



WILL THEY STAY OR GO?

The Role of Plan Sponsors in the Participant
Rollover Decision at Retirement

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INTRODUCTION

Defined contribution (DC) plans, such as 401(k), 403(b) and 457 plans, are the bedrock of the American retirement savings system. However, DC plans have been used primarily to accumulate wealth, and Americans generally roll their DC balances into individual retirement accounts (IRAs) upon retirement.

The evolution of DC plans combined with ongoing innovation in the in-plan retirement income space are making it increasingly attractive for many retirees to consider the option of staying in-plan. For example, DC plans can offer access to certain institutional investments, they provide professional fiduciary oversight, pricing can be very attractive, affordable quality participant advice can be available, and DC plans are becoming increasingly likely to offer lifetime income solutions (which participants are clearly interested in). Staying in DC plans could be especially beneficial for participants with less savings and limited access to professional advice.

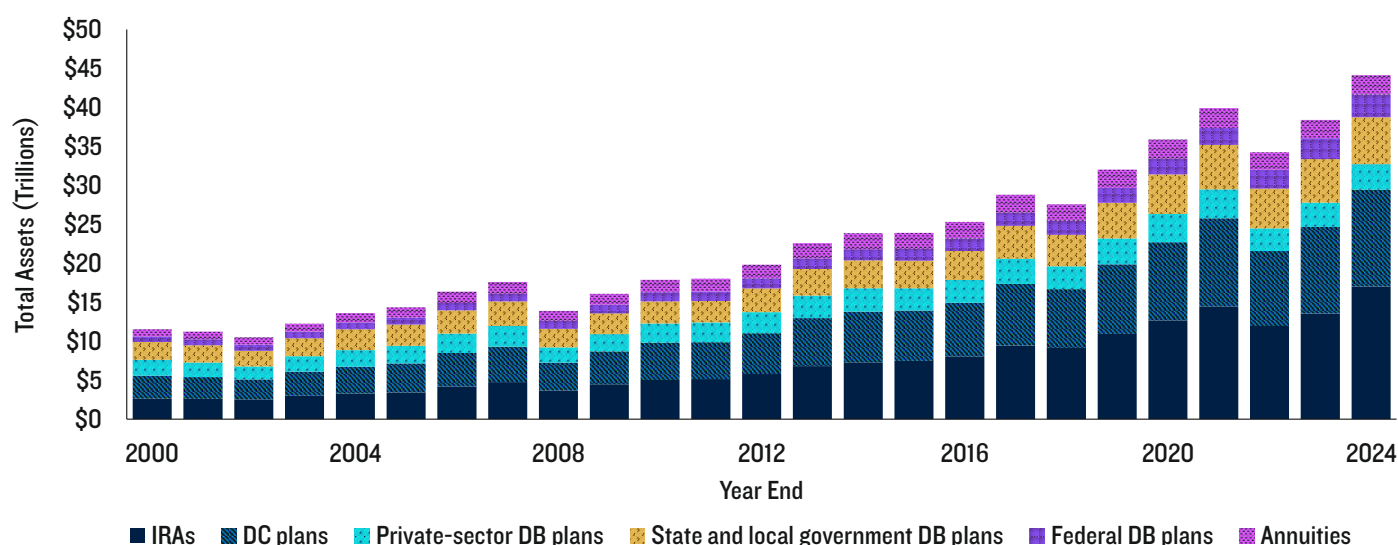
Based on a survey of 1,003 full-time workers ages 55 to 65, we find that plan sponsors have a significant amount of influence on participant rollover decisions. For instance, 88% of respondents would stay in their 401(k) during retirement if they believed their employer wanted them to stay and if the participant was extremely satisfied with the plan. On the other hand, only 28% would stay if they were moderately satisfied with their plan and they thought their employer wanted them to roll out assets upon retirement.

In summary, plan sponsors play a significant role in whether DC participants “stay or go” in the DC plan at retirement, and today’s DC plans increasingly offer features that can protect retirement outcomes for millions of Americans, especially as the in-plan retirement income space continues to evolve.

