

## Collective Investment Trusts

### An Efficient Alternative to Mutual Funds for Retirement Plan Advisors and their Plan Sponsors

**With roots dating back to the founding of Wilmington Trust Company by T. Coleman duPont in 1903, Wilmington Trust has been serving successful individual and institutional clients for generations. Offering a high caliber of service, Wilmington Trust is globally recognized and has a team of professionals that bring a unique blend of knowledge, experience, and resources to every client relationship that we serve.**

Collective Investment Trusts (CITs), also referred to as Collective Investment Funds (CIFs), are pooled investment vehicles organized as trusts and maintained by a bank or trust company. While the first CIT was organized under state law in 1927, they remain the lesser-known, yet potentially more advantageous, of the available defined contribution investment vehicles.

Here's why Retirement plan advisors and their plan sponsors should consider CITs for their clients:

#### A Growing Trend

A common staple in Defined Benefit plans, CIT assets within Defined Contribution (DC) plans are expected to continue growing. Mutual funds make up \$3.6T of the \$6.9T employer-based DC plans, CITs now make up \$2.8T<sup>1</sup>. Out of the CIT flows in 2015, 46.2% went into DC plans while 25.2% went into DB plans<sup>2</sup>.

#### Structure & Competitive Pricing

Retirement plan advisors generally use mutual funds to gain access to various investment strategies, while CITs were historically only available to large retirement plans. Now, with Wilmington Trust, you are able to access investment strategies through a CIT reaping the benefit of lower costs than an equivalent mutual fund. Where a mutual fund is available to any investor, CITs are only for qualified plans. Mutual funds are regulated by the SEC, whereas CITs are regulated by the OCC and State. The trustee in the CIT is held to ERISA fiduciary standards; where a mutual fund is not. Retirement plan advisors can access CITs with 0 revenue share or with revenue options with no minimums; where some mutual funds may implement minimums to access their cheapest share classes.

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<sup>1</sup>Source: Callan Associates, "Changing Business Landscape Retirement Plan Products" presentation, May 13, 2016

<sup>2</sup>28.6% into other, which includes: employee benefit, family offices/high net worth, foundations, healthcare, insurance companies and operating funds

Source: Cerulli Associates: "Key Findings from Annual Survey of Collective Investment Trust Managers" presentation, May 12, 2016

As trustee, Wilmington Trust:

- Serves as the fiduciary for the Trust
- Oversees the selection and monitoring of sub-advisors for the collective investment trusts
- Provides customized institutional investment capabilities
- Services include compliance reporting, fee disclosure and fact sheets for trust and custody services

### Wilmington Trust is your CIT provider of choice

**Experience:** Wilmington Trust is the trustee for more than 140 funds available across various platforms, with more than \$13 billion in assets under administration, and works with more than 30 sub-advisors.

**Scalability:** We partner with various asset managers' to bring CITs to retirement plans of all sizes.

**Flexibility:** We offer various share classes to accommodate different revenue share options needed per plan, as well as a seamless contracting process.

**Availability:** Available at most recordkeeping platforms.

**Fact Sheets:** Performance data as well as additional information about the benefits and risks involved with investing in CITs can be found through our website: [www.wtris.com](http://www.wtris.com)

*Click on "Fund Portfolio Fact Sheets" to view the fact sheets for our full line up of Collective Funds.*

Wilmington Trust Fiduciary Services Company Collective Portfolios (WTFSC Portfolios) are trust company-sponsored collective portfolios; they are not mutual funds. The WTFSC Portfolios and units therein are exempt from registration under the Securities Act of 1933, as amended, and the Investment Company Act of 1940. Investments in the WTFSC Portfolios are not deposits or obligations of or guaranteed by Wilmington Trust, and are not insured by the FDIC, the Federal Reserve, or any other governmental agency. The Portfolios are commingled investment vehicles, and as such, the values of the underlying investments will rise and fall according to market activity; it is possible to lose money by investing in the Portfolios.

Participation in Collective Investment Trust Funds is limited primarily to qualified defined contribution plans and certain state or local government plans. Collective Investment Trust Funds may also be suitable investments for participants seeking to construct a well-diversified retirement savings program. Investors should consider the investment objectives, risks, charges and expenses of any pooled investment company carefully before investing. The Portfolio Disclosure Document (PDD) contains this and other information about a Collective Investment Trust Fund and is available from your financial advisor. The PDD should be read carefully before investing.

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