



T.RowePrice



2024 U.S. Retirement Market Outlook

Three themes shaping the
retirement landscape

Three themes shaping the U.S. retirement landscape

Looking into 2024, retirement income, personalization, and diversification will be the key themes for defined contribution (DC) plan sponsors and their consultants and advisors. Our 2024 U.S. Retirement Market Outlook explores why we expect these topics to shape the retirement landscape in the coming years and outlines the underlying factors that are creating both challenges and opportunities for the retirement industry. We also provide action items or next steps for plan sponsors, consultants, and advisors.



Retirement Income

Retirement income cannot be solved by a single investment solution. Many DC plan sponsors are exploring options to reposition their plans not only as savings-oriented vehicles but also as decumulation platforms that support retired participants. We encourage plan sponsors, consultants, and advisors to take the broadest view of retirement income possible—from participant tools and retiree-friendly plan design to considering both investment and insurance solutions and access to personalized advice.



Personalization

Consumers increasingly expect personalization in all aspects of their lives. The retirement experience is no different. Data from our recordkeeping platform show that tailored and targeted experiences can drive behavioral change and help improve retirement outcomes. Some participants are also seeking personalized investment solutions. As employees continue to express a need for comprehensive financial wellness programs through the workplace, personalized solutions can help workers navigate and balance both their short-term and long-term financial goals.



Diversification

Diversification is fundamental to helping participants achieve successful retirement outcomes over the long term.¹ In an environment where inflation risk persists and interest rates are expected to stay higher for longer, diversification should not just be about basic asset allocation. Plan sponsors and their advisors and consultants should ensure that current allocation policies align with the current market environment. This is especially true for fixed income allocations within target date strategies, which remain the most prevalent default vehicle for retirement investors.

¹ Diversification cannot assure a profit or protect against loss in a declining market.

Retirement income

Growing demand could drive innovation and adoption of retirement income solutions.



Participants approaching retirement have many questions. Do I have enough savings to retire? How can I replace my paycheck with my savings? Where can I find help?

They are not alone in this quest to solve the retirement income puzzle. Historically, the marketplace for retirement income services has been dominated by the retail rollover IRA, given its prevalence in the marketplace and the personalized guidance provided by the advisor community. Recently, more and more employers say that they have a responsibility toward their retiring participants, and these employers are actively looking for different retirement income solutions to support retirees in plan. These changes are good for the industry, given the success of DC plans in driving retirement savings.

With an emerging change in mindset from employers, growing demand from retirees, increasingly supportive legislation, and a continued evolution of products and services, we think that now is the time for broader innovation and adoption of retirement income solutions in the

DC marketplace. In fact, we are already seeing the beginnings of this trend.

A tipping point for adoption

The need for retirement income solutions isn't entirely new, yet savers have been slow to adopt existing solutions. However, the growing demand for retirement income and the confluence of various factors are encouraging signs. The Pew Research Center estimates that 10,000 baby boomers are expected to turn age 65 each day until 2030. Plan sponsors are increasingly aware of this aging workforce, and the income needs of millions of baby boomers entering retirement could be transformative.

Among the respondents to our 2023 T. Rowe Price Retirement Savings and Spending Survey, which surveys a nationally representative group of 401(k) participants, 64% of baby boomers reported moderate to high levels of stress about their retirement savings. Education tools and services crafted to support the retirement income experience could ease their worries about planning for retirement.

64%

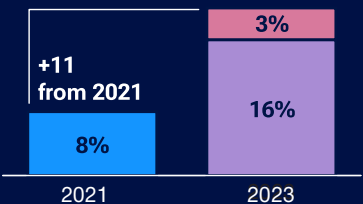
baby boomers who reported moderate to high levels of stress about their retirement savings.

Evolving from exploration to decisions

(Fig. 1) Data suggest that more plans, consultants, and advisors are taking a position on retirement income.

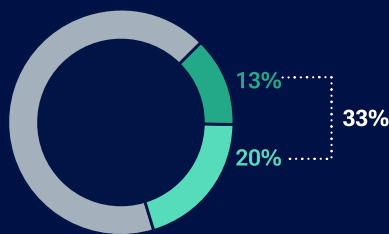
Percent of clients offering in-plan retirement income solutions

- Currently offer/planning to add
- Currently offer
- Planning to add within the next 12 months



Percent of consultant and advisory firms with formal ratings for retirement income solutions

- Yes
- No, but we plan to within 12 months



Sources: T. Rowe Price, 2023 Defined Contribution Consultant Study; 2021 Defined Contribution Consultant Study. Please see T. Rowe Price Sources for additional detail on T. Rowe Price studies referenced throughout this material.

