



WHAT DO RETIREMENT PLAN SPONSORS LOOK FOR IN AN ADVISOR?

Financial Advisor Magazine
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August 17, 2011

The criteria most important to clients when evaluating advisors for their company retirement plans surprised researchers--and may surprise you.

Despite the many changes taking place in regulations for fiduciary responsibilities, retirement plan sponsors, as of now, rate fiduciary services low on their list of things they consider when engaging a retirement plan provider.

The results of a Cogent Research study surprises the researchers, given the many new rules that have recently been made or will be made regarding fiduciaries, says Linda York, senior product director and author of Retirement Planscape 2011 by Cogent.

Fiduciary support services were ranked 12th in importance by plan sponsors for reasons to select a provider. Smaller, or micro plan sponsors with less than \$5 million in assets, ranked it even lower, with only 9% saying it was of prime importance.

Instead, plan sponsors looked for recommendations of financial advisors and ease of doing business as reasons for selecting a provider, says York.

The retirement plan survey is done each year but this particular data has not been gathered before. York says fiduciary support may become more important as regulations change and next year's study results will provide a comparison. The study looks at 36 of the leading plan providers and surveys representatives of 1,600 defined contribution plan sponsors of all sizes.

The survey also shows plan providers have not done a good job of convincing sponsors that they have strong fiduciary support services available, York says. In fact, smaller plan providers like Ascensus, Principal and The Standard have done a better job of associating

their name with strong fiduciary support, with 25% to 33% of sponsors feeling these companies have a good reputation in that area. These companies matched or outpaced some of the larger providers.

“Plan providers have an opportunity to educate plan sponsor in the smaller end of the market about the scope of regulatory changes, as well as to differentiate themselves by demonstrating their expertise in the area of fiduciary support,” says York.

“Plan sponsors in this space have less appreciation for fiduciary support services, not because the services are less important, but because they don’t yet fully grasp the impact these regulatory changes could have on their role as a plan sponsors, “ she adds. “We do think there is a strong possibility plan sponsors will start looking at fiduciary support services as more important in the future.”