2017 Defined Contribution Trends
10th Anniversary Edition
Key Findings

Callan fielded our 10th annual Defined Contribution (DC) Trends Survey in the fall of 2016. Survey results include responses from 165 plan sponsors, primarily large and mega 401(k) plans. We highlight key themes and findings from 2016 and expectations for 2017.

2016 was a big year for automatic contribution escalation
63% of plans auto escalate, up from 46% in 2015
51% of those who do not are very likely to auto escalate in 2017

It's a tie for plan sponsors' most impacted areas given the DOL's 2016 Definition of a Fiduciary Rule

Most important step to improving fiduciary position:
Reviewing Plan Fees

Communication regarding plan rollovers
Educational materials

The DOL's 2016 Definition of a Fiduciary Rule

15% of plan sponsors don't know what steps they will take to prevent plan leakage

37% are unsure how their plan will be affected, or believe there will be no impact

1 of plan sponsors offer retirement income solutions
2 of plan sponsors offer retirement income solutions

10 YEARS

PARTICIPATION
CONTRIBUTION RATE
INVESTMENT PERFORMANCE

See pages 12 and 40 for additional details
See page 17 for additional details
See page 49 for additional details
See page 11 for additional details
See page 41 for additional details
Key Findings

In 2016, 49% of plan sponsors took action related to evaluating the suitability of the glide path.

84% of plans offer investment guidance/advisory services.

47% of plan sponsors reported making a fund change due to performance-related reasons. This is the highest in the survey’s history.

35% replaced a large cap equity fund (most common).

35% of plan sponsors are unsure if their consultant has discretion over the plan.

8% reported using a discretionary consultant.

39% relied on their consultant to ensure ERISA 404(c) compliance.

47% of plans offer a Roth feature.

68% of plans now offer a Roth feature.

Continued momentum for collective trusts (48% in 2012 to 65% in 2016) at the expense of mutual funds (92% in 2012 to 84% in 2016).

4 out of 5 plan sponsors say they engage an investment consultant.

Top 2017 Priorities

1. PLAN FEES
2. COMPLIANCE
3. PARTICIPANT COMMUNICATION

See page 36 for additional details.
See page 29 for additional details.
See page 19 for additional details.
See pages 7 and 9 for additional details.
See page 34 for additional details.
See page 13 for additional details.
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