Retirement Insights

2024 Defined Contribution Plan Participant Survey Findings

Expanding expectations, expanding opportunities

J.P.Morgan
ASSET MANAGEMENT

Our seventh defined contribution (DC) plan participant survey was conducted in a markedly changed landscape than was our 2021 report. Over the past three years, participants have experienced prolonged inflation increases, rapidly rising interest rates, heightened geopolitical and economic uncertainty and elevated investment volatility, as well as record stock market highs. They also have seen fundamental post-pandemic shifts in lifestyle and work, including the continued adoption of transformative technologies in a rapidly digitizing world. Further, Congress passed the SECURE 2.0 Act, significantly enhancing retirement savings opportunities for DC plans. Against this backdrop, this year's survey explored participant views in four main areas: **general savings and employer-sponsored benefits, advice, plan design and retirement income.**

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3. The vast majority view employer-sponsored benefits related to their financial health, especially retirement plans, as valuable.

Part Two: **The need for professional guidance**

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2. Only around half get guidance from financial advisors on their 401(k) accounts, notably down from 2021.
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1. Six out of 10 participants say they are not saving enough to achieve a financially secure retirement.
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3. Nine out of 10 say it would be appealing to have access to a target date fund.

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1. The average age participants expect to retire rose to 65 years, though industry research indicates many may retire earlier often due to circumstances beyond their control.
2. Nearly eight out of 10 are concerned about creating a steady retirement income source that will last their lifetimes, but many do not know how much they need to save to do so.
3. Almost all expressed interest in an in-plan solution that would provide guaranteed income in retirement.

Overview

The goal of these surveys is to gain a deeper understanding of how participants are thinking about their retirement plans and what they want from employers, and to help plan sponsors and financial professionals create better participant experiences and stronger retirement outcomes. One of the main observations from this year's responses is that the volatile investment and economic environment of the past several years appears to be reflected in a greater degree of uncertainty and concern participants had around their retirement savings security. Responses broadly indicated that many face more financial strain and struggle to pay day-to-day expenses, risking retirement savings falling to the wayside.

Methodology and respondent profile

In January 2024, we partnered with Greenwald Research, a market research firm based in Washington, D.C., to conduct an online survey of 1,503 DC plan participants. To qualify for the study, each respondent had to be employed full time at a for-profit organization with at least 50 employees, be at least 18 years old and have contributed to a 401(k) plan in the past 12 months.

Survey results have been weighted by age, gender and household income to reflect the overall makeup of the general population of 401(k) plan participants. In a similarly sized, random sample survey of general population respondents, the margin of error (at the 95% confidence level) for the total population in this study would be plus or minus approximately 2.5 percentage points.

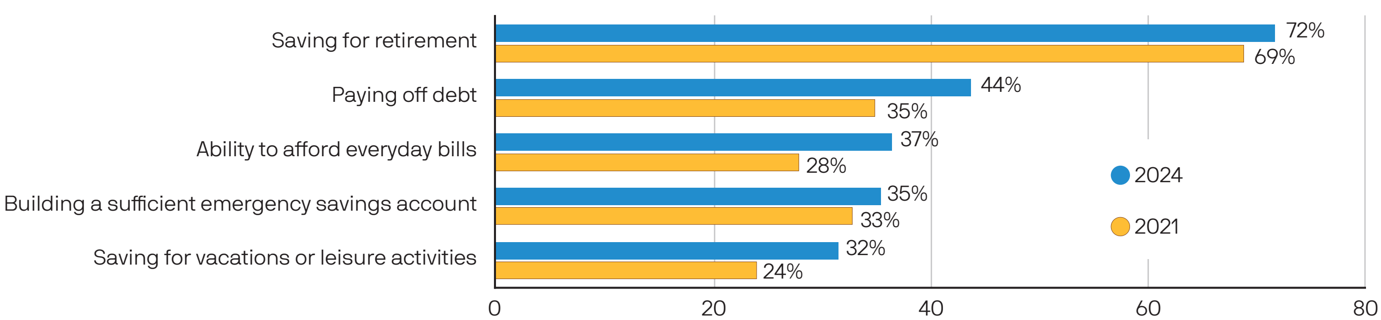
The state of participants in three charts

One: Saving for retirement remains the top financial goal for most

Participants' five most common financial goals remained the same this year as in 2021. Saving for retirement was again by far the most frequently cited high-priority goal. As participants moved closer to retirement, they increasingly prioritized retirement savings. By generation, 89% of Boomers, 79% of Gen X, 62% of Millennials and 43% of Gen Z said it was a goal, highlighting an educational opportunity for younger participants about the importance and significant investment compounding potential of starting retirement savings early. There were notable upticks in paying off debt and affording everyday bills as top priorities, as participants weathered the increase in general living expenses, and also an increase in those saving for vacations and leisure activities after being stuck at home during the pandemic.

Retirement is still the most common financial goal

Exhibit 1: Which of the following financial goals do you prioritize the most?



Note: 2021 total n=1,281; 2024 total n=1,503.

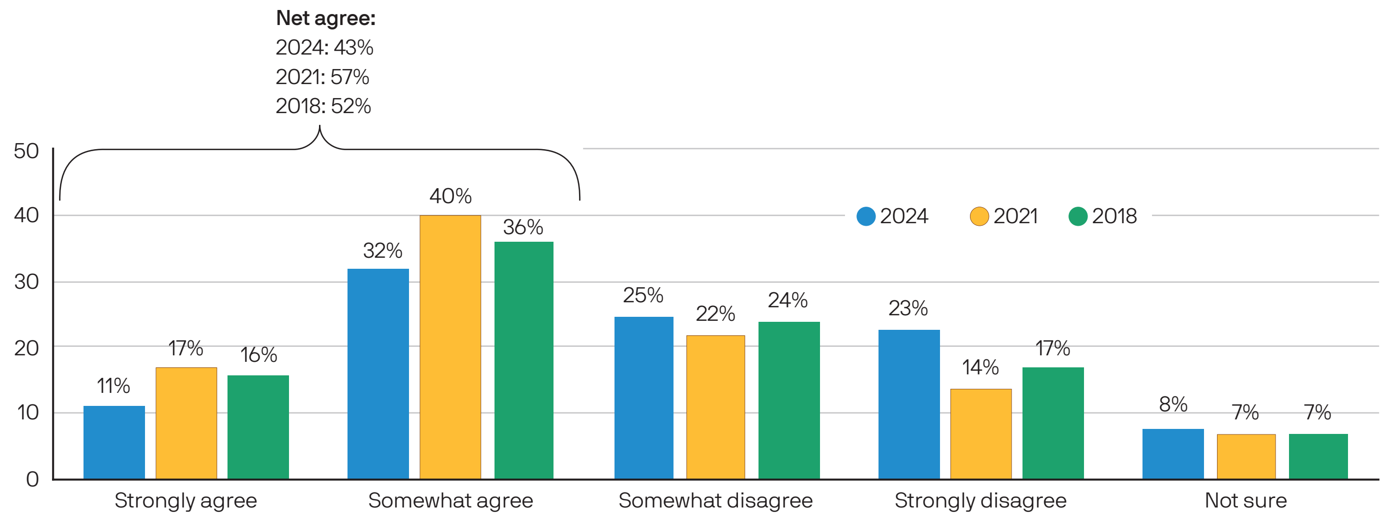
Source: J.P. Morgan Plan Participant Research 2021, 2024.

Two: Fewer are confident that their retirement savings will last throughout their lifetimes

Perhaps one of the most disappointing findings in this year's survey was the notable decline in the number of participants who felt secure with their retirement savings. Only 43% were confident that their savings would last throughout retirement, a sharp drop off from the 57% who expressed confidence in 2021. This also meant that there was a large rise in the number who lacked this confidence, almost half at 49%, up from 36% in 2021, with 8% unsure.

Participants feel less secure about their retirement savings

Exhibit 2: To what extent do you agree you are confident that your savings will last throughout your lifetime?



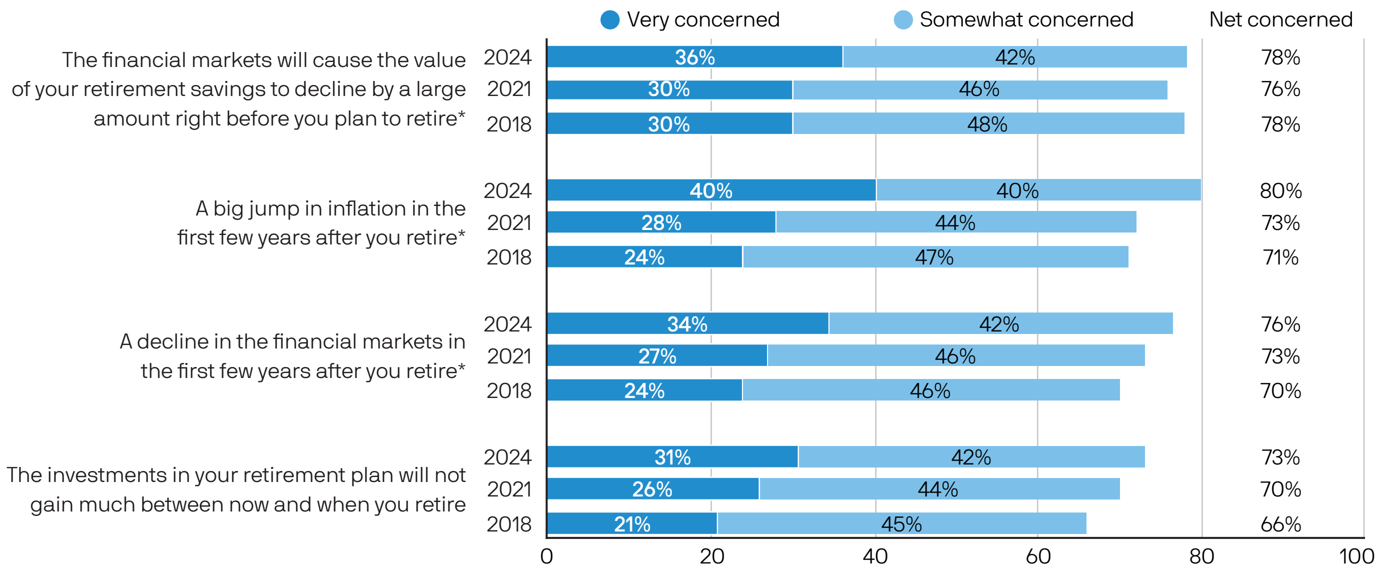
Note: 2018 total n=1,295; 2021 total n=1,281; 2024 total n=1,503. Totals may not equal 100% due to rounding.
Source: J.P. Morgan Plan Participant Research 2018, 2021, 2024.

