

2026 Retirement Plan Survey

Insights into how organizations are thinking about their 401(k) plan lineups and how they are engaging with participants and investment consultants.

START



Jeremy France
Head of Institutional Consulting Solutions

A Marquee Benefit, a Higher Bar for Plan Sponsors

The 401(k) plan has become an essential part of financial wellness for today’s workforce—and a growing responsibility for the organizations that sponsor it. To understand how defined contribution plan sponsors are responding, Morgan Stanley surveyed investment decision-makers at 200 organizations that sponsor 401(k) plans, expanding on our 2024 survey.

The survey’s biggest takeaway: Participants now rank the 401(k) as their most valued employee benefit, on par with medical benefits. With that in mind, it’s no surprise that helping participants take full advantage of their defined contribution plan has become sponsors’ biggest concern.

The growing importance of helping employees prepare for a successful retirement raises the stakes for plan design. Sponsors are considering more sophisticated lineups that include retirement income and alternative investments while keeping in mind fiduciary responsibility, costs and whether participants will use what’s offered. At the same time, sponsors are looking to engage with participants using tools that are more personal and carry employees through retirement, not just enrollment.

We hope that seeing how peer plans are approaching these same decisions at this critical juncture offers valuable perspective on how to continue strengthening your plan. We would welcome a conversation about how your organization can find new ways to align your retirement plan with the needs of your employees and the opportunities in today’s markets.

In this report, we explore:

1

Plan Usage and
Sponsor Attitudes

Participants view their 401(k) plans as a premier benefit, validating plan sponsors’ focus on strengthening plan effectiveness.

JUMP TO SECTION →

2

Plan Investment
Lineup

Despite interest in retirement income, alternatives and managed accounts, hurdles remain to greater adoption and utilization.

JUMP TO SECTION →

3

Consultant
Relationships

Larger plans are more likely to capitalize on the multifaceted benefits of 3(38) consultant engagements.

JUMP TO SECTION →

4

Participant
Engagement

Plan sponsors are prioritizing a personalized and comprehensive approach to educating and engaging with employees.

JUMP TO SECTION →

SECTION 1

Plan Usage and Sponsor Attitudes

Participants view their 401(k) plans as a premier benefit, validating plan sponsors' focus on strengthening plan effectiveness.

Defined Contribution Plans’ Importance Continues to Grow

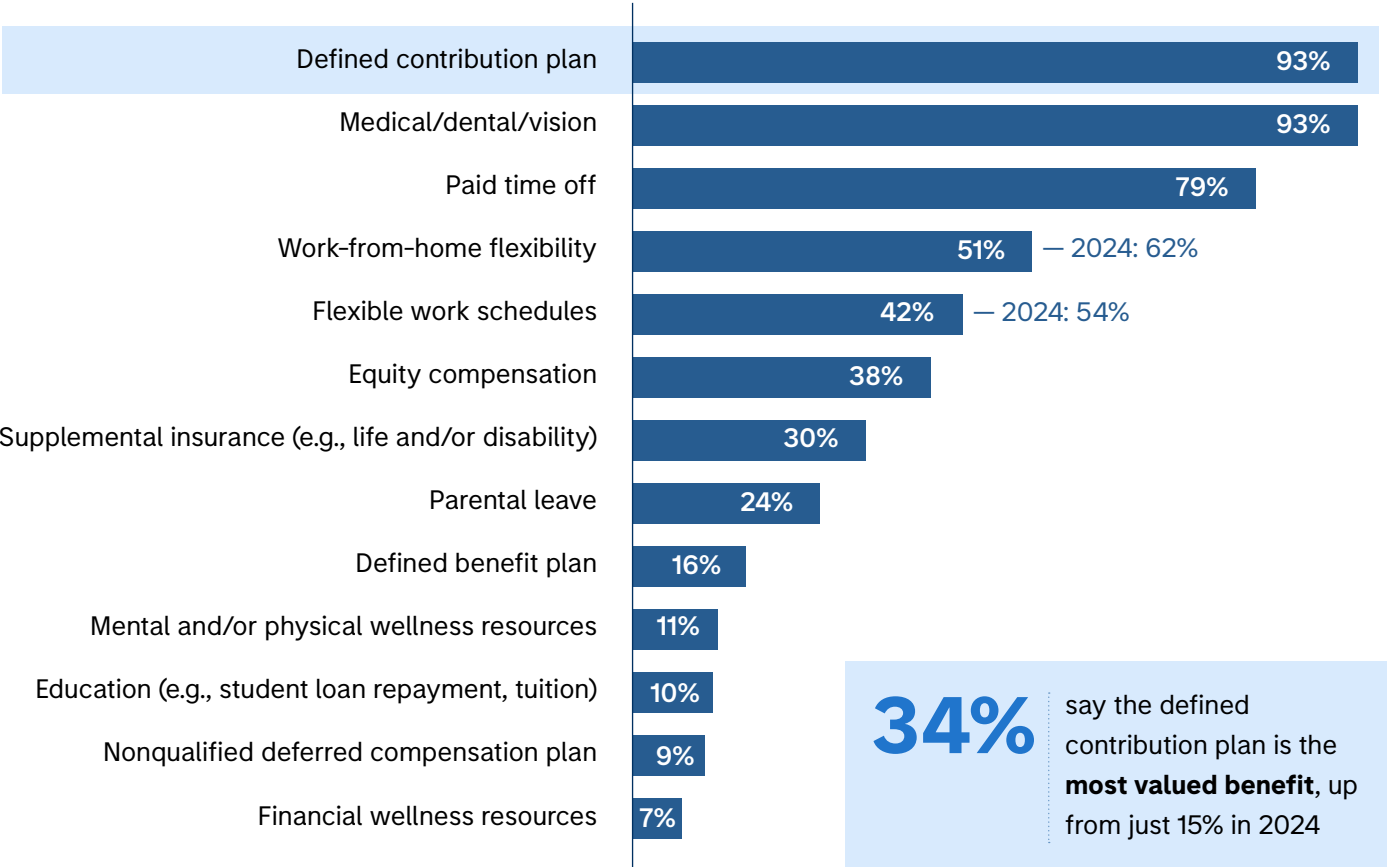
While defined contribution plans have long been a core part of employers’ benefits offering, the value employees place on retirement plans now equals medical coverage. Notably, 34% of respondents named defined contribution plans as the single most valued benefit, more than double the share in 2024.

This shift reflects participants’ financial realities. With traditional pensions becoming increasingly rare, questions about the sustainability and adequacy of Social Security benefits, and with many employees in their peak earning and accumulation years, workers’ 401(k) accounts have become a central factor of household wealth rather than one employee benefit among many.

Meanwhile, the premium employees place on workplace flexibility, including remote work options and flexible schedules, has fallen meaningfully since 2024 as post-pandemic disruption has settled.

