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 the past 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!

Another RIA aggregator has made a big move into the retirement industry as Hightower, an RIA roll up with $156 bn under advisement [took an 80% stake in NEPC](), an institutional investment consultant with $1.8 trillion of which $258 bn is under advisement.

Joining Creative Planning, which acquired Lockton's then $125 bn retirement division a few years ago, and Mariner, which bought the $109 Andco, as well as years back the merger of Edelman and Financial Engines, Hightower sees not only the convergence of wealth and retirement at work but also the opportunity for their advisors to get access to alternative investments through NEPC's platform.

Some RIA firms like Cerity Partners have made major investments into the DC market while Carson and Mercer Advisors have made preliminary moves.

While it might seem like a minnow is swallowing a whale, Hightower's revenue is larger which says everything you need to know about the wealth and retirement businesses and they will become the 2nd firm with more than a trillion dollars surpassing Captrust, the 1st to reach that level.

Even with higher interest rates, advisor M&A has not slowed and is only expected to accelerate as rates decline evidenced in a recent report by MarshBerry, a leading investment banker in the P&C and benefits market.

They reported a 12.5% annual increase in wealth and RPA deals as of Q3 2023 driven in part by P&C and benefits firms looking to buy more wealth firms after many had bought RPAs.

Many wealth advisors' clients own or run a business which provides an opportunity for fully integrated firms to be the one advisor who can handle everything. And while cross sell opportunities exists for RIAs, many benefit firms are leveraging relationships that RPAs have with their clients which tend to be larger to cross sell more profitable services.

The question is not whether guaranteed income will be offered to DC participants, the question is when and how.

While the retirement industry struggles to enable participants to transfer the guarantee from one record keeper to another with some working with middle ware providers like Micruity, SS&C and FTX, adoption has been slow.

Enter Agilis Partners whose Pension Builder allows participants to allocate a portion of their assets as they near or reach retirement through competitive bids with insurers and placed into an IRA.

Kelli Hueler has been offering similar services to larger plans for years but some record keepers hoping to cash in on their own service have created roadblocks. Agilis' 1st partner is Alight with almost 10 million participants including the Federal Thrift Plan.

Maybe a grab for headlines an administrative and advisor firm warned that 401k fees are too high after analyzing the 5500 files of almost 7,000 firms.

Abernathy Daley 401k whose parent company acts as a family office cites the lack of independent 3rd party benchmarking which may be news to firms like RPAG and Fiduciary Decisions and the horde of fiduciary advisors who conduct RFPs and due diligence on behalf of their clients. Some will argue fees are too low but certainly there is room for discussion.

Fueled by fiduciary advisors who gained clients by promising to lower plan costs, the exodus to indexing and the growing number of lawsuits, the decline in plan fees has led to predictable results.

Read my recent WealthManagement.com column about how the race to the bottom is leading to diminished service, consolidation and convergence which is turn has forced RPAs to be better business professionals than their RIA counterparts whose fees have remained steady.

My recent LinkedIn poll asked “In the next 3 years, which "ancillary" DC benefit will be most used and have the greatest participant impact?” As of 9:00 AM on Monday October 28, financial planning and HSAs were most popular with student loans and emergency savings a distant 3rd and 4th.

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

- Declining interest rates will spur more RIA M&A
- Plan sponsors weigh in on what they value most from advisors
- Gallagher acquires UK Redington
- Hancock study says that longevity and early retirement pose risks
- AI top 2025 SEC priority

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.