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## **The Bucket**

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By Editorial Staff    *Thu, Sep 18, 2014*

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*Brief or late-breaking items from Western & Southern, BNY Mellon, and Jefferson National.*

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### **Western & Southern indexed annuity to offer Goldman Sachs index**

Western & Southern Financial Group and Goldman, Sachs & Co. (Goldman Sachs) are collaborating to offer a Goldman Sachs proprietary index in a new fixed indexed annuity issued by Western & Southern member insurance companies set to launch this fall.

“The Goldman Sachs index will provide a distinctive allocation option alongside more traditional interest crediting options in the annuity,” the firms said in a release. The annuity initially will be issued by Integrity Life Insurance Company as “Indextra” and distributed by W&S Financial Group Distributors, Inc.

The index is custom-designed for diversified exposure to global asset classes, seeking consistent returns across different market cycles by controlling for volatility.

### **Millennials lean on mom and dad for financial advice**

Financial services providers such as life insurers, banks and asset managers are failing to connect with millennials at a time when young people need the industry more than ever, according to a survey by BNY Mellon and a team of undergraduates from Said Business School, University of Oxford.

The study, entitled *‘The Generation Game: Savings for the New Millennial’*, looks at the saving priorities, attitudes to retirement planning, and expectations around different types of financial institutions of 1,178 millennials (individuals born after 1980) in Australia, Brazil, China, Japan, the Netherlands, the UK and the US.

Increased longevity and the erosion of state and employer retirement provision mean millennials will have to save more than their parents, and over a longer period. The study reveals that pensions need to be better explained to millennials, nearly half (49%) said that they did not know how pensions work. The study found millennials are twice as likely to turn to their parents for financial advice (52%) than to the next most popular source of

information, their bank (24%).

Other key findings include:

- 59% of millennials believe they haven't seen products targeted at people like them. Millennials want products that demonstrate clearly that they are being rewarded for tying up their money;
- Asked how their contact with financial services providers could be improved, less than 1% of millennials want financial services providers to connect with them through social media;
- Just 16% of millennials in Japan believe they will be able to access the same sources of retirement income as their parents, compared to 84% in Australia. While millennials often have similar attitudes to saving for retirement, there can be huge variations from nation to nation;
- 84% of millennials in Brazil aren't aware of the tax efficiencies pension savings offer, compared to 42% in the Netherlands.

"This study of millennials by millennials reveals the disconnect that the financial services industry has with this generation," said Janet Smart, Undergraduate Course Director at Said Business School. "The challenge for insurers is to find new ways to engage millennials, so as to improve their level of financial understanding and build their commitment to retirement planning."

Shayantana Rahman, studying Economics and Management at Said Business School, who is student lead for the research, added: "What struck me is that while millennials are generally comfortable about being targeted by consumer brands through social media, they do not want financial services providers using these channels to contact them. Rather than being the solution for helping insurers engage with millennials, many told us they think it makes them look 'silly', 'pally' or 'creepy'."

## **New white paper compares VAs with and without living benefits**

Jefferson National, issuer of the low-cost Monument Advisor variable annuity for registered investment advisors, and Wade Pfau, Ph.D., CFA, professor of retirement income at The American College of Financial Services, have co-produced a whitepaper that compares the long-term benefits of different types of variable annuities.

The paper, “A New Approach to Retirement Income: Next Gen vs Traditional VAs,” uses a proprietary model and primary research developed by Pfau to compare low-cost IOVAs vs. variable annuities with a guaranteed living withdrawal benefit in a variety of investor scenarios, to determine probabilities for income generated, wealth accumulated and other outcomes.

To assist advisors in the planning process, the paper also provides recommendations and best practices for choosing among these products based on client characteristics, market performance and other factors. Qualified financial professionals can download a copy of the white paper at the password protected site: [www.jeffnat.com/nextgen](http://www.jeffnat.com/nextgen).

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