RETIREMENT ADVISOR COUNCIL

PRIVATE MARKETS IN DEFINED CONTRIBUTION PLANS

Monday, December 08, 2025

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ACKNOWLEDGEMENTS

Thanks to DCALTA (Defined Contribution Alternatives Association),
its founder and President Jonathan R. Epstein AIF®,
and its Board Chair Michelle Rappa
for their insightful contributions to this research.

- INTEREST IN ASSET CLASSES LISTED IN EXECUTIVE ORDER 14330
- CONSIDERATIONS IN EXPLORING POTENTIAL USE OF PRIVATE MARKET INVESTMENTS
- KNOWLEDGE, EXPERIENCE, AND SUPPORT
- MARKET DEMAND
- LEARNING MORE
- ABOUT

KEY INSIGHTS

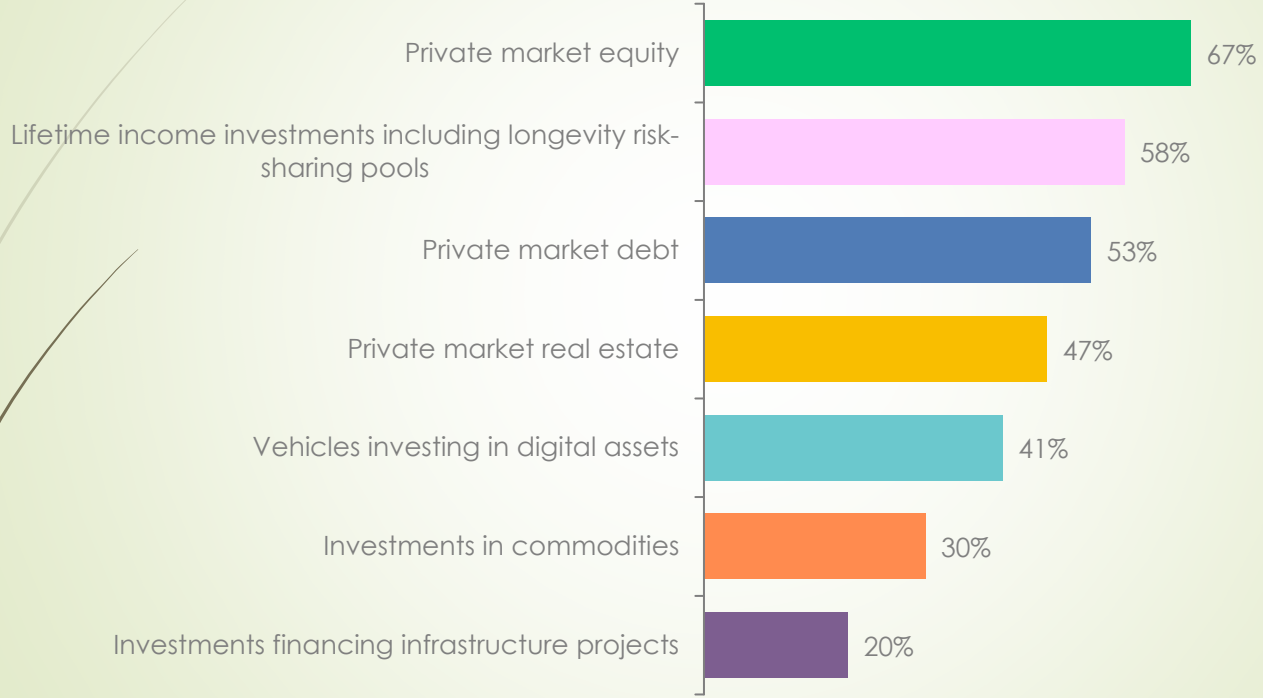
- **Growing Interest but Early Stage:** Advisors see private markets as an emerging trend, but adoption remains cautious due to unknowns and operational complexity.
- **Top Considerations:** Liquidity (42 mentions), Cost/Fees (26), and Risk (22) dominate concerns when evaluating private market options.
- **Candidate Profile:** Best suited for large plans with strong governance, sophisticated committees, and educated participant demographics. Poor candidates include small, resource-constrained plans with low investment literacy and high turnover.
- **Barriers Beyond DOL Guidance:** Liquidity, product availability, transparency, and fiduciary risk are key hurdles.
- **Knowledge Gap:** Most advisors report only working knowledge; strong interest in education via webinars, conferences, and whitepapers.
- **Demand Outlook:** Majority expect inquiries to increase somewhat if safe harbor guidance is issued, but not to surge dramatically.

STRATEGIC ACTIONS for your consideration

- **Prioritize Education:** Seek targeted personal development opportunities and discussions; leverage webinars, boot camps, and whitepapers to close knowledge gaps.
- **Start with Managed Solutions:** Introduce private markets through professionally managed accounts or custom asset allocation funds rather than core menu options.
- **Enhance Transparency:** Inquire about valuation practices, fee structures, and liquidity terms from providers before including an option in the short list.
- **Strengthen Governance:** Review and update IPS to address private market allocations; ensure committees have discussed the topic, risk frameworks and benchmarking protocols.
- **Assess Plan Suitability:** Focus on large, stable plans with sophisticated governance and demographics; avoid small or high-turnover plans until operational models mature.
- **Monitor Regulatory Developments:** Prepare for DOL safe harbor guidance and potential SEC/IRS rules; align compliance and fiduciary processes early.

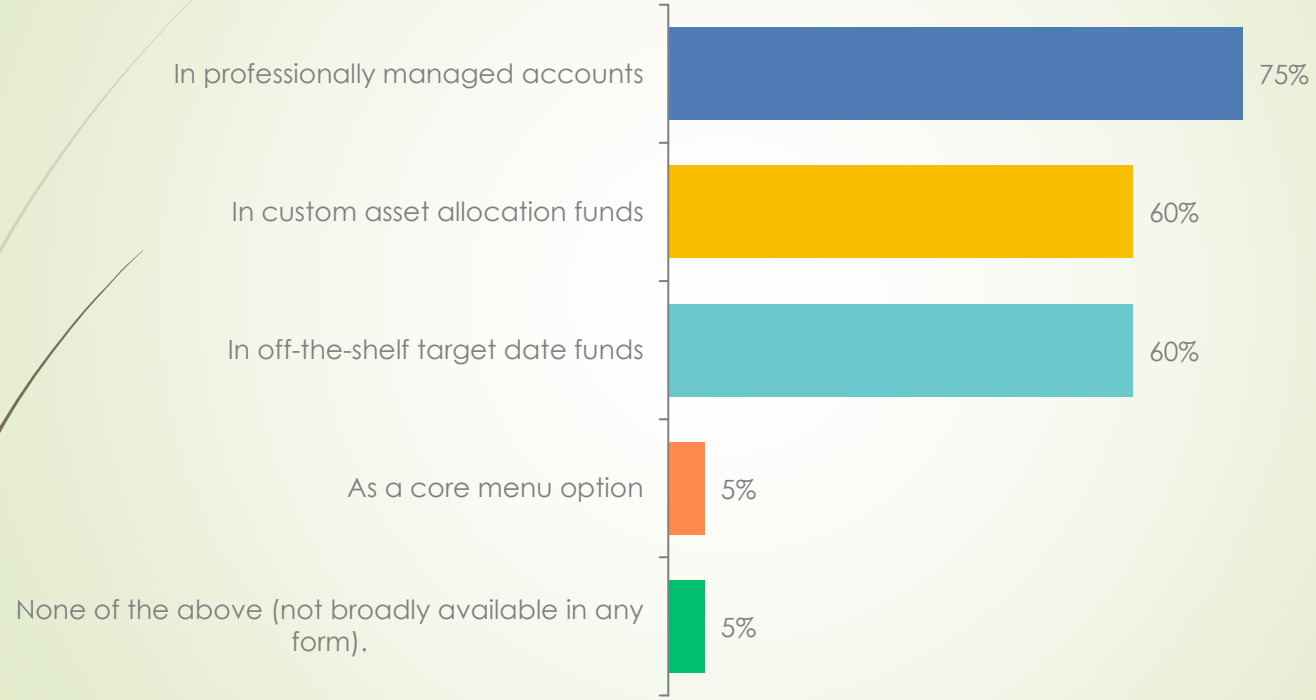
INTEREST IN ASSET CLASSES LISTED IN EXECUTIVE ORDER 14330

Q1: The Executive Order issued in August '25, regarding "alternative assets" mentioned several asset classes on which the DOL is to provide guidance. Of these, which would you be interested in evaluating for retirement plans? (*check all that apply*)



- Answered: 66 Skipped: 3

Q2: How do you anticipate that private market investment products will be broadly available to Defined Contribution Plans at the close of the 2020s? (*check all that apply*)



- Answered: 63 Skipped: 6

CONSIDERATIONS IN EXPLORING POTENTIAL USE OF PRIVATE MARKET INVESTMENTS

Q3: In your opinion, what factors should a plan sponsor or an advisor take into consideration as they explore the potential use of private market investment options in their plan?

Theme	Count
Liquidity	42
Cost/Fees	26
Risk (including fiduciary, concentration)	22
Transparency/Valuation	15
Participant Education/Communication	14
Manager Due Diligence	11
Benchmarking/Performance Evaluation	9
Portability	7
Regulatory/Fiduciary Considerations	6
Demographics/Participant Profile	5

- Answered: 63 Skipped: 6

Q3: In your opinion, what factors should a plan sponsor or an advisor take into consideration as they explore the potential use of private market investment options in their plan?(2)

- Answered: 63 Skipped: 6

Q3: In your opinion, what factors should a plan sponsor or an advisor take into consideration as they explore the potential use of private market investment options in their plan?(3)

Liquidity (42 mentions)
"Liquidity is the biggest issue I am seeing. Anything that could cause potential issues with participants getting assets is a major concern."

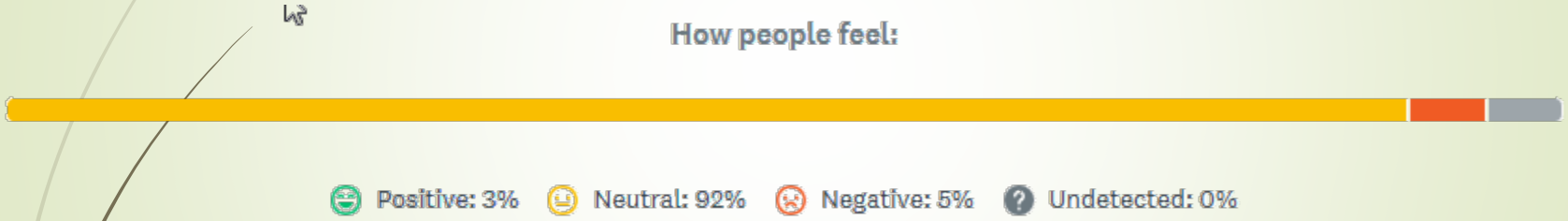
Cost/Fees (26 mentions)
"Costs and liquidity concerns. Participant's ability to fully understand potential risks/rewards. Even with a Safe Harbor, how can Fiduciaries compare performance as they are all fairly unique approaches?"

