

The Bucket

By Editorial Staff Thu, Jun 13, 2013

Brief or late-breaking items from Kravitz, Ameriprise Financial and Prudential Financial.

Top 10 Plans Overall	
1. IBM	\$52.2B
2. AT & T	\$45.9B
3. Boeing	\$25.4B
4. Ford	\$19.7B
5. Alcatel-Lucent	\$18.8B
6. 3M	\$14.9B
7. Northrop Grumman	\$13.9B
8. United Technologies	\$13.9B
9. Honeywell International	\$13.4B
10. Citigroup	\$13.2B

Number of cash balance retirement plans grows 500% in 10 Years

Kravitz's 2013 National Cash Balance Research Report shows a 500% increase in new plans over the decade and a 12% increase for the most recent year. This growth rate surpasses all other sectors of the retirement plan market, including 401(k) plans, which declined 3% in the same period.

Also known as "hybrid" plans, cash balance plans combine features of defined benefit plans, such as high contribution limits, with features of defined contribution plans, such as investment flexibility and portability. Cash balance plans now make up 20% of all defined benefit plans, up from 2.9% in 2001.

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There were 7,926 cash balance plans active in 2011 (the most recent year for which complete IRS reporting data is available), up from 1,337 in 2001. There are 11.1 million participants in cash balance plans nationwide, with \$724 billion in assets.

"With 401(k) contributions limited to \$17,500 a year and tax rates rising, cash balance plans offer welcome relief for business owners who need to increase tax-deferred retirement savings," said Dan

Kravitz, President of Kravitz.

The 2013 National Cash Balance Research Report showed that:

- Companies more than double contributions to employee retirement savings when adding a cash balance plan. The average employer contribution to staff retirement accounts is 6.2% of pay in companies with both cash balance and 401(k) plans, compared with 2.5% of pay in firms with 401(k) alone.
- Small businesses continue to drive cash balance growth; 86% of cash balance plans are in place at firms with fewer than 100 employees.
- The 30-year Treasury rate remains the most popular interest crediting rate (ICR). While the 2010 cash balance regulations introduced a wider range of allowable ICR options, most plan sponsors have stayed with the 30-year Treasury safe harbor rate to avoid unexpected cost issues with the new ICR options.

Prudential's board authorizes share repurchases

Prudential Financial, Inc. (NYSE: PRU) today announced that its Board of Directors has authorized the repurchase of up to \$1.0 billion of its outstanding Common Stock during the period from July 1, 2013 through June 30, 2014.

In June 2012, the Board authorized the repurchase of up to \$1.0 billion of its outstanding Common Stock through June 30, 2013. The Company has repurchased approximately \$150 million of its Common Stock through March 31, 2013 under that authorization.

Management will determine the timing and amount of any share repurchases under the share repurchase authorizations based on market conditions and other considerations. The repurchases may be effected in the open market, through derivative, accelerated repurchase and other negotiated transactions, and through plans designed to comply with Rule 10b5-1(c) under the Securities Exchange Act of 1934, as amended.

Ameriprise advisors have new retirement engagement tool

Ameriprise Financial has launched *Confident Retirement*, a client engagement tool for its affiliated advisors that "leads clients to an understanding of their retirement needs based on their individual dreams and goals, and helps advisors figure out how to utilize their assets in retirement to help them achieve their expectations," according to an Ameriprise release.

The *Confident Retirement* approach concentrates on four fundamental areas that advisors can address with their clients:

- Covering Essentials
- Ensuring a Lifestyle
- Preparing for the Unexpected

- Leaving a Legacy

Recent research revealed in the *Retirement Check-In*[®] survey found that on average, Americans nearing retirement report a gap of nearly \$200,000 between what they have saved for retirement and what they believe they will need to live comfortably in retirement. The same survey shows that many Americans also lack confidence about being able to cover the essential expenses in retirement such as housing, food and taxes.

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