

## The CIT Opportunity

# Capitalize on the Demands for Customization and Collaboration

In today's environment, persistent pricing pressure, the demand of custom investment products and the rise of "institutional-style" investing across defined contribution (DC) plan segments are all contributing to the continued growth of collective investment trusts (CITs). Historical growth and future expectations of CITs as an integral component in DC plans notwithstanding, not all asset managers are taking advantage of the vehicle's attributes and capitalizing on the opportunity. What separates the winners from the losers is the ability to develop a vehicle-agnostic sales approach and partner on innovative white-labeled products.

As a follow-up to our 2017-2018 series for investment managers participating in the U.S. retirement marketplace, SEI, in collaboration with the Retirement Leadership Forum (RLF), is releasing a new series of briefs.

**Each brief will provide a deeper look into how the industry's top firms are using CITs to gain success in the DC market.**

The first brief in our four-part series will explore how firms are driving CIT sales success by implementing best practices to build a long-term growth strategy with this product by:

- › Aligning sales and relationship resources to the CIT opportunity
- › Building incentive and compensation programs that target CIT growth
- › Educating stakeholders about the merits and applicability of CITs across market segments

# Table of Contents

CITs move into the mainstream

**02**

Two ways to change the sales conversation

**04**

The biggest opportunity? A custom one

**06**

Staff up for the CIT opportunity

**10**

Get staff up to speed on CITs with education

**11**

Final thoughts: Don't leave money on the table

**12**

## CITs move into the mainstream

CITs aren't new, but their advantages in terms of pricing, flexibility, and speed to market make them extremely attractive in today's DC environment and have driven a recent surge in their use. The primary driver of CITs' resurgence is the continued fee pressure throughout the DC landscape. Plan sponsors' increasing concerns about their role as fiduciary—and the associated potential for participant lawsuits—have caused them to look for cost savings in every area of their retirement plan, from investments and recordkeeping to advisory and consulting services. On the investment side, CITs present a cost savings solution; Callan found that 42% of plan sponsors are somewhat or very likely to switch to more low-cost institutional investment vehicles such as a CIT in 2019.<sup>1</sup>

CITs' growth potential and the vehicle's critical place in the DC ecosystem have caused many asset managers to offer multiple CITs and a wide selection of share classes. By making investment solutions available in mutual funds, CITs and/or separate accounts, asset managers can approach sales opportunities with a vehicle-agnostic investment perspective and drive a more consultative conversation about feature, function and cost.

But even asset managers with the most robust CIT lineups are finding that there are opportunities beyond merely offering CIT versions of their mutual funds. Record-keepers and distributors are turning to custom investment solutions as they look for new sources of differentiation and new ways to generate revenue. For asset managers, there is a growing opportunity to collaborate with them on custom, white-labeled CIT products.

For asset managers, these custom, white-labeled products are an opportunity to help these constituencies offset revenue erosion while building deeper relationships. But a wide array of challenges stands in the way of success—ranging from poor sales coverage to the absence of an internal process for custom product launches—and asset managers need to dedicate enough time, money and resources if they want these partnership opportunities to succeed. By using a specialized compensation structure to drive better sales conversations, dedicating more resources to product partnerships and participating in new white-labeled solutions, managers will be better prepared to take advantage of the inherent benefits of CITs.

## The current state of the U.S. retirement market

According to the Investment Company Institute (ICI), employer-sponsored retirement plans (DB and DC plans sponsored by private-sector and government employers); Individual Retirement Accounts (IRAs), including rollovers; and annuities play a critical role in the U.S. retirement system, with assets totaling \$28.2 trillion at year-end 2017, up 11.2% from \$25.4 trillion at year-end 2016. Of that, employer-sponsored DC plans accounted for \$7.7 trillion, creating a large opportunity for investment managers.<sup>2</sup>

# The CIT opportunity continues to gain momentum

RLF analysis expects CITs to account for 25% of the DC market by the end of 2020, up from 14% in 2013.<sup>3</sup> To capitalize on the growth of CITs, we have identified two key areas of sales strategy that demand the immediate attention of asset managers:

- 1. Reframing the investment sales pitch.** Firms must replace their “mutual fund-centric” approach to sales with a vehicle-agnostic approach that allows for a more consultative conversation about cost/pricing options.
- 2. Collaborating to launch innovative, white-labeled products.** As record-keepers and consultants both race to launch new, differentiated investment products, asset managers must demonstrate a new level of agility in their product development process and support their partners with expertise on how to drive flows to investment products.

