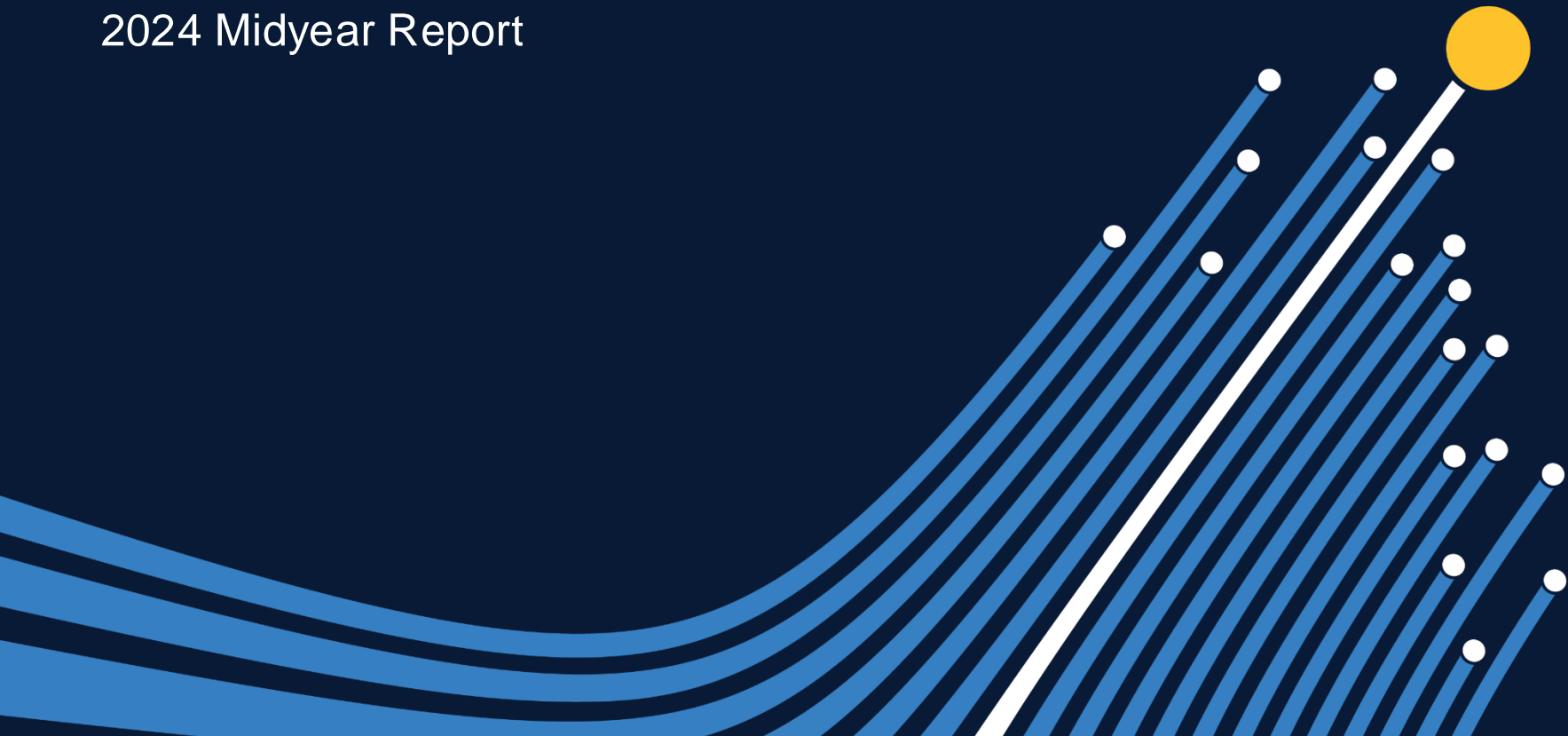


# Reference Point

2024 Midyear Report



# Data can inspire solutions

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# Highlights

## Saving

12%

Participants who make both pretax and Roth contributions save more—with an average deferral rate of 12% compared with 9% for Roth savers and 8% for pretax savers

## Investing

29x

Non-target date investors are 29x more likely to make an exchange than participants who invest 100% in a target date investment

## SECURE 2.0

13%

Few plans have adopted self-certification for hardship withdrawals

46%

Among plans that use mandatory distributions, 46% have adopted the \$7k rollover minimum

## Distributions

2x

Participants took twice the number of hardship withdrawals during the first half of 2024 compared with the same time period in 2023

## Retirees

52%

On average, 52% of participants age 60+ keep their money invested in the plan for at least four years after separating from service

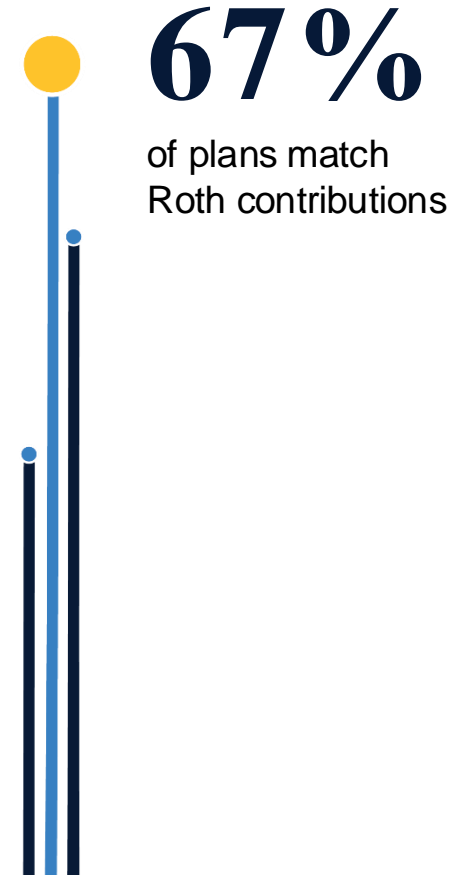
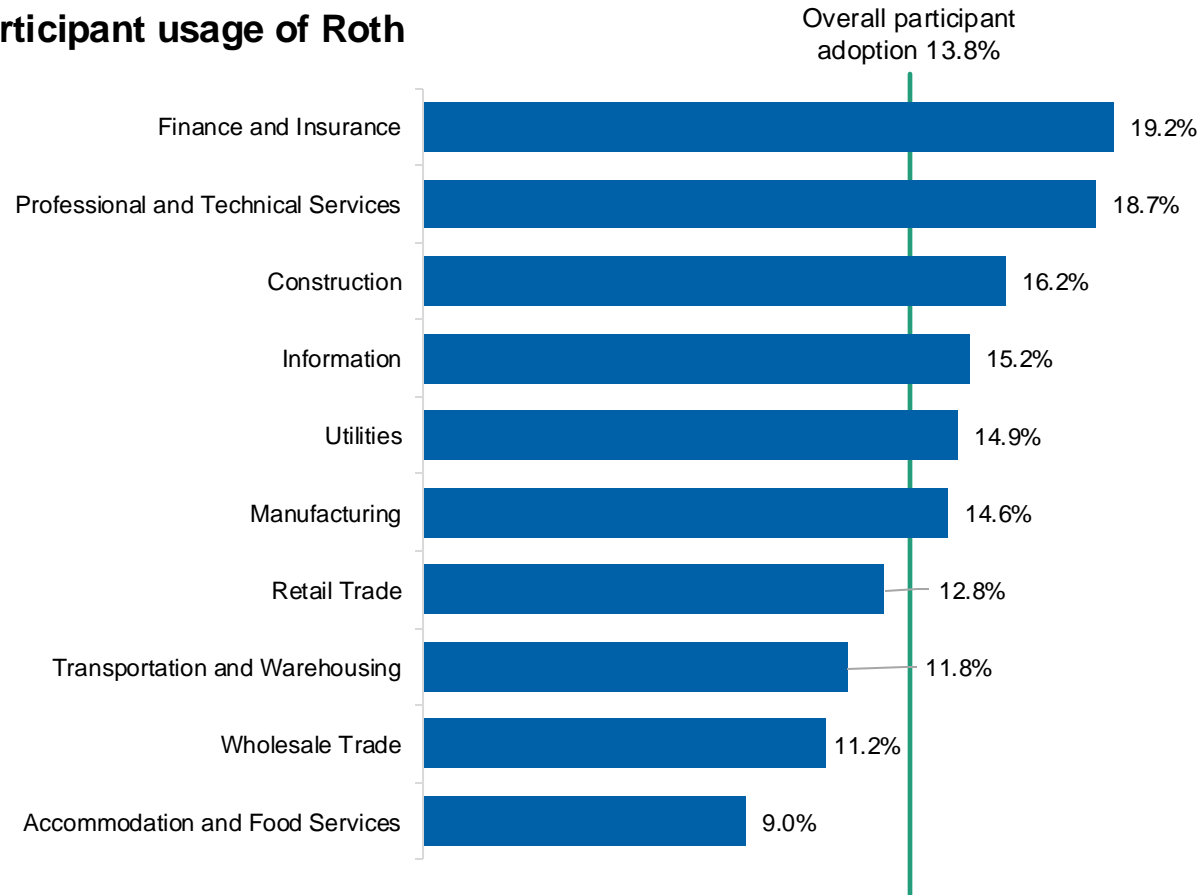
# Saving and investing



## Roth keeps climbing

Plan adoption of Roth continues to climb, with nearly all plans (>90%) offering Roth. Participant usage continues to increase steadily, as well, with nearly 20% usage among participants in the Finance and Insurance and Professional and Technical Services industries.

