



 **REFERENCE
POINT**



Data can inspire plan changes

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A Message From Kevin Collins

June 2020

Our annual Reference Point report is designed to provide a straightforward analysis of data gathered from T. Rowe Price's retirement plan book of business. It gives plan sponsors, as well as their advisors and consultants, critical insights into what transpired in the previous year, which they can use for benchmarking as they evaluate changes for the current year. In short, the report looks to the past so our clients can plan for the future.

This year is different, of course. As we dissected the data from 2019, we could not ignore the significant changes we have experienced so far in 2020. The coronavirus pandemic substantially affected the way we live, the way we work, and even the way we interact with our clients and the retirement plan participants we serve. Even now, as I write this letter, our world is facing further challenges with the social unrest caused by the ongoing racial injustices and violence against our Black communities.

The new edition of Reference Point provides insights into plan and participant actions taken in 2019, but we are also aware that 2020 could influence or even reverse the retirement plan trends we identified in the report.

For example, we report that participant usage of loans decreased in 2019, but the optional loan provisions included in the Coronavirus Aid, Relief, and Economic Security (CARES) Act could change that trend. We also report that participants in 2019 took larger loan and hardship withdrawal amounts, which could threaten their retirement savings. The financial strain of the coronavirus pandemic could have repercussions long after 2020.

We will continue to monitor the developments related to the pandemic and report any new trends we identify, providing you with real-time insights so that you can act quickly and decisively for the benefit of the participants we all serve. As always, we stand ready to assist you.

Please stay healthy and stay well.

Best,

A handwritten signature in black ink that reads "Kevin Collins".

Kevin Collins
Head of Retirement Plan Services
T. Rowe Price Retirement Plan Services, Inc.

Reference Point

T. Rowe Price Defined Contribution Plan Data

As of December 31, 2019

Executive Summary

Market conditions improved in 2019 following volatility in late 2018, leading to lower rates for cash-out distributions and loans and increases in plan participation. Average account balances also recovered to just over \$100,555 in 2019, up from \$85,336 in 2018.



Plan design and improved market outlook drove positive outcomes:

- Over 61% of plans at T. Rowe Price automatically enroll participants, with 37% enrolling at a 6% default deferral.
- Employers are increasing match formulas, with an effective match range of 4% to 5%.
- Average account balances rose to over \$100,000, an increase of 8%.
- Allocations to money market and stable value investments hit a five-year low as participants moved money to stocks and target date investments.
- Loan usage and direct rollovers increased, while cash-out distributions decreased.



But challenges remain, presenting opportunities for plan sponsors:

- Over 34% of eligible participants did not contribute in 2019.
- Allocations to company stock rose to more than 11% in large plans (greater than \$1 billion in total assets).
- Average loan balances and average hardship distribution amounts increased, with hardships rising by over 10%.

Reference Point

T. Rowe Price Defined Contribution Plan Data

As of December 31, 2019

Auto-Solutions

Increases in Plan Adoption and Participation

Over the years, plan sponsors have increased their investment in auto-solutions with a proven track record of participant outcomes. Over 60% of plans at T. Rowe Price offered auto-enrollment in 2019, up by more than two percentage points from 2018 and 13 percentage points from 2013.

How the auto-solutions are implemented has changed too. For the third year in a row, the 6% default deferral rate for auto-enrollment is the most common default for plans at T. Rowe Price, higher than the traditional 3% that was the industry standard when the Pension Protection Act (PPA) was passed in 2006.

PARTICIPATION MAKES SMALL GAINS

After a slight drop in 2018, the overall participant-weighted participation rate increased slightly, from 78.1% to 79.6% in 2019.

Participation in plans without auto-enrollment also experienced a small increase (from 43.7% in 2018 to 44.1% in 2019). Conversely, participation in auto-enrollment plans decreased for the third year in a row, falling three percentage points from the five-year high in 2016.

Despite the decrease, auto-enrollment plans continue to drive far greater participation—a primary measure of participant outcomes. In 2019, participation in auto-enrollment plans was 85.3%, outstripping non-auto-enrollment plans by over 40 percentage points.

>35%
of plans with auto-enrollment
have a default deferral rate of 6%



2019 INSIGHTS

- Over 35% of auto-enrollment plans have a 6% default deferral rate, compared with 32% with a 3% default.
- Plans that use the opt-out approach for auto-increases experience higher participation in the solution.

For participants age 20–29, participation was over

80%



in auto-enrollment plans compared with just over **26%** for non-auto-enrollment plans

AUTO-INCREASES: SLOW AND STEADY

Adoption of auto-increases reached a five-year high of 79.8% in 2019, rising by over 10 percentage points since 2015. Plan sponsors favored increases of one percentage point, with one in three plans at T. Rowe Price choosing this as the default.

The opt-out approach for auto-increases also has steadily gained popularity, increasing from 39% in 2015 to 47% in 2019. Adoption of the opt-in approach fell for the fourth year in a row, hitting a five-year low of 53%.

These trends are not surprising, given the opt-out approach's proven track record of driving participant outcomes. In 2019, participation in the auto-increase solution stood at 65% for plans with the opt-out approach, compared with just 12% for the opt-in approach.



No. 1 AUTOMATIC ENROLLMENT DESIGN TRENDS

Default auto-enrollment (AE) rate	2013	2014	2015	2016	2017	2018	2019
Percent of Plans Not Offering AE	52.8%	48.7%	48.9%	45.5%	43.3%	40.5%	38.2%
1%	1.8	2.0	2.4	2.0	1.9	1.5	1.4
2%	6.3	6.3	5.3	4.6	5.0	4.9	4.6
3%	45.6	42.9	38.2	34.3	31.9	30.4	32.0
4%	15.0	15.0	13.0	14.6	14.7	14.3	12.0
5%	10.8	10.1	10.9	11.4	13.0	12.0	13.0
6% or more	20.4	23.6	30.2	33.2	33.5	36.9	37.0

Default auto-increase (AI) rate

Percent of Plans Not Offering AI	32.2%	30.0%	30.7%	28.5%	24.3%	21.3%	20.2%
1%	69.0	69.6	73.6	74.7	78.4	81.6	83.1
2%	31.0	30.4	26.4	25.3	21.2	18.0	16.6
3%	0	0	0	0	0.4	0.4	0.4

Default investment

Target date product	95.5%	96.0%	95.9%	96.0%	96.4%	98.0%	98.1%
Other investments*	4.5	4.0	4.1	4.0	3.6	2.0	1.9

*Other investments could include balanced, money market, or stable value funds.

Note: Results for auto-enrollment and auto-increase are based on those plans that offer the features.



Auto-increase plans overwhelmingly use the default increase of one percentage point.



No. 2 PARTICIPATION IN OTHER AUTOMATED SERVICES

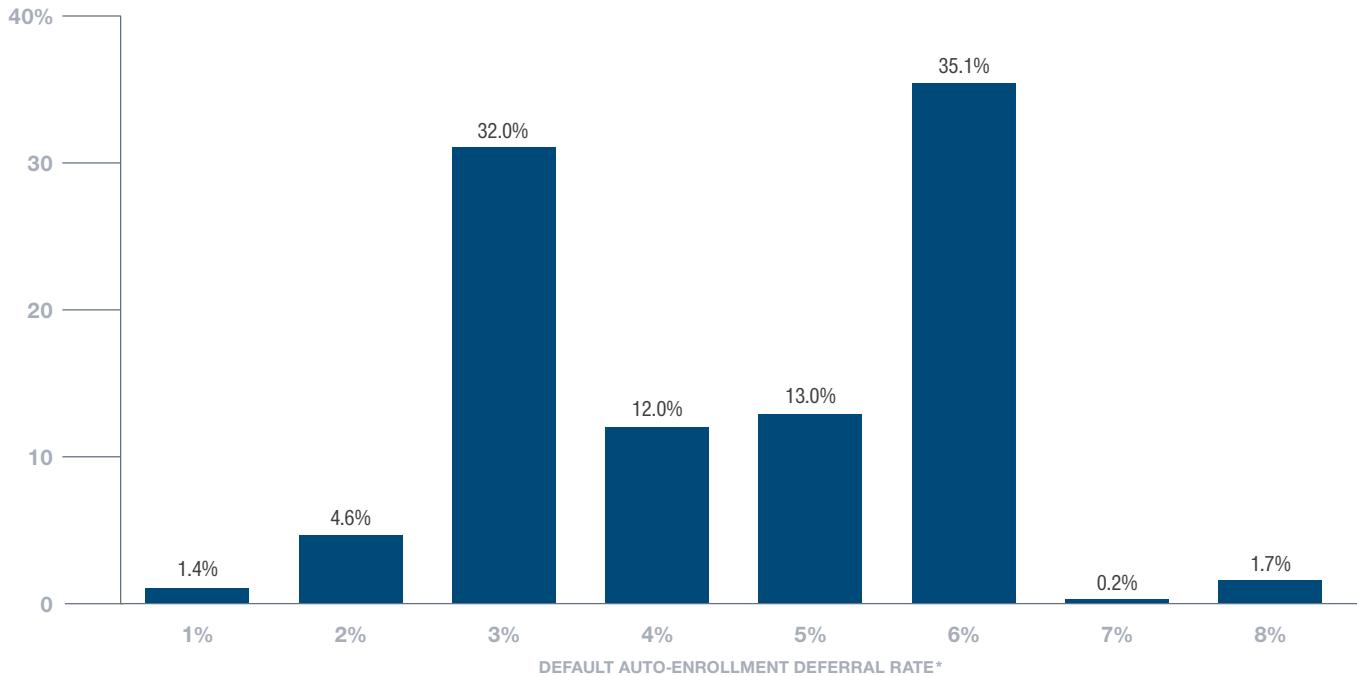
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Auto-reenrollment										
Plan Participation	3%	5%	5%	7%	8%	10%	12%	13%	14%	14%
Success Rate	77	78	78	77	78	78	78	78	78	78
Auto-restart										
Plan Participation	26	31	37	42	44	52	57	60	64	60
Success Rate	32	44	52	49	56	57	61	55	53	53
Auto-rebalance										
Plan Participation	92	93	93	93	95	93	95	95	95	95
Employee Participation	—	—	—	—	—	—	1	1	1	1

Note: The success rate is used to define how successful the one-time event was in maintaining participation when offering the service to employees. The success rate is the count of participants that enrolled through the service process divided by the count of participants that actually completed the service process.

Employee participation—for auto-rebalance—conveys actual employee adoption of the service.



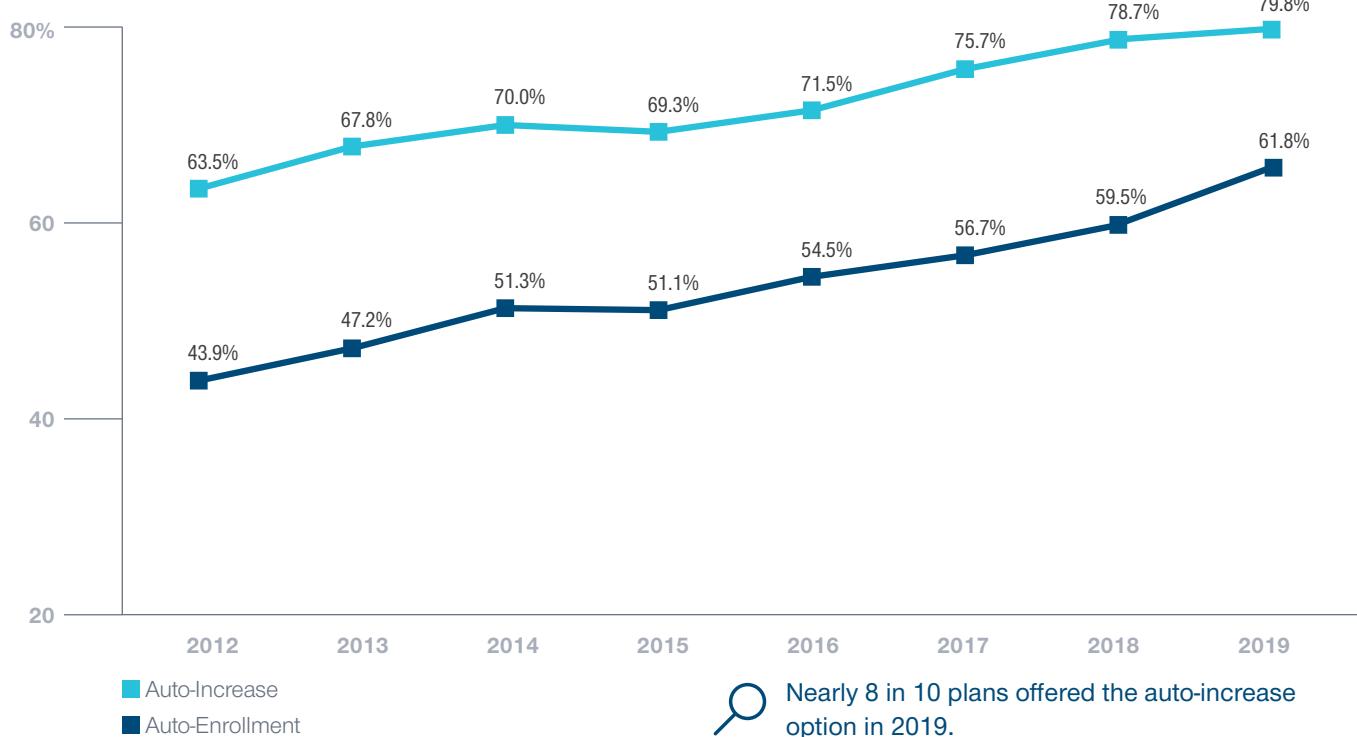
No.3 DEFAULT DEFERRAL RATE FOR AUTO-ENROLLMENT PLANS



Note: Results for auto-enrollment are based on those plans that offer this feature.



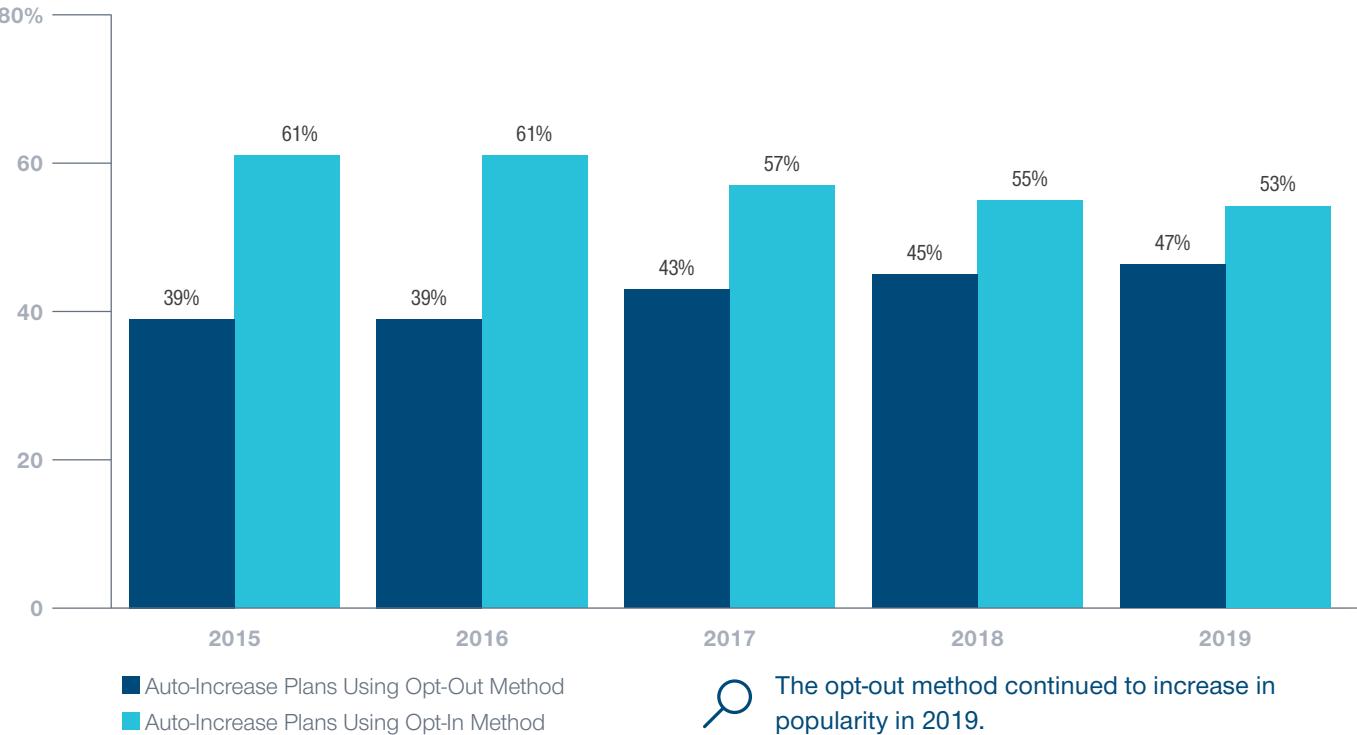
No.4 PERCENTAGE OF PLANS ADOPTING AUTO-INCREASE AND AUTO-ENROLLMENT



Nearly 8 in 10 plans offered the auto-increase option in 2019.



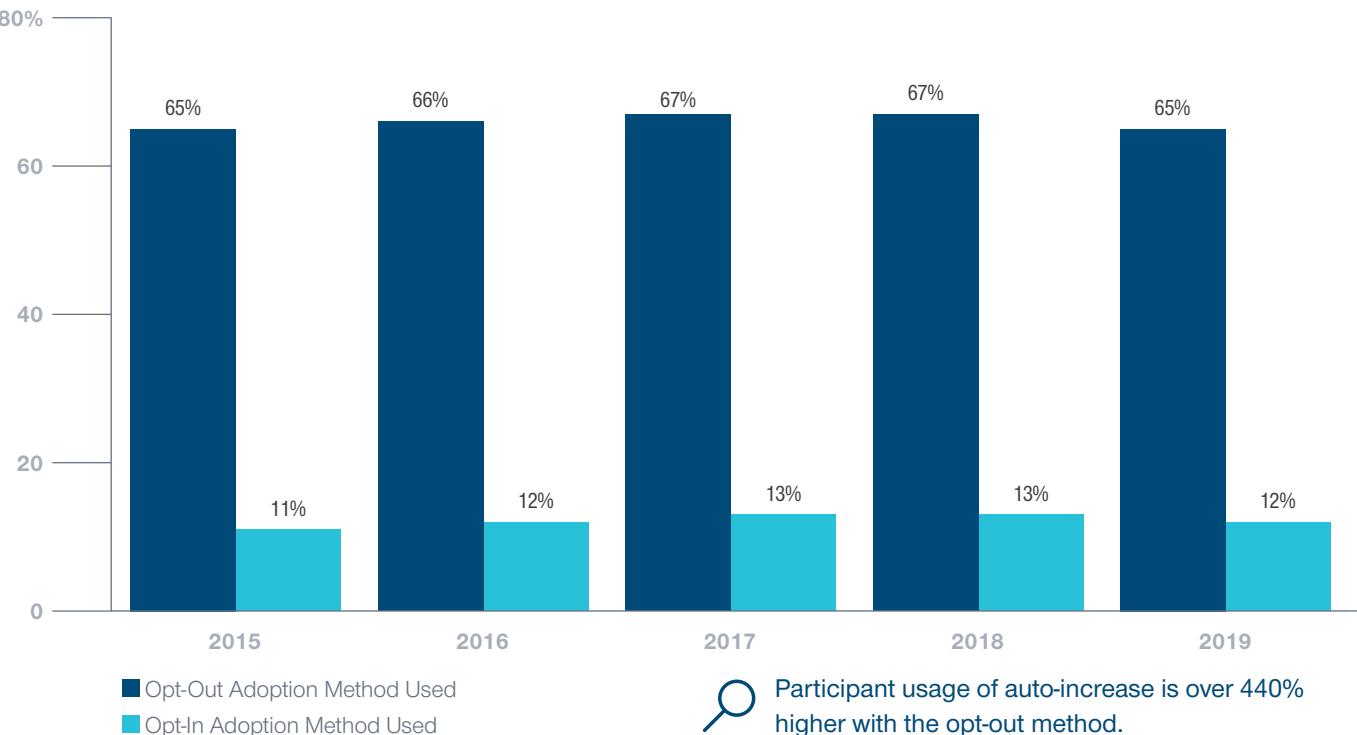
No.5 PLAN ADOPTION TYPES COMPARISON FOR AUTO-INCREASE



The opt-out method continued to increase in popularity in 2019.



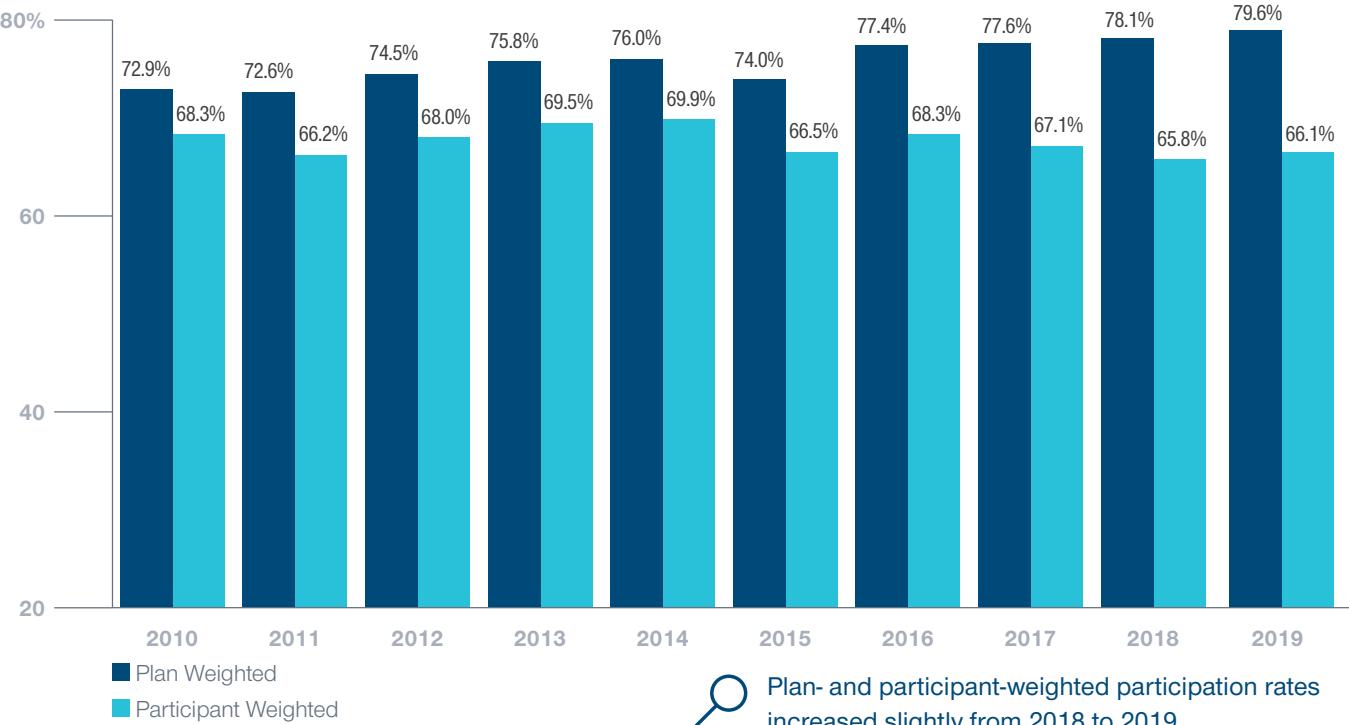
No.6 PARTICIPANT ADOPTION RATE BASED ON AUTO-INCREASE ADOPTION METHOD



Participant usage of auto-increase is over 440% higher with the opt-out method.

