

The State of DCIO Distribution: 2023

Key Benchmarks, Developing Trends, Winners and Outlook

Overview

The latest edition of Sway's annual in-depth study of DCIO distribution finds DCIOs supporting plan advisors and sponsors through a tumultuous environment for stocks and bonds that has wiped out trillions from participant balances and negatively impacted asset management revenues. Based on surveys and interviews of DCIO sales leaders at 21 asset managers with \$3 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 to enhance the development and marketing of CITs, ESG offerings, Target-Date series and retirement income solutions.



Study Chapters:

1. Market-Sizing: Sales and Asset Trends
2. Investments: Vehicles and Pricing
3. Investments: DCIO Assets and Sales Across Categories, ESG Views and Metrics
4. Investments: Active and Passive Management
5. Investments: QDIA and Target-Date
6. Investments: Retirement Income
7. Sales Force Budget, Staffing, Compensation, and Focus
8. Marketing: Budgets, Allocations, 2023 Expectations, & Partnership Programs
9. Leaderboard: Best-in-Class and Preferred Managers by Category
10. Outlook: Manager Priorities for DCIO Growth

Report Contents:

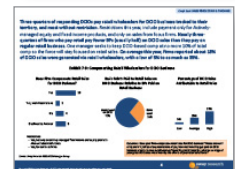
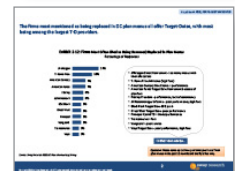
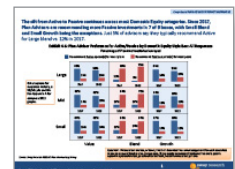
160 Pages, 120 Exhibits

Keys Areas Covered in the 2023 Report

- Participation in partnership programs
- Digital advertising
- Compensating retail sales for DCIO and CIT business
- Retirement income strategies
- CIT Challenges
- Effect on DCIO sales of 3(21), 3(38), QDIA (Non-Prop), AMAs, MEPS/PEPs
- Impact of the expected revenue decline given falling markets
- ESG methods, sales, and demand by vehicle type
- Plan advisor concerns about ESG, DEI, and performance
- Plan advisor preferences for in-plan income solutions
- DCIO and plan advisor views on Bitcoin in DC

Key Benchmarks/Analysis

- DCIO assets and sales growth
- DCIO gross sales across core asset classes
- Sales force headcounts
- Sales force compensation averages and 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



Sample pages.

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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
- ESG methods, sales, and demand by vehicle type
- Participation in partnership programs
- Digital advertising
- Compensating retail sales for CIT business
- Retirement income strategies
- CIT challenges
- Effect on sales of 3(21), 3(38), QDIA (Non-Prop), AMAs, MEPs/PEPs

The respondent firms manage over \$3 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 2022	No. of Firms in Segment
Tier 1A	\$325B	5
Tier 1B	\$53B	5
Tier 2	\$20B	5
Tier 3	\$10B	6
Overall	\$90B	21
T-D	\$177B	10
No/Low T-D	\$26B	11

The survey was in the field between July 27 and September 16, 2022.

Target-Date (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, two firms in this segment do have T-Ds this year, but these firms generate 5% or less of gross DCIO sales from them.

The 202 plan advisors that completed this year's online survey manage \$125B 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 \$1.1B of DC AUM/AUA and 125 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 48% of AUM and 40% of revenue.

DC Plans, Assets, Revenue by Intermediary Type

Average by Segment

Segment	No. of DC Plans Serviced	DC AUM/AUA (\$Mils)	Avg. Plan Size in \$Mils	% of Annual Revenue from DC	% of AUM/AUA in DC Plans
Retirement/Benefits Consultants	125	\$1,071	\$17	83%	85%
Retirement Advisors	46	\$203	\$6	40%	48%
Overall	84	\$624	\$12	61%	66%

The survey was in the field between June 30 and July 13, 2022.

Sampling of Retirement/Benefits Consultants surveyed in 2022: 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 2022: Acropolis Investment Management, Beltz Ianni & Associates, Compass RPS LLC, Eldridge Investment Advisors, Eminent Wealth Strategies, The Greenage Group, Investors Asset Management, JRF Asset Advisors, Levine Group, LPL Financial, Merrill Lynch, Morgan Stanley, NovaPoint Group, Planning Concepts, Raymond James, Redstone Advisors, Stifel Nicolaus, Summit Group Retirement Planners, Inc., VALIC Financial Advisors, Whitehouse Wealth