

Investment in Retirement Plans: By the Numbers (2022)

Summary Statistics

- Younger 401(k) plan participants tend to be invested more in equities than older 401(k) plan participants. On average, at year-end 2020, 69 percent of 401(k) participants' assets were invested in equity securities through equity funds, the equity portion of balanced funds, and company stock. Younger participants, as a group, had more than 80 percent of their 401(k) plan assets invested in equities, compared with 56 percent of 401(k) plan assets among participants in their sixties.¹
- Overall, 94 percent of 401(k) participants had at least some investment in equities at year-end 2020. More 401(k) plan participants held equities at year-end 2020 than before the financial market crisis (year-end 2007), and most had the majority of their accounts invested in equities. For example, nearly 80 percent of participants in their twenties had more than 80 percent of their 401(k) plan accounts invested in equities at year-end 2020, up from less than half of participants in their twenties at year-end 2007.²
- At year-end 2020, 86 percent of 401(k) plans, covering 87 percent of 401(k) plan participants, included target date funds in their investment lineup. Target date funds were 31 percent of the assets in the EBRI/ICI 401(k) database, and 59 percent of 401(k) participants in the database held target date funds.³
- In an analysis of public-sector retirement plans that offered environmental, social, and governance (ESG) options, there was an overall ESG adoption rate of 31 percent. Conditional on being an ESG investor, the average proportion of the individual's account allocated to the ESG fund was 14 percent. There was meaningful variation in ESG adoption across participants by age, gender, account balance, and tenure.⁴

Average Asset Allocation of 401(k) Plan Accounts by Participant Age

Percentage of account balances,¹ 2020

Age Group	Equity Funds	Balanced funds		Bond Funds	Money Funds	GICs ^{3, 4} and Other Stable Value Funds	Company Stock ³	Other	Unknown	Memo: Equities ⁵
		Target Date Funds ^{2, 3}	Non-Target Date Balanced Funds							
20s	33.5	50.2	5.5	4.9	0.3	1.7	0.9	1.3	1.4	84.3
30s	38.1	44.0	4.5	5.3	0.5	2.2	2.0	1.9	0.9	82.9
40s	45.9	32.4	2.4	7.1	0.7	3.4	3.7	2.4	1.0	76.7
50s	43.4	28.4	2.9	9.1	0.9	5.8	4.4	2.5	0.9	66.2
60s	37.8	28.2	3.7	11.2	1.3	8.4	3.6	2.8	1.0	56.2
All	41.8	31.0	3.7	8.7	0.9	5.6	3.7	2.5	1.0	68.5

¹Percentages are dollar-weighted averages.

²A target date fund typically rebalances its portfolio to become less focused on growth and more focused on income as it approaches and passes the target date of the fund, which is usually included in the fund's name.

³Not all participants are offered this investment option (see Figure A7).

⁴GICs are guaranteed investment contracts.

⁵Equities include equity funds, company stock, and the equity portion of balanced funds.

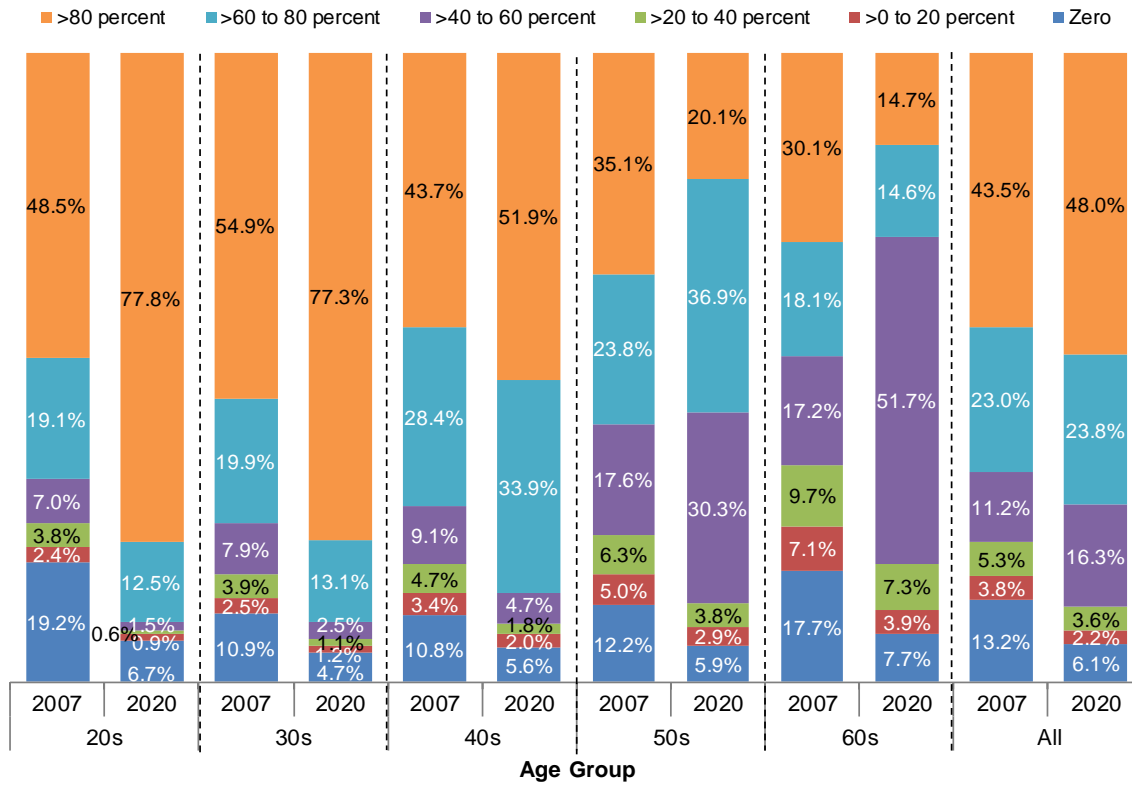
Note: Funds include mutual funds, bank collective trusts, life insurance separate accounts, and any pooled investment product primarily invested in the security indicated.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