### Participant usage of Roth

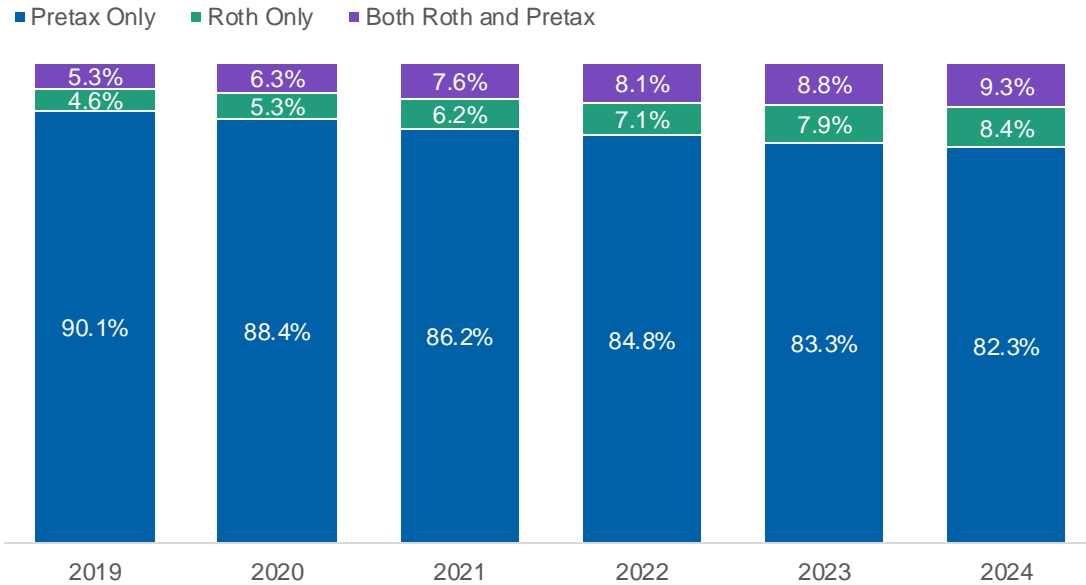


Source: T. Rowe Price Reference Point. Data are through 2023.

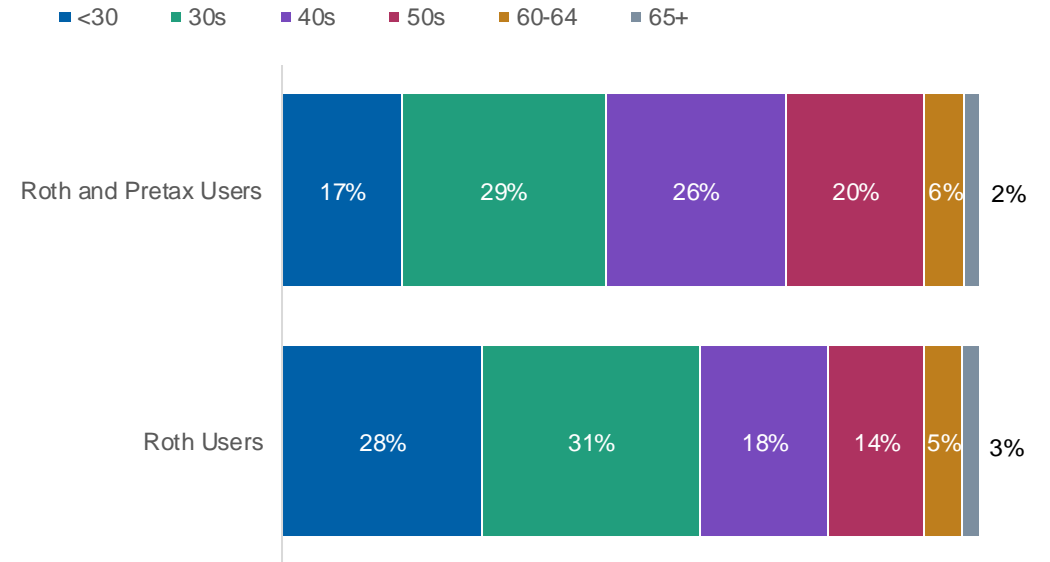
## Pretax vs. Roth: Who's contributing what?

Participants are increasingly making both Roth and pretax contributions. Nearly 10% of participants now contribute to both sources. In general, participants under age 50 are more likely to make Roth contributions.

### Participant contribution elections



### Roth users by age in 2024

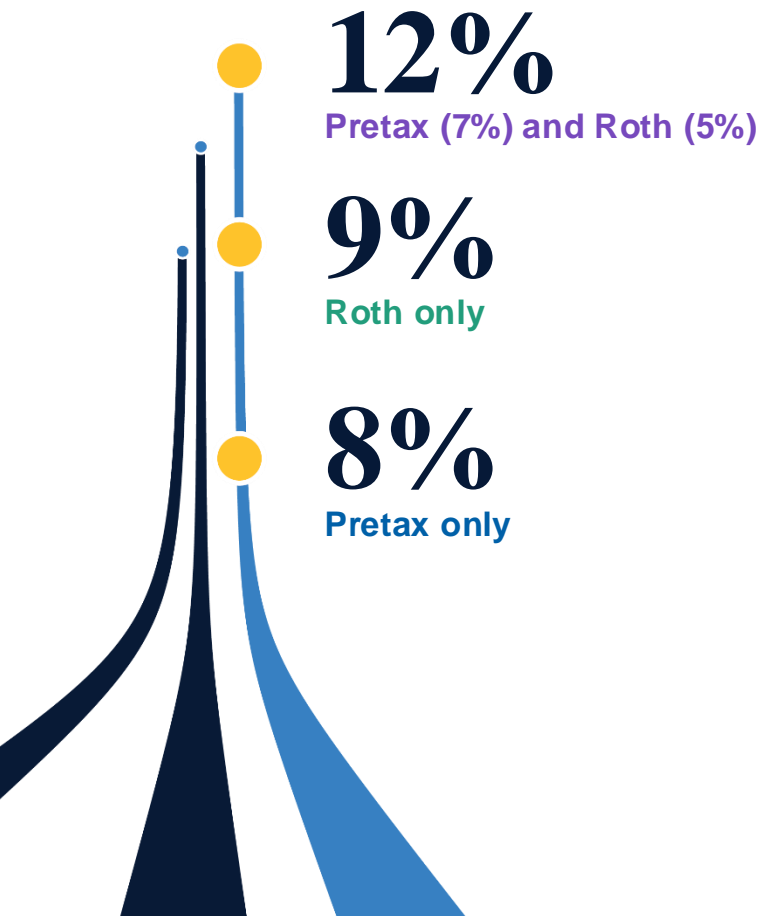


2024 data are for the first six months of the year (January through June). Numbers are rounded and may not equal 100%.