## CIT BASICS

**What they are:** CITs are pooled institutional investment vehicles, intended for use by qualified retirement plans and governmental plans, and are not publicly available. The trust must be established by a bank or trust company that will act as a fiduciary and maintain the ultimate responsibility for the discretion and control of the trust.

**Who governs them:** CITs are regulated and governed at the federal or state levels by the Office of the Comptroller of the Currency (OCC) or by state banking entities. Unlike mutual funds, they are exempt from SEC regulation and are not subject to the Securities Act of 1933 or the Investment Company Act of 1940.

**Availability:** CITs are available in both the DC and DB markets. However, these vehicles cannot currently be used by most 403(b) plans, some 457(b) plans, 457(f) plans, funded welfare plans or IRAs.

## CIT BENEFITS



### Pricing:

Generally, CITs have a cost advantage over mutual funds, due to different regulatory requirements and other factors.



### Flexibility:

Managers can offer multiple fee classes to clients, which includes a sliding fee schedule based on invested assets. They can also offer distinct service fee share classes.



### Speed to market:

Setting up a CIT takes less time than launching a comparable mutual fund, while often costing less.



### NSCC trading:

Trading through the NSCC allows CITs to provide the same operational efficiencies as mutual fund structures.

## Two ways to change the sales conversation

Given their benefits, it's not surprising that CITs have begun to solidify their position in the retirement plan market. During the last five years, CITs have evolved from an institutional investment vehicle used by large plans to an integral part of a mainstream strategy for asset managers. CIT use continues to increase in the large market where the percent of plans with at least one CIT increased from 65% to 75% between 2017 and 2018.<sup>4</sup> DC innovations typically first occur in the large market and then find their way into the mid and small market after they have proven to be successful, and CITs are following this same trend. In a recent survey of asset managers, RLF found that 85% of firms are experiencing an increase in demand for CITs in the \$50 million to \$100 million plan market and 54% reported an increase in demand in the \$10 million to \$50 million space.<sup>5</sup> As an additional sign of their mainstream popularity, Morningstar introduced the Morningstar Analyst Rating for CITs in November 2018 and added a number of industry-leading CIT target-date series to coverage in February 2019.

While the opportunity is promising, asset managers' success relies on reframing the sales conversation from what has traditionally been a vehicle-specific conversation to one that is vehicle-agnostic. To take this approach, an asset manager first needs to round out its lineup of CITs, which is often incomplete relative to its mutual fund counterpart. The manager also needs to create specific incentives for its sales and relationship staff to encourage their client conversations to include the new vehicle option.

## Overcome roadblocks to a vehicle-agnostic approach

**Build a comprehensive CIT offering.** In a 2019 RLF survey, asset managers reported that only 35% of the funds that they market to DC plans have a CIT equivalent.<sup>6</sup> The leaders of asset managers' DC practices often find that senior management—lacking an understanding of the new retirement market dynamics of low cost and flexibility—is unwilling to risk cannibalizing their existing '40 Act revenue with lower priced CITs, especially for their most popular strategies.

While the threat of revenue loss is of real concern—66% of executives surveyed by RLF highlighted this as a challenge to launching CITs—the absence of a full suite of CIT equivalents is clearly an impediment to the vehicle-agnostic approach more sophisticated managers have embraced. Such firms are putting in place more complex and well-thought-out processes to determine when to launch a CIT equivalent and at what price.

