



PGIM DC SOLUTIONS

IMPROVING RETIREMENT OUTCOMES IN DEFINED CONTRIBUTION PLANS THROUGH PERSONALIZATION

2025 DC Plan Sponsor Landscape Survey: Part 1

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INTRODUCTION

Employers and plan sponsors are increasingly taking an interest in helping their employees and participants plan for a successful retirement. One potential path to improving retirement outcomes is to provide participants with personalized solutions, such as DC retirement managed accounts.

In our latest DC Plan Sponsor Landscape Survey, we explored perceptions around the potential benefits of personalized solutions, such as managed accounts.

We found that there is a high belief among plan sponsors that personalized advice and guidance can improve retirement outcomes, but that managed account availability is somewhat limited, especially among smaller plans.

A clear barrier to managed accounts adoption is the cost of the service. For example, relatively few plan sponsors appear to be interested in offering managed accounts as an opt-in arrangement or as the plan default investment when the fee for the service exceeds 25 basis points, which is common today. Conversely, plan sponsors show considerable interest when

the solution is priced more attractively (e.g., less than 10 basis points). Therefore, while there appears to be a strong belief in the potential benefits of managed accounts, costs will likely need to decline to make the value proposition strong enough for plan sponsors to adopt the solution more actively in the future.

95%

**OF PLAN SPONSORS SURVEYED
BELIEVE PARTICIPANTS NEED
ACCESS TO SOLUTIONS TO HELP
THEM SAVE FOR RETIREMENT**

Source: PGIM 2025 DC Plan Sponsor Landscape Survey

THE EVOLVING DC LANDSCAPE

PGIM previously conducted surveys in 2020 and 2022. The most recent survey was conducted by Greenwald Associates who polled 302 retirement plan decision-makers online in September and October of 2024. Respondents included decision-makers for DC plans with at least \$10 million in assets. The findings were weighted by plan asset size, using data from a BrightScope/ICI 2021 report.

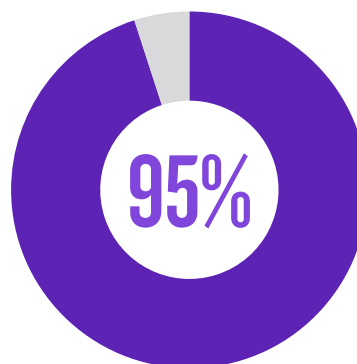
Our survey findings will be detailed in a four-part series. This piece (Part 1) explores perceptions around the potential benefits of managed accounts. Exhibit 1 illustrates the percentages of DC decision-makers agreeing with a variety of statements regarding potential retirement outcomes.

There is clear evidence that plan sponsors think DC participants would benefit from access to in-plan advice and guidance tools. Offering these solutions not only improves retirement outcomes, but also enhances business outcomes as well. For example, 95% of all plan sponsors surveyed think participants need access to solutions that can help them save for retirement, and 74% of plan sponsors think in-plan solutions are better than those the participants would access outside the plan. Additionally, 88% of plan sponsors think offering personalized solutions will improve retirement outcomes and 75% believe improved retirement outcomes will improve business outcomes.

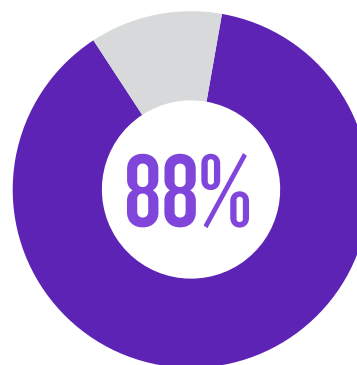
There is also a strong belief among plan sponsors that participants should have portfolios that are aligned with their unique situations and that they have a good understanding of the investment options available to them. Exhibit 2 includes the distribution of responses around the importance of having a prudent asset allocation as well as education about the investment options in the plan. There is clear evidence that plan sponsors think participants need access to tools and solutions to help them build efficient and appropriate portfolios.

