



USHERING THE CONVERGENCE ERA

Abstract

The evolving financial services landscape, fueled by client demand for holistic financial planning, market focus on comprehensive financial services and favorable regulatory changes presents convergence of retirement and wealth management as a compelling business proposition for Retirement Service Providers.

Introduction

Retirement planning and wealth management have historically been treated as distinct siloes - the former focused on **preparing plan participants for income security** after leaving the workforce, while the latter **prioritizing their investment growth, tax efficiency, and estate planning** during working years.

This siloed approach however doesn't reflect the financial realities faced by modern day participants who view **their finances holistically, expecting guidance that seamlessly connects their retirement accounts with taxable portfolios**, insurance coverage, tax strategies, and lifestyle goals.

Retirement no longer being a brief chapter and spanning even decades makes wealth management an ongoing necessity well into retirement years. **Simultaneous decline of defined-benefit pensions and underfunded savings underscore the importance of integrated strategies** for income generation, ensuring financial wellness and mitigating longevity risk.

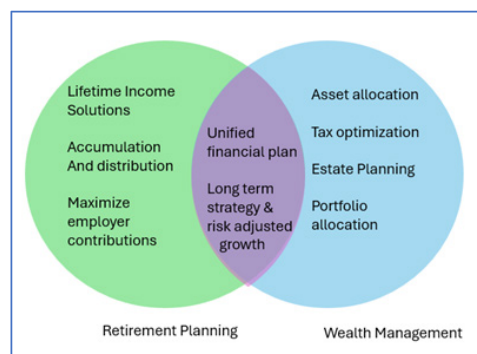
Convergence of retirement planning and wealth management is no longer optional

- It's the **future of financial advice, ensuring sustainability, compliance, and client-centric service**, thus representing an opportunity to deliver more goal-oriented, and compliant advice
- It also **enables advisors and firms to strengthen relationships, increase assets under management, and sustain growth** in a competitive marketplace.

Convergence, however, comes with a caveat – it doesn't apply to all Participant segments.

- The Mass Affluent segment (with typically \$100K - \$1M investable assets) who already have access to retail wealth platforms outside their workplace do not need it
- Lower-Income or Early-career employees for whom the priority is emergency savings and debt repayment cannot afford it.
- It is best targeted at segments who have complex financial needs and higher disposable income

This Point of View (POV) document highlights the importance of convergence in reshaping financial advice, and how **Retirement Service Providers (RSPs)** can help implement it. By examining demographic pressures, household behaviors, technology innovations, and regulatory changes, this paper demonstrates that convergence is not just a trend—it is a fundamental shift in participant expectations and RSP responsibilities.



Concept Graphic: Convergence of Retirement Planning and Wealth Management

Convergence Drivers

Market volatility:

Fluctuating equity markets, rising inflation, and changing investor behavior, individuals increasingly require coordinated strategies that combine traditional retirement planning with wealth management techniques for long-term stability.

- As of 2025, U.S. retirement assets stood at approximately USD 45.8 trillion, representing nearly 34% of total household wealth ¹
- Over one-third (33%) of U.S. respondents in the 2025 State Street Global Advisors Retirement Report revised their retirement timelines due to volatility—either delaying retirement or planning partial retirement ^{2/3}

Demographics & Retirement Readiness:

Longer lifespans and diverse income sources require holistic, multi-account coordination — blending retirement, investment, insurance, tax, and estate planning within one advisory framework.

- By 2030, 1 in 5 Americans will be aged 65+ (U.S. Census Bureau) ⁴
- Average life expectancy now exceeds 79 years, meaning retirees may spend 25–30 years in retirement ⁵
- 80 % of Baby Boomers are not fully financially prepared (McKinsey, 2025). ⁶
- Millennial and Gen Z exhibit fragmented savings habits, side-income streams, and late career starts

Employee Demand for Holistic Financial Wellness

Employees see retirement planning as one dimension of overall wellness. They are looking for holistic wellness from employers

- Increasing % of employees looking for a single platform integrating retirement, savings, debt, insurance, and investments
- 53 % of employers plan to expand financial-wellness offerings in 3 years ⁷
- Younger cohorts expect real-time, personalized insights, not static plan statements

Household Financial Behaviour

American consumers need a better understanding of their financial situation. Fragmented saving, spending, and investment behaviors prevent accurate readiness assessments.

