Retirement Readiness

ANNUAL REPORT | 2025

A Survey of Employee Retirement Readiness, Financial Wellness, and Benefits Needs and Expectations in 2025

Betterment at Work

Our fifth annual Retirement Readiness Report reveals a workforce that has learned to navigate contradictions with a dash of optimism:

American workers report increased financial anxiety, but higher rates of feeling “retirement ready,” pointing to the distance between Americans’ current financial state and optimism for their future financial selves.

After five years of tracking employee financial wellness through pandemic disruption, inflation shocks, and market volatility, a surprising pattern has emerged.

Faced with new market realities, American workers have developed a nuanced ability to feel financially stressed about their daily lives while remaining confident about their futures. Financial anxiety has climbed from 71% in 2022 to 90% in 2025, yet retirement confidence has held steady at 71%, and 401(k) participation has surged to an all-time high of 91%.

90%
Financial anxiety in 2025

71%
Financial anxiety in 2022

In some ways this dynamic aligns with the very American ideal of resilience in the face of adversity—a steadfast belief that brighter times are ahead.

Employees have learned to separate short-term pressures from long-term planning, accepting that they can struggle with credit card debt today while still building security for tomorrow. It is reasonable to credit tangible shifts in employer behavior for this optimism: 401(k) matching programs have grown from 62% in 2021 to 79% in 2025, and emergency funds are at their highest level (68%) since we began tracking.

But this optimism comes with caveats.

Retirement expectations are climbing far faster than savings. 48% of workers now expect to need over $1 million in retirement, up from just 37% in 2024. Meanwhile, more than half (54%) have considered delaying retirement due to insufficient savings, with Baby Boomers (58%) and women (58%) most affected. The gap between what workers think they'll need and what they expect to have continues to widen, raising questions about whether they have a clear strategy to meet those goals and complicating the sunny long-term view.

54%

More than half have considered delaying retirement due to insufficient savings

Meanwhile, the American workforce is fracturing by generation, each with fundamentally different financial realities. Gen Z employees are the most confident about retirement (88%) yet the most anxious about daily finances (73%). They're embracing AI for financial planning (34% vs. 23% overall) and alternative assets like cryptocurrency (46%), while simultaneously being the least familiar with their current employer benefits (72% vs. 80% overall). Gen X, by contrast, has become the most pessimistic generation, with only 61% confident they'll save enough for retirement—caught between student loan burdens and approaching retirement with insufficient time to recover.

Five years of data have also taught us that employees can adapt to "new normals" in their financial lives, but they need infrastructure to make it work. The steady climb in employer matching, the persistent demand for emergency funds, and the 76% of workers who say benefits matter more now than a year ago all point to the same conclusion: competitive salary is no longer enough. Workers are seeking—and increasingly finding—employers who provide the scaffolding for long-term financial security even amid short-term turbulence.

As we look ahead, the question isn't whether employees can maintain this optimism, but whether employers can provide benefits that match the complexity of a multigenerational, geographically distributed, and increasingly financially sophisticated workforce.

Betterment at Work surveyed 1,000 full-time employees to examine the state of their retirement readiness, financial concerns, and employee benefits preferences, and to discover how these trends have changed over the past year, and over the past five years.

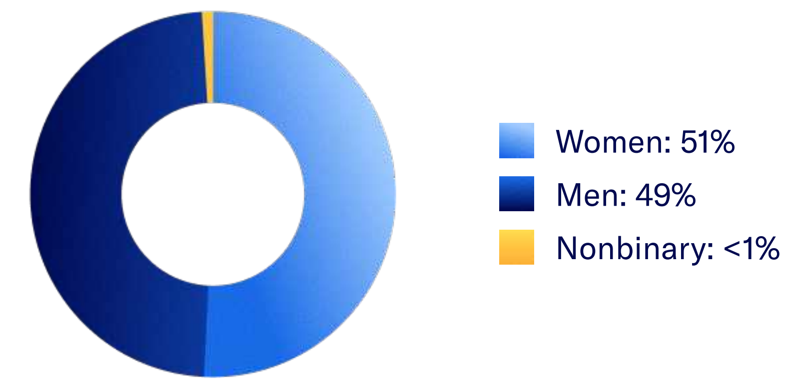
SECTION 01

The State of Employee Financial Wellness

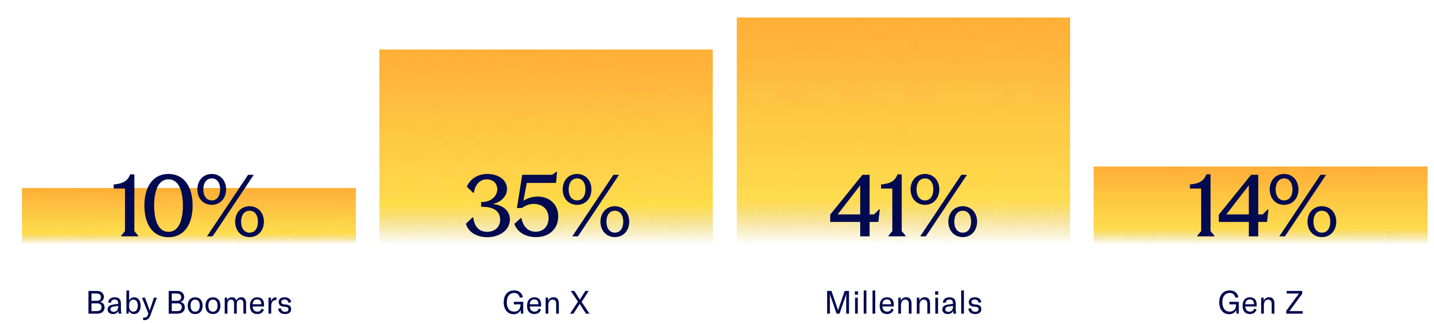
Betterment has been surveying employees about retirement readiness since 2021. This year's report offers a closer look at how employees' financial wellness, retirement outlooks, and investment strategies have evolved over time.

Here's a breakdown of our 2025 respondent population:

GENDER



GENERATION



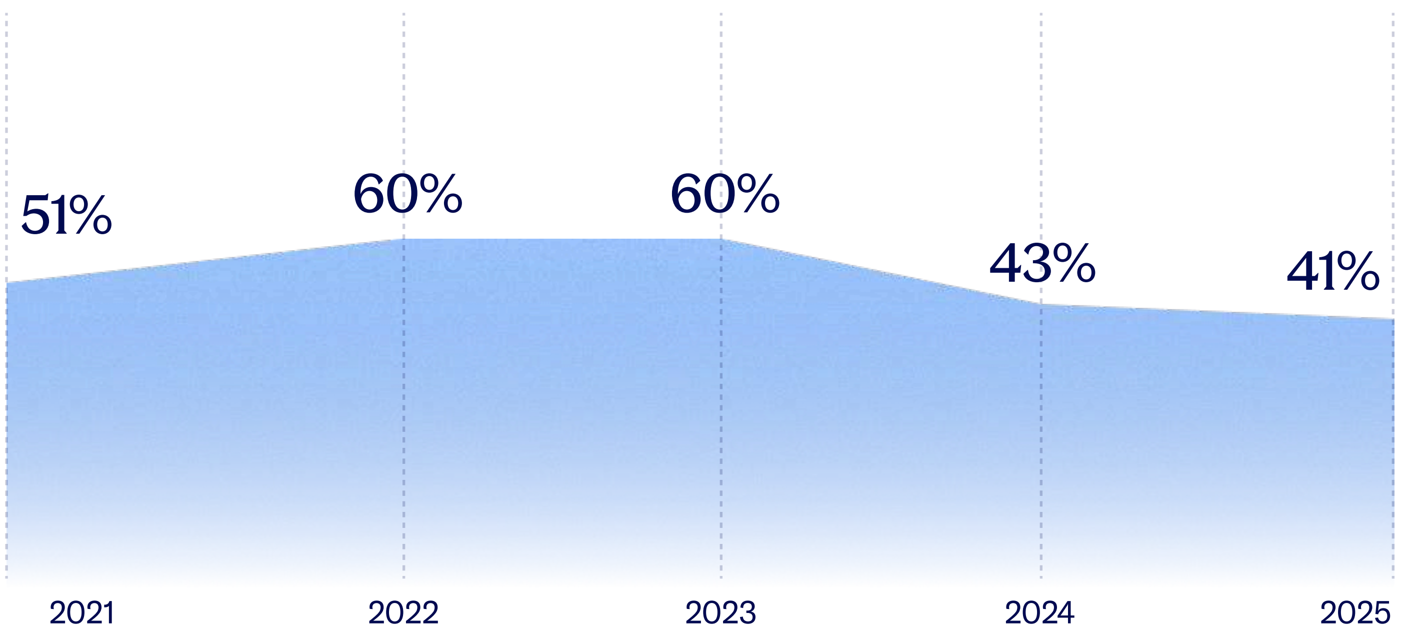
WORKING ARRANGEMENTS

Let's start with the improvements in financial wellness we've seen over time:

At the height of the pandemic in 2021, more than half of respondents (51%) reported facing some kind of **financial instability**. That number jumped to 60% in both 2022 and 2023. However, the past two years have seen this number tick down, with 43% reporting financial instability in 2024 and just 41% saying the same in 2025.

EMPLOYEES REPORTING FINANCIAL INSTABILITY OVER TIME

FIGURE 4



Almost half (47%) of employees say their financial wellness has improved over the past year. Interestingly, people who use AI tools for financial purposes are more likely to say their financial wellness has improved than those who don't (68% vs 41%).

> Employees' financial situations have improved as we move past the pandemic economy, and we're seeing that when they have more access to financial support and education—whether that's through benefits education from HR, online resources, or advice from AI—they feel more stable."

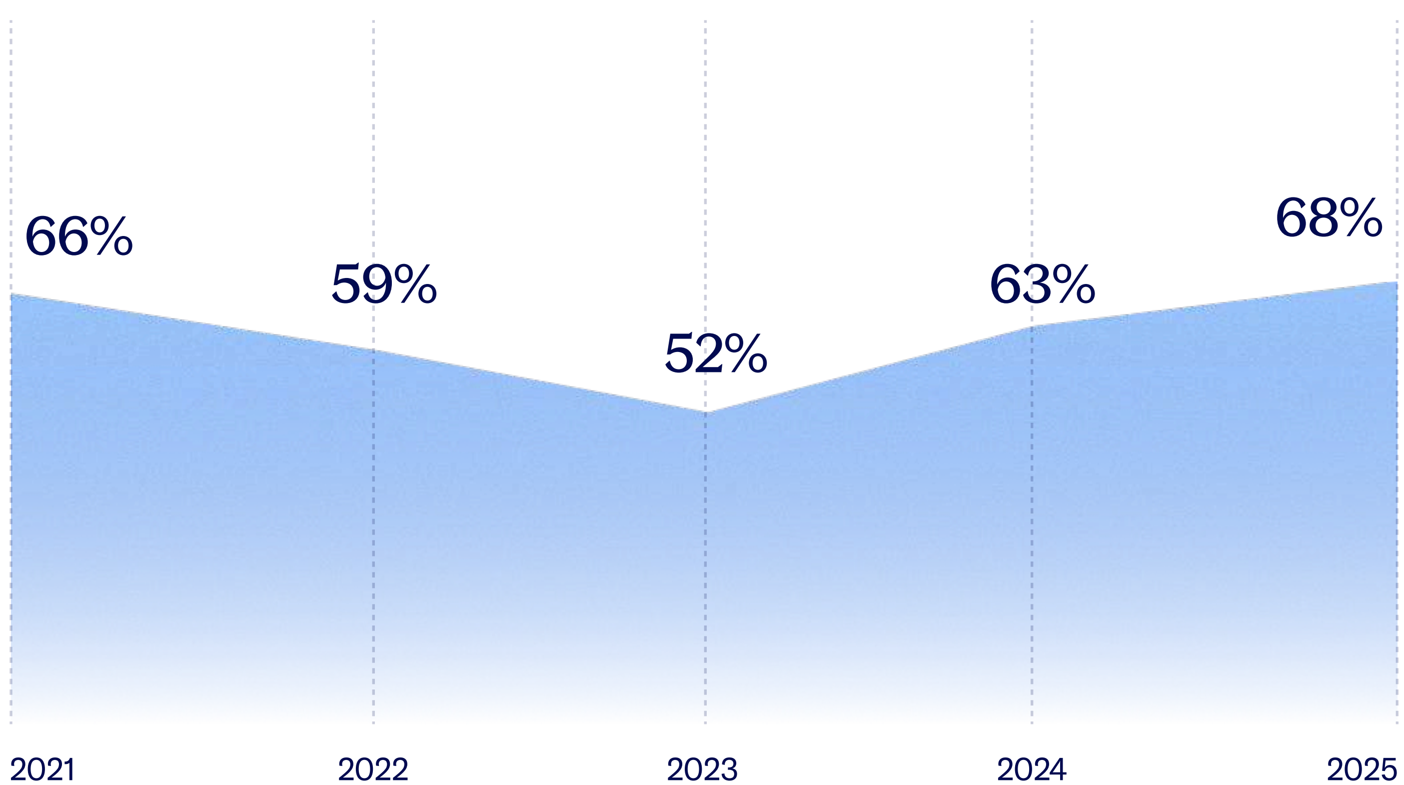
Dan Egan
VP of Behavioral Finance and Investing, Betterment

The proportion of respondents with **emergency funds rebounded in 2024**, and now exceeds 2021 levels after big dips in 2022 and 2023.

