



NEWS RELEASE

## Fidelity® Q4 2020 Retirement Analysis: Despite Ongoing Economic Uncertainty as a Result of the Pandemic, Contributions to Retirement Accounts Remained Strong, Helping Boost Account Balances to Record Levels

2/18/2021

- Average Balances for 401(k), IRA and 403(b) Accounts Reached New Milestones
- Contribution Rates for Women Reached Record Levels in Q4 2020
- One Third of 401(k) Savers Increased their Savings Rate in 2020

BOSTON--(BUSINESS WIRE)-- **Fidelity Investments®**, a market-leading workplace benefits company and America's No. 1 IRA provider<sup>1</sup>, today released its quarterly analysis of retirement savings trends, including account balances, contributions and savings behaviors, across more than 30 million IRA, 401(k), and 403(b) retirement accounts.

Despite ongoing economic uncertainty, individual contributions to all three retirement account platforms remained strong in Q4, which helped boost average retirement account balances to record levels for the quarter. And while ongoing financial challenges created by the global pandemic drove a slight increase in the number of withdrawals under the CARES Act in Q4, the amount withdrawn was consistent with withdrawals earlier in 2020.

"The stock market results in Q4 played a part in boosting average account balances to record levels, but we're encouraged to see how positive saving behaviors among our retirement investors also contributed to increased balances," said **Kevin Barry**, president of Workplace Investing at Fidelity Investments. "Taking a long-term approach to retirement savings, which includes consistent savings efforts and managing asset allocation, can help investors weather the economy's ups and downs. Last year was challenging and we still may have rough patches ahead, so it's more important than ever to stay the course and keep focused on the key steps that will help investors reach their retirement goals."

Highlights from Fidelity's Q4 2020 analysis include:

- Retirement accounts reach record levels in Q4. The average IRA balance was \$128,100, a 9% increase from last quarter and 11% higher than average balance of \$115,400 a year ago. The average 401(k) balance increased to \$121,500 in Q4, an 11% increase from Q3 and up from 8% from a year ago. The average 403(b) account balance increased to a record \$106,100, an increase of 10% from last quarter and the first time the average TEM balance has reached six figures.

Average Retirement Account Balances

	Q4 2020	Q3 2020	Q4 2019	Q4 2018
IRA2	\$128,100	\$117,700	\$115,400	\$71,300
401(k)3	\$121,500	\$109,600	\$112,300	\$69,700
403(b)4	\$106,100	\$96,100	\$93,100	\$54,800

- Employee savings rates reached record levels. Despite the ongoing financial uncertainty, individuals continued to save in their workplace savings accounts. The average quarterly savings rate for 403(b) accounts was 7.3% and the savings rate for 401(k) accounts reached 9.1%, both record levels. When combined with employer contributions, the total savings rate (employee + employer contributions) for 403(b) accounts was 11%, while the total savings rate for 401(k) accounts was 13.5%. Across Fidelity's 401(k) platform, one in three (33%) individuals increased their contribution rate at some point in 2020.
- Gen Z workers increasingly investing in their 401(k). More than 800,000 Gen Z workers had joined Fidelity's 401(k) platform by the end of 2020, an increase of 10% from the end of 2019. The average balance for this group was \$5,800 in Q4, an increase of 13.3% over the previous quarter.
- New IRA accounts, contributions continue to increase. Individuals continued to utilize IRAs to help save for retirement, as the number of IRAs accounts that received a contribution increased 35% in 2020, with the average contribution per account increasing 5% over last year. The percentage of contributions to Roth IRAs continues to increase, rising to 58.7% of all IRA contributions in 2020. And while the number of IRAs increased across millennials, Gen X and Baby Boomers, the number of IRAs among Gen Z investors<sup>5</sup> nearly tripled in 2020 to more than 114,000 accounts.
- Withdrawals under CARES Act increased, but withdrawal amount remained steady. Withdrawals under the CARES Act remained steady throughout most of 2020, although withdrawals increased slightly in December. From March to the end of 2020, 1.6 million individuals had taken a CARES Act distribution from their retirement account, which represents 6.3% of eligible employees on Fidelity's workplace savings platform. The majority of individuals (59%) took one withdrawal in 2020 and the overall average amount per withdrawal was \$9,400 (the median amount per withdrawal was \$2,500). And while required minimum withdrawals (RMDs) were suspended in 2020 in the CARES Act, the RMD requirement has been reinstated for 2021, meaning older investors (over age 72) will need to take a distribution or possibly face an IRS penalty.

## Women investors see significant progress with increasing balances, contribution rates

Women investors, which represent roughly 40% of Fidelity's 401(k) platform and 70% of Fidelity's 403(b) platform, saw solid gains in 2020 despite some unique challenges as a result of the global pandemic. Recent **Fidelity research**<sup>6</sup> found that nearly 4-in-10 working women (39%) are actively considering leaving the workforce or reducing their hours due to increased caregiving responsibilities – however, Fidelity's Q4 analysis identified several positive aspects of women's retirement savings efforts:

- Increasing savings rates. Women are saving more for retirement than ever before, with the average 401(k) savings rate for women climbing to a record 9%, up from 8.7% a year ago, while the 403(b) savings rate for women increased to a record 7.6%, up from 6.2% in Q4 2019. When combined with employer contributions, the total savings rate (employee + employer contributions) climbed to 13.3% for women saving in their 401(k) and 11.4% for women saving in their 403(b). Among women investors saving in an IRA, the average contribution amount in 2020 increased 4% over the average contribution amount in 2019.
- Average 401(k) balance for long-term savers exceeds a quarter of million dollars. The average 401(k) account balance for women who have been in their plan for 10 years straight increased to \$297,900, up from \$249,200 a year ago. As of Q4, there are 523,000 women on Fidelity's platform who have been in the same 401(k) plan since Q4 2011, when the average balance for this group was \$61,800.
- Increasing use of target date funds. More than half (59.8%) of women on Fidelity's 401(k) platform have all of their savings in a target date fund, and the percentage increases to 71.4% of women on Fidelity's 403(b) platform. Target date funds can provide a diversified investment mix that can reduce the overall level of risk in their retirement account and are often used as a default investment option for employers who automatically enroll employees in their workplace savings plan.

"Despite the unprecedented challenges posed by the pandemic, we continued to see women investors stay engaged and continue to take the steps to keep their retirement savings moving in the right direction," continued Barry.

For more information on Fidelity's Q4 2020 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.**

Target Date Funds are an asset mix of stocks, bonds and other investments that automatically becomes more conservative as the fund approaches its target retirement date and beyond. Principal invested is not guaranteed.

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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 10.9 million Personal Investing IRA accounts, as of December 31, 2020 and includes all IRAs except for inherited IRAs, small business IRAs and IRAs distributed through the advisor-sold market.

3 Analysis based on 23,300 corporate defined contribution plans and 19 million participants as of December 31, 2020. 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 December 31, 2020. Considers average balance across all active plans for 5.1 million individuals employed in tax-exempt market.

5 Generations as defined by Pew Research, as of January 2019: Gen Z (born 1997-2012), Millennials (1981-1996), Gen X (1965-1980) and Baby Boomers (1946-1964).

6 This study presents findings from a nationwide survey of 1,902 U.S. adults (951 men and 951 women) ages 18+ who identify as a caregiver and were employed as of January 1, 2020. This survey was fielded August 25 – September 4, 2020 by Engine Insights, an independent research firm not affiliated with Fidelity Investments. The

results of this survey may not be representative of all adults meeting the same criteria as those surveyed for this study.

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