Revamp Retirement Episode 70 – Accenture

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**Intro:** [00:00:00] Covering the ever evolving retirement plan landscape to help identify the biggest opportunities for plan sponsors, CAPTRUST presents Revamping Retirement.

**Audrey Wheat:** Hello and welcome to Revamping Retirement. I am Audrey Wheat and I am joined today by Matt Patrick, a leader on our Define Contribution team. Matt, how are you doing today?

**Matt Patrick:** Audrey, happy Halloween to you.

**Audrey Wheat:** Happy Halloween. Matt and I both have kindergartners, so we are both coming in hot today from, our respective Letterland Halloween parades. And if you're not sure what that is, definitely give it a Google search on the [00:01:00] internet. It's really cute. Matt, which character did your son choose?

**Matt Patrick:** he chose Kicking King, which was, that was his favorite character all year. He was very excited to be dressed as that today.

**Audrey Wheat:** Very good. was he kicking his way down the hall?

**Matt Patrick:** he was skipping, kicking, jumping. It was a little bit of everything going on.

How about for you?

**Audrey Wheat:** we had a Lucy Lamplight. It was going to be clever cat up until, uh, about 24 hours before sent me on a bit of a scramble to the dollar tree, but that's for another day.

All right, so down to business. To lay the groundwork for this episode, if you will bear with me, I want to take a bit of a victory lap. So in January of this year, we did a predictions episode where we laid out our best guesses of what would happen within the employer retirement plan space in the coming year.

**Matt Patrick:** Matt, do you remember any of your predictions? I do. My prediction was that we would be talking more about customization in the QDIA [00:02:00] space for retirement plans, which is a topic we covered some of the progress on in one of our previous episodes that we had with PIMCO a few months ago.

**Audrey Wheat:** Awesome. All right. Okay. So victory lot for you. okay. So my prediction was, I said that there would be more Record Keeper Consolidation and Partnerships in the coming year. And wouldn't you know, both of those came true. We will make sure to insert some cheering and clapping in post production. but honestly, it wasn't really that bold of a prediction to make.

And that's exactly why we have our guests here today. Tim Hoying and Dave Mallett from Accenture. Tim and Dave are two of the authors on Accenture's recently released report on the state of the recordkeeping industry. That report is called Navigating Through Turbulence, Reinventing Retirement Recordkeeping.

You can find it just by searching for it online. Tim and Dave, thank you so much for being here today.

**Tim Hoying:** Audrey. It's a pleasure to be here.

**David Mallett:** Yeah. Thanks for having [00:03:00] us.

**Audrey Wheat:** All right. So let's dig in and start with some background. Tim, we'll start with you.

What motivated Accenture to explore the current challenges and future opportunities in the retirement record keeping industry?

**Tim Hoying:** part of our business,that we have around the retirement, industry within Accenture covers quite a wide range of services that we offer. So everything from core operations and outsourcing to technology, to cores, Consulting and strategy work, which is, the work that Dave and I lead.

And a little bit like Wayne Gretzky, we always like to be able to skate to where the puck is going to be, not where it is, and the only way to do that is to really look at what the future, is likely to hold and begin tooling our business around where we believe the industry will be and what the industry needs will be.

**Audrey Wheat:** I think, I think Tim sums it up nicely. our services across [00:04:00] technology operations, consulting and strategy, provide us the ability to work with a variety, of the leading record keepers in 401k, 403b, 457, and then across the defined contribution spectrum.

**David Mallett:** and so we're talking to our clients about, this every day and how they think about the future and how do they prepare their business.

**Matt Patrick:** awesome. Dave, I'm going to stick with you and maybe as we get into the actual report itself, can we start to set the stage for what the current record keeping landscape looks like, how people are positioned and how we should think about them,where their strengths are and how they're competing with each other.

Tim and I in embarking. on the stunt leadership piece, wanted to look at the record keeping landscape from a couple of different angles and how you compete effectively in the market.

**David Mallett:** One of those is looking at your scale and who serves the largest amount of participants across the defined contribution space. Another was the types of plans they serve. so [00:05:00] 457 being maybe more predominant or 403B, versus 401k, and then the size of the plans they serve. So the average participants that they serve, with that view and those different angles, we found a couple different models, to compete effectively in the space.

