

Survey of the Retirement Landscape

Challenges and Opportunities for Defined Contribution Specialists



Brian Houston, CRPS®, CRPC®
SVP, Business Development - DCIO
Voya Investment Management



Kerry Sette
VP, Consumer Insights & Research
Voya Financial

About the survey

In January - February 2025, Voya Investment Management repeated its online survey of retirement plan sponsors and DC specialists focused on the retirement plan market to:

Identify the evolving
priorities and service
needs of plan sponsors

Help DC specialists
align their services
offerings to the priorities
of plan sponsor clients
and prospects

Identify unfolding
opportunities and offer
suggestions for DC
specialists to help
address them

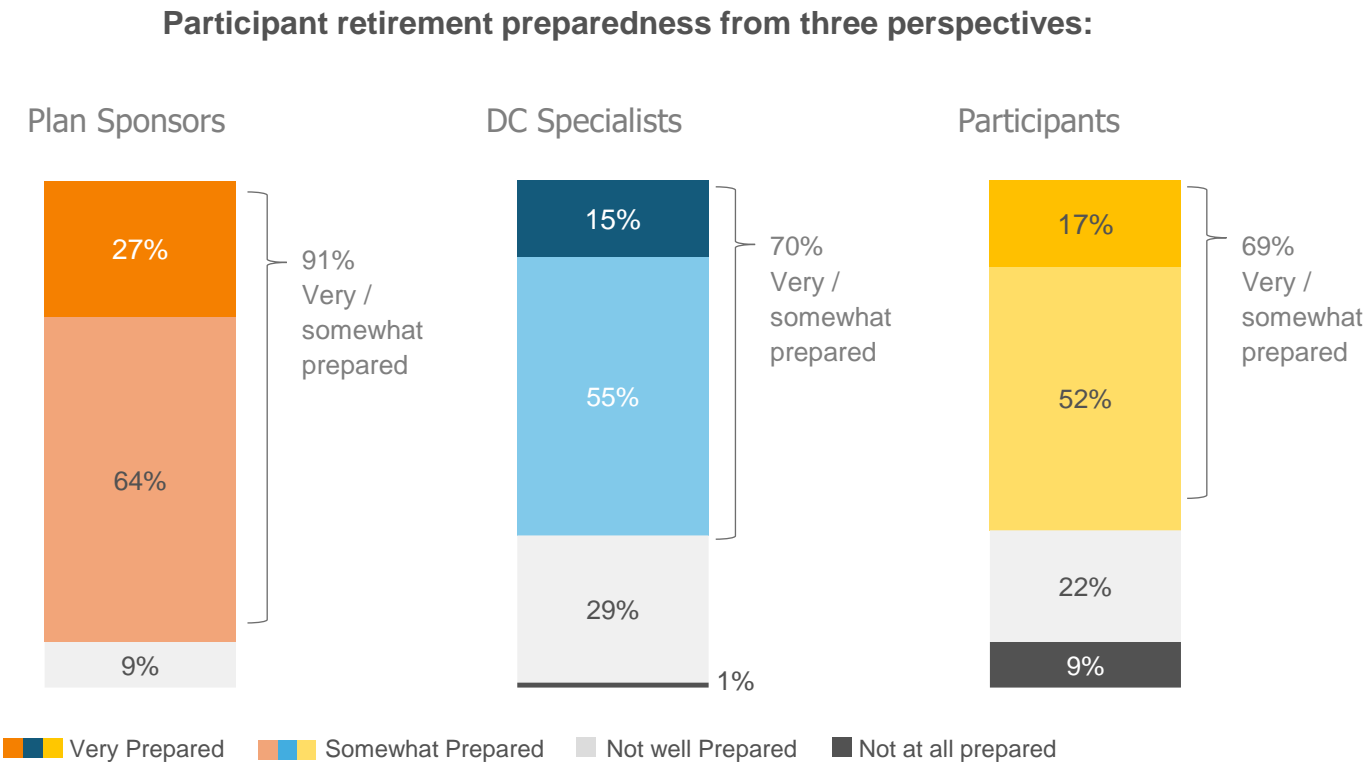
- Previous waves of the survey were conducted in March 2023, March 2021, December 2018, and April 2016.
- The 2025 survey continued to include contributing participants, a change that was introduced in 2023.

Detailed Findings

- Retirement readiness: three perspectives
- Market volatility, uncertainty and inflation impact on participants
- Plan sponsor and DC specialist priorities and challenges
- Plan support
- Investment selection
- Retirement income
- Participant support
- Financial wellness programs
- Specialist Perspectives on Practice Concerns

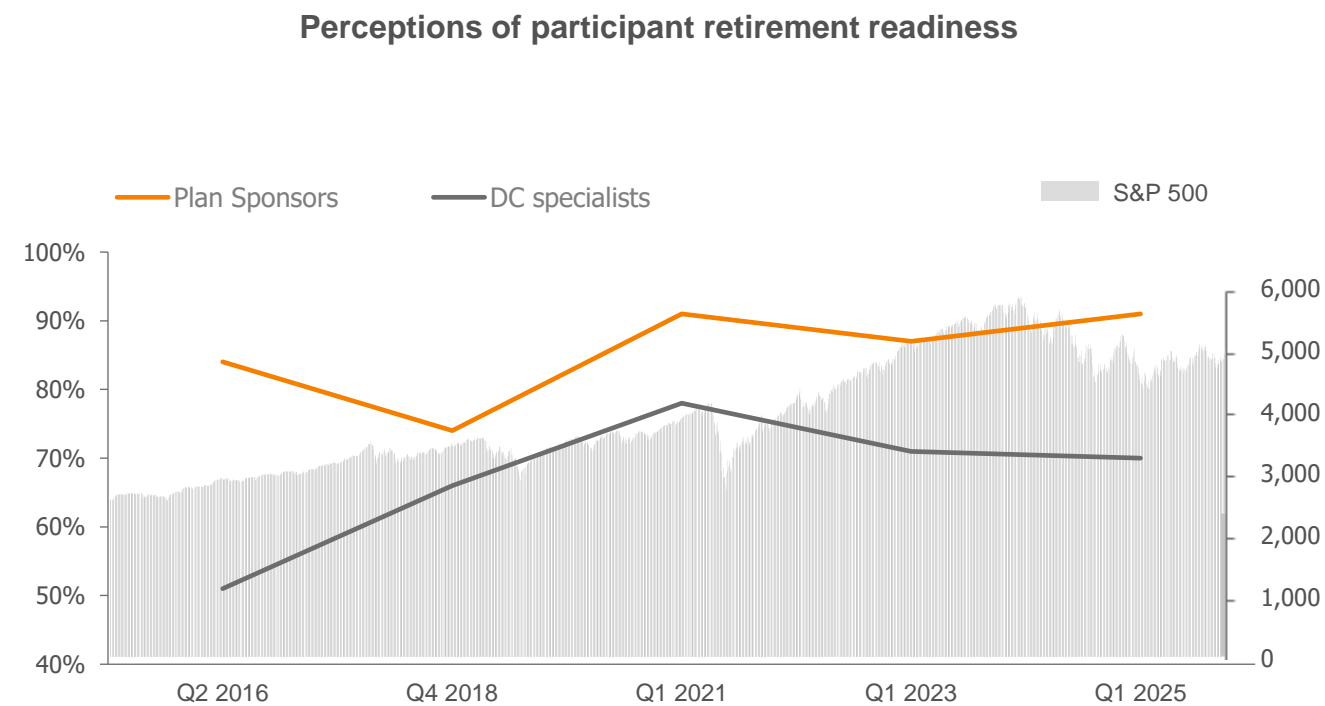
Participant retirement readiness

Plan Sponsor view of participant retirement readiness remains much more optimistic than Specialists, who are much closer to Participant views.

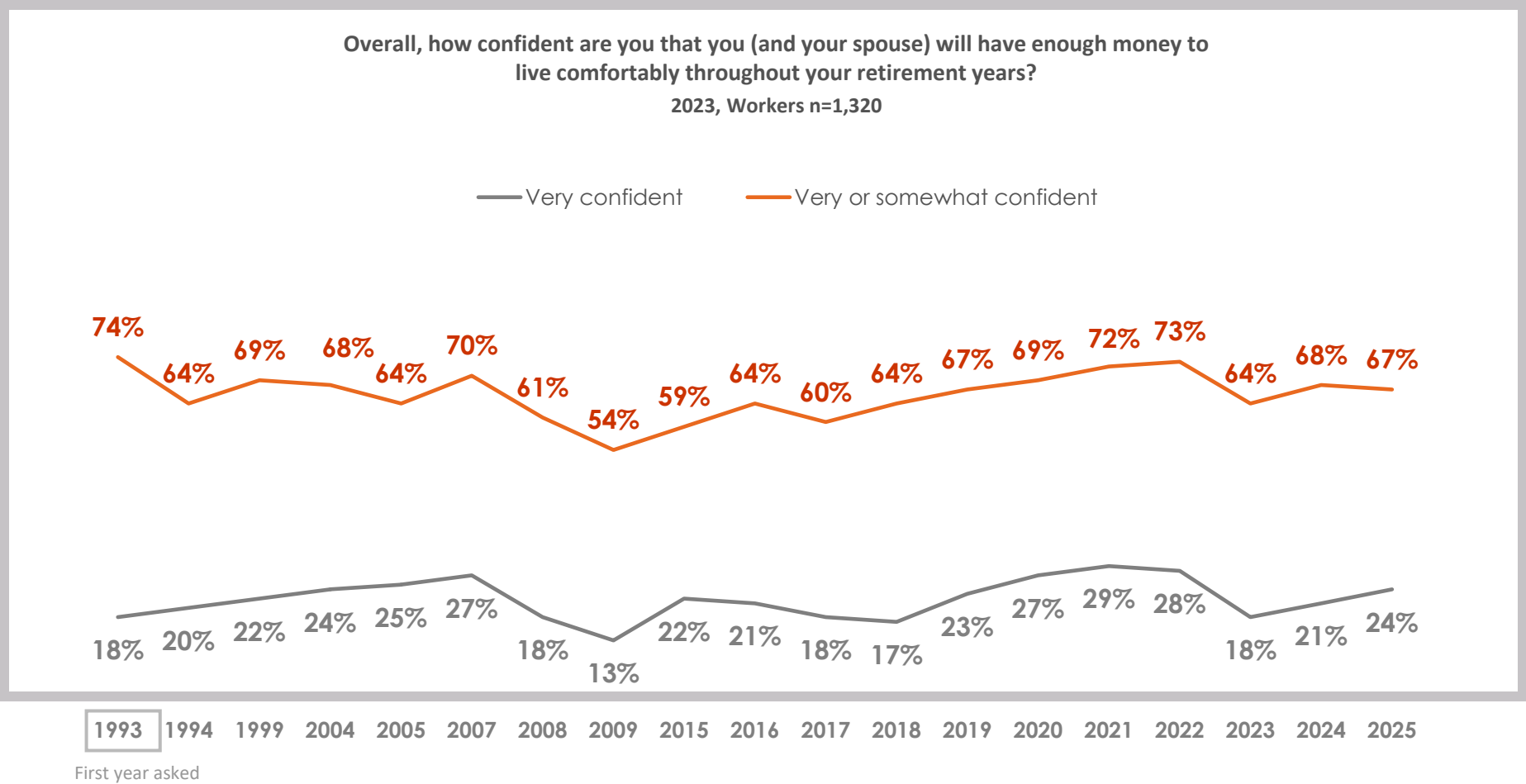


Participant retirement readiness

Historically, sponsors and specialists have had divergent views on participant retirement readiness.



A look at retirement confidence over the past 30 years...



Market volatility, uncertainty and inflation impact on participants

57%

of participants surveyed reported that inflation will have a severe or major impact on their ability to save for retirement

57%

of participants said the state of the economy will have a similar effect on their ability to save for retirement

29%

of participants cited market returns/volatility as an obstacle to retirement savings

40%

of participants over age 50 said that they are now planning to retire later than originally hoped due to the long-term effects of inflation, market volatility and the current labor market

Market volatility, uncertainty and inflation impact on participants

Plan sponsors and DC specialists had differing views.

