



11 trends shaping the future of plan design

2026 workplace outlook

Introduction

In today's uncertain and complex environment, employers need reliable data and expert insights to make informed benefits decisions.

Many are prioritizing high-value benefits that satisfy employees' needs while supporting organizational goals, such as talent attraction and retention. As such, defined contribution (DC) retirement plans are a hallmark of any benefits package, as both employers and employees consider a 401(k) or 403(b) a "must-have" benefit.

However, factors such as market uncertainty, rising costs, legislative and regulatory changes, and the diverse needs of an evolving workforce challenge employers to explore modifying their plan design to address these concerns and opportunities, now and in the future.

Leveraging data from more than 28,000 DC plans and 25 million active participants, Fidelity's new report aims to equip plan sponsors, advisors, and consultants with the insights they need to deliver competitive, high-quality plans to today's workforce.





11 trends shaping the future of plan design

01

The employer focus is shifting from increasing plan participation to **driving deeper engagement**.

02

Employees are saving more and strategically **maximizing employer match** contributions, signaling a shift toward smarter retirement planning behaviors.

03

Retirement plans are increasingly leveraged as vehicles to cover day-to-day and **emergency expenses**.

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SECURE2.0 Act is changing how people **use retirement savings for short-term expenses**.

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Interest in **retirement income** solutions is rising as 1 out of 4 employees nears retirement.

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Investment menus are shifting to help participants navigate economic uncertainty and have more choice.

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Target date funds are dominating lineups and continuing to evolve with innovation in the marketplace.

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Economies of scale are leading more plan sponsors to consider **collective investment trusts**.

09

Plans increasingly offer **managed accounts**, and participants report a variety of benefits beyond investment management.

10

More **defined benefit plan sponsors** are consolidating providers and outsourcing investment management to manage complexity and share fiduciary investment risk.

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Integrating benefits with DC plans could drive better outcomes for employers and employees.



TREND #1

The employer focus is shifting from **increasing plan participation** to **driving deeper engagement**.

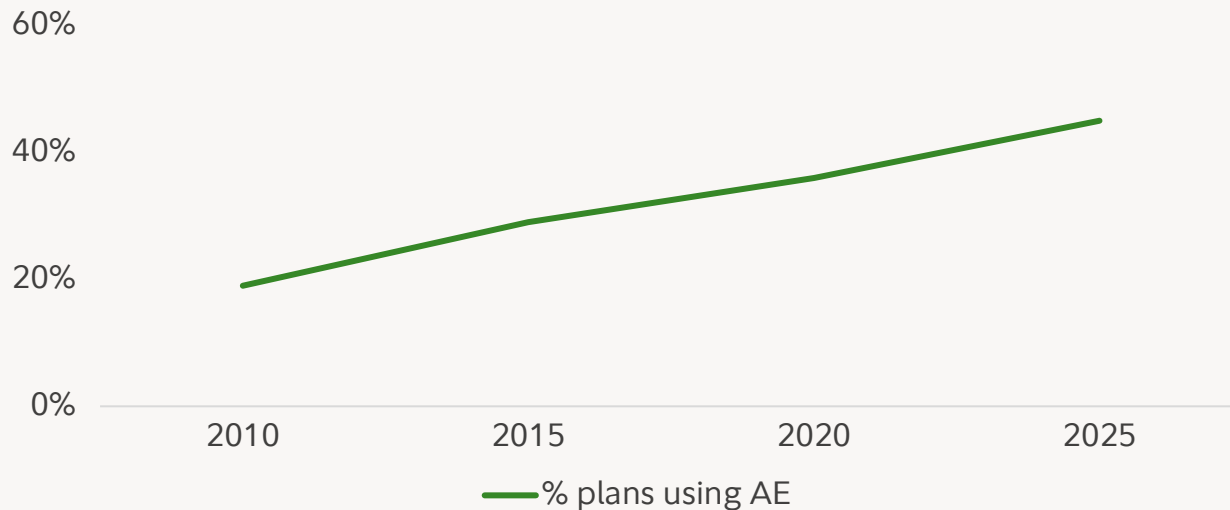
The rise in employee participation and improved retirement readiness outcomes is largely due to automatic features. Today, nearly half of plans utilize automatic enrollment (AE),¹ and this figure is expected to increase in the coming years due to new requirements under the SECURE 2.0 Act of 2022. While boosting participation is a worthwhile goal, engagement drives stronger savings habits and powers participants' journey toward retirement readiness.



Growth of auto enrollment (AE) is driving higher plan participation

More plans are adopting AE ¹, and adoption is only expected to grow. Employers without auto solutions should consider optimizing their plan's design to remove friction for employees.

AE eliminates the need for employees to take action to save. Today, **45% of plans include this feature**, representing a 25% increase over the past 15 years.¹



Expect to see these numbers rise in the coming years.
As of 2025, SECURE 2.0 requires new plans to auto enroll employees.

Driving participation without auto enrollment

- **Adopt EasyEnroll***: Among plans without AE, participation rates are 20 percentage points higher for plans that adopt EasyEnroll compared to those that do not.²
- **Use smart plan design:**
 - **Offer 1-time incentives.** Consider offering an enrollment incentive regardless of employees' initial deferral rate.
 - **Consider high first-dollar matches.** Employees are more likely to enroll when matches are easy to understand. For example, offering 100% on the first 4% may drive higher engagement than offering 100% on the first 3% and 50% on the next 2%, with the employer investment remaining the same.¹
 - **Simplify investment options.** When employees feel overwhelmed by investment choices, they may opt out of a decision altogether. Simplify offerings to help make choices clear and accessible.
- **Optimize enrollment communications:**
 - Emphasize access to live support.
 - Provide reminders throughout the year, not just at important moments.

*Fidelity EasyEnroll is a simplified online enrollment process for employer-sponsored retirement plans (like 401(k)s) that lets employees quickly set up contributions and investments in about a minute using pre-set options, making it faster than standard enrollment. It typically offers pre-defined contribution percentages and investments in default funds, with options to adjust later, streamlining getting started with your workplace savings plan through Fidelity NetBenefits.

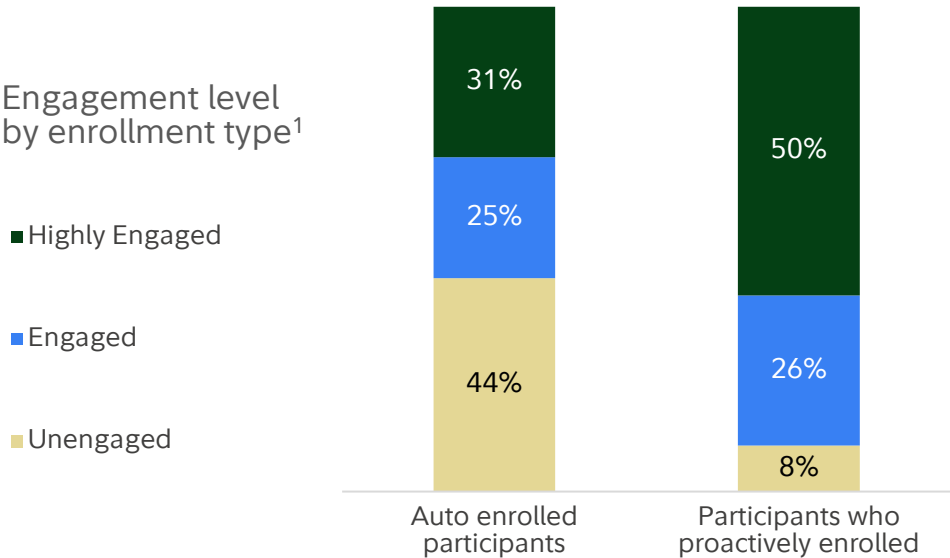
5 1. Fidelity recordkeeping data, auto solutions analysis as of September 2025.

2. "Decoded: Driving workplace retirement plan enrollment without auto enroll," Fidelity Investments®, December 2025.

Pair education with auto solutions for higher participation *and* engagement

Auto features drive long-term savings benefits but may lead to lower engagement. Plans with auto features should consider promoting educational resources that contribute to higher financial confidence and knowledge.

Half of auto-enrolled employees will stay at the default contribution rate when the auto annual increase program (AIP) feature is not enabled.¹ While these employees tend to **engage less with the plan, engagement gradually improves with age and tenure.**¹



Participation is the first step, but *engagement* is the goal.

Employees who engage with their workplace plan exhibit greater retirement readiness and better savings behaviors than those who are not engaged.²



Nearly 60% of Fidelity participants are highly engaged.³



Defining engagement levels

- **Unengaged:** No contact in at least 12 months
- **Engaged:** Basic service and transactions via NetBenefits® or inbound phone contact
- **Highly engaged:** Engagement with financial help via digital and live/virtual education, tools, and planning

1. Fidelity recordkept data, auto solutions analysis as of September 2025.
 2. Fidelity recordkept data, contribution analysis as of September 2025.
 3. Fidelity recordkept data, participant engagement analysis as of September 2025.

What's next for participation and engagement



What's on our radar

- **How auto features impact different groups of employees**

The growing use of auto features raises important questions about their impact across different employee segments. Are certain populations opting out at higher rates, and should that concern employers? Do lower-income earners experience unintended financial strain, influencing cash flow, loan utilization, and overall financial wellness? Understanding these dynamics is critical to balancing participation goals with employee financial health.

- **Engaging the unengaged**

Sometimes participating in a workplace plan may take a backseat to managing short-term financial needs. Supporting this population with relevant education and resources, while encouraging them to engage with other money-saving benefits such as a health savings account (HSA), can help bridge the gap toward future-focused saving.



Potential considerations for your plan

- Employers with auto solutions should focus on supporting the auto enrolled population with an amplified **benefits engagement strategy**, providing timely and relevant nudges that offer access to resources and tools to help employees enhance their financial confidence and knowledge.
- For plans without **automatic features**, focus efforts on:
 - 1-time enrollment incentives;
 - Higher first-dollar matching contributions;
 - Simplified investment menus; and
 - Streamlined options like EasyEnroll.



TREND #2

Employees are saving more and **strategically maximizing employer match contributions**, signaling a shift toward smarter retirement planning behaviors.

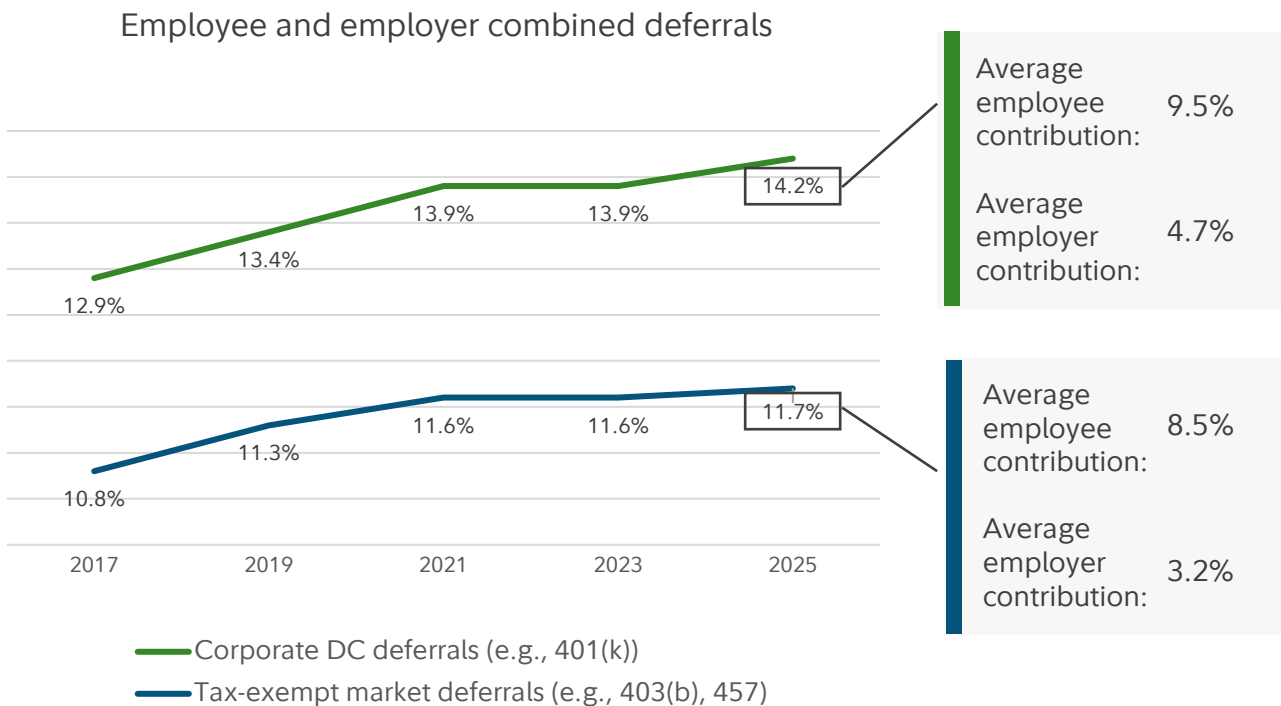
On average, employees are saving at near-record highs, just shy of the 15% suggested rate.¹ Match formulas are a key driver of retirement readiness, with 8 in 10 employees contributing at or above their plan's match threshold.¹



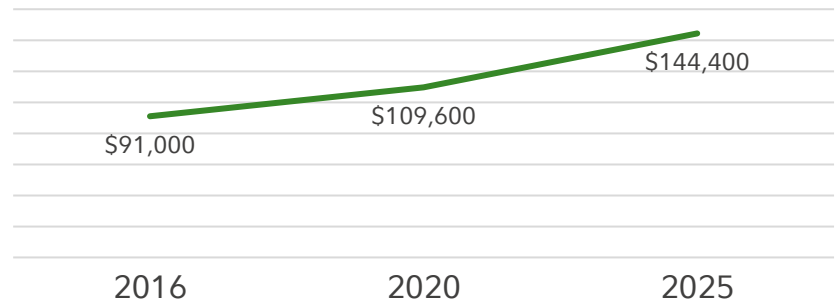
Average contribution rates reach near-record highs

Employees are contributing to their retirement accounts at historic highs, inching closer to the suggested 15% total savings rate.¹

Over the past 10 years, the average contribution rate for 401(k) and 403(b) participants increased from 7.6% to **8.9%**, representing a 17.8% rise.¹



Increased savings and strong market performance are raising 401(k) balances.¹



Average 401(k) balances by gender and generation²

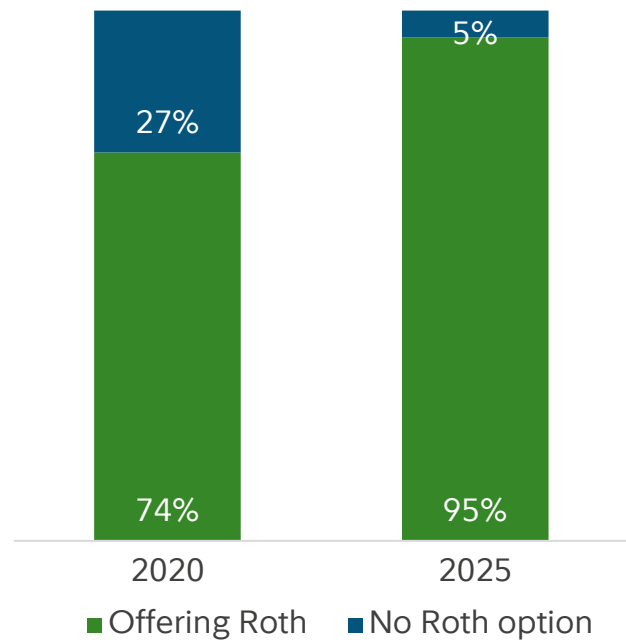
Men:	\$170,900	Gen Z (1997–2012):	\$17,000
Women:	\$117,700	Millennials (1981–96):	\$80,700
		Gen X (1965–80):	\$217,500
		Boomers (1946–64):	\$267,900

1. Fidelity recordkept data, contribution analysis as of September 2025.
 2. Fidelity recordkept data, gender and generation deferral analysis as of June 2025.

