

Average 401(k) balances up 33% since 4Q2011: Fidelity

By Editorial Staff Thu, Feb 9, 2017

"More than one-in-four Fidelity 401(k) savers increased their savings rate in 2016—an all-time high—and the number of people with a 401(k) loan dropped to its lowest point in seven years," said Kevin Barry, president, Workplace Investing at Fidelity Investments.

Fidelity Investments this week released its 401(k) and Individual Retirement Account (IRA) analysis for the fourth quarter of 2016, which revealed:

A record average 401(k) balance. Increasing contributions and stock market performance drove the average 401(k) balance to an all-time high of \$92,500 at the end of Q4, topping the previous high of \$92,100 in Q1 2015 and an increase of \$4,300 from a year ago. The average five years ago was \$69,400 for IRAs and 401(k) accounts.

Number of IRA accounts top 8.5 million. Nearly one-half million IRA accounts were added in 2016 on Fidelity's platform, which ended the year with more than 8.5 million accounts. The average IRA balance of \$93,700 is up \$3,600 year-over-year.

Contribution rates rebound to pre-financial crisis levels. The average contribution rate to Fidelity 401(k)s reached 8.4% in Q4, the highest level since Q2 2008. Over the past 12 months, the total savings amount (employee contributions plus employer match/profit sharing) reached a record \$10,200.

Percentage of 401(k) loans drops to lowest level in seven years. As contribution rates increase, the portion of Fidelity account holders with an outstanding 401(k) loan dropped to 21 percent, the lowest level since Q4 2009. For loan-takers, it's important to continue 401(k) contributions during the life of the loan and consider increasing contributions once the loan is paid off.

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More retirement savers are attending online seminars on how to set goals for retirement and increase their savings, and learn the importance of asset allocation, Social Security strategies and more, Fidelity said.

In the first half of 2016, attendance at Fidelity's live web sessions was up 52% and use of

on-demand seminars, such as a session on how to prioritize savings goals, was up 62%. Fidelity's interactive Money Check-up, which helps individuals understand their financial wellness and where they need to act, has been completed by over 300,000 people since last June. Fidelity's retail planning tools saw a 41% increase in traffic in 2016, with more than half of visitors creating, modifying or monitoring their retirement goals.

Fidelity Investments has assets under administration of \$5.7 trillion, including managed assets of \$2.1 trillion as of December 31, 2016.

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