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FIDELITY® Q3 2019 RETIREMENT ANALYSIS: VOLATILITY DRIVES SLIGHT DIP IN AVERAGE ACCOUNT BALANCES, BUT THE MAJORITY OF RETIREMENT SAVERS "STAYED THE COURSE"

BOSTON, November 14, 2019 -- Fidelity Investments®, the market leading workplace benefits company and one of the largest and most diversified financial companies in the industry, today released its quarterly analysis of retirement savings trends, including account balances, contributions and savings behaviors, across more than 30 million retirement accounts. Market conditions in Q3 caused average account balances to dip slightly in the third quarter after reaching near-record levels in Q2.

Highlights from Fidelity's Q3 2019 analysis include:

- **Average 401(k), IRA and 403(b) balances decreased slightly in Q3 2019.** The average 401(k) balance dipped to $105,200, less than a 1% decrease from $106,000 in Q2 2019. The year-over-year average balance is down just over 1% from a record high balance of $106,500 in Q3 2018. The average IRA balance dropped slightly to $110,200, less than half a percentage point from last quarter and less than 1% lower than the $111,000 balance one year ago. The average 403(b)/tax exempt account balance dipped to $88,000, less than a 1% decrease from last quarter but up slightly from Q3 2018.

Average Retirement Account Balances

	Q3 2019	Q2 2019	Q3 2018	Q3 2009
401(k)[1]	$105,200	$106,000	$106,500	$59,100
IRA[2]	$110,200	$110,400	$111,000	$61,400
403(b)/Tax Exempt[3]	$88,000	$88,600	$87,500	$46,000

- **Long-term savers saw balances increase to record levels in Q3.** Among participants who have been in their 401(k) plan for 10 years straight, the average balance reached a record $306,500, topping the previous high of $306,000 from Q3 2018. Among workers saving in a

403(b)/tax exempt account, the 10-year continuous balance reached $179,000, more than four times the average balance for this group in Q3 2009.

- **More individuals[4] are keeping all of their retirement savings in a target date fund.** An increasing number of individuals are keeping all of their retirement savings in a target date fund, which can provide a diversified investment mix that can reduce the overall level of risk in their retirement account. Target date funds are often used as a default investment option for employers who automatically enroll employees in their workplace savings plan. As of Q3, 53% of 401(k) savers kept all of their savings in a target date fund, while 66% of workers saving in a 403(b)/tax exempt account kept all of their savings in a target date fund.
- **The majority of 401(k) savers "stayed the course" and did not make changes within their 401(k) investments.** Despite market swings in Q3, only 5.1% of 401(k) savers made a change to the investments within their 401(k), which is up slightly from Q2 but down from 5.2 percent in Q3 2018. Almost all (82.7%) of those savers who made some sort of change to their investments only made one.
- **Number of workers contributing to a Roth 401(k) crosses the 1M mark.** The number of workers contributing to a Roth 401(k) increased to 1.02 million in Q3, a nearly ten-fold increase from the 109,000 workers who contributed to a Roth 401(k) in Q3 2009. Nearly half (485,000) of the workers contributing to a Roth 401(k) are Millennials.

"Although the stock market's performance had a slight impact on account balances, we continue to see positive investing and savings behaviors among people saving in Fidelity retirement plans," said Kevin Barry, president of Workplace Investing at Fidelity Investments. "While market swings like the kind we experienced in Q3 can be unnerving, it's encouraging to see that most retirement savers didn't have an emotional reaction and did not take any steps that could harm their long-term savings efforts."

Workers May Own Too Much Stock in Accounts, Exposing their Savings to Unnecessary Risk[5]

Although an increasing number of workers are leveraging target date funds to help keep their asset allocation on track and help manage the risk to their retirement savings, Fidelity's Q3 analysis found that many 401(k) account holders had stock allocations higher than those recommended[5] for their age group. Fidelity compared average asset allocations to an age-based target date fund and found nearly a quarter (23.1%) of 401(k) savers still have a higher percentage of equities than recommended, including 7% who are 100% equity. Among Baby Boomers, the over-allocation of stock was even higher – 37.6% have too much equity, including 7.9% who are in 100% equities. This is in addition to the 5% of Boomers who have zero exposure to equities in their 401(k).

Fidelity's analysis also found asset allocation among workers saving in 403(b)/tax exempt accounts were slightly more on target. As of Q3, 81% have the suggested level of stock allocations recommended for their age group and only 11% with stock allocations higher than those recommended[5] for their age group.

"While the market's performance over the last few years has had a positive effect on many retirement account balances, it may have also contributed to some individuals having more stock than is recommended. Maintaining the right balance of stocks, bonds and cash can help ensure investors are not exposing their savings to any unnecessary risk, especially if the market was to trend downward," continued Barry.

For more information on Fidelity's Q3 2019 analysis, please 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 $7.8 trillion, including managed assets of $2.8 trillion as of September 30, 2019, we focus on meeting the unique needs of a diverse set of customers: helping more than 30 million people invest their own life savings, 22,000 businesses manage employee benefit programs, as well as providing more than 13,500 financial advisory firms with investment and technology solutions to invest their own clients' money. Privately held for more than 70 years, Fidelity employs more than 40,000 associates who are focused on the long-term success of our customers. For more information about Fidelity Investments, visit https://www.fidelity.com/about.

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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] Analysis based on 23,000 corporate defined contribution plans and 17.4 million participants as of September 30, 2019. 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.

[2] Fidelity IRA analysis based on 9.6 million Personal Investing IRA accounts, as of September 30, 2019 and includes all IRAs except for inherited IRAs, small business IRAs and IRAs distributed through the advisor-sold market.

[3] Analysis based on 10,486 defined contribution plans, including 403(b), 401(a), 401(k) and 457(b) qualified, non-qualified and TEM pooled plans, and 6.2 million participant accounts, for 4.7 million unique individuals, in the tax-exempt market, as of September 30, 2019.

[4] Target date funds are a common default investment options for employers who automatically enroll their participant in the company's retirement plan. As of September 30, 2019, 91 percent of 401(k) plans managed by Fidelity default participants into a target date fund

[5] For "Asset Allocation" purposes, age appropriate equity allocation is defined as the participant's current age and equity holdings in a retirement portfolio compared with an example table containing age-based equity holding percentages based on an equity glide path. The Fidelity Equity Glide Path is an example we use for this measure and is a range of equity allocations that may be generally appropriate for many investors saving for retirement and planning to retire around ages 65 to 67. It is designed to become more conservative as participants approach retirement and beyond. The glide path begins with 90% equity holdings within a retirement portfolio at age 25 continuing down to 19% equity holdings 10-19 years after retirement. Equities are defined as domestic equity, international equity, company stock, and the equity portion of blended investment options. The indicator for asset allocation is determined by being within 10% (+ or -) of the Fidelity Equity Glide Path. We assume self-directed account balances (if any) are allocated 75% to equities, regardless of participant age and so the Asset Allocation Indicator has limited applicability for those affected participants. For purposes of this metric, participants enrolled in a managed account or invested greater than or equal to 80% of their account balance in a single target date fund are considered to have age appropriate equity allocation. Investors should allocate assets based on individual risk tolerance, investment time horizon and personal financial situation. A particular asset allocation may be achieved by using different allocations in different accounts or by using the same one across multiple accounts.