EMPOWER

## 2026:

# A 20/20 moment for retirement

Reflecting on 20 years of the Pension Protection Act.
Looking ahead to the next 20.



**SUCCESS HAS A WAY OF CHANGING THE QUESTION**

## Twenty years ago, the Pension Protection Act (PPA) marked one of the most significant turning points in the evolution of workplace retirement

Over the next two decades, additional legislation, including the SECURE Act and SECURE 2.0 Act, expanded on that foundation. At the same time, changing workforce demographics, technological advances, and continued innovation reshaped the workplace retirement system. During that same period, workplace retirement plans also continued moving further from defined benefit to defined contribution (DC) plans, making the DC plan a core part of the modern workplace benefits package.

## But success has a way of changing things

Twenty years ago, the challenge was helping more people begin saving. Today's challenge is helping people build financial security to navigate more complex financial lives. People change jobs more frequently. Careers are longer and often less linear. Workers balance retirement savings alongside healthcare expenses, emergency savings, housing, education costs, and caregiving. At the same time, technology and AI are rapidly changing retirement plans in ways that were unimaginable when the PPA became law.



**"There's a lot of focus on how to utilize automatic enrollment even further in the future."**

**Kent Mason**
Partner, Davis & Harman LLP



**"The 401(k) is an amazing savings plan, but it's not really a retirement plan."**

**Brian Graff**
Chief Executive Officer, American Retirement Association



**"Even if they have the expertise, they don't have the time."**

**Nevin Adams**
Former Chief Content Officer and Head of Retirement Research, American Retirement Association



**"People now have these really nice nest eggs. The question is, how do we make sure they understand what to do with them?"**

**Barbara Marder**
President and CEO, Employee Benefit Research Institute (EBRI)



**"QDIA is the beginning of the individualization … I think you're going to see more and more individualization of advice."**

**Marcia Wagner**
Founder and Managing Partner, The Wagner Law Group

Getting people into workplace retirement plans was never the finish line.

**It was the starting point.**

That realization became the foundation for this paper. Rather than looking back at the PPA as a historical milestone, Empower used its 20th anniversary as an opportunity to ask a broader question:

## What have we learned over the past 20 years, and where should the retirement system evolve next?

To explore that question, we interviewed five respected leaders who have helped shape retirement policy, practice, and industry innovation over the past decades. While their backgrounds and perspectives are different, a remarkable consensus emerged.

The ideas introduced through the PPA fundamentally changed how workplace retirement plans are designed and how people experience them today. The question is no longer simply what the PPA accomplished, but where workplace retirement goes next.

# How should workplace retirement plans continue to evolve to better support the realities of people's financial lives?

| 2006 challenge | How the industry responded |
| --- | --- |
| Low participation | Automatic enrollment and escalation |
| Poor default investments | QDIA including professionally managed investing |
| Legal and fiduciary uncertainty and fear | Safe harbors that enabled innovation |
| Participants left to make investment decisions | Target date funds and managed accounts |
| Limited access | SECURE Acts, pooled employer plans, auto IRAs |
|  |  |

## The biggest success was changing behavior

When industry leaders reflect on the PPA, the conversation almost always begins with automatic enrollment — not simply because participation increased, but because the PPA changed how the retirement industry thought about participant behavior.

Before the PPA, workplace retirement plans largely relied on people to take action. Enroll yourself. Choose your investments. Increase your savings over time. Revisit those decisions throughout your career. For many participants, that wasn't realistic.

The PPA introduced a different philosophy. Rather than expecting participants to become retirement experts, it encouraged plan designs that helped people make better financial decisions from the start. Automatic enrollment, automatic escalation, and QDIAs reflected a simple but powerful idea:

**Thoughtful plan design could help improve participant outcomes**

Twenty years later, every industry leader interviewed for this paper identified those automatic features as among the most important advances of the last two decades. The PPA didn't simply increase participation, it fundamentally changed how plan sponsors and the industry approached retirement plan design.

Yet one of the most interesting insights from those conversations was that the industry's greatest success may also reveal its greatest opportunity for continued evolution.

