PRRL

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The State of Public-Sector DC Plans: 2023

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SUMMARY

In this study, public-sector defined-contribution (DC) plan participant savings behaviors are analyzed. Specifically, balances, contributions, loan usage, and asset allocation by participants' age and tenure are examined. Some of the key findings include:

Account Balances

- The average account balance for public-sector DC plan participants increased with age and tenure. For instance, the average account balance for participants in their 40s with zero to two years of tenure was $6,185, compared with $69,623 among those with 11 to 20 years of tenure in the same age group.
- The median account balance ranged from $1,938 for those in their 20s to $31,730 for those in their 60s.

Contributions

- The average and median employee contribution amounts increased with age. For instance, the average employee contribution was $1,806 for participants in their 20s, compared with $4,184 and $5,559 for those in their 40s and 60s, respectively.
- The average and median employee contribution rates (employee contributions divided by salary) were 6.4 percent and 3.7 percent. This rate increased with age, from 3.5 percent for those in their 20s to 8.4 percent for participants in their 60s.

Loan Usage

- Among participants with access to plan loans, the percentage of those who take loans from their plans by age was hump-shaped, going from 2.9 percent of participants in their 20s to 12.9 percent of participants in their 40s and decreasing to 6.1 percent of participants in their 60s.
- Participants in their 50s had the highest average outstanding loan balance of $11,386, but their loan balance also amounted to 22 percent of their total account balance, the second lowest percentage across the age groups.

Asset Allocation

- Participants in their 20s had the largest allocations to target-date funds (71.3 percent).

- Allocations to bond funds, balanced funds, and money market/stable-value funds increased with age. For instance, participants in their 60s allocated 23.3 percent to stable-value funds, compared with 1.9 percent for those in their 20s.

CONTENTS

FIGURES

INTRODUCTION

Employees working in the public sector face a complicated retirement landscape. Public-sector employees are likely to have a defined benefit (DB) pension plan and be offered multiple defined contribution (DC) plans. Some government employers offer DC plans in a "hybrid" structure, consisting of mandatory 401(a) plans and/or supplemental 457(b) plans. The Public Retirement Research Lab (PRRL) was created specifically to address the fragmented landscape and present reliable data on DC retirement plans covering public-sector employees. The data collected by PRRL are contained in the PRRL Database.

This is the fourth edition of the State of Public-Sector DC Plans report based on the PRRL Database.[1] The analysis reflects data for two hundred forty-eight 457(b), 401(a), 401(k), and 403(b) DC plans; over 2.7 million state, county, city, and subdivision government employees with positive plan balance; and $164 billion in assets as of year-end 2023. This publication serves as an update, but not a comparison, to the previous edition, analyzing contributions, loan activity, asset allocation, and account balances as of year-end 2023.

The overall composition of the participating plans is illustrated in Figure 1A. Although the number of governments included in this dataset may seem small compared with the thousands of state and local government entities across the United States, it is important to recognize that many state plans act as the primary DC vehicle for lower-level governments within their states. State plans make up 24 percent of plans in the PRRL Database, and these plans encompass many separate employers.

Furthermore, 82.6 percent of participants were involved in a state plan, while less than 10 percent participated in each of the remaining plan sponsor categories.[2] The "other" category, as mentioned in Figures 1A and 1B, includes various public-sector employers who do not fit into the categories of state, county, or city governments. This category includes entities such as school districts, water or power authorities, fire departments, and public hospitals.

The Public Retirement Research Lab (PRRL) Database is an opt-in collaboration among public retirement plan sponsors. Plan sponsors receive complimentary benchmarking as a participation benefit. For more information on how to participate, please contact NAGDCA Executive Director Matt Petersen at mpetersen@nagdca.org.

Figure 1A
PRRL Database Universe

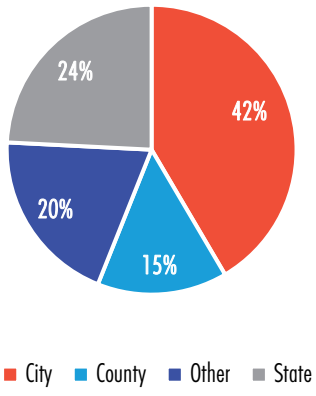
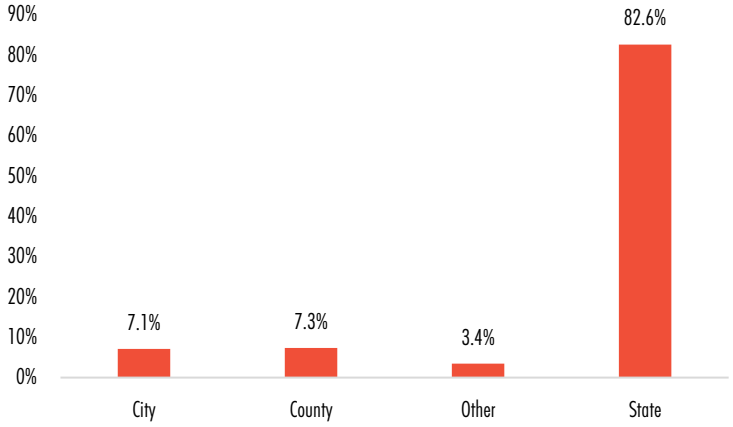


Figure 1B
Participants, by Entity Type



METHODOLOGY

To demonstrate the complexity of public-sector DC plan system structures, this study of the PRRL Database examines four distinct categories of DC plan use: account balances, contributions, loans, and asset allocation. Our analysis aggregates each participant's plan data from various recordkeepers and plan types.

This combined view of total DC assets at the participant level represents a significant innovation unique to the PRRL. It provides a valuable opportunity to assess the retirement readiness of public-sector employees, many of whom actively contribute to multiple plans or have assets in plans sponsored by previous employers. Our analysis shows that nearly half of PRRL participants have assets in multiple DC plans. These plans can differ in characteristics (e.g., mandatory vs. voluntary contribution, available investment options), resulting in varying usage patterns. Therefore, this aggregated approach offers a more comprehensive understanding of retirement readiness than analyzing each plan type individually.

One important caveat to this edition of the State of Public-Sector DC Plans is that, although the composition of government types reported in Figure 1A is similar to the prior report, the number of plans and the specific participant population included in the PRRL Database change each year. Differences between average balances, contributions, and other metrics from this report and those previously reported are driven by changes in market conditions as well as changes in the composition of participants in the database.

PARTICIPANT DEMOGRAPHICS AND ASSETS BY PLAN

Figure 2A displays the percentages of participants by plan type, while Figure 2B shows the percentage of assets by plan type.[3] The most common type of plan in the PRRL Database was the 457(b) plan, with 66 percent of participants participating in a 457(b) plan and 65 percent of total assets coming

from 457(b) plans. 457(b) plans are typically used in the public sector as voluntary supplemental savings vehicles in conjunction with a DB pension, though this is not always the case.

