

Institutional Retirement Income Council Announces Retirement Industry Trends to Watch in 2025

NEW YORK, NY, UNITED STATES, December 16, 2024 /EINPresswire.com/ -- The Institutional Retirement Income Council (IRIC), a non-profit think tank, has released its 2025 forecast of key retirement industry trends. The forecast highlights the evolution of defined contribution (DC) plans to improve their support of American workers' long-term financial security.



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Kevin Crain, IRIC Executive Director

"Next year will be the acceleration of plan sponsor adoption for in-plan retirement income options," said Kevin Crain, executive director of IRIC. "Retirement income security is a shared responsibility of employees and employers. 2024 was when in-plan retirement income offerings continued to evolve regarding product creation and DC plan recordkeepers' implementation. Plan Sponsors evolved financial wellness programs. Also,

industry studies reported on participants and plan sponsors' growing interest in plan retirement options."

IRIC Identifies Key 2025 Retirement Industry Trends:

1. Retirement Income Solutions at the Forefront:

Plan sponsors will increase their focus on evaluating and selecting retirement income solutions within DC plans. DC investment and insurance providers have accelerated product design of in-plan retirement income offerings such as hybrid Target Date funds, hybrid Managed Accounts, annuity marketplaces, and systematic withdrawal programs. Leading DC recordkeepers have implemented solutions. Plan Sponsors will get support from consultants and advisors for evaluation and selection processes. The retirement services industry will help educate and motivate plan sponsors about retirement income options by publishing more in-depth plan and participant utilization studies.

2. Innovative Product Development:

In-plan retirement income product design engages a consortium of industry providers.

Investment firms, insurance providers, plan recordkeepers, consultants, and middleware technology firms contribute to the effort. Customized in-plan retirement income options, including hybrid target-date funds and managed accounts, will continue to gain momentum. These solutions integrate participants' unique circumstances, risk profiles, and retirement goals to create more personalized income strategies. The retirement income component of the hybrid investment will offer flexible approaches—either an annuity retirement income offering or a retirement paycheck systematic withdrawal option.

Integrated retirement income planning combining the DC and Social Security retirement income pillars will create a creative product design that “bridges” DC plan income decisions with Social Security election decisions.

3. Enhanced Participant Engagement and Demand:

Employees are interested in solutions that provide easy-to-understand, reliable, predictable income streams. This growing demand will drive the retirement services industry to enhance retirement income planning tools. AI tools will engage participants in a more interactive, personalized planning experience. Enhancing planning tools will better educate participants about retirement income, increasing their comfort in utilizing the in-plan retirement income options.

4. Expansion of DC Plan Automatic Features:

In-plan automatic solutions will continue to increase the impact of DC plan accumulation. The acceleration of new plans in the small business segment will expand the adoption of auto-enrollment and auto-increase solutions. The historical success of auto-enroll and auto-increase drives significantly higher plan participation and savings. It is not expected in 2025 that automatic solutions will broaden to retirement income in-plan options. Hybrid income solutions need more broad-based plan utilization before being considered QDIAs.

5. Enhancing Financial Wellness Programs:

Industry research continues to highlight that participants need more retirement preparation. They need help with retirement income projections and Social Security and Medicare decisions. Retirement can happen earlier than expected and cause financial stress. Employers feel greater responsibility for helping employees with retirement preparedness. Employers will continue to enhance their financial wellness programs to include robust pre-retiree programs. The pre-retiree module will consist of personalized planning tools for retirement income projections, Social Security and Medicare education, and post-retirement budgeting and tax planning. The pre-retiree programs will be offered to employees at earlier ages (age 50+).

Crain concluded: “IRIC’s analysis underscores a collective effort to evolve DC plans as a primary pillar of retirement savings and income. By addressing the dual needs of accumulation and de-

accumulation, plan sponsors and industry leaders are fostering a more robust and equitable retirement system.”

About the Institutional Retirement Income Council:

The Institutional Retirement Income Council (IRIC) is a non-profit, membership-based organization of industry experts dedicated to advancing best practices, promoting policy awareness, and fostering the adoption of retirement income solutions. IRIC's mission is to transform defined contribution plans into programs that deliver retirement security. For more information, visit <http://iricouncil.org>.

Ed Emerman
Eagle Public Relations
+1 609-240-2766
eemerma@eaglepr.com

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