

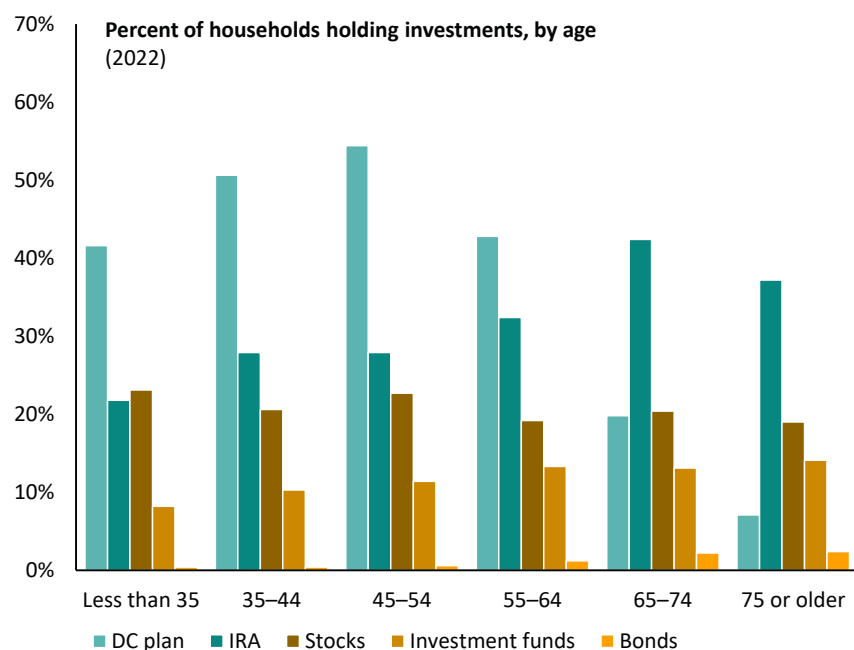
Why retail asset demand is becoming less price sensitive

Fiona Greig, Ph.D.

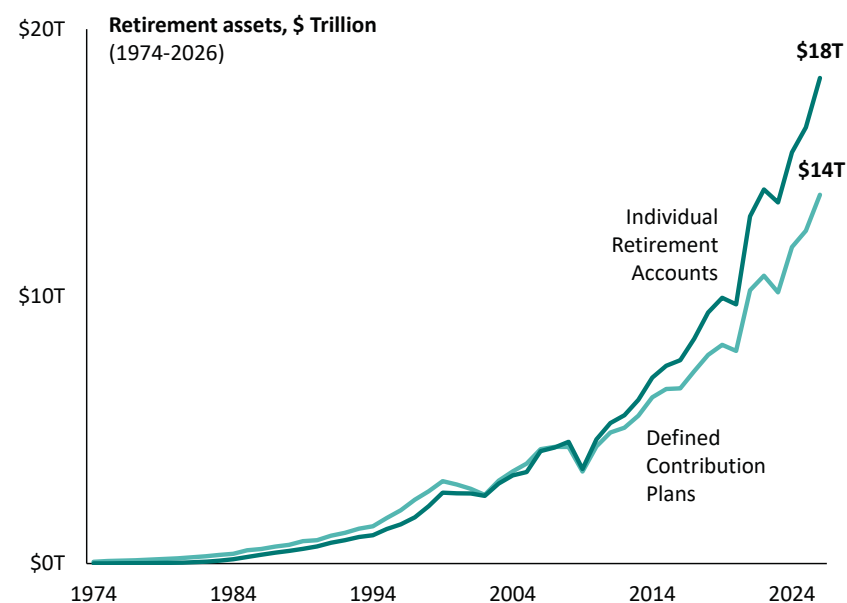
October 2026

Context: People start investing through retirement accounts

Retirement accounts dominate retail investing



Asset growth in IRAs is outpacing DC plans



Notes: (LHS) Stocks, Investment Funds, and Bonds are all directly held.

Source: (LHS) 2022 Survey of Consumer Finances. (RHS) Investment Company Institute

Retail investing increasingly follows paychecks, not price tags

Four key takeaways	1	Retirement plan design is shaping retail investing outcomes.
	2	Market pullbacks don't stop contributions. Lost jobs do.
	3	Retail investors mostly stay the course when markets roil. If anything, they are stabilizers.
	4	The risks are evolving at the edges.