Three: More are concerned about market factors affecting their retirement savings

The investment climate of the past several years appears to have taken a bit of a toll on how concerned participants were about the potential impact of various market risks on their retirement savings. The biggest increase in worry was about inflation in the first few years of retirement, up to 80% from 73% in 2021, understandable given the recent inflation environment.

Participants are generally more worried about how financial markets may affect their retirement savings

Exhibit 3: How concerned are you about the following?



Note: 2018 total n=1,295; 2021 total n=1,281; 2024 total n=1,503; totals may not equal 100% due to rounding.
*Revised question wording.
Source: J.P. Morgan Plan Participant Research 2018, 2021, 2024.

New in this year's report

Plan sponsor perspectives: Throughout these findings, we have highlighted how participants' responses align with plan sponsors' views, based on our *2025 Defined Contribution Plan Sponsor Survey Findings.*

Generational views: This year we also have included interesting generational differences in participant responses. While every individual is, of course, unique, each generation collectively can bring its own distinct experiences, values and perspectives that can be shaped by the social, economic and cultural landscape of their times, as well as where they may be in their life and working career cycles.

Generation by year born[1]

- Baby boomers ("Boomers"): 1946–1964
- Generation X ("Gen X"): 1965–1980
- Millennials: 1981–1996
- Generation Z ("Gen Z"): 1997–2012

[1] "Defining generations: Where Millennials end and Generation Z begins," Pew Research Center, published on January 17, 2019.

Part One: Broadening the savings scope

Key takeaways

1. More participants are researching financial budgeting and planning decisions on their own without professional guidance.
2. A growing number—39% up from 27% in 2021—lack basic emergency savings.
3. The vast majority view employer-sponsored benefits related to their financial health, especially retirement plans, as valuable.

The DC industry has gained remarkable amounts of insights into how to proactively place participants on stronger retirement savings paths in the almost 20 years since the introduction of the Pension Protection Act of 2006. Through these efforts, it has also become increasingly clear that participant retirement saving behaviors do not exist independently and are often inherently entwined with employees' overall savings and financial wellness. The fact is, it is simply harder to be concerned about saving enough for retirement when you are dealing with financial stress from paying day-to-day bills or worried about being able to pay for unexpected expenses without potentially accumulating unwanted debt. Moreover, the chances that participants may be feeling financially squeezed these days appear to have only increased since our last survey, no surprise given the sharp rise in inflation and interest rate pressures.

The potentially adverse consequences from these types of challenges do not impact participants alone; employee stress over personal finances can also be quite costly to firms. A growing amount of research has highlighted the link between financial and mental health and the toll financial instability can have on work performance, including negative effects on productivity, increased healthcare costs and higher turnover. With these issues in mind, this year's survey delved into the state of participants' overall savings and financial wellness.

1. More participants are researching financial budgeting and planning decisions on their own without professional guidance

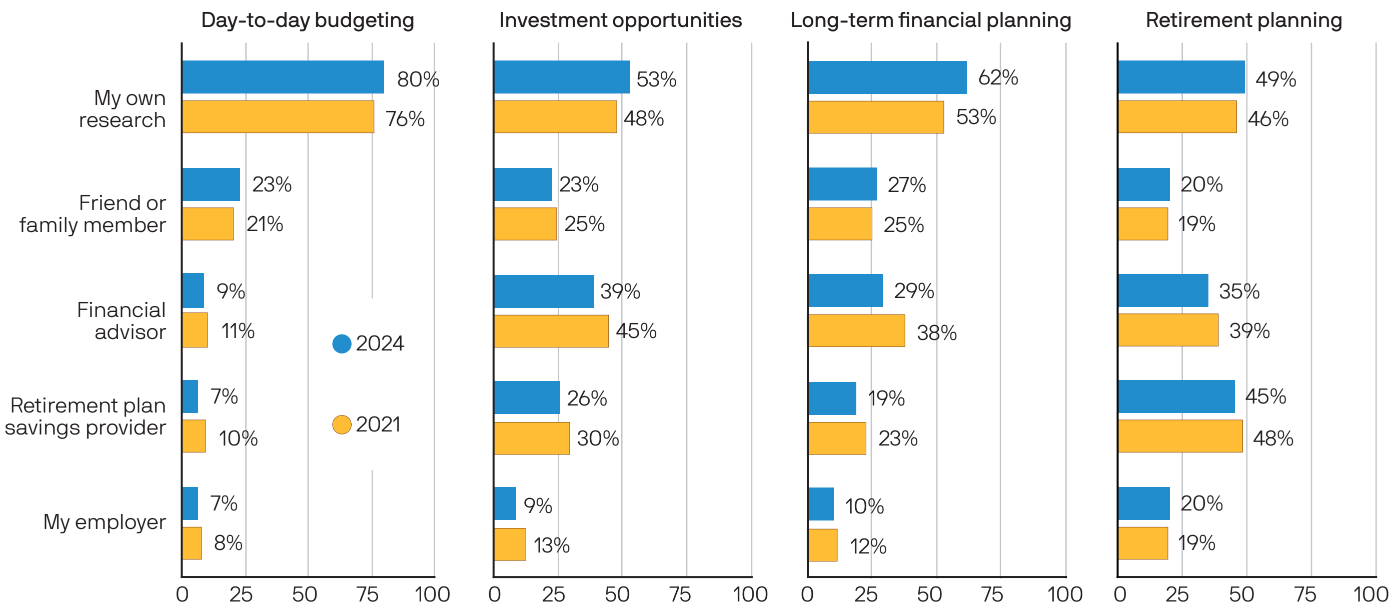
This year's survey saw an increase in the number of participants reporting that they relied on their own research to make decisions across a range of financial and investment areas, from budgeting and investing to long-term financial and retirement planning (**Exhibit 4**). There was also a corresponding decline in those getting recommendations from financial advisors, with only 9% seeking professional guidance for day-to-day budgeting, 39% for investment opportunities, 29% for long-term financial planning and 35% for retirement planning.

Of course, it has never been easier to research financial topics on your own. Both the volume and accessibility of information is much greater these days, aided with the power of online search engines and social media platforms. However, with so much information available and so many content providers focusing on short takes and soundbites to capture readers' attention, it also has become more important than ever for people to make sure they are accessing reliable sources. Further, how useful is this content if people generally do not know how to apply it to their own situations in appropriate ways, with many lacking even a basic understanding around saving and investment fundamentals to help them realistically do so? This offers financial advisors an opportunity to help participants understand the value of professional guidance to set personalized budgeting and savings goals and build realistic roadmaps about how to get there.

From a generational perspective, Gen Z and Millennials were more likely than Gen X and Boomers to consult a financial advisor (15% versus 5%) and friends or family members (34% versus 15%) when it came to day-to-day budgeting. They were also more prone to consult their employers when it came to retirement planning (29% versus 14%). Still, even these numbers were quite small.

A growing number of participants are doing their own research and less likely to rely on a financial advisor for budgeting and planning

Exhibit 4: Who do you rely on to receive advice, guidance and/or information about each of the following?



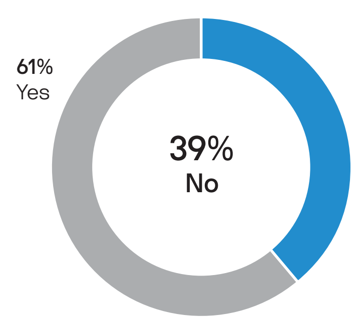
Note: 2021 total n=1,281; 2024 total n=1,503.
Source: J.P. Morgan Plan Participant Research 2021, 2024.

2. A growing number—39% up from 27% in 2021—lack basic emergency savings

One key area of concern in this year's results was the notable drop in the number of participants indicating that they had at least three months of living expenses saved, 61% down from 73% in 2021 (**Exhibit 5**). Pandemic government stimulus and generally reduced household spending had increased many Americans' savings balances in 2021. Unfortunately, higher inflation and broad-based increases in most people's living expenses over the past several years seem to have chipped away at these gains.

Four out of 10 participants have not built an adequate emergency savings fund

Exhibit 5: Do you currently have at least 3 months of living expenses in a savings account?



Note: 2024 total n=1,503.
Source: J.P. Morgan Plan Participant Research 2024.

Participants who were more likely to have three months of living expenses saved included:

- Men, 67% versus 56% of women
- Those with a postgraduate education, 74% versus 58% of those without
- Those who were married or partnered, 65% versus 57% of those who were single

Establishing an adequate emergency fund should typically be savings priority number one for most people. Life is uncertain, and spending shocks and/or job losses can occur at any time. Emergency savings can help people weather these unexpected challenges (learn more about how to prioritize different types of saving, as well as the average net income by weeks needed to weather spending and income shocks for workers and retirees in our *Guide to Retirement* publication).

Additionally, the risks of not having an emergency savings safety net can easily spill over into other areas of financial wellness, such as retirement savings, which may quickly fall to the wayside. Our related research in partnership with the Employee Benefit Research Institute (EBRI), *Spending spikes can put retirement readiness at risk, but plan sponsors can help,* showed that one in three households experience one spending spike per year above their income and cash reserves. Among participants who experienced an unfunded spending spike, 17% took a loan from their 401(k) plans compared to 7% of those without a spending spike, roughly two and a half times more. Higher credit card utilization—a common way to help manage spending spikes—was also associated with lower 401(k) savings rates and balances, even when controlling for tenure and income.

