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401(k) Plan Asset Allocation, Account Balances, and Loan Activity in 2006

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- ***The average 401(k) retirement account rose for the fourth consecutive year in 2006.*** Propelled by strong stock market returns, the average 401(k) account increased 17 percent in 2006, according to the annual update of the EBRI/ICI 401(k) database. The EBRI/ICI analysis is based on the largest compilation of data on participants in 401(k) plans, which now are the primary retirement savings vehicle for the vast majority of working Americans covered by retirement plans.
- ***Because 401(k) balances can fluctuate with market returns from year-to-year, meaningful analysis of 401(k) plans must examine how participants' accounts have performed over the long term.*** Looking at consistent participants in the EBRI/ICI 401(k) database over the seven-year period from 1999 to 2006 (which included one of the worst bear markets for stocks since the Great Depression):
  → The *average* 401(k) account balance increased at an annual growth rate of 8.7 percent over the period, to $121,202 at year-end 2006.
  → The *median* 401(k) account balance (half above, half below) increased at an annual growth rate of 15.1 percent over the period, to $66,650 at year-end 2006.
- ***The bulk of 401(k) assets is invested in stocks.*** On average, at year-end 2006, about two-thirds of 401(k) participants' assets are invested in equity securities through equity funds, the equity portion of balanced funds, and company stock. About one-third is in fixed-income securities such as stable value investments and bond and money market funds. These relative shares have changed little over the past 11 years.
- ***401(k) participants continue to seek diversification of their investments.*** The share of 401(k) accounts invested in company stock continues to shrink, falling by 2 percentage points (to 11 percent) in 2006. That continued a steady decline that started in 1999. Recently hired 401(k) participants contribute to this trend: they are less likely to hold employer stock.
- ***New employees embrace lifestyle/lifecycle funds.*** Across all age groups, more new or recent hires are investing their 401(k) assets in balanced funds, including "lifestyle" or "lifecycle" funds. At year-end 2006, 24 percent of the account balances of recently hired participants in their 20s were invested in balanced funds, compared with 19 percent in 2005, and about 7 percent in 1998.
- ***Participants' 401(k) loan activity is modest.*** In 2006, 18 percent of all 401(k) participants eligible for loans had taken a loan against their 401(k) account. Most loans tend to be small, amounting, on average, to 12 percent of the remaining account balance.

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About the EBRI/ICI Database

The EBRI/ICI Participant-Directed Retirement Plan Data Collection Project is the largest, most representative repository of information about individual 401(k) plan participant accounts. As of Dec. 31, 2006, the EBRI/ICI database includes statistical information about:

- **20.0 million 401(k) plan participants**, in
- **53,931 employer-sponsored 401(k) plans**, holding
- **$1.228 trillion** in assets.

The 2006 EBRI/ICI database covers 40 percent of the universe of 401(k) plan participants, 12 percent of plans, and 46 percent of 401(k) plan assets.

The EBRI/ICI project is unique because of its inclusion of data provided by a wide variety of plan recordkeepers and, therefore, portrays the activity of participants in 401(k) plans of varying sizes—from very large corporations to small businesses—with a variety of investment options.

Introduction

Over the past two decades, 401(k) plans have grown to be the most widespread private-sector employer-sponsored retirement plan in the United States, and now serve as the most popular defined contribution (DC) plan, representing the largest number of participants and assets. In 2006, 50 million American workers were active 401(k) plan participants.[1] By year-end 2006, 401(k) plan assets had grown to represent 16 percent of all retirement assets, with $2.7 trillion in assets.[2] In an ongoing collaborative effort, the Employee Benefit Research Institute (EBRI)[3] and the Investment Company Institute (ICI)[4] collect annual data on millions of 401(k) plan participants as a means to accurately portray how these participants manage their accounts.

This report is an update of EBRI and ICI's ongoing research into 401(k) plan participants' activity through year-end 2006.[5] The report is divided into five sections: The first describes the EBRI/ICI 401(k) database; the second focuses on changes in participant account balances over time, analyzing a group of consistent 401(k) participants; the third presents a snapshot of participant account balances at year-end 2006; the fourth looks at participants' asset allocations; and the fifth looks at participants' 401(k) loan activity.

EBRI/ICI 401(k) Database

Sources and Type of Data

Several EBRI and ICI members provided records on active participants in 401(k) plans for which they kept records at year-end 2006. These plan recordkeepers include mutual fund companies, insurance companies, and consulting firms. Although the EBRI/ICI project has collected data from 1996 through 2006, the universe of data providers varies from year to year. In addition, the sample of plans using a given provider can change. Thus, aggregate figures in this report generally should not be used to estimate time trends, unless otherwise indicated. Records were encrypted to conceal the identity of employers and employees but were coded so that both could be tracked over multiple years. Data provided for each participant include participant date of birth, from which an age group is assigned; participant date of hire, from which a tenure range is assigned; outstanding loan balance; funds in the participant's investment portfolio; and asset values attributed to those funds. An account balance for each participant is the sum of the participant's assets in all funds.[6] Plan balances are constructed as the sum of all participant balances in the plan. Plan size is estimated as the sum of active participants in the plan and, as such, does not necessarily represent the total number of employees at the sponsoring firm.

Investment Options

Investment options are grouped into eight categories.[7] Equity funds consist of pooled investments primarily invested in stocks. These funds include equity mutual funds, bank collective trusts, life insurance separate accounts, and other pooled investments. Similarly, bond funds are any pooled account primarily invested in bonds, and balanced funds are pooled accounts invested in both stocks and bonds. Company stock is equity in the plan's sponsor (the employer). Money funds consist of those funds designed to maintain a stable share price. Stable value products, such as guaranteed investment contracts (GICs)[8] and other stable value funds,[9] are reported as one category. The "other" category is the residual for other investments, such as real estate funds. The final category, "unknown," consists of funds that could not be identified.[10]

Distribution of Plans, Participants, and Assets by Plan Size

The 2006 EBRI/ICI database contains information on 53,931 401(k) plans with $1.228 trillion in assets and 20.0 million participants (Figure 1). Most of the plans in the database are small: 43 percent of the plans in the database have 25 or fewer participants, and 32 percent have 26 to 100 participants. In contrast, only 5 percent of the plans have more than 1,000 participants. However, participants and assets are concentrated in large plans. For example, 78 percent of participants are in plans with more than 1,000 participants, and these same plans account for 83 percent of all plan assets. Because most of the plans have a small number of participants, the asset size for many plans is modest. About 18 percent of the plans have assets of $250,000 or less, and another 32 percent have plan assets between $250,001 and $1,250,000 (Figure 2).

Relationship of EBRI/ICI Database Plans to the Universe of All 401(k) Plans

The 2006 EBRI/ICI database is a representative sample of the estimated universe of 401(k) plans. At year-end 2006, 401(k) plans held $2.7 trillion in assets, and the EBRI/ICI database represents about 46 percent of that total. The year-end 2006 EBRI/ICI database also covers 40 percent of the universe of active 401(k) plan participants and 12 percent of all 401(k) plans. The distribution of assets, participants, and plans in the EBRI/ICI database for 2006 is similar to that reported for the universe of plans as estimated by Cerulli Associates (Figure 3).

The Typical 401(k) Plan Participant

The EBRI/ICI database includes 401(k) participants of a wide range of age and tenure. Fifty-five percent of participants are in their 30s or 40s, while 12 percent of participants are in their 20s and 8 percent are in their 60s (Figure 4). The median age of the participants in the 2006 EBRI/ICI database is 44 years, the same as in 2005. Thirty-three percent of the participants have five or fewer years of tenure, while 6 percent have more than 30 years of tenure. The median tenure at the current employer is eight years, also the same as in 2005.

Changes in 401(k) Participants' Account Balances

The EBRI/ICI database is constructed from the administrative records of 401(k) plans. The database contains only the account balances held in the 401(k) plans at participants' current employers. Retirement savings held in plans at previous employers or rolled over into individual retirement accounts (IRAs) are not included in this analysis. Furthermore, account balances are net of unpaid loan balances. This section examines the change in account balances of a group of participants who held accounts at the end of each year from 1999 through 2006. Analyzing a group of consistent participants removes the effect of participants and plans entering and leaving the database (and/or 401(k) universe) on the overall average.[11] About 29 percent, or 3.0 million, of the participants with accounts at the end of 1999 had accounts at the end of each year from 1999 through 2006.[12]

In any given year, the change in a participant's account balance is the sum of three factors:

- New contributions by the participant and/or the employer;
- Total investment return on account balances, which depends on the performance of financial markets and on the allocation of assets in an individual's account; and
- Withdrawals, borrowing, and loan repayments.

All told, from year-end 1999 to year-end 2006, the *average* account balance among the group of consistent participants increased 79 percent, rising from $67,760 at year-end 1999 to $121,202 at year-end 2006 (Figure 5). This translates into an annual average growth rate of 8.7 percent over the seven-year period. The average 401(k) account balance among this group rose and fell over the course of seven years, corresponding to the overall performance of the equity markets during that period (Figure 6). For many participants, diversification of assets and ongoing contributions helped to temper the impact of equity market performance on their 401(k) account balances. The *median* account balance (or midpoint, with half above and half below) among this consistent group also grew, rising 168 percent from $24,898 in 1999 to $66,650 in 2006 (an annual average growth rate of 15.1 percent).

Among the consistent group, there is a wide range of individual participant experience, often influenced by the relationship among the three factors mentioned above: contributions, investment returns, and withdrawal and loan activity. Among participants who have had accounts at least since year-end 1999, participants who were younger or had fewer years of tenure experienced the largest increases in average account balance between year-end 1999 and year-end 2006. For example, the average account balance of participants in their 20s rose 1,004 percent (a 40.9 percent annual average growth rate) between the end of 1999 and the end of 2006 (Figure 6). Because younger participants' account balances tend to be small (Figure 7), contributions produce significant growth in them. In contrast, the average account balance

Figure 1

401(k) Plan Characteristics, by Number of Plan Participants, 2006

Number of Plan Participants	Total Plans	Total Participants	Total Assets	Average Account Balance
1–10	10,595	60,684	$3,271,136,768	$53,904
11–25	12,590	215,695	$10,352,850,461	$47,998
26–50	9,673	349,620	$16,446,217,460	$47,040
51–100	7,521	533,944	$25,091,339,115	$46,992
101–250	6,241	985,744	$47,204,381,398	$47,887
251–500	2,896	1,023,244	$48,811,260,649	$47,702
501–1,000	1,723	1,222,735	$63,068,104,508	$51,580
1001–2500	1,384	2,155,521	$113,965,797,333	$52,872
2,501–5,000	653	2,290,175	$129,899,221,263	$56,720
5,001–10,000	313	2,144,822	$141,478,240,897	$65,963
>10,000	342	9,036,004	$628,445,072,293	$69,549
All	53,931	20,018,188	$1,228,033,622,146	$61,346

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

Note: The median account balance at year-end 2006 is $18,986.

Figure 2

401(k) Plan Characteristics, by Plan Assets, 2006

Total Plan Assets	Total Plans	Total Participants	Total Assets	Average Account Balance
$0–$250,000	9,749	104,130	$995,569,641	$9,561
>$250,000–$625,000	8,932	179,807	$3,790,362,963	$21,080
>$625,000–$1,250,000	8,570	274,274	$7,775,610,380	$28,350
>$1,250,000–$2,500,000	7,964	413,572	$14,162,640,262	$34,245
>$2,500,000–$6,250,000	7,979	821,817	$31,589,372,391	$38,438
>$6,250,000–$12,500,000	3,924	887,706	$34,552,271,777	$38,923
>$12,500,000–$25,000,000	2,587	1,062,639	$45,041,610,679	$42,387
>$25,000,000–$62,500,000	2,025	1,830,017	$79,356,274,791	$43,364
>$62,500,000–$125,000,000	887	1,675,914	$77,129,176,826	$46,022
>$125,000,000–$250,000,000	582	1,977,204	$102,643,721,668	$51,914
>$250,000,000	732	10,791,108	$830,997,010,768	$77,008
All	53,931	20,018,188	$1,228,033,622,146	$61,346

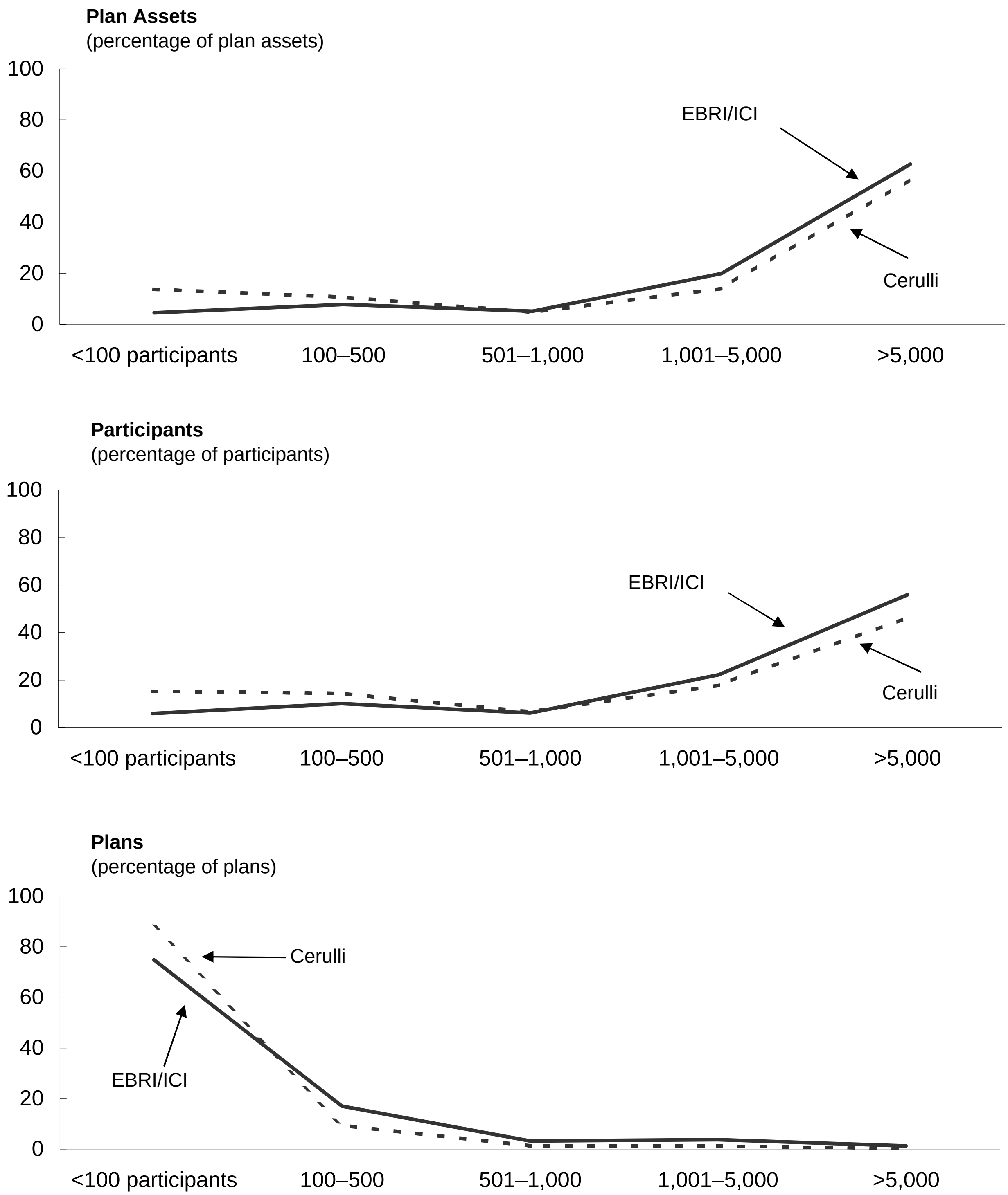
Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project.

Note: The median account balance at year-end 2006 is $18,986.

