

# U.S. Retirement End-Investor 2021

*Solving for the Decumulation Phase*

## OVERVIEW & METHODOLOGY

In its tenth iteration, this report represents Cerulli's investor-level retirement research, with a focus on the decision-making behavior of 401(k) plan participants and individual retirement account (IRA)-only investors. This report details how retirement investors engage with financial advisors and retirement plan providers, uncovers stressors and areas of concern related to retirement, and outlines their primary sources of income and advice. Cerulli analyzes retirement investor data based on metrics such as age, investable assets, gender, and financial advisor use.

Additionally, this report features a special chapter focused on making defined contribution (DC) plans more retiree-friendly and the complexities of transitioning from the asset accumulation phase to the decumulation phase. This thematic chapter discusses how providers can help plan sponsor clients facilitate decumulation-focused plan design and lineup changes and address the needs of retired DC participants both in-plan and in the retail space.

The report also represents Cerulli's primary coverage of the IRA market with detailed sizing, projections, and a new data cut by financial advisor use. Furthermore, Cerulli provides comprehensive analysis of the IRA rollover market, segmenting this market by investor age range and advice orientation (e.g., self-directed vs. advisor-intermediated).

## USE THIS REPORT TO

- Understand how recordkeepers, asset managers, and other providers can help large and mega sponsors create a more effective, comprehensive in-plan decumulation experience for their participants.
- Analyze updated 401(k) plan participant survey data, covering topics such as health savings accounts (HSAs) and 529 college savings plans, sources of financial advice, and use of retirement accounts, including IRAs.
- Access detailed sizing of the IRA market, including the IRA rollover market, and address this market with Cerulli's most up-to-date sizing of rollovers by age and advisor use.

## QUESTIONS ANSWERED

- What are retirees' top sources of financial stress?
- What do active workers expect their primary source of income will be in retirement?
- What factors do participants consider when making IRA rollover decisions?
- How are participants using HSAs and 529 plans?
- What is the outlook for the IRA market?

## PRODUCT DETAILS

### Included with Purchase

- Digital report in PDF format
- Unlimited online firm-wide access
- Exhibits in Excel
- Key findings
- Analyst support
- Interactive Report Dashboards

### Interactive Report Dashboards

*Interact and explore select report data with Cerulli's visualization tool.*

- **IRA Rollover Sizing:** Explore IRA rollover sizing by age group, including total IRA rollover assets and accounts eligible for distribution, as well as rollover assets by advisor vs. self-directed.
- **IRA Perspectives and Rollover Factors:** Access a side-by-side view of active vs. retired participants' approach to rolling over an IRA, selecting an IRA provider, and establishing an IRA.
- **Active vs. Retirement: Sources of Stress and Income:** Compare the perspectives of active and retired plan participants on their primary sources of stress and retirement income.
- **401(k) Account Information and Investing:** Review a side-by-side comparison of plan participants' preferred method for reviewing 401(k) account information and making account changes, their attitudes toward investing and most important information on their account statement, and the factors they consider most in investment selection.
- **Previous 401(k) Account Actions:** Compare actions taken by active vs. retired participants on their previous 401(k) accounts, including how long assets remained in their account before rolling over.
- **Financial Advisor Use and Services:** Explore retirement investors' reasons for using and not using financial advisors, as well the most valued financial advisor services ranked by respondents.



CERULLI  
ASSOCIATES

Research | Analytics | Consulting

**Exhibit 1.08**  
**Retirement Investors’ Financial Topics of Interest, 2021**

Source: Cerulli Associates

**Analyst Note:** Respondents were asked, "What financial topics would you like to learn more about, assuming the information came from a trusted source?" Respondents were asked to select up to four options.

