



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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From savings balances and contribution rates to spending and loans: a two-part data analysis

1. Savings analysis

2.4m
employees in
PRRL dataset

1m
employees with
salary information

Analysis of:
• Account balances
• Contribution rates
• Plan loans

2. Spending analysis

67k
employees overlap
with Chase dataset

18k
employees with full
credit/spending
data & loan option

Analysis of:
• Plan loans
• Credit card utilization
• Spending behavior

Source: Public Retirement Research Lab, Employee Benefit Research Institute and J.P. Morgan Asset Management.

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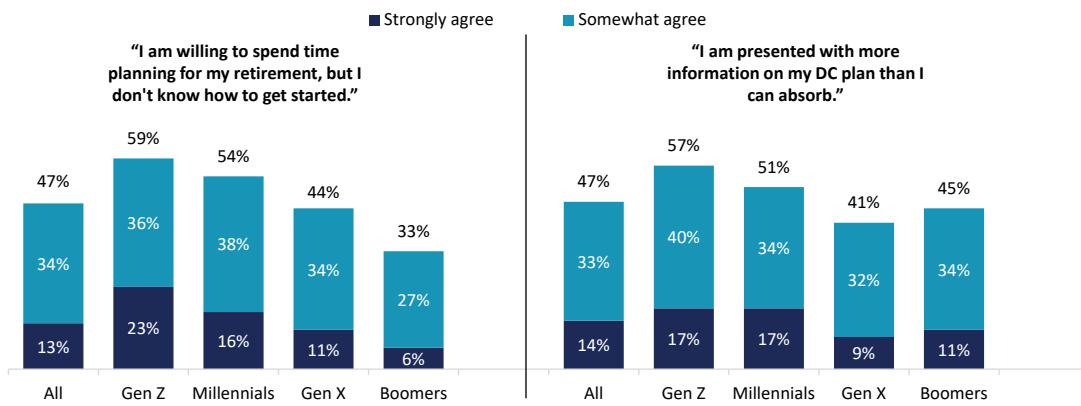
Understanding public employees today



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Employees are more willing to spend time planning for retirement but feel overwhelmed and don't know how to get started



Note: 2024 total n=1,503; Gen Z n=281; Millennials n=415; Gen X n=489; Boomers n=287.
Source: J.P. Morgan Asset Management Plan Participant Research 2024. Includes private and public sector employees.

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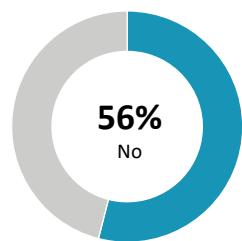
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Employees need direction

"Have you or your spouse/partner calculated **how much** you will **need to save** to last throughout retirement?"¹



The need for guidance:²

44% Thought about how much to withdraw from savings and investments in retirement



43% Rely on friends and family for retirement planning advice



41% Do not know where to go for retirement planning advice



Source: ¹J.P. Morgan Asset Management Plan Participant Research 2024. Includes private and public sector employees.

²EBRI Retirement Confidence Survey, 2025.

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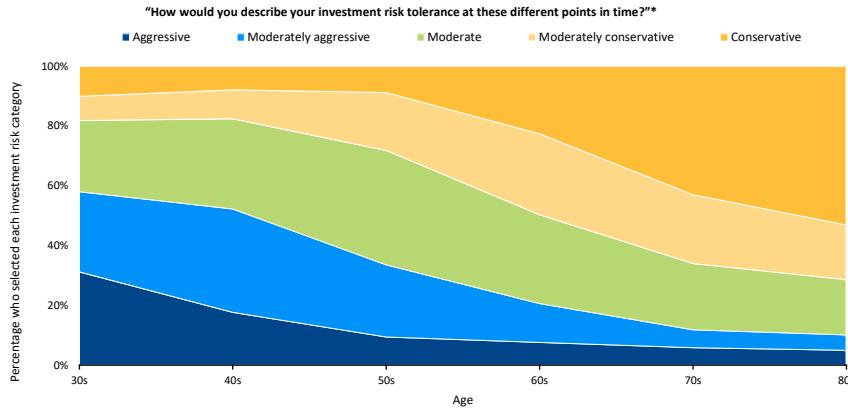
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Taking risk gets harder with age

Employees' risk tolerance preferences decrease as they near retirement



Assess your investment strategy as you near retirement

78% of 401(k) plan participants are concerned about the value of their assets going down just before they retire and 76% are worried about a decline in the markets in the first few years in retirement.

To manage this, consider:

- A target date fund that will automatically adjust as you get older
- A guaranteed income solution
- Working with a financial professional on your plan

Source: J.P. Morgan Asset Management Plan Participant Research, 2024.

*Question abridged from original and includes participants' view of their future self.

