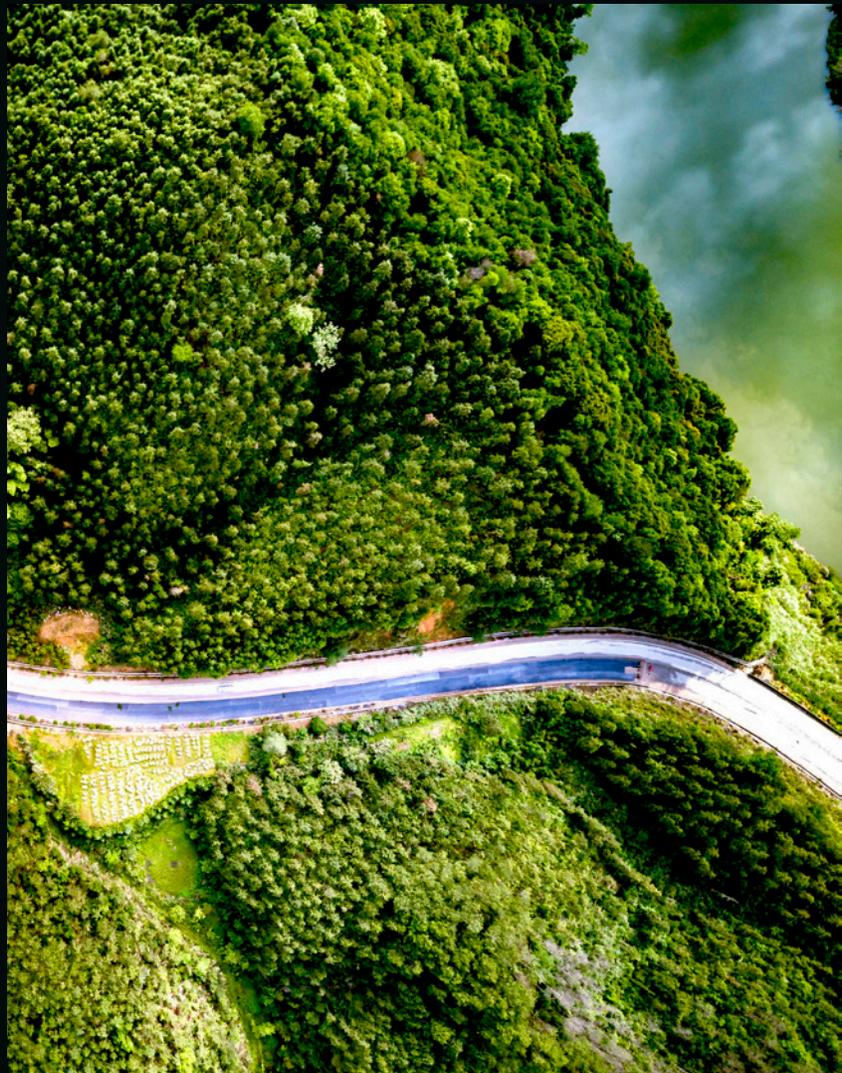


BlackRock's 2026 retirement trends

5 key trends reshaping defined contribution plans toward
a more certain, pension-like retirement



