



Institutional  
Retirement

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# The Evolution of the Retirement Plan Industry

Planning for the Future



# Presenters



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# Agenda

- Where we are today
- PEPs & GoPs
- Regulatory /  
Legislative
- Cyber
- Investments: ESGs
- Wrap Up



# Where We Are Today

# What Got us Here: Retirement Industry Themes

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**Income**   **Wellness**  
**Access**

**Economy**

•1301873080



**SECURE**



**COVID**

**Cyber**

**Engagement**

•92102603

**Workplace**

**Income**

# And a Macro Theme

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**Awareness**

**Unrest**

**Political**



**Social**

**Climate Change**

# U.S. Retirement Market (\$T, YE 2020)

■ Annuities

■ IRAs

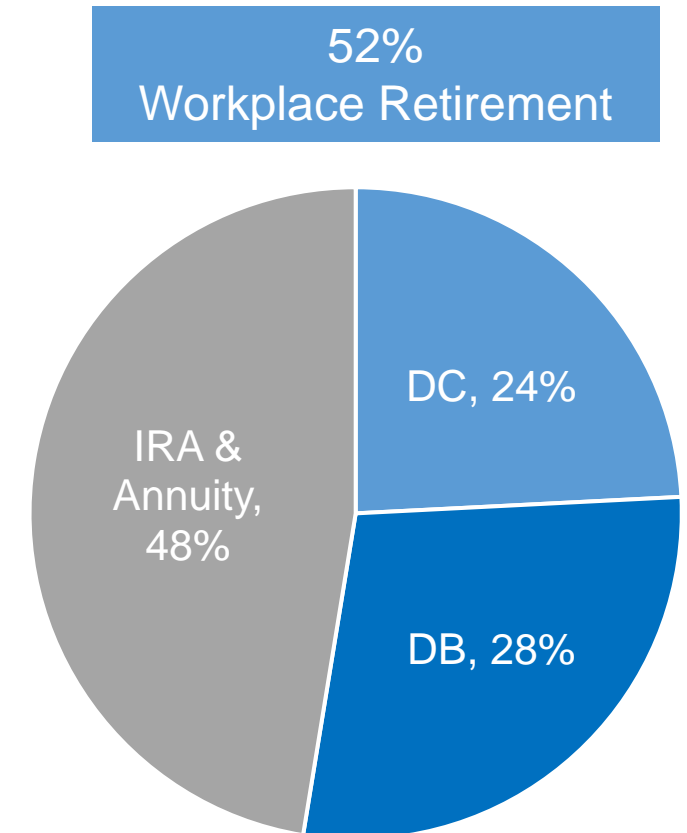
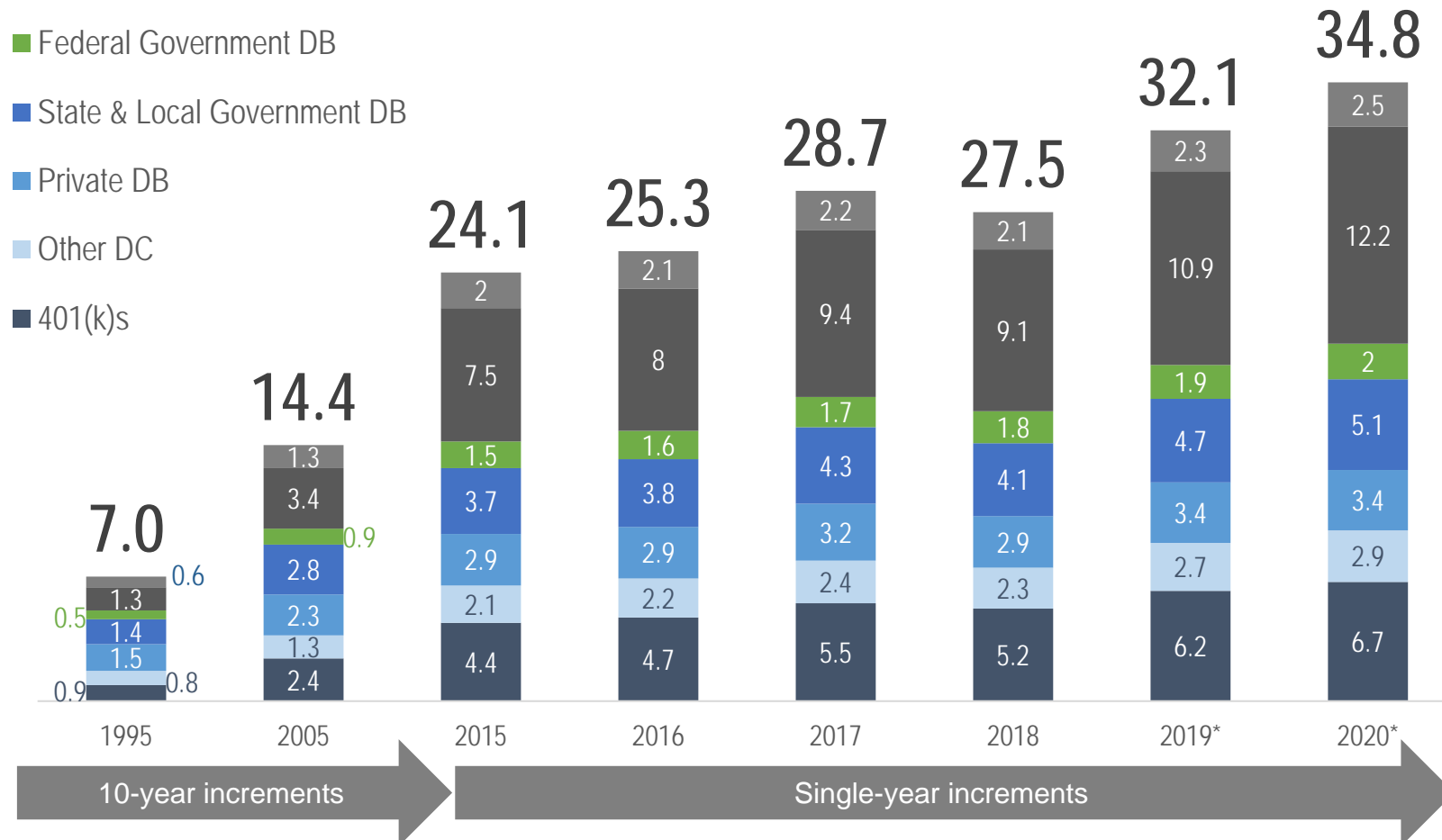
■ Federal Government DB

■ State & Local Government DB

■ Private DB

■ Other DC

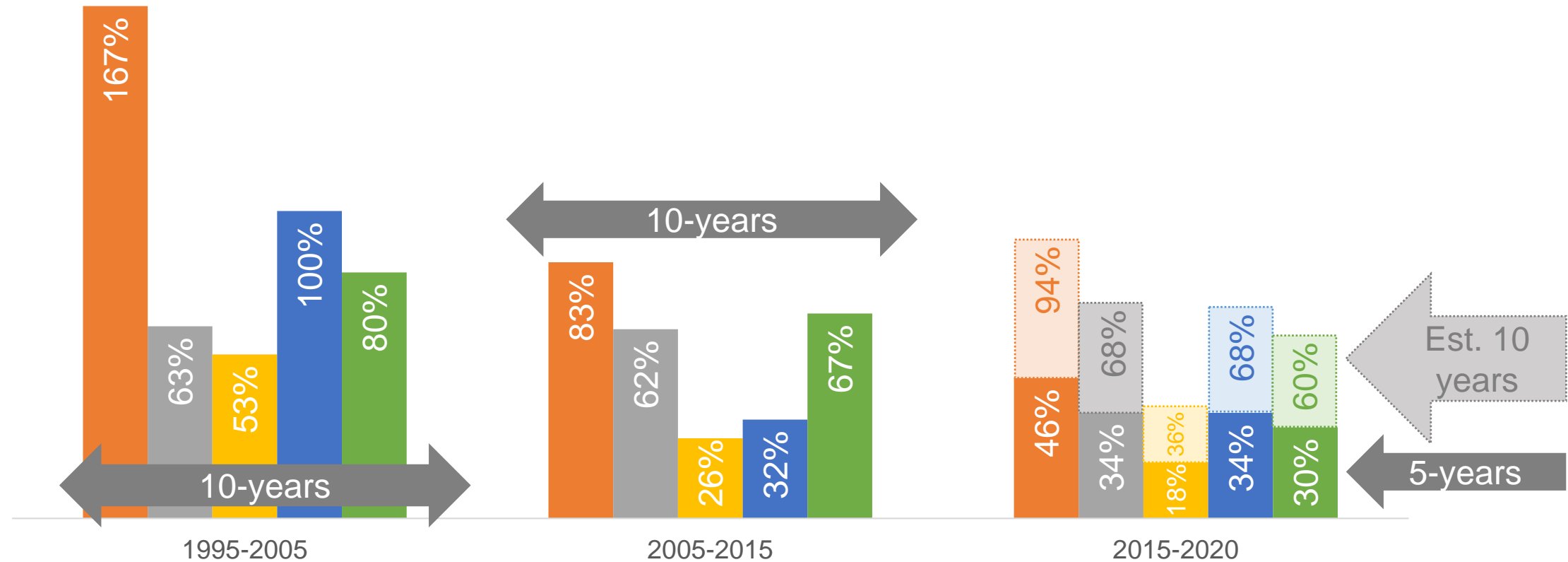
■ 401(k)s



\*2019 and 2020 IRA data are estimated. Source: Investment Company Institute (ICI) 2020 Fact Book & Secure Retirement Institute © analysis of ICI 2020 Fact Book

# Workplace Retirement Market Growth, 1995-2020

■ 401(k)s ■ Other DC ■ Private DB ■ State & Local Government DB ■ Federal Government DB

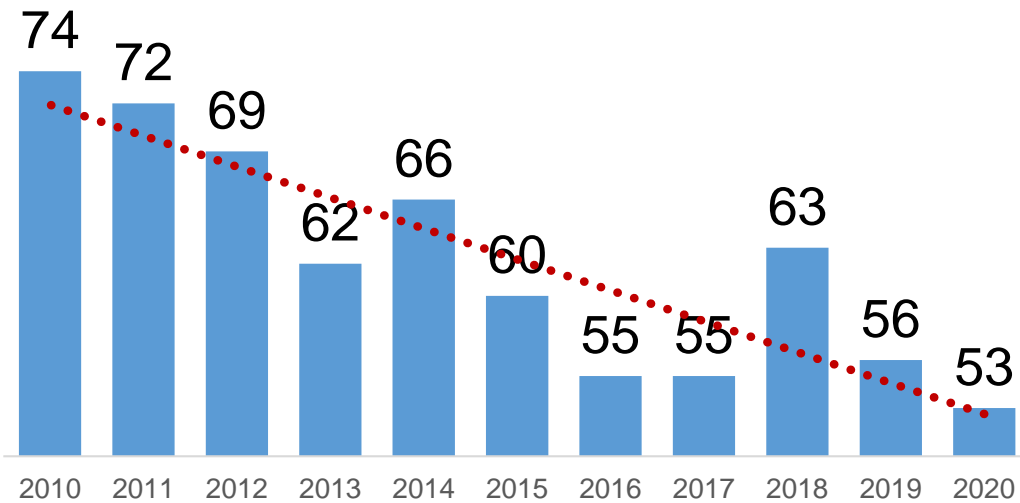


\*2019 and 2020 IRA data are estimated

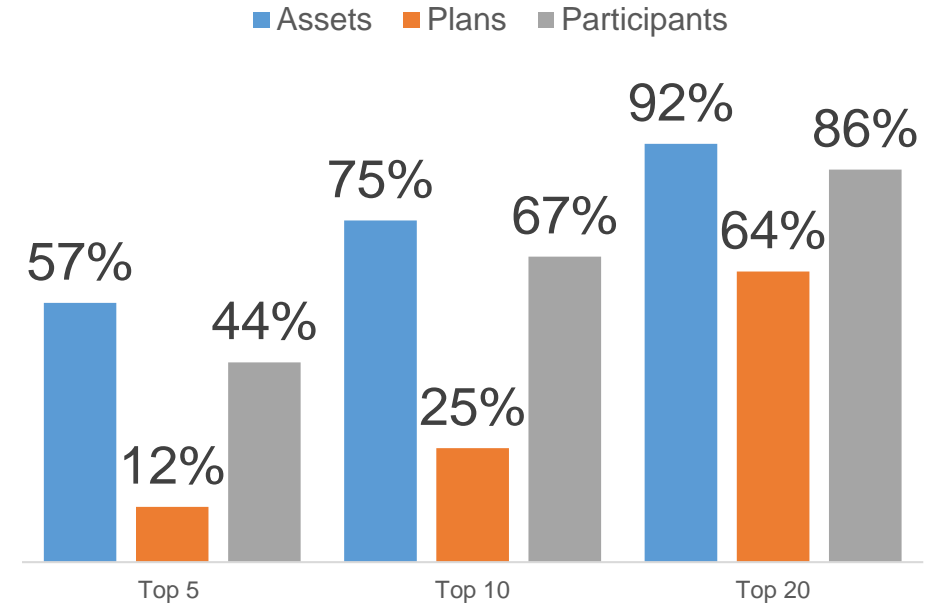
Source: Secure Retirement Institute® analysis of ICI 2020 Fact Book