Benefits Most Valued by Employees

Percent ranked among top five



Comprehension Overtakes Competitiveness as 401(k) Plan Sponsors' Top Concern

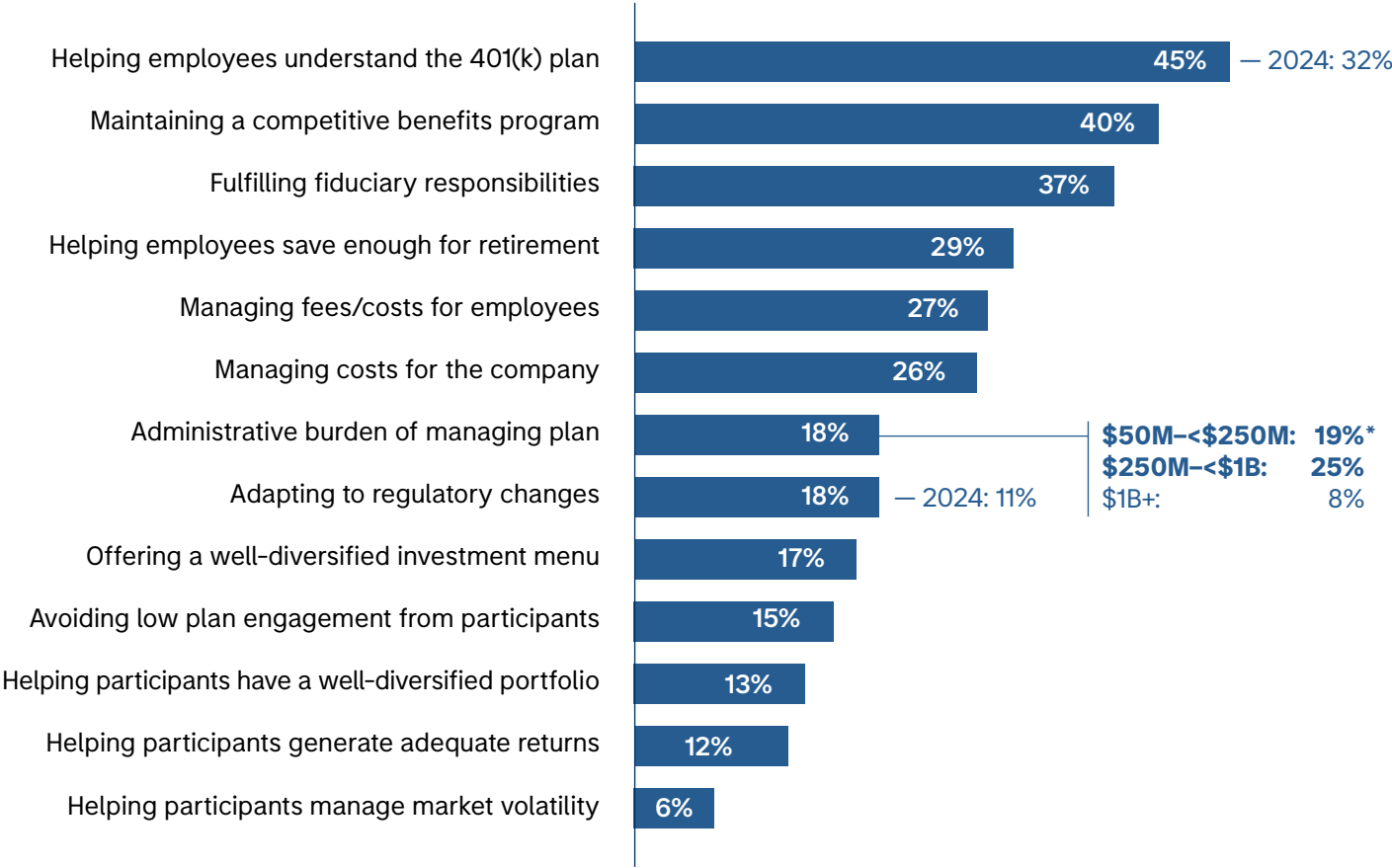
Offering a competitive 401(k) plan continues to be a high priority for employers. But as the labor market has loosened somewhat since 2024 and tax laws and financial markets continue to become more complex, helping employees understand the 401(k) plan has become plan sponsors' leading concern.

In addition to being the core of many employees' retirement savings, 401(k) plans are also the biggest asset on many personal balance sheets. As a result, plan sponsors increasingly see employee comprehension and engagement as a core responsibility.

Meanwhile, adhering to regulatory changes has become more prominent since 2024. Not surprisingly, the administrative burden of running a plan weighs more heavily on small and mid-size plans.

Main Concerns About Company's 401(k) Plan

Percent ranked among top three



***Bold** = statistically significant difference at 90% confidence

Q: When it comes to your company's 401(k) retirement plan, what are your main concerns? What (figuratively) keeps you up at night? Rank order up to 3 concerns. (n = 200)

←→

Utilization and Matching Still Define Plan Success

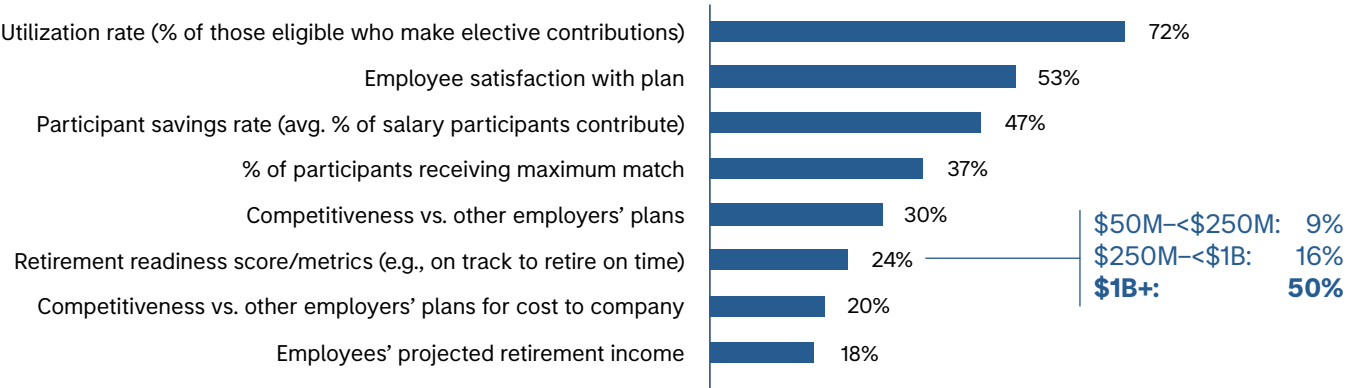
Sponsors surveyed continue to judge plan success through the participant lens. Utilization rate is the overwhelming top metric for measuring a 401(k) plan’s success, followed by employee satisfaction and savings rate.

Thus, it is not surprising that sponsors continue to rank matching contributions as the most critical plan design element.

Measuring participants’ retirement readiness is another way some sponsors measure their plan’s success. Larger employers are much more likely to evaluate their plans based on these metrics, likely because capturing, analyzing and reporting this data creates too great a financial and administrative burden for smaller employers.

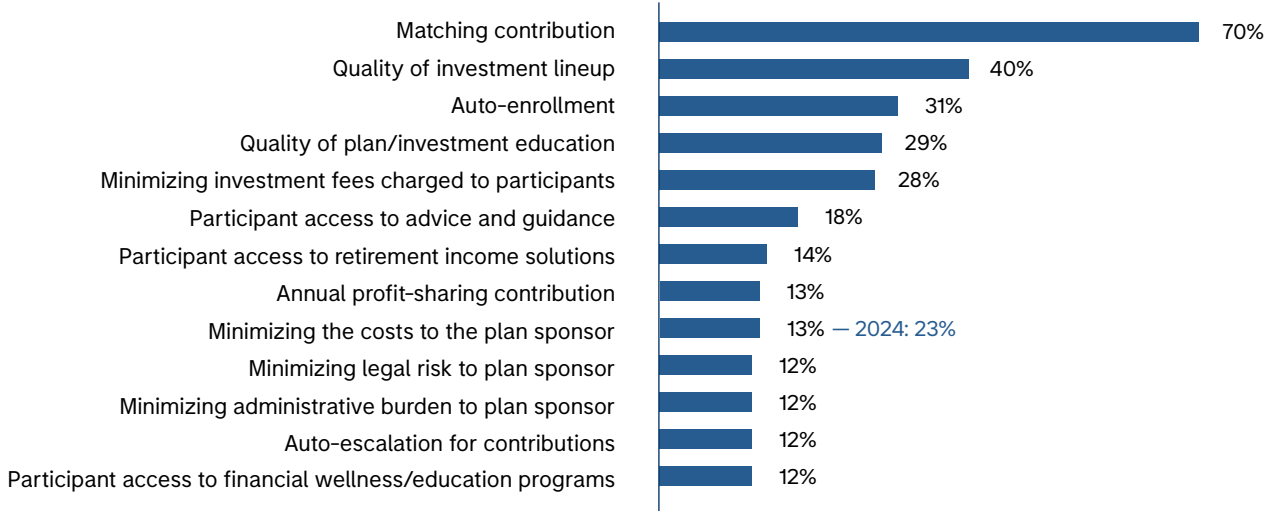
Measures of 401(k) Plan Success

Percent ranked among top three



Importance of Design Elements for Achieving Success

Percent ranked among top three



Q: How do you measure success for your 401(k) retirement plan? Rank order your top three. (n = 200)

Q: What plan design elements do you believe are most important for achieving your 401(k) plan success? Rank order your top three. (n = 200)

SECTION 2

Plan Investment Lineup

Despite interest in retirement income, alternatives and managed accounts, hurdles remain to greater adoption and utilization.

