

## NEWS RELEASE

March 4, 2025

# Study Reveals 401(k) Plans Boost Employee Retirement Engagement and Contributions: New Research from ICI and ISS MI BrightScope

**Washington, DC; March 4, 2025**—401(k) plans that use automatic enrollment mechanisms and/or employer contributions are critical to encourage workers to save and to invest for retirement, according to [\*The BrightScope/ICI Defined Contribution Plan Profile: A Close Look at 401\(k\) Plans, 2022\*](#). More than one-third of large 401(k) plans have automatic enrollment, and nearly 90 percent make employer contributions.

“Expanding automatic enrollment removes the obstacles to saving, helping more workers easily become savers. And employer contributions magnify those savings, helping participants grow their nest eggs,” explained **Sarah Holden, ICI Senior Director, Retirement and Investor Research**. “As a result, 401(k) plans continue to help new generations of workers on their path towards a secure retirement.”

### **401(k) Plan Design Encourages Contributions and Investing** **Percentage of 401(k) plans offering each plan feature, 2022**

Source: ISS MI BrightScope Defined Contribution Plan Database and Investment Company Institute tabulations of US Department of Labor 2022 Form 5500 Research File

Additionally, the report found that employers design their 401(k) investment menus with a diverse selection of options, carefully choosing both the number and types of investments. The average large 401(k) plan offered 29 investment options, with nearly all plans offering domestic equity, international equity, and domestic bond funds. Funds include mutual funds, collective investment trusts (CITs), separate accounts, and other pooled investment products.

“401(k) plans often give participants a choice between a target date fund—for the hands-off investor who wants professional assistance with asset allocation and rebalancing—and a broad selection of equity, balanced, bond, and money market or stable value funds—for investors who want to hand tailor a personal solution,” said Brooks Herman, Managing Director, BrightScope at ISS MI. “This choice helps 401(k) plan participants build a retirement strategy that aligns with their individual needs, contributing to the enormous success of the 401(k) system.”

Other key findings of the study include:

- **Larger 401(k) plans are more likely to report that they automatically enroll workers into the plan.** More than half of large 401(k) plans in the sample with more than \$50 million in plan assets reported that they automatically enrolled their participants, and more than six in 10 plans with more than \$500 million in plan assets did, compared with about one-quarter of plans in the sample with \$10 million or less in plan assets.
- **Larger 401(k) plans tend to be more likely to have employer contributions, participant loans outstanding, and automatic enrollment.** More than 40 percent of plans in the sample with 1,000 participants or more had employer contributions, participant loans outstanding, and automatic enrollment, compared with 16 percent of plans in the sample with fewer than 100 participants. Overall, 28 percent of 401(k) plans in the sample reported evidence of all three activities in 2022.
- **Equity funds accounted for the largest share of assets in 401(k) plans.** In 2022, 40 percent of large 401(k) plan assets were held in equity funds, 33 percent were held in balanced funds (with most of that being held in target date funds), and 7 percent were held in bond funds. GICs and money funds accounted for 8 percent of assets.
- **Mutual fund expense ratios in 401(k) plans tend to be lower in larger plans and have trended down over time.** For example, the average asset-weighted expense ratio for domestic equity mutual funds (including both index and actively managed funds) was 0.43 percent for plans with less than \$1 million in plan assets, compared with 0.31 percent for plans with more than \$1 billion in plan assets in 2022. Mutual fund expense ratios also tended to decrease in 401(k) plans between 2009 and 2022.

### About the Study

[\*The BrightScope/ICI Defined Contribution Plan Profile: A Close Look at 401\(k\) Plans, 2022\*](#)

analyzes plan-level data gathered from audited Form 5500 filings of private-sector defined contribution (DC) plans, providing unique, new insights into private-sector DC plan design. The research draws from information collected in the ISS MI BrightScope Defined Contribution Plan Database. The database is designed to shed light on DC plan design across many dimensions, including the number and type of investment options offered; the presence and design of employer contributions; the types of recordkeepers used by DC plans; and changes to plan design over time. This study analyzes automatic enrollment, employer contributions, and participant loans outstanding in a sample of more than 61,000 large private-sector 401(k) plans—typically plans with 100 participants or more in 2022.

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Complete results of the annual BrightScope/ICI study are posted

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