



October 4, 2017



# WHO ARE YOU CALLING A FIDUCIARY?

## DIFFERENTIATE YOURSELF—HELP YOUR CLIENTS

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# The Noise

**QDIA**

**Fiduciary Responsibility**

**DOL Rule**

**Litigation**

**Revenue Sharing Practices**

408(b)(2) Fee Disclosure

**BIC Exemption**

**ERISA 404(c)**



# Inside the Minds of Plan Sponsors Research

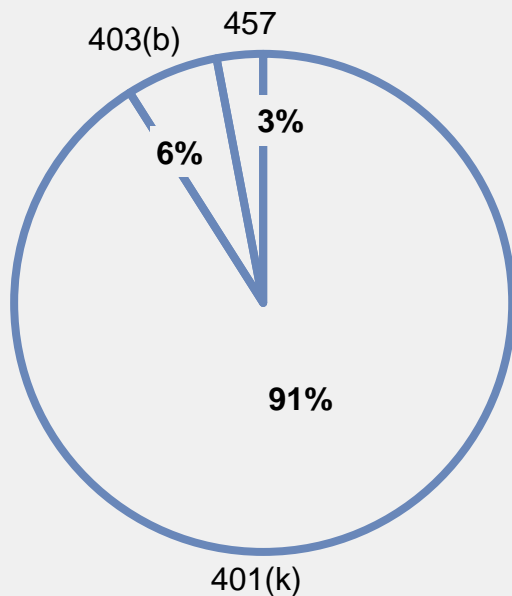
## Fifth Biennial Survey

<b>Segment</b>	<b>Plan Size</b>
Micro	< \$1 million
Small	\$1 million–\$10 million
Mid	\$10 million–\$50 million
Large	\$50 million–\$250 million
Institutional	\$250 million–\$500 million
	> \$500 million