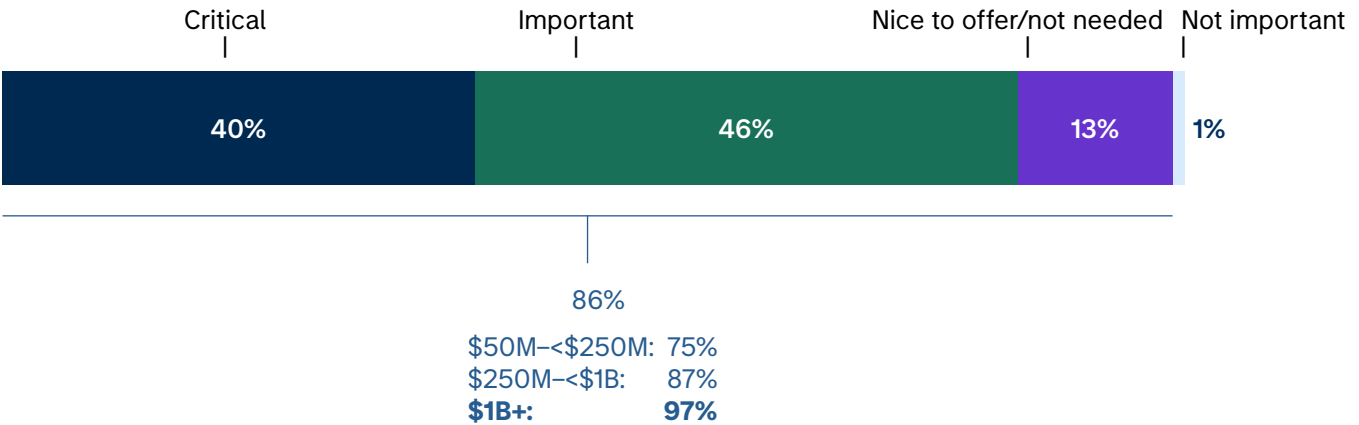
Led by Large Plans, Sponsors See the Importance of Retirement Income

With more Americans in or approaching retirement, the investment and financial planning industries are paying more attention to decumulation. Plan sponsors surveyed are doing their part, too, recognizing the importance of offering retirement income solutions to support participants through their spend-down years.

Most plan sponsors now view offering income solutions as important or critical, and conviction strengthens with plan size. Among the largest plans, the view is close to unanimous.

The term “retirement income” is broad, and plan sponsors define its scope differently. Regardless of how it’s defined, retirement income is widely thought of as a solution set for a diverse workforce rather than a single product.

Importance of Offering Retirement Income Solutions



Q: How important do you feel it is to provide retirement income solutions for employees? (n = 200)

Q: Does your 401(k) plan investment lineup include any retirement income solutions? (n = 200)

Hurdles Remain to Offering Retirement Income Solutions

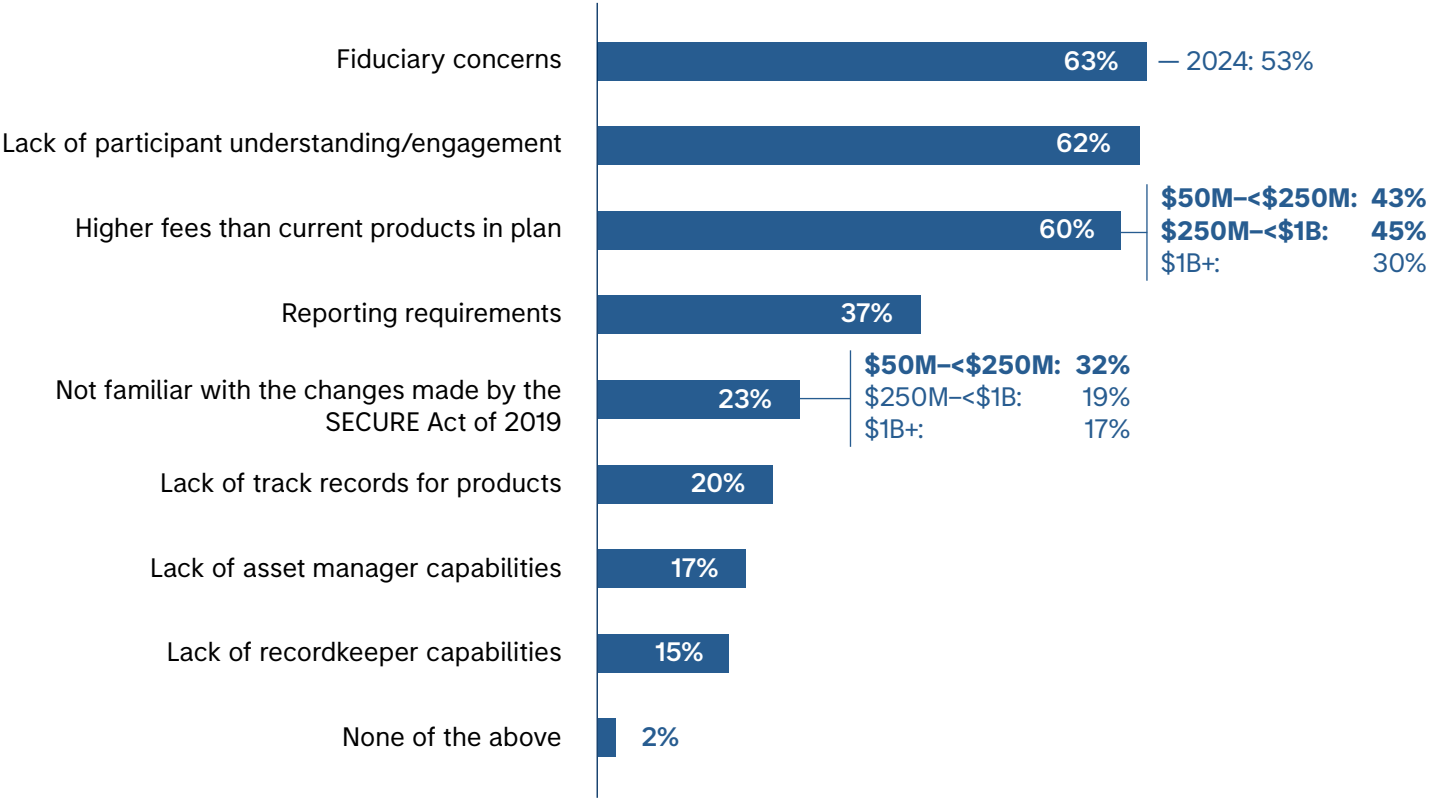
Plan sponsors’ perception of the importance of retirement income solutions has outpaced their adoption of these offerings. Three primary hurdles are driving this disconnect.

Since 2024, fiduciary concerns have surpassed the lack of participant understanding as the leading hurdle cited by plan sponsors. This suggests that whatever adoption momentum the SECURE Act generated may be waning.

Lack of participant understanding also continues to be a leading hurdle. Plan sponsors should note that the complexity of retirement income solutions varies across this broad set of investment vehicles and approaches. Similarly, the fees charged by an annuity versus those of a target date fund without guaranteed income components can vary drastically, for example.

