NEWS RELEASE

BlackRock Survey: Retirement Plan Advisors Demand Active and Income Strategies

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Amid changing market conditions, retirement plan advisors are focused on resilient portfolio construction to drive better long-term results for clients.

- The majority (81%) of retirement plan advisors are discussing retirement income with clients.
- Over half of retirement plan advisors (55%) believe active managers can consistently outperform the market.
- Sharp increase in adoption of AI-powered tools, with 53% of retirement plan advisors likely to use AI in the next 12 months (versus 9% currently).

NEW YORK--(BUSINESS WIRE)-- As the market regime shifts to one with higher volatility and rate uncertainty, retirement plan advisors are looking to help plan sponsors build more resilient portfolios. According to BlackRock's 2024 Read on Retirement®: Advisor Outlook, retirement plan advisors are focused on implementing active and income strategies, and streamlining their practice management, including incorporating AI-powered tools.

Carrie Schroen, Head of BlackRock's U.S. Defined Contribution Intermediary Business said, "In these uncertain market conditions, retirement plan advisors are looking for solutions that will help more Americans achieve better retirement outcomes. Our research demonstrates the importance of access to affordable solutions and education, areas that are vital to providers and participants alike."

Demand for Retirement Income

Amid changing market conditions and persistent concerns around outliving savings, retirement income solutions

are a focus area for retirement plan advisors. 81% of retirement plan advisors report discussing retirement income with DC clients. Interest in retirement income continues to grow as 82% of retirement plan advisors currently recommend a retirement income solution or are likely to recommend one in the next 12 months.

Retirement plan advisors are looking to implement these solutions as employers are increasingly concerned about their employees' long-term retirement preparedness. BlackRock's 2024 **Read on Retirement** ® survey found that only 58% of plan sponsors believe participants are on track with their retirement savings, versus 64% in 2023. Despite the importance of retirement income, retirement plan advisors report their top barriers to greater adoption are communicating a clear benefit in terms of improved outcomes (44%) and providing clear participant education and communications (42%).

Rob Crothers, BlackRock's Head of U.S. Retirement, added, "The findings underscore that it is not enough to offer retirement income solutions, participants also demand greater education to help sift through the complexity. This is why BlackRock has paired a digital experience, MyLifePath™ with LifePath Paycheck™, our investment solution providing access to guaranteed income through a target date fund. MyLifePath is designed to help educate participants on how today's contributions can translate into income in retirement."

Focus on Active

Over half (55%) of retirement plan advisors believe that active managers can consistently outperform the market. They cite three primary ways active management can add value to plans: access to more investments (59%), protection against loss (47%) and sector choices (44%).

When conducting due diligence on active investments, retirement plan advisors say access to a cost-effective strategy is the most important factor (71%). Diversification (66%) and manager expertise (60%) are also ranked as important factors.

Enhancements to Practice Management

Retirement plan advisors view client servicing and meeting participant education needs as areas that are important to their growth. Over half (55%) of retirement plan advisors mention they differentiate their practice from their peers through their expertise in meeting participants' needs and education, including advice and retirement readiness. There is still opportunity, however, for retirement plan advisors to develop education programs for clients. Despite being an area retirement plan advisors identify as being a differentiating factor, less than half (48%) are currently offering financial wellness plans.

The data also shows a spike in interest around adopting AI to streamline practice management. Retirement plan

advisors see client servicing and business development as use cases for AI in their practice. While only 9% of retirement plan advisors are currently using AI-powered tools, 53% report being likely to use them in the next 12 months.

About the BlackRock Read on Retirement survey

The 2024 BlackRock Read on Retirement® survey provides insights from a research study of over 450 large defined contribution plan sponsors, 300 retirement plan advisors, 1,300 workplace retirement plan savers, 1,300 independent savers and 300 retired workplace savers in the United States. The survey is executed by Escalent, an independent research company. All respondents were interviewed using an online survey conducted between January 29 and March 7, 2024.

About BlackRock

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