

# Retirement Times

## 85% of Participants Remained Fully Invested Over a Decade

Target date funds (TDFs) are the most common qualified default investment alternative (QDIA) in 401(k) plans. At year-end 2022, more than two-thirds of participants in the Employee Benefit Research Institute/Investment Company Institute (EBRI/ICI) 401(k) database held TDFs in their account. A recent ICI study suggests most participants appear to buying and holding these funds to or through retirement – consistent with their design – while also shedding light on the investment decisions of those who don't.



ICI researchers tracked approximately 700,000 participants who were invested exclusively in TDFs at year-end 2016 and maintained accounts through year-end 2022. The study examined how their investment decisions changed over that six-year period, offering insights into how and when participants move away from TDFs. Among the findings:

- Of 401(k) participants who were invested solely in TDFs in 2016, 85% remained fully invested in them in 2022.
- Among participants who reduced or eliminated their TDF holdings, those in their 60s were more likely to exit TDFs completely, while younger participants were more likely to reduce — but not exit — their TDF allocations.
- When exiting TDFs, 47% of participants in their 60s increased equity exposure by at least 20 percentage points and 32% decreased it by at least 20 percentage points.

The researchers noted that limiting the analysis to participants who maintained 401(k) accounts throughout the six-year study period reduced the effects of participants and plans entering and leaving the database. They also noted that the data does not capture reallocations made within a calendar year or transfers from one TDF to another when participants remain fully invested in TDFs.

TDFs are investment vehicles designed to provide investors with a retirement savings over time by automatically adjusting the TDF asset allocation mix along the risk spectrum as the investor approaches retirement age. The TDF includes a year (vintage) in its name, which is generally when the investor plans to start redeeming from the TDF, unless it is a retirement vintage designed for those who are retired. Generally, the TDF initially has more exposure to equities early on and more exposure to fixed

income the TDF approaches its target date. A TDF is not guaranteed at any time, including at and after the target date; it does not guarantee sufficient income in retirement.

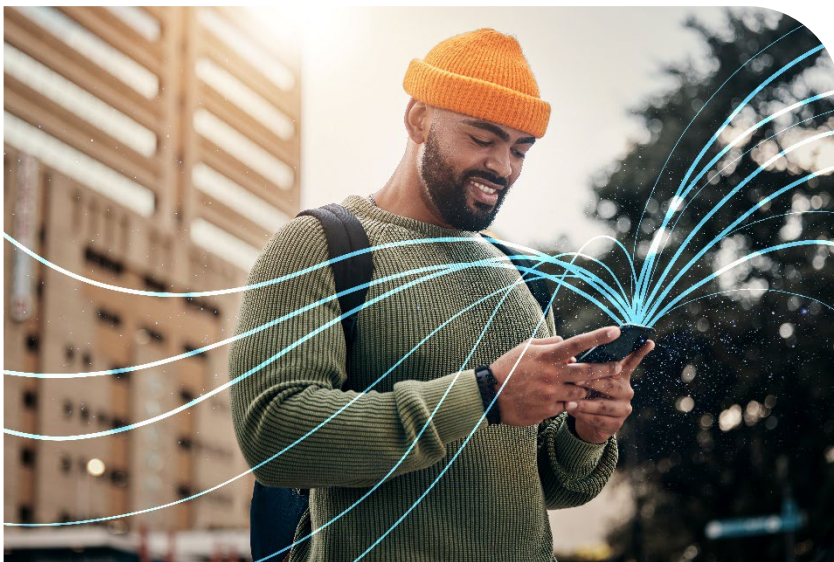
Sources:

<https://www.ici.org/system/files/2026-05/per32-06.pdf>

[https://www.ebri.org/docs/default-source/pbriefs/ebri\\_ib\\_658\\_k-tdf-28may26.pdf?sfvrsn=5704022f\\_1](https://www.ebri.org/docs/default-source/pbriefs/ebri_ib_658_k-tdf-28may26.pdf?sfvrsn=5704022f_1)

[https://www.ebri.org/content/a-closer-look-at-401\(k\)-plan-target-date-fund-investors--account-balance-asset-allocations-over-time](https://www.ebri.org/content/a-closer-look-at-401(k)-plan-target-date-fund-investors--account-balance-asset-allocations-over-time)

## Research Explores Link Between Guaranteed Income and Retirement Assets



Recent research from the Employee Benefit Research Institute (EBRI) examines how retirees' assets change over time depending on whether or not they have access to guaranteed income streams. The report, "Asset Decumulation Over Retirement and the Role of Guaranteed Income Streams," analyzes longitudinal data from the 1992–2022 Health and Retirement Study to assess how households' net non-housing assets change throughout retirement.

