

Retirement by the Numbers: The State of Public DC Participants

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Public DC plans in focus

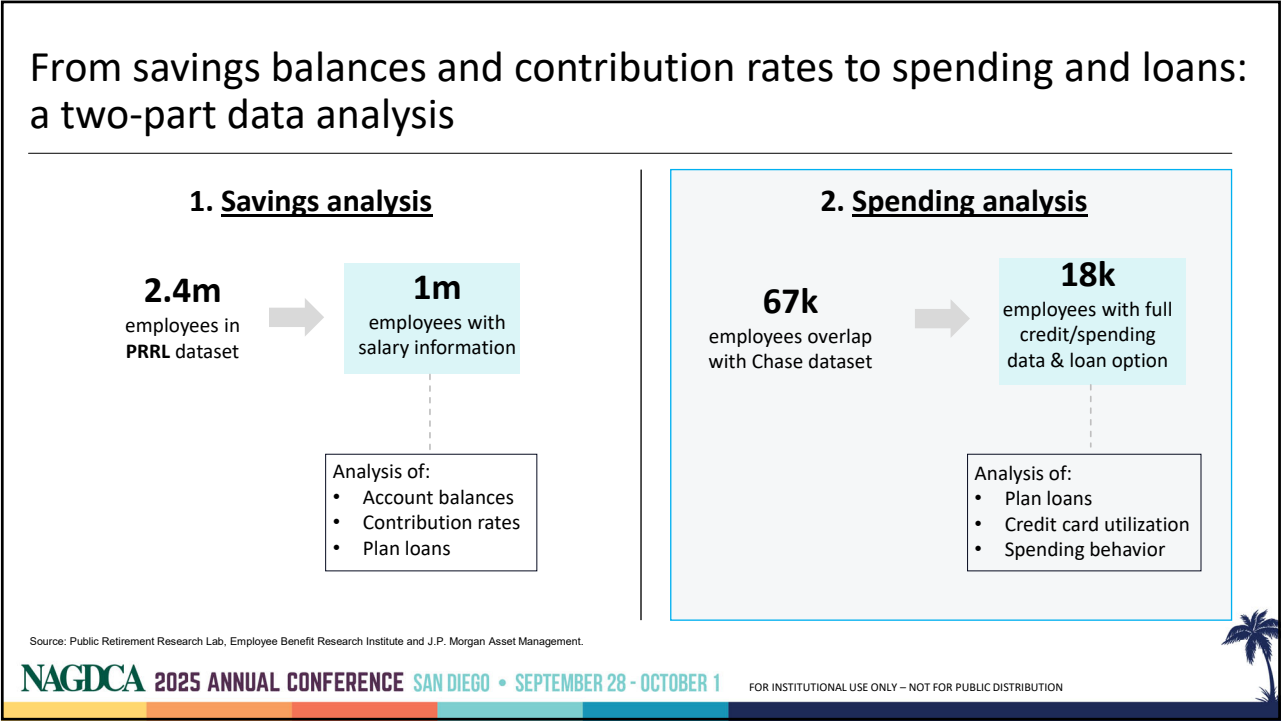
Insights on employee behaviors, sponsor perspectives and three actions to consider

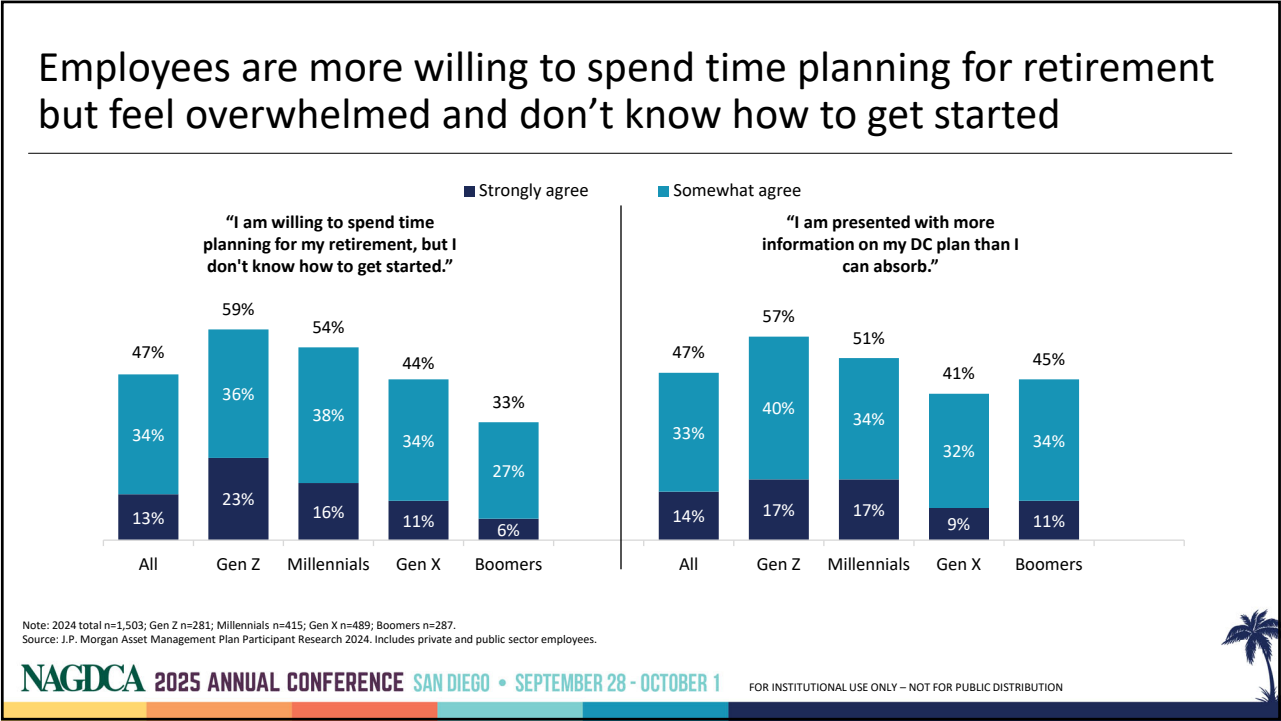
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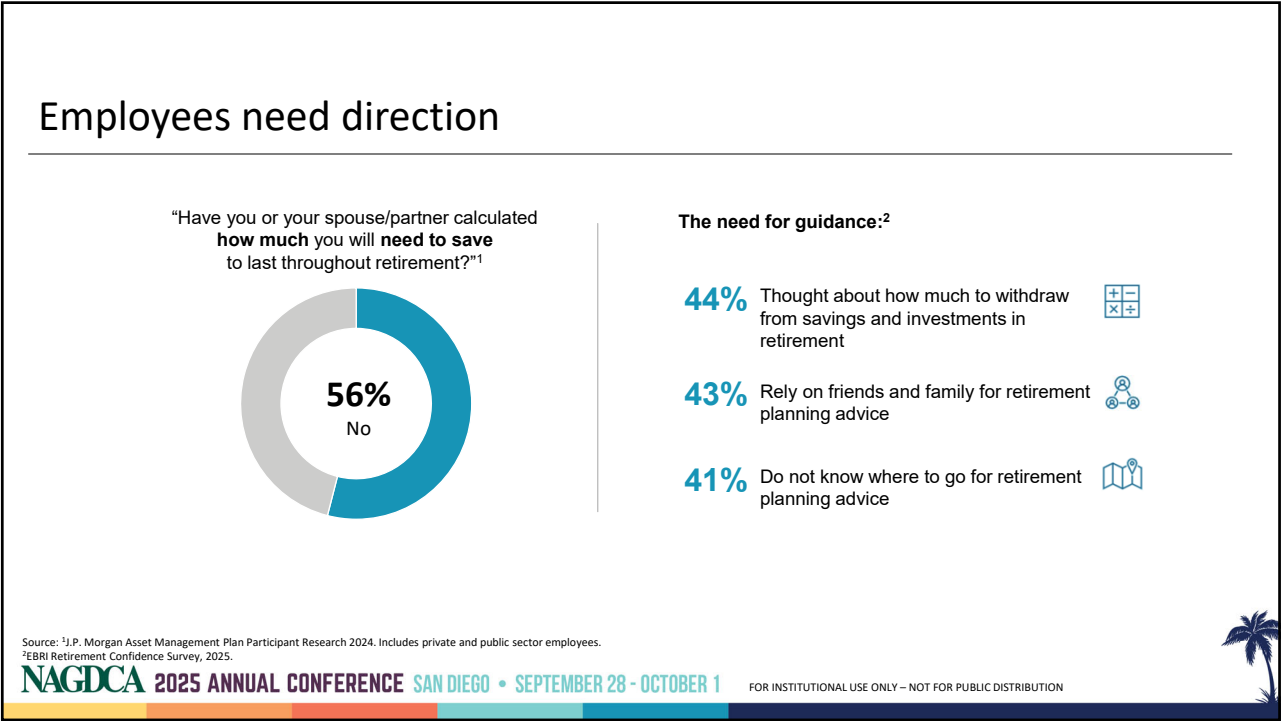
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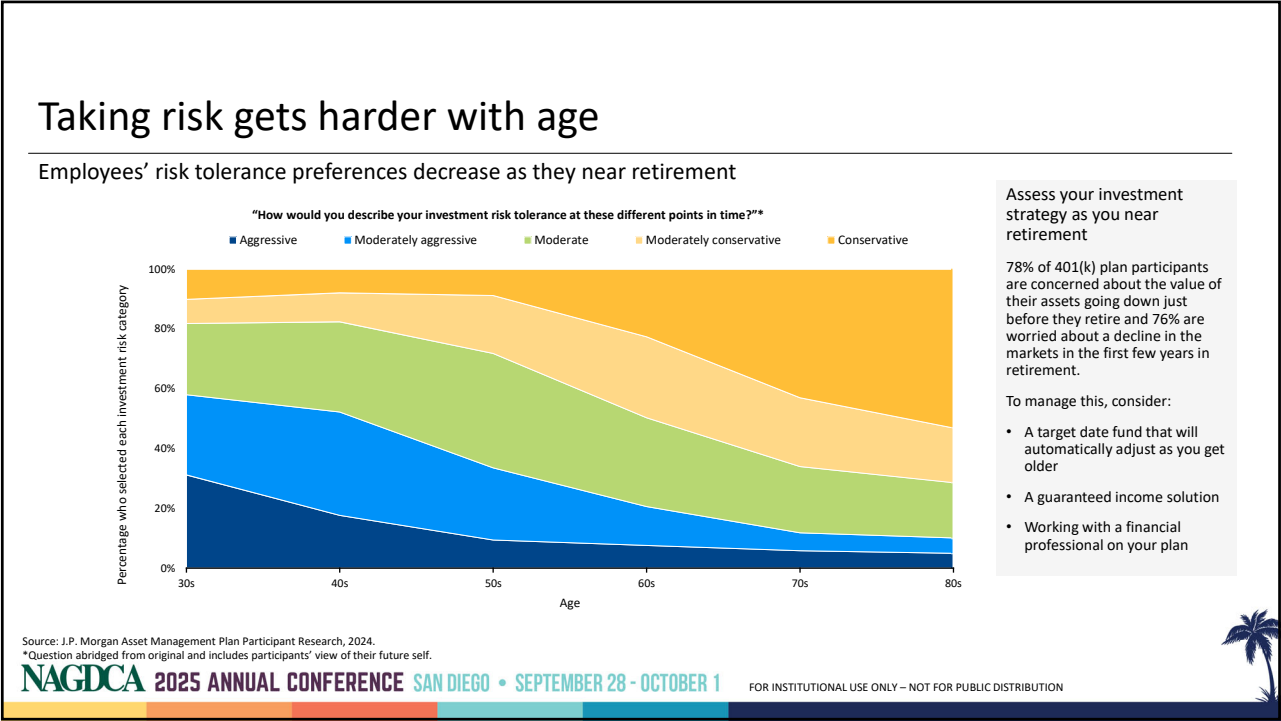




