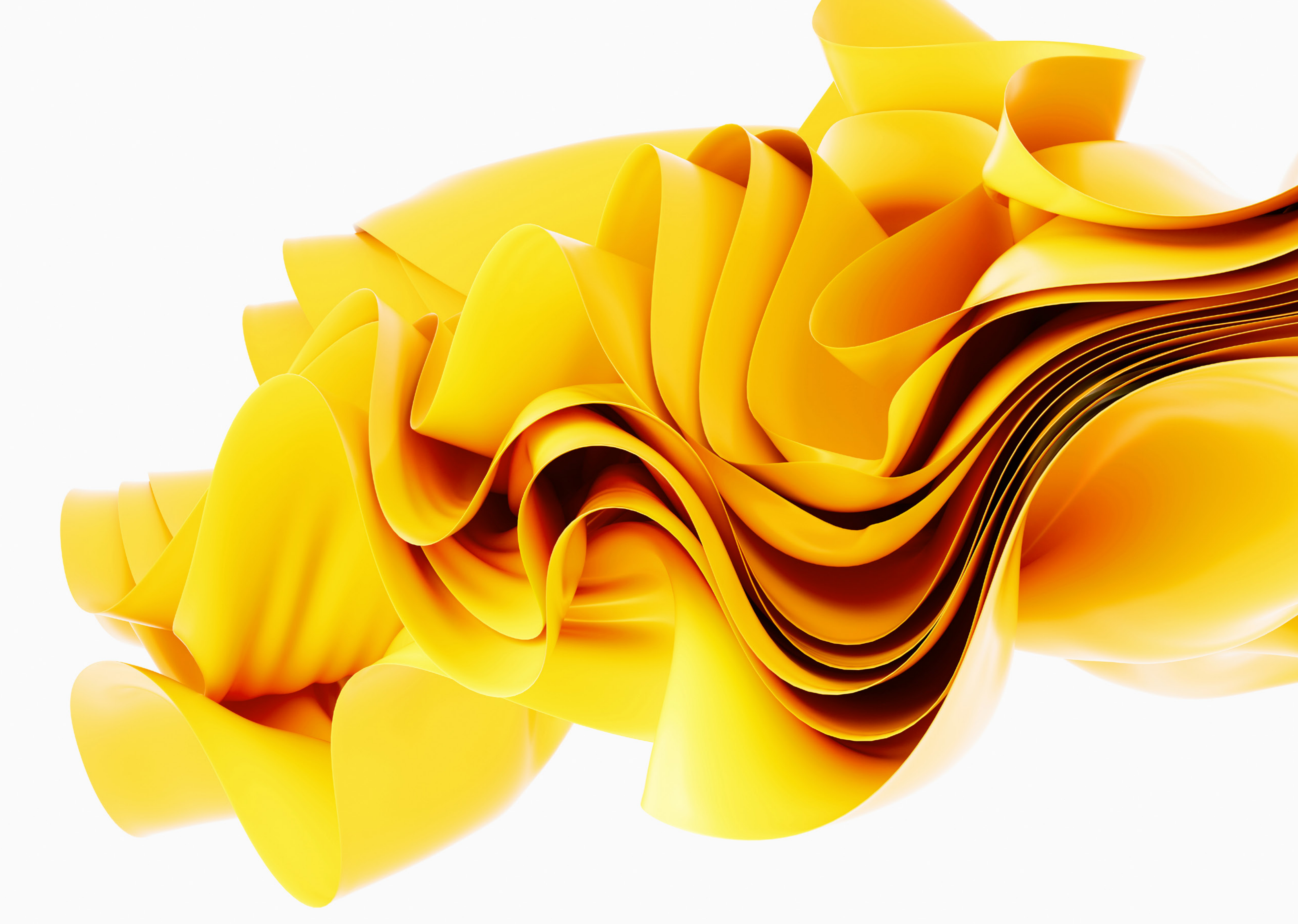

Survey of the Retirement Landscape

Participant Perspectives

Second Edition | 2025

VOYA INVESTMENT MANAGEMENT

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About the survey

Welcome to the second edition of Voya Investment Management's survey of retirement plan participants. The survey seeks to better understand participant sentiments about financial and retirement planning priorities, the challenges and concerns participants face, and the services they may need —informing how defined contribution (DC) plan sponsors and DC specialists can build more robust and competitive employee benefits programs.

Economic backdrop

We conducted our survey on January 23 and 24, 2025, a few days after the presidential inauguration.

As participants were completing the survey, the U.S. appeared to be emerging from the pandemic's long-tailed aftershocks stronger than before. The cloud of inflation hanging over markets had slowly started to dissipate, unemployment was below historical norms, and markets had embraced the pro-growth prospects of deregulation and tax cuts.

Key findings

- **Participant retirement preparedness** sentiment increased significantly in 2025, with 69% indicating they feel very or somewhat prepared for retirement. Still, many participants would benefit from additional support from plan sponsors and DC specialists, as more than half of participants expressed concerns about inflation, market volatility, and the economy.
- **Many participants do not view themselves as experienced investors,** and the past few years have had mixed impact on their confidence. This suggests that many would welcome reassurance and support on key topics, such as the potential benefits of their plans and support for important decisions.
- Many participants reported relatively **low levels of confidence in making key retirement-related decisions,** particularly for decisions relating to retirement income and transition services, suggesting demand for additional support.
- **Participants indicated strong interest in education related to retirement income and investment decision-making.** Other areas where participants would welcome guidance included managed accounts, auto features, retirement drawdown strategies, and financial wellness topics. Promoting these services can help drive better outcomes for participants (and sponsors). Many of these products/services help address areas in which participants cited low levels of confidence.
- **Many participants haven't decided on their retirement date** (especially those over age 50), possibly due to decreased confidence in meeting their retirement goals given high inflation and concerns about insufficient savings. About one-third of participants said they aren't sure about their plans for their retirement assets after they retire.
- Participants generally viewed their employers as a trusted source and value their employer-sponsored retirement plan (ESRP). There is an opportunity for employers/sponsors to **retain employees by offering services/support in some key areas,** including improving overall financial wellness, support for key decisions, and retirement income planning.