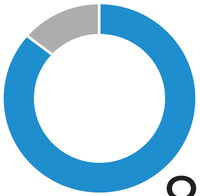
With the passage of the SECURE 2.0 Act, plan sponsors now have an expanded tool set to help address this challenge with in-plan emergency savings funds, offering another employee financial well-being, retention and recruitment benefit. Our survey found that this type of offering would be well received by participants. Seven out of 10 (69%) viewed an employer-sponsored emergency savings account as extremely or very appealing to help them save for the future. Similarly, 66% said that an option for employers to provide a matching contribution to the retirement plan if the employee is making qualified student loan repayments, even if the employee does not contribute to the plan, was also extremely or very appealing, another potential in-plan feature made possible by SECURE 2.0 (find out more about how student loans take a toll on retirement readiness in our recent paper in partnership with Employee Benefit Research Institute (EBRI), *Student loans take a toll on retirement readiness*).

3. The vast majority view employer-sponsored benefits related to their financial health, especially retirement plans, as valuable

Surveyed participants once again confirmed the high level of importance that they generally place on workplace financial wellness and retirement plan benefits.

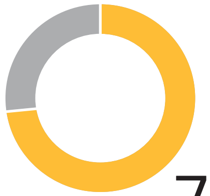
Financial wellness: Nine out of 10 (89%) felt that it was at least somewhat important for employers to offer financial wellness programs, and nearly nine out of 10 (85%) identified these types of programs as valuable. Almost half (48%) said it was extremely or very important for employers to offer financial wellness programs. Gen Z and Millennial respondents were even more likely than their Gen X and Boomer counterparts to say it was extremely or very important (60% and 56% versus 40% and 42%, respectively). These younger generations also appeared to need the most help with their financial health and planning, offering a compelling opportunity to both plan sponsors and their financial advisors.

Retirement plans: Seven out of 10 (72%) felt their workplace retirement plan was critical to how they viewed their households' financial wellness, and 85% identified having retirement benefits as an important factor when deciding to stay with an employer or when considering a new job opportunity. Those offered financial wellness programs were more likely than those without to agree that retirement benefits were an important factor when deciding to stay with their current employer, 88% versus 80%.



85%

saw financial wellness programs as valuable



72%

said their workplace retirement plan was critical to their households' financial wellness

85%

indicated retirement benefits were an important factor for staying with an employer or considering a new opportunity

PLAN SPONSOR PERSPECTIVE

Over 8 in 10 (83%)

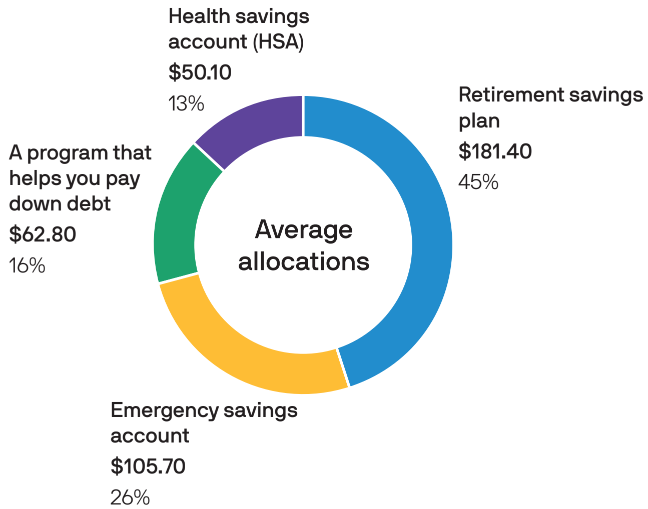
surveyed plan sponsors reported feeling a very or somewhat high level of responsibility regarding employees' financial wellness.[2]

Note: 2024 total n=1,503.
Source: J.P. Morgan Plan Participant Research 2024.

The important role of retirement plans was also apparent in how participants hypothetically allocated money across various employer-sponsored savings benefits. When asked to allocate $400 into different savings vehicles, participants on average allocated nearly half to their retirement savings plans (**Exhibit 6**). Men were more likely than women to allocate more to a retirement savings plan, $192.50 versus $170.70 on average, while women were more apt to allocate more to an emergency savings account, $113.60 versus $97.50 on average. Caregivers were more prone to allocate more to a health savings account (HSA), $59 versus $46.80 on average.

Retirement remains a top priority when it comes to workplace savings accounts

Exhibit 6: Hypothetically, if you had $400 to distribute between accounts, how much would you allocate to each of the following?



Note: 2024 total n=1,503.
Source: J.P. Morgan Plan Participant Research 2024.

[2] Statistics and survey results mentioned in **"PLAN SPONSOR PERSPECTIVE"** callouts in this paper are sourced from J.P. Morgan Defined Contribution Plan Sponsor Research 2025.

Action steps

These findings about participants' overall savings health and how they viewed employer-sponsored savings benefits offer two actionable insights:

- **Participants may not realize the impact professional guidance may have on their financial lives.** A repeating theme throughout this year's responses is that many participants feel less financially sound and want planning help. Yet, most continue to make financial decisions without professional guidance, even as those working with financial advisors appear to be more engaged and confident with their saving and investing efforts (see page 16 for more insights into the practical value of professional guidance from this year's survey responses). Plan sponsors and financial advisors can communicate how professional guidance may help participants take stronger control of their current and future finances and proactively help them to access these resources. Also, consider how best to communicate with them in terms of personalized and easy-to-digest messages, as well as through mediums that they may be more responsive to, especially younger participants.
- **SECURE 2.0 can help plans expand savings opportunities in areas where many participants are falling short.** In-plan emergency savings and student loan contribution match programs apply the types of proactive innovation that have worked so well in DC plans in new savings areas that can be beneficial to both plans and participants. We expect advancements like these to gather momentum as plan sponsors become more familiar and comfortable with them and as employers continue to strive to remain competitive, similar to the adoption trends the DC industry has seen in areas such as qualified default investment alternative (QDIA) usage, automatic enrollment and automatic contribution escalation.

These types of actions can offer win-wins for all stakeholders. Participants can build a stronger sense of financial security, financial advisors can expand their book of businesses, retirement plans can position themselves for greater participation and outcome success and employers can gain from a financially healthier, more productive workforce.

Part Two: The need for professional guidance

Key takeaways

1. Three out of four participants want guidance from a professional for investment decisions.
2. Only around half get guidance from financial advisors on their 401(k) accounts, notably down from 2021.
3. Six out of 10 wish they could push an easy button and completely hand over retirement planning and investing to a professional.

This year's survey results highlighted the value of professional guidance based on the growing uncertainty many participants appeared to have around achieving retirement security. In their responses, participants made it clear that most wanted at least some degree of professional guidance with their 401(k) investments and accounts, with many feeling overwhelmed by the amount of plan information they were being asked to absorb.

There also was an apparent disconnect between the large number signaling that they wanted help and the falling numbers that actually accessed guidance from financial advisors. The impact this can have on participant confidence in terms of retirement savings can be substantial. As presented earlier in Exhibit 2, only 43% of participants indicated that they were confident that their savings would last throughout their lifetimes; however, this figure increased to 50% for participants working with financial advisors, compared to 37% of those who were not working with one (see page 16 for more information about the practical value of professional guidance).

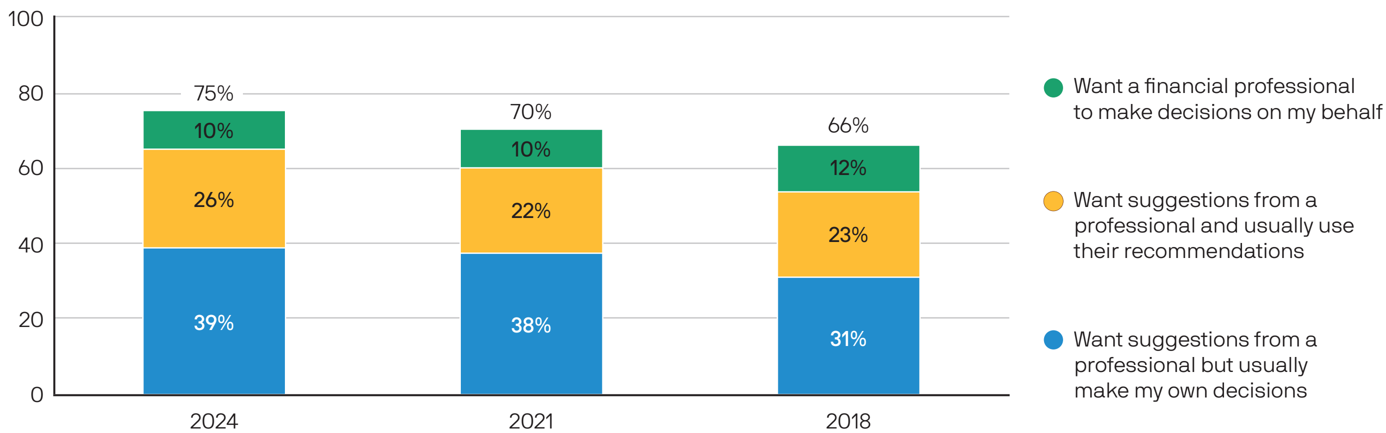
1. Three out of four participants want guidance from a professional for investment decisions

Most surveyed participants—a full 75%—said that they wanted at least some level of guidance from financial professionals for investment decisions even if they ultimately made the decisions on their own, up from 70% in 2021 and 66% in 2018, pre-pandemic (**Exhibit 7**). Only 25% preferred to research investments and make decisions completely on their own, down from 30% in 2021 and 34% in 2018. This shift seems unsurprising given the elevated volatility, economic global uncertainty and rapidly rising inflation and interest-rate cycles that have dominated stock and bond markets over the past several years. Across generations, the percentage that preferred to go it alone was fairly consistent at 27% for Gen Z and Gen X, 25% for Boomers and 20% for Millennials.