THE RETIREMENT SAVINGS LANDSCAPE

Retirement is increasingly a personal endeavor for Americans, given the growth of DC plans, such as 401(k)s and 403(b)s, and the decline of defined benefit (DB) plans, especially in the private workforce. Total U.S. retirement assets stood at \$44.1 trillion as of the fourth quarter 2024 based on data from the Investment Company Institute (ICI)¹ and have increased dramatically since 2000, as demonstrated in Exhibit 1.

Exhibit I: Total U.S. Retirement Assets



Source: Investment Company Institute, quarterly retirement market data as of Q4 2024.

¹ ICI Quarterly Retirement Market Data: <https://www.ici.org/research/stats/retirement>.

Total assets in DC plans stood at approximately \$12.5 trillion as of Q4 2024, which is roughly double the total assets of the previous decade. Cerulli² expects total DC assets to increase to approximately \$17.6 trillion by 2029. There has also been notable growth in IRAs, which exceed DC plans with total estimated assets of \$17.0 trillion as of Q4 2024 and are projected to increase to \$22.0 trillion by 2029.

The growth in IRA assets historically has been due to rollovers from DC and other qualified plans, not contributions. For example, while assets in Traditional IRAs increased by roughly \$3.7 trillion from 2018 to 2023 (from \$7.7 trillion to \$11.4 trillion), contributions are only estimated to have contributed \$0.1 trillion to the total versus \$3.1 trillion due to rollovers.

There are a variety of reasons employees decide to roll their DC savings into an IRA, especially with respect to retirees. For example, retirees often cite the desire to build portfolios with investments beyond what is available in the 401(k) plan, the desire to work more closely with a financial advisor, the benefits of consolidation, etc. We explore some of these reasons in greater detail later in the paper.

THE BENEFITS OF STAYING VERSUS GOING

Plan sponsors have been increasingly interested in retaining employee assets during retirement. For example, a DCIIA³ report notes that in 2015, only 46% of plan sponsors were interested in retaining retiree assets, yet this increased to 74% of plan sponsors in 2021.

There are a variety of reasons why this may have increased, both in terms of economic benefits as well as more paternalistic benefits that could create a win-win situation for both the participant and the plan sponsor. First, DC plans are often overseen by professional fiduciaries who are guided by investment consultants that provide robust plans available at attractive price points. For example, according to the 2025 BrightScope/Investment Company Institute⁴ “Defined Contribution Plan Profile: A Close Look at 401(k) Plans, 2022,” the average DC participant was in a 401(k) with a total plan cost of 0.52% of assets in 2022 (down from 0.65% from 2009), and the average dollar was invested in a plan with a total cost of 0.33% of total plan assets in 2022 (down from 0.47% in 2009). Note, the median fee among all plans was 0.75% of total plan assets. This is higher because most plans are small, yet most participants are in larger plans. Since retiree balances tend to be the largest share of a plan’s assets, retaining them can better enable the plan to achieve scale and more attractive pricing.

Additionally, there are certain high-quality investments available in DC plans, such as stable value funds, CITs and alternative investments, and other newer solutions that provide some form of protected lifetime income. The last few years have seen a flurry of innovation in lifetime income solutions which will continue, and many of these products may only be available in DC plans. There is also a growing interest and demand for in-plan advice solutions, such as retirement managed accounts.

401(K) PARTICIPANT SURVEY

To better understand the factors related to DC participant decisions to stay in the plan, we partnered with Morning Consult to conduct an online survey from October 23, 2024, to November 1, 2024. The survey included 1,003 full-time workers between the ages of 55 and 65 who were participating in an employer-sponsored 401(k).

There is strong evidence that 401(k) participants widely leverage the plan as a source of advice or guidance when making savings and investment decisions.

