The Bucket

By Editorial Staff *Wed, Jul 15, 2015*

Brief or late-breaking items from MassMutual, Prudential, BlackRock and British pension funds.

MassMutual's PlanALYTICS program boosts DC contributions

As of year-end 2014, 45% of retirement plan savers weren't saving enough to maintain their lifestyles in retirement, according to an analysis of 401(k)s and other retirement plans served by MassMutual. But plan improvements like automatic enrollment would produce more retirement-ready savers, the analysis showed.

The data for the analysis was generated by MassMutual's PlanALYTICSprogram, launched in 2013, which MassMutual uses to measure the relative effectiveness of retirement plans and the retirement-readiness of participants.

The analysis is based on a benchmark of replacing at least 75% of pre-retirement income at 67, the age most people qualify for full Social Security benefits. The benchmark takes into account retirement savings, Social Security and pension income, if any.

A book that reports on the theory behind the approach will be available to plan sponsors and financial advisors to encourage improved outcomes for retirement plans and their participants. The book is also available to the public at **massmutual.com/planalytics**.

Among sponsors enrolled in PlanALYTICS, those that offered both automatic enrollment and automatic deferral increases reported that the percentage of income contributed by participants to their retirement plan was twice as high as sponsors that did not offer those automatic features. The average participant account balance for plans with automatic features was 61.4 percent higher than those without automatic features.

Prudential Retirement retains $9.1bn public pension client

The North Carolina Retirement Systems, a retirement plan for public employees in North Carolina, has recommitted its NC 457 and NC 401(k) plans totaling $9.1 billion in assets to Prudential Retirement, a unit of Prudential Financial, Inc.

The North Carolina Retirement Systems has 52,637 participants in its NC 457 plan with more than $1.1 billion in assets as of March 31. Its NC 401(k) plan has 249,314 participants with more than $8 billion in assets. The plans serve more than 1,100 state and local government employers in North Carolina. Prudential Retirement became the plan's recordkeeper in 2003.

The Request for Proposal was awarded to Prudential Retirement on March 19. The current contract will expire in December 2015, with the new contract becoming effective in January 2016. Mercer Investments will continue to serve as the advisor to the plans.

Prudential Retirement has $365.3 billion in retirement account values as of March 31, 2015. Prudential Financial, Inc., had more than $1 trillion of global assets under management as of March 31, 2015.

To economize, pensions of Dutch financial firms may merge

Several financial companies in the Netherlands are discussing the possibility of combining their pension funds into a "general pension fund," or APF, for the financial sector, *IPE.com* reported.

The four pensions cover employees of custodian KAS Bank, pay firm Equens, the now-shuttered GE Artesia Bank and Van Lanschot Bankiers. The Dutch pension fund of Royal Bank of Scotland previously showed an interest in joining an APF.

If created, the new general pension fund would have about 10,000 participants and more than €2bn in assets. There would have a single independent board, but the assets would not be commingled.

All of the funds are looking to cut costs by achieving economies of scale that they currently lack. Something similar has been tried before. In 2012, several companies tried unsuccessfully to establish Pecunia, an industry-wide pension fund for the financial sector.

The €615m pension fund of Equens told *IPE.com* that its falling number of participants and rising costs per participant are driving its interest in a general pension fund. "The APF is the only right option for the future," said Equens chairman Ben Haasdijk, adding that it would be cheaper than hiring a commercial pension provider.

Tamis Stuker, board member of the €288m KAS pension fund, said all participating companies could have an “individual ring” within the APF, providing economies of scale without totally giving up independence.

A trustee of the pension fund of GE Artesia Bank, a division of US-based General Electric that ceased operations in 2013, confirmed that her fund was participating in the working groups, but was still undecided.

The Dutch pension fund of Royal Bank of Scotland previously showed an interest in the APF and recently announced that it was also weighing its options for the future.

British official becomes BlackRock’s U.K. retirement strategist

BlackRock, the $5 trillion asset management firm, has hired Rupert Harrison, the British official who was “the brains behind” the UK’s decision to drop mandatory annuitization of tax-deferred savings.

Harrison, 36, will be “chief macro-strategist for funds investing in equities, bonds and cash,” *IPE.com* reported. “Given his experience shaping the recent pensions reforms in the UK, he is uniquely placed to help develop our retirement proposition,” BlackRock said in a release.

The deal was approved by the Advisory Committee on Business Appointments, which monitors such hirings, on the basis that Harrison doesn’t lobby the British government for two years.

Harrison’s move prompted criticism from John Mann, a Labour MP, who said the “revolving doors” move was “completely inappropriate. It is far too soon. It is the kind of behavior that gives politics a bad reputation.”