The researchers found retirees generally do not draw down assets in a smooth or predictable way, but median assets declined much less over time for low- and middle-asset households with defined benefit (DB) plan income. Median assets fell less sharply 21–22 years postretirement if at least one person in the household received income from a DB plan. Among low-asset retirees without this type of income, median assets fell by 89% at 21–22 years postretirement, compared with 29% for those with DB income.

According to the data, asset decumulation occurred across all wealth levels but was found to be the greatest among lower asset retirees. By 21–22 years after retirement, 54% of the low-asset households had less than half of their starting assets left, compared with 40% of middle-asset households and 43% of high-asset households.

The report also notes future retirees are less likely to have access to DB plan income streams in retirement. It posits that retirement income solutions — e.g., immediate annuities, deferred income annuities, qualified longevity annuity contracts, and guaranteed lifetime withdrawal benefit features — could play a larger role in future retirement planning and drawdown patterns.

The EBRI findings are consistent with other recent research on guaranteed income. A March paper published by BlackRock examined how incorporating guaranteed income into a target date strategy could affect the amount participants may be able

to spend annually in retirement. The analysis found that adding a guaranteed income stream could increase projected retirement spending by an average of 22%, with the estimated increase reaching 25% for lower income workers.

Taken together, both studies suggest a relationship between guaranteed income and retirement savings outcomes. Sponsors and advisors should conduct their own due diligence to determine if they believe these findings are correlative or causative. Regardless, the findings provide yet another data point in the broader discussion about retirement income options and participant outcomes as the range of retirement income solutions available within DC plans continues to expand.

Sources:

<https://www.ebri.org/media/press-releases/content/new-ebri-research-finds-guaranteed-income-streams-may-help-retirees-preserve-assets-later-in-retirement>

<https://www.blackrock.com/institutions/en-us/insights/thought-leadership/defined-contribution-dc/who-benefits-from-lifetime-income>

## Participant Data Faces Increased Regulatory Scrutiny

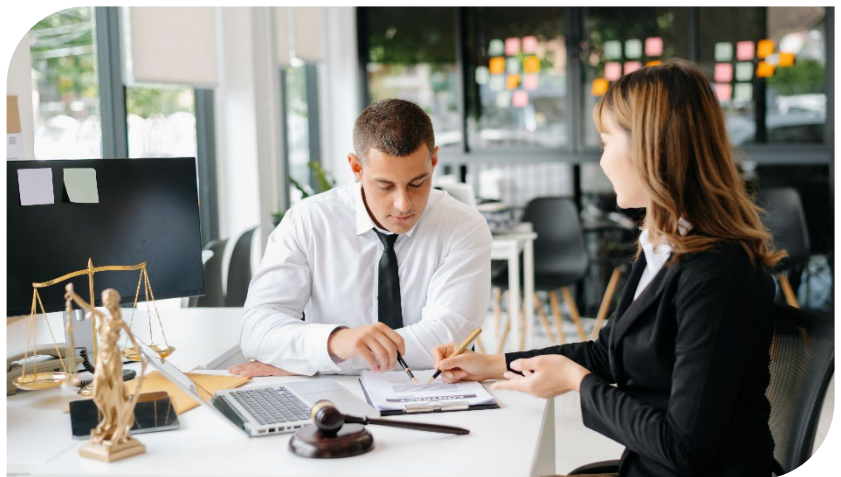
Retirement plan sponsors are well accustomed to fiduciary obligations around investment selection, fee reasonableness, and plan administration. Increasingly, however, another consideration has been drawing regulatory attention: how participants' personal and financial data is collected, used, and shared by the service providers that help run the plan.

### What a GAO Report Found

In a February 2026 report, the U.S. Government Accountability Office (GAO) examined how retirement plan service providers, including recordkeepers and asset managers, handle the personal information of the roughly 126 million Americans participating in private-sector defined contribution retirement plans.

After reviewing the privacy disclosures of 31 retirement plan service providers, GAO found many use participant data not just to administer the plan but also to market other financial products and services and, in some cases, sell that information to third parties. Service providers told GAO that the data helps them tailor products and services to participants' needs. However, GAO noted that the broader use of participant data may also increase the risk of inadvertent exposure, potentially leading to identity theft or fraud.

GAO evaluated the disclosures against widely recognized privacy standards known as the Fair Information Practice Principles, which call for transparency and clear limits on how personal data can be used. All 31 service providers clearly disclosed their data collection and use practices. However, 19 of the 31 disclosures did not indicate that the provider would seek additional consent before using or sharing participant data for purposes beyond what was originally disclosed.