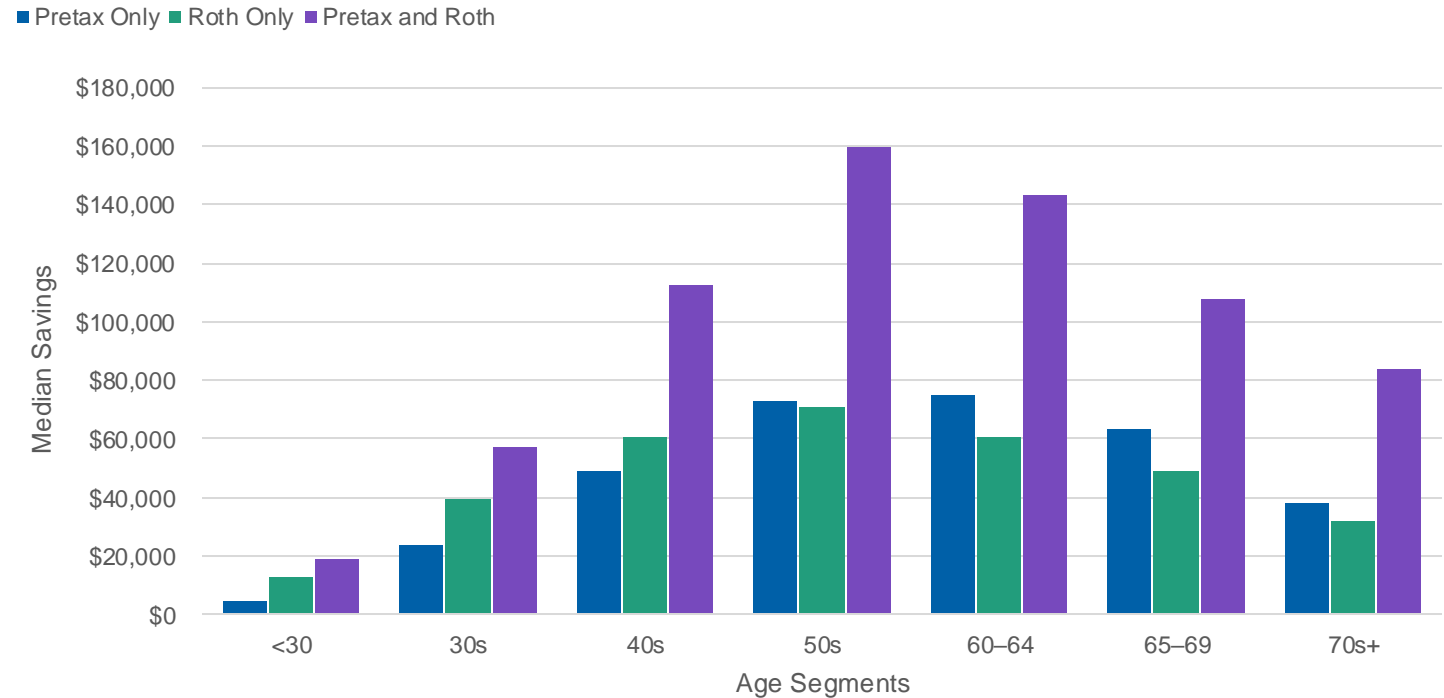
## Roth: A boost to median account balances?

Participants who make both pretax and Roth contributions are generally saving more and have higher account balances. This trend could indicate that participants who understand the benefits of tax diversification and saving are more likely to take advantage of their plan's contribution options.

### Breaking down average deferrals



### Median savings based on contribution types



**2x**

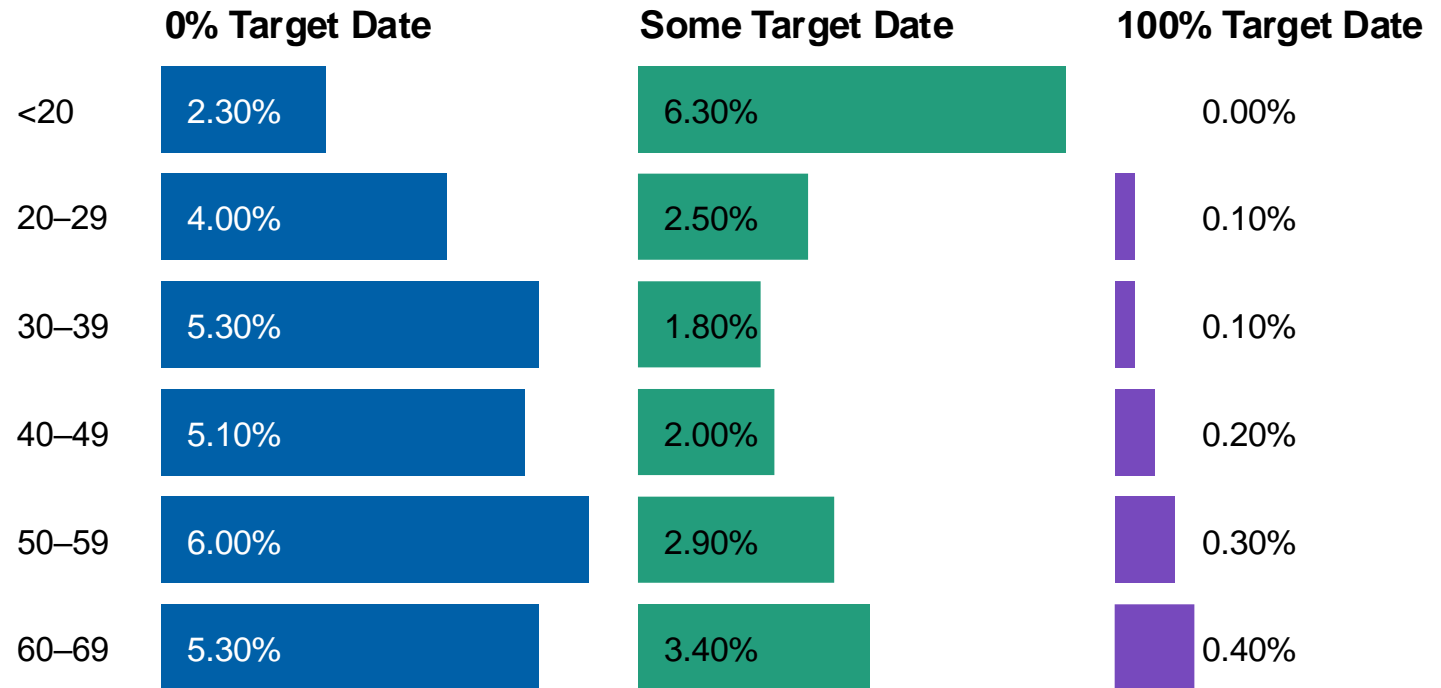
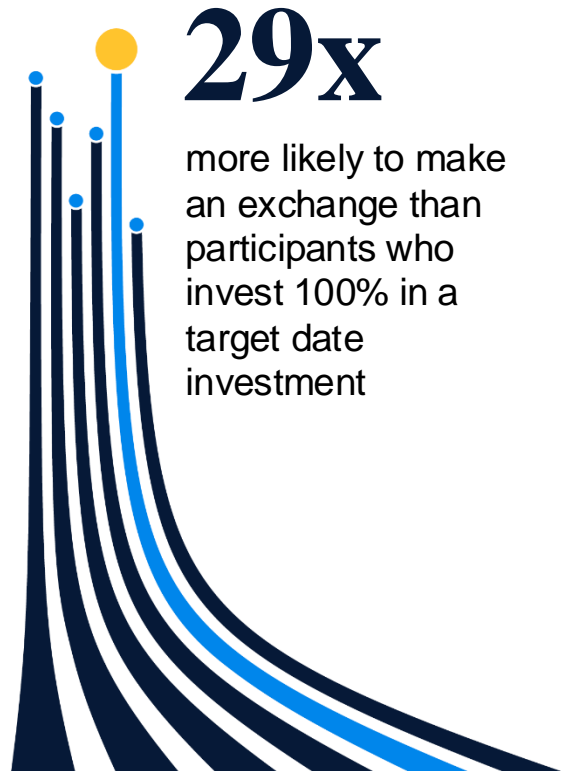
Participants who make both Roth and pretax contributions have a median savings almost 2x higher than participants who make just one type

Data are as of June 30, 2024.

## With target date, exchanges are sparse (as designed)

Exchange rates continue to remain lowest among participants who invest 100% in a target date investment, even among older participants.

Participants who do not invest in a target date investment are



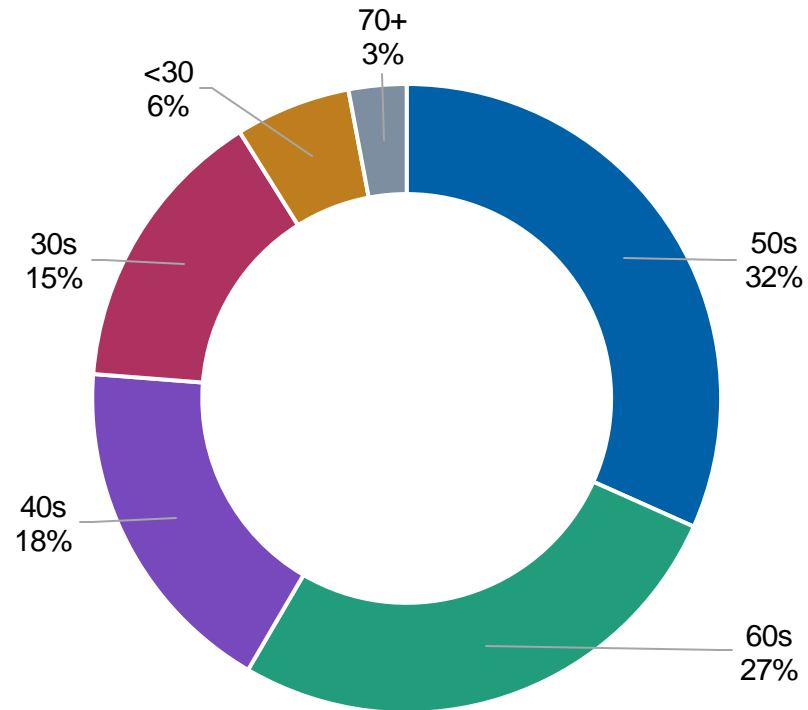
Data are for the second quarter of 2024 (April through June).



