



Michael Zimmer
President and CEO
Fluent Technologies

Unleash the Data: Plan Advisors Need Plan Data to Do Their Job

The DOL Conflict of Interest Regulation has accelerated an existing need for plan advisors to find new ways to demonstrate value. It's all about participant outcomes and wellness.



The challenge – Providing advisors efficient access to data.

How is our industry's transformation to be achieved when the resources accessible by an advisor are often limited and scattered in their purpose and can't comprehensively address plan matters?

Simplify – Plan advisors need to interact with client's data in evaluation tools.

In the current state, it is tiresome to assemble participant outcome data and nearly impossible to address the details from a web of limited, complex, and non-standardized plan information. Top this with deeper expectations by the sponsor and participant and, of course, the threat of litigation with any misstep, and it is no wonder there is a lack of a new generation of plan advisors who want to fill the void as the current generation of advisors plan to get out of the business. Plan providers need to help the advisors succeed. They need to enable the import of client data into their tools being used to evaluate the outcomes of the sponsor's benefit plan.

Where we are as industry players today – Transforming from a fractured cause.

- ▶ **Asset Managers** – Their overly saturated market with 28,000 (+/-) funds will rapidly shrink down to fewer players and less expensive options; and the industry practice of distributing tools to the advisor community for business may now be a conflict.
- ▶ **Recordkeepers** – They need to record-keep and administrate, and to get fair compensation to do it well. In an era of growing litigation and fee compression, don't expect recordkeepers to continue to fund all the education and evaluation tools alone. If they offer them, they will need partners and will charge fees for the value they deliver.

▶ **Advisors** – The new fiduciary rule is running its full cycle and now it is the advisors' time to feel the pinch. To maintain value, advisors not only need to step up their game, but they also need to invest in technology, resources and a new breed of applications to do their job well.

▶ **Technology and Service Vendors** – Embrace FinTech and Application Program Interfaces (APIs). We can no longer innovate alone; recordkeepers and advisors need to collaborate with vendors to define what data is important and enable access to that data.

Where the players must go – Tools for informed transparency.

The paradigm shift has begun. In this era, plan success is no longer measured by assets under management and investment performance alone. The new focus is on participant outcomes, retirement readiness, and financial wellness. Plan design and plan services are the way to ensure better outcomes... but do advisors have the technology and access to data to demonstrate progress?

A mandate to unleash the data.

- ▶ Plan success starts with better plan design, services, and quality products from all plan constituencies.
- ▶ Plan success continues with a mandate to unleash the data.
- ▶ Plan success is realized when advisors get new tools to measure progress towards participant outcomes. These tools require access to recordkeeping data. Plan data should be made available in consumable file formats through secure and easily navigable portals, or delivered in value-added, user-based tools that will measure progress and prompt action. The industry must support a movement to unleash the data – inclusive of anonymized payroll

data – so progress in participant outcomes can be measured.

To complete the cycle, advisors must adopt better and different tools for their trade, whether they are made available by the recordkeeper or through the open market. With target-date funds and tools for custom models in place, advisors will no longer have to concentrate exclusively on investment analysis. Now they will be able to focus on participant outcomes, plan sponsor and participant education, awareness, other benefits like health savings accounts, and evaluation programs that help ensure good outcomes.

And the fees for new technology, tools, and services will need to be realized more by the advisor and not just by the vendors of the plan. Advisors will need to pay the fees for tools, and then rationalize an appropriate percentage to pass onto the plan through an open discussion with the sponsor on how best to deliver value. There can be no free lunches.

The solution – A collective effort.

What advisors need is for providers to unleash the data and for FinTech companies to provide unified and integrated tools – tools that can leverage the data in reporting – and evaluation exercises that are live and dynamic. The sponsor wants actionable information to share with participants, and the committed plan advisor wants to serve it up to them. So, let's make this a reality.

To achieve this transformation, the call is to all recordkeepers and related third-party data resources to unleash the data in secure, unified, and affordable ways, so that the plan industry wins.

And to all FinTech companies – if the data is unleashed and the advisors and plans are willing to pay for the delivery of high value information – then let's get to work and develop great evaluation tools.

To all constituencies in the retirement plan community, come on! We can do this! We must! Change is in the air. ■