The legislative and regulatory environment has also been supportive.² While implementation of in-plan retirement income solutions is likely to be gradual, we are already observing more plan sponsors moving from an information-gathering stage to a decision-making stage relative to retirement income. To support this emerging trend, one-third of advisors and consultants who responded to our 2023 DC Consultant Study said that they are already including or intend to include formal ratings systems for retirement income strategies within the next 12 months (Figure 1).

Retirement income is an experience

People often think of retirement income as a product—specifically, an investment or insurance product or a mix of both. But at T. Rowe Price, we see products as only a part of the retirement income ecosystem.

Our research shows that a majority of participants lack knowledge of retirement income products. Also, retirees have diverse needs, and different retirement income products solve different problems. Participants need help understanding their various options and which ones

best fit their personal situation. The retirement income experience should combine gathering of information about retirement income options, use of advice to make retirement income choices, receipt of income, and ongoing portfolio tracking all in a seamless, simple, and intuitive experience.

While investments are at the heart of retirement income, services and tools (which provide support throughout the retirement journey) are equally important for helping retirees as they transition from saving for retirement to spending in retirement. In our 2023 DC Consultant Study, we asked the respondents to outline which solutions or features may best persuade retired participants to remain in plan. Interestingly, the most persuasive features outlined were not investment- or product-related (Figure 2).

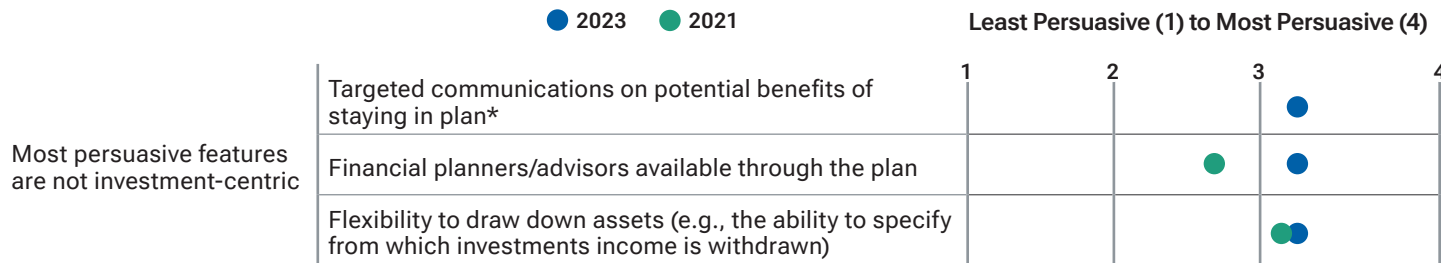
Participants also need to factor in other considerations in a retirement income plan, such as Social Security benefits or a pension. Education, tools, products (investment and insurance), and personalized services—including advice, calculators, and insights—can help retirees get the most out of all their retirement savings and should be woven into a single experience.

“People often think of retirement income as a product...we see products as only a part of the retirement income ecosystem.”

² The original SECURE Act of 2019 served to accelerate product creation and encourage the launch of innovative solutions to support retired participants who choose to stay in plan. More recently, the SECURE 2.0 Act of 2022 includes provisions that support lifetime income.

Top features to retain retirees are not investment- or product-related

(Fig. 2) Solutions or features that may persuade retired participants to remain in plan



Sources: T. Rowe Price, 2023 Defined Contribution Consultant Study; 2021 Defined Contribution Consultant Study.
*New for 2023. Not included in 2021 study.

What's next?

Retirement income will not be a one-and-done exercise for plan sponsors. For many, the retirement income journey will likely span several years. It will be an iterative process that includes a retiree-friendly plan design and an array of investment and insurance solutions, along with access to advice.

When evaluating product solutions within the plan or comparing the suitability of potential options, we suggest a five-factor framework that considers:

- Level of payments: Are payments sufficient enough to cover retiree spending needs?
- Volatility of payments: How much will payments vary from one period to another?
- Liquidity of balance: Will retirees have access to their assets at any time?
- Longevity risk hedge: Are there safeguards in place to ensure that the retiree is unlikely to outlive his/her assets?
- Unexpected balance depletion: Could saved assets run out prematurely due to market events?

No product can excel in all five dimensions. For example, while a fixed immediate annuity contract provides steady income and is an excellent longevity hedge, it offers no liquidity.³ Instead, a mix of products and services that together excel at the dimensions that are most important to participants would be ideal. Consultants and advisors can help plan sponsors choose the right mix of capabilities that work for their participant demographic.

