September 30, 2025

Capitalizing on Opportunities in the 401(k) Market

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PRI · FLC

Opportunities for Your Firm

GROW

DIVERSIFY

DEFEND

Overview of Key Drivers

State mandates & tax credits

=

More plans

Convergence

=

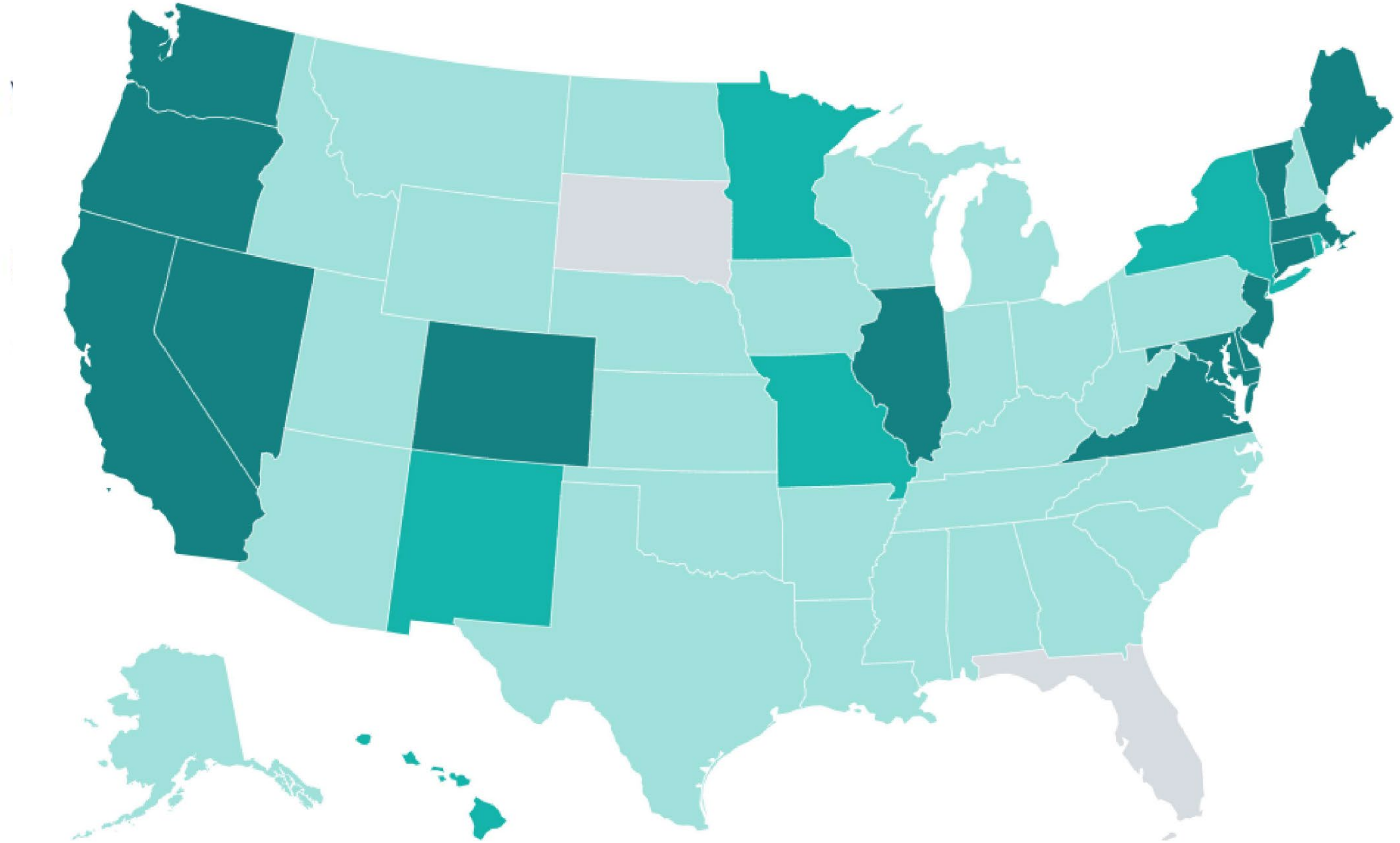
More $$

Greater outsourcing & streamlined designs

=

Less risk + more scale

State-Mandated
Retirement Plans



Active legislation

Legislation passed

Legislation introduced

No recent efforts

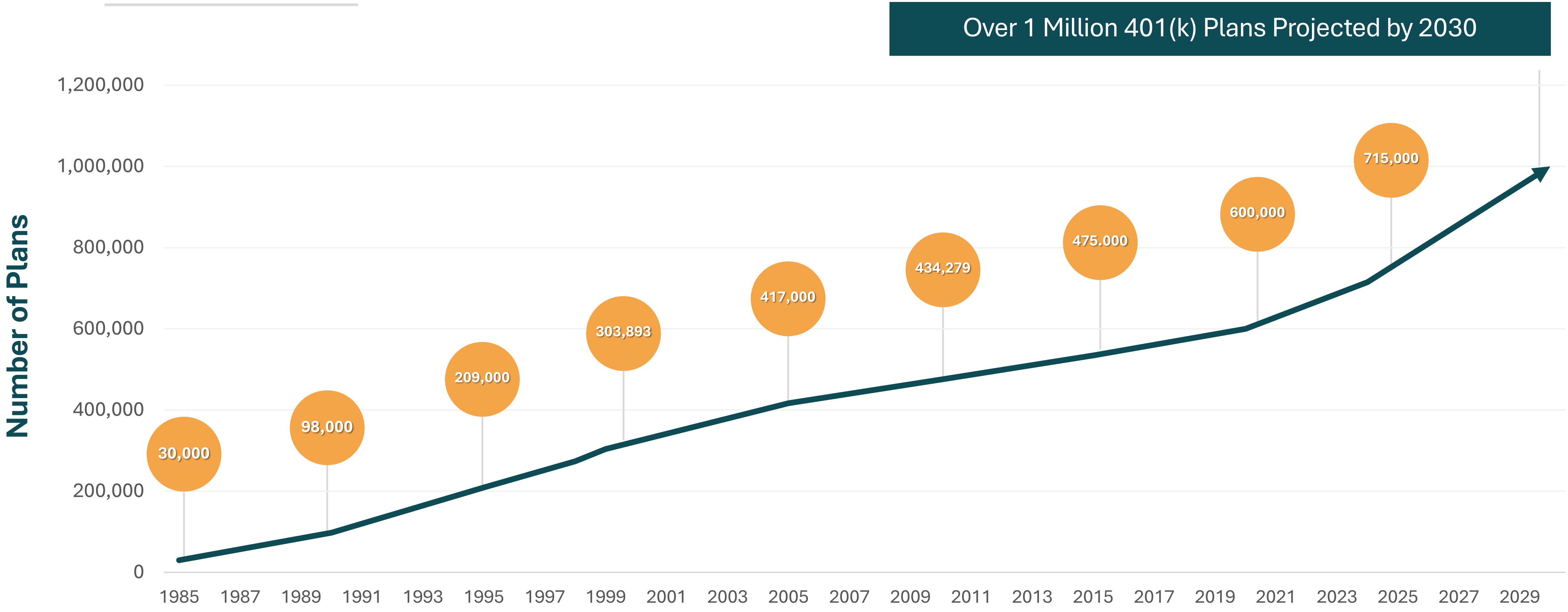
Source: https://humaninterest.com/state-mandates/

Alternatives to State Plans

Plan Type	Cost	Benefit Flexibility / Maximize Owner $$	Administrative Complexity	ERISA Fiduciary Support
SIMPLE IRA	Low	Medium	Low	N/A
Starter 401(k)	Low	Low	Low	N/A
Single Employer 401(k)	Medium	High	High	Varies*
Pooled Employer Plan (PEP) 401(k)	**Medium**	**High**	**Low****	**High (statutorily required)**

*In a single employer 401(k), employers retain ERISA fiduciary responsibility requirements. The level of support varies significantly among service providers.
** Pooled Plan Provider (PPP) is the "Plan Administrator" and employer retains duties not assumed by PPP.

