

2023 NEPC DC PLAN TRENDS & FEES SURVEY

MARCH 2024



PROPRIETARY & CONFIDENTIAL

REPORT HIGHLIGHTS



PARTICIPANTS

84%

median participation rate

2.8

average funds held

\$140,743

average balance



PLAN DESIGN & FEATURES

12

average # of core options

47%

offer 11 - 14 core options

56%

offer 3 - 4 passive options

50%

offer auto-enrollment



TARGET DATE FUNDS

97%

offer TDFs

47%

of plan assets in TDFs

96%

use TDFs as the QDIA



RETIREMENT INCOME

86%

offer an "income solution"

64%

age 65+ are terminated/retired

24%

age 65+ take an RMD



CONTRIBUTIONS

72%

in TDFs (under age 35)

53%

in TDFs (over age 65)

72%

DIY in US Equity under 35

48%

DIY in US Equity over 65



CUSTOM FUNDS

13%

offer custom funds

50%

offering have all custom funds

35%

Of \$2B+ offer



MANAGED ACCOUNTS

43%

offer managed accounts

0.00%–0.50%

fee range for managed accounts

5%

of participants use managed accounts



QUESTIONS

Wrap up, Q&A



An income solution includes plans offering target date funds and installment payments.

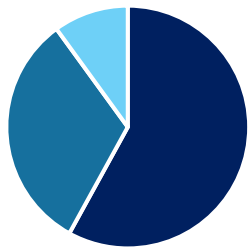
18TH ANNUAL DC PLAN TRENDS & FEES SURVEY

ABOUT OUR SURVEY



NEPC conducted its annual Defined Contribution Plan Trends & Fees Survey which examines current plan investment trends, features, and innovations across major sectors, and how these plans have evolved over the years.

240 DC Plans across **128** Clients
199 Qualified Plans and **41** NQ Plans



58% Corporate

32% Healthcare

10% Public, Not-For-Profit, Taft Hartley

\$259 BILLION in aggregate assets

2.6 MILLION participants

16 recordkeepers responded to survey

AVERAGE PLAN

\$1.5 BILLION in assets

14,704 participants

MEDIAN PLAN

\$626.8 MILLION in assets

4,729 participants



Data as of December 31, 2022, unless otherwise noted.