So one is just the sheer scale players, they serve a variety of different types of plans, large plans. small plans, and all for different types of, plan products. So it could be 401k, could be 403b. 457. two other ones are large plan specialists. So those that serve predominantly larger, plans.

So think, the jumbo and mega plans with lots of participants. some are smaller plan specialists and, operate in a niche that just serves, you know, large plans. very small, maybe under a hundred participant plans. and then there's a set of product specialists, right?

Those that focus just on the 403B market, and have specialized offerings there, or the 457 market. a final segment, [00:06:00] not necessarily probably a strategic model, but is one, ones we found that are actually lacking in a lot of those things, right? We think they're subscale and don't have a specialization,and need to, Probably evaluate, how they think about the future and recordkeeping.

**Audrey Wheat:** So really the first half of the report lays out very nicely those different cohorts of record keepers that you just went through. In the second half of the report, you all dive into the three main strategies that record keepers need to commit to in order to remain viable. Can you give us an overview of those three strategies?

**Tim Hoying:** Yeah, happy to, Audrey. I think, most people realize this, is that record keeping is a scale business, and increasingly one. One of the things that Dave and I did right at the beginning of doing this research was to build a scale curve for the industry. So we can actually Per di cate.

What the cost

per participant is for any record keeper [00:07:00] based on their size, the number of plans, number of participants that they have.it doesn't mean that, every record keeper necessarily will have that cost structure though. So the first element that is absolutely critical to the future of the record keeping space is to have a, competitive cost structure.

And that doesn't mean that,each record keeper needs to be at the lowest possible cost structure because A competitor that is very large will almost naturally have one that's lower, but you have to be in that competitive range. So if you're at the smaller end of the scale, you'll have to figure out ways to drive your cost structure lower than what the scale curve would predict you would have.

And there are ways to do that. So the first, strategy is really, Dig in and leverage technology, leverage AI, leverage data and analytics, all the, tools that are [00:08:00] out there to help create a really cost competitive cost structure for those core elements of, CAPTRUST. of recordkeeping.

And I think as most recordkeepers would realize that a lot of the cost in recordkeeping gets tied up in the one offs, either in errors that need to be corrected, in items that don't go the way through the standard path, and so correcting for all of those.the second,area really begins to focus more on the revenue side.

As recordkeeping continues to face increasing fee compression and competitiveness, the ways that additional revenue, can be, driven is a second very key element of any recordkeeper strategy. And that Starts to move into ways to place additional assets, proprietary assets, other elements.

Now that's swimming against the current a little bit, but creating truly, [00:09:00] more advanced products that can serve the market better, whether it's more advanced target date funds or other types of fund structures. secondly, being able to leverage The participant base and providing more advice, more guidance, more retail access to many of the middle market participants that are in the record keepers and plan sponsors pool.

The third area is really about. More aggressively embracing the broader ecosystem. and when we talk about that, we talk about, embracing the asset managers, the, the other entities that are around the record keeping business that could help and support both on the cost structure side of things, as well as the revenue side.

So. the short answer to the question is it's a bit of a focus on cost, critically important, a bit of a focus on revenue and a bit of a focus [00:10:00] on better leveraging an ecosystem that helps you get there.

**Matt Patrick:** When you talk about embrace of the ecosystem or partnering with asset managers, like what do you envision with that and how would they partner with groups like that?

**Tim Hoying:** going back to kind of Tim talking about that second strategy. we think it's critical that record keepers as fees compress. when we looked at that in the paper. it's not only record keeping fees are driving to zero, but the fund fees,are being extremely challenged,

**David Mallett:** and record keepers ability to place proprietary target date funds over the last decade has decreased substantially. and so when we think about those additional revenue streams that record keepers have to think about in plan, financial advice, a retail, and wealth management and offering and other products and services.

We think, this is a complex B2B2C. And you have to think about other partners wanting the opportunity and revenue capture, of those new [00:11:00] streams as well. So you think about asset managers and insurers trying to capture, right? Some of those other channels and in plan financial advice and the retail offer, as well as intermediaries, FAs, right?