Roth adoption is growing across the workforce

Younger employees, highly compensated employees, and highly engaged employees are more likely to adopt Roth. ¹

Nearly 95% of plans now offer a Roth 401(k) option, driven in part by SECURE 2.0 requirements²



Roth adoption is **highest among younger employees and higher-income earners**, with lower-income earners and midcareer employees being most likely to miss out on the long-term tax advantages of Roth contributions. ¹

Average Roth 401(k) adoption rate:¹

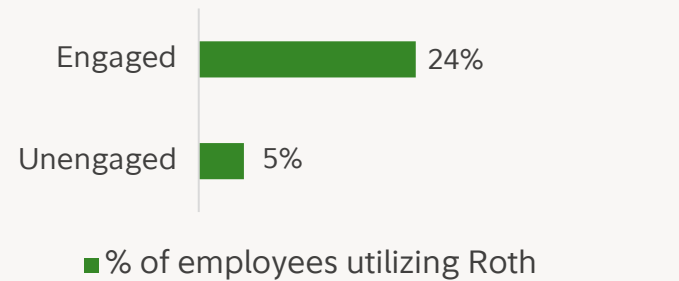
17.5%

Average Roth adoption rate by generation: ²

Gen Z:	20.2%
Millennials:	19.2%
Gen X:	15.5%
Boomers:	13.0%

Employee engagement matters more than age. Highly engaged employees adopt Roth at a higher rate than even Gen Z employees.

Engaged employees are **4.5x more likely** to take advantage of a Roth option than unengaged employees. ¹

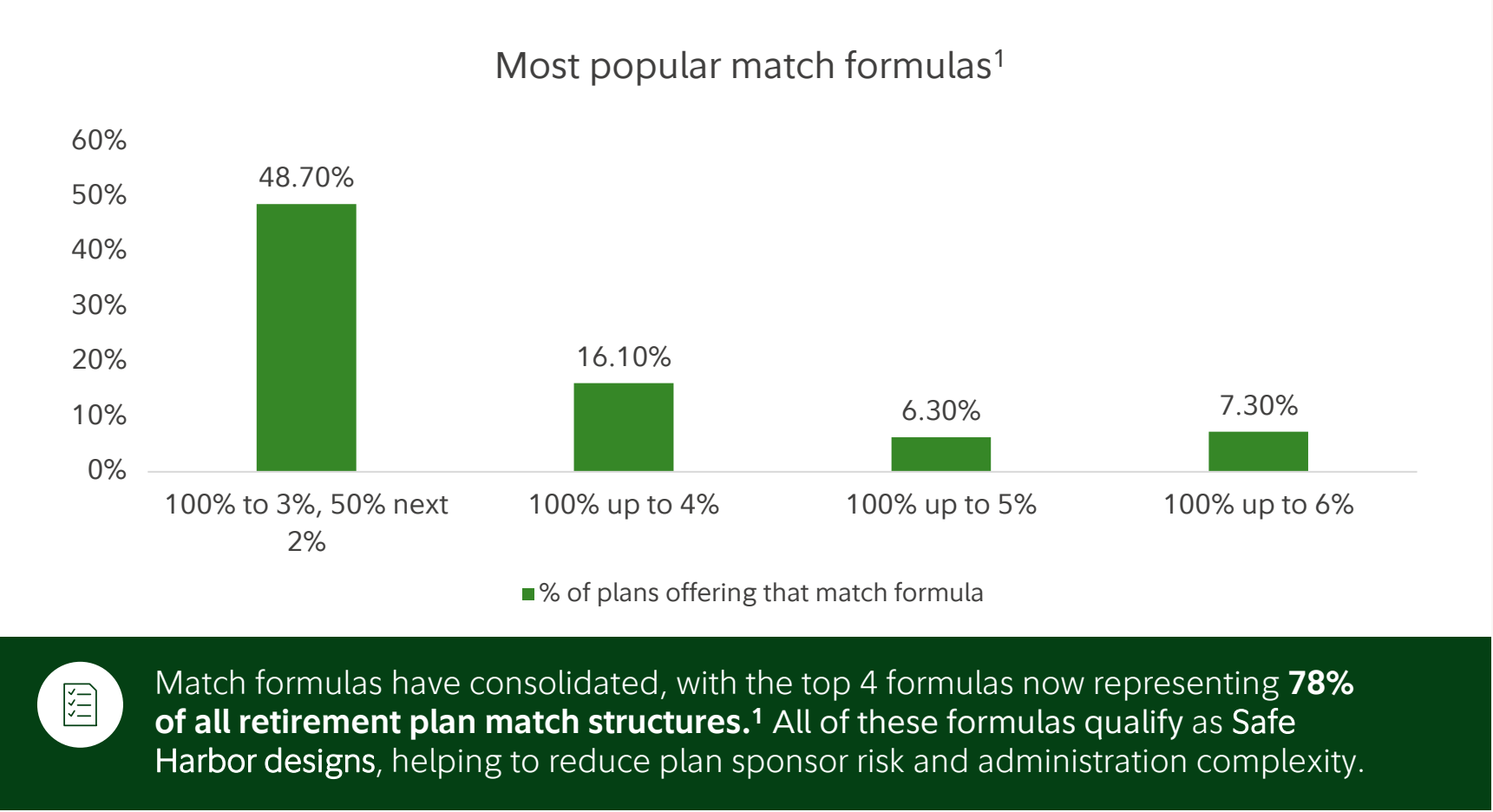


Strategic AE default rates and automatic increase program (AIP) drive greater retirement readiness

Nearly 8 in 10 employees are contributing at or above their plan’s match. ¹

When the AE default rate equals the match ceiling, more than 9 in 10 employees receive the full employer match.¹ For example, if the match is 100% of the first 6%, setting the default rate at 6% ensures most employees maximize the match.

Seventy-two percent of plans offer an AIP, and more than 25% offer auto AIP.² The benefits of AIP extend over time. After 5 years, AIP-enrolled employees have contribution rates nearly 2% higher than those of employees not enrolled in AIP.²



11 1. Fidelity recordkept data, match analysis as of September 2025.
2. Fidelity recordkept data, auto solutions analysis as of September 2025.

What's next for saving and match



What's on our radar

- **Savings gaps**

Average savings figures reflect both extremes—those saving significantly and those saving very little. Such figures don't always represent the typical employee. We monitor for trends and groups outside these averages to ensure they receive attention and support.

- **Gender gap**

While the average contribution rate increases as employees age, there is a persistent pattern of women experiencing a savings gap across all generations.



Potential considerations for your plan

- Help employees maximize their company match benefit by **setting an AE default rate at or beyond the match ceiling** and adopting AIP or auto AIP.
- If incorporating **auto increase into plan design**, it's important to set an appropriate cap to avoid over-saving and potential cash flow challenges. When determining the cap, consider the recommended total savings rate of 15%, which includes employer match contributions. For example, if the employer match is 3%, setting the cap at 12% can help employees reach the 15% target.
- Consider opportunities to modernize benefits offerings by incorporating features that meet current employee needs. **An emergency savings account** can encourage building up short-term savings while promoting overall financial health. Providing a **student debt match** can assist employees who prioritize paying down debt and can do so without fully sacrificing long-term savings.



TREND #3

Retirement plans are increasingly leveraged as vehicles to **cover day-to-day and emergency expenses.**

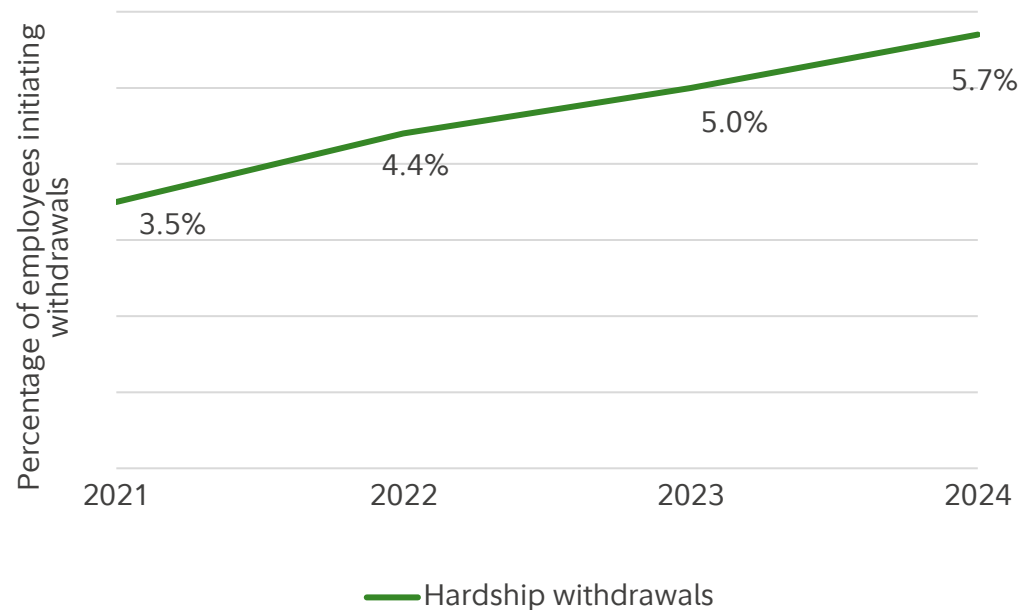
Loan and withdrawal activity highlights a growing tension between short-term financial needs and long-term retirement security. While loans and withdrawals play an important optional role in an individual's financial plan, adequate emergency savings is needed to curb increasing plan leakage.



Early withdrawals continue to rise across DC plans

Employees are most likely to take an early withdrawal to avoid foreclosure or eviction, to cover medical costs, or to pay for education-related expenses. These 3 reasons account for nearly 75% of all hardship withdrawals.¹

Hardship withdrawals have risen over 2% since 2021²



More employees are turning to their retirement plan for liquidity, reinforcing a lack of emergency savings and putting their long-term financial security at risk.

For many employees, hardship withdrawals help avoid high-interest loans or debt. However, **74% of hardship withdrawals amount to less than \$2,000.**¹

Top hardship withdrawal reasons¹



Foreclosure or eviction
Average amount \$2K
Accounts for 43% of hardships



First-time home purchase
Average amount \$17K



Medical Expenses
Average amount \$2K
Accounts for 31% of hardships



Home repairs
Average amount \$4K



Education
Average amount \$3K
Accounts for 11% of hardships



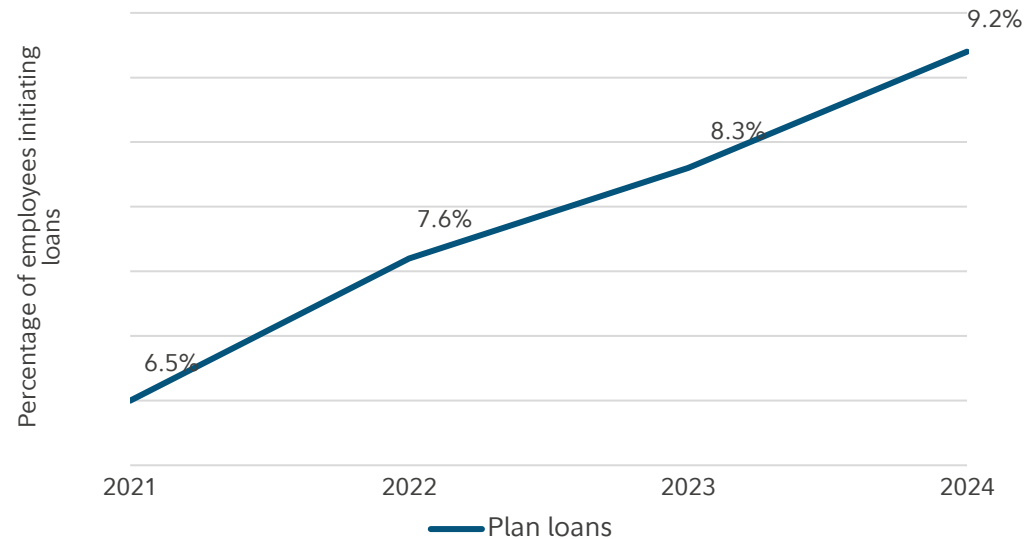
Employees without adequate emergency savings are **5x more likely** to initiate a hardship withdrawal.³

14 1. Fidelity recordkept data, DC hardship withdrawal analysis as of August 2025.
2. Fidelity recordkept data, loan and hardship utilization analysis as of December 2024.
3. 2024 Workplace Wellness Survey, EBRI, <https://www.ebri.org/content/2024-workplace-wellness-survey>.

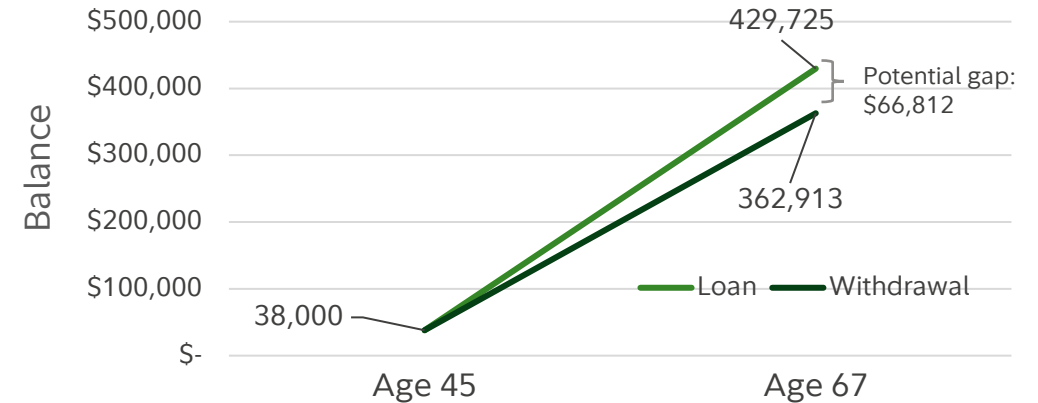
Plan loans are also rising

Loans can minimize long-term ramifications to retirement readiness when repaid, though many employees struggle to repay.

Retirement plan loans are on the rise¹



Long-term impact of taking \$15,000 from a \$38,000 account balance²



Loans can be less harmful to long-term savings when participants repay them. However, employees who are financially strained may struggle to maintain their contributions and repay the loan(s).



Plan loans have risen since 2021, returning to pre-pandemic levels.¹



Employees who initiate loans are 2.6x more likely to decrease or stop their contributions during their repayment period.³

1. Fidelity recordkept data, loan and hardship utilization analysis as of December 2024.

2. In this hypothetical withdrawal scenario, a total of \$23,810 is taken from the account so that 37% (\$8,810) of the withdrawal is set aside for taxes and penalties and the remaining amount (\$15,000) is received, leaving \$14,190 in the remaining balance at age 45. In this hypothetical loan scenario, the loan period is 5 years, starting at age 45, and the loan interest rate is 6.5%. The hypothetical 22-year time frame between ages 45 and 67 assumes an annual income of \$75,000 with a 1.5% increase yearly, a personal rate of return of 4.5%, an employee contribution amount of 5%, and an employer contribution amount of 5%. Both scenarios assume there are no additional loans or withdrawals during the hypothetical 22-year time frame. Your own account may earn more or less than this example, and taxes are due upon withdrawal. Loans are repaid into the retirement account using after-tax money, and that money will be taxed a second time when it's withdrawn again.

