

## ICI VIEWPOINTS

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# Practical Use of RPR: Solving Oversight Issues in the Retirement Market

*Third in a series of [ICI Viewpoints posts](#) focusing on how to enhance operational efficiency using existing tools and practices.*

The first installment of this series focused on the Retirement Plan Reporting (RPR) service provided by the Depository Trust & Clearing Corporation (DTCC). In this post, we look at a real-life example of RPR in use by brokerage firm Edward Jones.

Though Edward Jones acts as investment adviser on retirement plans serviced by its network of more than 15,000 financial advisers, these retirement plans often are not held in custody at the firm. Instead, the mutual fund accounts often are held at third-party custodians, such as a bank.

The structure of the retirement market makes these aligned relationships between banks, custodians, plan administrators, plan sponsors, and financial advisers operationally complex. But this structure also enables advisory firms like Edward Jones to reach a larger market than is possible in a more traditional bundled arrangement, where the advisory firm acts as all things (investment adviser, custodian, plan administrator, and trustee) to a retirement plan.

## Supervisory Need

As a registered advisory firm, Edward Jones has a responsibility to supervise representatives who service retirement plan clients under rules set by both the US Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA). This is no small universe of plans, as today Edward Jones is investment adviser to almost 67,000 plans, representing 950,000 plan and participant accounts. Appropriate supervision is at the core of the firm's overall compliance and risk programs.

Because the assets of these plans are rarely held in custody at Edward Jones, the issue of how to gather the required data (such as plan name, plan type, and tax identification number), as well as the actual investments within the plans, presented the firm with a large challenge. Before the RPR solution was available, data gathering involved performing manual data entry from paper statements and custom data exchanges, with the firm performing custody. To alleviate this resource-intensive approach, Edward Jones worked with DTCC to champion a centralized service that it said would be a better solution compared to manual processes. The firm thus became a major force behind the creation and adoption of the RPR service.

## **Build It and They Will Come...But Not Necessarily Right Away**

The RPR service, launched in 2013, provided the necessary infrastructure to get the data needed to solve for the supervisory challenge. The core data inputs needed to come from the retirement recordkeeping community: plan administrators, banks, trust companies, and custodians. To provide a forum for collaboration, the ICI Bank, Trust and Retirement Advisory Committee (BTRAC) facilitated discussion between potential users to socialize the service and achieve adoption.

Edward Jones and American Funds Retirement Plan Services significantly moved the industry forward when, in August 2015, they reached an agreement to use the RPR service to exchange data. This alliance proved that the RPR service could be used at a large scale to solve the data challenges facing the industry, and create a solid foundation for advisory supervision in the retirement market.

Since that watershed event, others in the retirement recordkeeping and intermediary community have adopted the service, including Mid Atlantic Trust Company, Broadridge, Mass Mutual, Principal, John Hancock, and Ameriprise. Others are now programming, and plan to be online in the near future. Over time, as the number of firms both on the advisory and retirement-plan provider side grows, the value extracted by using the service will continue to grow for all participants in the industry. This momentum was illustrated last February, when the SPARK Institute, in conjunction with ICI, DTCC, and the American Retirement Association, [jointly endorsed the RPR service](#).

## **Other Benefits**

Though the original challenge Edward Jones was solving for involved how to best ensure supervisory oversight, additional benefits came out of the process. Once the data had been brought into the brokerage system for supervision purposes, it also could be used to provide plan holdings and information to the firm's branches directly through the Edward Jones core data system. Though this was a monthly snapshot, it was a major improvement over the status quo, and required significantly less effort to achieve than the manual methods and one-off data feeds the firm had been using.

Posting this snapshot yielded several benefits. Branch representatives could now use the same system to see the client's plan information and plan holdings, as well as other investments (personal accounts, IRAs, corporate accounts) at the brokerage, making the process of responding to client inquiries and preparing for client meetings simpler. Before this improvement, an individual adviser looking to gather client data would need to access the systems of the retirement provider, using different credentials for each plan—or, in some cases, follow even more complicated procedures—to acquire paper statements.

Another benefit was that the firm could now better manage its business. For example, RPR data—now resident in the brokerage system—could be included in the reports that measure individual representatives' overall book. Now management could use the data to determine whether assets and client accounts were trending in right direction.

## **Looking Forward**

With the success of the initial phase of RPR, Edward Jones is looking ahead to the next phase, which includes receiving transactional information. With that information in the mix, Edward Jones says it will be able to create more solutions for managing and expanding their retirement products.

Ann Bergin, managing director of wealth management services for DTCC, says that the

organization is “pleased that the RPR service has been acknowledged as a key enabler of providing the automation, standardization, and increased level of transparency required to meet today’s evolving landscape.” And ICI will support the next phase of RPR by continuing to provide a forum for industry stakeholders to collaborate and create innovative solutions, all to more efficiently serve the needs of fund shareholders.

## Other Posts in This Series

- [Solving for Data Transparency in the Retirement World](#)
- Practical Use of RPR: Solving Oversight Issues in the Retirement Market
- [Inside SID: It’s All About the Rules](#)

## Find Out More

- [Networking for Retirement Plan Reporting](#)
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