- Average U.S. consumer has 5.3 bank accounts across different financial institutions – making it hard to get a single, consolidated view of their finances ⁸
- Only 28 % of Americans feel “very confident” about their retirement readiness (EBRI 2025) ⁹
- Fed 2024 report: 37 % of adults couldn't meet a \$400 emergency expense without borrowing ¹⁰

Advisor & Business Model Shifts

Wealth Advisors are seeking a shift from the declining traditional Product-based or Commission-based selling model to a more personalized advice-based selling model for the following reasons

- Revenue diversification to compensate for eroding margins due to squeezing commissions
- To create competitive differentiation
- To stand out in a highly commoditized market

Employer sponsored retirement plans hold huge value of assets, making the workplace a natural hub of financial engagement. This can be a huge opportunity for RSPs to extend services beyond Retirement Management to holistic Wealth Management.

To achieve this objective, RSPs can equip Wealth Advisors with participant level insights, and they can in turn leverage this workplace data to adopt a hyper-personalized participant-centric model, which ultimately creates pathways/pipelines to transition plan participants (especially executives and high earners) into private wealth relationships. Recent surveys have also shown that hybrid advice (combining human and digital intelligence) is now preferred by 68% of investors ¹¹

Wealth advisors embedding retirement expertise and RSPs helping create private wealth clients – helps create a fully converged ecosystem.

Evolving Regulatory & Policy Changes

Compliance pressures are accelerating integration of retirement planning governance with wealth-management reporting and analytics, to ensure fiduciary consistency and risk visibility.

- Fiduciary Standards & Best Interest Rules:
 - (SEC / DOL SEC Regulation Best Interest (Reg BI) and DOL Fiduciary Rule / PTE 2020-02 ^{12 13}
 - Require advisors to act in the best interest of the client when giving advice on retirement accounts (like rollovers)
 - Imposes care obligation, conflict disclosure, and conflict mitigation requirements
 - Covers recommendations for retirement accounts (ERISA plans, 401(k), IRAs)
 - SECURE Act & SECURE 2.0 (2020 & 2022)
 - These acts promote retirement readiness by expanding access to retirement plans, delaying RMDs, and supporting lifetime income. Key provisions include increase in RMD (Required Minimum Distribution) age to 75, Auto enrolment, student loan matching in 401(k), State sponsored Auto IRA (Individual Retirement Account) Programs ^{14 15 16}
 - This pushed advisors to integrate tax, estate, income, and investment planning across both retirement and non-retirement accounts to align with new decumulation rules

Intergenerational Wealth Transfer

Intergenerational wealth transfer from Baby Boomers to their children (many of whom are now in their 40s/50s, i.e., Gen X and older Millennial) is a major driving force behind the convergence.

- **Inheritance doesn't arrive "retirement-ready":** Heirs typically receive a mix of taxable brokerage assets, retirement accounts (IRAs/401(k) rollovers), real estate, business interests, and insurance proceeds. Managing this requires one integrated plan across retirement + non-retirement wealth (tax, estate, investment, cash-flow).

- **Heirs in their 40s/50s are at peak complexity:** They're often simultaneously funding kids' education, paying mortgages, managing career earnings, and starting serious retirement catch-up — so they need holistic cash-flow + risk + tax coordination rather than "retirement-only" advice.
- **Asset "retention battle" forces firms to offer a unified experience:** When assets move after death (and even between spouses), families often re-evaluate providers. Firms respond by integrating retirement recordkeeping, advice, planning, and wealth management under one umbrella to keep the relationship.
- Cerulli estimates ~\$124 trillion will transfer through 2048, with ~\$105T to heirs and nearly \$100T coming from Baby Boomers and older generations ²⁹
- UBS estimates ~\$83 trillion of wealth will transfer over the next 20–25 years, with ~\$74T vertical transfers between generations ³⁰

Strategic Focus Areas of Convergence

Retirement Planning for a participant typically ends with their retirement, however, the RSPs should strive for participant lifecycle continuity to help create sustainable revenue streams beyond annuities or pension payouts. Evolving from being product centric to relationship centric enables them to become lifetime financial partners.

RSPs should leverage the deep insights gained into participant financial behaviors during the retirement planning lifecycle to offer them wealth management solutions post-retirement, thereby ensuring client loyalty, higher Share of Wallet (SOW) and stronger brand positioning.

Broader strategic focus areas that must be considered by the RSPs are (keeping in mind the best interests of the Plan participants) along with enablers and desired outcome highlighted in the diagram below



Overall Goal

CONVERGENCE OF RETIREMENT AND WEALTH MANAGEMENT

Strategic Focus Areas

BUILD LONG LASTING CLIENT RELATIONSHIPS VIA

- Personalized engagement offering tailored advice based on client goals/risk appetite
- Holistic Financial Wellness positioning RSP as a lifelong financial partner

OFFER COMPELLING WEALTH MANAGEMENT SOLUTIONS VIA

- Integrated platforms (for seamless transition to wealth management portfolio)
- Tax-Efficient and goal-based investing strategies to align with post-retirement expectations