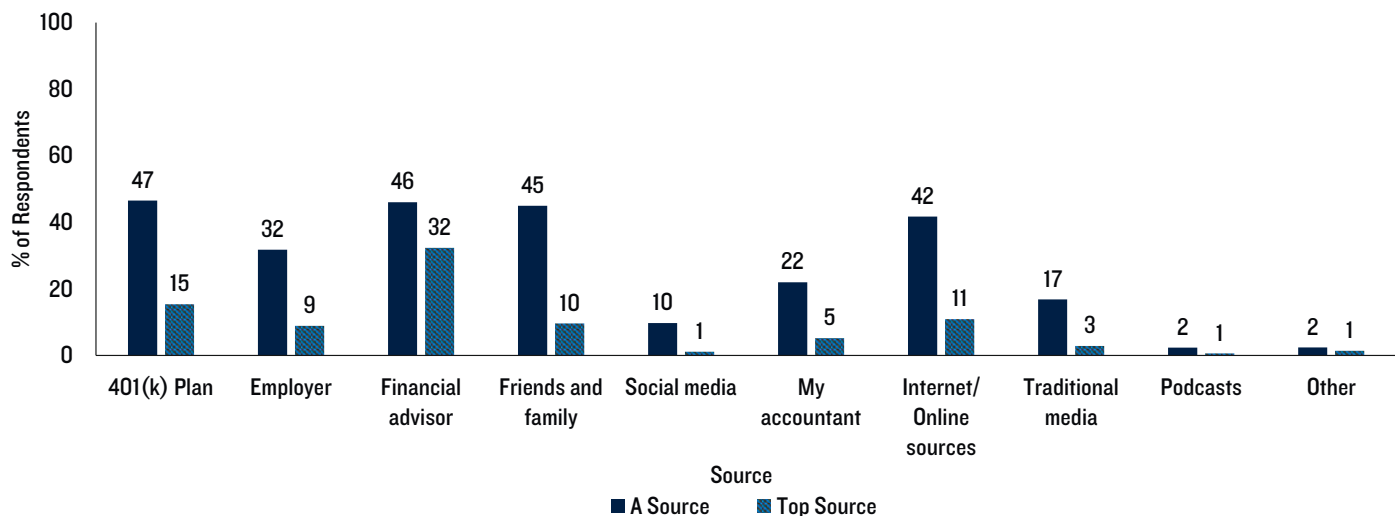
Exhibit 2 shows the top sources for savings and investment guidance among participants. Note: We include whether an option was included at all or if it was designated as the top choice (among the three selected).

² Cerulli, 2024. “U.S. Retirement Markets 2024: Capitalizing on Predicted Plan Growth Through Intermediary Partnerships.”

³ DCIIA, 2022. “The Pros and Cons of Keeping Assets in DC Plans.” White paper available here: https://cdn.ymaws.com/dciia.org/resource/collection/AD062AB9-8C8F-49C9-94F6-1156F6AB8225/StayingInPlan_042922.pdf.

⁴ Access the report here: <https://www.ici.org/system/files/2025-03/25-rpt-dcplan-profile22-401k.pdf>.

