T. Rowe Price

NEWS RELEASE

NEW STUDY REVEALS HOW RETIREMENT SAVERS' INVESTMENT PREFERENCES CHANGE WITH AGE

T. Rowe Price, in collaboration with MIT Sloan and Stanford, finds that personalized retirement solutions may be most effective for older investors

BALTIMORE (July 29, 2025) – T. Rowe Price, a global investment management firm and leader in retirement, today released a new white paper co-authored with experts from Massachusetts Institute of Technology (MIT) Sloan School of Management and Stanford University revealing how retirement investors' allocation preferences and accumulated savings become more diverse with age. Researchers from the three organizations looked at T. Rowe Price's 401(k) recordkeeping data and estimated that investors above age 50 have diverse preferences to equity exposure: while the majority prefer a 60% to 80% equity allocation, 10% prefer to avoid equities altogether, 5% prefer all-equity allocation, and others fall somewhere in between. In contrast, most younger investors, aged 20 to 34, prefer high equity exposure—typically over 80%--which aligns with life cycle investing. Additionally, older investors take a more active role with their retirement portfolios. Between 2019 and 2024, only 26% of older investors left their equity allocation unchanged, compared to 46% of younger investors, highlighting the potential desire for more dynamic portfolio management in the lead-up to retirement.

These findings highlight how investment preferences differ by age, underscoring the growing importance of personalized investment solutions later in life to drive better retirement outcomes.

"At T. Rowe Price, our retirement research is fueled by curiosity," said Sudipto Banerjee, Ph.D., a global retirement strategist at T. Rowe Price and co-author of the paper. "By deepening our understanding of the wide-ranging needs of retirement savers, including how they engage with their investments, we can better understand how to support these needs in each phase of their retirement journey. With older participants, we see that preferred asset allocation and financial circumstances are more diverse, making them strong candidates for personalized retirement solutions."

For a detailed look at the study's methodology, data, and full findings, explore the complete white paper here.

Key findings include:

- **Proactive shifts toward higher equity exposure increases with age.** Among those who adjusted their equity allocation, 50% of investors aged 50 and older increased their equity exposure, compared to just 34% of those aged 20 to 34.
- **Mental hurdles like inattention, not fear, keep people from investing**. When investment hurdles are removed, participants may prefer traditional life-cycle investment patterns.
- **High fees and lack of participant engagement could limit the benefits of personalization.** Transparent, carefully designed fee structures and clear communication to explain changes in default investments, their benefits, and the associated cost will be essential for successful adoption of personalized investments.

"Collaborating with T. Rowe Price allows us to bring academic theory to life through large-scale, real-world data," said Taha Choukhmane, Ph.D., assistant professor of finance at MIT Sloan School of Management and co-author of the paper. "Together, we're uncovering insights that deepen our understanding of investor behavior and help shape smarter, more effective retirement strategies, empowering savers to make informed decisions in a complex financial world."

ABOUT T. ROWE PRICE

T. Rowe Price (NASDAQ-GS: TROW) is a leading global asset management firm, entrusted with managing $1.68 trillion in client assets as of June 30, 2025, about two-thirds of which are retirement-related. Renowned for over 85 years of investment excellence, retirement leadership, and independent proprietary research, the firm leverages its long-standing expertise to ask better questions that can drive better investment decisions. Built on a culture of integrity and prioritizing client interests, T. Rowe Price empowers millions of investors worldwide to thrive amidst evolving markets.
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202507-4669711