Hurdles to Considering/Implementing Retirement Income Solutions

Percent ranked among top three



Alternatives Adoption Remains Low but Could Gain Traction

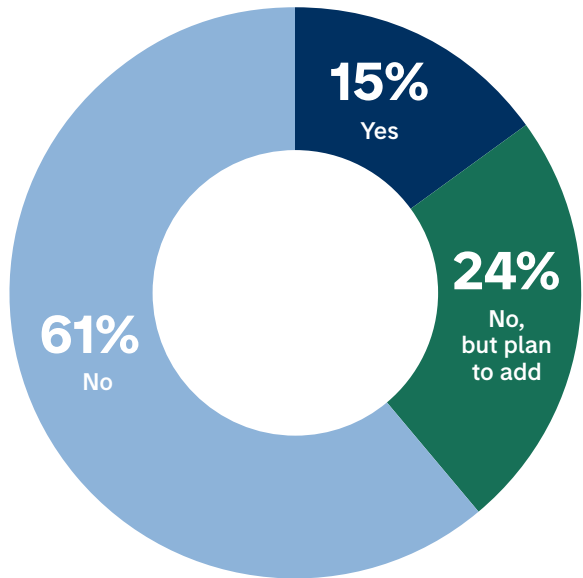
Despite the recent headlines and regulatory updates about including private markets in 401(k) plans, adoption remains low. Only 15% of plan sponsors surveyed currently offer alternatives—a broader category that includes cryptocurrencies, hedge funds, and real estate in addition to private markets—in their 401(k) plan lineups.

It will be interesting to see if the implementation of the Department of Labor’s proposed safe harbor rules for offering private investments in 401(k) plans, which is currently slated for 2027, spurs greater adoption.

Among the plans that currently offer alternatives, investments are most commonly embedded within target date funds or managed account solutions. These approaches ensure that alternatives exposures are professionally managed and diversified rather than leaving selection to individual participants.

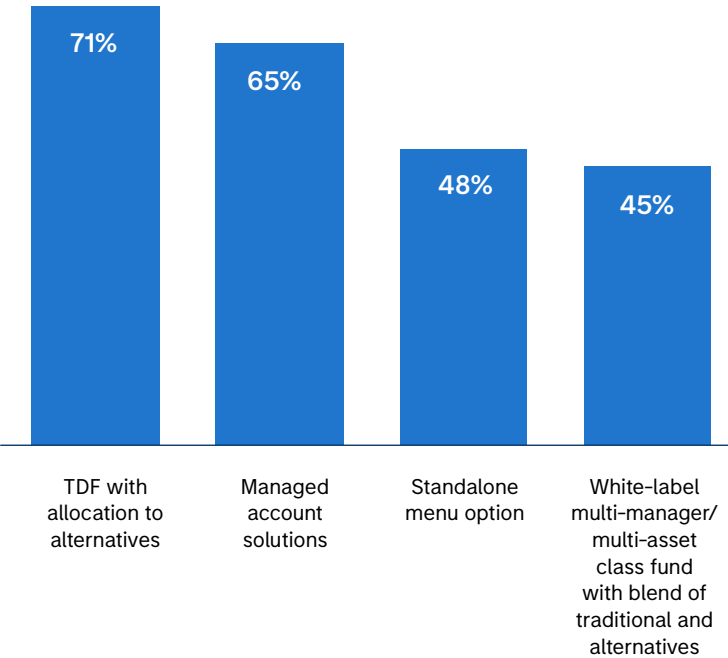
Include Alternatives in 401(k) Plan Investment Lineup

\$50M-<\$250M: 8%
\$250M-<\$1B: 17%
\$1B+: 22%



Alternative Solutions Offered

Among those who currently offer



Q: Does your 401(k) plan investment lineup include any alternatives (e.g., private equity, hedge funds, real estate, cryptocurrency)? (n = 200)
Q: Which alternative solutions do you currently offer or plan to add? (Among those who currently offer alternatives.) (n = 31)

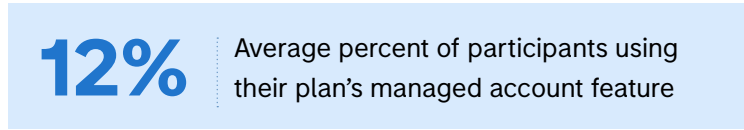


Concerns About Fees and Participant Utilization Create Questions About Managed Accounts’ Role in 401(k) Plans

Managed accounts are widely recognized as a way to deliver personalization and embedded guidance, yet participant uptake remains limited. Plan sponsors who offer managed accounts say only about 12% of participants use this service.

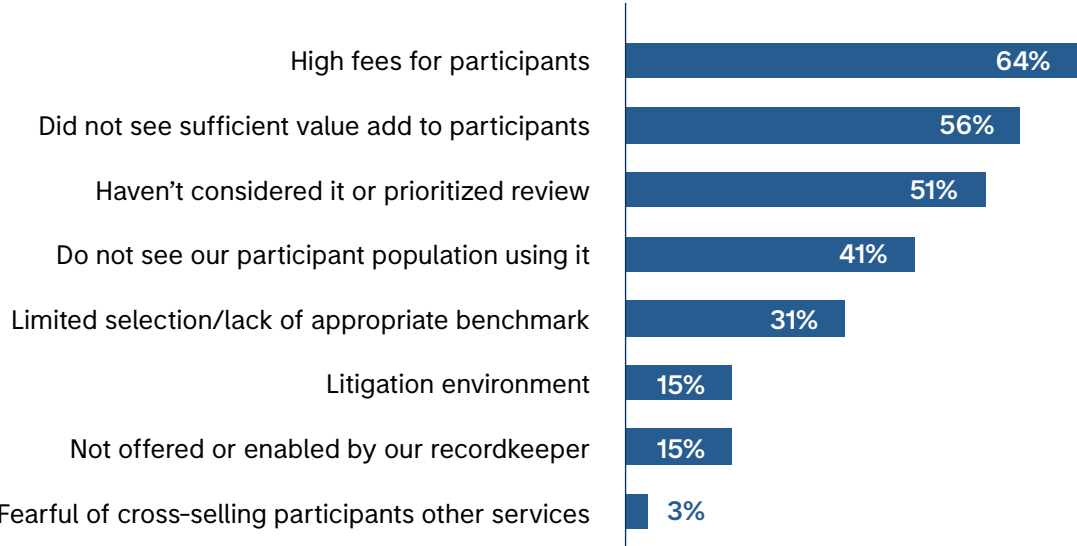
Among plans that don’t offer managed accounts and don’t plan to begin offering them, cost is the dominant objection. Roughly two-thirds cite high participant fees, while more than half question whether the value justifies those fees.

Given concerns about fees and modest usage, many plan sponsors may look to lower-cost defaults such as target date funds to provide participants with access to professional management of their asset allocation.



Reasons for Not Using or Considering Managed Accounts

Percent ranked among top three



Q: As best you can estimate, what percentage of your participants are using the managed account feature? (n = 128)

Q: What are the primary reasons your committee chose not to move forward or not pursue managed accounts? Rank order up to three reasons. (Among those not using and not considering managed accounts.) (n = 39)



SECTION 3

Consultant Relationships

Larger plans are more likely to capitalize on the multifaceted benefits of 3(38) consultant engagements.