Automatic enrollment is almost universally viewed as one of the defining achievements of the PPA. But several interviewees also pointed to one of its earliest design assumptions as an opportunity to continue evolving. What began as an illustration gradually became a plan design de facto standard.



**"Three percent was kind of an accident. The story I heard was that it was used as an example by the IRS regarding automatic enrollment back in 2000, and it became the industry's marker. What if we'd had a decade worth of automatically enrolled people saving at 6% instead of 3%? What difference might that have made?"**

Nevin Adams

Today, many plan sponsors continue to worry that increasing default contribution rates will cause participants to opt out. Empower research suggests otherwise. Plans with default contribution rates of 7% or higher achieved both the highest participation rates and the highest average savings rates among the plans studied.

# The participation paradox

Automatic enrollment has fundamentally changed participation, yet participants who actively engage with their retirement savings tend to save at higher levels.*

| | Plans with auto-enrollment | Plans without auto-enrollment |
|---|---|---|
| Participation rate | 86% | 36% |
| | **Auto-enrolled participants** | **Self-enrolled participants** |
| Deferral rate | 5.7% | 8.8% |
| Engagement rate | 53% | 79% |

* Empower data as of December 31, 2025. This data does not account for factors such as time since auto-enrollment occurred or other participant characteristics that may influence engagement and savings behavior. We define and measure engagement as at least one interaction with Empower's workplace savings site, mobile apps, Customer Care Center, or advisory services.

Kent Mason offered another important perspective. A default does more than automate a decision. It establishes an expectation. By communicating what "normal" looks like, participants may conclude that 3% is also the recommended amount, even if they might otherwise have chosen to save more.

That same thinking applies to automatic escalation. Recognizing that most participants rarely revisit their savings decisions on their own, automatic escalation shifted responsibility from remembering to act toward designing plans that help participants save more over time.

Today, those same behavioral principles continue to evolve. Kent Mason pointed to automatic reenrollment as one example. Someone who opted out of automatic enrollment because they couldn't afford to save early in their career may remain opted out indefinitely if no one asks again. Automatic reenrollment recognizes that financial circumstances change and periodically gives participants another opportunity to begin saving.

The lesson extends well beyond automatic enrollment. Behavioral design doesn't simply influence behavior. Barbara Marder reinforced this point, noting that the "inertia factor is so powerful" and that automatic features have helped people reach financial outcomes they might never have achieved on their own. It can shape expectations, reduce inertia, and help people make more informed financial decisions without requiring them to become retirement experts. The industry's greatest achievement over the past 20 years wasn't simply developing solutions to help more people participate. It demonstrated that thoughtful plan design can help improve financial outcomes by meeting people where they are.

The question now is where those same principles lead next.

# The next default is personalization

## For years, one question dominated nearly every participant meeting: “How should I invest my money?”

As Nevin Adams reflected, that was the question every participant asked. If you weren’t in the advice business, you spent a great deal of time trying to answer that question without actually answering it. The challenge wasn’t simply that participants lacked investment knowledge. In many cases, they lacked the time to consistently apply it.

Nevin offered a particularly candid observation. Even after spending his career in the retirement industry, understanding investments, and knowing how to evaluate funds, he stated he could make an investment decision and then rarely revisit it. As he put it, “Even if they have the expertise, they don’t have the time.” That insight may be one of the strongest arguments for the evolution toward professionally managed investing. The question isn’t simply whether participants are capable of making good financial decisions. It’s whether they have the time, interest, and confidence to continue making those decisions consistently over the course of a career.

### The PPA fundamentally changed that conversation

Before the PPA, default investments were often limited to money market or stable value funds designed primarily to preserve principal. The PPA’s QDIA safe harbor gave plan sponsors the confidence to default participants into professionally managed investments designed to build long-term retirement security. For many plan sponsors, it finally provided a practical answer to the question participants had been asking all along.

Twenty years later, Empower data suggests that answer has become standard practice. QDIAs are now nearly universal across workplace retirement plans, and professionally managed investing has become the expectation rather than the exception.

