

*Please note: This is a transcription so there may be slight grammatical errors.*

Hello, and welcome to Revamping Retirement, a podcast brought to you by CAPTRUST where we explore the opportunities and challenges facing today's retirement plan sponsors and fiduciaries. Our hosts, Jennifer Doss and Scott Matheson lead the employer-sponsored retirement plan practice at CAPTRUST, one of the largest registered investment advisers in the U.S. and a thought leader in the retirement plan advisory and consulting space. We hope you enjoy Revamping Retirement.

Mike Webb:

Hello everyone. I am Mike Webb and I'm here for another exciting episode of Revamping Retirement. We've got a very, very special episode today, as we're going to talk about a little change, we're going to mix things up to our Revamping Retirement format. Just to give you a little bit of a background, when we came up with the Revamping Retirement format a couple of years ago, it was always thought that we'd actually have different hosts. And, I came along and they were like, okay, Mike, you're going to be the first host and then we'll have a bunch of rotating hosts after that. And that'll be a wonderful concept.

Well, that's still the plan and 28 episodes in I'm very proud to announce that the plan has finally been fulfilled. A little longer than I probably would've liked, but better late than never. So I'm very, very excited to bring in some other voices to the podcast today. And without further ado, I'm going to pass it on over to them in terms of the Revamping Retirement hosting duties. And I want to welcome to the program, Jennifer Doss and Scott Matheson. We'll give them a nice big clap too. Hey Jennifer. Hey Scott, how are you guys doing today?

Jennifer Doss:

Doing great. It feels weird to clap for myself, but yeah, yeah.

Mike Webb:

I clap on myself all the time. I think it's an exciting time. I've always, it was always kind of a dream of mine to have it be this forecast being kind of a forum for all the different voices at the firm. And now that we're part of CAPTRUST, I think actually even though I kind of joke that 28 episodes we're finally getting there. I think it's actually the perfect timing to show everybody, hey, we're this wonderful diverse firm. We want to bring other voices into the podcast. I'm really sincere about the fact that I think this is going to be a wonderful new phase of the podcast we're going to enter. So Jennifer, I'll turn it over to you first for a little bit of a brief introduction to the audience. Obviously they'll get to know you over the upcoming podcasts, but it's always good to give a little background.

Jennifer Doss:

Sure. So, my name is Jennifer Doss. I'm currently the defined contribution practice leader for CAPTRUST. Been with the firm since 2007, served a couple of different roles. Obviously Scott and I've worked closely together for many, many years now. I oversee a team that helps service our defined contribution clients all the way from sales support onto ongoing maintenance. And then I also set the strategic direction for the firm in terms of kind of the solutions and services that we offer our defined contribution clients. So I get to see a lot of different things across the firm. I'm super excited to be part of Revamping Retirement. You created a great podcast, Mike, and I'm just going to work on my radio voice.

Mike Webb:

I love that you brought that part of your background when you talked about you've seen so many things because I think those are a lot of things we're going to be talking about in the coming months, because there's a lot of hot topics in retirement now. And I think his audience in particular will enjoy your perspective. I want to toss it over a little bit to Scott to give a little intro about himself.

Scott Matheson:

Yeah. Thanks Mike. I'm Scott Matheson. Been with the firm for about six months longer than Jennifer has. And I was our defined contribution practice leader until I realized that she was way more talented than I am. Smarter.

Mike Webb:

Another clap for Jennifer.

Scott Matheson:

We can clap for that one for a long time, Mike. And so I got out of her way. I now run our total institutional business at the firm, which is all of our retirement business, but then we also, as you know, do work with a good number of endowments and foundations and other asset pools as well so that all falls under me and all the client service and research associated with our institutional business offering. As I'm saying it out loud, it's making me stressed out because it's a ton of people. At any rate, I'm excited, man. I got to tell you that what you've done here... I started when we knew we were coming together as firms, I actually binge listened to all of your episodes. I just listened to-

Mike Webb:

Wait, well, hold on a second. You actually listened to all well probably 26 at the time episodes of Revamping Retirement?