Plans Continue to Rely on Consultants to Assess the Investment Lineup

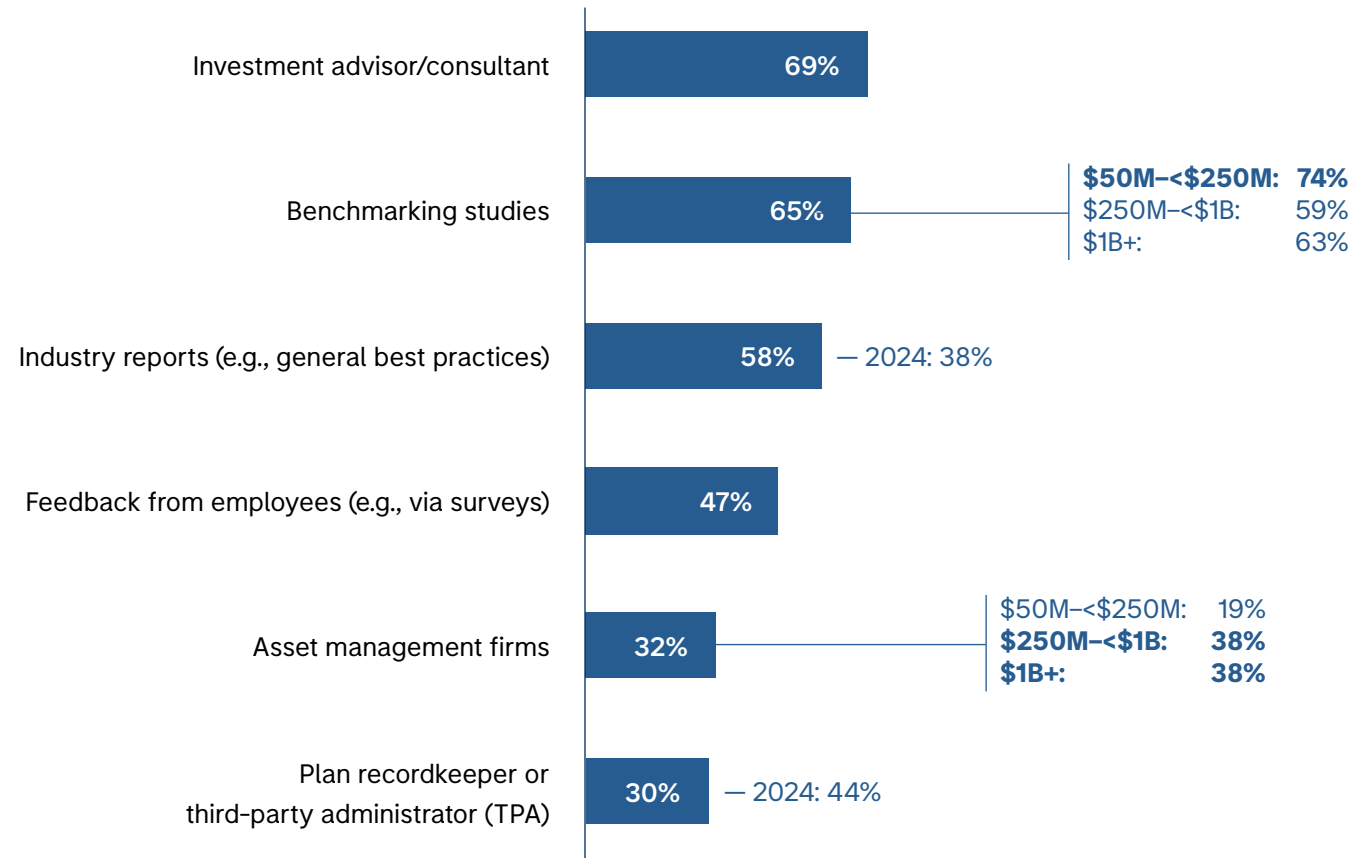
Investment consultants remain a valued resource for plan sponsors surveyed, to help evaluate the plan lineup, underscoring the strength of these partnerships.

Smaller plans, which may lack the resources needed to fully engage with investment consultants, rely more heavily on benchmarking studies. These reports have become more useful in recent years, supported by richer databases, better analytical tools and AI-assisted research.

Larger and mid-size plans, with greater purchasing power and stronger relationships with asset managers, place more value on the input from those firms. Meanwhile, recordkeepers declined in the rankings across every plan size.

Most Valuable Resources/Inputs When Assessing Plan Investment Lineup

Percent ranked among top three

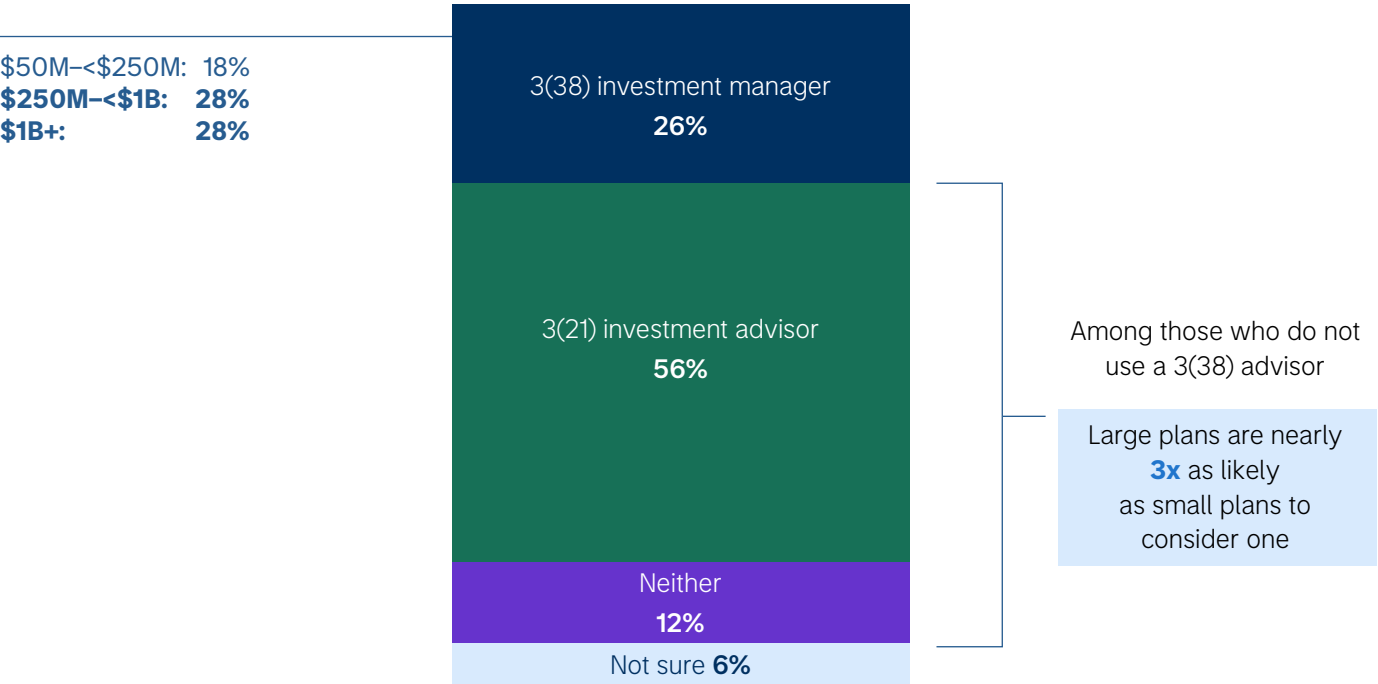


Use of 3(38) Investment Managers Is Steady, Though Consideration Is Notably Higher Among Larger Plans

The consultant model remains predominantly non-discretionary. Roughly twice as many plan sponsors report using the 3(21) non-discretionary model with their consultant versus 3(38) discretionary engagements.

3(38) usage already skews toward larger plans, and this trend may accelerate in future years. Among the plans not currently using 3(38) engagements, the largest plans are nearly three times as likely as the smallest to consider engaging a 3(38) investment manager.

Type of Investment Advisor Used



Morgan Stanley’s client base diverges from industry trends

Compared with the investment consulting industry as a whole, Morgan Stanley has had a disproportionately high percentage of new 3(38) relationships. Over the past three years, among clients with \$100M or more in AUM, more than 55% of defined contribution investment consulting clients chose to engage Morgan Stanley under a discretionary model.

Q: Which does your firm use, a 3(21) investment advisor or a 3(38) investment manager? (n = 200)

Q: Are you considering switching/adding a 3(38) investment manager? (Among those who do not have a 3(38) advisor.) (n = 136)



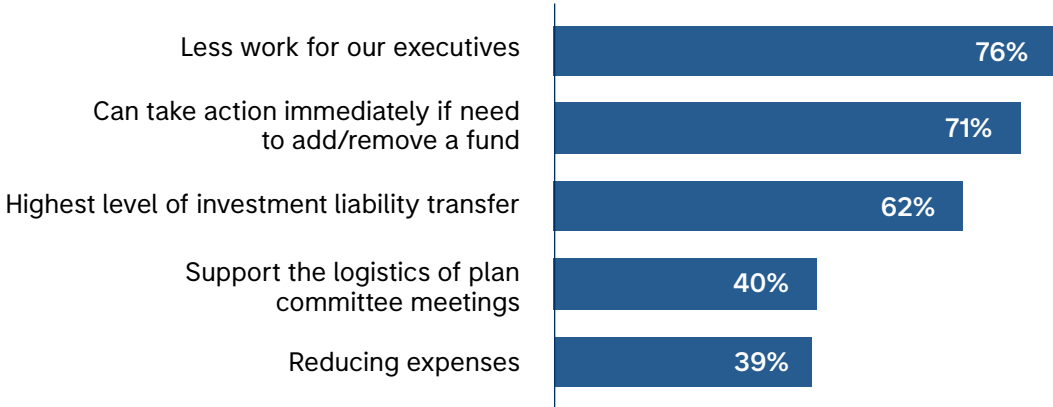
3(38) Investment Managers Can Help Ease Burden and Increase Plan Nimbleness

Among plan sponsors who use or are considering using a 3(38) investment manager, the appeal spans operations, portfolio management and risk management. Plan sponsors surveyed recognize the value of empowering the consultant to act quickly to reposition the portfolio or change managers in response to evolving market conditions, while also helping to reduce the administrative and fiduciary burdens on management teams.