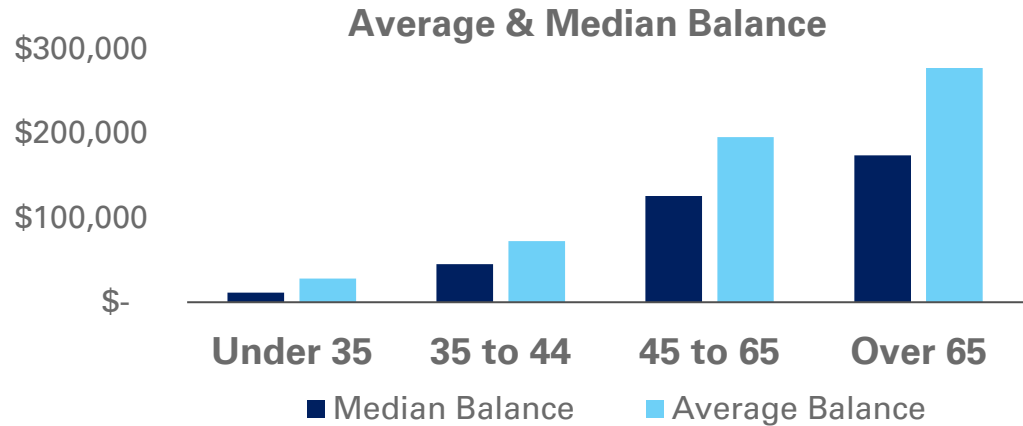
PARTICIPANT STATS

2.8 average number of funds held by participants

PARTICIPATION RATES

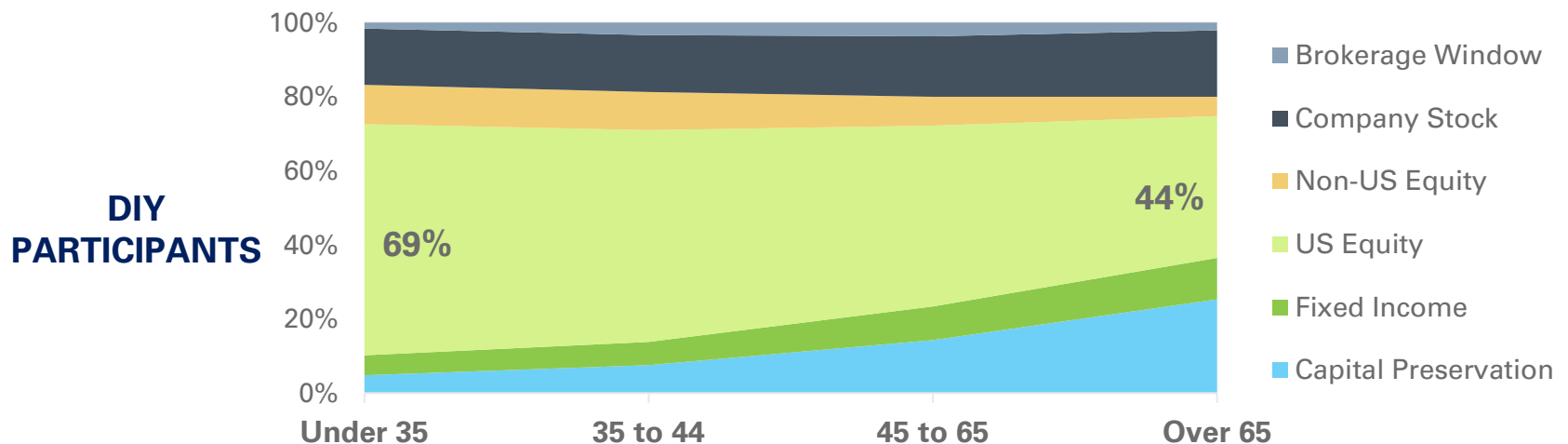
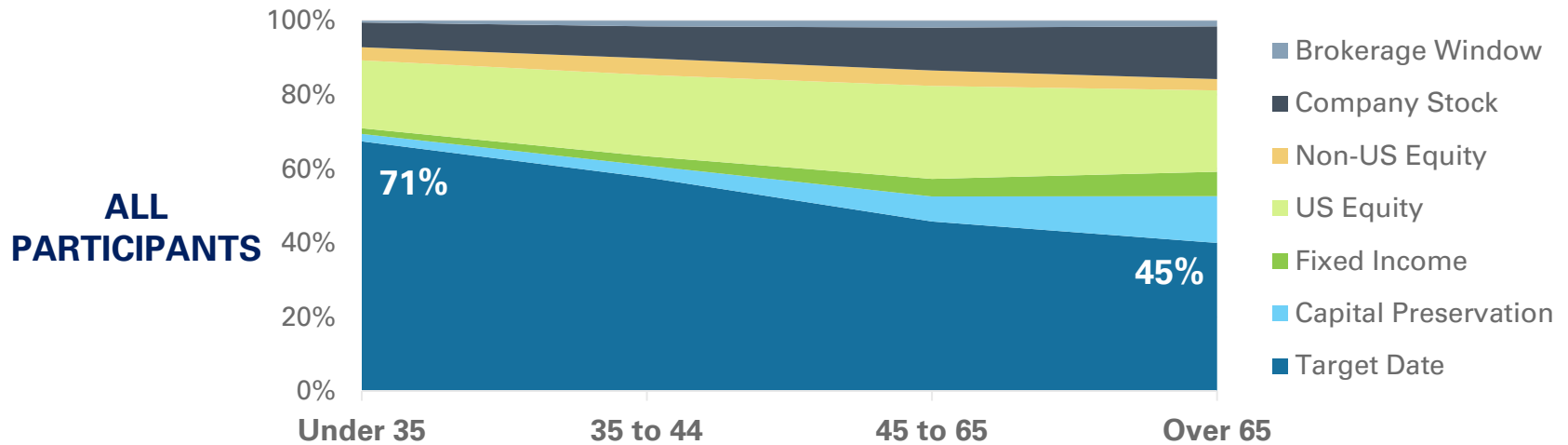
MEDIAN
84%

AVERAGE
70%



AGE GROUP	Under 35	35 to 44	45 to 65	Over 65
Average # of Funds Held	2.4	2.9	3.4	2.8
Median Balance	\$11,200	\$45,006	\$125,677	\$173,689
Average Balance	\$27,855	\$72,429	\$195,313	\$276,894
% Age Group of Total Participant Population	17%	28%	41%	15%

