



T.RowePrice

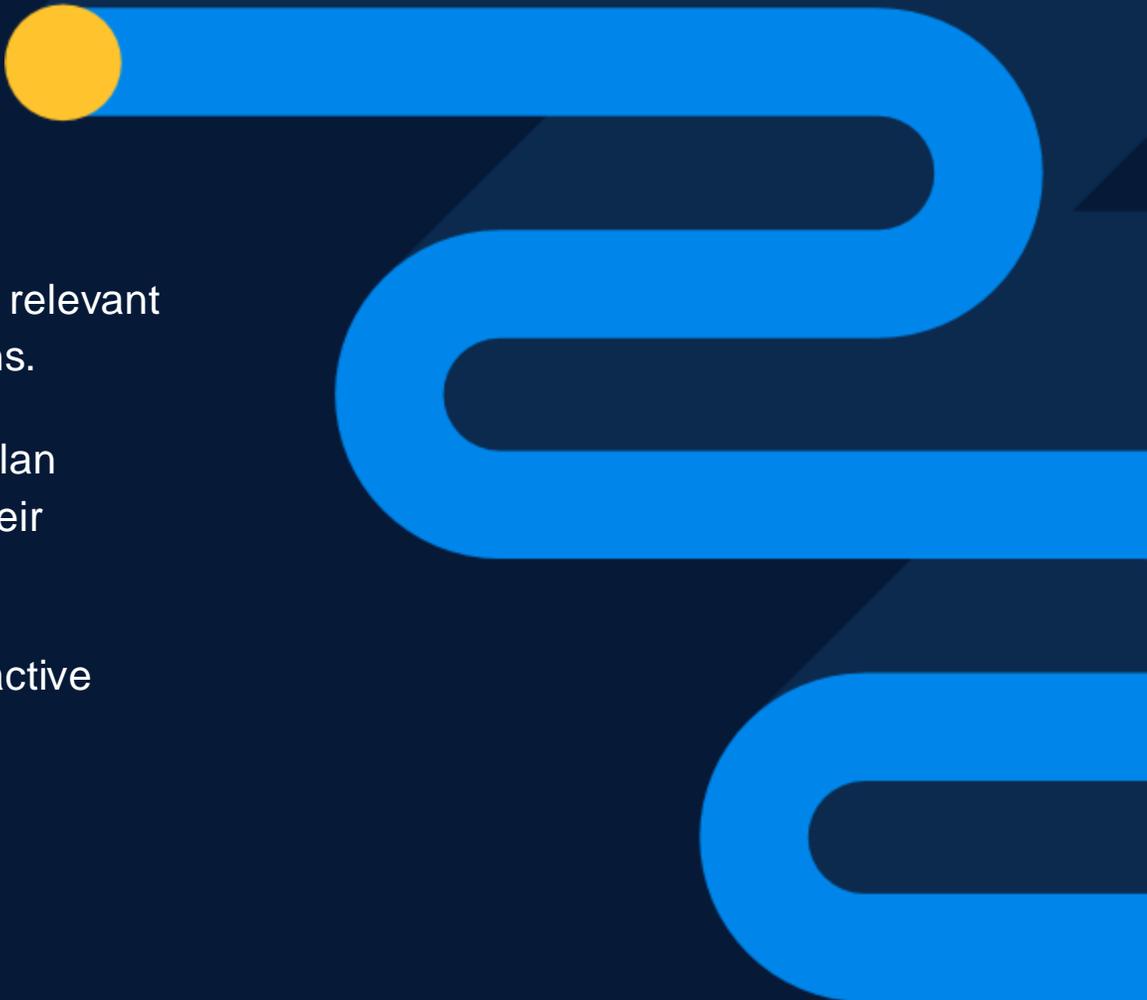
# Reference Point



Real data and actionable insights—  
to help retirement leaders deliver better outcomes

2025

# Introduction



T. Rowe Price develops the annual Reference Point report to identify relevant participant trends and to highlight potential opportunities and solutions.

As always, our purpose in delivering this extensive report is to help plan sponsors and financial consultants improve financial outcomes for their participants and their plans.

This report breaks down data and findings from more than 2 million active workplace retirement plan participants with T. Rowe Price as their recordkeeper.

