FT SPECIAL REPORT

Top 401 Retirement Advisers

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Illustration: James Fryer

Investing for the long haul

Inside Pension plan professionals grapple with rule change, lawsuits and low investment returns

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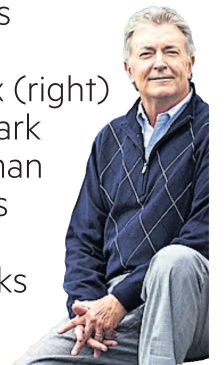

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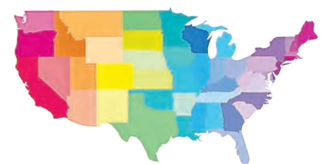

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RESEARCH PARTNER

Pension specialists edge ahead

Rule changes will favour niche practitioners over general advisers, writes *Loren Fox*

America's gargantuan retirement industry is set for an overhaul. More than 76m workers make regular investments from their wages to employer-sponsored defined contribution (DC) plans.

This massive investment market arose with little forethought. The most common type of DC plan, known as the 401(k), is named after what was at first a little-noticed clause in a 1978 US tax law. The measure allowed workers to invest for retirement without being taxed on the money until they drew down the funds. It took a couple of years for the clause to inspire the popular retirement plans.

They have become commonplace, with thousands of financial professionals advising these DC retirement plans on their design and investments. Yet the industry now faces one of its biggest regulatory challenges since the 401(k) was created.

In the past, the sector was overseen by a patchwork of rules. In April, though, the Department of Labor issued its "fiduciary rule" requiring financial professionals to put their clients' interests before their own when selling retirement products.

The regulation will cause more headaches for broker-dealers — who are currently required only to ensure their retirement advice is "suitable" for the client — than for registered independent advisers (RIAs), who are already held to a "best interests" standard.

Plan advisers are suddenly in the spotlight. Comedian John Oliver even devoted a segment of his TV show in June to plan advisers and retirement plan advice.

Against this backdrop, the Financial Times publishes the FT Top 401, its second annual list of top DC retirement plan advisers in the US. The FT 401 listing provides a snapshot of the very best professionals who specialise in advising DC plans offered by corporate, non-profit and government employers.

Advisers do not have to comply fully with the revised fiduciary rule until January 2018. But the industry had already started to change before this regulation was finalised. Intensified scrutiny and additional responsibility seem to be whittling away the numbers of advisers for whom dealing with DC retirement plans is a sideline, as more plan advising is concentrated in the hands of specialist advisers such as those in the FT 401.

Time is money: 401(k) advisers have moved into the political spotlight — Getty Images/Rob Friedman

Advisers in the latest FT 401 listing had on average 74 per cent of total client assets in the DC plans they advised, up from 71 per cent last year. And for 14 per cent of the constituents of the FT 401, DC plans represent their only business.

That focus has resulted in an even more elite group of advisers in this year's FT 401 when compared with last year's. The "average" professional in the FT 401 advises 72 DC plans with $950m in assets. This is up from an average of 52 plans with $770m in assets last year. The methodology is explained fully on page 8.

The advisers highlighted hail from 41 states and Washington, DC. The FT 401 table is listed state by state — and unsurprisingly the states with higher populations and higher concentrations of wealth have more advisers on the list. California leads the way with 46 advisers, followed by New York (33) and Texas (27).

Because of the complicated nature of advising plans, the advisers often work in teams. Like last year, 81 per cent of the FT 401 were either members or leaders of teams. For years the business has been gravitating away from sole practitioners. And teams of associates are gradually growing to handle more plans and more complicated services. The average number of professionals dealing with employer clients in particular teams rose from six to seven over the past year.

The fiduciary rule will accelerate other shifts already under way in the business, many of which are highlighted in this report. Several plan advisers take the safest interpretation of delivering their clients' "best interests" as saving costs, and will be advising plans to switch to cheaper, index-tracking investment funds. FT 401 advisers already reduced their clients' investments in actively managed US equity funds from an average of 28 per cent of plan assets at the end of 2014 to 25 per cent a year later.

The FT 401 have boosted their clients' investments in index-tracking US equity funds from 8 per cent to 9 per cent over the same period.

With the fiduciary rule only heightening worry about lawsuits from DC plan participants, employers who sponsor DC plans are often more interested in outsourcing plans' risk to their advisers. This is a responsibility that top plan advisers are increasingly willing to take on. The portion of FT 401 advisers willing to take full responsibility for DC plan investments (known as "fiduciary outsourcing") rose from 44 per cent last year to 54 per cent this year.

Such a service distinguishes the FT 401 advisers from generalists and appears to be attracting market interest. The fiduciary rule should benefit the specialist plan advisers who are experienced in providing an array of services to DC plans, including plan design, investment monitoring, one-on-one employee meetings and participant performance benchmarking.

A recent survey from asset manager Fidelity found that 23 per cent of employers with DC plans are looking to switch their plan advisers for someone with greater expertise.

> The fiduciary rule has only heightened worry about lawsuits from DC plan participants

Better prepared organisations appear to be gaining ground, which can be seen in the make-up of the FT 401 membership. More than one quarter of the FT 401's names turned over this year.

Dozens of high-quality advisers just missed the list, edged out by peers with slightly better profiles. The company with the most advisers on the list is brokerage heavyweight Merrill Lynch, which has 90 advisers this year, up from 60 in 2015's list. Merrills, like some of the other big brokerages, expanded its team of DC plan specialists and invested in training and resourcing them.

Size is not the deciding factor, however. Employers also frequently seek counsel from smaller, independent registered investment advisers. Such firms account for 30 per cent of the latest FT 401 list, led by the six advisers from Captrust, an RIA with a focus on DC plans.

Nearly 95 per cent of FT 401 advisers have advanced industry designations, such as the Certified Financial Planner, which require additional courses of study. That is up from 92 per cent last year, an acknowledgment that plan advising requires specialised knowledge and often involves plan-specific credentials such as the Accredited Investment Fiduciary.

Advisers and plan sponsors continue to grapple with Americans' reluctance to save for retirement. FT 401 advisers report that 75 per cent of their client organisations match a portion of the contributions made by employees — a powerful incentive to participate, even among new workers who may be 40 years away from retirement.

In addition, 41 per cent of the DC plans advised by the FT 401 automatically enrol new employees — putting the onus of workers to opt themselves out of pension plans and relying on inertia to ensure they do not. Around a quarter of client plans automatically increase the portion of payroll that workers contribute to the DC plans each year. Both automated procedures are slightly more widespread in the FT 401 than last year. These features are becoming seen as best practice to help grow workers' retirement nest eggs.

Investing for retirement is becoming only more complex. The FT 401 list of leading plan advisers is the logical starting point for understanding this changing market.

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Litigation A wave of lawsuits has retirement plan sponsors worried, writes *Bruce Love*

Employers prepare for more legal challenges

Fees under fire: lawyer Jerome Schlichter, who is suing MIT, NYU and Yale
New York Times/Redux/eyevine

A glance at US court lists of pending cases could leave the casual observer thinking there was something seriously wrong with the management of America's retirement plans. Multi-million-dollar cases brought against plan sponsors and their providers have spiked in the past few years.

In mid-August a $150m class action suit against Morgan Stanley led by former participant Robert Patterson alleged the company mismanaged its employees' 401(k) retirement funds.

A week later, financial adviser Edward Jones became the latest financial services business targeted by such a suit alleging mismanagement of funds from its own employees, joining the ranks of Allianz, Deutsche Bank, Franklin Templeton and Neuberger Berman, to name a few.

In May, Delta Air Lines employees filed a suit against their 401(k) plan provider, Fidelity Investments. It alleged the investment manager had breached its fiduciary duty by accepting a portion of advice fees from subcontractor Financial Engines even though, the suit claims, Fidelity did nothing to earn it.

Last year aerospace company Lockheed Martin agreed a $62m settlement — the largest so far.

The spate of cases has raised the question of whether the 401(k) market is mismanaged or has just become a target for opportunistic lawyers.

