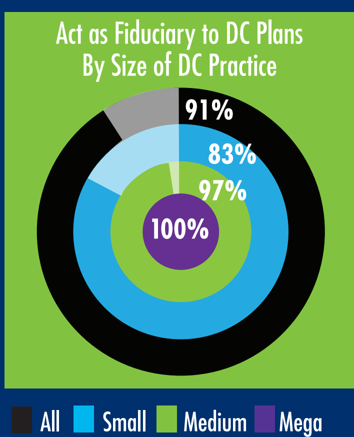
DC Advisor Preferences and Priorities

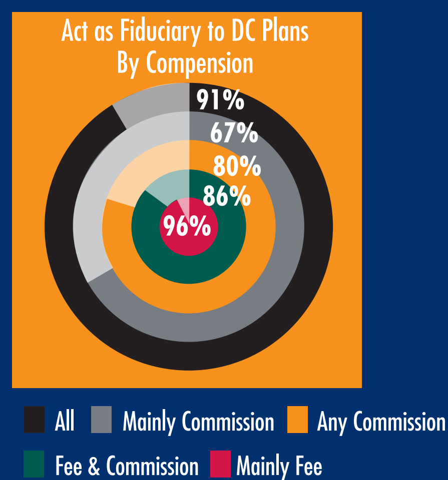
Recognizing and responding to a significant market opportunity

According to a recent LIMRA Secure Retirement Institute study, almost **8** in **10** defined contribution (DC) advisors say they are interested in access to a wide range of retirement market data — an open invitation to investment and other service providers to demonstrate their value in an increasingly commoditized industry.

1. More than **90 percent** of all advisor categories service 401(k) plans; mega advisors are much more likely to service not only other types of DC business but also other types of institutional business, such as defined benefit plans or endowments.



2. As shown in the accompanying graphic, **9 in 10** think of themselves as fiduciaries to their DC plans; advisors who are paid mainly by commission or who have smaller DC books of business are less likely to consider themselves fiduciaries.



3. Across all categories, mutual funds with zero revenue sharing are the investment vehicle of choice for DC plans of all sizes … while the availability of institutional classes is of highest importance in an investment platform:
   - Interest in specialty investment vehicles such as exchange traded funds (ETFs) and collective investment trusts (CITs) is very low (**24 and 10 percent** respectively say these are important).

4. Few advisors use group annuities, and those who do are more likely to be commission-based advisors who use them for smaller plans.

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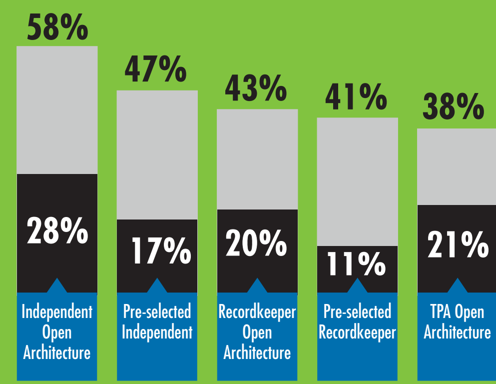
5 An independent, open-architecture platform, with the flexibility to bundle services at will from providers of choice, is the most frequently used platform, and the go-to-platform of choice for most. Advisors with very large practices are more likely than others to choose a bundled approach for employer and/or employee services.

Investment Platforms Used... and Used Most frequently



Use the platform most frequently
Use the platform at all

6 With little variation across practice size or compensation, DC advisors consider service to plan sponsors and plan participants and record of consistent performance as the most important characteristics in an investment management firm . . . with the exception of advisors who receive commissions . . . they are less likely to look for zero revenue sharing funds and more likely to look for an easy-to-describe process.

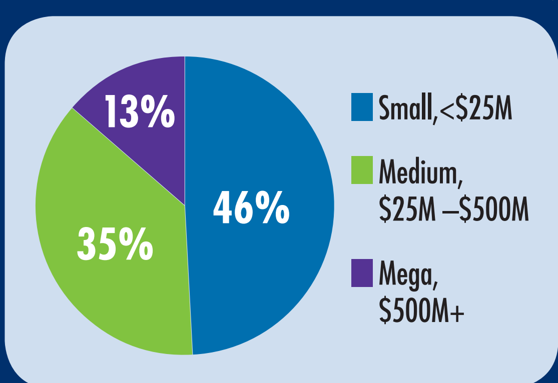
7 Eighty-five percent of advisors use pre-built target date funds (TDFs) to some degree, and **79 percent** use them exclusively. Few, just **8 percent**, rely solely on TDFs they build themselves.

8 **Sixteen Is The Magic Number:**

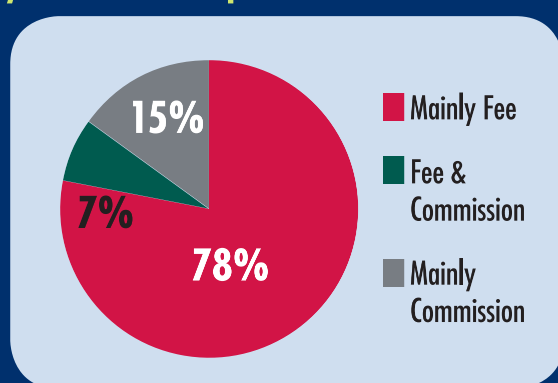
Advisors say that 16 is the ideal number of funds in a DC plan

Who we surveyed: 100 DC Advisors

By practice size: DC assets under advisement (AUA)



By method of compensation for DC business



For more details and information on about this study advisors who service DC plans, visit www.limra.com/dcadvisors2018

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