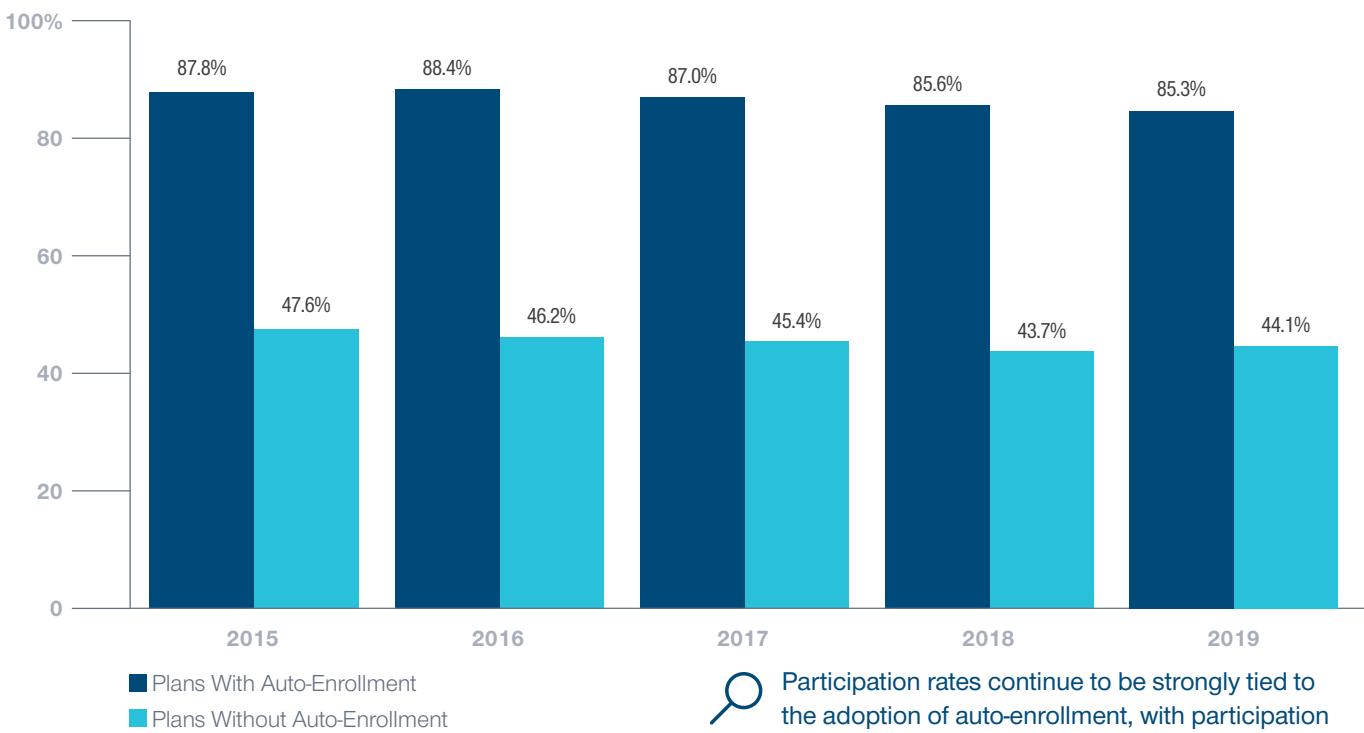
Most plans offer auto-increase as a voluntary option (the opt-in method), while fewer plans automatically enroll participants in auto-increase (the opt-out method).

 No.7 **PARTICIPATION RATES**



Plan- and participant-weighted participation rates increased slightly from 2018 to 2019.

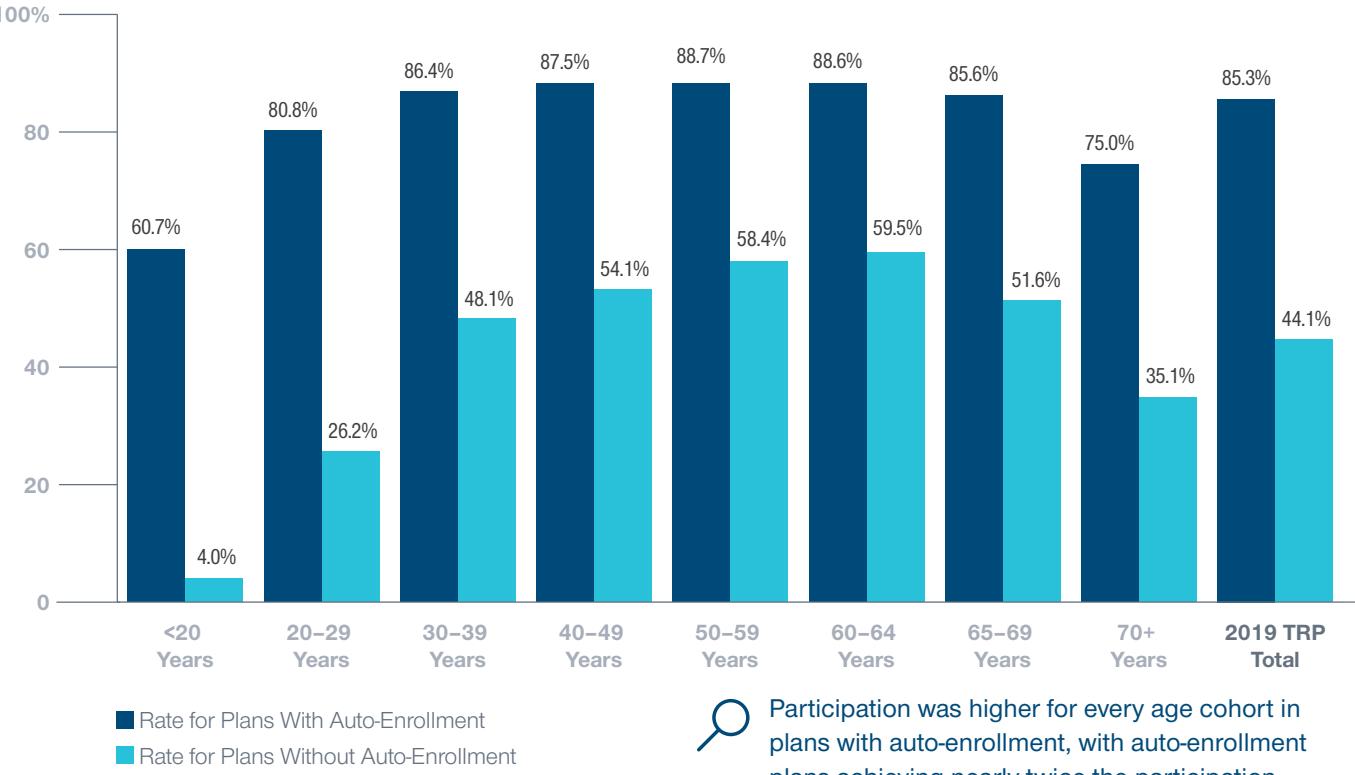
 No.8 **PARTICIPATION COMPARISON BETWEEN AUTO-ENROLLMENT AND NON-AUTO-ENROLLMENT PLANS**



Participation rates continue to be strongly tied to the adoption of auto-enrollment, with participation over 40 percentage points higher in plans with auto-enrollment than in those without it.



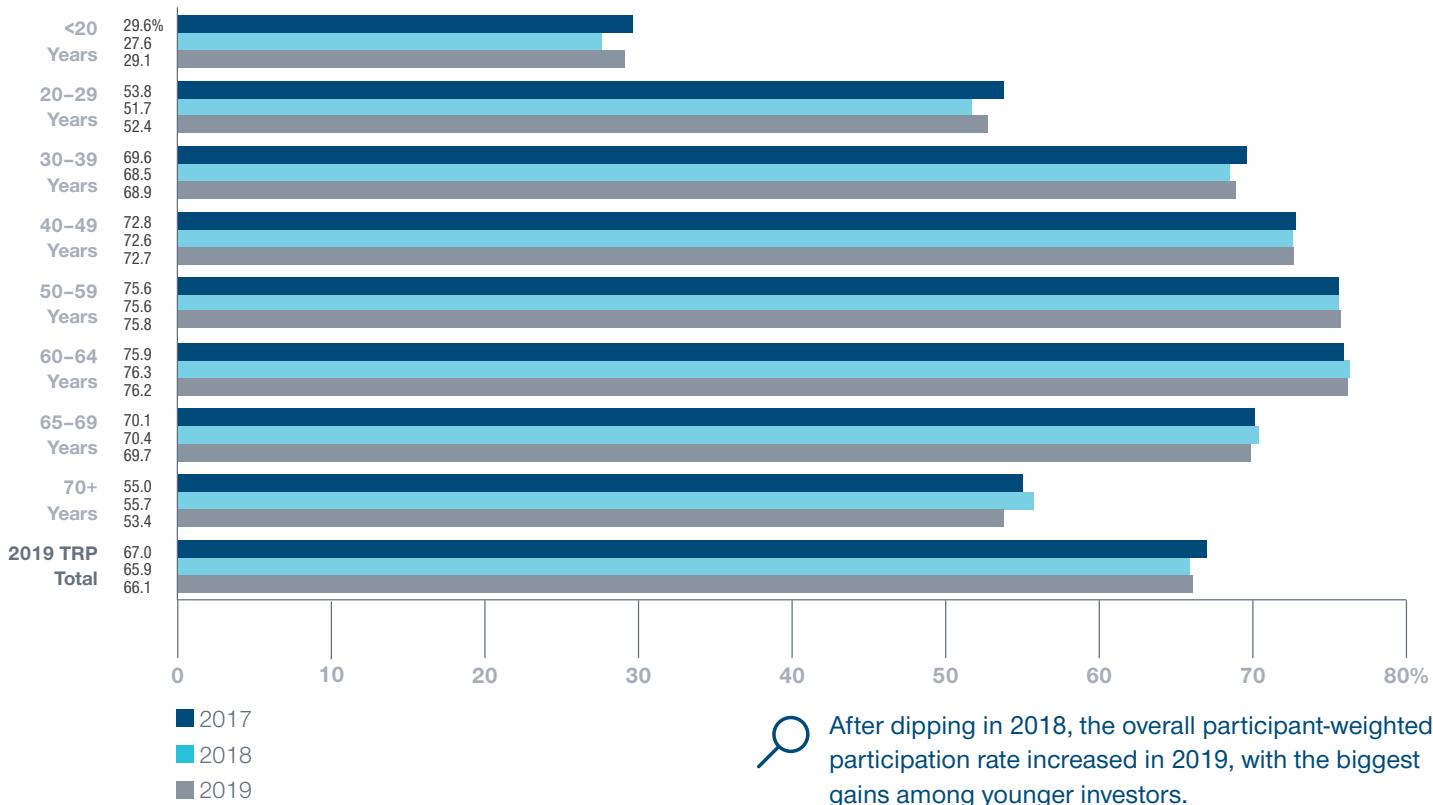
No. 9 PARTICIPATION RATE COMPARISON BY AGE—PARTICIPANT WEIGHTED



Participation was higher for every age cohort in plans with auto-enrollment, with auto-enrollment plans achieving nearly twice the participation rate overall.



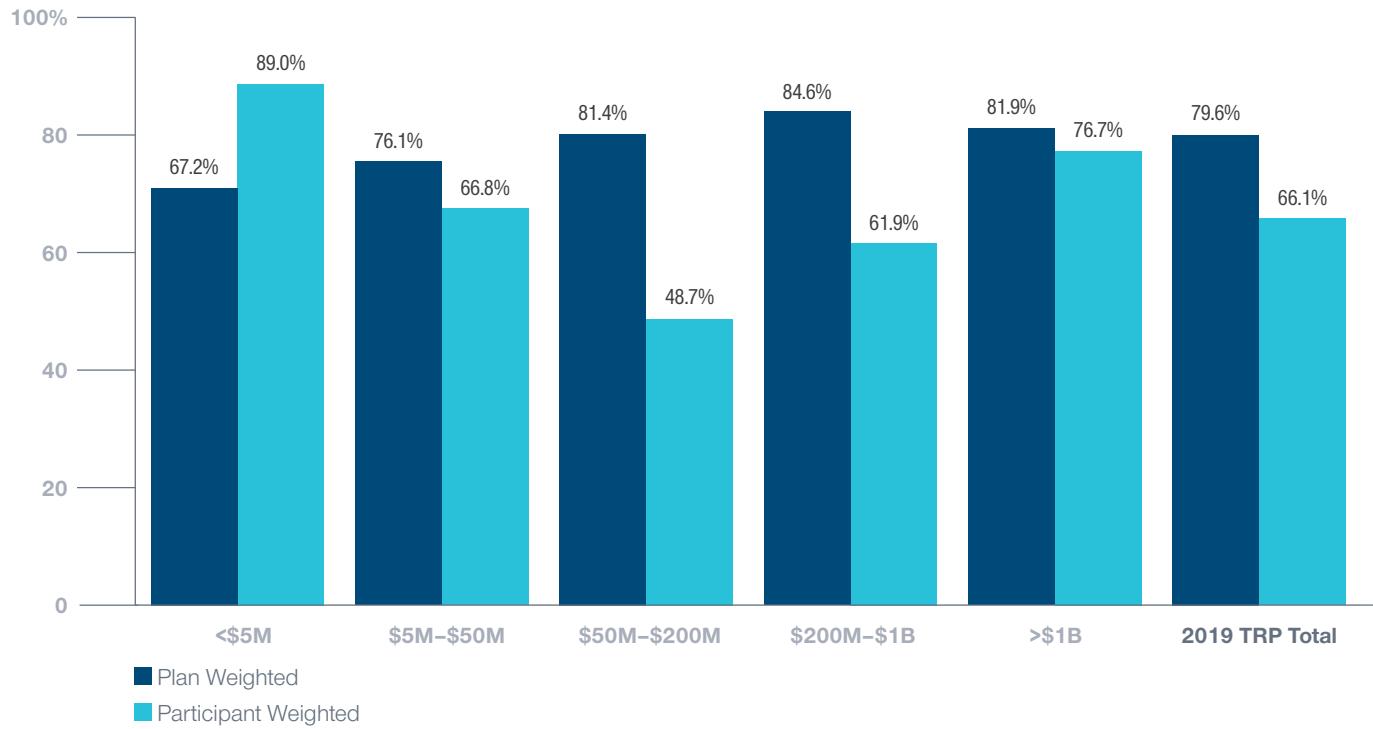
No. 10 PARTICIPATION RATE (PARTICIPANT WEIGHTED)—BY AGE



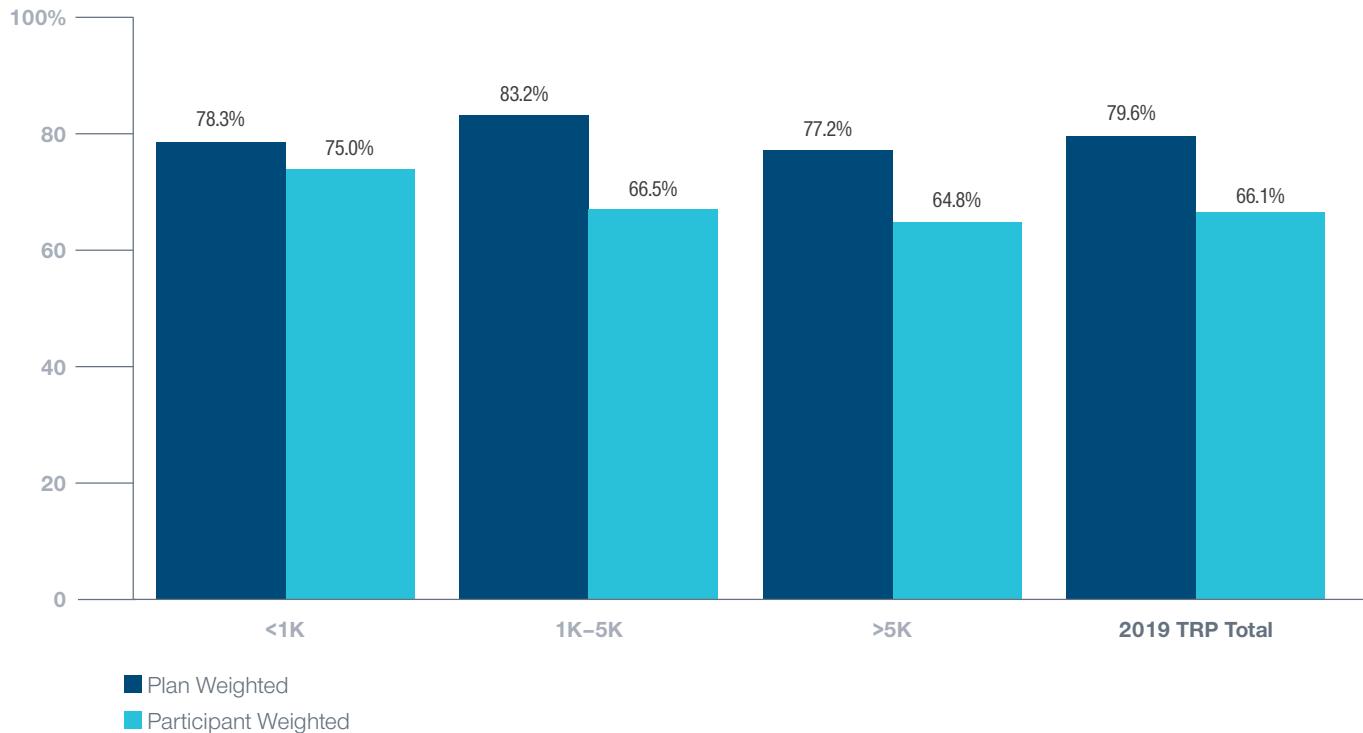
After dipping in 2018, the overall participant-weighted participation rate increased in 2019, with the biggest gains among younger investors.



No. 11 PARTICIPATION RATES BREAKDOWN—BY PLAN ASSETS



No. 12 PARTICIPATION RATES BREAKDOWN—BY PLAN PARTICIPANT COUNT



Reference Point

T. Rowe Price Defined Contribution Plan Data

As of December 31, 2019

Contributions

Employer Match and Roth Adoption Increases

GAINS IN EMPLOYER MATCH

As in 2018, some employers adjusted their match formulas in 2019 in an apparent move to incentivize more employees to save. Formulas that experienced the greatest change in adoption from 2018 to 2019 were:

- 100% up to 3%, plus 50% up to 2%: 18.1% of plans (up over three percentage points)
- 100% up to 3%, plus 50% up to 3%: 7.1% of plans (up nearly two percentage points)
- 100% up to 5%: 8.7% of plans (up nearly two percentage points)

The 50% up to 6% match formula experienced the greatest drop in popularity, falling over five percentage points to 21.7% in 2019.

These changes moved formulas to an effective match range of 4% to 5%. Possible reasons for the changes could include the tighter labor market in 2019, the federal corporate tax reduction in 2018, and an increased focus on employees' retirement security.

8.5% of participants with access to the Roth option are making Roth contributions

2019 INSIGHTS

- Employer match formulas are increasing, moving from a 3% to a 4% or 5% effective match range.
- Three out of four plans at T. Rowe Price now offer Roth contributions.
- Roth contributions and catch-up contributions reached all-time highs of 8.5% and 13.4%, respectfully.

ROTH ON THE RISE

Plan adoption of Roth contributions has increased consistently year over year. In 2019, 77.3% of plans offered the Roth option, an increase of more than four percentage points from 2018. Participant use of Roth contributions increased as well, with 8.5% of participants electing Roth (up from 7.6% in 2018).

While only a small percentage of the overall participant population made Roth contributions in 2019, the option is growing in popularity in many age cohorts:

Age 20–29: 9.6% • Age 30–39: 11% • Age 40–49: 8.5%

This trend could reflect participants' understanding of the long-term tax benefits the Roth option offers.

More than

1/3

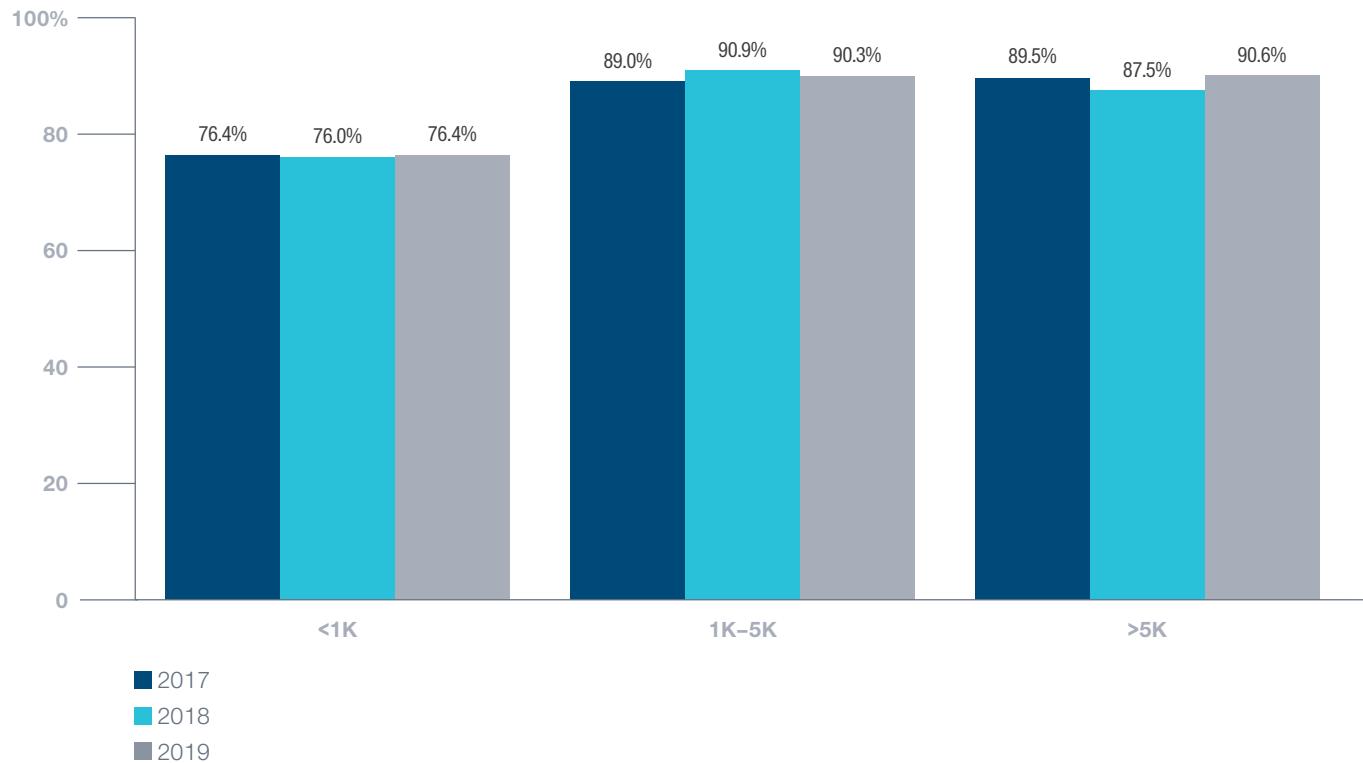
of eligible participants did not contribute in 2019—a population that needs additional attention and education.

