HENDERSON BROTHERS®
FINANCIAL PARTNERS

Exploring the New Generation of Retirement

DC Trends: 2026 and Beyond

2026 Defined Contribution Trends

9 Structural Forces Shaping Plan Sponsor Strategy

INVESTMENT & INCOME EVOLUTION

1) PRIVATE MARKET SOLUTIONS

- Evaluated primarily via TDFs & managed accounts
- Liquidity, valuation & fiduciary oversight critical

2) RETIRMENT INCOME INTEGRATION

- Embedded annuity & diversified income solutions rising
- Focus shifting to durable income generation

3) ROTH STRATEGY OPTIMIZATION

- Roth catch-up mandates in effect
- In-plan conversions and Roth employer contributions increasing

PERSONALIZATION & PARTICIPANT EXPERIENCE

4) PERSONALIZATION & MANAGED ACCOUNTS

- Goal-based planning models expanding
- Advice moving from optional to structural

5) TECHNOLOGY & AI ENABLEMENT

- AI-driven engagement & tailored messaging
- Automation improving operational efficiency

6) PARTICPANT FINANCIAL PRESSURE

- Rising living costs & competing priorities
- Retirement adequacy concerns intensifying

GOVERNANCE & STRUCTURAL DESIGN

7) REGULATORY & FIDUCIARY EVOLUTION

- SECURE 2.0 implementation
- DOL guidance on private markets & income

8) PROFESSIONAL OUTSOURCING GROWTH

- Increased OCIO / 3(38) delegation
- PEP adoption expanding among mid-size sponsors

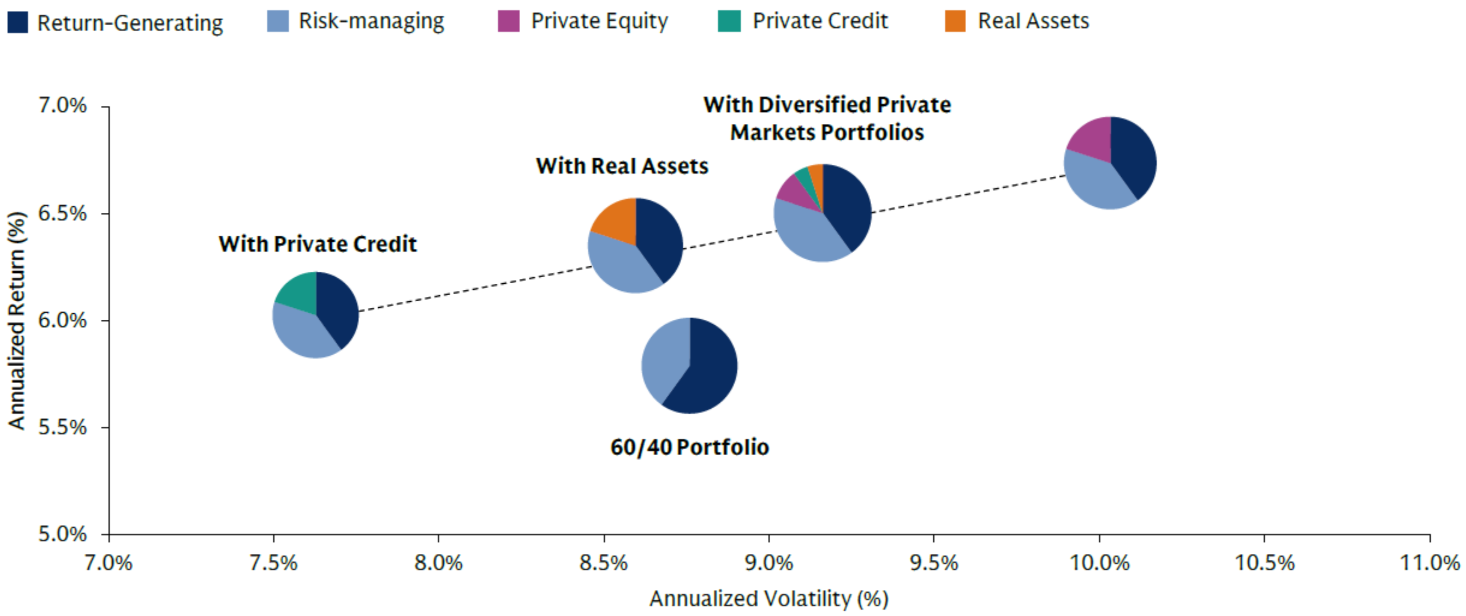
9) EARLY SAVINGS ACCOUNTS (TRUMP ACCOUNTS)

