
Average 401(k) balances up 27% in five years: Fidelity

By Editorial Staff Thu, May 18, 2017

The post-election equities rally and higher contributions drove the average Fidelity 401(k) balance to a record \$95,500 and the average IRA balance to a record \$98,100 the end of Q1. (Average balances tend to be much higher than median ones.)

The averages, which tend to be higher than median figures, reflected individual contributions, employer contributions and market appreciation.

The average savings rate for 401(k) participants, including individual and employer contributions, reached a record 12.9% in 1Q2017, topping the previous high of 12.8% in 1Q2006, according to Fidelity Investments' quarterly analysis of its 401(k) and Individual Retirement Accounts (IRAs). A record 27% of participants upped their savings rates in the last year.

Among Fidelity IRA holders, 17% more contributed to their accounts this quarter year-over-year and IRA contributions increased 38%. Among Millennials, the number of IRA accounts receiving contributions rose 42% and the amount of dollars contributed rose 51%.

Account balances. The post-election equities rally and higher contributions drove the average 401(k) balance to a record \$95,500 and the average IRA balance to a record \$98,100 the end of Q1. Five years ago, those averages were each about \$75,000. (Average balances tend to be much higher than median balances because they reflect the weight of very large accounts.)

The number of people with both an IRA and a 401(k) from Fidelity rose 9% in 2016 to almost 1.4 million. The average combined IRA/401(k) balance increased five percent year-over-year \$273,600 from \$260,900, the highest average combined account balance ever.

Health Savings Accounts. The number of employees who contribute to both a 401(k) and HSA from Fidelity increased 21% between 2014 and 2016. HSAs aren't cannibalizing 401(k)s, the study showed. Savings rates for employees with both a 401(k) and HSA are often higher (10.6% in 2016) than those saving in their 401(k) (8.2% in 2016). In addition, 88% of HSA participants who started contributing to their HSA accounts maintained or increased their 401(k) savings after their HSA enrollment.

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