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REFERENCE POINT

Data can inspire plan changes

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Reference Point

T. Rowe Price Defined Contribution Plan Data | As of December 31, 2017

Executive Summary

After seeing significant gains in participant deferrals and participation rates in 2016, plan and participant outcomes improved again in 2017. Plan design continued to be one of the strongest drivers of outcomes, led by features such as auto-enrollment and auto-increases with opt-out as well as adoption of higher default deferral rates, Roth contributions, and target date products.

6%⇧

default deferral rate
reaches all-time high

Auto-Solutions

Plan design continues to drive positive outcomes for plans and participants.

- The 6% default deferral rate for auto-enrollment plans surpassed the 3% industry standard for the first time by a small amount: 32.4% of plans had a 6% default deferral compared with 31.9% with a 3% default.
- Participation in auto-enrollment plans is 42 percentage points higher than in non-auto-enrollment plans (87% compared with 45%).
- Adoption of auto-increases is over five times higher in plans with opt-out versus opt-in (66% compared with 13%).

Nearly two-thirds of plans have set or increased the default rate to an amount greater than 3%.

67%

of plans offer Roth contributions

Contributions

The average employee pretax deferral rate reaches 8.3%—the highest in 10 years.

- Over 67% of plans now offer Roth contributions, up from 60.3% in 2016.
- Younger participants (age 20–40) use Roth contributions more often than their older peers.
- Nearly half of all plans with a match set the match ceiling at 6%.
- The most popular match formula—50% up to 6%—is used by 31.8% of plans with a match.

Adoption of Roth increased in 2017—by plans and by participants—which could demonstrate increased understanding of the feature.

94% **of plans**
offer target date products

Investments

The average number of investments offered by plans continues to increase, despite growing popularity of target date products.

- For the first time, target date products now account for the largest percentage of plan assets under management, surpassing all other investment types in nearly every category.
- Investment in target date products is highest among participants age 20–40, who are more likely to have been auto-enrolled than their older peers.

Plans with a high number of participants who appear to be non-diversified might consider a "QDIA reset," which moves participants' existing balances and future contributions into a qualified default investment alternative ("QDIA"), with an appropriately communicated opt-out option. This should be considered in light of other alternatives, such as investment education regarding the importance of diversification.

16%
of participants

had multiple loans, down four percentage points from 2013

Loan And Disbursement Behavior

Loan usage decreased to 23.4%, but a greater number of participants age 50+ have outstanding loans.

- The percentage of participants with multiple loans decreased to 15.6% in 2017, a drop of four percentage points since 2013.
- There was no change in direct rollovers, cash-outs, or hardship withdrawal usage overall, although cash-outs increased among younger participants.

Education and plan design can help participants avoid tapping into their retirement savings.

Auto-Solutions

Plan Design Drives Outcomes

Ever since the Pension Protection Act gave employers a certain degree of legal certainty in 2006, adoption of auto-solutions has steadily grown. The proven successes of auto-enrollment and auto-increase features have further strengthened their popularity among plans at T. Rowe Price:

- The average participation rate in auto-enrollment plans is over **42 percentage points higher** than in plans without auto-enrollment (87% participation for auto-enrollment plans compared with 45.4% for non-auto-enrollment plans).
- Participation in auto-increases is over **five times higher** in plans that use the opt-out versus opt-in option (66% participant adoption in plans that use opt-out versus 13% for opt-in).

The majority of plans at T. Rowe Price now use auto-enrollment, as plans without the feature decreased from 45.5% in 2016 to 43.3% in 2017.

5x higher participant adoption for auto-increase with opt-out than opt-in

PLAN DESIGN ENCOURAGES STARTING EARLY

According to a 2017 T. Rowe Price study, 94% of participants said that retirement is a top financial priority, but most are juggling multiple, competing financial goals.[1]

Auto-enrollment could be an effective way to encourage employees to start saving early. In 2017, 82.7% of employees age 20–29 participated in an auto-enrollment plan at T. Rowe Price, compared with just 27% participation in non-auto-enrollment plan. For those age 30–39, participation in auto-enrollment plans was 87.8% compared with 48.5% for non-auto-enrollment plans.

2017 Insights

- The 6% default deferral rate surpassed the 3% industry standard default rate for the first time in 2017.
- Adoption of auto-increases with opt-out surpassed adoption of auto-increases with opt-in for the first time in 2017.

Across the board, auto-enrollment plans saw higher participation rates for every participant age group, with participation by those in their prime working years (ages 30–60) close to or more than 30 percentage points higher.

6% DEFAULT RATE AT ALL-TIME HIGH

The average default deferral rate for auto-enrollment plans has increased steadily since 2013. For the first time, more plans had a default deferral rate of 6% (32.4%) than the 3% default rate (31.9%) that has been the industry standard since the PPA was enacted. While the difference might be slight, it's a sign that plans are continuing to reevaluate adequate savings rates to help participants retire ready.

>32%

of auto-enrollment plans have a 6% default deferral rate

There may be a correlation between rising default rates and the increase in adoption of auto-increases with opt-out. In 2017, adoption of the opt-out option increased to 57%, up from 39% in 2016. It marked the first year that the opt-out option surpassed the opt-in option in popularity, as use of opt-in fell from 61% in 2016 to 43% in 2017.

CONSIDER AUTO-REENROLLMENT

The overall participant-weighted participation rate dipped slightly, dropping from 68.3% in 2016 to 67% in 2017. Participation dropped in all participant age groups under age 60, while participants age 60+ increased their participation.

Plans that have experienced a dip in participant-weighted participation may benefit from adding the auto-reenrollment feature, which automatically reenrolls participants who weren't original auto-enrolled or opted out of enrollment.

In 2017, 13% of plans at T. Rowe Price offered auto-reenrollment and experienced a success rate of 78%.

[1]Source: Retirement Savings and Spending 3 © 2017 Brightworks Partners, LLC. Conducted by Brightworks Partners (now part of NMG Consulting) for T. Rowe Price.

Potential Strategies To Consider

- Add auto-enrollment to get participants saving earlier
- Use auto-reenrollment annually to reenroll non-participants
- Reevaluate the plan's default deferral rate periodically

No. 1 AUTOMATIC ENROLLMENT DESIGN TRENDS

Default auto-enrollment (AE) rate	2012	2013	2014	2015	2016	2017
Percent of Plans Not Offering AE	56.1%	52.8%	48.7%	48.9%	45.5%	43.3%
1%	1.8	1.8	2.0	2.4	2.0	1.9
2%	6.3	6.3	6.3	5.3	4.6	5.0
3%	47.3	45.6	42.9	38.2	34.3	31.9
4%	14.2	15.0	15.0	13.0	14.6	14.7
5%	11.7	10.8	10.1	10.9	11.4	13.0
6% or more	18.7	20.4	23.6	30.2	33.2	33.5
Default auto-increase (AI) rate						
Percent of Plans Not Offering AI	36.5%	32.2%	30.0%	30.7%	28.5%	24.3%
1%	66.3	69.0	69.6	73.6	74.7	78.4
2%	33.8	31.0	30.4	26.4	25.3	21.2
3%	0	0	0	0	0	0.4
Default investment						
Target date product	95.5%	95.5%	96.0%	95.9%	96.0%	96.4%
Other investment*	4.5	4.5	4.0	4.1	4.0	3.6

*Other investments could include balanced, money market, or stable value funds.
Note: Results for auto-enrollment and auto-increase are based on those plans that offer the features.

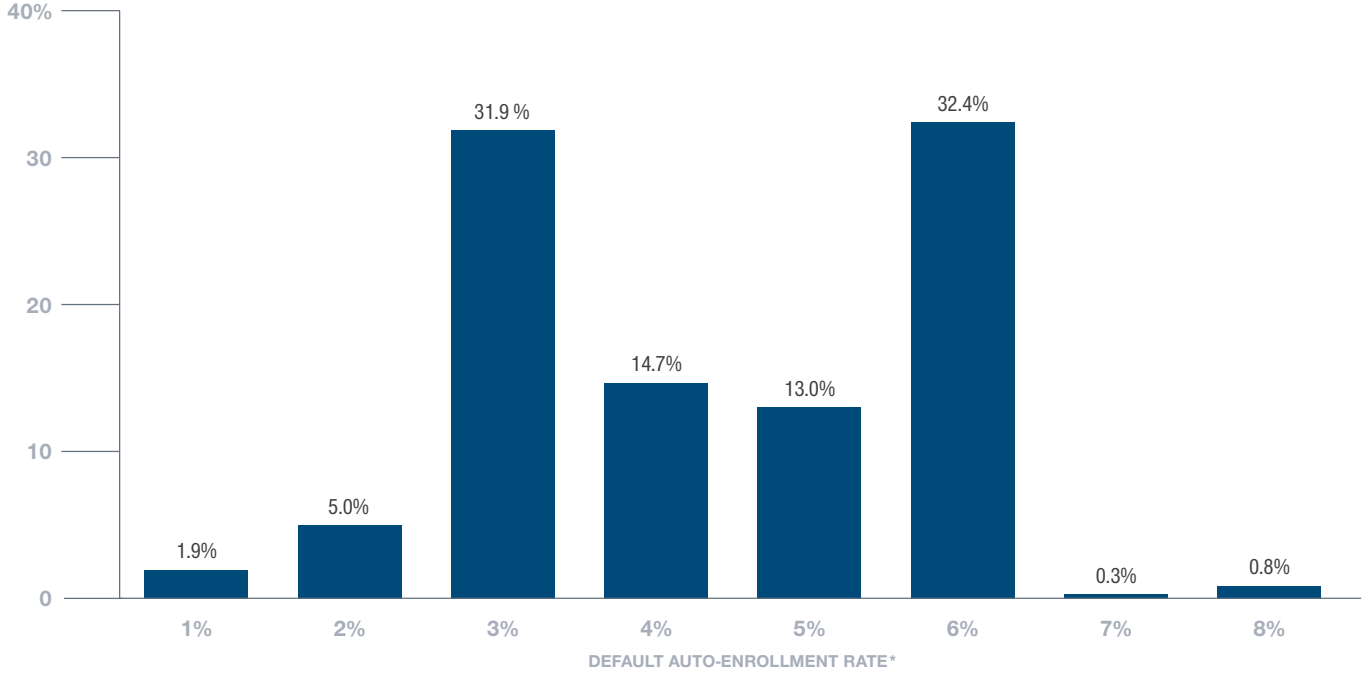
For the first time, the percentage of plans with a default deferral rate of 6% or greater surpassed the percentage of plans with the traditional 3% default deferral rate (33.5% and 31.9%, respectively).

No. 2 PARTICIPATION IN OTHER AUTOMATED SERVICES

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Auto-Reenrollment										
Plan Participation	3%	3%	3%	5%	5%	7%	8%	10%	12%	13%
Success Rate	81	78	77	78	78	77	78	78	78	78
Auto-Restart										
Plan Participation	—	18	26	31	37	42	44	52	57	60
Success Rate	—	2	32	44	52	49	56	57	61	55
Auto-Rebalance										
Plan Participation	89	91	92	93	93	93	95	93	95	95
Employee Participation	—	—	—	—	—	—	—	—	1	1

Note: The success rate is used to define how successful the one-time event was in maintaining participation when offering the service to employees. The success rate is the count of participants that enrolled through the service process divided by the count of participants that actually completed the service process. Employee participation—for auto-rebalance—conveys actual employee adoption of the service.