- Child savings vehicles launching July 2026
- Potential long-term impact on retirement readiness

Private Markets Solutions

Expanding diversification within fiduciary guardrails

ADDING 20% PRIVATE MARKET STRATEGIES TO A 60/40 PORTFOLIO*:



- Source: Goldman Sachs Asset Management, Defined Contribution Trends: 2026 and Beyond (January 2026).
- Returns shown are gross returns that do not reflect fees or expenses.

WHY IT MATTERS

- Industry-wide momentum toward private markets
- Primarily integrated through TDFs & managed accounts
- Regulatory guidance expected to accelerate adoption

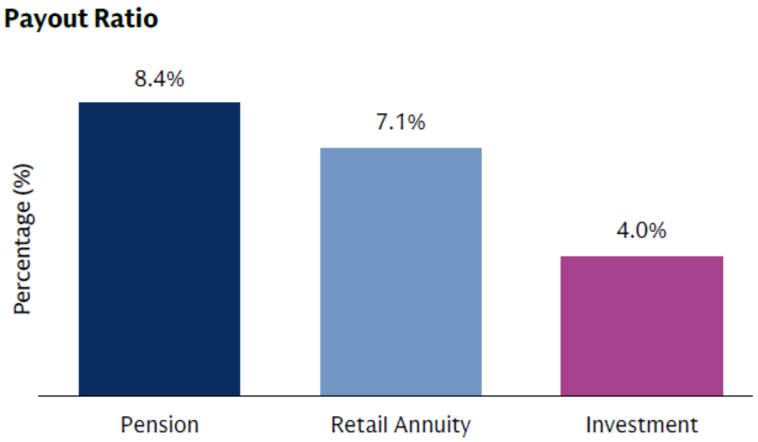
KEY SPONSOR CONSIDERATIONS

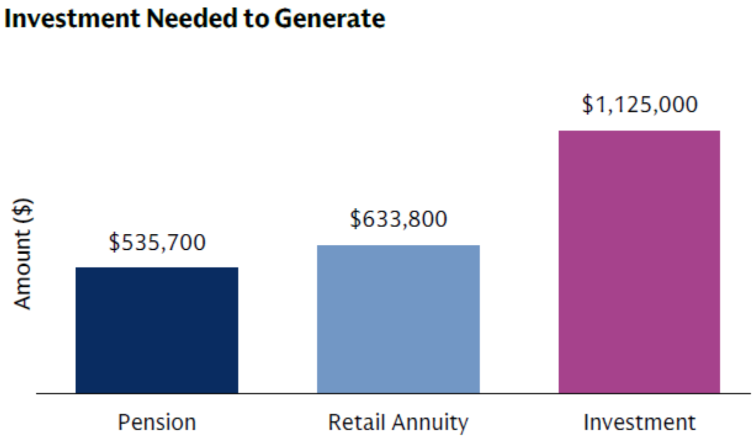
- Evaluate liquidity, valuation methodology, and fee transparency
- Determine appropriate implementation vehicle (e.g., TDFs, managed accounts)
- Document fiduciary rationale and ongoing monitoring process

Retirement Income Integration

Shifting from accumulation-only to income-aware design

PENSION VS. RETAIL ANNUITY VS. 4% RULE*:





* Source: Goldman Sachs Asset Management, Defined Contribution Trends: 2026 and Beyond (January 2026)

WHY IT MATTERS

- Income solutions embedded in TDFs
- Durable income focus beyond guarantees
- Adoption rising; utilization still maturing

KEY SPONSOR CONSIDERATIONS

- Assess whether income features align with workforce demographics and retirement timing
- Evaluate cost, portability, and flexibility of guaranteed vs. non-guaranteed solutions
- Ensure clear participant communication and fiduciary documentation of selection process