While the average plan-weighted pretax deferral rate of 8.2% fell from the 10-year high of 8.6% in 2018, the participant-weighted pretax deferral rate rose slightly to 7.6% in 2019.

The improved market conditions in 2019 helped contribute to a significant increase in account balances. The participant account balance average was just over \$100,555 in 2019, up from \$85,336 in 2018.

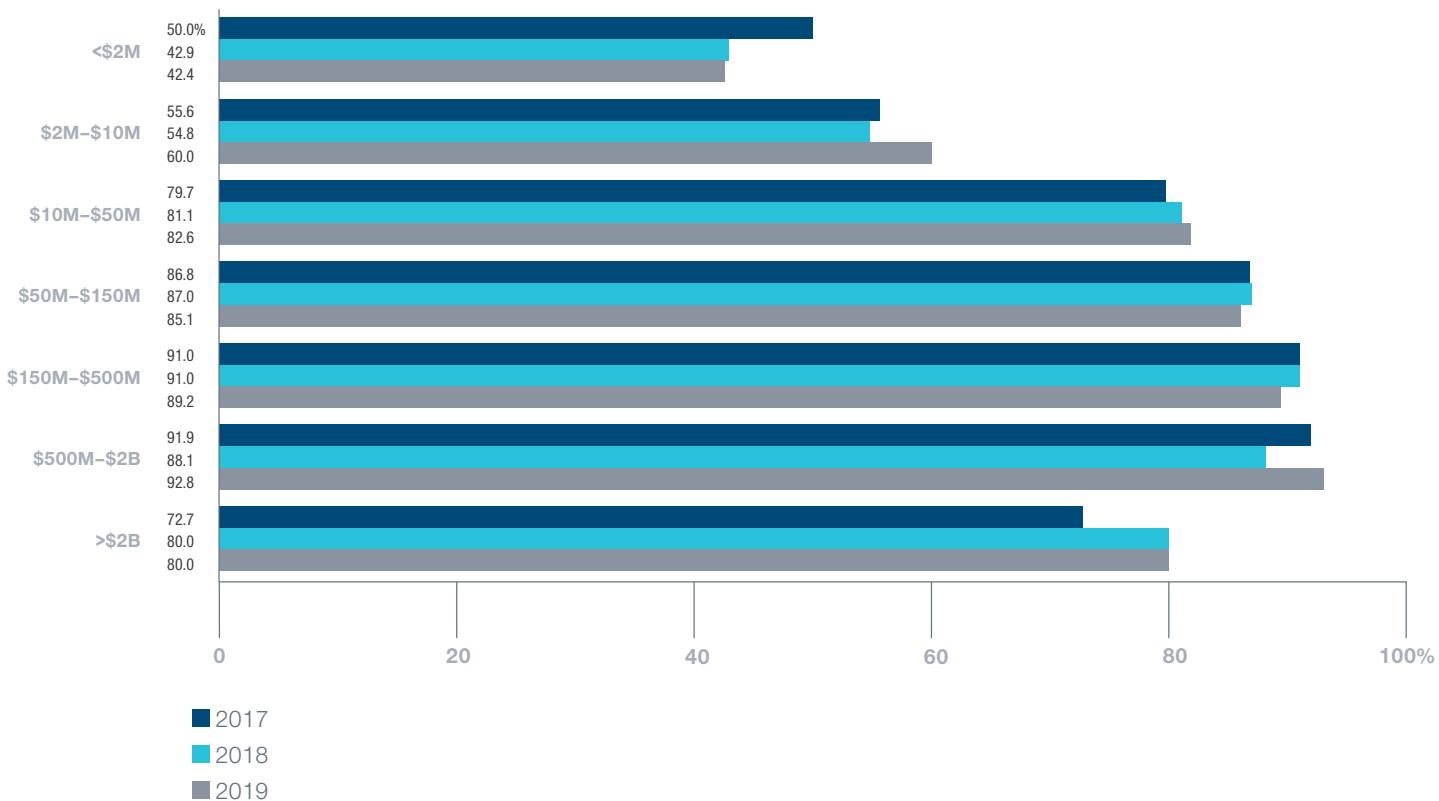


No. 1 PERCENTAGE OF PLANS WITH MATCH BY NUMBER OF PARTICIPANTS

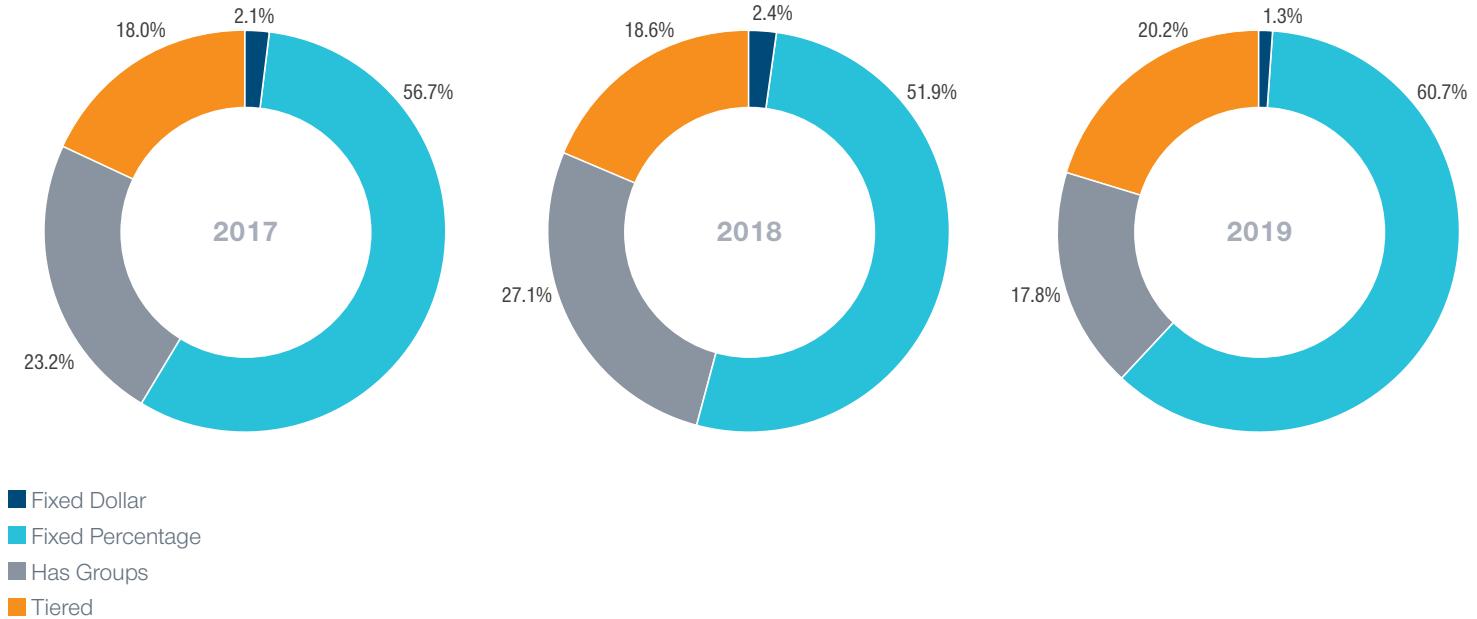




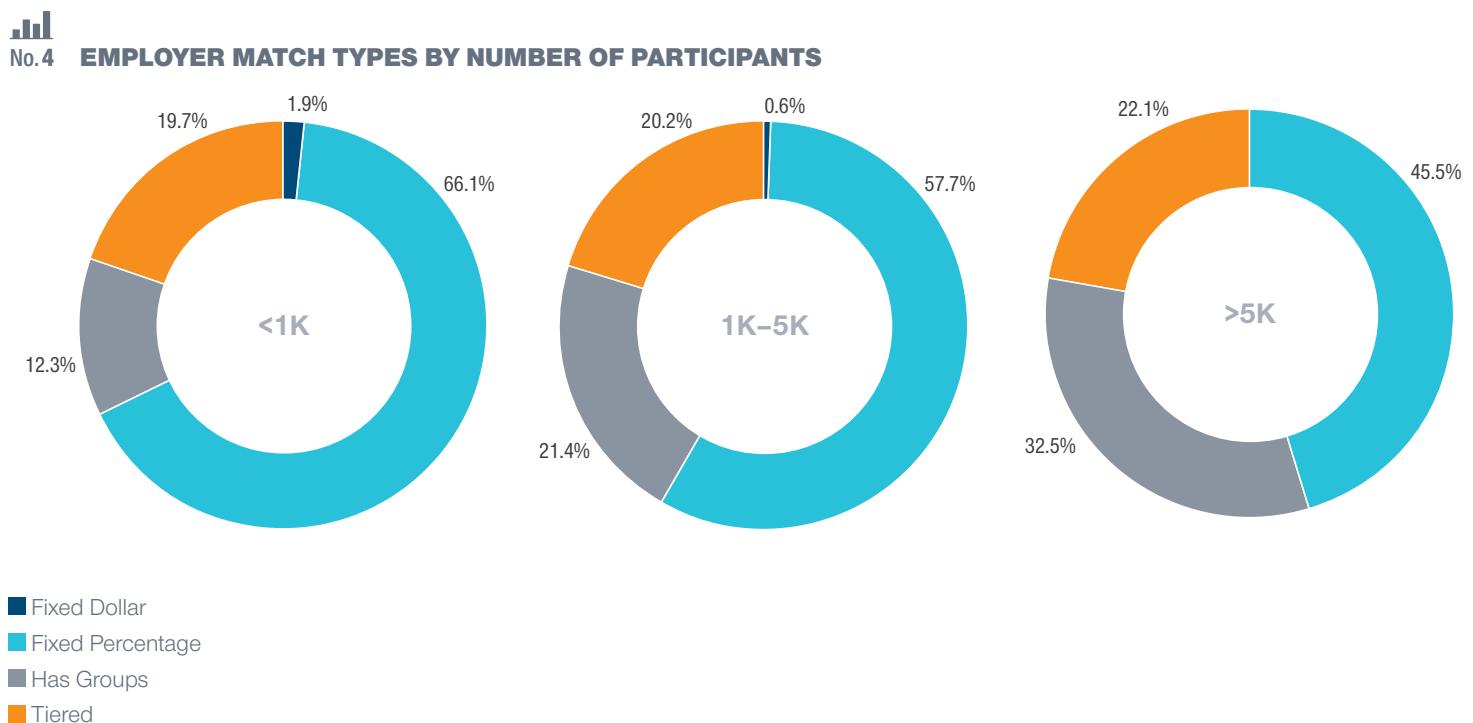
No. 2 PERCENTAGE OF PLANS WITH MATCH FORMULAS BY ASSETS



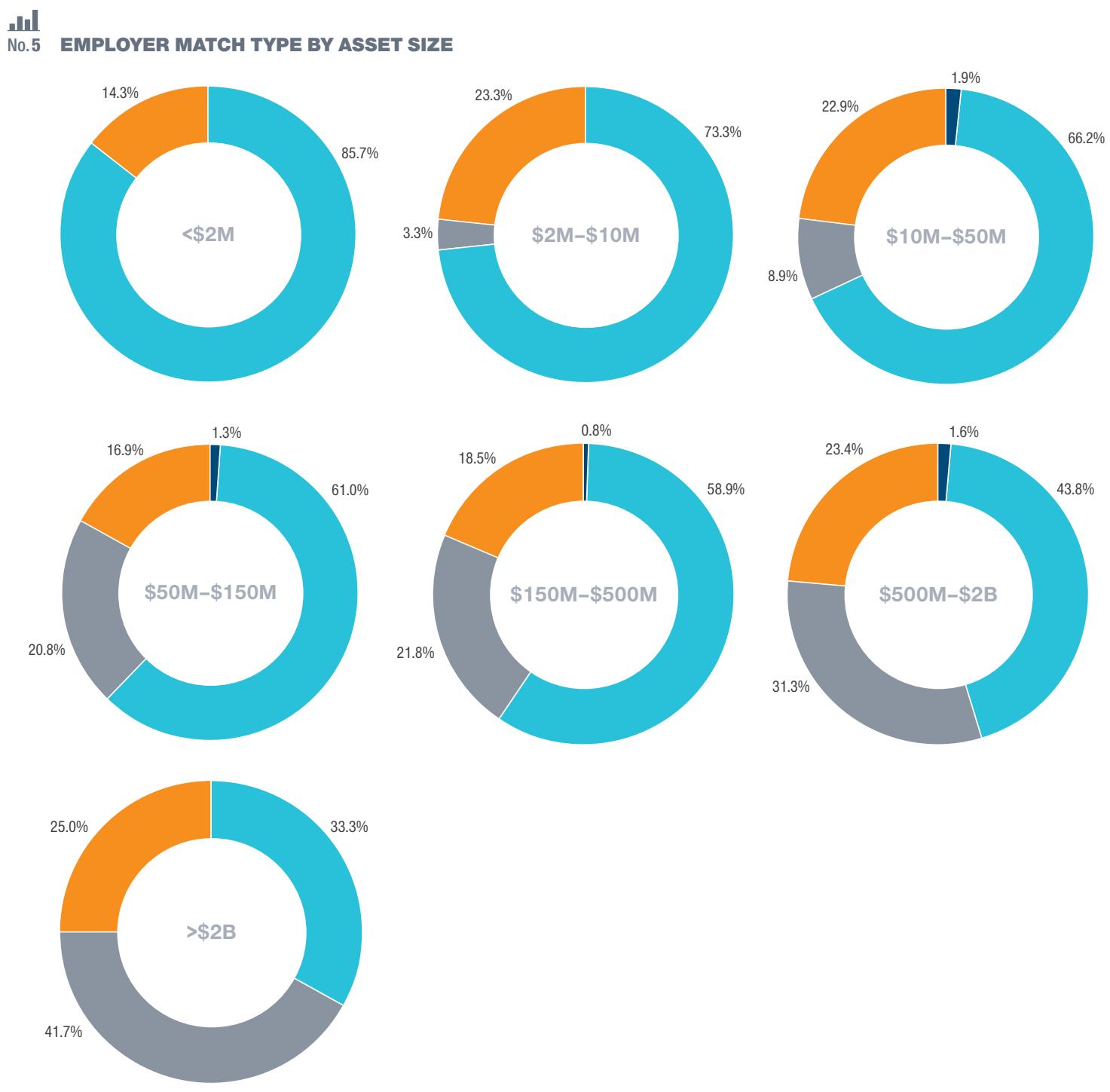
No. 3 EMPLOYER MATCH TYPE



"Has groups" refers to plans that have multiple match formulas for different groups of employees. For example, union versus nonunion or full time versus part time.



"Has groups" refers to plans that have multiple match formulas for different groups of employees. For example, union versus nonunion or full time versus part time.



■ Fixed Dollar

■ Fixed Percentage

■ Has Groups

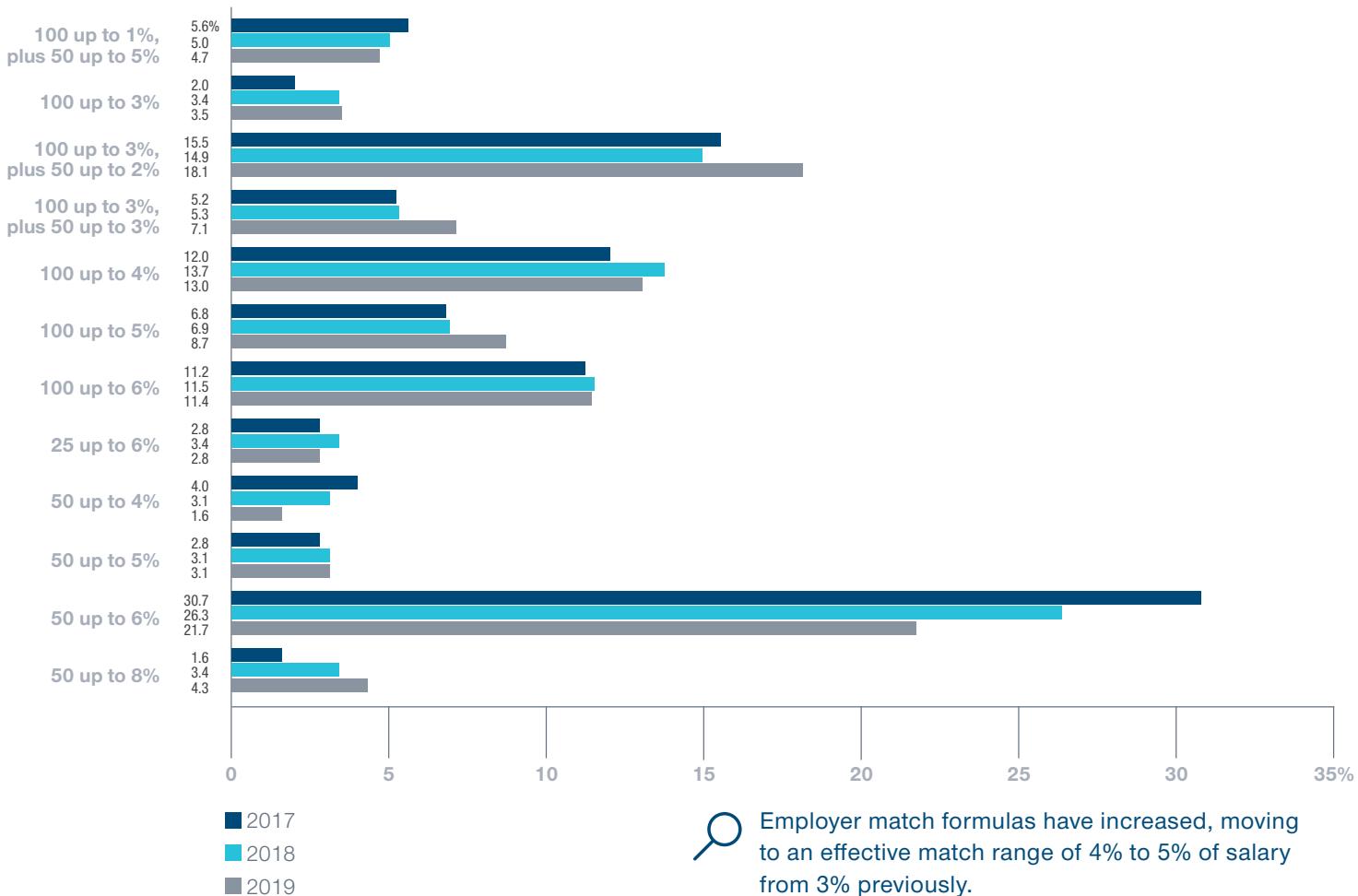
■ Tiered

Totals may not add to 100% due to rounding.

"Has groups" refers to plans that have multiple match formulas for different groups of employees. For example, union versus nonunion or full time versus part time.

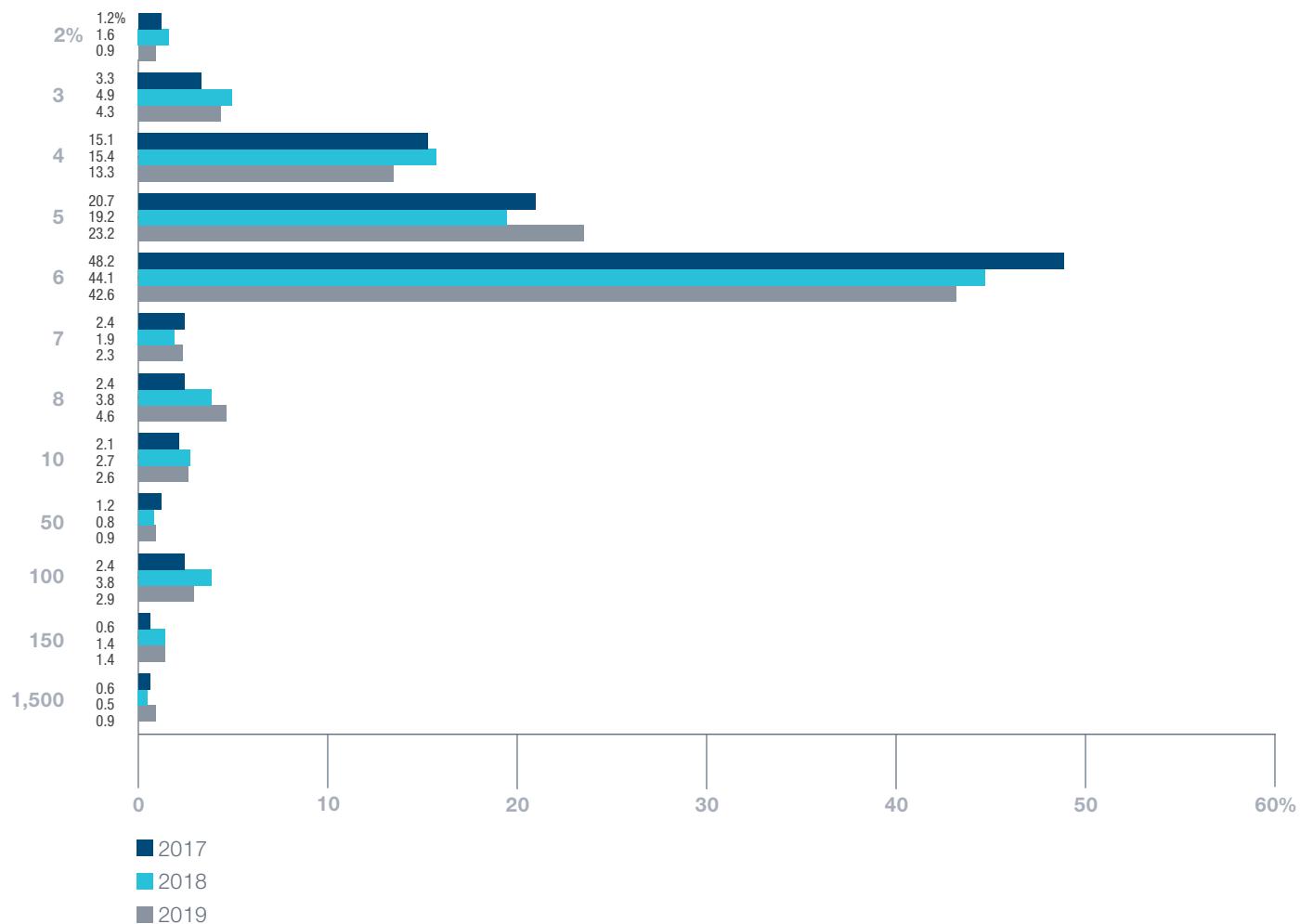


No. 6 TOP MATCH FORMULAS





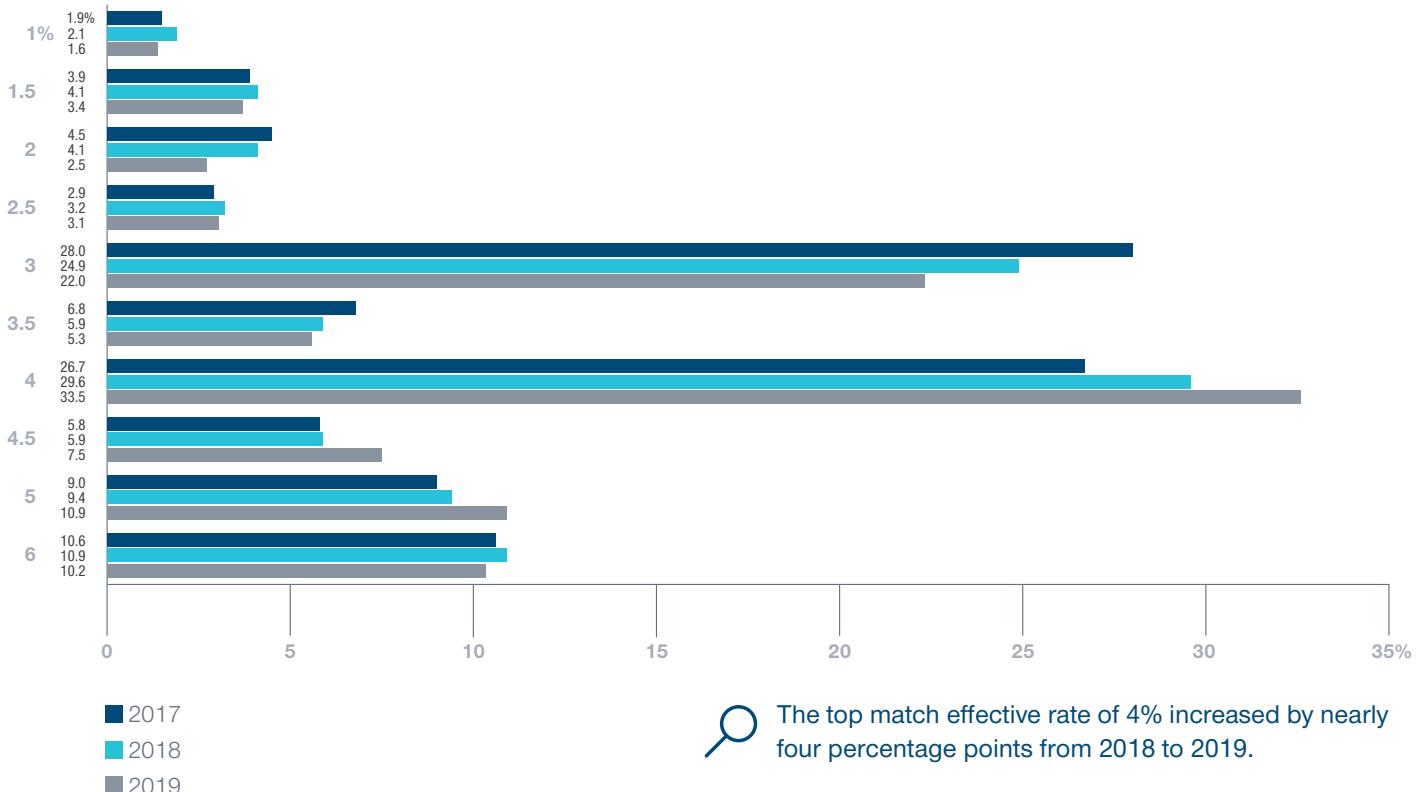
No. 7 **TOP MATCH CEILINGS***



*Match ceiling is the amount that a participant needs to contribute to take full advantage of the company match.



