



Pensionizing America's 401(k) System

PERSUAZO
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Defined Benefit 401(k)TM and Persuazo's IRA Rollover Disruption Thesis

The U.S. **IRA rollover market** represents one of the largest, most profitable, and strategically important wealth-transfer segments in finance. It is dominated by recordkeepers and custodians—**Fidelity, Vanguard, and similar firms**—who capture trillions in rollovers by positioning IRAs as the natural “next step” when a worker leaves an employer plan. Their advantage is not outcomes, but **ownership of the rollover interface**: forms, processes, advisors, and asset-custody infrastructure.

Defined Benefit 401(k)TM (DB 401(k)) introduces a fundamentally different advantage: the rollover interface becomes irrelevant when the income outcome is already decided.

With DB 401(k):

- Contributions are engineered toward a **defined retirement income target**, not an accumulation forecast
- The plan participant's retirement outcome is **pre-modeled and pre-actuarialized**
- The end state is **known from the start**: lifetime income delivered via:
 - **Annuitization at retirement**, or
 - **Annuity income riders (e.g., guaranteed income riders, lifetime benefit riders)** embedded in the 401(k) contribution design

This changes the economics and psychology of rollover behavior. In the traditional system, the investor value accrues to the firm that *receives the assets*. In the DB 401(k) system, the investor value accrues to the firm that *engineers the income outcome before the assets ever move*.

Why this disrupts the rollover market

1. Custodians win today by capturing assets. DB 401(k) wins tomorrow by capturing outcomes.

When a participant already knows their 401(k) has been calibrated to deliver **guaranteed lifetime income**, the perceived need to roll assets into a self-managed **IRA collapses**. The conversation shifts from:

“Where should I move my money?”

to:

“**Why would I move money that is already engineered to pay me like a pension?**”

2. The outcome certainty creates inertia, not churn.

DB 401(k) removes the uncertainty that fuels rollover motion:

- No guessing about income adequacy
- No portfolio repositioning anxiety
- No product re-education required at job change
- No “better investment vehicle” narrative to sell against

3. The disruption vector is not performance, it is behavioral inevitability.

IRAs are attractive today because **401(k)s don't solve for income**. Once DB 401(k) solves income first, the IRA rollover becomes a **downgrade, not an upgrade** in the mind of the participant:

- Why surrender actuarial targeting for market exposure?
- Why replace guaranteed lifetime income with sequence-of-returns risk?
- Why abandon a system that has already “*pensionized*” your deposits?

4. It creates a new competitive urgency for custodians and carriers alike.

Custodians will eventually face a choice:

- Continue competing to **receive assets**, or
- License technology that ensures they **don't lose the outcome market entirely**

Carriers gain parallel upside:

- More 401(k) contribution flow into **insurance-based retirement outcomes**
- Guaranteed income riders become the destination, **not the IRA**

Investor self-interest translation

| Market Segment | Who wins today | Who wins in DB 401(k) world |
|-----------------------|-----------------------|--|
| IRA rollover | Asset custodians | Outcome-engineering technology owner + income carriers |
| 401(k) contributions | Recordkeepers | Recordkeepers who license DB 401(k) and embed riders |
| Retirement income | Insurance carriers | Carriers with guaranteed income riders receiving pension-style flows |
| 401(k) sales | Plan advisors | Plan advisors gain sharp differentiation and competitive advantage in a commoditized market |

Bottom line

The rollover market is not protected by outcomes—it is protected by uncertainty. **Defined Benefit 401(k)TM eliminates that uncertainty.**

By delivering pension-style income certainty *before* retirement and *before* rollover decisions arise, DB 401(k) has the potential to:

- **Break the rollover capture narrative**
- **Redirect systematic deposits toward guaranteed income endpoints**
- **Make income certainty the new infrastructure layer**
- **And create asymmetric recurring licensing upside for those aligned early**

This is the kind of disruption investors look for—not by replacing products, but by **replacing inevitability.**