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## The Bucket

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By Editorial Staff    *Thu, Jul 24, 2014*

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*Brief or late-breaking items from Fidelity Investments, Security Benefit Life and Phoenix Companies.*

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### **Fidelity's DC domination continues**

Fidelity Investments reported industry-leading defined contribution plan sales and commitments of \$37.2 billion in assets under administration during the first half of 2014, for a second year of elevated sales since 2012.

The company also reported a 99% percent rate of retention of existing defined contribution (DC) business during the first half of the year. Fidelity now has \$1.4 trillion in DC assets under administration, the highest in the retirement industry.

Fidelity added 661,000 participants in 1,093 new client plans, including many companies seeking a single provider of additional benefits offerings such as workplace managed accounts, stock plan services and health savings accounts.

Sales to larger companies whose plans have thousands of retirement participants include recently announced FirstEnergy, Bimbo Bakeries and Tenneco Inc., plus Bi-Lo Holdings, parent company of BI-LO, Harveys and Winn-Dixie grocery stores.

Sales to smaller, growing companies, often acquired with the help of an advisor, include Akron Steel Treating Company with 29 retirement participants and Space Vector Corporation with 51.

The firm also won Bon Secours Health System, a tax-exempt employer, and was selected as the lead recordkeeping provider by Boston University, reinforcing its leadership in the not-for-profit health care and higher education markets.

New tools and programs include Executive Insights, a comprehensive business analytics dashboard that helps employers better understand how their plan is performing and what areas are in need of attention.

And for employees, Easy Enroll, an intuitive three-step process that uses behavioral science to take the complexity out of retirement plan enrollment. Easy Enroll helps people choose a savings rate and an asset allocation that is appropriate to their age and risk tolerance, then elect an annual increase program to help ensure they're saving enough.

In addition, to give employees better access to their retirement plans and information, Fidelity put its NetBenefits online guidance hub onto the iPad, extending the company's comprehensive mobile offering.

## **Security Benefit to partner with ProTools LLC**

Security Benefit is partnering with ProTools LLC, developer of RiskPro, to deliver its Virtual Portfolio Strategist for use with the EliteDesigns variable annuities issued by Security Benefit Life Co. and First Security Benefit Life and Annuity Co. of New York, the insurer announced this week.

The Virtual Portfolio Strategist is intended to help financial advisors assess an investor's "Personal Risk Budget" before constructing an investment portfolio from the more than 300 funds in the EliteDesign contracts.

For more information on the EliteDesigns Variable Annuities and RiskPro, visit [www.PowerofTaxAlpha.com](http://www.PowerofTaxAlpha.com).

## **Security Benefit gets better 'outlook' from S&P**

The life insurance companies of Security Benefit Corp., a unit of Guggenheim Partners and a leading seller of fixed indexed annuities, have received a "positive" rating outlook for the firm's insurance entities from Standard & Poor's, which affirmed Security Benefit's current "A-" financial strength rating.

A.M. Best has rated Security Benefit Life at B++ (Good).

The outlook change for Security Benefit Life Insurance Company (SBL) and its affiliate, First Security Benefit Life Insurance and Annuity Company of New York was based on the company's "very strong capital position, constituent earnings profile, and expanded operations," according to a Security Benefit release.

In raising SBL's outlook, S&P noted that the company's consistently strong earnings continue to generate capital organically. SBL's total adjusted capital of \$1.2 billion is consistent with the capital requirements of an 'AA' rating from S&P. The company's statutory net income was more than \$164 million for 2013.

SBL developed the Total Value Annuity and Secure Income Annuity, the top two selling fixed indexed annuities in 2013, according to Beacon Research. The company is a leader in overall fixed annuity sales, bank market fixed annuity sales, and K-12 education market sales.

## **Annuities still a mystery to most Americans: Phoenix Companies**

When asked what benefits they would consider buying an annuity for, 71% of Americans surveyed by The Phoenix Companies, Inc. chose at least one of the following: predictable monthly retirement income, provision of bequests, payment of chronic care expenses and asset accumulation opportunities.

But the same survey showed that 53% of those surveyed weren't familiar with annuities, and only 20% plan to use an annuity to convert their retirement savings into an income stream.

The survey was conducted by phone within the United States by ORC International on behalf of Phoenix during June 26 through 29, 2014 among 1,004 adults aged 18 and older.

“The majority of Americans don’t necessarily understand the basic income protection traditionally offered on all annuities, and they also are not aware of the range of benefits available on newer products, such as accumulation and chronic care features,” said Mark Fitzgerald, national sales manager for Saybrus Partners, Phoenix’s distribution subsidiary. “When these newer types of features are described, a lot of people say they would consider buying the product.”

When Americans were asked which benefits they would consider purchasing an annuity for:

- 49% said they would purchase one to secure a predictable source of monthly income for retirement
- 41% said they would purchase an annuity to leave money for their spouse or heirs
- 36% said they would purchase an annuity to provide money for chronic healthcare expenses
- 31% said would purchase one for asset accumulation opportunities.
- One in four said they would not consider purchasing an annuity for any reason.

Only 13% of those surveyed described themselves as “very familiar” with annuities; 19% were “not very familiar,” 34% were “not at all familiar,” and 32% were “somewhat familiar.”

### **Most people confident about retirement income**

Of the non-retired participants in Phoenix’ survey, 28% said they were “very confident” that they will be able to convert retirement savings to income and 40% said they were “somewhat confident.”

When asked how they were planning to convert (or are currently converting) their retirement savings into an income stream, most participants identified several methods that carry risks and are often inadequate:

- More than half (55%) said they plan to use their savings to supplement their pension and/or Social Security only as needed.
- Another 50% plan to withdraw a set amount each month or year from an IRA or employer-sponsored retirement account.
- Only 20% plan to use an annuity.

### **Most people do not use advisers**

Only 36% of participants who have not yet retired said they either currently work with a financial professional to help plan for retirement or have done so in the past, the survey found. And, those who have worked with a financial professional are more confident of a financially secure retirement.

Most non-retired participants (85%) who have ever worked with a financial professional said they were confident they would be able to convert their retirement savings into a predictable source of monthly income. Only 62% of those not retired who have not worked with a financial professional expressed the same confidence.

The survey also confirmed that Americans with lower household incomes remain underserved by financial professionals. Only 26% of those with a household income below \$75,000 have ever worked with a financial professional, compared with 53% of those with a household income of \$75k or more.

This study was conducted by ORC International using their Telephone CARAVAN® Omnibus surveys and interviewed 1,004 adults ages 18+ living in the continental United States. The study was conducted during June 26 through 29, 2014. The study used two probability samples: randomly selected landline telephone numbers and randomly selected mobile (cell) telephone numbers. Of the 1,004 total interviews, 604 were from the landline sample and 400 from the cell phone sample. The study has a margin of error of +/- 3% at a 95% confidence level.

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