Who manage and have relationships with these retirement plans and RIAs and investment consultants, they as well see opportunity in those new revenue streams. You have to be critical about how you think about the partnerships with those players, because you're all looking at the same opportunity right now.

**Matt Patrick:** Okay. That makes sense. And I think we'll want to dig into some of that maybe in some more detail later in the show. I do want to get into, some more of the specifics of the cohorts that Dave, you mentioned earlier, but I guess I, I can't leave, even though this is your victory lap podcast, Audrey, Tim said more complex target dates in there.

So just another plug for the, more customization, the QDI space. So, uh, we're gonna, we're gonna leave this as a joint victory lap. So I couldn't, I couldn't leave that one sitting there. All right, I want to get back into so we've set the stage, I think, for the main [00:12:00] takeaways from your all's research.

So we've got the way that the record keeping market is broken down. We've gotten these three strategies that anybody that's going to be successful moving forward is going to have to think about and try and come up with something in there. But I'd like to, To go back to some of the cohorts and maybe talk about them and in a little more detail starting with the, the small scale record keepers.

So the specialists in that space, which, let's define as groups that have 2 million participants and under fit into that bucket. what do you all see as the role for these smaller scale record keepers, given all of the increase in consolidation with the, Within the industry and do you believe moving forward that there will continue to be a need for specialists in that space within the market?

**Tim Hoying:** Yeah, that's a great question, Matt. And I think the answer to that, you can look at other industries that have gone through this path of consolidation before this, one of the things that Dave and I spent time doing was really going [00:13:00] into, quite a bit of analysis around how smaller record keepers could be competitive and, how they could create differentiation in the market to compete effectively with the very large record keepers.

One of the things that,we did as we predicted what the future might hold is that, in five years, we think probably 80 percent of the market, will be. really owned by the top five record keepers, the five largest record keepers, which leads the remaining 20 percent of the market divided up amongst the others.

**Matt Patrick:** when you say 80 percent 20 percent Do you mean by plan count or assets within the market?

**Tim Hoying:** by assets.

what that means is that there, has to be ways that smaller record keepers can compete effectively in the market. So if you look at. any other consolidated industry, the automotive industry is a [00:14:00] classic one to look at back in the 1920s, thirties, forties, there were literally a lot of different auto manufacturers in the U S that quickly consolidated down to the big three.

And then the market continued to evolve and you had some large European and large Asian manufacturers also competing. However, when you look at it, what also, emerged over time were niche players,manufacturers that filled a particular niche in the market. And one of the most recent examples of that, is Tesla that, that created the whole electric car niche and found a footing in the market.

Same in record keeping. So David mentioned earlier that, there is A particular focus, with 403B457 plans that are unique. They're not the same as 401k. They have some different complexities to them.

the plan sponsors value, [00:15:00] record keepers that can really tailor to their unique, specific needs. And so record keepers that can compete very effectively in those particular niches and compete very effectively against the larger record keepers, that are out there.

And they can do that by being very tailored and targeted to those particular niches. Likewise, David mentioned earlier. Small plan, specialists. So small plans are particularly challenging to, serve and to sell to because the scale isn't there. So record keepers that have distribution channels that can be leveraged, for other products as well as record keeping, have a incredible advantage over much larger record keepers.

So those are just two examples of niche strategies that can really create very specific, unique, competitive advantages in the [00:16:00] market that will allow those other record keepers to compete effectively in that other 20 percent of the market.

**Audrey Wheat:** Okay, so let's focus now on the large plan specialist. So that cohort, they tend to have a small but very mighty population of plans. due to the huge number of participants within them, hundreds of thousands or even perhaps millions within a plan. it's well known that these plans, they would be nearly impossible to move.

**David Mallett:** So talk about how these record keepers specifically should approach the future. How can they ensure that they are still delivering a product that their clients are satisfied with? And do you feel like the large, any of the large plan specialists are on anyone's radar as a target for consolidation or are they simply too big? Yeah. we think they are and can be moatier plans and moatier businesses because of the stickiness you just called out, Audrey, right? You have [00:17:00] very customized servicing features,with large employers that become hard to move.

to another plan. And, if they are acquired, we know that a larger employer would most likely, bid and look at, what are other opportunities out there? we think with the customization, Yes, it becomes a stickier business model, but also can become a costly model when you think about customization, not only on the servicing side.