Roth Strategy Optimization

Post-tax savings becoming a central plan design lever

ROTH STRATEGY MILESTONES UNDER SECURE 2.0:

2024

Roth RMDs Eliminated

- Roth 401(k) accounts no longer subject to RMDs
- Aligns treatment with Roth IRAs
- Increases long-term tax-free accumulation potential

2025-2026

Mandatory Roth Catch-Ups

- Participants earning above IRS threshold must make catch-up contributions as Roth
- Impacts payroll systems and plan administration
- May shift overall contribution tax mix

2026+

Super Catch-Up Contributions (Ages 60-63)

- Higher annual catch-up limits
- Opportunity to accelerate retirement readiness
- Communication opportunity for near-retirees

WHY IT MATTERS

- Roth catch-up mandates now in effect
- Super catch-up contributions
- In-plan Roth conversions expanding

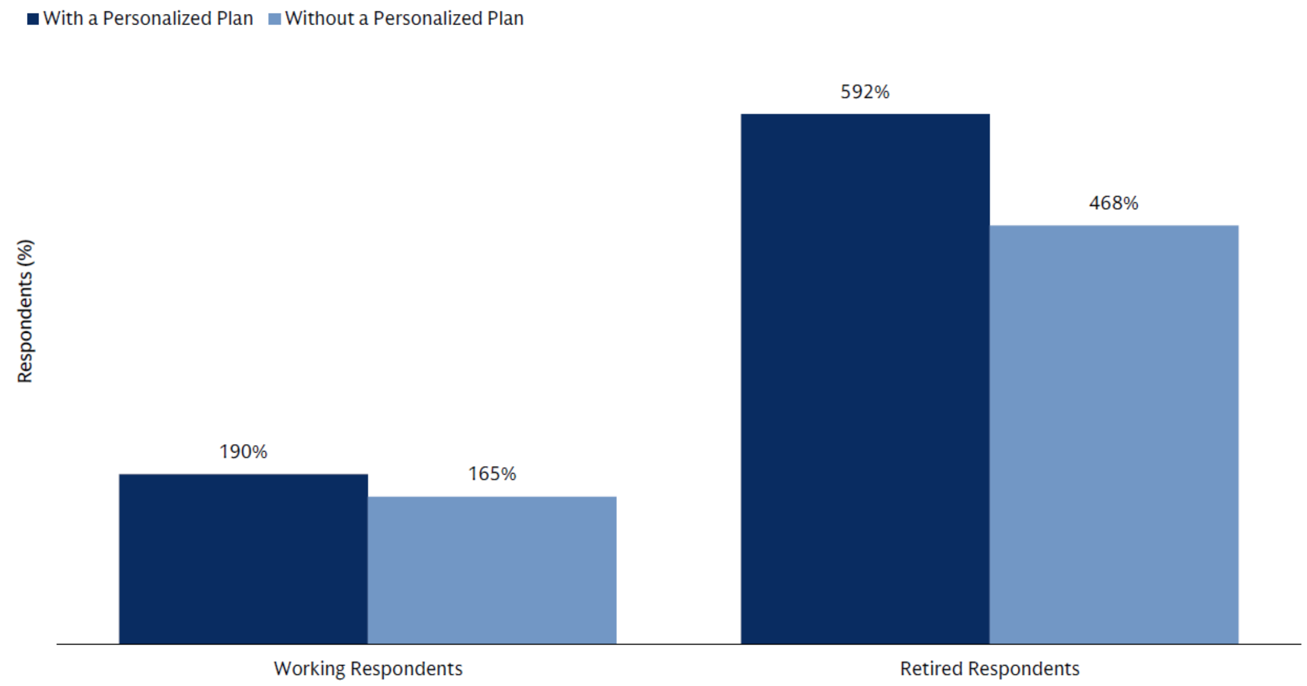
KEY SPONSOR CONSIDERTAIONS

- Ensure operational readiness for mandatory Roth catch-up contributions
- Evaluate participant demographics to determine Roth vs. pre-tax fit
- Align communication strategy to support informed contribution decisions

