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2026 RETIREMENT INDUSTRY OUTLOOK

Navigating the year's most critical trends

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

2026 retirement industry outlook:

Navigating the year's most critical trends

The U.S. retirement landscape continues to evolve, and we expect 2026 to mark another major turning point. Despite volatility in equity markets throughout 2025, retirement assets continued to grow, with total U.S. retirement assets hitting $45.8T at 30 June 2025, up from $42.1T the prior June. More people than ever have access to defined contribution plans (DC).[1] In 2026, we expect retirement industry trends to accelerate across four main areas: lifetime income, private markets assets in DC plans, participant engagement and new technologies, and legislation.

Four themes for 2026

1. Lifetime income
2. Private markets assets in DC plans
3. Participant engagement and new technologies
4. Legislation watch

1 Lifetime income: the critical mass of adoption

Lifetime income within DC plans has been growing rapidly as both a concept and a practical solution over the last few years, and we believe 2026 will mark a major watershed year for guaranteed income within 401(k) plans. It took several years after the passage of SECURE 1.0 and 2.0 before lifetime income solutions were ready for adoption but advisors are increasingly confident recommending these solutions to plan sponsors. We have long believed that the future of defined contribution plans should include a lifetime income element, as both participant surveys and withdrawal patterns demonstrate the desire of participants to be able to convert a portion of their retirement savings into a reliable income stream.

In 2025, we saw more recordkeepers add these solutions to their platforms than in any previous year. Better products came to market, and plan sponsors increasingly recognized their value. We also think that consultant searches related to income are going to become best practice as both consultants and plan sponsors become more familiar with lifetime income solutions. Eight of the nine largest target date fund managers now offer income-enabled solutions, which is a clear signal that the industry recognizes the potential enhancement to 401(k) plans.[2]

A single catalyst could accelerate this trend dramatically, such as one major company with significant retirement assets announcing they are changing their QDIA to a fund that includes a guaranteed income option. This announcement would likely prompt other companies to follow suit.

The recent executive order on making private market investments more accessible in defined contribution plans also included "lifetime income investment strategies" in its list of alternative investments. And importantly, while specific regulatory guidance may take several months to emerge, the Department noted it would soon be issuing proposed regulations that clarify the duties a fiduciary owes to plan participants when making available investments in alternative assets, including the potential for a safe harbor.

Now plan sponsors are significantly more engaged with consultants and advisors on how to integrate lifetime income, moving past the question of why. We believe 2026 is the year that uptake of lifetime income reach critical mass. Key indicators to watch include the number of plans adding guaranteed income options to their QDIAs, total assets allocated to these products, and the entry of additional insurance carriers and products into the DC marketplace.

401(k) participants want access to in-plan lifetime income solutions

92% would be interested in using an in-plan fixed annuity for guaranteed lifetime income

92% think fixed annuities would be valuable in 401(k) plans

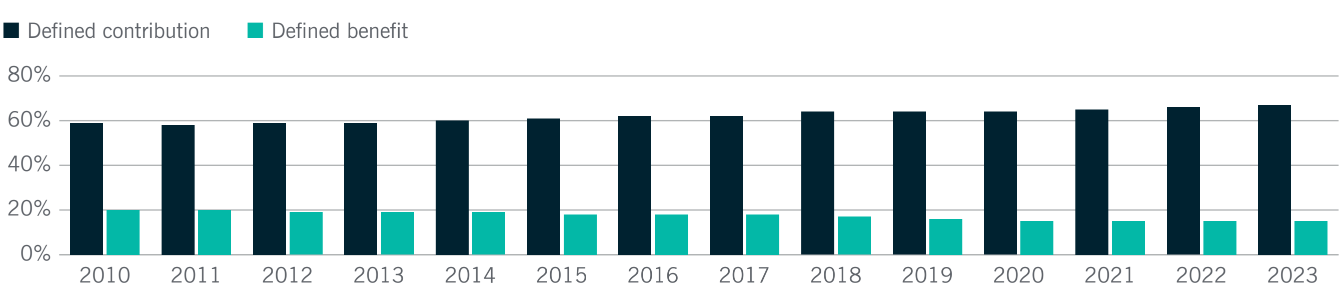
95% with target date investments think it would be valuable for these to include a fixed annuity component

87% believe employers have a responsibility to help employees achieve retirement income security

Source: Nuveen and TIAA Institute Participant Sentiment Survey on Lifetime Income, 2024; surveyed 2,100 401(k) participants, across demographics.

