



T.RowePrice

Reference Point

FOR INSTITUTIONAL INVESTORS ONLY. NOT FOR RETAIL DISTRIBUTION. ALL FIGURES STATED IN USD.

Data can inspire solutions

Table of contents

Highlights	3
How participants saved in 2023	4
How participants invested in 2023	10
How participants accessed savings in 2023	14
How participants engaged in 2023	19
How you can help	23

● Need more robust U.S. industry reporting?

Contact your T. Rowe Price representative for access to our full suite of U.S. industry benchmarking reports.

Highlights

● +14%

Average account balances grew by 14%, which helped to regain some losses experienced in 2022.

● 93%

Plan adoption of Roth contributions reached an all-time high of 93% in 2023, and 14% of participants made Roth contributions.

● 8.4%

The average deferral rate remained steady in 2023 and surpassed the national average of 7.8%.¹

¹ Source: T. Rowe Price Retirement Savings and Spending Study, 2023.

● 27x

Participants who invested 100% in a target date product were 27x less likely to make an exchange.

● -12.9%

Participants age 72+ took 12.9% fewer distributions in 2023 than in 2022, potentially related to the change in starting age for required minimum distributions from SECURE 2.0.

How participants **saved** in 2023



How participants saved in 2023

Account balances rebounded after 2022 losses

Strong markets in 2023 helped average account balances regain some losses experienced in 2022. The average account balance increased 14% to \$115K in 2023, the second-highest average over the past 10 years but below the \$124K high reached in 2021.

Gains were especially strong among participants age 20–29, who experienced an average increase of 27% from 2022 to 2023.



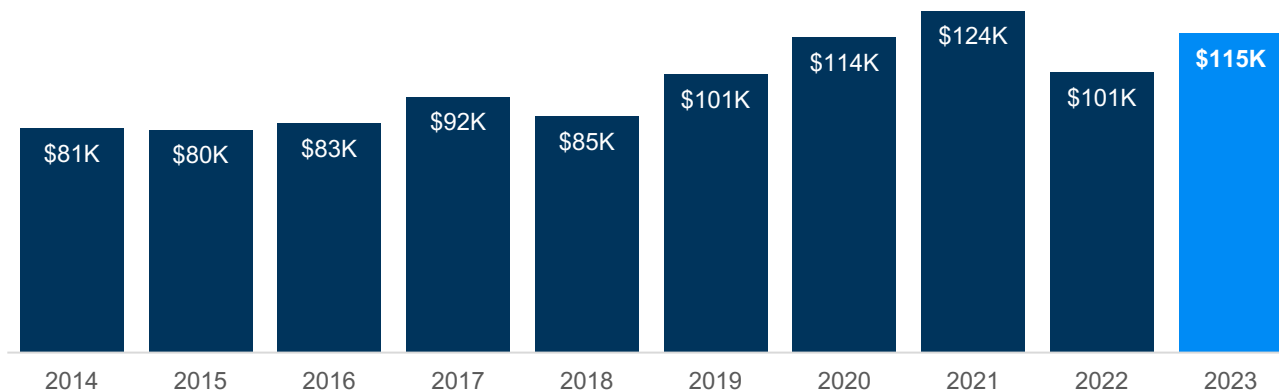
Average account balance: Year-over-year change

2021 **+8%**

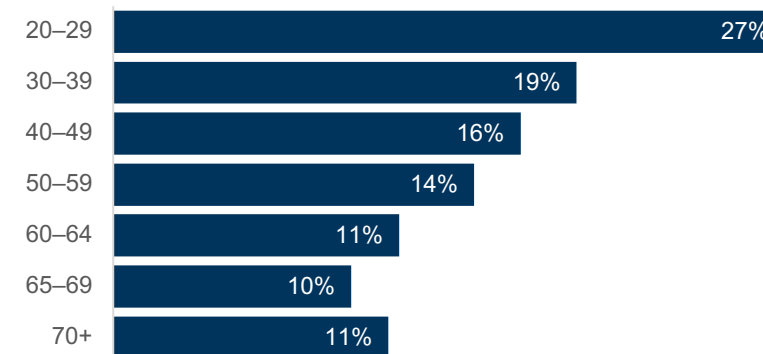
2022 **-18%**

2023 **+14%**

Average account balance



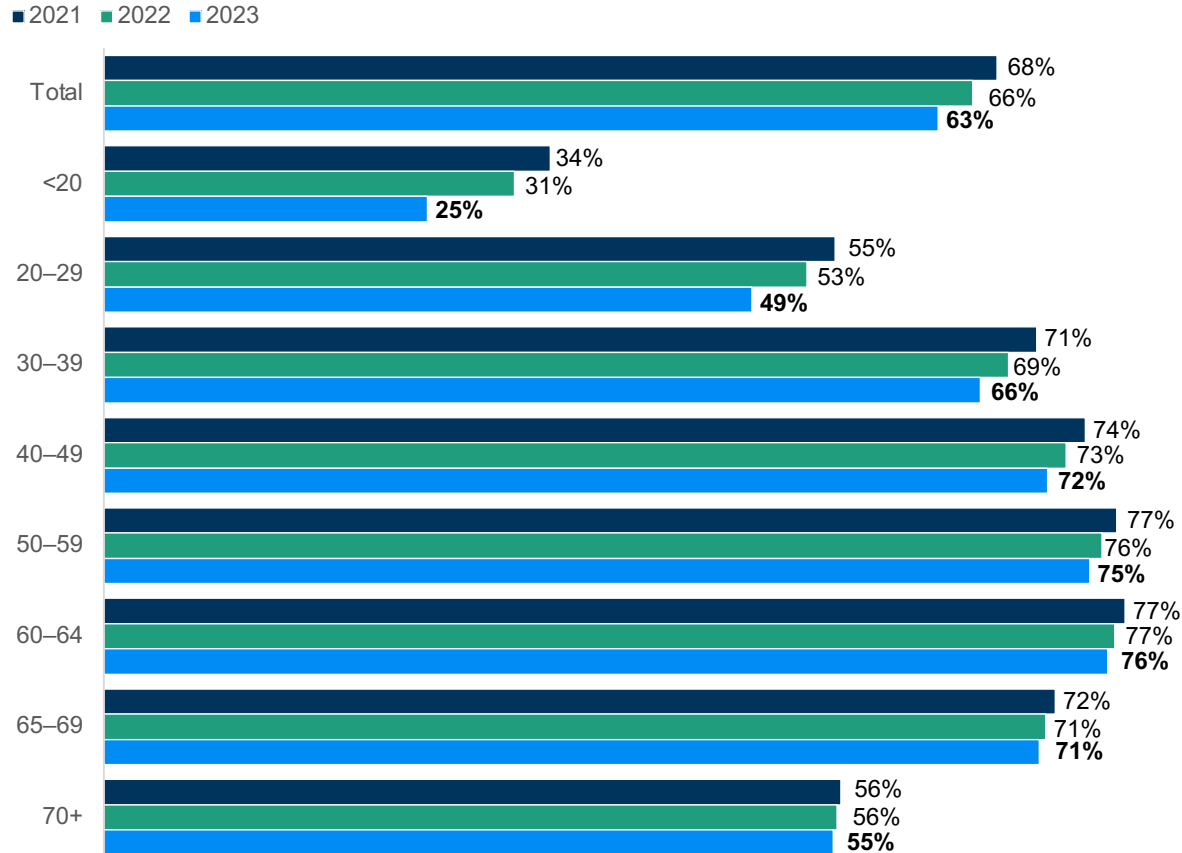
Account change by age segment



Participation dropped (but auto-services helped)

Overall plan participation decreased from 66% in 2022 to 63% in 2023—a 10-year low partially caused by a small increase in the number of participants who opted out of auto-enrollment. Participation dropped across age groups, especially among younger participants, who may be focusing on other financial goals (e.g., paying down debt, buying a house). Overall, participation remains significantly higher in plans with auto-enrollment.

Participation rate by age (participant-weighted)



Better outcomes with auto-services



Adoption of auto-services continues to increase as these services produce results for plans.