Notably, the number of employees needing to tap into their emergency funds has also increased, with 37% doing so in 2022 compared to 45% in 2025. However, among employees who don't already have an emergency fund, an increasing number say they have plans to start one (66% in 2021 vs. 72% in 2025).

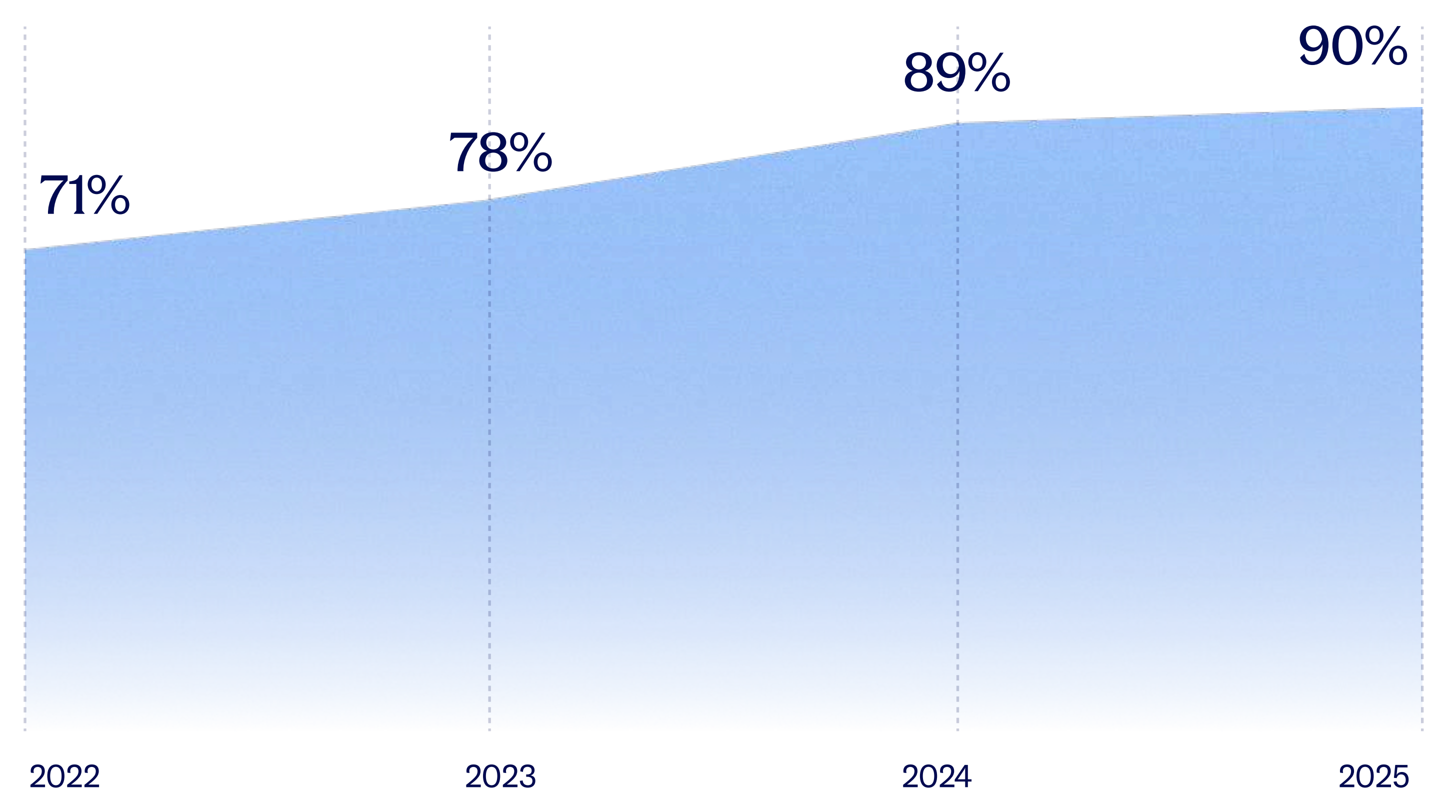
However, some elements of financial wellness have worsened in the past five years:

EMPLOYEES WITH EMERGENCY FUNDS OVER TIME



EMPLOYEES REPORTING FINANCIAL ANXIETY

FIGURE 13



Gen Z is the most anxious generation,

with 73% reporting moderate to significant anxiety over their finances. Nearly two-thirds (65%) say that financial anxiety has made it difficult to focus or perform at work this year—10 points higher than the next closest generation.

Women in particular are facing stronger headwinds this year,

with nearly half (49%) reporting financial instability compared to 33% of men, and 29% of women saying their financial wellness has declined, compared to 18% of men.

Though the overall financial picture has improved for many employees over the past year, the persistent gender gap in financial stability is a cause for concern.

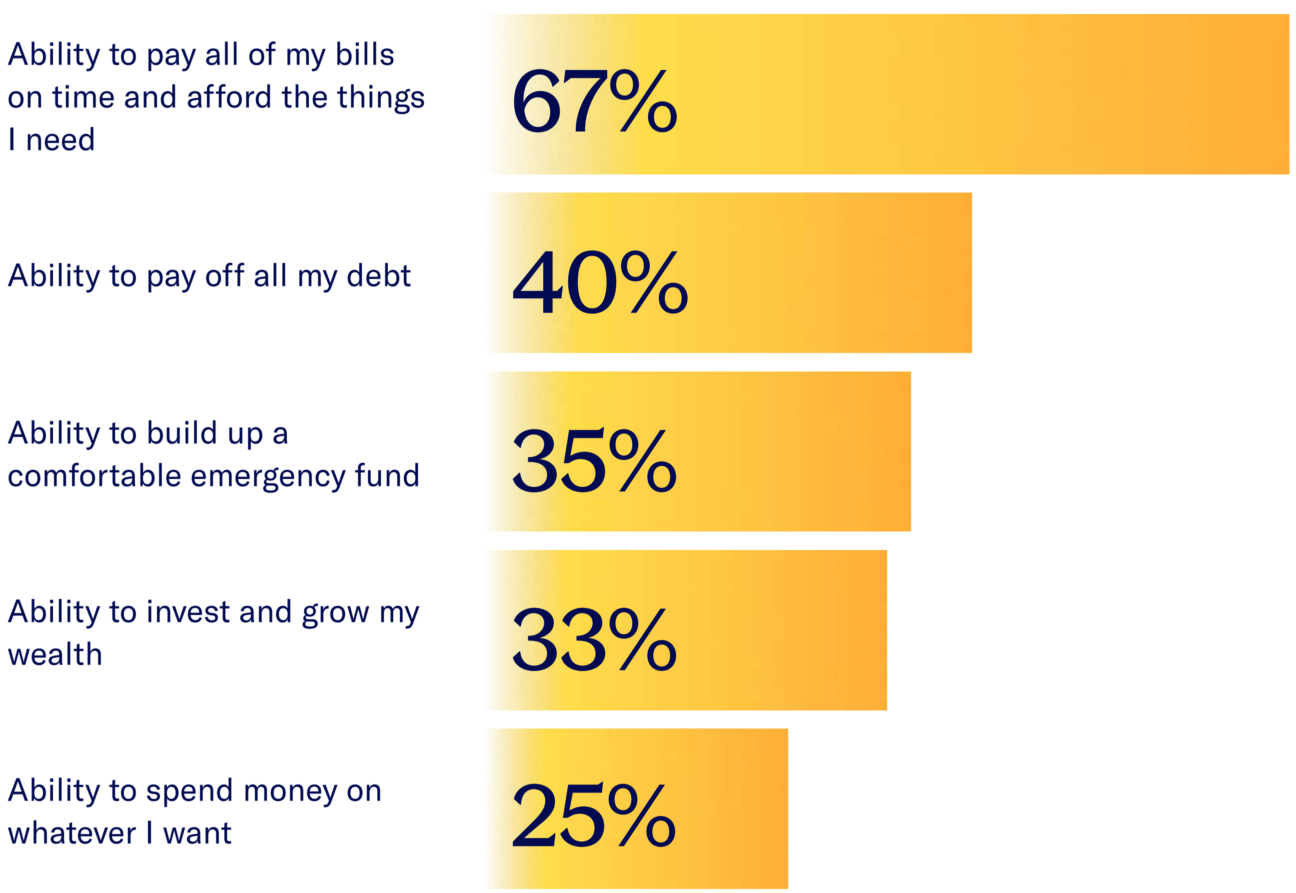
Employers must be diligent about not just identifying and offering a variety of benefits to meet the needs of all their employees, but also proactively closing pay equity gaps in base salaries."

Mindy Yu, CIMA®
Sr. Director of Investing, Betterment at Work

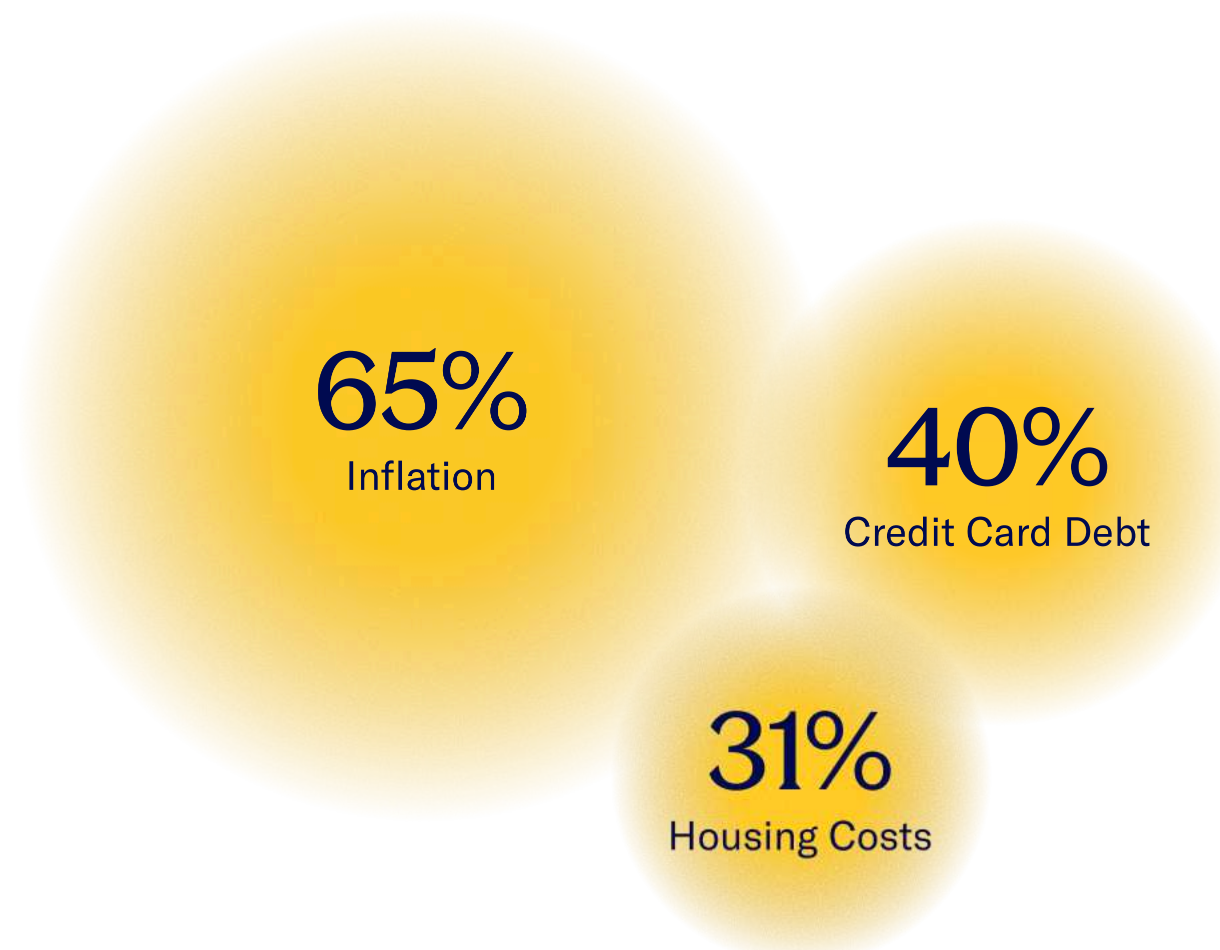
There are also trends that have largely held steady year to year:

Inflation has topped the list of concerns across all generations over the past four years, but the second- and third-ranked stressors are more nuanced this year. In 2025, Gen Z (45%) and Gen X (42%) are slightly more worried about credit card debt than other cohorts. Further, Baby Boomers were the only generation that ranked stock market volatility in their top three this year (28%), reflecting their concern as they approach and navigate retirement.

DEFINITIONS OF FINANCIAL WELLNESS [RANKED IN THE TOP TWO]



TOP 3 FINANCIAL STRESSORS (2025)



> The uncertainty of the market makes it riskier than ever to depend on the market to provide me with returns. That will significantly impact my ability to retire when I would like to.”

