T.RowePrice

Executive Summary

2025 U.S. Defined Contribution Consultant Study

October 2025

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2025 U.S. DC Consultant Study Methodology

T. Rowe Price conducted its fifth annual **Defined Contribution Consultant Study** to capture current views from the defined contribution (DC) consultant and advisor community in the U.S. on a wide range of retirement topics.

- Consistent with prior years, the study identifies key findings related to target date solutions, retirement income, managed accounts, fixed income and capital preservation investments, and financial wellness programs.
- New in 2025, the study explores how consultants are embracing artificial intelligence (AI); implementation expectations for private assets; and components of financial wellness solutions, including student debt and emergency savings programs.
- Participating in the 2025 study were 36 of the leading consultant and advisor firms (81% consultant, 19% advisor)[1] in the U.S. representing nearly $9 trillion in assets under advisement (AUA).[2] Respondent firms' AUA reflects over 70% of the $12.5 trillion U.S. DC plan market.[3]
- The study was fielded January 13–March 10, 2025.

Respondent firms

- Aon
- Callan LLC
- Cambridge Associates
- CAPTRUST
- Cerity Partners
- Clearstead
- Commonwealth
- Curcio Webb
- Fiducient Advisors
- Francis Investment Counsel
- Goldman Sachs Asset Management
- Gosselin Consulting Group
- Higginbotham
- Highland Associates
- Highland Consulting Associates, Inc.
- HUB RPW
- Intellicents
- LCG Associates, Inc.
- Marquette Associates, Inc.
- Marsh McLennan Agency
- Meketa Investment Group
- Mercer
- MSWM/Graystone
- NEPC, LLC
- Newport Group, Inc.
- NFP Retirement
- OneDigital
- PlanPILOT
- Russell Investments
- RVK, Inc.
- SageView
- Segal Marco Advisors
- USI
- Verus
- Willis Towers Watson
- Wilshire

[1]Respondent firms are asked to self-identify their firm type.
[2]Assets under advisement figures are self-reported.
[3]Source: ICI, as of December 31, 2024.

Growing role for AI

Key findings

- Although **44%** of respondents are **still evaluating AI tools**, practical use cases are beginning to emerge to enhance business growth, client service, and scalability. *(Figure 1)*
- Firms that offer proprietary financial wellness programs are piloting AI-driven participant engagement tools like chatbots for tailored savings nudges, investment education, and real-time Q&A, enhancing the participant experience without increasing manual workload.
- AI is transforming business development by identifying top prospects, predicting close rates, and aiding in RFPs, allowing advisory teams to focus on relationship building despite fee compression and increased workload demands.
- While the adoption of AI is still in its infancy and challenges such as compliance, data privacy, and advisor skepticism persist, firms that are proactively integrating AI are experiencing significant efficiencies and discovering innovative ways to differentiate themselves in a competitive landscape.

(Fig. 1) **How are you using AI today?** (Select all that apply.)