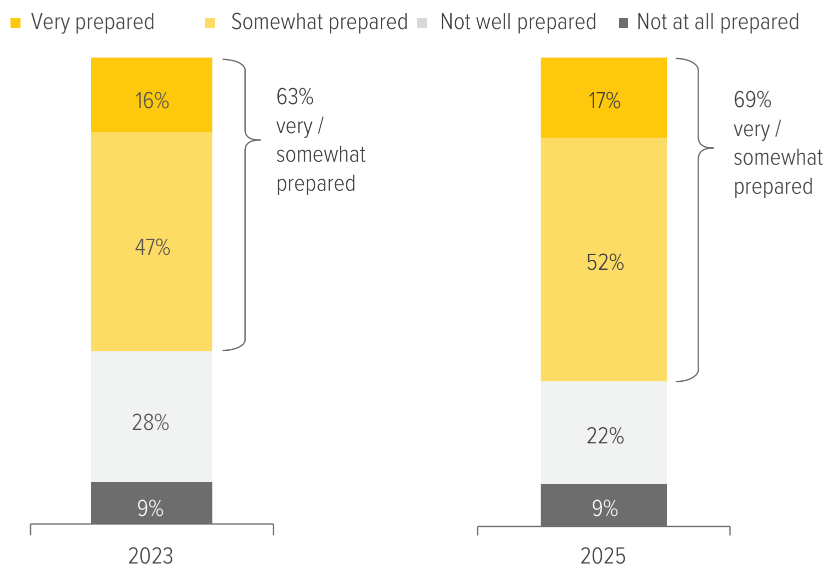
- 15% of participants self-identified as a **caregiver**, and 5% reported having a disability or **special needs**. Two-thirds said they are very or somewhat interested in comprehensive planning resources and support aimed at special needs caregivers, (although sponsors and DC specialists both underestimated this interest).
- 86% of participants said they are somewhat/very interested in getting **help maximizing their benefit dollars** across retirement savings, health savings accounts, health care insurance, and voluntary benefits.

Retirement preparedness

Participant retirement readiness has improved since our last survey. 69% of those surveyed said they feel very or somewhat prepared for retirement—a 6% increase from 2023.

Although the majority of participants felt at least somewhat prepared, 31% were concerned about their retirement readiness.

Exhibit 1: Overall, how prepared are you for retirement?



Once again, there was a meaningful gender gap in feelings of retirement readiness, with women significantly less likely to feel prepared than men (58% versus 79%, respectively).

Working with a financial advisor boosted confidence among participants: Those working with an advisor were 25% more likely to indicate they were very or somewhat prepared for retirement than those who did not have an advisor.

The impact of the economy, inflation, and market volatility on participants

More than half of participants surveyed reported that inflation and the state of the economy will have a severe or major impact on their ability to save for retirement (Exhibit 4). Women were significantly more likely than men to believe that the economy will have a severe or major impact on their ability to save for retirement (62% versus 53%, respectively).

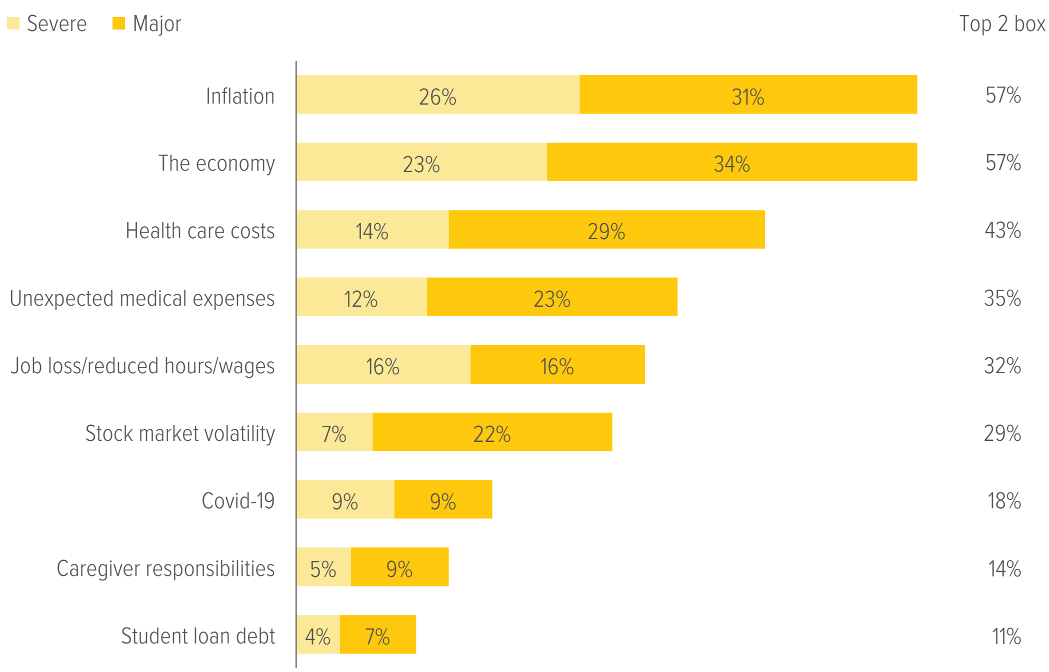
For the first time, we asked participants about the impact of market volatility on their ability to save for retirement. 29% said it would have a severe or major impact, and this sentiment was significantly higher among men than women (35% versus 23%).

