T. Rowe Price

Age, evolving allocation preferences, and the case for personalized solutions

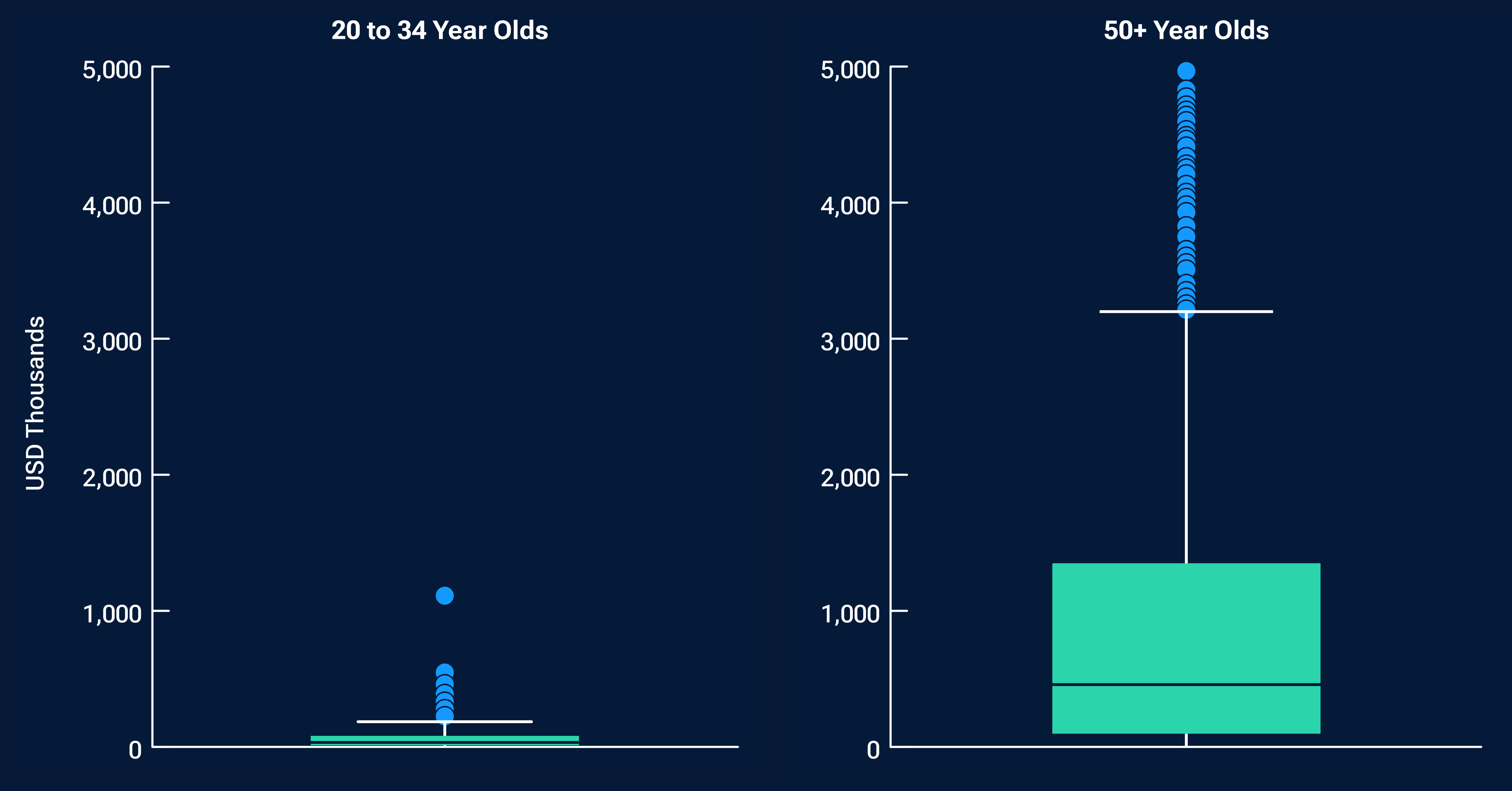
Personalized retirement solutions can address diverse allocation preferences and financial circumstances as investors age.

How do savings and preferred allocations change with age?