It is worth mentioning that the majority of participants who wanted professional guidance still usually made their own investment decisions, representing 39% of all respondents. Younger generations were more likely to take this approach, at 46% for both Gen Z and Millennials, 36% for Gen X and 32% for Boomers.

More participants want at least some level of guidance from financial professionals

Exhibit 7: Which of the following statements best describes your preferred approach to investing?



Note: 2024 total n=1,503.
Source: J.P. Morgan Plan Participant Research 2024.

2. Only around half get guidance from financial advisors on their 401(k) accounts, notably down from 2021

Despite the findings above, only 54% of surveyed participants said that they were receiving guidance from financial advisors on investment and saving decisions regarding their 401(k) accounts, down from 63% in 2021. A notable number identified sources of recommendations from resources such as family members (21%), human resources or other senior work professionals (17%), their spouses (11%), technology-based services (10%) and work colleagues (7%). Two out 10 (21%) said no one.

This seems consistent with the findings presented in Exhibit 4, which showed lower financial advisor use across the board. Interestingly, participants with children were more likely to consult an advisor regarding their 401(k) accounts, 58% versus 50% of participants without children. The same was true for those who were caregivers, 64% versus 51% of those who were not, suggesting that added life responsibilities may prompt people to become more serious about their retirement investments.

What may be behind the overall drop-off in how many participants were receiving financial advisor guidance? Based on participants' other responses in the survey, we can infer that it may be a combination of factors—having less savings and being more squeezed by day-to-day expenses, feeling overwhelmed by plan information, easy access and greater availability of online content and a desire to maintain investment decision-making control. Still, there is a clear disconnect between the large percentage of participants who indicated that they wanted professional guidance (75%) and those receiving it (54%), presenting an opportunity for financial advisors.

3. Six out of 10 wish they could push an easy button and completely hand over retirement planning and investing to a professional

Similar to 2021 and 2018 findings, 60% of surveyed participants this year somewhat or strongly agreed with the statement: If you could push an easy button for retirement where you could completely hand over your retirement planning and investing to a financial professional and not have to think about it at all, would you? (**Exhibit 8**). The younger the participant, the more likely the interest in an easy-button solution, 69% for Gen Z participants, 65% for Millennials, 56% for Gen X and 55% for Boomers.

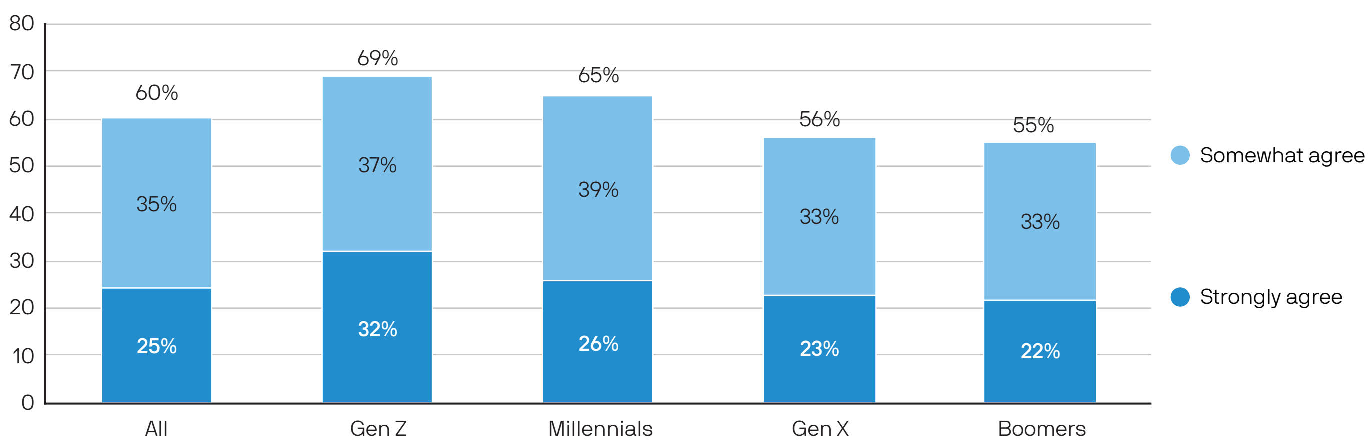
This presents an interesting juxtaposition with the earlier discussed findings on page 13 that younger participants were also more apt to want to make their own investment decisions, even if they received professional guidance. However, this does not necessarily represent a conflict; they may just want to make their own decisions and also want an easy answer. Fortunately, there are now solutions such as target date funds (TDFs) that can help to simplify the retirement investment process for them. It will be interesting to see how this may evolve as these younger participants grow older, their savings balances increase and they begin to shift from accumulation to decumulation.

Of note, almost half (47%) said that they were somewhat or strongly willing to spend time planning for retirement but did not know where to get started. The same percentage felt that they were presented with more information about their 401(k) plans than they could absorb, and 50% admitted that they did not take the time to read all the investment information they were provided with about their plans (**Exhibit 9**).

There were some noteworthy generational differences with these questions. Each younger generation was more likely to somewhat or strongly agree that they were willing to spend time planning for retirement but did not know where to start, with 59% of Gen Z saying so, almost double the 33% of Boomers who did. A similar trend was apparent with the number who felt that they were presented with too much information to absorb, climbing from 45% of Boomers to 57% of Gen Z. In contrast, each older generation was more likely than the generation after to say that they took the time to read plan information, although the numbers were still relatively low, with 55% of Boomers strongly or somewhat agreeing, falling to 42% of Gen Z.

Most participants continue to want to push an easy button when it comes to retirement savings, a trend that rises by generation

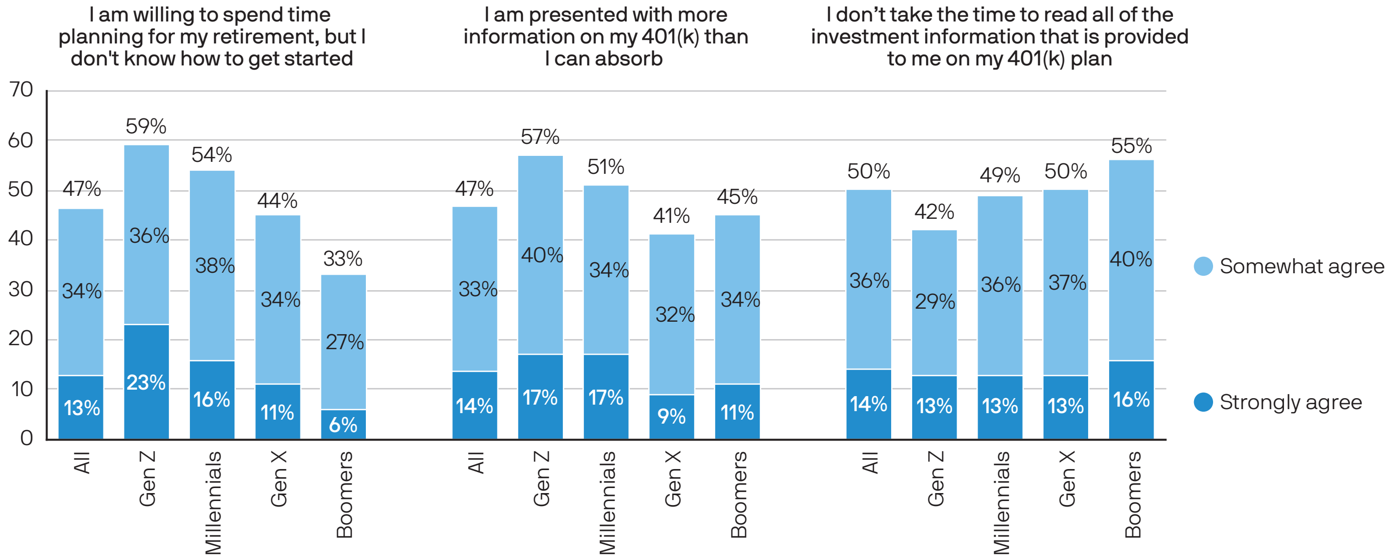
Exhibit 8: If you could push an easy button for retirement where you could completely hand over your retirement planning and investing to a financial professional and not have to think about it at all, would you?



Note: 2024 total n=1,503; Gen Z n=281; Millennials n=415; Gen X n=489; Boomers n=287.
Source: J.P. Morgan Plan Participant Research 2024.

Younger participants are more willing to spend time planning for retirement but feel overwhelmed by the amount of information

Exhibit 9: To what extent do you agree with the following?



Note: 2024 total n=1,503; Gen Z n=281; Millennials n=415; Gen X n=489; Boomers n=287; totals may not equal 100% due to rounding.
Source: J.P. Morgan Plan Participant Research 2024.