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Retirement Solutions

Foreword

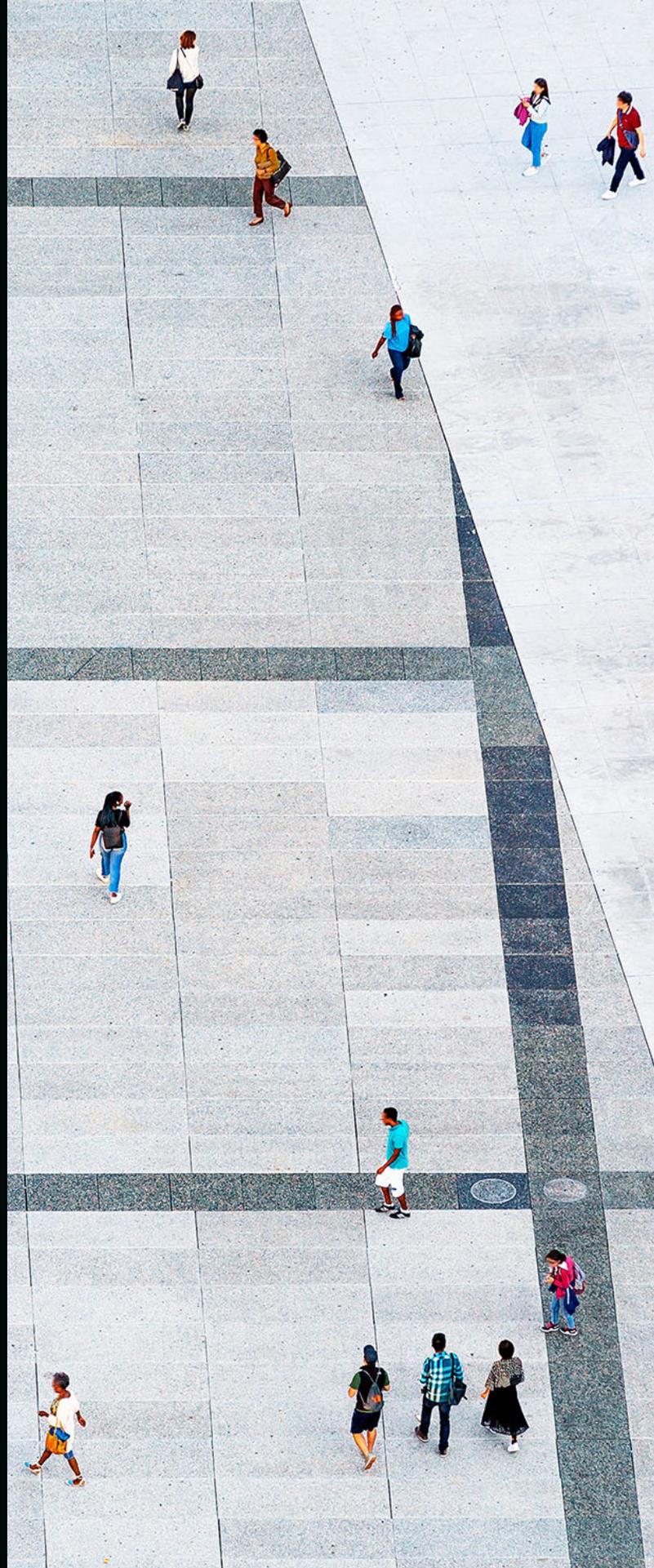
What will it take for Americans to be better prepared — not just to retire, but to live well in retirement? Saving is only half the story. The harder part is making those savings grow — and then, spending them with confidence.

The U.S. retirement system has effectively shifted from institutions to individuals. At the same time, people are living longer, stretching retirements to 25 or more years. And capital markets are evolving, creating new opportunities for growth while introducing more complexity for the sponsors who oversee defined contribution (DC) plans. For many workers, a 401(k) is their primary — and often only — connection to capital markets, yet financial realities may limit how much they can contribute.

Against this backdrop, attention is increasingly shifting **from how much people save to how effectively those savings are invested — and how well plans can support reliable spending throughout retirement.** This report highlights the five key trends shaping how the system is being rewired to better support today's saver:

- 1 Rise of the individualized pension**
- 2 Participant engagement, *their way***
- 3 More plan access for more workers**
- 4 Wealth and retirement converge**
- 5 Policy and regulatory progress**

These trends point toward a retirement ecosystem built to help participants make their savings stretch further and carry them confidently through whatever comes next.



1 Rise of the individualized pension

Defined benefit (DB) plans worked historically because retirement was designed end-to-end. Saving was automatic, assets were managed together, risks were shared, and retirees received a predictable monthly paycheck for life. Over time, those plans became difficult for employers to sustain, and DC plans emerged – offering flexibility, portability, and scale. Today, roughly 80% of workers have access to a DC plan, compared with just 25% covered by DB plans.¹

DC plans solved the access and saving problem, but responsibility for the most challenging part of retirement – turning savings into reliable spending – shifted to individuals just as the stakes began to rise. By 2050, the population over age 80 is expected to triple,² while median savings rates have slipped 17% from 2020 levels,³

increasing the risk that accumulated balances won't last through decades of retirement. At the same time, markets have become more complex and the investment toolkit available to plans is expanding.