Plan adoption trends (2022 to 2023)

+3.9%

Auto-enrollment

+1.8%

Auto-increase

How they're working:

36%

Participation in plans without auto-enroll

83%

Participation in plans with auto-enroll

11%

Auto-increase with opt-in method*

61%

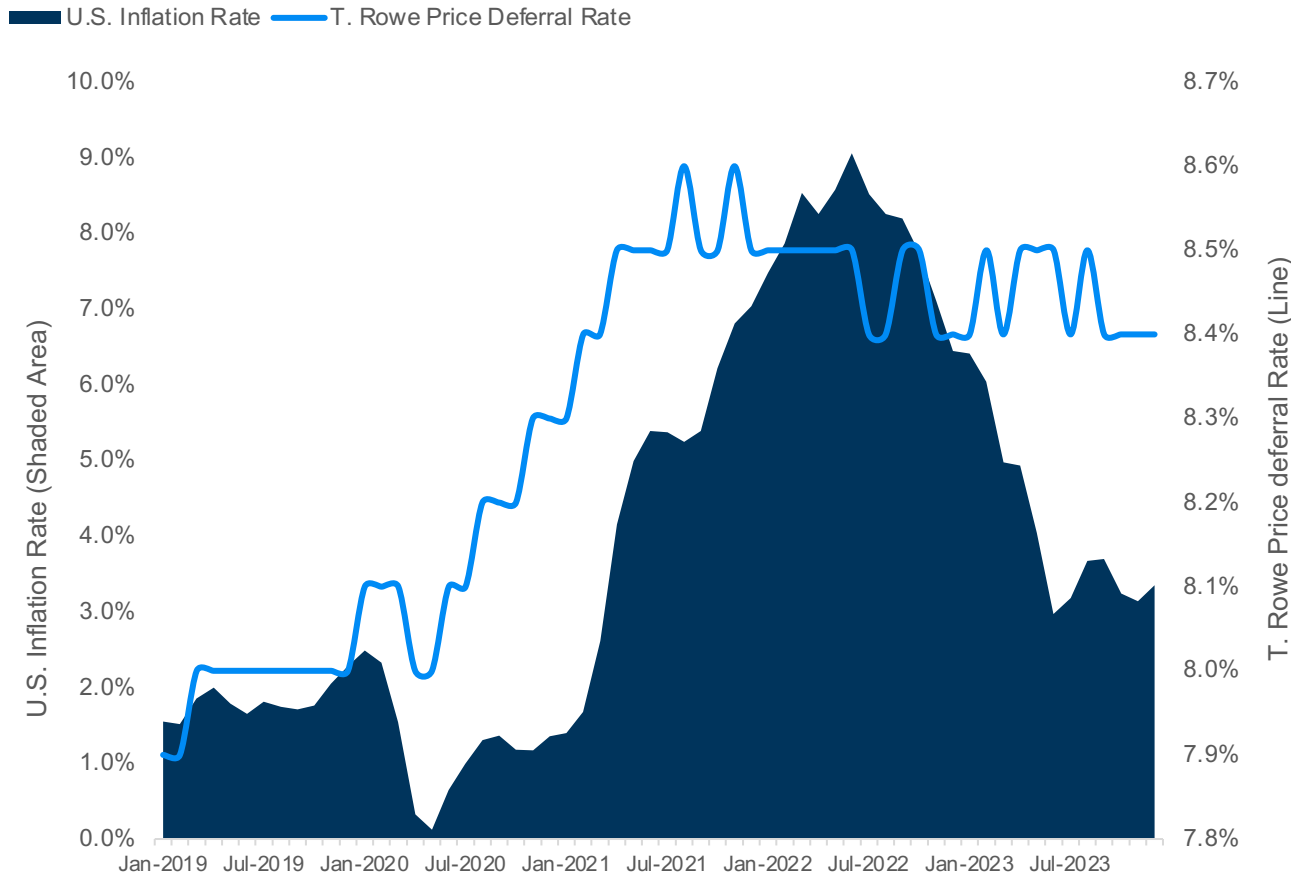
Auto-increase with opt-out method*

*The opt-in method requires participants to elect auto-increase, while the opt-out method automatically enrolls participants in auto-increase.

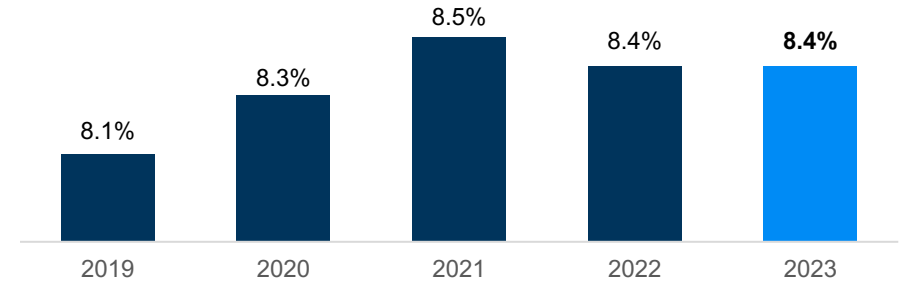
Participants kept saving through inflation concerns

Following soaring inflation in 2022, the average deferral rate among plan participants at T. Rowe Price continued to hold steady at 8.4% from 2022 to 2023 and was higher than the national average of 7%.*

U.S. inflation rate vs. deferral rate by month



Average deferral rate trends



Roth on the rise

Plans continue to adopt the Roth contribution option—and more participants are making Roth contributions.

Percentage of plans that offer Roth:



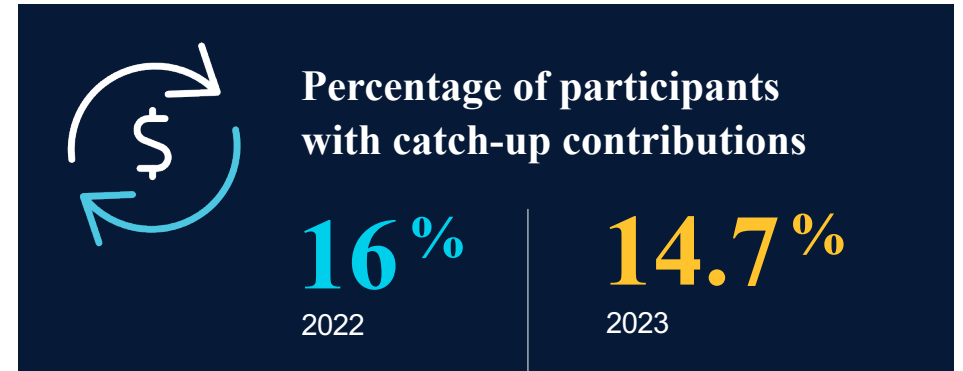
Percentage of participants who use Roth:



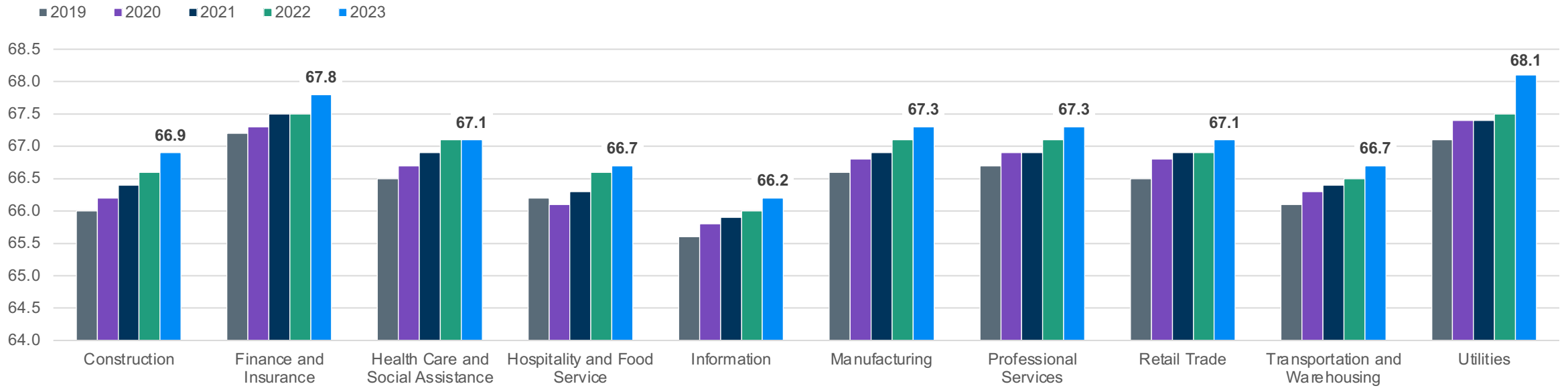
*Source: Escalent/Cogent Participant Planscape Report, 2023.

Savings trends for preretirees

In 2023, the average age of terminated participants over 59 increased in nearly every industry. While participants age 50–69 saved the most on average, catch-up contribution usage declined in 2023 following 10 years of steady gains. Overall, many workers are retiring later.



