



Pontera 401(k) Literacy Survey

By The Harris Poll

October 30, 2024



Executive summary

Overview, methodology, and key findings



About the survey

With Social Security uncertain and pensions available only to a relative few, Americans must rely on their 401(k)s to fund a comfortable retirement. Yet each of us is expected to be our own portfolio manager, which is no easy task, regardless of training or expertise.

Pontera is a fintech company founded with a mission to help Americans retire better by enabling them to receive personalized management of their workplace-sponsored retirement accounts from their own, trusted financial advisor.

Pontera engaged The Harris Poll in April of 2024 to survey **2,010** full-time employed Americans who have a **401(k), 403(b), or 457(b)** account. Our objective was to evaluate the overall level of knowledge about workplace retirement plan accounts and identify opportunities where Americans may need more help.

In addition, the survey set out to explore the differences between retirement savers who work with a professional financial advisor and those who are not advised. The results reinforce our long-held view that retirement savers would greatly benefit from personalized 401(k) account management.

Methodology

- The Harris Poll surveyed 2,010 respondents from **July 11 to July 15, 2024**.
- All respondents are **401(k), 403(b) or 457(b)** plan participants, are 18+, and employed full-time.
- Respondents are from all 50 states.
- Half of those surveyed work with a financial professional for recommendations and advice.
- The other half is self-directed.
- See the Appendix for demographics details.

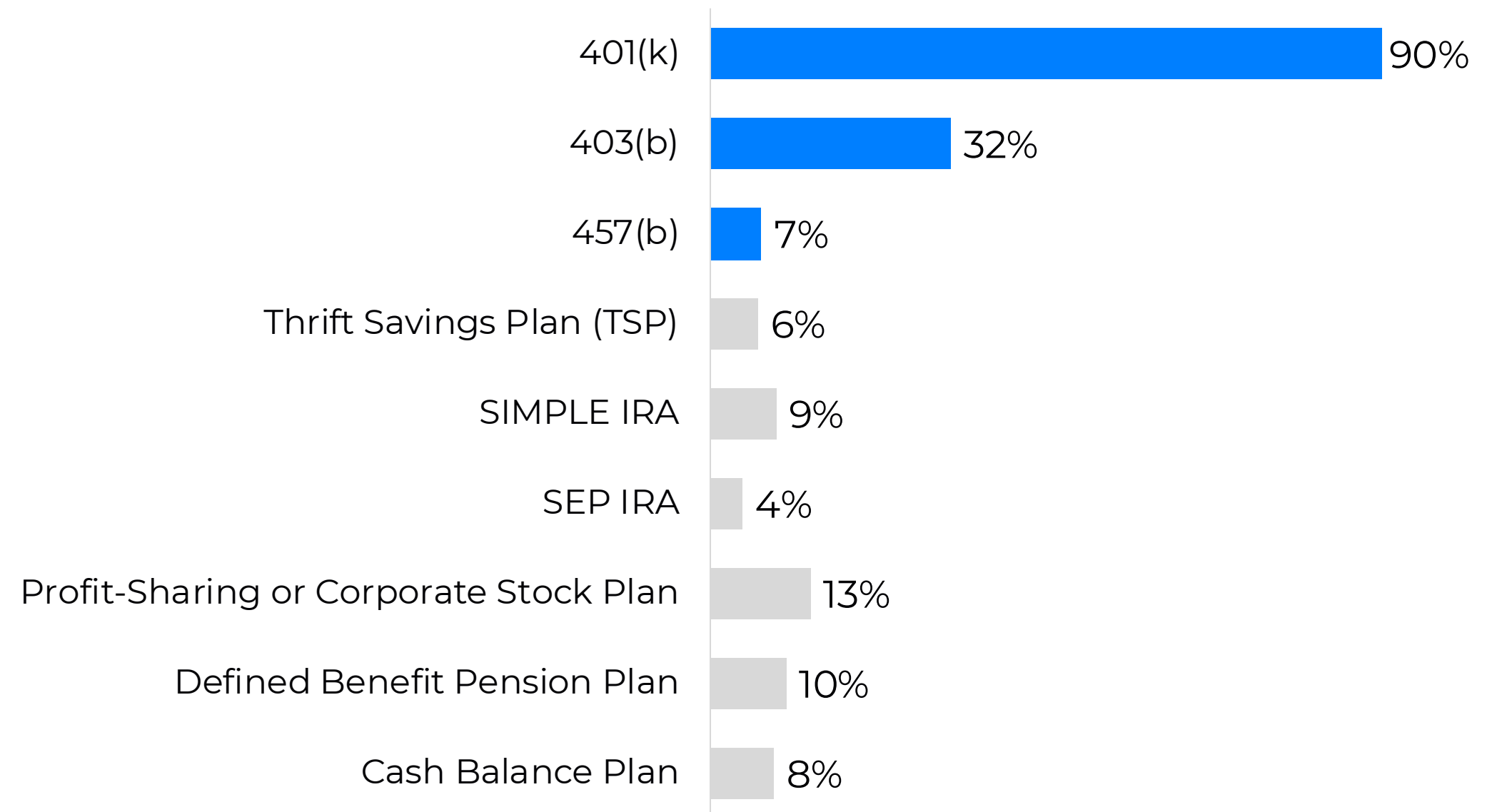


100%

of respondents are full-time employees with a 401(k), 403(b), or 457(b) account

Types of workplace retirement accounts held

Respondents were required to have a 401(k), 403(b), or 457(b) account to participate



* Respondents could choose more than one account type



Executive summary

Advisors empower and inform 401(k) participants to unlock the full potential of their retirement accounts

When empowered by professional help, Americans manage their 401(k) with more confidence

- 401(k) engagement increases among those with advisors: 51% of Americans with advisors check their balance and contributions weekly or more often, compared with 34% of Americans without advisors.
- 84% of advised participants feel highly confident about their financial future.
- 70% of participants without an advisor would like more professional help.
- 60% of self-directed participants feel overwhelmed by information provided by their plan.

Retirement savers need more education and help to make better 401(k) decisions

- Six in 10 plan participants consider themselves highly financially literate, however most respondents could not answer basic questions about their retirement accounts.
- 20% of 401(k) participants are uncertain at what age catch-ups can begin.
- 87% of Americans face at least one challenge when selecting investment options.
- Determining risk tolerance, evaluating tax implication and deciding asset allocation are the top three challenges cited by participants.
- 33% are uncertain about risk management; 29% rely on past performance when selecting investments.



Executive summary

Workers want help managing their workplace retirement accounts... for good reason

Employer-sponsored accounts are Americans' top choice for a secure retirement.

- 81% of Americans believe workplace-sponsored accounts are vital for a stable retirement, compared with 67% for a traditional individual retirement account (IRA) and 61% for a Roth IRA.
- Respondents say their top motivators to participate in a 401(k) include the availability of employer match, lower fees, investment choices and higher contribution limits.
- 79% of Americans say their current employer's retirement plan offers two or more help resources.
- Employer matches are virtually ubiquitous in 401(k) and other workplace plans, respondents say.

Participants say they would like personalized help managing their retirement accounts.

- 60% of participants say they're uncertain about their investment decisions when managing their 401(k) accounts.
- Participants have a number of account challenges: 41% of self-directed participants have difficulty evaluating tax implications of decisions, vs. 30% of advised participants.
- Advised participants, though, have fewer challenges: e.g. 37% of self-directed workers rate integrating their 401k with their financial plan as difficult, versus 25% of advised workers.



Executive summary

Advised participants are more invested – literally – in their employer-sponsored accounts

Advised participants invest more and do more with their 401(k)s

- Advised participants on average contribute substantially more to workplace retirement accounts: 15% of their income compared with 10% among self-directed participants.
- 66% of advised participants contributed the maximum to their workplace accounts last year versus 40% of unadvised participants.
- Employer match, lower fees and investment choices are among the features that make workplace plans more attractive, relative to IRAs and other investment vehicles.

Survey respondents, broadly, make clear they value the expertise of advisors

- 74% of Americans would like professional help with their account, 77% are willing to pay for that expertise.
- Peace of mind (37%) and maximizing retirement income (34%) are top reasons savers seek professional help.
- 38% reported difficulty determining risk tolerance; 35% with evaluating tax implications of account moves; and 34% say they struggle with asset allocation decisions.



About Pontera

Pontera is a fintech company on a mission to help millions of Americans achieve greater wealth for a more comfortable retirement by enabling their trusted financial advisors to safely view, analyze, and manage their 401(k)s, 403(b)s, and other workplace-sponsored accounts without triggering actions that constitute custody. We work with thousands of advisory firms, from small independent RIAs to the largest wealth managers in the United States, including Fortune 500 financial firms.

Our [secure](#), purpose-built platform, seamlessly integrated with the most popular advisor technology tools, is designed to work across many account types and help advisors deliver comprehensive investment management and optimize their clients' financial outcomes. Founded in 2012, Pontera is headquartered in New York, N.Y.

To learn more, please visit www.pontera.com, and follow us on [LinkedIn](#), [Facebook](#), and [X](#).



About The Harris Poll

The Harris Poll is a global consulting and market research firm that provides the insights needed to build a better tomorrow. Founded in 1956, The Harris Poll is one of the longest running surveys in the U.S. tracking public opinion, motivations, and social sentiments. Every year, we poll millions of people on the trends that are shaping our modern world.

