October 4, 2017

50 YEARS OF INVESTMENT MANAGEMENT & RESEARCH

WHO ARE YOU CALLING A FIDUCIARY?

DIFFERENTIATE YOURSELF—HELP YOUR CLIENTS

Jennifer DeLong Head—Defined Contribution, AB

The Noise

QDIA

Fiduciary Responsibility

Litigation

DOL Rule

Revenue Sharing Practices

408(b)(2) Fee Disclosure

BIC Exemption

ERISA 404(c)

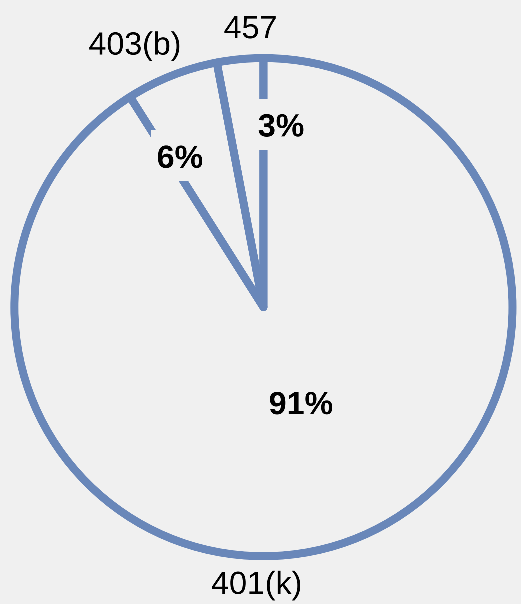
Inside the Minds of Plan Sponsors Research

Fifth Biennial Survey

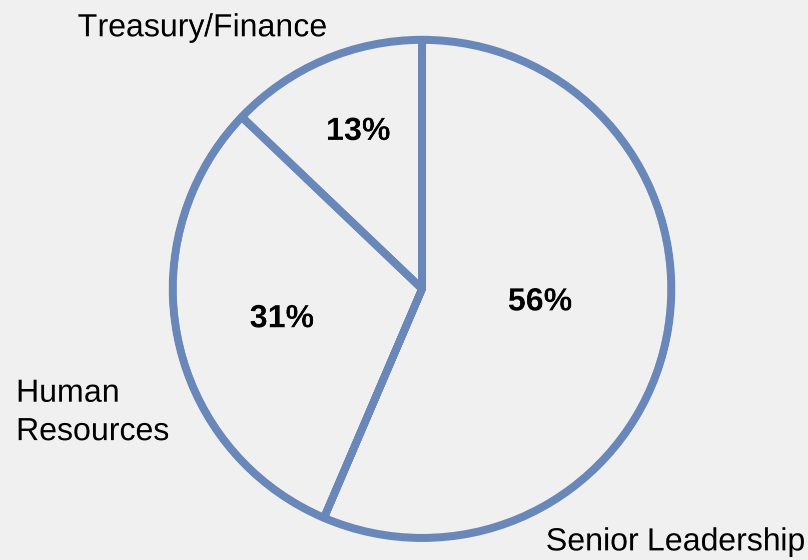
Segment	Plan Size
Micro	< $1 million
Small	$1 million–$10 million
Mid	$10 million–$50 million
Large	$50 million–$250 million
Institutional	$250 million–$500 million
	> $500 million

A Diverse Mix of Survey Respondents

Organization Type
(% of Total)