Exhibit 2: Selected Sources and Top Source for Savings and Investment Decisions

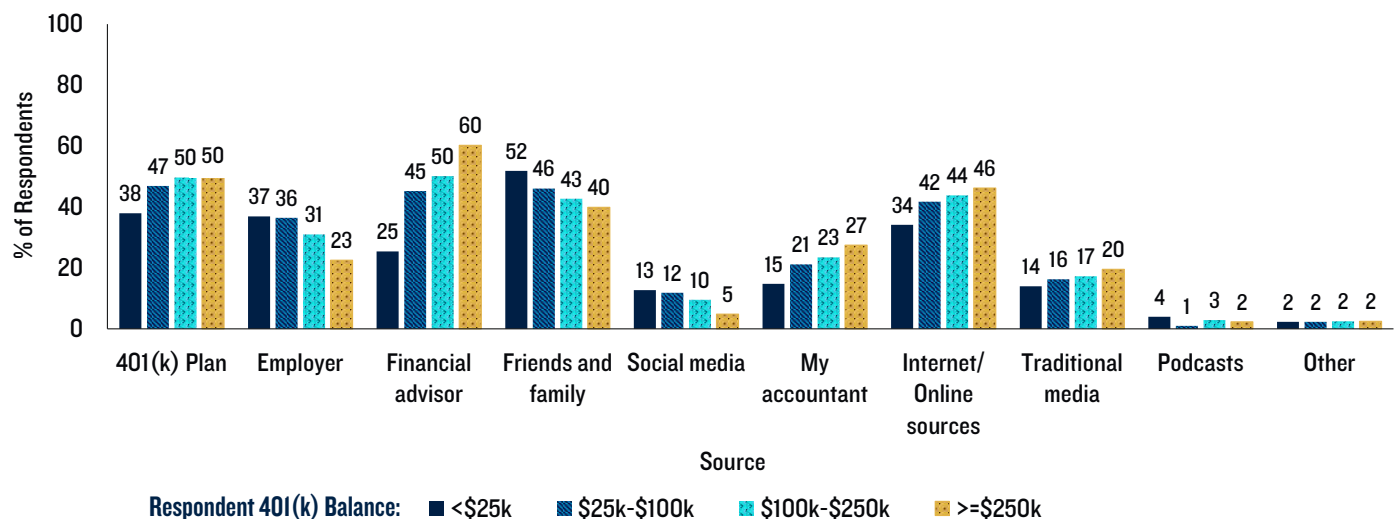


Source: Morning Consult, author's calculations.

We see in Exhibit 2 that 401(k) plans are the most widely cited source for advice or guidance to make savings and investment decisions among all respondents (at 47% of respondents), followed by a financial advisor (46%), friends and family (45%), and the internet (42%). Financial advisors are the top source used among the options available (at 32% of participants). Note, among respondents who were using a financial advisor, 70% noted the advisor as their top source. In contrast, only 33% of respondents who note using the DC plan as a source, list it as their top source.

The sources used for savings and investment decisions can vary notably by 401(k) balance. Exhibit 3 includes information about whether the respective source was included at all, based on four 401(k) balance groups: less than \$25,000, \$25,000 to \$99,999, \$100,000 to \$249,999, and greater than or equal to \$250,000.

Exhibit 3: Selected Sources for Savings and Investment Decisions, by 401(k) Plan Balance



Source: Morning Consult, author's calculations.

We can see in Exhibit 3 that financial advisor utilization varied the most by 401(k) balance level. Only 25% of participants with balances \$25,000 or less cite using a financial advisor, while 60% of respondents with balances \$250,000 or greater report doing so. Additionally, while sources such as financial advisors, 401(k) plans, and the internet increase in utilization as balances increase, other sources, such as friends and family and social media, both decrease. This suggests participants with lower levels of savings are more likely to use more informal, and potentially less reliable, sources of information to make savings and investment decisions.

Overall, though, 401(k) plans are clearly an important resource for workers when making savings and investment decisions.

WILL I STAY OR WILL I GO?

Next, we explore the expected rollover decisions of the respondents based on how likely they say they are to stay in the plan at retirement. This information is broken out by 401(k) balance in Exhibit 4.

Exhibit 4: Likelihood of Staying in Employer's 401(k) Plans When Retired

Stay in Plan Likelihood	401(k) Balance				
	<\$25k	\$25k-\$100k	\$100k-\$250k	>=\$250k	All
Extremely likely	14.8	18.5	26.6	25.7	21.3
Very likely	18.7	19.8	13.2	12.2	16.2
Moderately likely	16.0	14.7	19.9	17.9	16.9
Slightly likely	11.3	6.6	6.3	8.3	8.0
Not at all likely	14.8	18.3	11.2	19.5	16.4
Have not thought about it yet	18.4	15.7	15.0	13.7	15.6
Didn't know had the option	6.0	6.4	7.7	2.8	5.7
Total	100.0	100.0	100.0	100.0	100.0
Very + Extremely (all)	34	38	40	38	38
Very + Extremely (with stated likelihood)	44	49	52	45	48

Source: Morning Consult, author's calculations.

We can see that opinions about staying in the plan are mixed upon retirement, although there is a relatively large portion that is considering staying. For example, 38% of all respondents said it was very or extremely likely they would stay in the plan when retired, and 48% of respondents with a stated likelihood said it was very or extremely likely they would stay in the plan.

In Exhibit 5 we show how the likelihood of staying in the 401(k) plan varies based on the perceived employer preference for participant monies when they leave.

Exhibit 5: Likelihood of Staying in Employer's 401(k) Plans When Retired, by Perceived Employer Preference

Stay in Plan Likelihood	Perceived Employer Preference			
	Stay in Plan	None	Leave Plan	Not Sure
Extremely likely	36.1	19.3	14.8	9.0
Very likely	26.0	12.4	18.8	11.1
Moderately likely	17.7	17.8	14.5	14.6
Slightly likely	5.0	9.8	7.8	7.0
Not at all likely	7.8	19.3	31.0	11.7
Have not thought about it yet	6.9	16.4	10.2	29.8
Didn't know had the option	0.6	5.1	2.8	16.8
Total	100.0	100.0	100.0	100.0
Very + Extremely (all)	62	32	34	20
Very + Extremely (with stated likelihood)	67	40	39	38

Source: Morning Consult, author's calculations.

