

NEWS



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Empower small plan sales top \$10 billion for 2023

- *Record organic growth in new plan sales drive state-of-the-art retirement services to new clients*
- *Off-the-shelf offering, advisor managed accounts create growth for smaller plans with big retirement ambitions*

GREENWOOD VILLAGE, COLO. Nov. 13, 2023 – Empower’s advisor-sold retirement plan business, which encompasses plans with up to \$50 million in assets under administration (AUA), is seeing new organic growth and expansion to new areas of the market, according to insights released by the firm today.

For the calendar year 2023, Empower has achieved funded and committed sales of more than \$10 billion in new retirement plan sales, amounting to some 3,300 in new plans and encompassing the retirement needs of some 250,000 new participants. In addition to those figures, Empower has developed its presence in the market for new startup plans and created approximately 800 new plans in conjunction with advisors and employers who wish to offer retirement benefits to their employees.

New sales and startup plans now served by Empower include a wide range of corporate 401(k) plans, small government 457(b) plans and 403(b) plans. Empower partners with more than 62,000 advisers to deliver retirement services.

“We believe in the power of building alliances with advisors and third-party administrators who deliver such

important value to the retirement ecosystem,” said Rich Linton, president of Workplace Solutions for Empower. “We are thankful that so many partners recognize the value we bring and know that our highly skilled team shows up every day to offer a differentiated service experience and deep industry expertise.”

Platform innovation and new service model

Empower says that three-quarters of new plan sales in the advisor-sold market stem from the rising popularity of Empower Select, a packaged, off-the-shelf platform offering. Empower Select offers advisors nearly 8,000 total investment options, including over 2,000 zero-revenue funds from some of the most recognized asset managers. This broad and diverse investment platform is packaged with Empower’s suite of services to administrative and fiduciary responsibilities, driven by a digital platform to easily view and manage plans.

“Our goal is to make it easy for advisors to do business with Empower,” said Senior Vice President for Core Markets Joseph Smolen. “As our business develops, it’s a constant challenge to deliver more innovation and services so that advisors, third party administrators (TPAs), sponsors and ultimately plan participants have a retirement offering that’s easy to manage, brings simplicity to retirement investing for individuals and shows results in terms of retirement preparedness.”

Along with product offerings, Smolen noted that the changes to its service model has positioned plan advisors at the center of its offer with resources dedicated to the advisor and TPA. The new model makes dedicated support teams available to advisors and TPAs and opens lines of communication to allow for information to flow freely between new plan prospects, clients, their advisor, TPAs and Empower.

“An effective strategy to being successful in the retirement services market is to be flexible and willing to change as customers’ needs change,” said Rick Wedge, Managing Director for Pensionmark Financial Group. “The retirement plans of just five years ago have evolved. With Empower, any advisor knows that you have a partner who is willing to invest and innovate so that we can both create a successful offering to ultimately see our clients succeed. Advisors can be successful in a model like this.”

“As a TPA, navigating the volume of information in our line of work can be daunting,” said Steve Finnegan, President/CEO of The Finway Group. “Empower’s innovative approach streamlines this process, while providing better tools to manage the mountains of data now needed to do our job. It has become a crucial solution for every busy TPA. Managing information efficiently is a game-changer, and Empower has certainly raised the bar in making our operations more seamless and effective.”

Empower says its organic growth is driven by several factors, including the increasing scale and scope of its business to accompany a much wider set of retirement plans. The company has partnered across the retirement landscape with advisors and other third parties to create multi-employer and pooled employer plans.

“We believe the right MEP and PEP model puts the advisor, not the plan provider, at the center of the plan with Empower serving up the industry leading record keeping technology, which is driving the experience for the participant,” said Smolen.

In addition, Empower is enhancing its offer to meet the financial needs of retirement plan participants and individual investors through the active pursuit of innovative technologies, enhanced customer service and new talent. A recent example is the launch of the Empower Proposal System, which offers advisors a new, fast and easy way to request and manage retirement plan proposals on a single dashboard.