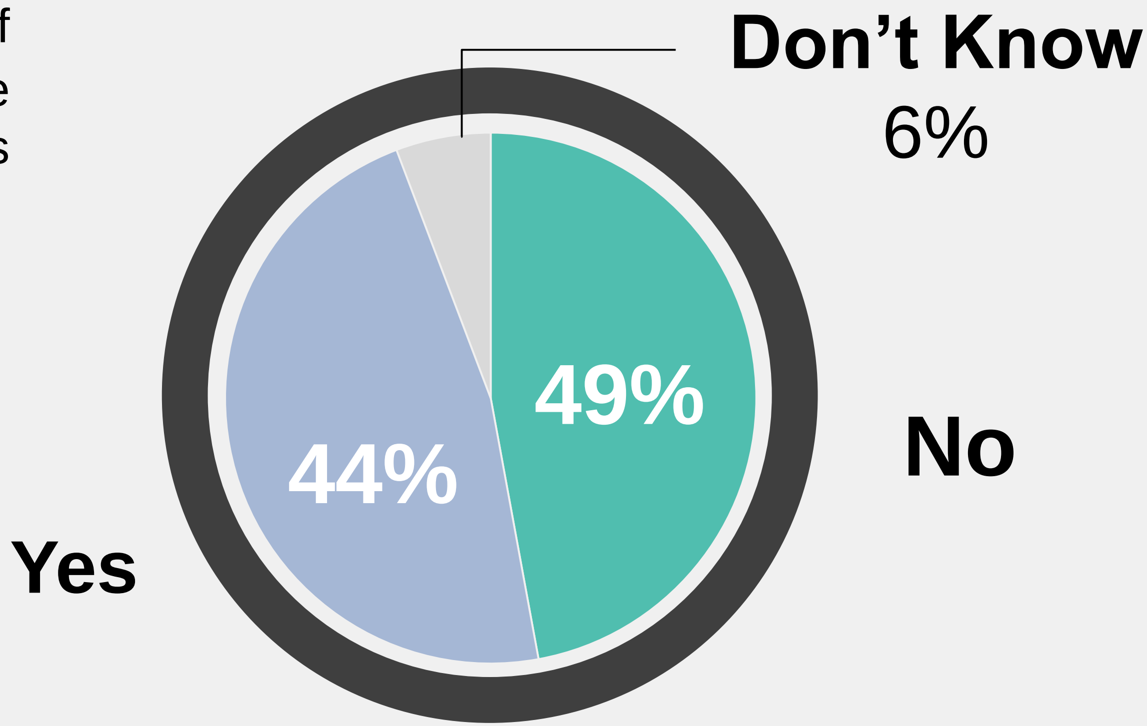
Respondent Role in Organization
% of Total*



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

Do You Consider Yourself, Personally, a Plan Fiduciary?