The number of participants who said they are now planning to retire later than originally hoped given market volatility, the current labor market, and inflation also increased (37% in 2025 versus 30% in 2023).

One notable change this year was that the number of participants who reported that unexpected medical expenses will majorly or severely impact their ability to save for retirement rose significantly (35% in 2025 versus 25% in 2023).

Most participants said that the economy, market volatility, and inflation will have a major impact on their ability to save for retirement.

Exhibit 2: How much of an impact do you believe the economy, market volatility, and inflation will have on your ability to save for retirement?



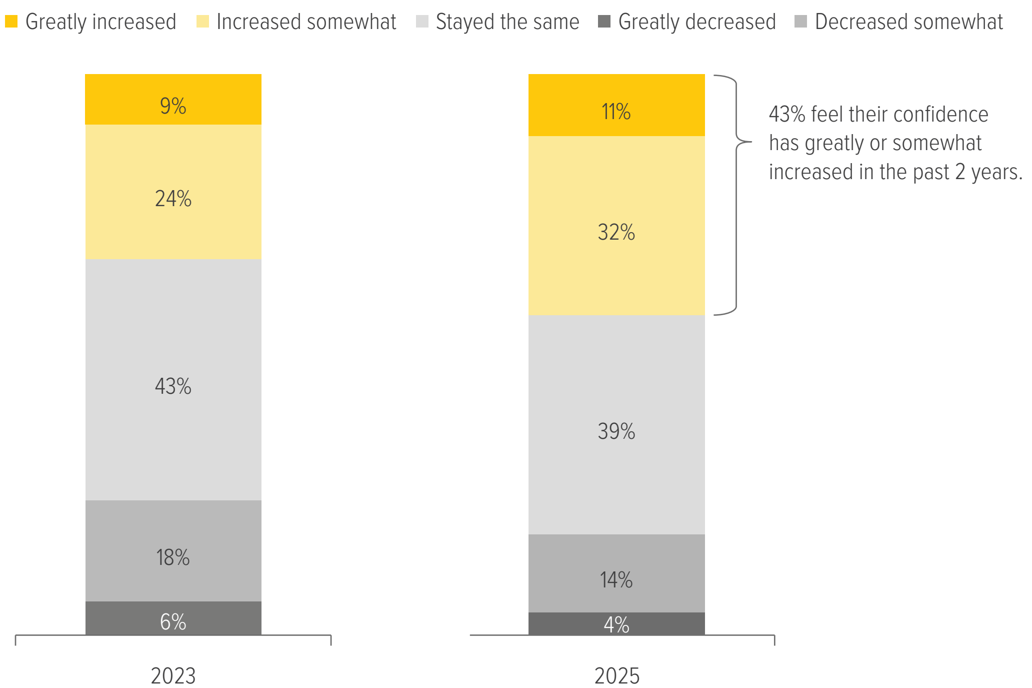
Confidence in meeting retirement goals

One encouraging trend—despite the challenging market backdrop—is that participants' confidence in meeting retirement goals has significantly increased since 2023, with those indicating greater confidence outnumbering those who feel less confident. Those with increased confidence attributed it to increased ability to save due to higher earnings, increased knowledge or education, and favorable market conditions:

- *"I was able to do more research on the subject and made a plan on how much I should actually contribute."*
- *"I'm making more money and can save more."*
- *"I met with a family friend who is a financial advisor, and he made me feel better about my current financial standing and my ability to prepare for the future."*

43% of participants felt their confidence in meeting retirement goals has increased over the past two years.

Exhibit 3: Over the past two years, how has your confidence in meeting your retirement goals changed?



Decreased confidence in meeting retirement goals often related to inflation, medical costs, and an inability to save enough:

- *"Due to the economy, I've been paying more and more to bills; groceries and things are so expensive that it's hard to contribute."*
- *"I feel like I need to save more due to inflation and not knowing how prices and life overall will be when it's time for me to retire."*
- *"We have had a ton of medical problems affect our savings."*

