

SEI DC Solution Delivers Cost Savings and Flexibility to a Large Industrial Products Firm

In early 2005, a large industrial products firm began looking for a new investment manager for its \$500 million defined contribution (DC) plan. The plan was somewhat non-traditional in that it was unbundled, with all necessary services delivered through different providers.

Human Resources and Finance agreed that the firm was receiving poor service and not getting adequate attention given the plan's size. In addition, Finance felt the investment options were too limited and was not satisfied with performance levels.

The firm decided to search for a new investment management provider. Because it had been using a multi-manager investment program, the due diligence process included several multi-manager providers. Both HR and Finance decided that, of those providers, SEI's offering best met their needs. The SEI DC solution provided several significant benefits for the industrial products firm, including:

A Flexible Solution – Several of the providers under consideration lacked the flexibility to deliver the exact model this firm wanted to adopt. “While in most cases we offer a fully bundled DC solution, we understood that this firm wanted to customize the plan so it worked for them and their participants. We were able to structure an arrangement that helped them accomplish their goals,” says Joe Gelly, Managing Director of Defined Contribution Sales at SEI.

Reduced Fees – The firm was able to save 5 to 15 basis points across the range of funds offered. It was important to the firm, from a fiduciary perspective, that the fees were competitive, particularly because of the non-traditional unbundled model they had chosen. Lower fees would also allow participants to keep more of their hard-earned dollars for retirement.

Institutionally Managed Funds – The firm felt very comfortable with SEI's investment program and liked the fact that it featured world-class investment managers, many of which participants would not have had access to otherwise. Participants benefited from the cutting edge research and best thinking of SEI's vast investment management organization. “The firm valued our expertise and sound investment process. This was more important to them than offering participants brand-name funds,” says Gelly.

The firm also liked that they could have fiduciary oversight and discretion relative to the investment decision within the targeted maturity funds.

Exceptional Client Service – SEI's service model provides the firm with a responsive relationship management team to attend to all their needs on a timely basis. Even in a highly customized unbundled model, SEI brings the resources and knowledge to play the role of key advisor for the firm as needed. In addition, SEI was able to deliver a more robust reporting package on a timely, more frequent basis.

The firm liked SEI's investment process so much that it also placed approximately \$200 million in defined benefit assets with SEI. In the end, the firm found a partner that provided a flexible solution combined with the leading edge resources and expertise it needed.