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Impact of Market Activity on 401(k) Account Balances

WASHINGTON—How much have workers' 401(k) account balances changed as a result of recent market activity?

The nonpartisan Employee Benefit Research Institute (EBRI) has done a number of analyses since October 2008 that answer the question. In brief, the EBRI analyses show that how workers' 401(k) accounts have been affected by the current economic recession depends on several factors, chief among them being the worker's age and job tenure with his or her employer. The most recent results, for Oct. 27, 2009, appear in the chart below.

Change in Average Account Balances (by Age and Tenure) From Jan. 1 2008–Oct. 27, 2009, Among 401(k) Participants With Account Balances as of Dec. 31, 2007

Job Tenure	Age 25–34	Age 35–44	Age 45–54	Age 55–64
1–4 Years	86.79%	61.08%	45.0%	38.0%
5–9 Years	44.5%	14.9%	8.7%	7.8%
10–19 Years		4.7%	-2.3%	-2.7%
20–29 Years			-6.6%	-7.3%

Sources: 2007 Account Balances: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project; 2008 and 2009 Account Balances: EBRI Estimates. The analysis is based on all participants with account balances at the end of 2007 and contribution information for that year.

An introduction to the analyses is on the EBRI 401(k) Valuations page, online at www.ebri.org/index.cfm?fa=401kbalances. A more detailed description of the impact of market activity on 401(k) balances can be found in the February 2009 *EBRI Issue Brief*, www.ebri.org/pdf/briefspdf/EBRI_IB_2-2009_Crisis-Impct.pdf

EBRI and the Investment Company Institute have been collaborating since 1996 to develop the most comprehensive database on 401(k) plan participants yet assembled, which is used in this EBRI analysis. The October 2009 *EBRI Issue Brief* presents analysis of data collected for 2008 on more than 54,000 plans with 24 million participants. The document is at www.ebri.org/pdf/briefspdf/EBRI_IB_10-2009_No335_K-Update.pdf. EBRI will update these 401(k) valuation data on a monthly basis or more often if circumstances dictate.

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