## Advice services may contribute to better outcomes

While just 16% of plans offer advice services, participants who have access to and take advantage of advice are experiencing better outcomes on average.

### Web engagement with advice services by age



Data are for the first six months of the year (January through June).  
Numbers are rounded and may not equal 100%.

### Better metrics for participants who use advice



**13.5%**

average deferral  
in Q2 2024  
compared with  
7.9% overall  
average

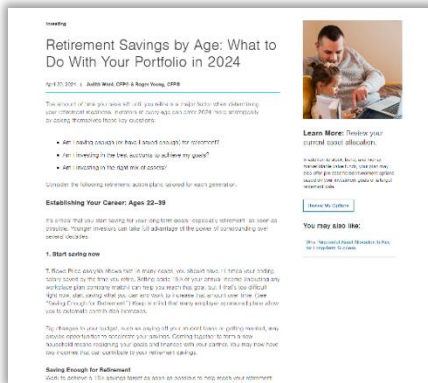


**65**

average  
Confidence  
Number<sup>®</sup> score  
compared with  
38.5 overall  
average

# Education is consumed at all ages

Participants in all age groups are accessing education online through the Education Library, with the following content among the most popular in each age group.



**Retirement Savings by Age: What to Do With Your Portfolio in 2024**  
 by Ed O'Neil | Justin West, CPA | Roger Wang, CFP®

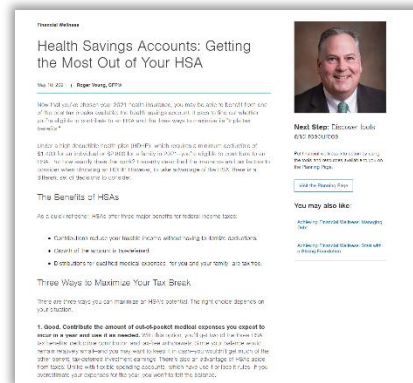
**Learn More:** Review your current asset allocation, evaluate the risks and returns of various investments, and determine the right mix of stocks and bonds for your retirement goals.

**You may also like:** [How to Maximize Your Retirement Savings](#)

## 30s and 40s

Investing | Retirement Savings by Age: What to Do With Your Portfolio in 2024

Financial wellness | Health Savings Accounts: Getting the Most Out of Your HSA



**Health Savings Accounts: Getting the Most Out of Your HSA**  
 by Ed O'Neil | Roger Wang, CFP®

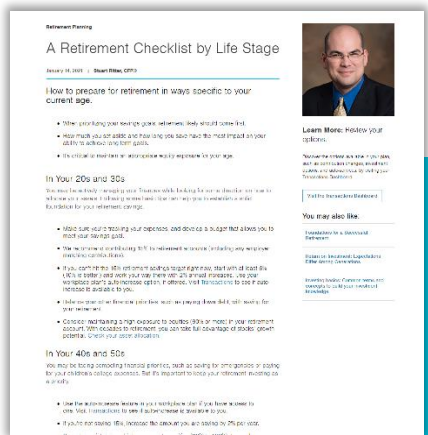
**Need Help?** Discover how to maximize your HSA benefits, understand the rules for contributions and withdrawals, and explore the tax advantages of this unique account.

**You may also like:** [How to Maximize Your Retirement Savings](#)

## 50s

Investing | Retirement Savings by Age: What to Do With Your Portfolio in 2024

Retirement planning | A Retirement Checklist by Life Stage



**A Retirement Checklist by Life Stage**  
 by Ed O'Neil | Justin West, CPA

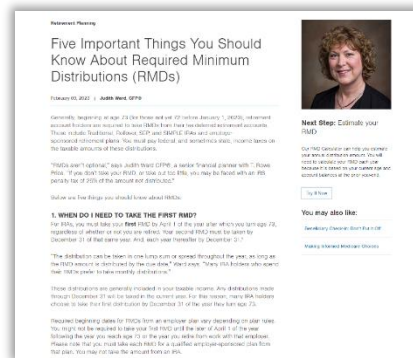
**Learn More:** Review your options, understand the rules for contributions and withdrawals, and explore the tax advantages of this unique account.

**You may also like:** [How to Maximize Your Retirement Savings](#)

## 60s

Retirement planning | A Retirement Checklist by Life Stage

Saving for retirement | Preretirement Checklist: Steps to Help You Prepare



**Five Important Things You Should Know About Required Minimum Distributions (RMDs)**  
 by Ed O'Neil | Justin West, CPA

**Need Help?** Estimate your RMDs, understand the rules for contributions and withdrawals, and explore the tax advantages of this unique account.

**You may also like:** [How to Maximize Your Retirement Savings](#)

## 70s

Retirement planning | Five Important Things You Should Know About Required Minimum Distributions (RMDs)

Financial wellness | Research: Asian American Communities and Improving Retirement Outcomes

Data are for the first six months of the year (January through June).

# Distributions

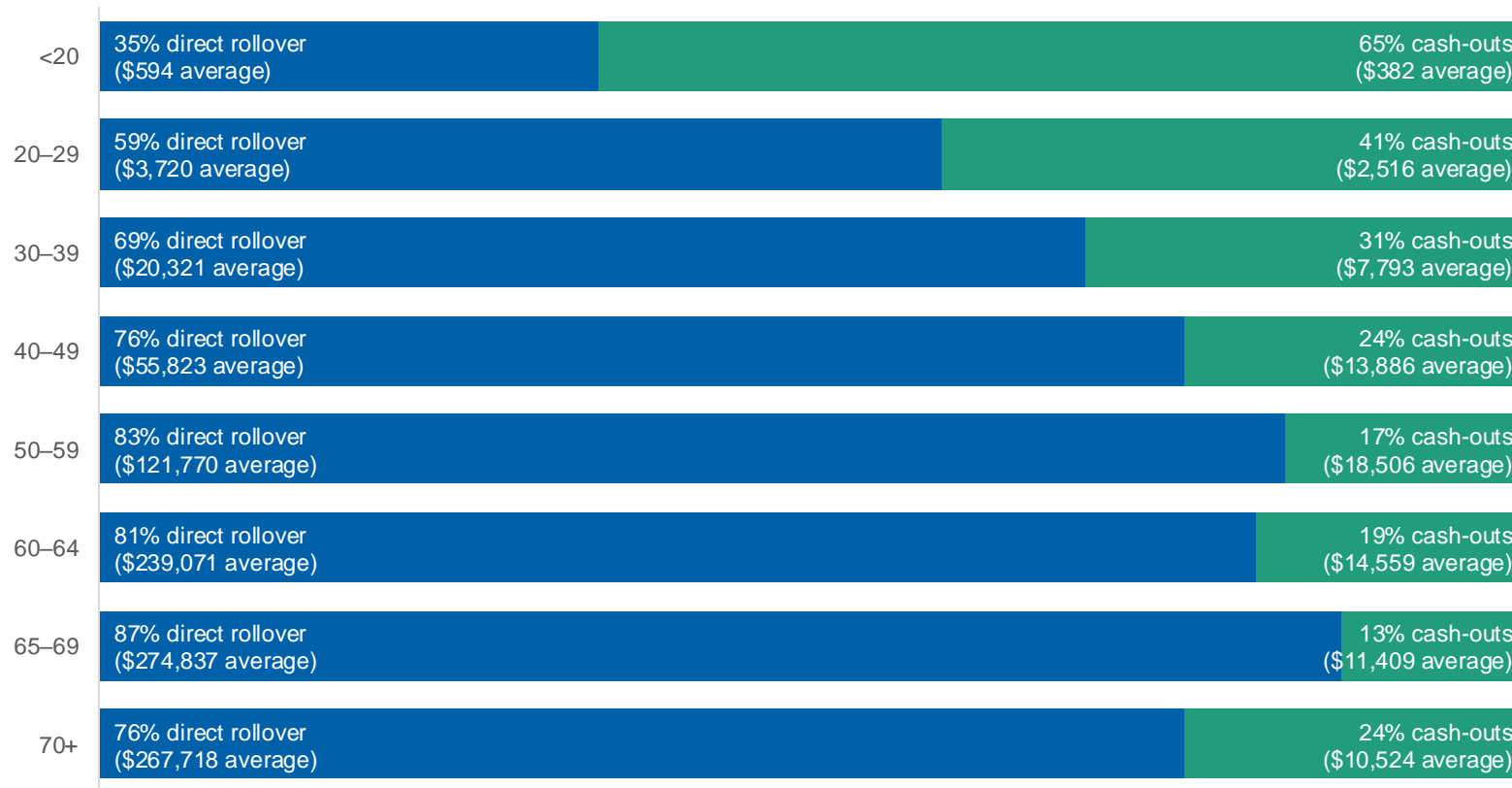


## Do rollovers increase as age increases?

In general, younger participants are more likely to take cash distributions.

