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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 advisors in the U.S., and a thought leader in the retirement plan advisory and consulting space. We hope you enjoy Revamping Retirement.

Scott Matheson:

All right. Welcome, everybody, back to another episode of Revamping Retirement. I'm Scott Matheson. Joined not today by my usual co-host, Jennifer Doss, but in the spirit of us not being in the same room at the same time is our new trend, Dawn McPherson is back to guest host with me. So welcome, Dawn, back.

Dawn McPherson:

Thanks, Scott. I'm happy to be here, actually in the studio with you this time.

Scott Matheson:

Yeah. Well, it's fun to have you here.

Dawn McPherson:

Jennifer won't let me come in the studio.

Scott Matheson:

Yeah, well, Jennifer's trying to get me off this podcast. So it's a different conversation. Or John Sullivan from the American Retirement Association is sitting here looking at us wondering what he just signed up for. But we're excited today to talk to John Sullivan, who is the Chief Content Officer of the American Retirement Association, or ARA. John's got more than 25 years serving the financial markets. He is the former Editor-in-Chief of 401k Specialist Magazine, Investment Advisor Magazine, and Retirement Editor of thinkadvisor.com. Sullivan is also the former editor of Boomer Market Advisor and Bank Advisor magazines, and has a background in the insurance and investment industries in addition to all of those impressive journalism roots. So with that, welcome, John.

Dawn McPherson:

Yes, John, it's good to see you after last week in NAPA.

John Sullivan:

Absolutely. It was great seeing you guys. But Scott, Dawn, thank you so much for having me. This is great.

Dawn McPherson:

Can you start us out by just describing your new role with ARA?

John Sullivan:

Yes. So I'm, as Scott mentioned, the Chief Content Officer. I recently took over for the legendary, the incredible, Nevin Adams, and so I...

Scott Matheson:

Who?

John Sullivan:

And so I'm used to that, yeah. Yeah, I can't replace Nevin, obviously, but I am following in his footsteps. And I was really honored to be asked to fill in with this role. And so, so far I've been drinking from a fire hose, as you might imagine. There's a lot to it. But I'm kind of getting my feet wet here and really enjoying it. So it's been great so far.

Scott Matheson:

Yeah, we'll save till the end what it's like working with Brian Graff every day. I'm just kidding. We're not going to do that. Love Brian.

John Sullivan:

It's fantastic. It's great. It's wonderful.

Scott Matheson:

Yep. He's the man. So maybe, speaking of that organization, I'm sure a lot of our listeners who tend to be retirement plan sponsors, and there's the long-standing joke is my mother, if you could just remind them what the mission of ARA is, and even at subsidiaries, like NAPA as an example.

John Sullivan:

Sure. The American Retirement Association, it's very simple actually, Scott, it's just we advocate for the private retirement plan and pension system in the United States. It's an education and advocacy organization that seeks to support the private pension and retirement plan system. So, pretty simple.

We have an umbrella organization, as you mentioned, American Retirement Association, and then underneath that umbrella organization are five different organizations that really kind of address each of the sleeves, if you will, of the private pension and retirement plan system. And so the one you're probably most familiar with, National Association of Plan Advisors. That obviously advocates for the retirement plan advisors and those in the retirement plan space.

Scott Matheson:

Nice.

Dawn McPherson:

John, speaking of the National Association of Plan Advisors, last week I saw you out at the big NAPA conference.

John Sullivan:

Yep.

Dawn McPherson:

I think it was one of the best or highest-attended NAPA summits.

John Sullivan:

Record-setting. Yes, absolutely.

Dawn McPherson:

Yeah.

John Sullivan:

Yeah, it was great.

Dawn McPherson:

We didn't invite Scott. I don't know if you noticed he wasn't there. We didn't invite him this time.

John Sullivan:

We actually specifically had that in the rider. No, Scott. No.

Scott Matheson:

Is that why it was record attendance?

Dawn McPherson:

Probably.

Scott Matheson:

This makes sense.

John Sullivan:

Yeah, because the word was out.

Dawn McPherson:

So John, was this your first 401k summit or just your first as an ARA insider?

