

U.S. Defined Contribution Distribution 2025

Challenges Facing Asset Managers in the Mid-Market and Strategies for Success

OVERVIEW & METHODOLOGY

This report covers product development and distribution trends in the defined contribution (DC) market. This year's report examines the challenges and opportunities the mid-market, defined as plans with \$25 million up to \$250 million in assets, presents to asset managers. The report also includes findings from Cerulli's annual Target-Date Manager Survey, Defined Contribution Investment-Only (DCIO) Asset Manager Survey, Defined Contribution Consultant Survey, Retirement Specialist Advisor Survey, and our annual Collective Investment Trust (CIT) Provider Survey, which Cerulli conducts in partnership with the Coalition of Collective Investment Trusts (CCIT).

Moreover, this year's report includes perspectives from asset managers and consultants on including private market assets in DC plans and retirement income products. Lastly, the report provides readers with updated DC market sizing by market segment and plan type.

USE THIS REPORT TO

- Gain insight into the challenges, progress made toward mitigating them, and where DCIO asset managers should focus to drive the adoption of retirement income products
- Explore how bringing private market assets to DC plans is a strategic priority for eight out of 10 asset managers and a major priority for one-third of those polled
- Evaluate the challenges and opportunities asset managers face in retaining existing business and winning new business from plans in the \$25M to \$250M plan segment (*i.e.*, mid-market)

QUESTIONS ANSWERED

- How many plan sponsors changed their target-date manager in the past 12 months?
- What does the industry think the adoption of private market assets in DC plans could look like in five and 10 years?
- What are the challenges the industry needs to address before retirement income gains traction?
- What are the current competitive and distribution dynamics in the mid market?
- How many plans are in a 3(21) or 3(38) investment fiduciary program?

PRODUCT DETAILS

Included with Purchase

- Digital report in PDF format
- Unlimited online firm-wide access
- Exhibits in Excel
- Key findings
- Analyst support
- Interactive Report Dashboards

Interactive Report Dashboards

Interact and explore select report data with Cerulli's visualization tool.

DC-Focused Advisor Metrics: Evaluate the advisor-sold DC asset landscape, with customizable data covering historical sizing of corporate DC assets by advisor/consultant use and DC-focused asset sizing.

DCIO Asset Managers' Strategic Efforts with Intermediaries: Examine which DC intermediary segments DCIO asset managers are focused on in order to win and retain business, as well as the additional support managers provide to their distribution partners.

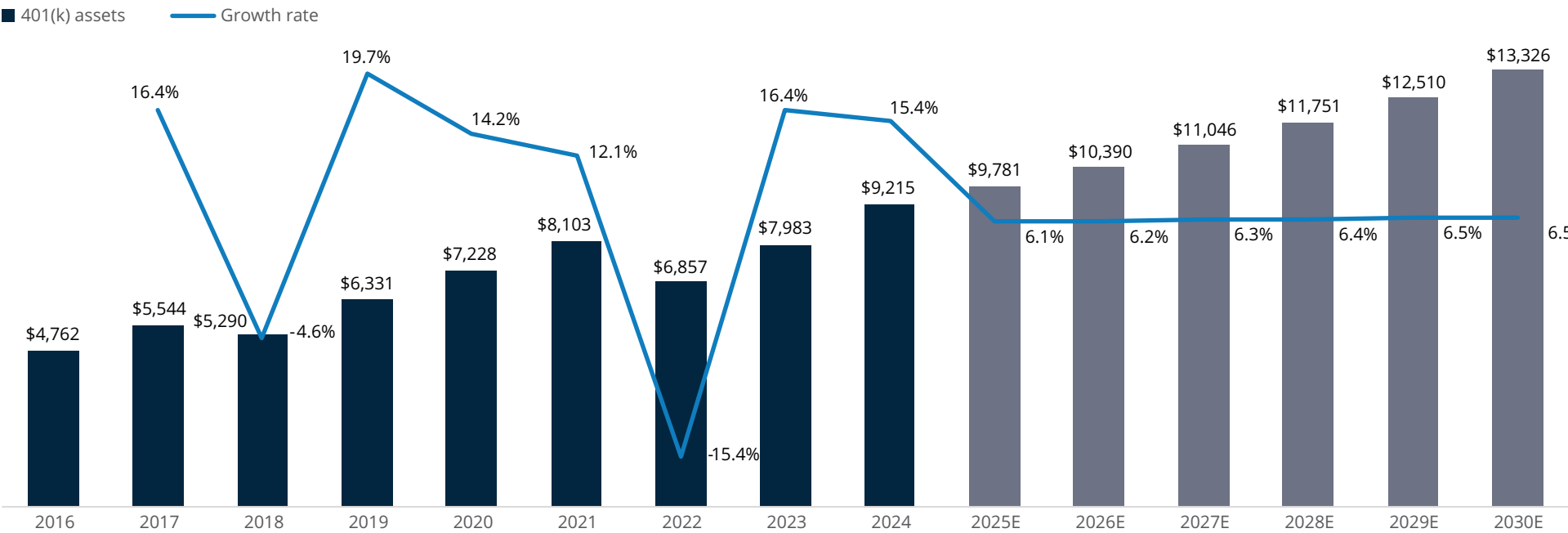
Target-Date Attributes, Challenges, and Factors: Understand target-date managers' perceptions regarding the most important attributes driving target-date asset growth, anticipated challenges to business growth, and factors considered by DC plan sponsors in their selection of a target-date fund.