Although retirement income solutions may not be a priority for some plans—such as those with young or transient

workforces—we generally expect an uptick in the adoption of these solutions and/or other retirement income capabilities soon. For employers who have identified retaining and supporting retired participants as a priority, the most immediate focus is on trying to recreate a paycheck-like experience.

A managed payout solution can be an excellent place to start for these plans. In our experience, plan sponsors and their consultants typically view the managed payout solution as a noncontentious place to start the retirement income experience, particularly when the strategy is optional and not enabled by default.

As more participants approach retirement age, we expect the following retirement income trends:

- A proliferation of capabilities: Aligned with our five factors for product evaluation, we see continued innovation in product design moving beyond a sole focus on guaranteed solutions. The demand for non-guaranteed solutions for preretirees is high and will continue to grow.
- Improving guidance and advice for the retirement income experience: Retirement income strategies are complex and require the coordination of key decisions such as Social Security, Medicare, taxes, Roth conversion, spending levels, and longevity. We expect to see new resources designed to help participants address income strategies with both in-plan and out-of-plan savings.
- Growth of in-plan resources for retirement planning: Participants seek advisors who can facilitate income planning and can aggregate their assets. As the quality of retirement income guidance and advice increases, we see more participants keeping their assets in plan.

“
The demand for non-guaranteed solutions for preretirees is high and will continue to grow.”

³ Guarantees are subject to the claims paying ability of the insurer. Fixed immediate annuities may be subject to higher fees.

Finally, Social Security is the bedrock of retirement income for most Americans. But according to the 2023 Annual Trustees Report, the Old-Age and Survivors Insurance (OASI) Trust Fund will be exhausted by 2033, after which the program will only be able to pay 77% of the scheduled benefits. We hope and expect legislators to address this issue sooner rather than later. Any potential changes in the Social Security program could have significant impact on retirees and retirement income planning.⁴

Considerations for plan sponsors, consultants, and advisors

Litigation fears: ERISA litigation has made some fiduciaries wary of offering innovative solutions, such as managed accounts that can incorporate annuities. Industry groups continue to engage legislators to discuss the potential for legislation that could benefit retirees, as well as to protect plan fiduciaries who offer income solutions qualified for in-plan use.

Concerns about complexity: When it comes to implementing retirement income solutions, plan sponsors have expressed concerns about:

- the potential cost of recordkeeping infrastructure,
- the portability of investment solutions, and
- educational challenges around potential options.

All this must be considered while also navigating competing priorities, such as looming deadlines for implementing SECURE 2.0 provisions. These challenges present opportunities for advisors and consultants to engage with their clients and provide differentiating value.

Solutions approach: Insurance products have dominated the retirement income narrative. While they can play a role in the overall solution, our research shows that plan sponsors and advisors continue to demand diverse solutions. A smart approach that incorporates the right tools and the right strategy can deliver the best outcome for participants.

⁴ Source: The 2023 OASDI Trustees Report. <https://www.ssa.gov/oact/TR/2023/index.html>

Personalization

Targeted experiences can drive behavioral change and improve retirement outcomes.



Data show that, for plan participants, personalized experiences can help drive behavioral change and improve retirement outcomes. We discussed retirement income under our first theme, a very personal experience—given different needs and preferences—that requires a personalized solution. But personalization is not limited to products. It also includes services and communications, which intersect with financial wellness.

Throughout their working years, participants may face challenges as they aim to save for retirement while also balancing day-to-day household finances and juggling competing financial goals. These include repaying student loans or other debt, starting a family, purchasing a home, or saving for a child’s education, among others. Our research has shown

that access to workplace financial wellness programs and services that can help them manage these priorities is important to participants (Figure 3).

