

How America Saves

25th
edition



Depth that drives decisions

Contents

Reflections from Lauren	4
Highlights at a glance	5
Executive summary	9
DC retirement plans	15
Market overview	17
Section 1: Accumulating plan assets	18
Plan design	19
Eligibility	19
Vesting	20
Employer contributions	21
Matching contributions	22
Other employer contributions	25
Safe harbor plan designs	26
Automatic enrollment designs	27
Participation rates	31
Distribution of participation rates	32
Participation rates by employee demographics	33
Impact of automatic enrollment on participation	36
Employee deferrals	36
Distribution of deferral rates	36
Deferral rates by employee demographics	39
Impact of automatic enrollment	39
Elected deferral rates	39
Changes to elected deferral rates	40
Elected deferral rates and plan design	41
Maximum contributors	42
Catch-up contributions	42
Roth contributions	43
After-tax contributions	45
Aggregate contributions	45
Distribution of aggregate contribution rates	48
Account balances	49
Average versus median balances	49
Change in account balances	51
Account balances by participant demographics	51
Account balances by plan design	52
Balances by industry group	53

Section 2: Managing participant accounts	54
Asset and contribution allocations	55
Asset allocation by participant demographics	56
Asset allocation by industry group	58
Plan investment options	59
Number of options offered	59
Types of options offered	60
Tiering	60
Index core	60
Default funds	63
Number of fund options used	64
Types of options used	65
Professionally managed allocations	68
Professionally managed allocations by participant demographics	69
Target-date funds	71
Participant use of target-date funds	73
Participant equity allocations	74
Equity allocations by age	74
Extreme equity allocations	74
Advice	81
Company stock	82
Investment returns	84
Participant returns	84
Distribution of returns	84
Dispersion of outcomes	86
Trading activity	88
Exchange provisions	88
Volume of exchanges	88
Direction of money movement	90
Types of trading activity	92
Section 3: Accessing plan assets	93
Plan loans	94
Loan availability	94
Loan use by participant demographics	94
Loan use by industry group	96
Trends in new loan issuance	96
Hardship withdrawals	98
Reasons for hardship withdrawals	99
Hardship withdrawals by industry group	100
Plan distributions and rollovers	100
Participant and asset flows	102
Determinants of distribution behavior	104
Access methods	107
Types of account access	107
Frequency of account access	108
Methodology	109
Acknowledgments	109
Industry benchmark data supplemental to <i>How America Saves 2026</i>	110

Reflections from Lauren



Lauren Valente

Managing Director
Vanguard Workplace Solutions

June 2026

A quarter century ago, we began a journey to understand and improve the saving behaviors of millions of retirement plan participants. This 25th edition of *How America Saves* marks a significant milestone—one built on the collective commitment of plan sponsors, consultants, policymakers, and recordkeepers, including Vanguard.

Over these 25 years, industry-wide advancements in plan design have been propelled by thoughtful legislation and a deeper understanding of Americans' evolving needs. The data is clear: Strong default options and automatic features have made saving more accessible and effective for a broader population.

Together, we have fundamentally changed how America saves.

I am proud to present this landmark edition, which highlights remarkable progress. Today, retirement plans are more inclusive than ever. Participation, deferral rates, and account balances have reached record highs, and investment allocations are increasingly aligned with participants' ages and goals.

“Together, we have
fundamentally changed
how America saves.”

Yet, our work is not done. The modern, multigenerational workforce seeks personalized guidance to help balance retirement savings with other financial priorities. Supporting holistic financial well-being is essential to ensuring that long-term security isn't compromised by short-term pressures.

As an industry, we have built extraordinary momentum. By fostering collaboration and embracing innovation—supported by insights from studies like *How America Saves*—I am confident we can empower even more individuals to make sound financial decisions throughout their lives.

Here's to the next 25 years of progress and partnership.

Lauren



Highlights at a glance

Vanguard recordkeeping statistics

		2021	2022	2023	2024	2025
Number of plans (thousands)		1.7	1.7	1.5	1.4	1.3
Number of participant accounts (millions)		4.7	4.9	4.9	4.8	4.6
Demographics	Median participant age	44	43	43	43	43
	Median participant tenure (years)	7	7	7	6	6
	Percentage male	57%	56%	57%	57%	57%
Income	Median eligible employee income (thousands)	\$71	\$74	\$74	\$81	\$82
	Median participant income (thousands)	\$78	\$82	\$82	\$89	\$90
	Median nonparticipant income (thousands)	\$39	\$42	\$39	\$42	\$42

SECTION 1

Accumulating

		<i>How America Saves 2026 reference</i>	2021	2022	2023	2024	2025
Plan design page 19	Plans offering immediate eligibility for employee contributions	Figure 2	72%	72%	76%	77%	77%*
	Plans offering immediate eligibility for matching contributions	Figure 2	61%	63%	65%	66%	66%*
	Plans providing an employer contribution	Figure 4	95%	96%	96%	96%	96%*
	Plans with automatic enrollment	Figure 15	56%	58%	59%	61%	61%
	Plans with automatic enrollment with automatic annual increases	Figure 16	69%	69%	69%	69%	71%
	Plans offering Roth contributions	Figure 41	77%	80%	82%	86%	98%
	Plans offering after-tax contributions	Figure 43	21%	22%	22%	24%	24%
Participation rates page 31	Plan-weighted participation rate	Figure 21	84%	85%	85%	85%	86%*
	Participant-weighted participation rate	Figure 21	82%	82%	82%	82%	83%*
	Voluntary enrollment participant-weighted participation rate	Figure 27	64%	64%	66%	64%	64%*
	Automatic enrollment participant-weighted participation rate	Figure 27	93%	94%	94%	94%	94%*
	Participants using catch-up contributions (when offered)	Figure 39	15%	16%	16%	17%	17%*
	Participants using Roth (when offered)	Figure 41	15%	16%	17%	18%	18%*
	Participants using after-tax (when offered)	Figure 43	11%	10%	10%	10%	10%*
Employee deferrals page 36	Average participant deferral rate	Figure 29	7.4%	7.3%	7.7%	7.6%	7.6%*
	Median participant deferral rate	Figure 29	6.4%	6.2%	6.8%	6.7%	6.6%*
	Percentage of participants deferring more than 10%	Figure 30	23%	23%	25%	25%	25%*
	Percentage of participants increasing their deferral rate	Figure 36	42%	39%	43%	45%	45%
	Participants reaching 402(g) limit (\$23,500 in 2025)	Figure 38	14%	14%	13%	14%	14%*
	Average total contribution rate (participant and employer)	Figure 44	11.6%	11.7%	12.0%	12.1%	12.1%*
	Median total contribution rate (participant and employer)	Figure 44	10.8%	11.0%	11.5%	11.6%	11.6%*
Account balances page 49	Average balance	Figure 50	\$141,542	\$112,572	\$134,128	\$148,153	\$167,970
	Median balance	Figure 50	\$35,345	\$27,376	\$35,286	\$38,176	\$44,115

* These figures are estimated for 2025, as the data required to compute them will not be available until December 2026.

SECTION 2

Managing

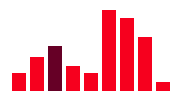
		<i>How America Saves 2026</i> reference	2021	2022	2023	2024	2025
Asset and contribution allocations page 55	Average plan asset allocation to equities	Figure 57	74%	72%	74%	75%	76%
	Average plan contribution allocation to equities	Figure 58	77%	78%	79%	79%	80%
	Average plan asset allocation to target-date funds	Figure 57	38%	40%	41%	42%	45%
	Average plan contribution allocation to target-date funds	Figure 58	61%	63%	64%	64%	64%
	Extreme participant asset allocations (100% fixed income or equity)	Figure 82	8%	7%	8%	7%	8%
Plan investment options page 59	Average number of funds offered	Figure 61	17.5	17.4	17.5	17.5	17.7
	Average number of funds used	Figure 61	2.4	2.4	2.3	2.3	2.2
	Percentage of plans designating a QDIA	Figure 66	88%	88%	88%	89%	89%
	Among plans designating a QDIA, percentage target-date fund	Figure 66	97%	98%	98%	98%	98%
	Plans offering target-date funds	Figure 70	95%	96%	96%	96%	96%
	Participants using target-date funds (when offered)	Figure 70	82%	83%	83%	84%	84%
	Plans offering a managed account program	Figure 70	41%	41%	43%	45%	46%
	Participants offered a managed account program	Figure 70	74%	77%	77%	79%	77%
	Participants with professionally managed allocations	Figure 73	64%	66%	66%	67%	69%
	Participants using a single target-date fund	Figure 73	56%	59%	58%	59%	61%
	Participants using a single risk-based balanced fund	Figure 73	1%	<1%	1%	1%	1%
	Participants using a managed account program	Figure 73	7%	7%	7%	7%	7%
	Plans offering company stock	Figure 70	8%	8%	8%	8%	8%
	Participants using company stock	Figure 70	8%	8%	7%	7%	7%
	Participants with >20% company stock	Figure 89	3%	3%	2%	2%	2%
Investment returns page 84	Average 1-year participant total return rate	Figure 91	14.6%	(15.8%)	18.1%	13.7%	19.3%
	Average 1-year participant personal return rate	Figure 91	13.6%	(15.9%)	17.6%	12.7%	17.9%
Trading activity page 88	Participant-directed trading	Figure 95	8%	6%	5%	5%	5%

SECTION 3

Accessing

		<i>How America Saves 2026</i> reference	2021	2022	2023	2024	2025
Plan loans page 94	Plans offering loans	Figure 101	81%	82%	81%	80%	82%
	Participants with an outstanding loan (when offered)	Figure 102	13%	12%	13%	13%	13%
	Plans permitting terminated participants to continue loan payments	Figure 101	39%	39%	40%	44%	48%
Hardship withdrawals page 98	Plans offering hardship withdrawals	Page 98	94%	95%	94%	94%	94%
	Participants using hardship withdrawals (when offered)	Figure 107	2%	3%	4%	5%	6%
Plan distributions and rollovers page 100	Plans allowing installments other than required minimum distributions (RMDs)	Figure 114	64%	65%	67%	68%	68%
	Plans allowing ad hoc partial distributions	Figure 114	37%	39%	40%	43%	43%
	Plans offering automatic portability	Figure 113	—	—	—	—	7%
	Terminated participants preserving assets	Figure 120	83%	81%	82%	83%	83%
	Assets preserved that were available for distribution	Figure 120	98%	97%	97%	97%	97%
Participant access methods page 107	Participants registered for website account access	Figure 121	79%	79%	80%	80%	82%

Source: Vanguard, 2026.



Executive summary



Over the past decade, retirement plan sponsors have increasingly turned to automatic solutions to help employees save more for retirement.

As a result, plan participation rates have increased, automatic enrollment designs are stronger, and participant portfolio construction has continued to improve with more age-appropriate asset mixes and less extreme equity allocations.

There were several notable economic trends in 2025. The U.S. economy remained strong amid sustained real gross domestic product growth and a moderation in inflation toward the Federal Reserve's target rate. Employment conditions were favorable, with low unemployment and rising real earnings supporting strong consumer spending throughout the year.

Although the Federal Reserve lowered the federal funds rate in the latter half of 2025, mortgage rates stayed elevated, and household debt continued to rise. Meanwhile, investment returns were strong across many asset classes.

Despite these trends, our findings show that participant retirement plan behaviors remained largely unaffected.

Accumulating plan assets

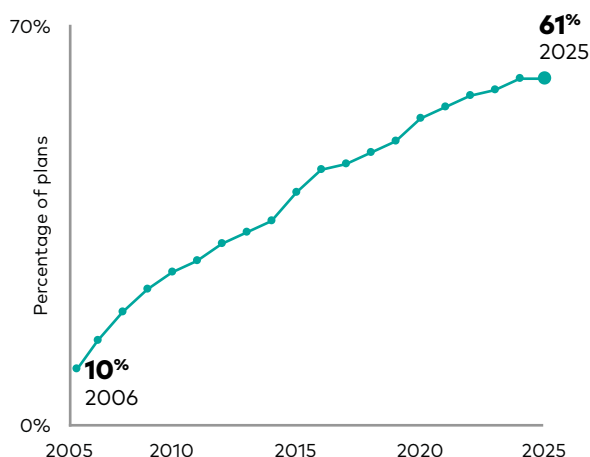
Growth of automatic saving features

The adoption of automatic enrollment has more than tripled since year-end 2007, the first year after the Pension Protection Act (PPA) of 2006 took effect. By year-end 2025, 61% of Vanguard defined contribution (DC) plans had adopted automatic enrollment, including 79% of plans with at least 1,000 participants.

More than 70% of automatic enrollment plans used automatic annual deferral rate increases in 2025. Additionally, automatic enrollment defaults have increased over the past decade, with 62% of plans now defaulting employees at a deferral rate of 4% or higher, compared with 43% of plans in 2015.

Automatic enrollment adoption

Vanguard defined contribution plans with employee-elective contributions



Source: Vanguard, 2026.

Percentage of Vanguard defined contribution plans with an automatic enrollment default rate of...

	≤3%	4%+
2025	38%	62%
2015	57%	43%
2005	73%	27%

Source: Vanguard, 2026.



of automatic enrollment plans included automatic annual increases.



of automatic enrollment plans defaulted at 4% or more in 2025, up from 43% in 2015.

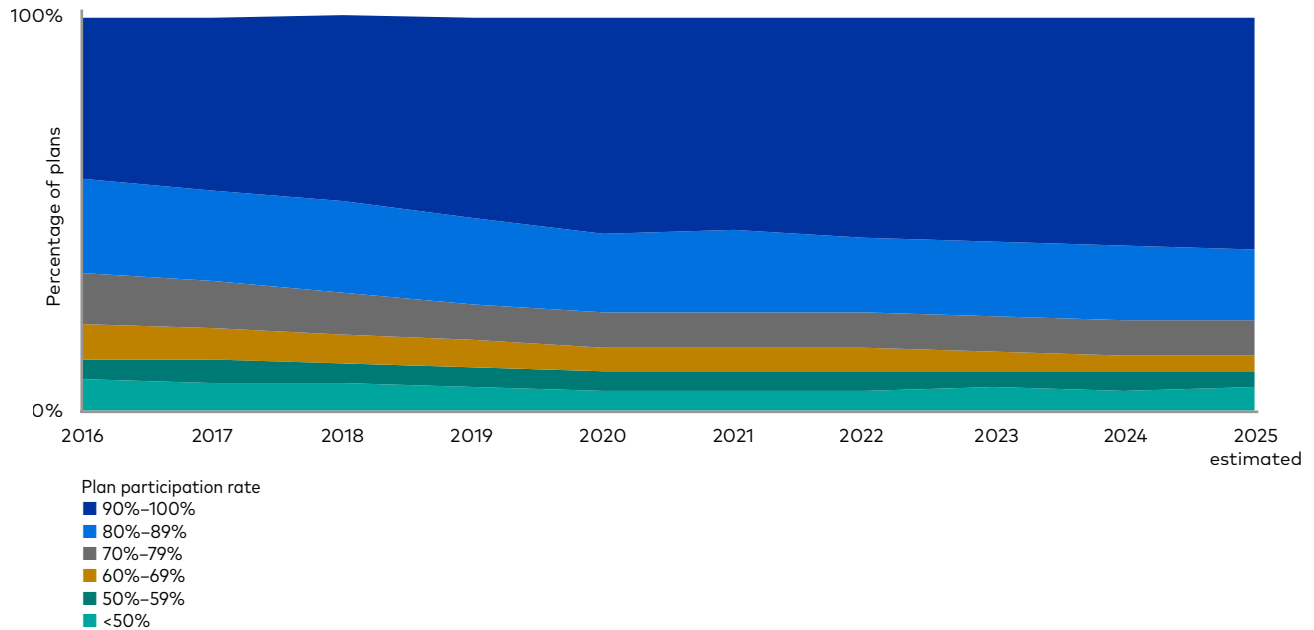
Participation rates

There are two measures of participation rate. The most common is the average rate across a group of plans, which we refer to as the plan-weighted participation rate. In 2025, Vanguard's plan-weighted participation rate was 86%, an increase of 5 percentage points since 2017. A second measure considers all employees in Vanguard-administered plans as if they were in a single plan. We refer to this as the participant-weighted participation rate. Among Vanguard participants, 83% of eligible employees were enrolled in their employer's voluntary savings program in 2025, up 12 percentage points since 2016.

Plans with automatic enrollment had a 94% participation rate, compared with 64% among voluntary enrollment plans.

Distribution of participation rates

Vanguard defined contribution plans permitting employee-elective deferrals



Source: Vanguard, 2026.

Saving rates

The average deferral rate in 2025 was 7.6%, and the median rate was 6.6%. This data reflects the level of employee-elective deferrals. Most Vanguard plans also make employer contributions. Including both employee and employer contributions, the average total participant contribution rate was 12.1%; the median, 11.6%. The average total saving rate has increased by nearly 2 percentage points over the past 10 years.

When nonparticipants and both employee and employer contributions are included, employees in automatic enrollment plans saved an average of 12.2%. Employees in voluntary enrollment plans saved an average of 7.5%, reflecting significantly lower overall participation in the plan.

Plan eligibility

In 2025, 77% of plans allowed employees to make voluntary contributions immediately after they began employment, up from 68% in 2016.

Roth

At year-end 2025, 98% of Vanguard plans offered a Roth feature. Among participants in these plans, 18% had elected the option. Additionally, 36% of plans allowed Roth in-plan conversions, and, when offered, 4% of participants used them.

Managing participant accounts

Advice

Plan sponsors are increasingly offering managed account advice services for their participants who need help with investing and planning decisions. Forty-six percent of Vanguard DC plans offered such services in 2025, including 8 in 10 larger plans. Nine percent of participants used a managed account advice service when offered.

Target-date funds

Ninety-six percent of Vanguard plans offered target-date funds at year-end 2025. An important factor driving the use of target-date funds is their role as an automatic or default investment strategy. The qualified default investment alternative (QDIA) regulations promulgated under the PPA continue to influence adoption of target-date funds. Among plans choosing a QDIA, 98% of designated QDIAs were target-date funds. Two percent were balanced funds.

Eighty-four percent of participants used target-date funds when offered, and 73% of target-date investors had their entire account invested in a single target-date fund.

Professionally managed allocations

The rising prominence of professionally managed allocations has been essential to improvements in portfolio construction. Participants with professionally managed allocations have their entire account balance invested in a single target-date or balanced fund or in a managed account advisory service.

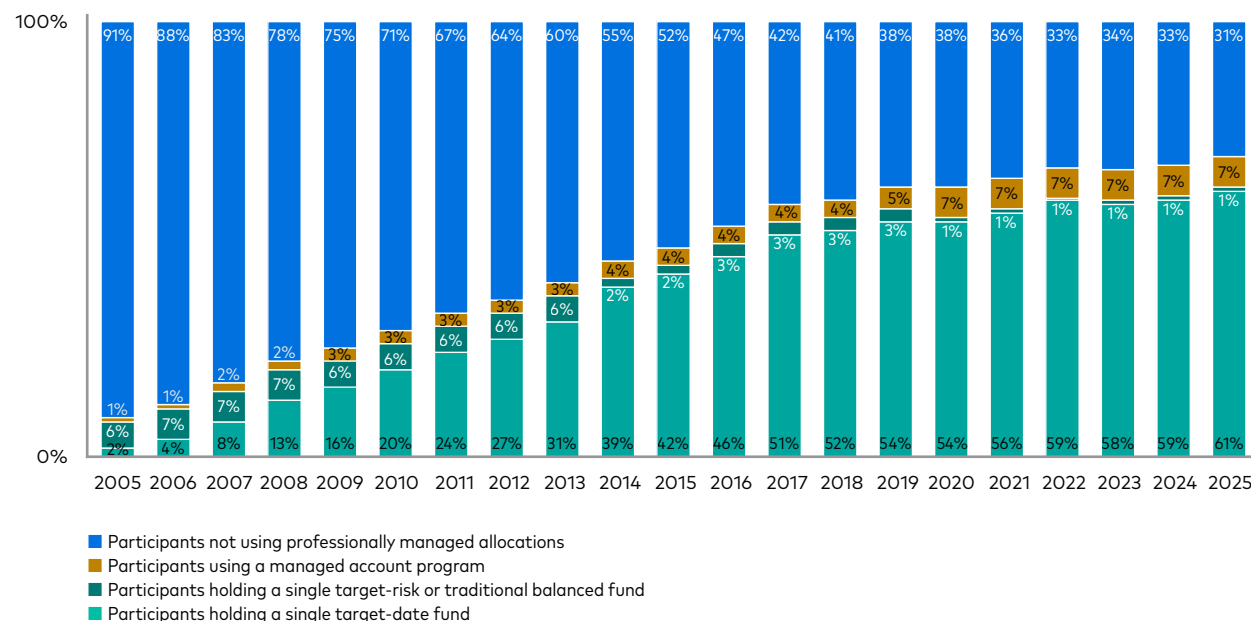
A record-high



69% of Vanguard participants were invested in a professionally managed allocation in 2025.

Participants with professionally managed allocations

Vanguard defined contribution plans



Note: Bars in chart may not align precisely with percentages due to rounding.

Source: Vanguard, 2026.

At year-end 2025, a record 69% of Vanguard participants were in an automatic investment program—compared with 9% at year-end 2005 and 48% at year-end 2015. Sixty-two percent of participants were invested in a single target-date or balanced fund, and 7% had a managed account. These professionally managed investment portfolios are significantly more diversified than those of participants who make their own choices.

Participant portfolio construction

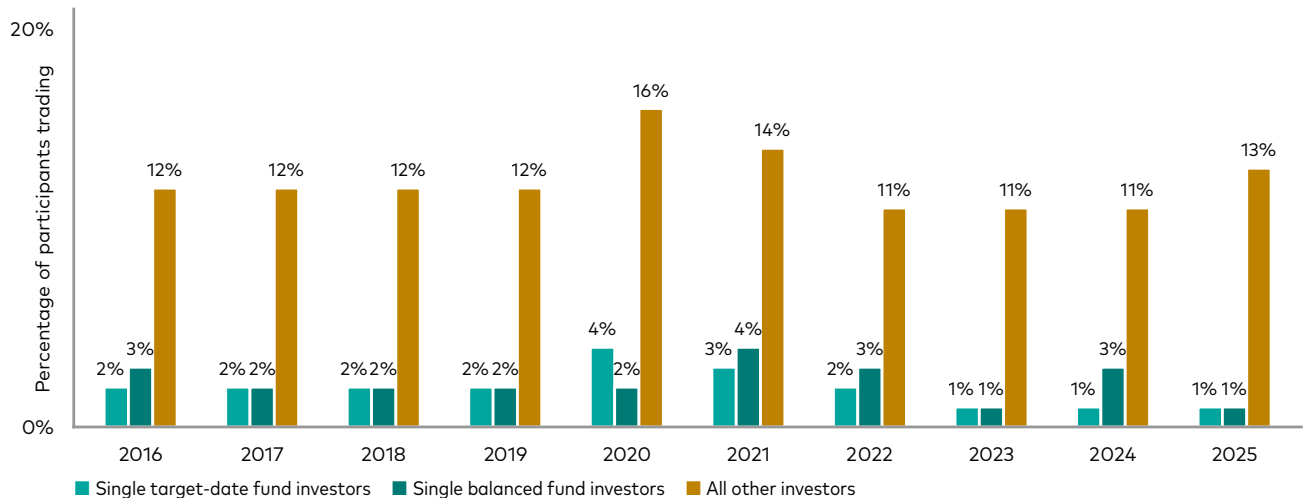
Participant portfolio construction has improved dramatically over the past 20 years. In 2025, only 2% of participants held no equities, and just 2% had more than 20% allocated to company stock. In 2005, 13% of participants had no equities, and 18% held a concentration in company stock.

Participant trading

During 2025, 5% of nonadvised participants traded within their accounts, while 95% did not initiate any exchanges.

Participant trading by investor type

Vanguard defined contribution plan participants



Source: Vanguard, 2026.

Trading has declined over the past 15 years.
In 2025,



of nonadvised participants traded—and only 1% of pure target-date investors did.

Over the past 15 years, we have generally observed a decline in participant trading. This is partially attributable to participants' increased adoption of target-date funds. Only 1% of participants holding a single target-date fund traded in 2025.

Accessing plan assets

Loan activity

In 2025, loan use was in line with 2024 and remained below the typical rates in the years before COVID-19. Thirteen percent of participants had a loan outstanding, and the average loan balance was about \$11,000. Nearly one-half of plans permit terminated-deferred participants with an outstanding loan to continue making payments after employment ends.

Hardship withdrawals

Overall, hardship withdrawal activity increased modestly from 2024 to 2025, with 6% of participants initiating a hardship withdrawal, up from 5% in 2024. Plan design, more efficient administrative options, and regulatory changes have led to higher withdrawal rates over the past five years.

The percentage of participants taking a hardship withdrawal rose to



in 2025, while the median withdrawal amount fell to \$1,900.

Assets preserved for retirement

During 2025, about one-quarter of all participants were eligible to take a distribution because they had separated from service in the current or a prior year. Most of these participants (83%) continued to preserve their plan assets for retirement by either remaining in their employer's plan or rolling over their savings to an IRA or a new employer plan. Overall, 97% of all plan assets available for distribution were preserved, while only 3% were taken in cash.

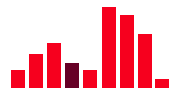


of assets eligible for distribution in 2025 were preserved for retirement.

Distribution options

Plan sponsors are continually looking for ways to support retirees within the plan. In 2025, 68% of plans allowed retirees to take installments, and 43% allowed partial withdrawals, up from 27% in 2018.

For additional insights on distribution options and other retiree trends and behaviors, look for *How America Retires*, coming this fall.



DC retirement plans



Defined contribution (DC) plans are the dominant type of retirement plan sponsored by private-sector employers in the U.S., covering more than two-thirds of all private-sector workers. Although a significant minority of individuals eligible for such plans still do not participate, DC plans have nonetheless enabled millions of American workers to accumulate savings for retirement.

The performance of DC plans can be measured in several ways:

Accumulating plan assets

Plan contributions are essential to retirement savings adequacy. Employee participation rates, participant deferral rates, and the value of employer contributions all affect plan contributions. Deferral behavior is increasingly influenced by plan defaults such as automatic enrollment and automatic escalation. Overall, retirement plan design varies substantially across employers, and differences in employer contribution levels do affect how much employees must contribute to accumulate sufficient retirement savings.

Managing participant accounts

After participants decide to contribute to a retirement savings plan, one of their most important decisions is how to allocate their holdings among the major asset classes.

As with deferral behavior, investment decisions are increasingly influenced by employer-established defaults. The growing use of all-in-one portfolio strategies such as target-date funds and managed account programs also plays a role. These decisions—including the types of investment options offered by the plan and the selections participants or employers make—directly affect account performance over time. Ultimately, investment choices, together with the level of plan contributions, influence participants' retirement readiness.

Accessing plan assets

Participants may be able to take a loan or an in-service withdrawal to access their savings while working. When changing jobs or retiring, they typically have the option of remaining in the plan, rolling over to another plan or IRA, or taking a cash lump sum.

DC retirement plans are the centerpiece of the private-sector retirement system in the U.S. In 2025, 70% of private industry workers had access to DC plans, with total plan assets in excess of \$14 trillion.¹

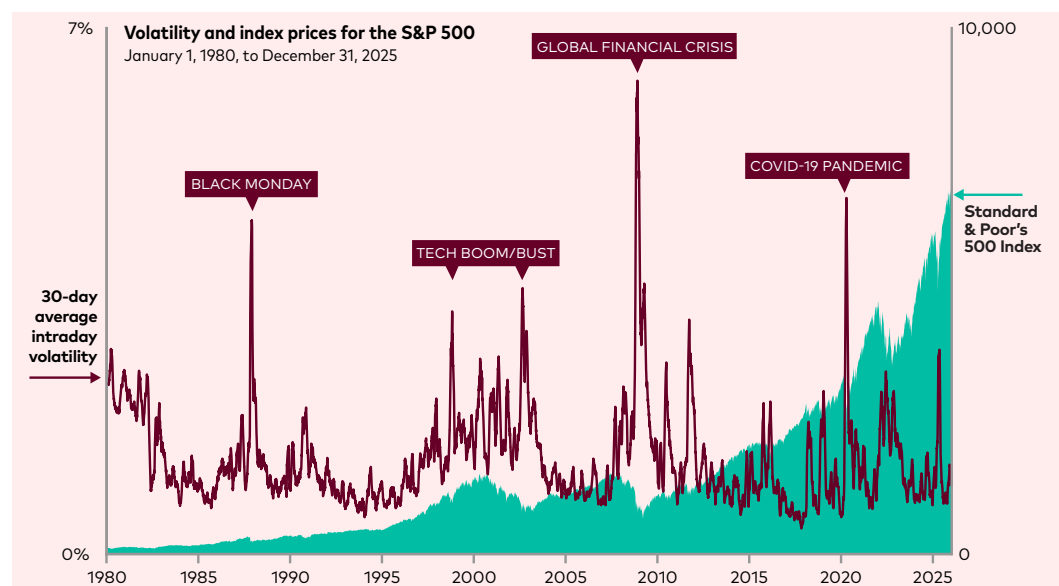
¹ U.S. Bureau of Labor Statistics, [Employee Benefits in the United States, March 2025](#), September 2025; and Investment Company Institute, [Quarterly Retirement Market Data, Fourth Quarter 2025](#), March 2026.

Market overview



Stock prices increased by 16% in 2025. Volatility increased during the spring of 2025; overall, 21% of trading days saw a change in stock prices of $\pm 1\%$, and 2% saw a change of $\pm 3\%$.

Standard & Poor's 500 Index daily volatility and close



Note: Intraday volatility is calculated as daily range of trading prices [(high-low)/opening price] for the S&P 500 Index.
Source: Vanguard calculations, using data from Bloomberg.

Past performance is no guarantee of future results. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.



SECTION 1:

Accumulating plan assets

Historically, employees have had to decide whether to participate in their employer's plan and at what rate to save. Employers are now increasingly making these decisions for employees through automatic enrollment.

Plan design

DC plans with employee-elective deferrals can be grouped into four categories based on the type of employer contributions made to the plan: (1) plans with matching contributions; (2) plans with nonmatching contributions; (3) plans with both matching and nonmatching contributions; and (4) plans with no employer contributions. Nonmatching contributions are typically structured as a variable or fixed profit-sharing contribution or, less frequently, as an employee stock ownership plan (ESOP) contribution.

In employee-contributory DC plans, employer contributions are typically a secondary source of plan funding. Both the type and amount of employer contributions vary substantially across plans.

Eligibility

In 2025, more than 3 in 4 Vanguard plans allowed employees to make voluntary contributions immediately after they began employment (**Figure 1**). Larger plans were more likely than smaller plans to offer immediate eligibility. As a result, 83% of employees qualified for immediate eligibility (estimated; see the Methodology section on page 109).

At the other extreme, 6% of plans required one year of service from eligible employees before allowing employee-elective contributions to the plan. Smaller plans were more likely to impose the one-year wait. As a result, only 2% of eligible employees were subject to this requirement.

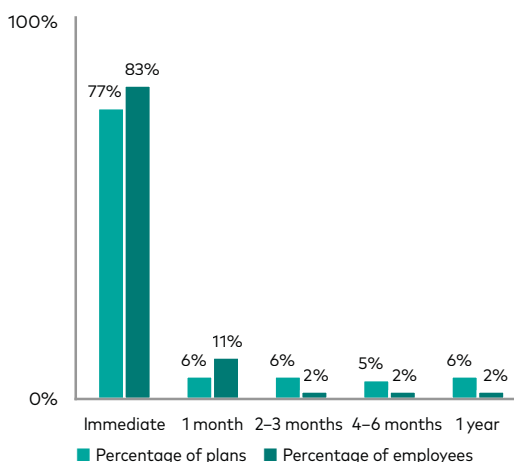
Eligibility rules are more restrictive for employer contributions, including matching and other contribution types such as profit-sharing plans or ESOPs. A one-year eligibility rule is more common for employer contributions, presumably because employers want to minimize compensation costs for short-tenured employees.

The percentage of plans permitting immediate eligibility for employee-elective contributions has risen over the past 10 years (**Figure 2**). In 2016, 68% of plans offered immediate eligibility; in 2025, 77% did. Because larger plans were more likely to offer immediate eligibility for employee-elective contributions, 83% of participants qualified for immediate eligibility in 2025. Similar trends are observed for both employer matching contributions and other employer contributions.

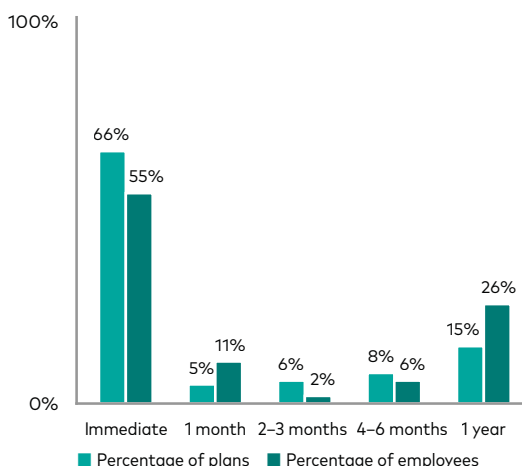
Figure 1. Eligibility, 2025 estimated

Vanguard defined contribution plans permitting employee-elective deferrals

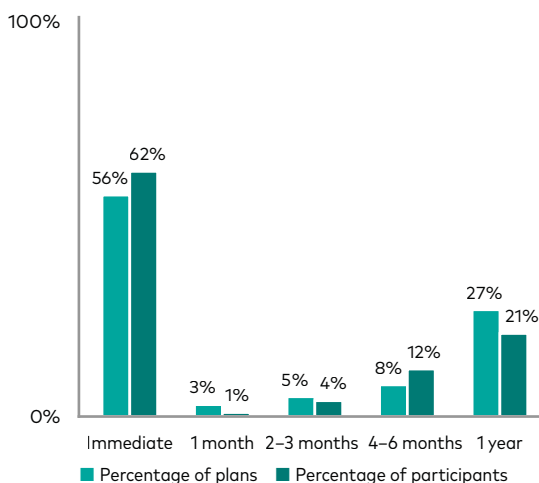
Employee-elective contributions



Employer matching contributions



Other employer contributions



Source: Vanguard, 2026.

Vesting

Nearly one-half of plans immediately vested participants in employer matching contributions in 2025, and 5 in 10 participants were enrolled in these plans (**Figure 3**). Twenty-two percent of plans with employer matching contributions used a 5- or 6-year graded vesting schedule, and 1 in 6 participants receiving employer matching contributions were in such a plan.

Forty-seven percent of plans immediately vested participants for other employer contributions, such as profit-sharing plans or ESOPs. Twenty-six percent

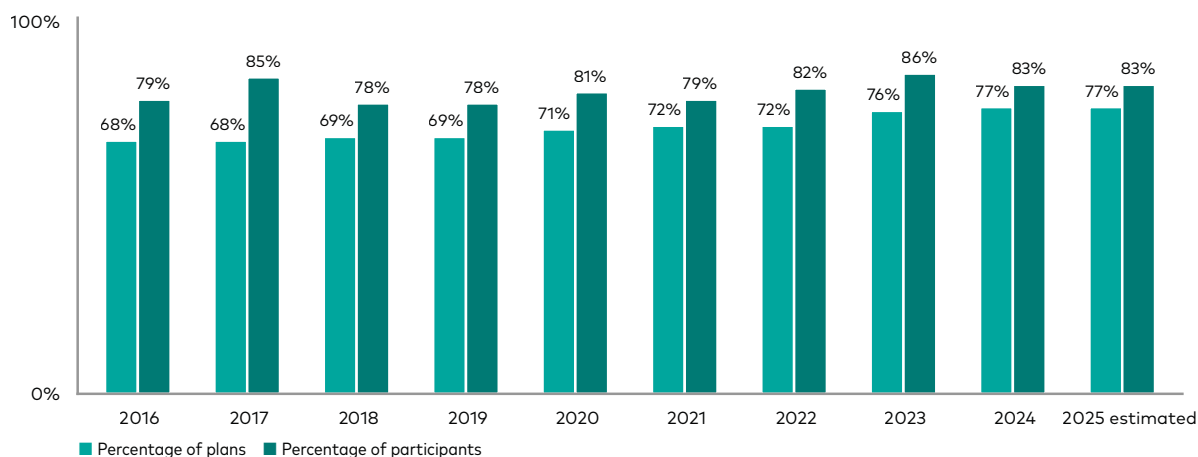
of plans with other employer contributions used a 5- or 6-year graded vesting schedule, and 1 in 4 participants receiving other employer contributions were in plans with these longer vesting schedules.

Over the last five years, the percentage of plans offering immediate vesting for employer matching contributions has remained consistent, while immediate vesting for other employer contributions has increased. In 2020, 39% of plans offered immediate vesting for other employer contributions; this figure increased to 47% in 2025.