Scott Matheson:

Yeah, I just, I did. There were probably 24 at the time. I binge listened to all of them. I'm going to tell you I was doing some house projects at the time so it was easy to put the earbuds on and just keep letting them roll. And I was thinking, man, this guy has done something pretty cool here and had great guests and it just kept getting better over time. So, your pioneering is not lost on us and we're honored and humbled to take this chair. But it's also, I think, important to point out that you are not going away. We are keeping what we're calling A Minute with Mike. I thought Mike's musings was better, but, A Minute with Mike works too, because you will-

Mike Webb:

I think you got to keep me to a minute, Scott. That's probably why it should be a Minute with Mike because otherwise I'll just be, we'll have the same podcast only it'll be about 20 minutes longer because we have my segment added on.

Scott Matheson:

Yeah, you and I suffer the same problem there, Mike. It's why use one word when three will suffice? I can sympathize for sure. But you're sticking around. You're going to be talking to every single episode with us every single month with us for the Minute with Mike, where you will be providing your musings

on what is on the minds of plan sponsors right now. And as you said earlier, there's a lot of hot topics and we're excited to continue that. And we are trying not to be intimidated by your background, your experience here, and the fact that you have a master's in media administration is not lost on us either.

Mike Webb:

Wow, you've really done your homework there.

Scott Matheson:

Big shoes to fill. Big shoes.

Jennifer Doss:

I think it's called stalking, Mike.

Mike Webb:

Master's in media. It's been a long time since I've thought about my master's in media administration. But on that note, I think we should switch topics and dive right into topic number one, which is we actually did a wonderful fee benchmarking webinar recently. Actually it was quite extraordinary. And I think for topic one, we're going to dig into a little bit of that for Revamping Retirement. This has been Mike Webb and we're going to turn it on over to Jennifer and Scott to talk about our first segment.

Scott Matheson:

All right, Jennifer, I think we're doing this thing. Mike set it up. He had good success. He's handing it over to us. I'm not sure if they just ran out of other people, but you make sense. I don't know why they wanted me, but, hey, we're going to do a segment here. We're going to talk about something really revolutionary. The future of retirement, sorry, that's not right at all. We're going to talk about fee benchmarking, something that has a lot of sizzle to it. Just kidding. In all seriousness, this stuff is important and you actually hosted a really nice webinar back on the 14th of April just last month.

Jennifer Doss:

I did.

Scott Matheson:

You and Jean Duffy, Dan Esh talking about retirement plan fees and benchmarking retirement plan fees. So why don't you start us out here and just talk about maybe what were the topics, what was the recap and what's going on there.

Jennifer Doss:

Out the webinar really talking about kind of the history of fee disclosure and how that kind of impacted the market. And then also, unfortunately, how litigation has really kind of shone the spotlight on this particular part of the fiduciaries duty. And then most of our webinars are focused on the plan administration and record keeping sides. That's really what a lot of people talk about when they talk about benchmarking fees. But we did also touch on some other areas of fees that need to be evaluated and benchmarked like investment fees and other kinds of service fees. So we pivoted from there. We talked about how plan sponsors can make their plans more attractive, which seemed to be something that was really interesting to folks because I don't think you really think about that. You kind of think like

this is the plan I have and this is what it looks like. But, we talked about how there are some things that you can do to maybe make your plan more attractive.

So things like really understanding the demographics of your plan, encouraging more positive cash flow, higher balances overall. A couple examples we talked about there was encouraging rollovers within to your plan, thinking about providing other services for maybe those that are kind of nearing or in retirement. So, the retirement income conversation, which I'm sure will be a different podcast. We're not going to talk about that today. And then just really bare minimum adding more flexible withdrawal features, right, versus a lump sum. So encouraging people to just stay in the plan.

