

# Retirement Preparedness of Higher Education Employees

An in-depth study to understand how prepared higher education faculty and staff are for retirement

## Overview

Higher education institutions are experiencing significant challenges, characterized by high turnover, shifting workforce dynamics, and varying levels of retirement readiness. This comprehensive study evaluates the retirement readiness behaviors of faculty and staff, providing insights based on data of nearly 110,000 employees across 20 higher education institutions<sup>1</sup>.

### Workplace Trends

Increasingly diverse workforce, with significant portions nearing retirement and younger generations entering the field

Institutions are transforming their recruitment and hiring processes to attract top talent, ensure diversity, and build a workforce capable of thriving in a dynamic educational environment

## Multigenerational Workforce<sup>2</sup>



56%  
Women



1 in 3  
Millennials



1 in 2  
with 10+ years  
of service



27%  
are Faculty<sup>3</sup>

## Financial Health and Retirement Readiness

Higher education employees are taking advantage of the retirement plans provided by their employer and saving at rates that exceed Fidelity's recommended 15%. They tend to invest these assets in a target-date fund or otherwise have an appropriate asset allocation.



Average age/tenure

50/14 years



Average DC participation

84%



Average DC total savings rate

19.1%



Average DC balance

\$369K



Average income

\$108,000

**On average, Higher education employees have archived a retirement savings factor<sup>4</sup> of 3.4x (\$369k savings vs \$108k income) by age 50.**



**\$22,000** Average DC total savings rates, including employee and employer contributions. *Opportunity remains, with just over 1 in 10 employees saving zero or less than 5% of their income towards retirement.<sup>1</sup>*



**71%** have **age-appropriate** asset allocation, with 56% using target date funds. *Opportunity remains, with over 34% of Baby Boomers who are aggressively invested in equity, more than double the average of 17% seen for their age.<sup>1</sup>*



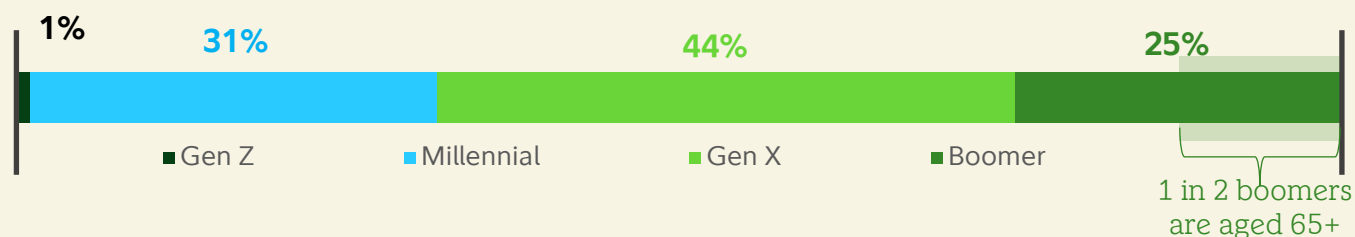
### Early career employees

For employees hired before age 35, where the University's plan is likely their primary retirement benefit, 78% currently meet Fidelity's "on track" threshold for retirement income<sup>5</sup>.



## Nearing retirement and yet actively employed<sup>1</sup>

Boomers make up a quarter of the active workforce and nearly half of them continue working past age 65.



## Top reasons why faculty members may choose to delay retirement<sup>6</sup>



Strong sense of identity and status with the academic roles



High job satisfaction and intellectual stimulation



Financial considerations

## Tenure and the retirees<sup>7</sup>

Nearly 50% of higher education employees who retired in the past three years did so after age 70. Faculty retirees retired with an average age of 73 years and tenure of 35 years.

### Faculty retirees



**Avg. Age / Tenure**

73 / 35



**Avg. Income**

\$223,820



**Avg. Defined Contribution (DC) Balance**

\$1,610,620



**Avg. DC Retirement Savings Factor<sup>4</sup>**

8.9x

### Staff retirees



**Avg. Age / Tenure**

68 / 30



**Avg. Income**

\$112,541



**Avg. Defined Contribution (DC) Balance**

\$605,012



**Avg. DC Retirement Savings Factor<sup>4</sup>**

5.2x

Recent retirees with at least 20 years of tenure at their final employer

## Support the retirement journey of all faculty and staff by building strong plans and promoting available resources

Engaging<sup>8</sup> with financial help leads to improved retirement savings:

# 21%

**Average savings rate**  
(vs 13% for unengaged)

# 4.4x

**Retirement savings factor**  
(vs. 2.5x for unengaged)

### Fidelity can offer

- Education & guidance tools to support comprehensive planning
- Live 1:1's

While most of the higher education employees are on track for retirement, some gaps remain—especially among staff, younger generations, and women. By refining plan design, expanding financial education, employers can substantially enhance retirement preparedness and support long-term workforce stability. Tailored interventions based on role-specific and demographic data will be key to driving future success.



*To learn more about the retirement readiness of Higher Education employees view the full report.*

[Read the research](#)

1. Based on retirement plan data from all recordkeepers for 110K Higher education active employees across 20 institutions as of 03/31/2024. Excludes terminated and zero balance participants.
2. Generational Birth Years: Gen-Z born after 1997, Millennial 1997-1981, Gen X 1980-1965, Boomers prior to 1965.
3. Based on data for 66K Higher education active employees with job information from all recordkeepers as of 03/31/2024. Excludes terminated and zero balance participants.
4. DC Retirement Savings Factor is calculated by dividing the participants DC account balance by their occupational income. Fidelity's guideline explained: [How much do I need to retire? | Fidelity](#)
5. Based on income replacement tool projections data for 97K Higher education active employees from all recordkeepers as of 03/31/2024. The projections or other information generated by the Executive Insights Plan Sponsor Income Replacement Analysis Tool ("The Tool") regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Your results may vary with each use and over time.
6. [Data suggest baby boomer faculty are putting off retirement \(insidehighered.com\)](#)
7. 5000 Higher Education retired employees with 20+ years of experience from all recordkeepers.
8. Based on Fidelity record kept data for 84K Higher education active employees as of 03/31/2024. Percentage of participants contributing is based on any contribution in 12-month period. Engaged participants are defined as: Engaging in NetBenefits library article or video view, portfolio analysis or research use, bricklet click or PP&A dashboard visit in the prior year (or) completion of a retirement planning, advice tool, on-site one-on-one or group interaction, financial wellness assessment completion, PP&A enrollment or PP update, Goal Booster enrollment, or Fidelity Retail Branch visit in the prior year.

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