



The Retirement Advisor University Primer Series

Refining your skills to build a stronger retirement plan practice

Workbook 1



ASSESS AND BUILD

ENHANCE

DIFFERENTIATE

To underscore some of the concepts covered in **Module 1: Getting Started**, take a few minutes to complete this workbook.

When you have finished, you will find that you are well positioned to continue on to the next module in the series: Building Your Retirement Plan Advisory Business.



About 401(k)ollege and Nuveen Investments

401(k)ollege from Nuveen Investments is a premier business development resource for retirement plan professionals, providing educational workshops, practice management programs and actionable tools designed to support you in growing your retirement plan practice. 401(k)ollege can help differentiate you from the competition by providing access to specialized instruction from renowned industry professionals—giving you keener insights and actionable tools to help grow your retirement plan business.



A Defined Contribution Investment Only (DCIO) provider, Nuveen Investments empowers our partners with the knowledge and resources to build solid retirement plan programs that help participants address retirement.

Nuveen Investments' multi-boutique investment approach offers a breadth of innovative investment solutions, product pricing and flexibility, and a long history of dedicated client service.

Congratulations on taking the first step in building your path to success with The Retirement Advisor University Primer Series, brought to you by 401(k)ollege from Nuveen Investments.

[Module 1: Getting Started—Trends and Opportunities in the Retirement Plan Market](#) was designed to help you make a very important decision—whether you and your practice are prepared to expand into the retirement plan business.

This market can be complex, as you have discovered. But along with the challenges, there are many rewards to consider. Not only are many advisors finding that now is the right time to get a foothold in the market, they appreciate a unique opportunity of the business: helping people save for retirement—truly one of life’s biggest financial challenges.

We hope you have found your experience with us to be a valuable one as you prepare your future in the retirement plan business.

HOW READY ARE YOU?

Today's defined contribution market is a highly competitive business—and for good reason. The U.S. retirement market is expected to grow to more than \$20 trillion over the next five years.* Many financial advisors are looking to align their practices with this expanding market, as DC advisors can potentially build a recurring revenue stream as well as have greater access to ancillary business prospects such as high-net-worth business owners and IRA rollovers. This commitment should be carefully evaluated, as with the opportunities come complexities inherent to this market.

Your task is to evaluate whether you and your practice—as it exists today—are prepared to support the defined contribution business. And as you progress through the workshops, you will identify what changes, if any, need to be considered to position your practice for expansion into this market.

Let's start by considering the following questions:

Do I look for continuous opportunities to grow in my chosen field? The retirement plan business is ever-changing. Advisors who enter the business must be committed to learning and growing in order to properly advise their clients.	YES	NO
Am I prepared to interact with company owners and executives? A big part of the DC business involves working directly with owners and executives. If you are accustomed to advising only individuals, this may fall outside of your comfort zone. If so, are you willing to endure a little discomfort?	YES	NO
Do I enjoy advising individuals about their finances? Although you will work directly with business owners and executives, you may also be needed by individual participants to help with family finances, rollovers and advice.	YES	NO
Can I envision working as part of a team (if I currently work alone)? DC advisors who take on more than a few plans may need partners that provide the services they do not, as well as employees who can perform the work needed to properly maintain the plans. You must decide if you are more comfortable working alone or can see yourself as part of a team.	YES	NO

*Cerulli Quantitative Update

ARE THERE OPPORTUNITIES IN THE DC MARKETPLACE?

The future looks bright for DC plan advisors: the number specializing in mid-market plans is expected to double by 2016. Why?

Do the math:

You are one of about 300,000 financial advisors, including registered reps and investment advisor reps, who are active right now in the retail market. Fill in the blanks below with the numbers indicated in each statement.

About 50% of that 300,000 manage **at least one** DC plan. 150,000

About 25% of that 300,000 manage **at least three** DC plans. _____

About 5% of that 300,000 manage **at least five** DC plans. _____

About 1.67% of that 300,000 manage at least 10 DC plans, with \$30 million in plan assets, and have been in the business **at least 3 years**. _____ *

Of the approximately 625,000 DC plans holding between \$250,000 and \$100 million in assets, about 20% are advised by someone with significant DC plan experience. Of the remaining 500,000 plans:

About 75% are advised by someone who works with **fewer than five** plans: _____

About 25% **do not use an advisor at all**: _____ **

This is your opportunity. Do you want to take it?