Resistance to 3(38) investment managers is rooted less in the model’s merits than in satisfaction with the status quo. While a 3(21) advisor may, in fact, be the right approach for many plans, sponsors shouldn’t default to this assumption simply out of inertia. Every few years, plan sponsors should evaluate whether their current consultant engagement model continues to be the right fit in light of recent changes in the regulatory landscape, market environment and the plan’s needs.

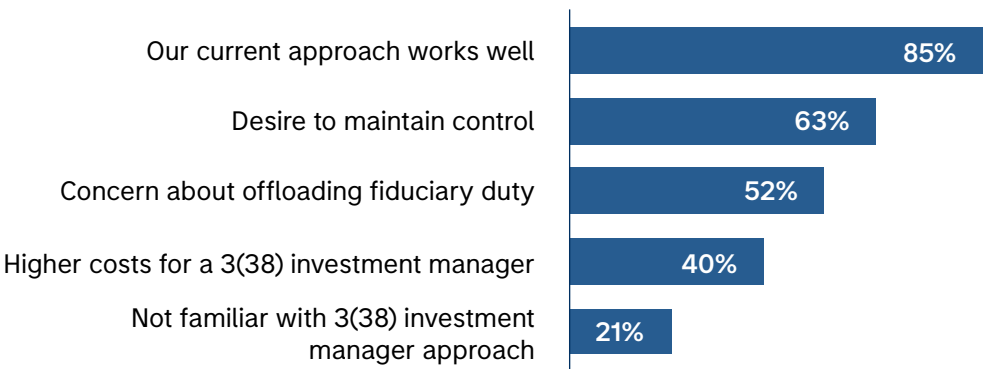
Reasons Using or Considering 3(38) Investment Manager

Percent ranked among top three



Reasons Unlikely to Consider 3(38) Investment Manager

Percent ranked among top three



Q: What are the reasons you are considering a 3(38) investment manager approach? Rank order your top three. (Among those using or considering a 3(38) investment manager.) (n = 99)

Q: What are the reasons you are unlikely to consider a 3(38) investment manager approach? Rank order your top three. (Among those not using or considering a 3(38) investment manager.) (n = 87)

SECTION 4

Participant Engagement

Plan sponsors are prioritizing a personalized and comprehensive approach to educating and engaging with employees.

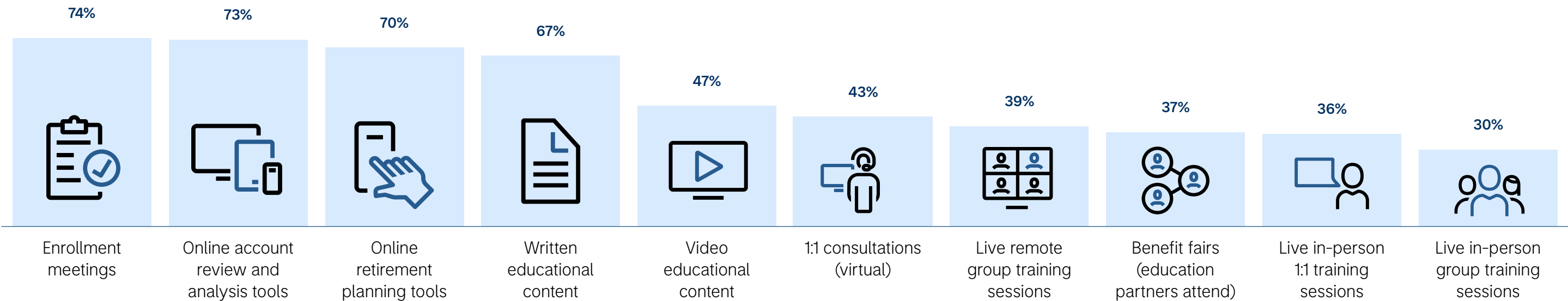
Plans Offer an Array of Participant Resources

Plan sponsors are using a wide collection of tools—delivered through different forums and media—to drive higher defined contribution plan participation and engagement among employees. This breadth reflects sponsors’ recognition that there is a wide range of financial literacy and learning styles among their employees.

Enrollment meetings, online tools and written educational content form the core of sponsors’ engagement efforts. Sponsors are augmenting these resources with group and one-on-one sessions, delivered both in-person and virtually.

Plan sponsors are generating these tools from a collection of sources, both external and internal. Recordkeepers and investment consultants continue to be the two most heavily used sources of engagement content. Sponsors are also relying on asset managers and other third-party partners as well as internal staff to generate the content.

401(k) Plan Tools Available to Employees



Q: What 401(k) plan tools and resources are available to employees? Select all that apply. (n = 200)
Q: Who provides the 401(k) plan tools and resources for employees? Select all that apply. (n = 200)



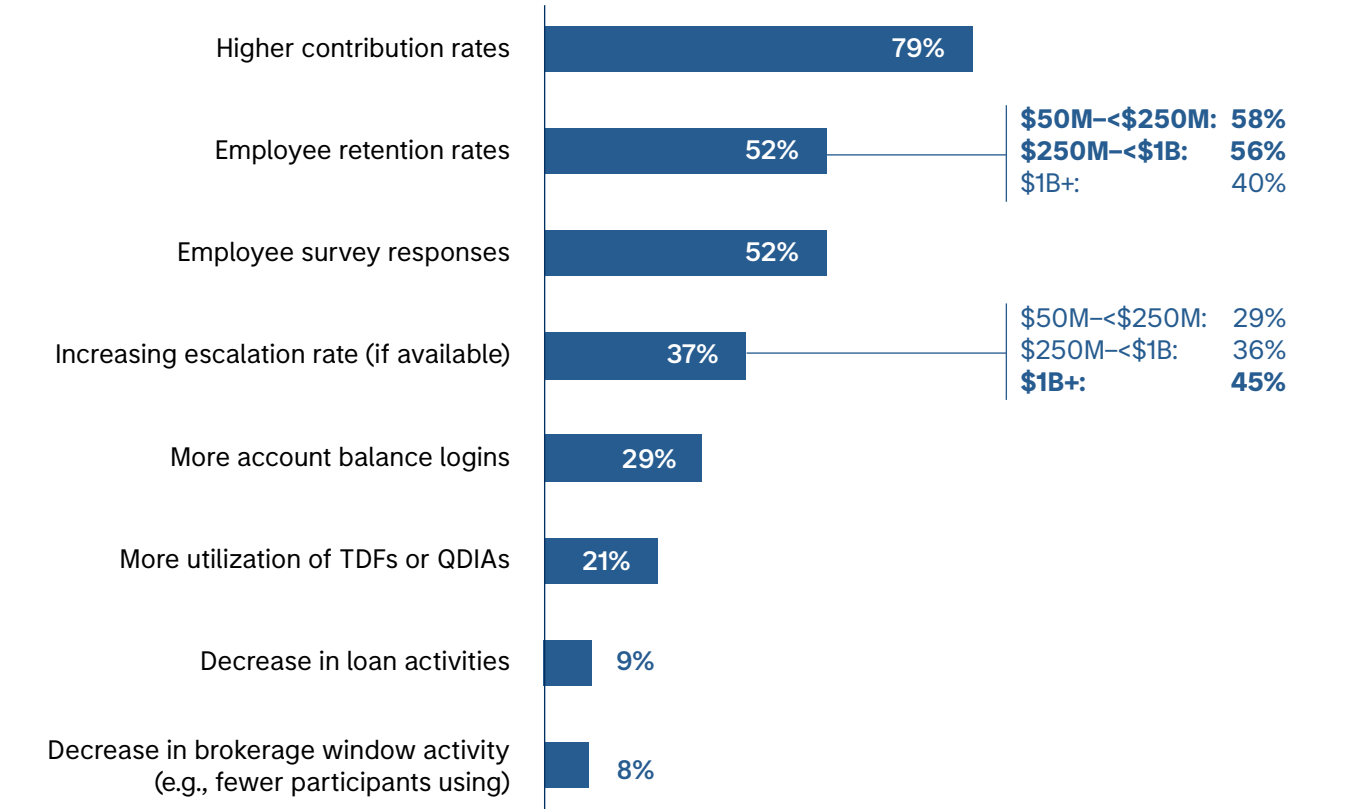
Contribution Rates Are the Key Measures of Success for Participant Education Programs

