

Vanguard Sees Institutional TDF Flows Triple in Five Years

By Editor Test *Tue, Apr 27, 2010*

Participants in Vanguard-administered plans put \$21.4 billion into target-date funds in 2009, up from \$680 million five years earlier.

Target-date fund use among defined contribution plans administered by Vanguard skyrocketed between 2004 and 2009, with 75% of the plans offering the funds last year compared with only 13% five years earlier, Vanguard said.

According to a Vanguard research report, 12% of those plans' assets were invested in target-date funds in 2009, compared to only 3% in 2004.

Participants in Vanguard-administered plans put \$21.4 billion into target-date funds in 2009, up from \$680 million five years earlier. The number of target-date fund investors jumped to 1.2 million last year, from 40,000 in 2004.

"This level of support indicates the funds' importance in the future of retirement savings and runs counter to the views of some critics that they are not suitable investment options," Jean Young, a researcher at the Vanguard Center for Retirement Research, said in a release.

The analysis was based on records of 2,200 DC plans administered by Vanguard in 2009 and 2,100 Vanguard DC plans in 2004.

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