Fi360 Conference

Key Insights from the 2018 Dimensional Advisor DC Benchmarking Study

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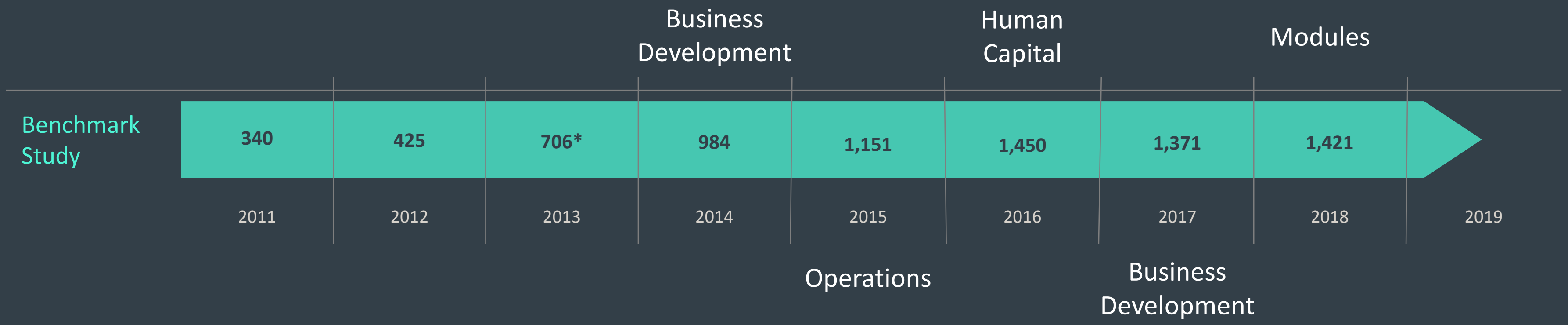
Dimensional Advisor Practice Management Benchmarking

Dimensional

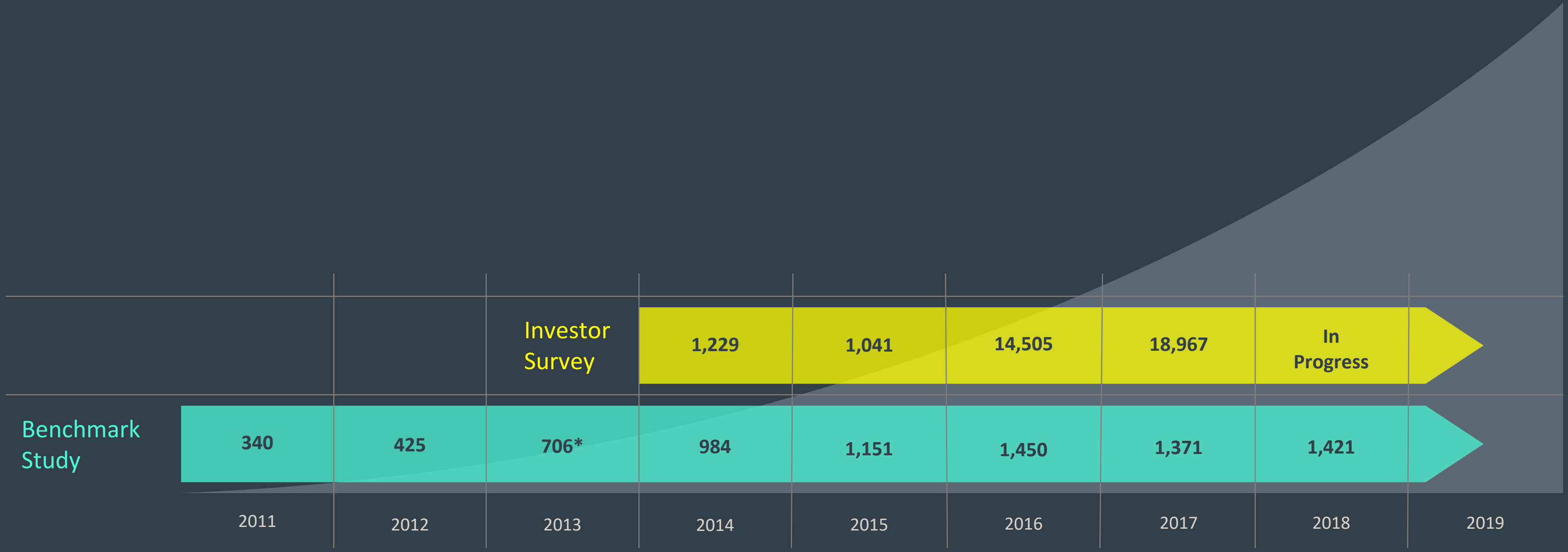
- Compensation
- Fees and Pricing
- M&A
- Business Metrics
- Asset Allocation
- Defined Contribution

Modules



Benchmark Study: Results from Dimensional 2011 - 2018 Advisor Benchmarks Studies. Investor Survey: Results from Dimensional Fund Advisors Investor Research (conducted by AbsoluteEngagement.com) for 2014 – 2015, Dimensional Fund Advisor Investor Survey for 2016 – 2017. DC Survey: Results from Dimensional Defined Contribution Study for 2015, Results from Defined Contribution module of Advisor Benchmark Study for 2018.

Dimensional Advisor Practice Management Benchmarking



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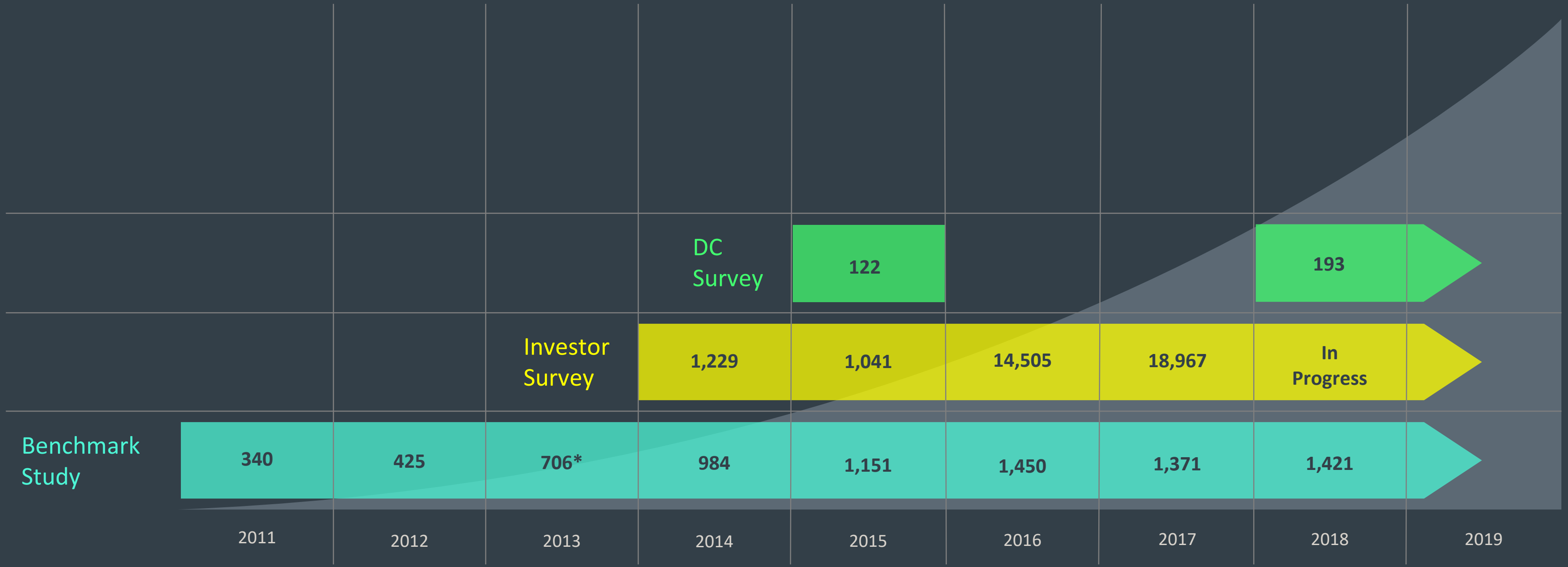
Dimensional Advisor Practice Management Benchmarking