The 401(k) expertise gap

Identifying challenges around employer-sponsored accounts and how financial advisors can assist



Retirement plan participants find plan information confusing, even overwhelming, and question their own investment choices

Employer-sponsored account sentiment
(‘Strongly Agree’ to ‘Somewhat Agree’)

59%

of Americans

“I feel **overwhelmed** with the plan information about my retirement account.”

59%

of Americans

“I **question my decisions** related to managing my [workplace] account.”

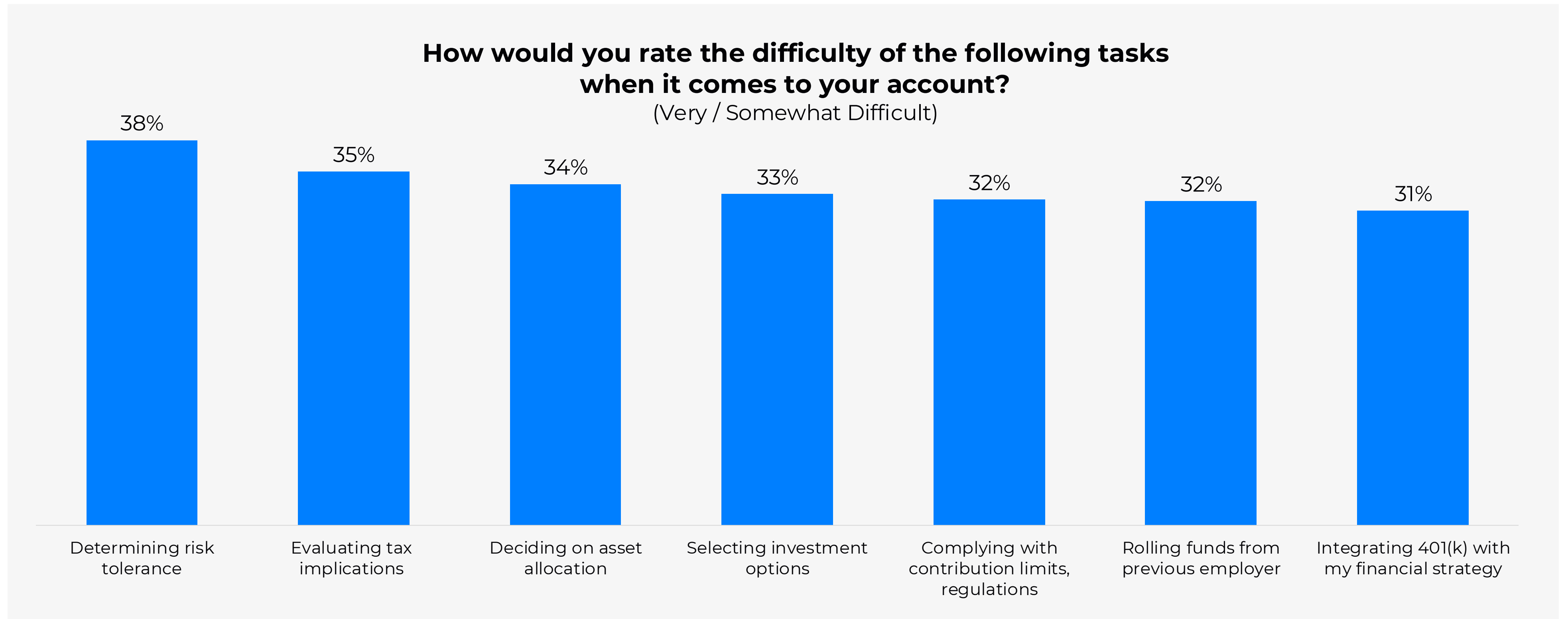
50%

of Americans

“I feel **confused** understanding my [workplace] plan options.”



Retirement savers say their top challenges include managing risk, evaluating the tax implications of their actions, and choosing asset allocations



*Those respondents without an advisor were not shown the option, "Consult a financial advisor."



Workers are unsure, or lack confidence, in making investment decisions in their workplace retirement accounts

Challenges faced when selecting investment options

(Select all that apply)

#1	I'm unsure of how much risk to take on	33%
#2	I tend to rely on the past performance of my investments	29%
#3	I'm unsure of how I should diversify my investments	28%
#4	I'm hesitant because of market volatility	27%
#5	I'm overwhelmed by the number of options available	25%
#6	I don't have enough information and resources to make confident decisions	25%
#7	I'm unclear about any potential expenses I need to pay	21%
	N/A - I don't face any challenges when selecting investment options in my account	13%

87%

of Americans face **at least one** challenge when selecting investment options

66% have faced at least 2 challenges



A large majority of workers want professional help with their workplace accounts – and they’re willing to pay for it

Employer-sponsored account needs
(Strongly Agree or Somewhat Agree)

77%

of Americans

“I would be **open to paying** for professional [workplace plan] help if I felt like I really needed it.”

29% strongly agree

74%

of Americans

“I would like **more professional help** with my [workplace] account.”

29% strongly agree

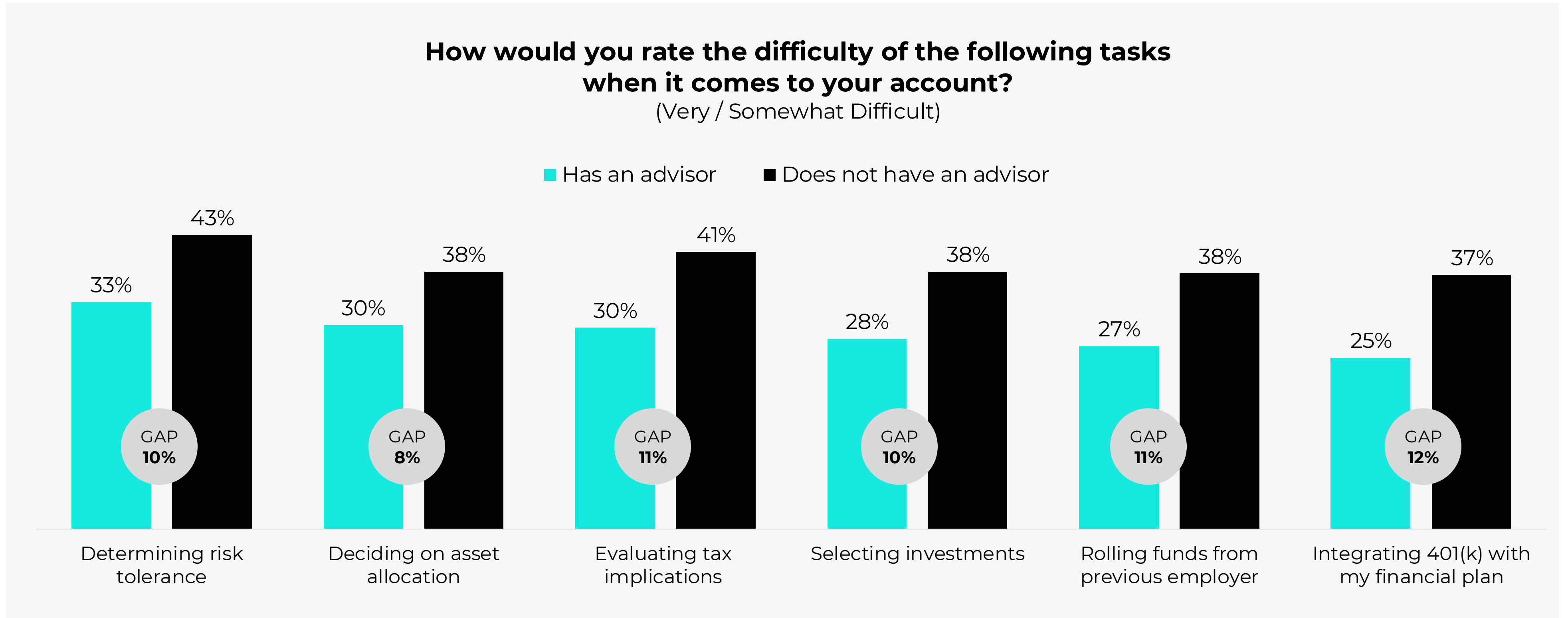


The impact of professional advice

Exploring the impact advisors make on Americans' retirement accounts



Participants who also have a financial advisor report fewer challenges with their workplace retirement accounts





Advisors boost the confidence of retirement savers

Americans with a financial advisor say...
(Strongly / Somewhat Agree)

84%

“I feel more **confident about my retirement future** with the assistance of my financial advisor.”

100% of Boomers
89% of Gen X

79%

“I **rely on my financial advisor** to navigate the complexities of my retirement account.”

