

# 2011 Retirement Market in Focus



**Market Size,  
Segmentation and  
Trends  
At Year-End 2010**

## About RG Wuelfing & Associates, Inc.

**RG Wuelfing & Associates** is a leading provider of market research, public relations, mergers and acquisitions services, and other strategic planning and business consulting services for the retirement plan and investment industries. The nature of our services places us in regular contact with plan sponsors, service providers, consultants, brokers, investment managers, legislators, regulators, and industry media. We routinely survey benefit managers, retirement plan service buyers, and plan participants across the country on a variety of issues. As a result, we have an unrivaled perspective on the issues and events shaping the future of the industry.

**RG Wuelfing & Associates** founded and manages the Society of Professional Asset-Managers and Record Keepers (SPARK), the nation's foremost retirement plan industry trade association, and The SPARK Institute, the leading voice in Washington, D.C., for retirement plan services providers.

Contact: Bob Wuelfing, President  
860-658-5058

## About Retirement Research, Inc.

**Retirement Research, Inc.** is focused exclusively on the retirement services industry, offering research-based topical white papers, consulting services, profiles of leading providers and products in the defined contribution market and a suite of interactive, web-based competitive analysis tools covering both product and investment offerings.

*RRI Market Monitor Reports<sup>SM</sup>* help retirement services and investment providers address emerging trends and market opportunities through examination of market segments or topical issues. Each data-rich report typically covers market sizing, growth potential and competitive dynamics.

Contact: Ron Bush, Principal  
860-561-8878  
Ron@rricentral.com

No part of this report may be copied, photocopied or duplicated without the prior written consent of RG Wuelfing & Associates, Inc. and Retirement Research, Inc. Copyright © 2011. All rights reserved.

# Table of Contents

<b>Discussion of Key Trends in Retirement Markets – 2011</b> .....	5
<b>Trends in Global Retirement Markets</b>	
Table 1 - Assets and Growth Trends in the Largest Global Markets.....	11
<b>Trends in U.S. Institutional Retirement Markets</b>	
Table 2 - Assets at Year-End in Billions; Annual Asset Growth Rates.....	12
Table 3 - Retirement Plan Net Cash Flow in Billions .....	13
<b>The Shift from DB to DC in the Corporate Sector</b>	
Table 4 - Long Term Trends in Plans, Assets and Active Participants.....	14
<b>Trends in U.S. Retail Retirement Markets</b>	
Table 5 - Assets at Year-End in Billions.....	15
Table 6 - IRA Net Cash Flow in Billions.....	16
<b>Ownership of Retirement Accounts</b>	
Table 7 - Ownership by Family Income and Age of Household Head, 2007 and 2009.....	17
<b>The Corporate DB Market</b>	
Table 8 - Segmented by Assets at Year-End 2010.....	18
Table 9 - Segmented by Participants at Year-End 2010.....	19
<b>The Corporate DC Market (including 401(k) plans)</b>	
Table 10 - Segmented by Assets at Year-End 2010.....	20
Table 11 - Segmented by Participants at Year-End 2010.....	21
<b>The 401(k) Market</b>	
Table 12 - Segmented by Assets at Year-End 2010.....	22
Table 13 - Segmented by Participants at Year-End 2010.....	23
Table 14 - Industry Revenue Potential by Plan Size Segments at Year-End 2010.....	24

# Table of Contents

## Corporate Market Retirement Plan Penetration

Table 15 - Segmented by Firm Size at Year-End 2010.....	25
---	----

## The Multi-Employer Plans Market

Table 16 - DB Plan Segmentation at Year-End 2010.....	26
---	----

Table 17 - DC Plan Segmentation at Year-End 2010.....	27
---	----

## The Non-Qualified Plan Market

Table 18 - Trends in Usage of Non-Qualified Plans by Qualified Plan Segments.....	28
---	----

## The ESOP Market

Table 19 - Segmented by Participants at Year-End 2010.....	29
--	----

## The SEP, SIMPLE and Solo(k) Market

Table 20 - Plans, Participants and Assets at Year-End 2010.....	30
---	----

## The 403(b) and 457 Markets

Table 21 - The 403(b) Market Segmented by Type of Sponsor at Year-End 2010.....	31
---	----

Table 22 - The 403(b) Market Segmented by Employer Size at Year-End 2010.....	32
---	----

Table 23 - 403(b) Plan Asset Allocation at Year-End 2010.....	33
---	----

Table 24 - The 457 Plan Market Segmented by Employer Size at Year-End 2010.....	34
---	----

