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How to Help Retirement Plan Participants Make Optimal Financial Decisions

EVIDENCE FROM PUBLIC AND PRIVATE
SECTOR EMPLOYEE BEHAVIORS



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RESEARCH INSTITUTE



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Executive Summary

Employees face a series of complex, interdependent financial decisions across their lifetimes — contributing to a retirement plan, allocating assets, managing risk, choosing sources of advice, planning for retirement income, and deciding how and when to draw down assets.

Using a large, nationally representative survey sample, this paper examines how advice seeking, plan use, investment behaviors, technology adoption, and pension expectations differ between public and private sector employees. The goal is to identify where plan providers and employers can intervene most effectively to help their employees make optimal lifetime financial decisions. The analysis integrates descriptive evidence with multivariate regression models to isolate drivers of advice use, saving behavior, investment confidence, and AI/robo-adoption. Findings highlight clear opportunities: targeted human advice channels for public employees, better plan design and defaults, simplified investment menus, stronger employer contributions for defined contribution (DC) retirement plans, and guidance that integrates defined benefit (DB) and DC decisions.

Key Findings



Increase access to professional financial advice for public workers.¹ Our analysis demonstrates that public workers are significantly less likely to work with a financial advisor than private workers and are significantly less likely to be interested in working with a digital/robo solution. Public sector employers can potentially help close this gap by providing access to human financial advisors.



Nudge public sector workers to save more. Public sector workers are saving less for retirement in defined contribution plans. One likely driver of lower savings rates among public sector participants is the fact that they are less likely to be offered a match or other employer contribution. Adding some kind of match, especially one stretched to target higher savings rates, is one potential solution.



Public sector workers need an “easy button” for investing. Public sector workers are less likely to be comfortable building their own portfolios and also less likely to know how their DC balances are allocated. Public sector workers are also more likely to rate the process of making investment decisions to be more difficult.



Complex core menus can be a barrier to savings. Public sector workers who say their DC core menu has too many choices save significantly less than those who describe the core menu size as adequate or even having too few choices.



Improve retirement outcomes with goal-based, income-focused guidance. Public sector participants are more likely to indicate that they do not know their preferred drawdown strategy and are more likely to cite interest in working with a financial advisor in retirement. Providers should therefore consider moving beyond generic withdrawal education and deliver integrated retirement-income planning tools that combine all the sources of income and wealth that workers are using to fund retirement.

1. Providers and public sector employees should also review and understand the fees and expenses related to utilizing a financial advisor and AI/robo advisor before engaging.



Public sector employees are significantly less likely than their private-sector counterparts to engage with financial advisors and show markedly lower interest in digital or AI-based solutions.

Survey and Data Description

The primary data set for this study is a national retirement and financial wellness survey conducted by MissionSquare Research Institute and Greenwald Research in December 2025. This survey consists of two samples: 1,016 full-time employees in the state and local government sector and 1,004 full-time employees in the private sector. All respondents were employed workers aged 18 or older at the time of the survey.

Both samples were weighted separately to produce nationally representative estimates of their respective workforce sectors. The weighting procedures align each sample with key demographic and occupational distributions derived from major federal statistical sources, such as the Current Population Survey by the U.S. Census Bureau.² These adjustments account for factors such as age, gender, race/ethnicity, personal income, industry/occupation mix, and retirement plan participation rates.

The resulting weighted samples provide a reliable national portrait of fulltime workers in both sectors, enabling analysis of financial wellness and retirement readiness across diverse occupational and demographic groups.

Analysis Findings

For this analysis, participants were segmented into one of six categories based on whether they are public or private sector employees and the type of retirement plans they participate in (DB only, DC only, or both DB and DC). Those who did not have any form of retirement plan were excluded from further analysis. (See Appendix for raw and weight-adjusted figures.)

Advice-Seeking Behavior

Financial Advisor Use

Public sector workers are significantly less likely to utilize a financial advisor. This is the case regardless of the types of retirement plans the respondents have (see Exhibit 1).

The aggregate difference between public and private sectors is only six percentage points, which masks the underlying differences in the populations. While public sector participants are largely DB only and private sector participants are largely DC only, among those who only have DB plans, public sector participants are much less likely than their private sector peers to work with a professional financial advisor (-23.3%).

Those with fewer assets may be assumed to be less likely to use a financial advisor. Exhibit 2 shows this to be the case, with the use of an advisor rising along with total non-DC assets.

2. These sources include the United States Census Bureau and Bureau of Labor Statistics' 2025 Current Population Survey, the 2024 State and Local Government Employment and Payroll Data, the 2023 National Compensation Survey, and the 2024 Employment Projections Program, among others. Detailed weighting sources and procedures are available upon request.



EXHIBIT 1:
**Percentage working
with a professional
financial advisor, by
sector and plan type**