While only 12 percent of the total assets in the PRRL Database were invested in 401(a) plans, 28 percent of participants participated in them. Non-ERISA 401(k) plans represented around 22 percent of the total assets in the PRRL Database, with 28 percent of participants participating in them. It's worth noting that 401(k) plans in the public sector differ from their private-sector counterparts in that they are legacy accounts; only those established prior to 1986 continue to operate.

Finally, a small number of 403(b) plans were represented in the PRRL Database, making up 1 percent of total assets and having 1 percent of individuals participating in these plans. 403(b) plans are often used by public educational institutions (higher education or K–12) and hospitals. A large percentage of public-sector DC assets are held in 403(b) plans, offering a significant area for potential growth in the PRRL Database.

Figure 2A
Participants, by Plan Type

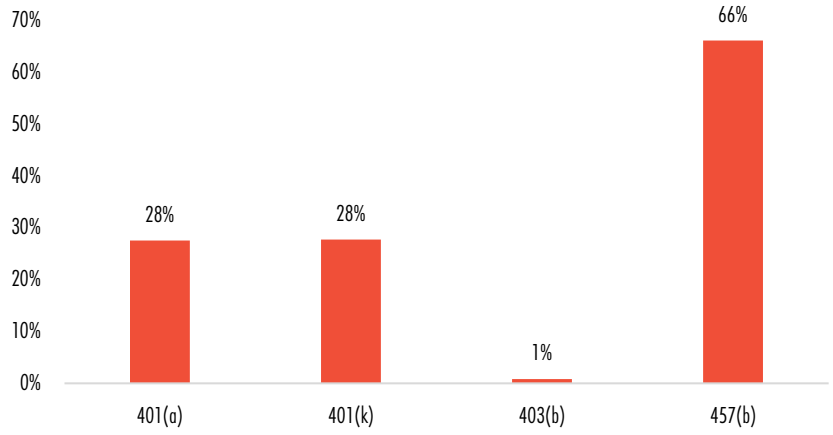
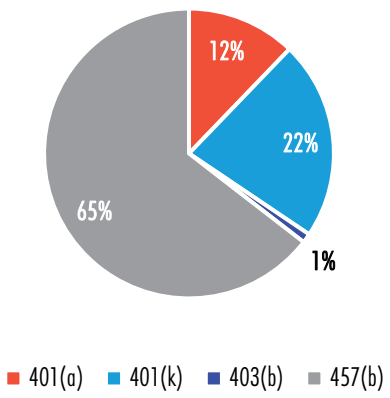
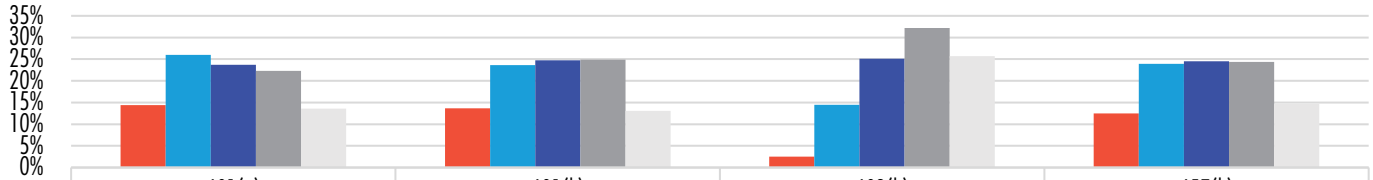


Figure 2B
Assets, by Plan Type



The age distribution of public-sector employees, as illustrated in Figure 3, highlights the demographic characteristics associated with each plan type. All plan types, except for 403(b) plans, have most of their participants in their 30s through their 50s, with nearly equal percentages in their 20s and 60s. Meanwhile, the age distribution of 403(b) plan participants skews older, showing the highest concentration of individuals ages 50 or older compared with the other plans. Overall age and tenure distributions can be found in the appendix.

Figure 3
Participant Ages, by Plan Type

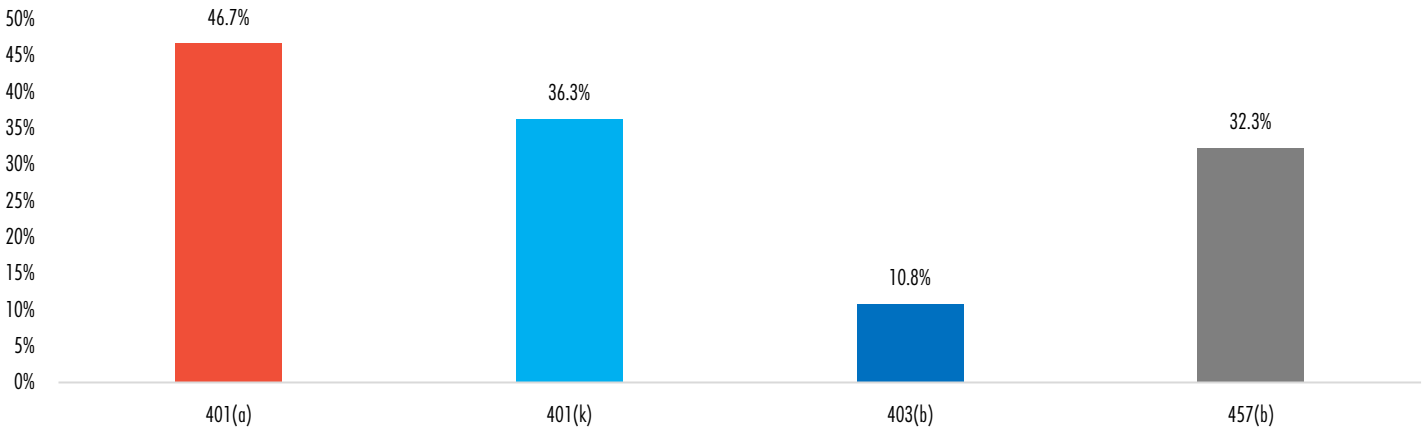


	401(a)	401(k)	403(b)	457(b)
20s	14.4%	13.7%	2.5%	12.5%
30s	26.0%	23.6%	14.5%	23.9%
40s	23.7%	24.8%	25.1%	24.5%
50s	22.3%	24.9%	32.2%	24.3%
60s	13.6%	13.1%	25.7%	14.7%

TOTAL ASSETS

While knowledge of the use of different DC plan types in the public sector is critical to plan administrators, the most important advantage of the PRRL Database is the ability to show the total, combined amount that public-sector DC plan participants have. In the PRRL Database, 44.5 percent of participants had money in more than one plan type (for an average of 1.2 plans per participant). Furthermore, between 10.8 percent and 46.7 percent of participants with a specific plan type also participated in another plan type (Figure 4).