Market Volatility/Inflation/Uncertainty Impacts Seen on Retirement Plan and Benefits



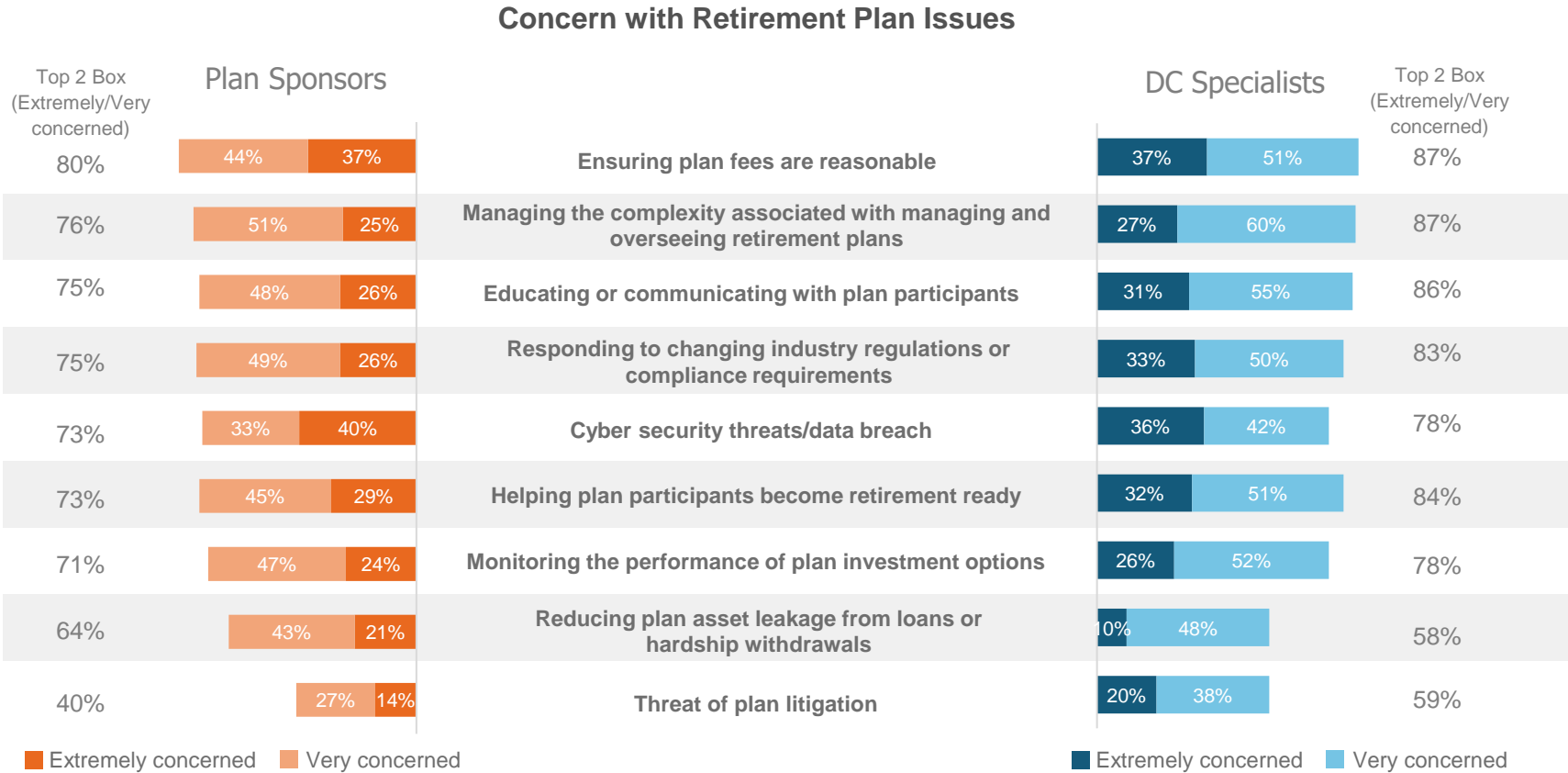
Sponsor priorities for the next two years

Both sponsors and DC specialists agreed that ensuring regulatory compliance, reducing fees and supporting participants are important areas of focus in the next two years.



Concern With Retirement Plan Issues

Plan sponsors and specialists are in agreement that ensuring reasonable plan fees, managing the complexity associated with the retirement plan, educating and communicating with participants and responding to changing requirements top the list of retirement plan concerns.



^ New response scale for 2023. Trending not possible.
For financial professional use only. Not for inspection by, distribution or quotation to the general public.

Plan Support

95%

of sponsors said they prefer working with a specialist whose focus is on retirement plans (98% in 2023, 98% in 2021, 94% in 2018, and 91% in 2016 stated the same preference).

89%

of sponsors are increasingly focused on the outcomes plan participants achieve from their retirement plan investments (92% in 2023).

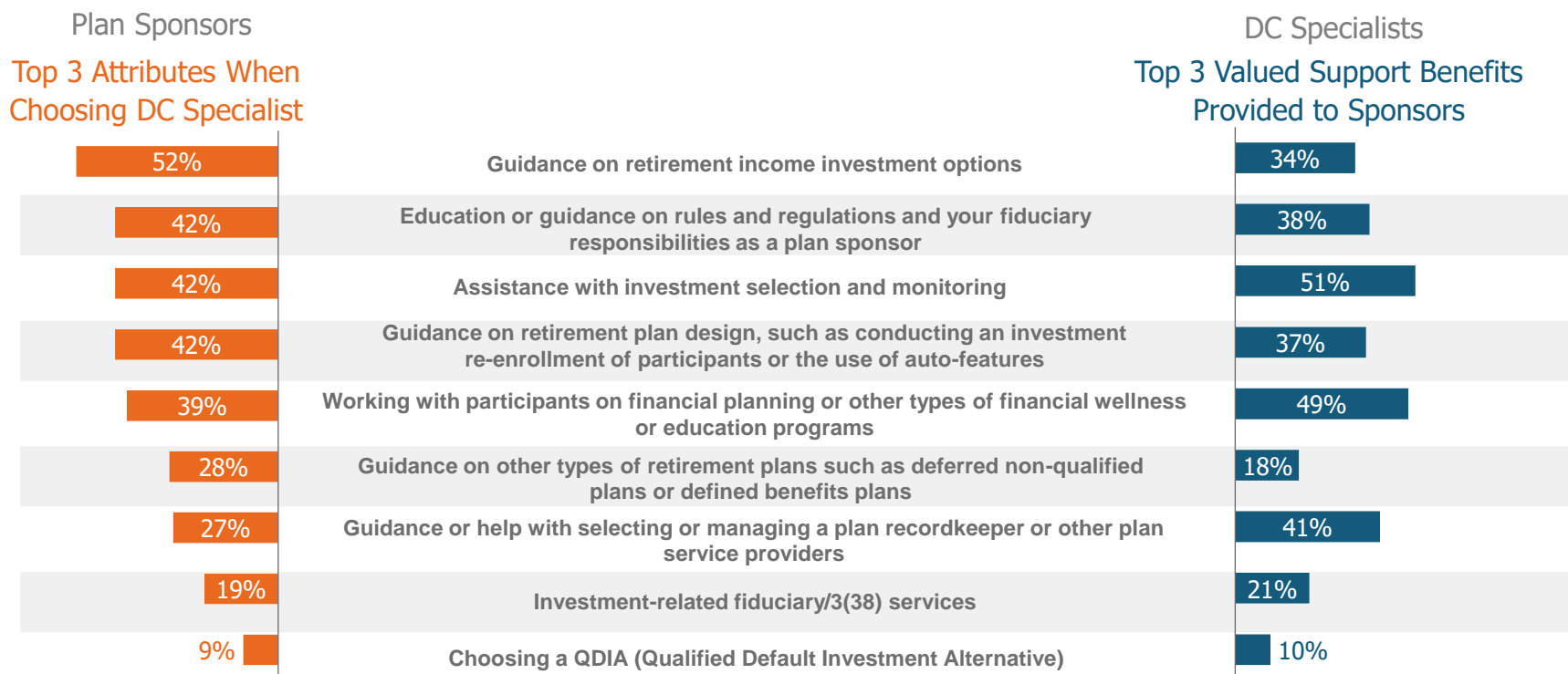
81%

of sponsors said they feel an increasing need for support from their specialists, in line with sentiment from the past two surveys but increased from earlier survey in 2018 (85% in 2023, 81% in 2021 and 67% in 2018).

Desired attributes of DC specialists

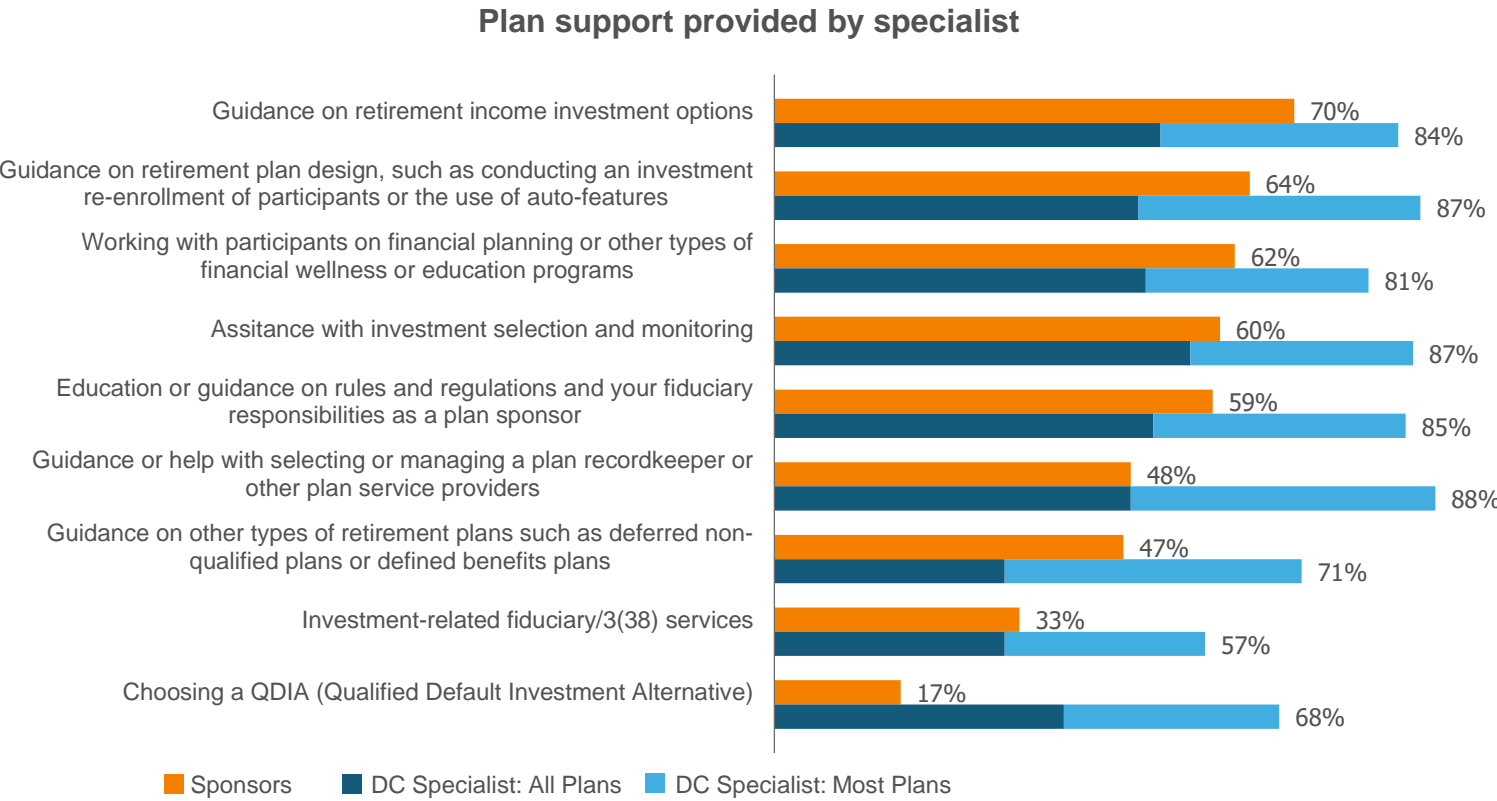
When choosing a specialist, sponsors said they value guidance on retirement income investment options more than any other service tested, and more than specialists perceived value of that service.

