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Rising Markets Don't Lift All Participants



Markets have been flirting with record highs on a regular basis, but not all employees are riding the wave toward retirement readiness. According to Vanguard's *How America Saves 2025*, participation and/or balances still lag for low-income workers, young employees, women, and those with short tenure. These segments face unique hurdles that statistical averages may conceal.

Forward-thinking plan sponsors can respond with non-fiduciary plan design and education strategies that go beyond the obvious to address real-world financial challenges.

Sidecar emergency savings. Help employees better manage cash flow and reduce the likelihood of early withdrawals that can undercut retirement readiness. By giving workers a safe cushion with a pension-linked emergency savings account (PLESA), sponsors can help employees ease day-to-day financial stress and avoid the long-term consequences of tapping retirement accounts early. They might even lower reliance on 401(k) loans by providing another source of accessible funds.

Student loan repayment benefits. Engage younger workers in ways that match their financial realities in a relatable way. For example, with SECURE 2.0, sponsors can offer matching contributions on student loan payments, allowing participants to reduce debt while building retirement savings. More broadly, education is key to encourage the establishment of early saving habits, proactive student debt management, and consistent retirement plan contributions — tangible steps toward long-term financial health.

Retirement reboot campaigns. Sponsors can help smooth the path to restarting contributions for employees returning from family leave by providing targeted education. For workers balancing caregiving responsibilities and income interruptions, a re-engagement initiative can include a welcome back package, retirement restart kit, an invitation to a personalized advisory reset session, catch-up contribution calculators, and other relevant educational resources. These steps can help reduce the risk of lost saving momentum during major life transitions.

Targeted financial wellness. Education can address the needs of groups most at risk of falling behind. Well-designed education programs use inclusive examples, real-life scenarios, and accessible language that resonates with different demographics. Just as importantly, the content should cover practical topics that naturally align with common challenges these groups often face — such as



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budgeting on variable income, managing high-interest or student debt, or rebuilding savings after a career break.

Looking Past Numbers to Participant Needs

Retirement readiness averages may be misleading when outliers can have an outsized effect on performance metrics. Sponsors who take a deeper dive into their participant segments and are willing to think creatively can shift mindsets to help close participation gaps.

Sources:

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