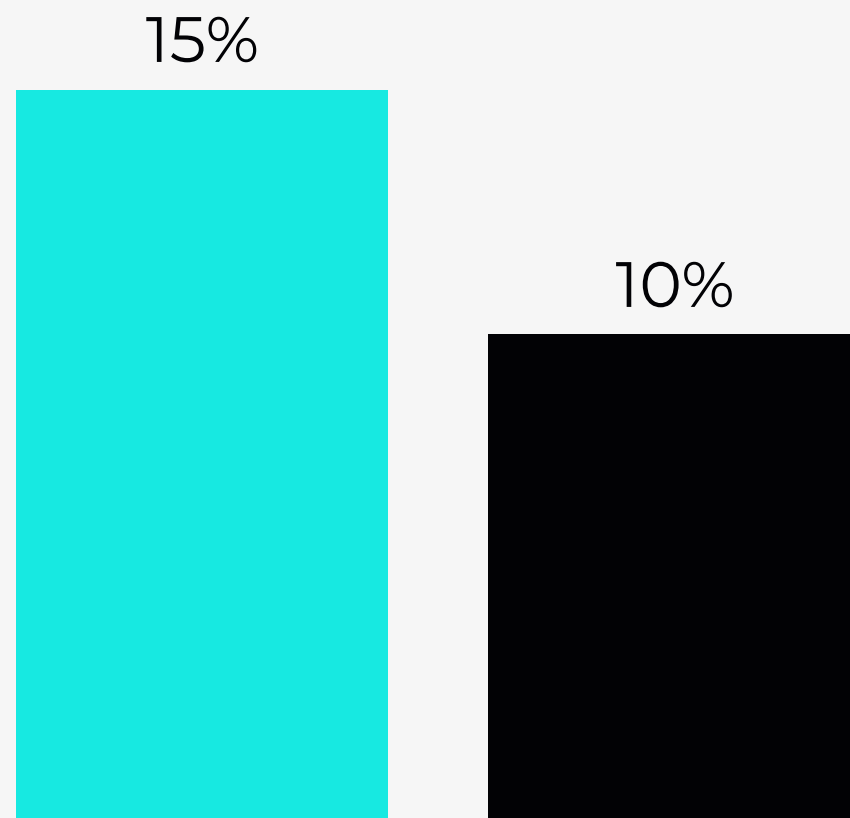
81% of Boomers
85% of Gen X



Advised participants contribute 50% more of their income to workplace plans

Average percentage of income allocated to workplace accounts

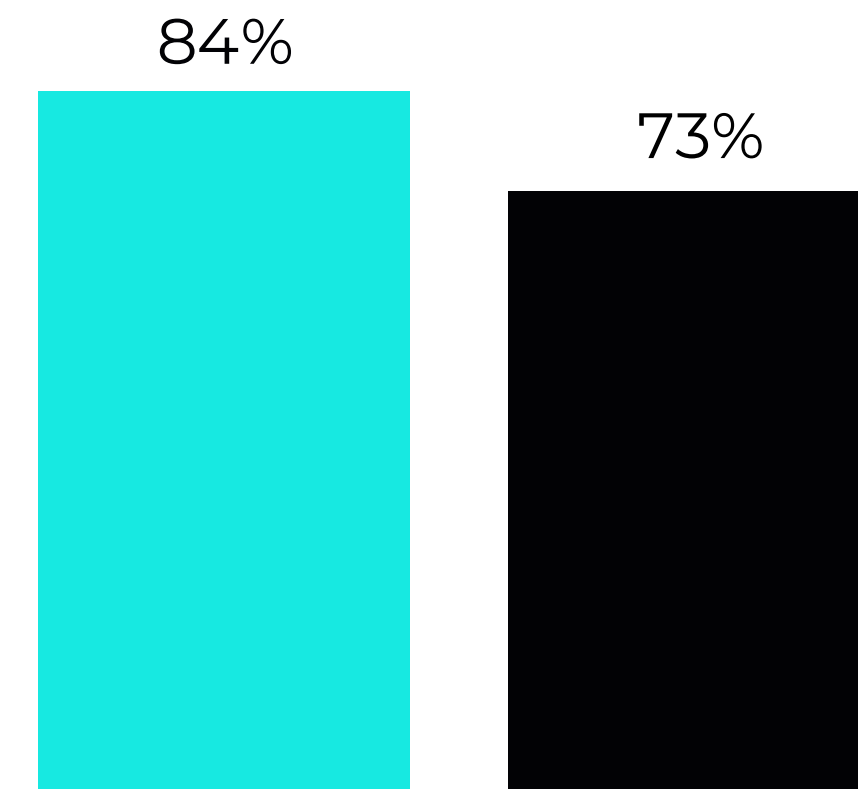
■ Has an advisor ■ Does not have an advisor



Advised participants are more engaged, checking their accounts regularly

Participants check their workplace account regularly

■ Has an advisor ■ Does not have an advisor





Nearly all (95%) 401(k) plan participants partially or fully match their employer's contribution

Advised participants are more likely to maximize employer match

What is your approach to 401(k) contributions in relation to your employer's contribution policy?



- I contribute an amount that maximizes the employer match
- I contribute an amount that partially matches the employer contribution
- My employer does not match retirement contributions
- I'm not sure about my company's contribution policy to my plan

68%

of 401(k) participants with an advisor **fully match** employer's contributions

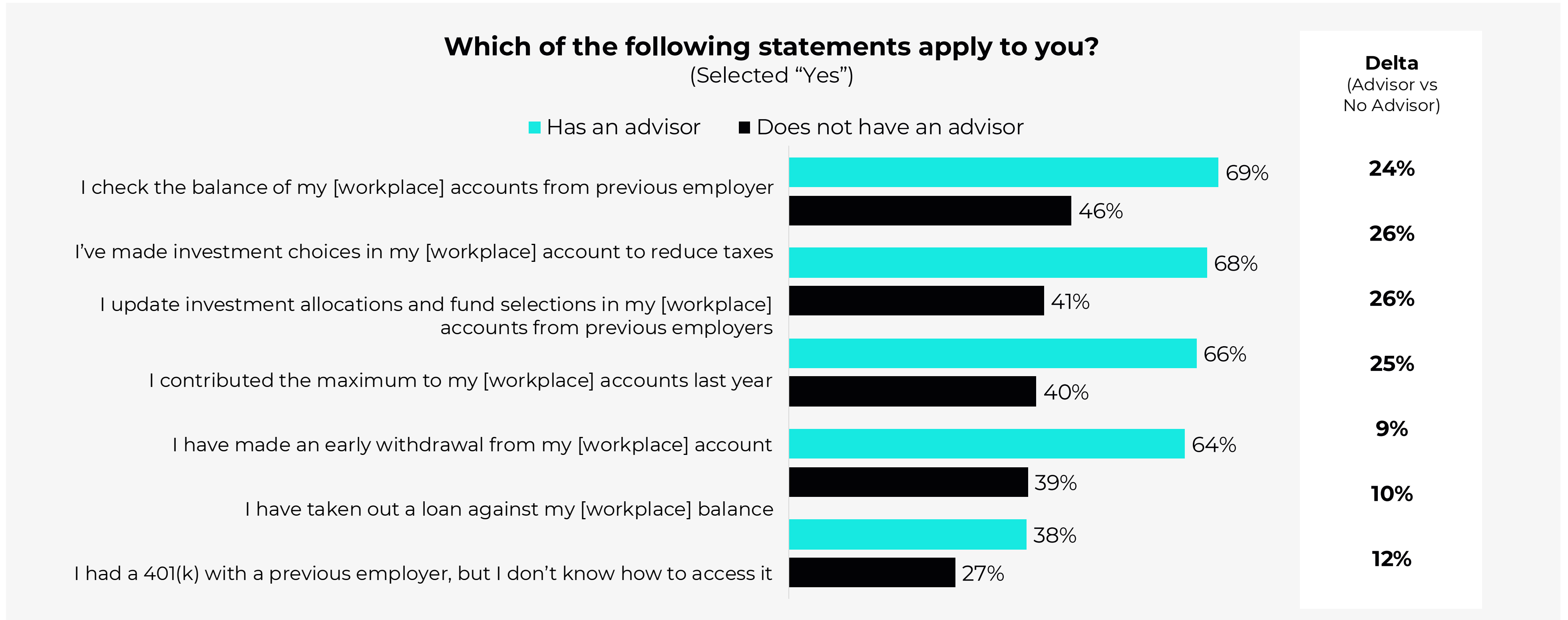
VS.

56%

of plan participants without an advisor



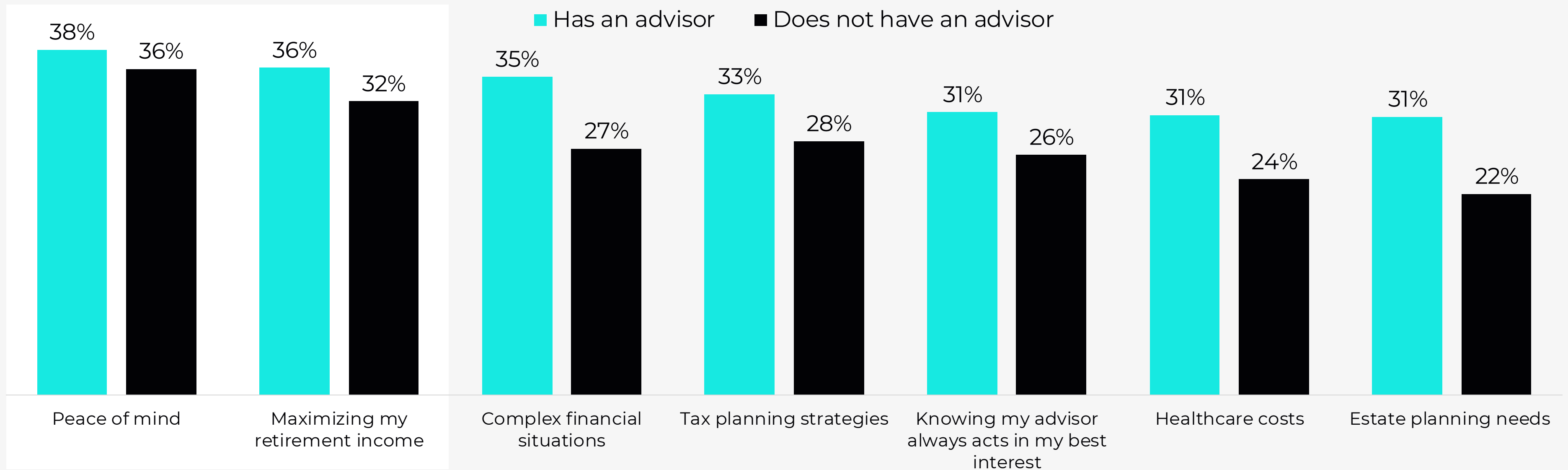
Advised participants are more engaged and actively checking their accounts than those who are self-directed