# Highlights



## Target date

# 23%

of participants age 63+ are currently invested in funds with target years either earlier or later than the assumed retirement age of 65.



## Retirement income

# 55%

of retirement-age participants leave the plan within four years of termination.



## Emergency savings

# 64%

of Financial Wellness Quiz respondents said they do not have emergency savings to cover six months' worth of expenses.

Those who said they did not have six months of emergency savings were 2x more likely to have taken a loan.



## SECURE 2.0

# 96%

of plans have adopted at least one optional SECURE 2.0 provision.

# Target date investors stick with what they know

Participants invested solely in a target date product are far less likely to make an exchange. Even when they do, 84% of them exchange into another target date product.

Target date investments continue to achieve their designated purpose, giving participants an option that doesn't require they actively monitor their allocations.

Percentage of Participants Who Made an Exchange

	2023				2024			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
100% Invested in Target Date Product	0.2%	0.2%	0.2%	0.2%	0.3%	0.2%	0.2%	0.3%
0% Invested in Target Date Product	5.4%	4.9%	5.0%	5.4%	6.3%	5.2%	5.6%	6.0%
Partially Invested in Target Date Product	2.2%	2.1%	2.2%	2.9%	3.1%	2.4%	2.5%	2.8%



Target date investors are

**20x**

less likely to exchange than non-target date investors.

**84%**

of target-date-only investors who exchange stay with a target date product—exchanging to an earlier or later target year.

# Older participants are selecting later target years

Current Versus Assumed Target Date Year Among Target Date Investors

Age Range	Assumed Target Date Year	Current Target Date Year Selected													
		2005	2010	2015	2020	2025	2030	2035	2040	2045	2050	2055	2060	2065	
83–87	2005	78%	10%	3%	3%	2%	1%	1%	1%	0%	0%	0%	0%	0%	
78–82	2010	3%	78%	6%	5%	3%	2%	1%	1%	0%	0%	0%	0%	0%	
73–77	2015	2%	3%	73%	11%	5%	3%	1%	1%	1%	1%	0%	0%	0%	
68–72	2020	1%	1%	2%	78%	9%	5%	1%	1%	1%	1%	0%	0%	0%	
63–67	2025	1%	1%	1%	4%	77%	10%	3%	1%	1%	1%	1%	0%	0%	
58–62	2030	0%	0%	0%	1%	4%	82%	5%	2%	1%	1%	1%	0%	0%	
53–57	2035	0%	0%	0%	1%	1%	6%	81%	6%	2%	1%	1%	0%	0%	
48–52	2040	0%	0%	0%	1%	1%	2%	4%	85%	4%	1%	1%	1%	1%	
43–47	2045	0%	0%	0%	0%	0%	1%	1%	6%	84%	3%	1%	1%	1%	
38–42	2050	0%	0%	0%	0%	0%	0%	1%	3%	5%	86%	2%	1%	1%	
33–37	2055	0%	0%	0%	0%	0%	0%	0%	1%	1%	3%	90%	2%	1%	
28–32	2060	0%	0%	0%	0%	0%	0%	0%	0%	1%	1%	6%	90%	1%	
23–27	2065	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	1%	16%	81%	



## 23%

of participants age 63+ are currently invested in different target years than what is typically assumed—with most invested in later target years.