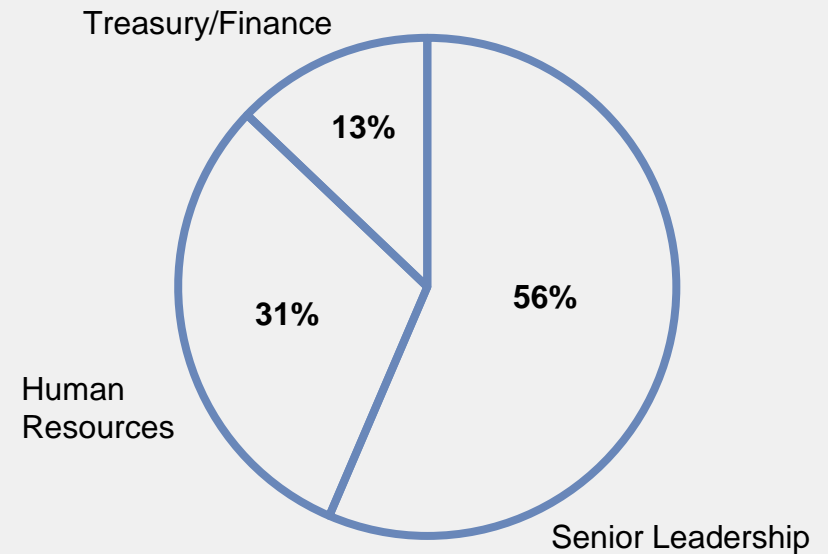


# A Diverse Mix of Survey Respondents

**Organization Type**  
(% of Total)



**Respondent Role in Organization**  
% of Total\*



AB Research, *Inside the Minds of Plan Sponsors*, 2016

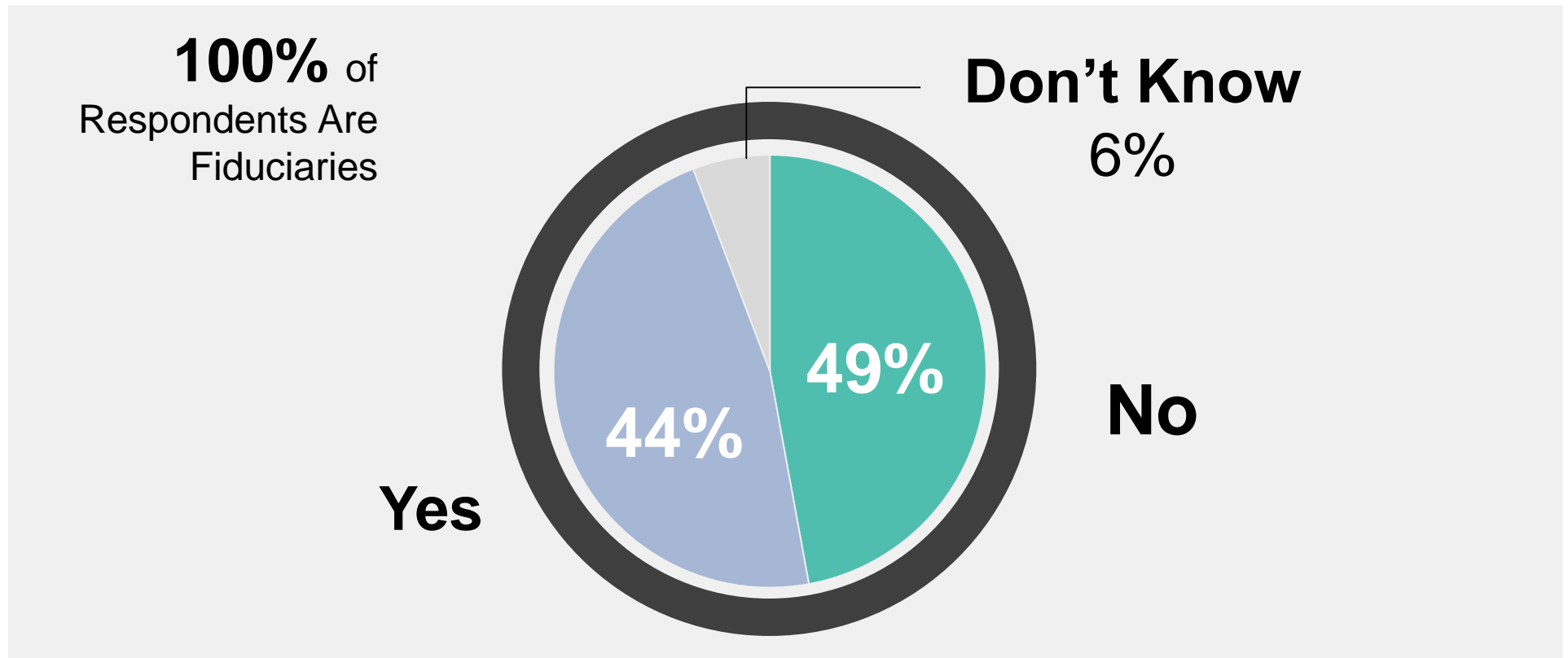
\*Role definitions: "Senior leadership" is a chairman, president, CEO, business owner, executive director or other senior management position; "Human resources" is a human resource or employee benefits position; "Treasury/Finance" is a CFO, chief investment officer, or other financial, investment or treasury position. Due to rounding, numbers may not sum to 100%.

Source: AB Research



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# Do You Consider Yourself, Personally, a Plan Fiduciary?