Personalization & Managed Accounts

From default pathways to individualized retirement journeys

RETIREMENT SAVINGS-TO-INCOME RATIOS BETWEEN SAVERS WITH A PERSONALIZED PLAN AND THOSE WITHOUT*:



* Source: Goldman Sachs Asset Management, Defined Contribution Trends: 2026 and Beyond (January 2026)

WHY IT MATTERS

- Goal-based planning becoming standard
- Managed account adoption expanding
- Advice improves confidence & outcomes

KEY SPONSOR CONSIDERATIONS

- Evaluate cost relative to expected improvement in participant outcomes
- Determine which workforce segments would benefit most
- Establish clear fiduciary oversight of methodology and assumptions

Technology & AI Enablement

Modernizing engagement and operations at scale

HOW ADVISORS/CONSULTANTS ARE USING AI*:

* Source: T.Rowe Price, 2026 U.S. Retirement Market Outlook (January 2026)

WHY IT MATTERS

- AI improving participant engagement
- Workflow automation reducing cost
- Scalable personalization possible

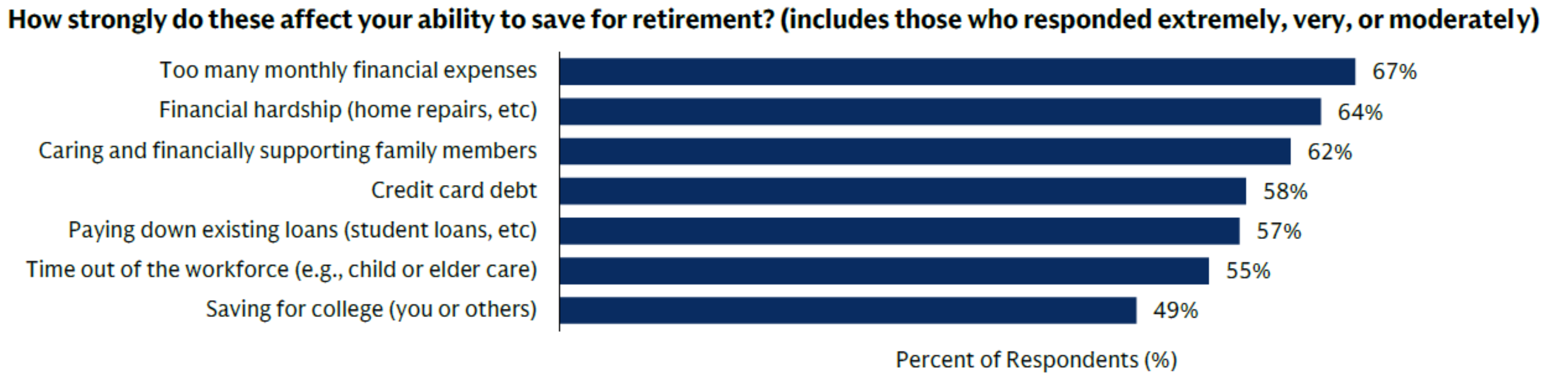
KEY SPONSOR CONSIDERATIONS

- Assess data governance, cybersecurity, and privacy controls
- Evaluate measurable impact on participant engagement and outcomes
- Ensure vendor oversight and clear accountability for AI-driven tools

Participant Financial Pressure

Savings strain increasing urgency for plan effectiveness

COMPETING FINANCIAL PRIORITIES AFFECT ABILITY TO SAVE*:



* Source: Goldman Sachs Asset Management, Defined Contribution Trends: 2026 and Beyond (January 2026)

WHY IT MATTERS

- Rising cost of living
- Competing financial priorities
- Savings adequacy gap widening

KEY SPONSOR CONSIDERATIONS

- Evaluate whether plan design supports increased savings (auto-escalation, re-enrollment)
- Align financial wellness resources with workforce needs
- Monitor contribution trends and leakage behavior

Regulatory & Fiduciary Evolution

Innovation advancing within a changing compliance landscape

2026: DC GUIDELINES & RULE UPDATES:

2022-2026

SECURE 2.0 Implementation

- Mandatory Roth catch-up for high earners
- Super catch-up contributions (ages 60–63)
- Long-term part-time employee eligibility
- Auto-enrollment expansion
- Emergency savings provisions (PLESA)