The practical value of professional guidance

The responses of surveyed participants working with financial advisors highlighted the potential benefits of professional guidance when it comes to saving and investing for retirement. Overall, they were:

- More likely to have savings that they believed would last throughout their lifetimes, 50% versus 37% of participants without a financial advisor
- More likely to have calculated how much they needed to save for adequate retirement funding, 53% versus 36%
- More likely to have money set aside for emergency savings, 69% versus 55%
- More likely to be confident about how much to contribute to their plans, 42% versus 29%
- More likely to have interacted with their plans within the last year by:
  - Reviewing their plan offering, including looking at the performance of their current investments, 79% versus 70%
  - Checking whether their current savings rates were sufficient to meet their retirement savings goals, 64% versus 50%
  - Changing how their contributions were invested, 50% versus 41%
  - Rebalancing their accounts, 46% versus 34%
- More likely to have a plan for how to use their savings in retirement by:
  - Understanding how to use savings to generate income in retirement, 34% versus 23%
  - Knowing how much they planned to spend monthly in retirement, 31% versus 21%
  - Calculating how much monthly income their savings will provide in retirement, 36% versus 25%

Action steps

Most participants want professional guidance when it comes to their retirement plans and appear to benefit from it. However, many are not accessing it. This year's survey results suggest a couple of ways that plan sponsors and financial advisors may be able to help address this gap:

- **Educate participants about the value of professional guidance and how to tap into it.** Enrollment assistance, educational workshops, seminars and one-on-one consultations all offer effective opportunities to help empower participants to make informed saving and investment decisions and take greater control of their retirement savings. Without these types of professional guidance touchpoints, participants may be at greater risk of becoming overwhelmed and/or relying on more general information sources that they might not fully understand how to apply to their own personal situations. In order for participants to retire on their desired timelines, the first step is knowing the amount they need to maintain their lifestyle in retirement.
- **Leverage insights about potential generational differences when developing communication and education strategies.** Just as the most relevant educational topics naturally evolve across participants' investment lifecycles, consider how to adapt messaging and delivery to meet the preferences and expectations of each generation. Older generations may be more responsive to in-person meetings and traditional communication channels. Younger generations may be likely to engage more with digital channels and shorter, visual and interactive content.

Actively offering the professional guidance that many participants require and desire can help position them for stronger retirement outcomes and easier, more positive plan experiences. It also can help plan sponsors and financial advisors alike distinguish their offerings and services.

Part Three: The power of proactive plan design

Key takeaways

1. Six out of 10 participants say they are not saving enough to achieve a financially secure retirement.
2. Nearly nine out of 10 have favorable or neutral views about automatic enrollment and automatic contribution escalation.
3. Nine out of 10 say it would be appealing to have access to a target date fund.

DC plans represent a unique partnership between participants and plan sponsors. Participants must do their part by consistently saving enough in appropriately selected investment vehicles. However, plan sponsors can have considerable influence in helping to place participants on prudent saving and investing paths.

PLAN SPONSOR PERSPECTIVE

Nearly half

of surveyed plan sponsors said that they proactively manage their plans in a way to place participants on a strong saving and investing path.[2]

As noted in our *2023 Defined Contribution Plan Sponsor Survey Findings,* there has been a meaningful rise in the number of plans taking a more proactive plan design approach to help drive stronger participant outcomes. Plan sponsors now have an array of time-tested tools that have proven to be remarkably effective in helping to position the average participant for more secure retirement funding success, including automatic enrollment, automatic contribution escalation and investment defaults into professionally managed strategies such as TDFs. Our participant surveys have consistently found that participants largely have favorable or neutral views about these types of strategies. This year was no different.

1. Six out of 10 participants say they are not saving enough to achieve a financially secure retirement

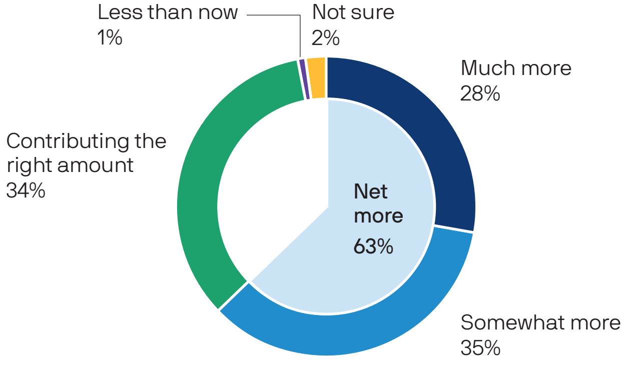
Current contribution levels: It is no secret that many Americans are not saving enough to retire safely and securely. This year's findings showed that the majority of participants—63%—knew that they were not saving enough (**Exhibit 10**). Women were more likely to think that they should be contributing much more, 32% versus 23%, while men were more prone to think that they were contributing the right amount, 38% versus 30%.

These types of findings show that a focus on women in retirement planning continues to be timely. While women-controlled wealth is forecasted to double this decade, women also tend to live longer than men, with 54% expected to live to over 90 years old, which means they generally face more time in retirement to fund. Additionally, industry research indicates that only 20% of women are very confident in their retirement.[3]

[3] 2024 Employee Benefit Research Institute (EBRI) Retirement Confidence Survey.

Many participants do not think they are saving enough for retirement

Exhibit 10: In order to be on track for a financially secure retirement, do you think you should be contributing ... ?



Note: 2024 total n=1,503.
Source: J.P. Morgan Plan Participant Research 2024.

This played out in our survey results as well, given that only 35% of female respondents said that they felt confident their savings would last throughout their lifetimes compared to 51% of male respondents. Clearly there is an opportunity to address the needs of women and retirement.

Reasons for not saving more: The reasons for not saving more for retirement included:

- My cost of living is too high (43%)
- I have to pay off credit card debts (34%)
- I do not earn enough at my job (33%)
- My housing expenses are too high (30%)
- I have had unexpected expenses (27%)
- I have other savings priorities (23%)
- I have had healthcare expenses (18%)
- I have to pay off student loan debts (14%)
- I am unsure about how to invest the money (10%)
- I have simply put it off (9%)
- I am currently saving the right amount for retirement (8%)
- I am unsure about how much to save (8%)
- I am currently saving enough in other ways[4] (8%)
- None of the above (4%)

The top five may be a reflection of the rapid rise in general living expenses that has transpired in the past few years, as well as the spending-spike research referenced earlier on page 10, further highlighting the need for emergency savings. More women than men said that the major reasons they were not saving more were having to pay off credit card debt (39% versus 29%) and that their housing expenses were too high (35% versus 24%). In-plan emergency savings programs may help alleviate these types of pressures.

Gen Z and Millennial participants were much more likely than Gen X and Boomers to cite other savings priorities as a reason for not saving more for retirement, 40% and 35% versus 17% and 8%, respectively. It is not that surprising that a larger number of younger participants were perhaps more focused on more immediate financial goals, such as saving for a first home purchase or paying off student loan debt. When retirement is far off, it is easy for other financial goals to take precedence. However, if they scale back retirement contributions too much or altogether, they risk missing out on one of the most powerful retirement investment tools they have at their disposal: long-term compounding.

How to help motivate participants to save more: When asked to choose what, aside from a salary increase, would be the best way to motivate them to contribute more to their retirement plans, the top four responses were:

- Add a guaranteed lifetime income option within the plan (35%)
- Automatically increase contributions by 1% a year, while offering the option to cancel the increases at any time (35%)
- Offer a projection of how much to save in the plan now to have a financially secure retirement (31%)
- Provide a target amount for how much should already be saved in the plan today to be on track for a financially secure retirement (31%)

The top motivator of adding a guaranteed lifetime income option within the plan was largely consistent across Gen Z, Millennials and Gen X. However, the percentage of Boomers who noted this was higher at 43% (see Part Four for more insights into participants' views on retirement income). Participants were also clearly supportive of automatic contribution escalation, a topic expanded on in the following pages.

PLAN SPONSOR PERSPECTIVE

Nearly 8 in 10 surveyed plan sponsors said that they now believe DC plans should be vehicles for retirement income generation. **We take a closer look at the retirement income features that are important to participants in the next section.**[2]

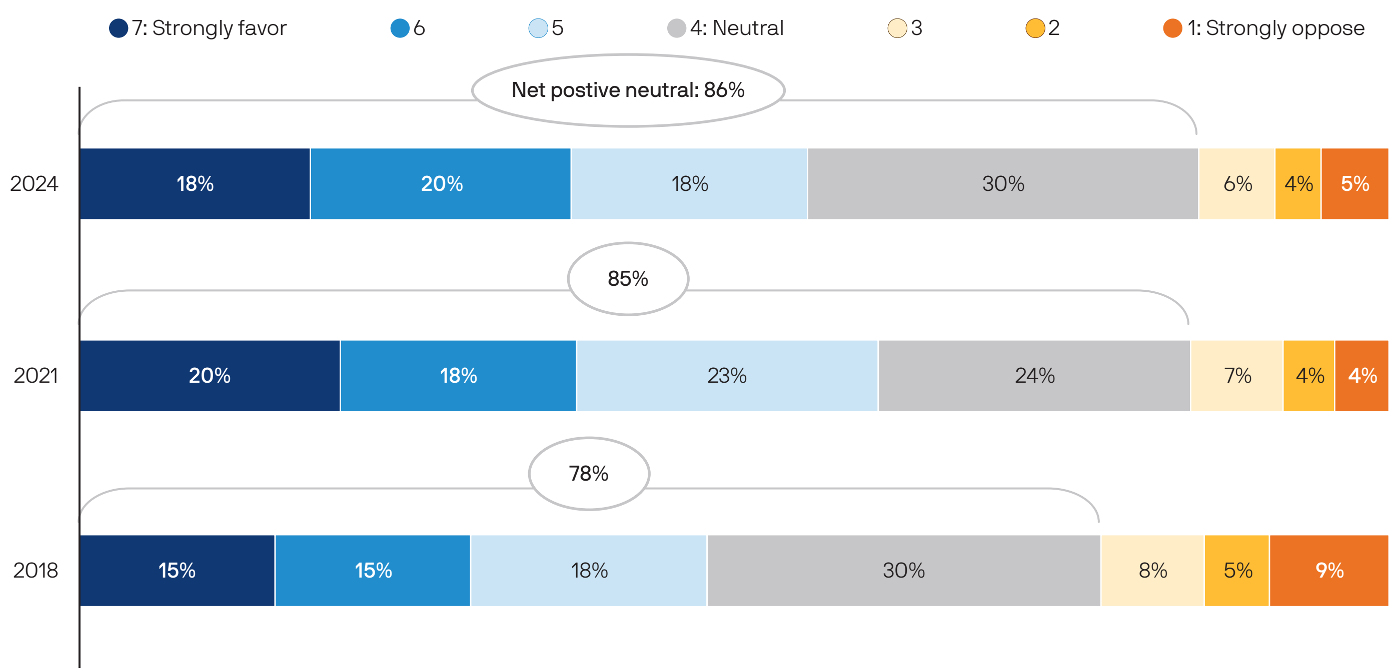
[4] Text is abridged.