Yet one of the strongest themes to emerge from the interviews was that industry leaders no longer view QDIAs as the destination. Target date funds transformed professionally managed investing, but every interviewee viewed them as the foundation for what comes next.



“Target date funds are a pretty blunt instrument. You don’t know the participants’ outside assets. You don’t know their health. You don’t know their family situation. The closer you get to retirement, the more those nuances really matter.”

Nevin Adams

Taken together, the interviews point toward a common view: The first 20 years after the PPA were defined by making greater use of professionally managed investing. The next 20 may be defined by making that guidance increasingly personal, helping participants move beyond one-size-fits-all solutions toward experiences that reflect the realities of their individual financial lives.

## From peers to plans to participants:
### Quantifying the value of advice in managed accounts




1 Empower Advisory Group, LLC data as of December 31, 2024. See methodology detail in disclosures.



"Most people simply don't have the time or the expertise to manage increasingly complex financial decisions on their own. Managed accounts provide the personalization people need while preserving the simplicity that made automatic features successful in the first place. If they're done properly, they're absolutely essential."

Brian Graff



"QDIA was the beginning of the individualization. I think you're going to see more and more individualization of advice as artificial intelligence, richer participant data, and increasingly sophisticated advice tools make it possible to deliver guidance that's tailored to each person's unique circumstances."

Marcia Wagner



"Private investments are an interesting example of how the industry is leveraging target date funds to incorporate expanded investment options. With expansion into broader markets, it's important to ensure there's a professional in the middle, whether that's through a target date fund or a managed account."

Barbara Marder

# Expanding access, extending opportunity

One theme surfaced consistently across every interview.

**The retirement system has become significantly better at helping people save, but millions of workers still don't have access to the workplace retirement plans that make those outcomes possible**

Automatic enrollment, professionally managed investing, personalized guidance, and many of the innovations discussed throughout this paper can only improve outcomes for people who have the opportunity to participate in the first place.

Barbara Marder offered an important perspective from EBRI research. For workers who have access to workplace retirement plans, the combination of defined contribution savings and Social Security generally does a good job replacing pre-retirement income. The larger opportunity, she argued, is ensuring more workers have access to that system in the first place.

Brian Graff described universal coverage as the next major policy objective, noting that automatic enrollment can only improve outcomes for people who actually have access to a workplace retirement plan. Marcia Wagner emphasized the continued need to reach smaller organizations and lower-income workers. While Nevin Adams reinforced the workplace as the most effective place to help people begin saving, Kent Mason highlighted gig workers and part-time workers as important populations that deserve greater attention as the workforce continues to evolve.

Although each interviewee described the challenge differently, they reached the same conclusion. The next chapter of retirement innovation is not simply about improving plans for those already participating. It's about extending those opportunities to the millions of workers who remain outside the system.