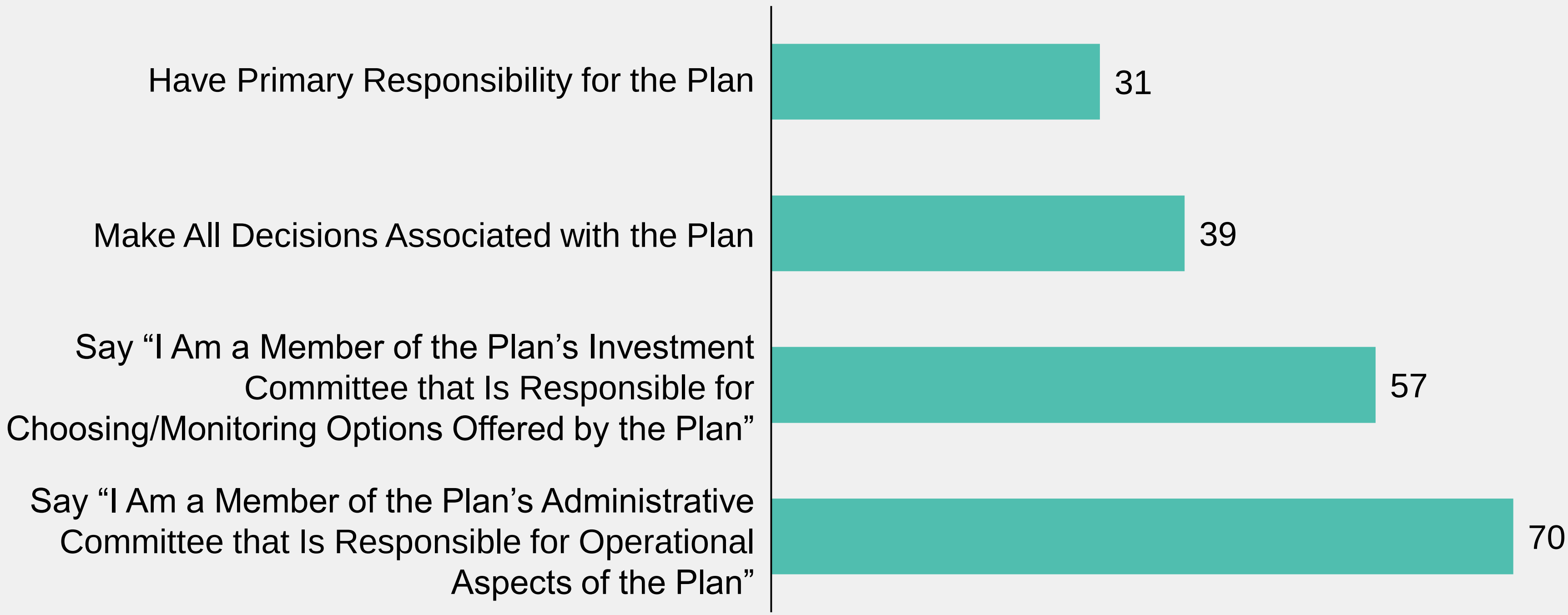
100% of Respondents Are Fiduciaries



As of 2016
Source: AB Research

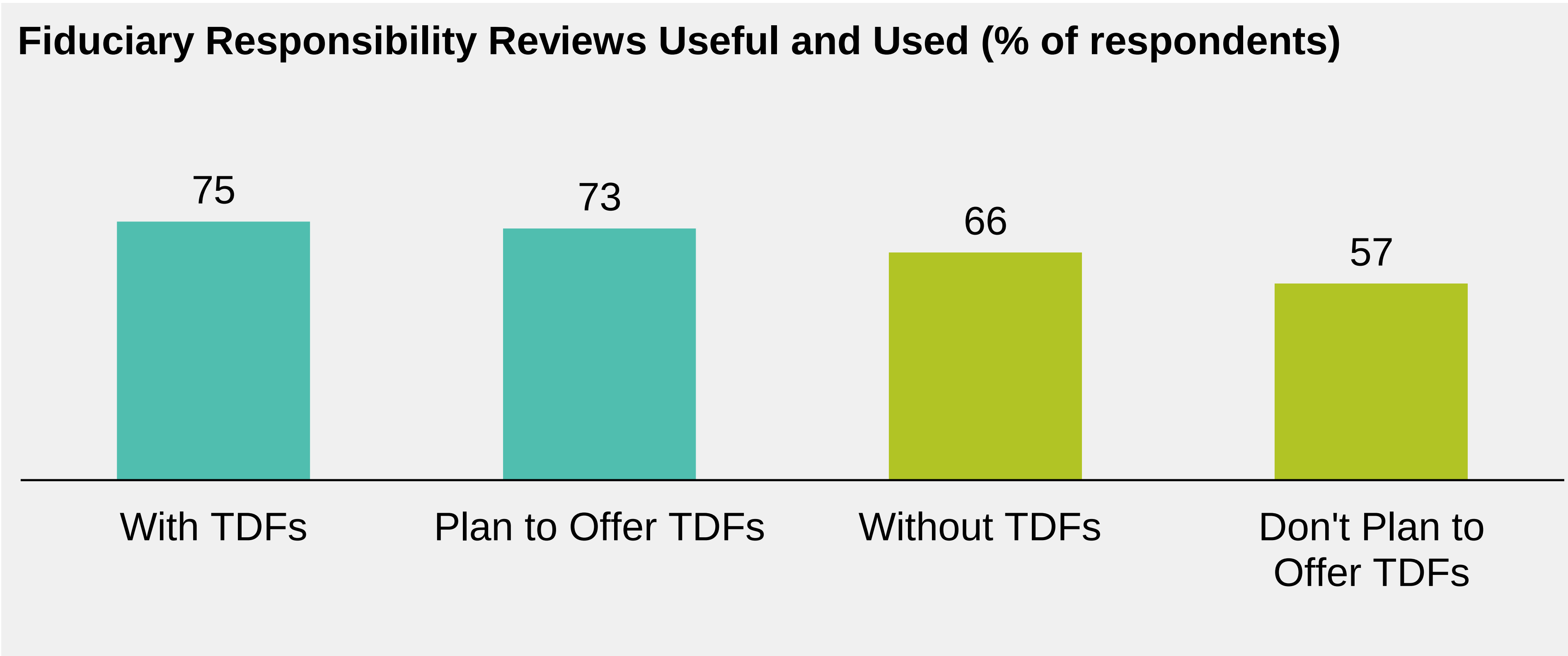
Those Who Do Not See Themselves as Fiduciaries