Sponsors' top attributes for choosing a DC specialist vs. specialists' perceptions of support



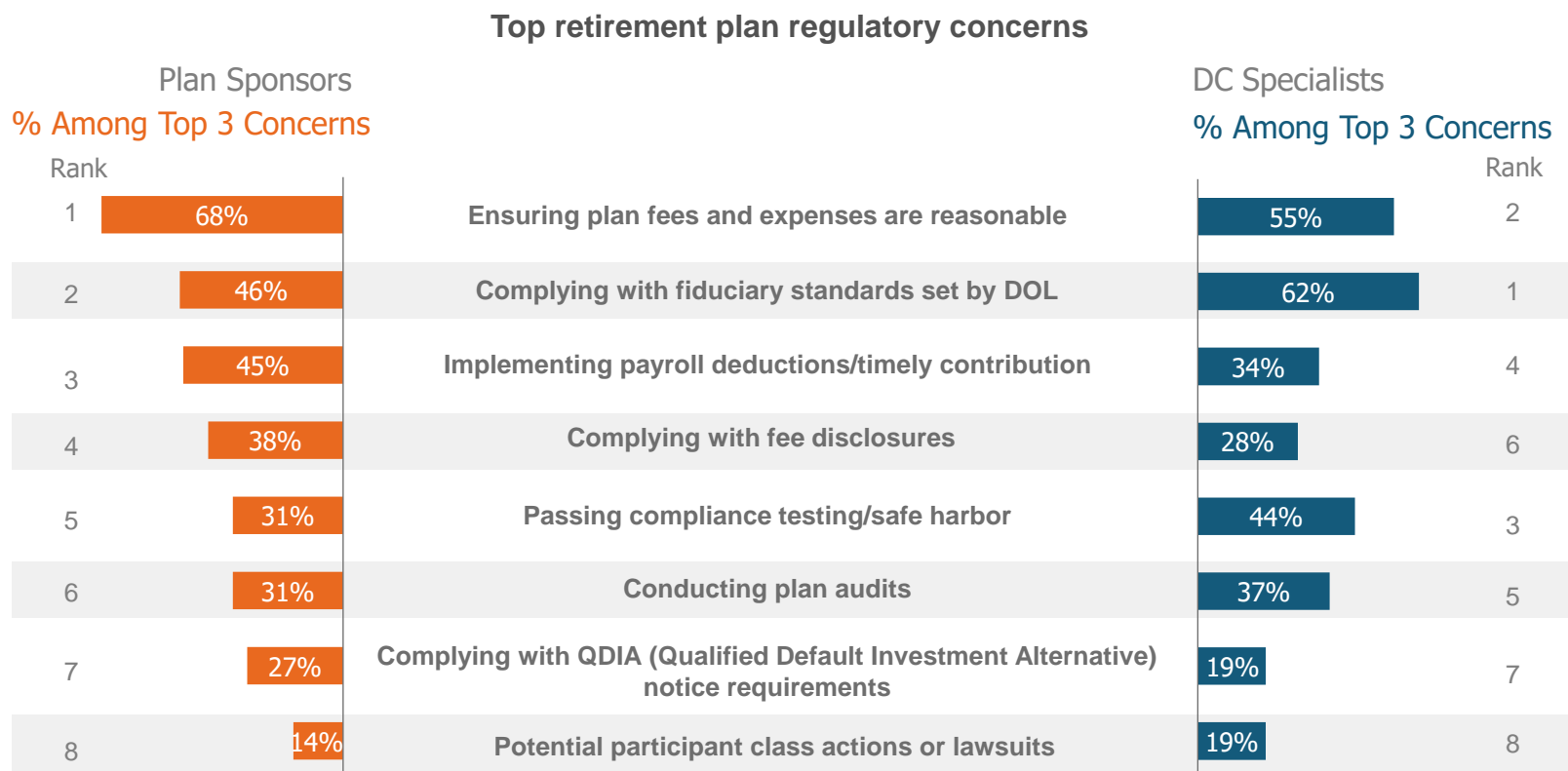
Current service offerings

Sponsors and specialists generally agreed on the kinds of plan support offered; although, as in past survey results, sponsors seem less likely to always recognize the services provided by specialists.



Regulatory and compliance issues

Specialists have a good grasp on sponsors' regulatory concerns, as both groups cited plan fees and fiduciary compliance as their top two areas of focus.



Plan costs and fees

Agreement on cost and fee questions was consistent between sponsors and specialists. Sponsor perceptions improved from 2023 for value is consistent with specialist compensation and specialist effectiveness in keeping plan costs reasonable.

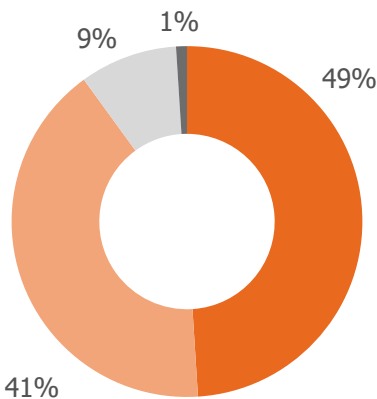


Sponsor involvement with investment selection

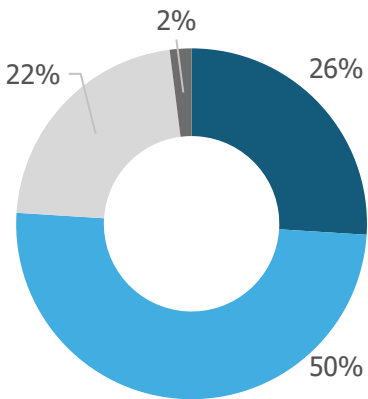
Sponsors were more likely to rate their involvement in the investment selection process as high, while specialists were more likely to rate sponsor involvement as moderate.

Perceptions of plan sponsor involvement in the investment selection process

Plan Sponsors



DC Specialists

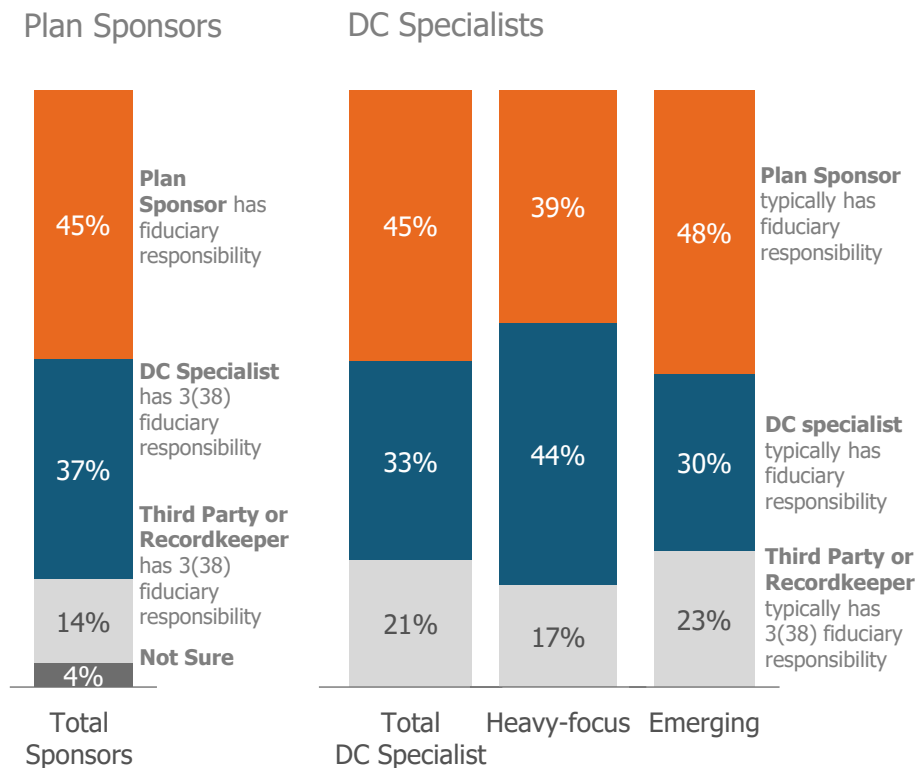


High Involvement Moderate involvement Low Involvement Not Involved

DC specialists as investment fiduciaries

- Sponsors and specialists most often indicated that sponsors maintain fiduciary responsibility with respect to investment selection.
- Just over one-third of plan sponsors say their DC specialists have 3(38) fiduciary responsibilities, followed by third party fiduciaries.
- DC specialists responses are generally consistent, with 33% stating they typically serve as an investment fiduciary.
- Heavy-focus DC specialists were more likely to indicate that they act as fiduciary versus emerging DC specialists.

Who serves as the plan's investment fiduciary?



Structuring the investment menu

Plan
Sponsors

DC Specialists

70%

88%

Felt a plan with too many options or choices can inhibit effective investment decisions.

91%

88%

Agreed that offering a tiered investment menu (i.e., target date funds, core funds, and a self-directed brokerage/mutual fund window) for different types of participants can result in better investing.

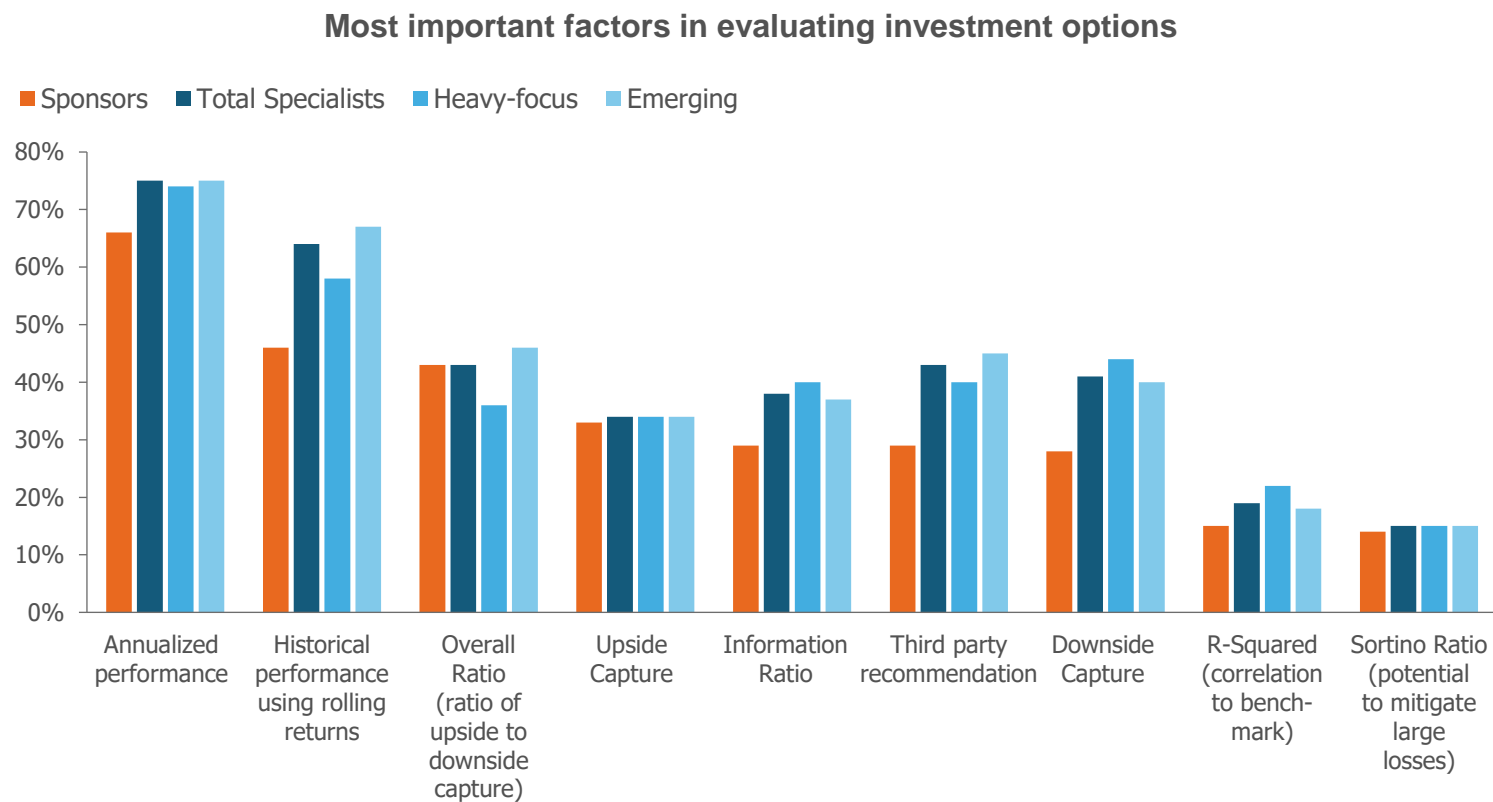
91%

88%

Said plans should consider adding a retirement tier that could include low-volatility equity, income-generating, and inflation-protecting options.

Fund selection criteria

Sponsors and specialists aligned in their view of annualized performance as the most important factor when selecting an investment.