2. Nearly nine out of 10 have favorable or neutral views about automatic enrollment and automatic contribution escalation

Views on autos: On par with our 2021 survey findings, the vast majority of this year's respondents—86%—expressed favorable or neutral views about automatic enrollment and automatic contribution escalation programs (**Exhibit 11**). Boomers and Gen X participants were more likely than Gen Z and Millennials to oppose plans offering both features, 10% and 13% versus 5% and 5%, respectively, though even these figures are small. This emphasizes the natural evolution of the workforce, where younger employees, most of whom have only known DC plans from their employers, were almost unanimously comfortable being nudged toward more constructive behaviors.

The vast majority of participants are comfortable with automatic features

Exhibit 11: To what extent do you favor or oppose employers offering both automatic enrollment and automatic increases (where contributions start at 6% and are automatically increased by 2% of salary per year, until the employee is putting about 10% of pay into the 401k plan)?



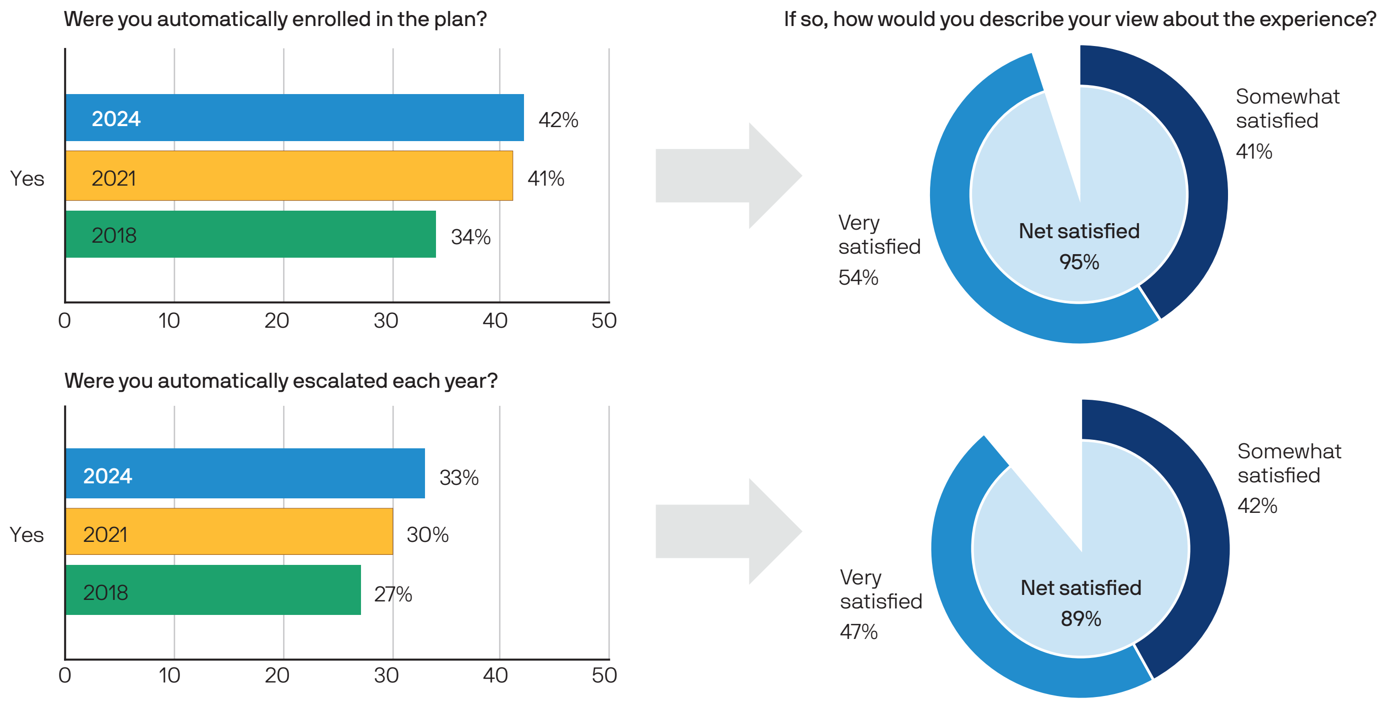
Note: 2018 total n=1,295; 2021 total n=1,281; 2024 total n=1,503; totals may not equal 100% due to rounding.
Source: J.P. Morgan Plan Participant Research 2018, 2021, 2024.

Adoption rates: Even with these high levels of positive/neutral views, only four out of 10 (42%) reported having been automatically enrolled in their plans, similar to 2021, with 95% of those indicating that they were automatically enrolled noting that they were very or somewhat satisfied (**Exhibit 12**). Only one-third (33%) had their contributions automatically escalated, also comparable to 2021 findings, with 89% indicating that they were very or somewhat satisfied with the experience.

On a positive note, more participants were automatically enrolled and automatically escalated than in pre-pandemic 2018. Further, participants who are confident their savings will last their lifetime are more likely than those who weren't confident to have had their contribution amount automatically increased each year.

Most are still not being automatically enrolled or automatically escalated in their current plans, but those who are report strong satisfaction levels

Exhibit 12: Were you automatically enrolled or automatically escalated in your 401(k) plan by your current employer?



Note: 2018 total n=1,295; 2021 total n=1,281; 2024 total n=1,503.
Source: J.P. Morgan Plan Participant Research 2018, 2021, 2024.

PLAN SPONSOR PERSPECTIVE

Despite extremely high participant satisfaction rates with automatic contributions and automatic contribution escalation programs,

only 66% and 39% of surveyed plan sponsors said that they offered these features, respectively.[2]

3. Nine out of 10 say it would be appealing to have access to a target date fund

TDF appeal: This year, 89% of surveyed participants indicated that they liked the idea of having access to a TDF, a figure that has been remarkably consistent over the past several surveys we have conducted. However, only 25% believed that they were invested in one, lower than past studies, and 41% thought their plans did not offer one, up from past years.

This is in contrast to industry research, where estimates place the number of plans offering a target date fund at 85%[5] and the number of participants invested in one at 59%.[6] These findings highlight an important opportunity for additional education. Participants want TDFs but do not even know that many already have them available to them in their plans or that they may even already be invested in one.

PLAN SPONSOR PERSPECTIVE

86% of surveyed plan sponsors with QDIAs in their plans used TDFs.[2]

Plan reenrollments: On a related note, 88% of surveyed participants indicated that they were favorable or neutral to the idea of a plan reenrollment, where their account balances and future contributions would be invested in the plan's QDIA, which may be a TDF, if they were able to opt out and select different investment choices if they desired. Within the small number of participants who opposed this type of plan action, Gen X and Boomers were more likely than Gen Z and Millennials to dislike the idea, 12% and 10% versus 3% and 2%, respectively.

PLAN SPONSOR PERSPECTIVE

Only 4 in 10 of surveyed plan sponsors reported having considered a plan reenrollment, and only 10% had recently conducted or were planning to conduct one.[2]

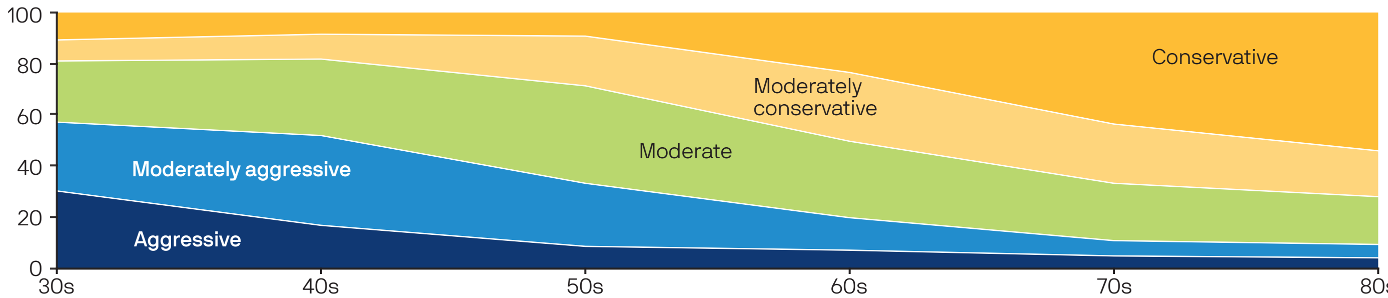
Glide path risk alignment: One of the most compelling features of TDFs is their automatic derisking of portfolio assets across their glide paths as participants move toward and through retirement. In this year's survey, we asked participants to rate their risk tolerances using a five-point scale from aggressive to conservative for each decade from their 30s to their 80s based on how they have invested their retirement savings and plan to invest in the future. The results show the value of TDFs. The percentage of participants who began to consider themselves conservative or moderately conservative as they approached retirement and through their non-working years significantly increased. There was also a sharp drop in those who considered themselves aggressive or moderately aggressive (**Exhibit 13**). TDF glide paths are specifically built to express this natural transition seamlessly and effortlessly from the perspective of participants' plan experiences.

[5] 66th Annual PSCA Survey, Reflecting the 2022 Plan Experience.

[6] "Target-Date Funds Have Taken Over 401(k)s. How They're Constructed Continues to Evolve," *Institutional Investor*, published on August 1, 2023.

TDF glide paths appear well aligned to the pronounced shift to a more conservative investment risk appetite participants collectively show over time

Exhibit 13: Thinking about how you have invested your retirement savings in the past and plan to in the future, how would you describe your risk tolerance at these different points in time?



Note: 2024 total n=1,503.

Source: J.P. Morgan Plan Participant Research 2024.