Figure 3

EBRI/ICI Database Represents Wide Cross-Section of 401(k) Universe

401(k) plan characteristics by number of participants:
EBRI/ICI database vs. Cerulli estimates for all 401(k) plans, 2006



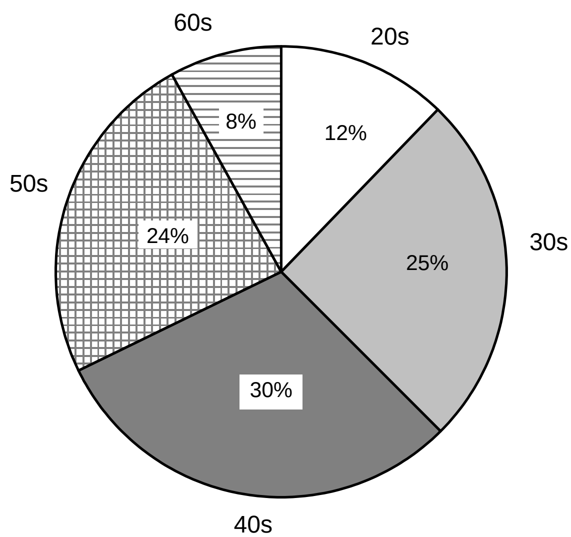
Sources: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project, Cerulli Associates.

Figure 4

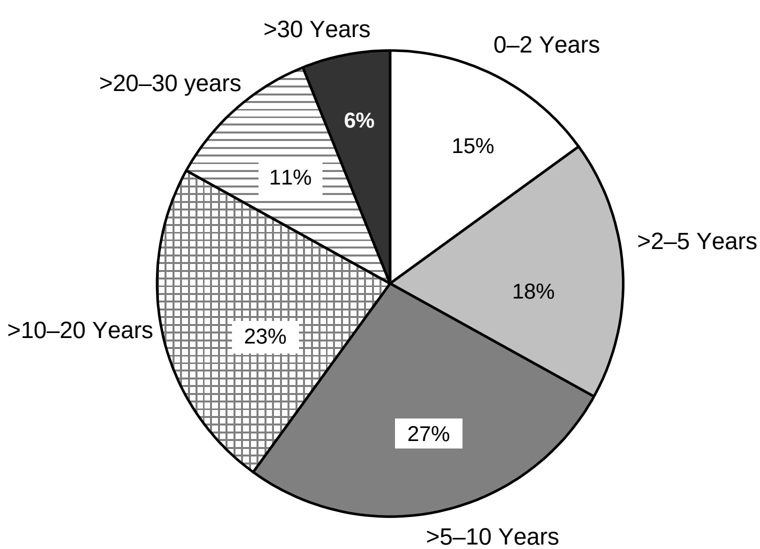
More Than One-Third of 401(k) Participants Are in Their 20s or 30s or Have Short Job Tenure

Percentage of 401(k) plan participants by age or tenure, 2006

By Age
(Median Age: 44 Years)



By Tenure
(Median Tenure: 8 Years)



Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project.
Note: Components may not add to 100 percent because of rounding.

of older participants or those with longer tenures showed more modest growth (Figure 6). For example, the average account balance of participants in their 60s increased 29 percent (a 3.7 percent annual average growth rate) between year-end 1999 and year-end 2006 (Figure 6). Investment returns, rather than annual contributions, generally account for most of the growth in accounts with larger balances. In addition, participants in their 60s have a higher propensity to make withdrawals.[13]

These changes in participant account balances reflect changes in stock values during the seven-year time period. The stock market returns posted in 2006 mark the fourth consecutive year of positive returns (whether measured by the Standard and Poor's (S&P) 500 or the Russell 2000 indices), following the three-year bear market of 2000–2002 (Figure 8). For example, the S&P 500 total return index increased 15.8 percent in 2006, after rising 4.9 percent in 2005. Since year-end 2002, the S&P 500 total return index has climbed 73.3 percent and the Russell 2000 total return index has more than doubled.

Year-End 2006 Snapshot of 401(k) Participants' Account Balances

In any given year, the EBRI/ICI database provides a snapshot of the 401(k) account balances at year-end, which reflects the entrance of new plans and new participants and the exit of participants who retire or change jobs. At year-end 2006, the average account balance was $61,346 and the median account balance was $18,986 (Figure 9). Because of the changing composition of the universe over time, it is not correct to presume that the change in the average or median account balance for database as a whole reflects the experience of "typical" 401(k) plan participants.

There is wide variation in 401(k) plan participants' account balances at year-end 2006. Nearly three-quarters of the participants in the 2006 EBRI/ICI database have account balances that are lower than $61,346, the size of the average account balance. In fact, 38.5 percent of participants have account balances of less than $10,000, while 17.5 percent of participants have account balances greater than $100,000 (Figure 10). The variation in account balances partly reflects the effects of participant age, tenure, contribution behavior, rollovers from other plans, asset allocation, withdrawals, loan activity, and employer contribution rates. Information in the EBRI/ICI database can be used to examine the relationship between account balances and participants' age, tenure, and salary.

Relationship of Age and Tenure to Account Balances

There is a positive correlation between age and account balance among participants covered by the 2006 EBRI/ICI database.[14] Examination of the age composition of account balances finds that 53 percent of participants with account balances of less than $10,000 are in their 20s or 30s (Figure 11). Similarly, more than one-half of participants with account balances greater than $100,000 are in their 50s or 60s. The positive correlation between age and account balance is expected because younger workers are likely to have lower incomes and to have had less time to accumulate a balance with their current employer. In addition, they are less likely to have in their current plan accounts rollovers from a previous employer's plan.

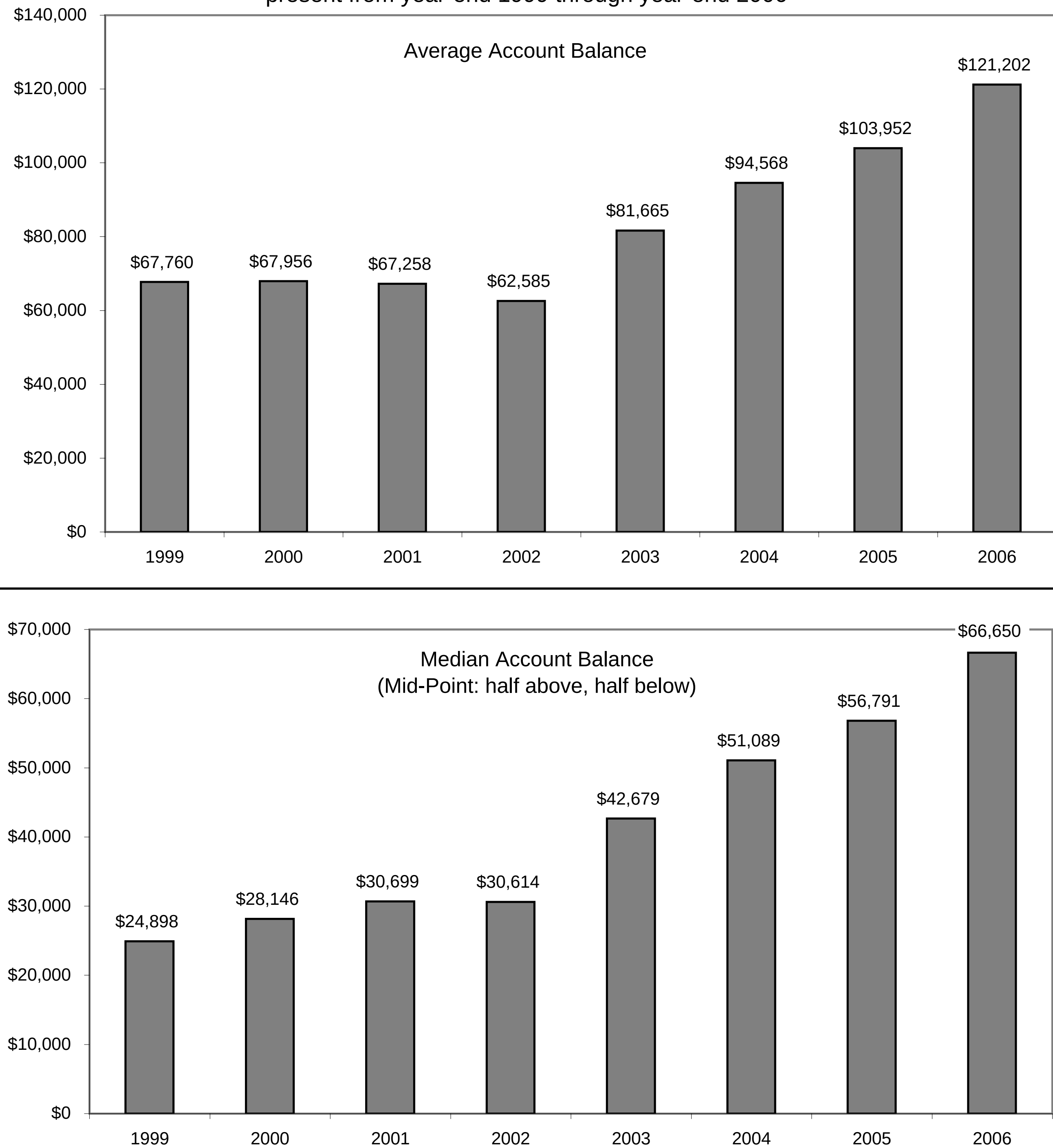
There is also a positive correlation between account balance and tenure among participants represented by the 2006 EBRI/ ICI database. A participant's tenure with an employer serves as a proxy for the length of time a worker has participated in the 401(k) plan.[15] Indeed, 58 percent of those participants with account balances of less than $10,000 have five or fewer years of tenure, while 76 percent of those participants with account balances greater than $100,000 have more than 10 years of tenure (Figure 12).[16]

Examining the interaction of both age and tenure with account balances reveals that, for a given age group, average account balances tend to increase with tenure. For example, the average account balance of participants in their 60s with up to two years of tenure is $20,076, compared with $190,593 for participants in their 60s with more than 30 years of tenure (Figure 13).[17] Similarly, the average account balance of participants in their 40s with up to two years of tenure is $14,725, compared with $133,321 for participants in their 40s with more than 20 years of tenure.

Figure 5

401(k) Account Balances Increase for Fourth Consecutive Year

401(k) account balances[a] among 401(k) participants[b]
present from year-end 1999 through year-end 2006



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

[a] Account balances are participant account balances held in 401(k) plans at the participants' current employers and are net of plan loans. Retirement savings held in plans at previous employers or rolled over into IRAs are not included.

[b] The analysis is based on a sample of 3.0 million participants with account balances at end of each year from 1999–2006.

Figure 6

Percentage Change in Average Account Balances Among 401(k) Participants Present From Year-End 1999 Through Year-End 2006,[a] by Age and Tenure,[b] 1999–2006

Age Group	Tenure (years)	1999 to 2000	2000 to 2001	2001 to 2002	2002 to 2003	2003 to 2004	2004 to 2005	2005 to 2006	1999 to 2006
20s	All	95.0%	46.0%	20.2%	59.4%	30.7%	21.9%	27.0%	1004.3%
	>5–10	108.7%	52.2%	22.8%	62.1%	32.9%	22.8%	26.8%	1208.6%
30s	All	15.3%	12.4%	0.7%	48.6%	25.6%	17.7%	23.8%	255.2%
	>5–10	40.4%	27.2%	9.4%	56.9%	30.2%	21.3%	26.0%	510.3%
	>10–20	6.8%	5.8%	-3.9%	43.6%	22.5%	15.2%	22.2%	168.9%
40s	All	2.5%	0.9%	-6.4%	36.8%	19.7%	13.3%	20.1%	115.9%
	>5–10	24.9%	16.8%	4.3%	49.4%	27.2%	19.4%	23.9%	327.8%
	>10–20	1.9%	0.6%	-7.1%	37.1%	19.7%	13.2%	20.2%	112.6%
	>20–30	-0.9%	-2.5%	-8.4%	32.3%	17.0%	10.9%	18.3%	79.6%
50s	All	0.5%	-1.4%	-7.1%	30.8%	16.4%	10.5%	17.2%	81.5%
	>5–10	24.1%	15.2%	4.6%	45.1%	26.5%	19.1%	23.3%	303.3%
	>10–20	3.4%	1.9%	-6.5%	33.7%	19.3%	13.2%	19.3%	112.2%
	>20–30	-1.1%	-3.3%	-8.3%	29.3%	15.2%	9.6%	16.7%	67.0%
	>30	-2.0%	-3.5%	-8.0%	27.6%	13.1%	7.0%	14.0%	53.2%
60s	All	-3.2%	-4.0%	-8.5%	22.5%	9.6%	3.7%	9.3%	29.3%
	>5–10	23.3%	14.8%	4.5%	40.5%	24.4%	16.1%	19.2%	258.3%
	>10–20	4.3%	0.9%	-5.2%	29.3%	16.5%	10.2%	13.8%	88.4%
	>20–30	-1.8%	-3.3%	-8.0%	23.5%	10.7%	4.6%	9.7%	36.9%
	>30	-6.2%	-6.2%	-10.2%	19.2%	6.0%	0.2%	6.7%	6.8%
All	All	0.3%	-1.0%	-6.9%	30.5%	15.8%	9.9%	16.6%	78.9%

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

[a] The analysis is based on a sample of 3.0 million participants with account balances at the end of each year from 1999 through 2006.

[b] Age and tenure groups are based on participant age and tenure at year-end 2006.

Figure 7

Average Account Balances Among 401(k) Participants Present From Year-End 1999 Through Year-End 2006,[a] by Age and Tenure,[b] 1999–2006

Age Group	Tenure (years)	1999	2000	2001	2002	2003	2004	2005	2006
20s	All	$2,558	$4,988	$7,282	$8,754	$13,950	$18,236	$22,236	$28,248
	5–10	$2,147	$4,480	$6,817	$8,371	$13,568	$18,037	$22,158	$28,095
30s	All	$17,277	$19,918	$22,382	$22,549	$33,503	$42,082	$49,550	$61,368
	5–10	$9,086	$12,760	$16,232	$17,757	$27,856	$36,263	$43,995	$55,453
	10–20	$24,913	$26,607	$28,160	$27,065	$38,874	$47,625	$54,851	$67,002
40s	All	$50,147	$51,423	$51,908	$48,599	$66,490	$79,588	$90,149	$108,262
	5–10	$17,316	$21,627	$25,262	$26,346	$39,369	$50,070	$59,772	$74,075
	10–20	$49,613	$50,574	$50,886	$47,258	$64,809	$77,563	$87,805	$105,501
	20–30	$81,560	$80,805	$78,823	$72,177	$95,491	$111,677	$123,814	$146,489
50s	All	$82,059	$82,495	$81,350	$75,546	$98,811	$115,006	$127,058	$148,927
	5–10	$19,954	$24,769	$28,524	$29,847	$43,300	$54,770	$65,248	$80,465
	10–20	$57,100	$59,067	$60,185	$56,282	$75,237	$89,738	$101,585	$121,160
	20–30	$114,985	$113,703	$109,896	$100,760	$130,294	$150,121	$164,487	$192,003
	30+	$114,259	$111,939	$108,020	$99,431	$126,869	$143,508	$153,484	$174,992
60s	All	$121,982	$118,088	$113,375	$103,711	$127,008	$139,140	$144,269	$157,727
	5–10	$21,406	$26,393	$30,301	$31,679	$44,519	$55,390	$64,324	$76,690
	10–20	$62,602	$65,309	$65,892	$62,437	$80,718	$94,030	$103,616	$117,934
	20–30	$130,165	$127,834	$123,572	$113,670	$140,334	$155,348	$162,473	$178,253
	30+	$181,395	$170,237	$159,753	$143,459	$170,971	$181,269	$181,621	$193,701
All	All	$67,760	$67,956	$67,258	$62,585	$81,665	$94,568	$103,952	$121,202

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

[a] The analysis is based on a sample of 3.0 million participants with account balances at the end of each year from 1999 through 2006.

[b] Age and tenure groups are based on participant age and tenure at year-end 2006.

The distribution of account balances underscores the effects of age and tenure on account balances. In a given age group, shorter tenure tends to mean that a higher percentage of participants will have account balances of less than $10,000. For example, 88 percent of participants in their 20s with two or fewer years of tenure have account balances of less than $10,000, compared with 53 percent of participants in their 20s with between five and 10 years of tenure (Figure 14). Older workers display a similar pattern. For example, 64 percent of participants in their 60s with two or fewer years of tenure have account balances of less than $10,000. In contrast, only about 20 percent of those in their 60s with more than 20 years of tenure have account balances of less than $10,000.[18]

In a given age group, longer tenure tends to mean that a higher percentage of participants will have account balances greater than $100,000. For example, about 11 percent of participants in their 60s with 10 or fewer years of tenure have account balances in excess of $100,000 (Figure 15). However, about 43 percent of participants in their 60s with between 20 and 30 years of tenure with their current employer have account balances greater than $100,000. This increases to 45 percent for participants in their 60s with more than 30 years of tenure.