And then in terms of what to be on the lookout for when negotiating fees with plan sponsors. We talked about just really making sure at a high level you understand kind of the impact of any proprietary investment options that's making a comeback. We're back to maybe seven or 10 years ago, unfortunately. But then new late maybe thinking about self-directed brokerage fees, if that's applicable to you and then transaction fees, which is kind of a new thing coming up.

And then my favorite part to your point, very sizzly, we talked about the future fees and kind of what we see, where we see that going. And there was lots of discussion there around obviously the movement in institutional share classes, fee leveling services, more on the small to mid-size of the market. And then on the larger end, Dan kind of pointed out that they've been using institutional share classes, fee leveling, all that stuff for a while now. So they're really thinking about ways they can even make that better and they can tweak that.

One example there is paying for or exempting balances like maybe under a certain threshold. So like \$10,000 or something like that for participants so really you're preventing those fees from kind of eating into their balance. And really throughout this, I don't know how many times we said it, you can go back and count, but we mentioned many, many times that there's really no one right way to pay for plan fees or to benchmark your plan fees really like in terms of the timeframe you do it, or the method by which you do it, the allocation method you use.

It's really about understanding all your plan's fees, and then having a thoughtful process to evaluate and monitor those fees in the plan and then just documenting those decisions. So, we talked a lot about the requirement that plan sponsors have to determine fee reasonableness, but it's in light of the services rendered to them. And I think that last part in particular gets forgotten sometimes.

Scott Matheson:

Yeah. It was 27 times to answer your question. That's how many times you said it.

Jennifer Doss:

It was probably all [damaging].

Scott Matheson:

Yeah. I kind of made that up. Obviously you covered a lot of ground there and it's amazing to me because we're what now nine years post some really good guidance and clarity on fee responsibility, fee benchmarking, reasonableness, responsibility, DOL guidance on that topic. And it still is a hot topic. I mean, we had huge record level people sign up for this and then we had an attendance rate which sounds bad that 53%, but that's a pretty good take rate in the webinar space. It's very similar to my attendance rate in my calculus class senior year in high school. And that seemed to work out all right. But at any rate, all that people were really engaged too. We had almost half the people responding to polls throughout, and then we had dozens of questions. So I'm curious on the questions. Let's start there

real quick. Did you see any common themes? What were they? What were people really grinding on that kind of came through in those questions?

Jennifer Doss:

Yeah, I think there were probably two themes. One that stood out to me the most was just the number of questions we got where people were legitimately asking like, hey, what should the fees be for my specific plan? My plan is \$25 million; what should I be paying? What is reasonable? And obviously that's really tough because I can't answer that question. We spend a lot of time on that internally trying to figure that out for folks and it's not an easy answer that I can just give people without knowing at least a few more things about their plan.

And then the second thing is lots of questions around what their peers are doing. So like what do you see other plans of \$25 million doing that look like me? And that's pretty common I think in the DC industry, right? They always want to know what their peers are doing. And then ultimately, that's how the market kind of determines what's the best practices are. So, nothing too shocking that they wanted to know what their peers are doing there. But a lot of people asking a very direct question in terms of like, hey, what should these be?

Scott Matheson:

Yeah. Well of course you can't just give that stuff away.

Jennifer Doss:

No.

Scott Matheson:

Well that and it's really complicated.

Jennifer Doss:

I gave them my email.

Scott Matheson:

Yeah. Yeah. Brilliant. We have six people full-time on the vendor team who are doing this 252 trading days a year, all the time working on these fee conversations and benchmarking and reasonableness, so it's definitely evolving.

Let's talk about the polling real quick. So we had three polling questions. The first was, how often do you benchmark your retirement plan fees? It was interesting because it was a pretty even split kind of a third, a third, a third. You look at people that are doing once a year as needed or when the market events would dictate. And then every two to three years. So the good news is nearly everybody is doing with the exception of 4% who are doing it once a quarter, those people are crushing it. Those people are doing it. They're benchmarking their fees at least every two to three years. Everybody is. So, that's really good news and obviously indicative of the awareness that plan sponsors have towards this responsibility.