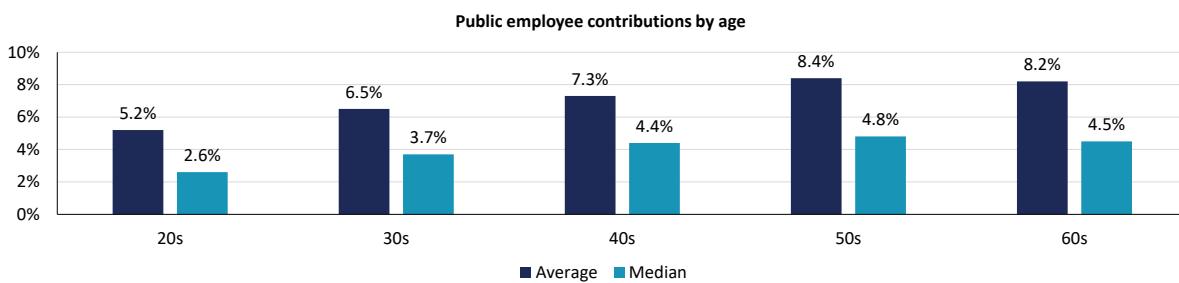
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Are employees falling behind?

The 40-year-old and 60-year-old are contributing roughly the same (4.5%), but the 60-year-old likely has a higher DB benefit.



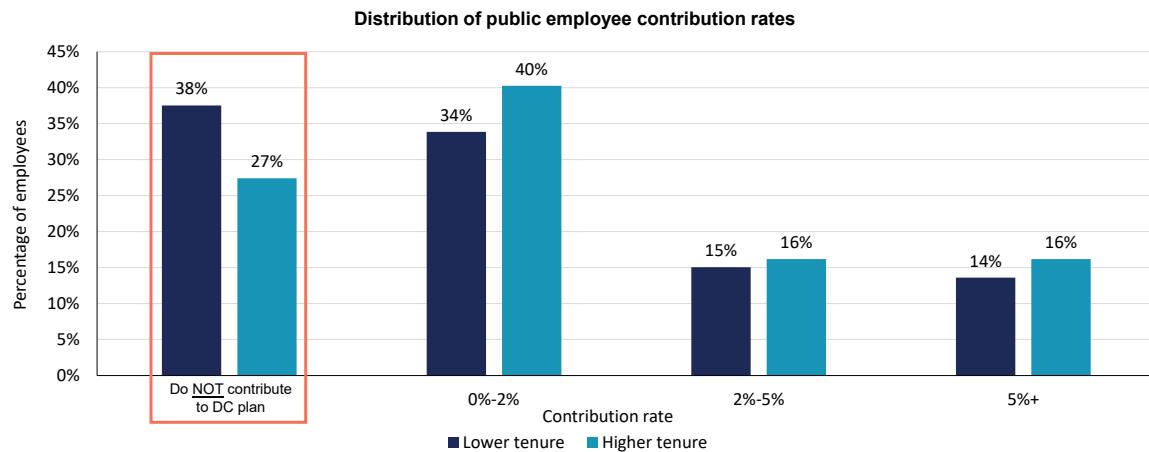
Source: PRRL Study: The State of Public Sector DC plans 2022.

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Lower-tenured employees save less on average into their DC plan



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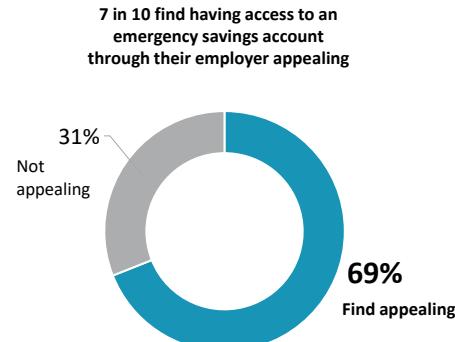
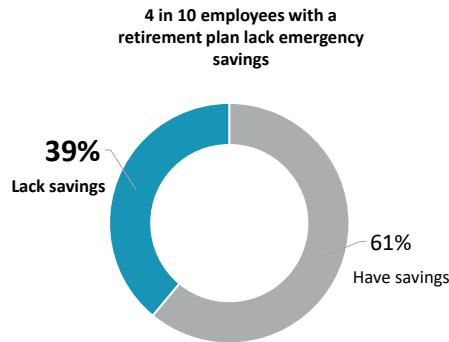
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Financial pressures and retirement plan behaviors

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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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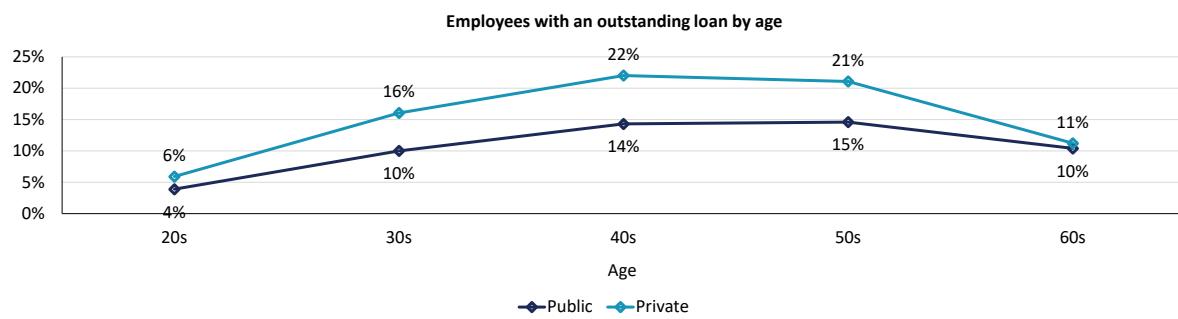
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Plan loans may illustrate financial strain