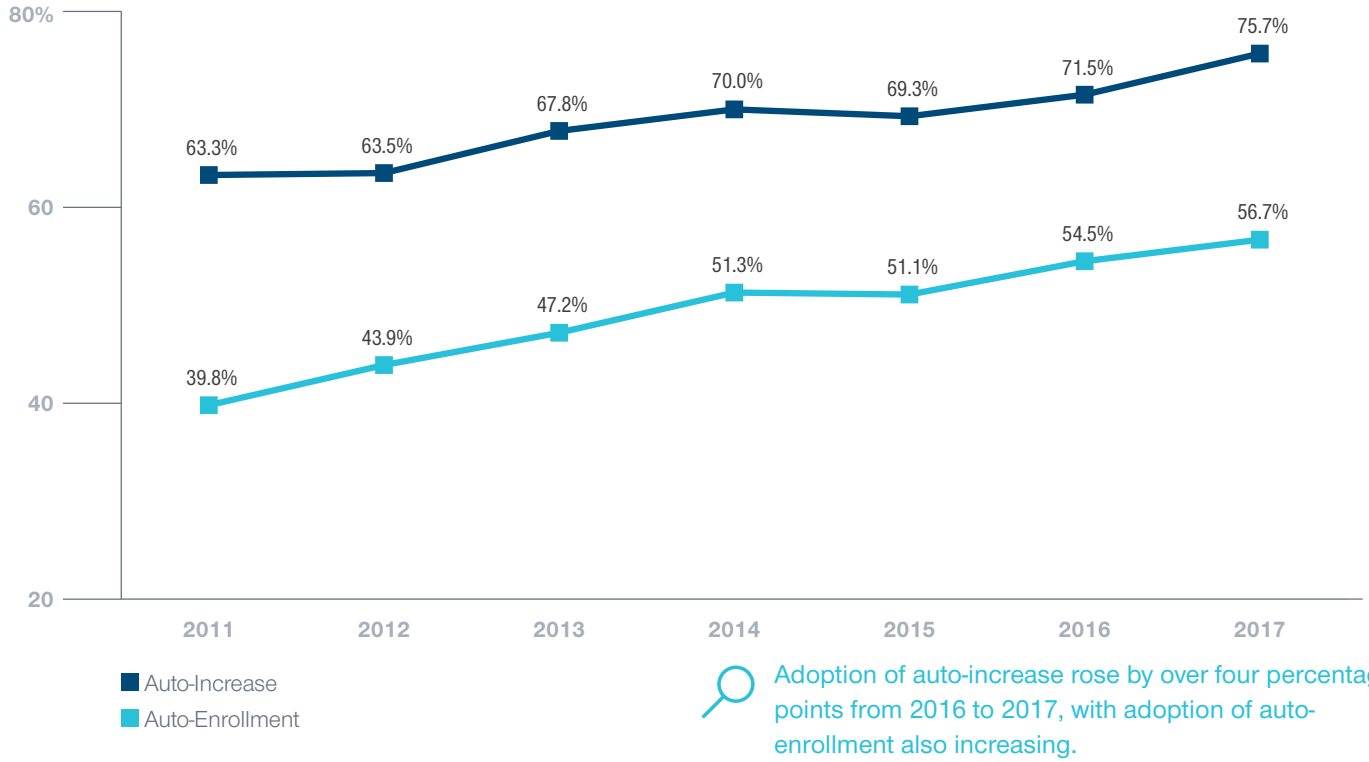
No. 3 DEFAULT DEFERRAL RATE FOR AUTO-ENROLLMENT PLANS



Note: Results for auto-enrollment are based on those plans that offer this feature.

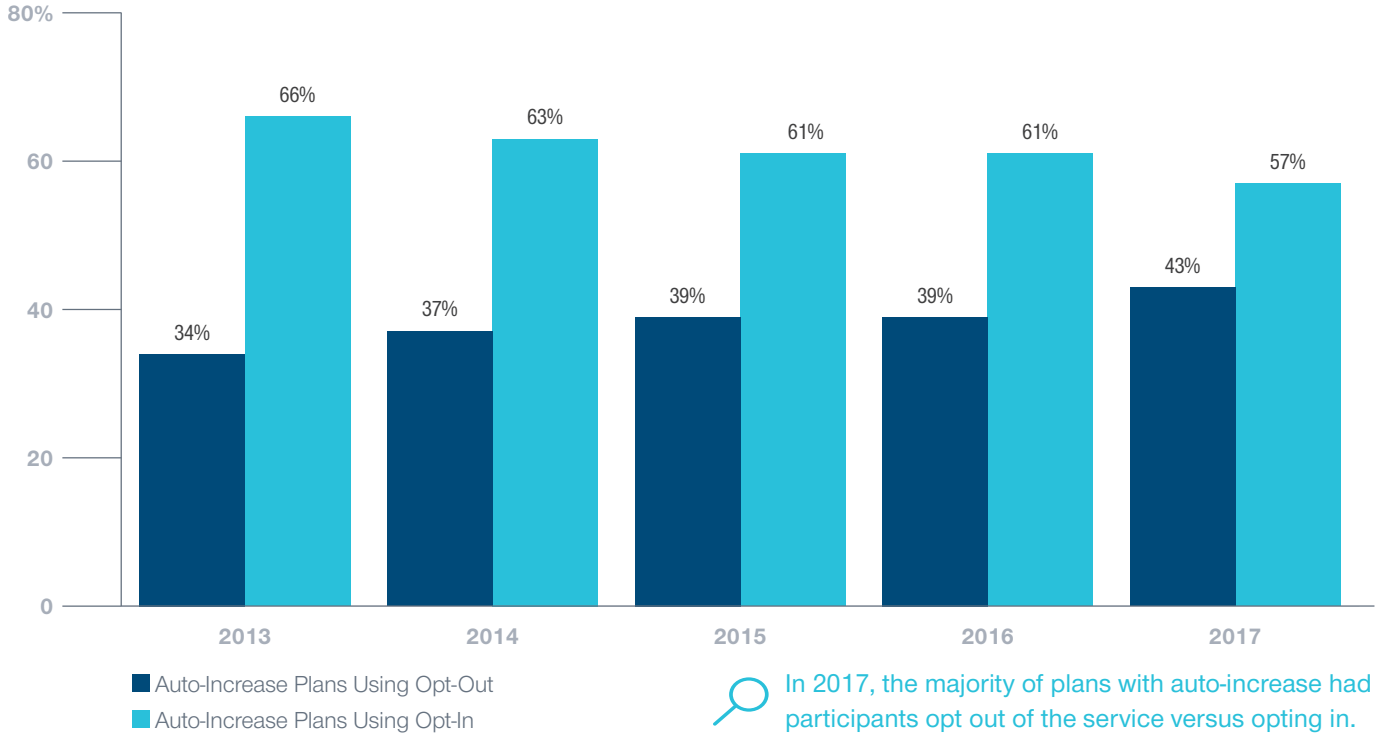
In 2017, the 6% default deferral rate surpassed the 3% default deferral rate for the first time.

No. 4 PERCENTAGE OF PLANS ADOPTING AUTO-INCREASE AND AUTO-ENROLLMENT



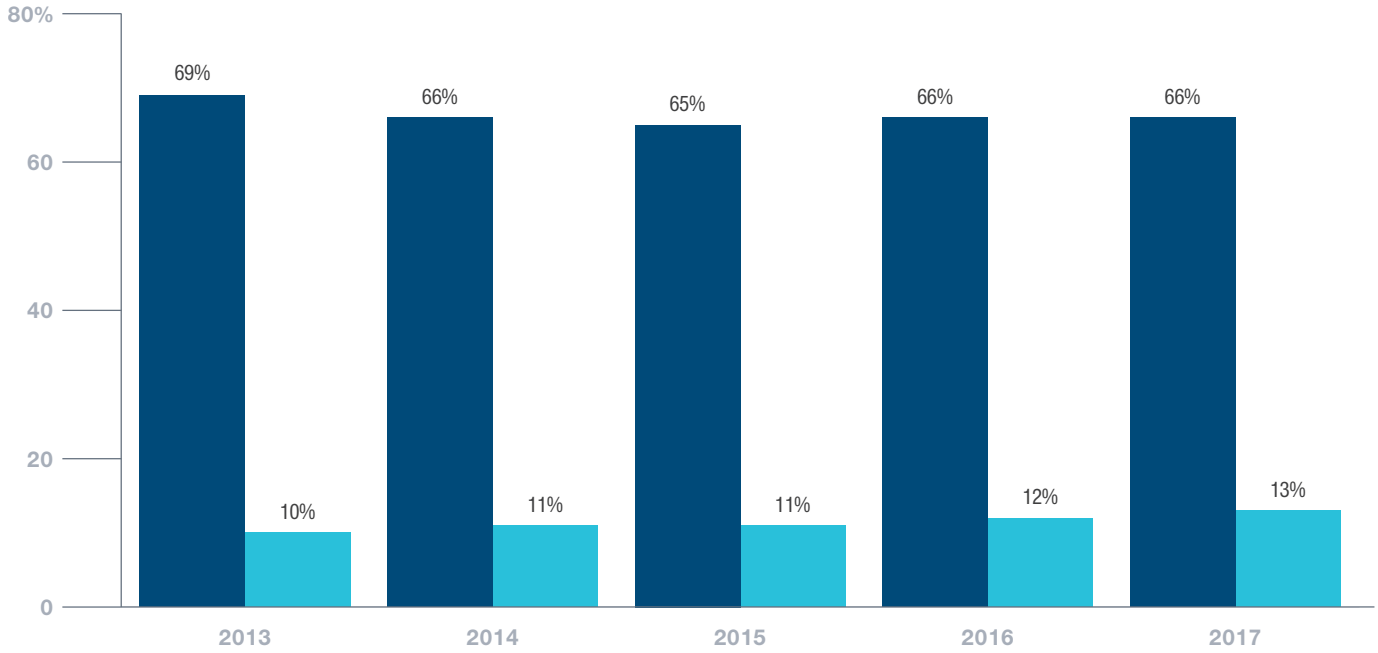
Adoption of auto-increase rose by over four percentage points from 2016 to 2017, with adoption of auto-enrollment also increasing.

No. 5 PLAN ADOPTION TYPES COMPARISON FOR AUTO-INCREASE



In 2017, the majority of plans with auto-increase had participants opt out of the service versus opting in.

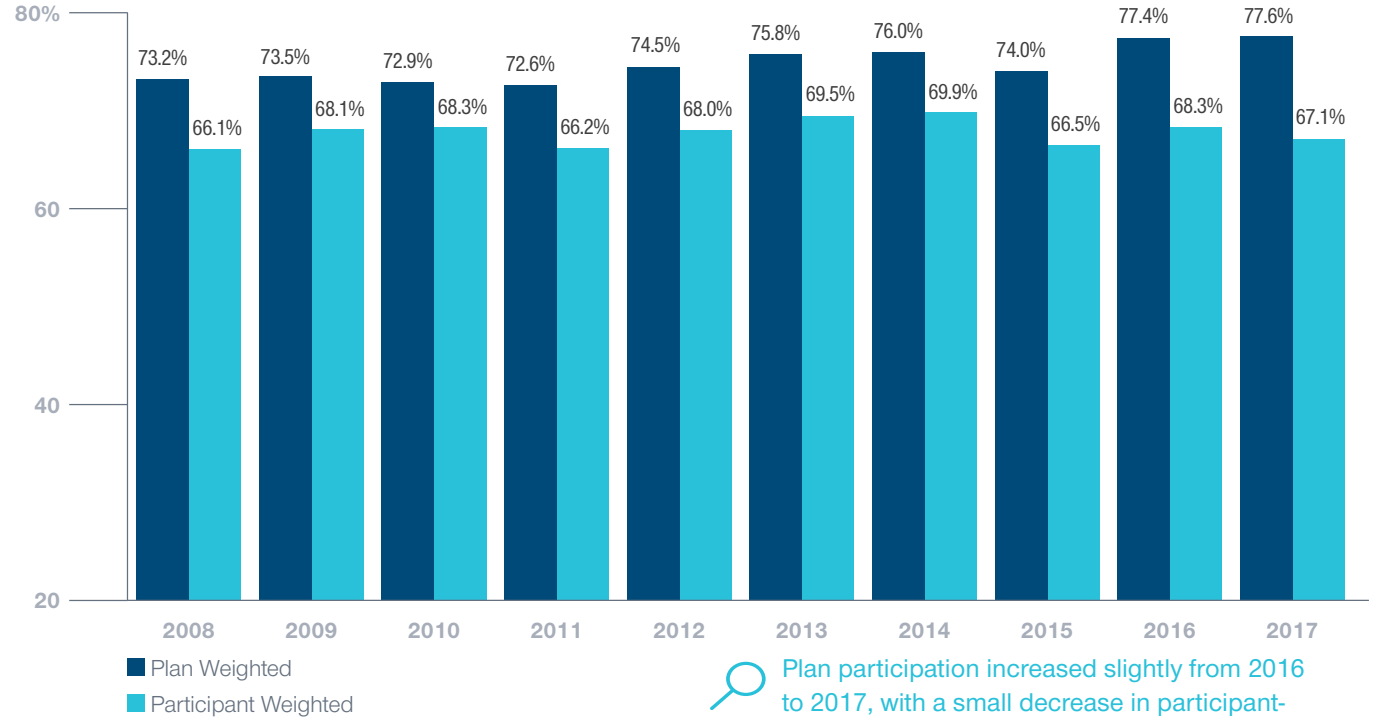
No. 6 PARTICIPANT ADOPTION RATE BASED ON AUTO-INCREASE ADOPTION METHOD



Use of auto-increase increased by 53 percentage points when participants were asked to opt out.