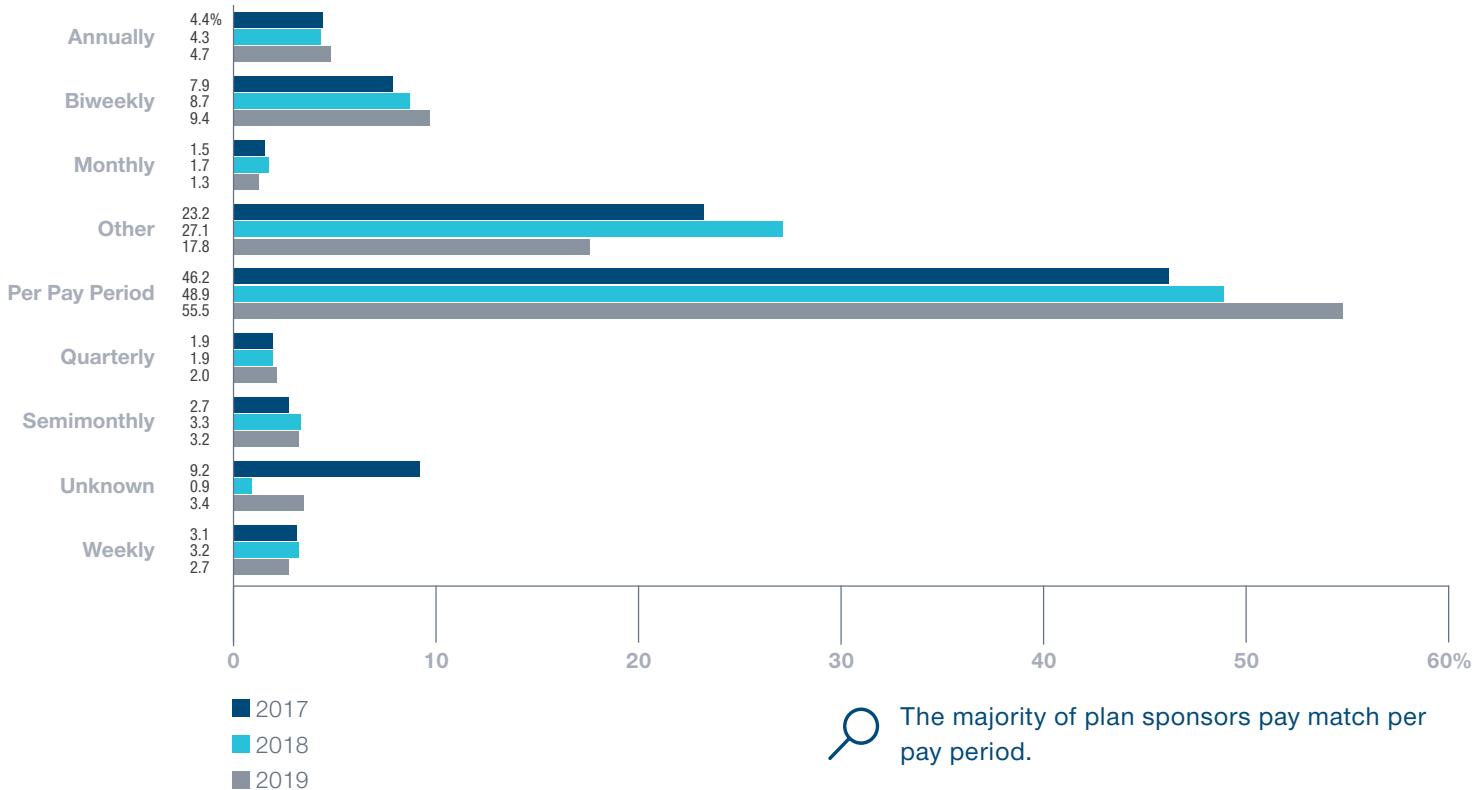
No.8 TOP MATCH EFFECTIVE RATES*

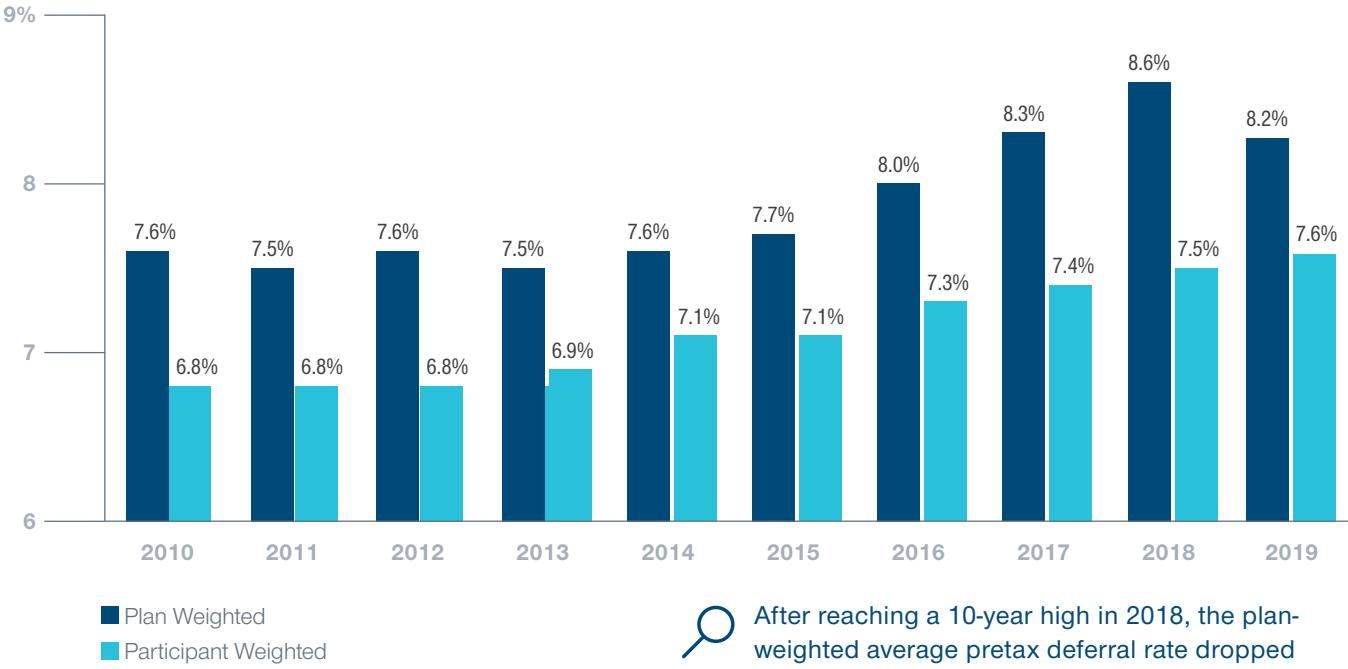


*The match effective rate is identified by multiplying the percentage that is matched by the amount of the match. Example: A plan that matches 100% of contributions up to 6% has an effective rate of 6%, while a plan that matches 50% of contributions up to 6% has an effective rate of 3%.



No.9 PLAN USAGE OF FREQUENCIES FOR MATCH EXECUTION



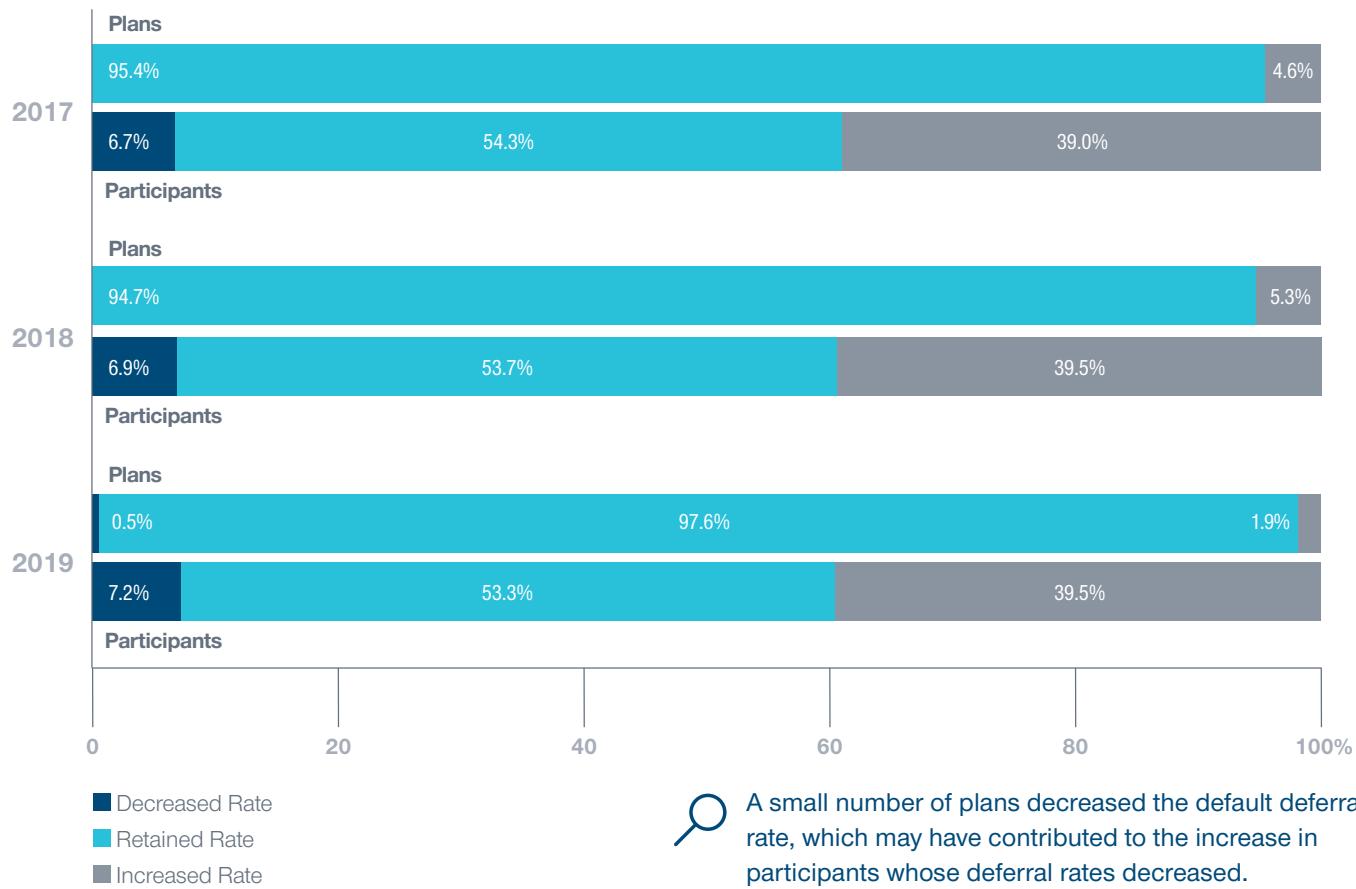
**No. 10 AVERAGE EMPLOYEE PRETAX DEFERRALS**

After reaching a 10-year high in 2018, the plan-weighted average pretax deferral rate dropped slightly in 2019.





No.11 DEFAULT DEFERRAL RATE ACTIONS



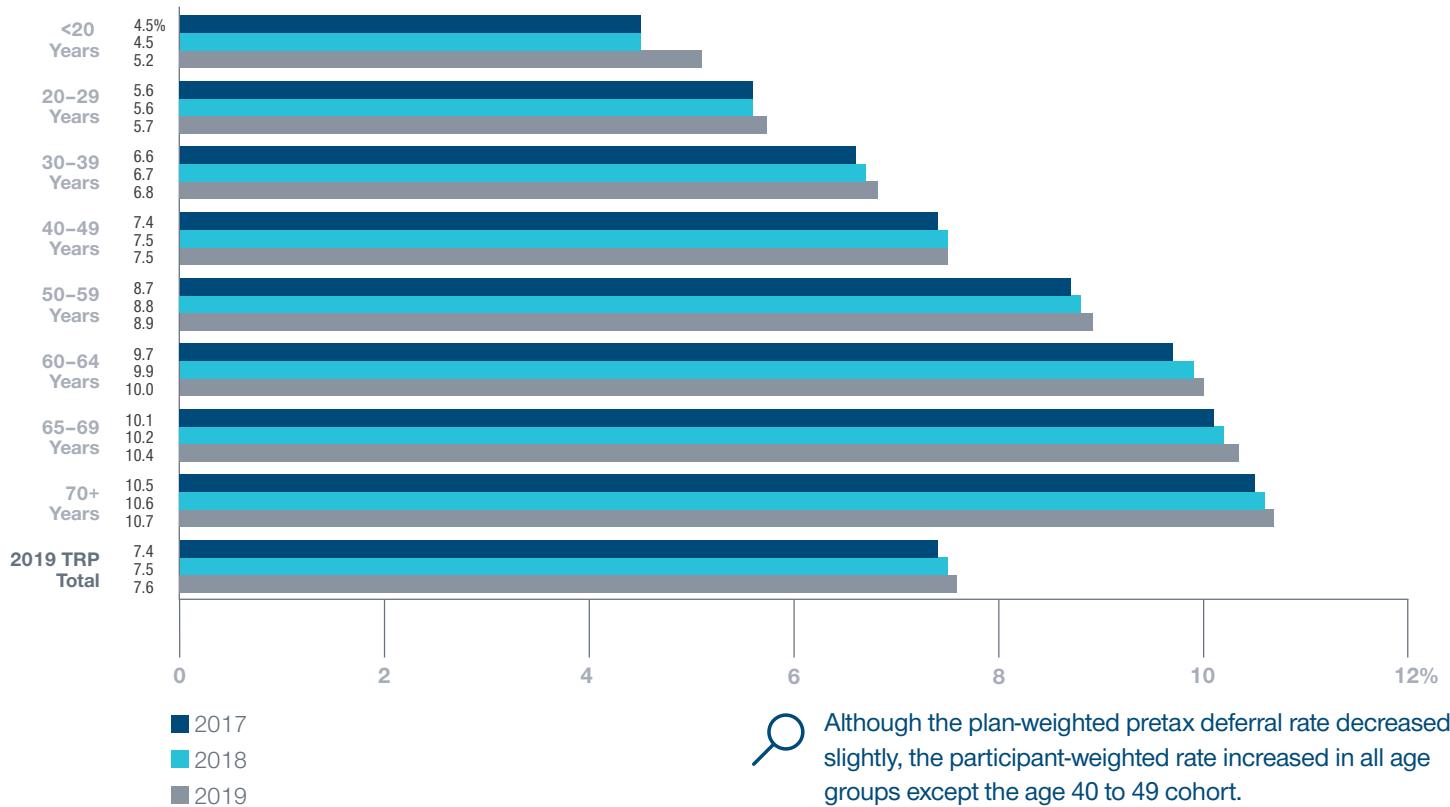
A small number of plans decreased the default deferral rate, which may have contributed to the increase in participants whose deferral rates decreased.

Note: This chart represents the percentage of auto-enrollment plans that adjusted participants' default deferral rates and the percentage of participants who adjusted a deferral rate during the given period.

Numbers may not total 100% due to rounding.



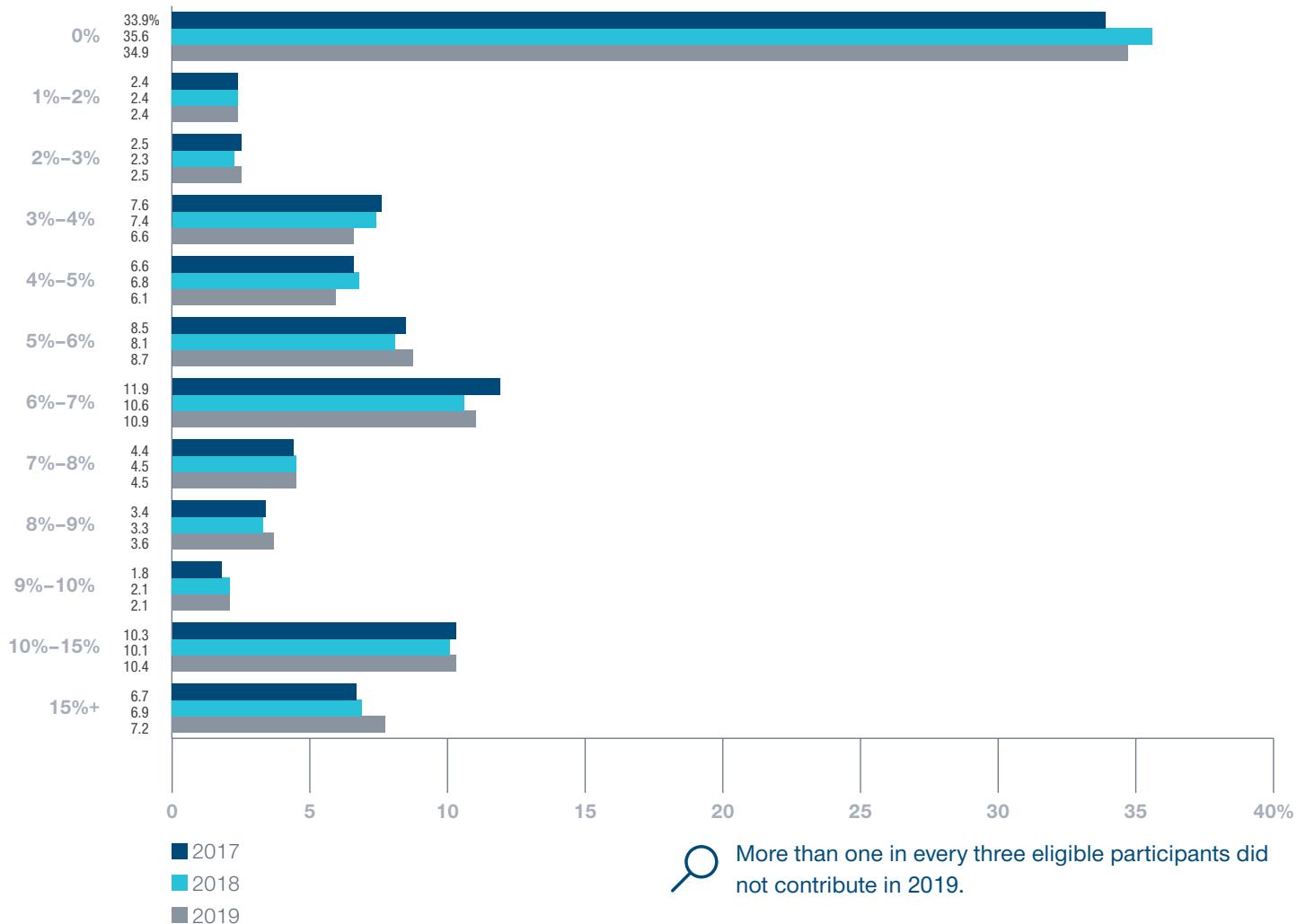
No. 12 AVERAGE PRETAX DEFERRAL RATES—BY AGE



Although the plan-weighted pretax deferral rate decreased slightly, the participant-weighted rate increased in all age groups except the age 40 to 49 cohort.