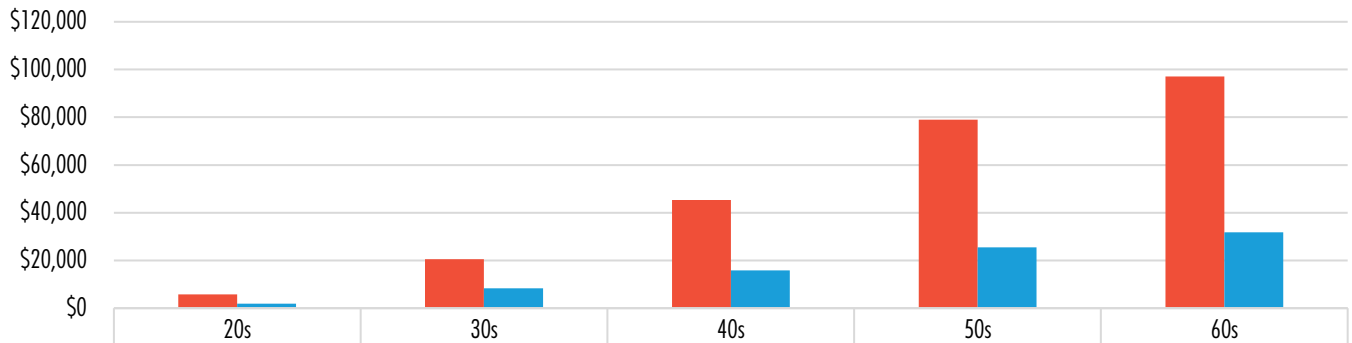
Figure 4
Percentage of Participants With Multiple Plans, by Plan Type



Looking at the combined account balances[4] across all plan types and record keepers in the database, as would be expected, the average and median account balances increased with age (Figure 5). The average account balance for individuals in their 20s was $5,749 and increased to $78,992 and $97,077 for individuals in their 50s and 60s, respectively. However, these averages are heavily

influenced by large account balances. The median account balances of PRRL participants in their 50s and 60s were $25,531 and $31,730, respectively.

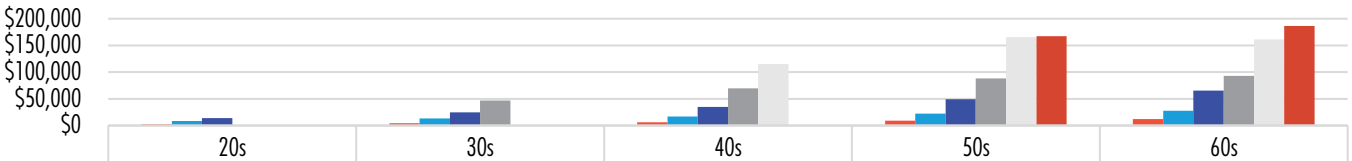
Figure 5
Mean and Median Account Balance, by Age for All Plan Types Combined



	20s	30s	40s	50s	60s
mean_bal	$5,749	$20,466	$45,275	$78,992	$97,077
median_bal	$1,938	$8,283	$15,853	$25,531	$31,730

The findings are further broken down in Figure 6 to show the average account balance by both age and tenure.[5] As would be expected, account balances increased with both age and tenure. For example, participants in their 40s with two years of tenure or less had an average account balance of $6,185; participants of the same ages with tenures of 11 to 20 years had an average balance of $69,623.

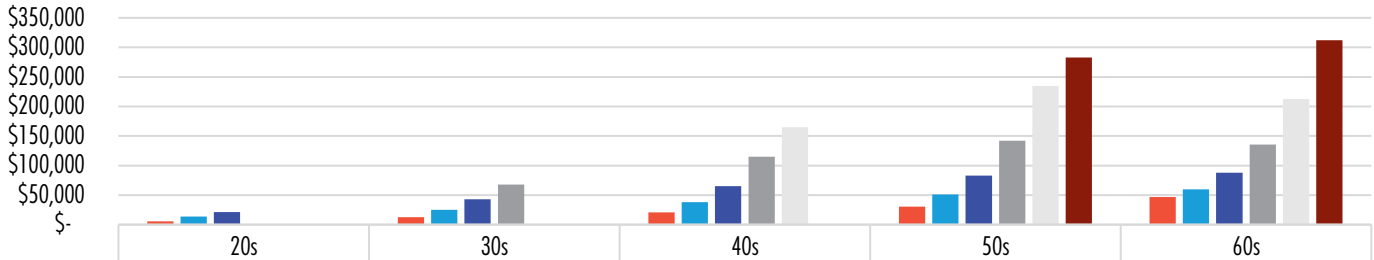
Figure 6
Mean Account Balance, by Age and Tenure



	20s	30s	40s	50s	60s
0-2 year	$2,373	$4,212	$6,185	$9,317	$12,266
3-5 year	$8,600	$13,091	$16,614	$22,581	$27,960
6-10 year	$13,818	$24,637	$34,631	$49,367	$65,366
11-20 year		$46,705	$69,623	$88,407	$93,133
21-30 year			$115,353	$165,580	$161,251
31+ year				$167,486	$186,711

Ultimately, the ability to aggregate public-sector DC data enables the closest comparison with the private-sector data available to date (Figure 7). The accumulated DC savings for public employees in Figure 6 clearly lag behind the comparable data from 2022 for private employees in Figure 7 in nearly every category of age and tenure. These results are expected for two distinct but related reasons: DB plans remain the primary retirement vehicle for most public-sector employees, and many public-sector employers do not provide matching contributions to their employees' DC accounts.

Figure 7
Mean Account Balance, by Age and Tenure — Private 401(k) Plans 2022

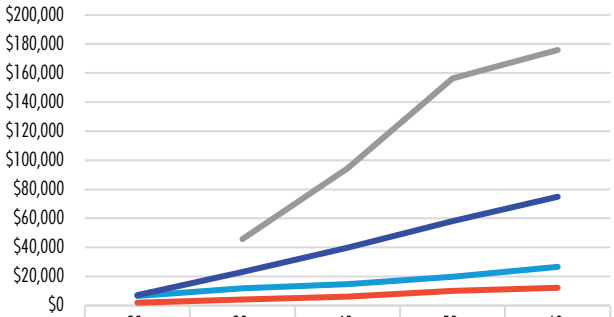


	20s	30s	40s	50s	60s
0–2 Years	$5,780	$12,633	$20,966	$30,575	$46,609
3–5 Years	$13,424	$24,921	$37,959	$51,097	$59,616
6–10 Years	$21,158	$42,907	$64,906	$82,842	$87,847
11–20 Years		$68,003	$114,961	$141,914	$135,768
21–30 Years			$164,865	$234,865	$212,690
31+ Years				$282,992	$312,092