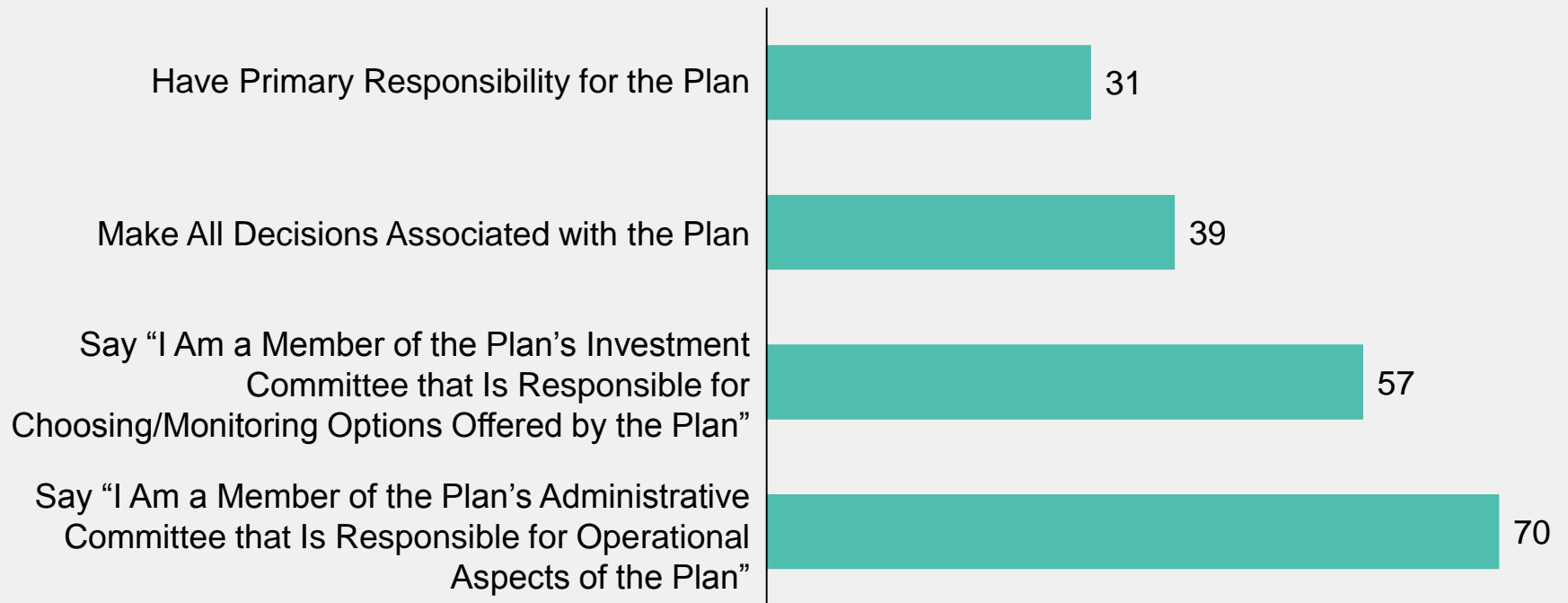
As of 2016  
Source: AB Research



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# Those Who Do Not See Themselves as Fiduciaries