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Defined Contribution Practice Benchmark Topics

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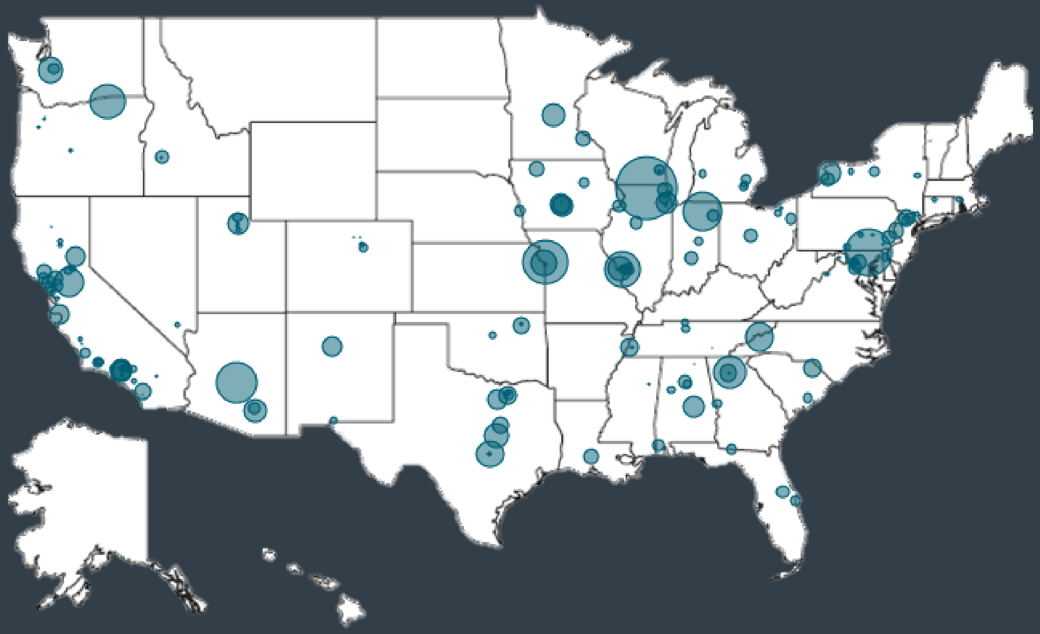
- Business Overview
- Prospecting and Marketing
- Provider Partners
- Retirement Team Staffing
- Plan Services
- Fees
- Investments

DC Survey Overview

2018 DC Benchmark Study

Dimensional



193

Firms

3,651

Total Retirement Plans

$15B

Total Retirement Plan Assets under Advisement

Results from Dimensional 2018 Advisor Benchmarks Study.

Advisor Growth Rates

2015–2017

30%

Annualized Growth in
Retirement Plan Assets

193 Total Respondents

21%

Annualized Growth in
All Firm Assets

1,150 Total Firms

Results from Dimensional 2018 Advisor Benchmarks Study.

Wealth Management Opportunities from Retirement Plans

Dimensional

4.7

Average Number of Wealth Management Opportunities

Original question: In the past year, how many wealth management opportunities have come from your employer sponsored retirement plan relationships?

Prospecting and Marketing

Advisor Growth Firm Profiles

Dimensional

	High Growth Firms	Low Growth Firms	No Growth Firms
Plan Growth	**Increased 15% or more**	**Increased less than 15%**	**Did not increase or decrease number of plans**
% of Firms	31%	24%	45%
	Average 30 plans and $176M in retirement plan assets	Average 41 plans and $111M in retirement plan assets	Average 16 plans and $70M in retirement plan assets

Results from Dimensional 2018 Advisor Benchmarks Study. Includes only the 127 respondents with at least 5 plans in 2016.

Prospecting and Marketing Strategies

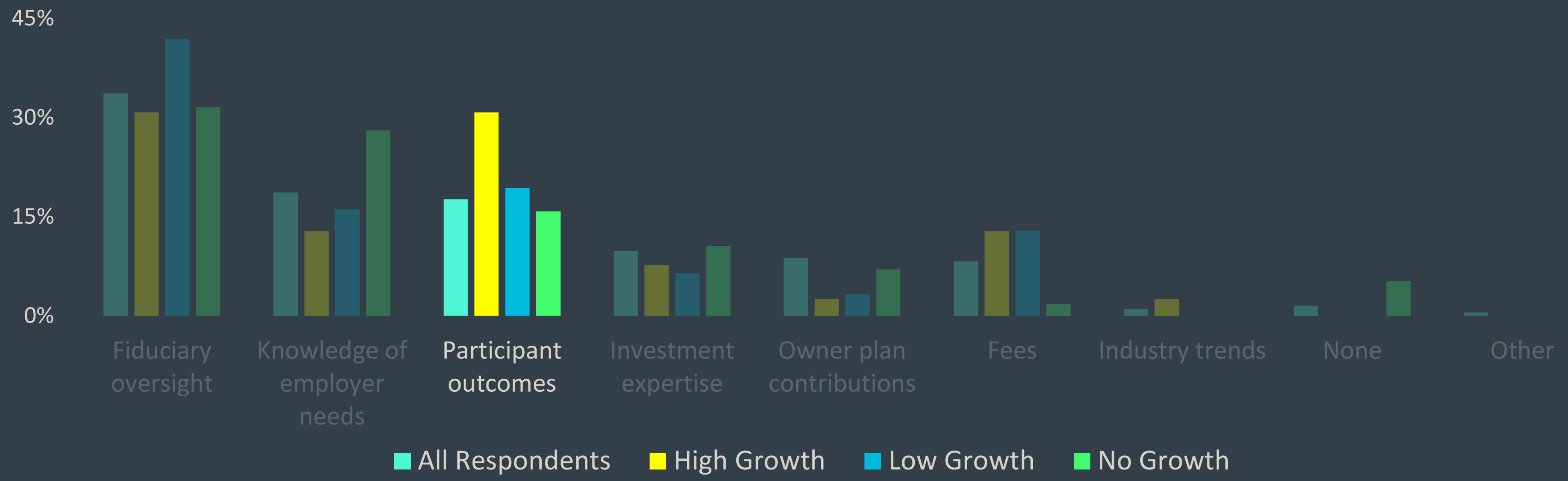
Dimensional

	Most Common		High Growth		Low Growth		No Growth	
	Most Effective							
Referrals from existing clients	45%	81%	36%	87%	42%	90%	37%	79%
Referrals from centers of influence	43%	67%	62%	92%	42%	77%	28%	60%
Advertising and credibility marketing		21%		23%		29%		21%
Form 5500 lists		20%		26%		26%		26%
Social events		20%		21%		23%		23%
Seminars		10%		8%		19%		11%
Cold-calling		8%		13%		3%		9%
Consulting engagements or one-time project work		8%		10%		3%		12%
None		7%		0%		0%		5%
Webinars		4%		3%		0%		5%
Appointment-setting firms		4%		5%		3%		4%
Other		2%		0%		6%		2%

Results from Dimensional 2018 Advisor Benchmarks Study.

Value Proposition

Which theme below do you most commonly lead with when explaining your firm's value proposition to prospective plan sponsors?



Results from Dimensional 2018 Advisor Benchmarks Study.

Value Proposition

Dimensional

What are the main challenges in communicating your firm's value proposition to a prospective plan sponsor?

Respondents were allowed to select all that apply. Results from Dimensional 2018 Advisor Benchmarks Study.