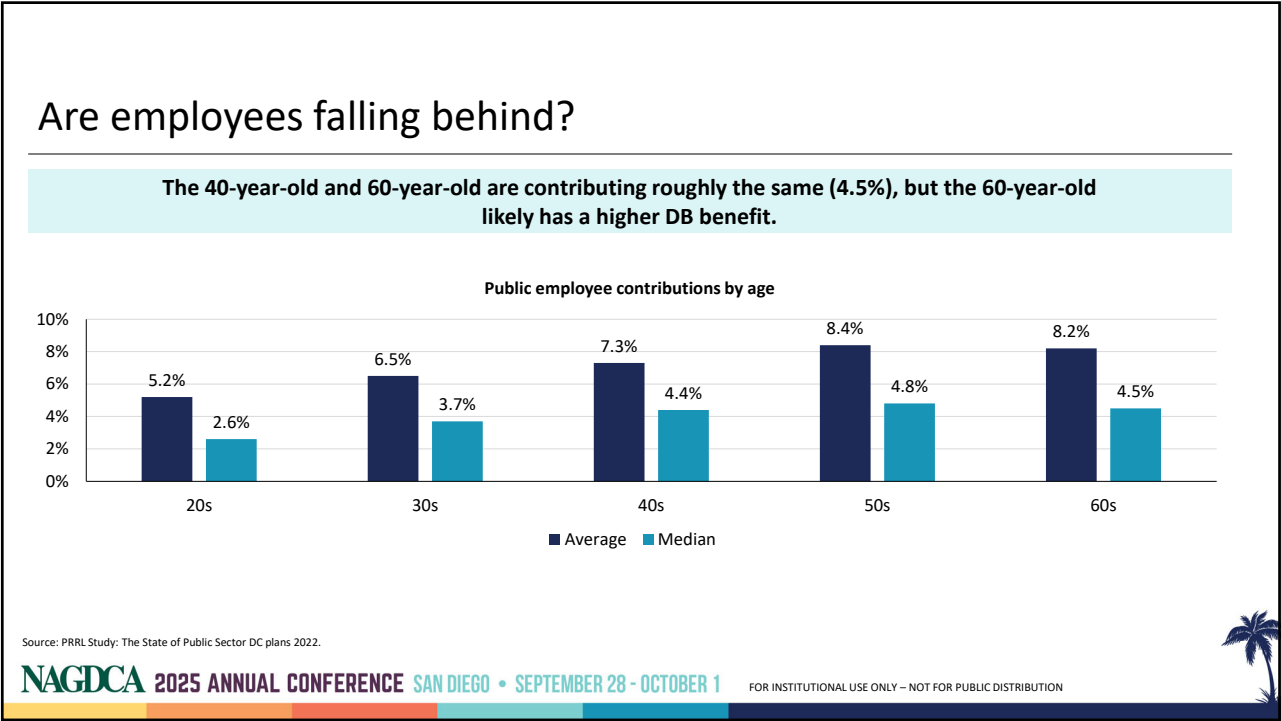
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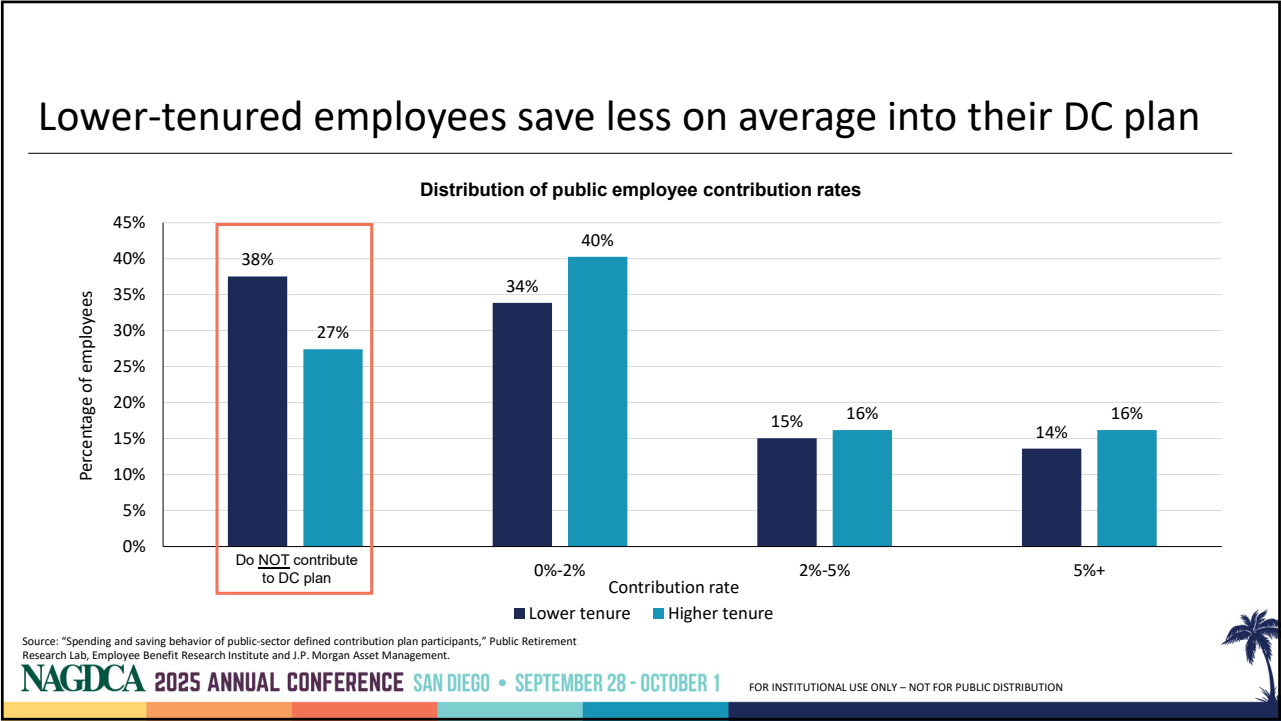
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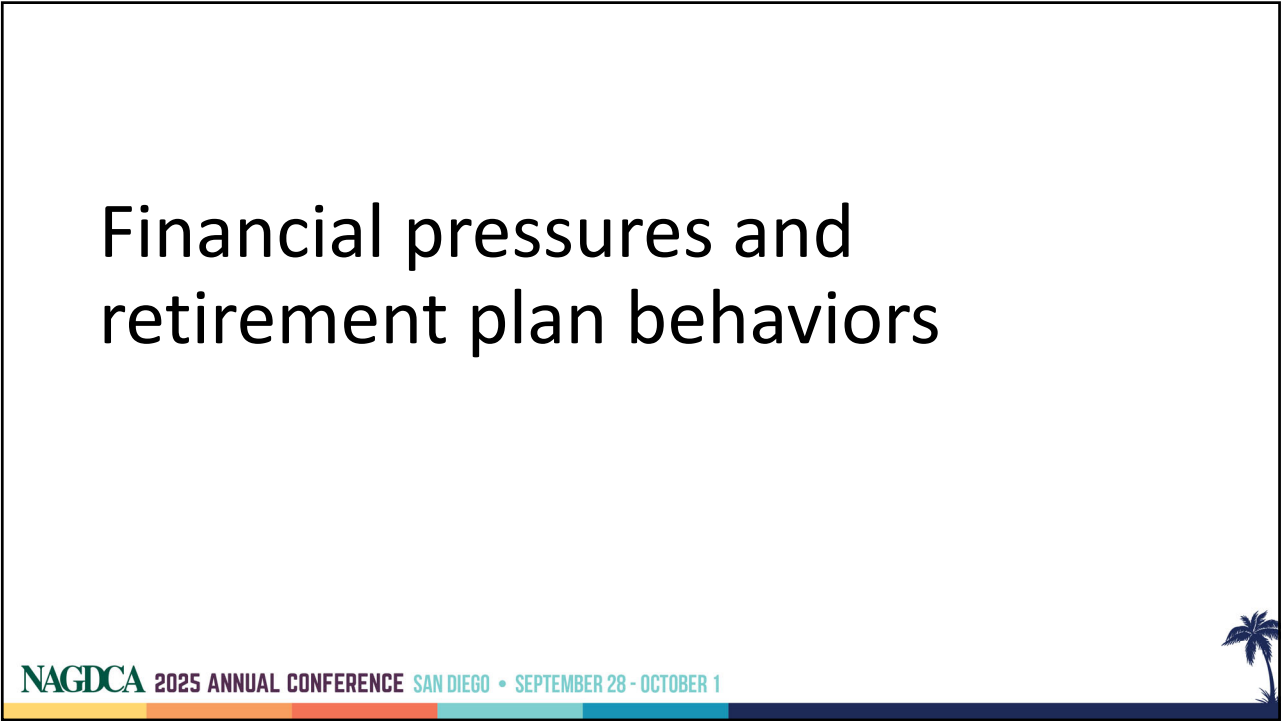
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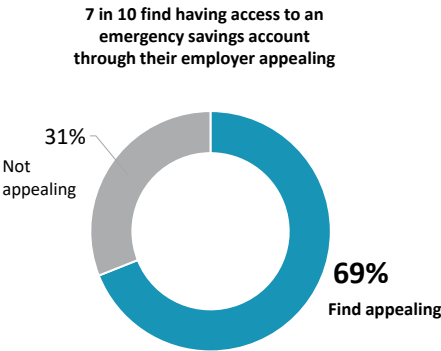
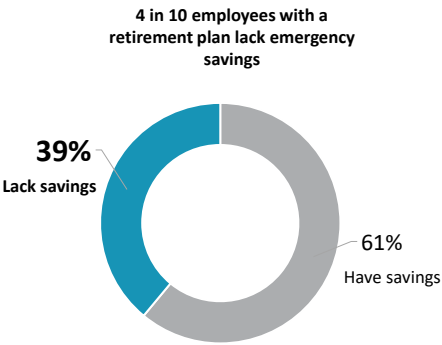