**What does it mean?**

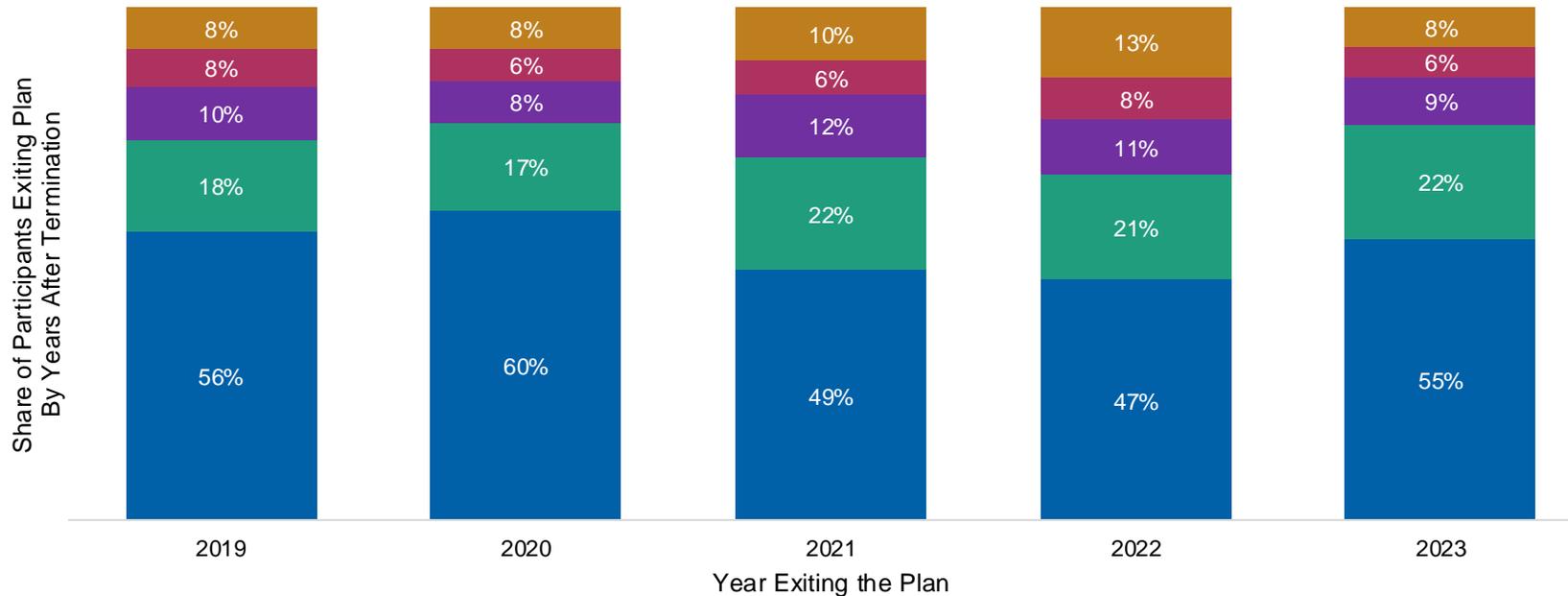
As participants age, an increasing percentage is invested in a fund with a target date year other than the year assumed by the investment, illustrating a potential need for more personalized target date solutions.

# Most retirement-age terminated participants are leaving the plan within 10 years

About half of plan sponsors indicate they'd like retirees to keep their savings in plan. Across the last five years for which we have full data, roughly half of participants 59.5 or older who leave the plan do so within four years of termination, and roughly another 20% leave in the following five years.

Distribution of Retirement-Age Participants Leaving the Plan By Year and Number of Years in Plan After Termination

0-4 years   5-9 years   10-14 years   15-19 years   20+ years



1/2

of plan sponsors prefer that participants keep their defined contribution (DC) plan balances in plan when they retire.

**What does it mean?**

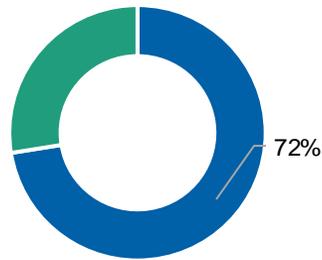
Plan sponsors should consider income solutions that better address needs of retirees to keep them from exiting the plan at, or soon following, retirement.

# Plan sponsors are offering solutions to better accommodate retirees

Significant percentages of plan sponsors have begun offering paperless distributions, installments, and in-plan Roth rollovers. A relatively small percentage of plan sponsors have started offering rollovers into the plan for terminated participants.

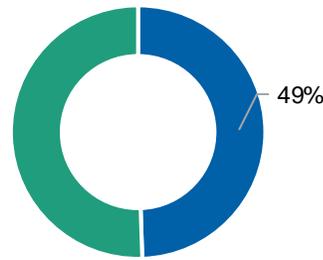
All of these offerings provide greater flexibility and present an improved plan experience for retirees.