3. Fidelity recordkept data, analysis of deferral changes among loan holders as of December 2024.

What's next for liquidity



What's on our radar

- **Why are loans and withdrawals rising overall?**

- Cost of living has outpaced wage growth, particularly for lower- and middle-income workers.
- Post-COVID-19 inflation and the resumption of student loan repayments have stretched household budgets to the breaking point. For many, loans and withdrawals are not just convenience, they're lifelines that help avoid high-interest debt or foreclosure.
- In some cases, loans may even serve as strategic tools for savvy investors to capitalize on other investments that are unavailable in retirement plans.

- **Alternative savings vehicles**

We're continuing to evaluate the effectiveness of alternative savings vehicles in reducing retirement plan leakage. Determining how HSAs and emergency savings are used can offer valuable insights into participant behavior.



Potential considerations for your plan

- Assess and optimize your **total rewards package**. Review the full spectrum of benefits offered to employees and identify opportunities to better support immediate financial needs. Amplify communication around existing benefits to ensure employees understand how to effectively utilize these resources.
- Consider an **emergency savings benefit** to help employees build short-term financial resilience. This could reduce reliance on retirement plan loans and withdrawals, ultimately preserving long-term savings while addressing urgent financial challenges.
- Lean into **participant education** to help your workforce make informed financial decisions. Focus on foundational topics like budgeting and debt management.



TREND #4

SECURE2.0 Act is changing how people **use retirement savings for short-term expenses.**

SECURE 2.0 provisions, particularly those enabling penalty-free withdrawals for specific circumstances, are introducing new cash flow solutions. Early adoption patterns suggest a shift toward managing short-term needs, underscoring a growing demand for adaptable financial strategies within retirement frameworks.



SECURE 2.0 withdrawals show no significant rise in plan leakage yet

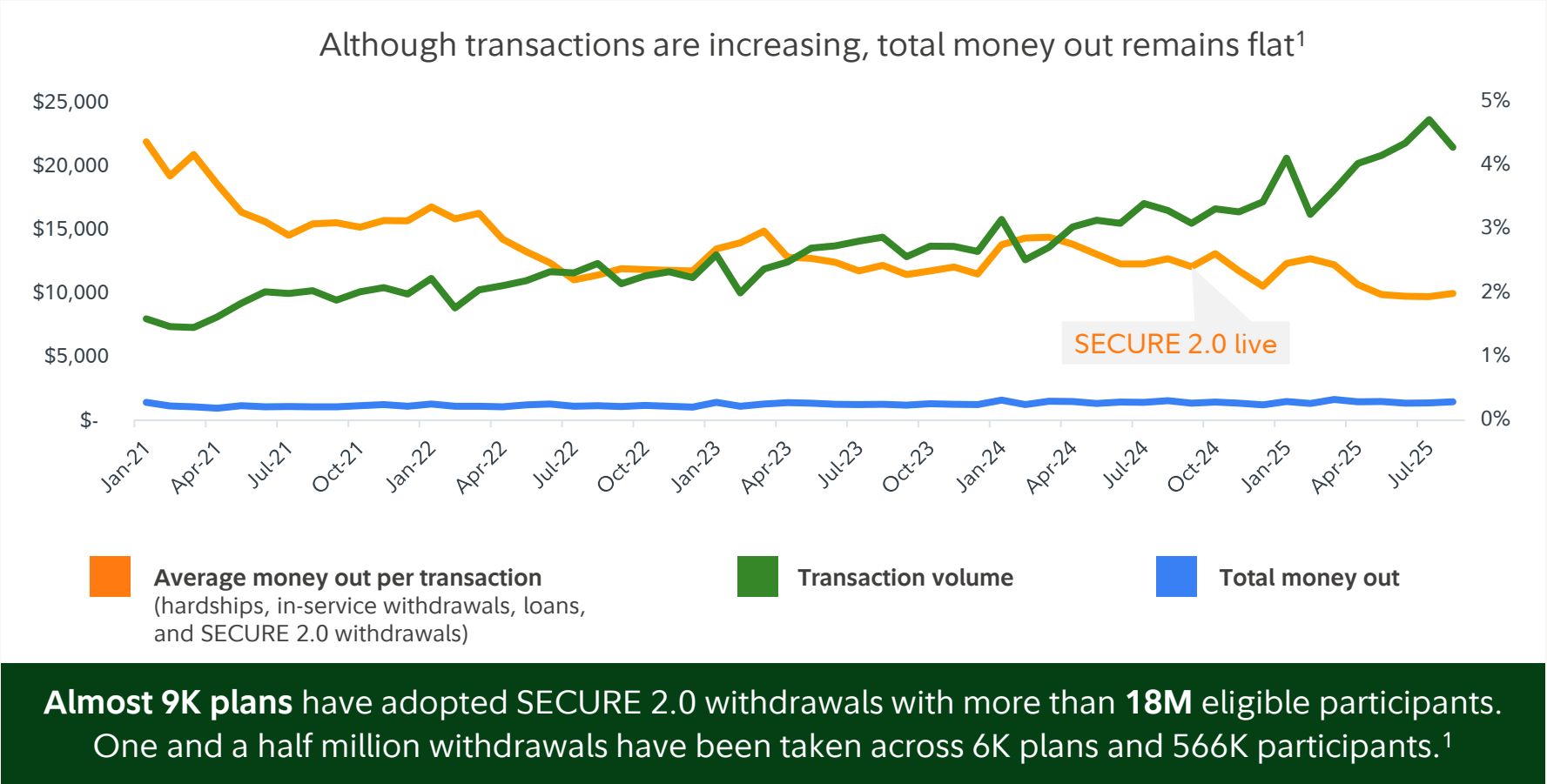
Despite new withdrawal options, money out remains flat.¹

Plans adopting withdrawal provisions are seeing an increase in transaction volume, however, the average amount per transaction is trending downward, **keeping the money-out ratio flat.**¹

In 2025, SECURE 2.0 transactions accounted for

9%

of total money out transactions.¹



The chart does not include amounts repaid to accounts after a SECURE2.0 withdrawal. The action of repaying the withdrawal helps build account balances and reinforces saving habits. Simplicity of self-certification may contribute to employees taking smaller withdrawals because they can access more funds later if needed.

Of Secure 2.0 withdrawals taken, 81% of participants have initiated only 1 type of transaction (~566,000), 7.7% of participants have initiated 2 types, and 1.5% more than 2 types.

1. Fidelity recordkept data, SECURE 2.0 withdrawal analysis as of August 2025.

SECURE 2.0 withdrawals offer various cash flow solutions

Withdrawal trends reveal cash-flow needs for multiple purposes.¹

Emergency expense withdrawal

Eight in 10 employees request the maximum allowed of \$1,000; 42% of those go on to request a hardship withdrawal within a week, with the average withdrawal amount of \$1,000.²

While employees have 3 years to replenish the emergency withdrawal, **70% replenish the full amount within 2 months.**¹



Adopted by **56% of plans**⁴

Qualified disaster distributions

Participants are taking qualified disaster distributions (QDD) that are **3x higher than the average FEMA disaster hardship** withdrawal.

However, **QDDs allow participants to repay** the withdrawal amount up to 3 years following the transaction.



Adopted by **76% of plans**⁴

Domestic abuse

Across new SECURE 2.0 options, the domestic abuse withdrawal has the **highest transaction rate.**¹

This option has a **3.6% transaction rate**, with multiple transactions per employee.³



Adopted by **75% of plans**⁴

1. Fidelity recordkeeper data, SECURE 2.0 withdrawal analysis as of August 2025.
2. Exhausting an available secure emergency expense withdrawal is a prerequisite to having a hardship withdrawal available.
3. Transaction rate is total transactions divided by total number of plan participants with assets. As of August 2025, there were 66,000 withdrawals by 3,500 plans and 174,000 participants.
4. SECURE withdrawal adoption rates as of August 2025.

What's next for optional SECURE 2.0 withdrawals



What's on our radar

- **Participant utilization**

As more plans adopt SECURE 2.0 withdrawals, employees will become more aware of their availability. Fidelity is monitoring the frequency and size of withdrawals, as well as how the money is used (e.g., emergency expenses or other financial needs). Understanding withdrawal patterns will provide critical insights into participant behavior, inform plan design decisions, and help assess whether these provisions are meeting their intended goal of improving liquidity without compromising long-term retirement security.

- **Plan sponsor caution**

Plan sponsors remain cautious about self-certification requirements, including how self-certification may, over time, drive utilization rates, increase access to cash, and potentially accelerate account liquidation. Employers' concerns highlight the need for a balanced approach that safeguards long-term retirement security while meeting the evolving financial needs of employees.



Potential considerations for your plan

- While some plan sponsors express concerns about adding more withdrawal options, many of the SECURE 2.0 provisions include a **repayment feature**, unlike traditional hardship withdrawals. Repayment allows employees to pay for immediate financial needs while preserving the ability to restore their retirement savings, helping maintain long-term goals while reinforcing savings habits.*

**As of this writing, the IRS has not yet clarified whether the SECURE 2.0 withdrawal provisions are treated as protected benefits under IRS rules.*

Absent such guidance, it remains uncertain whether plan sponsors will retain the ability to amend their plans to eliminate these withdrawal features after adoption, in contrast to hardship withdrawals, which are not generally treated as protected benefits.



TREND #5

Interest in retirement income solutions rising as **1 out of 4 employees** nears retirement.¹

With 5 generations in the workforce, it's important for plans to consider how they'll meet the changing needs of employees toward the end of their careers. This moment also marks a significant shift: It is the first generation to enter retirement relying primarily on their DC plan.

These shifts underscore the importance of designing and offering solutions that meet the needs of not only an evolving workforce but also retirees who face challenges that are different than previous generations.



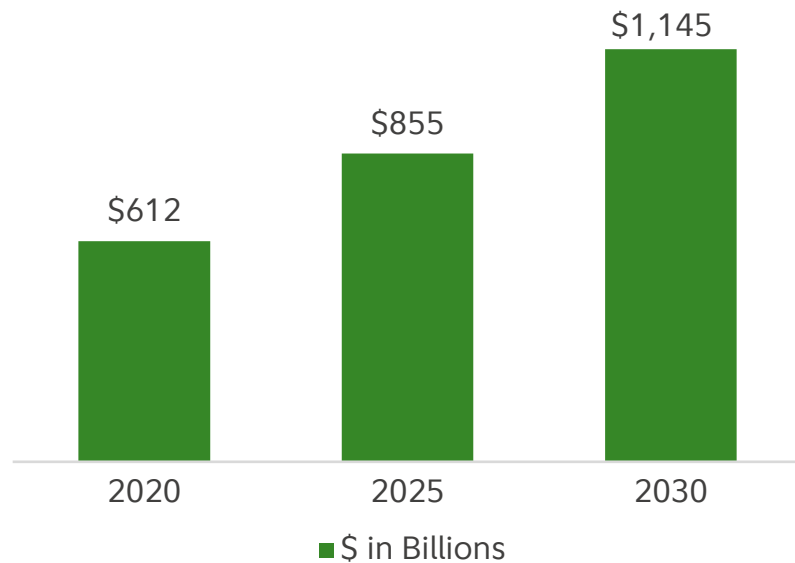
1. US Census Bureau, "U.S. Workforce is Aging, Especially in Some Firms," December 2025.

Aging workforces compel plans to evolve

A growing number of retirees need more help creating income streams.

Nearly one-quarter of the US workforce is comprised of workers aged 55 and over,¹ and this represents the first group that will retire while relying primarily on their DC plan. As a result, pre-retirees say they want more assistance in converting DC balances into income.

Rollovers from retirement plans to IRAs are expected to increase 34% by 2030²

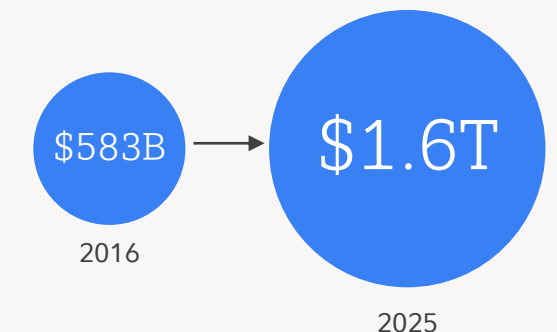


Designing workplace retirement plans to support lifetime income can help create retirement security while also helping improve overall plan efficiency.

Employers have opportunities to adapt their offerings to **include in-plan income-generating solutions**, helping protect aging employees from market volatility and longevity risk.

Retaining assets in-plan can help **maintain economies of scale** for employers, which may result in reduced recordkeeping fees and make lower-cost investment options more viable.

Assets held in-plan by pre-retirees and retirees have nearly tripled over the past decade³



1. U.S Bureau of Labor Statistics, <https://www.bls.gov/emp/tables/civilian-labor-force-summary.htm>

2. "Capturing the IRA rollover market," LIMRA, <https://www.limra.com/en/research/research-abstracts-public/2025/capturing-the-ira-rollover-market/>. Years 2025 and 2030 are projections.

3. Fidelity recordkept data, internal analysis of balances of participants ages 55+ as of September 2016 and September 2025.

More plan sponsors seek retirement income options

Employers can retain plan assets while strengthening their workforce’s retirement confidence.

81% of plan sponsors prefer to give retirees the flexibility to stay in the plan and withdraw assets throughout retirement¹

Plan sponsors must determine what solutions would be effective for their active workforce while supporting those approaching retirement.

47% of pre-retirees want guidance converting savings to income,² but most employers do not currently offer income-stream solutions

This suggests an opportunity for employers to consider new in-plan solutions that may help retain plan assets.

Solutions plan sponsors feel are relevant to their retirement plan¹



53%

Retirement
income
products



49%

HSAs



48%

Managed
accounts



Additionally, employers are increasingly recognizing the value of retirement income products that may provide employees with a **guaranteed income strategy**. These products may offer eligible employees the opportunity to contribute to an income-stream solution during their working years, helping them feel more confident about their retirement security.

What's next for retirement income



What's on our radar

- **Retiree behavior**

Retirement income streams come in many forms—multiple workplace savings plans, personal savings, pensions, Social Security, and passive income investments, among others. While this may make it complex to track decumulation trends, it reinforces the need to offer a range of retirement income solutions. For participants, it underscores the difficulty of planning across all retirement savings sources.

- **Full retirement age**

In 2026, the full retirement age reaches 67 for everyone born in 1960 or later, reducing benefits for those who claim Social Security benefits early. This change may lead retirees who stop working before age 67 to rely more heavily on workplace savings to bridge the gap until full benefits begin.



Potential considerations for your plan

- Plans that want to **keep retirees in the retirement plan** (as opposed to having retirees roll their assets over into an IRA) may consider various options to support pre-retirees' and retired employees' finances through phased retirement, flexible withdrawal options, and in-plan income solutions.
- Evaluate a **broad spectrum of solutions** to support those nearing—or living in—retirement, because one size may not fit all. Consider:
 - HSAs as an alternative tax-advantaged way to save for retirement;
 - Retirement income products designed to help participants generate income in retirement;
 - Managed accounts to help provide personalized investment management and planning during a critical transition period; or
 - Guaranteed income solutions designed to help employees access a steady income stream during retirement years.



