Most plan providers expect DOL rule to help asset retention: LIMRA

By Editorial Staff *Thu, Jul 28, 2016*

'Nearly three quarters of plan providers anticipate their call center staff will need training to be able to distinguish education from advice,' said Matthew Drinkwater, Ph.D., assistant vice president, LIMRA Secure Retirement Institute.

The Department of Labor's (DOL) fiduciary rule will have a "positive or neutral effect on their overall asset retention rate" over the next two years, say 64% of top retirement plan record-keepers and providers, according to a new LIMRA Secure Retirement Institute survey.

By making it a fiduciary act to solicit rollovers, the rule could dampen the ability of call center reps to recommend rollovers to separating or separated 401(k) plans participants. If so, more money might stay in the plans. The rollover market is still expected to exceed $400 billion in 2016, LIMRA said.

The new DOL fiduciary rule goes into effect in April 2017. "The [rule] impacts all qualified assets and will likely have a major impact on the rollover market, with some DC plan providers benefitting from increased in-plan retention due to a slowdown in IRA rollover activity," said Matthew Drinkwater, Ph.D., assistant vice president, LIMRA Secure Retirement Institute, in a release.
According to the LIMRA SRI study:

- 28% of companies felt the rule would help them increase asset retention
- 36% felt it would have no impact on their current asset retention rate
- 36% expect the rule to result in a minor decline in their asset retention rate
  75% of plan providers surveyed say they will change how their call centers respond to calls related to retirement plan distribution options. Many will also change procedures for calls *unrelated* to distribution options.

When the final rule was published, plan providers weren't certain how to revise their call center scripts to make sure that phone reps didn't cross the line from "education" to "advice." The later would trigger a fiduciary standard; advice or recommendations would need to be in the client's "best interest" or the rollover could be a "prohibited transaction."

"Nearly three quarters of plan providers anticipate their call center staff will need training to be able to distinguish education from advice," said Drinkwater. Earlier this month, LOMA Secure Retirement Institute launched **DOL Fiduciary Basics for Employees**, a short online course that explains what the rule means to industry organizations and their employees.