Emphasis on diversification within fixed income

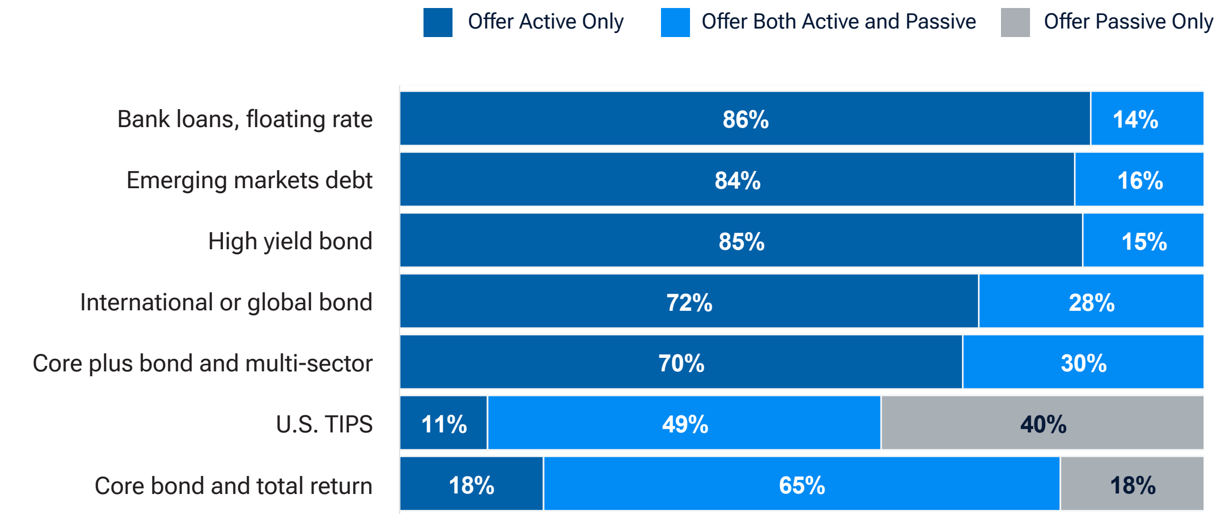
Key findings

- Nearly two-thirds **(73%)** of respondent firms point to a **"greater focus on fixed income diversification opportunities"** as motivating their evaluation of fixed income investment options. As context, this statement was selected by less than half **(48%)** of respondent firms in 2021, demonstrating the growing emphasis on the importance of diversification within a fixed income portfolio. *(Figure 2)*
- The theme of diversification within fixed income is evidenced in several of the key findings from the overall 2025 research, including growing support for the use of nontraditional bonds in target date portfolios *(Figure 8)* and the industry's potential interest in including private credit in multi-asset, professionally managed portfolios (e.g., off-the-shelf target date solutions or custom target date solutions). *(Figure 9)*
- Close to two-thirds **(64%)** of respondent firms point to "poor performance" as a key driver in evaluating fixed income investment options. *(Figure 2)* We believe these data reflect some frustration with the absolute performance of fixed income as an asset class in a rising rate environment. From the perspective of benchmark-relative performance, there is greater **conviction in the value of active management in fixed income strategies**, also substantiated in the 2025 survey results where consultants and advisors were more likely to prefer active management implementation in several fixed income categories. *(Figure 3)*

(Fig. 2) **To what extent have the following trends influenced your evaluation of fixed income investment options?** (Select top five.)

	2025
Greater focus on fixed income diversification opportunities	73%
Poor performance	64%
Current interest rate environment	61%
Interest rate expectations, i.e., duration risk	61%
Inflation concerns, i.e., seeking inflation mitigation, higher yield to combat deteriorating purchasing power	55%
Manager instability	36%
Increased interest in multi-manager fixed income investment options	33%
Increased plan sponsor focus on retirement income	18%

(Fig. 3) **What are your firm's philosophical views related to active and passive implementation by asset class or investment strategy in DC plans, either within a multi-asset or standalone investment?**