Investment experience and making retirement plan investment decisions

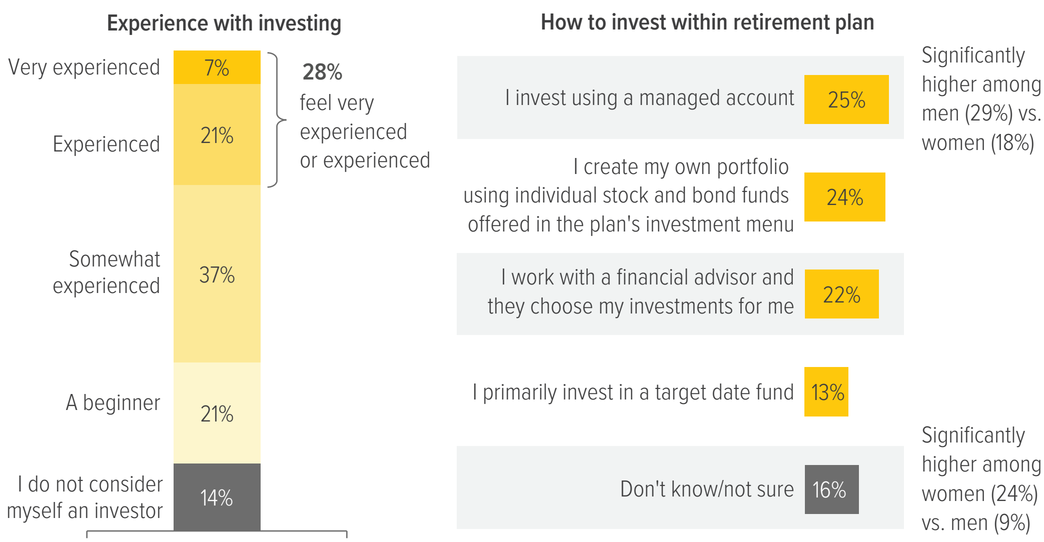
29% of participants indicated they were very experienced or experienced investors. Men and those working with a financial advisor were significantly more likely to consider themselves experienced versus women and participants not working with an advisor (38% versus 17% and 46% versus 24%, respectively). About one-third reported that they consider themselves either “not an investor” (14%) or a “beginner” investor (21%).

As far as how participants invest, the most common response was that they use a managed account (25%), followed by creating their own portfolio (24%) using funds offered in the plan’s investment menu. This was followed by those who work with a financial advisor who chooses the investments for them (22%) and those primarily using a target date fund (16%).

One in six participants didn’t know or were not sure how they invest within their retirement plan—with a significantly higher number of women indicating uncertainty (23%, versus 9% of men).

Most participants could use additional support in making investing decisions.

Exhibit 4: How experienced an investor are you, and how do you invest within your retirement plan?



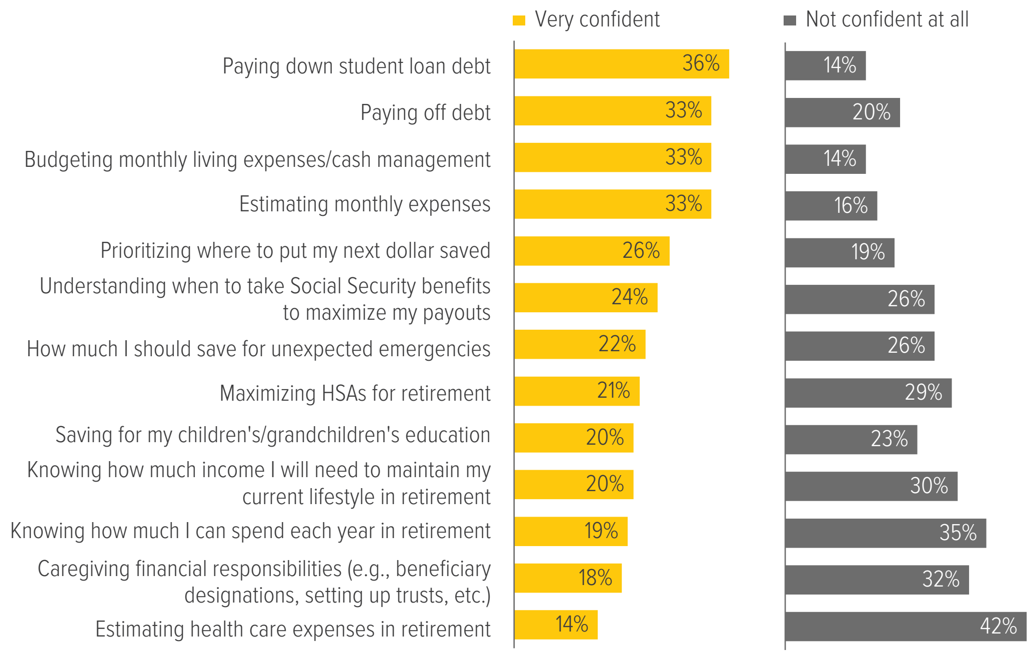
Confidence in making specific financial decisions

In making financial decisions, participants said they are very confident about how to pay off debt (including student loans) and budget for monthly living expenses.

But confidence began to decline when considering how to estimate health care costs in retirement, caregiving financial responsibilities, and how much they will need to maintain their current lifestyle in retirement. Knowledge of how to best plan for the future was also cited as a challenge for many participants (when to take Social Security, how to save for education costs for children/grandchildren, maximizing HSAs, and knowing how much they can spend while in retirement).

Participants were more confident about paying off debt and making general budgeting decisions, but less sure when it came to retirement-related decisions.

Exhibit 5: How confident are you in making specific financial decisions?