The focus is moving beyond individual investments to how the entire portfolio works – whether it can grow savings, manage risk through market cycles, and support confident spending over time. In many ways, the pension playbook is coming to 401(k)s.

BlackRock research estimates an incremental 50 basis points of additional return per year could translate into roughly

15%

+

more savings in a participant's 401(k) over a 40-year career.

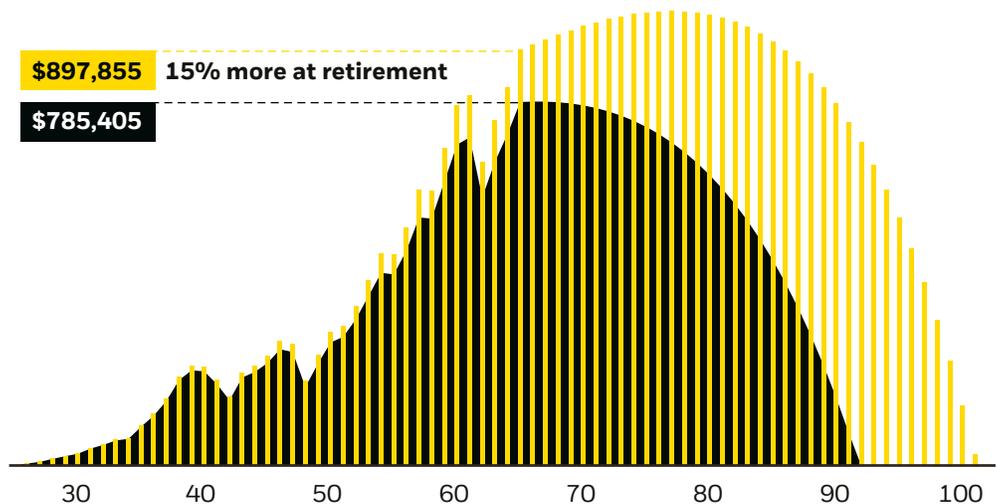
Illustrative accumulation and withdrawal scenario reflecting a 50 bps annual return differential

Demographic assumptions

Starting salary	\$50,000
Annual salary growth rate	1.14%
Annual contribution rate	9%
Starting age	25
Retirement age	65

Scenario assumptions

	Pre-retirement	Post-retirement
Baseline returns	Real market returns	5.23%
+ 50 bps annually	Real market returns + 50 bps annually	5.73%



Source: BlackRock and Morningstar Direct, as of 12/31/2025. This example is for illustrative purposes only and does not represent actual investor experience or guarantee future results. The values shown are based on a hypothetical DC plan participant who begins at age 25 with a \$50,000 salary and no retirement savings, contributes 9% of salary annually, and receives annual salary increases of 1.14%. The baseline scenario is calculated using historical market returns beginning 1/1/1986. Equity returns are represented by the MSCI USA Index (and historically by the Russell 1000® Total Return Index), and fixed income returns are represented by the Bloomberg U.S. Aggregate Bond Total Return Index. The asset allocation follows a hypothetical target date strategy that gradually reduces equity exposure over time. The baseline results are shown after deducting assumed investment fees. The portfolio is simplified to include only two types of investments – stocks and bonds – to illustrate how the strategy changes over time. The +50 basis point scenario assumes the portfolio earns an additional 0.50% (50 bps) annualized net-of-fee return above the baseline scenario. The same assumptions applied during the pre-retirement period are also applied during retirement. In retirement, the portfolio assumes a 40% allocation to equities and 60% to fixed income. The annualized blended return of this hypothetical retirement portfolio was 5.23%.

This illustration does not account for taxes, individual investment decisions, market volatility, or other personal circumstances. The demographic assumptions, returns, and ending balances shown are hypothetical and for illustrative purposes only. They are not a guarantee of future results. Actual outcomes will vary based on investment management, contribution rates, salary growth, and individual participant characteristics, and may be higher or lower than those shown.

Past performance is no guarantee of future results. Indexes are unmanaged and one cannot invest directly in an index.