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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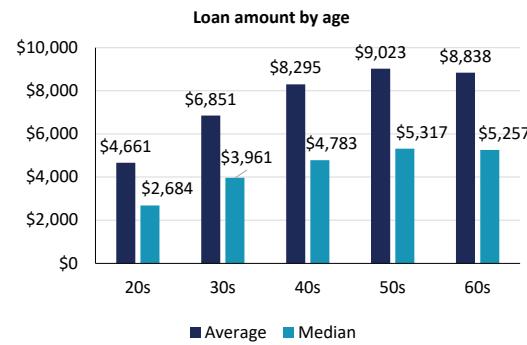
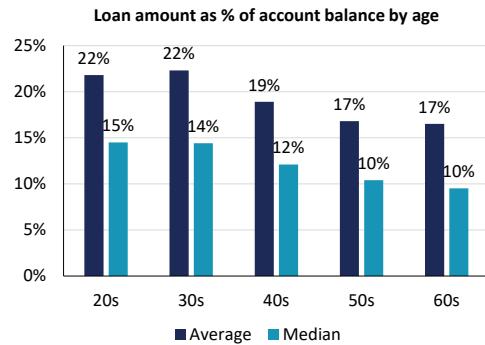
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Public employees of all ages borrow from their accounts

Average loan size for public plans was 19% of total balance, while the median was 12%



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

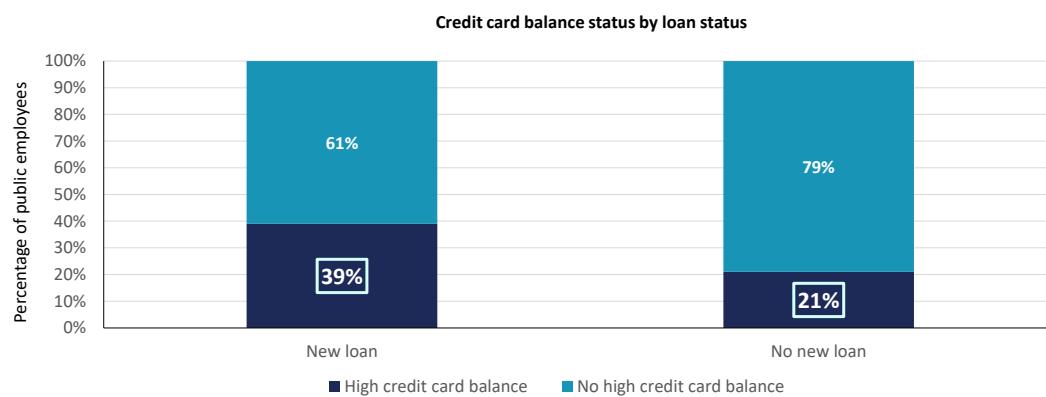
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Public employees with a new loan are more likely to have a high credit card balance



*High credit card balances are defined as having an outstanding balance greater than 50% of the credit limits.

Source: Public Retirement Research Lab, Employee Benefits Research Institute and J.P. Morgan Asset Management, 2025.

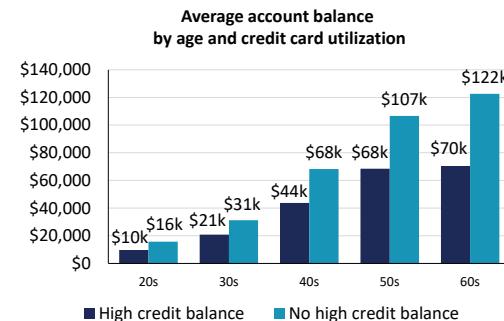
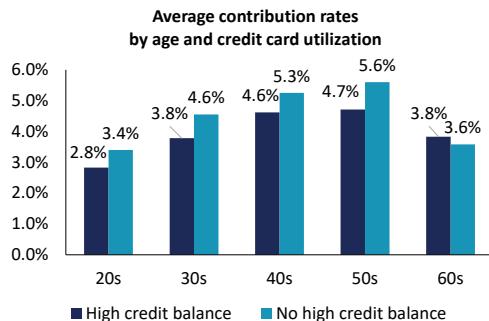
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Public employees with high credit card balances contribute less and have lower account balances



Source: Public Retirement Research Lab, Employee Benefit Research Institute and J.P. Morgan Asset Management, 2025.

