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*Suggested citation:* Holden, Sarah, Jack VanDerhei, Luis Alonso, and Steven Bass. 2016. "401(k) Plan Asset Allocation, Account Balances, and Loan Activity in 2014." *ICI Research Perspective* 22, no. 3 (April). Available at [www.ici.org/pdf/per22-03.pdf](http://www.ici.org/pdf/per22-03.pdf).

This paper is an annual update to ICI and EBRI's ongoing research into 401(k) plan participants' activity. The previous update was "401(k) Plan Asset Allocation, Account Balances, and Loan Activity in 2013," published in December 2014.

## 401(k) Plan Asset Allocation, Account Balances, and Loan Activity in 2014

*Since 1996 the Employee Benefit Research Institute (EBRI) and the Investment Company Institute (ICI) have worked together on collecting and analyzing annual data on millions of 401(k) plan participants' accounts. This report reflects the year-end 2014 update of these data and EBRI's and ICI's ongoing research into 401(k) plan participants' activity.*

### KEY FINDINGS

- » **The bulk of 401(k) assets were invested in stocks.** On average, at year-end 2014, 66 percent of 401(k) participants' assets were invested in equity securities through equity funds, the equity portion of balanced funds, and company stock. Twenty-seven percent was in fixed-income securities such as stable value investments, bond funds, and money funds.
- » **More 401(k) plan participants held equities at year-end 2014 than before the financial market crisis (year-end 2007), and most had the majority of their accounts invested in equities.** For example, about three-quarters of participants in their twenties had more than 80 percent of their 401(k) plan accounts invested in equities at year-end 2014, up from less than half of participants in their twenties at year-end 2007. Overall, more than 90 percent of 401(k) participants had at least some investment in equities at year-end 2014.
- » **More than 70 percent of 401(k) plans included target date funds in their investment lineup at year-end 2014.** At year-end 2014, 18 percent of the assets in the EBRI/ICI 401(k) database were invested in target date funds and 48 percent of 401(k) participants in the database held target date funds. Also known as lifecycle funds, these funds are designed to offer a diversified portfolio that automatically rebalances to be more focused on income over time.
- » **A majority of new or recent hires invested their 401(k) assets in balanced funds, including target date funds.** For example, at year-end 2014, two-thirds of recently hired participants held balanced funds in their 401(k) plan accounts. Balanced funds comprised 42 percent of the account balances of recently hired 401(k) participants at year-end 2014. A significant subset of that balanced fund category is invested in target date funds. At year-end 2014, 35 percent of the account balances of recently hired participants were invested in target date funds.

*Key findings continued on the next page*

- » **401(k) participants' investment in company stock continued at historically low levels.** Only 7 percent of 401(k) assets were invested in company stock at year-end 2014, the same share as in 2012 and 2013. This share has fallen by 63 percent since 1999 when company stock accounted for 19 percent of assets. Recently hired 401(k) participants contributed to this trend: they tended to be less likely to hold company stock. At year-end 2014, less than 30 percent of recently hired 401(k) plan participants in plans offering company stock held company stock, compared with about 44 percent of all 401(k) participants.
- » **401(k) participants were slightly less likely to have loans outstanding at year-end 2014 than at year-end 2013.** At year-end 2014, 20 percent of all 401(k) participants who were eligible for loans had loans outstanding against their 401(k) plan accounts, down from 21 percent at year-end 2013, although up from 18 percent at year-end 2008. Loans outstanding amounted to 11 percent of the remaining account balance, on average, at year-end 2014, down 1 percentage point from year-end 2013. Nevertheless, loan amounts edged up a bit in 2014.
- » **The year-end 2014 average 401(k) plan account balance in the database was 5.4 percent higher than the year before, but may not accurately reflect the experience of typical 401(k) participants in 2014.** To understand changes in 401(k) participants' average account balances, it is important to analyze a sample of consistent participants. As with previous EBRI/ICI updates, analysis of a sample of consistent 401(k) plan participants is expected to be published later this year.
- » **The average 401(k) plan account balance tends to increase with participant age and tenure.** For example, at year-end 2014, participants in their thirties with more than two to five years of tenure had an average 401(k) plan account balance of close to \$25,000, compared with an average 401(k) plan account balance of nearly \$275,000 among participants in their sixties with more than 30 years of tenure.

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## Introduction

Over the past three decades, 401(k) plans have become the most widespread private-sector employer-sponsored retirement plan in the United States.<sup>1</sup> In 2014, an estimated 55 million American workers were active 401(k) plan participants.<sup>2</sup> By year-end 2014, 401(k) plan assets had grown to \$4.6 trillion, representing 19 percent of all retirement assets.<sup>3</sup> In an ongoing collaborative effort, the Employee Benefit Research Institute (EBRI)<sup>4</sup> and the Investment Company Institute (ICI)<sup>5</sup> collect annual data on millions of 401(k) plan participants as a means to

examine how these participants manage their 401(k) plan accounts. This report is an update of EBRI and ICI's ongoing research into 401(k) plan participants' activity through year-end 2014.<sup>6</sup> The report is divided into four sections: the first describes the EBRI/ICI 401(k) database; the second presents a snapshot of participant account balances at year-end 2014; the third looks at participants' asset allocations, including analysis of 401(k) participants' use of target date, or lifecycle, funds; and the fourth focuses on participants' 401(k) loan activity.

## EBRI/ICI 401(k) Database

### Sources and Types of Data

Several recordkeeping organizations provided records on active participants in 401(k) plans at year-end 2014. These plan recordkeepers include mutual fund companies, banks, insurance companies, and consulting firms. Although the EBRI/ICI project has collected data from 1996 through 2014, the universe of data providers may vary from year to year. In addition, the plans with any given provider may change from year to year, thus changing the plans provided by the provider. Thus, aggregate figures in this report generally should not be used to estimate time trends. Records were encrypted before inclusion in the database to conceal the identity of employers and employees, but were coded so that both could be tracked by researchers over multiple years.<sup>7</sup> Data provided for each participant included date of birth, from which an age group is assigned; date of

hire, from which a tenure range is assigned; outstanding loan balance; funds in the participant's investment portfolios; and asset values attributed to those funds. An account balance for each participant is the sum of the participant's assets in all funds.<sup>8</sup> Plan balances are constructed as the sum of all participant balances in the plan. Plan size is estimated as the sum of active participants in the plan and, as such, does not necessarily represent the total number of employees at the sponsoring firm. Within the year-end 2014 EBRI/ICI database, it is possible to link individuals across plans across a majority of the recordkeepers. This improves the identification of active participants and resulted in the reclassification of 1.2 million participant accounts that were multiple accounts owned by single individuals. This procedure allows EBRI and ICI to begin to consolidate account balances for individuals across data providers to provide a more accurate estimate of average account balances per individual.<sup>9</sup>

### *About the EBRI/ICI Database*

The EBRI/ICI Participant-Directed Retirement Plan Data Collection Project is the largest, most representative repository of information about individual 401(k) plan participant accounts. As of December 31, 2014, the EBRI/ICI database included statistical information about:

- » 24.9 million 401(k) plan participants, in
- » 81,139 employer-sponsored 401(k) plans, holding
- » \$1.9 trillion in assets.

The 2014 EBRI/ICI database covers 45 percent of the universe of 401(k) plan participants, 15 percent of plans, and 42 percent of 401(k) plan assets. The EBRI/ICI project is unique because it includes data provided by a wide variety of plan recordkeepers and, therefore, represents the activity of participants in 401(k) plans of varying sizes—from very large corporations to small businesses—with a variety of investment options.

## Investment Options

Investment options are grouped into eight broad categories.<sup>10</sup> **Equity funds** consist of pooled investments primarily invested in stocks, including equity mutual funds, bank collective trusts, life insurance separate accounts, and other pooled investments. Similarly, **bond funds** are any pooled account primarily invested in bonds. **Balanced funds** are pooled accounts invested in both stocks and bonds. They are classified into two subcategories: target date funds and non-target date balanced funds. A target date fund pursues a long-term investment strategy, using a mix of asset classes, or asset allocation, that the fund provider adjusts to become less focused on growth and more focused on income over time.<sup>11</sup> Non-target date balanced funds include asset allocation or hybrid funds, in addition to lifestyle funds.<sup>12</sup> **Company stock** is equity in the plan's sponsor (the employer). **Money funds** consist of those funds designed to maintain a stable share price. Stable value products, such as **guaranteed investment contracts (GICs)**<sup>13</sup> and **other stable value funds**,<sup>14</sup> are reported as one category. The **other** category is the residual for other investments, such as real estate funds. The final category, **unknown**, consists of assets that could not be identified.<sup>15</sup>

## Distribution of Plans, Participants, and Assets by Plan Size

The 2014 EBRI/ICI 401(k) database contains information on 81,139 401(k) plans with \$1.9 trillion in assets and 24.9 million participants (Figure 1).<sup>16</sup> As in the 401(k) universe at large, most of the plans in the database are small: 55 percent of the plans have 25 or fewer participants, and 25 percent have 26 to 100 participants (Figure 2). In contrast, only 2 percent of the plans have more than 2,500 participants. However, participants and assets are concentrated in large plans. For example, 66 percent of participants are in plans with more than 2,500 participants, and these same plans account for 68 percent of all plan assets. Because most of the plans have a small number of participants, the asset size for many plans is modest. Twenty-three percent of the plans have assets of \$250,000 or less, and another 26 percent have plan assets between \$250,001 and \$1,250,000 (Figure 3).

### *About Changes in Account Balances*

When analyzing the change in participant account balances over time, it is important to have a consistent sample. Comparing average account balances across different year-end snapshots can lead to false conclusions. For example, the addition of a large number of new plans with smaller balances to the database would tend to pull down the average account balance. This could then be mistakenly described as an indication that balances are declining, but actually would tell us nothing about consistently participating workers. Similarly, the aggregate average account balance would tend to be pulled down if a large number of older participants retired. In addition, changes in the sample of recordkeepers and changes in the set of plans for which they keep records also can influence the change in aggregate average account balance. Thus, to ascertain what is happening to 401(k) participants' account balances, a set of consistent participants must be analyzed. Future research will examine linked data to analyze the consistent sample of participants in the EBRI/ICI data collection effort.

FIGURE 1

**401(k) Plan Characteristics by Number of Plan Participants, 2014**

Number of plan participants	Total plans	Total participants	Total assets	Average account balance
1 to 10	27,279	132,408	\$11,171,652,271	\$84,373
11 to 25	17,141	288,799	24,725,359,046	85,614
26 to 50	11,492	415,747	33,397,801,963	80,332
51 to 100	8,519	607,592	46,280,220,276	76,170
101 to 250	7,167	1,139,574	80,840,573,404	70,939
251 to 500	3,594	1,264,446	83,070,891,772	65,697
501 to 1,000	2,398	1,685,045	114,790,177,964	68,123
1,001 to 2,500	1,927	2,991,775	215,287,176,504	71,960
2,501 to 5,000	819	2,889,088	209,620,531,864	72,556
5,001 to 10,000	449	3,129,565	245,849,461,086	78,557
>10,000	354	10,356,566	834,699,478,889	80,596
All	81,139	24,900,605	1,899,733,325,039	76,293

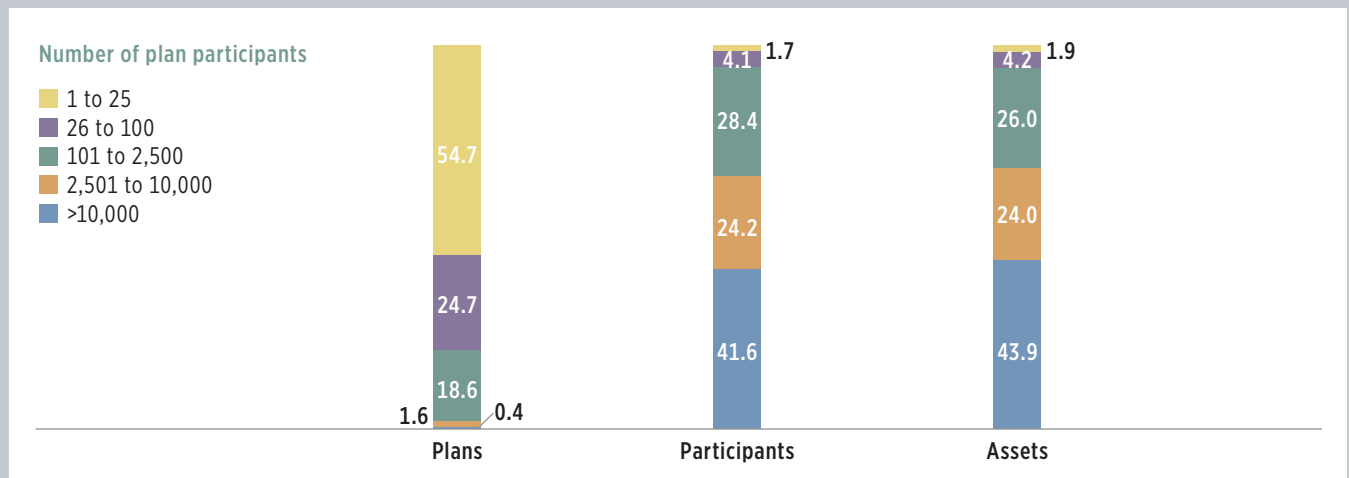
Note: The median account balance at year-end 2014 was \$18,127.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

FIGURE 2

**Distribution of 401(k) Plans, Participants, and Assets**

*Percentage of plans, participants, and assets by number of plan participants, 2014*



Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

FIGURE 3

**401(k) Plan Characteristics by Plan Assets, 2014**

Plan assets	Total plans	Total participants	Total assets*	Average account balance
\$0 to \$250,000	18,399	116,711	\$1,534,276,626	\$13,146
>\$250,000 to \$625,000	10,480	143,180	4,422,335,725	30,887
>\$625,000 to \$1,250,000	10,924	242,777	9,959,130,062	41,022
>\$1,250,000 to \$2,500,000	11,453	411,858	20,584,627,522	49,980
>\$2,500,000 to \$6,250,000	12,621	953,000	50,158,573,133	52,632
>\$6,250,000 to \$12,500,000	6,404	1,049,977	56,380,317,505	53,697
>\$12,500,000 to \$25,000,000	4,092	1,338,232	72,019,876,899	53,817
>\$25,000,000 to \$62,500,000	3,254	2,305,842	126,389,408,870	54,813
>\$62,500,000 to \$125,000,000	1,445	2,151,643	127,522,262,571	59,267
>\$125,000,000 to \$250,000,000	953	2,540,351	167,894,805,975	66,091
>\$250,000,000	1,114	13,647,034	1,262,867,710,150	92,538
All	81,139	24,900,605	1,899,733,325,039	76,293

\*Assets do not add to the total because of rounding.

Note: The median account balance at year-end 2014 was \$18,127.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

### Relationship of EBRI/ICI 401(k) Database Plans to the Universe of All 401(k) Plans

The 2014 EBRI/ICI 401(k) database is a representative sample of the estimated universe of 401(k) plans. At year-end 2014, all 401(k) plans held a total of \$4.6 trillion in assets, and the database represents about 42 percent of that total.<sup>17</sup> The database also covers 45 percent of the universe of active 401(k) plan participants and 15 percent of all 401(k) plans.<sup>18</sup> The distribution of assets, participants, and plans in the database for 2014 is similar to the universe of plans as reported by the U.S. Department of Labor (Figure 4).<sup>19</sup>

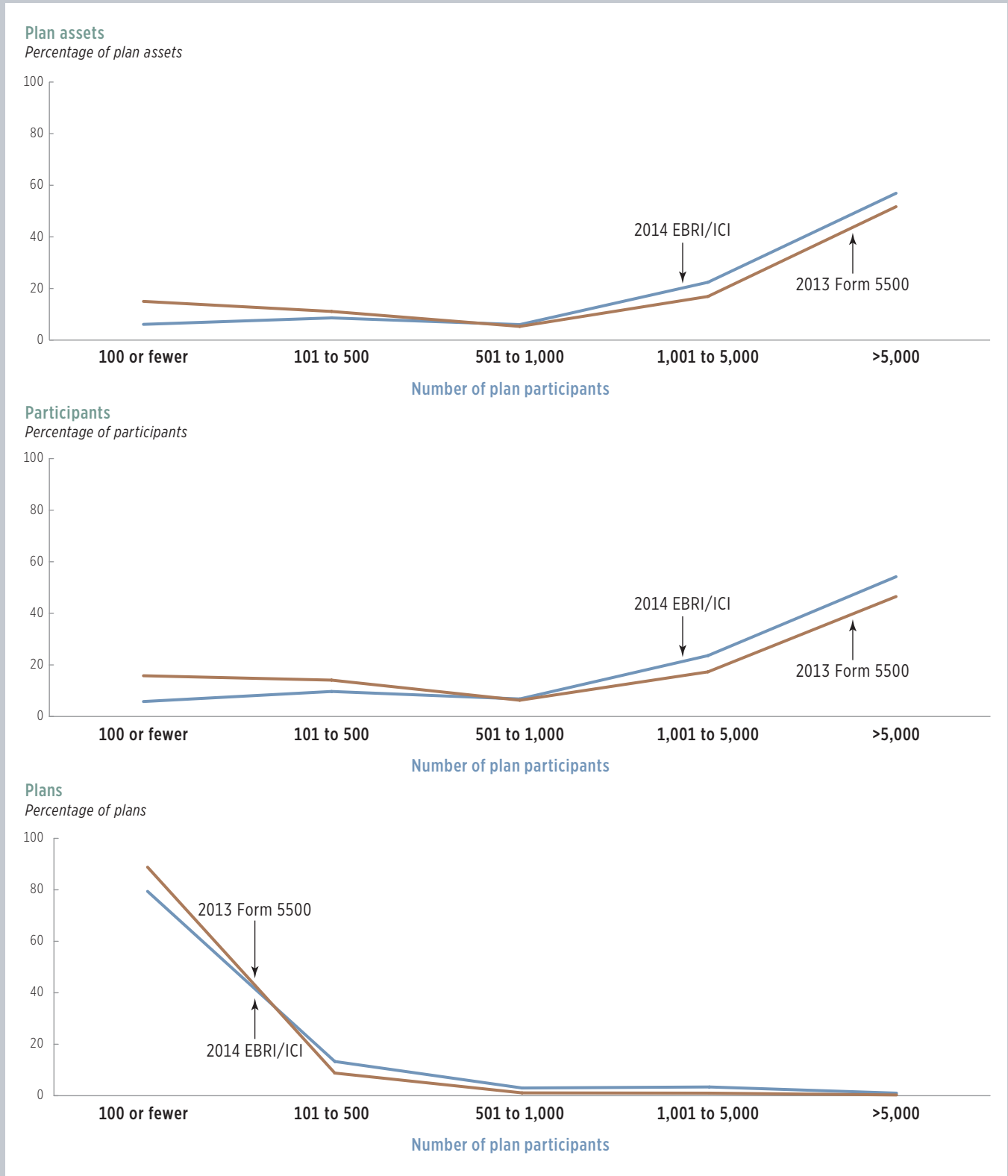
### Age and Tenure of 401(k) Plan Participants

The database includes 401(k) participants across a wide range of age and tenure groups. At year-end 2014, 50 percent of participants were in their thirties or forties, while 13 percent of participants were in their twenties, 26 percent were in their fifties, and 11 percent were in their sixties (Figure 5, upper panel). The median age of the participants in the 2014 database is 46 years, the same as in 2013. Because older participants tend to have larger account balances, assets in the database are more concentrated among the older 401(k) participant groups. At year-end 2014, 61 percent of 401(k) plan assets were held

FIGURE 4

**EBRI/ICI 401(k) Database Represents a Wide Cross Section of the 401(k) Universe**

401(k) plan characteristics by number of participants: EBRI/ICI 401(k) database in 2014 versus 2013 DOL Form 5500 for all 401(k) plans



Sources: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project and U.S. Department of Labor

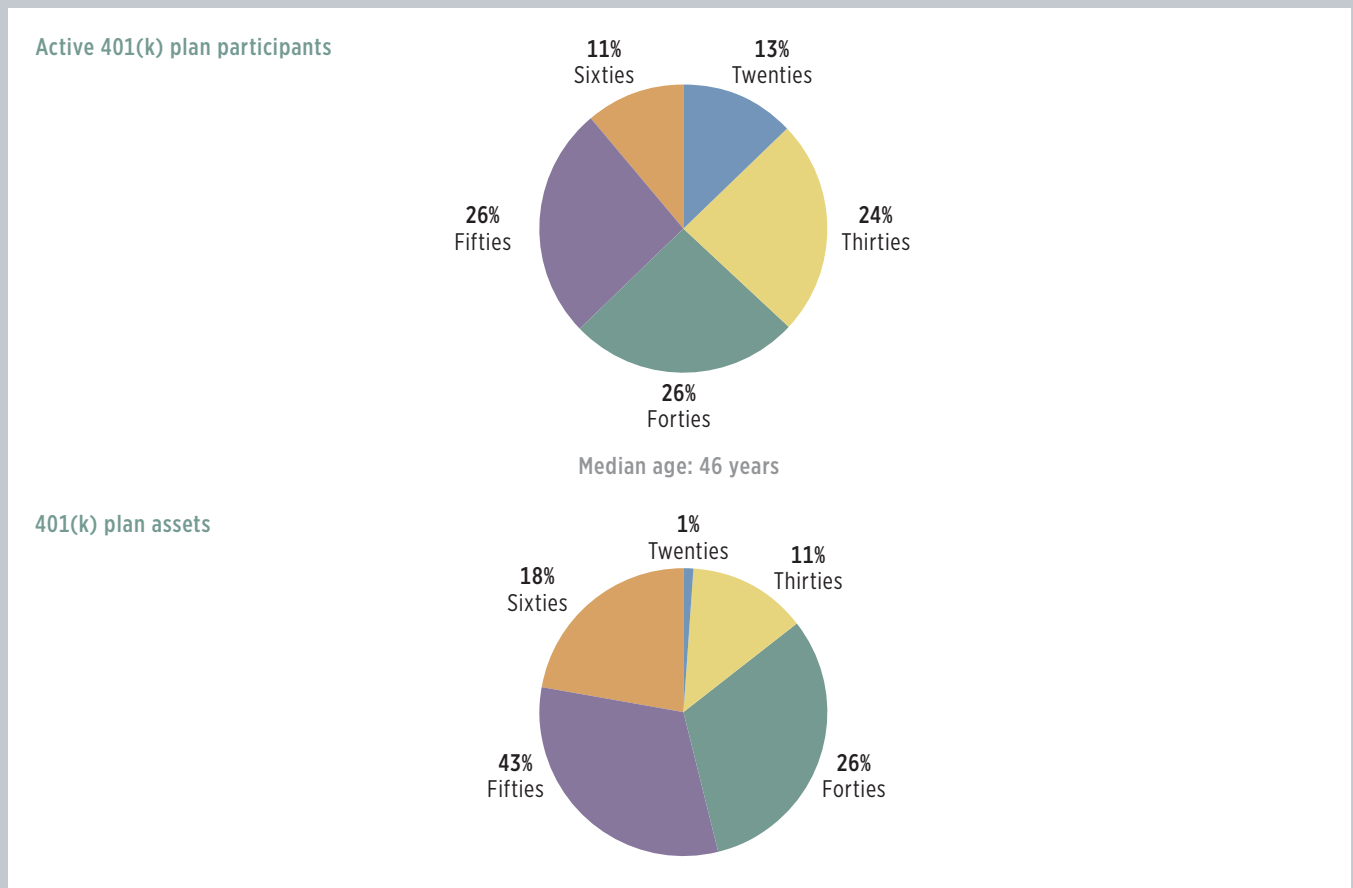
by participants in their fifties or sixties, while 12 percent of 401(k) plan assets were held by participants in their twenties or thirties (Figure 5, lower panel). Participants in 401(k) plans represent a wide range of job tenure experiences. In 2014, 36 percent of the participants in the

database had five or fewer years of tenure and 5 percent had more than 30 years of tenure (Figure 6). The median tenure at the current employer was eight years in 2014, the same as in 2013.

FIGURE 5

**401(k) Participants Represent a Range of Ages**

*Percentage of active 401(k) plan participants and 401(k) plan assets by participant age, 2014*



Note: Components may not add to 100 percent because of rounding.

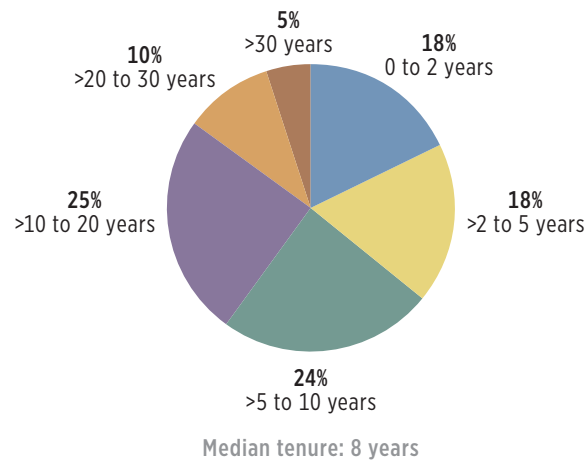
Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project



FIGURE 6

### 401(k) Participants Represent a Range of Job Tenures

Percentage of active 401(k) plan participants by years of tenure, 2014



Note: The tenure variable is generally years working at current employer, and thus may overstate years of participation in the 401(k) plan.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

## Year-End 2014 Snapshot of 401(k) Participants' Account Balances

### Factors That Affect 401(k) Participants' Account Balances

In any given year, the change in a participant's account balance in the database is the sum of three factors:

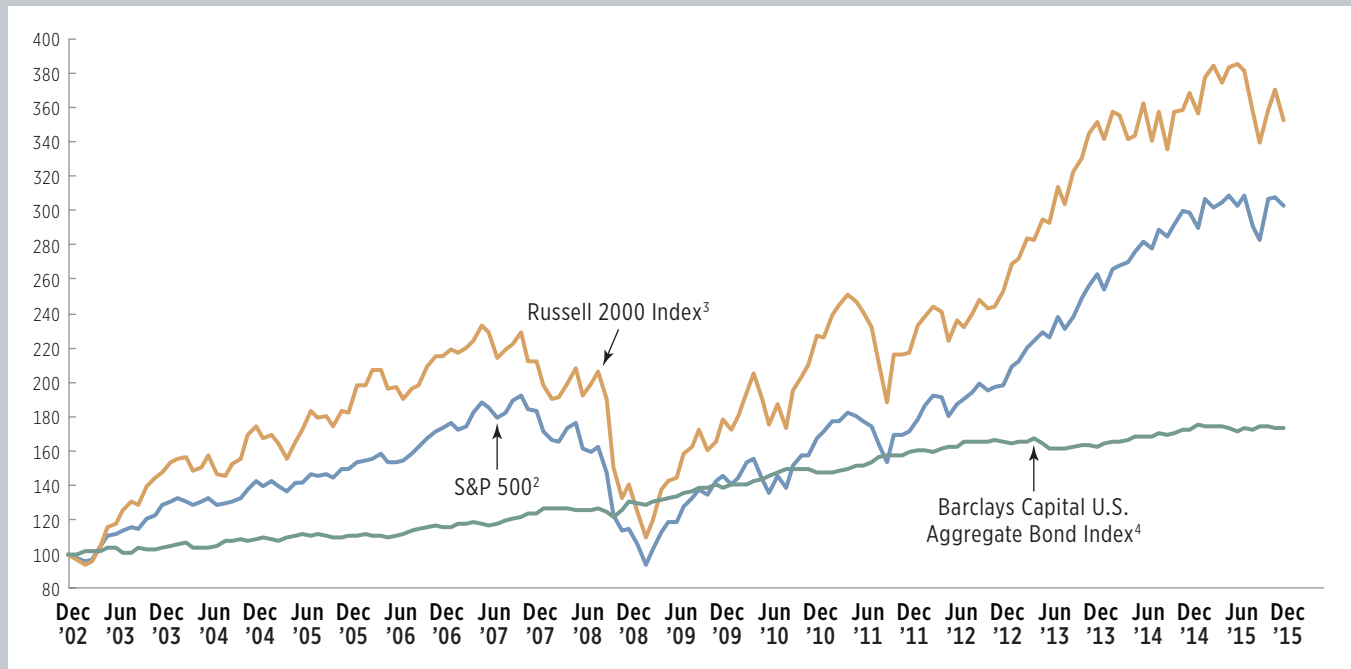
- » new contributions by the participant, the employer, or both;
- » total investment return on account balances, which depends on the performance of financial markets and on the allocation of assets in an individual's account; and
- » withdrawals, borrowing, and loan repayments.

The change in any individual participant's account balance in the database is influenced by the magnitude of these three factors relative to the starting account balance.<sup>20</sup> For example, a contribution of a given dollar amount produces a larger growth rate when added to a smaller account. On the other hand, investment returns of a given percentage produce larger dollar increases (or decreases) when compounded on a larger asset base. Asset allocation also influences investment returns and changes in assets. For example, stocks (as measured by the S&P 500 total return index) increased 13.7 percent during 2014, while bonds (as measured by the Barclays Capital U.S. Aggregate Bond Index) increased 6.0 percent (Figures 7 and 8).