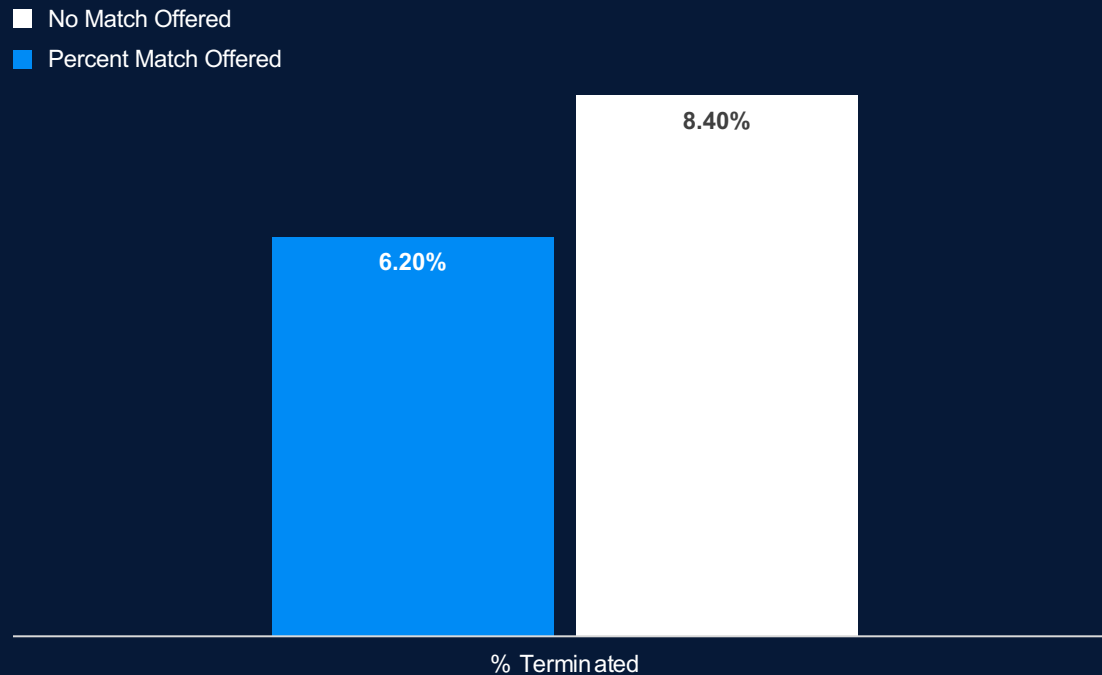
Average age of terminated participants who remain in the plan after age 59



Does employer match influence retention?

Data show that offering an employer match could help improve retention rates.

Termination percentage by plans with and without match



Employer match trends

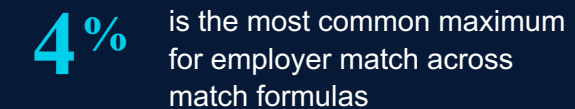
The likelihood of a plan offering a match was higher in plans with more employees



The most popular match formula changed in 2023



Most plans stop matching at 6% of a participant's contribution



How participants **invested** in 2023



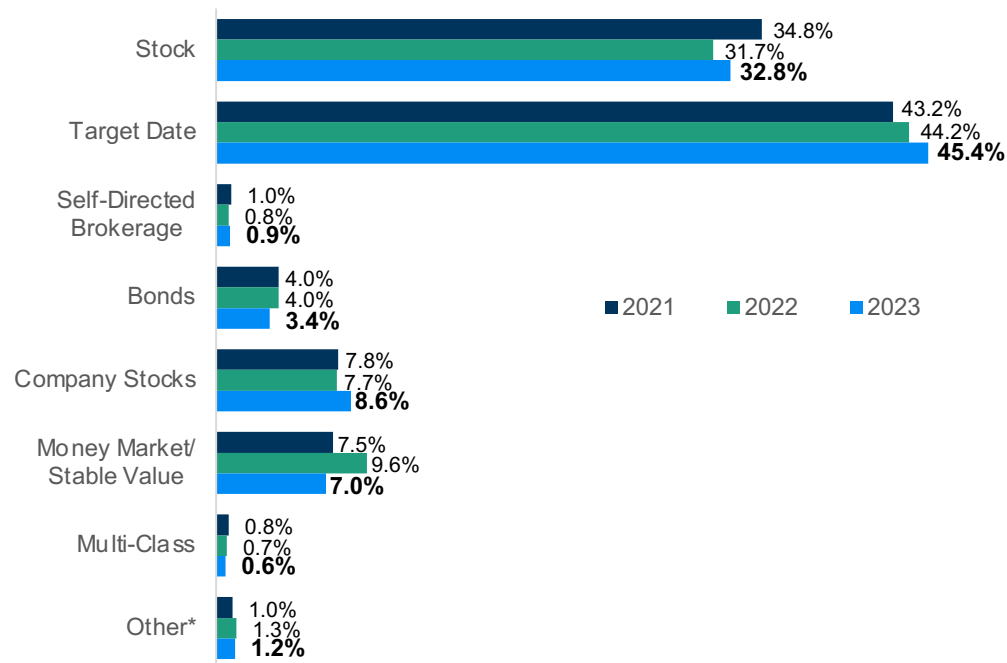
How participants **invested** in 2023

Target date continues to dominate portfolios

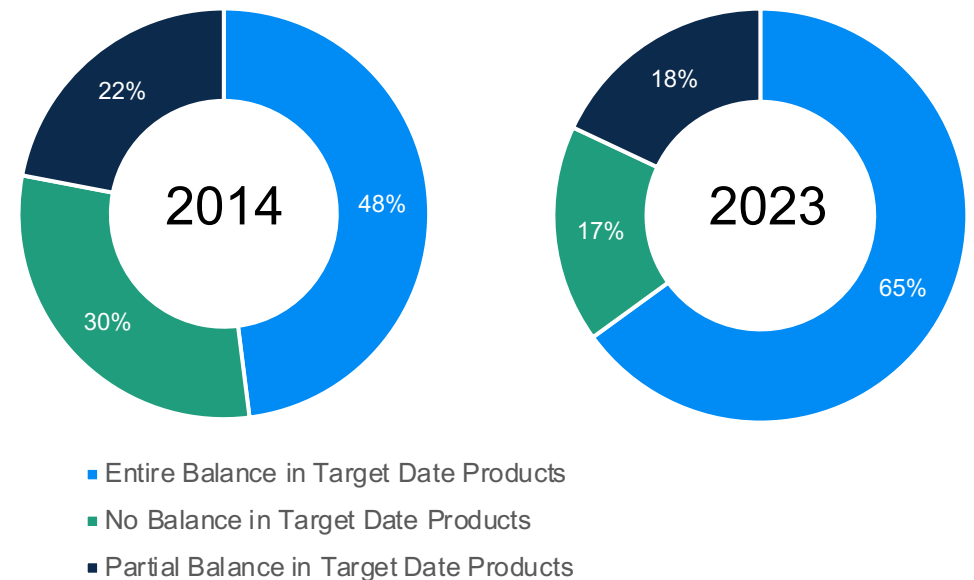
The assets in participant accounts were invested in a target date product more than any other investment type in 2023. The allocation to money market/stable value investments decreased from 2022 as participants moved money to stocks and target date products most likely in reaction to improved market performance.