Reasons to change plan investment options

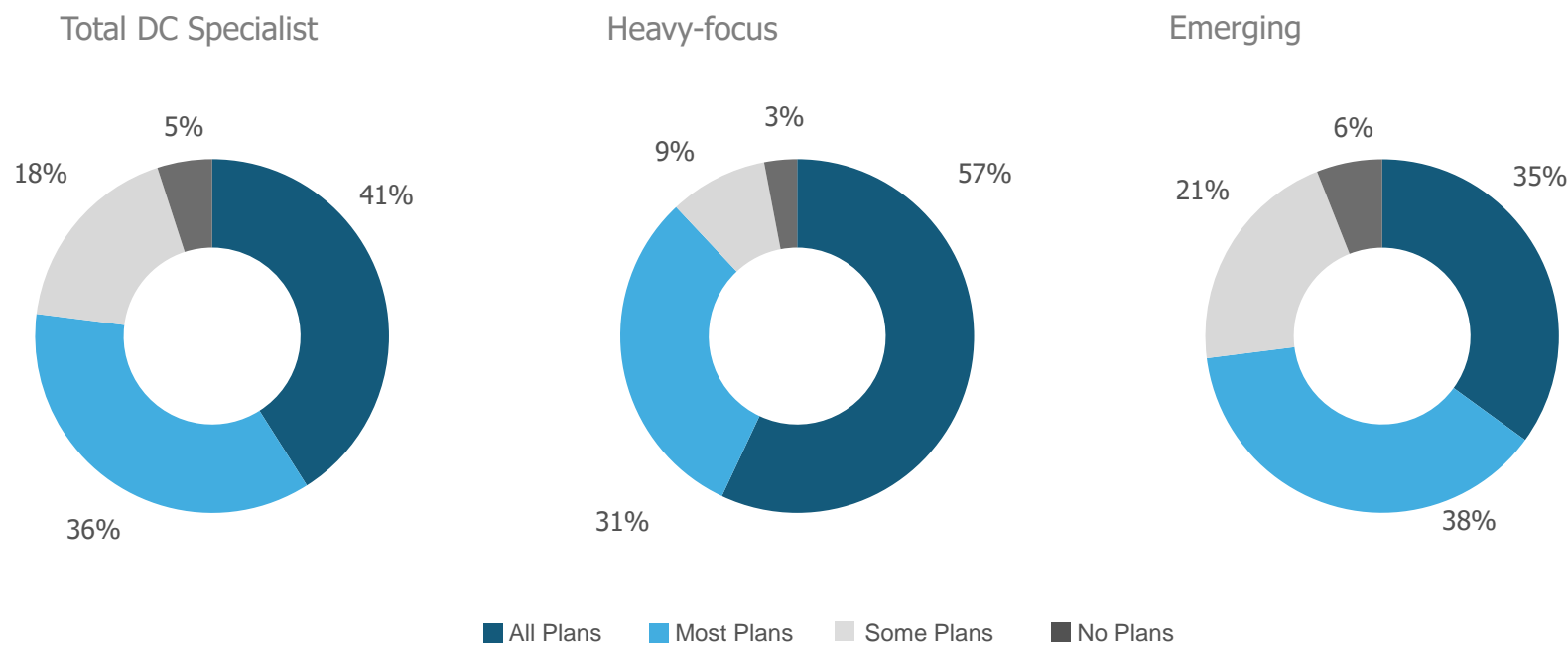
Specialists and sponsors had divergent views on the drivers of decisions to change plan investments.



Use of target date funds

Many industry professionals now see TDFs as foundational components of a retirement plan.

Specialist perspectives: Do you include target date funds in the plans you advise?



Plan Sponsor and Participant Views on Target Date Funds

74%

of Sponsors agree that Participants are best served by investing in TDFs rather than selecting individual funds/plan choices

71%*

of participants who use TDFs feel confident that they will reach their retirement goals (vs. 58% of TDF non-users)

74%*

of participants who use TDFs are comfortable deciding how much to invest (vs. 62% among TDF non-users)

95%*

of participants who use TDFs are interested in a TDF that provides stronger protection against market losses in the years leading up to retirement

*Data from Voya's Target Date Fund Research survey; fielded March 26-April 3, 2025; n=1,000 (TDF users n=496, TDF non-users n= 504).

For financial professional use only. Not for inspection by, distribution or quotation to the general public.

Most Important Participant Challenges

#1

Plan sponsors cited getting participants to think long-term/focus on retirement as the top challenge, followed by three key behaviors- enrolling, contribution rate and investment choices

69%

of participants are interested in help getting back on track towards my retirement savings goals given the impact of economy/inflation and market volatility

86%

of participants are interested in support in transitioning to retirement (i.e., understanding Social Security benefits, healthcare costs/Medicare, etc.)

75%

of participants say they worry about outliving their savings

Retirement Income

#1

Plan sponsors cited guidance on retirement income investment options as the top service that they look to a DC specialist to provide.

83%

of plan sponsors agreed that the SECURE Act of 2019 and the SECURE 2.0 Act of 2022 have encouraged a strong focus on retirement income.

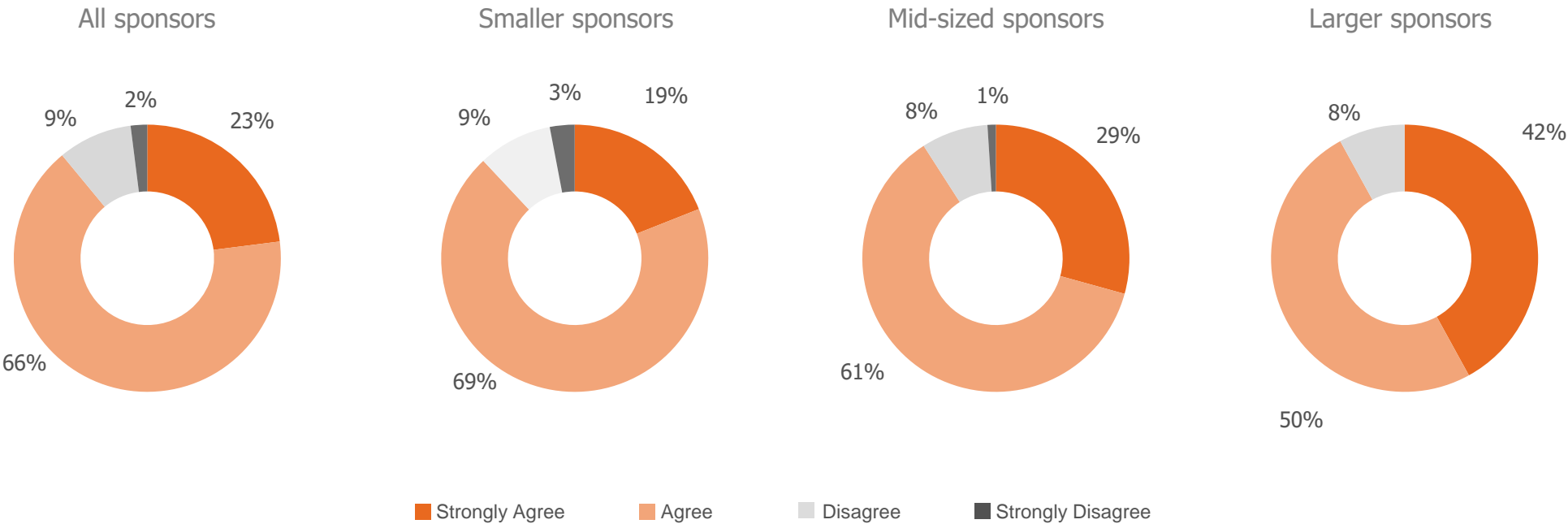
77%

of sponsors identified adding a retirement income solution as an important area of focus in the next two years.

Sponsor sentiment: the importance of retirement income options

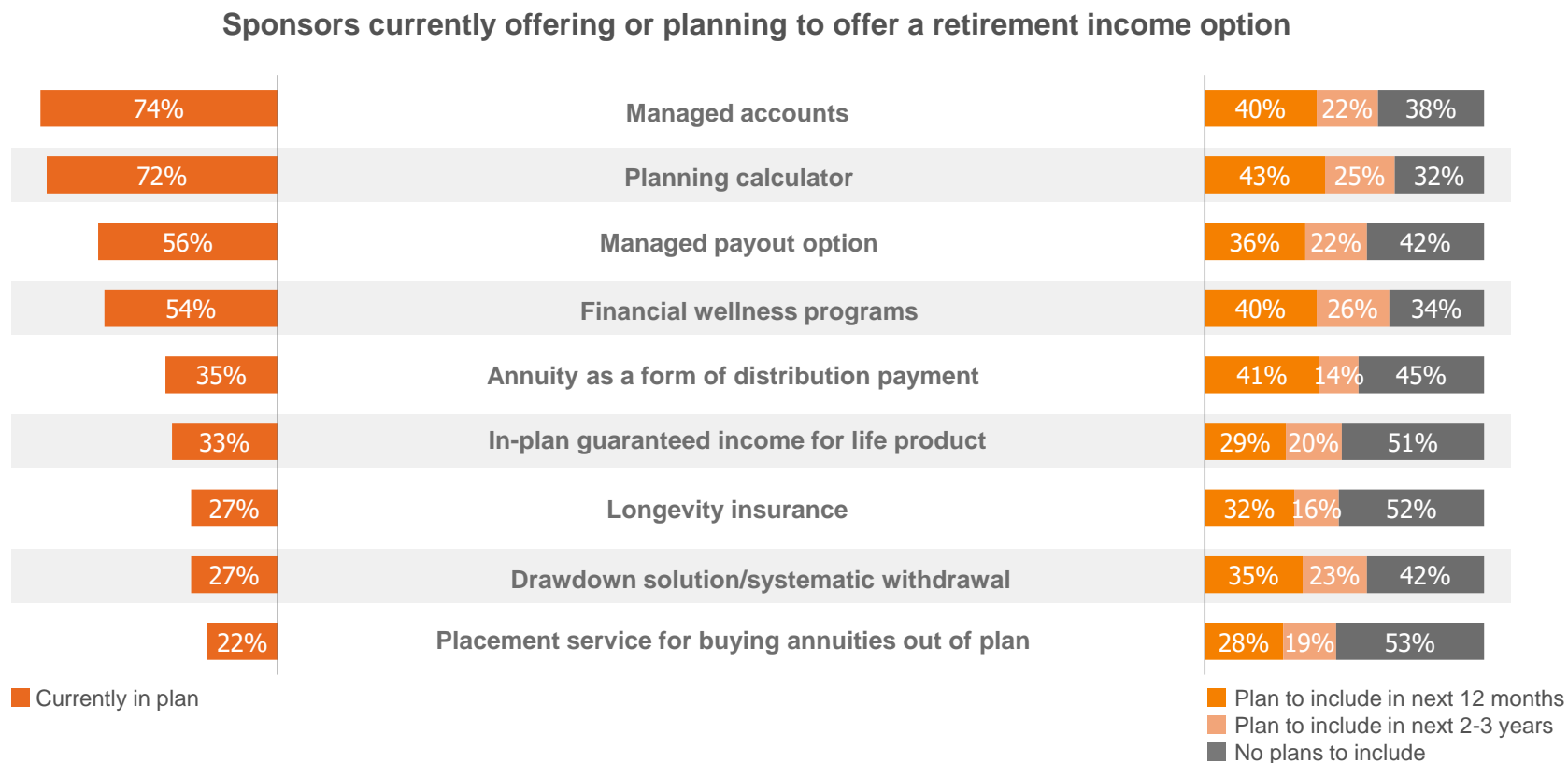
Sponsors said that an aging participant base has also brought focus to the need for retirement income options, especially sponsors of larger plans.

