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*Strategies from leading retirement plan advisors*

# next advisor

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**Brendan McCarthy**
Head of Retirement Investing, Nuveen

*Welcome to our latest issue of nextAdvisor, Nuveen's publication designed to help retirement plan advisors like you gain perspective on the evolving defined contribution landscape to grow your practice.*

Our community of advisors continues to go from strength to strength. This year we were the exclusive bootcamp sponsor of the newly launched Retirement Income for 401(k) Plans™ certificate, which saw over 200 advisors attending at the 2024 NAPA Summit, while we also had over 85 attendees at our breakfast workshop discussing lifetime income. We also had 20 advisors attend our Leaders in Lifetime Income Summit in New York, and we are full steam ahead planning our west coast summit in December where we expect to sit down with 25 advisors from the west and south west. The conversations we've had, the progress we've made on driving lifetime income solutions, and the work we've achieved together to generate better outcomes for participants have been significant.

In our second edition of *nextAdvisor* we have continued to speak with some of the most engaging and smart advisors I know, diving into the issues around some of the most pressing themes facing the retirement industry in America. We also dive into practice management and how advisors can drive their presence and also become thought leaders in their own right. Our topics include:

- **Lifetime income: from skepticism to adoption** — Despite growing interest, there remains healthy skepticism and hesitation among some advisors and plan sponsors around lifetime income solutions, due to the perceived novelty and potential costs of these products. We spoke to advisors on these concerns and what can be done to alleviate them.
- **ERISA at 50** — The impact of ERISA is hard to overestimate, but retirement is never standing still. In this article we look back at both ERISA and the PPA, while also seeing what might be coming next for the retirement advice industry.
- **Elevating your practice with social media** — Social media isn't going away, and its use is becoming almost mandatory for advisors. In this article we spoke to two advisors driving social media use and adoption, discussing best practices, balancing the personal and professional, and how to tailor content for each audience.
- **Partner corner** — Jeff Cullen, CEO and Co-founder of Strategic Retirement Partners, is a long-time friend and colleague of mine. I wanted to talk to him about his background, the changes we've seen in this industry throughout our careers, and our shared enthusiasm for embedding lifetime income within the QDIA.

We hope you enjoy this edition of *nextAdvisor* and that you find it to be a valuable resource for your business. I hope to see everyone at an event soon.

**Brendan McCarthy**

*P.S. Have an idea for an upcoming edition? Please email us at retirement@nuveen.com.*

# ERISA at 50

**KEY TAKEAWAYS**

1. Both ERISA and the PPA have had a lasting impact on the retirement industry, driving massive changes for plan sponsors and participants.
2. Trends in lifetime income, as well as technologies, such as artificial intelligence (AI) and robo-advisory services, are worth watching.
3. Advisors entering the industry should specialize, rather than become generalists, as advisors are best served by knowing their specific target audience.

# The evolution of retirement advisory

There has been a multitude of milestone changes to the retirement landscape over the last 50 years — from ERISA, celebrating its 50th birthday this year, to the Pension Protection Act of 2006 (PPA), now 18 years old, and more recent legislative achievements such as the SECURE Acts 1.0 and 2.0. Alongside these shifts, we've seen a host of significant technological and product advancements.

To gain insights into these changes and what the future may hold, we spoke to three advisors: Apryl Pope, co-founder of Retirement Plan Partners, LLP, Eric Hansen, principal at Hartmann-Astor Investment Consulting, and Michael Morris, managing director at Pensionmark.

***"Even though we are living in the world of SECURE Acts 1.0 and 2.0, nothing has had as much of an effect as ERISA. It laid the whole groundwork that led to the rise of defined contribution (DC) plans. ERISA brought fiduciary standards, protection for participants by ensuring plan sponsors act in their participants' best interests, and the establishment of the Pension Benefit Guaranty Corporation. I love SECURE Acts 1.0 and 2.0, but ERISA definitely takes the cake."***

— **Apryl Pope**
Co-founder, Retirement Plan Partners, LLP

"Even though we are living in the world of SECURE Acts 1.0 and 2.0, nothing has had as much of an effect as ERISA. It laid the whole groundwork that led to the rise of defined contribution (DC) plans," says Apryl. "ERISA brought fiduciary standards, protection for participants by ensuring plan sponsors act in their participants' best interests, and the establishment of the Pension Benefit Guaranty Corporation. I love SECURE Acts 1.0 and 2.0, but ERISA definitely takes the cake."

Eric views the impact of legislation through a slightly different lens: "I think the PPA was one of the most impactful changes because it introduced and encouraged the use of automatic enrollment and auto-escalation features. These changes were aimed at increasing participation rates and savings by making it easier for employees to join. The PPA also simplified investment choices through target date funds and allowed for lifetime income options within plans, which are just peeking their head over the horizon."

For Mike the pronounced shift from defined benefit (DB) to DC has been the most profound, saying, "that shift has moved responsibility from the employers to participants. And that has had benefits, like portability, and downsides, such as for those individuals who aren't as well versed in financial management it can lead to inefficiencies, and not having enough saved for retirement."

Despite the legislative side of things being relatively settled, change remains constant. According to Apryl, "Best practices are always evolving. Working with a company that has hundreds of employees that has to use video and technology to communicate to the majority of employees will always be a challenge, and we have to remain focused on providing the best service to the greatest number of people."

## The double-edged sword of retirement plan compliance

One element of advisory practice that does not seem to be going away is the constant threat of litigation. While it can be a headache, advisors see litigation as a double-edged sword. For Eric, the possibility of legal action can be a positive force, as the stick of legal action incentivizes activity that can improve outcomes for participants. "Litigation can make companies aware that they are not acting in the best interest of participants. Lawsuits can get them to stand up and notice. Even a quarter basis point in cost savings over time can be extremely impactful to a participant's financial outcome, so if a lawsuit shifts that cost basis, then that is a positive outcome. However, the current focus on plan forfeitures has less merit, in my opinion, and I believe it will self-correct as firms fail to win those."

Apryl, however, sees litigation as a challenge to innovation. "Lawsuits increase costs for plan sponsors, and they are rightfully nervous about that. If they are thinking about trying something new, they move more slowly than they otherwise might have simply due to that risk of litigation. But lawsuits aren't going away."