The Rise
of 401(k) Plans



Convergence =
Wealth + Retirement Planning

Client Preferences

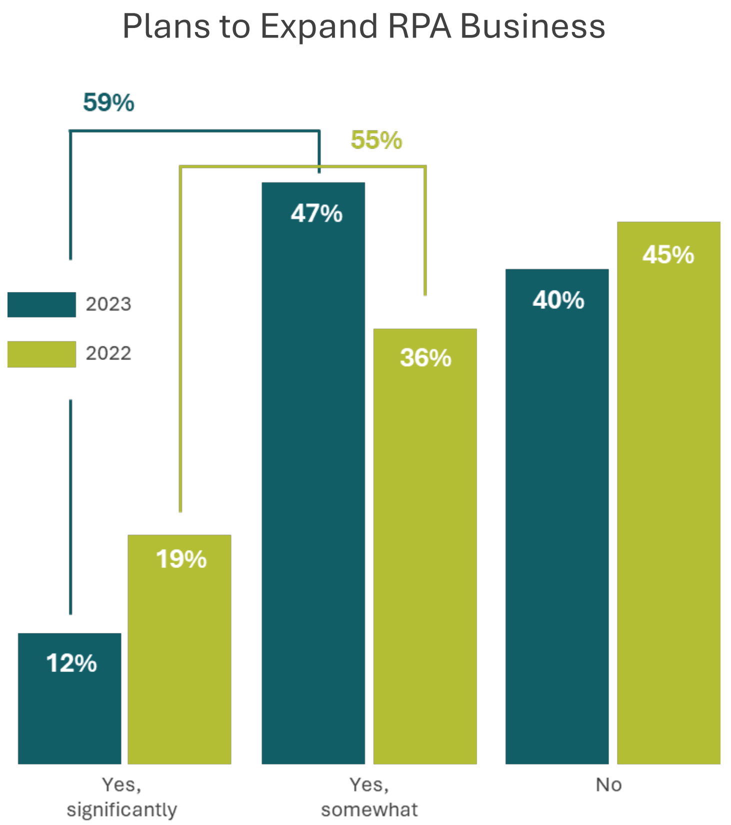
Holistic Advice

80% of retail clients want more advice on plan investments.

One-stop-shop

70% of plan clients want advice on outside assets.

Industry Response



Source: Wealth Management IQ/MMA 2023 Expanding Horizons Survey

“For every dollar of plan assets, there are nine dollars available to advisors who understand how to responsibly ***access the opportunities****.”*

– Wirehouse executive at 2025 BD Roundtable

“Over 50 percent of wealth is hidden in the workplace ... it will become our firm’s ***No. 1 place to gather new assets over the next ten years****.”*

– James Gorman, Morgan Stanley CEO

Multiple
Revenue Streams

In-plan Services + Outside Services

Plan-Level Fee

Participant Fee (e.g., Advisor Managed Accounts/Models)

Rollovers

Household Assets & Insurance

AUM for smaller
Flat $ for Larger

.25 - .75%

New Plans:
Start-up Tax Credit

The Basics:

- **$250 per eligible NHCEs** up to $5,000 for three years, with caveats
- **$1,000 per eligible NHCE** up to $100k for match (declining scale over 5 years)