Relationship Between Account Balances and Salary

Participants' account balances vary not only with age and tenure, but also with salary. Figure 16 reports the account balances of long-tenured participants at their current employers' 401(k) plans. Retirement savings held at previous employers or amounts rolled over to IRAs are not included in the analysis. To capture as long a savings history as possible, only long-tenured participants are included in this analysis. However, it is important to note that the tenure variable is the time that individuals have been at their current jobs and may not reflect the length of time they have participated in a 401(k) plan (particularly among older participants, as 401(k) plans were only introduced about 26 years ago).[19]

Older, longer-tenured, and higher-income participants tend to have larger account balances, which are important for meeting their income-replacement needs in retirement. For long-tenured participants in their 20s with salaries between $20,000 and $40,000, the median account balance was $6,719 in 2006 (Figure 16). Long-tenured participants in their 20s earning more than $100,000 had a median account balance of $57,794. Among long-tenured participants in their 60s with $20,000 to $40,000 in salary in 2006, the median account balance was $66,147. For long-tenured participants in their 60s earning more than $100,000, the median account balance was $350,576.

The ratio of participant account balance to salary is positively correlated with age and tenure.[20] Participants in their 60s, having had more time to accumulate assets, tend to have higher ratios, while those in their 20s have the lowest ratios (Figure 17). In addition, for any given age and tenure combination, the ratio of account balance to salary varies somewhat with salary. For example, among participants in their 20s, the ratio tends to increase slightly with salary for low-to-moderate salary groups (Figure 18). However, at high salary levels the ratio tends to decline somewhat. A similar pattern occurs among participants in their 60s (Figure 19).[21]

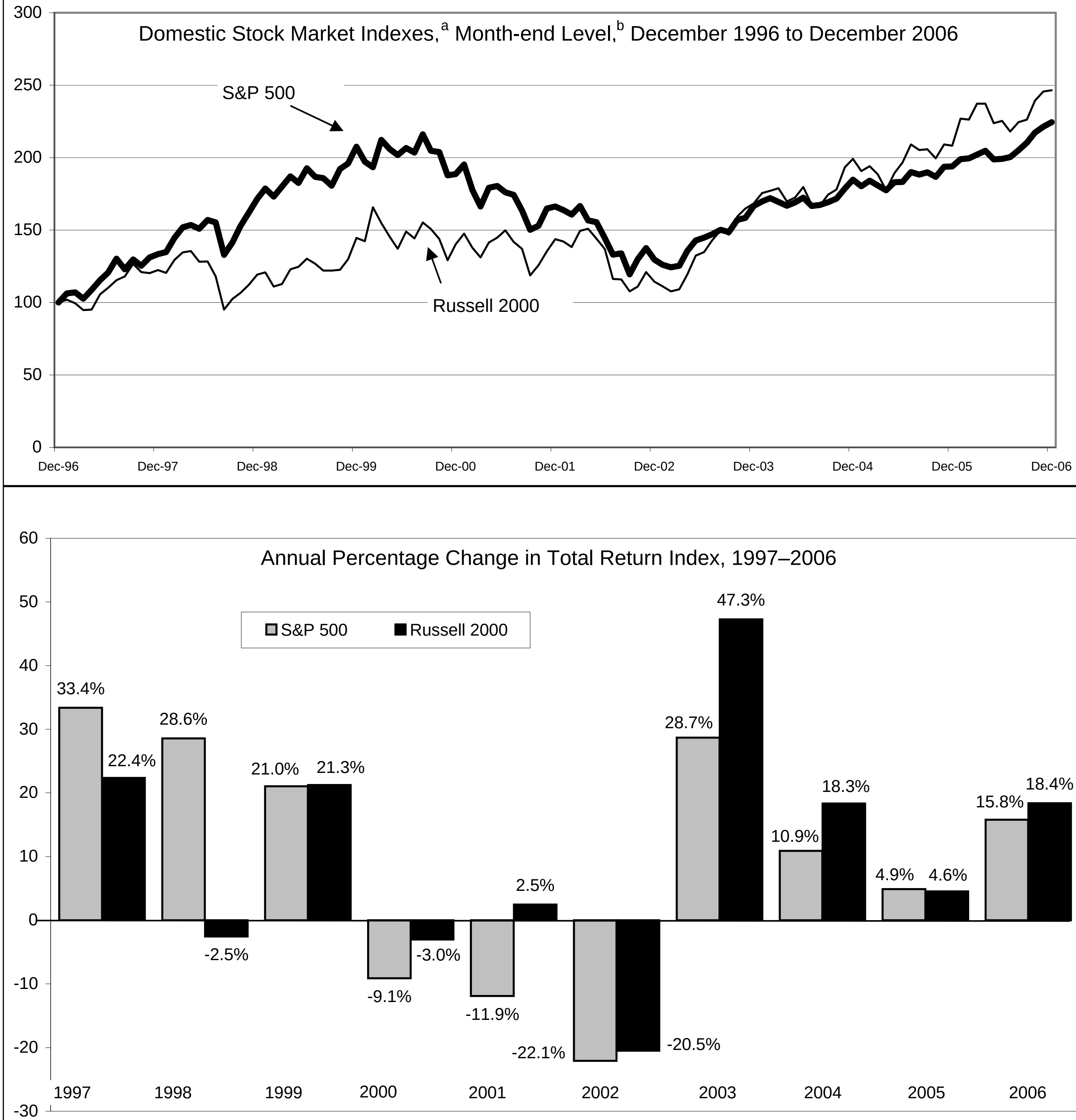
Year-End 2006 Snapshot of Asset Allocation

Consistent with a long-term investment horizon, 401(k) plan participants are heavily invested in equity securities. At year-end 2006, nearly half (49 percent) of 401(k) plan participants' account balances are invested in equity funds, on average (Figure 20). Altogether, equity securities—equity funds, the equity portion of balanced funds,[22] and company stock—represent about two-thirds of 401(k) plan participants' assets. As in previous years, the EBRI/ICI database for year-end 2006 finds that participants' asset allocation varies considerably with age.[23] Younger participants tend to favor equity funds, while older participants are more likely to invest in fixed-income securities such as bond funds, GICs and other stable value funds, or money funds (Figure 21).

Asset Allocation and Investment Options

The investment options that a plan sponsor offers significantly affect how participants allocate their 401(k) assets. Figure 22 presents the distribution of plans, participants, and assets by four combinations of investment offerings. The first category is the base group, which consists of plans that do not offer company stock, GICs, or other stable value funds. Twenty-seven percent of participants in the 2006 EBRI/ICI database

Figure 8
Domestic Stock Market Continues Recovery From Bear Market



Sources: Bloomberg, Frank Russell Company, and Standard & Poor's.

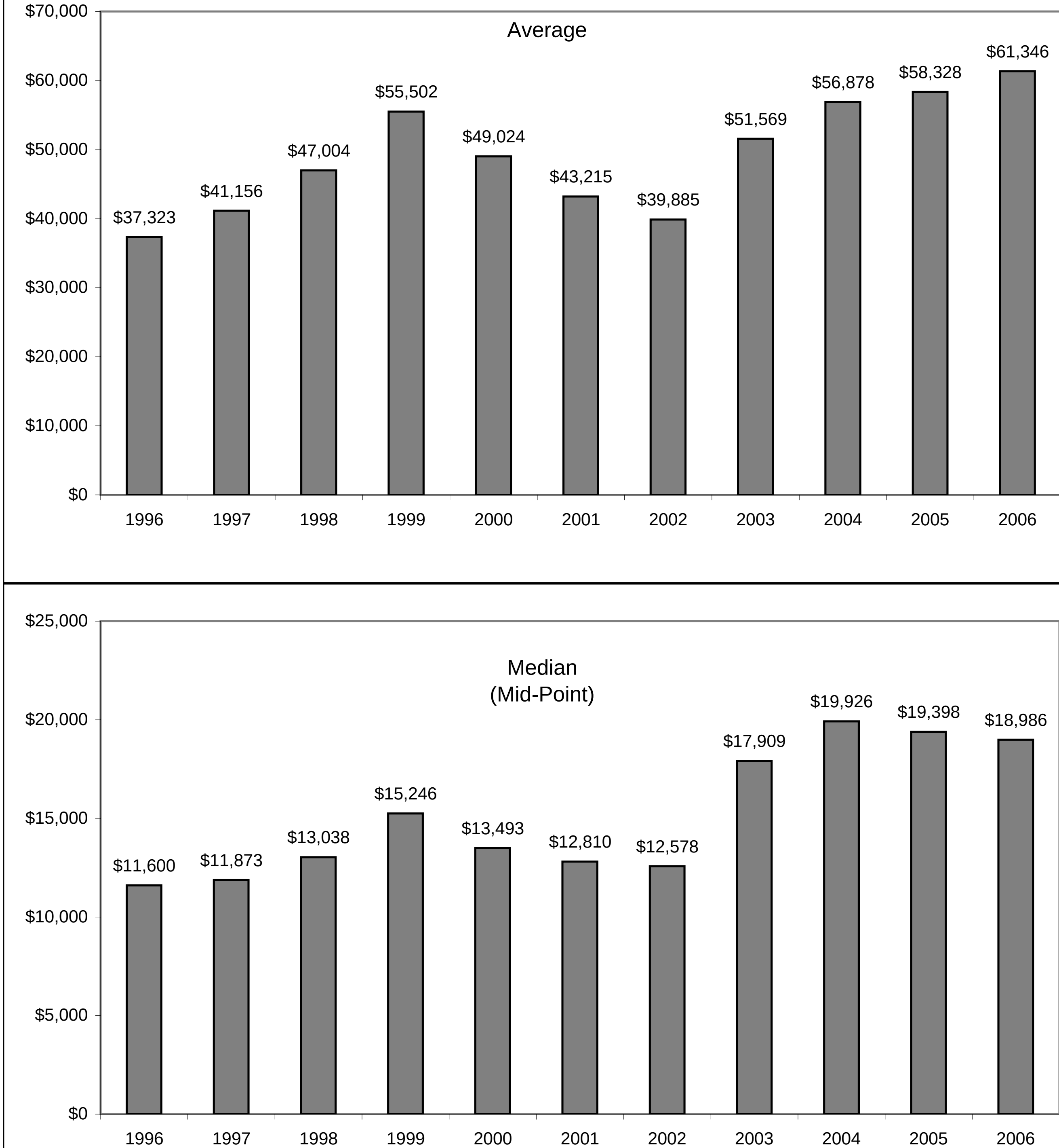
[a] The S&P 500 Index consists of 500 stocks chosen for market size, liquidity, and industry group representation. The Russell 2000 Index measures the performance of the 2,000 smallest U.S. companies (based on total market capitalization) included in the Russell 3000 Index (which tracks the 3,000 largest U.S. companies).

[b] All indexes are set to 100 in December 1996.

Figure 9

Snapshot of Year-End Account Balances

401(k) plan participant account balances,[a] 1996–2006[b]



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

[a] Account balances are participant account balances held in 401(k) plans at the participants' current employers and are net of plan loans. Retirement savings held in plans at previous employers or rolled over into individiual retirement accounts (IRAs) are not included.

[b] The sample of participants changes over time.

are in these plans—which generally offer equity funds, bond funds, money funds, and balanced funds as investment options. Another 26 percent of participants are in plans that offer GICs and/or other stable value funds as an investment option, in addition to the "base" options. Alternatively, 13 percent of participants are in plans that offer company stock, but no stable value products, while the remaining 34 percent of participants are offered both company stock and stable value products, in addition to the base options.

Asset Allocation by Investment Options and Age, Salary, and Plan Size

As discussed above, asset allocation varies with participant age. Thus, Figure 23 presents the analysis of asset allocation by investment options and also by participants' age. Salary information is available for a subset of participants in the 2006 EBRI/ICI database. Because asset allocation is influenced by the investment options available to participants, Figure 24 presents asset allocation by salary range and by investment options.

Participant asset allocation also varies with plan size (Figure 25, top panel), but much of the variation can be explained by differences in the investment options offered by plan sponsors. For example, the percentage of plan assets invested in company stock rises with plan size. A portion of this trend occurs because few small plans offer company stock as an investment option. For example, less than 1 percent of participants in small plans are offered company stock as an investment option, while 69 percent of participants in plans with more than 5,000 participants are offered company stock as an investment option. Thus, to analyze the potential effect of plan size, the remaining panels of Figure 25 group plans by investment options and plan size.

Distribution of Equity Fund Allocations and Participant Exposure to Equities

The year-end 2006 EBRI/ ICI database finds that, on average, 49 percent of participant account balances are allocated to equity funds (Figure 20). However, individual asset allocations vary widely across participants. For example, nearly 36 percent of participants hold no equity funds, while 21 percent of participants hold more than 80 percent of their balances in equity funds (Figures 26 and 27). Furthermore, the percentage of participants holding no equity funds varies with age, with 47 percent of participants in their 20s, 31 percent of participants in their 40s, and 42 percent of participants in their 60s holding no equity funds. The percentage of participants holding no equity funds tends to fall as salary increases (Figure 27).

Participants with no equity fund balances may still have exposure to the stock market through company stock or balanced funds. Indeed, 58 percent of participants with no equity funds have investments in either company stock or balanced funds (Figure 28). For example, 46 percent of participants in their 20s without equity funds hold balanced funds as their only equity investment; 6 percent of participants in their 20s without equity funds hold both balanced funds and company stock; and 10 percent have only company stock as their equity investment. As a result, many participants with no equity funds have exposure to equity-related investments through company stock and/or balanced funds (Figure 29).

Among individual participants, the allocation of account balances to equities (equity funds, company stock, and the equity portion of balanced funds) varies widely around the average of 68 percent for all participants in the 2006 EBRI/ICI database. Thirty-nine percent of participants have more than 80 percent of their account balances invested in equities, while 15 percent hold no equities at all in 2006 (Figure 30).

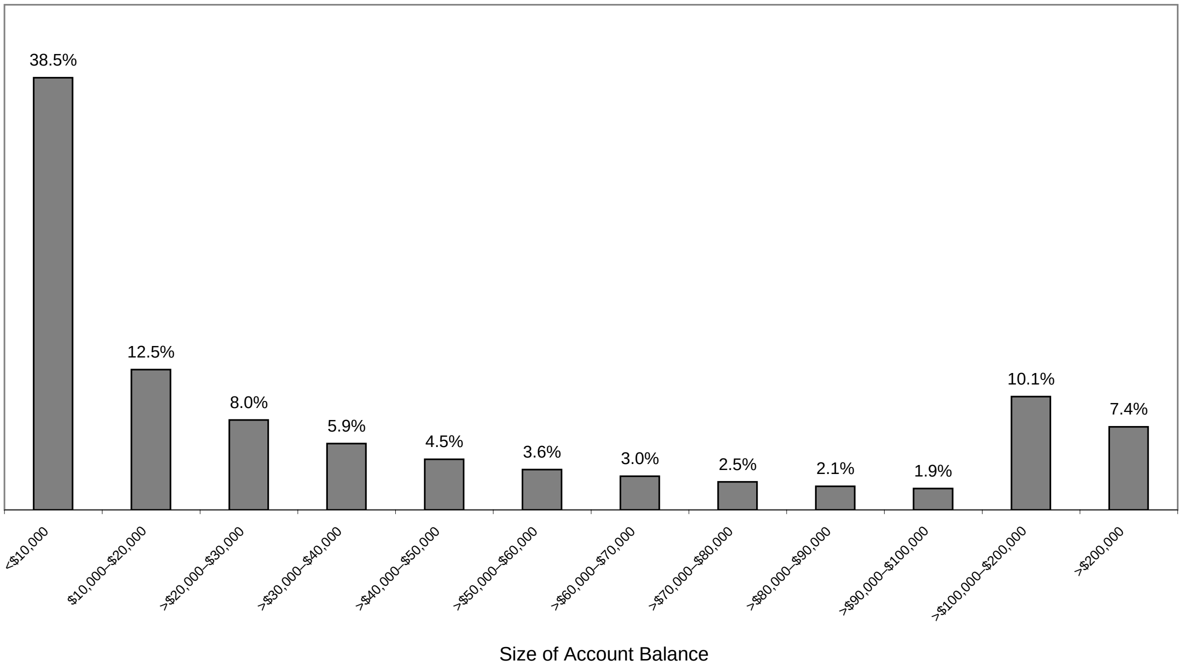
Distribution of Participants' Balanced Fund Allocations by Age

Individual 401(k) participants' asset allocation to balanced funds varies widely around an average of 13 percent (Figure 21). For example, 59 percent of participants hold no balanced funds, while 12 percent of participants hold more than 80 percent of their accounts in balanced funds (Figure 31).