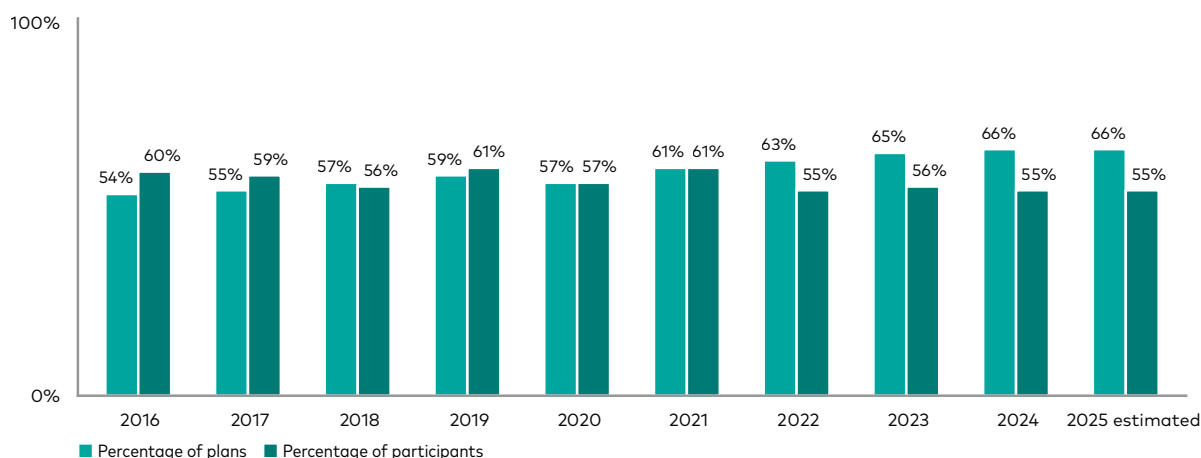
Figure 2. Immediate plan eligibility trend

Vanguard defined contribution plans permitting employee-elective deferrals

Employee-elective contributions



Employer matching contributions

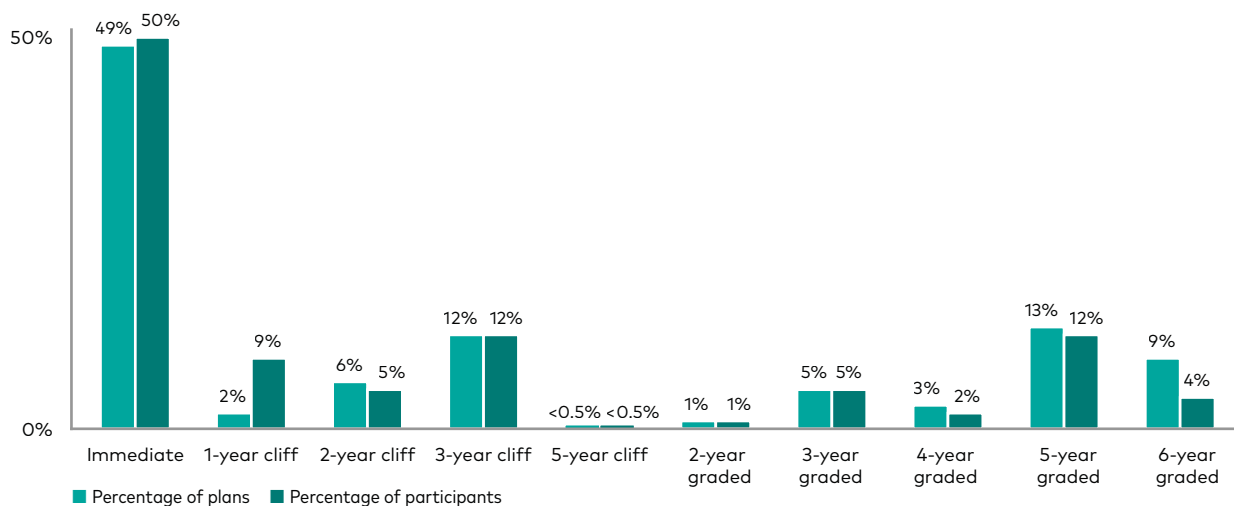


Source: Vanguard, 2026.

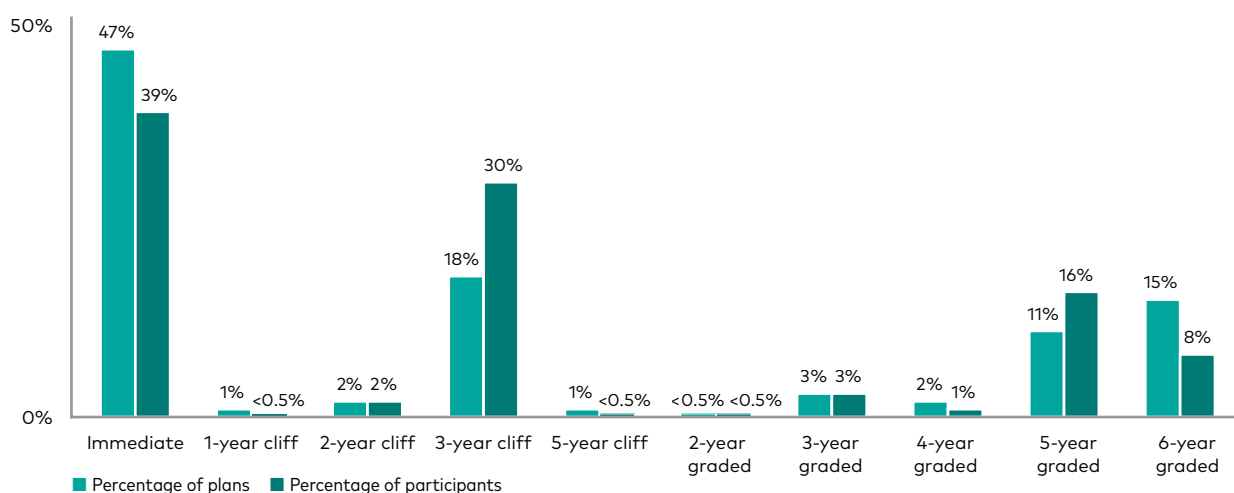
Figure 3. Vesting, 2025

Vanguard defined contribution plans with employer contributions

Employer matching contributions



Other employer contributions



Source: Vanguard, 2026.

Employer contributions

Nearly one-half of Vanguard plans provided only a matching contribution in 2025, with 52% of participants in such a plan (**Figure 4**). Thirty-seven percent of plans, covering 43% of participants, provided both a matching and a nonmatching employer contribution. Eleven percent of plans provided only a nonmatching employer contribution, with 4% of participants in such a plan. Finally, 4% of plans made no employer contributions of any kind, affecting 1% of participants.

This data summarizes the incidence of employer contributions within a DC plan that accepts employee deferrals. It does not necessarily reflect the entire retirement benefits program funded by certain employers. Some employers may offer a companion employer-funded plan—such as a defined benefit (DB) plan, a stand-alone profit-sharing plan, an ESOP, or a money-purchase DC plan—in addition to an employee-contributory DC plan.

Figure 4. Types of employer contributions, 2025 estimated
Vanguard defined contribution plans permitting
employee-elective deferrals

Type of employer contribution	Percentage of plans	Percentage of participants
Matching contribution only	48%	52%
Nonmatching contribution only	11%	4%
Both matching and nonmatching contribution	37%	43%
Subtotal	96%	99%
No employer contribution	4%	1%

Source: Vanguard, 2026.

Figure 5. Types of matching contributions, 2025 estimated
Vanguard defined contribution plans with
matching contributions

Match type	Example	Percentage of plans	Percentage of participants
Single-tier formula	\$0.50 per dollar on first 6% of pay	69%	58%
Multitier formula	\$1.00 per dollar on first 3% of pay; \$0.50 per dollar on next 2% of pay	25%	32%
Dollar cap	Single- or multitier formula with \$2,000 maximum	5%	9%
Other	Variable formulas based on age, tenure, or similar variables	1%	<1%

Source: Vanguard, 2026.

Figure 6. Most frequently used match formulas, 2025
Vanguard defined contribution plans with
matching contributions

Match formula	Percentage of plans
50% on first 6% of pay	12%
100% on first 3% of pay, 50% on next 2% of pay	9%
100% on first 6% of pay	9%
100% on first 5% of pay	7%
100% on first 4% of pay	7%

Source: Vanguard, 2026.

Matching contributions

The wide variation in employer contributions is most evident in employer match design. In 2025, Vanguard administered more than 100 distinct match formulas for plans offering an employer match. Among those plans, 69% (covering 58% of participants) provided a single-tier formula, such as \$0.50 per dollar on the first 6% of pay (**Figure 5**). Less common, used by 25% of plans (covering 32% of participants), were multitier match formulas, such as \$1.00 per dollar on the first 3% of pay and \$0.50 per dollar on the next 2% of pay.

Another 5% of plans (covering 9% of participants) used a single- or multitier formula but imposed a maximum dollar cap (for example, \$2,000) on the employer match. A small percentage of plans used a match formula that varied by age, tenure, or other variables.

The most common match formula in Vanguard plans—and the one affecting the most Vanguard participants—is \$0.50 per dollar on the first 6% of pay. Among plans offering a match, 12% provided this formula in 2025 (**Figure 6**).

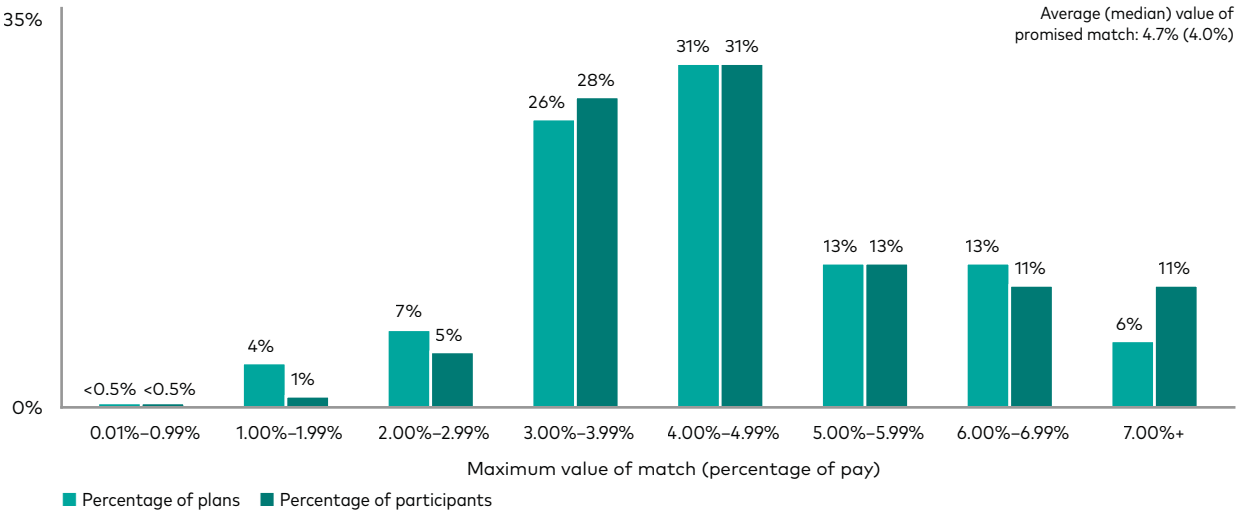
With so many match formulas, one way to summarize matching contributions is to calculate the maximum value of the employer-promised match. For example, a match of \$0.50 per dollar on the first 6% of pay promises the same matching contribution—3% of pay—as a formula of \$1.00 per dollar on the first 3% of pay.

The promised value of matching contributions varied substantially across plans in 2025. Among plans

with single- or multitier match formulas, most promised a match of between 3.00% and 6.99% of pay (Figure 7). The average value of the promised match was 4.7% of pay, and the median was 4.0%.

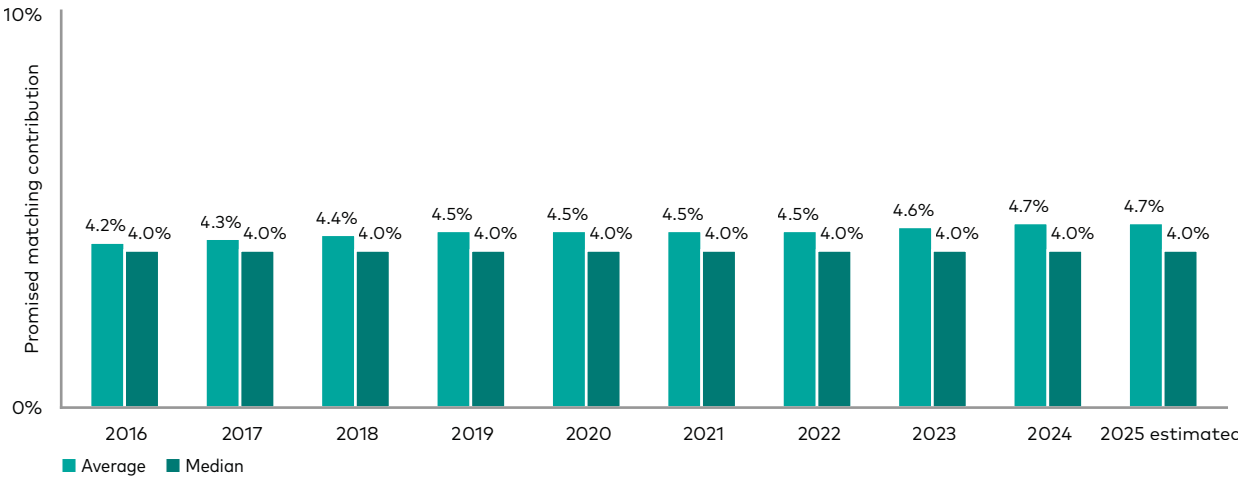
The average employer-promised match has increased since 2016 (Figure 8), while the median promised match has remained unchanged over the same period.

Figure 7. Distribution of promised matching contributions, 2025 estimated
Vanguard defined contribution plans permitting employee-elective deferrals with a single- or multitier match formula



Source: Vanguard, 2026.

Figure 8. Promised matching contributions
Vanguard defined contribution plans permitting employee-elective deferrals with a single- or multitier match formula

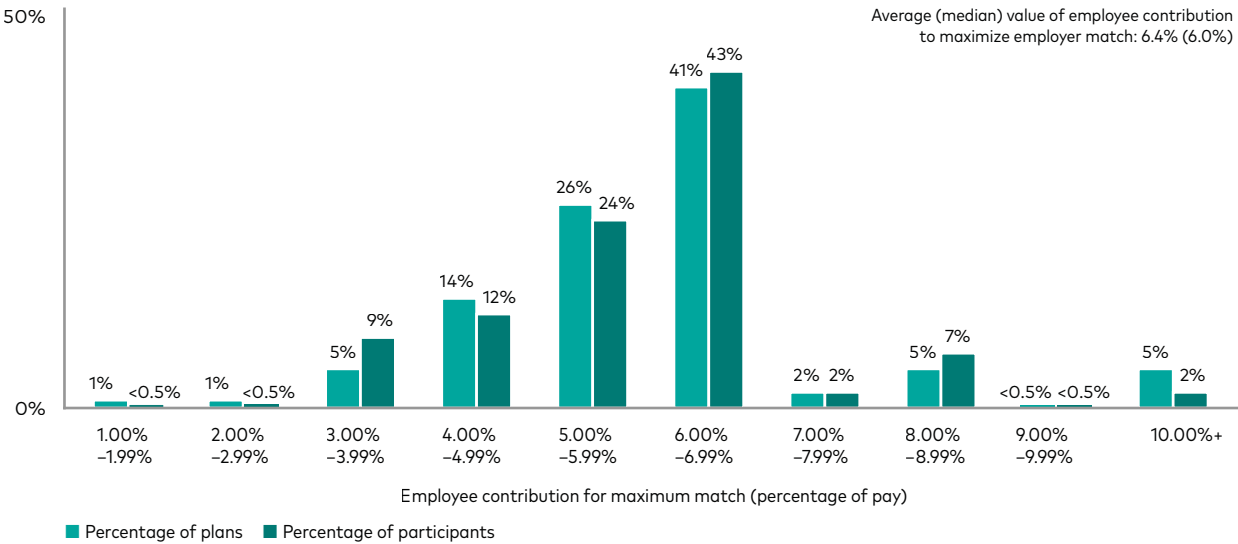


Source: Vanguard, 2026.

Another way to assess matching formulas is to calculate the employee-elective deferral needed to realize the maximum value of the match. In 2025, 8 in 10 plans (covering 79% of participants) required participants to defer between 4.00% and 6.99% of their pay to receive the maximum employer match (**Figure 9**).

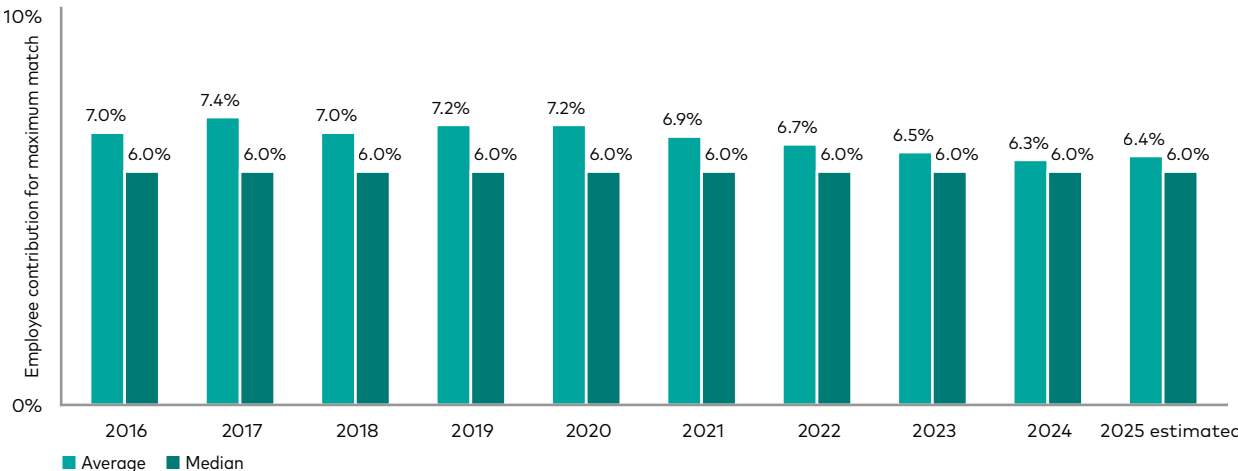
The average employee-elective deferral required to maximize the match was 6.4% of pay, and the median was 6.0%. The average has decreased slightly since 2017, from 7.4% to 6.4% (**Figure 10**). The required median deferral has remained constant at 6.0% over the same period.

Figure 9. Employee contributions for maximum match, 2025 estimated
Vanguard defined contribution plans permitting employee-elective deferrals with a single- or multitier match formula



Source: Vanguard, 2026.

Figure 10. Employee contributions for maximum match
Vanguard defined contribution plans permitting employee-elective deferrals with a single- or multitier match formula



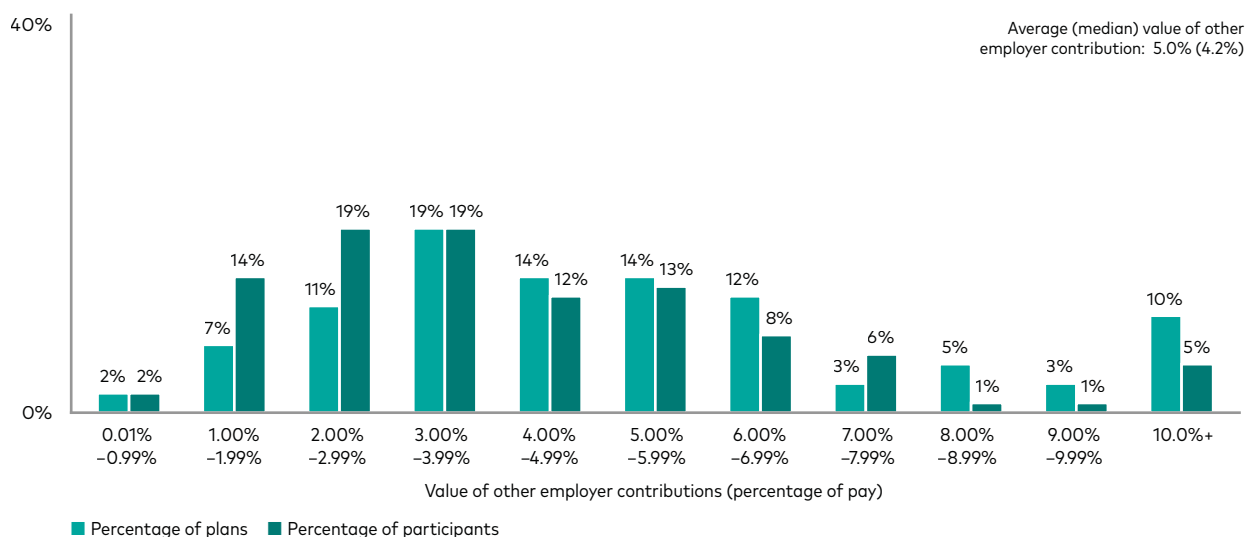
Source: Vanguard, 2026.

Other employer contributions

As noted earlier, in nearly half of plan designs, employers may make another contribution to eligible employees' accounts in the form of a variable or fixed profit-sharing contribution or an ESOP contribution. Unlike matching contributions, these may be made on behalf of eligible employees, whether or not they contribute any part of their pay to the plan. As with matching contributions, eligibility is more restrictive for these types of employer contributions; many employees are not entitled to receive them until they complete one year of service.

The value of other employer contributions varied significantly across plans in 2025. Among plans offering them, 49% provided all participants with a contribution based on the same percentage of pay, while 51% varied the contribution by age and/or tenure. These nonmatching contributions varied in value from about 1% of pay to more than 10% of pay (**Figure 11**). Among plans with a nonmatching employer contribution, the average contribution was 5.0% of pay, and the median was 4.2%. The average value of other employer contributions has remained consistent from 2016 to 2025 (**Figure 12**).

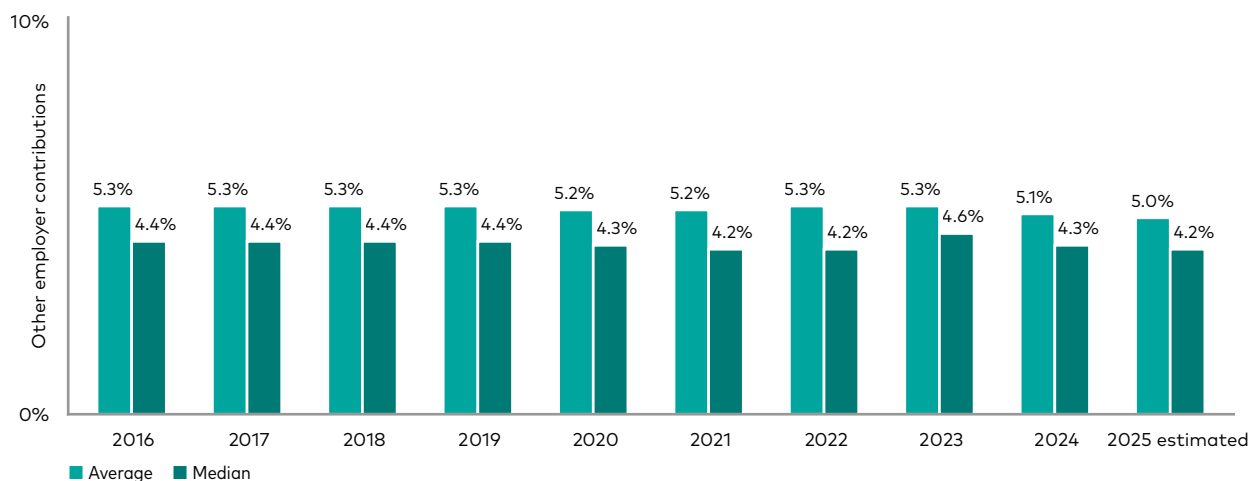
Figure 11. Other employer contributions, 2025 estimated
Vanguard defined contribution plans with other employer contributions



Source: Vanguard, 2026.

Figure 12. Other employer contributions

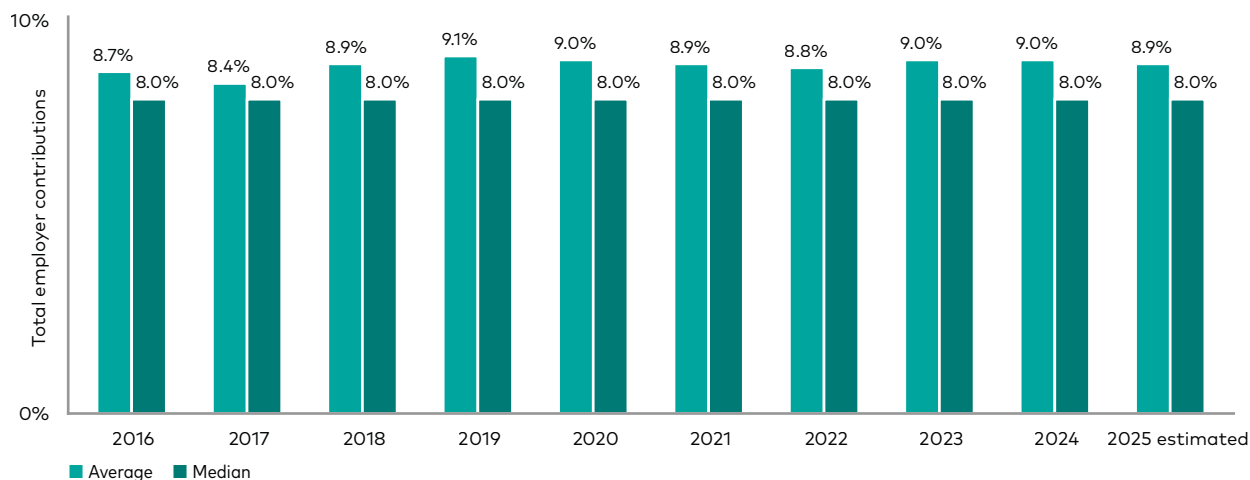
Vanguard defined contribution plans with other employer contributions



Source: Vanguard, 2026.

Figure 13. Match and other employer contributions

Vanguard defined contribution plans with both match and other employer contributions



Source: Vanguard, 2026.

As noted earlier, 37% of plans, covering 4 in 10 participants, provided both a matching and a nonmatching employer contribution in 2025. The median combined value of the promised match and other employer contributions was 8.0% (Figure 13).

Safe harbor plan designs

Plan sponsors who do not want to perform nondiscrimination tests are able to adopt different plan design options that will satisfy the safe harbor contribution requirements. As of year-end 2025, 34% of all plans had adopted a safe harbor design (Figure 14).

Figure 14. Safe harbor plan design, 2025

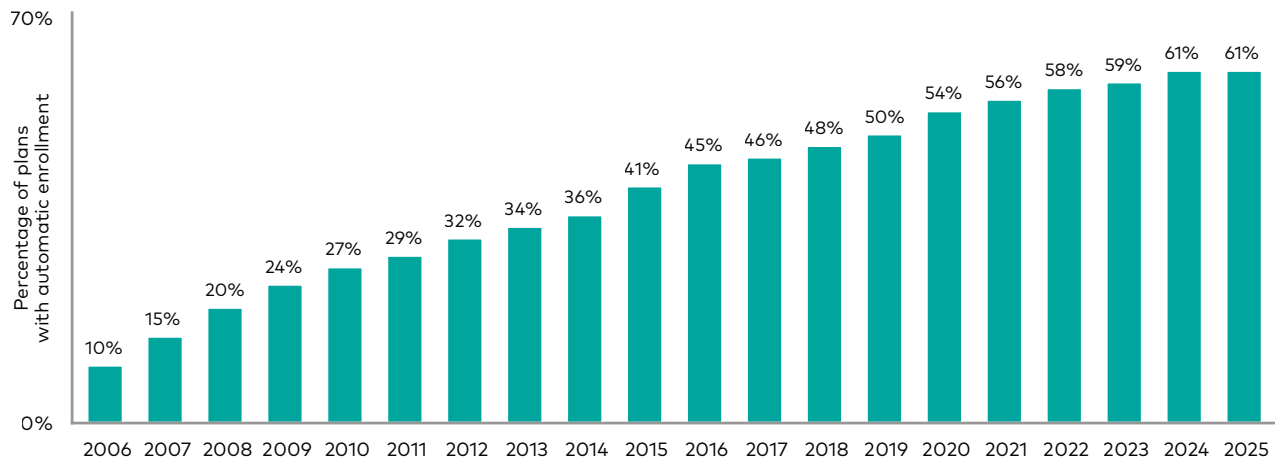
Vanguard defined contribution plans permitting employee-elective deferrals

Plan size (number of participants)	Percentage of plans with a safe harbor design
<500	30%
500–999	36%
1,000–4,999	34%
5,000+	46%
All plans	34%

Source: Vanguard, 2026.

Figure 15. Automatic enrollment adoption

Vanguard defined contribution plans with employee-elective contributions



Source: Vanguard, 2026.

Automatic enrollment designs

Historically, employees in 401(k) or 403(b) plans have had to make an active choice to join the plan, but this trend is shifting. In voluntary enrollment plans, the decision is framed as a positive election: "Decide if you'd like to join the plan." Yet some employees do not take advantage of their employer's plan. Research in behavioral finance provides possible explanations:

- **Lack of planning skills.** Some employees are not active, motivated decision-makers when planning for retirement. They have weak planning skills and find it difficult to defer gratification.
- **Default decisions.** Faced with a complex choice and unsure of what to do, many individuals often take the default or "no decision" option. In a voluntary savings plan, which requires that a participant take action to sign up, the "no decision" choice effectively becomes a decision not to contribute to the plan.
- **Inertia and procrastination.** Many individuals respond to a difficult choice by deferring it to another day. Eligible nonparticipants who are unsure of what to do postpone their decision. While many employees know they are not saving enough and express interest in saving more, they simply never get around to joining the plan—or, if they do join, to increasing their contribution rate over time.

Automatic enrollment or autopilot plan designs reframe the savings decision. With an autopilot design, individuals are automatically enrolled into the plan, their deferral rates are automatically increased each year, and their contributions are automatically invested in a balanced investment strategy. In such a plan, the decision to save is framed negatively: "Quit the plan if you'd like." And "doing nothing" leads to participation in the plan and investment of assets in a long-term retirement portfolio.

As of year-end 2025, 61% of Vanguard plans permitting employee-elective deferrals had adopted components of an autopilot design (**Figure 15**). Plan adoption of automatic enrollment has more than doubled over the past 15 years.

Larger plans were more likely than smaller plans to implement automatic enrollment, with 75% of plans with 5,000 or more participants doing so (**Figure 16**). As a result, nearly 3 in 4 participants were in plans with autopilot designs, although automatic enrollment itself may apply only to newly eligible participants.

Among plans automatically enrolling employees in 2025, 71% used all three features of an autopilot design. These plans automatically enrolled employees, automatically increased deferral rates annually, and automatically invested participants' assets in a balanced fund. Another 3 in 10 plan sponsors automatically enrolled employees and invested participants' assets in a balanced fund

but did not automatically increase participant deferral rates.

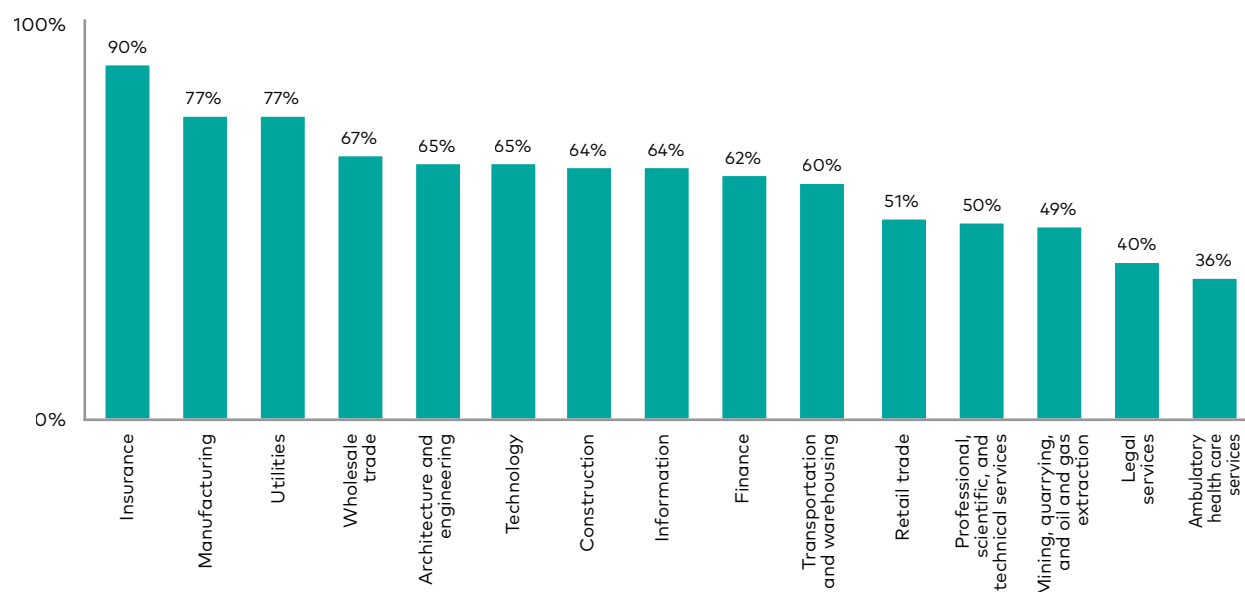
Automatic enrollment adoption varied by industry group (**Figure 17**). Plans in the insurance industry group were most likely to offer automatic enrollment (90%), while plans in ambulatory health care services were least likely to do so (36%).

Figure 16. Automatic enrollment design by plan size, 2025
Vanguard defined contribution plans with employee-elective deferrals

		Number of participants				
		All	<500	500–999	1,000–4,999	>5,000
Percentage of plans with employee-elective contributions offering automatic enrollment		61%	41%	77%	81%	75%
Percentage of participants in plans offering automatic enrollment		73%	53%	76%	82%	72%
In plans offering automatic enrollment	Percentage with automatic enrollment, automatic saving rate increases, and a balanced default fund	71%	61%	74%	77%	74%
	Percentage with automatic enrollment and a balanced default fund	28%	38%	26%	23%	26%
	Percentage with automatic enrollment and a money market or stable value default fund	<0.5%	1%	0%	0%	0%

Source: Vanguard, 2026.

Figure 17. Automatic enrollment adoption by industry, 2025
Vanguard defined contribution plans permitting employee-elective deferrals



Source: Vanguard, 2026.

Thirty-two percent of automatic enrollment plans had a default automatic enrollment rate of 3% in 2025 (**Figure 18**). Seventy-one percent of plans automatically increased the contribution rate annually. Ninety-nine percent used a target-date or other balanced investment strategy as the default fund, with 98% choosing a target-date fund.

Automatic enrollment plan design is improving. In 2025, 62% of plans chose a default of 4% or higher, up from 27% of plans in 2005 (**Figure 19**). In fact, 31% of plans chose a default of 6% or more—an increase of more than 50% since 2016. Forty percent of plans with automatic enrollment and automatic annual increases capped the annual increases at 10%, affecting 43% of annual-increase

participants at that level (**Figure 20**). One in three plans implemented caps between 11% and 15%, while 5% had no cap. We recommend that plan sponsors set the cap at a level where participants are saving 15% or more, including employer contributions.

Plan sponsors may also elect to offer automatic annual increases in voluntary enrollment plans. Nearly 40% of plans with a voluntary enrollment design offered an automatic annual increase feature. Participants are presented with the annual increase election at enrollment and when they change their employee-elective deferral rate. When offered, 25% of participants used the annual increase feature.

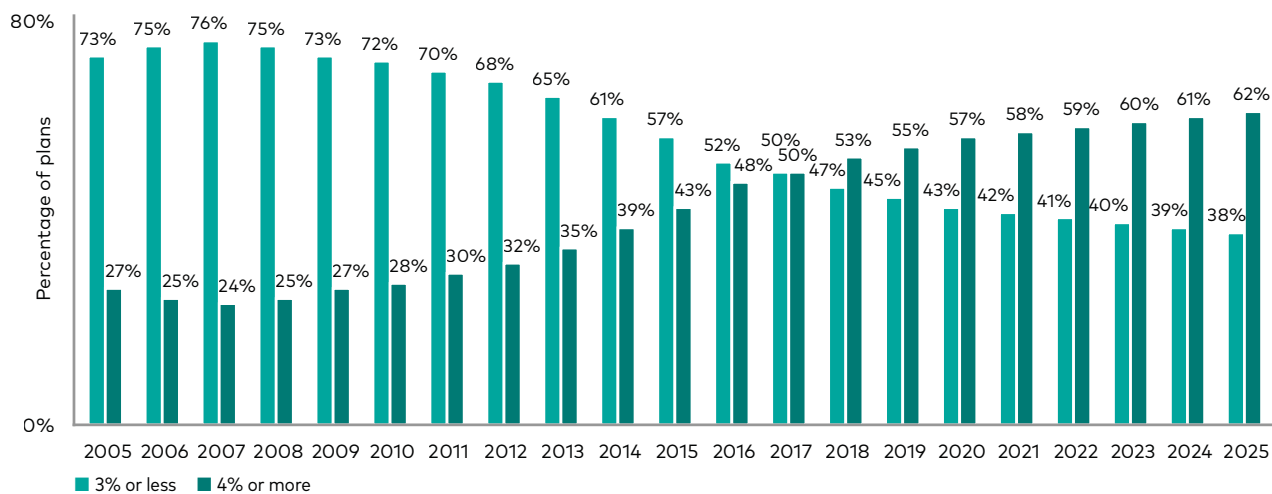
Figure 18. Automatic enrollment design trends

Vanguard defined contribution plans with automatic enrollment

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Default automatic enrollment rate	1 percent	1%	1%	1%	2%	1%	1%	2%	2%	2%	2%
	2 percent	7%	8%	6%	5%	5%	5%	5%	5%	4%	4%
	3 percent	44%	41%	40%	38%	37%	36%	34%	33%	33%	32%
	4 percent	15%	15%	15%	15%	15%	14%	14%	14%	14%	14%
	5 percent	13%	14%	15%	16%	16%	17%	17%	17%	17%	17%
	6 percent or more	20%	21%	23%	24%	26%	27%	28%	29%	30%	31%
Default automatic increase rate	1 percent	65%	64%	64%	66%	67%	67%	66%	67%	67%	69%
	2 percent	2%	2%	2%	2%	2%	2%	3%	2%	2%	2%
	Voluntary election	24%	25%	26%	26%	24%	24%	25%	25%	25%	23%
	Service feature not offered	9%	9%	8%	6%	7%	7%	6%	6%	6%	6%
Default automatic increase cap	<6 percent	2%	3%	2%	2%	2%	2%	2%	2%	2%	2%
	6 percent	14%	14%	13%	13%	13%	12%	12%	12%	10%	10%
	7 to 9 percent	10%	9%	7%	6%	6%	5%	6%	5%	4%	3%
	10 percent	44%	44%	46%	47%	46%	42%	41%	41%	39%	40%
	11 to 20 percent	23%	23%	23%	23%	26%	29%	32%	32%	37%	37%
	>20 percent	2%	2%	2%	2%	2%	3%	2%	4%	3%	3%
	No cap	5%	5%	7%	7%	5%	7%	5%	4%	5%	5%
Default fund	Target-date fund	97%	97%	98%	98%	98%	98%	98%	98%	98%	98%
	Other balanced fund	2%	2%	1%	1%	1%	1%	1%	1%	1%	1%
	Subtotal	99%	99%	99%	99%	99%	99%	99%	99%	99%	99%
	Money market or stable value fund	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%

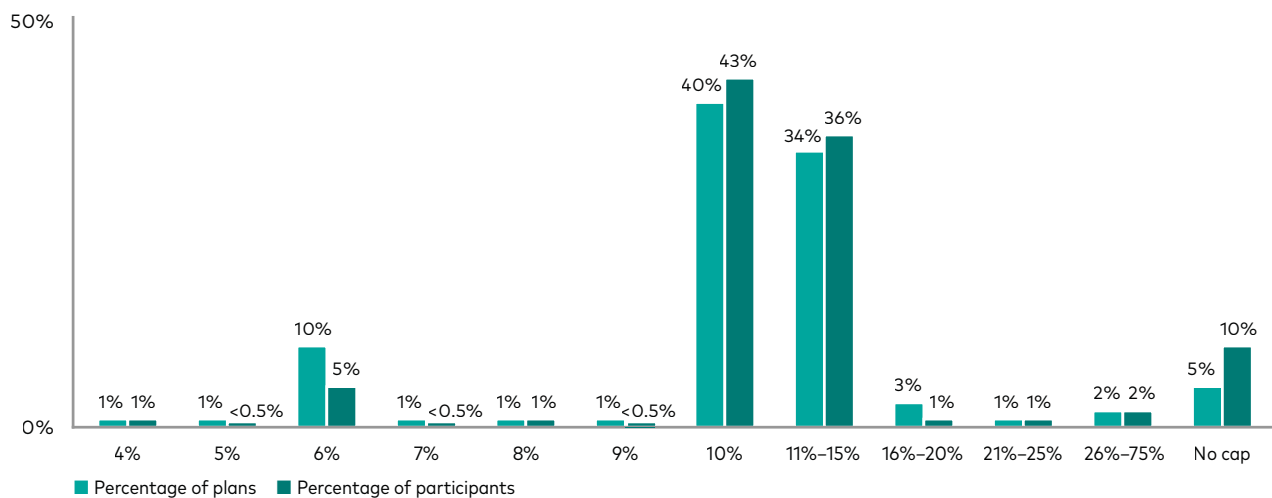
Source: Vanguard, 2026.

