The Cerulli **Report**

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.

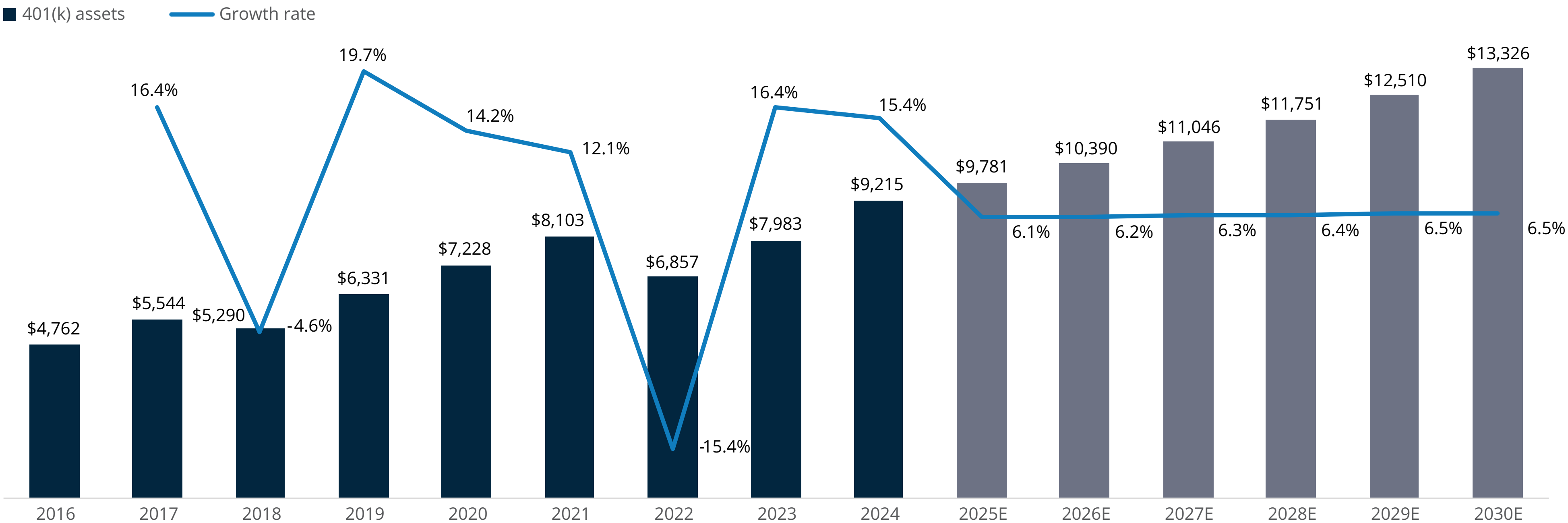
DC Consultants' Plan Perspectives on New Business, Retaining Retiree Assets, and Retirement Income Recommendations: Examine DC plan consultants' perspectives on new business and retaining retiree assets along with retirement income options DC consultants are most likely to recommend to their DC plan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

CERULLI ASSOCIATES

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.

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