### Paperless Distributions



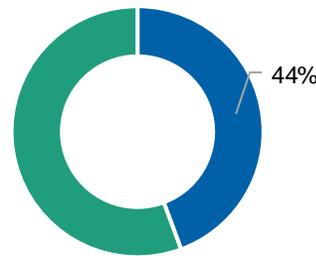
- Offers Paperless Distributions
- Does Not Offer Paperless Distributions

### Lifetime Installment Payments



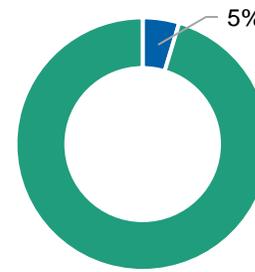
- Offers Lifetime Installments
- Does Not Offer Lifetime Installments

### In-Plan Roth Rollover



- Offers In-Plan Roth Rollover
- Does Not Offer In-Plan Roth Rollover

### Rollovers-In for Terminated Participants



- Offers Termined Rollovers
- Does Not Offer Termined Rollovers



More than

# 2/3

of plan sponsors have considered, or are currently considering, updating the plan's distribution provisions to allow retired participants more flexible access to their savings.\*

\*T. Rowe Price, 2025 DC Plan Sponsor Survey.

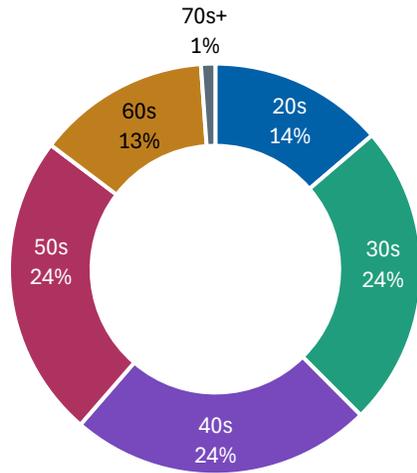
# Engagement leads to positive steps

Participants who engage with our tools tend to demonstrate stronger saving behavior, particularly regarding the Retirement Income Planner and the Social Security Optimizer—two tools designed to help participants estimate their future retirement income.

## Retirement Income Planner

While retirement income is typically a topic valued by preretirees, the Retirement Income Planner has strong engagement with participants across all age groups.

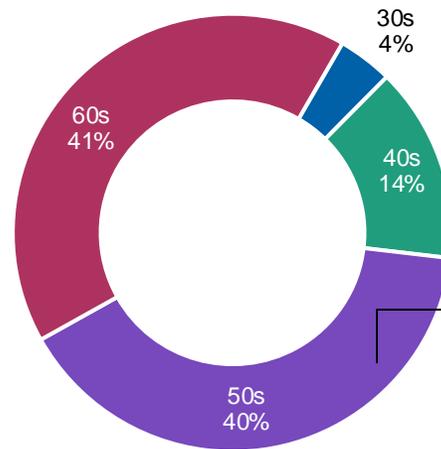
Retirement Income Planner Usage By Age



## Social Security Optimizer

Not surprisingly, the Social Security Optimizer is used primarily by those age groups closer to claiming benefits.

Social Security Optimizer Usage By Age



over **70%** of workers ages 50 to 61 struggled to correctly identify their full retirement age for Social Security, which is determined by their year of birth.\*

Note: Percentages may not total 100% due to rounding. \*Source: T. Rowe Price 2024 Retirement Savings and Spending Study.