Greater peace of mind and maximizing returns are top considerations for hiring an advisor

Which of the following would motivate you to seek professional advice regarding retirement?
(Select all that apply)



Measuring 401(k) literacy

Examining 401(k) knowledge among plan participants and opportunities for improvement

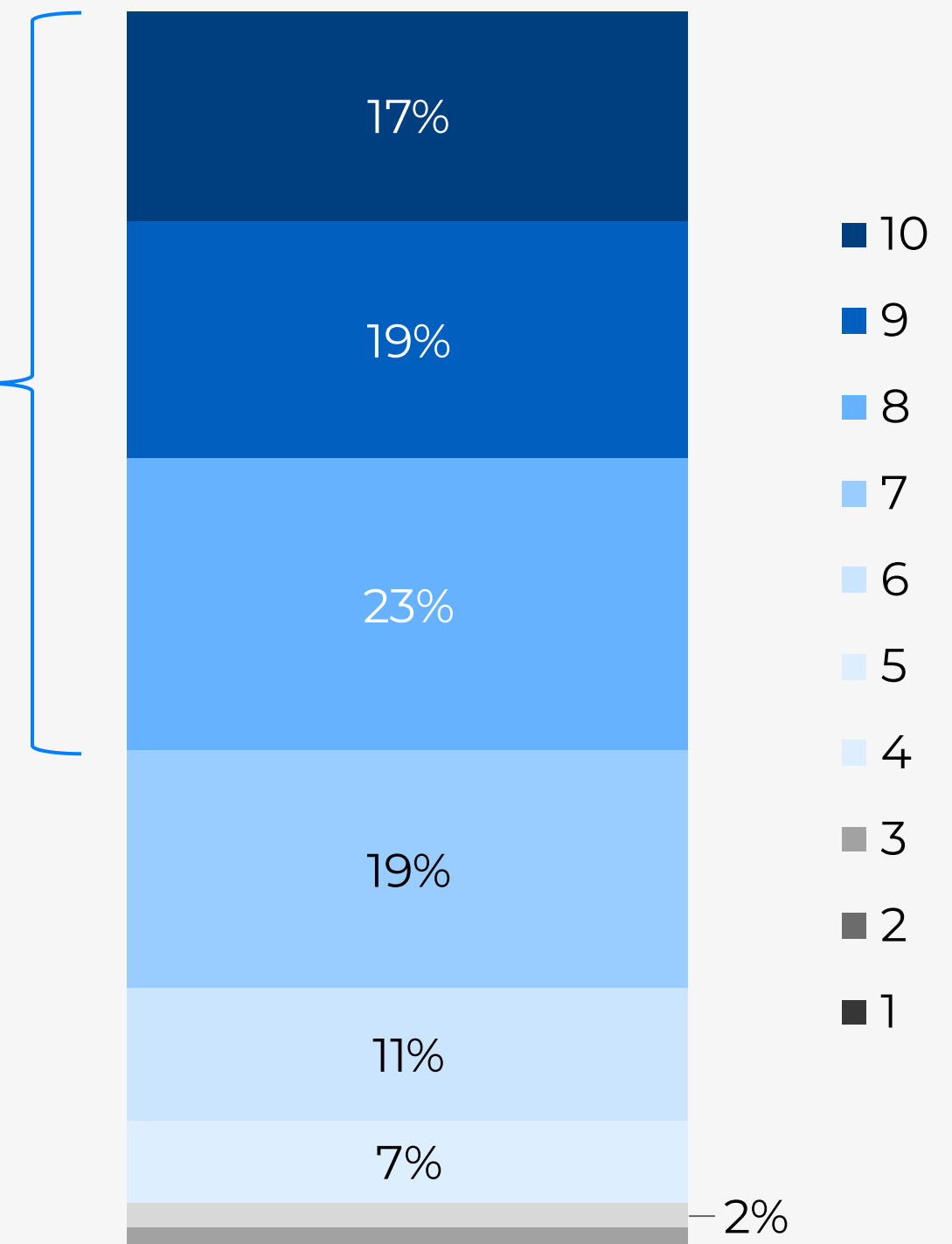


59% of plan participants in our survey self-identified as “highly” financially literate

On a scale of 1-10, how would you rate your overall financial literacy?

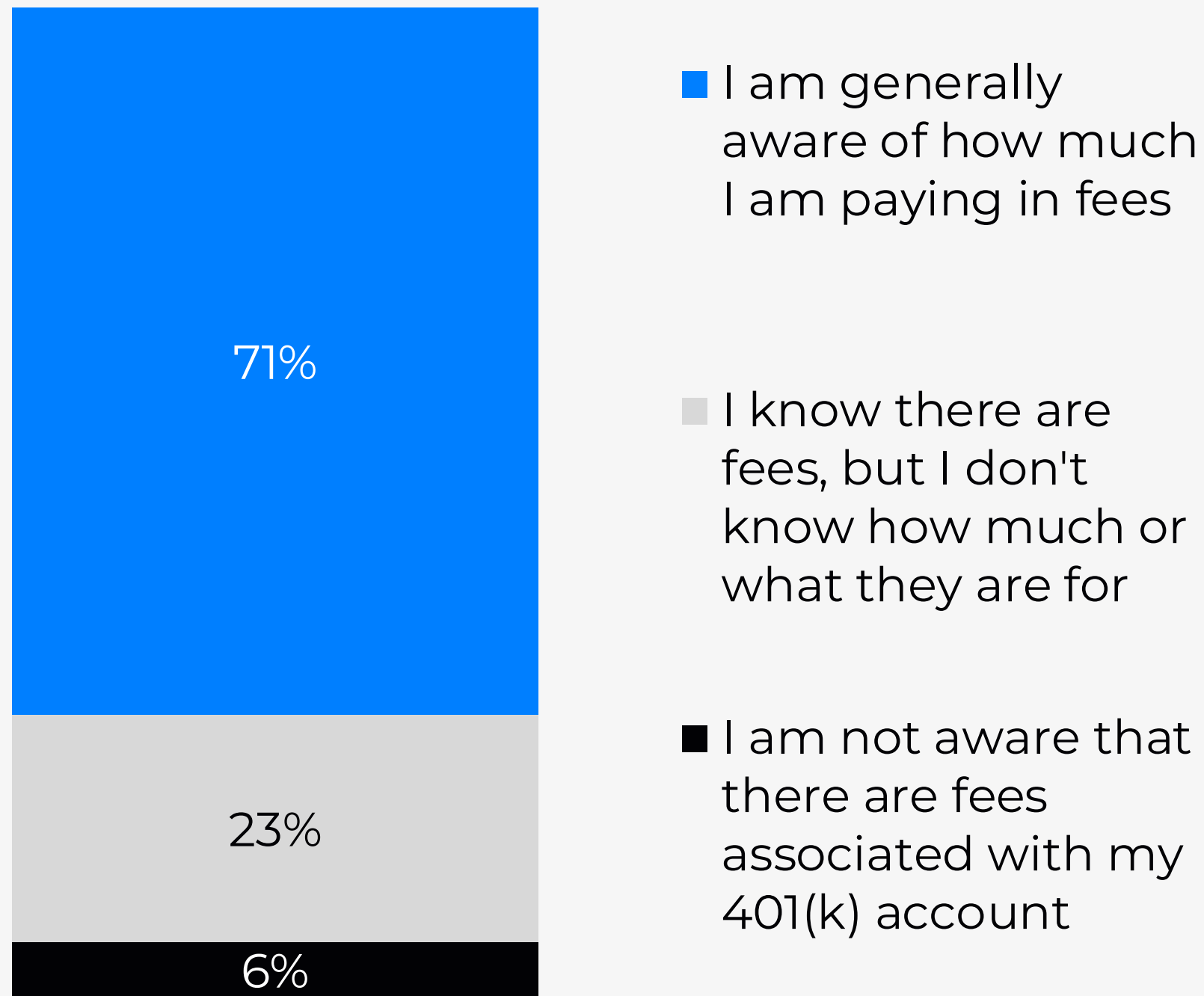
(1 = Very low, 10 = Very high)

59%
of 401(k) plan participants rate themselves highly literate (Scores 8-10)





Awareness of fees associated with 401(k) accounts



Overall, there are knowledge gaps.