The other side of this, as Mike sees it, is that it has changed the relationship between participant and plan sponsor: "It can create an adversarial atmosphere between employers and employees. Everyone is happy when the market is up, but I remember around 2000 when the market fell there were billboards out saying 'Have you lost money in your 401k plan?' and opportunistic lawyers will take advantage of that."

Another emerging trend involves individual U.S. states taking a more active approach to setting retirement policy. While ERISA contains a preeminence clause, states are taking steps to build retirement plan mandates and protections for workers. This is a complex issue, but anything that adds complexity to the retirement landscape is going to make it more difficult for companies to set their benefits policies. As Apryl notes, "It makes me a little nervous because employers could be discouraged by the different regulatory regimes in the states they operate in. It quickly becomes too much to manage. My fear is they'll simply disengage instead."

Eric agrees, adding, "A shift in control to the states would add to an already complex regulatory environment for companies doing business in multiple states. It would be a nightmare. ERISA brought uniformity to the retirement landscape in the U.S., and we should protect that."

***"A shift in control to the states would add to an already complex regulatory environment for companies doing business in multiple states. It would be a nightmare. ERISA brought uniformity to the retirement landscape in the U.S., and we should protect that."***

— **Eric Hansen**
Principal and Founder, Hartmann-Astor Investment Consulting

## The future of retirement planning and technology

Predicting the future of retirement planning and advisory best practices is always challenging, but certain trends seems likely to continue. Within the retirement industry, the growing trend of in-plan guaranteed lifetime income products looks set to persist. Eric observes, “It’s really solving the issue of providing paychecks in retirement. The challenge isn’t with the products themselves — they’ve existed for years in the form of annuities. But with these new institutional solutions for the DC space, we, as advisors, now have the tools to assist participants and do the right thing for them.”

On a broader scale, macro trends in technology, such as artificial intelligence (AI) and robo-advisory services, are also worth watching. Apryl sees the potential for these technologies to make the job of advisory easier: “Everything is online now. We can set up a very basic plan in 20 minutes and everything is supported by AI and AI-driven financial wellness.”

The growth in lifetime income being built into plans is something that Mike sees continuing, as it is of importance for both plan sponsors and participants. “Even if a participant has a lot of money saved they often don’t know what to do with it. The industry needs to move forward with plan design innovation, especially with guaranteed income products.”

*"Advisors are a steward for their plan sponsors, and they need advisors who are very knowledgeable. Advisors have to understand what it takes for a plan sponsor to be where they need to be, and they rely on you. If you're just dabbling, you're not helping anyone."*

— **Mike Morris**
Managing Director, Pensionmark

## Finding your niche

Mike sees that need for specialization among advisors as well, concluding, "advisors are a steward for their plan sponsors, and they need advisors who are very knowledgeable. Advisors have to understand what it takes for a plan sponsor to be where they need to be, and they rely on you. If you're just dabbling, you're not helping anyone."

With that eye on the future, it can be difficult for advisors to know how to develop their career. "My advice to new advisors would be to specialize," says Eric. "Focus on a specific market, such as 401(k) or 403(b). Also, continue to learn and seek out continuing education opportunities. Once you start to sit back and assume that you know everything, that's when you lose your edge."

Relentless learning is something Apryl calls out as well, specifically, the need to be open and embrace new technology. She also underscores the importance of building a unique practice that allows you to differentiate yourself as an advisor: "Find a niche market, don't just be an advisor for everything. Know who you want to target so you can truly serve that market. You have to feel that passion."

### ABOUT THE ADVISORS

### Eric Hansen

**Principal and Founder**
Hartmann-Astor Investment Consulting

**29** YRS EXP.

- Founder of Hartmann-Astor Investment Consulting, focused on providing concierge consulting services for ERISA fiduciaries and their individual plan participants
- Served in several other consulting and investment related positions including Vice President & Regional Sales Director with Lincoln Financial Group, Senior Investment Consultant with Veritas Consulting Group and Arista Investment Advisors, Funds Valuation Analyst with Nations Bank, and Senior Business Development Associate with The Consulting Group at Smith Barney

### Mike Morris

**Managing Director**
Pensionmark

**35** YRS EXP.

- Recognized as a "401 Top Retirement Plan Advisor" by the Financial Times 2017, 2018 & 2019
- Recognized in the article "Who the Best Advisors Are" by PLANSPONSOR Magazine
- Named as a "Top 300 influencer" by the DCPI

The Financial Times 401 Top Retirement Plan Advisors is an independent listing produced annually by the Financial Times (September 2017, 2018, 2019). The FT 401 is based on data gathered from advisors, regulatory disclosures, and the FT's research. The 401kWire's 2011 300 Most Influential DC Advisors is a list based on nomination and votes as well as input from distributors working with the advisors, and an analysis of objective criteria including statistics about the advisors' practices gathered directly from the nominees.

### Apryl Pope

**Co-Founder**
Retirement Plan Partners, LLP

**10+** YRS EXP.

- CERTIFIED FINANCIAL PLANNER™ Professional (CFP®) specializing in retirement plans for nonprofits and small businesses
- A former high school teacher who strongly values education and is committed to teaching others about the importance of financial planning and wealth building