Distribution of Participants' Company Stock Allocations by Age

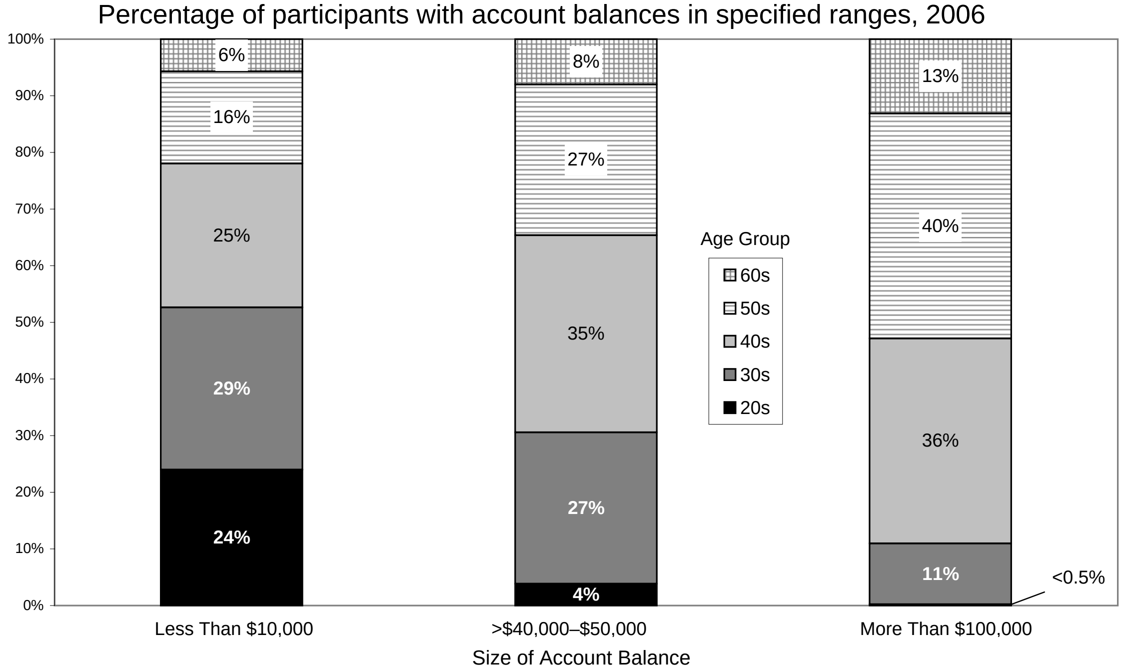
Participants' allocations to company stock remained in line with previous years. Forty-seven percent (or 9.3 million) of the 401(k) participants in the 2006 EBRI/ICI database are in plans that offer company stock as an investment option (Figure 22). Among these participants, 67 percent hold 20 percent or less of their account balances in company stock, including almost 45 percent who hold none (Figure 32). On the other hand, nearly 9 percent have more than 80 percent of their account balances invested in company stock.

Figure 10
Distribution of 401(k) Account Balances, by Size of Account Balance
Percentage of participants with account balances in specified ranges, 2006



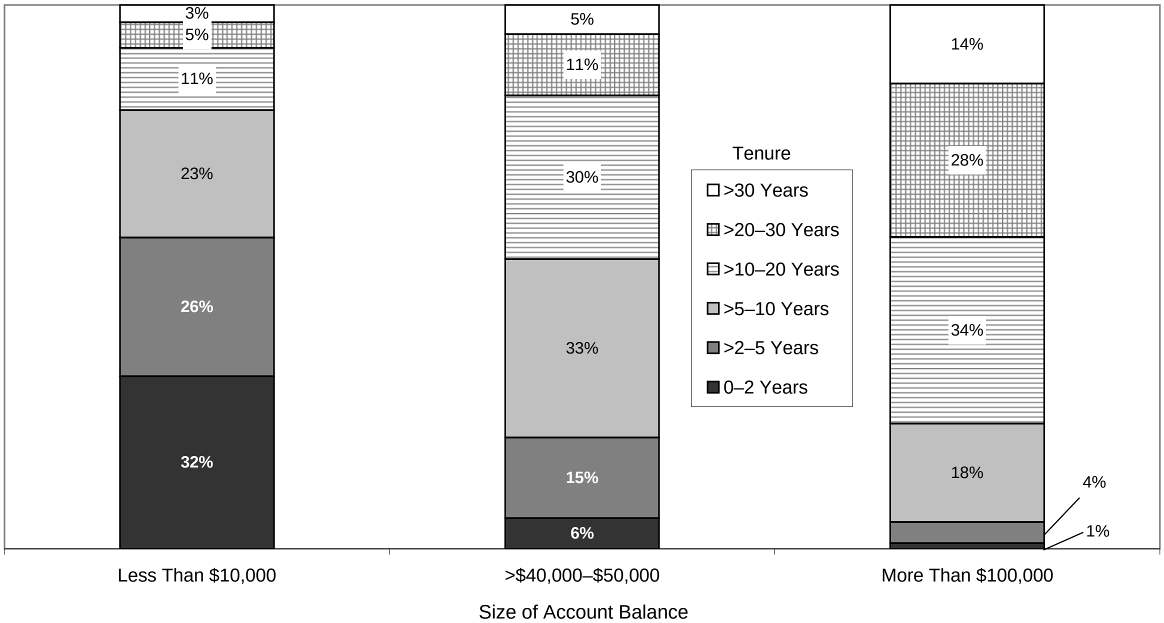
Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project.

Figure 11
Age Composition of Selected 401(k) Account Balance Categories
Percentage of participants with account balances in specified ranges, 2006



Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project.
Note: Percentages may not add to 100 percent because of rounding.

Figure 12
Tenure Composition of Selected 401(k) Account Balance Categories
Percentage of participants with account balances in specified ranges, 2006



Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project.
Note: Percentages may not add to 100 percent because of rounding. Job tenure is generally years working at current employer, and thus may overstate years of participation in the 401(k) plan.

Figure 13
Account Balances Increase With Age and Tenure
Average 401(k) account balance, by age and tenure, 2006

	Tenure (years)					
Age Group	0–2	>2–5	>5–10	>10–20	>20–30	>30
20s	$4,571	$10,414	$17,120			
30s	$11,257	$22,368	$37,438	$55,693		
40s	$14,725	$29,010	$49,995	$89,822	$133,321	
50s	$17,854	$32,532	$54,491	$99,794	$174,272	$167,806
60s	$20,076	$31,914	$51,268	$93,636	$157,069	$190,593

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project.
Note: At year-end 2006, the average account balance among all 20.0 million 401(k) participants was $61,436; the median account balance was $18,986.

Asset Allocation of Recently Hired Participants

Comparing snapshots of newly hired 401(k) plan participants' asset allocations provides further insight into the recent investment allocation activity of plan participants. Lifestyle and lifecycle funds,[24] which are included in balanced funds, have increased in popularity. More recently hired participants hold balanced funds (Figure 33) and are more likely to hold a high concentration of their accounts in balanced funds (Figures 34 and 35). In addition, at year-end 2006, 24 percent of the account balances of recently hired participants in their 20s is invested in balanced funds, compared with 19 percent in 2005, and about 7 percent among that age group in 1998 (Figure 36). A similar pattern occurs across all age groups.

Comparing recently hired participants in 2006 with their similar age groups in 1998 also illustrates that asset allocation to company stock and equity funds is lower now than in 1998, while asset allocation to fixed-income securities tends to increase (Figure 36). Recently hired 401(k) participants are less likely to hold company stock (Figure 37) and less likely to hold a high concentration of their account balance in company stock (Figures 38 and Figure 39).

Year-End 2006 Snapshot of 401(k) Plan Loan Activity

Availability and Use of 401(k) Plan Loans by Plan Size

Fifty-one percent of the 401(k) plans for which loan data are available in the 2006 EBRI/ICI database offer a plan loan provision to participants (Figure 40).[25] The loan feature is more commonly associated with large plans (as measured by the number of participants in the plan). Ninety-three percent of plans with more than 10,000 participants include a loan provision, compared with 27 percent of plans with 10 or fewer participants. There is little variation in participant loan activity by plan size (Figure 41). Loan ratios vary only slightly when participants are grouped based on the size of their 401(k) plans (as measured by the number of plan participants; Figure 42).

Characteristics of Participants with Outstanding 401(k) Plan Loans

In the 2006 EBRI/ICI database, 85 percent of participants are in plans offering loans. However, as has been the case for the 11 years that the EBRI/ICI databases have tracked 401(k) plan participants, relatively few participants make use of this borrowing privilege. At year-end 2006, only 18 percent of those eligible for loans have 401(k) plan loans outstanding (Figure 43). As in previous years, loan activity varies with age, tenure, account balance, and salary. Of those participants in plans offering loans, the highest percentages of participants with outstanding loan balances are among participants in their 30s, 40s, or 50s. In addition, participants with five or fewer years of tenure or with more than 30 years of tenure are less likely to use the loan provision than other participants. Only 11 percent of participants with account balances of less than $10,000 have loans outstanding (Figure 43).

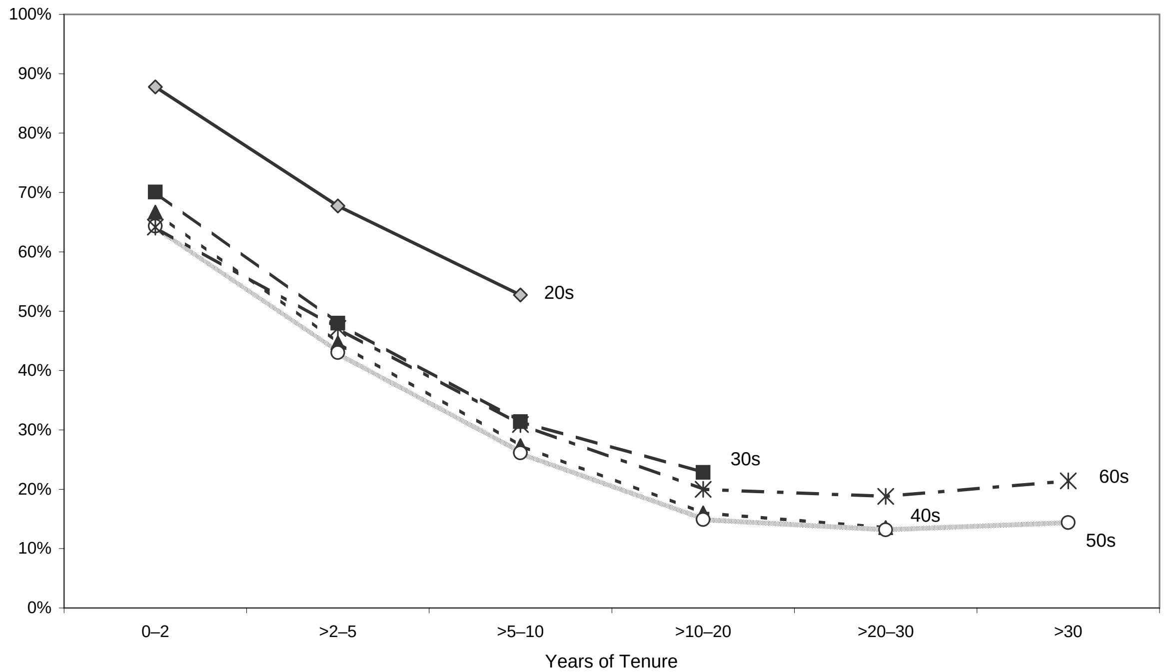
Average Loan Balances

Among participants with outstanding loans at the end of 2006, the average unpaid balance is $7,292.[26] Again, similar to other years of analysis, loan balances as a percentage of account balances (net of the unpaid loan balance) for participants with loans is 12 percent at year-end 2006 (Figure 44). In addition, as in previous years, there is variation around this average that corresponds with age (lower the older the participant), tenure (lower the higher the tenure of the participant), account balance (lower the higher the account balance), and salary (lower the higher the participant's salary). Overall, loans from 401(k) plans tend to be small, with the vast majority of 401(k) participants in all age groups having no loan at all (Figure 45).

Figure 14

401(k) Account Balances Less Than $10,000, by Participant Age and Tenure

Percentage of participants with account balances less than $10,000 at year-end 2006

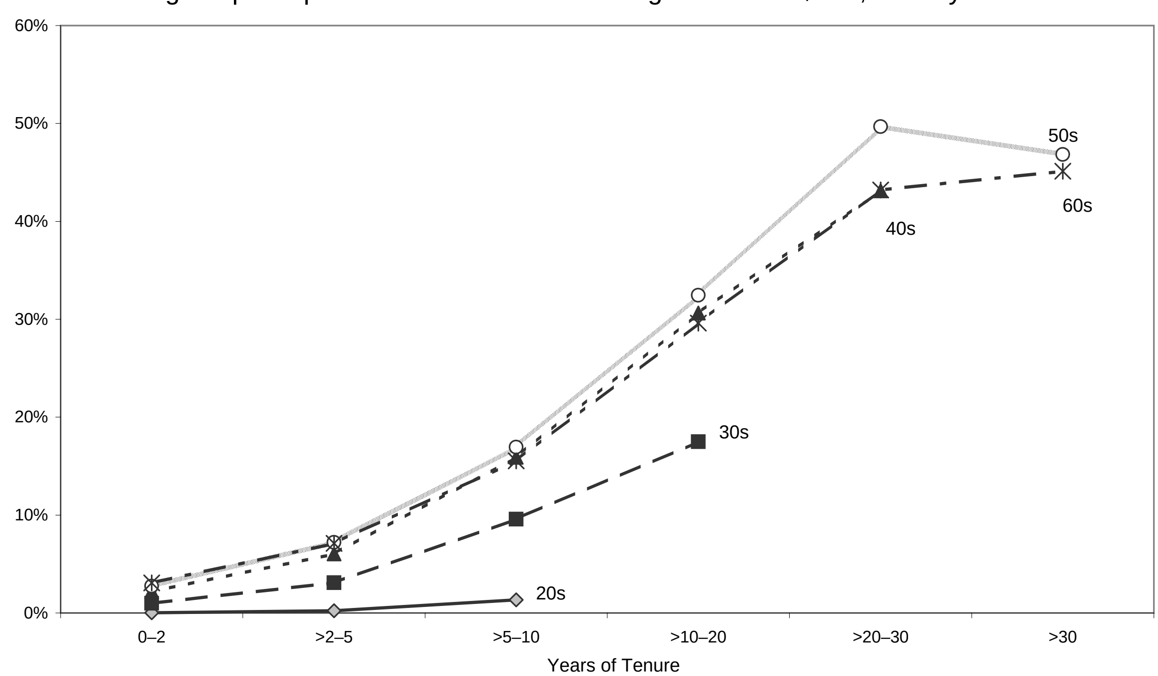


Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project.

Figure 15

401(k) Account Balances Greater Than $100,000, by Participant Age and Tenure

Percentage of participants with account balances greater than $100,000 at year-end 2006



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

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Endnotes

[1] See Cerulli Associates (2006).

[2] See Brady and Holden (July 2007).

[3] The Employee Benefit Research Institute (EBRI) is a nonprofit, nonpartisan, public policy research organization, which does not lobby or take positions on legislative proposals.

[4] The Investment Company Institute (ICI) is the national association of the U.S. investment company industry. ICI members include 8,766 open-end investment companies (mutual funds), 670 closed-end investment companies, 440 exchange-traded funds, and four sponsors of unit investment trusts. Mutual fund members of the ICI have total assets of

approximately $11.242 trillion (representing 98 percent of all assets of U.S. mutual funds); these funds serve approximately 93.9 million shareholders in more than 53.8 million households.