Risk (22 mentions)
"I think risk, liquidity, and concentration risk are key considerations. Private market investments are illiquid, carry higher risk including valuation uncertainty and manager selection, and can introduce concentration risk."

- Answered: 63 Skipped: 6

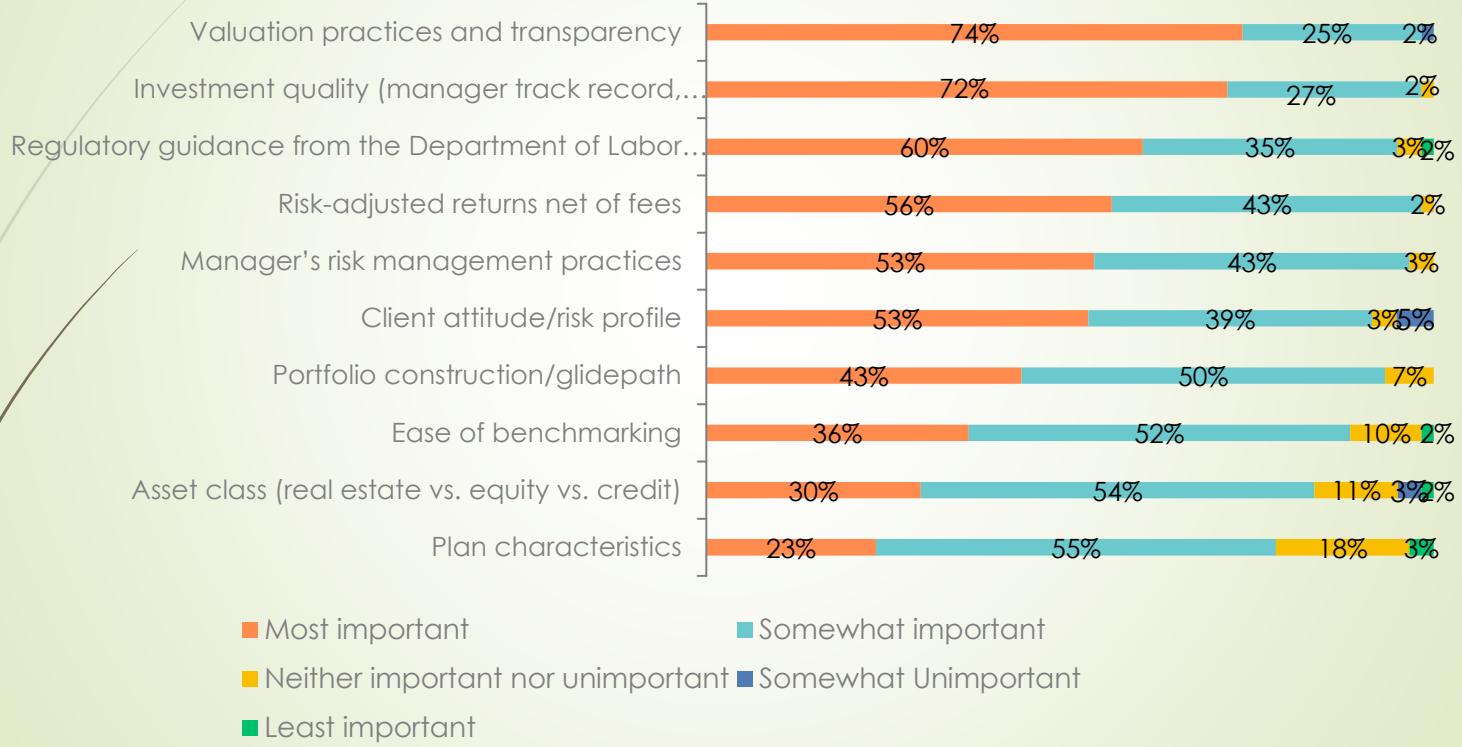
Q3: In your opinion, what factors should a plan sponsor or an advisor take into consideration as they explore the potential use of private market investment options in their plan?(4)

Sentiment Analysis



- Answered: 63 Skipped: 6

Q4: In this context (multi-asset strategies only), which of the following facts and circumstances should a plan sponsor or their advisor take into consideration as they explore the potential use of private market investment options in their plan?



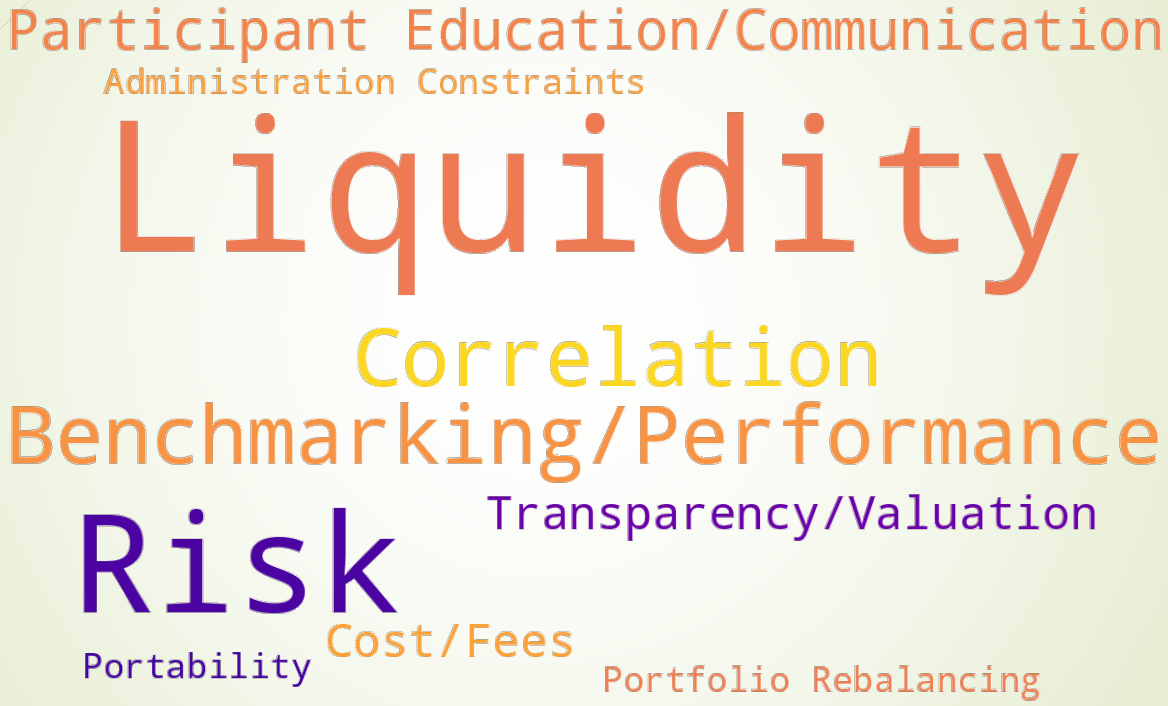
- Answered: 61 Skipped: 8

Q5: What other factors should a plan sponsor or their advisor take into consideration (if any)?

Theme	Count
Liquidity	10
Risk	5
Benchmarking/Performance	3
Correlation	3
Participant Education/Communication	3
Transparency/Valuation	2
Cost/Fees	2
Portability	1
Portfolio Rebalancing	1

- Answered: 20 Skipped: 49

Q5: What other factors should a plan sponsor or their advisor take into consideration (if any)? (2)



- Answered: 20 Skipped: 49

Q5: What other factors should a plan sponsor or their advisor take into consideration (if any)? (3)

Liquidity (10 mentions)
"Liquidity considerations."

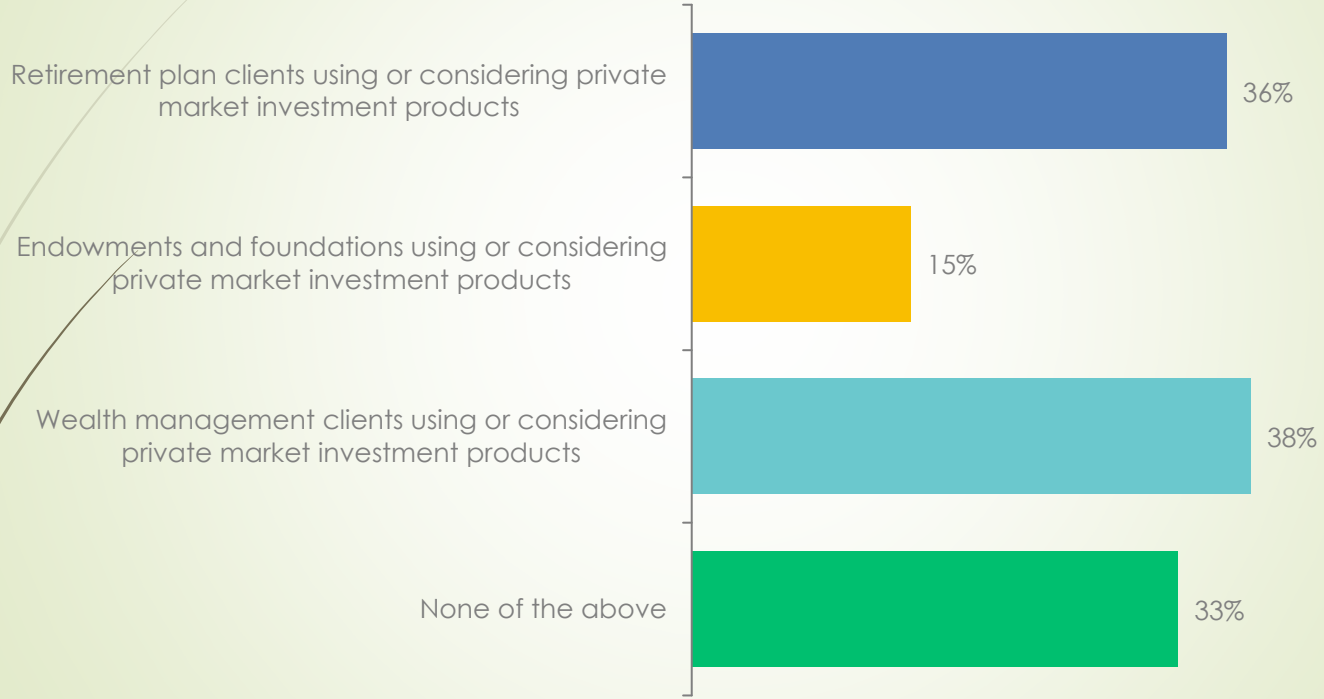
Risk (5 mentions)
"Liquidity in various market events. Level 3 Audit exposure. Investment risk and return tradeoffs, investment correlation risk."

Benchmarking/Performance (3 mentions)
"This is a hard question because if private markets are included in a risk strategy… then the overall strategy is the one we should be benchmarking… not their use specifically of private assets."