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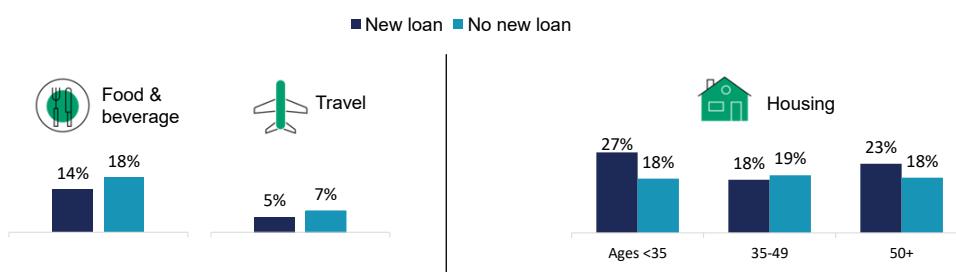
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Public plan employees with new loans experience greater spending pressures in essential areas like housing

Percentage of employees with a 5%+ share of spending increase in select categories 2021-2022



Source: Public Retirement Research Lab, Employee Benefit Research Institute and J.P. Morgan Asset Management, 2025.

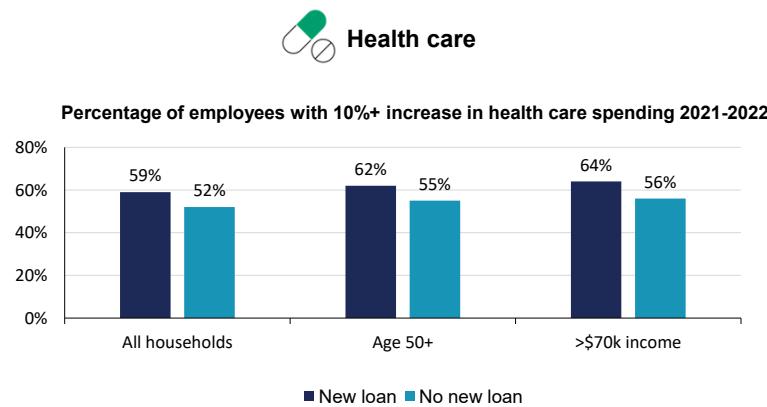
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Absolute spending increased the most on health care



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

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Public plan sponsor perspectives

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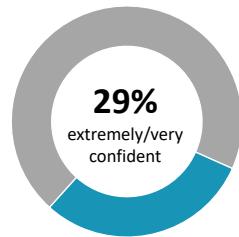


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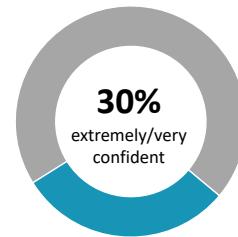
Public plan sponsors are concerned about their workers' investment decisions

"How confident are you that the majority of your employees...

... are saving enough?"



...have an appropriate asset allocation?"



Source: J.P. Morgan Asset Management Plan Sponsor Research 2025; responses from public plan sponsor population.

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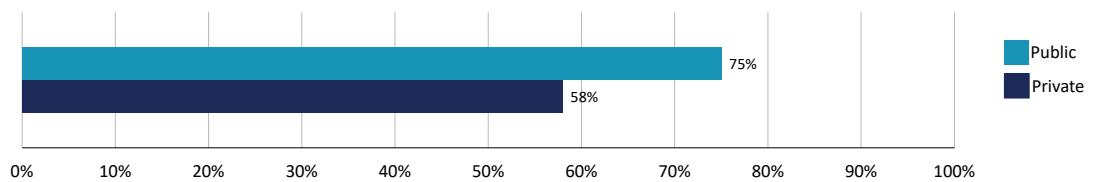
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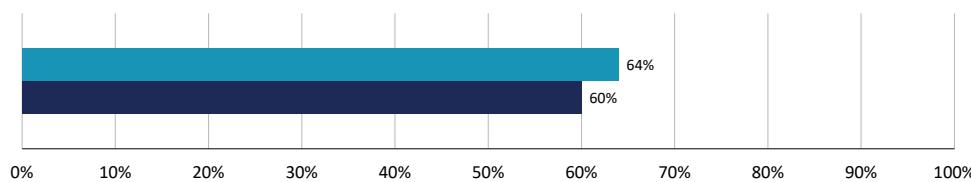


Many public plan sponsors help employees transition to retirement...and say they should do more

Say their employer should do more to help employees transition to retirement when they're ready



Offer spending guidance or retirement income planning tools to employees nearing retirement



Source: J.P. Morgan Asset Management Plan Sponsor Research 2025; responses from public plan sponsor population.

