

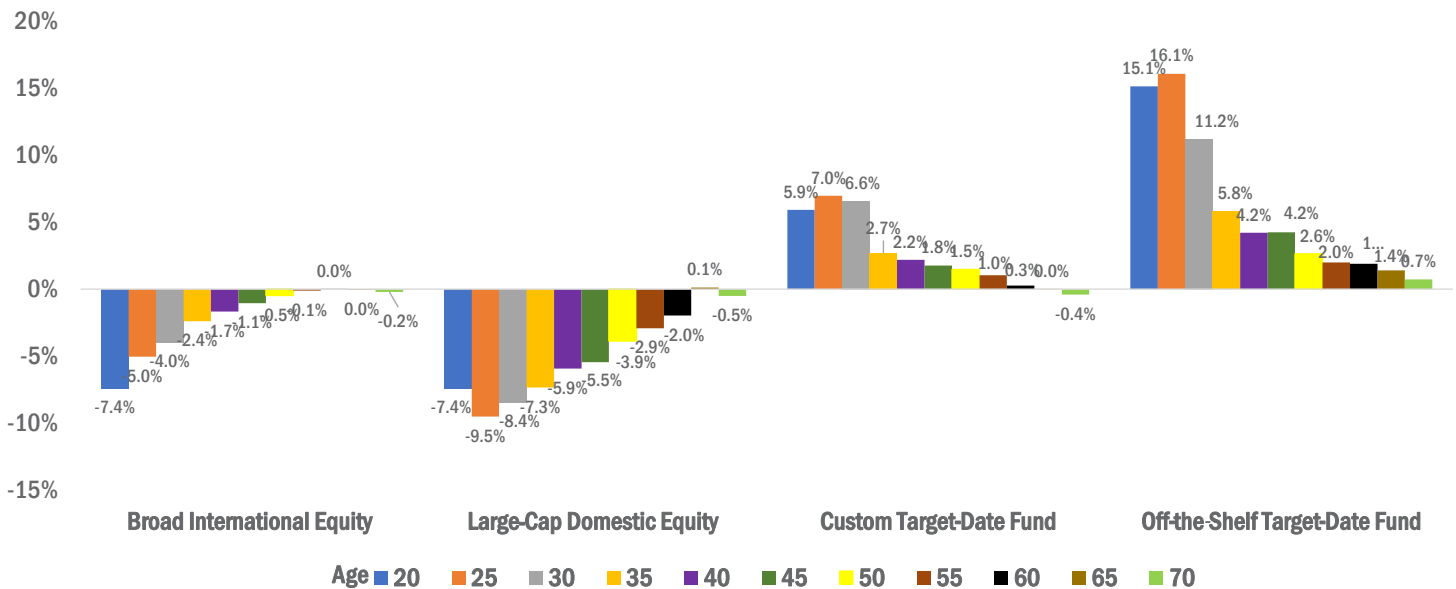
Study Snapshot
May 27, 2021

Asset Allocation for Public Defined Contribution Plans: Gender Makes a Difference

A recent PRRL Research Study titled "A Deeper Look at Asset Allocation: Plan Structure and Demography the Key to Effective Plan Design" found important differences in asset allocation of female vs. male public defined contribution (DC) plan participants.

First, female public DC plan participants were found to be much more heavily invested in either off-the-shelf or custom target-date funds than their same-aged male counterparts. For off-the-shelf target-date funds, females in their 20s have allocations at least 15 percentage points larger than those of their male counterparts (Figure 1). This differential decreases with age and is less than 2 percentage points for participants aged 55 and older. A similar but more muted trend appears for allocations to custom target-date funds. In this case, females in their 20s have allocations 5.9 to 7 percentage points larger than those of their male counterparts. This differential decreases with age and is less than 2 percentage points for participants aged 45 and older.

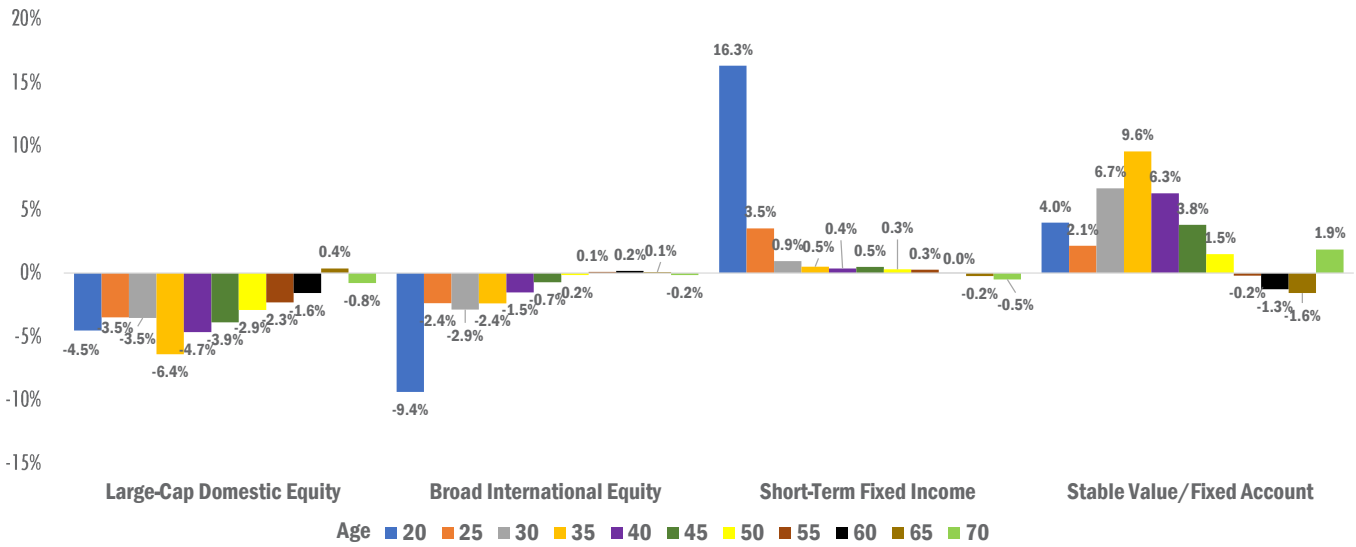
Figure 1
Difference in Fund Allocations: Females vs. Males*