Topic	Age Range						All Respondents
	<30	30-39	40-49	50-59	60-69	≥70	
How much to save for retirement and which accounts to use (e.g., pre-tax or Roth)	45%	45%	47%	37%	17%	10%	32%
Social Security (e.g., how much to expect, how to optimize benefits)	28%	20%	32%	49%	27%	16%	28%
Investment selection (e.g., understanding stocks and bonds, choosing between mutual funds and ETFs)	40%	37%	26%	25%	19%	21%	27%
Tax implications of my financial decisions (e.g., understanding capital gains tax or early 401(k) withdrawals)	29%	24%	29%	27%	22%	23%	25%
How to convert my retirement savings to income (e.g., how much to withdraw from different accounts)	32%	21%	25%	30%	26%	17%	25%
How to manage healthcare costs or plan for long-term care	24%	15%	18%	28%	23%	17%	21%
Ways to guarantee portions of my income in retirement (e.g., how to compare annuities)	23%	18%	30%	22%	16%	11%	19%
I don't need more information, I already have enough	6%	10%	8%	13%	26%	39%	18%
Legacy/estate planning	7%	14%	12%	23%	21%	23%	17%
Prioritizing different financial obligations (e.g., whether to save in an emergency fund or pay off debt)	26%	30%	18%	9%	12%	11%	17%
Household budgeting	26%	33%	14%	8%	7%	9%	15%
How to financially prepare for specific events applicable to my situation (e.g., buying a house, getting married)	34%	27%	22%	8%	6%	1%	15%
Other	0%	0%	0%	0%	1%	1%	0%

# Table of Contents: Expanded

<b>Executive Summary</b> .....	<b>17</b>
<b>Report Authors</b> .....	<b>20</b>
<b>Chapter 1: Retiree-Friendly Defined Contribution Plans</b> .....	<b>21</b>
<i>The In-Plan Decumulation Experience</i> .....	22
Exhibit 1.01. 401(k) Plan Sponsors: Preferred Distribution Methods for Retired Participants, 2020 .....	23
Exhibit 1.02. 401(k) Plan Sponsors: Views on Retaining Retired Participants' Assets, 2020 .....	24
Exhibit 1.03. Retiree Households' Desired Features of Retirement Income Plans and Products by Investable Assets and Age Range, 2020 .....	25
Exhibit 1.04. DC Recordkeepers: Distribution and Retirement Income Options Offered to Separated Participants, 2020 .....	26
Exhibit 1.05. 401(k) Plan Sponsors: Availability of In-Plan Retirement Income Product(s), 2020 .....	27
Exhibit 1.06. Retirees: Primary Source of Retirement Advice, 2021 .....	28
<i>Managing Non-Investment-Related Risk Factors</i> .....	30
Exhibit 1.07. Retirees: Primary Source of Income, 2021 .....	31
Exhibit 1.08. Retirement Investors' Financial Topics of Interest, 2021 .....	32
Exhibit 1.09. Top Sources of Financial Stress, 2021 .....	33
<i>Retail Solutions for Retirement</i> .....	35
Exhibit 1.10. Retired Participants: Factors Considered in Decision to Roll Over to an IRA, 2021 .....	36
Exhibit 1.11. Retiree-Friendly DC Plans: Core Market, 2020E .....	38

**Chapter 2: Sizing of the 401(k), Health Savings Account, and 529 Plan Markets . . . . . 41**

Exhibit 2.01. 401(k) Assets and Growth Rates, 2011–2026E . . . . . 42

Exhibit 2.02. 401(k) Contributions and Distributions, 2011–2026E . . . . . 43

Exhibit 2.03. 401(k) Contributions by Source, 2011–2026E . . . . . 44

Exhibit 2.04. 401(k) Participant Accounts by Type, 2011–2026E . . . . . 45

Exhibit 2.05. 401(k) Active Participant Accounts by Plan Participant Segment, 2014–2026E . . . . . 46

Exhibit 2.06. Private Sector Retirement Plan Access by Employer Size, 2019–2020 . . . . . 47

Exhibit 2.07. Average 401(k) Account Balances and Growth Rates, 2011–2020 . . . . . 48

