

## Strengthening the Case for Managed Advice

### Proof points and supporting statistics

<b>General Retirement</b>	
22% of Americans have less than \$5,000 in savings earmarked for retirement.	<a href="#">Northwestern Mutual</a> ; 2019
Results from Schwab Retirement Plan Services' 2020 401(k) Participant Survey of 1,000 currently employed 401(k) plan participants reveal that 32% say they do not know how many years their retirement savings might last—and the level of uncertainty is higher among women (40%) than men (25%).	<a href="#">NAPA</a> ; 2020
<b>Managed accounts: Competition</b>	
But by their very definition, target-date funds offer mediocrity as their best-case outcome. That's because they use a flawed investment model.	<a href="#">InvestmentU.com</a> ; 2020
<b>Managed accounts: General support</b>	
When asked "If your employer were to offer all of the financial resources below [advice from a professional, information on retirement plans, financial products/services that help employees, online financial tools/calculators, developing financial skills/habits], which would be the most important to you?  <i>41% said advice from a professional (#1 answer)</i>	<a href="#">BAML</a> ; 2020
A Managed Account option needs to be offered in the 401k plan benefit structure. This seems to be a prudent offering in the investment-lineup (thus making it simple for participants to prudently invest).	<a href="#">401ktv.com</a> ; 2020
<b>Managed accounts: Improved outcomes</b>	
Conservative estimates find that the tangible value-add of Managed Advice is roughly 1% - 8% each year, depending on how much of the advice one considers and incorporates.	<a href="#">NextCapital Advisers</a> ; 2020
Managed Account participants are 2x more likely to increase deferral rates in the quarter in which they enroll in the service	<a href="#">Fidelity</a> ; 2020
Among those participants who increase deferrals, those enrolled in managed advice increase their deferral rate by an average of 3.8% more.	<a href="#">Fidelity</a> ; 2020
Managed Account participants are more diversified investors and more likely to have an appropriate asset allocation	<a href="#">Fidelity</a> ; 2020

The range of investment risk of managed account users is half that of DIY'ers	<a href="#">Fidelity</a> ; 2020
Managed account participants see 5% to 16% higher retirement income projections vs TDF users	<a href="#">Empower Retirement</a> ; 2018
Workers who consistently used managed accounts . . . earned an average annualized return that was 1.15% higher than that of the consistent TDF users.	<a href="#">Commonwealth</a> ; 2019
<p>In a study of 29K investors' asset allocations pre- and post-enrolling in managed advice:</p> <ul style="list-style-type: none"> <li>• 82% of those aged 35 were under-weighted in equity investment exposure.</li> <li>• 50% of those aged 35 had an equity exposure increase larger than 10% when comparing equity allocation before and after enrollment in managed accounts.</li> <li>• 59% of those aged 65 saw a decrease larger than 10% in their equity level after enrollment in managed accounts.</li> </ul>	NextCapital Advisers; 2020
<b>Managed accounts: Industry growth</b>	
The managed account category within the defined contribution space grew dramatically between 2012 and 2017, with total assets increasing from \$108 billion to \$271.3 billion.	<a href="#">Cerulli &amp; Associates</a> ; 2018
<b>Managed accounts: QDIA</b>	
"The dynamic QDIA is something we should be keeping our eyes on for the next 25 years," Maffei said. "Critical questions that sponsors need to ask about QDIAs are not just about fees, but value. I think we will see the growth of managed accounts across all age groups."	<a href="#">PlanSponsor</a> ; 2020
"Managed accounts have been around for 40 years, but they were slow to pick up momentum until the QDIA rules changed and they became a potential default," Mike Volo, senior partner, Cammack Retirement Group says. "I'm still seeing the vast majority of plans using managed accounts as an opt-in solution. <i>Adoption is usually in the single digits because participants are often not aware that the managed accounts are available.</i> "	<a href="#">Pensions and Investments</a> ; 2020
"More than 80% of large plan sponsors agree that their organization should conduct a re-enrollment."	<a href="#">Qualified Plan Advisors</a> ; 2020
<b>Managed accounts: User Interface</b>	
On average, the NextCapital UI converts ~20-25% of those participants that land there.	*Web analytics available upon request; 2020