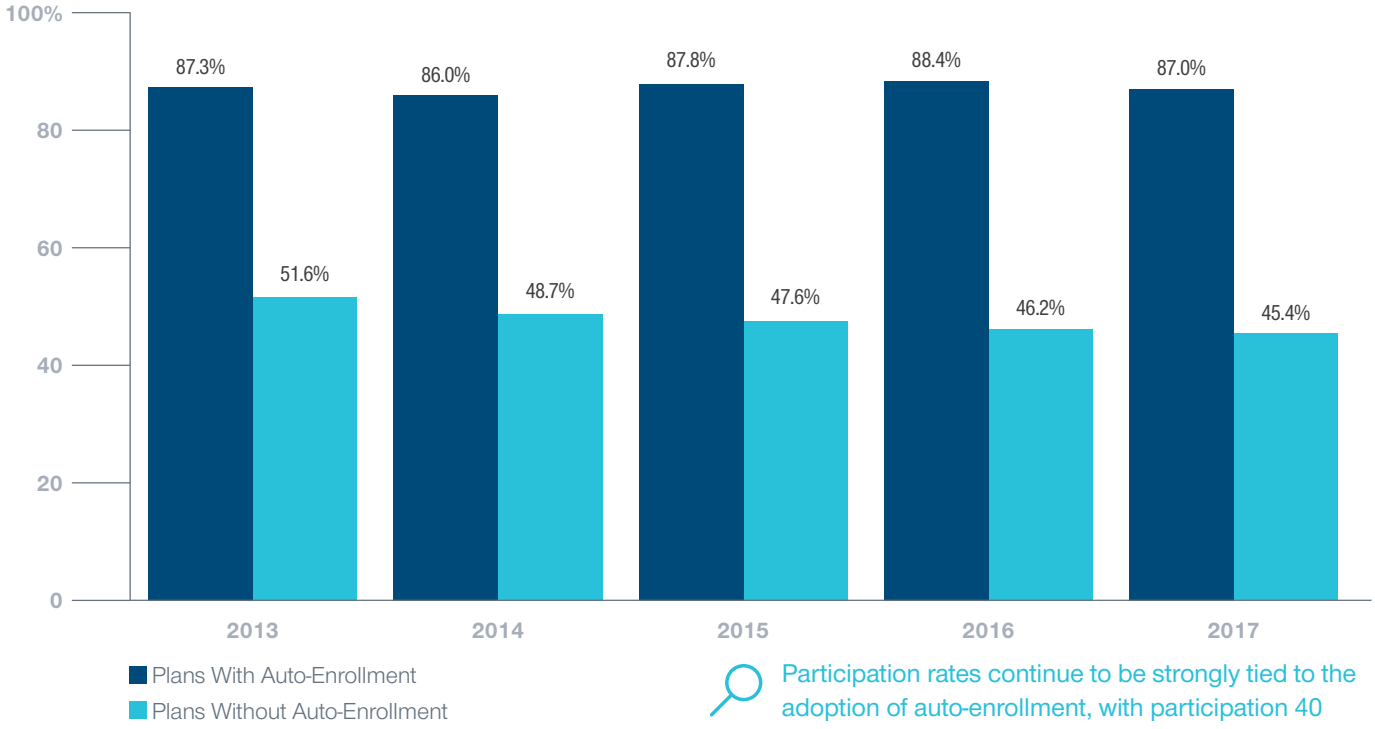
Most plans offer auto-increases as a voluntary option (the "opt-in" method), while fewer plans automatically enroll participants in auto-increases (the "opt-out" method).

No. 7 PARTICIPATION RATES



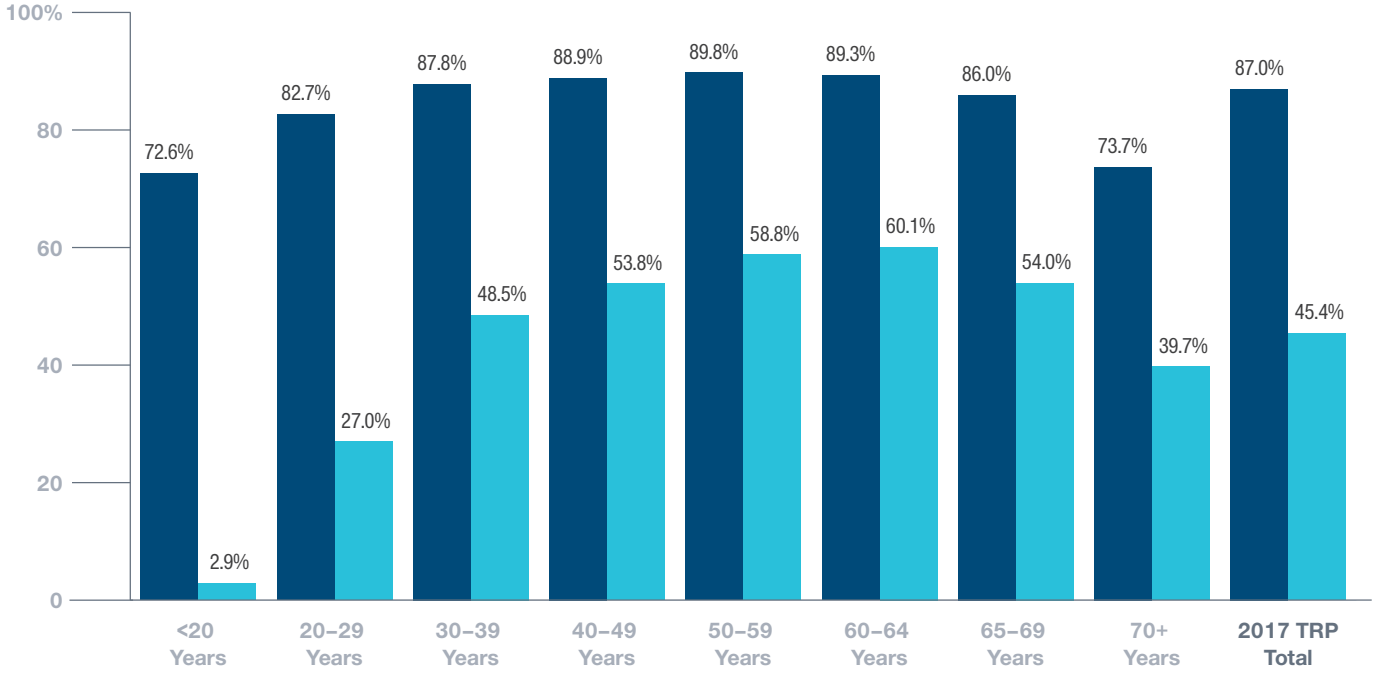
Plan participation increased slightly from 2016 to 2017, with a small decrease in participant-weighted participation.

No. 8 PARTICIPATION COMPARISON BETWEEN AUTO-ENROLLMENT AND NON-AUTO-ENROLLMENT PLANS



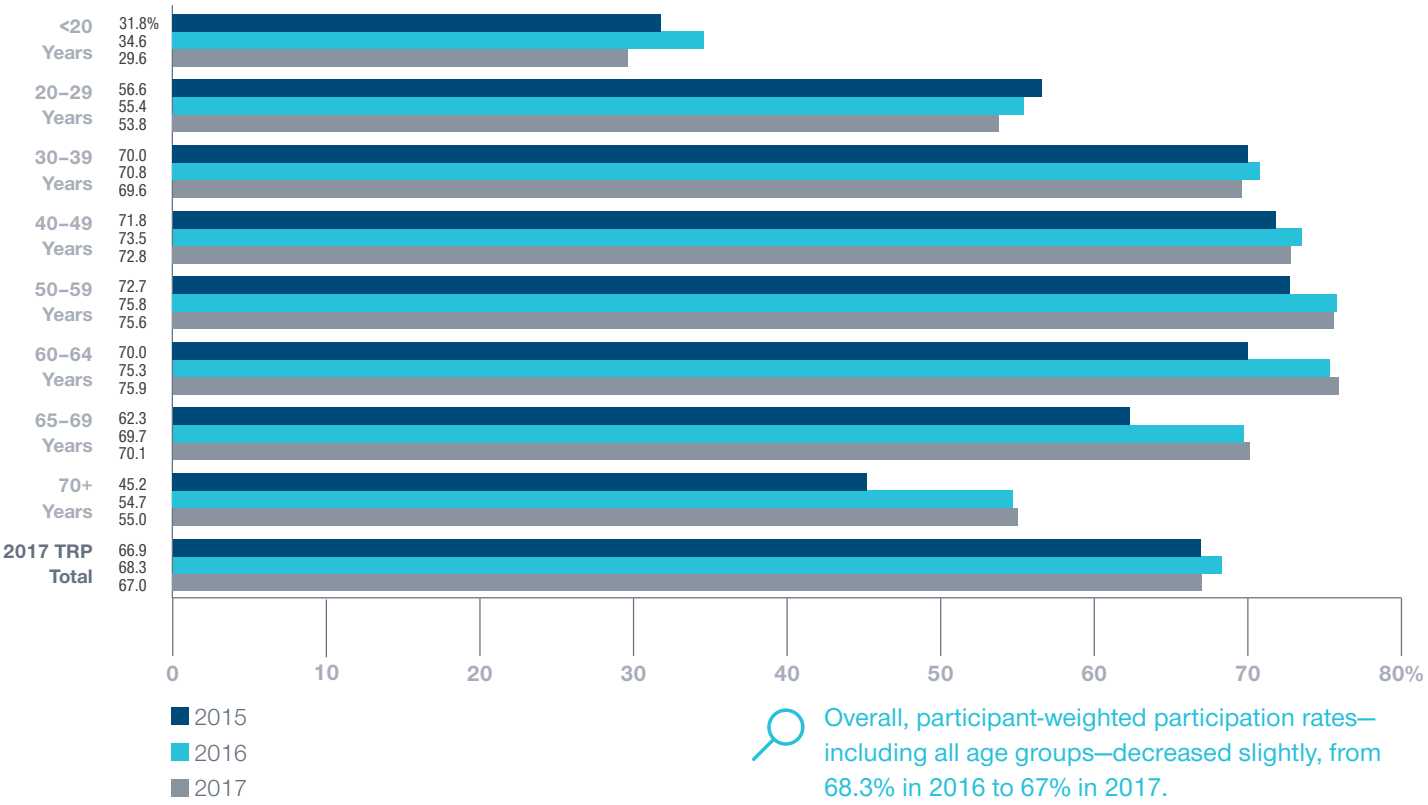
Participation rates continue to be strongly tied to the adoption of auto-enrollment, with participation 40 percentage points higher in plans with auto-enrollment than in those without it.

No. 9 **PARTICIPATION RATE COMPARISON BY AGE—PARTICIPANT WEIGHTED**



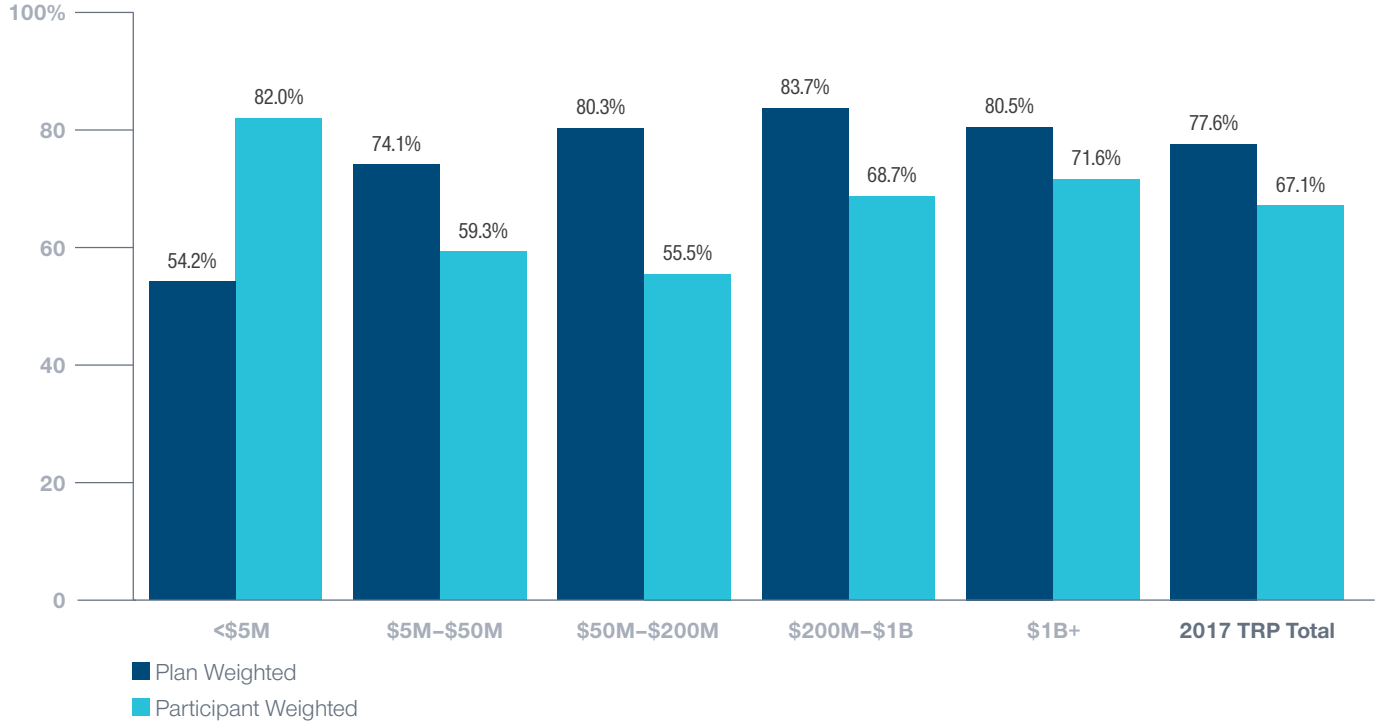
Participation by those in their prime working years (ages 30 to 60) was close to or more than 30 percentage points higher for participants in auto-enrollment plans than for those in non-auto-enrollment plans.