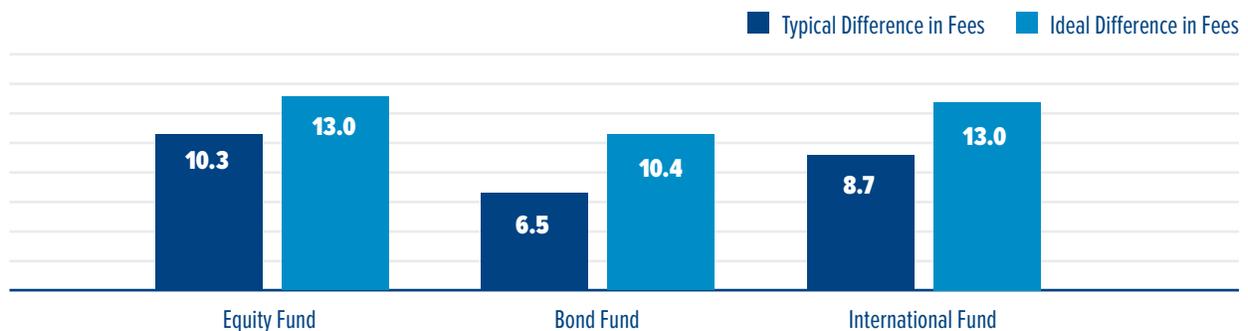
Particularly in an environment where margins are under pressure from numerous fronts, in order to move forward with a CIT program, firms are focusing on educating senior decision-makers on how the potential cost savings of CITs can offset the lost revenue. One executive at an institutional asset manager interviewed for this research conducted an exhaustive study of the cost of managing CITs and was surprised to find that they “typically see a cost savings of 20 basis points (bps)” when moving from a mutual fund to a CIT equivalent. This view is corroborated by a 2017 DST study that found that CITs save the asset managers between 10 and 30 bps.<sup>7</sup> As the executive noted, “when one sees the true savings, the decision to roll out the next CIT becomes much easier.”

When launching CITs at a competitive price point, executives often cite 10 bps as the rule of thumb for the average pricing difference between a CIT version of an active U.S. equity strategy and the cheapest version of its mutual fund equivalent. Based on the analysis of the actual differences in price between CITs

and mutual funds, the differences range from 8.7 to 10.3 bps for equity funds and 6.5 bps for those focused on bonds (Figure 1). It's interesting to note, however, that most asset managers we surveyed think the current discount is not enough and would like to see pricing of CITs decrease by at least an additional 3 bps more than their current offering. As asset managers look to launch more CITs and remain competitive, we expect to see firms fine-tune pricing and push for even more significant discounts.

**Figure 1. | DCIO Firms' Difference in Fees Between Cheapest Mutual Fund Share Class and CITs, in bps, 2019**

## Align sales incentives with the CIT conversation



Source: RLF 2019 DCIO survey

In addition to having a comprehensive, competitively priced CIT offering in place, asset managers must also focus on driving flows to these products by changing sales behaviors. While CITs have been around for decades, asset managers' sales staff often miss opportunities because they fail to recognize where CITs could best solve a plan sponsor's needs. This is especially true as CITs move into the mid-market, where negotiation of these opportunities is typically in the hands of teams much more familiar with mutual funds.

When they do engage in CIT conversations, asset managers consistently comment on the difficulty in convincing their consultant and financial advisor sales partners to move forward. Distribution partners are enthusiastic about the potential cost savings for clients, but the pricing inconsistencies between asset managers and even within asset managers' own CIT lineups can be overwhelming. Intermediaries would prefer a consistent rule of thumb to evaluate using a CIT (e.g., 10 bps discount from a mutual fund equivalent), but actual CIT pricing compared to their mutual fund equivalents lacks standardization and consistency. For example, while the average equity CIT is 10.3 bps less than the cheapest mutual fund equivalent, this discount ranges from 1 to 15 bps across asset managers.<sup>8</sup> These differences extend to relationship pricing (60% of managers offer it, 40% do not)<sup>9</sup> and minimums (while many asset managers have eliminated minimums, some have not).<sup>10</sup> These inconsistencies result in longer, more drawn out sales conversations as intermediaries attempt to understand each manager's unique approach to CIT pricing.

A secondary concern for intermediaries is that CITs fall outside of their standard review process. Many use fund review tools that pull directly from the Morningstar database and, while Morningstar's CIT database is improving, it still covers only a small handful of options. Until the coverage expands, intermediaries will default to using vehicles that fit within their typical practice for investment review.

Even though CITs are more pervasive in the large, institutional market, some asset managers still report their sales teams are failing to put enough focus on CIT opportunities. Institutional relationship managers are more familiar with DB plans or large endowments and can be hesitant to pursue a CIT opportunity in the DC plan for fear of “rocking the boat” or because of their lack of familiarity with how CITs work in a DC plan.