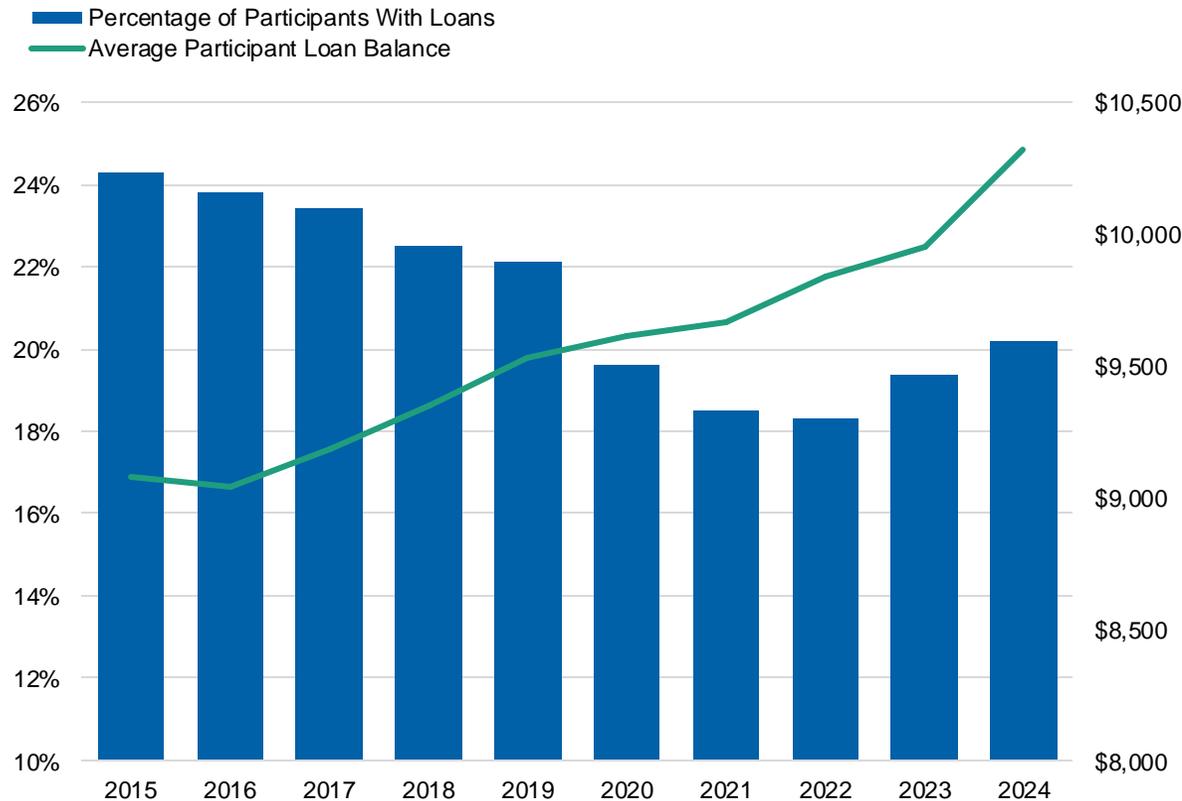


## Deferral rates for participants who used financial wellness tools

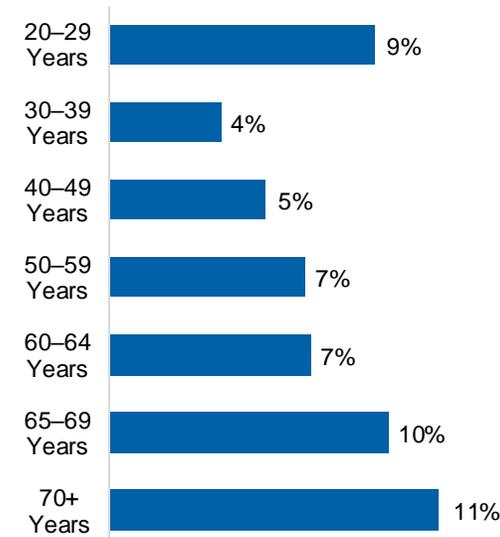
	Used Retirement Income Planner	
Used Social Security Optimizer	Yes	No
Yes	13.5%	11.9%
No	10.5%	8.1%

# Loan size outpaces inflation, and usage increases slightly

The average loan size grew by 4%, slightly higher than inflation in 2024. All age groups saw increases in average loan size. Loan usage, as indicated by the percentage of participants with loans, increased two points from 2023—but remains below 2015–2019 highs.