Exhibit 2.08. Health Savings Account Assets, 2011–2022E . . . . . 49

Exhibit 2.09. Number of Health Savings Accounts, 2011–2020 . . . . . 50

Exhibit 2.10. Average HSA Balance in 2020 by Year Account Opened, 2005–2020 . . . . . 51

Exhibit 2.11. Total 529 Plan Assets, 2011–2022E . . . . . 52

Exhibit 2.12. Number of 529 Plan Accounts, 2011–2022E . . . . . 53

Exhibit 2.13. Average 529 Plan Account Balances and Growth Rates, 2011–2020 . . . . . 54

**Chapter 3: Retirement Investors’ Preferences, Stressors, and Use of Non-Retirement Accounts . . . . . 55**

Exhibit 3.01. Retirement Investor Survey Demographics, 2021 . . . . . 57

Exhibit 3.02. Non-Retirement Accounts Owned Databank, 2021 . . . . . 58

Exhibit 3.03 - Part 1. Participants’ Most Important Information on 401(k) Account Statement by Gender and Employment Status, 2021 . . . . . 59

Exhibit 3.03 - Part 2. Participants’ Most Important Information on 401(k) Account Statement Databank, 2021 . . . . . 60

ⓘ Exhibit 3.04 - Part 1. Participants’ Preferred Method for Reviewing 401(k) Account Information by Age Range, 2021 . . . . . 61

ⓘ Exhibit 3.04 - Part 2. Participants’ Preferred Method for Reviewing 401(k) Account Information Databank, 2021 . . . . . 62

ⓘ Exhibit 3.05 - Part 1. Participants’ Preferred Method for Making 401(k) Account Changes by Age Range, 2021 . . . . . 63

ⓘ Exhibit 3.05 - Part 2. Participants’ Preferred Method for Making 401(k) Account Changes Databank, 2021 . . . . . 64

Exhibit 3.06 - Part 1. 401(k) Participants’ Perception of Environmental, Social, and Governance (ESG) Investments by Age Range, 2021 . . . . . 65

Exhibit 3.06 - Part 2. 401(k) Participants’ Perception of Environmental, Social, and Governance (ESG) Investments Databank, 2021 . . 66

ⓘ Exhibit 3.07 - Part 1. Participant Attitude Toward 401(k) Account Investing by Investable Assets and Gender, 2021 . . . . . 67

ⓘ Exhibit 3.07 - Part 2. Participant Attitude Toward 401(k) Account Investing Databank, 2021 . . . . . 68

ⓘ Exhibit 3.08 - Part 1. Factors Participants Consider When Choosing 401(k) Account Investments by Age Range, 2021 . . . . . 69

Exhibit 3.08 - Part 2. Factors Participants Consider When Choosing 401(k) Account Investments Databank, 2021 . . . . . 70