**“Because our institutional teams are often focused on larger DB or endowment opportunities, they are less comfortable helping plan sponsors position CITs within a DC plan.”**

**-Senior DC Specialist, \$1+ trillion Asset Manager**

For all the reasons mentioned, the CIT sale is more complex and requires more effort from the asset manager’s relationship teams than a mutual fund. Changing the compensation plan of the sales and relationship management teams and offering a different scale for CITs that aligns with corporate goals is often enough to encourage a renewed or invigorated focus on CITs. According to RLF’s 2019 DCIO survey, 31% of asset managers include a CIT component to the compensation plan for client-facing teams, which generally consists of tying a portion of their sales and relationship staff’s bonuses to CIT-specific goals and benchmarks. The head of one DCIO business at a \$1 trillion-plus asset manager commented on the change that resulted from this new compensation metric: “We found that our teams often avoided the more complex discussions required for a CIT sale. Aligning incentives with the growth of our CIT business drives a more aggressive and proactive approach in the field and forces our staff to have the right vehicle conversations.”

## The biggest opportunity? A custom one

CITs have become a legitimate option for plan sponsors in helping them manage the cost of their DC investment lineups. But there are two potentially larger opportunities that are attractive to asset managers in growing their CIT businesses. One is with plan sponsors, the other with sales partners such as record-keepers and intermediaries, but both involve creating unique, custom CIT products whose benefits go beyond low cost.

## Simplify investment lineups through white-labeling

The first opportunity lies in working with plan sponsors to create white-labeled CITs for their investment lineups. White-labeled CITs aren’t just about getting the same investments at a lower cost; innovative plan sponsors are using them to simplify the investment lineup with positive results for plan participants. Rather than offering participants the choice of 15 to 20 branded funds, plan sponsors are simplifying participant options via white-labeled CIT fund of funds. For example, an investment lineup might include an equity category, a fixed income category, and an international category, each with multiple underlying funds. With this approach, participants are allocating across only a handful of strategies, as opposed to selecting from a laundry list of funds. A recent panel at the 2019 Plan Sponsor Council of America conference highlighted why this trend is taking hold. Executives from Microsoft and Comerica spoke to how the inclusion of white-labeled CITs and the resulting simplification of lineups increased plan participation significantly. In Microsoft’s case, they credit much of their 93% participation rate (without auto enrollment) to their simple lineup of white-labeled CITs.<sup>11</sup>

One of the most progressive examples of this simplification is shown in Figures 2 and 3, where Sprint went from 21 investment options to 11 using CIT fund of funds. Notable changes included combining eight equity funds into a single global equity CIT.

**Figure 2. | Sprint Example: Before Investment Simplification**

**Investment structure before streamlining**

- > \$2.8 billion; 47,500 participants, 21 investment options
- > Use of comingled funds and separately managed accounts
- > White-labeled, custom multi-manager funds for several active options

Tier I Target Date Options	Tier II Passive Core Options	Tier III Active Core Options	Tier IV Specialty Options
Target Date Funds	Fixed Income	Capitol Preservation (MM)	Company Stock Fund
	Large Cap Equity	Short Term Fixed Income	
		Fixed Income	
	Mid Cap Equity	High Yield	
		Large Cap Value Equity	
	Small Cap Equity	Large Cap Growth Equity	Brokerage Window
		World ex-US Equity	
		All Cap Equity	
		Mid Cap Equity	
		Small Cap Gr/Val Equity	
	Global Equity		
	World ex-US Equity		
	Intl Small Cap/EM		

**Figure 3. | Sprint Example: After Investment Simplification**

**Streamlined structure with white-labeled custom funds**

- > 10 investment choices
- > White-labeled all investment options

No change
  Change to current option

Tier I Asset Allocation Options	Tier II Passive Options	Tier III Active Options	Tier IV Specialty Options
Target Date Funds	US Core Fixed Income	Capital Preservation	Company Stock Fund
	Large Cap Equity	Core Plus Fixed Income	
	Sm/Mid Cap Equity		Global Equity
	World ex-US Equity		

From an asset manager's perspective, this trend also presents the opportunity to present ideas for new custom investments that could offer superior diversification, enhanced alpha or better risk management. It's important to note this simplified lineup approach requires some additional due diligence and documentation by the plan sponsor. One of the largest asset managers interviewed for this research noted that there is an opportunity to help support this due diligence, and they've leveraged their ERISA legal team to guide plan sponsors through the gauntlet of potential compliance issues.