Aging participants have highlighted the need for retirement income options



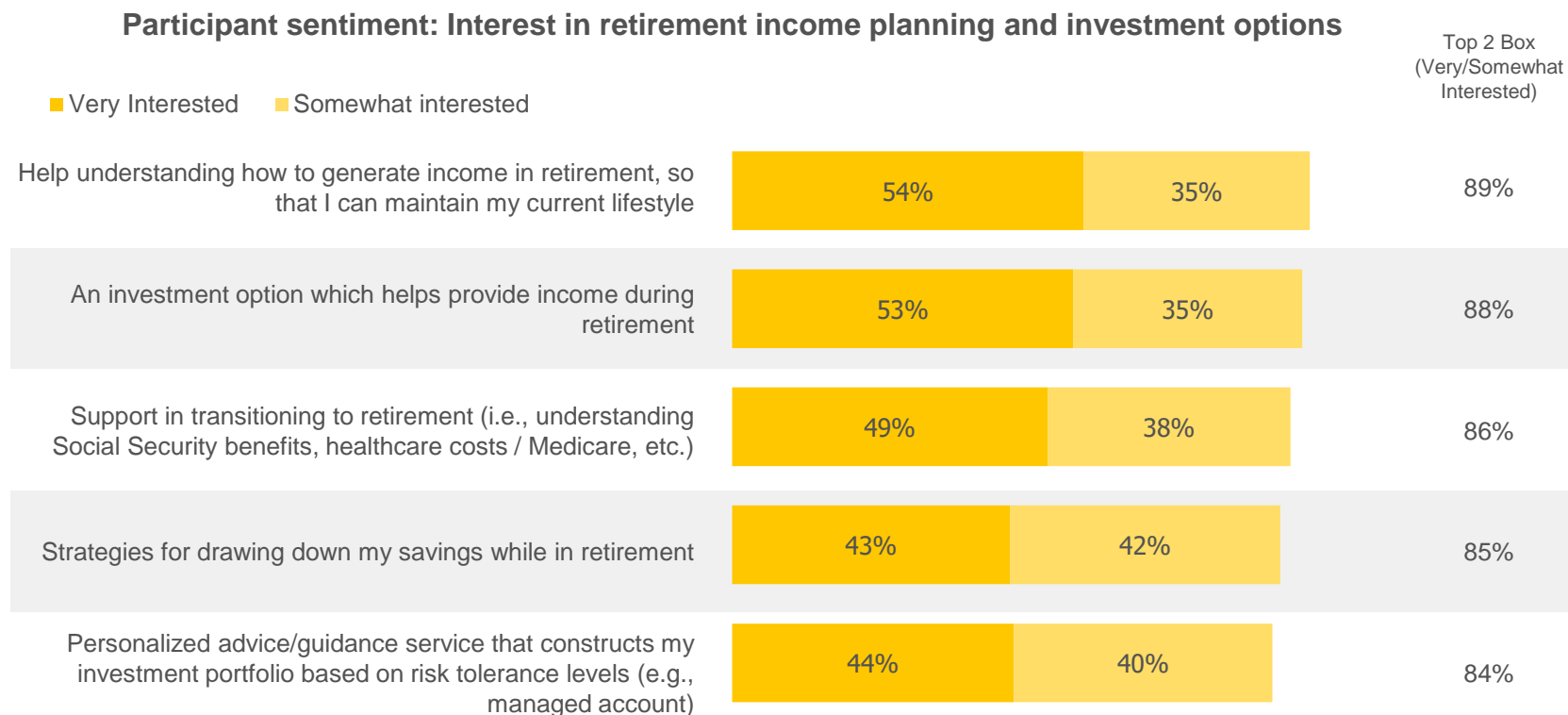
Current/future use of retirement income options

While many sponsors said they have plans to offer retirement income options, many are not yet widely available.



Participant interest in retirement income options and services

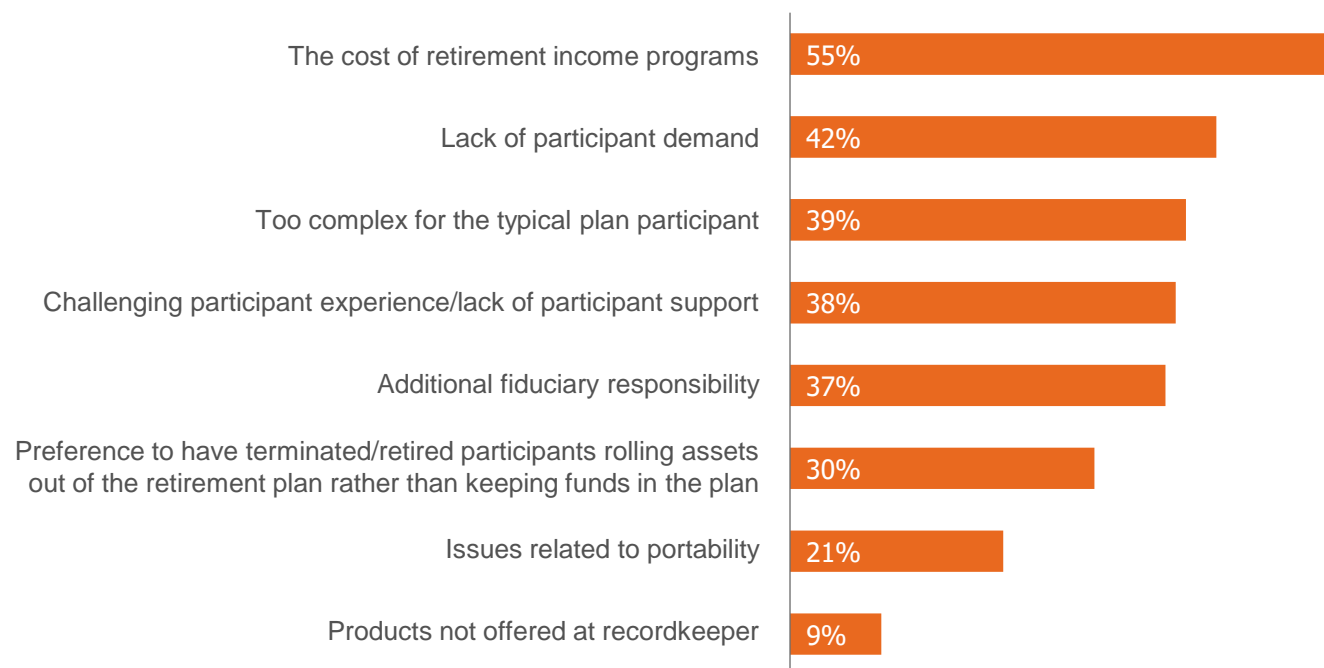
Most participants said they are very/somewhat interested in retirement income options and services.



Key challenges in offering retirement income options

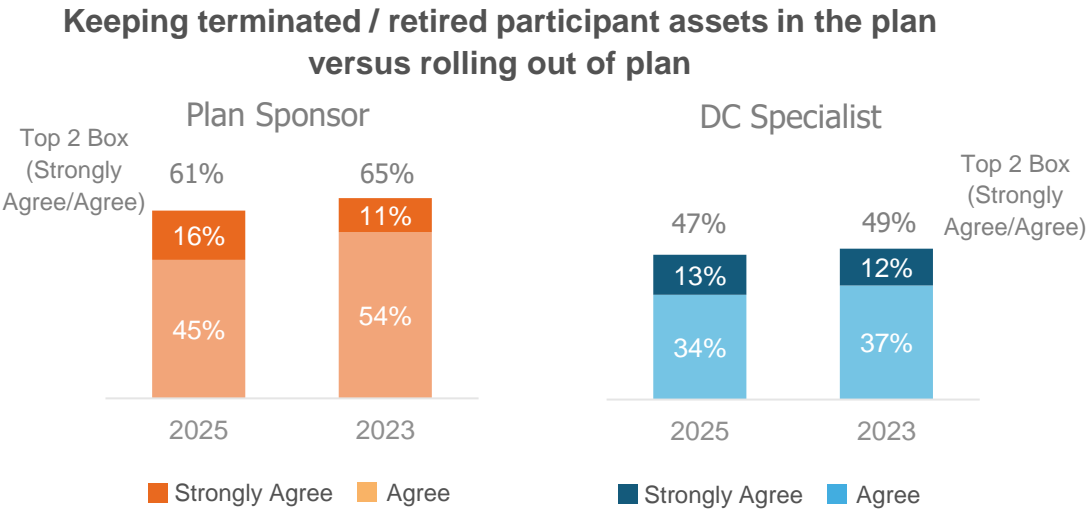
Sponsors most frequently cited cost as the biggest obstacle to providing retirement income investment options, followed by lack of participant demand and complexity.

Sponsor perspectives: Key challenges in offering retirement income options



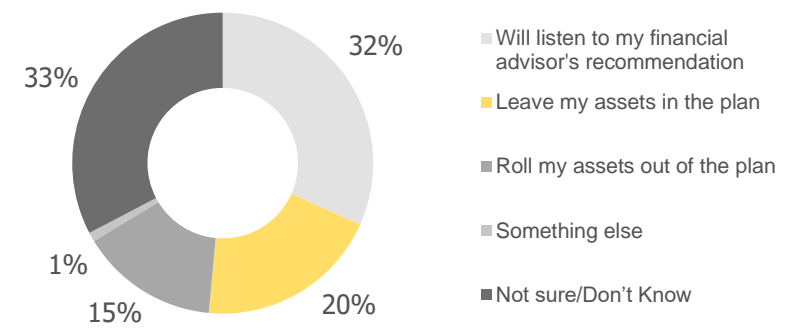
Keeping participant assets in plan versus rollover

Sponsors are more likely to want participants to stay in the plan than DC specialists perceive.



But what did participants say they plan to do?

Participants' plans for retirement assets at retirement



Participant Support

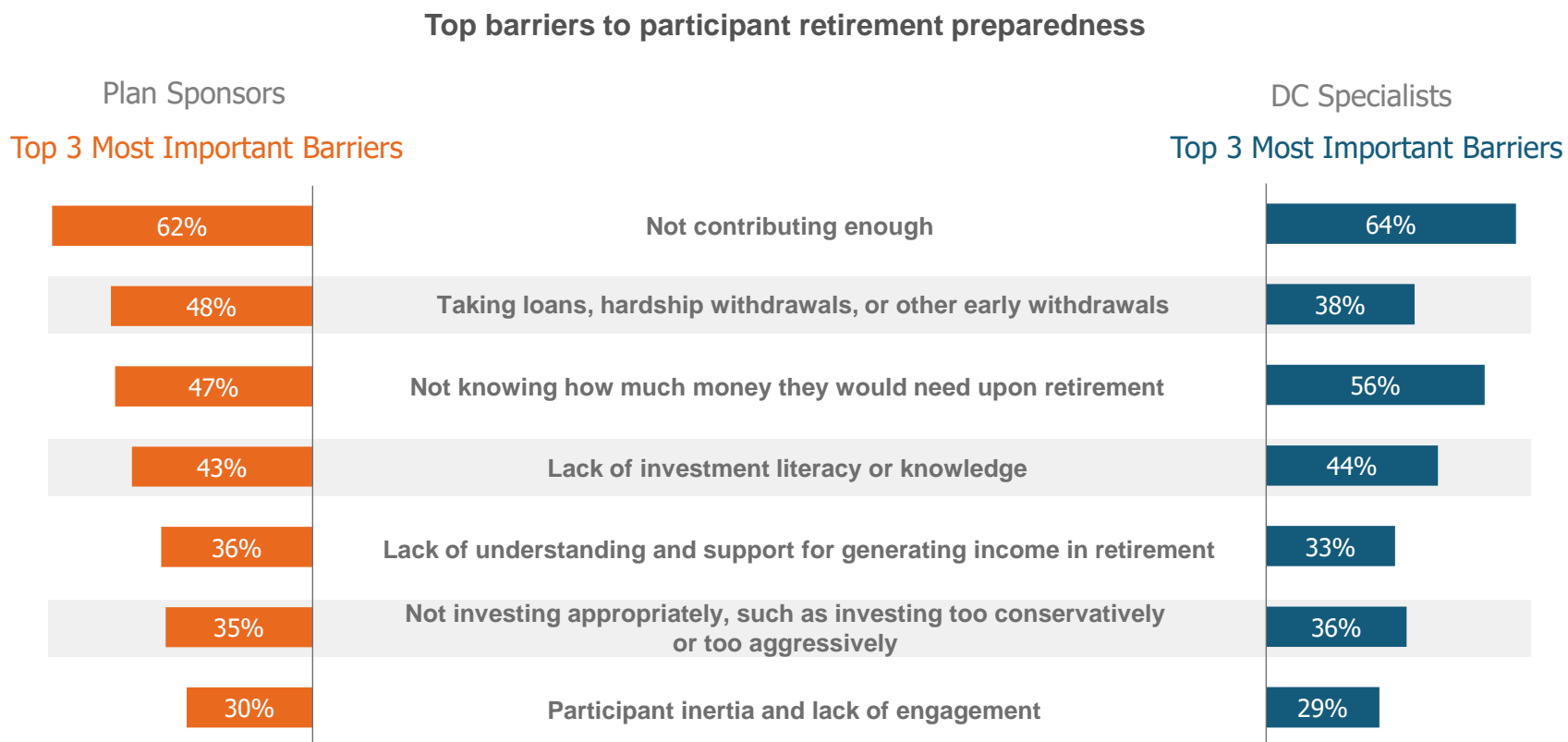
17% of participants said they feel very prepared for retirement.

37% of participants said they now plan to retire later than initially expected.

75% of workers think they will work for pay in retirement, according to EBRI's 2025 Retirement Confidence Survey.

Barriers to participant retirement readiness

Sponsors and specialists continued to have generally similar views on the most challenging barriers to participant retirement readiness.