Figure 19. Automatic enrollment default trends
Vanguard defined contribution plans with automatic enrollment



Source: Vanguard, 2026.

Figure 20. Automatic increase plan caps
Automatic enrollment plans with an annual increase feature as of December 31, 2025



Source: Vanguard, 2026.

Participation rates

A plan's participation rate—the percentage of eligible employees who choose to make voluntary contributions—remains the broadest metric for gauging 401(k) plan performance. The most common measure of participation rates is calculated by taking the average of rates among a group of plans. We refer to this as the plan-weighted participation rate. In 2025, Vanguard's plan-weighted participation rate was 86% (estimated; see the Methodology section on page 109) (**Figure 21**). That rate has risen by 5 percentage points since 2016.

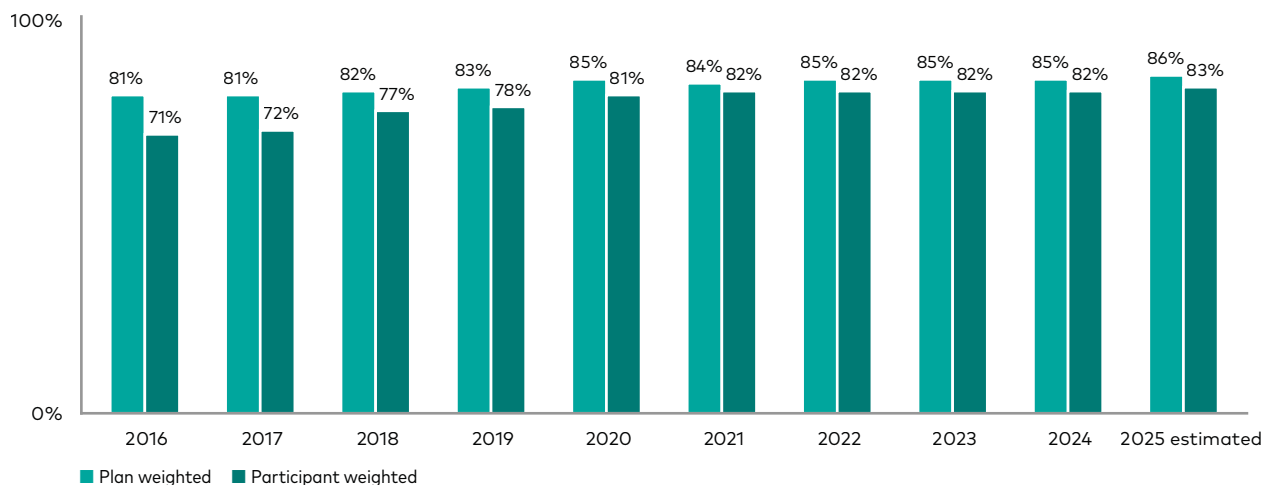
A second measure of participation rates considers all employees in Vanguard-administered plans as

if they were in a single plan. We refer to this as the participant-weighted participation rate. In 2025, 83% of eligible employees were enrolled in their employer's voluntary savings program, up from 71% in 2016.

Together, these measures provide different views of employee participation in retirement savings plans. The first measure is a useful benchmark for an individual plan sponsor because it is calculated at the plan level; the second is a valuable measure of the progress of 401(k) plans, as it looks at all eligible employees across all plans.

Figure 21. Plan participation rates

Vanguard defined contribution plans permitting employee-elective deferrals



Source: Vanguard, 2026.

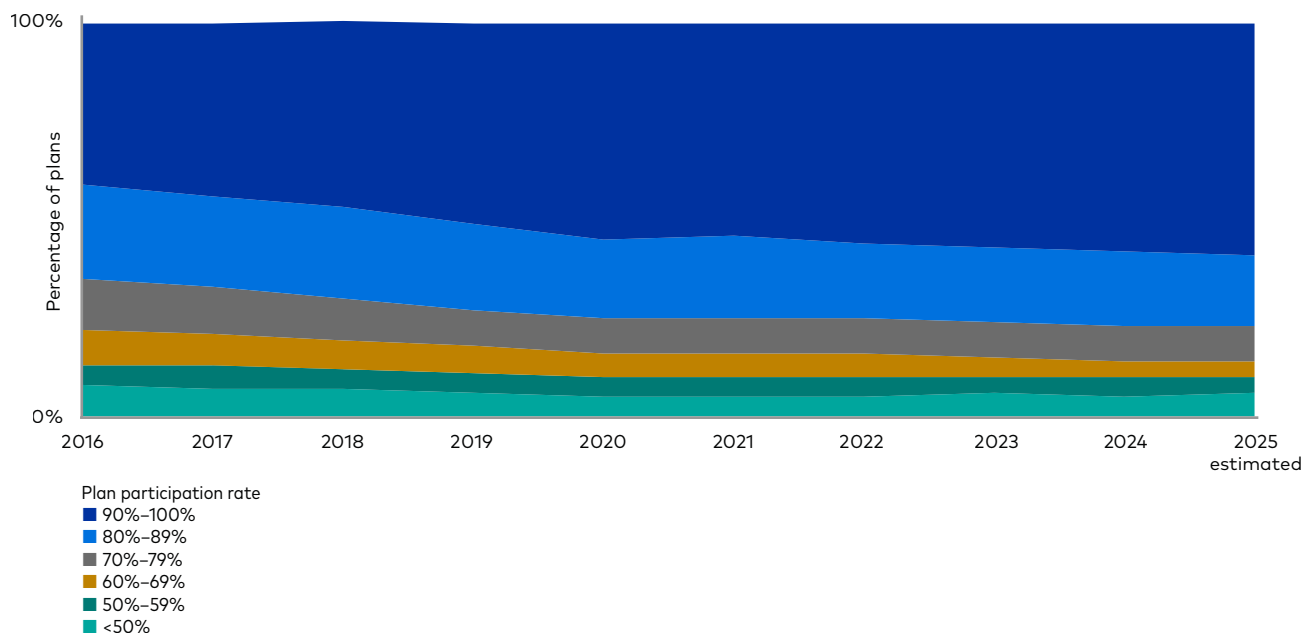
Distribution of participation rates

Participation rates varied considerably across plans. In 2025, more than 3 in 4 plans had a participation rate of 80% or higher, while 6% of plans had a participation rate below 50% (Figure 22).

Plan size was a differentiator, with smaller plans historically having lower participation rates (Figure 23), perhaps due to lower adoption of automatic enrollment designs, which are proven to increase plan participation.

Figure 22. Distribution of participation rates

Vanguard defined contribution plans permitting employee-elective deferrals



		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 estimated
Plan participation rate	90%–100%	41%	44%	47%	51%	55%	54%	56%	57%	58%	59%
	80%–89%	24%	23%	23%	22%	20%	21%	19%	19%	19%	18%
	70%–79%	13%	12%	11%	9%	9%	9%	9%	9%	9%	9%
	60%–69%	9%	8%	7%	7%	6%	6%	6%	5%	4%	4%
	50%–59%	5%	6%	5%	5%	5%	5%	5%	4%	5%	4%
	<50%	8%	7%	7%	6%	5%	5%	5%	6%	5%	6%
Average plan participation rate		81%	81%	82%	83%	85%	84%	85%	85%	85%	86%

Source: Vanguard, 2026.

Figure 23. Participation rates by plan size*Vanguard defined contribution plans permitting employee-elective deferrals*

	Number of participants	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 estimated
Plan-weighted participation rate	<500	79%	80%	80%	81%	83%	82%	83%	82%	83%	83%
	500–999	84%	84%	84%	85%	85%	85%	86%	86%	87%	88%
	1,000–4,999	85%	85%	86%	87%	88%	88%	88%	89%	90%	90%
	5,000+	77%	78%	82%	83%	83%	86%	86%	85%	84%	83%
	All plans	81%	81%	82%	83%	85%	84%	85%	85%	85%	86%
Participant-weighted participation rate	<500	73%	75%	72%	73%	77%	77%	80%	81%	82%	81%
	500–999	73%	77%	79%	80%	80%	80%	82%	81%	81%	82%
	1,000–4,999	78%	81%	82%	84%	85%	84%	80%	82%	86%	87%
	5,000+	67%	68%	75%	76%	79%	81%	83%	82%	81%	81%
	All participants	71%	72%	77%	78%	81%	82%	82%	82%	82%	83%

Source: Vanguard, 2026.

Participation rates by employee demographics

Participation rates also varied considerably by employee demographics (**Figure 24**). Income was a primary determinant. Forty-three percent of eligible employees with income of less than \$15,000 contributed to their employer's DC plan in 2025, compared with 95% of those with income of more than \$150,000.

Participation rates were lowest among employees younger than 25, with 54% of these workers contributing to their employer's plan, while more than 8 in 10 employees ages 35 to 64 contributed. Tenure also played a significant role in plan participation. Seven in 10 eligible employees with less than two years on the job participated in their employer's plan, compared with 9 in 10 workers with tenure of seven years or more.

While men and women appeared to participate at nearly the same level, these overall averages did not account for income differences. At most income levels, women were more likely than men to join their employer's plan (**Figure 25**). For example, 89% of women earning \$50,000 to \$74,999 participated in their employer's plan, compared with 85% of men in the same income group.

Participation rates also varied by industry sector (**Figure 26**). Employees in the finance, insurance, and real estate sector had the highest plan-weighted rate, with more than 9 in 10 workers participating in their employer's plan, while employees in the wholesale and retail trade sector had the lowest rate at 75%.

Figure 24. Participation rates by participant demographics*Vanguard defined contribution plans permitting employee-elective deferrals*

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 estimated
All		71%	72%	77%	78%	81%	82%	82%	82%	82%	83%
Income	<\$15,000	33%	18%	38%	36%	46%	41%	40%	32%	43%	43%
	\$15,000–\$29,999	48%	45%	54%	57%	58%	58%	57%	49%	56%	57%
	\$30,000–\$49,999	69%	68%	71%	74%	75%	75%	76%	74%	73%	74%
	\$50,000–\$74,999	77%	79%	82%	83%	83%	85%	86%	86%	86%	86%
	\$75,000–\$99,999	85%	84%	86%	86%	87%	88%	88%	88%	88%	88%
	\$100,000–\$149,999	89%	90%	91%	91%	91%	92%	91%	90%	89%	90%
	\$150,000+	92%	94%	94%	95%	96%	96%	95%	95%	95%	95%
Age	<25	42%	38%	51%	50%	54%	59%	57%	56%	54%	54%
	25–34	69%	70%	75%	77%	80%	81%	83%	82%	82%	82%
	35–44	75%	76%	80%	81%	83%	85%	86%	86%	86%	87%
	45–54	76%	78%	81%	82%	84%	85%	86%	86%	86%	87%
	55–64	77%	79%	82%	83%	85%	86%	86%	86%	87%	88%
	65+	69%	70%	72%	73%	77%	78%	75%	76%	80%	81%
Gender	Male	71%	71%	78%	79%	81%	83%	83%	82%	82%	83%
	Female	71%	73%	78%	78%	82%	81%	82%	82%	82%	83%
Job tenure (years)	0–1	56%	56%	63%	65%	67%	71%	73%	71%	68%	69%
	2–3	72%	72%	77%	79%	82%	82%	83%	82%	83%	83%
	4–6	76%	78%	82%	82%	85%	86%	86%	87%	88%	88%
	7–9	76%	80%	83%	83%	85%	87%	88%	89%	90%	90%
	10+	80%	80%	84%	85%	86%	87%	88%	88%	89%	90%

Source: Vanguard, 2026.

Figure 25. Participation rates by income and gender, 2025 estimated

Vanguard defined contribution plans permitting employee-elective deferrals

	Female	Male	All
<\$15,000	40%	46%	43%
\$15,000–\$29,999	54%	58%	57%
\$30,000–\$49,999	74%	72%	74%
\$50,000–\$74,999	89%	85%	86%
\$75,000–\$99,999	92%	86%	88%
\$100,000–\$149,999	93%	87%	90%
\$150,000+	97%	94%	95%

Source: Vanguard, 2026.

Figure 26. Participation rates by industry sector, 2025 estimated

Vanguard defined contribution plans permitting employee-elective deferrals

	Plan weighted	Participant weighted
Overall	86%	83%
Finance, insurance, and real estate	90%	96%
Business, professional, and nonprofit	87%	85%
Transportation, utilities, and communications	87%	85%
Manufacturing	87%	93%
Media, entertainment, and leisure	85%	92%
Education and health	83%	95%
Agriculture, mining, and construction	79%	79%
Wholesale and retail trade	75%	55%

Source: Vanguard, 2026.

Figure 27. Participation rates by plan design, 2025 estimated

Vanguard defined contribution plans permitting employee-elective deferrals

		Voluntary enrollment	Automatic enrollment	All
All		64%	94%	83%
Income	<\$15,000	16%	80%	43%
	\$15,000–\$29,999	26%	89%	57%
	\$30,000–\$49,999	53%	91%	74%
	\$50,000–\$74,999	72%	94%	86%
	\$75,000–\$99,999	76%	95%	88%
	\$100,000–\$149,999	80%	96%	90%
	\$150,000+	89%	98%	95%
Age	<25	24%	90%	54%
	25–34	60%	94%	82%
	35–44	71%	95%	87%
	45–54	74%	95%	87%
	55–64	76%	95%	88%
	65+	67%	91%	81%
Gender	Male	64%	94%	83%
	Female	64%	94%	83%
Job tenure (years)	0–1	39%	90%	69%
	2–3	61%	95%	83%
	4–6	74%	96%	88%
	7–9	79%	96%	90%
	10+	80%	96%	90%

Source: Vanguard, 2026.

Impact of automatic enrollment on participation

Reflecting the increased adoption of automatic enrollment, participation rates generally improved between 2015 and 2025 among demographic groups that traditionally have had lower voluntary participation rates. Automatically enrolled employees had an overall participation rate of 94% in 2025, compared with 64% for employees in plans with voluntary enrollment (**Figure 27**).

Plans with automatic enrollment had higher participation rates across all demographics. For example, the rate for automatically enrolled employees with less than two years of tenure was more than double the rate for those who voluntarily enrolled.

In 2025, 93% of automatic enrollment plans had participation rates of 80% or higher, compared with 50% of voluntary enrollment plans (**Figure 28**). One-third of voluntary enrollment plans had participation rates below 70%.

Figure 28. Distribution of participation rates by plan design
Vanguard defined contribution plans permitting employee-elective deferrals

Percentage of plans

Plan participation rate	2025 estimated		
	All plans	Voluntary enrollment	Automatic enrollment
90%–100%	59%	28%	77%
80%–89%	18%	22%	16%
70%–79%	9%	17%	4%
60%–69%	4%	9%	1%
50%–59%	4%	10%	1%
<50%	6%	14%	1%

Source: Vanguard, 2026.

Employee deferrals

In a typical DC plan, employees are the main source of funding, while employer contributions play a secondary role. As a result, the level of participant deferrals is a critical determinant of whether the plan will generate an adequate level of retirement savings.

Vanguard participants saved 7.6% of their income, on average, in their employer's plan in 2025 (**Figure 29**). The median participant deferral rate was 6.6%, meaning that half of participants were saving above this rate and half were saving below it.

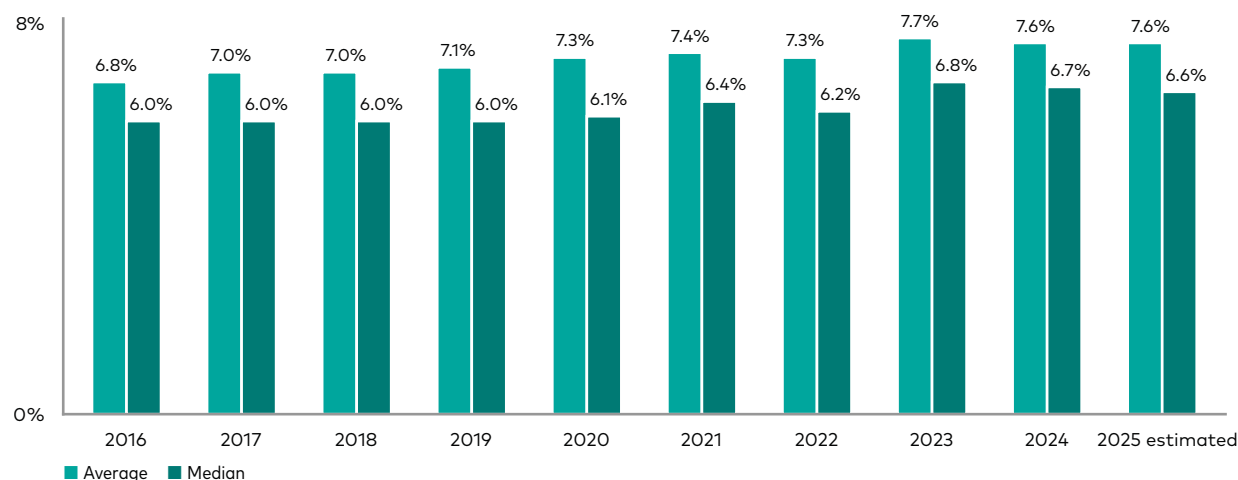
Vanguard deferral rates are drawn from recordkeeping data and exclude eligible employees not contributing to their plans. Industry deferral rates sometimes include eligible employees not contributing to their plans and are generally self-reported by plan sponsors.

Average and median deferral rates have generally increased over the past 10 years.

Distribution of deferral rates

Individual deferral rates varied considerably among participants (**Figure 30**). Twenty-five percent of participants had a deferral rate of 10% or higher in 2025, compared with 20% of participants in 2016. And while 22% of participants had a deferral rate below 4% in 2025, this compares favorably with 2016, when the rate was 30%. Only 14% of participants saved the statutory maximum of \$23,500 (\$31,000 for participants age 50 or older). In plans offering catch-up contributions, 17% of participants age 50 or older took advantage of this feature in 2025 (see page 43).

Figure 29. Participant employee-elective deferral rates
Vanguard defined contribution plans permitting employee-elective deferrals



Source: Vanguard, 2026.

Figure 30. Distribution of participant actual deferral rates
Vanguard defined contribution plans permitting employee-elective deferrals

Percentage of participants

Deferral rate	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 estimated
0.1%–3.9%	30%	28%	28%	27%	26%	25%	25%	22%	22%	22%
4.0%–6.0%	22%	22%	22%	21%	20%	20%	20%	20%	21%	21%
6.1%–9.9%	28%	29%	29%	30%	31%	32%	33%	33%	32%	32%
10.0%–14.9%	14%	15%	15%	16%	16%	16%	16%	18%	18%	18%
15.0%+	6%	6%	6%	6%	7%	7%	6%	7%	7%	7%

Source: Vanguard, 2026.

Figure 31. Participant actual deferral rates by participant demographics
Vanguard defined contribution plans permitting employee-elective deferrals

Average actual deferral rate

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 estimated
All		6.8%	7.0%	7.0%	7.1%	7.3%	7.4%	7.3%	7.7%	7.6%	7.6%
Income	<\$15,000	4.6%	6.1%	5.0%	4.9%	5.0%	5.5%	5.6%	7.2%	6.0%	6.1%
	\$15,000–\$29,999	4.6%	4.7%	4.7%	4.5%	4.8%	4.7%	5.1%	6.0%	5.7%	5.7%
	\$30,000–\$49,999	5.7%	5.4%	5.5%	5.5%	5.7%	5.5%	5.6%	5.7%	5.8%	5.8%
	\$50,000–\$74,999	6.9%	6.7%	6.8%	6.9%	7.0%	7.1%	6.9%	6.8%	6.8%	6.8%
	\$75,000–\$99,999	7.9%	7.9%	8.0%	8.1%	8.2%	8.3%	8.0%	8.0%	7.9%	7.9%
	\$100,000–\$149,999	8.7%	8.8%	8.9%	9.1%	9.2%	9.3%	9.1%	9.1%	9.0%	9.0%
	\$150,000+	7.6%	7.7%	7.9%	8.1%	8.2%	8.1%	7.9%	8.5%	8.5%	8.6%
Age	<25	4.8%	5.0%	4.7%	4.9%	5.2%	5.1%	5.3%	5.6%	5.4%	5.5%
	25–34	5.9%	6.1%	6.1%	6.2%	6.6%	6.8%	6.7%	6.8%	6.7%	6.7%
	35–44	6.3%	6.5%	6.5%	6.7%	6.9%	7.1%	7.0%	7.3%	7.2%	7.2%
	45–54	7.0%	7.2%	7.2%	7.3%	7.5%	7.5%	7.6%	7.9%	7.9%	7.9%
	55–64	8.3%	8.5%	8.5%	8.7%	8.8%	8.7%	8.7%	9.3%	9.2%	9.3%
	65+	9.0%	9.4%	9.1%	9.1%	9.2%	9.0%	9.0%	10.1%	10.1%	10.1%
Gender	Male	6.9%	7.0%	7.1%	7.2%	7.4%	7.5%	7.4%	7.7%	7.6%	7.7%
	Female	6.6%	6.8%	6.6%	6.8%	7.0%	7.1%	7.1%	7.7%	7.6%	7.6%
Job tenure (years)	0–1	5.0%	5.1%	5.0%	5.1%	5.5%	5.4%	5.4%	5.5%	5.2%	5.2%
	2–3	6.3%	6.6%	6.4%	6.4%	6.6%	6.9%	6.9%	7.3%	7.1%	7.1%
	4–6	6.9%	7.3%	7.1%	7.2%	7.4%	7.6%	7.6%	8.0%	8.0%	8.0%
	7–9	7.2%	7.6%	7.6%	7.7%	7.8%	8.0%	8.0%	8.5%	8.5%	8.5%
	10+	7.9%	8.1%	8.2%	8.4%	8.6%	8.7%	8.7%	9.1%	9.1%	9.1%
Account balance	<\$10,000	3.9%	3.8%	3.9%	3.7%	4.0%	4.0%	4.1%	4.1%	4.2%	4.2%
	\$10,000–\$24,999	6.4%	6.2%	6.6%	6.4%	6.3%	6.6%	6.9%	6.4%	6.4%	6.3%
	\$25,000–\$49,999	7.5%	7.2%	7.6%	7.5%	7.5%	7.6%	8.1%	7.8%	7.6%	7.5%
	\$50,000–\$99,999	8.2%	8.2%	8.5%	8.5%	8.5%	8.6%	8.9%	8.9%	8.7%	8.6%
	\$100,000–\$249,999	9.1%	9.2%	9.5%	9.5%	9.6%	9.5%	9.8%	10.0%	9.9%	9.8%
	\$250,000+	10.2%	10.3%	10.5%	10.6%	10.6%	10.4%	10.4%	11.0%	10.9%	10.9%

Source: Vanguard, 2026.

Deferral rates by employee demographics

As with plan participation rates, employee demographics have a strong influence on deferral rates (**Figure 31**). Age is the primary determinant, with deferral rates generally rising as employees get older.

The deferral rate was lowest for participants younger than 25, at 5.5% of income. Participants ages 55 and older deferred nearly twice as much. Deferral rates also rose directly with employee tenure.

Account balance and gender play a role as well. Participants with account balances of less than \$10,000 had the lowest average deferral rate, at 4.2%. As account balances rose, so did average deferral rates. Overall, men and women saved at similar rates. However, at higher income levels, women generally saved at slightly higher rates (**Figure 32**).

Deferral rates also varied by industry sector (**Figure 33**). Participants in the media, entertainment, and leisure sector had the highest average deferral rates, while participants in wholesale and retail trade had the lowest.

Figure 32. Deferral rates by income and gender, 2025 estimated

Vanguard defined contribution plans permitting employee-elective deferrals

Average deferral rate

	Female	Male	All
<\$15,000	6.2%	6.0%	6.1%
\$15,000–\$29,999	5.8%	5.7%	5.7%
\$30,000–\$49,999	5.9%	5.8%	5.8%
\$50,000–\$74,999	6.9%	6.7%	6.8%
\$75,000–\$99,999	8.1%	7.8%	7.9%
\$100,000–\$149,999	9.4%	8.8%	9.0%
\$150,000+	8.7%	8.3%	8.6%

Source: Vanguard, 2026.

Figure 33. Deferral rates by industry sector, 2025 estimated
Vanguard defined contribution plans permitting employee-elective deferrals

	Average	Median
Overall	7.6%	6.6%
Media, entertainment, and leisure	8.7%	8.0%
Business, professional, and nonprofit	7.7%	6.7%
Education and health	7.6%	6.0%
Agriculture, mining, and construction	7.6%	6.8%
Transportation, utilities, and communications	7.5%	6.2%
Manufacturing	7.5%	6.3%
Finance, insurance, and real estate	7.2%	6.0%
Wholesale and retail trade	7.1%	6.0%

Source: Vanguard, 2026.

Impact of automatic enrollment

In 2025, participants who were automatically enrolled in their plan had an average deferral rate of 7.7%, slightly above the average deferral rate for voluntarily enrolled participants (**Figure 34**).

In prior years, the gap in average deferral rates between automatically and voluntarily enrolled participants was wide, with automatically enrolled participants contributing at lower rates. In 2013, for example, this spread was nearly 2 percentage points. However, plan design features such as automatic annual increases and higher default deferral rates have caused deferral rates to converge.

Elected deferral rates

Another method to measure participant saving behaviors is to examine elected deferral rates, which are the percentages that participants elect to defer from their paycheck. At the end of 2025, the average elected deferral rate was 8.5%, and the median was 7.0% (**Figure 35**). It is typical for the average elected deferral rate to be slightly higher than the average actual deferral rate (7.6%) since some participants reach the 402(g) limit during the year and therefore stop deferring before year-end.

Figure 34. Participant actual deferral rates by plan design, 2025 estimated

Vanguard defined contribution plans permitting employee-elective deferrals

Average actual deferral rate

		Voluntary enrollment	Automatic enrollment	All
All		7.5%	7.7%	7.6%
Income	<\$15,000	7.8%	5.6%	6.1%
	\$15,000–\$29,999	6.4%	5.6%	5.7%
	\$30,000–\$49,999	5.9%	5.7%	5.8%
	\$50,000–\$74,999	6.7%	6.8%	6.8%
	\$75,000–\$99,999	7.7%	8.0%	7.9%
	\$100,000–\$149,999	8.6%	9.2%	9.0%
	\$150,000+	8.2%	8.7%	8.6%
Age	<25	5.3%	5.5%	5.5%
	25–34	6.5%	6.8%	6.7%
	35–44	7.0%	7.3%	7.2%
	45–54	7.6%	8.0%	7.9%
	55–64	9.0%	9.4%	9.3%
	65+	10.1%	10.1%	10.1%
Gender	Male	7.5%	7.7%	7.7%
	Female	7.5%	7.7%	7.6%
Job tenure (years)	0–1	5.3%	5.2%	5.2%
	2–3	6.9%	7.2%	7.1%
	4–6	7.8%	8.1%	8.0%
	7–9	8.2%	8.6%	8.5%
	10+	8.5%	9.4%	9.1%
Account balance	<\$10,000	4.4%	4.1%	4.2%
	\$10,000–\$24,999	6.4%	6.3%	6.3%
	\$25,000–\$49,999	7.4%	7.5%	7.5%
	\$50,000–\$99,999	8.4%	8.7%	8.6%
	\$100,000–\$249,999	9.6%	9.9%	9.8%
	\$250,000+	10.5%	11.1%	10.9%

Source: Vanguard, 2026.

While actual deferral rates are a more precise measurement of how much of a participant's income is being saved, elected deferral rates can provide additional insight into participant saving behaviors. Overall, average and median elected deferral rates have remained consistent over the past few years. The average elected deferral rate is about a percentage point higher than the average actual deferral rate, while the median elected deferral rate is relatively in line with the median actual deferral rate.

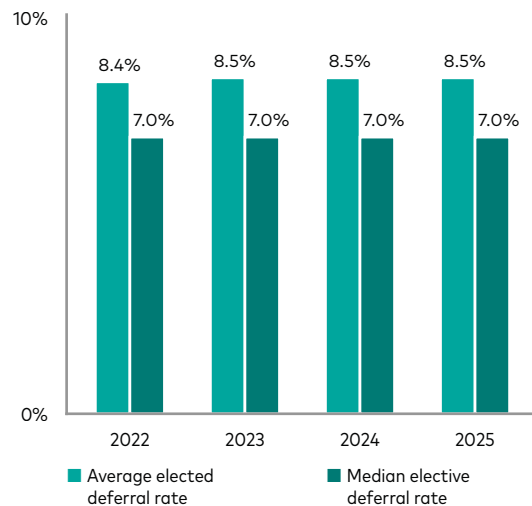
Changes to elected deferral rates

Forty-five percent of participants saw an increase to their elected deferral rate in 2025, either through an automatic increase feature or by their own direction (**Figure 36**). Eight percent of participants decreased their elected deferral rate, and 2% stopped contributing.

Overall, elected deferral rate changes have remained consistent over the past seven years, highlighting that participant saving behavior has remained resilient through a period that has seen various forms of economic and market turbulence (COVID-19, high inflation, market volatility, rising interest rates, etc.).

Figure 35. Participant employee elective deferral rates

Vanguard defined contribution plans permitting employee-elective deferrals



Source: Vanguard, 2026.

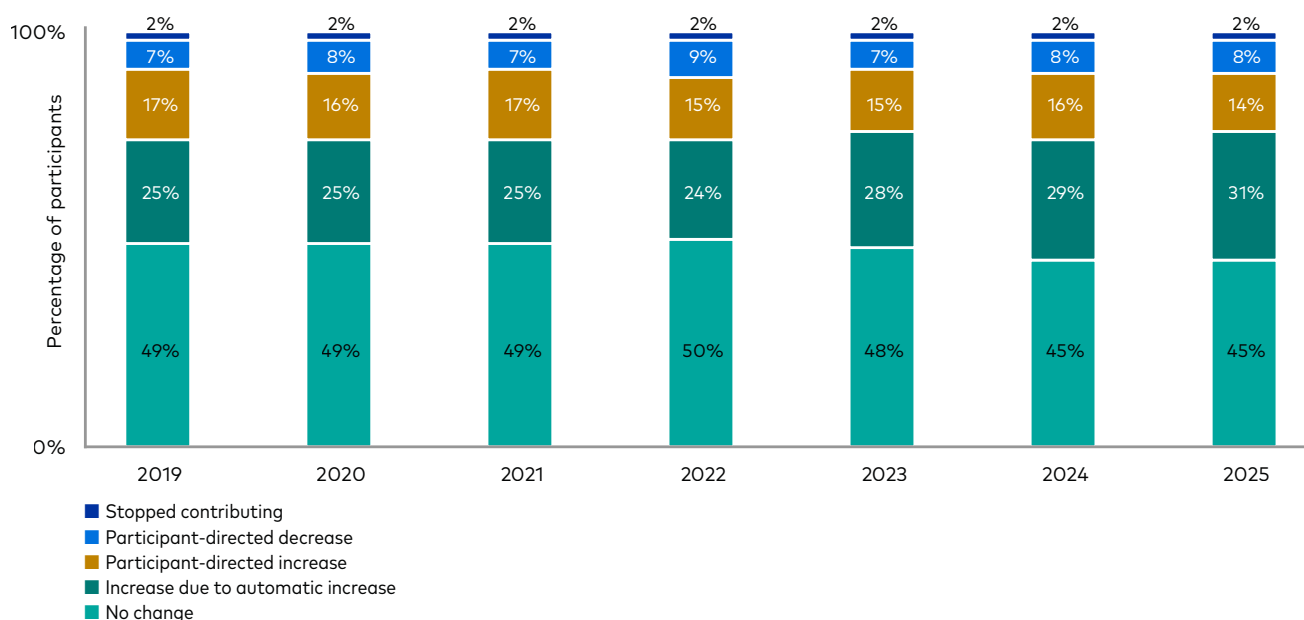
Elected deferral rates and plan design

The initial saving defaults within automatic enrollment plans influence saving behaviors, especially among lower-income participants (Figure 37). Regardless of the automatic enrollment default rate selected by a plan sponsor, higher-

income participants tend to save at strong levels, while lower-income participants are more likely to save closer to the default rate. When plans use a 6% default rate, participants of all income levels have a median deferral rate of 7% or more.

Figure 36. Trends in elected deferral rate changes

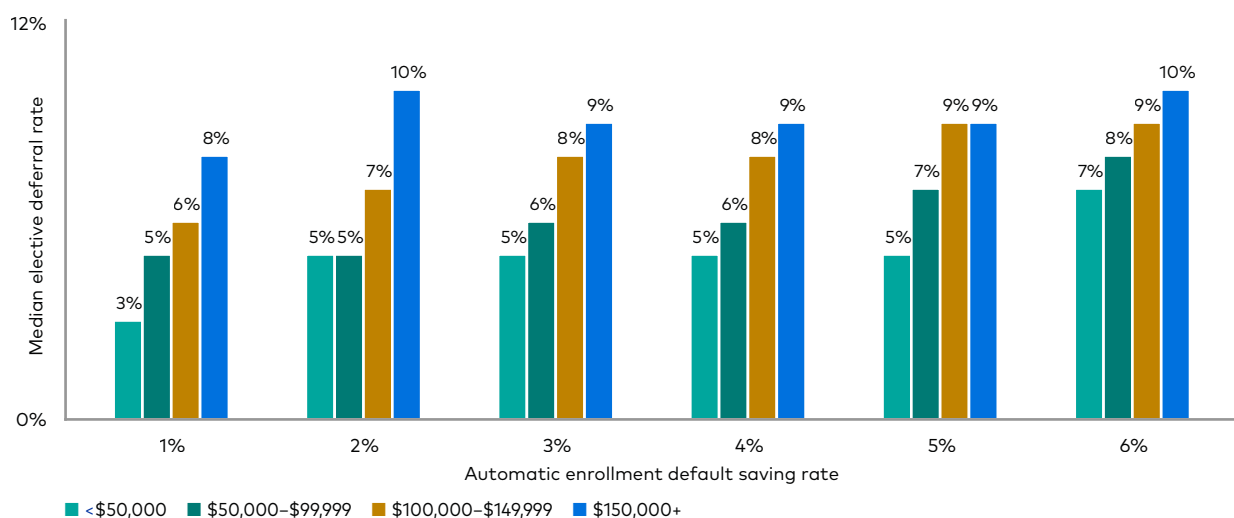
Vanguard defined contribution plans permitting employee-elective deferrals



Source: Vanguard, 2026.

Figure 37. Participant employee-elective deferral rates by income and plan design, 2025

Vanguard defined contribution plans with automatic enrollment



Source: Vanguard, 2026.

Figure 38. Participants contributing the maximum by participant demographics, 2025 estimated

Vanguard defined contribution plans permitting employee-elective deferrals

All		14%
Income	<\$15,000	<0.5%
	\$15,000–\$29,999	<0.5%
	\$30,000–\$49,999	<0.5%
	\$50,000–\$74,999	1%
	\$75,000–\$99,999	2%
	\$100,000–\$149,999	10%
	\$150,000+	51%
Age	<25	2%
	25–34	10%
	35–44	15%
	45–54	17%
	55–64	19%
	65+	18%
Gender	Male	15%
	Female	14%
Job tenure (years)	0–1	3%
	2–3	13%
	4–6	17%
	7–9	19%
	10+	20%
Account balance	<\$10,000	<0.5%
	\$10,000–\$24,999	1%
	\$25,000–\$49,999	3%
	\$50,000–\$99,999	8%
	\$100,000–\$249,999	17%
	\$250,000+	42%
Industry group	Media, entertainment, and leisure	42%
	Business, professional, and nonprofit	17%
	Education and health	14%
	Finance, insurance, and real estate	13%
	Agriculture, mining, and construction	12%
	Manufacturing	9%
	Wholesale and retail trade	6%
	Transportation, utilities, and communications	6%

Source: Vanguard, 2026.

Maximum contributors

During 2025, 14% of participants saved the statutory maximum amount of \$23,500 (\$31,000 for those age 50 or older) (**Figure 38**). Participants who contributed the maximum dollar amount tended to have higher incomes, were older, had longer tenures with their current employer, and had accumulated substantially higher account balances.

Fifty-one percent of participants with income of more than \$150,000 contributed the maximum allowed, as did 42% of participants with an account balance of more than \$250,000.

Catch-up contributions

Nearly all Vanguard plans offered catch-up contributions. These contributions permit participants age 50 or older to contribute more than is permitted for those younger than 50. Seventeen percent of eligible participants took advantage of this feature in 2025 (**Figure 39**). Participants earning less than \$100,000 would need deferral rates higher than 20% of income to make catch-up contributions, suggesting that adoption of this feature among eligible participants is strong.

Participants making catch-up contributions shared key characteristics with those making the maximum contribution to their plan—higher incomes and substantially higher account balances. In 2025, 52% of participants with income of more than \$150,000 and 38% of those with an account balance of more than \$250,000 made catch-up contributions.

Starting in 2025, under the SECURE 2.0 Act, plan sponsors had the option to raise the catch-up limit for participants ages 60 to 63. Instead of the standard \$7,500 limit, eligible participants could contribute up to \$11,250, helping to increase their savings as they approach retirement.

By year-end 2025, 91% of plans had decided to allow these additional catch-up contributions. As a result, among participants ages 60 to 63 in plans offering the feature, 21% hit the 402(g) elective deferral maximum of \$23,500, and more than 90% of those maximizers also made catch-up contributions (**Figure 40**). Two-thirds of catch-up contributors exceeded the standard limit, and 9% reached the full catch-up amount, bringing their total annual contributions to \$34,750 when combined with the 402(g) maximum.