98% of plans at T. Rowe Price offered target date investments in 2023

Asset allocation



Ten-year change in target date balances

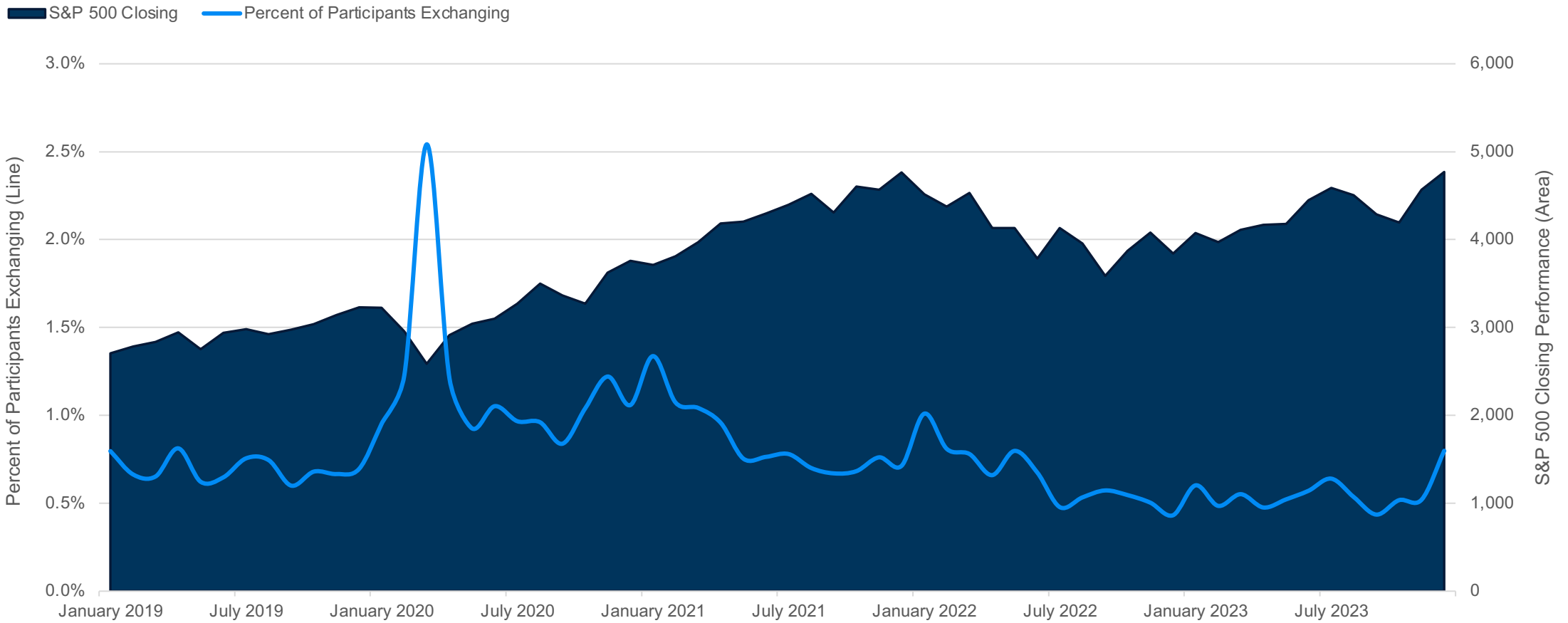


*Other includes loan and settlement amounts.

Little change with fund exchange activity

The volume of exchanges has remained relatively stable since 2018. Even with the highest period of volatility in 2020, just 2.5% of participants made a fund exchange.

Exchanges vs. S&P 500 closing



Are participants exchanging target date investments?

Participants with 100% of assets invested in target date investments continue to have the lowest average exchange rate compared with participants who with 0% or a portion of assets invested in a target date product. Among the small percentage of target date investors who switched between target date investments in 2023, 62% moved money to an investment with a later target date. The majority of participants age 60–69 moved to a later target date, while those age 20–29 moved to an earlier target date.

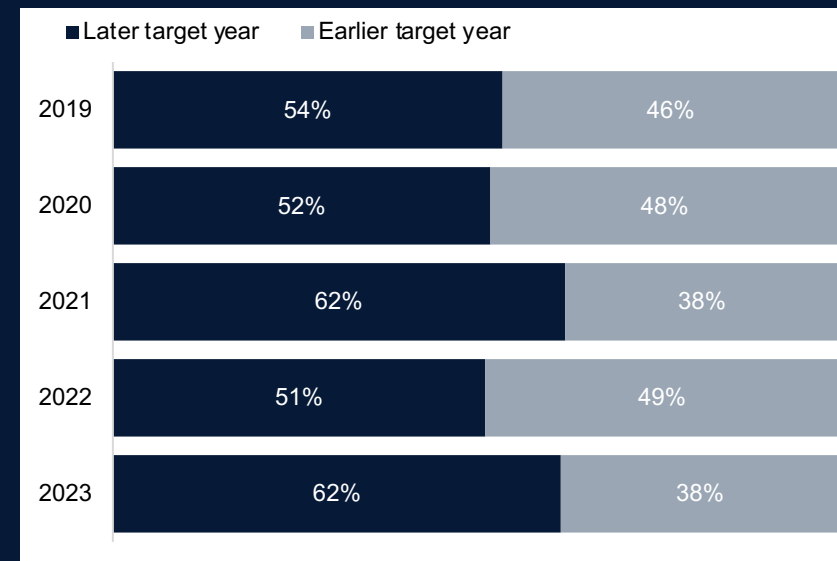
27x

less likely to make an exchange when 100% invested in a target date

Little change with exchange activity

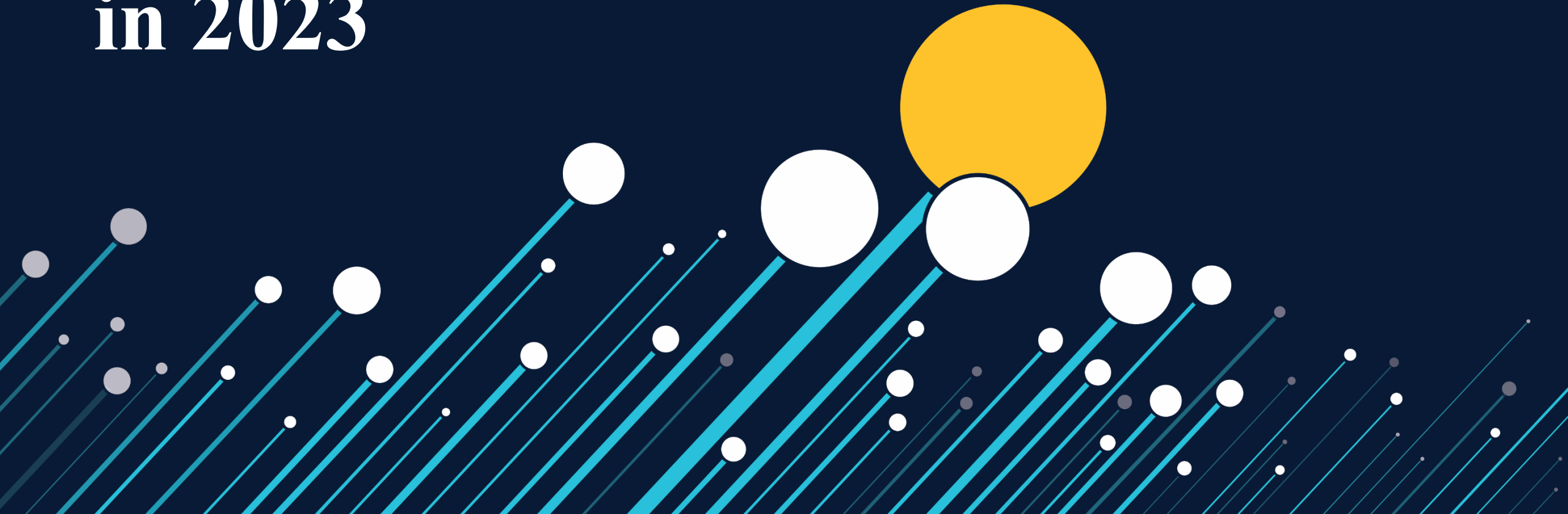
	Percentage of participants who made an exchange							
	2022				2023			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Active participants with 100% invested in a target date product	0.4%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Active participants with 0% invested in a target date product	7.3%	6.4%	5.1%	4.6%	5.4%	4.9%	5.0%	5.4%
Active participants partially invested in a target date product	3.3%	2.5%	2.0%	1.7%	2.2%	2.1%	2.2%	2.9%

Exchanges between target date years*



*For example, a participant may move to a target date investment with a later target retirement year (2040 to 2050) or to an earlier target year (2035 to 2030).