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A critical piece of the puzzle: emergency savings



Note: 2024 total n=1,503
Source: J.P. Morgan Asset Management Plan Participant Research 2024. Includes private and public sector employees.

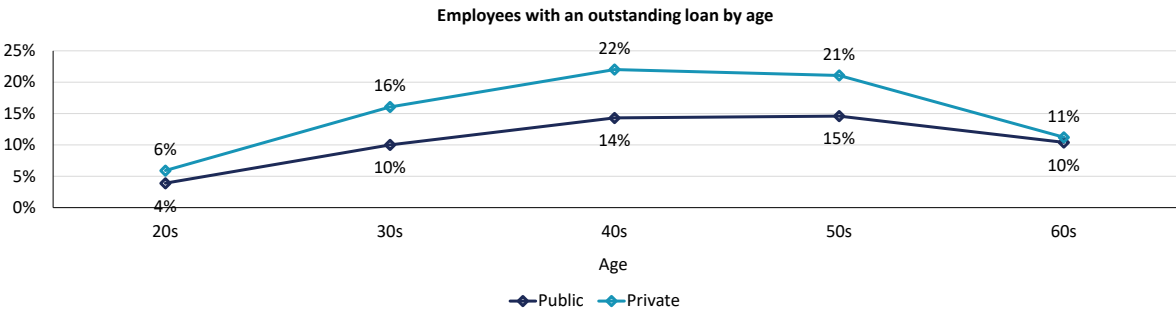
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Plan loans may illustrate financial strain

The number of public employees taking loans peaks in mid-life

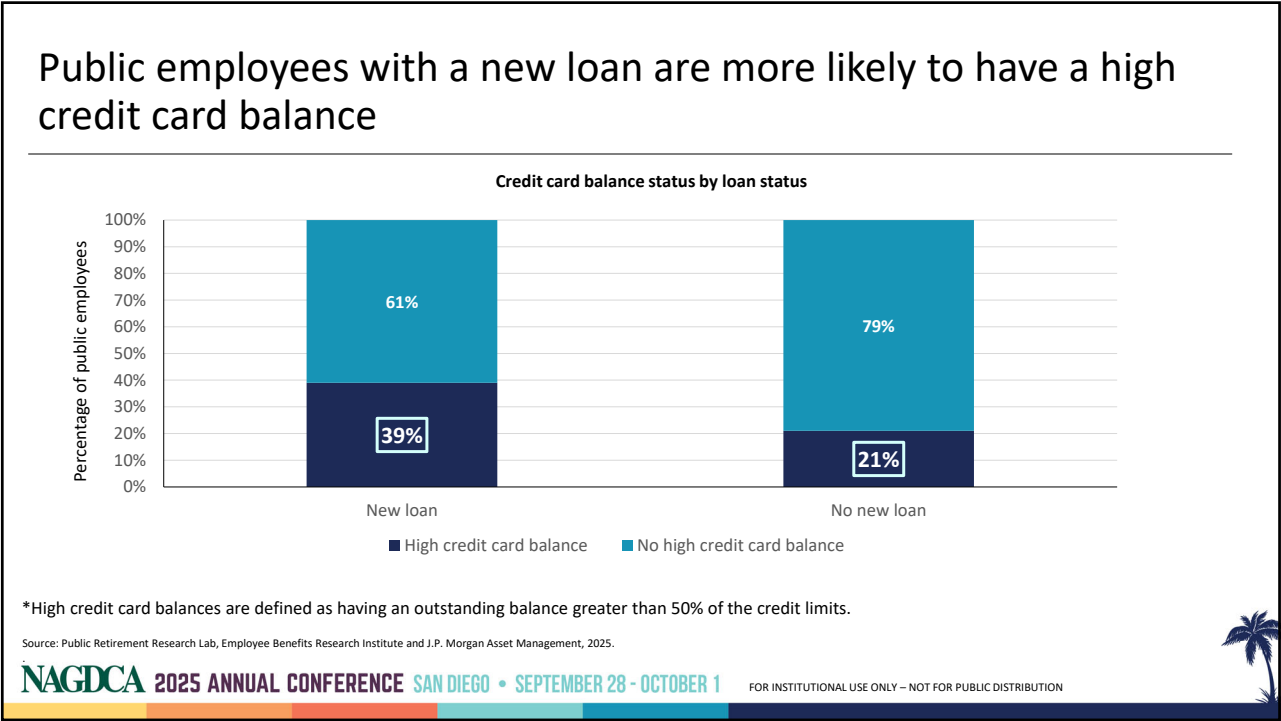
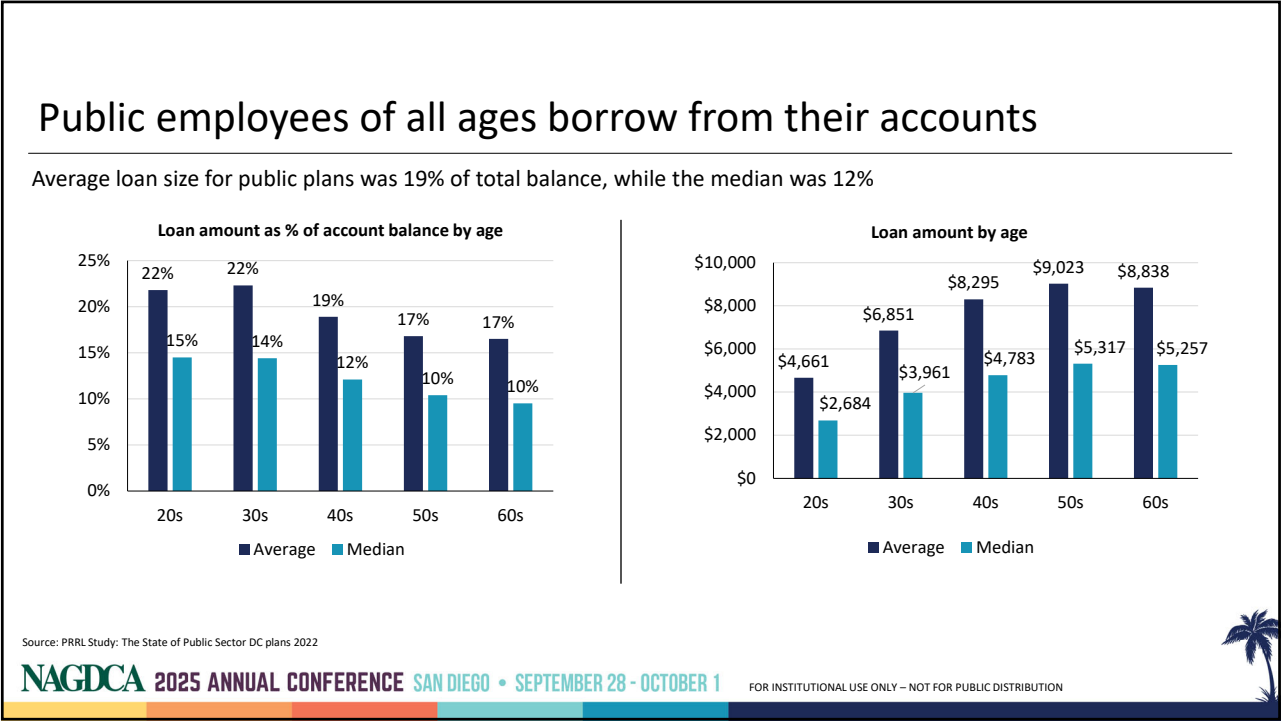