Active management can add an edge

For much of the past 15 years, broad market exposure was often enough. Falling interest rates, exceptional U.S. equity returns, and rising index concentration meant index-based target date funds often delivered strong results with relatively little help. But relying on market exposure alone assumes favorable conditions — and that assumption becomes less reliable when portfolios are expected to fund spending over multi-decade retirements.

More fundamentally, today’s portfolios face a wider set of risks that go beyond short-term market moves. Concentration risk, shifting correlations, currency dynamics, and the timing of gains and losses can all materially affect outcomes. Managing these risks — and adding value beyond what a glidepath alone would deliver — is becoming an increasingly important part of the retirement equation.

This is where alpha comes into focus. Not as a bet on markets, and not as a replacement for indexing — but as a complement within a total portfolio approach. Index strategies continue to provide efficient market exposure. And active strategies, used alongside them, are tasked with adding value beyond that baseline: managing concentration risk, reducing downside risk, and improving how portfolios behave during market stress and the transition from saving to spending.

That adaptability becomes even more important as portfolios incorporate liquid alternatives, private markets, and income features to support higher balances. But these components interact in ways static glidepaths aren’t designed to manage, requiring ongoing decisions around sizing, timing, and risk trade-offs to help portfolios adapt across long retirement horizons.

Education is a critical enabler of this shift. While interest in active target date strategies is high, only 15% of participants report a strong understanding of how they work.³ Clear communication is essential so participants understand their investment options and how their portfolios are designed to work for them.

Accessing the full power of capital markets with private assets

Private markets have long been a central role in institutional portfolios. In 2022, public DB plans allocated roughly 26% to private assets, seeking to enhance diversification and improve risk-adjusted returns.⁴ DC plans, by contrast, have historically relied almost exclusively on public markets, shaped by liquidity needs, fee sensitivity, and heightened fiduciary scrutiny.

That is beginning to change.

Improvements in data availability, valuation practices, product structures, and policy clarity are making it more feasible to evaluate private assets in 401(k)s. Transparency is improving as datasets expand and analytics become more advanced, supported by specialized private market data providers like Preqin and eFront. And nearly one-quarter of plan sponsors now say they are considering alternatives.³

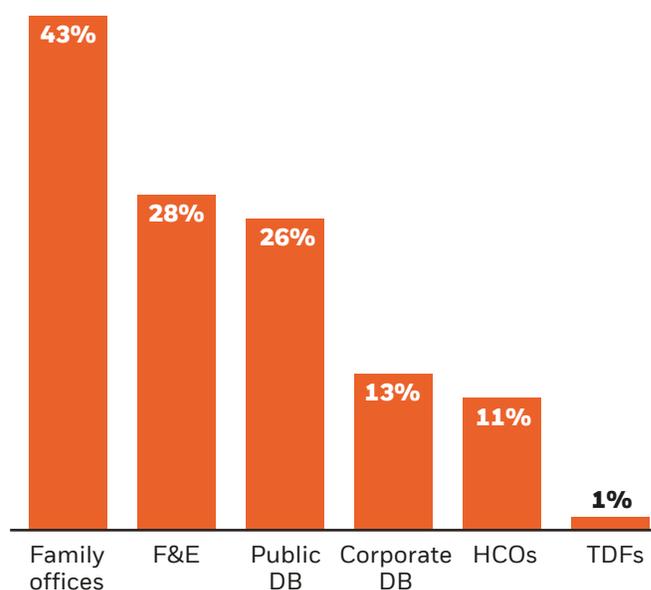
How private assets are used within a portfolio matters as much as whether they are used at all. They change how a portfolio behaves — introducing different liquidity profiles, cash-flow patterns, valuation timing, and downside characteristics. With that in mind, they cannot be “bolted on” as standalone sleeves without affecting the rest of the portfolio. BlackRock [research](#) shows the potential can be best realized when incorporated within diversified, multi-asset frameworks, such as target date strategies, where interactions with public markets can be thoughtfully managed.⁵

When appropriately structured and sized — making small but growing allocations when workers are younger and then reducing allocations as workers near retirement — private assets could enhance diversification and improve long-term return potential. Over a full career, even incremental improvements in returns may meaningfully increase retirement balances.