White-labeling products and solutions is already well established in the mega end of the market where two-thirds of plans with over \$5 billion in assets currently have at least one white-labeled fund in their lineup. However, there is much less uptake in the large, mid and small ends of the market. Just 9% of plans with between \$250 million and \$500 million in assets have at least one white-labeled CIT, but as asset managers become more efficient at rolling out these custom products and more effective in promoting the advantages of CITs, we anticipate this number to increase significantly.<sup>12</sup>

In addition to plan sponsors creating their own CITs, many national consultants have created custom CITs for their clients. By working with asset managers to get relationship pricing and offer a white-labeled CIT, national firms can differentiate themselves and provide access to best-of-breed investments to their plan sponsors.

## Support for record-keepers' and intermediaries' custom product development efforts

Asset managers are participating in another key trend with white-labeled CITs: custom product launches in partnership with intermediaries and record-keepers. These solutions are important because they offer plan sponsors in the mid- and small markets access to institutional-quality investment products typically not available to them. The products provide much needed differentiation for intermediaries and record-keepers with something more tangible than "service" or "expertise." In addition, because these custom CIT products have more favorable pricing than a typical mutual fund, they satisfy plan sponsors' ever-present fee concerns.

In truth, they are also vehicles to help in recovering from years of fee pressure. With plan sponsors continually demanding more services for a lower price, record-keepers' and retirement plan distributors' margins have been squeezed. According to NEPC, recordkeeping fees dropped to \$59 per participant in 2017 from \$118 in 2006.<sup>13</sup> And on the distributor side, a NAPA survey found that 50% of financial advisors were charging less for the same or more services in 2018 vs. 2017.<sup>14</sup> These products generate revenue for record-keepers and intermediaries two ways:

1. In the first scenario, record-keepers and intermediary firms charge asset managers a partnership fee to participate in new, custom investment product development efforts.
2. The second source of revenue is centered on advice, where record-keepers and intermediaries are asking asset managers to launch these CITs for inclusion in a larger advice/guidance offering, such as a managed account, for which they can charge a premium.

The trend toward custom products among intermediaries and record-keepers is significant. In a recent RLF survey, 84% of asset managers reported an increase in demand for custom investment partnerships from intermediaries, and 61% cite increased demand from record-keepers.<sup>15</sup>

Industry news has been filled with headlines of custom CIT product launches from intermediaries such as NFP (FlexPath) and GRP (Foundational Retirement Solutions). The typical approach involves advisory firms partnering with a select list of asset managers and an outside trustee to build a multi-manager target date fund (TDF) or custom QDIA solution with the advisory firm’s branding. To date, NFP has had the most success in this type of product, with FlexPath hitting \$6.5 billion in assets as of June of 2018.<sup>16</sup>

**Figure 4. | Examples of Custom Investment Solutions Launched by Intermediary Firms**

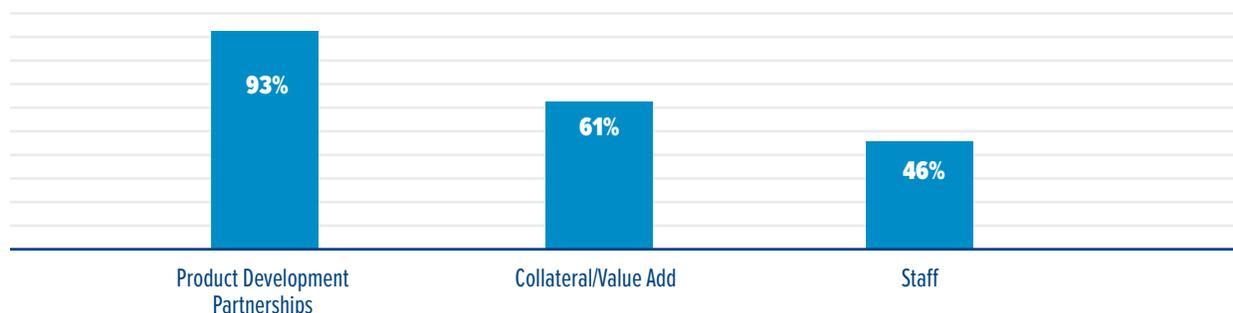


Examples of partnerships involving record-keepers include those between MassMutual and T. Rowe Price, and Empower and American Funds. These products’ features are generally the same among record-keepers: a CIT-based TDF created in partnership with one or more asset managers with the record-keeper often inserting one of their investment products into the vehicle (typically stable value, yet another source of potential revenue).

For asset managers, the custom nature of these products makes launching them more complicated than a simple CIT version of a mutual fund. They require a deeper level of collaboration with the external partners, more creative pricing, and more internal approvals.