*150,000, 75,000, 15,000, 5,010

**375,000, 125,000

Source: The Retirement Advisor University

WHAT SERVICES WILL YOU PROVIDE?

As a DC advisor, you will spend much of your time working with employers and committees who need support with a long list of services.

It is important to understand the expectations of servicing this audience. To be competitive, you should have a baseline understanding of all of the services required to support employers and participants, regardless whether they are services that you will provide directly or indirectly through another resource. Review the services below and check the boxes of those you are planning to provide:

Plan design

Helping employers maximize the benefit the plan provides through thoughtful design of the plan's provisions.

- Plan design review

Selection and monitoring of service providers

This could involve creating systems that help the employer make good decisions about their record keeper, asset manager or other service provider.

- Investment selection and monitoring
- Investment policy review/adherence
- QDIA selection/review
- Retirement plan committee due diligence support

Benchmarking fees and investments

Plan fiduciaries have a duty to make sure the plan is not paying too much for the services it receives. Comparing the investment and administrative costs to those paid by comparable plans is one way to help employers in fulfilling their fiduciary role.

- Fiduciary reviews
- Record keeping and administration fee analysis
- Investment fee benchmarking

Compliance

Failure to comply with applicable laws and regulations like the Employee Retirement Income Security Act of 1974 (ERISA) may mean fines, penalties or even plan disqualification. Advisors can help ensure the plan is in compliance.

- Automatic enrollment safe harbor compliance/QDIA
- 404(c) compliance
- ADP/ACP testing
- 5500 review
- Disclosure rules/compliance

Education

Employers often rely on advisors to provide educational services designed to help participants better understand and utilize company retirement plan benefits to help them reach their retirement savings goals.

- Enrollment meetings
- General financial education seminars
- One-on-one employee advice service

Where can I find resources for these services?

Many services on this list will likely be provided by either the record keeper or TPA (third-party administrator). It is important when assisting the employer in assessing and selecting these partners that you carefully evaluate their capabilities in these areas. Selecting quality service providers can set you apart from the competition and add to your value proposition. In addition, you may want to consider teaming up with another advisor or having a referral network of CPAs, attorneys, etc. that you can leverage.

As you progress through the program and begin defining your brand, keep this list for reference. This is a good place to start when developing your advisor services statement.

WHO ARE YOU?

DC advisors vary in their approaches, expectations, goals and motivations for working with retirement plans. But they often share some common traits.

Some of the key personality traits that make you successful in your career as a wealth advisor will also apply to a career as a DC advisor. For example, you need **people skills**; you must be a **good communicator**; **public speaking skills** are helpful; and you should have a **financial aptitude**.

Which of the statements below would you say best describes you?

1. I am very detail-oriented.

Reading and interpreting SEC rulings is interesting to me.

2. I like to analyze the markets.

My clients count on me to actively manage their money.

3. I love sales!

The sales process, and the psychology behind it, is one of the reasons I'm in this business.

If you chose #1, your personality type may be **Engineer**. You may like to learn about the laws covering qualified plans. With this personality type, you may enjoy the plan design aspect of this business—ensuring that highly compensated employees receive the maximum possible benefit from the plan, and that the plans you advise do not fail the required tests.

Did you choose #2? Then your personality leans toward **Intellectual**. Rather than relying on target-date funds, for example, you may prefer allocating funds using a glide path you develop yourself. With this personality type, you may enjoy the investment selection and monitoring support of this business—helping to identify investment options that allow participants to actively participate in up markets and avoid the deep downturns of recessionary periods.

Salespeople at heart likely chose #3. These are the people who are focused on finding and wooing new business. You may enjoy learning about why people make the decisions they do, and acting on that knowledge to accumulate more clients. With this personality type, you may define success by the rate of growth of your plans and continuing to expand your client base.