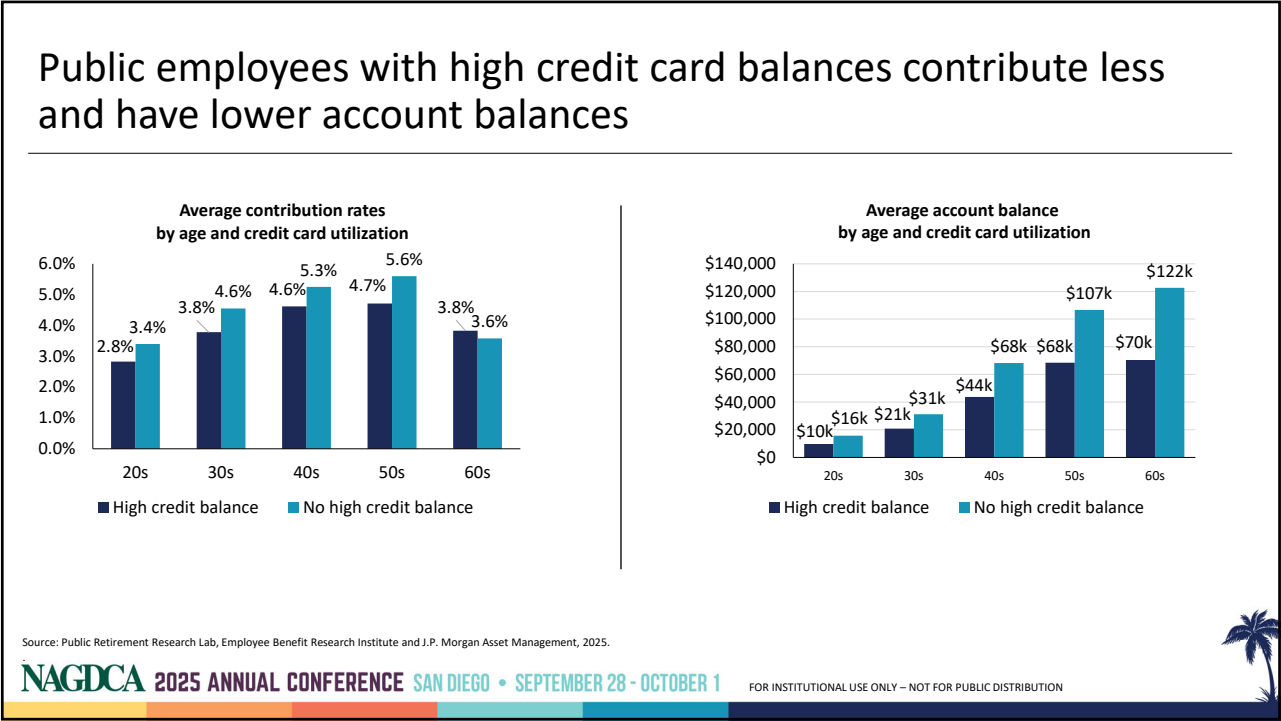
Source: PRRL Study: The State of Public Sector DC plans 2022

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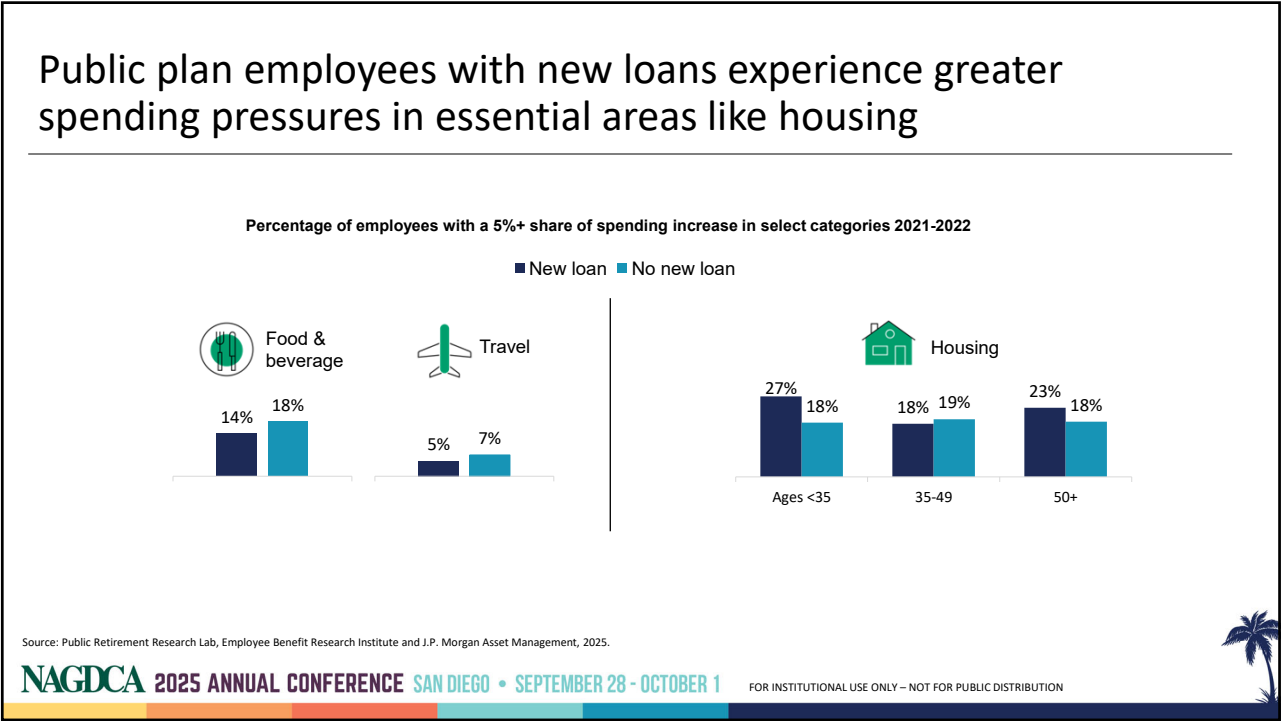
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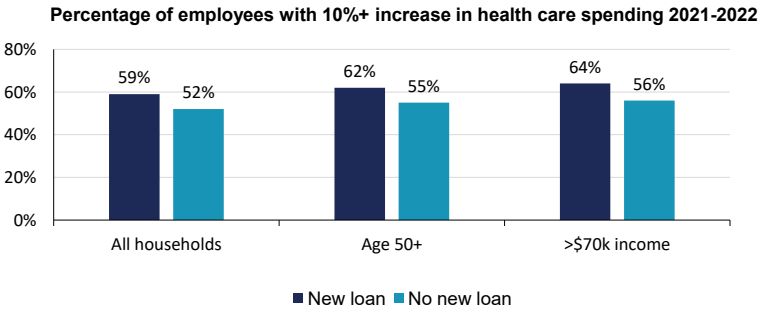




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Absolute spending increased the most on health care



Source: DC Plans in Focus, Public Retirement Research Lab, Employee Benefit Research Institute and I.P. Morgan Asset Management.
Absolute spending is calculated as a simple percentage increase in dollars spent.