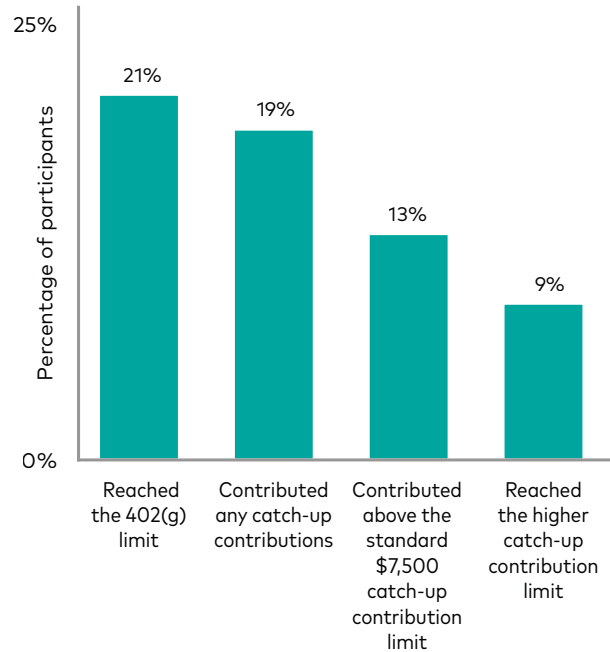
Figure 39. Catch-up contribution participation rates by participant demographics, 2025 estimated

Vanguard defined contribution plans permitting catch-up contributions

Percentage of participants using if offered		17%
Income	<\$15,000	<0.5%
	\$15,000–\$29,999	<0.5%
	\$30,000–\$49,999	<0.5%
	\$50,000–\$74,999	1%
	\$75,000–\$99,999	3%
	\$100,000–\$149,999	14%
	\$150,000+	52%
Gender	Male	18%
	Female	15%
Job tenure (years)	0–1	6%
	2–3	13%
	4–6	17%
	7–9	19%
	10+	19%
Account balance	<\$10,000	1%
	\$10,000–\$24,999	1%
	\$25,000–\$49,999	4%
	\$50,000–\$99,999	7%
	\$100,000–\$249,999	14%
	\$250,000+	38%
Industry group	Media, entertainment, and leisure	35%
	Education and health	24%
	Business, professional, and nonprofit	22%
	Agriculture, mining, and construction	20%
	Finance, insurance, and real estate	19%
	Manufacturing	12%
	Wholesale and retail trade	10%
	Transportation, utilities, and communications	8%

Source: Vanguard, 2026.

Figure 40. Participant use of higher catch-up contributions
Participants ages 60 to 63 in plans that offer the higher catch-up contribution limit



Source: Vanguard, 2026.

Roth contributions

At year-end 2025, the Roth feature was offered by 98% of Vanguard plans and had been adopted by 18% of participants in those plans (**Figure 41**), up from 12% in 2019. Younger or higher-income participants were more likely to use this feature. Starting in January 2026, participants age 50 or older who earned more than \$150,000 in the previous year may make catch-up contributions only to Roth. This mandatory provision has led nearly all plans to adopt Roth accounts.

Thirty-six percent of plans offered Roth in-plan conversions in 2025. Within those plans, 4% of all participants converted at least some of their assets to Roth (**Figure 42**). In addition, 10% of plans offered automatic Roth in-plan conversions, which allow after-tax contributions to be automatically converted to Roth when contributed. Within those plans, 8% of active participants used the automatic Roth in-plan conversion feature. Those most likely to use Roth in-plan conversions tended to be higher-income, mid-career participants with high balances.

Figure 41. Roth participation rates by participant demographics, 2025 estimated

Vanguard defined contribution plans permitting Roth contributions

Percentage of plans offering		98%
Percentage of participants offered		99%
Percentage of participants using if offered		18%
Income	<\$15,000	6%
	\$15,000–\$29,999	7%
	\$30,000–\$49,999	10%
	\$50,000–\$74,999	15%
	\$75,000–\$99,999	21%
	\$100,000–\$149,999	24%
	\$150,000+	21%
Age	<25	15%
	25–34	20%
	35–44	19%
	45–54	18%
	55–64	16%
	65+	11%
Gender	Male	19%
	Female	18%
Job tenure (years)	0–1	13%
	2–3	19%
	4–6	19%
	7–9	20%
	10+	19%
Account balance	<\$10,000	10%
	\$10,000–\$24,999	17%
	\$25,000–\$49,999	20%
	\$50,000–\$99,999	22%
	\$100,000–\$249,999	23%
	\$250,000+	23%
Industry group	Education and health	24%
	Finance, insurance, and real estate	23%
	Business, professional, and nonprofit	21%
	Agriculture, mining, and construction	18%
	Wholesale and retail trade	18%
	Manufacturing	16%
	Media, entertainment, and leisure	16%
	Transportation, utilities, and communications	12%

Source: Vanguard, 2026.

Figure 42. Roth in-plan conversion use by participant demographics, 2025

Vanguard defined contribution plans permitting Roth contributions

		Roth in-plan conversions	Automatic Roth in-plan conversions
Percentage of plans offering		36%	10%
Percentage of participants offered		59%	29%
Percentage of participants using if offered		4%	8%
Income	<\$15,000	<1%	<1%
	\$15,000–\$29,999	<1%	<1%
	\$30,000–\$49,999	<1%	1%
	\$50,000–\$74,999	<1%	1%
	\$75,000–\$99,999	1%	1%
	\$100,000–\$149,999	1%	3%
	\$150,000+	14%	26%
Age	<25	1%	2%
	25–34	5%	9%
	35–44	6%	12%
	45–54	4%	8%
	55–64	2%	4%
	65+	1%	2%
Gender	Male	4%	8%
	Female	3%	8%
Job tenure (years)	0–1	2%	3%
	2–3	4%	9%
	4–6	6%	12%
	7–9	6%	14%
	10+	3%	8%
Account balance	<\$10,000	<1%	<1%
	\$10,000–\$24,999	1%	1%
	\$25,000–\$49,999	1%	2%
	\$50,000–\$99,999	2%	4%
	\$100,000–\$249,999	5%	10%
	\$250,000+	14%	26%

Source: Vanguard, 2026.

After-tax contributions

After-tax employee-elective deferrals were available to participants in 24% of Vanguard plans in 2025 (**Figure 43**). This feature was more likely to be offered by large plans, and 40% of participants had access to it. Ten percent of participants who were offered the after-tax deferral feature took advantage of it. Those who used the feature tended to have higher incomes and longer tenures.

Aggregate contributions

Considering both employee and employer contributions, the average total participant contribution rate in 2025 was 12.1% (estimated; see the Methodology section on page 109); the median rate was 11.6% (**Figure 44**). These rates exclude eligible nonparticipants. Aggregate participant and employer contribution rates have increased modestly over the past 10 years.

When eligible nonparticipants were included, with their 0% contribution rate, the average aggregate contribution rate was 10.2%, identical to the median rate (**Figure 45**). Similar to aggregate participant contribution rates, eligible employee contribution rates have increased over the past 10 years.

Participants who automatically enrolled in their plan had an average total contribution rate of 12.6% in 2025, compared with 11.1% for those who voluntarily enrolled (**Figure 46**).

Eligible employees hired under an automatic enrollment feature had an average total contribution rate of 12.2%, more than 60% higher than the rate of 7.5% for those hired under voluntary enrollment (**Figure 47**). Plans with automatic enrollment had higher total contribution rates across all demographics, with the widest gaps among younger, less-tenured, and lower-income employees.

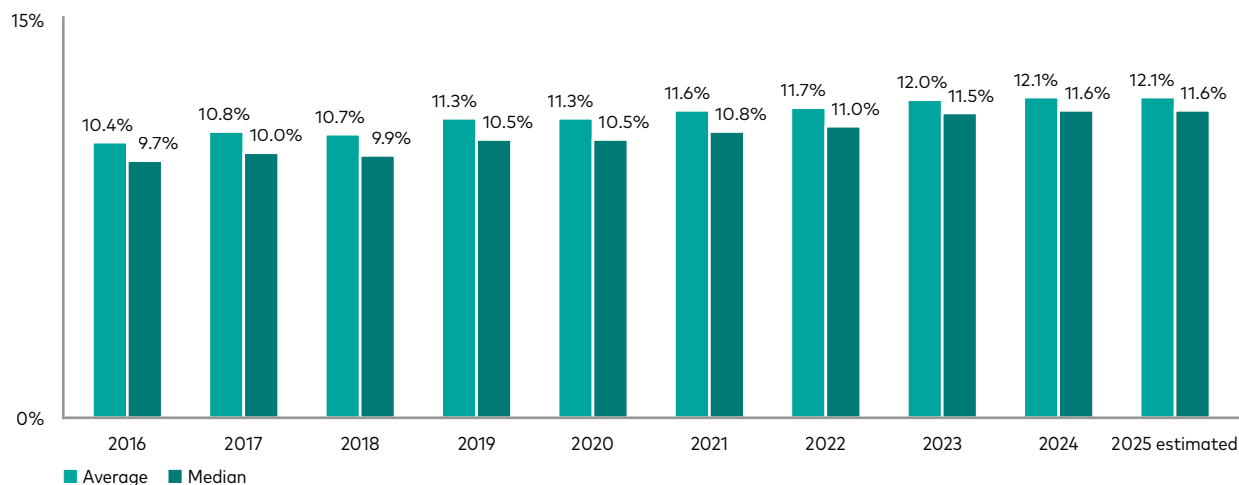
Figure 43. After-tax participation rates by participant demographics, 2025 estimated

Vanguard defined contribution plans permitting after-tax contributions

Percentage of plans offering		24%
Percentage of participants offered		40%
Percentage of participants using if offered		10%
Income	<\$15,000	1%
	\$15,000–\$29,999	2%
	\$30,000–\$49,999	3%
	\$50,000–\$74,999	5%
	\$75,000–\$99,999	6%
	\$100,000–\$149,999	6%
	\$150,000+	22%
Age	<25	3%
	25–34	10%
	35–44	13%
	45–54	11%
	55–64	9%
	65+	7%
Gender	Male	11%
	Female	10%
Job tenure (years)	0–1	3%
	2–3	10%
	4–6	14%
	7–9	14%
	10+	12%
Industry group	Media, entertainment, and leisure	34%
	Agriculture, mining, and construction	14%
	Business, professional, and nonprofit	9%
	Finance, insurance, and real estate	7%
	Education and health	6%
	Manufacturing	5%
	Transportation, utilities, and communications	5%
	Wholesale and retail trade	5%

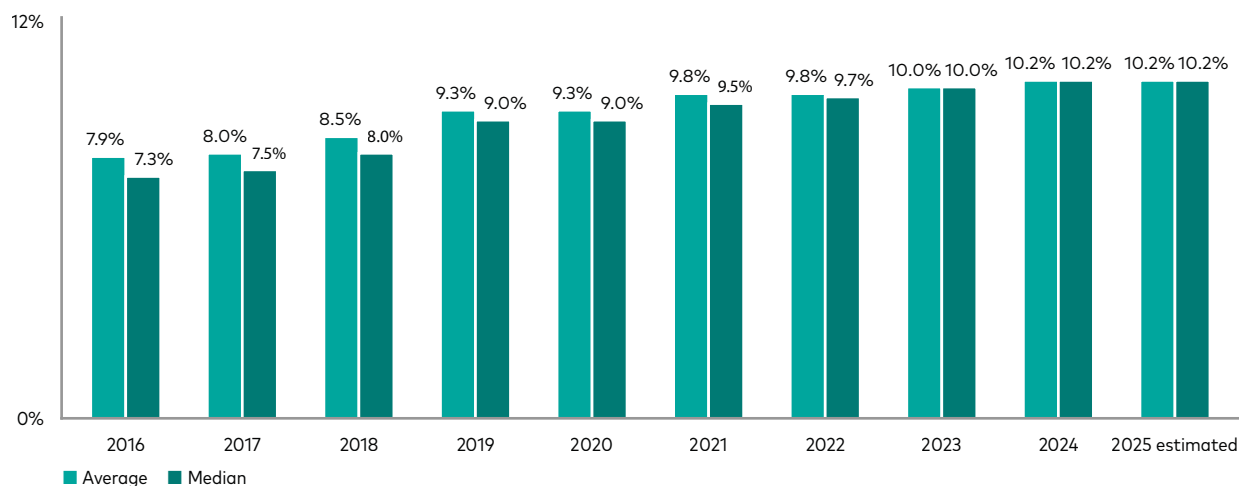
Source: Vanguard, 2026.

Figure 44. Aggregate participant and employer contribution rates
Vanguard defined contribution plans permitting employee-elective deferrals



Source: Vanguard, 2026.

Figure 45. Aggregate employee and employer contribution rates
Vanguard defined contribution plans permitting employee-elective deferrals



Source: Vanguard, 2026.

Figure 46. Aggregate participant and employer contribution rates by plan design, 2025 estimated

Vanguard defined contribution plans permitting employee-elective deferrals

		Automatic enrollment	Voluntary enrollment	All
All		12.6%	11.1%	12.1%
Income	<\$15,000	11.0%	10.2%	10.8%
	\$15,000–\$29,999	10.7%	8.9%	10.2%
	\$30,000–\$49,999	9.9%	9.0%	9.6%
	\$50,000–\$74,999	11.1%	10.2%	10.8%
	\$75,000–\$99,999	12.4%	11.2%	12.0%
	\$100,000–\$149,999	13.8%	12.2%	13.2%
	\$150,000+	14.8%	12.6%	14.2%
Age	<25	10.3%	8.0%	9.6%
	25–34	11.9%	9.9%	11.3%
	35–44	12.3%	10.6%	11.8%
	45–54	12.8%	11.2%	12.3%
	55–64	14.3%	12.8%	13.7%
	65+	14.9%	14.1%	14.6%
Gender	Male	12.8%	11.3%	12.2%
	Female	12.1%	11.5%	11.9%
Job tenure (years)	0–1	9.5%	7.7%	8.9%
	2–3	12.6%	10.8%	12.0%
	4–6	13.5%	12.0%	13.0%
	7–9	13.7%	12.3%	13.2%
	10+	14.1%	12.3%	13.5%
Account balance	<\$10,000	7.3%	6.2%	7.0%
	\$10,000–\$24,999	9.7%	9.2%	9.6%
	\$25,000–\$49,999	11.4%	10.9%	11.3%
	\$50,000–\$99,999	12.9%	12.1%	12.7%
	\$100,000–\$249,999	14.5%	13.4%	14.2%
	\$250,000+	16.5%	14.9%	16.1%

Source: Vanguard, 2026.

Figure 47. Aggregate employee and employer contribution rates by plan design, 2025 estimated

Vanguard defined contribution plans permitting employee-elective deferrals

		Automatic enrollment	Voluntary enrollment	All
All		12.2%	7.5%	10.2%
Income	<\$15,000	9.2%	1.9%	4.8%
	\$15,000–\$29,999	9.8%	2.6%	5.9%
	\$30,000–\$49,999	9.4%	5.2%	7.2%
	\$50,000–\$74,999	10.8%	7.8%	9.6%
	\$75,000–\$99,999	12.1%	8.9%	10.8%
	\$100,000–\$149,999	13.4%	10.1%	12.1%
	\$150,000+	14.5%	11.6%	13.7%
Age	<25	9.5%	2.3%	5.3%
	25–34	11.5%	6.5%	9.5%
	35–44	11.9%	7.9%	10.4%
	45–54	12.4%	8.7%	10.9%
	55–64	13.9%	10.1%	12.3%
	65+	14.0%	10.1%	12.2%
Gender	Male	12.4%	7.6%	10.3%
	Female	11.7%	7.5%	10.0%
Job tenure (years)	0–1	8.8%	3.5%	6.3%
	2–3	12.3%	7.2%	10.2%
	4–6	13.2%	9.3%	11.7%
	7–9	13.4%	10.1%	12.1%
	10+	13.7%	10.3%	12.4%

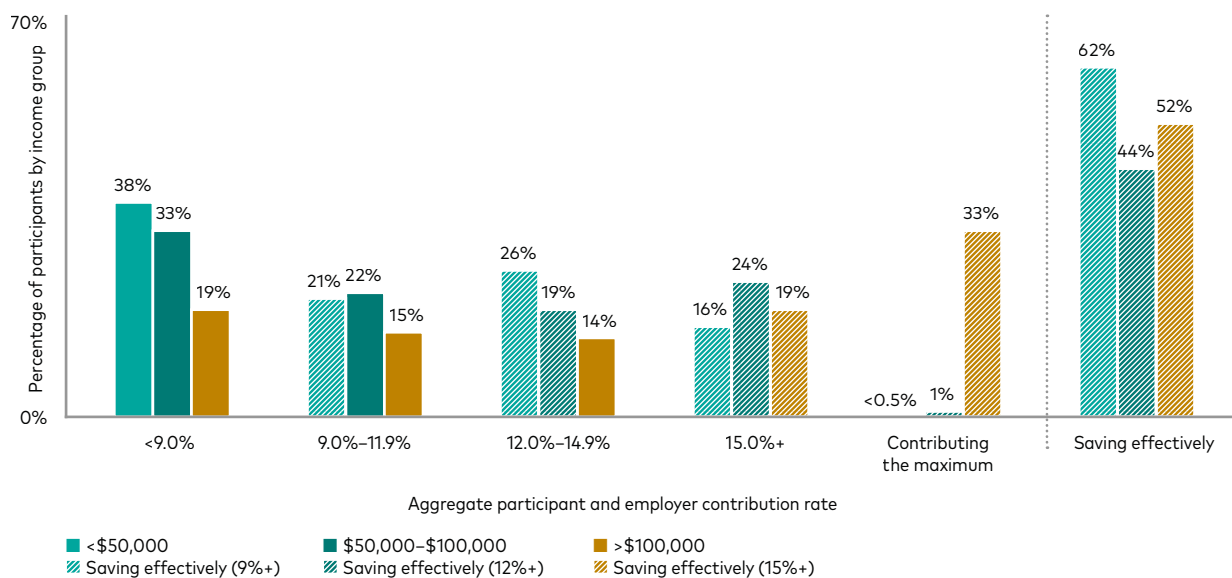
Source: Vanguard, 2026.

Distribution of aggregate contribution rates

Vanguard estimates that a typical participant should target a total contribution rate of 12% to 15%, including both employee and employer contributions. In 2025, 51% of participants had total employee and employer contribution rates that met those thresholds or reached the statutory contribution limit (**Figure 48**). Over the past five years, the percentage of participants saving at least to their income-based target level, or reaching the 402(g) limit, has increased modestly, from 47% of participants in 2021 (**Figure 49**).

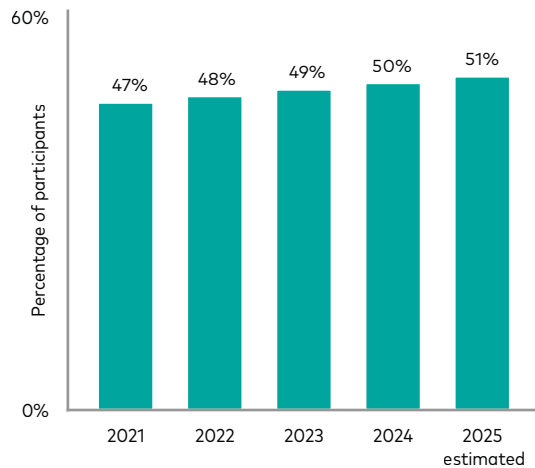
For participants with lower wages, Social Security is expected to replace a higher percentage of income, and, therefore, a lower retirement saving rate may be appropriate. For higher-wage participants, Social Security replaces a lower percentage of income, and saving rates may need to be higher. In some cases, higher-wage participants may not be able to achieve sufficient saving rates within the plan because of statutory contribution limits.

Figure 48. Distribution of aggregate participant and employer contribution rates, 2025 estimated
Vanguard defined contribution plans permitting employee-elective deferrals



Note: The percentage noted after the income range is the total contribution rate recommended for effective saving.
Source: Vanguard, 2026.

Figure 49. Trend in participants saving effectively
*Vanguard defined contribution plans permitting
employee-elective deferrals*



Source: Vanguard, 2026.

Account balances

Account balances are a widely cited measure of the overall effectiveness of DC plans. They are determined by contribution levels and investment performance over time.

Vanguard account balances are a measure of how much plan participants have accumulated for retirement with a given employer. In the U.S., DC plans are not a closed system. When participants change jobs or retire, their plan assets may remain with their former employer's plan, be rolled over to another employer plan or an IRA, or be cashed out. As a result, current DC plan balances often do not reflect lifetime savings and are only a partial measure of retirement preparedness for most participants.

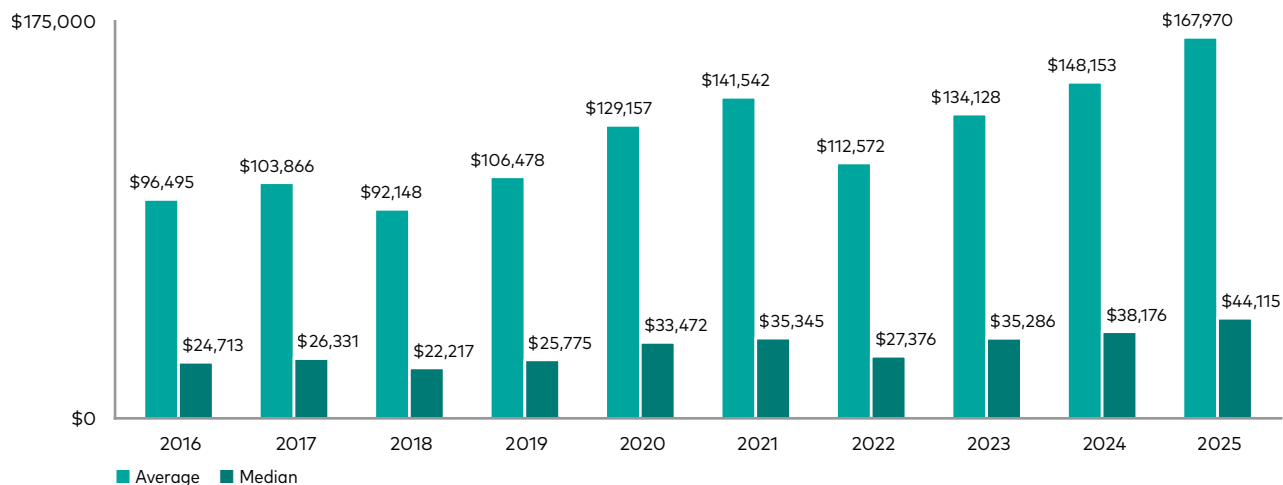
Average versus median balances

In 2025, the average account balance for Vanguard participants was \$167,970, while the median balance was \$44,115 (**Figure 50**)—increases of 13% and 16%, respectively, from 2024. The average one-year participant total return was 19.3% (see page 84).

The wide divergence between the average and median balance is due to a small number of very large accounts that significantly raised the average above the median (**Figure 51**). One in four participants had an account balance of less than \$10,000, while 35% of participants had a balance of more than \$100,000. Eighteen percent of participants had a balance of \$250,000 or more.

Because of this skewed distribution of assets, average balances are indicative of participants at about the 75th percentile—about 75% of participants had balances below the average, and 25% had balances above. Average balances are more representative of the results experienced by longer-tenured, more affluent, or older participants. The median balance represents the typical participant: Half of all participants had balances above the median, and half had balances below.

Figure 50. Account balances
Vanguard defined contribution plans



Source: Vanguard, 2026.

Figure 51. Distribution of account balances
Vanguard defined contribution plans

Percentage of accounts

Range of balance	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<\$10,000	34%	34%	36%	33%	29%	29%	33%	28%	28%	26%
\$10,000–\$19,999	12%	11%	12%	12%	11%	11%	12%	12%	11%	10%
\$20,000–\$39,999	13%	13%	13%	13%	13%	12%	13%	13%	13%	12%
\$40,000–\$59,999	8%	7%	7%	7%	8%	8%	7%	8%	8%	8%
\$60,000–\$79,999	5%	5%	5%	5%	6%	5%	5%	5%	5%	5%
\$80,000–\$99,999	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
\$100,000–\$149,999	6%	7%	6%	7%	7%	7%	7%	7%	7%	8%
\$150,000–\$199,999	4%	4%	4%	4%	5%	5%	4%	5%	5%	5%
\$200,000–\$249,999	3%	3%	3%	3%	3%	3%	3%	3%	3%	4%
\$250,000+	11%	12%	10%	12%	14%	16%	12%	15%	16%	18%

Source: Vanguard, 2026.

Change in account balances

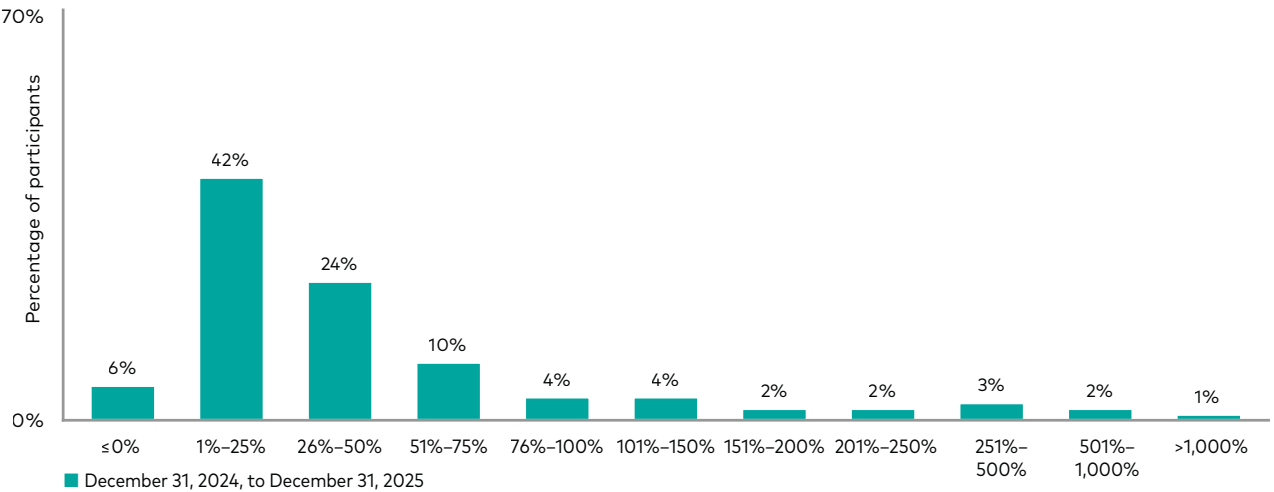
Market performance and an evolving participant base drove changes in average and median account balances in 2025. Among continuous participants—those with an account balance in both December 2024 and December 2025—the median account balance increased by 27% (Figure 52). Ninety-four percent of these participants saw their balances rise, reflecting positive returns in the equity and bond markets as well as ongoing contributions.

Account balances are widely available on statements and websites and are often cited as participants' primary tool for monitoring investment results. Because of ongoing contributions, however, account balances will appear to be less negatively impacted during periods of falling markets. This "contribution effect" can mask the psychological impact of falling stock prices on participants.

Account balances by participant demographics

Median and average account balances varied considerably by participant demographics in 2025 (Figure 53). Income, age, and job tenure are among the key factors that influence account balances, and these three factors are intertwined. Not only does income, on average, tend to rise somewhat with age, making saving more affordable, but older participants generally save at higher rates. In addition, the longer an employee's tenure with a firm, the more likely they are to earn a higher salary, participate in the plan, and contribute at higher levels. As a result, longer-tenured participants typically have higher balances because they have been contributing to their plan for a longer period of time.

Figure 52. Change in account balances, continuous participants
Vanguard defined contribution participants with a balance at both the beginning and end of the period



December 31, 2024, to December 31, 2025	
Median change	27%
Percentage of participants with positive changes	94%

Source: Vanguard, 2026.

Gender also influences current balances. Fifty-seven percent of Vanguard participants are male, and men had average and median balances that were about 30% higher than those of women in 2025. Gender is often a proxy for other factors, such as income. Women in our sample tended to have lower incomes than men. However, as noted earlier in this report, women tended to save more than men at each respective income level.

Figure 53. Account balances by participant demographics, 2025
Vanguard defined contribution plans

		Average	Median
All		\$167,970	\$44,115
Income	<\$15,000	\$19,601	\$3,489
	\$15,000–\$29,999	\$20,146	\$6,896
	\$30,000–\$49,999	\$29,172	\$11,659
	\$50,000–\$74,999	\$65,239	\$29,033
	\$75,000–\$99,999	\$114,670	\$56,115
	\$100,000–\$149,999	\$198,912	\$103,396
	\$150,000+	\$401,412	\$230,536
	Terminated	\$174,966	\$44,988
Age	<25	\$7,259	\$2,234
	25–34	\$50,261	\$18,732
	35–44	\$120,742	\$46,919
	45–54	\$214,991	\$78,730
	55–64	\$305,006	\$107,269
	65+	\$330,186	\$103,202
Gender	Male	\$194,597	\$52,309
	Female	\$146,476	\$42,139
Job tenure (years)	0–1	\$17,865	\$3,327
	2–3	\$52,956	\$21,504
	4–6	\$97,752	\$49,403
	7–9	\$153,745	\$85,393
	10+	\$360,255	\$186,335

Source: Vanguard, 2026.

Figure 54. Account balances by income and gender, 2025
Vanguard defined contribution plans

	Income	Female	Male	All
Average	<\$15,000	\$20,843	\$21,750	\$19,601
	\$15,000–\$29,999	\$19,972	\$23,673	\$20,146
	\$30,000–\$49,999	\$31,806	\$31,288	\$29,172
	\$50,000–\$74,999	\$69,075	\$69,643	\$65,239
	\$75,000–\$99,999	\$114,662	\$124,436	\$114,670
	\$100,000–\$149,999	\$199,790	\$209,080	\$198,912
	\$150,000+	\$358,245	\$453,583	\$401,412
	Terminated	\$149,371	\$197,584	\$174,966
Median	<\$15,000	\$3,325	\$3,928	\$3,489
	\$15,000–\$29,999	\$6,850	\$7,919	\$6,896
	\$30,000–\$49,999	\$13,265	\$12,687	\$11,659
	\$50,000–\$74,999	\$31,786	\$32,141	\$29,033
	\$75,000–\$99,999	\$56,945	\$62,925	\$56,115
	\$100,000–\$149,999	\$107,717	\$111,016	\$103,396
	\$150,000+	\$207,995	\$260,922	\$230,536
	Terminated	\$42,613	\$47,054	\$44,988

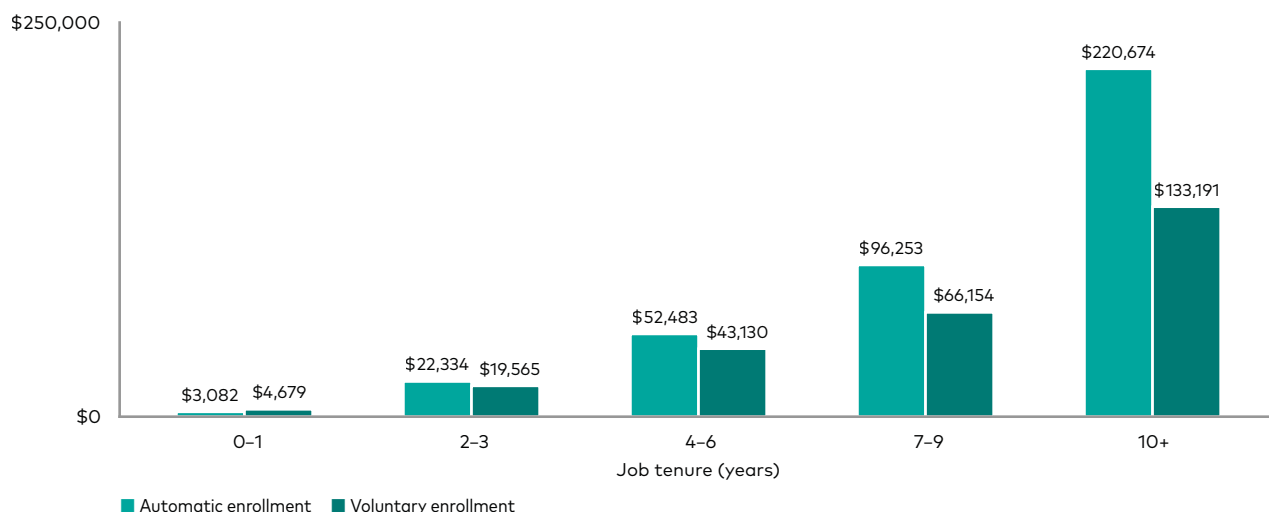
Source: Vanguard, 2026.

A different picture emerges when account balances are compared by income. When income is factored in, account balances were closer between men and women in 2025 (**Figure 54**). For example, female participants with an income between \$30,000 and \$149,999 had average account balances that were within 10% of their male counterparts.

Account balances by plan design

In 2025, active participants in plans offering automatic enrollment had a median account balance of \$43,061, in line with the median balance of \$44,961 for active participants in voluntary enrollment plans. However, when considering job tenure, median account balances of participants in plans with automatic enrollment were higher as job tenure increased (**Figure 55**). Active participants in plans with automatic enrollment, with 10 or more years of tenure, had median account balances that were about 65% higher than those with similar tenure in voluntary enrollment plans.

Figure 55. Median account balances by plan design, 2025
Vanguard defined contribution plans, active participants



Source: Vanguard, 2026.

Balances by industry group

Account balances also varied significantly by industry sector, reflecting a complex mix of firm characteristics (influencing employer contributions) and workforce demographics (influencing participant saving rates). Participants in the media, entertainment, and leisure sector had average and median account balances about two to three times higher than those of participants in some other industry groups (**Figure 56**).

Figure 56. Balances by industry sector, 2025
Vanguard defined contribution plans

	Average	Median
All	\$167,970	\$44,115
Media, entertainment, and leisure	\$252,068	\$124,039
Finance, insurance, and real estate	\$225,429	\$69,806
Agriculture, mining, and construction	\$207,556	\$47,017
Business, professional, and nonprofit	\$188,087	\$52,810
Manufacturing	\$167,610	\$45,194
Education and health	\$128,291	\$35,269
Wholesale and retail trade	\$126,710	\$29,739
Transportation, utilities, and communications	\$113,159	\$16,124

Source: Vanguard, 2026.



SECTION 2:

Managing participant accounts

Participant investment decisions are a critical determinant of long-term retirement savings growth.

Asset and contribution allocations

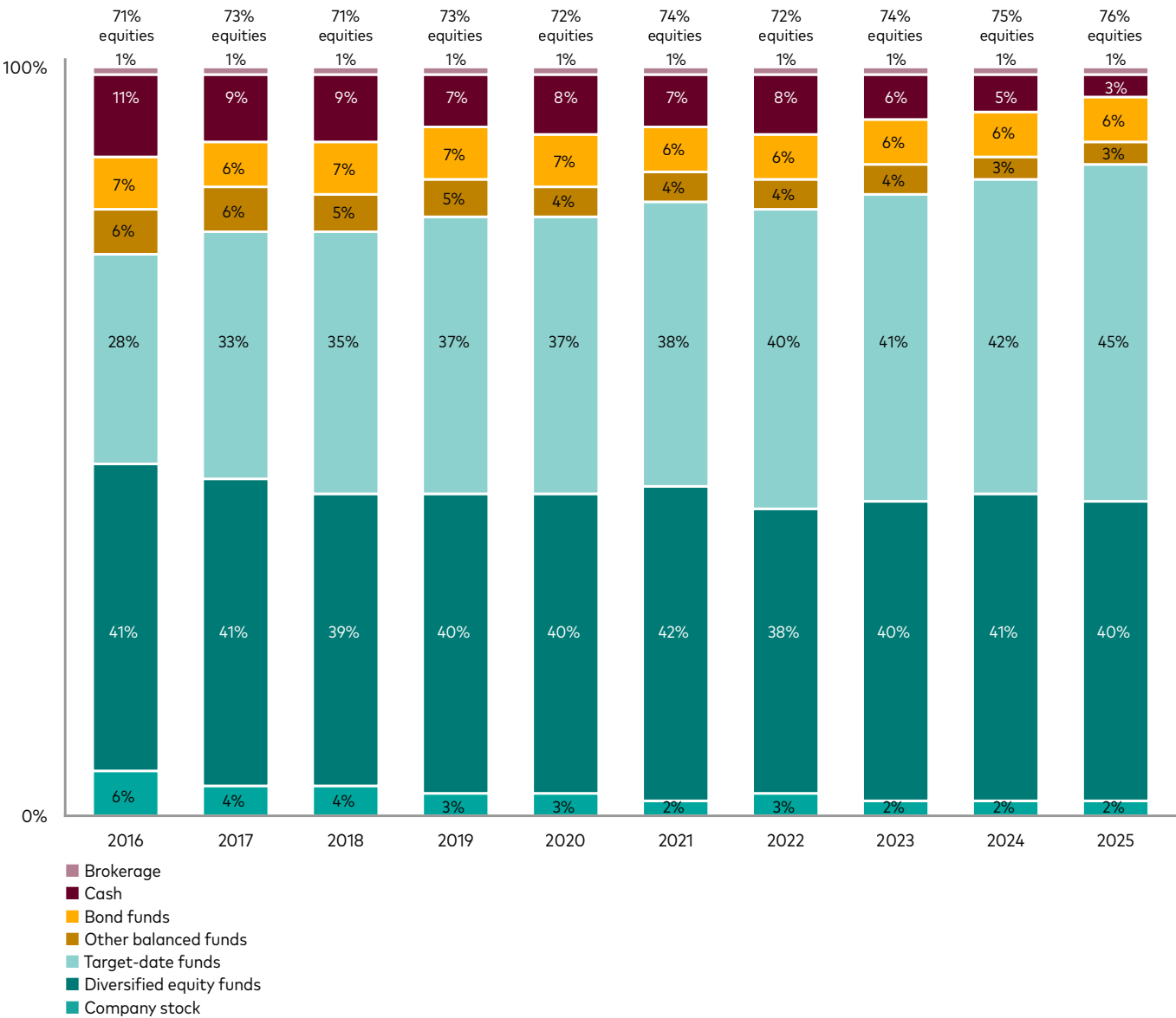
Seventy-six percent of plan assets were invested in equities in 2025 (Figure 57). This allocation includes the equity component of target-date and other balanced fund strategies. The overall allocation to equities has increased over the past 10 years.

Investment in balanced strategies reached 48% in 2025, including 45% in target-date funds and 3%

in other balanced options. The growth of target-date funds is dramatically reshaping DC plan investment patterns by increasing age-appropriate equity allocations and reducing extreme allocations.

