



DC Pulse

April 2026 – Research, regulations, returns and trends



MFS DC Takes

MFS 2026 DC Plan Sponsor Survey Results Snapshot

MFS Workplace Retirement Readiness Indicator



Retirement Readiness

The average DC plan sponsor scores a B on retirement readiness.

Personalized Advice



70%

of plan sponsors say personalized advice is very/extremely important to driving better retirement outcomes.

Target Date Fund Benefits



60%

of plan sponsors believe their TDF is best at addressing diversification risk (38%) or downside market risk (22%).

Lack of Demand for Privates



Only 4%

of sponsors are likely to add private assets in the next 12–18 months.

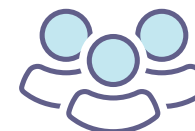
Midnight Dilemmas



66%

say the evolving regulatory and legislative landscape keeps them up at night.

Use of Active Management



78%

of mega plans offer active investment options, which is more than the average (at 65%).



The MFS 2026 DC Plan Sponsor Survey includes responses from 153 plan sponsors, representing over \$400 billion in plan assets and nearly 1 million participants. Learn more about sponsor confidence, innovation and investment menu and plan design in the full results, [Building Towards Better Outcomes](#).

Sources: MFS 2026 US DC Plan Sponsor Survey. For survey methodology, please [click here](#).

DC Regulatory and Legislative Happenings



What's the Alternative Fiduciary Duty?

The DOL issued a proposed rule called "Fiduciary Duties in Selecting Designated Investment Alternatives," known as the "Investment Selection Rule."

The proposed rule builds on the existing ERISA fiduciary process and is broader than addressing only the anticipated inclusion of alternative and private assets in DC plans, as it would apply to the selection of every investment option in a plan lineup. It calls for six factors that fiduciaries must assess and document when picking retirement plan investments: performance, fees, liquidity, valuation, benchmarks and complexity. Following these factors will provide fiduciaries with a safe harbor.

The rulemaking will have a 60-day comment period through the end of May.



Forfeiture Case Updates

The DOL has filed four amicus briefs in favor of employers, arguing that the decision on how to use forfeitures is a "settlor" (nonfiduciary) function and is therefore not a fiduciary breach under ERISA.

Over the past two years, approximately 80 lawsuits have been filed challenging the use of forfeitures under ERISA. When district courts have ruled, they have largely sided with employers.

At least six dismissals have been appealed and the four amicus briefs noted above are in response to certain cases under appeal.

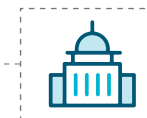


Pension Risk Transfer (PRT) Lawsuits

The DOL has also inserted itself into pension risk transfer (PRT) litigation, by filing an amicus brief arguing participants who continue to receive their full pension benefits cannot sue simply because a plan sponsor transferred that responsibility to an annuity provider.

Over the past two years, there have been 13 lawsuits challenging PRTs.

The filing of the amicus brief is part of a broader DOL effort to issue more guidance and to rein in "regulation by litigation." Similar to the amicus briefs filed with respect to forfeiture cases, the DOL argues that the decision to transfer a plan to an insurance company through a PRT is a settlor function that does not trigger fiduciary duties under ERISA.



Fiduciary Rule: Old and New?

The DOL supported a district court motion to vacate the Retirement Security Rule, which was the latest iteration of a fiduciary rule enacted under the prior administration.

The rule was set to go into effect in September 2024 but was challenged in court. In July 2024, two federal district courts issued a stay against the rule. Under the Trump administration, the DOL abandoned its defense of the rule and signaled its intent to issue a replacement rule.

In March 2026, the two federal district courts entered final judgments, vacating the rule. In response, the DOL restored the ERISA five-part test for determining whether a person is an investment advice fiduciary. It further noted it does not plan to revisit the rule through new rulemaking but may consider issuing additional guidance as needed.

