
Employees at biggest companies by far save the most

By Editorial Staff Fri, Feb 13, 2015

"You've got 500 investment committees who are, essentially, dictating trends in retirement savings that can't help but influence the rest of the market," according to a release from Judy Diamond Associates.

The top one percent of the more than 500,000 401(k) plans in the U.S. hold 71% of all 401(k) assets, according to an analysis of the distribution of plan assets nationwide by Judy Diamond Associates.

The largest and most profitable companies presumably offer plans with higher employer matches and lower fees, as well as better participant education, benefits and more stable employment tenures, than smaller companies, but the analysis did not offer evidence for or against that presumption.

There were approximately 540,000 active 401(k) plans in the fourth quarter of 2014 (with >\$3,000 in plan assets), with a collective \$4.3 trillion in total assets. Just over 70%, or about \$3.06 trillion, was controlled by the top 1% (5,400 companies). In contrast, the other 99% (534,600 companies) of all 401(k) plans nationwide control only 29% of the total assets.

"These findings actually mirror our research from last year," said Eric Ryles, managing director of Judy Diamond Associates, in a release. "Then, as now, 71% of the country's 401(k) assets were in the hands of 1% of its employers. If you dial down even further, to just the top five hundred companies, the figures is still an enormous \$1.9 trillion dollars. With a T." That amount was more than the \$1.25 trillion in the other 539,500 plans.

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Although larger firms employ more Americans than small firms, the asset ratio is still significantly weighted toward the large firms. The top one percent of firms, by assets, provide retirement coverage to 56% (about 45 million of the 80 million people in all plans) of those workers eligible for a 401(k) plan yet control 71% of the assets.

Plan data and further analysis are available in Judy Diamond Associates' Retirement Plan Prospector database. Retirement Plan Prospector is an online sales prospecting and market analysis tool used by financial advisors and asset managers.

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