1 Wider dispersion in retirement savings

The range of retirement savings expands with age

Distribution of retirement assets

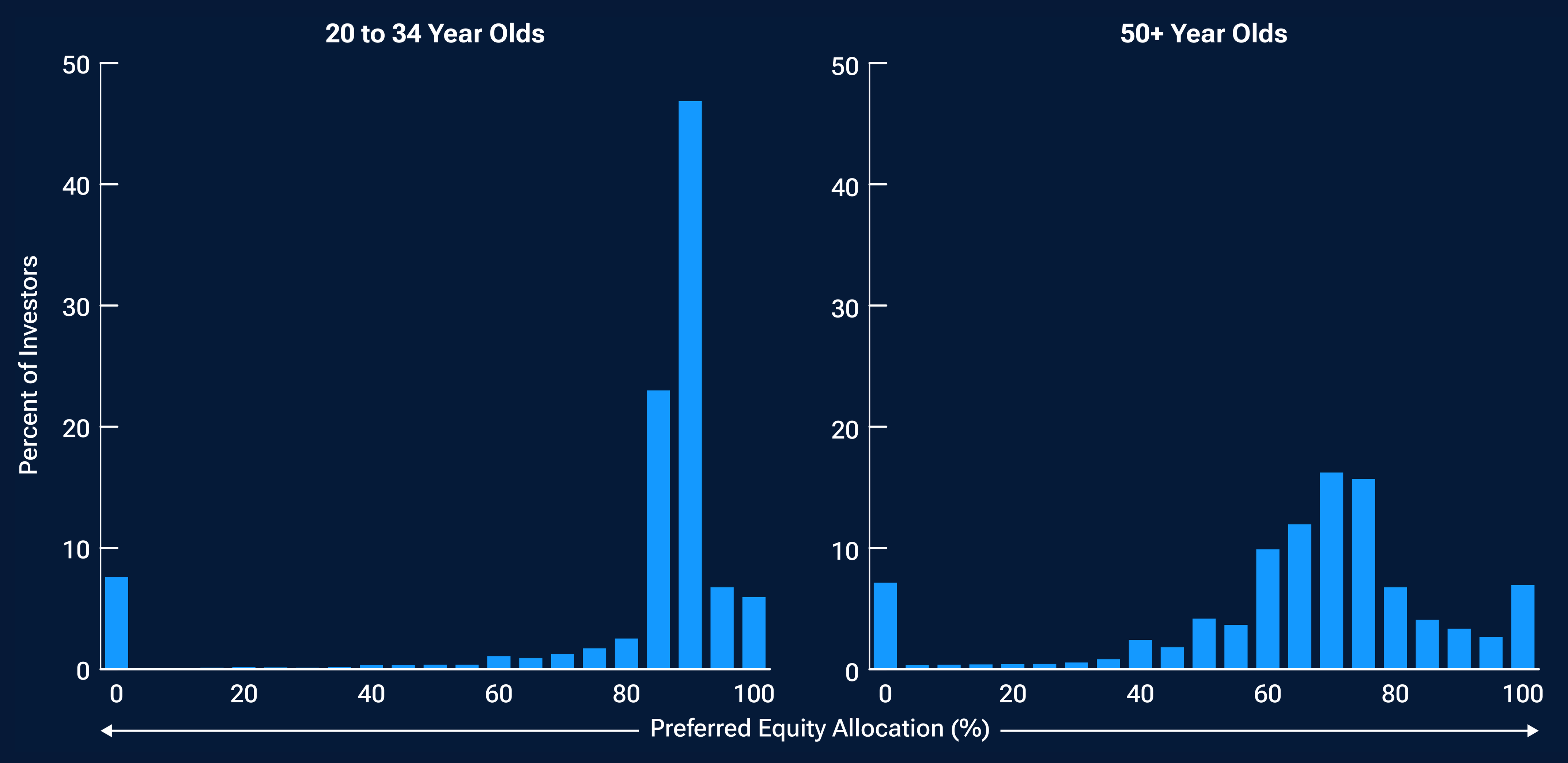


Source: T. Rowe Price analysis of data from 2022 Survey of Consumer Finances. The green box represents the interquartile range between the first quartile (25th percentile) and the third quartile (75th percentile), containing the middle 50% of all savers. The horizontal line inside the box marks the median value, and the distance between the whiskers shows the full range of savings. The blue dots beyond the whiskers are considered outliers.

