

Reference Point

T. Rowe Price Defined Contribution Plan Data

As of December 31, 2018

Executive Summary

After several years of record-breaking plan and participant outcomes, 2018's market turbulence may have contributed to a rise in concerning participant behavior. But strategic plan design continued to produce strong plan and participant outcomes despite the uncertainty, resulting in 2018 being a year of mixed results.

10-YEAR HIGH

8.6%

**plan-weighted average
pretax deferral rate**

Contributing factors:

- Increasing default deferral rates
- Opt-out option for auto-increase
- Targeted messaging for participants

Plan design continues to drive positive outcomes for participants:

- Participation rates were nearly 96% higher for plans with auto-enrollment, and usage of auto-increase was nearly five times higher in plans that employ the opt-out option.
- Nearly 37% of auto-enrollment plans have a default deferral rate of 6% or higher compared with nearly 33% at a 3% default.
- Employer match rates generally increased in 2018, and the 4% top effective match rate surpassed the 3% rate for the first time.
- Participants who saved less in 2018 decreased their deferral rates by a greater amount than those who increased their deferral rates.
- Loan usage reached a six-year low, while hardship withdrawals fell for the ninth year in a row.

INCREASE

36%

in cash-out distributions

Contributing factors:

- Uncertainty about the markets
- Increased distributions of small account balances

But turbulence contributed to reduced outcomes in several areas:

- The participant-weighted participation rate dropped by nearly 2% from 2017 to 2018.
- The percentage of participants contributing 0% increased to 36%.
- Average account balances decreased by almost 8%, in part because of year-end market declines.
- Late in the year, participants moved money from stocks to more conservative investments, presumably due to market activity.

Want to learn more? Contact your T. Rowe Price representative.

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