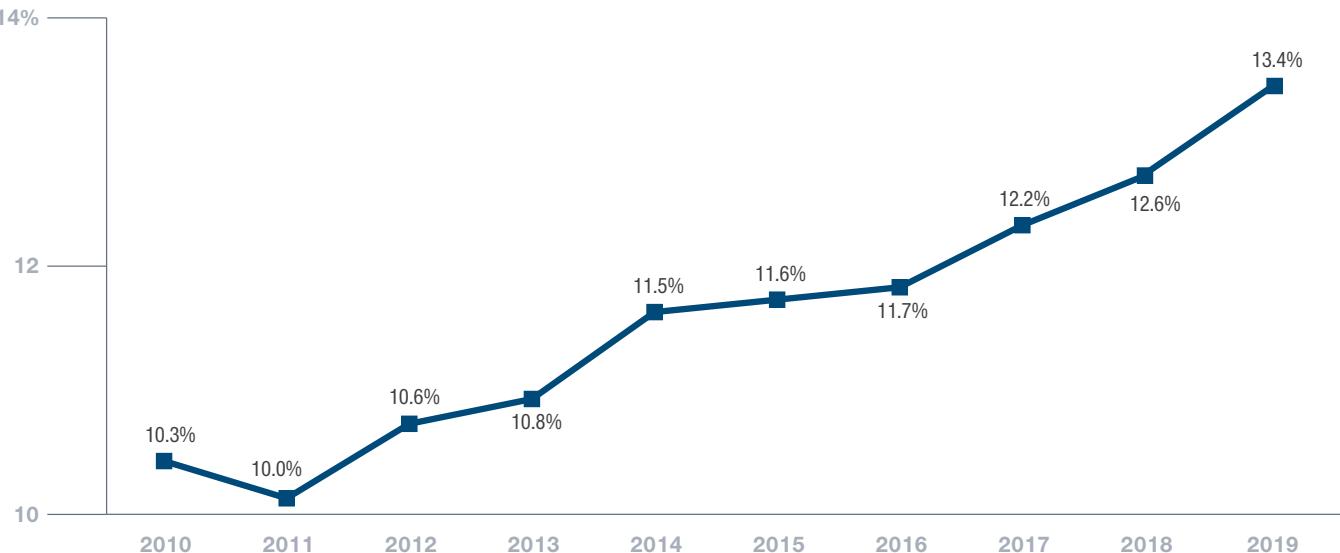


No.13 PERCENTAGE OF PARTICIPANTS AT EACH DEFERRAL AMOUNT





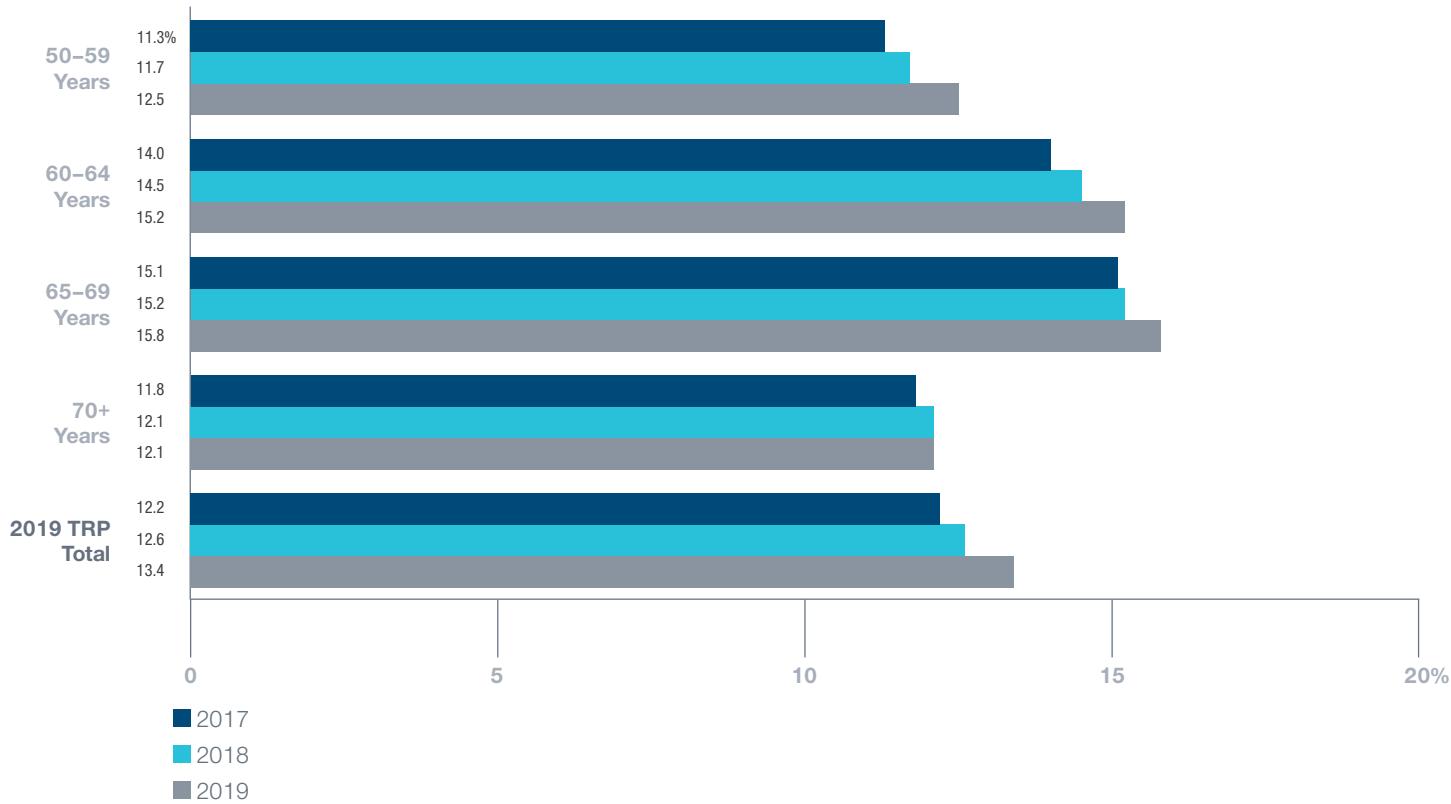
No. 14 PERCENTAGE OF PARTICIPANTS WITH CATCH-UP CONTRIBUTIONS



Catch-up contributions reached a 10-year high of 13.4% in 2019. However, the majority of age-eligible participants do not make catch-up contributions.

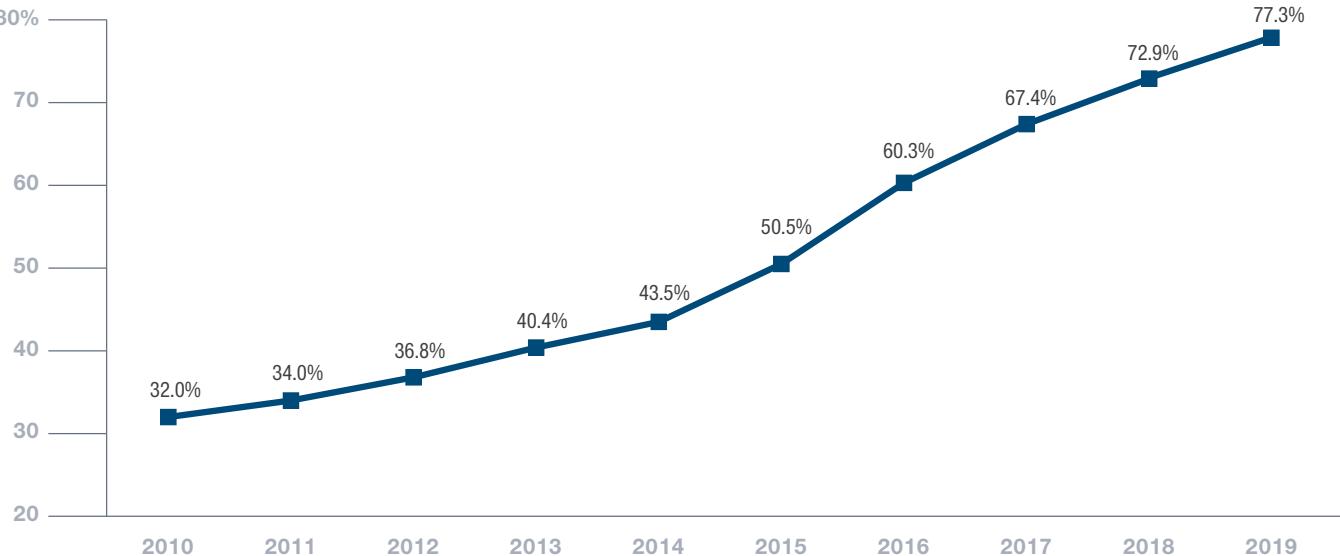


No. 15 CATCH-UP CONTRIBUTIONS—BY AGE





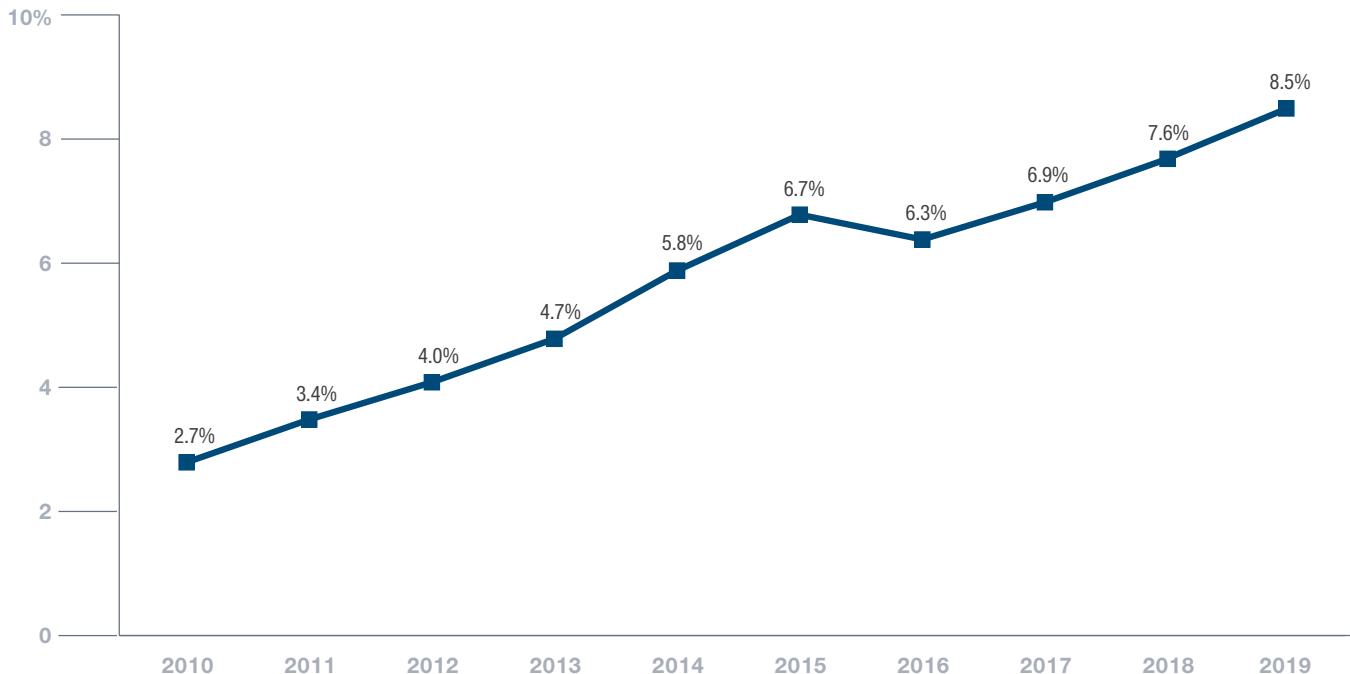
No. 16 PERCENTAGE OF PLANS OFFERING ROTH CONTRIBUTIONS



Plan adoption of the Roth option reached a 10-year high of 77.3% in 2019.



No. 17 PERCENTAGE OF PARTICIPANTS MAKING ROTH CONTRIBUTIONS



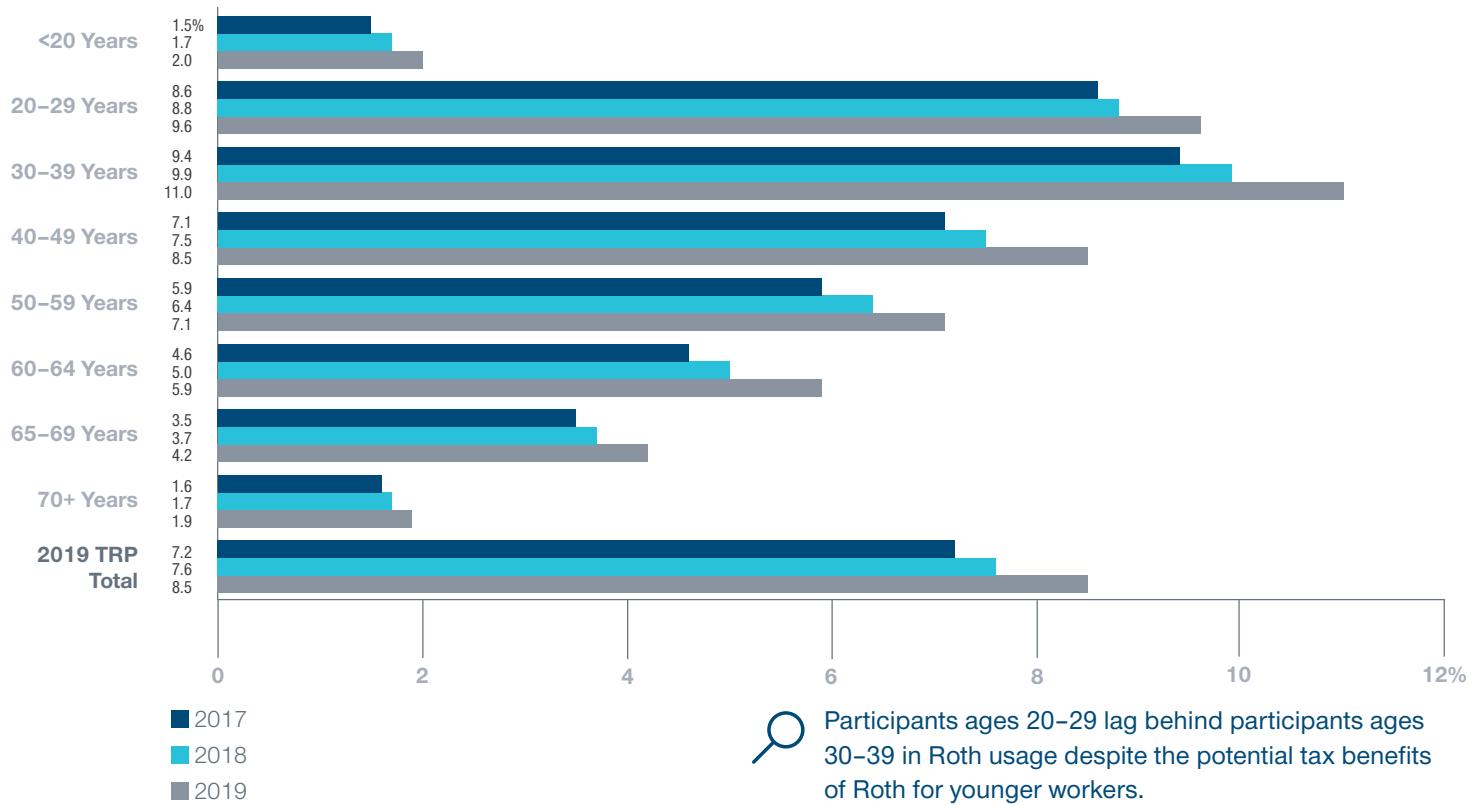
Data based on participants whose plans offer Roth contributions.



Participant usage of Roth contributions again reached an all-time high of 8.5%, indicating that more participants are recognizing the option's potential tax benefits.

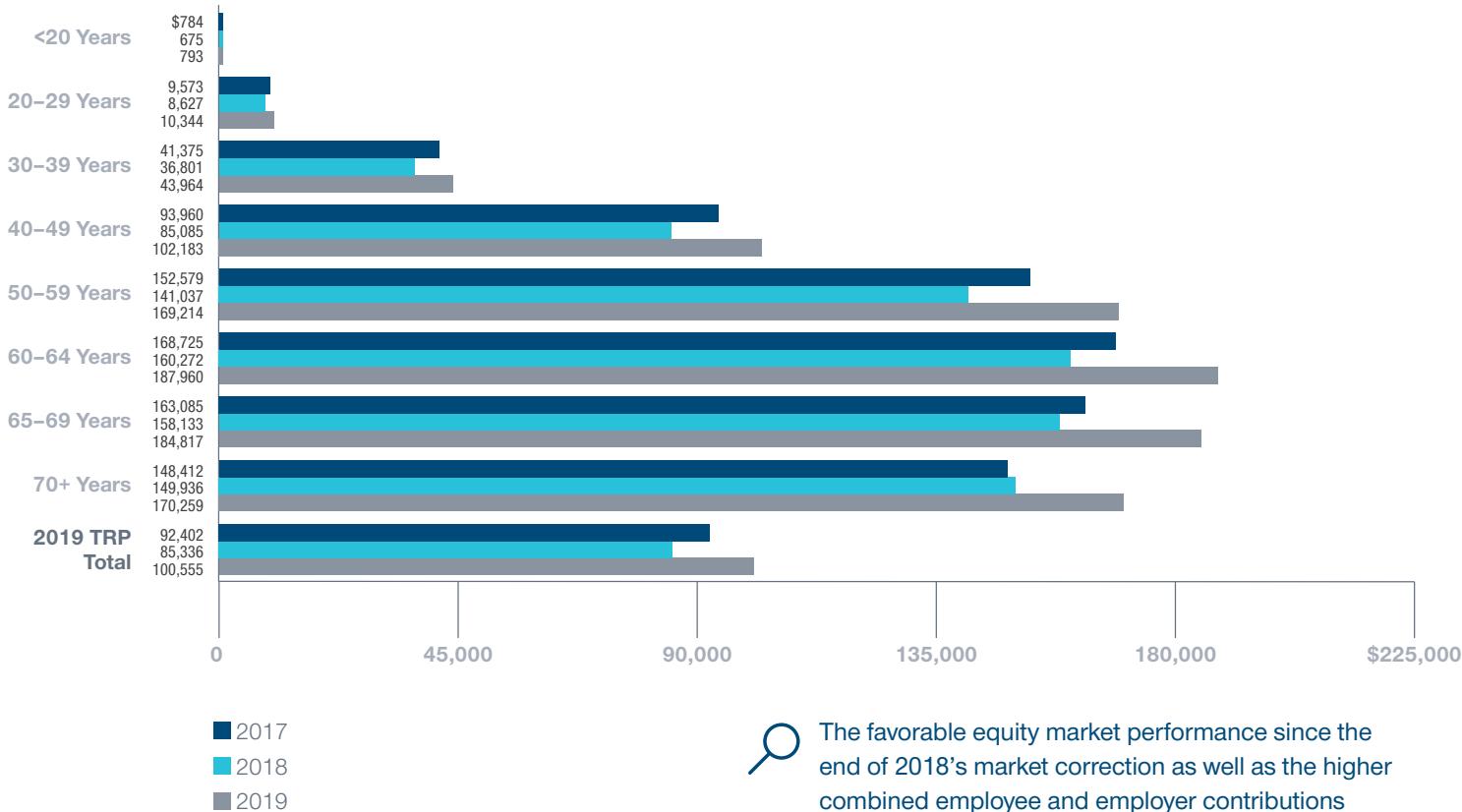


No. 18 PERCENTAGE OF PARTICIPANTS MAKING ROTH CONTRIBUTIONS—BY AGE





No. 19 AVERAGE ACCOUNT BALANCES—BY AGE



The favorable equity market performance since the end of 2018's market correction as well as the higher combined employee and employer contributions contributed to the increase in average account balance.

Reference Point

T. Rowe Price Defined Contribution Plan Data

As of December 31, 2019

Investments

Target Date Investments Lead Charge

The vast majority of plans (96%) at T. Rowe Price now offer target date investments to their participants, up nearly 10 percentage points since 2012. In 2019, target date investments held the highest percentage of total retirement plan assets under administration—42.9%. Only stock investments came close among the other asset types, at 33.8%.

As in 2017 and 2018, investment in target date investments increased across every age cohort, with the greatest gains made with those less than 20 years of age (80.4%) and those age 30 to 39 (60.4%).

Investment rates in target date investments continue to be higher in the younger age cohorts, given their popularity as the default investment for participants who are automatically enrolled. As these participants age, the percentage of older participants invested in target date investments should naturally increase.

COMPANY STOCK AND LARGER PLANS

Asset allocations across plans with different participant and asset sizes are fairly similar, with one notable exception: company stock.

Larger plans tend to have higher allocations to company stock. Among plans with total assets of greater than \$1 billion, company stock holdings averaged 11.4%, exceeding the 10% maximum rule of thumb for retirement assets. While this is partially a function of the long-running bull market that continued through 2019, plan sponsors may consider educating participants about the higher risk that comes with undiversified investments such as company stock.

2019 INSIGHTS

- Investment in target date products increased across all age cohorts.
- The number of investments offered by plans and held by participants held steady at an average of 16.1 investments per plan investment lineup and an average 2.4 investments by participant.

The percentage of participants with their entire account balance in a target date investment was

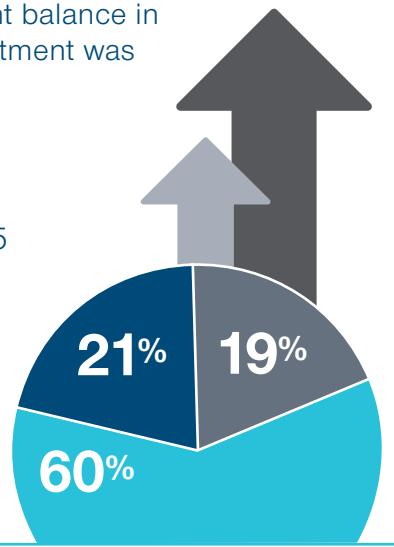
15%

HIGHER in 2019
than it was in 2015

No Target Date

Partial Balance
in a Target Date

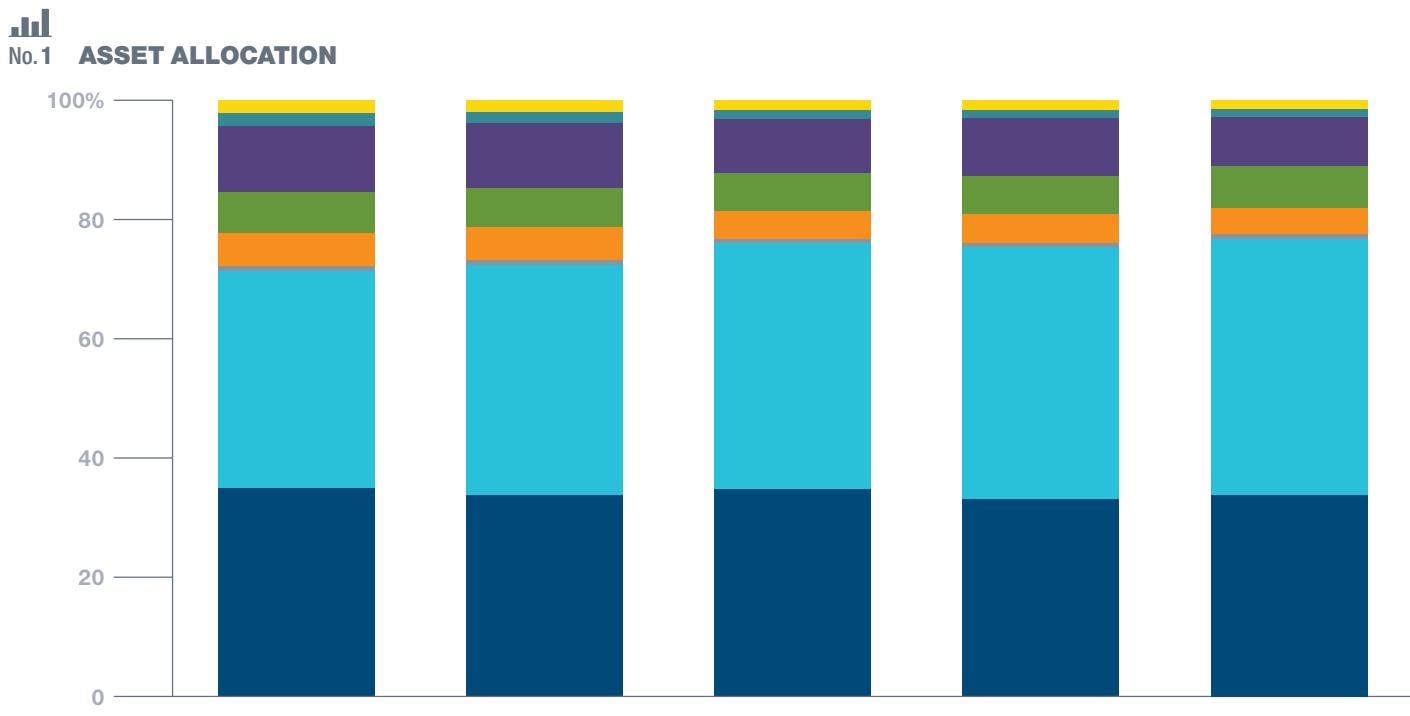
Entire Balance
in a Target Date



FIVE-YEAR LOW FOR MONEY MARKET/ STABLE VALUE INVESTMENTS

Despite some periods of volatility, stocks rebounded in 2019 from the 2018 year-end market correction. The market gains prompted participants to move assets from money market and stable value investments. Allocations to money market and stable value investments fell to 8.2%, down from 9.8% in 2018 and reaching a five-year low from 11% in 2015.