# DC Consolidation & Market Share

## Recordkeepers Reporting

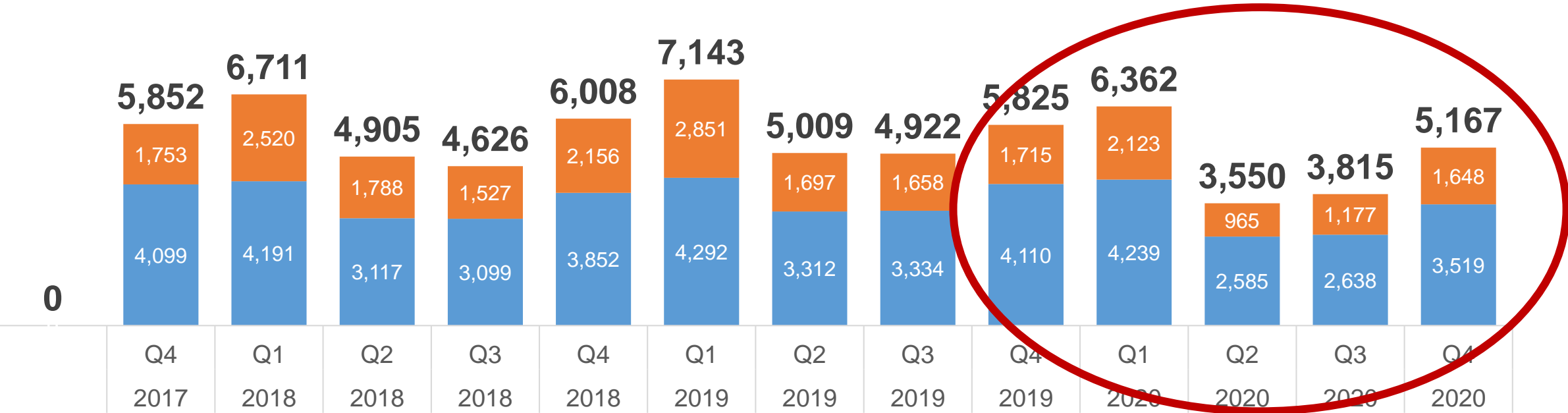


## Market Share (YE 2019)



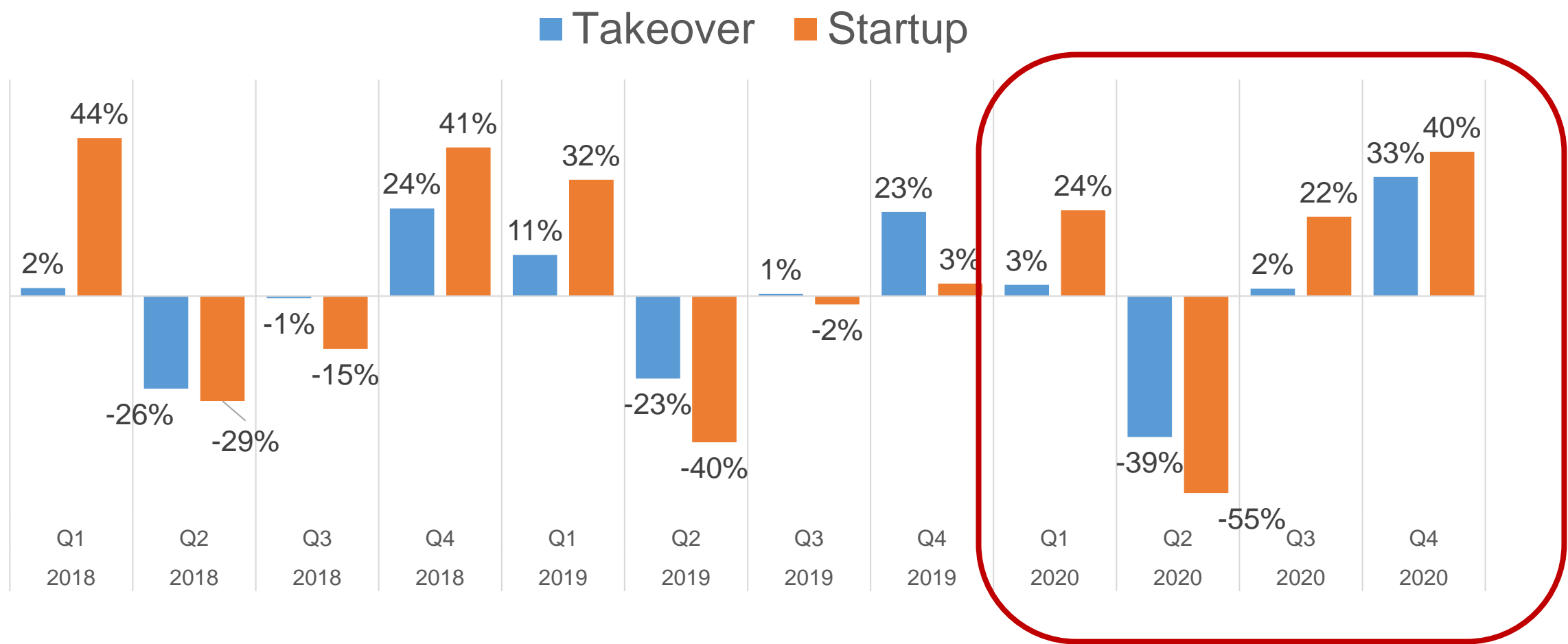
SRI Analysis of 2010-2020 Plan Sponsor Annual Recordkeeping Survey

# 401(k) Scorecard

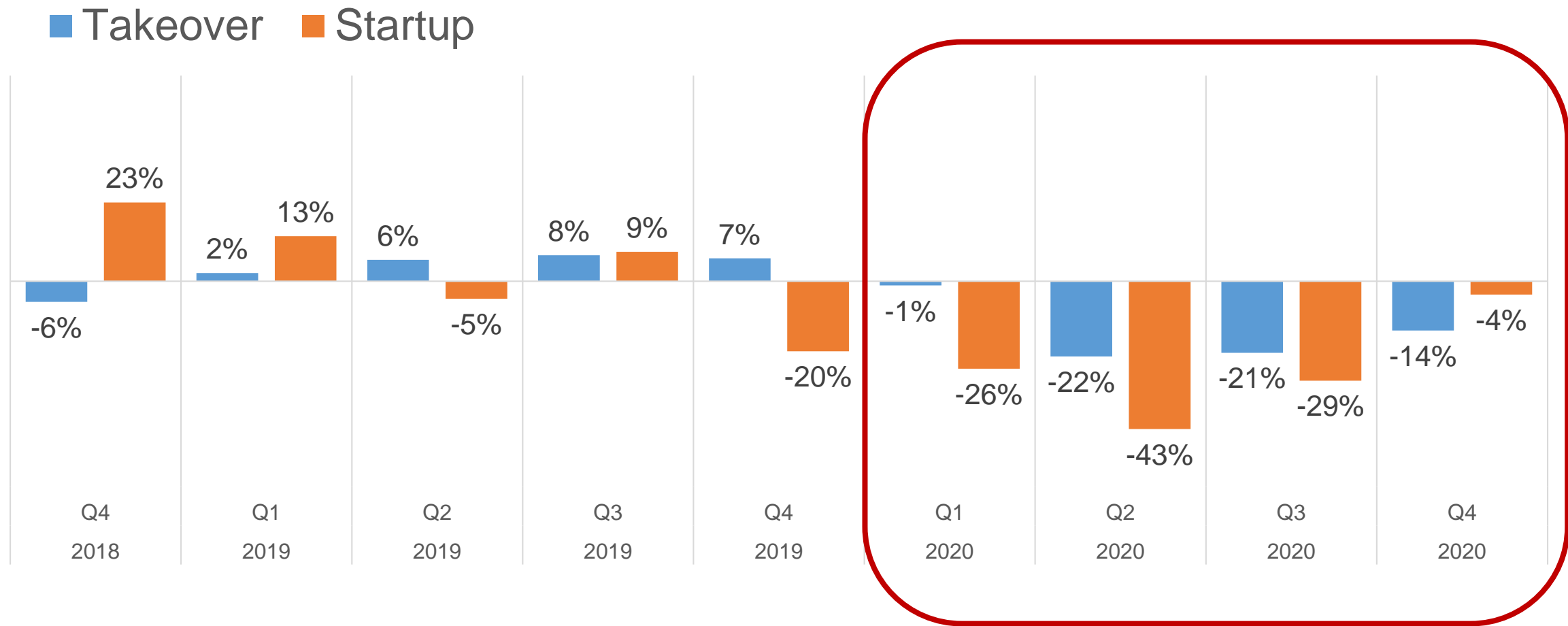


Secure Retirement Institute 401(k) Scorecard, 14 common companies representing an estimated 30% of 401(k) assets, 41 % of plans and 38% of participants.