The next question was, how do you currently pay for your record-keeper fees, administrative fees? And once again, you kind of had a pure, even split. Some people paying it through revenue sharing. People, paying it flat fee. People paying an asset based fee. A handful of employers paying. So, all over the place from that standpoint. Nothing really surprised me there, but what did surprise me was the third polling

question. And here we asked, what's your biggest concern regarding plan fees. In my mind, if you had made me bet on this, I would have bet everything on one of the choices we gave, which was potential litigation. And to my surprise, only a fifth of the respondents actually put that as their number one concern. Whereas, more than half of the people put their concern being the ability to determine reasonableness of fees. I'm just curious, does that surprise you? Am I alone here? What do you think is going on?

Jennifer Doss:

No, I probably would have put my money on litigation too. Just because I think that's what gets the headlines, right? That's what makes the paper. But I think there's two reasons there. It's not surprising when I really started to think about it because it's just, it's not easy. And I think there's two reasons for it.

The market is very dynamic. You mentioned we have six people doing this full time dedicated to keeping up with what record keepers are doing. Not only the benchmarking, but keeping up to what they're doing, like what services they're adding, what features they're providing. And our clients are constantly asking us, they want to know what else is out there and how do their services compare to others. And so it's hard. It changes over time.

So one really easy example that maybe pick on here is just how much the technology enhancements have improved across the record keeping industry over the year. So, even five or six years ago, there were only a handful of providers that could really do kind of fee leveling services and fee rebating. And, and now it's pretty much table stakes. So, another example that's top of mind for a lot of people right now is cybersecurity. Most record-keepers now today use dual factor authentication to confirm transactions and changes to participant accounts. But a few years ago there were much fewer that did.

And the last example that I might give that comes to mind is just mobile access. As mobile phones over the years have become the norm for how people kind of transact and really live, if you're me, then you had to be able to give people, record keepers had to adapt and be able to give people the ability to do everything that they could do through their computer, through their mobile phone. And you need to be able to do full transactions and not just check your balance or your rate of return or things like that. So, these are all really great enhancements, everything I just mentioned. But it also means that every year things are changing. And so what you should expect from your provider changes over time. And again, if you're not doing this full time, that's really, really hard to know all that.

And the second reason that came to mind is the fact that reasonableness in and of itself is subjective, right? So what's reasonable to me is not the same thing that might be reasonable to you. And that's okay because in this context, talking about services, the services you're requiring may be different or what you want may be different than what I want. So on face value as a plan sponsor, it's very difficult to kind of look to your left and look to your right and say, okay, well, I'm a \$25 million plan and I look like this. And you also are a \$25 million plan. You look like this and we have roughly the same amount of participants and so I think we're the same we should be pretty close in fees. But the one to your right has decided that they want a lot of onsite days. They want a lot of education days onsite. They want a robust participation communication program and they have multiple payrolls coming from multiple different locations so their fees are actually like maybe 20% higher than yours.

And then, alternatively, you look to the person to your left that you thought looked like you and they decided to make... that they make very few changes in their plan over time. Their demographics just don't support, there's a lot of transactions going on and things like that. So they decide to kind of strip out a lot of the services and pay for those à la carte as they need them. So, they're paying the basic record keeping and administration, the things you absolutely need needed disclosure, stuff like that. But

they're also paying higher transaction fees when they occur. They're also paying extra if they want to do fun changes, if they want to do plan document restatements, education.

But they're paying on the surface 20% less than you. So you don't know any of this so that's the issue. You just know that they look like you on the surface and how do you really determine if you're in that middle seat, how do you determine that your fees are reasonable? In this example, maybe you feel okay about it because you're kind of in between those two. So you say, all right, well I'm the mid-point, I guess. But also you don't, you're not really looking at what you need, right? Your services and your things that you want. So, in this example, again, that's a good reason why we tell our clients yes, we can go out and kind of benchmark and do like a quick snapshot using a couple of data points and we have a lot of good data that comes in directly from the market every day to help us determine what those data points are.