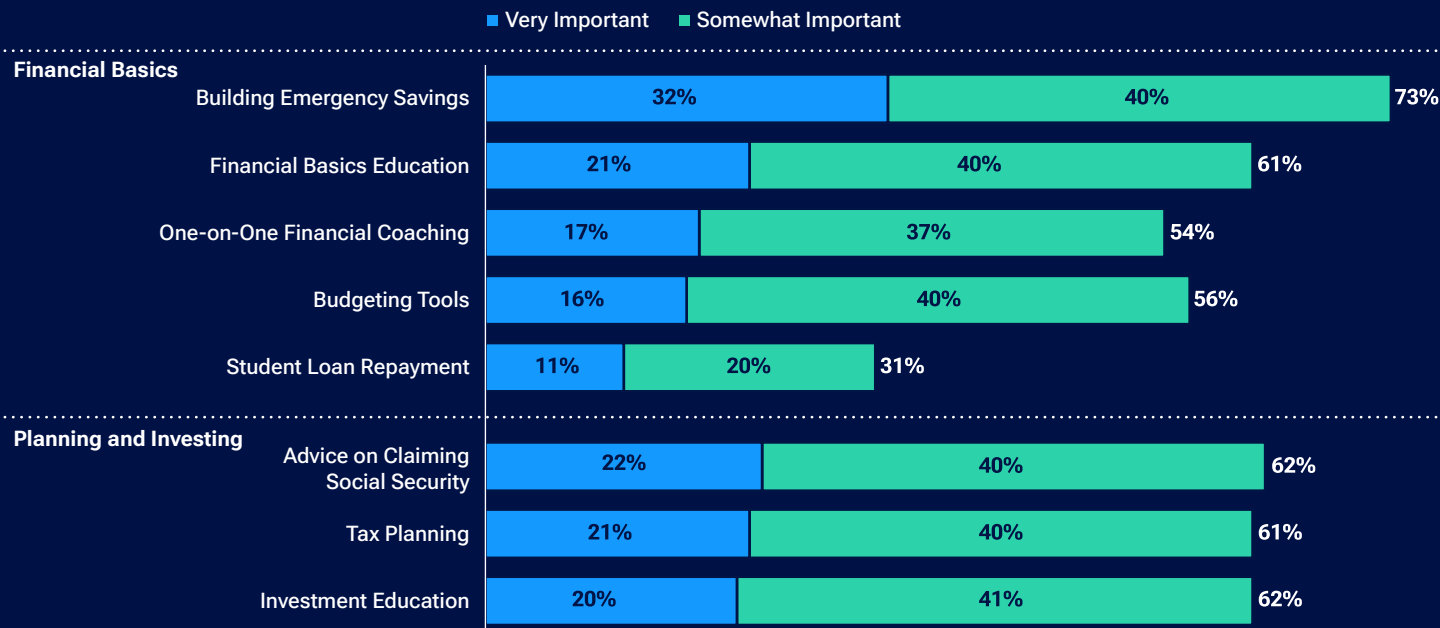
As employees continue to express interest in financial wellness programs, plan sponsors and their consultants and advisors have taken notice. Offering comprehensive and tailored experiences that can help workers navigate both their short-term and long-term financial goals could be impactful.

Strong demand in an evolving landscape

Employee populations are typically diverse, and needs often vary across generations and various participant demographics.

Participants need help with financial basics, planning, and investing

(Fig. 3) Importance of workplace financial solutions to participants.



Source: T. Rowe Price Retirement Savings and Spending Study, 2022.
Numbers may not total due to rounding.

An analysis of plan data can help plan sponsors identify vulnerable populations who are disproportionately affected by financial stressors. This analysis can then drive plan design decisions as well as communication or engagement strategies that tailor financial wellness offerings to meet these employees' needs.

The workforce currently consists of four generations, each with different financial priorities. Based on our research, Gen Z and millennials attach more importance to the availability of financial education, products, and services through their employer than older generations, especially baby boomers (Figure 4). Meanwhile, younger baby boomers and older Gen Xers who are nearing retirement might benefit from personalized communications and services on topics such as catch-up contributions, claiming Social Security, and tax-aware retirement income planning, among others.