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



As of 2016
Source: AB Research

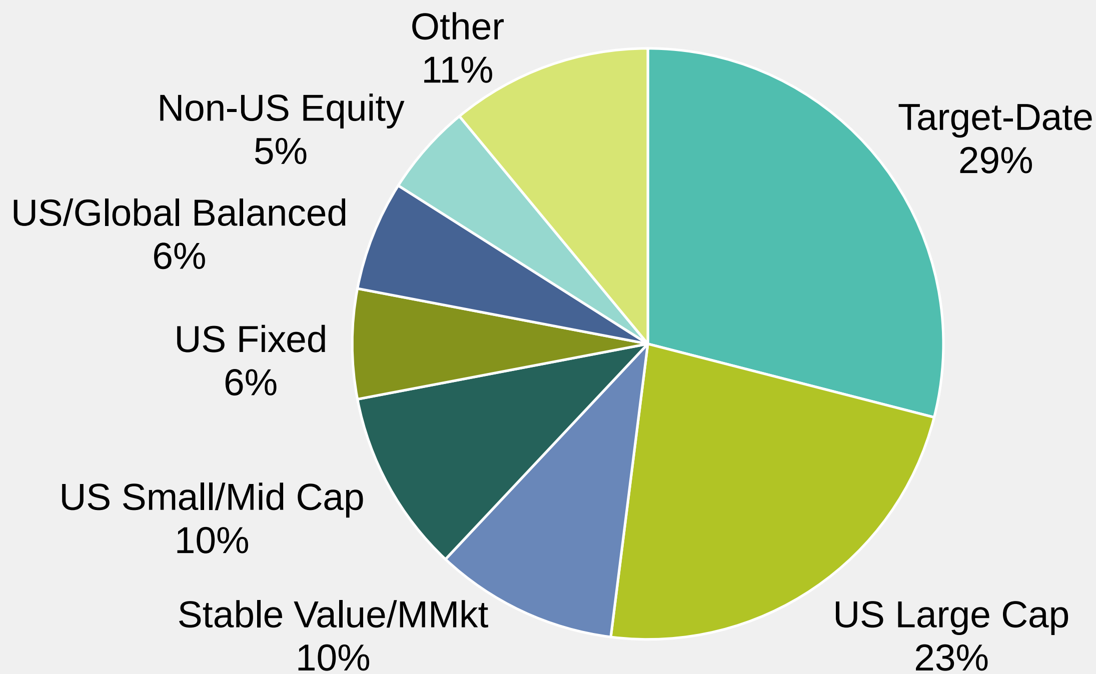
Plan Sponsors with TDFs Take Fiduciary Concerns More Seriously



Source: AB Research, 2016

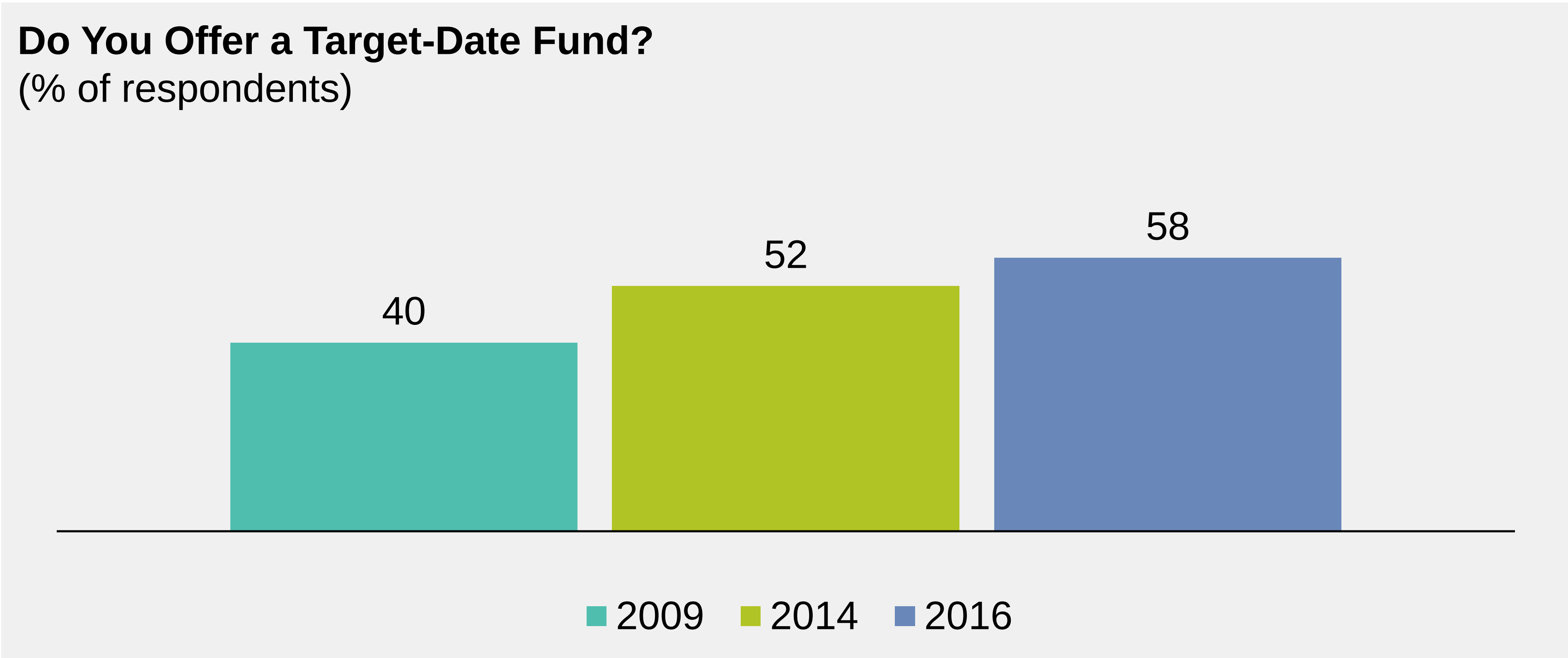
The QDIA: The Most Important Decision for a Plan Fiduciary