# Blending wealth and retirement advisory practices

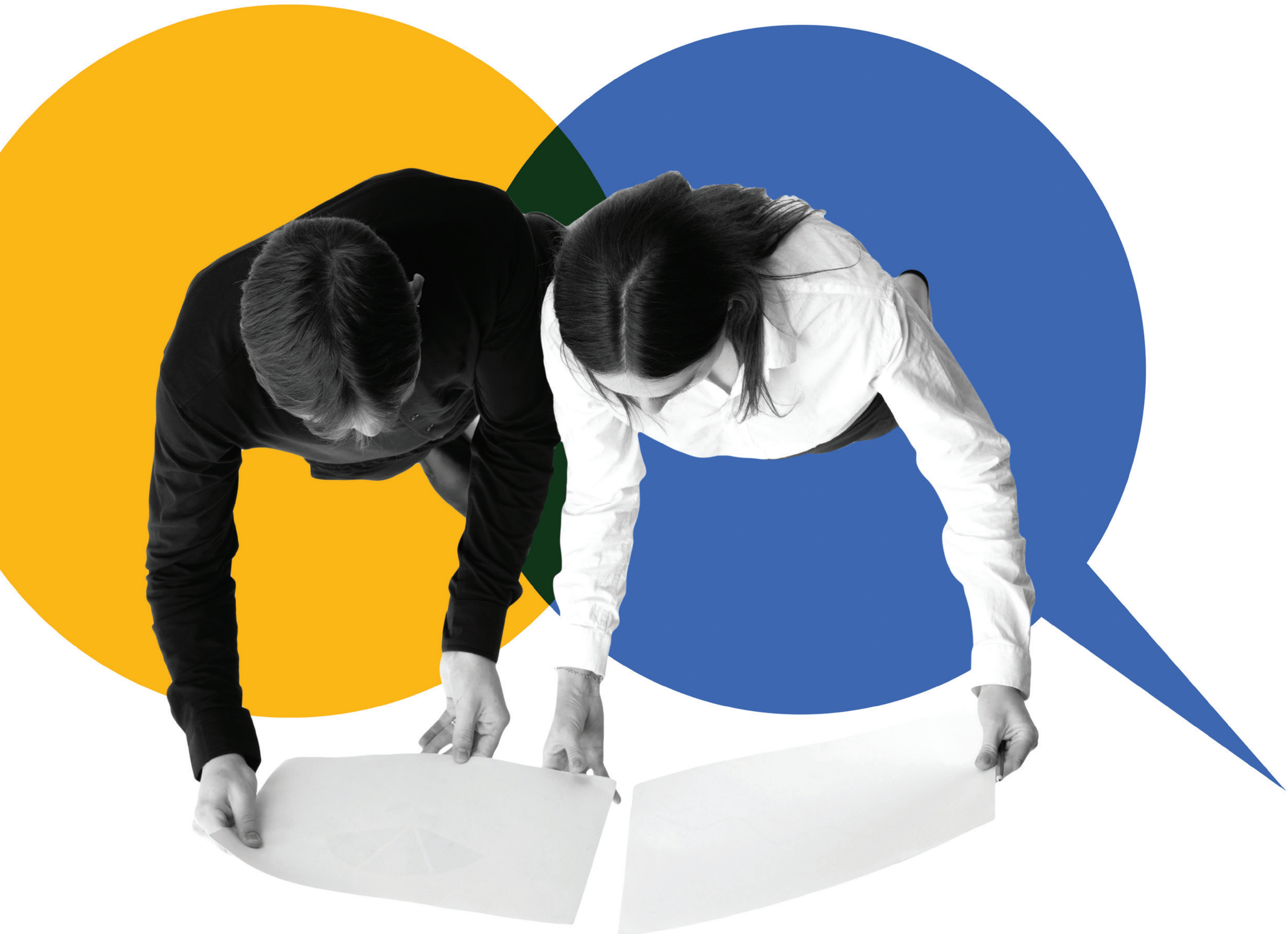
Traditionally, wealth and retirement advisory have operated in somewhat separate realms, with retirement advisors typically transitioning clients over to wealth advisory at the point of retirement. But things are starting to change. Advisors are seeing opportunities to bridge the gap, offering a more holistic service to participants while helping businesses find new revenue sources. To explore this shift, we spoke to Stephen M. Welch, Vice President, financial advisor, corporate retirement director, and financial wellness director at Morgan Stanley and Marc Caras, Managing Director, Head of Retirement Solutions, Rockefeller Capital Management.

**KEY TAKEAWAYS**

1. Integrating wealth and retirement advisory services offers a holistic approach that enhances client relationships and provides new growth opportunities for advisory practices.
2. Specialization and clear definition of advisory roles are crucial for effectively managing both retirement plans and wealth management services, meeting diverse participant needs across different life stages.
3. The future of retirement advisory will require leveraging new tools, technology and financial wellness strategies to stay competitive in a highly dynamic market.

## The value proposition of integrating wealth and advisory

For Stephen, his entire practice is built around the integration of wealth and advisory services. "Our practice is essentially a 50/50 split," he explains. "I handle the retirement plan side and my partner, Sean, focuses on the private wealth side. We've grown our business that way because both sides feed each other. I focus on the retirement plan and its participants, and then when participants decide they want to become individual private wealth clients, the handoff is smooth."



Marc has seen growth in this area too. "A lot has changed over the last five, even two years. There's a tremendous opportunity to grow new wealth advisory clients by offering a holistic client experience. It allows advisors to touch all aspects of their clients' financial lives. This gives them greater and more meaningful impact with their clients."

That holistic approach is also important for Stephen. The transition from asset growth to retirement creates an opportunity for both retirement and wealth advisors to work with plan participants. "Participants are building their assets in their retirement plans — it's the number one way that people accumulate wealth. The other side of the equation is decumulation, which is where wealth comes in. And, from a business perspective overall, offering both helps diversify revenue, especially in times of pressured margins."

## Specializing, but with a broad base

"It's easier to start doing this today than it ever has been," says Marc. "You can look at peers and partners to define the offering to get into that wealth advisory space. But that definition of what you're trying to achieve and how you want to go about it has to be part of the discussion within your practice." He adds that "it's important to think about scalability and growth. Will you offer personalized services, or will you scale with digital services to meet different client demographics?"

Stephen agrees, highlighting the need for expertise in both areas. "Retirement plans are full of moving parts. You have to specialize. Wealth management is the same — you have to be experts on both sides to talk about in-plan assets and speak to participants about their wealth journeys. And as plans get more complex, so do participant needs."

Marc echoes the need for specialization and sees it as central to defining the advisor's business model. "We have to have that laser focus on our lanes. Once that's defined, we need to articulate that to clients. The business model determines client targeting too. Some advisors will target high net worth or C-suite clients, while others target mass affluent or emerging participants. Advisors should look for gaps, as participants are asking for more from their employers, and they are going to need assistance from accompanying wealth advisors."

