

Retirement Landscape

Aron Szapiro

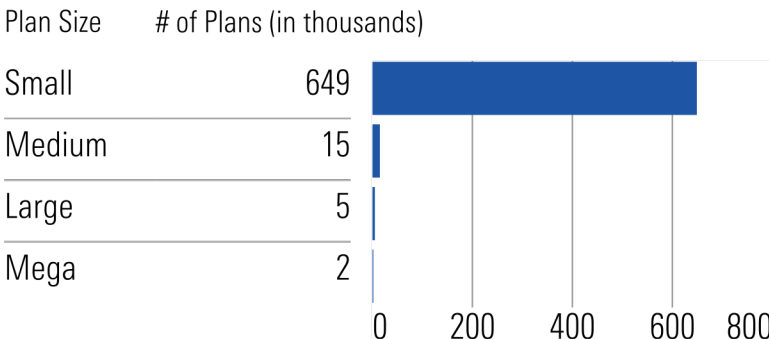
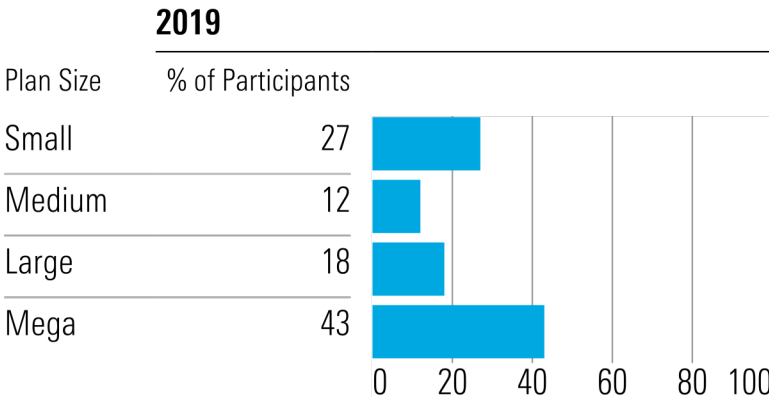
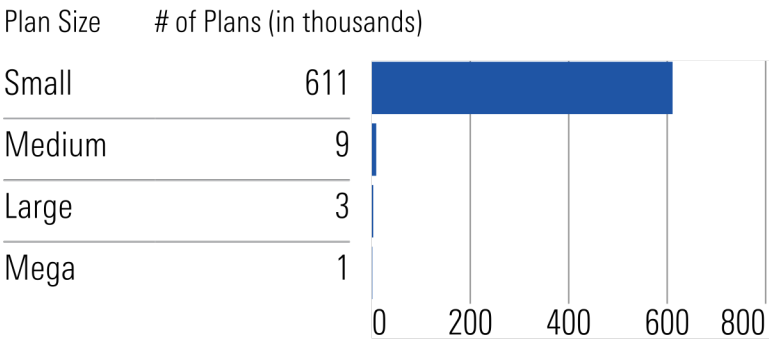
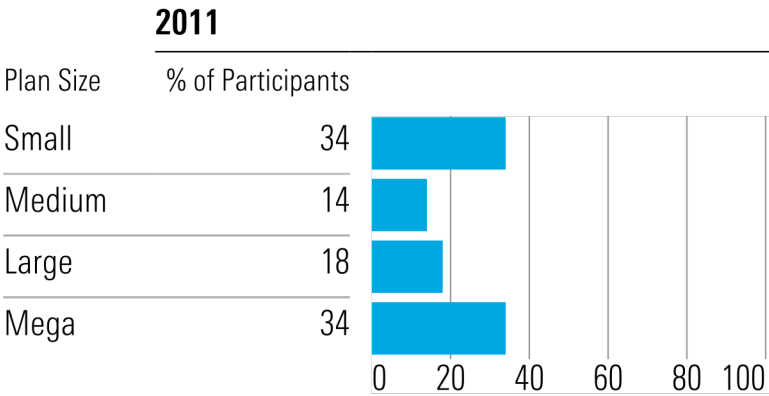
Head of Retirement and Policy Studies