RETENTION VIA VALUE ADDED SERVICES LIKE

- Client education and Advisory services aimed at client empowerment
- Flexible suite of investment products for diverse client needs

Business Enablers

Ability to have a 360-degree understanding of Participant profile including risk appetite and goals that resonate with them

Ability to leverage AI/ML for Personalization by predicting Life events and suggesting tailored Wealth Strategies for Participants

Desired Outcome

Lifelong Financial Partner by Choice / Enhanced brand equity / Higher SOW for the RSPs

Strategic focus areas of Convergence

Strategic Role of RSPs in realizing Convergence

RSPs play complementary and increasingly strategic roles in offering a unified platform for retirement planning, equity compensation and personal wealth management

- **Deep Data Integration across platforms:** Consolidate retirement plan data—contributions, vesting, matches, and performance—and feed it into wealth management platforms, creating a holistic view of client wealth.
- **Compliance & Governance:** Ensure ERISA, IRS, and DOL rules are met, giving wealth managers confidence to integrate retirement strategies into broader financial advice.
- **Plan Design Alignment:** Design employer-sponsored plans that complement individual wealth goals, maximizing tax efficiency and retirement readiness.
- **Technology & Engagement:** With participant portals and digital tools, they empower clients to see retirement and non-retirement assets in one view, enabling goal-based advice



AI Enabled Convergence Operating Framework

The diagram below highlights the functional Steps of the Convergence Operating Framework, and the table provides details of the AI enabled Capabilities that help RSPs execute those steps along with the desired business outcome delivered.



Convergence Operating Framework Steps

Functional Step	AI Enabled RSP Capability	Outcome Delivered	Industry Illustration
Onboarding & Data Aggregation	<ul style="list-style-type: none"> - AI aggregates retirement accounts (401k, IRA, pension) and wealth accounts (brokerage, savings, insurance) using APIs, OCR, and data-fusion engines to create a single household financial profile - LLM-based onboarding captures retirement goals + wealth goals in one integrated discovery journey, eliminating data silos 	<ul style="list-style-type: none"> - Unified participant profile across retirement and wealth domains → foundation of convergence - Frictionless onboarding → faster readiness assessment across all accounts 	<ul style="list-style-type: none"> - TIAA uses Google Cloud's Contact Center AI (CCAI) to serve millions of retirement participants. The AI virtual agents and gen-AI tools help provide personalized information, triage queries¹⁷ - eMoney + AI in Account Aggregation¹⁸
Risk Profiling & Cash-Flow Modeling	<ul style="list-style-type: none"> - AI builds a combined risk profile blending retirement factors (time to retirement, RMD rules, annuity income) with wealth factors (market exposure, liquidity, personal spending patterns) - Predicts lifetime retirement adequacy using full household cash flow, including taxable + tax-deferred + guaranteed income streams 	<ul style="list-style-type: none"> - Unified risk score for both retirement & wealth planning - Integrated lifetime cash-flow model showing probability of sustaining retirement income 	<ul style="list-style-type: none"> - Google Cloud Risk Profiling Agent - a conversational AI that asks guided questions, analyses client data and behavior, and generates a risk profile score (Conservative / Moderate / Aggressive)¹⁹ - Morningstar's MO chatbot can evaluate a hypothetical client's portfolio risk score
Tax Optimization & Estate Planning	<ul style="list-style-type: none"> - AI determines cross-account tax-efficient withdrawal sequencing (Traditional IRA → Roth → brokerage) by optimizing both retirement tax rules (RMDs) and wealth tax rules (capital gains) - AI aligns retirement beneficiaries with wealth-estate structures, ensuring unified estate planning 	<ul style="list-style-type: none"> - Minimizes lifetime tax leakage across retirement + wealth portfolios - Harmonized inheritance strategy across all account types 	<p>Wealthfront developed AI engine automates tax-loss harvesting, identifying opportunities and executing trades to enhance after-tax return²⁰</p>
Product Integration & Portfolio Design	<ul style="list-style-type: none"> - AI constructs one household portfolio, integrating retirement assets (TDFs, annuities, employer plans) with wealth assets (ETFs, cash buckets, taxable investments) - Robo-advisor rebalances considering both retirement contributions and wealth market movements, ensuring unified glide-path + allocation 	<ul style="list-style-type: none"> - Single, converged portfolio aligned to retirement readiness and wealth-growth objectives - Automated cross-account rebalancing for holistic performance 	<ul style="list-style-type: none"> - Wealthfront is a fully automated robo-advisor that uses AI to handle portfolio management²¹ - Charles Schwab has integrated AI into its investment platform to offer intelligent portfolio solutions²¹
Compliance & Reporting	<ul style="list-style-type: none"> - AI harmonizes compliance across ERISA (retirement) and SEC/FINRA (wealth) requirements to ensure consistent fiduciary behavior across merged advice models - Generates unified audit trails showing how recommendations considered both retirement plan rules and wealth portfolio rules 	<ul style="list-style-type: none"> - Converged compliance governance → minimized regulatory risk - Unified justification of advice across both regulatory domains 	<ul style="list-style-type: none"> - Fidelity launched Saifr as a RegTech business, stating it is powered by artificial intelligence (AI) to facilitate creation, approval, and filing of public communications with regulatory organizations²² - Workiva states its platform uses AI to enhance SEC reporting processes (including document analysis / narrative workflows)²³
Client Monitoring & Engagement	<ul style="list-style-type: none"> - AI monitors retirement behaviors (contribution gaps, loan leakage) and wealth behaviors (overspending, cash drag) as one financial ecosystem - LLM advisor co-pilot explains how any participant action affects both retirement readiness and total wealth health, enabling converged advice delivery - Human advisors intervene only when retirement-wealth misalignment is detected 	<ul style="list-style-type: none"> - Higher lifetime engagement through personalized, converged nudges - Improved retention and wallet share as participants see integrated value 	<ul style="list-style-type: none"> - Vanguard Uses Behavioral "Nudges" to Prompt Better Participant Actions²⁴ - Vanguard Is Developing AI Tools That Support Advisors and Client Engagement²⁵ - Vanguard's Retirement Digital Experience Includes Context-Driven Personalized Prompts²⁶