Call 1-800-922-9945 to request a prospectus, which includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.



Stocks	Company Stocks
Target Date	Money Market/Stability
Self-Directed Brokerage	Multi-Class
Bonds	Other Assets*

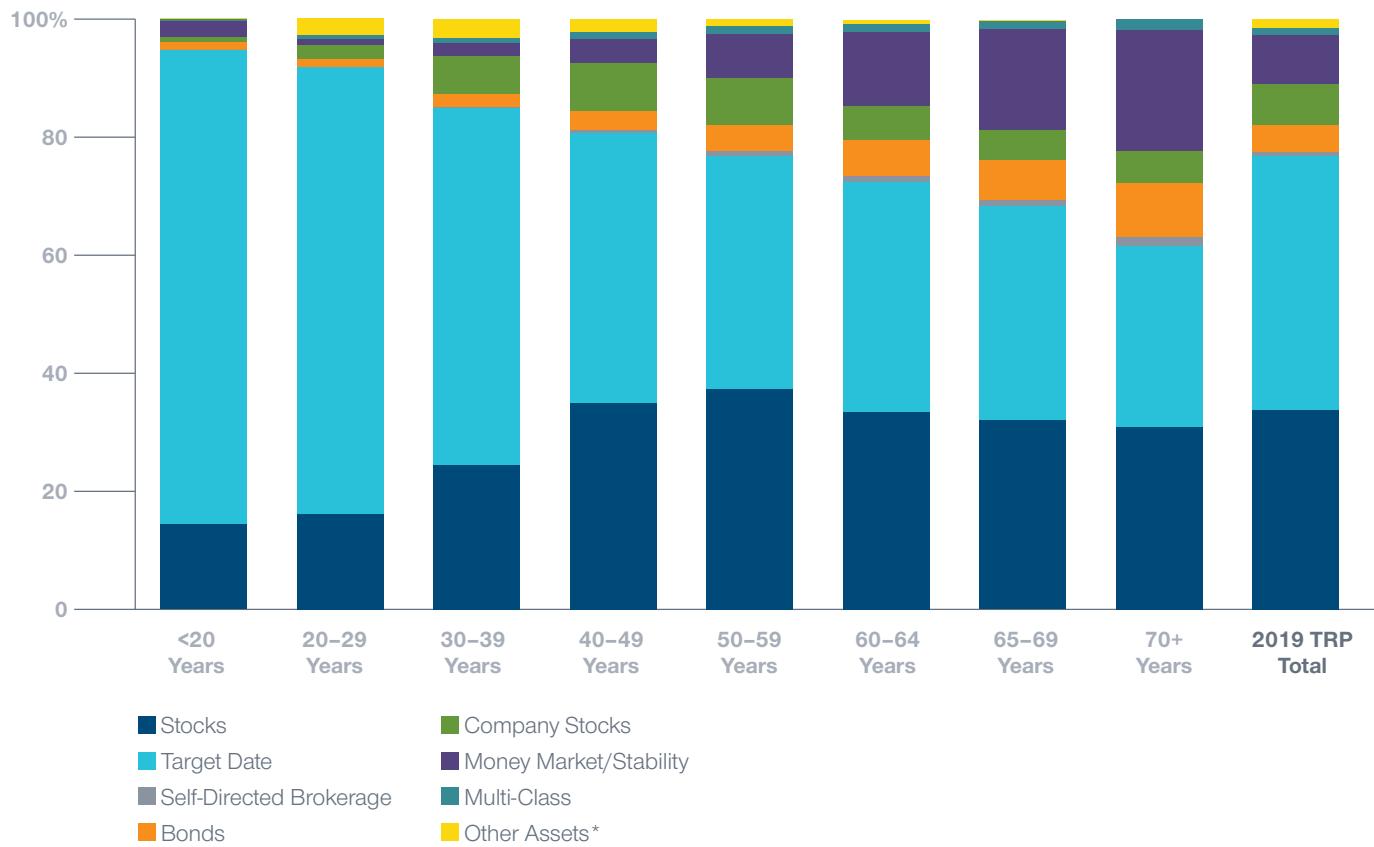
	Stocks	Target Date	Self-Directed Brokerage	Bonds	Company Stocks	Money Market/Stability	Multi-Class	Other Assets*
2015	34.9	36.4	0.9	5.5	6.9	11.0	2.3	2.1
2016	33.7	38.6	0.9	5.4	6.7	10.8	2.0	2.0
2017	34.8	41.2	0.7	4.7	6.4	8.9	1.6	1.7
2018	33.1	42.2	0.8	4.7	6.4	9.8	1.3	1.8
2019	33.8	42.9	0.8	4.5	7.0	8.2	1.2	1.6

*Other assets include loan and settlement amounts.
Numbers may not total 100% due to rounding.

 Stock and target date holdings increased and money market/stable value holdings decreased in 2019 following 2018's market downturn.



No. 2 ASSET ALLOCATION—BY AGE



	Stocks	Target Date	Self-Directed Brokerage	Bonds	Company Stocks	Money Market/Stability	Multi-Class	Other Assets*
<20 Years	14.4%	80.4%	—	1.2%	1.0%	2.7%	0.2%	0.2%
20-29 Years	16.2	75.6	0.1%	1.2	2.5	1.0	0.7	2.8
30-39 Years	24.5	60.4	0.2	2.1	6.5	2.2	0.8	3.3
40-49 Years	35.0	45.6	0.6	3.2	8.1	4.1	1.1	2.3
50-59 Years	37.3	39.5	0.8	4.5	7.8	7.6	1.2	1.3
60-64 Years	33.4	39.0	1.0	6.0	5.8	12.6	1.3	0.7
65-69 Years	32.0	36.3	1.0	6.8	5.1	17.0	1.4	0.3
70+ Years	30.9	30.5	1.6	9.3	5.3	20.6	1.7	0.1
2019 TRP Total	33.8	42.9	0.8	4.5	7.0	8.2	1.2	1.6

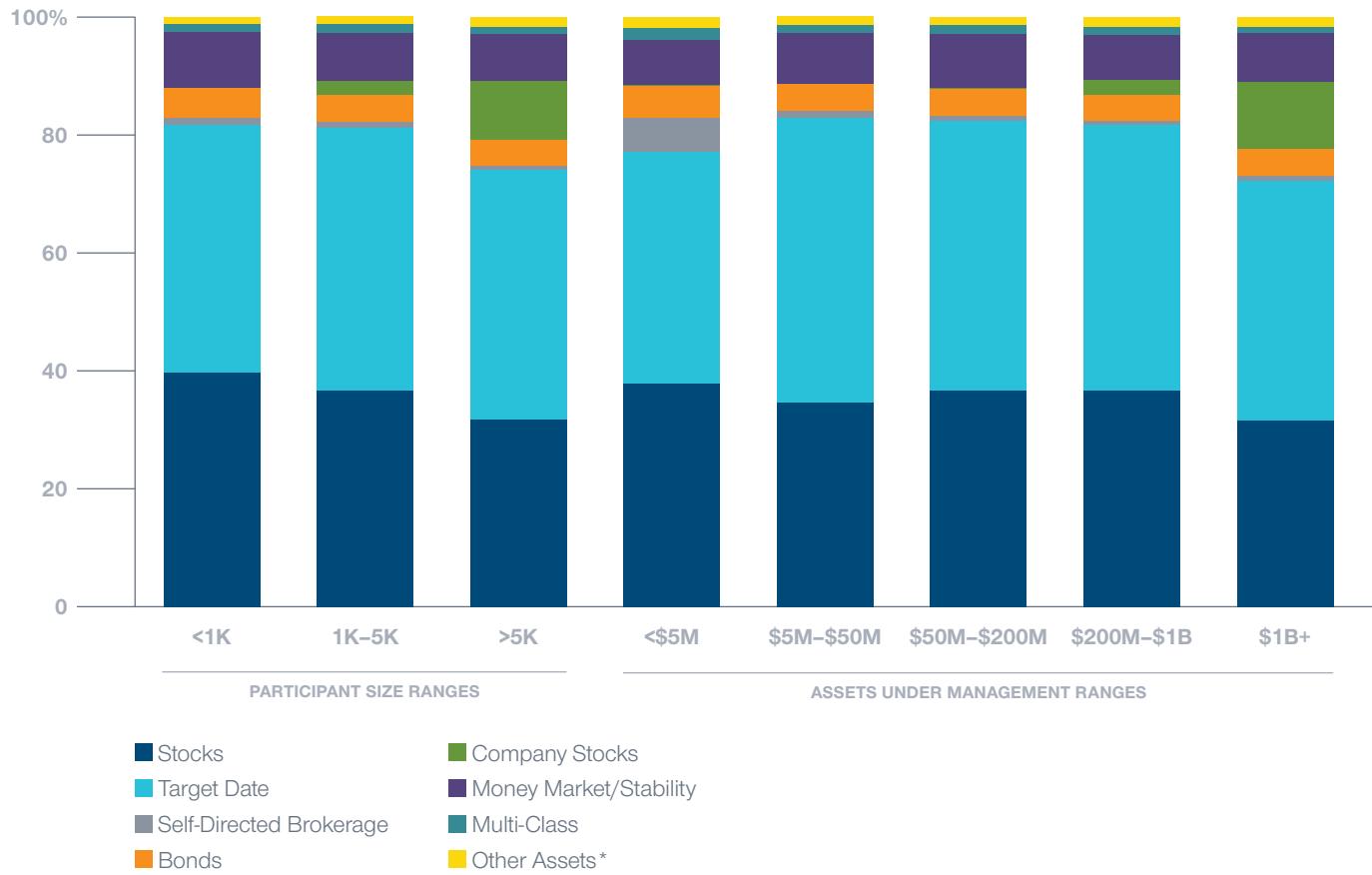
*Other assets include loan and settlement amounts.
Numbers may not total 100% due to rounding.



Investment in target date products is more prevalent among younger participants, but percentages among the older cohorts should increase as these younger participants age.



No.3 ASSET ALLOCATION

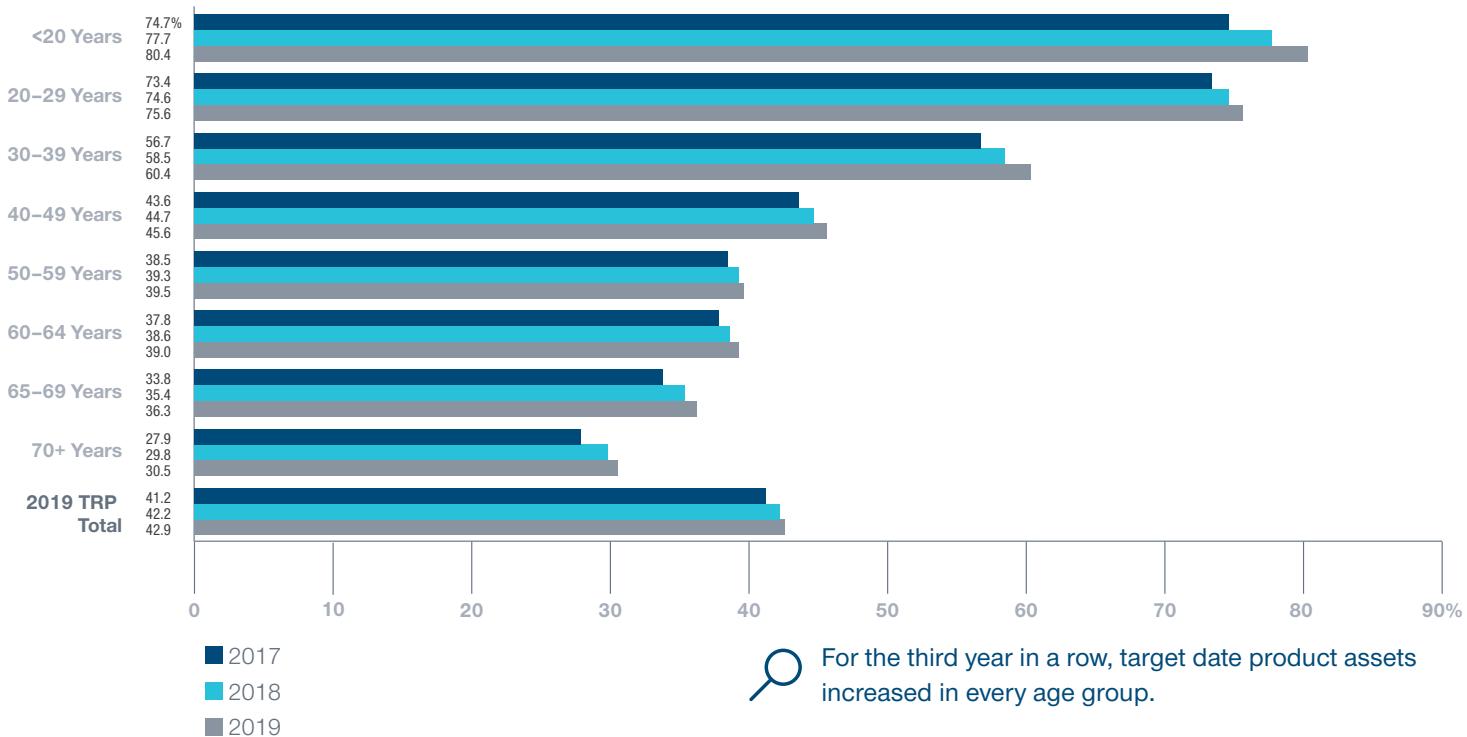


*Other assets include loan and settlement amounts.

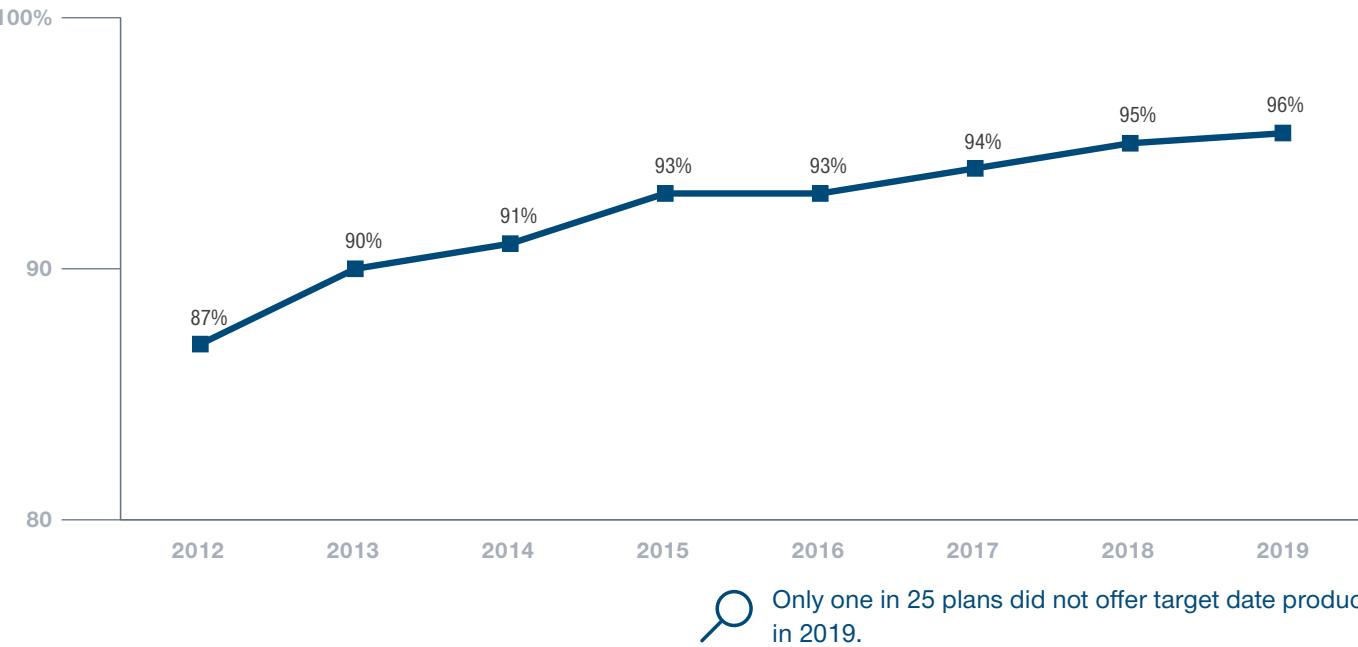
Note: The assets under management ranges refer to those plans where assets under management fall within the specified ranges. The participant size ranges refer to those plans where total participant counts fall within the specified ranges. Numbers may not total 100% due to rounding.



No. 4 PERCENTAGE OF ASSETS IN A TARGET DATE PRODUCT—BY AGE

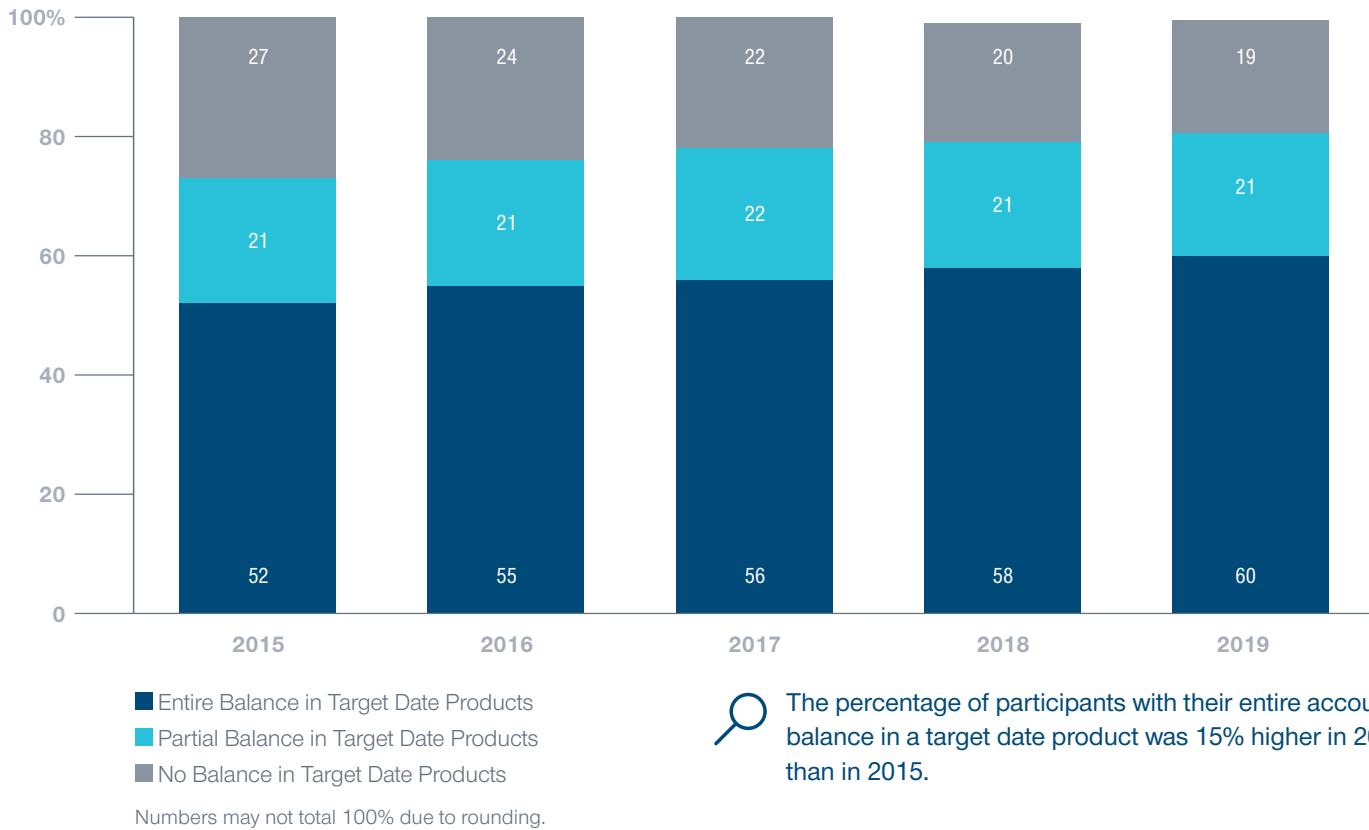


No. 5 PERCENTAGE OF PLANS OFFERING TARGET DATE PRODUCTS





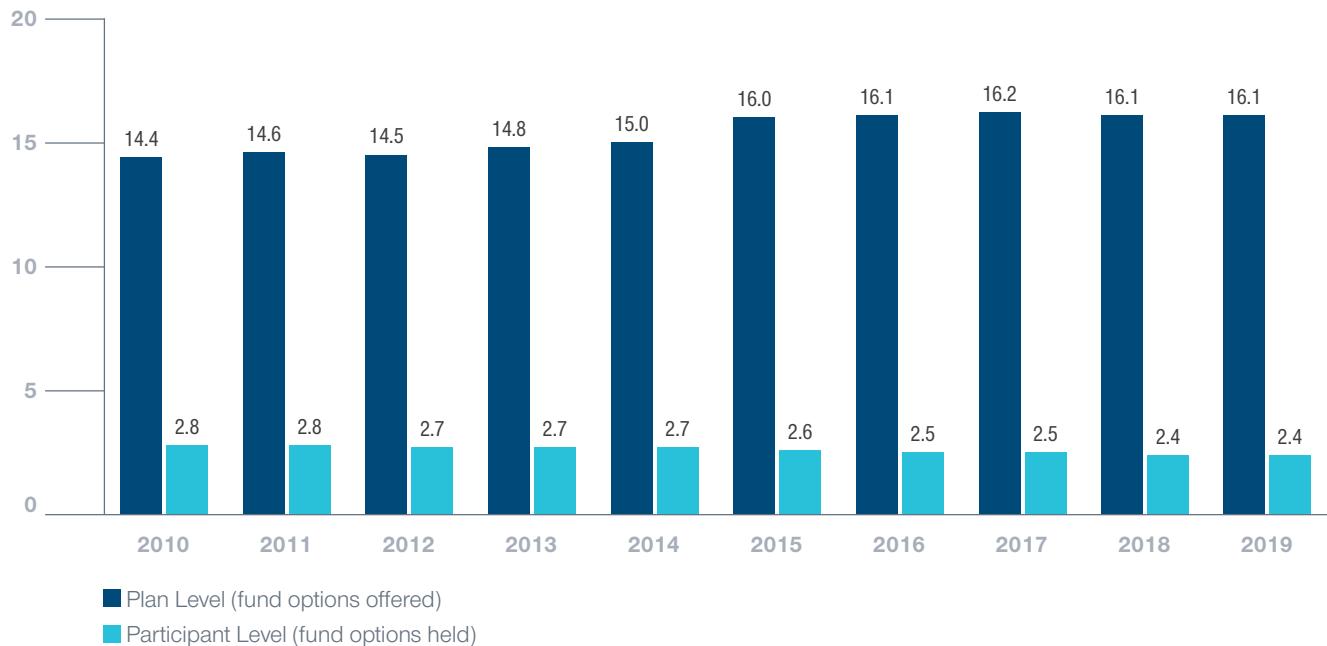
No. 6 TARGET DATE PRODUCT INVESTMENT COMPARISON—PERCENTAGE OF PARTICIPANTS



The percentage of participants with their entire account balance in a target date product was 15% higher in 2019 than in 2015.



