CERULLI QUANTITATIVE UPDATE SUBSCRIPTION

RETIREMENT MARKETS 2009

December 2009

This annual report (the eighth iteration) provides in-depth analysis of U.S. retirement markets. It examines the public and private defined contribution (DC), defined benefit (DB), and individual retirement account (IRA) markets from the provider, distributor, and asset manager perspectives. It also examines the major trends driving change in this marketplace, and provides a framework for firms to assess opportunities, benchmark their position, and sharpen business plans and market strategies.

This report allows asset managers, providers, distributors, and consultants to:

- Examine opportunities in the DC, DB, and IRA markets
- Determine the retirement segments that offer the strongest growth potential
- Evaluate investment product usage trends
- Analyze advisor retirement plan usage and rollover strategies
- View the entire U.S. retirement marketplace and its component parts
- Understand funding, freezing, and termination rates of DB plans
- See which managers in the retirement space are growing the fastest

New this year:

- Defined contribution investment-only (DCIO) assets
- Proprietary assets in the overall DC industry
- Collective trust fund (CTF) assets and leaderboard
- Taft Hartley plan assets and players
- Segmentation of advisors who specialize in selling retirement plans

Table of contents and user example are included in this attachment.

INSIDE LOOK:

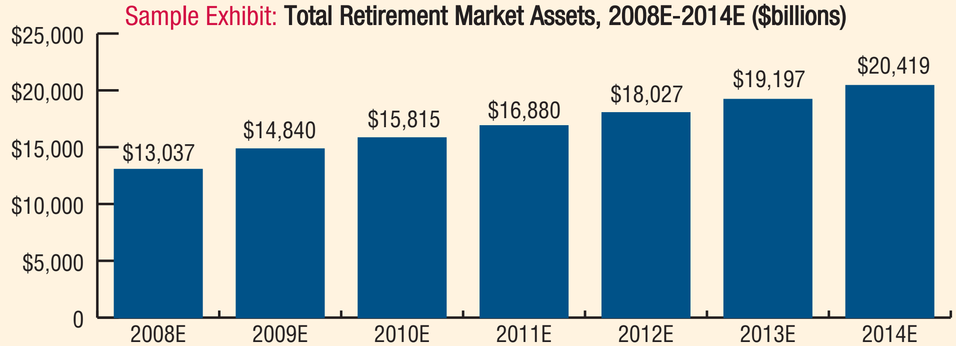
Exclusive data:

- Market sizing and flow projections (assets, plans, and participants), 2007-2014E
- IRA rollover metrics (flows and assets), 1996-2014E
- Trends in fees, profitability, and investment vehicle/strategy usage
- Data on advisors who specialize in retirement plans
- Target-date fund assets, leaderboards, and performance metrics
- Proprietary survey data on CTFs, including leaderboards
- Defined contribution investment-only (DCIO) assets and projections

Key findings:

- Retirement assets dropped 21% in 2008 to $13 trillion but will recover to $20.4 trillion by 2014.
- Asset managers with LDI (liability-driven investing) or alternative capabilities will be best poised to take advantage of changing asset allocation in private DB plans.
- IRAs continues to be the fastest growing retirement segment—assets will grow at 8.1% over the next five years.
- Cerulli projects that $177.5 billion in DC plan assets will change hands in 2010, primarily from the micro and small market segments (plans with less than $10 million).

Sample Exhibit: **Total Retirement Market Assets, 2008E-2014E ($billions)**



Sources: DOL, ICI, U.S. Census Bureau, Federal Reserve, PBGC, EBRI, Cerulli Associates

CERULLI ASSOCIATES

Report purchase includes:

- 5 hardcopies
- Online access
- Exhibits in Excel format
- Key findings in PDF format
- PowerPoint presentation of highlights
- Web recording of analyst presentation

For pricing, please contact:
Marketing & Business Development
CAmarketing@cerulli.com
+1 617-437-0084

WWW.CERULLI.COM

New in 2009: Quantitative Updates are now subscription-based and include online access to a database of prior annual releases of this report, related Thematic Reports, and a data supplement updating select exhibits.

See page 3 for more details.

Cerulli Associates
Boston • Singapore • London

December 2009

USER EXAMPLES:

The following are examples of how this report can be applied to business planning and strategic decision-making:

Scenario 1: A large asset manager wants to refocus its brand to be recognized as a leading provider of retirement products and services. This focus extends from marketing and product development, to sales and servicing. To build awareness for this important initiative, it seeks a comprehensive, single resource for information on public and private DC and DB markets, and IRA. ***Cerulli Quantitative Update: Retirement Markets 2009*** provides answers to the following questions:

- How big is the aggregate retirement marketplace in the U.S. and what are the growth projections?
- How big are the various retirement segments and which ones are growing the fastest?
- What is the impact of the Pension Protection Act of 2006?
- What are the latest retirement trends?
- How are investor demographics changing the landscape?

