

# 2025 U.S. Retirement Market Outlook

Retirement industry at a crossroads



## Evolution of target date solutions and QDIAs

### What's happened?

Target date strategies dominate with **\$3.8 trillion in assets** as of June 30, 2024<sup>1</sup>

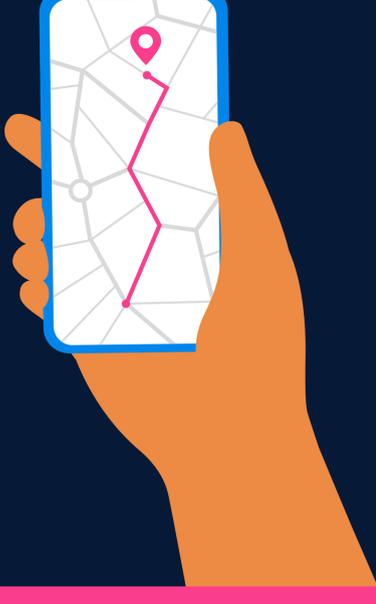
### What's next?

Lower costs are helping collective investment trusts (CITs) gain market share, and demand for active/passive blends is increasing

- **51%** of target date assets are in CITs<sup>1</sup>
- **12%** three-year compounded annual growth in assets for blend versus **10%** for passive and **4%** for active<sup>2</sup>

### What to keep an eye on?

Managed accounts appear poised for growth, especially as participants nearing retirement look for personalized solutions that address their unique individual needs.



## Retirement income universe expands, plan adoption on the horizon

### What's happened?

After SECURE Acts of 2019 and 2022, retirement income products continue to expand as more retirees stay in plan post retirement

### What's next?

Plan sponsors are taking a stance on retirement income<sup>3</sup>

- **68%** drop in plan sponsors with no stated opinion on in-plan solutions (from 59% in 2021 to 19% in 2024)
- **125%** increase in plan sponsors offering or planning to add in-plan solutions (from 8% in 2021 to 18% in 2024)

### What to keep an eye on?

Diverse solutions demand careful evaluation. Industry professionals can help plan sponsors analyze and evaluate options to find the best fit for their participants.

## A new era for emergency savings after SECURE 2.0

### What's happened?

SECURE 2.0 introduced new provisions for emergency savings, a key element of financial wellness

### What's next?

Emergency savings solutions are expected to gain traction over the next three to five years. Among advisors and consultants:<sup>3</sup>

- **70%** anticipate a rise in in-plan solutions
- **52%** expect an increase in out-of-plan solutions

### What to keep an eye on?

With SECURE 2.0, plan sponsors have new opportunities and new incentives to enhance workplace emergency savings and help support employees' financial wellbeing.



## Retirement policy agenda

Legislative and regulatory themes that could influence the retirement landscape in the coming years include:

- Tax reform
- Focus on the spending phase and retirement income solutions
- Efforts to expand retirement plan coverage and increase participation
- Reform to address ERISA-related litigation

Get additional insights in the [T. Rowe Price 2025 U.S. Retirement Market Outlook](#).

<sup>1</sup> Total assets includes both mutual funds and CITs as of June 30, 2024 (Morningstar). % in CITs represent CIT assets only. CITs are institutional investment vehicles designed for qualified retirement plans.  
<sup>2</sup> Sway Research, as of December 31, 2023.  
<sup>3</sup> T. Rowe Price 2024 Defined Contribution Consultant Study. This study included 48 questions and was conducted from January 12, 2024, through March 4, 2024. Responses are from 35 consulting and advisor firms with over 134,000 plan sponsor clients and more than \$7.5 trillion in assets under administration.

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