Morningstar, Inc./Morningstar Investment Management
LLC

The U.S. Retirement System Relies on a
Little Over 2,000 Employers

Most Plans Are Small, Most People Are Covered by Large Plans

Percentage of Defined-Contribution Participants Covered by Small, Medium, Large, and Mega Plans

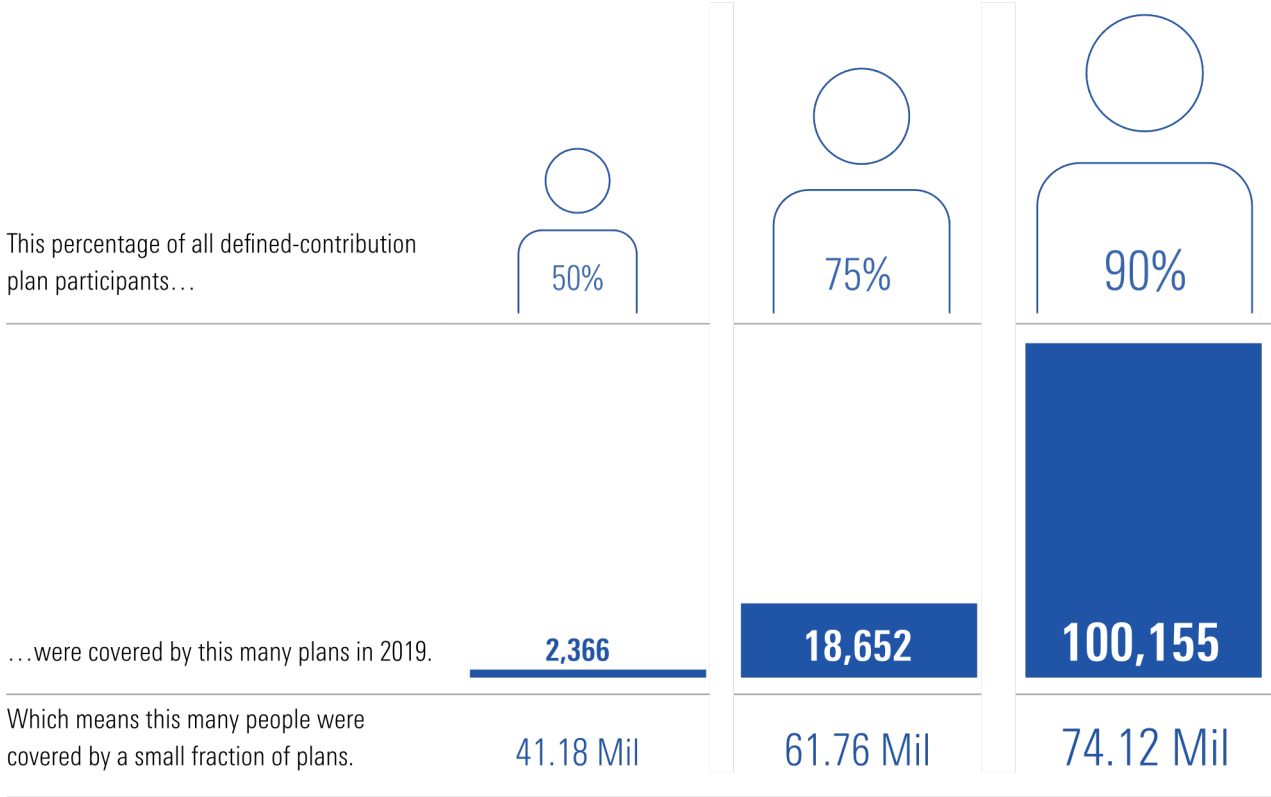


Source: Morningstar analysis of Form 5500 data.

Notes: Mega plans have more than \$500 million in assets; large plans have \$500 million or less in assets, but more than \$100 million; medium plans have \$100 million or less in assets, but more than \$25 million; and small plans have \$25 million or less in assets.