Scenario 2: An asset management firm is increasing its focus on DCIO (defined contribution investment-only). It seeks validation of the key trends in this marketplace, including the percentage of proprietary assets held in the overall DC landscape. ***Cerulli Quantitative Update: Retirement Markets 2009*** provides answers to the following questions:

- How fast is the DCIO market growing?
- Who are the leading DCIO asset managers?
- What percentage of assets are proprietary?

Scenario 3: A large regional broker/dealer seeks a single source for comprehensive data on the U.S. retirement marketplace. It reviewed many resources but is finding reliability, consistency, historical perspective, and growth projections tough to come by. ***Cerulli Quantitative Update: Retirement Markets 2009*** provides firms with the following:

- Reliability: this is the eighth iteration of this report. Assumptions are pressure-tested before being incorporated into models, and data and projections are validated before being finalized. With each release, data gets stronger.
- Consistency: While multiple sources contribute to the data and projections in this report, Cerulli administers its own surveys to contribute to the baseline data. This helps shore up consistency.
- Historical perspective: many analyses provide a historical look-back to 1998.
- Projections: Cerulli's models provide reliable estimates to 2014.

MORE INFORMATION:

To learn how to apply this report to your firm's unique needs, please contact:

Marketing & Business Development
+1 617-437-0084
CAmarketing@cerulli.com

CERULLI QUANTITATIVE UPDATE SUBSCRIPTION

RETIREMENT MARKETS 2009

Report purchase includes:

- 5 hardcopies
- Online access
- Exhibits in Excel format
- Key findings in PDF format
- PowerPoint presentation of highlights
- Web recording of analyst presentation

NEW: Quantitative Updates are now subscription-based. Your purchase includes online access to a database of prior report releases, related Thematic Reports, and a data supplement.

A subscription to ***Cerulli Quantitative Update: retirement Markets 2009*** remains active through 3/15/2011 and includes online access to the 14 related reports below at no cost. See the green Purchase tab on www.cerulli.com for more information on these reports.

1. Cerulli Quantitative Update: Retirement Markets 2008
2. Cerulli Quantitative Upddate: Retirement Markets 2007
3. DC and DB in the Megaplan Marketplace: Asset Management and Provider Opportunities (2007)
4. Institutional Sales and Relationship Management (2007)
5. State of the 403(b) and 457 Marketplace: Challenges and Opportunities (2007)
6. Cerulli Quantitative Update: Retirement Markets 2006
7. State of the 401(k) Marketplace
8. Cerulli Quantitative Update: Retirement Markets 2005
9. Retirement Income: Positioning for Success
10. Cerulli Quantitative Update: Retirement Markets 2004
11. Capturing and Retaining Rollovers: Positioning for Success (2004)
12. Retirement Industry Update (2003)
13. A Competitive Outlook for the 529 Market (2003)
14. Funding Retirement Income: Impact on Managers and Distributors (2002)

Please contact me about this report.
Fax completed form to +1 617-437-1268.

Name: ____________________

Title: ____________________

Email: ____________________

Phone: ____________________

Firm: ____________________

Division or Business Unit Name: ____________________

____

Please contact **Marketing & Business Development** to learn more about pricing.
+1 617-437-0084
CAmarketing@cerulli.com

