

Contact: John MacDonald, EBRI, (202) 775-6349, macdonald@ebri.org

Company Stock Holdings Continued to Shrink in 401(k) Accounts in 2008

WASHINGTON—How much of their assets do 401(k) participants have invested in company stock?

According to the latest update of the EBRI/ICI 401(k) database, 401(k) participants continue to trim their investment in company stock, with this asset allocation category falling by nearly 1 percentage point (to an average of 9.7 percent) in 2008. *Company stock* means their employer's equity, held either through the employer match in the 401(k) plan or in their own contributions to their 401(k) account.

The EBRI/ICI 401(k) database, the largest of its kind, shows that this continues a steady decline that started in 1999. Recently hired 401(k) participants also were less likely to hold employer stock. Highlights:

- **Availability:** Overall, 46 percent (or 11.0 million) of participants in the 2008 EBRI/ICI 401(k) database were in plans that *offered* company stock as an investment option. Typically, only large employers offer company stock as an investment option.
- **Allocations:** Among participants who were offered company stock in their 401(k) plan, 72 percent held 20 percent or less of their account balances in company stock, including 47 percent who held none at all (see chart below for percentage allocation by age group).
- **High concentrations:** On the other hand, nearly 7 percent of 401(k) participants who were offered company stock in their 401(k) plan had more than 80 percent of their account balances concentrated in company stock.

Asset Allocation Distribution of Participant Account Balances to Company Stock in 401(k) Plans With Company Stock, by Age, in 2008 (Percentage of Account Balance Invested in Company Stock)

Account Share Held in Company Stock	20s	30s	40s	50s	60s	All Ages
Zero	59.1%	48.4%	44.5%	42.8%	45.5%	47.1%
1–10%	11.3	14.5	16.4	18.0	17.7%	15.8
11–20%	7.4	8.9	9.2	9.0	7.7%	8.6
21–30%	6.0	7.1	7.2	6.9	5.8%	6.8
31–40%	4.2	5.7	5.8	5.7	5.2%	5.5
41–50%	3.4	4.3	4.2	4.0	3.5%	4.0
51–60%	2.2	2.8	2.9	2.8	2.4%	2.7
61–70%	1.1	1.6	2.0	2.0	1.8%	1.8
71–80%	0.7	1.1	1.4	1.5	1.4%	1.3
81–90%	0.5	0.8	1.1	1.1	1.2%	1.0
91–100%	4.2	4.7	5.4	6.2	7.9%	5.6

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

Notes: The analysis includes 11.0 million participants in plans with company stock at year-end 2008. Row percentages may not add up to 100 percent because of rounding.

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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