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## The Bucket

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By Editorial Staff    *Thu, Aug 14, 2014*

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*Brief or late-breaking items from TIAA-CREF, Prudential, MetLife, Jackson National, and BNY Mellon.*

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# Inertia continues to dominate 401(k) behavior: TIAA-CREF

Over one-third of Americans who contribute to an employer-sponsored retirement plan (36%) have never increased the percentage of salary that they contribute to their company's plan, according to a new TIAA-CREF survey of 1,000 adults nationwide.

An additional 26% of workers have not increased their contribution in more than a year. According to TIAA-CREF, these findings, coupled with the fact that 44% of American employees save 10% or less of their annual income, indicate that many employees could improve their retirement readiness by regularly upping their contribution rate.

The survey found that more than half (53%) of employees with company retirement plans were not automatically enrolled in their companies' plans. About 37% of respondents who were not automatically enrolled in a plan reported waiting six months or longer to enroll, and one in four employees (24%) waited a year or more.

The survey also found 57% of workers did not increase their plan contribution after their last raise, usually citing the need to pay pressing bills. One-quarter (25%) of respondents say they did not increase their contributions after their last raise because they were already contributing the maximum amount to their retirement plan, although men (33%) were nearly twice as likely as women (17%) to be contributing the maximum amount allowed.

Millennials (ages 18-34) were more likely than any other age group to increase savings after a raise (52%). Of those Millennials who did not increase savings after a raise, 23% did not do so because they were already contributing the maximum.

In other findings:

- One-quarter (25%) of workers have never changed to the way their money is invested.
- 28% have not changed to how their money is invested in more than one year.
- Millennials were much more likely to have changed how their money was invested in the past year than those 35 and older (59% vs. 42%).

- One-third (34%) of those age 55 and older say they have never changed the way their money is invested; they are less likely to have taken the steps necessary to transition from saving to generating lifetime income.

## **Jackson reports 20% higher income in first half of 2014**

Jackson National Life generated a record \$1.1 billion in IFRS (International Financial Reporting Standards) pretax operating income during the first half of 2014, an increase of 20% percent over the first half of 2013, a subsidiary of Prudential plc announced.

The increase was driven by higher fee income on higher separate account assets under management (AUM), both of which were driven by strong net flows and positive market appreciation during the first half of 2014. Jackson recorded sales and deposits for the first half of \$15.9 billion, up 16% over same period last year.

“This excellent first-half performance allowed Jackson to remit a \$580 million dividend to our parent company while maintaining a strong capital position,” said Mike Wells, Jackson president and CEO, in a statement. As of August 11, 2014, Jackson had the following financial strength ratings:

- A+ (superior) — A.M. Best (second-highest of 16 rating categories);
- AA (very strong) — Standard & Poor’s (third-highest of 21 rating categories);
- AA (very strong) — Fitch Ratings (third-highest of 19 rating categories);
- A1 (good) — Moody’s Investors Service, Inc. (fifth-highest of 21 rating categories).

## **BNY Mellon promotes Michael Gordon**

BNY Mellon, a global leader in investment management and investment services, has named Michael Gordon to head its new Retirement and Strategic Solutions group. This unit is dedicated to meeting current retirement needs, anticipating next-generation needs and developing customized, comprehensive and transformational investment solutions for its clients.

Most recently, Gordon was Managing Director of Non-Traditional Solutions and Special Situations for BNY Mellon Investment Management. In that role, he led and will continue to

lead the Home Equity Retirement Solutions business, which plans to purchase, securitize and service reverse mortgages and provide advisory services to brokers, financial advisors and asset managers on how reverse mortgages fit into retirement planning.

Prior to BNY Mellon, Gordon was an executive at New York Life Insurance Company, leading investment and insurance product management, actuarial/liability pricing, asset-liability matching, product/platform development and sales and marketing functions. Gordon will report to Mustin.

## **Prudential executes fourth longevity reinsurance transaction**

Prudential Retirement, a business unit of Prudential Financial Inc., today announced a longevity reinsurance transaction with Rothesay Life Limited and its affiliates. Under the terms of this new transaction, Prudential will provide reinsurance of longevity risk to Rothesay Assurance Limited for a block of 93 pension schemes. The transaction covers pension liabilities of \$1.7 billion (approximately equal to 1 billion Pounds Sterling) for 20,000 pensioners and deferred members in the U.K.

This is the second longevity reinsurance transaction that Prudential has closed in the past month, following its groundbreaking agreement to reinsure \$27.7 billion of longevity risk associated with BT Pension Scheme liabilities, and its fourth longevity reinsurance transaction since 2011.

Rothesay Life is an insurance company established in the U.K. Rothesay Life provides annuity and other longevity products to corporate defined benefit pension plans, tailored to meet the specific needs of corporate sponsors, trustees and pension plan members. Rothesay Life is authorized and regulated by the U.K.'s Prudential Regulation Authority.

Reinsurance contracts are issued by Prudential Retirement Insurance and Annuity Company (PRIAC), Hartford, CT 06103. PRIAC is not a U.K. authorized insurer and does not conduct business in the United Kingdom or provide direct insurance to any individual or entity therein. Prudential Financial, Inc. of the United States is not affiliated with Prudential plc, which is headquartered in the United Kingdom.

## **MetLife enhances life insurance portfolio**

MetLife said that it is enhancing its life insurance portfolio by reducing rates on its Guaranteed Level Term product. Guaranteed Level Term is a fully underwritten policy. Clients who purchase it can convert to any of MetLife's permanent policies at a later date.

"MetLife is committed to ensuring that consumers have access to the life insurance coverage they need," said Gene Lunman, senior vice president of Retail Life and Disability Insurance Products at MetLife. "By continually evaluating our life insurance portfolio, we are able to evolve our product offerings to help consumers protect themselves and their families, and provide financial professionals with products that can meet the needs of a wide array of customers."

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