

New Analysis Explores Sustainable Investing by Participants in Public Retirement Plans

- Considerable Variation by Gender, Age, Tenure and Account Balance Found -

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(Washington, D.C.) – In a new Issue Brief released by the Employee Benefit Research Institute (EBRI) and the National Association of Government Defined Contribution Administrators (NAGDCA) entitled, “ESG Investment Options in Public DC Plans,” over 32,000 participants were studied for their environmental, social, and/or governance (ESG) investing habits in public defined contribution retirement plans. The resulting analysis shows that the average ESG allocation for participants investing in ESG was 14 percent. Further, significant differences of ESG adoption existed by gender, age, tenure, and account balance among public retirement plan participants.

“We show that women are significantly more likely to invest in ESG funds relative to men. Older participants, longer tenured and those with higher account balances are less likely to invest than their younger and less well-off counterparts,” explained Bridget Bearden, research and development strategist, EBRI. “However, despite the general decline in ESG participation rates with age, older workers who do allocate to ESG funds tend to have higher allocations to ESG than their younger peers.”

“This analysis is an important first step in understanding how public sector participants use sustainable investments within retirement plans, and provides an opportunity to begin a discussion on how plan sponsors can think about design, governance, and engagement to best serve their employees,” said Matt Petersen, executive director, NAGDCA.

The Issue Brief’s analysis is based on data contained in the EBRI-NAGDCA Public Retirement Research Lab (PRRL) database, which is the first-ever repository of public-sector DC plan- and participant- level data. The database contains year-end 2019 data for nearly two-hundred 457 (b), 401(a), 403(b), 401(k) and other defined contribution plans; nearly 2.3 million state, county, city, and subdivision government employees; and \$113 billion in assets.

Employee Benefit Research Institute Issue Brief #182 containing a “ESG Investment Options in Public DC Plans” study summary, can be viewed online by visiting <https://members.ebri.org/page/EBRIInsights182> .

The National Association of Government Defined Contribution Administrators is the premier professional association for plan administrators and services providers of government-sponsored defined contribution retirement plans. The organization provides education, information, and training in all aspects of public plan administration to support members in creating plans that enable secure retirement outcomes for their participants.

The Public Retirement Research Lab provides unbiased and actionable findings that allow plan sponsors, providers, administrators, policymakers and others to inform better decision making around public retirement plans while also providing a central clearinghouse for data-driven analyses of the current state of public defined contribution retirement plans. For further information, visit <https://www.prll.org>.

The Employee Benefit Research Institute is a non-profit, independent and unbiased resource organization that provides the most authoritative and object information about critical issues relating employee benefit programs in the United States. The EBRI studies the world of health and retirement benefits including issues as 401(k)s, IRAs, retirement income adequacy, consumer-driven benefits, Social Security, tax treatment of both retirement and health benefits, cost management, worker and employer attitudes, policy reform proposals and pension assets and funding. The organization also maintains and analyzes the most comprehensive database of 401(k)-type programs in the world. As well, the Employee Benefit Research Institute also manages the Center for Research on Health Benefits Innovation, Retirement Security Research Center and the Financial Wellbeing Research Center. For more information, visit www.ebri.org, email info@ebri.org or call 202.659.0670.

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(Media Note: To view the complete 10-page Issue Brief, “ESG Investment Options in Public DC Plans,” email press-media@ebri.org.