Jerome Schlichter, managing partner at St Louis-based Schlichter Bogard & Denton, says these few lawsuits help lower fees and strengthen plan investment choices among the 530,000 401(k) plans in the US.

"American employers argue they'll be too scared of litigation to risk offering retirement plans. But there's more 401(k)s than ever before," says Mr Schlichter.

He filed the first class action in 2006, at which point there were 465,400 401(k) plans covering the retirement savings of 48m participants, according to Cerulli Associates, an asset management industry research provider.

The most common line of attack is to allege a violation of the sponsor's duty of loyalty and prudence under the Employee Retirement Income Security Act of 1974, says Charles Field, a partner in the San Diego office of Sanford Heisler.

Mr Field, the attorney behind the recent suit against Morgan Stanley, accuses the wealth manager of "self-dealing" its own funds — stacking the 401(k) with Morgan Stanley vehicles that "consistently underperform compared to other similar collective investment funds" without "thoroughly investigating" third-party funds choices.

Morgan Stanley said it would not comment on the allegations.

Mr Field says Morgan Stanley's alleged breach of the duty is "typical" of companies that come under fire over their retirement provision.

"Companies which offer retirement plans have a continuing duty to monitor and choose the investments in their plans and remove the imprudent ones. If they don't, it's a breach of their duty of prudence," he says.

Mr Field's language closely resembles that of the ruling in the case of Tibble v Edison International — a Supreme Court case Mr Schlichter won last year that has arguably emboldened lawyers of retirement plan plaintiffs to file fresh suits.

Mr Schlichter himself recently launched a series of suits on the retirement schemes of high-profile universities that operate 403(b) plans — a form of retirement provision open to education workers.

Last month Mr Schlichter filed suits against Columbia, Duke, Johns Hopkins, the Massachusetts Institute of Technology, New York University and Yale, among others. Sanford Heisler has also levelled a suit at Columbia University.

"While fees have come down dramatically in the 401(k) industry following our work, this has not happened in some university plans, and this work culminated in filing the cases," Mr Schlichter says.

"We intend to vigorously defend against the claims asserted in this lawsuit," MIT says, echoing the sentiment of all defendant universities approached for this article.

David DeMuro, a lawyer at Neal, Gerber & Eisenberg who represents securities companies, says these suits are affecting not only large companies and institutions but also smaller plans with limited assets and resources. He believes the threat of litigation creates a dilemma for smaller plans that cannot afford to manage a wide selection of investments and could become overly focused on fees.

"If cost becomes the only thing that matters, you'd be crazy to offer anything but cheap index funds. This ultimately means less choice for participants," says Mr DeMuro.

> It has become a fact of life for many sponsors that they will be sued eventually

James Carroll, who heads the Boston litigation practice at law firm Skadden, Arps, Slate, Meagher & Flom, is currently leading the defence of companies in various lawsuits brought by plaintiffs alleging fiduciary breaches in companies' record-keeping responsibilities.

Speaking generally about the defence of such cases, Mr Carroll says speculative lawyers are increasingly seeing the 401(k) cases as easy pickings. As a result, he says, it has become a fact of life for many plan sponsors that they will eventually be sued by their participants, no matter how diligently they try to carry out their fiduciary duties.

"Some plans will simply have to fight," says Mr Carroll. "If someone doesn't stand up to these frivolous suits, employers may end up deciding that instead of voluntarily contributing to their employees' funds, they will need to earmark that money to pay to defend themselves in court."

Seismic shifts: West Coast adviser Randy Breaux has witnessed decades of reforms — Photo by Thor Swift

Silicon Valley focus keeps options open

Profile Randy Breaux

An industry veteran sees no let-up in the pace of change, writes *Bruce Love*

When Randy Breaux left UCLA in 1975 with a newly minted economics degree, the southern California native entered a job market similar to the one facing twenty-somethings today — competing with a glut of overqualified applicants for few entry-level positions.

Financial services were not his first career choice, but in a tough environment, when Prudential Insurance offered him a job underwriting large corporate policies, it seemed as good a start as any on offer.

Decades later, Mr Breaux is one of only five advisers on the FT 401 list who has been advising defined contribution retirement plans for more than 40 years. His business, based in San Francisco, focuses on employee benefits and retirement plans for small companies that are mostly located in Silicon Valley.

Mr Breaux has seen much change in retirement plan advice during his own long career, including the implementation of the Employee Retirement Income Security Act of 1974, which dominates governance of retirement plans in the US.

Yet in all that time he says no period can compare to the seismic shifts that he has witnessed in the industry over the past few years.

In April, the US Department of Labor released long-awaited amendments to its fiduciary rule, which forces retirement brokers to put their clients' interests first.

The changes, says Mr Breaux, could make it harder for some advisers to justify the commissions they traditionally received for selling financial products and signing clients to funds. As a result, Mr Breaux says he has seen many advisers choosing to be paid on a fee-only basis — shunning commission.

After more than 40 years in the business, Mr Breaux himself recently became "dual-registered" as both a commission-earning broker-dealer — governed by the Financial Industry Regulatory Authority — and a fee-earning registered investment adviser — regulated by the Securities and Exchange Commission. He can therefore provide both commissioned and fee-based services.

> 'Until ten years ago, clients didn't pay much attention to expenses'

Yet even though the Department of Labor seems intent on stamping out the perceived conflict of advisers being paid to recommend specific financial products, Mr Breaux says he finds most of his clients prefer to stay in commission-based plans where they can clearly see what they are paying for.

"Until about ten years ago, clients didn't pay much attention to expenses," he says. "While they mightn't agree that moving to a fee-based system is more in their best interests than commissions, clients want to understand their expenses so they [the advisers' clients] can show they're acting in the best interests of their plan participants."

Mr Breaux says over the decades he has been in business, the main change he has seen in his clients is an increasing recognition of their own fiduciary duties.

"Most of these guys in the tech world started out with a few employees and grew quickly to 100 or more. They didn't want to be bothered with thinking about corporate retirement plans. They just wanted to hand it over to someone to take care of," he explains.

But when fiduciary liability started to become more apparent to even smaller companies, Mr Breaux says clients realised they were liable for the plans they put together. "When that pressure began, plan sponsors started to become increasingly more involved in the decision-making, asking me for more specific and detailed information on cost structures and investment choices."

Mr Breaux thinks this change has made him — and advisers like him — more respected by clients. "As they come to understand the complexity and seriousness of providing retirement plans, clients think of me as a professional partner," he says. "Earlier in my career I was simply seen as a vendor of products."

Profile: Mark Chapman Passive fund backer takes aggressive stance on low fees

Regulators and lawmakers are focusing on making 401(k) plans more transparent and less costly to US investors. In that sense, adviser Mark Chapman believes he is ahead of the curve.

He is corporate retirement plan director at Graystone Consulting, which is part of Morgan Stanley and based in Sacramento, California. Mr Chapman emphasises to both plan sponsors and participants the value of picking low-cost funds. As a result, 85 per cent of his clients' defined contribution (DC) plan assets use exchange traded funds.

By comparison, a typical member of 2016's FT 401 list of top US advisers has about 2 per cent of plan assets in ETFs. In fact, just 26 per cent of that elite group do any business with such funds. Far more popular are long-term mutual funds, which are used by a third of such top DC consultants.

ETFs' share of the market may be very small but appears to be set for growth. At the beginning of the year, ETFs accounted for less than 1 per cent of the $4.5tn held in US 401(k) plans, according to market researcher Cerulli Associates. Meanwhile, mutual funds held $2.2tn — or nearly half — of the entire domestic retirement plan market.

"We think a key for helping participants succeed with their retirement goals is to use low-cost ETFs and passively managed strategies," says Mr Chapman, whose practice manages nearly $1bn, about half of which is through DC plan sponsors.

Besides ETFs, he also recommends index mutual funds and passive target-date retirement funds to plan administrators. A typical index-based ETF now has a net annual expense ratio of 0.56 per cent, according to investment researcher Morningstar. An average actively managed mutual fund in the US charges 1.21 per cent.