FIGURE 7

### Domestic Stock and Bond Market Indexes

Month-end level,<sup>1</sup> December 2002 to December 2015



<sup>1</sup> All indexes are set to 100 in December 2002.

<sup>2</sup> The S&P 500 is an index of 500 stocks chosen for market size, liquidity, and industry group representation.

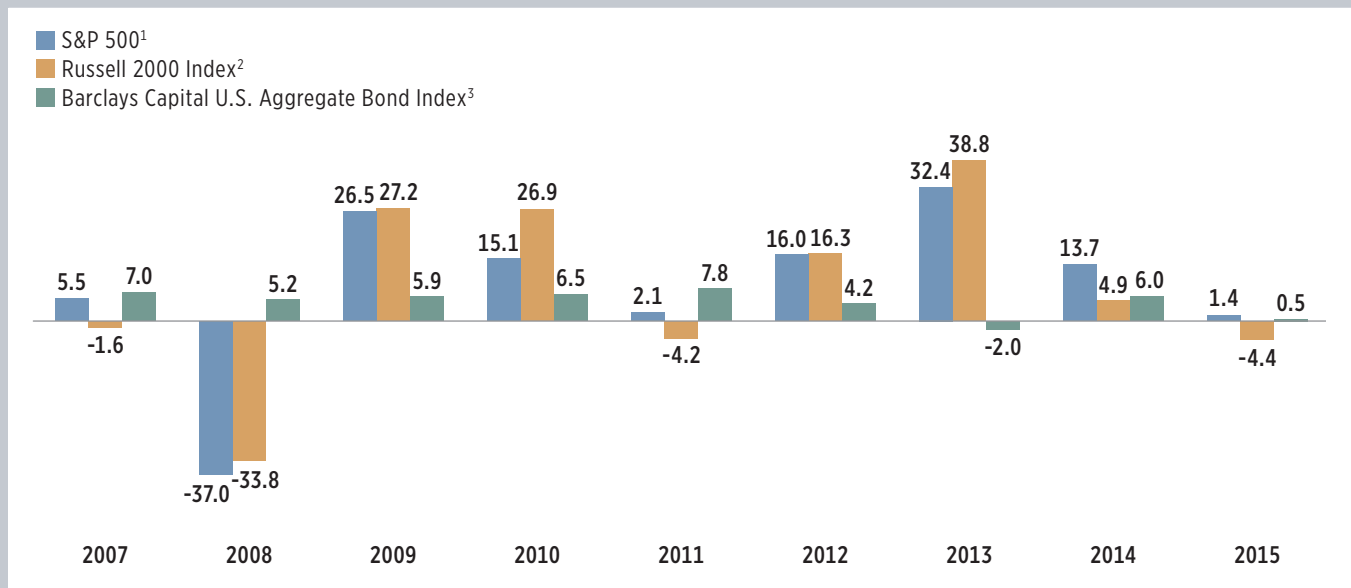
<sup>3</sup> The Russell 2000 Index measures the performance of the 2,000 smallest U.S. companies (based on total market capitalization) included in the Russell 3000 Index (which tracks the 3,000 largest U.S. companies).

<sup>4</sup> Formerly the Lehman Brothers U.S. Aggregate Bond Index, the Barclays Capital U.S. Aggregate Bond Index is composed of securities covering government and corporate bonds, mortgage-backed securities, and asset-backed securities (rebalanced monthly by market capitalization). The index's total return consists of price appreciation/depreciation plus income as a percentage of the original investment.

Sources: Bloomberg, Barclays Global Investors, Frank Russell Company, and Standard & Poor's

FIGURE 8

### Percent Change in Total Return Indexes



<sup>1</sup>The S&P 500 is an index of 500 stocks chosen for market size, liquidity, and industry group representation.

<sup>2</sup>The Russell 2000 Index measures the performance of the 2,000 smallest U.S. companies (based on total market capitalization) included in the Russell 3000 Index (which tracks the 3,000 largest U.S. companies).

<sup>3</sup>Formerly the Lehman Brothers U.S. Aggregate Bond Index, the Barclays Capital U.S. Aggregate Bond Index is composed of securities covering government and corporate bonds, mortgage-backed securities, and asset-backed securities (rebalanced monthly by market capitalization). The index's total return consists of price appreciation/depreciation plus income as a percentage of the original investment.

Sources: Bloomberg, Barclays Global Investors, Frank Russell Company, and Standard & Poor's

### Definition of 401(k) Plan Account Balance

As a cross section, or snapshot, of the entire population of 401(k) plan participants, the database includes 401(k) participants who are young and those who are new to their jobs, as well as older participants and those who have been with their current employers for many years. These annual updates of the database provide snapshots of 401(k) plan account balances, asset allocation, and loan activity across wide cross sections of participants. However, the cross-sectional analysis is not well suited to addressing the question of the impact of participation in 401(k) plans over time. Cross sections change in composition over time because the selection of data providers and sample

of plans using a given provider vary from year to year and because 401(k) participants join or leave plans.<sup>21</sup> In addition, the database contains only the account balances held in the 401(k) plans at participants' current employers. Retirement savings held in plans at previous employers or rolled over into individual retirement accounts (IRAs) are not included in the analysis.<sup>22</sup> Furthermore, account balances are net of unpaid loan balances. Because of all these factors, it is not correct to presume that the change in the average or median account balance for the database as a whole reflects the experience of "typical" 401(k) plan participants.

## Size of 401(k) Plan Account Balances

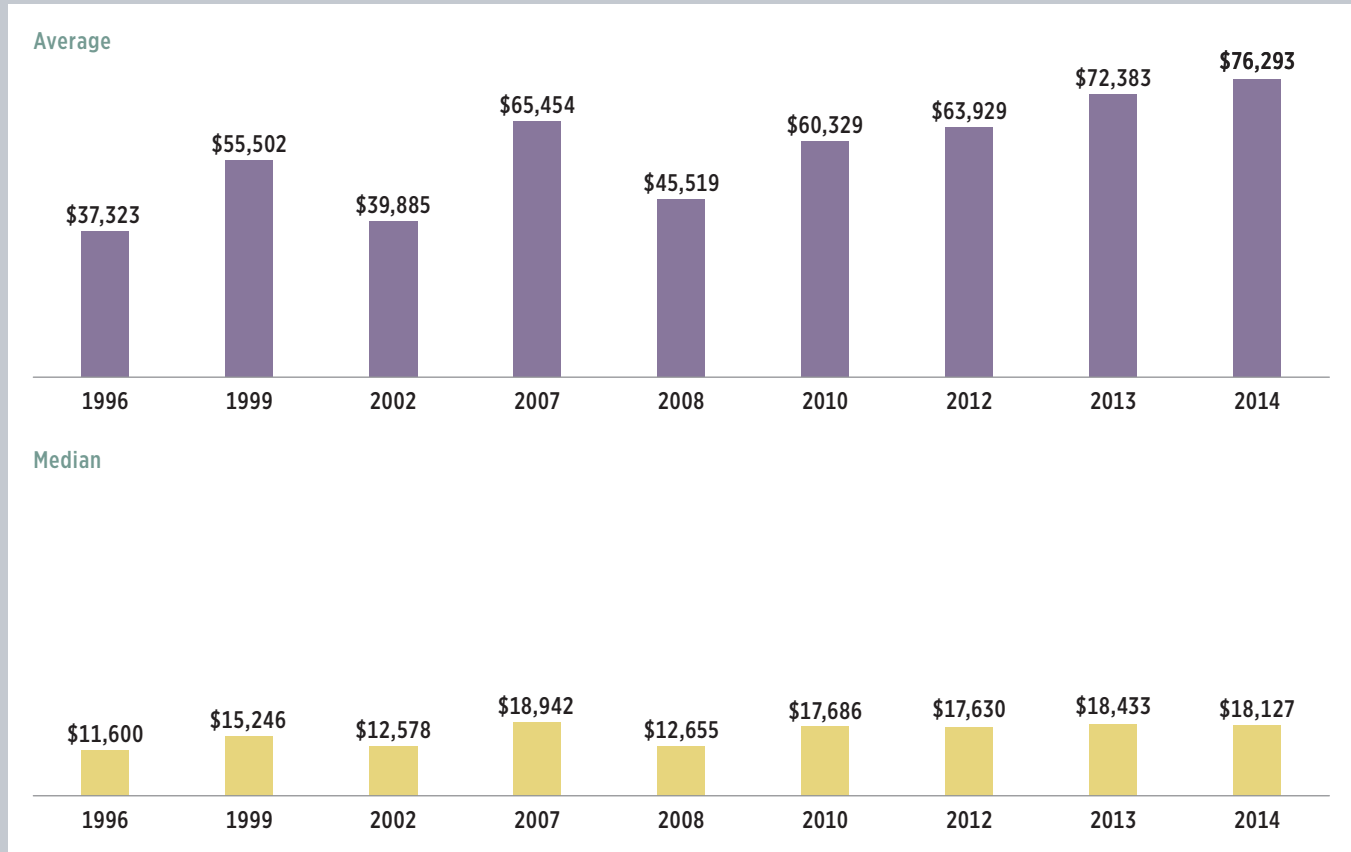
At year-end 2014, the average account balance was \$76,293 and the median account balance was \$18,127 (Figure 9), but balances varied widely. For example, about

three-quarters of the participants in the 2014 EBRI/ICI 401(k) database had account balances that were lower than \$76,293, the size of the average account balance. In fact, 39.9 percent of participants had account balances of

FIGURE 9

### Snapshot of Year-End 401(k) Plan Account Balances

401(k) plan participant account balances,<sup>1</sup> selected years<sup>2</sup>



<sup>1</sup> Account balances are participant account balances held in 401(k) plans at the participants' current employers and are net of plan loans. Retirement savings held in plans at previous employers or rolled over into IRAs are not included.

<sup>2</sup> The sample of participants changes over time.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

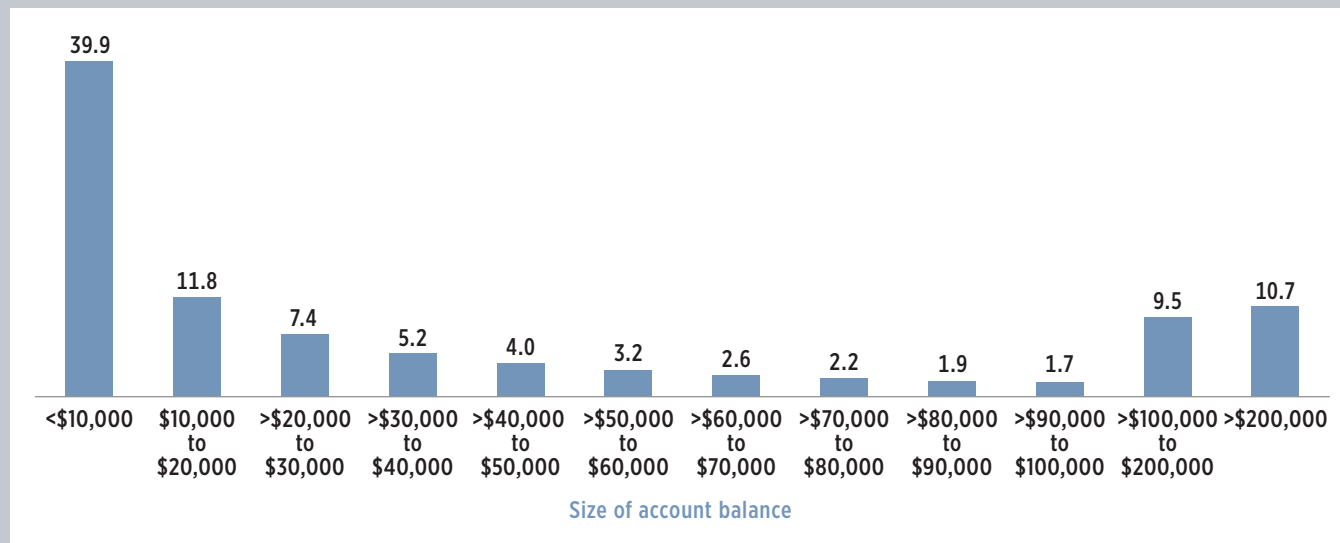
less than \$10,000, while 20.2 percent of participants had account balances greater than \$100,000 (Figure 10). The variation in account balances partly reflects the effects of participant age, tenure, salary, contribution behavior,

rollovers from other plans, asset allocation, withdrawals, loan activity, and employer contribution rates. This research report examines the relationship between account balances and participants' age, tenure, and salary.

FIGURE 10

### Distribution of 401(k) Plan Account Balances by Size of Account Balance

Percentage of participants with account balances in specified ranges, 2014



Note: At year-end 2014, the average account balance among all 24.9 million 401(k) participants was \$76,293; the median account balance was \$18,127. Account balances are participant account balances held in 401(k) plans at the participants' current employers and are net of plan loans. Retirement savings held in plans at previous employers or rolled over into IRAs are not included. Components do not add to 100 percent because of rounding.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

## Relationship of Age and Tenure to Account Balances

Age and account balance are positively correlated among participants covered by the 2014 database.<sup>23</sup> Examination of the age composition of account balances finds that 53 percent of participants with account balances of less than \$10,000 were in their twenties or thirties (Figure 11). Similarly, 60 percent of participants with account balances greater than \$100,000 were in their fifties or sixties. The positive correlation between age and account balance is expected because younger workers are likely to have lower incomes and to have had less time to accumulate a balance

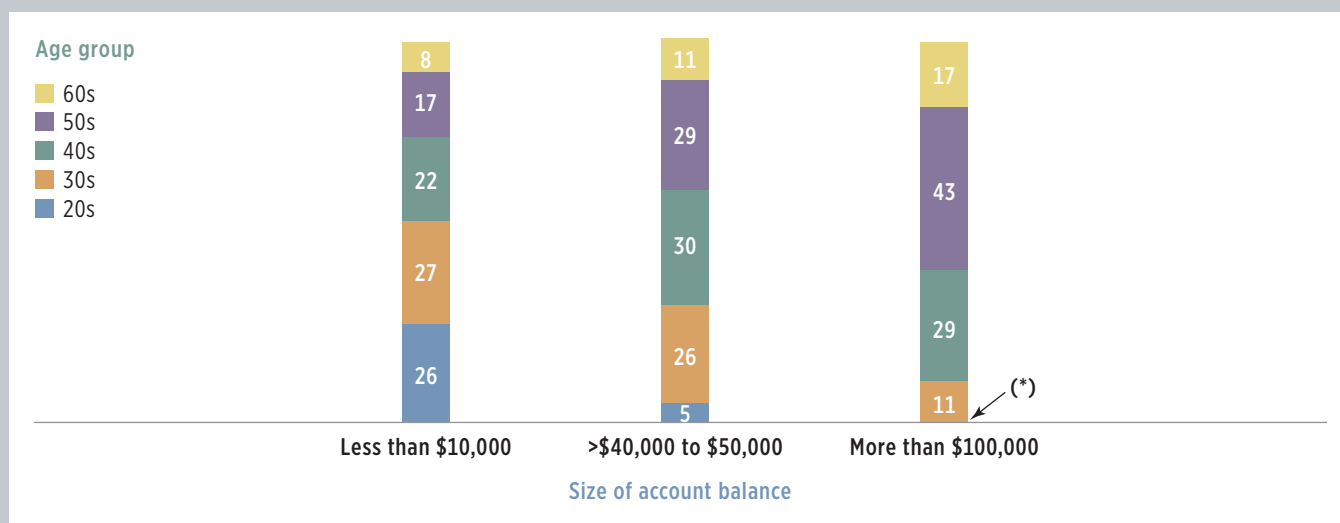
with their current employer. In addition, they are less likely to have rollovers from a previous employer’s plan in their current plan accounts.

Account balance and tenure are also positively correlated among participants in the 2014 database. A participant’s tenure with an employer serves as a proxy for the length of time a worker has participated in the 401(k) plan.<sup>24</sup> Indeed, 61 percent of participants with account balances of less than \$10,000 had five or fewer years of tenure, while 73 percent of participants with account balances greater than \$100,000 had more than 10 years of tenure

FIGURE 11

### Age Composition of Selected 401(k) Plan Account Balance Categories

Percentage of participants with account balances in specified ranges, 2014



(\*) = less than 0.5 percent

Note: Account balances are participant account balances held in 401(k) plans at the participants’ current employers and are net of plan loans. Retirement savings held in plans at previous employers or rolled over into IRAs are not included. Components may not add to 100 percent because of rounding.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

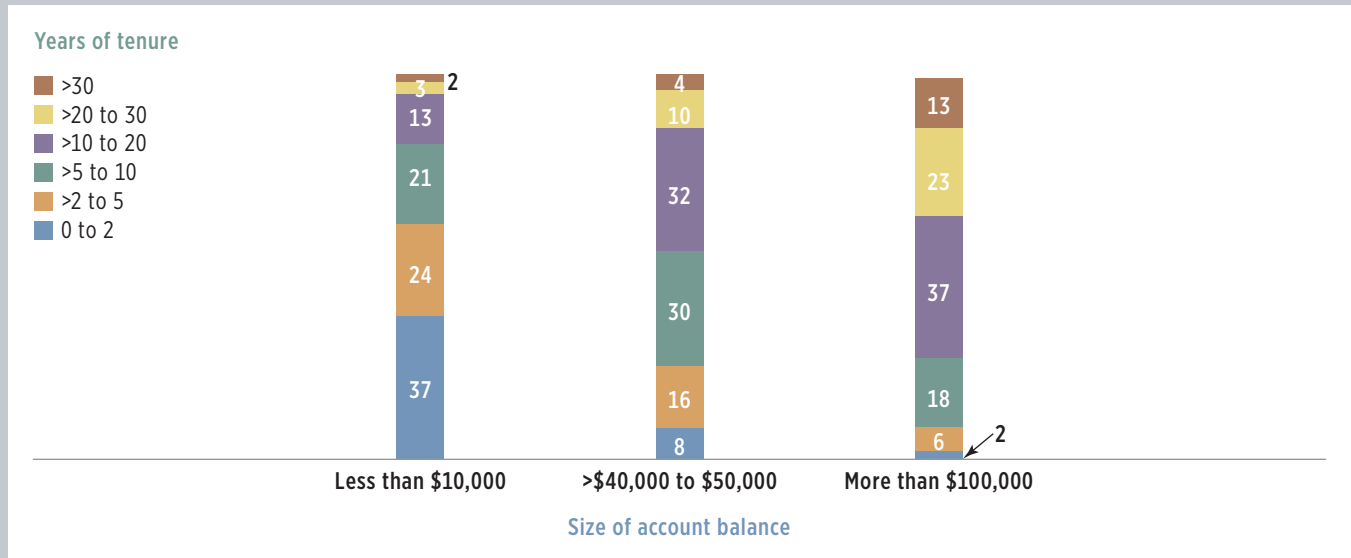
(Figure 12).<sup>25</sup> Examining the interaction of both age and tenure with account balances reveals that, for a given age group, average account balances tend to increase with tenure. For example, the average account balance of participants in their sixties with up to two years of tenure was \$34,673, compared with \$274,043 for participants in

their sixties with more than 30 years of tenure (Figure 13).<sup>26</sup> Similarly, the average account balance of participants in their forties with up to two years of tenure was \$19,697, compared with \$159,118 for participants in their forties with more than 20 years of tenure. The distribution of account balances underscores the effects of age and tenure

FIGURE 12

### Tenure Composition of Selected 401(k) Plan Account Balance Categories

Percentage of participants with account balances in specified ranges, 2014



Note: Account balances are participant account balances held in 401(k) plans at the participants' current employers and are net of plan loans. Retirement savings held in plans at previous employers or rolled over into IRAs are not included. Components may not add to 100 percent because of rounding. The tenure variable is generally years working at current employer, and thus may overstate years of participation in the 401(k) plan. Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

FIGURE 13

### 401(k) Plan Account Balances Increase with Participant Age and Tenure

Average 401(k) plan account balance by participant age and tenure, 2014

Age group	Years of tenure					
	0 to 2	>2 to 5	>5 to 10	>10 to 20	>20 to 30	>30
20s	\$4,940	\$11,597	\$18,789			
30s	12,438	24,269	44,727	\$67,416		
40s	19,697	37,199	66,173	114,997	\$159,118	
50s	27,091	47,040	73,857	131,749	222,887	\$272,399
60s	34,673	49,775	68,792	113,062	189,341	274,043

Note: The average account balance among all 24.9 million 401(k) plan participants was \$76,293; the median account balance was \$18,127. Account balances are participant account balances held in 401(k) plans at the participants' current employers and are net of plan loans. Retirement savings held in plans at previous employers or rolled over into IRAs are not included. The tenure variable is generally years working at current employer, and thus may overstate years of participation in the 401(k) plan. Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

on account balances. In a given age group, shorter tenure tends to mean that a higher percentage of participants will have account balances of less than \$10,000. For example, 87 percent of participants in their twenties with two or fewer years of tenure had account balances of less than \$10,000 in 2014, compared with 53 percent of participants in their twenties with between five and 10 years of tenure (Figure 14). Older workers display a similar pattern. For example, 61 percent of participants in their sixties with two or fewer years of tenure had account balances of less than \$10,000. In contrast, less than one-fifth of those in their sixties with more than 20 years of tenure had account balances of less than \$10,000.<sup>27</sup>

In a given age group, longer tenure tends to mean that a higher percentage of participants will have account balances greater than \$100,000. For example, 20 percent of participants in their sixties with five to 10 years of tenure had account balances in excess of \$100,000 in 2014 (Figure 15). However, 46 percent of participants in their sixties with between 20 and 30 years of tenure with their current employer had account balances greater

than \$100,000. The percentage increases to 55 percent for participants in their sixties with more than 30 years of tenure.

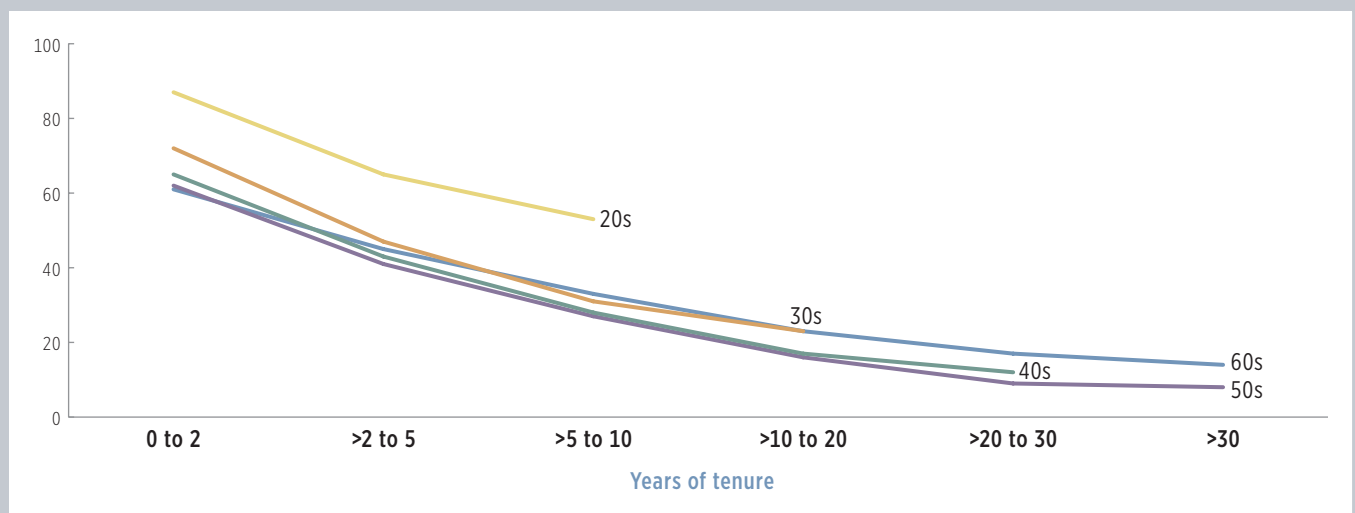
### Relationship Between Account Balances and Salary

Participants' account balances vary not only with age and tenure, but also with salary. Figure 16 reports the account balances of longer-tenured participants at their current employers' 401(k) plans. Retirement savings held at previous employers or amounts rolled over to IRAs are not included in the analysis. To capture as long a savings history as possible, only longer-tenured participants are included in this analysis. However, it is important to note that the tenure variable indicates the time that individuals have been with their current employers and may not reflect the length of time they have participated in a 401(k) plan. One reason that job tenure may not reflect length of participation in the 401(k) plan, particularly among older participants, is that the proposed regulations for 401(k) plans were not introduced until 1981.<sup>28</sup>

FIGURE 14

### 401(k) Plan Account Balances Less Than \$10,000 by Participant Age and Tenure

Percentage of participants with account balances less than \$10,000 at year-end 2014



Note: Account balances are participant account balances held in 401(k) plans at the participants' current employers and are net of plan loans. Retirement savings held in plans at previous employers or rolled over into IRAs are not included. The tenure variable is generally years working at current employer, and thus may overstate years of participation in the 401(k) plan.

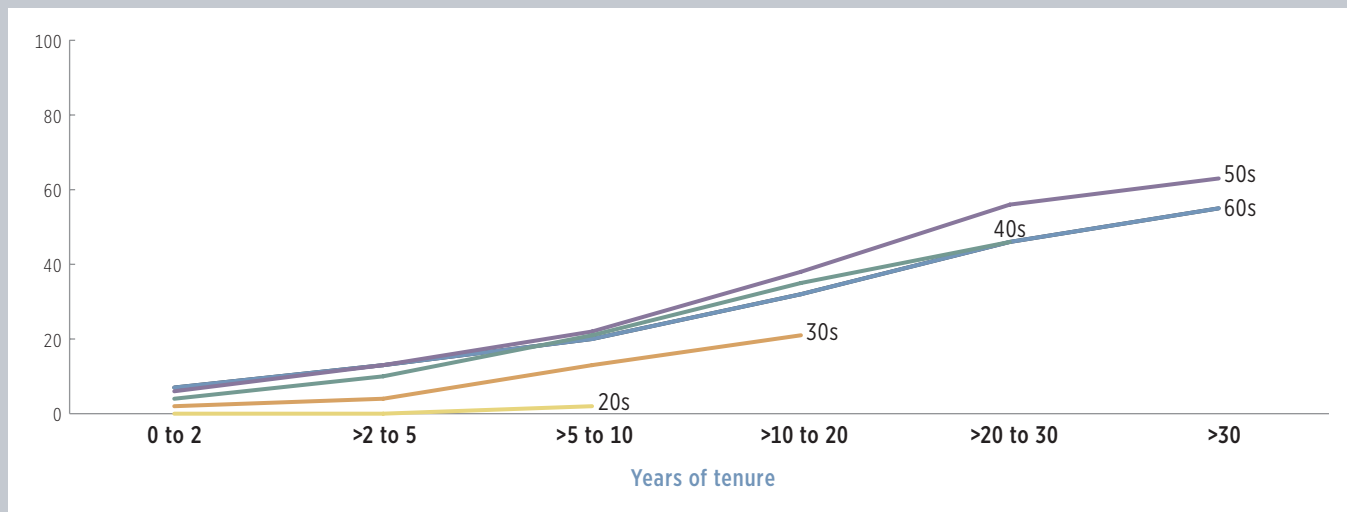
Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project



FIGURE 15

**401(k) Plan Account Balances Greater Than \$100,000 by Participant Age and Tenure**

Percentage of participants with account balances greater than \$100,000 at year-end 2014



Note: Account balances are participant account balances held in 401(k) plans at the participants' current employers and are net of plan loans. Retirement savings held in plans at previous employers or rolled over into IRAs are not included. The tenure variable is generally years working at current employer, and thus may overstate years of participation in the 401(k) plan.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

FIGURE 16

**Median 401(k) Plan Account Balance<sup>1</sup> Among Longer-Tenured<sup>2</sup> Participants by Age and Salary, 2014**

Salary range	Participant age group				
	20s	30s	40s	50s	60s
\$20,000 to \$40,000	\$7,474	\$20,772	\$53,700	\$77,659	\$61,012
>\$40,000 to \$60,000	16,502	35,602	79,786	113,504	96,393
>\$60,000 to \$80,000	33,469	60,504	123,554	174,016	151,791
>\$80,000 to \$100,000	53,871	97,019	186,584	258,153	223,638
>\$100,000	44,513	154,587	325,054	434,733	382,531

<sup>1</sup> Account balances are participant account balances held in 401(k) plans at the participants' current employers and are net of plan loans. Retirement savings held in plans at previous employers or rolled over into IRAs are not included.

<sup>2</sup> Longer-tenured participants are used in this analysis to capture the longest possible work and savings history (see note 1). The tenure variable tends to be years with the current employer rather than years of participation in the 401(k) plan. One reason that job tenure may not reflect length of participation in the 401(k) plan, particularly among older participants, is that the proposed regulations for 401(k) plans were not introduced until 1981.