One concern raised by this finding is the level of risk embedded in many TDF glide paths. The general trend for many TDF series over the past decade has been to increase risk allocations across their glide paths throughout the lifespan of the participant. This uptick may be particularly troubling in participants' later working years leading up to and at retirement, where sequence of return risk and account balances are highest. At the end of 2016, the median percentage of equity allocations in TDFs at retirement was 40%. At the end of 2023 it was 45%, with roughly half of TDFs above this level and some allocations climbing into the mid- and high 50% range.[7]

How comfortable do participants appear to be with these higher risk levels? Related research we conducted in partnership with The Employee Benefit Research Institute looked at whether and how people change their asset allocations when they roll over their 401(k) balances. We found that change was the norm, with as many as 75% of retirees decreasing their portfolio equity concentration after rollover by a median 17%. Further, the greater the equity share in the 401(k) allocation, the more significantly participants de-risked.[8] This again shows participants' natural inclination to de-risk their retirement assets over time.

Action steps

Most of the DC industry's past innovations have centered on making it easier and more streamlined for participants to make constructive retirement saving and investment decisions. This year's survey results show that these efforts continue to align well with general participant preferences, while also offering some practical action points:

- **High favorability of automatic enrollment and contribution rate escalation offers opportunities for broader adoption.** Participants know that they are not saving adequate amounts for their retirement financial security. Why not make it easier for them to take the right actions? When faced with decisions about retirement savings, employees can procrastinate or simply not engage with the process due to the perceived complexity or effort involved. Auto features flip this dynamic by making participation the default option.
- **TDFs and reenrollments remain well received, but plans should confirm that current glide path risk profiles are suited for their participant demographics.** Participants are feeling less certain about their retirement investments and financial security. TDFs offer powerful tools to help them build retirement savings effectively and efficiently, while automatically supporting participants' tendency to become more conservative with retirement investments over time. Given the uptick in risk assets in many TDFs, however, plan sponsors may want to reconfirm that their selections remain well aligned with the broader risk needs and preferences of their participant populations.
- **Specifically examine asset allocations and risk exposures toward and at the end of the glide path.** How aligned are they with plan demographics and participants' behaviors? Do they expose participants to undue levels of potential downside risk at this sensitive point in the retirement investing lifecycle? It can be easy to become somewhat complacent around risk exposures when equity markets have been performing well. Lessons from past major market disruptions, however, have shown how attempting to invest people out of savings shortfalls by elevating risk can be catastrophic if volatility turns against them right as they are getting ready to start tapping into their account balances.

Through thoughtful plan design and strategic implementation, plan sponsors can wield immense influence in helping to strengthen retirement outcome potential for their participants. The good news is that participants continue to appear to be highly receptive to these efforts.

[7] Morningstar.

[8] "In Data There Is Truth: Understanding How Households Actually Support Spending in Retirement," Employee Benefit Research Institute & J.P. Morgan Asset Management, 2021.

Part Four: Insights into retirement income

Key takeaways

1. The average age participants expect to retire rose to 65 years, though industry research indicates many may retire earlier often due to circumstances beyond their control.
2. Nearly eight out of 10 are concerned about creating a steady retirement income source that will last their lifetimes, but many do not know how much they need to save to do so.
3. Almost all expressed interest in an in-plan solution that would provide guaranteed income in retirement.

With the rapid rise in the number of participants reaching retirement age and beginning to flip the switch from accumulation to decumulation, the DC industry has increasingly focused on how to help retirees convert their retirement savings into sustainable streams of income. This year's survey highlighted the importance participants place on securing a reliable retirement income source, a function largely served by defined benefit (DB) plans in the past. However, access to any type of DB (i.e., annuity) payment stream in retirement continues to dwindle by generation, with 39% of Boomer households still having some sort of DB benefit once they retire, compared to 24% of Gen X, 16% of Millennials and 8% of Gen Z.[9]

Past DC innovation has primarily concentrated on helping participants save and invest for retirement with limited consideration for navigating the transition to drawing income once participants stop working. Within the current DC structure, most participants are tasked with turning what may be their single biggest asset into reliable, long-lasting income, often with little or no assistance. In response, the DC industry, as it has with past challenges, is beginning to closely evaluate how to provide retirement income help to participants who want it, with a growing number of solutions becoming more readily available within plans.

Solving for retirement income within the DC plan structure is a multifaceted issue that entails navigating numerous risks over an unknown time horizon and begins well in advance of the actual decision to retire. It can also be further complicated by the highly personal nature of retirement and each individual participant's retirement timing, income needs and preferences. This year's survey took a closer look at the issue to gain insights into a range of participant views on the topic.

1. The average age participants expect to retire is 65 years, though industry research indicates many may retire earlier often due to circumstances beyond their control

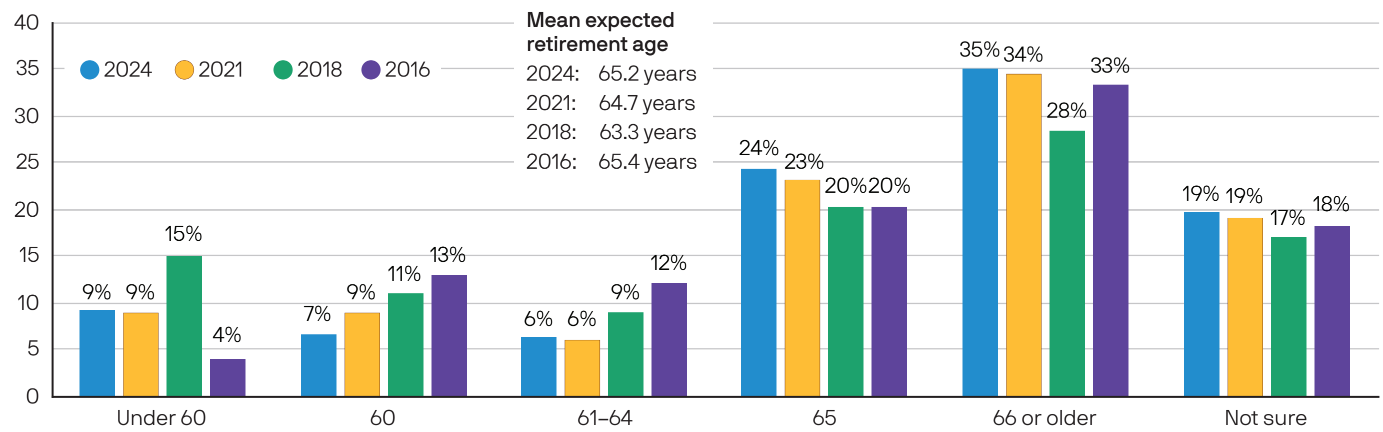
This year's surveyed participants expected to be working for longer, on average. The mean expected retirement age increased slightly to 65.2 years old, up from 64.7 in 2021 and 63.3 in 2018 (**Exhibit 14**). Three out of five (59%) anticipated retiring at age 65 or older. For the remainder, one out of five (22%) expected to retire before age 65, and the rest (19%) were unsure.

Comparing generations, as participants moved closer to retirement their expectations for how long they planned to be working climbed steadily higher, with Gen Z anticipating an average retirement age of 61.2, Millennials at age 63.2, Gen X at age 65.8 and Boomers at age 68.1.

[9] LIMRA Secure Retirement Institute analysis of 2019 Survey of Consumer Finances, Federal Reserve Board, 2020. Latest available data as of December 31, 2023. Age is for head of household in 2024. Percent of households having access to a DB plan denotes either survey respondent or spouse: a) has DB pension at current job; b) had accrued a DB pension benefit from a former job but has not yet claimed benefits; or c) is currently receiving benefits from DB pension. A pension is also referred to as a DB pension plan.

Average expected retirement age has increased back to the industry's retirement modeling age of 65

Exhibit 14: Realistically, at what age do you expect to retire?



Note: 2016 total n=736; 2018 total n=948; 2021 total n=1,236; 2024 total n=1,438.
Source: J.P. Morgan Plan Participant Research 2016, 2018, 2021, 2024.

Of note, only 33% of participants said that they planned to fully stop working at a predetermined retirement date, while 47% expected to gradually retire with reduced work hours or days per week and 10% anticipated continuing to work seasonally or on a contractual basis. The theme of gradual retirement was more prominent for Gen Z, with 56% expecting to take this path, compared to 48% of Millennials, 49% of Gen X and only 37% of Boomers.

Participants who were married or had a partner were more likely than unmarried participants to fully stop working and retire at a predetermined date, 36% versus 28%. However, 45% expected to retire more than a year apart from their spouses or partners.

These responses echoed our related research into retirement spending behaviors based on anonymized data from more than 280,000 American households *(Three new spending surprises: Additional insights into retirement spending behaviors)*. That analysis found that more than half of households did not retire all at once, counting individuals working in retirement and spouses retiring at different times. Moreover, partially retired households tended to spend more in the years preceding retirement and continued to spend more post-retirement than their fully retired peers.

Two main observations arise from this data. First, the DC industry has been modeling for a retirement age of 65 for decades, but that accounts for just one-quarter of participants based on this year's responses, where only 24% expected to retire at age 65. Roughly the same amount at 22% expected to retire earlier, 35% expected to retire later and 19% were not sure.

Second, participants may be expecting to work and save longer than what may be their actual experiences. Related research by EBRI found that while surveyed participants commonly refer to 65 as their expected retirement age, the average age reported was much lower, at age 62.[10] Indeed, half of retirees said that they retired earlier than expected, with 69% citing reasons beyond their control, for example changes at their employers or health problem, and 39% realized that they could afford to retire sooner. This highlights the need to have a plan in case retirement comes earlier than anticipated.