Baby Boomer employee

Despite a renewed “return to office” push, the proportion of employees **working from the office has remained relatively stable** since 2022, hovering around the 60% mark, with ~25% working on a hybrid schedule and the remaining ~15% working fully remotely. Gen X and Baby Boomers are tied for the highest share of employees working fully remotely at 19%.

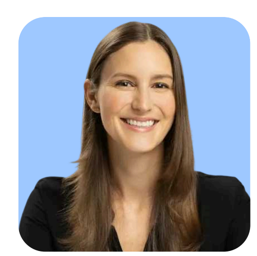
Notably, the data also reveals a **cultural divide among in-office and remote employees** that has moved into financial education and planning. Employees who work fully in-office (45%) or hybrid (52%) are confident in their knowledge of 401(k)s, compared to fully remote workers (38%). This potentially signals a gap in benefits education when there is more distance between employees and their HR teams.

60%

of individuals surveyed are working full time in office.

Hybrid workers' confidence advantage likely reflects several factors:

they tend to be mid-career employees for whom retirement planning is top of mind, they're already proactive about managing information across work locations, and employers may be communicating more intentionally with them. Meanwhile, fully in-office workers include both Gen Z employees still building financial literacy and Boomers approaching retirement, representing a broader range of understanding. The lesson for employers is that the most effective benefits education meets employees where they are and combines multiple, reinforcing touchpoints."



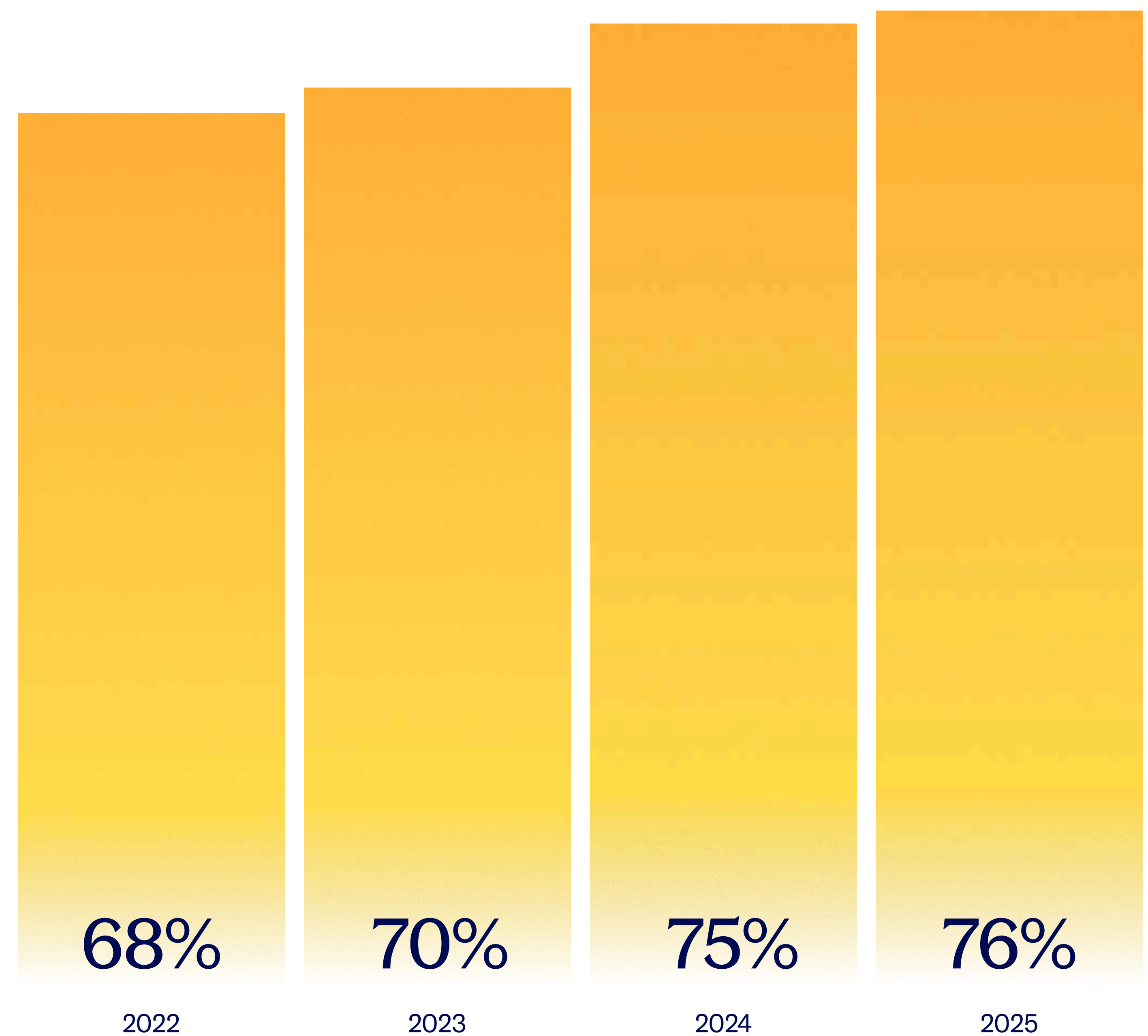
Harlyn Kassardjian
Head of Business Operations & Strategy, Betterment at Work

SECTION 02

Employee Benefits Perceptions and Preferences

Since 2021, approximately 90% of respondents have consistently said it's important for their employers to provide financial benefits. In 2025, 76% of workers reported that benefits are more important to them now than they were a year ago—up from 68% who said the same in 2022.

FINANCIAL BENEFITS ARE MORE IMPORTANT TO ME NOW THAN THEY WERE A YEAR AGO

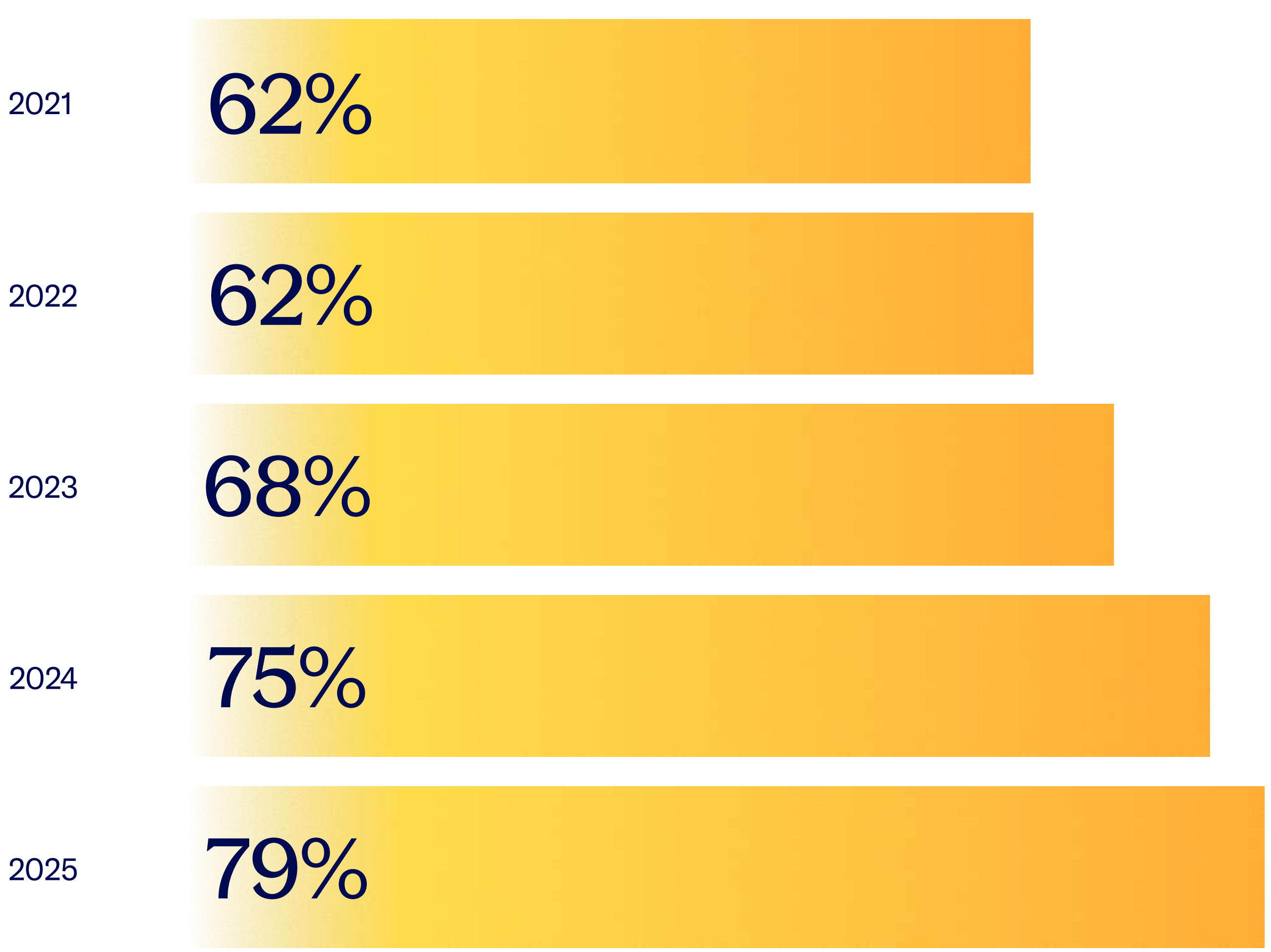


"Employers need to understand that employees want more than just a paycheck. They want benefits that build long-term financial security, like retirement matching, affordable healthcare, debt assistance, and flexible savings options. Many employers underestimate how much financial stress impacts productivity and well-being."

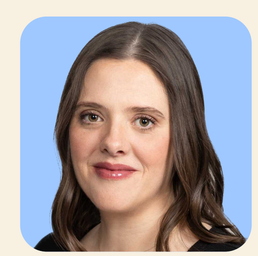
Millennial employee

In each of the past five years, more than half of employees have called out competitive **401(k) matching programs as a top benefit** that would entice them to switch jobs. And over the past three years, employees have consistently cited an **employer-sponsored emergency fund** as a top benefit that would help reduce their financial anxiety.

EMPLOYERS OFFERING 401(K) MATCHING PROGRAMS



Employee demand for 401(k) matching has persisted over time, and our data shows that employers are listening, with 79% now offering this benefit, up from 62% in 2021. However, there still is room to grow. The hiring market may be slowing, but showing top talent that they are appreciated in their current roles is a key driver of performance. Benefits leaders should get creative about the financial benefits they offer to support talent retention goals.”