John Sullivan:

Yeah, great question. So it's my first as an ARA insider. I've been going to the summits since they were called the ASPPA 401k Summit, the American Society of Pension Professionals & Actuaries, one of our subsidiaries. And so they broke that off right about 2013-14 into the NAPA 401k Summit.

And so yeah, no, I've been going for quite a while. It's a lot different as you might imagine, Dawn, when you're kind of on the inside. A lot more running around, a lot more stress, but a lot more, it was very exhilarating, I think is probably the best way to put it. But it was a lot of fun.

Dawn McPherson:

Well, and I'm sure being new in that role, every time I saw you, I know you were tied up. I tried to catch you a couple times and you were tied up in conversations or recording some of your highlight videos, getting live feedback from the floor.

John Sullivan:

Tell the funny story, Dawn.

Dawn McPherson:

Yeah, we walked over, Jennifer Doss and I walked over to say hi to John at the booth, and the team he had there helping him to film and record immediately starts trying to mic up Jennifer and I. We were like, "No, no, no, no, we're not his next guests."

Scott Matheson:

Yeah.

John Sullivan:

We were just all in the zone, just one to another. It was kind of like Ricky Bobby when he's in autograph mode on set.

Dawn McPherson:

Oh, it was funny.

John Sullivan:

Yeah.

Scott Matheson:

What Dawn and Jennifer don't know, John, is that those folks were on my payroll. That was part of my reciprocal for not coming was you can't mic them up, particularly if it's a cocktail hour.

Dawn McPherson:

All right, so back to the meatiness here. What would you say the big themes were from this year's summit?

John Sullivan:

Without a question, Secure 2.0.

Dawn McPherson:

Yeah.

John Sullivan:

We were trying to weave that into every single session and panel that we could. And so Secure 2.0 was definitely the major theme this year, understanding and incorporating it into the business and then explaining it, obviously, to sponsors and participants. And so quite a big job there.

A second theme I would say would be retirement income. And then the last theme was one that we can talk more about later, but it was pretty interesting. We've got possible legislation coming due on a federal takeover of the private retirement plan system. And so that's something that Brian Graff spoke about in his popular "From the Hill to the Summit" presentation the first day, and it kind of just rippled throughout the rest of the conference. So that's something that definitely advisors need to be aware of, and something that we're watching very closely here at the American Retirement Association.

Dawn McPherson:

Yeah, those are great. And I would echo that those are kind of the big themes I heard too. What do you think the most popular sessions were outside of the main sessions, of course?

John Sullivan:

Yeah, it's really funny. This was the first time that I attended the peer-to-peer session. And I've tried in my various roles to do a peer-to-peer session at some of the conferences that I've hosted, and they never seem to really work out. They always sound better than they actually are. This one, I was surprised, really did work out. And it got to the point where so many people were flowing through the door that we didn't have enough of the sheets with the questions on it and the topics, discussion topics. And so I had to run around, as I mentioned, to try to get a photocopier that I could actually get more of the sheets.

And so we ran out of seats and tables, but it was great. The conversation itself was fantastic to the point that we're thinking of writing that up as a separate feature in the upcoming issue just because it was so strong. So that's really what we heard from folks, that that was something that was extremely valuable for them.

Scott Matheson:

So interesting. To your point, I've been to a number of these before I stopped getting invited in the past, and so everybody's so guarded about talking to your competitors at the end of the day. Even though your peers and colleagues in so many different ways, at the end of the day, you're competing for the same client base and the same general set of services and things of that nature. So it's refreshing to hear, and certainly with some of the severity of those topics you mentioned being most popular earlier, I guess that's good that we're talking to each other more.

John Sullivan:

Well, it's "co-opetition." I mean, we're trying to be cooperative here and we understand that we're competing against each other, but at the end of the day, it's the old cliché, a rising tide lifts all ships, and so we want to be talking to each other. Are you really going to be stealing clients in that kind of an atmosphere? No. But I can understand people's reluctance. But at the end of the day, it really is just about sharing kind of your best. And it's a 45-minute format. So again, how much intel can you really get?

Scott Matheson:

Yep. You hit on this maybe already, but were there any other big takeaways or maybe even surprises for you in terms of your takeaways from the conference?