29% of participants are **unaware that they pay fees** or **how much** they're paying

81% of participants **with advisors** know how much they pay vs. **62%** of those **without an advisor**

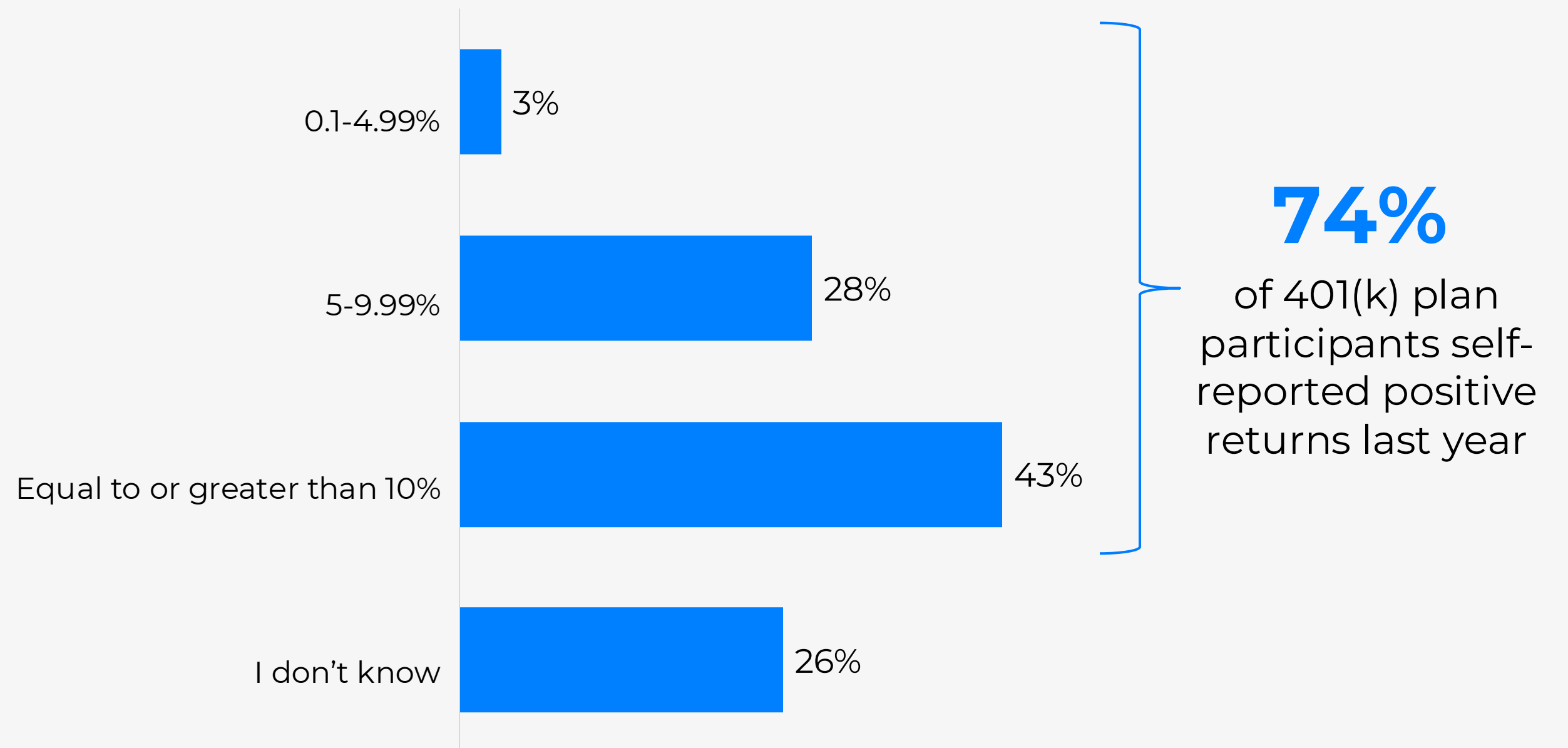


Though 3 in 4 saw account gains last year, a quarter didn't know their rate of return

+17.3%

is the average self-reported rate of return for employer-sponsored accounts last year across all respondents

Approximate rate of return on my 401(k) account last year

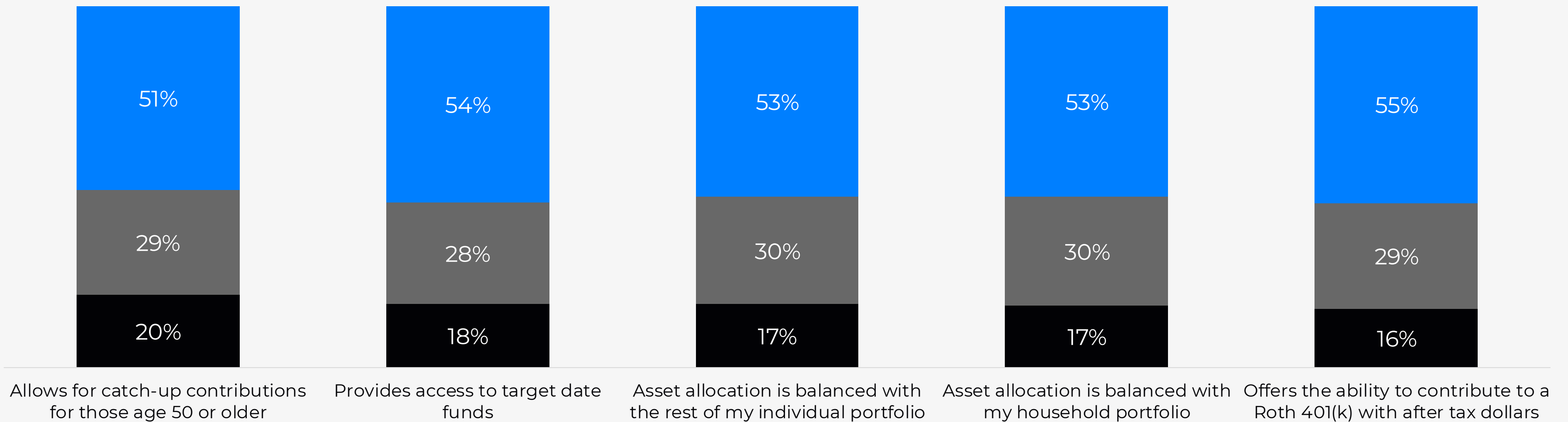




Catch-up contributions was among the more confusing features in 401(k) plans, highlighting the need for more education and help

Which of the following applies to your 401(k) plan?

■ I don't know ■ No ■ Yes



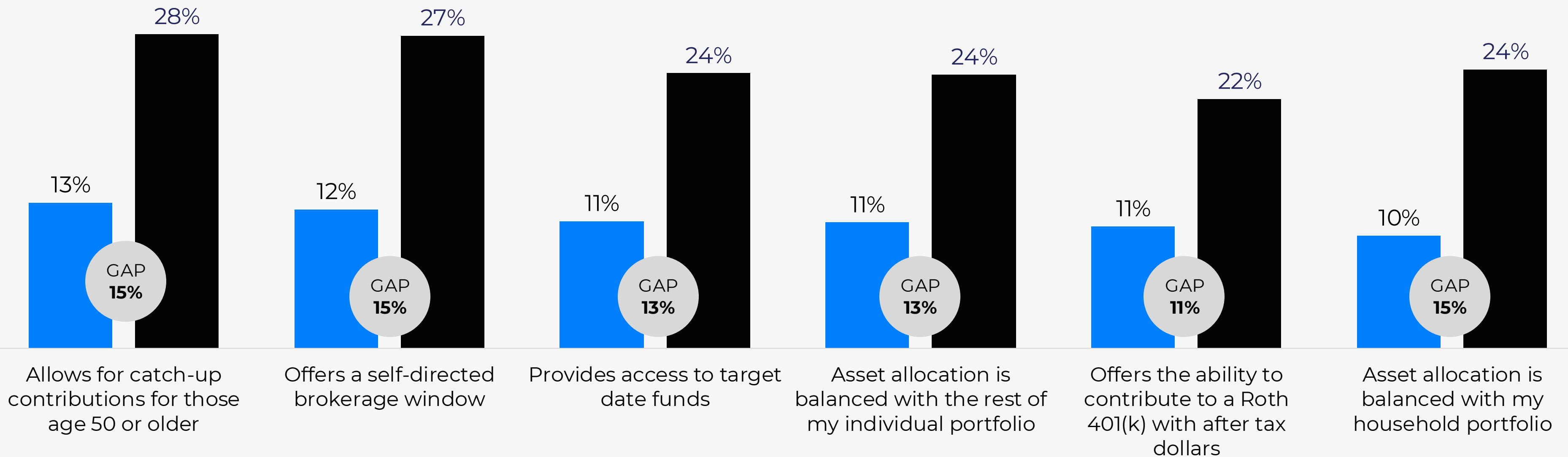


Having an advisor makes a big impact: advised participants are more likely to be clear on their retirement plan offerings and features

Which of the following applies to your 401(k) plan?