We can see a considerable difference in expected likelihoods based on the perceived employer preference. For example, 62% of all participants said they are very or extremely likely to stay in the plan if they believe that's the employer's preference. In contrast, only 34% of participants are very or extremely likely to stay in the plan if they believe their employer wants them to leave the plan upon retirement.

Additionally, only 7.5% of participants either hadn't thought about the rollover decision or didn't know they had the option to stay in the plan when the perceived employer preference is for participants to stay in the plan. In contrast, this is 46.7% for those who aren't sure of the plan sponsor's preference. While these effects could be related, it suggests employers who provide a clear preference around rollover decisions can improve participant planning around what to do with their balance when they retire.

Next, we provide information about the likelihood of staying in the employer's 401(k) plan in retirement based on the current satisfaction level with the 401(k) plan. Exhibit 6 breaks out the respective groups.

Exhibit 6: Likelihood of Staying in Employer's 401(k) Plans by Satisfaction with 401(k) Plan

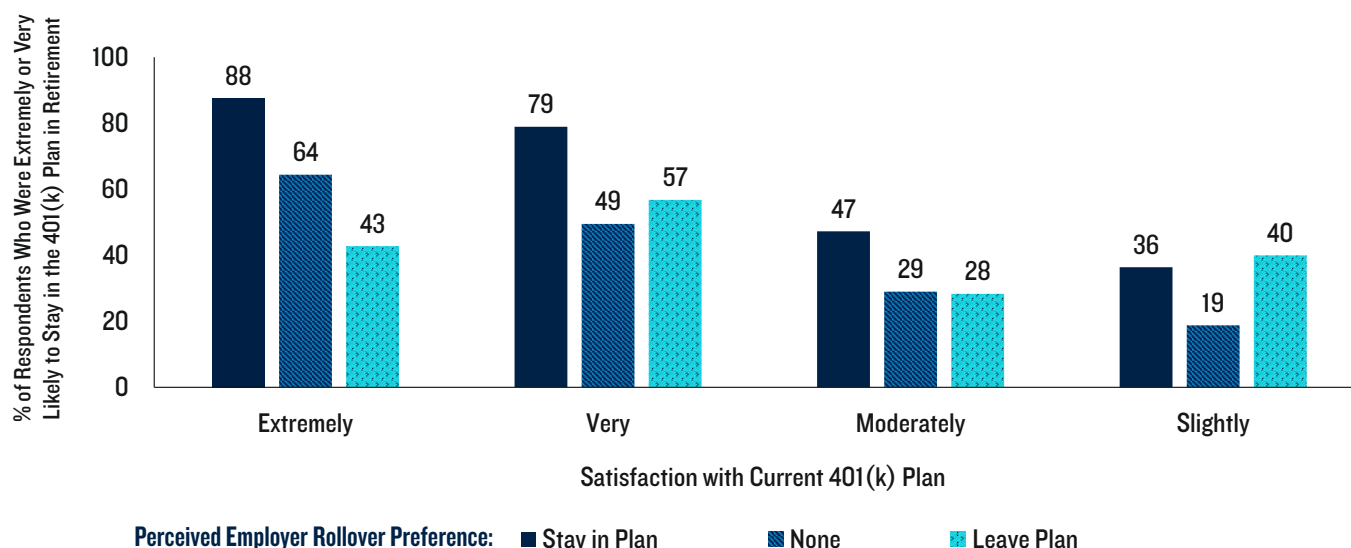
Stay in Plan Likelihood	Satisfaction with 401(k) Plan				
	Not at all	Slightly	Moderately	Very	Extremely
Extremely likely	9.6	7.5	11.2	24.3	50.4
Very likely	0.0	15.7	14.3	21.4	9.7
Moderately likely	3.4	15.4	23.3	14.4	8.9
Slightly likely	23.0	9.6	9.5	6.4	5.3
Not at all likely	54.9	31.5	18.0	10.9	12.1
Have not thought about it yet	0.0	14.2	17.6	16.6	10.0
Didn't know had the option	9.1	6.0	6.0	5.9	3.6
Total	100.0	100.0	100.0	100.0	100.0
Very + Extremely (all)	10	23	25	46	60
Very + Extremely (with stated likelihood)	11	29	33	59	70

Source: Morning Consult, author's calculations.

