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The Pension Insider

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The Pension Insider is a monthly newsletter developed for Actuaries, Third Party Administrators, Attorneys, and Consultants who work in the pension arena. The Pension Insider was created to share ideas, success stories, coming events, and industry specific articles.

BCG Terminal Funding Company specializes in settling pension liability for terminating and ongoing pension plans. Today's Solutions for Tomorrow's Needs.

Contents

Interest in Annuities Is Growing
[click here](#)

Pension Rules Drive Annuity Decision
[click here](#)

Hear Directly from BCG's Client, Hickory Springs Manufacturing Company on

Happy New Year from all of us at BCG Terminal Funding Co.

In the following articles from [Plansponsor.com](#) we learn that there is increased interest in annuities, as plan participants reach retirement age.

Interest in Annuities Is Growing

Interest in annuities is growing as consumers demand guaranteed lifetime income in the face of challenging economic conditions, according to a report.

The Insured Retirement Institute's "State of the Insured Retirement Industry" said 2012 marked the first year of any significant sales in the industry an estimated \$1 billion in sales for deferred income annuities (DIAs). And, in 2013, annuity assets are expected to reach an all-time high.

Variable annuities continue to be the dominant product sold today, but anticipation is that DIAs will be the fastest growing product in 2013, at least on a percentage basis.

Annuities are now the most unsolicited products requested by clients, and nearly three in four financial professionals had clients who requested to purchase an annuity over the past year, according to a survey of financial advisers.

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Pension Rules Drive Annuity Decision

Completing the U.S.'
First Pension Buy-In
Transaction with
Prudential
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New research examines why some retirees with a pension take a lifetime income stream while others cash out their benefit in a lump-sum distribution.

A report from the Employee Benefit Research Institute (EBRI), "Annuity and Lump-Sum Decisions in Defined Benefit Plans: The Role of Plan Rules," claims that whether or not a pension plan allows or restricts lump-sums can affect the rate at which workers choose to take their benefit as an annuity.

"Whether people annuitize depends to a large extent on whether or not they are allowed to choose some other option," said Sudipto Banerjee, EBRI research associate and author of the study.

The EBRI analyzed data from more than 80 different pension plans to compare the annuitization rate among individuals at various ages, tenures and account balances, as well as the rules and distribution choices within their pension plans. Between 2005 and 2010, pension plans with no lump-sum options had annuitization rates very close to 100%, while defined benefit (DB) and cash balance plans with no restrictions on lump-sums reported an annuitization rate of only 27.3%.

[click here](#)

[Annuity Rates](#)

Standard Pension Closeout/Terminal Funding Case Rates

No lump sums, no disability or unusual provisions

Immediates - 3.00%

Deferreds - 3.25%

50/50 Split of Immediates and Deferreds - 3.13%

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