Nearly 80% of Retirement Savers Restart Contributions After Stopping Due to a Financial Setback

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DES MOINES, Iowa--(BUSINESS WIRE)--Mar. 6, 2025-- Similar to how there is not one singular way to retire, there is not one straight forward path to plan and invest for retirement. A recent survey[1] from Principal Financial Group® found that three-in-five retirement savers have at some point reduced, stopped, or withdrawn contributions. However, even with a setback, half were able catch up to where they would have been without the shift in contribution patterns.

“Americans do not follow a singular savings path for retirement, but it is important to highlight that most individuals who reduce, stop, or withdraw contributions make it a priority to restart their contributions and ultimately appear to recover to a similar level after life caused them to take a pivot,” said Chris Littlefield, president of Retirement and Income Solutions at Principal®. “The survey findings reveal a growing need for point-in-time advice and educational resources that help people navigate tough financial decisions and help them reach their retirement goals, even when their path has shifted a bit.”

Three-in-four survey respondents who changed their retirement contributions felt they had no other choice, and the reasons were varied:

- Top reasons for reducing savings included high monthly expenses, lower income, an unexpected life event, and paying off debt.
- The leading reasons for a withdrawal were to pay for an essential expense, cover a downpayment on a house, and loss of job within the household.

The survey also explored the financial habits of top savers – those who are contributing 15% or more of their annual income for retirement. While these individuals were still putting money into their 401(k) plan, they had also hit a point in their retirement journey where they started to utilize other investment vehicles. Of those saving 15% or more of their income, 65% were also using an IRA compared to 39% of those who were saving less than 15% of their income.

“This shows me that investors who can save more are realizing their 401(k)s are key investment vehicles – but not their only one. They are exploring the importance of issues like future taxation, including whether they're better off with traditional or Roth accounts, as well as looking for other opportunities to find tax advantages once they've exhausted those in their workplace accounts. I see this as good news, especially since these individuals report higher levels of confidence and resilience to save overall, even though 4-in-10 survey respondents saving 15% or more have stopped, paused, or withdrawn contributions at one time or another,” said HerMoney CEO and founder Jean Chatzky[2], with whom Principal reviewed its survey findings.

[1] *Principal® Real Life Retirement Journeys, 2025 Q1 Report*

[2] *Jean Chatzky, a compensated financial commentator, is not affiliated with any company of the Principal Financial Group. The views she expresses are not necessarily those of the Principal Financial Group or any member company.*

About the Principal® Real Life Retirement Journeys Survey

The Principal® Real Life Retirement Journeys Survey had responses from 1,000 employees between the ages of 18 and 64, with pre-tax household incomes of $50,000 or more, who are currently working or who have previously worked for an employer who offers(ed) retirement savings benefits. The survey was conducted online between August 23, 2024, and September 1, 2024.

About Principal Financial Group®

Principal Financial Group® (Nasdaq: PFG) is a global financial company with nearly 20,000 employees[3] passionate about improving the wealth and well-being of people and businesses. In business for 145 years, we’re helping approximately 70 million customers[3] plan, protect, invest, and retire, while working to support the communities where we do business. Learn more about Principal and our commitment to building a better future at principal.com.

[3] *As of December 31, 2024*

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