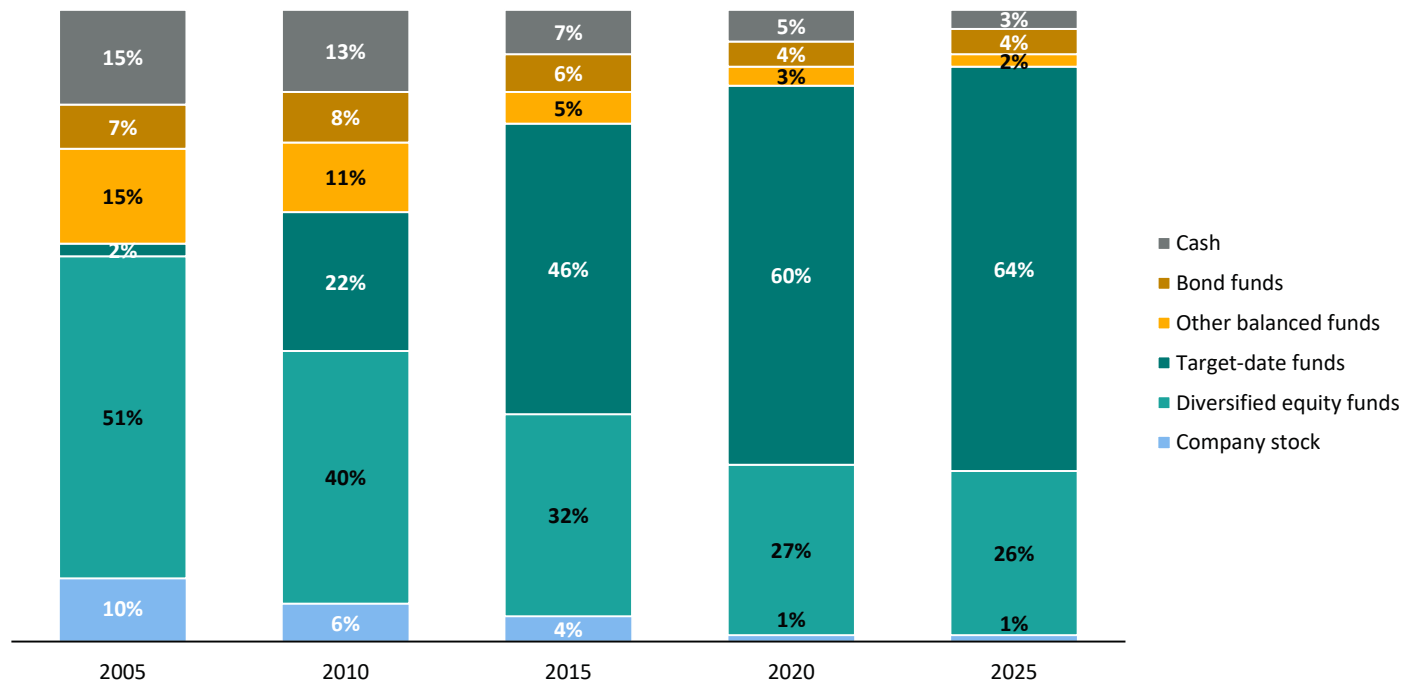
It starts with plan design: Defaults, not decisions

	Early 2000s	2025
Automatic enrollment adoption (% of plans)	5%	61%
Retirement plan participation rate (% of employees)	65%	86%
Target date funds (% of plans offering)	0%	96%
Cash allocations (% of allocations)	18%	3%

Source: Vanguard, 2026.