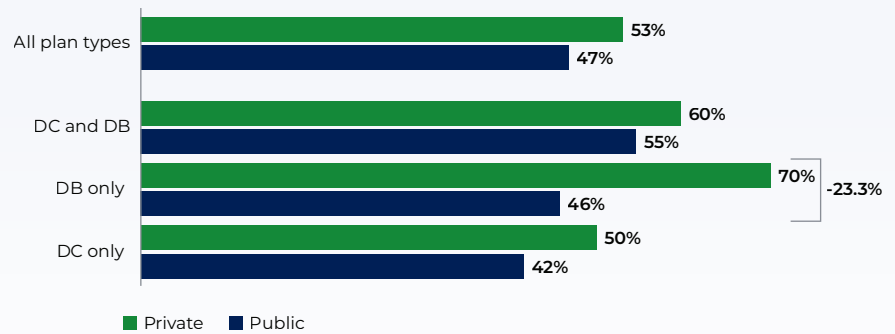
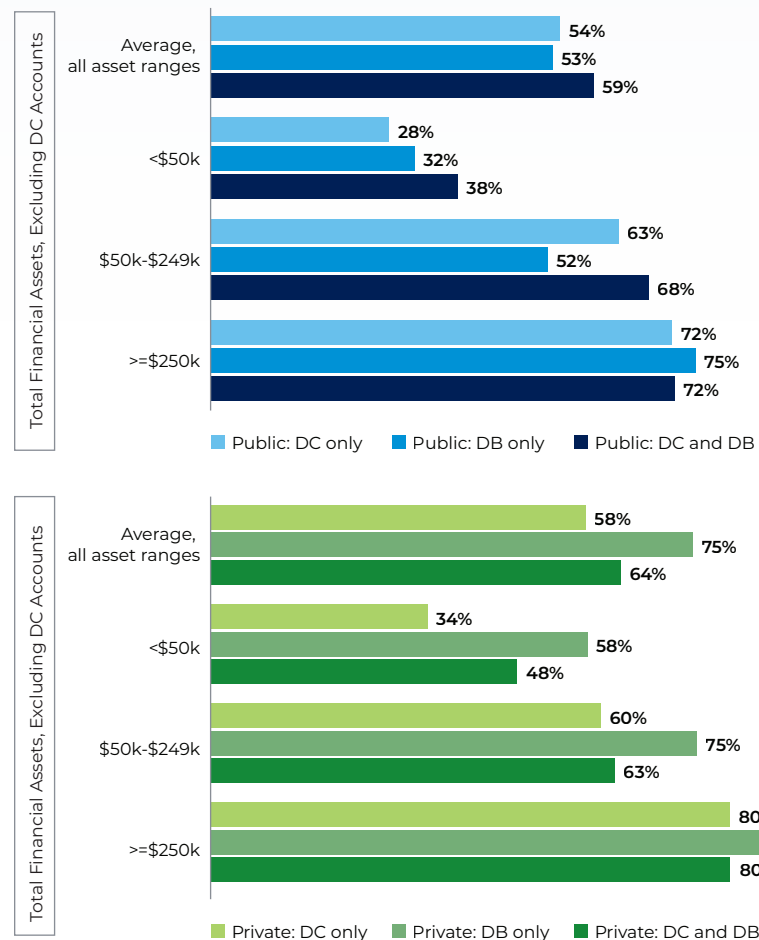


EXHIBIT 2:
**Percentage working with
a professional financial
advisor, by sector, plan,
and non-DC assets**



However, given that Exhibit 1 also shows that private sector employees are more likely to work with an advisor, it is worth noting some exceptions. Among those in the mid-range of assets (\$50k-\$249k), public sector participants with either a DC plan only or both a DB and a DC plan are slightly more likely than private sector participants to work with an advisor (+2.9% and +5.3%).

For further details, see the regression results in the Appendix.

Sources of Advice on Saving and Investing

One factor that may influence the choice of working with a financial advisor is related to the other sources of advice the respondents may be heeding. The survey asked, “Where do you primarily get information or advice about saving and investing?”



EXHIBIT 3:
**Sources of saving
and investing advice,
difference between
public and private sector
behavior, by plan type**

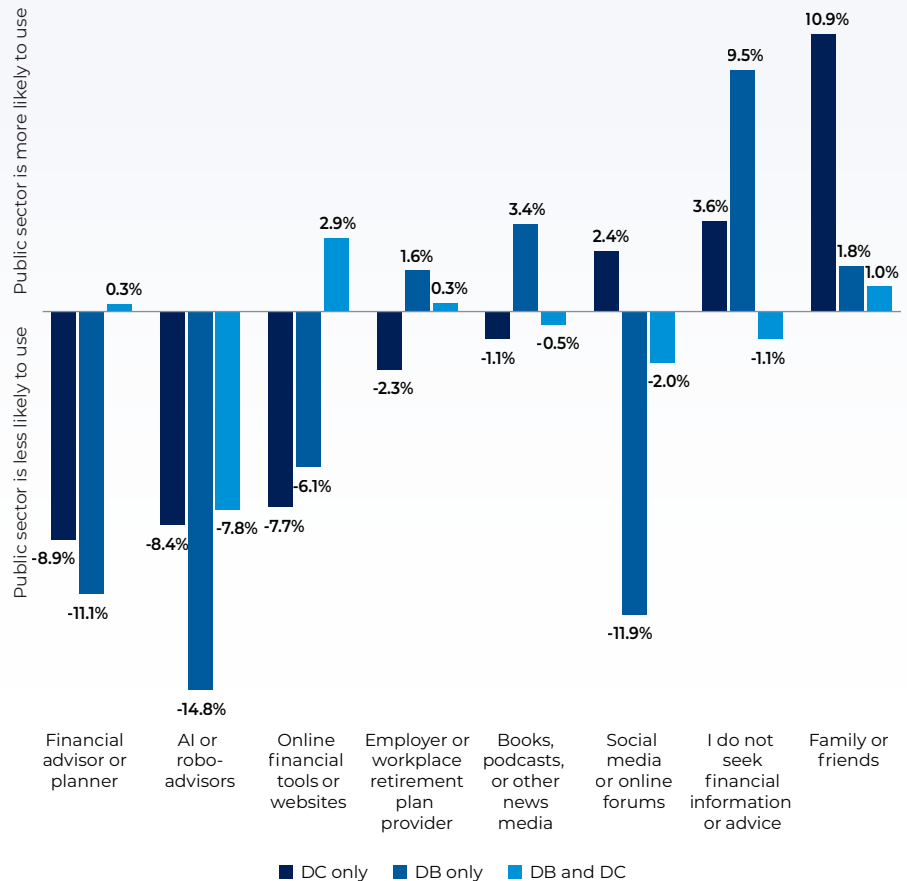


Exhibit 3 shows the differences in public and private sector responses, with negative values representing situations where public sector respondents are less likely to use a particular source for advice and positive values representing situations where they are more likely to use that source.

This graph is sorted according to those with DC plans only. For example, at the far left, it shows that public sector participants are less likely to use a financial advisor or planner (-8.9 percentage points), and at the far right, they are more likely to consult family or friends (+10.9 percentage points).

For those with a DC plan only or DB plan only, public sector participants are also more likely to say they do not seek financial information or advice (+3.6 and +9.5).

Across all three plan setups, private sector respondents outnumber public sector respondents in saying they would use artificial intelligence or robo-advisors (-8.4, -14.8, and -7.6).



Family and friends...

Public sector respondents **are much more likely** than those in the private sector to consult family or friends rather than a financial advisor.

...Why does this matter?

The fact that many public sector employees either do not seek advice or turn to friends and family as their go-to information sources indicates that there is room for improvement in communications with participants to help them understand the potential benefits of using available financial information resources. By providing expert advice, debunking common misconceptions, or even engaging more passively via self-service retirement calculators and video-on-demand educational resources, plan providers can nudge participants toward behaviors that may help optimize their lifetime savings and financial performance.