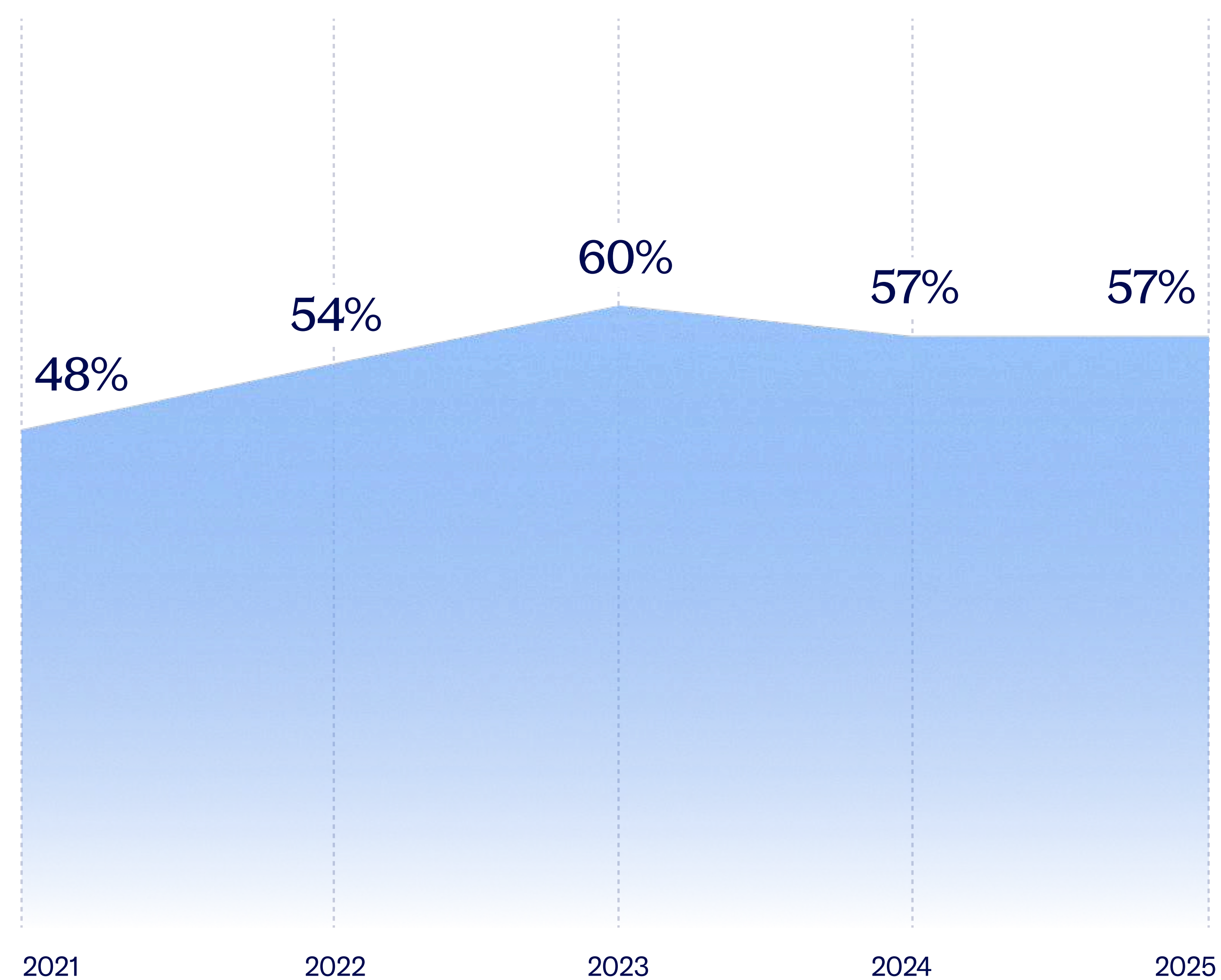


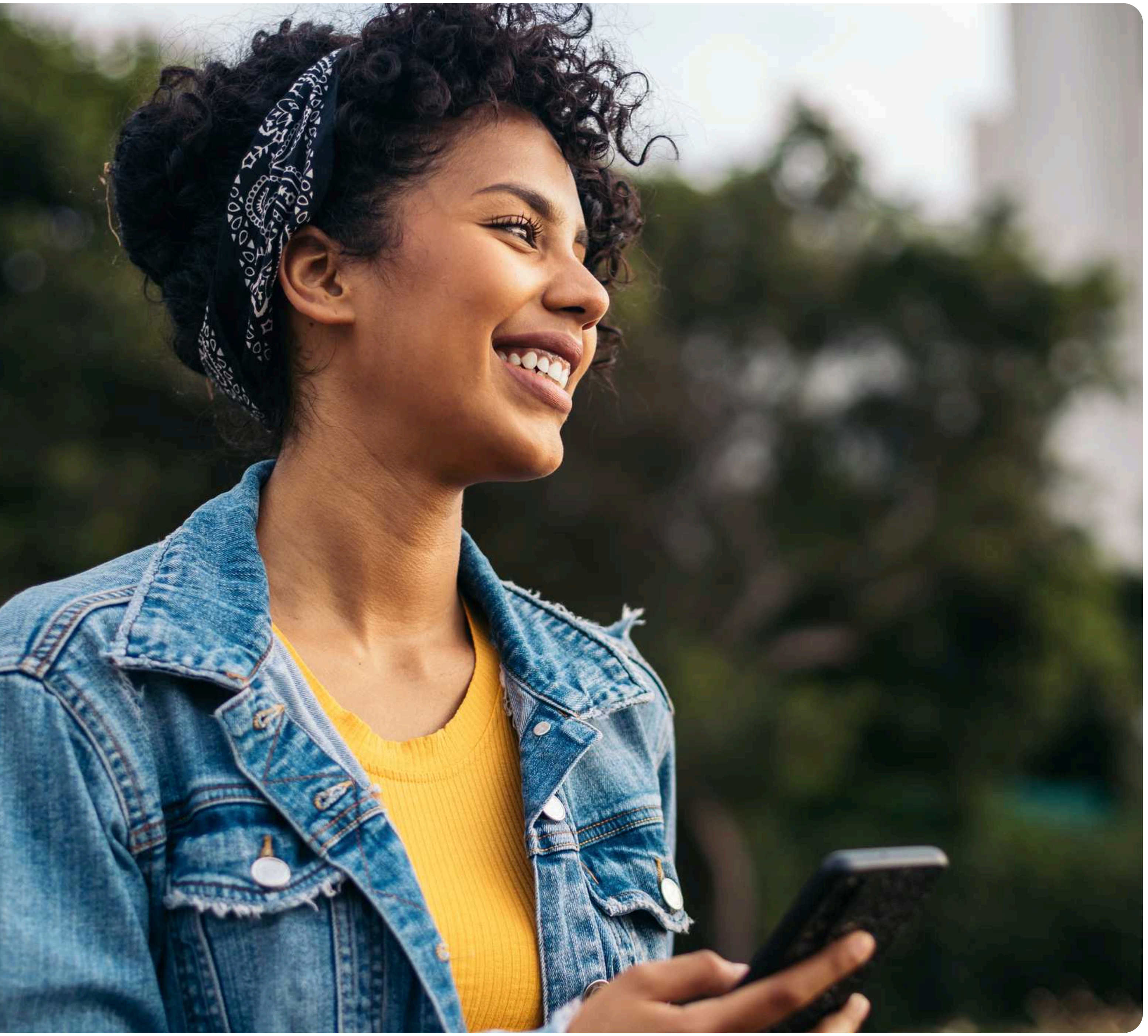
Hilary Baker-Sato
Director of B2B Marketing, Betterment at Work

More than half of all respondents (57%) say better financial benefits beyond salary—such as 401(k) matching, student loan payment support, and financial advising—would entice them to leave their current job.

This proportion has ticked up over the past five years: In 2021, just 48% said better benefits were likely or very likely to influence their decision to change companies.

RESPONDENTS LIKELY TO SWITCH JOBS FOR BETTER BENEFITS PACKAGE





"I wish I would have known more about retirement plans before I graduated high school. To be honest that would have directed me to what career I wanted to pursue."

Gen Z employee

In 2025, **younger employees (Gen Z: 65%, Millennials: 64%) are most likely to switch jobs based on financial benefits,** and about two-thirds of employees with significant anxiety (69%) or moderate anxiety (61%) over finances would do the same.

Though Gen Z employees consider benefits to be a top priority when considering a job offer, they are also least likely to be familiar with the benefits their employer currently offers (72% vs. 80% overall).

"

Financial benefits are especially enticing to Gen Z and Millennials,

but they are also clearly hungry for more information on what their employers can do for them. To meet this need and remain competitive, HR leaders need to prioritize benefits education for their youngest employees, ensuring they know what options are available to them and how to make the most of them."

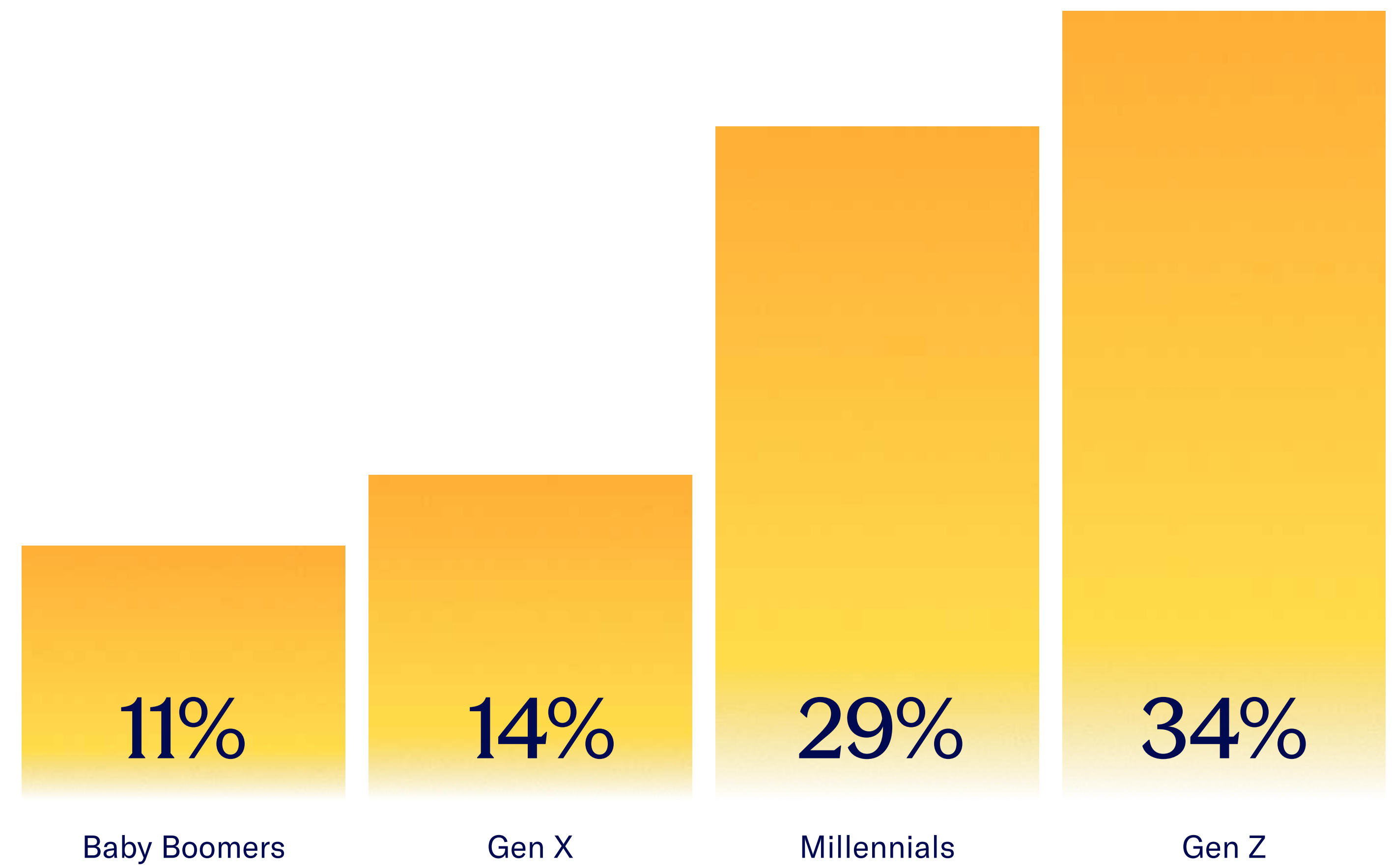
Edward Gottfried
VP of Product Management, Betterment at Work

AI Usage in Financial Planning

Although artificial intelligence tools are already reshaping the global economy, our data shows they remain in the early stages of adoption for financial planning. Few workers are currently using AI to answer benefits questions, receive personalized retirement advice, or automatically manage their 401(k) or other investments.

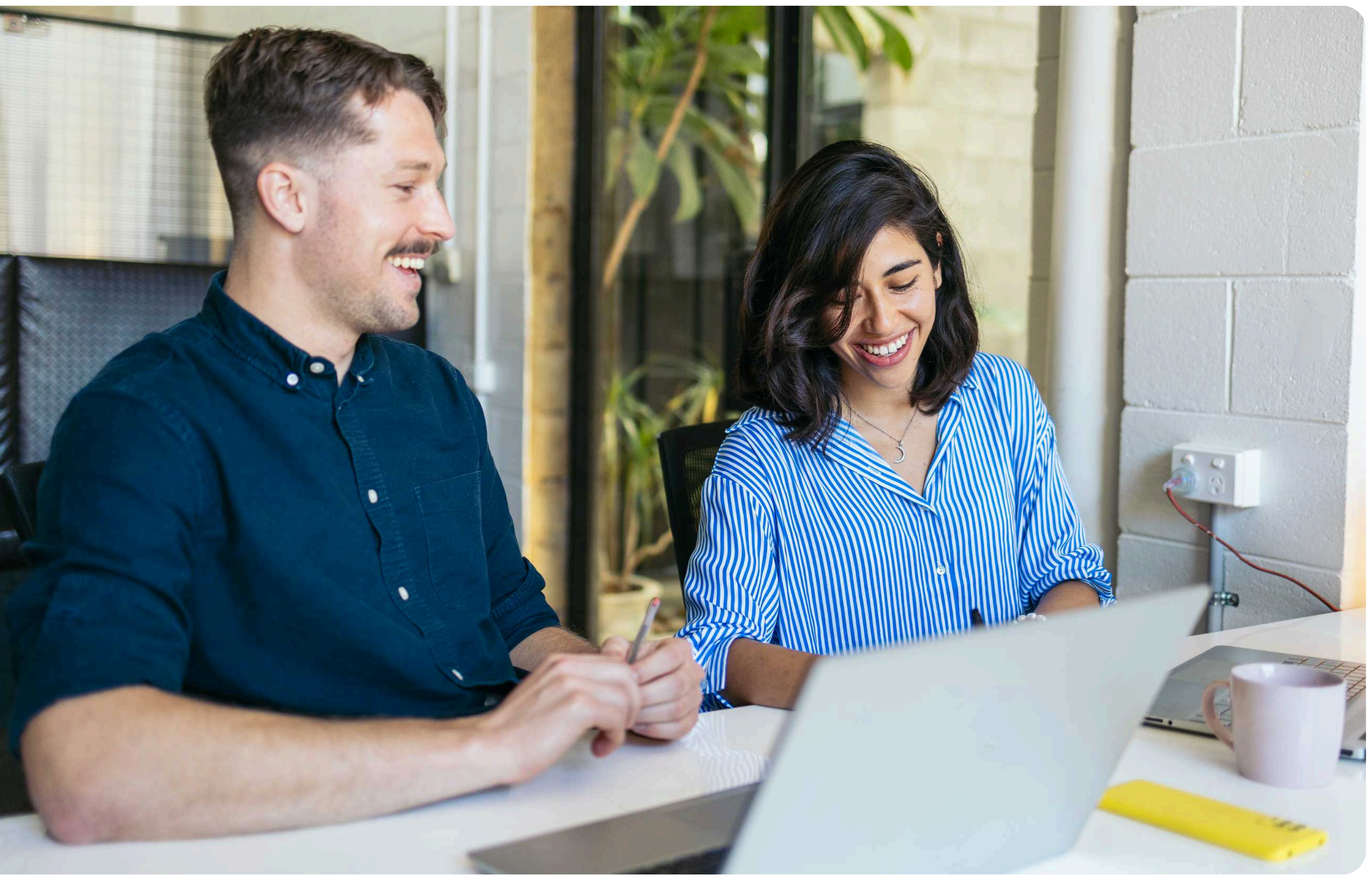
However, of the workers who are using AI for financial planning tasks, younger employees are leading the charge. **Gen Z employees in particular are embracing emerging AI technologies for financial advice** much more than their older counterparts. Whereas only 22% of all employees use AI for retirement planning, more than a third (34%) of Gen Z do so.