PARTICIPANT ASSET ALLOCATIONS

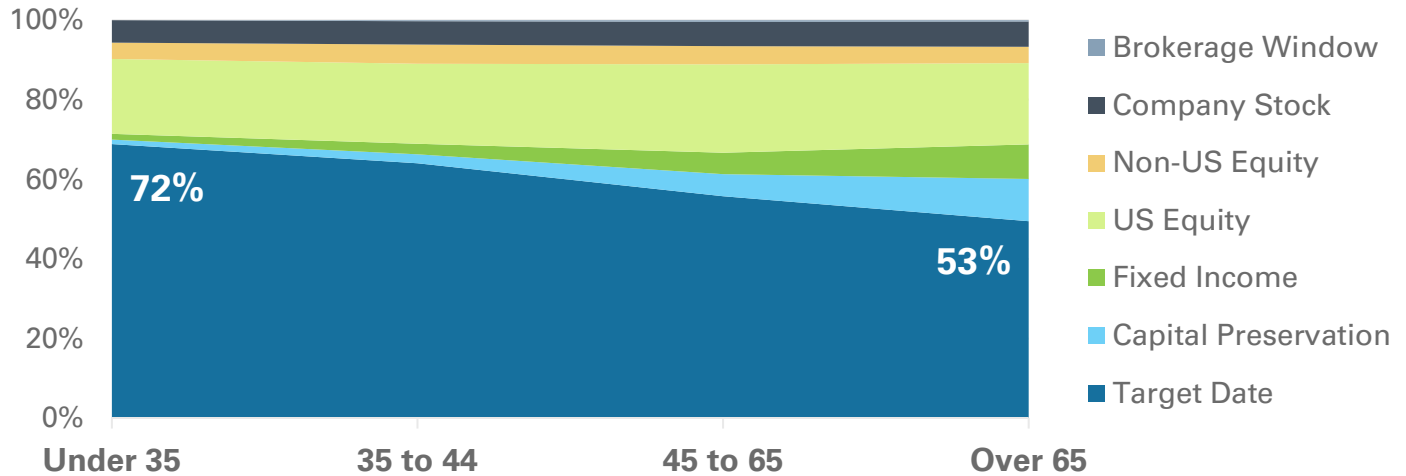


Asset class values are taken as a % of each plan total and averaged across all plans. DIY participants excludes target date funds.

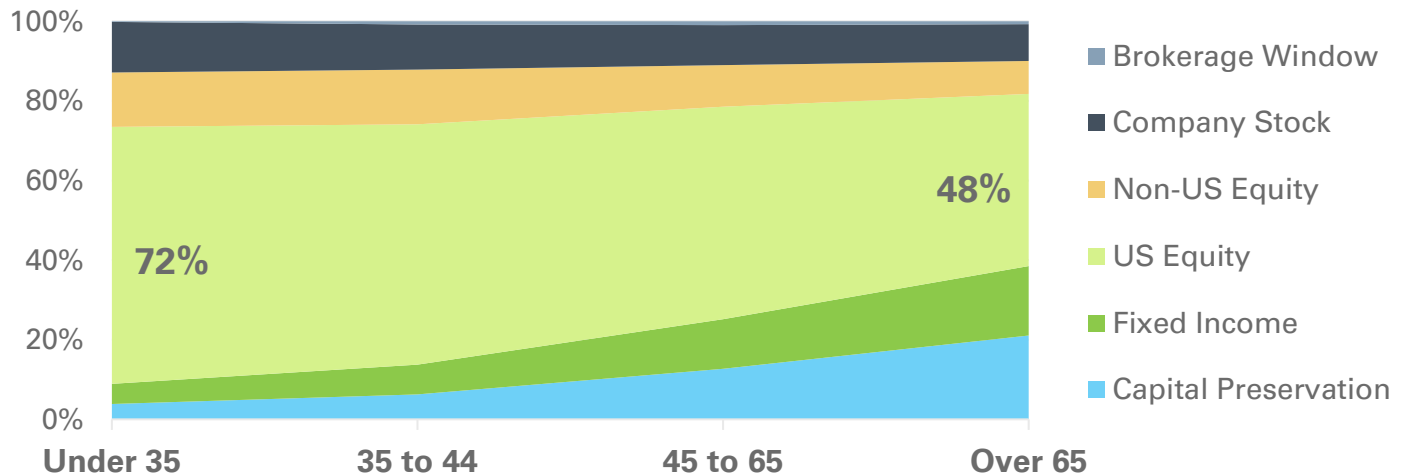


PARTICIPANT CONTRIBUTIONS

ALL PARTICIPANTS



DIY PARTICIPANTS



Asset class contribution values are taken as a % of each plan total and averaged across all plans. DIY participants excludes target date funds.



