

DC Pulse // 2Q 2025 in Review

Research, regulations, returns and trends

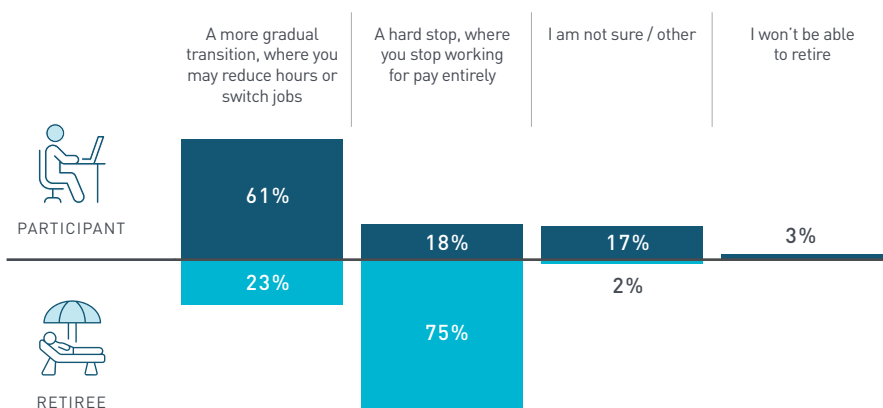


MFS DC Takes

Retirement is Personal. So is Social Security.

Retirement Expectations vs. Reality

Retirement expectations

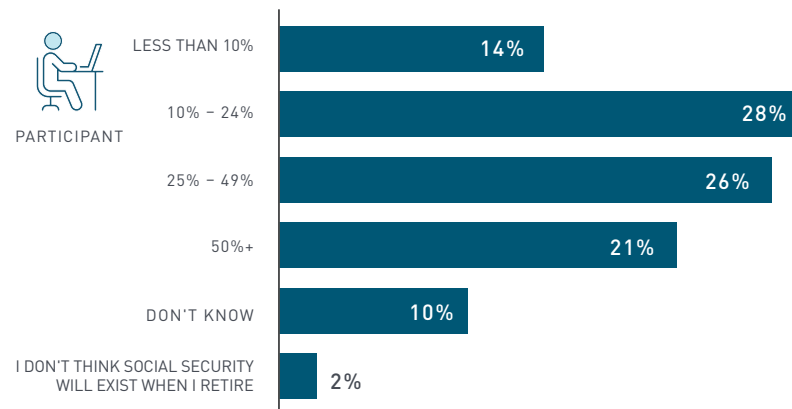


49% of retirees say they retired earlier than expected.

Only 22% of sponsors currently offer a program that allows employees to gradually transition into retirement.

Social Security Expectations vs. Reality

% Retirement income expected to come from Social Security



Retirees report 41% of their monthly income comes from Social Security.



How a participant approaches retirement and how a retiree lives in retirement are personal choices. When to claim Social Security is also a personal choice. These complex decisions highlight the value of advice near and in retirement.

Sources: MFS 2024 Global Retirement Survey and 2024 MFS DC Plan Sponsor Survey. For surveys methodology, please [click here](#).

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DC Regulatory and Legislative Happenings



Unanimous Supreme Court

The Supreme Court unanimously ruled in *Cunningham v. Cornell University* that plaintiffs suing employers under ERISA are not responsible for addressing prohibited transaction exemptions, or lack thereof, in their complaints.

This results in a lower bar for plaintiffs to defeat early motions to dismiss (and reach the discovery stage). This is likely to embolden the plaintiffs' bar and could make offering and insuring retirement plans more expensive due to increased litigation risk and costs.

Spotlight on Alternatives

The Department of Labor (DOL) rescinded 2022 guidance for plan fiduciaries to exercise "extreme care" before adding a cryptocurrency option to a 401(k)–investment menu. The current DOL says it is "neither endorsing, nor disapproving of, plan fiduciaries who conclude that the inclusion of cryptocurrency in a plan's investment menu is appropriate."

An appeals court affirmed the dismissal of a long-running lawsuit alleging the inclusion of alternative investments in a DC menu was a breach of fiduciary duty.

Regulatory Quick Hits

The DOL says it will replace the previous administration's rulemaking on ESG considerations in retirement plans. Rather than defend the ESG rulemaking in court, the DOL intends to draft a replacement, although no timeline has been given.

The DOL announced a program of opinion letters across five of its agencies, including EBSA, aiming to clarify various labor laws. EBSA will release advisory opinions and information letters which, while not legally binding, can help sponsors understand how to interpret the law. This guidance may be in lieu of additional regulatory activity impacting retirement plans.

Tax Legislation and Retirement

The One Big Beautiful Bill Act was passed in July 2025 and is primarily focused on extending tax cuts.

However, there are implications in the bill for workers, retirees and long-term savings. Examples include additional deductions for seniors, increased uses for 529 plans and exemptions for a portion of student loan payments, among others.

Furthermore, the bill creates a new savings option called a "Trump account" that can be created for young children, initially funded by the federal government, with the option for family members to make additional contributions.