By using index-tracking ETFs, Mr Chapman argues he is better able to answer clients' ultimate question: "How much do I really need to retire?" Keeping plan sponsors and participants focused on passively run funds, he says, avoids "tangents" that can divert their attention from what is most important in assembling a strong line-up of investments.

"Instead of getting into answering questions about who's the best active manager in each category," says Mr Chapman, "I try to keep the dialogue on what really affects change over time in terms of investment performance — how much someone is contributing and for what length of time."

Still, industry experts point out that even the nimblest DC plans have been slow to tweak their back office systems to handle ETFs.

Matt Cirillo, senior analyst at New York-based research company Strategic Insight, says that is changing as regulators put emphasis on creating "a more fiduciary-friendly regulatory environment".

"The cost advantages of ETFs are going to be hard for the DC industry to ignore over the longer-term," says Mr Cirillo.

> Even the nimblest DC plans have been slow to tweak their systems

Mr Chapman reports double-digit annual average growth over the past five years in plans he serves. "We don't see ETFs as a tough sell at all these days," he says. "Once we show plan sponsors how well-diversified and low-cost of a line-up we can build, it's a home run."

Whether adoption rates pick up quickly or not with institutional investors, Mr Chapman believes ETFs and other passive funds are going to grow in prominence in DC plans.

"Passively managed funds are simply a sharper tool we use to help our clients reach their long-term objectives," he says.

Murray Coleman

Back to basics: Chapman aims to keep dialogue on the straight and narrow

WHAT AGE SHOULD YOU START SAVING FOR RETIREMENT?

25

WHAT AGE DID YOU ACTUALLY START?

The difference between those two ages is what's known as the "Action Gap," and it has a bigger effect than you might think.

To better understand the impact, we performed a simple experiment. We asked a group of young people to use paint rollers to show us what age they think they should start saving. Then we asked a group of older people to indicate what age they actually *did* start. What we found was that there was often a years-long Action Gap between the two. But closing it up by even just a few years makes a huge difference in how much people can save over the long run. Which makes now the perfect time to get your clients' participants better prepared for their retirement.

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Elite professionals who advise companies

FT 401 top retirement advisers in the US listed by state

Name	Company	City	Plan segments served			
			Mega plans ($500m+ in assets)	Large plans ($100m to $500m in assets)	Mid-size plans ($10m to $100m in assets)	Small & micro plans (Under $10m in assets)
ALABAMA						
Grinkmeyer, Trent A.	Grinkmeyer Leonard Financial	Birmingham			✓	✓
ARIZONA						
Batt, Paul K.	PKB Retirement Services	Mesa			✓	✓
Weber, Joseph A.	Integrated Financial Solutions, PLLC	Scottsdale				✓
ARKANSAS						
Burkett, Toby	Merrill Lynch Wealth Management	Little Rock	✓		✓	✓
Majdan, Kelly S.	Strategic Retirement Partners/Kestra Financial	Bentonville			✓	✓
CALIFORNIA						
Arbabi, Amir	Retirement Benefits Group/LPL Financial	Irvine		✓	✓	✓
Barry, John	JMB Wealth Management, Inc./National Planning Corporation	Torrance			✓	✓
Bergman, Royce	UBS Financial Services Inc.	Los Angeles		✓	✓	✓
Bermudez, Douglas E.	Bermudez/Hall Retirement Group of Wells Fargo Advisors	Rolling Hills Estates		✓	✓	✓
Blach, Brian J.	CBIZ Retirement Plan Services	San Jose			✓	✓
Branconier, Kathleen M.	Penniall Retirement Advisors	Torrance		✓	✓	✓
Bratincevic, Richard	Morgan Stanley Wealth Management	Pasadena			✓	✓
Breaux, Randy	Breaux Benefits Group	Novato			✓	✓
Burford, Lon E.	Genovese Burford & Brothers	Sacramento		✓	✓	✓
Casillas, Karen	CAPTRUST	Westlake Village	✓	✓	✓	✓
Chapman, Mark J.	Graystone Consulting	Sacramento		✓	✓	✓
Clark, John M.	Heffernan Retirement Services/LPL Financial	San Francisco	✓	✓	✓	✓
Cooper, David A.	Ameriprise Financial	San Jose				✓
Diepenbrock, James A.	Graystone Consulting	Sacramento		✓	✓	✓
Emerson, Kyle A.	Renaissance Wealth Management/LPL Financial	Riverside				✓
Farrell, Curtis S.	Financial Management Network	Mission Viejo			✓	✓
Fourcade, Renee	UBS Financial Services Inc.	Los Angeles	✓	✓	✓	✓
Franchimone, Anthony M.	Retirement Benefits Group/LPL Financial	San Diego	✓	✓	✓	✓
Gerken, Jr., John H.	Wealth Management Advisers	Laguna Hills		✓	✓	✓
Gunn, James D.	Morgan Stanley Wealth Management	San Jose		✓	✓	✓
Handler, Gary	Raymond James & Associates	Beverly Hills		✓	✓	✓
Henderson, Brett R.	UBS Financial Services Inc.	Beverly Hills			✓	✓
Hocking, Steven J.	UBS Financial Services Inc.	Irvine			✓	✓
Illán, Ivan M.	Aligne Wealth Preservation LLC	Los Angeles			✓	✓
Johnson, Derek R.	Merrill Lynch Wealth Management	San Jose			✓	✓
Josephs, Gary Scott	Retirement Benefits Group/LPL Financial	Irvine	✓	✓	✓	✓
Justi, Jeffrey M.	Advanced Retirement Solutions	San Jose			✓	✓
Keefer, Guy W.	Keefer Pension Consulting, Inc.	Marina del Rey			✓	✓
Kincart, Douglas E.	UBS Financial Services Inc.	San Diego			✓	✓
Main, Shannon C.	Penniall Retirement Advisors	Newport Beach		✓	✓	✓
Merzoian, Matt	Thiesen Dueker Consulting Group/LPL Financial	Fresno			✓	✓
Mills, Larry	Graystone Consulting	Westlake Village	✓	✓	✓	✓
Morehead, David T.	Retirement Benefits Group/LPL Financial	San Diego			✓	✓
Mountain, Bryan	Graystone Consulting	Westlake Village	✓	✓	✓	✓
Pham, Tuyen L.	Tutton Financial, a Pensionmark Firm	Santa Ana			✓	✓
Roggenkamp, Marc	Graystone Consulting	Beverly Hills	✓	✓	✓	✓
Shiflet, Walker	Merrill Lynch Wealth Management	Beverly Hills	✓	✓	✓	✓
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Thelen, Kevin M.	Genovese Burford & Brothers	Sacramento			✓	✓
Thibault, Blake A.	Heffernan Retirement Services/LPL Financial	San Francisco	✓	✓	✓	✓
Underwood, Archie M.	Morgan Stanley Wealth Management	San Diego			✓	✓
Vaughan, Brannan P.	Morgan Stanley Wealth Management	Menlo Park			✓	✓
Venuti, Christopher	Graystone Consulting	Westlake Village	✓	✓	✓	✓
Werner, Marte R.	NWK Group, Inc.	San Francisco		✓	✓	✓
White, Nate	SLW Retirement Plan Advisors/LPL Financial	Lafayette			✓	✓
Wiese, Brian	Morgan Stanley Wealth Management	Los Angeles			✓	✓
Wolfson, Thomas T.	Wells Fargo Advisors, LLC	Rancho Santa Fe			✓	✓
COLORADO						
Jenkins, Samantha K.	TrueNorth, Inc.	Denver			✓	✓
Lambert, Paul	Cherry Street Partners, Inc.	Denver			✓	✓
Larsen, Chad J.	MRP/LPL Financial	Denver	✓	✓	✓	✓
McKinlay, Patterson J.	Achieve Retirement/LPL Financial	Denver			✓	✓
Nemmers, Dan	Lockton Retirement Services	Denver	✓	✓	✓	✓
Ryan, Mitch	Morgan Stanley Wealth Management	Greenwood Village			✓	✓
Sowitch, Bryce	IFAM Capital	Fort Collins		✓	✓	✓
Tonelli, Mark A.	Compass Benefit Partners, LLC/LPL Financial	Golden		✓	✓	✓
Watson, Tim	Strategic Financial Partners	Colorado Springs		✓	✓	✓
CONNECTICUT						
Andriole, Charles	The Andriole Group - HighTower Advisors	Madison		✓	✓	✓
Brown, Dennis M.	Merrill Lynch Wealth Management	Fairfield		✓	✓	✓
Callahan, Michael E.	Edu4Retirement, Inc.	Southington			✓	✓

Methodology How we compiled the list

We aim to provide a list of elite professionals who specialise in advising on US employers' defined contribution (DC) plans, writes **Loren Fox**.

