

DC Pulse // 1Q 2025 in Review

Research, regulations, returns and trends



MFS DC Takes

MFS 2024 DC Plan Sponsor Survey Results Snapshot

MFS Workplace Retirement Readiness Indicator



Retirement Readiness

The average DC Plan Sponsor only scores a C+ on retirement readiness

Retirement Income



51%

of sponsors will not implement in-plan retirement income solutions in the next 12 to 18 months

Stay in Plan or Leave



58%

of plans remain neutral about keeping participant assets in plan after retirement

Access to Advisors



69%

of plans currently offer advisor services to participants

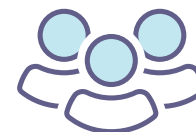
Midnight Dilemmas



71%

say the evolving regulatory and legislative landscape keeps them up at night

Investment Committee Turnover



74%

of investment committee members have less than five years of committee tenure

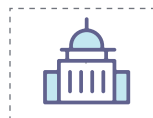


The MFS 2024 DC Plan Sponsor Survey includes responses from 166 plan sponsors, representing over \$125 billion in plan assets and over 1.1 million participants. Learn more about sponsor confidence, retirement income and investment menu and plan design in the full results, [*Building Towards Better Outcomes*](#).

Sources: MFS 2024 US DC Plan Sponsor Survey. For survey methodology, please [click here](#).

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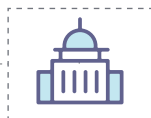
DC Regulatory and Legislative Happenings



Personnel Changes

[Lori Chavez-DeRemer has been confirmed as Secretary of Labor under President Trump.](#) During her confirmation hearing, she did not receive any questions about ERISA-related matters.

[Daniel Aronowitz has been nominated to lead the DOL's Employee Benefits Security Administration \(EBSA\).](#) He is currently the president of Encore Fiduciary, a fiduciary liability insurance underwriting company.



Regulatory Updates

President Trump issued an Executive Order that calls for any federal agency promoting a new rule, regulation or guidance, [to identify at least ten existing ones to be repealed.](#)

[The current DOL filed a motion to hold its appeals in two court cases about the DOL's fiduciary rule](#) (also known as the Retirement Security Rule), noting the current administration needs time to familiarize themselves with the cases. The Retirement Security Rule was finalized in 2024 but hit legal roadblocks.

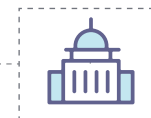


Litigation Implications

In *Spence versus American Airlines, Inc.*, a federal judge [ruled that fiduciaries violated ERISA's duty of loyalty by putting corporate interests ahead of participants' interests.](#) Although not specifically about ESG investments, the case focuses on doing business with a partner whose proxy voting strategies and other actions support ESG-related issues.

Damages from the case, if any, have yet to be decided and will likely determine the impact to the rest of the retirement market.

In *Utah versus Micone*, another federal judge upheld the consideration of ESG factors as a "tiebreaker," [upholding the current Biden-era ESG rulemaking.](#) This case came before the court post-Chevron and many believe the Trump administration will eventually replace the rulemaking with its own.



Legislation Deja Vu

Bipartisan legislation has been reintroduced in the House and Senate to change securities laws to allow 403(b) plans to offer collective investment trusts (CITs). [The bill is called The Retirement Fairness for Charities and Education Institutions Act of 2025.](#)

This follows similar bipartisan legislation introduced in 2024 that was ultimately not acted on by year-end.

Supporters hope this legislation will be folded into a larger legislation package this year.

Sources:

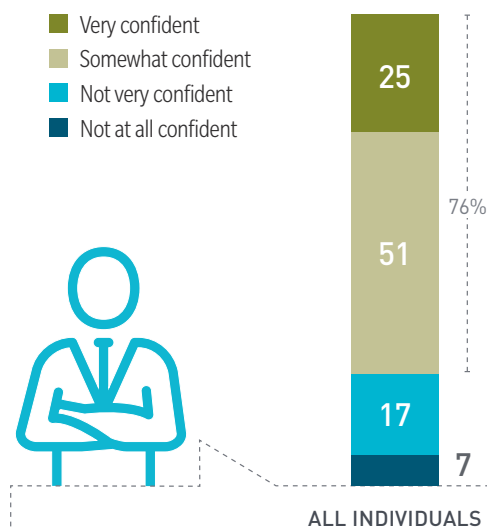
<https://www.plansponsor.com/senate-to-vote-on-confirmation-of-chavez-deremer-as-secretary-of-labor/>
<https://www.pionline.com/washington/president-donald-trump-nominates-daniel-aronowitz-lead-dol-retirement-agency-ebsa>
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<https://www.planadviser.com/dol-files-pause-appeal-fiduciary-rule/>
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<https://www.afslaw.com/perspectives/environmental-law-advisor/esg-update-texas-federal-court-cites-loper-bright-upholding>
<https://www.plansponsor.com/bills-to-allow-cits-in-403b-plans-reintroduced-in-house-senate/>