CIT Knowledge, Challenges, Reporting, and Custom Fees: Explore multiple years of data to gain an overview of CIT product development, including factors considered in CIT development and distribution, typical knowledge level of CITs by group, top challenges to adoption in DC plans, CIT information available on the CIT provider's website, and an analysis of custom fee arrangements.

DC Consultants' Plan Perspectives on New Business, Retaining Retiree Assets, and Retirement Income Recommendations: Examine DC plan consultants' perspectives on new business and retaining retiree assets along with retirement income options DC consultants are most likely to recommend to their DC plan sponsor clients.

Exhibit 2.03
401(k) Assets and Growth Rates, 2016–2030E
(\$ billions)

Sources: Department of Labor, Cerulli Associates | Analyst Note: Previous asset totals were restated. A long-term market appreciation assumption of 6.58% was used to project 401(k) assets.



- 401(k)s remain the largest subset of corporate DC at 89% of assets as of 2024. Cerulli projects 401(k)s will reach \$13.3 trillion in total assets by 2030.

Table of Contents: Expanded

Methodology 16

Report Overview 16

Executive Summary 18

 DCIO Asset Managers: Top-Five Product and Service Priorities, 2025 18

 DC Consultants: Plan Sponsor Adoption of In-Plan Retirement Income Solutions, 2025 19

 401(k) Target-Date Assets and Contributions, 2018–2030E 20

Report Authors 21

Chapter 1: Challenges Facing Asset Managers in the Mid-Market and Strategies for Success..... 22

Sizing the Mid-Market Opportunity 24

 Exhibit 1.01. Mid-Market 401(k) Assets and Plans, 2013–2024 24

Priorities of Mid-Market Plan Sponsors..... 25

The Appeal of Mid-Market 25

Headwinds in the DCIO Market 26

 Exhibit 1.02. DCIO Asset Managers: Efforts to Win New Business with Intermediary Groups Over the Next 12 Months, 2025 26

 Exhibit 1.03. 401(k) Target-Date Assets and Contributions, 2018–2030E..... 27

The Target-Date Opportunity 28

Retirement Aggregators Are Shifting Distribution Dynamics..... 29

 Exhibit 1.04. Top-Five Retirement Aggregator Firms, 2022–2024 30

The Necessity of Relationship Pricing..... 31

Home-Office Approved and Preferred Lists..... 32

A Shift from 3(21) to 3(38)–Cause for Concern? 33

 Exhibit 1.05. DC Consultants: Importance of Access to Asset Manager Investment Teams, 2025..... 33

 Exhibit 1.06. DC Consultants: DC AUA and DC plans by 3(21) and 3(38) Fiduciary, 2025..... 33

Relationships Are Critical 34

 Exhibit 1.07. DC Consultants and Asset Managers: Additional Services Offered by Asset Managers and How Advisors and Consultants Value Them, 2025 35