TARGET DATE FUNDS

\$103 BILLION in TDF assets

97% of plans offer TDFs

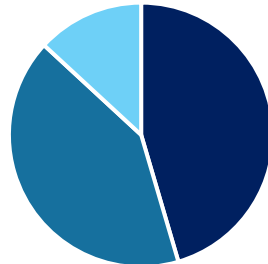
47% average plan assets in TDFs

96%

of plans use TDFs as the QDIA

% of TDF Assets

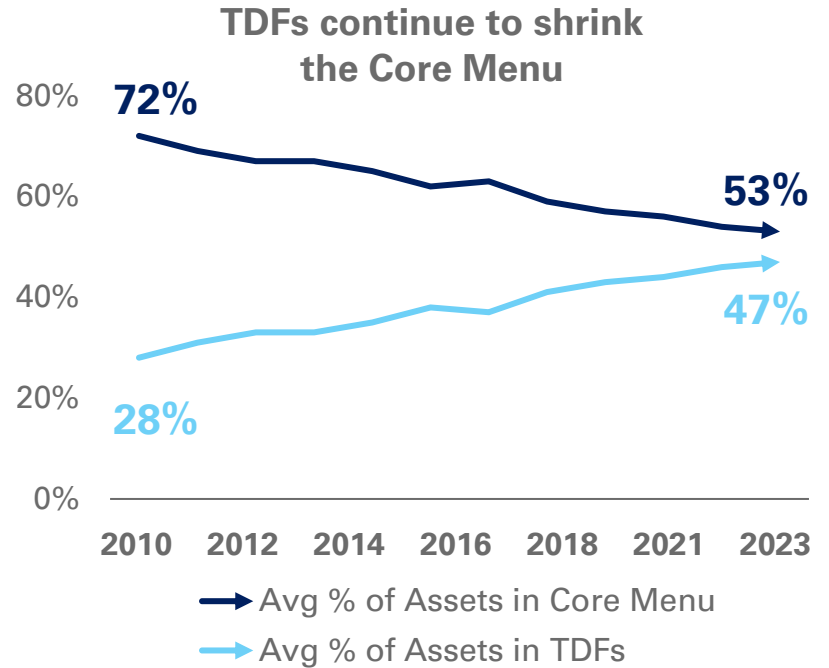
ACTIVE 45%
PASSIVE 41%
BLEND 13%



% of Participants 100%
Invested In the TDFs

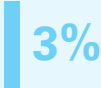








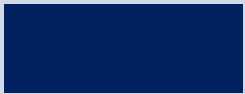









% of Contributions
In the TDFs

	Under 35	35 to 44	45 to 65	Over 65
% of Participants Invested In the TDFs	85%	70%	59%	51%
% of Contributions In the TDFs	72%	68%	59%	53%

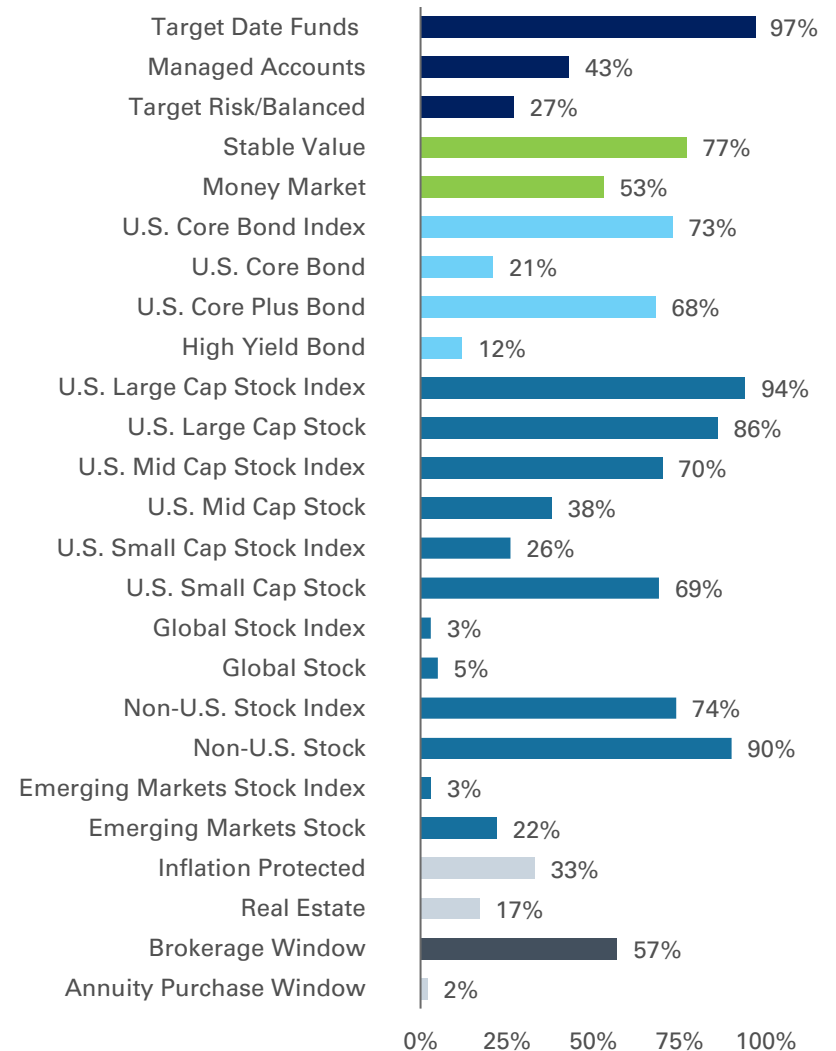
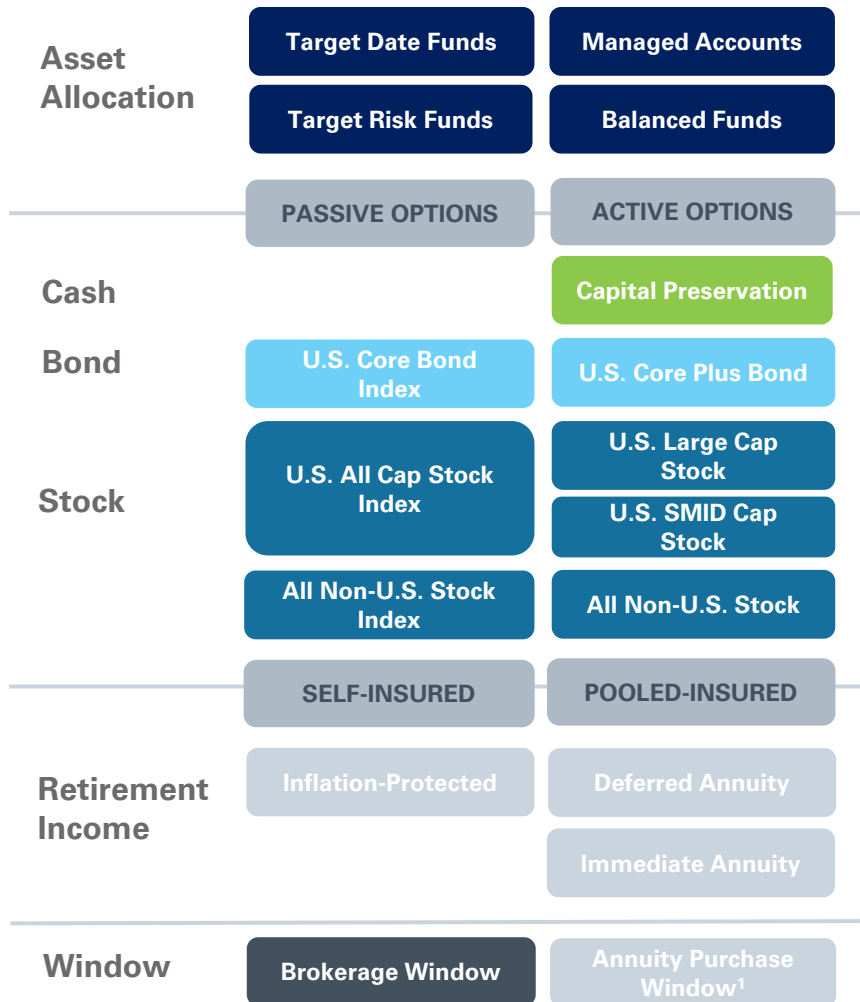


