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Public Retirement Research Lab Releases "The State of Public Sector DC Plans: A First Look at the PRRL Database"

Report reveals initial look at public sector DC plan account balances, contributions, loans, asset allocation; features inaugural presentation of plan data aggregated across record keepers

WASHINGTON, DC, February 25, 2021—The Public Retirement Research Lab (PRRL) today announced release of "The State of Public Sector DC Plans: A First Look at the PRRL Database." The PRRL collects and analyzes public sector defined contribution data to provide unbiased, actionable findings to better inform public plan design, management, innovation, and legislation.

"A First Look at the PRRL Database" is a report of the opening PRRL Database, including commentary and graphic representation of defined contribution (DC) plan account balances, contributions, loans, and asset allocation. It features an inaugural presentation of plan data aggregated across record keepers.

The PRRL Database is the repository for the plan- and participant-level retirement plan data collected by the PRRL from public plan sponsors from their record keepers. The opening PRRL Database contains year-end 2019 data for more than 200 457(b), 401(a), 403(b), 401(k), and other defined contribution plans; nearly 2.3 million state, county, city, and subdivision employees; and $113 billion in assets. Of note: State plans commonly serve as the primary DC vehicle for lower-level governments within their respective states. Some PRRL-participating state-level plans represent as many as 1,800 employers.

Key findings include:

Account Balances
Mean account balances for public plan participants in their 60s reach just over $96,000; median account balances top out at nearly $32,000.

Contributions
Mean contributions for participants in their 60s reach nearly $3,900 annually; median contributions were just over $1,300 annually.

Loans
- Loan use peaks at 7.3% for public plan participants in their 40s.
- The average loan as a percentage of account balance reaches 19% for those in their 60s.

Asset Allocations
- The use of target-date funds is significantly higher by participants in their 20s (~63%).
- The use of stable value products increases steadily as plan participants approach retirement age, reaching 29% by participants in their 60s.

"The PRRL was created specifically to address the significant lack of attention to and understanding about the role of public sector DC plans in helping public sector employees adequately prepare for a secure retirement," said NAGDCA Executive Director, Matt Petersen. "As defined benefit pension reform continues, the importance of public sector DC plans will only increase."

As observed in the report, public sector retirement research, often focused on the defined benefit (DB) pension plan as the sole source of retirement income for state and local governments, has largely excluded public sector DC plans. This inadequacy of attention has resulted in an inability to effectively address the retirement readiness of public sector employees.

The primary reasons for the lack of retirement research focused on public sector DC plans are state and local governments have maintained DB plans in far greater percentage than their private sector peers, resulting in a focus on pension system health typically expressed in plan funded status; and the difficulty of aggregating public sector DC plan data due to the extraordinary variety of public DC plan structures.

"In the future, the PRRL will leverage the PRRL Database to identify trends in plan design and utilization, and analyze the retirement income adequacy gaps faced by public plan participants, including the potential impact of potential policy, plan design, and product initiatives on these gaps," said Lori Lucas, EBRI President and CEO.

"A First Look at the PRRL Database" may be accessed here.

About PRRL
The Public Retirement Research Lab is a retirement industry-sponsored collaborative effort of the National Association of Government Defined Contribution Administrators (NAGDCA) and the Employee Benefit Research Institute (EBRI). The PRRL mines data from the PRRL Database, the first-ever database specific to public sector plan- and participant-level defined contribution data, to produce research aimed at enhancing understanding of the design and utilization of public sector defined contribution retirement plans. To learn more, visit www.prrl.org.

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