Two in three dollars now default into target-date funds

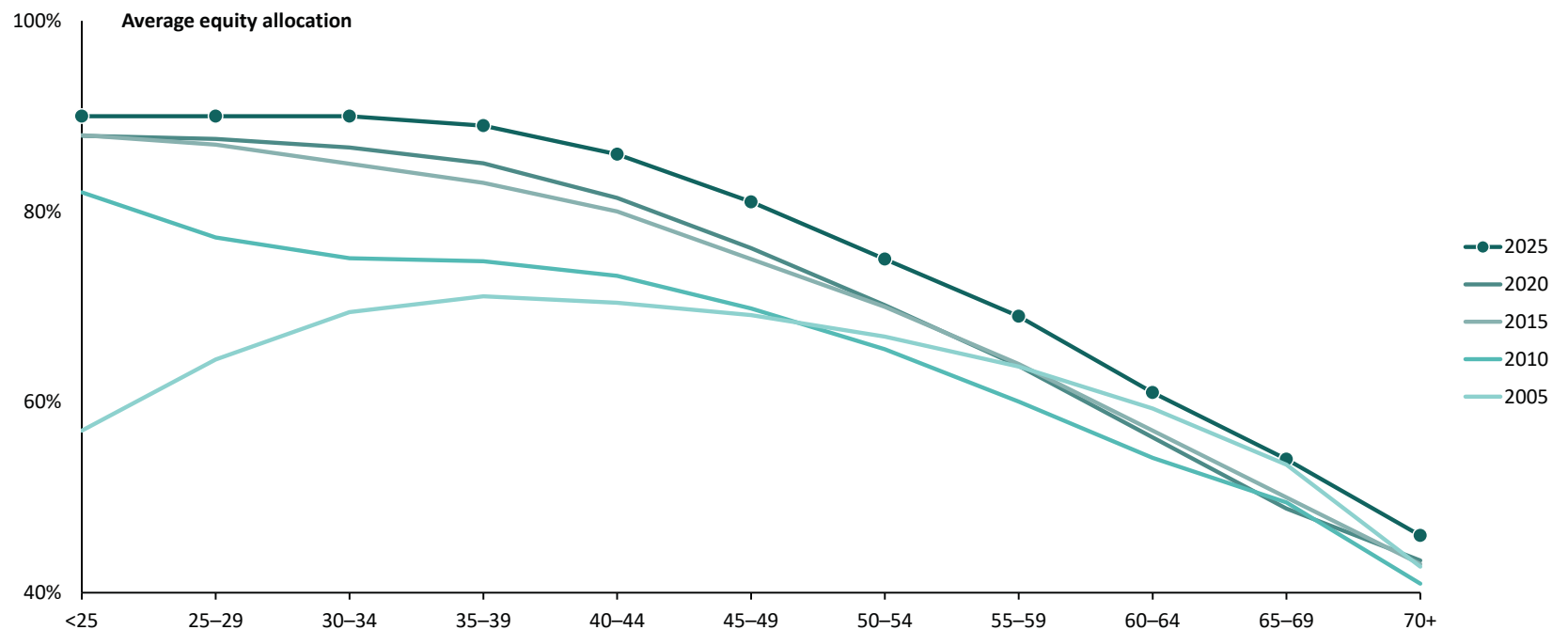
Plan
contribution
allocation
summary



Source: Vanguard, 2026.

Target-date funds are driving “text-book” equity allocations

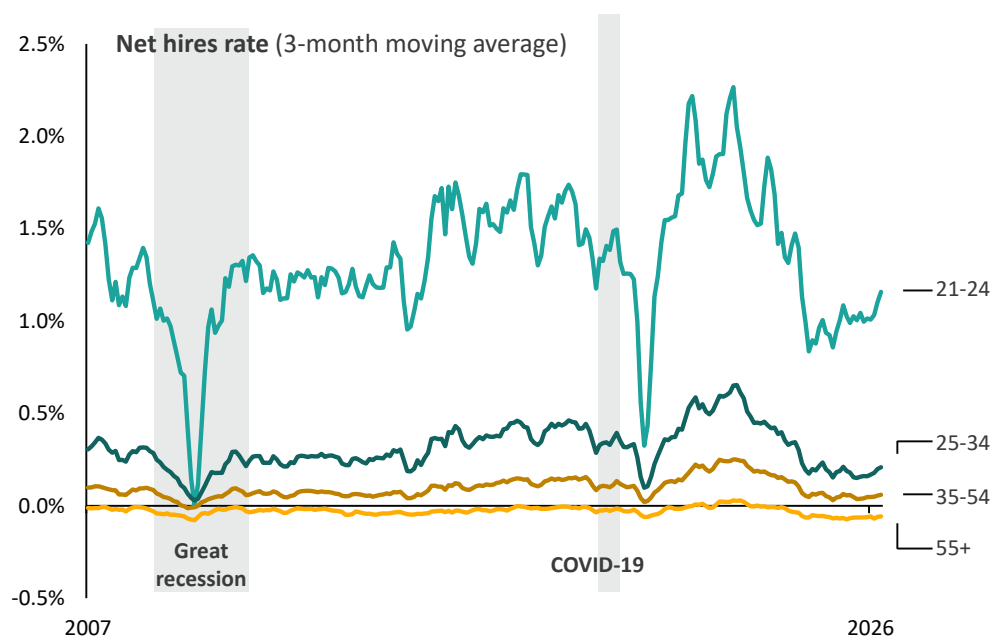
Improved age-appropriate equity allocations (participant weighted)



Source: Vanguard, 2026.

Labor markets influence asset demand

Job creation leads to 401(k) contributions



Notes: (LHS) [Vanguard labor market insights](#). New enrollments are recorded based on their employer-provided hire date rather than their retirement plan enrollment date, which often comes later. All series are seasonally adjusted using the X-13ARIMA-SEATS method. The two vertical shaded bars indicate economic recessions, as identified by the National Bureau of Economic Research.
Sources: (RHS) How America Saves. 2026. Vanguard.