- Answered: 20 Skipped: 49

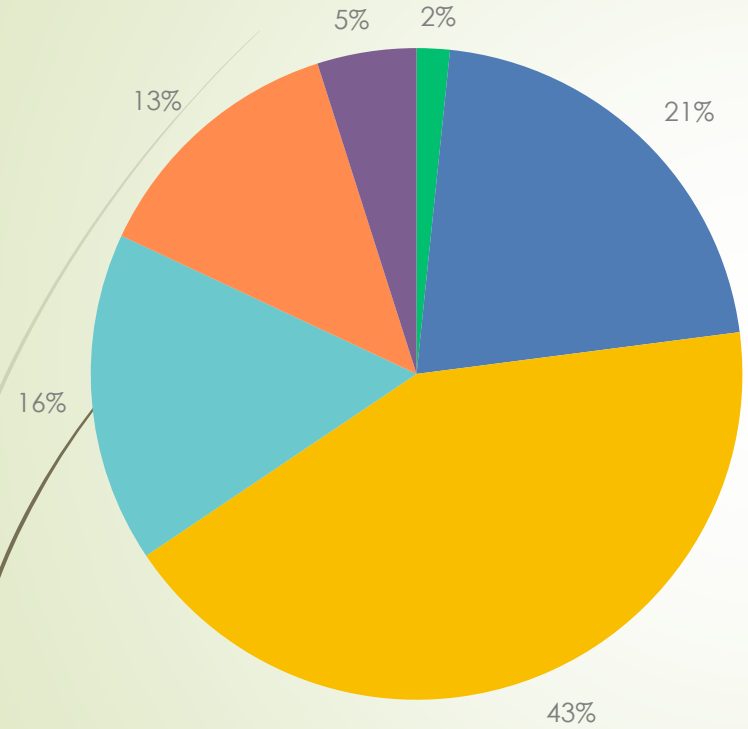
KNOWLEDGE, EXPERIENCE, AND SUPPORT

Q6: What is your level of personal experience with private market investment products in or outside retirement plans? I have personal experience advising... (*check all that apply*)



- Answered: 61 Skipped: 8

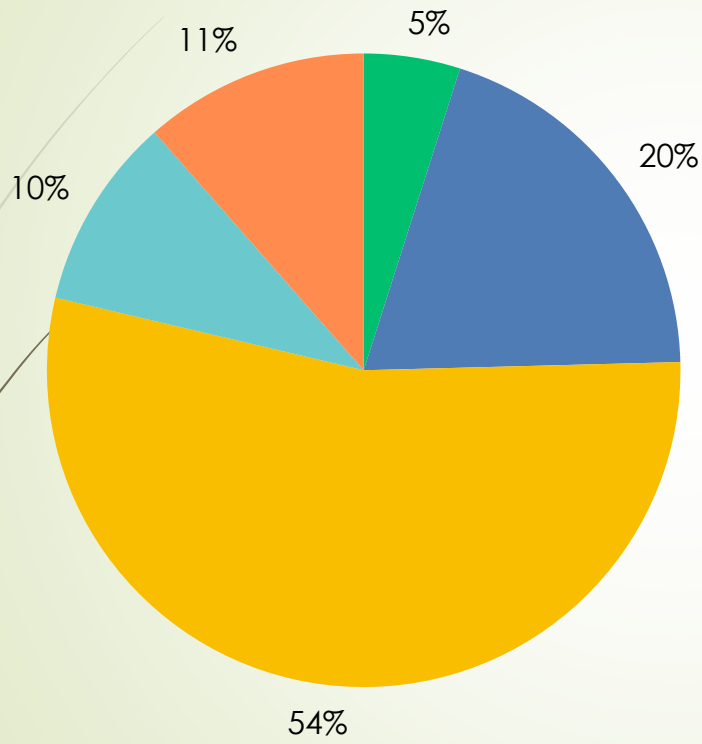
Q7: What is your level of personal knowledge of private market investment products in or outside retirement plans?



- Recognized expert on the topic
- Confident - I can confidently explain the topic's strengths, weaknesses, and implications to a client with minimal preparation.
- Working knowledge - I would need to study, but I could prepare and deliver a client presentation on this topic.
- Conversant - I can apply the topic in routine situations and understand its practical implications, but not enough to give a presentation.
- Familiar – I know enough about the topic, but I need to learn more to be conversant.
- Not familiar – I need to learn more about the topic.

Answered: 61 Skipped: 8

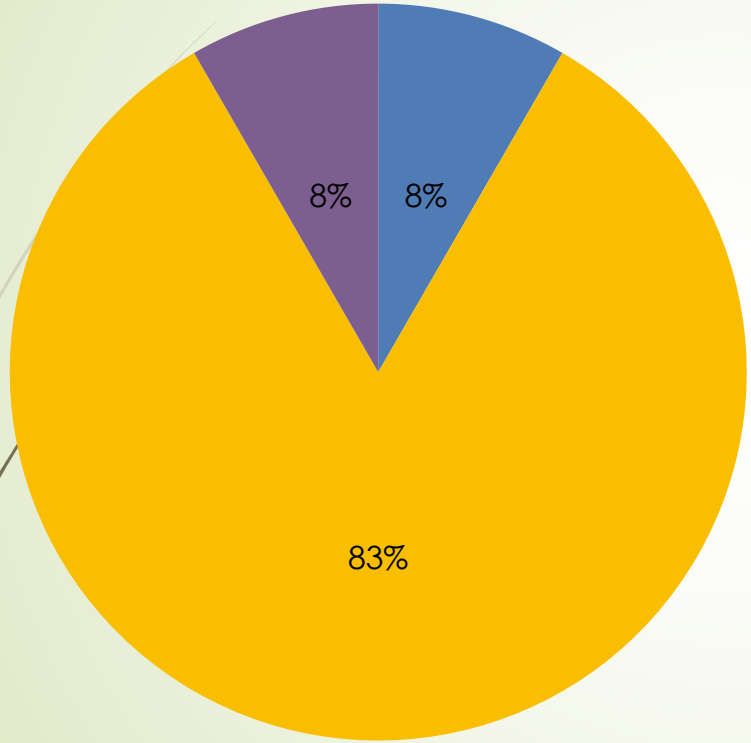
Q8: On whom do you rely foremost for help on private market products when needed?



- Another advisor on your team
- Your team's investment analyst
- Your firm's investment team of Chief Investment Officer
- Staff of an investment manager
- Other (please describe)

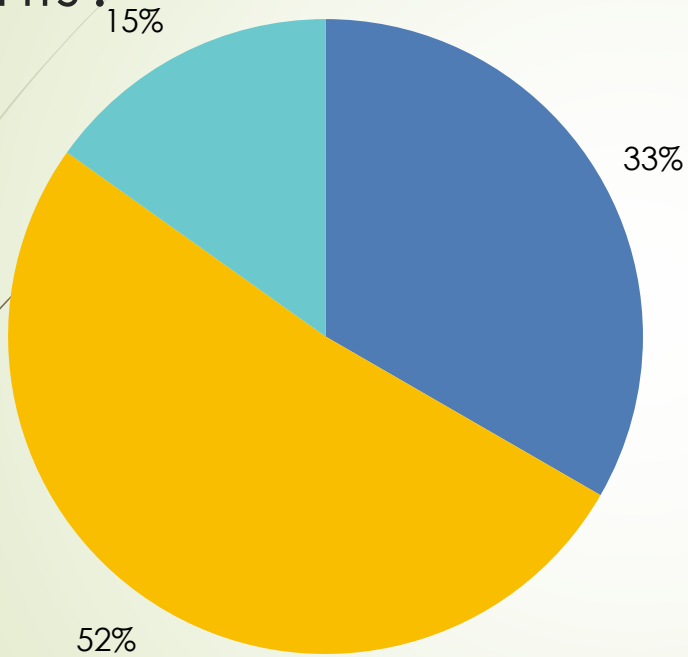
Answered: 61 Skipped: 8

Q9: How would you describe the knowledge level of your investment analyst on private market investments?



- Answered: 12 Skipped: 57
- Base: Advisors who rely on their investment analyst

Q10: How would you describe the knowledge level of your firm's investment team or CIO on private market investments?



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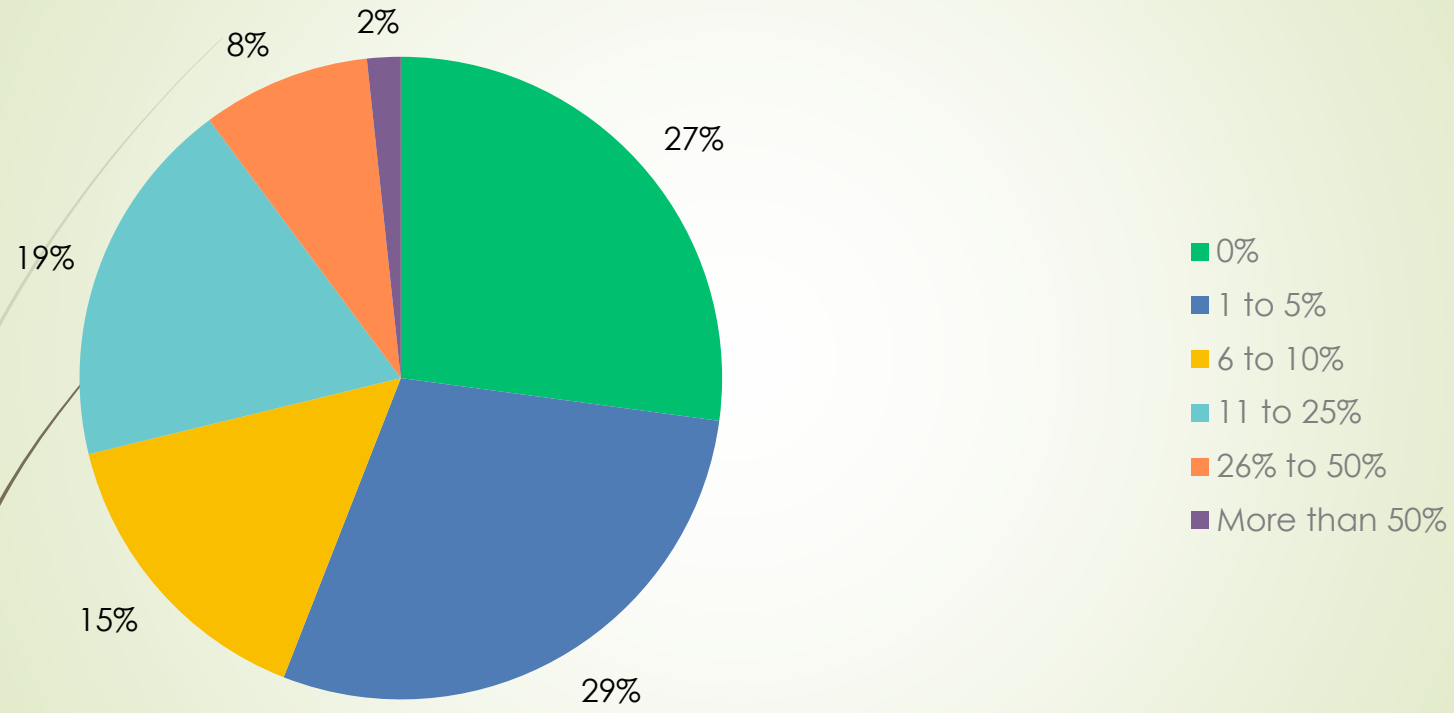
- Conversant - can apply the topic in routine situations and understand its practical implications, but not enough to give a presentation
- Familiar – knows enough about the topic but needs to learn more to be conversant
- Not familiar – needs to learn more about the topic

- Answered: 33 Skipped: 36
- Bae: Advisors who rely on their firm's investment team or CIO

MARKET DEMAND

Q13: What percentage of plan sponsors have asked about private markets in the last 12 months?