[5] This update extends previous findings from the project for 1996 through 2005. For year-end 2005 results, see Holden and VanDerhei (August 2006 and August 2006 —Appendix). Results for earlier years are available in earlier issues of *EBRI Issue Brief* (http://ebri.org/publications/ib/) and *ICI Perspective* (www.ici.org/perspective/index.html).

[6] Account balances are net of unpaid loan balances. Thus, unpaid loan balances are not included in any of the eight asset categories described.

[7] This system of classification does not consider the number of distinct investment options presented to a given participant, but rather the types of options presented. Preliminary research analyzing 1.4 million participants drawn from the 2000 EBRI/ICI database suggests that the sheer number of investment options presented does not influence participants. On average, participants have 10.4 distinct options but, on average, choose only 2.5 (Holden and VanDerhei (May 2001)). In addition, the preliminary analysis found that 401(k) participants are not naïve—that is, when given "n" options, they do not divide their assets among all "n." Indeed, less than 1 percent of participants followed a "1/n" asset allocation strategy.

[8] GICs are insurance company products that guarantee a specific rate of return on the invested capital over the life of the contract.

[9] Other stable value funds include synthetic GICs, which consist of a portfolio of fixed-income securities "wrapped" with a guarantee (typically by an insurance company or a bank) to provide benefit payments according to the plan at book value.

[10] Some administrators supplying data were unable to provide complete asset allocation detail on certain pooled asset classes for one or more of their clients. The final EBRI/ICI database includes only plans for which at least 90 percent of all plan assets could be identified.

[11] When analyzing the change in account balances over time, it is important to have a consistent sample. Comparing average account balances across different year-end snapshots can lead to false conclusions. For example, the addition of a large number of new plans (arguably a good event) to the database would tend to pull down the average account balance, which could then be mistakenly described as hurting current participants, but actually would tell us nothing about consistently participating workers. Similarly, the aggregate average account balance would tend to be pulled down if a large number of older participants happened to retire and roll over their account balances. In addition, changes in the sample of recordkeepers and/or changes in the set of plans for which they keep records can also influence the change in aggregate average account balance. Thus, to ascertain what is happening to 401(k) participants' account balances, a set of consistent participants must be analyzed.

[12] The value of this percentage is lower than it would have been if it were merely reflecting employee turnover and retirement. The EBRI/ICI database has added data providers since 1999 and by definition participants in these plans would not be included in the consistent sample. Moreover, any time a 401(k) plan sponsor changed service providers, all participants in the plan would be excluded from the consistent sample.

[13] For statistics indicating the higher propensity of withdrawals among participants in their 60s, see Holden and VanDerhei (November 2002).

[14] Approximately 1.7 percent of the participants in the database were missing a birth date; were younger than 20 years old; or were older than 69 years old. They were not included in this analysis.

[15] Approximately 6.8 percent of the participants in the database were missing a date of hire and were not included in this analysis.

[16] The positive correlation between tenure and account balance is expected because long-term employees have had more time to accumulate an account balance. However, a rollover from a previous employer's plan could interfere with this positive correlation because a rollover could give a short-tenured employee a high account balance. There is some discernible evidence of rollover assets among the participants with account balances greater than $100,000 as 1 percent of them have two or fewer years of tenure and 4 percent of them have between two and five years of tenure (Figure 12).

[17] Because 401(k) plans were introduced relatively recently (about 26 years ago), even older and longer-tenured employees could have participated in a 401(k) plan for, at most, about half of their careers. The Revenue Act of 1978 contained a provision that became Internal Revenue Code Sec. 401(k). The law went into effect on January 1, 1980, but it was not until November 1981 that proposed regulations were issued (see Holden, Brady, and Hadley (November 2006), Employee Benefit Research Institute (February 2005), and U.S. Internal Revenue Service (November 10, 1981)).

[18] There are two possible explanations for the low account balances among this group: (1) their employer's 401(k) plan has only recently been established (49 percent of all 401(k)-type plans in existence in 1995 were established after 1989 (U.S. Department of Labor (Spring 1999), table B.10)), or (2) the employee only recently joined the plan. In either event, job tenure would not accurately reflect actual 401(k) plan participation.

[19] It is possible that these older longer-tenured workers accumulated DC plan assets, e.g., possibly in a profit-sharing plan, prior to the introduction of 401(k) plan features. However, generally such DC plan arrangements did not permit employee contributions and often were designed to be supplemental to other employer plans. These participants' account balances that predate the 401(k) plan are not included in this analysis, which focuses on 401(k) balance amounts.

[20] The ratio of 401(k) account balance (at the current employer) to salary alone is not an indicator of preparedness for retirement. A complete analysis of preparedness for retirement would require estimating projected balances at retirement by also considering retirement income from Social Security, defined benefit plans, IRAs, and other DC plans, possibly from previous employment. For recent references to such research, see Holden and VanDerhei (July 2005).

[21] The tendency of the account balance-to-salary ratio to peak at higher salary levels and then fall off likely reflects the influence of two competing forces. First, empirical research (see Holden and VanDerhei (October 2001) for a complete discussion of EBRI/ ICI findings and others' research on the relationship between contribution rates and salary) suggests that higher earners tend to contribute higher percentages of salary; therefore, one would expect the ratio of account balance to salary to rise with salary. However, tax code contribution limits and nondiscrimination rules, which aim to ensure that employees of all income ranges attain the benefits of the 401(k) plan, constrain these high-income individuals' ability to save in the plan.

[22] At year-end 2006, 62 percent of balanced mutual fund assets were invested in equities (see Investment Company Institute, Quarterly Supplemental Data).

[23] Participants in their 20s hold approximately 2 percent of the total assets in the 2006 EBRI/ICI database; participants in their 30s hold 12 percent; participants in their 40s hold 32 percent; participants in their 50s hold 38 percent; and participants in their 60s hold the remaining 14 percent of the total assets.

[24] Lifestyle funds maintain a predetermined risk level and generally use words such as "conservative," "moderate," or "aggressive" in their name to indicate the fund's risk level. Lifecycle funds follow a predetermined reallocation of risk over time to a specified target date, and typically rebalance their portfolios to become more conservative and income-producing by the target date. For additional discussion of lifestyle/lifecycle funds, see Brady and Holden (July 2007).

[25] Plan-specific information on loan provisions is available for the majority of the plans in the sample (including virtually all of the small plans). Some plans without this information are classified as having a loan provision if any participant in the plan has an outstanding loan balance. This may understate the number of plans offering loans (or participants eligible for loans) because some plans may have offered, but no participant had taken out, a plan loan. It is likely that this omission is small as the U.S. Government Accountability Office (October 1997) finds that more than 95 percent of 401(k) plans that offer loans had at least one plan participant with an outstanding loan.

[26] The median loan balance outstanding is $4,089 at year-end 2006.

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Figure 16

Median Account Balance[a] Among Long-Tenured[b] Participants, by Age and Salary, 2006

	Participant Age Group				
Salary Range	20s	30s	40s	50s	60s
$20,000–$40,000	$6,719	$22,839	$58,957	$76,788	$66,147
>$40,000–$60,000	$16,393	$38,693	$78,834	$99,932	$97,588
>60,000–$80,000	$39,383	$71,897	$132,531	$163,935	$160,051
>$80,000–$100,000	$56,194	$114,298	$196,592	$243,382	$237,303
>$100,000	$57,794	$163,769	$290,349	$367,413	$350,576

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

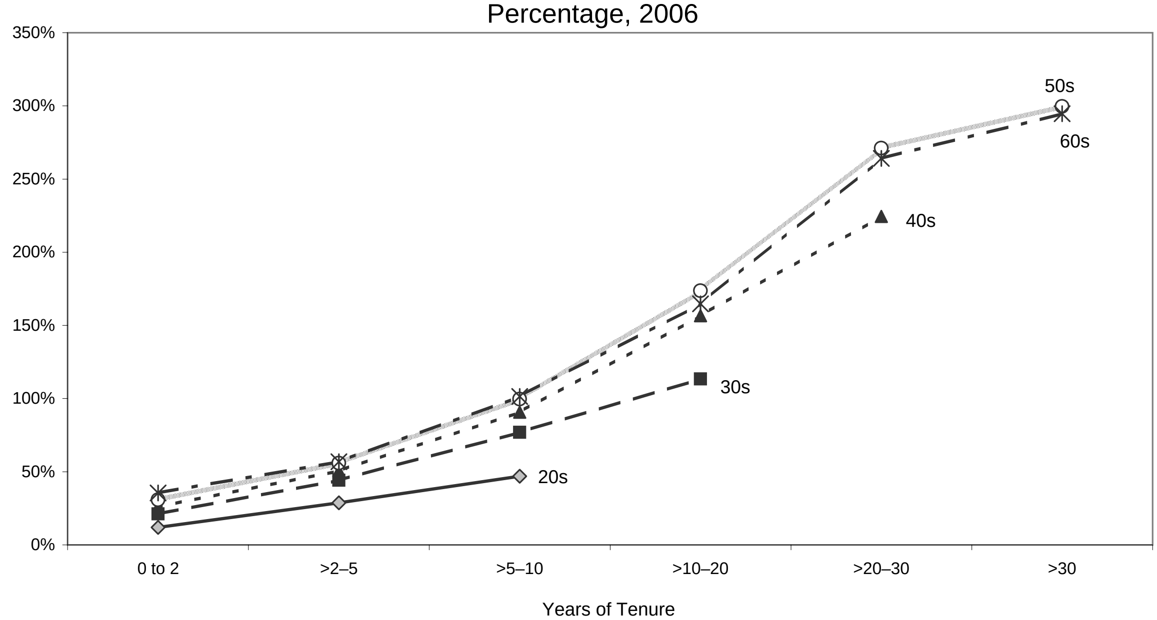
[a] Account balances are based on administrative records and cover the account balance at the 401(k) plan participant's current employer. Retirement savings held in plans at previous employers or rolled over into individual retirement accounts (IRAs) are not included. Account balances are net of loan balances.

[b] Long-tenured participants are used in this analysis to capture as long a work and savings history as possible. The tenure variable tends to be years with the current employer rather than years of participation in the 401(k) plan. Particularly among older participants, job tenure may not reflect length of participation in the 401(k) plans; the regulations for the 401(k) plans were introduced about 26 years ago.

Figure 17

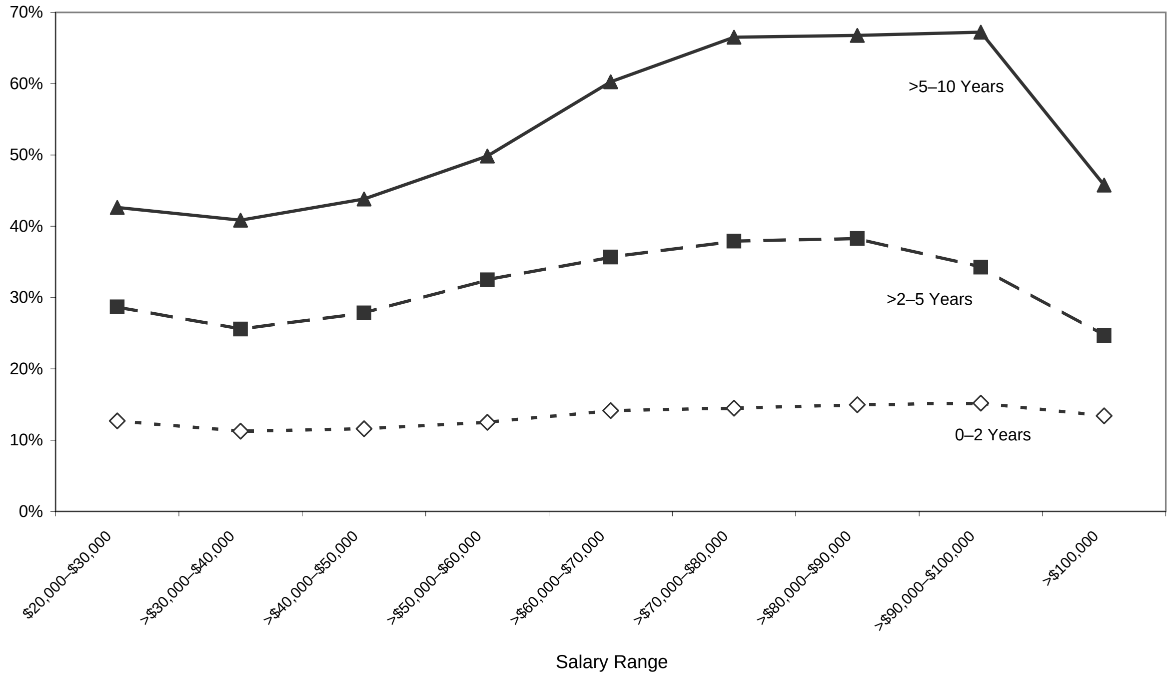
Ratio of 401(k) Account Balance to Salary, by Age and Tenure

Percentage, 2006



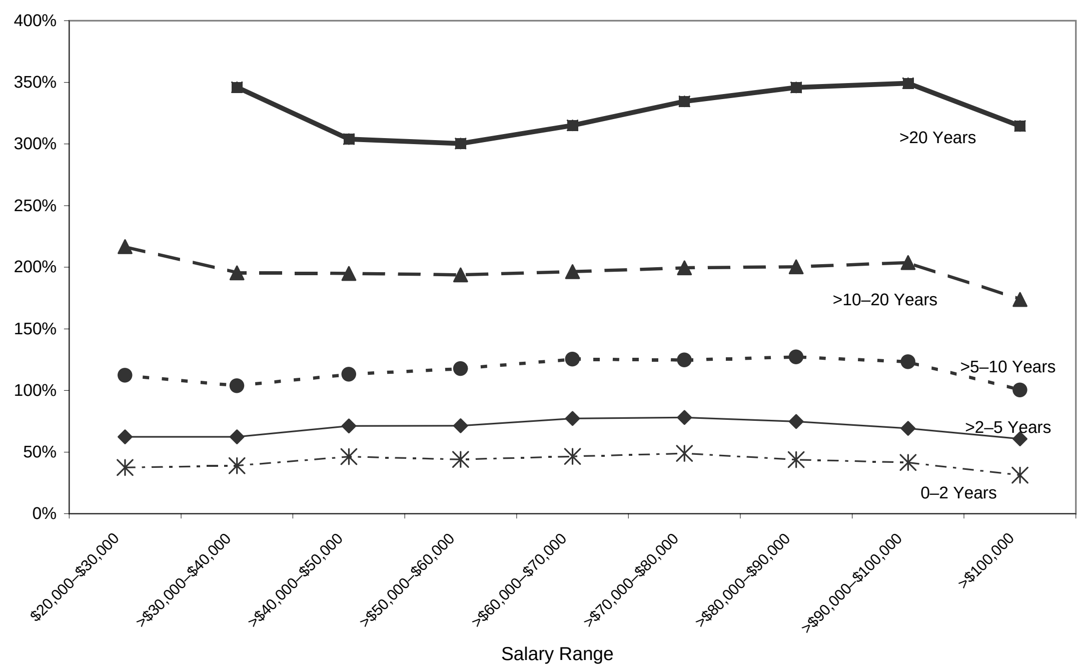
Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project.

Figure 18
Ratio of 401(k) Account Balance to Salary for Participants in Their 20s, by Tenure
Percentage, 2006



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

Figure 19
Ratio of 401(k) Account Balance to Salary for Participants in Their 60s, by Tenure
Percentage, 2006

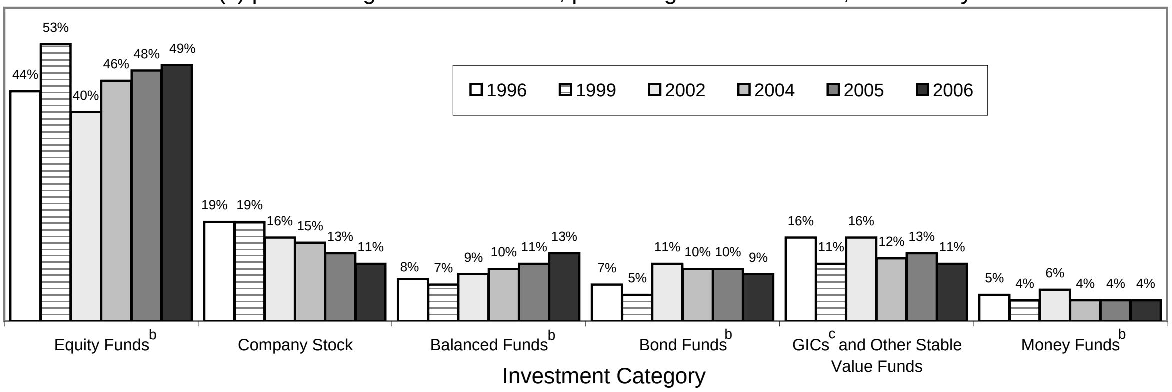


Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project.