One caveat worth noting is that “working with” a financial advisor in Exhibit 1 is not the same as “where you primarily get information and advice” in Exhibit 3. Public sector respondents with a DB plan are 23 percentage points less likely than private sector respondents to say they are working with a financial advisor, but only 11 percentage points less likely to turn to advisors as their primary source.

DC Saving and Investment Decisions

Exhibit 1 shows that those with more financial assets outside their DC plans are more likely to work with a financial advisor. Looking within participants’ DC accounts, there are several factors that can influence the asset balance and the ways in which they manage those funds.

First, the size of participant contributions to their DC accounts varies by age and employment sector (see Exhibit 4). When asked about the percentage of their salary they are currently contributing to their workplace DC plan, the share contributed by public sector employees was lower than that contributed by private sector employees across all age groups (each blue column, compared to the adjacent green column).

Across all age categories, participants contribute more to their DC plan if they also have a DB plan (the rightmost columns within each age cohort).

While some of these public and private sector differences may appear modest, for those with both a DB and DC plan at ages 20-34 (-0.59%) and 35-49 (-0.63%), these data points are significant both for the size of the difference and the fact that contributions at a younger age have the potential to compound over the course of a career.

One likely driver of lower savings rates among public sector participants is the fact that they are less likely to be offered a match or other employer contribution (see Exhibit 5). Among those with a DC plan only, public sector participants are 20.9 percentage points less likely to receive a match (leftmost bar: 45.8% vs 66.8%).

EXHIBIT 4:
Average DC plan savings
rates, by age and sector

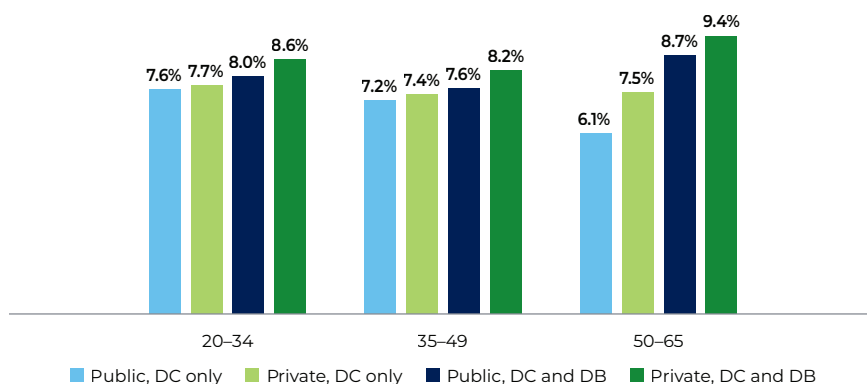
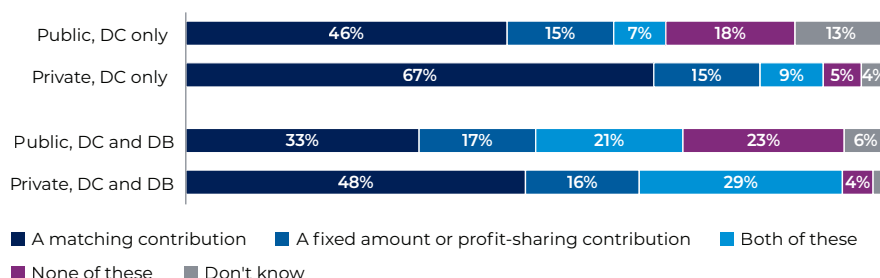


EXHIBIT 5:
Percentage whose
employers provide a match
or other contributions
to their DC plan, by
plan type and sector





Do participants choose their own DC-plan investment options?

Private sector participants are **7-9%** more likely to do so than the public sector participants

Considering any type of employer contribution (first three bars: a percentage match, a fixed amount, or both), whether for DC plans only or DC plus DB, the public sector is 22 percentage points less likely to offer these than the private sector.

An employer matching formula provides a direct incentive for employees to set aside funds in their DC plan. Even with fixed employer contributions, employees can still see their principal growing, which may serve as an indirect reminder to manage those assets or make their own contributions. With fewer public sector employers providing such a match, it is not surprising that employee contributions are lower.

The ease of managing DC assets also varies by sector. Across the board, participants are more likely to opt for the default investment options offered with their plan when they enroll (e.g., tied to a target retirement date), rather than crafting their own investment portfolio (lighter vs. darker bars in each row; see Exhibit 6). However, just focusing on those choosing their own investment options (light blue vs. light green bars), public sector participants are less likely than private sector participants to take this more active role.

One concern in this data is that **as many as 13% do not know** how their investments are allocated (see light gray bars). For those who happen to have a target date allocation, allocations are likely to adjust as participants age. However, as market conditions or risk tolerances change, it is important not only for participants to understand their current allocations, but also for plan sponsors to remind them how they can amend those allocations or work with professional advisors to adopt a more strategic plan.

The **complexity of decision making** may be holding some participants back. At least one-fifth of private sector participants and one-third of public sector participants feel that making those decisions is somewhat or very difficult (purple bars; see Exhibit 7). In both the DC-only and DC-plus-DB categories, public sector respondents are 7 percentage points more likely to rate that process as difficult.

EXHIBIT 6:
DC Plan investment option
taken upon enrollment

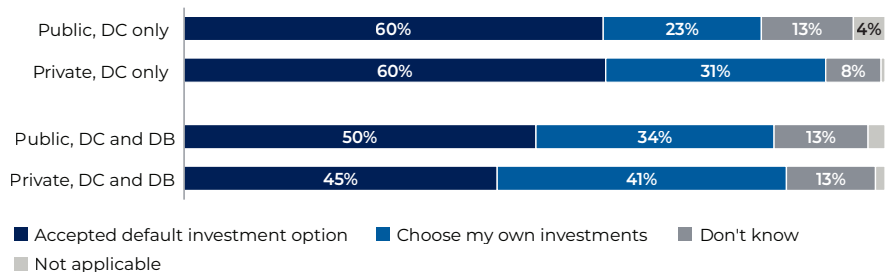
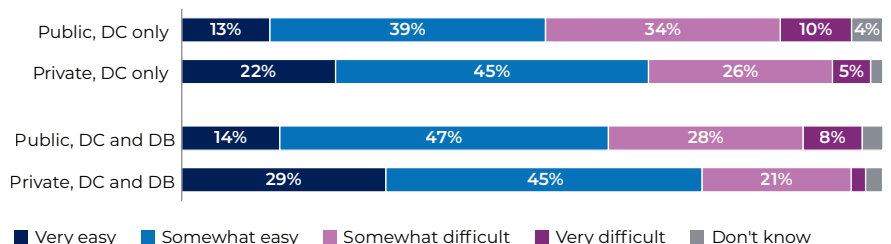