- Answered: 59 Skipped: 10

Q11: What characteristics make a plan sponsor a good candidate for private market allocations?

Theme	Count
Investment Sophistication	30
Participant Demographics	24
Governance / IPS	15
Plan Size / Assets	10
Industry / Sector	9
Risk Awareness	7
DB/Endowment or Managed Solutions	4
Liquidity Considerations	4
Education / Communication	4
Costs / Minimums	3
Workforce / Plan Stability	3

- Answered: 59 Skipped: 10

Q11: What characteristics make a plan sponsor a good candidate for private market allocations? (2)

- Answered: 59 Skipped: 10

Q11: What characteristics make a plan sponsor a good candidate for private market allocations? (3)

Investment Sophistication (30 mentions)
“Investment sophistication of plan sponsor committee and participants.”

Participant Demographics (24 mentions)
“Younger participant demographics with employees that have higher education qualifications, sophisticated committee/sponsor, current number of investment options is minimal.”

Governance / IPS (15 mentions)
“Strong governance and IPS.”

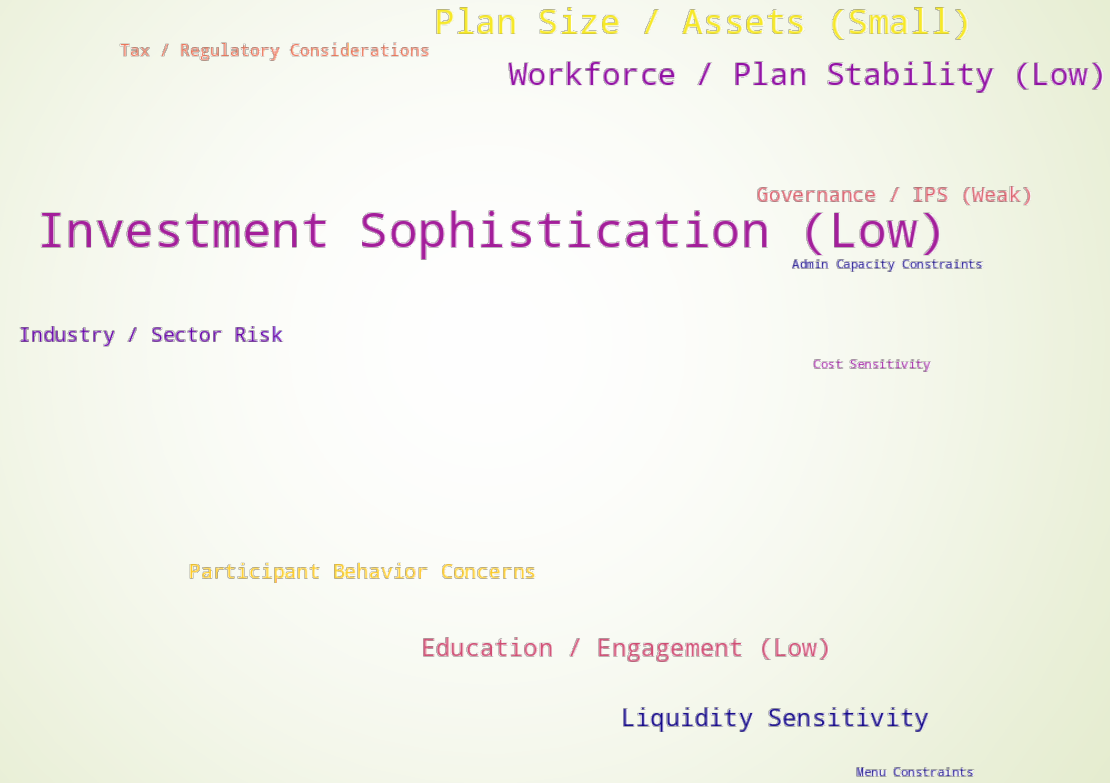
- Answered: 59 Skipped: 10

Q12: Conversely, what characteristics make a plan sponsor a poor candidate for private market allocations?

Theme	Count
Investment Sophistication (Low)	26
Plan Size / Assets (Small)	11
Workforce / Plan Stability (Low)	9
Education / Engagement (Low)	5
Liquidity Sensitivity	5
Governance / IPS (Weak)	3
Industry / Sector Risk	3
Participant Behavior Concerns	3
Tax / Regulatory Considerations	2
Cost Sensitivity	1
Admin Capacity Constraints	1

- Answered: 57 Skipped: 12

Q12: Conversely, what characteristics make a plan sponsor a poor candidate for private market allocations? (2)



- Answered: 57 Skipped: 12

Q12: Conversely, what characteristics make a plan sponsor a poor candidate for private market allocations? (3)

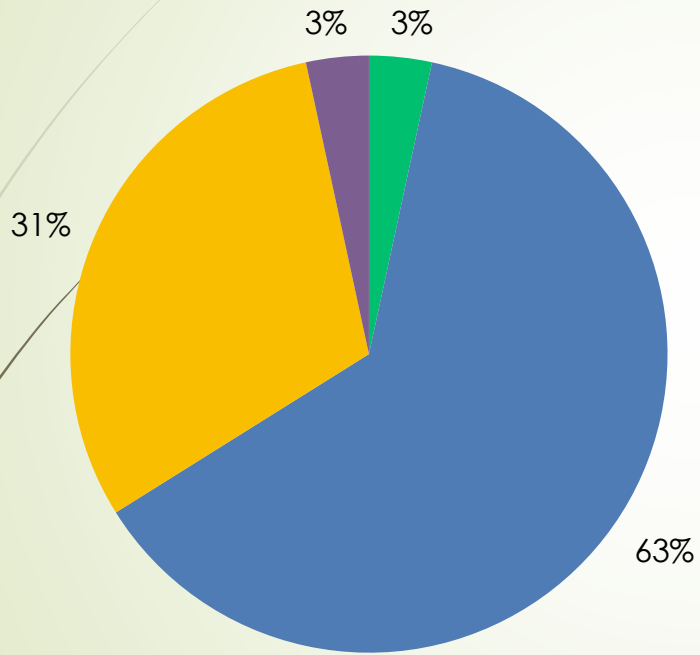
Investment Sophistication (Low) (26 mentions)
“Lack of understanding of products and risk assumption.”

Plan Size / Assets (Small) (11 mentions)
“Plans that are small, resource constrained, governance light, participant heavy on liquidity needs, and operationally unsophisticated are poor candidates for private market allocations.”

Workforce / Plan Stability (Low) (9 mentions)
“M&A Considerations: Plans with high M\&A history — Plan Stability: Frequent M\&A can lead to plan freezes, terminations, or changes in investment strategy .”

- Answered: 57 Skipped: 12

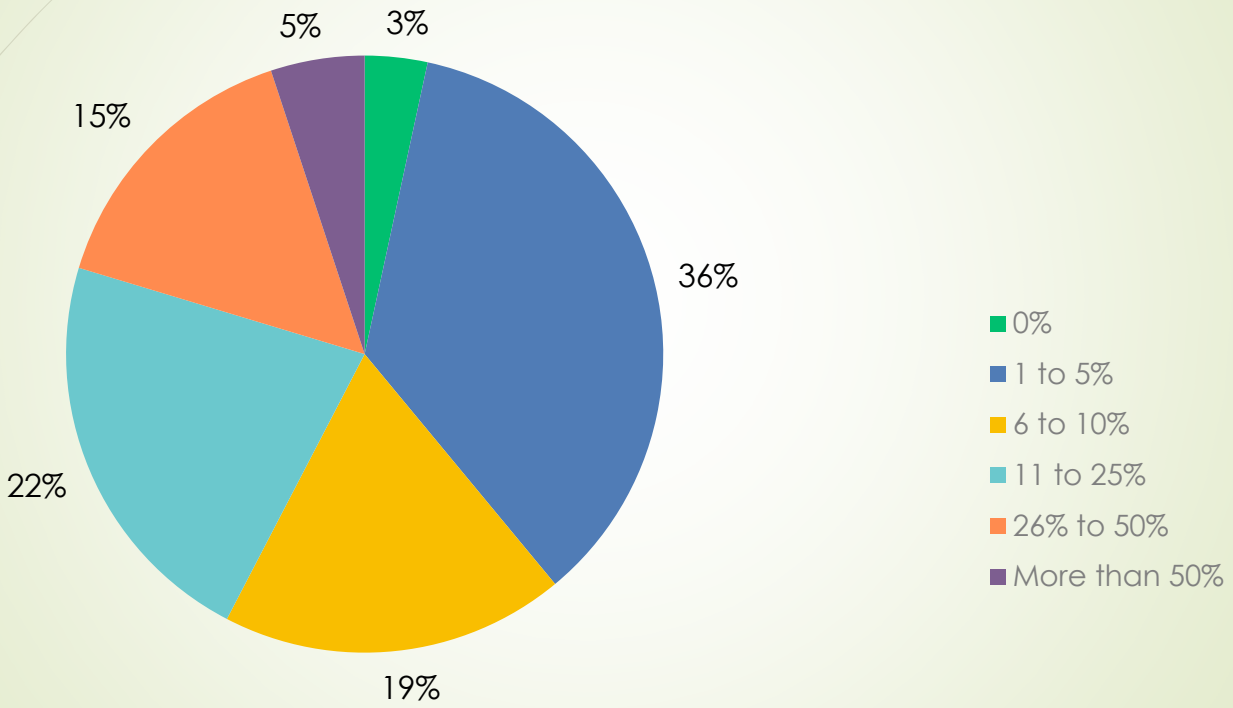
Q14: How do you anticipate that the number of plan sponsors who ask about private markets will evolve over the next 12 months assuming the DOL formulates a safe harbor?