### Rollover vs cash-out

■ Direct Rollovers ■ Cash-Outs



# 3x

higher usage of the distribution calculator during the first half of 2024 compared with the first half of 2023

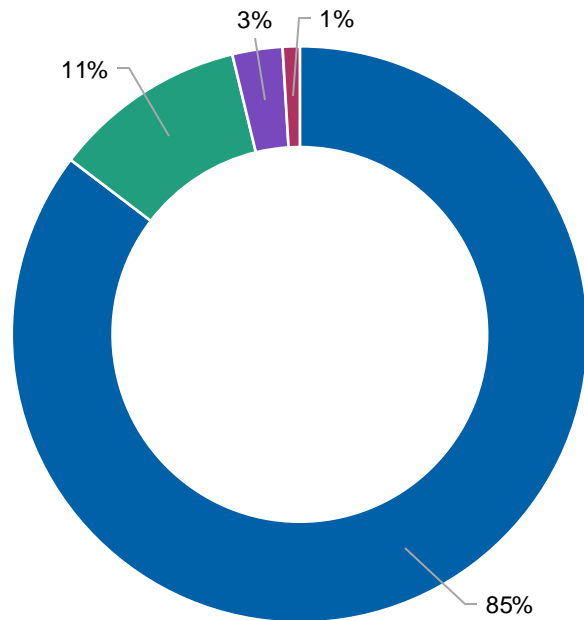
Source: T. Rowe Price Reference Point. Data are through 2023.

## Installments: Who's taking them and how

Among terminated participants age 59½ and up, 11% are receiving installment payments.

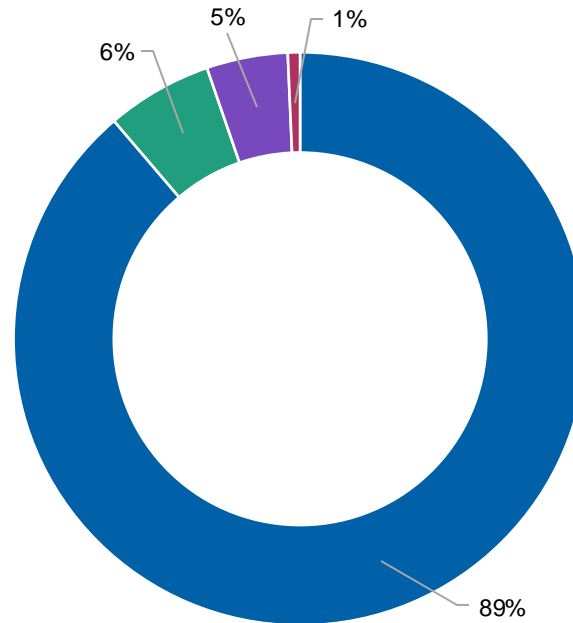
### Installment payment frequency

■ Monthly ■ Annually ■ Quarterly ■ Semiannual



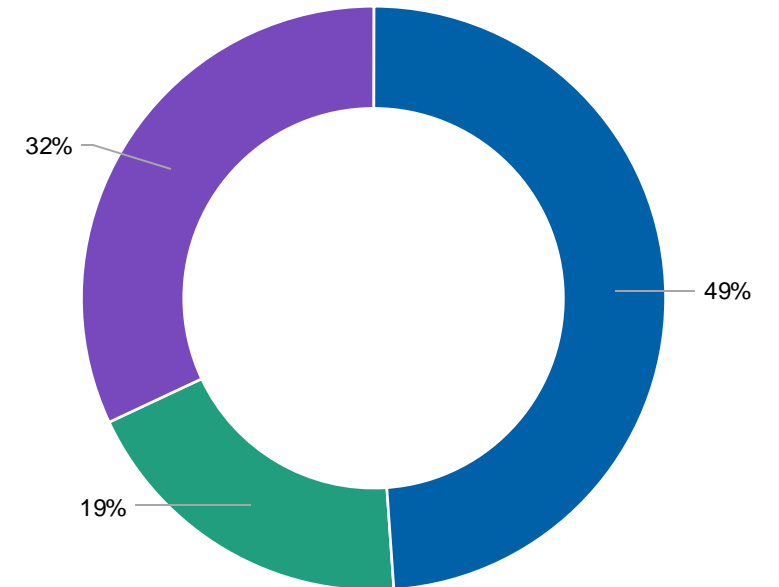
### Installment type

■ Amount ■ RMD ■ Number of Payments ■ Other



### Installment payment by age segment

■ 60–64 ■ 65–69 ■ 70+

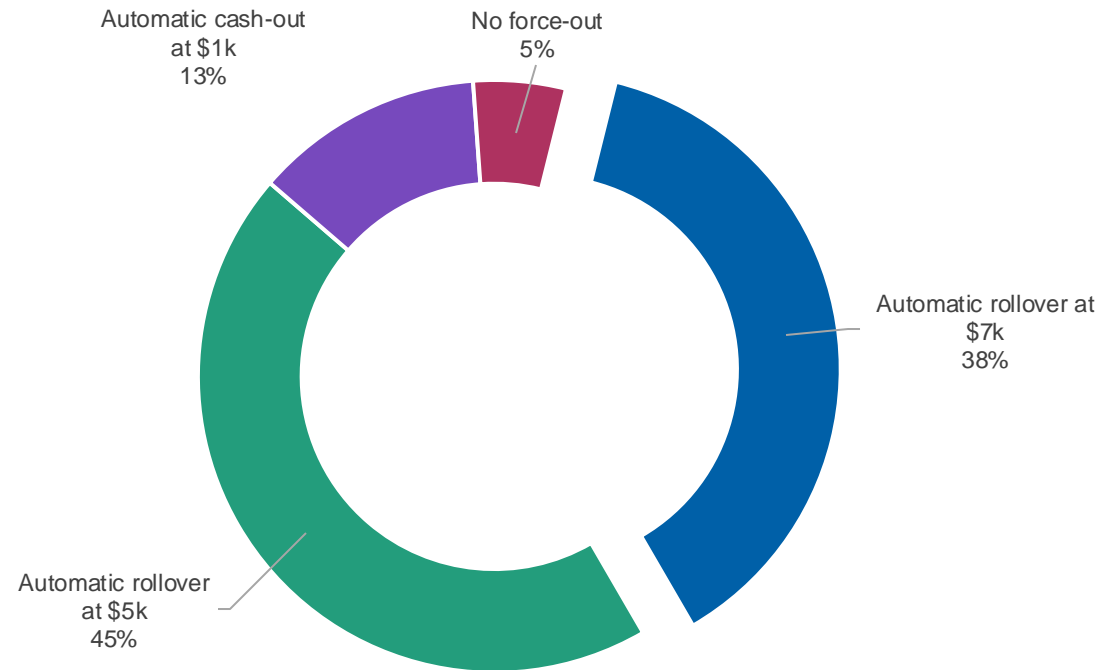


Data are for the previous 12 months (July 2023 through June 2024). Numbers are rounded and may not equal 100%.

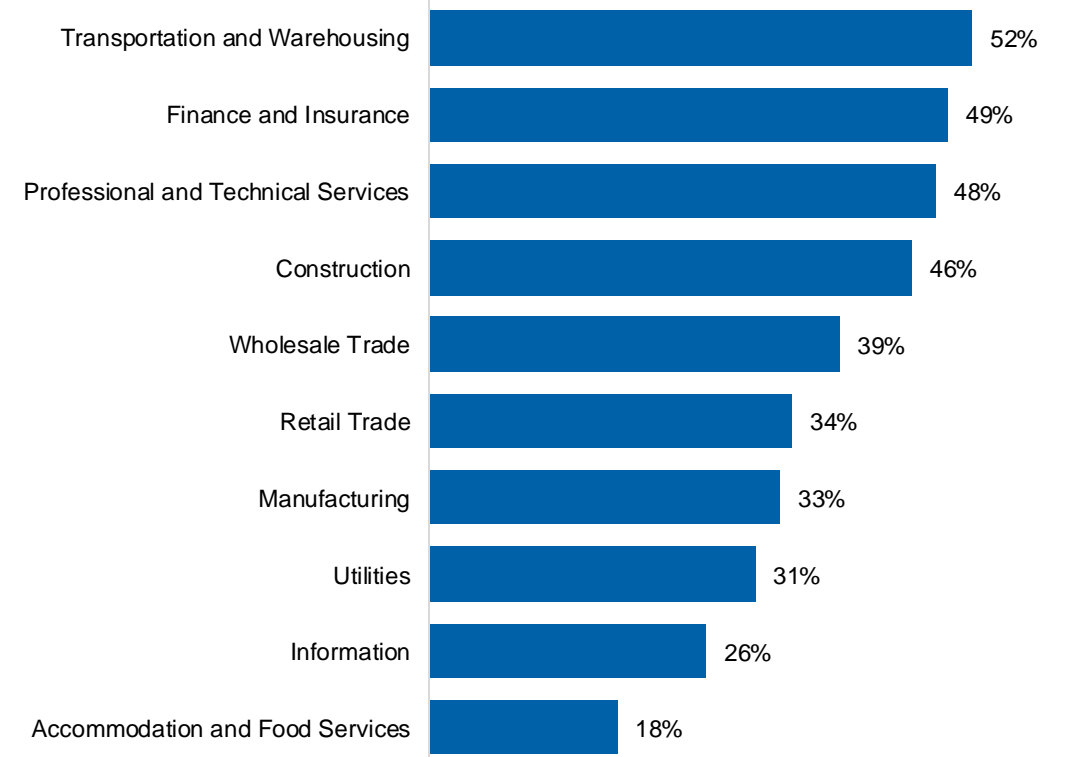
## Mandatory distributions: Plans are increasing to the \$7k minimum

SECURE 2.0 permits plans that employ mandatory distributions to increase the cash-out minimum to \$7k. As of the end of June 2024, 46% of plans that use mandatory distributions have moved to the higher minimum (38% of total plans, including those without mandatory distributions).