TREND #6

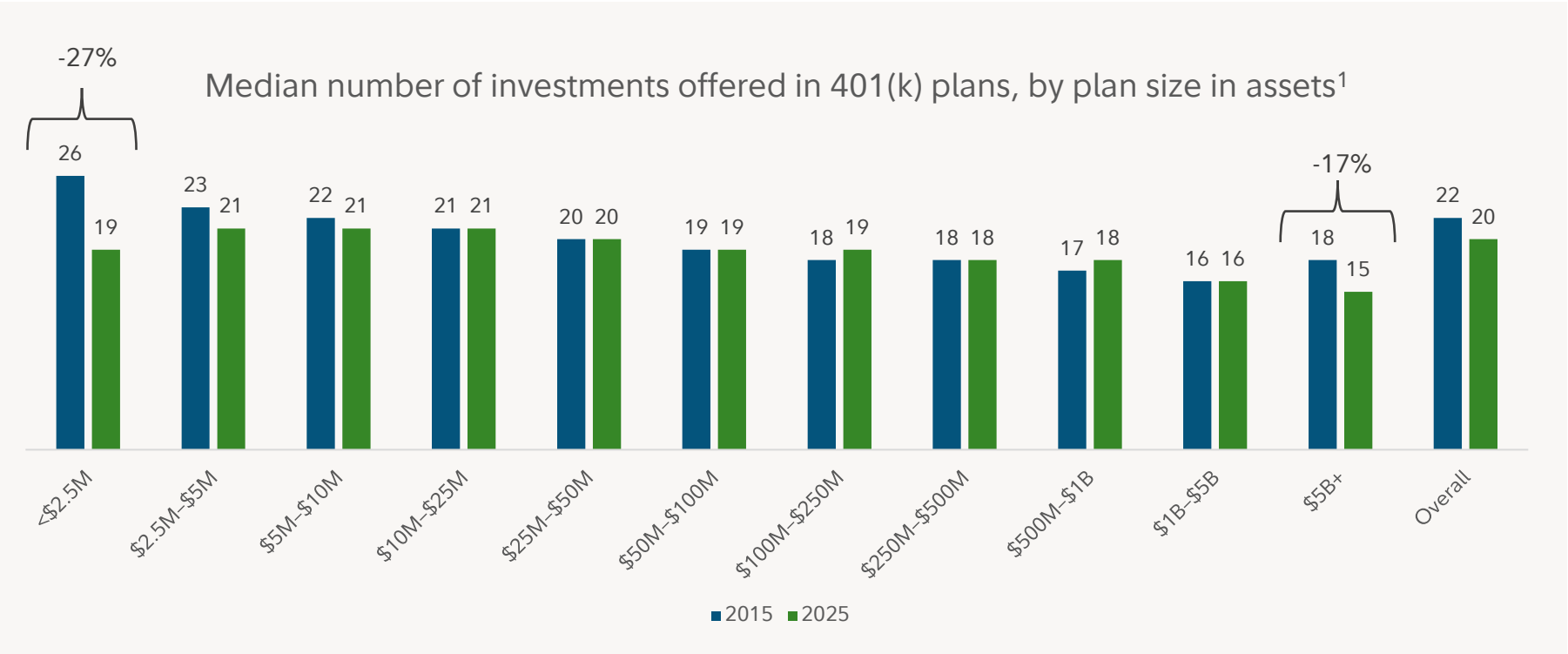
Investment menus are shifting to help participants navigate economic uncertainty and have more choice.

Although some plan sponsors simplified their investment lineups over the past decade, others are changing their investment menus to help participants navigate higher inflation and market volatility. Additionally, some sponsors are modifying their plan lineups to provide access to additional asset classes or investment options that enable greater personalization.



Sponsors have been honing their investment plan lineups over the past decade

Since 2015, sponsors simplified their investment lineups by 9% across all 401(k) plans.¹ The smallest and largest of plans made the most reductions, while other plans kept the number of offerings relatively flat.



Simplification drivers:

- 1 Reduced complexity for participants
- 2 Greater adoption of target date funds and self-directed brokerage
- 3 Reduced fiduciary risk
- 4 Reduced oversight complexity
- 5 Economies of scale



However, **27%** of plan sponsors state that they intend to increase the number of investment options in their lineups in the next 12 months.²

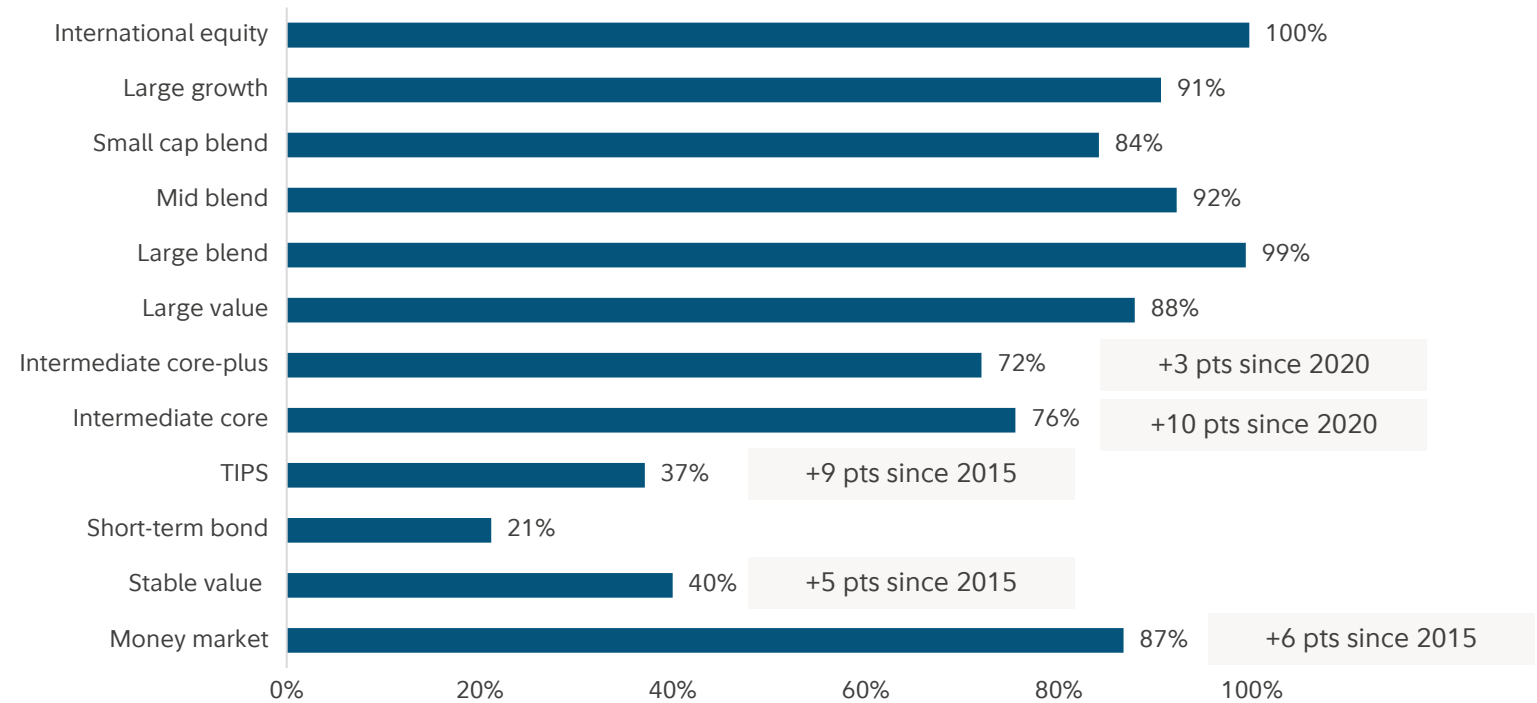
26 1. Fidelity Investments 401(k) data as of June 30, 2025. These figures include the advisor-sold market but exclude the tax-exempt market.
2. 2025 Plan Sponsor Attitudes Study, Fidelity Investments.

Core asset classes targeting key market issues grew the most over the past decade

Sponsors have added Treasury Inflation-Protected Securities (TIPS), stable value, money market, and intermediate core to plan lineups in response to concerns such as inflation, market volatility, and changing interest rates.

Core asset classes offered in 401(k) plans¹

% of 401(k) plans offering select asset classes



Potential explanations for changes:

TIPS

Treasury Inflation-Protected Securities are designed to protect against inflation. Fidelity anticipates an ongoing risk of elevated interest rates and inflation over the next 20 years.²

Intermediate core/core-plus

More sponsors have added these intermediate-term bond funds to their menus to offer participants a mix of active (core-plus) and passive (core) strategies.

Stable value and money market

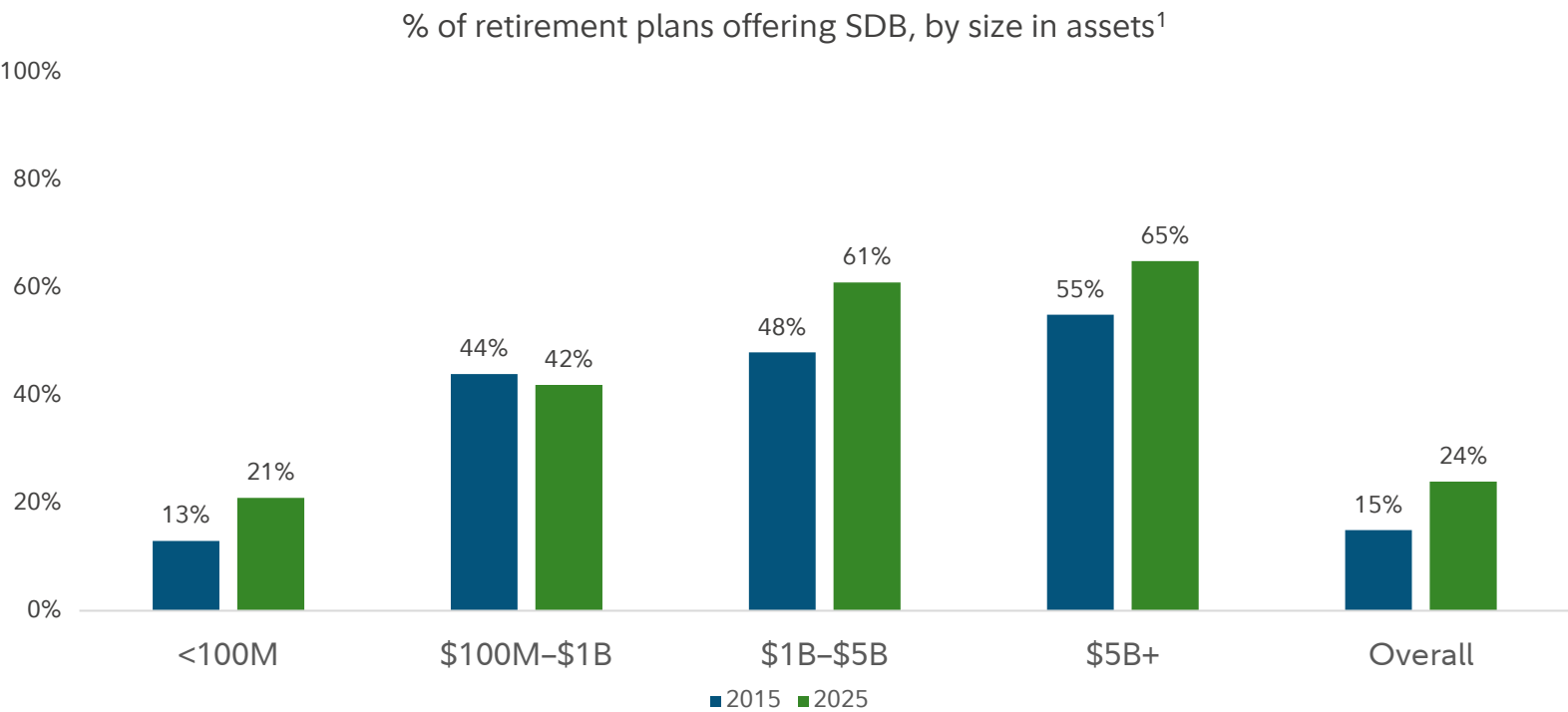
Interest rate volatility has potentially led plan sponsors to reexamine their short-term offerings in recent years.

1. Fidelity Investments 401(k) data as of June 30, 2025. These figures include the advisor-sold market but exclude the tax-exempt market.
 2. Capital market assumptions: A comprehensive global approach for the next 20 years; Fidelity Investments, 2025.
 Notes: In April 2019, Morningstar retired the intermediate-term bond category and introduced 2 new categories: intermediate core bond and intermediate core-plus bond. "Pts" = points (as in percentage points).

Plan sponsors are adopting self-directed brokerage (SDB) to provide greater choice to participants.

As sponsors simplify their plan lineups, some are adding SDB to give interested participants access to a wider selection of investments.

SDB adoption in retirement plans at Fidelity over the past decade



Participants are investing in these areas:²

Common stock
31% of BrokerageLink® assets are invested in **common stock**

Active strategies
66% of BrokerageLink mutual fund assets are invested in **actively managed strategies***

ETFs
24% of BrokerageLink assets are invested in **exchange-traded funds (ETFs)**, which are not typically available in a plan lineup

Digital assets
\$2.6 billion of BrokerageLink assets are invested in **spot bitcoin** and **spot Ethereum** exchange-traded products

All data represented includes the advisor-sold market but excludes the tax-exempt market. All data is specific to Fidelity's proprietary self-directed brokerage offering, Fidelity BrokerageLink.

1. Data provided by Fidelity Workplace Solutions Analytics & Insights as of June 30, 2025.

2. Data provided by Fidelity Financial Operations Self-Directed Brokerage Holdings report as of June 30, 2025.
 *Excludes money market funds. All other mutual funds were classified as either active or index, based on the fund's operational strategy.

What's next for investment plan menus



What's on our radar

- **Expanded options**

Growth in retirement income solutions for retired participants that want to keep assets in their retirement plans.

Access to additional asset classes for broader diversification, such as: real estate, emerging markets, and fixed income strategies.

- **Personalization**

Continued adoption of solutions that enable greater personalization for participants.



Potential considerations for your plan

- Review plan lineups to ensure there are sufficient options to provide both **broad market coverage and high diversification potential** given the changing economic and political environment.
- Evaluate whether plan options offer **greater personalization** for participants, particularly those that are self-directed or invested in workplace managed accounts.
- Identify opportunities to provide **targeted education and communications** to participants who may be a good fit for particular investment offerings, such as retirement income solutions, self-directed brokerage or managed accounts.



TREND #7

Target date funds are dominating lineups and continuing to evolve with innovation in the marketplace.

Participant adoption of target date funds (TDFs) has continued to grow. In fact, 81% of participants had some assets invested in a TDF in 2025 (versus 66% in 2015),¹ making them a critical component of retirement plans for millions of workers. Over the last decade, plan participants have benefited from the diversification attributes and lower cost structure of target date strategies.

1. Fidelity Investments 401(k) data as of June 30, 2025. These figures include the advisor-sold market but exclude the tax-exempt market. Data represent all TDF vehicles (e.g., mutual funds, CITs, separately managed accounts).