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DC Market Data

Individual participants have more retirement confidence than plan sponsors

Confidence that retirement plan accounts can help individuals meet retirement goals (% of US individuals)



Individuals are more confident than sponsors, they value choice and control, but that confidence about retirement varies by generation. Consider your own plan confidence score and plan design to help set up participants for success.

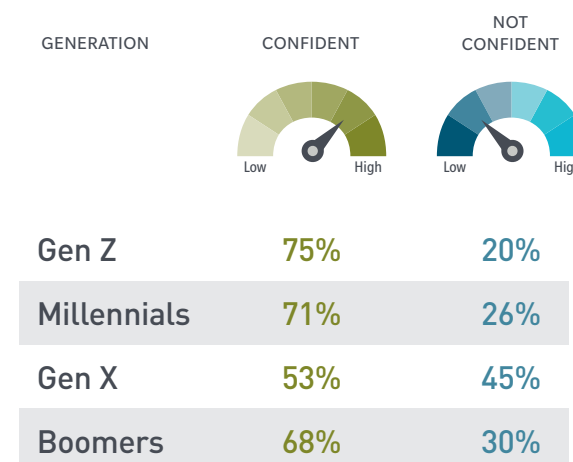
Why do individuals have confidence?

Views of DC-Ownning Individuals
(% agreeing with each statement)

	ALL DC-OWNING INDIVIDUALS
It is important to have choice in, and control of, the investments in my retirement account.	92
Payroll deduction makes it easier for me to save.	87
My employer-sponsored retirement account helps me think about the long term, not just my current needs.	89
The tax treatment of my retirement plan is a big incentive to contribute.	85
My employer-sponsored retirement plan offers me a good lineup of investment options.	83
Knowing that I'm saving from every paycheck makes me less worried about my short-term investment performance.	79
I probably wouldn't save for retirement if I didn't have a retirement plan at work.	48
NUMBER OF RESPONDENTS	1,414

...But that confidence varies by generation

Gen X is the least confident about retiring on their own terms.

