

Greetings & a warm welcome to this week's edition of 401k Real Talk. This is Fred Barstein contributing editor at WealthManagement.com's RPA omnichannel and CEO at TRAU, TPSU & 401kTV - I review all of last week's stories and select the most important and interesting ones providing open honest and candid discussion you will not get anyway else. So let's get real!

The July job report marks the official end of the war for talent which has been waning for months. The 114,000 [new jobs created are below expectations](#) and way under the 12-month average of 215,000. The unemployment rate rose to 4.3%, the highest since October 2021 and way above 3.5% a year ago. Wage increases have cooled as a result.

Healthcare, construction and government accounted for 85% of the new jobs while information services lost 20,000 positions.

The war for talent had moved retirement plans from a tactic benefit to strategic benefit used to recruit and retain which may change now that the war is over.

Captrust becomes the [1st RIA/RPA firm to reach \\$1 trillion](#) as of June 30th with 1600 employees at 90 locations and 5 million participants. Though a vast majority of the assets are in retirement or institutional plans, the revenue from wealth management is equal or greater.

Started in 1997 by current CEO Fielding Miller, Captrust has made 73 acquisitions since 2006, mostly wealth firms in the past decade, and had sold a minority interest to GTCR in 2021 at a \$1.25 bn valuation followed by another investment in 2023 by Carlyle at a whopping \$3.7 bn valuation.

First to recognize the convergence of wealth and retirement at the workplace, Captrust is the clear RPA leader, while RIA aggregators like Creative Planning and Mariner are acquiring retirement advisory firms also hoping to leverage the convergence.

Big milestone for Captrust and the RPA/RIA industry with more to come as the focus turns to advice and retirement planning.

After a \$97 m SEC fine for failure to properly disclose conflicts of interest in 2021 and a recent lawsuit by Dartmouth participants over their managed accounts

sales tactics, CNBC has reported that [a whistleblower has filed a complaint with the SEC against TIAA](#).

Though they record keep a significant percentage of university plans with 5m clients, margins are under pressure causing TIAA to allegedly push and incent their sales people to move clients into high cost and very profitable managed accounts.

All of which highlights the danger of one firm acting as record keeper, asset manager and advisor which has led to greater competition from other record keepers as well as independent advisors and a cautionary tale for RPAs pushing advisor managed accounts.

[Morningstar discussed ways](#) that the federal government could step in to provide greater access to retirement plans at work. Certainly not a 401k “hater,” the author noted 3 ways to improve access including:

1. Federal auto IRAs – Though more and more states are instituting mandates which has resulted in more private plans, a patchwork has emerged which organizations with workers in different states have to navigate. House Ways and Means ranking

member Richie Neal who had proposed a federal system with broad industry support.

2. A national 401k plan like the Thrift Savings Plan with a federal match promulgated by the likes of Teresa Ghilarducci which does not have industry support.
3. More group plans like MEPs and PEPs.

At 1% of GDP, DC plans are under scrutiny by Congress which is set to revamp the tax code and will judge these plans on results not effort to improve access and help lower paid workers to save for retirement.

Now that the war for talent is officially over, will the DC market return to the dark ages when the primary focus had been on fees, funds and fiduciary?

Read my recent [WealthManagement.com column](#) about the future of plan design and how plan sponsors and the DC industry can maintain the importance of 401k and 403b plans not just to workers but to senior managers who may be forced to make tough decisions as the economy slows.

I've started a short weekly LinkedIn poll which has gotten a tremendous response. Here are the results of the last two:

[Is the convergence of wealth & retirement a fad?](#) 86% of you said no, just 6% said yes while 8% were not sure

[Will AI/ChatGPT have an impact on bringing advice at scale to the masses?](#) 46% said it wd have a major impact, 39% said some, with just 10% limited.

Stay tuned for the next poll on Friday

So those were the most important stories from the past week. I listed a few others I thought were worth reading covering:

1. [A budding TPA network sells to a PE firm](#)
2. [Why employees hate HR professionals who are miserable in their jobs](#)
3. [Alt managers partnering to get greater distribution](#)
4. [How a generative AI system handled a 401\(k\) question](#)
5. [Why advisors should carefully choose their investment banker](#)

Please let me know if I missed anything or if you would like to comment. Otherwise I look forward to speaking to you next week on 401k Real Talk.