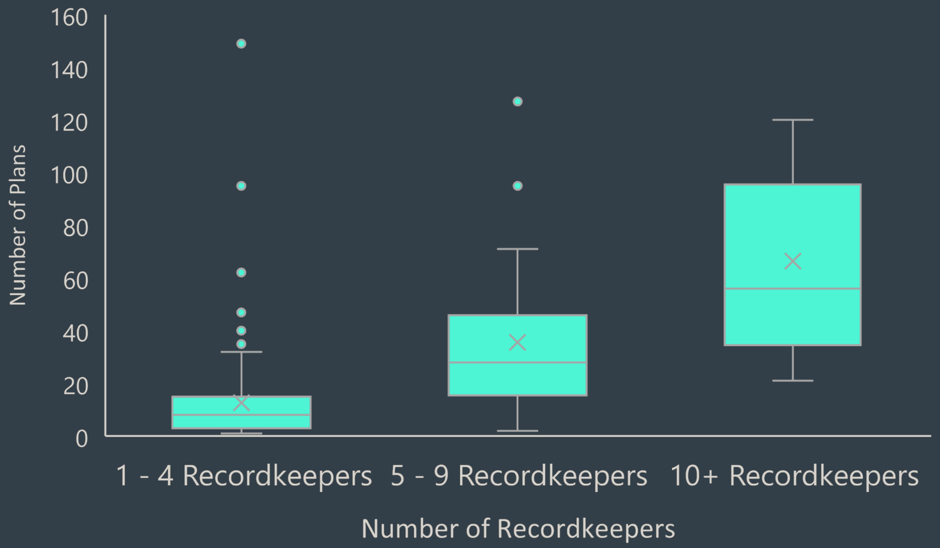
Provider Partners

How Many Recordkeepers Do You Work With?

Dimensional

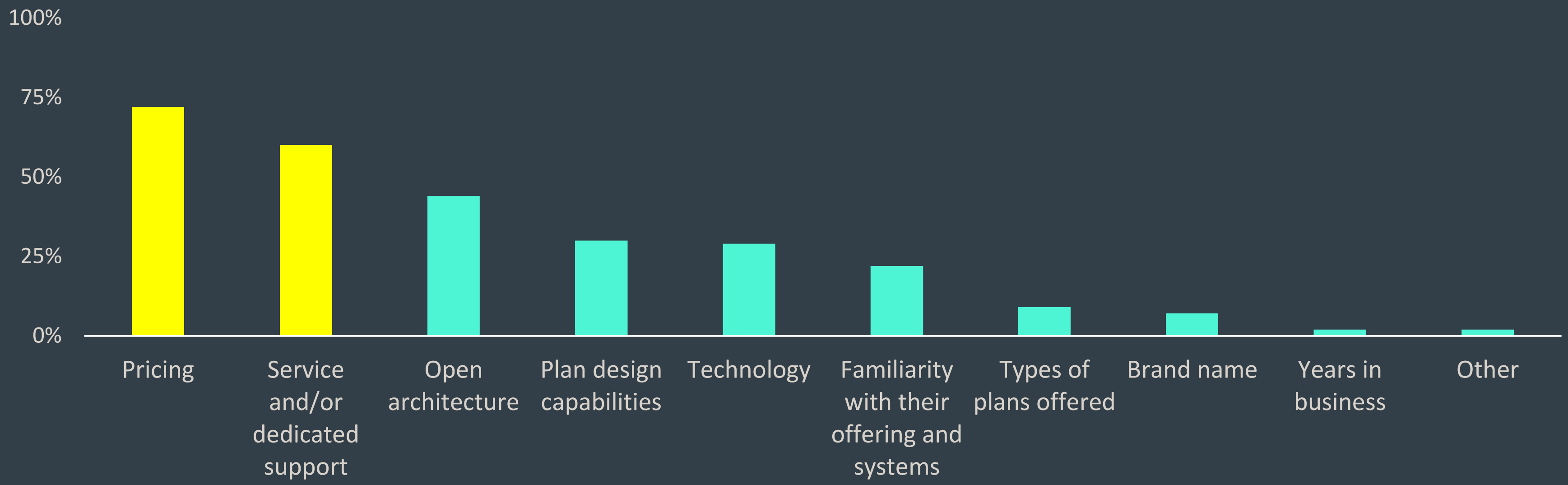
3.3

Average Number of Recordkeepers



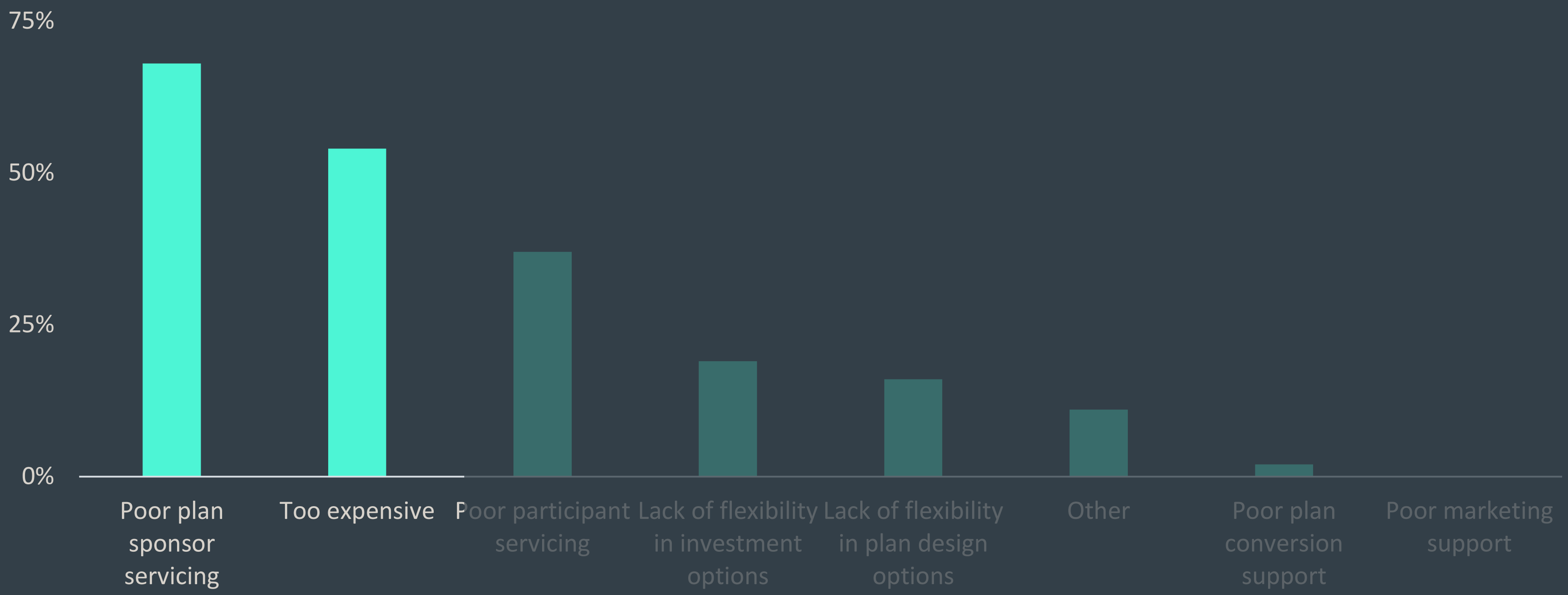
Excludes 11 firms that have their own recordkeeper. Results from Dimensional 2018 Advisor Benchmarks Study.
Top of box is the 75th percentile, bottom of the box is the 25th percentile, middle line is 50th percentile, whiskers represent the high and low of data, “x” represents mean/average, and dots represent outliers.

What Are the Most Important Criteria for Selecting a Recordkeeper to Service Your Next Retirement Plan Opportunity?