ACCOUNT BALANCE BY PLAN TYPE

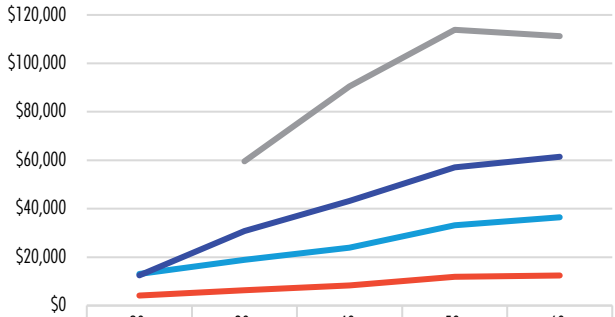
The data in Figures 8–11 show the average total balances for participants in each plan type by four groupings of tenure. To be consistent with prior reports, the same four groupings are used, with those being as follows: (1) less than three years, (2) between three and seven years, (3) greater than seven and less than or equal to 17 years, and (4) greater than 17 years. While each plan type has distinct characteristics, accumulated assets rose with age and tenure as expected. The average balances for 401(a) plans increased with age and tenure before decreasing for participants in their 60s across all tenure groups. For instance, among participants with three to seven years of tenure, those in their 20s had an average 401(a) plan balance of $6,235. The number increased to $11,892 for those in their 50s and decreased to $11,482 for those in their 60s.

Figure 8
Mean Account Balance, by Age and Tenure — 457(b) Plans



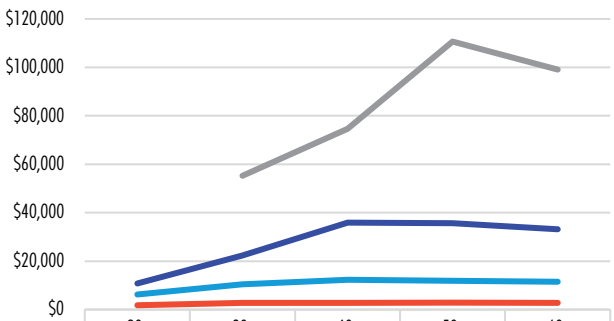
	20s	30s	40s	50s	60s
< 3	$1,980	$4,100	$6,206	$10,126	$12,232
3-7 year	$6,581	$11,877	$14,763	$19,691	$26,641
7-17 year	$7,164	$23,014	$39,898	$58,201	$74,889
17+ year		$45,724	$94,538	$156,352	$175,903

Figure 9
Mean Account Balance, by Age and Tenure — 401(k) Plans



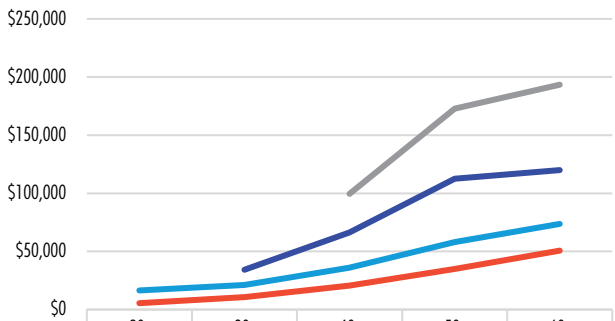
	20s	30s	40s	50s	60s
< 3	$4,139	$6,337	$8,357	$11,855	$12,414
3-7 year	$13,057	$18,834	$23,943	$33,106	$36,440
7-17 year	$12,475	$30,800	$43,231	$57,109	$61,422
17+ year		$59,555	$90,465	$113,861	$111,259

Figure 10
Mean Account Balance, by Age and Tenure — 401(a) Plans



	20s	30s	40s	50s	60s
< 3	$1,783	$2,813	$2,816	$2,865	$2,701
3-7 year	$6,235	$10,382	$12,294	$11,892	$11,482
7-17 year	$10,775	$22,362	$35,888	$35,700	$33,189
17+ year		$55,238	$74,690	$110,651	$99,048

Figure 11
Mean Account Balance, by Age and Tenure — 403(b) Plans



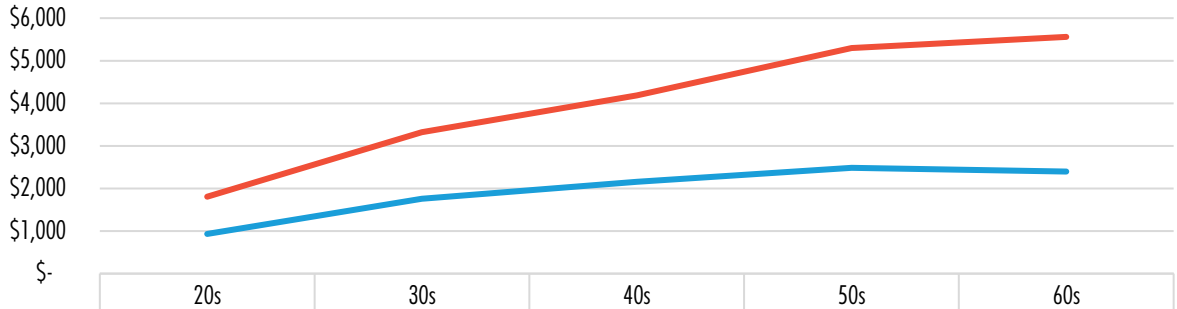
	20s	30s	40s	50s	60s
< 3	$5,492	$10,686	$20,493	$35,045	$50,687
3-7 year	$16,441	$21,260	$35,973	$58,027	$73,670
7-17 year		$34,236	$66,381	$112,598	$119,974
17+ year			$99,548	$172,772	$193,405

CONTRIBUTIONS BY AGE

Figures 12 and 13 show the dollar amounts contributed by employees to their plans by age. Again, these data are aggregated to show total contributions across all DC plans, per participant. As expected, contributions increased as employees approached retirement age. The data in Figure 13 represent a significantly smaller number of participants due to the limited amount of salary data. Without the salary information, contribution rates cannot be calculated.[6]

The average and median employee contributions increased with age, both in dollar amount and as a percentage of salary. For instance, the median employee contribution among participants in their 20s was $1,806, which increased to $5,559 among participants in their 60s (Figure 12).

