

THE FINANCIAL SERVICES ROUNDTABLE



Financing America's Economy

To: Representatives of the Financial Services Roundtable, GAC, Public Affairs Council, Research Working Group, All Staff

Fast Facts: RETIREMENT SECURITY: 401(k)s

The following information is taken from the GAO, Gallup, EBRI, and Principal Financial

FACT: In the last 18 months, 401(k) balances have grown by 54.9% due to increased contribution and earnings.^[1]

- A 25-34 year old worker's account increased by 82.6% (average balance \$27,239.04).
- A 35-44 year old worker's account increased by 56.1% (average balance \$59,896.45).
- A 45-54 year old worker's account increased by 42.7% (average balance \$102,320.50).
- A 55-64 year old worker's account increased by 36.5% (average balance \$129,317.26).

FACT: Americans have about \$7.1 trillion invested in private retirement plans, such as 401(k)s and IRAs.

FACT: Participation in 401(k)s has increased by 250% over the last 25 years. Of those families that have a retirement plan, 80% own a 401(k), compared to 31.6% in 1992.

FACT: Twenty-seven percent (27%) of employees have automatic enrollment with their employer's 401(k) retirement plan, according to **Principal Financial's Well-Being Index (3Q 2010)**. That's up from 21% in 2008. Forty-four percent (44%) of employees agreed to some extent that all eligible employees should be auto-enrolled.

FACT: Forty-five percent (45%) of Americans believe that IRAs and 401(k)s will be the major source of retirement income, compared to:

- Social Security (34%)
- Work-sponsored pension plans (23%)
- Saving accounts or CDs (22%)
- Home equity (20%)
- Individual stock investments (20%)

FACT: While 401(k)s have grown in size and number, average balances show that current savers *must save more* to have a comfortable retirement. Less than half of workers (46%) have tried to calculate how much money they will need for retirement.

This report is also attached as a PDF. If you have questions or comments, please do not hesitate to contact Abby McCloskey, Director of Research at the Financial Services Roundtable, at abbyresearch@fsround.org.

^[1] EBRI. Projected Change In Average Account Balances (by Age) From January 1, 2009 – July 1, 2010 Among 401(k) Participants with Account Balances as of Dec. 31, 2008. The analysis is based on all participants with account balances at the end of 2008 and contribution information for that year.