- Increase significantly (+50% or more)
- Increase somewhat (less than 50%)
- Stay the same
- Decrease somewhat (less than 50%)
- Decrease significantly (50% or more)
- No opinion

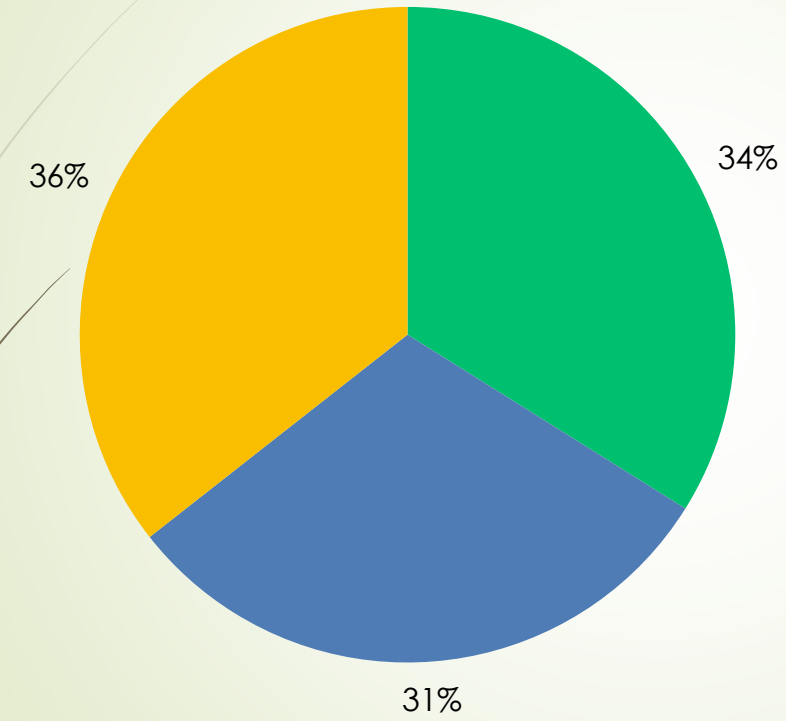
- Answered: 59 Skipped: 10

Q15: Assuming the DOL provides guidance that lends itself towards acceptance, what percentage of prospects do you anticipate will proactively bring up private markets over the next 12 months?



Answered: 59 Skipped: 10

Q16: Are you waiting for guidance from the Department of Labor to introduce this topic to plan sponsors?



- Answered: 59 Skipped: 10

Q17: What hurdles or obstacles besides DOL guidance would hold you back from proactively bringing up private markets 12 months from now?

Theme	Count
Liquidity	13
Product Availability / Platform	10
Transparency / Valuation	8
No Obstacles	7
Governance/Committee Expertise	7
Benchmarking / Evidence	6
Regulatory Uncertainty (SEC/IRS)	5
Operational/Recordkeeping	5
Cost/Fees	5
Litigation/Fiduciary Risk	4
Market Conditions/Volatility	4
Demand/Interest	3

- Answered: 59 Skipped: 10

Q17: What hurdles or obstacles besides DOL guidance would hold you back from proactively bringing up private markets 12 months from now? (2)

- Answered: 59 Skipped: 10

Q17: What hurdles or obstacles besides DOL guidance would hold you back from proactively bringing up private markets 12 months from now? (3)

Liquidity (13 mentions)
“Issues around liquidity, transparency.”

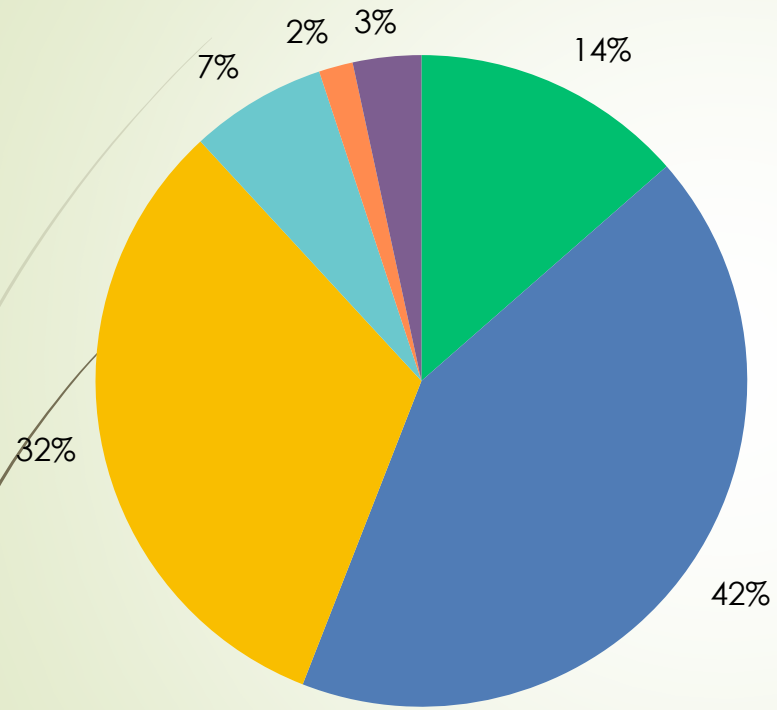
Product Availability / Platform (10 mentions)
“Product availability on platform.”

Transparency / Valuation (8 mentions)
“Lack of transparency of the firms offering these products.”

- Answered: 59 Skipped: 10

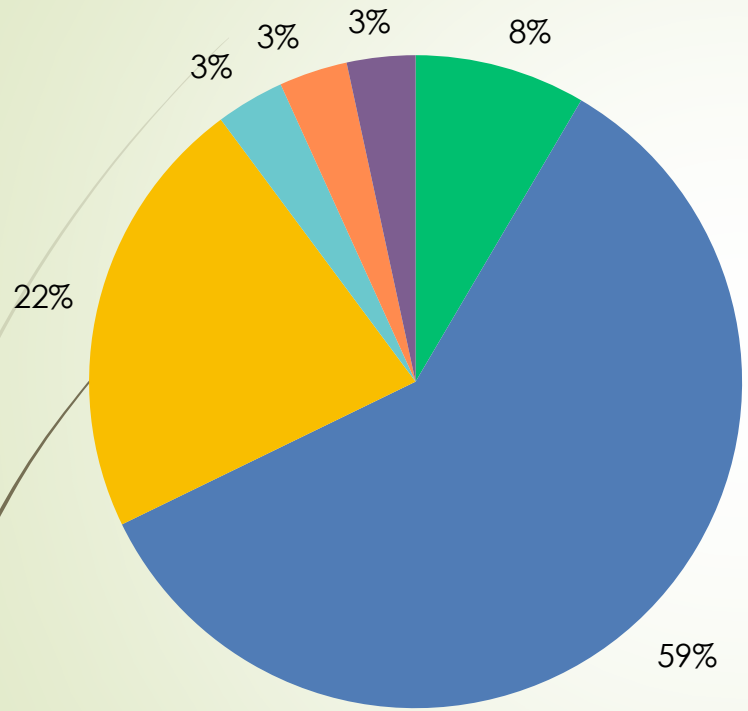
LEARNING MORE

Q18: What is your level of interest in learning more about private market investment products to support discussions with plan sponsors?



- Answered: 59 Skipped: 10

Q19: What level of private market investment product knowledge do you personally aim to reach over the next 12 months?



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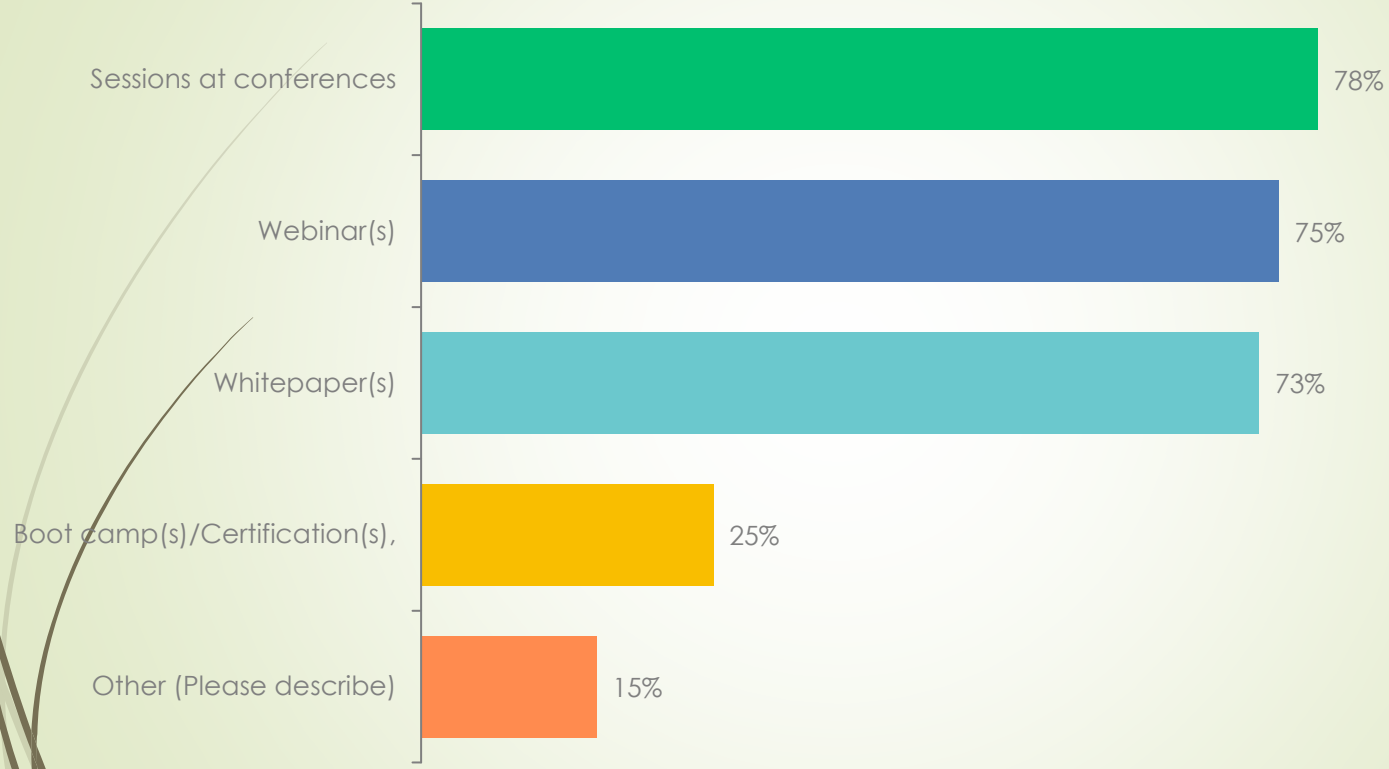
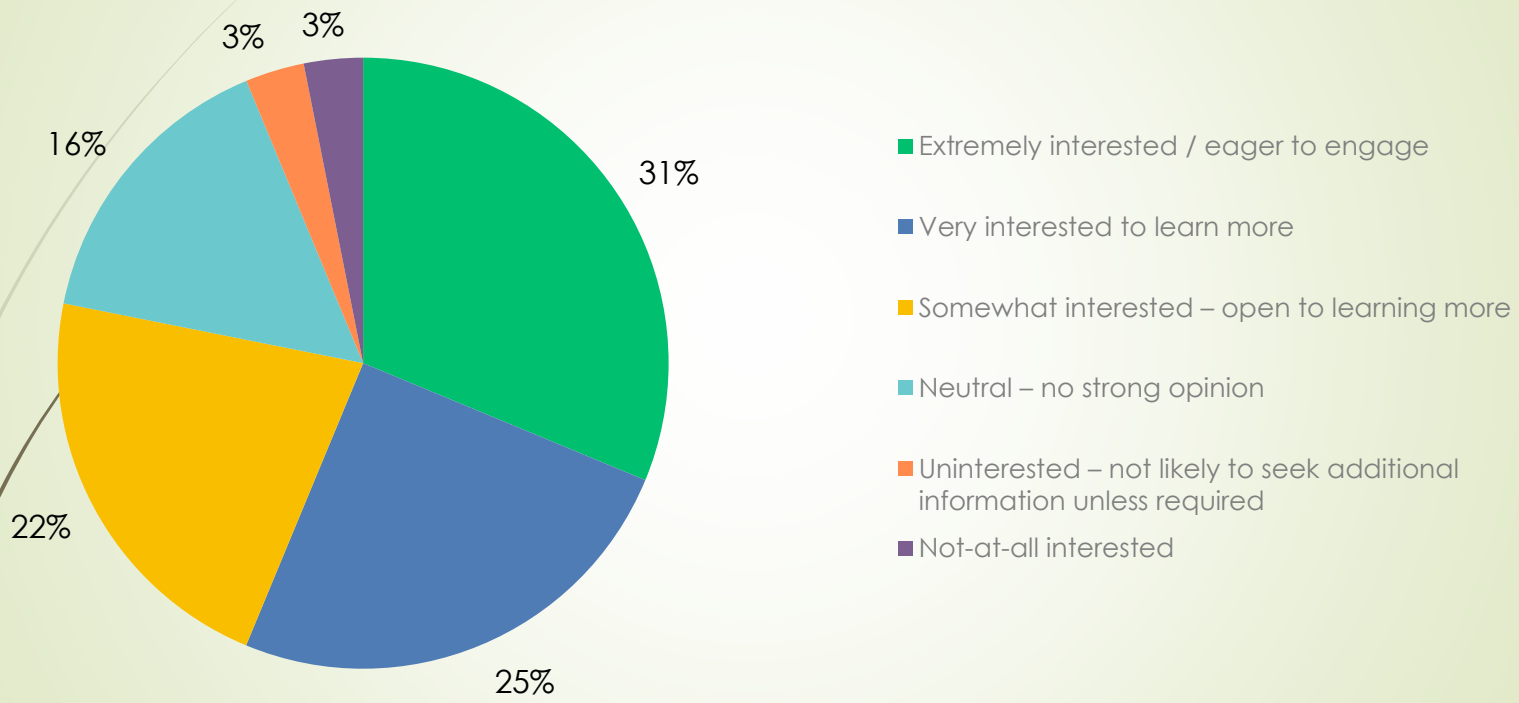
Answered: 59 Skipped: 10