EXHIBIT 7:
Ease of making investment
decisions in DC plan

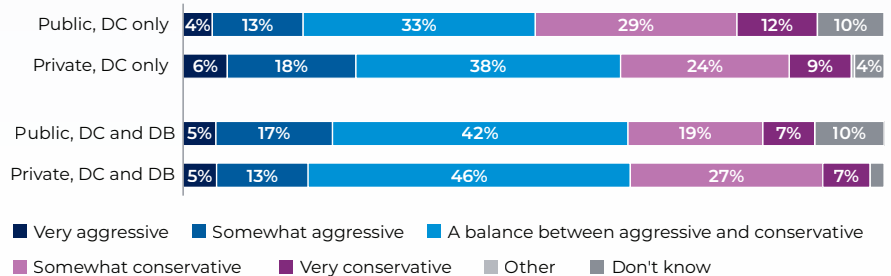




Regardless of the fact that a majority found investment decision making very or somewhat easy, the large portion expressing negative opinions is a warning flag that more needs to be done to help participants understand the options, use the available tools, and get answers when they have questions.

There are **mixed indicators** of how aggressively or conservatively participants invest. Among those with a DC plan only, public sector participants are more likely to invest conservatively (+7.3 percentage points; see top two rows of Exhibit 8). But among those with both a DC and a DB plan, private sector participants are more likely to invest conservatively (-7.6 percentage points).

EXHIBIT 8:
**Portfolio Risk/
Aggressiveness**



Regarding the array of specific investment types, for each type, private sector participants are more likely to indicate that they have it as part of their DC plan investment portfolio (adjacent blue vs. green columns; see Exhibit 9).

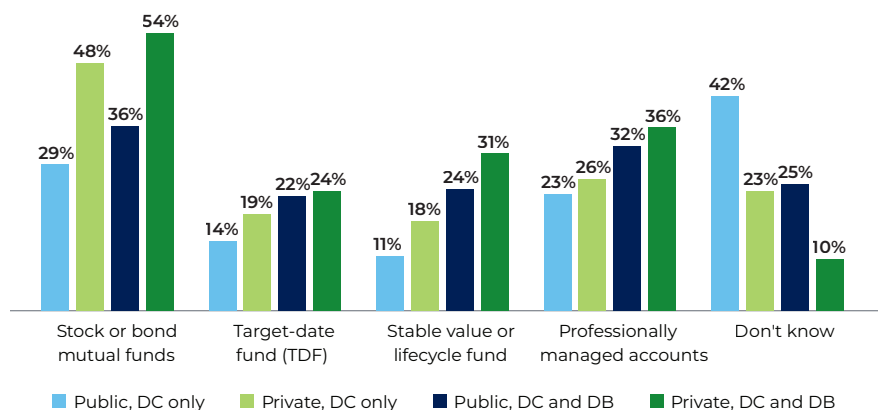
The only option reported more often by public sector respondents was “don’t know,” with 42% reporting this among public sector DC-only participants. As 13% of public sector DC-only participants (see Exhibit 7) indicate they do not know what their initial allocation was, this reflects a further layer of uncertainty regarding the details of their investments.

Compared to their private sector peers, **public sector** workers with DC plans:

- Contribute a smaller portion of their salaries
- Are less likely to have an employer contribution
- Are more likely to accept default investment options (when there is a presence of DB)
- Are more likely to rate the decision-making process around their investment choices difficult
- Are more likely to indicate that they “don’t know” how their DC plan assets are invested.

EXHIBIT 9:
**Have you invested in any
of the following in your
workplace retirement
savings plan (DC plan)?**
Select all that apply.

NOTE: This question requested all that apply, so the totals across each plan type and sector do not sum to 100%.





Freedom of choice vs. freedom from choice

In both the public and private sectors, plan contributions are higher when participants feel that they have too few choices rather than too many choices.

The Impact of DC Retirement Plan Core Menu Design

As discussed above, participant contributions are higher among those in the private sector. Adding another factor to that analysis, this study examines how savings behavior varies with employees' perceptions of the number of investment choices they face. As shown in Exhibit 10, across all plan types and sectors, those who feel there are too many investment choices tend to report lower contribution rates than those who feel there is an adequate number of choices. Interestingly, when employees feel they have too few choices, they report contributing at higher rates than if they feel there are too many choices. This would tend to reinforce the findings in Exhibit 7 that some feel that the investment decision-making process is too difficult.

When averaging all plan types, but adding age group to the analysis, the highest contribution rates for 20-34 year-olds are among those who feel there are adequate choices (8.2% and 8.7%; see Exhibits 11A and 11B). For those 35-49, the rates are highest

EXHIBIT 10:
Savings rate by plan
core menu size and
retirement plan types

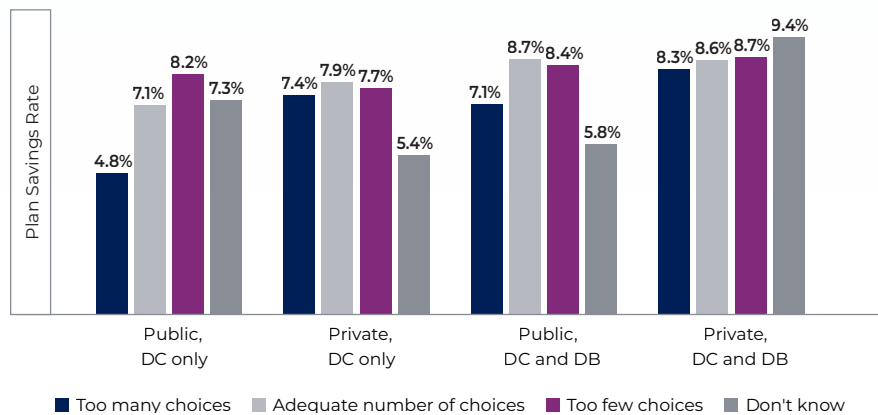


EXHIBIT 11A:
Savings rate by age group,
sector, and investment
choices: Public sector

