FOR IMMEDIATE RELEASE

Press Contact:
Hattie Greenan
Plan Sponsor Council of America
Part of the American Retirement Association
540.323.7828
hgreenan@usaretirement.org

PSCA National Survey Shows 401(k) Savings and Participation Rates Rise

The 67th Annual Survey of 401(k) Plans also indicates employers are focused on implementation of SECURE Act provisions and cybersecurity

Arlington, VA (Dec. 18, 2024) – Retirement plan participation and savings rates ticked upward in 2023 according to the latest survey from The Plan Sponsor Council of America (PSCA). PSCA's *67th Annual Survey of 401(k) Plans* (reflecting 2023 plan-year data) showed that participants and organizations contributed more to 401(k)s in 2023 than the year before (though not yet back to 2021's record levels). And while savings rates increased, plan sponsors were focused on implementing mandatory provisions of SECURE 2.0 and deciding which optional provisions to implement.

"Employers and participants contributed more to their plans in 2023 after slipping off record highs in last year's survey," said Hattie Greenan, director of research and communications for PSCA. "While maintaining contributions, employers were also focused on implementing design features and optional provisions of both SECURE Acts to best help their participants balance immediate financial needs with long term financial security."

Savings Rates

- **Participation rates**: 88% of eligible employees had an account balance in 2023 and 86.9% made deferrals.
- **Contribution rates:** Participants contributed an average of 7.8% of pay (up from 7.4%), and companies contributed 4.9% of pay (up from 4.7%) for a combined savings rate of 12.7% of pay.

SECURE Act Provisions

The optional provisions regarding distributions seem to be the most popular SECURE 2.0 provisions, with little uptake (so far) on most of the others.

- 72% of organizations adopted the distributions for natural disasters.
- More than half (52.3%) adopted the distribution in the event of a qualified birth or adoption (QBAD).
- Nearly half (48.9%) adopted the distribution in the event of a terminal illness diagnosis provision.
- Only two percent of plans are adding an employer match on student loan payments.
- Less than one percent are adding a PLESA (emergency savings side-car account) and 29.3% are adopting the provision allowing a $1,000 emergency withdrawal.

“The increase in plan savings and participation rates reflects the overall strength of the 401(k) system, particularly in the face of economic headwinds and uncertainty,” said Will Hansen, PSCA’s executive director. “The flexibility that SECURE 2.0 offers employers in designing plans to meet both company goals and the needs of their participants will continue to reshape retirement and increase the financial security of retirees.”

Distributions
PSCA’s *67th Annual Survey* also showed a drop in participants borrowing against their retirement accounts in 2023, while at the same time the percentage of participants taking a hardship withdrawal increased.

- 17.5% of participants had a loan outstanding in 2023 (down from 18.6%) with an average of 0.9% of assets loaned (down from 1.4% the year before).
- 2.1% of participants took a hardship withdrawal, up from 1.5% in 2022.

Other plan design and administration trends of note in this year’s survey include:

- **Managed Accounts:** Half of plans (50.1%) offer managed accounts to participants, up from 46.9% in 2022 and 43.6% in 2021.
- **Roth:** Roth after-tax contributions are now available at 93 percent of plans, up from 89 percent in 2022. Twenty-one percent of participants made Roth contributions when given the opportunity.
- **Reenrollment:** Thirteen percent of plans automatically reenroll nonparticipants annually – up from 4 percent of plans 10 years ago.
- **Cybersecurity:** The use of a written cybersecurity policy continues to increase – 31% of plans have such a policy, up from 22% three years ago. Additionally, 72% use multifactor identification, up from 67% the year before.
- **Mobile Tech:** Seventy percent of organizations use mobile technology to provide plan access, up from 63 percent in 2022.

About the Survey
PSCA’s *67th Annual Survey of 401(k) and Profit Sharing Plans* reports on the 2023 plan-year experience of 709 plans. More information can be found at: https://www.psca.org/research/401k. Media copies can be requested at research@psca.org.

About the Plan Sponsor Council of America
The Plan Sponsor Council of America (PSCA), part of the American Retirement Association (ARA), is a diverse, collaborative community of employee benefit plan sponsors, working together on behalf of millions of employees to solve real problems, create positive change and expand on the success of America’s voluntary, employer-sponsored retirement system. With members representing employers of all sizes, PSCA offers a forum for comprehensive dialogue. By sharing our collective knowledge and experience as plan sponsors, PSCA also serves as a resource to policymakers, the media and other stakeholders as part of its commitment to improving retirement security for millions of Americans. For more information, visit psca.org.

# # #