

AMERICAN BANKER®

THE FINANCIAL SERVICES DAILY

Tuesday, July 14, 2009

WEALTH MANAGEMENT

New York Life Unit Aims to Boost Sales Via Banks

■ BY MATT ACKERMANN

MainStay Investments, New York Life Insurance Co.'s proprietary fund unit, is actively embracing banks for the first time, but in way that minimizes costs in uncertain times.

Executives at MainStay said they plan to sell its products through the parent company's wholesalers that already sell annuities to banks instead of developing relationships with banks on its own.

Andy Reiss, a vice president and national sales manager for New York Life's bank channel, said that this is an opportunity to develop "stronger partnerships" with banks by giving them more investment choices. "This will be done with one sales force rather than multiple wholesalers selling to the same banks," he said. "Banks don't like that for obvious reasons."

Stephen Fisher, MainStay's president, said that the New York unit has its own wholesalers that distribute its mutual funds and separately managed accounts to broker-dealers and independent registered investment advisers.

He said by working with New York Life's bank wholesalers, MainStay wants to significantly increase its \$25.4 billion of assets under management, which it had as of May

31. Reiss said "MainStay's distribution has been very limited in the bank channel. We are not starting from absolute zero here. There are some banks that they have done some business with, but this is a much bigger initiative."

MainStay has 46 mutual funds. New York Life is already the largest seller of annuities through banks, according to data from Kehrer-Limra. Reiss said over the next three to five years, New York Life wants to become a "top 20" seller of mutual funds through banks.

"This is all about offering one-stop shopping for banks," he said.

Analysts said different companies use different approaches to product distribution. Ken Kehrer, the director of the Princeton, N.J., research firm, said companies such as Hartford Financial Services Group Inc. of Hartford, Conn., and John Hancock Financial Services, a Boston unit of Manulife Financial Corp. of Toronto, even keep separate wholesalers for different types of variable annuities. He said regional wholesalers tend to drastically reduce costs because there is less travel. He said he expects more companies to adopt a single wholesaling approach.

"Potentially, if variable annuities continue

to slump, companies are going to look for ways to maintain sales without increasing costs," he said. "If you are only going to get so many variable annuity sales anyways, it is good for these wholesalers to have other products to offer."

Michael White, the head of Michael White Associates, said having one point of contact for banks works well. "Having one set of wholesalers, as long as they are knowledgeable, can help generate sales," he said. "The more wholesalers parading in, the more distracting it can be for banks."

Fisher said in the past five years MainStay increased distribution by hiring wholesalers to double its sales force that serves broker-dealers. In the past four years, MainStay has tripled sales, he said.

In June, MainStay bought Mariner Municipal Managers LLC of Princeton, N.J., a municipal bond manager that had \$377 million of assets under management. Last week, MainStay announced it bought four equity mutual funds managed by Epoch Investment Partners of New York.

The funds had \$750 million of assets under management.

Fisher said MainStay will continue to consider acquisitions. ■

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NYLIM-A016344