Exposure to Equities Increased Among 401(k) Participants Between 2007 and 2020

Percentage of 401(k) participants by age of participant,¹ year-end 2007 and year-end 2020

Percentage of Account Balance Invested in Equities²



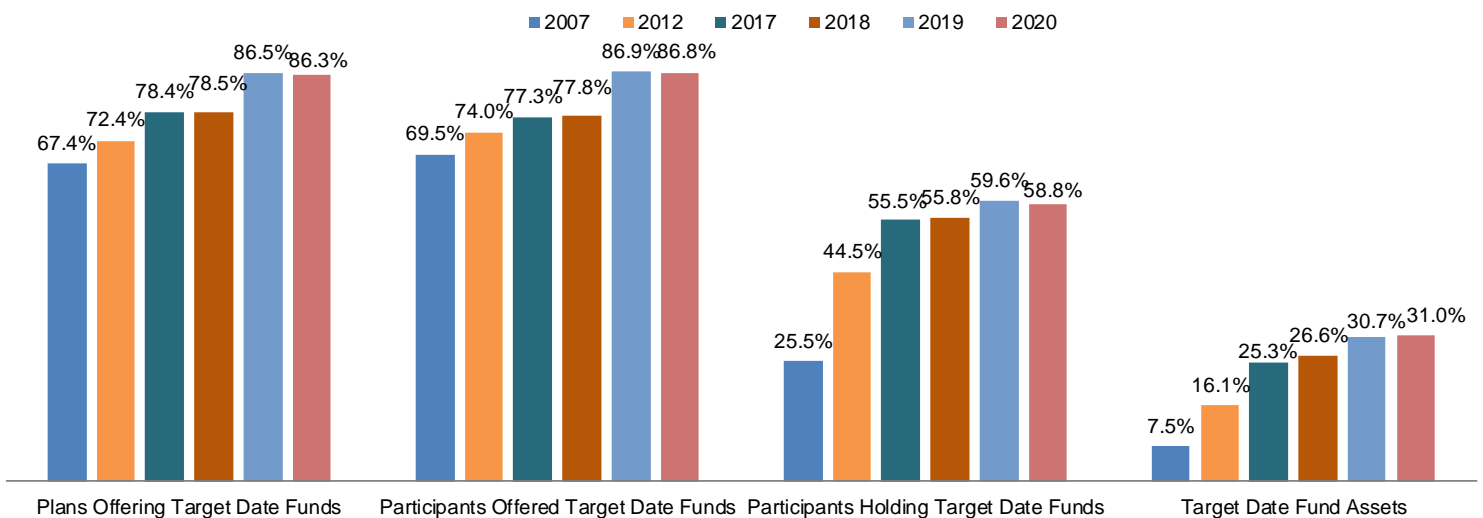
¹Participants include the 11.5 million 401(k) plan participants in the year-end 2020 EBRI/ICI 401(k) database and the 21.8 million 401(k) plan participants in the year-end 2007 EBRI/ICI database.

²Equities include equity funds, company stock, and the equity portion of balanced funds. Funds include mutual funds, bank collective trusts, life insurance separate accounts, and any pooled investment product primarily

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

Target Date Funds' 401(k) Market Share

Percentage of total 401(k) market, year-end



Note: A target date fund typically rebalances its portfolio to become less focused on growth and more focused on income as it approaches and passes the target date of the fund, which is usually included in the fund's name. Funds include mutual funds, bank collective trusts, life insurance separate accounts, and any pooled investment product primarily invested in the security indicated.

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project

Endnotes

¹ Holden, Sarah, Steven Bass, and Craig Copeland, "401(k) Plan Asset Allocation, Account Balances, and Loan Activity in 2020," *EBRI Issue Brief*, no. 576, and *ICI Research Perspective*, vol. 28, no. 11 (November 2022).

² Ibid.

³ Ibid.

⁴ Bearden, Bridget, and Michael Gropper, "ESG Investment Options in Public DC Plans," *EBRI Issue Brief*, no. 552 (Employee Benefit Research Institute, February 24, 2022).