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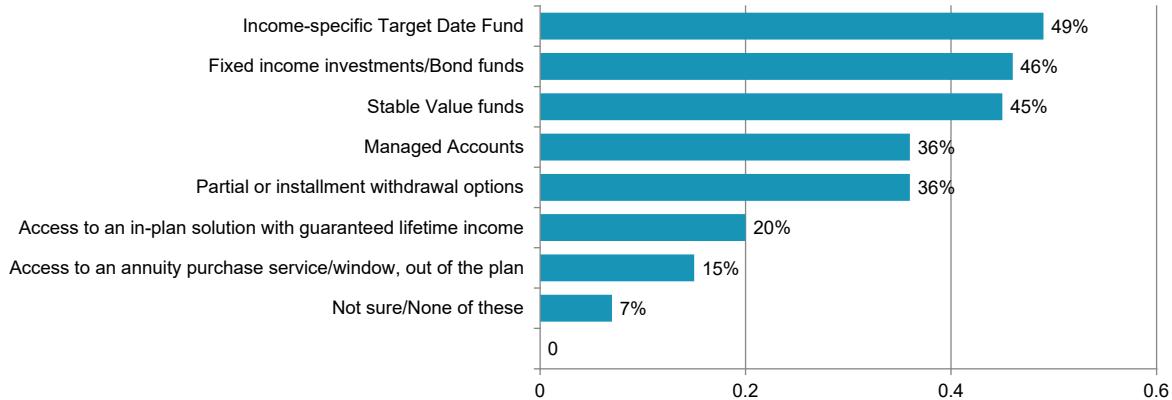


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78% of public plan sponsors say their plans offer income options for retirees

What current "retirement income options" do you offer for retired employees to help them withdraw/generate regular income from their retirement plan savings? (Select all that apply.)



Source: J.P. Morgan Asset Management Plan Sponsor Research 2025; responses from public plan sponsor population.

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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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In this analysis, the Chase data sample referenced herein is restricted to the households in 2019–2021 who use Chase as their primary banking institution, and their total household spending through all payment mechanisms (including select credit and debit card transactions, electronic payment transactions, check and cash payments) and sources of income including wage income, Social Security, annuity, pensions, etc. can be linked to the PRRL Database. For more information about Chase, visit the following website: <https://www.chase.com/digital/resources/about-chase>.

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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).

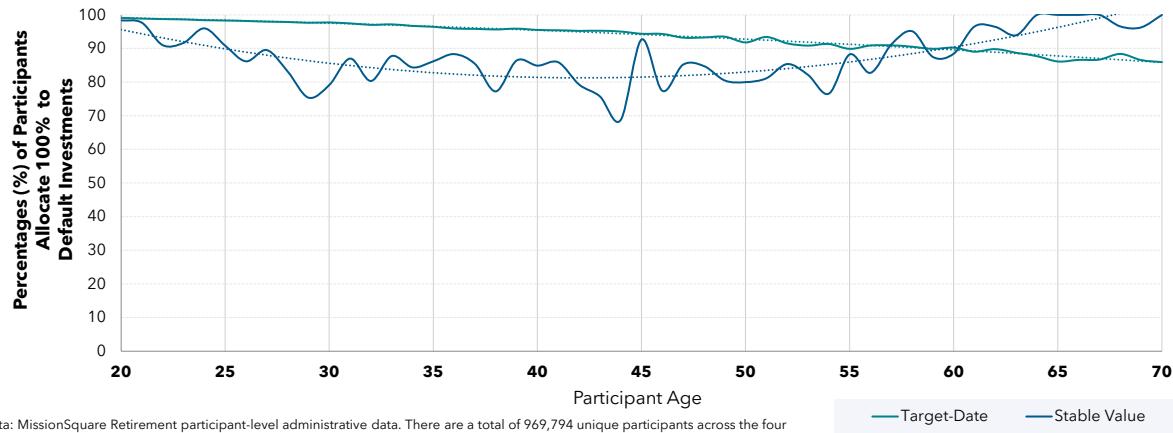
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Initial Default Investment Acceptance

- By Age and Default Investment Types



Data: MissionSquare Retirement participant-level administrative data. There are a total of 969,794 unique participants across the four plan years (2020-2023).
 Source: [Default Investment Acceptance among Public Defined Contribution Plan Participants](#), MissionSquare Research Institute, 2025

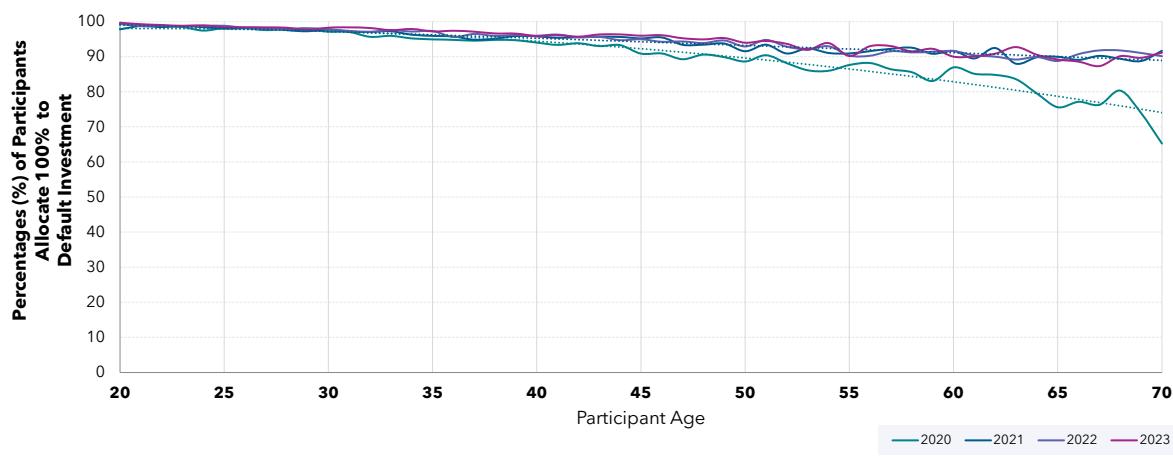
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Initial Target-Date Default Investment Acceptance