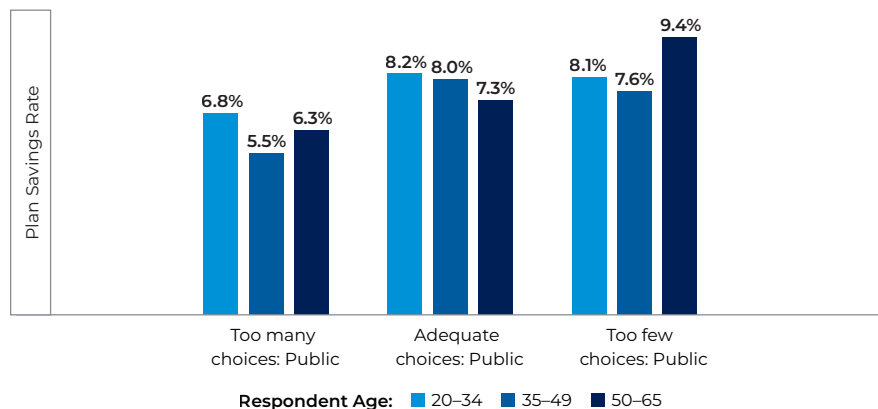
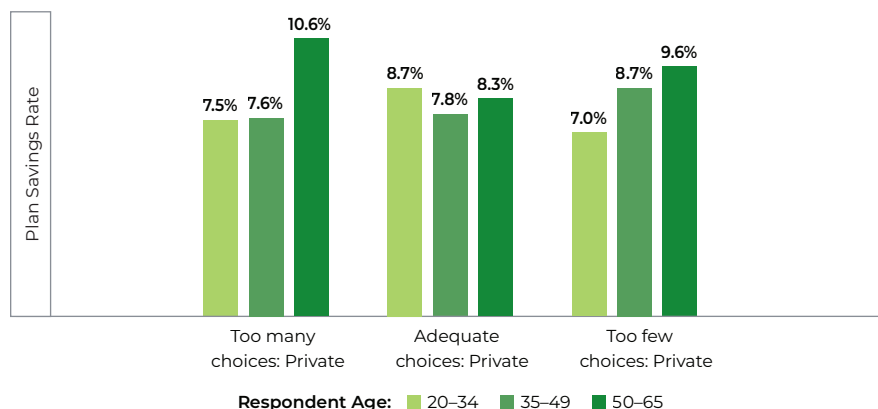


EXHIBIT 11B:
Savings rate by age group,
sector, and investment
choices: Private sector





among public sector employees seeing adequate choices (8.0%), and private sector employees seeing too few choices (8.7%).

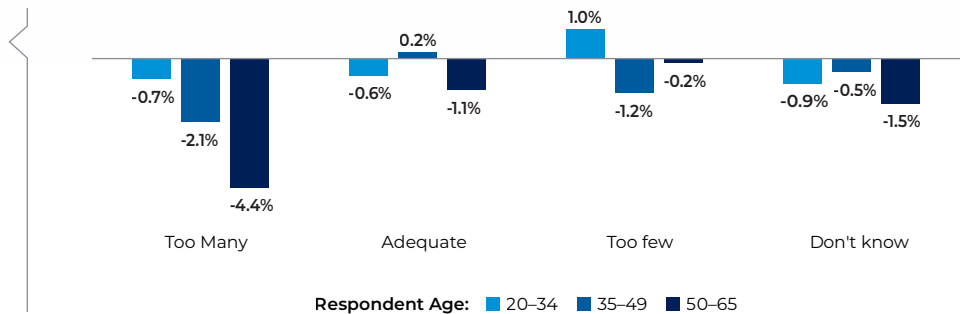
Contribution rates are even higher for several categories of those ages 50-65, but this may also reflect their proximity to retirement.

Exhibits 11A and 11B indicate a clear negative impact across age groups when participants experience choice overload for their oversized DC plan core menu investment options.

A large body of evidence shows that oversized DC plan menus can reduce participation and engagement by increasing cognitive burden, consistent with choiceoverload effects (Iyengar, Huberman, & Jiang, 2004).³

Focusing on the differences by sector within this age breakout, the public sector participants save at far lower rates if presented with too many choices, and those differences are significantly reduced if public sector participants perceive there to be adequate or too few choices (see Exhibit 12).

EXHIBIT 12:
**Savings rates difference
between public and
private sector workers
by age groups and
their core menu choice
overload perspectives**



Public sector DC savers contribute slightly less, especially at older ages. But regression models show the public sector indicator is not significant for savings rates after controlling for wealth, income, tenure, literacy, and planning horizon. Instead, asset levels, income, and employer match availability are dominant predictors. Moreover, descriptive evidence shows public sector plans are far less likely to offer matching contributions (e.g., public sector DC-only 45.9% vs. private sector 66.8%). “Saving more” is not just a behavioral issue – it is heavily shaped by plan design.

3. Clear negative impacts emerge across age groups when participants face excessive investment choice in DC plan core menus. A large empirical literature shows that expanding the number of available funds can reduce participation, engagement, and decision quality by increasing cognitive burden and decision paralysis. Using administrative data from nearly 800,000 employees, Iyengar, Huberman, and Jiang (2004) demonstrate that 401(k) participation rates decline as the number of investment options increases, a pattern interpreted as choice overload. Subsequent syntheses in behavioral household finance emphasize that menu complexity interacts with inertia and limited attention to dampen plan engagement across the lifecycle (Beshears, Choi, Laibson, & Madrian, 2018).



Pension Benefits and Withdrawal/Decumulation Strategies in Retirement

Among workers who have a DB plan, public sector participants expect pensions to cover a larger share of retirement expenses and report higher expected monthly pension benefits than private sector participants (see Exhibit 13). This is an important contextual difference. A worker who expects a DB pension to provide a meaningful share of retirement income may rationally approach DC saving, investment risk, and annuitization differently from a worker who expects to rely mostly on accumulated DC assets.

This suggests that not only are pension plans significantly more prevalent among public sector workers, but those who have them are more likely to expect to have a higher percentage of retirement expenses covered by pension plans.

Just as they have higher expectations of the share of retirement income they will receive from pensions, public sector workers have lower expectations for how much they might rely on annuities (see Exhibit 14).