CORE MENU OPTIONS

NUMBER & TYPES OF FUNDS, AVG/MEDIAN = 12

INVESTMENT OBJECTIVE	NUMBER OF CORE OPTIONS	TYPES CORE OPTIONS
ERISA 404(c) & All Passive	5 or Less  3%	Cash  1-1 Bond  1-1 Stock  2-3 Other 0
Opportunities for Additional Value	6 to 10  26%	Cash  1-2 Bond  1-3 Stock  2-7 Other  0-2
Role for Innovation	11 to 14  47%	Cash  0-4 Bond  1-4 Stock  5-10 Other  0-3
Legacy Reasons	15 or Greater  24%	Cash  1-5 Bond  2-7 Stock  5-22 Other  0-8

MENUS FOR THE SAVINGS & SPENDING PHASE



¹Single insurance annuities data was not requested
Peer universes sourced from Morningstar



RETIREMENT INCOME

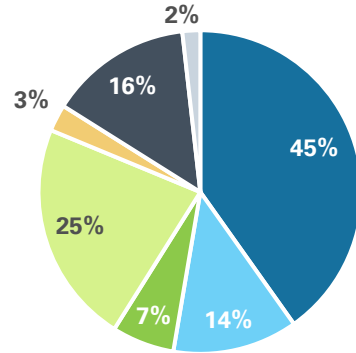
15% of total participants fall in the age group of 65 and older

Of those age 65 or older...

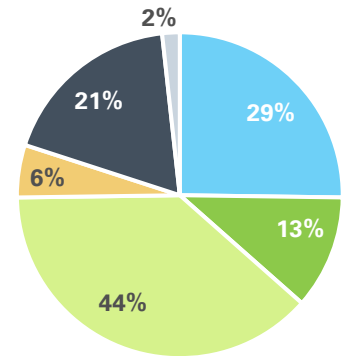
- 68%** of participants are **terminated / retired**
- 24%** of participants are taking an **RMD**
- 26%** of participants are taking a **systematic distribution**

86% of total plans offer TDFs and installment payments

Allocation of All Participants over 65

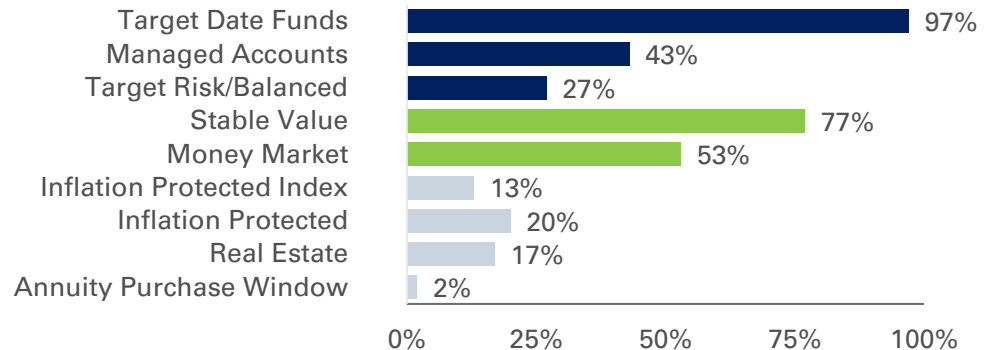


Allocation of DIY Participants over 65



- Target Date Funds
- Capital Preservation
- Fixed Income
- US Equity
- Non-US Equity
- Company Stock
- Brokerage Window

Spending Phase Vehicle Preference



Disclaimer: Post-retirement figures are based on an available subset of the survey data provided by recordkeepers.