## Table of Contents

---

Exhibit 3.08 - Part 3. Factors Participants Consider When Choosing 401(k) Account Investments Databank, 2021 . . . . .	71
Exhibit 3.09 - Part 1. Participants Contacting and Reasons for Contacting 401(k) Call Center, 2021 . . . . .	72
Exhibit 3.09 - Part 2. Participants Contacting 401(k) Plan Call Center Databank, 2020 . . . . .	73
Exhibit 3.10 - Part 1. Reasons for Contacting 401(k) Plan Call Center Databank, 2021 . . . . .	74
Exhibit 3.10 - Part 2. Reasons for Contacting 401(k) Plan Call Center Databank, 2021 . . . . .	75
ii Exhibit 3.11 - Part 1. Top Sources of Stress for Active Workers, 2021 . . . . .	76
ii Exhibit 3.11 - Part 2. Top Sources of Stress for Active Workers Databank, 2021 . . . . .	77
ii Exhibit 3.11 - Part 3. Top Sources of Stress for Active Workers Databank, 2021 . . . . .	78
ii Exhibit 3.12 - Part 1. Retirees: Top Sources of Stress, 2021 . . . . .	79
ii Exhibit 3.12 - Part 2. Retirees: Top Sources of Stress Databank, 2021 . . . . .	80
Exhibit 3.13 - Part 1. Uses for \$1,000, 2021 . . . . .	81
Exhibit 3.13 - Part 2. Uses for \$1,000 Databank, 2021 . . . . .	82
Exhibit 3.14 - Part 1. Uses for 2020 Stimulus by Age Range, 2021 . . . . .	83
Exhibit 3.14 - Part 2. Uses for 2020 Stimulus Databank, 2021 . . . . .	84
Exhibit 3.15. Health Savings Account Knowledge, 2021 . . . . .	85
Exhibit 3.16. Health Savings Account Balance by Age Range and Investable Assets, 2021 . . . . .	86
Exhibit 3.17 - Part 1. Health Savings Account Contribution Amount by Age Range and Investable Assets, 2021 . . . . .	87
Exhibit 3.17 - Part 2. Health Savings Account Contribution Amount by Databank, 2021 . . . . .	88
Exhibit 3.18 - Part 1. Health Savings Account Planning by Age Range and Investable Assets, 2021 . . . . .	89
Exhibit 3.18 - Part 2. Health Savings Account Planning by Databank, 2021 . . . . .	90
Exhibit 3.19. Health Savings Account Distributions by Age Range and Investable Assets, 2021 . . . . .	91
Exhibit 3.20. 529 Account Balance by Age and Household Investable Assets, 2021 . . . . .	92
Exhibit 3.21. 529 Educational Expenses, 2021 . . . . .	93
Exhibit 3.22. Sources Influencing Decision to Establish a 529 Account by Gender, 2021 . . . . .	94
Exhibit 3.23. Factors Considered When Choosing a 529 Account Provider, 2020 . . . . .	95

**Chapter 4: Retirement Investors’ Advice Relationships, Savings Behavior, and Retirement Planning . . . . . 96**

- Exhibit 4.01. Trusted Sources of Financial Advice, 2021 . . . . . 98
- ii Exhibit 4.02 - Part 1. Active Workers’ Primary Source of Retirement Advice, 2021 . . . . . 99
- Exhibit 4.02 - Part 2. Active Workers’ Primary Source of Retirement Advice Databank, 2021 . . . . . 100
- ii Exhibit 4.03. Financial Advisor Use Databank, 2021 . . . . . 101
- Exhibit 4.04 - Part 1. Reasons for Not Using a Financial Advisor, 2021 . . . . . 102
- Exhibit 4.04 - Part 2. Reasons for Not Using a Financial Advisor Databank, 2021 . . . . . 103
- ii Exhibit 4.05. 401(k) Participants: Median Deferral Rates, 2021 . . . . . 104
- ii Exhibit 4.06. Most Valuable Services Provided by Financial Advisor, 2021 . . . . . 105
- Exhibit 4.07. Important Services When Selecting a Financial Advisor, 2021 . . . . . 106
- Exhibit 4.08. 401(k) Participants’ Views on Tools and Services for Retirement Planning, 2021 . . . . . 107
- Exhibit 4.09 - Part 1. 401(k) Participants: Anticipated Primary Source of Retirement Income, 2021 . . . . . 108
- Exhibit 4.09 - Part 2. 401(k) Participants: Anticipated Primary Source of Retirement Income Databank, 2021 . . . . . 109
- Exhibit 4.10 - Part 1. Retirees: Primary Source of Retirement Advice, 2021 . . . . . 110
- Exhibit 4.10 - Part 2. Retirees: Primary Source of Retirement Advice Databank, 2021 . . . . . 111
- Exhibit 4.11 - Part 1. Retired 401(k) Participants’ Reasons for Retiring Earlier Than Expected Databank, 2021 . . . . . 112
- Exhibit 4.11 - Part 2. Retired 401(k) Participants’ Reasons for Retiring Earlier Than Expected Databank, 2021 . . . . . 113
- Exhibit 4.12. Retired 401(k) Participants: Reasons for Keeping Assets in 401(k) Plan, 2021 . . . . . 114
- Exhibit 4.13. Retired Participants’ Expected Retirement Age Databank, 2021 . . . . . 115
- Exhibit 4.14 - Part 1. Retirees’ Current Primary Source of Income, 2021 . . . . . 116
- Exhibit 4.14 - Part 2. Retirees’ Current Primary Source of Income Databank, 2021 . . . . . 117
- Exhibit 4.15. Age Retirement Investors Began Saving for Retirement, 2021 . . . . . 118
- Exhibit 4.16 - Part 1. Motivating Factors for 401(k) Participants to Begin Saving for Retirement, 2021 . . . . . 119
- Exhibit 4.16 - Part 2. Motivating Factors for 401(k) Participants to Begin Saving for Retirement Databank, 2021 . . . . . 120
- Exhibit 4.17. Reasons 401(k) Participants Delayed Saving for Retirement Databank, 2021 . . . . . 121
- Exhibit 4.18 - Part 1. Financial Topics of Interest, 2021 . . . . . 122
- Exhibit 4.18 - Part 2. Financial Topics of Interest Databank, 2021 . . . . . 123
- Exhibit 4.18 - Part 3. Financial Topics of Interest Databank, 2021 . . . . . 124
- Exhibit 4.19. 401(k) Participants’ Willingness to Provide Personal Data, 2021 . . . . . 125