But a lot of the clients we work with, there's a lot of customization in the technology and the platform for these plans that has been built over decades. and that can be challenging. And then when you think about the revenue side, and we talked about some of the fee compression, we know that these employers also carry, when they go out to look at providers, some of the highest.

just buying power, and being able to drive down the cost of those right target date funds and defaults that are there. So it is challenging. Although you do have the scale, right? And some of these plans with the participants, [00:18:00] it is challenging. if you don't have coming back to our first strategy, that cost structure, right?

And we think there's a couple large plan specialists that really have to think about, Hey, do I have a competitive cost structure holistically when I'm doing a lot of this custom servicing? and is this a, a market I still want to be in, in the future? And to your point, we think there are a couple that could be.

**Matt Patrick:** Evaluating, Hey, do I want to be in this space in the next three to five years? I'd be curious, when we're talking about large plan specials in particular, and I think you mentioned the word custom quite a few times in there, what are some of those customizations look like? Isis it in the participant end?

**David Mallett:** Is it in the plan sponsor end? Yeah. I, on the sponsor end, We see,relationship managers, we see account managers and teams, That have been in place, servicing the sponsors. For long amounts of time. and then same on the participant. A lot of these large plans have, hundreds of thousands of employees across the U.

**Audrey Wheat:** S. and require, on plan education and [00:19:00] guidance. and that takes a team of specialists just dedicated, to that plan. On the technology side, when you think about, either proprietary or some of the platform providers out there, we just see over the years, there's custom builds, and code and legacy,platform codes that have been built over time for clients specifically, that becomes costly, to maintain for the record keeper, and, harder to leave for the sponsor. Solet's flip the coin now and focus on the small plan specialists. what potential for disruption do these record keepers have based on the fact that they record keep predominantly smaller plans?

**David Mallett:** Yeah, we, we looked at,and have seen in our time working with clients, small plan specialists focused on a couple different distribution strategies that we think have protection and moat like businesses, but can be disrupted. So, a perfect example is payroll.

We think payroll for a lot of [00:20:00] small businesses is a basic, function that's needed. And record keepers who have. bolted on to the payroll offering as a, as an add on when small businesses get up and running. Another is, protected distribution into financial advisors, who work with small plans and there's a couple of record keepers who are really good.

wholesale out to advisors and making sure they're placed on advisors platforms. but both of those models we've seen, Digital players like Guideline, Betterment, Vestwell, encroaching on and trying to bring,from the payroll side, a plan in the box that can be bought by a small business owner right off the shelf, and then on the advisor side, we've seen a lot of these digital players.

Really build out,capabilities to plug in with a financial advisor who has a retirement book, that we think could be disruptive to some of these small plan specialists in the future.

**Tim Hoying:** one of the things to add on to Dave's comments is that the retirement plan, concept [00:21:00] is a complex product for a small business owner to buy. So in the small plan size, there's not a lot of individuals that will be Looking to buy a plan, or form a plan without some advice around how to do that.

one of the things that becomes also pretty important is that then that specially, or that focus on the small plans, For a record keeper to be able to say, yeah, this is an area that we focus on. We know exactly how this works. Here's how, what would work best for you. And by the way, it has to be relatively standard.

You, you can't afford to create much customization or uniquenesses in the small plan space. We haven't talked at all about, PEP plans yet, but obviously I think that's an area that we look at for increased interest and attraction, for the small plan providers as well. And I think the small plan [00:22:00] record keepers will begin to.

To embrace that distribution model. Also,

**Matt Patrick:** So you feel like the peps are definitively like more attractive in the small plan space.

**Tim Hoying:** I think it really, certainly at the small plan space, because it removes a lot of the fiduciary responsibilities and accountabilities, it, has a lot of elements that, I think a small business owner can. feel more comfortable with. At the same time, I think even in a midsize plan, there's, there are advantages as well as disadvantages at that scale with the PEP plan.