MANAGED ACCOUNTS

43%

plans **offering** managed accounts

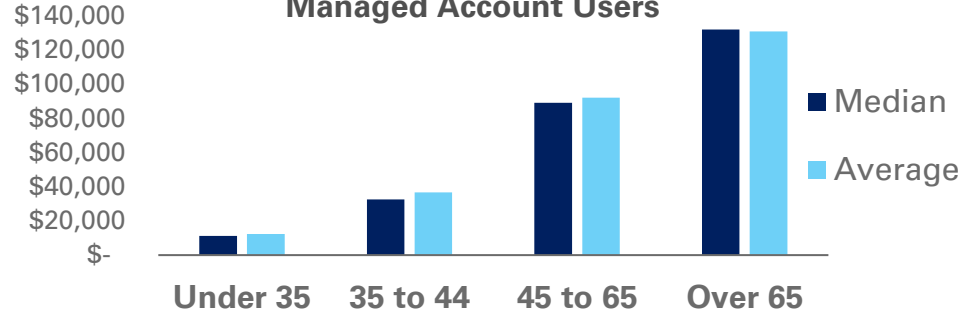
5%

participants **utilizing** managed accounts

4%

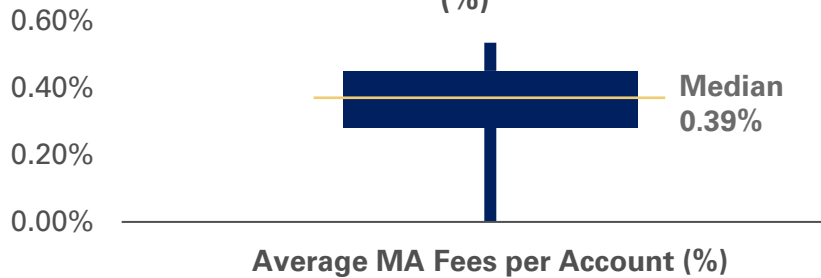
assets **invested** with managed accounts

Average & Median Balance of Managed Account Users

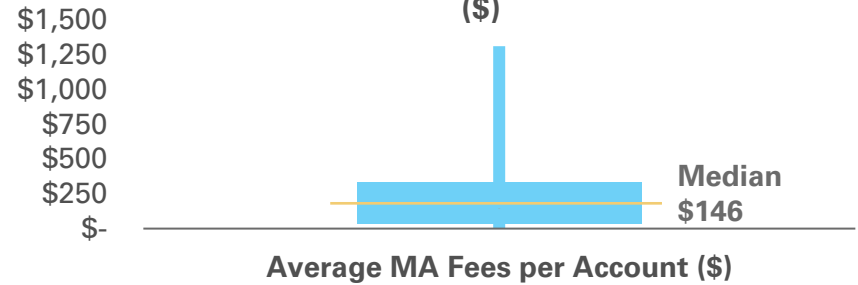


	Under 35	35 to 44	45 to 65	Over 65
Average # of Funds Held	7.0	7.7	7.8	6.3
% of Age Group using MAs	4%	5%	4%	3%
% of Managed Account Users	25%	31%	36%	8%

Average Managed Account Fees Per Account (%)



Average Managed Account Fees Per Account (\$)



¹Calculated by taking the average fees per account by the average asset per account for each client



ESG & DEI INVESTING LANDSCAPE

		% of DC Plans Utilizing	% of DC Assets
Screening	Screening in/out certain securities for non-financial reasons	2.6%	0.06%
ESG Integration	ESG factors built-in as part of the investment process	87.0%	25.4%
DEI Factors	Managers with a favorable NEPC Manager Research DEI rating	73.1%	11.4%

NEPC ESG/DEI Manager Research Ratings

1

The firm and strategy fully integrate ESG and/or DEI into their process

2

ESG and/or DEI identified as a material factor in investment decision making process

Screening references investment options that include/exclude securities based solely on ESG factor(s)

