

The latest 401(k) stats from EBRI

By Kerry Pechter Thu, Jan 9, 2014

At year-end 2012, 15% of the assets in the EBRI/ICI 401(k) database were invested in target-date funds and 41% of 401(k) participants in the database held target-date funds.

If all 401(k) participants were a single investor, he or she would be a moderate-risk investor with an asset allocation very close to the classic middle-of-the-road portfolio of 60% equities, 30% bonds and 10% cash, according to the December 2013 [Issue Brief](#) from the Employee Benefits Research Institute (EBRI).

Highlights of the brief included:

- **The bulk of 401(k) assets continued to be invested in stocks.** On average, at year-end 2012, 61% of 401(k) participants' assets were invested in equity securities through equity funds, the equity portion of balanced funds, and company stock. A third was in fixed-income securities such as stable-value investments and bond and money funds.
- **72% of 401(k) plans included target-date funds in their investment lineup at year-end 2012.** At year-end 2012, 15% of the assets in the EBRI/ICI 401(k) database were invested in target-date funds and 41% of 401(k) participants in the database held target-date funds.
- **More new or recent hires invested their 401(k) assets in balanced funds, including target-date funds.** For example, at year-end 2012, nearly 54% of the account balances of recently hired participants ages 20-29 were in balanced funds, compared with 51% in 2011, and about 7% in 1998. A significant subset of that balanced fund category is in target-date funds. At year-end 2012, 43% of the account balances of recently hired participants ages 20-29 were invested in target-date funds, compared with 40% at year-end 2011.
- **401(k) participants continued to seek diversification of their investments.** The share of 401(k) accounts invested in company stock edged down to 7% at year-end 2012. This share has fallen by more than half since 1999. Recently hired 401(k) participants contributed to this trend: they tended to be less likely to hold employer stock.
- **Participants' 401(k) loan activity remained steady, although loan balances increased slightly in 2012.** At year-end 2012, 21% of all 401(k) participants who were eligible for loans had loans outstanding against their 401(k) accounts, unchanged from year-end 2011, 2010, and 2009, but up from 18% at year-end 2008. Loans outstanding amounted to 13% of the remaining account balance, on average, at year-end 2012, down one percentage point from year-end 2011. Nevertheless, loan amounts outstanding increased slightly from the previous year.
- **The year-end 2012 average 401(k) account balance in the database was 8.4% higher than the year before.** That figure may not accurately reflect the experience of typical 401(k) participants in 2012, however. To understand changes in 401(k) participants' average account balances, it is important to analyze a sample of consistent participants. As with previous EBRI/ICI updates, analysis of a sample of consistent 401(k) participants (those that have been in the same plan since 2007) is expected to be published in 2014.