



# The search for retirement income

*Invesco's new research explores plan sponsor and participant preferences for turning DC savings into income in retirement.*

## INVESCO'S UPCOMING 2022 RETIREMENT INCOME STUDY REFLECTS ON THE EVOLVING RETIREMENT INDUSTRY TODAY

as it faces the pressing need to help participants turn their DC plan savings into long-term retirement income.

To help plan sponsors navigate the shift from savings to decumulation benefits for their respective defined contribution (DC) plans, we explored how participants think about retirement income in general, what type of in-plan

solutions may be most attractive to them (and why), and which resources would best resonate across a wide range of employee demographics. We also examined how participant and plan sponsor mindsets differed at times to see how best to bridge the (savings to income) gap moving forward.

Participants expect their DC plan will be their largest retirement income source, eclipsing Social Security, personal savings, and other investments. And most feared outliving their

retirement savings by spending too much, too soon, and were worried they would run out of money in retirement. Few participants were very confident they could create a retirement income strategy on their own. They want and need help from their employers.

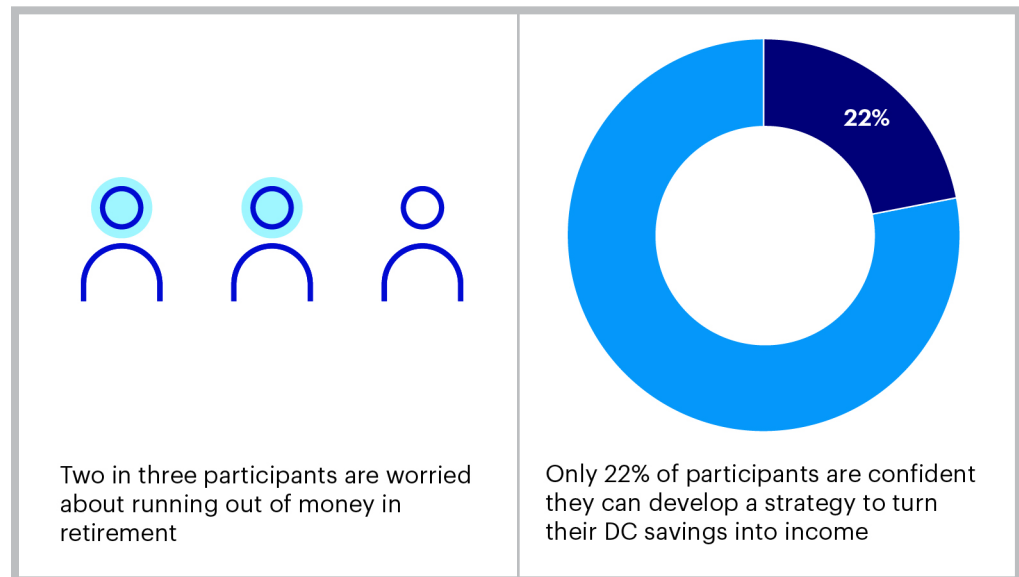
Participants also wanted their employers to provide specific income-generating investments, earlier and more frequent communication, and resources to help make their long-term retirement income plan a reality.

**89% OF PARTICIPANTS WOULD STAY IN THEIR EMPLOYER'S DC PLAN UPON RETIREMENT IF IT PROVIDED "SPECIFIC INVESTMENTS TO HELP THEM CREATE A REGULAR STREAM OF RETIREMENT INCOME."**





MOST OF PLAN SPONSORS SURVEYED REPORTED PROVIDING SPECIFIC RETIREMENT INCOME GENERATION COMMUNICATIONS, VERY FEW PARTICIPANTS REPORTED THEY RECEIVED THOSE COMMUNICATIONS.



Understandably, sponsors have been cautious and slow to adopt new retirement income solutions, wanting more information and guidance. Yet almost all participants would view their employer favorably if they added specific retirement income solutions to the plan.

However, most plan sponsors recognized the importance of helping participants ease the transition from saving for retirement to generating income post-retirement, first, by supporting and encouraging participants to keep their assets in the DC plan and second, by offering retirement income solutions within the investment menu and offering flexible distribution options.

The majority of participants surveyed wanted their employers to start the retirement income conversation with them earlier (at hire or when they joined the plan) and continue the dialogue more frequently (annually at open enrollment).

Due to the global turmoil over the last few years, there's been a shift in how employees define retirement and how best they can prepare both mentally and financially. We found there's an opportunity to provide participants with retirement income-specific planning tools, investments, distribution options, and communications designed to help.

*The study will be published in October 2022. To learn more, visit [invesco.com/dcadvisor](https://www.invesco.com/dcadvisor).*

**ABOUT THE STUDY**

Invesco teamed up with Greenwald Research to conduct the research from March 2021 through April 2022. The extensive study spanned online surveys of 100 plan sponsors and over 1,000 participants (all working for large US organizations with 5,000 or more employees), 12 participant focus groups, and 18 in-depth interviews with plan sponsors and consultants.



Source for all data, unless indicated, are taken from an online survey of 1,049 large DC plan participants (September-October 2021) and an online survey of 100 large plan sponsors (November-December 2021).

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