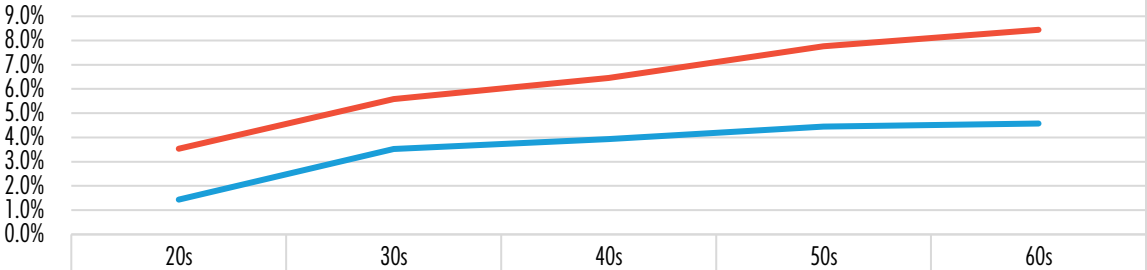
Figure 12
Mean and Median Employee Contributions, by Age



	20s	30s	40s	50s	60s
mean employee contribution	$1,806	$3,324	$4,184	$5,301	$5,559
median employee contribution	$932	$1,755	$2,160	$2,484	$2,400

Note: Only includes those participants who made contribution in 2023

Figure 13
Mean and Median Employee Contributions as a Percentage of Salary, by Age



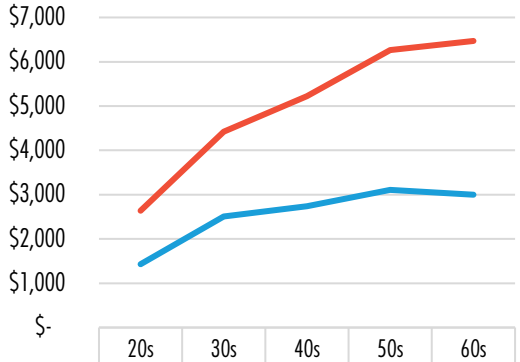
	20s	30s	40s	50s	60s
mean employee contribution (%)	3.5%	5.6%	6.5%	7.8%	8.4%
median employee contribution (%)	1.4%	3.5%	3.9%	4.4%	4.6%

Note: Only includes those participants with available salary information who made contribution in 2023

Contribution amounts and rates detailed in Figures 14 and 15 include any employer and employee contributions. Distinct to the public sector, the DC plans may have mandatory contributions, voluntary contributions, or both. In hybrid pension structures, a mandatory contribution from the employers and the employees is common, typically going into a 401(a) plan. Since employers often have mandatory contributions for a DB plan, matching employer contributions is far less common than in the private sector. When matching contributions are offered, they are typically for either 401(k) or 457(b) plans.

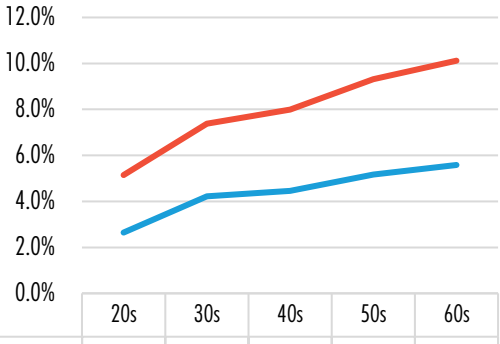
Similar to employee contributions, the average and median total contributions increased with age, both in dollar amount and as a percentage of salary. For instance, the median total contribution among participants in their 20s was $2,637, which increased to $6,470 for those in their 60s.

Figure 14
Mean and Median Total Contributions, by Age



	20s	30s	40s	50s	60s
mean total contribution	$2,637	$4,425	$5,227	$6,263	$6,470
median total contribution	$1,430	$2,509	$2,739	$3,108	$3,000

Figure 15
Mean and Median Total Contribution Rate, by Age



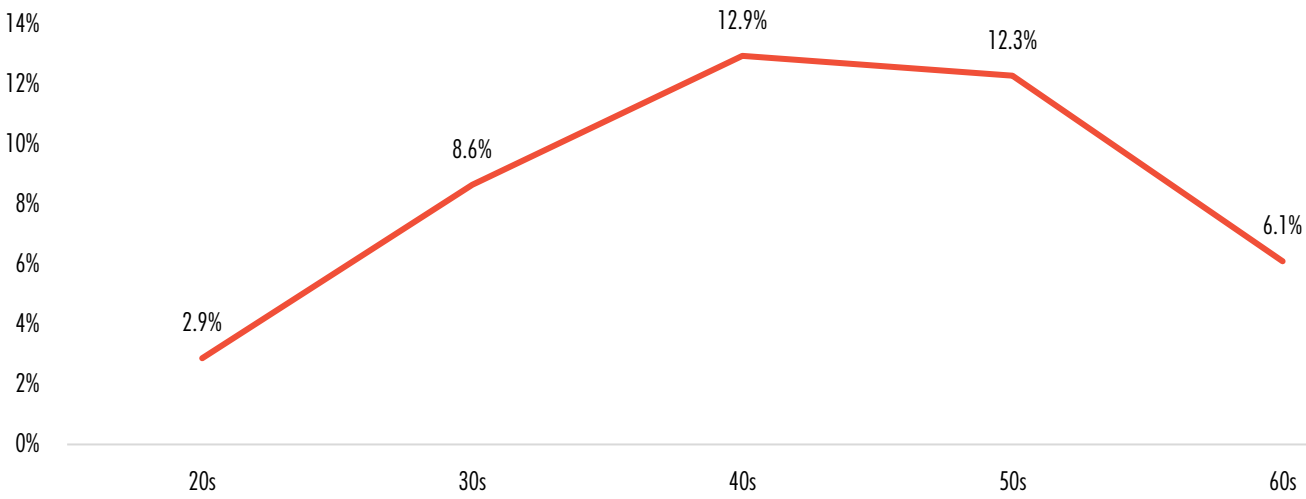
	20s	30s	40s	50s	60s
mean total contribution pct	5.1%	7.4%	8.0%	9.3%	10.1%
median total contribution pct	2.6%	4.2%	4.5%	5.2%	5.6%

LOAN USE

The use of loans in public-sector DC plans is shown in Figures 16–18.[7] Offering loans is optional for plan sponsors, and many are cautious about allowing participants early access to their retirement funds. However, a study conducted by EBRI and J.P. Morgan Asset Management (JPMAM), utilizing PRRL data, revealed that 58.5 percent of households with participants who took out new plan loans saw a 10 percent or greater increase in health care expenses.[8] The likelihood of higher health care spending among these households increased with both age and income. Many employers acknowledge that difficult circumstances, such as health issues, can arise, which is why they provide loans as a source of emergency funds.

The percentage of participants who had an outstanding loan balance associated with any of their plans is shown in Figure 16, which reveals a peak of 12.9 percent for the 40s age cohort, decreasing thereafter.[9]

Figure 16
Percentage of Participants With a Loan Outstanding, by Age



The average amount of the outstanding loan balances is shown in Figure 17 and exhibits an increasing trend with age before decreasing for participants in their 60s. For instance, the average outstanding loan amount was $4,518 among participants in their 20s, which increased to $11,386 for those in their 50s and decreased to $11,095 for those in their 60s. The average loan amount as a percentage of account balance in Figure 18 was higher for younger participants (reflecting their lower average account balances).[10] Only 2.9 percent of the 20s age cohort had a loan, but for those who did, the balance equaled 28 percent of their DC assets across all accounts, on average. This pattern is consistent with the idea that participants may only choose to take out loans upon meeting a meaningful size threshold. If this size threshold does not vary much across age groups, the observed pattern in Figure 18 is what would be expected, again due to the lower average account balances among younger participants.