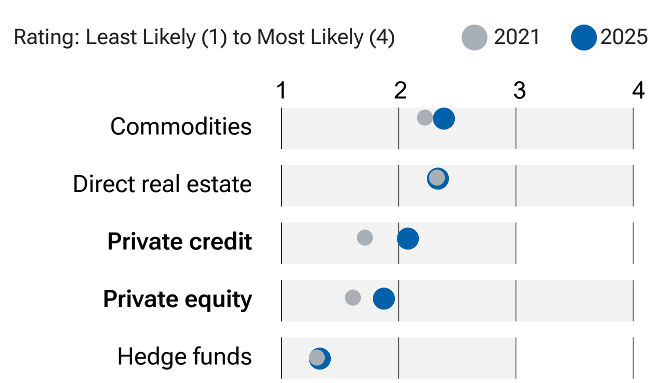


Potential role for alternatives in target date funds

Key findings

- Year-over-year average ratings that reflect respondents' expectations regarding potential implementation of alternatives assets vary by asset class. Notably, there is a significant **increase in average ratings for private credit and private equity,** reflecting the retirement industry's shift toward a more focused approach on private assets, as opposed to the broader alternative investments category. *(Figure 6)*
- In 2025, private credit's average rating rose to **2.1** from **1.7** in 2024, indicating a neutral, but growing, interest in offering DC plan participants exposure to this asset class. Anecdotally, private credit is generally identified as the most immediately attainable private asset investment strategy given it has a maturity and makes regular interest payments, which are helpful to managing liquidity needs. *(Figure 6)*
- The majority of respondents agree that **alternative investment strategies are most likely to be implemented in target date solutions,** custom or off-the-shelf. Notably, there is little support for offering alternative investment strategies as stand-alone options on a plan's menu. *(Figure 9)*

(Fig. 6) **Which alternative investment strategies are most likely to be incorporated into DC plans over the next 12–24 months?**



- Unsurprisingly, nearly two-thirds **(72%)** of consultants and advisors identify **fees as a top reason preventing implementation** of alternative investments in DC plans. Private asset investments are generally more expensive than public market investments, which can be difficult to reconcile with the fee-sensitive nature of the DC market, where fiduciary decision-making is shaped by a keen focus on balancing value for cost. Also, fees are at the root of most plan sponsors' litigation concerns as they relate to considering incorporating private assets into the DC plan. *(Figure 6)*

(Fig. 7) **What are the top reasons preventing implementation of alternative investments in DC plans?** (Select top two.)

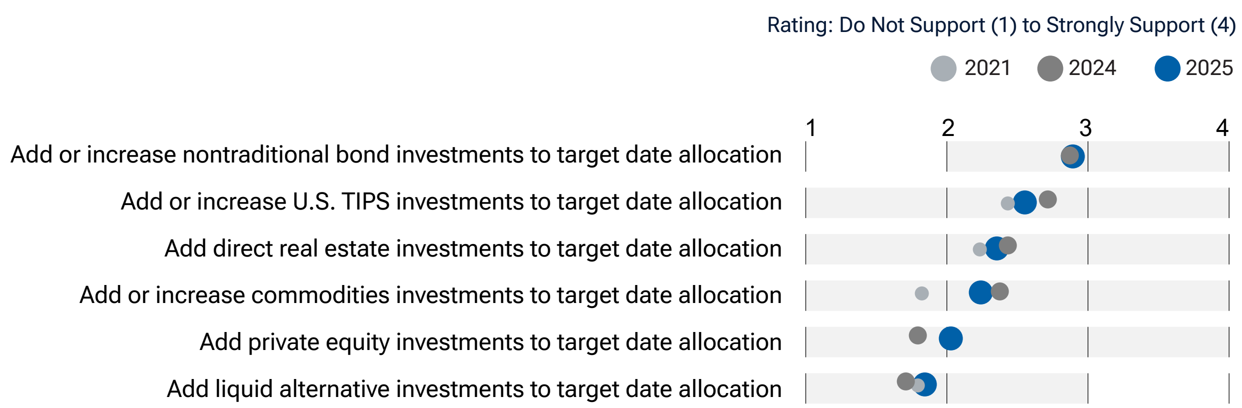
[1]Other responses: Difficulty in conducting proper due diligence, Employee tenure mismatch with alts time horizons, Litigation risk.