(Selected "I don't know")

■ Has an advisor ■ Does not have an advisor





Pontera quizzed retirement savers to assess their 401(k) knowledge

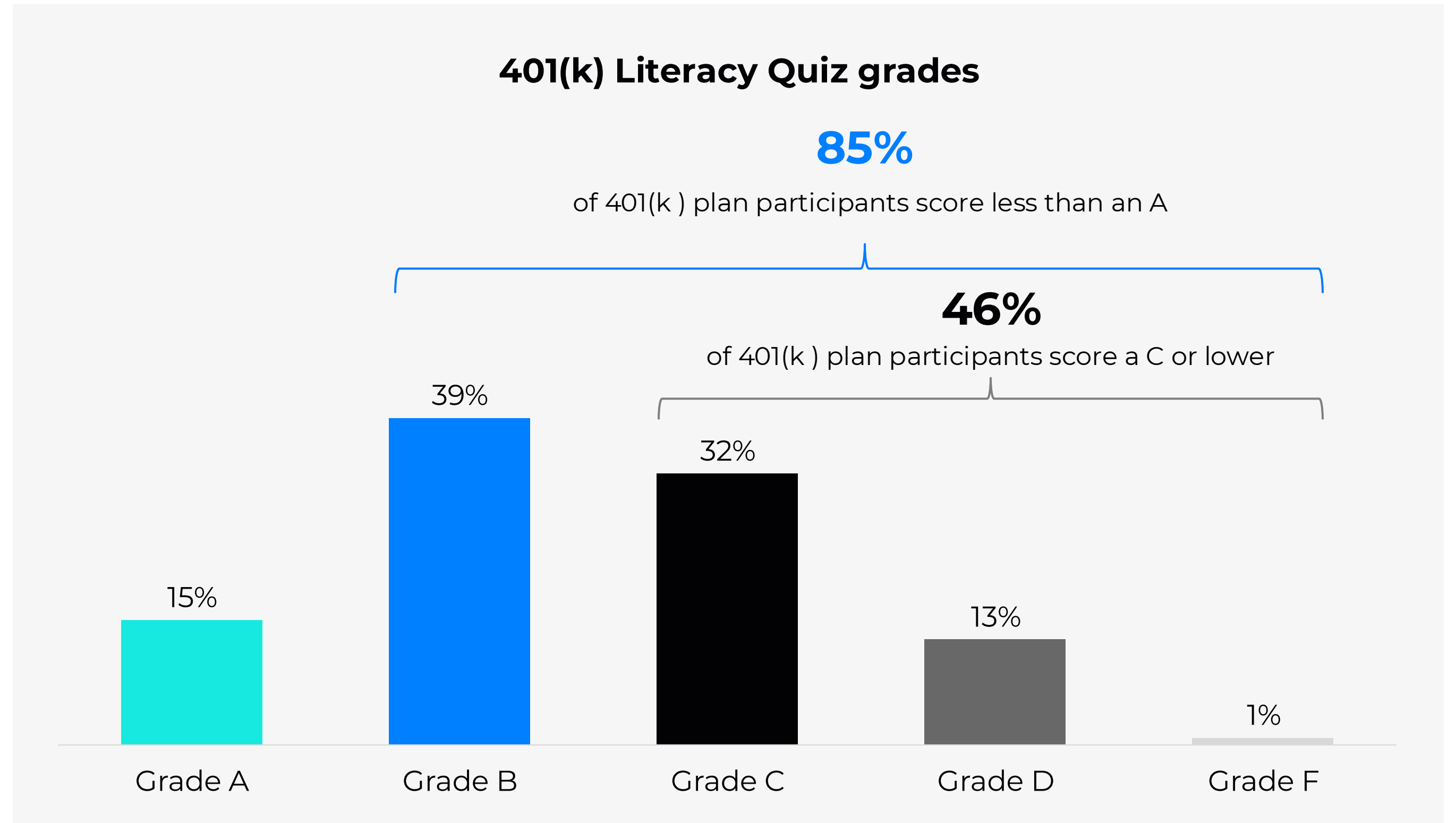
Six true / false statements	
“An individual can have both a 401(k) and an IRA and contribute to both in the same tax year.”	TRUE
“Funds from a 401(k) plan cannot be rolled over into another retirement account, unless when changing jobs.”	FALSE
“In many 401(k) plans, employers may match a portion of an employee’s contribution.”	TRUE
“In a 401(k) plan, individuals can typically choose from various investment options.”	TRUE
“Financial advisors can help manage 401(k) accounts.”	TRUE
“I don’t need to pay the tax on early withdrawals from a 401(k) account.”	FALSE

Three multiple choice questions	
At what age can you begin making catch-up contributions to your 401(k) account?	50
What is the maximum annual contribution limit for individuals under 50 for a 401(k) plan in 2024?	\$23,000
What is the maximum annual catch-up contribution limit for individuals 50+ for a 401(k) in 2024?	\$7,500

Grade Index	
A	8-9 out of 9 correct
B	6-7 out of 9 correct
C	4-5 out of 9 correct
D	2-3 out of 9 correct
F	0-1 out of 9 correct



Many participants could not answer basic questions in our spot “401(k) Literacy Quiz”





In our quiz, participants were least clear when it comes to catch-ups

401(k) knowledge gaps: incorrect answer or “I don’t know”

74%

of 401(k) participants

Incorrectly answer / don't know the correct age at which you **can begin making catch-up contributions** to your 401(k) account.

81% Gen Z

63%

of 401(k) participants

Incorrectly answer / don't know what the **maximum annual contribution limit** is for individuals under 50 for a 401(k) plan in 2024.

80% Gen Z
74% Female

63%

of 401(k) participants

Incorrectly answer / don't know what the **maximum annual catch-up contribution limit** for individuals aged 50+ is for a 401(k) 2024.

81% Gen Z
74% Female

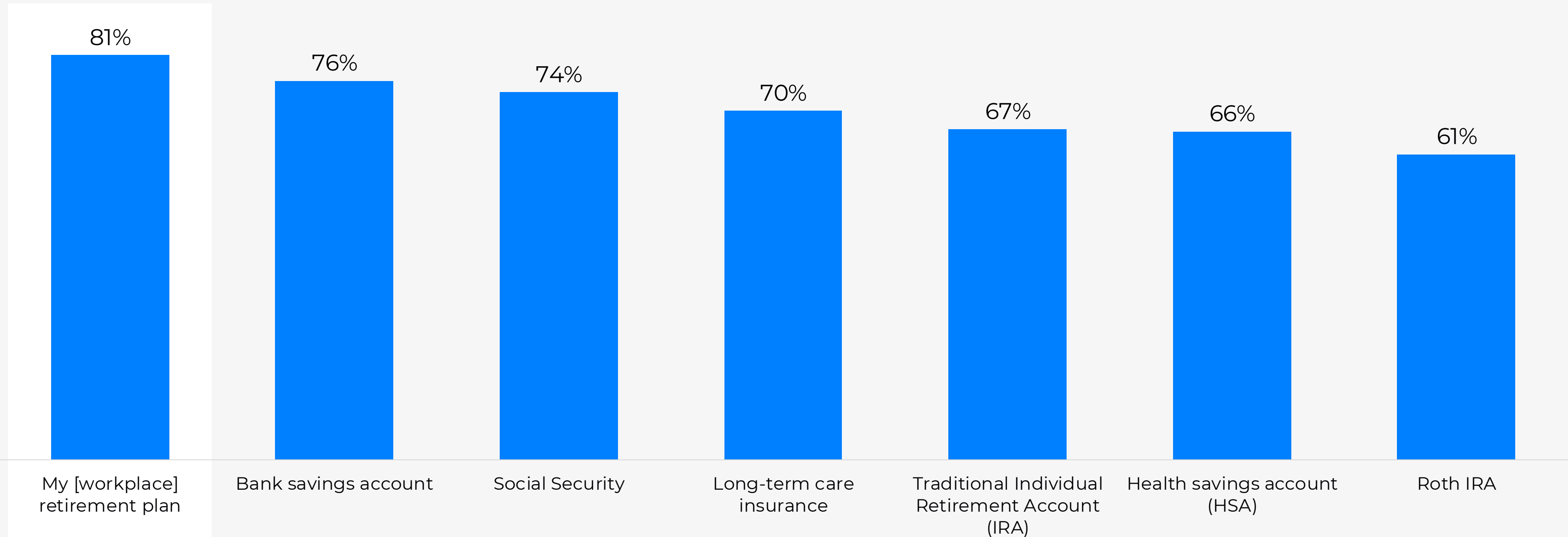
Value of workplace retirement accounts

Fundamental perceptions of retirement and investment plan choices



Americans rely most on workplace retirement plans for their financial security

How important do you feel the following are for your long-term security in retirement?
(Choose Top 3)





Americans are engaged with their workforce retirement plans

78%

of Americans say, “I check my [workplace] account **regularly.**”

