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401(k) Asset Allocation and Participant Age in 2009

WASHINGTON—How do 401(k) participants allocate their savings investments, and how do their asset allocations differ by age?

The EBRI/ICI 401(k) database, the largest of its kind, shows the following:

- Average asset allocation has remained remarkably stable. On average, at year-end 2009, 60 percent of 401(k) participants' assets were invested in equity securities through equity funds, the equity portion of balanced funds, and company stock. Thirty-six percent was in fixed-income securities such as stable-value investments and bond and money funds.
- Asset allocation varies considerably with age: Younger participants typically favor equity funds, while older participants were more likely to invest in fixed-income securities such as bond, stable-value, or money funds. Among participants in their 20s, the average allocation to equity and balanced funds was 73 percent of assets, compared with 47 percent of assets among participants in their 60s. Younger participants also had higher allocations to balanced funds, particularly to target-date funds.

Full results of the EBRI/ICI research are published in the November *EBRI Issue Brief* and *ICI Research Perspective*, titled "401(k) Plan Asset Allocation, Account Balances, and Loan Activity in 2009," available online at www.ebri.org and www.ici.org

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

Percentage of account balances, 2009

Age Group	Equity Funds	Target-date Funds ^a	Non-Target-date			GICs ^b /Stable-Value Funds	Company Stock	Other	Unknown	Total ^c
			Balanced Funds	Bond Funds	Money Funds					
20s	38.3%	23.5%	11.2%	7.7%	3.5%	5.5%	7.3%	1.2%	2.1%	100%
30s	48.3%	13.5%	7.7%	9.2%	3.8%	5.7%	8.0%	2.1%	2.1%	100%
40s	47.3%	9.9%	7.1%	9.9%	4.2%	8.3%	9.4%	2.6%	1.6%	100%
50s	39.0%	8.7%	7.2%	12.0%	5.4%	13.5%	10.2%	2.9%	1.5%	100%
60s	32.2%	7.6%	6.9%	13.9%	7.3%	19.9%	8.3%	2.9%	1.2%	100%
All	40.6%	9.5%	7.2%	11.4%	5.3%	12.6%	9.2%	2.7%	1.6%	100%

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

^aA target-date fund typically rebalances its portfolio to become less focused on growth and more focused on income as it approaches and passes the target date of the fund, which is usually included in the fund's name.

^bGICs are guaranteed investment contracts.

^cRow percentages may not add up to 100 percent because of rounding. Percentages are dollar-weighted averages.

Note: "Funds" include mutual funds, bank collective trusts, life insurance separate accounts, and any pooled investment product primarily invested in the security indicated.

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