No. 10 PARTICIPATION RATE (PARTICIPANT WEIGHTED)—BY AGE

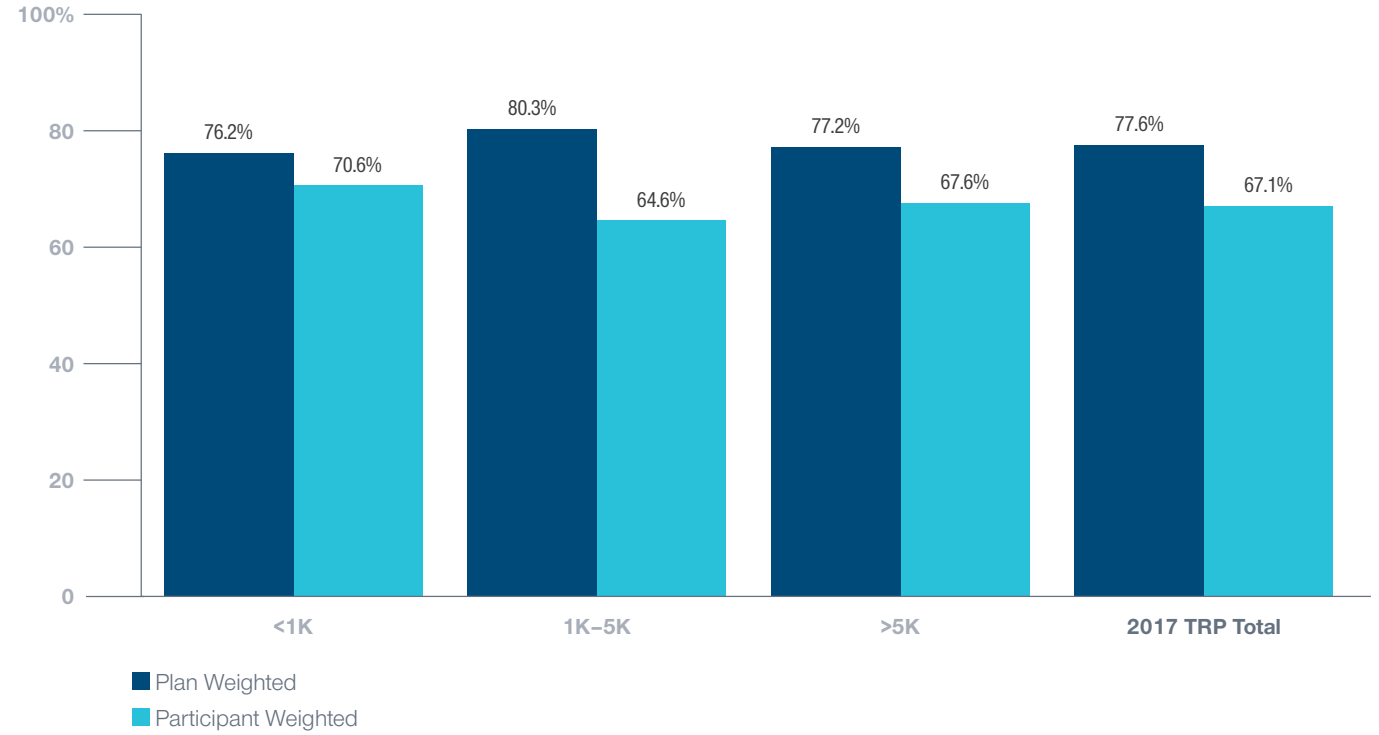


Overall, participant-weighted participation rates—including all age groups—decreased slightly, from 68.3% in 2016 to 67% in 2017.

No. 11 PARTICIPATION RATES BREAKDOWN—BY PLAN ASSETS



No. 12 PARTICIPATION RATES BREAKDOWN—BY PLAN PARTICIPANT COUNT

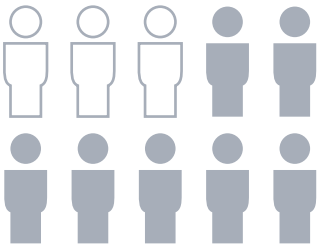


Contributions

Older Participants Drive Contribution Averages

Pretax deferral rates increased again in 2017, continuing a trend that started in the years following the end of the financial crisis. The average participant-weighted pretax deferral rate rose from 8% in 2016 to 8.3% in 2017, while the plan-weighted rate also experienced a lift from 7.3% to 7.4%. In 2017, 39% of participants increased their deferral rate, compared with 35.9% in 2016.

Participants over age 40 are primarily responsible for lifting the average pretax deferral rate, with rates ranging from 7.4% for participants age 40–49 to 10.5% for those age 70+. The findings aren't surprising; older participants are more likely to focus on building their savings as they approach retirement. In fact, the percentage of participants making catch-up contribution has also increased, from the seven-year low of 10% in 2011 to 12.2% in 2017.



>33%
of participants
contributed 0%
in 2017

FOR PLANS WITH A MATCH, 6% REIGNS SUPREME

The significant tax reform bill signed into law in December 2017 reduced the corporate tax rate from 35% to 21%. As a result, many employers reported a desire to pass along the savings to their employees through enhanced or additional benefits, including the retirement plan. For example, one company that has its plan at T. Rowe Price increased the match from a total of 3% to a total of 4%, citing tax reform as the reason for the increase.

2017 Insights

- Contribution rates continue to increase, with participants age 40+ driving up the average rate to 7.4%.
- Roth adoption by plans hit a 10-year high, but participant adoption continues to lag. The feature is most popular among participants age 20–40.
- Employer match is most common among plans with large participant populations, with the majority of plans offering a match of 50% up to 6%.

The 2017 data show that plans with larger participant bases are more likely to offer a match. In 2017, the percentage of plans that offered a match was as follows:

76%
fewer than
1,000 participants

89%
1,000–5,000
participants

90%
greater than
5,000 participants

Nearly half of all plans (49.4%) with a match set the match ceiling at 6%. This corresponds to the most popular match formula of 50% up to 6% contributed, which 31.8% of plans offered in 2017.

Overall, match formula changes by plan sponsors and increased contributions by participants appear to be raising the top match effective rate, which takes into account both employer and employee actions. The top match effective rate of 4% has increased in prevalence from 22% in 2015 to 27% in 2017. During the same time period, the 3% top match effective rate has decreased from 30% to 28%. Now 59% of plans have effective match rates above 3%, compared with 54% in 2015.

DOWNWARD TREND DEVELOPING?

Despite increases in 2017, the data show that the trend of plans increasing their pretax deferral rates may be slowing:

- While many plans have increased their default deferral rate over the 3% industry standard, fewer plans made a change in 2017. Only 4.6% of plans increased the default rate in 2017, compared with 7.3% in 2015.
- There was a slight uptick in the number of participants who decreased their deferral rates in 2017—6.7% compared with 6.2% in 2015.

Participants continue to face barriers that prevent them from saving. In a 2017 T. Rowe Price study, only 40% of participants said they've made a great deal of progress toward their retirement savings goals, and as many as 18% reported not very much or practically no progress.[1]

ROTH INCREASES, BUT PARTICIPANT USAGE REMAINS LOW

The notion of the "Rothification" of retirement plans hit the headlines in 2017 as Congress debated the possibility of limiting participants' pretax deferrals. While the final tax reform bill passed in December 2017 didn't include Roth provisions, adoption of Roth is growing.

In 2017, 67.4% of plans at T. Rowe Price offered Roth contributions, up from 60.3% in 2016. Adoption of Roth has increased by nearly 55% since 2014. Participant usage has grown as well, but at a slower pace, increasing by just under 19% from 2014 to 2017.

>67% **of plans** offered Roth contributions in 2017

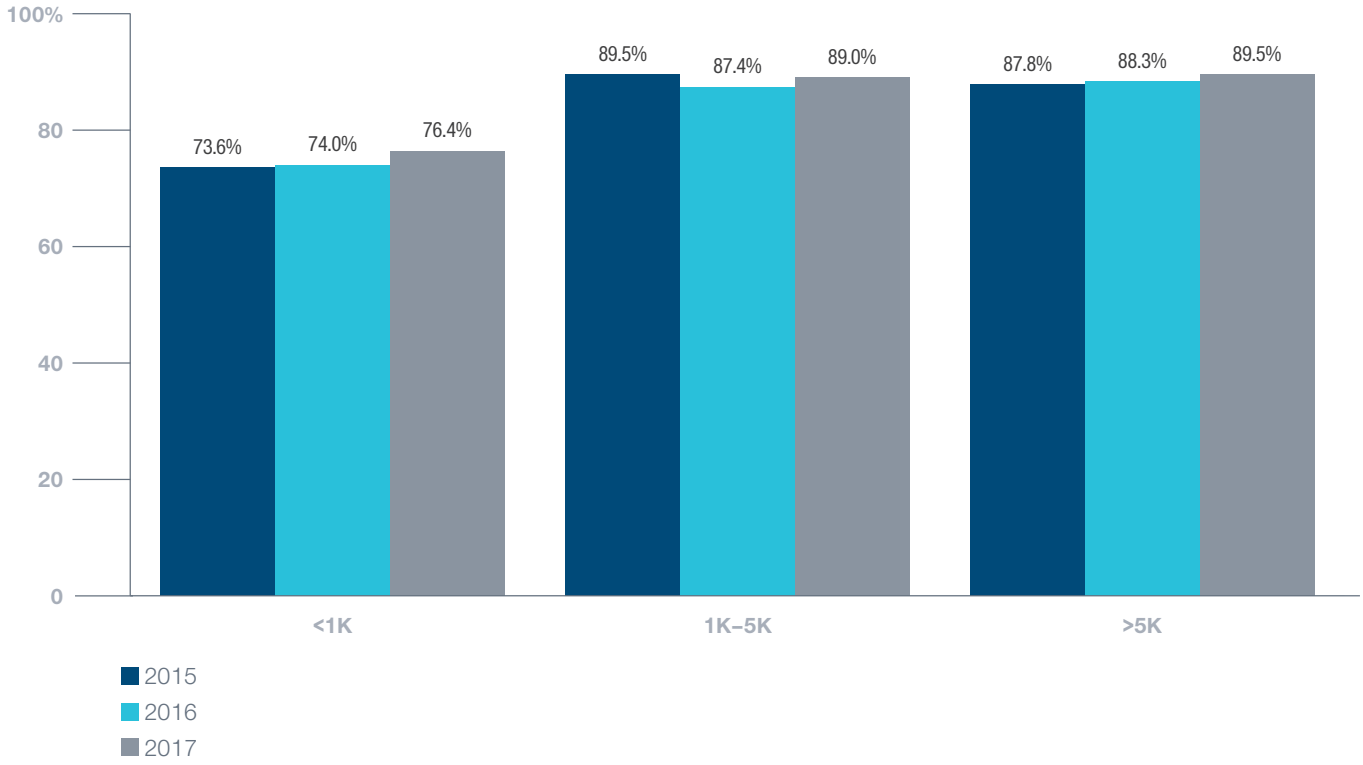
Usage has been driven primarily by younger participants age 20–40. This could demonstrate an increased understanding of the tax benefits Roth offers: younger participants may be taking advantage of their comparatively lower salaries (and, therefore, lower income tax brackets) by paying taxes on their contributions now so they can benefit from potentially tax-free earnings in the future.

[1]Source: Retirement Savings and Spending 3 © 2017 Brightworks Partners, LLC. Conducted by Brightworks Partners (now part of NMG Consulting) for T. Rowe Price.

