The Bucket

By Editorial Staff *Tue, Apr 23, 2013*

Brief or late-breaking items from or about Goldman Sachs, Transamerica Retirement Services, Lincoln Financial Network, Fidelity Investments, and BNY Mellon.

Fidelity adds two new DIAs to its direct sales platform

Guardian's SecureFuture Income Annuity and the Principal Deferred Income Annuity are the two newest deferred income annuities in The Fidelity Insurance Network portfolio, joining MassMutual's RetireEase Choice and New York Life's Guaranteed Future Income Annuity.

"Ideal for investors approaching retirement, these products offer predictable, guaranteed lifetime income beginning on a future date the investor selects in return for a lump-sum investment," Fidelity said in a release.

"By purchasing a deferred income annuity several years before retirement, investors have the opportunity to turn a portion of their savings into a stream of income payments for the rest of their lives," the release said.

ABP settles with Goldman Sachs in RMBS sales dispute

ABP, the €292bn ($380bn) pension fund for Dutch civil servants, has settled its dispute with Goldman Sachs over the purchase of residential mortgage-backed securities (RMBS) from the merchant bank between 2005 and 2007, *IPE.com* reported.

The pension fund declined to put a figure on the Goldman Sachs settlement, but a spokesman stressed that it had been "good by all standards."

To date, ABP has settled with Deutsche Bank, JPMorgan Chase and mortgage provider Countrywide in RMBS-related cases. Similar lawsuits against Merrill Lynch, Credit Suisse, Morgan Stanley and Ally Financial are pending.

In January 2012, ABP filed a complaint in New York Supreme Court charging that ABP had purchased RMBS from Goldman Sachs based on "false and misleading statements" and that the securities were riskier and the underlying mortgages were worth far less than Goldman Sachs represented.

Goldman Sachs continues to deny the claims. ABP said in a release that the relationship between it and Goldman Sachs had been "normalized."

University employees save more in plans than corporate workers: Transamerica

Participants in 403(b) plans at universities and other higher education institutions tend to contribute more to their plans than participants in corporate 401(k) plans do, according to a new report from Transamerica Retirement Solutions.

The report, "Retirement Plans for Institutions of Higher Education," shows that the average deferral rate for faculty and staff in 403(b) or Roth 403(b) plans is 13.4%. On average, 41% of higher education institutions offer automatic enrollment, and 54% apply a default contribution rate of 5% or more. The release didn't identify the average contribution of participants in corporate plans.

The findings are based on interviews with 90 sponsors in of those plans.

The report projects usage of automatic enrollment in higher education institution plans will increase to 57% percent and usage of automatic deferral increases will more than double to 17% by the end of 2013.

In other findings:

- 74% of institutions have made some change to their retirement plan in the last 12 to 24 months.
- 14% of higher education institutions have added a Roth 403(b) option.
- 65% are planning to enact changes over the next year, including maintenance as well as structural changes.

Vice chairman of Lincoln Financial Network to retire

Lincoln Financial Group announced that Robert W. Dineen, 63, will retire from his position as vice chairman of Lincoln Financial Network (LFN), effective May 1, 2013. Dineen began his career at Lincoln Financial in 2002, when he was named president and CEO of LFN.

He transitioned into the role of vice chairman late last year, and since then he has helped the company develop and refine long-term strategies at both the distribution and corporate levels, Lincoln said in a release. At the time he retires, Dineen will join the Board of Directors for the Lincoln Life & Annuity Company of New York.

The announcement completes a planned succession process that began last October when the company realigned its distribution organization by forming Lincoln Financial Group Distribution (LFGD).

The new structure, which remains under the direction of Will H. Fuller, 42, president of LFGD, combines into one organizational unit the company's retail and third-party wholesale distribution systems. Both distribution lines remain separate and distinct businesses within the structure, with existing management leading LFD, and David S. Berkowitz, 49, leading LFN.

Treasury yields will lift at year-end: BNY Mellon

Treasury yields should hold steady through mid-2013 before rising toward year-end, according to the April Bond Market Observations from Standish, BNY Mellon's fixed income specialist.

The U.S. dollar should benefit from political uncertainty in Europe and the Bank of Japan's aggressive policy stance, Standish said, noting that "the easing policies of major central banks have been the primary reason for the resilience of the global economy to shocks, and have helped to drive the rally in global capital markets so far in 2013."

"In the past, shocks such as the Cypriot banking crisis and the lack of a clear winner in the Italian parliamentary elections would have sent capital markets reeling," said Thomas Higgins, Standish's chief economist. "Now, the flood of liquidity from global central banks has dampened investor reactions to these types of issues."

The fiscal drag in the United States could still hurt the global economic recovery, Standish said. As a result, Standish expects the Federal Reserve to stay the course with its asset purchase program until economic activity picks up toward year-end, according to the report.

When Treasury yields begin to rise, the increase is likely to be gradual similar to the one that accompanied the Fed tightening cycle in 2004 rather than the sudden increase which occurred in 1994, Standish said. The Fed's transparent communication with the market should alert investors well in advance of any change in policy, moderating the rise in yields, according to Standish.