Just 2,366 Plans Offered by 2,115 Employers Cover Half of Participants

The Number of Plans That Cover the Majority of Defined-Contribution Participants
Exhibit 4 The Number of Plans That Cover the Majority of Defined-Contribution Participants

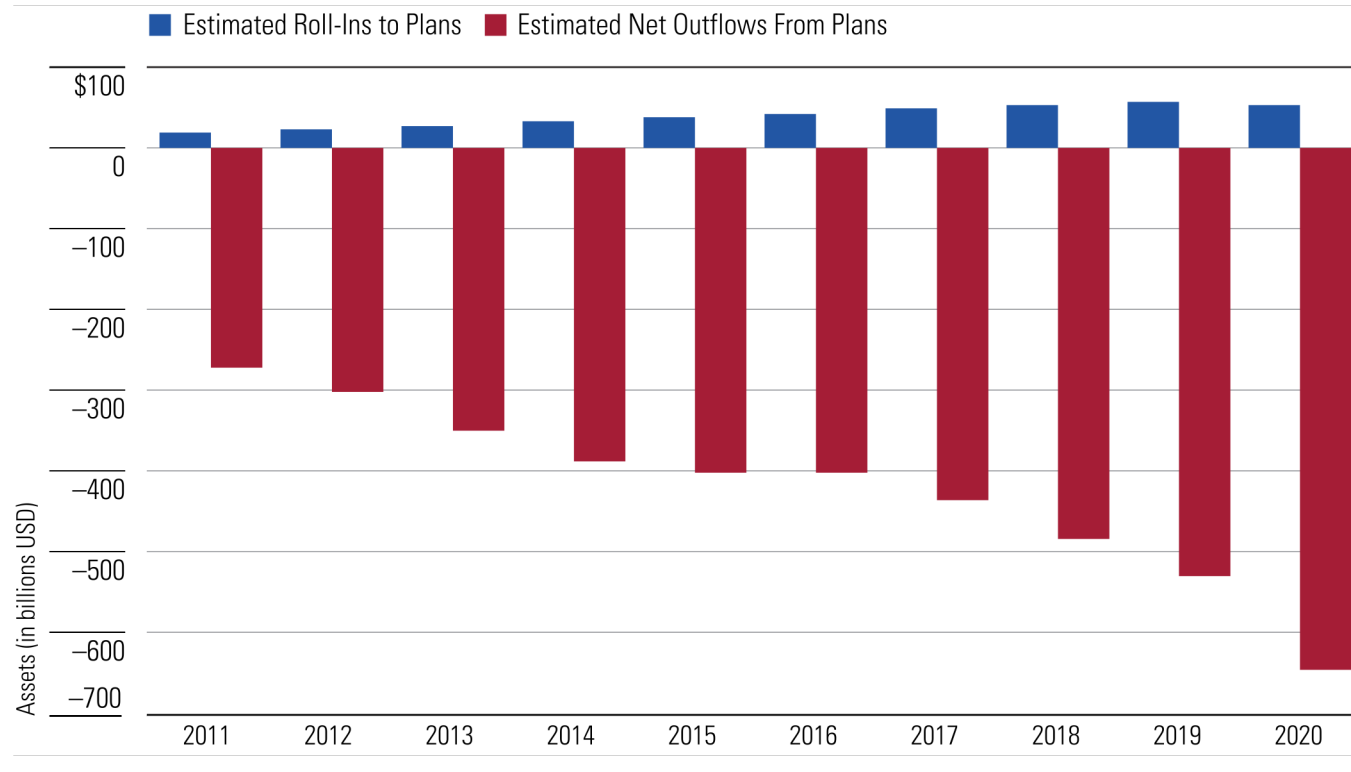


Source: Morningstar analysis of Form 5500 data.