Source: Tabulations from the EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

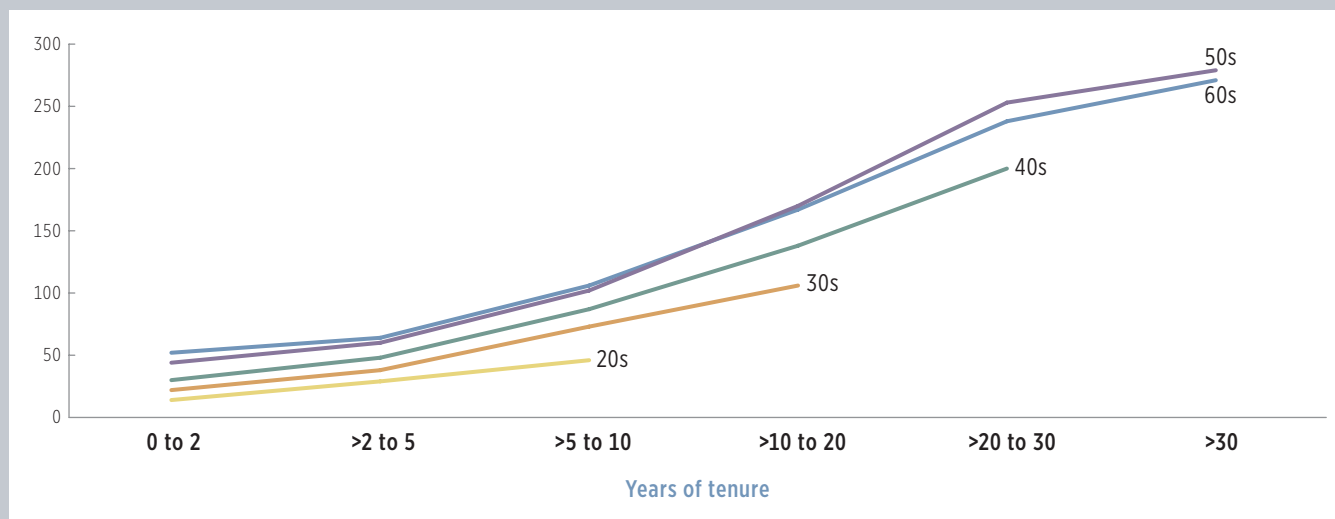
Older, longer-tenured, and higher-income participants tend to have larger account balances, which are important for meeting their income-replacement needs in retirement.<sup>29</sup> For longer-tenured participants in their twenties with salaries between \$20,000 and \$40,000, the median account balance was \$7,474 in 2014 (Figure 16). Longer-tenured participants in their twenties earning more than \$80,000 to \$100,000 had a median account balance of \$53,871, while those earning more than \$100,000 had a median account balance of \$44,513. Among longer-tenured participants in their sixties with \$20,000 to \$40,000 in salary in 2014, the median account balance was \$61,012. For longer-tenured participants in their sixties earning more than \$100,000, the median account balance was \$382,531.

The ratio of participant account balance to salary tends to be positively correlated with age and tenure.<sup>30</sup> Participants in their fifties and sixties—having had more time to accumulate assets—tended to have higher ratios, while those in their twenties had the lowest ratios (Figure 17). In addition, for any given age and tenure combination, the ratio of account balance to salary varies somewhat with salary. For example, among participants in their twenties, the ratio tends to increase slightly with salary for low-to-moderate salary groups (Figure 18). However, at high salary levels the ratio tends to decline somewhat. A similar pattern occurs among participants in their sixties (Figure 19).<sup>31</sup>

FIGURE 17

**Ratio of 401(k) Plan Account Balance to Salary by Participant Age and Tenure**

Percent, 2014



Note: Account balances are participant account balances held in 401(k) plans at the participants' current employers and are net of plan loans. Retirement savings held in plans at previous employers or rolled over into IRAs are not included. The tenure variable is generally years working at current employer, and thus may overstate years of participation in the 401(k) plan.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

FIGURE 18

**Ratio of 401(k) Plan Account Balance to Salary for Participants in Their Twenties by Tenure**

Percent, 2014



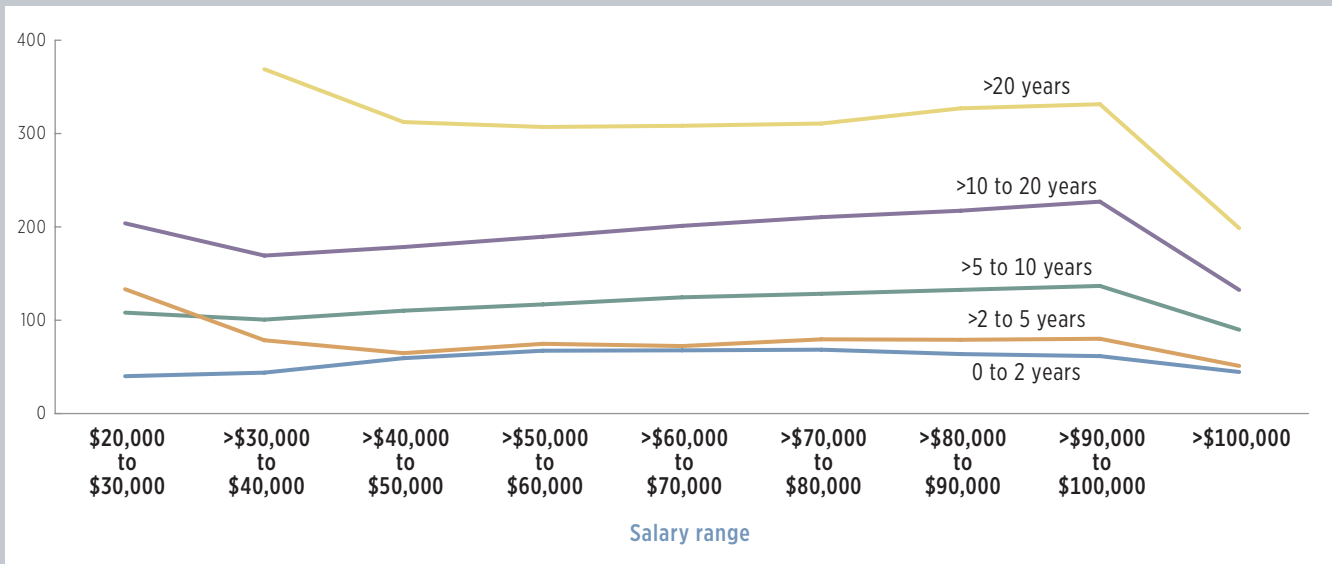
Note: Account balances are participant account balances held in 401(k) plans at the participants' current employers and are net of plan loans. Retirement savings held in plans at previous employers or rolled over into IRAs are not included. The tenure variable is generally years working at current employer, and thus may overstate years of participation in the 401(k) plan.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

FIGURE 19

**Ratio of 401(k) Plan Account Balance to Salary for Participants in Their Sixties by Tenure**

Percent, 2014



Note: Account balances are participant account balances held in 401(k) plans at the participants' current employers and are net of plan loans. Retirement savings held in plans at previous employers or rolled over into IRAs are not included. The tenure variable is generally years working at current employer, and thus may overstate years of participation in the 401(k) plan.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

## Year-End 2014 Snapshot of 401(k) Participants' Asset Allocation

At year-end 2014, 43 percent of 401(k) plan participants' account balances were invested in equity funds, on average, compared with 44 percent at year-end 2013, 37 percent at year-end 2008, and 48 percent at year-end 2007 (Figure 20). Altogether, equity securities—equity funds, the equity portion of balanced funds,<sup>32</sup> and company stock—represented 66 percent of 401(k) plan participants' assets at year-end 2014 (Figure 21).

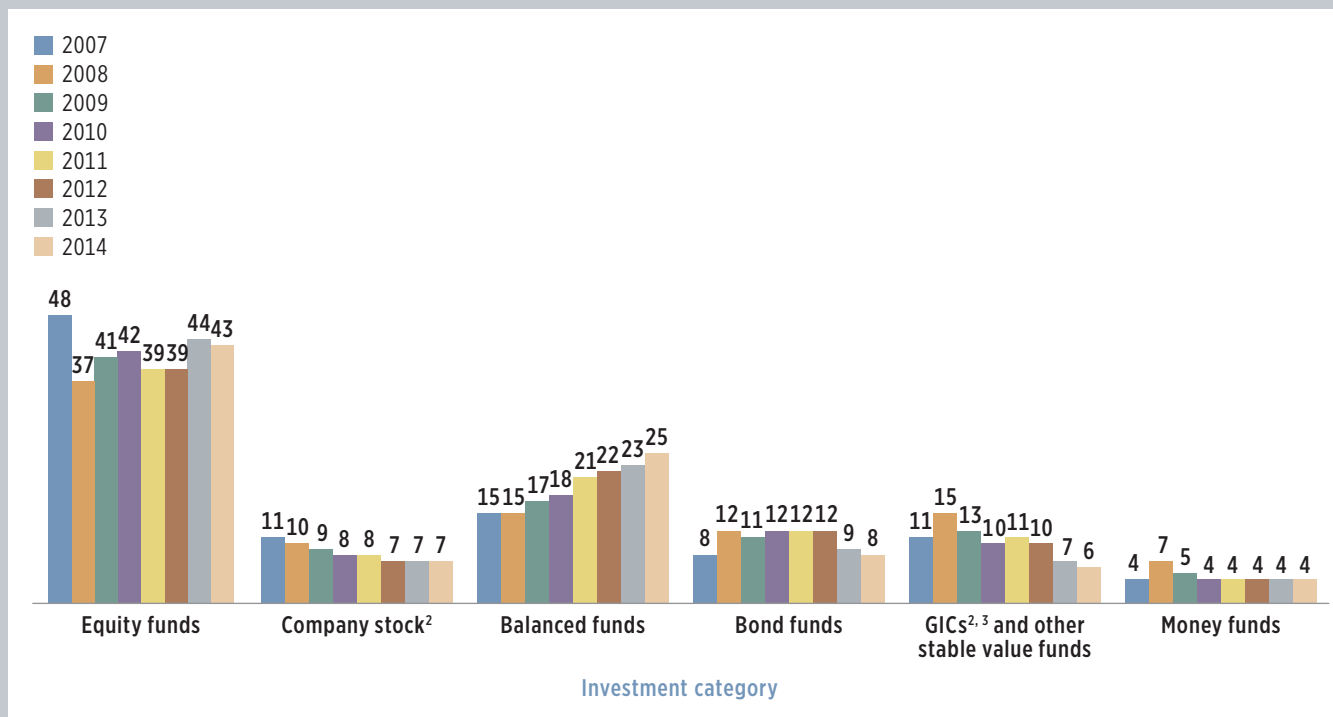
## Changes in Asset Allocation Between Year-End 2013 and Year-End 2014

Investment performance likely explains a good deal of the fluctuation in 401(k) participants' asset allocations over time. Much of the movement in the largest component, equity funds, tends to reflect overall equity market prices, which generally rose from 2003 through 2007, dropped in 2008, rose from 2009 through 2010, moderated in 2011, and rose from 2012 through 2014 (Figures 7, 8, and 20). At year-end 2014, equity funds were 43 percent of the assets in the EBRI/ICI 401(k) database, about the same as in 2013. Balanced funds, which invest in both equities and fixed-income securities, increased in share, accounting for 25 percent of the assets in the database at year-end 2014. Despite minor shifts in asset allocation, most 401(k) participants appeared not to have made dramatic shifts in their asset allocations in 2014.<sup>33</sup>

FIGURE 20

### 401(k) Plan Assets Are Concentrated in Equities

401(k) plan average asset allocation, percentage of total assets,<sup>1</sup> 2007–2014



<sup>1</sup> Minor investment options are not shown; therefore, components do not add to 100 percent. Percentages are dollar-weighted averages.

<sup>2</sup> Not all participants are offered this investment option (see Figure 22).

<sup>3</sup> GICs are guaranteed investment contracts.

Note: Funds include mutual funds, bank collective trusts, life insurance separate accounts, and any pooled investment product primarily invested in the security indicated.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

## Asset Allocation and Participant Age

As in previous years, the database for year-end 2014 shows that participants' asset allocation varied considerably with age.<sup>34</sup> Younger participants tended to favor equity funds and balanced funds, while older participants were more likely to invest in fixed-income securities such as bond funds, GICs and other stable value funds, or money funds (Figure 21). For example, among participants in their twenties, the average allocation to equity and balanced funds was about 80 percent of assets, compared with about 60 percent of assets among participants in their sixties. Younger participants had consistently higher allocations to target date funds. A target date, or lifecycle, fund pursues

a long-term investment strategy, using a mix of asset classes that follow a predetermined reallocation, typically rebalancing to shift its focus from growth to income as the fund approaches and passes its target date.<sup>35</sup> At year-end 2014, 18 percent of 401(k) assets in the database were invested in target date funds, up from 17 percent at year-end 2013 (the year-end 2013 number has been revised upward).<sup>36</sup> Among participants in their twenties, more than 40 percent of their 401(k) assets were invested in target date funds at year-end 2014; among participants in their sixties, about 16 percent of their 401(k) assets were invested in target date funds.

FIGURE 21

### Average Asset Allocation of 401(k) Plan Accounts by Participant Age

Percentage of account balances,<sup>1</sup> 2014

Age group	Equity funds	Target date funds <sup>2, 3</sup>	Non-target date balanced funds	Bond funds	Money funds	GICs <sup>3, 4</sup> and other stable value funds	Company stock <sup>3</sup>	Other	Unknown	Memo: equities <sup>5</sup>
20s	32.1	42.4	6.0	4.4	1.5	1.9	5.1	4.8	1.8	78.1
30s	43.0	27.1	7.0	6.1	2.2	2.8	5.9	4.2	1.6	76.7
40s	47.7	18.5	6.9	7.2	2.9	3.9	6.9	4.6	1.5	73.3
50s	43.7	15.9	6.6	8.9	3.9	7.0	7.6	5.1	1.3	65.2
60s	37.8	15.6	7.2	10.4	5.7	10.1	6.9	5.0	1.3	56.0
All	43.2	18.0	6.9	8.4	3.8	6.3	7.0	5.0	1.4	66.2

<sup>1</sup> Row percentages may not add to 100 percent because of rounding. Percentages are dollar-weighted averages.

<sup>2</sup> A target date fund typically rebalances its portfolio to become less focused on growth and more focused on income as it approaches and passes the target date of the fund, which is usually included in the fund's name.

<sup>3</sup> Not all participants are offered this investment option (see Figure 22).

<sup>4</sup> GICs are guaranteed investment contracts.

<sup>5</sup> Equities include equity funds, company stock, and the equity portion of balanced funds.

Note: Funds include mutual funds, bank collective trusts, life insurance separate accounts, and any pooled investment product primarily invested in the security indicated. For revisions to these data for 2007–2013, see Figure A1 in the appendix.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

## Asset Allocation and Investment Options

The investment options that a plan offers can significantly affect how participants allocate their 401(k) assets.

Figure 22 presents the distribution of plans, participants, and assets by four combinations of investment offerings.

The first category is the base group, which consists of plans that offer neither company stock nor GICs or other stable value funds. About 40 percent of participants in the 2014 EBRI/ICI 401(k) database were in these plans, which generally offer equity funds, bond funds, money funds, and

FIGURE 22

### Distribution of 401(k) Plans, Participants, and Assets by Investment Options, 2014

Investment options offered by plan	Plans	Participants	Assets <sup>1</sup>
<b>Equity, bond, money, and/or balanced funds</b>	<b>52,294</b>	<b>10,076,530</b>	<b>\$631,526,270,693</b>
Of which: target date funds <sup>2</sup> are an option	37,359	7,583,948	473,272,315,191
<b>Equity, bond, money, and/or balanced funds; and GICs<sup>3</sup> and/or other stable value funds</b>	<b>26,635</b>	<b>6,679,651</b>	<b>480,377,217,830</b>
Of which: target date funds <sup>2</sup> are an option	19,167	4,814,107	347,263,807,190
<b>Equity, bond, money, and/or balanced funds; and company stock</b>	<b>847</b>	<b>4,177,966</b>	<b>344,874,377,909</b>
Of which: target date funds <sup>2</sup> are an option	571	3,366,805	268,170,480,143
<b>Equity, bond, money, and/or balanced funds; company stock; and GICs<sup>3</sup> and/or other stable value funds</b>	<b>1,363</b>	<b>3,966,458</b>	<b>442,955,458,608</b>
Of which: target date funds <sup>2</sup> are an option	906	2,416,914	261,659,178,138
<b>All</b>	<b>81,139</b>	<b>24,900,605</b>	<b>1,899,733,325,039</b>
Of which: target date funds <sup>2</sup> are an option	58,003	18,181,774	1,350,365,780,661
Investment options offered by plan	Percentage of plans <sup>1</sup>	Percentage of participants	Percentage of assets
<b>Equity, bond, money, and/or balanced funds</b>	<b>64.4%</b>	<b>40.5%</b>	<b>33.2%</b>
Of which: target date funds <sup>2</sup> are an option	46.0	30.5	24.9
<b>Equity, bond, money, and/or balanced funds; and GICs<sup>3</sup> and/or other stable value funds</b>	<b>32.8</b>	<b>26.8</b>	<b>25.3</b>
Of which: target date funds <sup>2</sup> are an option	23.6	19.3	18.3
<b>Equity, bond, money, and/or balanced funds; and company stock</b>	<b>1.0</b>	<b>16.8</b>	<b>18.2</b>
Of which: target date funds <sup>2</sup> are an option	0.7	13.5	14.1
<b>Equity, bond, money, and/or balanced funds; company stock; and GICs<sup>3</sup> and/or other stable value funds</b>	<b>1.7</b>	<b>15.9</b>	<b>23.3</b>
Of which: target date funds <sup>2</sup> are an option	1.1	9.7	13.8
<b>All</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Of which: target date funds <sup>2</sup> are an option	71.5	73.0	71.1

<sup>1</sup> Components do not add to the totals because of rounding.

<sup>2</sup> A target date fund typically rebalances its portfolio to become less focused on growth and more focused on income as it approaches and passes the target date of the fund, which is usually included in the fund's name.

<sup>3</sup> GICs are guaranteed investment contracts.

Note: Funds include mutual funds, bank collective trusts, life insurance separate accounts, and any pooled investment product primarily invested in the security indicated. For revisions to these data for 2007–2013, see Figure A2 in the appendix.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

balanced funds as investment options. Another 27 percent of participants were in plans that offer GICs and other stable value funds as an investment option, in addition to the base options. Alternatively, 17 percent of participants were in plans that offer company stock but no stable value products, while the remaining 16 percent of participants were in plans that offered both company stock and stable value products in addition to the base options. Target date funds were available in more than 70 percent of the 401(k) plans in the year-end 2014 database (Figure 22).<sup>37</sup> These plans offered target date funds to 73 percent of the participants in the database.<sup>38</sup> Among participants who were offered target date funds, 65 percent held them at year-end 2014. Target date fund assets represented 25 percent of the assets of plans offering such funds in their investment lineups.

### Asset Allocation by Investment Options and Age, Salary, and Plan Size

Asset allocation also varies with participant age; Figure 23 demonstrates this with an analysis of asset allocation by investment options and also by participant age. Because asset allocation is influenced by the investment options available to participants, Figure 24 presents asset allocation by salary range and by investment options. Salary information is available for a subset of participants in the 2014 EBRI/ICI 401(k) database. Participant asset allocation also varies with plan size (Figure 25, top panel), but much of the variation can be explained by differences in the investment options offered by plan sponsors. For example, the percentage of plan assets invested in company stock rises with plan size, in part, because few small plans offered company stock as an investment option. For example, 2 percent of participants in small plans (100 participants or fewer) were offered company stock as an investment option, while 51 percent of participants in plans with more than 5,000 participants were offered company stock as an investment option in 2014. Thus, to analyze the potential effect of plan size, the remaining panels of Figure 25 group plans by investment options and plan size.

FIGURE 23

**Average Asset Allocation of 401(k) Plan Accounts by Participant Age and Investment Options**Percentage of account balances,<sup>1</sup> 2014

	Equity funds	Target date funds <sup>2</sup>	Non-target date balanced funds	Bond funds	Money funds	GICs <sup>3</sup> and other stable value funds	Company stock
<b>All ages combined</b>							
<b>Investment options</b>							
Equity, bond, money, and/or balanced funds	47.4	21.8	7.8	11.4	5.3		
Equity, bond, money, and/or balanced funds; and GICs <sup>3</sup> and/or other stable value funds	45.2	18.4	8.1	7.8	1.7	13.3	
Equity, bond, money, and/or balanced funds; and company stock	37.2	19.2	4.3	7.3	5.9		19.5
Equity, bond, money, and/or balanced funds; company stock; and GICs <sup>3</sup> and/or other stable value funds	39.6	11.0	6.2	5.7	2.6	12.8	15.0
<b>Plans without company stock, GICs,<sup>3</sup> or other stable value funds</b>							
<b>Age group</b>							
20s	31.3	49.4	7.0	5.4	2.1		
30s	45.6	31.7	7.6	7.6	2.8		
40s	52.0	21.9	7.5	9.3	3.6		
50s	48.7	19.7	7.9	12.2	5.3		
60s	42.0	19.5	8.4	14.9	8.1		
<b>Plans with GICs<sup>3</sup> and/or other stable value funds</b>							
20s	36.8	38.1	8.8	5.1	0.8	4.3	
30s	45.2	26.3	9.5	6.2	1.1	6.3	
40s	50.0	19.1	8.1	6.9	1.5	8.4	
50s	46.0	17.0	7.6	8.3	1.7	13.7	
60s	39.2	15.7	8.1	9.1	2.1	21.2	
<b>Plans with company stock</b>							
20s	27.5	42.1	2.8	3.3	1.7		15.0
30s	37.1	28.0	3.5	5.1	3.3		16.7
40s	41.2	19.3	4.3	6.4	4.3		18.8
50s	37.5	17.0	4.4	8.0	6.2		20.3
60s	31.7	17.1	4.8	9.1	9.6		20.7

Continued on the next page



FIGURE 23 CONTINUED

**Average Asset Allocation of 401(k) Plan Accounts by Participant Age and Investment Options**

Percentage of account balances,<sup>1</sup> 2014

	Equity funds	Target date funds <sup>2</sup>	Non-target date balanced funds	Bond funds	Money funds	GICs <sup>3</sup> and other stable value funds	Company stock
<b>Plans with company stock and GICs<sup>3</sup> and/or other stable value funds</b>							
20s	31.7	35.2	3.8	2.9	1.0	4.5	11.3
30s	41.6	19.4	6.2	4.3	1.6	6.2	12.9
40s	44.2	11.6	7.1	5.0	1.9	8.2	14.5
50s	39.5	9.3	5.8	6.1	2.6	14.1	15.5
60s	34.1	8.8	5.9	6.5	3.9	18.6	15.5

<sup>1</sup> Minor investment options are not shown; therefore, row percentages do not add to 100 percent. Percentages are dollar-weighted averages.

<sup>2</sup> A target date fund typically rebalances its portfolio to become less focused on growth and more focused on income as it approaches and passes the target date of the fund, which is usually included in the fund's name.

<sup>3</sup> GICs are guaranteed investment contracts.

Note: Funds include mutual funds, bank collective trusts, life insurance separate accounts, and any pooled investment product primarily invested in the security indicated.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

FIGURE 24

**Average Asset Allocation of 401(k) Plan Accounts by Participant Salary and Investment Options**

Percentage of account balances,<sup>1</sup> 2014

Salary <sup>2</sup>	Equity funds	Target date funds <sup>3</sup>	Non-target date balanced funds	Bond funds	Money funds	GICs <sup>4</sup> and other stable value funds	Company stock
<b>Plans without company stock, GICs,<sup>4</sup> or other stable value funds</b>							
\$20,000 to \$40,000	42.1	27.1	9.1	8.9	8.5		
>\$40,000 to \$60,000	42.8	24.2	10.0	10.0	7.9		
>\$60,000 to \$80,000	46.2	22.8	8.5	11.3	6.9		
>\$80,000 to \$100,000	50.1	20.8	6.9	11.6	6.0		
>\$100,000	54.1	16.1	6.7	12.1	5.7		
All	47.4	21.8	7.8	11.4	5.3		
<b>Plans with GICs<sup>4</sup> and/or other stable value funds</b>							
\$20,000 to \$40,000	32.5	29.6	10.1	8.2	1.3	13.4	
>\$40,000 to \$60,000	36.7	26.1	7.5	9.3	1.5	12.3	
>\$60,000 to \$80,000	42.5	21.0	6.4	9.5	1.8	11.6	
>\$80,000 to \$100,000	45.0	20.1	6.0	9.6	1.8	11.1	
>\$100,000	50.0	17.1	4.2	8.9	1.6	11.9	
All	45.2	18.4	8.1	7.8	1.7	13.3	
<b>Plans with company stock</b>							
\$20,000 to \$40,000	37.3	15.8	5.2	7.8	5.2		24.0
>\$40,000 to \$60,000	35.3	20.6	6.0	6.8	6.8		18.9
>\$60,000 to \$80,000	35.5	22.1	5.7	6.4	6.6		16.8
>\$80,000 to \$100,000	37.8	20.1	5.4	6.9	6.5		14.4
>\$100,000	42.3	16.4	3.5	8.9	5.2		14.2
All	37.2	19.2	4.3	7.3	5.9		19.5
<b>Plans with company stock and GICs<sup>4</sup> and/or other stable value funds</b>							
\$20,000 to \$40,000	33.3	17.7	5.5	4.4	1.7	13.8	14.7
>\$40,000 to \$60,000	37.9	15.9	6.3	5.0	1.7	12.6	16.0
>\$60,000 to \$80,000	38.5	14.8	5.8	4.8	2.1	13.0	15.6
>\$80,000 to \$100,000	38.0	13.2	4.8	4.6	2.5	16.4	15.2
>\$100,000	41.0	10.3	5.0	4.9	3.4	11.7	16.1
All	39.6	11.0	6.2	5.7	2.6	12.8	15.0

<sup>1</sup> Minor investment options are not shown; therefore, row percentages do not add to 100 percent. Percentages are dollar-weighted averages.

<sup>2</sup> Salary information is available for a subset of participants in the EBRI/ICI 401(k) database.

<sup>3</sup> A target date fund typically rebalances its portfolio to become less focused on growth and more focused on income as it approaches and passes the target date of the fund, which is usually included in the fund's name.

<sup>4</sup> GICs are guaranteed investment contracts.

Note: Funds include mutual funds, bank collective trusts, life insurance separate accounts, and any pooled investment product primarily invested in the security indicated.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

FIGURE 25

**Average Asset Allocation of 401(k) Plan Accounts by Plan Size and Investment Options**

Percentage of account balances,<sup>1</sup> 2014

Plan size by number of participants	Equity funds	Target date funds <sup>2</sup>	Non-target date balanced funds	Bond funds	Money funds	GICs <sup>3</sup> and other stable value funds	Company stock
<b>All plans</b>							
1 to 100	45.7	22.1	5.5	11.3	3.6	4.7	0.1
101 to 500	45.9	20.7	7.6	10.3	4.0	5.1	0.4
501 to 1,000	45.9	20.2	8.9	9.4	3.9	4.9	1.6
1,001 to 5,000	44.6	19.1	8.6	8.8	3.6	5.8	3.4
>5,000	41.6	16.4	6.0	7.6	3.9	7.1	10.8
All	43.2	18.0	6.9	8.4	3.8	6.3	7.0
<b>Plans without company stock, GICs,<sup>3</sup> or other stable value funds</b>							
1 to 100	45.2	24.3	4.1	13.8	4.4		
101 to 500	46.7	22.6	7.2	12.0	5.3		
501 to 1,000	47.9	22.1	8.5	11.1	5.2		
1,001 to 5,000	47.6	21.7	9.6	10.3	5.2		
>5,000	48.2	20.5	7.8	11.3	5.6		
All	47.4	21.8	7.8	11.4	5.3		
<b>Plans with GICs<sup>3</sup> and/or other stable value funds</b>							
1 to 100	47.5	17.9	8.5	6.3	2.0	14.4	
101 to 500	46.0	17.3	8.4	7.5	1.5	14.5	
501 to 1,000	44.6	18.0	10.1	7.0	1.4	14.1	
1,001 to 5,000	44.2	18.4	8.8	7.8	1.5	13.6	
>5,000	45.3	18.8	7.1	8.3	1.8	12.4	
All	45.2	18.4	8.1	7.8	1.7	13.3	
<b>Plans with company stock</b>							
1 to 100 <sup>4</sup>	37.5	18.3	9.1	8.0	7.2		8.4
101 to 500	38.9	20.0	6.3	9.5	5.1		13.8
501 to 1,000	40.0	16.7	8.6	9.2	5.3		17.1
1,001 to 5,000	40.8	16.7	6.1	9.2	5.0		16.5
>5,000	36.5	19.7	3.8	6.9	6.1		20.2
All	37.2	19.2	4.3	7.3	5.9		19.5

Continued on the next page

FIGURE 25 CONTINUED

**Average Asset Allocation of 401(k) Plan Accounts by Plan Size and Investment Options**

Percentage of account balances,<sup>1</sup> 2014

Plan size by number of participants	Equity funds	Target date funds <sup>2</sup>	Non-target date balanced funds	Bond funds	Money funds	GICs <sup>3</sup> and other stable value funds	Company stock
<b>Plans with company stock and GICs<sup>3</sup> and/or other stable value funds</b>							
1 to 100	35.8	13.9	7.5	7.1	1.7	15.4	5.4
101 to 500	36.2	18.3	8.0	6.2	2.4	12.1	4.9
501 to 1,000	36.8	15.6	7.3	5.5	2.3	10.9	13.1
1,001 to 5,000	38.9	14.2	7.1	5.7	2.1	11.3	10.8
>5,000	39.8	10.3	6.0	5.7	2.7	13.1	15.8
All	39.6	11.0	6.2	5.7	2.6	12.8	15.0

<sup>1</sup> Minor investment options are not shown; therefore, row percentages do not add to 100 percent. Percentages are dollar-weighted averages.