### Mandatory distribution elections



### Adoption of \$7k cash-out minimum by industry

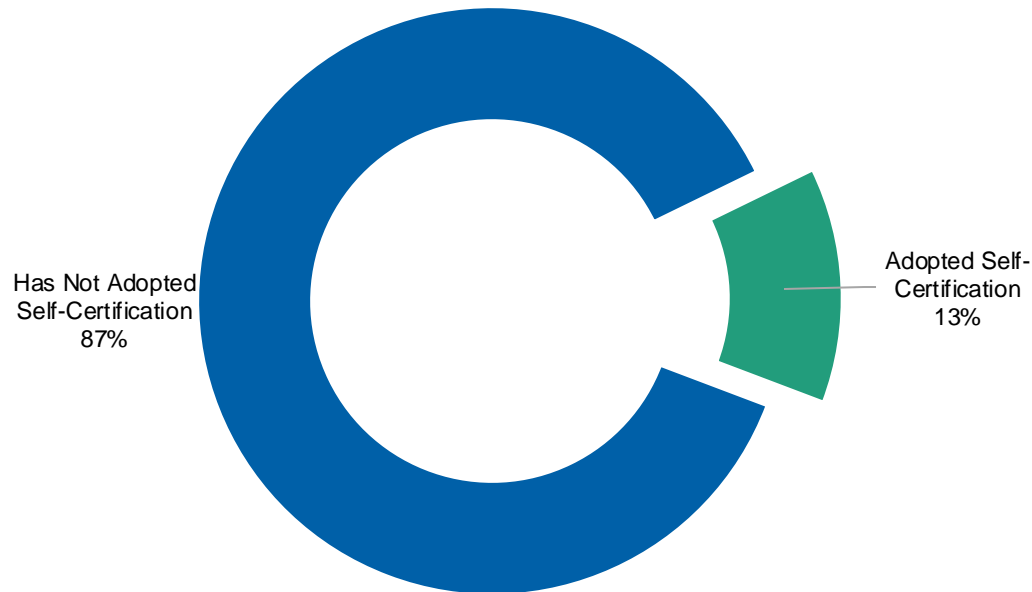


Numbers are rounded and may not equal 100%.

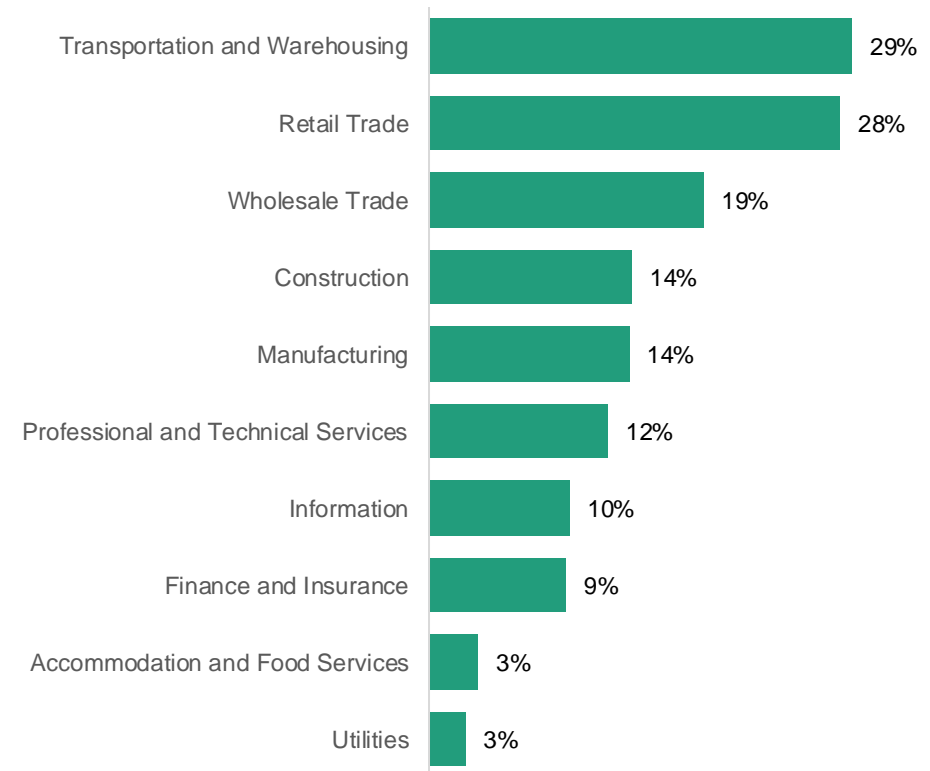
## Few plans have opted for hardship self-certification

SECURE 2.0 includes an optional provision for hardship self-certification. Just 13% of plans offered hardship self-certification as of June 30, 2024, with adoption highest among plans in the Transportation and Warehousing (29%) and Retail Trade (28%) industries and lowest among plans in the Accommodation and Food Services (3%) and Utilities (3%) industries.

### Plan adoption of self-certification



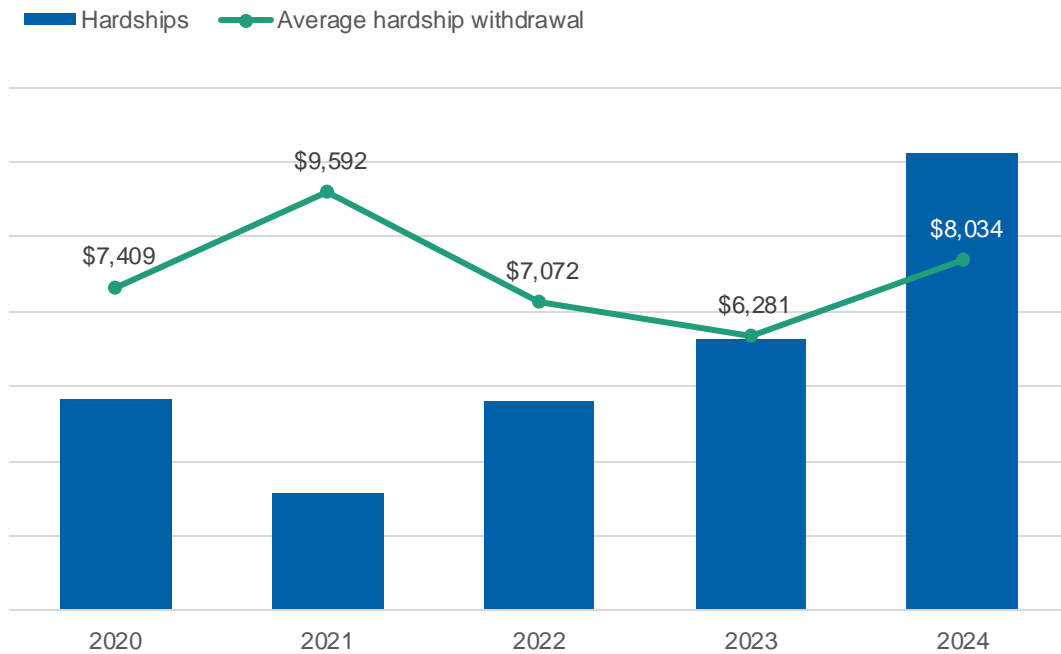
### Hardship self-certification adoption by industry