Average Large/Mega Plan Asset Allocation: 1Q 2017



Source: Callan DC Index

Significantly More Plans Offer TDFs Now



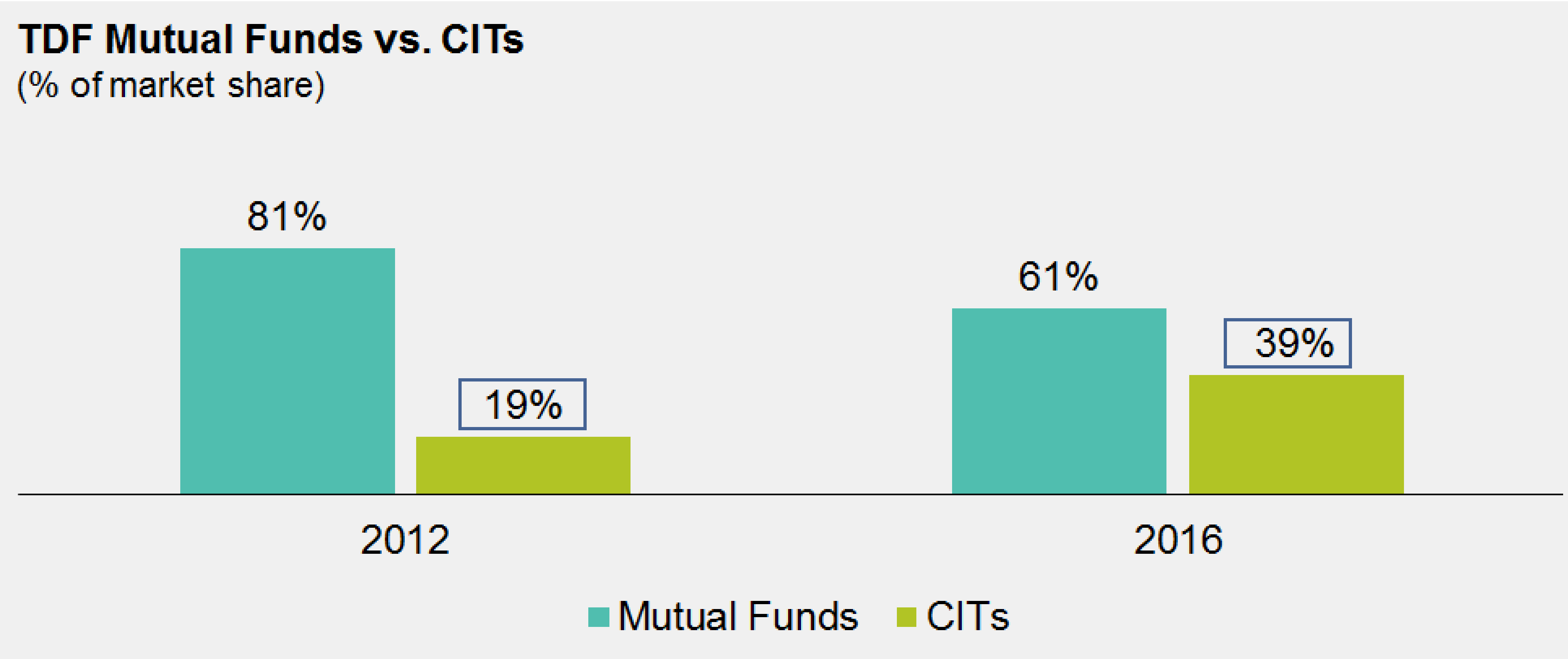
Source: AB Research, 2016

Most Important Attributes for TDFs

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

CITs Are Growing Fast in TDFs

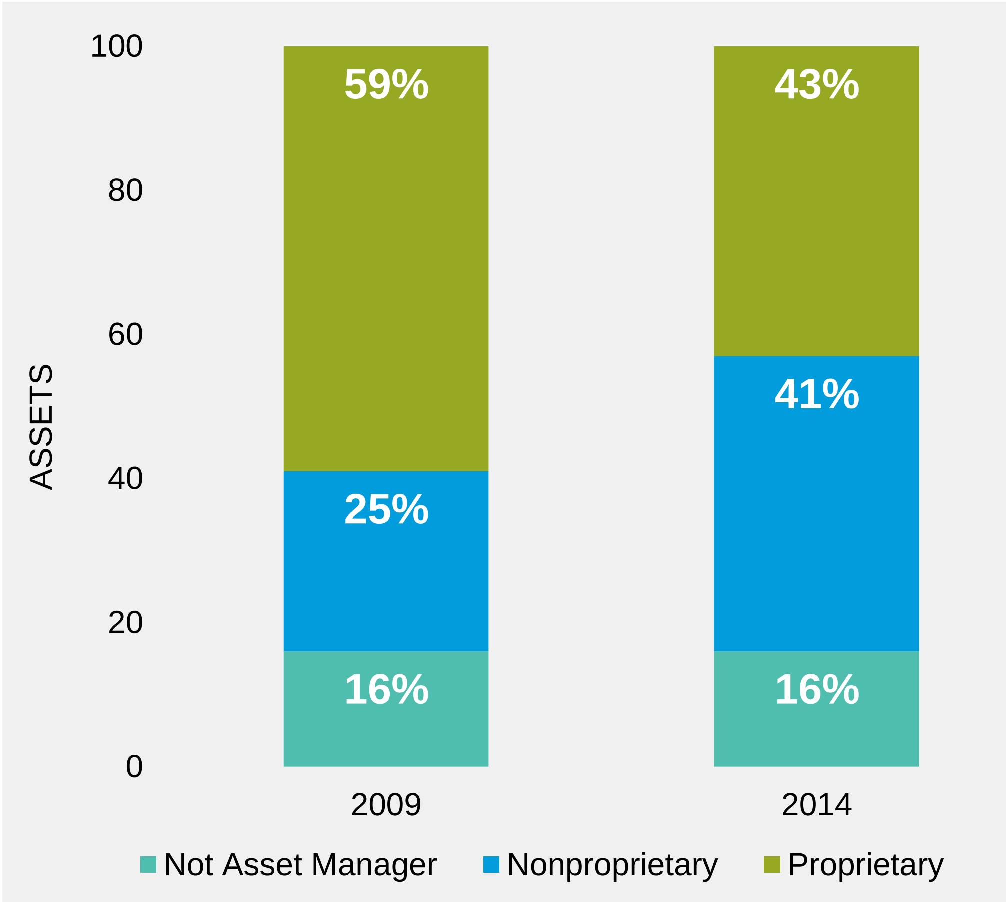
TDF CIT Assets Doubled in Last Few Years



