



American Century
Investments®

ROADTRIP TO

RETIREMENT

**Ten years of insights on the retirement
journey and possible destinations ahead**

This marks the 10th anniversary of our annual retirement survey. Through the decade, key trends emerged from participant perceptions of their own savings habits, retirement plan benefits and what they want from employers. From time to time we also asked plan sponsors to weigh in. Some of their views are also reflected on this journey.

THE 2022 SURVEY

The newest findings align with results we've seen over the years: some attitudes endure and grow—such as increased acceptance of **automatic plan features, target-date funds** and **Environmental, Social and Governance (ESG) investments**. Optimism about retirement expectations remained high too.

By contrast, **COVID-19** and the **drastic market drop in 2020** marked a curve in the road that continues today. 2022's **40-year high inflation** and interest rate hikes brought new concerns to the forefront. **Market volatility** and the **need to protect assets** are now more significant worry-drivers.

And as the **first generation of 401(k) owners** reach **retirement**, many are interested in **withdrawal strategies, guaranteed income** and **in-plan features** that can help them achieve a **steady stream of retirement income**.

A Decade-Long Journey

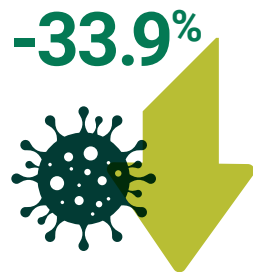
Follow along to see how participant and plan sponsor views about retirement saving and retirement plans have changed (or not) over the last decade—and what's next.

Cruising Along



Longest bull market, S&P delivers **400%** gains from 2009 to Feb. 2020¹

Journey, Interrupted



2020: COVID-19. Markets decline -33.9% from February to March²

Savings Report Card
Over ten years, participants have graded themselves as average savers. From 2013 to 2022
Average Grade: C+

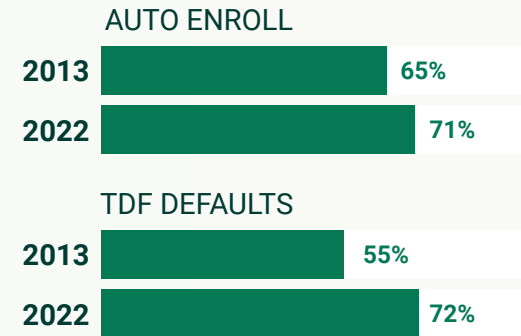
Bright Outlook
Through ten years of the survey, most participants have been optimistic about the future, despite savings regrets.

RETIREMENT WILL BE THE SAME OR BETTER THAN TODAY

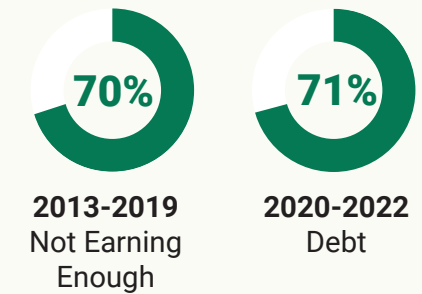


Guided Tour

Participants have increasingly wanted someone else to take the wheel with auto features and target-date fund (TDF) defaults.

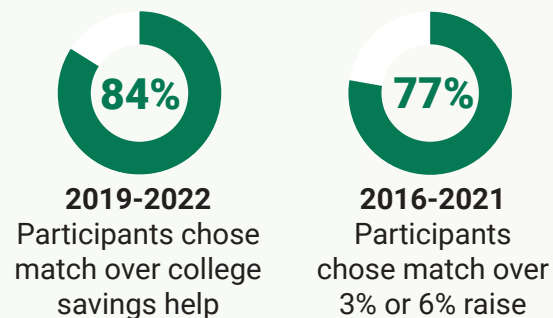


Roadblocks to Saving

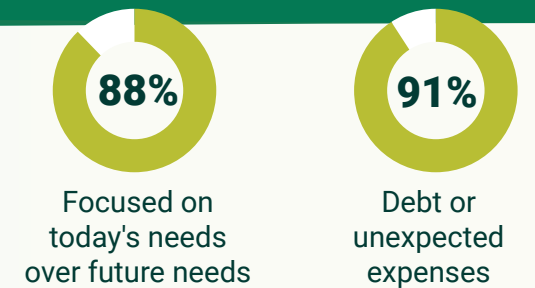


NOTEWORTHY: During the pandemic, 70% said unexpected expenses were a close second to debt.