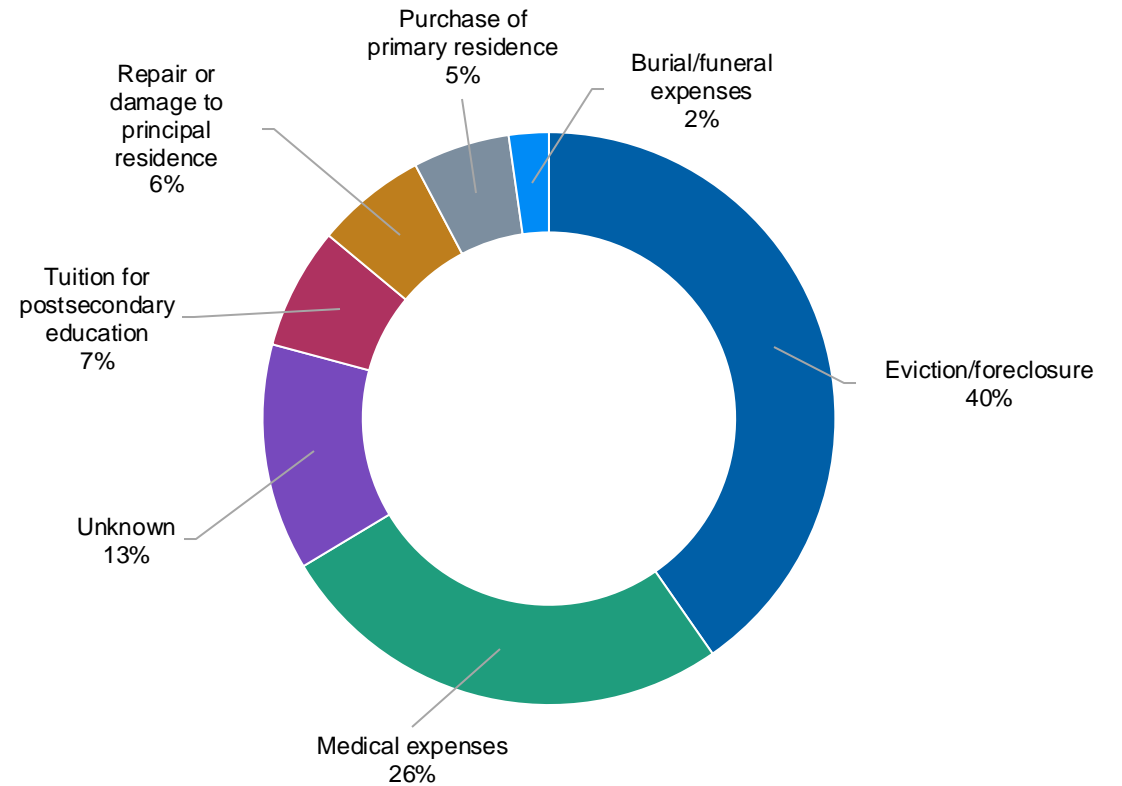
## Hardship distributions on the rise?

Through the first six months of 2024, participants took twice as many hardship distributions than during the first six months of 2023. The top hardship reasons cited by participants were struggles with housing and health care expenses.

### Hardship usage from 2020 through 2024



### Hardship reasons in 2024



Data are from the first six months of each year. Numbers are rounded and may not equal 100%.

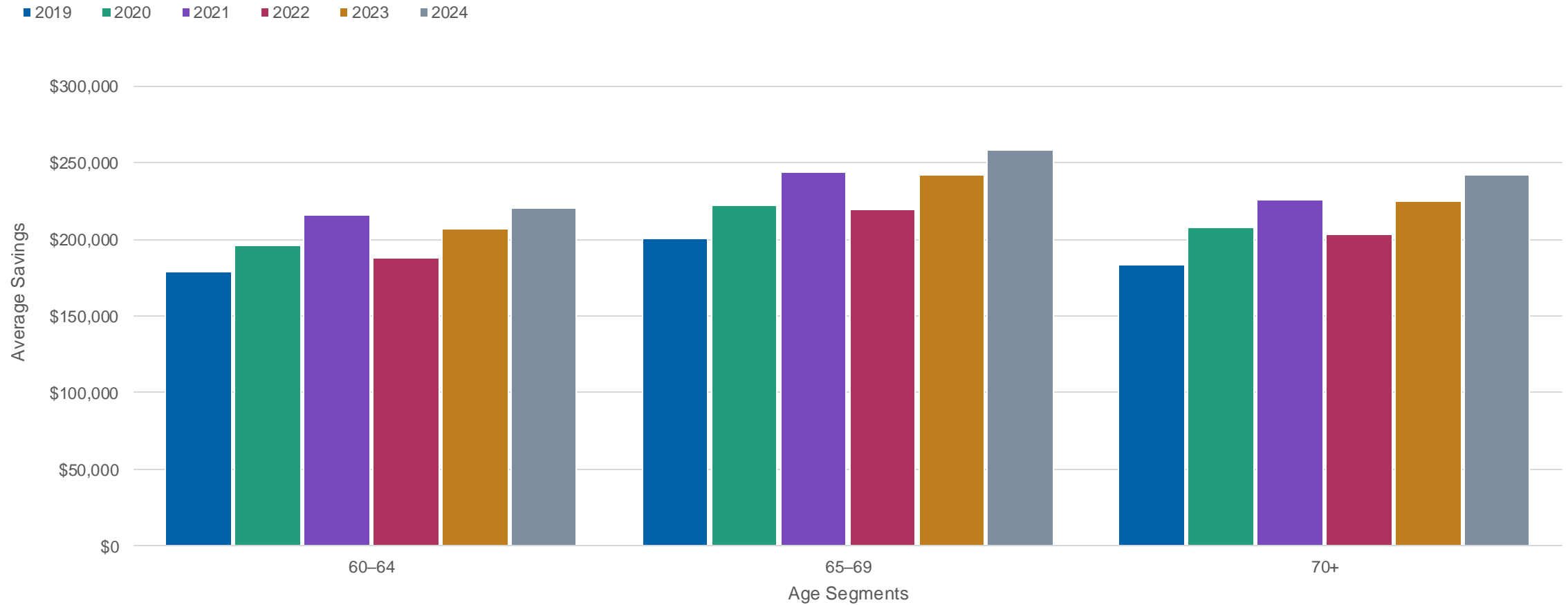


# Preretirees and retirees



## Account balances rebounded from 2021—and kept growing

Average account balances for participants age 60 and over have increased since 2019 and recovered from losses in 2021 and 2022.

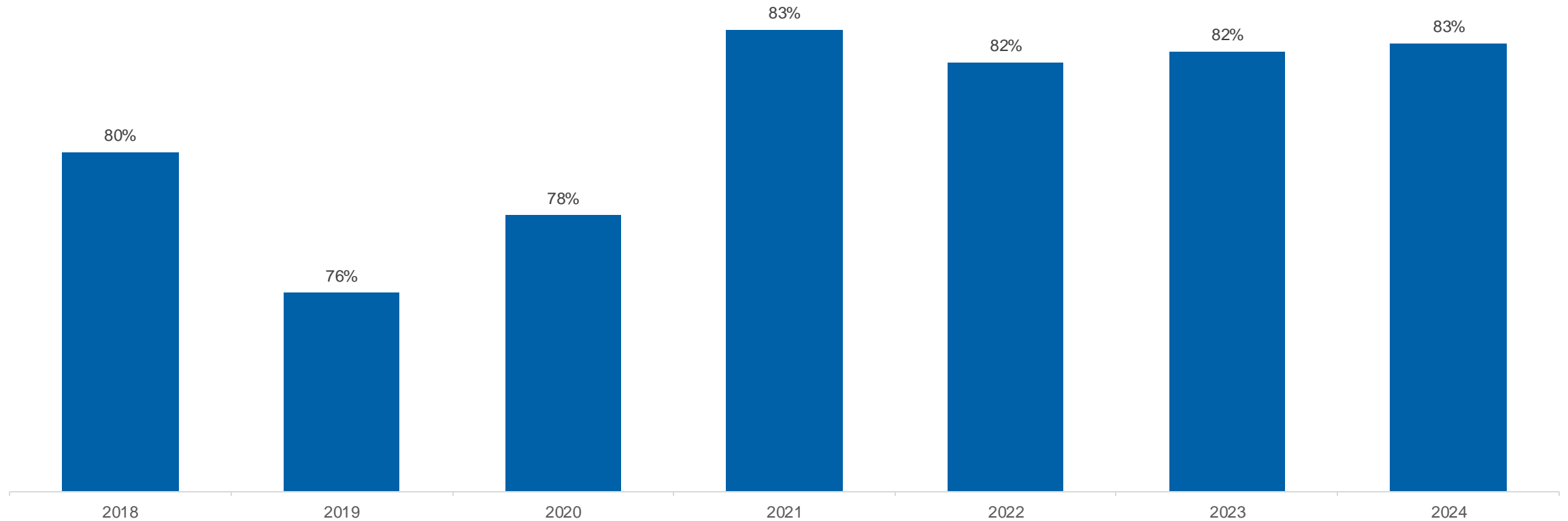


Terminated participants 60 or older. 2024 data are for the first six months of the year (January through June).

## Before RMDs start: Which participants are withdrawing money?

Most terminated participants age 59½ through 72 (when RMDs begin\*) are leaving money in the plan. This population could benefit from retirement income solutions to help them manage their savings.