Importantly, the tax treatment for 401(k)s and IRAs have not been touched by the legislation.

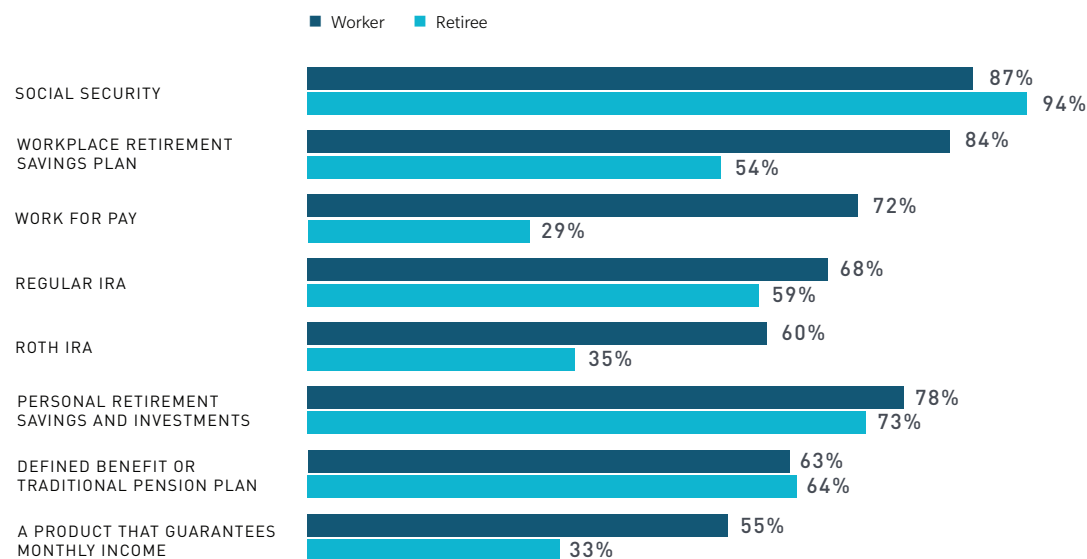
Sources: [23-1007 Cunningham v. Cornell Univ. \(04/17/2025\)](#),
[DOL Rescinds 2022 Cryptocurrency Guidance for 401\(k\) Plans | PLANADVISER](#),
[9th Circuit Affirms Dismissal of Long-Running Intel Investment Lawsuit | PLANSPONSOR](#),
[DOL to Craft New ESG Retirement Investing Rule | PLANSPONSOR](#),
[DOL Launches Multi-Agency Opinion Letter Program to Boost Compliance Assistance | PLANSPONSOR](#)
[Congress.gov, "H.R. 1 - One Big Beautiful Bill Act," 2025](#)

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DC Market Data

Social Security and the impact on retirement confidence

Worker expectations for sources of income in retirement vs. retirees' actual income sources



Workers planning to retire n=951; Retirees n=1,005

Almost
80%

of workers

and **70%** of retirees are concerned that the US government will make significant **changes to the American retirement system.**

60%

of workers

and **80%** of retirees concerned about governmental changes are worried about their **Social Security benefit being reduced.**

2033

Social Security is projected to pay full benefits until 2033, at which time it is expected to cover **only 77%** of scheduled benefits.



Retirees rely on Social Security as a key source of income in retirement. Workers and retirees are both concerned about possible changes to Social Security and the potential impact on income in retirement and overall retirement confidence.

Sources: Employee Benefit Research Institute and Greenwald Research, 2025 Retirement Confidence Survey.

Status of the Social Security and Medicare Programs, A Summary of the 2025 Annual Reports <https://www.ssa.gov/oact/trsum/>

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Investment Index Returns

As of June 30, 2025

BENCHMARK	10 YEARS	5 YEARS	3 YEARS	1 YEAR	CYTD	3 MONTHS
BALANCE						
Illustrative 60/40 Portfolio	9.01%	9.62%	12.75%	11.62%	5.46%	7.02%
EQUITY						
S&P 500	13.65%	16.64%	19.71%	15.16%	6.20%	10.94%
Russell 1000® Growth	17.01%	18.15%	25.76%	17.22%	6.09%	17.84%
Russell 1000® Value	9.19%	13.93%	12.76%	13.70%	6.00%	3.79%
Russell 2000®	7.12%	10.04%	10.00%	7.68%	-1.79%	8.50%
MSCI EAFE	6.51%	11.16%	15.97%	17.73%	19.45%	11.78%
MSCI Emerging Markets	4.81%	6.81%	9.70%	15.29%	15.27%	11.99%
MSCI ACWI	9.99%	13.65%	17.35%	16.17%	10.05%	11.53%
FIXED INCOME						
Bloomberg US TIPS	2.67%	1.61%	2.34%	5.84%	4.67%	0.48%
Bloomberg US Aggregate	1.76%	-0.73%	2.55%	6.08%	4.02%	1.21%
Bloomberg Global Aggregate	2.33%	0.26%	3.60%	6.15%	2.81%	1.61%
CASH						
Cash	2.01%	2.88%	4.75%	4.88%	2.21%	1.09%

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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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