Similar to the perceived employer preference, a participant's current satisfaction with the 401(k) plan has a considerable impact on whether or not the participant plans on staying in the plan during retirement. For example, only 10% of participants who are not at all satisfied with their 401(k) plan are very or extremely likely to stay in the 401(k) plan in retirement, while 60% of participants who are extremely satisfied with their plan are very or extremely likely to do so.

Exhibits 5 and 6 strongly suggest that current satisfaction with the 401(k) plan and perceived employer preferences are likely to drive rollover activity. If we combine the groups from Exhibits 5 and 6 and exclude those who hadn't thought about a rollover or didn't know it was an option, we can estimate the percentages of those very or extremely likely to stay in their plan based on both current satisfaction and perceived employer preference. The results are included in Exhibit 7.

Exhibit 7: Percentage of Respondents Who Were Extremely or Very Likely to Stay in the 401(k) Plan in Retirement by Perceived Employer Preference and Current Satisfaction with 401(k) Plan



Source: Morning Consult, author's calculations. We excluded the "not at all" satisfied respondents due to the relatively small number of respondents in those subgroups.

Exhibit 7 demonstrates just how impactful these two factors can be when it comes to rollover expectations. For example, 88% of respondents report being very or extremely likely to stay in their employer's 401(k) plan when they retire (among those with a likelihood), if they thought the employer wanted them to stay in the plan and they were extremely satisfied with the 401(k) plan. In contrast, only 28% of respondents report being very or extremely likely to stay in their employer's 401(k) plan when they retire (among those with a likelihood), if they thought the employer wanted them to leave the plan during retirement and they were moderately satisfied with the 401(k) plan.

DECISION TIME

Our previous questions focused on the likelihood the participant will stay in the 401(k) plan at retirement. Next, we focus on the results of a similar question, but one that requires the respondent to provide a more definitive answer about what action they plan to take with respect to the rollover decision in retirement. Exhibit 8 includes the distribution of responses.

Exhibit 8: Rollover Decision at Retirement by 401(k) Balance

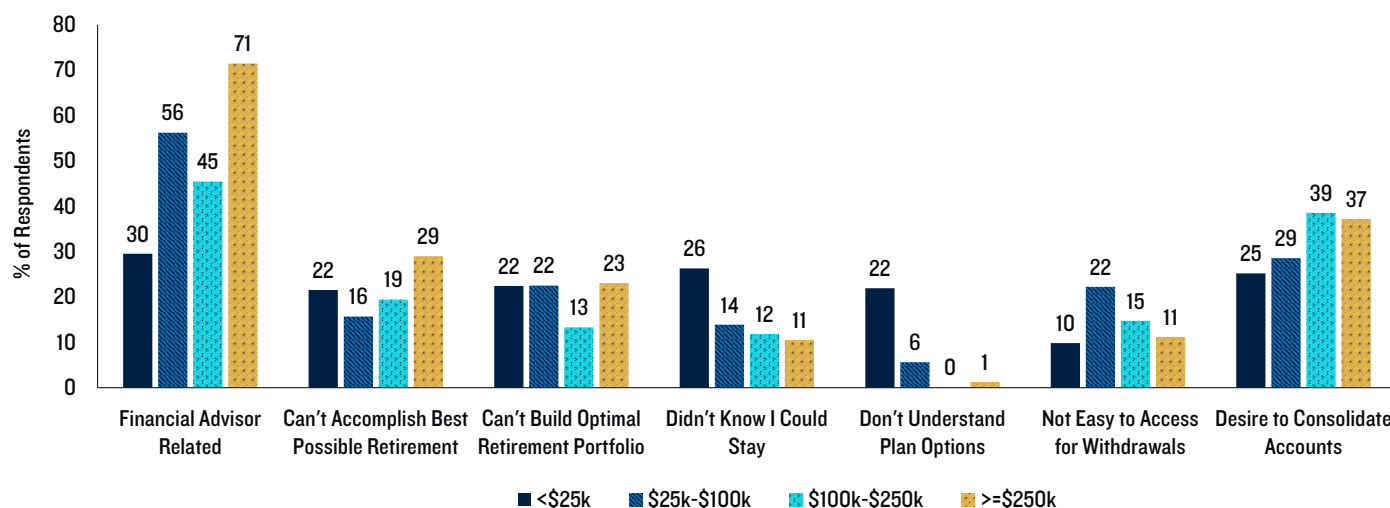
401(k) Balance	401(k) Balance			
	Go	Stay	Unsure	Stay, % Know (excluding Unsure)
<\$25k	40	13	47	25
\$25k-\$100k	38	21	41	36
\$100k-\$250k	40	27	33	41
>=\$250k	46	26	29	36
All Participants	42	23	38	35