John Sullivan:

Well, yeah. I mean, and this is a, I don't know, kind of a schmaltzy answer here, but I always love the after dark. So I mean, we have the Royal Machines there, which always just rock. So look, there was a lot of education, there was a lot of advocacy during the day. Those are long days. You know how they are. So it was really refreshing to really get out and blow off some steam. And so I really enjoyed that portion of it. From a session standpoint, again I'm kind of more oriented toward the party, so I can't come up with anything [inaudible].

Scott Matheson:

Yeah.

John Sullivan:

I'm not mad at you about that answer, John.

Scott Matheson:

I knew Dawn liked you for reason. This makes sense.

Dawn McPherson:

It's all coming together.

Scott Matheson:

Yep.

John Sullivan:

But it is, kind of joking, it is... You get a bunch of people who probably didn't wake up and think, you know what I want to do? I want to go get a career in under this world of ERISA law, as unique as that is. And yet you find that you end up having great relationships with these folks over the years, even if you are competing with them, and great thought leaders and people that are passionate at the end of the day, as cheesy as it sounds, about helping the average American worker to achieve retirement success.

Scott Matheson:

Yeah, you come together around that, you listen to a band, have a couple of adult beverages, whatever. That's fun times.

John Sullivan:

It's a great experience all around. No, Scott, I totally agree. I was number 55 I think, or no, 51 on the 401kWire, most influential people in the 401k industry. And so like I said, forget it, that's it, I'm checking out. I've achieved my goals since I was just a child. Most kids want to be race car drivers and baseball players. I wanted to be number 51 on the 401kWire, most influential people in 401k. Now, I don't mean to make light of that. It was an incredible honor and I love the people over at 401kWire and they're doing great things, and so no disrespect to them whatsoever.

But I think that you're right. Nobody really, I think, plans to go into this business, but once you do, I think that we're all making such a difference and it just means so much and it's such an important profession to be in that, when this opportunity at the American Retirement Association came up, I immediately jumped at it because I just for years had seen the impact that Nevin Adams was able to make. And so I

love journalism, but it's a little bit like sitting on the sidelines reporting on the game, and I wanted to jump into the game, and so this has been great so far.

Scott Matheson:

Oh, I love that. Also love that you beat me by 200 on that list.

Dawn McPherson:

Just 200.

John Sullivan:

We'll get there, buddy. We'll get there.

Scott Matheson:

[inaudible] been, whatever. We're not keeping score after we get past a hundred. So back to those themes you talked about. You talked about retirement income, obviously Secure 2.0, and then this kind of looming potential threat that's been in and out of the lobby scene, in and out of the talk track inside the Beltway for a while now of federal government takeovers of privatized retirement. Anything you have insights from your own past experience or what you see now in a different angle being there versus the different angle of journalism on how the rest of this year plays out on some of these?

John Sullivan:

Yeah, I would say just when we mentioned the federal takeover, that this one really does have legs only because the money behind it. It's got the Facebook founder, Sean Parker, Napster, Facebook. It's got the founder of Rocket Mortgage and Quicken Loans, who's now the majority owner of the Cleveland Cavaliers. And so they're very well-funded. They have a lot of influence. They've got a very, very influential lobbying firm here. So this is the one that we're really watching and one of the reasons why it's really up on our radar.

In terms of the rest of the year playing out, I think that it's really going to be getting ready for some of the provisions in 2024 when it comes to Secure 2.0. It's such a big piece of legislation with so many provisions that trying to understand those and incorporate them into the business and then, as I said, explain them to plan sponsors and plan participants is going to take some doing. And so that's really going to be a focus going forward.

Scott Matheson:

Yeah, we're beating on the same drum here with Secure 2.0. We're changing the entirety of the year's name.

All right, well, real quick here, we got to take a break to segue over to our Minute with Mike, where Mike Webb will give us some insights into, speaking of Secure 2.0, he's going to talk about two new emergency savings opportunities available through the act. So with that, take it away, Mike.

Mike Webb:

Mike Webb here with another Minute with Mike. In this month's minute, we'll continue our special Secure 2.0 Act series with the two optional emergency savings provisions in the act.