The report also notes that the Department of Labor (DOL) has not taken enforcement action against any retirement plan over data-sharing practices. Although ERISA itself doesn't explicitly address data privacy, DOL officials told GAO they believe ERISA's existing fiduciary duties of prudence and loyalty should be sufficient to deter plan sponsors and service providers from making unauthorized use of participant data.

GAO also suggested that additional DOL guidance could help plan sponsors and service providers better understand what constitutes appropriate use of participant data and when consent should be obtained, particularly given that state privacy laws can add another layer of complexity.

### Why This Matters for Plan Sponsors

Even without additional DOL guidance, plan sponsors may elect to take a closer look at how participant data flows through their plan's service arrangements by:

- Understanding what's being shared. Sponsors can ask recordkeepers and other service providers what participant data they collect, how it's used, and whether it's shared with or sold to third parties for marketing or other purposes.
- Reviewing privacy disclosures. Many service providers publish privacy policies, but these documents can be dense and vary widely in what they promise. Comparing disclosures carefully across providers may help identify gaps or areas of concern.
- Revisiting provider selection and monitoring practices. Just as plan sponsors evaluate fees and investment performance as part of their fiduciary oversight, data privacy and security practices also may be relevant factors to consider when selecting or reviewing recordkeepers and other providers.

#### Sources:

<https://www.gao.gov/products/gao-26-107271>

<https://401kspecialistmag.com/why-cybersecurity-matters-more-than-ever-for-plan-sponsors-and-401k-plans/>

A woman with dark hair, wearing a grey cardigan over a white top, is sitting on a light-colored couch. She is looking out a large window on the left side of the frame. The room has a modern feel with a tripod lamp and a white wall in the background.

#### PARTICIPANT CORNER

## Thinking About Retiring Early? Consider Asking Yourself These 5 Questions

For many Americans, working to or through “traditional” retirement age may be the right choice based on their goals, personality, passions, and priorities. But for others, early retirement may be the preferred path.

Whatever your timeline, retirement requires thoughtful planning. If you're hoping to retire early or just preparing for the possibility that retirement may come sooner than expected, asking yourself questions like these can help you make more informed decisions:

- **Can your savings support a longer retirement?** Retiring early means your savings may need to provide income for more years. Estimating how much you'll need can help you determine if your savings could support your desired lifestyle and weather the potential impacts of market downturns and changing inflation rates.
- **Are you aware of the penalties that may apply to early withdrawals from your retirement account?** In general, withdrawals from an employer-sponsored retirement plan before age 59½ are considered early distributions and are subject to an additional 10% tax unless specific exceptions apply. Planning how to manage or avoid these taxes can be an important part of your retirement strategy. The IRS provides information on early withdrawal exceptions on its [website](#).
- **How will you bridge the gap until Social Security, Medicare, and other benefits kick in?** If you retire before becoming eligible for these benefits, does your savings plan account for how you'll generate enough income to pay for healthcare and cover other living expenses in the meantime?
- **Are you prepared for unexpected expenses?** Even the best retirement plans can veer off track when unplanned costs arise. Maintaining an emergency reserve can help you cover unexpected expenses without throwing off your long-term retirement budgeting strategy.
- **Have you communicated and coordinated your goals with your loved ones?** Aligning around retirement timing, income needs, healthcare coverage, and financial goals can help ensure everyone feels aware of, and confident in, the plan. These important conversations can help you determine the best time for each partner to claim Social Security benefits, plan for private health insurance if one person becomes eligible for Medicare before the other, and develop a tax-efficient withdrawal strategy.

If retiring early is your goal but you're not quite there yet, make the most of the resources available through your employer-sponsored retirement plan. Your workplace retirement account website or mobile app may offer tools to help you model different retirement scenarios. Depending on your age and plan features, you may also have access to employer matching contributions, automatic annual contribution increases, and catch-up contributions.

Source: <https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-exceptions-to-tax-on-early-distributions>

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**ADVERTISING REGULATION DEPARTMENT REVIEW LETTER**

August 19, 2026



Reference: **FX2026-0818-0004/E**

Org Id: 39543

1. Retirement Times & Participant Corner - August 2026  
Rules: FIN 2211, FIN 2210  
8 Pages

Total Fee: \$600

Dear ,

The communication submitted appears consistent with applicable standards.

Reviewed by,

William W. Brill  
Principal Analyst

This year's Advertising Regulation Conference will be held October 15-16 in Washington, D.C. For more information and to register, please visit our website at: <https://www.finra.org/events-training/conferences-events/2026-finra-advertising-regulation-conference>

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