Source: Morning Consult, author's calculations.

Overall, among those respondents who had decided whether they wanted to stay or go, roughly one-third (35%) planned on staying in the plan. Consistent with Exhibit 4, which focused on likelihood, there are not necessarily material differences in expected behavior by balance sizes (although the probability of staying does appear to increase slightly). The biggest difference by balance size is among those who effectively are unsure about what they are going to do (i.e., answered that they haven't really thought about it or were not sure what to do), decreasing from 47% for those with balances less than \$25,000 to 29% for those with balances of \$250,000 or more.

There were several reasons cited among participants who said they planned on rolling out of the plan. Exhibit 9 includes a breakdown of these reasons by plan balance.

Exhibit 9: Top Reasons Among Those Who Say They Are Leaving



Source: Morning Consult, author's calculations.

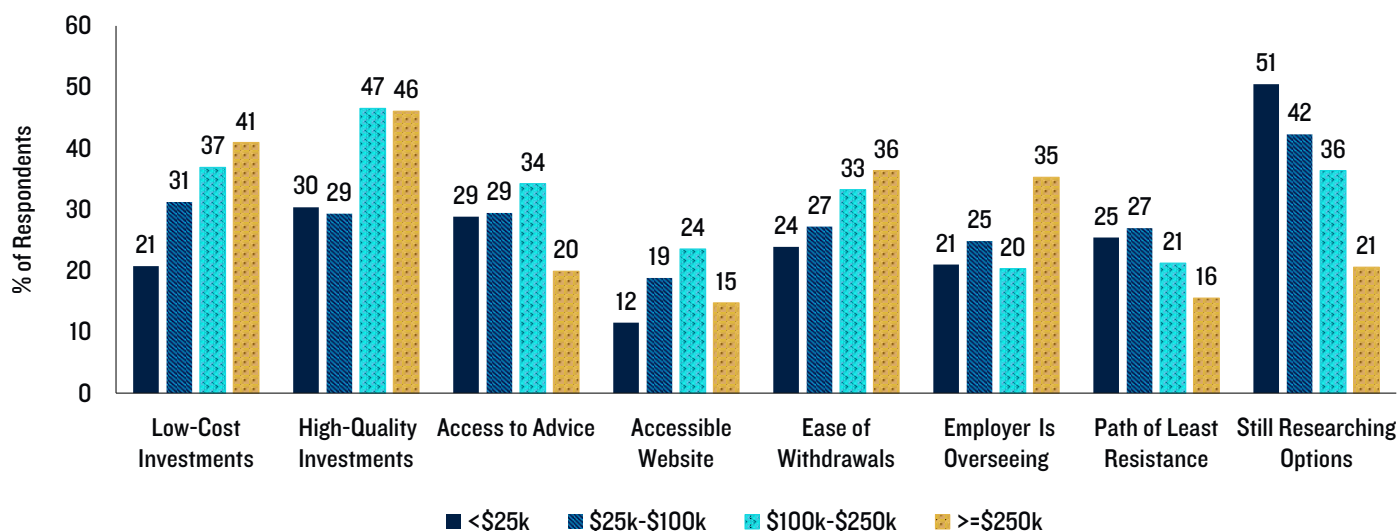
While the decision to roll out didn't vary much by balance size (see Exhibit 9), the reasons among those who plan to roll out do tend to vary quite a bit by balance. For example, only 30% of respondents who had balances less than \$25,000 note working with a financial advisor as a reason to roll out, while 71% of respondents with a balance of \$250,000 or more noted the same reason. The desire to consolidate accounts was the second most selected item, followed by the idea the respondent can't accomplish the best possible retirement or build the retirement portfolio by staying in the plan.