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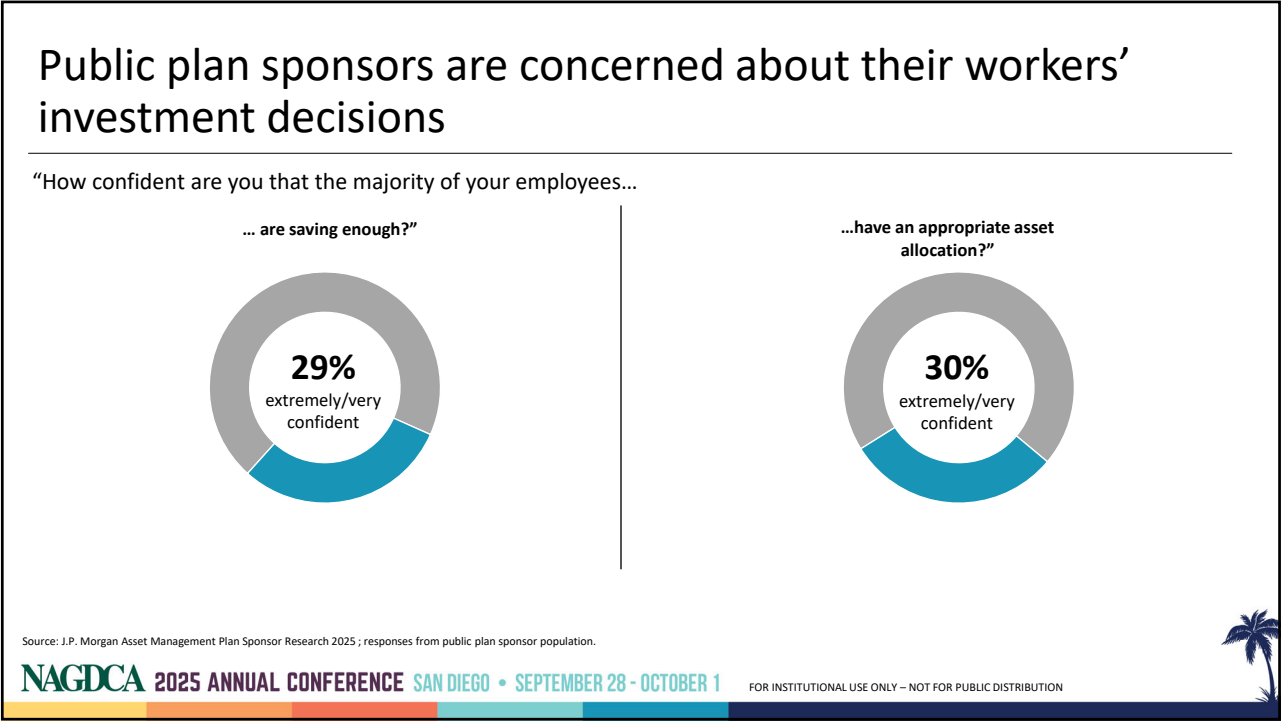
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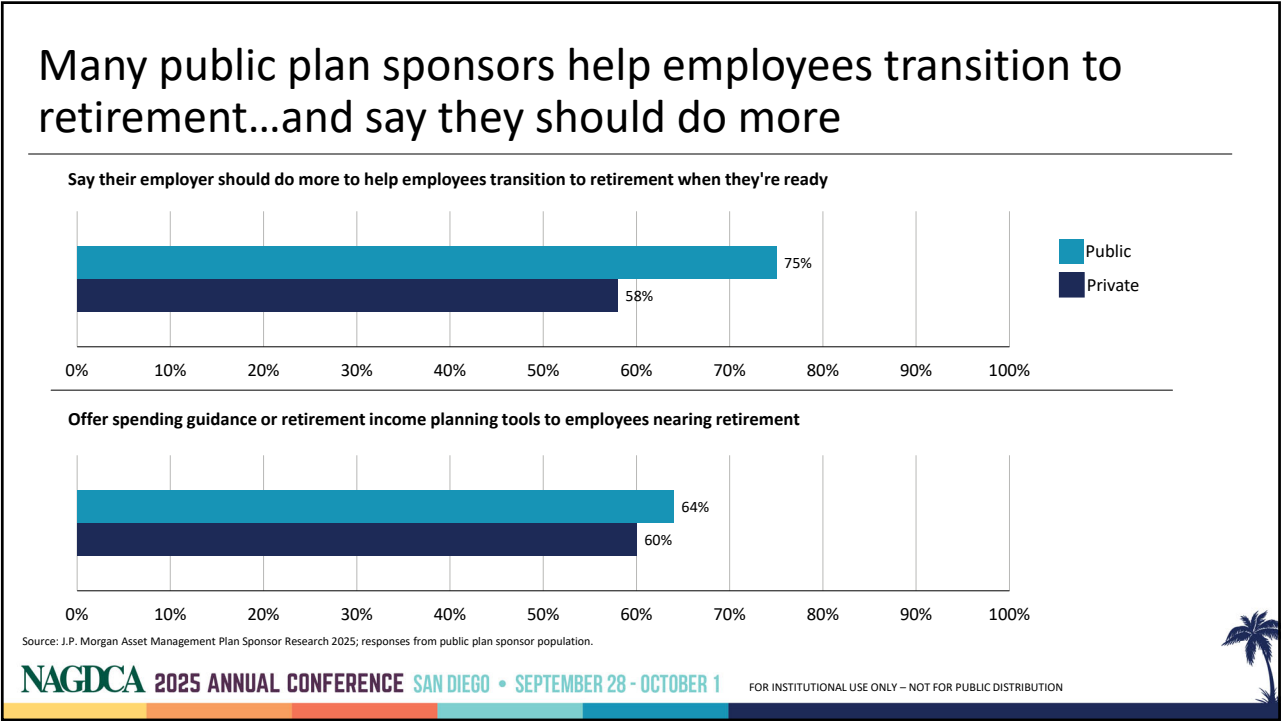
Public plan sponsor perspectives

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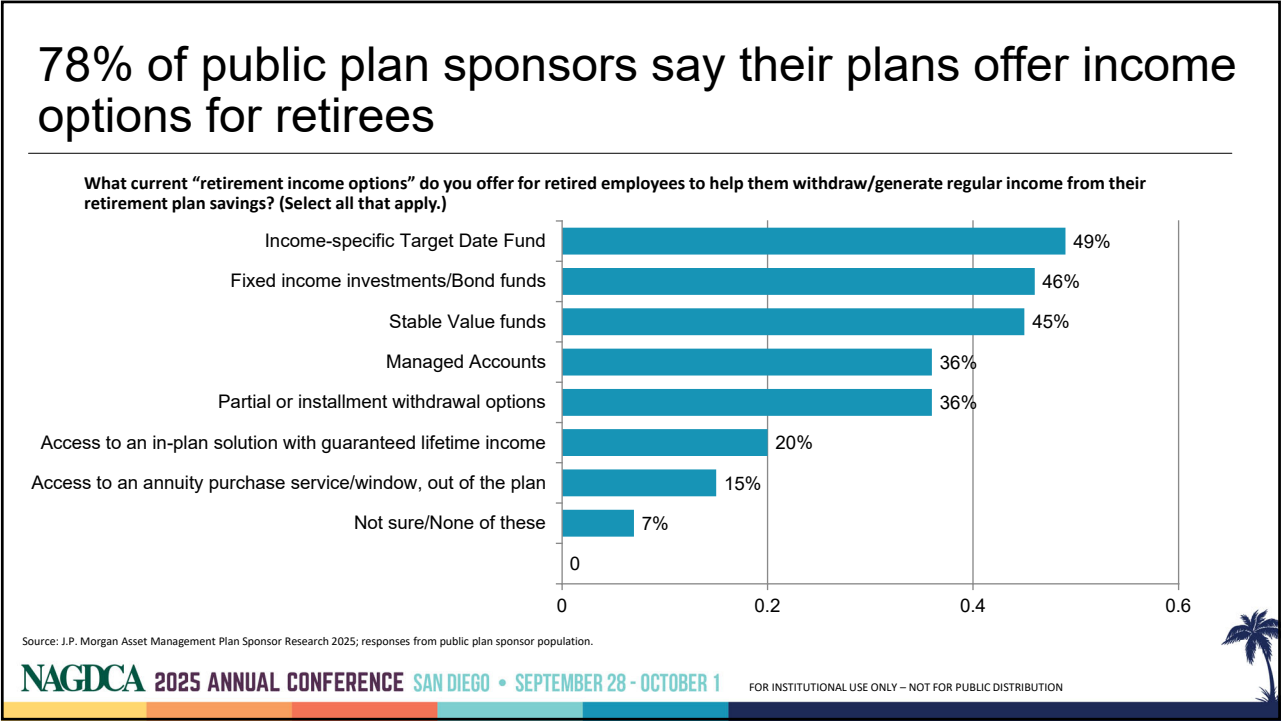




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Three actions to consider

1. Understand your plan’s specific demographics and behaviors

- Review salaries, ages and DB benefits to help communicate realistic contribution expectations
- Analyze how employees are behaving and document this as part of your QDIA selection

2. Consider the impact of employees’ broader financial picture and plan engagement

- Explore ways to integrate financial wellness strategies with plan offerings
- Education and advocacy for emergency savings can have a positive impact on retirement readiness

3. Evaluate retirement income options and tools

- Keeping pace with new developments can help ensure your plan continues to meet employees’ evolving needs

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Data privacy & disclosures

This paper was informed by research from a previous publication that was a joint effort between the Public Retirement Research Lab (PRRL)—a collaborative partnership between the Employee Benefit Research Institute (EBRI) and the National Association of Government Defined Contribution Administrators (NAGDCA) to provide an enhanced understanding of the design and utilization of public sector defined contribution retirement plans—and J. P. Morgan Asset Management (JPMAM) to deliver data-driven research to further the retirement success of Americans, with a commitment to providing unique fact-based insights to policymakers, plan sponsors and plan providers to help build a stronger retirement system. This paper was produced by JPMAM alone and includes JPMAM's view only. PRRL was not involved in the writing of this paper.

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Default Investment Acceptance – A Comparison between Public and Private DC Plans

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How do default investment options influence the retirement outcomes?


**Three levers to incentivize DC
retirement savings:**

1. Auto-Enroll and Escalation;
2. Employer match;
3. Default investment options.
 - TDF, SVF, MA, etc.

- Are there any differences between the public and private sectors?