The conversation is moving beyond whether they belong in DC plans to how they can be integrated responsibly, with careful attention to liquidity, fees, and fiduciary oversight.

Institutional investors maintain meaningful private market allocations, while DC lags

% of comparable institutions allocating to private markets

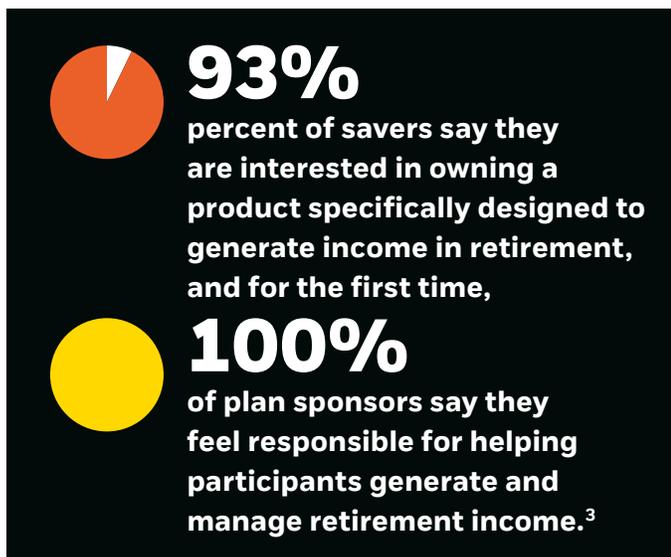


Greenwich Associates LLC as of 2022. Center for Retirement Initiatives, June 2023 report.

Income as a core portfolio function

The transition from saving to spending is where retirement risk becomes most acute. Longevity risk, market timing, and behavioral biases collide just as portfolios are expected to start funding day-to-day life.

Research shows these risks peak during the years surrounding retirement — roughly ages **55 to 70**, often referred to as the *retirement window*.⁶ For many individuals, retirement timing is not voluntary. Health issues, workforce disruptions, and caregiving responsibilities frequently accelerate exit from the labor force, compressing decision-making into a short and consequential period. Decisions made during this period — when to retire, how to manage healthcare costs, when to claim Social Security, and whether to opt into guaranteed income — can have long-lasting consequences. As a result, income is increasingly being designed within the portfolio, not added at the end.



Embedding income features into familiar structures such as target date strategies can help allow spending needs to be addressed alongside asset allocation and risk management. This preserves the simplicity and fiduciary oversight that made DC plans effective, while reintroducing a pension-like focus on certainty of income in retirement.

When paired with professional management and digital engagement tools, these approaches help shift mindsets from managing a “nest egg” to receiving a more predictable “paycheck” for life — supporting participants not just at retirement, but throughout it.

Evaluating value in a total portfolio world

If portfolios are designed differently, they have to be evaluated differently. With 401(k)s moving toward a total portfolio approach, attention is shifting to how investments perform after fees — and whether portfolios are built to deliver long-term growth and manage risk when it matters most.

The central question is no longer whether a strategy is active or passive. It’s whether the portfolio adds value beyond what the glidepath and strategic allocation would deliver on their own, without taking unintended risk. Put simply: paying active fees should result in better outcomes after fees — not just a more complicated portfolio.

That shift is exposing the limits of traditional evaluation tools. Generic peer groups and simple index comparisons often reflect differences in asset mix or factor exposure rather than the impact of portfolio decisions. A total portfolio approach calls for evaluation frameworks aligned with how portfolios are actually built. Benchmarks that reflect the underlying asset allocation make it possible to separate market exposure from manager decisions and assess whether alpha is delivered consistently across market cycles.

As highlighted in BlackRock research, this lens provides a clearer view of whether portfolios are generating durable value after fees — especially during periods of market stress and the transition from saving to spending.⁷

The bottom line

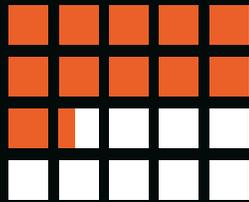
The 401(k) is becoming each worker’s personal pension — meaning it needs to be designed, managed, and evaluated to deliver growth, risk management, and income certainty over a lifetime.