Exhibit 1: Percentages of DC Decision-Makers Agreeing with the Following Statements

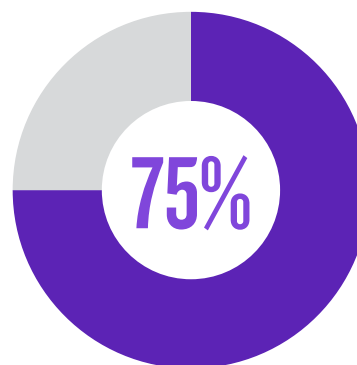
It is important for participants to have access to solutions that can help them determine how much to save.



Personalized advice and guidance will improve retirement outcomes.

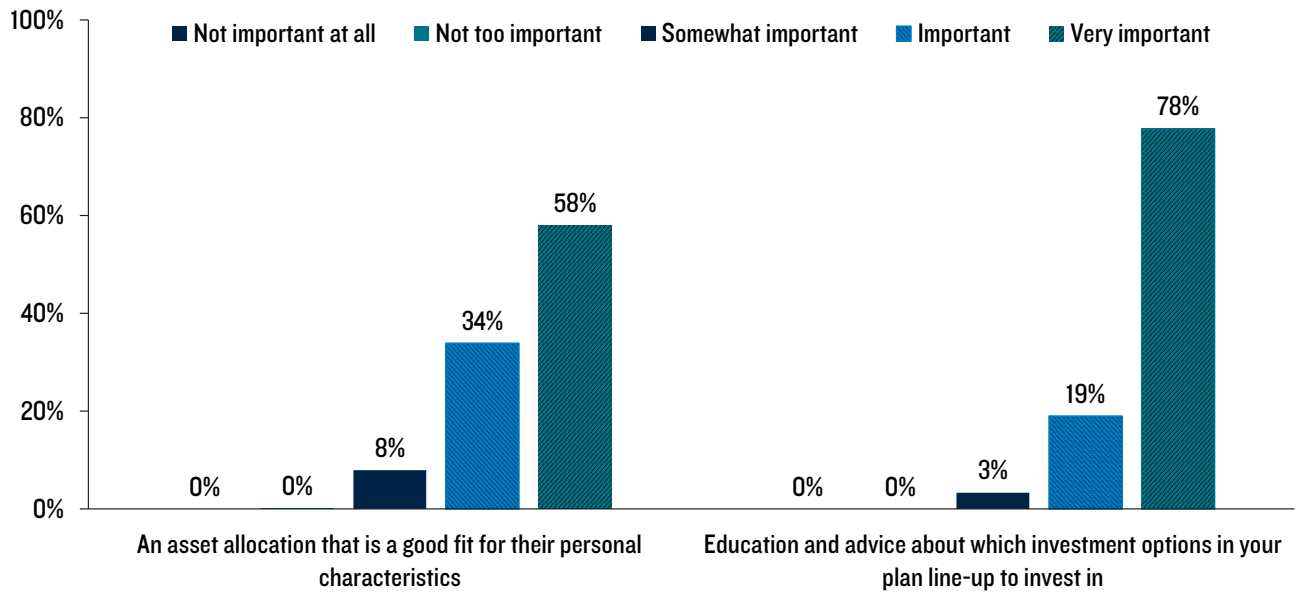


Improving retirement outcomes for employees will improve business outcomes for the company.