The Financial Times and Ignites Research, the FT's sister company, contacted large US brokerages, independent advisers and other wealth managers to identify qualified applicants. Our partner, Broadridge Financial Solutions, provided data that helped identify advisers specialising in serving DC plans, including 401(k) pensions and other DC accounts.

Applicants were required to advise at least $50m in DC plan assets and have at least 20 per cent of their client assets in DC plans.

The qualifying advisers completed a questionnaire about the nature of their practice, their investment recommendations and more. We added that information to our own research.

The formula the FT uses to grade advisers is based on seven factors and calculates a numeric score for each adviser. The factors were:

- **DC assets under management**, which signals experience.
- **Growth rate in DC plan business** measured by changes in both DC plan clients and assets. Growth is a proxy for performance as well as for client retention and ability to draw new business.
- **Specialisation in the DC business**, which is measured by what percentage of the overall assets managed by the adviser are in DC plans and how that concentration has changed.
- **Years of experience advising DC plans**, which indicates experience of managing DC plan assets through different economic and market environments.
- **Industry certifications**, which show the technical knowledge that is important in the complicated DC plan industry.
- **Participation rate in DC plans advised**. This looks at effectiveness by measuring approximately what portion of employees are participating on average.
- **Compliance record**, because a string of client complaints can signal problems.

DC plan assets under management (AUM) accounted for about 50 per cent of each adviser's score on average.

Around a third of the score is based on the concentration of the adviser's overall business in serving DC plans, combined with the growth in the adviser's DC business.

Because each adviser takes a different approach to their practices, we present the FT 401 unranked.

Top 401 Retirement Advisers

Name	Company	City	Plan segments served			
			Mega plans ($500m+ in assets)	Large plans ($100m to $500m in assets)	Mid-size plans ($10m to $100m in assets)	Small & micro plans (Under $10m in assets)
Christensen, Curt R.	Voya Financial Advisors	Avon				✓
Decker, John Henry	RBC Wealth Management	Glastonbury			✓	✓
Farrar, Jeff H.	UBS Financial Services Inc.	Stamford	✓	✓	✓	✓
Gershman, Jay	Retirement Visions, LLC	West Hartford			✓	✓
Hess, Cy	Aligne Wealth Preservation LLC	West Hartford			✓	✓
Horton, Barnaby W.	Merrill Lynch Wealth Management	Hartford			✓	✓
Jacobs, John J.	Jacobs Financial Partners, LLC	Glastonbury			✓	✓
Kral, Sr., Christopher J.	Merrill Lynch Wealth Management	Fairfield			✓	✓
Michaels, Stephen	Smith Brothers Financial, LLC	Glastonbury			✓	✓
Sullivan, James M.	Essex Financial Services, Inc.	Essex			✓	✓
DELAWARE						
Pressler, Eric C.	Newton One Investments	Newark		✓	✓	✓
Shumosic, Thom	MidAtlantic Retirement Planning Specialists	Wilmington			✓	✓
Zak, Theodore J.	Chouinard Zak Wealth Mgmt Group of Wells Fargo Advisors	Greenville			✓	✓
DISTRICT OF COLUMBIA						
Cunningham, Sandra M.	UBS Financial Services Inc.	Washington		✓	✓	✓
Forrester, Mary Anne	Janney Montgomery Scott LLC	Washington		✓	✓	✓
Siegel, Mark	Merrill Lynch Wealth Management	Washington			✓	✓
FLORIDA						
Alonso III, Manuel	Benefit Strategies & Advisors	South Miami			✓	✓
Bastin, Thomas B.	NFP Retirement, Inc.	Weston		✓	✓	✓
Carroll, James G.	Morgan Stanley Wealth Management	Fort Lauderdale		✓	✓	✓
Carter, Steven R.	Florida Pension Group, Inc./LPL Financial	St. Augustine			✓	✓
Casanueva, Dominic J.	Merrill Lynch Wealth Management	Sarasota		✓	✓	✓
Chairvolotti, Edward F.	Chairvolotti Financial, Inc./LPL Financial	Winter Park		✓		✓
Clark, Michael D.	Keiron Partners/Raymond James	Orlando			✓	✓
Deviney, Sean T.	Provenance Wealth Advisors/Raymond James	Fort Lauderdale		✓	✓	✓
Elobt, Keola J.	West Point Business Group	Jacksonville			✓	✓
Larsen, Bradley L.	NFP Retirement, Inc.	Stuart		✓	✓	✓
Machlin, Roger S.	Northwestern Mutual	Tampa			✓	✓
Magill, Rick	Service Planning Corporation	Fort Lauderdale			✓	✓
Montgomery, W. Michael	Montgomery Retirement Plan Advisors/LPL Financial	Tampa		✓	✓	✓
Parker-Hopkins, Samantha	UBS Financial Services Inc.	Tampa		✓	✓	✓
Perry, Clayton	West Point Business Group	Jacksonvile			✓	✓
Rich, Rodney L.	Rodney Rich & Company	Pensacola			✓	✓
Thompson, John W.	J.W. Thompson Investments/LPL Financial	Singer Island	✓	✓	✓	✓
Tummond, Troy D.	Florida Pension Group, Inc./LPL Financial	St. Augustine			✓	✓
GEORGIA						
Bjerke, Erik M.	Merrill Lynch Wealth Management	Atlanta	✓	✓	✓	
Dagley, Jason	Alpha Squared/Raymond James	Alpharetta	✓	✓	✓	✓
Gignilliat, Harris M.	UBS Financial Services Inc.	Atlanta		✓	✓	✓
Griffin, David T.	Atlanta Retirement Partners/LPL Financial	Atlanta			✓	✓
Harbour, Andrew	Graystone Consulting	Atlanta		✓	✓	✓
Hatter, David M.	Arista Financial Group/LPL Financial	Alpharetta			✓	✓
Howard, Deborah A.	Merrill Lynch Wealth Management	Atlanta	✓	✓	✓	
Kane, Michael M.	Plan Sponsor Consultants/LPL Financial	Alpharetta		✓	✓	✓
Laschinger, Jay	Alliant Retirement Consulting/LPL Financial	Alpharetta	✓	✓	✓	✓
Lusink, Brian M.	Morgan Stanley Wealth Management	Atlanta		✓	✓	✓
Mack, David	Merrill Lynch Wealth Management	Atlanta	✓	✓	✓	
Rainwater, Kevin L.	Atlanta Capital Group	Atlanta			✓	✓
Rudner, Merv	HomeTown 401k	Atlanta				✓
Wallace, James E.	Merrill Lynch Wealth Management	Atlanta	✓	✓	✓	
HAWAII						
Tsukazaki, Peter M.	Tsukazaki & Associates, LLC	Honolulu			✓	✓
Yasukawa, Karen	UBS Financial Services Inc.	Honolulu		✓	✓	✓
ILLINOIS						
Banas, Robert	UBS Financial Services Inc.	Chicago		✓	✓	✓
Ciesemier, Michael D.	Morgan Stanley Wealth Management	Chicago			✓	✓
Cullen, Jeffrey	Strategic Retirement Partners/Kestra Financial	Shorewood		✓	✓	✓
Czerniak, James A.	LPL Financial	Chicago	✓	✓	✓	✓
Evans, Ryan F.	Blueprint Wealth Advisors	Chicago			✓	✓
Fiumara, L. Rita	UBS Financial Services Inc.	Chicago		✓	✓	✓
Gelb, Jordan M.	Merrill Lynch Wealth Management	Northbrook		✓	✓	✓
Gershon, Joel A.	Merrill Lynch Wealth Management	Chicago		✓	✓	✓
Greulich, Robert C.	The Pinnacle Planning Group, LLC	Oak Brook			✓	✓
Hilbrant, Stace A.	401k Advisors Chicago/LPL Financial	Wilmette		✓	✓	✓
Hudepohl, Jeanette R.	Reisner Hudepohl Financial Services, Inc.	Geneva			✓	✓
Jenkins, Timothy K.	Merrill Lynch Wealth Management	Chicago		✓	✓	✓
Kret, Tom B.	UBS Financial Services Inc.	Barrington		✓	✓	✓
O'Brien, Robert D.	Merrill Lynch Wealth Management	Chicago		✓	✓	✓
O'Shaughnessy, Jim	Sheridan Road Financial, LLC/LPL Financial	Northbrook	✓	✓	✓	✓
Peluse, Daniel	Wintrust Retirement Plan Services	Chicago		✓	✓	✓
Radler, James R.	Merrill Lynch Wealth Management	Chicago		✓	✓	✓
Ribich, Michael C.	Merrill Lynch Wealth Management	Chicago		✓	✓	✓
Schallmoser, Peter A.	Merrill Lynch Wealth Management	Deer Park			✓	✓
Valeo, Sam	Morgan Stanley Wealth Management	Oak Brook		✓	✓	✓
Warye, Russell	Benefit Partners Financial Group, LLC/LPL Financial	Libertyville			✓	✓
INDIANA						
Baker, Kristi K.	Compensation Systems, Inc.	Indianapolis			✓	✓
Brunton, Eric M.	Merrill Lynch Wealth Management	Indianapolis	✓	✓		
Cate, John C.	Merrill Lynch Wealth Management	Indianapolis	✓	✓		
Davis, Kelli J.	Compensation Systems, Inc.	Indianapolis			✓	✓
Lauck, George A.	Assured Partners/LPL Financial	Indianapolis			✓	✓
Ludwig, John M.	LHD Retirement/LPL Financial	Indianapolis			✓	✓
Prince, Doug G.	ProCourse Fiduciary Advisors	Carmel		✓	✓	✓
VerSchure, Timothy	Lakeside Wealth Management	Chesterton			✓	✓
Winkeljohn, Tony J.	Pensionmark Retirement Group	Fort Wayne			✓	✓
IOWA						
Gredys, Keith J.	Kidder Advisers, LLC/LPL Financial	West Des Moines			✓	✓
Kinney, Jr., Henry (Dan)	LPL Financial	West Des Moines			✓	✓
Lohman, Todd M.	Strategic Retirement Partners/Kestra Financial	Urbandale	✓	✓	✓	✓
Ormord, Brian	LPL Financial	Dubuque			✓	✓
Shimp, Andrew J.	CAPTRUST	West Des Moines		✓	✓	✓
KANSAS						
Burnich, Benaiah J.	SageView Advisory Group	Overland Park		✓	✓	✓
DiSette, Tim B.	Trinity Planning Group, LLC	Overland Park			✓	✓
Geringer, Gary	Merrill Lynch Wealth Management	Wichita			✓	✓
Laub, Cindy	Merrill Lynch Wealth Management	Wichita		✓	✓	✓
Stofer, David K.	Mariner Retirement Advisors	Leawood		✓	✓	✓
KENTUCKY						
Backert, Tony	J.J.B. Hilliard, W.L. Lyons, LLC	Louisville		✓	✓	✓
LOUISIANA						
Dupas III, Emmett G.	Northwestern Mutual	Metairie			✓	✓
Ellis, John C.	UBS Financial Services Inc.	New Orleans		✓	✓	✓
Harrison, Shawn P.	CoSource Financial Group, LLC	Lafayette			✓	✓
MAINE						
Breton, Jennifer L.	Lebel & Harriman, LLP	Falmouth		✓	✓	✓
Pratico, Michael S.	CAPTRUST	Falmouth	✓	✓	✓	
MARYLAND						
Assaley III, Alexander G.	AFS 401(k) Retirement Services, LLC	Bethesda		✓	✓	✓
Avallone, Mark	Potomac Wealth Advisors, LLC	Rockville			✓	✓
Charkatz, Ross P.	Graystone Consulting	Potomac	✓	✓	✓	
DiFerdinando, Armando J.	Financial Benefit Services, LLC	Silver Spring		✓	✓	
Gimenez, Eduardo	Raffa Retirement Services/LPL Financial	Rockville		✓	✓	✓
Hobson, Gregory A.	RBC Wealth Management	Hunt Valley		✓	✓	✓
Itzoe, Joshua	Greenspring Wealth Management, Inc.	Towson	✓	✓	✓	✓
Lizzi, Brian G.	TriBridge Partners, LLC	Bethesda			✓	✓
Markovic, Michael L.	HighTower Fiduciary Plan Advisors	Owings Mills		✓	✓	✓
Owen, Edward M.	Raffa Retirement Services/LPL Financial	Rockville			✓	✓
Soltoff, Howard M.	TriBridge Partners, LLC	Bethesda			✓	✓
Spray-Fry, Thomas W.	Heritage Financial Consultants, LLC	Hunt Valley				✓
Strother, James H.	Raffa Retirement Services/LPL Financial	Rockville			✓	✓