Across market segments, Empower is seeing higher request-for-proposal activity in the last year than has been seen any previous year across plan types, including 401(k), 457(b) and 403(b) defined contribution plans of all sizes covering corporate, government and not-for-profit employers.

Assets from Empower's new advisor-sold clients helped increase the company's total assets under administration to more than \$1.4 trillion on behalf of 18.3 million individuals as of September 30, 2023. In total, the company has added more than 525,000 participants in each of the past 5 years (2018 – 2022) and will include an additional 660,000 in 2023.

"What has never changed is the importance of client service, and we are grateful to have the chance to help a vast and growing array of financial advisors, employers and their workers," said Linton.

A focus on advice

Alongside new plan sales, Empower has seen significant growth within its advisor managed account (AMA) business, reaching approximately \$3.9 billion* in assets. Approximately 1,494 workplace plans, 18 advisory firms and more than 72,000 participants to date are invested within AMA products.

Empower AMA provides a robust experience for participants, advisors and plan sponsors, which includes ongoing communications, non-fiduciary call center support and guidance. The advisor firm serves as a fiduciary creating and maintaining portfolios and pricing, while recommending appropriate investment lineups for retirement savers.

"Our comprehensive reporting tools are constructed so advisors can stay focused on individuals who need their help and guidance along the way," said Ken Munro, national sales director at Empower. "We are providing advisors with the capabilities they need to help grow their individual wealth practices and continue to help the millions of American workers who entrust their plans to Empower." Munro said personalized strategies can drive better results and managed account users are typically more engaged than traditional target date fund investors, "And we know that engagement can have a direct impact on participant savings."

Empower AMA is offered through Empower Advisory Group (EAG).

In addition, Empower has seen great uptake of Dynamic Retirement Manager, a qualified default investment option that starts participants in a target date fund as they are accumulating assets early in their career and later rotates them to a managed account as their financial goals and asset picture emerge. A product offered by Empower in 2017, the program has attracted some \$21 billion in assets and more than 97,000 participants in 1,700 plans as of Sept. 30, 2023.

"Collaborating closely with our advisor partners combines strength in numbers. Empower's full suite of solutions is helping to provide a state-of-the-art customer experience to individuals who are seeking a retirement strategy that delivers better future outcomes," said Linton. "Our commitment to the advisor and TPA community has never been stronger, and we will continue to invest and enhance our capabilities as we go forward."

ABOUT EMPOWER

Recognized as the second-largest retirement recordkeeper in the U.S.,¹ Empower is a leading provider of financial services, including advice, wealth management, investing and retirement services. Headquartered in Greenwood Village, Colo., Empower administers approximately \$1.4 trillion in assets for more than 18 million investors.² Connect with us on empower.com, Facebook, Twitter, LinkedIn, Tik Tok and Instagram.

*As of July 2023

1 Pensions & Investments 2022 Defined Contribution Survey. Ranking measured by total number of participants as of September 2022.

2 As of June 30, 2023. Information refers to all retirement business of Empower Annuity Insurance Company of America (EAICA) and its subsidiaries, including Empower Retirement, LLC; Empower Life & Annuity Insurance Company of New York (ELAINY); and Empower Annuity Insurance Company (EAIC), marketed under the Empower brand. EAICA's consolidated total assets under administration (AUA) were \$1,387.9B. AUA is a non-GAAP measure and does not reflect the financial stability or strength of a company. EAICA's statutory assets total \$73.98B and liabilities total \$70.1B. ELAINY's statutory assets total \$7.2B and liabilities total \$6.9B. EAIC's statutory assets total \$90.1B and liabilities total \$88.8B.

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Learn More:

To learn more about how we're empowering plan sponsors and their participants to be more engaged in their retirement plans than ever before, call us at 800-719-9914.