Sources:

[Federal Register: Fiduciary Duties in Selecting Designated Investment Alternatives](#)

[PLANSPONSOR: DOL Issues Starkest Warning Yet in Fourth Forfeiture Amicus Brief \(February 2, 2026\)](#)

[Winston & Strawn LLP: January 2026 Forfeiture Litigation Update \(January 29, 2026\)](#)

[PLANSPONSOR: DOL Backs Lockheed in PRT Complaint \(January 9, 2026\)](#)

[ERISA Litigation & Compliance: Plaintiffs' Pension Risk Transfer Claims Don't Stand: Verizon Scores Sweeping Dismissal, and DOL Urges Same Fate for Lockheed \(January 13, 2026\)](#)

[PLANADVISER: DOL Pursues Final Ruling to Strike Down Fiduciary Rule \(March 11, 2026\)](#)

[U.S. General Services Administration: Investment Advice Fiduciary Under ERISA \(Spring 2025\)](#)

[U.S. Department of Labor: US Department of Labor restores long-standing investment advice rule after pair of court decisions vacate 2024 retirement security rule \(March 18, 2026\)](#)

DC Market Data

Target Date Fund Dominance

Average number of funds held:

3.6

across all participants

5.2

(excluding TDF users)

Target Date Funds (TDF):

95% offer Target Date Funds

48% of plan assets in TDFs

57% of contributions go to TDFs

Total TDF Assets:

\$4.8 TRILLION by end of 2025

20.3% GROWTH over the previous year

Career Stage:

% of Participants Invested 100% TDFs

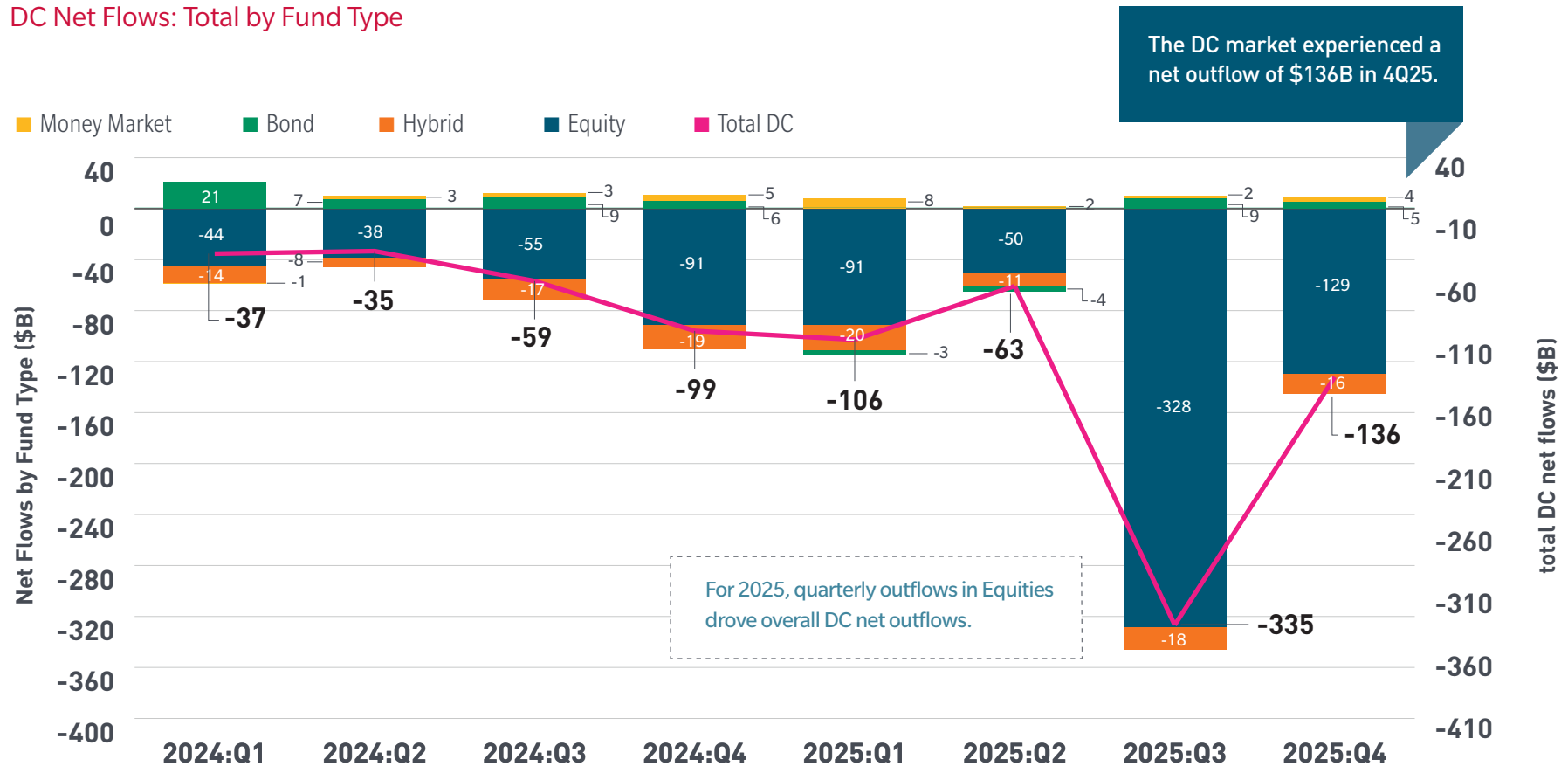


Takeaway: While TDFs may be ubiquitous, they are far from uniform. Understanding why a particular TDF is in a plan and what risks it is intended to manage, matters just as much as the decision to offer one in the first place.

Source: 2025 NEPC DC Plan Trends and Fee Survey, Morningstar 2026 Target-Date Fund Landscape.

DC Market Data

DC Net Flows: Total by Fund Type



DC plan assets reached \$14.2 trillion, of which \$10.1 trillion was held in 401(k) plans.

Source: Investment Company Institute 2026. "The US Retirement Market, Fourth Quarter 2025" (March 2026). [Release: Quarterly Retirement Market Data, Fourth Quarter 2025 | Investment Company Institute.](#)

Note: Hybrid funds invest in a mix of equities and fixed-income securities. The bulk of lifecycle and lifestyle funds is counted in this category.

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Investment Index Returns

As of March 31, 2026

BENCHMARK	10 YEARS	5 YEARS	3 YEARS	1 YEAR	YTD	3 MONTHS
BALANCE						
Illustrative 60/40 Portfolio	9.26%	7.41%	12.36%	12.35%	-2.62%	-2.62%
EQUITY						
S&P 500	14.16%	12.06%	18.32%	17.80%	-4.33%	-4.33%
Russell 1000 [®] Growth	16.83%	12.76%	21.18%	18.81%	-9.78%	-9.78%
Russell 1000 [®] Value	10.58%	9.43%	14.31%	15.87%	2.10%	2.10%
Russell 2000 [®]	9.88%	3.77%	13.05%	25.72%	0.89%	0.89%
MSCI EAFE	8.38%	7.91%	13.62%	21.27%	-1.24%	-1.24%
MSCI Emerging Markets	7.80%	3.69%	14.84%	29.55%	-0.17%	-0.17%
MSCI ACWI	11.33%	9.49%	16.58%	20.01%	-3.20%	-3.20%
FIXED INCOME						
Bloomberg US TIPS	2.66%	1.48%	3.18%	3.00%	0.26%	0.26%
Bloomberg US Aggregate	1.70%	0.31%	3.63%	4.35%	-0.05%	-0.05%
Bloomberg Global Aggregate	2.05%	0.81%	4.07%	3.49%	-0.15%	-0.15%
CASH						
Cash	2.32%	3.49%	4.97%	4.22%	0.93%	0.93%

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Sources

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. Returns for the Bloomberg Global Aggregate Index are hedged to USD.

Cash is based on returns for the FTSE 3-month Treasury Bill Index.

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