

"How America Saves"

On June 4th, Vanguard released, "How America Saves 2018: A report on Vanguard 2017 defined contribution data." The report features data from approximately 1,900 qualified plans and 4.6 million participants for which Vanguard provides recordkeeping services.

Takeaway: While the value of retirement funds has grown as the markets have risen to all time highs, the results are still far short of what most participants will need for retirement.

While 94 million Americans were covered by Defined Contribution (DC) plans with the majority in 401k plans and a combined balance of over \$7 trillion, the median balance is only \$64,000 overall, and \$209,000 for those over age 65. These balances are not enough to cover the necessary savings to fund retirement.

The percentage of participants with allocations to a single professionally managed option like target-date funds, balanced funds, or managed accounts reached 58% in 2017. A majority of the participants were invested in a single target-date fund (51%), while 4% held a balanced fund, and the remaining 3% used a managed account program.

Other key findings:

- **Auto features:** Nearly half (46%) of plans have adopted automatic enrollment at year-end 2017. Two-thirds of plans offering automatic enrollment also implemented automatic annual deferral rate increases.
- **Participant contributions:** In 2017, two-thirds of plans (67%) offered immediate eligibility for employees to make contributions, and nearly half (46%) of plans immediately vested participants in employer-matching contributions. The average deferral by participants in 2017 was 6.8%, unchanged from 2016 but down slightly from 2015 (6.9%).
- **Plan options:** The average plan offered 18 investment options in 2017 (when target-date or target-risk funds counted as a single offering). The average number of options remained fairly steady between 2008 and 2017.
- **Passive offerings:** In 2017, 6 in 10 plans offered a set of core options providing low-cost index exposure. Despite this, only 2% of all Vanguard plans offer an all-index menu excluding non-passive options like money market, stable value, and company stock funds.
- **Default investment option:** Most surveyed plans (79%) have a qualified default investment alternative (QDIA) as the default investment fund.
- **Company stock:** The number of plans offering company stock to participants has slowly declined from 11% in 2008 to 9% in 2017.
- **Loans and hardships withdrawals:** The percent of plans allowing loans reached 80% in 2017. Similarly, 85% of plans allowed hardship withdrawals, while 88% of plans allowed age 59½ withdrawals in 2017.
- **Savings can be bolstered by lower fees:** even small percentages in terms of fees can save thousands of dollars when compounded over time.

Bottom Line: Americans are not saving nearly enough for retirement

Additional details on participant and plan sponsor trends can be found in the [full report](#).

John Ulrich
September 2018

Source: <https://www.callan.com/dcinsights-vanguard-releases-how-america-saves-report/>

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**Taft Hartley
Quarterly Review**