For DC-only participants, there is almost no difference among those thinking that annuities will be a major portion of their retirement income (approximately 14% each). When including those who consider annuities a minor source of retirement income, private sector participants anticipate annuity income 8 percentage points more frequently than do public sector participants. And when a DB pension is present, either on its own or in combination with a DC plan, the difference between private and public sector respondents more than doubles to 19-20 percentage points (e.g., 42% of public sector DB+DC respondents vs. 62% of private sector DB+DC respondents).

Regarding their post-retirement planning, respondents were asked which of a set of strategies best describes their plan to draw down retirement savings (excluding fixed pension or Social Security income). The question allowed for more than one answer, as approaches may overlap.

EXHIBIT 13:
Expected pension coverage (%) and monthly DB benefit (\$)

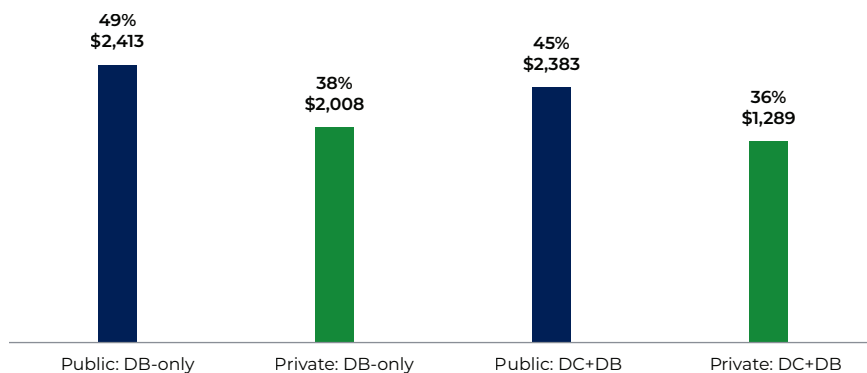
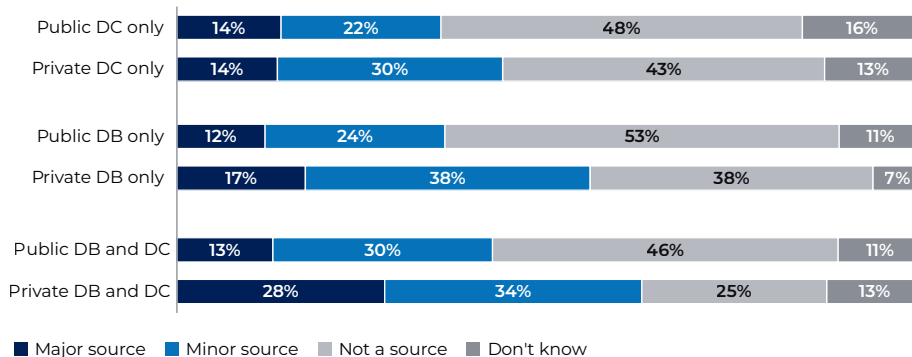


EXHIBIT 14:
Source of income in retirement: annuities





Most strategies were selected by more private sector respondents than public sector respondents (see Exhibits 15a and 15b). Interestingly, the one strategy the public sector was more likely to select is working with a financial professional in retirement to determine withdrawals (47% vs 41%). This interest in working with a financial professional during retirement stands in contrast to the lesser interest in working with one currently (see Exhibit 1).

Public sector participants are also at least 5 percentage points more likely than private sector participants to indicate that they do not know their preferred drawdown strategy (see Exhibits 15A and 15B).

EXHIBIT 15A:
Strategies to draw down retirement savings, excluding fixed pension or Social Security income: Public sector
(select all that apply).



EXHIBIT 15B:
Strategies to draw down retirement savings, excluding fixed pension or Social Security income: Private sector
(select all that apply).



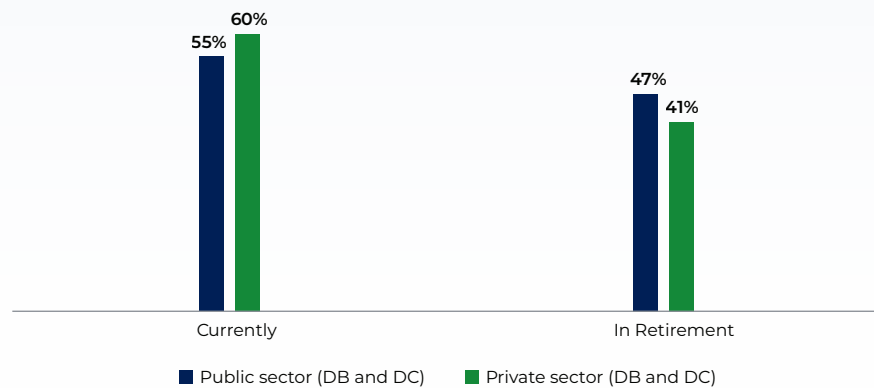


It's a question of when

Interest in working with a financial professional declines post-retirement, particularly among private sector participants (see Exhibits 1, 15A, and 15B). But for those with both a DB and DC plan, public sector interest post-retirement is higher than private sector interest (see Exhibit 15C).

EXHIBIT 15C: Interest in working with a financial professional

NOTE: See Exhibits 1 and 15
for further detail.



When asked about the helpfulness of financial technologies (e.g., budgeting apps, robo-advisors, online planning tools, AI), public sector participants are significantly less interested in such tools. The difference between public sector and private sector participants rating these tools as “very helpful” was 15-19 percentage points (see Exhibit 16).

This may suggest that public sector employees want to work with people on financial matters more than private workers do. Or, taken together with the lower interest in working with a financial advisor and the higher expected share of retirement income they expect to derive from a DB pension, it could reflect an expectation that their retirement income is being managed by their DB provider or their DC plan’s existing allocation and they need not play as active a role.

For plan providers, all this points to additional communication opportunities regarding realistic retirement income projections, the importance of identifying drawdown strategies, the ways of using online or robo-tools to guide those decisions, the available options for doing so in combination with person-to-person consultations, and the ways of closing knowledge gaps where participants indicated that they “don’t know.”