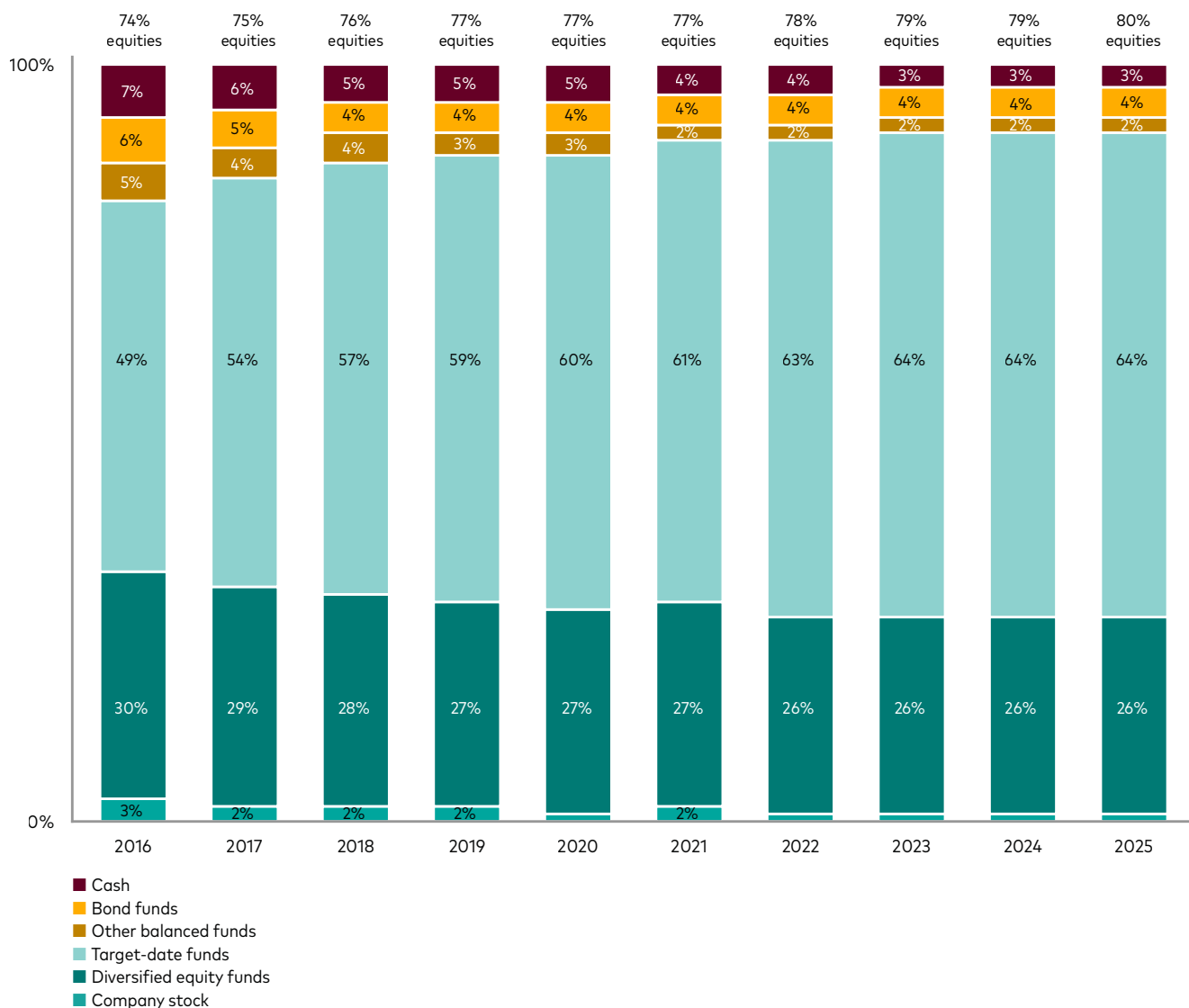
Eighty percent of plan contribution dollars were invested in equities during 2025, and 64% of plan contribution dollars were invested in target-date funds (Figure 58).

Figure 57. Plan asset allocation summary
Vanguard defined contribution plans



Source: Vanguard, 2026.

Figure 58. Plan contribution allocation summary
Vanguard defined contribution plans



Source: Vanguard, 2026.

Asset allocation by participant demographics

The average participant-weighted asset allocation to equities was 79% in 2025, and asset allocation decisions varied among participant demographics (Figure 59). In the past, higher-income participants tended to assume more equity market risk, on average, than lower-income participants. However, with the rising adoption of target-date funds and automatic enrollment, participants of all income segments now have similar equity risk.

All participants, regardless of income level, had slightly more than three-quarters of their average

account balance allocated to equities in 2025; at the median, participants allocated 89% to equities.

Participants younger than 45 had the highest equity exposure, with about 90% of plan assets, at the median, invested in equities. Equity allocations were lowest for participants age 65 or older, many of whom are retired or will be soon. Participants 65 or older had a median equity allocation of 50%.

The rising use of target-date funds has markedly changed the age-related variation in equity exposure (see page 75).

Figure 59. Asset allocation by participant demographics, 2025
Vanguard defined contribution plans

		Brokerage	Company stock	Diversified equity funds	Target-date funds	Other balanced funds	Bond funds	Cash	Average equity participant weighted	Median equity participant weighted
All asset weighted		1%	2%	40%	45%	3%	6%	3%	—	—
Average participant weighted		<0.5%	1%	19%	72%	2%	3%	2%	79%	89%
Income	<\$15,000	2%	1%	33%	55%	1%	5%	2%	83%	89%
	\$15,000–\$29,999	1%	1%	27%	63%	1%	4%	2%	82%	89%
	\$30,000–\$49,999	<0.5%	2%	24%	66%	2%	4%	3%	81%	89%
	\$50,000–\$74,999	<0.5%	2%	28%	60%	2%	5%	3%	80%	89%
	\$75,000–\$99,999	<0.5%	2%	33%	55%	2%	5%	3%	80%	88%
	\$100,000–\$149,999	1%	2%	39%	48%	2%	6%	2%	81%	88%
	\$150,000+	2%	1%	42%	45%	2%	6%	2%	81%	89%
	Terminated	1%	2%	42%	39%	4%	6%	5%	76%	88%
Age	<25	<0.5%	1%	15%	82%	1%	1%	<0.5%	90%	91%
	25–34	1%	1%	23%	73%	1%	1%	<0.5%	90%	91%
	35–44	1%	1%	30%	63%	1%	2%	1%	88%	91%
	45–54	1%	2%	43%	46%	2%	5%	2%	78%	79%
	55–64	1%	2%	46%	36%	3%	8%	4%	65%	67%
	65+	1%	3%	44%	28%	6%	10%	9%	50%	50%
Gender	Male	1%	2%	42%	42%	3%	6%	3%	79%	89%
	Female	1%	1%	37%	50%	2%	6%	3%	79%	88%
Job tenure (years)	0–1	1%	1%	24%	71%	1%	2%	1%	86%	90%
	2–3	1%	1%	23%	71%	1%	2%	1%	85%	90%
	4–6	1%	1%	26%	68%	1%	2%	1%	83%	90%
	7–9	1%	1%	27%	65%	1%	3%	1%	81%	89%
	10+	1%	2%	45%	38%	3%	7%	4%	72%	79%
Account balance	<\$10,000	<0.5%	1%	7%	89%	1%	1%	1%	82%	90%
	\$10,000–\$24,999	<0.5%	1%	11%	83%	1%	2%	2%	81%	90%
	\$25,000–\$49,999	<0.5%	1%	15%	78%	1%	2%	2%	80%	89%
	\$50,000–\$99,999	<0.5%	1%	20%	71%	1%	3%	2%	79%	88%
	\$100,000–\$149,999	<0.5%	1%	24%	66%	2%	3%	3%	78%	85%
	\$150,000–\$199,999	<0.5%	1%	27%	62%	2%	4%	3%	78%	85%
	\$200,000–\$249,999	1%	1%	30%	59%	2%	4%	3%	77%	84%
	\$250,000+	1%	2%	46%	37%	3%	7%	3%	76%	83%

Source: Vanguard, 2026.

Asset allocation by industry group

Asset allocations varied somewhat by industry group in 2025 (**Figure 60**). Participants in the media,

entertainment, and leisure group had the most aggressive allocations and the highest allocations to target-date funds.

Figure 60. Asset allocation by industry group, 2025

Vanguard defined contribution plans

		Brokerage	Company stock	Diversified equity funds	Target-date funds	Other balanced funds	Bond funds	Cash	Average equity participant weighted	Median equity participant weighted
All asset weighted		1%	2%	40%	45%	3%	6%	3%	—	—
Average participant weighted		<0.5%	1%	19%	72%	2%	3%	2%	79%	89%
Industry group	Media, entertainment, and leisure	3%	<0.5%	34%	55%	3%	4%	1%	82%	90%
	Business, professional, and nonprofit	1%	2%	41%	45%	3%	6%	3%	80%	90%
	Transportation, utilities, and communications	1%	4%	42%	39%	4%	6%	5%	80%	89%
	Agriculture, mining, and construction	<0.5%	5%	39%	40%	4%	6%	5%	80%	87%
	Manufacturing	<0.5%	4%	39%	48%	2%	5%	2%	79%	89%
	Wholesale and retail trade	<0.5%	2%	47%	37%	1%	8%	5%	79%	88%
	Finance, insurance, and real estate	1%	1%	44%	38%	6%	6%	5%	78%	89%
	Education and health	2%	<0.5%	38%	49%	1%	6%	4%	78%	84%

Source: Vanguard, 2026.

Figure 61. Average number of investment options offered and used
Vanguard defined contribution plans



Source: Vanguard, 2026.

Plan investment options

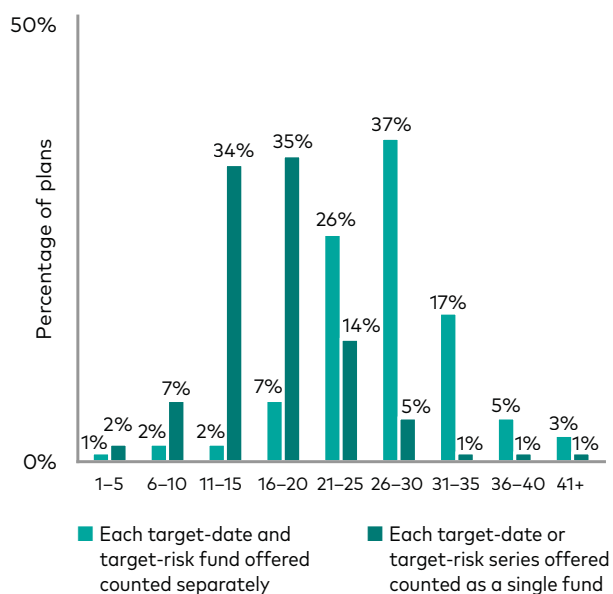
Participant DC plan investment decisions occur within the context of a set or a menu of choices offered by the employer.

Number of options offered

The average Vanguard plan offered 27.7 investment options in 2025, up slightly over the past four years from 27.2 in 2022 (**Figure 61**). When each distinct target-date (or target-risk) fund was counted as a single offering, the average number of investment options was 17.7. By this measure, sponsors have also marginally increased investment options on a net basis since 2022.

The number of funds used by participants has declined over the past decade. This is directly attributable to the growth of target-date funds. Counting a target-date or target-risk series as a single-fund offering, the median plan sponsor offered 16 investment options in 2025. Only 8% of plans offered more than 25 distinct investment options, while 9% of plans offered 10 or fewer (**Figure 62**).

Figure 62. Number of options offered, 2025
Vanguard defined contribution plans



Source: Vanguard, 2026.

Types of options offered

Nearly all Vanguard DC plans offered an array of investment options covering four major investment categories: equities, bonds, balanced funds (including target-date and target-risk strategies), and money market or stable value options (**Figure 63**). Given most sponsors' desire to promote equity-oriented portfolios for retirement, diversified equity funds continued to be the most popular type of fund offered in 2025. Equity offerings typically included both indexed and actively managed U.S. stock funds, including large-, mid-, or small-capitalization stocks, as well as one or more international funds.

Virtually all plans offered international equity funds, but only one-third offered separate emerging markets funds. Many of the broader international funds already include emerging markets exposure, as do target-date and some balanced strategies. Thirty-six percent of plans offered sector funds, such as technology or health care funds (**Figure 64**). Nearly 1 in 4 plans offered a self-directed brokerage feature.

Meanwhile, plan sponsor interest in target-date funds remained strong, with 96% of plans offering them at year-end 2025.

Plan size had little effect on the types of investment options offered. However, large plans were much more likely than small plans to offer company stock, stable value funds, self-directed brokerage accounts, or managed account programs. Larger plans have been quicker to add target-date and socially responsible funds, but smaller plans were more likely to offer sector funds.

Tiering

Tiering is a clear, effective way to present plan investment choices to participants. Investment options are presented in categories, or tiers. Typically, tiers are all-in-one options, such as target-date or risk-based balanced funds, an index core, or supplemental investment options. Many Vanguard plan sponsors tier their investment lineup.

Index core

Offering a passive (or index) core is a newer development in investment menu design. A passive core is a comprehensive set of low-cost index options that span the global capital markets. In our definition, a passive core, at a minimum, consists of four options covering U.S. equities, non-U.S. equities, U.S. taxable bonds, and cash. A passive core of these four options offers participants broad diversification, varying levels of risk exposure, and very low investment costs.

In 2025, 69% of Vanguard plans offered at least four options within an index core, and 7 in 10 Vanguard participants were offered an index core (**Figure 65**). In addition, many of these plans also offered a passive target-date fund to further simplify participant portfolio construction. Sixty-seven percent of plans offered both an index core and passive target-date funds, and 69% of participants had access to these fund lineups. Since 2020, the percentage of plans offering an index core has remained consistent.

Figure 63. Types of investment options offered, 2025
Vanguard defined contribution plans

	Number of participants				
	All	<500	500–999	1,000–4,999	5,000+
Cash	98%	97%	100%	100%	99%
Money market	79%	78%	82%	83%	73%
Stable value/Investment contract	67%	58%	73%	73%	82%
Bond funds	98%	96%	100%	100%	100%
Active	81%	75%	82%	88%	90%
Index	91%	89%	90%	92%	99%
Inflation-protected securities	34%	32%	35%	36%	37%
Multisector	8%	6%	9%	12%	7%
High-yield	18%	18%	21%	17%	14%
International	20%	19%	23%	21%	17%
Global	<1%	<1%	1%	0%	1%
Emerging markets	1%	<1%	2%	1%	1%
Balanced funds	99%	98%	100%	100%	100%
Traditional balanced	59%	71%	57%	54%	37%
Target-risk	4%	3%	4%	6%	4%
Target-date	96%	92%	100%	99%	100%
Equity funds	99%	98%	100%	100%	100%
Domestic equity funds	99%	98%	100%	100%	100%
Large-cap index	98%	97%	100%	99%	99%
Large-cap active	88%	89%	88%	90%	83%
Large-cap value	86%	87%	88%	88%	77%
Large-cap growth	89%	89%	92%	90%	86%
Large-cap blend	98%	97%	100%	99%	100%
Mid-cap index	84%	79%	92%	85%	89%
Mid-cap active	52%	55%	49%	49%	45%
Small-cap index	61%	63%	68%	64%	39%
Small-cap active	64%	62%	65%	67%	59%
Socially responsible	17%	13%	20%	18%	26%
International equity funds	97%	94%	99%	99%	99%
Index international	84%	77%	86%	91%	98%
Active international	84%	81%	90%	86%	87%
Emerging markets	33%	31%	39%	35%	31%
Global equity funds	14%	18%	16%	7%	11%
Sector funds	36%	39%	36%	36%	26%
Company stock	8%	2%	5%	12%	27%
Self-directed brokerage	23%	15%	20%	29%	39%
Managed account program	46%	23%	55%	62%	80%

Source: Vanguard, 2026.

A stable value investment is neither insured nor guaranteed by the U.S. government. There is no assurance that the investment will be able to maintain a stable net asset value, and it is possible to lose money in such an investment.

Figure 64. Types of sector options offered, 2025
Vanguard defined contribution plans

	Number of participants				
	All	<500	500–999	1,000–4,999	5,000+
Sector funds	36%	39%	36%	36%	26%
REIT	32%	33%	32%	33%	25%
Health care	8%	12%	9%	5%	3%
Energy	4%	6%	5%	3%	2%
Precious metals	2%	2%	2%	1%	1%
Technology	3%	4%	5%	2%	3%
Utilities	2%	1%	3%	1%	2%
Natural resources	1%	1%	1%	1%	1%
Financials	<0.5%	0%	1%	<0.5%	1%
Communications	<0.5%	<0.5%	1%	0%	1%
Consumer	<0.5%	<0.5%	1%	0%	1%
Industrials	<0.5%	<0.5%	1%	0%	1%

Source: Vanguard, 2026.

Figure 65. Index core offered, 2025
Vanguard defined contribution plans

	Number of participants				
	All	<500	500–999	1,000–4,999	5,000+
Percentage of plans offering an index core	69%	62%	66%	74%	83%
Percentage of plans offering an index core and target-date funds	67%	58%	66%	74%	83%
Percentage of participants offered an index core	69%	67%	66%	73%	68%
Percentage of participants offered an index core and target-date funds	69%	63%	66%	73%	68%

Note: An index core includes broadly diversified index funds for U.S. stocks, U.S. bonds, and international stocks. At a minimum, the definition includes index funds for large-cap U.S. stocks, intermediate or long-term bonds, and developed markets.

Source: Vanguard, 2026.

Default funds

Increasingly, participants are being directed into plan sponsor-selected default investments rather than making their own active investment choices. Default investing is growing in importance because of concerns about participants' level of investment knowledge and the growing use of automatic enrollment. In response, the U.S. Department of Labor (DOL), acting under the Pension Protection Act of 2006, deemed three types of default investments as eligible for special fiduciary protection. Known as qualified default investment alternatives (QDIAs), these options include target-date funds, other balanced funds, and managed account advisory services.

Nearly all Vanguard plans had designated a default fund in 2025, and 94% had selected a target-date or balanced fund as the default (**Figure 66**). In 2016, about 1 in 10 plan sponsors had designated a money market or stable value fund as the default option (**Figure 67**).

Eighty-nine percent of plans had specifically designated a QDIA under the DOL's regulations in 2025. Typically, these were plans with automatic enrollment or employer contributions other than a match. Among plans choosing a QDIA, 98% of designated QDIAs were target-date funds, and 2% were balanced funds.

Figure 66. Default fund designations, 2025

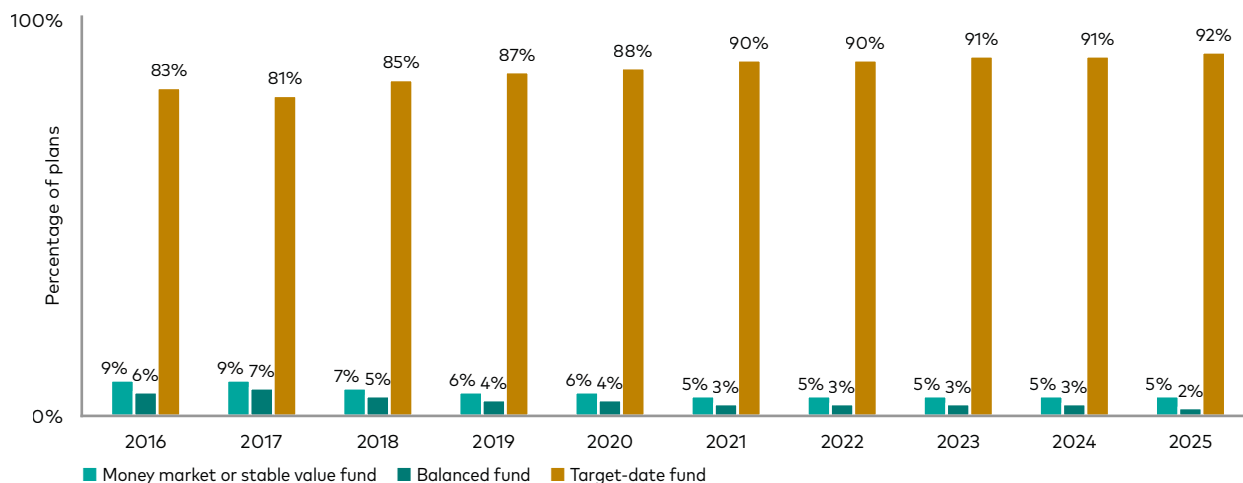
Vanguard defined contribution plans

		QDIA plans	Non-QDIA plans	All plans
Among all plans	Target-date fund	88%	4%	92%
	Balanced fund	1%	1%	2%
	Money market or stable value	—	5%	5%
	Total plans designating default	89%	10%	99%
Among plans designating a QDIA	Target-date fund	98%	—	—
	Balanced fund	2%	—	—
	Total plans designating a QDIA	100%	—	—

Source: Vanguard, 2026.

Figure 67. Default fund designation trend

Vanguard defined contribution plans



Source: Vanguard, 2026.

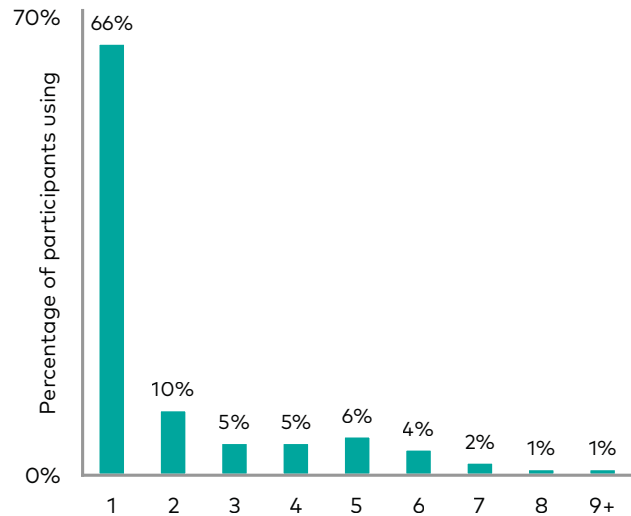
Number of fund options used

Although most sponsors offered a large menu of investment choices, 66% of participants used only one fund in 2025 (**Figure 68**). On average, Vanguard participants used 2.2 options in 2025, down from 2.7 options in 2016. The median use was one fund.

The growing number of single target-date fund investors has played a role in this change. Of the 66% of participants who held a single-fund option in their account in 2025, 93% were invested in a single target-date fund (**Figure 69**). Since 2016, the percentage of single-fund investors holding cash investments has declined from 6% to 2% due to the growth of automatic enrollment, the availability of target-date funds, and a shift in default fund designations by employers.

Figure 68. Number of fund options used, 2025

Vanguard defined contribution plans

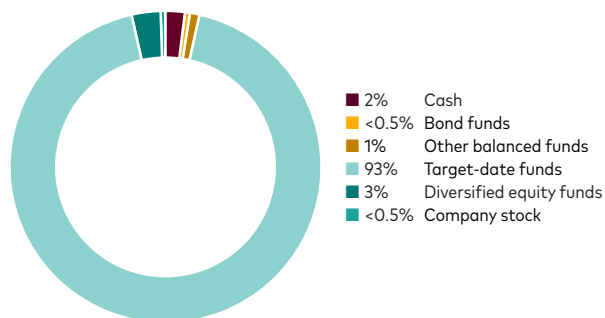


Source: Vanguard, 2026.

Figure 69. Single-fund holders

Vanguard defined contribution plans

Percentage of single-fund participants in 2025 using



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Percentage of participants holding a single fund	55%	59%	60%	62%	60%	61%	63%	63%	64%	66%
Percentage of single-fund participants using										
Cash	6%	5%	4%	4%	4%	4%	3%	3%	3%	2%
Bond funds	1%	<0.5%	1%	<0.5%	<0.5%	<0.5%	<0.5%	<0.5%	<0.5%	<0.5%
Other balanced funds	6%	5%	5%	5%	2%	1%	1%	2%	1%	1%
Target-date funds	83%	87%	87%	88%	91%	92%	93%	92%	93%	93%
Diversified equity funds	3%	2%	2%	2%	2%	2%	2%	3%	3%	3%
Company stock	1%	1%	1%	1%	1%	<0.5%	<0.5%	<0.5%	<0.5%	<0.5%

Source: Vanguard, 2026.

Types of options used

Of the options offered by DC plans, the most common participant holding in 2025 (87% of all participants) was a balanced fund (including target-date and other balanced funds), followed by a diversified domestic equity fund (28% of all participants) **(Figure 70)**. Among the balanced options held, target-date funds were overwhelmingly more likely to be held, with 84% of participants investing some portion of their assets in them.

Ninety-eight percent of participants were offered a large-cap U.S. equity index fund, yet only about 1 in 4 used that option. However, participants holding balanced strategies (whether traditional, target-date, or target-risk) are often holding substantial equity index exposure.

Only 1 in 6 participants chose to hold a bond fund; about 1 in 10 chose a money market or stable value cash investment.

Most Vanguard DC participants were offered a stand-alone international equity fund, but only 18% chose to invest in one. Emerging markets equity funds were offered and used even less frequently, with 3 in 10 participants having access but only 9% choosing to use one. Increasingly, international equity exposure is occurring through packaged investment programs, such as target-date funds.

Sector funds were offered to nearly one-quarter of participants in 2025 but were used infrequently; only 6% of participants who were offered these funds used them **(Figure 71)**.

Forty-five percent of Vanguard participants were offered a self-directed brokerage feature. Self-directed brokerage accounts allow participants to choose investments from thousands of individual stocks, bonds, and mutual funds. In plans offering this feature, only 1% of these participants used it in 2025.

Equity funds that incorporate environmental, social, and governance factors have seen increased availability and use over the last five years **(Figure 72)**. Larger plans have been more likely than smaller plans to include these funds in their investment lineups.

Figure 70. Types of investment options offered and used, 2025
Vanguard defined contribution plans

	Percentage of plans offering	Percentage of participants offered	Percentage of participants offered using	Percentage of all participants using
Cash	98%	99%	9%	9%
Money market	79%	73%	6%	4%
Stable value/Investment contract	67%	84%	8%	6%
Bond funds	98%	100%	16%	16%
Active	81%	91%	7%	6%
Index	91%	98%	13%	13%
Inflation-protected securities	34%	38%	2%	1%
Multisector	8%	11%	1%	<0.5%
High-yield	18%	11%	3%	<0.5%
International	20%	28%	5%	1%
Global	<1%	1%	<0.5%	<0.5%
Emerging markets	1%	1%	1%	<0.5%
Balanced funds	99%	100%	87%	87%
Traditional balanced	59%	45%	11%	4%
Target-risk	4%	4%	8%	<0.5%
Target-date	96%	>99.5%	84%	84%
Equity funds	99%	100%	29%	29%
Domestic equity funds	99%	100%	28%	28%
Large-cap index	98%	95%	23%	22%
Large-cap active	88%	80%	14%	11%
Large-cap value	86%	73%	7%	5%
Large-cap growth	89%	80%	11%	9%
Large-cap blend	98%	>99.5%	23%	23%
Mid-cap index	84%	84%	12%	10%
Mid-cap active	52%	40%	5%	2%
Small-cap index	61%	38%	11%	4%
Small-cap active	64%	53%	6%	3%
Socially responsible	17%	34%	7%	2%
International equity funds	97%	>99.5%	18%	18%
Index international	84%	97%	14%	13%
Active international	84%	88%	7%	6%
Emerging markets	33%	30%	9%	3%
Global equity funds	14%	14%	2%	<0.5%
Sector funds	36%	22%	6%	1%
Company stock	8%	33%	20%	7%
Self-directed brokerage	23%	45%	1%	1%
Managed account program	46%	77%	9%	7%

Source: Vanguard, 2026.

Figure 71. Types of sector options offered and used, 2025*Vanguard defined contribution plans*

	Percentage of plans offering	Percentage of participants offered	Percentage of participants offered using	Percentage of all participants using
Sector funds	36%	22%	6%	1%
REIT	32%	21%	4%	1%
Health care	8%	2%	5%	<0.5%
Energy	4%	1%	4%	<0.5%
Precious metals	2%	1%	2%	<0.5%
Technology	3%	2%	9%	<0.5%
Utilities	2%	1%	3%	<0.5%
Natural resources	1%	1%	1%	<0.5%
Financials	<0.5%	1%	1%	<0.5%
Communications	<0.5%	1%	1%	<0.5%
Consumer	<0.5%	1%	1%	<0.5%
Industrials	<0.5%	1%	<0.5%	<0.5%

Source: Vanguard, 2026.

Figure 72. Socially responsible funds offered and used*Vanguard defined contribution plans*

		2021	2022	2023	2024	2025
All plans	Percentage of plans offering socially responsible funds	13%	15%	17%	17%	17%
	Percentage of participants offered socially responsible funds	30%	31%	34%	33%	34%
	Percentage of participants using socially responsible funds when offered	6%	5%	5%	6%	7%
Plans with <1,000 participants	Percentage of plans offering socially responsible funds	11%	13%	14%	15%	15%
	Percentage of participants offered socially responsible funds	11%	14%	17%	18%	17%
	Percentage of participants using socially responsible funds when offered	3%	3%	3%	3%	3%
Plans with 1,000+ participants	Percentage of plans offering socially responsible funds	18%	19%	20%	19%	20%
	Percentage of participants offered socially responsible funds	31%	32%	35%	34%	35%
	Percentage of participants using socially responsible funds when offered	6%	5%	5%	6%	7%

Source: Vanguard, 2026.

Professionally managed allocations

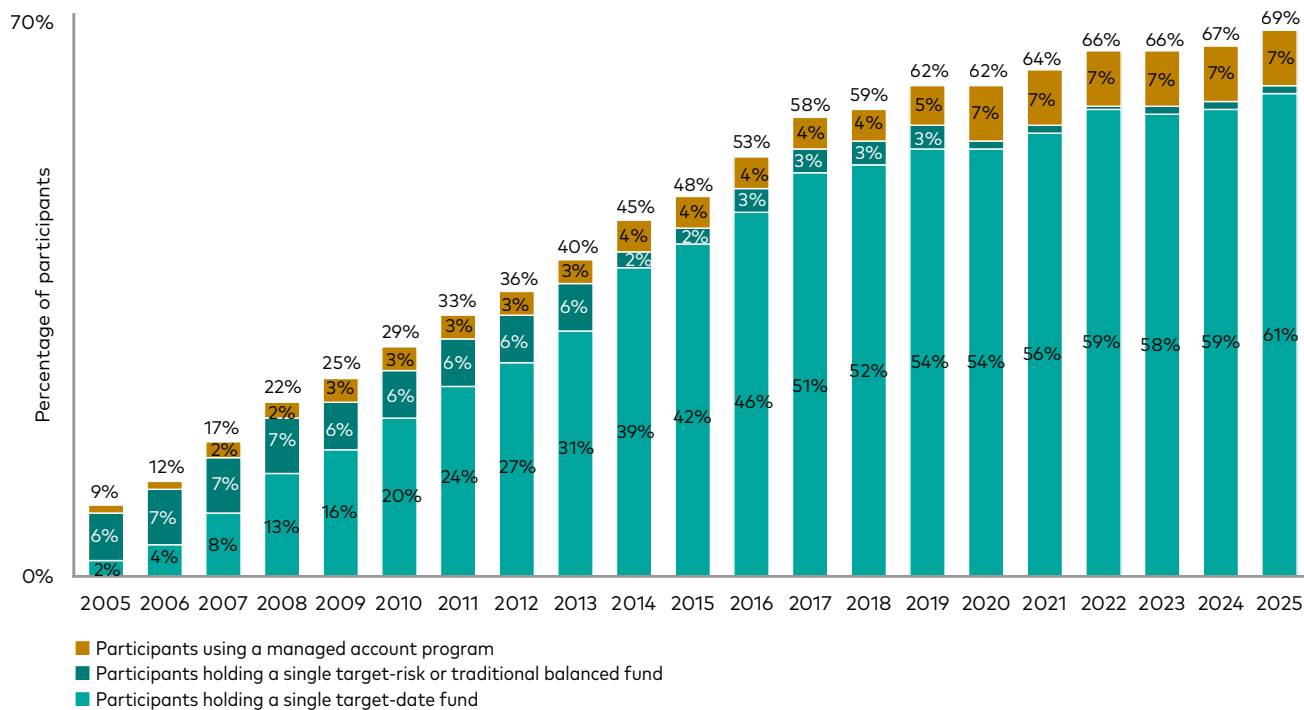
The expanded offering and use of professionally managed allocations is the most notable effect of plan investment menus on participant choices. Participants with professionally managed allocations have their entire account balance invested in a single target-date, target-risk, or traditional balanced fund, or in a managed account advisory service.

In 2025, 69% of Vanguard participants were invested in a professionally managed allocation—an all-time high (**Figure 73**). Driving this trend is the growing use of target-date funds. Sixty-one percent of participants were invested in a single target-date fund in 2025, nearly 50% higher than in 2015. These professionally managed investment options signal a shift in responsibility for investment decision-making away from

the participant and toward employer-selected investment and advice programs.

There were distinct demographic differences between participants with professionally managed allocations and those without, as well as distinctions among those with each of the three types of managed allocations (**Figure 74**). Participants who constructed their own portfolios tended to be older and longer tenured with higher average and median balances. Single target-date fund investors were younger and shorter tenured with lower account balances and were more likely to be in an automatic enrollment plan and to have been defaulted into the fund. In contrast, managed account investors were older and longer tenured with higher balances.

Figure 73. Participants with professionally managed allocations
Vanguard defined contribution plans



Note: Bars in chart may not align precisely with percentages due to rounding.

Source: Vanguard, 2026.

Figure 74. Demographic characteristics of participants with professionally managed allocations, 2025

Vanguard defined contribution plans

	All	All other participants	Single target-date fund	Single balanced fund	Managed account
Percentage of participants	—	31%	61%	1%	7%
Percentage male	57%	61%	56%	65%	55%
Median age	43	50	39	53	48
Median tenure	6	14	4	18	11
Average account balance	\$167,970	\$332,565	\$77,198	\$196,654	\$225,672
Median account balance	\$44,115	\$143,389	\$21,011	\$79,322	\$102,445

Source: Vanguard, 2026.

Professionally managed allocations by participant demographics

The percentage of participants with a professionally managed allocation varied somewhat by participant demographics in 2025 (**Figure 75**). Younger and less-tenured participants were more likely to be single target-date fund investors. Higher-paid, higher-balance participants tended to use managed account programs more often. However, use of the strategy was distributed evenly across most

demographics, highlighting the understanding of the value that managed accounts can provide across participant cohorts.

Participants in automatic enrollment plans were more likely to have a professionally managed allocation than those in voluntary arrangements because of a higher percentage of single target-date fund investors.

Figure 75. Professionally managed allocations by demographics, 2025
Vanguard defined contribution plans

		Participants holding a single target-date fund	Participants holding a single target-risk or traditional balanced fund	Participants using a managed account program	Total
All participants		61%	1%	7%	69%
Income	<\$15,000	90%	<0.5%	2%	92%
	\$15,000–\$29,999	86%	<0.5%	4%	90%
	\$30,000–\$49,999	79%	<0.5%	6%	85%
	\$50,000–\$74,999	70%	<0.5%	8%	79%
	\$75,000–\$99,999	61%	<0.5%	11%	72%
	\$100,000–\$149,999	52%	<0.5%	12%	65%
	\$150,000+	44%	<0.5%	10%	55%
	Terminated	55%	1%	5%	61%
Age	<25	89%	<0.5%	1%	91%
	25–34	77%	<0.5%	4%	81%
	35–44	67%	<0.5%	7%	74%
	45–54	54%	1%	9%	64%
	55–64	45%	1%	10%	56%
	65+	35%	2%	8%	45%
Gender	Male	59%	1%	7%	67%
	Female	63%	<0.5%	8%	71%
Job tenure (years)	0–1	87%	<0.5%	2%	89%
	2–3	76%	<0.5%	5%	82%
	4–6	70%	<0.5%	7%	77%
	7–9	64%	<0.5%	8%	73%
	10+	39%	1%	10%	50%
Account balance	<\$10,000	87%	<0.5%	3%	90%
	\$10,000–\$24,999	74%	<0.5%	5%	80%
	\$25,000–\$49,999	67%	1%	6%	74%
	\$50,000–\$99,999	58%	1%	8%	67%
	\$100,000–\$149,999	51%	1%	9%	61%
	\$150,000–\$199,999	45%	1%	10%	56%
	\$200,000–\$249,999	41%	1%	11%	53%
	\$250,000+	27%	1%	10%	38%
Plan design	Automatic enrollment	65%	<0.5%	6%	71%
	Voluntary enrollment	53%	1%	8%	62%

Source: Vanguard, 2026.

Target-date funds

Target-date funds base portfolio allocations on an expected retirement date, with allocations growing more conservative as the participant approaches the fund's target year. At year-end 2025, nearly all participants were in plans offering target-date funds (Figure 76).

Among plans offering the strategy, target-date options accounted for 45% of all plan assets (Figure 77). In these plans, 64% of all contributions were directed to target-date funds.

Figure 76. Use of target-date funds
Vanguard defined contribution plans

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Percentage of all plans offering target-date funds	92%	92%	93%	94%	95%	95%	96%	96%	96%	96%
Percentage of recordkeeping assets in target-date funds	28%	33%	35%	37%	37%	38%	40%	41%	42%	45%
Percentage of all contributions directed to target-date funds	49%	54%	57%	59%	60%	61%	63%	64%	64%	64%
Percentage of all participants offered target-date funds	97%	97%	97%	98%	99%	>99.5%	>99.5%	>99.5%	>99.5%	>99.5%
Percentage of all participants using target-date funds	72%	75%	77%	78%	80%	81%	83%	83%	84%	84%

Source: Vanguard, 2026.

Figure 77. Plan use of target-date funds
Vanguard defined contribution plans offering target-date funds

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Percentage of plan assets invested in target-date funds		29%	33%	35%	37%	37%	38%	40%	41%	42%	45%
Percentage of plan contributions invested in target-date funds		50%	55%	58%	60%	60%	61%	63%	64%	64%	64%
Distribution of percentage of plan assets in target-date funds	<10%	11%	9%	7%	6%	5%	5%	5%	5%	4%	4%
	10%–19%	22%	19%	16%	14%	13%	11%	10%	8%	8%	7%
	20%–29%	25%	23%	23%	20%	20%	19%	17%	17%	16%	14%
	30%–39%	15%	18%	18%	20%	22%	23%	21%	20%	20%	19%
	40%–49%	9%	10%	12%	13%	13%	14%	17%	18%	18%	19%
	50%+	18%	21%	24%	27%	27%	28%	30%	32%	34%	37%
Distribution of percentage of plan contributions to target-date funds	<10%	4%	3%	2%	1%	2%	2%	2%	1%	1%	1%
	10%–19%	7%	6%	4%	4%	3%	2%	3%	2%	2%	2%
	20%–29%	10%	8%	8%	7%	6%	5%	3%	4%	3%	3%
	30%–39%	17%	14%	12%	9%	9%	7%	7%	6%	6%	6%
	40%–49%	20%	19%	18%	16%	14%	14%	12%	11%	11%	10%
	50%+	42%	50%	56%	63%	66%	70%	73%	76%	77%	78%

Source: Vanguard, 2026.