**Chapter 5: Sizing the Traditional and Nontraditional IRA Market . . . . . 126**

Exhibit 5.01. Total IRA Assets and Annual Growth Rates, 2011–2026E . . . . . 127

Exhibit 5.02. Total Roth IRA Assets and Annual Growth Rates, 2011–2026E. . . . . 128

Exhibit 5.03. IRA Assets by Traditional and Nontraditional Assets, 2011–2026E . . . . . 129

Exhibit 5.04. Nontraditional IRA Assets by Account Type, 2011–2026E. . . . . 130

Exhibit 5.05. Components of Traditional IRA Asset Growth, 2015 and 2020 . . . . . 131

Exhibit 5.06. Top-10 IRA Providers by AUA, 4Q 2018–4Q 2020 . . . . . 132

Exhibit 5.07. Total IRA Assets by Investment Product, 2011–2020. . . . . 133

Exhibit 5.08. Total IRA Mutual Fund Asset Allocation, 2011–2020 . . . . . 134

Exhibit 5.09. IRA Target-Date, Target-Risk, and Index Mutual Fund Assets, 2011–2020 . . . . . 135

Exhibit 5.10. IRA Assets by Age Range, 2011–2026E . . . . . 136

Exhibit 5.11. Percentage of Total IRA Assets by Age Range Databank, 2011–2026E . . . . . 137

Exhibit 5.12. Number of IRA Owners by Age Range Databank, 2011–2026E . . . . . 138

Exhibit 5.13. Percentage of Total IRA Owners by Age Range, 2010–2026E . . . . . 139

Exhibit 5.14. Average IRA Balance, 2011–2020 . . . . . 140

Exhibit 5.15. Average IRA Balance by Age Range, 2011–2020 . . . . . 141

Exhibit 5.16. Taxpayers’ Pension Coverage, IRA Eligibility, and Ownership, 2011–2020 . . . . . 142

Exhibit 5.17 - Part 1. Taxpayers’ Pension Coverage, IRA Eligibility, and Ownership by Age Range Databank, 2011–2020. . . . . 143

Exhibit 5.17 - Part 2. Taxpayers’ Pension Coverage, IRA Eligibility, and Ownership by Age Range Databank, 2011–2020. . . . . 144

**Chapter 6: IRA Rollovers and Participant Treatment of Former 401(k) Plan Accounts. . . . . 145**

Exhibit 6.01. Annual IRA Rollover Contributions from Defined Contribution Plans, 2011–2026E . . . . . 147

