

VIDEO

January 24, 2014

Focus on Funds: Target Date Funds Continue Fast Growth in 401(k) Accounts

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The January 24, 2014, issue of *Focus on Funds* examines the rising availability of target date funds (TDFs), and how they are used by account holders in different age groups.

Video Transcript

Stephanie Ortvals-Tibbs, Director, ICI Media Relations: Welcome to *Focus on Funds*, the Investment Company Institute's weekly roundup of industry news, ICI activities, and research findings.

Target date funds, which offer diversification and rebalancing over time, continue to grow rapidly within 401(k) plans, according to results from the 401(k) Database, which has data on 24 million 401(k) plan participants.

ICI publishes analysis and results from the database in collaboration with the Employee Benefit Research Institute.

Sarah Holden, who heads ICI's retirement and investor research, offers some analysis.

Sarah Holden, ICI Senior Director, Retirement and Investor Research: Target date funds are becoming increasingly available to, and used by, 401(k) plan participants. At year-end 2012, 72 percent of 401(k) plans in the EBRI/ICI database offered target date funds in their plan investment lineups, 41 percent of 401(k) plan participants held target date funds in their 401(k) accounts, and target date funds had grown to be 15 percent of 401(k) assets.

Role of Target Date Funds in 401(k) Plans
Percentage of totals, 2006 and 2012

Stephanie Ortals-Tibbs: Holden says the data also reveal that the use of target date funds varies according to investor ages.

Sarah Holden: More younger 401(k) plan participants hold target date funds and those funds account for more of their 401(k) assets. At year-end 2012, more than half of 401(k) participants in their twenties held target date funds and target date funds were more than a third of this age group's plan assets.

Younger 401(k) Participants Are More Likely to Use Target Date Funds Year-end 2012

Older participants use target date funds, but not to the same extent. Thirty-four percent of 401(k) plan participants in their sixties held target date funds and those funds were 13 percent of their assets.

Stephanie Ortals-Tibbs: The full report is on ICI's website.

That's this week in funds. See you next week.

Additional Resources

- [Release: Target Date Funds Expand in 401\(k\) Plans](#)
- [Graphic: Role of Target Date Funds in 401\(k\) Plans \(pdf\)](#)
- [Graphic: Target Date Funds Continue Fast Growth in 401\(k\) Accounts \(pdf\)](#)

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<https://icinew-stage.ici.org/Video/FocusonFundsTargetDateFundsContinueFastGrowthin401kAccounts>

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