Top 401 Retirement Advisers

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Top 401 Retirement Advisers

			Plan segments served			
Name	Company	City	Mega plans ($500m+ in assets)	Large plans ($100m to $500m in assets)	Mid-size plans ($10m to $100m in assets)	Small & micro plans (Under $10m in assets)
MASSACHUSETTS						
Adamic, Jason A.	Merrill Lynch Wealth Management	Boston		✓	✓	✓
Andonian, Gregg	Baystate Fiduciary Advisors, Inc./LPL Financial	Boston		✓	✓	✓
Bonheur, Gregg E.	Morgan Stanley Wealth Management	Middleton			✓	✓
Butler, Kevin A.	Morgan Stanley Wealth Management	Norwell		✓	✓	✓
Cawthorne, Jr., Richard J.	Alpha Pension Group/LPL Financial	Lexington		✓	✓	✓
Cleary, Andrew C.	SFP Wealth, LLC	Wellesley			✓	✓
Connolly, Christopher R.	Capital Analysts of New England, Inc.	Braintree			✓	✓
Conway, Adam K.	Harbor Retirement Planning/LPL Financial	Wellesley		✓	✓	✓
Dimitriou, Steven	Mayflower Advisors/Wells Fargo Advisors FiNet	Boston		✓	✓	✓
Dulac, Noel R.	Boston Partners Financial Group, LLC	Andover		✓	✓	✓
Karam, Stephen R.	Karam Financial Group/LPL Financial	Fall River		✓	✓	✓
McAvoy, John F.	Centinel Financial Group	Needham Heights			✓	✓
McEwan, Scott R.	Morgan Stanley Wealth Management	Boston		✓	✓	✓
McGarry, Sean C.	Rockland Trust	Somerset			✓	✓
Murray, Jr., Paul D.	Merrill Lynch Wealth Management	Boston			✓	✓
Navarro, Jason G.	New England Wealth Management, LLC	Danvers			✓	✓
Paone, Mark A.	UBS Financial Services Inc.	Boston			✓	✓
Roach, Thomas J.	Voya Financial Advisors	Waltham			✓	✓
Rossano, Brian	Merrill Lynch Wealth Management	Beverly	✓	✓	✓	✓
Scott, Michael G.	Morgan Stanley Wealth Management	Middleton			✓	✓
Sotell, Richard M.	The Kraematon Group, Inc.	Wellesley		✓	✓	✓
Steiger, John B.	Wealth Planning Resources, LLC	Waltham			✓	✓
Vierra, Jr., Roger F.	UBS Financial Services Inc.	Rockland	✓	✓	✓	✓
Wolford, Kirk J.	Merrill Lynch Wealth Management	Boston		✓	✓	✓
MICHIGAN						
Agbay, Anthony D.	The Agbay Group	Troy	✓	✓	✓	✓
Banwell, Linton F.	National Planning Corporation	Rochester Hills			✓	✓
Case, Steven J.	Financial Independence LLC	Bloomfield Hills				✓
Ciullo, Scott S.	Plan Sponsor Consultants/LPL Financial	Marquette			✓	✓
Danek, Scott M.	Equanimity Wealth Management/LPL Financial	East Lansing			✓	✓
Fitzgerald, Jessica S.	Morgan Stanley Wealth Management	Rochester		✓	✓	✓
Hammond, Kimberly Lynn	Merrill Lynch Wealth Management	Muskegon		✓	✓	✓
Howell, Brett	Merrill Lynch Wealth Management	Grand Rapids		✓	✓	✓
Lepore II, Mario A.	UBS Financial Services Inc.	Birmingham			✓	✓
Maloney, Shannon T.	Strategic Retirement Partners/Kestra Financial	Northville		✓	✓	✓
Morabito, Maria	Hantz Financial Services, Inc.	Southfield			✓	✓
Sharp, Craig	Merrill Lynch Wealth Management	Grand Rapids		✓	✓	✓
Spickler, Melissa	Merrill Lynch Wealth Management	Bloomfield Hills			✓	✓
MINNESOTA						
Adams, James K.	Adams Consulting Group, LLC	Bloomington			✓	✓
Ballin, Jessica	401(k) Plan Professionals/LPL Financial	Edina		✓	✓	✓
Brummel, Joe	Wealth Enhancement Group/LPL Financial	Burnsville			✓	✓
Connell, Joe	Sikich Retirement Plan Services	Maple Grove		✓	✓	✓
Esch, Daniel J.	CAPTRUST	Minneapolis	✓	✓	✓	
Habermann, Michael J.	Associated Financial Group/LPL Financial	Minnetonka		✓	✓	✓
Jacobs, David M.	Jacobs Financial	St. Cloud			✓	✓
McDonald, Jim	Channel Financial/LPL Financial	Golden Valley	✓	✓	✓	✓
McQuillan, James	RJF Financial Services/LPL Financial	Minneapolis		✓	✓	✓
Miley, Jim	RBC Wealth Management	Minneapolis			✓	✓
Quandt, Jim	Fortune Financial	Minnetonka		✓	✓	✓
Stiles, Susan M.	Stiles Financial Services, Inc.	Edina		✓	✓	✓
MISSISSIPPI						
Pierce, Lee H.	Pierce Financial	Hernando			✓	✓
MISSOURI						
Moynihan, John J.	Diversified Financial Advisors, LLC/LPL Financial	Chesterfield			✓	✓
Park, Donald Eric	LPL Financial	Washington			✓	✓
NEVADA						
Casey, Michele A.	Morgan Stanley Wealth Management	Reno		✓	✓	✓
Segarra, David J.	Latus Group, Ltd.	Las Vegas		✓	✓	✓
NEW HAMPSHIRE						
McLaughlin, Ryan	CGI Retirement Services, LLC	Hooksett			✓	✓
NEW JERSEY						
Blachman, Glenn A.	Gateway Advisory, LLC	Westfield			✓	✓
Bojovski, Goran	Merrill Lynch Wealth Management	Edison	✓	✓	✓	✓
Daniel, Gregory L.	Daniel Financial Management Group, LLC	Hackensack				✓
DiPiero, Domenic	Newport Capital Group	Red Bank	✓	✓	✓	
Fernandes, Joe	The 401k Group LLC	Middletown			✓	✓
Glading, Brent L.	Glading Group LLC	Montclair	✓	✓	✓	
Goerner, Chad W.	UBS Financial Services Inc.	Princeton	✓	✓	✓	✓
Greenleaf, Jamie D.	Cafaro Greenleaf	Red Bank		✓	✓	✓
Grodofsky, Ethan N.	Anthem Financial Services	Boonton			✓	✓
Gsell, Bruce	Merrill Lynch Wealth Management	Edison	✓	✓	✓	✓
Kotarski, Michael J.	Bridgehaven Financial Advisors/Wells Fargo Advisors FiNet	Warren		✓	✓	✓
Lynch, Jerry F.	JFL Total Wealth Management	Boonton			✓	✓
Marchiano, Michael D.	Morgan Stanley Wealth Management	Morristown			✓	✓
McLane, Michael A.	Redwood Wealth Advisors, LLC	Edison			✓	✓
McLaughlin, Michael A.	McLaughlin Asset Management, Inc.	Haddonfield		✓	✓	✓
Nydick, Harris	CFS Investment Advisory Services, L.L.C.	Totowa			✓	✓
