

## EBRI/ICI Study Finds Account Balances Essentially Unchanged in 1999-2000, August 2001

# EBRI/ICI Study Finds Account Balances Essentially Unchanged in 1999-2000

**Washington, DC, August 13, 2001** - Preliminary research released today by the Investment Company Institute (ICI) and the Employee Benefit Research Institute (EBRI) reveals that average account balance for participants in 401(k) plans in both 1999 and 2000 has remained essentially unchanged.

At year-end 2000, the average account balance of the 8.3 million individuals who held 401(k) accounts in both 1999 and 2000 declined 0.1 percent to \$58,774 from \$58,850 at year-end 1999, according to a preliminary analysis of the EBRI/ICI Participant-Directed Retirement Plan Data Collection Project. The EBRI/ICI Data Collection Project is the most comprehensive database on participants in 401(k) retirement plans.

Average Account Balances Among 401(k) Participants  
Holding Accounts in Both 1999 and 2000  
(by age group)

	Average Account Balance		Change(in percent)
	1999	2000	
Total	\$58,850	\$58,774	-0.1
20s	\$8,219	\$10,431	26.9
30s	\$31,518	\$33,125	5.1
40s	\$62,059	\$62,694	1.0
50s	\$98,139	\$95,836	-2.3
60s	\$122,240	\$115,206	-5.8

Participants with accounts in 401(k) plans at year-end 1999 and 2000 represent 80 percent of the 10.3 million 401(k) plan participants in the 1999 EBRI/ICI database and hold 85 percent of the database's \$573.4 billion in assets.

The use of a consistent group of participants who held 401(k) accounts in both 1999 and 2000 offers a clearer picture of 401(k) account balances by removing the effect on the overall average caused by new participants entering plans and by those exiting plans. The database indicates that account balances for all participants decreased 12 percent in 2000 to \$48,988 from \$55,502 at year-end 1999. However, this decline does not measure the balance of the "typical" 401(k) participant because it reflects changes caused by participants entering and exiting 401(k) plans.

"Although the year 2000 produced little change in the average account balance of consistent participants, results varied by age," said John Rea, the ICI's chief economist.

The preliminary analysis of plan participants who maintained 401(k) accounts in both 1999 and 2000 shows that the average account

balance of participants in their 20s rose about 27 percent in 2000. For participants in their 60s, the average account balance fell about 6 percent.

Rea explained that contributions for younger participants are of greater importance in percentage terms because account balances tend to be small compared with amounts typically contributed. In contrast, investment return is of greater importance for older participants because their account balances tend to be large relative to their annual contributions.

---

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.