Regardless, asset managers are placing big bets on these collaborations, with 93% investing in product development partnerships with record-keepers and intermediaries to drive CIT growth, significantly more than any other investment that asset managers are making in the CIT space (Figure 5). To further support these partnerships and the increasing demand for customization, firms are also investing in value-add materials and dedicated staff.

**Figure 5. | Percentage of Asset Managers Investing in Each Area to Drive CIT Growth, 2019**



Source: RLF 2019 DCIO Survey; Note: respondents could select 1, 2 or 3 answers

## Staff up for the CIT opportunity

To make meaningful inroads in building these investment partnerships with record-keepers and intermediaries, leading asset managers are increasing home office resources. This investment is most pronounced when it comes to covering mid-market consulting firms where most of the CIT product collaborations are taking place. In 2017, only 24% of DCIO firms had a dedicated staff member covering the home office at the mid-market consulting firms. Just two years later, 54% of asset managers have a dedicated person focused on covering the home office to drive product development conversations, among other things.<sup>17</sup> The increase in home office coverage will likely increase even more in the future; in a recent RLF survey, asset managers agreed that if given an extra dollar to spend on staffing, they would allocate that toward home office coverage.<sup>18</sup>

In addition to staffing the relationship with their top partners, a select handful of forward-thinking asset managers are dedicating resources to overseeing the internal product itself. A dedicated “business development resource” for CITs allows firms to apply a more rigorous launch process and navigate the complexities of new CIT partnerships (e.g., negotiations with partners, internal approvals, etc.).

Figure 6 shows how one anonymized asset manager has structured a new CIT business development role. The dedicated staff member (called Ralph in this example) works both externally and internally to drive their CIT opportunities forward, meeting with plan sponsors and aggregators to better understand their requirements while also spearheading the internal approval process. Central to their internal efforts is a newly created approval process (Figure 7) that includes a primer on CITs, as well as a breakdown of the economics of the new custom offering (including the impact to existing mutual funds, if applicable). The asset manager credits this new business development role as a key factor for their forecast of more than \$1 billion in small/mid-market CIT sales in 2019.

