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EXECUTIVE SUMMARY

As the retirement plan industry continues to transform itself, in response to fee pressure, technological advances, and new and changing regulations, the retirement plan adviser plays an increasingly vital role for plan sponsor clients. The selection of investments and recordkeeper are among the most important decisions that plan sponsors make—decisions for which they rely heavily on adviser expertise.

Our 2023 Retirement Plan Adviser Survey sheds light on the criteria that advisers put first in fund and recordkeeper selection; reveals what companies advisers most like to work with; and highlights trends that may shape the industry in the years ahead. The 2024 survey found that advisers remain focused primarily on price and performance when it comes to helping their clients select the most appropriate fund lineup and recordkeeper for their plan.

- Pricing is paramount.** “Fee structure for plan” was among the top three factors advisers considered when selecting a fund lineup, and “pricing/fees” was second most important when choosing a qualified default investment alternative. “Value for price” was the top criterion in recordkeeper selection, cited by 55.6% of adviser respondents.
- An emphasis on the glide path.** When it comes to selecting a QDIA, “glide path construction” appeared even more important to advisers than did cost. Over half said glide path construction was one of their top three criteria when choosing a QDIA fund.
- Performance matters.** While performance does not indicate future results, it remained a crucial criterion in non-QDIA fund selection. Nearly a third of advisers cited “performance vs. benchmarks or peer groups”—i.e., vs. other similar funds—as the most important consideration in fund selection, while 63.6% put it in their top five.
- Increased reliance on third-party scoring.** In addition to pricing and benchmarking, advisers appear to be placing greater emphasis on fund evaluation by third parties. Nearly 40% of advisers cited such analysis as a top-five factor in fund selection in 2023, compared with under 33% of advisers in 2022.
- Participant education is not a deciding factor.** Despite all the industry buzz about educating participants, for the second year in a row “quality and effectiveness of participant education” was the least-cited factor considered in recordkeeper selection. Just 20% of advisers numbered it in their top five, up from 15% in 2020 but roughly the same as in 2022.
- Capital Group, The Vanguard Group and Fidelity Investments remain the most-recommended fund families.** This year, Capital Group/American Funds and Vanguard swapped spots for the No. 1 and No. 2 most recommended target-date fund family, with Fidelity retaining third place from last year. Vanguard was once again the most-recommended fund family, excluding target-date funds, with Fidelity and American Funds/Capital Group coming in second and third, respectively.

2023

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