Most Important Participant Challenges

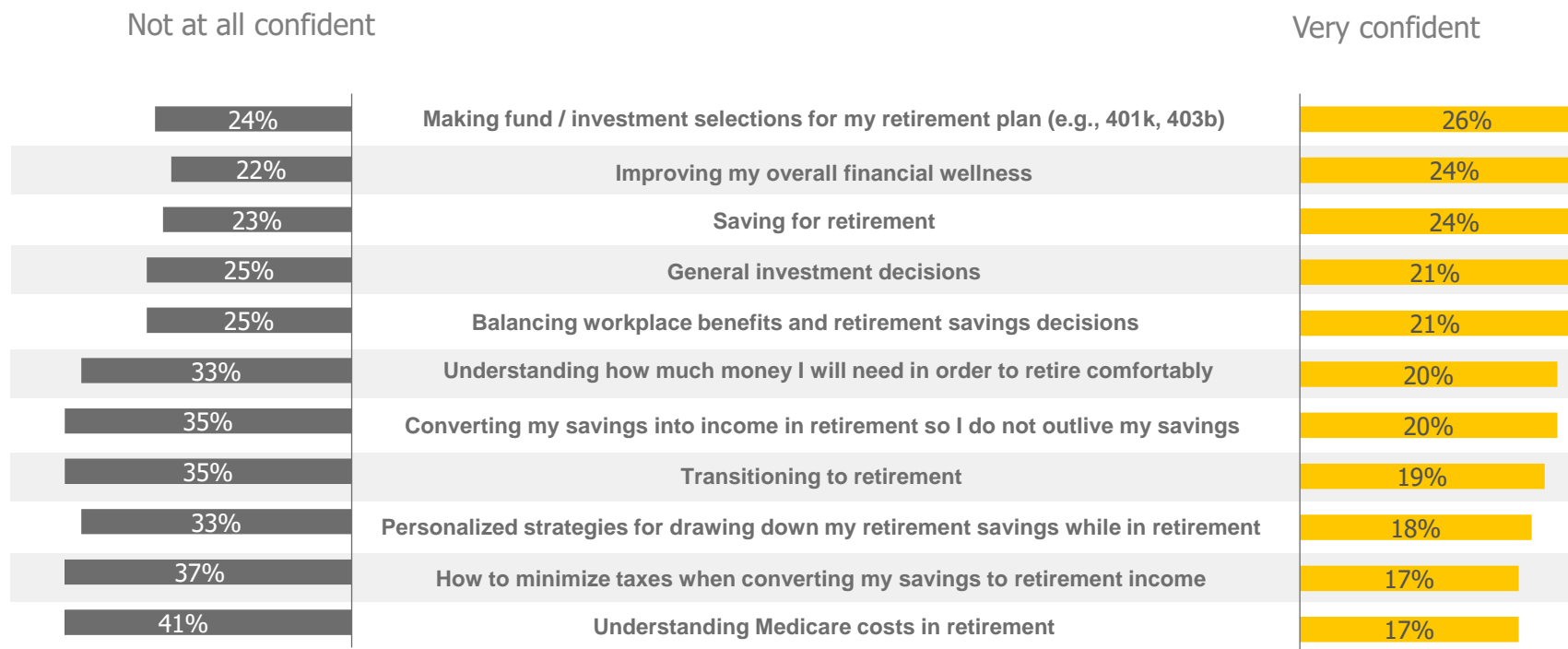
The top challenges indicated by both sponsors and specialists are getting participants to think long-term and contribute more, make appropriate investment choices, and enroll.



Participant Confidence in specific decisions

Participants report relatively low confidence in many decisions, including those relating to their retirement plan and preparing for retirement.

Participant Sentiment: Confidence making financial decisions – Specific services



Participant confidence in retirement plan investing

35%

of participants said they are beginners or do not consider themselves investors, when asked to describe their investment experience.

28%

of participants feel very experienced or experienced when it comes to investing.

88%

of participants are very or somewhat interested in receiving investment guidance for their retirement plan.

84%

of participants are interested in access to a professional, whom they can call with questions and to help make investment and savings decisions.

Participant education and support efforts from DC specialists

Plan sponsors and specialists agreed that specialists are generally effective in all aspects of the participant support they provide.



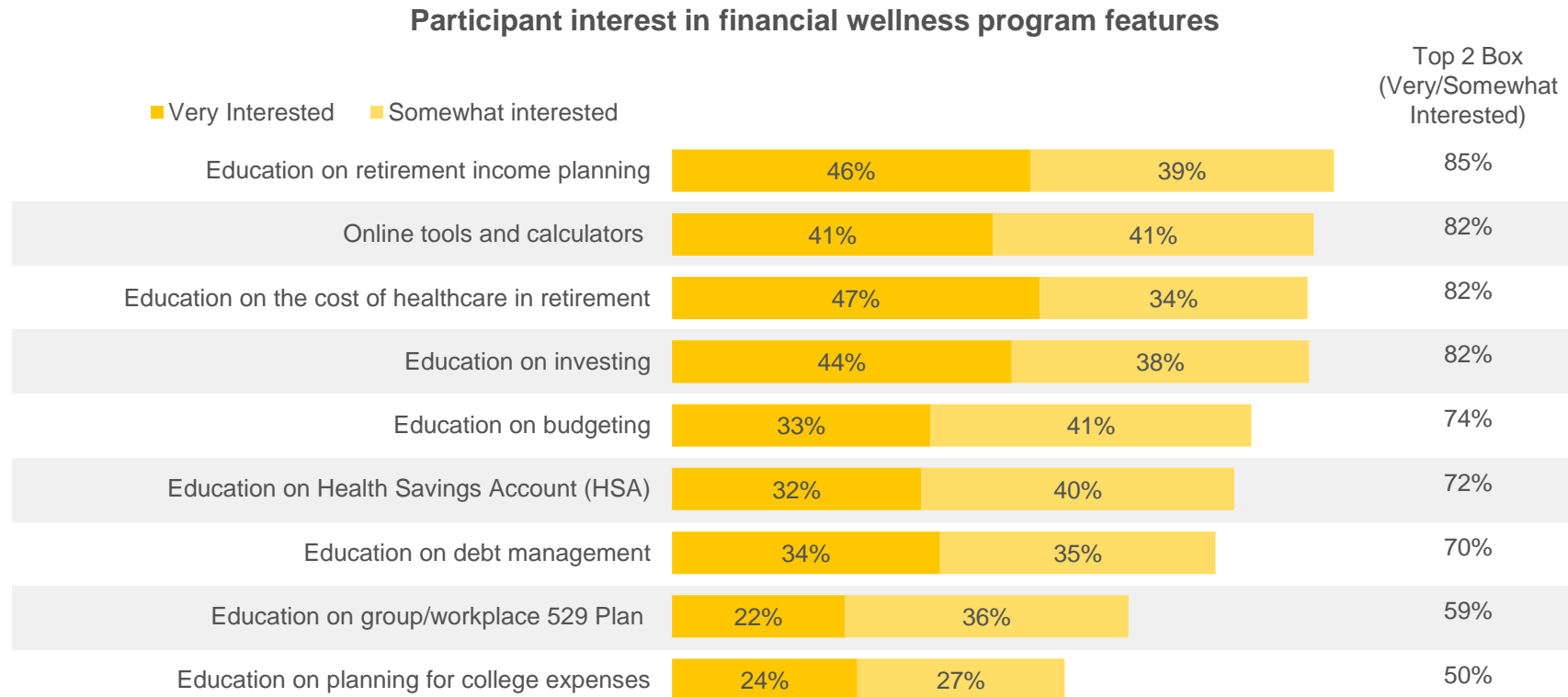
Financial wellness plan goals

Plan sponsors and specialist views were generally aligned on the top participant financial wellness plan goals.



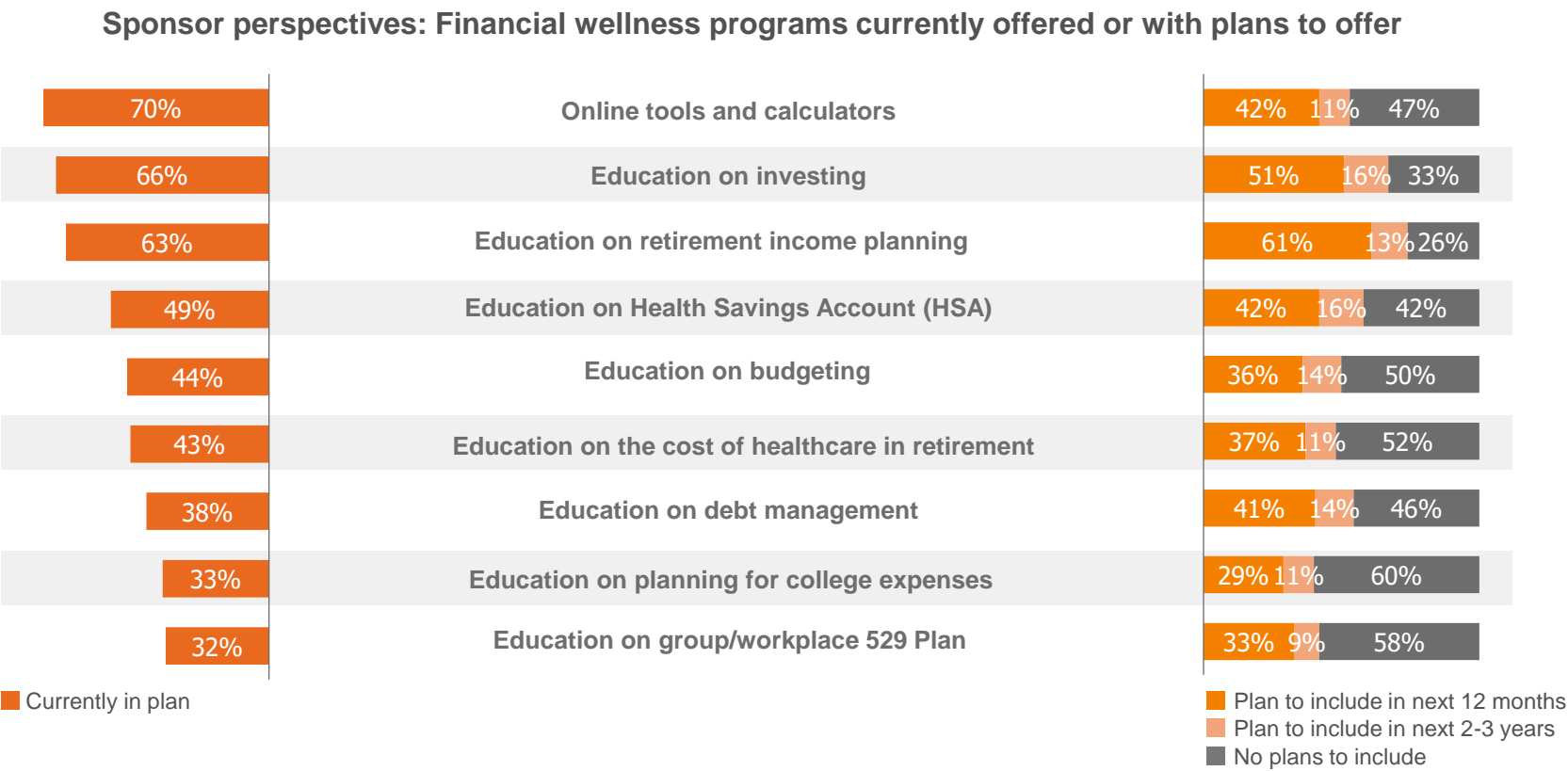
Participant interest in financial wellness programs

Participants show strong interest in financial wellness programs.



Sponsor usage and future adoption of financial wellness programs

Sponsors report currently offering a mix of financial wellness programs, with strong interest in adding more in the future.