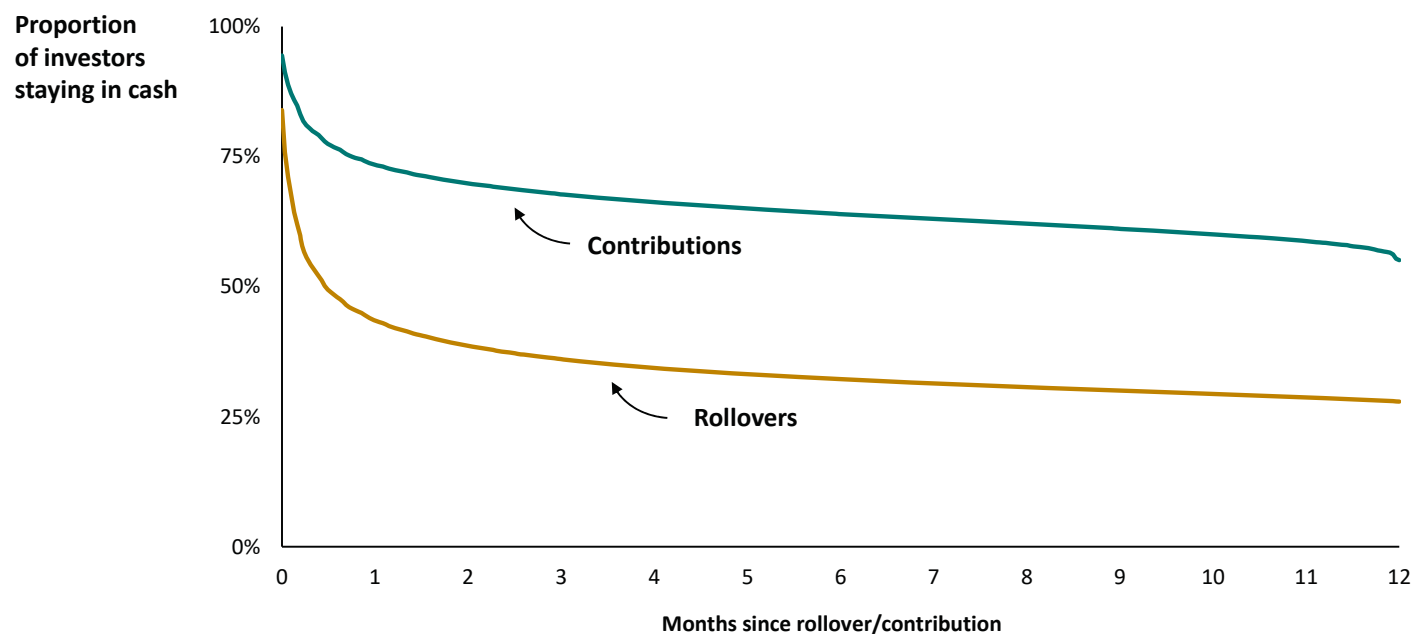
Job loss can result in drops in asset demand

28% of terminated workers cash out

25% of terminated workers roll money over to an IRA

Inattention, not risk appetite, explains the cash

IRA cash from direct contributions and rollovers is “sticky” for months¹



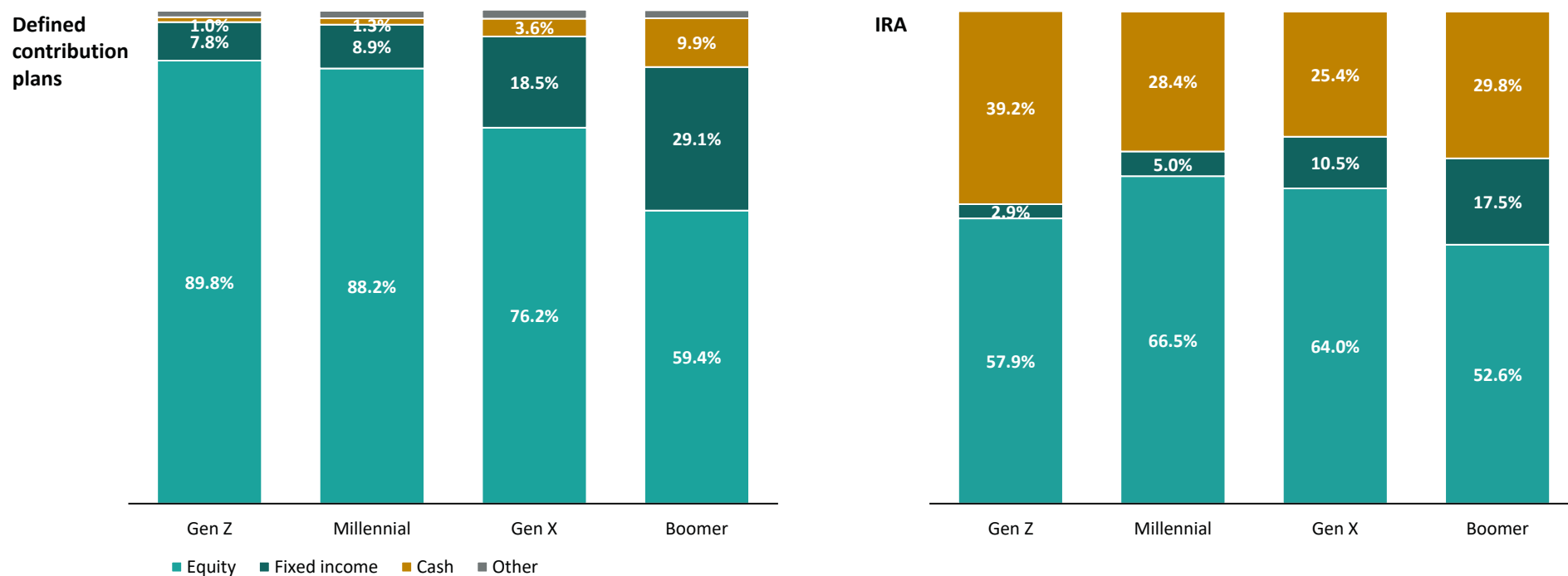
68%

Percent of rollover cash investors who did not realize they were in cash²

Sources:

1. Reed et al. 2024. [Improving Retirement Outcomes by Default: The Case for an IRA QDIA](#). Vanguard.
2. Reed et al. 2024. [Out of sight, out of market: The IRA cash drag](#). Vanguard.

