



NEWS RELEASE

AVERAGE 401(K) DEFERRAL RATE REACHES ALL-TIME HIGH

Baltimore: July 2, 2018

NEWS

T. Rowe Price Retirement Plan Services Inc. today announced the average employee pretax deferral rate reached 8.3 percent—the highest in the 10 years T. Rowe Price has been reporting participant data. In addition, the number of retirement plans with a 6 percent default deferral rate surpassed the number of plans with a 3 percent default rate, which is considered the industry standard, for the first time. These findings come from T. Rowe Price's 10th annual Reference Point benchmarking report of employer-sponsored retirement plans, which is based on the firm's full-service recordkeeping client data for 2017.

The 2017 Reference Point executive summary and full report are available [here](#).

Additional trends include:

- The average **participation rate** in auto-enrollment plans was over 42 percentage points higher than in plans without auto-enrollment.
- Market appreciation and the increase in default deferral rates helped significantly boost participant **account balances**. On average, accounts saw a \$9,583 increase in 2017 compared to a \$2,502 increase in 2016.
- **Loan usage** decreased slightly to 23.4 percent in 2017. The percentage of participants with multiple loans also decreased to 15.6 percent, a drop of 4 percentage points since its peak in 2013 during the 10-year period. However, the percentage of participants with outstanding loans increased by an average of 2.2 percent for participants aged 50 and older. Loan usage was highest among older Generation X and younger baby boomer participants, compared to other age groups.
- Sixty-seven percent of plans offered **Roth contributions** in 2017. Nearly every age group saw increases in the percentage of participants making Roth contributions, with the largest contributors between the ages of 20 and 40.
- The percentage of eligible participants making **catch-up contributions** reached a 10-year high, rising to 12.2 percent.
- Plan sponsor adoption of **target-date funds** reached a 10-year high, rising to 94 percent in 2017. For the first time, target-date funds accounted for the largest percentage of plan assets under management, surpassing all other investment types.

"We continue to see the significant impact plan design and financial wellness programs have on participant behavior, as evidenced by the increase in both participation and deferral rates and decrease in loan usage," said Aimee DeCamillo, head of T. Rowe Price Retirement Plan Services, Inc. "Earlier this year, we launched on-demand analytics that T. Rowe Price plan sponsors can access, which show how increased engagement with their participants directly drives positive actions. We're pleased that plan sponsors have continued to evolve and refine their plans, encouraging positive behaviors with their participants and aligning plan design with their overall retirement benefits philosophy."

T. Rowe Price releases its annual Reference Point client data benchmarking report so plan sponsors can review trends and benchmark their progress and participant behavior across the firm's client base. T. Rowe Price also offers best practices and plan-specific metrics throughout the year with its [Plan Health](#) tool, which is part of the company's PlanView Portal for plan sponsors.



T. Rowe Price's focus on participant data and engagement is core to its offering. The firm provides metrics to deliver insights that help plan sponsors track plan performance, benchmark progress, and implement strategic plan design features to deliver outcomes that benefit participants and their retirement savings.

REFERENCE POINT METHODOLOGY

Data are based on the large-market, full-service recordkeeping universe of T. Rowe Price Retirement Plan Services, Inc. retirement plans (401(k) and 457 plans), consisting of 636 plans and over 1.6 million participants, from Jan. 1, 2007 through Dec. 31, 2017.

ABOUT T. ROWE PRICE RETIREMENT PLAN SERVICES, INC.

T. Rowe Price Retirement Plan Services, Inc. has been a retirement solutions provider for more than 30 years and as of Dec. 31, 2017, served more than 1.9 million retirement plan participants in more than 3,500 plans.

ABOUT T. ROWE PRICE

Founded in 1937, Baltimore-based T. Rowe Price Group, Inc. is a global investment management organization with \$1.04 trillion in assets under management as of May 31, 2018. The organization provides a broad array of mutual funds, subadvisory services, and separate account management for individual and institutional investors, retirement plans, and financial intermediaries. The company also offers sophisticated investment planning and guidance tools. T. Rowe Price's disciplined, risk-aware investment approach focuses on diversification, style consistency, and fundamental research. For more information, visit troweprice.com, [Twitter](#), [YouTube](#), [LinkedIn](#), or [Facebook](#).

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