

Greetings & a warm welcome to this week's edition of 401k Real Talk. This is Fred Barstein contributing editor at WealthManagement.com's RPA omnichannel and CEO at TRAU, TPSU & 401kTV - I review all of this week's stories and select the most important and interesting ones providing open honest and candid discussion you will not get anyway else. So let's get real!

[Moody's is the latest to sound the warning](#) about the risk of private credit investing citing transparency, liquidity and underwriting issues just as the Trump administration seems to be opening the door for private market investing.

With growing competition, there is greater underwriting risk and perhaps less scrutiny by regulators.

Meanwhile, the siren call of private equity investing in DC plans continues as more PE firms invest in advisory and record keeping organizations setting up potentially uncomfortable conflicts.

A recent [Cerulli report](#) indicates opportunities for record keepers to offer advice to participants as 52% of mass

affluent consider their provider the primary source. With greater access to data and more visibility with participants, record keepers may be in better position to provide advice, especially through the growing use of managed accounts.

Cerulli indicates that 63% of active DC participants do not have an advisor which would mean that 35 million do which is hard to believe. That percentage is closer to 90% all of which indicates great opportunities for providers and advisors alike.

Speaking of advice and managed accounts, one of the largest providers, Edelman Financial Engines with \$287 bn, 600 employers with 10 million participants, recently announced [the hiring of Ralph Haberli](#) as president of their Institutional and Retirement Client Group covering their workplace and wealth management divisions.

Haberli has a rich history in the DC market most recently as president of the Cap Group's Institutional Retirement division and previously head of BlackRock's DCIO which may help EFE better integrate with their retail advisory division bringing together managed accounts and advisors to engage with and serve participants,

something that both RPAs and RIA aggregators are exploring.

Though likely not to intersect, EFE and Hub International are both owned by PE firm Hellman & Friedman.

Another day, another story about a 401k lawsuit this time in the form of a [record breaking \\$69m settlement](#) by the 350,000 UnitedHealthcare beneficiaries who had alleged that TDFs managed by Wells Fargo had underperformed.

While underperformance alone may not be enough, the lawsuit, which was filed in 2021, alleged that UnitedHealthcare, the bank's health insurer, used the bank's funds to protect their corporate business interests, not in the sole interests of the participants.

At a recent TPSU training program, a plan without an advisor asked the panel how to find one. More interesting was the question by another plan sponsor about whether she can trust her advisor.

Specifically, she asked how she could know if the advisor was not tied to or beholden to a record keeper, provider or asset manager in some way.

Read my recent [WealthManagement.com column](#) about how fee decline and cross selling is causing both advisors and providers to create potential conflicts of interest and endanger trust.

Last but not least, [this week's LinkedIn poll](#) asked: Have the volatile and unstable markets caused DC plan sponsors to slow down making decisions about changing their providers or advisors. The answers were mixed: 35% did not think so with the rest believing it has, at least a bit with a comment by an advisor that fees and service are bigger drivers of change.

So those were the most important stories from the past week. I listed a few others I thought were worth reading covering:

- [SEC Withdraws AI and ESG Rules for Investment Advisors](#)
- [The case for independent RPAs 401\(k\) Fiduciaries, Follow the Money](#)

- [More money withdrawn than contributed to Health "Spending" Accounts](#)
- [What's next for managed accounts?](#)
- [Decades long 401\(k\) fee decline continues](#)

Please let me know if I missed anything or if you would like to comment. Otherwise I look forward to speaking to you next week on 401k Real Talk.