



DC SOLUTIONS

HELPING PARTICIPANTS ACHIEVE RETIREMENT SUCCESS

2025 DC PLAN SPONSOR LANDSCAPE SURVEY: PART 3

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INTRODUCTION

Defined contribution (DC) plans continue to evolve to help participants get not just to, but through retirement. This part of our four-part series focuses on DC decision maker perspectives regarding the role of DC plans in helping participants achieve retirement success.

First, we note that despite the widely noted belief that retirees should have access to tools and education during retirement, the availability of such tools to help retirees and participants with investing, spending, and Social Security decisions is lacking. For example, only 48% of plans offer tools to help retirees determine prudent spending levels and only 20% of plans offer Social Security claiming tools.

Second, the income fund in a target-date fund (TDF), stable value, and long-duration fixed income are the most widely available retirement income solutions. Larger plans are much more likely to offer any type of retirement income solution. There is likely some confusion among decision-makers about what is available, though, given the unusually high percentage of respondents who offer solutions such as long-duration fixed income and some kind of annuity (compared to general industry availability).

Third, only 34% of plans surveyed allow systematic withdrawals during retirement, which is a clear barrier to using DC savings to fund retirement spending.

In terms of plan sponsor perspectives on what retired participants should do with assets, roughly the same percentage want participants to roll out of the plan versus stay in the plan, but many don't have a preference. Among those plans that want participants to stay, the most common ways to encourage them to keep their account balances in their plans after retirement is part of a retirement planning service, as well as emails and meeting presentations for plan participants close to retirement.

Overall, the survey provides mixed evidence regarding the role DC decision makers want to have in retirement outcomes and suggests more can be done to help DC participants achieve a successful retirement.

20%
**OF PLAN SPONSORS SURVEYED
OFFER SOCIAL SECURITY
CLAIMING TOOLS.**

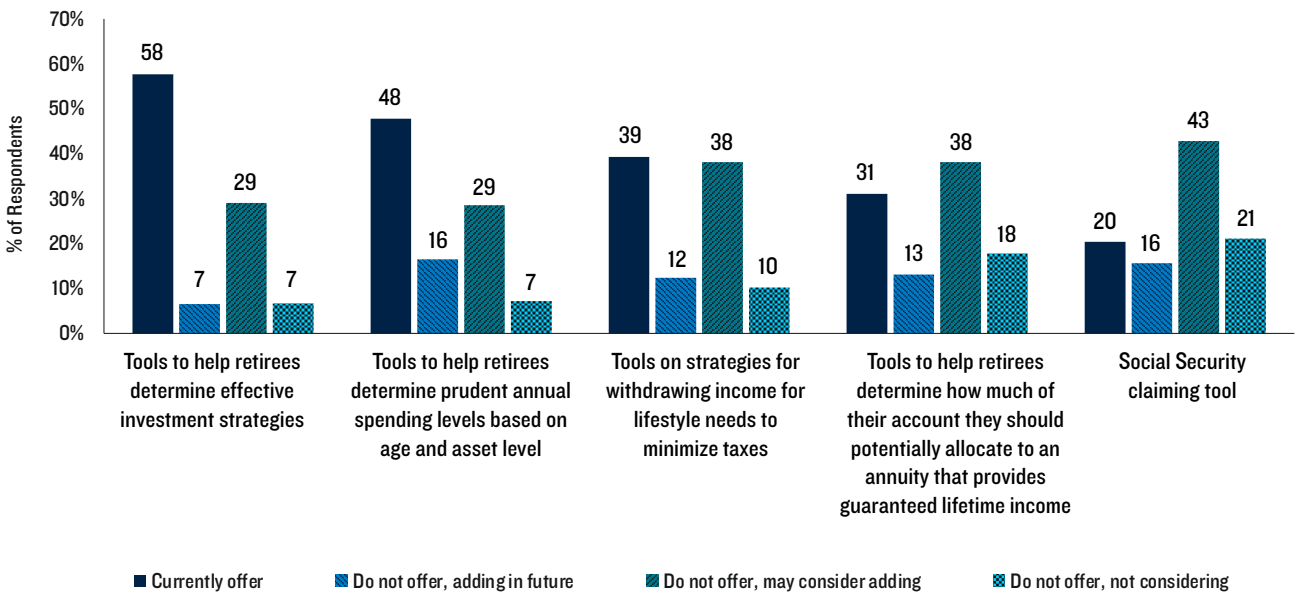
Source: PGIM 2025 DC Plan Sponsor Landscape Survey

DC LANDSCAPE SURVEY

To better understand plan sponsor perspectives and the defined contribution landscape, PGIM regularly conducts surveys of DC decision makers. Our latest survey polled 302 retirement plan decision-makers online in September and October 2024. Respondents included decision-makers for DC plans with at least \$10 million in plan assets. Larger plans were oversampled. 152 respondents were decision-makers in plans with at least \$100 million in assets. Findings were weighted by plan asset size, using data from a BrightScope/ICI 2021 report.