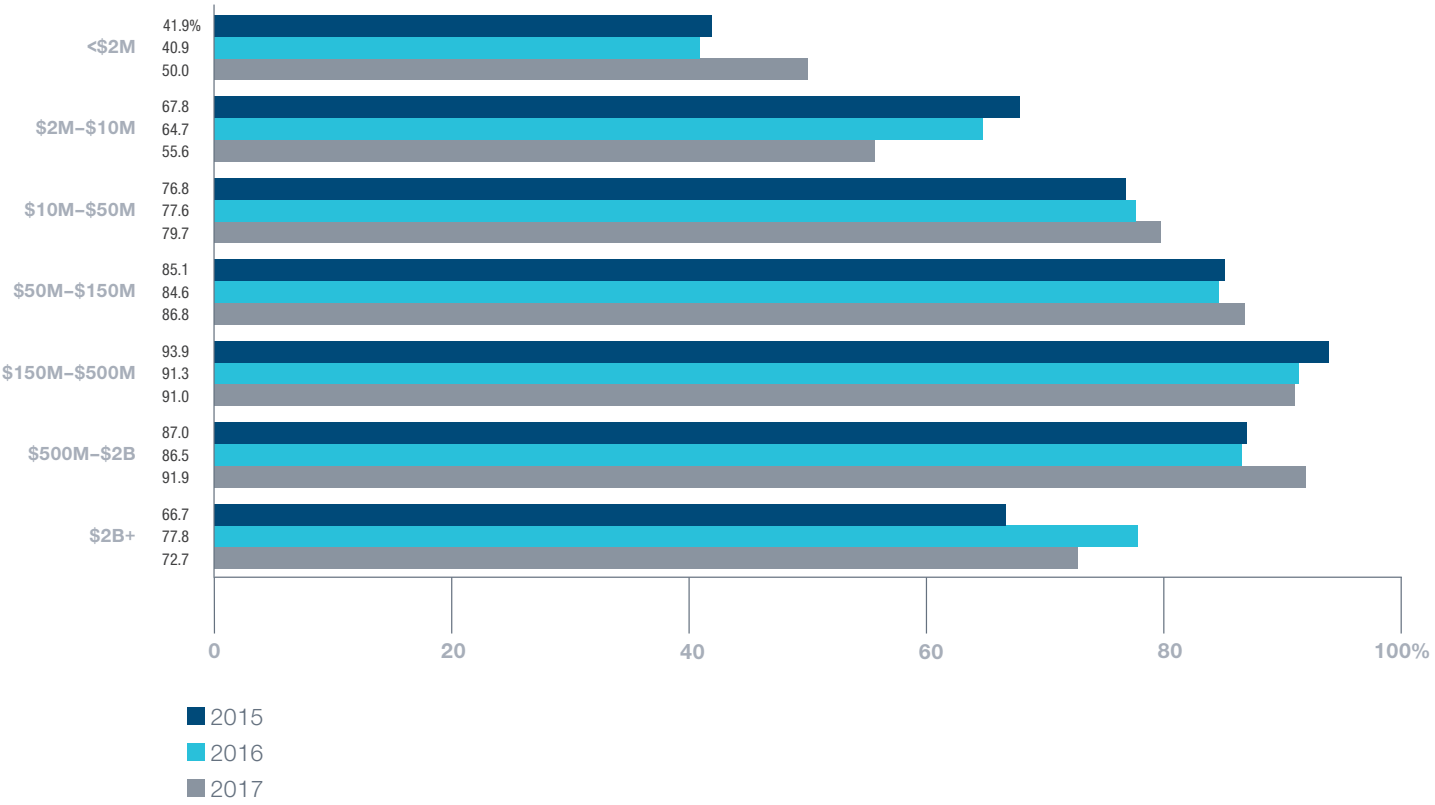
Potential Strategies To Discuss With Your Counsel

- Educate participants about pretax and Roth contributions in light of the recent income tax table changes
- Consider taking advantage of the reduced corporate tax rate to improve or enhance your match formula.