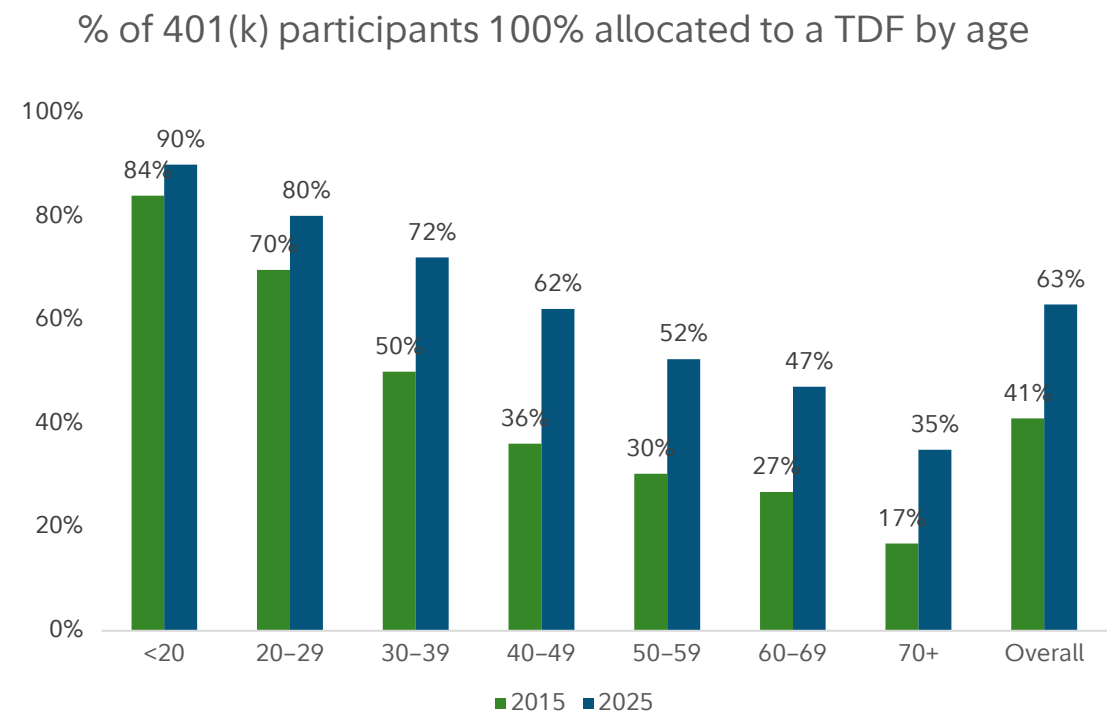


TDFs remain the dominant investment option in 401(k) plans

Ninety-five percent of plans use target date funds as the qualified default investment alternative (QDIA), helping to drive participant adoption and provide age-appropriate levels of diversification.

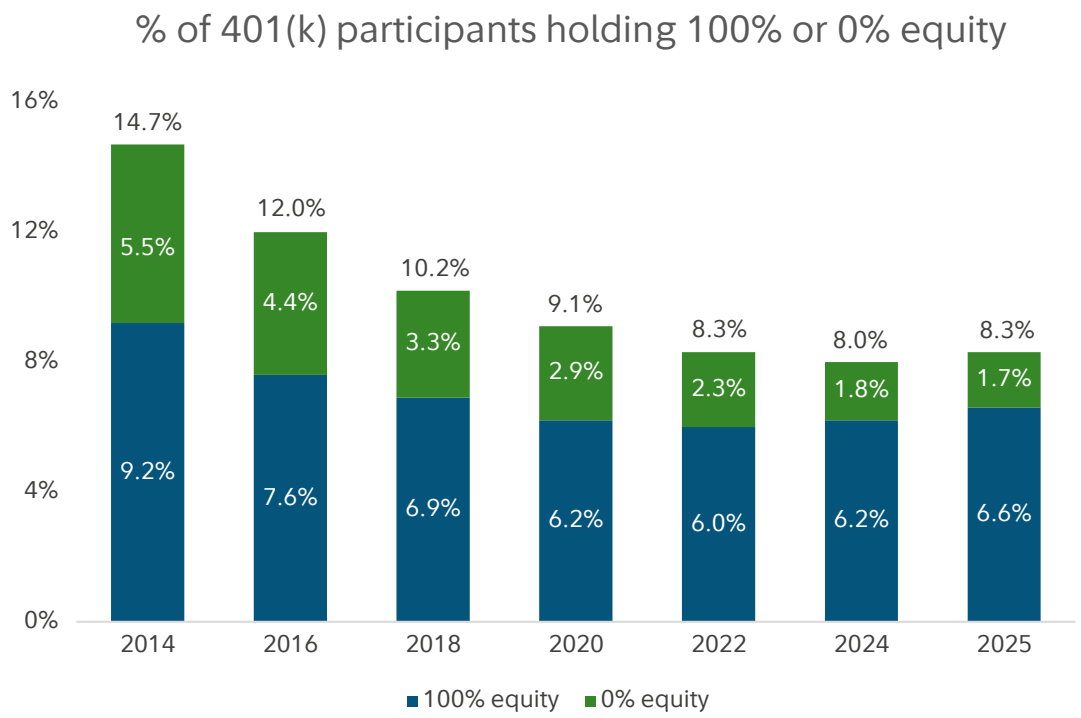
Participant adoption has grown

Participants' 100% reliance on TDFs increased among all age groups over the past 10 years, with the youngest cohorts relying on them significantly.



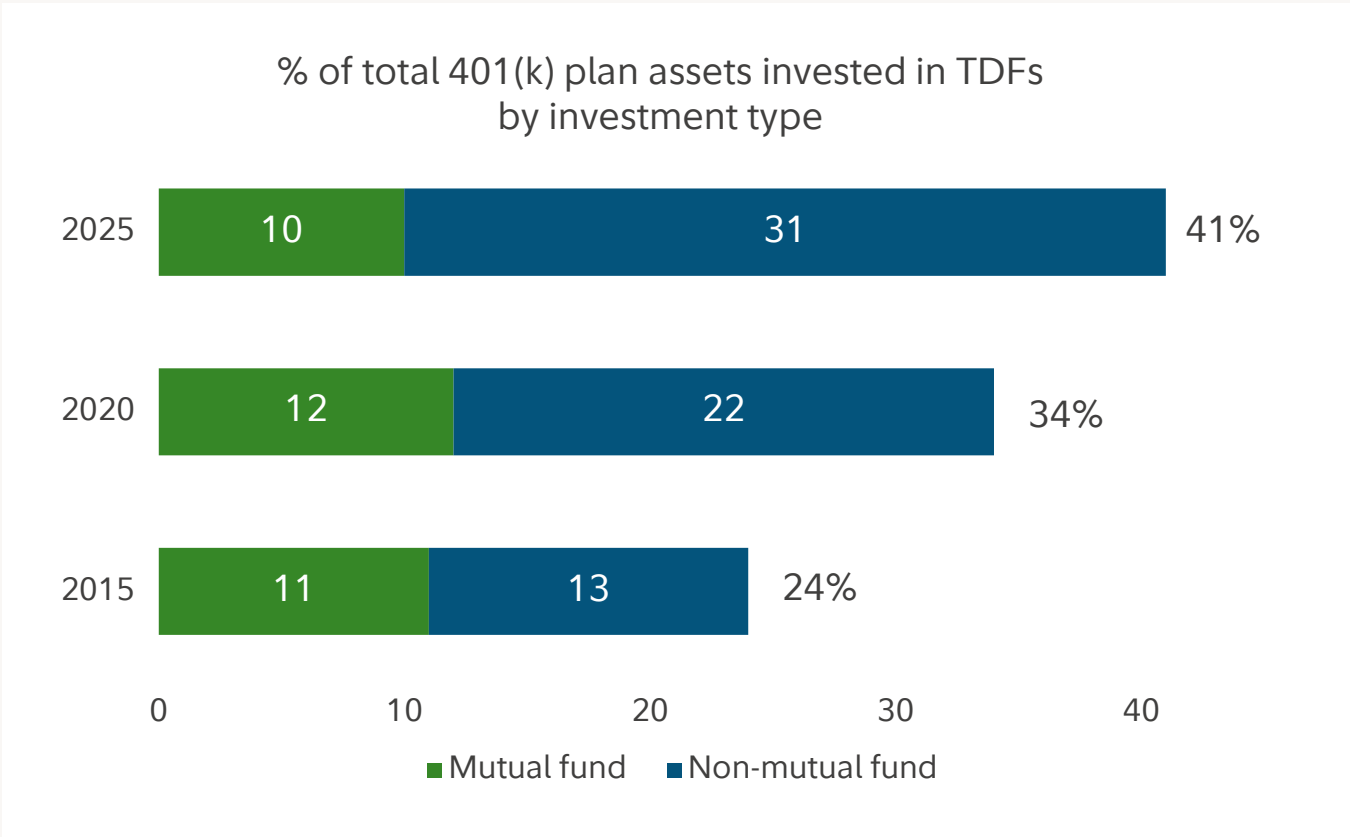
Portfolio diversification has improved

The adoption of TDFs has resulted in more participants having a more diversified portfolio.



Assets in TDFs continue to grow, with the majority held in non-mutual fund vehicles

Target date funds now represent 41% of all 401(k) plan assets (versus 24% in 2015)—and the majority are in non-mutual fund vehicles like CITs (collective investment trusts).



CIT adoption for TDFs

CITs’ **relatively lower costs** make them attractive to some plan sponsors.

Across all **TDF assets** in 401(k) plans, **66% are held in CITs**.

Although the number of overall plans utilizing a target date CIT is just 9% today, **usage varies greatly by plan size**.

Among **plans with \$100M or more in assets**, **47% utilize a CIT for TDFs**. And, 82% of plans with \$5B or more in assets utilize a CIT for TDFs.

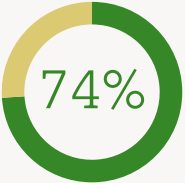
What's next for target date funds



What's on our radar

Active, passive, or blend?

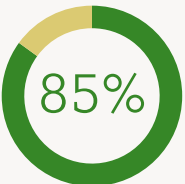
Blend target date strategies may appeal to plan sponsors seeking a balance between the relatively lower costs of an index approach with the potential benefits of active management to help fund additional years of retirement for an aging workforce.



of sponsors would consider using a blended QDIA¹

Guaranteed income

Since 63% of participants are 100% invested in TDFs (and younger generations rely solely on them in even greater numbers),² they could become an instrumental tool in making guaranteed income more accessible to retirees.

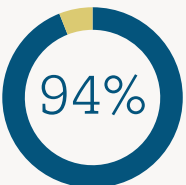


of participants (ages 50 and above) are interested in guaranteed income through a TDF³



Potential considerations for your plan

- Effective participant education can help encourage behaviors that support successful retirement outcomes and enhance the overall experience of a TDF investor. Given the widespread adoption of TDFs, **review your communications strategy to identify opportunities for greater education** on increasing contribution rates, additional ways to save for retirement, and the importance of emergency savings.
- When evaluating your target date provider, ensure they have **robust investment research and portfolio management capabilities** to meet the needs of participants.



of plan sponsors say they consider it very or extremely important for target date managers to have strong education programs for participants⁴

33

1. 2025 Plan Sponsor Attitudes Study, Fidelity Investments.

2. Fidelity Investments 401(k) data as of June 30, 2025. These figures include the advisor-sold market but exclude the tax-exempt market. Data represent all TDF vehicles (e.g., mutual funds, CITs, separately managed accounts).

3. Retirement Income Survey 2025: My Fidelity Connection participant panel. Fidelity Investments, October 2025. Question: "How interested would you be in having the following guaranteed income options available in your 401(k)/403(b)/457(b)?" Survey respondents consisted of 1,162 participants on Fidelity's retirement platform. The participants were ages 50 and above and included both retirees and pre-retirees.

4. 2024 Plan Sponsor Attitudes Study, Fidelity Investments.

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TREND #8

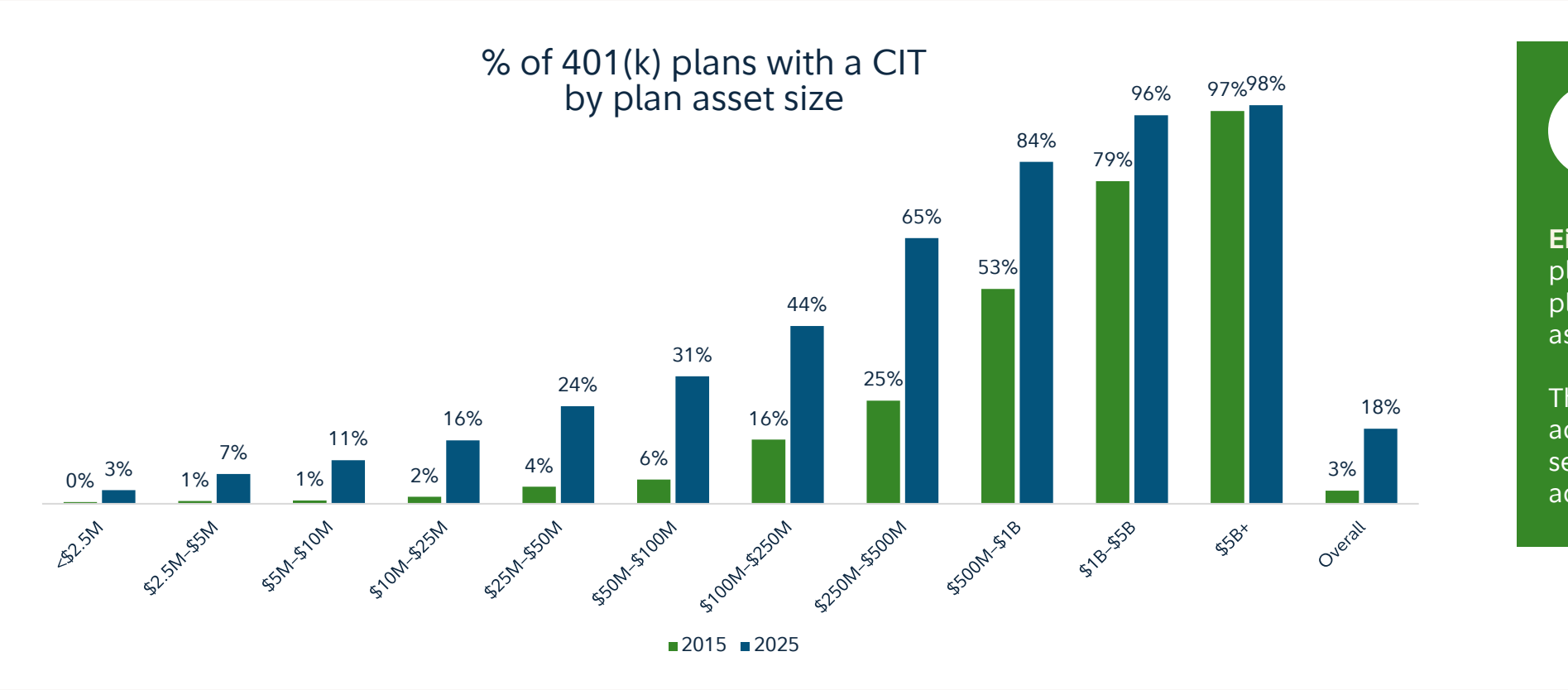
Economies of scale are leading more plan sponsors to consider **collective investment trusts**.

Over the past decade, the industry has seen a rise in the usage of CITs (collective investment trusts) as plan sponsors seek to reduce costs for participants.



Among both larger and smaller retirement plans, CIT adoption continues to grow

Collective investment trusts typically have lower fees than mutual funds, helping to drive adoption. In recent years, some CITs have reduced or eliminated plan asset size restrictions, further driving their growth.



Eighteen percent of all 401(k) plans have a CIT, but 98% of plans with \$5B or more in assets do.

The largest plans were early adopters, but other plans have seen the most growth in adoption.

