

401(k) Study Shows Consistent Participation

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Account Activity in First Half of 2009 Remains Steady; Similar to 2008

Washington, DC, October 21, 2009 - Americans continued to save for retirement in their 401(k) and other defined contribution (DC) retirement plans through the stock market's recent lows and developing recovery in the first half of 2009, according to new data released today by the Investment Company Institute.

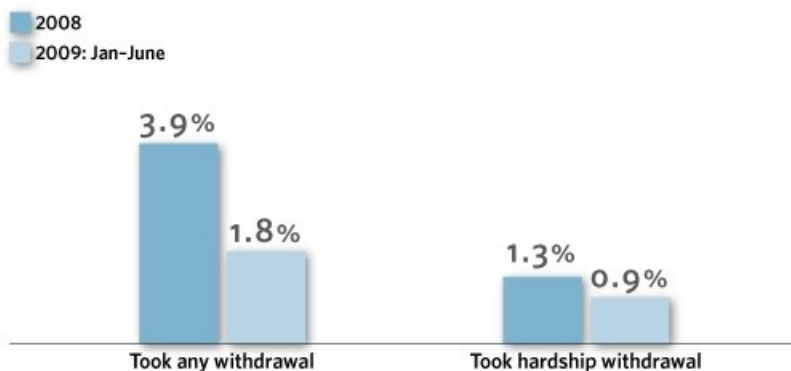
"As the markets began to regain their footing in the first half of 2009, plan participants persisted in saving for their retirements," said ICI President and CEO Paul Schott Stevens. "The 401(k) system, with dollar-cost averaging and the discipline of ongoing contributions, serves investors as they build nest eggs for retirement. ICI will continue to work with regulators and Congress to improve the 401(k) system and find ways to make these plans available to more working Americans."

The ICI study collected data from a range of DC plan recordkeepers covering nearly 24 million participants in the DC system from January through June 2009. The findings include:

- Participants continue saving in their plans. Only 4.6 percent of plan participants stopped making contributions during the first six months of the year. That's slightly higher than the 3.7 percent of participants who stopped contributing over the course of 2008.
- Most participants are not tapping their plans for withdrawals. From January through June 2009, only 1.8 percent of participants took withdrawals from their retirement plans, with 0.9 percent taking hardship withdrawals. Throughout 2008, the numbers were 3.9 percent and 1.3 percent respectively.

Defined Contribution Plan Participant Activities in First Half of 2009

Summary of recordkept data January 2008 through June 2009; percentage of participants



Note: 2009 sample of nearly 24 million DC plan participants for data covering January–June.

2008 sample of more than 22 million DC plan participants for data covering full-year 2008.

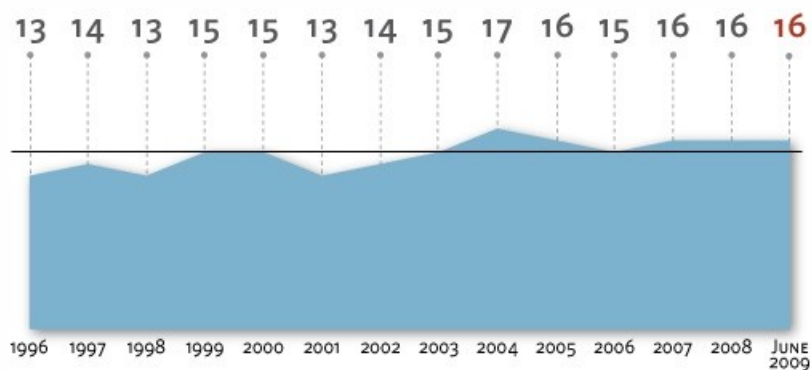
Source: ICI survey of DC plan recordkeeper data (January–December 2008 and January–June 2009)

Participant loan activity increased slightly from year-end 2008, but is still in line with historical numbers. As of June 2009, 16.3 percent of DC plan participants in the sample had loans outstanding. The level of activity is in line with findings from the [EBRI/ICI 401\(k\) database](#), which showed 16 percent of 401(k) participants had loans outstanding at year-end 2008.

Savers Are Not Raiding Their 401(k)s

401(k) loan activity has been flat for a decade

Percentage of 401(k) savers who have loans outstanding



Sources: EBRI/ICI Participant-Directed Retirement Plan Data Collection Project (1996–2008); ICI survey of DC plan recordkeeper data (January–June 2009)

- Participants stayed the course with their asset allocations. The recordkeeper data for the first half of 2009 show that 7.7 percent of participants changed the asset allocation of their account balance, while 9.3 percent changed the allocation for their contributions.

“The broad scope and direct nature of the data we’ve examined—looking at the actual records of activity for 24 million participants—helps ensure that we’re getting a clear picture of recent withdrawal, contribution, loan, and asset allocation decisions,” said Sarah Holden, ICI senior director of retirement and investor research.

The new survey is an update of a [year-end 2008 survey](#) of recordkeepers covering 22 million DC plan participants.