# 401(k) Sales, Q over Previous Q

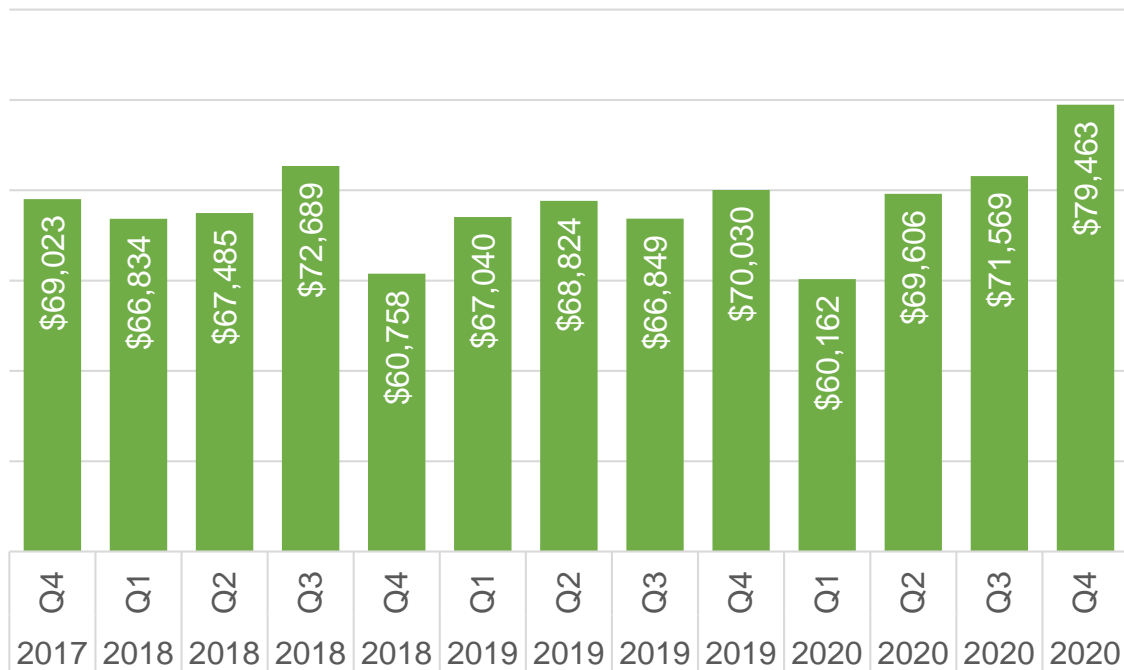


# Compared to Prior Year Q

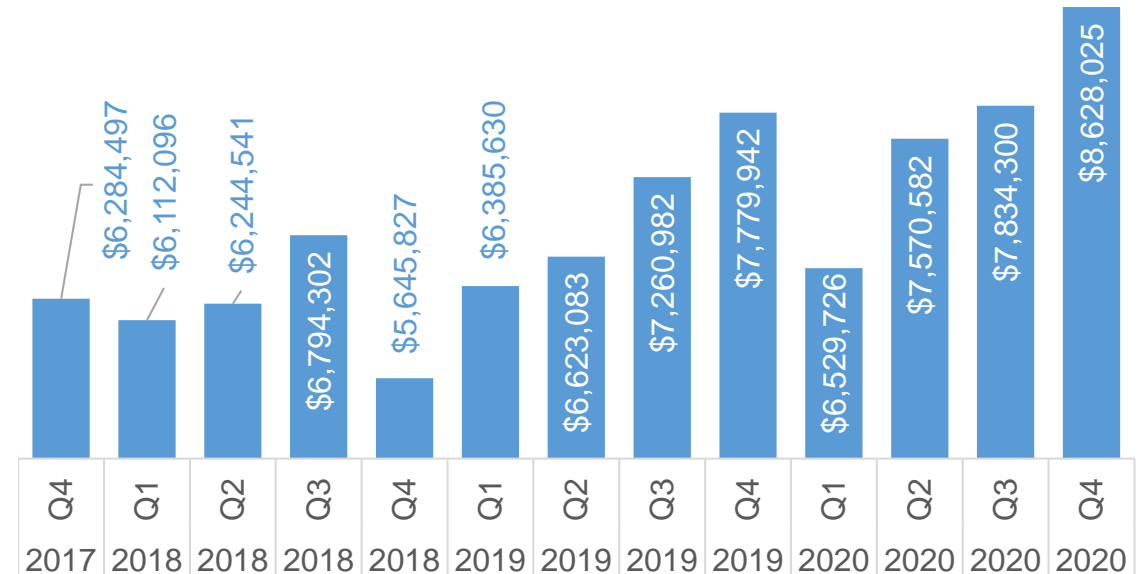


# Plan & Participant Balance Rebound

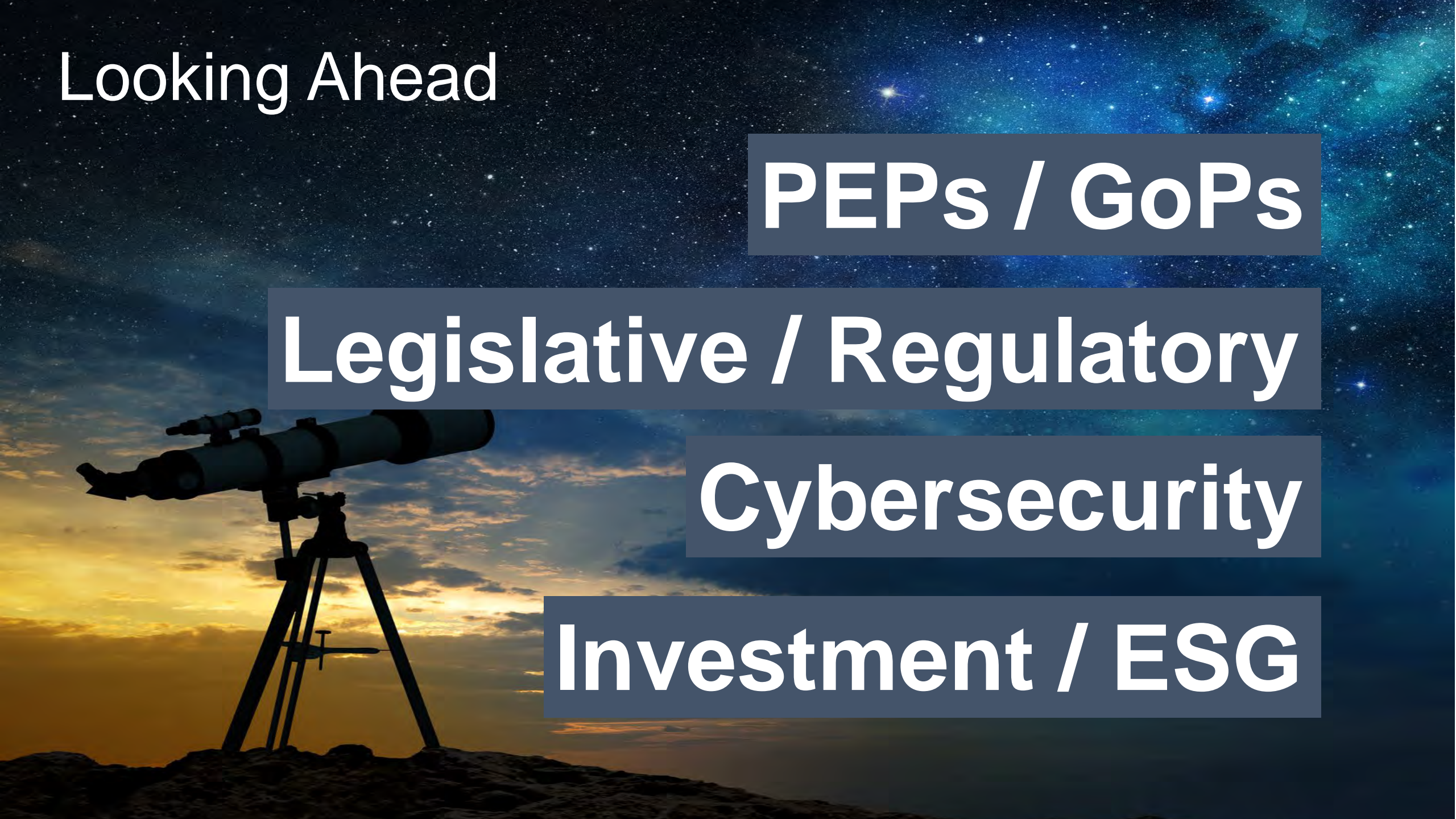
## Participant Account Balance



## Plan Balance



Secure Retirement Institute 401(k) Scorecard, 14 common companies representing an estimated 30% of 401(k) assets, 41 % of plans and 38% of participants.

A large telescope on a tripod is positioned on the left side of the image, pointing towards the right. The background is a composite image showing a starry night sky with a vibrant blue and green nebula on the right, and a sunset or sunrise horizon with orange and yellow clouds on the left. The telescope is silhouetted against the sunset sky.

Looking Ahead

**PEPs / GoPs**

**Legislative / Regulatory**

**Cybersecurity**

**Investment / ESG**



# PEPs / GOPs

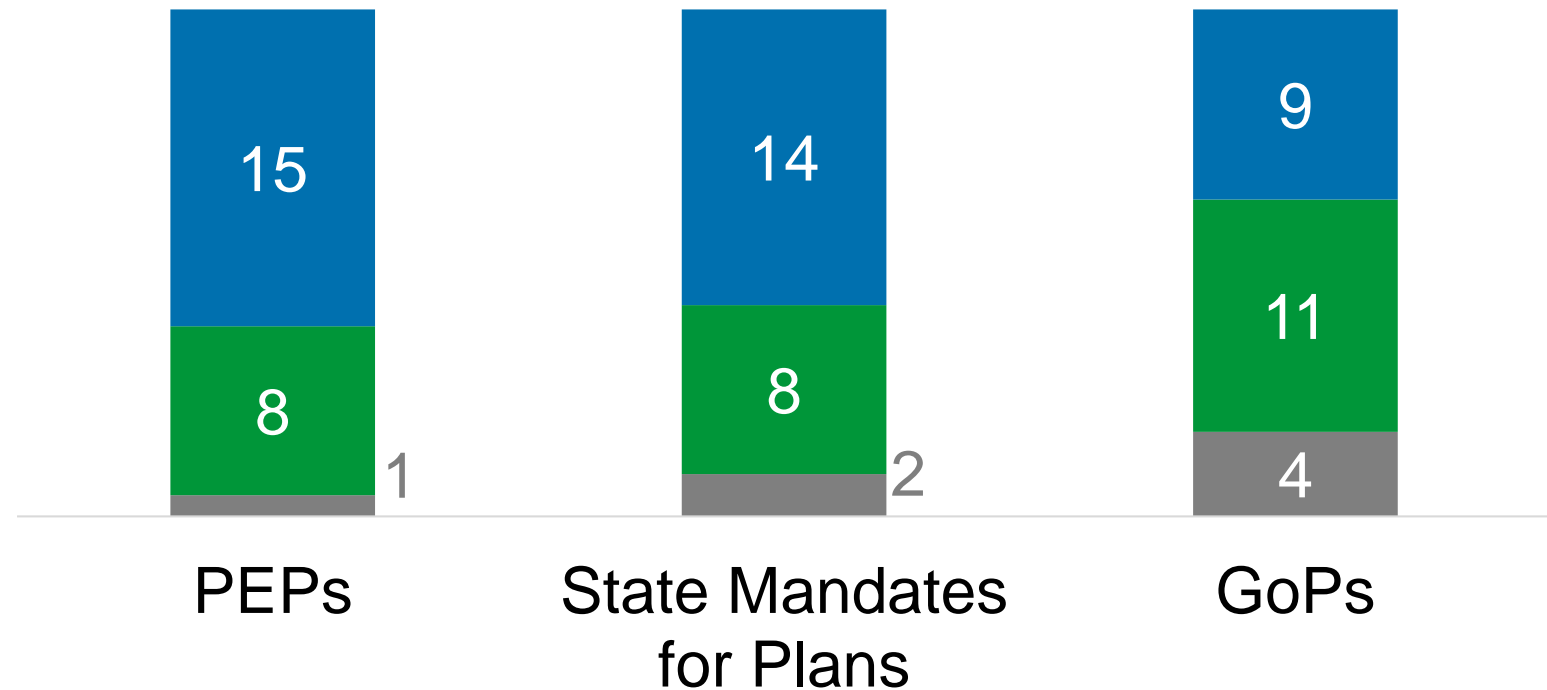
# Industry View: Access

How impactful do you think that the following will be to the DC industry?