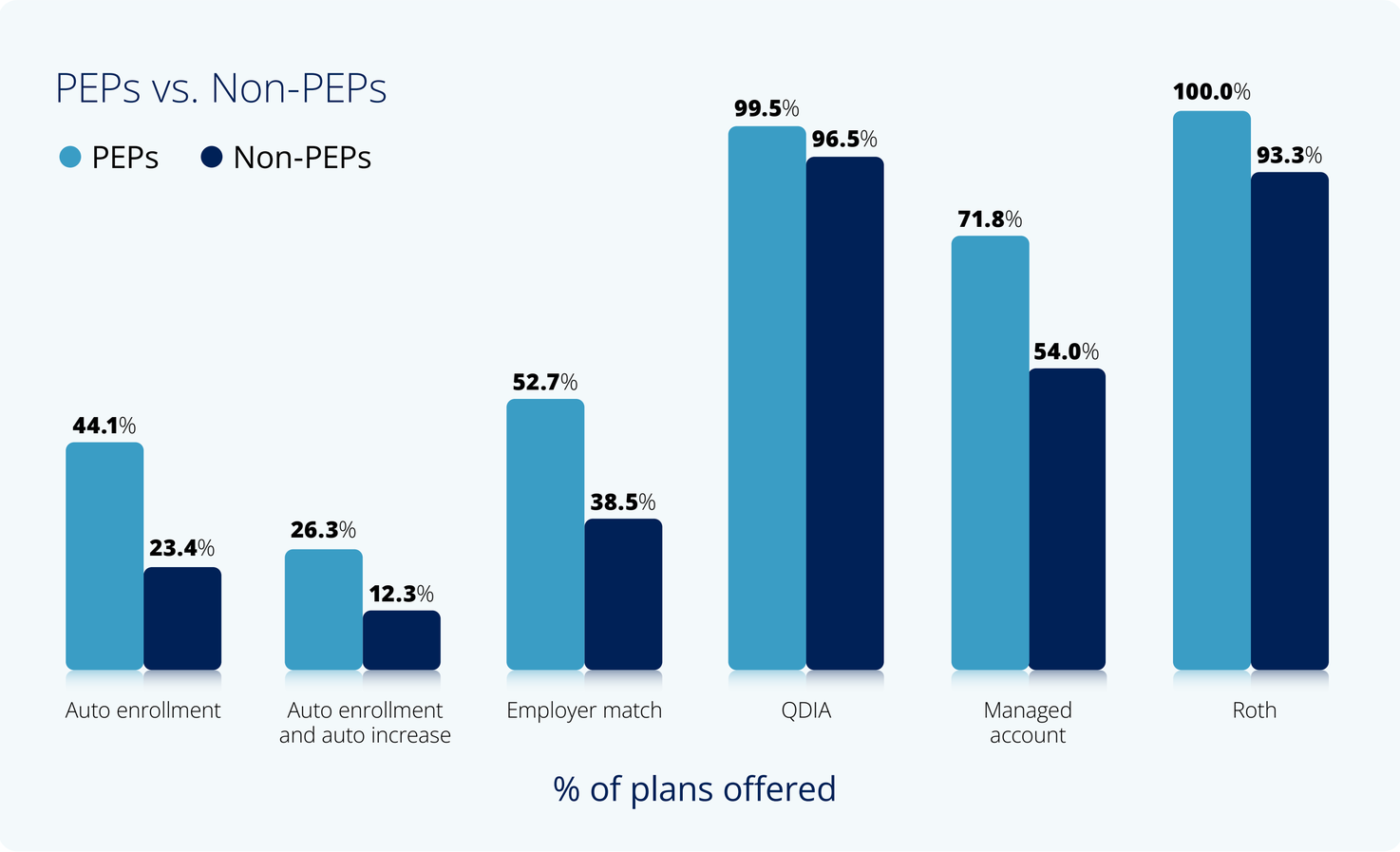
## PEPs: Expanding access through scale

One of the most visible examples of that evolution is the continued growth of pooled employer plans (PEPs). Research conducted by EBRI found that many small business owners overestimated both the complexity and cost of offering a retirement plan, suggesting education may be just as important as continued innovation.

While PEPs are often associated with helping smaller organizations offer retirement plans for the first time, Kent Mason pointed out that they're evolving along two distinct paths. For smaller organizations, PEPs simplify plan sponsorship and lower barriers to offering a workplace retirement plan. For midsize organizations, they create operational efficiencies and cost savings by allowing administrative responsibilities to be shared across multiple participating employers.

That distinction matters because it illustrates a broader shift in how the industry is thinking about access. The goal is no longer simply creating more retirement plans. It's making high-quality retirement plan design available to more organizations and, ultimately, more workers.

Empower data reinforces that point. Compared with similarly sized non-PEP plans, PEPs are nearly twice as likely to offer automatic enrollment; more than twice as likely to offer both automatic enrollment and automatic escalation; and significantly more likely to offer managed accounts, employer matching contributions, Roth features, and qualified default investment alternatives (QDIAs).*




In other words, PEPs are not simply expanding access to retirement plans. They're expanding access to many of the innovations that have defined workplace retirement over the past 20 years.

The interviews also highlighted another important dimension of access.