Oliver, Stephen A.	Manhattan Ridge Advisors	Bedminster			✓	✓
Paumi, Damien J.	Nisivoccia Wealth Advisors LLC	Mount Arlington			✓	✓
Rieman, Jr., Davis J.	SagePoint Financial, Inc.	Mahwah			✓	✓
Scorzafava, Todd	Greenberg & Rapp Financial Group	East Hanover			✓	✓
Simchowitz, Stuart M.	RMR Wealth Builders, Inc.	Teaneck			✓	✓
Spierer, Alan	UBS Financial Services Inc.	Westfield			✓	✓
NEW YORK						
Biondo, John	Wells Fargo Advisors, LLC	Melville		✓	✓	✓
Bogner, H. Steve	Treasury Partners	New York			✓	✓
Braccia, Christopher J.	Manhattan Ridge Advisors	New York		✓	✓	
Candella, Ted	Merrill Lynch Wealth Management	New York			✓	✓
Cunningham, Jr., John A.	Alliant Insurance Services	New York	✓	✓	✓	✓
Dimino, Steven	The Weigel Dimino Group/RBC Wealth Management	New York			✓	✓
George, Scott A.	M. Griffith Investment Services, Inc.	New Hartford		✓	✓	✓
Herendeen, Charles G.	APFS Wealth Management	Rochester			✓	✓
Karp, Robert L.	Wells Fargo Advisors, LLC	New York		✓	✓	✓
Kass, Jonathan E.	Merrill Lynch Wealth Management	New York	✓	✓	✓	
Kelly, Austin V.	The BlackOak Group, LLC	Williamsville			✓	✓
Kido, Akira	Merrill Lynch Wealth Management	Garden City			✓	✓
Leahy, Dennis M.	Lee, Nolan & Koroghlian LLC	Garden City		✓	✓	✓
Luongo, Vincent J.	UBS Financial Services Inc.	New York		✓	✓	✓
Mahoney, Kevin	The Mahoney Group of Raymond James	West Nyack	✓	✓	✓	✓
Melnick, Eric J.	Merrill Lynch Wealth Management	New York			✓	✓
Modico, Linda	UBS Financial Services Inc.	New York		✓	✓	✓
Monroe, Matthew C.	Independent Retirement Partners/LPL Financial	East Syracuse			✓	✓
Nargentino, Frank	North Shore Wealth Management/National Securities	Plainview			✓	✓
Parker III, Douglas E.	Sage Rutty & Company	Rochester			✓	✓
Pastolove, Craig	Morgan Stanley Wealth Management	New York		✓	✓	✓
Peragine III, William M.	Wells Fargo Advisors, LLC	Melville		✓	✓	✓
Renzi, Thomas J.	RBC Wealth Management	Williamsville	✓		✓	✓
Scrivens, Robert J.	Steadfast Risk Advisors	Albany				✓
Smith, Eric W.	Morgan Stanley Wealth Management	Rochester			✓	✓
Temple, Mark D.	Retirement & Benefit Partners/LPL Financial	Slingerlands		✓	✓	✓
Tomasula, Anthony S.	PPS Pension Services	Williamsville		✓	✓	✓
Weir, Gary J.	Frenkel Benefits LLC/LPL Financial	New York			✓	✓
Wilshinsky, Andrew R.	Morgan Stanley Wealth Management	New York	✓	✓	✓	✓
NORTH CAROLINA						
Anderson, Mikael T.	Merrill Lynch Wealth Management	Charlotte		✓	✓	✓
Floyd, Trea	Baird	Charlotte		✓	✓	✓
Jones, Todd L.	CAPTRUST	Raleigh	✓	✓	✓	✓
Kelly, Kathleen A.	Compass Financial Partners/LPL Financial	Greensboro	✓	✓	✓	✓
Rauwald, Timothy L.	UBS Financial Services Inc.	Chapel Hill	✓	✓	✓	✓
Schultheiss, Jonathon C.	Gate City Advisors/Kestra Financial	Greensboro			✓	✓
Simonson, Thomas P.	Lockton Retirement Services	Charlotte		✓	✓	✓
OHIO						
Diebold, Karl	HORAN	Cincinnati		✓	✓	✓
Fantozzi, Frank	401(k) Prosperity/LPL Financial	Cleveland			✓	✓
Fishman, Ozzie I.	UBS Financial Services Inc.	Dublin			✓	✓
Funkhouser, Brian J.	UBS Financial Services Inc.	Sylvania			✓	✓
Hill, Benjamin J.	Blueprint Financial/LPL Financial	Beachwood			✓	✓
Karban, Russell A.	Savage & Associates, Inc.	Toledo			✓	✓
Kocsis, David P.	Peak Wealth Solutions/LPL Financial	Pepper Pike			✓	✓
Kreinest, Christa	Hauser Retirement Solutions, LLC	Cincinnati			✓	✓
Kulchar, David M.	Oswald Financial, Inc/LPL Financial	Cleveland		✓	✓	✓
Mabry, Anthony W.	Merrill Lynch Wealth Management	Columbus		✓	✓	✓
Maloyan, Richard H.	Stratos Wealth Partners/LPL Financial	Beachwood			✓	✓
Oberlander, Patrick E.	UBS Financial Services Inc.	Cleveland			✓	✓
Reiniger, David J.	Reiniger & Associates/LPL Financial	Westerville			✓	✓
Rinehart, Ken J.	UBS Financial Services Inc.	Cincinnati		✓	✓	✓
Snyder, Charles	Graystone Consulting	Hudson	✓	✓	✓	✓
OKLAHOMA						
Stith, Daniel C.	Wealth Management Group, LLC	Oklahoma City		✓	✓	✓
OREGON						
Daley, Erik	Multnomah Group, Inc.	Portland	✓	✓	✓	✓
Marshall, David P.	Baird	Portland		✓	✓	✓
Smith, James T.	Phillips and Company Advisors, LLC	Portland			✓	✓
Ulmer, Josh	Morgan Stanley Wealth Management	Portland		✓	✓	✓
PENNSYLVANIA						
Adolph III, William F.	Merrill Lynch Wealth Management	Bala Cynwyd		✓	✓	✓
Aguirre, Christian A.	Merrill Lynch Wealth Management	Doylestown			✓	✓
Beale, William B.	HB Retirement/LPL Financial	Pittsburgh		✓	✓	✓
Casciola, Gary M.	TJS Financial Services, LLC/LPL Financial	Pittsburgh			✓	✓
Catanella, Kenneth G.	UBS Financial Services Inc.	Philadelphia		✓	✓	
DeGroat, Andrew J.	WhartonHill Advisors/LPL Financial	Fort Washington	✓	✓	✓	✓
Diehm, Jr., Glen L.	LPL Financial	Lebanon			✓	✓
Dougherty, Timothy J.	Financial Guide, LLC	Horsham		✓	✓	✓
Dupee, Sr., Gregory J.	Janney Montgomery Scott LLC	Philadelphia	✓	✓	✓	✓
Fogli, Philip J.	FRS Capital/LPL Financial	King of Prussia			✓	✓
Foran, Jr., Gerald F.	GFP Investment Services, Inc/LPL Financial	Bethlehem			✓	✓
Hoffman, Seth R.	A.P. Lubrano & Company, Inc.	Paoli		✓	✓	✓
Kohute, Brian	HJ Wealth Management LLC	Plymouth Meeting			✓	✓
Levy, Victor S.	Levy Wealth Management Group, LLC/LPL Financial	Philadelphia			✓	✓
Lubrano, Anthony P.	A.P. Lubrano & Company, Inc.	Paoli		✓	✓	✓