*A positive number denotes that females have a higher allocation than males in the same age cohort for that investment. Asset classes with de minimis differentials are not displayed. Males, on the other hand, are significantly more heavily invested in large-cap domestic equity than are their female counterparts. For this asset class, males in their 20s have allocations 7.4 to 9.5 percentage points larger than females in the same age cohort. This differential decreases with age and is less than 3 percentage points for participants aged 55 and older. Males are also more heavily invested in broad international equity. For this asset class, males in their 20s have allocations that are 5.0 to 7.4 percentage points larger than those of their female counterparts. This differential decreases with age and is less than 2 percentage points for participants aged 40 and older.

Second, gender differences in asset allocation were also evident for those *without* target-date fund holdings. Figure 2 shows that females with no target-date funds in their portfolio tend to invest more in short-term fixed income and stable value than their male counterparts. In contrast, males with no target-date funds tend to invest much more in large-cap domestic equity and broad international equity.

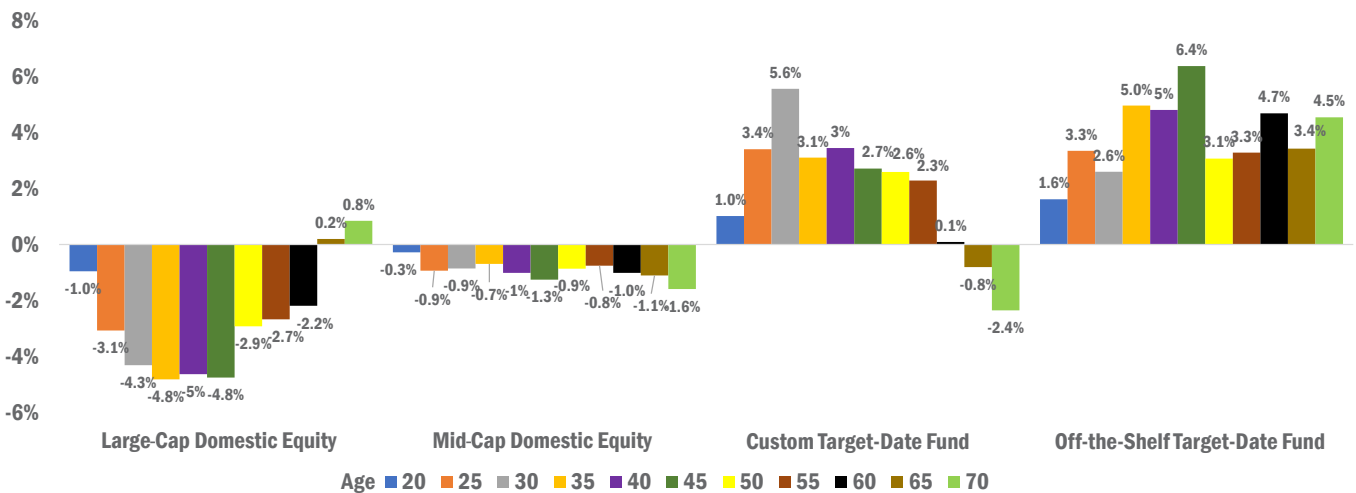
Figure 2
Difference in Fund Allocations: Females vs. Males With NO Target-Date-Fund Holdings*



*A positive number denotes that females have a higher allocation than males in the same age cohort for that investment. Asset classes with de minimis differentials are not displayed.

Importantly, for those with at least some target-date-fund exposure, there is very little gender impact, with all differences in total equity proportions being less than 2 percentage points. This demonstrates the equalizing effect of target-date funds in DC plans.

Figure 3
Difference in Fund Allocations: Females vs. Males With SOME Target-Date-Fund Holdings*



*A positive number denotes that females have a higher allocation than males in the same age cohort for that investment. Asset classes with de minimis differentials are not displayed.

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About PRRL

The Public Retirement Research Lab is a retirement-industry-sponsored collaborative effort of the Employee Benefit Research Institute ([EBRI](#)) and the National Association of Government Defined Contribution Administrators ([NAGDCA](#)). The PRRL mines data from its Public Retirement Research Database, the first-ever database specific to public-sector defined contribution data, to produce unbiased, actionable research aimed at enhancing understanding of the design and utilization of public-sector defined contribution retirement plans to better inform public plan design, management, innovation, and legislation. To learn more, visit www.prrl.org.

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