The Bucket

By Editorial Staff *Wed, Jun 25, 2014*

*Brief or late-breaking items from TrimTabs, E*Trade, Transamerica, Fidelity, Guardian Life, and LPL Financial.*

Stock buybacks slower in 2Q 2014: TrimTabs

Announced stock buybacks have slowed to $92.7 billion in the second quarter, down from $138.5 billion in the first quarter, according to TrimTabs Investment Research..

“Stock buyback announcements in the second quarter are on track to be the lowest in seven quarters,” said David Santschi, CEO of TrimTabs, in a release. “Buybacks in June have sunk to just $11.5 billion, the lowest level since May 2012.”

The decline in share repurchase announcements began in May, when they fell to $24.8 billion, and has persisted into June. Only four companies have announced buybacks of at least $1 billion so far this month.

“The sharp slowdown in buybacks is a negative sign for the U.S. stock market,” Santschi said. “Share repurchases are the main way companies reduce the float of shares. Perhaps fewer companies like what they see when they look into the future.”

The decline in buybacks is not the only cautionary sign for U.S. equity investors, TrimTabs said. Merger activity has skyrocketed, while companies are selling new shares at the fastest pace since last autumn.

“Our liquidity indicators aren’t as positive for U.S. equities as they were a month ago,” said Santschi. “While the bull market isn’t necessarily ending, investors should be more cautious on the long side.”

E*Trade investors expect to rely little on Social Security

Results of E*Trade’s quarterly investor tracking study, *Streetwise*, indicate investors will not depend solely on employer-sponsored plans and Social Security to reach their retirement goals.

The latest wave of the *Streetwise* survey was conducted last spring among 900 self-directed investors who manage $10,000 or more in an online brokerage account.

On average, investors surveyed planned to receive:

- 42% of income from an employer-sponsored plan (27% from 401(k); 15% from pension)
- 25% of income from personal savings or an IRA
- 16% from Social Security
- 17% from other sources

The survey was fielded and administered by ResearchNow. The survey sample was 61% male and 39% female with an even distribution across online brokerages, geographic regions and age bands.

Transamerica promotes small-company retirement plan service

A new white paper, prepared by a prominent ERISA law firm, promote Transamerica Retirement Solutions' Retirement Plan Exchange as a resource for small businesses that want to adopt a retirement plan that has light administrative burdens and little exposure to fiduciary liability.

Over one-quarter of small businesses currently do not offer a 401(k) or similar plan to their employees, Transamerica said in a release.

The white paper, "Minimizing an Employer's Fiduciary Risk Through the Retirement Plan Exchange," was produced by The Wagner Law Group in Boston and touts the advantages of Transamerica's offering.

With Retirement Plan Exchange, the release said, the employer delegates primary responsibility for managing certain aspects of the retirement plan operation to the administrative fiduciary, which serves as the plan administrator 3(16), along with an investment manager 3(38) or 3(21) to manage the investment menu offered to plan participants. The numbers refer to sections of the ERISA code that define fiduciary responsibilities.

The Retirement Plan Exchange also handles important tasks like Form 5500 filing, non-discrimination testing, contribution limits tracking, distribution processing, and hardship requests, according to Transamerica.

Under the program, eligible workers are auto-enrolled at a 6% contribution rate with a two percent auto-increase in each of the next two years, leading to a minimum annual savings rate of 10%.

According to Simpkins & Associates, a Dallas-based retirement consultant, the Retirement Plan Exchange is best-suited plans with less than about $3 million in assets, with a low participation rate, open multi-employer plans, plans with inattentive sponsors and plans where the investment professional doesn't wish to be a fiduciary.

Bimbo re-embraces Fidelity

Fidelity Investments announced that it now provides 401(k) retirement plan services to Bimbo Bakeries USA, the U.S. business unit of $13.8 billion, Mexican-owned baking company, Grupo Bimbo. It is the world's largest bakery.

In the U.S., the company operates more than 65 bakeries and distributes Arnold, Oroweat, Entenmann's, Sara Lee, Thomas' products, among others. Bimbo's 401(k) plan has approximately 14,000 participants with assets of $860 million.

The move represents Bimbo’s reengagement of Fidelity. Three years ago, after a merger, the baking company selected another 401(k) provider. That provider was not named in the release.

Guardian and LPL Financial in participant support pact

LPL Financial’s Worksite Financial Solutions platform will be adapted for use with the Guardian Choice and Guardian Advantage products, Guardian Insurance & Annuity Co., a unit of Guardian Life, announced this week.

GIAC’s plan sponsor clients who with LPL Financial will now have access to LPL’s Worksite Financial Solutions platform’s Employee Transition and Engagement Solutions.

Components of the program include customized financial education support services, asset roll over assistance, education and support for separating and terminated participants, and personalized strategies to meet retirement goals.