One emergency savings provision relates to distribution. Under Secure 2.0 beginning in 2024, employers can allow penalty-free distributions for personal expenses up to a thousand dollars in a single calendar year. Although the provision sounds good in theory and the definition of emergency is so broad as to allow most any type of monetary need, there are some complicated rules that address when a participant can next take a distribution after the thousand dollars is already taken. This makes the provision very difficult to administer and communicate.

And speaking of difficult provisions, the same issues plague the second emergency savings provision of the Secure Act 2.0 effective. In 2024, this provision would allow retirement plan sponsors to establish emergency savings accounts, or ESAs within the retirement plan.

Now, on the positive side, the deferrals receive favorable tax treatment as if they were Roth deferrals. In addition, the provision provides for some fee-free withdrawals, as well as matching contribution on the deferrals if there is a matching contribution in the plan.

On the flip side, however, there are multiple problems with the ESAs, chief among which is a small account balance maximum, generally \$2,500 in contribution plus earning, which will be difficult for recordkeepers to administer.

Furthermore, the \$2,500 in contributions can be replenished once distributions are made. We don't know how yet the IRS Rules and Regulations of 2023, but we do know that this ability to replenish will be another administrator burden with which retirement plan recordkeepers will have to tackle. It's worth noting that there are existing standard alternatives to ESAs today that may provide a far simpler plan sponsor and participant experience than wrapping this benefit up within a retirement plan structure.

Thus, although these are generally positive optional provisions, in reality it may be difficult for plan sponsors to implement and utilize the emergency savings provisions of Secure Act 2.0. For Revamping Retirement, I'm Mike Webb and this has been your Minute with Mike.

Dawn McPherson:

Thanks, Mike. We're back talking with John Sullivan, the Chief Content Officer of the American Retirement Association. John, before the break, we talked about the NAPA conference we attended, but I wanted to dig in a little bit on your decades of industry experience for a minute. If you had to pick one big challenge for plan sponsors right now, what would it be? I know, just one.

Scott Matheson:

Only one.

John Sullivan:

Just one. I mean, come on guys, give me the easy questions here. Wow.

Scott Matheson:

Can't be Secure 2.0. Can't be retirement [inaudible].

Dawn McPherson:

Yeah, exactly.

John Sullivan:

It is. I mean, look, you've got Secure 2.0, you've got fee compression, you've got all these ongoing issues that we've been wrestling with for years. In short term, I think it is going to be Secure 2.0, and I'm sorry to sound like a broken record, but it is what it is. Longer term, we are going to have to worry about attacks on the private system. Like I just mentioned before Mike's piece about potential federal takeover, this is really going to be going forward.

Brian and the Government Affairs Team here at the ARA see that as really more of an ideological battle that's going to last here for the next few years at least. And so it's kind of been keeping with federal takeover of Obamacare. There was the flat tax years ago. There's a lot of creeping legislation that now is working its way toward private retirement plans, and that's something to watch out for.

But if I had to choose one, I don't know, guys, this is really tough, but I'm going to go with Secure. It's hard for me because you're talking to a lay journalist, you're not talking to somebody in the trenches. And so I am more in the trenches, obviously, but it's more from a regulatory side. And so when you're talking about practice management issues, when you're talking about fees, I can't really speak to that, so I don't want to go that route. So from a regulatory standpoint, obviously, I'm going to say Secure 2.0 just to be safe.

Scott Matheson:

Yeah. Well, we can speak from a practical perspective, and we agree with you, John.

Dawn McPherson:

Yeah. Right.

Scott Matheson:

Yeah, I do think that is most relevant certainly, as it's something like that removal of the privatization of the industry turns and federal government takeover, if that threat gets more real, obviously, then you start shifting in a different direction in terms of biggest threats anyway.

John Sullivan:

Well, let me ask you that though, Scott. I mean, anything you guys are seeing from a practice management standpoint?

