

VIDEO

August 23, 2019

Focus on Funds: Learn the Latest 401(k) Trends

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With National 401(k) Day a couple of weeks away, ICI Senior Director of Retirement and Investor Research Sarah Holden highlights findings from an analysis of 401(k) plans by ICI and BrightScope. In the August 23, 2019, edition of *Focus on Funds*, Holden discusses trends in employer matches and employee investment choices.

Transcript

Stephanie Ortballs-Tibbs, ICI director of media relations: There's a treasure trove of information on 401(k) plans at the US Department of Labor. But sifting through the data is not easy, which is exactly why BrightScope and ICI team up to do it. Here are the latest insights from their report.

Sarah Holden, senior director of retirement and investor research: So in this report, we're able to look at thousands of large 401(k) plans to get insight into what 401(k) plan design looks like.

Ortbals-Tibbs: So what do you see in the data?

Holden: We find that nine out of 10 401(k) participants are in plans that have employer contributions. Now, the most common way to do that for an employer is through a matching contribution—so, a very important incentive for workers to get that added support from the employer.

Ortbals-Tibbs: And you're also able to look at this data and analyze the investment menu?

Holden: Yes, so when we look at the investment options offered in 401(k) plans, we find that on average, there are more than 20 options in a given plan. And these really cover a range of risk and return. Nearly all plans offer domestic equity funds, international equity funds, and domestic bond funds, although the average number of funds offered varies, with 10 domestic equity funds on average, three international equity funds on average, and three domestic bond funds on average.

We also are able to analyze the role of index funds in these plans, and we see that nine out of 10 large 401(k) plans include index funds in their lineup.

Ortbals-Tibbs: And finally, you take a look at the fee data.

Holden: We see that larger plans having a bigger base of assets typically have lower fees when you measure them as a percentage of assets because they've got a bigger base to spread the fixed costs over compared to smaller plans. But we see in this research something we find in our own work when we look at mutual fund investors as a whole in the 401(k) space: there's a tendency to concentrate their assets in lower-cost funds.

Additional Resources

- Release: [BrightScope/ICI Data Show Diverse Range of 401\(k\) Investment Options](#)
- [ICI Retirement Research](#)
- [ICI 401\(k\) Resource Center](#)

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