Target date solutions continue to evolve

Key findings

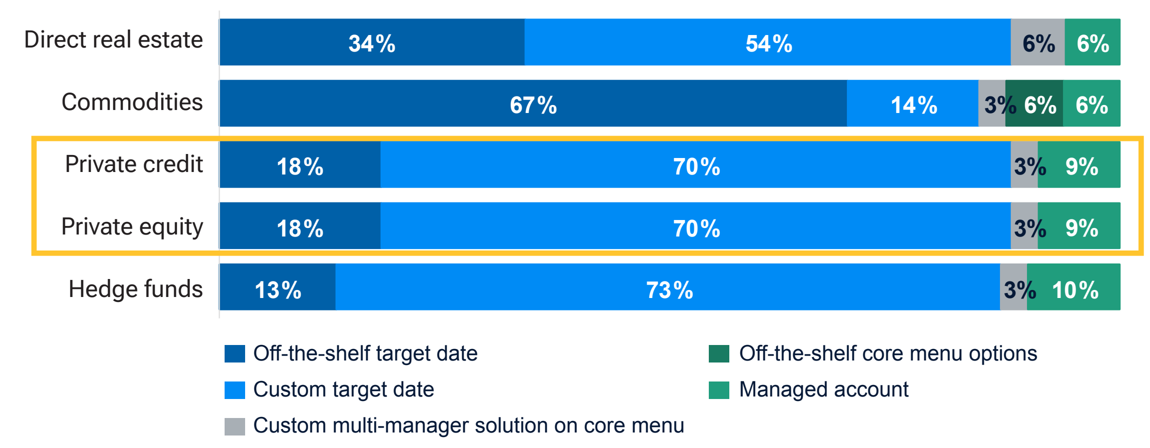
- Survey results reveal strong support for **increasing or adding exposure to nontraditional bonds** in a target date solution. This finding underscores a broader trend in not only viewing fixed income as a diversifying asset class when paired with equities, but also taking a deeper dive within a target date solution's fixed income allocation to evaluate exposure across fixed income sub-asset classes. *(Figure 8)*
- Nontraditional bonds encompass a wide range of strategies, including those aimed at enhancing returns, such as absolute return-oriented bonds, and those designed to mitigate portfolio volatility. With the industry's current focus on private credit, this asset class may also be considered within the nontraditional bonds category, further diversifying fixed income investment portfolios. *(Figure 9)*

(Fig. 8) **Please indicate the extent to which you generally support the following developments, enhancements, and modifications related to target date solutions or other qualified default investment alternatives.**

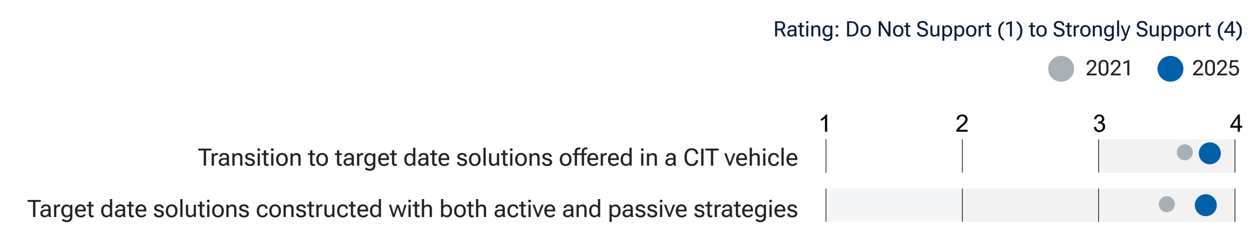


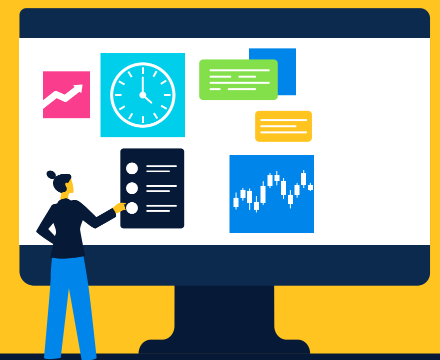
- Results also continue to exhibit strong support from both consultants and advisors for **target date solutions that are constructed with both active and passive investment strategies.** Target date solutions built with both active and passive underlying investment vehicles can harness the strengths of both management styles, delivering a solution that offers some of the benefits of a fully active approach but at a lower fee profile to accommodate plan sponsors who are looking for a lower-cost solution. *(Figure 10)*