Scott Matheson:

I think that, well, I guess the need to serve clients in a different way has been, the change I've seen here is a, we'll call it spreading of the needs, if you will, of your skill sets to serve clients because you've had more sophistication in your HR suite, things of that nature, demanding more of you, move from just worrying about the investments and fiduciary process to now thinking about plan design, thinking about obviously fee disclosure, vendor consolidation that's happening, all these things. Nowadays, it's more how much of an expert are you on cybersecurity, how are you thinking about removing lightning rods without violating fiduciary standards for your plan sponsors who have looming threats of lawsuits, claims coming against them with increasing volume and smaller-size plans falling under the crosshairs, if you will, of the plaintiff's bar.

So those are things that are challenges. I wouldn't say they're systemic, but they loom out there and can potentially become distractions. I do think there's more opportunities, though, with some of the technology and things like that that create the cybersecurity. You have more opportunities and more alignment, that there's more exciting things.

John Sullivan:

Yeah, not great.

Scott Matheson:

Yeah.

John Sullivan:

Good answer. I think I'm just going to take over here and ask you the questions, Scott, if that's OK?

Scott Matheson:

Yeah, I like that. We're just going to go ahead and edit that out when we finish this whole thing, so it's fine. I don't know what I stammered on about there. I didn't have a script for that part, John. That's not how we work here. I'm just kidding. It was a good question and a fair question.

And so now, because I chose to go opportunistic with my final spin there, back to the positive, I'm going to make you answer the question. What do you think the biggest opportunity for plan sponsors are right now?

John Sullivan:

What we're seeing is the small plan market opportunity. I think now we're at a point where it's scalable. It makes sense for people to go after it. Technology plus regulation equals opportunity in the small marketplace. And so everything in Secure 2.0 with the tax credits, I mean, it's essentially free to offer a plan at this point. So I think that you're going to see a lot of the closing of the coverage gap come from that area, hopefully anyway. And so that's something that we're definitely keeping our eye on and very positive about.

Scott Matheson:

Well, and that's a good defensive. Offense is a defense for keeping the government out of the private retirement sector too. If we can get those coverage gaps closed and responsible fees and good technology and interface, that certainly helps.

John Sullivan:

And that was the problem with the introduction of the bill, the federal takeover, is that, look, we just passed Secure 2.0, let's give it a chance to work here. So much of that is covered within Secure 2.0. So if we can effectively move that needle, that'll probably get a lot of that off our back, which would be a very, very good thing.

Scott Matheson:

OK. Switch gears real quick, and then Dawn's going to take over with the hardest question of the entire interview here.

Dawn McPherson:

Brace yourself.

Scott Matheson:

Yes. Get ready.

John Sullivan:

Curveball.

Scott Matheson:

Right. So we'll give you a little opportunity to plug because I'd love to share, or for you to share any insight you can in terms of a plan you have for content strategy at ARA under your leadership. You got a lot of experience and excited about what's coming next. Love for our listeners to hear that too.

John Sullivan:

Yeah. Well, look, again, I'm following Nevin Adams, and I don't mean to be Pollyanna here in my response, but he has set up such a system here that doesn't require a whole lot of tweaking to be quite honest with you.

One thing that will continue to happen is that the ARA has, as you might imagine, just a fantastic staff, members, and then just connections that Brian has built and fostered over the past two decades, two-plus decades that he's been here. And so we're making very, very good use of those connections, getting some real names onto our podcasts, into our articles, into the magazine. And so that's one of the things that we're really going to be doing, a lot of picking up the phone and talking to people.

One of the things in journalism that happens is that a lot of times you'll get incoming content that you take advantage of just because we're on that treadmill. You've got to fill e-newsletters, you've got to get stuff out on social media, and so you fall into a trap, a little bit of a trap. I know I did at 401k Specialist, my previous publication, that you wind up relying a little too much on that.

And so, one of the things that Nevin did was just made sure that we never did that, that we were out there talking to the people in the industry. And some of the names, politicians here in D.C., were centrally located for something like that. And so that's something that really excites me. And so far we've been doing it, and it's been a lot of fun.

So that's really kind of my strategy, for overall for ARA is just a lot of the same, but a lot of really getting out there and talking to people.

Scott Matheson:

That's great.