Strip out the defaults and cash drag appears

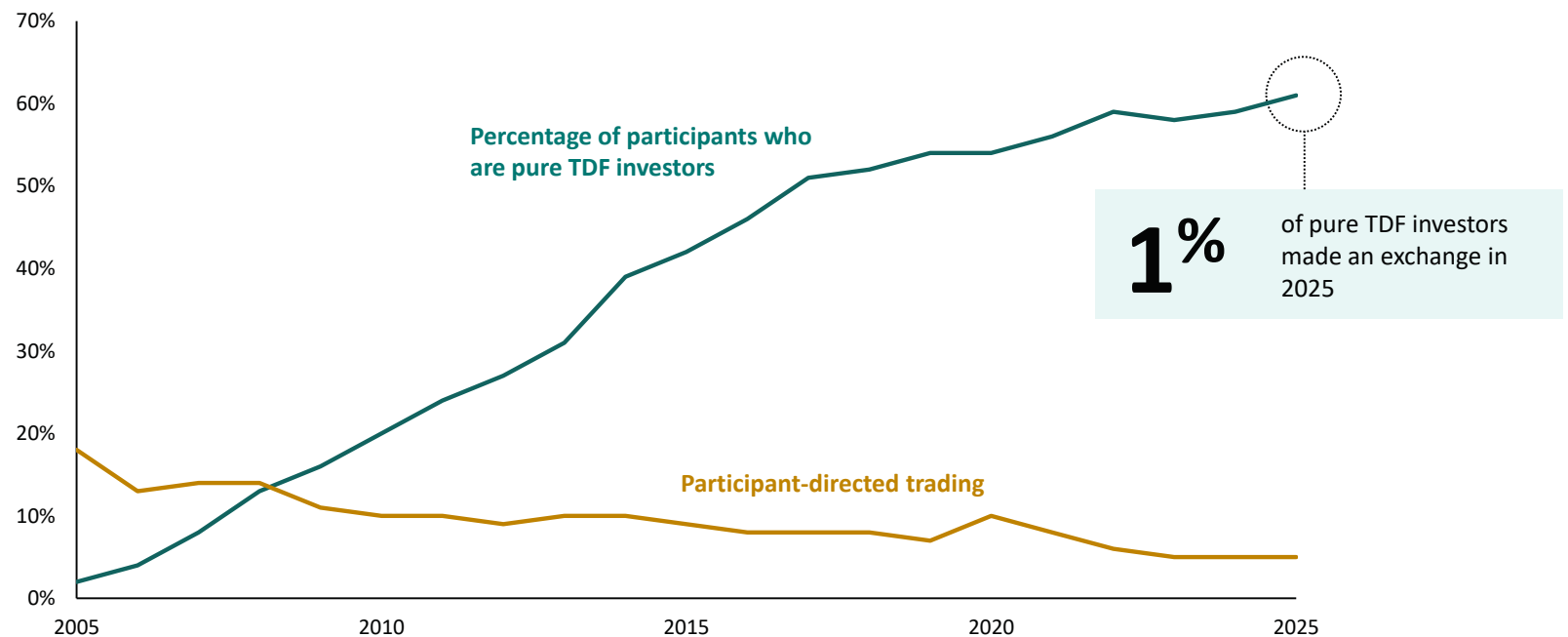


Note: Chart shows the average asset allocations in defined contribution plans and IRAs of crossover investors. Crossover investors are Vanguard clients who held both a retail account (taxable account or IRA) and a Vanguard-record kept DC plan account as of June 2026, each with a balance of at least \$1,000. Both panels are person weighted. The IRA panel is conditional on crossover investors who have IRAs.

Source: Vanguard, 2026.