## Perception of Responsibility by Role in the Plan (% of respondents)

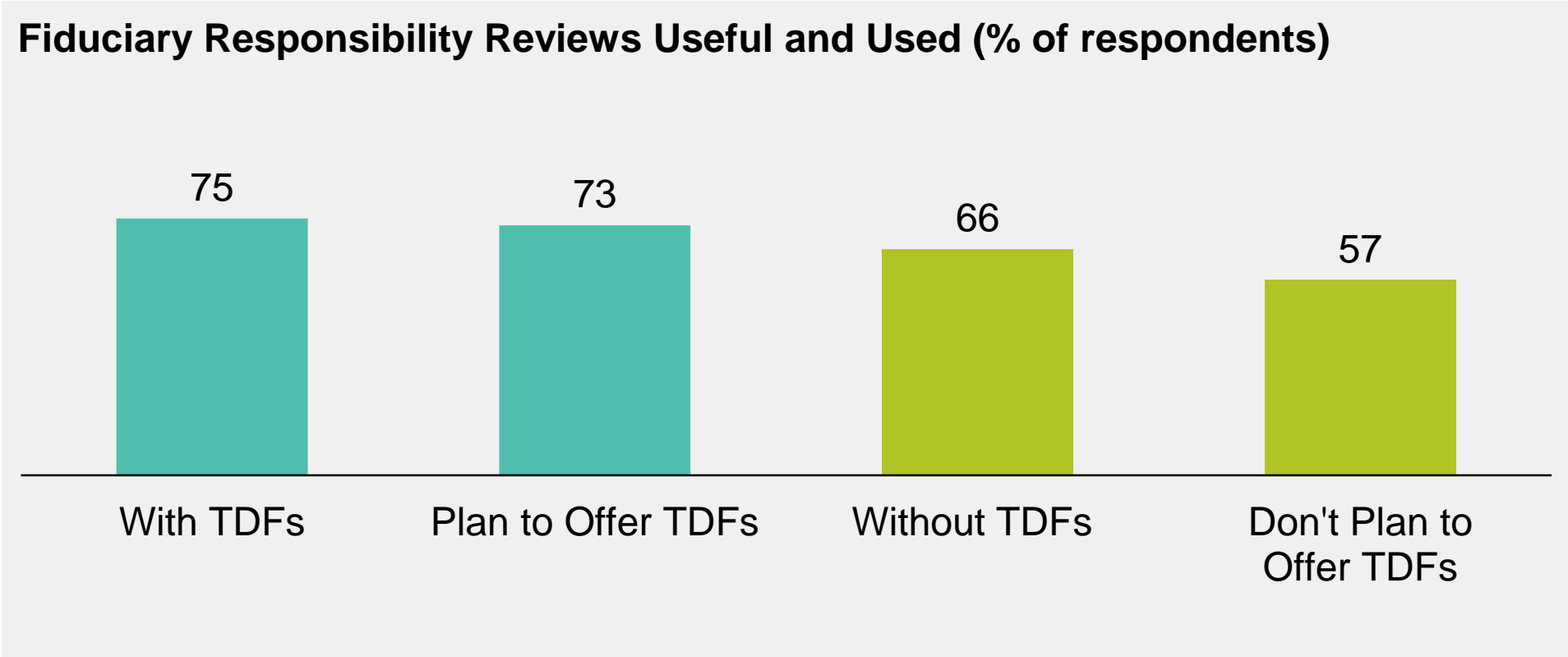


As of 2016  
Source: AB Research



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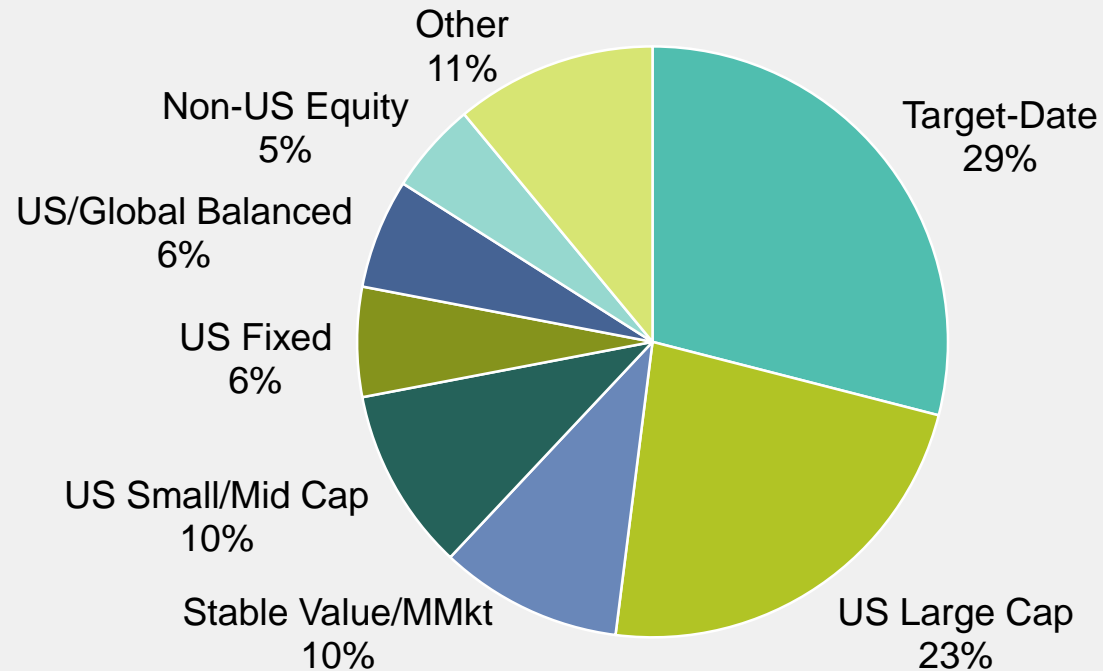
# Plan Sponsors with TDFs Take Fiduciary Concerns More Seriously



Source: AB Research, 2016

# The QDIA: The Most Important Decision for a Plan Fiduciary

## Average Large/Mega Plan Asset Allocation: 1Q 2017



Source: Callan DC Index

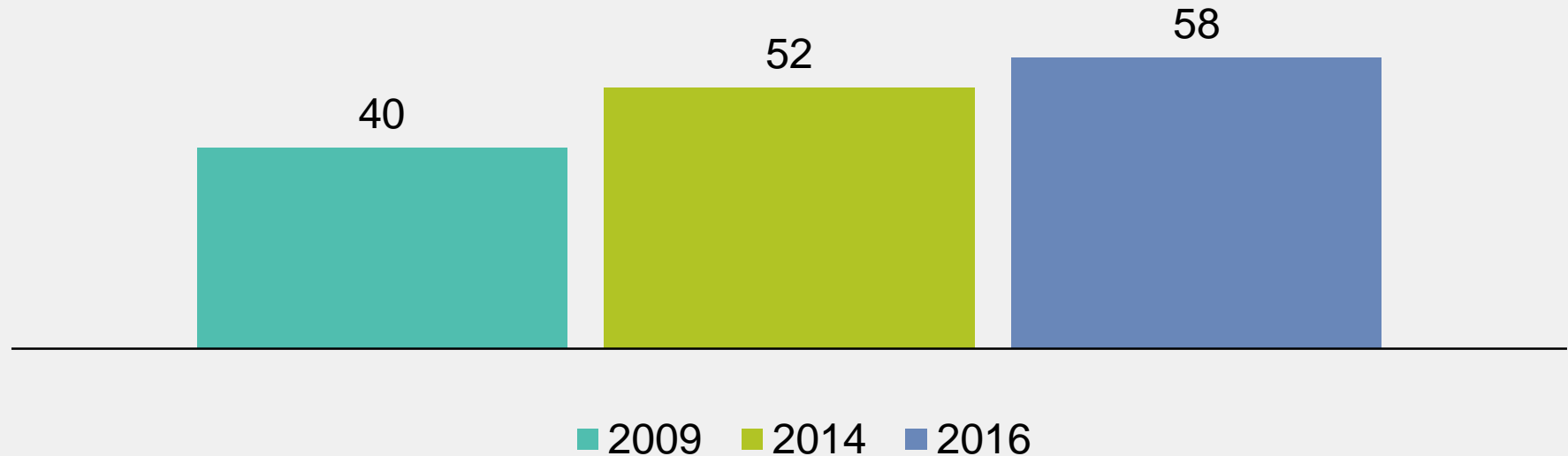


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# Significantly More Plans Offer TDFs Now