But I think we'll continue to see the growth of PEPs over the coming couple of years. that can be one of your predictions for,

**Matt Patrick:** Yeah,

**Tim Hoying:** for next year.

**Matt Patrick:** it makes, I mean, it's certainly an area that, there's been a lot of discussion on in the industry, and we've even seen people taking different tacks in terms of targeting the small plan versus the mid and large market space. It'll be interesting to see how that, that develops [00:23:00] moving forward.

We'll appreciate your all's answers there. I think we want to start bringing together the two parts of the study. So we've got the different segments. We've got these three areas that they need to be focused on moving forward. All these record keepers are looking to grow. How would you all think about them from a strategic perspective moving forward, looking to generate organic growth?

And I guess how would you think within, within the segments, within these strategies, how should they be thinking about, driving growth moving forward for all these record keepers?

**Tim Hoying:** Yeah,that's a really important topic. Growth is key in the, in this industry, especially in a consolidating industry. so the first thing to recognize is that both organic and inorganic growth are important. I think, Audrey, to your prediction before, we will continue to see inorganic, acquisition happen over the coming, Few years as, more record keepers seek to gain scale, through inorganic growth.

It's very difficult to replicate that in an [00:24:00] organic way as quickly as you can with an acquisition. So that will continue to fuel and drive that. And I think you'll continue to see that at different stages of the, size spectrum in record keeping. That being said, organic growth is also critically important.

that really comes down to, the share shift over time and

It's really important for record keepers to demonstrate organic growth so that they are on the side of gaining share as opposed to losing share. When you're in a share gaining scenario, even at a relatively small share gain at the organic level, that fuels a lot of innovation.

It fuels growth opportunities. It fuels other things that you can. Provide your distribution partners as well as provide, the sponsors. in any scenario, inorganic growth can't be avoided. [00:25:00] Supplant the need for organic growth as well. Both will be important over the coming three to five years. I think we'll continue to see inorganic growth.

That'll make the headlines, but the winners ultimately be, will be the ones who are able to drive organic growth as well.

**Matt Patrick:** when you're talking about, inorganic growth, is it something like the scale record keepers are going to be positioned to scoop up those in other segments, or is it going to be more like consolidation within those segments?

**Tim Hoying:** Yeah. Interesting question. what you can envision is certainly the scale players Continuing to make acquisitions. But at some point they're at the level of scale where they don't really need to make more acquisitions. It'll be the record keepers at the cusp of being at that scale level that I think we'll see some of those acquisitions happen.

The other place where we might see acquisition is in some of those specialty. areas. So in the 457 space, [00:26:00] you could potentially see some acquisitions to try to consolidate that specialty market a bit.

**Matt Patrick:** Okay. perfect. All right. So then circling back, I think Tim, you had stressed the importance of organic growth. You can't, you can't supplant the need for that with inorganic growth. I guess anything in terms of like areas to focus on that you think will be the most productive for record keepers in terms of generating that organic growth that they need to keep their businesses healthy.

**Tim Hoying:** Yeah. I think probably two primary areas of focus. One is, continue to demonstrate growth in, net. Participants and net plans. the industry tends to focus on assets, obviously for good reason, but asset growth is heavily influenced by how the market performs over time. as Dave and I look at the market, we tend to look at it More from a structural perspective, which you can see much more from the number [00:27:00] of plans and number of participants.

So the first area is ensure that you're growing kind of both of those dimensions. The asset should follow after that, but you have to be growing plans. You have to be growing number of participants. and then secondly, growth. will emerge from expanding into some of the ancillary products.

I think, we'll continue to see record keepers expanding their capabilities in advice, expanding their capabilities in guidance around not only retirement, but, financial wellness and planning for other major events, whether it's college educations or other key elements that are important to people.

I think what people tend to forget is that Much of the working population today does not have a financial advisor and doesn't have a wealth management [00:28:00] source of advice very clearly. and some of that is because it's very difficult for financial advisors. lower asset level of individuals to make that worthwhile.

There's just not enough profit in that for them. And that creates a huge opportunity for, for record keepers and the retirement industry in general to fill that gap. Now it's challenging as everybody knows, because you're starting with a very small snapshot of someone's financial picture, which is just their retirement plan.