Reimold, William E.	Mid-Atlantic Planning Services/LPL Financial	Allentown			✓	✓
Ressler, Jr., Peter J.	Wells Fargo Advisors, LLC	Radnor			✓	✓
Seyle, Rusty	Merrill Lynch Wealth Management	Bethlehem			✓	✓
Sides, Scott	RBC Wealth Management	York			✓	✓
Wenz, John F.	WhartonHill Advisors/LPL Financial	Fort Washington		✓	✓	✓
Wertheim, Scott A.	CAPTRUST	Doylestown	✓	✓	✓	✓
Wolfe, Noel J.	Morgan Stanley Wealth Management	Jenkintown	✓	✓	✓	✓
RHODE ISLAND						
Sampson, Jim	Cornerstone Retirement Advisors/LPL Financial	Warwick			✓	✓
SOUTH CAROLINA						
Saad, Scott F.	Merrill Lynch Wealth Management	Charleston		✓	✓	✓
TENNESSEE						
Colburn, Todd M.	Northwestern Mutual	Nashville			✓	✓
Glasgow, Steven W.	Avondale Partners	Nashville	✓	✓	✓	✓
Hall, Jeremy D.	Baird	Nashville	✓	✓	✓	✓
Lyday, James A.	Pensionmark Retirement Group	Brentwood	✓	✓	✓	✓
TEXAS						
Coelho, Michael A.	SageView Advisory Group	Austin		✓	✓	✓
Echols, Van A.	PFG Advisors	Lubbock			✓	✓
Ellisor, Darrell W.	Peak Financial Group, LLC/LPL Financial	Houston		✓	✓	✓
Ellsworth, Stephen H.	Baird	Houston		✓	✓	✓
Hacker, Christopher	Titan Retirement Advisors LLC	Houston			✓	✓
Jerding, Mick	Merrill Lynch Wealth Management	Houston		✓	✓	✓
Kading, Todd	LeafHouse Financial Advisors	Austin	✓	✓	✓	✓
Locke, Ramona Z.	Merrill Lynch Wealth Management	Dallas		✓	✓	✓
Maresh, Michael	InTrust Fiduciary Group	Austin	✓	✓	✓	✓
Matustik, Debbie	Pensionmark Retirement Group	Austin	✓	✓	✓	✓
Moore, Janine J.	Peak Financial Group, LLC/LPL Financial	Houston		✓	✓	✓
Netoskie, Neil C.	Keystone Retirement & Insurance Advisors/LPL Financial	Houston			✓	✓
O'Connor, Teresa A.	O'Connor Financial Services, LLC	The Woodlands			✓	✓
Peterson, Jr., Pete	VisionPoint Advisory Group/LPL Financial	Dallas		✓	✓	✓
Pottichen, Aaron	CLS Partners Retirement Services/Raymond James	Austin		✓	✓	✓
Quaschnick, Kirk G.	Mogul Wealth Strategies	McKinney				✓
Scoggin, Ritchy G.	Cooper Scoggin Financial Strategies of Wells Fargo Advisors	Austin			✓	✓
Sinks, Tim	Aspect Wealth Management	San Antonio		✓	✓	✓
Smaistrla, Christian D.	The Greensage Group/LPL Financial	Tomball			✓	✓
Stack, Joe	Pensionmark Retirement Group	Dallas		✓	✓	✓
Su, Derek	U.S. Capital Advisors, LLC	Austin			✓	✓
Test, David B.	Northwestern Mutual	Dallas			✓	✓
Thornton, Kenneth A.	Thornton Capital Strategies	Austin			✓	✓
Triolo, James	TRITIS Wealth Management/LPL Financial	Houston			✓	✓
Weaver, Neal	LeafHouse Financial Advisors	Austin			✓	✓
Wenzel, Patricia S.	Merrill Lynch Wealth Management	Houston	✓	✓	✓	✓
Willhite, Jon P.	UBS Financial Services Inc.	The Woodlands	✓	✓	✓	✓
UTAH						
Anderson, Kim D.	Soltis Investment Advisors, LLC	St. George		✓	✓	✓
Dall, Corby	401k Advisors Intermountain/LPL Financial	Sandy		✓	✓	✓
Moyes, James D.	RedStone Advisors, LLC	Lehi			✓	✓
Welch, Kirk W.	MRP/LPL Financial	Sandy	✓	✓	✓	✓
VERMONT						
Boardman, Daniel M.	Hickok & Boardman Retirement Solutions/LPL Financial	Burlington	✓		✓	✓
Dubie, Christopher	Morgan Stanley Wealth Management	Colchester		✓	✓	✓
VIRGINIA						
Andraos, Khalil S.	Merrill Lynch Wealth Management	Reston		✓	✓	✓
Aylward, Michael G.	RBC Wealth Management	McLean			✓	✓
DeNoyior, Joseph	Washington Financial Group/LPL Financial	McLean		✓	✓	✓
Hoffer, J. Cory	Hermitage Wealth Management, Inc.	Richmond		✓	✓	✓
Hoffman, Lee	Merrill Lynch Wealth Management	Vienna		✓	✓	✓
Keenan, John P.	Signature Estate & Investment Advisors	Tysons Corner			✓	✓
Leonard, Tripp	Virginia Asset Management, LLC	Midlothian			✓	✓
Maulfair, Jim	AHT Retirement Services/Kestra Financial	Leesburg		✓	✓	✓
McDade, Ian	Merrill Lynch Wealth Management	Roanoke		✓	✓	✓
Rogers, Kenneth J.	Rogers Financial Pensionmark	Harrisonburg		✓	✓	✓
Shipley, Courtenay	Retirement Planology, Inc.	Alexandria			✓	✓
Stone, Michael	Business Benefits Group	Fairfax			✓	✓
Strange, Allan	Janney Montgomery Scott LLC	Richmond		✓	✓	✓
Thomas, Jr., Harry L.	Northwestern Mutual	McLean			✓	✓
WASHINGTON						
Brown, Michael	ClearPoint Financial/LPL Financial	Bellevue		✓	✓	✓
Cashman, Jeffrey N.	Cashman Consulting/Kestra Financial	Redmond			✓	✓
Hartley, Ian W.	Westgate Capital Consultants/LPL Financial	Tacoma			✓	✓
McKay, James R.	McKay Wealth Management	Tukwila			✓	✓
Raphael, Robert B.	TRUEretirement/LPL Financial	Bellevue			✓	✓
Reinhart, Edward C.	Capital Advisors Ret Plan Svcs/Wells Fargo Advisors FiNet	Yakima			✓	✓
Roland, Chad A.	RDH Investment Group/Raymond James	Spokane Valley		✓	✓	✓
Sanden, Trent V.	UBS Financial Services Inc.	Seattle	✓	✓	✓	✓
Weisman, Shane B.	Ameriprise Financial	Vancouver			✓	✓
WISCONSIN						
Ferrito, Salvatore J.	Ferrito & O'Gorman Financial Group	Waukesha			✓	✓
Ganong, Janet L.	The Kieckhefer Group/LPL Financial	Brookfield		✓	✓	✓
Kieckhefer, Robert A.	The Kieckhefer Group/LPL Financial	Brookfield	✓	✓	✓	✓
Lanser, Bruce G.	UBS Financial Services Inc.	Milwaukee		✓	✓	✓
Martzahl, Barry J.	Graystone Consulting	Green Bay		✓	✓	✓
O'Gorman, Casey P.	Ferrito & O'Gorman Financial Group	Waukesha			✓	✓
Smith, Christopher	Baird	Milwaukee		✓	✓	✓
Wartman, Dick	Morgan Stanley Wealth Management	Waukesha			✓	✓

