



DC plans made practical

Success of private markets and private real estate in DC plans hinges upon disciplined design, governance, and communication

An update from the PREA Defined Contribution Affinity Group

PREA's DC Affinity Group meeting on March 26th at the Spring Conference in Nashville focused on how private markets and private real estate can be responsibly implemented in defined contribution plans.

FRAMING THE CASE FOR PRIVATE MARKETS IN DC

Susan Doyle of State Street set the foundation by addressing *why* private markets warrant inclusion in defined contribution (DC) plans and *how* they can be implemented within DC's unique constraints. Her presentation emphasized that limiting DC participants to public markets increasingly excludes a significant portion of the real economy, as private-equity-backed companies now outnumber publicly listed firms in the US.

From a portfolio construction perspective, Doyle argued that incorporating private markets into target date strategies can improve portfolio efficiency and expected outcomes when allocations are thoughtfully sized and diversified. Using efficient frontier analysis, State Street illustrated that a constrained allocation (generally in the 10% to 15% range) to diversified private markets may enhance return potential without materially increasing overall risk.

A core counterpoint centered on DC-specific risks, including liquidity management, valuation frequency, operational complexity, and litigation concerns. Doyle addressed these concerns, emphasizing semi-liquid evergreen structures, daily valued CIT wrappers, and scale as mitigants. Governance, manager selection, and liquidity design emerged as important factors in including private markets in DC plans.

The takeaway from this segment was that private markets *can* belong in DC, but only through professionally managed solutions — most naturally via target date funds — where plan sponsors and participants are insulated from operational frictions.

■ WHAT PARTICIPANTS ACTUALLY WANT — AND FEAR

Greg Jenkins of Invesco complemented the structural discussion with data from Invesco’s Winter 2026 DC Pulse Survey, grounding the debate in participant behavior and sentiment.¹ His findings challenged the perception that DC participants are uniformly opposed to private markets. In fact, the majority of participants expressed openness to including private markets in long-term retirement portfolios, particularly when framed around diversification and

growth, rather than complexity or exclusivity.

That said, familiarity remains low: most participants have neither heard of private markets nor understand them well. Jenkins highlighted this gap as both a barrier and an opportunity. Education, especially benefit-oriented language tied to tangible assets like real estate and infrastructure, was shown to meaningfully increase comfort levels.

Another critical insight was *how* participants want access. The data overwhelmingly favored managed approaches over direct fund selection. Participants, especially the large ‘moderate’ investor cohort, preferred exposure through managed accounts or target date funds, with many expressing comfort allocating 10% to 20% of portfolios to private markets if handled by professionals.

Counterpoints surfaced around fees, liquidity, and trust. As participant interest often flipped to hesitation when risks and costs were unclear, Jenkins underscored that transparency, simple framing, and guardrails matter as much as product design. Education alone is insufficient if implementation feels opaque or misaligned with participant goals.

■ CONCLUSION

Together, the two presentations converged on a central conclusion: momentum for private markets in DC is real, but success hinges on disciplined design, governance, and communication. The conversation has shifted from “should we?” to “how do we do this responsibly?” — a signal that private markets are moving from conceptual debate toward practical execution in defined contribution plans. [📄](#)

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¹ Invesco. 2026. “Winter 2026 DC Pulse Survey: Exploring Participant Views on AI and Private Markets.” January 7.