

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.

>79%
PARTICIPATION
across plans

POSSIBLE DRIVERS:

- Improved market conditions
- Increased match formulas
- Plan design solutions
- Personalized experiences
- Wage growth



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.

10%
AVERAGE
increase in hardship
withdrawal amounts

POTENTIAL CONTRIBUTING FACTORS:

- Increasing financial challenges
- Continued market uncertainty



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%.

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

Visit troweprice.com/referencepoint