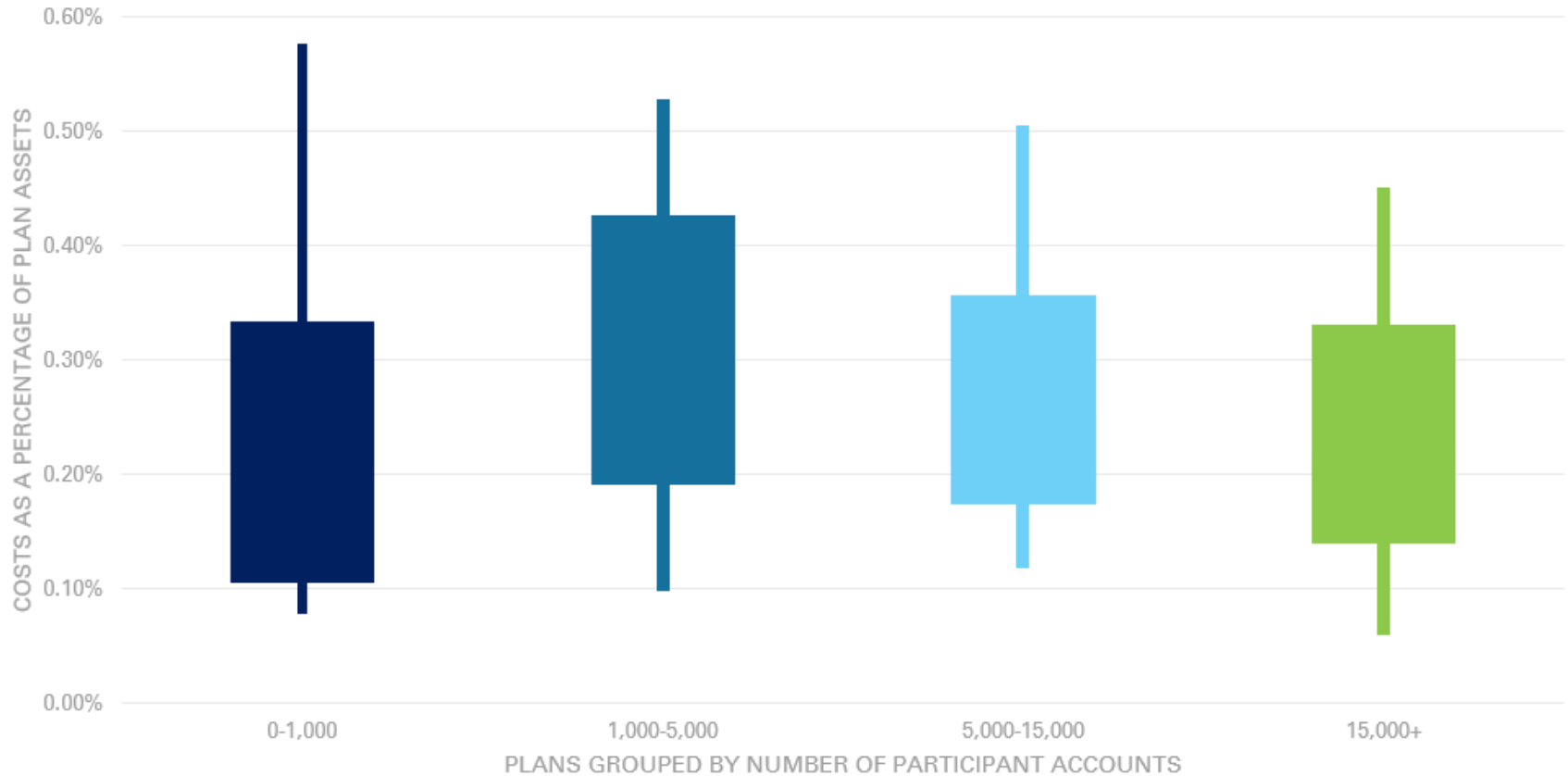
ESG Integration references strategies where ESG is embedded in the approach along with other considerations

DEI Factors references strategies where NEPC Manager Research has rated the strategy, from a DEI perspective, a 1 or 2