But if you're able to effectively use scalable technologies and scalable capabilities to make it easy for participants to have a broader discussion or be able to investigate more of what their financial future might be in an easy way. You've suddenly extended that relationship from primarily a relationship with the [00:29:00] employer and the sponsor to beginning to establish a real relationship with those participants.

**Audrey Wheat:** would agree with what Tim said. we thinkthere is an underserved market and an opportunity for record keepers, but they need to be very thoughtful in how they bring those products and services to market. And they need to. To be compelling, From a cost perspective and that the value they add, we talk about things like smart QDAA, AMA and managed accounts in our, our paper.

**David Mallett:** we think those are early stages need to be more cost effective, for participants and add value and will evolve, in, in, in years to come if they really want to be, core default offerings in plan.

**Audrey Wheat:** And you think about who you have to get the buy in from to present those other services. It's the plan sponsor, but it's also the advisor partner, if there is one involved as well.

**David Mallett:** I think people often forget, this is a B2B market. First plan sponsors are the gatekeepers make decisions with the help of their right consultant [00:30:00] or advisor who also has to be on board and right is looking out for the best interest of the sponsor and their participants, which totally makes sense.

**Audrey Wheat:** Absolutely.

So finally, in our prep discussions, Dave and Tim, you had mentioned a follow up to this report that we're talking about.

Now we'll be coming out with Where you discuss the winning strategies in the next five years for record keepers that want to remain in the business. Can you give us a little sneak peek of the strategies you will discuss in that report?

**David Mallett:** as a, as a follow on to this work, what Tim and I really wanted to do is, beyond the strategies we call out in this thought leadership piece for record keepers. Is really, flip to look at, okay, how do those strategies, compare,

And so what we've begun to do is look at primary research with plant sponsors, with key intermediaries, so financial advisors and consultants, and really understand what are top of mind preferences, currently and into the future [00:31:00] of those sponsors, and how will that shape what record keepers need to do.

beyond just the things that we talked about in this paper.

Perfect. we look forward to that. any sense of timing? Cause I'm chomping at the bit to read that. We're a work in progress.

**Audrey Wheat:** All right. We won't hold you to anything.

**Tim Hoying:** Another two months.

**David Mallett:** 2025.

**Audrey Wheat:** Okay,

**Matt Patrick:** there we go. We can go ahead and book you all for, for a follow up, episode then for that one.

So we're going to pivot a little bit from the Q& A in this way. And we're going to jump to something that we do in a couple episodes, which we call buy and sell. So Audrey and I are going to alternate making some statements about the future of the record keeping space.

And If you all agree, you would buy the statement. if you disagree, then you can sell it and we might ask you to elaborate on why that's your opinion. So I'll kick us off first statement topic came up earlier, but AI will have a big impact on the record keeping business.

**David Mallett:** yeah, I think there's a lot that, that AI will bring. when we think [00:32:00] about core servicing, participant experience, sponsor experience. I think by more probably in the medium and long term. And, things are still playing out in the short term as a lot of record keepers look to adopt the technology that AI has.

**Matt Patrick:** Do you imagine, in that medium to long term, do you imagine it's a lot of participants interacting with artificial intelligence? Do you envision it more on just optimizing process on the backend?

**David Mallett:** No, we see it as a lot on participant. You think about, Other ways you're using AI chatbots today. I think about my United Airlines app and what a AI chatbot can do for me without even talking to a call center. we think that's very realistic for the retirement record keeping space.

**Audrey Wheat:** I'm kind of tying that into what we were just closing out in the Q& A session around these additional services, looking to add these types of things. Maybe that makes it more scalable and efficient for all players to get into something like that. All right, Tim, coming to you. Buy or sell, more record keepers will [00:33:00] consolidate rather than take on partnerships in the next 10 years.

**Tim Hoying:** I'm with you, Audrey. Bye. I think you'll see both, but we will unquestionably see more consolidation,in the coming years.

**Audrey Wheat:** Okay, so that, that's job security for me, so I guess I'm okay with that.

**Matt Patrick:** all right, third statement. Dave, I'm gonna throw this one back to you. Smaller plans are more likely to see disruption in the record keeping space and innovation in that space than larger plans are.