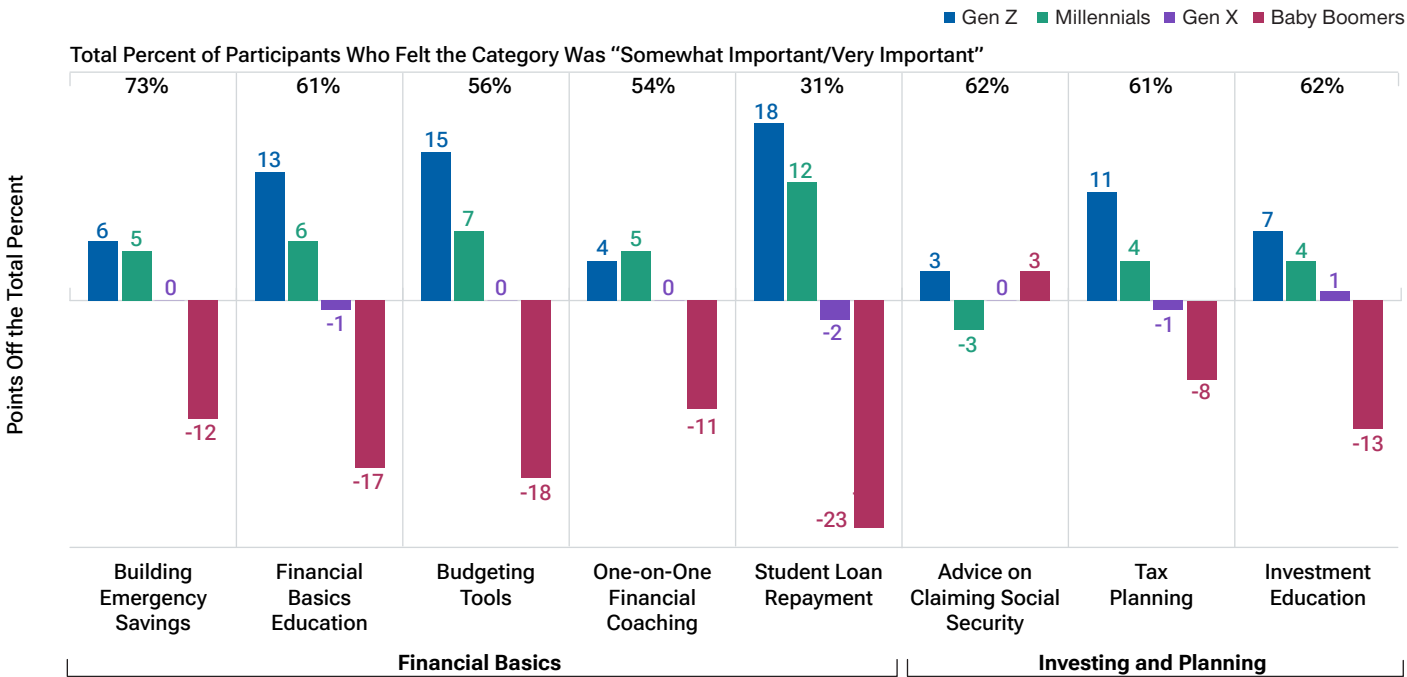
Personalized and targeted communications can impact outcomes. For example, leveraging our recordkeeping data,

T. Rowe Price creates informed videos to motivate participants and help drive action. According to our 2023 Reference Point report, which benchmarks large retirement plans on our recordkeeping platform, participants who watched these videos were twice as likely as others to increase their deferral rates and add or update their account beneficiaries.

Personalized communications and services should be relevant and align with targeted audiences. We have found that the evolution of our services for Spanish-speaking participants over the years—from translating communications to providing educational meetings in Spanish, and now providing a Spanish portal that tailors content and incorporates cultural preferences—has increased activity. An analysis of digital engagement data outlined in our Participants Reactions to Jobs and the Economy report shows that 8.6% of visitors to our Spanish retirement plan portal in the second quarter of 2023 completed an action compared with 4.6% of visitors who did not visit the portal.

Younger generations expect more help with financial wellness from employers

(Fig. 4) Importance of workplace financial solutions to participants.



Source: T. Rowe Price Retirement Savings and Spending Study, 2022.

What's next?

More and more, participants need help sorting out options that best fit their individual situations across all stages of the retirement journey. How do I balance saving versus paying down debt? How much should I contribute? Should I make Roth or pretax contributions? Should I invest on my own or use default investments? At what age should I claim Social Security? How do I draw down my assets? The list goes on.

In the past, addressing these concerns on an individual basis would require an expensive one-on-one consultation with a financial professional. However, ongoing advances in technology are starting to allow a cost-effective delivery of sophisticated and personalized solutions.

These advancements have resulted in partnerships with fintech companies that are expected to accelerate as DC providers seek to differentiate their services and provide integrated and streamlined solutions to their clients. For example, to complement our current retirement capabilities, T. Rowe Price recently purchased a fintech firm that offers innovative personalized retirement income planning software.

Our assessment about the growth-potential of financial wellness solutions is shared by consultants and plan advisors as well. In our 2023 DC Consultant Study, financial wellness programs were identified as the top area for future growth in non-investment services among consultants. Many are planning to provide full proprietary financial wellness solutions for their clients. We expect plan sponsors to adopt these solutions and offer them to their participants as well.

A growing emphasis on personalization and holistic financial wellness services is also being reflected in the investment solutions offered to retirement plan participants. While target date strategies remain the most prevalent default vehicle that benefits millions of Americans investing for retirement, some participants are seeking more personalized solutions as they move closer to, and through retirement.

As a result, employers and financial professionals are increasingly offering investment advice to plan participants in the form of personalized managed portfolios that also consider an individual's circumstances beyond age, such as other savings and investments they might have, debt, spousal savings, etc. We expect demand to likely grow for these individualized investment advice and professional portfolio management solutions.

Considerations for plan sponsors, consultants, and advisors

Access to data enables personalization:

Employees grapple with a range of factors that impact their ability to save for retirement. Having access to participant-level data can help recordkeepers, consultants, and advisors unmask hidden distortions within averages and offer relevant services to participants. Being open to data connectivity, especially for partnerships with fintech firms that offer personalized products and services, could also provide opportunities for enhanced integrated solutions.