Q20: What methods are you personally most likely to use in the process? (*check all that apply*)



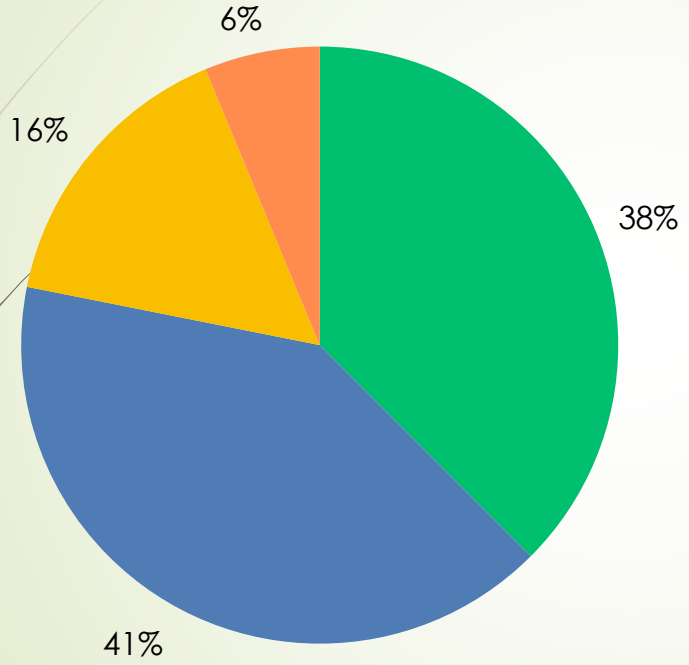
- Answered: 59 Skipped: 10

Q21: What is your level of interest in requiring that your team's investment analyst learning more about private market investment products to support discussions with plan sponsors?



- Answered: 32 Skipped: 37
- Base: Advisors who rely on their team's investment analyst

Q22: What level of knowledge do you expect your team's investment analyst to reach over the next 12 months?



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- Answered: 32 Skipped: 37
- Base: advisors who rely on their firm's investment team or CIO

Q23: Final observations

Theme	Count
No Observation	6
Skepticism / Trust Concerns	4
Unknowns / Wait-and-See	3
Product Availability / Offering Types	3
Liquidity / Withdrawal Restrictions	2
Fiduciary / Litigation Risk	2
Education / Communication Burden	2
Benchmarking / Track Record	2
Interest / Engagement	1
Operational Fit / Qualified Plan	1
Market Structure / IPO Trend	1

- Answered: 17 Skipped: 52

Q23: Final observations (2)

- Answered: 17 Skipped: 52

Q23: Final observations(3)

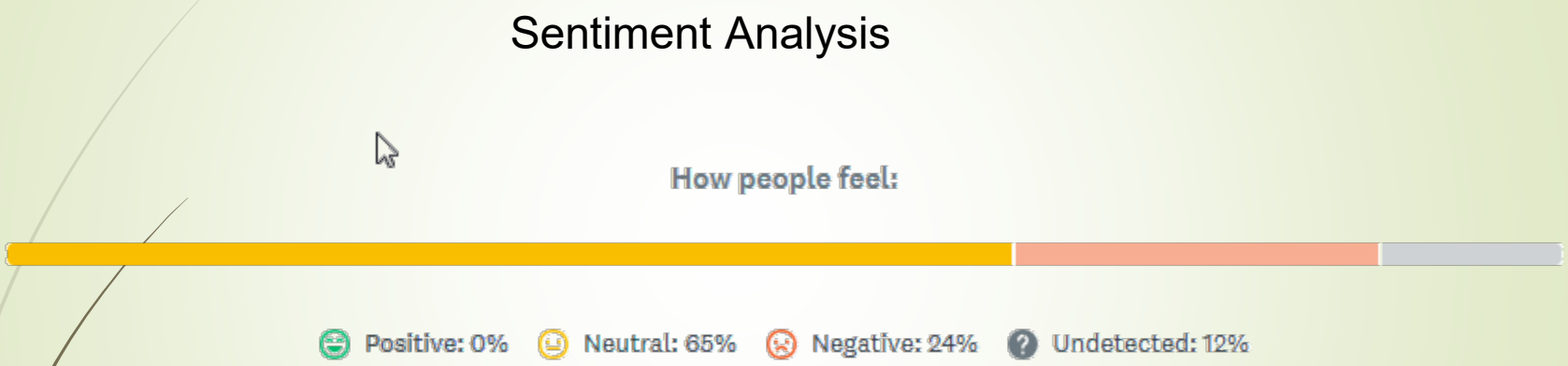
No Observation (6 mentions)
“None.”

Skepticism / Trust Concerns (4 mentions)
“I worry about biases, conflicts of interest and lack of indepence in the education provided.”

Unknowns / Wait-and-See (3 mentions)
“We’re in the first inning on this, there are far too many unknowns to consider this for clients.”

- Answered: 17 Skipped: 52

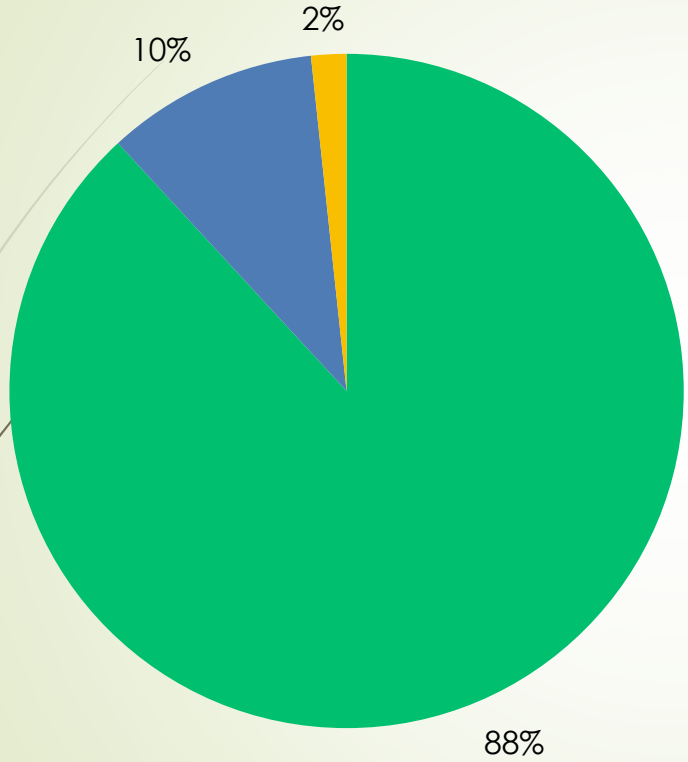
Q23: Final Observations (4)