Percentage Increase in Average Loan Size By Age, 2022–2024



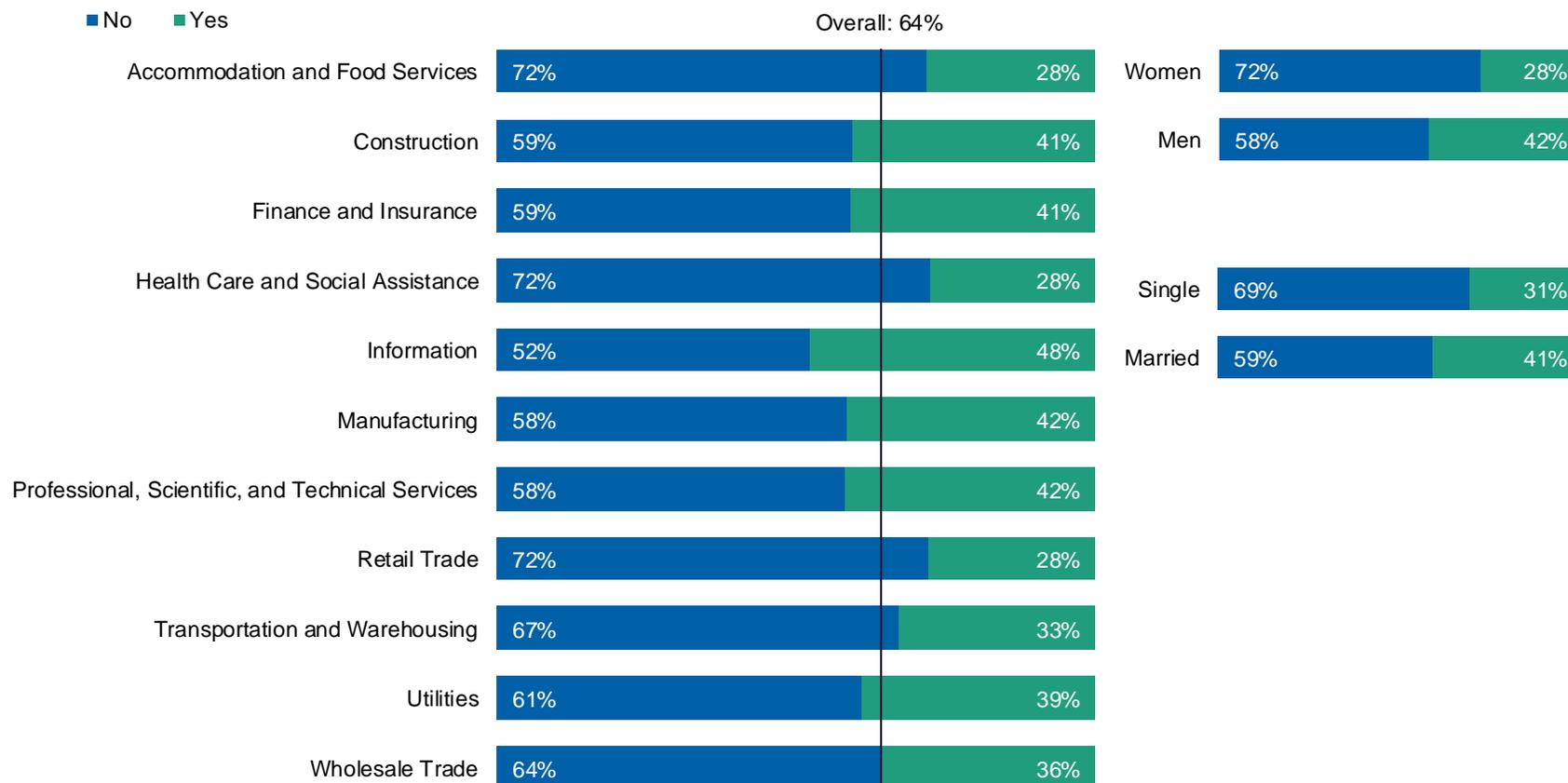
## A closer look

Compared with 2022, the average loan size among participants of retirement age increased more than among other age groups, suggesting that financial wellness challenges are not felt solely by younger age groups.

# Most participants are unable to cover six months' worth of expenses

According to data from participants' responses in our Financial Wellness Quiz, the majority of respondents in plans across industries do not have sufficient emergency savings. Overall, 64% said they can't cover six months' worth of expenses.

## Do you have emergency savings to cover six months' expenses?



Overall average

64%

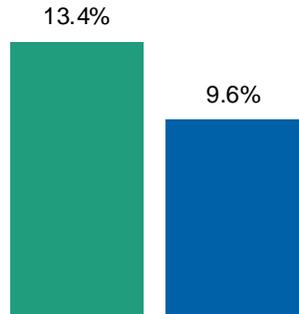
of respondents said they do not have emergency savings to cover six months' worth of expenses.