Investments in target-date funds are subject to the risks of their underlying funds. The year in the fund name refers to the approximate year (the target date) when an investor in the fund would retire and leave the workforce. The fund will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. An investment in target-date funds is not guaranteed at any time, including on or after the target date.

Figure 78. Participant use of target-date funds*Vanguard defined contribution plan participants using target-date funds*

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Percentage of all participants offered target-date funds		97%	97%	97%	98%	99%	>99.5%	>99.5%	>99.5%	>99.5%	>99.5%
Percentage of participants using target-date funds when offered		74%	75%	79%	80%	80%	82%	84%	83%	84%	84%
Percentage of participant account balances in target-date funds		53%	57%	58%	60%	59%	60%	61%	62%	63%	66%
Percentage of total participant and employer contributions in target-date funds		78%	80%	81%	81%	81%	81%	82%	83%	85%	83%
Distribution of percentage of participant assets in target-date funds	1%–24%	13%	11%	11%	10%	11%	10%	10%	10%	9%	9%
	25%–49%	8%	8%	8%	8%	9%	9%	8%	8%	8%	7%
	50%–74%	6%	5%	5%	5%	4%	4%	4%	4%	4%	4%
	75%–99%	7%	7%	6%	6%	6%	6%	6%	6%	6%	6%
	100%	66%	69%	70%	71%	70%	71%	72%	72%	73%	74%
Distribution of percentage of total participant and employer contributions in target-date funds	1%–24%	8%	6%	6%	6%	7%	6%	6%	6%	6%	6%
	25%–49%	7%	7%	6%	7%	8%	8%	7%	7%	7%	7%
	50%–74%	4%	4%	4%	4%	4%	4%	4%	4%	4%	3%
	75%–99%	5%	4%	4%	4%	3%	3%	3%	3%	3%	3%
	100%	76%	79%	80%	79%	78%	79%	80%	80%	80%	81%
Percentage of participants owning	One target-date fund only	65%	67%	68%	69%	67%	69%	71%	70%	71%	73%
	One target-date fund plus other funds	28%	26%	26%	25%	27%	25%	23%	24%	23%	22%
	Two or more target-date funds only	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
	Two or more target-date funds plus other funds	5%	5%	4%	4%	4%	4%	4%	4%	4%	3%

Source: Vanguard, 2026.

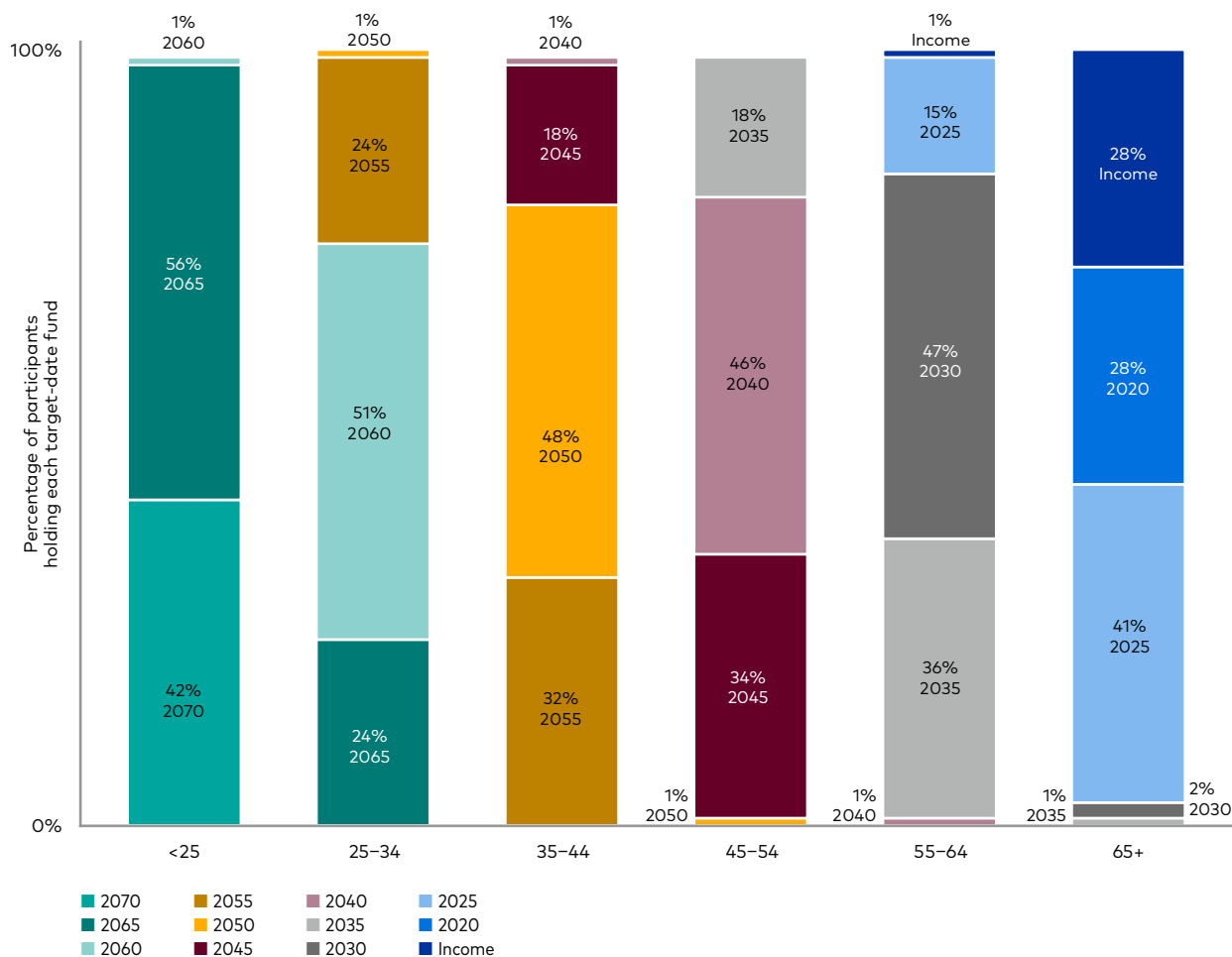
Participant use of target-date funds

Among participants using target-date funds in 2025, 66% of their account balances were invested in these funds (**Figure 78**). They directed 83% of their total contributions to target-date funds. Participants invest in target-date funds in one of two ways. "Pure" investors hold a single target-date fund and accounted for 73% of all target-date investors in 2025. The remaining investors are "mixed" investors, who hold a target-date fund in combination with other investments or, less commonly, multiple target-date funds and/or other options.

Mixed target-date investors arise through both sponsor action and participant choice. Sponsor actions include employer contributions in company stock; nonelective contributions to the plan's default fund; recordkeeping corrections applied to the plan's default fund; or mapping of assets from an existing investment option to the default fund because of a plan menu change. Mixed investors who choose to combine a target-date fund with other plan options appear to pursue a range of reasonable diversification strategies, although they do not fit within the all-in-one portfolio approach of the target-date concept.

Figure 79. Target-date fund use by participant age, 2025

Vanguard defined contribution plan participants holding a single target-date fund (61% of all participants)



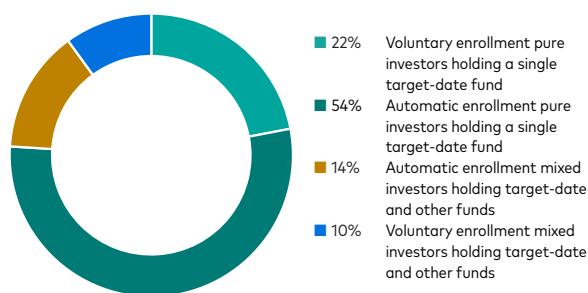
	<25	25-34	35-44	45-54	55-64	65+
Percentage of single target-date fund holders	8%	28%	28%	19%	13%	5%

Source: Vanguard, 2026.

Single target-date fund investors appeared to select, or were defaulted into, a target-date fund with an appropriate target date (**Figure 79**). About half of participants ages 25 to 34 were invested in a 2060 target-date fund in 2025, and most of the remaining participants were in a 2055 or 2065 target-date fund. Similarly, nearly half of participants ages 55 to 64 were invested in a 2030 target-date fund, and most of the remaining participants were in a 2035 or 2025 target-date fund.

Automatic enrollment into a target-date fund default is a key factor in the increased number of pure target-date investors. However, one-third of target-date investors voluntarily selected target-date options in 2025. Of the pure target-date investors, some were in plans not offering automatic enrollment. Three in 10 pure investors were in plans where participants selected the fund (**Figure 80**).

Figure 80. Plan design and target-date funds, 2025
Vanguard defined contribution plan participants holding target-date funds



Source: Vanguard, 2026.

Participant equity allocations

Equities are the dominant asset class holding of many DC plan participants. From an investment risk perspective, an asset allocation to equities of 80% or more seems appropriate for the long-term retirement objectives of most participants.

The increased use of professionally managed allocations within DC plans, including target-date funds, is reshaping equity allocations by age and reducing extreme allocations.

Equity allocations by age

In 2005, we noted that participants' age-based equity allocation was hump-shaped, with younger participants adopting more conservative allocations, middle-aged participants holding the highest equity exposure, and older participants having equity exposure similar to that of younger participants (**Figure 81**). In 2025, the equity allocation of Vanguard DC participants was downward sloping by age. This is tied directly to the growing use of target-date funds and managed account advice, both of which provide for declining equity exposure with age.

Influencing this change is the growth of default funds under automatic enrollment and the designation of target-date funds as the most common default investment. However, participants voluntarily choosing target-date funds is also contributing in a meaningful way to this shift.

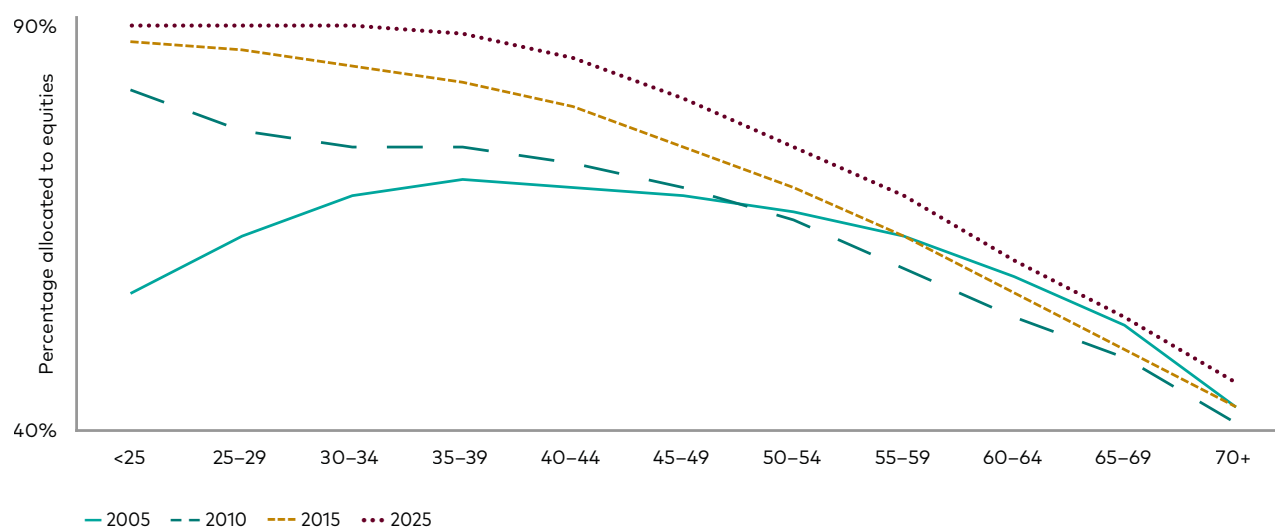
The factors influencing age-related equity exposure in DC plans are also changing. On one hand, existing participants make few changes in their allocations as they grow older because of inertia in financial decision-making. On the other hand, the growing use of professionally managed allocations is contributing to a sharper delineation of equity risk-taking by age.

Extreme equity allocations

The rising use of professionally managed allocations is also influencing extreme portfolio allocations. The percentage of participants with no allocation to equities has fallen by three-quarters, from 13% in 2006, when the Pension Protection Act of 2006 was passed, to 2% in 2025, an all-time low (**Figure 82**). At the other extreme, the percentage of participants investing exclusively in equities has fallen from 19% to 6% over the same period.

Figure 81. Trend in asset allocation by participant age
Vanguard defined contribution plans

Average equity allocation, participant weighted



Equity allocation by age	<25	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70+
2025	90%	90%	90%	89%	86%	81%	75%	69%	61%	54%	46%
2024	87%	88%	88%	88%	84%	79%	73%	67%	60%	52%	45%
2023	88%	89%	89%	88%	84%	79%	73%	67%	60%	52%	45%
2022	89%	89%	88%	87%	83%	77%	71%	65%	57%	49%	42%
2021	88%	88%	88%	86%	83%	77%	71%	64%	57%	49%	43%
2020	88%	88%	87%	85%	81%	76%	70%	64%	56%	49%	43%
2019	88%	88%	87%	85%	81%	76%	70%	64%	56%	49%	43%
2018	88%	87%	86%	84%	80%	75%	69%	62%	55%	47%	42%
2017	88%	87%	86%	84%	81%	76%	71%	64%	57%	50%	43%
2016	87%	87%	85%	83%	80%	75%	69%	63%	56%	49%	43%
2015	88%	87%	85%	83%	80%	75%	70%	64%	57%	50%	43%
2014	87%	86%	84%	82%	79%	75%	70%	64%	57%	51%	45%
2013	85%	83%	80%	79%	76%	73%	68%	63%	56%	51%	44%
2012	85%	81%	78%	76%	74%	70%	65%	59%	53%	48%	41%
2011	84%	79%	76%	75%	73%	69%	64%	59%	52%	48%	40%
2010	82%	77%	75%	75%	73%	70%	66%	60%	54%	49%	41%
2009	77%	73%	72%	72%	71%	68%	64%	58%	53%	48%	40%
2008	73%	70%	70%	71%	69%	66%	62%	57%	52%	47%	39%
2007	67%	69%	72%	73%	72%	70%	68%	63%	59%	54%	44%
2006	61%	66%	70%	72%	71%	70%	67%	64%	59%	54%	44%
2005	57%	64%	69%	71%	70%	69%	67%	64%	59%	53%	43%

Source: Vanguard, 2026.

Figure 82. Distribution of equity exposure
Vanguard defined contribution plans

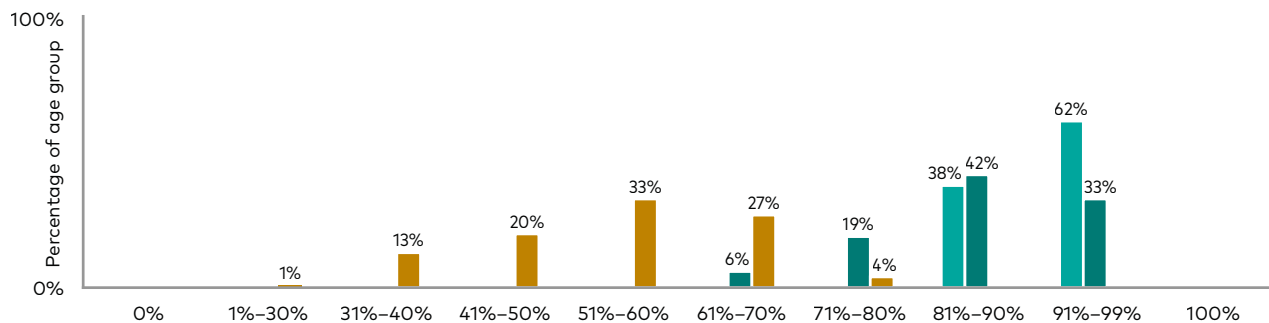
											Participant weighted											
											Average	Median										
											0%	1%–30%	31%–40%	41%–50%	51%–60%	61%–70%	71%–80%	81%–90%	91%–99%	100%		
Percentage of account balance in equities											2%	1%	1%	3%	3%	11%	11%	28%	35%	5%	81%	89%
Percentage of participants in equities	2025	2%	2%	2%	3%	6%	8%	11%	28%	32%	6%	79%	89%									
	2024	2%	3%	2%	4%	6%	9%	11%	49%	9%	5%	78%	87%									
	2023	3%	3%	2%	2%	6%	12%	11%	47%	9%	5%	78%	87%									
	2022	3%	4%	1%	3%	6%	8%	16%	47%	8%	4%	77%	86%									
	2021	3%	3%	1%	3%	6%	9%	17%	44%	9%	5%	77%	87%									
	2020	3%	3%	2%	3%	7%	9%	12%	46%	10%	5%	76%	86%									
	2019	3%	3%	4%	1%	7%	12%	13%	44%	8%	5%	76%	84%									
	2018	3%	3%	4%	2%	6%	13%	13%	42%	8%	6%	75%	84%									
	2017	3%	4%	3%	3%	6%	9%	18%	40%	9%	5%	75%	84%									
	2016	4%	4%	4%	3%	6%	10%	16%	38%	9%	6%	74%	83%									
	2015	5%	4%	2%	3%	7%	10%	12%	40%	10%	7%	74%	83%									
	2014	5%	4%	3%	2%	8%	10%	13%	37%	10%	8%	74%	83%									
	2013	6%	5%	6%	2%	6%	12%	12%	33%	10%	8%	72%	82%									
	2012	7%	6%	5%	4%	7%	10%	15%	28%	9%	9%	69%	79%									
	2011	8%	7%	5%	4%	7%	10%	14%	26%	9%	10%	68%	79%									
2010	9%	6%	3%	6%	6%	10%	12%	26%	9%	13%	68%	79%										
2009	11%	6%	3%	6%	7%	11%	11%	22%	9%	14%	66%	76%										
2008	11%	7%	4%	4%	9%	12%	11%	18%	8%	16%	65%	74%										
2007	11%	5%	2%	6%	5%	11%	11%	19%	13%	17%	68%	80%										
2006	13%	6%	3%	5%	5%	10%	11%	16%	12%	19%	68%	79%										
2005	13%	6%	3%	6%	6%	10%	9%	14%	12%	21%	67%	78%										

Source: Vanguard, 2026.

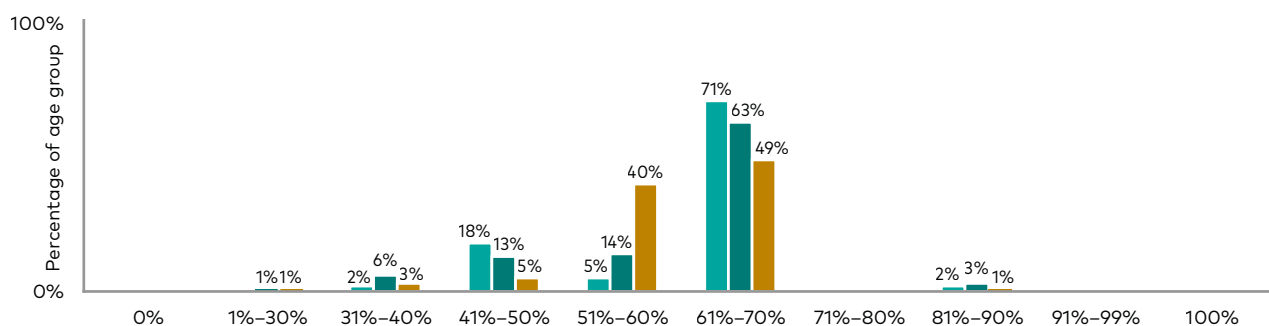
Figure 83. Distribution of equity exposure by investor type, 2025

Vanguard defined contribution plan participants

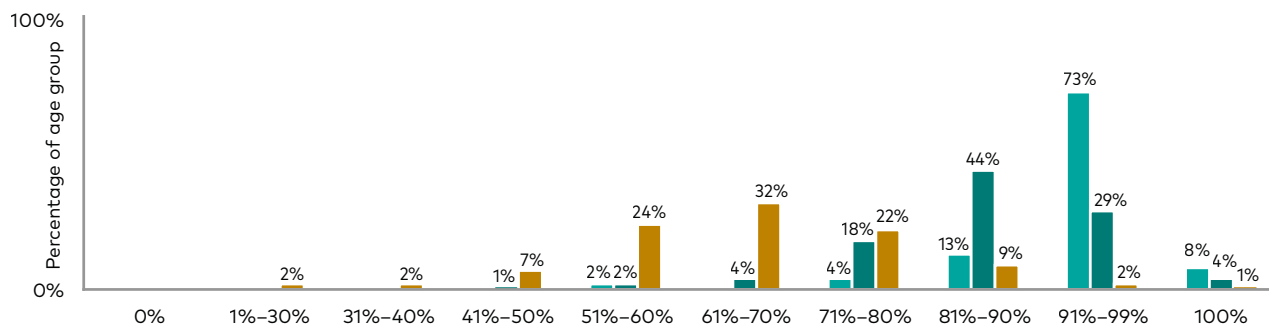
A. Single target-date fund participants (61% of all participants)



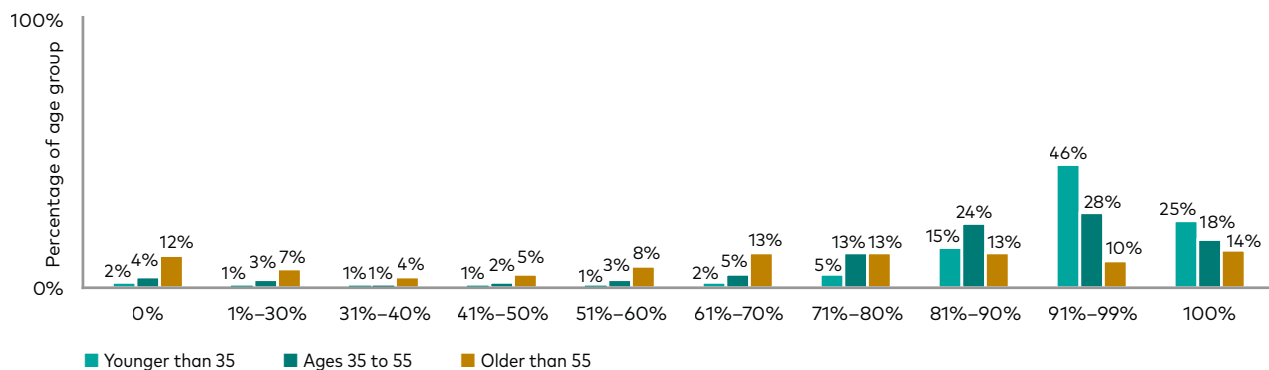
B. Single balanced fund participants (1% of all participants)



C. Managed account participants (7% of all participants)



D. All other participants (31% of all participants)



Source: Vanguard, 2026.

The elimination of extreme equity allocations is a benefit of target-date funds. Participants who constructed their own portfolios tended to hold greater extremes in equity exposure than those with professionally managed allocations, including target-date funds, in 2025 (**Figure 83, Panel D**).

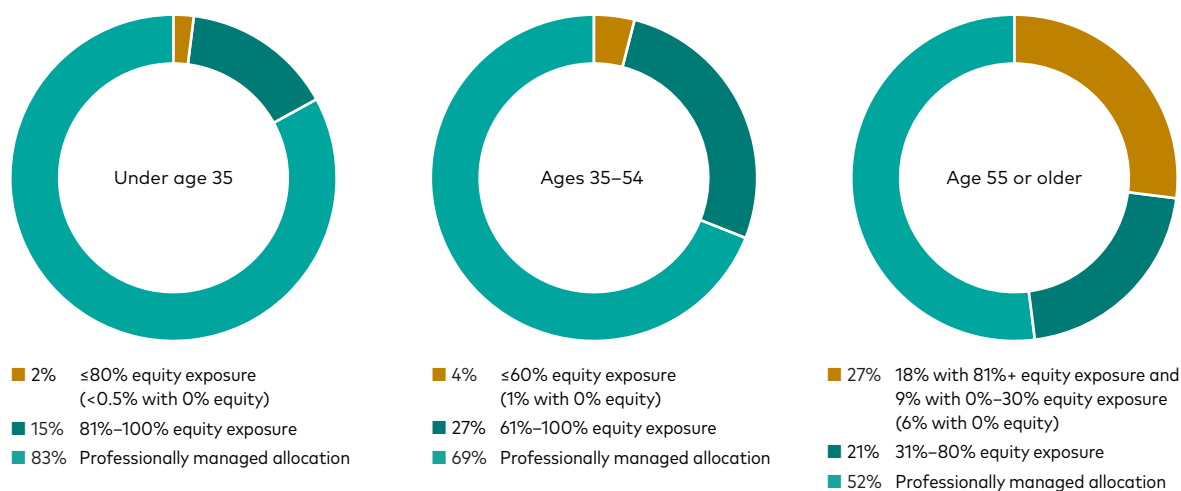
Twenty-four percent of do-it-yourself investors held extreme portfolios (7% with no equities, 17% with only equities). Professionally managed investors generally do not hold extreme positions because these portfolios typically include both equity and fixed income assets.

Among pure target-date investors, virtually all had equity allocations ranging from 51% to 90% of their portfolios in 2025. A large group of pure target-date investors had equity allocations in the 81%-to-90% range.

This reflects two facts: (1) automatic enrollment into target-date funds typically applies to new hires who are disproportionately younger than 40; and (2) in voluntary enrollment plans, a single target-date fund is a popular strategy among new hires. Among pure target-date investors, there is also age-appropriate variation in the equity allocation.

When examining portfolio construction by age, younger participants tend to have the highest proportion of age-appropriate allocations. Eighty-three percent of participants under the age of 35 had a professionally managed allocation, and only 2% had equity exposure below 80% (**Figure 84**). By contrast, just over half of older participants were invested in a professionally managed allocation, and 27% of participants age 55 or older had equity exposure of either 30% or less or greater than 80%.

Figure 84. Professionally managed allocations and portfolio construction by age, 2025
Vanguard defined contribution plan participants



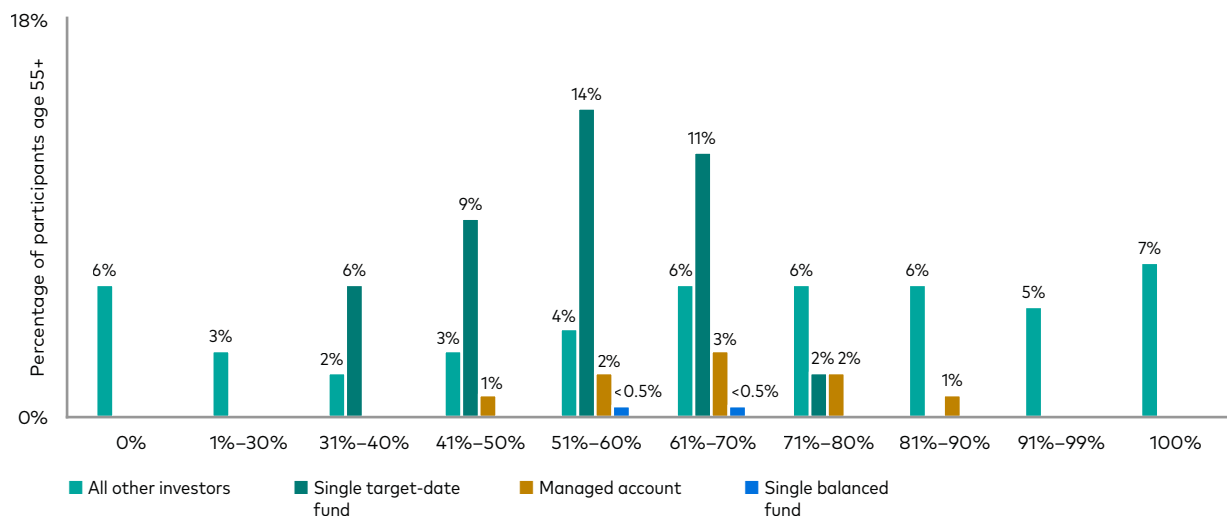
Source: Vanguard, 2026.

Older participants were most likely to construct their own portfolio in 2025 (**Figure 85**). Forty-eight percent of participants 55 or older created their own allocations, with 42% using a single target-date fund and 9% using a managed account program. While older participants with professionally managed allocations had equity exposure between 30% and 80%, those who constructed their own portfolio had a wide dispersion of equity allocations,

fairly evenly distributed from 0% to 100%. These participants also had the highest balances.

Older participants are more likely to have a conservative or aggressive equity exposure; however, the increasing adoption of professionally managed allocations over the past several years has led to a reduction in those allocations (**Figure 86**).

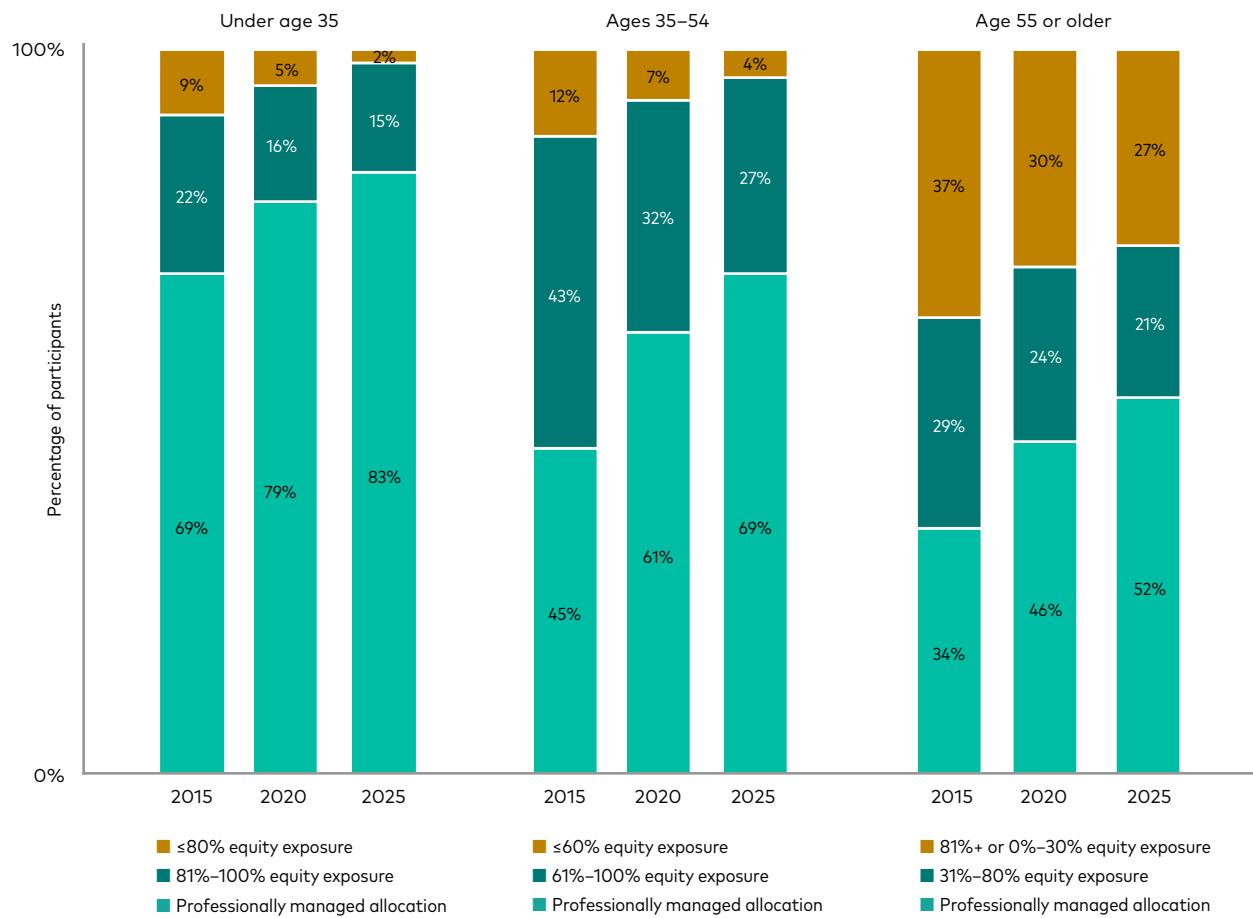
Figure 85. Distribution of equity exposure by older participants, 2025
Vanguard defined contribution plan participants age 55+



	All other investors	Single target-date fund	Managed account	Single balanced fund
Percentage of population	48%	42%	9%	1%
Average balance	\$472,659	\$124,194	\$327,184	\$277,778
Median balance	\$218,812	\$38,506	\$169,645	\$128,605

Source: Vanguard, 2026.

Figure 86. Trend in professionally managed allocations by age
Vanguard defined contribution plan participants



Source: Vanguard, 2026.

Advice

Balancing competing goals with retirement saving can be complicated. As a result, helping participants create holistic financial well-being has become a priority for plan sponsors. To address participant needs for assistance with investing and planning decisions, plan sponsors are increasingly offering managed account advice services.

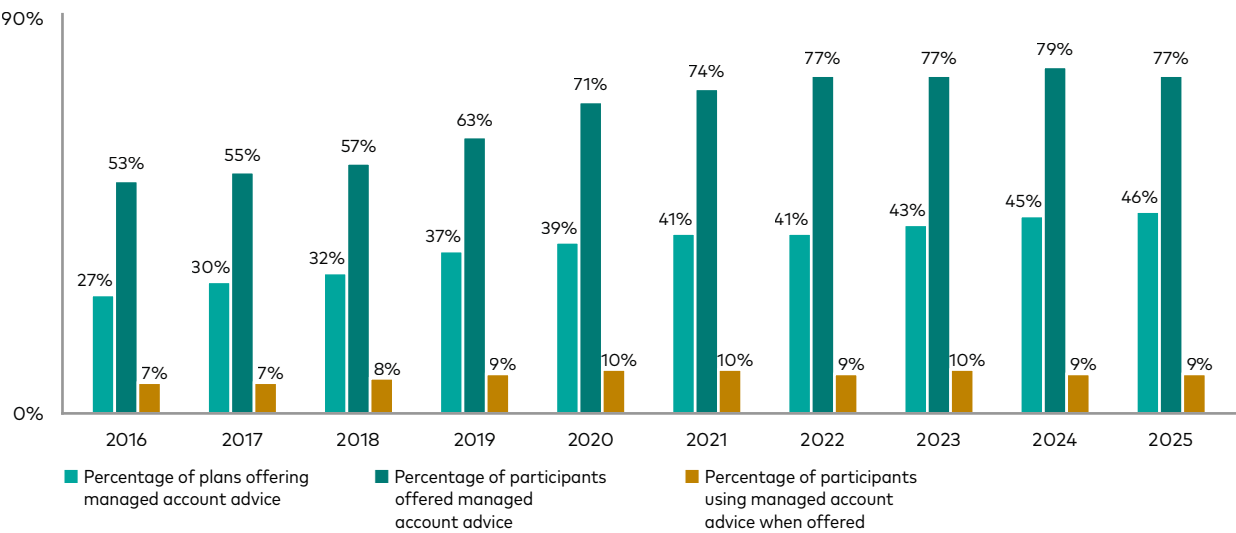
Forty-six percent of Vanguard DC plans offered managed account advice in 2025. And with 80% of larger plans offering it (**Figure 87**), more than 3 in 4 participants had access to managed account advice. When offered, 9% of participants used a managed account advice service. During the past 10 years, the percentage of plans offering a managed account advice program has grown, and, in turn, the percentage of participants offered the service has increased by a similar amount (**Figure 88**).

Figure 87. Advice offered, 2025
Vanguard defined contribution plans

	Number of participants				
	All	<500	500–999	1,000–4,999	5,000+
Percentage of plans offering managed account advice	46%	23%	55%	62%	80%
Percentage of participants offered managed account advice	77%	29%	55%	64%	83%
Percentage of participants using managed account advice when offered	9%	9%	8%	8%	9%

Source: Vanguard, 2026.

Figure 88. Advice offered trend
Vanguard defined contribution plans



Source: Vanguard, 2026.

Company stock

Company stock is more likely to be offered as an investment option by a large plan—27% of Vanguard plans with 5,000 or more participants offered it in 2025, compared with 2% of plans with fewer than 500 participants. In some plans that offer company stock, participants can choose whether to invest their own contributions in this option.

Employer contributions—which may be 401(k) matching, profit-sharing, or ESOP contributions—are either directed to company stock by the employer, invested at the participant's discretion, or a combination of the two.

As of 2025, 8% of Vanguard DC plans offered company stock as an investment option (**Figure 89**). However, because large plans are more likely to offer company stock, 1 in 3 Vanguard DC participants had access to it in their employer's plan.

Among all Vanguard participants in 2025:

- 93% had no company stock investments—either because their employer did not offer it or because they chose not to invest in it.
- 5% had company stock holdings of 1% to 20% of their account balance.
- 2% had concentrated company stock positions exceeding 20% of their account balance.

Among Vanguard plans actively offering company stock, 90% had 20% or less of plan assets invested in the option. The remaining 10% had concentration levels between 21% and 60%.

In 2025, 72% of participants who were offered company stock chose not to invest their contributions—or their employer's contributions—in the option. At the other extreme, 10% of participants in plans actively offering company stock had more than 20% of their account balance invested in it, and 3% of participants had more than 60% invested.

The shift away from participant company stock holdings continued in 2025. The percentage of participants in plans with company stock and holding a concentrated position of more than 20% of their account balance in company stock fell from 24% in 2016 to 10% in 2025, and fewer plans are offering company stock.

Despite this shift, 1 in 9 participants in plans offering company stock continue to hold a concentrated position in it. One reason for this is that most participants view company stock as a safer investment than a diversified equity fund. Another is that some plan sponsors decide to make employer contributions in company stock. This implied endorsement often leads participants to invest more of their savings in the option.

The effect is evident in the average company stock allocation for plans making employer contributions in cash compared with those making employer contributions in company stock. In 2025, plans offering company stock as an investment option but making employer contributions in cash had an average of 6% of plan assets invested in company stock (**Figure 90**). Meanwhile, plans offering company stock as an investment option and making employer contributions in the stock had an average of 19% of plan assets in company stock.