2 Wider dispersion in preferred asset allocations

Older investors exhibit the most diverse preferences

Estimated preferred share of equities



Source: Analysis by Taha Choukhmane and Tim de Silva of data from T. Rowe Price's recordkeeping platform from December 2006 to December 2017. The analysis utilizes transition of retirement plans from opt-in defaults to opt-out with target date funds as defaults. The framework for estimating an investor's preferred stock market participation and preferred equity allocation assumes that: allocation preferences are independent of the default option, and employers select defaults without considering individual allocation preferences. Investors who participate in the stock market under default regimes genuinely prefer market participation, while no investors systematically oppose defaults. When investors actively deviate from defaults, they select their truly preferred allocations. The framework also assumes that at comparable age and tenure points, both consistent investors (who make same stock market participation decision under both defaults) and inconsistent investors (who always follow the defaults) share similar allocation preferences. For full details, see Choukhmane, T., and T. de Silva 2024. "What Drives Investors' Portfolio Choices? Separating Risk Preferences from Frictions," *National Bureau of Economic Research*.

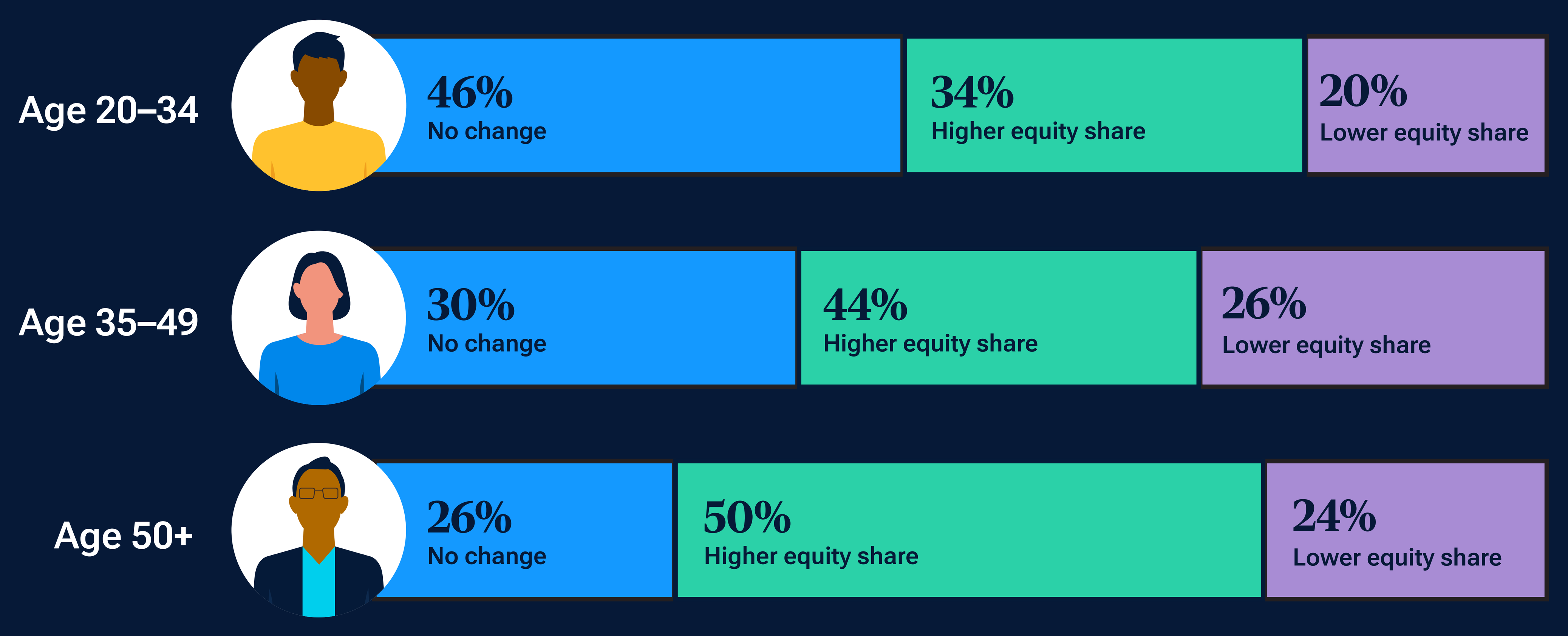
How do investment decisions vary with age?

In the period from 2019 to 2024:

More older participants made changes to their portfolios.

More older participants increased their equity allocations.

Directional change in equity shares of different age groups from 2019 to 2024



Source: T. Rowe Price retirement plan recordkeeping data between January 2019 and December 2024.

Personalization benefits and considerations

Participant engagement and willingness to share personal information.

Carefully designed and transparent fee structures.

Explore more retirement trends in the T. Rowe Price 2025 U.S. Retirement Market Outlook.

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