How participants **accessed savings** in 2023

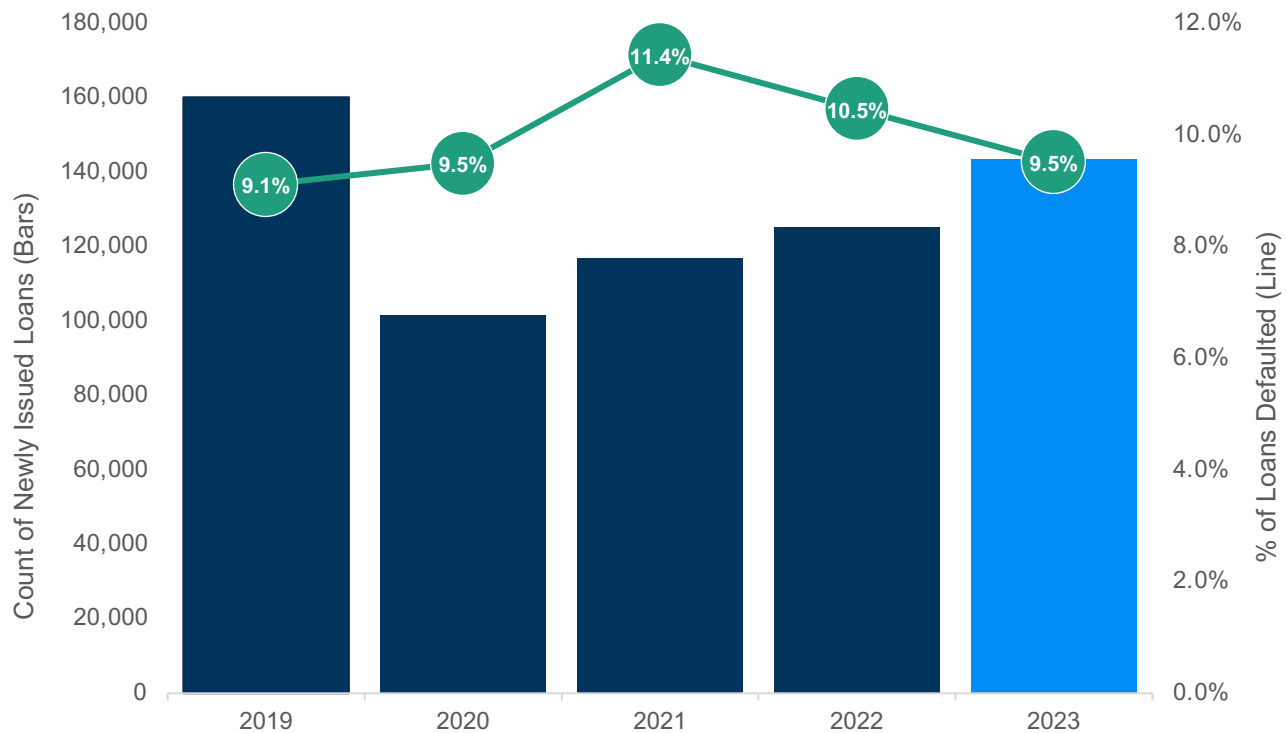


How participants accessed savings in 2023

Loan usage increased—but defaults dropped

More participants had an outstanding loan balance in 2023. Although loan rates increased, loan defaults declined for the third year in a row.

Percentage of loans defaulted by year



2023 loan trends

Plan adoption



1 percentage point

(92.1% of plans offer loans)

Participant usage



6 percentage points

(19.4% of participants have an outstanding loan balance)

Average new loan amount



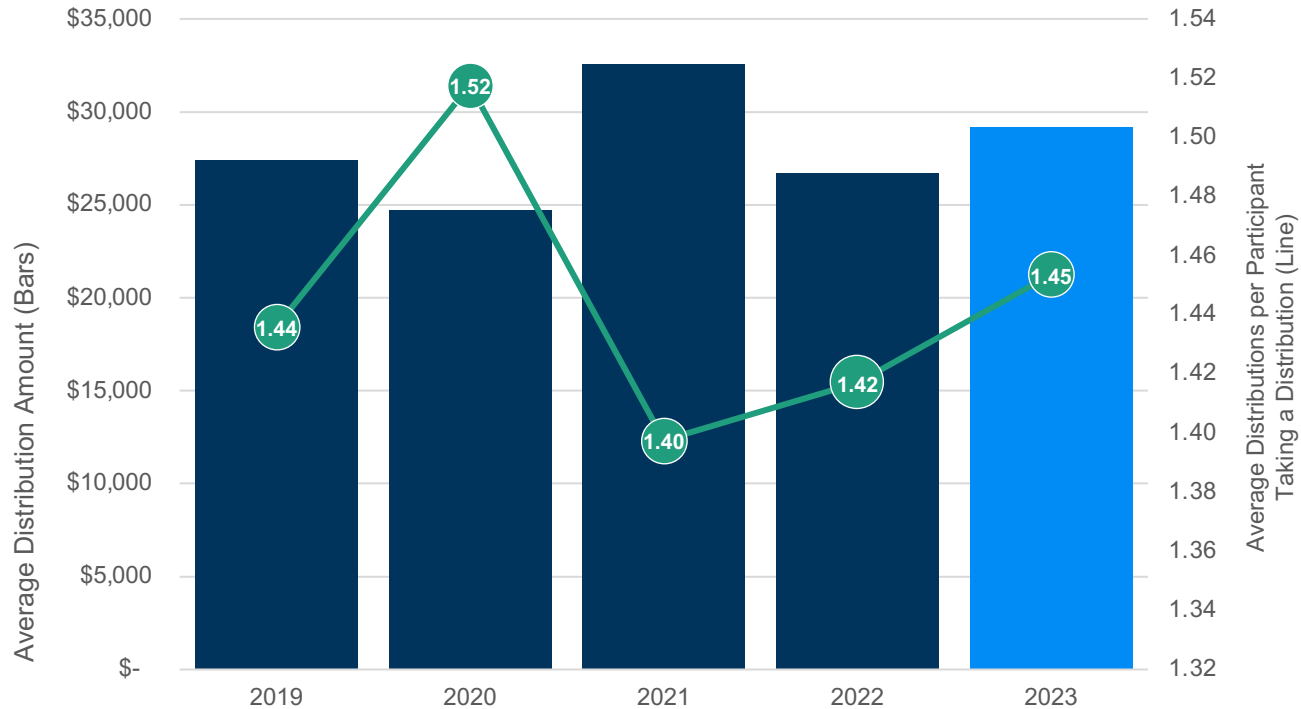
1 percentage point

\$9,953 in 2023 compared with \$9,837 in 2022

Withdrawals increased slightly

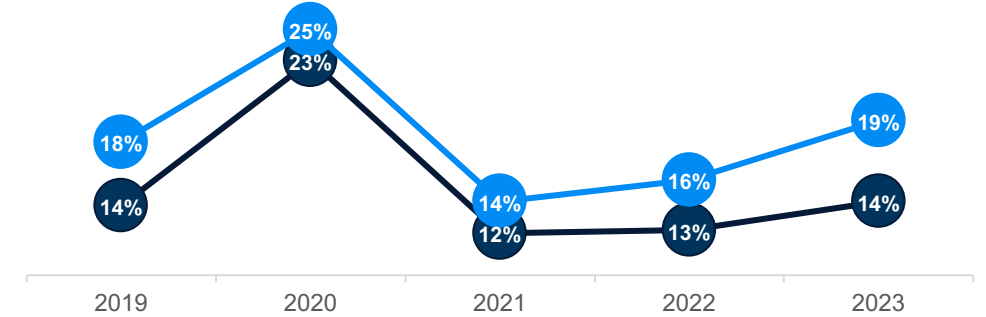
Participants withdrew higher amounts and took more distributions in 2023 than in 2022, although average distribution amounts remained below the five-year high in 2021. There was a sizable increase in participants over age 65 who took multiple distributions, which could indicate that more retirees are taking distributions for retirement income.

Average distributions



Share of participants with multiple distributions

- Share of participants under 65 years old taking multiple distributions in a year
- Share of participants over 65 years old taking multiple distributions in a year