- Answered: 63 Skipped: 6

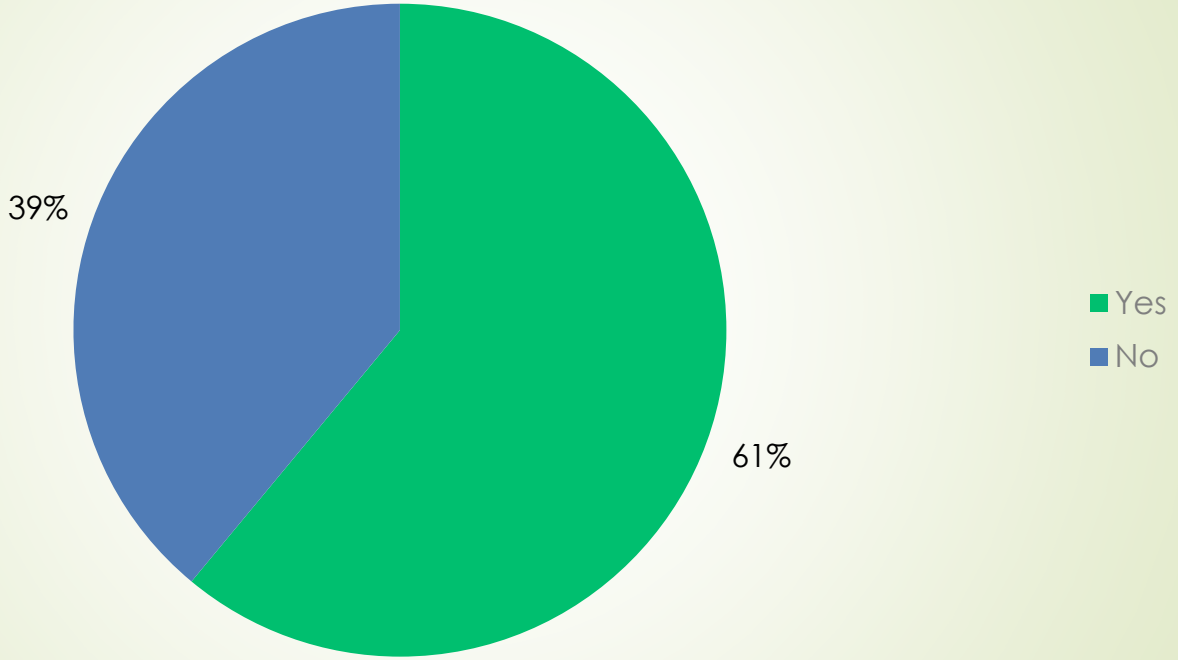
ABOUT

Q24: Are you…



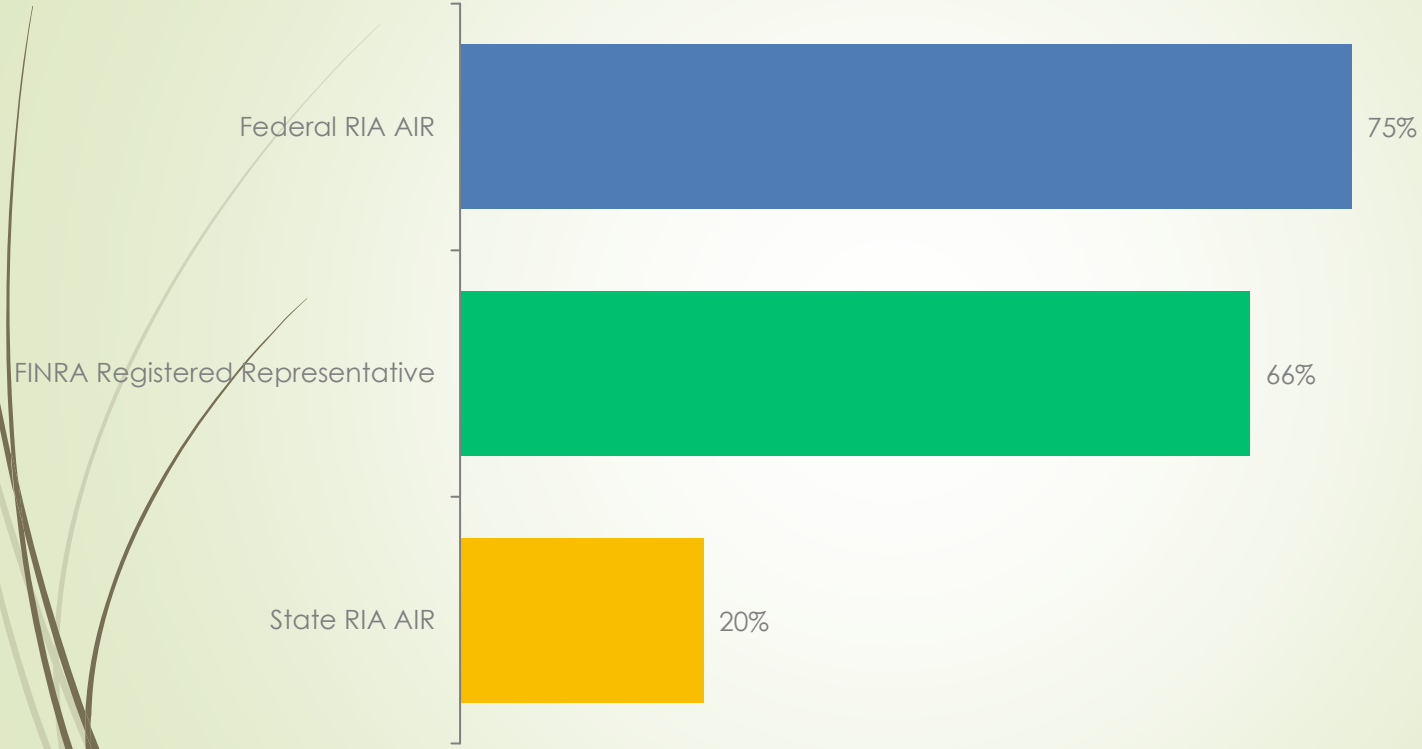
Answered: 59 Skipped: 10

Q25: Do you manage the team?



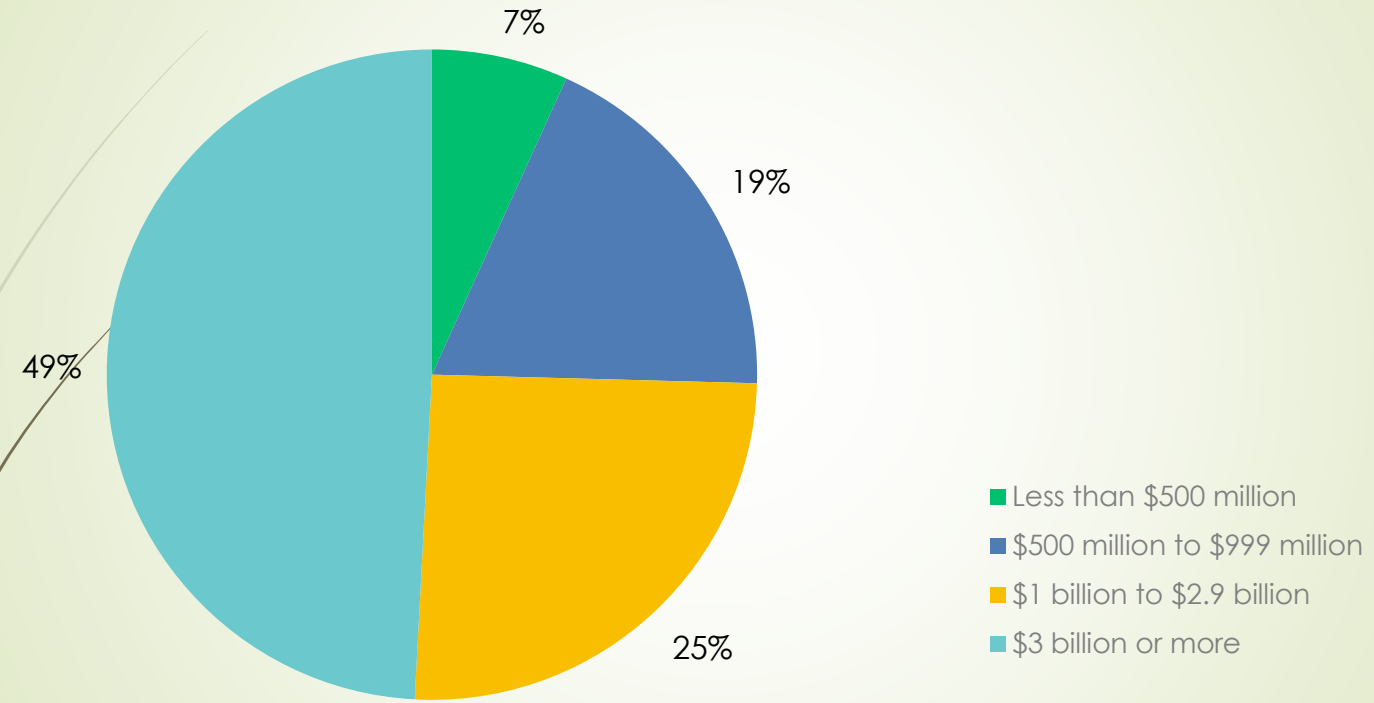
- Answered: 59 Skipped: 10

Q27: Are you a… (*Check all that apply*)



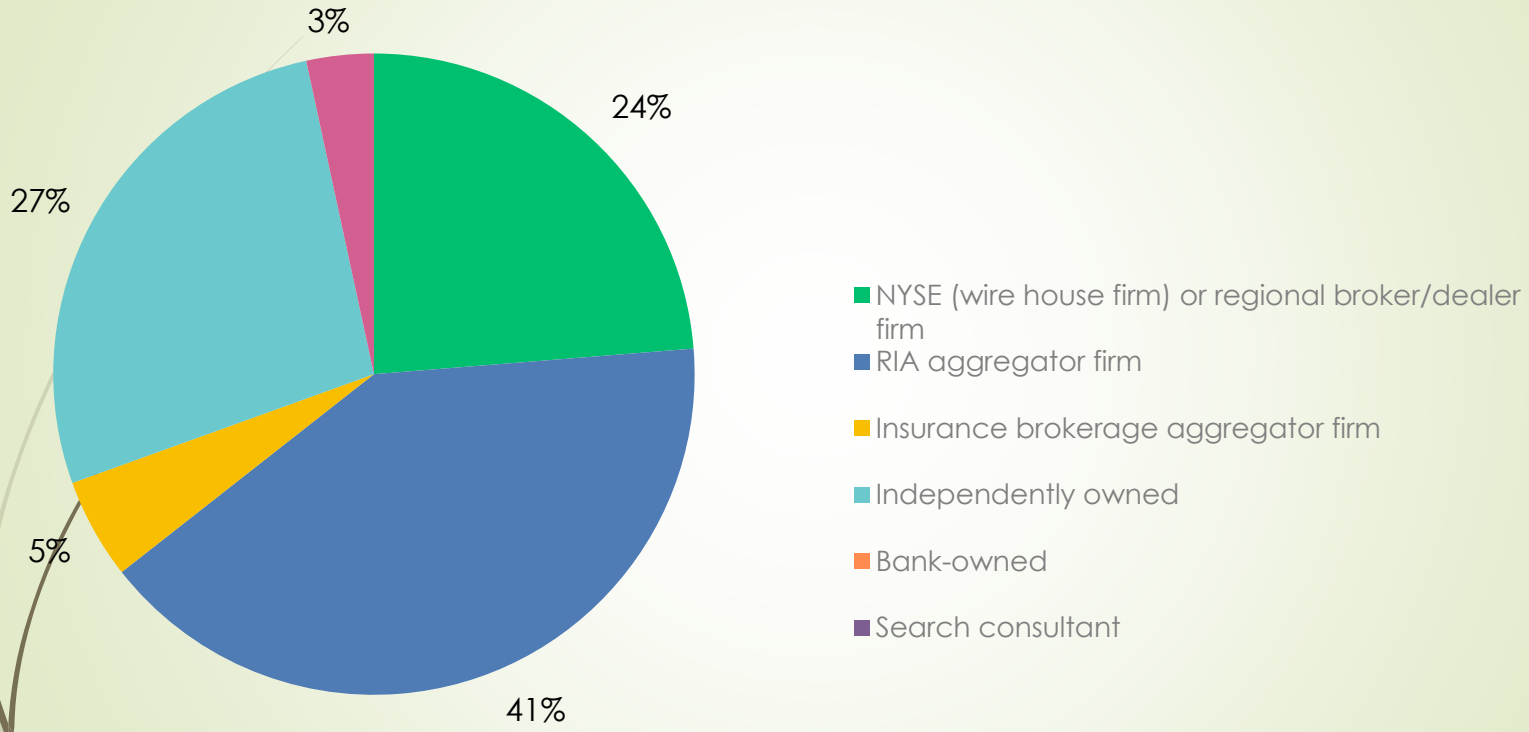
- Answered: 59 Skipped: 10

Q28: Assets of retirement plans served by your team as of September 30, 2025 (team: one firm, one location)