Personalized solutions help keep assets in plan:

Many employers express a preference to keep retiring participants in plan. Employers enjoy a unique trust, but to retain participants after retirement, they may need to offer personalized solutions that are otherwise only available in the retail market.

Find informal forums for more open conversations:

Employers can use less formal settings to foster discussions about personal financial struggles or needs. For example, employee forums, such as business resource groups, formed around employees' personal identity or interests, can drive more personal discussions. This can often give employers ideas about what their employees are struggling with and how to help them. Having retirement preparation conversations in these settings could be very useful as some participants may be more likely to engage and act if they can relate to the messenger.

 ...ongoing advances in technology are starting to allow a cost-effective delivery of sophisticated and personalized solutions.

Diversification

A complex market environment sharpens focus on diversification opportunities.



At T. Rowe Price, we strongly believe that diversification is fundamental to helping participants achieve successful retirement outcomes over the long term. During their lifetime of investing, participants will face many risks, and achieving adequate portfolio growth during their retirement journey is critical, as is planning for the bumps that can and will happen along the way.

Outlining the importance of diversification can seem like stating the obvious, but market events in 2022 that resulted in a steep, correlated sell-off in both stocks and bonds prompted valid questions about the role of diversification in helping to mitigate downside risk. In multi-asset portfolios, diversification should not just be about asset allocation between traditional stocks and bonds. While a mix across these asset classes typically influences portfolio growth, diversification across multiple market segments—such as sub-asset classes, regions, and sectors, among others—could boost results during different market regimes or hedge against specific risks and help improve retirement outcomes.

For clients who prioritize the efficiencies and benefits that passive allocations may provide for certain investment sectors, but who are also interested in maximizing growth in order to help improve retirement outcomes, the selective use of active and passive management in managed strategies may add another dimension to diversification. Incorporating distinct components in a portfolio also provides additional levers for making tactical (or short-term) adjustments that could further enhance returns and help mitigate near-term risks.

Data show that target date strategies are the most prevalent default vehicle for retirement investors. While the equity

allocation in these strategies is often diversified, many target date providers continue to offer relatively basic fixed income designs that forgo some asset classes altogether. We want to highlight the importance of a well-diversified fixed income allocation, especially in a complex market environment where inflation persists and interest rates are expected to stay higher for longer.

Time to check under the hood

For over a decade, inflation was not a major concern. Investors had to grapple with the impact of ultralow interest rates on their portfolios and seek additional ways to generate return. In a short period of time, a spike in inflation since 2021 caused the U.S. Federal Reserve and other major central banks to aggressively raise interest rates.

In our view, global markets have likely reached a structural inflection point—an end to the extraordinary era of ample liquidity, low inflation, and low interest rates that followed the 2008–2009 global financial crisis (GFC). For plan sponsors, advisors, and consultants that offer target date vehicles or personalized portfolio solutions, there has never been a more important time to reexamine the fixed income asset allocation structure in these strategies. This is especially true considering that many current allocation policies were influenced by the post-GFC economic environment that was very different from the one we are in today.

Notably, our 2023 DC Consultant Study revealed that large retirement plan consultants and advisors have also taken notice, and many reported a heightened focus on diversification opportunities, resulting in part from poor performance in fixed income strategies in 2022 (Figure 5).

“...many current allocation policies were influenced by the post-GFC economic environment that was very different from the one we are in today.”

Interest rate and inflation concerns are top of mind

(Fig. 5) Factors that influence evaluation of strategies with a goal of capital preservation and/or fixed income investment options in plan

	Fixed Income			Capital Preservation		
	2021	2023	Change	2021	2023	Change
Current interest rate environment	89%	81%	-8	89%	94%	+5
Greater focus on diversification opportunities	48	81	+33	33	29	-4
Interest rate expectations	81	77	-4	74	71	-3
Inflation concerns	70	74	+4	48	68	+20
Poor performance	26	52	+26	19	36	+17

Source: T. Rowe Price, 2023 Defined Contribution Consultant Study; 2021 Defined Contribution Consultant Study. Percentages represent the portion of respondents who selected the respective factors listed on the left of the chart.

What’s next?

For the first time in over 20 years, a higher risk-free rate⁵ is providing opportunities that may enhance portfolio returns without increasing exposure to equity risk. Meanwhile, inflation risk lingers, and it remains unclear at what levels interest rates will peak, how long they will remain elevated, when they may decline, or when they could normalize to a neutral rate.⁶

When considering components in a multi-asset portfolio, some asset classes may not contribute equally to short-term outcomes, but their benefits over the long term could help to make the portfolio more durable over a range of market environments. Segments of the fixed income market can behave very differently from each other. Some have historically had higher correlations to equities, others have demonstrated superior inflation-fighting properties, and others can potentially provide relatively uncorrelated returns.