Aug 2025

Executive Order on Expanding Private Market & Income Access

- Encourages access to alternative investments in DC plans
- Signals policy support for lifetime income expansion
- Directs DOL to provide additional guidance

2026(Anticipated)

DOL Guidance & Proposed Rulemaking

- Clarification on private market inclusion in QDIAs
- Retirement income product guidance
- Ongoing ESG and fiduciary advice rule updates
- Continued focus on ERISA litigation environment

WHY IT MATTERS

- SECURE 2.0 implementation
- DOL guidance on private markets & income
- Litigation reform focus

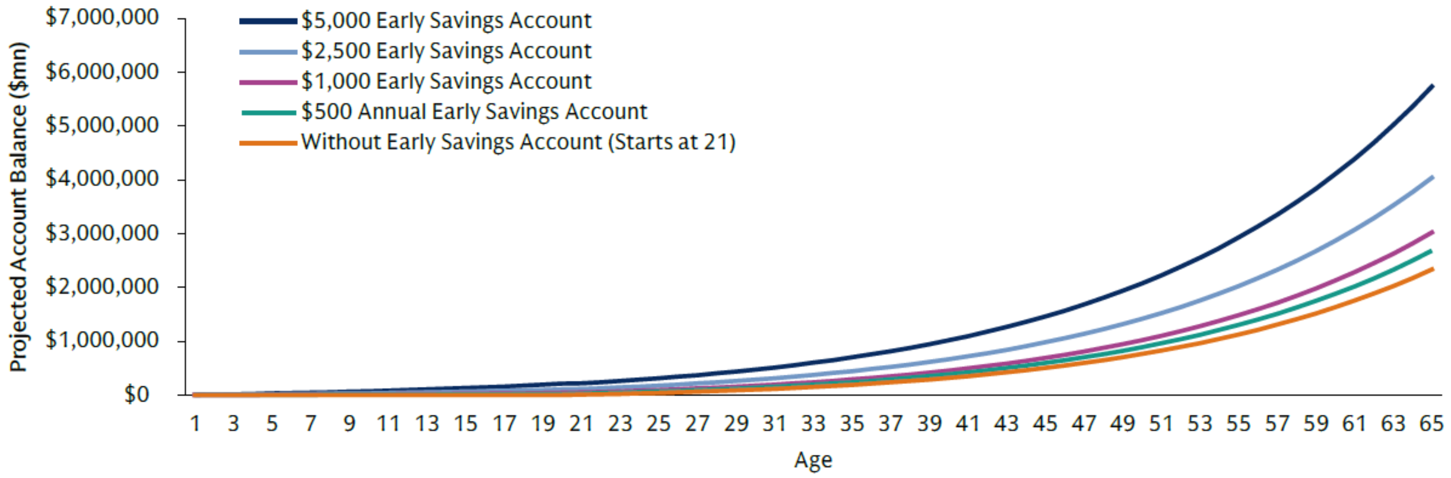
KEY SPONSOR CONSIDERATIONS

- Maintain proactive compliance with SECURE 2.0 requirements
- Document prudent process for evaluating new investment structures
- Monitor litigation trends and evolving DOL guidance

Early Savings Accounts (Trump Accounts)

Introducing earlier on-ramps to long-term retirement readiness

TOTAL ACCUMULATED RETIREMENT SAVINGS WITH AND WITHOUT EARLY SAVINGS*:



* Source: Goldman Sachs Asset Management, Defined Contribution Trends: 2026 and Beyond (January 2026)

WHY IT MATTERS

- Launching July 2026
- Employer contribution potential
- Long-term compounding impact

KEY SPONSOR CONSIDERATIONS

- Determine alignment with overall workforce benefits strategy
- Evaluate administrative feasibility and communication approach
- Consider long-term impact on recruitment and retention goals

Henderson Brothers Financial Partners recommends taking a thoughtful, individualized approach when evaluating emerging retirement plan innovations.

Contact us for help determining which strategies may enhance participant outcomes and how they can be implemented prudently within your plan’s fiduciary framework.

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Thank *You*