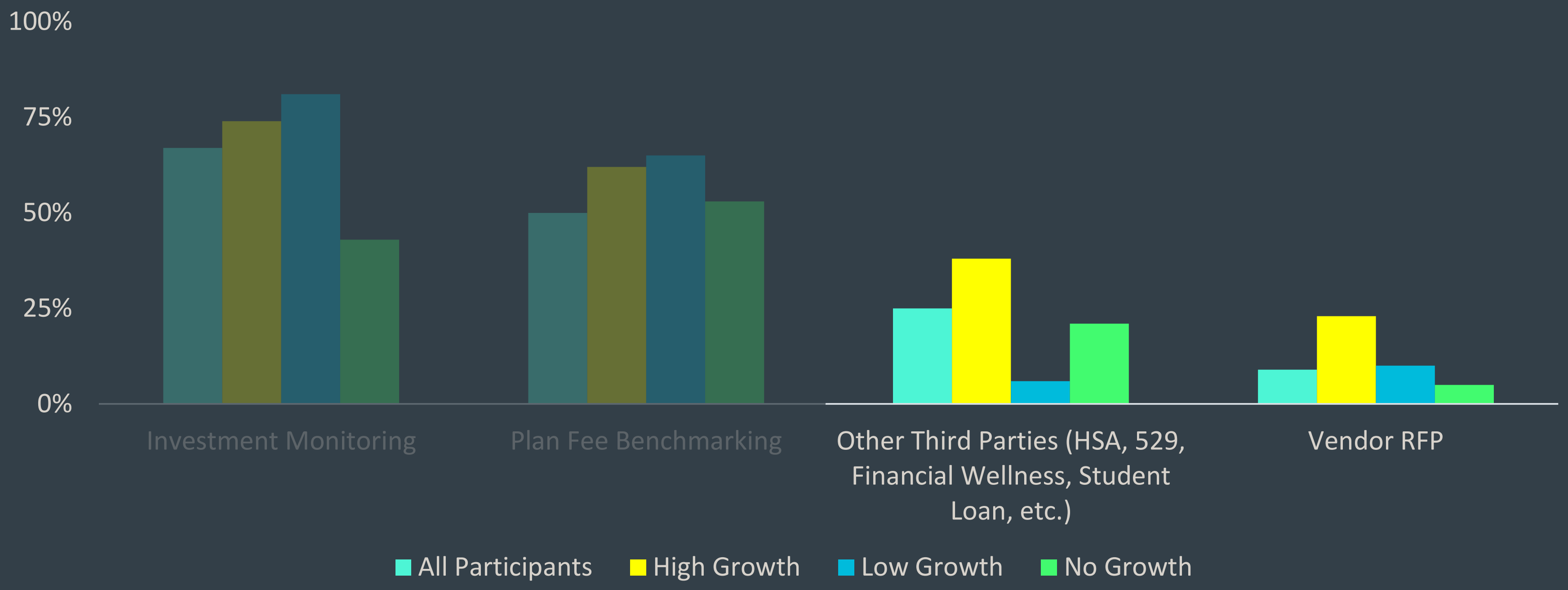
Results from Dimensional 2018 Advisor Benchmarks Study.

Reasons for Changing Recordkeepers



Results from Dimensional 2018 Advisor Benchmarks Study.

Do You Use Technology Providers to Support Plan Services?



Results from Dimensional 2018 Advisor Benchmarks Study.

Your Retirement Plan Team

Retirement Plan Team

Dimensional

1.4

Average FTE

26.4

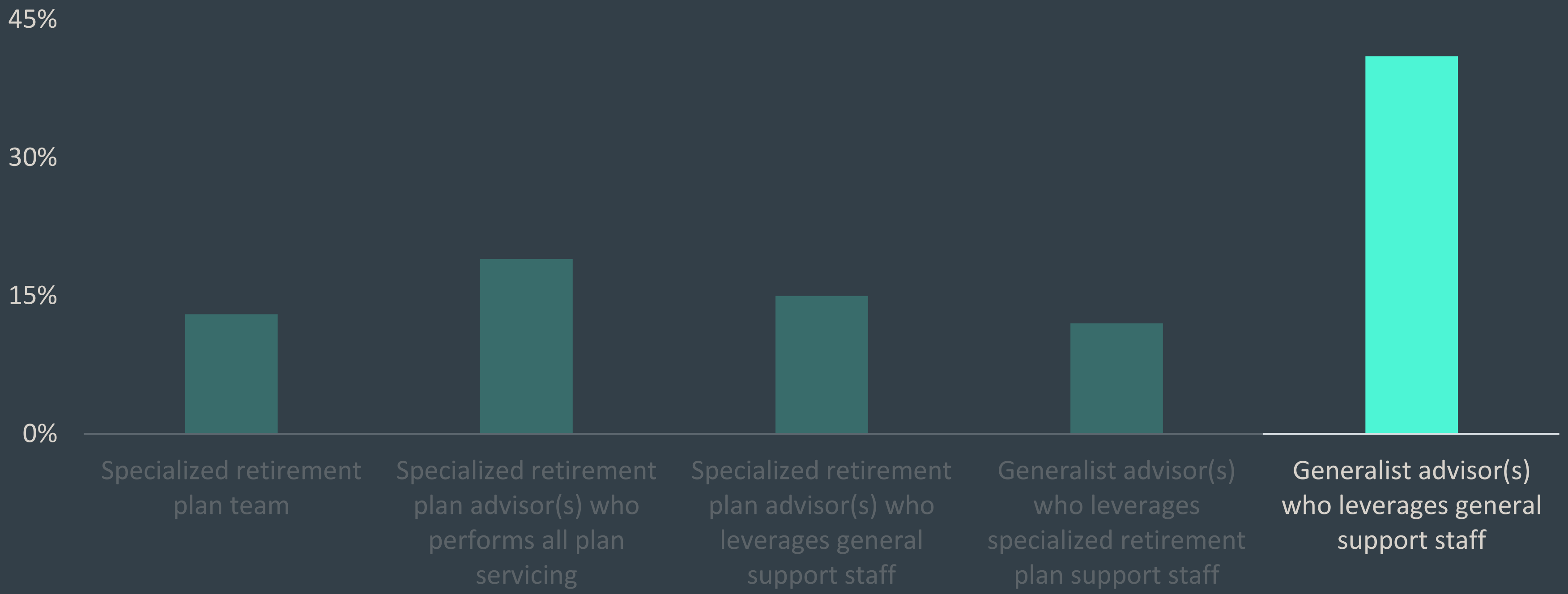
Average Number of Retirement Plans per FTE

$57MM

Average Retirement Plan Assets per FTE

Results from Dimensional 2018 Advisor Benchmarks Study.

What Does Your Retirement Plan Team Look Like?



Results from Dimensional 2018 Advisor Benchmarks Study.