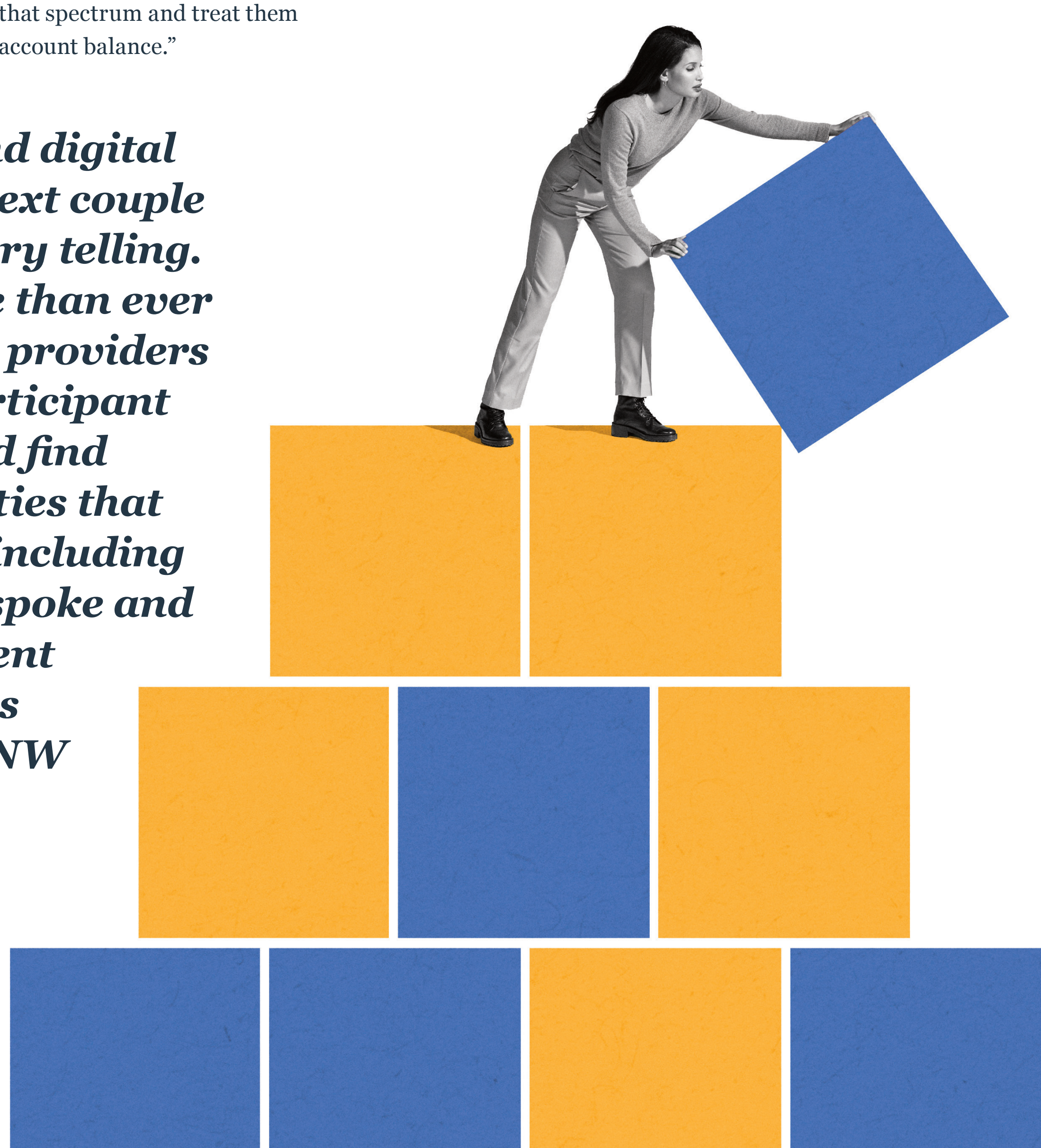
Stephen also considers the differing needs of participants throughout their careers. "All participants, whether young or old, face different challenges. Younger clients are focused on things like buying a home or getting kids into college. At the other end of the spectrum, the focus could be elder care, or tax liabilities, or just thinking about when, where, and how do I retire? You have to meet the needs of both ends of that spectrum and treat them equally, regardless of account balance."

A lot of the process involves advisors gaining new knowledge, learning new skills and engaging with new technology partners. For Marc, this has to be a very deliberate process. "It comes back to the services being offered, how the advisor delivers. It has to be thoughtful. But the push is due to that holistic need, so it is worth it."

"One of the biggest challenges is scale," says Stephen. "You have to hone your skills and be very focused, but you need scale. For example, to properly conduct group education meetings you've got to utilize technology. You can create efficiencies there. But scaling is challenging because, while as a financial advisor I want to go after that multimillion-dollar account, I can't neglect the participant that just started two weeks ago and has questions about how to enroll. I have to be efficient."

***"With new tools and digital capabilities, the next couple of years will be very telling. We are better able than ever to work with plan providers to understand participant demographics and find wealth opportunities that can match those, including the delivery of bespoke and specialty retirement planning solutions for HNW and UHNW individuals."***

— **Marc Caras**
Managing Director,
Head of Retirement Solutions,
Rockefeller Capital Management



*"We've gone from a pension environment where everything was done for you, to a defined contribution environment, which is almost DIY. Now we're seeing the advent of a hybrid environment with lifetime income solutions bridging those two."*

— **Stephen Welch**
VP, Corp. Retirement Dir., FA, Morgan Stanley

## The future evolution of wealth and retirement

The retirement advisory industry is constantly evolving, with changing regulation, products and best practices constantly pushing advisors to keep learning. For Stephen, blending wealth and advisory is just another step on that journey. "We've gone from a pension environment where everything was done for you, to a defined contribution environment, which is almost DIY. Now we're seeing the advent of a hybrid environment with lifetime income solutions bridging those two. Advisors need to work with those participants who want to 'set it and forget it,' and with those who want to be more hands-on."

Stephen also believes that plan sponsors can use this integration to differentiate themselves. "Benefits are one of the most important aspects people consider when taking a job. If plan sponsors aren't focused on this, they're going to lose the race for talent because people are making decisions around the type of retirement plan available."

There is no doubt in Marc's mind that this integration is inevitable. "There's no denying that there needs to be a concerted effort towards integration. With new tools and digital capabilities, the next couple of years will be very telling. We are better able than ever to work with plan providers to understand participant demographics and find wealth opportunities that can match those, including the delivery of bespoke and specialty retirement planning solutions for HNW and UHNW individuals. That dovetails into financial wellness and differentiated solutions that can help facilitate that broader balance."