2 Participant engagement, *their way*

Retirement is more than a financial milestone; it's something people have dreamt about for decades. Yet as individuals approach and move through retirement, many of the risks that shape financial success surface all at once: longevity, market volatility, healthcare costs and income certainty. Participants are looking for guidance that reflects *their* circumstances during the *retirement window* – not generic rules of thumb.³

In response, sponsors are moving away from one-size-fits-all communication toward more tailored engagement, designed to replace uncertainty with clarity at critical moments. That includes more coordination across the participant experience ecosystem, smarter digital tools, timely human interaction, and education embedded naturally within the broader benefits ecosystem. Technology is accelerating this shift. AI-enabled tools are making it possible to deliver relevant, responsive guidance at scale – from targeted nudges to virtual assistants that meet participants where they are.

57%
of advisors expect to begin using AI within the next 12 months.³



Personalized solutions are gaining traction as well. Managed accounts are increasingly helping participants move from knowing what they should do to actually doing it – by adjusting investments and risk based on individual goals and retirement timelines. Assets grew nearly 20% in 2024 to \$13.7 trillion, and participants using them are nearly three times as likely to feel confident in their retirement strategy as those without advice.⁸

The bottom line

Retirement engagement shifts from generic education to delivering the right guidance at the right moment – helping participants replace uncertainty with confidence about their financial future.

3 More plan access for more workers

One of the most compelling growth stories in DC is emerging within the small plan market. Long under served, small businesses are now entering the system at scale – driven by what can best be described as a “perfect storm” of regulatory momentum and simplified plan design and administration. The micro-plan market is projected to expand by 67% by 2030, exceeding one million plans. This expansion is driven in large part by a significant coverage gap: 72% of small business owners currently do not offer a 401(k) plan.

And the availability of more target date solutions is expanding access outside traditional 401(k)s. State auto-IRA programs are bringing these employers off the sidelines. In mandate states, businesses without retirement plans must either enroll in a state-facilitated IRA or establish their own plan – transforming retirement coverage from a discretionary benefit into a required consideration. Provisions in SECURE 2.0 – such as enhanced tax credits and simplified administrative rules – are reducing the cost and complexity of starting a plan. Together, these forces are lowering barriers to entry and accelerating adoption.

Fintech-enabled providers and pooled employer plans (PEPs) are changing what's possible for small firms. Even the leanest employers can now offer “big plan” features – professional fiduciary oversight, institutional pricing, and streamlined administration. Adoption has been swift, with tens of thousands of employers already participating in PEPs, and the model is increasingly moving up-market to serve larger plans as well.⁹

And plans don't need to build extensive internal expertise. Small plan sponsors are increasingly turning to external stakeholders to handle investment decisions, plan administration, and fiduciary responsibilities – areas that have become more complex and higher-stakes over time. By outsourcing these functions, employers can reduce operational burden, manage risk more effectively, and focus on running their businesses, while still offering competitive retirement benefits.

The bottom line

Small plans are no longer small in capability. With outsourcing, pooled structures, and simpler rules, it has never been easier for employers to offer sophisticated retirement plans – and for more workers to gain access to workplace savings.

4 Wealth and retirement converge

For many people, retirement is the first time financial decisions around investing, income, taxes, and timing feel truly consequential — and those decisions rarely fit neatly inside a single account. As balances grow and the shift from saving to spending approaches, complexity rises and the need for guidance expands.

Naturally, workplace retirement plans are becoming the front door to broader financial advice. Conversations that begin with enrollment, asset allocation, or income options often evolve into rollovers, tax planning, and long-term wealth decisions. And the opportunity is significant: 40% of mass-affluent participants don't currently have an advisor, and roughly 85% of rollover assets go to the advisor who already has the relationship.¹⁰ Every enrollment and education interaction is no longer just a plan touchpoint — it's a relationship moment.

