



Elite Group of Advisors Driving 401(k) Business

Cambridge, Mass., (November 30, 2011) – While just over half (52%) of the estimated 315,000 retail investment advisors in the United States currently support at least one 401(k) plan, only 7% of advisors are Heavy plan producers with \$25 million or more in 401(k) AUM. This elite group supports almost as many plans as all other 401(k) producers combined. These and other findings are included in the new [2011 Retirement Plan Advisor Trends™](#) report which was released last week by [Cogent Research](#). The report is based on a nationally representative survey of 523 DC plan producers with a minimum of 5% of total AUM invested in 401(k) plans.

On average, Heavy producers support 30 plans, compared to an average of 11 among Moderate producers (\$5-<\$25 million 401(k) AUM) and five among Light producers (<\$5 million 401(k) AUM). However, what distinguishes Heavy 401(k) producers from other advisors is not simply the number of plans they support, but the size of these plans as well. The average plan size for Heavy producers is \$4.2 million, compared to \$1 million for Light producers and \$3 million for Moderate producers. The typical Heavy producers' book of business includes between five and six plans with assets of at least \$5 million, and one or two of these are likely to have assets exceeding \$20 million. "There is no doubt that Heavy 401(k) producers are more successfully targeting larger plans," says Cogent Principal John Meunier. "As a result, these advisors compete with retirement plan consultants for the upper tier of their business. However, more than two thirds of plans they support have less than \$5 million in plan assets, so the lion's share of Heavy producers' competition is still coming from other retail advisors."

Cogent found the highest concentration of Heavy 401(k) producers within the RIA channel where 39% of advisors who sell 401(k) plans report \$25 million or more in 401(k) plan assets. The result is an average 401(k) AUM of \$76 million for all RIA plan producers, four times the average 401(k) AUM at \$19 million for plan producers overall. The second highest

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concentration of Heavy producers can be found within the National Wirehouse channel where one in five (18%) plan advisors control \$25 million or more in 401(k) plan assets. The proportion of Heavy 401(k) producers in the Regional and Independent channels is 8% and 10% respectively.

In terms of expected growth, Light and Moderate producers on average expect to add about three plans over the next year, while Heavy producers on average plan on adding twice as many, or about six plans over the next year.

“What is interesting when we dig into these numbers,” says Meunier, “is the fact that non-RIA channel producers are predicting much higher growth rates next year. To me, this suggests that the advisor-as-retirement-specialist model is spreading and swiftly being adopted across all advisor channels.”

401(k) AUM BY PRODUCER LEVEL

		Total	National	Regional	Independent	RIA	MEAN 401(K) AUM
HEAVY	\$50M or more	8%	8%	2%	5%	33%	
	\$25M - <\$50M	6%	10%	6%	5%	6%	\$100M
MODERATE	\$5M - <\$25M	38%	52%	32%	32%	32%	\$11M
LIGHT	\$2.5M - <\$5M	19%	15%	25%	20%	15%	
	<\$2.5M	29%	15%	35%	38%	14%	\$2M
	MEAN 401(k) AUM	\$19M	\$22M	\$9M	\$11M	\$76M	

BASE=Advisors with 5%+ AUM in 401(k) Plans

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