Measuring the effectiveness of any employee education program is essential. When it comes to defined contribution plan engagement programs, respondents overwhelmingly say that higher participant contribution rates are the top measure of success.

Compared to their smaller peers, larger plans place a higher emphasis on escalation rates. Conversely, mid-size and smaller plans focus more on employee retention. This may imply a trend toward savings/outcomes focus for large plans, and a talent-and-retention focus for smaller ones.

How Plan Sponsors Measure Success of Participant Education Programs

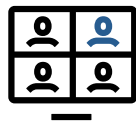
Percent ranked among top three



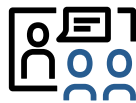
Plan Sponsors Seek Education, Personalization and Wellness to Increase Employee Engagement

When asked to describe, in their own words, the types of tools or resources that would be most effective in driving higher participant engagement, survey respondents’ answers coalesced around several key themes:

- Group education sessions, workshops or trainings (general financial or retirement education)
- Broader financial wellness topics beyond retirement (budgeting, debt, tax, estate planning, healthcare costs, home-buying, etc.)
- 1:1 personalized consultations or coaching (virtual, in-person or on-demand)
- Tailored or personalized content by demographic, life-stage, career-stage or workforce segment



“More **virtual lunch-and-learn sessions to fully educate the workforce** on maximizing the benefit.”



“We would ideally like to incorporate more **interactive, financial wellness modules and personalized short-form video communications** tailored to different career stages.”



“Increase **one-on-one advisory meetings** to enhance awareness and understanding.”



“I would like to offer **personalized guidance that adapts to an employee’s career stage and financial priorities.**”

Q: In your own words, what additional plan tools and/or resources would you ideally like to incorporate to increase employee engagement? (n = 200)

← →

Retirement Saving, Planning and Maximizing Benefits Are the Most Common Education Topics

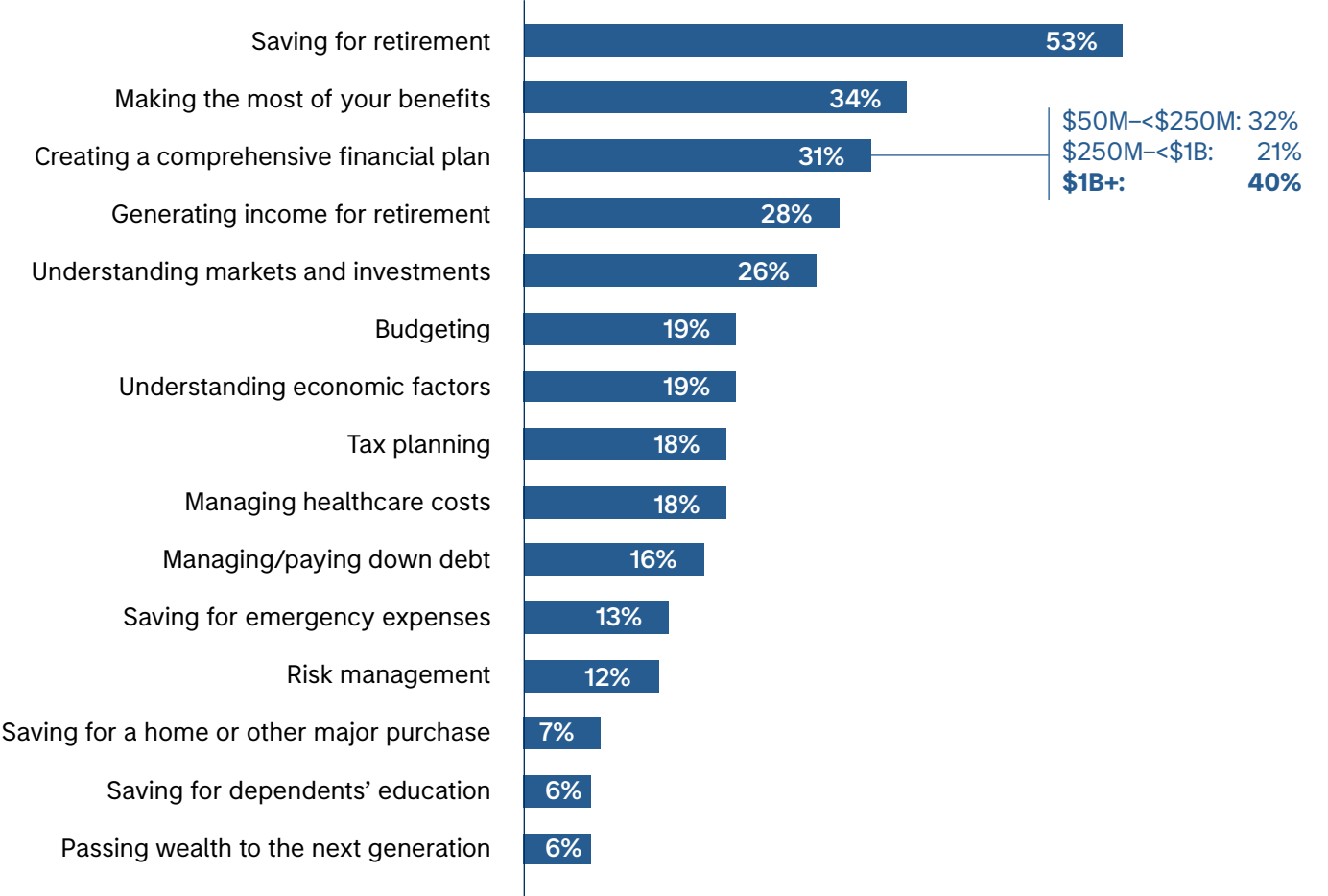
When asked which education topics would most benefit employees, plan sponsors prioritize keeping participants focused on the plan’s core purpose: Saving for retirement.

A closely grouped but diverse second tier of topics follows: Maximizing employee benefits, comprehensive financial planning, generating retirement income and understanding markets and investments.

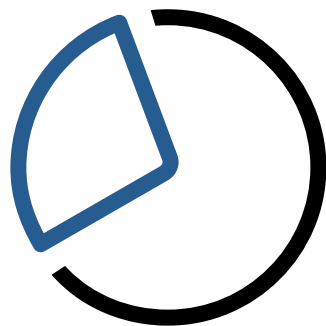
Together, these responses indicate that sponsors value grounding participants in retirement and benefits fundamentals while also seeking a broader financial planning and wellness curriculum. Interest in comprehensive planning is most pronounced among larger plans, consistent with their greater use of retirement readiness measures.

Financial Education Topics Most Beneficial to Employees

Percent ranked among top three



Implications From the Research



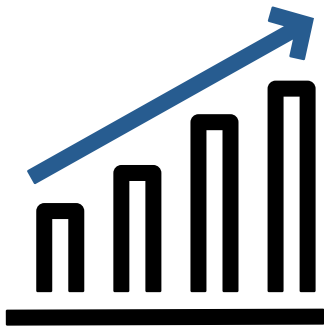
401(k) plans’ growing importance raises the stakes for plan sponsors

Employees’ 401(k) plans are a critical piece of their financial wellness. Creating a plan that meets employees’ needs and equipping participants with effective education and tools give plan sponsors an opportunity to build loyalty and satisfaction among their teams.