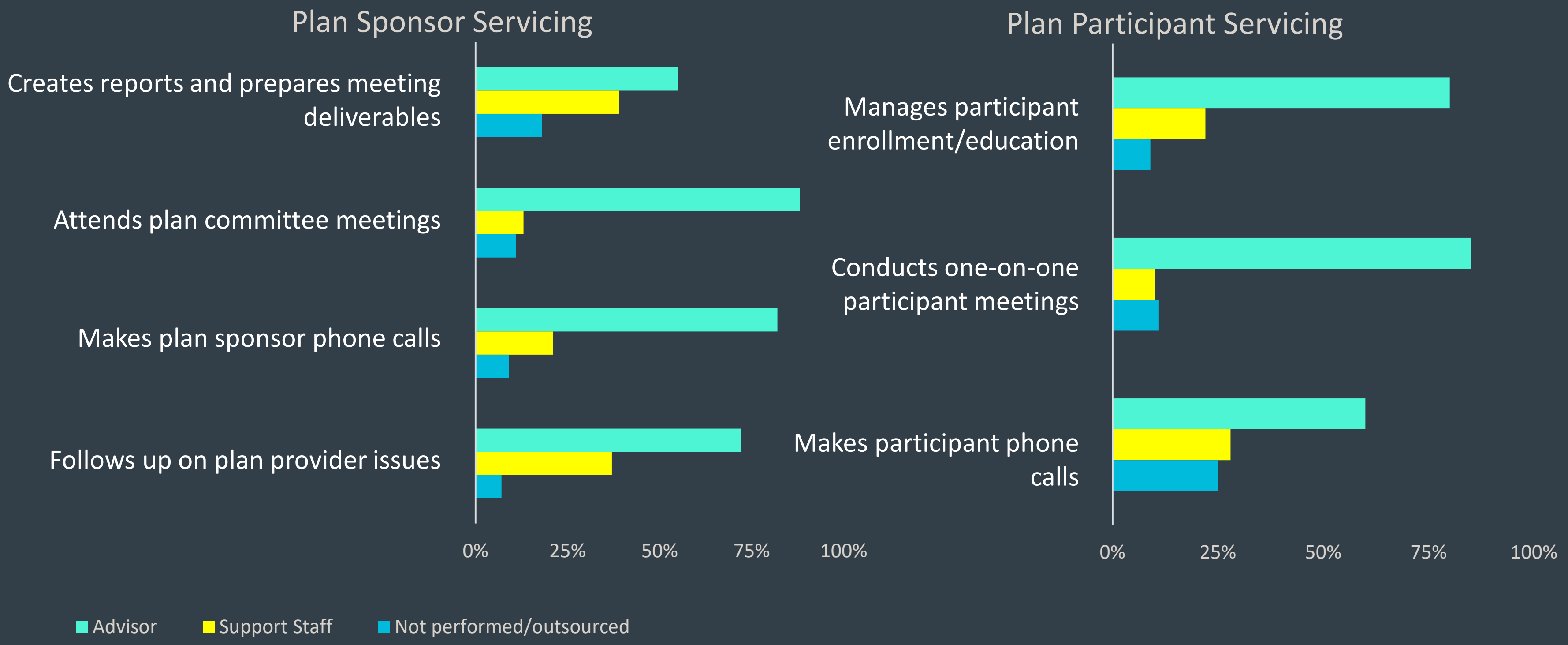
Retirement Plans By Team Structure

Dimensional

Results from Dimensional 2018 Advisor Benchmarks Study.
Top of box is the 75th percentile, bottom of the box is the 25th percentile, middle line is 50th percentile, whiskers represent the high and low of data, “x” represents mean/average, and dots outside whiskers represent outliers.

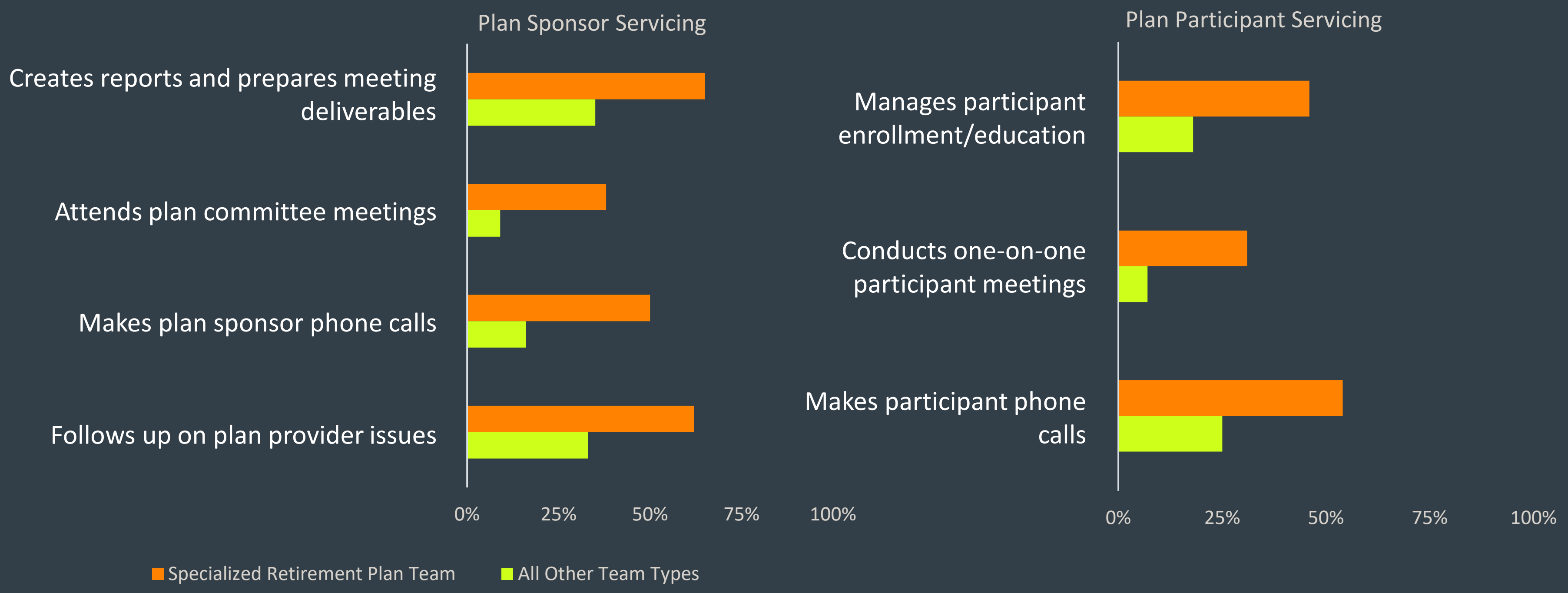
Division of Labor

Dimensional



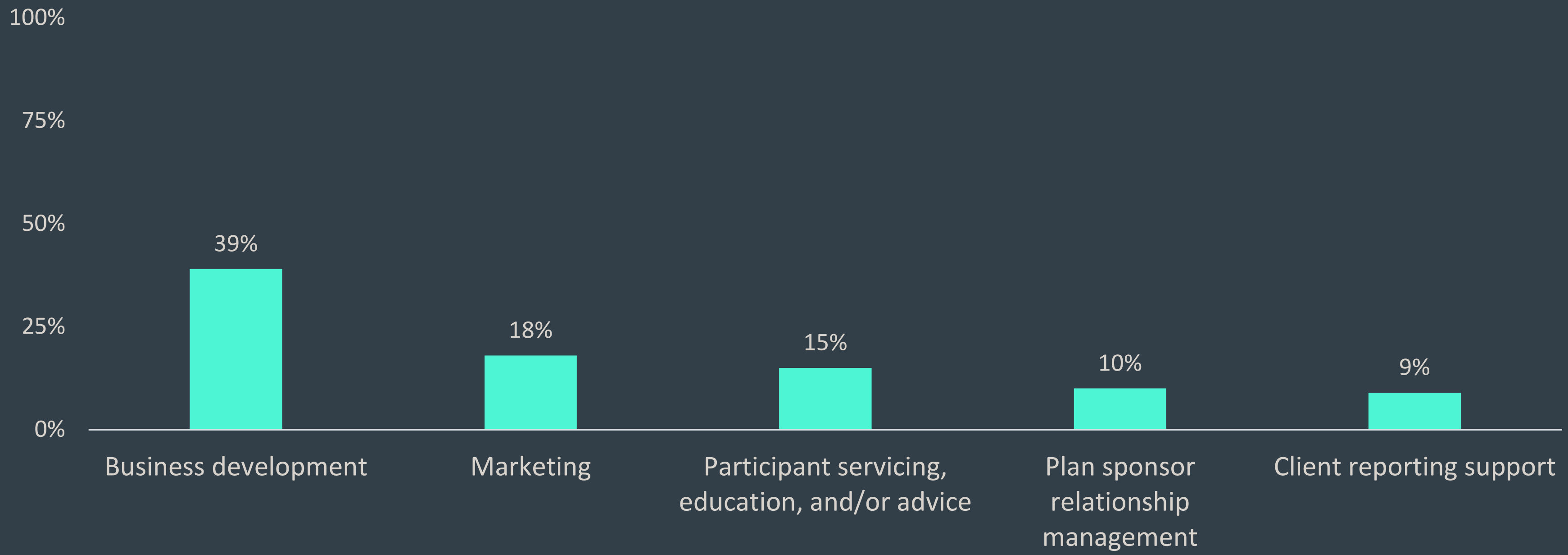
Results from Dimensional 2018 Advisor Benchmarks Study.

Division of Labor—Support Staff Involvement



Results from Dimensional 2018 Advisor Benchmarks Study.