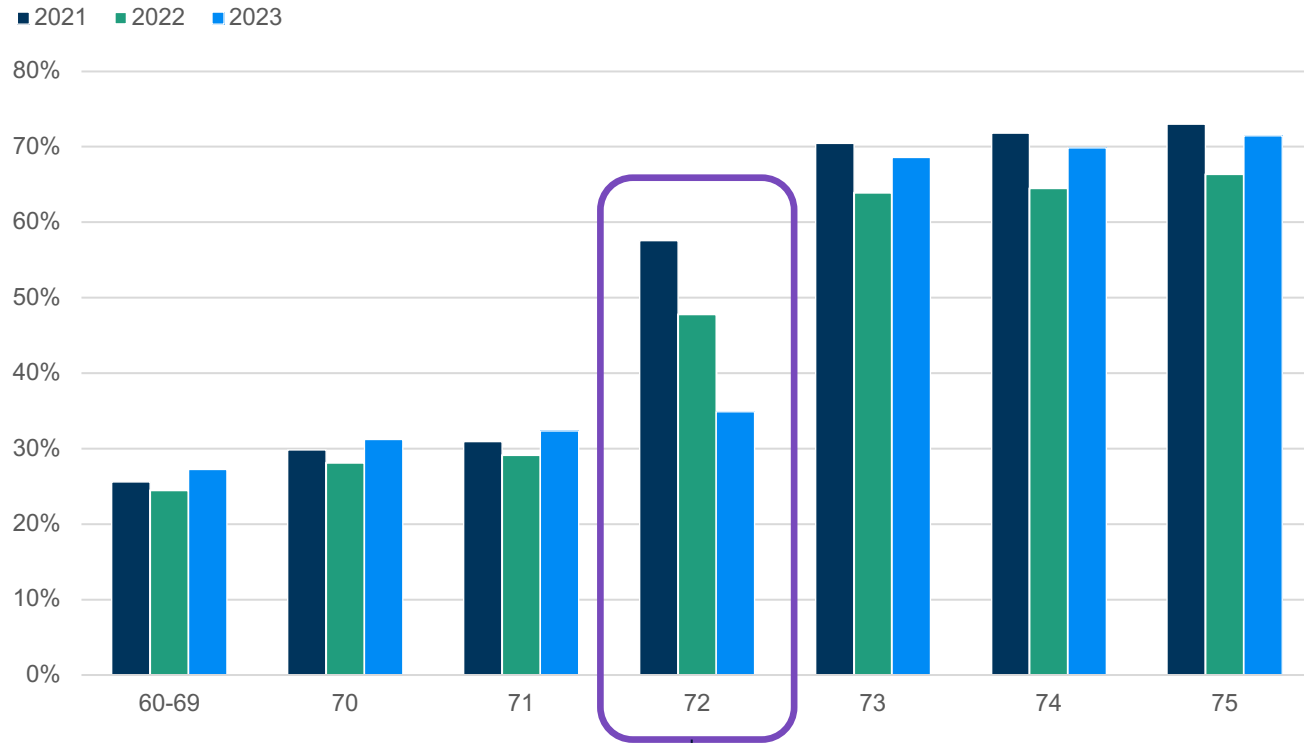
10%

increase in distributions made by participants age 65–69

Older participants are taking distributions later

In 2023, SECURE 2.0 increased the age for beginning required minimum distributions (RMDs) from 72 to 73. As a result, the number of participants age 72 who took a distribution decreased significantly in 2023.

Distributions by age



**Change in distributions
2022 to 2023**

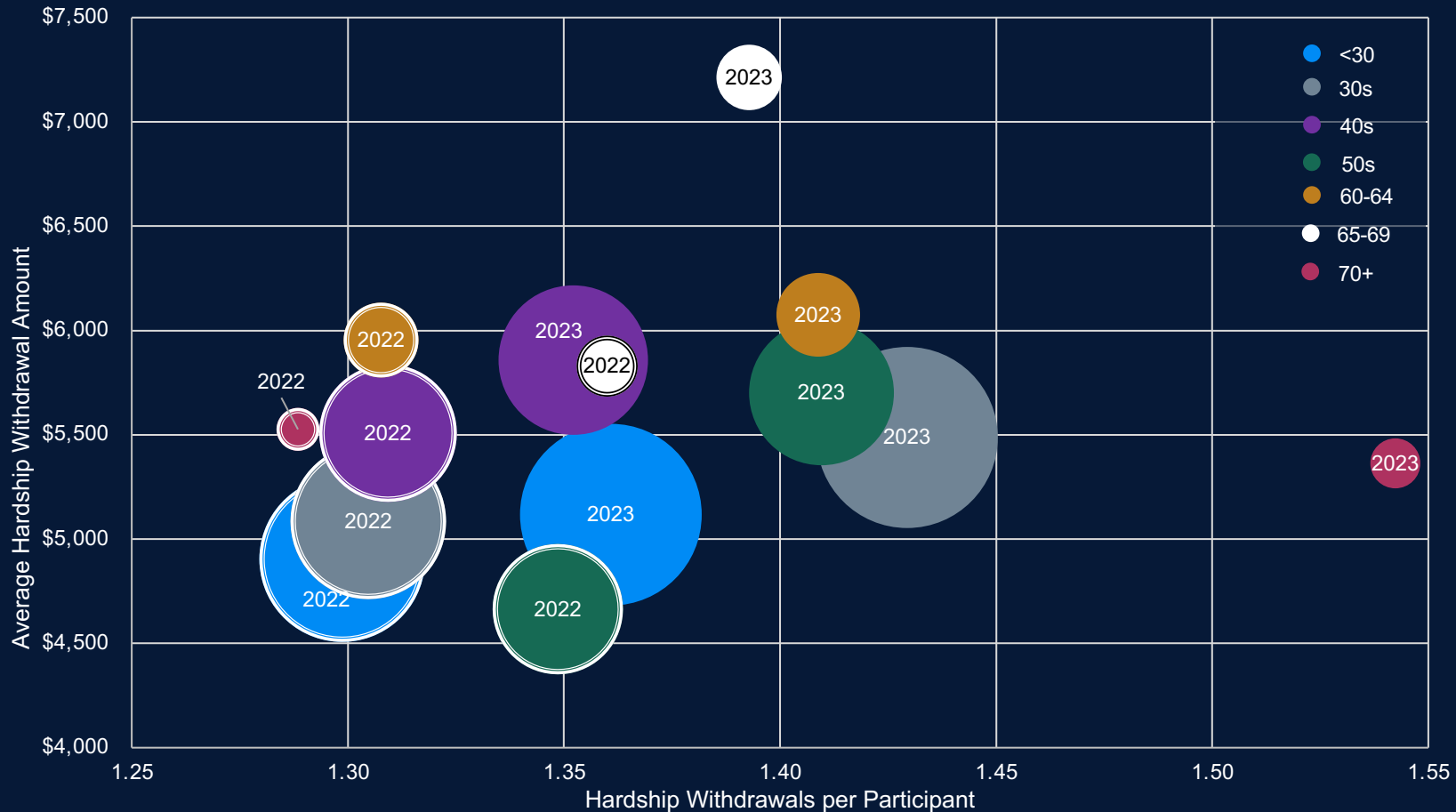
↓ **-12.9%**
participants age 72

↑ **4.2%**
all other age groups

Where is demand for hardship withdrawals highest?

Hardship withdrawals increased across all age groups from 2022 to 2023, which could highlight the need for financial wellness support. Participants in their 50s experienced a 22% increase in both their average hardship amount and quantity.

Average hardships taken by age and year



Volume up, amounts down

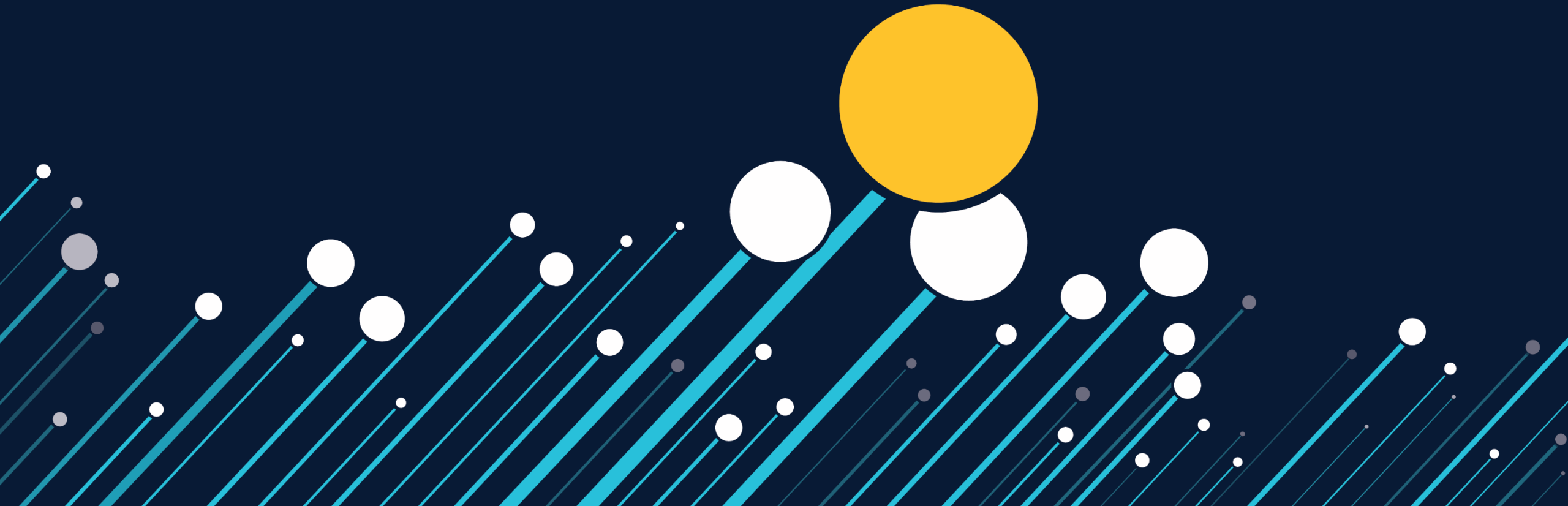
Over the past three years, the average hardship withdrawal amount decreased even as the average number of distributions increased slightly.