Collective investment trust adoption is highest for domestic equity and target date asset classes



Investment vehicles by asset class for 401(k) plans with \$100M or more in assets

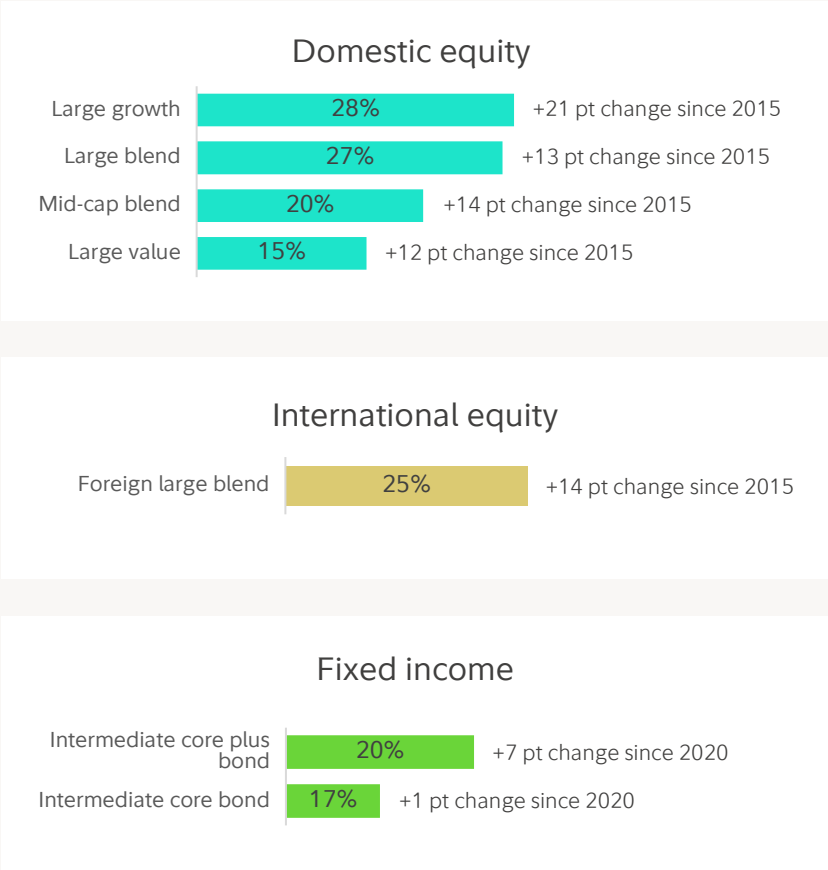
Asset class	CIT		Mutual fund (MF)	
	% of all plans w/CIT in 2025	Change since 2015	% of all plans w/MF in 2025	Change since 2015
Domestic equity	51%	+30 pts	93%	-2 pts
Target date	47%	+23 pts	51%	-19 pts
International equity	32%	+18 pts	89%	-5 pts
Fixed income	31%	+19 pts	89%	-3 pts
Asset allocation	7%	+4 pts	39%	-17 pts
Specialty	4%	+2 pts	36%	+7 pts

Source: Fidelity Investments 401(k) data as of June 30, 2025 for plans with \$100 million or more in assets. The data represents only CITs and excludes other vehicles such as separately managed accounts or mutual funds. These figures include the advisor-sold market but exclude the tax-exempt market. Stable value and money market CITs were excluded from the analysis.
 Notes: In April 2019, Morningstar retired the intermediate-term bond category and introduced 2 new categories: intermediate core bond and intermediate core-plus bond. "Pt" = point (as in percentage points).



Top sub-asset classes

Percentage of 401(k) plans with \$100M or more in assets that had a CIT in 2025

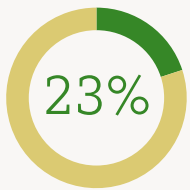


What's next for CITs

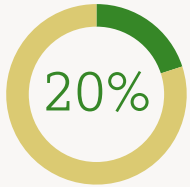


What's on our radar

Continued adoption in DC plans



of DC plans are planning to increase the number of CITs they offer¹



of DC plans are planning to begin offering CITs for the first time¹

Potential adoption in the tax-exempt market

- Pending legislation aims to allow 403(b) plans to use CITs.



Potential considerations for your plan

- Given the potential for lower fees and greater availability to plans of all sizes, **consider whether collective investment trusts would be beneficial** to your retirement plan.
- When considering CITs, be aware that they are regulated differently from mutual funds and there may be less public information about these investments for participants. To increase transparency, it's important that **participants have access to education and information** about these investments through your plan.
- Some CITs may not have a long investment performance track record. **Enhanced due diligence and documentation** may be required.



TREND #9

Plans increasingly offer **managed accounts**, and participants report a variety of benefits beyond investment management.

Forty-five percent of plans now offer workplace managed accounts (WMAs)—a significant increase from the 18% offering them in 2015.¹ Both plan sponsors and participants are recognizing the holistic value of such accounts.

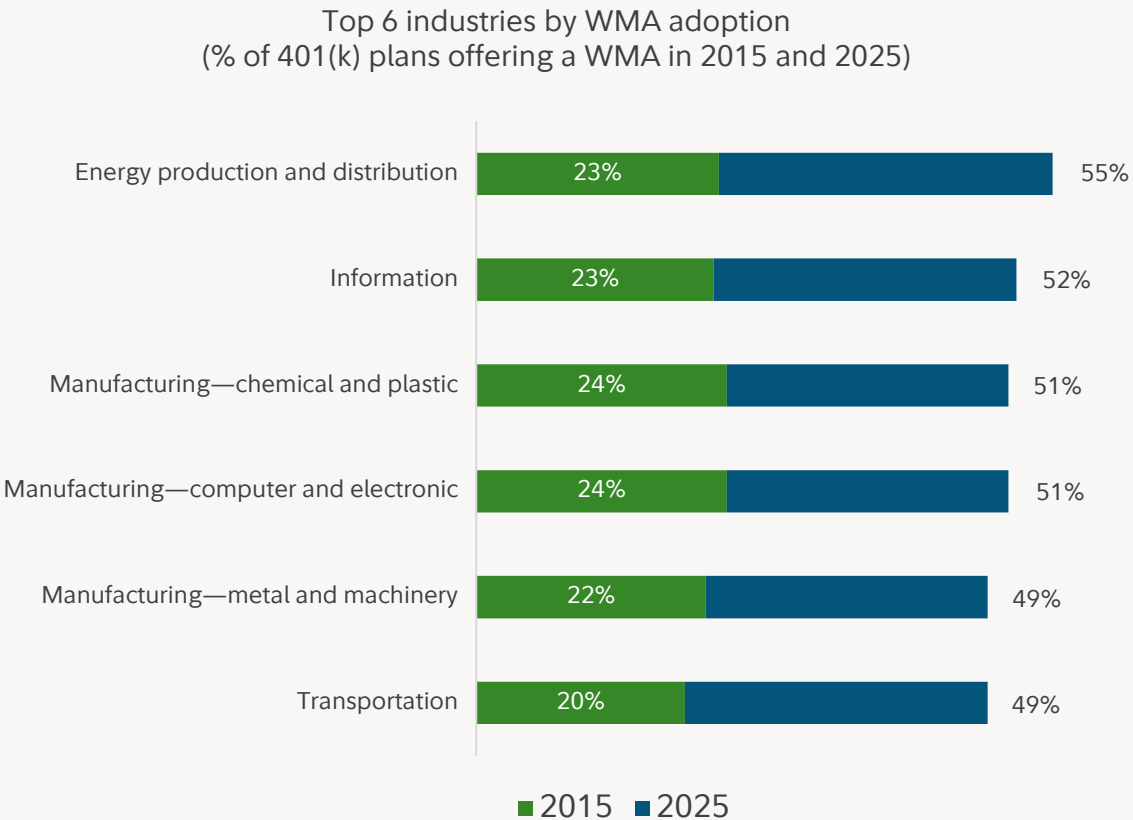
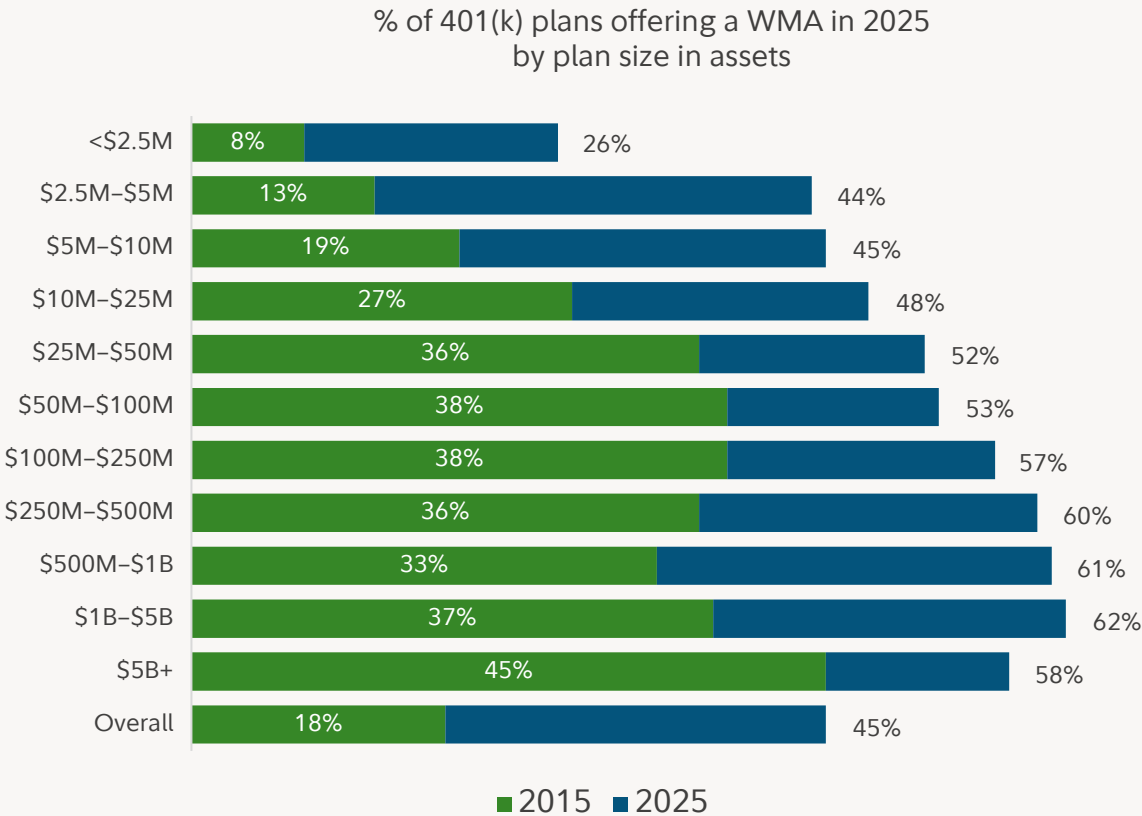
1. Fidelity Investments 401(k) data as of June 30, 2025. These figures include all managed accounts on Fidelity's platform regardless of provider. They include the advisor-sold market but exclude the tax-exempt market.



Nearly half (45%) of all 401(k) plans offer a WMA

Overall adoption is highest among the largest plans, while adoption among smaller plans has increased significantly.

How 401(k) plan adoption of workplace managed accounts has changed in the past decade

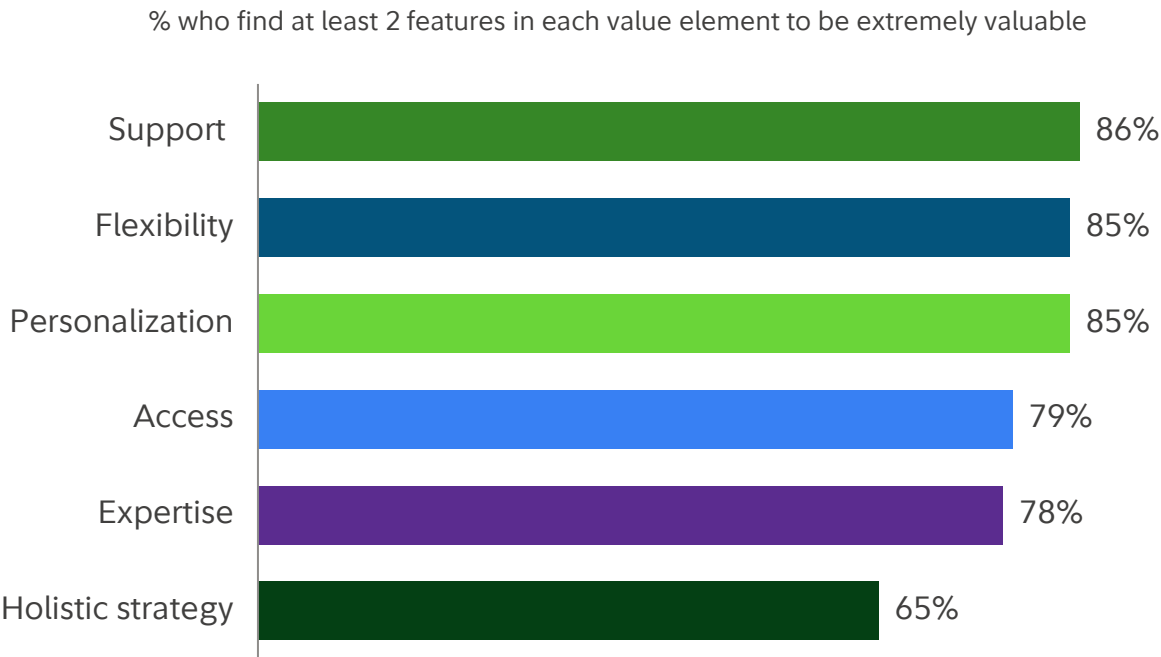




The full value that WMA participants derive extends beyond discretionary management

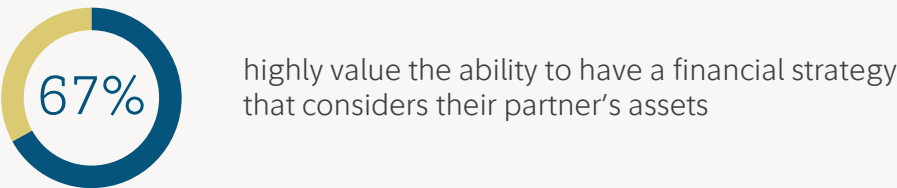
Research of participants in Fidelity’s proprietary WMA suggests that many participants highly value nearly every aspect of their experience, including but not limited to financial results.

Respondents most value the support, flexibility, and personalization their managed account service provides.

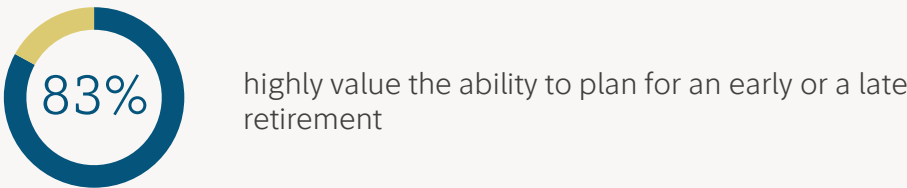


Some cohorts place even more value on certain elements of the WMA experience.