Figure 1: A pension reinvention continues to be needed as defined benefit access disappears

Workers with access to retirement benefits, defined contribution vs. defined benefit (%)



Data source: Bureau of Labor Statistics. 2024.

2 Private market assets in retirement plans: still an early conversation

The potential for private market investments within retirement assets generated substantial buzz in 2025. In 2026, we believe that considerable progress could be made to integrate these assets. While there remains uncertainty regarding the precise regulatory framework governing the implementation of private assets within retirement plans, the general environment supports their use within professionally managed portfolios, such as target date funds, in which private market assets offer diversification benefits and the potential for enhanced returns.

Conversely to the conversation around lifetime income, much of the current dialogue around private markets in DC plans remains in the “why” stage. Substantial work needs to be done to demonstrate the benefits of incorporating these assets while also addressing implementation challenges. These challenges include valuation methodologies, liquidity management, participant communication about less-liquid holdings, and operational complexities for recordkeepers.

Uptake will likely be gradual, as plan sponsors are naturally conservative when introducing new asset classes. However, modest allocations within existing target date funds could provide the proof points that encourage broader adoption. For instance, if a major target date fund family successfully integrates a 7% private markets allocation without operational issues or participant confusion, other fund families will have a roadmap to follow.

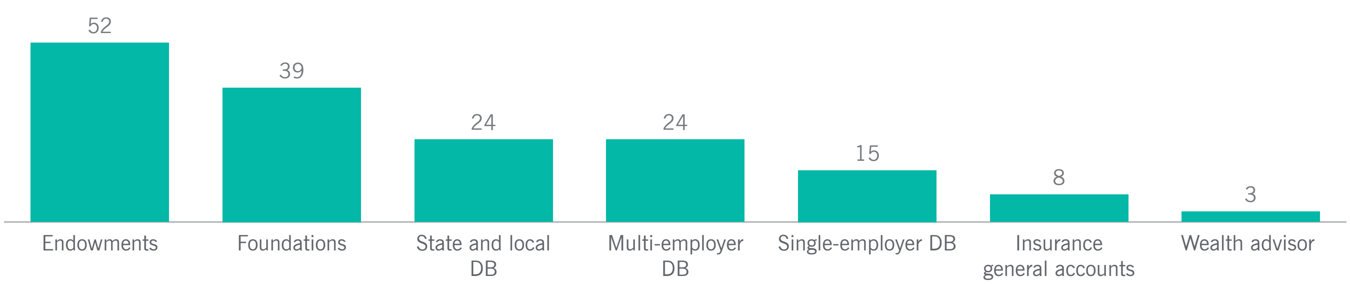
The specific types of private investments most appropriate for DC plans will require careful consideration. Private equity, private credit, core infrastructure, and core-plus real estate each offer different risk-return profiles and liquidity characteristics. The precise balance will depend on the total allocation to alternatives, the fund’s time horizon and the asset manager’s specialized expertise. Expect to see an increased number of partnership announcements between traditional asset managers and private market specialists as firms combine their complementary strengths.

Understanding the emerging regulatory environment will take time. The current environment is open to the use of private markets, but without legislation or specific clarifications, critical uncertainties will remain that may significantly slow implementation. Outstanding questions include fiduciary considerations around illiquid investments, participant disclosure requirements, and the Department of Labor’s stance on various alternative asset structures in retirement plans. Plan sponsors will need clear answers on these points before committing to these investments. However, we expect some pioneering sponsors to take the lead in 2026, providing case studies for others to evaluate.

As plan sponsors look to improve retirement outcomes for participants, they should work closely with their investment consultants on plan investment menu design. Such a partnership should ensure participants have access to the right mix of asset classes, both public and private, within portfolios. Annuity target date funds, some of which may already include allocations to alternatives, could be a potential option for plans to gain exposure while maintaining appropriate oversight and liquidity management.

Figure 2: Defined contribution allocations to private markets are well below defined benefit levels

Percentage allocation to private markets by U.S. client channel, 2023



Data source: Cerulli Associates. 2025.