Retirement plan is a very important benefit, supporting efforts to enhance services

92%

of participants surveyed say they are likely to stay with their employer if they offer competitive retirement plan services/products

82%

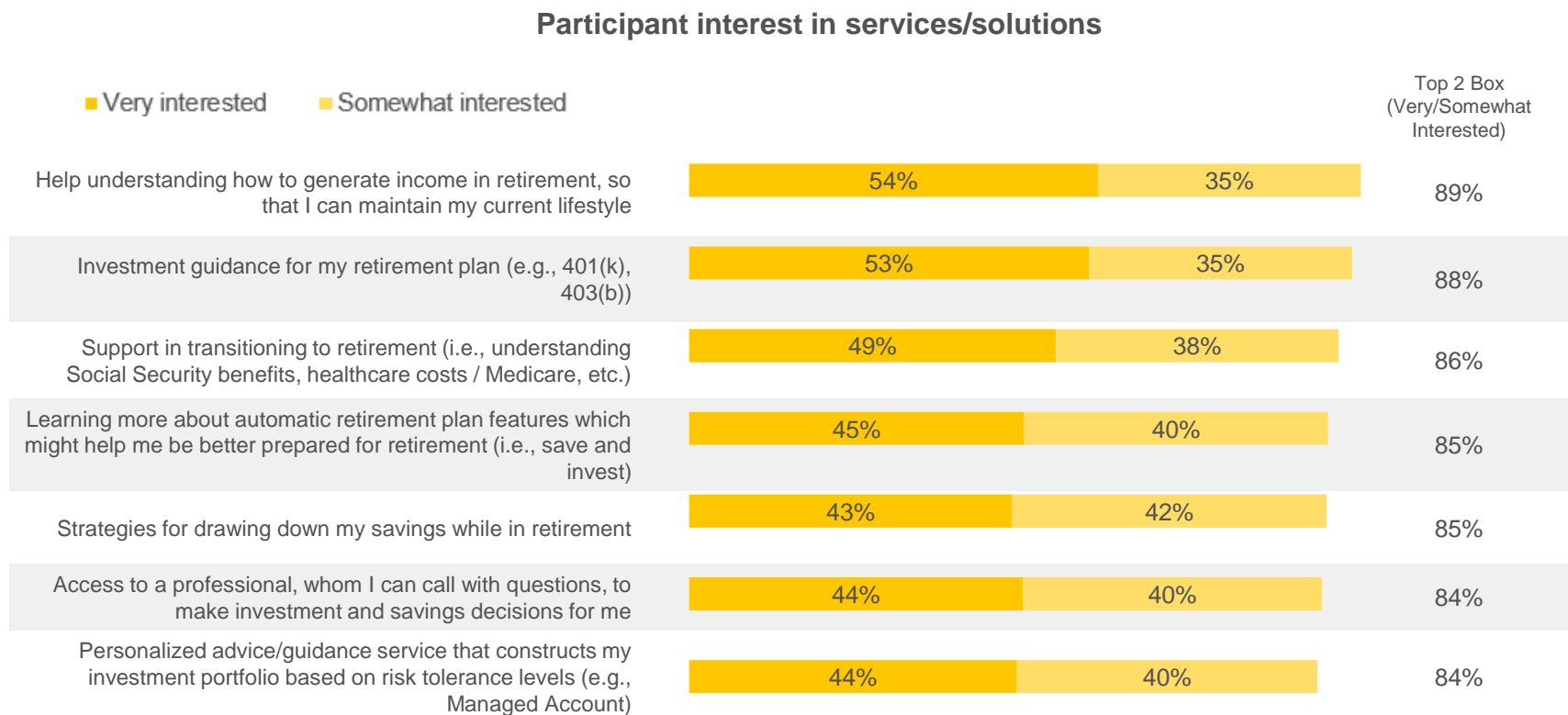
of participants say they trust the retirement plan services offered by their employer

80%

of participants say they are confident that the retirement plan offered through my employer can help me achieve my retirement goals

Participants interest in specific services

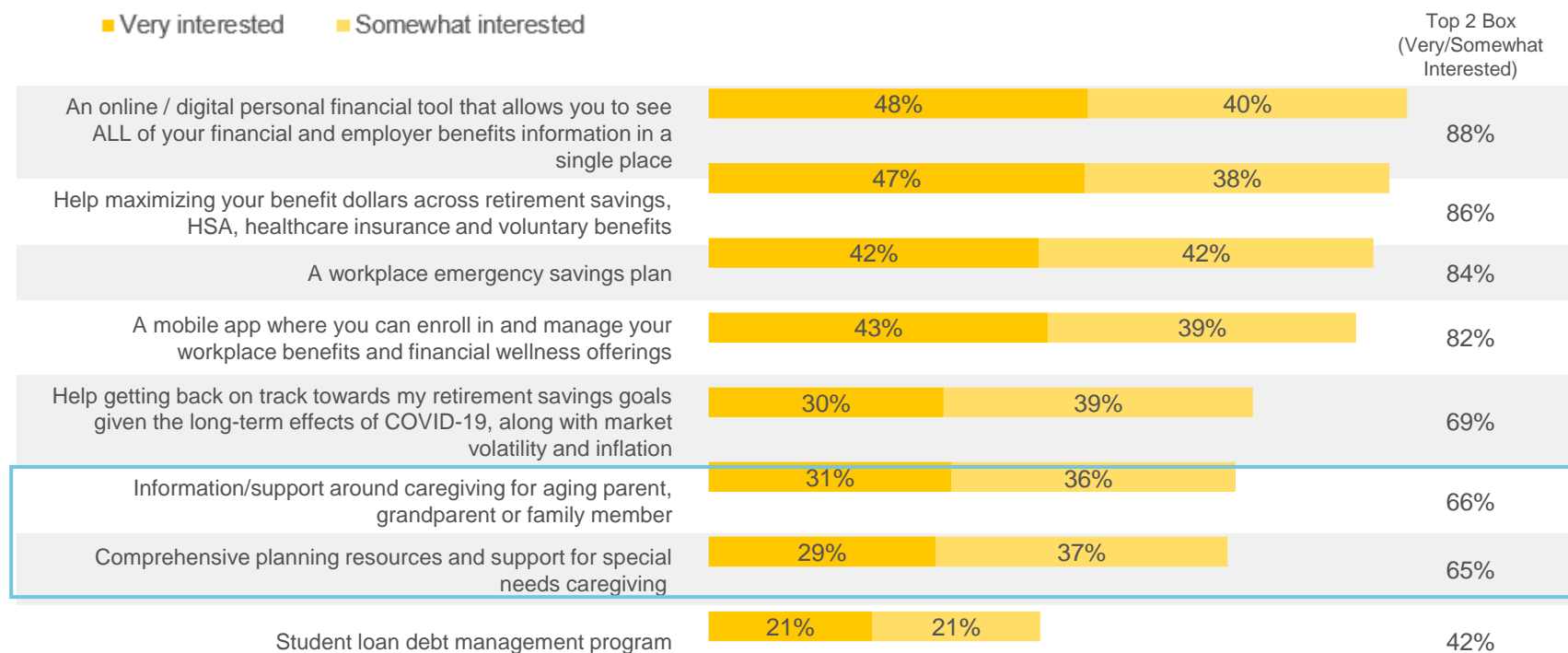
Most retirement plan participants are very/somewhat interested in a set of services which could help improve their retirement readiness



Participant interest in specific services

Participants also express rather strong interest support across retirement plan and other benefits (online/digital tools to show/manage all benefits, help maximizing benefit dollars) along with other services such as Emergency Savings and support for caregivers.

Participant interest in ESRP plan features – Support products/services



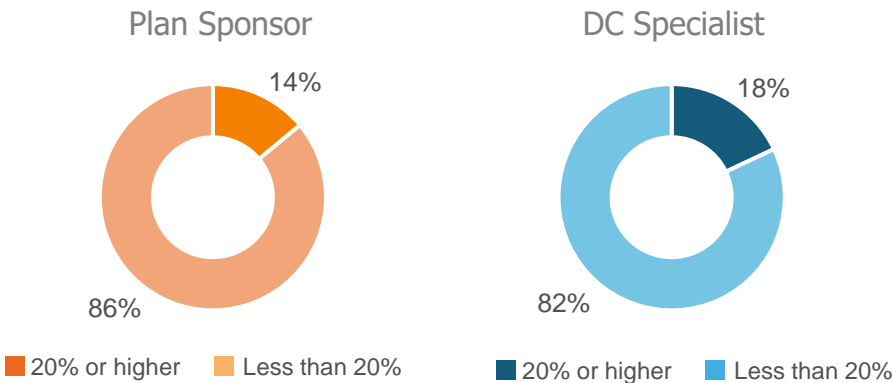
Proportion of caregivers and importance of support

As of 2023, AARP data shows that **more than 1-in-5 Americans** (21%) are caregivers, having provided care to an adult or child with special needs.

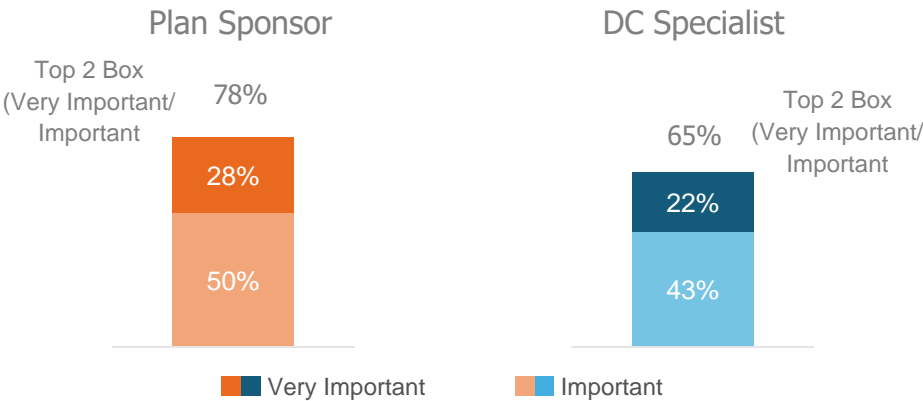
However, more than 8-in-10 sponsors and DC specialists believe caregivers represent less than 20% of their participant population, showcasing there is a need for additional education.

Despite the disconnect, both sponsors and DC specialists still find it important to focus on the financial needs of caregivers over the next two years.

Proportion of participants who are caregivers



Importance of Focusing on Financial Needs of Caregivers in Next 2 Years



Participant interest in caregiver / special needs support

66%

of participants are interested in information/support around caregiving for aging parent, grandparent or family member.

65%

of participants are interested in comprehensive planning resources and support for special needs caregiving.

45%

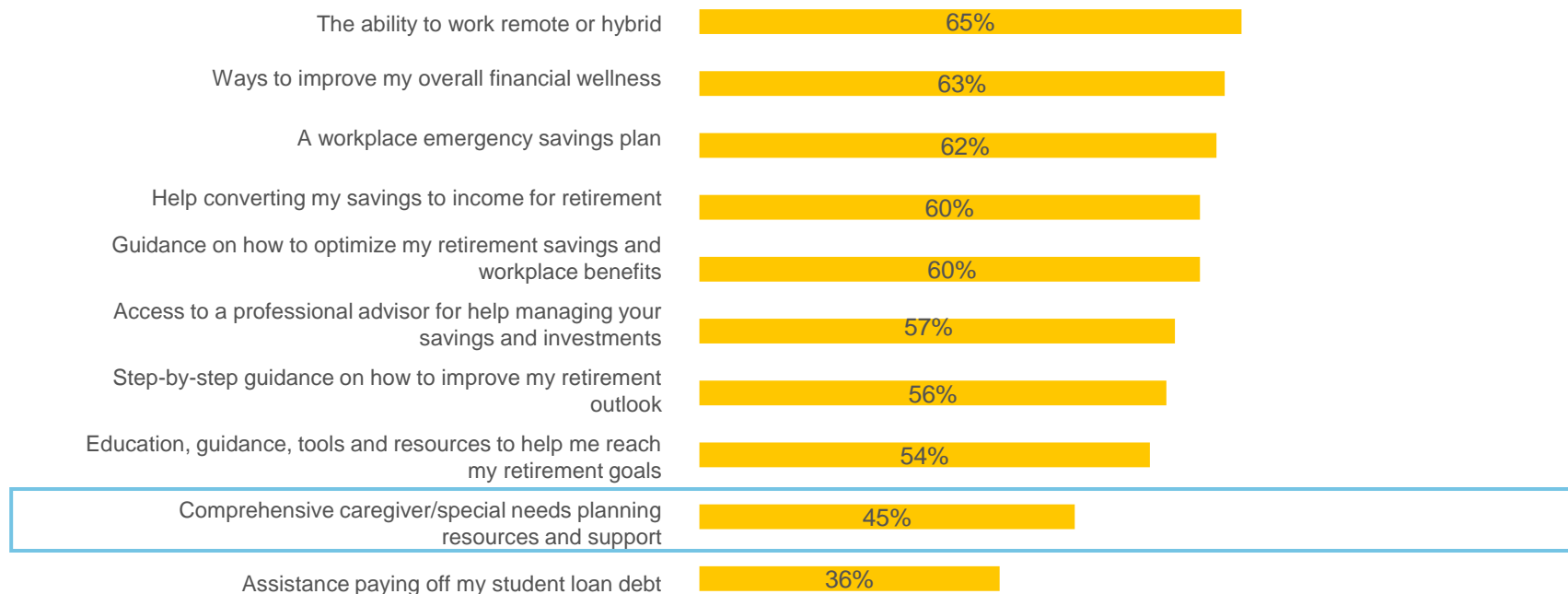
of participants are more likely to stay with their current employer if offered Comprehensive caregiver/special needs planning resources and support

Impact on participant likelihood to stay with employer

Results show that strong employer-provided retirement plan can help retain valuable employees