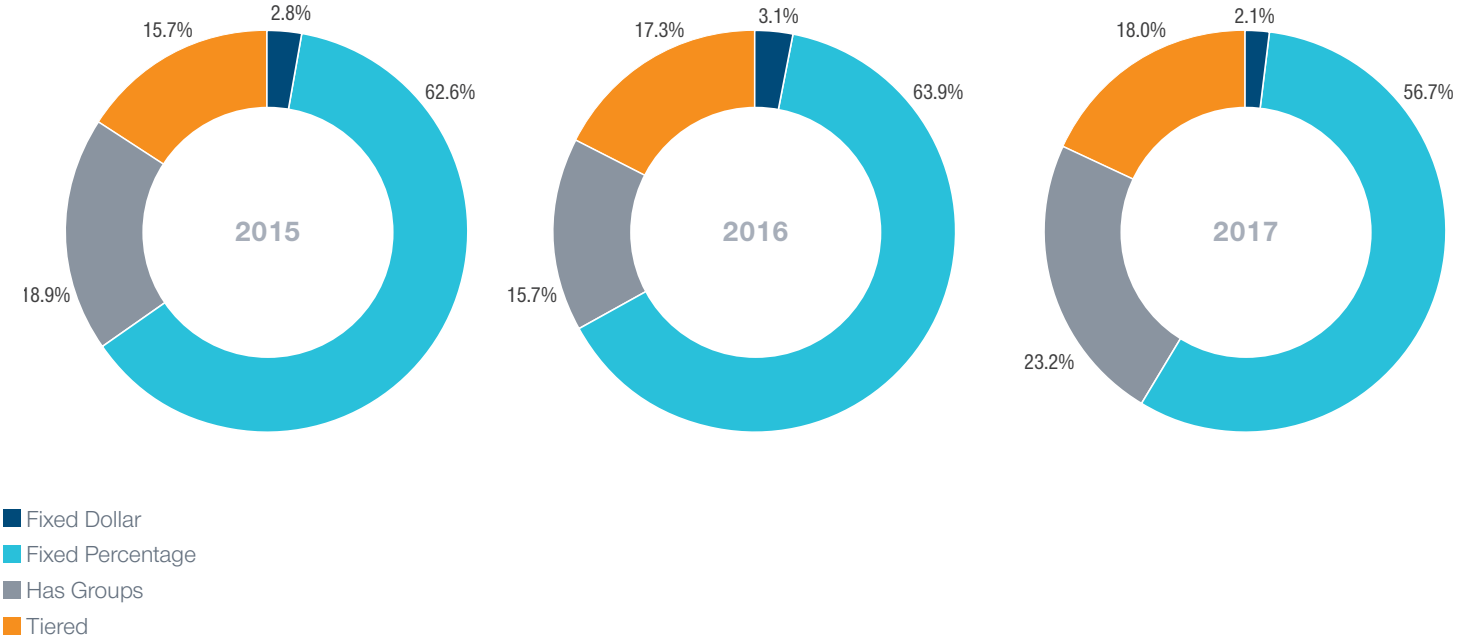
No. 1 **PERCENTAGE OF PLAN WITH KNOWN MATCH FORMULA BY NUMBER OF PARTICIPANTS**



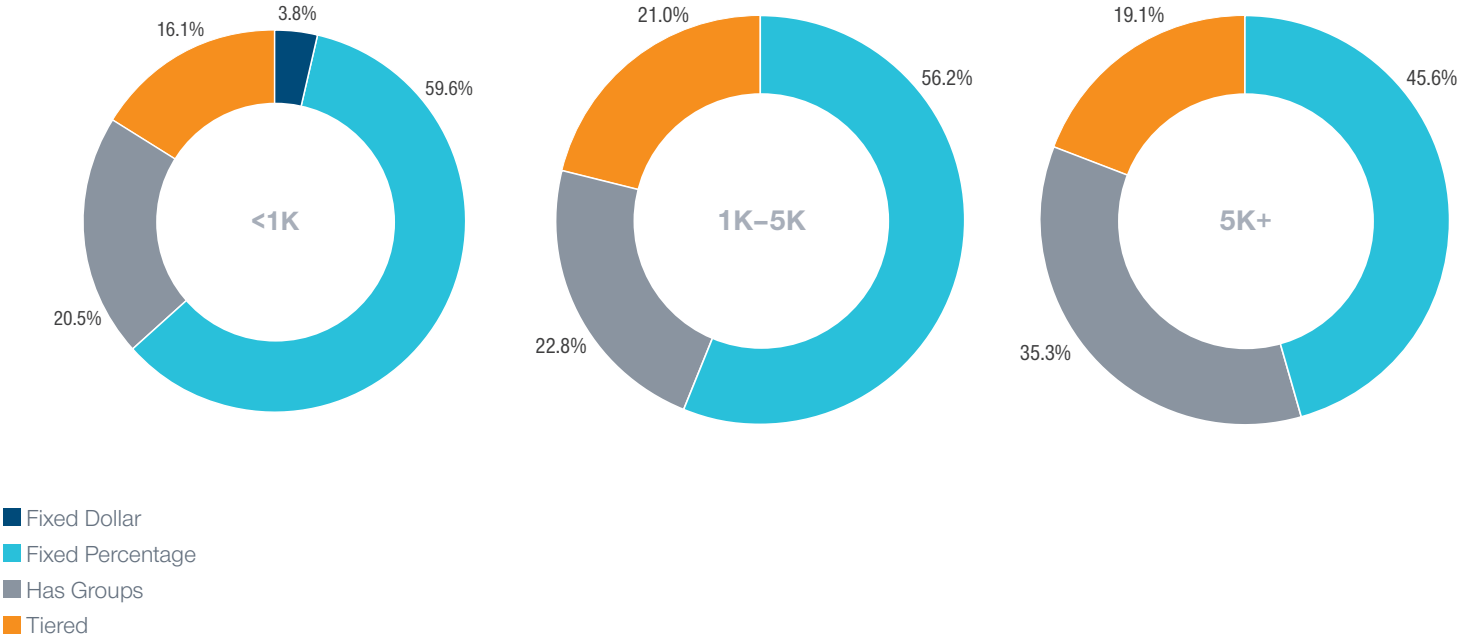
No. 2 PERCENTAGE OF PLAN WITH KNOWN MATCH FORMULAS BY ASSETS



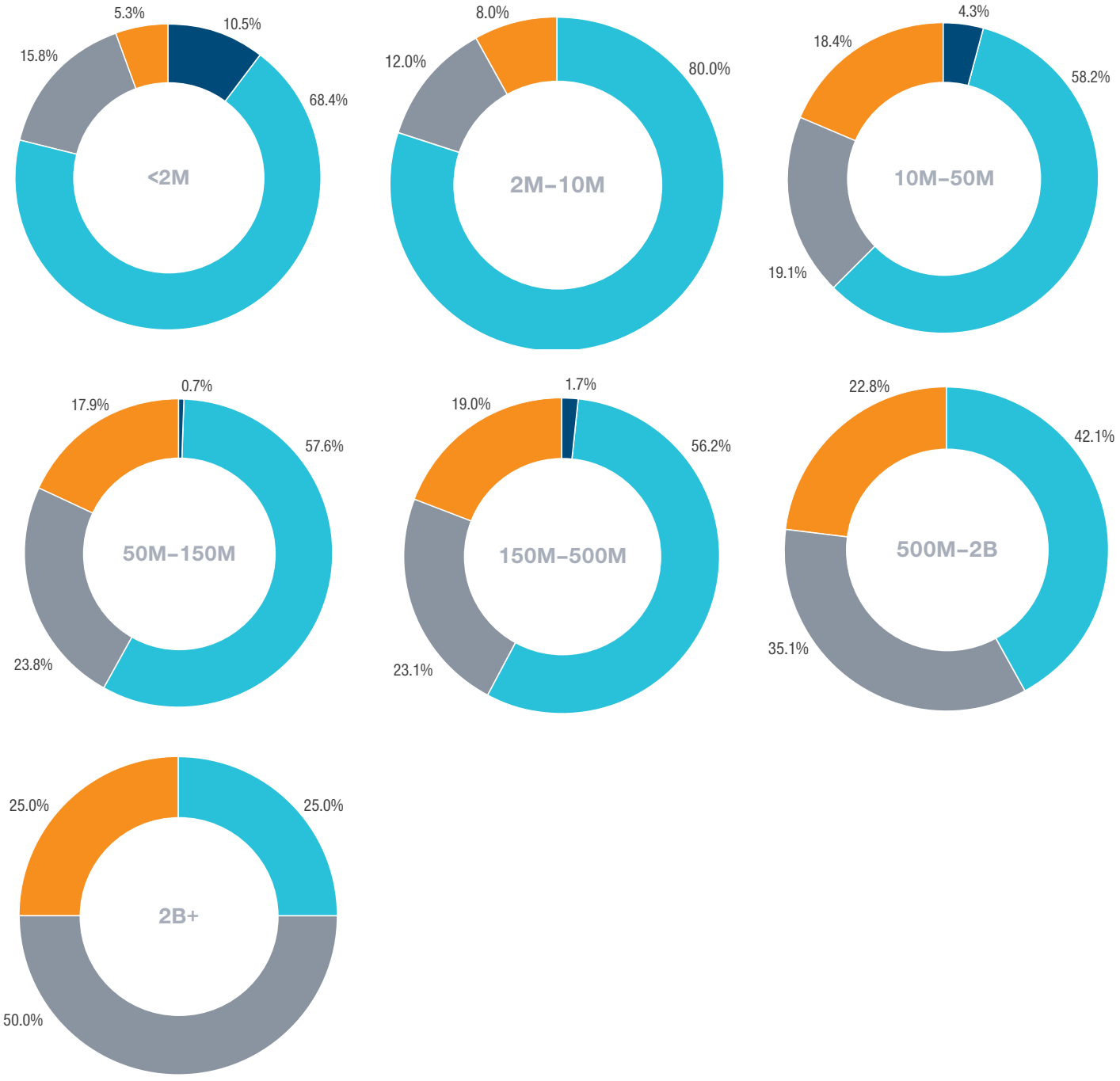
No. 3 EMPLOYER MATCH TYPE



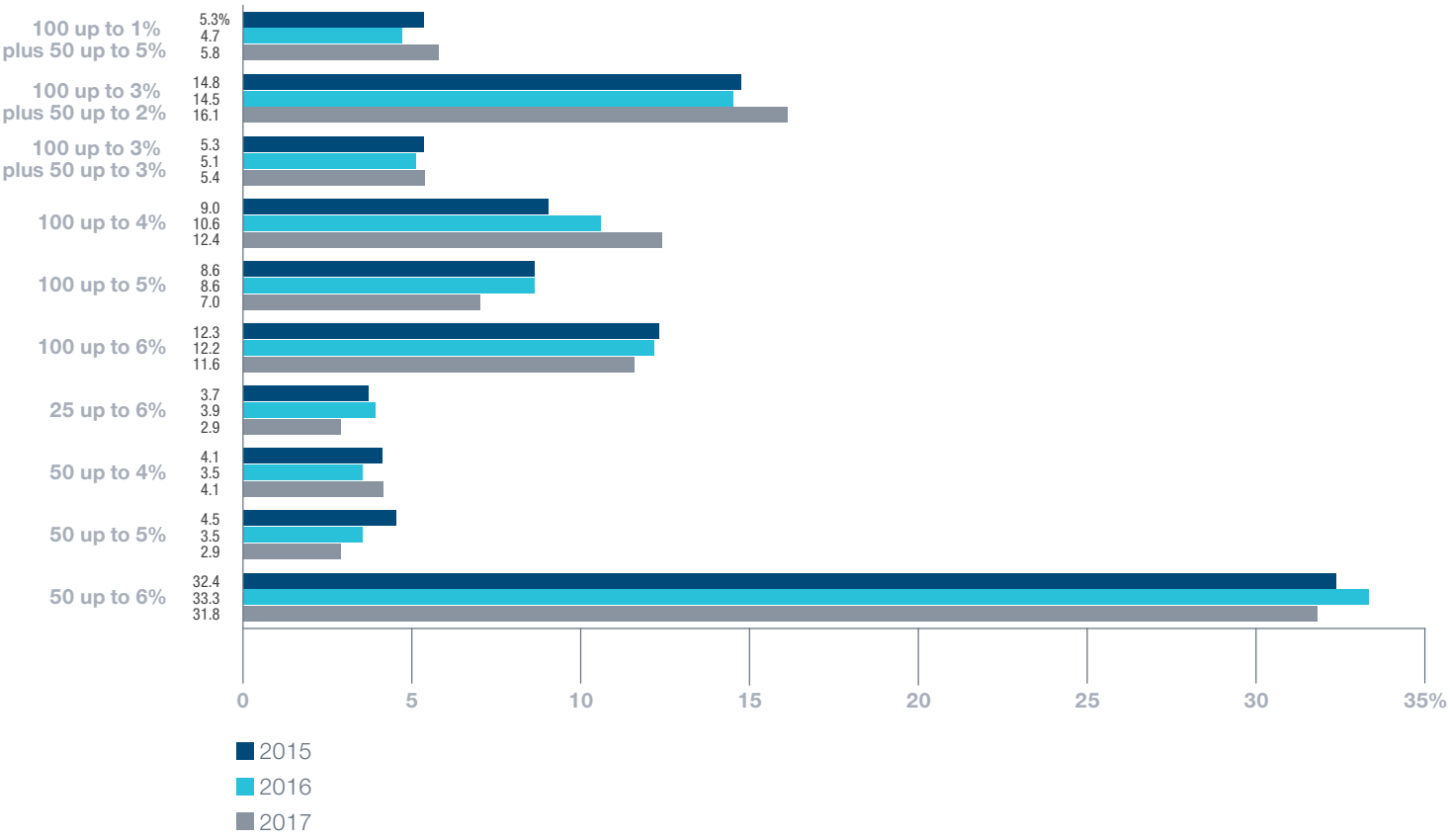
No. 4 **EMPLOYER MATCH TYPES BY NUMBER OF PARTICIPANTS**



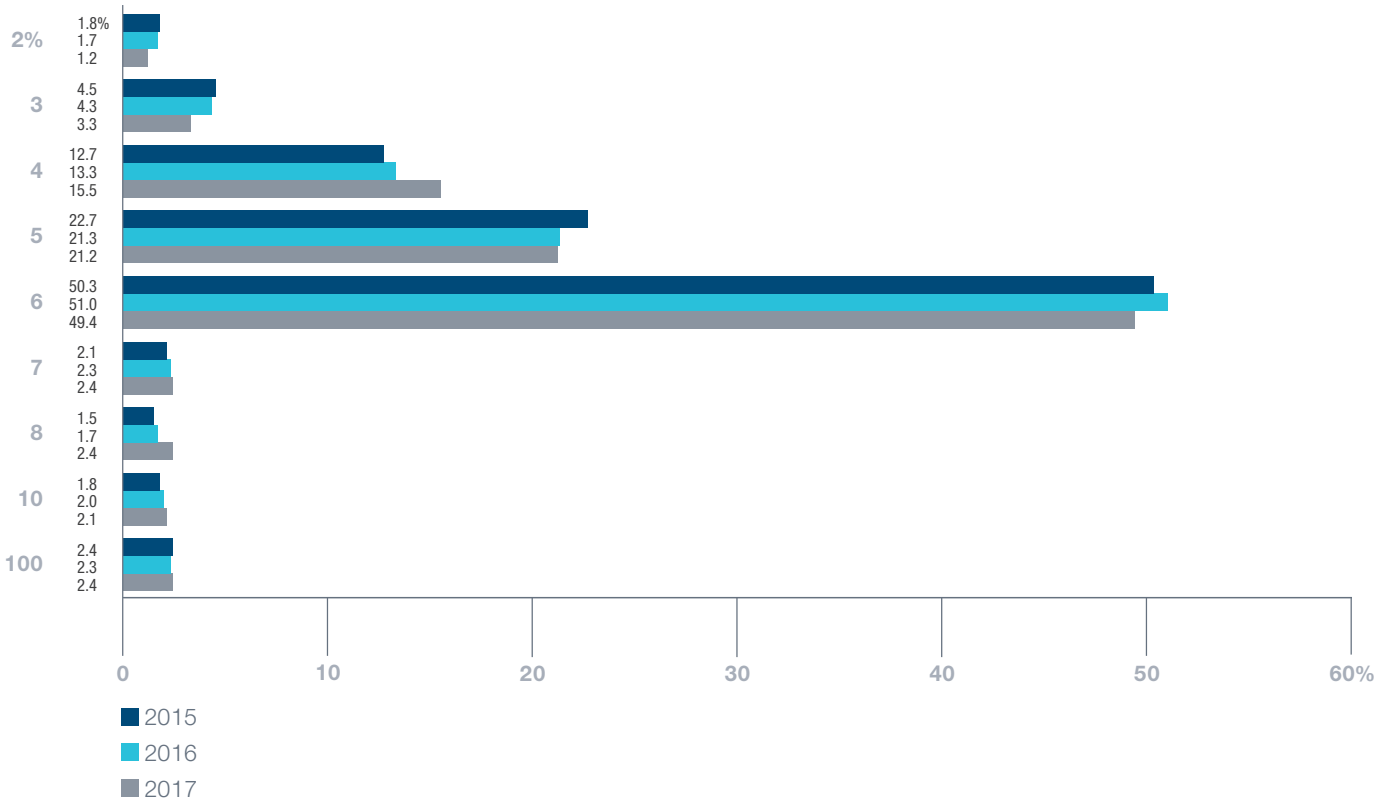
No. 5 **EMPLOYER MATCH TYPE BY ASSET SIZE**



