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## SEI Survey: Defined Contribution Plan Sponsors Embracing Non-Recordkeeper Target Date Funds (TDFs)

### Research Finds Nearly Half of Plan Sponsors Utilize Off-Platform TDFs

OAKS, PA -- (Marketwired) -- 07/21/16 -- SEI's Institutional Group (NASDAQ: SEIC) today released the second of its three-part study looking at the management of [defined contribution](#) (DC) retirement plans in the United States. The survey of over 230 DC plan sponsors with plans ranging in size from \$25 million to over \$5 billion found that non-recordkeeper or off-platform [target date funds](#) (TDFs) continue to grow in popularity among plan sponsors. While, ninety percent of survey respondents said they currently offer TDFs as an investment option in their plan, the use of recordkeeper TDFs and non-recordkeeper TDFs is essentially split evenly. Those plans with over \$1 billion in assets, referred to as "mega" plans in the survey, are leading the way with 64 percent offering non-recordkeeper TDFs.

"The notion that nearly as many plan sponsors are using off-platform TDFs as are using recordkeeper TDFs supports a broader trend around the decoupling of asset management from recordkeeping," said Joel Lieb, Director of Defined Contribution Advisory Team, SEI's Institutional Group. "In the past few years, regulatory agencies, such as the Department of Labor, have issued guidance to plan sponsors to evaluate non-recordkeeper TDFs as a potentially better option and it looks like that shift is well underway. We would expect that trend to continue as more plan sponsors build DC plan line-ups that offer traditional institutional investment options."

One potential trigger for future changes is an overall lack of satisfaction among plan sponsors around participant usage of TDFs. More than half (58 percent) of survey respondents said they would like to see more of their participants using the TDFs they offer. Nearly three-quarters (73 percent) said less than half of their participants use the TDFs they offer in their plan. Plans with DC assets between \$300 million and \$1 billion showed the lowest levels of TDF participation.

In an effort to improve the usage of TDFs, plan sponsors are beginning to assess both the number and quality of the funds they offer. More than three-quarters of those polled said they offer between six and 15 funds in their TDF series. Plan sponsors are also applying re-enrollment schemes to bring their participants into TDFs. Nearly half (42 percent) of those

polled said their organization was likely to conduct a re-enrollment within the next year. Re-enrollment would likely help increase TDF usage by defaulting more participants into TDFs.

The poll was conducted by SEI's Defined Contribution Research Panel in December 2015 and completed by 231 executives representing DC plans ranging in size from \$25 million to over \$5 billion. This summary is the second of three parts. The first focused on plan design and the third part will focus on DC oversight and governance.

For the complete poll summary, visit [www.seic.com/dcpollTDF](http://www.seic.com/dcpollTDF).

### ***About SEI's Institutional Group***

SEI's Institutional Group is one of the first and largest global providers of outsourced investment management services. The company delivers integrated retirement, healthcare and nonprofit solutions to 470 clients in eight countries. Our solutions are designed to help clients meet financial objectives, reduce business risk and fulfill their due diligence requirements through implemented strategies for the management of defined benefit plans, defined contribution plans, endowments, foundations and board designated funds. For more information visit: [seic.com/institutions](http://seic.com/institutions).

### ***About SEI***

SEI (NASDAQ: SEIC) is a leading global provider of investment processing, investment management, and investment operations solutions that help corporations, financial institutions, financial advisors, and ultra-high-net-worth families create and manage wealth. As of March 31, 2016, through its subsidiaries and partnerships in which the company has a significant interest, SEI manages or administers \$684 billion in mutual fund and pooled or separately managed assets, including \$265 billion in assets under management and \$419 billion in client assets under administration. For more information, visit [seic.com](http://seic.com).

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