Figure 17
Mean Outstanding Loan Amount, by Age

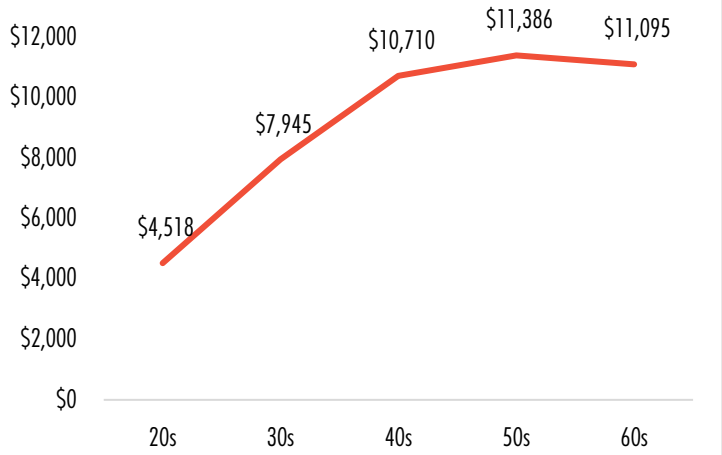
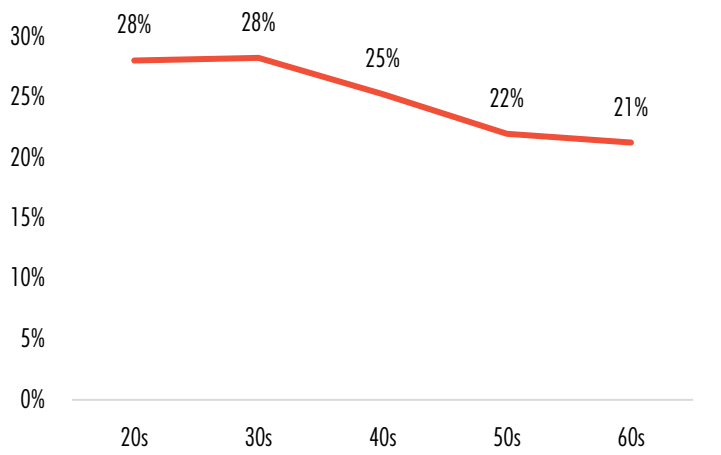


Figure 18
Mean Loan Amount as Percentage of Account Balance, by Age



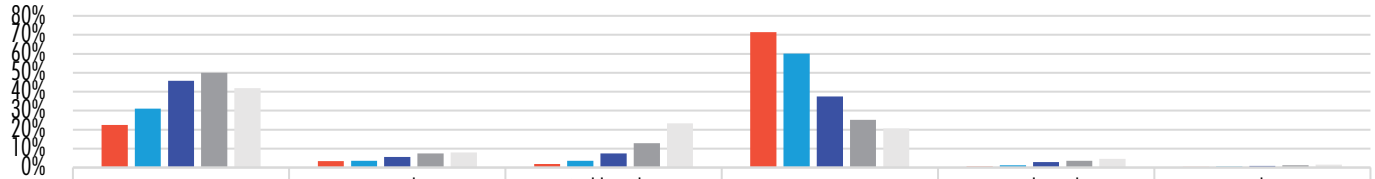
ASSET ALLOCATION

The PRRL Database categorizes each investment option into one of 14 separate categories. These granular categories include, for example, investment options focused on domestic, publicly traded small companies (i.e., "small caps") and other investment options such as specialized-sector equity or fixed income.[11] The categories are aggregated into six core asset classes: equity; bond; money market or stable-value funds; target-date funds (e.g., investments that automatically adjust their asset allocation over time based on when investors expect to retire); balanced funds (e.g., mutual funds with a fixed allocation to equities and bonds that does not change over time); and "other" investments, which refers to in-plan annuities, REITs, and investments that cannot be classified.

Figure 19 provides this aggregated view of public-sector DC data for those plans participating in the PRRL Database. Younger participants had a higher concentration of their assets allocated to target-date funds. For instance, 71.3 percent of total assets belonging to participants in their 20s were in target-date funds. That number fell to 20.6 percent among participants in their 60s.

Meanwhile, the trend reverses for assets allocated to bond funds, balanced funds, and stable-value funds. For instance, only 1.9 percent of total assets belonging to participants in their 20s were allocated to stable-value funds, but the number increased to 23.3 percent among participants in their 60s. Asset allocation to equity funds increased with age but decreased among participants in their 60s.

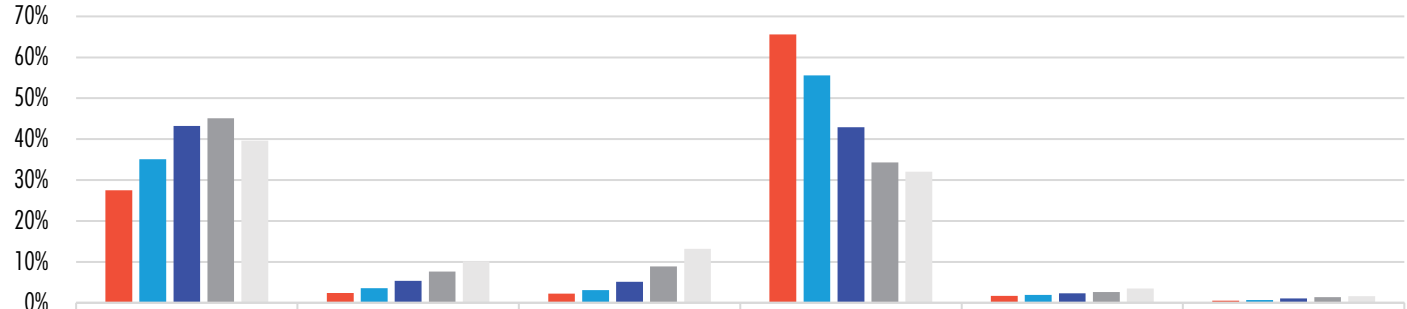
Figure 19
Asset-Weighted Allocations, by Age



	Equity	Bond	Stable Value	Target Date	Balanced	Other
20s	22.5%	3.5%	1.9%	71.3%	0.5%	0.3%
30s	31.1%	3.5%	3.6%	60.1%	1.2%	0.6%
40s	45.8%	5.6%	7.4%	37.4%	2.8%	0.9%
50s	49.9%	7.4%	12.8%	25.2%	3.5%	1.2%
60s	41.9%	8.0%	23.3%	20.6%	4.6%	1.5%

Figure 19 also reveals allocations in line with behaviors demonstrated by private-sector plan participants in 2022, shown in Figure 20. Equity assets increased until the 50s age cohort. The use of target-date funds was concentrated in younger cohorts, not because the products are not used by older employees, but because younger cohorts have a higher concentration of new employees, and target-date funds are the default investment for many plans.