# The impact on long-term savings

Having a solid emergency fund is foundational for participants looking to build their account balance. The data below compare behaviors of those who said they had six months' worth of emergency savings versus those who indicated they did not.

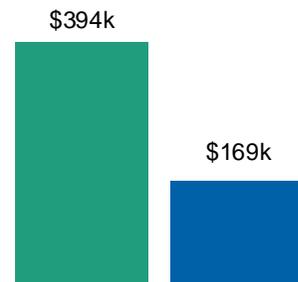
**4-pt.**

higher deferral rate



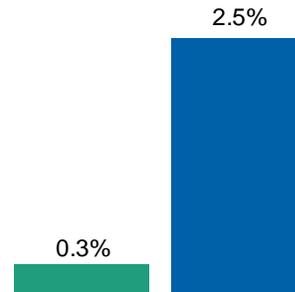
**2.3x**

higher account balance



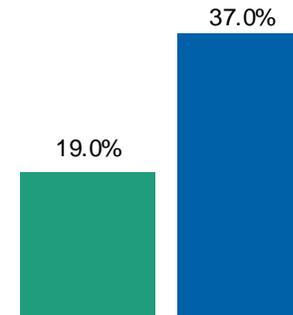
**8x**

less likely to have taken a hardship withdrawal



**2x**

less likely to have taken a loan



■ Have Six Months' Emergency Savings  
 ■ Do Not Have Six Months' Emergency Savings



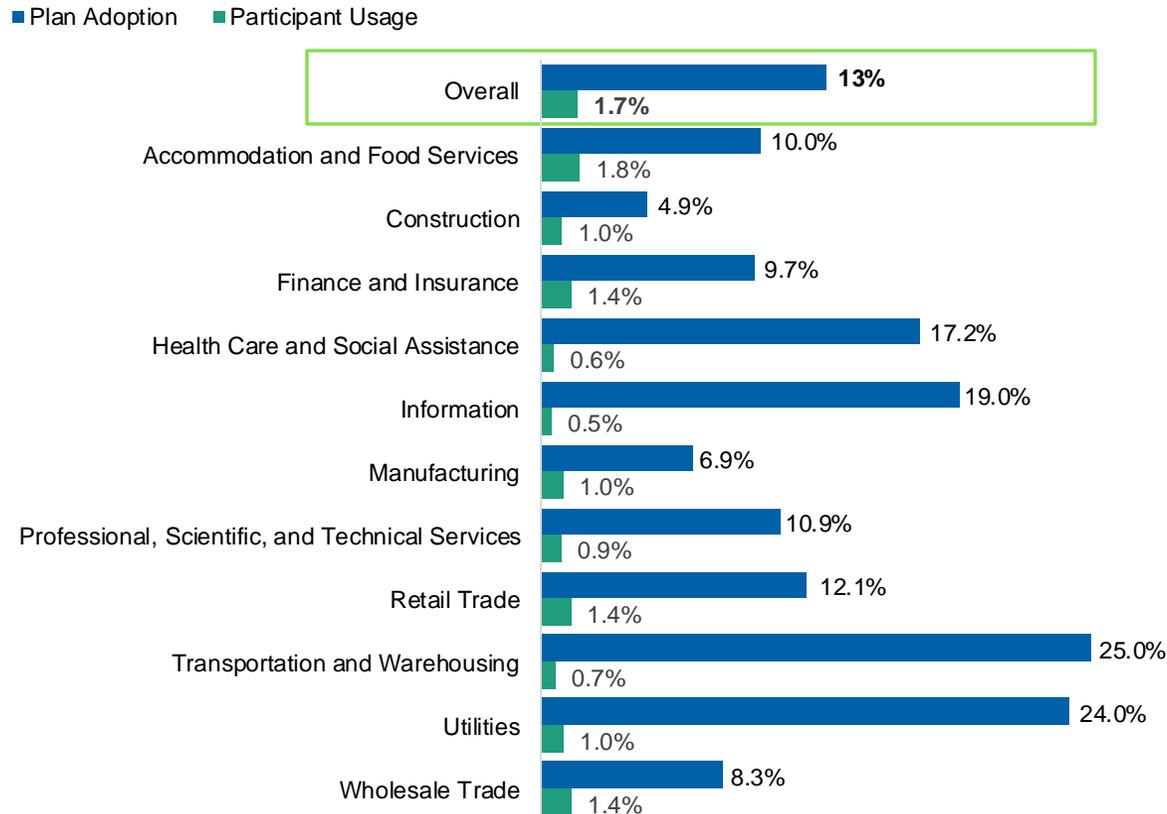
## About the quiz

Once participants complete the quiz, they receive a personalized financial action plan with next steps to consider—such as building emergency savings, paying down debt, saving over the long term, and more.