(Fig. 9) **Where are the following alternative investment strategies most likely to be implemented into DC plans over the next 12–24 months?** (select one)



(Fig. 10) **Please indicate the extent to which you generally support the following statements regarding target date investment vehicles and portfolio construction.**



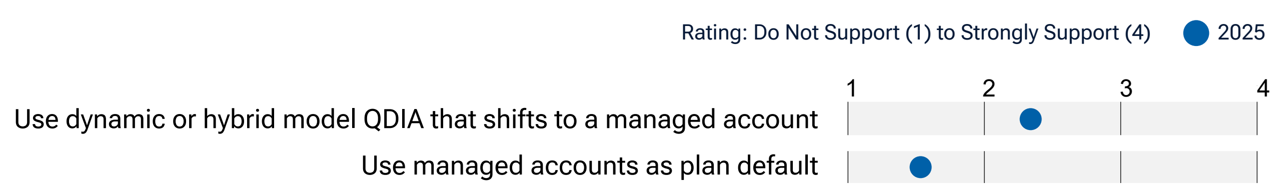


Managed accounts grow as opt-in option

Key findings

- Greater than one-third **(37%)** of respondent firms offer a firm-branded or proprietary managed account solution; however, respondent firms that identified as advisors, as opposed to consultants, are significantly more likely to offer a proprietary managed account solution.
- Survey results show that **managed accounts are most often positioned as an opt-in investment option** on a plan's menu.[1] As such, managed account solutions generally do not benefit from the default status that automatically drives participant contributions to target date solutions.
- Respondents rate their level of support for use of a managed account as the plan default at a **1.5**. This score suggests that while managed account DC plan assets are growing, they remain unlikely to be offered as the plan's default investment. *(Figure 5)*
- The level of support for the use of a dynamic QDIA, where participants are defaulted into target date solutions and then at a specific age and/or asset threshold are re-defaulted into a managed account service, appear neutral to slightly positive at **2.3**. Notably, advisors exhibit greater conviction in their support for dynamic QDIAs compared with consultants. *(Figure 5)*

(Fig. 5) **Please indicate the extent to which you generally support the following developments, enhancements,and modifications related to target date solutions or other qualified default investment alternatives.**



Analyst note: Gray shading represents the 1–4 range of responses.

[1]For DC plan clients that currently offer a managed account service, when asked how it is likely to be positioned within the broader plan, offering the managed account as an opt-in option on the investment menu scored a 3.6 on a 1–4 scale of least likely to most likely.

Retirement income slowly gaining traction

Key findings

- In 2021, respondent firms described greater than half **(59%)**, on average, of their DC plan clients as not having a stated opinion or their opinion was unknown on retirement income. This figure decreased significantly to **15%** by 2025, indicating that **more clients now have a defined stance on retirement income.** *(Figure 11)*
- Data point to a growing trend among DC plan clients that respondent firms describe as **considering or currently offer retirement income solutions,** from almost 1 in 5 DC plans **(19%)** in 2021 to 1 in 4 DC plans **(25%)** in 2025. *(Figure 11)*
- T. Rowe Price plan sponsor-based research found that over half of plan sponsors **(59%)**[1] are motivated to explore retirement income solutions due to the need to help participants convert their balances into income, which is reflected in consultants' and plan sponsors' focus on offering flexible distribution options and retirement income solutions that offer a paydown or spending mechanism.[2]
- While plan sponsors are not racing to implement retirement income solutions, the results, on the whole, point to slow but forward movement on this topic.