2021 **\$8,523**
1.2 hardships

2022 **\$6,746**
1.3 hardships

2023 **\$6,389**
1.4 hardships

How participants **engaged** in 2023



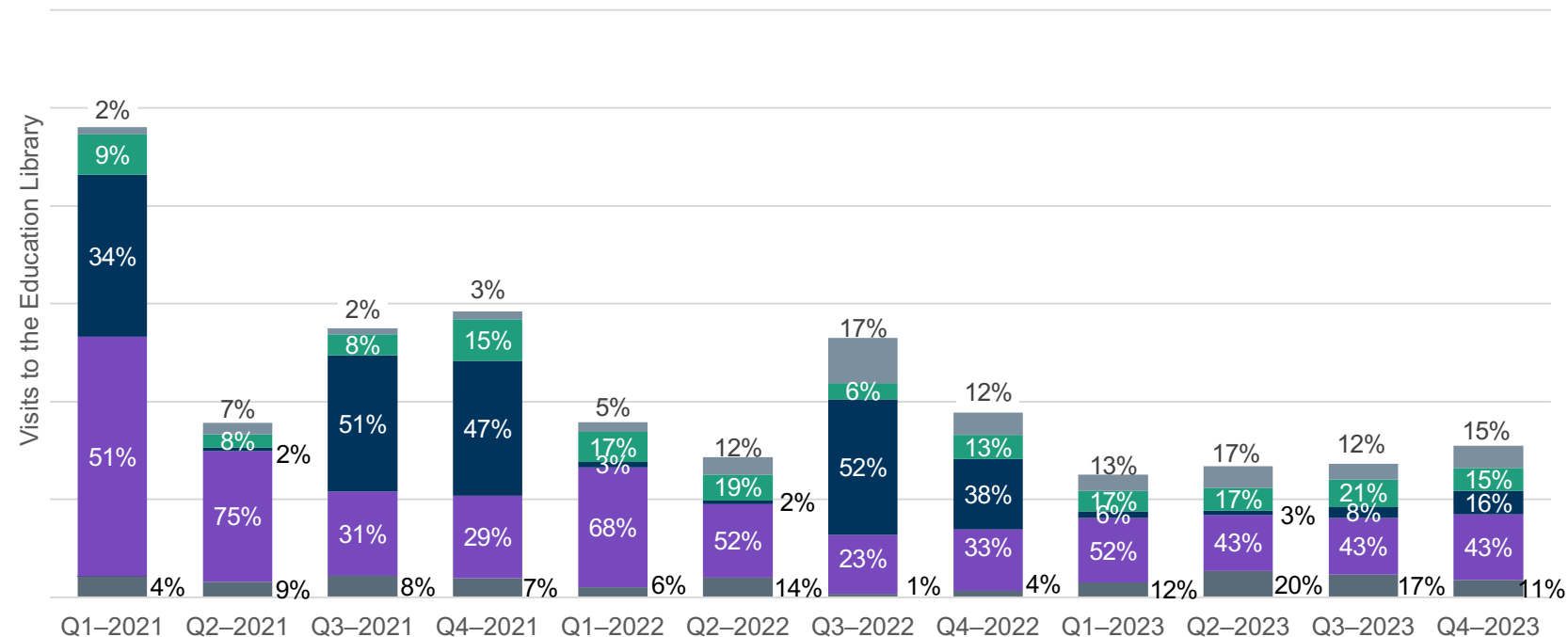
How participants engaged in 2023

Education about investing topped the list

Participants engaged with educational resources related to investing more than any other topic throughout 2023. Interest in financial wellness content also increased.

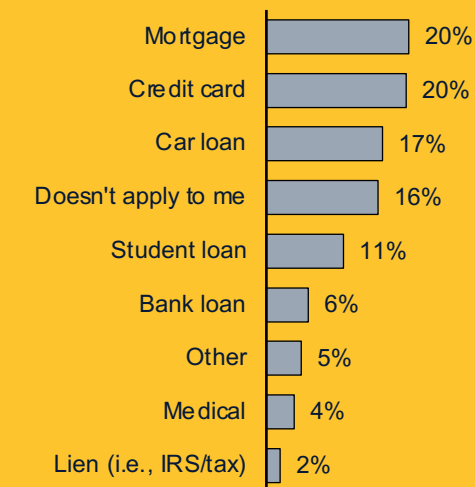
Education Library usage

■ Financial Wellness ■ Investing ■ My Account ■ Retirement Planning ■ Saving for Retirement



Barriers to saving

Participants self-reported their top barriers to saving through the Financial Wellness Assessment:

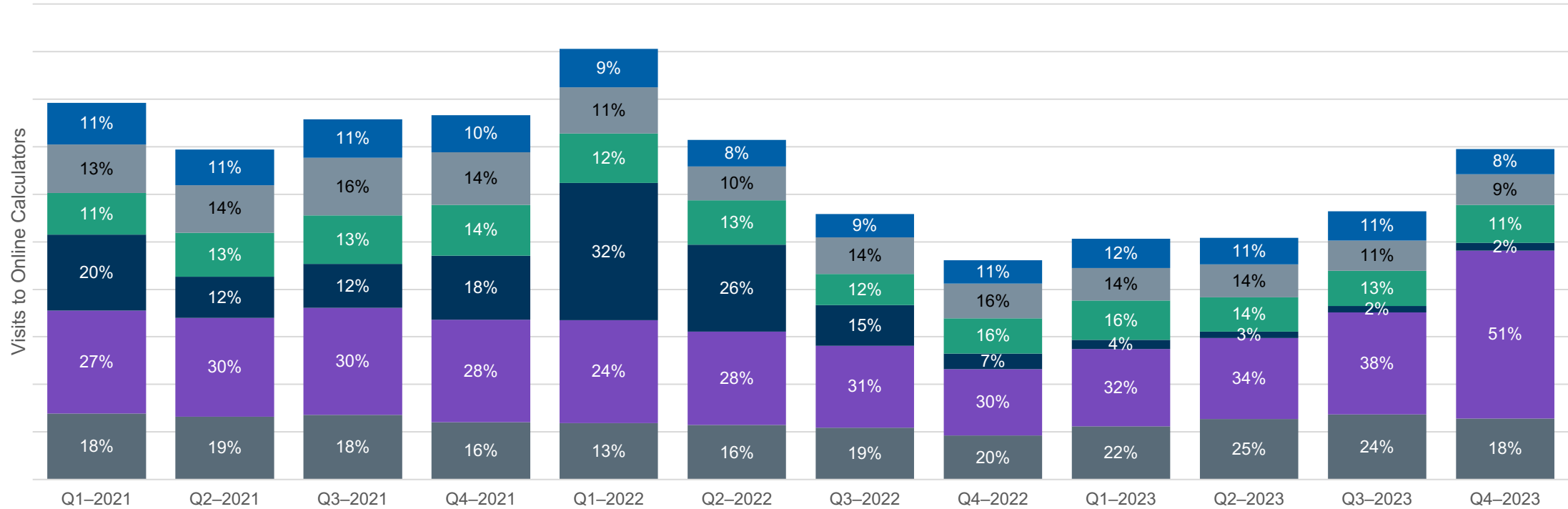


Usage was highest for loan and distribution calculators

The Distribution Decision and Loan calculators experienced the highest usage in 2023, continuing a trend from 2021.

Calculator usage

- Loan Calculator
- Distribution Decision Calculator
- Paycheck Impact Calculator
- Contribution Maximizer Calculator
- Social Security Calculator
- Roth Comparison Calculator