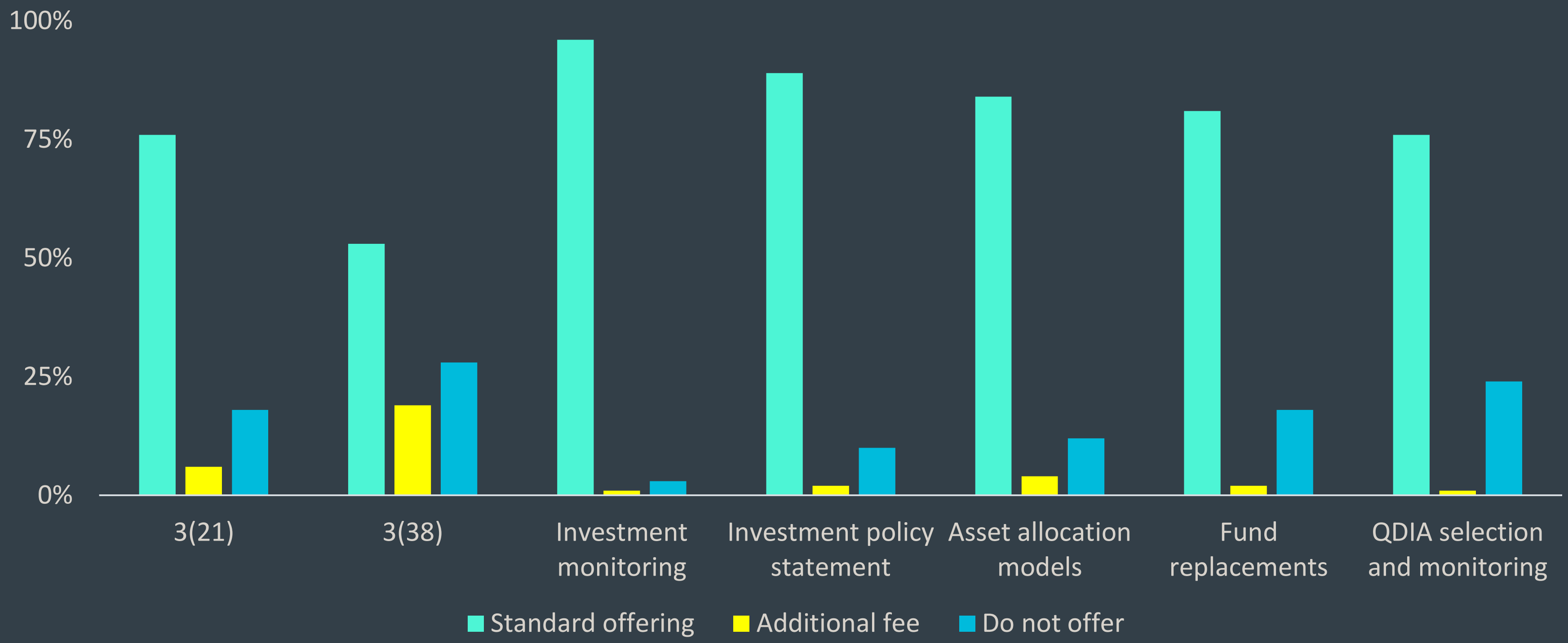
Most Impactful Next Retirement Plan Team Member



Original question: How would the addition of the following staff roles impact your employer sponsored retirement plan business? Please rank: 1=least impact, 5=most impact.
Results from Dimensional 2018 Advisor Benchmarks Study.

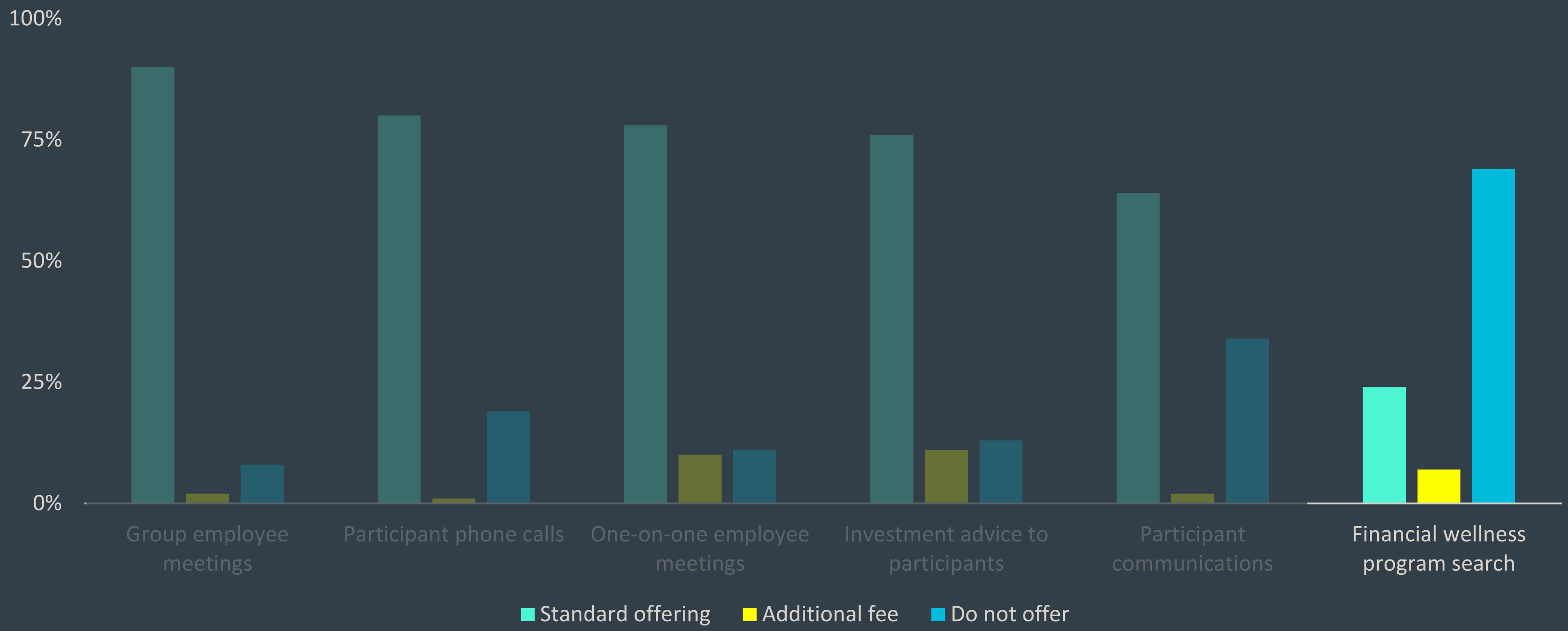
Plan Services

Services—Investments



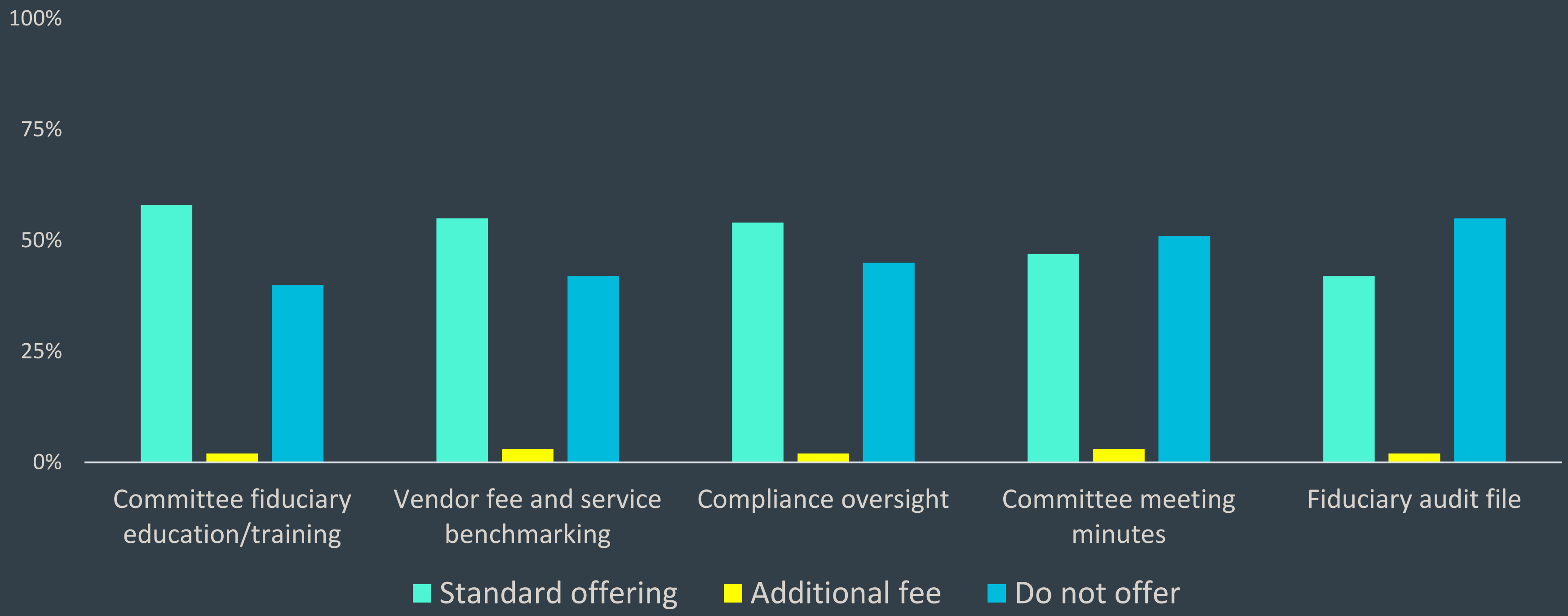
Results from Dimensional 2018 Advisor Benchmarks Study.