(Fig. 11) **Please estimate what percent of your clients fall into the following categories regarding consideration of DC plan-based retirement income investment solutions (excluding systematic withdrawal capabilities).**

	Not a priority		Considering[3]	No stated opinion/ is unknown to us	Currently offer	Expected to implement[4]		Have determined not necessary
2021	n/a[5]	36%[6]	19%	59%	8%	n/a[7]	4%[6]	15%
2025	28%		25%	15%	14%	4%		6%

[1]T. Rowe Price, 2025 DC Plan Sponsor Survey.

[2]Simple systematic withdrawal and target date investment with managed payout feature (non-insured) were ranked first and third, respectively, by consultants and advisors in terms of their appeal in delivering retirement income to retired participants. Source: 2025 Defined Contribution Consultant Study (Question 26).

[3]Considering, but no expectations to implement within the next 12 months.

[4]Implementation expected in the next 12 months.

[5]This response was not offered as an option to select in 2021.

[6]T. Rowe Price, 2023 Defined Contribution Consultant Study (Question 21).

[7]This category was combined with "Currently offer" in 2021.

Industry alignment on financial wellness priorities

Key findings

- Recognizing the broad spectrum of financial priorities facing individuals—and the potential impact of near-term financial needs on long-term retirement outcomes—many retirement plans now include financial wellness programs. These programs vary widely in scope, addressing diverse financial topics through a range of mechanisms such as digital tools, educational resources, and access to financial coaches. *(Figure 12)*
- Plan sponsors, consultants, and advisors are generally aligned on which topics are most and least important; however, perspectives diverge on those in between. This variation likely reflects the diverse financial circumstances and demographic profiles across employee populations. *(Figure 12)*
- There is also a growing focus on emergency savings solutions that stems from a heightened post-COVID awareness of how limited short-term savings can increase the likelihood of early withdrawals ("leakage") from retirement accounts.

(Fig. 12) **What financial wellness topics matter most to plan sponsors?**

	Order of Importance	
	Consultants and Advisors	Plan Sponsors
Estimating retirement income needs	1	3
Improving overall financial knowledge	2	1
Determining how much to save, measuring progress	3	2
General debt management/reduction	4	6
Financial prioritization (spending, savings, and debt)	5	7
Building emergency savings/reserve	6	5
Retirement transition planning	7	4
Student loan debt management/reduction	8	11
Social Security planning and optimization	9	10
Major expense planning (e.g., home purchase, college savings)	10	8
Retirement health care planning	11	9
Long-term care planning	12	12
Life insurance planning	13	13

Note: In addition to results from the 2025 Defined Contribution Study, this chart includes results from our 2025 Plan Sponsor study.

More about this study

Participating firms also receive a quantitative analysis of business strategy-related questions included in the study, including trends on competition, growth and profitability, and firm-branded or proprietary retirement solutions.

Interested in learning more?

Please reach out to your T. Rowe Price representative.

Additional Information

All research studies listed were based in the U.S.

QDIA or qualified default investment alternative refers to the default investment option in a U.S. defined contribution plan.

In the context of a retirement plan, a **managed account service** is a professional service that manages a participant's investments based on their financial plan and preferences; a financial expert or investment manager makes investment decisions on behalf of the investor.

Risks

Commodities Risk: Commodities are subject to increased risks such as higher price volatility, geopolitical and other risks.

Target Date Investing Risks: The principal value of the target date strategies is not guaranteed at any time, including at or after the target date, which is the approximate year an investor plans to retire (assumed to be age 65) and likely stop making new investments in the strategy. If an investor plans to retire significantly earlier or later than age 65, the strategy may not be an appropriate investment even if the investor is retiring on or near the target date. The strategies' allocations among a broad range of underlying T. Rowe Price stock and bond portfolios will change over time. The strategies emphasize asset accumulation prior to retirement, balance the need for reduced market risk and income as retirement approaches, and focus on supporting an income stream over a moderate postretirement withdrawal horizon. The strategies are not designed for a lump-sum redemption at the target date and do not guarantee a particular level of income. The strategies maintain a significant allocation to equities both prior to and after the target date, which can result in greater volatility.

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