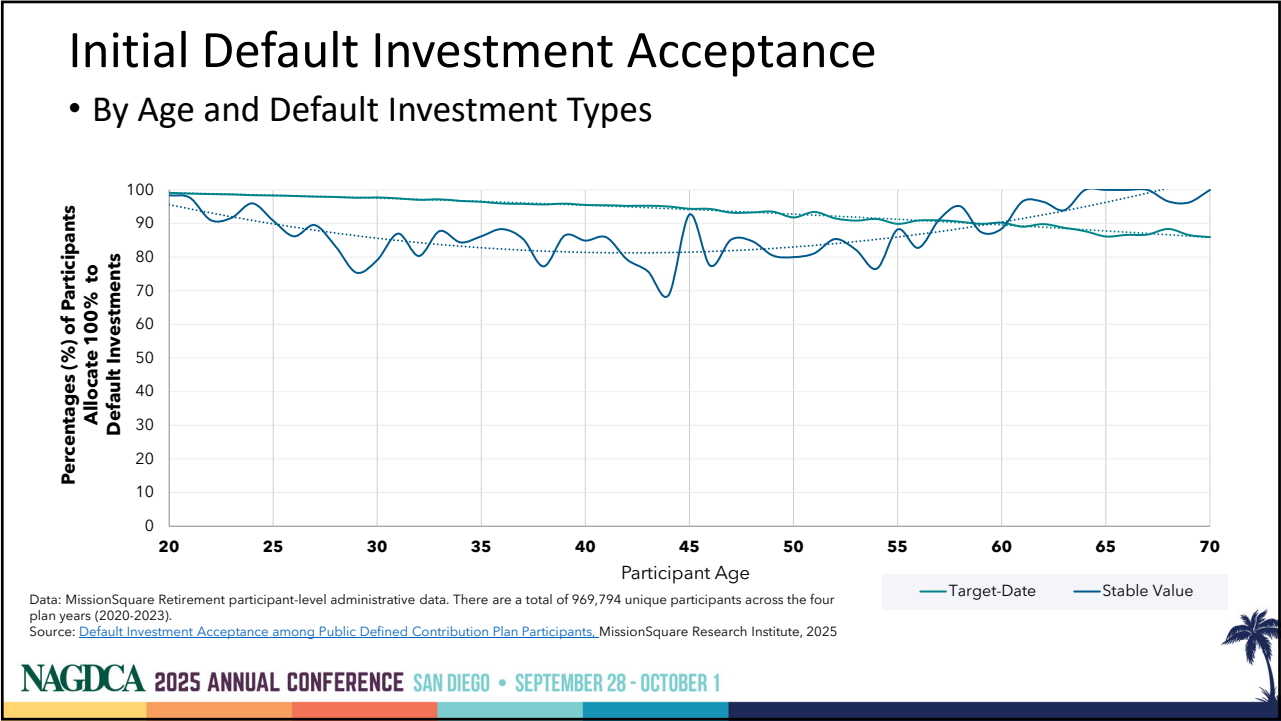
Data Source:

- MissionSquare participant-level administrative data.
- Approximately 970k participants.
- Longitudinal data across the four plan years (2020-2023).