**Figure 6: | Company A's Dedicated CIT Business Development Staff**

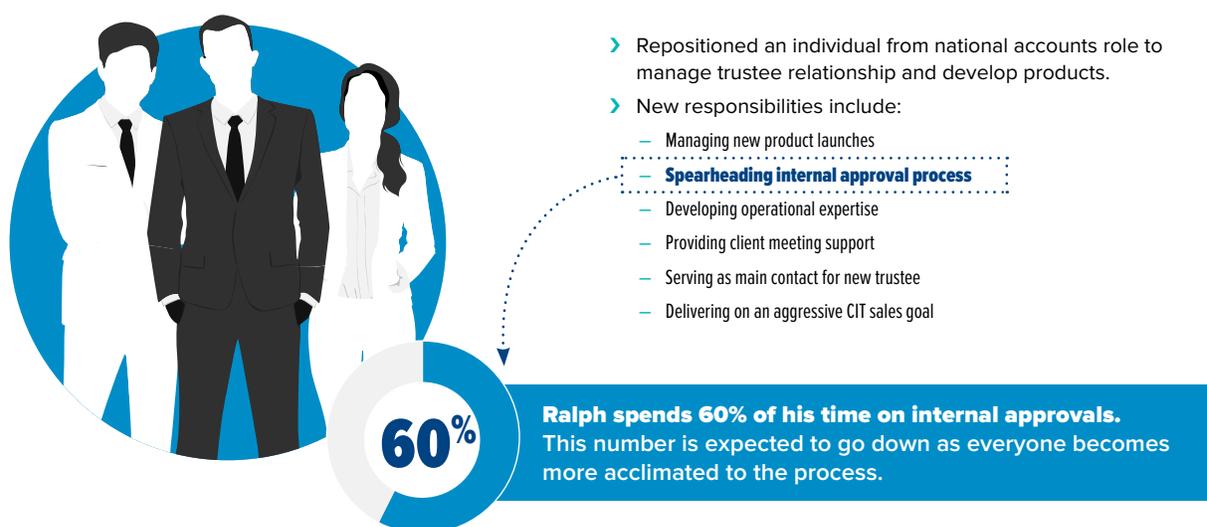
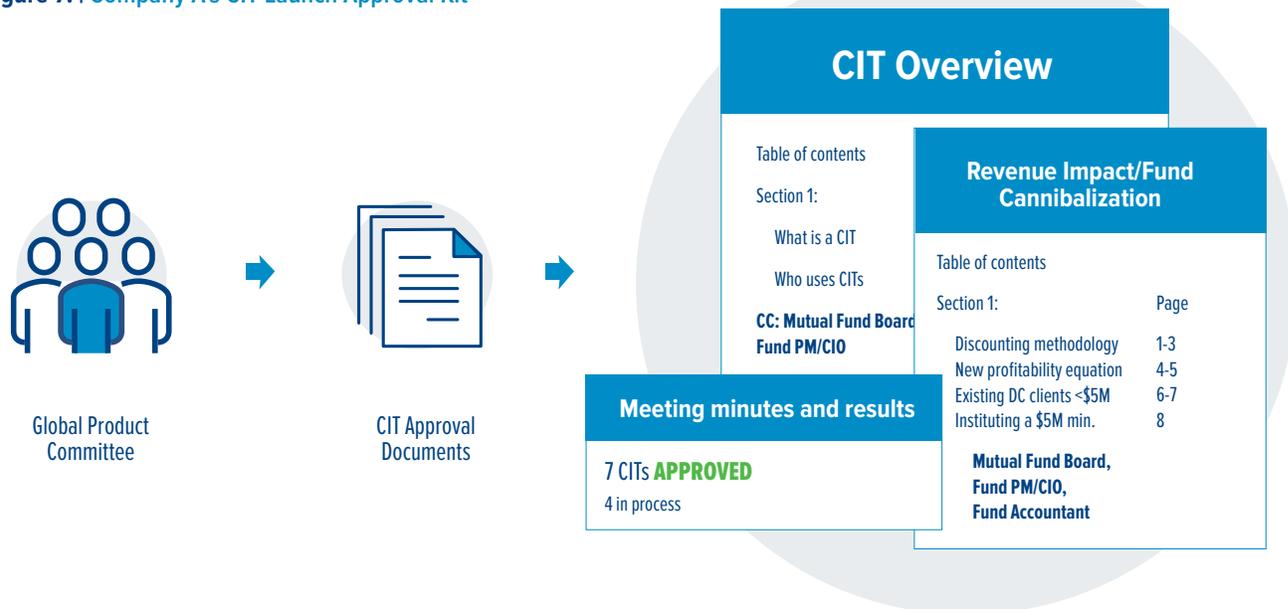


Figure 7: | Company A's CIT Launch Approval Kit



## Get staff up to speed on CITs with education

While forging product development partnerships and adding dedicated staff has been successful in getting new, innovative CIT-based products into plans across markets, firms still see the need for more education at the point of sale. To drive a meaningful conversation about the advantages and disadvantages of all investment vehicles (including CITs) and criteria to help plan sponsors evaluate what's best for their participants, it's critical that sales and relationship staff have the requisite marketing collateral.

Many firms are developing both plan sponsor and advisor-focused content to do just that. Firms such as Legg Mason, Franklin Templeton and Neuberger Berman all have a host of online and print resources that not only lay out the basics of CIT offerings, but also provide insight on how to position CITs with plan sponsors. A handful of firms have also launched websites to help intermediaries learn about CITs and be able to access data on them in the same way they could a mutual fund. Additionally, there is an increase in financial advisor/consultant training sessions, as well as a growing CIT presence on the agenda at industry conferences.



**"CITs will continue to grow. As more plan sponsors adopt the solutions and time passes, they will be as widely accepted as the mutual fund. In the meantime, we are working on educating everyone involved about the basics of the vehicle and the benefits to the plan."**

**-Head of DCIO, Institutional Asset Manager with \$600 billion in AUM**

## Final thoughts: Don't leave money on the table

CITs solve a variety of critical needs: reducing costs, simplifying the investment lineup and creating custom products. And because they're in demand from all of an asset manager's key retirement industry partners—plan sponsors, record-keepers, and intermediaries—expectations of continued growth and long-term prospects are well-justified.

Filling out their lineup with new or additional CIT versions of their existing mutual funds is an important but insufficient first step for asset managers seeking to develop a sustainable long-term CIT strategy.