HISTORY OF THE 401(k) PLAN— TIMELINE OF DEVELOPMENTS AND TRENDS

1970s

The Employee Retirement Income Security Act of 1974, or ERISA, was enacted to protect the assets of millions of Americans for retirement

The Revenue Act of 1978, which included a provision that ultimately became Internal Revenue Code (IRC) Sec. 401(k), was enacted

1980s

The first 401(k) plan was designed in 1981 by Ted Benna for his employer, Johnson Cos.

The IRS issued proposed regulations on **Section 401(k) that officially sanctioned pretax salary reductions**

The Tax Reform Act of 1984 modified the rules for 401(k) plans—including requiring “nondiscrimination” testing

Insurance companies and banks dominate the market

Companies begin to transition from defined benefit to defined contribution plans

What’s on the horizon?

As we look at the 40-year progression of the 401(k) plan, several trends that developed have greatly impacted and driven the direction of the market. So where are things headed now?

Trend

“DB-ization” of DC plans

Advisors moving up-market

Sales opportunities

Emergence of DCIOs

Effect of the 2008 crash

Industry consolidation

Target-date funds and QDIAs

Growing government involvement

How this affects DC advisors

1990s

Daily valuation becomes standard practice in plans

Use of **retail mutual funds emerge as a leading investment vehicle**, even in larger plans

Mutual fund companies begin to take over from insurance companies and banks

Proprietary fund platforms dominate as record keepers

The first series of target-date funds was created

2000s

The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA)

included provisions that increased the maximum salary deferral amount for 401(k) plans, along with a “catch-up” contribution for employees nearing retirement

Record keepers transition to open architecture as plan sponsors demand greater access to investments

Plans begin to leverage Internet access and technology for enrollment, education and account access

Re-emergence of insurance companies in the market

The Pension Protection Act of 2006 was enacted, including provisions such as auto-enrollment, qualified default investment alternatives (QDIAs) and in-plan Roth deferrals

Target-date funds continue to gain in popularity—fueled by their QDIA status

Emergence of:

- Specialist DC advisors
- TPAs (third-party administrators)
- DC-investment-only

PULLING IT ALL TOGETHER—NEXT STEPS

You've discovered the intricate nature of the retirement plan business. You've also learned about the opportunities inherent in the business, especially at this point in history. You've asked yourself if you have the qualities necessary to become a DC advisor and whether your practice is structured to support this business. Take a moment to pull together what you've covered in this module. You will then be positioned to continue to the next module: **Building Your Retirement Plan Advisory Business**.

Am I ready to move forward?

YES

NO

Based on your responses on page 2, are you ready to move on to the next step in the path to building your retirement plan business?

Defining the opportunity

How many plans are advised by someone who works with **fewer than five** plans? _____

How many plans **do not use an advisor at all**? _____

DC advisor services

I am planning to provide the following services:

_____	_____	_____
_____	_____	_____
_____	_____	_____

I am going to seek other resources to provide the following services:

_____	_____	_____
_____	_____	_____
_____	_____	_____

List of service providers to reach out to (record keepers, asset managers, TPAs, CPAs, attorneys, etc.):

_____	_____	_____
_____	_____	_____
_____	_____	_____

Who I am

My personality type is: _____

I could potentially align the services that I choose to focus on with my personality type to achieve greater professional satisfaction. These services may include:

How my practice may be affected by trends in the market

What three trends on the horizon would most affect my practice?

1. _____
2. _____
3. _____

What is my assignment to help address these trends in my practice?

TRENDS	MY ASSIGNMENT
EXAMPLE: Growing government involvement	<ul style="list-style-type: none">• Gain a clear understanding of both ERISA 408(b)(2) and 404(a) rules. Detailed information can be found at www.dol.gov/ebsa• Check with my broker/dealer to assess any requirements they may have relating to fiduciary status• Clearly define and articulate my role to the employer
1.	
2.	
3.	

READY TO MOVE AHEAD?

To learn more about how 401(k)ollege can help support you in growing your retirement business, call a Nuveen Retirement Plan Consultant at (888) 713-9105, email us at DCIO@nuveen.com or visit nuveen.com/retirement.



NUVEEN
Investments



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