



# EBRI *Advisory*

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## **EBRI RESOURCES ON COMPANY STOCK IN 401(k) PLANS**

The recent collapse in the value of Bear Stearns shares has led to new interest in the role of company stock in 401(k) plans.

The nonpartisan Employee Benefit Research Institute (EBRI) has done extensive analysis on company stock in 401(k) plans. The primary source of data on holdings in company stock is the EBRI/ICI Defined Contribution Participant Database. The most recent annual publication from this database is for end-of-year 2006 and is available online at [www.ebri.org/publications/ib/index.cfm?fa=ibDisp&content\\_id=3838](http://www.ebri.org/publications/ib/index.cfm?fa=ibDisp&content_id=3838)

The August 2007 *EBRI Issue Brief* reporting those results found that, on average, 401(k) participants today hold significantly less of their account assets in company stock than they did in 1996. Among the highlights about company stock from that latest EBRI/ICI report:

- In 2006, average holdings of company stock in 401(k) plans amounted to 11 percent of total assets, down from 19 percent in 1996 (see Fig. 20 in the August 2007 *Issue Brief*, url above).
- Overall, about 45 percent of 401(k) participants have company stock available to them as an option. Because primarily large, publicly traded companies tend to offer company stock in their 401(k) plan, only 3 percent of 401(k) plans offer company stock as an option (see Fig. 22).
- There is significant variation in company stock holdings. The EBRI/ICI database shows that, of those in plans with company stock as an option, 7.3 percent of 401(k) participants have 90 percent or more of their 401(k) assets in company stock, while 44.5 percent have no company stock at all (see Fig. 32).
- Among recently hired 401(k) participants in plans that offer the option, 42 percent had company stock in their accounts. This is down from 60 percent in 1998 (see Fig. 37).

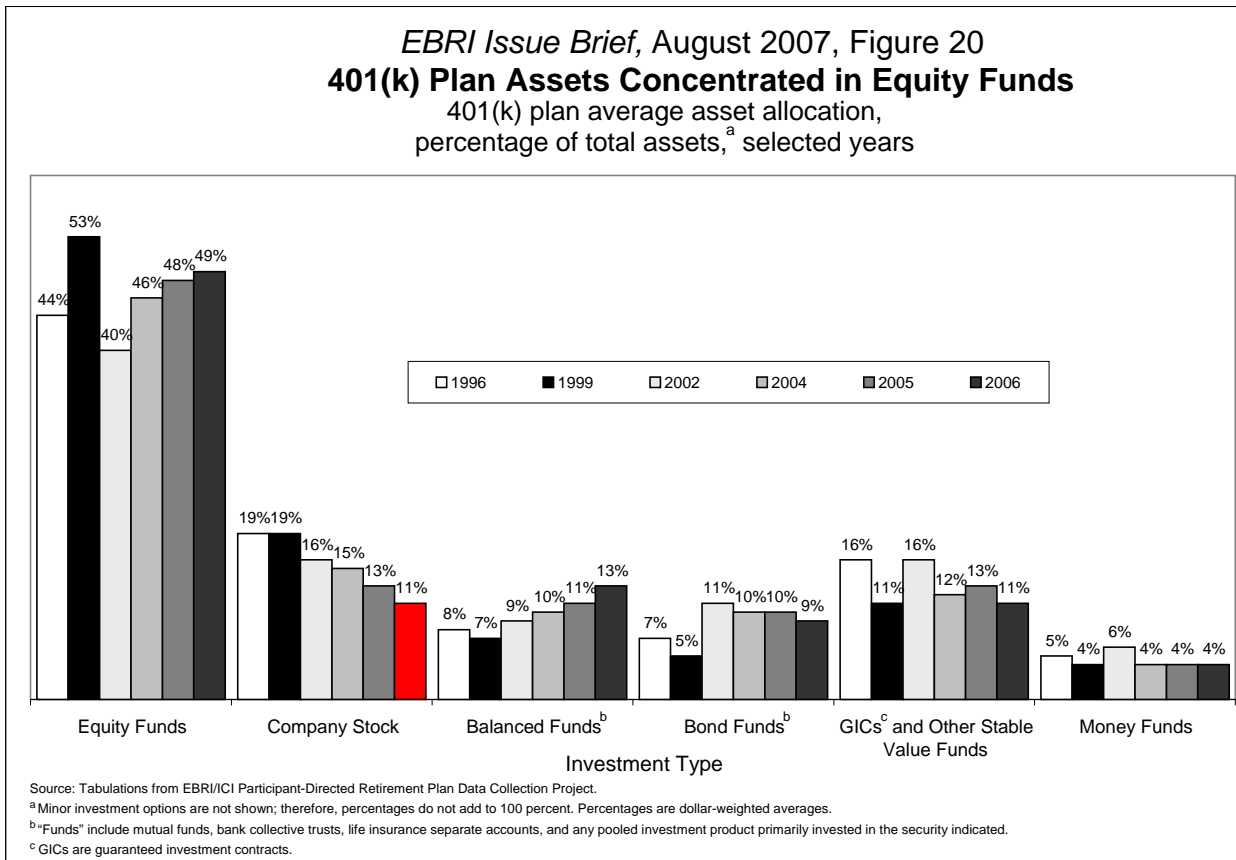
### **EBRI RESEARCH ON COMPANY STOCK:**

→ “*EBRI Special Report—Company Stock in 401(k) Plans: Results of a Survey of ISCEBS Members*,” Jan. 31, 2002, by Jack VanDerhei, Temple University and EBRI Fellow.  
<http://www.ebri.org/pdf/iscebs.pdf>

### **→ EBRI Testimony on Company Stock:**

- “Retirement Security: Picking Up the Enron Pieces” (T-135), before the Senate Finance Committee, Feb. 27, 2002, by Jack VanDerhei, Temple University and EBRI Fellow.  
<http://ebri.org/pdf/publications/testimony/t135.pdf>

- “The Role of Company Stock in 401(k) Plans” (T-134), before the House Ways and Means Committee, Feb. 26, 2002, by Jack VanDerhei, Temple University and EBRI Fellow: <http://www.ebri.org/pdf/publications/testimony/t134.pdf>
- “The Role of Company Stock in 401(k) Plans” (T-133), Feb. 13, 2002, before the House Education and Workforce Subcommittee on Employer-Employee Relations, by Jack VanDerhei, Temple University and EBRI Fellow: <http://www.ebri.org/pdf/publications/testimony/t133.pdf>
- Hearing on “Protecting the Pensions of Working Americans: Lessons From the Enron Debacle” (T-132), before the Senate Health, Education, Labor, and Pensions Committee, by Dallas Salisbury, EBRI: <http://www.ebri.org/pdf/publications/testimony/t132.pdf>



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