The Path Forward in the Mid-market..... 36

Chapter 2: DC Market Sizing by Sector and Plan Size 38

Exhibit 2.01. Total DC Assets and Growth Rate, 2016–2030E	40
Exhibit 2.02. Total Corporate DC Assets and Growth Rate, 2016–2030E	41
Exhibit 2.03. 401(k) Assets and Growth Rates, 2016–2030E	42
Exhibit 2.04. Not-for-Profit/Governmental DC Assets by Segment, 2016–2030E	43
Exhibit 2.05. 401(k) Asset Allocation by Plan Asset Segment, 2024	44
Exhibit 2.06. Micro Plan Asset Segment Profile, 2024	45
Exhibit 2.07. Small Plan Asset Segment Profile, 2024	46
Exhibit 2.08. Mid-Sized Plan Asset Segment Profile, 2024	47
Exhibit 2.09. Large Plan Asset Segment Profile, 2023	48
Exhibit 2.10. Mega Plan Asset Segment Profile, 2023	49
Exhibit 2.11. 401(k) Investment-Only Assets vs. Proprietary Assets, 2024	50
Exhibit 2.12. 401(k), 403(b), and 457 Stable Value Assets as a Percentage of Total Plan Assets, 2020–2024	51
Exhibit 2.13. Stable Value Assets by Manager Segment and DC Plan Type, 2021–2024	52

Chapter 3: DCIO Asset Managers: Staffing and Distribution 53

Exhibit 3.01. Top-15 DCIO Asset Managers by AUM, 2023–2024	56
Exhibit 3.02. Top-15 DCIO Asset Managers by Non-Target-Date-Fund AUM, 2024	57
Exhibit 3.03. DCIO Asset Managers: Greatest Growth Opportunity by Plan Asset Segment, 2025	58
Exhibit 3.04. DCIO Asset Managers: Impact of DC Market Trends on DCIO Business, 2025	59
Exhibit 3.05. DCIO Asset Managers: Product and Service Priorities, 2025	60
Exhibit 3.06. DCIO Asset Managers: DC Distribution Opportunities for Standalone Investment Products, 2025	61
Exhibit 3.07. DCIO Asset Managers: Challenges to DCIO Sales, 2025	62
Exhibit 3.08. DCIO Asset Managers: DCIO Sales Team Headcounts, 2024	63
Exhibit 3.09. DCIO Asset Managers: Anticipated Staffing Levels, 2025	64
Exhibit 3.10. DCIO Asset Managers: Dedicated Specialist Teams, 2025	65
Exhibit 3.11. DCIO Asset Managers: Sales and Support Staff for Specific Intermediary Types, 2025	66
Exhibit 3.12. DCIO Asset Managers: Frequency of Sales Staff Communication, 2025	67
Exhibit 3.13. DCIO Asset Managers: Communication with Plan Sponsors by Plan Asset Segments, 2025	68
Exhibit 3.14. DCIO Asset Managers: Sales Staff Assigned to Distribution Channels, 2025	69
Exhibit 3.15. DCIO Asset Managers: Efforts to Win New Business with Intermediary Groups Over the Next 12 Months, 2025	70
Exhibit 3.16. DCIO Asset Managers: DCIO Assets by Investment Vehicle, 2022–2024	71
Exhibit 3.17. DCIO Asset Managers: In-Plan Retirement Income Products Offered, 2025	72
Exhibit 3.18. DCIO Asset Managers: Net Flows from DC Plans by Asset Class, 2025	73
Exhibit 3.19. DCIO Asset Managers: Value-Add Services for Intermediaries, 2025	74