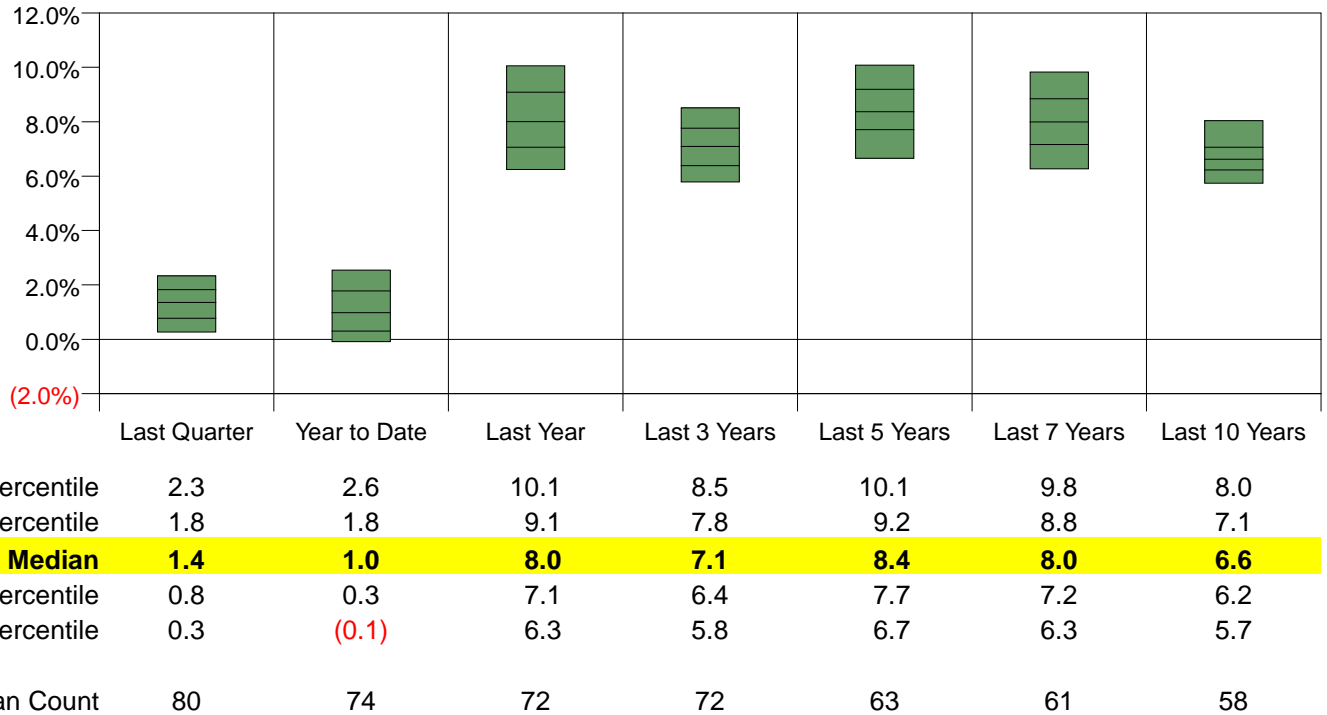
June 30, 2018

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Peer Group Performance Comparisons: Small Taft Hartley Database (<\$100m)

Returns for Periods Ended June 30, 2018

Group: Callan Taft Hart Fd Spr Small DB (<100M)



Source: Callan Associates

The Floating Bar chart analyzes data in both a graphical and numerical format. The top part of the chart shows floating bars, which represent the distribution of the Callan Associates' Small Taft Hartley Database over multiple time periods. These plans have less than \$100 Mil in assets.

The bars represent the range of returns for all funds included in the database. The Plan Count is the number of Plans included for the specific time period. The table at the bottom of the chart displays the same data in numerical format.

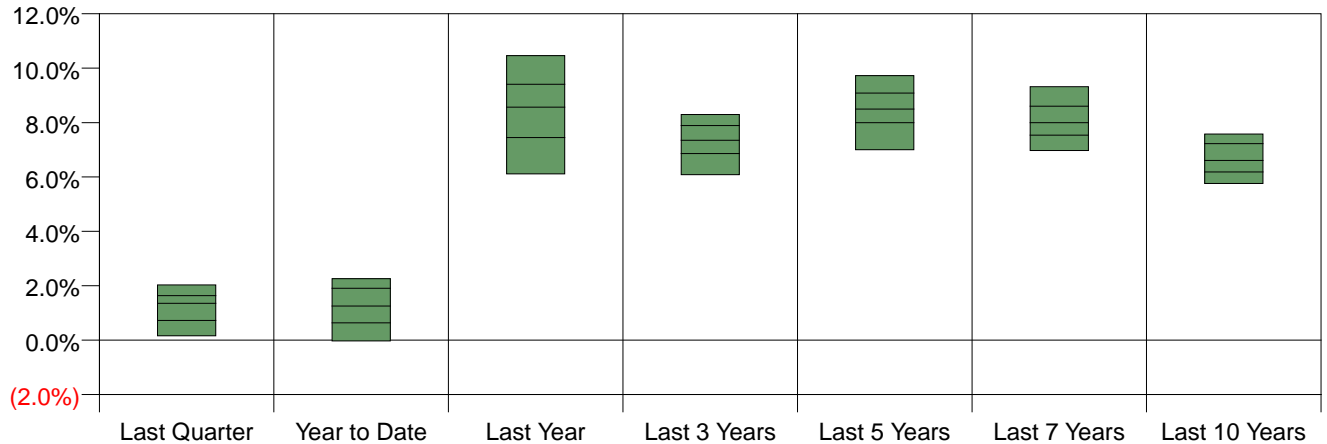
The median return may be useful in comparing the returns of other Small Defined Benefit plans to the Callan Database of returns. **Please be aware that the returns will vary significantly based on the specific asset allocation and risk tolerance of the Plan. The average asset allocation of the Small Taft Hartley database would generally be considered Moderately Aggressive. As of the most recent period, they had an average allocation to equity of 50%**

As of 6/30/2018, the Small Taft Hartley Database is comprised of 118 Defined Benefit Plans representing \$3.8 Bil in assets. The average plan size was \$50.4 Mil and the median plan size was \$48.1 Mil.

Peer Group Performance Comparisons: Mid Taft Hartley Database (\$100m-\$1B)

Returns for Periods Ended June 30, 2018

Group: Callan Taft Hart Fund Spr Mid (100M-1B)



	Last Quarter	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	2.0	2.3	10.5	8.3	9.7	9.3	7.6
25th Percentile	1.6	1.9	9.4	7.9	9.1	8.6	7.2
Median	1.4	1.3	8.6	7.4	8.5	8.0	6.6
75th Percentile	0.7	0.6	7.4	6.9	8.0	7.5	6.2
90th Percentile	0.2	0.0	6.1	6.1	7.0	7.0	5.8
Plan Count	79	79	79	78	78	78	77

Source: Callan Associates

The Floating Bar chart analyzes data in both a graphical and numerical format. The top part of the chart shows floating bars, which represent the distribution of the Callan Associates' Mid sized Taft Hartley Database over multiple time periods. These plans have more than \$100 Mil but less than \$1 Bil in assets.