**Do You Offer a Target-Date Fund?**  
(% of respondents)



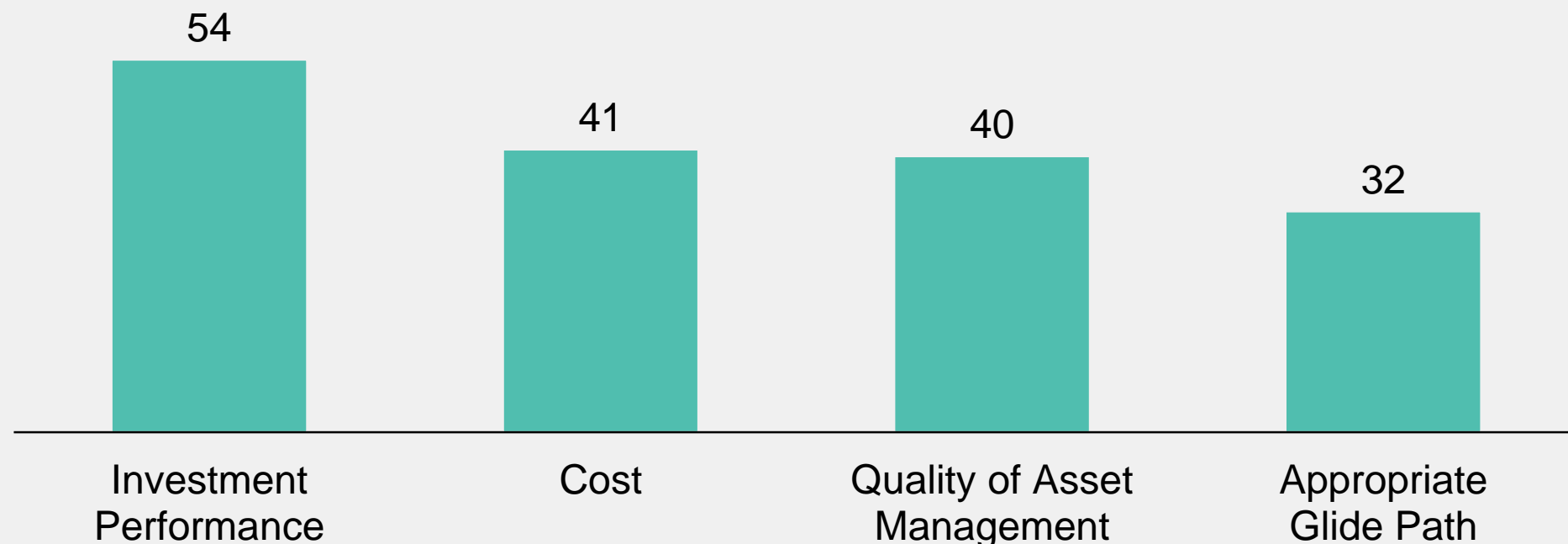
Source: AB Research, 2016



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# Most Important Attributes for TDFs

## Percent of Respondents



Respondents could select up to three answers.  
Source: AB Research, 2016

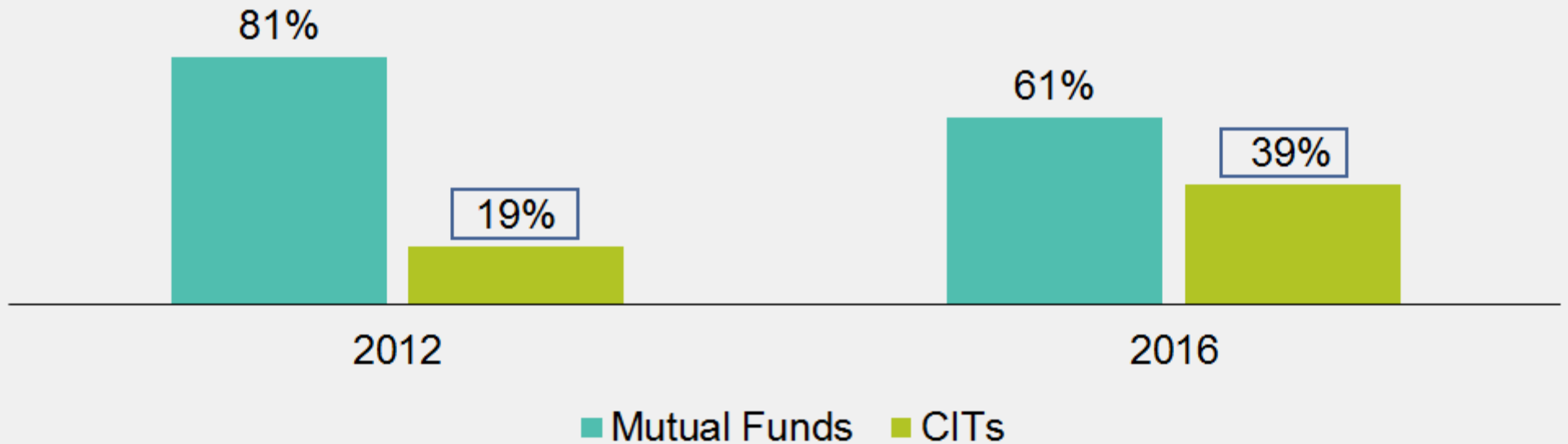


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# CITs Are Growing Fast in TDFs