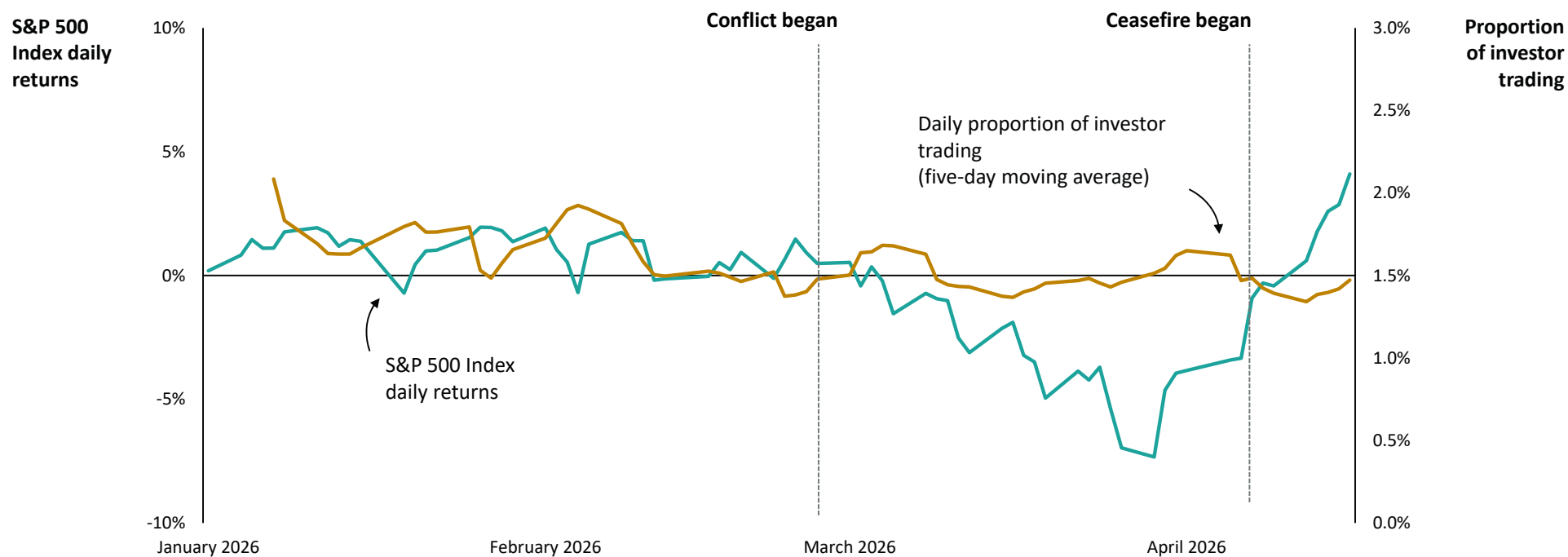
With the default doing the work, trading all but stopped

20-year trend in
participant-directed
trading / target-date
fund (TDF) usage
(Percent of
participants)



Source: Vanguard, 2026.

Even when markets fell, investors stayed the course



Notes: Trading includes transactions involving investment options, excluding pure money movement in and out of an account. The proportion of investor trading is calculated based on Vanguard's retail client base as of year-end 2025. (The figures show daily levels, so they will not match the monthly figures cited in the article.) **Past performance is no guarantee of future returns. The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.**

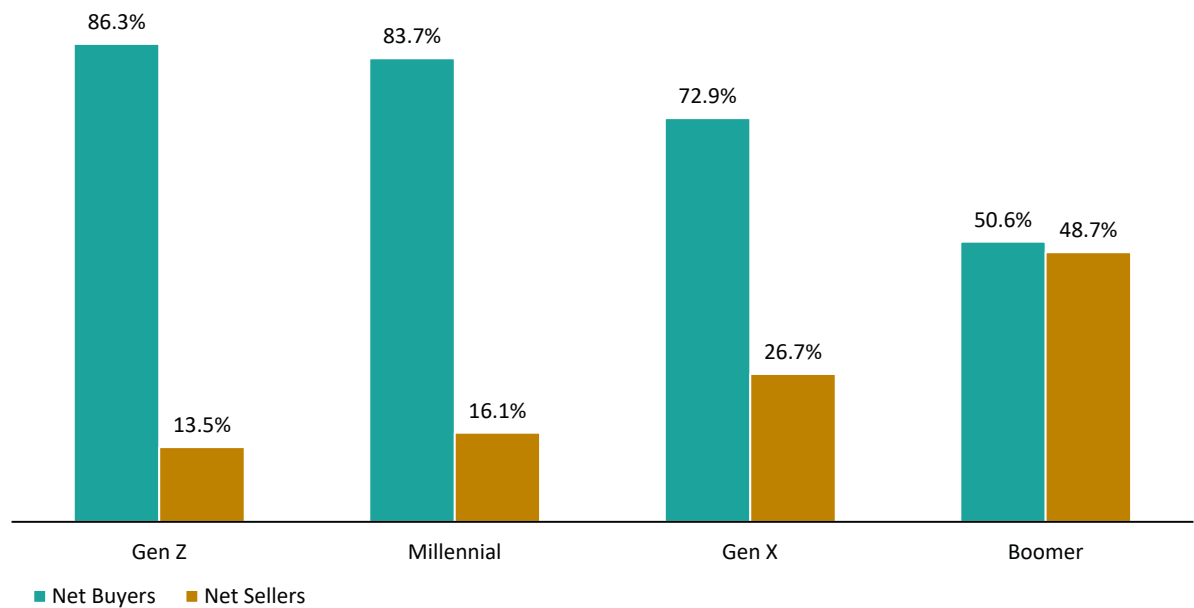
Sources: Federal Reserve Economic Data (FRED) for index data, and Vanguard for data on retail investor transactions from January 2 through April 17, 2026.