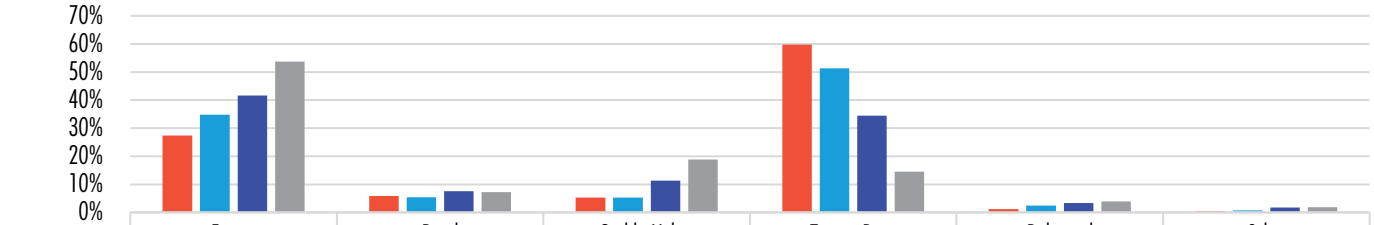
Figure 20
Asset-Weighted Allocations, by Age — Private 401(k) Plans (2022)



	Equity	Bond	Stable Value	Target Date	Balanced	Other
20s	27.5%	2.4%	2.2%	65.6%	1.7%	0.5%
30s	35.1%	3.6%	3.1%	55.6%	1.9%	0.7%
40s	43.2%	5.4%	5.1%	42.9%	2.3%	1.1%
50s	45.1%	7.6%	8.9%	34.3%	2.6%	1.4%
60s	39.6%	10.1%	13.2%	32.0%	3.5%	1.6%

The results in Figure 21, which are organized by tenure, provide similar insights. Participants with fewer years of tenure allocated a higher concentration of their assets into target-date funds, while participants with more years of tenure allocated more of their assets into equity, stable-value, and balanced funds.

Figure 21
Asset-Weighted Allocations, by Tenure



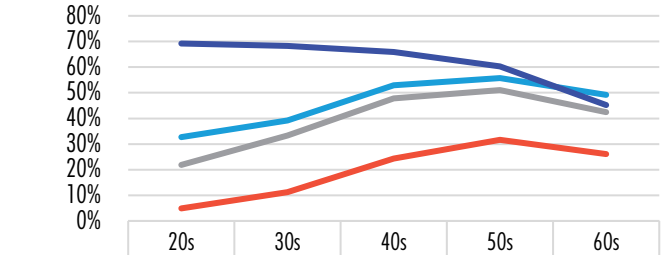
	Equity	Bond	Stable Value	Target Date	Balanced	Other
0-5 year	27.4%	5.9%	5.3%	59.8%	1.2%	0.5%
6-10 year	34.8%	5.4%	5.3%	51.3%	2.4%	0.7%
11-20 year	41.7%	7.5%	11.3%	34.4%	3.3%	1.8%
20+ year	53.7%	7.2%	18.8%	14.5%	3.9%	1.9%

ASSET ALLOCATION BY PLAN TYPE

The four major asset categories in the dataset (equities, bonds, money market/stable-value funds, and target-date funds) are broken out by plan type in Figures 22–26. Participants in 401(a) plans allocated significantly fewer assets to stocks and bonds than participants in other plan types and allocated more to target-date funds overall.

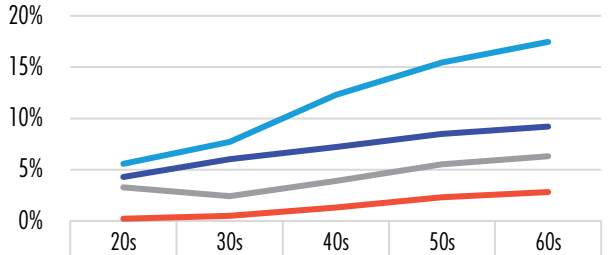
Similar to what can be observed in Figure 19, allocation to equity funds increased with age but decreased among participants in their 60s across all plan types except for 403(b). Among which 69.2 percent was allocated to equity funds among participants in their 20s, decreasing to 45.2 percent among participants in their 60s. Despite very few assets being allocated to balanced funds, 403(b) plans allocated noticeably more assets to balanced funds than other plan types. This could be due to the small number of 403(b) plans presented in the data.

Figure 22
Asset-Weighted Allocations to Equity, by Age and Plan Type



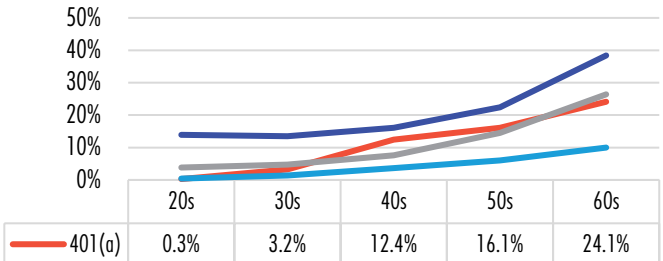
	20s	30s	40s	50s	60s
401(a)	4.9%	11.2%	24.4%	31.6%	26.1%
401(k)	32.7%	39.2%	52.9%	55.7%	49.2%
403(b)	69.2%	68.3%	65.9%	60.2%	45.2%
457(b)	21.9%	33.4%	47.8%	51.0%	42.4%

Figure 23
Asset-Weighted Allocations to Bonds, by Age and Plan Type



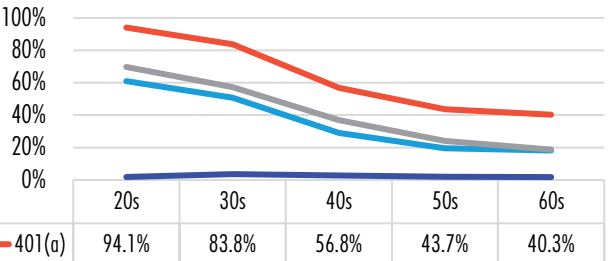
	20s	30s	40s	50s	60s
401(a)	0.2%	0.5%	1.3%	2.3%	2.8%
401(k)	5.6%	7.7%	12.3%	15.4%	17.5%
403(b)	4.3%	6.0%	7.2%	8.5%	9.2%
457(b)	3.3%	2.4%	3.9%	5.5%	6.3%

Figure 24
Asset-Weighted Allocations to Money and Stable Value, by Age and Plan Type