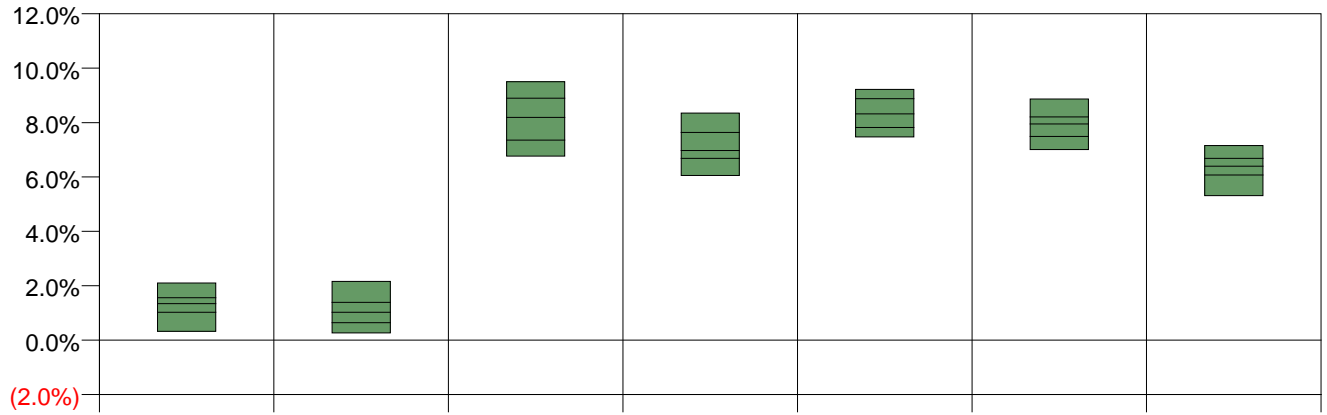
The bars represent the range of returns for all funds included in the database. The Plan Count is the number of Plans included for the specific time period. The table at the bottom of the chart displays the same data in numerical format.

The median return may be useful in comparing the returns of other Mid sized Defined Benefit plans to the Callan Database of returns. ***Please be aware that the returns will vary significantly based on the specific asset allocation and risk tolerance of the Plan. The average asset allocation of the Mid sized Taft Hartley database would generally be considered Moderately Aggressive. As of the most recent period, they had an average allocation to equity of 48%.***

As of 6/30/2018, the Mid Taft Hartley Database is comprised of 105 Defined Benefit Plans representing \$25.5 Bil in assets. The average plan size was \$322.9 Mil and the median plan size was \$246.4 Mil.

Peer Group Performance Comparisons: Large Taft Hartley Database (>\$1B)

Returns for Periods Ended June 30, 2018
 Group: Callan Taft Hart Fund Spr - Large (>1B)



	Last Quarter	Year to Date	Last Year	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years
10th Percentile	2.1	2.2	9.5	8.4	9.2	8.9	7.2
25th Percentile	1.6	1.4	8.9	7.6	8.9	8.2	6.7
Median	1.3	1.0	8.2	7.0	8.3	7.9	6.4
75th Percentile	1.0	0.6	7.4	6.7	7.8	7.5	6.1
90th Percentile	0.3	0.3	6.8	6.1	7.5	7.0	5.3
Plan Count	24	24	24	24	24	24	23

Source: Callan Associates

The Floating Bar chart analyzes data in both a graphical and numerical format. The top part of the chart shows floating bars, which represent the distribution of the Callan Associates' Mid sized Taft Hartley Database over multiple time periods. These plans have more than \$1 Bil in assets.

The bars represent the range of returns for all funds included in the database. The Plan Count is the number of Plans included for the specific time period. The table at the bottom of the chart displays the same data in numerical format.

The median return may be useful in comparing the returns of other Mid sized Defined Benefit plans to the Callan Database of returns. **Please be aware that the returns will vary significantly based on the specific asset allocation and risk tolerance of the Plan. The average asset allocation of the Mid sized Taft Hartley database would generally be considered Moderately Aggressive. As of the most recent period, they had an average allocation to equity of 47%.**

As of 6/30/2018, the Large sized Taft Hartley Database is comprised of 34 Defined Benefit Plans representing \$78.1 Bil in assets. The average plan size was \$3.252 Bil and the median plan size was \$2.053 Bil.

DISCLOSURES

The Taft-Hartley group consists of multi-employer total funds including both Callan clients and surveyed non-Callan client funds. The performance of these multi-employer funds are not and should not be construed to be indicative of returns earned by Ulrich Investment Consultants.

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