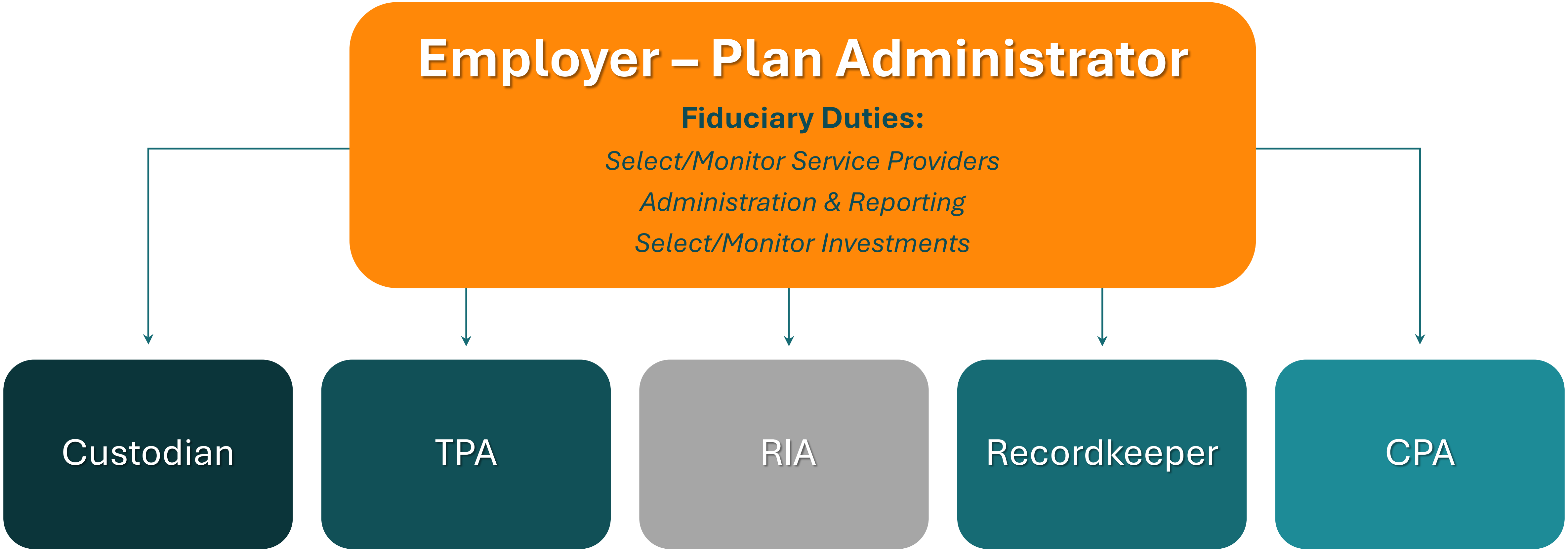
3 Ways
to Capitalize

Centralize Sales and Service

Appoint Regional Specialists

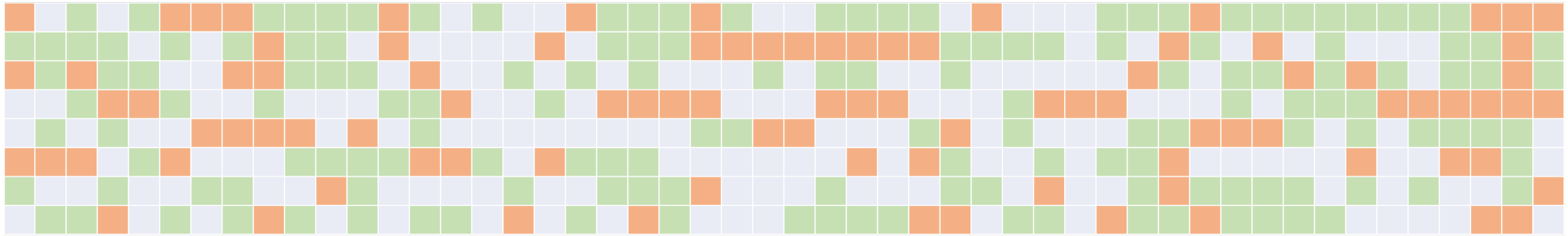
Simplify

Traditional
Single Employer Plans



400+
Plan Sponsor Duties

An Unrealistic Task for Most Employers

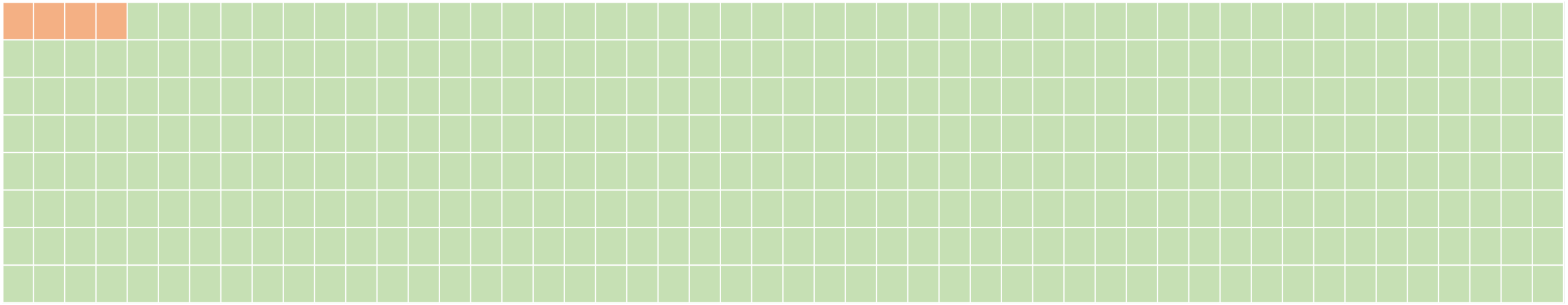


Employer is responsible
Vendor accepts responsibility
Less important, not a common source of error

Employer Must:

- Know what's on the ever-changing list
- Study the vendor contract
- Watch for full vs. partial service on each item
- Know which duties the employer keeps and have a process for fulfilling them