<sup>2</sup> A target date fund typically rebalances its portfolio to become less focused on growth and more focused on income as it approaches and passes the target date of the fund, which is usually included in the fund's name.

<sup>3</sup> GICs are guaranteed investment contracts.

<sup>4</sup> Because few plans fall into this category, these percentages may be heavily influenced by a few outliers.

Note: Funds include mutual funds, bank collective trusts, life insurance separate accounts, and any pooled investment product primarily invested in the security indicated.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

## Distribution of Equity Fund Allocations and Participant Exposure to Equities

Participants in 401(k) plans may hold equities through a variety of options including equity funds, company stock, and balanced funds. This section focuses first on the investing pattern of 401(k) plan participants with respect to equity funds. The asset allocation of participants without equity funds is explored next, because 401(k) participants holding no equity funds may hold equities in the form of company stock or through balanced funds. Finally, the overall investment in equities across all 401(k) plan participants is presented.

## Asset Allocation to Equity Funds

The year-end 2014 EBRI/ICI 401(k) database shows that, on average, 43 percent of participant account balances were allocated to equity funds (Figure 21), which is one way to hold equities. However, individual asset allocations varied widely across participants. For example, 52 percent of participants held no equity funds, while about 17 percent of participants held more than 80 percent of their balances in equity funds (Figures 26 and 27). Furthermore, the percentage of participants holding no equity funds varied with age, with 68 percent of participants in their twenties, 48 percent of participants in their forties, and 50 percent of participants in their sixties holding no equity funds. The percentage of 401(k) participants holding no equity funds also varied with tenure—participants with five or fewer years of tenure were more likely not to be invested in equity funds (Figure 27). The percentage of participants holding no equity funds tends to fall as salary increases.

FIGURE 26

### Asset Allocation Distribution of 401(k) Participant Account Balance to Equity Funds by Participant Age

Percentage of participants,<sup>1, 2</sup> 2014

Age group	Percentage of account balance invested in equity funds										
	Zero	1 to 10	>10 to 20	>20 to 30	>30 to 40	>40 to 50	>50 to 60	>60 to 70	>70 to 80	>80 to 90	>90 to 100
20s	68.2	1.1	1.2	1.7	2.0	2.4	2.7	2.7	3.4	4.0	10.6
30s	55.2	2.1	2.0	2.6	2.9	3.5	4.2	4.3	5.0	5.4	12.8
40s	48.1	2.6	2.4	3.1	3.5	4.2	5.2	5.5	6.2	5.6	13.6
50s	46.1	3.2	2.8	3.6	4.1	5.0	6.2	6.1	5.6	4.2	13.0
60s	49.8	3.7	3.2	4.0	4.6	5.2	5.9	5.0	4.1	3.0	11.5
All	52.2	2.6	2.4	3.0	3.4	4.1	5.0	4.9	5.1	4.6	12.6

<sup>1</sup>The analysis includes the 24.9 million participants in the year-end 2014 EBRI/ICI 401(k) database.

<sup>2</sup>Row percentages may not add to 100 percent because of rounding.

Note: Equity funds include mutual funds, bank collective trusts, life insurance separate accounts, and any pooled investment product primarily invested in equities. In addition, 401(k) participants may hold equities through balanced funds or company stock—see Figure 30 for the distribution of 401(k) plan account balances to equities.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

FIGURE 27

**Asset Allocation Distribution of 401(k) Participant Account Balance to Equity Funds by Participant Age, Tenure, or Salary**

*Percentage of participants, 2014*

	Percentage of account balance invested in equity funds			
	Zero	1 to 20 percent	>20 to 80 percent	>80 percent
<b>All</b>	52.2	4.9	25.6	17.2
<b>Age group</b>				
20s	68.2	2.3	14.9	14.6
30s	55.2	4.1	22.5	18.2
40s	48.1	5.0	27.7	19.2
50s	46.1	6.0	30.7	17.1
60s	49.8	6.9	28.8	14.5
<b>Years of tenure</b>				
0 to 2	65.5	2.4	17.7	14.5
>2 to 5	61.9	3.3	20.4	14.4
>5 to 10	52.5	5.0	25.8	16.7
>10 to 20	41.6	6.6	32.2	19.6
>20 to 30	36.2	8.3	35.7	19.8
>30	38.9	9.9	34.8	16.4
<b>Salary</b>				
\$20,000 to \$40,000	64.4	4.2	20.2	11.1
>\$40,000 to \$60,000	53.2	5.9	27.0	13.9
>\$60,000 to \$80,000	45.2	6.7	31.9	16.2
>\$80,000 to \$100,000	39.6	7.4	35.6	17.4
>\$100,000	30.0	8.6	41.6	19.8

Note: Row percentages may not add to 100 percent because of rounding. Equity funds include mutual funds, bank collective trusts, life insurance separate accounts, and any pooled investment product primarily invested in equities. In addition, 401(k) participants may hold equities through balanced funds or company stock—see Figure 30 for the distribution of 401(k) plan account balances to equities. The tenure variable is generally years working at current employer, and thus may overstate years of participation in the 401(k) plan.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

### Asset Allocation of 401(k) Plan Participants Without Equity Funds

Participants with no equity fund balances may still have exposure to the stock market through company stock or balanced funds, which include target date funds. In fact, 83 percent of 401(k) participants with no equity fund allocation had investments in either company stock or balanced funds at year-end 2014 (Figure 28). For example, 89 percent of participants in their twenties without equity funds held equities through company stock, balanced funds, or both. Indeed, 74 percent of participants in their twenties without equity funds held target date funds—which tend

to be highly concentrated in equity securities for that age group—as their only equity investment. Another 7 percent of participants in their twenties without equity funds had equity exposure only through non-target date balanced funds, and another 4 percent held company stock as their only equity investment. Five percent had equity exposure through some combination of target date funds, non-target date balanced funds, or company stock. As a result, many participants with no equity funds had exposure to equity-related investments through company stock, balanced funds, or both (Figure 29).

FIGURE 28

### Percentage of 401(k) Participants Without Equity Fund Balances Who Have Equity Exposure by Participant Age or Tenure, 2014

	Percentage of participants without equity funds				
	Company stock and/or balanced funds	Target date funds* as only equity investment	Non-target date balanced funds as only equity investment	Company stock as only equity investment	Combination of company stock and/or target date funds* and/or non-target date balanced funds
<b>Age group</b>					
20s	88.7	73.9	6.6	3.7	4.6
30s	86.7	63.6	7.1	4.8	11.1
40s	83.7	55.8	9.3	6.3	12.3
50s	80.4	52.1	7.8	7.8	12.6
60s	75.7	48.1	7.9	7.8	12.0
All	83.3	58.7	7.9	6.1	10.6
<b>Years of tenure</b>					
0 to 2	89.2	71.6	7.7	3.0	7.0
>2 to 5	87.1	67.6	7.7	3.2	8.6
>5 to 10	82.3	57.6	8.2	5.7	10.9
>10 to 20	76.6	38.9	8.4	10.4	18.9
>20 to 30	70.4	32.9	8.5	14.5	14.5
>30	64.5	28.7	7.9	17.4	10.5
All	83.3	58.7	7.9	6.1	10.6

\*A target date fund typically rebalances its portfolio to become less focused on growth and more focused on income as it approaches and passes the target date of the fund, which is usually included in the fund's name.

Note: Row components may not add to total in first column because of rounding. Funds include mutual funds, bank collective trusts, life insurance separate accounts, and any pooled investment product primarily invested in the security indicated. The tenure variable is generally years working at current employer, and thus may overstate years of participation in the 401(k) plan.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

FIGURE 29

**Average Asset Allocation for 401(k) Plan Participants Without Equity Fund Balances by Participant Age or Tenure**

Percentage of account balances,<sup>1</sup> 2014

	Target date funds <sup>2</sup>	Non-target date balanced funds	Bond funds	Money funds	GICs <sup>3</sup> and other stable value funds	Company stock	Other	Unknown
<b>Age group</b>								
20s	72.8	8.8	2.1	1.6	2.1	4.9	5.8	1.7
30s	63.7	12.6	3.4	3.1	3.9	6.5	5.4	1.4
40s	51.9	13.9	4.9	4.7	6.5	9.1	7.6	1.4
50s	43.0	11.7	6.6	6.4	12.0	10.6	8.4	1.3
60s	37.3	11.2	8.1	9.2	16.7	9.1	7.3	1.2
All <sup>4</sup>	46.8	12.1	6.0	6.2	10.5	9.2	7.8	1.3
<b>Years of tenure</b>								
0 to 2	69.7	11.3	4.6	2.0	2.2	2.7	6.8	0.7
>2 to 5	66.9	12.0	4.5	2.5	3.0	3.6	6.3	1.2
>5 to 10	56.7	14.1	5.2	4.6	5.5	5.7	6.8	1.4
>10 to 20	44.4	13.1	6.1	6.9	9.9	9.9	7.9	1.8
>20 to 30	35.3	11.3	6.8	7.7	14.2	13.4	9.9	1.4
>30	27.6	10.0	7.4	9.6	20.9	14.3	9.0	1.2
All <sup>4</sup>	46.8	12.1	6.0	6.2	10.5	9.2	7.8	1.3

<sup>1</sup> Row percentages may not add to 100 percent because of rounding. Percentages are dollar-weighted averages.

<sup>2</sup> A target date fund typically rebalances its portfolio to become less focused on growth and more focused on income as it approaches and passes the target date of the fund, which is usually included in the fund's name.

<sup>3</sup> GICs are guaranteed investment contracts.

<sup>4</sup> The analysis includes the 13.0 million participants with no equity funds at year-end 2014.

Note: Funds include mutual funds, bank collective trusts, life insurance separate accounts, and any pooled investment product primarily invested in the security indicated. The tenure variable is generally years working at current employer, and thus may overstate years of participation in the 401(k) plan.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project



### Asset Allocation to Equities

Among individual 401(k) plan participants, the allocation of account balances to equities (equity funds, company stock, and the equity portion of balanced funds) varies widely around the average of 66 percent for all participants in the 2014 database (Figure 21).<sup>39</sup> Forty-six percent of participants had more than 80 percent of their account balances invested in equities, while 9 percent held no equities at all at the end of 2014 (Figure 30). Younger 401(k) plan participants were slightly more likely to hold at least some equities and much more likely to have high concentrations in equities. At year-end 2014, 8 percent of 401(k) plan participants in their twenties had no equities, compared with 12 percent of 401(k) plan participants in their sixties. About three-quarters of 401(k) plan participants in their twenties had more than 80 percent of their account balances invested in equities, compared with less than one-quarter of 401(k) plan participants in their sixties.

### Changes in Concentrations in Equities Since the Financial Crisis

More 401(k) plan participants held equities at year-end 2014 compared with year-end 2007, and many had higher concentrations in equities. Overall, at year-end 2014, 9 percent of 401(k) plan participants held no equities, down from 13 percent at year-end 2007, and 46 percent had more than 80 percent of their account balances invested in equities at year-end 2014, compared with 44 percent at year-end 2007 (Figure 31). Younger 401(k) participants were much more likely to hold equities and to hold high concentrations in equities at year-end 2014 compared with year-end 2007. For example, about three-quarters of 401(k) plan participants in their twenties had more than 80 percent of their account balances invested in equities at year-end 2014, compared with less than half at year-end 2007. Older 401(k) participants were a little less likely to have such high concentrations in equities at year-end 2014 compared with year-end 2007: 22 percent of 401(k) plan participants in their sixties had more than 80 percent of their account balances invested in equities at year-end 2014, compared with 30 percent of 401(k) plan participants in their sixties at year-end 2007, although a lower share held no equities.

FIGURE 30

#### Asset Allocation to Equities Varied Widely Among 401(k) Plan Participants

Asset allocation distribution of 401(k) participant account balance to equities<sup>1</sup> by age; percentage of participants,<sup>2, 3</sup> 2014

Age group	Percentage of account balance invested in equities <sup>1</sup>					
	Zero	1 to 20 percent	>20 to 40 percent	>40 to 60 percent	>60 to 80 percent	>80 percent
20s	7.7	0.8	1.7	3.6	11.3	74.8
30s	7.4	1.7	2.5	5.4	16.5	66.4
40s	7.9	2.5	3.5	7.1	33.7	45.3
50s	9.0	3.9	5.3	22.2	32.8	26.8
60s	12.1	5.5	13.8	30.5	16.0	22.1
All <sup>2</sup>	8.7	2.9	4.9	12.7	24.4	46.4

<sup>1</sup>Equities include equity funds, company stock, and the equity portion of balanced funds. Funds include mutual funds, bank collective trusts, life insurance separate accounts, and any pooled investment product primarily invested in the security indicated.

<sup>2</sup>Participants include the 24.9 million 401(k) plan participants in the year-end 2014 EBRI/ICI 401(k) database.

<sup>3</sup>Row percentages may not add to 100 percent because of rounding.

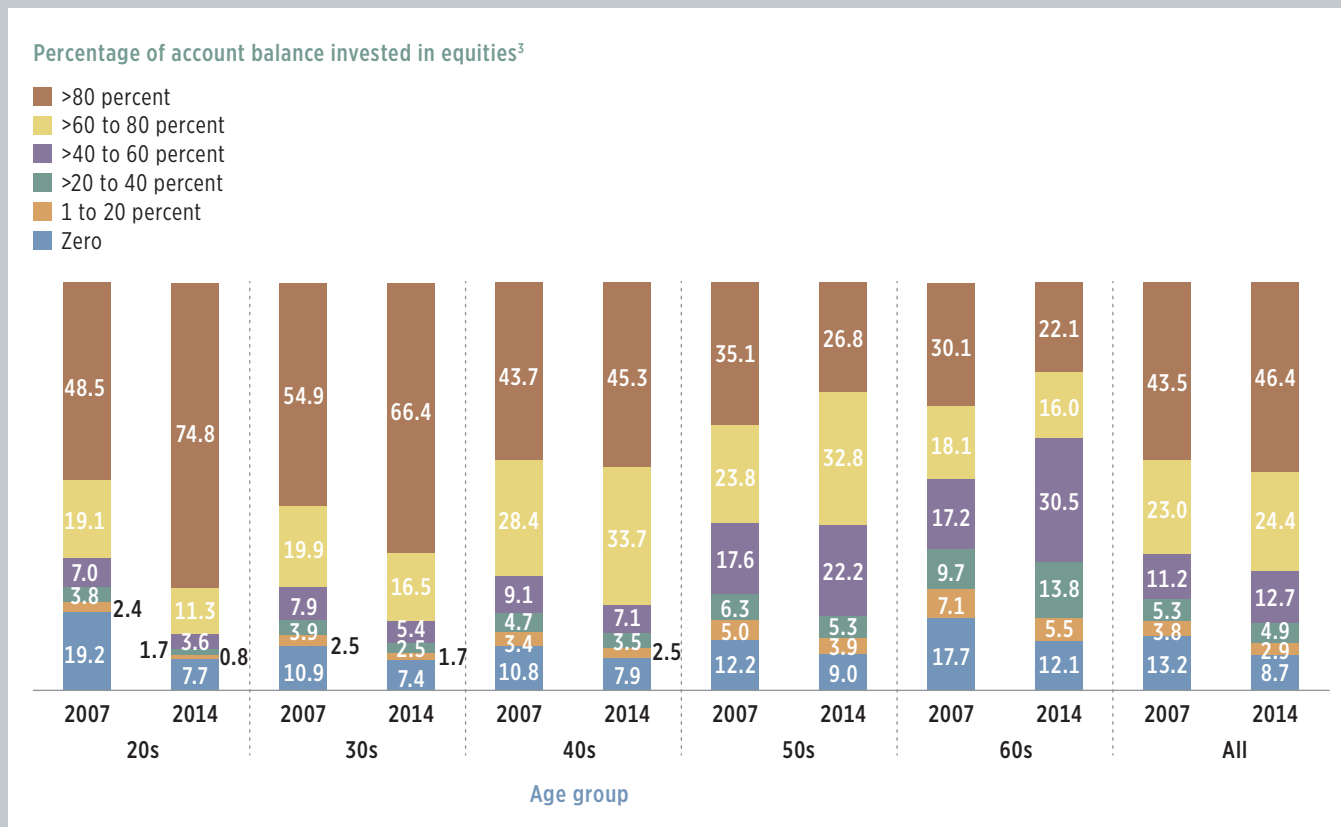
Note: For revisions to these data for 2007–2013, see Figure A3 in the appendix.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

FIGURE 31

### Exposure to Equities Increased Among 401(k) Participants Between 2007 and 2014

Percentage of 401(k) participants by age of participant,<sup>1,2</sup> year-end 2007 and year-end 2014



<sup>1</sup>Participants include the 24.9 million 401(k) plan participants in the year-end 2014 EBRI/ICI 401(k) database and the 21.8 million 401(k) plan participants in the year-end 2007 EBRI/ICI database.

<sup>2</sup>Components may not add to 100 percent because of rounding.

<sup>3</sup>Equities include equity funds, company stock, and the equity portion of balanced funds. Funds include mutual funds, bank collective trusts, life insurance separate accounts, and any pooled investment product primarily invested in the security indicated.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

### Distribution of 401(k) Participants' Balanced Fund Allocations by Age

Individual 401(k) participants' asset allocation to balanced funds varied widely around an average of 25 percent at year-end 2014 (Figure 20). For example, 41 percent of participants held no balanced funds, while 38 percent of participants held more than 80 percent of their accounts in balanced funds at the end of 2014 (Figure 32).<sup>40</sup> At year-end 2014, nearly 60 percent of 401(k) participants held balanced funds through target date funds and non-target date balanced funds, similar to the share in 2013.<sup>41</sup> Forty-eight percent of 401(k) participants held target date funds, 16 percent held non-target date balanced funds,

and 5 percent held both. Target date fund use varies with participant age and tenure. Younger participants were more likely to hold target date funds than older participants. At year-end 2014, 60 percent of participants in their twenties held target date funds, compared with 41 percent of participants in their sixties. Recently hired participants were more likely to hold target date funds than those with more years on the job: at year-end 2014, 59 percent of participants with two or fewer years of tenure held target date funds, compared with about half of participants with more than five to 10 years of tenure, and fewer than 30 percent of participants with more than 30 years of tenure (Figure 33).

FIGURE 32

**Asset Allocation Distribution of 401(k) Participant Account Balance to Balanced Funds by Age**Percentage of participants,<sup>1,2</sup> 2014

Age group	Percentage of account balance invested in balanced funds										
	Zero	1 to 10	>10 to 20	>20 to 30	>30 to 40	>40 to 50	>50 to 60	>60 to 70	>70 to 80	>80 to 90	>90 to 100
20s	32.0	2.0	1.9	1.7	1.3	1.4	1.7	1.1	1.2	1.1	54.7
30s	37.8	4.0	3.4	3.0	2.1	1.9	1.9	1.5	1.7	1.9	41.0
40s	42.2	5.3	4.3	3.8	2.5	2.2	2.0	1.5	1.7	1.8	32.7
50s	45.4	5.7	4.5	4.0	2.7	2.4	2.0	1.5	1.6	1.7	28.6
60s	46.9	5.4	4.1	3.8	2.6	2.3	2.0	1.4	1.5	1.6	28.3
All	41.4	4.7	3.8	3.4	2.3	2.1	1.9	1.4	1.6	1.7	35.9

Age group	Percentage of account balance invested in target date funds <sup>3</sup>										
	Zero	1 to 10	>10 to 20	>20 to 30	>30 to 40	>40 to 50	>50 to 60	>60 to 70	>70 to 80	>80 to 90	>90 to 100
20s	39.6	1.3	1.3	1.2	1.1	1.2	1.6	1.0	1.1	0.9	49.8
30s	47.4	2.8	2.2	2.0	1.7	1.9	3.3	1.1	1.3	1.5	34.8
40s	54.5	3.6	2.7	2.3	1.8	2.0	3.1	1.1	1.3	1.4	26.2
50s	57.4	4.0	2.7	2.4	1.8	2.0	2.9	1.1	1.2	1.3	23.2
60s	59.1	3.7	2.5	2.2	1.7	1.8	2.9	1.0	1.1	1.2	22.8
All	52.4	3.2	2.4	2.1	1.7	1.9	2.9	1.1	1.2	1.3	30.0

Age group	Percentage of account balance invested in non-target date balanced funds										
	Zero	1 to 10	>10 to 20	>20 to 30	>30 to 40	>40 to 50	>50 to 60	>60 to 70	>70 to 80	>80 to 90	>90 to 100
20s	90.9	1.4	1.1	0.7	0.4	0.3	0.4	0.2	0.2	0.1	4.4
30s	85.5	2.8	2.0	1.4	0.8	0.9	2.2	0.2	0.2	0.2	3.7
40s	82.3	3.4	2.7	2.0	1.2	1.3	2.3	0.3	0.3	0.2	4.0
50s	82.6	3.6	2.9	2.3	1.3	1.3	2.1	0.3	0.3	0.2	3.1
60s	82.8	3.3	2.7	2.3	1.3	1.2	2.3	0.3	0.3	0.2	3.3
All	84.3	3.0	2.4	1.8	1.0	1.1	2.0	0.3	0.2	0.2	3.7

<sup>1</sup> The analysis includes the 24.9 million participants in the year-end 2014 EBRI/ICI 401(k) database.

<sup>2</sup> Row percentages may not add to 100 percent because of rounding.

<sup>3</sup> A target date fund typically rebalances its portfolio to become less focused on growth and more focused on income as it approaches and passes the target date of the fund, which is usually included in the fund's name.

Note: Funds include mutual funds, bank collective trusts, life insurance separate accounts, and any pooled investment product primarily invested in the security indicated. For revisions to these data for 2007–2013, see Figure A4 in the appendix.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

FIGURE 33

### Asset Allocation Distribution of 401(k) Participant Account Balance to Balanced Funds by Tenure

Percentage of participants,<sup>1,2</sup> 2014

Years of tenure	Percentage of account balance invested in balanced funds										
	Zero	1 to 10	>10 to 20	>20 to 30	>30 to 40	>40 to 50	>50 to 60	>60 to 70	>70 to 80	>80 to 90	>90 to 100
0 to 2	32.8	2.0	1.9	1.9	1.3	1.5	1.8	1.1	1.3	1.1	53.2
>2 to 5	34.9	2.8	2.5	2.3	1.7	1.7	1.8	1.4	1.4	1.5	48.0
>5 to 10	40.9	4.7	3.9	3.5	2.4	2.1	1.9	1.5	1.6	1.8	35.7
>10 to 20	48.2	6.8	5.4	4.6	2.9	2.5	2.0	1.6	1.9	2.7	21.3
>20 to 30	53.3	7.9	5.9	5.0	3.3	2.8	2.4	1.9	1.7	1.5	14.5
>30	57.5	7.7	5.5	4.6	3.1	2.5	1.9	1.4	1.3	1.2	13.3
All	41.4	4.7	3.8	3.4	2.3	2.1	1.9	1.4	1.6	1.7	35.9

Years of tenure	Percentage of account balance invested in target date funds <sup>3</sup>										
	Zero	1 to 10	>10 to 20	>20 to 30	>30 to 40	>40 to 50	>50 to 60	>60 to 70	>70 to 80	>80 to 90	>90 to 100
0 to 2	41.1	1.3	1.3	1.4	1.1	1.5	3.4	0.9	1.1	0.9	46.1
>2 to 5	43.8	1.9	1.7	1.7	1.5	1.8	3.2	1.1	1.1	1.1	41.0
>5 to 10	51.5	3.4	2.7	2.4	1.9	2.2	3.1	1.1	1.2	1.3	29.1
>10 to 20	61.3	4.8	3.2	2.7	2.0	2.2	2.6	1.2	1.5	2.2	16.4
>20 to 30	67.8	5.5	3.3	2.7	2.1	2.1	2.4	1.3	1.2	1.0	10.7
>30	71.6	5.4	3.0	2.4	1.8	1.6	1.8	0.9	0.8	0.9	9.7
All	52.4	3.2	2.4	2.1	1.7	1.9	2.9	1.1	1.2	1.3	30.0

Years of tenure	Percentage of account balance invested in non-target date balanced funds										
	Zero	1 to 10	>10 to 20	>20 to 30	>30 to 40	>40 to 50	>50 to 60	>60 to 70	>70 to 80	>80 to 90	>90 to 100
0 to 2	88.2	1.4	1.1	0.9	0.5	0.5	2.1	0.2	0.2	0.1	4.9
>2 to 5	86.9	1.9	1.5	1.1	0.7	0.8	2.0	0.2	0.2	0.2	4.6
>5 to 10	83.9	3.1	2.3	1.7	1.0	1.2	2.1	0.3	0.2	0.2	3.9
>10 to 20	81.3	4.2	3.3	2.6	1.4	1.5	1.9	0.3	0.3	0.3	2.9
>20 to 30	80.5	4.7	3.7	3.0	1.7	1.5	1.6	0.4	0.3	0.3	2.4
>30	81.3	4.6	3.5	2.8	1.7	1.3	1.5	0.4	0.3	0.3	2.3
All	84.3	3.0	2.4	1.8	1.0	1.1	2.0	0.3	0.2	0.2	3.7

<sup>1</sup> The analysis includes the 24.9 million participants in the year-end 2014 EBRI/ICI 401(k) database.

<sup>2</sup> Row percentages may not add to 100 percent because of rounding.

<sup>3</sup> A target date fund typically rebalances its portfolio to become less focused on growth and more focused on income as it approaches and passes the target date of the fund, which is usually included in the fund's name.

Note: Funds include mutual funds, bank collective trusts, life insurance separate accounts, and any pooled investment product primarily invested in the security indicated. The tenure variable is generally years working at current employer, and thus may overstate years of participation in the 401(k) plan.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

## Distribution of 401(k) Participants' Company Stock Allocations

Participants' allocations to company stock remained in line with recent previous years. Thirty-three percent (or 8.1 million) of the 401(k) participants in the 2014 EBRI/ICI 401(k) database were in plans that offered company stock as an investment option (Figure 22). Among these participants, 76 percent held 20 percent or less of their account balances in company stock, including 56 percent who held none (Figure 34). On the other hand, 8 percent had more than 80 percent of their account balances invested in company stock.

## Asset Allocations of Recently Hired Participants

Comparing snapshots of newly hired 401(k) plan participants' asset allocations provides further insight into recent investment allocations. Balanced funds, which include lifestyle and target date funds, have increased in popularity among 401(k) participants. Recently hired participants in 2014 tended to be more likely to hold balanced funds compared with recent hires in the past. About two-thirds of recently hired 401(k) plan participants from 2011 through 2014 held balanced funds, compared with less than half in 2006, and one-third in 2002 (Figure 35). At year-end 2014, 59 percent of recently hired 401(k) participants held target date funds, while 12 percent held non-target date balanced funds, and 4 percent held both target date and non-target date balanced funds (Figure 36).<sup>42</sup>

FIGURE 34

### Asset Allocation Distribution of 401(k) Participant Account Balance to Company Stock in 401(k) Plans with Company Stock by Participant Age

Percentage of participants,<sup>1, 2</sup> 2014

Age group	Percentage of account balance invested in company stock										
	Zero	1 to 10	>10 to 20	>20 to 30	>30 to 40	>40 to 50	>50 to 60	>60 to 70	>70 to 80	>80 to 90	>90 to 100
20s	71.7	5.4	4.1	3.5	2.4	1.7	1.8	1.2	0.9	0.6	6.8
30s	58.1	11.9	7.3	4.9	3.3	2.5	2.2	1.6	1.2	0.9	6.1
40s	52.8	13.0	8.2	5.8	4.0	3.0	2.4	1.8	1.3	1.0	6.6
50s	50.7	14.1	8.5	5.8	4.0	3.0	2.5	1.9	1.4	1.1	7.1
60s	53.6	13.2	7.6	5.3	3.7	2.7	2.3	1.8	1.3	1.0	7.5
All	56.1	12.1	7.5	5.2	3.6	2.7	2.3	1.7	1.2	0.9	6.8

<sup>1</sup> The analysis includes the 8.1 million participants in plans with company stock at year-end 2014.