### Percentage of terminated participants age 59½–72 without a withdrawal in the past 12 months

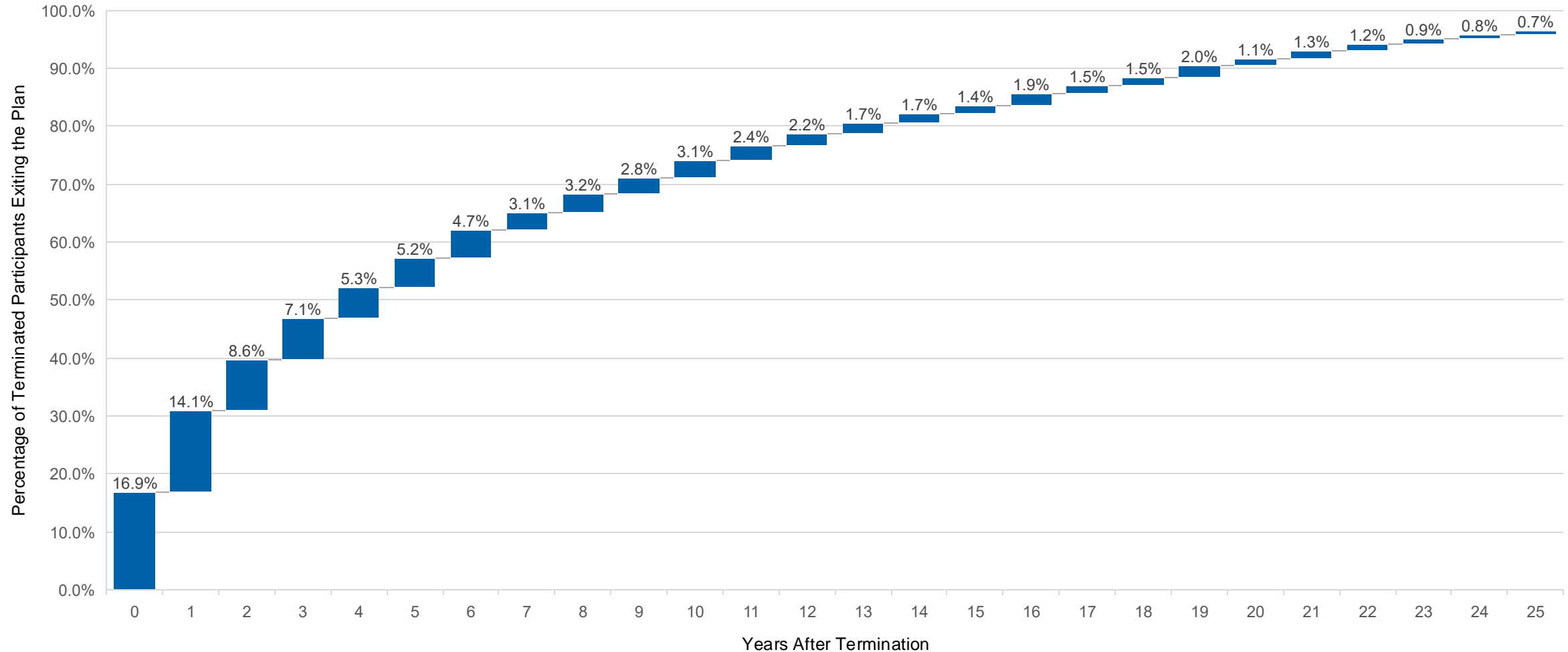


\*The RMD age is 73 for participants who reached age 72 after 2022.

Data cover the rolling 12 months from July through June for each year represented (e.g., 2024 represents the 12 months from July 2023 through June 2024).

## How long are terminated participants staying?

On average, 52% of participants age 60 and over keep their money invested in the plan for at least four years after separating from service.

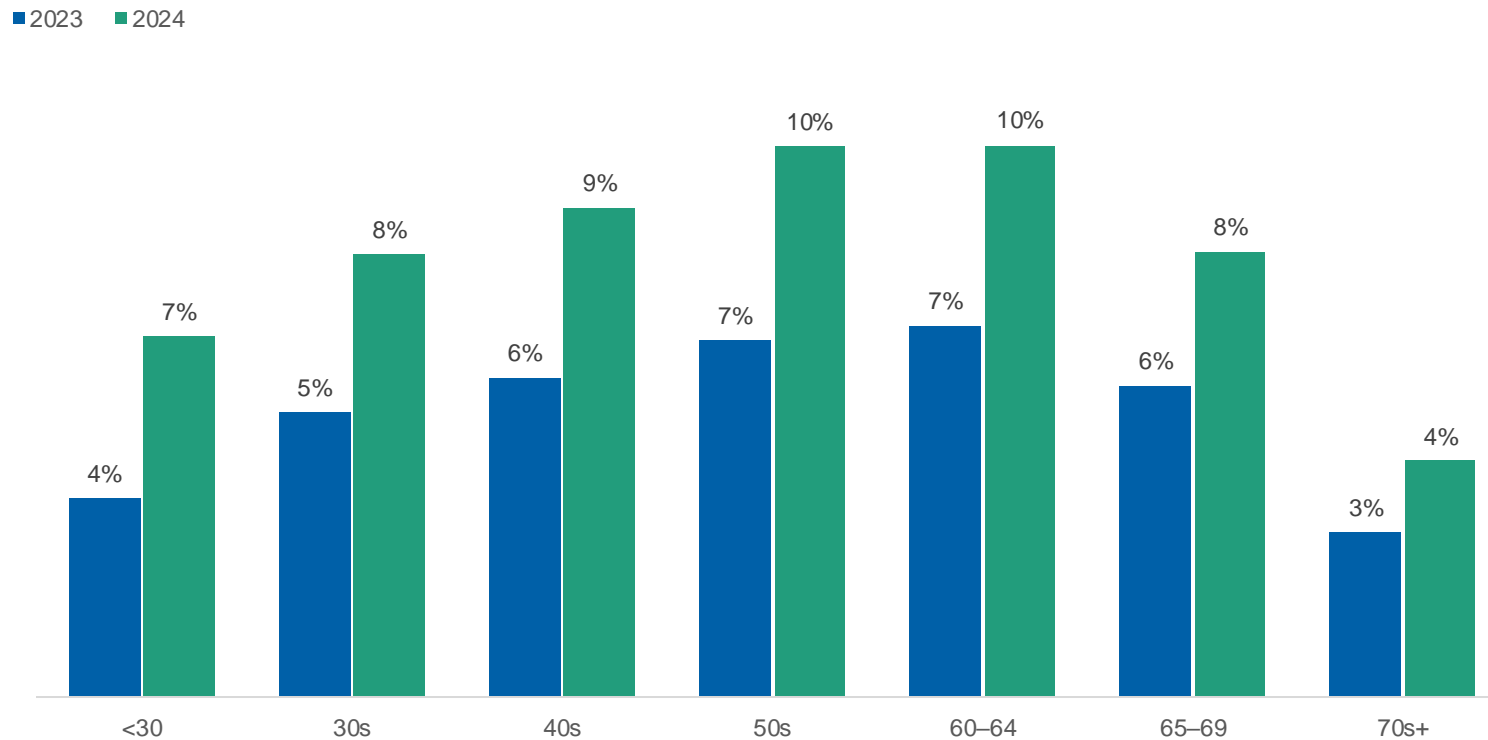


Terminated participants 60 years old or over who exited the plan between January 1, 2019, and June 30, 2024.

## Interest in retirement income may be growing

Usage of the Retirement Income Planner increased by 40% in the first six months of 2024. The tool uses personalized data analytics to help participants see how their actions today could influence their retirement income in the future.

### Percentage of participants by age group using the planner



### How they are using the Retirement Income Planner



#### Over age 50

More likely to check how long retirement savings would last



#### Under age 50

More likely to calculate how much they would need to retire

Data are from the first six months of each year.

# Takeaways and next steps



## What we're watching—and what you should consider next

### Terminated participants age 60+ who want to stay in the plan need solutions to support retirement needs.

#### Your considerations:

- Do you want preretirees/retirees to stay in the plan?
- Does your plan offer income-generating investment solutions or other retirement income products?
- Should you promote retirement income solutions to preretirees/retirees during the first three to five years following their termination?

### Plans are adopting SECURE 2.0 provisions as new capabilities are offered.

#### Your considerations:

- Have you completed a full review of the optional provisions and their suitability for your plan?

### Roth is working—when participants who understand Roth use it.

#### Your considerations:

- Will you add Roth or remove catch-up contributions in 2026?
- Do employer Roth contributions make sense for your plan?

### Hardship withdrawal rates rose in the first six months of 2024.

#### Your considerations:

- Is your plan experiencing an increase in hardship withdrawals?
- Do you have the right level of financial wellness and advice to support participants experiencing financial difficulties?



# T.RowePrice

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