



2007 QDIA Survey

Executive Summary

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Callan Associates' latest survey of defined contribution plan sponsors was fielded in February and March of 2007 on the subject of qualified default investment alternatives (QDIAs). We found that although the Department of Labor's guidelines for QDIAs are not yet finalized, plan sponsors have already been actively making decisions about their default investment funds going forward. Forty-one large plan sponsors (most with asset greater than \$100 million) responded to the survey.

Key findings include:

- Most (72%) plan sponsors agree that it is very important or important that the plan's default investment fund is a QDIA.
- Target date funds swamped other types of investments as the qualified default investment alternative of choice. The majority (70.6%) of respondents said that target date funds are most likely to be used as the qualified default investment alternative for their company plan.
- When asked what type of vehicle they intended to use for their target date or target-risk fund offering, two thirds (66%) responded that it would be a packaged single manager (e.g., mutual fund); 11% responded custom target strategy based on the underlying funds within the plan; 3% said packaged multi-manager (e.g., collective trust); and only 20% were undecided.
- In making their fund selections, 58% of respondents counted portfolio construction as their highest priority (e.g., the target date glide path); according to about one third (34%) of respondents, the number of underlying funds was the second most important criteria; while 46% cited fees as the third most important criteria.

For a copy of the survey, contact Gina Falsetto at institute@callan.com or 415.974.5060.