

2016 Defined Contribution Plan Trends

Investment Company Institute Research Report

Saving for retirement is no easy feat, but at least the savings trends for defined contribution (DC) plan participants continued in 2016 according to the Investment Company Institute's (ICI) latest study "Defined Contribution Plan Participants' Activities, 2016"¹ released in June 2017.

The study tracks contributions, withdrawals, and other activity from more than 29 million employer-based DC plans.

The latest data indicates that many participants remain committed to saving and investing in their futures, as nearly all currently participating savers continued contributing to their plans in 2016. Only 2.7 percent of DC plan participants stopped contributing in 2016, according to the study.

Key Report Statistics

- As in previous years, overall withdrawal activity remained low in 2016. In 2016, only 3.3 percent of DC plan participants took withdrawals, compared to 3.4 percent in 2015 and 3.6 percent in 2014.
- Approximately 1.5 percent of DC plan participants took hardship withdrawals during 2016, also similar, however slightly less, than in previous years.
- At the end of 2016, 17.0 percent of DC plan participants had outstanding loan balances, compared with 17.4 percent at the end of 2015. Although this marginally decreased over the past year, the amount of participants with loans is nearly 2 percent higher than eight years ago.
- Regarding participant activity with their investment selections, 2016 found most DC plan participants were consistent in their asset allocation, with only 9.4 percent of DC plan participants changing the asset allocation of their account balances and 5.6 percent changing the asset allocation of their future contributions.

The Investment Company Institute has tracked certain activities of DC plan participants' since 2008, thereby developing a several year perspective on the specific trends represented above. The seemingly low withdrawal and loan quantities paint an optimistic picture, however, additional factors, such as participant contribution rates and employee involvement in their savings should help to round out any analysis regarding the success of any specific plan.

¹ Holden, Sarah, and Daniel Schrass. 2017. "Defined Contribution Plan Participants' Activities, 2016." *ICI Research Report* (June).