## TDF CIT Assets Doubled in Last Few Years

**TDF Mutual Funds vs. CITs**  
(% of market share)



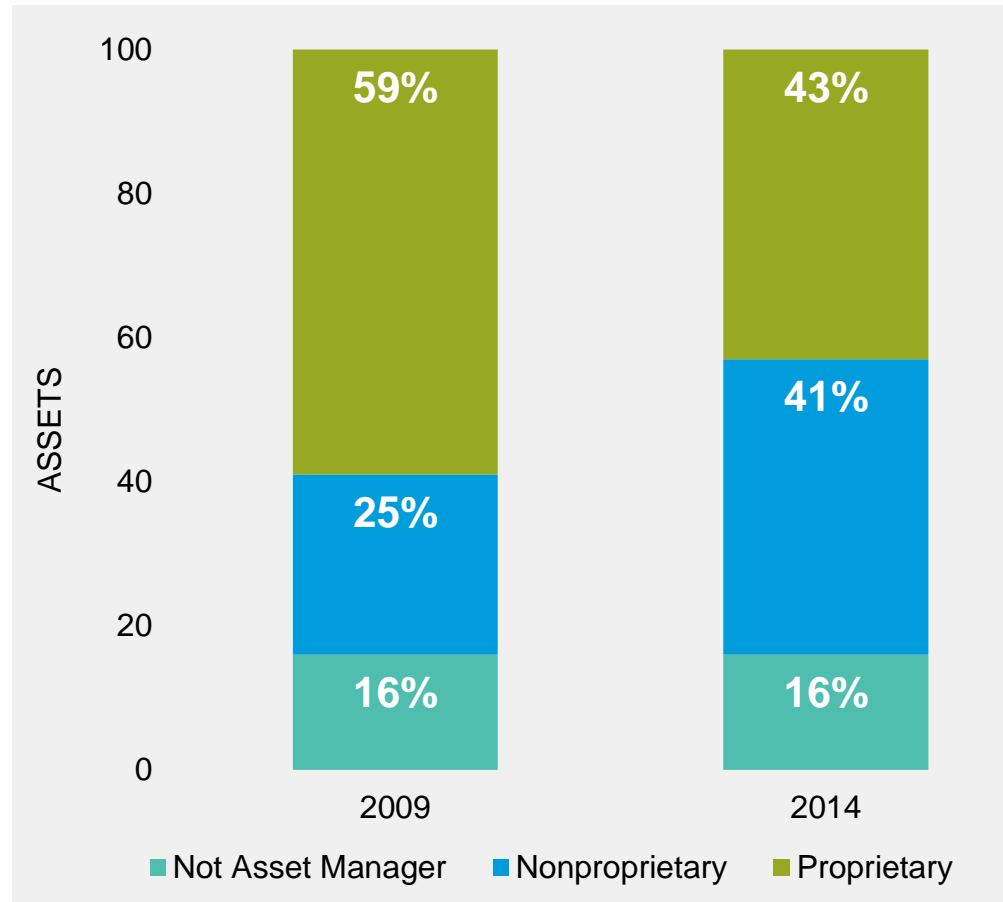
As of December 31, 2016  
Source: Morningstar Direct, Strategic Insight Simfund and AB Analysis



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# Proprietary TDFs Use Is Declining