No. 7 AVERAGE NUMBER OF FUNDS





No. 8 TYPES OF INVESTMENT OPTIONS OFFERED

	<1K Participants	1K-5K Participants	>5K Participants	2019 TRP Total
Stability				
Money Market-Non-40 Act	3%	2%	12%	4%
Stable Value	80	89	86	83
U.S. Money Market	92	98	89	93
Fixed Income				
Corporate Bond	1	1	5	1
Emerging Markets Fixed Income	2	1	2	2
Global Fixed Income	15	15	9	14
High Yield Fixed Income	15	12	12	14
Inflation Linked	23	28	31	25
U.S. Fixed Income	96	100	98	97
Asset Allocation				
Aggressive Allocation	3	4	4	3
Allocation	2	3	2	2
Cautious Allocation	33	33	24	32
Convertibles	0	1	—	0
Flexible Allocation	1	1	—	1
Moderate Allocation	43	38	28	40
Target Date	93	99	99	96
U.S. Equity				
U.S. Equity Large-Cap	98	99	98	98
U.S. Equity Mid-Cap	87	91	85	88
U.S. Equity Small-Cap	91	94	88	91
International Equity				
Asia Equity	0	1	—	0
Asia ex-Japan Equity	2	2	1	2
Emerging Markets Equity	40	41	26	39
Europe Equity Large-Cap	1	1	1	1
Global Equity	11	11	19	12
Global Equity Large-Cap	94	98	92	95
Global Equity Mid-/Small-Cap	15	14	11	14
Japan Equity	1	—	1	1
Latin America Equity	1	1	1	1
Sector Funds				
Communications Sector Equity	2	4	4	3
Energy Sector Equity	1	1	2	1
Financials Sector Equity	1	1	4	1
Health Care Sector Equity	6	3	5	5
Industrials Sector Equity	0	—	—	0
Natural Resources Sector Equity	6	7	1	6
Precious Metals Sector Equity	0	1	—	0
Real Estate Sector Equity	29	27	25	28
Technology Sector Equity	14	8	8	12
Utilities Sector Equity	2	2	1	2
Commodities				
Commodities Broad Basket	1	3	1	2
Alternatives				
Multi-alternative	1	—	—	1

Note: Participant ranges define those plans where total participant counts fall within the specified ranges. Investment category labels were derived from recognized Morningstar categories.



No. 9 TYPES OF INVESTMENT OPTIONS OFFERED

	<\$5M Assets	\$5M-\$50M Assets	\$50M-\$200M Assets	\$200M-\$1B Assets	>\$1B Assets	2019 TRP Total
Stability						
Stable Value	58%	83%	86%	87%	86%	83%
U.S. Money Market	63	98	97	96	81	93
Fixed Income						
Emerging Markets Fixed Income	—	3	2	1	2	2
Global Fixed Income	9	16	17	11	10	14
High Yield Fixed Income	7	15	17	8	17	14
Inflation Linked	18	24	29	25	26	25
U.S. Fixed Income	79	99	100	100	95	97
Asset Allocation						
Aggressive Allocation	—	4	4	1	5	3
Allocation	—	1	3	2	5	2
Cautious Allocation	11	40	34	27	24	32
Convertibles	—	—	1	—	—	0
Flexible Allocation	—	1	0	1	—	1
Moderate Allocation	32	39	46	36	36	40
Target Date	79	98	96	99	95	96
U.S. Equity						
U.S. Equity Large-Cap	82	100	100	99	95	98
U.S. Equity Mid-Cap	63	93	91	90	74	88
U.S. Equity Small-Cap	67	94	95	93	86	91
International Equity						
Asia Equity	—	0	1	—	—	0
Asia ex-Japan Equity	4	2	2	1	2	2
Emerging Markets Equity	35	39	42	40	21	39
Europe Equity Large-Cap	4	1	1	1	2	1
Global Equity	12	13	10	11	26	12
Global Equity Large-Cap	74	96	99	99	86	95
Global Equity Mid-/Small-Cap	9	16	17	14	5	14
Japan Equity	2	0	0	—	2	1
Latin America Equity	2	1	1	—	2	1
Sector Funds						
Communications Sector Equity	2	3	3	2	5	3
Energy Sector Equity	2	1	0	1	2	1
Financials Sector Equity	2	1	1	—	7	1
Health Care Sector Equity	4	8	4	2	5	5
Industrials Sector Equity	—	0	—	—	—	0
Natural Resources Sector Equity	7	8	6	3	2	6
Precious Metals Sector Equity	—	1	0	—	—	0
Real Estate Sector Equity	14	38	26	23	19	28
Technology Sector Equity	7	18	11	7	7	12
Utilities Sector Equity	2	2	1	2	—	2
Commodities						
Commodities Broad Basket	4	1	2	1	—	2
Alternatives						
Multi-alternative	5	0	—	—	—	1

Note: Assets under management ranges define those plans where assets under management fall within the specified ranges. Investment category labels were derived from recognized Morningstar categories.



No. 10 WHERE ASSETS ARE INVESTED

	<1K Participants	1K–5K Participants	>5K Participants	2019 TRP Total
Stability				
Stable Value	80%	89%	86%	83%
U.S. Money Market	92	98	89	93
Fixed Income				
Emerging Markets Fixed Income	2	1	2	2
Global Fixed Income	15	15	9	14
High Yield Fixed Income	15	12	12	14
Inflation Linked	23	28	31	25
U.S. Fixed Income	96	100	98	97
Asset Allocation				
Aggressive Allocation	3	4	4	3
Allocation	2	3	2	2
Cautious Allocation	33	33	24	32
Convertibles	0	1	—	0
Flexible Allocation	1	1	—	1
Moderate Allocation	43	38	28	40
Target Date	93	99	99	96
U.S. Equity				
U.S. Equity Large-Cap	98	99	98	98
U.S. Equity Mid-Cap	87	91	85	88
U.S. Equity Small-Cap	91	94	88	91
International Equity				
Asia Equity	0	1	—	0
Asia ex-Japan Equity	2	2	1	2
Emerging Markets Equity	40	41	26	39
Europe Equity Large-Cap	1	1	1	1
Global Equity	11	11	19	12
Global Equity Large-Cap	94	98	92	95
Global Equity Mid-/Small-Cap	15	14	11	14
Japan Equity	1	—	1	1
Latin America Equity	1	1	1	1
Sector Funds				
Communications Sector Equity	2	4	4	3
Energy Sector Equity	1	1	2	1
Financials Sector Equity	1	1	4	1
Health Care Sector Equity	6	3	5	5
Industrials Sector Equity	0	—	—	0
Natural Resources Sector Equity	6	7	1	6
Precious Metals Sector Equity	0	1	—	0
Real Estate Sector Equity	29	27	25	28
Technology Sector Equity	14	8	8	12
Utilities Sector Equity	2	2	1	2
Commodities				
Commodities Broad Basket	1	3	1	2
Alternatives				
Multi-alternative	1	—	—	1

Note: Participant ranges define those plans where total participant counts fall within the specified ranges. Investment category labels were derived from recognized Morningstar categories.



No.11 WHERE ASSETS ARE INVESTED

	<\$5M Assets	\$5M-\$50M Assets	\$50M-\$200M Assets	\$200M-\$1B Assets	>\$1B Assets	2019 TRP Total
Stability						
Stable Value	58%	83%	86%	87%	86%	83%
U.S. Money Market	63	98	97	96	81	93
Fixed Income						
Emerging Markets Fixed Income	—	3	2	1	2	2
Global Fixed Income	9	16	17	11	10	14
High Yield Fixed Income	7	15	17	8	17	14
Inflation Linked	18	24	29	25	26	25
U.S. Fixed Income	79	99	100	100	95	97
Asset Allocation						
Aggressive Allocation	—	4	4	1	5	3
Allocation	—	1	3	2	5	2
Cautious Allocation	11	40	34	27	24	32
Convertibles	—	—	1	—	—	0
Flexible Allocation	—	1	0	1	—	1
Moderate Allocation	32	39	46	36	36	40
Target Date	79	98	96	99	95	96
U.S. Equity						
U.S. Equity Large-Cap	82	100	100	99	95	98
U.S. Equity Mid-Cap	63	93	91	90	74	88
U.S. Equity Small-Cap	67	94	95	93	86	91
International Equity						
Asia Equity	—	0	1	—	—	0
Asia ex-Japan Equity	4	2	2	1	2	2
Emerging Markets Equity	35	39	42	40	21	39
Europe Equity Large-Cap	4	1	1	1	2	1
Global Equity	12	13	10	11	26	12
Global Equity Large-Cap	74	96	99	99	86	95
Global Equity Mid-/Small-Cap	9	16	17	14	5	14
Japan Equity	2	0	0	—	2	1
Latin America Equity	2	1	1	—	2	1
Sector Funds						
Communications Sector Equity	2	3	3	2	5	3
Energy Sector Equity	2	1	0	1	2	1
Financials Sector Equity	2	1	1	—	7	1
Health Care Sector Equity	4	8	4	2	5	5
Industrials Sector Equity	—	0	—	—	—	0
Natural Resources Sector Equity	7	8	6	3	2	6
Precious Metals Sector Equity	—	1	0	—	—	0
Real Estate Sector Equity	14	38	26	23	19	28
Technology Sector Equity	7	18	11	7	7	12
Utilities Sector Equity	2	2	1	2	—	2
Commodities						
Commodities Broad Basket	4	1	2	1	—	2
Alternatives						
Multi-alternative	5	0	—	—	—	1

Note: Participant ranges define those plans where total participant counts fall within the specified ranges. Investment category labels were derived from recognized Morningstar categories.

Reference Point

T. Rowe Price Defined Contribution Plan Data

As of December 31, 2019

Loan and Disbursement Behavior

More Rollovers, Fewer Loans

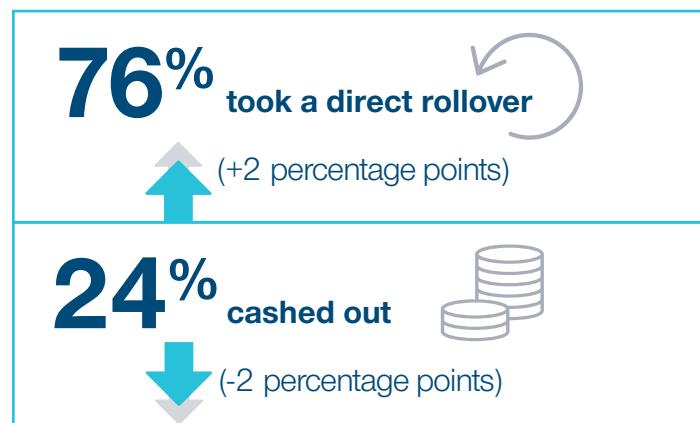
Following a 36% increase in cash-out distributions in 2018, more participants chose to roll over their assets in 2019. Loan and hardship distribution usage also remained relatively low, indicating that the majority of participants are committed to keeping their savings invested.

The passage of the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March 2020 in response to the coronavirus epidemic included loan and distribution options, which could diminish some of the improved loan and disbursement behavior achieved in 2019.

A NEW LOW FOR LOAN USAGE

In 2019, 22.1% of participants had an outstanding loan balance, down from the seven-year high of 24.9% in 2013. Plan adoption of loans also decreased slightly—down from 88.9% in 2018 to 88.6% in 2019.

However, the average loan balance increased to \$9,525, continuing a trend that has seen increases in all but one year over the past decade. The age 40 to 49 and age 50 to 59 cohorts had the largest loan balances in 2019, with averages of \$10,582 and \$11,255 respectively. These groups are more likely to have competing financial priorities, such as loans, college expenses for children, and care for aging parents.



2019 INSIGHTS

- Loan usage continues to drop, but average loan balances rose again in 2019.
- Direct rollovers increased and cash-outs decreased in a reversal of 2018's trends.

AVERAGE HARDSHIP AMOUNTS INCREASE

Hardship distributions increased in 2019 to 1.5%, ending a multi-year series of lows and reaching the highest level since 2014.

As with loan balances, average hardship distribution amounts rose by nearly \$750 to \$7,827 in 2019, an increase of 10% over 2018. It was the largest one-year jump in the past nine years. This trend indicates that while most participants do not take hardship distributions, when they experience a hardship, they need a greater amount.

Plan sponsors should consider monitoring loan and distribution usage throughout 2020 with the enactment of the CARES Act.

ROLLOVERS REIGN

In all participant age cohorts, the percentage of participants taking a direct rollover of plan assets increased from 74% in 2018 to 76% in 2019—an increase of 2.7%.

Conversely, cash-outs decreased by two percentage points, dropping from 26% in 2018 to 24% in 2019. These declines occurred in every age cohort except the age 60 to 64 group.

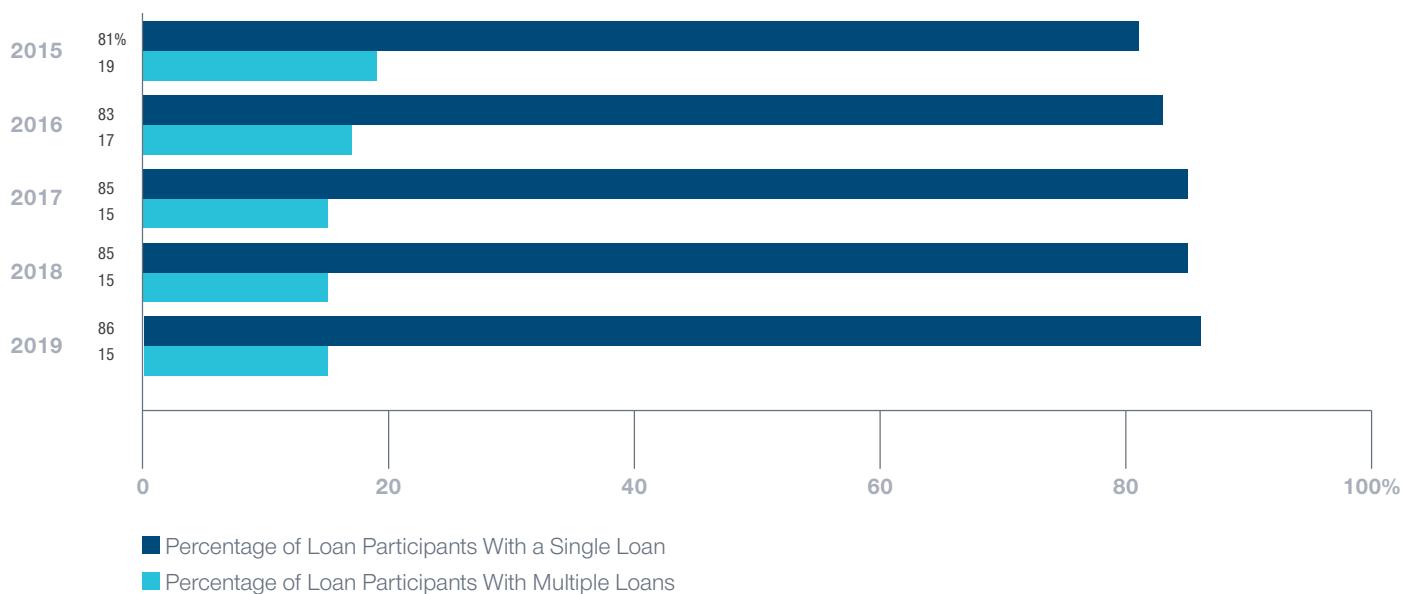
 **No. 1 LOANS**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Percentage of Plans That Permit Loans	83.6%	83.2%	84.3%	86.5%	87.3%	87.0%	87.1%	87.2%	88.9%	88.6%
Average Participant Loan Balance	\$7,677	\$7,933	\$8,098	\$8,438	\$8,831	\$9,075	\$9,037	\$9,184	\$9,351	\$9,525
Percentage of Participants With Loans	24.3%	24.7%	24.3%	24.9%	24.7%	24.3%	23.8%	23.4%	22.5%	22.1%



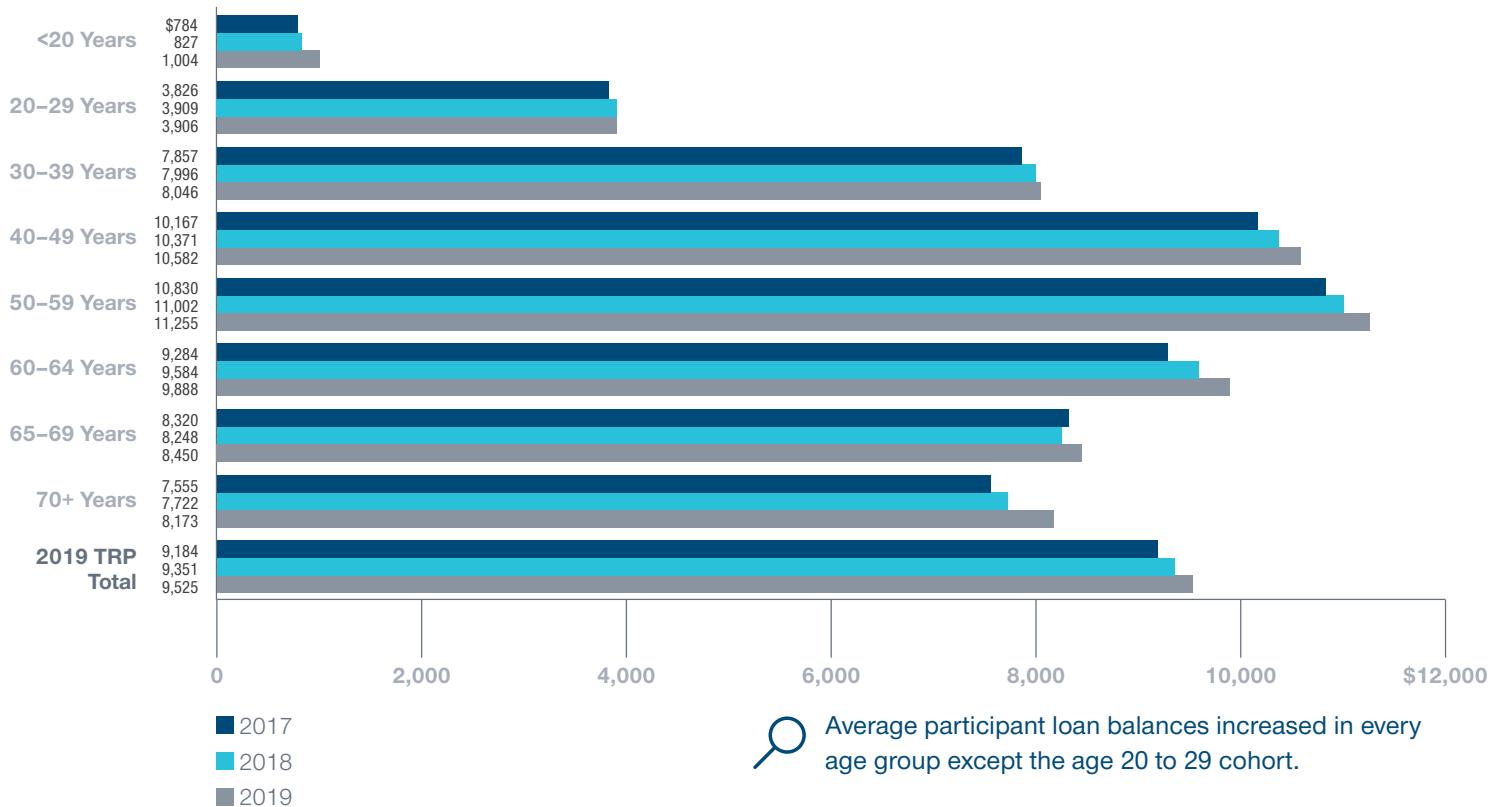
The percentage of participants with a loan fell for the sixth straight year, but average loan balances continued to increase.