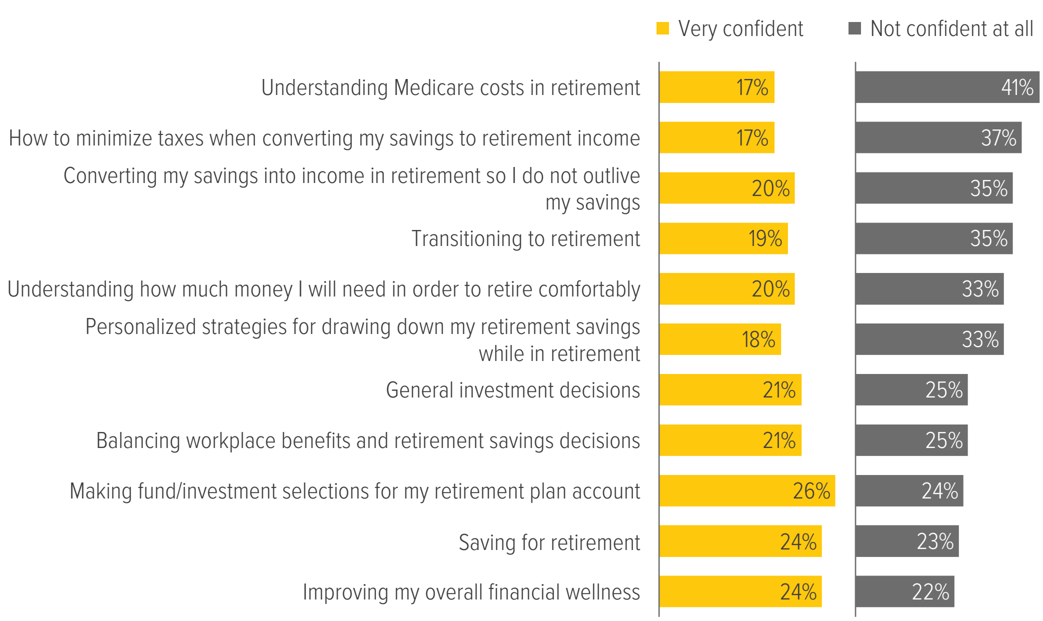
Confidence in making retirement-plan-related decisions

Confidence related to specific retirement plan decisions was relatively low, with just 26% of participants reporting they are very confident making fund/investment selections, saving for retirement, and improving their overall financial wellness. An almost equal number of participants also said they are not at all confident in making these decisions, signaling room for support/education.

Confidence was even worse related to making general investment decisions, balancing benefits and savings decisions, and transitioning to retirement (converting savings to income, drawdown strategies, minimizing taxes, Medicare costs, etc.).

Participants also lacked confidence in making retirement income planning decisions.

Exhibit 6: How confident are you in making retirement income planning decisions?

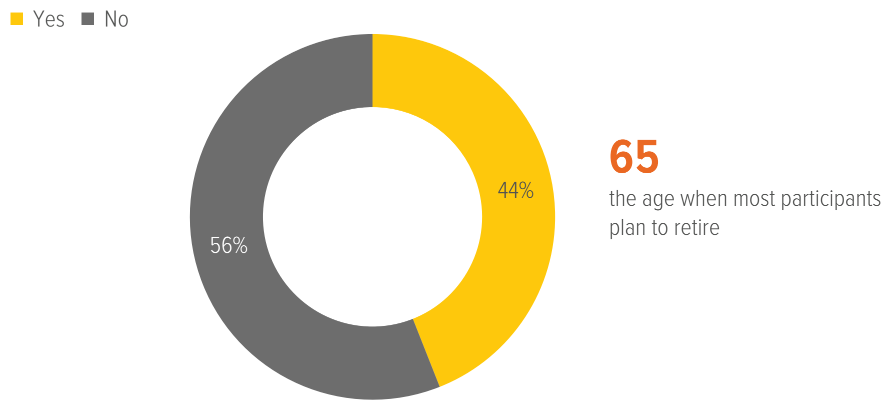


Plans for retirement age and plan assets at retirement

44% of participants said they have a planned age for retirement, with 65 being the age most participants plan to retire. Men and those working with a financial advisor were significantly more likely to have a planned retirement age than women and those without a financial advisor (51% versus 38% and 60% versus 41%, respectively).

More than half of participants didn't have a planned retirement age.

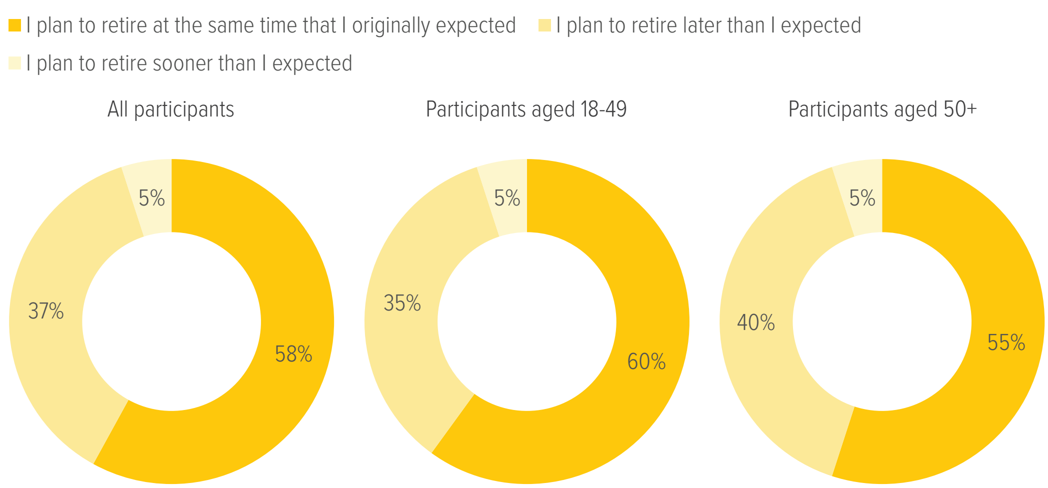
Exhibit 7: Do you have a planned retirement age?



The impacts of inflation, the economy, and market volatility have caused many participants to push out their retirement date, with 37% now planning a later retirement. Those aged 50 and older reported feeling this impact more strongly and were slightly more likely (40%) to say they are retiring later than planned (40% versus 35% of participants ages 18 to 49).

Older participants said they are planning to retire later than originally expected.