INVESTMENT FEE REVIEW

BENCHMARKING ASSET-WEIGHTED EXPENSE RATIOS

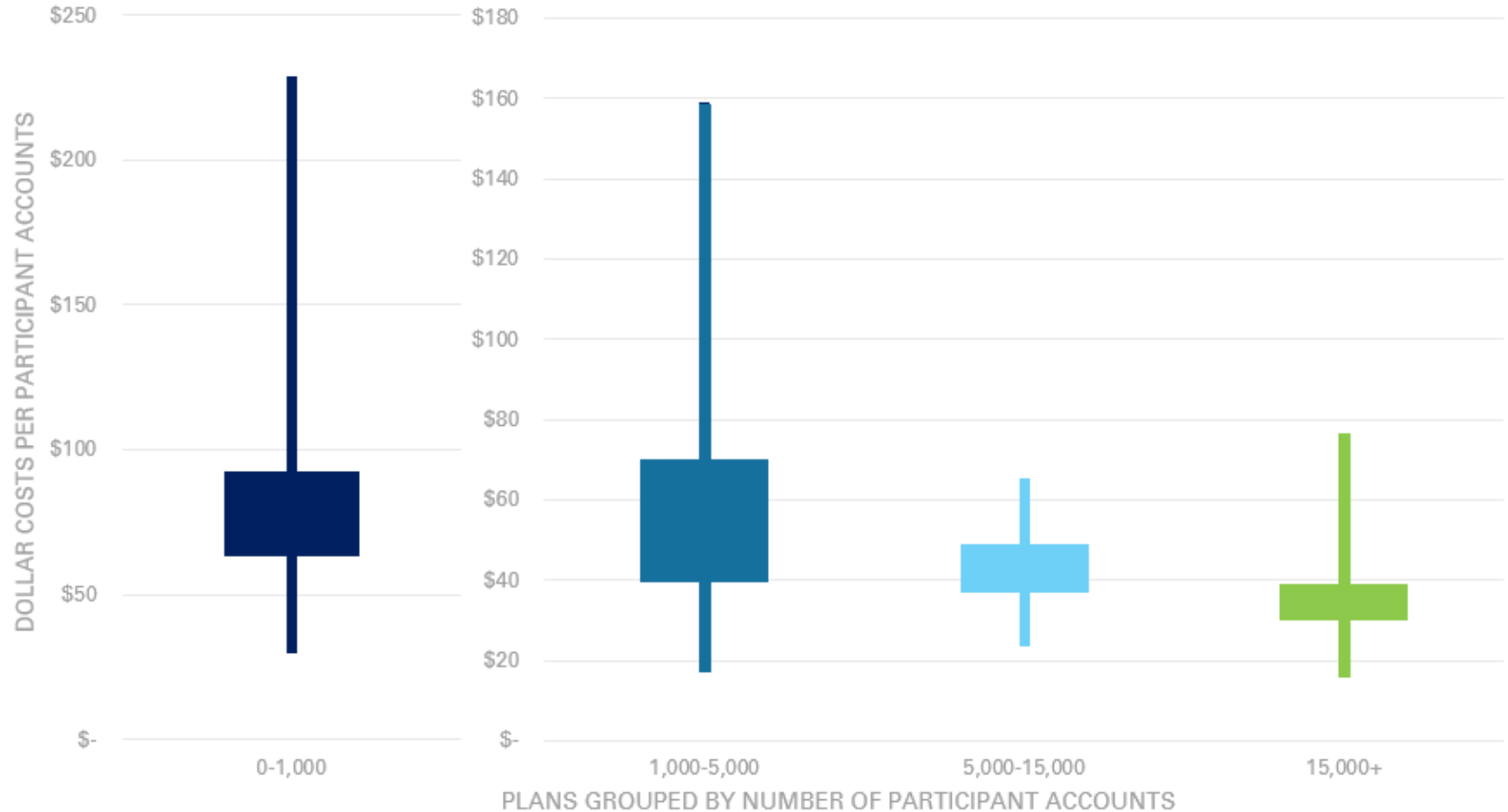


Each box plot provides a visual display of asset-weighted expense ratios by plan size, according to NEPC's 2023 Defined Contribution Plan & Fee Survey which includes 240 defined contribution and deferred compensation plans. Investment options, asset balances, and expense ratios were gathered from participating plans, with NEPC calculating the asset-weighted expense ratio including professional management advice program fees (managed accounts). The box of the plot is a rectangle which encloses half of the sample (the 25th to 75th percentiles). The whiskers extend to the upper and lower observations.



RECORDKEEPING, TRUST, CUSTODY FEE REVIEW

BENCHMARKING BASE FEES



Each box plot provides a visual display of record keeping, trust and custody costs by plan size, according to NEPC's 2023 Defined Contribution Plan & Fee Survey which includes 240 defined contribution and deferred compensation plans. Fees were gathered from participating plans' service providers and recast in a uniform format. Professional management advice program fees are not included. The data represents broadly what plans pay and not how they pay. The box of the plot is a rectangle which encloses half of the sample (the 25th to 75th percentiles). The whiskers extend to the upper and lower observations.





APPENDIX



PROCESS METHODOLOGY & DISCLOSURES

NEPC DEFINED CONTRIBUTION PLAN TRENDS & FEE SURVEY

The U.S. Department of Labor has advised that fees and expenses are only one of the factors to consider in choosing investments or service arrangements.

The overall NEPC universe, like any compilation of data, will show some plans having fees above the median and some below. Having fees above a median is not indicative of imprudence. There are many reasons why a certain plan's administrative or investment fees might exceed peer group medians, and any individual plan's fees should be assessed based on the services rendered and the plan's needs.

The data provided in this report reflect the experience of the respondents to our survey during a given period of time. These data may or may not be indicative of the experience of the defined contribution plan market as a whole, during that period or any other period.

This report is not a substitute for, if and when appropriate, a full record keeper vendor search, request for information or other market testing, and it is not intended to indicate whether or not a given plan offers the lowest-cost share class and/or most appropriate investment vehicle under all circumstances relevant to that specific plan. Even the lowest-cost share class available may not result in an optimal arrangement for any given plan, or even the lowest overall cost to a plan; each plan's individual circumstances might counsel for a different arrangement.

Some of the information presented herein has been obtained from external sources NEPC believes to be reliable. While NEPC has exercised reasonable professional care in preparing this content, we cannot guarantee the accuracy of all source information contained within.

The opinions presented herein represent the good faith views of NEPC as of the publication date and are subject to change at any time.



NEPC DISCLOSURES

Past performance is no guarantee of future results.

All investments carry some level of risk. Diversification and other asset allocation techniques do not ensure profit or protect against losses.

Some of the information presented herein has been obtained from external sources NEPC believes to be reliable. While NEPC has exercised reasonable professional care in preparing this content, we cannot guarantee the accuracy of all source information contained within.

The opinions presented herein represent the good faith views of NEPC as of the publication date and are subject to change at any time.

This presentation contains summary information regarding the investment management approaches described herein but is not a complete description of the investment objectives, portfolio management and research that supports these approaches. This analysis does not constitute a recommendation to implement any of the aforementioned approaches.

