

The State of DCIO Distribution: 2022

Key Benchmarks, Developing Trends, Winners and Outlook

Overview

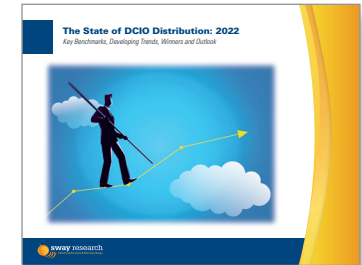
The latest edition of Sway's annual in-depth study of DCIO distribution finds DCIOs riding a surge in AUM (the result of strong equity markets) and experiencing improved net sales coming out of a brutal 2020. Based on surveys and interviews of DCIO sales leaders at 21 asset managers with \$1.8 trillion of DCIO AUM and 200 DC plan-focused advisors, this research is designed to provide DCIO sales leaders key business benchmarks—assets, gross and net sales, headcounts, spending, etc.—and insights, such as the impact of CITs on revenue, concerns about distributor M&A, the importance of product attributes in screening, and so on, to inform sound decisions.

Keys Areas Covered in the 2022 Report

- Impact of CITs on DCIO profits
- Impact of ESG and Managed Accounts on DCIO sales
- Impact of recordkeeper M&A on DCIO sales
- DCIO approach to the Target-Date market
- DCIO response to the growing “asks” of distributors and recordkeepers
- DCIO coverage of Managed Account providers
- DCIO Advisor segmentations
- DCIO use of third-party trust companies
- Plan Advisor Target-Date selection and presentation process
- Plan Advisor preferred investment attributes
- Plan Advisor expense and performance cut-offs (Top-20%, above/below median, etc.)
- Plan Advisor interest in PEPs
- Convergence of the retirement and wealth businesses at plan advisory firms

Key Benchmarks/Analysis

- DCIO assets and sales growth
- Share of gross DCIO sales across broad objectives
- Headcounts, changes to compensation formulas
- Sales and marketing budgets and allocations
- Plan Advisor best-in-class DCIO sales support and value-add
- Plan Advisor preferred managers across broad objectives



| Objective | Assets (\$B) | Sales (\$B) | Headcount |
|----------------|--------------|-------------|-----------|
| Target-Benefit | 1,200 | 150 | 150 |
| Target-Date | 800 | 100 | 100 |
| Other | 200 | 20 | 20 |



Sample pages.

Study Chapters:

1. Market-Sizing: Sales and Asset Trends
2. Investments: Vehicles and Pricing
3. Investments: Asset Growth, Sales, Most Sought After Attributes, and ESG
4. Investments: Active and Passive Management
5. Investments: QDIA and Target-Date
6. Investments: Plan Advisor Target-Date Selection/Recommendation Process
7. Distribution: Sales Budget, Staffing, Coverage, and Distributor M&A
8. Marketing: Budgets, Allocations, Value-adds and Distributor Asks
9. Leaderboard: Best-in-Class and Preferred Managers by Category
10. Outlook: Manager Priorities for DCIO Growth

Report Contents:

150 Pages, 100+ Exhibits

Price: \$10,000

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Methodology

Welcome to Sway Research’s annual in-depth study of DCIO distribution. The core of the findings in this report are the result of surveys and interviews of DCIO sales leaders and retirement plan-focused intermediaries. In addition, findings from previous Sway Research studies, and publicly available data, such as that from industry trade groups, are also included in the analysis. Following are details on the DCIO managers, intermediaries, and consultancies that form the core of this research.

DCIO Managers - Leaders of DCIO sales efforts at 21 asset management firms completed an in-depth survey on the following topics:

- DCIO assets and sales growth
- DCIO gross sales across asset classes
- Sales force benchmarks, including headcounts, changes in compensation, and territory goals
- Resource allocations, sales and marketing budgets, and the leveraging of other units
- Impact of CITs on DCIO profits
- Use and advantages of third-party trust companies
- Impact of ESG and Managed Accounts on DCIO sales
- Impact of recordkeeper M&A
- DCIOs approach to the Target-Date market
- DCIO responses to growing "asks" of distributors and recordkeepers
- Coverage of Managed Account providers and Plan Advisor segmentations

The respondent firms manage \$1.8 trillion of DCIO assets. To enhance the analysis, managers are segmented into the following tiers based on DCIO assets under management, sales and marketing budgets, and DCIO staff headcounts so that the groups are similar not only in terms of assets, but also in terms of the level of resources each commits to DCIO sales and marketing:

| Segment | Avg. DCIO AUM June 2021 | No. of Firms in Segment |
|------------|----------------------------|----------------------------|
| Tier 1A | \$417B | 3 |
| Tier 1B | \$70B | 4 |
| Tier 2 | \$25B | 7 |
| Tier 3 | \$12B | 7 |
| Overall | \$85B | 21 |
| T-D | \$178B | 8 |
| No/Low T-D | \$28B | 13 |

The survey was in the field between July 29 and September 17, 2021.

This year, we’ve also added cuts based on Target-Date status. T-D firms generate at least 15% of gross sales from proprietary T-D series. Most Non-T-D firms do not have prop. T-Ds. However, 3 firms in this segment do, but generate 5% or less of gross DCIO sales from them.

The 201 plan advisors that completed this year's online survey manage more than \$130B of DC assets. The Intermediaries must have at least \$10M of DC AUM and 10 plans on the books to take our survey. We call the more elite group Retirement/Benefits Consultants. These employer-benefits practices average \$1.2B of DC AUM/AUA and 103 plans. Our Retirement Advisor segment does not include “blind squirrels,” but features brokerage and RIA practices that have developed large DC businesses that account for 51% of their AUM and 42% of their revenue.

DC Plans, Assets, Revenue by Intermediary Type

Average by Segment

| Segment | No. of DC Plans Served | DC AUM/AUA (\$Mils) | Plan Size in \$Mils | % of Annual Revenue from DC | % of AUM/AUA in DC Plans |
|---------------------------------|------------------------|---------------------|---------------------|-----------------------------|--------------------------|
| Retirement/Benefits Consultants | 103 | \$1,165 | \$17 | 80% | 84% |
| Retirement Advisors | 38 | \$163 | \$4 | 42% | 51% |
| Overall | 69 | \$641 | \$10 | 61% | 67% |

The survey was in the field between July 13 and August 6, 2021.

Sampling of Retirement/Benefits Consultants surveyed in 2021: CAPTRUST, CBIZ, CFS Investment Advisory Services, Gateway Retirement Consulting, Gordon Asset Management, LLC, Martin Retirement Services, Inc., OneDigital, Oswald Financial, PFE, Precept Advisory Group, QP Consulting, Raymond James, RBG, SageView Advisory Group, Sikich Financial, Soltis Investment Advisors, Strategic Retirement Partners, The Prizant Group, Ltd.

Sampling of Retirement Advisors surveyed in 2021: Backe Page Group, Beltz Ianni & Associates, CLA Wealth Advisors, LLC, Compass Retirement Plan Specialists, LLC, Eldridge Investment Advisors, Eminent Wealth Strategies, Investors Asset Management, Levine Group, LPL Financial, Merrill Lynch, Planning Concepts, RPS Retirement Plan Advisors, Stifel Nicolaus, Summit Group Retirement Planners, Inc., The Forney Group