Table of Contents

Exhibit 3.20. DCIO Asset Managers: In-Plan Retirement Income Options Offered, 2023 vs. 2024	75
Exhibit 3.21. DCIO Asset Managers: Approaches to Adding Private Market Investments to Product Lineups, 2025	76
Exhibit 3.22. DCIO Asset Managers: Demand for Private Market Investments Across Organizations, 2025	77
Exhibit 3.23. DCIO Asset Managers: Estimated Percentage of Plans Expected to Adopt Private Market Investments, 2025	78
Exhibit 3.24. DCIO Asset Managers: Adoption of Private Market Investments by Plan Asset Segment, 2025	79
Chapter 4: The Target-Date Fund Landscape: Market Sizing and Trends	80
Exhibit 4.01. Total Target-Date Assets by Vehicle, 2018–2024	83
Exhibit 4.02. 401(k) Target-Date Assets and Contributions, 2018–2030E	84
Exhibit 4.03. Top-15 Target-Date Managers by Assets, 2023–2024	85
Exhibit 4.04. Target-Date Manager Leaderboards by Mutual Fund and CIT Assets, 2022–2023	86
Exhibit 4.05. Top-10 Target-Date CIT Series by Assets, 2023–2024	87
Exhibit 4.06. Total Target-Date Assets by Active, Passive, and Blended, 2024	88
Exhibit 4.07. Total Target-Date Mutual Fund Assets and Organic Growth Rate, 2012–2024	89
Exhibit 4.08. Total Target-Date Mutual Fund Assets by Active, Passive, and Blended, 2015–2024	90
Exhibit 4.09. Annual Target-Date Mutual Fund Net Flows by Active and Passive, 2015–2024	91
Exhibit 4.10. Top-10 Passive Target-Date Mutual Fund Series by Assets and Net Flows, 2023–2024	92
Exhibit 4.11. Top-10 Active Target-Date Mutual Fund Series by Assets and Net Flows, 2023–2024	93
Exhibit 4.12. Number of Target-Date Mutual Fund Series that Opened and Closed, 2013–2024	94
Exhibit 4.13. Target-Date Managers: Potential Advances in Target-Date Product Development, 2025	95
Exhibit 4.14. Target-Date Managers: Level of Opportunity for Growth of Off-the-Shelf Target-Date Assets by Distribution Channel, 2025	96
Exhibit 4.15. Target-Date Managers: Most Important Attributes Driving Growth in Target-Date Fund Business, 2025	97
Exhibit 4.16. Target-Date Managers: Challenges to Growing Target-Date Business Over the Next 12 Months, 2025	98
Exhibit 4.17. Target-Date Managers: Impact of Increasing Fee Pressure in the DC industry on Off-the-Shelf Target-Date Business, 2025	99
Exhibit 4.18. Target-Date Managers: Prevalence of Inflation Hedging Strategies as Allocations in Target-Date Product, 2025	100
Exhibit 4.19. Target-Date Managers: Prevalence of Private Market Strategies as Allocations in Target-Date Products, 2025	101
Exhibit 4.20. Target-Date Managers: Use of Tactical Management in Target-Date Products and Greatest Permissible Range, 2025	102
Exhibit 4.21. Target-Date Managers: Inclusion of Stable Value in an Off-the-Shelf Target-Date Series, 2025	103
Exhibit 4.22. Target-Date Managers: Plans to Add or Remove Target-Date Series Offered in 2025	104
Exhibit 4.23. Target-Date Managers: CIT Investment Minimums, 2025	105
Exhibit 4.24. Target-Date Managers: Annuitization Components, 2025	106
Exhibit 4.25. Target-Date Managers: Challenges to Personalized Target-Date Adoption, 2025	107
Exhibit 4.26. Target-Date Managers: Custom Products, 2025	108
Exhibit 4.27. Target-Date Managers: Customization Factors, 2025	109
Exhibit 4.28. Target-Date Managers: Custom Target-Date Minimums, 2025	110
Exhibit 4.29. Target-Date Managers: Expectations for Custom Target-Date Products, 2025	111