<sup>2</sup> Row percentages may not add to 100 percent because of rounding.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

FIGURE 35

**Many Recently Hired 401(k) Plan Participants Hold Balanced Funds**

Percentage of recently hired participants<sup>1</sup> holding balanced funds,<sup>2</sup> 1998-2014

Year	Age group					All
	20s	30s	40s	50s	60s	
1998	27.0	29.0	30.5	30.9	28.4	28.9
1999	28.3	31.0	33.6	34.9	34.9	31.3
2000	27.1	28.3	30.8	32.1	33.2	29.1
2001	27.3	26.5	27.9	29.2	29.1	27.4
2002	32.7	33.1	33.7	33.9	30.2	33.0
2003	35.1	36.2	35.7	35.5	30.7	35.4
2004	38.9	39.8	39.8	40.3	36.3	39.3
2005	43.5	42.8	42.1	43.3	41.6	42.8
2006	48.5	47.9	46.6	47.8	45.5	47.6
2007	51.1	54.2	52.8	53.4	50.1	52.7
2008	63.6	59.6	57.8	58.0	53.9	59.9
2009	64.1	61.2	59.3	58.7	53.6	60.9
2010	69.6	63.0	59.9	59.1	55.2	63.0
2011	72.0	68.1	65.0	64.2	60.7	67.5
2012	70.8	69.5	67.2	66.7	63.9	68.6
2013	67.6	67.8	65.6	64.5	60.6	66.3
2014	68.1	67.5	67.6	65.6	63.9	67.2

<sup>1</sup>The analysis includes 401(k) plan participants with two or fewer years of tenure in the year indicated.

<sup>2</sup>Balanced funds include mutual funds, bank collective trusts, life insurance separate accounts, and any pooled investment product primarily invested in a mix of equities and fixed-income securities.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

FIGURE 36

**Many Recently Hired 401(k) Plan Participants Hold Target Date Funds**

Percentage of recently hired participants, 2006–2014

Holding balanced funds									
Age group	2006	2007	2008	2009	2010	2011	2012	2013	2014
20s	48.5	51.1	63.6	64.1	69.6	72.0	70.8	67.6	68.1
30s	47.9	54.2	59.6	61.2	63.0	68.1	69.5	67.8	67.5
40s	46.6	52.8	57.8	59.3	59.9	65.0	67.2	65.6	67.6
50s	47.8	53.4	58.0	58.7	59.1	64.2	66.7	64.5	65.6
60s	45.5	50.1	53.9	53.6	55.2	60.7	63.9	60.6	63.9
All	47.6	52.7	59.9	60.9	63.0	67.5	68.6	66.3	67.2
Holding target date funds*									
Age group	2006	2007	2008	2009	2010	2011	2012	2013	2014
20s	29.4	32.4	47.5	50.5	55.3	59.3	59.4	58.6	60.6
30s	28.5	35.5	44.3	48.3	49.8	55.9	58.7	58.2	59.7
40s	27.4	34.6	42.6	46.6	47.2	52.8	55.8	54.8	57.7
50s	28.1	35.3	42.7	46.2	46.8	52.4	55.5	53.6	57.0
60s	26.1	32.3	39.1	41.8	43.1	49.0	51.5	48.9	55.4
All	28.3	34.3	44.4	47.9	49.8	55.2	57.3	56.3	58.9
Holding non-target date balanced funds									
Age group	2006	2007	2008	2009	2010	2011	2012	2013	2014
20s	22.5	21.2	18.5	16.7	15.8	14.0	12.8	10.1	8.6
30s	22.5	21.9	18.2	16.2	15.1	14.0	12.6	11.2	11.9
40s	21.3	21.1	17.7	15.8	14.4	13.9	13.3	12.4	14.8
50s	21.4	20.9	17.6	15.4	13.8	13.5	13.0	12.4	13.3
60s	19.8	20.1	16.7	14.0	13.2	13.1	13.9	13.0	13.1
All	21.9	21.3	18.0	16.1	14.8	13.9	13.0	11.4	11.8

\* A target date fund typically rebalances its portfolio to become less focused on growth and more focused on income as it approaches and passes the target date of the fund, which is usually included in the fund's name.

Note: The analysis includes the 2.8 million recently hired participants (those with two or fewer years of tenure) in 2006, the 3.8 million recently hired participants in 2007, the 4.0 million recently hired participants in 2008, the 3.1 million recently hired participants in 2009, the 3.2 million recently hired participants in 2010, the 3.4 million recently hired participants in 2011, the 3.6 million recently hired participants in 2012, the 4.4 million recently hired participants in 2013, and the 4.1 million recently hired participants in 2014. Funds include mutual funds, bank collective trusts, life insurance separate accounts, and any pooled investment product primarily invested in the security indicated.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

Among those who held balanced funds, recently hired participants in 2014 were more likely to hold a high concentration of their accounts in balanced funds compared with past years. At year-end 2014, 79 percent of recently hired participants holding balanced funds had more than 90 percent of their account balance invested in balanced funds, compared with 77 percent in 2013, 61 percent in 2009, 43 percent in 2006, and 7 percent in 1998 (Figure 37). Concentration is highest among recently hired participants with target date funds; at year-end 2014, 78 percent of recently hired participants holding target date funds held more than 90 percent of their account balance in target date funds (Figure 38).<sup>43</sup> Forty-one percent of recently hired participants holding non-target date balanced funds had more than 90 percent of their account balance invested in those funds at year-end 2014. Balanced fund, target date fund, and non-target date balanced fund use varied somewhat by age among recently hired participants—recently hired participants in their twenties were more likely to be highly concentrated in such funds. For example, 56 percent of recently hired participants in their twenties held more than 90 percent of their account balances in balanced funds, compared with 52 percent of recent hires in their forties, and 51 percent of recent hires in their sixties in 2014 (Figure 39). Concentrated target date fund use ranged from 51 percent of recent hires in their

twenties holding more than 90 percent of their account balances in target date funds to 42 percent of recently hired participants in their sixties. In addition, at year-end 2014, 55 percent of the account balances of recently hired participants in their twenties were invested in balanced funds, the same as in 2013, compared with 54 percent in 2012, 42 percent in 2009, 24 percent in 2006, and about 7 percent among that age group in 1998 (Figure 40).<sup>44</sup> At year-end 2014, among recently hired participants in their twenties, target date funds accounted for 85 percent of their balanced fund assets, or 47 percent of their account balances overall. The pattern of target date and non-target date balanced fund use varied with participant age.

Comparing recently hired participants in 2014 with similar age groups in 1998 also illustrates that asset allocation to balanced funds tended to be higher in 2014 than in 1998, rising from 9 percent of the account balances of recently hired participants in 1998 to 42 percent in 2014 (Figure 40). The share of account balances invested in equity funds decreased over the same period, from 65 percent for recently hired participants in 1998 to 37 percent for recently hired participants in 2014. Company stock also declined for the two groups of recently hired participants, from 9 percent of 401(k) plan account balances in 1998 to 3 percent in 2014.



FIGURE 37

**Many Recently Hired 401(k) Participants Hold High Concentrations in Balanced Funds**

Percentage of recently hired participants holding balanced fund assets,<sup>1, 2</sup> selected years

Percentage of account balance invested in balanced funds			
1998			
Age group	>0 to 50 percent	>50 to 90 percent	>90 percent
20s	84.9	7.3	7.8
30s	86.0	7.6	6.4
40s	84.1	8.9	7.0
50s	81.1	10.7	8.2
60s	77.0	12.4	10.6
All	84.5	8.2	7.3
2006			
Age group	>0 to 50 percent	>50 to 90 percent	>90 percent
20s	40.1	13.7	46.2
30s	47.7	12.8	39.5
40s	46.0	13.1	40.9
50s	43.3	13.3	43.4
60s	39.5	12.6	47.9
All	43.9	13.3	42.8
2007			
Age group	>0 to 50 percent	>50 to 90 percent	>90 percent
20s	36.3	14.7	49.0
30s	40.9	12.6	46.5
40s	40.1	12.9	47.0
50s	38.1	13.0	48.8
60s	36.4	12.8	50.8
All	38.8	13.3	47.9
2008			
Age group	>0 to 50 percent	>50 to 90 percent	>90 percent
20s	26.1	11.8	62.2
30s	33.5	13.3	53.2
40s	33.9	13.5	52.6
50s	32.8	13.5	53.6
60s	32.1	12.8	55.1
All	31.0	12.9	56.1

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FIGURE 37 CONTINUED

**Many Recently Hired 401(k) Participants Hold High Concentrations in Balanced Funds**

Percentage of recently hired participants holding balanced fund assets,<sup>1,2</sup> selected years

2009			
Age group	>0 to 50 percent	>50 to 90 percent	>90 percent
20s	20.4	13.3	66.3
30s	27.8	13.9	58.3
40s	28.8	13.9	57.4
50s	28.7	13.7	57.6
60s	29.4	13.3	57.3
All	25.9	13.6	60.5
2010			
Age group	>0 to 50 percent	>50 to 90 percent	>90 percent
20s	14.8	10.0	75.2
30s	21.2	11.3	67.5
40s	22.7	10.7	66.6
50s	22.4	10.1	67.5
60s	22.3	9.2	68.5
All	19.7	10.5	69.8
2011			
Age group	>0 to 50 percent	>50 to 90 percent	>90 percent
20s	11.6	10.2	78.2
30s	16.8	10.4	72.7
40s	18.4	10.3	71.2
50s	18.2	9.9	71.8
60s	17.6	8.9	73.5
All	15.8	10.2	74.0
2012			
Age group	>0 to 50 percent	>50 to 90 percent	>90 percent
20s	11.3	8.8	79.9
30s	15.5	10.1	74.4
40s	17.3	9.8	73.0
50s	16.9	9.3	73.8
60s	16.4	8.3	75.3
All	14.9	9.4	75.7

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FIGURE 37 CONTINUED

**Many Recently Hired 401(k) Participants Hold High Concentrations in Balanced Funds**

Percentage of recently hired participants holding balanced fund assets,<sup>1, 2</sup> selected years

Age group	2013		
	>0 to 50 percent	>50 to 90 percent	>90 percent
20s	11.2	8.1	80.7
30s	15.0	8.9	76.2
40s	17.1	8.3	74.6
50s	17.3	7.9	74.9
60s	16.7	7.5	75.8
All	14.7	8.2	77.0
Age group	2014		
	>0 to 50 percent	>50 to 90 percent	>90 percent
20s	10.4	7.5	82.1
30s	13.4	8.7	77.9
40s	14.4	8.2	77.4
50s	14.7	7.4	77.8
60s	13.9	6.7	79.4
All	12.9	7.9	79.2

<sup>1</sup> The analysis includes the 0.4 million recently hired participants (those with two or fewer years of tenure) holding balanced funds in 1998; the 1.4 million recently hired participants holding balanced funds in 2006; the 2.0 million recently hired participants holding balanced funds in 2007; the 2.4 million recently hired participants holding balanced funds in 2008; the 1.9 million recently hired participants holding balanced funds in 2009; the 2.0 million recently hired participants holding balanced funds in 2010; the 2.3 million recently hired participants holding balanced funds in 2011; the 2.5 million recently hired participants holding balanced funds in 2012, the 2.9 million recently hired participants holding balanced funds in 2013, and the 2.7 million recently hired participants holding balanced funds in 2014.

<sup>2</sup> Row percentages may not add to 100 percent because of rounding.

Note: Balanced funds include mutual funds, bank collective trusts, life insurance separate accounts, and any pooled investment product primarily invested in a mix of equities and fixed-income securities.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

FIGURE 38

**Many Recently Hired 401(k) Participants Hold High Concentrations in Target Date Funds**

Percentage of recently hired participants holding the type of fund indicated,<sup>1, 2</sup> 2014

Age group	Percentage of account balance invested in balanced funds		
	>0 to 50 percent	>50 to 90 percent	>90 percent
20s	10.4	7.5	82.1
30s	13.4	8.7	77.9
40s	14.4	8.2	77.4
50s	14.7	7.4	77.8
60s	13.9	6.7	79.4
All	12.9	7.9	79.2

Age group	Percentage of account balance invested in target date funds <sup>3</sup>		
	>0 to 50 percent	>50 to 90 percent	>90 percent
20s	8.6	7.6	83.8
30s	11.7	12.0	76.4
40s	13.0	12.5	74.6
50s	12.8	11.9	75.4
60s	11.7	11.8	76.5
All	11.1	10.7	78.2

Age group	Percentage of account balance invested in non-target date balanced funds		
	>0 to 50 percent	>50 to 90 percent	>90 percent
20s	37.5	8.4	54.1
30s	38.9	25.1	35.9
40s	34.7	25.2	40.1
50s	37.3	27.2	35.5
60s	33.4	30.1	36.5
All	36.7	22.0	41.2

<sup>1</sup> The analysis includes the 2.7 million recently hired participants (those with two or fewer years of tenure) holding balanced funds in 2014; the 2.4 million recently hired participants holding target date funds in 2014; and the 0.5 million recently hired participants holding non-target date balanced funds in 2014.

<sup>2</sup> Row percentages may not add to 100 percent because of rounding.

<sup>3</sup> A target date fund typically rebalances its portfolio to become less focused on growth and more focused on income as it approaches and passes the target date of the fund, which is usually included in the fund's name.

Note: Funds include mutual funds, bank collective trusts, life insurance separate accounts, and any pooled investment product primarily invested in the security indicated.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

FIGURE 39

### Asset Allocation Distribution of 401(k) Plan Account Balance to Balanced Funds Among Recently Hired 401(k) Participants by Participant Age

Percentage of recently hired participants,<sup>1, 2</sup> 2014

Percentage of account balance invested in balanced funds											
Age group	Zero	1 to 10	>10 to 20	>20 to 30	>30 to 40	>40 to 50	>50 to 60	>60 to 70	>70 to 80	>80 to 90	>90 to 100
20s	31.9	1.6	1.6	1.5	1.1	1.4	1.8	1.1	1.2	1.0	55.9
30s	32.5	2.1	2.0	2.0	1.4	1.6	1.9	1.2	1.5	1.3	52.6
40s	32.4	2.2	2.2	2.2	1.5	1.6	1.8	1.2	1.4	1.2	52.3
50s	34.4	2.3	2.0	2.2	1.4	1.7	1.6	1.0	1.2	1.0	51.1
60s	36.1	2.3	1.8	1.9	1.3	1.6	1.5	0.9	1.0	0.8	50.7
All	32.8	2.0	1.9	1.9	1.3	1.5	1.8	1.1	1.3	1.1	53.2

Percentage of account balance invested in target date funds <sup>3</sup>											
Age group	Zero	1 to 10	>10 to 20	>20 to 30	>30 to 40	>40 to 50	>50 to 60	>60 to 70	>70 to 80	>80 to 90	>90 to 100
20s	39.4	1.0	1.0	1.1	0.9	1.2	1.7	1.0	1.0	0.9	50.8
30s	40.3	1.3	1.4	1.5	1.2	1.6	3.9	1.1	1.2	1.0	45.6
40s	42.3	1.5	1.5	1.6	1.3	1.6	4.4	0.9	1.0	0.9	43.0
50s	43.0	1.5	1.4	1.6	1.2	1.6	4.3	0.8	1.0	0.8	43.0
60s	44.6	1.5	1.2	1.4	1.0	1.4	4.4	0.7	0.8	0.7	42.4
All	41.1	1.3	1.3	1.4	1.1	1.5	3.4	0.9	1.1	0.9	46.1

Percentage of account balance invested in non-target date balanced funds											
Age group	Zero	1 to 10	>10 to 20	>20 to 30	>30 to 40	>40 to 50	>50 to 60	>60 to 70	>70 to 80	>80 to 90	>90 to 100
20s	91.4	1.2	0.9	0.6	0.3	0.2	0.3	0.2	0.2	0.1	4.7
30s	88.1	1.5	1.2	0.9	0.5	0.6	2.5	0.1	0.2	0.2	4.3
40s	85.2	1.5	1.3	1.0	0.6	0.7	3.2	0.2	0.2	0.2	5.9
50s	86.7	1.5	1.2	1.1	0.6	0.6	3.2	0.1	0.2	0.1	4.7
60s	86.9	1.4	1.1	0.9	0.5	0.5	3.5	0.1	0.2	0.1	4.8
All	88.2	1.4	1.1	0.9	0.5	0.5	2.1	0.2	0.2	0.1	4.9

<sup>1</sup>The analysis includes the 4.1 million recently hired participants (those with two or fewer years of tenure) in 2014.

<sup>2</sup>Row percentages may not add to 100 percent because of rounding.

<sup>3</sup>A target date fund typically rebalances its portfolio to become less focused on growth and more focused on income as it approaches and passes the target date of the fund, which is usually included in the fund's name.

Note: Funds include mutual funds, bank collective trusts, life insurance separate accounts, and any pooled investment product primarily invested in the security indicated.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

FIGURE 40

**Average Asset Allocation of 401(k) Plan Accounts by Participant Age Among Recently Hired<sup>1</sup> 401(k) Plan Participants**

Percentage of account balances,<sup>2</sup> 1998 and 2014

Age group	Equity funds		Balanced funds				Bond funds		Money funds		GICs <sup>4</sup> and other stable value funds		Company stock	
			Total		Target date funds <sup>3</sup>	Non-target date balanced funds								
	1998	2014	1998	2014	2014	2014	1998	2014	1998	2014	1998	2014	1998	2014
20s	66.9	29.7	7.4	55.0	47.0	8.0	5.1	4.2	4.0	1.0	3.7	1.2	10.5	3.6
30s	67.8	37.1	8.0	46.9	39.6	7.3	5.1	5.7	4.1	1.2	3.2	1.6	9.4	2.6
40s	64.5	39.6	9.7	41.6	34.3	7.3	5.9	7.3	5.1	1.6	4.4	1.7	8.0	2.6
50s	60.5	37.8	11.3	36.9	31.1	5.8	6.6	10.6	5.9	1.9	6.7	3.5	6.5	2.6
60s	50.0	34.7	12.1	31.9	27.1	4.8	8.7	15.7	7.8	2.3	13.3	3.7	5.7	2.0
All	64.8	36.9	9.1	41.5	34.9	6.6	5.7	8.6	4.9	1.6	4.6	2.4	8.6	2.6

<sup>1</sup>The analysis is based on samples of 1.2 million recently hired participants (those with two or fewer years of tenure) in 1998 and 4.1 million recently hired participants in 2014.

<sup>2</sup>Minor investment options are not shown; therefore, row percentages do not add to 100 percent. Percentages are dollar-weighted averages.

<sup>3</sup>A target date fund typically rebalances its portfolio to become less focused on growth and more focused on income as it approaches and passes the target date of the fund, which is usually included in the fund's name.

<sup>4</sup>GICs are guaranteed investment contracts.

Note: Funds include mutual funds, bank collective trusts, life insurance separate accounts, and any pooled investment product primarily invested in the security indicated.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

In addition to devoting a greater share of their assets to balanced funds, recently hired participants also have become more likely to hold these diversified investment options. At year-end 2014, 67 percent of recently hired 401(k) participants held balanced funds, compared with 29 percent at year-end 1998 (Figure 35). Over the same

period, recently hired 401(k) participants have become less likely to hold company stock (Figure 41) and less likely to hold equity funds.<sup>45</sup> Recently hired 401(k) participants also tend not to hold a high concentration of their account balances in company stock (Figures 42 and 43).<sup>46</sup>

FIGURE 41

**Recently Hired 401(k) Participants Tend to Be Less Likely to Hold Company Stock**

*Percentage of recently hired participants offered and holding company stock by participant age, 1998–2014*

	Age group					All
	20s	30s	40s	50s	60s	
1998	60.8	61.9	59.8	57.6	54.1	60.5
1999	61.1	62.3	60.6	58.8	55.5	61.0
2000	60.5	61.6	59.5	57.4	53.6	60.0
2001	58.1	60.0	58.8	57.9	55.7	58.7
2002	53.9	57.2	55.9	53.9	51.0	55.3
2003	49.6	53.3	52.6	51.2	49.5	51.6
2004	49.8	52.3	52.0	49.5	47.8	51.0
2005	45.4	47.6	47.3	45.2	43.9	46.3
2006	40.0	43.6	43.6	42.3	40.4	42.0
2007	35.4	40.4	40.7	39.6	38.4	38.7
2008	32.9	37.4	37.9	37.8	38.7	36.2
2009	32.3	36.2	37.0	37.6	40.5	35.5
2010	30.3	33.6	34.4	34.4	36.8	33.0
2011	26.2	30.0	31.4	31.3	30.8	29.3
2012	23.0	26.4	27.5	26.9	26.7	25.7
2013	27.9	30.7	31.3	30.8	30.0	29.9
2014	26.9	29.2	29.1	29.1	27.6	28.3

Note: The analysis includes 401(k) plan participants with two or fewer years of tenure in the year indicated and in a plan offering company stock as an investment option.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

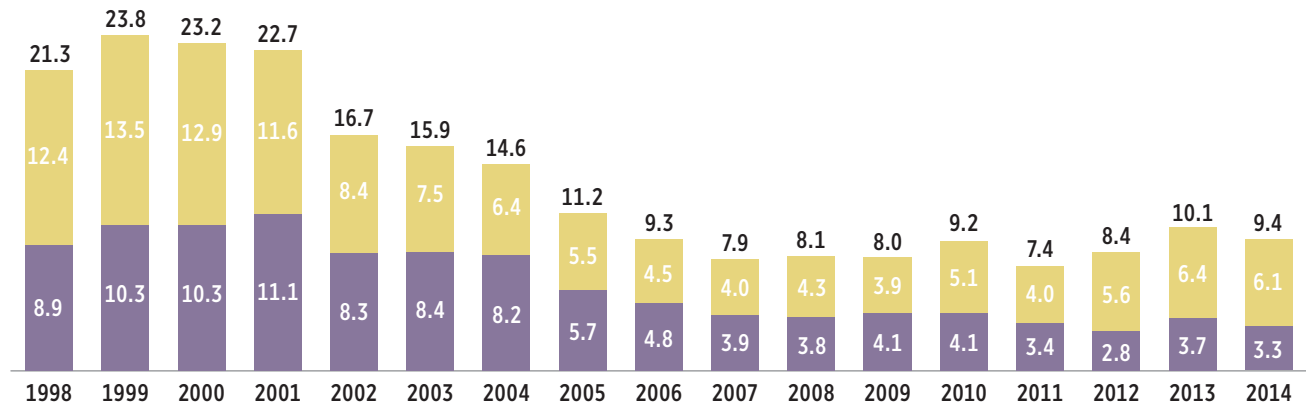
FIGURE 42

### New 401(k) Participants Tend Not to Hold High Concentrations in Company Stock

Percentage of recently hired participants offered company stock holding the percentage of their account balance indicated in company stock, 1998–2014

Percentage of account balance invested in company stock

■ >90 percent of participant account balance  
 ■ >50 percent to 90 percent of participant account balance



Note: The analysis includes 401(k) plan participants with two or fewer years of tenure in the year indicated and in a plan offering company stock as an investment option.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

FIGURE 43

### Asset Allocation Distribution of Recently Hired 401(k) Participant Account Balance to Company Stock in 401(k) Plans with Company Stock by Participant Age

Percentage of recently hired participants in plans offering company stock as an investment option,<sup>1,2</sup> 2014

Age group	Percentage of account balance invested in company stock										
	Zero	1 to 10	>10 to 20	>20 to 30	>30 to 40	>40 to 50	>50 to 60	>60 to 70	>70 to 80	>80 to 90	>90 to 100
20s	73.1	4.3	4.4	3.5	2.5	1.7	1.8	0.8	0.6	0.4	6.8
30s	70.8	6.1	5.5	4.1	2.5	1.8	1.6	0.8	0.6	0.4	5.8
40s	70.9	6.3	5.5	4.1	2.6	1.8	1.5	0.8	0.6	0.4	5.5
50s	70.9	6.6	5.2	4.3	2.6	1.7	1.5	0.7	0.5	0.3	5.7
60s	72.4	6.1	4.6	3.9	2.2	1.7	1.4	0.6	0.4	0.3	6.3
All	71.7	5.6	5.0	3.9	2.5	1.8	1.6	0.8	0.6	0.4	6.1

<sup>1</sup> The analysis includes the 1.2 million participants with two or fewer years of tenure in 2014 and in plans offering company stock as an investment option.

<sup>2</sup> Row percentages may not add to 100 percent because of rounding.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project



## Year-End 2014 Snapshot of 401(k) Plan Loan Activity

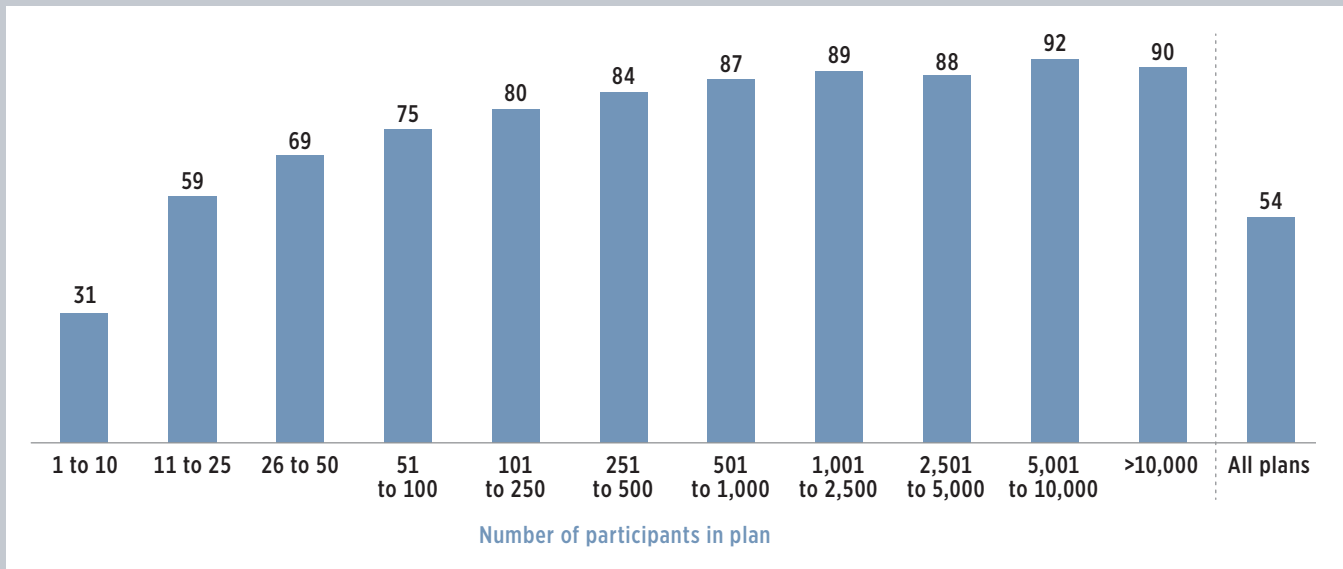
### Availability and Use of 401(k) Plan Loans by Plan Size

Fifty-four percent of the 401(k) plans for which loan data were available in the 2014 EBRI/ICI 401(k) database offered a plan loan provision to participants (Figure 44).<sup>47</sup> The loan feature was more commonly associated with large plans (as measured by the number of participants in the plan). About 90 percent of plans with more than 1,000 participants included a loan provision, compared with 31 percent of plans with 10 or fewer participants. Participant loan activity

varied modestly by plan size, ranging from 18 percent of participants with loans outstanding in 401(k) plans with 26 to 100 participants to 24 percent of participants in 401(k) plans with 10 or fewer participants (Figure 45). Loan ratios—the amount of the loan outstanding divided by the remaining account balance—vary only slightly when participants are grouped based on the size of their 401(k) plans (as measured by the number of plan participants). Among those in plans with 500 or fewer participants, the loan ratio was 13 percent of the remaining assets in 2014, while in plans with more than 5,000 participants, the loan ratio was 11 percent (Figure 46).

