



News Release

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SPARK SURVEY REVEALS TREMENDOUS UNCERTAINTY ABOUT CHANGES REQUIRED TO MEET NEW FIDUCIARY REGULATION

SIMSBURY, CT – April 20, 2016 – A recent survey of retirement plan service providers offers unique insight into how they are planning to modify their business practices to work within the new fiduciary regulatory structure. The survey, which polled the industry and SPARK members also addresses areas where there is a lack of clarity about the new regulations, and specific information providers need to complete their evaluation of the impact the regulation will have on their business. A total of 117 members responded.

Tim Rouse, Executive Director of SPARK, said, 14% of the firms indicated that they would become a fiduciary for the first time under the new regulations, while 23% would continue to be a fiduciary, and 30% said they planned to continue under a non-fiduciary status. However, 34% of firms indicated that they are unsure which direction to take. “While about half of the members don’t plan to make major strategic business changes, the other half have already decided to fundamentally change their business model, or are still considering whether to do so.” said Rouse. “This level of change will likely take years to play out fully in the market,” he added.

The responses also indicate a fair degree of uncertainty yet to be answered and decisions to be made.

- Almost 80% said they are still evaluating risks and requirements of the regulations
- 60% indicated that key parts of the regulation are still not clear
- 75% are watching to see how their peers are interpreting and addressing the regulation
- 49% are looking for guidance from industry organizations

According to Cynthia Hayes, President of Oculus Partners, who co-authored the survey, “These responses indicate that the industry is still in a mode of absorbing the final language of this massive new regulation, and is going to inevitably rely on strong support from organizations like SPARK, and further guidance from the regulators. Even with all the changes the DOL has made to make the regulation more practical, there is still a massive amount of language to study, and already providers can see significant change required in business practice governance and oversight.”

Respondents also indicated that they are thinking about more than simple compliance.

- 80% indicate that they want to understand how the regulation will change the competitive landscape
- 60% want to understand the impact on the advisors with whom they work
- 40% are actively looking at new product ideas as a result of the regulation

“Most industry members recognize that the new regulations will alter current approaches to the retirement business. The key for many survey respondents is to pick the right path and get ahead of the curve”, according to Rouse.

SPARK fielded this survey as a prelude to its upcoming Fiduciary Workshops to be held in May. “The response to our upcoming workshops has been phenomenal,” Rouse said. “Providers want to learn from their peers and from industry experts about many of the issues they’ve identified, from changes in the sales process, to changes in services to plan sponsors and participants, to changes in business oversight, legal, compliance, operations and technology functions.” He said the workshops are designed to address all of these different types of issues and decisions facing our members”.

“These workshops are just the beginning. We also plan to expand our SPARK education program to add specific training for each type of position impacted, particularly call center representatives, sponsor relationship and servicing staff, and sales teams,” said Rouse.

The SPARK Fiduciary workshops will be held in Charlotte, NC May 9-10, and in Denver, CO May 12-13. You can contact Tim Rouse at tim@sparkinstitute.org for more information. To register go to: www.sparkinstitute.org.

About The SPARK Institute

The SPARK Institute represents the interests of a broad-based cross section of retirement plan service providers and investment managers, including members that are banks, mutual fund companies, insurance companies, third party administrators, trade clearing firms and benefits consultants. Through the combined expertise of its member companies, the Institute provides research, education, testimony and comments on pending legislative and regulatory issues to members of Congress and relevant Government agency officials. Collectively, its members serve approximately 85 million participants in 401(k) and other defined contribution plans.

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