USE AI FOR FINANCIAL PLANNING



Almost half (47%) of employees say their financial wellness has improved over the past year. Those using AI tools for financial purposes are even more likely to report improvement (68% vs. 41%).

Men and in-office workers are more likely to use AI tools.



AI USERS BY GENDER

31%	14%
Men	Women

AI USERS BY OFFICE ENVIRONMENT

53%	36%	11%
In-office	Hybrid	Remote

People who use AI tools for financial planning are more likely to:

HAVE CONFIDENCE IN 401K KNOWLEDGE

Users	70%
Non-users	39%

HAVE TAPPED THEIR RETIREMENT SAVINGS

Users	51%
Non-users	24%

HAVE INCREASED THEIR 401(K) CONTRIBUTIONS

Users	49%
Non-users	26%

REPORT FEELING ANXIOUS RELATED TO MARKET VOLATILITY

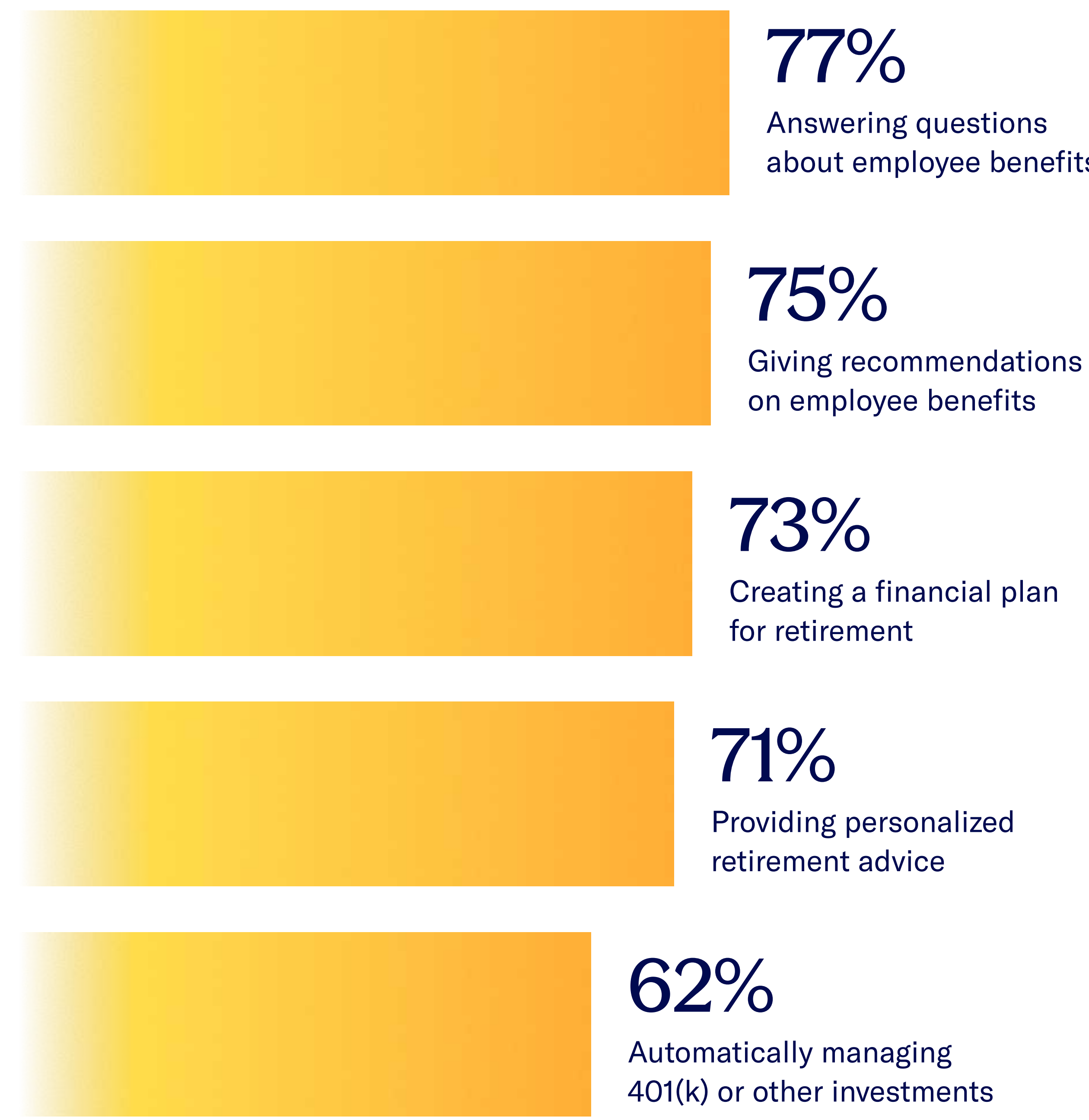
Users	62%
Non-users	42%

BE INTERESTED IN INVESTING IN ALTERNATIVE ASSETS

Users	81%
Non-users	50%

However, not all AI use cases in financial planning are created equal:

This graph shows the share of employees who feel at least somewhat comfortable using AI for specific financial tasks.



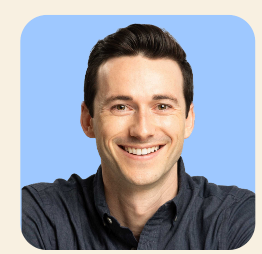
TOP REASONS FOR DISTRUSTING AI USE FOR FINANCIAL PLANNING

28%
I have concerns about the lack of human oversight

27%
I have concerns about data privacy and security

25%
I believe a human advisor understands my personal situation better

> “While more young people are seeing the value of AI for financial purposes, there is still a healthy skepticism of turning over financial planning decisions to it entirely. As these technologies mature, maintaining a human touch in retirement planning will remain critical.”



Nick Holeman, CFP®
Senior Director of Financial Planning, Betterment

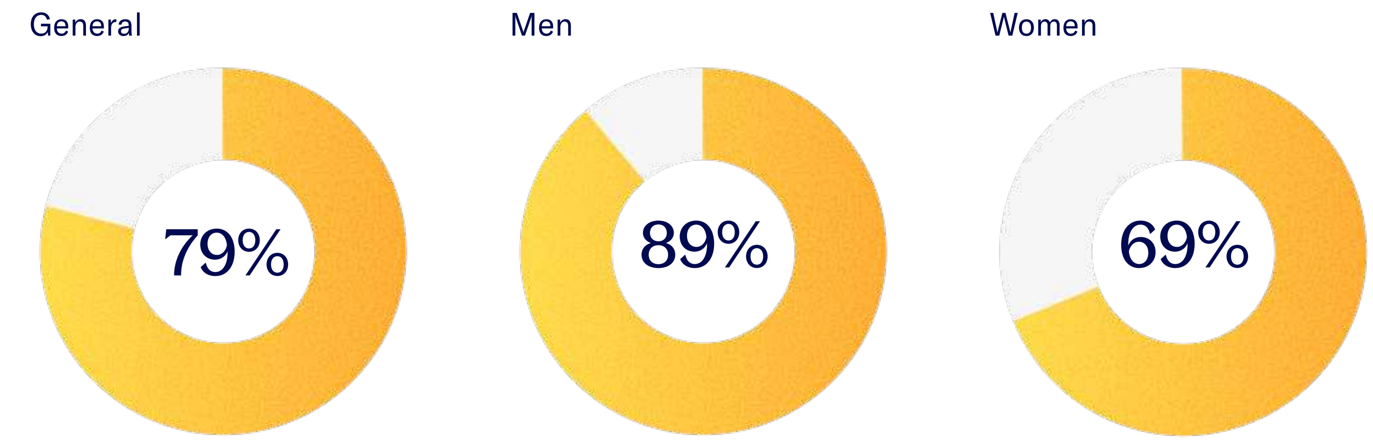
SECTION 03

Retirement Saving Behaviors & Attitudes

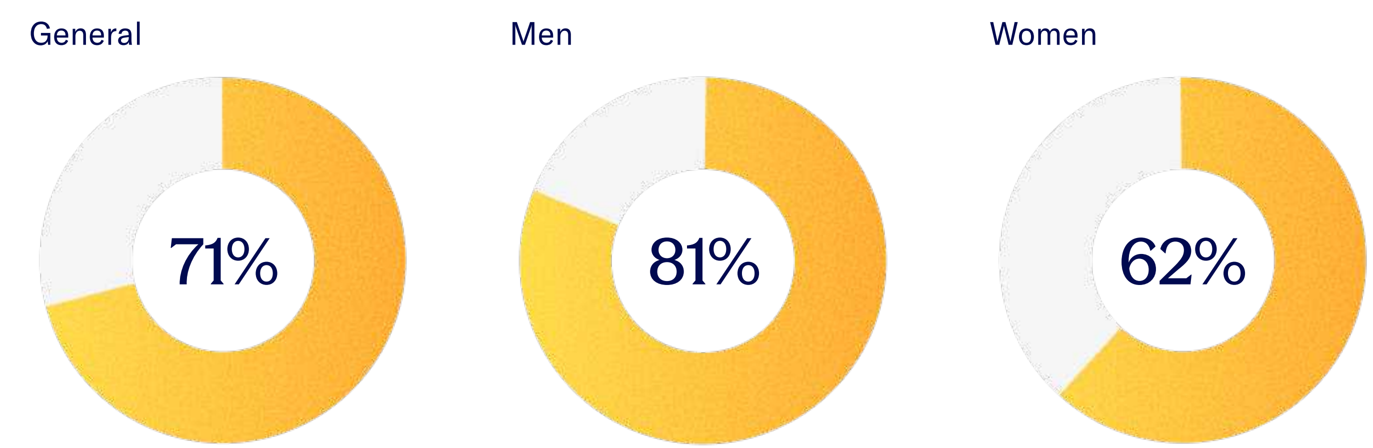
Despite market volatility and continued fears around inflation and cost of living, retirement confidence has held steady.

Across generations, 79% of employees say they are at least somewhat confident in their understanding of retirement planning, and 71% feel at least somewhat confident they will be able to save enough for retirement—in line with 2024 expectations.