# Plan sponsors are beginning to implement emergency savings solutions

Despite availability of emergency expense withdrawals in some plans, relatively few participants are utilizing the withdrawal option.

## Adoption of Emergency Expense Withdrawals By Industry



T. Rowe Price, 2025 DC Plan Sponsor Survey.  
Source: T. Rowe Price Institutional Market plans, as of February 28, 2025.



According to our DC plan sponsor survey:

29%

of plan sponsors are likely to add emergency withdrawals in the next 18 months, and

8%

of plan sponsors are likely to add pension-linked emergency savings accounts in the next 18 months.

# Optional SECURE provisions vary in adoption rate

Optional provisions laid out by SECURE 1.0 and 2.0 have varied in their appeal to plan sponsors—particularly when viewed by industry.

	Increase savings		Meet participant needs			Simplify plan administration		
	Higher Catch-Up Contributions <sup>1</sup>	Student Loan Matching	Employer Roth Contributions <sup>2</sup>	Domestic Abuse Withdrawals	Emergency Expense Withdrawals	Qualified Birth or Adoption Distributions (SECURE 1.0)	\$7,000 Limit for Mandatory Distributions <sup>3</sup>	Self-Certified Hardship Withdrawals <sup>4</sup>
Accommodation and Food Services	90%	0%	5%	30%	10%	15%	60%	90%
Construction	87%	5%	23%	15%	5%	26%	74%	69%
Finance and Insurance	95%	3%	36%	24%	10%	19%	60%	65%
Health Care and Social Assistance	84%	2%	16%	27%	23%	30%	71%	77%
Information	81%	0%	14%	24%	19%	19%	43%	71%
Manufacturing	86%	3%	13%	17%	7%	13%	54%	66%
Professional, Scientific, and Technical Services	88%	2%	18%	20%	11%	24%	59%	64%
Retail Trade	84%	0%	6%	22%	16%	19%	56%	78%
Transportation and Warehousing	78%	0%	11%	30%	26%	22%	56%	67%
Utilities	92%	21%	8%	38%	25%	21%	46%	58%
Wholesale Trade	83%	0%	8%	15%	8%	19%	58%	69%
<b>Overall Provision Adoption</b>	<b>88%</b>	<b>3%</b>	<b>18%</b>	<b>23%</b>	<b>13%</b>	<b>18%</b>	<b>66%</b>	<b>66%</b>

<sup>1</sup>The adoption rate is 88% of plans that already offer catch-up contributions.

<sup>2</sup>The adoption rate is 18% of plans that already offer Roth contributions.

<sup>3</sup>The adoption rate is 66% of plans that already process small balance automatic distributions.

<sup>4</sup>The adoption rate is 66% of plans that already offer hardship withdrawals.

Source: T. Rowe Price Institutional Market plans, as of February 28, 2025.

# Takeaways for your plan



Older participants in funds with alternative target date years could benefit from personalized target date solutions.

- Is a large population of your plan participants over age 50 and invested in a target date product?
- Does your plan offer a dynamic default investment option?



Terminated participants age 60+ who want to stay in the plan need solutions to support retirement needs.

- Do you want retirees to stay in the plan?
- Does your plan offer income-generating investment solutions or other retirement income products?
- Should you educate preretirees and retirees about retirement income solutions?



Loans rose in 2024.

- Is your plan experiencing an increase in loans?
- Do you have the right level of financial wellness support for participants experiencing financial difficulties?



Plans are adopting SECURE 2.0 provisions as new capabilities are offered.

- Have you completed a full review of the optional provisions and their suitability for your plan?

## Want to learn more?

Access the full annual Reference Point report.





For more information, please visit [troweprice.com/referencepoint](https://troweprice.com/referencepoint) or contact your T. Rowe Price representative.

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