

# Use of alternatives in target date and balanced options by large U.S. plan sponsors: 2017-2021

## 2021 Average Asset allocation of target date and balanced options in the CEM DC database

	Target Date			Balanced
	All	Off-the-shelf	Custom	All
Total Stock	67.8%	69.5%	64.0%	56.9%
Fixed Income	28.7%	28.7%	28.7%	36.7%
Commodities	0.4%	0.4%	0.6%	0.9%
REITs	1.2%	0.8%	2.1%	1.7%
Real Estate	1.0%	0.5%	2.1%	0.8%
Private Equity	0.0%	0.0%	0.0%	0.9%
Risk Parity & Hedge Funds	0.4%	0.0%	1.2%	0.3%
# of Sponsors	111	76	35	40
Total Assets (\$Bn)	\$356	\$166	\$190	\$32

## 2017-2021 Average allocations to alternatives in target date options (only sponsors reporting for all years)

	Target Date				
	2017	2018	2019	2020	2021
Real Estate	0.8%	1.0%	1.3%	1.0%	1.2%
Private Equity	0.1%	0.0%	0.0%	0.0%	0.0%
Risk Parity & Hedge Funds	0.6%	0.6%	0.6%	0.6%	0.5%

## 2021 Average allocations to alternatives within target date and balanced options in the CEM DC database

### Average allocation for those with a non-zero allocation

	Target Date			Balanced
	All	Off-the-shelf	Custom	All
Real Estate	4.7%	3.4%	5.8%	5.9%
Risk Parity & Hedge Funds	10.2%		10.2%	11.7%

Figures shown represent an equal weighting of each plan sponsor. Target date options for a given sponsor have been combined based on assets.

## Cost of target date and balanced options with alternatives

Target Date or balanced options in the database that include any combination of real estate, private equity or risk parity/hedge funds had an average investment manager cost (excluding administration) of 28 basis points. All other target date and balanced options had an average investment manager cost of 13 bps. The options with alternatives tended to also be more active in traditional asset classes than those options without alternatives.

## The CEM DC database

The 2021 CEM DC Database contains option level allocations, costs, benchmarks and returns for 123 U.S. defined contribution plan sponsors, covering \$1.4 trillion in assets. Sponsors provide asset allocation for each target date or balanced option (i.e. they report allocations separately for 2030, 2035, 2040, etc. target year options). Prior to 2017, alternatives were reported as a single allocation within target date and balanced options. The database extends back to 1997.

## About CEM Benchmarking

Our business is providing objective, actionable benchmarking insights into maximizing value for money in investments and pension administration. For Defined Contribution plans of all shapes and sizes, we arm DC plan sponsors with an annual, objective, and defensible fee and performance review process. BenchmarkDC is our comprehensive benchmarking service for Defined Contribution plans. In addition to BenchmarkDC, since 1992, we've also benchmarked managed asset pools, primarily Defined Benefit from around the world. This second, global database covers 300+ fund organizations and over \$12 trillion in assets.



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