For Stephen, this blend is something of a no-brainer. "It opens the door to so many other revenue generating opportunities — whether that be mortgages, managing private wealth assets for the C-suite, other types of retirement plans such as non-qual, stock plans, or even managing corporate assets. But you've got to have an organization that supports those business lines effectively."

### ABOUT THE ADVISORS

### Marc Caras

**Managing Director, Head of Retirement Solutions**
Rockefeller Capital Management

**30** YRS EXP.

- Joined Rockefeller Capital Management in 2020 with 25+ years of retirement and wealth management experience
- Marc is responsible for the suite of products and solutions offered to retirement plan clients and retirement investors
- Previous experiences include Dir. of BNY Mellon Pershing's retirement plan custody and advisor sold retirement plan business, EVP and operating committee member at Sentinel Group, President of IBD Sentinel Securities Inc., VP at LPL Financial, and 11+ years at Fidelity Investments
- Attended Northeastern University and is an Accredited Investment Fiduciary® (AIF)

### Stephen Welch

**VP, Corp. Retirement Dir., FA**
Morgan Stanley

**16** YRS EXP.

- As a Retirement Plan Advisor, he identifies opportunities for growth in retirement and delivers tailored solutions for clients
- For businesses, he provides strategic insights to enhance retirement plans, ensuring that they are robust, compliant, and attractive to the industry's best talent
- As a Financial Planning Specialist, he adopts a holistic view of each client's financial journey across life stages
- With Sean Foote and The Foote Welch Group, Stephen is dedicated to delivering financial success with confidence in your retirement

# Amplifying advisor voices with social media

Love it or hate it, social media has become an inescapable part of everyday life for millions across the globe. However, using social media for professional purposes comes with a complex set of dos and don'ts. With shifting technologies, best practices, legal environments and terminology, managing social media can be challenging for advisors. But social media, and LinkedIn specifically, are growing in importance for advisors to use, as according to a study, some 35% of financial advisors use LinkedIn in their professional lives at least once a day, higher than many traditional media outlets and newspapers.

To help advisors effectively navigate this environment and use social media to genuinely grow their practices, we spoke to two leading advisors, Delphine Hunt, Senior Retirement Plan Consultant at OneDigital, and Alex Assaley, Managing Director, Retirement & Private Wealth at HUB International | AFS 401(k).

### KEY TAKEAWAYS

1. Advisors should seek to tailor their social media content to address both educational needs and the individual's personal finance concerns of their distinct audiences.
2. Social media content should be versatile, allowing for seamless integration across multiple platforms, while also balancing the innovative efforts of marketing teams with compliance requirements.
3. Balancing professional and personal content on social media is essential for building trust and relatability, with a focus on consistent and authentic engagement.

## The role of social media

Alex sees social media as one of the more important cross sections between advisors and participants. He explains, "Advisors and the individuals that we serve are active in different aspects of social media, and on different platforms. Therefore, our content creation must cover both education and guidance. We see two aspects to it: the areas that are important to our audience and the areas where we can offer our knowledge and expertise."

Delphine specifically leverages social media to research what other advisors are putting out into the market and what resonates. She emphasizes that LinkedIn is her primary platform, saying, "LinkedIn is the go-to for sharing and receiving information. I use it to research what thought leaders are writing across the country, particularly about lifetime income. We can use social media to effectively gauge the market's temperature when it comes to lifetime income. Right now I think that everyone is a little afraid to be the first one out of the gate."

## Platform and approach

Alex highlights the importance of distinguishing between different audiences on social media. "We target retirement plan decision-makers and committees on one hand and individual investors and savers on the other. We divide our audience into these two cohorts to ensure we're addressing both big-picture issues and personal finance concerns."

Delphine takes a slightly different approach, focusing on the outcomes of social media use. "You want to be valuable, understandable, and digestible. These are the goals of producing content as a thought leader." She underscores the significance of clarity, asking, "Can we distill our key messaging into something clear and explain why our content is beneficial?"

***"We target retirement plan decision-makers and committees on one hand and individual investors and savers on the other. We divide our audience into these two cohorts to ensure we're addressing both big-picture issues and personal finance concerns."***

— **Alex Assaley**
Managing Director, HUB International | AFS 401(k)

*"When we make a statement, we can't cover all aspects of the particular fact or theory, and someone can come at you on that. There is a level of scrutiny that can be unhelpful. You have to be really careful between giving meaty content but not leaving yourself open, and it is difficult to balance that."*

— **Delphine Hunt**
Senior Retirement Plan Consultant, OneDigital Retirement + Wealth, *OneDigital*

## Content reuse and integration

Alex wants to make sure that content is versatile and can be used across multiple platforms: "For lifetime income, we aim to build education and knowledge through social media. LinkedIn is our primary platform for plan sponsors, while Facebook, YouTube, and Twitter (X) are our other primary social platforms. We create content in a way that can be used across each of those platforms with minor adjustments as appropriate."

That integration of viewpoints and education is a key theme. As attention spans and content length recommendations continue to shrink, identifying the key message and getting that to be the focus of each post is crucial. Delphine sees this as a strategic matter, saying that the key is asking, "'Who is going to read this content and what do you want them to extrapolate? Would participants read an entire article, or do they just want the takeaway?' We often forget to step back and see what the rest of the world sees."

## Integrating marketing and data

The integration of the expert advisors and the marketing teams at their firms can be challenging. There is a natural friction of trying to push the limits of interesting social media activity while staying within the boundaries set by compliance teams. Alex sees this as a natural relationship with the potential to drive expanding and innovative content, saying, "We have experts within the marketing team focused on building and deploying content. My role is to challenge that team to evolve how we deliver information that is meaningful and digestible. When we started doing more social media, we set rules; is it accurate, aligned with our values, and compliant? If a piece meets those criteria, it's a green light."

Delphine acknowledges the challenge in being both holistic and concise on social media. She sees a problem with the lack of control over distribution of materials once they are on social. She says, "When we make a statement, we can't cover all aspects of the particular fact or theory, and someone can come at you on that. There is a level of scrutiny that can be unhelpful. You have to be really careful between giving meaty content but not leaving yourself open, and it is difficult to balance that."

Alex also sees the integration with the marketing team as a driver of improving performance, and integrating the data that a marketing team provides can elevate social use. He adds, "We use analytics, on both publicly available and backend, monthly and quarterly. It is a long process."