- By Calendar Year



Source: [Default Investment Acceptance among Public Defined Contribution Plan Participants](#), MissionSquare Research Institute, 2025

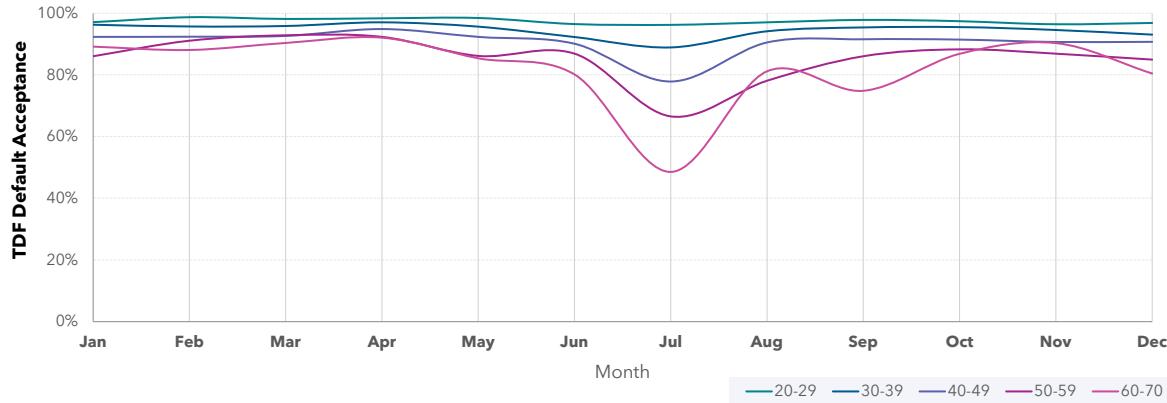
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Default Acceptance in the 2020 Calendar Year

- By Month and Age Group



Source: [Default Investment Acceptance among Public Defined Contribution Plan Participants](#), MissionSquare Research Institute, 2025

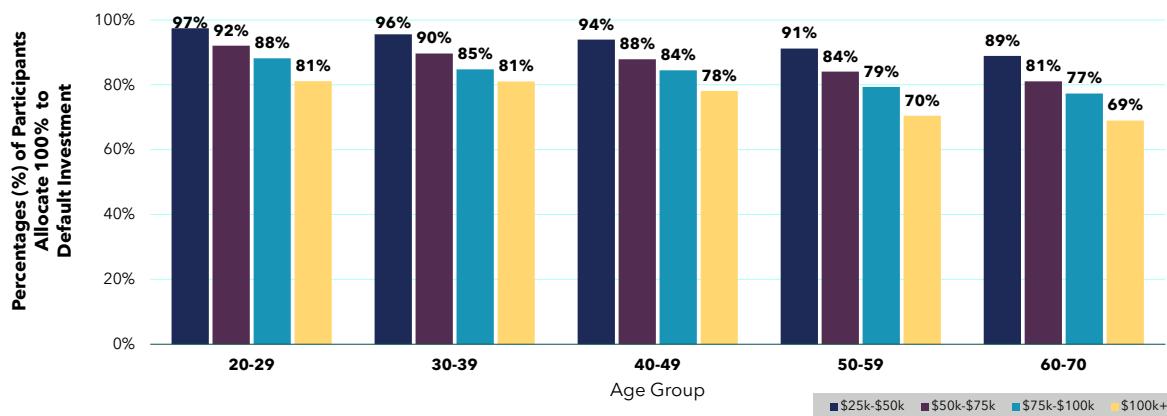
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Target-Date Initial Default Investment Acceptance

- By Age and Income



Source: [Default Investment Acceptance among Public Defined Contribution Plan Participants](#), MissionSquare Research Institute, 2025

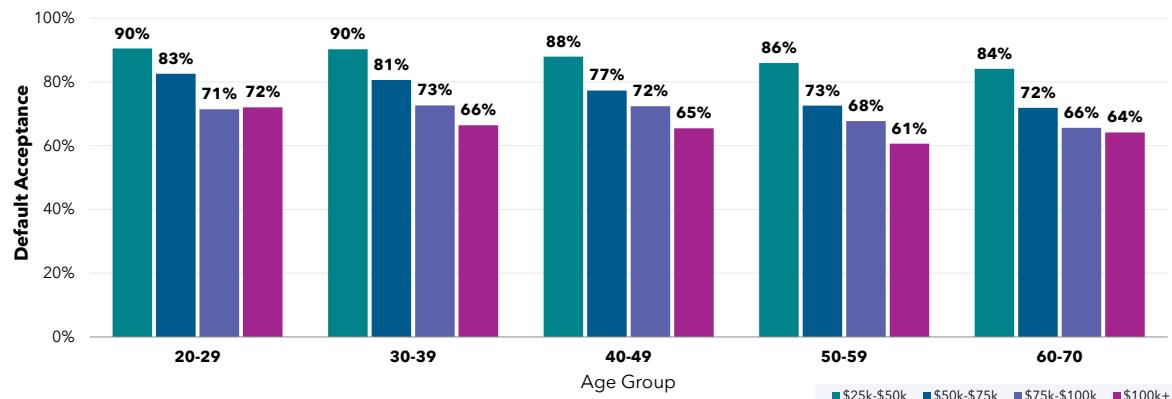
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Target-Date Initial Default Acceptance in Private Sector DC Plans

