

EBRI and ICI publish study of 401(k) participant investments for 2011

By Editor Test Thu, Jan 3, 2013

At year-end 2011, the average 401(k) participant account balance was \$58,991 and the median (mid-point) account balance was \$16,649.

FIGURE 13
401(k) Account Balances Increase with Participant Age and Tenure
Average 401(k) account balance by participant age and tenure, 2011

Age group	Years of tenure					
	0 to 2	>2 to 5	>5 to 10	>10 to 20	>20 to 30	>30
20s	\$3,426	\$10,024	\$15,146			
30s	8,745	20,425	34,450	\$52,583		
40s	14,582	29,162	48,899	84,757	\$128,158	
50s	20,623	35,496	55,571	97,006	175,962	\$200,908
60s	25,678	36,949	53,063	89,568	159,447	208,892

Note: The average account balance among all 24.0 million 401(k) plan participants was \$58,991; the median account balance was \$16,649. 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

Sixty-one percent of 401(k) participants' assets were invested in equity securities and 34% in fixed-income securities in 2011, on average, according to the annual update of a joint study released today by the Employee Benefit Research Institute (EBRI) and the Investment Company Institute (ICI).

The study, [401\(k\) Plan Asset Allocation, Account Balances, and Loan Activity in 2011](#), also finds that target-date funds play an increasingly important role in portfolio diversification, with 72% of 401(k) plans offering TDFs in their investment lineup at year-end 2011, up from 57% at year-end 2006.

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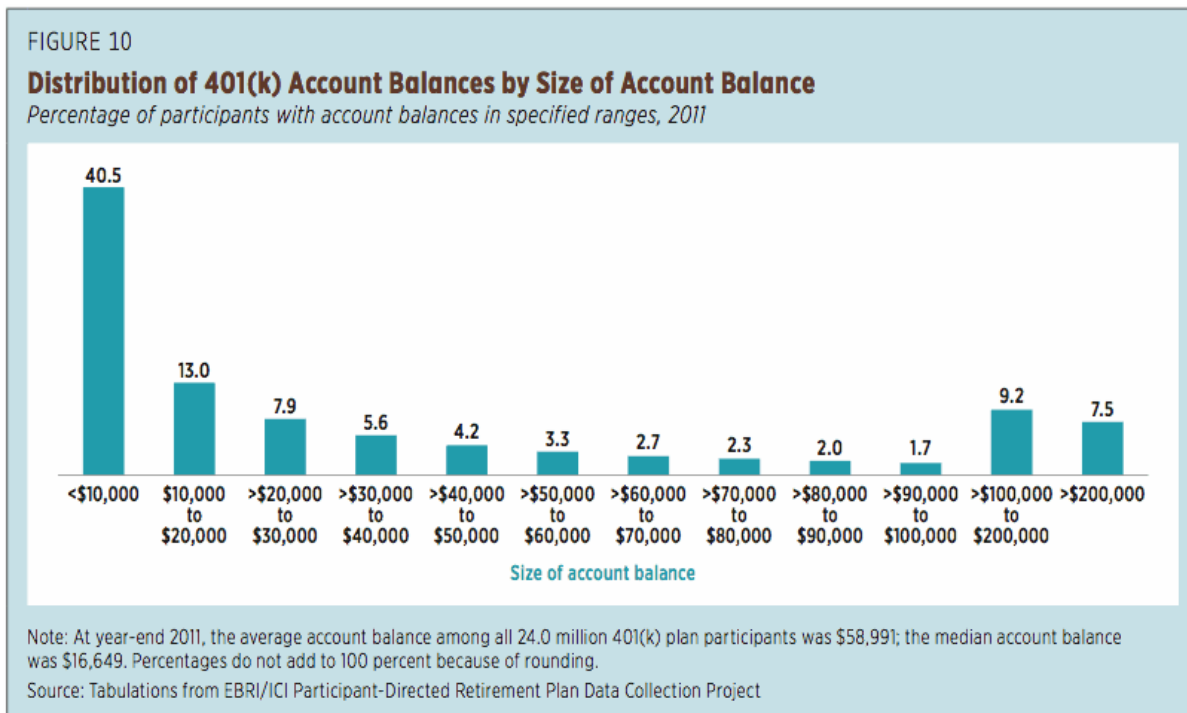
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At year-end 2011, 13% of the assets in the EBRI/ICI 401(k) database was invested in TDFs, up from 11% in 2010 and 5% in 2006. In addition, 39% of 401(k) participants held target-date funds at year-end 2011, compared with 36% in 2010 and 19% in 2006.

The study finds that more new or recent hires invested their 401(k) assets in balanced funds, including TDFs. For example, 51% of the account balances of recently hired participants in their 20s was invested in balanced funds at year-end 2011, up from 44% in 2010 and 24% in 2006. At year-end 2011, 40% of the account balances of recently hired participants in their 20s was invested in TDFs compared with 35% in 2010 and 16% in 2006.

The study shows at year-end 2011 that 21% of all 401(k) participants who were eligible for loans had loans outstanding against their 401(k) accounts, unchanged from the prior two years. Loans outstanding

amounted to 14% of the remaining 401(k) account balance, on average, at year-end 2011, unchanged from year-end 2010, though loan amounts outstanding increased slightly from those at year-end 2010.



Age, tenure, and a number of other factors affect an individual’s account balance at any point in time. Among 401(k) participants in their 50s or 60s, the average account balance of the longest-tenured participants was more than eight times larger than that of those who are new to their jobs.

At year-end 2011, the average 401(k) participant account balance was \$58,991 and the median (mid-point) account balance was \$16,649, with the wide variation reflecting differences in participant age, tenure, salary, contribution behavior, rollovers from other plans, asset allocation, withdrawals, loan activity, and employer contribution rates.

The 2011 EBRI/ICI database includes statistical information on about 24 million 401(k) plan participants, in 64,141 plans, holding \$1.415 trillion in assets, covering nearly half of the universe of 401(k) participants.