FIGURE 44

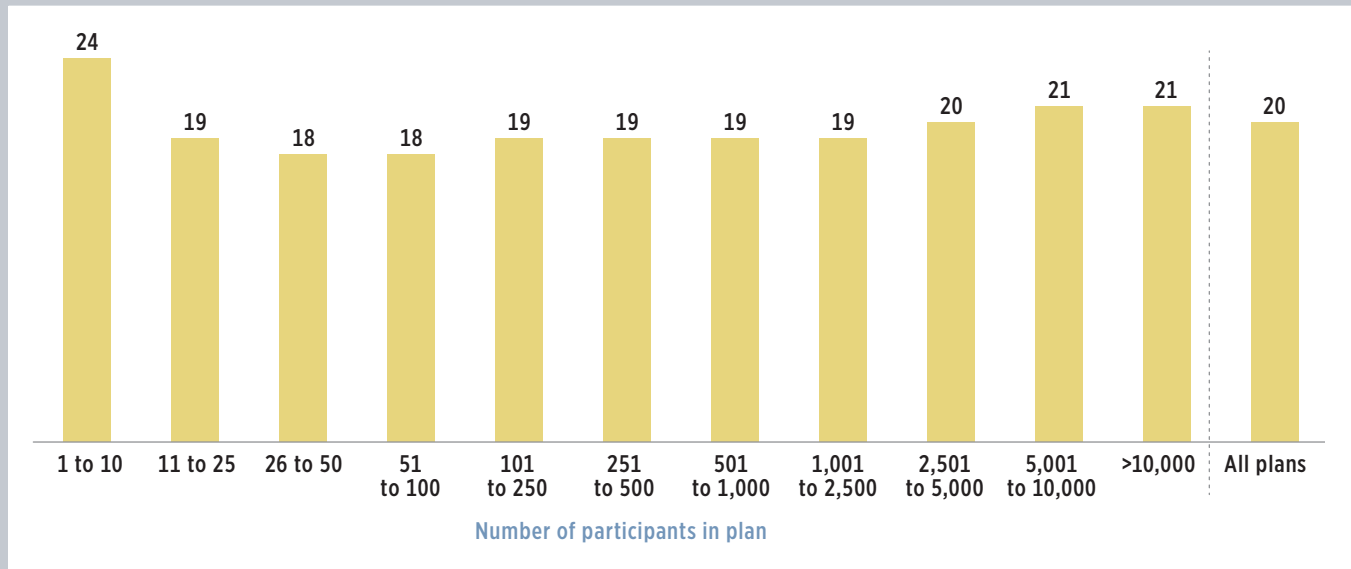
### Percentage of 401(k) Plans Offering Loans by Plan Size, 2014



Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

FIGURE 45

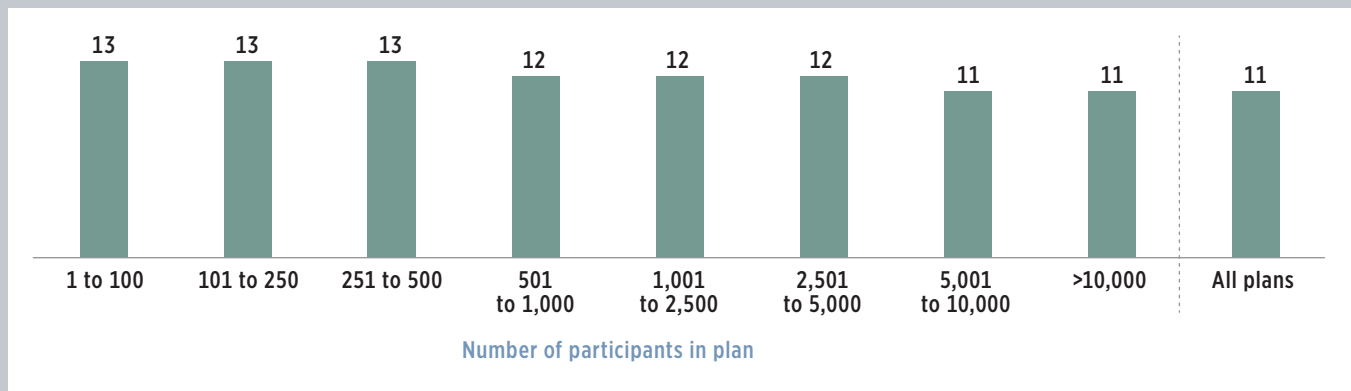
**Percentage of Eligible 401(k) Participants with 401(k) Loans by Plan Size, 2014**



Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

FIGURE 46

**401(k) Loan Balances as a Percentage of 401(k) Plan Account Balances for Participants with 401(k) Loans by Plan Size, 2014**



Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

In the 19 years that the database has been tracking loan activity among 401(k) plan participants, there has been little variation. From 1996 through 2008, on average, less than one-fifth of 401(k) participants with access to loans had loans outstanding. At year-end 2009, the percentage of participants who were offered loans with loans outstanding ticked up to 21 percent and remained at that level from year-end 2010 through year-end 2013 before falling to 20 percent at year-end 2014 (Figure 47).<sup>48</sup> However, not all participants have access to 401(k) plan loans—factoring in all 401(k) participants with and without loan access in the database, only 17 percent had loans outstanding at year-end 2014.<sup>49</sup> On average, over the past 19 years, among participants with loans outstanding, about 14 percent of the remaining account balance remained unpaid. U.S. Department of Labor data indicate that loan amounts tend to be a negligible portion of plan assets.<sup>50</sup>

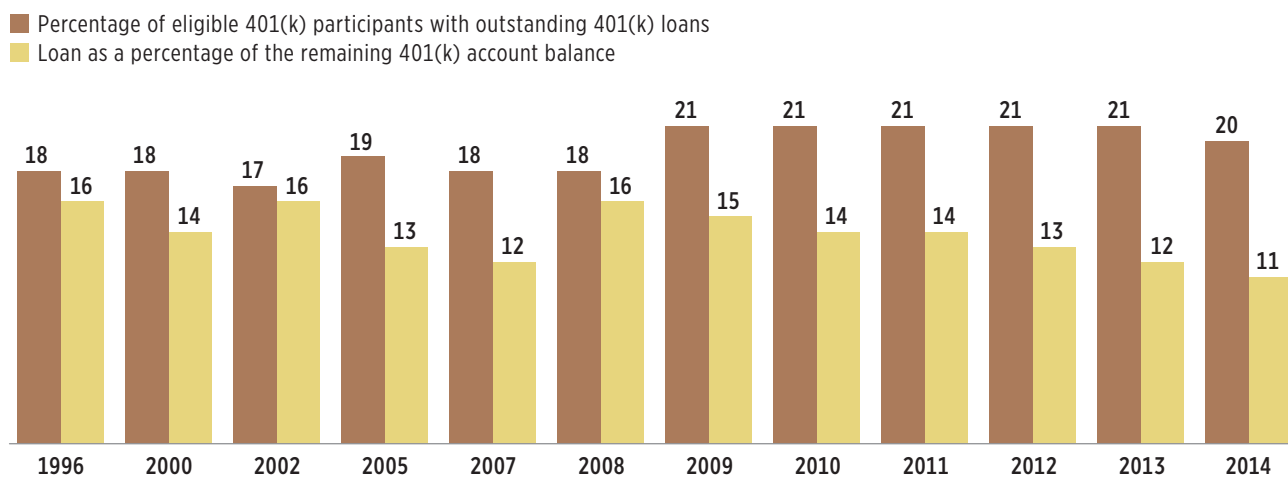
### 401(k) Plan Loan Activity Varies with Participant Age, Tenure, Account Balance, and Salary

In the 2014 EBRI/ICI 401(k) database, 87 percent of participants were in plans offering loans. However, as has been the case for the 19 years that the database has tracked 401(k) plan participants, relatively few participants made use of this borrowing privilege. At year-end 2014, 20 percent of those eligible for loans had 401(k) plan loans outstanding (Figure 47). As in previous years, loan activity varies with age, tenure, account balance, and salary. Of those participants in plans offering loans, the highest percentages of participants with outstanding loan balances were among participants in their thirties, forties, or fifties (Figure 48). In addition, participants with five or fewer years of tenure or with more than 30 years of tenure were less likely to use the loan provision than other participants. Thirteen percent of participants with account balances of less than \$10,000 had loans outstanding.

FIGURE 47

### Few 401(k) Participants Had Outstanding 401(k) Loans; Loans Tended to Be Small

*Selected years*



Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

FIGURE 48

**401(k) Loan Activity Varied Across 401(k) Plan Participants**

Percentage of eligible 401(k) participants with 401(k) loans by participant age, tenure, account size, or salary; selected years

	1996	2000	2002	2005	2007	2008	2009	2010	2011	2012	2013	2014
<b>All</b>	18	18	17	19	18	18	21	21	21	21	21	20
<b>Age group</b>												
20s	12	11	10	11	10	10	13	13	13	13	12	11
30s	20	19	18	20	20	20	23	23	22	23	23	22
40s	22	21	20	22	22	22	26	26	25	26	27	26
50s	17	17	17	19	19	19	22	22	22	23	23	23
60s	9	9	9	10	10	11	12	13	13	14	14	13
<b>Years of tenure*</b>												
0 to 2	6	5	4	5	7	6	9	7	5	6	9	9
>2 to 5	15	14	12	14	15	15	17	18	18	18	19	19
>5 to 10	24	23	21	22	23	23	25	27	26	27	28	26
>10 to 20	27	26	26	26	26	26	29	29	29	30	30	28
>20 to 30	25	26	25	24	24	25	27	26	26	28	28	26
>30	13	16	15	17	17	18	19	19	19	20	20	18
<b>Size of account balance</b>												
<\$10,000	12	11	11	12	11	12	16	16	15	15	14	13
\$10,000 to \$20,000	26	23	22	26	25	26	28	29	30	30	30	28
>\$20,000 to \$30,000	26	25	22	27	26	26	28	29	30	31	31	30
>\$30,000 to \$40,000	25	25	23	26	26	26	28	28	29	30	31	30
>\$40,000 to \$50,000	24	25	23	25	26	25	27	27	27	29	30	29
>\$50,000 to \$60,000	24	24	22	24	25	24	25	26	26	28	29	28
>\$60,000 to \$70,000	23	24	22	23	24	23	25	25	25	27	28	27
>\$70,000 to \$80,000	26	23	22	22	23	22	24	24	24	26	27	27
>\$80,000 to \$90,000	23	23	21	21	23	21	23	23	23	25	26	26
>\$90,000 to \$100,000	22	22	21	20	22	20	23	22	22	24	26	25
>\$100,000 to \$200,000	22	20	19	18	19	18	19	19	19	21	23	23
>\$200,000	18	15	13	13	13	12	13	12	12	13	15	14
<b>Salary range</b>												
\$20,000 to \$40,000	18	17	13	19	20	19	24	22	25	25	21	23
>\$40,000 to \$60,000	20	23	21	26	28	27	30	26	26	28	27	28
>\$60,000 to \$80,000	18	23	20	24	24	24	26	23	22	25	22	24
>\$80,000 to \$100,000	17	21	17	22	21	20	23	20	19	21	19	21
>\$100,000	14	16	13	16	14	14	16	14	14	16	15	16

\*The tenure variable is generally years working at current employer, and thus may overstate years of participation in the 401(k) plan.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

## Average Loan Balances

Among participants with outstanding 401(k) loans at the end of 2014, the average unpaid balance was \$7,780, compared with \$7,421 in the year-end 2013 database (Figure 49). The median loan balance outstanding was \$4,239 at year-end 2014, compared with \$3,973 in the year-end 2013 database. Nevertheless, the ratio of the loan outstanding to the remaining account balance decreased

slightly, from 12 percent at year-end 2013 to 11 percent at year-end 2014 (Figures 47 and 50). In addition, as in previous years, variation around this average tends to correspond with age (the older the participant, the lower the average), tenure (the higher the tenure of the participant, the lower the average), account balance (the higher the account balance, the lower the average),<sup>51</sup> and salary (the higher the participant's salary, the lower the average) (Figure 50).

FIGURE 49

### 401(k) Loan Balances

*Average and median loan balances for 401(k) participants with 401(k) loans, 1998–2014*

Year	Average loan outstanding	Median loan outstanding
1998	\$6,717	\$3,902
1999	6,815	4,400
2000	6,856	3,824
2001	6,644	3,659
2002	6,659	3,700
2003	6,839	3,832
2004	6,946	3,893
2005	6,821	3,661
2006	7,292	4,089
2007	7,495	4,167
2008	7,191	3,889
2009	7,346	3,972
2010	6,846	3,619
2011	7,027	3,785
2012	7,153	3,858
2013	7,421	3,973
2014	7,780	4,239

Note: Average and median 401(k) loan amounts are calculated among participants with 401(k) loans at year-end.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

FIGURE 50

**401(k) Loan Amounts Varied Across 401(k) Participants**

401(k) loan balances as a percentage of 401(k) plan account balances for 401(k) participants with loans by participant age, tenure, account size, or salary; selected years

	1996	2000	2002	2005	2007	2008	2009	2010	2011	2012	2013	2014
<b>All</b>	16	14	16	13	12	16	15	14	14	13	12	11
<b>Age group</b>												
20s	30	30	28	24	25	29	26	24	26	25	26	26
30s	22	20	22	19	19	25	22	20	21	20	19	18
40s	16	15	16	13	13	18	16	15	16	15	13	13
50s	12	11	12	10	10	13	12	11	11	11	10	9
60s	10	9	10	8	8	11	10	9	9	9	8	8
<b>Years of tenure*</b>												
0 to 2	27	24	27	23	21	25	22	19	21	22	17	16
>2 to 5	24	25	25	21	22	26	23	20	21	21	19	18
>5 to 10	23	21	23	19	18	24	20	19	20	18	17	16
>10 to 20	15	14	16	13	13	17	16	14	15	14	12	12
>20 to 30	11	10	11	9	8	12	11	9	10	9	8	8
>30	7	8	10	8	7	9	9	7	7	7	6	6
<b>Size of account balance</b>												
<\$10,000	39	39	37	35	36	39	39	35	37	38	41	42
\$10,000 to \$20,000	32	32	31	29	30	33	31	28	30	30	31	32
>\$20,000 to \$30,000	28	28	28	25	26	29	27	25	27	26	27	28
>\$30,000 to \$40,000	23	24	25	22	23	26	25	23	24	24	24	24
>\$40,000 to \$50,000	22	21	22	20	21	24	22	20	21	21	21	21
>\$50,000 to \$60,000	19	19	20	18	19	21	21	19	19	19	19	19
>\$60,000 to \$70,000	16	17	18	16	17	19	19	17	18	17	17	17
>\$70,000 to \$80,000	16	15	16	15	16	18	17	16	16	16	16	16
>\$80,000 to \$90,000	14	14	15	14	14	16	16	15	15	15	14	14
>\$90,000 to \$100,000	13	13	13	13	13	15	15	14	14	14	13	13
>\$100,000 to \$200,000	10	9	10	9	10	11	11	10	11	10	10	10
>\$200,000	5	5	5	4	5	5	5	5	5	5	4	4
<b>Salary range</b>												
\$20,000 to \$40,000	17	19	18	18	17	21	19	17	17	17	16	14
>\$40,000 to \$60,000	17	16	16	16	15	19	17	15	16	15	13	12
>\$60,000 to \$80,000	15	13	14	13	12	17	14	13	13	13	11	11
>\$80,000 to \$100,000	14	12	12	11	11	14	12	11	12	11	10	10
>\$100,000	14	10	10	9	9	11	10	9	9	9	7	7

\*The tenure variable is generally years working at current employer, and thus may overstate years of participation in the 401(k) plan.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

Overall, loans from 401(k) plans tended to be small, with a sizable majority of 401(k) participants in all age groups having no loan outstanding at all. For example, 89 percent of participants in their twenties, 74 percent of participants

in their forties, and 87 percent of participants in their sixties had no loans outstanding at year-end 2014 (Figure 51).

FIGURE 51

**Loans from 401(k) Plans Tended to Be Small**

*Percentage of eligible participants by participant age, 2014*

401(k) loan as a percentage of remaining 401(k) plan account balance	Age group					
	20s	30s	40s	50s	60s	All
Zero (no loan)	89	78	74	77	87	80
1 to 10 percent	2	6	9	10	6	7
>10 to 20 percent	2	4	5	5	2	4
>20 to 30 percent	1	3	3	3	1	3
>30 to 80 percent	4	7	7	5	2	5
>80 percent	2	2	1	1	1	1

Note: Components may not add to 100 percent because of rounding.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

## Appendix

FIGURE A1

### Average Asset Allocation of 401(k) Plan Accounts by Participant Age, 2007–2013

Percentage of account balances,<sup>1</sup> 2007–2013

2007									
Age group	Equity funds	Target date funds <sup>2,3</sup>	Non-target date balanced funds	Bond funds	Money funds	GICs <sup>3,4</sup> and other stable value funds	Company stock <sup>3</sup>	Other	Unknown
20s	48.2	14.1	8.9	6.6	3.7	5.9	8.4	1.3	2.7
30s	56.8	9.5	7.2	6.9	3.0	4.9	8.9	1.7	1.0
40s	54.1	7.5	7.5	7.1	3.3	6.9	10.7	2.0	0.8
50s	45.9	7.2	8.3	8.6	4.3	11.3	11.5	2.2	0.6
60s	38.5	6.6	8.3	10.4	5.9	17.9	9.7	2.1	0.5
All	48.2	7.5	7.9	8.2	4.2	10.5	10.6	2.0	0.7
2008									
Age group	Equity funds	Target date funds <sup>2,3</sup>	Non-target date balanced funds	Bond funds	Money funds	GICs <sup>3,4</sup> and other stable value funds	Company stock <sup>3</sup>	Other	Unknown
20s	38.0	15.8	12.3	9.3	5.5	8.4	7.8	1.3	1.3
30s	47.0	9.3	8.7	10.3	5.2	7.4	8.7	1.9	1.4
40s	44.1	7.0	8.1	10.9	5.7	10.4	10.1	2.3	1.2
50s	35.2	6.4	8.1	12.7	7.3	16.2	10.5	2.5	0.9
60s	28.0	5.6	7.6	14.5	9.4	23.2	8.4	2.6	0.7
All	37.4	6.8	8.1	12.3	7.1	15.2	9.7	2.4	1.0
2009									
Age group	Equity funds	Target date funds <sup>2,3</sup>	Non-target date balanced funds	Bond funds	Money funds	GICs <sup>3,4</sup> and other stable value funds	Company stock <sup>3</sup>	Other	Unknown
20s	38.3	24.6	9.7	7.7	3.5	5.5	7.2	1.4	2.1
30s	48.2	14.1	7.1	9.1	3.8	5.7	7.9	2.1	2.1
40s	47.2	10.2	6.8	9.8	4.2	8.1	9.3	2.6	1.8
50s	39.0	8.9	6.9	11.9	5.4	13.2	10.2	2.9	1.5
60s	32.3	7.8	6.8	13.8	7.3	19.6	8.3	2.9	1.2
All	40.6	9.8	6.9	11.4	5.3	12.4	9.3	2.7	1.6

Continued on the next page



FIGURE A1 CONTINUED

**Average Asset Allocation of 401(k) Plan Accounts by Participant Age, 2007–2013**

Percentage of account balances,<sup>1</sup> 2007–2013

2010									
Age group	Equity funds	Target date funds <sup>2,3</sup>	Non-target date balanced funds	Bond funds	Money funds	GICs <sup>3,4</sup> and other stable value funds	Company stock <sup>3</sup>	Other	Unknown
20s	36.9	28.7	8.7	7.2	2.6	4.4	6.7	1.6	3.3
30s	47.5	16.6	6.7	8.8	3.1	4.9	7.0	2.3	3.2
40s	48.0	12.0	6.3	9.8	3.5	6.7	7.9	2.8	2.9
50s	40.3	10.6	6.6	12.2	4.6	11.2	8.7	3.2	2.7
60s	34.1	9.5	6.6	14.7	6.2	16.5	7.0	2.9	2.5
All	42.0	11.7	6.6	11.6	4.4	10.3	8.0	2.9	2.6
2011									
Age group	Equity funds	Target date funds <sup>2,3</sup>	Non-target date balanced funds	Bond funds	Money funds	GICs <sup>3,4</sup> and other stable value funds	Company stock <sup>3</sup>	Other	Unknown
20s	32.8	34.2	8.3	7.4	2.3	3.9	6.4	1.9	2.8
30s	43.8	20.6	6.8	9.0	3.0	4.9	7.0	2.5	2.6
40s	45.5	14.8	6.1	10.0	3.5	6.8	8.2	3.0	2.2
50s	37.9	12.7	6.4	12.5	4.5	11.6	9.1	3.4	2.0
60s	31.8	11.5	6.3	15.0	6.1	17.0	7.3	3.1	2.0
All	39.2	14.1	6.4	11.9	4.4	10.8	8.2	3.1	1.9
2012									
Age group	Equity funds	Target date funds <sup>2,3</sup>	Non-target date balanced funds	Bond funds	Money funds	GICs <sup>3,4</sup> and other stable value funds	Company stock <sup>3</sup>	Other	Unknown
20s	30.7	38.4	7.7	6.4	1.9	3.1	5.5	3.4	3.0
30s	42.4	23.8	6.4	8.4	2.8	4.2	6.1	3.1	2.8
40s	45.3	16.9	5.9	9.8	3.3	5.8	7.1	3.4	2.6
50s	38.4	14.4	6.1	12.5	4.3	10.2	7.9	3.9	2.3
60s	32.2	13.2	6.2	15.2	5.6	15.3	6.7	3.3	2.2
All	39.2	16.1	6.1	11.8	4.1	9.6	7.2	3.5	2.4

Continued on the next page

FIGURE A1 CONTINUED

**Average Asset Allocation of 401(k) Plan Accounts by Participant Age, 2007–2013**

Percentage of account balances,<sup>1</sup> 2007–2013

Age group	2013								
	Equity funds	Target date funds <sup>2,3</sup>	Non-target date balanced funds	Bond funds	Money funds	GICs <sup>3,4</sup> and other stable value funds	Company stock <sup>3</sup>	Other	Unknown
20s	31.9	40.3	7.1	5.1	1.8	1.9	5.4	3.9	2.5
30s	44.5	25.3	5.9	6.6	2.7	2.9	6.1	3.4	2.3
40s	48.7	17.4	5.6	7.6	3.4	4.0	7.1	3.9	2.1
50s	43.4	14.9	5.9	9.4	4.5	7.5	7.9	4.3	1.9
60s	37.3	13.8	6.2	11.6	6.2	11.7	7.1	3.8	1.9
All	43.5	16.7	5.9	9.1	4.4	7.0	7.3	4.0	2.0

<sup>1</sup>Row percentages may not add to 100 percent because of rounding. Percentages are dollar-weighted averages.

<sup>2</sup>A target date fund typically rebalances its portfolio to become less focused on growth and more focused on income as it approaches and passes the target date of the fund, which is usually included in the fund’s name.

<sup>3</sup>Not all participants are offered this investment option (see Figure A2).

<sup>4</sup>GICs are guaranteed investment contracts.

<sup>5</sup>Equities include equity funds, company stock, and the equity portion of balanced funds.

Note: Funds include mutual funds, bank collective trusts, life insurance separate accounts, and any pooled investment product primarily invested in the security indicated.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

FIGURE A2

**Distribution of 401(k) Plans, Participants, and Assets by Investment Options, 2007–2013**

Investment options offered by plan	2007		
	Plans	Participants	Assets <sup>1</sup>
<b>Equity, bond, money, and/or balanced funds</b>	<b>30,509</b>	<b>6,358,616</b>	<b>\$310,823,661,806</b>
Of which: target date funds <sup>2</sup> are an option	19,653	5,869,381	300,509,540,037
<b>Equity, bond, money, and/or balanced funds; and GICs<sup>3</sup> and/or other stable value funds</b>	<b>24,182</b>	<b>5,759,232</b>	<b>333,096,281,024</b>
Of which: target date funds <sup>2</sup> are an option	17,051	3,779,908	221,689,982,920
<b>Equity, bond, money, and/or balanced funds; and company stock</b>	<b>591</b>	<b>2,776,741</b>	<b>225,827,360,732</b>
Of which: target date funds <sup>2</sup> are an option	470	1,971,881	155,719,177,317
<b>Equity, bond, money, and/or balanced funds; company stock; and GICs<sup>3</sup> and/or other stable value funds</b>	<b>950</b>	<b>6,878,491</b>	<b>555,395,167,782</b>
Of which: target date funds <sup>2</sup> are an option	704	3,512,742	263,119,085,324
<b>All</b>	<b>56,232</b>	<b>21,773,080</b>	<b>1,425,142,471,345</b>
Of which: target date funds <sup>2</sup> are an option	37,878	15,133,912	941,037,785,597
Investment options offered by plan	Percentage of plans <sup>1</sup>	Percentage of participants <sup>1</sup>	Percentage of assets <sup>1</sup>
<b>Equity, bond, money, and/or balanced funds</b>	<b>54.3%</b>	<b>29.2%</b>	<b>21.8%</b>
Of which: target date funds <sup>2</sup> are an option	34.9	27.0	21.1
<b>Equity, bond, money, and/or balanced funds; and GICs<sup>3</sup> and/or other stable value funds</b>	<b>43.0</b>	<b>26.5</b>	<b>23.4</b>
Of which: target date funds <sup>2</sup> are an option	30.3	17.4	15.6
<b>Equity, bond, money, and/or balanced funds; and company stock</b>	<b>1.1</b>	<b>12.8</b>	<b>15.8</b>
Of which: target date funds <sup>2</sup> are an option	0.8	9.1	10.9
<b>Equity, bond, money, and/or balanced funds; company stock; and GICs<sup>3</sup> and/or other stable value funds</b>	<b>1.7</b>	<b>31.6</b>	<b>39.0</b>
Of which: target date funds <sup>2</sup> are an option	1.3	16.1	18.5
<b>All</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Of which: target date funds <sup>2</sup> are an option	67.4	69.5	66.0

Continued on the next page

FIGURE A2 CONTINUED

**Distribution of 401(k) Plans, Participants, and Assets by Investment Options, 2007–2013**

Investment options offered by plan	2008		
	Plans	Participants	Assets <sup>1</sup>
<b>Equity, bond, money, and/or balanced funds</b>	<b>29,101</b>	<b>7,051,309</b>	<b>\$242,732,441,135</b>
Of which: target date funds <sup>2</sup> are an option	22,125	5,670,372	195,439,653,365
<b>Equity, bond, money, and/or balanced funds; and GICs<sup>3</sup> and/or other stable value funds</b>	<b>24,024</b>	<b>5,916,952</b>	<b>229,842,664,062</b>
Of which: target date funds <sup>2</sup> are an option	17,961	4,308,328	166,837,778,808
<b>Equity, bond, money, and/or balanced funds; and company stock</b>	<b>698</b>	<b>3,988,551</b>	<b>195,334,039,667</b>
Of which: target date funds <sup>2</sup> are an option	514	2,484,549	133,050,275,659
<b>Equity, bond, money, and/or balanced funds; company stock; and GICs<sup>3</sup> and/or other stable value funds</b>	<b>942</b>	<b>7,043,568</b>	<b>424,558,594,204</b>
Of which: target date funds <sup>2</sup> are an option	729	5,574,912	324,730,589,566
<b>All</b>	<b>54,765</b>	<b>24,000,380</b>	<b>1,092,467,739,069</b>
Of which: target date funds <sup>2</sup> are an option	41,329	18,038,161	820,058,297,397
Investment options offered by plan	Percentage of plans <sup>1</sup>	Percentage of participants <sup>1</sup>	Percentage of assets <sup>1</sup>
<b>Equity, bond, money, and/or balanced funds</b>	<b>53.1%</b>	<b>29.4%</b>	<b>22.2%</b>
Of which: target date funds <sup>2</sup> are an option	40.4	23.6	17.9
<b>Equity, bond, money, and/or balanced funds; and GICs<sup>3</sup> and/or other stable value funds</b>	<b>43.9</b>	<b>24.7</b>	<b>21.0</b>
Of which: target date funds <sup>2</sup> are an option	32.8	18.0	15.3
<b>Equity, bond, money, and/or balanced funds; and company stock</b>	<b>1.3</b>	<b>16.6</b>	<b>17.9</b>
Of which: target date funds <sup>2</sup> are an option	0.9	10.4	12.2
<b>Equity, bond, money, and/or balanced funds; company stock; and GICs<sup>3</sup> and/or other stable value funds</b>	<b>1.7</b>	<b>29.3</b>	<b>38.9</b>
Of which: target date funds <sup>2</sup> are an option	1.3	23.2	29.7
<b>All</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Of which: target date funds <sup>2</sup> are an option	75.5	75.2	75.1

Continued on the next page

FIGURE A2 CONTINUED

**Distribution of 401(k) Plans, Participants, and Assets by Investment Options, 2007–2013**

Investment options offered by plan	2009		
	Plans	Participants	Assets <sup>1</sup>
<b>Equity, bond, money, and/or balanced funds</b>	<b>27,879</b>	<b>6,276,906</b>	<b>\$298,127,169,373</b>
Of which: target date funds <sup>2</sup> are an option	21,468	4,762,439	222,212,047,139
<b>Equity, bond, money, and/or balanced funds; and GICs<sup>3</sup> and/or other stable value funds</b>	<b>22,404</b>	<b>4,988,736</b>	<b>250,001,456,068</b>
Of which: target date funds <sup>2</sup> are an option	17,204	4,059,968	201,269,691,433
<b>Equity, bond, money, and/or balanced funds; and company stock</b>	<b>644</b>	<b>3,223,670</b>	<b>192,188,040,515</b>
Of which: target date funds <sup>2</sup> are an option	480	1,940,936	127,549,003,835
<b>Equity, bond, money, and/or balanced funds; company stock; and GICs<sup>3</sup> and/or other stable value funds</b>	<b>925</b>	<b>6,254,419</b>	<b>470,098,152,981</b>
Of which: target date funds <sup>2</sup> are an option	743	4,762,719	350,475,290,163
<b>All</b>	<b>51,852</b>	<b>20,743,731</b>	<b>1,210,414,818,938</b>
Of which: target date funds <sup>2</sup> are an option	39,895	15,526,062	901,506,032,570
Investment options offered by plan	Percentage of plans <sup>1</sup>	Percentage of participants <sup>1</sup>	Percentage of assets <sup>1</sup>
<b>Equity, bond, money, and/or balanced funds</b>	<b>53.8%</b>	<b>30.3%</b>	<b>24.6%</b>
Of which: target date funds <sup>2</sup> are an option	41.4	23.0	18.4
<b>Equity, bond, money, and/or balanced funds; and GICs<sup>3</sup> and/or other stable value funds</b>	<b>43.2</b>	<b>24.0</b>	<b>20.7</b>
Of which: target date funds <sup>2</sup> are an option	33.2	19.6	16.6
<b>Equity, bond, money, and/or balanced funds; and company stock</b>	<b>1.2</b>	<b>15.5</b>	<b>15.9</b>
Of which: target date funds <sup>2</sup> are an option	0.9	9.4	10.5
<b>Equity, bond, money, and/or balanced funds; company stock; and GICs<sup>3</sup> and/or other stable value funds</b>	<b>1.8</b>	<b>30.2</b>	<b>38.8</b>
Of which: target date funds <sup>2</sup> are an option	1.4	23.0	29.0
<b>All</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Of which: target date funds <sup>2</sup> are an option	76.9	74.8	74.5