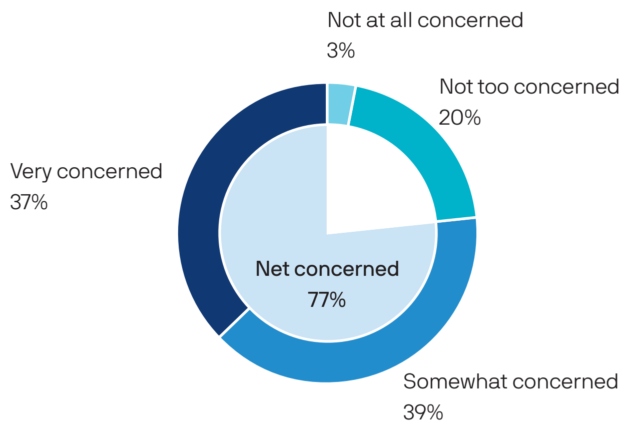
[10] 2024 EBRI Retirement Confidence Survey.

2. Nearly eight out of 10 participants are concerned about creating a steady retirement income source that will last their lifetimes, but many do not know how much they need to save to do so

This year's surveyed participants highlighted how important it was to them to be able to access a reliable retirement income source that will remain viable throughout their lifetimes. A full 77% said that they were very or somewhat concerned about creating a steady income stream in retirement that will last the rest of their lives (**Exhibit 15**). Participants concerned about outliving their savings were much more likely to be concerned about this, 90% versus 49%. Those with incomes below $170,000 were more apt to be very concerned, 42% versus 21% of those with incomes at or above that level.

Most participants want a steady lifetime income source in retirement

Exhibit 15: How concerned are you about creating a steady stream of income in retirement that will last the rest of your life?

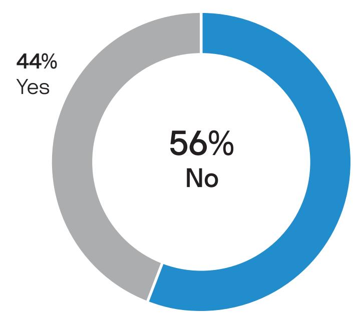


Note: 2024 total n=1,503.
Source: J.P. Morgan Plan Participant Research 2024.

Unfortunately, many have yet to even set a savings target to help achieve this goal. Fewer than half—44%—indicated that they had calculated how much they needed to save to last throughout retirement, slightly down from 47% in 2021 (**Exhibit 16**). Participants confident that their savings will last their lifetimes were significantly more likely than those not confident to have calculated how much they needed to save, 62% compared to 30%.

Most participants have not calculated how much they need to save to fund their retirements

Exhibit 16: Have you and your spouse/partner calculated how much money you will need to save to last throughout retirement?



Note: 2024 total n=1,503; plan to retire n=1,438.
Source: J.P. Morgan Plan Participant Research 2024.

As participants moved closer to retirement, they were more apt to have calculated how much they needed to save, with 31% of Gen Z having done so, 41% of Millennials, 45% of Gen X and 55% of Boomers. However, that still means that even for the generation most directly facing retirement, almost half—45%—had not.

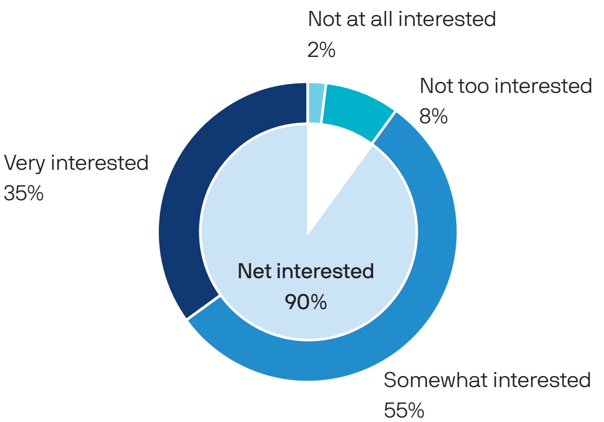
3. Almost all expressed interest in an in-plan solution that would provide income in retirement

The vast majority of surveyed participants indicated a desire for a retirement income solution from their employers:

- 90% said that they would be interested in an option on their plan's menu that would provide guaranteed income in retirement (**Exhibit 17**).
- 76% were very or somewhat comfortable keeping their savings in their plan after retiring and using it as a vehicle for drawing income.
- 80% would be very or somewhat likely to leave their savings in their plan if it offered an option that used savings to help generate monthly income in retirement.

Most participants like the idea of a guaranteed income solution as part of their plan

Exhibit 17: How interested are you in an option on your plan's investment menu that would provide you with guaranteed income each month in retirement that could be used to cover a portion of your expenses in retirement?



Note: 2024 total n=1,503.

Source: J.P. Morgan Plan Participant Research 2024.

Six out of 10 (59%) participants also felt that their employers had a responsibility to help them understand how they can use their retirement savings to generate income in retirement. Younger participants were even more prone to agree with this view, at 72% of Gen Z and 66% of Millennials compared to 55% of Gen Z and 49% of Boomers.

PLAN SPONSOR PERSPECTIVE

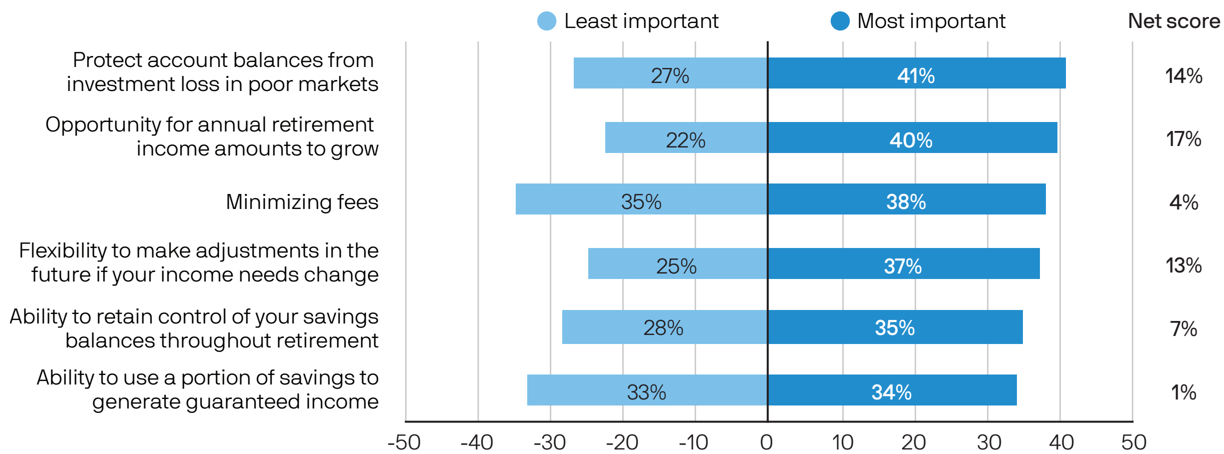
67% of surveyed plan sponsors said that they felt a very or somewhat high sense of responsibility to help participants generate income in retirement.[2]

When asked about the types of characteristics that would be most important in a retirement income solution, the top answers centered around reliability, flexibility and control. This year's respondents were asked to rank their three most important and three least important features with a potential in-plan retirement income solution. **Exhibit 18** shows the percentage of participants who rated a particular feature as their top and bottom choices in terms of importance, along with a net score that combines these responses.

On a net basis, income growth potential, portfolio protection and income adjustment flexibility were ranked highest. By generation, younger participants were more likely to identify flexibility to make adjustments in the future if their income needs change as important, at 48% of Gen Z, 39% of Millennials, 37% of Gen X and 32% of Boomers. More women than men found protecting account balances from investment loss in poor markets of top importance, 45% to 37%.

Income growth potential, portfolio protection and income adjustment flexibility are the most valued retirement income solution characteristics on a net basis

Exhibit 18: Which are the three most important and three least important features when deciding on an option?



Note: 2024 total n=1,503.
Select responses shown.
Source: J.P. Morgan Plan Participant Research 2024.

Action steps

The industry trend is clear: Retirement income solutions are the next big area of innovation for DC plans. The impending retirements of a significant portion of the U.S. population underscores the importance of providing robust income solutions as more and more participants begin to manage the critical transition from retirement asset accumulation to decumulation. This year's survey offered several insights on the topic:

- **Participants are expressing concern about securing reliable retirement income sources and welcome (and expect) help from their plans to address the challenge.** Integrating retirement income solutions into the DC plan structure aligns well with the evolving needs and expectations of today's workforces. With this in mind, it is unsurprising that the vast majority of participants are receptive to an in-plan solution to help navigate the critical transition from retirement savings to spending.
- **Reliability, flexibility and control are key when it comes to retirement income solutions.** Retirement itself is not a uniform experience. This is clear in both the ways and ages at which it occurs for each participant, as well as the features each individual values most in terms of a viable retirement income solution. However, there are some important themes that emerge in terms of the importance many participants appear to place on income sustainability across their lifetimes, protective attributes in difficult markets, choice and flexibility to respond to changes that may occur.

Looking ahead, as the landscape for in-plan DC retirement income options continues to evolve, plan sponsors should remain proactive in exploring innovative solutions and adapting to the changing needs and expectations of their employees.

Conclusion

Our seventh DC plan participant survey once again offered insights into how to create stronger retirement outcomes and more favorable plan experiences, based on evolving industry trends and participants' own views and preferences. Retirement plans remain one of the most important benefits employees look for from their employers. This year's findings continue to show that many participants want and need more help navigating how to save and invest for their retirements. This includes plans providing proactive support and guidance, starting with enrollment and continuing all the way through to decumulation.

Fortunately, there are a range of well-established plan design strategies, including TDFs, QDIAs, automatic features, reenrollments and financial wellness programs, that may help position participants for greater retirement saving and investing success. Recent regulatory advancements introduced with SECURE 2.0 and growing innovation in areas such as retirement income can further help build and expand on these efforts to help place as many participants as possible on more secure financial paths across their entire retirement investing journeys.

For more information about our survey findings and potential applications, please contact your J.P. Morgan representative.

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