As careers become less linear, expanding access is no longer just about helping people enter the retirement system. It's also about helping them remain connected to it. Whether through improved portability, easier rollovers, better support for gig workers and part-time workers, or new approaches to plan design, the next generation of innovation will increasingly focus on making participation easier throughout a person's working life, not just at the beginning of it.

Expanding access, however, is only part of the story.

As more people participate in workplace retirement plans, the next opportunity is helping them connect retirement planning to the rest of their financial lives.

* Empower data as of December 31, 2025. PEP plans versus Non-PEP corporate plans under $200M.

# Connecting retirement to people's financial lives

For most people, retirement isn't just one financial goal. It's one of many.

**Every paycheck represents a series of tradeoffs**

- Should I increase my retirement contribution or build an emergency fund?
- Pay down student debt or save for a down payment?
- Invest in my children's education or prepare for healthcare expenses later in life?

Those decisions rarely happen in isolation, yet many of the financial tools designed to help people make them still do.

Over the past 20 years, workplace retirement plans have become remarkably effective at helping participants save. What's changed is the recognition that retirement planning can't exist separately from the rest of people's financial lives. Participants experience their financial lives as a whole.

That realization surfaced repeatedly throughout our interviews.

Brian Graff observed that the 401(k) has become "an amazing savings plan," but it's not yet a complete retirement plan because participants still need help turning accumulated savings into long-term financial security.

Marcia Wagner challenged an even more fundamental assumption, suggesting that the traditional concept of retirement itself is evolving as people live longer, work longer, and move in and out of the workforce throughout their lives.

And while Nevin Adams joked that he's "retired … whatever that means," Kent Mason described today's environment as a "do-it-yourself retirement system," where participants are expected to make increasingly complex financial decisions with limited personalized guidance.

Although each interviewee approached the topic from a different perspective, they arrived at a remarkably similar conclusion. The future of workplace retirement is becoming less about a single retirement account and more about helping people make better financial decisions throughout every stage of their lives.

That doesn't mean every financial solution belongs inside a retirement plan. It does mean that retirement planning can no longer be viewed in isolation. Retirement savings, healthcare, emergency savings, debt management, education funding, caregiving responsibilities, and career transitions all compete for the same paycheck. Helping participants understand how those decisions fit together may become just as important as helping them make any single decision well.

> This is also where technology has the potential to fundamentally reshape the participant experience. AI, richer participant data, and more connected digital experiences can move beyond generalized education toward guidance that reflects an individual's unique circumstances.

Barbara Marder observed that AI may become the first point of contact for many participants, not because it replaces financial advisors, but because it removes some of the barriers that keep people from seeking help in the first place. Unlike a conversation with another person, AI is available at any time, encourages questions without judgment, and can help participants build confidence before engaging with a financial professional. Rather than replacing advisors, AI has the potential to create better-informed participants and extend personalized guidance to millions of workers who have historically had limited access to individualized support. Much as people increasingly turn to technology before visiting a physician, AI may become the first stop for financial questions. Its greatest value, however, will be encouraging more informed conversations with financial professionals, not replacing their expertise.

The interviews also highlighted opportunities that extend beyond guidance alone. Simplifying rollovers, reducing plan leakage, improving portability as workers change jobs, and modernizing retirement infrastructure can help participants remain connected to their long-term savings throughout increasingly dynamic careers. As work becomes less linear, the retirement system must become better at supporting people through life's transitions rather than expecting those transitions to fit neatly within the system.

Perhaps that's the next evolution of workplace retirement.

For the past 20 years, the industry has become increasingly successful at helping people save. The future may be defined by how well it helps people connect retirement planning to the broader realities of their financial lives.

# The next 20 years

The PPA fundamentally changed workplace retirement by demonstrating that thoughtful plan design can change behavior. Over the past 20 years, the retirement system has continued to evolve through legislation, innovation, technology, and the collective efforts of policymakers, plan sponsors, advisors, providers, and industry leaders.

Today, we have something the architects of the PPA didn't: 20 years of hindsight. A 20/20 moment invites us not only to reflect on the past, but to focus on what comes next.

