

## Fund companies seeking retirement marketing gurus

by Jessica Toonkel Marquez



**Joe McCabe**  
Vice Chairman, CTPartners

Just a few years ago, when a fund company client asked recruiter George Wilbanks to search for a new head of marketing, he would look for top candidates in a wide variety of industries. Today, his searches are more fine-tuned, as these same customers now want not just a top marketer but also one with retirement chops.

"They won't take someone from consumer marketing who has been doing cereal anymore," said Mr.

Wilbanks, managing director in Russell Reynolds Associates Inc.'s investment management practice. "They want executives who understand the products in the retirement space, the issues affecting baby boomers and the regulatory environment."

A growing number of mutual fund companies, including Putnam Investments, OppenheimerFunds Inc. and Lord Abbett & Co. LLC, are focusing more on hiring retirement specialists for marketing and sales roles as they see lucrative opportunities developing in the retirement space.

IbisWorld Inc. estimates cumulative revenue growth of about 134% for the retirement-planning industry over the next decade. At some firms, entire marketing departments are being revamped to improve sales of everything from target date funds to retirement income and annuity products, recruiters said. For advisers, this push by fund companies could mean tougher competition for those highly sought-after 401(k) rollover assets, experts said.

"This is a huge pile of money coming their way, and advisers are going to try to get as much of it as they can," said Kevin Quirk, a partner at Casey Quirk & Associates LLC. "But the money managers now are making sure they have the expertise to compete in keeping this money either through new products within 401(k) plans or through rollovers."

And the stakes are high.

Most 401(k) plan record keepers price their services based on the assumption that they will roll over 40% to 50% of plan participants into their own funds, said Ryan Alfred, co-founder and president of research firm BrightScope Inc. "As companies sharpen their focus on this business, it presents a huge hurdle for advisers," he said.

Mr. Wilbanks said his last four chief marketing officer searches have all been for executives who have experience working not just with 401(k) plans but who also clearly understand the nuances involved with the "decumulation" phase of retirement, he said.

To find executives with these skills, Mr. Wilbanks not only looks at prospects' work experience but checks to see if they are members of retirement-related associations such as the Retirement Income Industry Association or the Insured Retirement Institute, the trade association representing the variable annuity industry, he said.

"In the old days, it was just about getting people to buy the fund with the best returns, and that required only a certain level of knowledge," Mr. Wilbanks said. "But today, helping baby boomers to retire isn't about just picking one product; they want people with more a more complex understanding of the issues."

*"I would think this [focus on retirement by fund companies] is the mantra for 2010," said Joe McCabe, chairman of CTPartners, an executive search firm. Mr. McCabe said he is currently working on four chief marketing officer searches that all require the candidates to have more retirement experience than the incumbents. Given the market crash of 2008, many baby boomers are struggling to figure out how they can afford to retire, so it makes sense for companies to focus their marketing on this issue, he said.*

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"Companies are figuring out their core strengths and putting them all under this umbrella of "retirement," Mr. McCabe said. Putnam Investments is the most notable example of a firm that recently re-branded itself as a retirement expert. In July 2008, the firm named Fidelity Investments veteran Robert L. Reynolds as its new president and chief executive. Since joining the firm, Mr. Reynolds, who helped build Fidelity's 401(k) business during his 23-year tenure there, has consistently been giving speeches emphasizing the need for retirement reform.

Mr. Reynolds also has brought in a team of retirement experts to help build the business at Putnam. In October 2008, he recruited Jeffrey R. Carney, former president of retirement, and global wealth and investment management client solutions, at Bank of America Corp., to head global marketing. Before that, Mr. Carney was president of Fidelity's retirement unit.

"We want to make sure our brand is associated with retirement," Mr. Carney said in an interview. "This is going to be the biggest opportunity in our industry for the next 10 years, and we have rebuilt our brand and strategy around this."

Lord Abbett is also building a marketing team with an eye on the retirement market. It is factoring in a job candidate's experience working with the retirement plan market much more than it used to, said Michael Weldon, a partner and director of marketing at Lord Abbett. "Retirement expertise is much more important today than it was five years ago," he said. "The endgame is more retirement assets."

OppenheimerFunds has made a similar push. In September, the company hired William C. Carey, a former president of Fidelity

Investments' registered investment adviser and retirement services business, as its head of distribution. At the same time, the firm hired Martha Willis, another veteran of Fidelity, who, among other duties during her 25 years at the firm, led the development and relaunch of Fidelity's retirement income program across multiple business lines. (Mr. Carey, who earlier had been managing director of distribution and relationship management for the Bank of America's institutional retirement, philanthropy and investments division, left Oppenheimer on Jan. 22.)

Fidelity Investments has a history of establishing itself as a leader in the retirement business, a fact that some said may make the executives easy pickings for competitors in need of talent.

"Since Fidelity is a leader in retirement and has a talent pool in this space, it could make them more vulnerable to poaching," said Sean Cunniff, research director of brokerage and wealth management at The Tower Group Inc.

Mr. Wilbanks agrees that his firm is focused on nabbing retirement experts from companies with experience in this space. "We look at the firms that have had the most success over time in gathering assets in the 401(k) space, as well as a handful of annuity players," he said.

Fidelity hasn't seen an increase in firms' going after its employees, said Steve Austin, a spokesman. "People leave companies for different reasons — some decide to retire because they can afford to do it, others want to pursue personal interests, and some get asked to leave," he said.