## Adding personalization

Balancing the professional and personal sides of social media is different for every advisor. Alex believes in blending both, saying, “Professional and personal lives do blur. It can be a good thing, but you have to be careful. Vacation time is important, but letting people see you as an individual and what drives you every day is a good thing too.”

There are also considerations of how personal to make social media when you are representing a corporate account and speaking in a professional capacity. Delphine sees the need to be careful but believes that balance can be found. “It doesn’t always balance out. When you’re representing a firm, they get to control the strings to a certain extent but having your own presence outside of the firm doesn’t distract. It isn’t a competition between the firm and the advisor. If you’re drawing attention to relevant things that promote your brand and your company’s brand, then you’re in a really good spot.”

She also advocates for tying financial and personal together. “We all want to know who is on the other side of the screen. COVID took away a lot of that personal connection, and social media is a way to bring that back, making you relatable and enhancing how we educate and consult. A part of your content should be who you are and what you do every day outside of the office.”

## Advice to other advisors

Alex’s advice to advisors starting with social media is simple: “Authenticity. Find the medium where you are comfortable and keep at it. If I look back at our earlier content, I can see how much it has evolved. But it took a long time, five years or more, to get good at it. It’s a long-term investment, just like a lot of other things we work on.”

Delphine echoes this sentiment and cautions against striving for perfection. “It’s too easy to get lost searching for the perfect post. Find your voice, post on topics you think are relevant, find ways to engage, let people get to know you, post often and post personal. Figure out how you want to be seen and taken seriously.”

### ABOUT THE ADVISORS

### Alex Assaley

**Managing Director**
HUB International | AFS 401(k)

**18** YRS EXP.

- Leads the Mid-Atlantic Region for HUB International
- Served as president of NAPA and a member of its Leadership Council in 2021 – 2022
- NAPA 2024 Top Social Media Influencer

NAPA Top Social Media Influencer is based on NAPA members nominating influencers for their use of video, infographics, text or live platforms in the following categories: plan advisors; DCIOs; recordkeepers/TPAs; and other retirement plan industry professionals.

### Delphine Hunt

**Senior Retirement Plan Consultant**
OneDigital Retirement + Wealth, *OneDigital*

**12+** YRS EXP.

- Develops team’s strategy for plan health/retirement readiness, consulting, investment analysis, and fiduciary governance
- Committed to creating the most effective ways to manage organizations’ fiduciary policies while maximizing the benefits to employees

# LIFETIME INCOME: from skepticism to adoption

The proliferation of guaranteed lifetime income products has been rapid. This growth is partly due to legislative changes, such as the SECURE Act's safe harbor provisions, which opened the door for the inclusion of annuities within a Qualified Default Investment Alternative (QDIA). It's also embedded in a longer-term trend of trying to replicate the most beneficial aspects of defined benefit (DB) plans within the new defined contribution (DC) landscape. Additionally, there's a growing demand from employees who want to know what income they'll receive in retirement.

However, questions, concerns, and complexities still need to be addressed. The swift push for lifetime income has left some feeling a sense of whiplash, as if the product is being sold, rather than genuinely sought after. To discuss this ongoing journey for both plan sponsors and advisors, we spoke with Chuck Williams, CEO of Finspire, Jim O'Shaughnessy, Managing Partner, Retirement and Private Wealth at HUB Retirement, and Kim Cochrane, Director of Client Services at HUB Retirement and Wealth Management.

## The lifetime income journey for plan sponsors

The journey fundamentally begins with plan sponsors and what they are looking to achieve with their retirement planning. Lifetime income is only a small piece of a much larger retirement strategy, which is itself just one component of an entire benefit provision that companies must develop and monitor. To Chuck, this is the starting point. "One thing to understand is the company's philosophy and the objective of their 401(k) plan. Historically, their primary goal was to help employees build a big enough nest egg for retirement. Now, we're asking them if that's still the philosophy or if it's something beyond that. Do we want to help employees through retirement and convert that nest egg into an income stream? And that's a leap for some clients. Employees want it, and sponsors are looking at it, and that is a shift."

## KEY TAKEAWAYS

1. Plan sponsors and advisors must navigate the complexities of lifetime income products, emphasizing the importance of education and clear communication.
2. Despite growing interest, there is skepticism and hesitation among advisors and plan sponsors due to the perceived novelty and potential costs of these products.
3. Effective communication of lifetime income solutions begins with simplifying the concept.

*"One thing to understand is the company's philosophy and the objective of their 401(k) plan. Historically, their primary goal was to help employees build a big enough nest egg for retirement. Now, we're asking them if that's still the philosophy or if it's something beyond that. Do we want to help employees through retirement and convert that nest egg into an income stream? And that's a leap for some clients. Employees want it, and sponsors are looking at it, and that is a shift."*

— **Chuck Williams**
Managing Partner, CEO, Finspire, LLC

The journey also has to be put in motion for plan participants, who should be the ultimate focus for plan design and benefits provision. As Kim points out, "Most employees don't annuitize. They don't understand what an annuity does; they don't know about crediting rates or any of the other technical underlying language. I'm concerned that we are asking participants to pay for something that they'll never use. Many participants have their own investment accounts, with which they can buy an annuity outside of the plan. We need to ask why we should bake in an annuity, especially considering the extra cost."

Jim also addresses the broader pressures on advisors' time and knowledge, along with extraneous factors around lifetime income such as legislation and litigation that impact the ability of plan sponsors to implement lifetime income solutions. "The industry is working through these issues at the plan sponsor level, but there is a way to go from legislation and regulation and understanding of potential litigation issues to product and communication. We are having second, third and fourth conversations with plan sponsors. While early adopters have moved forward, we have to work to overcome old perceptions of retail annuities."

Breaking down these complexities into simple, bulleted lists to discuss with plan sponsors has worked well for Chuck. When he talks to plan sponsors, he focuses on three elements: "Cost, complexity and control. Complexity would be, in my opinion, at the top. Can the committee understand it? Can the employees? Portability isn't typically discussed, but we bring it up as an additional point."