This report focuses on retirement-related perspectives of DC plan decision makers. First, we focus on the tools that plan sponsors make available to participants to make better savings and investment decisions. While 81% of decision-makers either agreed or somewhat agreed that it is becoming more important for DC plans to provide suitable investment options and support tools for retired participants, our latest survey suggests the availability of these options and tools is generally lacking, as noted in the Exhibit 1.

Exhibit 1: Tools Provided to Plan Participants

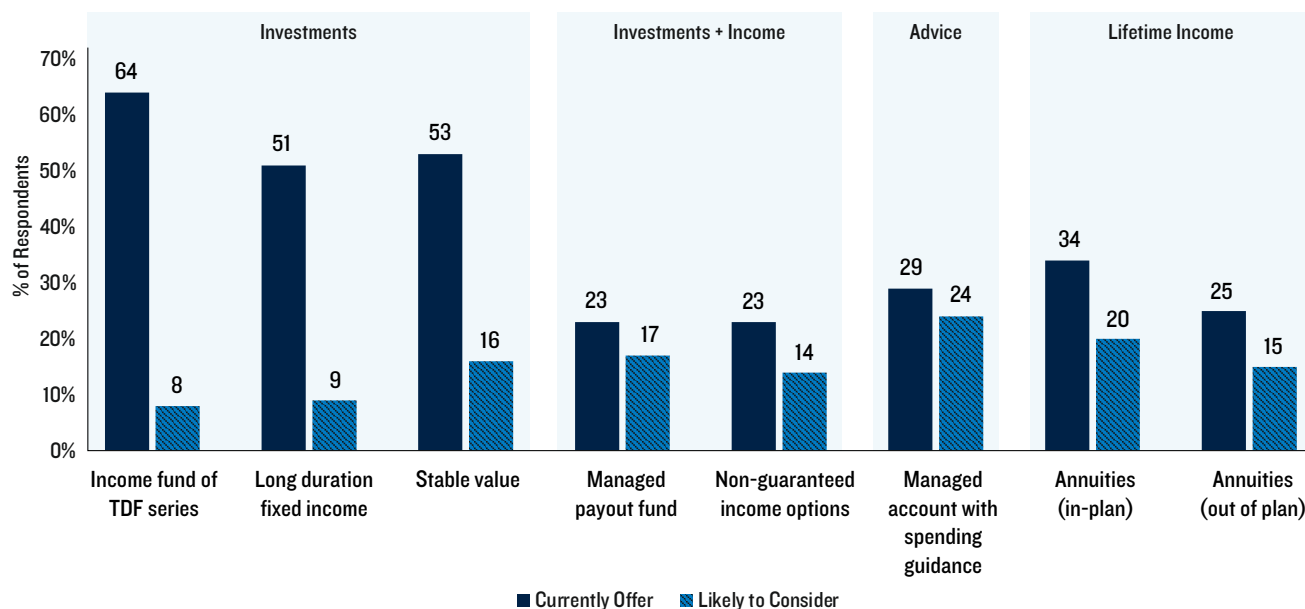


Source: PGIM 2025 DC Plan Sponsor Landscape Survey

Tools to help retirees determine effective investment strategies were the most widely available (in 58% of plans), followed by tools to help retirees determine prudent spending levels (48%), tools on strategies for withdrawing savings (39%), tools for allocating to annuity (31%), and a Social Security claiming tool (20%). Interest in adding these solutions was roughly inverse to the current level of availability. The general lack of tools to help retirees make effective investing and spending decisions is going to be a clear barrier to staying in the plan during retirement.

Next, we seek to better understand what types of retirement income solutions plans are offering today. The term “retirement income solutions” is relatively broad and includes a variety of options that a plan decision-maker could consider a retirement income solution. We break out the potential options into those that are currently being offered and those the plan is likely to offer, as indicated in the next exhibit.