■ Very / Somewhat

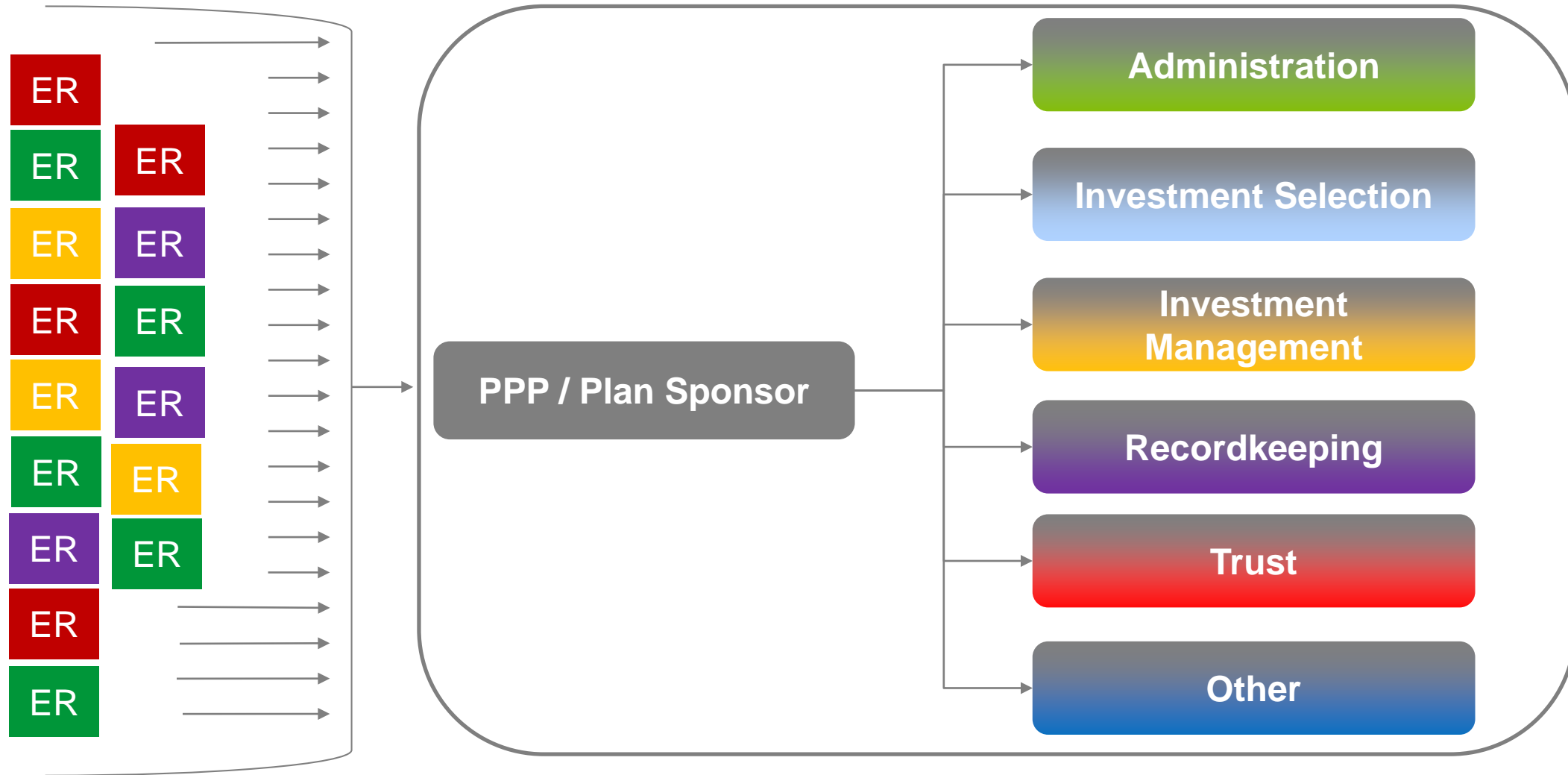
■ Slightly

■ Not at all



In progress: Survey of DC industry professionals; N=24 as of 6/28/21

# PEP Market: New Construct



# PPP Filings

<b>Form PR</b> Department of Labor Employee Benefits Security Administration	<b>Registration for Pooled Plan Provider</b> This filing is required under section 3(44) of the Employee Retirement Income Security Act of 1974 (ERISA) and Section 413(e) of the Internal Revenue Code  Complete all entries in accordance with the instructions	OMB No. 1210-0164 Expires 10/30/2023  This Form is Open to Public Inspection
<b>Part I Filing Type</b> Check the appropriate box to indicate filing type (see instructions) <input type="checkbox"/> Initial Filing <input type="checkbox"/> Supplemental Reportable Event Filing <input type="checkbox"/> Amended Filing <input type="checkbox"/> Final Filing		
<b>Part II Registration Information</b>		
1a Local business name and any trade (d/b/a) name of pooled plan provider		1b Pooled plan provider contact
1d		
1f(1)		
1f(2) Mailing address for the responsible compliance official of the pooled plan provider		1h Compliance official telephone number
1i Identity of agent for service of legal process for the pooled plan provider.		
1j Address at which legal process may be served on the agent.		

~70 unique PPPs

200+ Individual PEPs

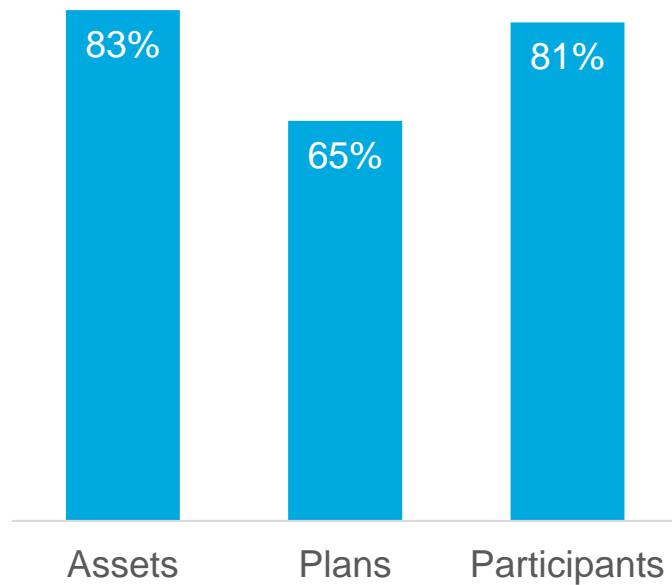
What are  
Members / Your  
Peers Doing?



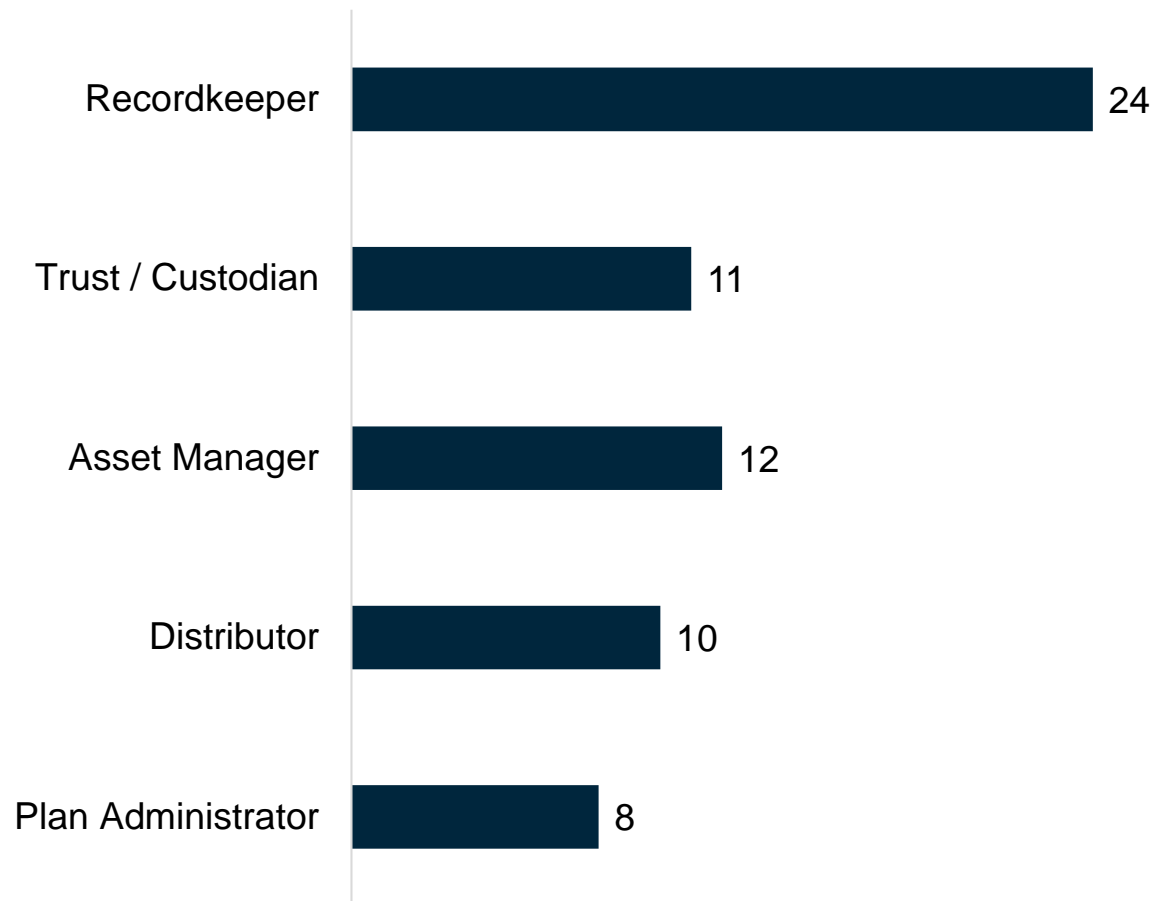
# 2021 Member Survey: PEP Strategy

27 responding companies:

**% of 401(k) Market Share**

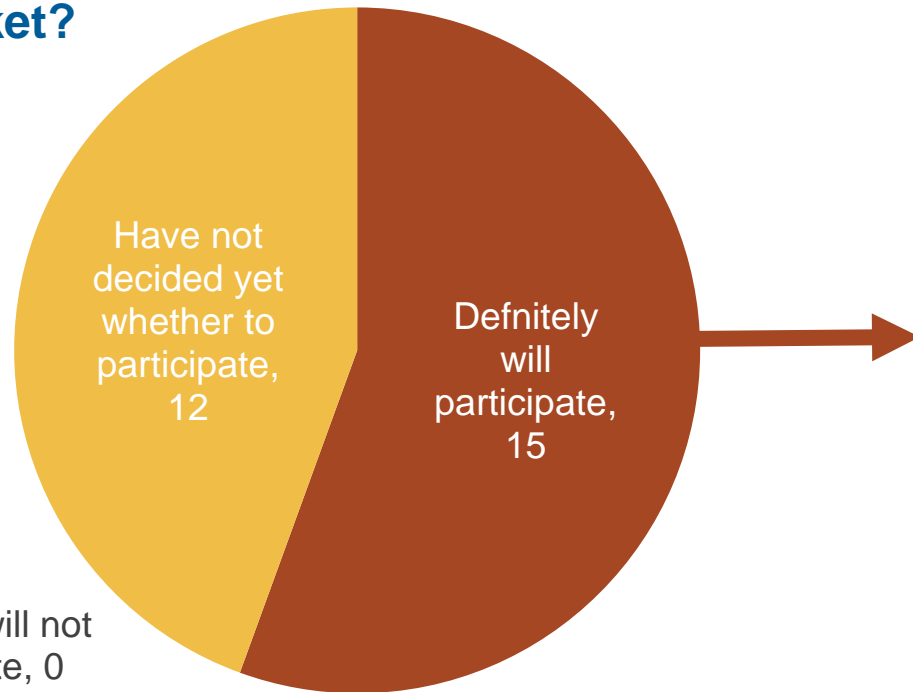


Representing a variety of DC functions:



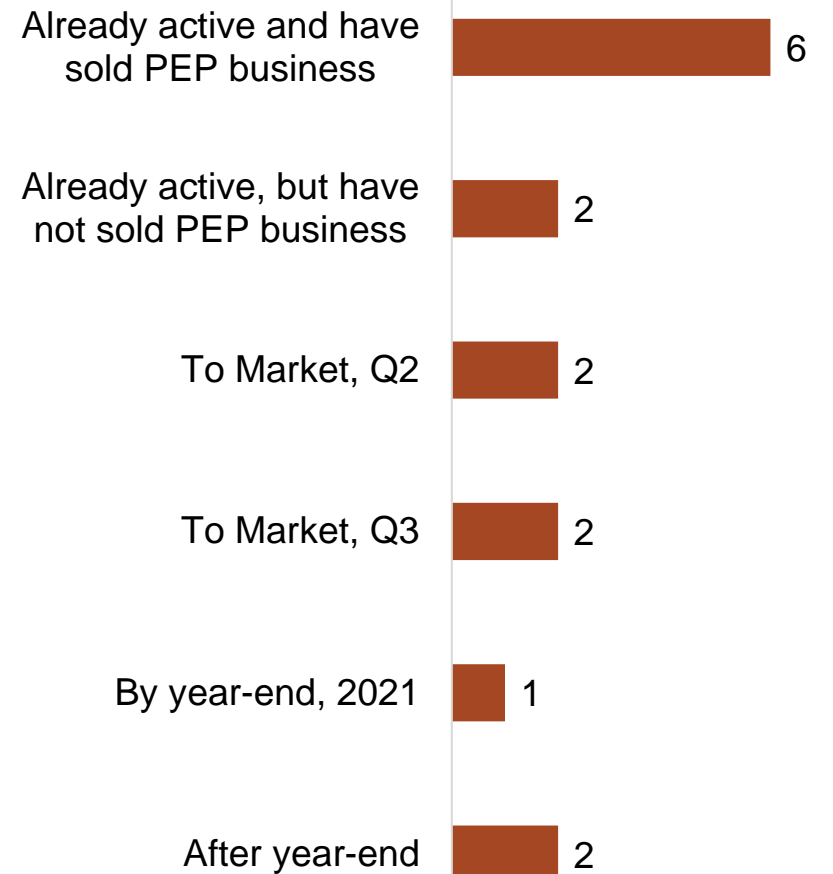
# PEP Plans...

Does your company (and/or affiliates) plan to participate in the pooled employer plan (PEP) market?



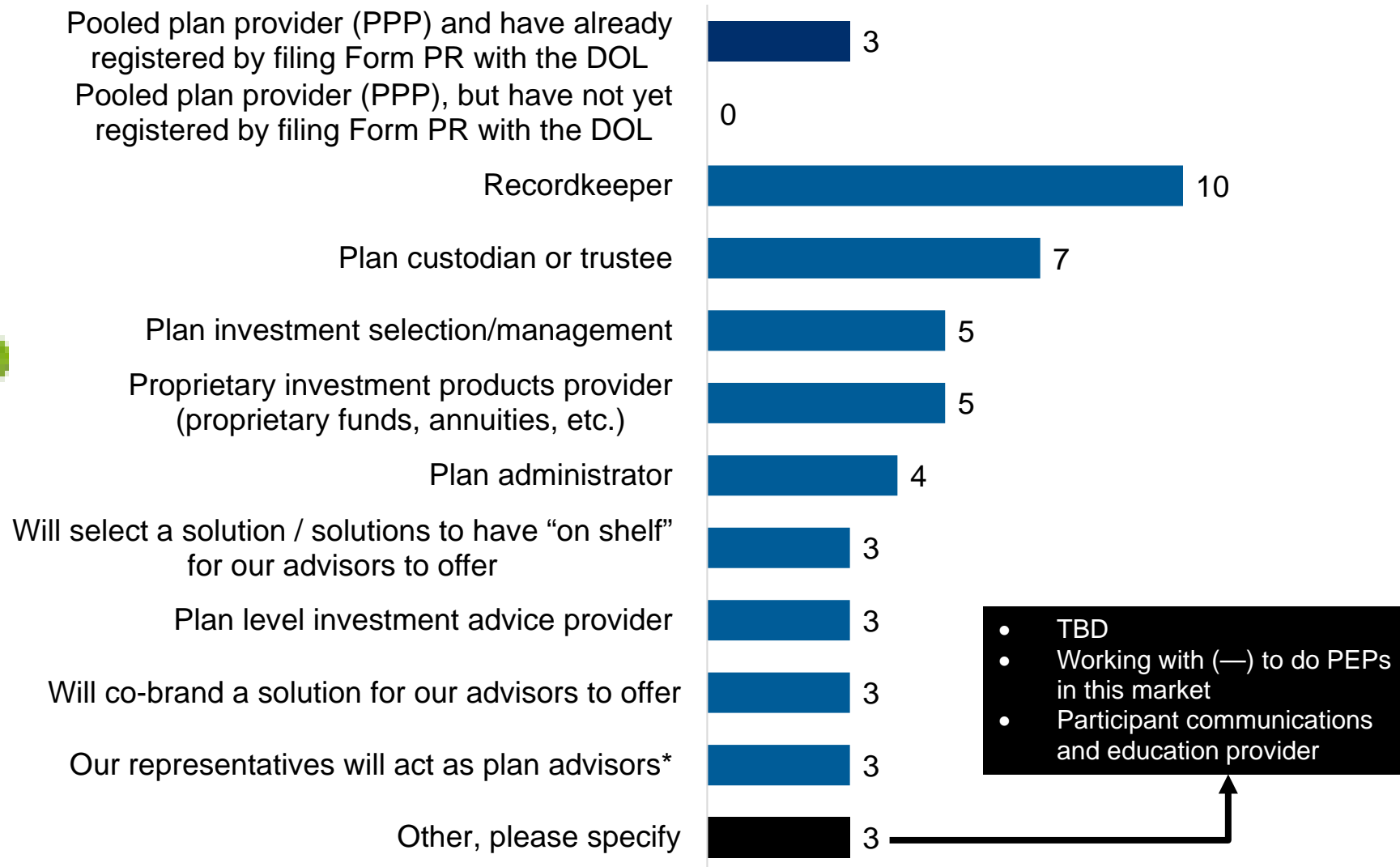
Definitely will not participate, 0

...But none rule them out

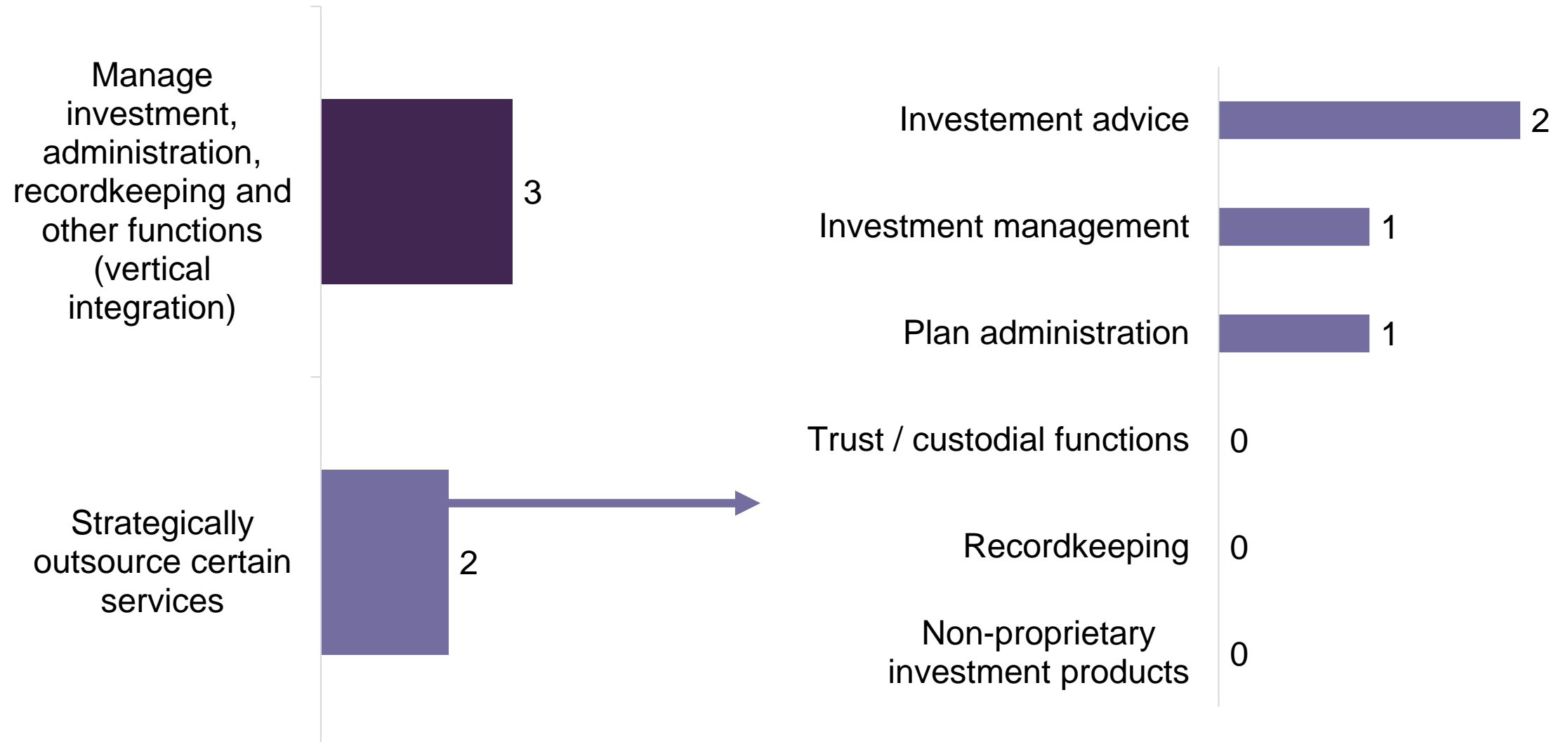


# ...Few plan to act as PPPs

What role will your company (and/or affiliates) assume for PEP business? Select all that apply.



# Multiple Strategies as PPP



# PEP Market Players

Research

## Pooled Plan Provider (PPP) Filings



Undo Redo Revert Refresh Pause

Download Full Screen

Welcome PPP Filings; Form PR

### Pooled Plan Provider (PPP) Filings; Form PR

PPP Name	Type	PPP/Affiliate provide any service	Investment Management	Investment Advice	Investment Products	Plan Administration	Custodial	Other Services	Other Offered By	Name of Pooled Plan	Trustee Name
401(k) Administration Management Program (dba AMP 401(k))	Initial	Yes				Nova Associates Inc.	Administrative Fiduciary Services, Inc.			Null	
401kAdministrators.com (dba Mrs401k.com)	Initial	Yes				Registrant	Registrant			401kAdministrators.com 401k PEP	Craig Lewis Gillooly, Esq.
AdvisorTrust, Inc.	Initial	Yes	Efficient Advisors			PCS Retirement, LLC	AdvisorTrust, Inc.			PCS Retirement Pooled Employer Plan	AdvisorTrust, Inc.
	Supplem...	Yes	Efficient Advisors			PCS Retirement, LLC	AdvisorTrust, Inc.			401(k) Simplified	AdvisorTrust, Inc.
										401(k) Simplified Flexible	AdvisorTrust, Inc.