Best Road Trip Partner: The Match



Plan Sponsors name some similar barriers for why employees don't save more.



The Journey Now



March 2022 to March 2023
Federal Reserve hikes interest rates 8 times³

-23%
↓

2022 Average 401(k) balance drops 23%⁴



2022 Inflation rises to 40-Year High⁵

Top Worries for Retirement Savers

MARKET VOLATILITY RISK



INFLATION AND INTEREST RATE RISK



NOTEWORTHY: Inflation and Interest Rate Risk Concerns Outpace Longevity Risk for First Time



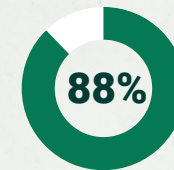
Plan Sponsors think TDFs Address Top Risks

■ participants
■ plan sponsors

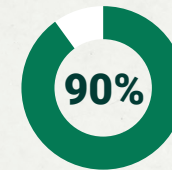
The Next Adventure

More than **10,000** people turn age **65** every day.⁶ With inflation and interest rates still at multiyear highs, **recession risks are rising.**⁷

Employees still want **employers to help** them save, and now want help **making their money last.**



want **guidance on withdrawing** their money



are interested in a **guaranteed income** feature

Employers think:



we should help

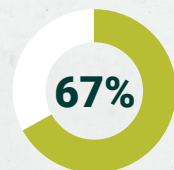


employees need help

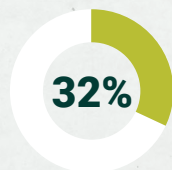


4 in 5 want employees to keep assets in the plan in retirement

TDFs: Traction Vs. Turbo? Plan Sponsors Would Rather:



have a TDF that protects against losses



have a TDF that outperforms*

Fork in the Road

Now facing more volatility, participants were asked to agree or disagree with how to deal with it.

BE MORE CONSERVATIVE



TAKE ON MORE RISK



Choosing the Vehicle



would consider ESG if performance were comparable or better to other choices

■ participants
■ plan sponsors

Savings Seatbelt



of participants want an investment that protects against losses

*even if it means waiting out significant losses

METHODOLOGY

The participant survey was conducted between December 7, 2022, and January 4, 2023. Survey included 1,509 full-time workers between the ages of 25 and 65 saving through their employer's retirement plan. The data were weighted to reflect key demographics (gender, income, and education) among all American private sector participants between 25 and 65.

This sponsor survey was conducted between August 22 and September 12, 2022. Survey included 508 plan sponsor representatives holding a job title of Director or higher, and having considerable influence when it comes to making decisions about their company's retirement plan (either 401(k), 403(b), or 457 plans). The data were weighted to reflect the makeup of the total defined contribution population by plan asset size.

Percentages in the tables and charts may not total 100 due to rounding and/or missing categories. Greenwald Research of Washington, D.C., completed data collection and analysis.

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Environmental, Social and Governance (ESG) refers to how a company's practices affect nature (climate change, carbon emissions, renewable energy, etc.), its relationship to stakeholders (such as employee relations, working conditions, human rights practices, etc.) and its corporate leadership, policies and structure (including management diversity, compliance policies corruption prevention, etc.).

Investment return and principal value of security investments will fluctuate. The value at the time of redemption may be more or less than the original cost. Past performance is no guarantee of future results.

You could lose money by investing in a mutual fund, even if through your employer's plan or an IRA. An investment in a mutual fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

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¹U.S. New, Bull Market Definition, March 2, 2022

²Standard & Poor's; American Century Investments 09/30/2022.

³One Year After the First Rate Hike, the Fed Stands at Policy Crossroads, CNBC, March 2023.

⁴CNBC, Average Account Balance Drops 23% (Fidelity) in 2020

⁵U.S. Inflation Calculator, February 2022.

⁶U.S. Department of Health and Human Services, April 2022

⁷Why We Think Recession Risk Is Rising in the U.S., American Century Investments, February 2023



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