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The recordkeeper and third-party administrator expands its reach into health care



*Noah Zuss*

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New Ascensus acquisition strengthens health care, retirement nexus



**Ascensus** will acquire third-party retirement plan and health-care benefits provider **Benefits Planning Consultants** by May 1, the firm announced yesterday. The Illinois-based TPA designs, implements, and administers defined contribution plans and benefit services, including flexible spending and health savings accounts.

Ascensus' low-cost retirement plan and TPA model creates the need for complementary offerings, such as HSAs, to boost its value proposition, **Philip Chao**, chief investment officer at Virginia-based financial advisory firm **Chao & Company**, explained.

"One of the drawbacks to Ascensus' approach is heavy investment into systems with a paper-thin margin," he said. "[Therefore], the only way to sustain — let alone make money — is to grow its top-line revenue by bringing more assets under its administration."

The firms did not disclose terms of the deal.

Ascensus prioritized HSA growth on the expectation that plan sponsor adoption would accelerate. **Morningstar** expects HSA assets to reach \$44.4bn at the end of 2018, up from nearly \$38bn at the end of 2017 ([FA, 1/3](#) <sup>[1]</sup>).

To benefit from this trend, Ascensus lured **David Musto** from **Great-West Investments** to oversee its daily operations so that CEO **Bob Guillocheau** could step back and focus on strategic initiatives, such as acquisitions ([FA, 8/4](#) <sup>[2]</sup>).

BPC was an attractive target because retirement and health care benefits have begun to converge as participants look for holistic financial planning, **Raghav Nandagopal**, Ascensus' executive vice president of corporate development and M&A, said in a statement.

Ascensus previously acquired TPA health benefits specialist **Chard Snyder** to bolster its newly formed health division and offer new holistic retirement and benefits offerings, ([FA, 3/22](#) <sup>[3]</sup>).

"With BPC, we are excited by the prospect of adding a hybrid TPA that provides a combination of retirement and consumer-directed health benefits/benefit continuation services," Nandagopal said. "Adding BPC right after our acquisition of Chard Snyder fits this strategy."

Recordkeepers and advisers noticed the increasing popularity of high-deductible health-care linked HSA accounts, Chao added.

“It’s a new source of assets and a new story to tell,” he said. “By buying or merging with BPC, Ascensus adds more assets under administration and builds out its DC plan-HSA service nexus”

Competing recordkeepers have beefed up their complementary benefits business to enhance health-care offerings for retirement plan participants. For example, **Transamerica** launched an advertising and marketing campaign connecting health and wealth and partnered with employee benefits enrollment specialist **Bussinessolver** to create a single enrollment platform for all its benefits ([FA, 3/8](#) <sup>[4]</sup>).

**Empower Retirement** is looking to acquire firms that combine health care and retirement, **Ed Murphy**, president, previously told *FA*. Last year, the firm partnered with **Optum**, a health benefits provider, to launch the Empower Savings Account ([FA, 1/29](#) <sup>[5]</sup>)

While the acquisition will likely bring Ascensus assets, it’s not a significant value-add in conversations with large plan sponsors because most tend to have a recordkeeper that already offers HSAs, Chao argued.

“On the margin, this will help Ascensus from a marketing, me-too, standpoint to small-plan advisers,” he said. “Large plans are a different animal than small plans. Ascensus isn’t going after large plans.”

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