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Retirement Snapshot, First Quarter 2010

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## Investors Staying the Course, Assets Are Up

**Washington, DC, August 4, 2010** - Newly released data on almost 24 million defined contribution (DC) retirement accounts shows that in the first quarter of 2010, investors' commitment to 401(k) and similar plans continued, as evidenced by stronger contribution activity and declining levels of participant-initiated withdrawals and changes in asset allocations. Meanwhile, a separate report also released today finds Americans held $16.5 trillion in retirement assets at the end of the first quarter of 2010, accounting for 36 percent of all household financial assets in the United States.

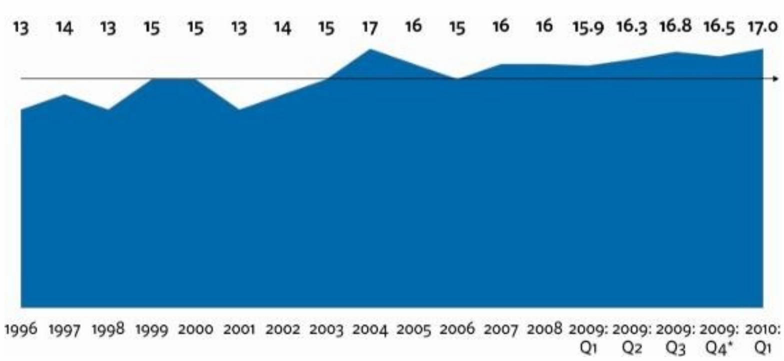
"DC plans are central to many Americans' retirement security, so it's significant that workers have kept saving despite the market turmoil of the past two years," says Sarah Holden, senior director of retirement and investor research. "Only 1.1 percent of plan participants stopped contributing in the first quarter of this year, compared with 2.7 percent in the first quarter of 2009. Combined with declining rates of withdrawal activity, the data show that workers are sticking with their 401(k)s."

The account report, *Defined Contribution Plan Participants' Activities*, covers nearly 24 million employer-based DC retirement plan accounts as of March 2010. The report's key findings include:

- Low levels of withdrawal activity moved even lower. Only 1.2 percent of DC plan participants took withdrawals in the first quarter of 2010, compared with 2.7 percent in the first quarter of 2009. The share of workers taking hardship withdrawals dropped as well, to 0.4 percent from 1.2 percent in 2009's first quarter.
- Fewer participants stopped making contributions in the first quarter of 2010. Only 1.1 percent of DC plan participants stopped contributing in the first quarter of 2010, compared with 2.7 percent in the same quarter of 2009.
- Most DC plan participants stayed the course with asset allocations during the first quarter of 2010. Four percent of DC plan participants changed the asset allocation of their account balances; 4.5 percent changed the asset allocation of their contributions.
- Loan activity edged up but remained in line with historical numbers. As of March 2010, 17.0 percent of DC plan participants had loans outstanding, compared with 16.5 percent of loans outstanding at year-end 2009.

**401(k) Loan Activity**

***Percentage of 401(k) participants who had loans outstanding***




***Data are revised.**

***Sources: EBRI/ICI Participant-Directed Retirement Plan Data Collection Project (1996–2008); ICI Survey of DC Plan Recordkeepers (March 2009–March 2010)***

A separate report, *The U.S. Retirement Market, First Quarter 2010*, shows that between December 2009 and March 2010, retirement assets rose 2.6 percent, from $16.1 trillion to $16.5 trillion. The report includes assets held in private-sector defined benefit (DB) plans, government pension plans, DC plans—including 401(k), 403(b), and 457 plans—annuities, and individual retirement accounts (IRAs). During the first quarter, total return on equities was 5.4 percent, while bonds returned 1.5 percent, according to the Standard & Poor's 500 stock index and the Citigroup Broad Investment Grade Bond Index.

At the end of the first quarter, IRAs were a significant component of U.S. retirement market assets, holding $4.3 trillion in assets. Employer-sponsored DC plans held another $4.2 trillion in assets, of which $2.9 trillion was held in 401(k) plans. Forty-six percent of IRA assets and 52 percent of DC plan assets were invested in mutual funds.

Lifecycle, or target date, mutual funds managed $281 billion at the end of the first quarter, compared with $256 billion at the end of 2009. Eighty-four percent of assets in lifecycle mutual funds were held in IRAs and DC plan accounts.

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