**David Mallett:** I'd go with buy, similar to what we spoke about earlier. I think there's some digital entrants who will continue to push in that small plan space. be it through advisor channels or be it direct to sponsors. I'm going to go by,

**Matt Patrick:** Okay. And you feel like those digital players, they're just presenting. Something unique in that space or it's more efficient. What do you imagine their

I think it's unique. I think it's very cost transparent. And I think for many, it's very simple and easy to purchase for small businesses that need that. And then for those that [00:34:00] don't, they're providing digital solutions to financial advisors that are disruptive. sense.

**Audrey Wheat:** All right, Tim, back to you. So record keepers will need to offer some sort of proprietary investment product to supplement lower fees for record keeping.

**Tim Hoying:** Bye. I think, as we talked about earlier, record keeping ultimately, I think evolves to a form of really distribution. It's a, it becomes a breakeven source of being able to provide greater services to sponsors and participants. And I wouldn't stop just at investment products, but I think it will be advice products, guidance products, other types of products that we can only really just imagine right now.

**Audrey Wheat:** Great. Cause yeah, my followup was going to be, what about the record keepers that don't have the investments? What are they going to do?

**Matt Patrick:** Then last, last statement is that the looking back at the segments of the [00:35:00] market, the large plan specialists and the small plan specialist, those in those buckets, they're going to have to expand out to other parts of the market in order to be able to compete long term.

**David Mallett:** are we buying or selling that, Tim?

**Tim Hoying:** we're selling that

**Matt Patrick:** sellingif you all disagree, that would be even better. Dave, what's your opinion on it?

**David Mallett:** I think, you know, as our, paper lays out, small plant specialist, large plant specialists, they might look to grow in certain areas of the market, and. Take share organically or inorganically, but we think they can stay within their niche still. And with a competitive cost structure, you'll compete effectively.

**Matt Patrick:** All right. So we had, AI will have a big impact on record keeping. That was a buy more record keepers will consolidate rather than take on partnerships in the next 10 years. Also a buy a third straight buy was for smaller plans are more likely to see disruption and innovation in the space than larger plans, also bought that record keepers will need to offer some sort of proprietary investment product that could [00:36:00] be their own if they have an asset management arm or partnerships Asset managers.

And then the one cell we had in there was large plan specialists and small plan specialists will have to expand out of those markets. We think they can operate within those moving forward. all right. Appreciate you all running through buyer cell with us.

**Audrey Wheat:** Awesome. Well, thank you. So we're coming up on the end of the podcast and we want to wrap up with a question that we ask all of our guests. so Tim, I'm going to start with you. Tim, what does retirement look like to you?

**Tim Hoying:** I'm still a few years out, but clo much closer than Dave. Um,I will say that what I am most looking forward to in retirement is travel. for pleasure. I spent a lot of time traveling for business. and, I'm looking forward to, To spending a little bit more time traveling for my own pleasure.

**Matt Patrick:** What's a, what's top of the list. We got to know what the number one destination is.

**Tim Hoying:** Well, I don't know if I'll, I can come up with a number one, [00:37:00] destination. my wife and I have traveled a lot. I'm up to, I think just under 70 countries. so I've got another, I've got another 30 or 40 to go. We're actually more than that actually now, I think, 134.

**Audrey Wheat:** I don't think you have to talk to the chat bot on the United app. I'm pretty sure you have a concierge

**Matt Patrick:** Yeah.

**Audrey Wheat:** for you.

**David Mallett:** took away his global services.

**Matt Patrick:** I want to amend the invite back to talk about your new study. And I just want to do a travel show with Tim. I think we should hear about your travel stories. That'd be great.

**David Mallett:** for me, yeah, for me, retirements, quite a ways away, but I think something I would like to do, I was a teacher for two years right after college. And so I'd like to get back into some form of teaching kind of post, career, whether that's college, maybe MBA doing business school, but being a teacher and doing something like that and being in a classroom will be fun.

**Audrey Wheat:** Very good. Giving back. [00:38:00] All right. thank you again, gentlemen, for being here today. please check out the report. just Google the name of it and it'll come right up for you. A reminder to our audience to and subscribe to Revamping Retirement on all the podcast networks. And we will see you in December for our last episode of 2024.

Thanks for listening.

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