3 Participant engagement: new technology will change the paradigm

Participant engagement continues to be a priority among plan sponsors and advisors as AI-integrated chatbots and tools grow rapidly. The tools available to advisors for communicating with participants are expanding, yet the essential need remains for traditional one-to-one conversations with participants who have detailed questions about their retirement. The goal is using the latest technologies to automate initial conversations with participants, freeing advisors to handle more complex cases, while maintaining the personal connection that builds trust and encourages action. Finding this balance will be critical in 2026. The participant experience needs to be simple and one that is designed to get the best information into the hands of participants when they need it.

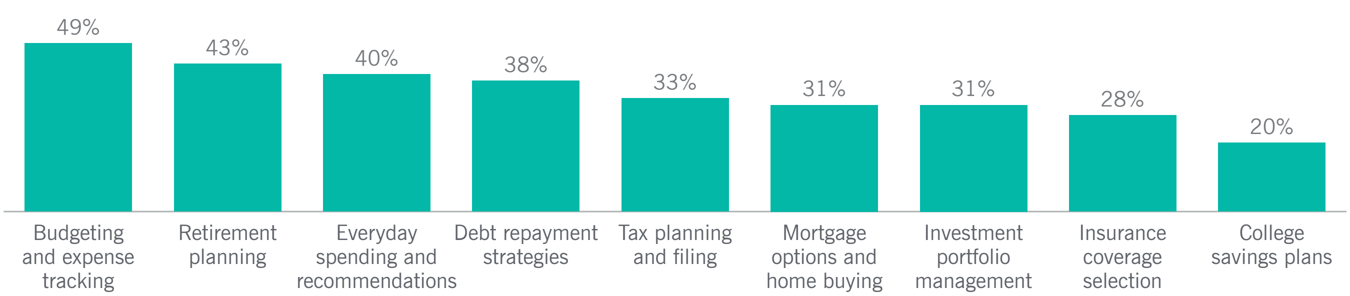
The broader wealth advisory business has started to embrace AI tools for client communications, with platforms now capable of ingesting tax returns, investment statements and spending data to build comprehensive financial plans. In the retirement space, these tools are more nascent, but the potential is significant. Just as managed accounts improved upon traditional target date funds by incorporating individual account balances, salary information and outside assets, AI technology could incorporate even broader data sets. These include Social Security projections, pension information, healthcare costs and spousal retirement plans, to provide more personalized allocation recommendations and withdrawal strategies. The speed and lower cost of AI-driven tools could make this level of personalization accessible to participants who previously couldn't afford individualized advisory services.

Beyond technology, participant engagement conversations require continued development. Plan sponsors and advisors must address multiple complex issues: educating participants about lifetime income products, supporting participants through the great wealth transfer, helping first-time homebuyers balance retirement savings with down payment needs, and managing the ongoing impact of inflation on retirement planning. Meanwhile, the continued growth of multilingual advisory services and culturally sensitive financial education programs will be essential to reaching traditionally underserved demographics and closing engagement gaps across different communities.

In addition, Congress is considering legislation to enhance automatic features in retirement plans, and we have recently seen the reintroduction of federal auto-IRA legislation, which would require most employers without retirement plans to facilitate IRA contributions through payroll deduction. In the absence of federal action, states remain active in designing and expanding their own auto-IRA proposals. We strongly support steps that build upon existing frameworks to enhance automation and auto-enrollment, as research consistently shows these design elements are key to getting participants engaged with plans and saving from an early life stage. Plans with automatic enrollment and automatic escalation features show participation rates above 80%, compared to 50%–60% for plans requiring active enrollment.[3]

Figure 3: Retirement planning rates highly on potential uses for AI

Replies to the question "Which financial decisions would you feel comfortable using AI for?"



Data source: Empower study. 2025.

4 Potential legislation: the unknown unknowns

Closing the coverage gap remains a priority in 2026, and we hope to see regulatory or legislative steps to help get more people into retirement plans. Currently, 42% of full-time working Americans still don't have access to a retirement plan, while 79% of part-time workers lack access.[4] This creates a major gap in savings for workers throughout their careers, leading to much greater reliance on vehicles such as Social Security, which was designed to supplement workplace retirement savings.

While the problem is more pronounced at the lower end of the income spectrum, it exists across all income levels, part-time employees, gig workers and workers under the age of 20. The data also shows that 18% of people in the top earnings decile lack access to a retirement plan. Lack of access and participation among these population groups potentially leads to adverse retirement savings levels. This suggests that coverage gap solutions need to address employers of all sizes and various employee demographic groups.