#### Filters

PPP Name  
(All)

Type  
(All)

PPP/Affiliate provide ...  
(All)

Investment Manage...  
(All)

Investment Advice  
(All)

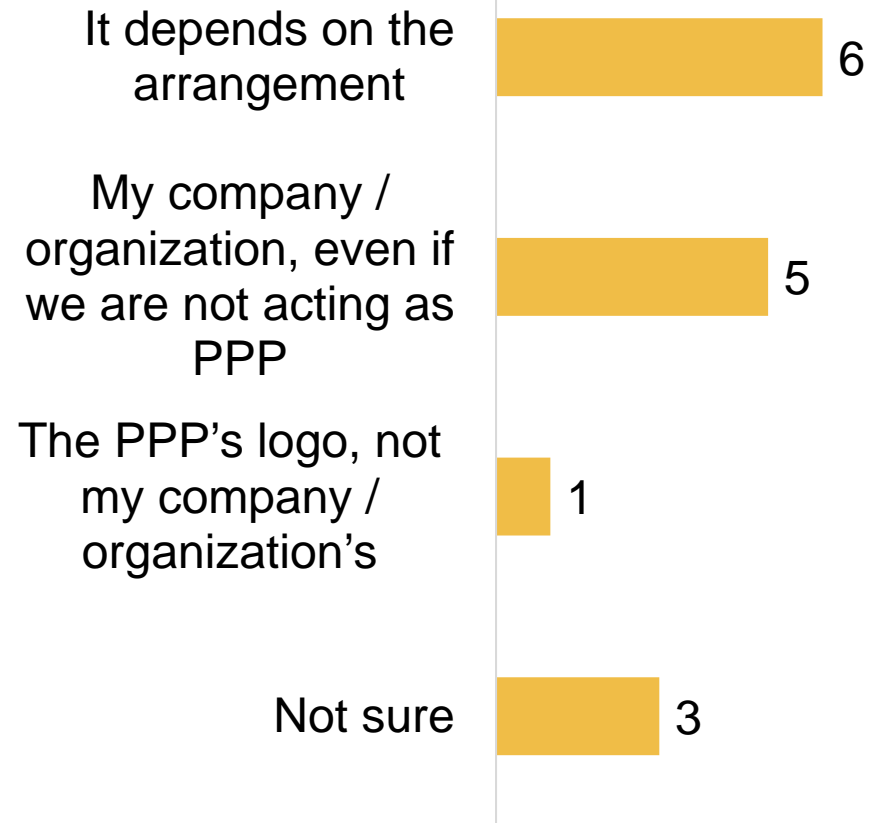
Investment Products  
(All)

Plan Administration  
(All)

# When a Partner (not PPP)...

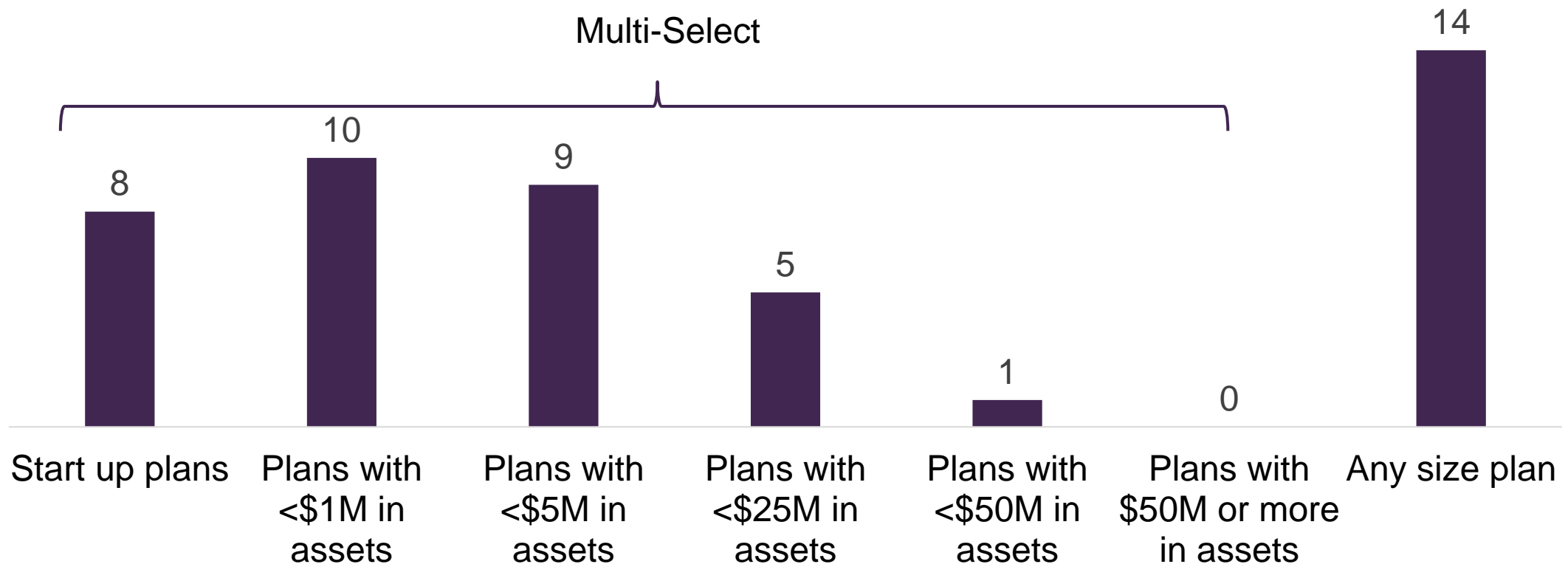
If your company (and/or affiliates) offers services to PEPs as part of a strategic partnership...

*which entity's logo will be on the participant website and statements?*



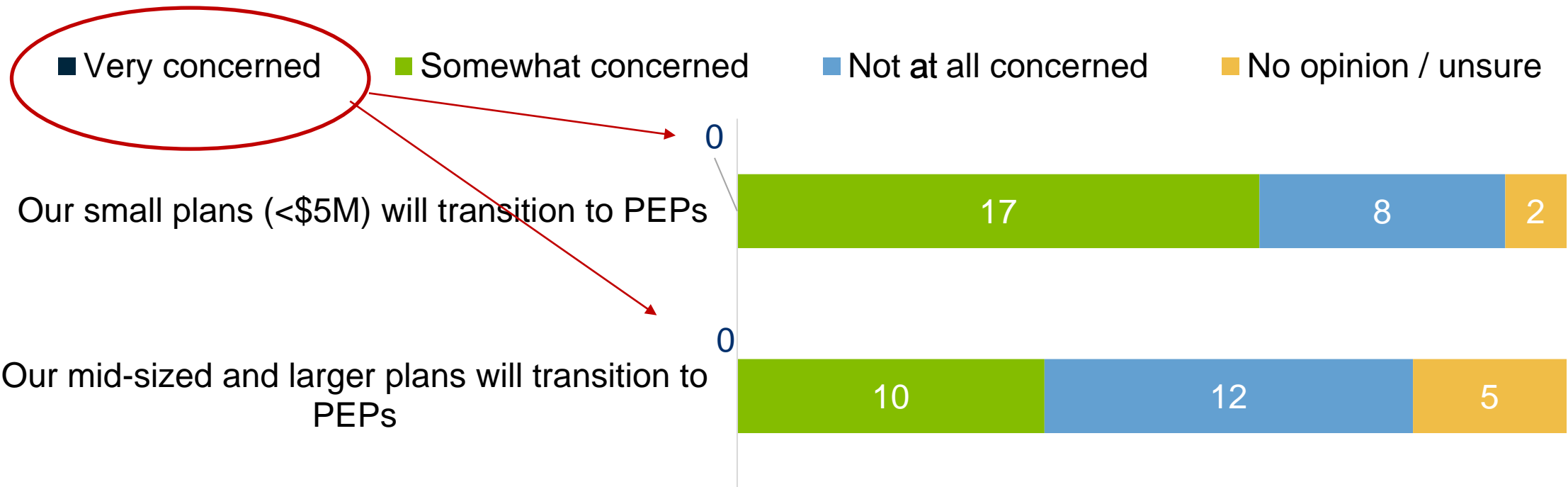
# Not just for startups...

For which plan sizes does your company (or its affiliates) consider PEPs appropriate?



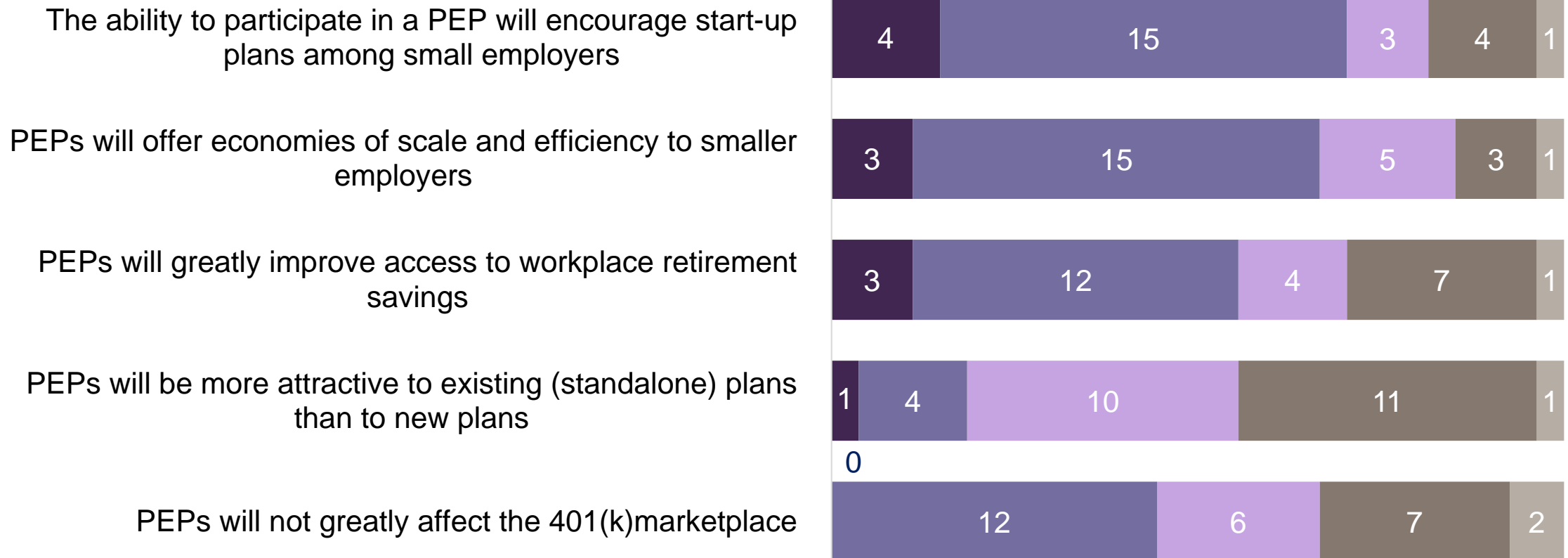
# Losing Business to PEPs

How concerned is your company that its small, mid-sized and larger plans will transition to PEPs?