## Recordkeeper TDF Assets (%)

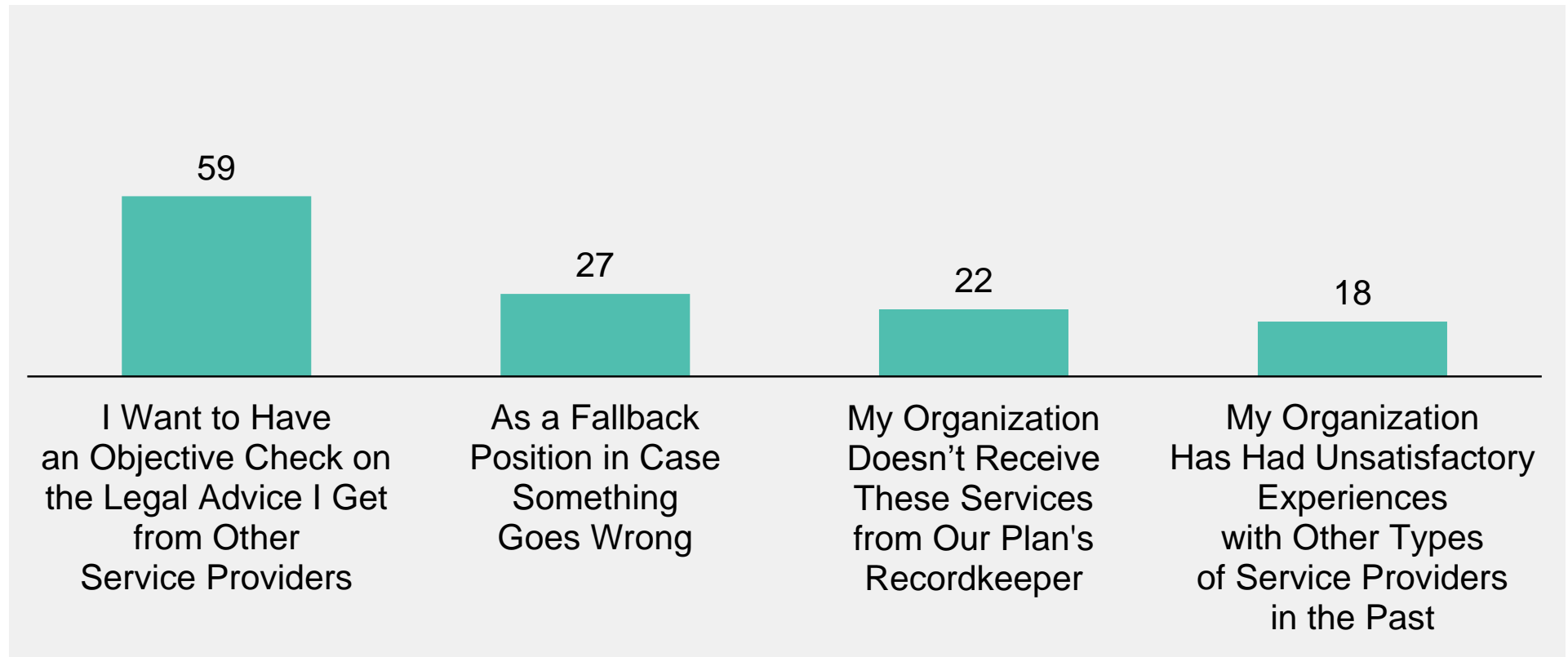


Source: BrightScope



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# Key Reasons for Using a Financial Advisor/Consultant

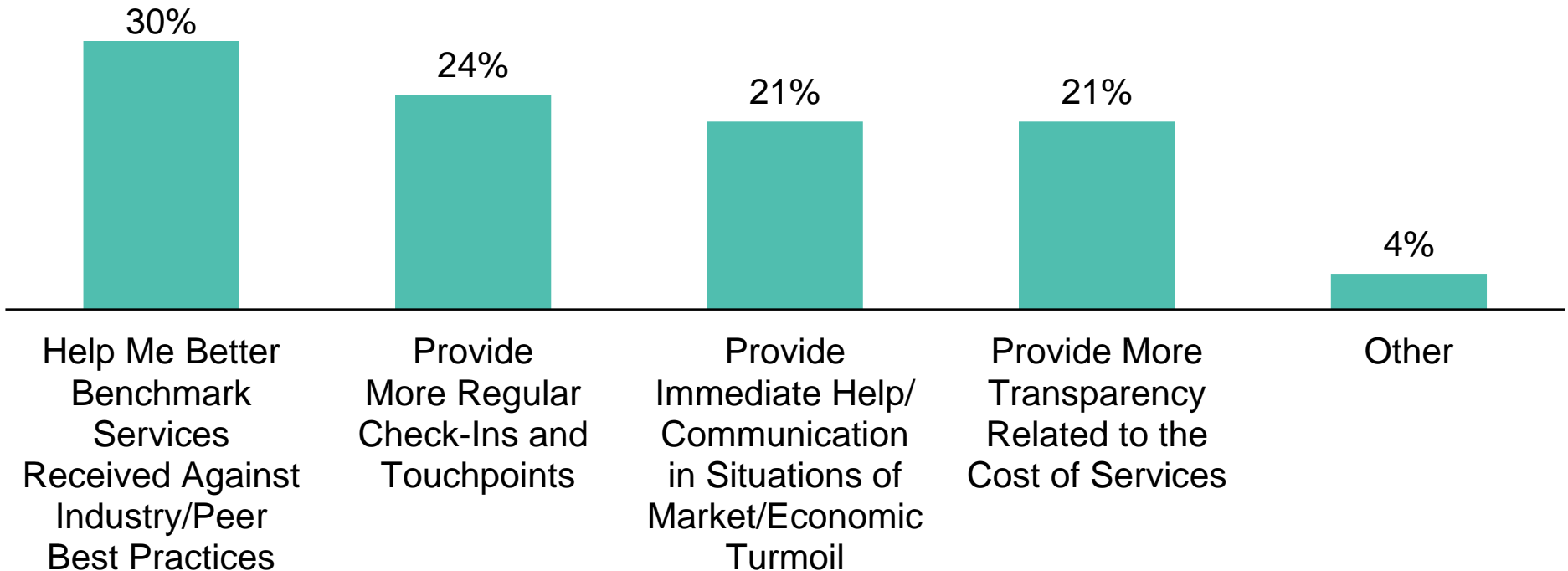


Micro to midsize plans  
Source: AB Research, 2016



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# How Can Advisors/Consultants Most Improve Their Investment/Fiduciary Services?