Participant likelihood to stay with employer

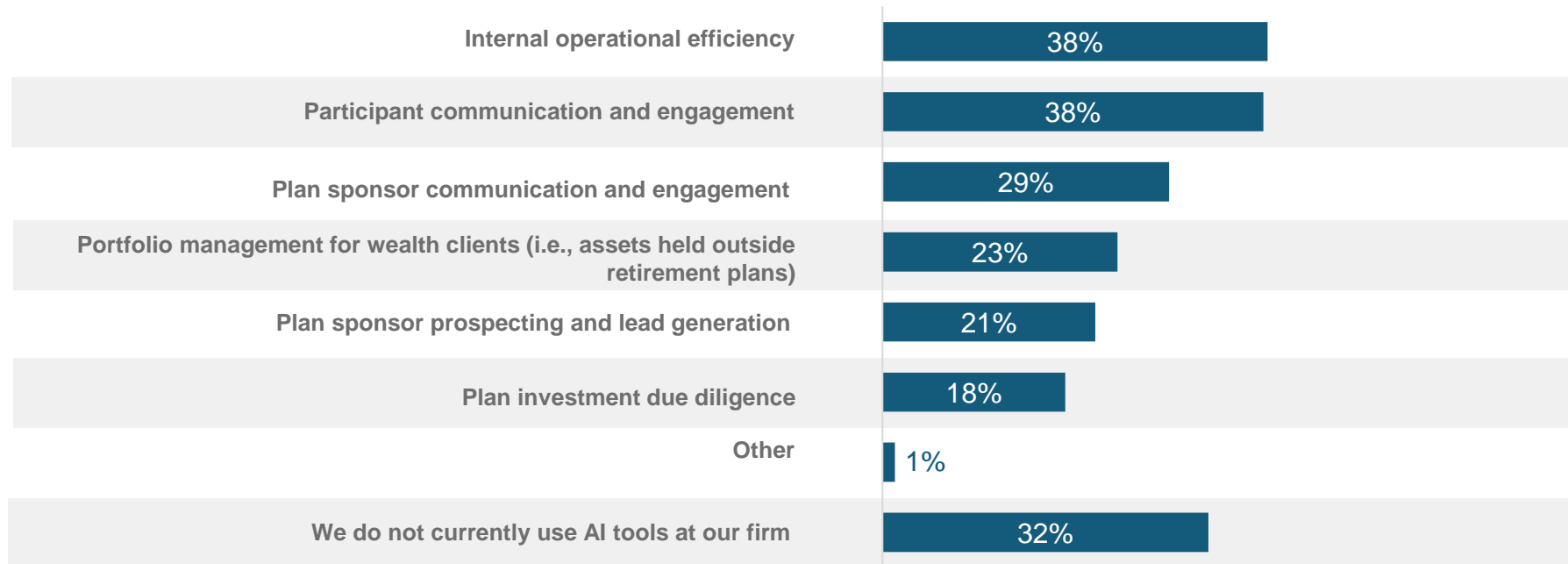
■ More likely to stay with employer



DC Specialists: AI Usage

Specialists are most likely to indicate that they use AI for internal operational efficiencies as well as participant and sponsor communication and engagement.

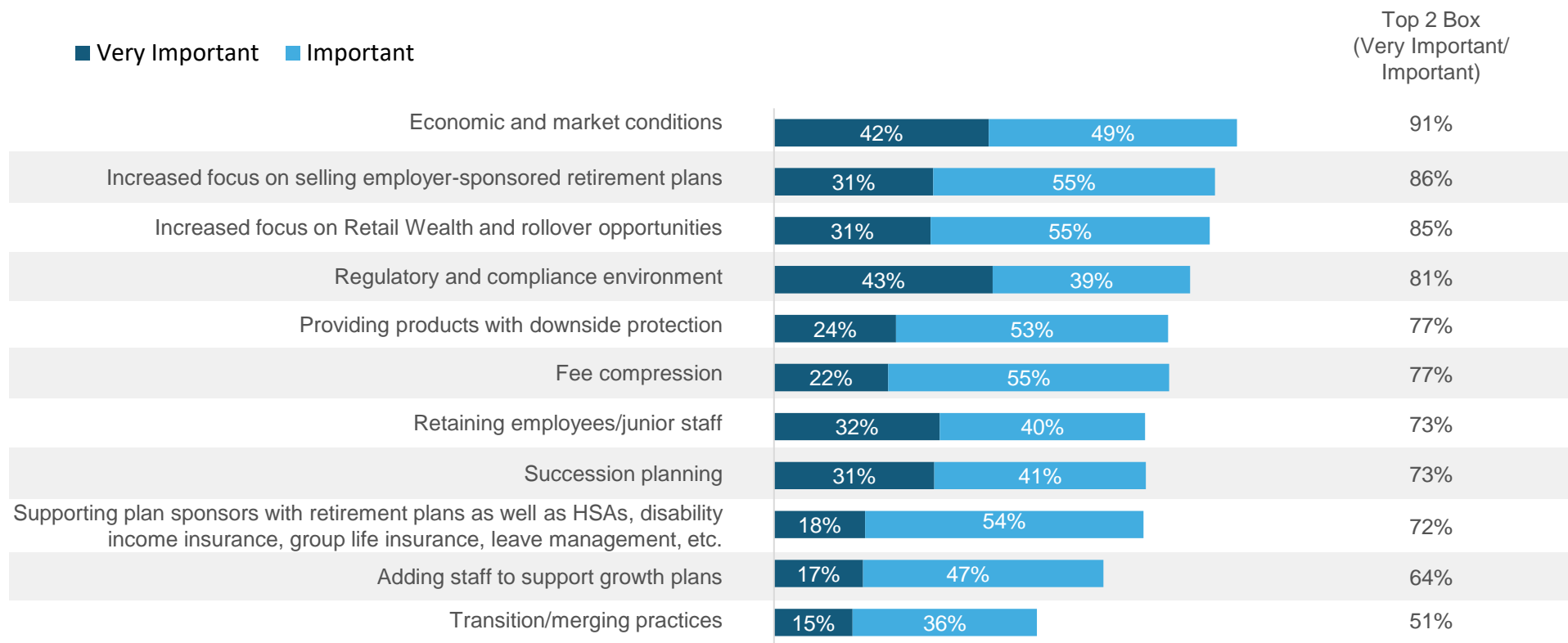
Specialist Perspectives: AI Techniques/Tools Used in Practice to Improve Processes



DC Specialists: Current Issues and Challenges

Economic and market conditions tops the list of DC specialist concerns and challenges, followed by sales focus on retirement plans and retail wealth/rollover opportunities, then the regulatory and compliance environment.

Specialist Perspectives: Current Issue/Challenge Importance to DC Specialist Organization



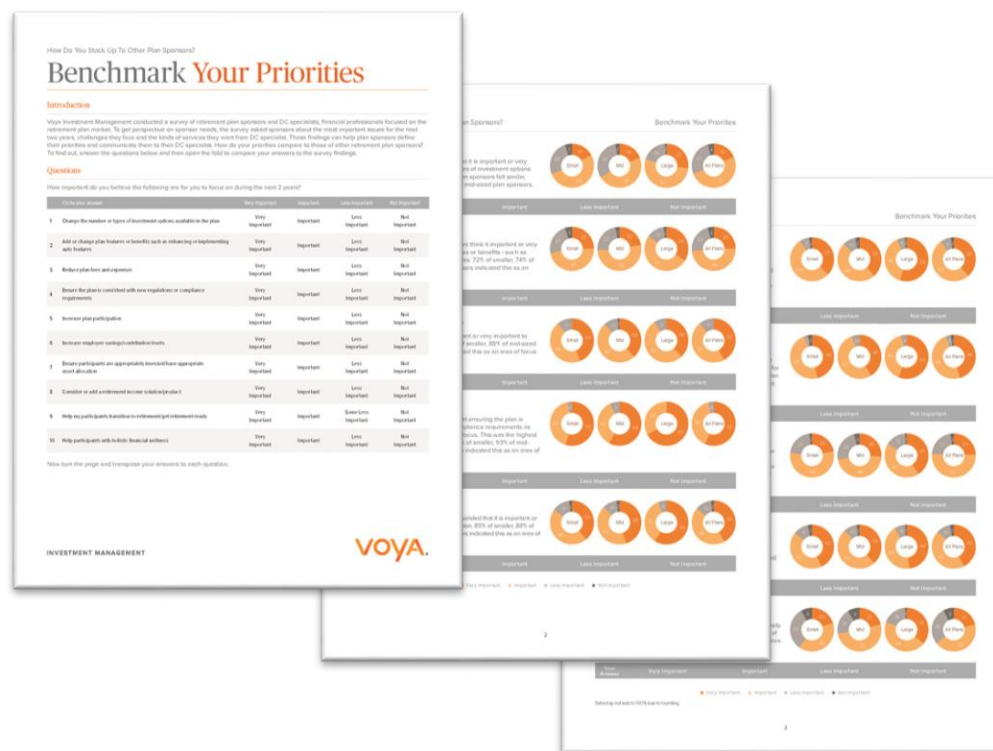
Summary of key findings

- This year, a significantly higher number of participants said they feel somewhat or very prepared for retirement compared with 2023. Meanwhile, plan sponsor **views on retirement readiness** remained much more optimistic than those of DC specialists, who were more aligned with participant sentiments.
- When choosing a specialist, sponsors said they value **guidance on retirement income options** more than any other service—and considerably more than specialists perceived.
- As in previous editions of the survey, **specialists said they offer an array of services that sponsors acknowledged**, presenting an excellent opportunity for specialists to articulate their value .
- Specialists were more likely to indicate they always/usually recommend or discuss plan support with sponsors **than sponsors were to acknowledge them**. This suggests an opportunity for specialists to strengthen their communication skills.
- Most specialists see **target date funds (TDFs) as foundational components** of a DC plan. In 2025, more sponsors indicated they include TDFs compared with our original survey in 2016 .
- As they did in 2023, sponsors said an aging participant base has brought focus on the **growing need for retirement income products**. Additionally, sponsors were more likely to want to retain terminated and retired participants' assets in the plan than specialists perceived.
- Sponsors and specialists were generally aligned in opinion on how to structure the plan's investment menu, with most respondents in agreement about **adding a retirement tier** to the plan.
- Sponsor and specialist views on the goals of financial wellness programs were generally well-aligned. Sponsors identified helping participants with **holistic financial wellness** as an important area of focus, which presents an excellent opportunity for specialists to assist.
- Specialists were more likely than sponsors to recognize that a higher number of **employees act as caregivers**, suggesting an opportunity to educate and support sponsors.

Let Voya Investment Management help you

Identify plan sponsor' priorities

Use the *How Do You Stack Up to Other Plan Sponsors: Benchmark Your Priorities* worksheet, available in the Defined Contribution section of voyainvestments.com with your plan sponsor clients to identify their plan goals.



For additional action items read the full report of *Survey of the Retirement Landscape: Challenges and Opportunities for DC Specialists* available in the Defined Contribution section on voyainvestments.com.

Thank You

Voya IM is dedicated to meeting the unique requirements of DC Specialists. Our primary goal is to support your needs and those of your clients. We are committed to developing long-term partnerships and enhancing the effectiveness of your business. To learn more, contact your local Voya Investment Management representative or call (800) 334-344.

This commentary has been prepared by Voya Investment Management for informational purposes. Nothing contained herein should be construed as (i) an offer to sell or solicitation of an offer to buy any security or (ii) a recommendation as to the advisability of investing in, purchasing or selling any security. Any opinions expressed herein reflect our judgment and are subject to change. Certain of the statements contained herein are statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results performance or events may differ materially from those in such statements due to, without limitation, (1) general economic conditions, (2) performance of financial markets, (3) interest rate levels, (4) increasing levels of loan defaults, (5) changes in laws and regulations and (6) changes in the policies of governments and/or regulatory authorities.

The opinions, views and information expressed in this commentary regarding holdings are subject to change without notice. The information provided regarding holdings is not a recommendation to buy or sell any security. Portfolio holdings are fluid and are subject to daily change based on market conditions and other factors.

This information should not be used as a basis for legal and/or tax advice. In any specific case, the parties involved should seek the guidance and advice of their own legal and tax counsel.

An investor should consider the investment objectives, risks, charges and expenses of the Fund(s) carefully before investing. For a free copy of the Fund's prospectus, or summary prospectus, which contains this and other information, visit us at www.voyainvestments.com or call (800) 992-0180. Please read the prospectus carefully before investing.

©2025 Voya Investments Distributor, LLC • 200 Park Ave, New York, NY 10166 • All rights reserved.

Not FDIC Insured | May Lose Value | No Bank Guarantee

Products and services offered through the Voya ® family of companies.

CID 4500449