
"Boutique DC consultants" now in demand: Cerulli

By Editorial Staff *Wed, Oct 12, 2016*

'This influential and relatively new intermediary category is a bright spot against a difficult DC landscape characterized by negative net flows in the corporate DC market, fee compression, and an increasingly litigious environment,' the consulting firm said.

Asset managers are now focusing their distribution efforts on middle-market DC plans (\$25 million to \$250 million), according to new data from Cerulli Associates, which attributed the trend the saturation of the advisor-sold and institutional DC markets, along with fee compression and litigation in the large-plan market.

That means targeting the consultants in that sector. "Boutique DC consultants" were identified as the "most opportune segment for increasing DC assets and revenue," according to a Cerulli survey of recordkeepers and DCIO (defined contribution-investment only) asset managers.

Classic examples of boutique DC consultants include CAPTRUST, SageView, and Lockton, Cerulli said. Some firms are retirement-focused RIAs and others are consultant practices that reside in a wirehouse. They are now attracting plans with significantly greater assets than the typical reach of a retirement specialist advisor.

"The boutique DC consultant category is distinct in that it works with a wide range of DC plans in terms of asset segmentation," "As boutique DC consultants continue to broaden the scope and size of plans with whom they work, with some even reaching into the large DC plan market, asset managers can no longer afford to ignore them," said Jessica Sclafani, associate director at Cerulli, in a release.

"This influential and relatively new intermediary category is a bright spot against a difficult DC landscape characterized by negative net flows in the corporate DC market, fee compression, and an increasingly litigious environment," the release said.

Cerulli's latest report, U.S. Defined Contribution Distribution 2016: Engaging the Boutique DC Consultant in the Mid-Sized DC Plan Market, explores the opportunities for DC plan asset and revenue growth despite a challenging backdrop of intense competition and fee pressures.

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