Figure 20

401(k) Plan Assets Concentrated in Equity Funds

401(k) plan average asset allocation, percentage of total assets,[a] selected years



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

[a] Minor investment options are not shown; therefore, percentages do not add to 100 percent. Percentages are dollar-weighted averages.

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

[c] GICs are guaranteed investment contracts.

Figure 21

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

Percentage of account balances, 2006

Age Group	Equity Funds	Balanced Funds	Bond Funds	Money Funds	GICs[a]/Stable Value Funds	Company Stock	Other	Unknown	Total[b]
20s	50.4%	19.0%	7.5%	4.4%	6.5%	9.3%	1.7%	1.2%	100%
30s	57.9%	13.5%	7.4%	3.2%	5.2%	9.6%	2.2%	1.0%	100%
40s	54.3%	12.6%	7.6%	3.4%	7.4%	11.5%	2.4%	0.7%	100%
50s	46.7%	13.1%	8.9%	4.4%	11.9%	11.8%	2.6%	0.6%	100%
60s	39.4%	12.2%	10.8%	6.0%	18.8%	9.9%	2.4%	0.5%	100%
All	49.1%	12.9%	8.6%	4.3%	11.0%	11.1%	2.4%	0.7%	100%

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

[a] GICs are guaranteed investment contracts.

[b] Row percentages may not add up to 100 percent because of rounding.

Figure 22

Distribution of 401(k) Plans, Participants, and Assets, by Investment Options, 2006

Investment Options Offered by Plan	Plans	Participants	Assets	Percentage of Plans	Percentage of Participants	Percentage of Assets
Equity, Bond, Money, and/or Balanced Funds	25,716	5,417,288	$257,314,641,063	47.7%	27.1%	21.0%
Equity, Bond, Money, and/or Balanced, and GICs[a] and/or Other Stable Value Funds	26,632	5,253,422	$266,723,774,069	49.4%	26.2%	21.7%
Equity, Bond, Money, and/or Balanced and Company Stock	584	2,587,751	$199,572,151,262	1.1%	12.9%	16.3%
Equity, Bond, Money, and/or Balanced and Company Stock and GICs and/or Other Stable Value Funds	999	6,759,727	$504,423,055,752	1.9%	33.8%	41.1%
All	53,931	20,018,188	1,228,033,622,146			

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

[a] GICs are guaranteed investment contracts.

Note: Column percentages may not add to 100% because of rounding.

Figure 23

Average Asset Allocation of Accounts, by Participant Age and Investment Options

Percentage of account balances,[a] 2006

		Equity Funds	Balanced Funds	Bonds Funds	Money Funds	GICs[b]/Stable Value Funds	Company Stock
Investment Options, All Ages							
No GICs/Stable Value or Company Stock		58.1%	17.3%	14.4%	7.4%		
GICs/Stable Value, But No Company Stock		54.1%	15.4%	5.9%	3.4%	17.7%	
Company Stock, But No GICs/Stable Value		44.3%	10.6%	13.5%	7.7%		21.1%
All Categories (Equity, Balanced, Bonds, Money, GICs/Stable Value, Company Stock		43.8%	10.2%	5.1%	1.9%	17.4%	18.5%
Plans Without Company Stock, GICs/Stable Value Funds							
Age Group	20s	55.1%	23.3%	11.7%	8.0%		
	30s	64.8%	16.6%	11.4%	5.3%		
	40s	62.8%	16.4%	12.3%	5.8%		
	50s	55.7%	18.1%	15.1%	7.9%		
	60s	48.4%	17.7%	19.9%	10.6%		
Plans With GICs/Stable Value Funds							
Age Group	20s	53.4%	21.4%	5.4%	3.0%	12.3%	
	30s	62.0%	15.7%	5.2%	2.5%	9.8%	
	40s	59.4%	14.9%	5.4%	2.7%	12.9%	
	50s	52.0%	15.4%	6.2%	3.2%	18.9%	
	60s	43.8%	15.0%	6.5%	3.9%	27.4%	
Plans With Company Stock							
Age Group	20s	49.1%	15.5%	9.8%	5.0%		18.7%
	30s	54.0%	11.6%	9.3%	3.9%		19.2%
	40s	49.3%	10.9%	10.5%	5.1%		21.8%
	50s	42.0%	10.8%	14.3%	8.0%		22.3%
	60s	34.8%	8.9%	20.3%	13.2%		19.5%
Plans With Company Stock and GICs/Stable Value Funds							
Age Group	20s	45.8%	15.9%	4.9%	2.5%	9.9%	17.6%
	30s	52.3%	11.0%	5.1%	1.7%	8.3%	17.9%
	40s	49.2%	10.1%	5.0%	1.7%	11.4%	19.4%
	50s	41.8%	10.5%	5.4%	2.0%	18.4%	19.0%
	60s	34.3%	9.2%	5.2%	2.3%	30.1%	16.7%

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

[a] Minor investment options are not shown; therefore, row percentages will not add to 100 percent.

[b] GICs are guaranteed investment contracts.

Figure 24

Average Asset Allocation of 401(k) Accounts, by Participant Salary and Investment Options

Percentage of account balances,[a] 2006

Salary[b]	Equity Funds	Balanced Funds	Bonds Funds	Money Funds	GICs[c]/Stable Value Funds	Company Stock
Plans Without Company Stock, GICs/Stable Value Funds						
$20,000–$40,000	51.8%	25.6%	14.2%	6.6%		
>$40,000–$60,000	55.3%	22.3%	14.2%	6.4%		
>$60,000–$80,000	59.1%	18.8%	13.7%	6.0%		
>$80,000–$100,000	61.3%	16.1%	14.0%	5.5%		
>$100,000	64.0%	15.3%	13.1%	5.6%		
All	58.1%	17.3%	14.4%	7.4%		
Plans With GICs/Stable Value Funds						
$20,000–$40,000	47.1%	19.5%	6.3%	2.0%	20.1%	
>$40,000–$60,000	50.9%	19.0%	5.6%	2.1%	17.2%	
>$60,000–$80,000	54.0%	17.6%	5.2%	2.0%	15.9%	
>$80,000–$100,000	56.1%	16.2%	5.3%	1.6%	15.5%	
>$100,000	59.7%	16.7%	5.8%	2.2%	12.9%	
All	54.1%	15.4%	5.9%	3.1%	17.7%	
Plans With Company Stock						
$20,000–$40,000	49.3%	11.5%	11.6%	6.0%		19.3%
>$40,000–$60,000	45.8%	14.3%	11.8%	5.0%		19.9%
>$60,000–$80,000	44.9%	14.9%	9.7%	6.5%		20.7%
>$80,000–$100,000	47.4%	15.0%	8.4%	6.9%		19.5%
>$100,000	50.7%	15.9%	9.6%	5.7%		14.8%
All	44.3%	10.6%	13.5%	7.7%		21.1%
Plans With Company Stock and GICs/Stable Value Funds						
$20,000–$40,000	35.4%	11.5%	3.6%	0.9%	19.1%	28.2%
>$40,000–$60,000	36.7%	15.7%	3.7%	1.1%	14.9%	26.5%
>$60,000–$80,000	41.0%	15.3%	4.0%	1.1%	13.0%	24.5%
>$80,000–$100,000	45.0%	13.6%	4.4%	1.0%	12.4%	22.1%
>$100,000	47.0%	12.7%	4.2%	1.0%	12.9%	20.3%
All	43.8%	10.2%	5.1%	1.9%	17.4%	18.5%

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

[a] Minor investment options are not shown; therefore, row percentages will not add to 100 percent. Percentages are dollar-weighed averages.

[b] Salary information is available for a subset of participants in the EBRI/ICI database.

[c] GICs are guaranteed investment contracts.

Figure 25

Average Asset Allocation of 401(k) Accounts, by Participant Plan Size and Investment Options

Percentage of account balances,[a] 2006

	Equity Funds	Balanced Funds	Bonds Funds	Money Funds	GICS[b]/Stable Value	Company Stock
Plan Size by Number of Participants						
All Plans						
1–100	55.5%	20.1%	9.0%	6.5%	7.5%	0.1%
101–500	56.1%	16.9%	10.9%	5.8%	7.3%	0.7%
501–1,000	54.4%	16.2%	10.7%	5.2%	7.8%	2.4%
1,001–5,000	51.5%	14.5%	10.0%	4.7%	9.4%	6.2%
>5,000	46.5%	11.0%	7.7%	3.7%	12.4%	15.4%
All	49.1%	12.9%	8.6%	4.3%	11.0%	11.1%
Plans Without Company Stock, GICs/Stable Value Funds						
1–100	58.4%	18.9%	11.8%	9.4%		
101–500	58.3%	17.6%	14.5%	7.6%		
501–1,000	56.7%	17.9%	15.7%	7.2%		
1001–5,000	57.5%	17.7%	15.3%	6.7%		
>5,000	59.1%	15.7%	13.8%	7.2%		
All	58.1%	17.3%	14.4%	7.4%		
Plans With GICs/Stable Value Funds						
1–100	53.0%	21.4%	6.3%	3.8%	14.6%	
101–500	54.3%	16.4%	6.1%	3.1%	17.3%	
501–1,000	54.8%	15.8%	5.5%	2.2%	18.1%	
1,001–5,000	52.2%	15.5%	5.7%	2.6%	19.3%	
>5,000	54.8%	13.2%	5.8%	3.5%	17.3%	
All	54.1%	15.4%	5.9%	3.1%	17.7%	
Plans With Company Stock						
1–100[c]	40.4%	27.4%	7.0%	9.0%		14.8%
101–500	45.8%	13.5%	11.1%	11.2%		16.8%
501–1,000	47.9%	11.9%	10.1%	8.3%		20.1%
1,001–5,000	49.3%	11.1%	13.4%	6.6%		17.9%
>5,000	42.7%	10.3%	13.7%	7.9%		22.2%
All	44.3%	10.6%	13.5%	7.7%		21.1%
Plans With Company Stock and GICs/Stable Value Funds						
1–100	45.5%	10.5%	5.9%	5.1%	16.7%	6.3%
101–500	47.8%	14.1%	5.7%	2.4%	16.0%	6.9%
501–1,000	45.1%	11.3%	3.7%	2.9%	16.8%	11.8%
1,001–5,000	43.1%	11.1%	4.4%	2.7%	19.0%	13.9%
>5,000	43.8%	10.0%	5.2%	1.8%	17.2%	19.3%
All	43.8%	10.2%	5.1%	1.9%	17.4%	18.5%

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

[a] Minor investment options are not shown; therefore, row percentages will not add to 100 percent. Percentages are dollar-weighted averages.

[b] GICs are guaranteed investment contracts.

[c] Because few plans fall into this category, these percentages may be heavily influenced by a few outliers.

Figure 26

Asset Allocation Distribution of 401(k) Participant Account Balances to Equity Funds, by Age

Percentage of participants,[a,b] 2006

	Percentage of Account Balance Invested in Equity Funds										
Age Group	Zero	1–10%	11–20%	21–30%	31–40%	41–50%	51–60%	61–70%	71–80%	81–90%	91–100%
20s	47.0%	1.8%	2.4%	3.6%	3.6%	4.7%	5.9%	5.4%	6.2%	5.1%	14.3%
30s	32.7%	2.5%	2.9%	4.2%	4.5%	6.1%	7.3%	7.2%	8.1%	6.8%	17.6%
40s	31.4%	3.1%	3.3%	4.6%	4.9%	6.4%	7.7%	7.3%	8.0%	6.4%	16.9%
50s	34.2%	4.1%	3.9%	5.2%	5.4%	6.6%	7.7%	6.9%	6.9%	5.1%	14.1%
60s	41.8%	4.9%	4.1%	5.0%	5.0%	5.8%	6.6%	5.4%	5.1%	3.6%	12.7%
All	35.6%	3.2%	3.3%	4.5%	4.8%	6.1%	7.2%	6.7%	7.2%	5.8%	15.6%

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

[a] The analysis includes the 20.0 million participants in the year-end 2006 EBRI/ICI database.

[b] Row percentages may not add to 100 percent because of rounding.

Figure 27

Asset Allocation Distribution of 401(k) Participant Account Balances to Equity Funds, by Age, Tenure, or Salary

Percentage of participants, 2006

	Percentage of Account Balance Invested in Equity Funds			
	Zero	1–20%	>20%–80%	>80%
All	35.6%	6.5%	36.5%	21.4%
Age				
20s	47.0%	4.3%	29.4%	19.4%
30s	32.7%	5.4%	37.4%	24.5%
40s	31.4%	6.4%	38.9%	23.3%
50s	34.1%	7.9%	38.7%	19.2%
60s	41.8%	9.0%	32.9%	16.3%
Tenure (years)				
0–2	45.4%	3.5%	30.8%	20.3%
>2–5	40.7%	5.1%	35.4%	18.9%
>5–10	30.3%	6.4%	39.0%	24.4%
>10–20	26.9%	8.2%	41.2%	23.8%
>20–30	31.4%	9.8%	40.0%	18.8%
>30	43.2%	10.8%	32.3%	13.7%
Salary				
$20,000–$40,000	41.8%	9.0%	34.6%	14.6%
>$40,000–$60,000	32.5%	9.9%	40.2%	17.3%
>$60,000–$80,000	25.6%	9.3%	44.8%	20.4%
>$80,000–$100,000	20.8%	8.4%	47.9%	22.9%
>$100,000	17.8%	7.0%	48.3%	26.9%

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

Note: Percentages may not add to 100 percent because of rounding.

Figure 28

Percentage of 401(k) Plan Participants Without Equity Fund Balances Who Have Equity Exposure, by Participant Age or Tenure, 2006

Percentage of Participants Without Equity Funds

	Company stock and/or balanced funds[a]	Balanced funds as only equity investment	Both balanced funds and company stock	Company stock as only equity investment
Age Group				
20s	61.9%	46.3%	5.9%	9.7%
30s	60.2%	40.0%	6.6%	13.6%
40s	58.8%	34.9%	6.7%	17.2%
50s	58.6%	31.0%	6.5%	21.2%
60s	52.7%	24.8%	4.9%	23.1%
All[b]	58.4%	35.5%	6.3%	16.6%
Tenure (years)				
0–2	62.6%	48.5%	6.2%	7.9%
>2–5	59.5%	40.4%	6.4%	12.8%
>5–10	57.3%	33.3%	7.4%	16.7%
>10–20	56.1%	27.5%	7.4%	21.2%
>20–30	56.0%	18.3%	6.3%	31.4%
>30	52.4%	11.6%	3.9%	36.9%
All[b]	58.4%	35.5%	6.3%	16.6%

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project.
[a] Components may not add to the total in the first column because of rounding.
[b] The analysis includes the 7.1 million participants with no equity funds at year-end 2006.