The few who do trade tend to buy the dip

1.5 %

of investors
traded per day
February 28
through April 8,
2026

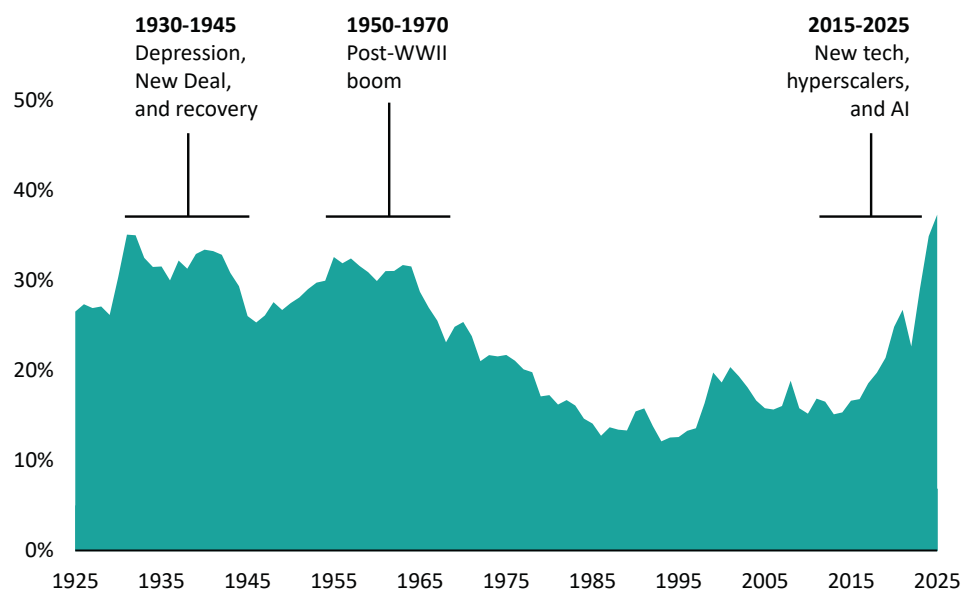
Net equity
buyers vs.
sellers by
generation



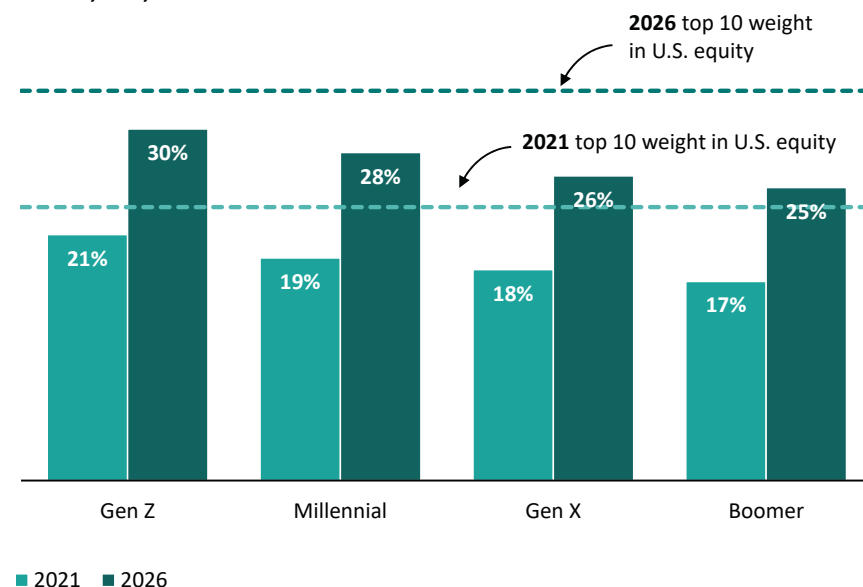
Note: Percentages of net buyers and net sellers may not sum to 100% due to a small percentage of traders buying and selling the same amount of equity.
Source: Vanguard administrative data. Excludes automatic programs.

Market risk is high but not unprecedented

Market capitalization of 10 largest U.S. stocks (1926-2025)