CONFIDENCE IN RETIREMENT PLANNING KNOWLEDGE

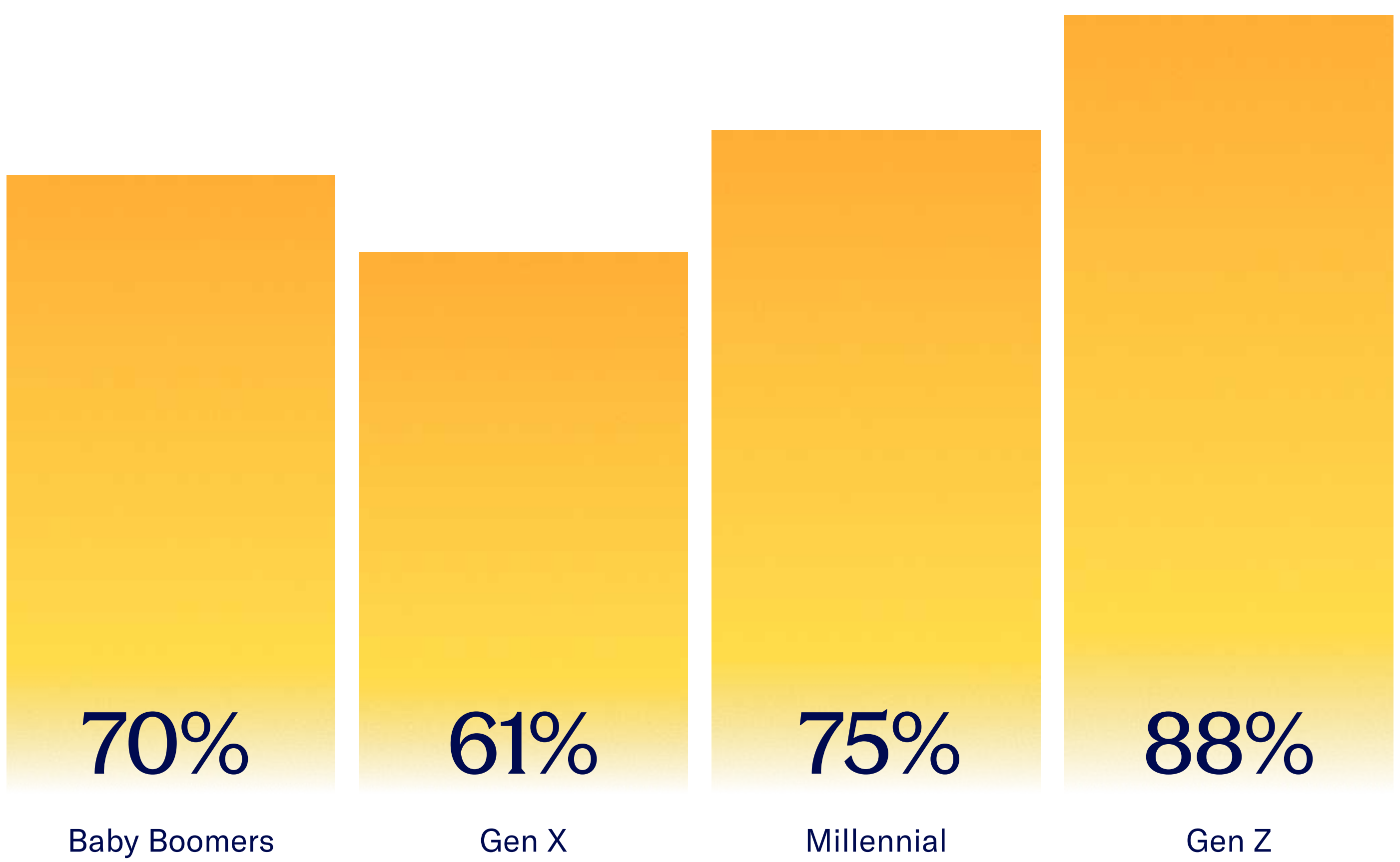


CONFIDENCE IN AMOUNT SAVED FOR RETIREMENT

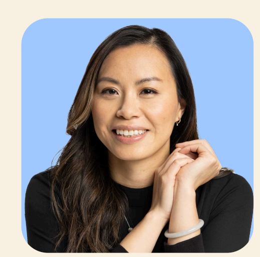


Gen Z is the most confident with 88% at least somewhat confident they will have enough saved, reflecting their longer retirement timelines. However, **Gen X is the least confident generation**, with more than a third (39%) saying they are not very or not at all confident they will have enough saved compared to just 29% overall.

CONFIDENCE IN RETIREMENT PLANNING KNOWLEDGE



> The persistent uncertainty around Gen X's retirement confidence highlights a pressing need. At this stage, they are often caught in a financial squeeze, juggling the competing demands of mortgages, college tuition for their children, and even caregiving for aging parents. The priority for this group is about making up for lost time by maximizing their savings runway now. The great news is that it's never too late to build a better plan, and Gen X can still make a meaningful impact by focusing on catch-up contribution options and personalized financial guidance."



Mindy Yu, CIMA®
Sr. Director of Investing, Betterment at Work

"I fear that I will not have a large enough income to retire before the age of 70. The cost of everything continues to increase, and I don't think my retirement income will be enough to live off of."

Gen X employee

The gap between the amount of retirement savings people expect they will need and the amount they expect to have is significant.

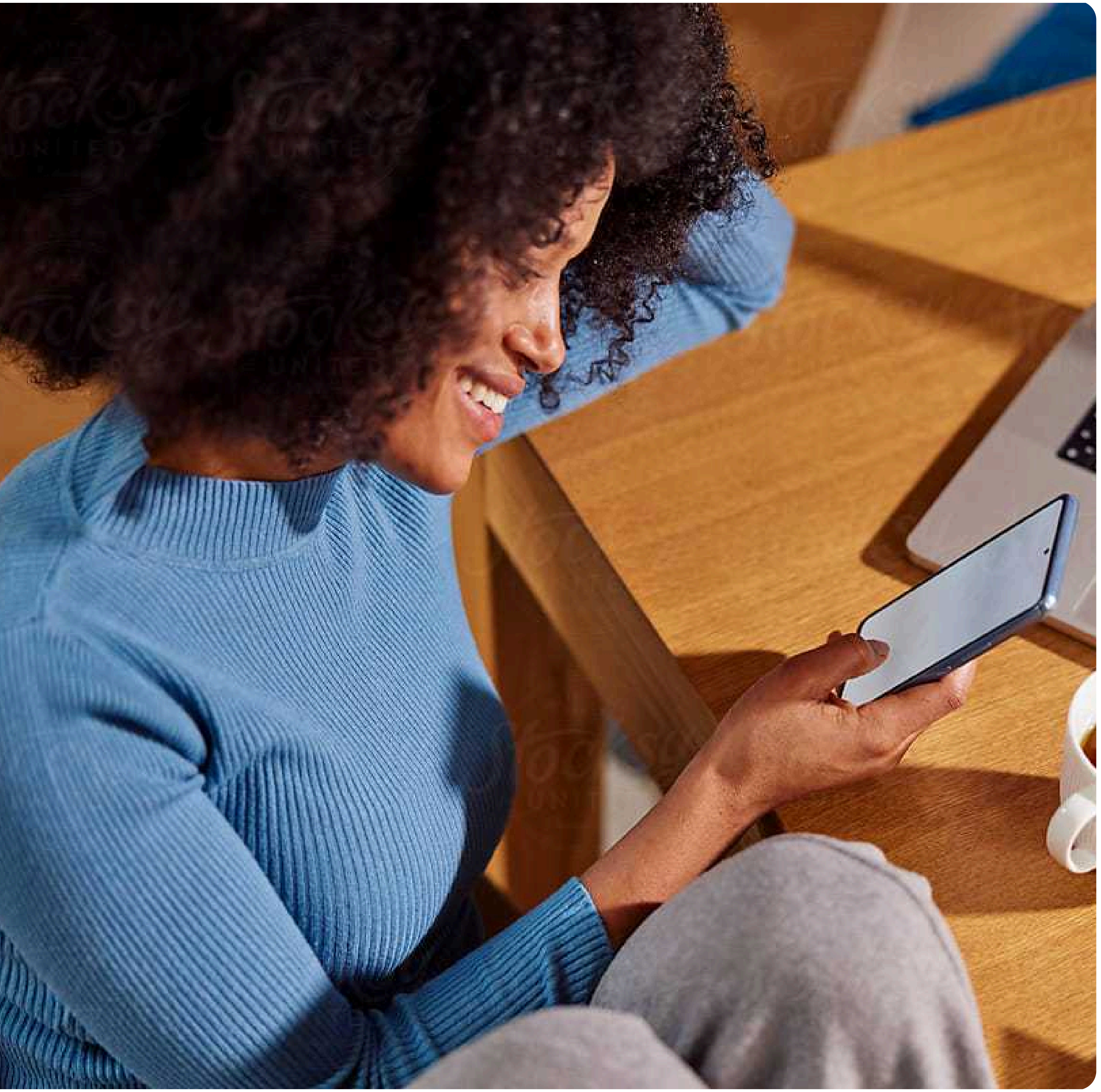
Nearly half of employees (48%) expect to need over $1M in retirement, up from 37% in 2024. We also saw a slight uptick in the share of employees who expect to have that amount saved (27%) in 2025, up from 21% in 2024.

48%

expect to need over $1M in retirement

27%

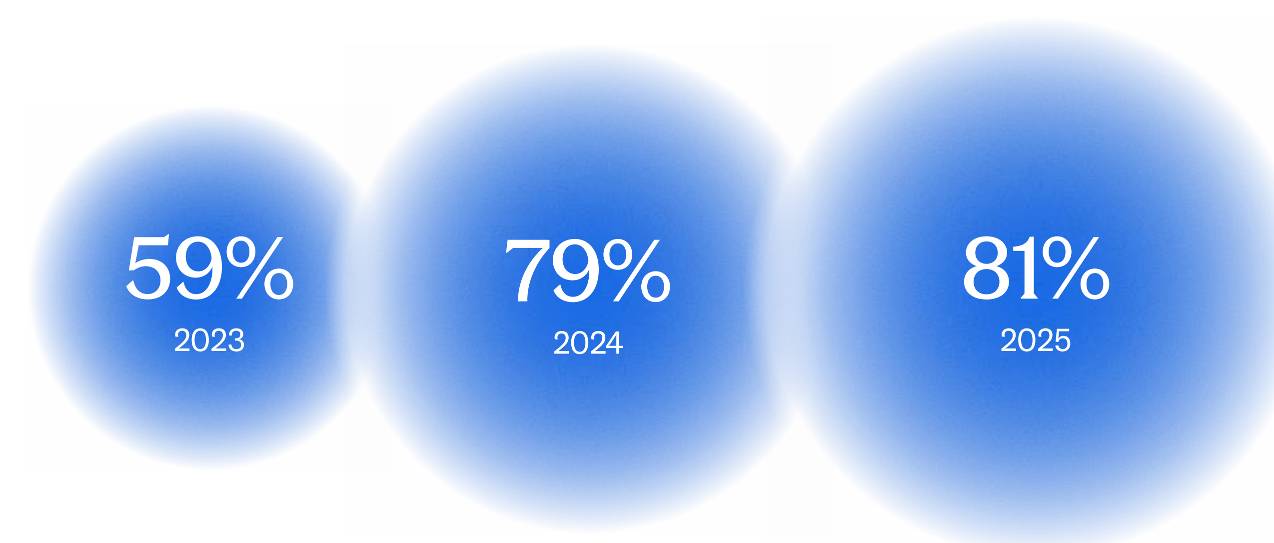
expect to have over $1M in retirement



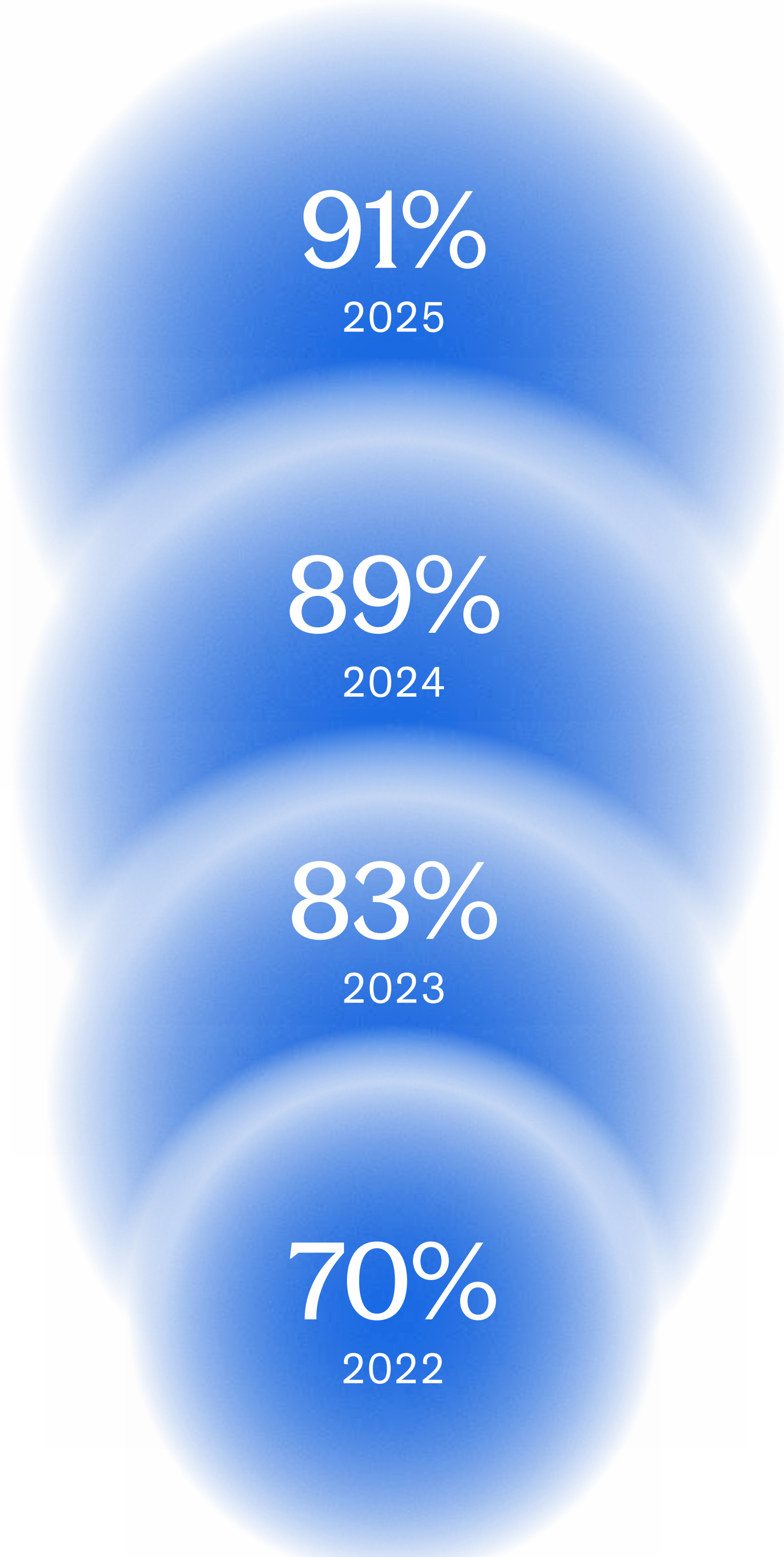
In a positive development, more employers are offering retirement benefits

in the form of 401(k)s, and employees are taking advantage of the opportunity to save for the future. Our data show that increased access to 401(k) plans correlates with increased employee participation.

