

NEWS RELEASE

May 14, 2020

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Washington, DC; May 14, 2020—Americans continued to save for retirement through defined contribution (DC) plans early this year despite uncertain market conditions during the COVID-19 pandemic, according to ICI's "[Defined Contribution Plan Participants' Activities, First Quarter 2020](#)." The study tracks contributions, withdrawals, and other activity, based on DC plan recordkeeper data covering more than 30 million participant accounts in employer-based DC plans.

The latest recordkeeper data indicate that plan participants remain committed to saving and investing: a preliminary estimate indicates that only 1.4 percent of DC plan participants stopped contributing to their plans in the first quarter of 2020, compared with 0.9 percent in the first quarter of 2019, and 2.7 percent in the first quarter of 2009 (another time of financial market stress).

Other findings include:

- **Most DC plan participants stayed the course in their asset allocations.** Though stock values declined during the first three months of the year (about 20 percent), only 6.2 percent of DC plan participants changed the asset allocation of their account balances in the first quarter of 2020, slightly higher than the activity observed in the first quarter of 2019 (4.2 percent). This is also slightly higher than during the first quarter of 2009, another time of falling stock prices, when 5.5 percent of DC plan participants changed the asset allocation of their account balances. Meanwhile, 4.1 percent changed the asset allocation of their contributions in the first quarter of 2020, also slightly higher than 2.9 percent in the first quarter of 2019, but lower than the 7.3 percent in the first quarter of 2009.
- **Withdrawal activity for DC plans remained low in the first quarter of 2020, although it was slightly higher than the activity observed in the first quarter of 2019.** In the first quarter of 2020, 1.8 percent of DC plan participants took withdrawals, compared with 1.4 percent in the first quarter of 2019, and 2.7 percent in the first quarter of 2009. Levels of hardship withdrawal activity also remained low,

with only 0.8 percent of DC plan participants taking hardship withdrawals during the first quarter of 2020, compared with 0.5 percent in the first quarter of 2019, and 1.2 percent in the first quarter of 2009.

- **DC plan participants' loan activity edged up in the first quarter of 2020.** At the end of March 2020, 16.3 percent of DC plan participants had loans outstanding, compared with 16.1 percent at year-end 2019, and 15.9 percent at end of March 2019.
- **It is unlikely that the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), enacted on March 27, 2020, had time to have a significant impact on DC plan participants' activities in the first quarter of 2020.** Some individuals may have taken hardship withdrawals in anticipation of the expected suspension of the 10 percent penalty on early distributions related to the COVID-19 pandemic. The CARES Act also contained optional provisions that expanded the amounts available for loans and the repayment schedule for existing loans for those affected by COVID-19. Plan sponsors had a limited time frame to implement the new optional provisions before the end of the first quarter.

ICI has been tracking DC plan participant activity through recordkeeper surveys since 2008. This update provides results from ICI's survey of a cross section of recordkeeping firms representing a broad range of DC plans. Please visit ICI's [401\(k\) Resource Center](#) for more information.

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