Exhibit 8: Has your planned retirement age changed given market volatility, the current labor market, and inflation?

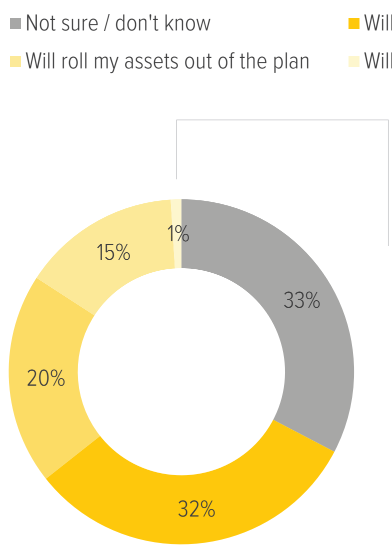


33% of participants said they are not sure or don't know what they will do with their retirement assets when they retire. This sentiment was significantly higher among women (44%, versus 23% of men).

About one-third of participants said they will listen to advisor recommendations on what to do with their retirement assets once they retire. Another 20% said they intend to leave their assets in the plan (a slightly more common response among those aged 50+).

Many participants said they don't have a plan for their DC assets when they retire.

Exhibit 9: What do you plan on doing with your retirement plan assets when you retire?



Those who selected "Something else" said they will:

- Pay debt
- Invest in something that will pay a decent dividend

62% of those working with an advisor said they will listen to their recommendations on what to do with their retirement plan assets.

Men were significantly more likely to say they will leave their assets in the plan when they retire (26%, versus 13% of women).

Women were significantly more likely to say they don't know / are not sure what they will do with their retirement assets when they retire (44%, versus 23% of men).

Interest in employer-sponsored retirement plan features

When it comes to employer-sponsored retirement plan (ESRP) features, most participants expressed interest in getting help related to retirement income and advice/guidance for investment decisions. There was strong interest in an investment option that helps provide income during retirement, in getting help understanding how to generate income in retirement, in investment guidance for their retirement plan, and in support in transitioning to retirement.

Most participants were also interested in learning more about automatic plan features and managed accounts and having access to a professional for advice.

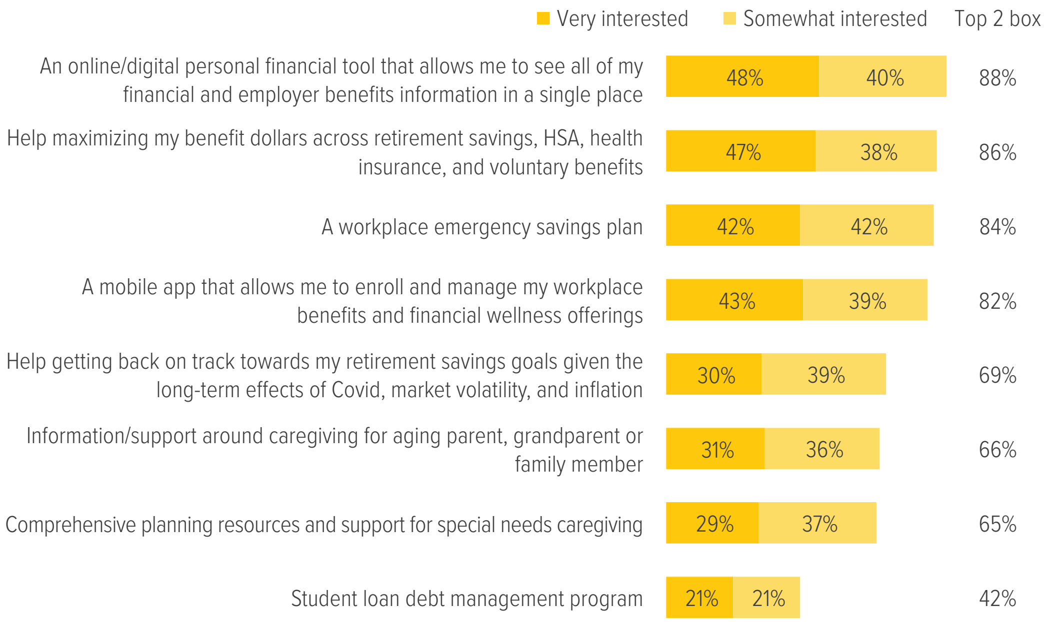
Participants said they want products and services that can help with retirement income planning and investment decision-making.

Exhibit 10: How interested would you be in each of the following if offered as part of your retirement plan?

Nine in ten participants said they are very/somewhat interested in an online/digital financial tool that allows them to see all their financial and employer benefits in one place. 85% said they would like help maximizing their benefit dollars. Additionally, about two-thirds were interested in support around caregiving for family members and planning resources for special needs caregivers.

Participants were interested in digital tools to access finances and benefits in a single place and help maximizing their benefit dollars.

Exhibit 11: How interested would you be in each of the following products/services if offered as part of your retirement plan?