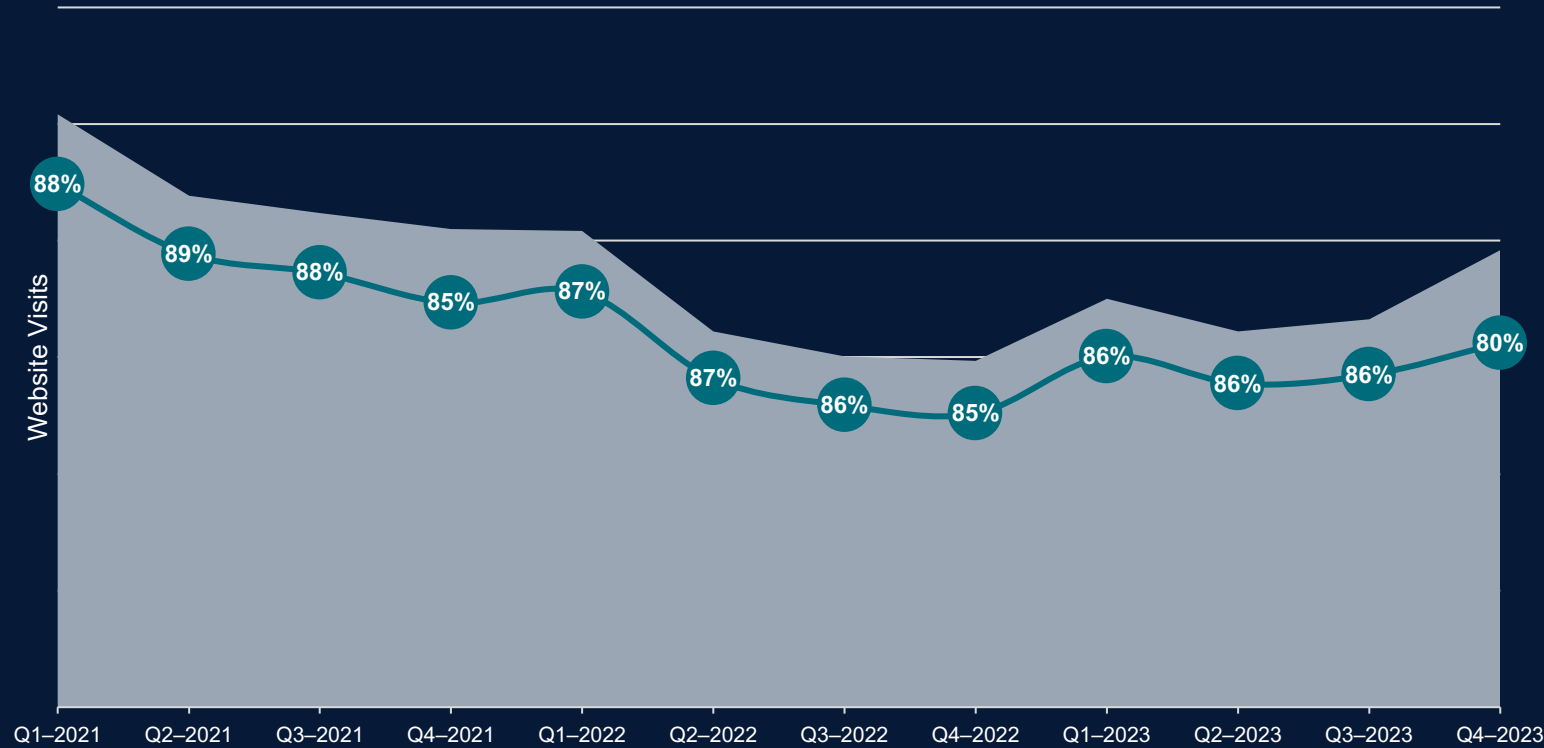


Are “balance checkers” engaging more?

The majority of participants focus on checking their account balance. Personalized messaging and individualized calls to action on the homepage are helping drive deeper engagement.

Website balance checkers

Visits Balance Checker Visit



How engagement drives results

Personalized and data-rich experiences such as SmartVideo motivate participants to act.

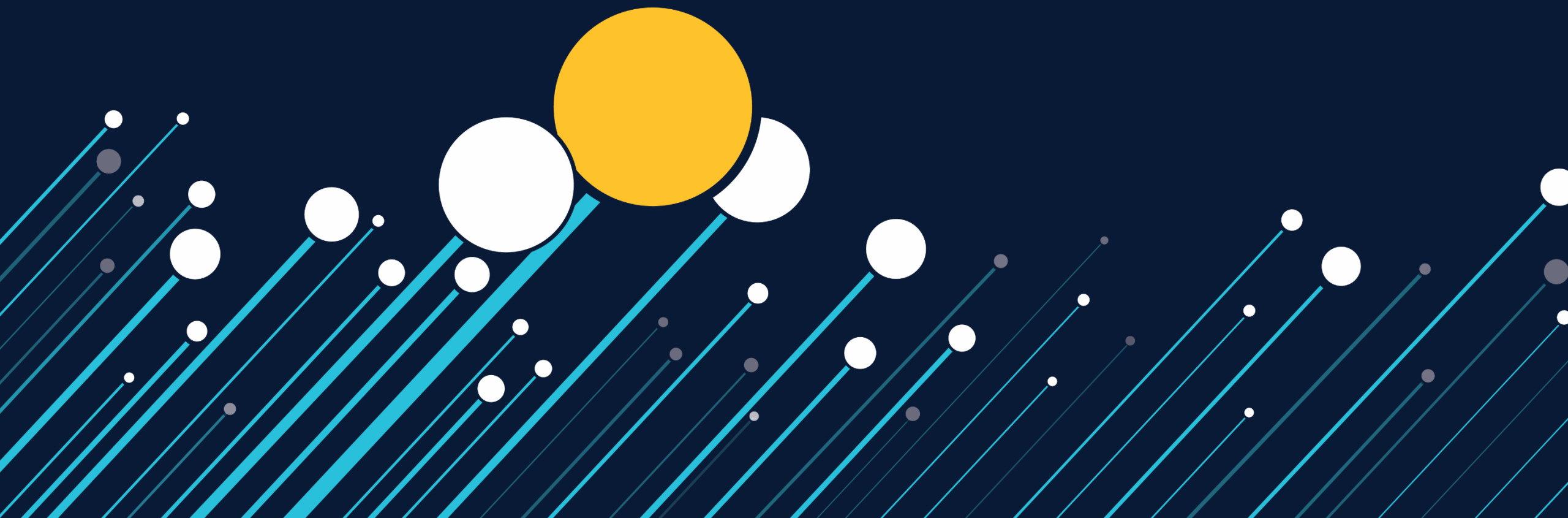
Who increased deferral rates?

10% of SmartVideo viewers
4.6% of non-viewers

Who enrolled in contribution auto-increases?

3.7% of SmartVideo viewers
0.6% of non-viewers

How you can **help**



How you can help

There are opportunities for plan sponsors, retirement professionals, and providers to work together to help address the barriers that disrupt saving.

Questions

Could a student loan match help increase participation among younger participants?

Is it time to add Roth?

Can we help reduce hardship withdrawals by helping participants save for emergencies?

Does the plan need retirement income solutions for retirees?



Conversation starters

- Many providers, including T. Rowe Price, have student loan match programs in place already that uphold SECURE 2.0 guidance
- Participant usage continues to grow
- SECURE 2.0 will require plans to offer Roth or eliminate catch-up contributions beginning in 2026
- SECURE 2.0 offers two potential options to help participants with financial emergencies
- Out-of-plan solutions, such as T. Rowe Price's Waysaver app, can help participants save for emergencies while avoiding ERISA complexities
- There may be opportunities to expand resources for preretirees and retirees about making the transition from saving to spending
- New income-producing investments and managed payout accounts could help retain retiree assets in the plan

For more information, please visit troweprice.com or contact your T. Rowe Price representative.

T. Rowe Price is the source for all data unless otherwise indicated.

This material is provided for general and educational purposes only and is not intended to provide legal, tax, or investment advice. This material does not provide recommendations concerning investments, investment strategies, or account types; it is not individualized to the needs of any specific investor and is not intended to suggest that any particular investment action is appropriate for you, nor is it intended to serve as a primary basis for investment decision-making.

The S&P Indices are a product of S&P Dow Jones Indices LLC, a division of S&P Global, or its affiliates (“SPDJI”) and have been licensed for use by T. Rowe Price. Standard & Poor’s® and S&P® are registered trademarks of Standard & Poor’s Financial Services LLC, a division of S&P Global (“S&P”); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC (“Dow Jones”). T. Rowe Price Target Date is not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, their respective affiliates and none of such parties make any representation regarding the advisability of investing in such product(s) nor do they have any liability for any errors, omissions, or interruptions of the S&P Indices.

This material was prepared for use in the United States for U.S.-based plan sponsors, consultants, and advisors, and the material reflects the current retirement environment in the U.S. It is also available to Canadian-based plan sponsors, consultants and advisors for reference. There are many differences between the two nations’ retirement plan offerings and structures. Therefore, from a Canadian perspective, this material is offered for educational purposes only and does not constitute a solicitation or offer of any product or service.

Canada—Issued in Canada by T. Rowe Price (Canada), Inc. T. Rowe Price (Canada), Inc.’s investment management services are only available to Accredited Investors as defined under National Instrument 45-106. T. Rowe Price (Canada), Inc. enters into written delegation agreements with affiliates to provide investment management services.

USA—Issued in the USA by T. Rowe Price Associates, Inc., 100 East Pratt Street, Baltimore, MD, 21202, which is regulated by the U.S. Securities and Exchange Commission. For Institutional Investors only.

© 2024 T. Rowe Price. All Rights Reserved. T. ROWE PRICE, INVEST WITH CONFIDENCE, and the Bighorn Sheep design are, collectively and/or apart, trademarks or registered trademarks of T. Rowe Price Group, Inc. RETIRE WITH CONFIDENCE is a trademark of T. Rowe Price Group, Inc.

202404-3496733