 **No. 2 PERCENTAGE OF PARTICIPANTS WITH LOANS—SINGLE VS. MULTIPLE**

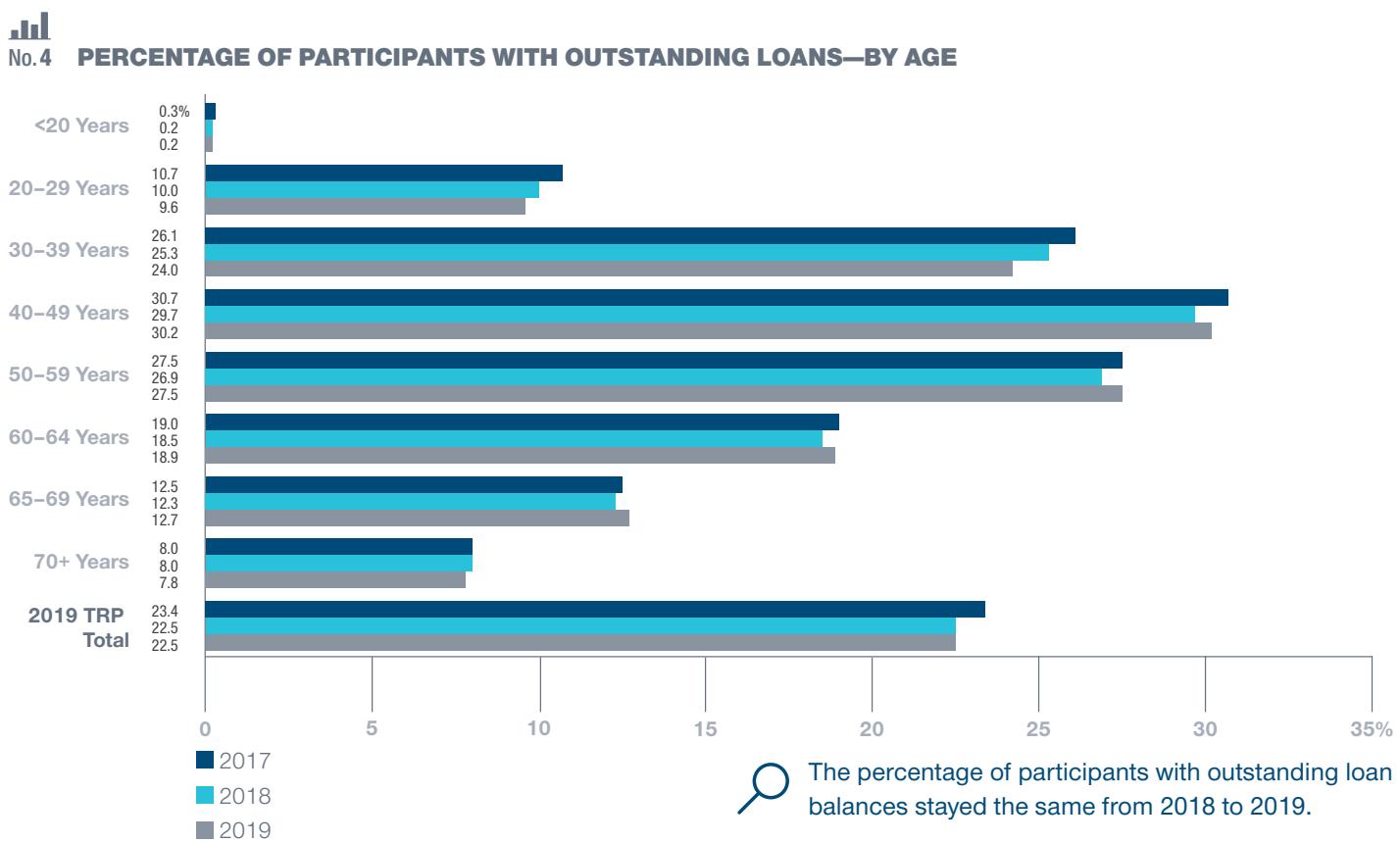




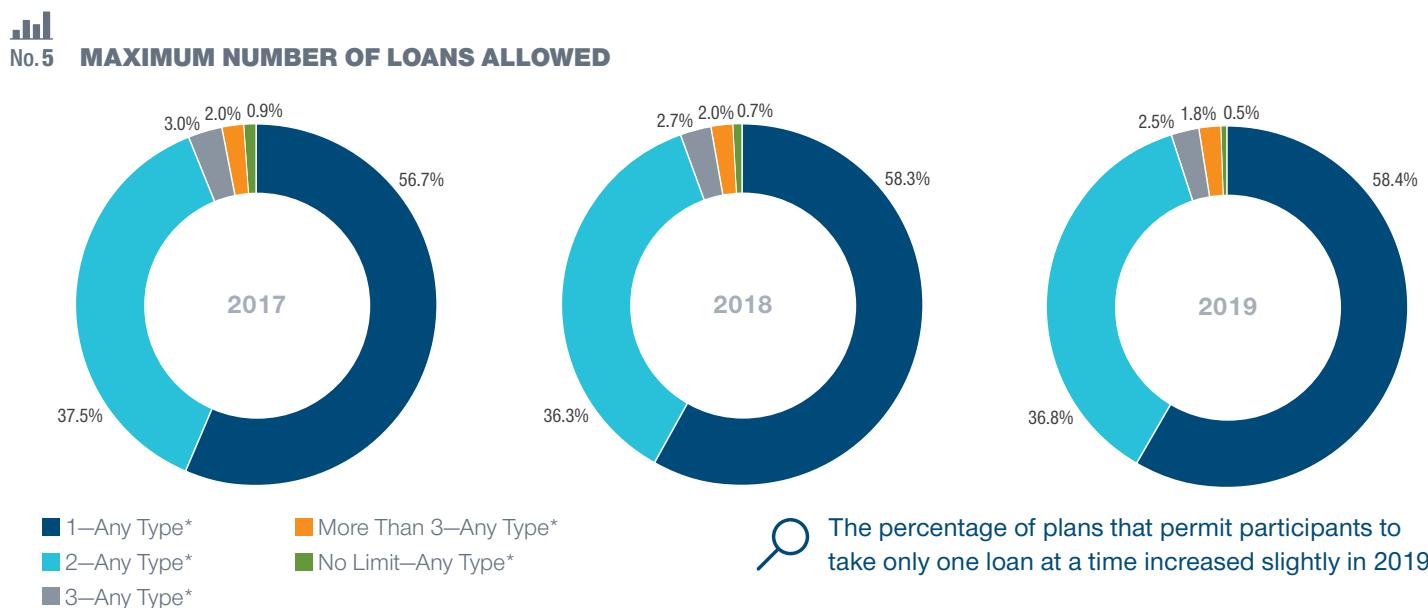
No. 3 AVERAGE PARTICIPANT LOAN BALANCES—BY AGE



The data set includes only plans that allow at least one loan.



The data set includes only plans that allow at least one loan.



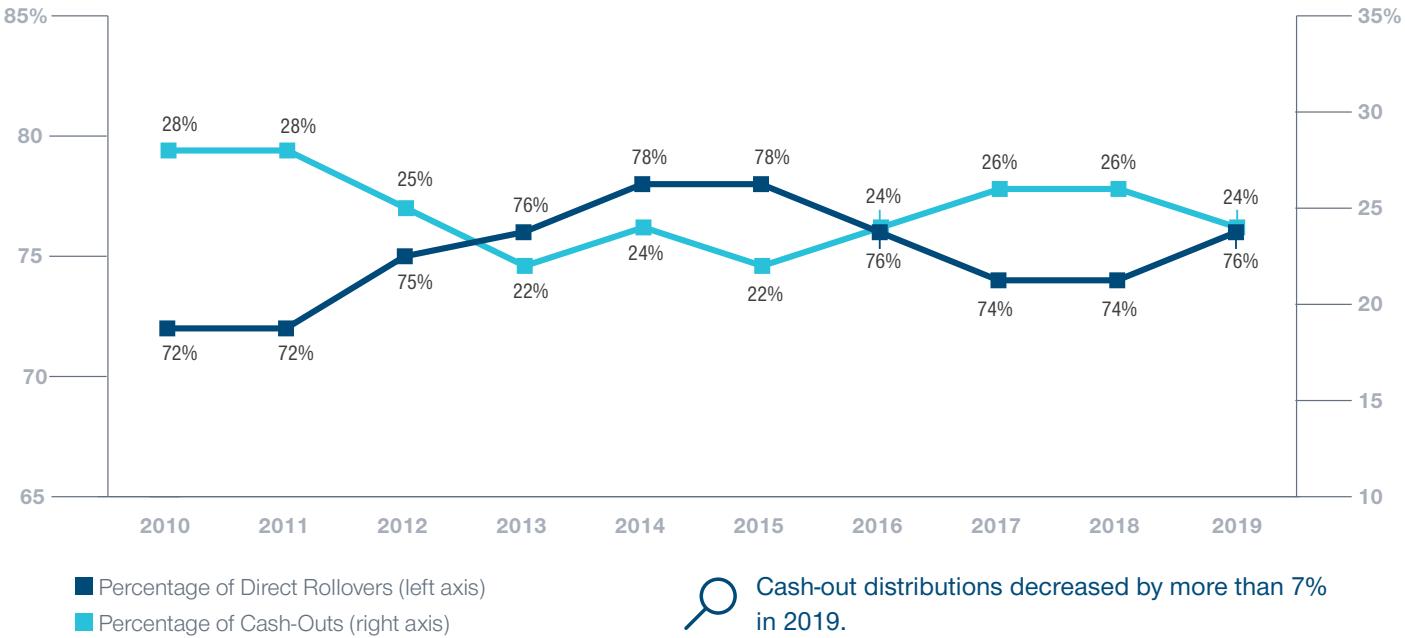
* Any type—plan may offer primary residence, standard, or both loan types.

The data set includes only plans that allow at least one loan.

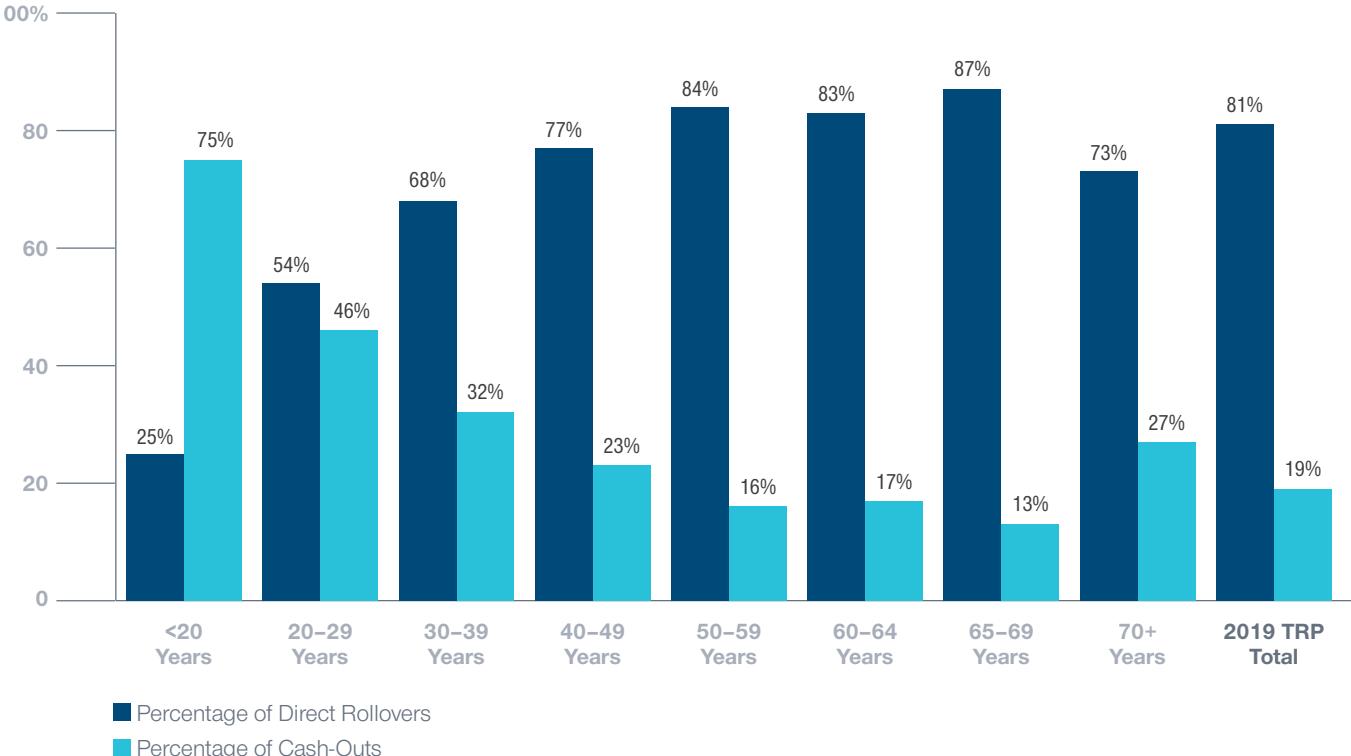
Numbers may not total 100% due to rounding.

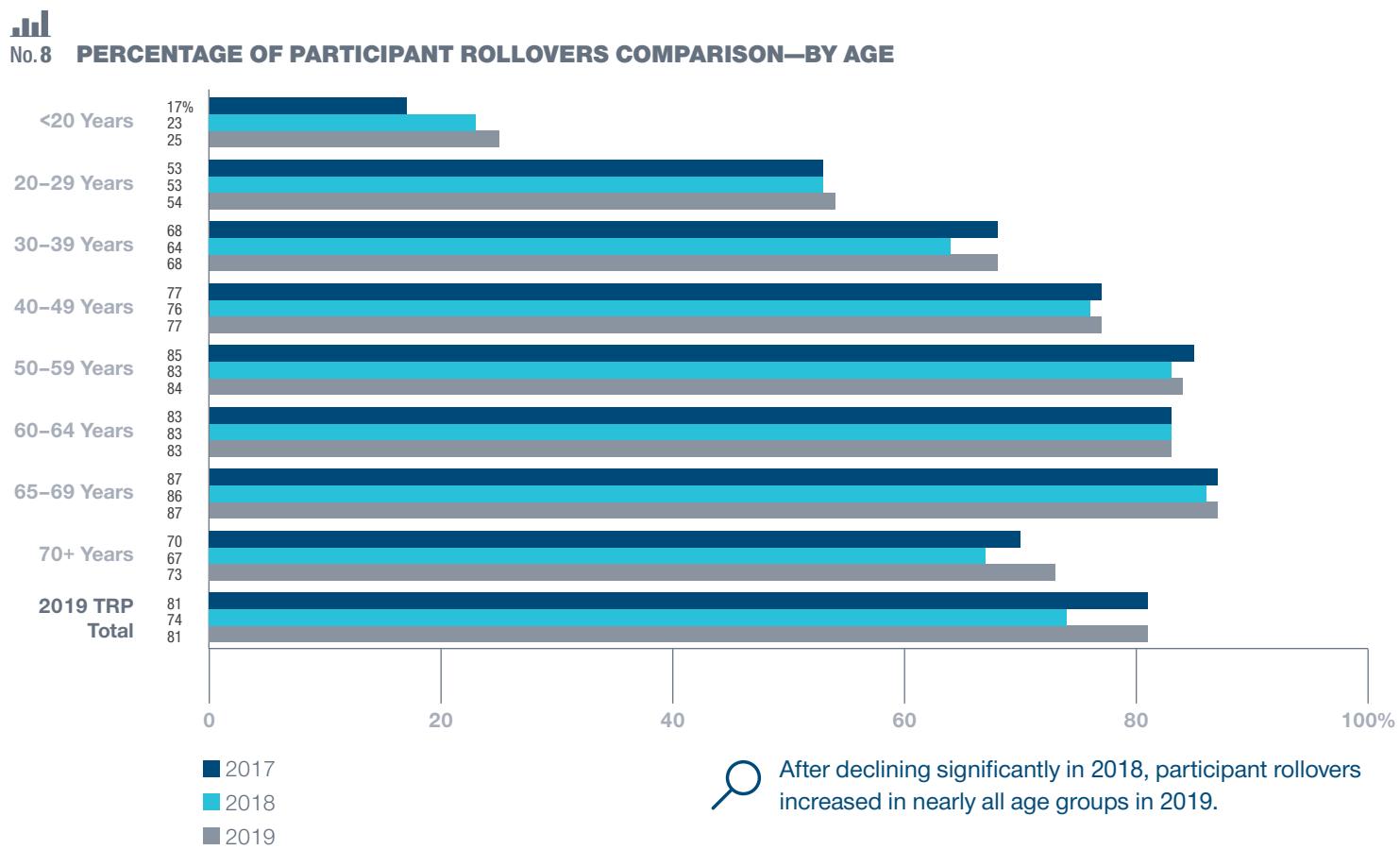


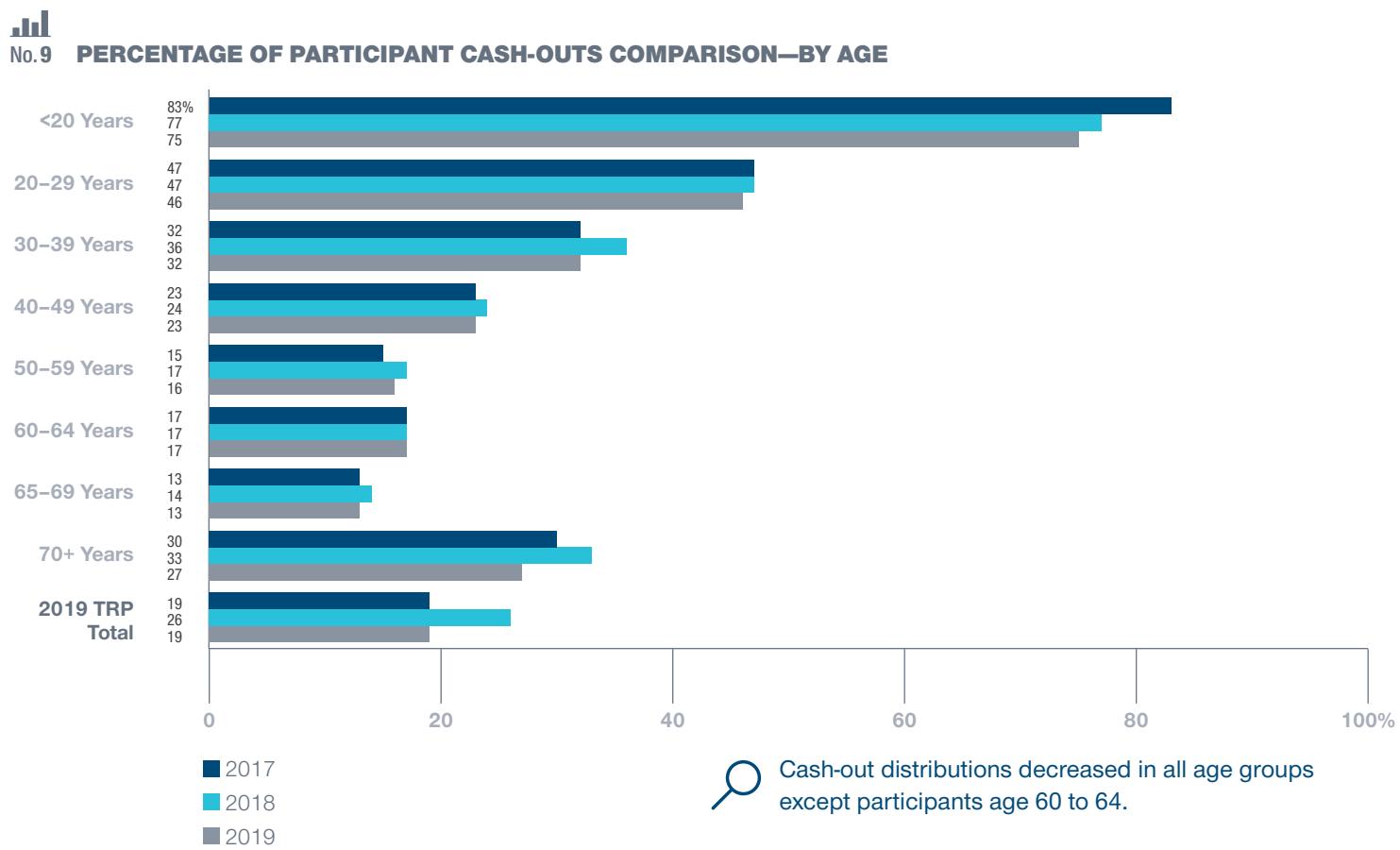
No. 6 PARTICIPANT DISTRIBUTIONS—DIRECT ROLLOVERS VS. CASH-OUTS



No. 7 PARTICIPANT DISTRIBUTIONS—BY AGE







No. 10 **HARDSHIP WITHDRAWALS**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Percentage of Participants Taking Hardship Withdrawals	1.9%	1.9%	1.7%	1.7%	1.6%	1.4%	1.4%	1.4%	1.3%	1.5%
Percentage of Plans That Allow Hardship Withdrawals	—	—	—	71.0	73.0	72.0	69.0	70.0	72.0	73.0
Average Hardship Withdrawal Amount	\$5,905	\$5,632	\$5,703	\$5,810	\$6,469	\$6,685	\$6,923	\$7,059	\$7,080	\$7,827



The average hardship withdrawal amount increased significantly in 2019.

Methodology

Unless otherwise noted, all data included in this report are drawn from the following sources: Data are based on the large-market, full-service universe—T. Rowe Price total—of T. Rowe Price Retirement Plan Services, Inc., retirement plans (401(k) and 457 plans), consisting of 677 plans and over 1.9 million participants.

Auto-enrollment, auto-increase, and default deferral rate results are based on participants of large-market, full-service 401(k) and 457 plans who were automatically enrolled in their plan during 2019. Trend results are based on findings at the calendar year-end from 2009 to 2019.

Auto-reenrollment—An automatic reenrollment for participants who opted not to participate in their plan. This is run on-demand and could occur about once a year.

Auto-restart—For participants who were contributing to their plan and have taken a hardship. Once the suspension period is over, participants will have their contributions automatically restarted unless they opt out.

Auto-rebalance—Provides participants with the tools they need to maintain a consistent investment strategy. If they are not investing 100% of their account in a diversified fund, auto-rebalance will automatically rebalance their account on a periodic basis (i.e., quarterly or annually).

Participation rates by age are participant weighted (total number of participants divided by the total number eligible to participate). Participant-weighted year-over-year participation rate averages are calculated by dividing the number of participants by the number eligible to participate. The plan-weighted year-over-year participation rate average is the sum of plan-level averages divided by the number of plans.

The data are based on any participants eligible to make contributions during the period. Participation results are based on all contributions. Participation rates by age are participant weighted (total number of participants divided by the total number eligible to participate).

This report sometimes treats percentage point increases/decreases as percentage changes to communicate a change in measurement.

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Methodology

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Employee and employer contributions are based on plans with contributions during the calendar years ended December 31, 2009, through December 31, 2019. Employer contributions include all types of employer money, such as matching contributions, discretionary contributions, and retirement contributions. Match percentages are the maximum percentage of participant contributions that a company will match. Company vesting percentages shown are an aggregated count of those plans and plan locations that have identifiable vesting schedules for reporting purposes.

Deferral results are based on employee pretax deferral percentages greater than zero for eligible participants over various time periods from calendar years ended December 31, 2009, through December 31, 2019. Average deferral by age is participant weighted (total of all participant deferral percentages divided by the total number of participants with a deferral percentage).

Catch-up contribution results for participant age breakdowns are based on the number of participants who made catch-up contributions during the various calendar year periods ended December 31, 2009, through December 31, 2019. These data capture the number of eligible participants over age 50 in plans that offer catch-up contributions.

Results for participant age breakdowns are based on the number of participants who made Roth contributions during the calendar year periods ended December 31, 2009, through December 31, 2019. These data capture the number of eligible participants in plans that offer Roth contributions at each calendar year-end from December 31, 2009, through December 31, 2019.

Roth qualified distribution—A qualified distribution is tax-free if taken at least 5 years after the year of your first Roth contribution AND you've reached age 59½, become totally disabled, or died. If your distribution is not qualified, any earnings from the Roth portion will be taxable in the year it is distributed. These rules apply to Roth distributions only from employer-sponsored plans. Additional plan distribution rules apply.

This report sometimes treats percentage point increases/decreases as percentage changes to communicate a change in measurement.

Methodology

Unless otherwise noted, all data included in this report are drawn from the following sources: Data are based on the large-market, full-service universe—T. Rowe Price total—of T. Rowe Price Retirement Plan Services, Inc., retirement plans (401(k) and 457 plans), consisting of 677 plans and over 1.9 million participants.

Loan availability and usage results are based on active participants with outstanding loan balances at calendar years ended December 31, 2009, through December 31, 2019. Participant loans are limited to plans that offer loans. Hardship withdrawal data represent all hardship withdrawals from qualified 401(k) and 457 plan types at calendar years ended December 31, 2009, through December 31, 2019.

Distribution data represent all distributions and hardship withdrawals from qualified 401(k) and 457 plan types for various time periods from calendar years ended December 31, 2009, through December 31, 2019. The rollover/cash-out percentage is based on the amount of assets cashed out or rolled out of a retirement plan account for any participant, including both active and terminated, during the calendar year ended December 31, 2019.

This report sometimes treats percentage point increases/decreases as percentage changes to communicate a change in measurement.



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