Figure 29

Average Asset Allocation for 401(k) Plan Participants Without Equity Fund Balances, by Participant Age or Tenure

Percentage of account balances, 2006

	Balanced Funds	Bond Funds	Money Funds	GICs[a]/Stable Value Funds	Company Stock	Other	Unknown	Total[b]
Age Group								
20s	49.2%	6.5%	11.9%	15.3%	12.9%	2.3%	2.0%	100.0%
30s	42.4%	8.1%	10.8%	15.2%	17.2%	5.3%	1.2%	100.0%
40s	33.0%	9.1%	10.3%	20.0%	21.1%	5.6%	1.0%	100.0%
50s	26.1%	10.1%	11.0%	27.1%	20.2%	4.9%	0.8%	100.0%
60s	18.5%	12.8%	12.5%	36.7%	15.1%	3.7%	0.6%	100.0%
All[c]	27.1%	10.3%	11.4%	27.1%	18.3%	4.8%	0.8%	100.0%
Tenure (years)								
0–2	56.0%	6.7%	11.5%	13.7%	6.8%	4.4%	0.9%	100.0%
2–5	45.2%	11.1%	13.3%	15.6%	9.9%	3.6%	1.3%	100.0%
5–10	38.3%	9.8%	12.8%	17.5%	15.3%	5.2%	1.1%	100.0%
10–20	29.6%	9.7%	11.3%	22.9%	20.0%	5.6%	0.9%	100.0%
20–30	22.4%	9.4%	10.1%	29.4%	22.8%	5.2%	0.7%	100.0%
30+	13.9%	9.7%	11.7%	40.7%	19.4%	3.9%	0.6%	100.0%
All[c]	27.1%	10.3%	11.4%	27.1%	18.3%	4.8%	0.8%	100.0%

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project.
[a] GICs are guaranteed investment contracts.
[b] Row percentages may not add up to 100 percent because of rounding. Percentages are dollar-weighted averages.
[c] The analysis includes the 7.1 million participants with no equity funds at year-end 2006.

Figure 30
Asset Allocation to Equities Varies Widely Among Participants
Asset allocation distribution of 401(k) participant account balance to equities,[a] by age, percentage of participants,[b] 2006

	Percentage of Account Balance Invested in Equities					
Age Group	Zero	1–20%	>20–40%	>40–60%	>60–80%	>80–100%
20s	17.9%	2.3%	4.2%	8.4%	33.8%	33.4%
30s	13.0%	2.8%	4.6%	9.1%	28.6%	42.0%
40s	12.9%	3.6%	5.3%	9.9%	26.7%	41.5%
50s	14.1%	5.2%	6.6%	11.2%	26.1%	36.7%
60s	19.7%	7.3%	7.6%	11.1%	22.2%	32.1%
All	14.8%	4.0%	5.5%	9.9%	27.4%	38.5%

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project.
[a] Equities include equity funds, company stock, and the equity portion of balanced funds.
[b] The analysis includes the 20.0 million 401(k) plan participants in the year-end 2006 EBRI/ICI database.
Note: Row percentages may not add to 100 percent because of rounding.

Figure 31
Asset Allocation Distribution of 401(k) Participant Account Balance to Balanced Funds, by Age
Percentage of Participants,[a] 2006

	Percentage of Account Balance Invested in Balanced Funds										
Age Group	Zero	1–10%	11–20%	21–30%	31–40%	41–50%	51–60%	61–70%	71–80%	81–90%	91–100%
20s	53.8%	5.5%	5.5%	4.7%	2.5%	2.3%	2.1%	1.6%	1.4%	1.2%	19.4%
30s	57.5%	7.3%	6.8%	5.8%	3.0%	2.5%	2.0%	1.3%	1.2%	0.9%	11.6%
40s	59.1%	7.3%	6.8%	6.0%	3.3%	2.7%	2.2%	1.2%	1.1%	0.9%	9.4%
50s	60.1%	6.9%	6.4%	5.9%	3.5%	2.9%	2.3%	1.3%	1.1%	0.9%	8.7%
60s	65.3%	5.6%	5.1%	5.0%	3.1%	2.7%	2.2%	1.1%	1.0%	0.8%	8.1%
All	59.1%	6.8%	6.3%	5.6%	3.1%	2.6%	2.1%	1.3%	1.1%	0.9%	10.9%

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project.
[a] The analysis includes the 20.0 million 401(k) plan participants in the year-end 2006 EBRI/ICI database.
Note: Row percentages may not add up to 100 percent because of rounding.

Figure 32

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

Percentage of Participants,[a,b] 2006

	Percentage of Account Balance Invested in Company Stock										
Age Group	Zero	1–10%	11–20%	21–30%	31–40%	41–50%	51–60%	61–70%	71–80%	81–90%	91–100%
20s	55.1%	8.4%	7.8%	6.7%	5.3%	4.7%	3.2%	1.6%	1.2%	0.8%	5.2%
30s	45.6%	12.5%	9.7%	7.9%	5.8%	4.8%	3.3%	2.0%	1.5%	1.2%	5.8%
40s	41.8%	14.5%	9.8%	7.8%	5.8%	4.7%	3.4%	2.2%	1.7%	1.4%	6.9%
50s	40.8%	15.9%	9.2%	7.1%	5.4%	4.4%	3.2%	2.2%	1.7%	1.4%	8.6%
60s	44.2%	15.2%	7.5%	5.8%	4.4%	3.6%	2.8%	1.9%	1.5%	1.4%	11.6%
All	44.5%	13.6%	9.1%	7.3%	5.5%	4.5%	3.2%	2.1%	1.6%	1.3%	7.3%

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project.
[a] The analysis includes the 9.3 million participants in plans with company stock.
[b] Row percentages may not add up to 100 percent because of rounding.

Figure 33

More Recently Hired 401(k) Plan Participants[a] Hold Balanced Funds

Percentage of recently hired participants holding balanced funds, 1998–2006

Age Group	1998	1999	2000	2001	2002	2003	2004	2005	2006
20s	27.0%	28.3%	27.1%	27.3%	32.7%	35.1%	38.9%	43.5%	48.5%
30s	29.0%	31.0%	28.3%	26.5%	33.1%	36.2%	39.8%	42.8%	47.9%
40s	30.5%	33.6%	30.8%	27.9%	33.7%	35.7%	39.8%	42.1%	46.6%
50s	30.9%	34.9%	32.1%	29.2%	33.9%	35.5%	40.3%	43.3%	47.8%
60s	28.4%	34.9%	33.2%	29.1%	30.2%	30.7%	36.3%	41.6%	45.5%
All	28.9%	31.3%	29.1%	27.4%	33.0%	35.4%	39.3%	42.8%	47.6%

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project.
[a] The analysis includes participants with two or fewer years of tenure in 2006.

Figure 34

Recently Hired Participants Now Hold Higher Concentrations in Balanced Funds

Percentage of recently hired participants holding balanced fund assets,[a,b] 1998, 2005, and 2006

	Percentage of Account Balance Invested in Balanced Funds Among Those Holding Balanced Funds		
	1998		
Age Group	>0–50 percent	>50–90 percent	>90 percent
20s	84.9%	7.3%	7.8%
30s	86.0%	7.6%	6.4%
40s	84.1%	8.9%	7.0%
50s	81.1%	10.7%	8.2%
60s	77.0%	12.4%	10.6%
All	84.5%	8.2%	7.3%
	2005		
Age Group	>0–50 percent	>50–90 percent	>90 percent
20s	47.5%	11.9%	40.6%
30s	55.5%	12.3%	32.2%
40s	53.5%	12.8%	33.6%
50s	50.2%	13.4%	36.4%
60s	44.2%	12.4%	43.4%
All	51.5%	12.4%	36.1%
	2006		
Age Group	>0–50 percent	>50–90 percent	>90 percent
20s	40.1%	13.7%	46.2%
30s	47.7%	12.8%	39.5%
40s	46.0%	13.1%	40.9%
50s	43.3%	13.3%	43.4%
60s	39.5%	12.6%	47.9%
All	43.9%	13.3%	42.8%

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project.
[a] The analysis includes the 0.4 million recently hired participants (those with two or fewer years of tenure) holding balanced funds in 1998; the 0.9 million recently hired participants holding balanced funds in 2005; and the 1.4 million recently hired participants holding balanced funds in 2006.
[b] Row percentages may not add to 100 percent because of rounding.

Figure 35

Asset Allocation Distribution of Account Balance to Balanced Funds Among Recently Hired Participants, by Age

Percentage of recently hired participants,[a,b] 2006

	Percentage of Account Balance Invested in Balanced Funds										
Age Group	Zero	1–10%	11–20%	21–30%	31–40%	41–50%	51–60%	61–70%	71–80%	81–90%	91–100%
20s	51.5%	5.0%	5.3%	4.5%	2.3%	2.2%	2.1%	1.6%	1.6%	1.4%	22.4%
30s	52.1%	5.7%	6.3%	5.6%	2.8%	2.5%	2.1%	1.4%	1.4%	1.1%	18.9%
40s	53.4%	4.9%	5.7%	5.5%	2.6%	2.6%	2.3%	1.3%	1.4%	1.1%	19.0%
50s	52.2%	4.5%	5.2%	5.5%	2.7%	2.8%	2.4%	1.4%	1.5%	1.1%	20.7%
60s	54.5%	3.9%	4.4%	4.6%	2.3%	2.7%	2.3%	1.2%	1.3%	1.0%	21.8%
All	52.4%	5.1%	5.6%	5.2%	2.6%	2.5%	2.2%	1.5%	1.5%	1.2%	20.4%

Source: Tabulations from EBRI/ICI Participant-Directed Retirement Plan Data Collection Project.
[a] The analysis includes participants with two or fewer years of tenure in 2006.
[b] Row percentages may not add up to 100 percent because of rounding.

Figure 36

Average Asset Allocation of 401(k) Accounts, by Participant Age and Investment Options Among Participants With Two or Fewer Years of Tenure[a]

Percentage of account balances,[b] 1998, 2005, and 2006

	Equity Funds			Balanced Funds			Bond Funds			Money Funds			GICs[c]/Stable Value Funds			Company Stock		
Age Group	1998	2005	2006	1998	2005	2006	1998	2005	2006	1998	2005	2006	1998	2005	2006	1998	2005	2006
ALL PLANS																		
20s	66.9%	50.6%	49.7%	7.4%	19.3%	23.8%	5.1%	9.6%	7.1%	4.0%	4.7%	4.4%	3.7%	6.9%	5.9%	10.5%	7.5%	6.6%
30s	67.8	55.9	56.4	8.0	16.8	20.1	5.1	10.3	7.5	4.1	3.8	3.6	3.2	5.5	4.5	9.4	5.9	5.1
40s	64.5	52.8	54.1	9.7	17.6	20.3	5.9	10.9	8.0	5.1	4.3	4.0	4.4	6.7	5.6	8.0	6.2	5.2
50s	60.5	47.3	48.6	11.3	18.5	21.8	6.6	12.2	9.0	5.9	4.8	4.8	6.7	9.7	8.0	6.5	5.7	5.0
60s	50.0	42.0	43.5	12.1	16.7	20.3	8.7	13.3	9.8	7.8	5.2	6.2	13.3	14.5	12.2	5.7	5.8	4.7
All	64.8	51.7	52.5	9.1	17.7	21.0	5.7	11.0	8.0	4.9	4.4	4.3	4.6	7.4	6.2	8.6	6.1	5.3
PLANS WITHOUT COMPANY STOCK, GICs, OR OTHER STABLE VALUE FUNDS																		
20s	77.8	53.5	53.4	7.8	24.1	26.9	7.7	14.3	10.5	4.9	7.5	7.9						
30s	77.9	59.6	60.4	8.4	19.5	22.5	7.2	14.5	10.4	4.8	5.8	5.6						
40s	74.0	56.7	58.3	9.9	20.5	23.3	8.3	15.3	10.9	6.0	6.7	6.4						
50s	70.3	50.6	52.0	11.3	22.2	25.8	10.0	17.8	12.8	6.5	7.8	7.8						
60s	59.4	44.8	45.3	11.8	20.9	25.7	13.5	20.3	14.3	12.2	8.5	9.9						
All	75.0	55.1	56.3	9.3	20.9	24.0	8.2	15.8	11.3	5.7	6.9	6.9						
PLANS WITH GICs AND/OR OTHER STABLE VALUE FUNDS																		
20s	73.4	52.0	50.7	7.3	20.2	26.1	3.9	6.8	5.1	2.9	3.5	2.5	9.1	14.9	12.0			
30s	73.5	56.4	56.0	8.1	18.1	22.7	4.1	7.3	5.3	2.8	3.0	2.3	7.9	12.3	9.3			
40s	69.0	54.1	54.1	9.4	18.7	22.8	5.0	7.9	5.9	3.4	3.3	2.7	9.5	13.9	10.7			
50s	63.6	49.4	49.4	10.2	18.4	23.3	5.9	9.2	7.1	4.6	3.7	3.2	11.9	17.6	13.6			
60s	52.7	43.9	46.3	11.2	17.3	20.9	6.8	9.5	8.1	7.2	4.8	3.9	19.2	23.5	18.6			
All	69.7	52.8	52.5	7.9	18.6	23.2	5.0	7.9	6.0	3.5	3.4	2.8	10.1	15.0	11.7			
PLANS WITH COMPANY STOCK																		
20s	51.8	51.2	50.0	6.1	15.5	20.1	5.0	12.2	9.1	5.4	5.7	5.2				29.5	15.2	14.0
30s	56.0	55.0	54.8	6.6	14.4	18.2	5.3	12.9	8.9	5.2	4.8	4.7				24.6	12.6	11.5
40s	54.4	51.2	51.5	8.2	14.9	18.9	6.5	14.4	9.4	6.4	5.4	6.1				22.6	13.6	12.3
50s	53.2	44.7	44.7	9.8	17.0	20.8	6.9	17.4	10.8	8.6	6.3	8.6				19.4	13.0	12.6
60s	47.2	42.2	37.8	11.1	14.9	20.6	14.3	23.2	12.8	6.4	5.8	14.3				19.3	12.1	11.4
All	54.2	51.0	50.8	7.2	15.1	19.2	6.3	14.5	9.5	6.1	5.4	6.2				24.1	13.3	12.3
PLANS WITH COMPANY STOCK AND GICs AND/OR OTHER STABLE VALUE FUNDS																		
20s	56.2	46.5	45.6	8.2	16.3	21.2	2.3	6.3	4.5	2.5	2.5	2.4	6.7	10.4	9.5	22.0	15.9	13.6
30s	56.3	52.3	53.3	8.9	14.4	16.6	2.6	7.0	5.3	3.3	1.9	1.7	5.9	9.0	7.9	20.6	12.7	10.6
40s	53.8	48.6	51.2	11.0	15.1	16.3	2.8	7.2	6.0	5.0	2.2	1.8	7.8	10.9	9.6	17.3	13.6	10.9
50s	49.3	43.4	46.1	13.8	15.6	17.3	3.3	7.2	6.3	5.3	2.2	2.0	11.8	16.4	13.7	14.5	13.1	10.9
60s	38.0	37.5	41.2	14.3	12.9	15.1	2.6	6.8	6.4	4.9	2.2	2.8	27.8	24.9	20.9	10.7	14.2	10.7
All	54.1	47.7	49.4	10.1	15.0	17.1	2.4	7.0	5.7	2.4	2.2	2.0	10.1	12.3	10.6	18.6	13.6	11.2

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

[a] The analysis is based on the 1.2 million recently hired participants (those with two or fewer years of tenure) holding balanced funds in 1998; the 2.2 million recently hired participants holding balanced funds in 2005; and the 2.8 million recently hired participants holding balanced funds in 2006.

[b] Minor investment options are not shown; therefore, row percentages will not add to 100 percent. Percentages are dollar-weighted averages.

[c] GICs are guaranteed investment contracts.

