Follow us on Twitter @FidelityNews
Visit About Fidelity and our online newsroom
Subscribe to emailed news from Fidelity

Contact for Media Only:
Corporate Communications
(617) 563-5800
FidelityMediaRelations@fmr.com

Kristen Andrews
(617) 563-2932
kristen.andrews@fmr.com

FIDELITY® Q2 2023 RETIREMENT ANALYSIS: RETIREMENT ACCOUNT BALANCES MOVE UP FOR THIRD STRAIGHT QUARTER

- *IRA Account Openings Spike Among Next Generation, Especially Younger Women*
- *Average Default Contribution Rate for Auto-Enrolled Employees Reaches All-Time High*
- *Upcoming Student Loan Repayments May Impede Borrowers' Ability to Save for Retirement*

BOSTON, August 17, 2023 – Some good news for retirement savers: for the third straight quarter, Fidelity Investments' Q2 2023 retirement analysis reveals retirement account balances increased, owing in large part to steady employer and employee contributions and positive market conditions. As one of the country's leading workplace benefits providers[1] and America's No. 1 IRA provider[2], the company's quarterly analysis of savings behaviors and account balances for more than 45 million IRA, 401(k), and 403(b) retirement accounts reported an increase in 401(k) balances by double digits over Q2 2022—including a 66% increase among Gen Z workers. Young investors[3] also saw a 34.4% year-over-year increase in IRA accounts.

"We are pleased to see a third straight quarter of positive gains for retirement savers as the market continues to improve and both employees and employers commit to establishing a strong financial future," said Kevin Barry, president of Workplace Investing at Fidelity Investments. "As we begin to see improvements in market conditions, maintaining high contribution and savings rates is an essential component of improving one's retirement readiness."

Highlights from Fidelity's Q2 2023 analysis include:

- **Average retirement account balances increased for the third straight quarter.** The average IRA balance[4] was $113,800 in Q2 2023, a 5% increase from last quarter, 7% jump from 5 years ago and 41% increase from 10 years ago. The average 401(k) balance[5] increased to $112,400, up 4% from Q1 2023, an 8% increase from five years ago and 39% increase from 10 years ago. For 403(b)s, the average account balance[6] increased to

$102,400, up 5% from last quarter, up 23% from five years ago, and a 65% increase from 10 years ago.

Average Retirement Account Balances

	Q2 2023	Q1 2023	Q2 2022	Q2 2018	Q2 2013
IRA	$113,800	$109,000	$110,800	$106,900	$80,600
401(k)	$112,400	$108,200	$103,800	$104,000	$80,800
403(b)	$102,400	$97,900	$93,300	$85,300	$63,200

- **401(k) account balances increased across every generation[7].** Average 401(k) balances were up by double digits over Q2 2022 for Gen Z, Millennial and Gen X workers: Gen Z saw a 66% increase, Millennials saw an increase of 24.5%, and Gen X savers increased 14.5%. Boomers balances also increased from Q2 2022 by 6.3%.
- **Total 401(k) savings rates remain high.** The total savings rate for the second quarter, reflecting a combination of employee and employer 401(k) contributions was 13.9%, mirroring the savings rate of Q2 2022. This is slightly lower than last quarter's 14% rate, but higher than the previous quarters (13.7% in Q4 2022 and 13.8% in Q3 2022) and close to Fidelity's suggested savings rate of 15% (including both employee and employer contributions). Boomers in the workforce continue to save at the highest levels (16.6%).
- **The number of IRA accounts continues to increase, especially for young investors.** The total number of IRA accounts rose to 14.3 million, an 11% increase over Q2 2022; total assets have grown 14.3% this past quarter. Young investors (age 18-35) continue to take control of their retirement savings, with a 34.4% increase in IRA accounts year-over-year across this age group and a 34.8% increase for females in this age bracket. Across generations, Roth IRAs continue to be the retail retirement savings vehicle of choice, with 59.1% of all IRA contributions going to Roth in Q2 2023.
- **Average long-term balances for 5, 10 and 15 year continuous savers saw double digit increases in their balances in the last year.** Those who have been focused on consistently saving over the long term benefitted the most from three quarters of growth. In fact, Boomers saving in their 401(k) plan continuously since 2008 now have an average balance of just under half a million dollars ($499,700).
- **Outstanding 401(k) loans increased slightly.** The percentage of participants with a loan outstanding increased slightly to 17.1% in Q2, compared to 16.6% last quarter, which was

an all-time low. The percentage is also well below the number of outstanding loans observed pre-pandemic.