Source: PGIM 2025 DC Plan Sponsor Landscape Survey

Exhibit 2: The Importance of Different Investment Options

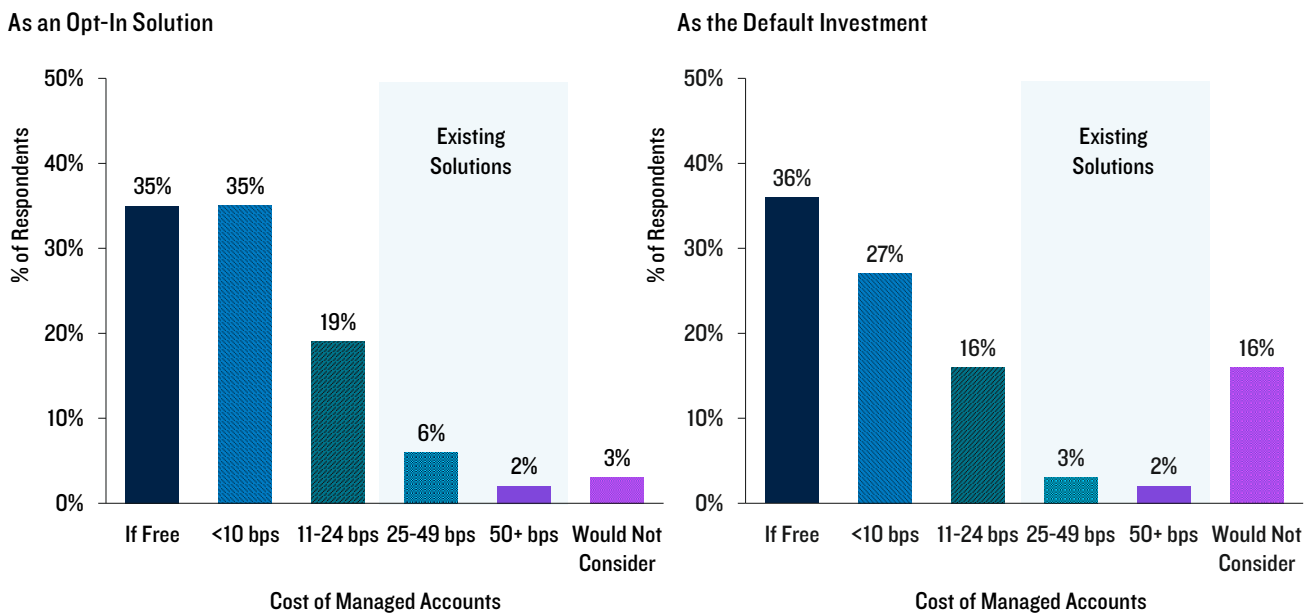


Source: PGIM 2025 DC Plan Sponsor Landscape Survey

Despite the strong belief in personalization and the importance of participants to have access to appropriate portfolios, solutions like managed accounts are not widely available. For example, while 60% of plans with assets over \$100 million offer managed accounts, only 35% of plans with assets ranging from \$10 million to \$99 million reported offering them or even being aware of their availability.

If plan sponsors believe solutions like managed accounts can potentially improve business outcomes, why aren't they more widely available? One clear issue is cost. We asked respondents about the highest cost they would consider for making managed accounts available in their plan, either as an opt-in service or as the default investment. Exhibit 3 details the distribution of their responses.

Exhibit 3: Highest Price Point Managed Accounts Would Be Considered



Source: PGIM 2025 DC Plan Sponsor Landscape Survey

We can see that interest in managed accounts at current pricing levels, which tend to equal or exceed 25 basis points, is relatively low, regardless of whether managed accounts are offered as an opt-in solution or a default investment. At lower price points, interest is significantly higher. For example, 70% of plans would be interested in managed accounts as an opt-in if the fee were 10 basis points or less, and 63% of plans would be interested in managed accounts as the default investment at that price point.

Responses regarding managed accounts as the default were generally more mixed. For example, while 87% of plan sponsors said they were at least willing to consider using managed accounts as the plan default investment—either as a standalone option or part of some kind of hybrid default investment—54% were somewhat likely, 27% were likely, and only 6% were very likely to use them.