The U.S. DC System is Fundamentally an
Accumulation System

Lots of money exits the system every year

Estimated Net Outflows From and Roll-Ins to Defined-Contribution Plans, 2011 to 2020

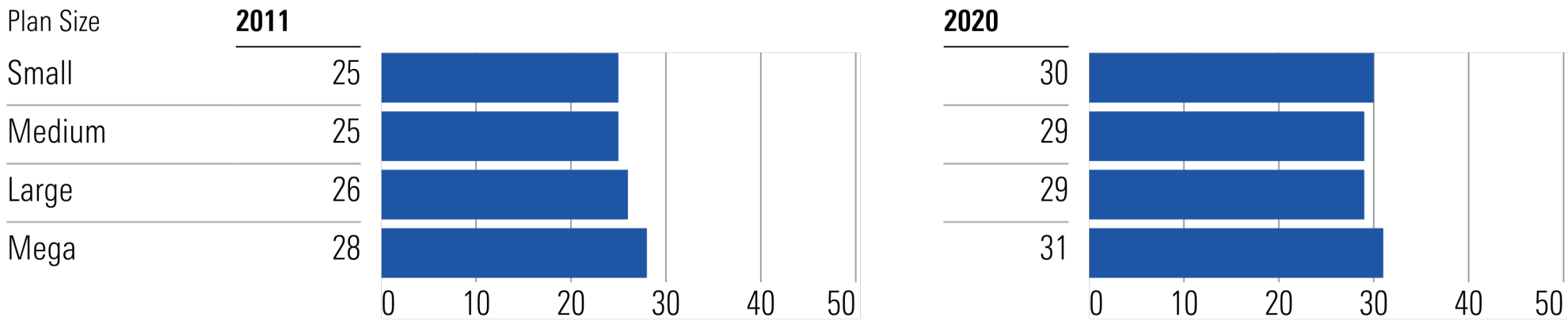


Source: Morningstar analysis of Form 5500 data and 2020 projections based on available filings.

Notes: See methodology section of the Morningstar Retirement Plan Landscape Report for details on this calculation. Net outflows include cash-outs, rollovers, and direct payments to beneficiaries, less roll-ins captured by the DC system when participants shift money into a DC plan. Net outflows do not include other plan distributions, such as payments for insurance contracts.

Most people do not stay in their plans in retirement

Percentage of Plan Participants Who Are Retired or Separated by Plan Size



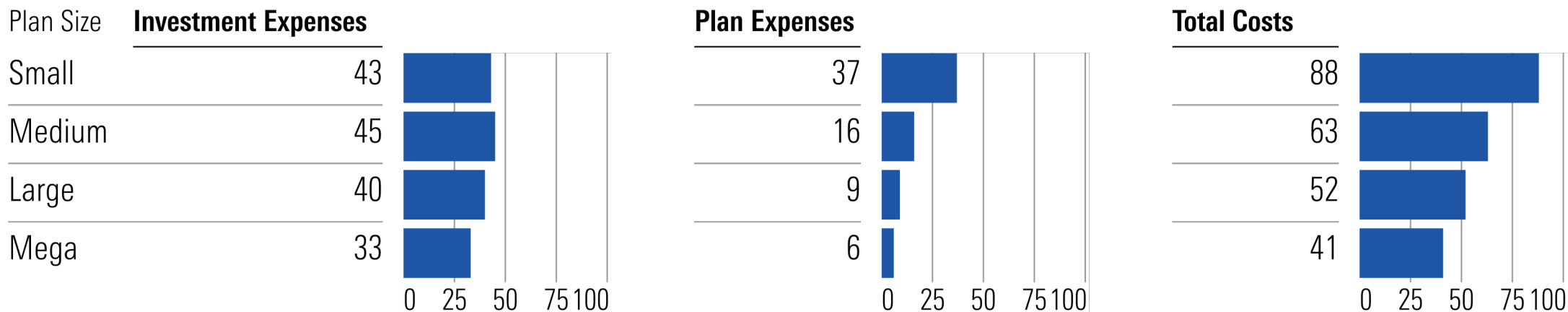
Source: Morningstar analysis of Form 5500 data and 2020 projections based on available filings.

Notes: Mega plans have more than \$500 million in assets; large plans have \$500 million or less in assets, but more than \$100 million; medium plans have \$100 million or less in assets, but more than \$25 million; and small plans have less than \$25 million in assets. Plans with fewer than 100 participants do not report this data, so the small category may not be fully representative. We exclude participants who have no assets in the plan.