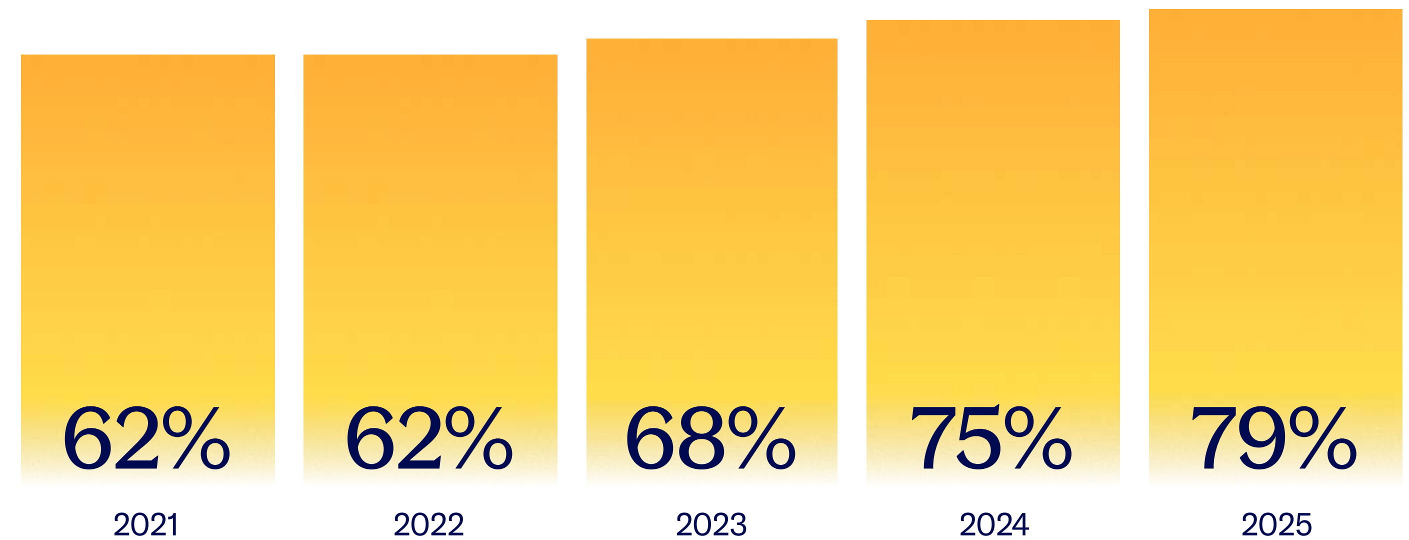
MY EMPLOYER OFFERS A 401(K)



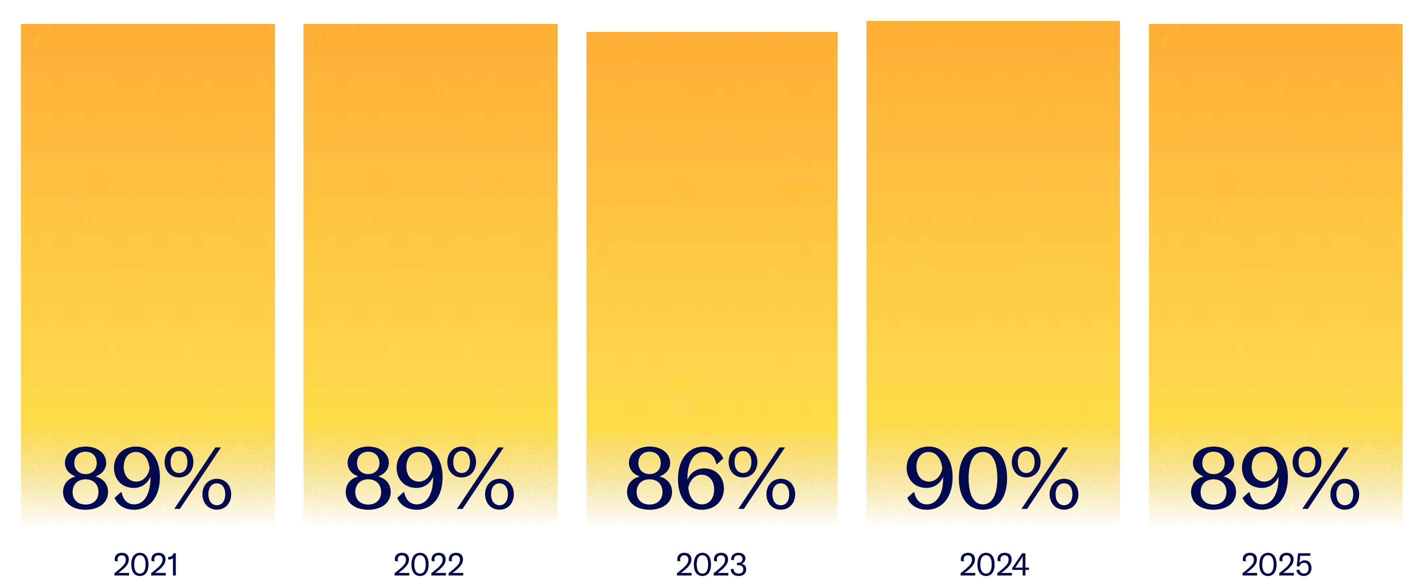
I CONTRIBUTE TO MY 401(K)



MY EMPLOYER MATCHES MY 401(K) CONTRIBUTIONS



I CONTRIBUTE ENOUGH TO MEET THE MATCH

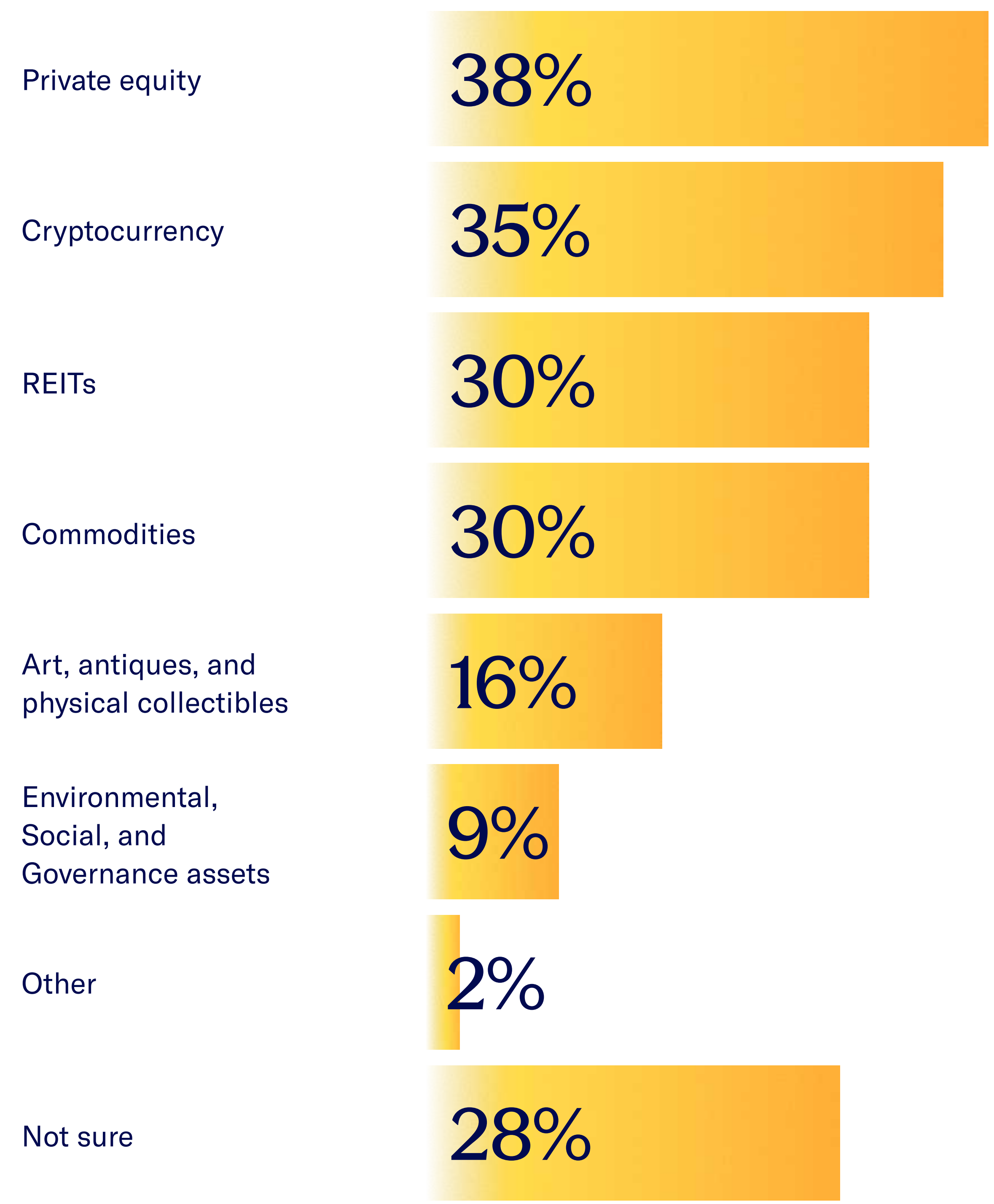


In the past year, 32% of respondents whose employers offer a 401(k) have increased their retirement contributions, whereas 15% have decreased or paused contributions.

Across generations, the most common reasons for decreasing or pausing contributions are increased daily expenses like food, rent, and transportation (60%), and unexpected expenses like medical care or supporting a loved one’s living expenses (57%).

When it comes to the makeup of employees’ retirement portfolios, **87% of workers are at least somewhat interested in investing in alternative assets** like cryptocurrency, private equity, commodities, and Real Estate Investment Trusts (REITs). Nearly two-thirds (65%) of men are interested or very interested in alternative assets, compared to 49% of women. **Gen Z and Millennials are most interested in crypto** (46% and 44%), compared to 25% of Gen X and 19% of Baby Boomers.

WHAT ALTERNATIVE ASSETS WOULD YOU BE INTERESTED IN HAVING IN YOUR RETIREMENT ACCOUNT?



"

One reason we may be seeing an uptick in interest in alternative assets is because they offer access to untapped parts of the investable market.

With the uncertainty so many feel about their finances, alternative assets feel like an opportunity to expand outside a system that some may feel hasn't been working in their favor. Education plays an important role in helping investors understand alternative assets and determine whether they're a good fit for their goals."

Mindy Yu, CIMA®
Sr. Director of Investing, Betterment at Work

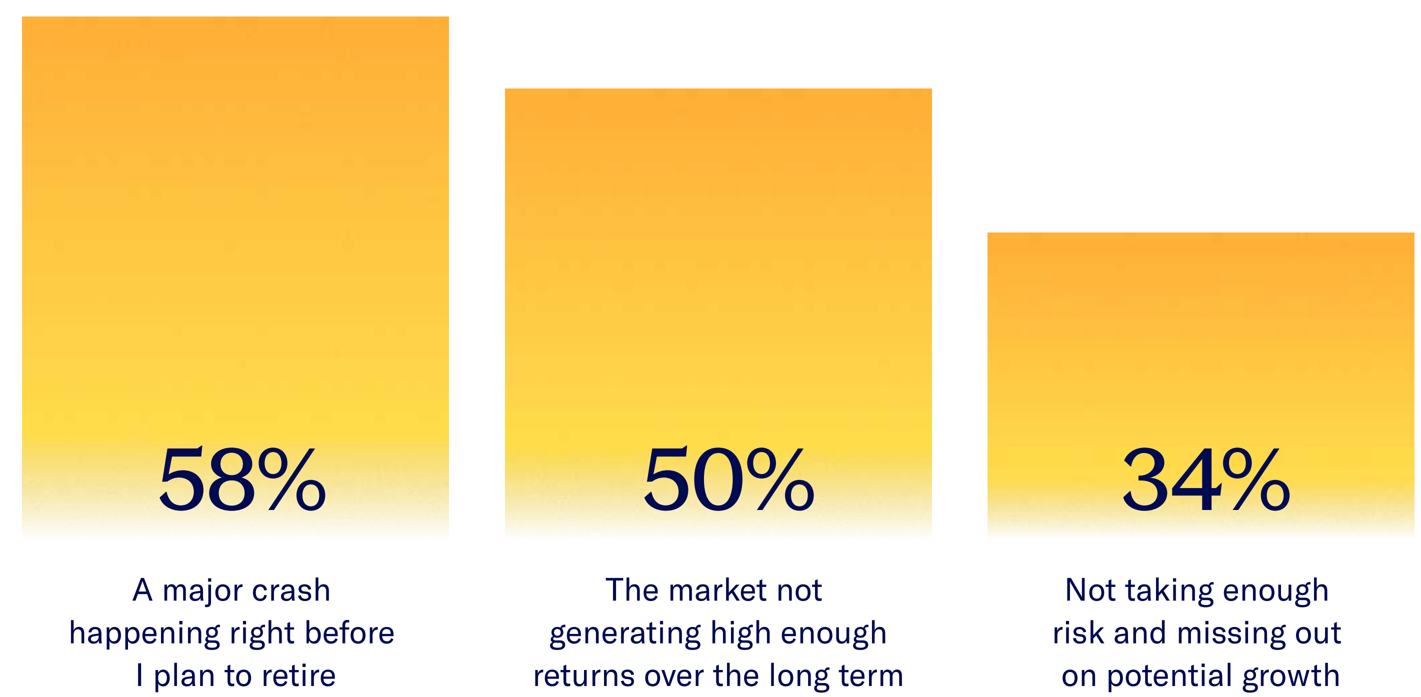
Despite a stock market that has reached all-time highs this year, employees across generations are still cautious about their financial futures.