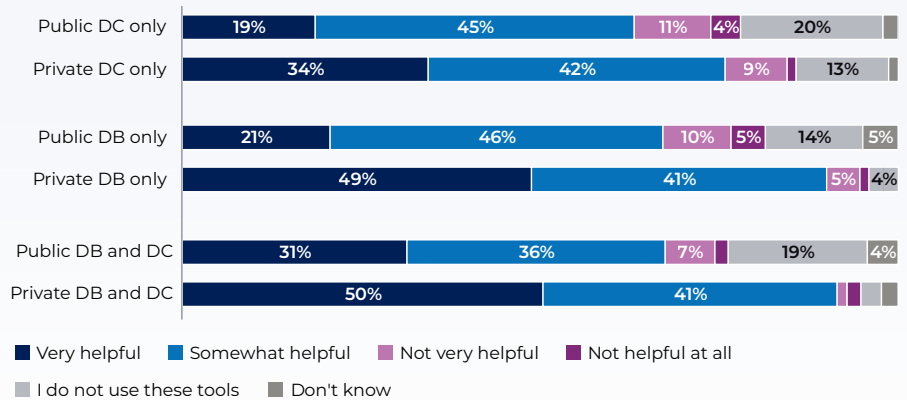
Because pensions differ drastically across sectors, employees need plan-specific retirement income plans.

The evidence points to several practical ways that providers and sponsors can improve participant outcomes over the full financial life cycle.



EXHIBIT 16:

How helpful do you find financial technologies (e.g., budgeting apps, robo-advisors, online planning tools, AI) in managing your finances and planning for retirement?



Conclusion

Public sector workers are less likely to expect annuities to serve as a source of retirement income and less likely to report a clear drawdown strategy. This pattern strengthens the argument for plan-specific retirement income guidance. Participants who have DB pensions need tools that show how DB income, Social Security, DC balances, and optional guaranteed-income products fit together in a single retirement-paycheck framework. This sets up various suggested actions for plan providers, as described below.

1. Address the public sector's advice gap with proactive, human-centered engagement.

Public sector employees are less likely to use **financial advisors and AI/robo-advisors**⁴, even after controlling for differences in wealth, income, and planning horizon. Providers should not assume that self-service tools alone will close this gap. Instead, they should embed human guidance into routine participant touchpoints, such as enrollment, annual statements, mid-career checkups, and pre-retirement outreach. This hybrid approach can facilitate warm handoffs from employer or recordkeeper representatives and tailored prompts for participants who show signs of low engagement or uncertainty.

Providers should also address the public sector's skepticism of technology applications by positioning robo-tools as assistants rather than substitutes to reduce adoption concerns.

Some additional findings of interest include:

- **Assets are more relevant than salary** in predicting human advisor use, but not so in robo-advisor usage
- A higher debt-to-income ratio is positively related to AI or robo-advisor seeking, but not at all for human advisor usage. (This could be an accessibility issue.)
- Forward thinking or **longer financial planning** horizon is a strong predictor of both human and robo-advisor utilization. (This would reinforce the value of providing solid financial education as a precursor to offering more tailored financial and retirement planning guidance.)

2. Improve savings behavior by fixing plan design, not just participant motivation.

Public sector DC participants are less likely to receive employer matches. Once plan design and financial circumstances are considered, the employment sector is not a meaningful predictor of contribution rates. This means that sponsors can materially improve savings outcomes by expanding **matching contributions**, adopting or strengthening **automatic escalation**, and setting **default contribution** rates at levels that move participants closer to adequacy.

Dynamic saving nudges can be especially useful for mid- and late-career workers, when catch-up opportunities matter most. Providers should also show participants personalized

4. Providers and public sector employees should also review and understand the fees and expenses related to utilizing a financial advisor and AI/robo advisor before engaging.



projections for how DB income changes the level of DC saving needed to reach a target replacement rate.

3. Providers should consider simplifying investment decisions and reducing uncertainty

Public sector employees show higher **“don’t know”** rates about investment allocations (e.g., 42% vs. 23% in DC-only), higher reliance on defaults, and lower rates of building their own portfolios. Regression results confirm that perceived menu complexity (“too many funds”) reduces ease of investing and reduces default acceptance. In other words, employees benefit when providers reduce choice overload and clarify options.

Providers can respond by structuring menus into **clear tiers** (for example, target date funds, core index funds, and specialty options), using **plain language descriptions** of risk, and making it easy for participants to confirm or revisit their default allocations.

For participants who have both DB and DC coverage, communications should explicitly explain how a DB pension can affect an **appropriate DC risk posture**. This framing can help participants understand that the role of the DC account may differ depending on how much secure income the DB plan already provides.

4. Improve decumulation outcomes and build retirement income tools around the participant’s full balance sheet.

Public sector workers’ **expected DB retirement income** is higher (representing 49% of total retirement income for

public sector DB-only vs. 38% for private sector DB-only), and they report limited clarity about withdrawal strategies and more “don’t know” responses. Because pensions differ drastically across sectors, employees need plan-specific retirement income plans.

Providers should therefore move beyond generic withdrawal education and deliver **integrated retirement income planning tools** that combine DB estimates, Social Security, DC balances, and optional annuity income. This may also include **“retirement paycheck” modeling tools** tailored to public sector employees’ DB structures and clear **withdrawal strategy guidance** (e.g., dynamic spending vs. fixed-rate approaches).

The goal is not simply to encourage more annuitization or more conservative withdrawals; rather, it is to help participants translate accumulated assets and promised benefits into a coherent, customized spending plan.

Employees do not make one retirement decision – they make a sequence of connected decisions over decades. This study shows that provider interventions are most likely to improve outcomes when they address the actual frictions participants face: limited use of advice, weak plan incentives, choice overload, uncertainty about investments, and the difficulty of translating assets into reliable retirement income. For public sector participants in particular, the most promising strategy is not more technology alone, but better plan design, clearer communications, and easier access to human guidance that reflects the role of DB pensions in lifetime financial planning.

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Appendix

To ensure a sufficiently large number of respondents in each category, some groups were oversampled (e.g., public sector employees in DC plans), and the final dataset was weighted to align with the key demographic and occupational

distributions derived from major federal statistical sources. Table 1 presents the raw respondent counts for each retirement plan category and the corresponding population-level weights for the six groups.

