

FAST Facts

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401(k) Asset Allocation and Participant Age in 2008

WASHINGTON—How does the asset allocation in 401(k) plans vary by participants' age?

The latest update of the EBRI/ICI 401(k) database shows that at year-end 2008, as in previous years, participants' asset allocation varied considerably with age. Younger participants tended to favor equity funds, while older participants were more likely to invest in fixed-income securities such as bond funds, guaranteed investment contracts (GICs) and other stable-value funds, or money funds. For example, among participants in their 20s, the average allocation to equity funds was 38 percent of assets, compared with 28 percent of assets among participants in their 60s.

Average Asset Allocation of 401(k) Accounts by Participant Age, 2008

Age Group	Equity Funds	Lifecycle Funds	Non-lifecycle Balanced Funds	Bond Funds	Money Funds	GICs/Stable-Value Funds	Company Stock	Other	Unknown	Total
20s	38.0%	15.3%	12.7%	9.3%	5.5%	8.4%	7.8%	1.3%	1.3%	100%
30s	47.0	9.1	8.8	10.3	5.2	7.4	8.7	1.9	1.4	100
40s	44.1	6.8	8.2	10.9	5.7	10.4	10.1	2.3	1.2	100
50s	36.2	6.2	8.3	12.7	7.3	16.2	10.5	2.5	0.9	100
60s	28.0	5.5	7.7	14.5	9.4	23.2	8.4	2.6	0.7	100
All	37.4	6.6	8.2	12.3	7.1	15.2	9.7	2.4	1.0	100

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project.

Notes: A lifecycle fund (also called a “target-date” fund) typically rebalances to an increasingly conservative portfolio as it approaches the target date of the fund, which is usually in the fund’s name. GICs are guaranteed investment contracts. Totals may not add up to 100 percent because of rounding. Percentages are dollar-weighted averages. “Funds” include mutual funds, bank collective trusts, life insurance separate accounts, and any pooled investment product primarily invested in the security indicated.

The EBRI/ICI 401(k) database, the largest of its kind, is a joint project of the nonpartisan Employee Benefit Research Institute (EBRI) and the Investment Company Institute. Additional information about 401(k) asset allocation, account balances, and loan activity appears in the October 2009 *EBRI Issue Brief*, available at www.ebri.org

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