CERULLI ASSOCIATES
One Exeter Plaza
Boston, MA 02116
Tel: +1 617 437 0084

28 Maxwell Road
Singapore 069120
Tel: +65 6327 4045

11-15 Betterton Street
London WC2H 9BP
Tel: +44 20 7470 8817

TABLE OF CONTENTS

Table of Contents - Overview

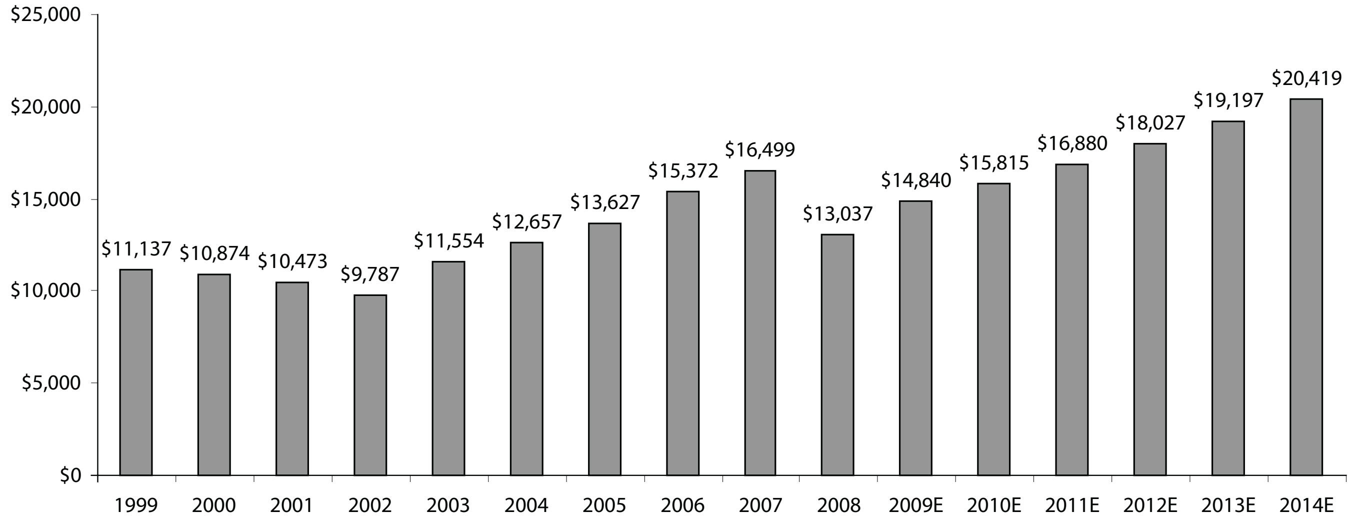
Table of Contents - Expanded

SAMPLE SECTION
from

CERULLI QUANTITATIVE UPDATE:
RETIREMENT MARKETS 2009

EXHIBIT 1.01

Total Retirement Market Assets, 1999-2014E
($ billions)
Sources: Department of Labor, ICI, U.S. Census Bureau, Federal Reserve, PBGC, EBRI, Cerulli Associates



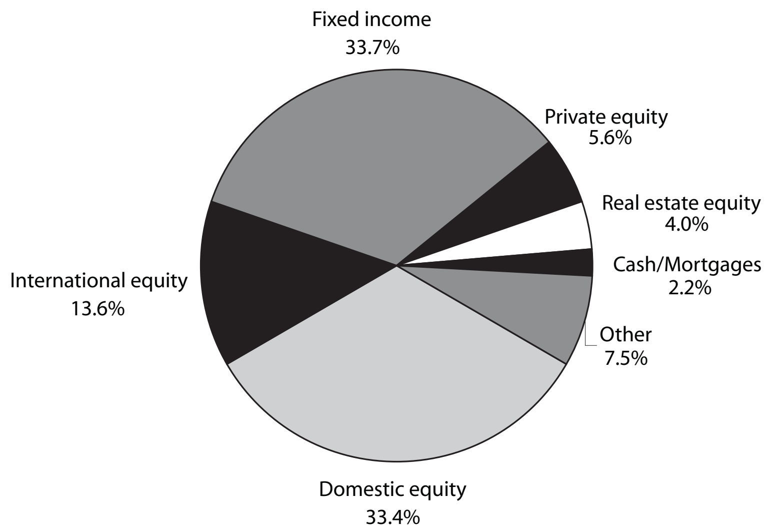
- **Total U.S. retirement assets fell to an estimated $13 trillion as of year-end 2008, from $16.5 trillion at year-end 2007.** Due to poor market conditions, retirement assets retrenched by nearly $3.5 trillion in 2008. Looking ahead, Cerulli analysts project retirement assets will climb to $20.4 trillion by 2014.

Analyst Note: The projections in this exhibit represent an amalgamation of all Cerulli's individual retirement market models. Model assumptions are based on asset allocation, assumed and historical rates of return, and third-party research studies. Market performance for 2009 was estimated based on market conditions through October. Total retirement assets include IRA, public and private retirement plan assets (including private DB, state and local government, Federal DB, private DC, 403(b), 457, Thrift Savings Plan and Taft-Hartley).

Key Implication: While the 2006 passage of the Pension Protection Act was a watershed, recognizing the DC plan as the dominant retirement savings vehicle, 2008's market meltdown further accelerated the decline for DB. Poor investment performance, combined with stringent penalties for underfunded plans and severe phase-in funding requirements will compel plan sponsors to make significant contributions to shore up plan funding levels and place extreme pressure on many plans to freeze over the next few years. Meanwhile in DC, lifecycle mutual funds continue to attract a majority of QDIA inflows, while autoenrollment and autoescalation are increasingly implemented across plans to combat participant inertia and augment paltry average 401(k) balances. On a darker note, the dramatic depletion of retirement savings in 2008 portends a reduced standard of living for many near-retirees, resulting in the decision to extend their working years. With DB plans waning and Social Security in jeopardy, the onus now falls to DC plan providers and IRA administrators to create and implement better methods of generating reliable income for the next generation of retirees.

EXHIBIT 4.04

Private Defined Benefit Asset Allocation, 2008
Sources: ***Pensions & Investments*****, Cerulli Associates**



- **Equity market declines domestically and abroad translated into reduced allocations for both asset classes in private DB plans—**domestic equity declined six percentage points to 33% and international equity fell four percentage points to 14% over 2007. Plans continue to implement liability-sensitive investment strategies, helping raise fixed-income allocations by 5.7% to 34%.

Key Implication: The aggregate shift in asset allocation away from traditional equity asset classes toward fixed income and alternatives is attributable to pension managers' quest for a more deliberate approach to risk, coupled with the attractiveness of alpha-generating investments in hedge funds and private equity that may exhibit low correlation to equity markets.