*"The industry is working through these issues at the plan sponsor level, but there is a way to go from legislation and regulation and understanding of potential litigation issues to product and communication."*

— **Jim O'Shaughnessy**
Managing Partner, HUB Retirement and Wealth Management

However, there is still work to be done to convince advisors that they need to engage plan sponsors about these products. Kim expresses her reluctance, saying, "As a skeptic, when I hear 'This is the next big thing' I don't necessarily buy it. Like managed accounts, we can talk about all these bells and whistles, but is it any more than just the shiny new thing? The way I see it we need food, shelter, and clothing, and then we can add other things. And it is the same with retirement plans. There is so much still to do to shore up on the basics."

## Lifetime income journey for advisors

Conversations are also needed around how these new products integrate into the ongoing retirement advisory business and how they might run side-by-side with what would traditionally be a wealth advisory practice. Kim says, "People who would normally look for these products, we'd refer them to a wealth advisor. But who is the right advisor for an in-plan annuity? That crossover is where private wealth advisors are competing, and there is a danger that it becomes a sales pitch for two different annuities. In that case, are we doing what is best for the employees?" The knowledge needed to navigate these conversations is a challenge for advisors, who are already stretched thin. Kim notes, "I am not a wealth advisor. With so much happening, do I have the bandwidth to add more knowledge?"

Jim agrees, noting that the complexity of these products and how new they are to retirement advisors can impact how sales develop. "These shouldn't be rapid conversations; we need a slow review to make sure that it is the right solution."

With that additional strain on advisors in mind, Chuck sees the need to target specific outcomes and ensure that this is measurable. "How are we going to define success? And from an advisor standpoint, is this where we should be prioritizing? Having these initial conversations has really helped and led to a better understanding of their plan, but we need more case studies. That will create an easier roadmap for advisors to go from theory to implementation."

Questions remain about whether this will all be worth it in the long run. For Kim, "Annuities are sexy when rates are high. When rates fall, annuities won't be the be all, end all."

## What still needs to happen

A lot of work still needs to happen among advisors and the solution providers before everyone is more comfortable talking about these products. To Jim, some specialization needs to occur: "We need more experts on these solutions, both in-plan and retail. I'm surprised it hasn't been faster in institutional." Kim, on the other hand, believes the relationship between retail wealth advisory and retirement advisory needs to improve. "This almost takes comp out of the pocket of the average wealth advisor; institutional pricing is great but for an advisor this has to be automatic. I don't have capacity to do the extra heavy lifting if I'm not going to be compensated."

*“This almost takes comp out of the pocket of the average wealth advisor; institutional pricing is great but for an advisor this has to be automatic. I don’t have capacity to do the extra heavy lifting if I’m not going to be compensated.”*

— **Kim Cochrane**
Director, Raffa Retirement Services
HUB Retirement and Wealth Management

But Chuck reminds us that this is all part of the job of being an advisor. “It’s analogous to anything that is new. We will digest it little by little. It’s uncomfortable for advisors to admit to a client ‘We don’t know everything on this but we’re learning’, but that’s what will have to happen here. We, as advisors, have an obligation to understand lifetime income.”

Keeping an eye on the holistic needs of clients has to remain a priority, as does their overall plan design and priorities. Kim highlights the need to keep this big picture in focus, adding, “90% of what we do is consultation of plan provision — how to build a plan, what’s in the best interest of your employees, risk mitigation. There is also a lot of time spent on advice for individuals: what to do, how to invest, buying a home, kids, marriage. This takes up what valuable time we have with clients.”

Once the lifetime income conversation has developed, it needs to be structured correctly. For Kim, it has to be simple: “Start with non-annuity terminology. We don’t need complexity. We want something understandable off the shelf to the employee, committee and advisor. A solutions provider needs to say what this solves, which is a pension-like distribution. Forget the rates, loyalty bonuses etc. Keep it simple and we will be able to communicate the value.”

## ABOUT THE ADVISORS

### Kim Cochrane

**Director,**
**Raffa Retirement Services**
HUB Retirement and Wealth Management

**25+** YRS EXP.

— Focuses on corporate and non-profit retirement plans, including pension plans, 401(k) plans, 403(b) plans, profit sharing, cash balance and executive benefit plans
— Works with plan trustees on addressing their fiduciary responsibilities and working with individuals on managing their retirement accounts

### Jim O’Shaughnessy

**Managing Partner**
HUB Retirement and Wealth Management

**32** YRS EXP.

— Serves as a strategic and operational leader for both the institutional and wealth management teams
— In 2005, he co-founded Sheridan Road Financial, growing the company to over $13 billion in AUM before joining HUB International through acquisition at the end of 2018

### Charles Williams

**Managing Partner, CEO**
Finspire, LLC

**25+** YRS EXP.

— Provides oversight of Finspire, LLC and is a lead consultant for many of the firm’s corporate retirement plans and high-net worth individual clients
— Devoted to enhancing the financial well-being of Finspire’s institutional and individual clients through sound, objective financial advice based on a thorough understanding of their needs

**PARTNER CORNER**

# A leadership conversation looking to the future

*A conversation between Jeff Cullen, CEO and Co-founder of Strategic Retirement Partners and Brendan McCarthy, Head of Retirement Investing, Nuveen*

The retirement industry is one that is driven by a passion. Many of the advisors who ended up in this space have a personal story or some reason why they want to work with an entire employee base. Retirement advisors have a drive to help bring about a secure retirement for millions of working Americans, and to build the best retirement plans that they can with their clients. Jeff Cullen is one such advisor, and I have had the pleasure of working with Jeff for many years now. Jeff was the first consultant to launch with our target date offering that includes an in-plan annuity, an offering that now has over $36B in AUM. We sat down to discuss his path through the industry, and where he sees the future of retirement planning heading.

### McCarthy

**I got into this industry through a family connection, and I remember you mentioning that you had a similar start. I think it's worth sharing because it says a lot about how you approach your advisory practice. So, can you start with how you got into retirement advisory?**

### Cullen

I grew up working in my family business, working for my dad from 8th grade. I was the fourth generation in that business, and I loved it. But after I finished college, I had a realization and saw the writing on the wall: there was an existential threat to the wholesaler business that we were in, as the big box retailers started buying up the wholesale companies to monopolize the supply chain. So, I worked with my dad and family to make the heartbreaking decision to help them sell the business. It was hard, but it was the right thing to do.