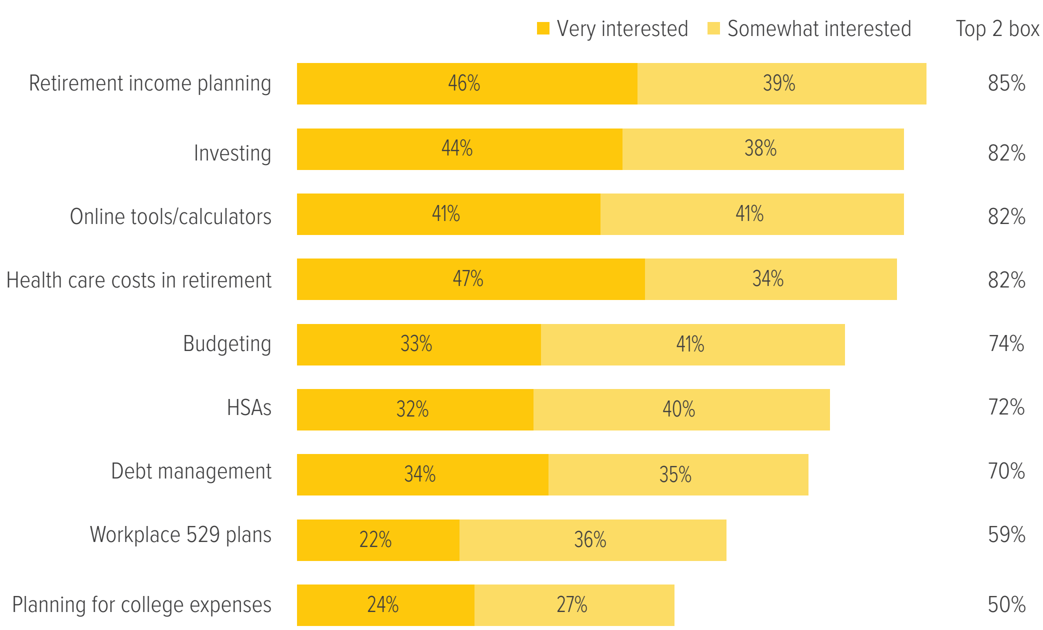


Financial wellness program features

Participants expressed a high level of interest across several key financial wellness program features, notably education on retirement income planning, online tools and calculators, and education on investing and the cost of health care in retirement. Seven in ten participants said they would like to receive education on budgeting, HSAs, and debt management. More than half expressed interest in education around 529 plans and planning for college expenses.

Participants were most interested in receiving education on income planning and health care budgeting in retirement as part of a financial wellness program.

Exhibit 12: How interested would you be in each of the following features of a financial wellness program if offered by your employer?



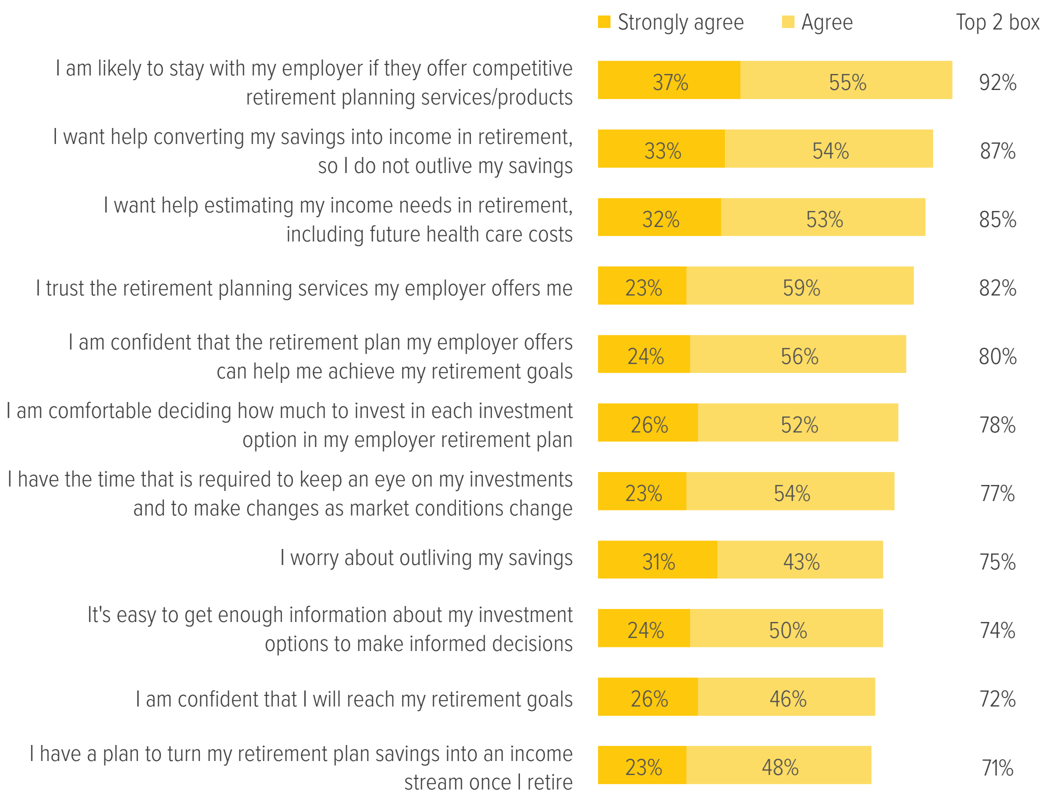
Role of employers/ESRP and impact on employee retention

This year, more participants said they'd be more likely to stay with their employers if offered competitive retirement planning services and products (92%, versus 87% in 2023).

82% of participants said they trust the retirement planning services offered to them by their employer, and 80% were confident that their employer's retirement plan could help them achieve their retirement goals.

Offering retirement income and planning services/products may lead to higher employee retention.

Exhibit 13: To what extent do you agree with the following statements?



