T. Rowe Price®

Retirement Saving With Lower Expected Returns

Most Retirement Savers Should Stay the Course

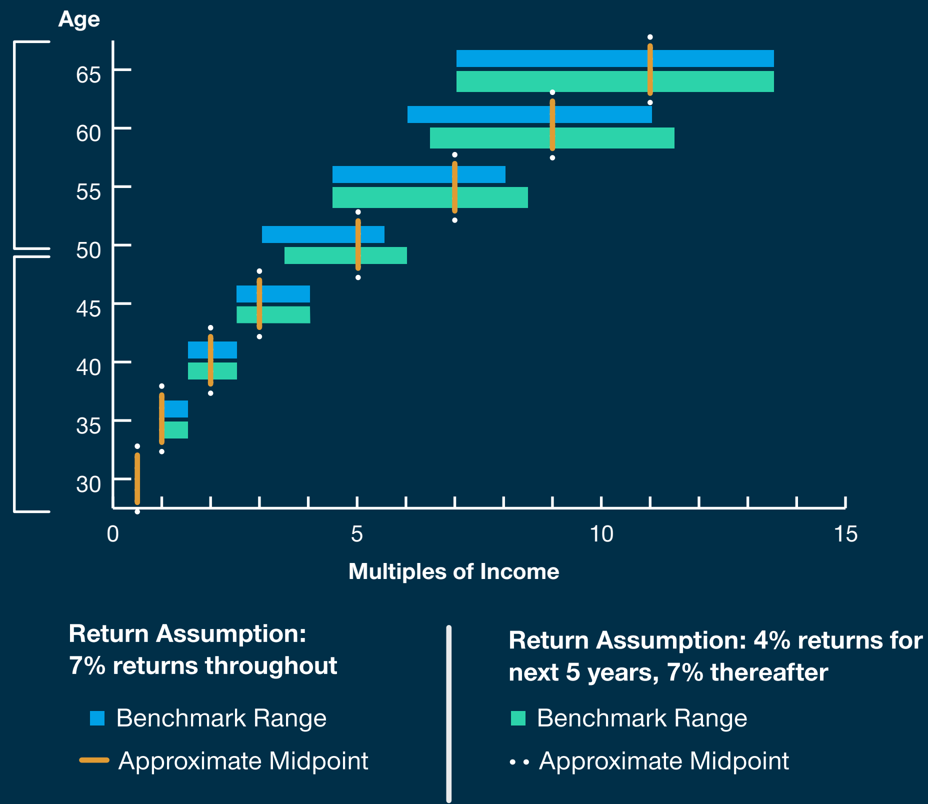
Market Setbacks Are Unlikely to Change Savings Targets for Most

Savings benchmarks by age—as a multiple of income[1]

Older workers might benefit from increased saving

Savings benchmarks remain unchanged for younger workers

Rule of Thumb: Save at least 15% (including employer contributions) of annual salary.



Savings benchmarks show approximations of how much someone should have saved by a given age and level of income to have sustainable replacement income in retirement. The chart is for illustrative purposes only and does not predict or project returns or represent actual results. There is no assurance that any objective will be met. Changing the assumptions may result in different outcomes and actual results may vary. Actual returns and outcomes may differ materially. All investments are subject to risk, including the possible loss of principal. See Footnote 1 for additional assumptions and important information.

Retirement Savers Are Staying the Course[2]

Over 95%
of 401(k) participants have not changed their investments

8.4%
401(k) contribution rates have remained steady around 8.4%

1 in 5
401(k) participants have increased their deferral rate

Some areas of concern

1. Small number of 401(k) participants appear to be trying to time the market
2. Deferral rates have trended slightly lower as inflation has picked up

What Can Plan Sponsors Do to Help?

- Higher adoption of target date solutions in their plan lineup
- Provide sustainable retirement planning tools
- Provide emergency savings vehicles
- Messaging to discourage market timing

For more information on our financial wellness research and insights, read the **T. Rowe Price 2022 U.S. Retirement Market Outlook**.

[1] T. Rowe Price Savings Benchmarks Key Assumptions: Benchmarks are based on a target multiple at retirement age and a savings trajectory over time consistent with that target and the savings rate needed to achieve it. Household income grows at 5% until age 45 and 3% (the assumed inflation rate) thereafter. Investment returns before retirement are before taxes, and savings grow tax-deferred. The person retires at age 65 and begins withdrawing 4% of assets (a rate intended to support steady inflation-adjusted spending over a 30-year retirement). Savings benchmark ranges are based on individuals or couples with current household income approximately between $75,000 and $250,000. Target multiples at retirement reflect estimated spending needs in retirement (including a 5% reduction from preretirement levels); Social Security benefits (using the SSA.gov Quick Calculator, assuming claiming at full retirement ages, and the Social Security Administration's assumed earnings history pattern); state taxes (4% of income, excluding Social Security benefits); and federal taxes. We assume the household starts saving 6% at age 25 and increases the savings rate by 1% annually until reaching the necessary savings rate. Benchmark ranges reflect the higher amounts calculated using federal tax rates as of January 1, 2022, or the tax rates as scheduled to revert to pre-2018 levels after 2025. Approximate midpoints for age 35 and older are rounded up to a whole number within the range and therefore do not vary between return scenarios. For reference: Roger Young, "You're Age 35, 50, or 60: How Much Should You Have Saved for Retirement by Now?," T. Rowe Price, May 2022.

[2] Data for the period January 1, 2022–June 30, 2022 from 401(k) plans with approximate assets>$25m and served by T. Rowe Price Retirement Plan Services.

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