But really every five to seven years, we do encourage people to kind of go out into the market and really think about what are the services that they need, what are the services that they want from their plan, what's out there. And then you can see specifically for those things, what are the different parties going to charge you. And so in that sense, it's a lot more apples to apples. And then it's probably always easier to feel good about maybe the reasonableness of the fees that you're getting.

Scott Matheson:

Okay. I'm completely convinced it is complicated. I also understand now why we need the six people. I'm sorry I ever questioned that on the vendor team. That is definitely hard. I guess the reasonableness piece that comes up all the time, I agree with that. I often hear people say, we're looking for fees that are fair or fair and reasonable, and I'm constantly correcting them that there's no requirement for fair. And just like I tell my kids, fair something that they put on a farm once a year and charge admission to so that's not the standard. The standard is reasonableness and the standard to your point is a really good one is reasonableness for the services that you're getting, which reminds me, I love metaphors. Here's one for you to think about.

Let's just say last Friday night you went out and got a steak, I went and got a steak. We come back we get together Monday morning. I say, hey, what'd you do Friday night? And you said, I got a steak. I said, oh my goodness, I got a steak too. It was the best deal ever. It's 12 99. You go 12 99, mine was \$85. On the surface. I'm thinking, well, those fees aren't reasonable. Your steak price isn't reasonable. But then lo and behold what it turns out is you went to a really fancy five-star nice tablecloth white glove service place. It was the best cut of Kobe beef you've ever had. Cooked just like you wanted it with the crazy sauces on it. And I went to a place that had a C rating for health and safety reasons and it came out on a paper plate.

Was that reasonable? Well, after I got over my sickness the next day from food poisoning, yeah. It was reasonable to me. So I can't just look at the numbers, right? The bottom line there, can't just look at the numbers. You've got to dig in deeper and think about what you're getting. Does that work? Is that a decent metaphor?

Jennifer Doss:

It's a really good one. It's a really good-

Scott Matheson:

I feel like you're just saying that. We're going to go with it though. First podcast. We're going to go with it. We're just going to get better from there. Folks, the metaphors are getting better from here. That's the promise that we make to you. Or they might replace the co-host.

Jennifer Doss:

They're also all going to come from Scott.

Scott Matheson:

Yeah, yeah, yeah. Which could be the demise of Scott's podcasting career. That and the nasally voice. All right. So a real talk just to wrap it up. Now you've talked about this topic with Jean Duffy, Dan Esh and yours truly. Now who's the best? I'm just kidding. I'm not going to make you answer that. That's a trap. Jean's still the best. We got it. I got it. I got it. All right. Anything else on the topic before we hand it back to Mike here for a minute with Mike to hear what's on plan sponsors mind?

Jennifer Doss:

No. Obviously, if folks want to kind of dig more into that topic, then the webinar is available on recording and they can go get that from our website. So that's always available if you're like, how am I going to spend these 40 minutes tonight after dinner? That is always there. So yes.

Scott Matheson:

Yeah. Brilliant. Good plug. All right, Jennifer. Thanks as always. Mike, take it away.

Mike Webb:

Thanks Jennifer and Scott. I'm Mike Webb and this is your minute with Mike. Today's topic, PEPs or Pooled Employer Plans. It can be argued that Pooled Employer Plans commonly known as PEPs are one of the most heavily marketed retirement plan innovations in recent years. Established under the SECURE Act known formally as the Setting Every Community Up for Retirement Entertainment Act of 2019, because Congress likes long-sounding act names that sound good. PEPs allow entirely unrelated employers to band together to form a retirement plan. Now, many service providers have rushed to the market with PEPs and one large payroll provider reported that over 2000 employers, 2000, think about that, joined their pep within the first three months of operation.

But do PEPs work? Well after the example I just gave you, you might think they definitely work, but take that with a grain of salt. Their predecessor multi-employer plans or MEPS were hardly a success and they've been around for a while now. The vast majority of MEPS failed because they weren't able to achieve sufficient scale. 2000 employers is nice, but if you don't get the assets to back it up, you don't have what's called scale in terms of plan assets to be viable long term.