To be competitive through market cycles, asset managers must be more strategic than reactive about how to position CITs with plan sponsors, a step that requires shifting the sales conversation from being individual product-specific to one that is vehicle-agnostic. Coming to the table with a breadth of options that match the wide variety of a plan sponsor's needs will help demonstrate the manager's partnership and problem-solving approach—one that is value- and solution-oriented, not just product-focused.

To say that asset managers are highly optimistic about the growth prospects for CITs is no understatement. With industry giants such as Empower and American Funds leading the way, we expect a significant increase in opportunities for custom CIT partnerships with record-keepers and intermediaries. A critical first step for asset managers that want to participate in these opportunities is to pursue mutually beneficial partnerships with consultants, advisors and record-keepers. Nurturing those partnerships with innovative product ideas, expert staff and insightful value-adds is a necessary next step, but we'd caution that these generally do not result in new mandates overnight.

Firms that fail to make the strategic investments in platform and vehicle agnosticism, continued education and value-added services will look back with regret of missed opportunities. A senior DC executive at a \$700 billion asset manager told us, "I missed the TDF explosion and I cannot sit still and wait on the sidelines while the CIT trend takes off."

The DC market is forecast to grow at an average annual rate of 5% through 2022, and at \$8 trillion in assets<sup>19</sup>, it represents a large and still growing opportunity. With CITs becoming an increasing portion of this market, firms looking to participate in the fastest growing sector must align their resources and satisfy market needs or risk finding themselves on the outside looking in.

## About SEI

After 50 years in business, SEI (NASDAQ:SEIC) remains a leading global provider of investment processing, investment management, and investment operations solutions that help corporations, financial institutions, financial advisors, and ultra-high-net-worth families create and manage wealth. As of June 30, 2019, through its subsidiaries and partnerships in which the company has a significant interest, SEI manages, advises or administers \$970 billion in hedge, private equity, mutual fund and pooled or separately managed assets, including \$335 billion in assets under management and \$630 billion in client assets under administration. For more information, visit [seic.com](http://seic.com).

## SEI's Investment Manager Services Division

Investment Manager Services supplies investment organizations of all types with advanced operating infrastructure they must have to evolve and compete in a landscape of escalating business challenges. SEI's award-winning global operating platform provides investment managers and asset owners with customized and integrated capabilities across a wide range of investment vehicles, strategies and jurisdictions. Our services enable users to gain scale and efficiency, keep pace with marketplace demands, and run their businesses more strategically. SEI presently partners with more than 550 traditional and alternative asset managers, as well as sovereign wealth managers and family offices, representing over \$24.5 trillion in assets, including 45 of the top 100 managers worldwide. For more information, visit [seic.com/IMS](http://seic.com/IMS).

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SEI Trust Company (STC) is a non-depository trust company chartered under the laws of the Commonwealth of Pennsylvania that provides trust and administrative services for various collective investment trusts (CITs). STC was formed in June 1989, is a wholly-owned subsidiary of SEI Investments Company (NASDAQ:SEIC), and is regulated and examined by the Pennsylvania Department of Banking and Securities. The company's sole business line is the servicing of collective investment trusts, and through its network of strong relationships with advisors, distributors and other service providers, it is able to offer flexible products that can be marketed to the U.S. retirement plan market. STC provides trustee, accounting, valuation, administrative and fiduciary services, including investment management for the CITs. STC utilizes the services of various investment advisors, sub-advisors and providers of accounting and administrative services (including affiliates) in connection with its responsibilities for maintaining CITs. As of June 30, 2019, STC was trustee to more than 365 funds and over \$57.5 billion in assets.

## SEI Knowledge Partnership

The SEI Knowledge Partnership is an ongoing source of action-oriented business intelligence and guidance for SEI's investment manager clients. It helps clients understand the issues that will shape future business conditions, keep abreast of changing best practices and develop more competitive business strategies. The SEI Knowledge Partnership is a service of the Investment Manager Services division, an internal business unit of SEI Investments Company.



## About Retirement Leadership Forum

The Retirement Leadership Forum (RLF) is a best practices research firm serving the needs of more than 30 recordkeeping and DCIO businesses. Spun out of the Corporate Executive Board, the RLF has more than 15 years of research published in the retirement space. The group is known for providing leading industry insight and hosting superior executive events. For more information, please visit [www.retirementlf.com](http://www.retirementlf.com).

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*All quotes are from the original research and conversations related to the RLF 2019 DCIO Survey.*

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