



Regulatory Changes offer Differentiation Opportunity for DC Plan Providers

Cambridge, Mass., (July 12, 2011) – Although regulatory changes to fiduciary responsibilities and disclosures loom on the horizon, plan sponsors of all sizes say that strong fiduciary support services falls low on the list of factors that influence their choice of plan providers. While concerning, this lack of focus is a blessing for most plan providers who have yet to convince plan sponsors that they provide strong fiduciary support services. This and many other findings are addressed in Retirement Planscape™ 2011, a new study by Cogent Research, based upon a representative survey of 1,600 DC Plan Sponsors across all plan sizes and industries.

When asked which factors influence their choice of plan providers, fiduciary support services is ranked 12th overall, being lowest among Micro plans (those who oversee plans with less than \$5 million in assets) where only 9% say it matters.

In terms of which companies have done a good job associating their brand with providing strong fiduciary support services among micro plan sponsors, firms like Ascensus (33%), Principal (30%), and The Standard (25%) match, or in some cases even outpace, dominant players like Vanguard, T. Rowe, and even Fidelity. However, it is worth noting that no one provider is seen as being strong in this area among a majority of micro plan sponsors.

“Plan providers have an opportunity to educate plan sponsors in the smaller end of the market about the scope of the regulatory changes, as well as to differentiate themselves by demonstrating their expertise in the area of fiduciary support,” says Linda York, Senior Product Director at Cogent Research. “Plan sponsors in this space have less appreciation for fiduciary support services, not because these 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 sponsor,” she added.

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In the coveted Mega market (\$500 million or more), a different set of providers emerges as being strong on fiduciary support services, including industry leaders Vanguard (51%) and Fidelity Investments (47%) which far outpace all other providers. T. Rowe Price (31%), Hewitt (27%) and Charles Schwab (25%) – although somewhat far behind – make very good showings in the area as well. Beyond those five plan providers, no one provider garners more than a 20% share in the Mega market.

“Plan sponsors in the Mega market are already sensitive to fiduciary issues and have more sophisticated needs. Brands who are not already seen as being strong in fiduciary support among Mega plan sponsors will be hard-pressed to make up ground and differentiate themselves in the minds of these well-informed decision makers,” said Linda York.

About Cogent Research

Cogent Research helps clients gain clarity, obtain perspective, and formulate direction on critical business issues. Founded in 1996, Cogent provides custom research, syndicated research products, and evidence-based consulting to leading organizations in the financial services, life sciences, and consumer goods industries. Through quality research, advanced analytics, and deep industry knowledge, Cogent Research delivers data-driven solutions and strategies that enable clients to better understand customers, define products, and shape market opportunities in order to increase revenues and grow the value of their products and brands.

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