Figure 89. Company stock exposure for plans and participants*Vanguard defined contribution plans actively offering company stock*

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Percentage of plans offering company stock		9%	9%	8%	8%	8%	8%	8%	8%	8%	8%
Percentage of all participants using company stock		12%	10%	9%	9%	9%	8%	8%	7%	7%	7%
Percentage of all participants with more than 20% allocated to company stock		6%	5%	4%	4%	3%	3%	3%	2%	2%	2%
Balance of plan in company stock—percentage of plans	1%–20%	81%	81%	82%	86%	88%	88%	89%	93%	92%	90%
	21%–40%	16%	18%	16%	12%	11%	11%	9%	5%	7%	9%
	41%–60%	3%	1%	1%	1%	1%	1%	0%	0%	0%	1%
	61%–80%	0%	0%	0%	0%	0%	0%	1%	1%	1%	0%
	>80%	0%	0%	1%	1%	0%	0%	1%	1%	0%	0%
Balance in company stock—percentage of participants	0%	55%	61%	64%	67%	65%	66%	67%	69%	70%	72%
	1%–20%	21%	20%	17%	18%	23%	22%	21%	19%	19%	18%
	21%–40%	12%	10%	8%	7%	6%	7%	6%	6%	6%	5%
	41%–60%	6%	5%	4%	3%	3%	2%	3%	3%	3%	2%
	61%–80%	2%	1%	2%	1%	1%	1%	1%	1%	1%	1%
	>80%	4%	3%	5%	4%	2%	2%	2%	2%	1%	2%

Source: Vanguard, 2026.

Figure 90. Impact of company stock employer contributions on asset allocation, 2025*Vanguard defined contribution plans*

	Vanguard defined contribution plans	All Vanguard 401(k) plans with an employer contribution		
		Plans making employer contributions in cash	Plans offering company stock making employer contributions in cash	Plans offering company stock making an employer contribution in company stock
Percentage of plans	—	94%	5%	1%
Brokerage	1%	1%	1%	1%
Company stock	2%	<0.5%	6%	19%
Diversified equity funds	40%	40%	42%	38%
Target-date funds	45%	47%	39%	32%
Other balanced funds	3%	3%	3%	<0.5%
Bond funds	6%	6%	6%	5%
Cash	3%	3%	4%	5%

Source: Vanguard, 2026.

Investment returns

There are two categories of investment returns: total returns and personalized returns. Total returns reflect time-weighted investment performance and allow comparison with benchmark indexes. Personalized returns are dollar-weighted returns, reflecting account investment performance, adjusted for each participant's unique pattern of contributions, exchanges, and withdrawals. They are not directly comparable to time-weighted performance data for market indexes or mutual funds. Both return measures are influenced by market conditions; however, only total returns can be compared with published benchmark indexes.

Participant returns

Because of the positive returns in the equity and bond markets during 2025, average total and personal returns for DC participants were 19.3% and 17.9%, respectively, for the one-year period ended December 31, 2025 (**Figure 91**). Average personal returns for DC participants were 16.2% across the three-year period and 9.0% for the five-year period ended December 31, 2025. Five-year participant total returns also averaged 9.0% per year.

Distribution of returns

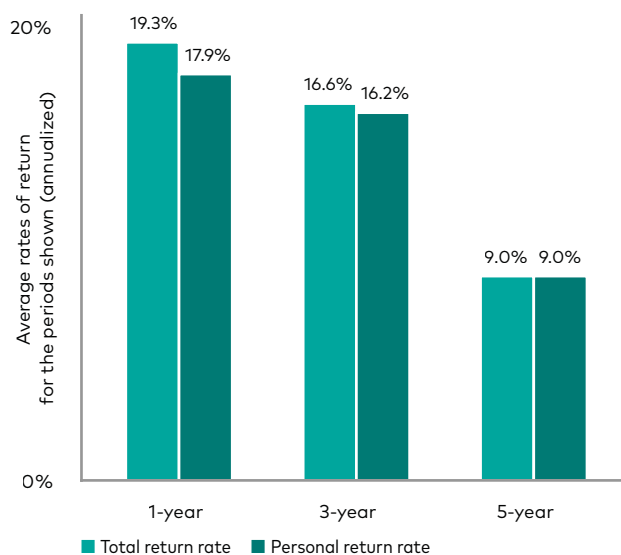
As of December 2025, five-year personalized annual returns were positive for nearly all Vanguard DC plan participants. There was a wide variation in those returns (**Figure 92**). Participants in the 5th percentile had five-year personalized returns of 2.9% per year in 2025. At the other extreme, participants above the 95th percentile had five-year personalized returns greater than 13.6% per year. The variation in returns is largely due to the variation in participant asset allocations and their individual account holdings.

Participants with managed allocations—notably target-date funds and managed account advisory services—had less dispersion in outcomes. Five-year total returns for single target-date investors

ranged from 5.6% for the 5th percentile to 13.2% for the 95th percentile, a difference of 7.6 percentage points (**Figure 93**). For managed account participants, the 5th-to-95th percentile difference was 5.5 percentage points.

By comparison, among all other participants, realized returns for those making their own choices ranged from 2.6% per year for the 5th percentile to 14.2% for the 95th percentile, a difference of 11.6 percentage points.

Figure 91. Participant rates of return, as of December 31, 2025
Vanguard defined contribution plans



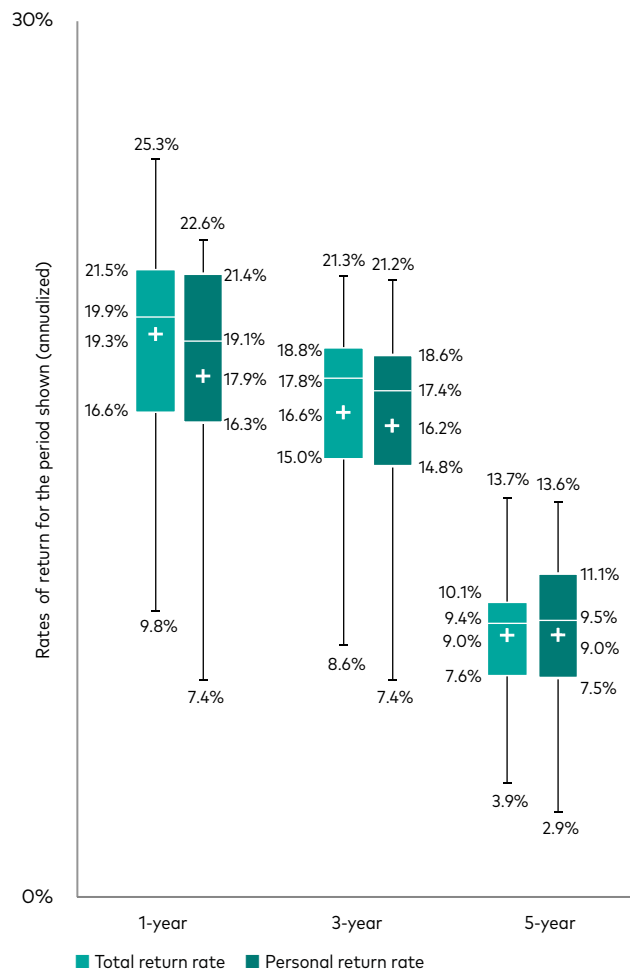
Market returns	1-year	3-year	5-year
CRSP US Total Market Index	17.2%	22.2%	13.1%
Spliced Bloomberg USAgg Flt Adjlx	7.2%	4.7%	–0.4%
FTSE Global All Cap ex US Index	32.0%	17.3%	8.0%

Source: Vanguard, 2026.

Past performance is not a guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

Figure 92. Variation in participant total and personal return rates, 2025

Vanguard defined contribution plans



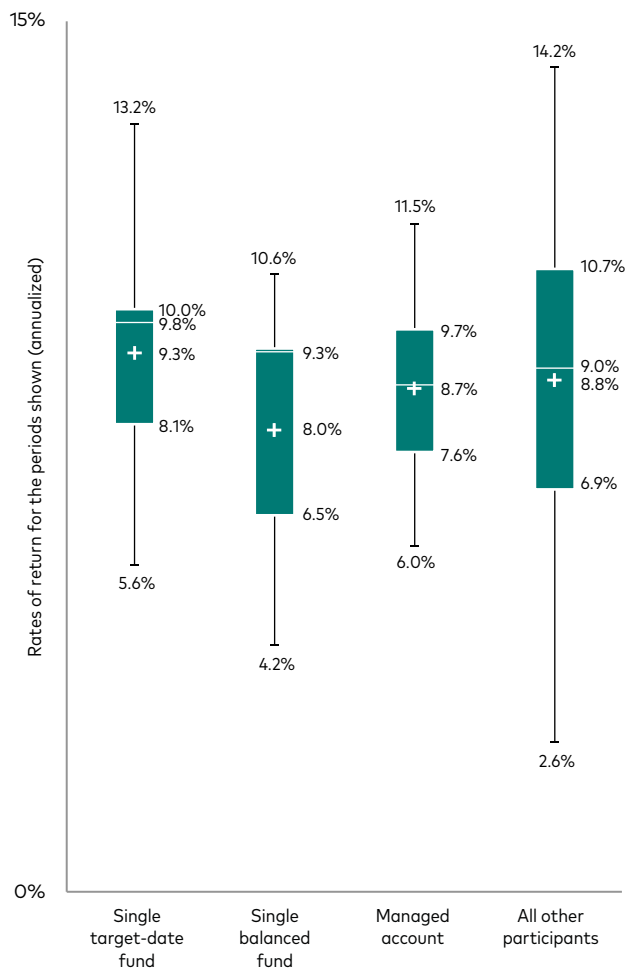
Note: Based on 3.9 million observations for 1-year; 2.9 million for 3-year; and 2.2 million for 5-year.

Source: Vanguard, 2026.

Past performance is no guarantee of future returns.

Figure 93. Distribution of five-year total return rates by strategy, 2025

Vanguard defined contribution plans



Note: Based on 980,000 observations for single target-date fund investors; 14,000 for single balanced fund investors; 84,000 for managed account investors; and 1.2 million for all other participants. Source: Vanguard, 2026.

How to read a box and whisker chart:

This box and whisker chart shows the range of outcomes. Plot values represent the 95th, 75th, 50th, 25th, and 5th percentile values. The average value is represented by a white + and the median value by a white line. An example of how to interpret the data in Figure 92 is: For the five-year period, 5% of participants had total return rates (TRRs) greater than 13.7%; 25% had TRRs greater than 10.1%; half had TRRs greater than 9.4%; 75% had TRRs greater than 7.6%; 95% had TRRs greater than 3.9%. The average five-year TRR was 9.0%.

Dispersion of outcomes

The outcomes for the different types of participants were also apparent when examining both return and risk outcomes in scatterplots. For ease of presentation, we created a random sample of 1,000 participants for each group of investors.

During the five-year period ended December 31, 2025, outcomes for single target-date participants were distributed among major market indexes (**Figure 94, Panel A**), with an upward slope reflecting a positive equity risk premium. This is consistent with the fact that most of the target-date portfolios in our sample are a specific combination of indexed U.S. equities, international equities, U.S. bonds, and international bonds. In the target-date scatterplot, younger participants (represented by bright turquoise dots and in long-dated portfolios) are to the right of the chart; older participants (represented by dark yellow dots and in near-dated portfolios) are to the left. The figure includes about 1,000 observations. There appear to be far fewer because, while there are many observations in our sample, they are all invested in a limited set

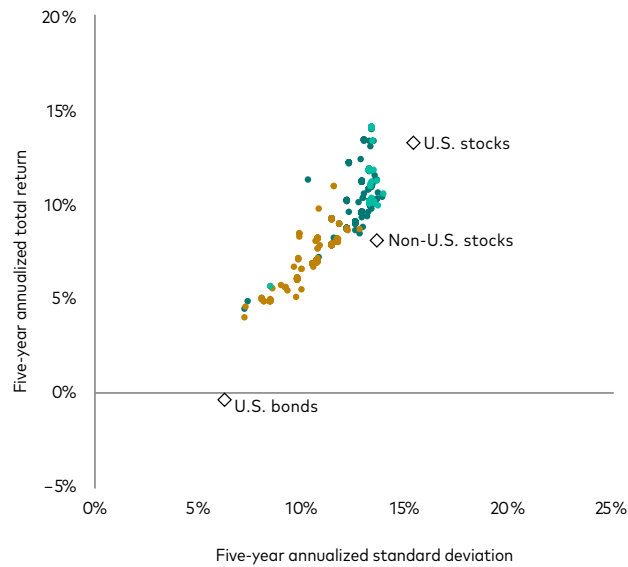
of target-date portfolios, meaning the range of portfolio outcomes is also limited. For example, if a plan offered 16 target-date options, then 1,000 participants invested solely in a single target-date fund would have 16 outcomes, not 1,000.

The results for single balanced fund investors reflect the fact that most balanced funds have similar equity allocations, typically around 35% to 65% of assets (**Figure 94, Panel B**). Managed account investors were more dispersed, reflecting the customized nature of managed account advice (**Figure 94, Panel C**). The greatest dispersion of risk-return outcomes was among participants making their own investment choices (**Figure 94, Panel D**). Over time, because of the growing use of professionally managed allocations in DC plans, this population is expected to decline.

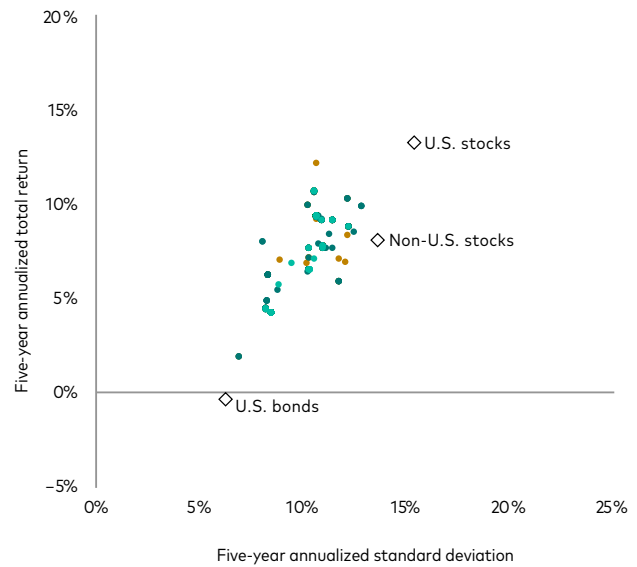
Figure 94. Risk and return characteristics, 2021–2025

Defined contribution plan participants for the five-year period ended December 31, 2025

A. Single target-date participants



B. Single balanced fund participants



C. Managed account participants



D. All other participants



■ Younger than 35
■ Ages 35 to 55
■ Older than 55

Note: Includes 1,000 random samples of participant accounts drawn from respective samples. Excludes 0.5% top and 0.5% bottom outliers for both risk and return, for a net sample of 980 observations.

Source: Vanguard, 2026.

Past performance is no guarantee of future returns.

Trading activity

Participant trading or exchange activity is the movement of existing account assets from one plan investment option to another. This transaction is different from a contribution allocation decision, in which participants decide how future plan contributions should be invested. Exchange activity is a proxy for a participant's holding period for investments, as well as a measure of the participant's tolerance for short-term market volatility.

Exchange provisions

Daily trading is nearly universal for Vanguard DC plans, with almost all plan sponsors allowing it. While assets can be traded daily, Vanguard and other investment companies serving DC plans typically have "round-trip" restrictions designed to thwart the minority of individual participants looking to engage in active market-timing or day trading.

Volume of exchanges

In 2025, only 11% of participants made at least one portfolio trade or exchange during the year, down from 20% in 2004 (**Figure 95**).

It is important to note that nearly all participants using a managed account had exchanges. In a managed account, the advisor oversees multiple fund holdings in a typical participant's account. The trading activity reflects the advisor's rebalancing of the participant's portfolio (or, for those initially signing up for the service, the changes needed to arrive at the target portfolio strategy).

When participants with a managed account were excluded, only 5% of participants initiated an exchange. This is a decrease of 5 percentage points from 2020, when trading activity increased because of market volatility related to COVID-19. Trading activity in 2025, even amid significant market volatility in the spring, remained at the lowest level in nearly two decades.

Another measure of trading is the volume of dollars traded. We measure dollar volume movements as a fraction of total recordkeeping assets to scale them to growth in assets and growth in the underlying recordkeeping business. In effect, the fraction of assets traded is a measure of portfolio turnover.

In 2025, traders exchanged the dollar equivalent of 8.8% of average DC recordkeeping assets at Vanguard. On a net basis, 11% of assets were shifted from equities to fixed income.

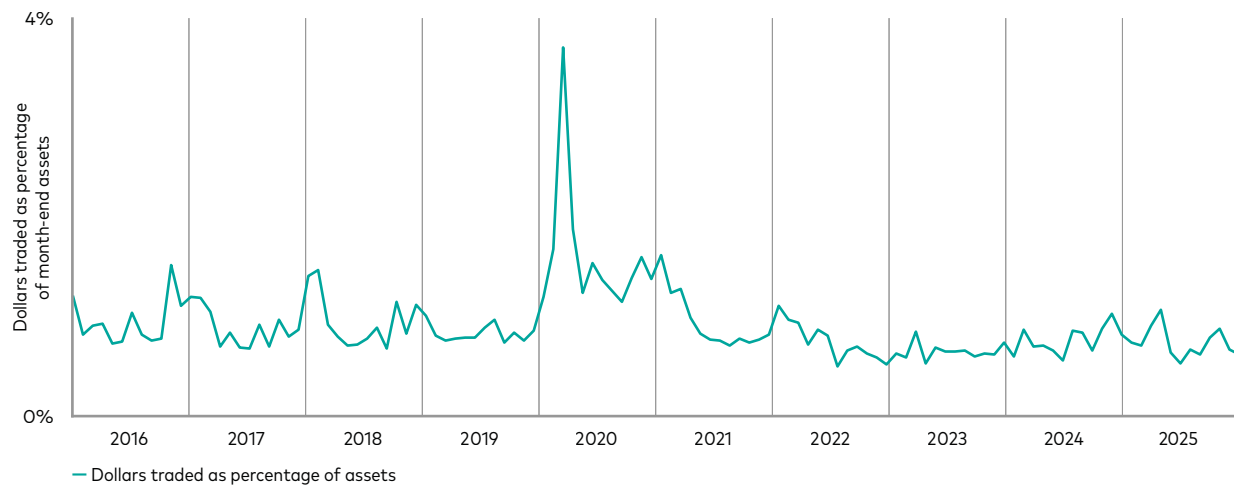
Since 2016, dollar-trading levels have generally remained stable, except for periods of high market volatility (**Figure 96**). The most notable spike in dollars traded occurred in spring 2020 at the onset of the COVID-19 pandemic.

Figure 95. Participant trading summary
Vanguard defined contribution plans

	Percentage of participants		Percentage of average recordkeeping assets		Dollar flows (in billions)		S&P 500 Index volatility			
	Percentage trading including managed account investors	Percentage with participant-directed exchanges	Percentage traded	Percentage moved to equities (fixed income)	Dollars traded	Dollars moved to equities (fixed income)	Percentage of days			
							Up 3% or more	Down 3% or more	Up 1% or more	Down 1% or more
2025	11%	5%	8.8%	-11.0%	\$68.5	-\$7.5	0.8%	1.2%	10%	11%
2024	12%	5%	9.2%	-5.8%	\$55.8	-\$3.3	0.0%	0.0%	12%	8%
2023	11%	5%	7.9%	-0.2%	\$46.8	-\$1.4	0.0%	0.0%	14%	11%
2022	12%	6%	9.1%	-0.9%	\$53.0	-\$5.0	1.6%	3.2%	23%	25%
2021	15%	8%	11.2%	-0.3%	\$72.0	-\$2.2	0.0%	0.0%	13%	8%
2020	16%	10%	19.3%	-3.0%	\$102.4	-\$16.2	4.8%	6.3%	25%	18%
2019	12%	7%	10.0%	-1.3%	\$50.7	-\$7.0	0.4%	0.0%	9%	6%
2018	12%	8%	11.6%	-1.1%	\$56.3	-\$5.6	0.4%	2.0%	13%	13%
2017	12%	8%	10.6%	-0.3%	\$48.6	-\$1.5	0.0%	0.0%	2%	2%
2016	12%	8%	11.4%	-1.5%	\$44.7	-\$6.0	0.4%	0.4%	10%	9%
2015	13%	9%	10.7%	-0.8%	\$40.9	-\$3.0	0.4%	0.8%	17%	12%
2014	14%	10%	11.6%	-0.6%	\$41.8	-\$2.3	0.0%	0.0%	8%	8%
2013	13%	10%	14.0%	0.2%	\$44.8	\$0.5	0.0%	0.0%	9%	7%
2012	12%	9%	12.6%	-1.7%	\$36.2	-\$4.9	0.0%	0.0%	12%	8%
2011	11%	10%	14.8%	-2.5%	\$40.6	-\$6.9	2.4%	2.4%	19%	18%
2010	12%	10%	13.4%	-1.1%	\$32.5	-\$2.8	1.2%	2.0%	15%	14%
2009	13%	11%	14.1%	-0.6%	\$29.0	-\$1.2	4.4%	4.4%	25%	21%
2008	16%	14%	16.6%	-3.9%	\$39.7	-\$9.3	9.1%	7.5%	24%	29%
2007	15%	14%	14.7%	-1.5%	\$36.2	-\$3.7	0.4%	0.0%	12%	13%
2006	14%	13%	12.7%	-0.6%	\$27.0	-\$1.3	0.0%	0.0%	6%	5%
2005	19%	18%	13.0%	-0.7%	\$23.6	-\$1.3	0.0%	0.0%	6%	6%
2004	20%	20%	14.6%	-0.2%	\$22.5	-\$0.3	0.0%	0.0%	8%	8%

Source: Vanguard, 2026.

Figure 96. Trading activity, January 2016–December 2025
Vanguard defined contribution plan participants



Source: Vanguard, 2026.

Direction of money movement

Summary statistics may sometimes portend that all participants trade in one direction. However, in any given month, participants who trade are moving meaningful dollar amounts both in and out of equities (**Figure 97**). Even in volatile markets, as some traders shift their portfolios toward fixed income assets, others shift toward equities.

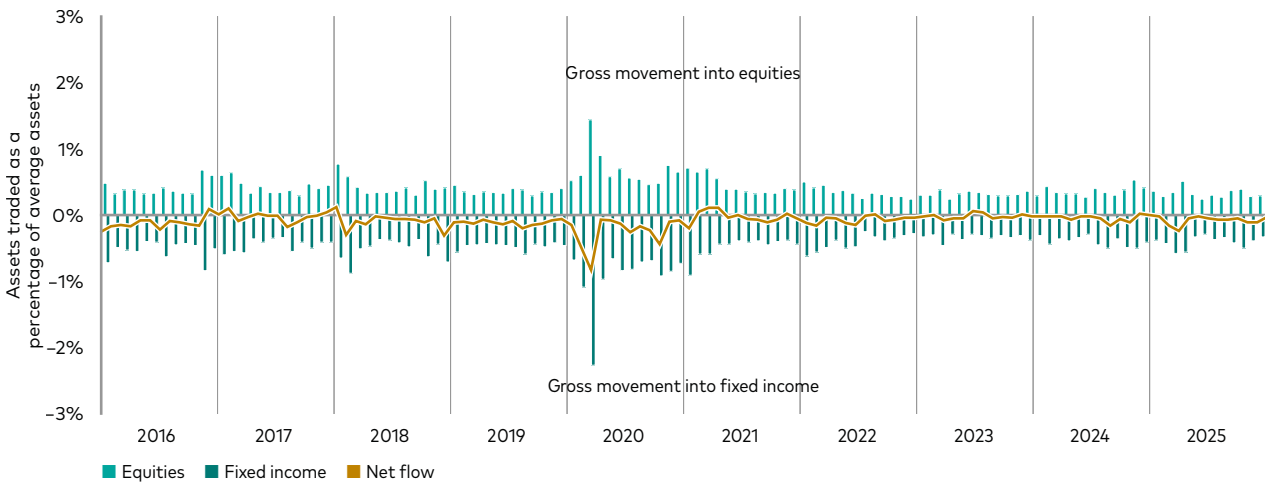
During the past decade, the net movement of money among participants trading in their accounts has been generally toward fixed income investments. Nonetheless, even at the height of market volatility, there were significant gross flows toward equities among some participants. The growing reliance on single-fund investment programs, such as target-date funds, has likely contributed to lower trading levels by participants.

Participants who are pure target-date fund investors not only benefit from continuous rebalancing but also are far less likely to trade compared with all other investors. In 2025, only 1% of all pure target-date fund investors made an exchange, a rate significantly lower than that of all other investors (**Figure 98**).

Women traded less frequently than men (**Figure 99**). Participants holding only target-date funds traded very infrequently, and women were more likely than men to hold a single target-date fund.

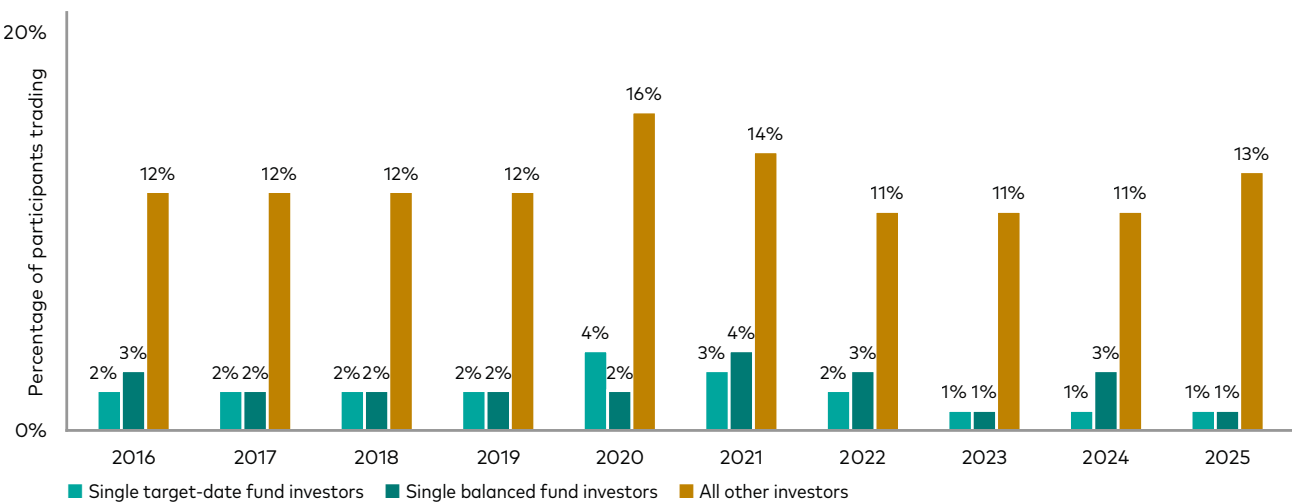
Figure 97. Direction of money movement, January 2016–December 2025
Vanguard defined contribution plan participants

Money movement as a percentage of average assets



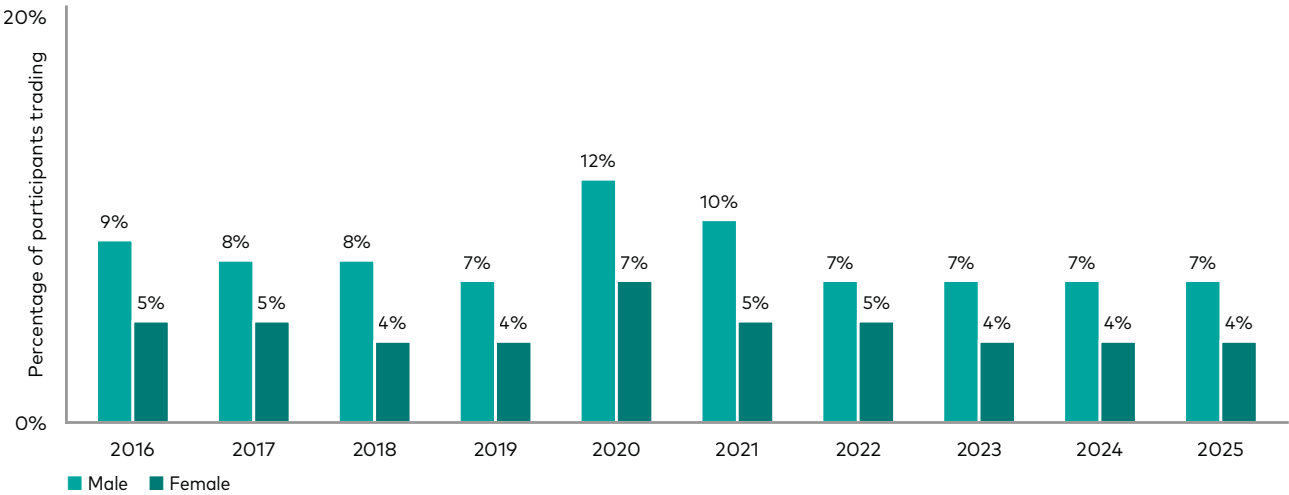
Source: Vanguard, 2026.

Figure 98. Participant trading by investor type
Vanguard defined contribution plan participants



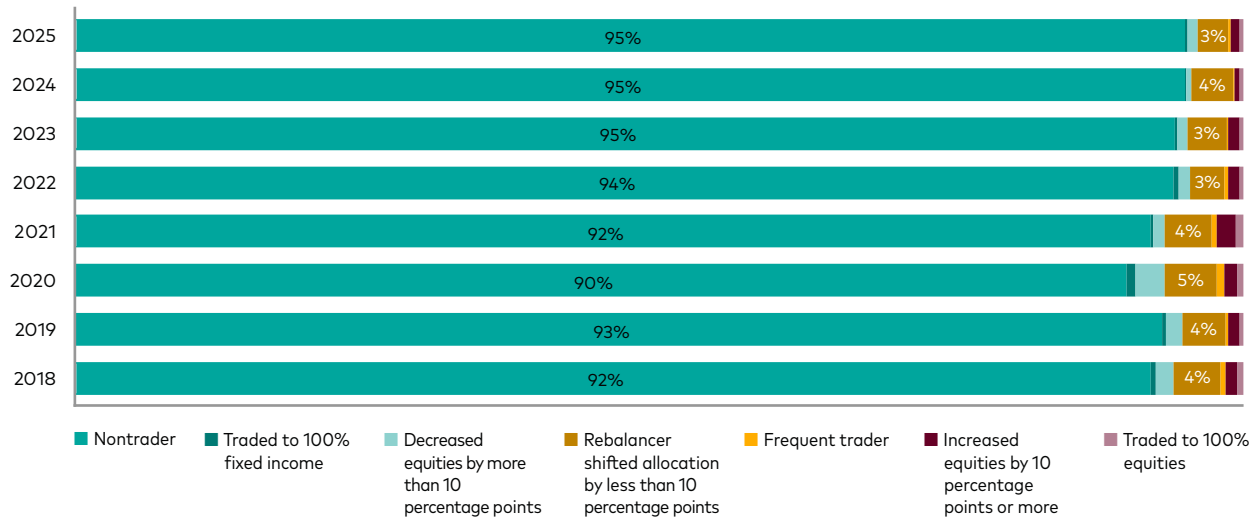
Source: Vanguard, 2026.

Figure 99. Participant trading by gender
Vanguard defined contribution plan participants



Source: Vanguard, 2026.

Figure 100. Participant trading decisions
Vanguard defined contribution plan participants (nonadvised)



Source: Vanguard, 2026.

Types of trading activity

The kinds of exchanges varied among participants who traded in their accounts in 2025. Ninety-five

percent of nonmanaged account participants did not make an exchange, but of those who did, the most common action was rebalancing of their account **(Figure 100)**.



SECTION 3:

Accessing plan assets

Participants can access their plan assets by taking a loan or a withdrawal while they are working or through a withdrawal or a rollover when they change jobs or retire.

Plan loans

Plan loans allow DC plan participants to access their plan savings before retirement without incurring income taxes or tax penalties. If permitted by the plan, participants can borrow up to 50% of their balance (up to a maximum of \$50,000) from their DC plan account. Loans are more common in plans accepting employee contributions and less common in employer-funded DC plans, such as money purchase or profit-sharing plans.

Offering loans appears to beneficially affect retirement savings, raising contribution rates above what they would otherwise be. Yet loans come with risks. Cash that has been borrowed earns fixed income rather than equity market returns. And participants who leave their employer usually must repay any loan balance immediately—or risk paying taxes as well as a penalty and incurring a reduction in retirement savings by the amount of the loan outstanding.

Loan availability

Loans are widely offered by employee-contributory DC plans. In 2025, 82% of Vanguard DC plans permitted participants to borrow from their plan, and 91% of active participants had access to a loan option (**Figure 101**). Most plans allow participants to have only one loan outstanding. In 2025, 52% of Vanguard DC plans offering loans permitted one loan at a time. Forty percent of plans allowed two loans, and 8% of plans allowed three or more.

Some plan sponsors impose loan-issuance waiting periods to discourage repetitive loans. In 2025, 4% of plans required a waiting period—most commonly one month—after a loan was paid off before a new loan could be taken by the participant. Two percent of plans imposed a waiting period—most commonly one year—after loan issuance before another loan could be taken. Finally, 48% of plans permitted participants terminating employment with an outstanding loan to continue repayment.

Loan use by participant demographics

Thirteen percent of participants had a loan outstanding at year-end 2025 (**Figure 102**). On average, the outstanding loan account balance

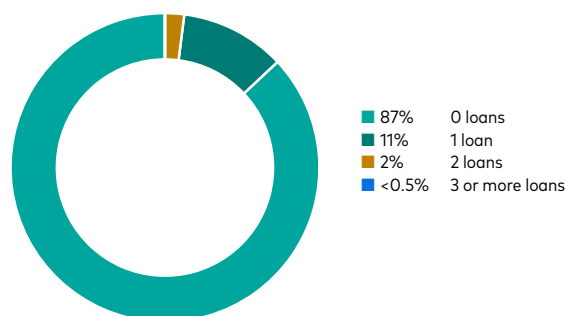
was 8% of the participant's account balance, excluding the loan, and the average participant had borrowed about \$11,034 (**Figure 103**). Outstanding loans are typically excluded from measures of plan and participant assets because these assets have, in effect, been withdrawn from the plan and are not currently available as a retirement resource.

Figure 101. Plan loans, 2025
Vanguard defined contribution plans

Percentage of plans offering loans		82%
Percentage of participants in plans offering loans		91%
Plans offering loans <i>(number of loans permitted)</i>	1 loan	52%
	2 loans	40%
	3 or more loans	8%
Plans imposing a loan waiting period	Waiting period after a loan is paid off before a new loan may be issued	4%
	Waiting period after a loan is issued before another loan is permitted	2%
Interest rate	Prime	15%
	Prime plus 1%	71%
	Prime plus 2%	10%
	Prime plus other rates	4%
Plans permitting terminated participants to continue loan repayment		48%

Source: Vanguard, 2026.

Figure 102. Participant loan use, 2025
Vanguard defined contribution plans offering loans



Source: Vanguard, 2026.

Figure 103. Participant loan demographics, 2025
Vanguard defined contribution plans offering loans

		Participants with loans					Participants with no loans
		Percentage of participants with loans	Percentage of account balance in loans	Average loan amount	Average account balance	Total average account balance including loans	Average account balance
All		13%	8%	\$11,034	\$133,615	\$144,649	\$176,987
Income	<\$15,000	8%	13%	\$2,823	\$19,486	\$22,309	\$16,642
	\$15,000–\$29,999	14%	16%	\$3,165	\$17,226	\$20,391	\$20,388
	\$30,000–\$49,999	22%	14%	\$4,755	\$28,988	\$33,743	\$29,472
	\$50,000–\$74,999	29%	11%	\$7,699	\$59,543	\$67,242	\$68,402
	\$75,000–\$99,999	27%	9%	\$11,152	\$106,586	\$117,738	\$120,496
	\$100,000–\$149,999	22%	8%	\$14,858	\$180,897	\$195,755	\$209,668
	\$150,000+	13%	5%	\$19,577	\$343,147	\$362,724	\$416,482
	Terminated	1%	8%	\$11,121	\$136,614	\$147,735	\$179,897
Age	<25	4%	19%	\$3,078	\$12,802	\$15,881	\$7,036
	25–34	10%	15%	\$7,091	\$39,779	\$46,869	\$53,013
	35–44	16%	10%	\$10,912	\$93,809	\$104,721	\$130,191
	45–54	19%	7%	\$12,787	\$169,204	\$181,991	\$234,398
	55–64	15%	5%	\$12,558	\$225,276	\$237,834	\$328,188
	65+	4%	5%	\$10,454	\$195,994	\$206,448	\$342,966
Gender	Female	13%	8%	\$10,258	\$114,755	\$125,013	\$154,598
	Male	13%	7%	\$11,834	\$154,194	\$166,028	\$205,999
Job tenure (years)	0–1	4%	16%	\$4,445	\$22,721	\$27,167	\$16,096
	2–3	13%	15%	\$6,098	\$33,796	\$39,894	\$55,229
	4–6	15%	14%	\$8,796	\$55,036	\$63,831	\$98,381
	7–9	17%	11%	\$11,264	\$88,525	\$99,789	\$150,151
	10+	16%	6%	\$14,328	\$226,676	\$241,004	\$357,604
Account balance	<\$10,000	9%	36%	\$2,715	\$4,870	\$7,585	\$3,043
	\$10,000–\$24,999	16%	25%	\$5,542	\$16,912	\$22,454	\$16,644
	\$25,000–\$49,999	18%	21%	\$9,363	\$36,283	\$45,645	\$36,294
	\$50,000–\$99,999	17%	16%	\$13,251	\$71,824	\$85,075	\$72,128
	\$100,000–\$149,999	16%	11%	\$15,915	\$122,968	\$138,883	\$123,296
	\$150,000–\$199,999	15%	9%	\$17,043	\$173,396	\$190,439	\$173,689
	\$200,000–\$249,999	14%	7%	\$17,679	\$223,378	\$241,058	\$223,781
	\$250,000+	11%	3%	\$19,126	\$551,906	\$571,032	\$702,975

Source: Vanguard, 2026.

Loans are sometimes criticized as a form of revolving credit for younger, lower-income workers. While that may be partly true, loan use was highest among participants in their prime working years in 2025, with 19% of workers ages 45 to 54 having loans. Men and women used loans at similar rates.