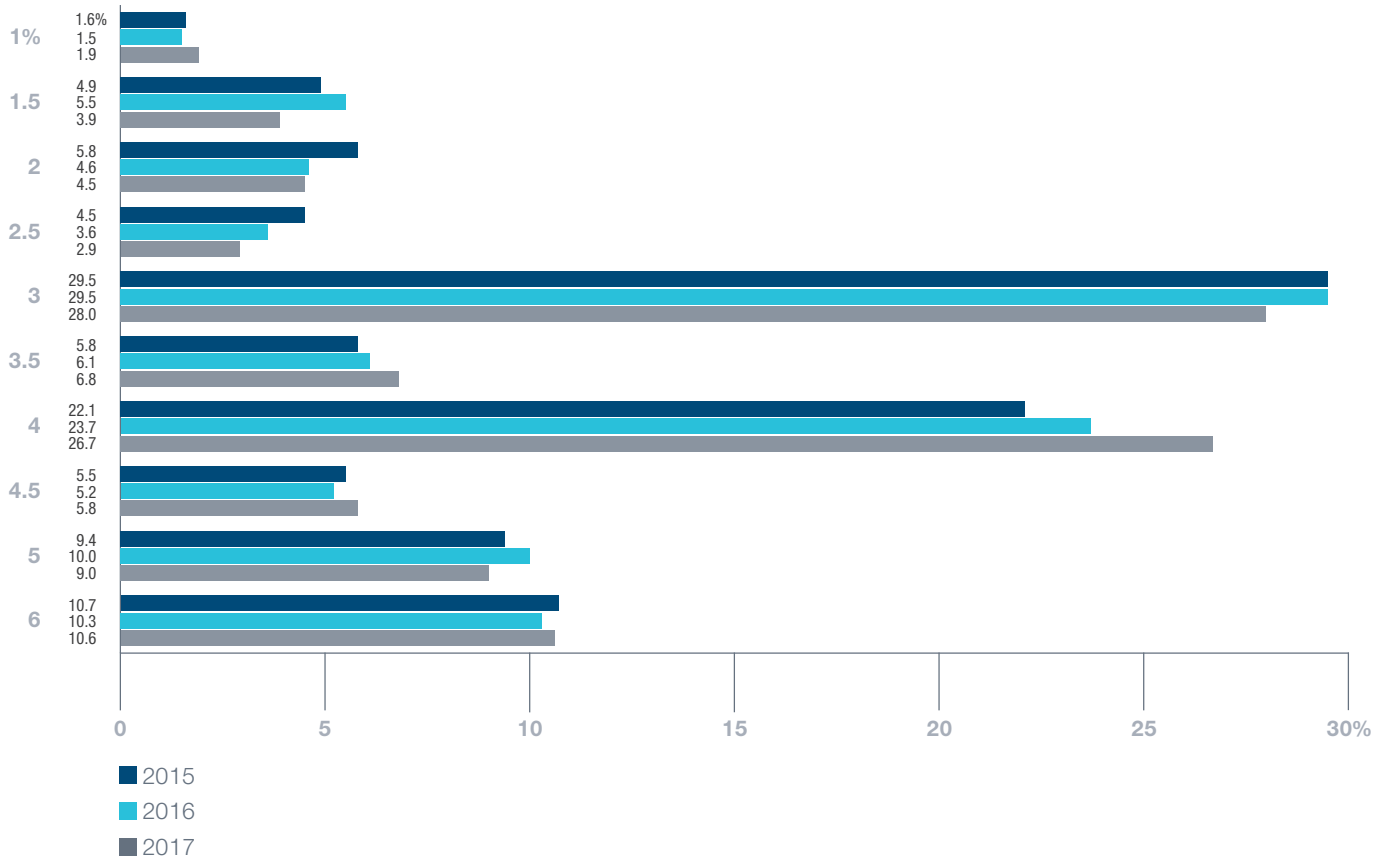
No. 6 TOP MATCH FORMULAS



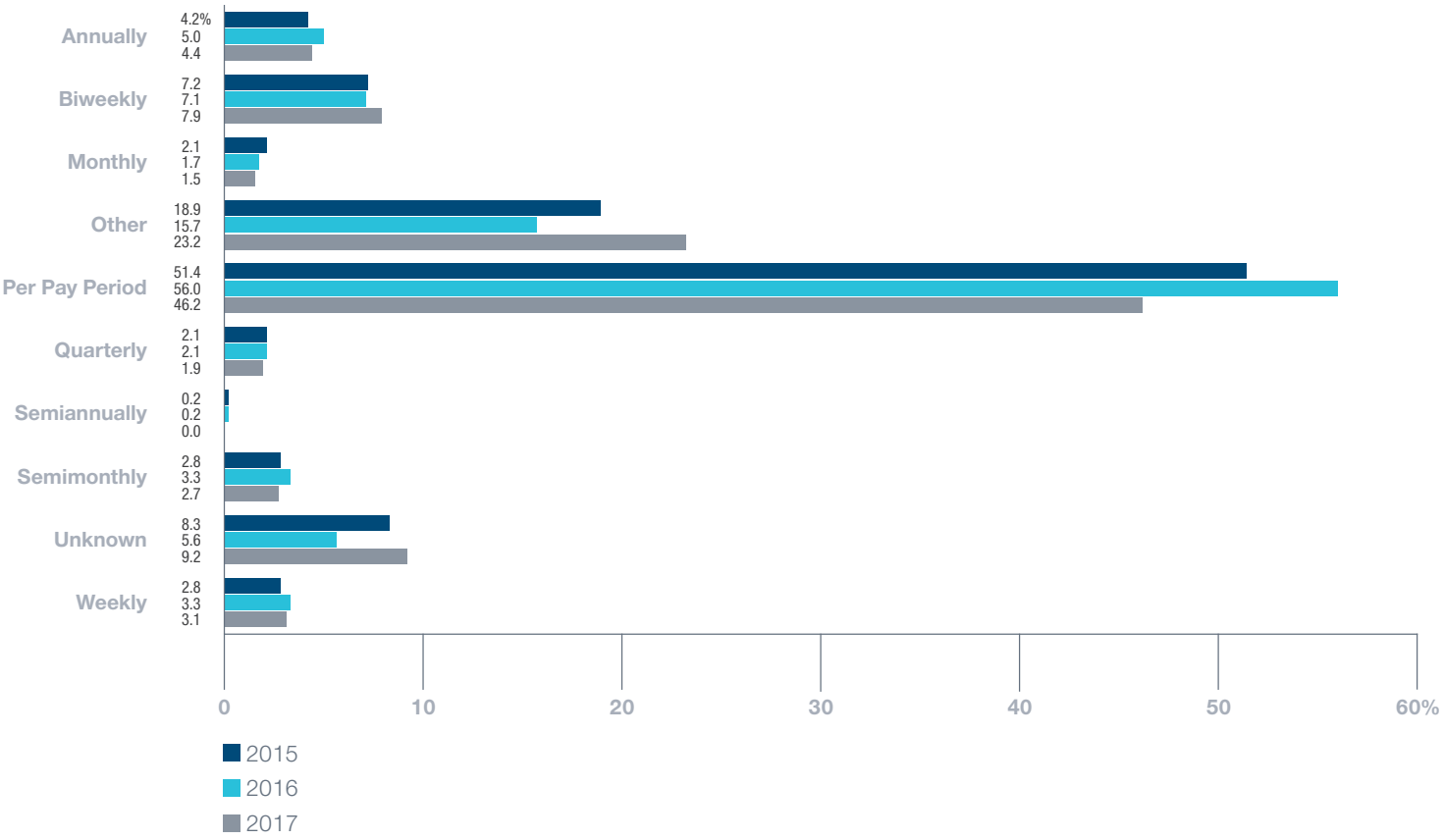
No. 7 TOP MATCH CEILINGS



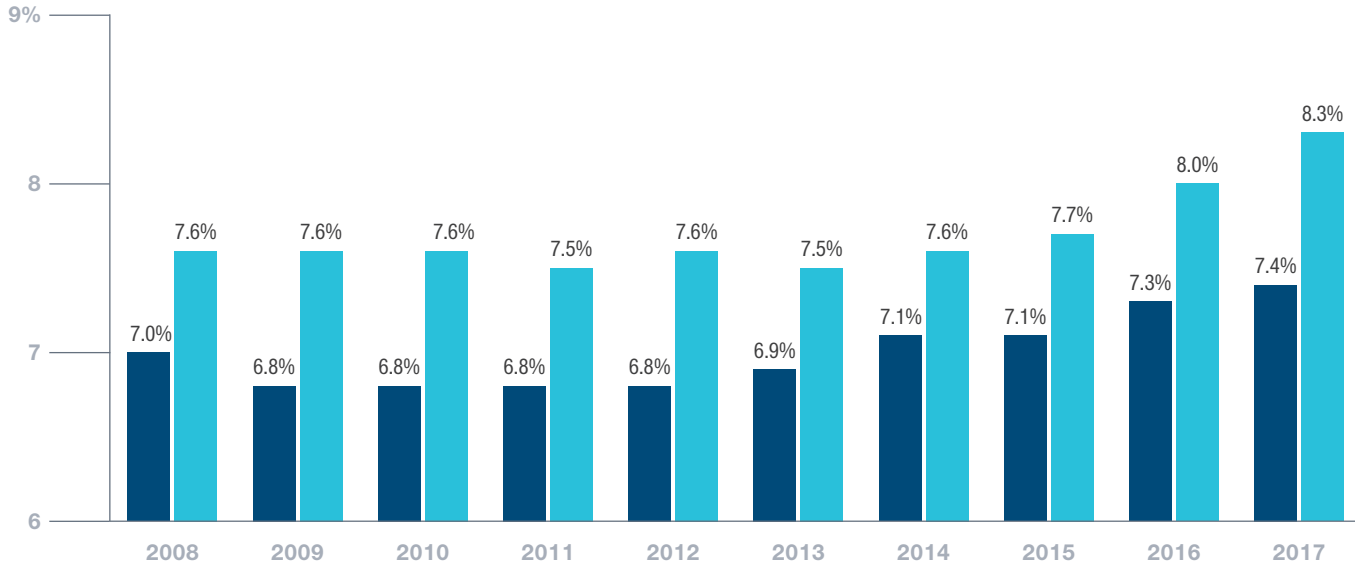
No. 8 TOP MATCH EFFECTIVE RATES



No. 9 **PLAN USAGE OF FREQUENCIES FOR MATCH EXECUTION**

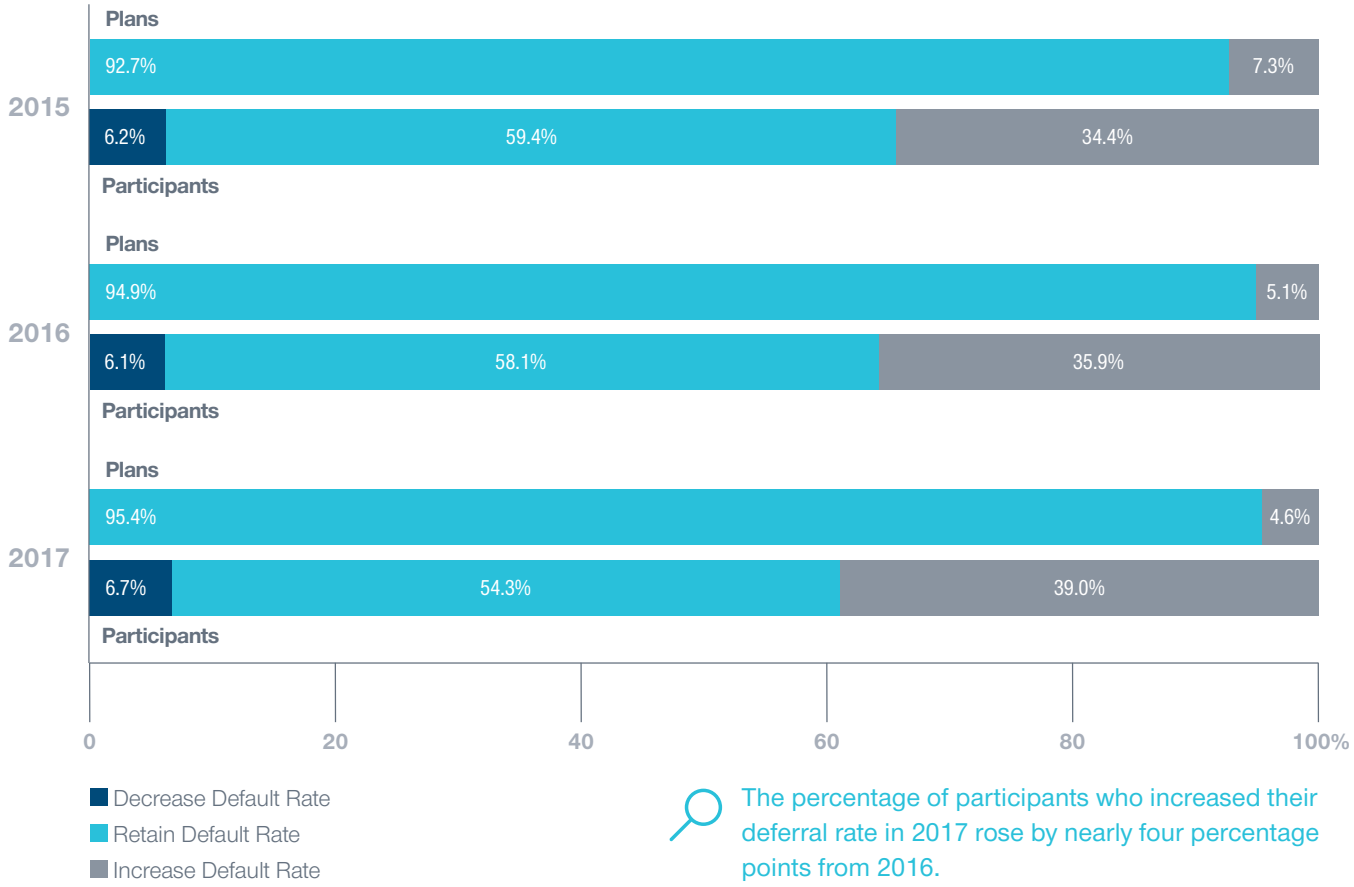


No. 10 AVERAGE EMPLOYEE PRETAX DEFERRALS



After reaching a 10-year high in 2016, the average deferral rate increased again in 2017.