Small Plans Often Struggle to Match the
Quality of Larger Plans

Small Plans Cost a Lot More to Participants at the Median

Median 2019 Defined-Contribution Total Costs by Plan Size (in basis points)

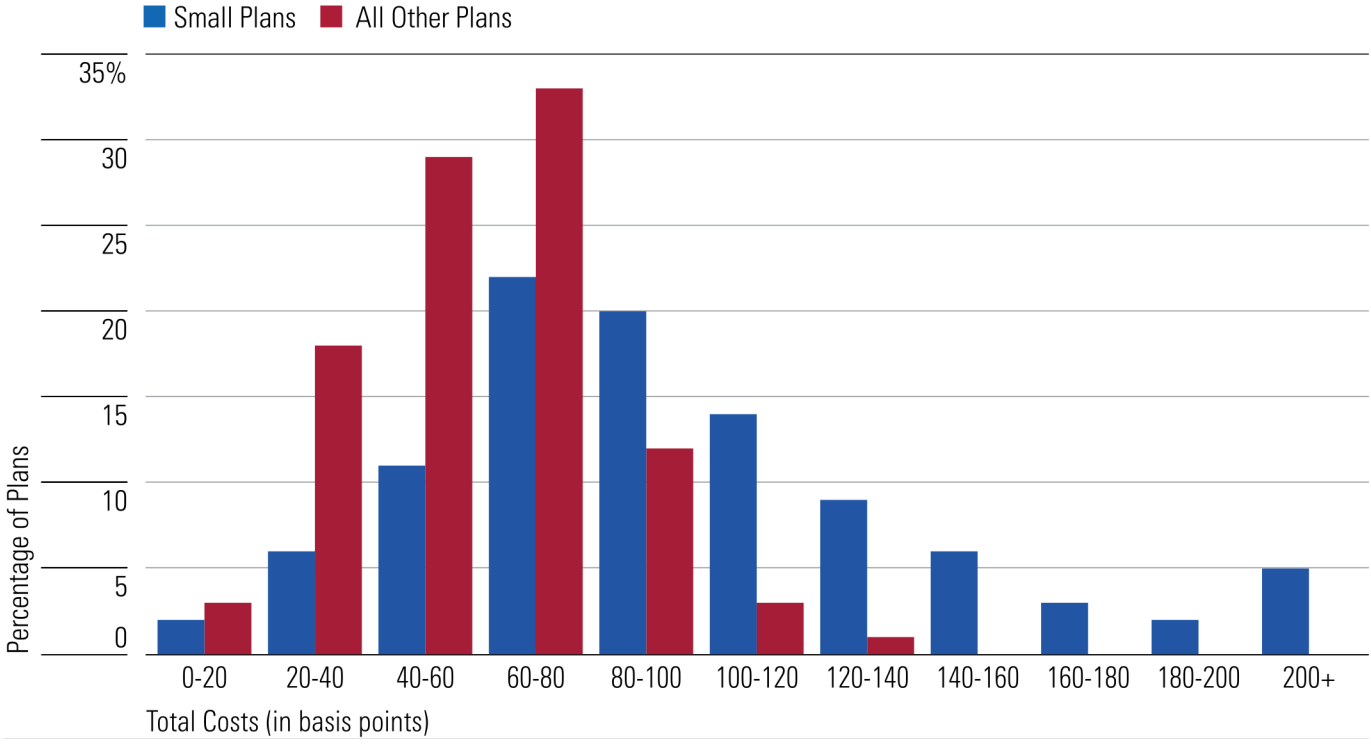


Source: Morningstar investment data matched with Form 5500 data for 2019.

Notes: Mega plans have more than \$500 million in assets; large plans have \$500 million or less in assets, but more than \$100 million; medium plans have \$100 million or less in assets, but more than \$25 million; and small plans have less than \$25 million in assets. The median total cost is not the sum of the medians for investment expenses and plan expenses. Rather, we start with the sum of the investment expenses and plan expenses for each plan and then take the median.

Interestingly, Some Small Plans Offer Plans at Similar Cost to Large Ones

Total Costs Participants Pay to Invest in Defined-Contribution Plans, Small Plans and All Other Plans



Source: Morningstar investment data matched with Form 5500 data for 2019.

Notes: Small plans have less than \$25 million in assets, and all other plans have \$25 million or more.

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