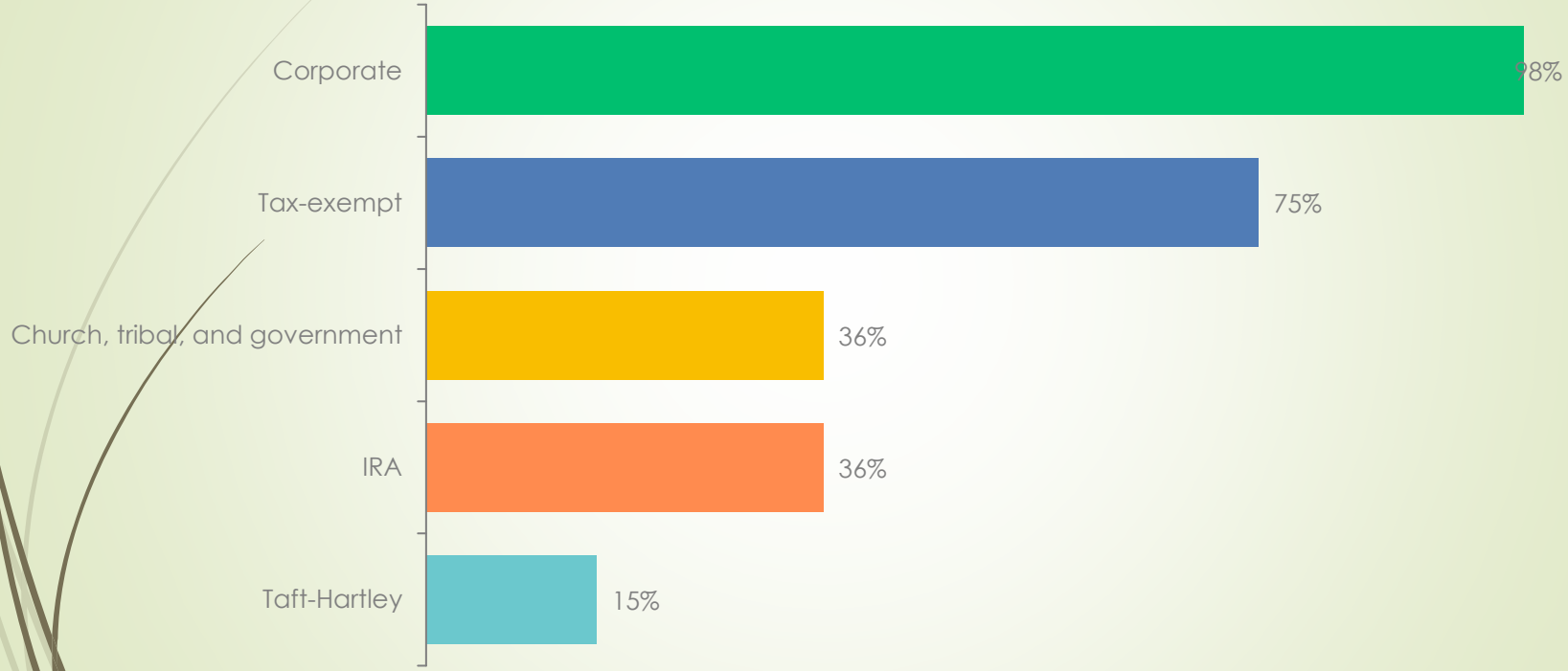
- Answered: 59 Skipped: 10

Q29: Which of the following best describe your affiliation?



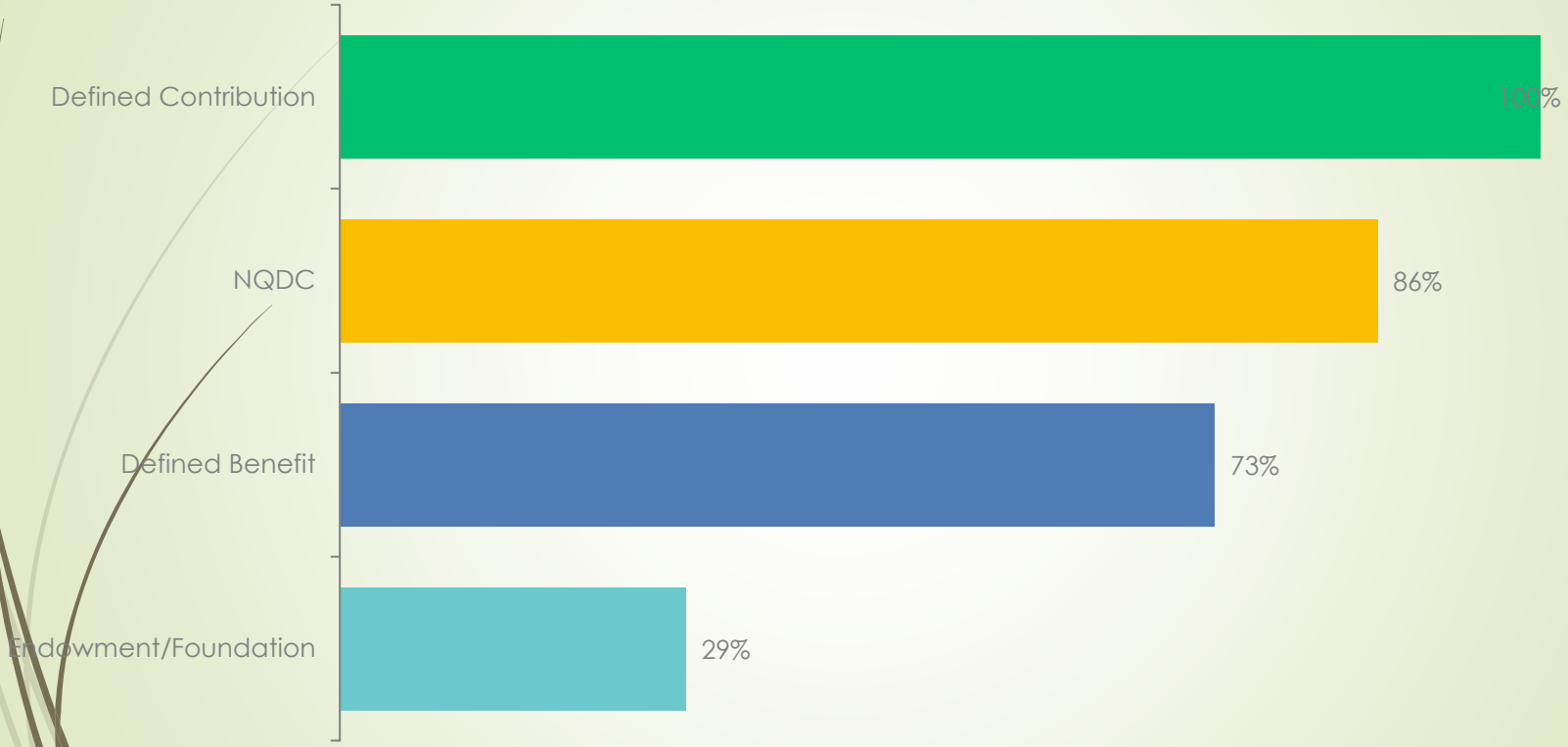
Answered: 59 Skipped: 10

Q30: Please check the target markets where you or your team operate



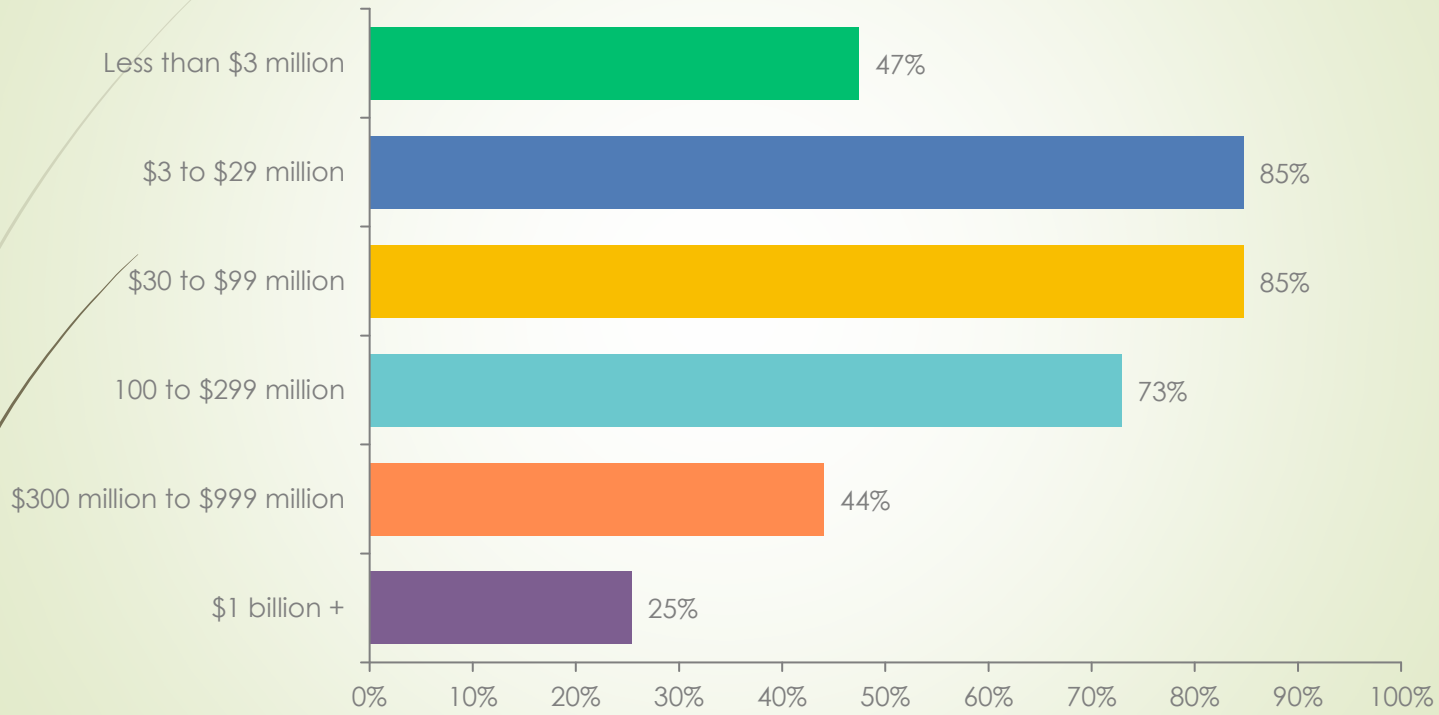
- Answered: 59 Skipped: 10

Q31: Please check the target markets where you or your team operate



Answered: 59 Skipped: 10

Q32: Please check the target markets (DC Plan Asset Size) where you or your team operate



- Answered: 59 Skipped: 10

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