



NEWS RELEASE

Fidelity® Q2 2021 Retirement Analysis: Despite Ongoing Uncertainty, Retirement Account Balances and Contributions Increase as Workers Begin to Feel More Positive

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- Account Balances Reach Record Levels for the Third Consecutive Quarter
- 401(k) Loans are Trending Down, More Workers are Increasing their Savings Rates
- Workers Indicate They Are Feeling Less Stressed, More Hopeful

BOSTON--(BUSINESS WIRE)-- **Fidelity Investments®**, a market-leading workplace benefits company and America's No. 1 IRA provider¹, today released its quarterly analysis of more than 30 million IRA, 401(k), and 403(b) retirement accounts. Although many Americans are still addressing challenges posed by the pandemic, Fidelity's Q2 analysis highlights positive results across retirement account balances, contributions, and savings behaviors.

Average retirement account balances increased to record levels for the third consecutive quarter, with long-term retirement savers seeing significant gains. In addition, Baby Boomers² increased their contributions to 401(k) and IRA accounts, while the average 401(k) savings rate reached a new high. Positive investing behavior, including a decreasing number of outstanding 401(k) loans, was complemented by positive investor sentiment, with workers reporting reduced levels of stress and anxiety.³

Highlights from Fidelity's Q2 2021 analysis include:

- Retirement accounts see modest growth, reach record levels for the third consecutive quarter. The average IRA balance⁴ was \$134,900, a 4% increase from last quarter and a 21% increase from Q2 2020. The average 401(k) balance⁵ increased to \$129,300 in Q2, a 4% increase from Q1 and up 24% from a year ago. The average 403(b) account balance⁶ increased to a record \$113,300, an increase of 6% from last quarter and 24% higher than in Q2 2020.

Average Retirement Account Balances

	Q2 2021	Q1 2021	Q2 2020	Q2 2011
IRA	\$134,900	\$130,000	\$111,500	\$72,200
401(k)	\$129,300	\$123,900	\$104,400	\$73,000
403(b)	\$113,300	\$107,300	\$91,100	\$56,300

- Baby Boomers boost contributions as retirement approaches. As the youngest Baby Boomers enter their late 50s, Fidelity found that many investors in this generation are increasing their contributions to their retirement accounts. A record 18.2% of Baby Boomers made a “catch-up” contribution⁷ to their 401(k) in Q2, with 58% of Boomers making the maximum catch-up contribution of \$6,500 by the end of last year. Among Baby Boomers with an IRA, Fidelity found that the average contribution amount increased 17% over Q2 2020 to \$3,570, while the total number of IRA contributions among Baby Boomers increase 57% when compared to the same quarter last year. The average 403(b) contribution rate for Baby Boomers increased to 10.9% in Q2.
- Individuals taking a long-term approach to retirement savings continue to see gains. The overall average balance for individuals who have been in their 401(k) plan continuously for 10 years crossed the \$400,000 threshold for the first time, reaching \$402,700 in Q2. Among women investors, the average 10-year continuous 401(k) balance reached \$324,700 in Q2. The average balance for 403(b) investors who have been in their plan for 10 years reached \$233,300, nearly 3x the average 10-year continuous balance in Q2 2011.
- 401(k) savings rate reaches record level as younger workers increase their contributions. The average 401(k) employee savings rate reached a record 9.3% in Q2. Over the last year, more than one in three (38%) of 401(k) savers have increased their savings rate, while only 7% of workers have decreased their 401(k) savings rate since Q2 2020. More than half of Gen Z workers (54%) increased their 401(k) savings rate over the last year, while 43% of millennials² have increased their savings rate since Q2 2020.

“The pandemic is clearly fueling a shift in how Americans prioritize their work, health, personal lives and financial well-being, so it’s encouraging to see a continued improvement of retirement savings rates and individuals expressing more feelings of hope and fewer feelings of stress,” said **Kevin Barry**, president of Workplace Investing at Fidelity Investments. “As the world continues to navigate the pandemic, we’ll continue to support employers, and their employees, with the tools and information they need to keep their retirement savings on track.”

Decreasing 401(k) loans, steady investment behaviors as workers feeling a return to normal

While many workers, and their employers, continue to face financial uncertainty due to the ongoing impact of the pandemic, recent Fidelity research and positive investment behavior in may indicate that workers are starting to feel more stability and a sense of normalcy. A recent survey³ of Fidelity 401(k) plan participants found that the percentage of workers who reported feeling stressed dropped from 41% last November to 27% this May, while the percentage of workers who reported feeling anxious dropped 37% to 20% during the same period. At the same time, the percentage of workers who reported feeling hopeful increased from 32% to 42% between November and

May, while the percentage of individuals that reported feeling calm increased 20% to 32% during the same time period.

The positive sentiment among 401(k) savers is also reflected in investor behavior, specifically in the areas of 401(k) loans and asset allocation. Here are several examples of positive investing behaviors in Q2:

- The percentage of outstanding 401(k) loans remained at a record low. Less than one in five (17.5%) individuals had an outstanding loan from their 401(k) in Q2, a record low percentage and consistent with the percentage of outstanding 401(k) loans in Q1. While some workers may still have to tap their 401(k) to help address a financial challenge, the long-term trend of decreasing loan usage continued in Q2.
- Fewer individuals are making changes to the asset allocation within their 401(k). Only 5.3% of 401(k) savers made a change to their asset allocation in Q2, the lowest percentage since Q4 2019. Of the 401(k) savers that made a change to their allocation, 80% only made just one change in the quarter.

For more information on Fidelity's Q2 2021 analysis, click [here](#) to access Fidelity's "Building Financial Futures" overview, which provides additional details and insight on retirement trends and data.

About Fidelity Investments

Fidelity's mission is to inspire better futures and deliver better outcomes for the customers and businesses we serve. With assets under administration of \$11.0 trillion, including discretionary assets of \$4.1 trillion as of June 30, 2021, we focus on meeting the unique needs of a diverse set of customers: helping more than 35 million people invest their own life savings, 22,000 businesses manage employee benefit programs, as well as providing more than 13,500 wealth management firms and institutions with investment and technology solutions to drive growth. Privately held for 75 years, Fidelity employs more than 47,000 associates who are focused on the long-term success of our customers. For more information about Fidelity Investments, visit www.fidelity.com/about-fidelity/our-company.

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¹ Based on Cerulli Associates' "Top-10 IRA Providers by AUA, 4Q 2018 – 4Q 2020."

² Generations as defined by Pew Research: Baby Boomers are those people born between 1946 and 1964, Gen X are those people born between 1965 and 1980, Millennials are those people born between 1981 and 1996, Gen Z are people born between 1997 and 2012.

³ Based on a quantitative online survey among 1585 Fidelity plan participants. This survey was conducted by Ipsos, an independent third-party research firm, on behalf of Fidelity in September 2020, December 2020 and May 2021.

⁴ Fidelity business analysis of 11.6 million IRA accounts as of June 30, 2021.

⁵ Analysis based on 23,600 corporate defined contribution plans and 19.8 million participants as of June 30, 2021. These figures include the advisor-sold market but exclude the tax-exempt market. Excluded from the behavioral statistics are non-qualified defined contribution plans and plans for Fidelity's own employees.

⁶ Based on Fidelity analysis of 10,354 Tax-exempt plans and 7.3 million plan participants as of June 30, 2021. Considers average balance across all active plans for 5.4M unique individuals employed in tax-exempt market.

⁷ IRS regulations allow participants 50 and older to add an extra \$6,500 per year in "catch-up" contributions, bringing the total for 401(k) contributions for 2021 to \$26,000.

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