Best of intentions: US Labor secretary Thomas Perez and House minority leader Nancy Pelosi attend a news conference on the fiduciary rule last April — Tom Williams/CQ Roll Call/Getty Images

Fiduciary rule threatens fee base

Regulation Stricter standards will squeeze demand for some actively managed funds, reports *Rita Raagas De Ramos*

Prompted in part by mounting concern over potential litigation, retirement financial advisers are expected to shift the weighting of assets committed to defined contribution retirement plans still further towards cheaper investment products.

The pattern is going to make actively managed funds that attract higher management fees a harder sell to clients in the foreseeable future.

The US Department of Labor's new fiduciary rule, which takes effect in April next year, requires that retirement financial advisers put their clients' best interests before their own.

Independent broker-dealers, who were previously held to a suitability standard — which required that their investment advice merely be suitable to the client — will experience more disruption compared with registered independent advisers, who were already held to a higher fiduciary standard.

The new rule aims to quash attempts by advisers who may have been prioritising their own interests over their clients when they direct them towards products that charge higher fees. That kind of conflict of interest has cost US families an estimated $17bn a year, according to a White House statement made when the rule was announced in April.

"Anything that potentially has the appearance of a conflict is going to be seriously scrutinised," says Chad Larsen, chief executive of Denver-based MRP, which advised on DC plan assets worth about $3.3bn at the end of 2015. Mr Larsen is among this year's FT Top 401 Advisers who specialise in such plans.

Index-based equity mutual funds, which are cheaper than actively managed funds, are expected to gain most after the fiduciary rule is implemented.

More than a quarter of 281 FT 401 advisers who were surveyed from June to August by Ignites Retirement Research, a sister company of the FT, say they will increase their use of these investment products because of the fiduciary rule.

The switch away from actively managed funds is already under way — FT 401 advisers increased their clients' investments in index-tracking US equity funds from an average of 8 per cent in 2014 to 9 per cent in 2015. In contrast, FT 401 advisers reduced their clients' investments in actively managed US equity funds from an average of 28 per cent of the total to 25 per cent across the same period.

Products that mix active and passive strategies, index fixed-income mutual funds, exchange traded funds and target-date funds — designed so that a portfolio becomes more conservative as a retirement deadline gets nearer — complete the top five ranking of investment products that FT 401 advisers plan to add to their clients' portfolios.

> Once actively managed equity funds outperform their benchmarks, pricing may be less of an issue

In contrast, target-risk funds — designed to maintain investment portfolios at a particular level of risk and reward — are expected to suffer the most, with 9 per cent of the FT 401 respondents saying they will reduce their use of these products because of the fiduciary rule.

Variable annuities (offering retirement income pegged to investment performance), actively managed equity mutual funds, brokerage windows (which offer some ability to trade in assets to scheme participants) and accounts managed by individual investors complete the top five investment products that FT 401 advisers plan to scale back.

The higher price of actively managed equity funds is not the only reason they are expected to experience outflows. To a lesser extent, disappointing performance is also to blame.

"At this point, pricing is the driving factor, but if the performance is good, people will not be questioning the price," says Steven Dimitriou, managing partner at Boston-based Mayflower Advisors, which advised on around $1.6bn in DC plan assets at the end of 2015.

But many actively managed funds are failing to beat their index-tracking equivalents. In the five years to the end of 2015, 84 per cent of managers of large-cap funds, 77 per cent of managers of mid-cap funds and 90 per cent of managers of small-cap funds underperformed the S&P 500, the S&P MidCap 400 and the S&P SmallCap 600 indices, respectively, according to S&P Dow Jones Indices.

"Every year the S&P Index happens to do well will lead to more and more outflow from actively managed equity mutual funds," says Mr Dimitriou, also among this year's FT 401 advisers.

Actively managed equity funds will not always underperform their benchmarks — and some individual funds stand out even while the general trend has been bleak in recent years, notes the head of the DC division at one asset management firm. Once actively managed equity funds outperform their benchmarks, pricing may be less of an issue, he adds.

The fiduciary rule does not ban commissions or revenue sharing, but it requires advisers who engage in these fee structures to sign a best interest contract exemption (BICE) and have their client sign it as well. BICE documents and policies must be in place by January 1, 2018.

The majority, or 59 per cent, of the Top FT 401 advisers surveyed by Ignites Retirement Research say any actively managed equity fund with an expense ratio of more than 100 basis points (bps) will raise alarm bells; the threshold is lower at 75 bps for 14 per cent of the respondents.