a specific knowledge gap for product providers to consider.

More than 95% of respondents said that guided strategies would be very or somewhat important in their construction of client portfolios. Nearly four out of five advisers said they would be more likely to use alternatives if offered within a guided strategy.

Guardian Retirement Solutions launches 401(k) fee disclosure website

Guardian Retirement Solutions, a unit of The Guardian Life, has launched a public website, Understanding Plan Fees *(*www.guardianretirement.com/understandingfees), to provide information and tools to help plan participants and plan sponsors understand their retirement plan fees, the services they pay for and the value the different service providers bring to the table.

on their behalf to ensure they have a tax-deferred benefit to save for retirement."

The Guardian website includes a host of tools and educational resources, including:

- High-level information on the new fee disclosure rules
- Describes the various service providers and specialists associated with the administration of 401(k) plans and what they do.
- Interactive annotated statements and comparative charts to help participants understand and better comprehend the information they will receive
- Definitions of key terms plan sponsors and participants will need to know.
- General retirement planning education and tips.

In compliance with the Department of Labor fee disclosure regulations that went into effect on July 1, plan sponsors will begin providing participants with annual and quarterly information about plan and investment fund fees and expenses.

U.S. faced its own 'Eurozone' issues in 1790: BNY Mellon

Anticipating global GDP to grow at 3%, BNY Mellon chief economist Richard Hoey expects that stronger countries in Europe may begin to exit the recession later this year and that Southern Europe will remain in recession well into 2013.

"While some observers fear a full-scale global recession, we believe a global growth recession continues to be more likely, given the beneficial drop in energy prices and the easy monetary policy prevailing in most parts of the world except Southern Europe," Hoey said in Economic Update.

Eroded competitiveness and excessive debt will continue to plague weaker Eurozone countries, according to the report, as they try to become "credibly solvent" and lower their financing costs. "Both the overall Eurozone social compact of the balance of contributions and responsibilities and the domestic social compact within many European countries need to be renegotiated," Hoey said.

The economist recalled a legacy debt precedent by citing Alexander Hamilton, who founded The Bank of New York in 1784. Hamilton negotiated a compromise to restructure the legacy state debts at a dinner table in 1790 with Thomas Jefferson and James Madison, two leaders from the financially strong state of Virginia, "the Germany of its day," writes Hoey.

"The current proposals in Europe for a 'redemption fund' to deal with the excessive legacy debts in Europe have some resemblance to the successful efforts of Alexander Hamilton in 1790, 222 years ago," Hoey wrote. "Such a redemption fund would not be the solution to the Eurozone problems any time soon. However, if a new Eurozone social compact of contributions and responsibilities can be successfully renegotiated, it could make it financially credible."