

Big 403(b) providers becoming bigger

By Editor Test Wed, Sep 21, 2011

Fidelity, ING, TIAA-CREF and VALIC continued to solidify their positions in the marketplace, according to a new report on the 403(b) retirement plan market from Retirement Research Inc.

Government regulation and more transparent fee reporting are driving both innovation and consolidation in the 403(b) retirement plan market, according to Retirement Research Inc., a Connecticut-based consulting firm.

“Consolidation has allowed the major players to fully leverage their brand,” the firm said in a release. “Fidelity, ING, TIAA-CREF and VALIC continued to solidify their positions in the marketplace—the big became bigger. We expect bundled providers to continue promoting the benefits of a single vendor as a means of streamlining recordkeeping and administration and reducing administrative fees.”

Service Model
Single Provider Multiple Provider

Diversified	AXA
Hartford	Fidelity*
Great-West	ING
MassMutual	Lincoln
MetLife	Prudential
OneAmerica	VALIC
Principal	
TIAA-CREF	

*Case by case.
Source: RRI Proprietary Data.

According to the release, “the new rules are making 403(b) plan sponsors increasingly aware of their heightened fiduciary exposure. They may also help reduce plan fees. Since the new rules went into effect, more employers have also joined consortia to boost buying power and lower costs.”

RRI managing principal Ron Bush said, “Because of the dramatic and rapid necessity for regulatory compliance regulations, in an unprecedented spirit of cooperation, 403(b) providers, advisors and TPAs began to work cooperatively to avoid what could have become a nightmare.”

RRI expects bundled providers to create triage teams that will become expert at corrections that arise. “Eventually, non-ERISA plans will cease to exist. For most plan sponsors, making sure that they are *not* acting in any administrative capacity will end up being more work than to simply comply,” said Aleida Herzog, RRI Director of Tax-Exempt Markets.

Retirement Research Inc. offers profiles of leading providers and products in the defined contribution market, interactive web-based competitive analysis tools covering both product and investment platforms, topical research reports and research-based consulting services.

RRI's [**403\(b\) Market Overview**](#) is available for sale from the company.