Continued on the next page

FIGURE A2 CONTINUED

**Distribution of 401(k) Plans, Participants, and Assets by Investment Options, 2007–2013**

Investment options offered by plan	2010		
	Plans	Participants	Assets <sup>1</sup>
<b>Equity, bond, money, and/or balanced funds</b>	<b>40,638</b>	<b>8,177,054</b>	<b>\$405,510,024,541</b>
Of which: target date funds <sup>2</sup> are an option	27,216	5,768,753	282,888,450,068
<b>Equity, bond, money, and/or balanced funds; and GICs<sup>3</sup> and/or other stable value funds</b>	<b>22,334</b>	<b>6,125,588</b>	<b>338,032,949,859</b>
Of which: target date funds <sup>2</sup> are an option	16,929	4,628,245	248,911,291,062
<b>Equity, bond, money, and/or balanced funds; and company stock</b>	<b>626</b>	<b>3,357,767</b>	<b>214,577,115,186</b>
Of which: target date funds <sup>2</sup> are an option	431	2,478,555	137,410,985,176
<b>Equity, bond, money, and/or balanced funds; company stock; and GICs<sup>3</sup> and/or other stable value funds</b>	<b>857</b>	<b>5,780,776</b>	<b>456,059,107,209</b>
Of which: target date funds <sup>2</sup> are an option	651	3,910,846	292,619,888,151
<b>All</b>	<b>64,455</b>	<b>23,441,185</b>	<b>1,414,179,196,794</b>
Of which: target date funds <sup>2</sup> are an option	45,227	16,786,399	961,830,614,457
Investment options offered by plan	Percentage of plans <sup>1</sup>	Percentage of participants <sup>1</sup>	Percentage of assets <sup>1</sup>
<b>Equity, bond, money, and/or balanced funds</b>	<b>63.0%</b>	<b>34.9%</b>	<b>28.7%</b>
Of which: target date funds <sup>2</sup> are an option	42.2	24.6	20.0
<b>Equity, bond, money, and/or balanced funds; and GICs<sup>3</sup> and/or other stable value funds</b>	<b>34.7</b>	<b>26.1</b>	<b>23.9</b>
Of which: target date funds <sup>2</sup> are an option	26.3	19.7	17.6
<b>Equity, bond, money, and/or balanced funds; and company stock</b>	<b>1.0</b>	<b>14.3</b>	<b>15.2</b>
Of which: target date funds <sup>2</sup> are an option	0.7	10.6	9.7
<b>Equity, bond, money, and/or balanced funds; company stock; and GICs<sup>3</sup> and/or other stable value funds</b>	<b>1.3</b>	<b>24.7</b>	<b>32.2</b>
Of which: target date funds <sup>2</sup> are an option	1.0	16.7	20.7
<b>All</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Of which: target date funds <sup>2</sup> are an option	70.2	71.6	68.0

Continued on the next page

FIGURE A2 CONTINUED

**Distribution of 401(k) Plans, Participants, and Assets by Investment Options, 2007–2013**

Investment options offered by plan	2011		
	Plans	Participants	Assets <sup>1</sup>
<b>Equity, bond, money, and/or balanced funds</b>	<b>40,918</b>	<b>8,300,549</b>	<b>\$393,851,429,251</b>
Of which: target date funds <sup>2</sup> are an option	29,380	6,561,073	312,226,670,331
<b>Equity, bond, money, and/or balanced funds; and GICs<sup>3</sup> and/or other stable value funds</b>	<b>21,768</b>	<b>6,524,313</b>	<b>343,171,066,072</b>
Of which: target date funds <sup>2</sup> are an option	15,854	4,421,866	239,662,677,661
<b>Equity, bond, money, and/or balanced funds; and company stock</b>	<b>565</b>	<b>3,332,778</b>	<b>207,379,938,703</b>
Of which: target date funds <sup>2</sup> are an option	465	2,657,116	150,996,996,797
<b>Equity, bond, money, and/or balanced funds; company stock; and GICs<sup>3</sup> and/or other stable value funds</b>	<b>890</b>	<b>5,825,758</b>	<b>470,393,829,973</b>
Of which: target date funds <sup>2</sup> are an option	674	3,943,271	311,819,194,252
<b>All</b>	<b>64,141</b>	<b>23,983,398</b>	<b>1,414,796,263,998</b>
Of which: target date funds <sup>2</sup> are an option	46,373	17,583,326	1,014,705,539,041
Investment options offered by plan	Percentage of plans <sup>1</sup>	Percentage of participants <sup>1</sup>	Percentage of assets <sup>1</sup>
<b>Equity, bond, money, and/or balanced funds</b>	<b>63.8%</b>	<b>34.6%</b>	<b>27.8%</b>
Of which: target date funds <sup>2</sup> are an option	45.8	27.4	22.1
<b>Equity, bond, money, and/or balanced funds; and GICs<sup>3</sup> and/or other stable value funds</b>	<b>33.9</b>	<b>27.2</b>	<b>24.3</b>
Of which: target date funds <sup>2</sup> are an option	24.7	18.4	16.9
<b>Equity, bond, money, and/or balanced funds; and company stock</b>	<b>0.9</b>	<b>13.9</b>	<b>14.7</b>
Of which: target date funds <sup>2</sup> are an option	0.7	11.1	10.7
<b>Equity, bond, money, and/or balanced funds; company stock; and GICs<sup>3</sup> and/or other stable value funds</b>	<b>1.4</b>	<b>24.3</b>	<b>33.2</b>
Of which: target date funds <sup>2</sup> are an option	1.1	16.4	22.0
<b>All</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Of which: target date funds <sup>2</sup> are an option	72.3	73.3	71.7

Continued on the next page

FIGURE A2 CONTINUED

**Distribution of 401(k) Plans, Participants, and Assets by Investment Options, 2007–2013**

Investment options offered by plan	2012		
	Plans	Participants	Assets <sup>1</sup>
<b>Equity, bond, money, and/or balanced funds</b>	<b>42,165</b>	<b>8,678,685</b>	<b>\$469,802,480,229</b>
Of which: target date funds <sup>2</sup> are an option	30,377	6,751,671	365,583,775,505
<b>Equity, bond, money, and/or balanced funds; and GICs<sup>3</sup> and/or other stable value funds</b>	<b>21,092</b>	<b>6,629,570</b>	<b>378,940,206,085</b>
Of which: target date funds <sup>2</sup> are an option	15,345	4,734,948	272,426,390,762
<b>Equity, bond, money, and/or balanced funds; and company stock</b>	<b>544</b>	<b>3,493,963</b>	<b>229,750,055,920</b>
Of which: target date funds <sup>2</sup> are an option	443	2,837,928	173,978,568,774
<b>Equity, bond, money, and/or balanced funds; company stock; and GICs<sup>3</sup> and/or other stable value funds</b>	<b>818</b>	<b>5,217,610</b>	<b>457,059,678,540</b>
Of which: target date funds <sup>2</sup> are an option	623	3,444,527	302,712,876,492
<b>All</b>	<b>64,619</b>	<b>24,019,828</b>	<b>1,535,552,420,774</b>
Of which: target date funds <sup>2</sup> are an option	46,788	17,769,074	1,114,701,611,533
Investment options offered by plan	Percentage of plans <sup>1</sup>	Percentage of participants <sup>1</sup>	Percentage of assets <sup>1</sup>
<b>Equity, bond, money, and/or balanced funds</b>	<b>65.3%</b>	<b>36.1%</b>	<b>30.6%</b>
Of which: target date funds <sup>2</sup> are an option	47.0	28.1	23.8
<b>Equity, bond, money, and/or balanced funds; and GICs<sup>3</sup> and/or other stable value funds</b>	<b>32.6</b>	<b>27.6</b>	<b>24.7</b>
Of which: target date funds <sup>2</sup> are an option	23.7	19.7	17.7
<b>Equity, bond, money, and/or balanced funds; and company stock</b>	<b>0.8</b>	<b>14.5</b>	<b>15.0</b>
Of which: target date funds <sup>2</sup> are an option	0.7	11.8	11.3
<b>Equity, bond, money, and/or balanced funds; company stock; and GICs<sup>3</sup> and/or other stable value funds</b>	<b>1.3</b>	<b>21.7</b>	<b>29.8</b>
Of which: target date funds <sup>2</sup> are an option	1.0	14.3	19.7
<b>All</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Of which: target date funds <sup>2</sup> are an option	72.4	74.0	72.6

Continued on the next page



FIGURE A2 CONTINUED

**Distribution of 401(k) Plans, Participants, and Assets by Investment Options, 2007–2013**

Investment options offered by plan	2013		
	Plans	Participants	Assets <sup>1</sup>
<b>Equity, bond, money, and/or balanced funds</b>	<b>51,627</b>	<b>11,387,080</b>	<b>\$675,147,619,313</b>
Of which: target date funds <sup>2</sup> are an option	36,869	8,387,647	504,871,562,432
<b>Equity, bond, money, and/or balanced funds; and GICs<sup>3</sup> and/or other stable value funds</b>	<b>19,200</b>	<b>5,896,114</b>	<b>405,545,092,819</b>
Of which: target date funds <sup>2</sup> are an option	13,634	4,068,419	285,268,935,925
<b>Equity, bond, money, and/or balanced funds; and company stock</b>	<b>1,073</b>	<b>4,841,913</b>	<b>362,256,152,200</b>
Of which: target date funds <sup>2</sup> are an option	760	3,935,742	280,237,818,286
<b>Equity, bond, money, and/or balanced funds; company stock; and GICs<sup>3</sup> and/or other stable value funds</b>	<b>776</b>	<b>4,296,253</b>	<b>469,513,431,701</b>
Of which: target date funds <sup>2</sup> are an option	550	2,762,424	306,739,812,106
<b>All</b>	<b>72,676</b>	<b>26,421,360</b>	<b>1,912,462,296,032</b>
Of which: target date funds <sup>2</sup> are an option	51,813	19,154,232	1,377,118,128,750
Investment options offered by plan	Percentage of plans <sup>1</sup>	Percentage of participants <sup>1</sup>	Percentage of assets <sup>1</sup>
<b>Equity, bond, money, and/or balanced funds</b>	<b>71.0%</b>	<b>43.1%</b>	<b>35.3%</b>
Of which: target date funds <sup>2</sup> are an option	50.7	31.7	26.4
<b>Equity, bond, money, and/or balanced funds; and GICs<sup>3</sup> and/or other stable value funds</b>	<b>26.4</b>	<b>22.3</b>	<b>21.2</b>
Of which: target date funds <sup>2</sup> are an option	18.8	15.4	14.9
<b>Equity, bond, money, and/or balanced funds; and company stock</b>	<b>1.5</b>	<b>18.3</b>	<b>18.9</b>
Of which: target date funds <sup>2</sup> are an option	1.0	14.9	14.7
<b>Equity, bond, money, and/or balanced funds; company stock; and GICs<sup>3</sup> and/or other stable value funds</b>	<b>1.1</b>	<b>16.3</b>	<b>24.6</b>
Of which: target date funds <sup>2</sup> are an option	0.8	10.5	16.0
<b>All</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Of which: target date funds <sup>2</sup> are an option	71.3	72.5	72.0

<sup>1</sup> Components may not add to the totals because of rounding.

<sup>2</sup> A target date fund typically rebalances its portfolio to become less focused on growth and more focused on income as it approaches and passes the target date of the fund, which is usually included in the fund's name.

<sup>3</sup> GICs are guaranteed investment contracts.

Note: Funds include mutual funds, bank collective trusts, life insurance separate accounts, and any pooled investment product primarily invested in the security indicated.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

FIGURE A3

**Asset Allocation to Equities Varied Widely Among 401(k) Plan Participants, 2007–2013**

Asset allocation distribution of 401(k) participant account balance to equities<sup>1</sup> by age; percentage of participants,<sup>2</sup> 2007–2013

2007						
Percentage of account balance invested in equities <sup>1</sup>						
Age group	Zero	1 to 20 percent	>20 to 40 percent	>40 to 60 percent	>60 to 80 percent	>80 percent
20s	19.2	2.4	3.8	7.0	19.1	48.5
30s	10.9	2.5	3.9	7.9	19.9	54.9
40s	10.8	3.4	4.7	9.1	28.4	43.7
50s	12.2	5.0	6.3	17.6	23.8	35.1
60s	17.7	7.1	9.7	17.2	18.1	30.1
All	13.2	3.8	5.3	11.2	23.0	43.5
2008						
Percentage of account balance invested in equities <sup>1</sup>						
Age group	Zero	1 to 20 percent	>20 to 40 percent	>40 to 60 percent	>60 to 80 percent	>80 percent
20s	11.5	2.9	4.2	7.3	20.6	53.5
30s	10.3	4.1	5.4	9.5	20.8	49.9
40s	10.9	5.6	6.5	10.6	30.5	35.8
50s	13.0	8.1	8.4	20.5	22.5	27.4
60s	18.6	10.8	11.8	18.9	16.3	23.6
All	12.4	6.1	7.0	13.0	23.4	38.1
2009						
Percentage of account balance invested in equities <sup>1</sup>						
Age group	Zero	1 to 20 percent	>20 to 40 percent	>40 to 60 percent	>60 to 80 percent	>80 percent
20s	13.6	3.3	3.6	6.5	17.5	55.3
30s	10.8	4.2	5.3	9.0	19.2	51.5
40s	11.2	5.4	6.4	10.4	27.2	39.4
50s	13.3	7.9	8.6	18.4	26.0	25.9
60s	18.9	10.4	13.0	20.6	14.9	22.2
All	13.1	6.1	7.1	12.5	22.3	38.9
2010						
Percentage of account balance invested in equities <sup>1</sup>						
Age group	Zero	1 to 20 percent	>20 to 40 percent	>40 to 60 percent	>60 to 80 percent	>80 percent
20s	9.4	1.7	2.7	5.8	18.1	62.3
30s	9.6	2.8	4.1	8.3	19.9	55.3
40s	10.5	3.9	5.1	9.6	29.0	41.8
50s	12.8	6.0	7.2	18.9	28.3	26.8
60s	17.9	8.1	12.3	23.1	16.3	22.3
All	11.8	4.4	6.0	12.5	23.9	41.4

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FIGURE A3 CONTINUED

**Asset Allocation to Equities Varied Widely Among 401(k) Plan Participants, 2007–2013**

Asset allocation distribution of 401(k) participant account balance to equities<sup>1</sup> by age; percentage of participants,<sup>2</sup> 2007–2013

2011						
Percentage of account balance invested in equities <sup>1</sup>						
Age group	Zero	1 to 20 percent	>20 to 40 percent	>40 to 60 percent	>60 to 80 percent	>80 percent
20s	9.4	1.4	2.3	5.2	16.3	65.4
30s	8.8	2.7	3.6	7.6	18.7	58.5
40s	9.4	3.9	4.8	9.1	29.8	43.0
50s	11.4	6.1	7.0	19.9	29.3	26.3
60s	16.2	8.2	13.2	24.8	15.8	21.8
All	10.8	4.4	5.9	12.6	23.8	42.5

2012						
Percentage of account balance invested in equities <sup>1</sup>						
Age group	Zero	1 to 20 percent	>20 to 40 percent	>40 to 60 percent	>60 to 80 percent	>80 percent
20s	8.9	1.2	2.2	4.7	14.9	68.2
30s	8.1	2.4	3.4	7.1	17.7	61.4
40s	8.9	3.5	4.5	8.7	30.6	43.8
50s	10.9	5.6	6.8	21.0	29.6	26.0
60s	15.5	7.6	14.0	26.0	15.5	21.4
All	10.2	4.0	5.9	12.9	23.6	43.4

2013						
Percentage of account balance invested in equities <sup>1</sup>						
Age group	Zero	1 to 20 percent	>20 to 40 percent	>40 to 60 percent	>60 to 80 percent	>80 percent
20s	9.9	0.9	1.6	3.6	12.6	71.4
30s	8.5	1.9	2.6	5.7	15.8	65.5
40s	8.9	2.8	3.6	7.3	30.1	47.3
50s	10.3	4.4	5.5	20.1	30.6	29.1
60s	14.5	6.3	13.0	25.7	16.5	24.0
All	10.2	3.3	4.9	11.7	23.0	46.9

<sup>1</sup>Equities include equity funds, company stock, and the equity portion of balanced funds. Funds include mutual funds, bank collective trusts, life insurance separate accounts, and any pooled investment product primarily invested in the security indicated.

<sup>2</sup>Row percentages may not add to 100 percent because of rounding.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

FIGURE A4

**Asset Allocation Distribution of 401(k) Participant Account Balance to Balanced Funds by Age, 2007–2013**

Percentage of participants,<sup>1</sup> 2007–2013

2007											
Percentage of account balance invested in balanced funds											
Age group	Zero	1 to 10	>10 to 20	>20 to 30	>30 to 40	>40 to 50	>50 to 60	>60 to 70	>70 to 80	>80 to 90	>90 to 100
20s	50.5	5.0	5.5	4.9	2.7	2.5	2.7	1.7	1.6	1.3	21.7
30s	50.6	7.2	6.9	6.0	3.4	2.8	2.5	1.5	1.4	1.1	16.6
40s	53.1	7.5	6.9	6.3	3.5	2.9	2.5	1.4	1.3	1.1	13.5
50s	54.5	7.3	6.6	6.1	3.7	3.1	2.7	1.5	1.3	1.1	12.3
60s	60.3	6.0	5.3	5.2	3.3	2.8	2.5	1.3	1.2	1.0	11.3
All	53.4	6.9	6.4	5.9	3.4	2.8	2.6	1.4	1.3	1.1	14.8
Percentage of account balance invested in target date funds <sup>2</sup>											
Age group	Zero	1 to 10	>10 to 20	>20 to 30	>30 to 40	>40 to 50	>50 to 60	>60 to 70	>70 to 80	>80 to 90	>90 to 100
20s	70.0	2.5	2.6	2.4	1.4	1.4	1.5	1.1	1.1	1.0	15.0
30s	71.4	3.8	3.3	2.9	1.6	1.4	1.3	0.9	0.8	0.8	11.9
40s	74.7	3.9	3.1	2.7	1.5	1.3	1.2	0.7	0.7	0.7	9.4
50s	76.6	3.8	2.9	2.5	1.4	1.3	1.1	0.7	0.7	0.6	8.5
60s	80.7	3.0	2.3	1.9	1.2	1.1	0.9	0.6	0.6	0.5	7.3
All	74.5	3.5	2.9	2.6	1.5	1.3	1.2	0.8	0.8	0.7	10.2
Percentage of account balance invested in non-target date balanced funds											
Age group	Zero	1 to 10	>10 to 20	>20 to 30	>30 to 40	>40 to 50	>50 to 60	>60 to 70	>70 to 80	>80 to 90	>90 to 100
20s	77.7	4.1	3.9	2.9	1.3	1.1	1.1	0.5	0.5	0.3	6.5
30s	75.5	5.7	5.0	3.8	1.7	1.3	1.1	0.5	0.5	0.3	4.5
40s	74.8	5.8	5.1	4.2	2.0	1.5	1.3	0.6	0.5	0.4	3.8
50s	74.4	5.6	5.0	4.3	2.3	1.7	1.5	0.7	0.5	0.4	3.6
60s	77.0	4.5	4.0	3.8	2.2	1.7	1.5	0.7	0.5	0.4	3.8
All	75.6	5.3	4.8	3.9	1.9	1.5	1.3	0.6	0.5	0.4	4.3

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FIGURE A4 CONTINUED

**Asset Allocation Distribution of 401(k) Participant Account Balance to Balanced Funds by Age, 2007–2013**

Percentage of participants,<sup>1</sup> 2007–2013

2008											
Percentage of account balance invested in balanced funds											
Age group	Zero	1 to 10	>10 to 20	>20 to 30	>30 to 40	>40 to 50	>50 to 60	>60 to 70	>70 to 80	>80 to 90	>90 to 100
20s	37.8	4.5	5.1	4.8	3.2	2.8	2.9	1.6	1.5	1.4	34.3
30s	46.4	7.1	6.7	6.0	3.5	2.8	2.6	1.6	1.4	1.3	20.6
40s	50.3	7.8	6.7	6.2	3.6	2.8	2.5	1.5	1.3	1.2	16.0
50s	52.3	8.1	6.4	6.0	3.7	2.9	2.5	1.5	1.3	1.2	14.2
60s	57.4	7.4	5.6	5.4	3.2	2.6	2.3	1.3	1.1	1.1	12.7
All	49.2	7.2	6.3	5.8	3.5	2.8	2.5	1.5	1.3	1.2	18.7
Percentage of account balance invested in target date funds <sup>2</sup>											
Age group	Zero	1 to 10	>10 to 20	>20 to 30	>30 to 40	>40 to 50	>50 to 60	>60 to 70	>70 to 80	>80 to 90	>90 to 100
20s	56.3	2.9	2.5	2.4	1.5	1.5	1.7	1.2	1.2	1.2	27.7
30s	65.2	4.4	3.3	2.8	1.7	1.6	1.5	1.0	1.0	1.0	16.4
40s	70.1	4.6	3.1	2.7	1.6	1.4	1.4	0.9	0.9	0.8	12.5
50s	72.8	4.6	2.8	2.4	1.6	1.3	1.2	0.8	0.8	0.8	10.9
60s	77.4	3.6	2.1	1.9	1.3	1.1	1.0	0.7	0.7	0.7	9.5
All	68.7	4.2	2.9	2.5	1.6	1.4	1.4	0.9	0.9	0.9	14.7
Percentage of account balance invested in non-target date balanced funds											
Age group	Zero	1 to 10	>10 to 20	>20 to 30	>30 to 40	>40 to 50	>50 to 60	>60 to 70	>70 to 80	>80 to 90	>90 to 100
20s	78.8	3.3	3.5	2.9	1.7	1.4	1.2	0.4	0.4	0.3	6.2
30s	78.0	4.8	4.5	3.6	1.7	1.2	1.0	0.5	0.4	0.3	3.9
40s	77.2	5.3	4.6	4.0	2.0	1.4	1.1	0.6	0.4	0.3	3.2
50s	76.6	5.5	4.5	4.1	2.2	1.5	1.2	0.6	0.4	0.3	3.1
60s	77.8	5.1	4.1	3.8	2.0	1.5	1.3	0.6	0.4	0.3	3.0
All	77.6	4.9	4.3	3.7	1.9	1.4	1.1	0.5	0.4	0.3	3.7

Continued on the next page

FIGURE A4 CONTINUED

**Asset Allocation Distribution of 401(k) Participant Account Balance to Balanced Funds by Age, 2007–2013**

Percentage of participants,<sup>1</sup> 2007–2013

2009											
Percentage of account balance invested in balanced funds											
Age group	Zero	1 to 10	>10 to 20	>20 to 30	>30 to 40	>40 to 50	>50 to 60	>60 to 70	>70 to 80	>80 to 90	>90 to 100
20s	39.5	4.4	3.9	3.5	2.2	2.2	3.1	1.7	1.7	1.6	36.1
30s	46.4	6.8	5.8	5.1	3.1	2.6	2.7	1.7	1.7	1.5	22.7
40s	50.5	7.6	6.0	5.4	3.3	2.7	2.5	1.5	1.5	1.3	17.5
50s	53.1	7.7	5.8	5.4	3.4	2.7	2.5	1.5	1.4	1.3	15.3
60s	59.0	6.8	4.7	4.5	2.9	2.5	2.2	1.3	1.2	1.1	13.8
All	50.0	6.9	5.5	4.9	3.1	2.6	2.6	1.5	1.5	1.4	20.1
Percentage of account balance invested in target date funds <sup>2</sup>											
Age group	Zero	1 to 10	>10 to 20	>20 to 30	>30 to 40	>40 to 50	>50 to 60	>60 to 70	>70 to 80	>80 to 90	>90 to 100
20s	53.6	2.8	2.4	2.2	1.5	1.5	2.5	1.3	1.4	1.4	29.5
30s	61.7	4.4	3.2	2.8	1.8	1.7	1.9	1.2	1.3	1.2	18.6
40s	66.9	4.8	3.1	2.7	1.8	1.6	1.6	1.1	1.1	1.0	14.3
50s	70.0	4.9	2.9	2.5	1.7	1.5	1.4	0.9	1.0	1.0	12.3
60s	74.7	4.1	2.2	2.0	1.4	1.3	1.2	0.8	0.8	0.8	10.9
All	65.8	4.4	2.9	2.5	1.7	1.5	1.7	1.0	1.1	1.1	16.3
Percentage of account balance invested in non-target date balanced funds											
Age group	Zero	1 to 10	>10 to 20	>20 to 30	>30 to 40	>40 to 50	>50 to 60	>60 to 70	>70 to 80	>80 to 90	>90 to 100
20s	83.3	3.4	2.4	1.7	0.8	0.6	0.6	0.4	0.4	0.3	6.1
30s	81.4	4.7	3.6	2.7	1.2	0.9	0.8	0.4	0.4	0.3	3.7
40s	80.6	4.9	3.8	3.1	1.5	1.1	0.9	0.5	0.4	0.3	2.9
50s	80.2	4.9	3.8	3.2	1.7	1.2	1.0	0.5	0.4	0.3	2.7
60s	82.0	4.3	3.2	2.8	1.6	1.2	1.0	0.5	0.4	0.3	2.6
All	81.3	4.6	3.5	2.8	1.4	1.0	0.9	0.4	0.4	0.3	3.4

Continued on the next page

FIGURE A4 CONTINUED

**Asset Allocation Distribution of 401(k) Participant Account Balance to Balanced Funds by Age, 2007–2013**

Percentage of participants,<sup>1</sup> 2007–2013

2010											
Percentage of account balance invested in balanced funds											
Age group	Zero	1 to 10	>10 to 20	>20 to 30	>30 to 40	>40 to 50	>50 to 60	>60 to 70	>70 to 80	>80 to 90	>90 to 100
20s	33.2	3.8	3.2	2.9	1.9	2.0	2.7	1.5	1.6	1.7	45.4
30s	43.1	6.0	5.1	4.4	2.7	2.4	2.5	1.7	1.9	1.9	28.2
40s	48.1	6.8	5.5	4.8	3.0	2.5	2.4	1.6	1.7	1.7	21.9
50s	50.7	6.9	5.3	4.9	3.1	2.6	2.4	1.5	1.7	1.6	19.3
60s	54.4	6.3	4.4	4.2	2.8	2.4	2.2	1.4	1.6	1.5	18.6
All	46.6	6.2	4.9	4.4	2.8	2.4	2.4	1.6	1.7	1.7	25.2
Percentage of account balance invested in target date funds <sup>2</sup>											
Age group	Zero	1 to 10	>10 to 20	>20 to 30	>30 to 40	>40 to 50	>50 to 60	>60 to 70	>70 to 80	>80 to 90	>90 to 100
20s	47.8	2.1	1.9	1.8	1.3	1.5	2.2	1.1	1.2	1.5	37.5
30s	58.6	3.7	2.8	2.5	1.7	1.6	1.8	1.3	1.5	1.6	22.9
40s	64.1	4.1	2.9	2.5	1.7	1.6	1.6	1.1	1.3	1.4	17.7
50s	67.0	4.2	2.7	2.4	1.6	1.5	1.4	1.0	1.3	1.3	15.5
60s	70.2	3.7	2.2	2.0	1.4	1.3	1.3	0.9	1.2	1.2	14.5
All	62.4	3.7	2.6	2.3	1.6	1.5	1.6	1.1	1.3	1.4	20.4
Percentage of account balance invested in non-target date balanced funds											
Age group	Zero	1 to 10	>10 to 20	>20 to 30	>30 to 40	>40 to 50	>50 to 60	>60 to 70	>70 to 80	>80 to 90	>90 to 100
20s	83.1	3.2	2.0	1.4	0.7	0.5	0.5	0.4	0.3	0.3	7.5
30s	81.4	4.4	3.2	2.3	1.1	0.8	0.7	0.5	0.4	0.3	4.9
40s	81.1	4.6	3.5	2.7	1.4	1.0	0.8	0.5	0.4	0.3	3.9
50s	80.8	4.6	3.5	2.9	1.6	1.1	0.9	0.5	0.4	0.3	3.5
60s	81.9	4.1	2.9	2.6	1.5	1.1	0.9	0.5	0.4	0.3	3.9
All	81.5	4.3	3.1	2.5	1.3	0.9	0.8	0.5	0.4	0.3	4.5