Table of Contents

Exhibit 4.30. Target-Date Managers: Co-Manufactured Target-Date Products, 2025.	112
Chapter 5: Collective Investment Trusts: Product Structure and Distribution	113
Exhibit 5.01. Total CIT Assets and Growth Rate, 2015–2029E	115
Exhibit 5.02. Top-20 Collective Investment Trust Providers, 2024.	116
Exhibit 5.03. CIT Providers: Ranking the Benefits of Offering a CIT Versus a Mutual Fund, 2025.	117
Exhibit 5.04. CIT Providers: Knowledge Level Regarding CITs, 2025	118
Exhibit 5.05. CIT Providers: Top Challenges to CIT Adoption in DC Plans, 2025	119
Exhibit 5.06. CIT Providers: Top Factors Driving CIT Adoption in DC Plans Over the Next Three Years, 2025	120
Exhibit 5.07. CIT Providers: CIT Assets by Client Segment and Management Style, 2024	121
Exhibit 5.08. DB and DC CIT Assets by Investment Strategy, 2024	122
Exhibit 5.09. CIT Providers: Focus of DC Distribution Efforts Over the Next 12 Months, 2025.	123
Exhibit 5.10. CIT Providers: Top-Two Benefits of Partnering with a Third-Party Trustee Firm, 2025	124
Exhibit 5.11. CIT Providers: Tracking Performance Differences of CITs Replicated from Existing Mutual Fund Strategies, 2025	125
Exhibit 5.12 - Part I. CIT Providers: Ranking Drivers of Performance Differences of CIT Versions of Existing Domestic Strategies, 2025	126
Exhibit 5.12 - Part 2. CIT Providers: Ranking Drivers of Performance Differences of CIT Versions of Existing International Strategies, 2025	127
Exhibit 5.13. CIT Providers: Registering Ticker Symbols for CITs, 2025.	128
Exhibit 5.14. CIT Providers: CIT Investors in Custom Fee Arrangements, 2025.	129
Exhibit 5.15. CIT Custom Fee Arrangements, 2025	130
Exhibit 5.16. CIT Investors by Distribution Channel, 2025	131
Exhibit 5.17. CIT Seed Investors by Client Source, 2025	132
Exhibit 5.18. Average Minimums for Existing CITs, 2025	133
Exhibit 5.19. CIT Information Available on Website, 2025	134
Exhibit 5.20. CIT Providers: Benefits of an In-House Trust Company vs. Third-Party Trustee, 2025	135
Exhibit 5.21. CIT Providers: Aggregator Approaches to Negotiation, 2025	136
Exhibit 5.22. CIT Providers: Frequency of Monitoring Aggregators in Custom Fee Arrangements, 2025	137
Exhibit 5.23. CIT Providers: Breakpoints Offered on CITs, 2025	138
Exhibit 5.24. CIT Anti-Dilution Measures, 2025.	139
Chapter 6: Defined Contribution Plan Consultants	140
Exhibit 6.01. Top-40 Defined Contribution Consultants, 2024.	143
Exhibit 6.02. Top Retirement Aggregator Firms, 2023–2024	144
Exhibit 6.03. DC Consultants: Changing Presence in Plan Asset Segments, 2025.	145
Exhibit 6.04. DC Consultants: DC AUA and DC plans by 3(21) and 3(38) Fiduciary, 2025.	146
Exhibit 6.05. DC Consultants: DC Plans and Assets by Plan Asset Segment, 2025	147
Exhibit 6.06. DC Consultants: Due Diligence Review and Recordkeeper Switching, 2025	148