Services—Participant Services



Results from Dimensional 2018 Advisor Benchmarks Study.

Services—Fiduciary Oversight



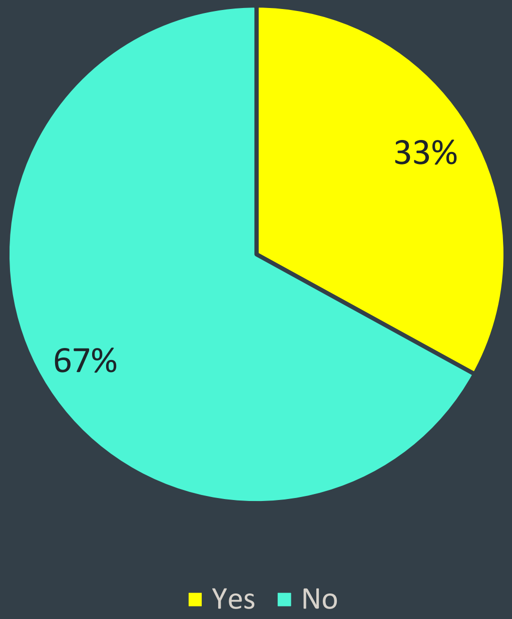
Results from Dimensional 2018 Advisor Benchmarks Study.

Reasons for Hiring Advisor

Fidelity Plan Sponsor Attitudes Survey: 8th Edition (2017). https://institutional.fidelity.com/app/item/RD_13569_26306/plan-sponsor-attitudes.html

Fees

Fees—Do You Have a Minimum Fee?



$4,000

Median minimum fee

Results from Dimensional 2018 Advisor Benchmarks Study.

Fees—3(21) vs. 3(38)

Dimensional

Plan Size	3(21) Avg Fee (bps)	% AUM Fee	3(38) Avg Fee (bps)	% AUM Fee
$500k	84	87%	82	87%
$1 million	70	93%	69	95%
$2 million	60	94%	59	94%
$5 million	46	95%	46	95%
$10 million	36	91%	36	94%
$20 million	27	91%	28	93%
$50 million	21	87%	22	90%
$100 million	19	88%	19	89%

Results from Dimensional 2018 Advisor Benchmarks Study.

Investments

Investor Survey: Working Participants

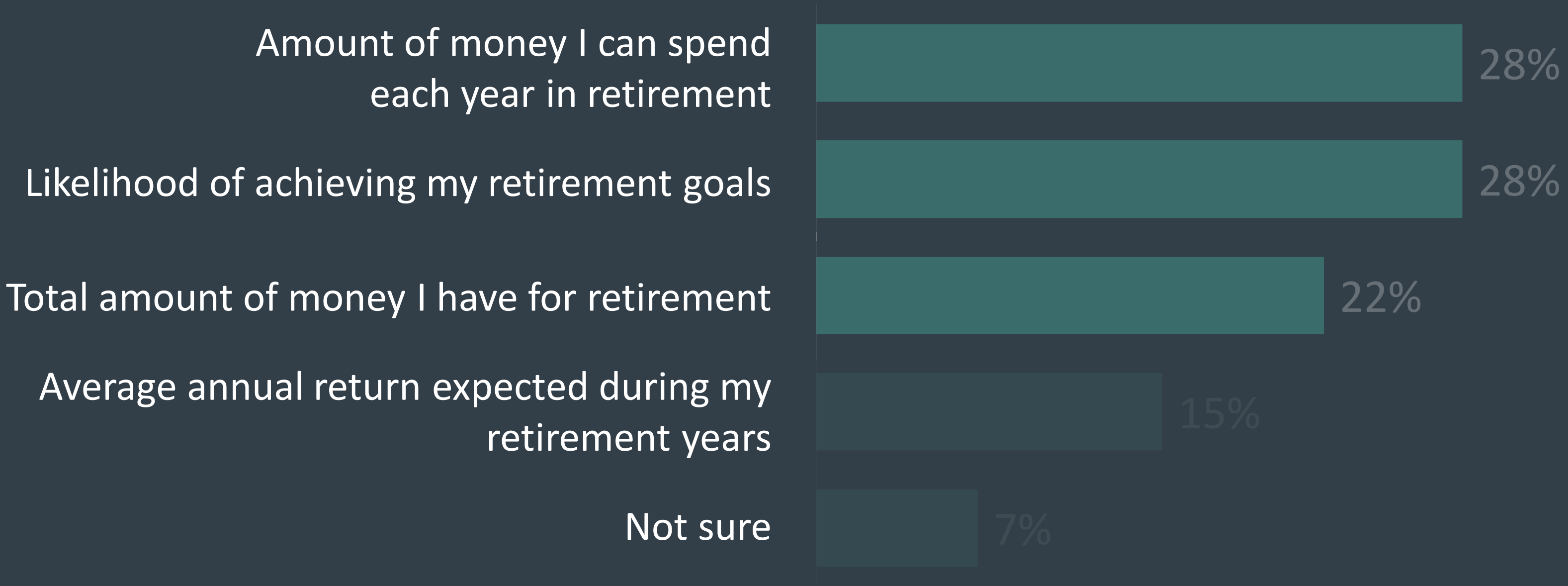
What is your greatest fear about your personal finances?

Outliving money	Significant loss	Not having enough money in retirement	Unforeseen expenses
10%	**24%**	**47%**	**10%**

Source: 2017 Dimensional Investor Feedback Survey.

Investor Survey: All Participants

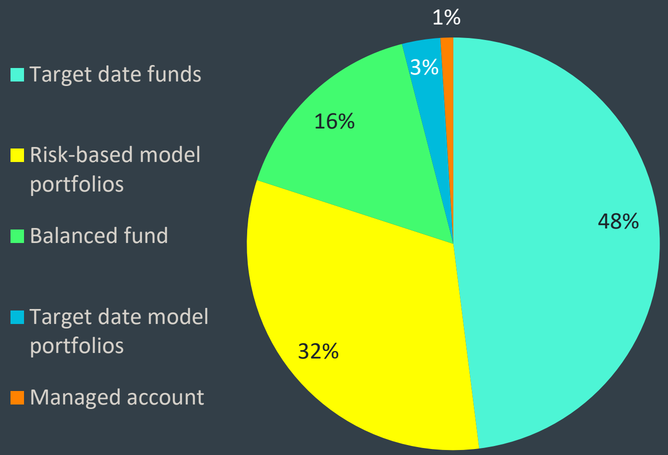
The most valuable financial information to help me plan for retirement is:



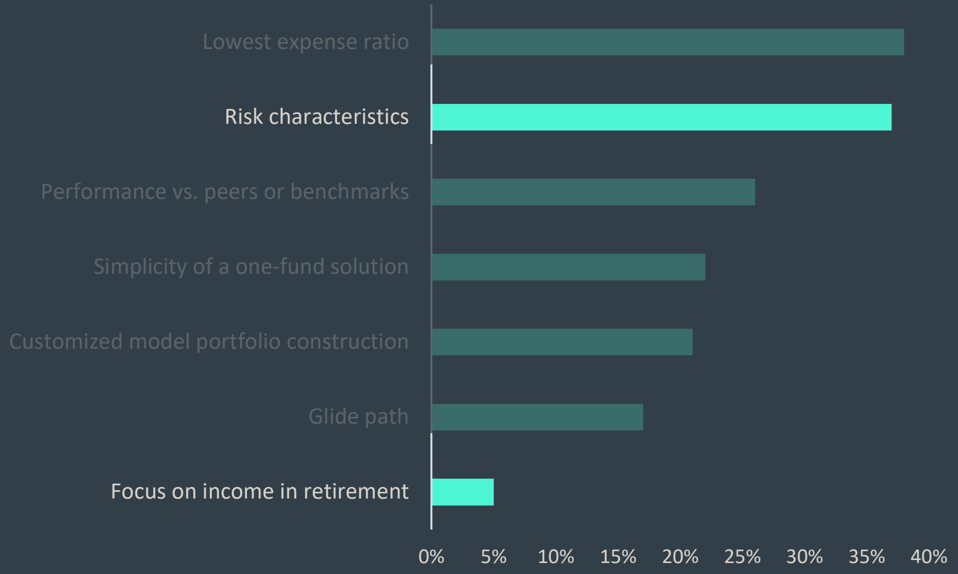
Source: 2017 Dimensional Investor Feedback Survey.