70%

OF PLANS WOULD BE INTERESTED IN MANAGED ACCOUNTS AS AN OPT-IN IF THE FEE WERE 10 BASIS POINTS OR LESS

Source: PGIM 2025 DC Plan Sponsor Landscape Survey

CONCLUSION

Survey results suggest that plan sponsors believe in the potential benefits of personalization and that participants need tools to help them build efficient and appropriate portfolios. However, the availability of managed accounts to participants is not consistent across plans, likely due to the varied fees charged for the service. Therefore, to improve the value proposition of personalized solutions like managed accounts for plan participants, costs will likely need to be reevaluated to improve accessibility and, as a result, enhance retirement outcomes for participants.

2025 PGIM DC PLAN SPONSOR LANDSCAPE SURVEY



**IMPROVING RETIREMENT
OUTCOMES THROUGH
PERSONALIZATION**



**BETTER INVESTMENTS,
BETTER RETIREMENT
OUTCOMES**



**HELPING PARTICIPANTS
ACHIEVE RETIREMENT
SUCCESS**



**EFFECTING POSITIVE
CHANGE FOR DC
PARTICIPANTS**

ABOUT OUR METHODOLOGY

302 retirement plan decision-makers were surveyed online in September and October 2024. Respondents included decision-makers for DC Plans with at least \$10 million in plan assets. Larger plans were oversampled. 152 respondents were decision-makers in plans with at least \$100 million in assets. Findings were weighted by plan asset size using data from a BrightScope/ICI 2021 report.

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ABOUT PGIM DC SOLUTIONS*

As the retirement solutions provider of PGIM, we plan to deliver innovative defined contribution solutions founded on market-leading research and capabilities. Our highly-experienced team partners with clients on customized solutions that seek to solve for current challenges facing DC participants. As of 12/31/2024, PGIM has \$170 billion** DC assets under management and PGIM DC Solutions AUM is \$1.3 billion.

* PGIM DC Solutions does not establish or operate pension plans.

** Reported data reflects the assets under management by PGIM and its investment adviser affiliates for defined contribution investment purposes only.

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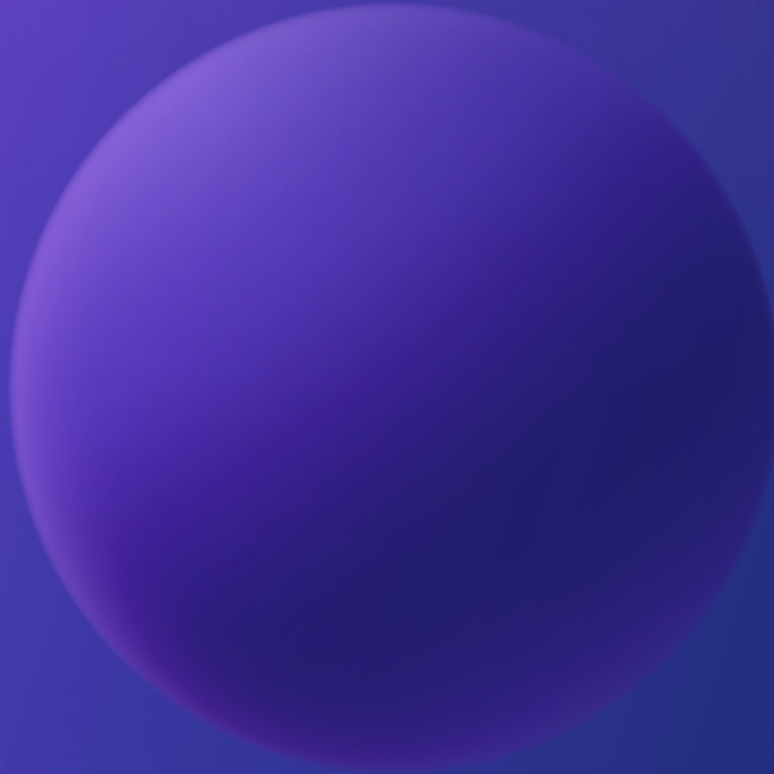
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