**Taken together, the interviews suggest five opportunities where continued innovation may help strengthen participant outcomes over the next 20 years**

1. **Rethink traditional plan design**

   Higher defaults, automatic escalation, and automatic reenrollment can help improve savings outcomes. Regularly evaluate plan design to balance cost, engagement, and participant outcomes. **Explore more »**

2. **Remove barriers to innovation**

   The PPA's safe harbors gave plan sponsors the confidence to adopt automatic features and professionally managed investing. The next generation of innovation may require similar policy and regulatory clarity to expand retirement income, professionally managed advice, and other participant-focused innovations. **Explore more »**

3. **Close the coverage gap**

   Millions of workers remain outside the workplace retirement system. PEPs; evolving policy; and innovative approaches for smaller organizations, part-time workers, and gig workers can extend modern workplace retirement to millions more people. **Explore more »**

4. **Personalize guidance, advice, and education**

   Advice; managed accounts; AI; richer participant data; and thoughtfully integrated investment solutions, including private markets where appropriate, can help deliver more personalized guidance, increase participant engagement, and potentially improve long-term financial outcomes. **Explore more »**

5. **Connect retirement to financial lives**

   Retirement planning increasingly exists alongside healthcare, emergency savings, debt, caregiving, education, and career transitions. Integrated financial wellness strategies, connected digital tools, and financial dashboards can help people see their financial lives more clearly and make better financial decisions. **Explore more »**





None of these opportunities require reinventing the retirement system. They build on the same participant-centered philosophy that has guided its evolution for the past 20 years: meeting people where they are, reducing complexity, and helping them make financial decisions.

That is retirement's 20/20 focus: building on what worked, challenging what no longer does, and keeping people at the center of every innovation.



"Retirement security is one of those rare areas where everybody can actually come together and agree on doing something really powerful."

Nevin Adams

Participation was just the beginning.



"Plan sponsors shouldn't have to choose between innovation and litigation."

Brian Graff



"We need to think about retirement as a lifetime, not an event."

Marcia Wagner



"Helping people stay in the system may become just as important as getting them into it."

Kent Mason



"The real test will be whether we look back 20 years from now and people in their 80s are still able to enjoy a financially secure retirement."

Barbara Marder

# Biographies



**Nevin Adams**
Former Chief Content Officer and Head of Retirement Research, American Retirement Association

Nevin Adams is a longtime retirement industry thought leader, writer, and speaker. During a career spanning more than 30 years, he held leadership roles with the American Retirement Association, the Employee Benefit Research Institute (EBRI), and PLANSPONSOR, where he covered retirement policy, workplace savings, and participant outcomes.



**Brian Graff**
Chief Executive Officer, American Retirement Association

Brian Graff has served as Chief Executive Officer of the American Retirement Association since 1996. An attorney and CPA, he previously served as legislative counsel for the U.S. Congress Joint Committee on Taxation, where he worked on pension, employee benefits, health care, and Social Security policy.



**Marcia Wagner**
Founder and Managing Partner, The Wagner Law Group

Marcia Wagner is Founder and Managing Partner of The Wagner Law Group, one of the nation's leading ERISA and employee benefits law firms. She has spent nearly four decades advising plan sponsors, financial institutions, fiduciaries, and service providers on retirement plans, ERISA, and employee benefits law.



**Kent Mason**
Partner, Davis & Harman LLP

Kent Mason is a Partner at Davis & Harman LLP, where he advises employers, financial institutions, and retirement organizations on retirement policy, ERISA, tax, and employee benefits law. He regularly represents clients before Congress and federal agencies on retirement policy and legislative matters.



**Barbara Marder**
President and Chief Executive Officer, Employee Benefit Research Institute

Barbara Marder is President and Chief Executive Officer of the Employee Benefit Research Institute (EBRI), an independent nonprofit organization dedicated to retirement, health, and economic security research. Before joining EBRI, she spent more than 30 years in retirement consulting and senior leadership roles at Mercer, including Global DC Practice Leader.

1 Methodology for quantifying the value of advice in managed accounts: **docs.empower.com/EE/Empower/DOCS/Quantifying-The-Value-Of-Advice.pdf**.

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