Engagement rises to

84%

for participants **with an advisor**, versus

73%

of those **without an advisor**

54%

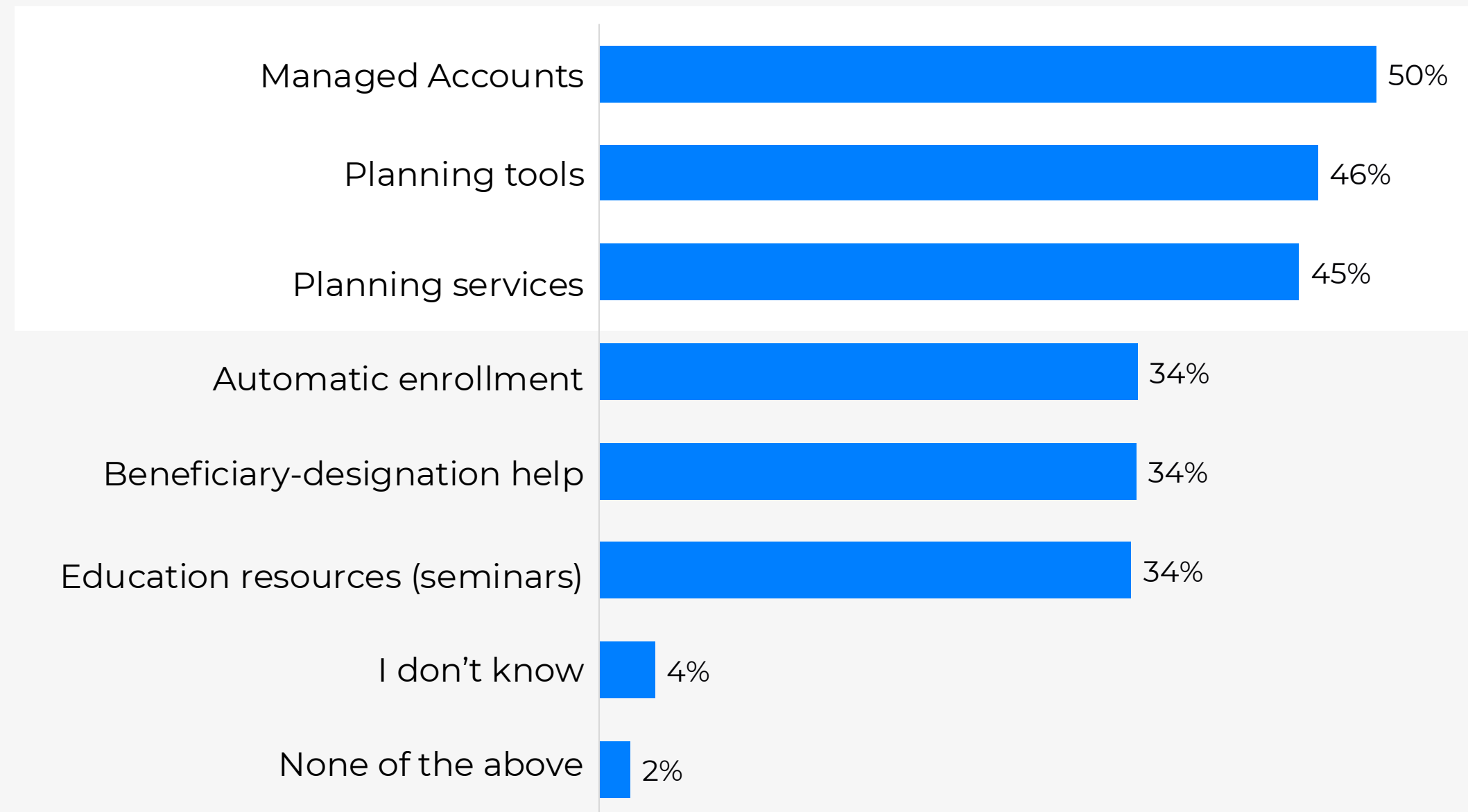
of Americans say, “I have made certain investment choices in my [workplace] account **to reduce taxes.**”



Most participants are aware when in-plan help is available, such as managed accounts

Does your current employer's [workplace] plan offer any of the following resources or benefits?

(Select all that apply)



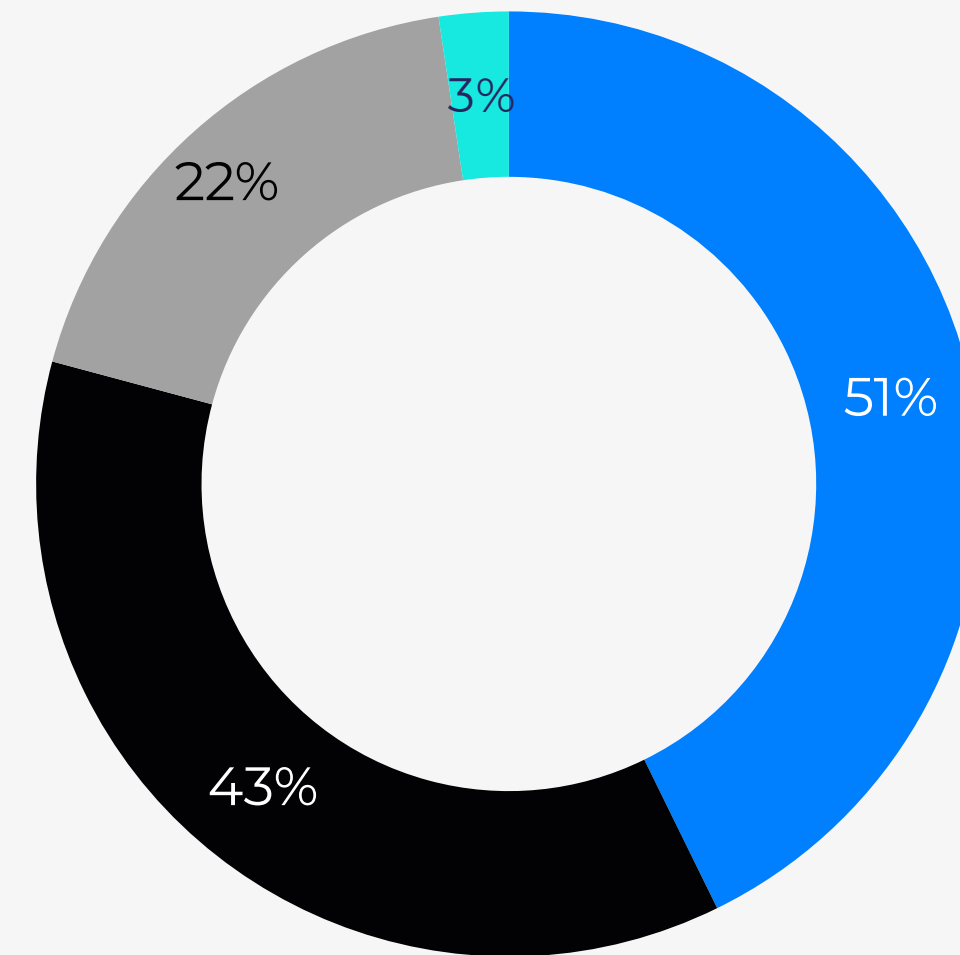
79%

of Americans say their current employer offers **two or more** help resources



Americans are more likely to roll their workplace account to a new employer's plan than to an individual retirement account (IRA)

Have you ever rolled over your [workplace] account into...



- A new employer's retirement plan
- An Individual Retirement Account (IRA)



Employer match, lower fees and investments choices make workplace plans attractive

Top motivations for choosing an employer-sponsored account

#1 Better employer matching contributions (39%)

#2 Lower fees (36%)

#3 More / better investment options (36%)

#4 Higher contribution limits (34%)

#5 Better potential loans (32%)

#6 A financial advisor advised me to keep my [401(k)/403(b)/457(b)] account (32%)

#7 Increased asset protection measures (30%)

#8 More employer-sponsored educational resources/support (26%)

Appendix



Demographics: All respondents

This survey audience includes:

2,010

full-time US workers with an employer-sponsored account

Company type		
Private	Public	Nonprofit / Govt Agency
72%	21%	5%

Personal income	
13%	<\$50K
44%	\$50-99K
43%	\$100K+

Financial metrics (top 3 box)	
64%	Happiness
51%	Stress

Marital status	
76% partnered	24% single

Gender	
32%	woman
67%	man

Race	
73%	White
13%	Hispanic
12%	Black
1%	Asian
1%	Other

Household income	
10%	<\$50K
30%	\$50-99K
60%	\$100K+

Political affiliation	
30%	Republican
38%	Democrat
32%	Independent / Other

Education		
< HS	HS – Some College	4-year college+
1%	39%	60%

Region			
NE	MW	S	W
26%	15%	40%	19%

Generation			
Gen Z	Millennials	Gen X	Boomers
7%	63%	28%	2%

Urbanicity	
82%	Urban / Metro
18%	Rural / Non-Metro

Audiences might not total 100% due to rounding or exclusion of "Not sure / prefer not to answer"



Demographics: participants with advisors

This survey audience includes:

1,005

full-time US workers who are working with a financial advisor

Type of advisor	
68%	IRA / RIA
42%	Wealth manager
31%	Insurance broker
23%	Broker dealer
18%	Robo-Advisor
1%	Other

Company type		
Private	Public	Nonprofit / Govt Agency
78%	19%	2%

Gender	
26%	woman
74%	man

Race	
72%	White
15%	Hispanic
11%	Black
0%	Asian
1%	Other

Region			
NE	MW	S	W
25%	13%	40%	22%

Personal income	
10%	<\$50K
39%	\$50-99K
52%	\$100K+

Household income	
7%	<\$50K
26%	\$50-99K
66%	\$100K+

Generation			
Gen Z	Millennials	Gen X	Boomers
7%	66%	25%	2%

Financial metrics (top 3 box)	
74%	Happiness
53%	Stress

Political affiliation	
31%	Republican
40%	Democrat
30%	Independent / Other

Urbanicity	
86%	Urban / Metro
14%	Rural / Non-Metro

Audiences might not total 100% due to rounding or exclusion of "Not sure / prefer not to answer"



Demographics: participants without advisors

This survey audience includes:

1,005

American US workers who do not work with a financial advisor

Marital status	
75% partnered	25% single

Household assets			
< 500K	\$500K- <\$1M	\$1M- <\$10M	\$10M+
1%	39%	60%	1%

Company type		
Private	Public	Nonprofit / Govt Agency
66%	23%	8%

Gender	
39%	woman
61%	man

Race	
74%	White
11%	Hispanic
12%	Black
1%	Asian
1%	Other

Region			
NE	MW	S	W
26%	18%	39%	16%

Personal income	
17%	<\$50K
48%	\$50-99K
35%	\$100K+

Household income	
14%	<\$50K
33%	\$50-99K
53%	\$100K+

Generation			
Gen Z	Millennials	Gen X	Boomers
7%	60%	31%	3%

Financial metrics (top 3 box)	
55%	Happiness
50%	Stress

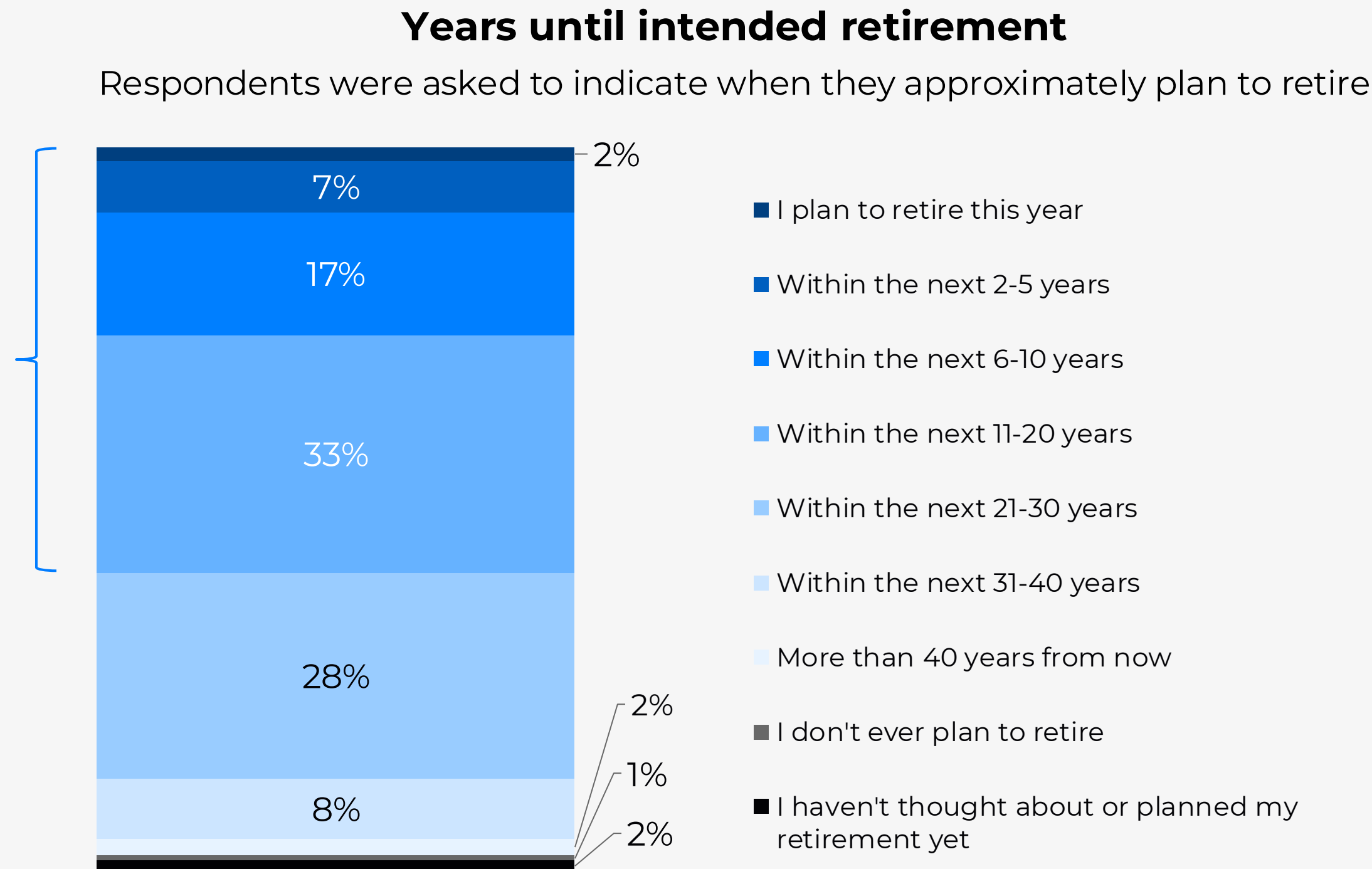
Political affiliation	
30%	Republican
36%	Democrat
34%	Independent / Other

Urbanicity	
78%	Urban / Metro
22%	Rural / Non-Metro

Audiences might not total 100% due to rounding or exclusion of "Not sure / prefer not to answer"

Nearly two-thirds of respondents plan to retire in the next 20 years

59%
of respondents
indicate plans to
retire in the next
20 years
(with 26% indicating in
the next 10 years).

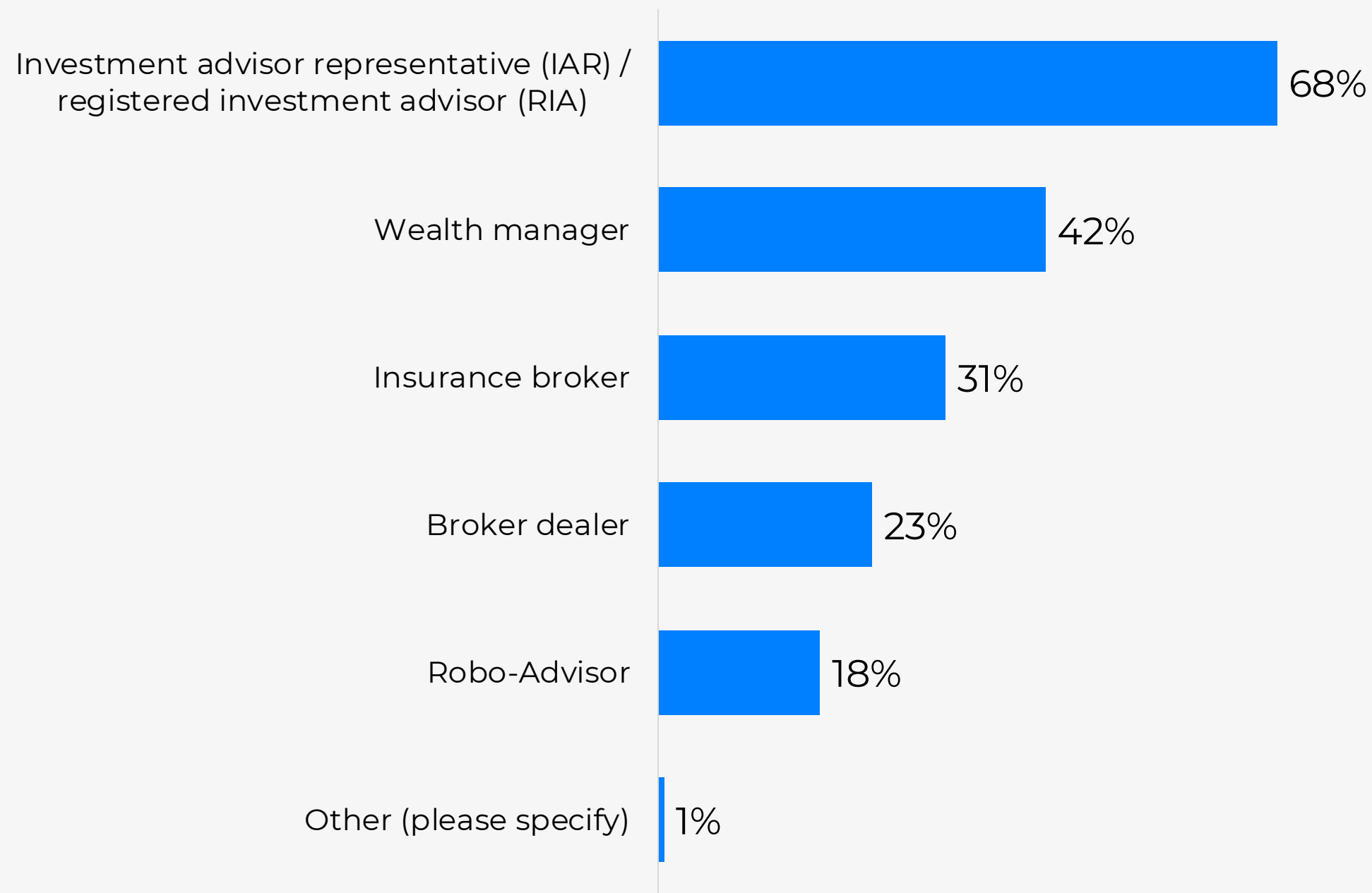




Respondents most often work with an IAR / RIA. They typically seek financial planning sessions, regular portfolio review, and investment strategy discussions

Type of advisors Americans work with

Respondents who work with an advisor are asked to select all applicable types



Financial advisor interactions

Respondents were asked on which occasions they typically interact with their financial advisor

Financial planning sessions (e.g., retirement planning, estate planning, etc.)	62%
Regular portfolio review (e.g., to review performance, discuss allocations, etc.)	53%
Investment strategy discussions	53%
Tax planning discussions	42%
Market updates or economic outlook discussions	40%
Life events (e.g., marriage, birth of a child, job change, etc.)	36%
When I need to roll over or transfer accounts	35%

Thank you!