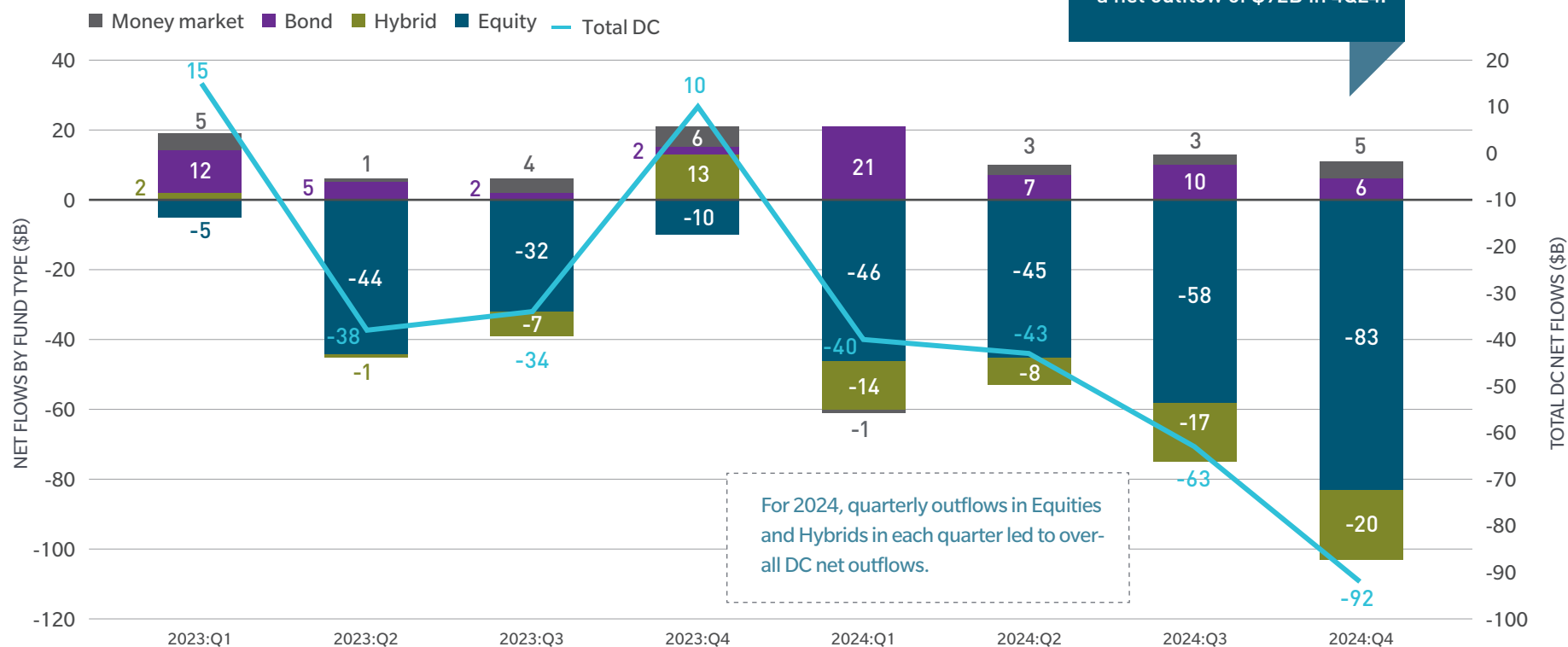


Sources: Left and middle charts: ICI Research Report, January 2025: American Views on Defined Contribution Plan Saving, 2024. Right chart: Fidelity 2025 State of Retirement Planning. The generations are defined as: Baby Boomers (ages 60 to 78), Gen X (ages 44 to 59), Millennials (ages 28 to 43) and Gen Z (ages 18 to 27).

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DC Market Data

DC Net Flows: Total by Fund Type



DC plan assets reached \$12.4 trillion, of which \$8.8 trillion was held in 401(k) plans.

Source: Investment Company Institute 2025. "The US Retirement Market, Fourth Quarter 2024" (March 2025). https://www.ici.org/statistical-report/ret_24_q4

Note: Hybrid funds invest in a mix of equities and fixed-income securities. The bulk of lifecycle and lifestyle funds is counted in this category.

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Investment Index Returns

As of March 31, 2025

BENCHMARK	10 YEARS	5 YEARS	3 YEARS	1 YEAR	CYTD	3 MONTHS
BALANCE						
Illustrative 60/40 Portfolio	8.22%	10.88%	5.78%	7.02%	-1.45%	-1.45%
EQUITY						
S&P 500	12.50%	18.59%	9.06%	8.25%	-4.27%	-4.27%
Russell 1000® Growth	15.12%	20.09%	10.10%	7.76%	-9.97%	-9.97%
Russell 1000® Value	8.79%	16.15%	6.64%	7.18%	2.14%	2.14%
Russell 2000®	6.30%	13.27%	0.52%	-4.01%	-9.48%	-9.48%
MSCI EAFE	5.40%	11.77%	6.05%	4.88%	6.86%	6.86%
MSCI Emerging Markets	3.71%	7.94%	1.44%	8.09%	2.93%	2.93%
MSCI ACWI	8.84%	15.18%	6.91%	7.15%	-1.32%	-1.32%
FIXED INCOME						
Bloomberg US TIPS	2.51%	2.36%	0.06%	6.17%	4.17%	4.17%
Bloomberg US Aggregate	1.46%	-0.40%	0.52%	4.88%	2.78%	2.78%
Bloomberg Global Aggregate	1.94%	0.42%	1.55%	4.59%	1.17%	1.17%
CASH						
Cash	1.90%	2.69%	4.42%	5.17%	1.10%	1.10%

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Source: SPAR, FactSet Research Systems Inc., MFS analysis. Illustrative 60/40 portfolio comprises 60% S&P 500 and 40% Bloomberg US Aggregate and is rebalanced monthly. This hypothetical example is for illustrative purposes only. MSCI indices shown are net returns.

Cash is based on returns for the FTSE 3-month Treasury Bill Index.

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