Another major area for continued focus in 2026 involves expanding collective investment trusts (CITs) into smaller plans and 403(b) plans. The growth of CITs in 401(k) plans has been driven by their lower fees but smaller plans have been slower to adopt CIT options due to administrative hurdles and higher investment minimums. However, several recordkeeping platforms are taking steps in 2026 to waive or lower these minimums, which should enable more smaller plans to access CITs. After the U.S. House of Representatives passed legislation in December 2025 that would allow CITs to be offered in 403(b) plans, we are hopeful that 2026 will finally see the enactment of this legislation into law so 403(b) participants also have access to these investment options.

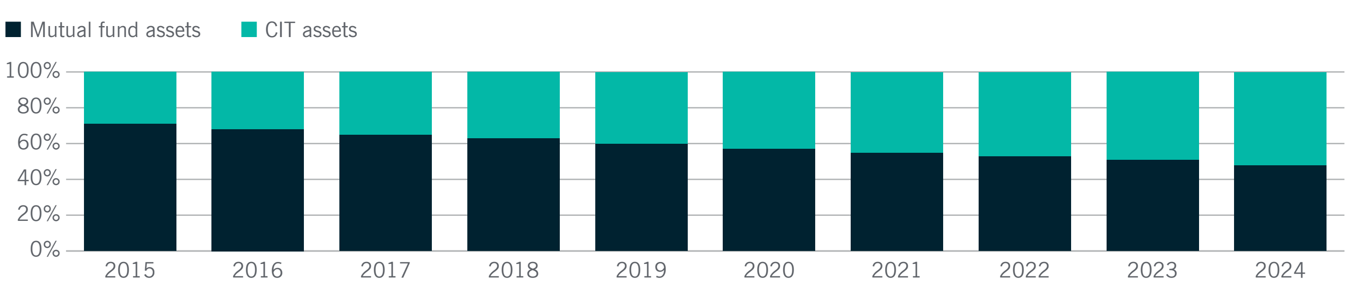
Regarding potential lifetime income legislation, while none of the items below represent active bills at this time, they are all concepts we are advocating for and hope to see included in an eventual SECURE 3.0 package:

- Qualified Payout Options (Q-PON) – This would modernize retirement plan design by including a menu of payout options for retiring employees, ensuring participants have clear choices and opportunities for converting savings to income.
- Retirement income education – This would provide on-going income education to plan participants, potentially through updating current communications to help them better understand how to turn their retirement savings into sustainable income.
- Improving default investments – This would encourage greater access to lifetime income products in QDIAs through legislative or regulatory action.
- Liquidity provisions – This would provide more flexibility around liquidity requirements in QDIAs, allowing plan sponsors greater latitude in choosing annuity products with different liquidity features, provided participant interests are protected.

We also expect to see the formal rollout of "Trump Accounts" in 2026. While savings accounts for newborns won't directly impact retirement planning for decades, these early savings accounts could help younger people become more aware of the benefits of compounding and how to evaluate savings options. The Treasury Department released initial guidance in early December 2025 on how these accounts will function, while accounts for children born between 2025 and 2028 would receive a $1,000 government contribution, potentially creating a new generation of savers with early exposure to investment concepts.[5]

Figure 4: Growth of CITs could accelerate further if they are allowed in 403(b) plans

Annual mutual fund and CIT target-date assets



Data source: Morningstar Direct. Data as of 31 Dec 2024.

Looking ahead

We believe that the retirement industry in 2026 will be marked by steady progress rather than dramatic disruption. Lifetime income solutions will move from being an innovation to the mainstream, private markets will begin their gradual integration into DC plans, technology will enhance but not replace human advisors, and incremental legislative progress will continue expanding coverage. Given these market and regulatory dynamics, we believe plan sponsors who begin preparing now — evaluating new product options, understanding emerging technologies and staying informed on regulatory developments — will be best positioned to improve outcomes for their participants.

For more information, please visit nuveen.com.

Endnotes

Sources

1 ICI. 18 Sep 2025.

2 Data via Sway Research Reports as of 31 Dec 2024.

3 Lebel and Harriman. 2024.

4 Economic Innovation Group. 2025.

5 IRS.gov. 2025.

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