Exhibit 2: Retirement Income Solutions Being Offered or Considered



Source: PGIM 2025 DC Plan Sponsor Landscape Survey

We can see that the income fund of a TDF series is the most cited solution, followed by stable value, long-duration fixed income, and in-plan annuities. TDFs are the most common default investment in DC plans today; therefore the prevalence of income funds isn't necessarily a surprise; however, some may question its effectiveness as a retirement income solution.

The responses regarding some of the solutions are puzzling. For example, while 51% of decision-makers note offering a long-duration fixed income fund to participants, our recent research¹ suggests long-duration funds were available in less than 5% of 401(k) plans using 2020 Form 5050 data. Additionally, while 34% of respondents indicated they offer some kind of in-plan annuity (and 25% out-of-plan), industry surveys commonly put the availability of annuities in DC plans closer to 10%. This suggests there may be some confusion among DC decision makers regarding the actual solutions available to participants.

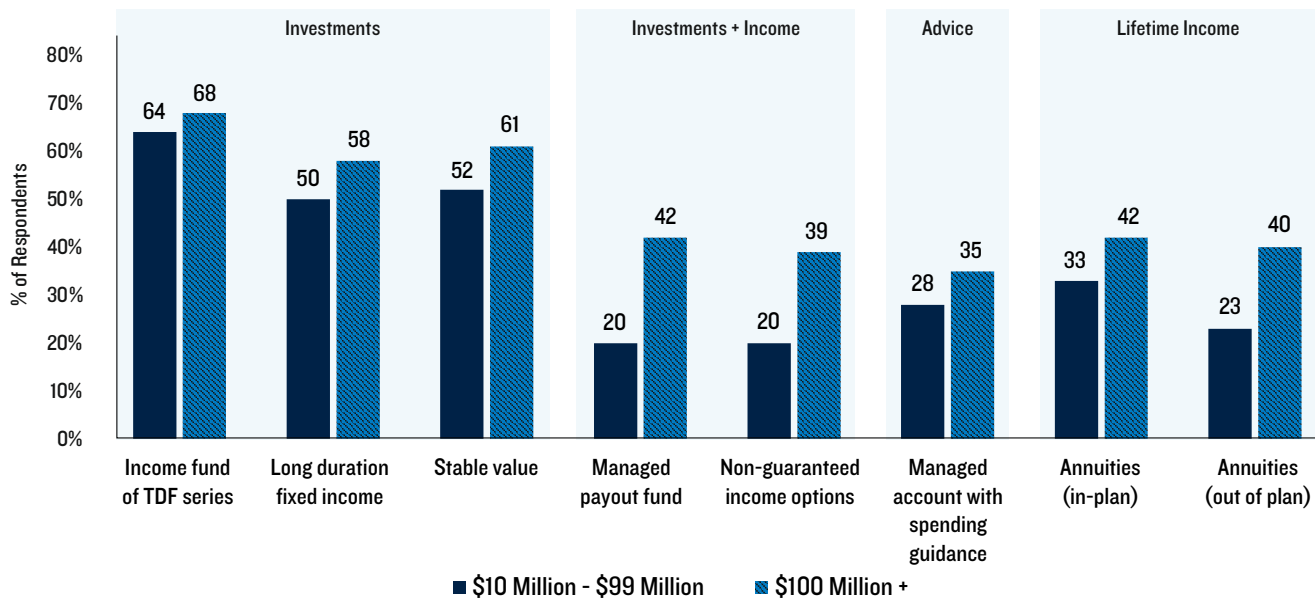
There are notable differences in the availability of options by plan size, where larger plans are significantly more likely to offer more options, as indicated in the following exhibit.

53%
**OF DC DECISION MAKERS NOTE
OFFERING STABLE VALUE AS A
RETIREMENT INCOME SOLUTION
TO PARTICIPANTS.**

Source: PGIM 2025 DC Plan Sponsor Landscape Survey

¹ "Enhancing Core Menus to Help Get 401(k)s in Better Shape for Retirement" by David Blanchett. Available here: <https://www.pgim.com/dc-solutions/article/enhancing-core-menus-help-get-401ks-better-shape-retirement>.