Investment lineups are primed for evolution

Significant hurdles remain to more widespread adoption and utilization of retirement income and alternatives. Consultants can play a vital role in helping plan sponsors assess when and how these options make sense while monitoring ongoing shifts in the regulatory landscape and participant priorities.



Consultant engagement decisions shouldn’t be made by inertia

The 3(38) engagement model can enhance a plan’s operational efficiency and investment agility. Often, however, sponsors stick with their current 3(21) approach because they are satisfied with the status quo or don’t realize that a 3(38) approach can be tailored to meet the plan’s objectives and budget.

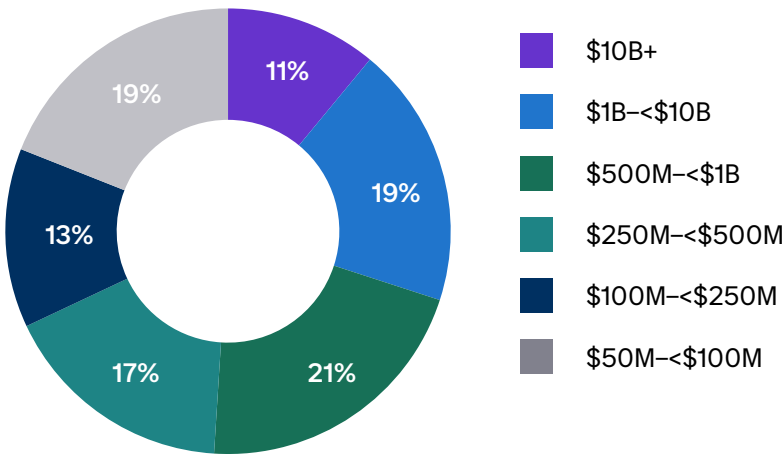
About the Survey

In July–August 2026, Morgan Stanley surveyed investment decision-makers at 200 retirement plan sponsors.¹ This is our second survey of this type, with the first conducted in May 2024.

Survey respondents represent organizations with at least \$50 million in 401(k) plan assets, with more than two-thirds from organizations over \$250 million and 30% over \$1 billion.

Respondent Characteristics

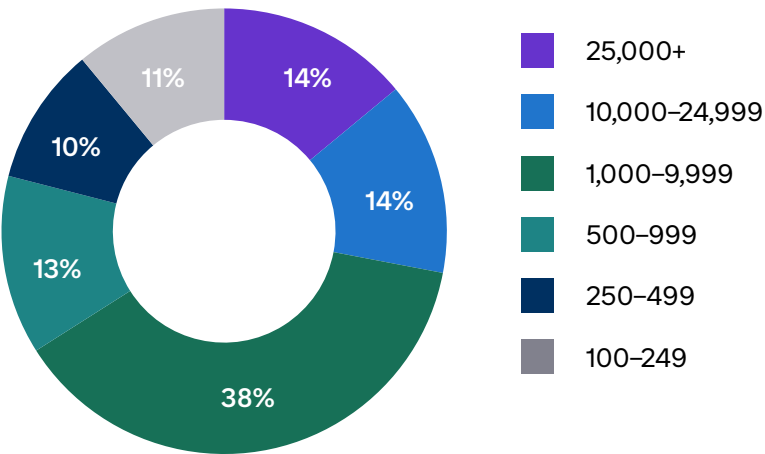
Company plan assets



Respondent Roles

Respondents primarily comprised lead decision-makers and/or those involved in plan investment lineups, employee engagement and education, or plan administration.

Company number of employees



¹ The survey was conducted by independent research firm 8 Acre Perspective. Morgan Stanley was not identified as the research sponsor.

Investment Consulting Solutions for Retirement Plans

Morgan Stanley offers a wide range of customized solutions and advice across retirement plan types.

Defined Contribution (DC)

We are uniquely equipped to guide a DC plan through the complex, interrelated decisions involved in building an effective retirement plan that addresses the needs of the organization and its workforce.

Defined Benefit (DB)

We can develop a customized approach to help strengthen the health of a DB plan and support plan goals such as improving funded ratios, minimizing funded status risk or de-risking a portfolio.

Nonqualified Deferred Compensation (NQDC)

Our consultants can help develop an NQDC plan that is integrated with other elements of an organization’s retirement plan and compensation program.

Deep Resources and Experience

We combine local expertise and global resources to help our clients make informed, confident investment decisions.



\$1 Trillion+
in total institutional
assets under management¹



50+ YEARS
of experience advising
institutional clients



~1,800
CONSULTANTS
serving institutional clients¹

Additional Resources

Learn more about Morgan Stanley’s [investment consulting capabilities for retirement plans](#) or access additional resources for plan sponsors:

- [State of the Workplace: 2026 Financial Benefits Study](#)
- [Retirement Plan Committee’s Guide to Effective Plan Governance](#)
- [Retirement Income Considerations for Plan Sponsors](#)
- [Company Stock in 401\(k\) Plans: Best Practices](#)

¹ As of July 2026.



Let’s Talk

We look forward to starting the conversation on how we can help.

instlconsulting@morganstanley.com

morganstanley.com/ics

1.
Plan Usage and
Sponsor Attitudes

2.
Plan Investment
Lineup

3.
Consultant
Relationships

4.
Participant
Engagement

Methodology

Phone survey among 200 plan sponsors. Respondent qualifying criteria:

- Part of team that makes investment decisions for 401(k) plan
- For-profit businesses with AUM \$50 million+

Data collection occurred during July and August 2026; Morgan Stanley was not identified as research sponsor.

Statistical testing was done at the 90% confidence level.

2024 survey was among 190 plan sponsors using similar methodology and criteria.

8 Acre Perspective, an independent research firm, conducted the research.

Disclosures

When Morgan Stanley Smith Barney LLC, Morgan Stanley Financial Advisors, Private Wealth Advisors and Morgan Stanley Institutional Investment Advisors LLC, and their affiliates (collectively, “Morgan Stanley”) provide “investment advice” regarding a retirement or welfare benefit plan account, an individual retirement account or a Coverdell education savings account (“Retirement Account”), Morgan Stanley is a “fiduciary” as those terms are defined under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and/or the Internal Revenue Code of 1986 (the “Code”), as applicable. When Morgan Stanley provides brokerage services or investment education or otherwise does not provide “investment advice”, Morgan Stanley will generally not be considered a “fiduciary” under ERISA and/or the Code. For more information regarding Morgan Stanley’s role with respect to a Retirement Account, please visit www.morganstanley.com/disclosures/dol. Tax laws are complex and subject to change. Morgan Stanley does not provide tax or legal advice. Individuals are encouraged to consult their tax and legal advisors (a) before establishing a Retirement Account, and (b) regarding any potential tax, ERISA and related consequences of any investments or other transactions made with respect to a Retirement Account.

Additional information about Morgan Stanley Institutional Investment Advisors LLC is available on the SEC’s website at www.adviserinfo.sec.gov.

Morgan Stanley Smith Barney LLC is a registered Broker/Dealer, Member SIPC, and not a bank. Where appropriate, Morgan Stanley Smith Barney LLC has entered into arrangements with banks and other third parties to assist in offering certain banking-related products and services. Investment, insurance and annuity products offered through Morgan Stanley Smith Barney LLC are: NOT FDIC INSURED | MAY LOSE VALUE | NOT BANK GUARANTEED | NOT A BANK DEPOSIT | NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

Morgan Stanley Institutional Investment Advisors LLC (“MSIIA”) is registered with the U.S. Securities and Exchange Commission as an investment adviser under the Investment Advisers Act of 1940, as amended.

© 2026 Morgan Stanley Smith Barney LLC. Member SIPC.
© 2026 Morgan Stanley Institutional Investment Advisors LLC. All rights reserved.

CRC 5932897 10/2026

