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It wasn't long ago that New York Life's conservative annuity products were considered relative underperformers, not to mention boring.

The products aren't likely to become any higher yielding or any more exciting as the Baby Boomers start retiring en masse, but it certainly seems they will be in greater demand.

"The trend toward people wanting some form of guarantee in their retirement is an irrefutable one," says Chris Blunt, New York Life's executive vice president in charge of retirement income security. "People are seeing they can stay in cash and earn nothing, go to the stock market and get whip-sawed, or put a lump sum aside and kind of re-create a pension."

Annual annuity sales at New York Life crossed the \$1 billion mark in 2008 and have been booming ever since. The insurance company sells the products through its robust agent network and through about 150 banks. The volume generated by New York Life's bank partners accounts for close to 25 percent of the firm's total income annuity sales. Says Blunt, "As CD rates and other investments have come down, as both the stock and bond markets have continued to be volatile, we have seen banks embracing products [for which] the client can say, there's a guarantee."

Banks "have actually been ahead of the other distribution channels on that broad theme of embracing guarantees," says Blunt, who singles out PNC Financial Services Group for taking a thoughtful approach to insurance-type products as part of retirement income planning. However, Blunt says the industry as a whole does not do a good enough job of integrating immediate or deferred annuities into comprehensive retirement strategies.

"Banks tend to be a bit more transactional. They're probably behind their brethren in the brokerage and insurance worlds in understanding how they all fit together, how one puts together a robust retirement income strategy. That's the area where they need to catch up a little bit."

Brokers including Fidelity, Bank of America Merrill Lynch and Morgan Stanley also offer New York Life products, emphasizing their value alongside wealth-accumulation products. It wasn't long ago that broker-dealers, long focused on retirement income planning, were behind banks in integrating the idea of "guaranteed" products. "I was raised as a financial advisor so we actually sold against guarantees our whole careers," Blunt remembers. "Five years ago very few broker-dealers sold any of our guaranteed products. Today, pretty much all the brokers-dealers sell our immediate annuities. They're much more open to guarantees."

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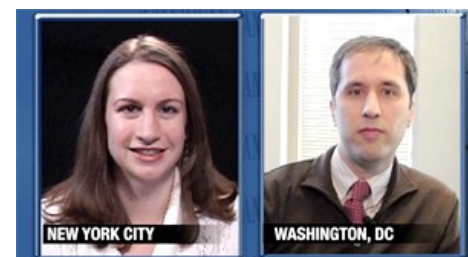
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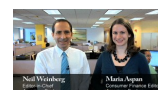
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Blunt expects that even with the coming demographic shifts, wealth accumulation products will be the primary product focus for the financial sector overall. But helping clients to manage and draw down existing assets is becoming an important second focus. "I think we're starting to see the industry coalesce around a new paradigm-figuring out what your needs and expenses are and trying to match that with guaranteed income, whether that's Social Security, a pension, or an annuity with some minimum withdraw event and then managing the remainder of the portfolio.

"That's big progress," Blunt says, "because three years ago that would have been all over the board."

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