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FIGURE A4 CONTINUED

**Asset Allocation Distribution of 401(k) Participant Account Balance to Balanced Funds by Age, 2007–2013**

Percentage of participants,<sup>1</sup> 2007–2013

2011											
Percentage of account balance invested in balanced funds											
Age group	Zero	1 to 10	>10 to 20	>20 to 30	>30 to 40	>40 to 50	>50 to 60	>60 to 70	>70 to 80	>80 to 90	>90 to 100
20s	30.8	2.8	2.6	2.5	1.7	1.9	2.9	1.6	1.5	1.4	50.3
30s	39.6	5.1	4.5	4.1	2.7	2.4	2.6	1.8	1.9	2.1	33.2
40s	45.0	6.2	5.0	4.7	3.0	2.5	2.6	1.7	1.8	1.9	25.6
50s	47.6	6.6	5.0	4.8	3.1	2.6	2.6	1.7	1.7	1.8	22.5
60s	51.3	6.1	4.2	4.2	2.8	2.4	2.4	1.5	1.6	1.7	21.7
All	43.6	5.6	4.5	4.2	2.7	2.4	2.6	1.7	1.7	1.8	29.1
Percentage of account balance invested in target date funds <sup>2</sup>											
Age group	Zero	1 to 10	>10 to 20	>20 to 30	>30 to 40	>40 to 50	>50 to 60	>60 to 70	>70 to 80	>80 to 90	>90 to 100
20s	43.7	1.8	1.6	1.7	1.2	1.5	2.4	1.3	1.2	1.2	42.4
30s	53.6	3.4	2.8	2.5	1.7	1.7	2.0	1.4	1.6	1.8	27.5
40s	59.5	4.2	3.0	2.7	1.8	1.7	1.8	1.3	1.4	1.5	21.1
50s	62.4	4.4	2.9	2.6	1.8	1.7	1.7	1.2	1.3	1.5	18.5
60s	65.8	4.0	2.4	2.2	1.6	1.5	1.5	1.0	1.2	1.4	17.5
All	57.9	3.7	2.6	2.4	1.7	1.6	1.8	1.2	1.4	1.5	24.0
Percentage of account balance invested in non-target date balanced funds											
Age group	Zero	1 to 10	>10 to 20	>20 to 30	>30 to 40	>40 to 50	>50 to 60	>60 to 70	>70 to 80	>80 to 90	>90 to 100
20s	85.3	2.2	1.6	1.2	0.6	0.4	0.4	0.3	0.3	0.3	7.4
30s	82.9	3.7	2.7	2.1	1.0	0.7	0.6	0.4	0.4	0.3	5.2
40s	82.3	4.1	3.1	2.5	1.2	0.8	0.7	0.4	0.3	0.3	4.2
50s	82.1	4.2	3.1	2.7	1.4	1.0	0.9	0.4	0.4	0.3	3.6
60s	83.0	3.7	2.6	2.5	1.4	1.0	0.9	0.4	0.3	0.3	3.9
All	82.9	3.7	2.7	2.3	1.2	0.8	0.7	0.4	0.3	0.3	4.7

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FIGURE A4 CONTINUED

**Asset Allocation Distribution of 401(k) Participant Account Balance to Balanced Funds by Age, 2007–2013**

Percentage of participants,<sup>1</sup> 2007–2013

2012											
Percentage of account balance invested in balanced funds											
Age group	Zero	1 to 10	>10 to 20	>20 to 30	>30 to 40	>40 to 50	>50 to 60	>60 to 70	>70 to 80	>80 to 90	>90 to 100
20s	30.4	2.4	2.6	2.1	1.5	1.5	2.6	1.4	1.3	1.3	52.8
30s	38.1	4.5	4.3	3.7	2.5	2.2	2.5	1.7	1.9	2.1	36.5
40s	43.6	5.8	4.9	4.4	2.8	2.4	2.4	1.7	1.8	1.9	28.2
50s	46.5	6.2	4.8	4.5	3.0	2.5	2.4	1.7	1.7	1.8	24.7
60s	50.0	5.8	4.2	4.1	2.7	2.4	2.3	1.5	1.6	1.7	23.8
All	42.5	5.2	4.4	3.9	2.6	2.3	2.4	1.6	1.7	1.8	31.6
Percentage of account balance invested in target date funds <sup>2</sup>											
Age group	Zero	1 to 10	>10 to 20	>20 to 30	>30 to 40	>40 to 50	>50 to 60	>60 to 70	>70 to 80	>80 to 90	>90 to 100
20s	42.1	1.5	1.4	1.4	1.1	1.2	2.2	1.1	1.1	1.0	45.9
30s	50.7	3.1	2.5	2.4	1.7	1.6	1.9	1.4	1.6	1.8	31.2
40s	56.9	4.0	2.9	2.6	1.8	1.7	1.8	1.4	1.5	1.6	23.9
50s	59.9	4.3	2.9	2.6	1.8	1.7	1.7	1.3	1.4	1.5	20.9
60s	63.6	3.8	2.4	2.3	1.6	1.5	1.5	1.1	1.2	1.4	19.6
All	55.5	3.5	2.6	2.4	1.7	1.6	1.8	1.3	1.4	1.5	26.8
Percentage of account balance invested in non-target date balanced funds											
Age group	Zero	1 to 10	>10 to 20	>20 to 30	>30 to 40	>40 to 50	>50 to 60	>60 to 70	>70 to 80	>80 to 90	>90 to 100
20s	86.6	1.9	1.8	1.0	0.5	0.4	0.4	0.3	0.3	0.3	6.5
30s	84.4	3.3	2.7	1.8	0.9	0.6	0.5	0.3	0.3	0.3	4.7
40s	83.5	3.8	3.0	2.2	1.1	0.8	0.6	0.3	0.3	0.3	4.0
50s	83.4	3.9	3.0	2.5	1.3	0.9	0.7	0.4	0.3	0.3	3.4
60s	83.8	3.5	2.6	2.3	1.3	0.9	0.8	0.4	0.3	0.3	3.8
All	84.1	3.5	2.7	2.0	1.1	0.7	0.6	0.3	0.3	0.3	4.3

Continued on the next page

FIGURE A4 CONTINUED

**Asset Allocation Distribution of 401(k) Participant Account Balance to Balanced Funds by Age, 2007–2013**

Percentage of participants,<sup>1</sup> 2007–2013

2013											
Percentage of account balance invested in balanced funds											
Age group	Zero	1 to 10	>10 to 20	>20 to 30	>30 to 40	>40 to 50	>50 to 60	>60 to 70	>70 to 80	>80 to 90	>90 to 100
20s	31.8	2.3	2.2	2.0	1.4	1.5	2.1	1.3	1.2	1.1	53.2
30s	38.2	4.5	3.9	3.4	2.3	2.1	2.1	1.6	1.7	1.9	38.3
40s	43.5	5.8	4.7	4.0	2.6	2.3	2.1	1.6	1.7	1.8	29.8
50s	46.2	6.2	4.8	4.3	2.8	2.5	2.1	1.5	1.6	1.7	26.2
60s	49.6	5.8	4.3	3.8	2.6	2.4	2.0	1.4	1.5	1.6	25.1
All	42.5	5.1	4.1	3.6	2.4	2.2	2.1	1.5	1.6	1.7	33.1
Percentage of account balance invested in target date funds <sup>2</sup>											
Age group	Zero	1 to 10	>10 to 20	>20 to 30	>30 to 40	>40 to 50	>50 to 60	>60 to 70	>70 to 80	>80 to 90	>90 to 100
20s	41.0	1.5	1.5	1.4	1.1	1.2	1.9	1.1	1.0	1.0	47.3
30s	49.4	3.1	2.5	2.2	1.6	1.6	1.7	1.3	1.4	1.7	33.5
40s	56.2	3.9	2.9	2.5	1.7	1.6	1.6	1.3	1.4	1.5	25.4
50s	59.3	4.2	2.9	2.5	1.8	1.6	1.5	1.2	1.3	1.5	22.3
60s	62.8	3.8	2.5	2.2	1.6	1.5	1.3	1.0	1.1	1.3	20.8
All	54.6	3.5	2.6	2.2	1.6	1.5	1.6	1.2	1.3	1.4	28.5
Percentage of account balance invested in non-target date balanced funds											
Age group	Zero	1 to 10	>10 to 20	>20 to 30	>30 to 40	>40 to 50	>50 to 60	>60 to 70	>70 to 80	>80 to 90	>90 to 100
20s	89.5	1.6	1.1	0.8	0.4	0.3	0.2	0.2	0.2	0.2	5.4
30s	86.4	3.1	2.1	1.5	0.7	0.6	0.4	0.3	0.3	0.3	4.4
40s	84.5	3.7	2.7	2.0	1.0	0.7	0.5	0.3	0.3	0.3	4.0
50s	84.0	3.8	2.9	2.2	1.2	0.8	0.6	0.3	0.3	0.3	3.6
60s	84.3	3.4	2.6	2.1	1.2	0.9	0.7	0.4	0.3	0.3	3.8
All	85.4	3.3	2.4	1.8	0.9	0.7	0.5	0.3	0.3	0.2	4.2

<sup>1</sup> Row percentages may not add to 100 percent because of rounding.

<sup>2</sup> A target date fund typically rebalances its portfolio to become less focused on growth and more focused on income as it approaches and passes the target date of the fund, which is usually included in the fund's name.

Note: Funds include mutual funds, bank collective trusts, life insurance separate accounts, and any pooled investment product primarily invested in the security indicated.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

## Notes

- <sup>1</sup> For data on 401(k) plan assets, participants, and plans through 2013, see U.S. Department of Labor, Employee Benefits Security Administration 2015c and 2015d. For total retirement assets (including those in 401(k) plans) through the end of 2015, see Investment Company Institute 2016. For a discussion of trends between defined benefit (DB) and defined contribution (DC) plans, see Poterba, Venti, and Wise 2007; Holden, Brady, and Hadley 2006; Brady and Bogdan 2010 and 2014; and Brady, Burham, and Holden 2012.
- <sup>2</sup> Before 2005, the U.S. Department of Labor private pension plan bulletins reported a count of active 401(k) plan participants that had been adjusted from the number of active participants actually reported in the Form 5500 filings to exclude: (1) individuals eligible to participate in a 401(k) plan who had not elected to have their employers make contributions; and (2) nonvested former employees who had not (at the time the Form 5500 filings were submitted) incurred the break-in service period established by their plan (see U.S. Department of Labor, Employee Benefits Security Administration 2012a for further detail). This change in methodology results in a dramatic increase in the number of individuals reported as active participants in 401(k) plans; in 2004, the number of active participants increased to 53.1 million (new method) from 44.4 million (old method; see U.S. Department of Labor, Employee Benefits Security Administration 2015d). As the U.S. Department of Labor notes: “In a purely economic sense and for research purposes, individuals in these groups should not be included in the count of active participants.” However, the form schedule needed to make the adjustment is no longer required. Using National Compensation Survey data and historical relationships and trends evident in the Form 5500 data, EBRI and ICI estimate the number of active 401(k) participants to be about 55 million in 2014 and the number of 401(k) plans to be about 535,000. The estimate of the number of active 401(k) plan participants is based on a combination of data from U.S. Department of Labor, Bureau of Labor Statistics 2012, 2013, 2014, and 2015; and U.S. Department of Labor, Employee Benefits Security Administration 2012a, 2012b, 2012c, 2012d, 2012e, 2014, 2015a, 2015b, and 2015c.
- <sup>3</sup> See Investment Company Institute 2016. At year-end 2015, 401(k) plans had \$4.7 trillion in assets.
- <sup>4</sup> The Employee Benefit Research Institute (EBRI) is a nonprofit, nonpartisan, public policy research organization that does not lobby or take positions on legislative proposals.
- <sup>5</sup> The Investment Company Institute (ICI) is a leading global association of regulated funds, including mutual funds, exchange-traded funds (ETFs), closed-end funds, and unit investment trusts (UITs) in the United States, and similar funds offered to investors in jurisdictions worldwide. ICI seeks to encourage adherence to high ethical standards, promote public understanding, and otherwise advance the interests of funds, their shareholders, directors, and advisers. ICI’s U.S. fund members manage total assets of \$16.9 trillion and serve more than 90 million U.S. shareholders (see Burham, Bogdan, and Schrass 2015).
- <sup>6</sup> This update extends previous findings from the project for 1996 through 2013. For year-end 2013 results, see Holden et al. 2014. Results for earlier years are available in earlier issues of *ICI Research Perspective* ([www.ici.org/research/perspective](http://www.ici.org/research/perspective)) and *EBRI Issue Brief* ([www.ebri.org/publications/ib](http://www.ebri.org/publications/ib)).
- <sup>7</sup> The EBRI/ICI 401(k) database environment is certified to be fully compliant with the ISO-27002 Information Security Audit standard. Moreover, EBRI has obtained a legal opinion that the methodology used meets the privacy standards of the Gramm-Leach-Bliley Act. At no time has any nonpublic personal information that is personally identifiable, such as a Social Security number, been transferred to or shared with EBRI.
- <sup>8</sup> Account balances are net of unpaid loan balances. Thus, unpaid loan balances are not included in any of the eight asset categories described.
- <sup>9</sup> The cross-sectional analysis for this publication found that consolidating the multiple accounts across a majority of the providers to the single individual owning them resulted in an overall increase of 4.5 percent in the average 401(k) plan account balance. This statistic should be interpreted with caution, as it may not represent the total 401(k) assets owned by the individual. The impact of account consolidation varied with the participant’s age and tenure with the current employer. The largest increases in average account balance occurred among older participants with fewer years of tenure. For example, among participants in their sixties with two or fewer years of tenure, the average account balance increased 12 percent with the consolidation of their multiple accounts. Among participants in their fifties or sixties with more than 30 years of tenure, the average account balance increased 4 percent with the consolidation of their multiple accounts. Future joint research with this feature will explore the longitudinal aspects of this consolidation in more detail.

- <sup>10</sup> This system of classification does not consider the number of distinct investment options presented to a given participant, but rather the types of options presented. Preliminary research analyzing 1.4 million participants drawn from the 2000 EBRI/ICI 401(k) database suggests that the sheer number of investment options presented does not influence participants. On average, participants have 10.4 distinct options but, on average, choose only 2.5 (Holden and VanDerhei 2001b). In addition, the preliminary analysis found that 401(k) participants are not naive—that is, when given  $n$  options, they do not divide their assets among all  $n$ . Indeed, less than 1 percent of participants followed a  $1/n$  asset allocation strategy. Plan Sponsor Council of America 2015 indicates that in 2014, the average number of investment fund options available for participant contributions was 19 among the nearly 600 plans surveyed. Deloitte Consulting LLP, International Foundation of Employee Benefit Plans, and the International Society of Certified Employee Benefit Specialists 2015 report that the average number of funds offered by the nearly 400 401(k) plan sponsors surveyed was 22 in 2015. BrightScope and Investment Company Institute 2015 reports an average of 27 investment options in 2013, and an average of 21 investment options when a target date fund suite is counted as a single investment option.
- <sup>11</sup> The asset allocation path that the target date fund follows to shift its focus from growth to income over time is typically referred to as the glide path. Because discussions of asset allocation usually focus on the percentage of the portfolio invested in equities, the glide path generally reflects the declining percentage of equities in the portfolio as it approaches and passes the target date, which is usually indicated in the fund’s name. The target date generally is the date at which the typical investor for whom that fund is designed would reach retirement age and stop making new investments in the fund.
- <sup>12</sup> Lifestyle funds maintain a predetermined risk level and generally use words such as “conservative,” “moderate,” or “aggressive” in their name to indicate the fund’s risk level. Lifestyle funds generally are included in the non-target date balanced fund category.
- <sup>13</sup> GICs are insurance company products that guarantee a specific rate of return on the invested capital over the life of the contract.
- <sup>14</sup> Other stable value funds include synthetic GICs, which consist of a portfolio of fixed-income securities “wrapped” with a guarantee (typically by an insurance company or a bank) to provide benefit payments according to the plan at book value.
- <sup>15</sup> Some recordkeepers supplying data were unable to provide complete asset allocation detail on certain pooled asset classes for one or more of their clients. The final EBRI/ICI 401(k) database includes only plans for which at least 90 percent of all plan assets could be identified. In addition, some recordkeepers may provide additional detail over time with a lag; in 2014, additional information for some balanced funds resulted in their reclassification into target date funds. Incidence of target date fund use and investment in target date funds was revised upward from 2007 forward, while incidence of non-target date fund use and investment was revised downward (see Figures A1 through A4).
- <sup>16</sup> The number of participants in the 2014 EBRI/ICI 401(k) database is lower than in the 2013 database because of the reclassification of approximately 2.2 million active participant accounts to inactive accounts.
- <sup>17</sup> For 401(k) asset figures, see Investment Company Institute 2016.
- <sup>18</sup> Estimates of the number of 401(k) plans and active participants are based on a combination of data from U.S. Department of Labor, Bureau of Labor Statistics, and U.S. Department of Labor, Employee Benefits Security Administration reports. See discussion in note 2.
- <sup>19</sup> The latest available data from the U.S. Department of Labor are for plan year 2013 (see U.S. Department of Labor, Employee Benefits Security Administration 2015c).
- <sup>20</sup> For an analysis of the changes in account balances of consistent participants in the EBRI/ICI 401(k) database in the wake of the financial crisis (over the six-year period from year-end 2007 to year-end 2013), see Holden et al. 2015.
- <sup>21</sup> Because of these changes in the cross sections, comparing average account balances across different year-end cross-sectional snapshots can lead to false conclusions. For example, newly formed plans would tend to pull down the average account balance, but would tell us nothing about consistently participating workers. Similarly, the aggregate average account balance would tend to be pulled down if a large number of participants retired.
- <sup>22</sup> Tabulations of the Survey of Consumer Finances reveal that about half of traditional IRA assets in 2013 resulted from rollovers from employer-sponsored retirement plans.
- <sup>23</sup> At year-end 2014, 1.6 percent of the participants in the database were missing a birth date entry, were younger than 20, or were older than 69. They were not included in this analysis.
- <sup>24</sup> At year-end 2014, 10.3 percent of the participants in the database were missing a date of hire entry and were not included in this analysis.

- <sup>25</sup> The positive correlation between tenure and account balance is expected because long-term employees have had more time to accumulate an account balance. However, a rollover from a previous employer's plan could interfere with this positive correlation because a rollover could give a short-tenured employee a high account balance. There is some discernible evidence of rollover assets among the participants with account balances greater than \$100,000, as 2 percent of them had two or fewer years of tenure, and 6 percent of them had between two and five years of tenure (see Figure 12).
- <sup>26</sup> Because 401(k) plans were introduced nearly 35 years ago, older and longer-tenured employees would not have participated in 401(k) plans for their entire careers. The Revenue Act of 1978 contained a provision that became Internal Revenue Code Section 401(k). The law went into effect on January 1, 1980, but it was not until November 1981 that proposed regulations were issued (see Holden, Brady, and Hadley 2006; Employee Benefit Research Institute 2005; and U.S. Internal Revenue Service 1981).
- <sup>27</sup> Low account balances among this group can be explained in two possible ways: (1) their employer's 401(k) plan has only recently been established (76 percent of all 401(k)-type plans in existence in 2013 were established after 1994 [tabulations of U.S. Department of Labor Form 5500 data for 2013]), or (2) the employee only recently joined the plan (whether on his or her own or through automatic enrollment). In either event, job tenure would not accurately reflect actual 401(k) plan participation.
- <sup>28</sup> It is possible that these older, longer-tenured workers accumulated DC plan assets (e.g., in a profit-sharing plan) before the introduction of 401(k) plan features. However, such DC plan arrangements generally did not permit employee contributions and often were designed to be supplemental to other employer plans. Participants' account balances that predate the 401(k) plan are not included in this analysis, which focuses on 401(k) balance amounts.
- <sup>29</sup> Social Security replaces a much higher fraction of preretirement earnings for lower-income workers. For example, the first-year replacement rate (mean scheduled Social Security first-year benefits as a percentage of average inflation-indexed career earnings for retired workers in the 1960–1969 birth cohort [individuals aged 46 to 55 in 2015]) decreased as income increased. The mean replacement rate for the lowest lifetime household earnings quintile was 86 percent; for the middle quintile, the mean Social Security replacement rate was 55 percent; and for the highest quintile, it was 33 percent. See “Alt. Replacement Rate B” in Congressional Budget Office 2015b. For additional discussion, see Brady and Bogdan 2014 and Brady, Burham, and Holden 2012.
- <sup>30</sup> The ratio of 401(k) plan account balance (at the current employer) to salary alone is not an indicator of preparedness for retirement, nor is it the only measure that can be used to judge retirement readiness or savings adequacy (see Brady, Burham, and Holden 2012). A complete analysis of preparedness for retirement would require estimating projected balances at retirement by also considering retirement income from Social Security, defined benefit plans, IRAs, and other DC plans, possibly from previous employment (for example, see VanDerhei 2014). For references to other such research, see MacDonald and Moore 2011 and Holden and VanDerhei 2005. For an analysis of the possible impact of automatic increases in participants' contribution rates in automatic enrollment plans, see VanDerhei and Copeland 2008, VanDerhei 2010, and VanDerhei and Lucas 2010. For a discussion of the variety of factors (e.g., taxes, savings, mortgages, children) that affect replacement rates, see Brady 2010. For analysis of the impact of changes in Social Security on retirement patterns, see Gustman and Steinmeier 2008 and 2013. For a discussion of the variety of measures that can be used to evaluate Americans' retirement readiness, see Brady, Burham, and Holden 2012. For simulation results showing the contributions of employer-sponsored retirement plans and Social Security to income in retirement, see Brady 2016.
- <sup>31</sup> The tendency of the account balance-to-salary ratio to peak at higher salary levels and then fall off likely reflects the influence of two competing forces. First, empirical research suggests that higher earners tend to contribute higher percentages of salary; therefore, one would expect the ratio of account balance to salary to rise with salary. However, tax code contribution limits and nondiscrimination rules, which aim to ensure that employees of all income ranges attain the benefits of the 401(k) plan, constrain the ability of high-income individuals to save in the plan. See Holden and VanDerhei 2001c for a complete discussion of EBRI/ICI findings and other research on the relationship between contribution rates and salary. For an analysis of 401(k) participants' contribution activity during the bear market of 2000 to 2002, see Holden and VanDerhei 2004c. For summary statistics on contribution activity in 2014, see Utkus and Young 2015 and Aon Hewitt 2015.
- <sup>32</sup> At year-end 2014, 60 percent of non-target date balanced mutual fund assets were assumed to be invested in equities (see Investment Company Institute, Quarterly Supplementary Data). Allocation to equities in target date funds is assumed to vary with investor age. Asset allocation to equities for target date funds was based on Morningstar analysis of target date fund asset allocation (see Morningstar 2015b and note 39 for additional discussion).

- <sup>33</sup> Other research suggests that most 401(k) participants do not make active changes to their asset allocations during any given year. For example, an ICI survey of recordkeepers covering more than 25 million DC plan participant accounts found that 10.5 percent of DC plan participants changed the asset allocation of their account balances in 2014 and 6.6 percent changed the asset allocation of their contributions during 2014 (see Holden and Schrass 2015). Analyzing 2014 data, Utkus and Young 2015 reported that “only 10 [percent] of DC plan participants traded within their accounts.” Similarly, Utkus and Young 2012 reported that “only 11 [percent] of DC plan participants traded in their accounts” in 2011, down from 16 percent in 2008, making it at that time “the lowest level observed” since they began tracking the data in 1999. Aon Hewitt 2015 found that 15 percent of participants traded in their accounts in 2014. Furthermore, Choi et al. 2001 found that 401(k) participants rarely made changes after the initial point of enrollment. (For household survey results from fall 2015 reflecting households’ sentiment toward and confidence in 401(k) plans, see Holden, Burham, Bogdan, and Schrass 2016.)
- <sup>34</sup> For the age distribution of 401(k) plan participants and assets at year-end 2014, see Figure 5.
- <sup>35</sup> See note 11 for additional detail on target date funds.
- <sup>36</sup> Additional information for some balanced funds resulted in their reclassification into target date funds. Incidence of target date fund use and investment in target date funds was revised upward from 2007 forward, while incidence of non-target date fund use and investment was revised downward. For example, the year-end 2013 share of target date funds was revised from 15 percent (see Holden et al. 2014) to 17 percent).
- <sup>37</sup> For an analysis tracking target date fund use and the persistence of their use from 2007 through 2009, see Copeland 2011. For an analysis of target date fund use among defaulted and non-defaulted 401(k) plan participants, see Mitchell and Utkus 2012.
- <sup>38</sup> Target date funds often are used as the default investment in automatic enrollment plans and in plans’ investment lineups (see Plan Sponsor Council of America 2015). At year-end 2014, 68 percent of target date mutual fund assets were held in DC plans (see Investment Company Institute 2015). Plan Sponsor Council of America 2015 reported an increase in the incidence of automatic enrollment in 2014. Of the nearly 600 plans surveyed, 52.4 percent had automatic enrollment in 2014, compared with 50.2 percent in 2013, 39.6 percent in 2008, and 10.5 percent in 2004. Utkus and Young 2015 reports that 36 percent of DC plans in their recordkeeping system in 2014 offer automatic enrollment, up from 34 percent in 2013. In the EBRI/ICI database, additional information for some balanced funds resulted in their reclassification into target date funds. The availability of target date funds was revised upward from 2007 forward (see Figure A2 in the appendix).
- <sup>39</sup> At year-end 2014, 60 percent of non-target date balanced fund assets were assumed to be invested in equities (see Investment Company Institute, Quarterly Supplementary Data). The allocation to equities in target date funds varies with the funds’ target dates. For target date funds, investors were assumed to be in a fund whose target date was nearest to their 65th birthday. The equity portion was estimated using the industry average equity percentage for the assigned target date fund calculated using the Morningstar Lifecycle Allocation Indexes (see Morningstar 2015b). For the average 401(k) plan asset allocation to equities (through equity funds, company stock, and the equity portion of balanced funds) by participant age, see Figure 21.
- <sup>40</sup> See note 36.
- <sup>41</sup> For year-end 2013 data, see Holden et al. 2014.
- <sup>42</sup> See note 36.
- <sup>43</sup> See note 36.
- <sup>44</sup> See Holden et al. 2008; Holden, VanDerhei, and Alonso 2009; Holden, VanDerhei, and Alonso 2010; and Holden et al. 2011, 2012, 2013, and 2014 for data for earlier years.
- <sup>45</sup> For year-end 1998 data, see Holden, VanDerhei, and Quick 2000.



- <sup>46</sup> In the database, 401(k) plan participants' holdings of, and concentration in, company stock have tended to decline. In the wake of the collapse of Enron in 2001, participants' awareness of the need to diversify may have increased and some plan sponsors may have changed plan design (see VanDerhei 2002). In addition, some of this movement may be the result of regulations put in place by the Pension Protection Act of 2006 (PPA), which limited the length of time participants could be required to hold company stock contributed to their accounts by their employer; specified rules regarding the notification of blackout periods; and required quarterly statements that must include a notice highlighting the importance of diversification (see U.S. Joint Committee on Taxation 2006).
- <sup>47</sup> Plan-specific information on loan provisions is available for the majority of the plans in the sample (including virtually all of the small plans). Some plans without this information are classified as having a loan provision if any participant in the plan has an outstanding loan balance. This may understate the number of plans offering loans (or participants eligible for loans) because some plans may have offered a plan loan, but no participant had taken out a loan. It is likely that this omission is small, as U.S. Government Accountability Office 1997 found that more than 95 percent of 401(k) plans that offer loans had at least one plan participant with an outstanding loan.
- <sup>48</sup> For a complete time series of the percentage of eligible 401(k) participants with outstanding 401(k) loans and loan amounts as a percentage of the remaining 401(k) plan account balance, see Holden et al. 2013.
- <sup>49</sup> The percentage of 401(k) participants with 401(k) loans outstanding across all participants both with and without 401(k) plan loan access was similar in earlier years. For example, from 2010 through 2013, this measure was 18 percent; in 2009, 19 percent; in 2008, 16 percent; in 2007, 16 percent; and in 2006, 15 percent.
- <sup>50</sup> In plan year 2013 (latest data available), only 1.5 percent of the \$4.2 trillion in 401(k) plan assets were participant loans. See Table D7 in U.S. Department of Labor, Employee Benefits Security Administration 2015c.
- <sup>51</sup> This pattern is driven in part by restrictions placed on loan amounts.

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