We asked participants who were planning on leaving the plan what would make them more likely to stay in the plan during retirement, and there wasn't any prominent choice selected or notable differences among the options. Among the choices, though, the most commonly noted reason was "More flexible ways to take withdrawals" at 31% of all respondents, followed by "Access to products or solutions that offer protected lifetime income" at 29% of respondents, and then "More investments that can help me build a retirement portfolio that meets my needs" at 28%. This suggests there isn't just one relatively obvious or simple thing (or solution) that can be done to keep those participants in the plan who were already planning on leaving at retirement.

Lifetime income is a potential solution to improve retirement outcomes for participants. For example, in a separate series of questions included in the survey, we asked respondents how interested they would be in allocating to a portion of their retirement savings to a product that provides protected retirement income for life and how availability in a DC plan would affect their overall interest. We find that 87% of respondents were at least somewhat interested in allocating savings to lifetime income and 67% of respondents would be somewhat more likely or much more likely to allocate to a product if it was offered in the 401(k) plan. In other words, while lifetime income solutions are not especially prominent in DC plans today, there is clear interest in these strategies among participants nearing retirement which could play a greater role in future rollover decisions.

Next, we look at the top reasons why those who decided to stay in the plan note doing so. These are included in Exhibit 10.

Exhibit 10: Top Reasons Among Those Who Say They Are Staying



Source: Morning Consult, author's calculations.

The most common reason cited by participants who plan on remaining in the plan was access to high-quality investments (39% of all respondents), followed by low-cost investments (34%), and then ease of taking withdrawals (31%). Interestingly, 35% noted they are still researching options, which suggests they may not be sure of their decision. There were a few notable differences in balance size, in particular, each of the factors tended to matter more as the balance increased, especially with respect to high-quality investments and ease of taking withdrawals.

Finally, we review how long participants intend to stay in the plan (among those who intend to do so). There were five potential durations: less than one year, one year to four years, five years to 10 years, the duration of retirement, and other. The results are included in Exhibit 11.

Exhibit 11: Intended Duration of Staying in the Plan, Among Those Staying

Stay in Plan Likelihood	401(k) Balance				All
	<\$25k	\$25k-\$100k	\$100k-\$250k	>=\$250k	
Less than 1 year	14	5	7	2	6
1 to 4 years	51	43	34	32	38
5 to 10 years	20	39	34	38	35
The duration of retirement	16	13	24	28	21
Other	0	0	1	0	0
Total	100.0	100.0	100.0	100.0	100.0

Source: Morning Consult, author's calculations.

Even though approximately one-third of participants noted they were going to keep their money in the DC plan after they leave their employer (see Exhibit 8), these responses suggest that even among those who stay, the duration in the 401(k) plan could be short-lived. For example, 44% of those respondents who said they were going to stay in the plan only plan on doing so for four years or less.

CONCLUSION

Assets in DC plans and IRAs are projected to continue growing in the future as Americans increasingly take responsibility for funding their retirement. The potential benefits to participants for staying in the DC plan during retirement are likely to increase as plan sponsors increasingly focus on making DC plans more retirement-ready and new retirement solutions are introduced (e.g., lifetime income).

Even plan sponsors who may not be interested in keeping participants in the plan post-retirement should be doing things to help prepare participants for their eventual retirement. This includes expanding the core menu to ensure access to investments focused on retirement (and decumulation) and affording participants access to advice and guidance to gauge their status towards their retirement goals.

While many plan sponsors think their decisions don't impact participant decision-making regarding rollovers, this analysis strongly suggests otherwise. Thoughtfully designed DC plans coupled with effective communication could significantly increase the percentage of participants who stay in the plan during retirement and enhance retirement readiness for an employer's workforce. Particularly for retirees with limited access to professional financial advice, that could be an attractive potential option to consider.

AUTHOR

David Blanchett, Ph.D., CFA®, CFP®

Managing Director, Portfolio Manager and
Head of Retirement Research

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