



## OCIO for Pension Plans

### Why Delegating to an OCIO Can Strengthen Your Pension Governance

In the video, CAPTRUST breaks down how a 3(38) Investment Manager—often branded as an outsourced chief investment officer (OCIO)—assumes day-to-day discretion over plan assets so sponsors can focus on broader governance. An OCIO typically drafts or refreshes the investment policy statement, monitors and trades the portfolio, vets underlying managers, and shifts asset allocations in real time when markets move. For many organizations with lean staff or complex liabilities, that level of hands-on management translates into quicker execution, tighter risk controls, and clearer performance benchmarking.

#### Potential Advantages

- Broader access to diversifying asset classes and specialist managers
- Institutional-grade risk-management tools that help buffer volatility
- Robust, transparent reporting that keeps committees audit-ready
- Faster tactical moves—without the scheduling delays of quarterly meetings

#### Key Considerations Before You Hire

OCIO oversight isn't one-size-fits-all. Plans with well-resourced investment committees may prefer to retain direct control, and sponsors who thrive on tactical decision-making could view full discretion as a drawback. Before signing an OCIO mandate, CAPTRUST recommends comparing fee structures, service models, experience with defined-benefit liabilities, and cultural fit with your existing governance process.

## Next Steps

A thoughtful RFP and due-diligence process will clarify whether an OCIO aligns with your funding goals, risk appetite, and internal bandwidth. CAPTRUST's institutional advisory team can guide you through provider comparisons, mandate design, and ongoing oversight—so your pension strategy stays on track today and over the long term.

To download a copy of the transcript, [click here](#).

If you sponsor a defined benefit retirement plan, you may already be familiar with the term 3(38) investment manager, or the acronym OCIO, which stands for outsourced chief investment officer.

But you might not know that these two terms describe the same type of discretionary relationship. An OCIO is a professional advisor, or an advisory firm, hired by a retirement plan sponsor to manage its investment portfolios and make strategic investment decisions on the organization's behalf. This can be especially helpful to organizations with limited staff and adequate investment experience or highly specialized investment needs. But it's important to know the benefits and considerations before deciding if an OCIO is the right choice for your pension plan. Typically, OCIOs provide day-to-day management of an organization's investment program. They have investment discretion and are directly accountable for plan performance. That's why you might also hear the OCIO relationship described as discretionary portfolio management, or simply discretion.

OCIO services can include:

- Investment policy statement development
- Portfolio analysis, management, and trading
- Research and selection of investment managers
- Tactical or strategic asset allocation

For many organizations, delegating these critical tasks to a trusted partner is a welcomed sigh of relief.

OCIOs offer many potential benefits:

- Increased access to investment opportunities, which can improve diversification
- Increased access to advanced risk management practices, which can help the organization navigate market volatility
- Improved benchmarking of your plan performance, plus improved reporting and transparency.
- Real-time review and execution of tactical changes



Despite these many benefits, engaging a discretionary manager might not be the right move for every organization. For instance, pension plan sponsors with strong internal investment committees might not require these services, and those that prefer to have direct control over their investment decisions could find an OCIO less appealing.

If you do decide to engage a professional, due diligence is key. Research multiple firms. Explore their fees, reporting schedules, track records, experience managing pension assets, and stability. Institutions with highly specialized investment requirements will require an OCIO with robust industry expertise to meet their specific needs. You may also want to gauge how well the OCIO will integrate with your organization's existing governance, structure and communication channels.

Ultimately, the decision to hire an OCIO should be based on careful evaluation of your organization's needs, objectives and resources. Making a well-informed decision can lead to more efficient and effective portfolio management that is better aligned with your institution's short and long-term objectives.

For help navigating the OCIO landscape, call CAPTRUST. Our nationwide team of institutional advisors can help you decide the next steps forward.

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