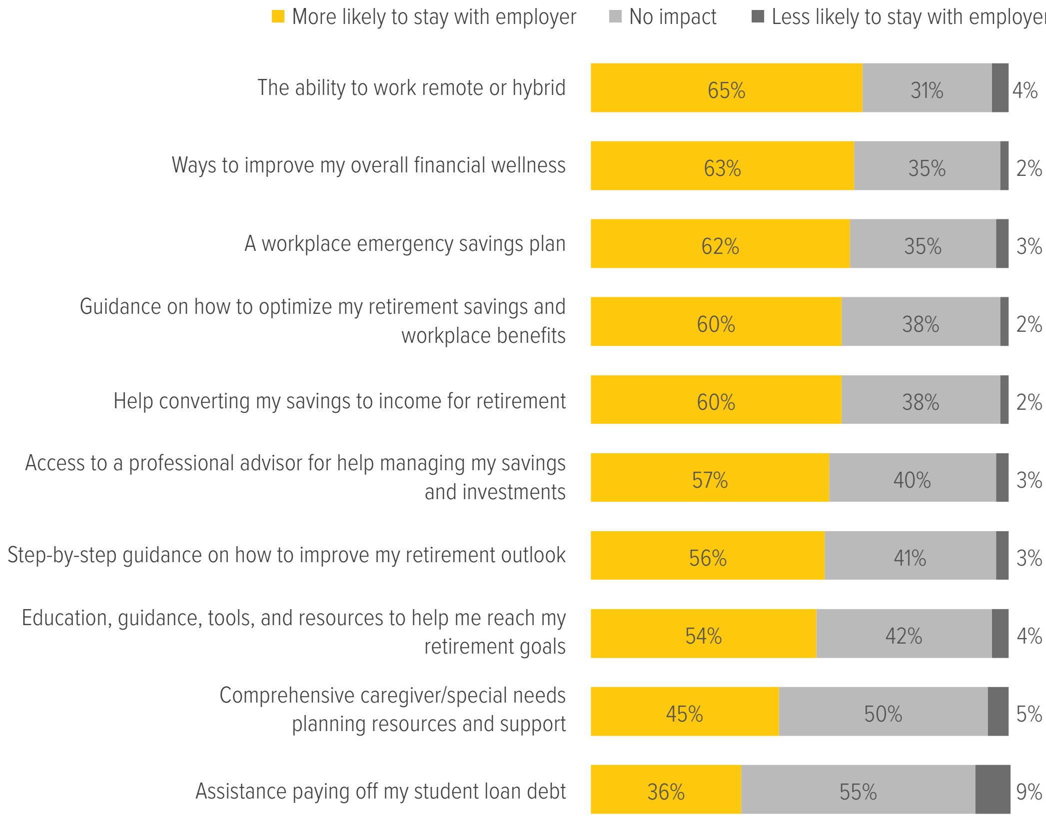
Six in 10 participants said they'd be more likely to stay with their current employer if they offered remote/hybrid work options.

Another six in 10 said they'd be more likely to stay with their current employer if they offered ways to improve their overall financial wellness, a workplace emergency savings plan, help converting savings to income for retirement, and guidance on how to optimize their retirement savings and workplace benefits.

Compared with 2023, these categories increased by 7-14% in their impact on participants' likelihood to stay with their employer in 2025.

Participants said they'd be more likely to stay with their employers if offered hybrid/remote work and ways to improve their overall financial wellness.

Exhibit 14: If your employer offered the following services/products, what impact (if any) would they have on your likelihood to stay?



Conclusion

Our participant sentiment survey broadly focused on two components: retirement income and financial wellness (which includes considerations for caregivers).

Retirement income

Retirement readiness is a major challenge for many participants, and they expressed a high level of interest in retirement income solutions. SECURE 2.0 helps sponsors provide their participants with the tools and resources they need to meet this challenge. This legislation, along with its predecessor SECURE Act, provides sponsors more flexibility when it comes to offering retirement income products and services, as well as expanding access to them for participants.

For sponsors, plan design is no longer about simply focusing on helping participants build their savings. Assisting participants with income planning as they enter the decumulation stage is now equally important, especially because many lack confidence in this area. As workers approach retirement, their investment priorities also shift. They become less concerned with growth and more concerned with preservation of capital and generating income.

Many plans tend to fall short when it comes to providing income-generating options to retirees and pre-retirees. In our view, there is no one-size-fits-all solution to helping participants feel retirement ready. Instead, sponsors may want to consider updating plan design, offering new investment options, and building a more robust financial wellness program.

Financial wellness

Financial wellness is a lifelong journey that begins with a single step. A thoughtfully designed financial wellness platform can make it easy for participants to not only see the big picture, but to also act upon it. We believe that **sponsors should consider six distinct areas** when building a financial wellness program for their employees.

- Protection (insurance, estate planning)
- Spending and saving (building a realistic budget)
- Emergency fund (3-6 months' financial cushion)
- Retirement (employer-sponsored plans, HSAs)
- Debt management (paying off debt, avoiding "bad" debt)
- Saving for other goals (college savings, saving for a home)

Survey methodology

Voya Consumer Insights & Research assisted Voya IM with the development, execution, and analysis of the retirement plan participant survey. Data are based on the results of a Voya Financial Consumer Insights & Research survey conducted on January 23 and 24, 2025, among n=500 Americans age 18+ who were full-time employees and actively contributing to their employer-sponsored retirement plan (balanced by age and gender to reflect the U.S. population).

Additional screening criteria included:

- U.S. residents, ages 18+ (n=311 ages 18-49, n=189 ages 50+)
- Mix of employer sizes (companies with fewer than 25 employees excluded)
- Nat. rep. sample: Balanced by age and gender, while controlling for pre-retiree sample

Disclosures

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