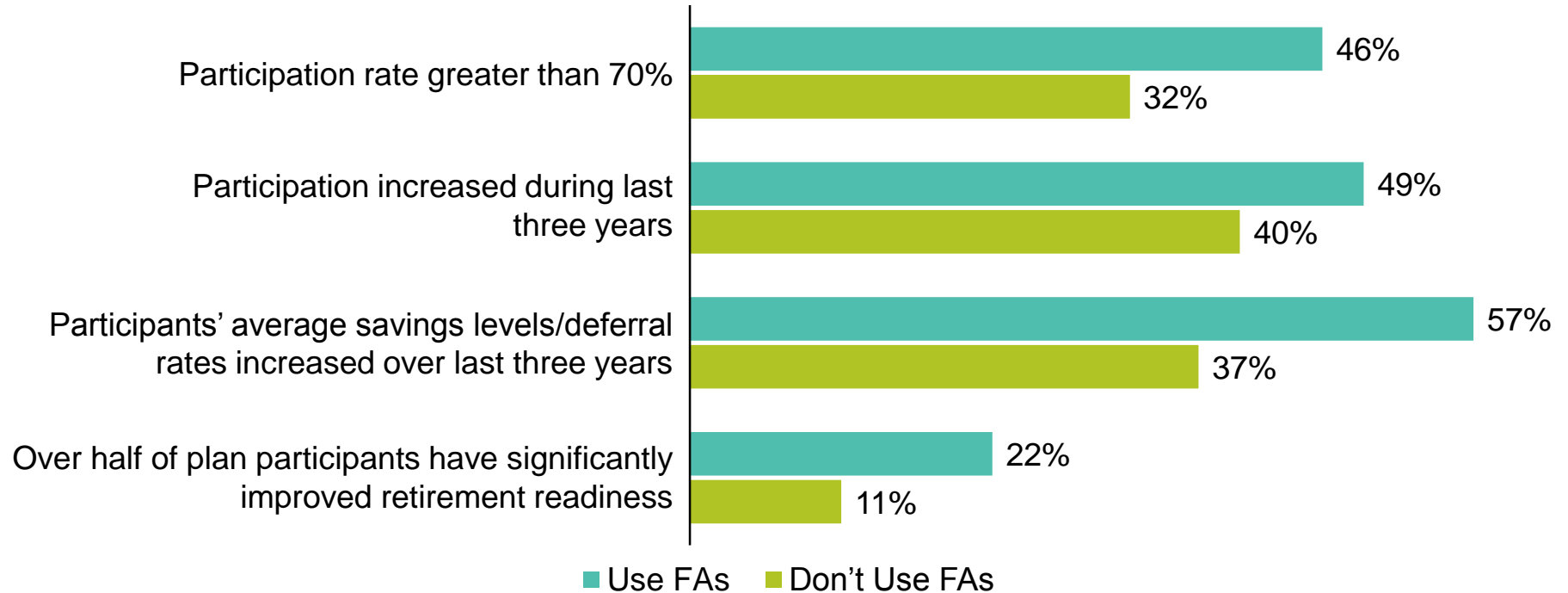


Source: AB Research, 2016



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# Using an Advisor Improves Plan Metrics



\* Among DC Plans with Less than US\$50 Million in Assets  
Source: AB Research, 2016



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# Help Your Clients Be Better Fiduciaries!

- + Help them understand they are fiduciaries
- + Explain the implications of DOL rule
- + Review default option
  - document selection process
  - document process for ongoing monitoring





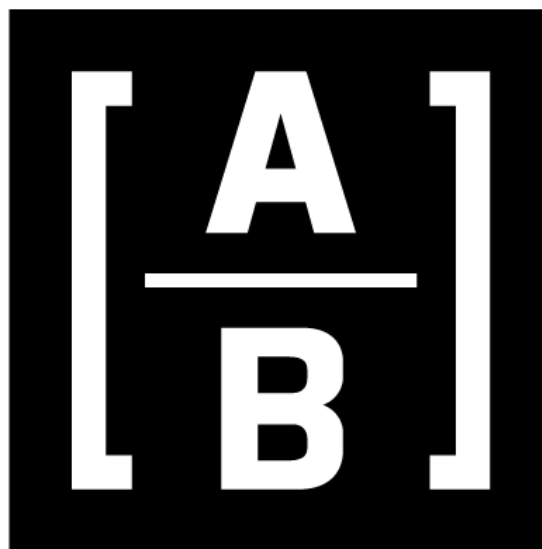
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