



RETIREMENT RESEARCH & INSIGHTS

401(k) Participant Pulse

Tracking the confidence of plan participants

March 2023 | 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 participant confidence and sentiment. Notably, in early 2023, fewer participants took loans, but for higher amounts, while hardships increased in number and amount. At the same time, participants started the year with lower balances but higher contributions than last year. On a positive note, we see more participants increasing their plan contribution rates than decreasing their rates, across all generations.

 **Contribution rate**

Average contribution rate as of 1Q:

6.5%

Up from 6.4% at year end 2022¹

Average contributions 1Q:

\$1,880

Average March contribution up 24% from one year prior (\$820, up from \$660 in March 2022¹)

Average account balance March 2023:

\$78,800

Down from \$86,000 as of March 2022¹

In 1Q more participants **increased vs. decreased** their contribution rate **14.5%** (increase) vs. 3.2% (decrease) **...led by Generation Z & Millennials**

Generation Z²: 23.0% vs. 2.4%

Millennials²: 15.7% vs 3.6%

 **Loans**

Participants borrowing from their workplace plan in 1Q:

1.9%

Down from 2.1% in 4Q; up from 1.7% in 1Q22¹

Average loan per participant:

\$8,550

Up 14% vs. 4Q (from \$7,500) and down 4% vs. 1Q22 (from \$8,900)¹

Participants with loans in default as of 1Q:

14.3%

have at least one loan in default, down from 15.2% in 4Q¹; loans in default total \$460M

Generations with highest % of loans outstanding: Generation X² (22.4%) followed by Millennials² (13.8%)

 **Hardship distributions**

Participants taking a hardship distribution during 1Q:

0.46%

Up from 0.4% in 4Q; up from 0.3% in 1Q22¹

Number of participants taking hardship distributions during 1Q:

14,225

Up 15% compared to 4Q; up 33% from 1Q22¹

Average participant hardship amount in 1Q:

\$5,100

Up 8.5% compared to 4Q¹ and down from \$6,000 in 1Q22

Methodology: This report monitors plan participants' behavior in our proprietary employee benefits programs, which comprise 3 million total participants with positive retirement balances as of March 31, 2023.

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Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
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¹ Comparisons to 2022 reference data derived from Bank of America Retirement and Benefit Plan Services 401(k) data platform as of 12/31/2022.


² Generation defined by the following birth years: Baby Boomers 1946 – 1964; Gen X 1965 – 1980; Millennials 1981 – 2000, GenZ after 2000.

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