Fewer Duties for Employers =
Less Complexity for Advisors



Employer is responsible   Vendor accepts responsibility

Remaining Employer Duties

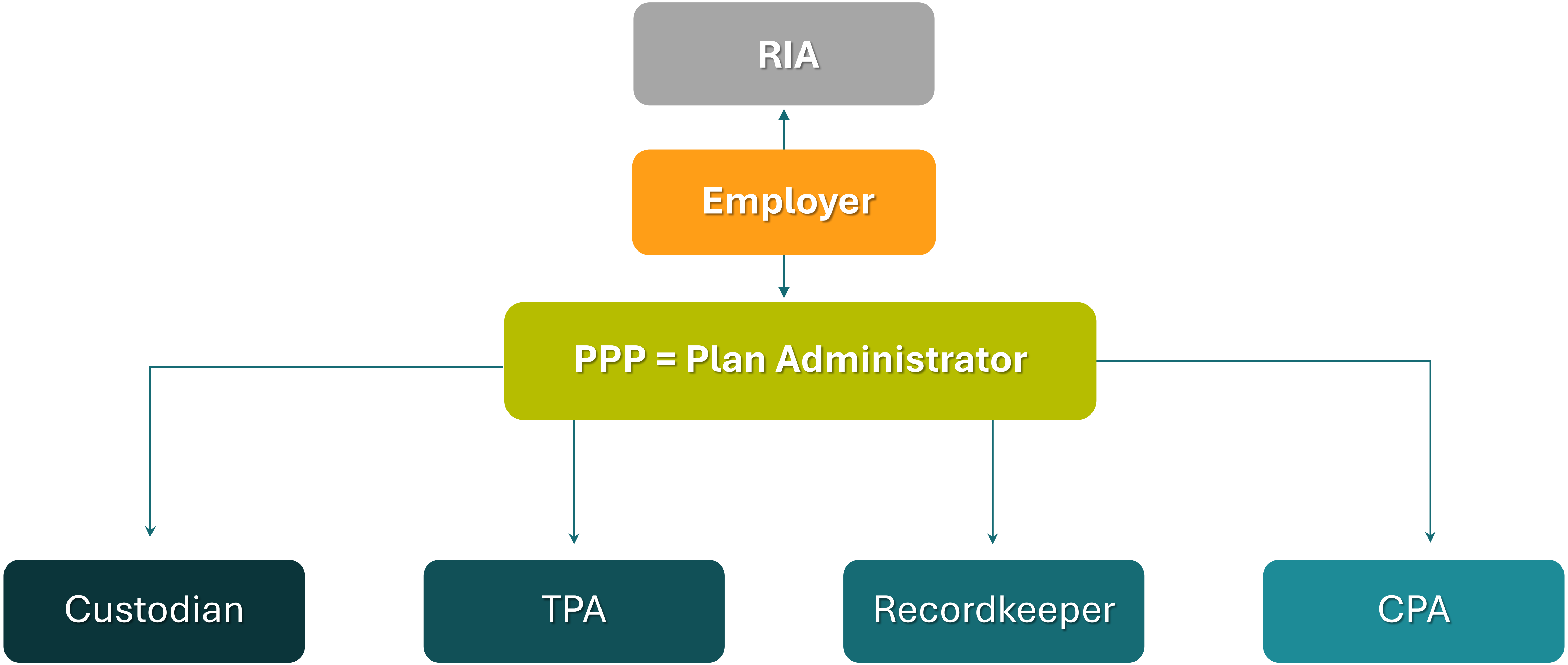
- Select and monitor (service providers **they** hire)
- Provide timely and accurate census data
- Deliver timely and accurate contributions
- Obtain fidelity bond

Pooled
Plan Provider =

A person (or entity) "designated by the terms of the plan as a named fiduciary..., and the plan administrator, and as the person responsible to perform **all administrative duties ... which are reasonably necessary to ensure that ... the plan meets any compliance requirement applicable under ERISA or the Code...**" and is responsible for "**...substantially all** of the administrative duties ..."

See, ERISA Section 3(44) and IRC Section 413(e)

Pooled Employer Plans
(Employer Hires Advisor)



Pooled
Employer Plan =

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Additional benefits specific to PEPs

- ✓ Unrelated employers can pool resources to access higher quality products and services
- ✓ Increasingly flexible plan designs among adopting employers
- ✓ Single investment menu (in most cases)
- ✓ One 5500 filing and AUDIT
- ✓ Statutory risk-shifting to professional investment and administrative fiduciaries

Our Capabilities

PRI PENSION RESOURCE INSTITUTE

FIDUCIARY LAW CENTER

- Configurable plan & rollover compliance forms (i.e., agreements, disclosures, policies, etc.)
- Supervisor & advisor training
- Rule monitoring & automatic updating
- Client-facing resources & communications
- Unlimited consulting

- Retirement Practice SWOT Analysis
- Expansion of In-Plan Services (e.g., Managed Accounts, Financial Wellness)
- Support of Out-of-Plan Services (e.g., Convergence Strategy, Rollovers)
- Alternative Asset Class Procedural Prudence (Private Equity, Crypto, Lifetime Income)
- Corrections

Interested in Learning More?

Visit our websites or scan the QR codes for more information.

www.pension-resources.com

www.fiduciary.law

For PRI inquires, scan here.

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