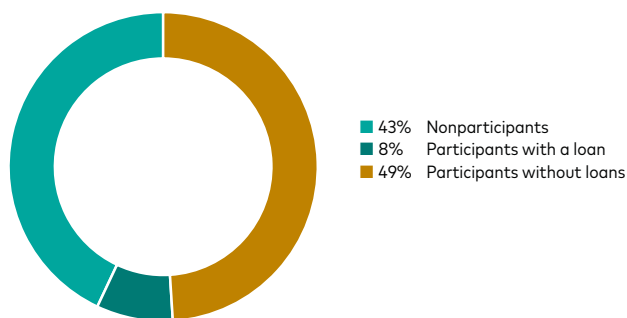
Income appears to have a greater influence than age on loan use. In 2025, about 3 in 10 participants with a household income between \$50,000 and \$74,999 had a loan, while 13% of participants with an income of more than \$150,000 had one. This difference reflects liquidity constraints among those with low wealth and income—that is, higher-income households have less of a need to borrow.

Participants with an account balance below \$10,000 were less likely to have a loan, yet they borrowed the largest percentage of their account balance. Just 9% of this group had a loan, but the loan accounted for 36% of their account balance, on average.

In 2025, participants with no loans outstanding had balances that were 22% higher than those with loans. Older, longer-tenured, higher-income participants with loans had saved less for retirement than participants without loans who shared those demographics. However, younger, newly hired, lower-income, lower-balance participants with loans had saved more for retirement than participants without loans in the same demographics. These differences in part reflect the interplay of demographic differences in terms of age, income, and tenure between borrowers and nonborrowers.

Fourteen percent of participants who earned between \$15,000 and \$29,999 in 2025 had a loan outstanding. However, earlier in this report, we noted that participation rates were lower among this group, with 43% of these workers joining their plan. Arguably, participants who earned between \$15,000 and \$29,999 but had borrowed from their retirement savings (8% of these workers) are better off than those who earned between \$15,000 and \$29,999 and did not participate in their employer's plan (**Figure 104**).

Figure 104. Participation and loans, 2025
All employees earning between \$15,000 and \$29,999



Source: Vanguard, 2026.

Loan use by industry group

Loan use varied significantly by industry sector in 2025 (**Figure 105**). Participants in the manufacturing industry had the highest rate of loan use, while those in the business, professional, nonprofit, and media groups used loans at a lower rate than other participants.

Trends in new loan issuance

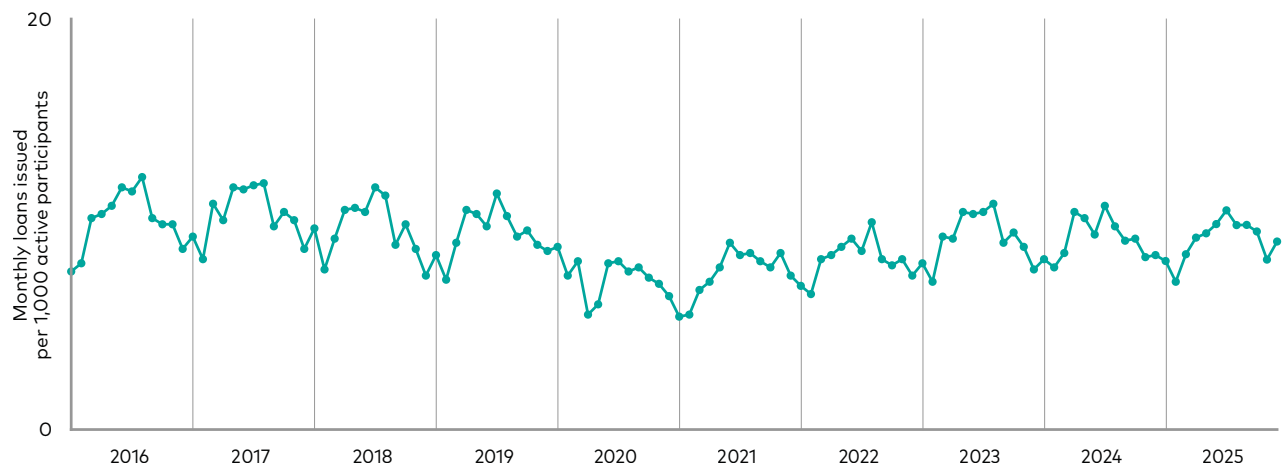
Among Vanguard plans, the fraction of participants taking loans from their DC plans has generally remained consistent over the past three years (**Figure 106**). For reasons not well understood, there appears to be a pronounced seasonality to taking loans, with borrowing typically peaking in the summer months. Over the longer term, loan issuances are down about 10% from the period of 2016 to 2018, in part because of the Bipartisan Budget Act of 2018, which removed the requirement that a participant take any available plan loan before taking a hardship withdrawal.

Figure 105. Participant loans by industry sector, 2025
Vanguard defined contribution plans offering loans

		Participants with loans				Participants with no loans	
		Percentage of participants with loans	Percentage of account balance in loan	Average loan amount	Average account balance	Total average account balance including loans	Average account balance
All		13%	8%	\$11,034	\$133,615	\$144,649	\$176,987
Industry group	Manufacturing	17%	7%	\$10,104	\$128,846	\$138,949	\$176,650
	Wholesale and retail trade	16%	9%	\$10,050	\$106,760	\$116,811	\$133,952
	Agriculture, mining, and construction	16%	6%	\$13,661	\$197,448	\$211,109	\$223,821
	Transportation, utilities, and communications	16%	8%	\$9,973	\$115,097	\$125,070	\$111,965
	Finance, insurance, and real estate	15%	7%	\$11,940	\$163,529	\$175,469	\$239,088
	Education and health	14%	9%	\$11,295	\$120,476	\$131,771	\$130,073
	Media, entertainment, and leisure	8%	8%	\$14,157	\$158,111	\$172,268	\$260,762
	Business, professional, and nonprofit	8%	7%	\$12,193	\$161,686	\$173,879	\$201,704

Source: Vanguard, 2026.

Figure 106. Loan origination trend
Vanguard defined contribution active participants in plans offering loans



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Monthly average per 1,000 participants	10.2	10.5	9.8	9.6	7.4	7.6	8.3	9.3	9.3	9.2
Annual increase (decrease) in loans issued per 1,000 participants	0%	3%	(7%)	(2%)	(22%)	3%	9%	12%	0%	(1%)

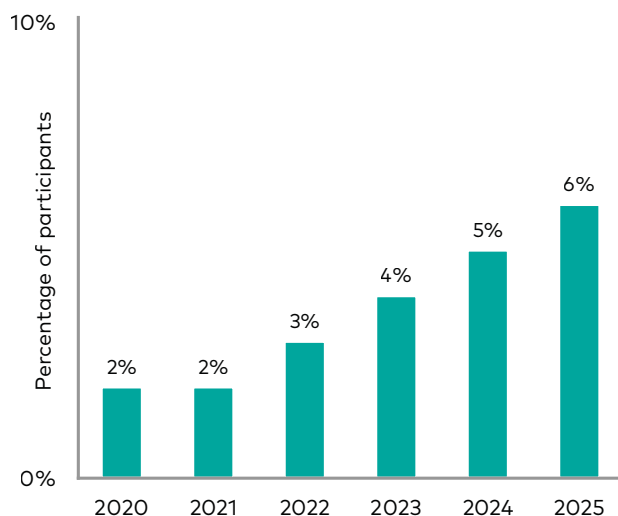
Source: Vanguard, 2026.

Hardship withdrawals

Hardship withdrawals allow participants to access a portion of their savings when they have a demonstrated financial hardship, such as receipt of an eviction or home foreclosure notice, but they may also be used for such purposes as college costs, medical expenses, or the purchase of a primary residence.

Among all Vanguard DC plans in 2025, 94% allowed hardship withdrawals. Of participants with the option, 6% took a hardship withdrawal (**Figure 107**).

Figure 107. Hardship withdrawal use, 2025
Vanguard defined contribution plans offering hardship withdrawals



Source: Vanguard, 2026.

Over the past five years, the percentage of participants taking hardship withdrawals has increased. While more recent macroeconomic pressures such as inflation and rising interest rates may contribute to increased financial strain among households, trends in retirement plan designs and services are also influencing participant behavior. The streamlining of the hardship withdrawal process has made retirement assets more accessible in times of need.

Vanguard offers plan sponsors three ways to administer hardship withdrawals. They can require documentation, provide a summary offer, or allow self-certification. Historically, all participants who requested hardship withdrawals were required

to submit documentation regarding their specific financial need. As of year-end 2025, 10% of plans still require documentation for hardship withdrawals.

On the other end of the administrative spectrum is self-certification, an optional provision included in SECURE 2.0. Under this provision, participants need only certify that (1) the distribution qualifies under a safe harbor reason, (2) the amount of the distribution is not more than the amount necessary to meet the hardship, and (3) no alternative sources of funds are available. In 2025, 3% of plans adopted the self-certification provision.

The most common hardship withdrawal service, used by 87% of plans, is the summary offer. This service does not require participants to supply documentation up front but does require them to have records available should they ever be requested as well as to provide a limited amount of information about the financial hardship.

These three types of services are associated with starkly different behaviors. When documentation is required, only 2.5% of participants initiated a hardship withdrawal, compared with 8.5% of participants who used the most flexible option of self-certification. The commonly offered summary service had a use rate of 6.4% (**Figure 108**).

Figure 108. Hardship withdrawals and plan services, 2025
Vanguard defined contribution plans offering hardship withdrawals

		Percentage of plans	Percentage of participants taking hardship withdrawals
Administrative processes	Self-certification	3%	8.5%
	Summary service	87%	6.4%
	Documentation required	10%	2.5%
Automatic enrollment	Offering automatic enrollment*	59%	6.3%
	Voluntary enrollment	41%	4.9%

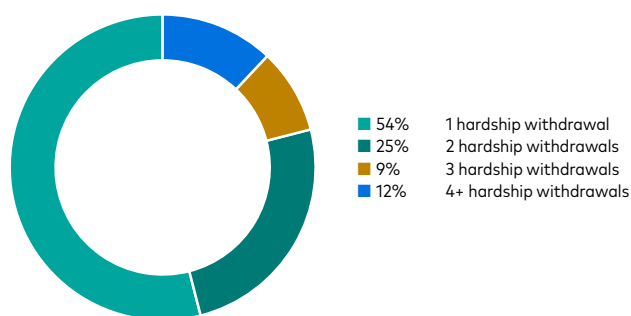
Source: Vanguard, 2026.

* This analysis excludes plans that do not offer hardship withdrawals.

Additionally, as noted above, the Bipartisan Budget Act of 2018 eliminated the requirement that participants take a loan before accessing retirement assets through a hardship withdrawal. Since 401(k) loans require a repayment plan (through payroll deductions), this earlier provision may have dissuaded some participants from taking a hardship withdrawal if they had concerns regarding ongoing loan repayments. In 2025, about one-third of all hardship withdrawal participants had both access to a loan and no outstanding loan balance at the time of withdrawal. Finally, given that automatic enrollment is helping more workers save for retirement, especially lower-income workers, an increase in hardship withdrawals is not surprising.

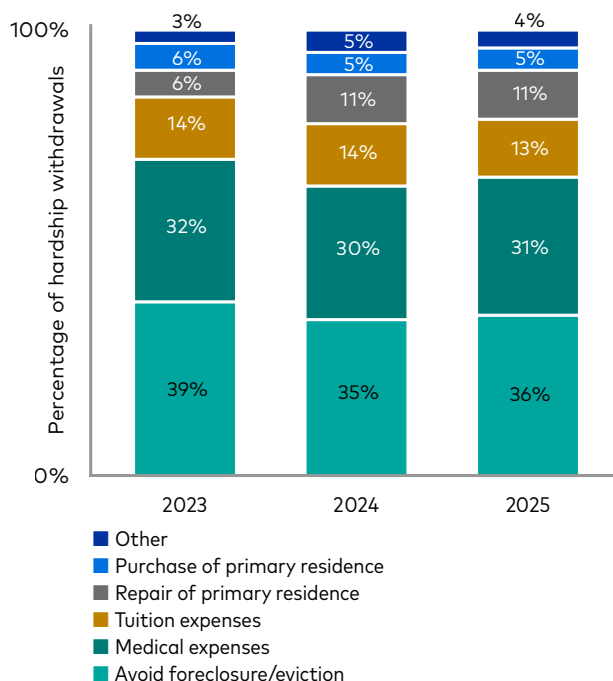
In addition to a modest increase in participants initiating a hardship withdrawal, 46% of those who took a hardship withdrawal in 2025 took more than one throughout the year, including 21% who took three or more (**Figure 109**). The median hardship withdrawal amount in 2025 was \$1,900. At this level, one or two withdrawals over a 30- to 40-year career are unlikely to affect retirement readiness. However, nearly half of hardship withdrawal participants took multiple distributions, essentially using their retirement plans as emergency savings. Frequent hardship withdrawals can, over time, undermine retirement savings.

Figure 109. Hardship withdrawal frequency, 2025
Vanguard defined contribution plans offering hardship withdrawals



Source: Vanguard, 2026.

Figure 110. Trends in hardship withdrawal reasons
Vanguard defined contribution plans offering hardship withdrawals



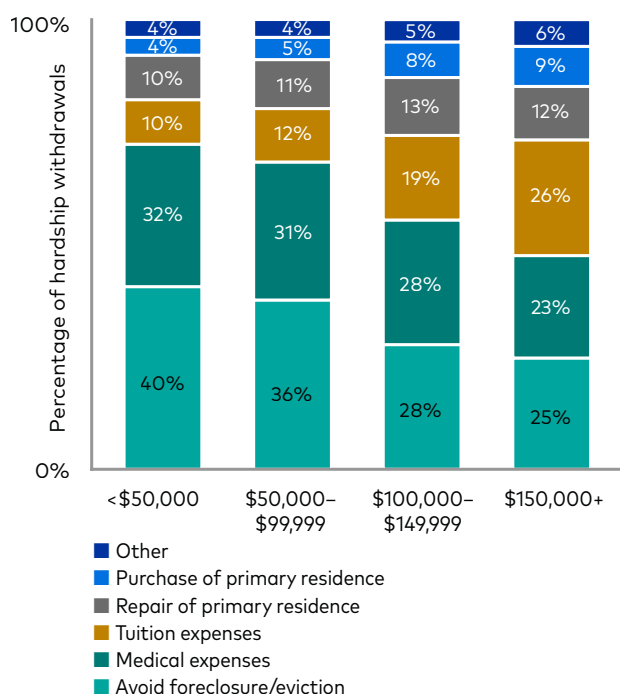
Source: Vanguard, 2026.

Reasons for hardship withdrawals

In 2025, 36% of hardship withdrawals were used to avoid a home foreclosure or eviction, which remains the most common reason for taking a hardship withdrawal (**Figure 110**). The second most common reason was medical expenses, with 3 in 10 hardship withdrawals initiated for this purpose. Over the past three years, the distribution of hardship withdrawal reasons has remained consistent.

Income has a noticeable effect on hardship withdrawals. Participants who earn less than \$100,000 a year are about 3.5 times more likely to take a hardship withdrawal (**Figure 111**). While higher-income participants are less likely to initiate a hardship withdrawal, they are more likely to use them for home purchases or tuition payments. By contrast, about 70% of hardship withdrawals by lower-income participants are used for either avoiding eviction from their home or covering medical expenses.

Figure 111. Hardship withdrawal reasons by income, 2025
Vanguard defined contribution plans offering hardship withdrawals



Source: Vanguard, 2026.

Hardship withdrawals by industry group

Hardship withdrawal use varied significantly by industry sector in 2025 (**Figure 112**). Participants in the transportation and warehousing industries had the highest rate of withdrawal use, while those in the legal services industry used hardship withdrawals at a lower rate than other participants.

Figure 112. Hardship withdrawal use by industry, 2025
Vanguard defined contribution plans offering hardship withdrawals

Industry	Percentage of participants taking a hardship withdrawal
Transportation and warehousing	9%
Mining and oil/gas extraction	9%
Insurance	8%
Retail trade	8%
Manufacturing	7%
Construction	7%
Hospitals	7%
Ambulatory health care services	6%
Wholesale trade	4%
Utilities	3%
Information	3%
Technology	3%
Finance	2%
Professional, scientific, and technical services	2%
Architecture and engineering	2%
Legal services	1%

Source: Vanguard, 2026.

Plan distributions and rollovers

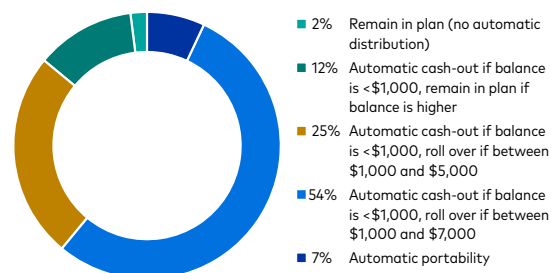
When changing jobs or retiring, participants have the option of preserving their retirement savings (by retaining savings in the plan or rolling it over to an IRA or another DC plan) or taking a cash lump sum (and spending or investing it). If they choose to roll over their savings to an IRA or another qualified retirement plan, participants avoid paying taxes on the accumulated balance. If participants spend the lump-sum distribution or invest it in a taxable account, they incur a possible income tax liability (and a 10% penalty if they are younger than 59½).

Leakage from the retirement system—the spending of plan savings before retirement—is a concern for participants’ future retirement security. In the short run, participants incur taxes and possible penalties on any amounts they spend. In the long run, because of the lost opportunity for compounded earnings, participants significantly increase the amount they need to save during the remainder of their working years.

Upon a participant’s separation from service, plan sponsors have the option to distribute the former employee’s vested account balance without additional consent if that balance is below a statutory limit of \$5,000. The optional automatic cash-out increase provision of SECURE 2.0 raised that limit from \$5,000 to \$7,000, effective for distributions made after December 31, 2023.

Plan distributions between \$1,000 and \$5,000 in some plans and between \$1,000 and \$7,000 in other plans are generally rolled over automatically to an IRA unless the participant elects otherwise. Balances of less than \$1,000 may be distributed to the terminated participant. Most plans have adopted these provisions. Two percent of plans allowed participants with a balance of less than \$1,000 to remain in the plan in 2025 (**Figure 113**). In some cases, the sponsor may allow participants to retain a balance of \$1,000 or more in the plan—12% of plans permitted these balances to remain in the plan.

Figure 113. Frequency of automatic distributions, 2025
Vanguard defined contribution plans



Note: This analysis excludes approximately 60 403(b) plans. Most 403(b) plan sponsors retain the right to execute these automatic distributions within their plan documents. However, because of the multiprovider environment that many 403(b) plans operate within, and the coordination required to process these distributions, most 403(b) plan sponsors do not process these distributions.

Source: Vanguard, 2026.

Automatic portability makes it easier for workers to hold on to their retirement savings when they change jobs. Instead of leaving behind small balances, participants can have those dollars automatically transferred to their new employer plan. By year-end 2025, 7% of plans had adopted this feature.

Most sponsors permitted indefinite deferral of savings, meaning that participant balances could remain in the employer plan if they were above the distribution threshold. However, about 2% of sponsors required terminated participants to leave the plan by age 65 or age 70 (**Figure 114**).

Figure 114. Distribution options, 2025
Vanguard defined contribution plans

		Number of participants				
		All	<500	500–999	1,000–4,999	5,000+
Percentage of plans	Deferral	100%	100%	100%	100%	100%
	Deferral only to age 65	2%	3%	4%	2%	1%
	Deferral only to age 70	<0.5%	0%	1%	0%	1%
	Installments other than RMDs	68%	61%	68%	72%	88%
	Ad hoc partial distributions	43%	26%	43%	57%	78%
Percentage of participants offered	Deferral	100%	100%	100%	100%	100%
	Deferral only to age 65	1%	3%	4%	2%	<0.5%
	Deferral only to age 70	3%	<0.5%	<0.5%	0%	4%
	Installments other than RMDs	89%	64%	68%	73%	95%
	Ad hoc partial distributions	79%	32%	45%	59%	87%

Source: Vanguard, 2026.

Sixty-eight percent of sponsors allowed participants to establish installment payments, and 43% of plans permitted terminated participants to take partial ad hoc cash distributions in 2025, up from 35% in 2020. Seventy-nine percent of participants were offered the option of taking a partial ad hoc distribution in 2025. If a plan does not offer ad hoc distributions, it requires any terminated participant seeking to use any part of their retirement savings to withdraw or roll over the entire account balance. When it offers an ad hoc distribution feature, a plan can be used directly as a flexible source of income and withdrawals.

These plan design features can impact retirees' behaviors. Retired participants in plans that offer flexible distributions are about 35% more likely to remain in the plan three years after retirement, are 15% to 25% less likely to cash out their balance in the first year, and have balances that are nearly twice as high as those in plans without flexible options.

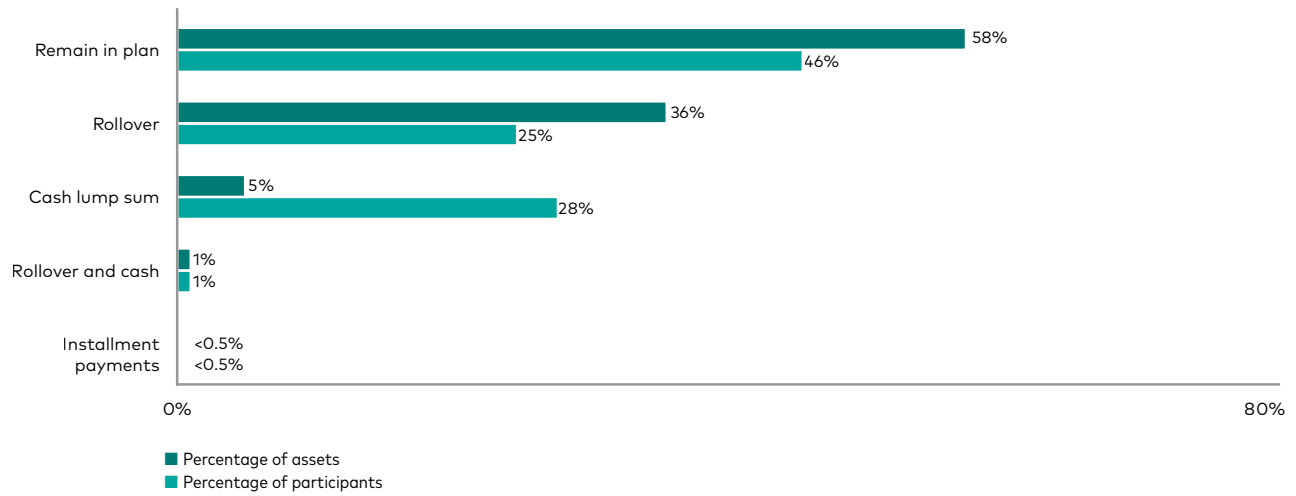
Participant and asset flows

Plan distributions are somewhat common when participants change jobs or retire, and they represent a large portion of total plan and participant assets. In 2025, 13% of participants left their employer and were eligible for a distribution. Their assets totaled 7% of Vanguard recordkeeping assets. Seven in 10 of these participants preserved their assets by either retaining them in the prior employer's plan or rolling them over to an IRA or a new employer's plan (**Figure 115**).

In 2025, 28% of participants took a cash distribution, but 94% of the assets available for distribution were preserved for retirement. The percentage of participants cashing out their retirement plan was the lowest in the past 10 years, while the percentage of participants rolling their assets over was at the highest (**Figure 116**).

Figure 115. Plan distributions, 2025
Vanguard defined contribution plans

Participants with termination dates in 2025



Source: Vanguard, 2026.

Figure 116. Trends in distribution of plan assets
Vanguard defined contribution plans

Participants with termination dates in the given year

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Percentage of participants choosing	Participants preserving assets	69%	69%	66%	65%	68%	70%	67%	66%	70%	71%
	Remain in plan	50%	51%	48%	46%	49%	52%	51%	48%	49%	46%
	Rollover	19%	18%	18%	18%	19%	18%	16%	18%	21%	25%
	Installment payments	<0.5%	<0.5%	<0.5%	1%	<0.5%	<0.5%	<0.5%	<0.5%	<0.5%	<0.5%
	Cash lump sum	30%	30%	33%	34%	31%	29%	32%	33%	29%	28%
	Rollover and cash	1%	1%	1%	1%	1%	1%	<0.5%	<0.5%	<0.5%	1%
Percentage of assets available for distribution	Assets preserved for retirement	94%	95%	93%	94%	95%	95%	94%	94%	94%	94%
	Remain in plan	59%	61%	56%	60%	63%	61%	61%	61%	59%	58%
	Rollover	35%	34%	37%	34%	32%	34%	33%	33%	35%	36%
	Installment payments	<0.5%	<0.5%	<0.5%	<0.5%	<0.5%	<0.5%	<0.5%	<0.5%	<0.5%	<0.5%
	Cash lump sum	5%	4%	6%	5%	4%	4%	5%	5%	5%	5%
	Rollover and cash	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%

Source: Vanguard, 2026.

Determinants of distribution behavior

Age has a significant impact on distribution behavior. In 2025, younger participants were more likely than older participants to remain in the plan, while older participants were more likely to roll their assets out of the plan. But most assets available for distribution were preserved for retirement by younger and older participants alike. Only 24% of participants in their 20s chose to cash out their plan assets, in line with those in their 60s and 70s (**Figure 117**). In terms of assets, 88% of assets owned

by participants in their 20s and 96% of assets owned by participants in their 70s were preserved. Account balances also had a significant impact on distribution behavior. Participants with smaller account balances were less likely to preserve their assets for retirement. Seven in 10 participants with balances of less than \$1,000 kept their balance in a tax-deferred account (**Figure 118**). However, once balances reached \$100,000, 9 in 10 participants chose to preserve their assets.

Figure 117. Plan distribution behavior by age, 2025

Vanguard defined contribution plans

Participants with termination dates in 2025

		20s	30s	40s	50s	60s	70s	Total
Percentage of participants choosing	Participants preserving assets	76%	69%	67%	70%	77%	72%	71%
	Remain in plan	48%	48%	46%	45%	40%	27%	46%
	Rollover	28%	21%	21%	25%	36%	35%	25%
	Installment payments	0%	0%	0%	<0.5%	1%	10%	<0.5%
	Cash lump sum	24%	31%	32%	29%	22%	27%	28%
	Rollover and cash	<0.5%	<0.5%	<0.5%	1%	1%	1%	1%
Percentage of assets available for distribution	Assets preserved for retirement	88%	92%	93%	94%	97%	96%	94%
	Remain in plan	68%	71%	67%	59%	49%	40%	58%
	Rollover	20%	21%	26%	35%	48%	55%	36%
	Installment payments	0%	0%	0%	<0.5%	<0.5%	1%	<0.5%
	Cash lump sum	11%	8%	7%	5%	2%	4%	5%
	Rollover and cash	<0.5%	<0.5%	<0.5%	1%	<0.5%	<0.5%	1%

Source: Vanguard, 2026.

Figure 118. Plan distribution behavior by account balance, 2025

Vanguard defined contribution plans

Participants with termination dates in 2025

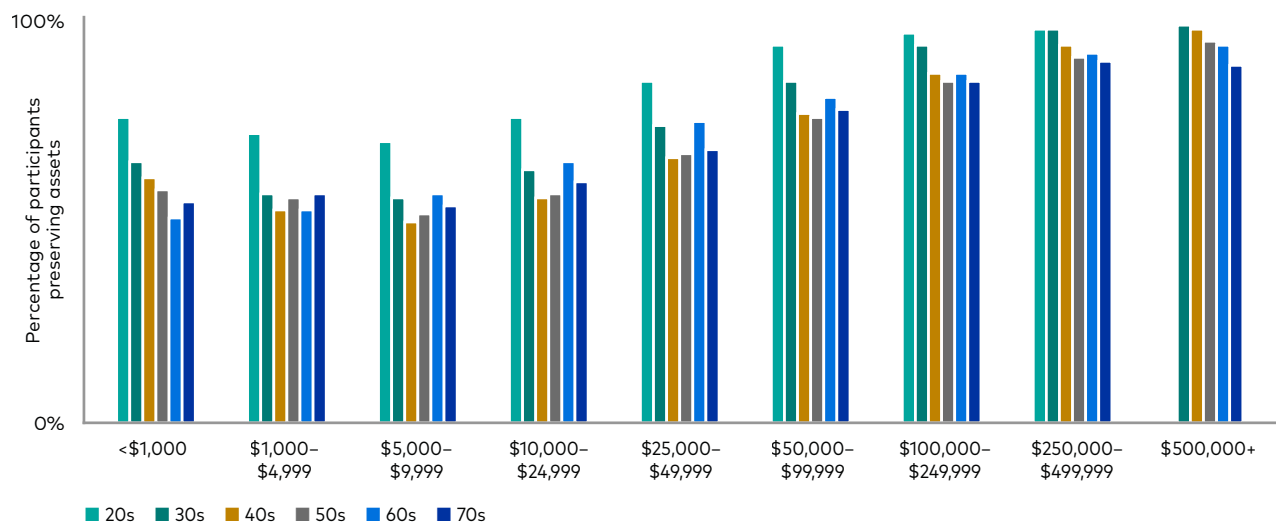


Source: Vanguard, 2026.

Figure 119. Plan distribution behavior by age and account balance, 2025

Vanguard defined contribution plans

Participants with termination dates in 2025



Source: Vanguard, 2026.

A more nuanced view emerges when both age and account balance are considered. At most asset levels, younger participants were more likely to preserve their assets in 2025 (**Figure 119**). While participants in their 40s did overwhelmingly preserve their assets for retirement, at some asset levels, they are slightly more likely than most other age groups to cash out their DC plan when changing jobs or retiring.

Our analysis thus far reflects the behavior of individuals who terminated employment in a given year by either changing jobs or retiring. But it is also true that participants who terminated in previous years retain the right to withdraw their plan assets from their prior employer's plan at any time and roll over or spend the money.

A more optimistic picture of plan distribution behavior emerges if we analyze the total plan assets available for distribution at any given time. During 2025, more than one-quarter of all Vanguard qualified plan participants could have taken their plan account as a cash distribution because they had separated from service in the current year or prior years. However, just 17% of participants eligible for a cash distribution took one, while the vast majority (83%) continued to preserve their plan assets for retirement (**Figure 120**). In terms of assets, 97% of all plan assets available for distribution were preserved—either rolled over to an IRA or other qualified plan or left in the former employer's plan. Only 3% of assets were distributed in cash.

Figure 120. Alternative view of distribution of plan assets

Vanguard defined contribution plans

All terminated participants with access to plan savings in the given year

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Percentage of participants choosing	Participants preserving assets	82%	84%	81%	80%	83%	83%	81%	82%	83%	83%
	Remain in plan	67%	68%	65%	63%	67%	67%	66%	66%	62%	61%
	Rollover	12%	12%	12%	13%	13%	12%	11%	12%	17%	18%
	Installment payments	3%	4%	4%	4%	3%	4%	4%	4%	4%	4%
	Cash lump sum	17%	15%	18%	19%	17%	17%	19%	18%	17%	16%
	Rollover and cash	1%	1%	1%	1%	<0.5%	<0.5%	<0.5%	<0.5%	<0.5%	1%
Percentage of assets available for distribution	Assets preserved for retirement	97%	98%	96%	96%	98%	98%	97%	97%	97%	97%
	Remain in plan	78%	80%	76%	78%	82%	81%	80%	80%	78%	78%
	Rollover	18%	17%	19%	17%	15%	16%	16%	16%	18%	18%
	Installment payments	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
	Cash lump sum	2%	1%	3%	3%	2%	2%	3%	3%	3%	3%
	Rollover and cash	1%	1%	1%	1%	<0.5%	<0.5%	<0.5%	<0.5%	<0.5%	<0.5%

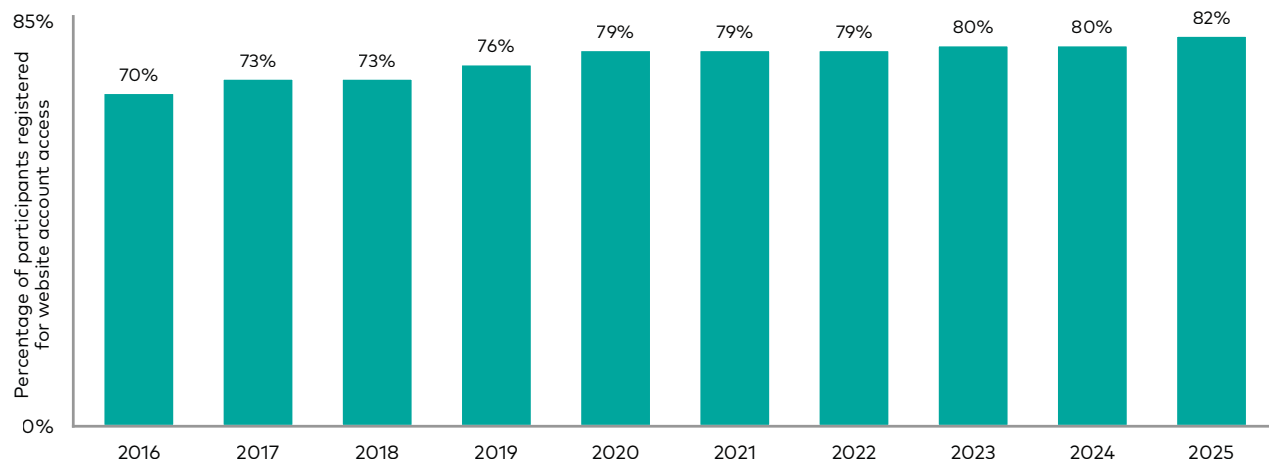
Source: Vanguard, 2026.

Access methods

Within Vanguard DC plans, a variety of services have evolved to foster participant control of plan savings and to facilitate savings, investment, and withdrawal decisions—including telephone

associates, websites, and mobile applications. Participant access to retirement accounts is quite varied, ranging from those who do not contact their provider at all in a given year to those who do so multiple times a month.

Figure 121. Website access trend
Vanguard defined contribution plans

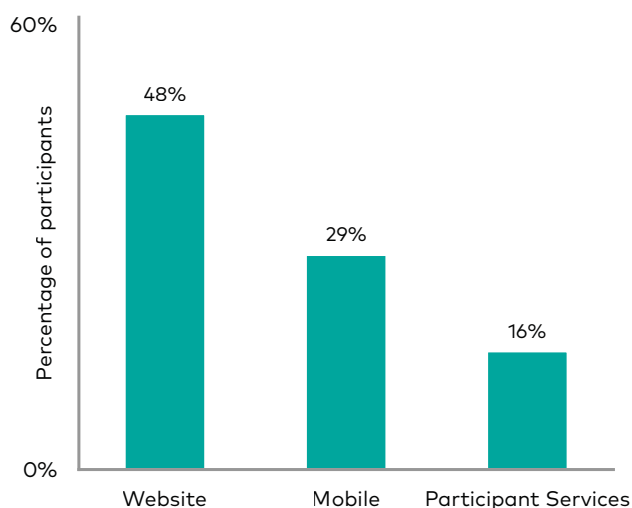


Source: Vanguard, 2026.

Types of account access

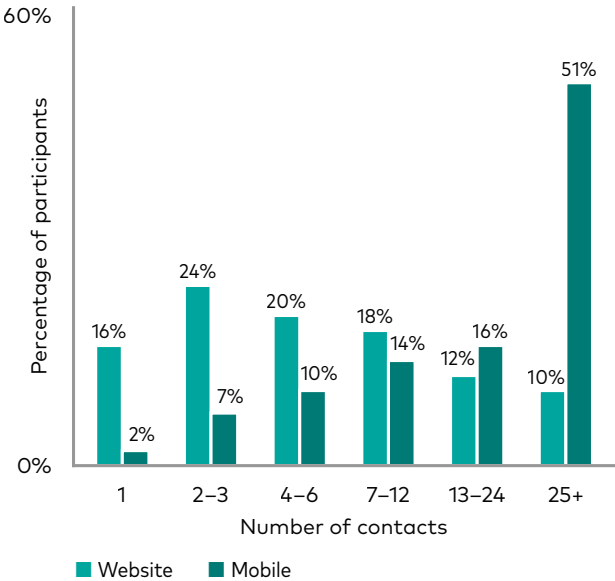
Participants typically access their retirement plan through one of three channels: toll-free phone calls to telephone associates, a mobile application, or the website. As of 2025, 82% of participants had website access, up from 70% in 2016 (Figure 121). Obtaining account information via the website is the most common form of accessing retirement accounts, with 48% of all participants using the website, a percentage that has remained relatively stable over the past several years (Figure 122). Twenty-nine percent of participants accessed their retirement account via a mobile application. And 16% of participants accessed Vanguard Participant Services via the toll-free phone number, a proportion that has remained consistent over the past 10 years.

Figure 122. Account access methods, 2025
Vanguard defined contribution plans



Source: Vanguard, 2026.

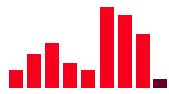
Figure 123. Frequency of contacts by channel, 2025
Continuous participants contacting Vanguard



Source: Vanguard, 2026.

Frequency of account access

While the website was the most common method of accessing retirement accounts, those who used the mobile application visited more frequently. In 2025, 51% of mobile users accessed their account 25 or more times (**Figure 123**). Furthermore, 67% of mobile users accessed their account more than once a month, compared with 22% of website visitors.



Methodology

The Vanguard data included in this report is drawn from several sources, described below.

Defined contribution clients

This universe consists of more than 1,300 qualified plans and nearly 5 million participants for which Vanguard directly provides recordkeeping services. Unless otherwise noted, all references to “Vanguard” are to this universe, and all data is as of December 31, 2025.

Vanguard participation and deferral rates

Data on participation and deferral rates is drawn from a subset of Vanguard recordkeeping clients for whom we perform nondiscrimination testing. Selected plan design features are also derived from this data. For the 2025 analysis, the subset is composed of plans that complete their testing by March and represents approximately one-third of the clients for whom we perform testing. Plans that complete their testing by March generally have lower participation rates and generally include plans with concerns related to passing testing. When all plans have completed their testing by the end of 2025, the participation rates typically improve. Plan design features derived from this data will also most likely improve.

Based on the trends experienced over previous years, we have estimated participation and deferral rates for 2025. The estimations use a combination of linear extrapolation and subjective estimation.

The same approach is applied to plan design features derived from this data. We will continue to restate these results in the following year based on the final compliance testing results.

The 2024 restated analysis includes approximately 1,300 plans and 2.5 million participants and eligible nonparticipants. Income data used in participation and deferral rate analyses also come from this subset of plans.

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Author: Jeffrey W. Clark

**Industry benchmark data
supplemental to
*How America Saves 2026***

Industry benchmarking based on the data behind *How America Saves 2026* is available on [our webpage](#) for the following industries:

- Ambulatory health care services
- Architecture and engineering
- Construction
- Finance
- Information
- Insurance
- Legal services
- Manufacturing
- Mining, quarrying, and oil and gas extraction
- Professional, scientific, and technical services
- Retail trade
- Technology
- Transportation and warehousing
- Unions
- Utilities
- Wholesale trade

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