- By Age and Income



Data source: A total of 116,528 participants from a large record keeper representing the private sector 401 (k) plans in the US.

Reference: Blanchett, D., Finke, M., & Liu, Z. (2022). Save more with less: The impact of employer defaults and match rates on retirement saving. *Financial Planning Review*, 5(4), e1152.

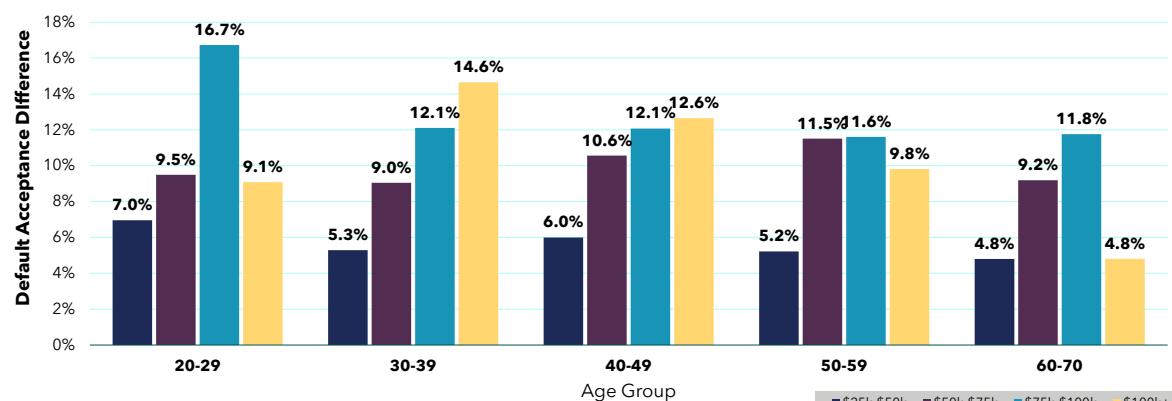
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Difference in Target-Date Initial Default Acceptance

- Public Plan Participants vs. (minus) Private Sector 401(k) Participants by Age and Income



Data source: 1) A total of 116,528 participants from a large record keeper representing the private sector 401 (k) plans in the US.

2) MissionSquare Retirement participant-level administrative data.

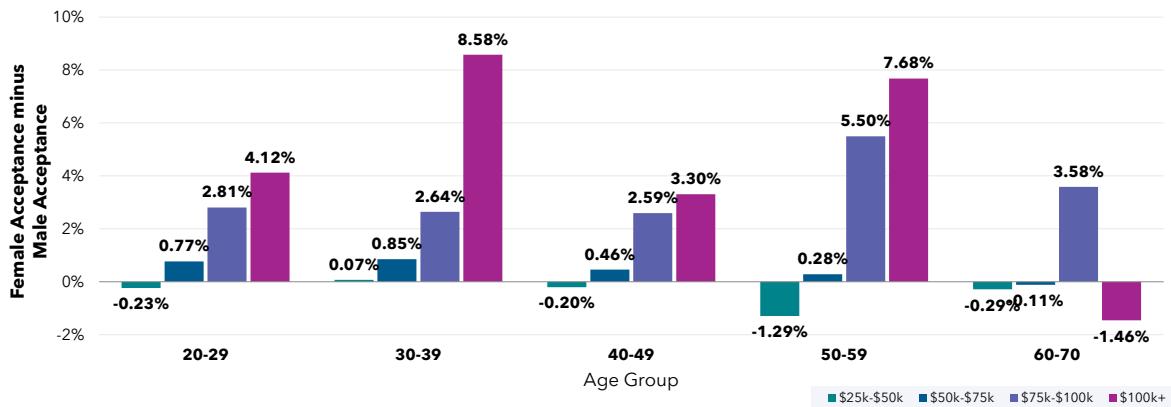
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Difference in Target Date Default Acceptance

- By Gender (Female Minus Male)



