NEWS RELEASE

Fidelity® Q1 2021 Retirement Analysis: Average Balances Reach Record Levels for Second Consecutive Quarter

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- Account Balances Increase More than 30% from Market Drop in Q1 2020
- IRA Contributions Increase Ahead of Tax Deadline
- Employers Continue to Take Steps to Help Workers Save More

BOSTON--(BUSINESS WIRE)-- **Fidelity Investments®**, a market-leading workplace benefits company and America's No. 1 IRA provider1, today released its quarterly analysis of retirement account balances, contributions and savings behaviors. Despite the financial challenges caused by the continued impact of the pandemic on the global economy, average balances across more than 30 million IRA, 401(k), and 403(b) retirement accounts reached record levels.

Consistent savings among workers and steady contributions from employers, buoyed by positive stock market performance, helped push average retirement account balances to record levels for the second consecutive quarter. In addition, IRAs benefitted from a seasonal increase in contributions as some investors made a tax-deferred contribution to their IRA before the tax filing deadline. And despite many U.S. workers still feeling the impact of the pandemic, loans and withdrawals from retirement savings accounts were lower in Q1.

Highlights from Fidelity's Q1 2021 analysis include:

- Retirement accounts reach record levels for the second consecutive quarter. The average IRA balance was $130,000, a 1% increase from last quarter but a 31% increase from Q1 2020. The average 401(k) balance increased to $123,900 in Q1, a 2% increase from Q4 and up 36% from a year ago. The average 403(b) account balance increased to a record $107,300, an increase of 1% from last quarter and 42% higher than in Q1 2020.

Average Retirement Account Balances

	Q1 2021	Q4 2020	Q1 2020	Q1 2011
IRA2	$130,000	$128,100	$98,900	$73,700
401(k)3	$123,900	$121,500	$91,400	$72,800
403(b)4	$107,300	$106,100	$75,700	$56,100

- IRA contributions increase in advance of tax deadline. IRA activity increased in the first quarter as many investors made contributions to their IRAs for 2020 tax filing purposes. Investors made contributions to 1.3 million IRA accounts in Q1, a 52% increase over Q1 2020. Total IRA contributions increased to $4.3 billion in Q1 2021, nearly double the $2.9 billion in contributions from a year earlier. In addition, 26% of overall IRA contributions were made by investors under the age of 35, up from 23% in Q1 2020. The percentage of contributions to Roth IRAs continues to increase, rising to 60% of all IRA contributions in Q1 2021.
- 401(k) loans and withdrawals dipped slightly in Q1. Despite many workers continuing to face financial challenges related to the pandemic, the percentage of workers with an outstanding 401(k) loan dropped to 17.5%, down from 19.7% in Q1 2020. Only 1.6% of 401(k) savers initiated a new loan in the first quarter, which was flat from Q4 2020 and down from 2.4% a year ago. The percentage of workers who made a withdrawal from their 401(k), including hardship withdrawals, dropped to 2.4% in the quarter, down from 6.1% in Q4 and 3.0% a year ago.

"The first quarter of last year was a difficult time for many as the effects of the pandemic started to impact the global business landscape. Fidelity worked closely with our customers throughout 2020 to provide the help they needed to address their concerns and keep their retirement savings on track, and we'll continue to support customers as they move into a post-pandemic work environment," said **Kevin Barry**, president of Workplace Investing at Fidelity Investments.

"While the stock market's recent performance provided a boost to retirement savings balances, individuals can't control how the market performs from quarter to quarter or year to year. What they can control is establishing and sticking to consistent, positive savings behaviors. This behavior is important to putting investors on the right track to reach their long-term retirement savings goals," continued Barry.

Plan design and employer contributions continue to help workers with their savings efforts

Employers are also taking steps to help their workers save more for retirement. In addition to matching contributions to their employee's accounts, employers are designing their workplace savings plans with features that can improve workers' savings rates. Here are several examples of how employers are playing a key role in helping their workers save more and progress towards their retirement savings goals:

- Employers continue to make matching contributions to 401(k) and 403(b) accounts. The average 401(k) employer contribution rate was 4.6%, and the average amount contributed to employees' 401(k) was $1,720. Among 403(b) accounts, the average employer contribution was 4.1% and the average amount was $3,000. Companies made matching 401(k) contributions to 83% of employees in the quarter. The most popular 401(k) match formula in the first quarter, which is used by 41% of employers on Fidelity's platform, continues to be a 100% matching contribution for the first 3% of an employee's contribution and 50% match for the employee's next 2%. Under this formula, a 5% employee contribution of $100 would be eligible for an $80 employer match.

- Increasing use of auto enrollment. More than a third (36.9%) of companies automatically enroll employees into their 401(k) plan, which can help put employees on the path to savings. Among large organizations with more than 50,000 employees, the percentage that automatically enroll employees increases to 62%. Of the employees automatically enrolled in their 401(k) plan, more than 90% stay enrolled in their plan.
- Higher savings rates for auto-enrolled workers. While the most common default savings rate for auto-enrolled employees is 3%, a growing number of companies are steadily increasing this rate – as of Q1, one in five employers (20%) auto enroll employees at a 6% savings rate.

"Employers recognize how the design of their workplace savings plan can have a positive impact on retirement savings efforts," said Barry. "Recently proposed legislation, such as SECURE Act 2.0, could provide additional support for employers as they help their employees save for retirement."

For more information on Fidelity's Q1 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 $9.8 trillion, including discretionary assets of $3.8 trillion as of December 31, 2020, 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 institutions with investment and technology solutions to invest their own clients' money. Privately held for more than 70 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 **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.

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1 Fidelity is America's No. 1 IRA provider, as per Cerulli Associates' The Cerulli Report—U.S. Retirement Markets 2020, based on an industry survey of firms reporting total IRA assets administered for Q2 2020.
2 Fidelity IRA analysis based on 11.2 million Personal Investing IRA accounts, as of March 31, 2021 and includes all IRAs except for inherited IRAs, small business IRAs and IRAs distributed through the advisor-sold market.
3 Analysis based on 23,400 corporate defined contribution plans and 19.6 million participants as of March 31, 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.
4 Based on Fidelity analysis of 10,400 Tax-exempt plans and 6.8 million participants as of March 31, 2021. Considers average balance across all active plans for 5.3 million individuals employed in tax-exempt market.

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