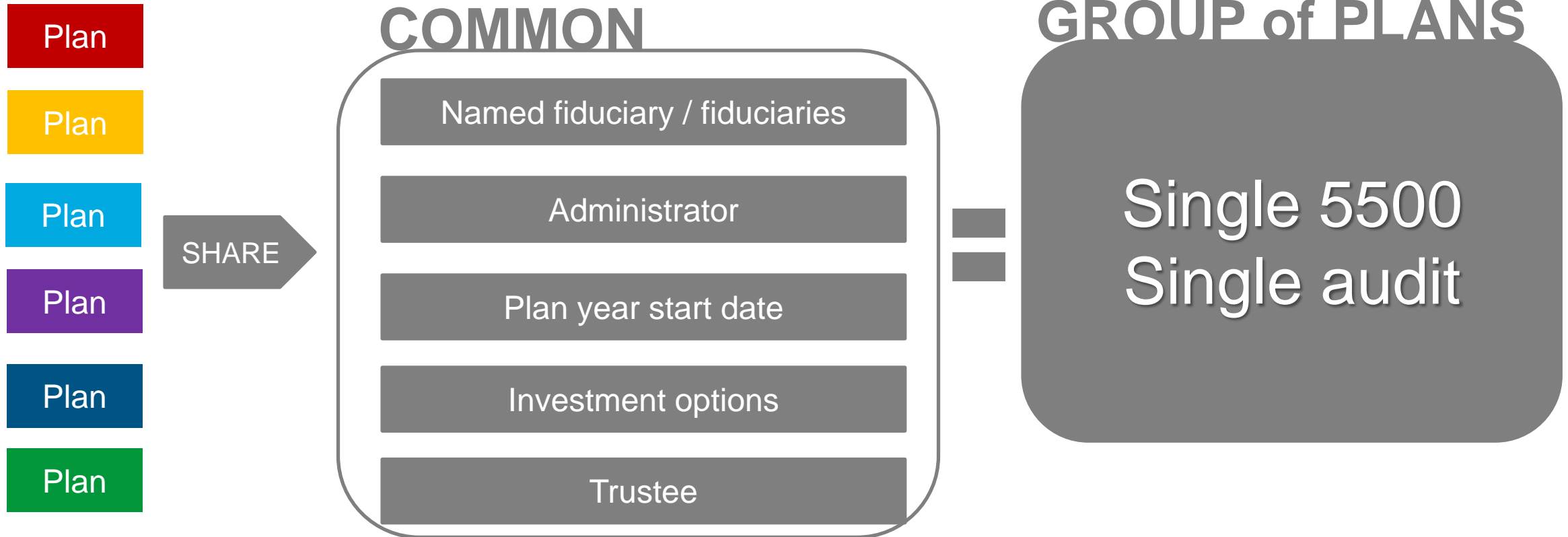


# DC market impact...

■ Strongly agree   ■ Somewhat agree   ■ Neither agree nor disagree   ■ Somewhat disagree   ■ Strongly disagree



# GoPs

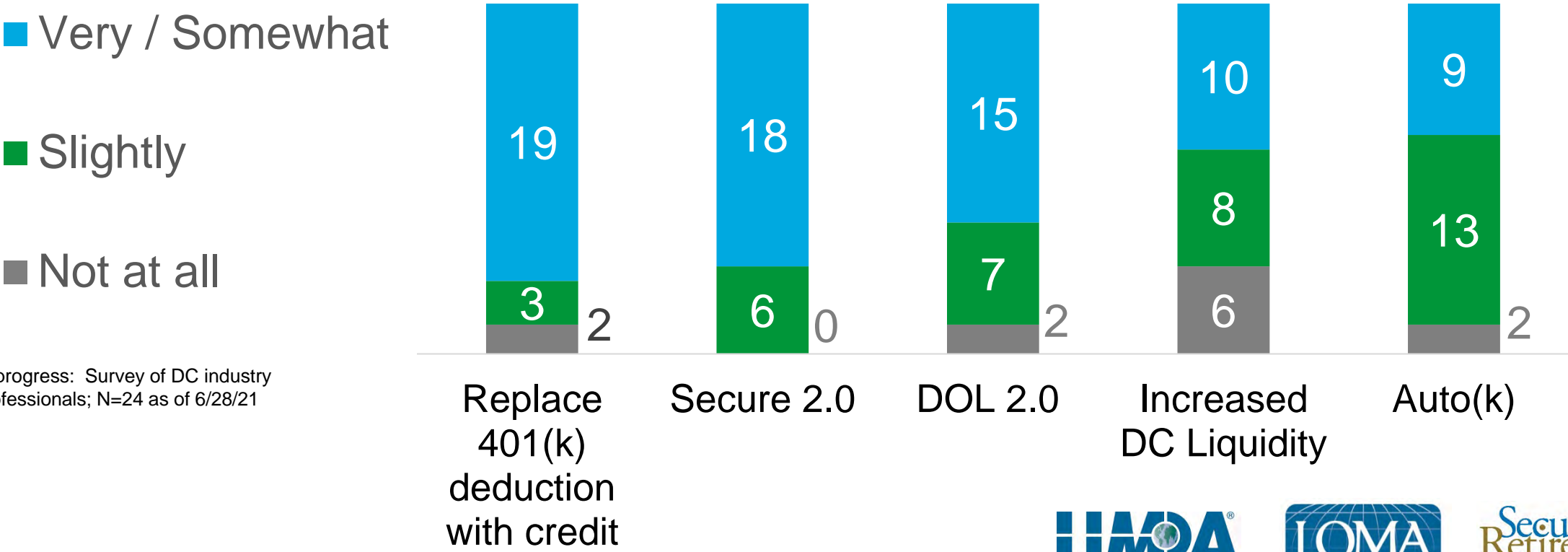




# Regulatory / Legislative

# Industry Impact

How impactful do you think that the following will be to the DC industry?



In progress: Survey of DC industry professionals; N=24 as of 6/28/21

# **SECURE 2.0**

**403(b) PEPs**

**ETFs**

**Student Loan  
Match**

**Auto Enroll**

**Domestic Abuse  
Hardship**

**CITs in 403(b)s**

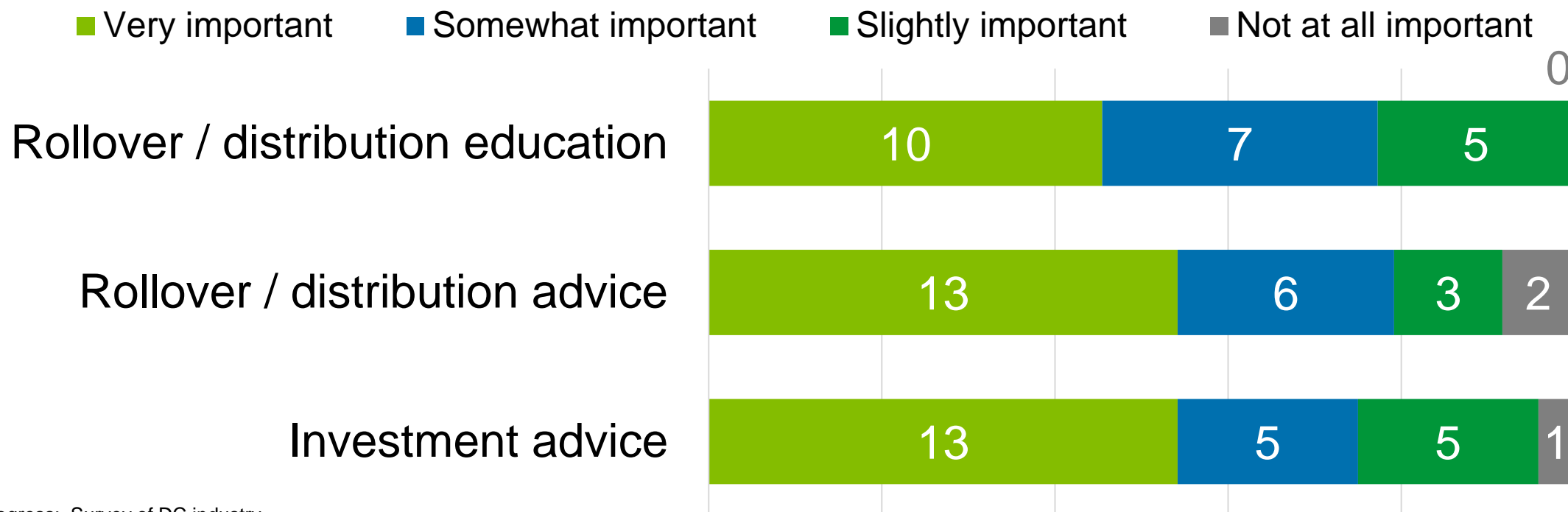
**RMDs**

**Catchup**



## **Enhancing Emergency and Retirement Savings Act**

How important do you think that the following will be to your company's DC / workplace product planning and strategy in the next 12 months?



In progress: Survey of DC industry professionals; N=24 as of 6/28/21

# Biden Proposal(s)

**Auto(k)**

**Deduction >  
Credit**

**Caregivers**



# Cyber

***“Fraudsters...They're still figuring it out. They're not going to go away, because there's too much money in these accounts”***

One loss event can wipe out all the good that's happened over the years

Companies are going to need to get far more strategic in how they come at this problem.

We have to be perfect all the time; they only have to be lucky once.

# Retirement Plan Fraud

- What type of fraud is most common?
- Who is doing it?
- Who is the likeliest target?
- What about cybersecurity insurance?
- What are best practices to combat fraud?
- Will the DOL's recent advice change things?



# DOL's advice for picking service providers

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1. Ask about the service provider's information security standards, practices and policies, and audit results, and compare them to the industry standards adopted by other financial institutions.
2. Ask the service provider how it validates its practices, and what levels of security standards it has met and implemented. Look for contract provisions that give you the right to review audit results demonstrating compliance with the standard.
3. Evaluate the service provider's track record in the industry, including public information regarding information security incidents, other litigation, and legal proceedings related to vendor's services.
4. Ask whether the service provider has experienced past security breaches, what happened, and how the service provider responded.
5. Find out if the service provider has any insurance policies that would cover losses caused by cybersecurity and identity theft breaches
6. Make sure that your contract requires ongoing compliance with cybersecurity and information security standards – and beware contract provisions that limit the service provider's responsibility for IT security breaches.

# Looking to the future

- Audits activity started – DOL asking for a lot of information and documentation
- Reimbursement policies may get more scrutiny
- Insurance will become more expensive
- More education for prevention
- More innovation on both sides (fraudsters and recordkeepers)



# Investments: ESGs



# Where are we?



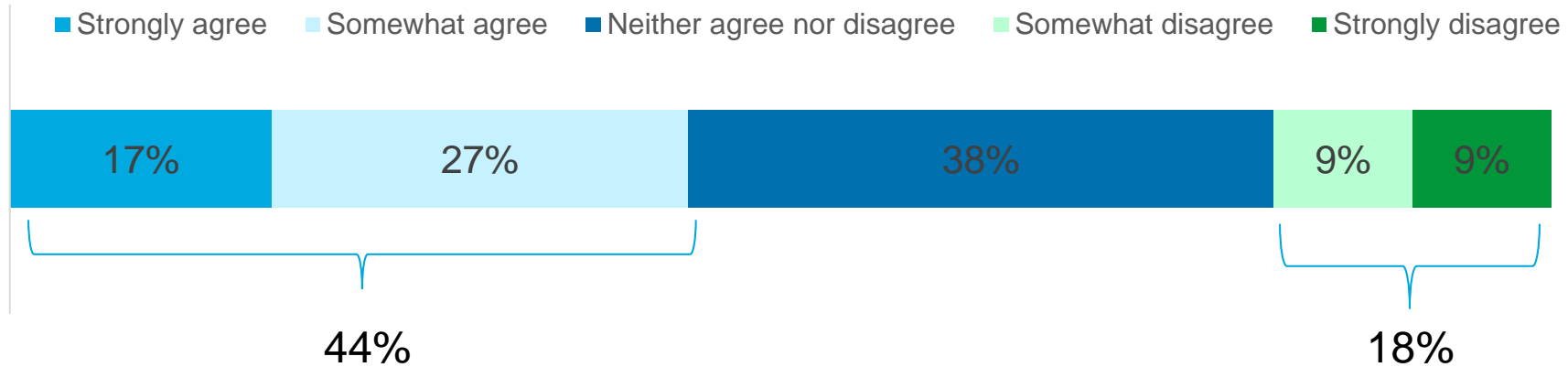
# Trends in favor of ESGs

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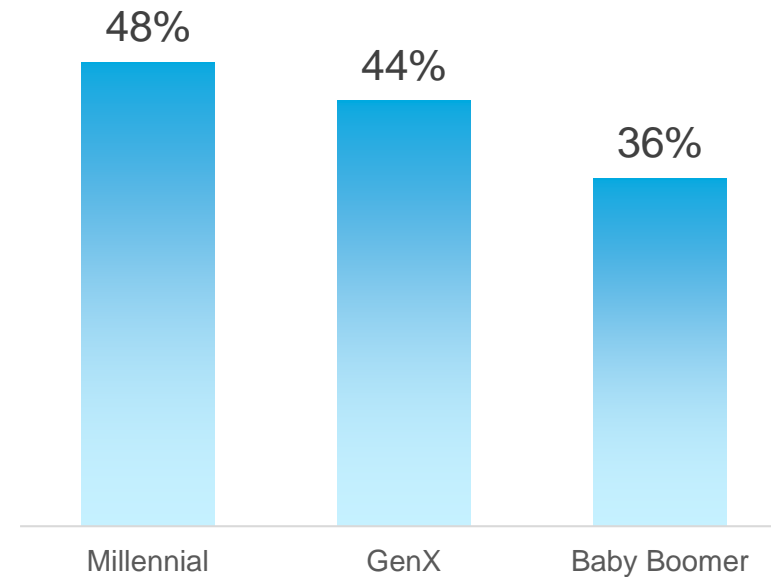
- Awareness of ESG issues has been growing
- Consumers like the idea
- ESG investments performing well\*
- More ESG information in IPS
- Regulatory and legislative environment more favorable