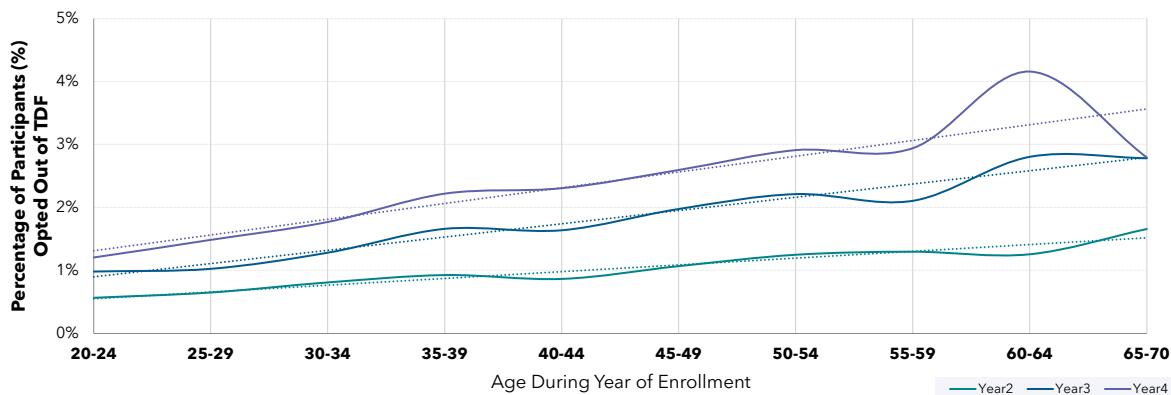
Source: [Default Investment Acceptance among Public Defined Contribution Plan Participants](#), MissionSquare Research Institute, 2025

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Opt-Out Rate among Target-Date Default Investment Participants

- By Age



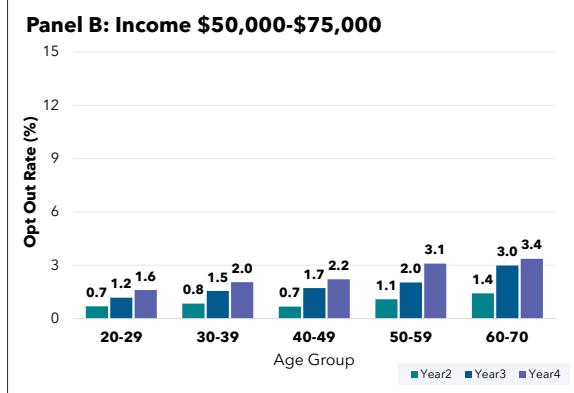
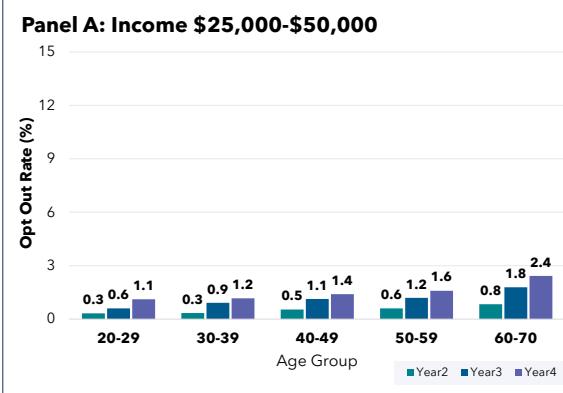
Source: [Default Investment Acceptance among Public Defined Contribution Plan Participants](#), MissionSquare Research Institute, 2025

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Opt-Out Rate among Target-Date Default Investment Participants

- By Age and Income



Source: [Default Investment Acceptance among Public Defined Contribution Plan Participants](#), MissionSquare Research Institute, 2025

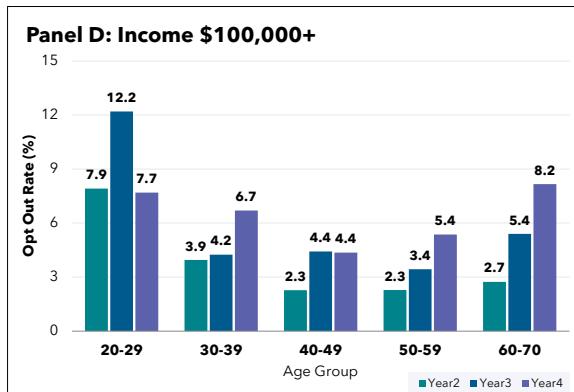
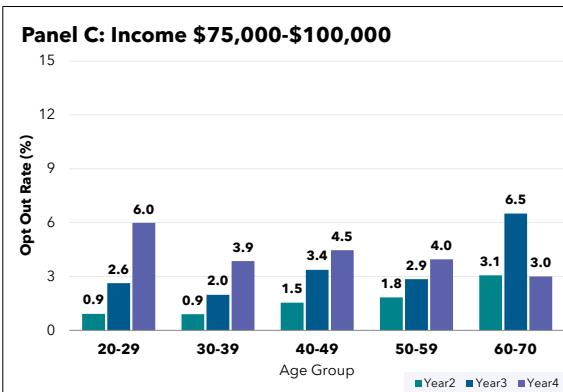
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Opt-Out Rate among Target-Date Default Investment Participants

- By Age and Income



Source: [Default Investment Acceptance among Public Defined Contribution Plan Participants](#), MissionSquare Research Institute, 2025

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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
Web: <https://research.missionsq.org>; Email: zliu@missionsq.org

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