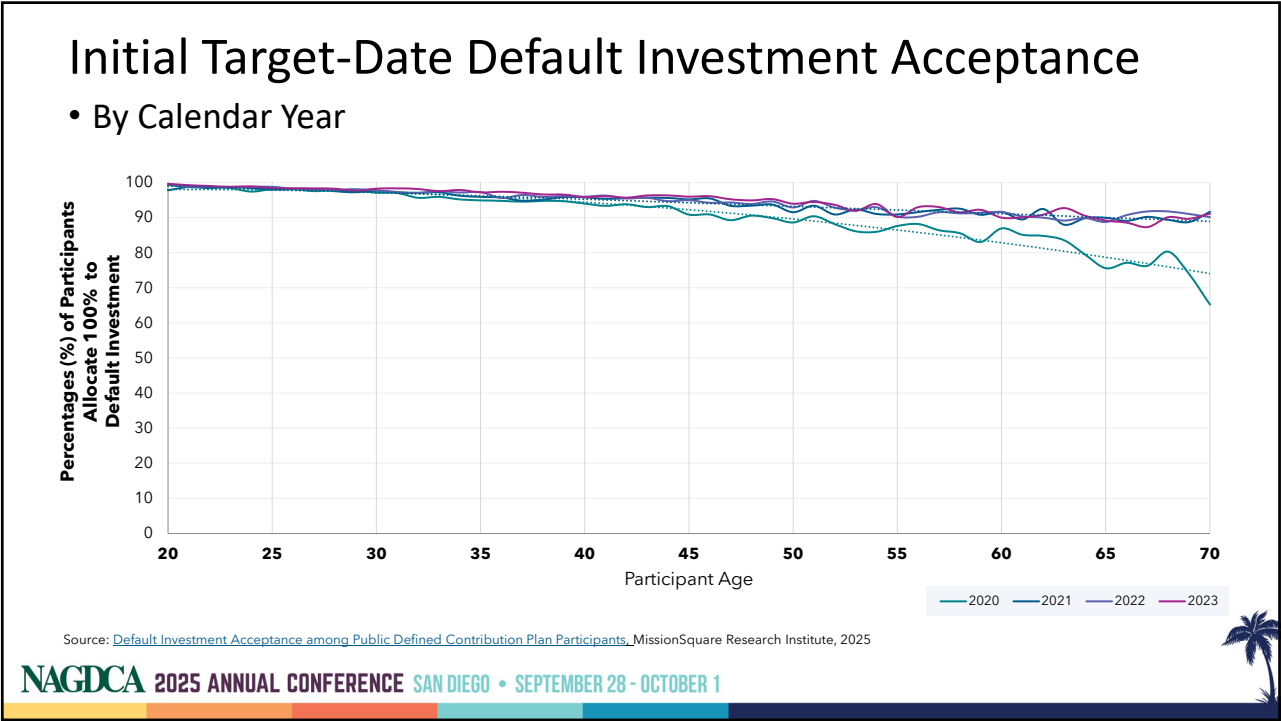


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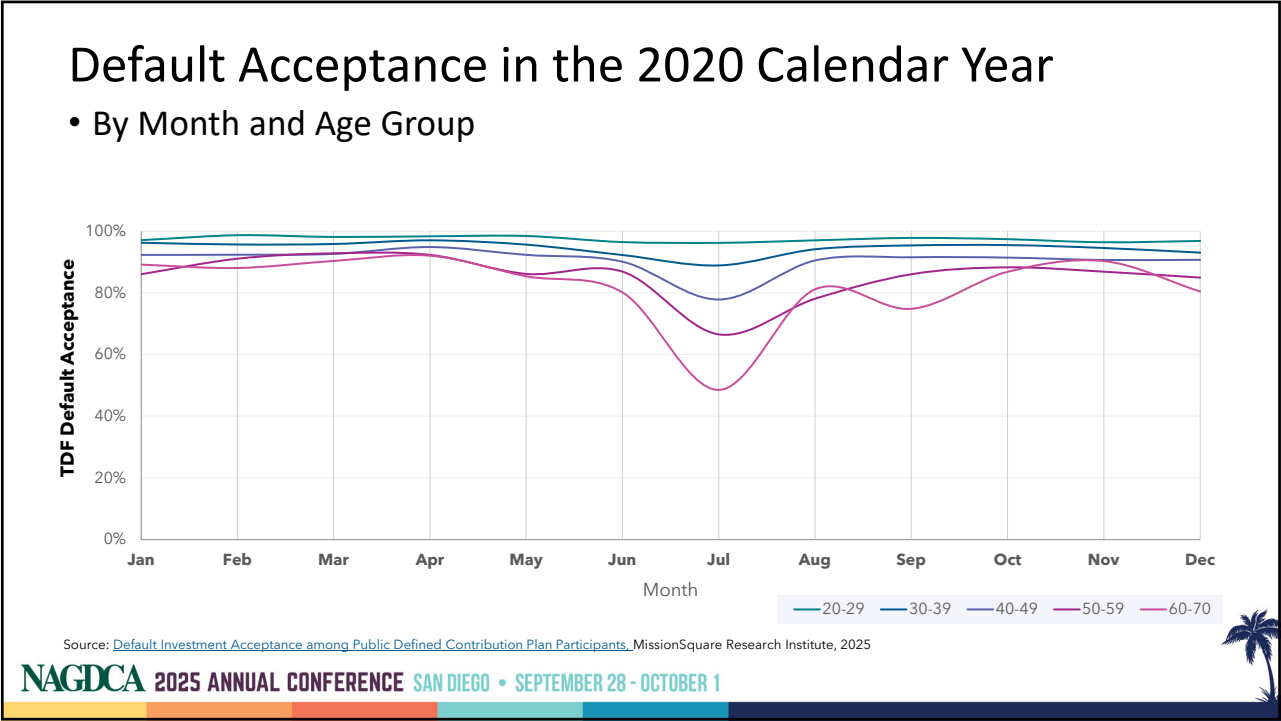
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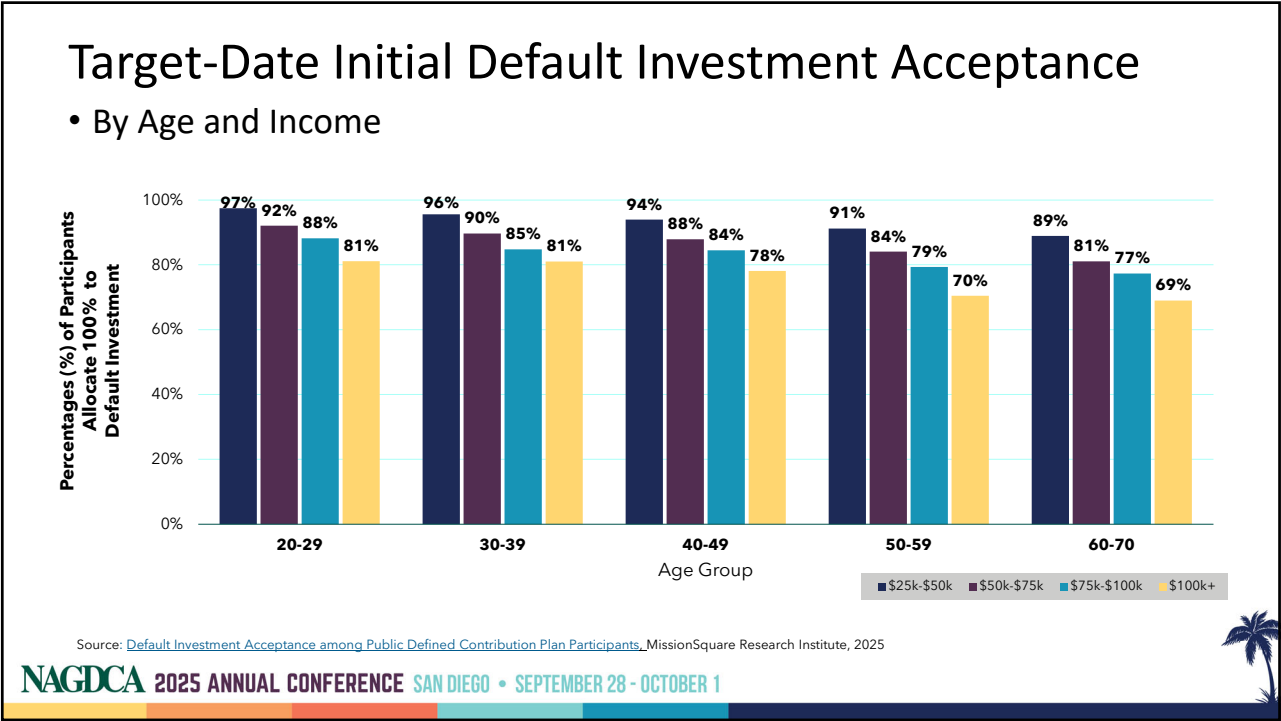
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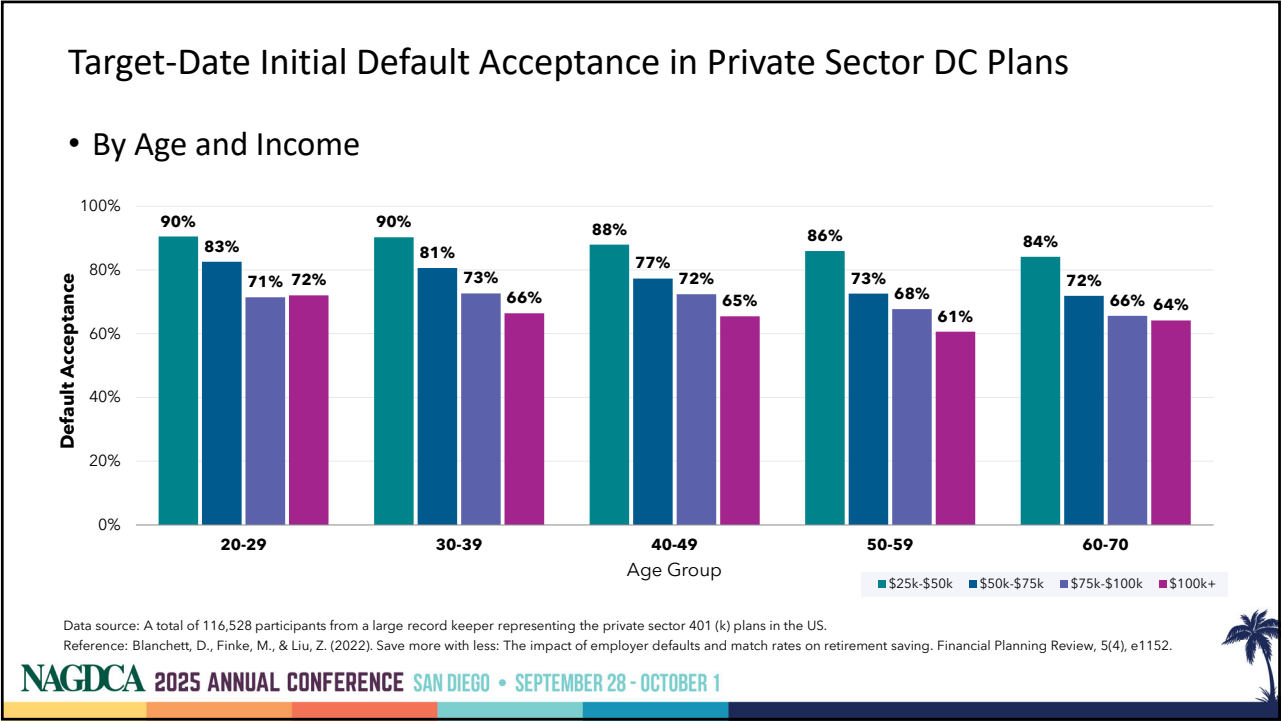
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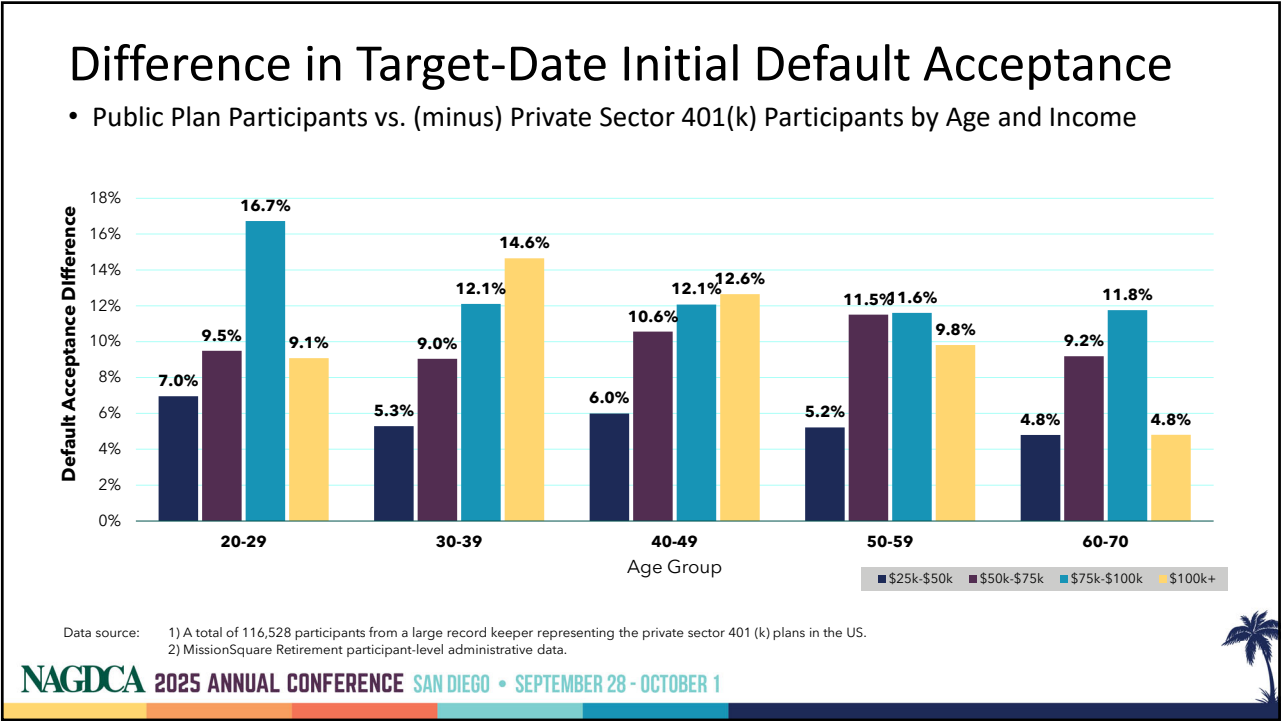
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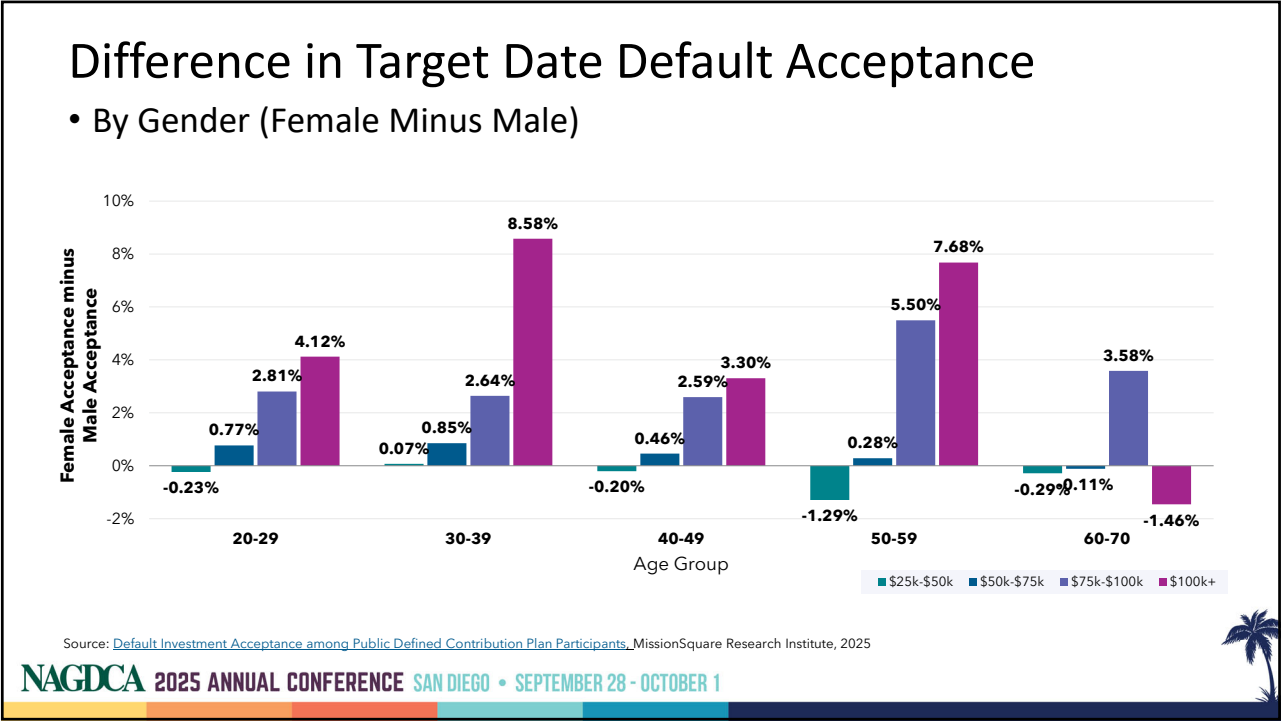
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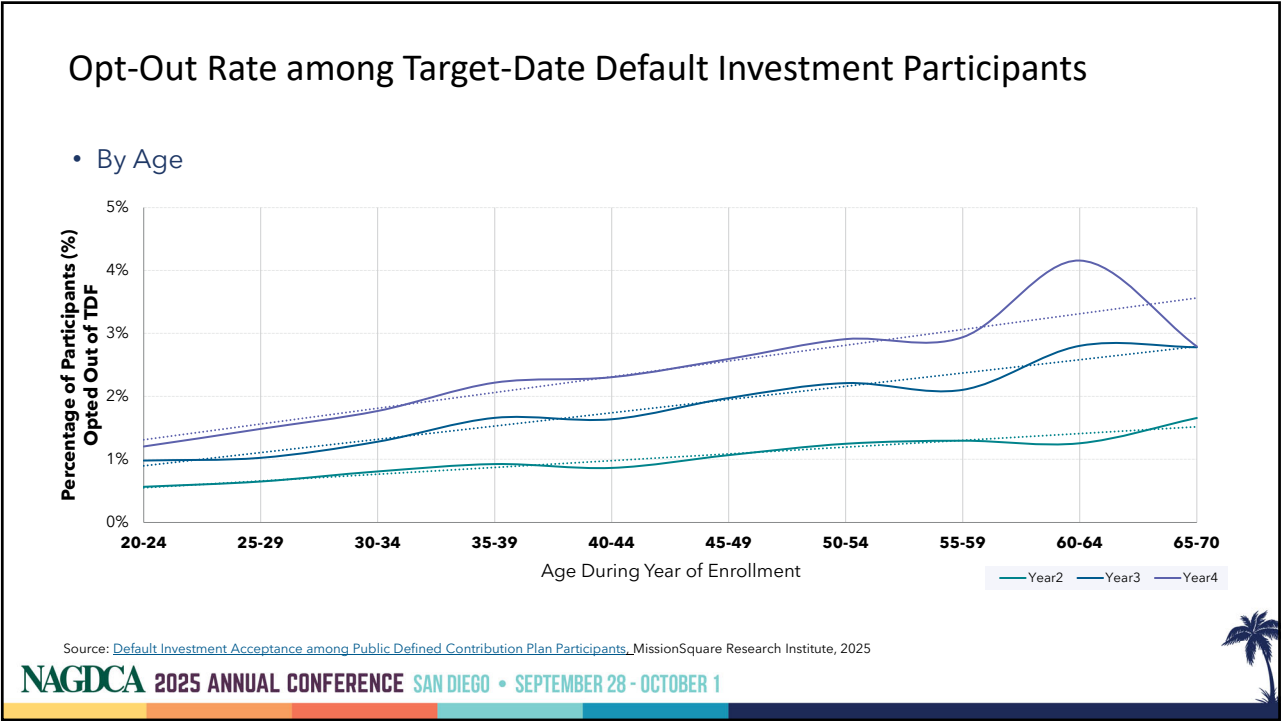
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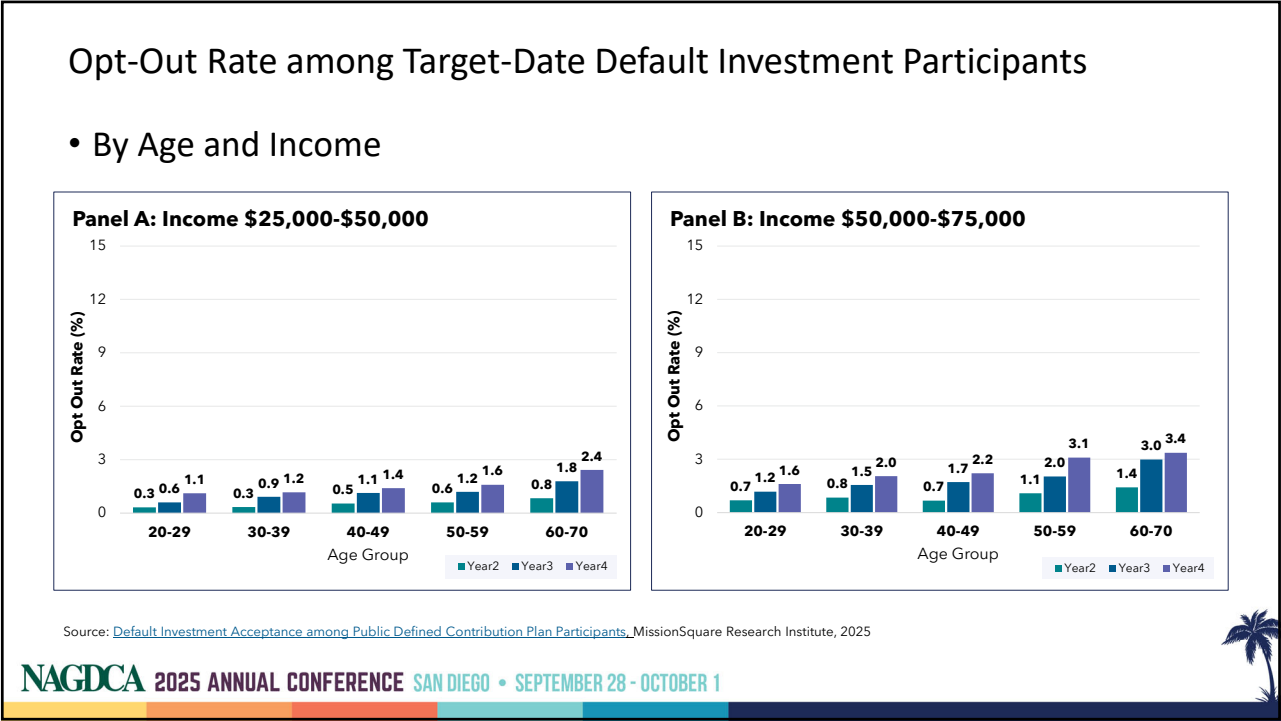
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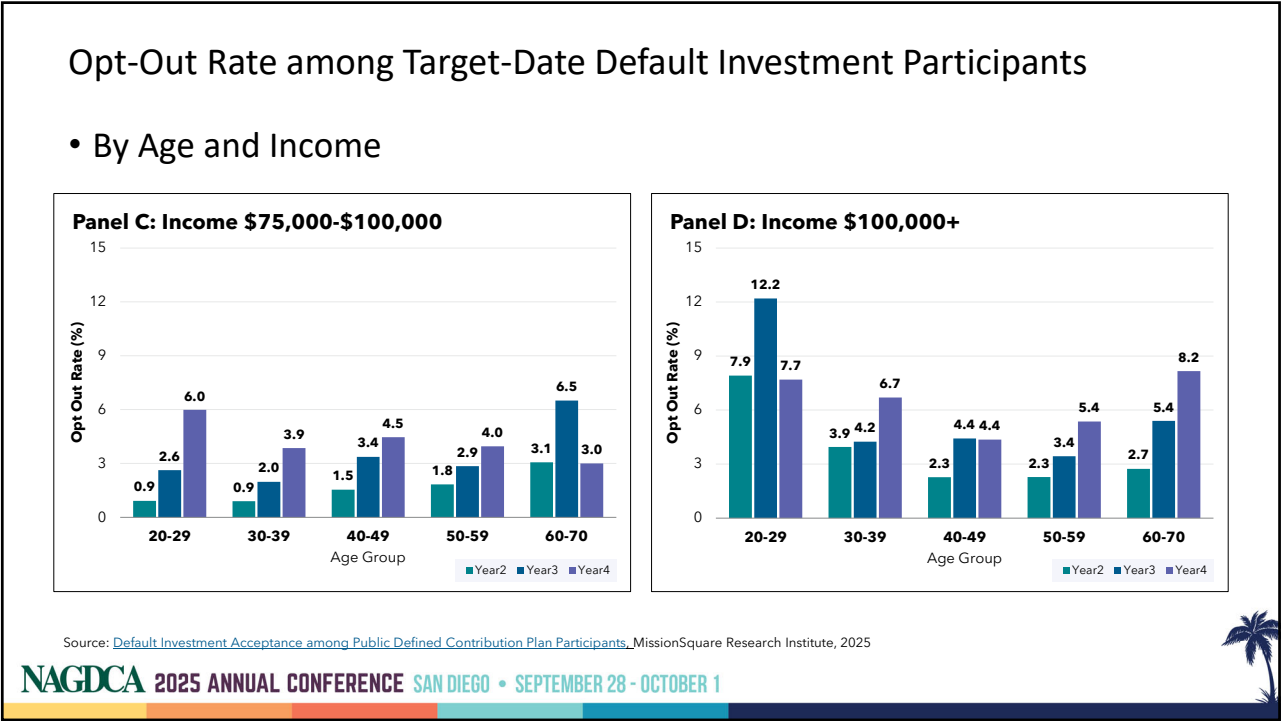
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Conclusions

- Awareness, Responsibility, and Actions
 - Public sector DC plan participants, compared to private sector 401(k) participants, are more likely to accept default investment options provided by their retirement plan sponsor.
 - Extreme market volatility is likely to affect default investment decisions, especially among older participants.
 - Default investment acceptance rates decline with age and income level and appear to be higher among female participants.
 - Opt-out rates among public DC plan participants who initially accept the default acceptance are about 1% per year but increase notably with age and income.

MissionSquare Research Institute 2025
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