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ICI Research Finds Americans Overwhelmingly Preserved Retirement Nest Eggs in 2021

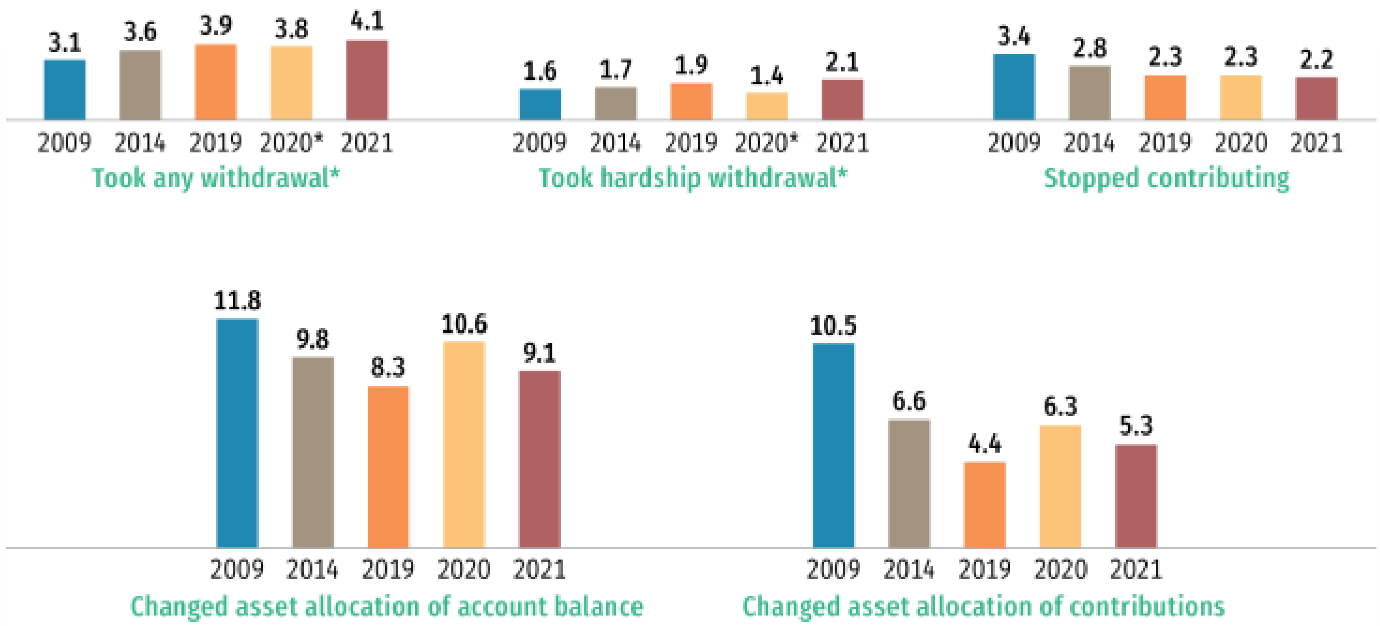
Washington, DC; April 18, 2022—The majority of defined contribution (DC) plan retirement savers continued saving for retirement in 2021 through their DC plans such as 401(k)s, according to ICI's "Defined Contribution Plan Participants' Activities, 2021." The study tracks contributions, withdrawals, and other activity in 401(k) and other DC retirement plans, based on DC plan recordkeeper data covering more than 35 million participant accounts in employer-based DC plans at the end of December 2021.

"Despite the many challenges brought on by the lingering pandemic over the past year, the data suggest retirement savers generally worked to preserve their nest eggs," said Sarah Holden, ICI senior director of retirement and investor research. "These data indicate that DC plan savers generally continued making contributions and resisted taking withdrawals."

The latest recordkeeper data indicate that DC plan participants remained committed to saving and investing. Only 2.2 percent of DC plan participants stopped contributing to their plans in 2021, consistent with the activity observed in the previous years for which ICI has tracked these data. That compares with 2.3 percent in 2020 and 3.4 percent in 2009—another time of financial stress.

Defined Contribution Plan Participants' Activities

Summary of recordkeeper data, percentage of participants



* These withdrawals do not include coronavirus-related distributions (CRDs) identified by the recordkeepers.

Note: The samples include about 24 million DC plan participants in 2009; more than 25 million DC plan participants in 2014; more than 30 million DC plan participants in 2019 and 2020; and more than 35 million participants in 2021.

Source: ICI Survey of DC Plan Recordkeepers

Other findings include:

- **Most DC plan participants stayed the course with their asset allocations as stock values generally rose throughout the year.** In 2021, 9.1 percent of DC plan participants changed the asset allocation of their account balances, lower than 11.8 percent in 2009 as the stock market started to recover from the global financial crisis. In 2021, 5.3 percent changed the asset allocation of their contributions, much lower than 10.5 percent in 2009.
- **DC plan withdrawal activity in 2021 remained low, although it was slightly higher than the activity observed in recent years.** In 2021, 4.1 percent of DC plan participants took withdrawals, compared with 3.8 percent in 2020 (as the COVID-19 pandemic hit the United States) and 3.1 in 2009. Levels of hardship withdrawal activity also remained low. Only 2.1 percent of DC plan participants took hardship withdrawals in 2021, compared with 1.4 percent in 2020 and 1.6 percent in 2009. Withdrawal activity likely reflects the impact of ongoing financial stresses relating to the COVID-19 pandemic, although the penalty relief and increased flexibility in plan withdrawals under the Coronavirus Aid, Relief, and Economic Security (CARES) Act (enacted March 27, 2020) are no longer available in 2021. In 2020, recordkeepers identified 5.8 percent of DC plan participants taking coronavirus-related distributions (CRDs).
- **DC plan participants' loan activity edged down in 2021, perhaps reflecting changed withdrawal rules.** At the end of December 2021, 12.5 percent of DC plan participants had loans outstanding, compared with 14.8 percent at year-end 2020 and 16.1 percent at year-end 2019. Some plan participants may have taken advantage of CRDs in 2020 instead of loans. Additionally, participants are no longer required by law to first take a loan (in plans with a loan option) prior to

taking a hardship withdrawal (though some plans may retain this requirement).

ICI has been tracking DC plan participant activity through recordkeeper surveys since 2008. This update provides results from ICI's survey of a cross section of recordkeeping firms representing a broad range of DC plans. Please visit ICI's 401(k) Resource Center for more information.