The convergence opportunity is especially powerful for business owner clients, who make up roughly 30% of high-net-worth individuals.¹¹

Helping an owner establish and manage a company retirement plan often organically leads to advising on personal investable assets, tax strategy, and long-term goals. That trust can extend to one of the most significant moments in a business owner's life: deciding when and how to transition the business. With an estimated \$14 trillion in business sales expected over the next decade,¹² advisors who already sit at the intersection of plan and personal wealth are well positioned to support these transitions.¹³

The bottom line

As the lines between wealth and retirement increasingly blur, workplace plans are becoming gateways to lifelong financial relationships — connecting personal savings, business wealth, and the moments that matter most.

5 Policy and regulatory progress

Policy and regulation are not just another force in this evolution — they are increasingly the foundation that enables progress across the rest of the DC ecosystem.

SECURE 2.0 is reshaping plan design by lowering barriers to participation and improving how workers save once enrolled. Features like higher catch-up limits, expanded Roth options, and emergency savings accounts are helping participants save more effectively.

The impact is already visible — and building. State-facilitated retirement programs now hold nearly \$3 billion in assets, with three new programs launched in 2025 alone, extending coverage to smaller employers and underserved workers.¹⁴ And attention is shifting to the next set of questions — from further simplifying administration to expanding coverage for part-time and contract workers — making 2026 a key year to watch.

At the same time, policymakers are clarifying the boundaries for innovation. Recent actions, including the Executive Order on alternative investments and Department of Labor (DOL) guidance on lifetime income within qualified default investment alternatives (QDIAs), point to a system that is evolving carefully — reducing uncertainty for sponsors while preserving fiduciary discipline.

The bottom line

Policy evolution is laying the foundation for what comes next — setting up 2026 as a year where expanded access and clearer guardrails translate into broader adoption and more practical innovation across DC plans.

Conclusion

The trends outlined in this report point to a clear direction of travel: from accumulation-focused plans to **total portfolio retirement systems**. Active management is being used to complement indexing and provide value beyond the glidepath. Thoughtful integration of private markets represents a potential avenue to broaden diversification and enhance long-term return potential. Portfolio design is evolving to embed income generation from inception rather than added at the end. And evaluation is evolving to focus on whether these portfolios deliver value (after fees). This shift is supported by improved engagement, expanding access, and clearer policy guardrails.

Looking at 2026 and beyond, the opportunity is to move past isolated features and toward portfolios built with intent. When DC plans are designed, managed, and evaluated as integrated systems, they are better positioned to help retirement stretch further — and to carry participants confidently through their ‘what’s next.’

Endnotes

1 Federal Reserve Bank of St. Louis, “Pension or 401(k)? Retirement Plan Trends in the U.S. Workplace,” 2025. **2** World Health Organization, “Ageing and health,” 2025. **3** BlackRock, “Read on Retirement” survey, 2025. **4** Greenwich Associates LLC, Center for Retirement Initiatives, June 2023 report. **5** BlackRock, “The power of private markets,” 2025. **6** BlackRock, “The retirement window,” 2025. **7** BlackRock, “Alpha unmasked,” 2025. **8** Cerulli Associates, “Managed account assets reach \$13.7 trillion,” 2025. **9** Department of Labor, “2025 pooled employer plan bulletin,” 2025. **10** Cerulli Associates, “U.S. Retirement End Investor,” 2025. **11** Cerulli Associates, “U.S. High Net Worth and Ultra High Net Worth Markets,” 2024. **12** Exit Planning Institute, “National State of Owner Readiness Report,” 2023. **13** Left to right: Small Business Administration, “Frequently asked questions,” July 2024; Cerulli Associates, “U.S. High Net Worth and Ultra High Net Worth Markets,” 2024. **14** Georgetown Center for Retirement Initiatives, “State auto-IRA program data and trends,” 2025.

Investing involves risk, including possible loss of principal. Asset allocation models and diversification do not promise any level of performance or guarantee against loss of principal. Investment in target date funds is subject to the risks of the underlying funds. The target date is the approximate date when investors plan to start withdrawing their money. The blend of investments in each portfolio is determined by an asset allocation process that seeks to maximize assets based on an investor’s investment time horizon and tolerance for risk. Typically, the strategic asset mix in each portfolio systematically rebalances at varying intervals and becomes more conservative (with less equity exposure) over time as investors move closer to the target date. The principal value of a fund is not guaranteed at any time, including at and after the target date.

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