# What do workers think?

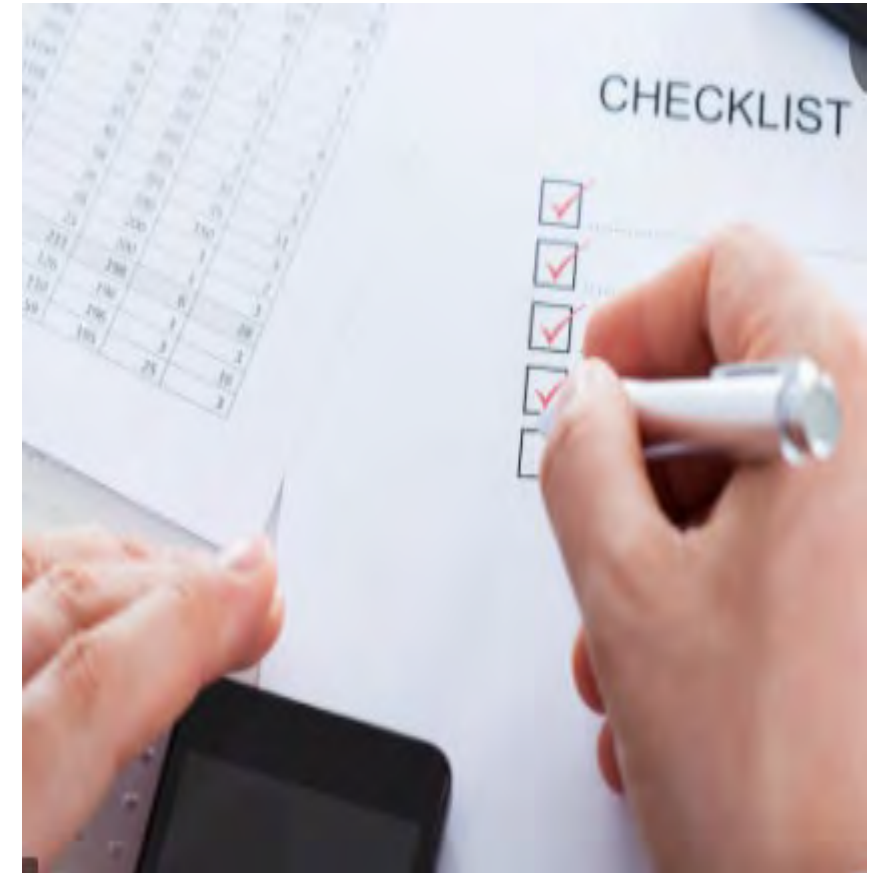


Workers: I would like to see more environmentally, socially, and ethically responsible investments in my employer's retirement savings plan offerings.



# What do employers think?

- Two in three (66%) plan sponsors feel that integrating ESG factors into their investment approach is a fiduciary responsibility\*
- About four in ten (42%) plan sponsors say the biggest obstacle to adding ESG\* strategies is understanding the choices/ways to do so
- 3% of 401(k) plans offer ESG funds (<10% of assets)\*\*
- Most common among largest and smallest plans

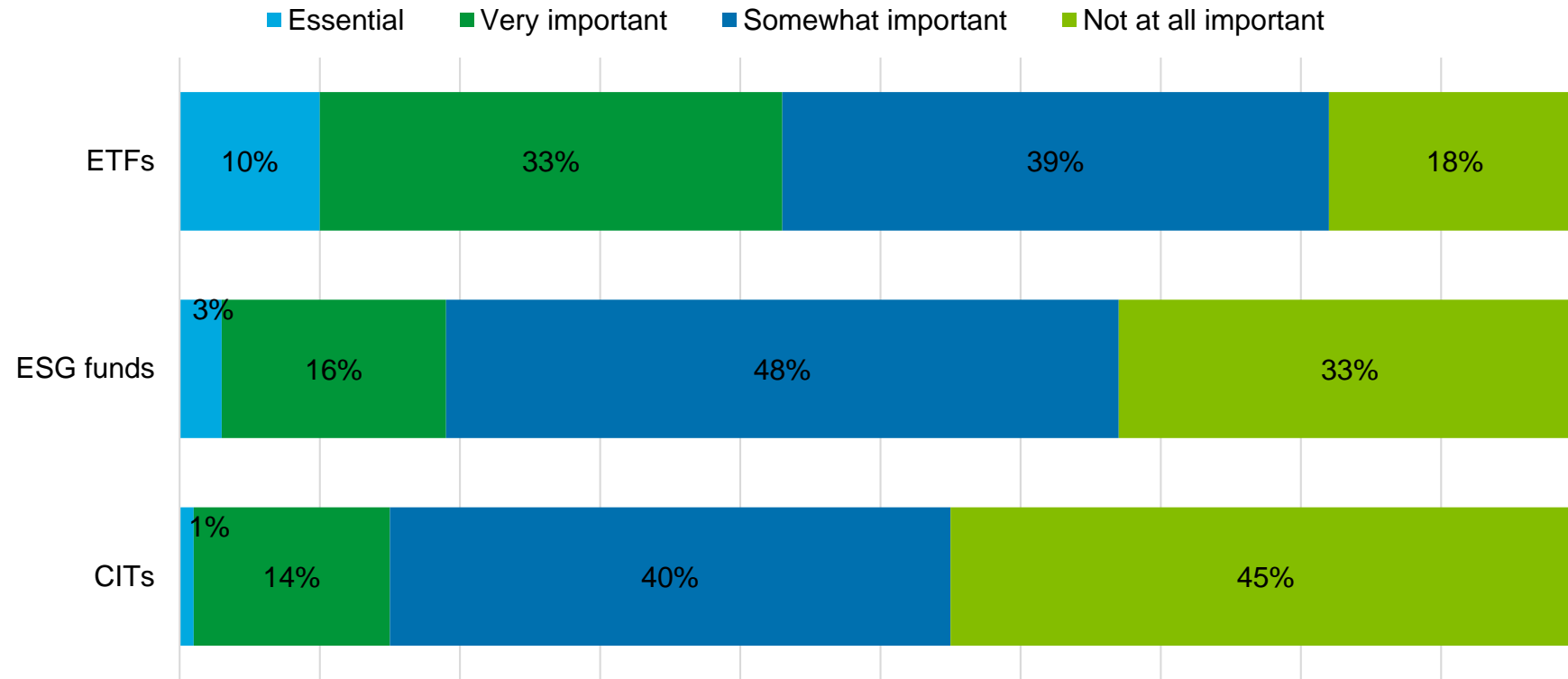


\* Alliance Bernstein, Inside the Mind of Plan Sponsors 2020

\*\*PSCA

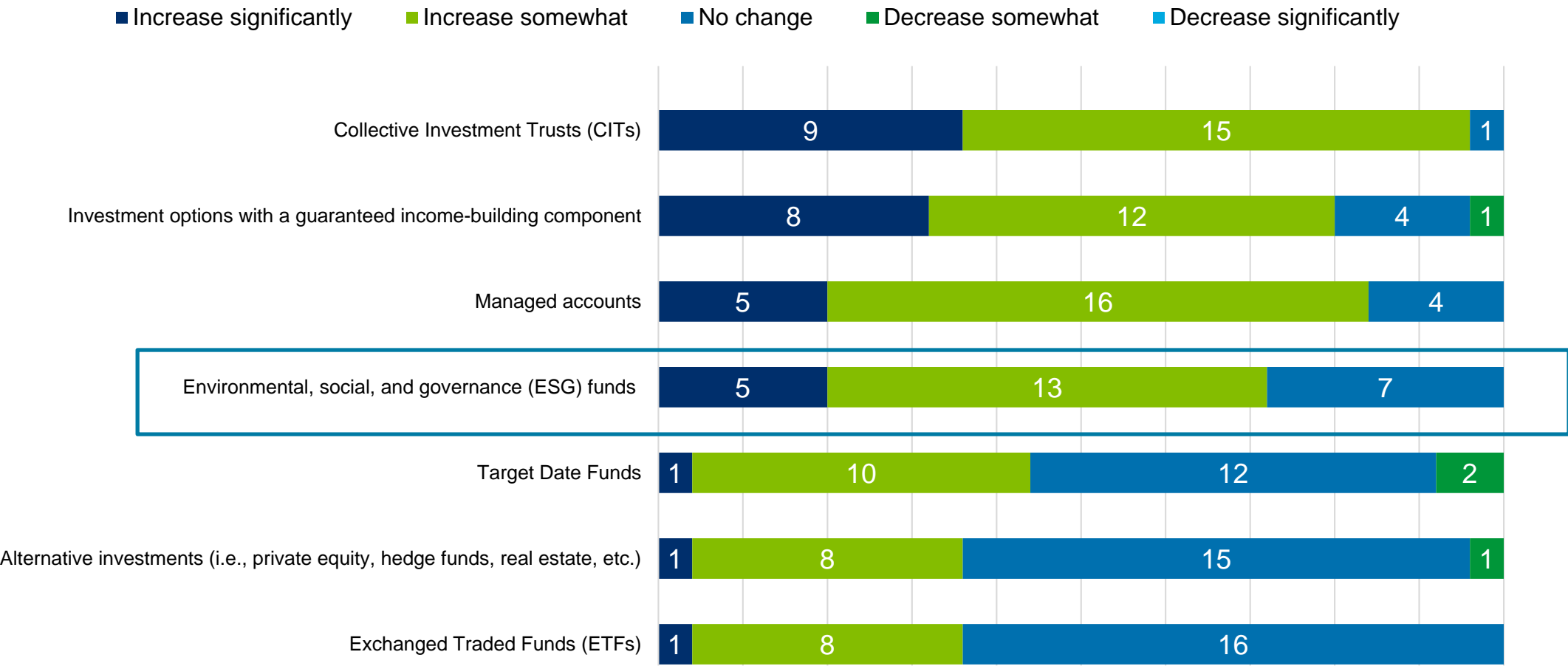
# What do advisors think?

How important are each of the following when considering whether or not to work with an asset manager?



# What do you think?

Overall (across the industry), how do you see use of the following investments in DC plans changing in the next 12 months?



# Looking to the future



- Uncertainty and concern:
- Litigation?
- Cost?
- Performance?
- Problem with auto enroll into an ESG
- Few ESG TDFs, but growing



# Wrapping it Up: Moving Ahead

# We asked...

What are the 5 most important factors facing the DC industry in the next 12 months?



# What do YOU Think...

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What do you see  
as the biggest  
**challenge** for  
the DC industry  
within the next 12  
months?

What do you see  
as the biggest  
**opportunity**  
for the DC industry  
within the next 12  
months?

# Questions and Comments



*Advancing the financial services industry by  
empowering our members with knowledge,  
insights, connections, and solutions*

