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## The Bucket

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By Editorial Staff      Thu, May 29, 2014

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*Brief or late-breaking items from Bank of America Merrill Lynch, The Guardian Life, and Morgan Stanley.*

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# The mass affluent tend to be grasshoppers, not ants: Merrill Edge

Neither public speaking, gaining weight nor going to the dentist induces more stress among mass affluent Americans than running out of money in retirement, yet many are not willing to consume less and save more to prevent that from happening, according to the latest Merrill Edge Report from Bank of America.

The bi-annual survey conducted among 1,000 Americans with \$50,000-\$250,000 in investable assets also found that most parents would cut spending on themselves to help their children; 35% said they've withdrawn money from their own savings to cover children's expenses.

In other survey findings:

- More respondents (63% versus 48%) say that having enough money to live "in the here and now" is more important than saving more for the future.
- More than a third of women report unexpected costs have gotten in the way of their retirement savings, compared to 28% of men.
- About one in two mass affluent say financial stability is an attractive quality when considering a mate, while others are more likely to be drawn to an appealing sense of humor, money saved or a stable job.

While 55% of respondents surveyed said they're frightened of not having enough money throughout retirement, 33% said they won't consider cutting back on entertainment, 30% won't cut back on eating out and 28% won't spend less on vacations. Only 19% said they would make it a priority to set aside a windfall for retirement.

More women than men (59% versus 51%) are frightened about the possibility of not having enough money when they retire. The fear of an uncertain retirement is also most common among 61% of Gen Xers (aged 35-50) and 61% Boomers (aged 51-64). Only 41% of Millennials (aged 18-34) feel this way.

Divorce is associated with retirement anxiety. Almost seven in 10 (68%) divorced survey participants say they are worried about not having enough money during retirement, compared to 53% of respondents who are single, married or widowed.

More than four in 10 respondents (43%) described "choosing among different investment products such as stocks, bonds and exchange-traded funds" as the most complicated part of investing. One in three said handling changes in the stock market is the most difficult and 9% found understanding how 401(k)s and

IRAs work the hardest.

In terms of daily financial management, 89% of mass affluent investors set a household budget, but 66% of budget-setters said they often violate their budgets. The two most common obstacles to saving for retirement were the need to pay off debts and the need to cover unexpected costs.

Women are much more likely than men to be attracted to someone with a stable job (51% versus 24%) and to be attracted to someone with financial stability (64%). The mass affluent are often drawn to someone with an “appealing sense of humor” (74%) or someone with whom they “have chemistry” (66%).

Millennials are more than twice as likely as respondents in other age groups to be attracted to someone who has some money saved (37%). Gen Xers are most likely to be drawn to people who have financial stability (59%).

## **Guardian, Morgan Stanley ink small 401(k) deal**

The Guardian Advantage and The Guardian Choice funding vehicles, both from Guardian Insurance & Annuity Co., will be added in the investment options on Morgan Stanley 401(k) sales platform, according to a release by The Guardian this week.

Morgan Stanley operates the largest wirehouse retirement platform, the release said. The Guardian will also participate in Morgan Stanley’s Sales & Training Provider Program.

“Ninety percent of all plans in the 401(k) industry are in the small-plan market and a recent Guardian survey uncovered that 65% of financial professionals polled believe there is a large opportunity in this space,” said Michael B. Cefole, senior vice president of Guardian Retirement Solutions, in the release. “The Morgan Stanley platform allows Guardian to significantly extend our reach in this segment, which continues to be considerably underserved and holds vast prospects.”

The Guardian said that, in addition to getting shelf space at Morgan Stanley, it has broadened its investment options, increasing the size of its national sales team, earned the J.D. Power Call Center Certification award for the third consecutive year, launched a national series of educational seminars for financial professionals, and developed an enhanced enrollment magazine.

“Joining forces with Morgan Stanley provides accessibility to our full scope of retirement solutions to small-plan sponsors across the nation. We continue to extend our reach across the RIA, broker-dealer and benefit broker segments to solidify our position as the country’s go-to provider of group retirement products in the micro- to small-plan market,” Cefole said.

Guardian also launched a new website (401k.GuardianLife.com) that provides participants with a variety of educational tools to help them better understand their own investing styles and information about how to maximize their retirement planning.