Table of Contents

Exhibit 6.07. DC Consultants: Investment Lineup Changes in the Past 12 Months, 2025	149
Exhibit 6.08. DC Consultants: Asset Allocation Services Offered, 2025	150
Exhibit 6.09. DC Consultants: Plan Sponsor Adoption of Asset Allocation Services, 2025	151
Exhibit 6.10. DC Consultants: Plan Sponsor Adoption of Asset Allocation Services Over the Next 12 Months, 2025	152
Exhibit 6.11. DC Consultants: Plan Sponsor Top Non-Investment Priorities Over the Next 12 Months, 2025	153
Exhibit 6.12. DC Consultants: Non-Investment Services Offered, 2025	154
Exhibit 6.13. DC Consultants: Value-Add Services Offered by Asset Managers, 2025	155
Exhibit 6.14. DC Consultants: Target-Date Management Recommendations, 2025	156
Exhibit 6.15. DC Consultants: Anticipated Usage of QDIA Options Over the Next 24 Months, 2025	157
Exhibit 6.16. DC Consultants: DC Core Investment Menu Recommendations, 2025	158
Exhibit 6.17. DC Consultants: Investment Research Team Plan Menu Priorities Over the Next 12 Months, 2025	159
Exhibit 6.18. DC Consultants: Plan Sponsor Interest in PEPs, 2025	160
Exhibit 6.19. DC Consultants: Appropriate Private Market Asset Classes for DC Plans, 2025	161
Exhibit 6.20. DC Consultants: Approaches to Private Market Inclusion, 2025	162
Exhibit 6.21. DC Consultants: Concerns of Providing Private Market Exposures, 2025	163
Exhibit 6.22. DC Consultants: Estimated Percentage of Plans to Adopt Private Market Investments, 2025	164
Exhibit 6.23. DC Consultants: Adoption of Private Market Investments Across Plan Segments, 2025	165
Exhibit 6.24. DC Consultants: Plan Sponsor Adoption of In-Plan Retirement Income Solutions, 2025	166
Exhibit 6.25. DC Consultants: In-Plan Retirement Income Recommendations, 2025	167
Exhibit 6.26. DC Consultants: Industry Developments Expected to Increase In-Plan Annuity Adoption, 2025	168
Exhibit 6.27. DC Consultants: Factors Affecting Retirement Income Product Adoption, 2025	169
Exhibit 6.28. DC Consultants: Reducing Barriers to Retirement Income Product Adoption, 2025	170
Exhibit 6.29. DC Consultants: Asset Manager and Recordkeeper Priorities for Retirement Income Products, 2025	171
Chapter 7: Retirement Specialist Advisors	172
Exhibit 7.01. Corporate DC Assets by Advisor/Consultant Use, 2019–2024	174
Exhibit 7.02. Advisor-Sold DC Market by Plan Type, 2017–2024	175
Exhibit 7.03. DC-Focused Advisor Headcount and Marketshare by Channel, 2024	176
Exhibit 7.04. Advisor-Sold DC Plan Assets by Channel and DC Focus, 2024	177
Exhibit 7.05. Retirement Specialist Advisors: Profile and Business Metrics, 2025	178
Exhibit 7.06. Retirement Specialist Advisors: Individual Practice Priorities, 2025	179
Exhibit 7.07. Retirement Specialist Advisors: Expected Change to DC Plan Sales over the Next Three Years, 2025	180
Exhibit 7.08. Investment Fiduciary Status by DC Plan Advisor Type, 2024	181
Exhibit 7.09. Retirement Specialist Advisors: Demand for Fiduciary Services, 2025	182
Exhibit 7.10. Retirement Specialist Advisors: Anticipated Changes to DC Client Plans, 2025	183

Table of Contents

Exhibit 7.11. Retirement Specialist Advisors: Most Valuable Services Offered to DC Plan Sponsors, 2025 184

Exhibit 7.12. Retirement Specialist Advisors: Importance of Support from Asset Managers and Recordkeepers, 2025 185

Exhibit 7.13. Retirement Specialist Advisors: Importance of Relationships with Recordkeepers and Asset Managers, 2025 186

Exhibit 7.14. Retirement Specialist Advisors: Services and Support from Strategic Partners, 2025..... 187

Exhibit 7.15. Resources and Support That Incentivize Retirement Specialists to Work More with Retirement Plans by DC Plan Advisor Type, 2025... 188

Exhibit 7.16. Retirement Specialist Advisors: Areas Where Advisors Desire Greater Support, 2025 189

Exhibit 7.17. Retirement Specialist Advisors: Participant Topics of Inquiry, 2025. 190

Exhibit 7.18. Retirement Specialist Advisors: Factors Considered When Selecting a Recordkeeper, 2025 191

Exhibit 7.19. Retirement Specialist Advisors: Factors Considered When Evaluating Target-Date Funds, 2025 192

Exhibit 7.20. Retirement Specialist Advisors: Perspectives on In-Plan Retirement Income Solutions, 2025. 193

Exhibit 7.21. Retirement Specialist Advisors: Perspectives on IRA Rollovers from DC Plans, 2025 194

Exhibit 7.22. Retirement Specialist Advisors: Technological Developments Most Valuable to Retirement Specialist Advisors, 2025 195

Exhibit 7.23. Retirement Specialist Advisors: Perspectives on Collective Investment Trusts (CITs) in DC Plans, 2025 196

Exhibit 7.24. Retirement Specialist Advisors: Access to Data Analytics, 2025 197

Company Index 198

Company Index

ADP, 39
American Funds, 80, 93
Aon, 140
Apollo, 82
BlackRock, 28, 29, 53
Blue Owl, 82
Callan Associates, 44, 140
Capital Group, 28, 80, 82, 93
CAPTRUST, 140
Fi360, 32
Fidelity, 28
J.P. Morgan, 40, 43
KKR, 82
Mercer, 140
Mesirow, 30
Morgan Stanley, 39
Paychex, 39
RVK, 140
State Street, 82
T. Rowe Price, 28
Vanguard, 28, 53, 80, 85-87, 92
Vestwell, 39
Voya, 29, 82