In order to overcome this fee, PEPs not only need to attract employers that don't currently sponsor retirement plans, but also employers who already do. And that might be a tough sell as PEPs may not be able to offer the features like lower fees that would attract employers with existing plans as opposed to employers with new plans.

While early reports for PEPs are promising, the jury is still out and it might be years before we know whether PEPs will thrive. The good news is that regardless of the success level of PEPs, employers now have an additional option beyond MEPS and state sponsored IRA plans through which to cover their employees. Considering the dreary retirement plan coverage rate that small employers, the arrival of PEPs should be viewed as a positive step for expanding employee retirement plan coverage. I'm Mike Webb and this has been your minute with Mike. Now back to Jennifer and Scott.

Scott Matheson:



All right. Thanks a lot, Mike. We're getting ready for our next segment here, the last segment, which is good news for all of you that are tuning in I'm sure. We're joined here, Jennifer and I are both joined here by one of our colleagues of about 10 years now, Sam Kirby, who is our lead investment strategist at the firm. Runs our team of all of our investment strategists who are out there meeting with dozens and dozens, hundreds and hundreds of plan sponsors every single quarter and he's going to give us insight into what is on the minds of our plan sponsor clients today. So Sam, we're about two months removed from first quarter end. We're about a month removed from our last release of any kind of market commentary and update. So why don't you do us a favor and start out by just bringing us up to speed what's going on as we sit here at the end of May.

Sam Kirby:

Great, thanks a lot, Scott and Jennifer. Really appreciate the chance to be here. If I think back over the past month, things are certainly getting warmer, the weather is getting pretty nice in a lot of places. We know that summer is right around the corner and in a lot of places it can get too hot or uncomfortably hot. And so I think that's a pretty good analogy because from an economic standpoint, things are definitely getting warm and there's starting to be some concerns about overheating in places. But, we'll talk more about that I'm sure.

But if you look at the first quarter, we saw 6% plus GDP growth, really strong consumer activity, really strong consumer sentiment and even stock prices. The S&P was up 6% in the first quarter. It's up another four or 5% so far in the second quarter and that's on the heels, of course, of 18% kinds of returns in 2020 after the big sell off.

Jennifer Doss:

Sam, one of the things I think you guys do a really nice job of, like you said, kind of bringing in the analogies and making it easy for people to understand. One of the favorite things that you guys say that I love is the market is not the economy and the economy is not the market. And other than just wanting to get that as a bumper sticker, I'm interested, what we saw last year I think that was very evident, right? Like you saw very big disconnect between what the economy was doing, like you said, negative GDP. And then also what was going on in the stock market. What do we anticipate for this year? Tell me a little bit about what you guys are thinking in terms of the market versus the economy.

Sam Kirby:

Yeah, that is one of our favorite sayings. I don't have a bumper sticker, but I've got a big motivational kind of poster on my wall with statement. What I think it's super important for folks to remember, if you think back last year the economy was terrible, but the markets were very strong. This year the economy's really gaining a lot of steam. The market is still strong. The S&P is up in double digit territory for the year it's only May, but that could change. And this is something we've seen plenty of times in the past. The first year, the first 12 months of a recovery after a major sell off typically very good. Going back over the last 50 years or so, we've seen a first year rebound somewhere in the neighborhood of 40% on average. We blew that away last year; we were closer to 75% last year.

In the second year, though, it can be different. You still tend to see some pretty good returns on average in the second year in the neighborhood maybe 10 or 12%. But you also tend to see more volatility. It's not uncommon to see a 10% type of draw down in the second year of the recovery. And that's kind of where we are today in the beginning of the second year. So we could see hiccups. We could see hiccups if earnings don't materialize the way that people think they're going to. We could see hiccups if things are going too well and the fed decides to act sooner than people anticipate. And, of course, we can see

hiccups if we were to see some bad news on the virus front, hopefully we don't see that, but those are all things that could cause a bump in the road.

