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DCIO Wholesalers Training to Train Advisors

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With advisors increasingly wanting to be players in the defined contribution investment-only (DCIO) field, some fund shops are providing rigorous training for their sales forces to better serve advisors in the space.

JennisonDryden, Prudential Financial's proprietary fund family, is signing up its entire sales force to a two-day retirement training program with a "professional plan consultant" designation. Fund firms competing in the DCIO space need a more knowledgeable and institutionally oriented sales team to meet the demands of DC buyers, observers say.

The first batch of JennisonDryden field wholesalers have recently undergone the 401(k) Service Training Program offered by the **Financial Service Standards**, a Pittsburgh-based firm focused on identifying and raising the service standards of financial professionals. The program is accredited by **Robert Morris University**. JennisonDryden plans to send its entire sales force, which numbers around 65.

A relatively new entrant to the DCIO space, the shop recognized the need to be able to differentiate its "wholesalers in the field and give them a high degree of credibility," says Michael Rosenberg, senior vice president for the defined contribution business at JennisonDryden.

Wholesalers need "to really understand what's important for financial advisors operating in the retirement space and plan sponsors building, sponsoring and operating these plans," Rosenberg says.

The 16-hour course features a turn-key service model and more than 150 licensed tools and templates to educate and guide plan sponsors through key plan management and fiduciary responsibilities as defined by the Employee Retirement Income Security Act.

Fund companies jockeying for a spot in the DCIO market should provide advisors with tools and service templates "to go out and attract retirement plans as clients and be able to serve them in a scalable and effective way," Rosenberg says.

As more advisors join the DCIO fray, they need more support from wholesalers to understand the products and effectively position them within an institution, says Sean Carroll, manager at **kasina**.

The types of questions that advisors will receive from plan sponsors will be "much more sophisticated and rigorous than they'd get from an individual investor," he adds. Advisors are also growing more sophisticated in their analysis and expect more in a wholesaler interaction.

"The wholesaler role is really shifting to a more educational practice manager-type role," says Chip Roame, managing principal at **Tiburon Strategic Advisors**.

The growth of fee-based accounts, registered investment advisors and gatekeepers is fueling the analytical demand for wholesalers, Roame says.

Investment-only shops are trying to help advisors be more effective, not necessarily in promoting their funds, "but in the hope that if they can be more useful for advisors, they increase the opportunity for advisors to give their funds a look," says Ron Bush, principal at **Retirement Resources**.

For wholesalers operating in this space, having a more institutional-orientation is critical.

"People in the DC market understand that it's really an institutional sale," Rosenberg says. "The buyer at the corporate level and many of the gatekeepers are institutional-type buyers."

Both advisors and wholesalers need to understand how plan sponsors think, how decisions are made and the sales process from an institutional perspective, as well as gain a deeper knowledge of the retirement plan market.

Rosenberg, who came on board in March to lead the shop's retirement efforts, is planning to have a team of five people focused on the DC space before the end of the year. While the shop does not have a specific wholesaling group targeting the space, its entire sales channel will be charged with selling mutual funds and managed accounts into both the retail and retirement space.

JennisonDryden isn't the only shop that has sent its wholesalers to the 401(k) Service Training Program. **Bank of America** also has sent wholesalers on the retirement side of its business to take the course, says Sharon Pivrotto, vice president and chief operating officer at Financial Service Standards.

Bank of America could not be reached as of deadline.

Pivrotto says since the program's introduction two years ago, two thirds of the attendees have been advisors and a third have been wholesalers.

"A lot of financial advisors are shooting in the dark in terms of how to service retirement plan clients," Pivrotto says. Advisors and the wholesalers who work directly with them need to be educated in the critical issues and provided with tools to help plan sponsors meet their fiduciary responsibilities, she adds.

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