Share of top-10 stocks in investors' equity portfolio, IRA, and taxable accounts

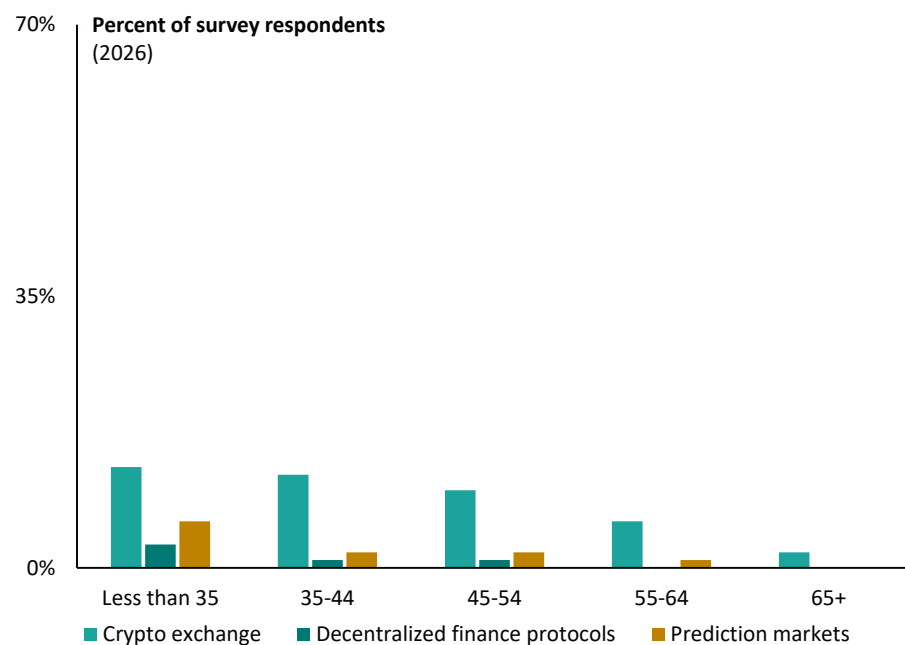


Notes: Chart shows the proportional market value of the largest constituents relative to the total market value of all constituents in the CRSP 1925 US Stock database. Calendar year-end values through December 31, 2025 are displayed. Data is filtered to include common stocks: that have a primary listing on either the NYSE, AMEX/NYSE American, or NASDAQ stock exchanges, are issued by U.S.-incorporated corporate issuers, and that trade regular-way without a special designation. Stocks with multiple share classes are aggregated together by PERMCO.

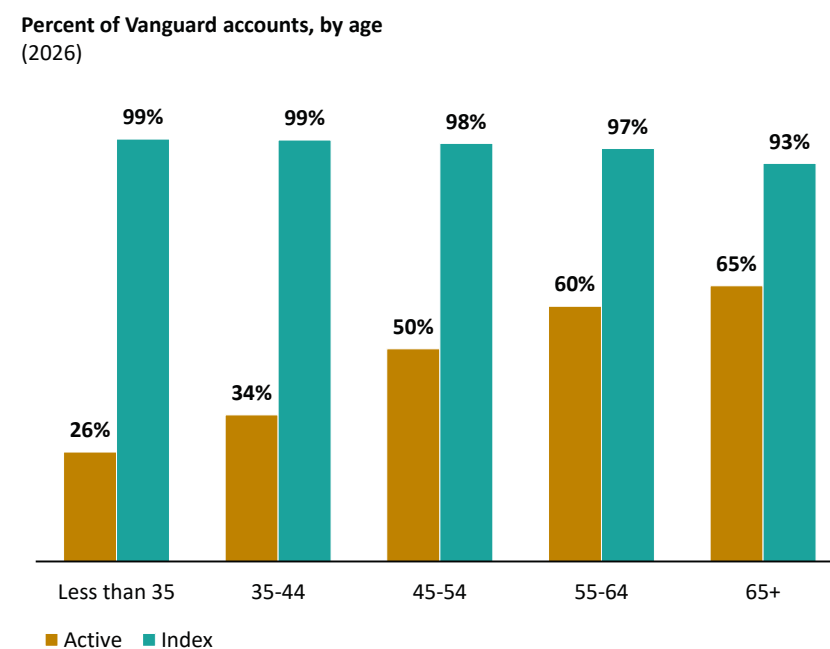
Source: Vanguard calculations using CRSP Research Data Products from Morningstar.

Young investors are experimenting, but at the edges

Vanguard clients are testing new investment vehicles



But index funds still dominate retail investing



Sources:

(LHS) Q28. Vanguard AI and Advice Survey, Total sample; base n=6,686, June 2026.

(RHS) Based on Vanguard clients with both retail brokerage accounts and 401(k) accounts at Vanguard.

The retail investing signal: Income more than prices

Defaults drive retail asset demand.

Auto-enrollment 5% → 61%.
TDFs offered by 96% of plans.
Most investors are age-appropriate without choosing to be.

Retail investors are sensitive to paychecks not price.

A correction won't stop payroll contributions.
A recession with job losses would.

Retail is a shock absorber, not a source of stress.

Only 1.5% of retail investors traded per day in April 2026. Of those, 89% of Gen Z were net buyers. Only investors near retirement sold.

Index funds help counter new risks.

Equities are more concentrated and new risk channels exist, but exposure stays in broad passive funds.

Important information

All investing is subject to risk, including possible loss of principal. Be aware that fluctuations in the financial markets and other factors may cause declines in the value of your account. There is no guarantee that any particular asset allocation or mix of funds will meet your investment objectives or provide you with a given level of income.

Investments in bonds are subject to interest rate, credit, and inflation risk.

Investments in target-date funds are subject to the risks of their underlying funds. The year in the fund name refers to the approximate year (the target date) when an investor in the fund would retire and leave the workforce. The fund will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. An investment in target-date funds is not guaranteed at any time, including on or after the target date.

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