- **The number of retirement millionaires jumped this quarter**, with a 10% increase in millionaires holding 401(k) accounts (378,000 in Q2 2023 compared to 340,000 in Q1) and a 13% increase in millionaires with IRAs (349,104 in Q2 2023 compared to 307,623 in Q1).

"I am so encouraged to see the leaps young investors are making when it comes to their retirement savings, across both 401(k)s and IRAs," said Joanna Rotenberg, president of Personal Investing. "Investing at a young age not only allows your money the opportunity to grow to a level that will have a major financial impact on your future, but also presents an opportunity to learn about investing, try new things, and ultimately set yourself up for a successful financial future."

The Impact of Student Debt on Retirement Savings

With 43 million Americans set to begin repaying student loans once again in October, the impact to retirement savings is top of mind for many, and with good reason: according to Fidelity's data, many student loan borrowers have used the payment pause to focus on retirement savings, with 72% of student loan borrowers contributing at least 5% to their 401(k), compared to only 63% prior to the payment pause. Additionally, there has been a 5.8% point decrease in student loan borrowers with a loan out against their 401(k) during the pause (13.1% compared to 18.9% previously)[8].

No surprise, then, nearly 2-in-3 recent college graduates taking advantage of the Federal student loan payment pause have no idea how they are going to start repaying their student loans once the emergency pause is lifted[7]. To ease the mounting financial burden on borrowers, many employers are stepping in to help by integrating workplace benefits that make it easier for employees to save for retirement while paying down student loan debt at the same time. Currently, 55% of employers either offer or plan to offer a student debt benefit[9], which can have a profound impact on financial wellness: in fact, workers enrolled in a student debt retirement option are projected to be able nearly double (1.75x) their 401(k) balances by age 65[10].

Stay the Course – Even in Good Times

While the recent positive shifts in the market may represent for some an opportunity to pull money out to cover an outstanding expense, according to Fidelity's data, the majority of 401(k) savers in Q2 "stayed the course" and did not make significant changes to their retirement savings. While everyone's financial situation is different, Fidelity suggests taking a long-term approach to saving and avoiding making changes based on short-term economic swings – positive or negative. Here are several ways to make sure you stay on track:

- **Consider a target date investment:** When it comes to staying the course, target date funds help keep investors on their savings track by preventing them from being too reactive to the market's twists and turns and rebalancing the portfolio with a mix of stocks, bonds and money market accounts as the fund approaches its target date. **In Q2, more than half of participants held all of their savings in a professionally managed target date fund.**
- **Consider Auto-enrollment:** This feature that automatically enrolls new hires into a company's 401(k) plan unless they opt out. Fidelity's data shows that when participants are automatically enrolled in a plan and begin to see their savings grow, they are especially likely to remain enrolled in the plan. **In Q2, the number of employers offering auto-enrollment increased to 39%--and the average default contribution rate increased to an all-time high of 4.1% in Q2.**
- **Leverage your employer's match program:** If your employer matches any portion of your retirement contributions, consider maxing out by contributing up to at least the match amount. This is considered part of your compensation package and is, in essence, free money.
- **Start an emergency fund:** Putting away money from each paycheck to protect against emergencies can provide big dividends both now and later as unexpected expenses pop up. Some employers are even stepping in to help by providing access to emergency savings accounts, such as Fidelity's Goal Booster offering. By having this money already set aside, you won't have to turn to a credit card or borrow against your retirement savings when emergencies occur.