In 2022, core fixed income assets largely failed to mitigate equity risk when correlations spiked during the market sell-off. This experience highlights the importance of fixed income diversification—especially

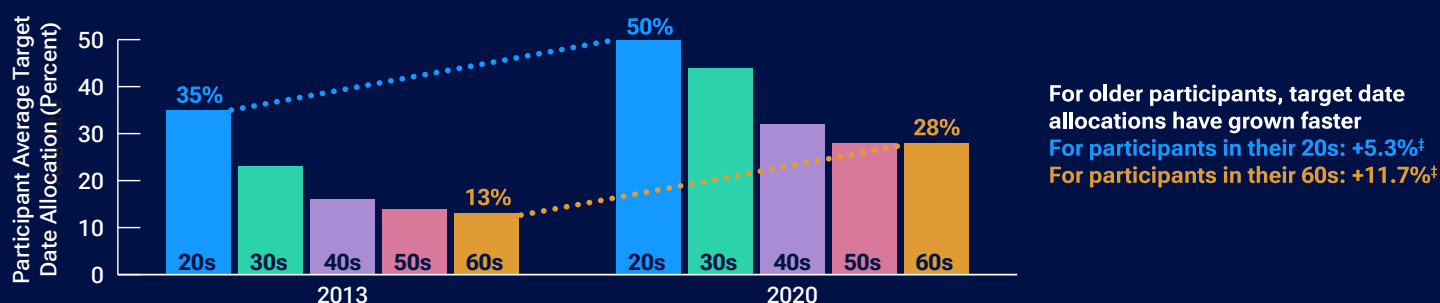
if core fixed income exposure relies on U.S. investment-grade bond holdings, which can mean a direct exposure to the U.S. yield curve and undiversified interest rate risk. Within fixed income allocations, investors should consider:

- 1. **Looking beyond U.S. investment grade:** Our research suggests that supplementing the core fixed income allocation with international bonds (in particular, currency hedged bonds) allows for additional interest rate diversification and could lower volatility. Additionally, less directional and more flexible bond strategies that seek absolute returns across the full global opportunity set could provide a source of diversification during periods of risk aversion.
- 2. **Adding other sources of diversification:** Core fixed income assets now provide positive real (inflation-adjusted) yields and can still have a valuable role to play in helping to mitigate downside risk, especially if inflation subsides, allowing policymakers to cut rates in the face of a slowing economy. However, if inflation risk remains persistent, other strategies that could help mitigate risk in market environments like the one seen in 2022 may be beneficial.

⁵ Risk-free rate of return is a theoretical return of an investment with zero risk and the measure is used as a rate against which other returns are measured.
⁶ The neutral rate is considered to be the interest rate at which monetary policy is neither stimulating nor restricting economic growth.

Significant growth in target date assets

(Fig. 6) Average allocation to target date strategies in 401(k) accounts by participant age group, 2013–2020*,†



Source: ICI, 2013–2020. Data analysis by T. Rowe Price.

*Holden, Sarah, Steven Bass, and Craig Copeland. 2022. “401(k) Plan Asset Allocation, Account Balances, and Loan Activity in 2020.” ICI Research Perspective 28, no. 11 (November).

†Holden, Sarah, Jack VanDerhei, Luis Alonso, Steven Bass, and AnnMarie Pino. 2014. “401(k) Plan Asset Allocation, Account Balances, and Loan Activity in 2013.” ICI Research Perspective 20, no. 10 (December).

‡Compound annual growth rate over 7 years.

The research perspective was released in November 2022, with 2020 data being the most recent available at the time of our analysis.

Higher-yielding fixed income, including high yield bonds, bank loans, and emerging market debt, could generate attractive returns in the current yield environment. Although non-core bonds can be highly correlated with equities in extreme risk-on and extreme risk-off environments, they offer other meaningful diversification benefits that could make them strong complements to equities as sources of growth.

Fixed income diversification with these “plus” sectors could help investors better navigate the various risks they will face over their life cycles, as well as the market conditions they may experience as they prepare for and go through retirement. In many cases, all of these sectors may not be included in a retirement plan’s investment lineup. More importantly, they may not be included in many target date allocations. Since data show that average target date allocations continue to grow, with a meaningful increase among participants over age 60, plan sponsors and retirement industry professionals should consider whether these sectors are included within the fixed income allocations of their target date strategies (Figure 6).