Dawn McPherson:

That's great. All right. If you haven't heard our podcast in the past, you may not know that this is a frequently asked question to our guests: What does retirement look like for you? And keep in mind, I don't think anybody's going to let you go anywhere anytime soon. So what does retirement look like for John Sullivan?

John Sullivan:

That is such a great question. That is really, wow. So being in the "retirement industry" for so long, this is something that you definitely think about. It's hard for me because my father-in-law flew for United for 36 years and he was forced retirement at age 65 just because it's federally mandated. And when he lost that passion, it was really hard to see because he really did, when he lost his sense of direction there almost, I'm not going to say, he had some other health issues, but I think there was a contributing factor

too. Unfortunately, he passed about two years ago and he was at a very young age. And I think that that had something to do with it, to be quite honest with you. So that really kind of opened my eyes a little bit to the fact that we all need to have a sense of purpose and continue with our sense of purpose. And so I don't know if I'm ever going to actually retire, to be quite honest with you.

My father was an entrepreneur. He spent a lot of time down in Florida, was a snowbird, but when he was back up north, he would still go in every day, even if it's just sitting at his desk. And so he was retired, but not retired, and he still had that sense of purpose and still felt involved.

A while ago, I was doing a project with a large life insurance company, and it was all about retiring with purpose. And one of the clips that they used was from the movie "The Intern" with Robert De Niro. I don't know if you've seen it, but the opening montage just so eloquently kind of lays forth the challenges when it comes to retirement and the time you've got to replace, the friends you've got to replace, the people that you interact with on a daily basis.

And so more and more, what retirement looks like to me, Dawn, to answer your question, is that it will always be at most a semi-retirement, never a full retirement. I don't think I'm ever going to be sitting on the beach and just enjoying the piña colada. I mean, I will, but as a full-time job.

Scott Matheson:

Yeah.

Dawn McPherson:

After maybe a half day's work, you'll enjoy...

John Sullivan:

That's right. Yes. Yeah.

Dawn McPherson:

... a piña colada?

John Sullivan:

Couple hours. That's it. Right. Yeah. Such a great question. I love that question. But it's something I'm still struggling with, to be quite honest with you. Yeah.

Dawn McPherson:

I wondered because you've written on someone else's schedule in theory, if you wouldn't say something about writing on your own timetable or writing about another subject that you're passionate about. It's just that's what was curious to me.

John Sullivan:

You were getting at. Yeah. So I think when I say semi-retired, that's exactly what I'm talking about.

Dawn McPherson:

Yeah.

John Sullivan:

And so I've seen people do that. It's fascinating to me because you can fail at retirement, and I never thought that that was concept, but you can fail at retirement. You have your best-laid plans and you get out there and you realize this is not what I wanted. And I've seen a lot of people go back to work just for that very reason.

Dawn McPherson:

Yeah.

John Sullivan:

So that's amazing to me. So I don't think I'll have that problem necessarily, but some people do.

Scott Matheson:

Yep. Well, that was a tremendous answer, and appreciate your willingness to share that about your father-in-law too. Those relationships and life experiences that certainly shape how we think about our own lives. And we've heard a lot of that in other people's responses too. I also am in the same boat as you. I will never retire, but it was because my wife told me I couldn't.

John Sullivan:

She married you for better or worse, but not for lunch, right, pal?

Scott Matheson:

That's right. That's how it goes.

John Sullivan:

Yep.

Scott Matheson:

I have a couple bosses who tolerate me. One's here, the other one's at home. So anyway. All right, well, you've been awfully kind to spend time with us here today. Congratulations on the new post. We're excited to see where you take this thing replacing Nevin. I know you're probably thinking about his big shoes, but you come with a lot of great experience, and Brian makes good hires, and I know he made another one here. So appreciate the time spending with us. Look forward to continuing it.

And with that, all of our listeners, you've done it again, you made it to another end of Revamping Retirement. As always, don't forget to like and subscribe to us wherever you get your podcasts. And if you have feedback, leave it for us. And once again, on behalf of Jennifer Doss, who has skipped out on this session, Dawn McPherson for putting up with me, and John for spending time with us here today, I'm Scott Matheson signing off until next month.

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