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

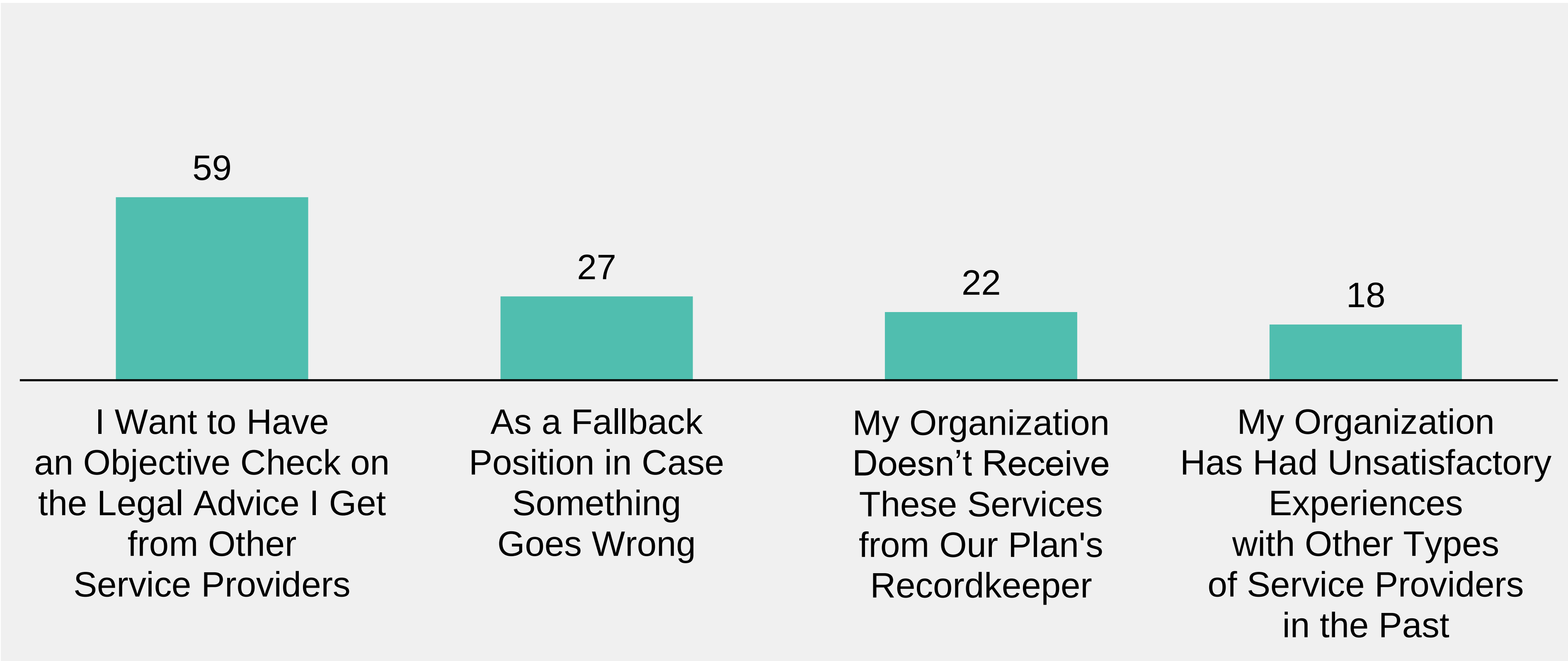
Proprietary TDFs Use Is Declining

Recordkeeper TDF Assets (%)