For additional information on Fidelity's Q2 2023 analysis, click here to access Fidelity's "Building Financial Futures," which provides additional details and insight on retirement trends and data, and this quarter includes data around the savings behaviors of pre-retiree and retirement-age participants. In addition, Fidelity also offers a variety of other resources to learn more about retirement planning, including helpful Viewpoints articles such as "How to take control of your retirement" and a new site dedicated to engaging the next generation of investors.

About Fidelity Investments
Fidelity's mission is to strengthen the financial well-being of our customers and deliver better outcomes for the clients and businesses we serve. With assets under administration of $11.7 trillion, including discretionary assets of $4.5 trillion as of June 30, 2023, we focus on meeting the unique needs of a diverse set of customers. Privately held for over 75 years, Fidelity employs over 70,000 associates who are focused on the long-term success of our customers. For more information about Fidelity Investments, visit https://www.fidelity.com/about-fidelity/our-company.

Keep in mind that investing involves risk. The value of your investment will fluctuate over time, and you may gain or lose money.

Past performance is no guarantee of future results.

Views expressed are of the date indicated, based on the information available at that time, and may change based on market or other conditions. Fidelity does not assume any duty to update any of the information.

Target date funds are designed for investors expecting to retire around the year indicated in each fund's name. The funds are managed to gradually become more conservative over time as they approach the target date. The investment risk of each target date fund changes over time as the fund's asset allocation changes. The funds are subject to the volatility of the financial markets, including that of equity and fixed income investments in the U.S. and abroad, and may be subject to risks associated with investing in high-yield, small-cap, and foreign securities. Principal invested is not guaranteed at any time, including at or after the funds target dates.

# # #

Fidelity Brokerage Services LLC, Member NYSE, SIPC
900 Salem Street, Smithfield, RI 02917

Fidelity Distributors Company LLC,
500 Salem Street, Smithfield, RI 02917

National Financial Services LLC, Member NYSE, SIPC,
245 Summer Street, Boston, MA 02110

1100254.1.1

[1] Based on PLANSPONSOR Magazine's "2022 Recordkeeping Survey," June 2022 and "Plan Administration Guide, Part 1" which offers insight into the provider marketplace for defined benefit (DB), stock plan and health savings account (HSA) administration, May 2018.
[2] Based on Cerulli Associates' Top-10 IRA Providers by AUA, 2Q 2020–2Q 2022.
[3] Young investors are defined as retirement savers aged 18-35.

---

[4] Fidelity business analysis of 13.9 million IRA accounts as of March 31, 2023.
[5] Fidelity Investments Q2 2023 401(k) data based on 25,100 corporate defined contribution plans and 23.1 million participants as of June 30, 2023. 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] Fidelity Investments Q2 403(b) data based on 10,162 Tax-exempt plans and 8.0 million plan participants as of June 30, 2023. Considers average balance across all active plans for 5.95 million unique individuals employed in tax-exempt market.
[7] Generations as defined by Pew Research: Gen Z (born 1997-2012), Millennials (1981-1996), Gen X (1965-1980) and Boomers (1946-1964).
[8] Data from Fidelity Investments Student Debt Tool as of June 30, 2023. Note: Data is representative of student debt tool users who uploaded their student loan information between August 2018 date and June 2023.
[9] 2022 EBRRI Financial Wellbeing Employer Survey: Employee Satisfaction and Retention a Primary Focus by Craig Copeland. As of Oct 2022.
[10] All calculations are comparing employees enrolled in Student Debt: Retirement in 2022 vs. a comparable cohort of not enrolled employees based on age and salary unless otherwise indicated. The average values of employees' current balances, ages and savings rates of the compared populations are used as inputs to a deterministic savings projection. The savings at retirement are then converted into an income stream using a standard 4% withdrawal rate assumption. Finally, these income streams are compared to projected pre-retirement income as well as projected retirement expenses. Pre-retirement income is determined by growing current salary at a 1.5% real rate over the years until retirement. Retirement spending is determined by Fidelity Retirement Math research which estimates that pre-retirement incomes of $75,000 and $100,000 typically replace 75% and 72% of their pre-retirement income in retirement, respectively.