






RETIREMENT RESEARCH & INSIGHTS

401(k) Participant Pulse

# Tracking the confidence of plan participants

**December 2022** | Plan participants may access or make changes to their retirement accounts in response to a number of factors, including the state of the market and the economy. These key metrics, in part, signal 401(k) participant confidence and sentiment. Notably at year end, fewer participants took money out of their plan, but slightly more loans defaulted. At the same time, participants close out the year with an average contribution rate lower than the previous year.

 <b>Contribution rate</b>	 <b>Loans</b>	 <b>Hardship distributions</b>
<p>Average retirement contribution rate across all age groups:</p> <p><b>6.4%</b></p> <p><b>Down from 6.6%</b> in December 2021</p>	<p>Participants borrowing from their workplace plan in 4Q:</p> <p><b>2.1%</b></p> <p><b>Down from 2.3%</b> in 3Q</p>	<p>Participants taking a hardship distribution during 4Q:</p> <p><b>0.4%</b></p> <p><b>Down from 0.5%</b> in 3Q</p>
<p>More than 1/4 of participants (26%) contribute:</p> <p><b>3% or less</b></p>	<p>Average loan per participant:</p> <p><b>\$7,500</b></p> <p><b>Down 6%</b> from 3Q and lowest quarter of 2022</p>	<p>Number of participants taking hardship distributions:</p> <p><b>12,350</b></p> <p><b>Down 18%</b> compared to 3Q</p>
<p>Generation with highest percentage of participants contribute 3% or less:</p> <p><b>Baby boomers<sup>1</sup> (43%),</b> although 24% are saving at 6%</p>	<p>Total loans in default as of 4Q:</p> <p><b>15.9%</b></p> <p><b>Up from 15.7%</b> in 3Q and totaling more than \$450 million</p>	<p>Average participant hardship amount in 4Q:</p> <p><b>\$4,700</b></p> <p><b>Down 8%</b> compared to 3Q and lowest quarterly average of 2022</p>
<p>Generation with highest percentage contribute 7% or more:</p> <p><b>Millennials<sup>1</sup> (47%)</b></p>	<p>More than half of loans taken in 2022 were participants age 30 – 49</p> <p>Generation X<sup>1</sup> had more participants (3.1%) with loans in default at year end than other generations</p>	

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<sup>1</sup>Generation defined by the following birth years: Baby Boomers 1946 – 1964; Gen X 1965 – 1980; Millennials 1981 – 2000, GenZ after 2000.


***Investing involves risk, including the possible loss of the principal value invested.***

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Methodology: This 401(k) Participant Pulse monitors plan participants' behavior in our proprietary employee benefits programs, which comprise over 3 million total participants with positive retirement balances as of December 31, 2022.

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