More than half (54%) have considered postponing retirement over concerns about not having enough saved. Baby Boomers are understandably the most concerned (58%) as they approach retirement age.

EMPLOYEES WHO HAVE CONSIDERED DELAYING RETIREMENT ARE MORE LIKELY TO:

- Be a woman (58%) vs. 49% of men
- Report their finances have worsened over the past year (72%)
- Have significant anxiety about their finances (74%)
- Have student debt (63%)

TOP RETIREMENT FEARS RELATED TO THE STOCK MARKET



SECTION 04

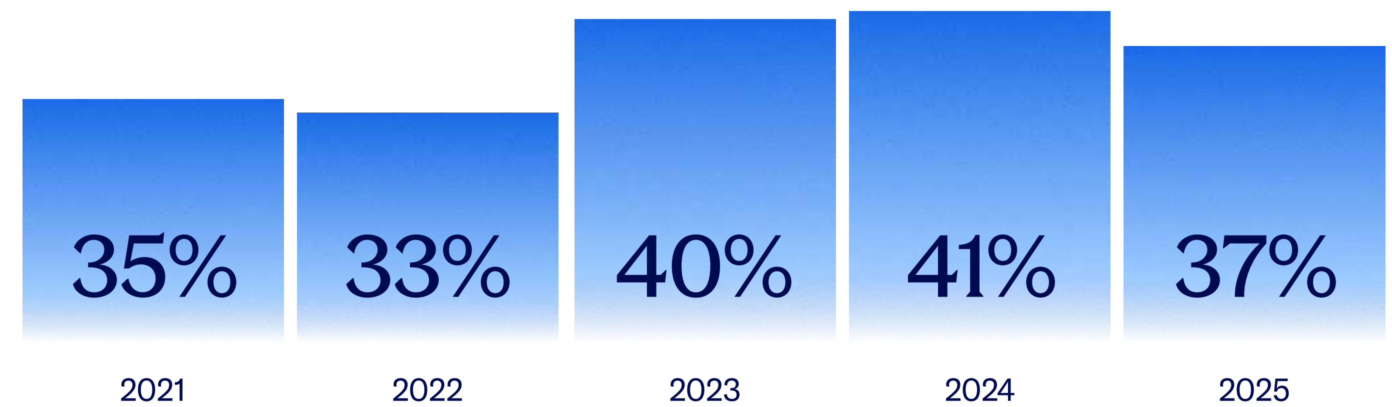
The Impact of Education Expenses on Financial Wellness

Over the past five years, at least a third of employees reported being responsible for student loan debt either for themselves or for someone else.

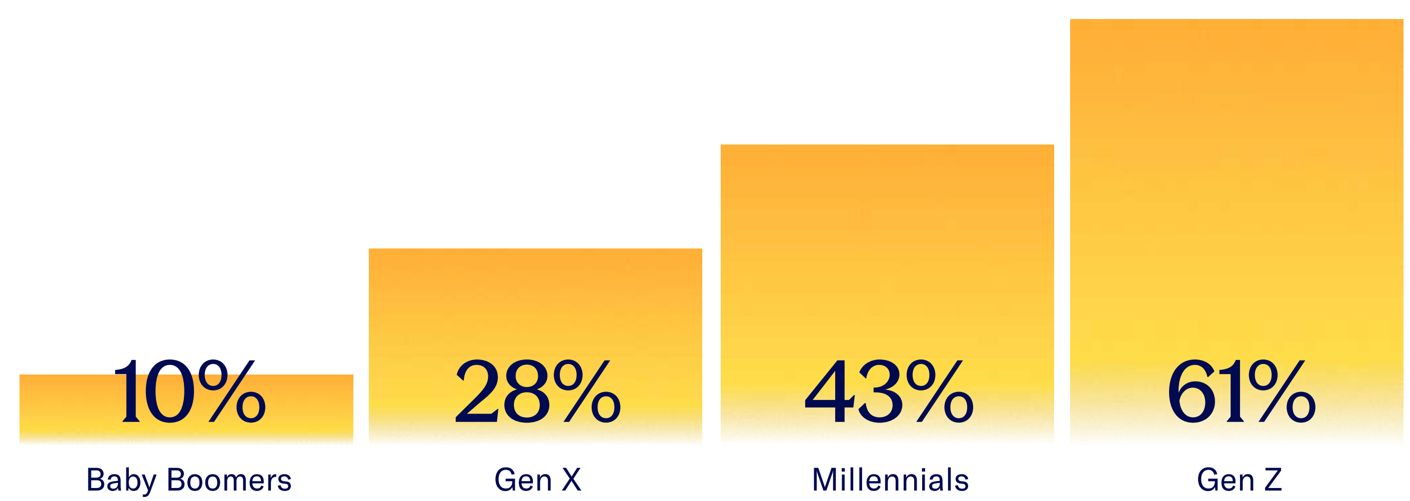
More than two-thirds (68%) of student loan debt holders owe at least $10,000, and 34% owe at least $50,000. More than three-quarters (74%) of women with student loan debt owe over $10,000 compared to 61% of men. Since 2023, more than two-thirds (66–70%) of student debt holders have said their loans are a cause of their financial anxiety. In 2025, Baby Boomers are most stressed, with 70% having significant to moderate anxiety, compared to 68% of Gen Z and 66% of both Millennials and Gen X.

In better news, there has been a significant year-over-year drop in the share of employees who have had to adjust or pause their retirement savings to save for education expenses for someone else—from 58% in 2024 down to 30% in 2025. Nearly half (44%) of Gen Z have adjusted their retirement savings, followed by 34% of Millennials, 24% of Gen X, and 17% of Baby Boomers.

STUDENT LOAN RESPONSIBILITY OVER TIME



STUDENT LOAN RESPONSIBILITY BY GENERATION



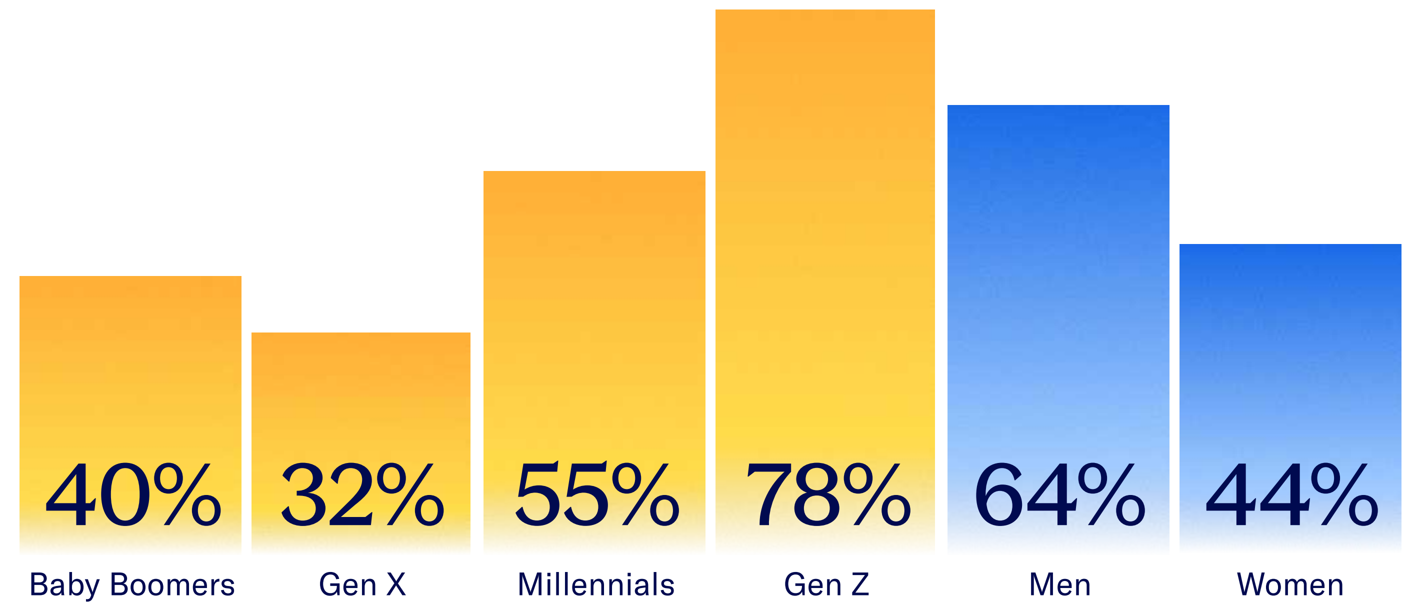
Given their recent entry into the workforce, younger employees are understandably more heavily burdened by student loan debt.

We've also seen a slight increase in employees saying employers should play a role in helping people pay off student loan debt,

with 49% saying so in 2023 and 54% saying so in 2025. Gen Z (67%) and Millennials (61%) are much more likely to expect employer support with student loans than Gen X (48%) and Baby Boomers (30%). Further, in 2025, 85% of respondents with student debt said they would be more likely to accept a job offer from a company that offered student loan payment assistance than one that did not, up from 77% in 2024.

Recent changes to student loan repayment options outlined in 2025's One Big Beautiful Bill (OBBB) legislation—including updates to borrowing limits and repayment options—are also impacting how employees think about their student loan debt. More than half (54%) of student debt holders have made or plan to make changes to their debt management plans in response to the law.

PLANS TO CHANGE STUDENT LOAN REPAYMENT DUE TO OBBB BY DEMOGRAPHIC



TOP CHANGES STUDENT LOAN HOLDERS PLAN TO MAKE DUE TO OBBB

45%
Applying for income-driven repayment

42%
Reducing discretionary spending

40%
Increasing emergency savings

Employees are split on how they feel about the legislation,

but the largest concentration have no change in their confidence to repay their loans.

CHANGE IN STUDENT LOAN REPAYMENT CONFIDENCE

Notably, more than half (51%) of men are more confident in their ability to repay their loans with the new legislation compared to just 16% of women. More than half of Gen Z borrowers are confident in their ability to repay compared to 36% of Millennials, 12% of Gen X, and 30% of Baby Boomers.

> With new legislation impacting student loan repayment plans for many workers, HR leaders have an opportunity to support their people with benefits that address this ongoing burden—especially for younger employees."

Edward Gottfried
VP of Product Management, Betterment at Work

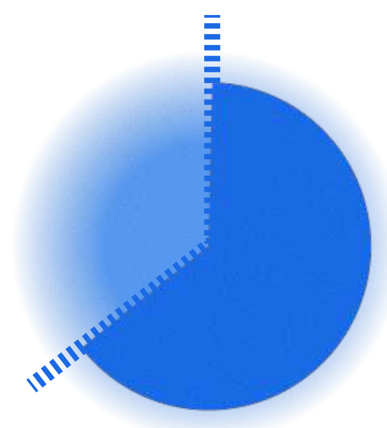
CONCLUSION

The Bottom Line

Despite persistent financial anxiety driven by inflation and daily pressures, employees show remarkable resilience in their long-term outlook.

This suggests a fundamental shift in how workers compartmentalize their financial lives: accepting short-term turbulence while maintaining faith in their ability to achieve retirement security. Making ends meet day to day is a challenge, but there is still hope among young people that a healthy financial situation in retirement is within reach.

However, the gap between optimism and reality suggests this confidence may be partly wishful thinking. Nearly two-thirds (65%) of Gen Z employees report that financial stress has made it difficult to focus or perform at work this year—a reminder that even as workers feel optimistic about their futures, their present-day struggles are affecting productivity and engagement. The challenge for employers is to provide the infrastructure to bridge the gap between retirement expectations and actual savings.



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This year's report also reveals that different generations aren't just at different life stages—they're operating in completely different financial ecosystems with distinct tools, stressors, and expectations. From attitudes toward new technology like AI to interest in alternative assets like cryptocurrency, a clear line is being drawn between younger generations and their older colleagues. Gen Z and Millennials are more anxious about immediate concerns like credit card debt and are more aggressive in their job-seeking and investment strategies, including the assets they want to include in their retirement portfolios.

Employers need to tailor their benefits and communication to meet the diverse needs of a multigenerational workforce.

Though employers cannot control the macro factors impacting the broader economic outlook, there are multiple avenues for businesses to help lighten the financial load on their employees, beyond salary increases. The growth in 401(k) matching programs is encouraging, and competitive benefits packages will increasingly include other financial assistance such as employer-sponsored emergency funds and student loan debt support.

Betterment at Work

METHODOLOGY

An online survey was conducted with a panel of potential respondents from August 20, 2025 to August 29, 2025. The survey was completed by a total of 1,000 respondents who were full-time employees who were not self-employed. A follow-up survey of open-ended questions was completed by 100 respondents between August 29, 2025 and September 5, 2025. The same screeners were applied. The sample was provided by Sago, a research panel company. All respondents were invited to take the survey via an email invitation. Panel respondents were incentivized to participate via the panel's established points program, regardless of positive or negative feedback.