

Tenure Tied to Larger 401(k) Balances

The longer you've worked for an employer, the larger your 401(k) account balance is likely to be, according to a new research report.

According to a report released by the Employee Benefit Research Institute (EBRI) and the Investment Company Institute (ICI), examining the interaction of both age and tenure with account balances in the EBRI/ICI 401(k) database reveals that, for a given age group, average account balances tend to increase with tenure.

401(k) Account Balances Increase With Participant Age and Tenure						
Average 401(k) account balance, by age and tenure, 2012						
Age Group	Tenure (years)					
	0-2	>2-5	>5-10	>10-20	>20-30	>30
20s	\$4,108	\$10,695	\$16,647			
30s	\$9,842	\$21,872	\$36,980	\$57,212		
40s	\$15,457	\$31,764	\$53,060	\$92,699	\$136,761	
50s	\$20,656	\$38,533	\$60,735	\$106,522	\$187,425	\$219,196
60s	\$24,276	\$39,323	\$58,606	\$96,980	\$169,473	\$224,287

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project.
Note: At year-end 2012, the average account balance among all 24.0 million 401(k) participants was \$63,929; the median account balance was \$17,630. The tenure variable is generally years working at current employer, and thus may overstate years of participation in the 401(k) plan.

For example, the average account balance of participants in their 60s with up to two years of tenure was \$24,276, compared with \$224,287 for participants in their 60s with more than 30 years of tenure. Similarly, the average account balance of participants in their 40s with up to two years of tenure was \$15,457, compared with \$136,761 for participants in their 40s with more than 20 years of tenure.

The 2012 EBRI/ICI 401(k) database, the largest of its kind in the nation, is a representative sample of the estimated universe of 401(k) plans. At year-end 2012, all 401(k) plans held a total of \$3.5 trillion in assets, and the database represents about 44 percent of that total. The database also covers 46 percent of the universe of active 401(k) plan participants and more than 10 percent of all 401(k) plans.

The report, "401(k) Plan Asset Allocation, Account Balances, and Loan Activity in 2012," is published in the December 2013 *EBRI Issue Brief* available [online here](#).

The Employee Benefit Research Institute is a private, nonpartisan, nonprofit research institute based in Washington, DC, that focuses on health, savings, retirement, and economic security issues. EBRI does not lobby and does not take policy positions. The work of EBRI is made possible by funding from its members and sponsors, which includes a broad range of public, private, for-profit and nonprofit organizations. For more information go to www.ebri.org or www.asec.org