



NEWS RELEASE

T. ROWE PRICE RELEASES LATEST DEFINED CONTRIBUTION CONSULTANT RESEARCH STUDY

New Research Representing Defined Contribution and Retirement Viewpoints from 32 of the Nation's Leading Consulting and Advisory Firms Addresses Retirement Trends and Key Investment Themes

BALTIMORE, September 6, 2023 – T. Rowe Price today released findings from its latest *Defined Contribution Consultant Research Study*. T. Rowe Price surveyed 32 defined contribution (DC) consultants and advisory firms—with a collective \$6.7 trillion in assets under advisement—to explore factors driving plan sponsor decisions as they relate to target date solutions, retirement income, investment trends, and financial wellness programs.

Several key themes emerged from the findings, including:

- Support for greater diversification opportunities within target date strategies, specifically within the fixed income allocation (e.g., adding exposure to nontraditional bonds);
- Plan sponsors adopting a more decision-oriented posture on retirement income solutions;
- Shaper focus on fixed income options due to the current interest rate environment;
- Support for both active and passive investment options, with high conviction in return-seeking fixed income strategies; and
- Continued motivation to invest in financial wellness programs to improve overall worker satisfaction and retention.

QUOTES

Michael Davis, Head of Defined Contribution plan specialists, T. Rowe Price, and former Deputy Assistant Secretary of the U.S. Department of Labor

“Ongoing market volatility and economic uncertainty are driving changes in the retirement landscape, creating obstacles for the intermediary community, but also evolutionary opportunities for DC plans and consultant and advisory practices. This study helps us to better understand that evolution, especially as we compare the 2021 results to the 2023 findings. Fixed income markets are a perfect example – with tightening monetary conditions, higher interest rates, and inflation, it is not surprising that 62% of consultants and advisors surveyed agree with the statement, ‘fixed income oversight for DC plans now requires more consideration than it did in prior years.’”

Jessica Sclafani, Defined Contribution Specialist, T. Rowe Price

“Data from this survey helps us put our fingertips on the pulse of what is important for our DC plan clients and their trusted consultants and advisors. An important learning from this year's survey was that the current market environment has created a unique opportunity for the industry to expand the way it thinks about offering participants exposure to fixed income, and more specifically, the types of fixed income made available—whether it's in a standalone investment or in multi-asset investment option. Fixed income has historically not received the same mindshare as equities, but amid the current interest rate environment, and with many plans experiencing an aging workforce, the time feels right to be talking



about fixed income in DC plans. Another striking finding from this year's survey was DC plan sponsors' meaningful shift in sentiment with respect to in-plan retirement income solutions. On the whole, we observe plans evolving from an exploratory to a decision-oriented stance."

KEY FINDINGS

When looking at target date solutions, two key implementation developments received strong support – target date solutions offered in a collective investment trust (CIT) and target date solutions utilizing both active and passive underlying strategies. With respect to target date diversification, adding exposure to nontraditional bonds garnered the most interest from DC consultants. Despite the recent inflationary environment, study results reveal only moderate support for adding or increasing allocations to traditional inflation-sensitive strategies in target date portfolios.

The survey shows that plan sponsors are taking a close look at retirement income; the 2021 DC Consultant Study showed consultants describe 59% of clients as "having no stated opinion" on in-plan retirement income solutions versus only 24% in 2023. Data also shows the percent of clients that consultants categorize as currently offering or planning to add a retirement income solution has more than doubled: 8% of clients in 2021 compared with 19% in 2023. Despite increasing retirement income product proliferation, survey respondents identify a simple systematic withdrawal capability as the most appealing strategy or solution for the delivery of retirement income.

The evolving fixed income landscape has made it necessary for many consultants to sharpen their focus on the asset class— 78% report a greater focus on identifying opportunities for diversification within fixed income, whether it is across the credit spectrum or global yield curve, as well as by method of implementation (active or passive). Fixed income is also where respondents express the greatest conviction in active management. At least half of respondents selected active management as their preferred method of implementation for core plus bond/multi-sector, corporate bond (investment grade), international or global bond, low duration bond, and high yield bond strategies.

Study respondents generally approve of the use of both active and passive investment strategies in DC plans overall. Most preferred both active and passive investment options for large-cap equity, small-/mid-cap equity, and international equity. Notably, more than half (52%) of respondents believe emerging markets equity is best implemented using active management.

Additionally, research showed the primary motivation for plan sponsors to invest in financial wellness programs came from the desire to improve worker satisfaction and retention and reduce employee financial stress. The topics that matter most were improving overall financial knowledge and estimating retirement income needs – with 43% and 54% of respondents respectively believing that the importance of these issues has increased over the last 12 months.

The Defined Contribution Research Study was conducted during Q1 2023. The executive summary is available [here](#).

ABOUT THE DEFINED CONTRIBUTION RESEARCH STUDY

The 2023 Defined Contribution Research Study was conducted by T. Rowe Price in partnership with Schaus Group. The study population includes 32 defined contribution consulting and advisory firms surveyed from February 14 to March 31, 2023. You may visit troweprice.com/dcio and refer to the **2023 Defined Contribution Research Study** material for highlights from this study. Participating firms also received a custom report comparing their firm's responses to the aggregate responses.



ABOUT T. ROWE PRICE

Founded in 1937, T. Rowe Price (NASDAQ-GS: TROW) helps people around the world achieve their long-term investment goals. As a large global asset management company known for investment excellence, retirement leadership, and independent proprietary research, the firm is built on a culture of integrity that puts client interests first. Investors rely on the award-winning firm for its retirement expertise and active management approach of equity, fixed income, alternatives, and multi-asset investment capabilities. T. Rowe Price manages USD \$1.43 trillion in assets under management as of July 31, 2023, and serves millions of clients globally. News and other updates can be found on [Facebook](#), [Instagram](#), [LinkedIn](#), [Twitter](#), [YouTube](#), and troweprice.com/newsroom.

CONTACT T. ROWE PRICE PUBLIC RELATIONS

Bill Benintende
443-248-2424
bill.benintende@troweprice.com

Lara Naylor
410-215-7998
Lara.Naylor@troweprice.com