At that point, I had no idea what I was going to do next, but I was talking with my dad about his retirement, and he brought me all his financial statements. It turned out that he had less money in his retirement account in 1998 than what he'd put in since 1976, which I found utterly shocking. It turned out that the trust department at his local bank had discretion over the account, and they had churned it to generate fees and commissions. My father, uncle and grandfather all ended up not having much money saved for their retirements. That's when I got angry and found my purpose. I realized that the retirement industry was ripe for good actors to come in and shake things up. So, I spent the next few years getting into financial services, and I've been at it 23 years now.

### McCarthy

**One of the things that stands out meeting your colleagues is the culture — that pride all employees show in taking care of participants. What drives your firm's philosophy?**

### Cullen

In financial services I still apply the lessons that my family taught me about running a small business. How to run a business, the importance of taking care of your employees — all those little tips and tricks that kept the business going for multiple generations. That's how we run the firm, and that's how we think about our clients, too.

I get paid to be in a business where I get to take care of people. 401(k) specialists get a kick out of helping people, and I love it. I feel good about knowing what business owners care about. The first client I signed, who is still a client, said something I carry to this day: "I don't need someone to tell me what investments to be in, I need someone to meet with these guys on the floor, they don't make a lot, they don't trust financial services, and they need help." That's what business owners care about. We are here to help employers realize the value of their employees. And if employees feel valued, they'll see their jobs as careers and want to stay for the long term.

For that first client, I was out on the floor the very next day conducting 1:1 meetings with employees, and that's always been part of our core. I still love the participant side of the business; it's the lifeblood.

***I get paid to be in a business where I get to take care of people. 401(k) specialists get a kick out of helping people, and I love it. I feel good about knowing what business owners care about.***

**McCarthy**

**We've both been in this industry for a long time, and we've seen a change in purpose among plan sponsors, their growing responsibility toward employees, clients and the environment. How do you see this shift?**

**Cullen**

One of the biggest changes I've seen relates to how the buyer has evolved. In the early 2000s, I'd often walk out of meetings feeling discouraged because employers didn't understand their fiduciary responsibilities. But the wave of litigation in the mid-2000s forced employers to become educated about what their responsibilities were. They had to listen to advisors or be exposed to a lot of risk. Fast forward a few years, and those $15-$50 million plans where the owner's golfing buddy was the advisor have all but disappeared. Now, we compete on merit. This shift to an educated buyer has ushered in a golden period for our industry. I know I can articulate our value proposition to those prospective clients, and they understand it — creating a much more level playing field where expertise and value truly matter.

Another exciting development has been the generational shift in leadership positions, from boomers to Gen X and now millennials. What's great about this shift is that you almost never find a millennial who doesn't share our passion for taking care of the participants. We've been doing 1:1 financial wellness for 25 years, and now we have an audience that's as excited about it as we are.

**McCarthy**

We've had many conversations about the incoming wave of in-plan lifetime income solutions coming to market. And I view you as one of the leading pioneers driving the incorporation of retirement income into the QDIA. Why is that an important development, and how are you driving it?

**Cullen**

I'd be willing to make a wager that 2025 is the last year that traditional target date funds (TDFs) will have net inflows. After that, I think we'll see TDFs that don't include a lifetime income component lose ground to Qualified Default Investment Alternative (QDIA) solutions that have an income component built in. People wanted pensions, but we gave them 10-year cliff-vesting pensions where more than 50% didn't qualify, and a lot of others didn't get the full benefits they'd been promised. Then we went through a round of reform and gave them the 401(k). We made something people didn't want and expected them to love it.

Now, people should love their 401(k) and 403(b) plans, but there will come a point when they near retirement, and they ask what they're going to do with this balance. And we know that fear sets in, and people don't spend down their balances in retirement. They're scared to run out of money, and that fear drives them, instead of doing things with their families and communities and traveling. With in-plan lifetime income, we can give them that pension-like benefit back. We can have all the benefits of a 401(k) during accumulation — the flexibility and tax breaks — and then, during the decumulation phase, they get the benefits of what a pension could have been too. It cracks me up when people say that plan sponsors aren't asking for this; they weren't asking for auto enrollment either, but it was the right thing to do. It's our job to educate and convince them, and when you do, people realize it is a no brainer.

### McCarthy

**It seems like we're at a point where record keepers are trying to catch up to advisor demands with respect to open architecture. How important do you think this is?**

### Cullen

I believe that for in-plan income to truly break through, we need to return to truly open architecture. Through legislative changes in the 2000s, we got open architecture at every provider for mutual funds and CITs. Then we had SECURE 2.0, and managed accounts become a thing — but they emerged with only one choice for an algorithm or one choice for a lifetime income solution. We returned to closed architecture with limited choices. For advisors, being trapped like that feels like a fiduciary red flag. We want to be able to evaluate multiple options and pick the best for our participants. Our advisors are chomping at the bit to offer managed accounts as a QDIA with lifetime income, but we need that multitude of options.

### McCarthy

**This is a pivotal time with 401(k) plans shifting to provide pension-like income opportunity and the importance of the advisor is only growing. What advice would you give new entrants at this watershed moment?**

### Cullen

This is a really interesting inflection point. There has never been a better time for an employer that doesn't have a plan to start one. I genuinely believe that startup plans are a great place to get to know this business and a great way to grow. We have many plans that are now in the tens of millions that were startup plans. There are estimates that we'll see half a million new plans over the next five to 10 years, and that opportunity is gigantic. Secondly, the aggregators are buying up the small independent firms, and the matriarchs and patriarchs of those businesses are nearing their own retirements. There will be a vacuum, and we need way more advisors than we have, so the opportunity is huge. I can't remember a better time to enter this industry; buyers are educated, they want you to take care of their people, and there's going to be a lot of new business from that.

## Jeff Cullen

**CEO & Co-founder**
Strategic Retirement Partners (SRP)

**23+** YRS EXP.

— Company named in Best Places to Work in Money Management six years running and in Best Places to Work for Financial Advisors five years running

— Focused on helping workers sift through the complexities of their financial lives to achieve financial freedom; helps plan sponsors and employers attract, retain and reward human capital while insulating them from fiduciary risk

— Leader of SRP which supports 1,300+ retirement plans with a collective $23+ billion in AUM across over a quarter-million workers

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**Endnotes**

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