Achieving Convergence via Strategic Partnerships

Strategic Partnerships between RSPs and Wealth firms can help bridge the retirement-wealth divide by creating diversified offerings that cater to the needs of all stakeholders. This is exemplified by the industry events outlined below

1. Acquisition of Personal Capital by Empower in August 2020 with the aim to create an integrated platform combining Retirement Services capabilities from Empower with digital wealth management expertise from Personal Capital.³¹
 - The acquisition was seen as a strategic aimed at enhancing the offerings from Empower in a very competitive landscape, thereby enabling it to evolve from a Retirement provider to a comprehensive financial wellness provider.
2. Strategic partnership between Empower Retirement and Morgan Stanley in September 2021 to offer a unified platform for retirement planning and personal wealth management.²⁷
 - This partnership helped leverage the cutting-edge retirement service platform from Empower with expertise in investment services and stock plan administration from Morgan Stanley to deliver a modern intuitive interface for plan sponsors, participants and plan advisors.
3. Strategic partnership between T Rowe Price and Goldman Sachs (GS) in September 2025 aimed at re-shaping the landscape of retirement planning and wealth management.²⁸
 - This partnership is aimed at leveraging T Rowe Price's expertise in Retirement Planning and GS capabilities in private markets to offer private market investments like private equity, credit, infrastructure, and real estate to retirement plan participants.

Roadblocks to Convergence and Mitigation Strategies for RSPs

Roadblock	Impact	RSP Mitigation Strategy
Data Fragmentation and lack of data interoperability between retirement and wealth platforms	Data silos resulting in Incomplete financial view and poor customer experience	RPA data aggregation, open APIs, AI reconciliation
Regulatory Complexity due to distinct compliance frameworks for retirement and wealth products	Compliance uncertainty	Modular advice, AI audit trails, fiduciary co-governance
Legacy Infrastructure existing for Retirement Plans	Slower pace of platform integration	Cloud-native microservices, low-code automation
Advisor Misalignment arising out of difference in client engagement models for Retirement and Wealth Advisory	Inconsistent client experience	Cross-training, hybrid pay models, AI advisory copilots
Employer Unawareness due to absence of seamless integration of retirement and wealth domains	Slower rollout of integrated platform	ROI storytelling, co-branded wellness portals, single sign-on portals with consolidated views
Data Privacy Risk due to varying data protection standards on the respective data points	Cyber risks, compliance exposure and security breaches	Zero-trust security, consent management, tokenization

Conclusion

Blurring of boundaries between retirement and wealth management presents a compelling strategic imperative for RSPs to redefine financial well-being and benefit immensely by adapting to the changing landscape.

RSPs can drive sustainable growth and deliver long-lasting participant value, by identifying **key areas of convergence between wealth and retirement and defining a robust unified employee centric convergence framework.**

Realizing the true value of convergence (thereby ensuring it's a reality over myth) would entail close **collaboration between wealth and retirement advisors, who need to stay updated with the industry trends**, and demonstrate expertise across the spectrum of wealth and retirement management.

RSPs can thus play a pivotal role in **convergence success by helping their clients develop a technology enabled platform** that provides participants with a consolidated view of retirement projections, investment options and tax optimization strategies.

Those who embrace convergence are poised for long-term success.

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