❑ Exhibit 6.02. Rollover Sizing, 2020 . . . . . 148

❑ Exhibit 6.03. IRA Rollover Sizing by Age Groups, 2020 . . . . . 149

❑ Exhibit 6.04. Rollover Sizing by Advisor- vs. Self-Directed, 2020 . . . . . 150

❑ Exhibit 6.05. Rollover Sizing: Advisor-Directed by New vs. Existing Advisor, 2020. . . . . 151

Exhibit 6.06. Active Plan Participants with a Previous 401(k) Account Databank, 2021 . . . . . 152

❑ Exhibit 6.07 - Part 1. Participants’ Action Taken with Previous 401(k) Account, 2021 . . . . . 153

❑ Exhibit 6.07 - Part 2. Participants’ Action Taken with Previous 401(k) Account Databank, 2021 . . . . . 154

❑ Exhibit 6.08. Length of Time Assets Remained in Previous 401(k) Account Before Rolling Over by Age Range, 2021 . . . . . 155

❑ Exhibit 6.09 - Part 1. Active Participants: Factors Considered in Decision to Roll Over to an IRA by Age Range, 2021. . . . . 156

❑ Exhibit 6.09 - Part 2. Active Participants: Factors Considered in Decision to Roll Over to an IRA Databank, 2021 . . . . . 157

## Table of Contents

---

- ii Exhibit 6.09 - Part 3. Active Participants: Factors Considered in Decision to Roll Over to an IRA Databank, 2021 . . . . . 158
- ii Exhibit 6.10 - Part 1. Retired Participants: Factors Considered in Decision to Roll Over to an IRA by Investable Assets, 2021. . . . . 159
- ii Exhibit 6.10 - Part 2. Retired Participants: Factors Considered in Decision to Roll Over to an IRA Databank, 2021 . . . . . 160
- ii Exhibit 6.10 - Part 3. Retired Participants: Factors Considered in Decision to Roll Over to an IRA Databank, 2021 . . . . . 161
- Exhibit 6.11 - Part 1. Retirement Investors’ Reasons for Establishing an IRA by Retirement Assets, 2021. . . . . 162
- Exhibit 6.11 - Part 2. Retirement Investors’ Reasons for Establishing an IRA Databank, 2021 . . . . . 163
- Exhibit 6.11 - Part 3. Retirement Investors’ Reasons for Establishing an IRA Databank, 2021 . . . . . 164
- ii Exhibit 6.12 - Part 1. Factors Retirement Investors Considered When Choosing an IRA Provider by Gender  
and Employment Status, 2021 . . . . . 165
- ii Exhibit 6.12 - Part 2. Factors Retirement Investors Considered When Choosing an IRA Provider Databank, 2021 . . . . . 166
- ii Exhibit 6.12 - Part 3. Factors Retirement Investors Considered When Choosing an IRA Provider Databank, 2021 . . . . . 167
- Company Index . . . . . 168**



## Company Index

American Century .....	34
Betterment .....	99, 135
BlackRock.....	34
Charles Schwab.....	39, 165
Commonwealth.....	55, 81
Edelman Financial Engines .....	29, 72, 107
Empower.....	28, 39
Investnet .....	36
Fidelity.....	36, 39, 67, 89, 102, 126, 132, 165
Franklin Templeton.....	151
Genworth Financial.....	34
Guideline.....	41, 47
GuidedChoice .....	29
Human Interest.....	47
Income Discovery.....	31, 96, 116
Merrill Lynch.....	102, 107
Morningstar .....	29, 35, 52, 151
Optum .....	89
Personal Capital .....	39
PIMCO.....	23
Ubiquity.....	41
Vanguard.....	52, 61, 102, 16
Vestwell .....	135, 151
Voya .....	55, 81
Wealthfront.....	99
Wells Fargo .....	34
WEX Health .....	89