Married and partnered participants **highly value a holistic strategy.**

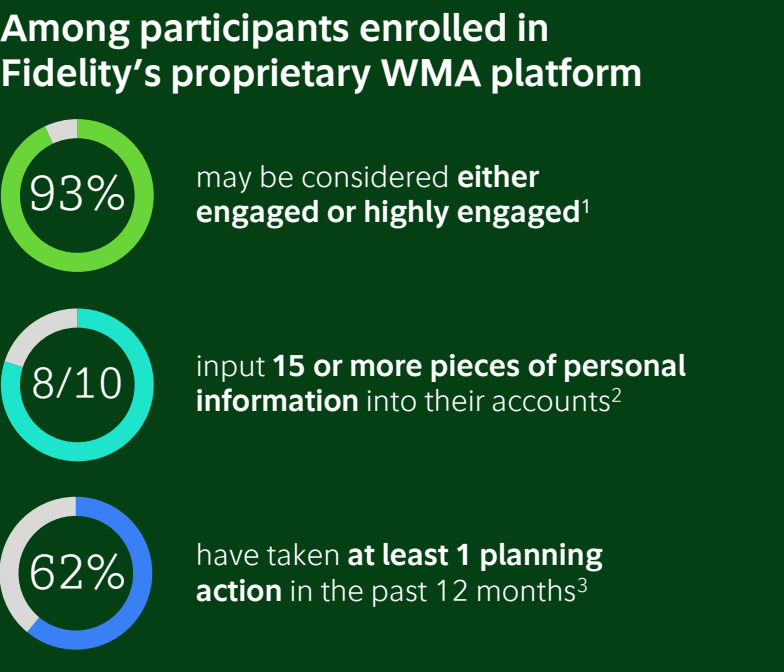


Young respondents (below the age of 35) **highly value personalization.**

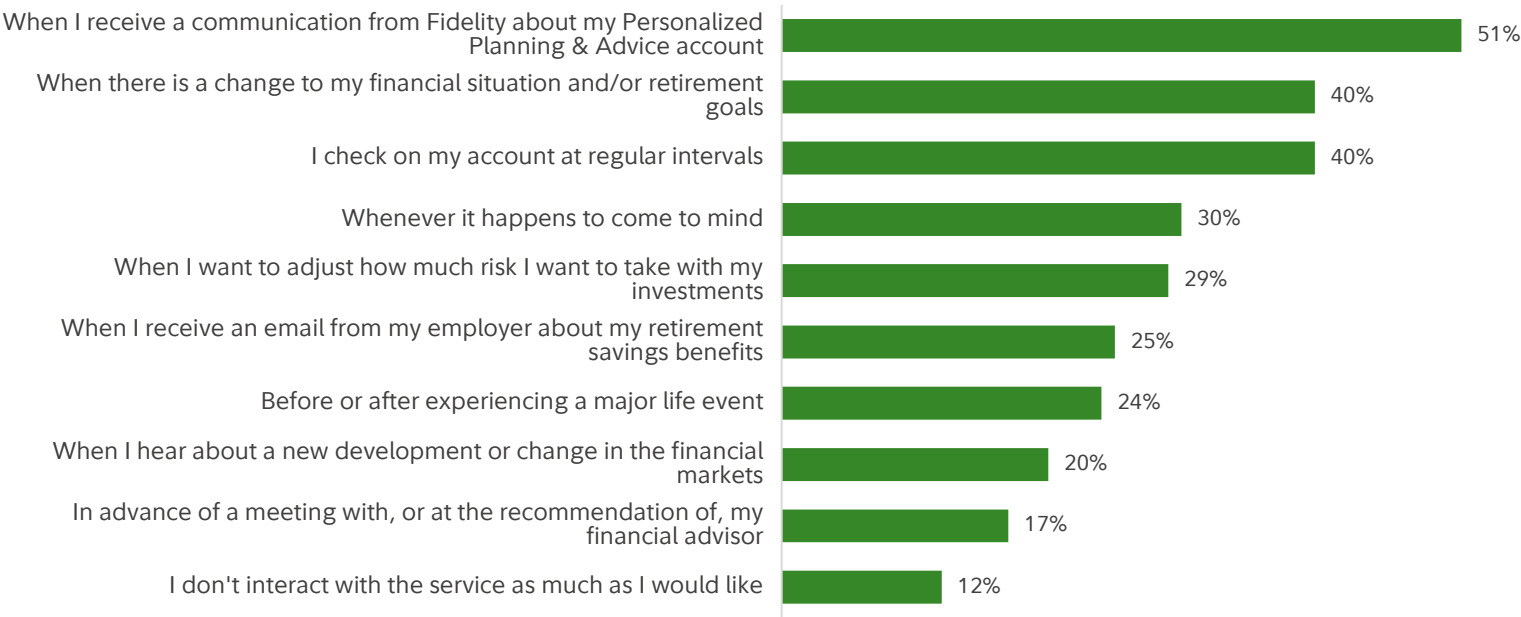


Participants who enroll in a WMA tend to be highly engaged with their retirement planning compared to peers

The majority of participants enrolled in Fidelity’s proprietary WMA solution actively utilize its personalization features. Proactive communications encourage additional engagement among many participants.



When participants tend to interact with their accounts⁴



1. Analysis of participants enrolled in Fidelity’s proprietary workplace managed account solution as of September 30, 2025. Engagement is measured for both active and terminated enrolled participants in corporate DC and TEM plans with a positive balance over a period of the last 12 months. "Engaged" includes 3 tiers: highly engaged, education engaged, and basic-level engaged and are defined as follows. Basic engaged: NetBenefits® or Fidelity.com login; inbound phone call. Education engaged: NetBenefits content views/engagement; advisory dashboard visit; financial wellness topic pages view; live events visit; Learn hub visits; student debt tool visit. Highly engaged: Self-led or rep-led tool completion; phone guidance; onsite 1-on-1 meetings; Fidelity branch visits; workshop attendance; financial wellness assessment completion; IPQ update; journey space interactions; Goal Booster usage.

2. Analysis of participants enrolled in Fidelity’s proprietary workplace managed account solution as of March 31, 2025. Personalization is based on any participant-provided information via the personal profile or other participant-specific data Fidelity has on file—above and beyond age, balance, and estimated retirement age.

3. Analysis of participants enrolled in Fidelity’s proprietary workplace managed account solution as of September 30, 2025. Planning actions may include any of the following: account profile updates, managed account dashboard visits, deferral increases, or planning conversations.

4. Fidelity WMA Enrollee Study, Q1 2025; a survey of 2,305 corporate DC and tax-exempt market participants enrolled in Fidelity’s proprietary workplace managed account offering (excluding those employed by Fidelity).

What's next for WMAs



What's on our radar

- **Enhanced portfolio construction and supplemental lineup:** Expanded fund options for managed accounts, complementing plan sponsor lineups
- **Retirement income:** Deeper integration of decumulation strategies and employer-provided income solutions
- **Advanced participant support:** Targeted planning tools and benefits optimization driving engagement and increased demand for live support
- **Elevated sponsor reporting:** Comprehensive insights into participant engagement and personalization, enabling unique allocations and improved outcomes



Potential considerations for your plan

- **Understand the needs of your workforce:** The specific demographics of your organization may influence the level of interest and the value that participants place in these kinds of offerings.
- **Evaluate against your plan lineup:** Managed account providers will leverage investment options available in your plan lineup. Therefore, you should evaluate the appropriateness of your lineup to support greater personalization.
- **Ensure that you have an effective communication strategy:** It's important to educate participants about the value and trade-offs of a managed account and to raise awareness of the offering, which further helps engage participants.



TREND #10

More **defined benefit plan sponsors** are consolidating providers and outsourcing investment management to manage complexity and share fiduciary investment risk.

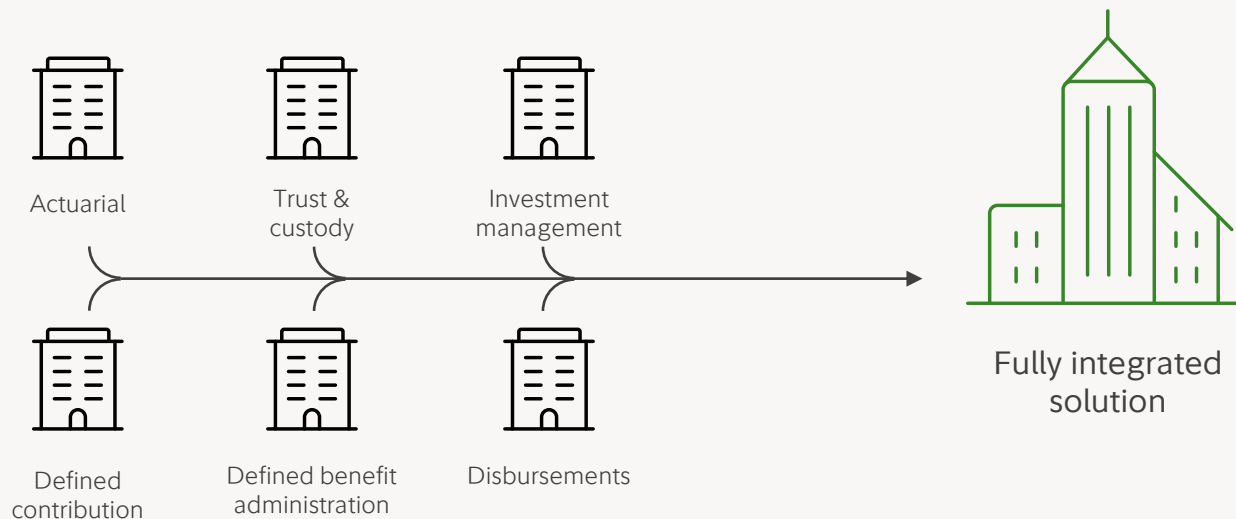
Many US corporate pension plans have seen funding levels materially improve in recent years—putting many plans near or above 100% funded. As sponsors evaluate their future goals and the potential risks for their defined benefit (DB) plans, some are realizing they need to take a different approach, leading to a rise in the outsourced chief investment officer (OCIO) model and the selection of fully integrated providers.



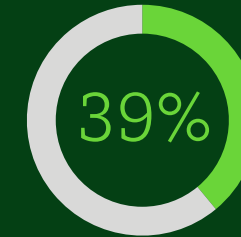
DB plan sponsors increasingly see the value of integration

As finance and HR leaders strive to balance cost control and employee satisfaction, more are realizing the advantages of an integrated approach.

Moving to a single provider with a fully integrated solution can help DB plans reduce complexity, manage risk, and deliver a better experience for employees.



DB plan maintenance requires several parties to manage various aspects of the plan: an actuary, an administrator, investment managers, a trustee, and a custodian. Close coordination across all parties is needed, and often on a daily basis.



of surveyed plan sponsors use a single provider for all DB services¹

Benefits of an integrated provider

To participants:

- One complete, real-time view of benefits, especially when bundled with DC administration
- Seamless journey through life and career stages
- Highest level of benefit calculation accuracy

To plan sponsors:

- Integrated actuarial and investment support
- Bundled administration services
- Simplified management

Corporate DB plans are increasingly adopting an OCIO model

At the end of 2024, OCIO providers managed 37% of total corporate DB plan assets. In 8 out of 10 plans, the OCIO provider has full discretion.¹

Outsourcing investment management is becoming more prevalent as DB plan sponsors seek to:

- **Share fiduciary responsibility** for managing plan investments
- **Better align committee speed and market speed** to ensure timely decision-making
- **Mitigate challenges** with finding in-house talent to manage the investments
- **Simplify plan management**, especially for frozen or closed plans
- **Better utilize resources** by freeing up time of investment committee members

What is an OCIO?

An OCIO is a delegated investment manager—typically for an entire or a sizable portion of an investment portfolio. OCIO is generally hired to serve as a co-fiduciary and manage everything on the investment side: designing the portfolio to meet the institution's objectives, selecting investments, managing risk, and providing ongoing reporting on performance and risk.

US OCIO assets as a % of total corporate DB assets¹



In the next 5 years, US corporate DB assets managed by OCIO providers are estimated to reach \$1.4 trillion (up from \$1.1 trillion in 2024).¹

What's next for defined benefit plans?



What's on our radar

Potential pension renaissance

- There's renewed interest among some plan sponsors to open or start new DB plans.
- Drivers include accelerating retirement savings and achieving significant tax deductions for participants, using surpluses to reduce cash flows by reallocating DC contributions to their overfunded DB plan, and some employee groups seeking the return of pensions.

Continued de-risking

- Given that many plans have recently shifted into a surplus, some sponsors are using this period to evaluate strategies to mitigate volatility, cost, and risk. One approach sponsors are considering is managing pension assets like an insurance company by using investments such as private credit.
- Other options include liability hedging investment strategies, plan design, buy-ins and buyouts of retiree liability, one-time lump sum payments for those over age 59½, and full plan termination.



Potential considerations for your plan

- **Evaluate** whether **using an OCIO or consolidating your DB services** with one provider would be advantageous given the current environment.
- Review your **investment allocation strategy** to help reduce unexpected funded status changes.
- Ensure your **data is "plan termination ready"** by cleaning up data gaps and outstanding issues.
- Consider whether to **establish a new pension plan or open a frozen plan**.
- Keep an eye on the **Strengthening Benefit Plans Act of 2025**. If passed, plan sponsors would have access to surplus assets without requiring plan termination.



TREND #11

Integrating benefits with DC plans could drive better outcomes for employers and employees.

A holistic benefits approach considers employees' full financial story beyond retirement. Integrating benefits through a single provider allows employees to view their benefits all together, while streamlining administration for employers.



Going beyond DC plans

Offering more than a DC plan could drive better outcomes for Fidelity participants and plan sponsors.



Participants with multiple benefits through Fidelity:¹

1

Have healthier retirement savings behaviors with **higher contribution rates** and **higher total savings rates**

2

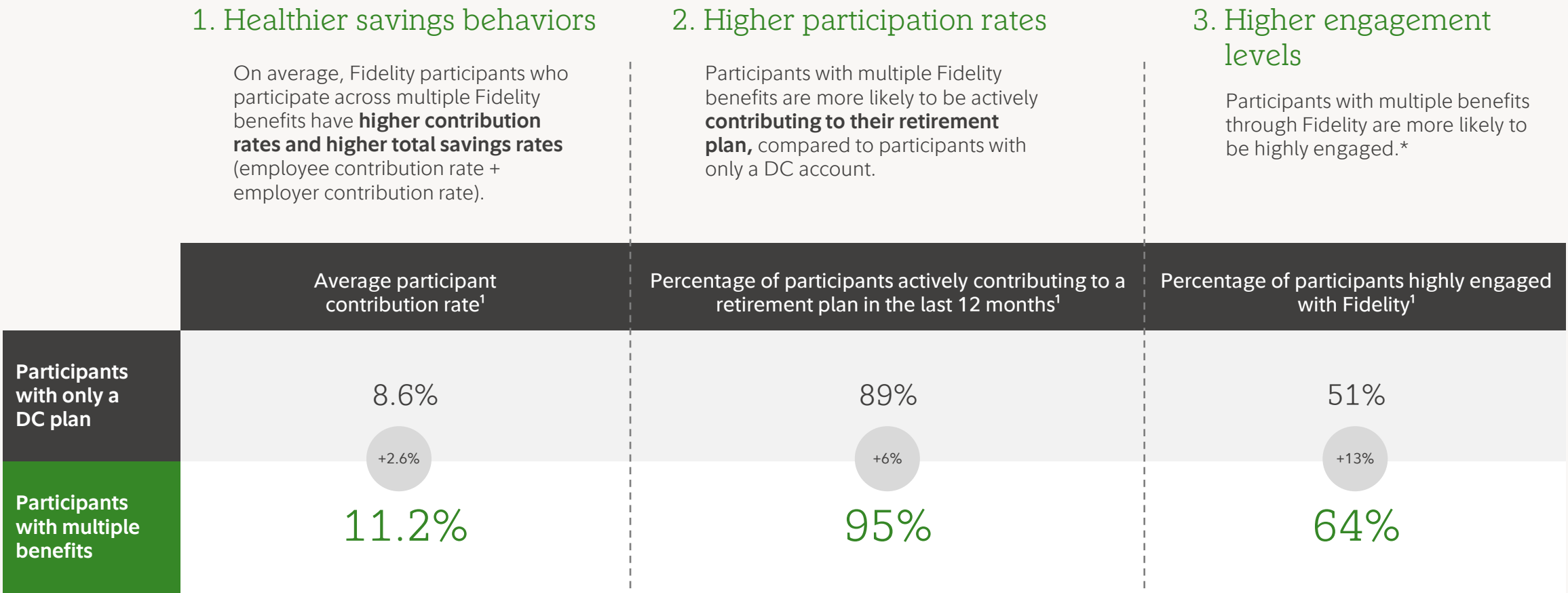
Are more likely to be **actively contributing** to their retirement plan

3

Are **more engaged** with their benefits

Integrated benefits could help drive better participant outcomes

Expanding Fidelity benefits beyond DC plans could result in healthier savings behaviors, higher participation rates, and higher engagement levels.