Scott Matheson:

All right. I'm going to be honest. While you were talking, I went on Etsy and created an account, and we're now selling those bumper stickers. So we'll get that link out there. That's pretty good. People are going to-

Jennifer Doss:

I want my royalties.

Scott Matheson:

Oh, yeah. Who's not going to buy that bumper sticker? Awesome. Unfortunately, it's 10 inches long, so you have to have a longer bumper. All right. So Sam, you and your team talk to dozens and dozens I said earlier I think the number is probably more like hundreds and hundreds every single quarter of our plan sponsor clients. Why don't you tell us real quick what's the number one thing that people are uncertain about? I don't want to say concerned, but just uncertain about as it relates to the economy market as we sit here.

Sam Kirby:

Yeah. That's very true, Scott. There's always a hot topic, whether it's the virus, whether it's the elections. And I would say right now it's very much inflation. No doubt about it. That's the number one question. We wrote about it quite a bit in our materials back in March and in April. We thought we would see inflation. We certainly have. I was in the hardware store the other day and saw just a regular four by eight sheet of plywood that was on sale for \$75. And I thought to myself, there's going to be some disappointed kids who want to build a skateboard ramp or a tree house and I don't know how you do that with \$75 plywood. I think there's pent up demand for tree houses and skateboard ramps.

Yeah, we've certainly seen inflation. We've also seen the good kind of inflation. Asset price, inflation, stock price, home prices. But yes, we are seeing now price inflation. We're seeing some wage inflation. I think really the question is what's driving it and how long it lasts and does it remain in sync with the economy? I think in our mind that's really the key question. I think a lot of what we've seen so far is I would call more the cost of reopening. Because if you have a restaurant and you shut it down and you have to reopen the restaurant, think about all the things that you've got to do. You've got to restock your fridge, your freezer. You've got to hire workers or re-hire workers. And all the other restaurants down the street are doing the same thing. All of your suppliers and your distributors, they're getting back up to speed. They're getting their staff back to work as well.

I don't think that necessarily though translates to damaging long-term inflation in. And what I mean by that as the kind that gets out of sync. It's one thing to think about having some price inflation when the economy is growing. I think it's very, very different to have inflation when the economy is shrinking. And that's really where the risk is, I believe. I will say that a lot of times when I hear people ask about inflation, I think what they're really asking is do I have the right tools in place? Do I have the right investment tools? Do I have the right portfolio to stand up if we do see inflation. And I think the short answer is yes. Most portfolios, most retirement plan menus already have a very good tool set. Things like stocks, for example, which have proven over time to do very well in inflationary types of environments, you get a lot of exposure within stocks to things like producers, commodities, consumers, even real estate. Real estate is a, is its own sector within the S&P.

And then you have a bond managers that have the ability to go and use tools like TIPS, Inflation-Protected Securities. These can be very effective. They can also be a little bit nuanced. And so having kind of a manager to help navigate that can be helpful we think. And then finally you have targeting funds. And every target date fund manager out there takes a little different approach, but these are professionally managed, very highly diversified portfolios, global assets. And in some cases, they even have dedicated sleeves to things like TIPS or real estate or commodities.

But at the end of the day, I think you really have to remember that retirement portfolios tend to be long-term vehicles. They're not short-term vehicles, and you wouldn't want to use a specific tool just to hedge something like inflation in the short-term and in the process damage your ability to hit your long-term objectives. I think that's always important to keep in mind.

Jennifer Doss:

That's a good point, Sam. I think within the retirement space we always talk a lot about you're solving one problem, right? But you don't want to create another one, right, so you put it in kind of a dedicated commodities fund or a real estate fund and you've created potentially a tool that people don't maybe necessarily know how to use. I think that's a really good point.

All right. Well, thank you, Sam. We really appreciate your insights. Thanks for being with us today and being on our podcast. And thank you all for joining us today for Revamping Retirement and we will see you next time.

VO Artist:

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