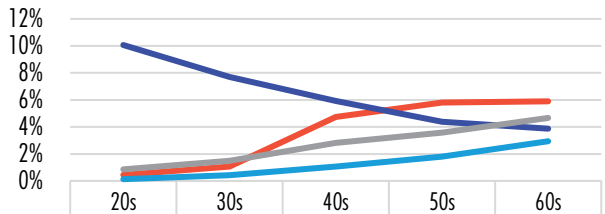
	20s	30s	40s	50s	60s
401(a)	0.3%	3.2%	12.4%	16.1%	24.1%
401(k)	0.4%	1.4%	3.7%	6.1%	10.0%
403(b)	13.9%	13.5%	16.1%	22.4%	38.4%
457(b)	3.8%	4.7%	7.6%	14.5%	26.4%

Figure 25
Asset-Weighted Allocations to Target-Date Funds, by Age and Plan Type



	20s	30s	40s	50s	60s
401(a)	94.1%	83.8%	56.8%	43.7%	40.3%
401(k)	61.0%	50.8%	29.0%	19.5%	18.2%
403(b)	1.9%	3.6%	2.7%	2.1%	1.9%
457(b)	69.7%	57.2%	36.8%	24.1%	18.7%

Figure 26
Asset-Weighted Allocations to Balanced Funds, by Age and Plan Type



	20s	30s	40s	50s	60s
401(a)	0.4%	1.1%	4.7%	5.8%	5.9%
401(k)	0.1%	0.4%	1.1%	1.8%	2.9%
403(b)	10.1%	7.7%	5.9%	4.4%	3.9%
457(b)	0.9%	1.5%	2.8%	3.6%	4.7%

CONCLUSION

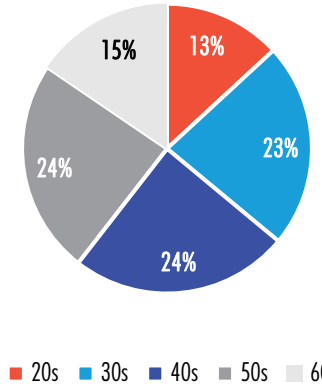
This edition of the State of Public-Sector DC Plans provides an overview of what public-sector DC plan participants have in their current employer's plans, since account balances are aggregated across participants' multiple plans, as 44.5 percent of the participants have more than one plan type. The research highlights that half of the participants in their 60s — the age at which most individuals typically exit the work force — had a median account balance of less than $31,730 in their current plans as of year-end 2023. Loan usage peaked among participants in their 40s at 12.9 percent, while those in their 50s carried the highest average outstanding loan balance, which was $11,389.

While public-sector workers are more likely to have a defined benefit pension plan relative to their private-sector peers, DB reform often involves reducing benefits to newly hired workers. As DC retirement plans play an increasingly larger role for individuals entering public-sector employment, understanding participant behavior in public-sector DC plans is critical to ensuring retirement security for participants.

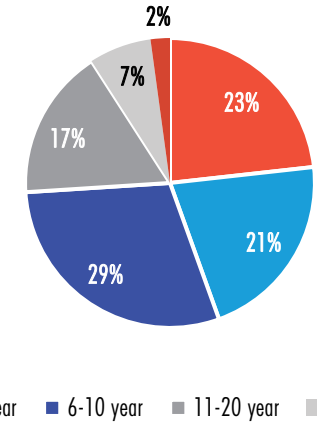
As the role of DC plans in public-sector retirement increases, there may be new financial challenges for employees. For instance, the need to make voluntary contributions to retirement plans could compete with other pressing financial goals and obligations. Studies from EBRI, NAGDCA, and JPMAM examine how external financial issues affect the behavior of public-sector DC plan participants. One study found that average contribution rates were lower for those with higher credit card utilization rates.[12] To address these challenges, many employees may require additional tools or education to help them balance their overall budgets. This support could enable them to contribute more to their DC plans and better prepare for retirement, especially as public-sector DB plans have grown less generous over time.

APPENDIX

Appendix 1
Age Distribution of All Participants in PRRL, 2023



Appendix 2
Tenure Distribution of All Participants in PRRL, 2023



ABOUT PRRL

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

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ENDNOTES

[1] The prior reports, "The State of Public Sector DC Plans: A First Look at the PRRL Database," "The State of Public Sector DC Plans: 2021," and "The State of Public Sector DC Plans: 2022," can be found at http://www.prrl.org/research.

[2] The combined percentage of participants by entity type exceeds 100 percent, as many individuals participated in multiple plans that belong to different entity types. For instance, an employee may participate in a primary plan offered by a state while also participating in a supplemental plan provided by their municipality.

[3] Figures 2A and 2B, and other figures that break down statistics by plan type, exclude a small number of plans and participants who have public-sector, employer-provided IRAs. The combined percentage of participants by plan type exceeds 100 percent, as many individuals participated in more than one plan type.

[4] Total balances are net of any plan loans.

[5] In this study, tenure information is defined as both the number of years an employee has worked at their current job (tenure with an employer) and the number of years an employee has participated in the plan (tenure with the plan). If information on tenure with an employer was missing, tenure with the plan was used. Tenure information under either definition was available for 80 percent of participants.

[6] Salary information was available for 43 percent of participants in this study. Accordingly, Figures 13 and 15 are limited to this subsample of participants.

[7] Loan information was available for 62 percent of participants in the database. In the year-end 2022 data, loan information was available for only 34 percent of the participants, resulting in a significant difference in the loan usage rate.

[8] See Copeland, Craig, Michael Conrath, and Sharon Carson, "Where Are Households Spending Their Defined Contribution Plan Loans: An Examination of Public-Sector Participants," *EBRI Issue Brief*, no. 645 (Employee Benefit Research Institute, October 16, 2025).

[9] The calculation for percentages of participants with outstanding loans by age excluded all participants who do not have access to plan loans.

[10] To clarify, the vertical axis of Figure 18 is defined as the outstanding loan balance (in dollars), divided by the total balance (in dollars) in the participant's account. Individuals without any outstanding loan balance were excluded from the calculation.

[11] The 14 investment option categories are as follows: (1) balanced; (2) international equity; (3) core fixed income; (4) global allocation; (5) large-cap domestic equity; (6) sector/specialty equity; (7) short-term fixed income; (8) mid/small cap domestic equity; (9) specialty fixed income; (10) stable-value; (11) customized target-date funds; (12) non-customized target-date funds; (13) in-plan annuities; and (14) other. The "other" category refers to investment options that do not specifically fit in any of the other 13 categories or cannot be classified.

[12] See Copeland, Craig, Michael Conrath, Sharon Carson, Alex Nobile, and Matt Petersen, "How Financial Factors Outside of a Defined Contribution Plan Can Impact Retirement Readiness: An Examination of Public Sector Participants," *EBRI Issue Brief*, no. 618 (Employee Benefit Research Institute, September 5, 2024). Another study, "Spending and Saving Behavior of Public-Sector Defined Contribution Plan Participants," *EBRI Issue Brief*, no. 570 (Employee Benefit Research Institute, September 19, 2022), shows that public-sector DC plan participants with different primary plans have differences in their current spending.