Table 25 - Trends in 403(b) and 457 Plan Assets.....	35
--	----

## The State and Local Government Market

Table 26 - Segmentation at Year-End 2010.....	36
---	----

## Estimated Market Share of Corporate DC Assets at Year-End 2010

Table 27 - Share by Primary Investment Provider Segmented by Number of Participants.....	37
--	----

# Table of Contents

## Estimated Market Share of Corporate DC Plan Administration at Year-End 2010

Table 28 - Share by Primary Service Provider Segmented by Number of Participants.....	38
---	----

## Projected Corporate DC Sales Opportunities

Table 29 - Sales Opportunities in 2011.....	39
Table 30 –Sales Opportunity Trends.....	40

## Asset Allocation in the Corporate DC Market

Table 31 - Participant Asset Allocation by Age.....	41
Table 32 - Participant Asset Allocation by Account Balance.....	42

## Projected Annual Growth Rates for the Next 3 - 5 Years

Table 33 - Annual Growth by Plan Type.....	43
Table 34 - Corporate DC Plan Growth by Participant Size Segment.....	44

## Growth of Asset Allocation and Target Maturity Date Funds in DC Plans

Table 35 - Trends in Share of DC Plan Assets Held and Share of Current Contributions.....	45
---	----

## Shift from Accumulation to Withdrawal

Table 36 - Long-Term Trends in Population Dynamics Affecting Accumulation and Drawdown of Retirement Plan Assets.....	46
Table 37 - Long-Term Trends in Population Dynamics Affecting Overall Economic Dependency Rates .....	47
Table 38 - Plan Sponsor Usage of and Interest in Retirement Income Solutions.....	48
Table 39 - Top Barriers to Plan Sponsors Adding Retirement Income Solutions.....	49
Table 40 - Participant Interest in Retirement income Features .....	50

# Trends in U.S. Institutional Retirement Markets

Table 3

## Retirement Plan Net Cash Flow (Net Acquisition of Financial Assets in Billions)

	Private DB Plans	Private DC Plans	Total Private	Public Plans*	Private Plus Public
2001	- \$63	\$43	- \$20	\$87	\$67
2002	- \$35	\$52	\$17	\$9	\$26
2003	- \$13	\$40	\$27	\$40	\$67
2004	- \$37	\$47	\$10	\$24	\$34
2005	- \$32	\$65	\$33	\$5	\$38
2006	- \$47	\$100	\$53	\$46	\$99
2007	- \$76	\$108	\$32	\$1	\$33
2008	- \$82	\$31	- \$51	\$17	- \$34
2009	- \$35	\$70	\$35	- \$28	\$7
2010	- \$43	\$70	\$27	- \$42	- \$15

\* State and Local Government Plans; excludes 457 Plans  
Source: Analysis of Federal Reserve Board Flow of Funds data.

# The 401(k) Market

Table 12  
Segmented by Assets at Year-End 2010

By Assets	No. of Plans (000)	No. of Participants* (000,000)	Assets (000,000,000)
< \$1m	364.4	7.8	\$140
\$ 1m - \$ 5m	127.5	8.6	\$265
\$ 5m - \$10m	20.8	4.4	\$145
\$10m - \$25m	13.1	6.5	\$200
\$25m - \$50m	4.6	5.1	\$160
\$50m - \$250m	4.1	12.7	\$425
\$250m - \$1B	1.1	11.2	\$505
> \$1 Billion	0.4	18.1	\$1,235
<b>Total</b>	<b>536.0</b>	<b>74.4</b>	<b>\$3,075</b>

\*Includes actives, retirees and vested terminated participants. Participant counts have been adjusted to reflect changes in the way the DOL defines participants.  
Source: Analysis of Form 5500 data.

# The ESOP Market

Table 19  
Segmented by Participants at Year-End 2010

By Participants	No. of Plans (000)	No. of Participants* (000,000)	Assets (000,000,000)
< 100	4.0	0.3	\$15
100 - 1,000	2.3	0.8	\$50
1,000 - 5,000	0.3	1.1	\$70
> 5,000	0.3	10.6	\$720
<b>TOTAL</b>	<b>6.9</b>	<b>12.8</b>	<b>\$855</b>

\* Includes actives, retirees and vested terminated participants.  
Source: Analysis of Form 5500 data.

# Retirement Market in Focus

## To Order

[Click here to order now](#)

[Click here to download order form](#)