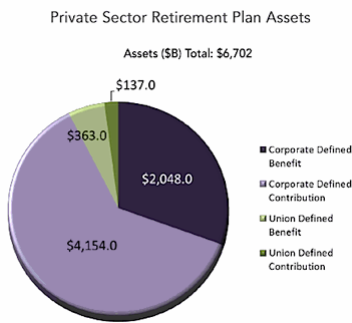


Participants Still Wary of Equity Risk: Spectrem Group

By Editor Test Thu, Apr 4, 2013

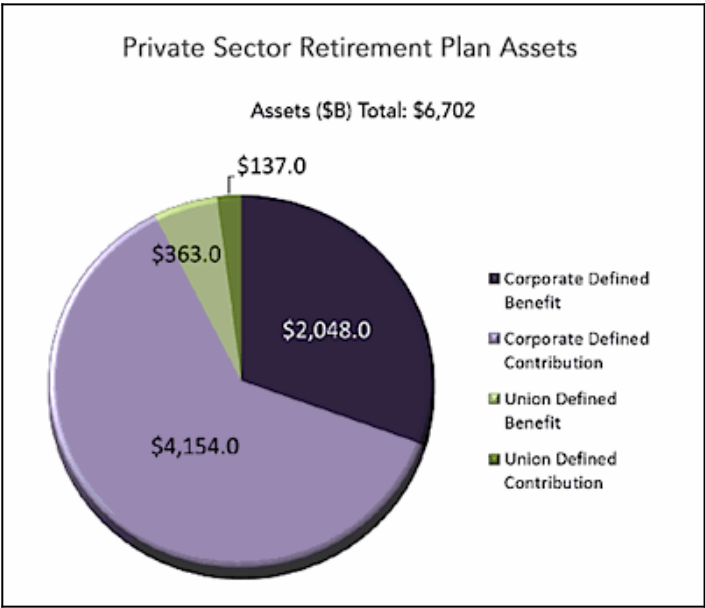
In 2012, 401(k) participants held 36% of their assets in diversified equities and another 13% in company stock. In 2006, these investors had 40% of their assets in diversified stocks and 19% in company stock, according to Spectrem Group.



Despite recent equity market highs, 401(k) plan participants still hold a significantly smaller share of their tax-deferred savings in equities than they did before the 2008 meltdown, according to the Spectrem Group’s *Retirement Market Insights Report 2013*.

Equity exposure has dropped by 10 percentage points. In 2012, 401(k) participants held 36% of their assets in diversified equities and another 13% in company stock. In 2006, these investors had 40% of their assets in diversified stocks and 19% in company stock.

Investors are taking more risk with their retirement funds than they did in 2008, however, when 401(k) plan participants held just 29% of their assets in equities and 13% in company stock.



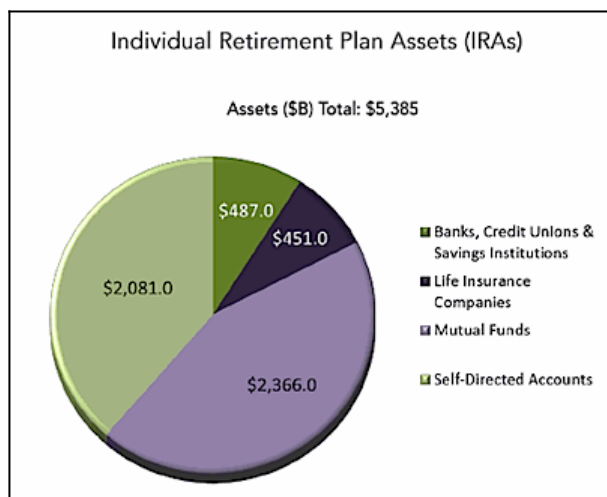
Similarly, 401(k) participants just held 21% of their total in money market funds in 2012 versus 32% in 2008. But they still are keeping more funds liquid than in 2006, when just 16% of their assets were invested in money market funds.

Nearly half, or 46%, of plan participants who are age 55 to 64 say their household is not saving enough to meet their financial goals, Spectrem found. Just 35% of participants in that age group expect to retire comfortably.

The Spectrem report showed the concentration of assets and participants of the 401(k) industry in the largest plans. For instance, 40% of the participants (20.2 million) and almost half of the assets (\$1.44

trillion) are in the approximately 1,500 plans that have 5,000 or more participants.

At the other extreme, 14% of the participants (7.2 million) and about 11% of the assets (\$310 billion) are in the 489,000 plans that have fewer than 50 participants.



Other insights from the report include:

- Both private and public defined contribution plans continue to outperform private and public defined benefit plans.
- Private sector defined contribution plans, aided by ongoing employee contributions, have surpassed the previous peak in 2007.
- Total U.S. retirement assets grew to \$16.3 trillion by year-end 2012 from \$15.1 trillion at the end of 2007.