

# Stable Value Vs Money Market

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## INTRODUCTION

As we close out the 2014 Calendar Year, PlanTools™ now has 16,699 retirement plans loaded into our system. Of that total, approximately 25% or specifically 4,146 plans have been benchmarked by our subscribers. As our database grows, PlanTools™ is able to provide our subscribers with meaningful statistics on a variety of issues besides fees for services rendered. This report on Stable Value and Money Market Funds is just one example.

## STABLE VALUE OFFERS BETTER PERFORMANCE & LOWER RISK

Historically, the allocation to Stable Value has attracted 15 - 20% of plan assets making Stable Value one of the most attractive investment alternatives to 401(k) participants. The fact that Stable Value has provided better returns with less risk than competing funds including money market options has certainly encouraged its use. Ironically, in spite of the compelling evidence to support the exclusive use of Stable Value, there are more plans in the PlanTools™ database and more dollars allocated to Money Market funds than Stable Value. Furthermore, our subscribers, plan sponsors, and plan participants apparently favor other asset classes more than cash equivalents. I suspect the increasing utilization of Target Date funds may be the reason Cash Equivalents has suffered a 30% drop in utilization beside the fact that Money Market funds offer no return and many plans, for reasons unknown, don't offer a Stable Value fund. See Exhibit 1.

Exhibit 1	Totals	Stable Value	Money Market
Total Number of Fund Families	104	52	52
Number of Plans that Offer	4146	2075	2862
Percentage of Plans that Use	--	50.05%	69.03%
Dollars Allocated to	\$7,846,244,581.48	\$1,725,571,174.39	\$6,120,673,407.09
Percentage of Assets Allocated	100%	21.99%	78.01%
% Alloc to Cash vs of All Assets	\$56,861,215,881.48	3.03%	10.76%

## TOP FUNDS

Of particular interest is the number of plans and the amount of assets allocated to the top 15 Stable Value and Money Market funds utilized by retirement plans maintained in the PlanTools™ system. Exhibit 2 provides the data on Money Market Funds. Exhibit 3 will reflect the statistics for Stable Value.

## Exhibit 2: Allocation to the Top 15 Money Market Funds by Investment Company

Fund Family	Assets Allocated	Asset Rank	Number of Plans	Plan Rank
American Funds	\$4,230,121,071.99	1	180	6
Fidelity	\$987,126,456.11	2	752	1
Virtus	\$359,669,032.00	3	510	2
Schwab	\$132,398,410.47	4	470	3
VALIC	\$74,690,705.28	5	5	13
Wells Fargo	\$46,724,987.49	6	8	12
Federated	\$44,846,381.33	7	286	4

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JP Morgan	\$41,189,955.11	8	17	10
TIAA-CREF	\$40,641,216.83	9	42	8
PIMCO	\$30,760,366.09	10	5	13
T Rowe	\$22,653,811.23	11	16	11
Nationwide	\$19,579,444.78	12	195	5
John Hancock	\$15,217,412.93	13	77	7
Transamerica	\$12,854,524.00	14	3	14
Principal	\$10,538,778.26	15	31	9

**Exhibit 3: Allocation to the Top 15 Stable Value Funds by Investment Company**

Fund Family	Assets Allocated	Asset Rank	Number of Plans	Plan Rank
Wells Fargo	\$410,930,282.70	1	192	4
Morley	\$264,439,884.11	2	312	2
Vanguard	\$201,116,878.64	3	187	5
Federated	\$184,502,492.97	4	871	1
MetLife	\$153,033,195.54	5	236	3
Putnam	\$97,979,125.11	6	47	6
Invesco	\$57,332,953.67	7	25	7
Principal	\$39,149,262.72	8	14	10
Galliard	\$35,677,380.65	9	18	8
T Rowe	\$31,188,713.92	10	7	12
Nationwide	\$30,506,495.42	11	4	14
Fidelity	\$25,717,970.52	12	16	9
Voya	\$24,719,601.52	13	12	11
TIAA-CREF	\$17,508,479.53	14	5	13
MFS	\$16,219,477.00	15	1	15

**BENCHMARK FEES, FEATURES and FUNDS**

Benchmarking is a unique way to add value to your client relationships. While the focus has been on fee reasonableness, benchmarking can assist a fiduciary with other critical fiduciary decisions. We at FRA PlanTools are working on a variety of new benchmarking reports to be released in 2015 which are designed to assist a covered service provider with communicating information that will assist a plan fiduciary with their decision-making process affecting investment selection and plan design. If you have any questions or comments feel free to contact David J Witz at 704-564-0482 or [dwitz@fraplantools.com](mailto:dwitz@fraplantools.com)

**DISCLOSURE**

All data is drawn from the PlanTools™ database. The data reflects the actual dollars added to the system for the retirement plans that PlanTools™ subscribers have benchmarked in the system. Only retirement plans that have been entered into PlanTools™ within the last three years for benchmarking have been used in this study.