Figure 37
Recently Hired 401(k) Plan Participants Are Less Likely to Hold Company Stock

Percentage of recently hired participants offered and holding company stock by age,1998–2006

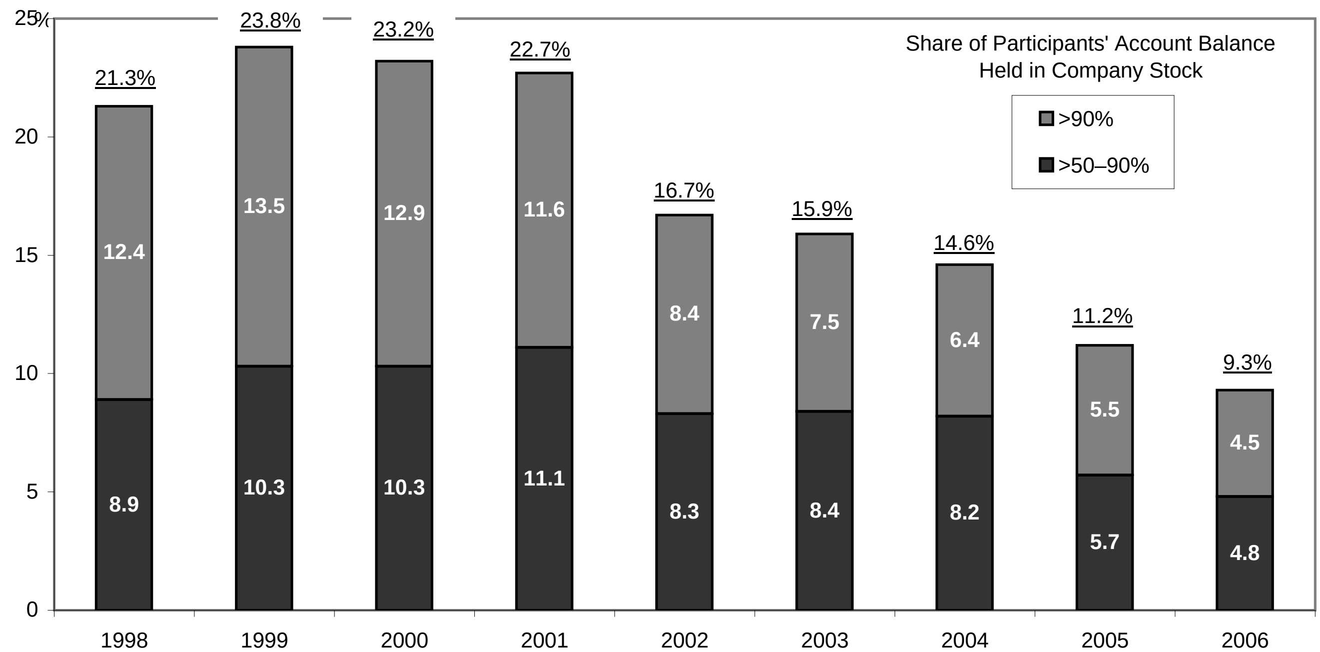
Age Group	1998	1999	2000	2001	2002	2003	2004	2005	2006
20s	60.8%	61.1%	60.5%	58.1%	53.9%	49.6%	49.8%	45.4%	40.0%
30s	61.9%	62.3%	61.6%	60.0%	57.2%	53.3%	52.3%	47.6%	43.6%
40s	59.8%	60.6%	59.5%	58.8%	55.9%	52.6%	52.0%	47.3%	43.6%
50s	57.6%	58.8%	57.4%	57.9%	53.9%	51.2%	49.5%	45.2%	42.3%
60s	54.1%	55.5%	53.6%	55.7%	51.0%	49.5%	47.8%	43.9%	40.4%
All	60.5%	61.0%	60.0%	58.7%	55.3%	51.6%	51.0%	46.3%	42.0%

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

Note: The analysis includes 401(k) plan participants with two or fewer years of tenure in the year indicated and a plan offering company stock as an investment option.

Figure 38
Fewer New Participants Hold High Concentrations in Company Stock

Percentage of recently hired participants offered company stock holding the percentage of their account balance indicated in company stock, 1998–2006



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

Note: The analysis includes 401(k) plan participants with two or fewer years of tenure in the year indicated and in a plan offering company stock as an investment option.

Figure 39
Asset Allocation Distribution of Recently Hired Participant Account Balance to Company Stock in 401(k) Plans With Company Stock, by Age

Percentage of recently hired participants in plans offering company stock as an investment option, 2006

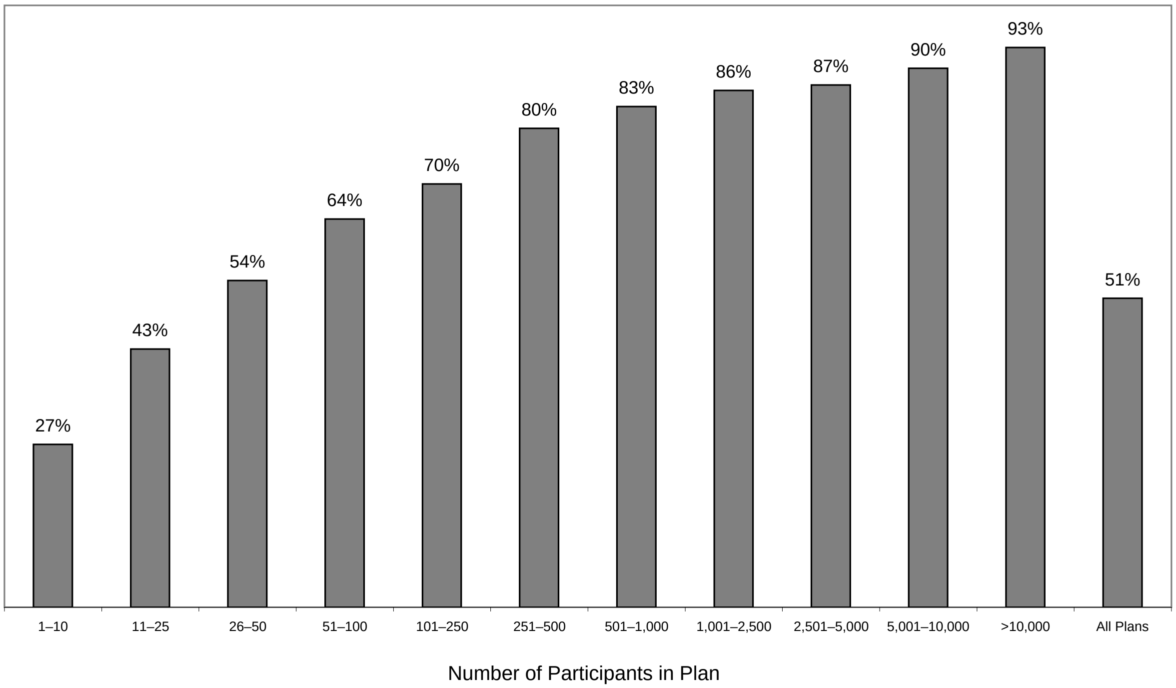
	Percentage of Account Balance Invested in Company Stock[a]										
Age Group	Zero	1–10%	11–20%	21–30%	31–40%	41–50%	51–60%	61–70%	71–80%	81–90%	91–100%
20s	60.0%	7.6%	7.5%	6.5%	4.8%	4.3%	2.7%	1.1%	0.8%	0.5%	4.3%
30s	56.4%	9.6%	8.8%	7.3%	4.8%	4.1%	2.6%	1.1%	0.8%	0.5%	4.2%
40s	56.4%	8.9%	8.4%	7.6%	4.8%	4.3%	2.6%	1.0%	0.7%	0.5%	4.7%
50s	57.7%	8.9%	8.2%	7.1%	4.5%	4.2%	2.5%	0.9%	0.6%	0.5%	4.9%
60s	59.6%	8.5%	7.7%	6.3%	4.1%	3.8%	2.4%	0.9%	0.6%	0.5%	5.6%
All	58.0%	8.6%	8.1%	7.0%	4.8%	4.2%	2.6%	1.0%	0.7%	0.5%	4.5%

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

[a] The analysis includes participants with two or fewer years of tenure in 2006 in plans offering company stock as an investment option.

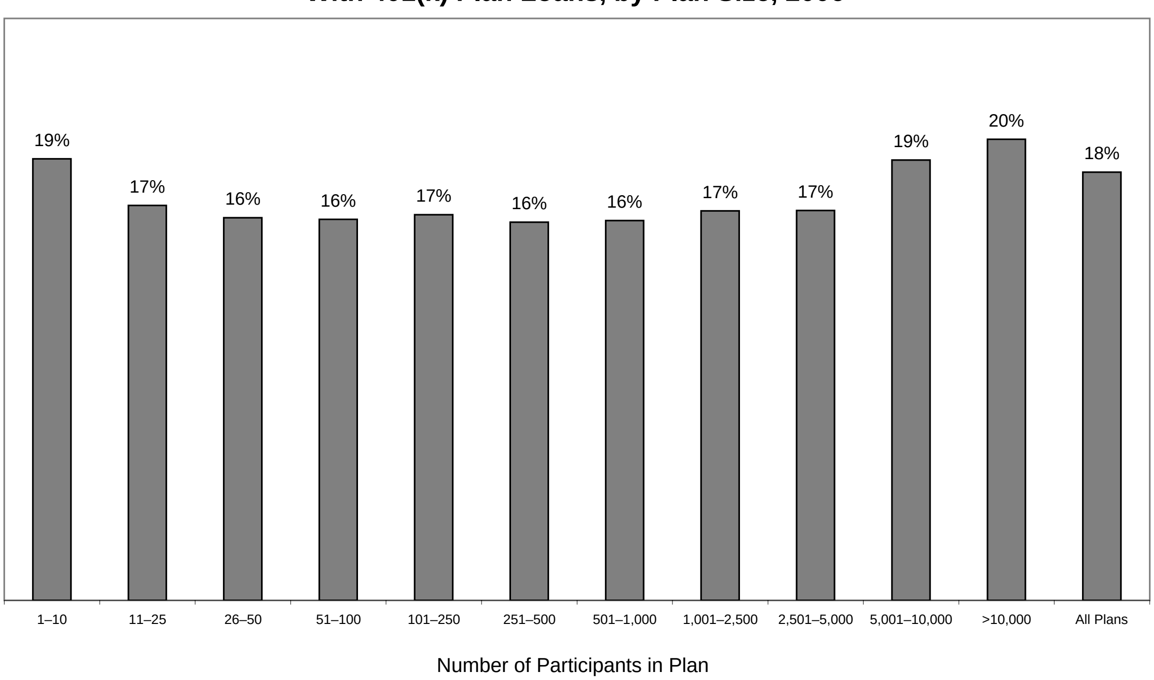
Note: Row percentages may not add up to 100 percent because of rounding.

Figure 40
Percentage of 401(k) Plans Offering Loans, by Plan Size, 2006



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

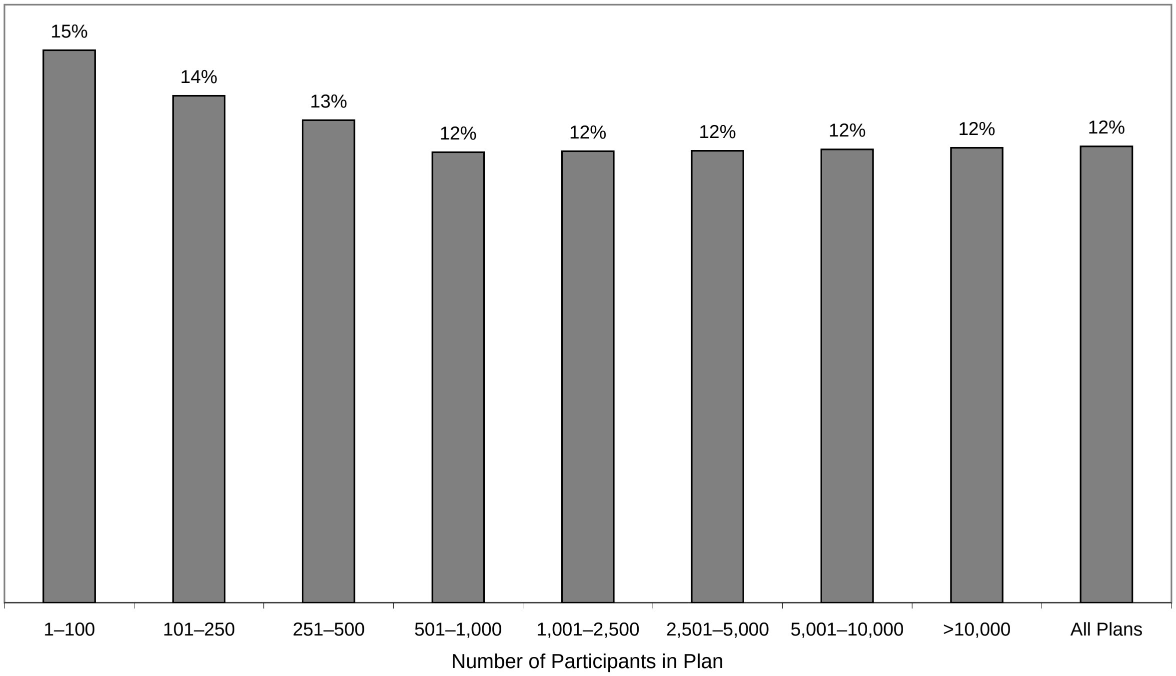
Figure 41
Percentage of Eligible 401(k) Plan Participants With 401(k) Plan Loans, by Plan Size, 2006



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

Figure 42

Loan Balances as a Percentage of 401(k) Account Balances for Participants With 401(k) Plan Loans, by Plan Size, 2006



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

Figure 43

Percentage of Eligible Participants With 401(k) Loans, by Participant Age, Tenure, Account Size, or Salary, 1996, 2000, 2005, and 2006

	1996	2000	2005	2006
All	18%	18%	19%	18%
Age Group				
20s	12%	11%	11%	11%
30s	20%	19%	20%	20%
40s	22%	21%	22%	22%
50s	17%	17%	19%	19%
60s	9%	9%	10%	11%
Tenure (years)				
0–2	6%	5%	5%	6%
>2–5	15%	14%	14%	15%
>5–10	24%	23%	22%	23%
>10–20	27%	26%	26%	27%
>20–30	25%	26%	24%	24%
>30	13%	16%	17%	17%
Account Size				
<$10,000	12%	11%	12%	11%
$10,000–$20,000	26%	23%	26%	26%
>$20,000–$30,000	26%	25%	27%	27%
>$30,000–$40,000	25%	25%	26%	27%
>$40,000–$50,000	24%	25%	25%	26%
>$50,000–$60,000	24%	24%	24%	25%
>$60,000–$70,000	23%	24%	23%	24%
>$70,000–$80,000	26%	23%	22%	23%
>$80,000–$90,000	23%	23%	21%	23%
>$90,000–$100,000	22%	22%	20%	21%
>$100,000–$200,000	22%	20%	18%	19%
>$200,000	18%	15%	13%	13%
Salary Range				
$40,000 or less	18%	17%	19%	20%
>$40,000–$60,000	20%	23%	26%	27%
>$60,000–$80,000	18%	23%	24%	22%
>$80,000–$100,000	17%	21%	22%	17%
>$100,000	14%	16%	16%	12%

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

Figure 44

Loan Balances as a Percentage of 401(k) Account Balances for Participants With Loans, by Participant Age, Tenure, Account Size, or Salary, 1996, 2000, 2005 or 2006

	1996	2000	2005	2006
All	16%	14%	13%	12%
Age Group				
20s	30%	30%	24%	23%
30s	22%	20%	19%	19%
40s	16%	15%	13%	13%
50s	12%	11%	10%	10%
60s	10%	9%	8%	8%
Tenure (years)				
0–2	27%	24%	23%	21%
>2–5	24%	25%	21%	20%
>5–10	23%	21%	19%	18%
>10–20	15%	14%	13%	13%
>20–30	11%	10%	9%	9%
>30	7%	8%	8%	7%
Account Size				
<$10,000	39%	39%	35%	35%
$10,000–$20,000	32%	32%	29%	28%
>$20,000–$30,000	28%	28%	25%	25%
>$30,000–$40,000	23%	24%	22%	22%
>$40,000–$50,000	22%	21%	20%	20%
>$50,000–$60,000	19%	19%	18%	18%
>$60,000–$70,000	16%	17%	16%	16%
>$70,000–$80,000	16%	15%	15%	15%
>$80,000–$90,000	14%	14%	14%	14%
>$90,000–$100,000	13%	13%	13%	13%
>$100,000–$200,000	N/A	N/A	N/A	10%
>$200,000	N/A	N/A	N/A	5%
Salary Range				
$40,000 or less	17%	19%	18%	17%
>$40,000–$60,000	17%	16%	16%	14%
>$60,000–$80,000	15%	13%	13%	12%
>$80,000–$100,000	14%	12%	11%	10%
>$100,000	14%	10%	9%	8%

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

Figure 45

Loans From 401(k) Plans Tend to be Small

Percentage of eligible participants with loans, by age, 2006

Loan as a Percentage of Remaining Account Balance	Age Group			
	20s	40s	60s	All
Zero (No Loan)	89%	78%	89%	82%
1–10%	2%	8%	5%	6%
>10%–20%	2%	5%	2%	4%
>20–30%	2%	3%	1%	3%
>30–80%	4%	6%	2%	5%
>80%	*	1%	*	*

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

* Less than 0.5 percent.

Note: Column percentages may not add to 100 percent because of rounding.

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