1. Fidelity recordkept data on 16.9 million participants who utilized a single product DC compared to 4.4 million participants who utilized more than 1 product. Products include DC, HSA, Stock Plan Services, Fidelity Goal BoosterSM (funded account), Student Debt (direct and benefit choice), DB (future benefits or currently in pay), nonqualified plans, health & wellness (Fidelity health benefits clients only), and Executive Services. Data as of June 30, 2025.

* Highly engaged participants engaged with financial help via digital and live/virtual education, tools, and planning within the past year.

Multiple benefits support participants who need the most help

Employees balancing many financial priorities also experience better outcomes.

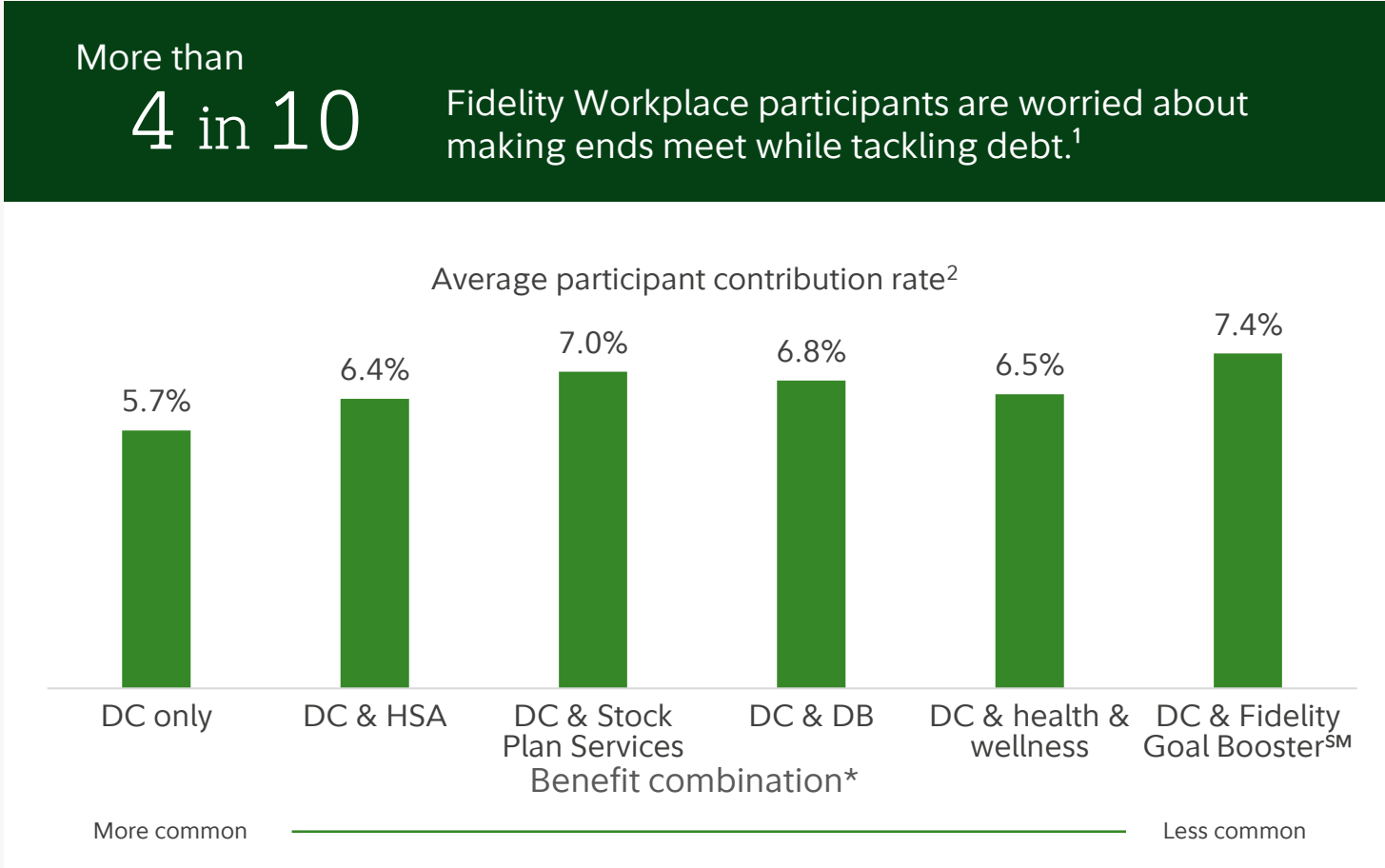
As the cost of living rises, many employers are focused on supporting their most vulnerable employee populations.

- More than 4 in 10 Fidelity participants are worried about making ends meet while tackling debt.
- These employees are balancing goals like paying down debt, building emergency savings, and saving for retirement.

Not surprisingly, this population is the least confident of reaching their financial goals and the least likely to be engaged with their finances.¹ Offering multiple benefits—including ones that can help meet the immediate needs of this employee population—could drive better outcomes.

Providing multiple Fidelity benefits for this population could result in:²

- 1.16x higher average participant contribution rates
- 1.64x higher average DC account balances
- +12% higher proportion of participants highly engaged with Fidelity



1. Fidelity (May 2024) Workplace Participant Research Study among 5,905 DC participants.

2. Fidelity recordkept data on 6.9 million participants who utilized a single product DC compared to 1.08 million participants who utilized more than one product. Products include DC, HSA, Stock Plan Services, Fidelity Goal BoosterSM (funded account), Student Debt (direct and benefit choice), DB (future benefits or currently in pay), nonqualified plans, health & wellness (Fidelity health benefits clients only), and Executive Services. Data as of June 30, 2025.

* Benefit groups are not mutually exclusive.

Multiple benefits support younger workers

Younger workers (those under age 36) are more likely to be highly engaged with Fidelity if they have additional Fidelity benefits.

For younger workers enrolled in multiple Fidelity benefits:



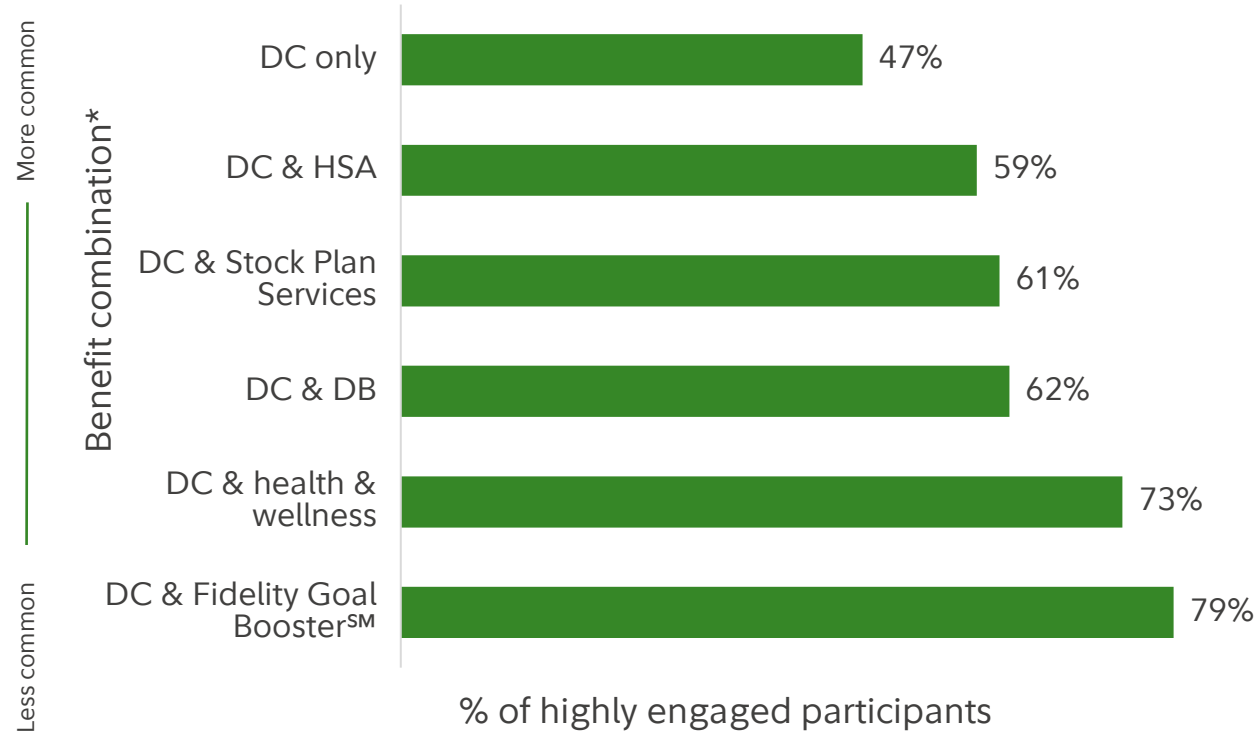
There is a higher proportion of **highly engaged participants**—60% for those enrolled in multiple benefits compared to 47% for DC-only participants.



The **average participant contribution rate is higher** at 9.6%, compared to 7.3%.



The **average DC balance is 2x higher**.



Fidelity recordkept data on 5.8 million participants who utilized a single product DC compared to 1.2 million participants who utilized more than 1 product. Products include DC, HSA, Stock Plan Services, Fidelity Goal BoosterSM (funded account), Student Debt (direct and benefit choice), DB (future benefits or currently in pay), nonqualified plans, health & wellness (Fidelity health benefits clients only), and Executive Services. Data as of June 30, 2025.

* Benefit groups are not mutually exclusive.

Better DC outcomes with more benefits

Employees who use multiple Fidelity benefits tend to be more engaged and have higher contribution rates.

Product count	Percentage of active DC participants	Percentage of participants who are highly engaged	Average participant contribution rate
DC only	80% (16.9M)	50.7%	8.6%
DC + 1 product	17% (3.6M)	62.6%	10.7%
DC + 2 products	3% (665K)	70.6%	13.1%
DC + 3 products	<1% (90K)	79.5%	14.7%
DC + 4 or more products	<1% (29K)	86.2%	16.5%

Fidelity recordkept data on 16.9 million participants who utilized a single product DC compared to 4.4 million participants who utilized more than 1 product. Products include DC, HSA, Stock Plan Services, Fidelity Goal BoosterSM (funded account), Student Debt (direct and benefit choice), DB (future benefits or currently in pay), nonqualified plans, health & wellness (Fidelity health benefits clients only), and Executive Services. Data as of June 30, 2025.
* Percentages add to >100% due to rounding.

An all-in-1 experience



**Everything is
in 1 place**



**Accessible
through a single:**

- Call center
- Service team
- Reporting portal
- Digital experience
- Cybersecurity partner



**Giving you greater accountability,
more consistency, and tighter security,
which can lead to better results¹**

1.3x higher average deferral
and savings rates

2x higher average
DC balances

6.4% higher rate of participants
actively contributing to a DC
plan (in the last 12 months)

Fewer unengaged employees

What's next for integrated benefits



What's on our radar

Identifying the right benefit combination for employees

- While participating in multiple Fidelity benefits could result in better participant outcomes, tailored benefits could support the right employee at the right time.

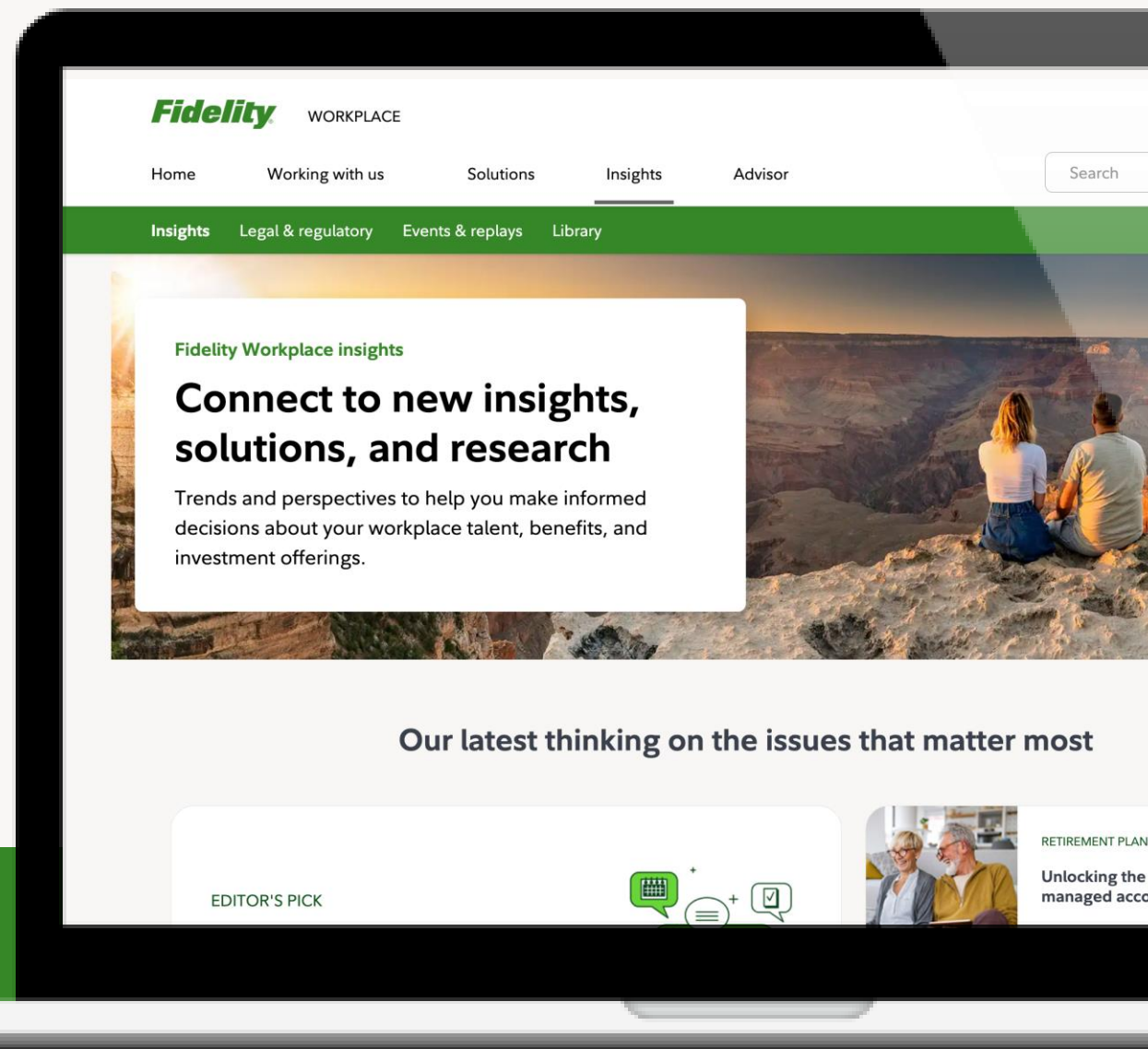


Potential considerations for your plan

Consider a holistic benefits package: providing multiple benefits through Fidelity could allow for greater flexibility to support employees' short-term and long-term financial needs.



Visit the Workplace insights hub for more original research, data-driven insights, and info on the latest industry trends.



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