Considerations for plan sponsors, consultants, and advisors

Take a close look at your fixed income menu:

The growth of the global fixed income markets in recent years has greatly expanded investment opportunities beyond the U.S. investment-grade sectors. A broader opportunity set can create additional opportunities for diversification and potential excess returns.

Active management is key for fixed income diversification:

While some passive equity strategies have performed well, using passive fixed income components can be problematic. Within some fixed income sectors, it isn’t practical—or in some cases even possible—to hold all the securities in the most common market indexes, making it difficult to replicate benchmark performance without significant tracking error.⁷ In our view, an active management approach is particularly valuable in certain fixed income sectors where credit risk is a primary risk. That’s because firsthand credit research could help mitigate certain default risks.

⁷ Tracking error is the divergence between the price behavior of an investment and an index.

T. Rowe Price Sources

2023 Defined Contribution Consultant Study:

This study included 45 questions and was conducted from February 14, 2023, through March 31, 2023. Responses are from 32 consulting and advisory firms with more than \$6.7T in assets under administration.

2021 Defined Contribution Consultant Study:

This study included 51 questions and was conducted from September 20, 2021, through November. Responses are from 32 consulting and advisory firms with more than \$7.2T in assets under administration.

2023 Retirement Savings and Spending Study:

The Retirement Savings and Spending Study is a nationally representative online survey of 401(k) plan participants and retirees. The survey has been fielded annually since 2014. The 2023 survey was conducted between July 24, 2023, and August 13, 2023. It included 3,041 401(k) participants, full-time or part-time workers who never retired, currently age 18 or older, and either contributing to a 401(k) plan or eligible to contribute with a balance of \$1,000 or more. The survey also included 1,176 retirees who have retired with a Rollover IRA or left-in-plan 401(k) balance.

2022 Retirement Savings and Spending Study:

The Retirement Savings and Spending Study is a nationally representative online survey of 401(k) plan participants and retirees. The survey has been fielded annually since 2014. The 2022 survey was conducted between June 24, 2022, and July 22, 2022. It included 3,895 401(k) participants, full-time or part-time workers who never retired, currently age 18 or older, and either contributing to a 401(k) plan or eligible to contribute with balance of \$1,000 or more. The survey also included 1,136 retirees who have retired with a Rollover IRA or left-in-plan 401(k) balance.

Reference Point 2023:

This annual benchmarking tool examines trends and highlights and shares commentary to help inform plan design. Data are based on the large-market, full-service universe—T. Rowe Price total—of T. Rowe Price Retirement Plan Services, Inc., retirement plans (401(k) and 457 plans), consisting of 652 plans and approximately 2 million participants.

Participant Reactions to Jobs and the Economy, Q2 2023:

Analysis of the plans in T. Rowe Price's recordkeeping database from January 2017 through June 2023. The analysis focused on the effects of inflation on plan participant saving and investing behavior.

T. Rowe Price focuses on delivering investment excellence and retirement services that institutional, intermediary, and individual investors can rely on—now and over the long term.

To learn more, please visit troweprice.com/retirementUS.

Investment Risks:

The principal value of **target date strategies** is not guaranteed at any time, including at or after the target date, which is the approximate year an investor plans to retire. These products typically invest in a broad range of underlying mutual funds that include asset classes such as stocks, bonds, and short-term investments and are subject to the risks of different areas of the market. A substantial allocation to equities both prior to and after the target date can result in greater volatility over short term horizons. In addition, the objectives of target date funds typically change over time to become more conservative.

International investments can be riskier than U.S. investments due to the adverse effects of currency exchange rates, differences in market structure and liquidity, as well as specific country, regional, and economic developments. These risks are generally greater for investments in emerging markets.

Fixed-income securities are subject to credit risk, liquidity risk, call risk, and interest-rate risk. As interest rates rise, bond prices generally fall. Investments in **high-yield bonds** involve greater risk of price volatility, illiquidity, and default than higher-rated debt securities. Investments in **bank loans** may at times become difficult to value and highly illiquid; they are subject to credit risk such as nonpayment of principal or interest, and risks of bankruptcy and insolvency.

Personalized solutions are subject to risks including possible loss of principal. There is no assurance that any investment objective will be met.

Active investing may have higher costs than passive investing and may underperform the broad market or passive peers with similar objectives. **Passive investing** may lag the performance of actively managed peers as holdings are not reallocated based on changes in market conditions or outlooks on specific securities.

Derivatives may be used in absolute returns strategies, and they can be riskier or more volatile than other types of investments because they are generally more sensitive to changes in market or economic conditions; risks include currency risk, leverage risk, liquidity risk, index risk, pricing risk, and counterparty risk.

Diversification cannot assure a profit or protect against loss in a declining market.

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