TABLE 1. **Respondents by employment sector and type of retirement plans, before and after applying weights**

	Raw Counts					Weight Adjusted			
	DC Only	DB Only	DC and DB	Total		DC Only	DB Only	DC and DB	Total
Public	273	306	340	919	Public	56	705	128	890
Private	492	143	151	786	Private	530	71	63	664
				1705					1553

Source: Authors' calculations, Greenwald Associates

TABLE 2. **Regression Results**

	Model 1	Model 2	Model 3
Regression Type	Probit	Probit	OLS
Dependent Variable	Have Advisor	Use Robo Advisor	Deferral%
Intercept			3.327**
Public Worker	-0.12**	-0.16***	0.13
DC Plan Only	-0.09	-0.14**	-0.68*
DB Plan Only	-0.04	-0.02	0.00
Male	-0.02	0.04	0.10
Couple	-0.04	-0.05	-0.01
Race: White	-0.09**	-0.05*	-0.42
Have Adult Kids	0.03	0.02	-0.33
Have Minor Kids	0.17***	0.09**	-0.32
Age: 30-39	-0.13*	0.02	0.26
Age: 40-49	-0.18***	-0.01	-0.11
Age: 50-59	-0.10	0.01	-0.61
Age: >=60	-0.15*	0.02	0.95
\$10k-\$49k Financial Assets	0.28***	0.08*	1.44***
\$50k-\$99k Financial Assets	0.31***	0.02	1.22***
\$100k-\$499k Financial Assets	0.42***	0.04	1.29**
>=\$250k Financial Assets	0.51***	0.13***	3.10***
\$50k-\$74k Household Income	-0.08	0.14***	-0.13
\$75k-\$99k Household Income	0.08	0.12***	0.37
\$100k-\$149k Household Income	-0.11	0.10**	1.10**
>=\$150k Household Income	-0.01	-0.03	1.46**



	Model 1	Model 2	Model 3
3-6 Years Tenure	0.07	0.03	1.13**
7-10 Years Tenure	0.12*	-0.08	0.58
11-20 Years Tenure	0.12*	-0.03	0.13
>=20 Years Tenure	0.16**	-0.13*	0.89
One Correct Financial Literacy Response	-0.09	-0.06	-0.47
Two Correct Financial Literacy Responses	-0.08	-0.09	-0.86*
Three Correct Financial Literacy Responses	-0.13*	-0.14*	-0.61
Graduated high school	-0.10	-0.02	0.72
Education: Some college (no degree)	-0.07	-0.05	0.52
Education: Associate's degree or equivalent	-0.01	-0.06	0.41
Education: Bachelor's degree	-0.04	0.01	-0.41
Planning Horizon: <1 year	0.21**	0.18***	1.01
Planning Horizon: 1-5 years	0.16*	0.23***	0.72
Planning Horizon: 6-10 years	0.19**	0.20***	1.61**
Planning Horizon: more than 10 years	0.16*	0.17***	0.70
Do Not Have Debt	0.07	0.15***	1.40*
Debt to Income: 1-19%	0.10	0.13**	0.92
Debt to Income: 20-39%	0.03	0.15***	0.98
Debt to Income: 40-59%	0.08	0.19***	1.91***
Debt to Income: 60%+	0.05	0.09*	0.53
401(k) Menu: Too Many Choices			0.18
401(k) Menu: Adequate Choices			0.63
401(k) Menu: Too Few Choices			1.23**
Make 401(k) Investment Decisions: Very Easy			1.15
Make 401(k) Investment Decisions: Somewhat Easy			1.04
Make 401(k) Investment Decisions: Somewhat Difficult			0.65
Make 401(k) Investment Decisions: Very Difficult			-0.77
Accept Default Investment			-0.25

*** p <.001, ** p < .01, * p < .05

The dependent variables in this analysis are:

- 1) Do you currently work with a professional financial advisor or planner? (Yes, regularly, or yes, occasionally)
- 2) Where do you primarily get information or advice about saving and investing? (AI or robo advisors among top three sources.)
- 3) Approximately what percentage of your salary are you currently contributing to your workplace retirement savings plan (DC plan)?



Literature Review

The literature review conducted as part of this research project points to four broad retirement decision-making mechanisms that are directly relevant to this paper, as described in the sections below. Taken together, these strands suggest that optimal participant decisions often depend less on perfect information than on the quality of the decision environment in which choices are made.

Defaults, inertia, and choice architecture

A central lesson from the behavioral retirement literature is that participants do not approach plan decisions as frictionless utility maximizers. Instead, inertia, procrastination, and the perceived endorsement embedded in defaults have large effects on participation, contribution behavior, and asset allocation. Related findings include:

- Automatic enrollment substantially increases participation in 401(k) plans, especially among groups that would otherwise be least likely to enroll. (Madrian and Shea, 2001)
- Subsequent work reinforced the conclusion that defaults shape not only whether people participate, but also how much they save and how they invest. (Choi, Laibson, Madrian, and Metrick, 2004; Beshears, Choi, Laibson, and Madrian, 2006)
- Larger menus can generate choice overload, leading some participants to delay action, avoid making active selections, or simplify in ways that are not necessarily optimal. (Iyengar, Huberman, and Jiang, 2004; Iyengar and Kamenica, 2010)

Advice, guidance, and the value of financial intermediation

The literature regarding whether professional advice improves household financial outcomes is mixed but broadly suggests that advice can be valuable when it is timely, credible, and aligned with participants' needs:

- The quality and personalization of advice matter at least as much as the existence of an advisory relationship (Bhattacharya et al, 2012; Foerster et al, 2017)
- Guided participants may be more likely to build sustainable retirement income plans, but the magnitude of the effect depends heavily on implementation and participant heterogeneity. (Harlow, Brown, and Jenks, 2019; related practitioner research)

Financial technology, robo-advisors, and participant trust

The literature suggests that technology adoption is a behavioral outcome, not merely a technological one, with implications for financial technology and robo-advising.

- Robo-advising can expand access by lowering minimum balance thresholds and reducing the cost of portfolio management, but they also document that adoption depends on trust, perceived personalization, and the user's comfort with algorithmic guidance. D'Acunto, Prabhala, and Rossi (2019)
- More recent practitioner and policy discussions similarly emphasize that fintech works best when it complements, rather than replaces, a participant's need for confidence and clarity.

Lifetime income, annuity framing, and decumulation

A fourth category of literature concerns how participants think about retirement income rather than just wealth accumulation.

- Demand for annuities and guaranteed income can be sensitive to framing. (Brown, 2007); Benartzi, Previtero, and Thaler, 2011; and Brown, Kling, Mullainathan, and Wrobel, 2013)
- Annuitized income functions similarly to a low-risk asset on the household balance sheet, allowing for higher optimal equity exposure in remaining financial wealth (Blanchett & Finke, 2018).



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