Exhibit 3: Retirement Income Solutions Currently Being Offered

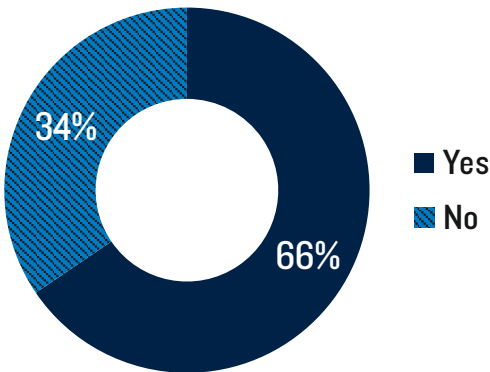


Source: PGIM 2025 DC Plan Sponsor Landscape Survey

We can see that for each solution, the probability is higher of it being offered in a plan with \$100 million plus in assets versus \$10 million to \$99 million. This suggests larger plans can help participants achieve a better retirement.

Next, we asked whether the plan allows participants to take systematic withdrawals in addition to a lump-sum withdrawal, which is an important way to access savings to fund retirement. We find that only 34% of all plans allow participants to take systematic withdrawals.

Exhibit 4: Percentage of Plans that Offer Systematic Withdrawals

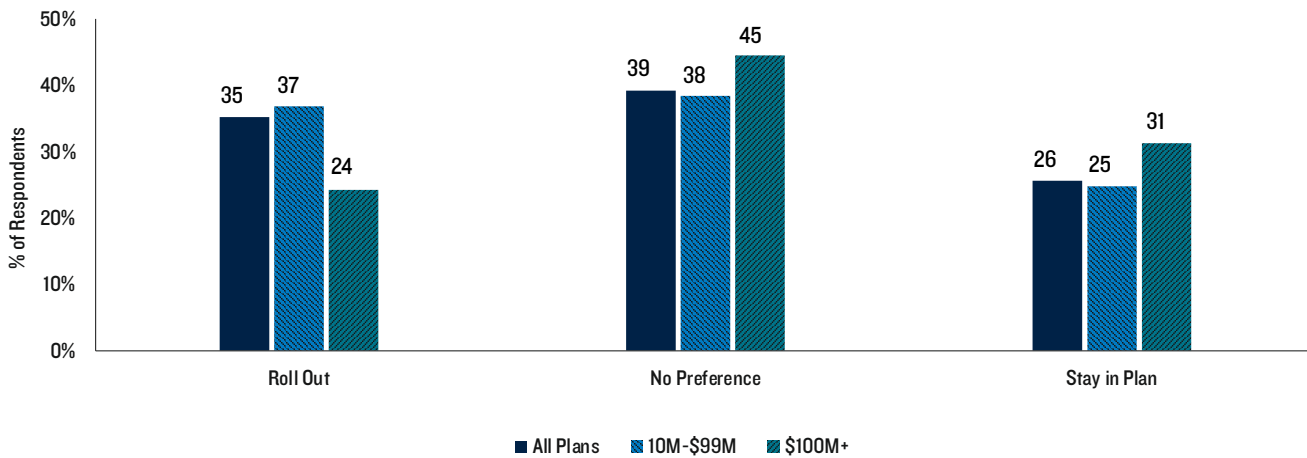


Source: PGIM 2025 DC Plan Sponsor Landscape Survey

While the percentage of plans that offer systematic withdrawals was slightly higher in plans with over \$100 million in assets, at 38%, we see that other plan sponsor preferences can impact whether or not certain plans offer systematic withdrawals, as well. For example, 41% of plans that prefer participants to stay in the plan after retirement are likely to offer systematic withdrawals versus only 29% of plans preferring participants roll out.

The next exhibit provides additional context on the breakdown of whether DC decision-makers want participants to stay in the plan after they retire.

Exhibit 5: DC Plan Decision-Maker Preference for Participant Assets Upon Retirement

