August 20th 401(k) Real Talk

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!

In a 41 page report reviewing 200,000 user conversations with AI over 9 months, Microsoft listed the 40 jobs most likely to be replaced with financial advisors at #30.

Topping the list were obvious vocations like interpreters and translators, telemarketers and customer service reps.

Predictably, advisors pushed back claiming that AI cannot replace human interaction though it can replace some of their functions making them more productive while generating additional revenue.

Though robo advisors did not threaten financial advisors as predicted and wealthier clients may still want human interaction, more than 90% of the 96 million active DC participants do not have an advisor which has made TDFs and managed accounts popular – perhaps AI is the bridge between managed accounts and personal advice.

Asset Mark, a TAMP with $148 bn serving more than 10,000 advisors announced the launch of a SDBA on Fidelity's record keeping platform to enable advisors to manage their clients' held away 401k assets. Remember that Fidelity had banned other firms like Pontera.

Fidelity has set up a separate entity, Akoya, to create protocol and charge a fee for firms like AssetMark whose CEO is a Fidelity RIA custody alum.

Another forfeiture lawsuit moves forward overcoming the big hurdle of a motion to dismiss in a case against Bank of America.

Of the cases that have survived, most include instances where the employers have not followed plan documents – the judge cited BofA's documents that stated that the forfeiture assets should be used to restore forfeiture assets of returning employees as well as offsetting the bank's match obligations and plan admin costs.

The real issue is whether forfeiture accounts are plan assets and, if so, must be used for the exclusive benefits of participants and their beneficiaries. So far, no court has gone that far.

SageView announced the acquisition of CAP STRAT, a $25 bn institutional retirement consultant boosting their current $235 bn asset count.

John Longely, Sageview's CEO, reiterated the firms focus on the convergence of wealth and retirement at the workplace citing CAP STRAT's $750 m in wealth management which while increasing overall wealth assets, still leaves Sageview far behind other aggregators like CAPTRUST & Creative Planning as well as Hub and OneDigital which have both been aggressively buying wealth firms.

With the 401(k) world abuzz about private markets and crypto currency along with PEPs, retirement income, new plan formation and convergence, it's critical for advisors and the industry to distinguish between a problem in search of a solution as opposed to a solution in search of a problem.

Read my latest WealthManagement.com/RPA column on how convergence and new plan formation, and eventually retirement income, are real drivers of change solving critical problems like auto features and TDFs did with ancillary products and services, while helpful, only a distraction taking up valuable time, focus and resources.

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

- Why price may not be the biggest driver of advisor sales
- Mariner acquires another institutional consultant
- P&I ranks top DC asset managers
- BC's Munnell argues workers do not need private equity in their 401(k) plan
- DOL backs down from repeal of retirement income safe harbor

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.