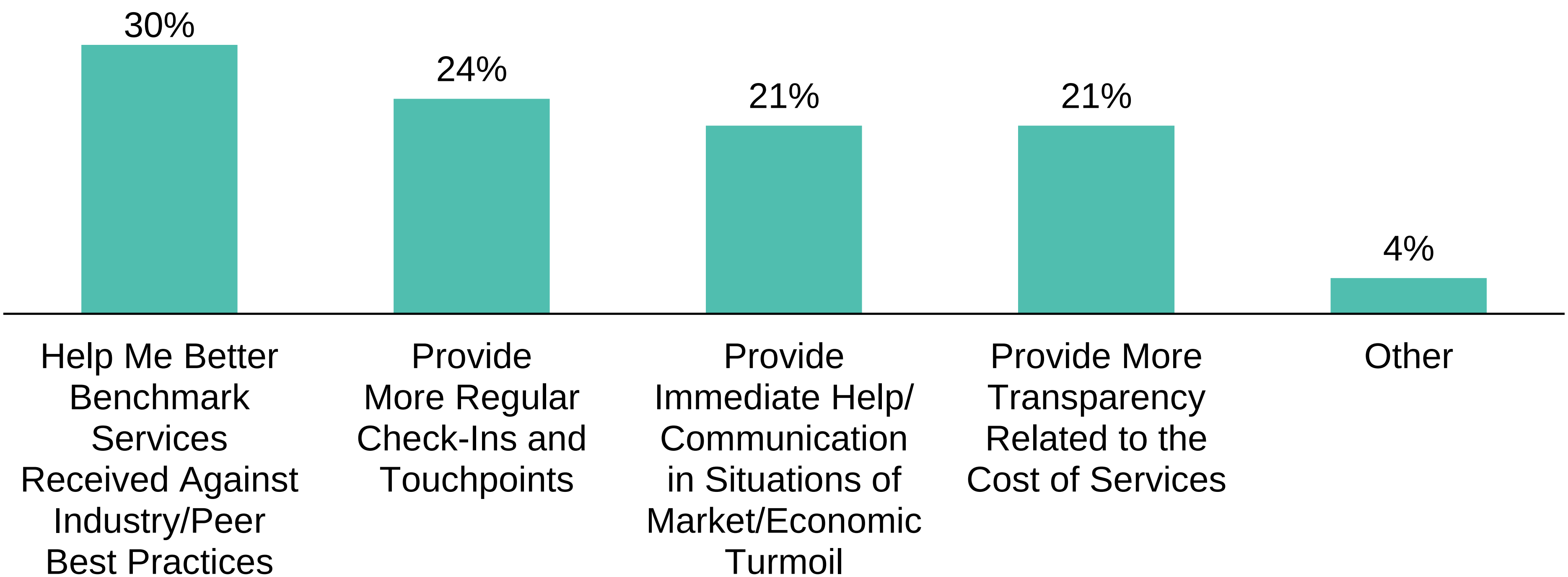
Source: BrightScope

Key Reasons for Using a Financial Advisor/Consultant



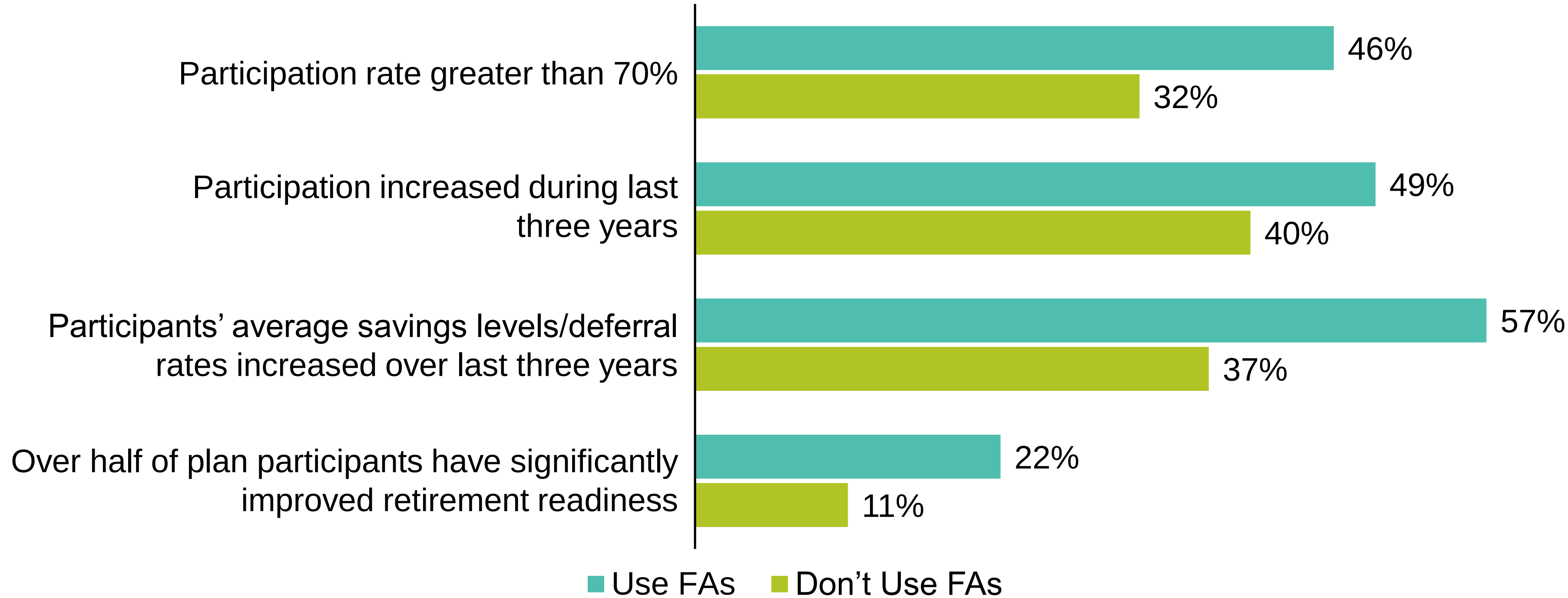
Micro to midsize plans
Source: AB Research, 2016

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



Source: AB Research, 2016

Using an Advisor Improves Plan Metrics



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

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

A Word About Risk

This material was created for informational purposes only. It is important to note that not all Financial Advisors are consultants or investment managers; consulting and investment management are advisory activities, not brokerage activities, and are governed by different securities laws and also by different firm procedures and guidelines. For some clients, only brokerage functions can be performed for a client, unless the client utilizes one or more advisory products. Further, Financial Advisors must follow their firm's internal policies and procedures with respect to certain activities (e.g., advisory, financial planning) or when dealing with certain types of clients (e.g., trusts, foundations). In addition, it is important to remember that any outside business activity including referral networks be conducted in accordance with your firm's policies and procedures.

Contact your branch manager and/or compliance department with any questions regarding your business practices, creating a value proposition or any other activities (including referral networks).

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