July 25, 2016

SEI: Defined Contribution Sponsors Can Build Better Lineups and Reduce Fiduciary Risks Through a Discretionary Investment Approach

SEI Paper Suggests Plan Sponsors Need a New Paradigm for Oversight of Investments

OAKS, PA -- (Marketwired) -- 07/25/16 -- As defined contribution (DC) plan sponsors strive to improve fund lineups and participant outcomes, they are not necessarily addressing all current and future fiduciary risks to the organization says a new paper released by SEI's Institutional Group (NASDAQ: SEIC). The paper, entitled, *"The Changing Landscape Requires a New Approach: A Discretionary Model for Managing Defined Contribution Plan Investments*,*"* outlines how recent trends have significantly impacted the management of DC plans and suggests sponsors need to implement a better process to address the risks they face as plan fiduciaries.

Factors like investment complexity, increased fee pressure, litigation and the increased reliance on DC plans as the primary retirement savings vehicle, place tremendous pressure on plan sponsors. As these pressures increase, simply choosing brand-name funds, passively managed funds or funds provided by recordkeepers are no longer automatically safe choices. Plan sponsors want to provide the best quality investment options available, including adding specialized asset classes and investment managers traditionally used by institutional investors. This has resulted in plan sponsors building simplified white-label options and custom investment vehicles. However, plan sponsors and committees are often understaffed, stretched for time or simply lack the expertise to effectively manage and monitor complex investment portfolios.

"Many plan sponsors are doing the right thing and addressing the DC plan investment lineup, which is not a simple fix. The problem is many current processes aren't sustainable in adapting to evolving regulatory and investment environments," said Paul Klauder, Executive Vice President, SEI and Head of SEI's Institutional Group. "As plan sponsors consider change, we believe a discretionary investment management model is the best way to support the committee and make sure the quality plan that they put in place keeps pace with future changes. Utilizing a discretionary manager to proactively monitor managers and recommend new asset classes will govern risks and ensure participants have an optimal plan going forward."

As plan sponsors look to "institutionalize" DC plan lineups by creating more sophisticated portfolios, the paper outlines how plan sponsors will be challenged to make ongoing changes to the investment lineup without significant disruption to participants. Discretionary models can provide better manager fee arrangements due to economies of scale, seamless manager changes with no disruption or blackout period and broad manager and strategy diversification. The paper provides in-depth details around how these benefits are accomplished, as well as questions plan sponsors should be asking when considering this approach.

To obtain a copy of the paper, visit www.seic.com/discretion.

About SEI's Institutional Group
SEI's Institutional Group is one of the first and largest global providers of outsourced investment management services. The company delivers integrated retirement, healthcare and nonprofit solutions to 470 clients in eight countries. Our solutions are designed to help clients meet financial objectives, reduce business risk and fulfill their due diligence requirements through implemented strategies for the management of defined benefit plans, defined contribution plans, endowments, foundations and board designated funds. For more information visit: seic.com/institutions.

About SEI
SEI (NASDAQ: SEIC) is a leading global provider of investment processing, investment management, and investment operations solutions that help corporations, financial institutions, financial advisors, and ultra-high-net-worth families create and manage wealth. As of March 31, 2016, through its subsidiaries and partnerships in which the company has a significant interest, SEI manages or administers $684 billion in mutual fund and pooled or separately managed assets, including $265 billion in assets under management and $419 billion in client assets under administration. For more information, visit seic.com.

Company Contact:
Frank Wilkinson
SEI
+1 610-676-1483
fwilkinson@seic.com

Media Contact:
Sam Reinhardt
Prosek Partners
+1 212-279-3115 Ext. 244
sreinhardt@prosek.com

Source: SEI