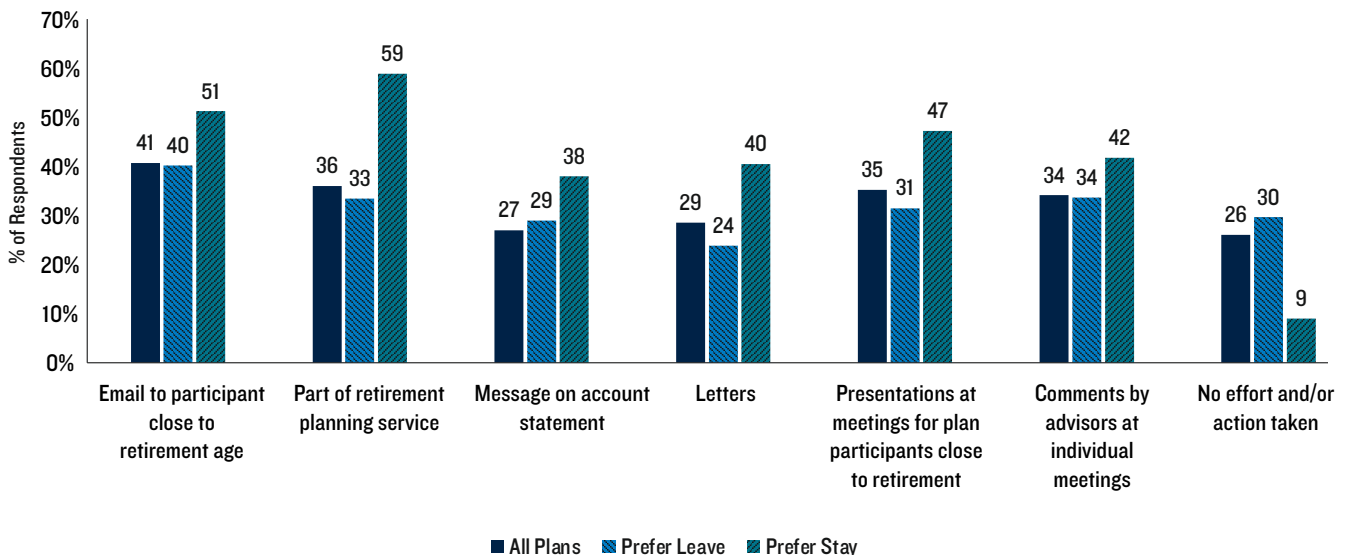


Source: PGIM 2025 DC Plan Sponsor Landscape Survey

We see mixed perceptions on whether plans want participants to stay in the plan post-retirement, with 39% of plans not having a preference at all. There is clear evidence that larger plans are generally more interested in keeping participants in the plan post-retirement, though. For example, 37% of plans with assets between \$10 million and \$99 million wanted participants to roll out, versus only 24% of plans with assets exceeding \$100 million,

Finally, we look at the actions decision-makers are taking to keep participants in their plans during retirement. We provide estimates for all plans, and then break out the responses among those plans that note a preference for either having participants leave or stay.

Exhibit 6: Actions Taken to Encourage Participants to Keep Account Balance in Plan After Retirement



Source: PGIM 2025 DC Plan Sponsor Landscape Survey

It is not surprising that among each of the actions, plans that would prefer the participant stay were more likely than those who want the participant to leave. Among those plans that want participants to stay, the most common ways to encourage plan participants to keep their account balance in the plan after retirement is part of a retirement planning service as well as emails and meeting presentations to participants nearing retirement age.

CONCLUSION

Overall, these findings present mixed evidence about how much DC plan sponsors are collectively interested in helping their participants achieve retirement success. While we believe the DC/401(k) space is an excellent environment for many Americans to remain invested in during retirement, if plan sponsors don't follow suit DC plans will likely continue to remain predominately a vehicle to accumulate wealth and not decumulate wealth during retirement.

2025 PGIM DC PLAN SPONSOR LANDSCAPE SURVEY



**IMPROVING RETIREMENT
OUTCOMES THROUGH
PERSONALIZATION**



**BETTER INVESTMENTS,
BETTER RETIREMENT
OUTCOMES**



**HELPING PARTICIPANTS
ACHIEVE RETIREMENT
SUCCESS**



**EFFECTING POSITIVE
CHANGE FOR DC
PARTICIPANTS**

ABOUT OUR METHODOLOGY

302 retirement plan decision-makers were surveyed online in September and October 2024. Respondents included decision-makers for DC Plans with at least \$10 million in plan assets. Larger plans were oversampled. 152 respondents were decision-makers in plans with at least \$100 million in assets. Findings were weighted by plan asset size using data from a BrightScope/ICI 2021 report.

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ABOUT DC SOLUTIONS*

As the retirement solutions provider of PGIM, we plan to deliver innovative defined contribution solutions founded on market-leading research and capabilities. Our highly-experienced team partners with clients on customized solutions that seek to solve for current challenges facing DC participants. As of 6/30/2025, PGIM has \$186 billion** DC assets under management.

* DC Solutions does not establish or operate pension plans.

** Reported data reflects the assets under management by PGIM and its investment adviser affiliates for defined contribution investment purposes only.

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