Investments—QDIA

Preferred QDIA Choice



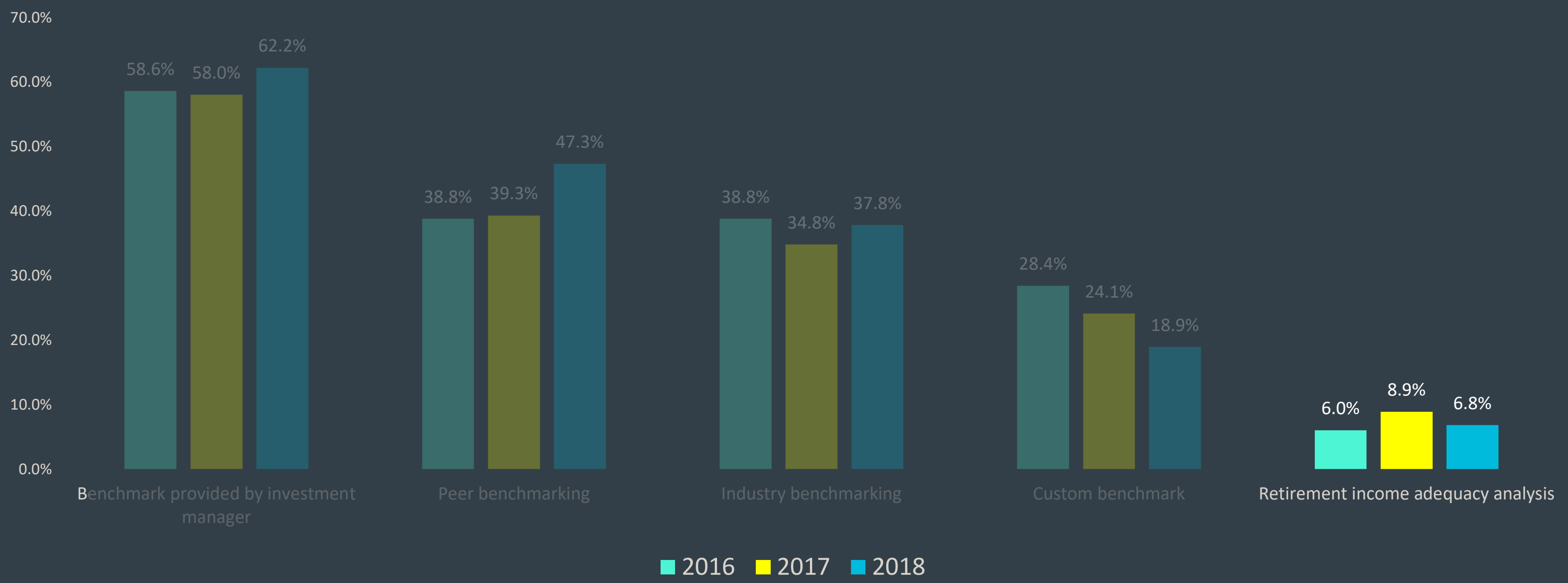
Which Factors Influence Your QDIA Selection?



Results from Dimensional 2018 Advisor Benchmarks Study.

Callan Study—Target Date Monitoring

How do you monitor your target date funds?



Source: Callan 2019 Defined Contribution Trends Survey. https://www.callan.com/wp-content/uploads/2019/01/Callan-2019-DC-Trends-Survey.pdf

Final Thoughts

Key Takeaways

- Think about implementing a marketing plan focused on centers of influence.
- Consider a dedicated retirement plan advisor to support business development.
- Focus on participant outcomes, specifically retirement income, to differentiate your offering.

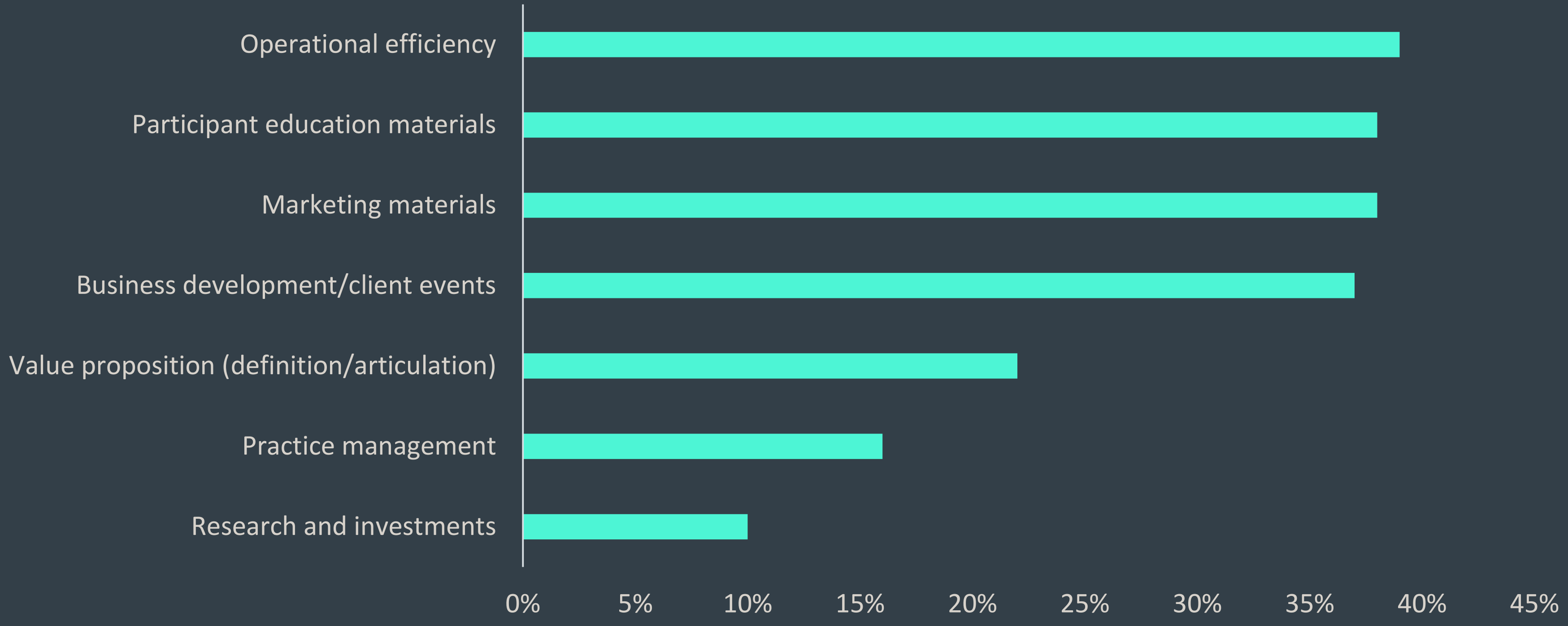
30%

Annualized Growth in Retirement Plan Assets

21%

Annualized Growth in All Firm Assets

Support from Outside Sources



Results from Dimensional 2018 Advisor Benchmarks Study.

Want Your Own Survey Results?

Dimensional

Contact us by email at FAS_DC@dimensional.com