No. 11 DEFAULT DEFERRAL RATE ACTIONS

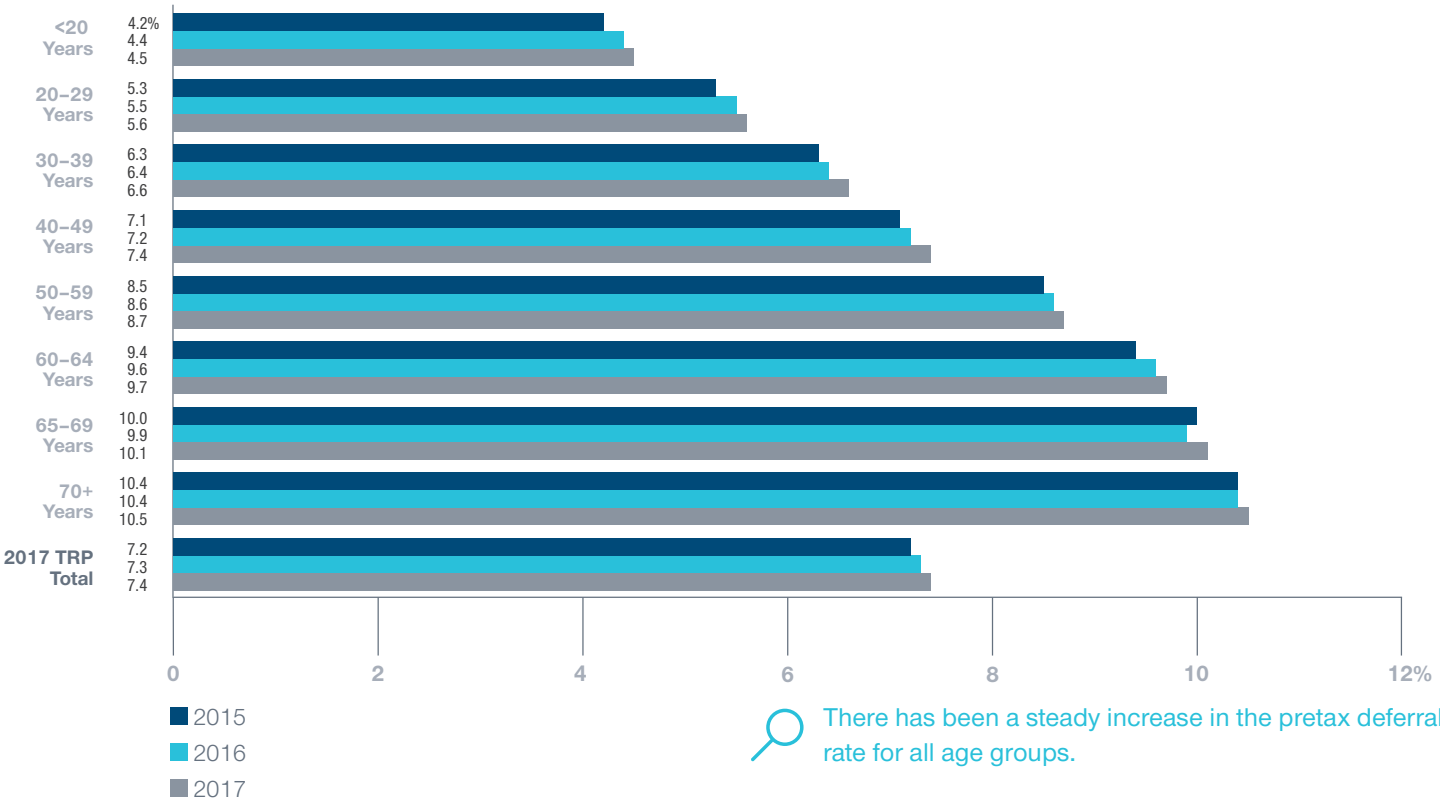


The percentage of participants who increased their deferral rate in 2017 rose by nearly four percentage points from 2016.

Note: The charts represent the percentage of auto-enrollment plans that adjusted participants' default deferral rates and the percentage of participants who adjusted their default deferral rates during the given period.

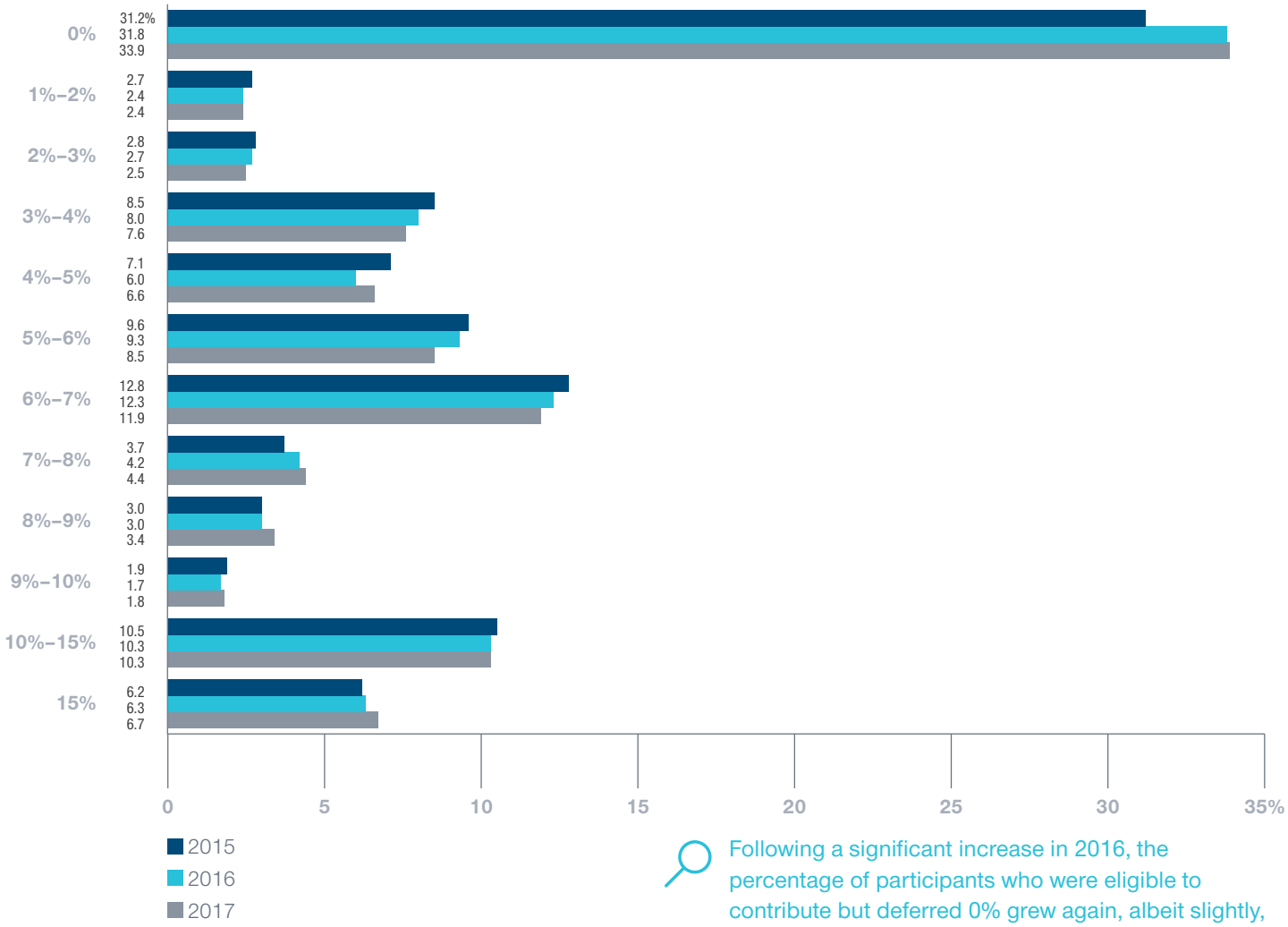
Numbers may not total 100% due to rounding.

No. 12 AVERAGE PRETAX DEFERRAL RATES—BY AGE



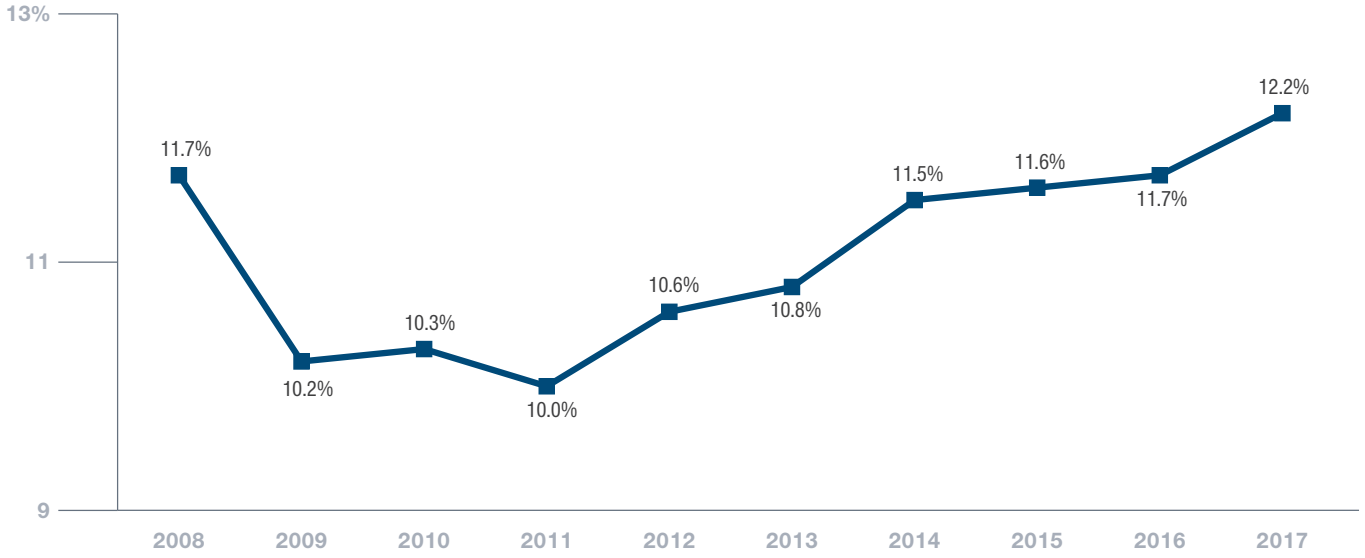
There has been a steady increase in the pretax deferral rate for all age groups.

No. 13 PERCENTAGE OF PARTICIPANTS AT EACH DEFERRAL AMOUNT



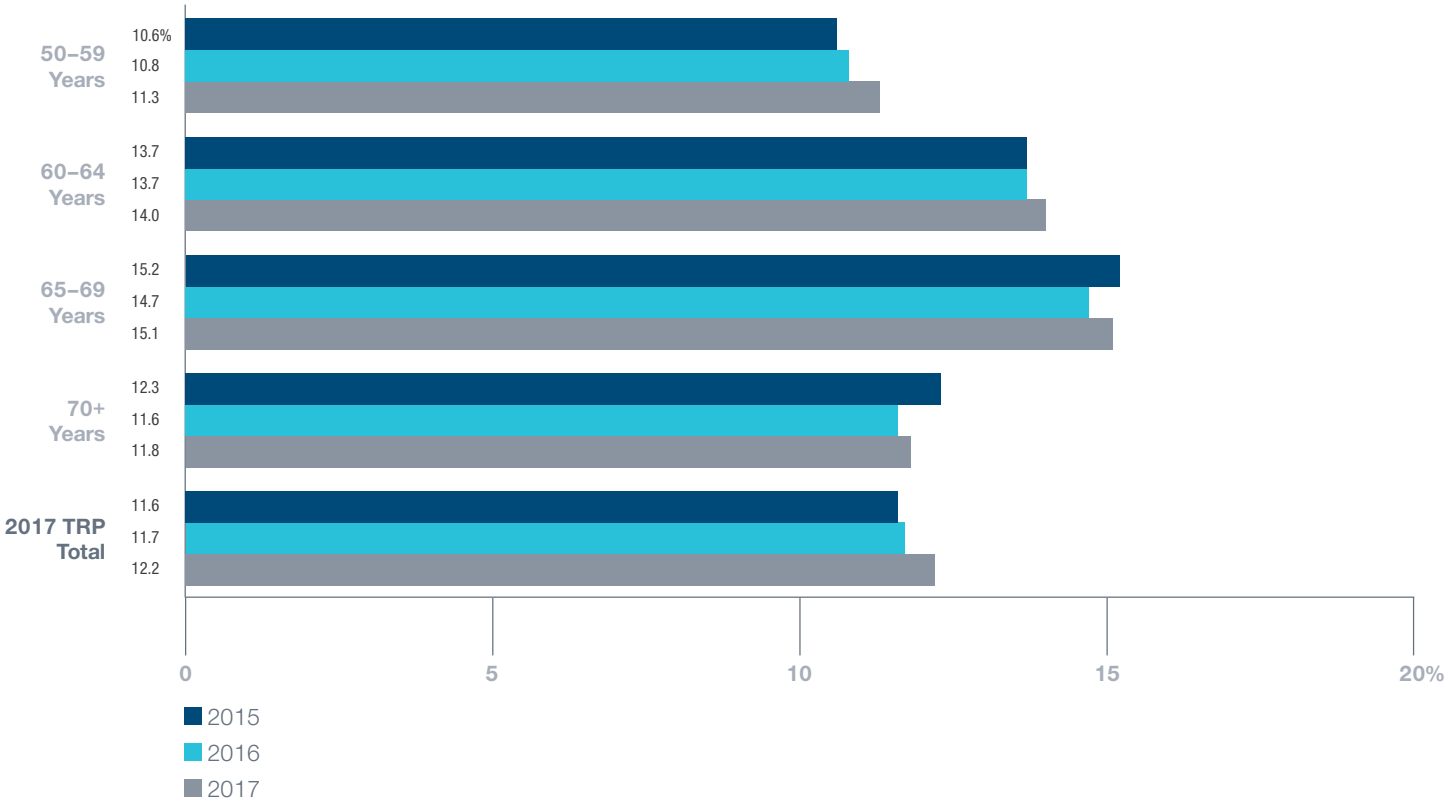
Following a significant increase in 2016, the percentage of participants who were eligible to contribute but deferred 0% grew again, albeit slightly, in 2017.

No. 14 PERCENTAGE OF PARTICIPANTS WITH CATCH-UP CONTRIBUTIONS

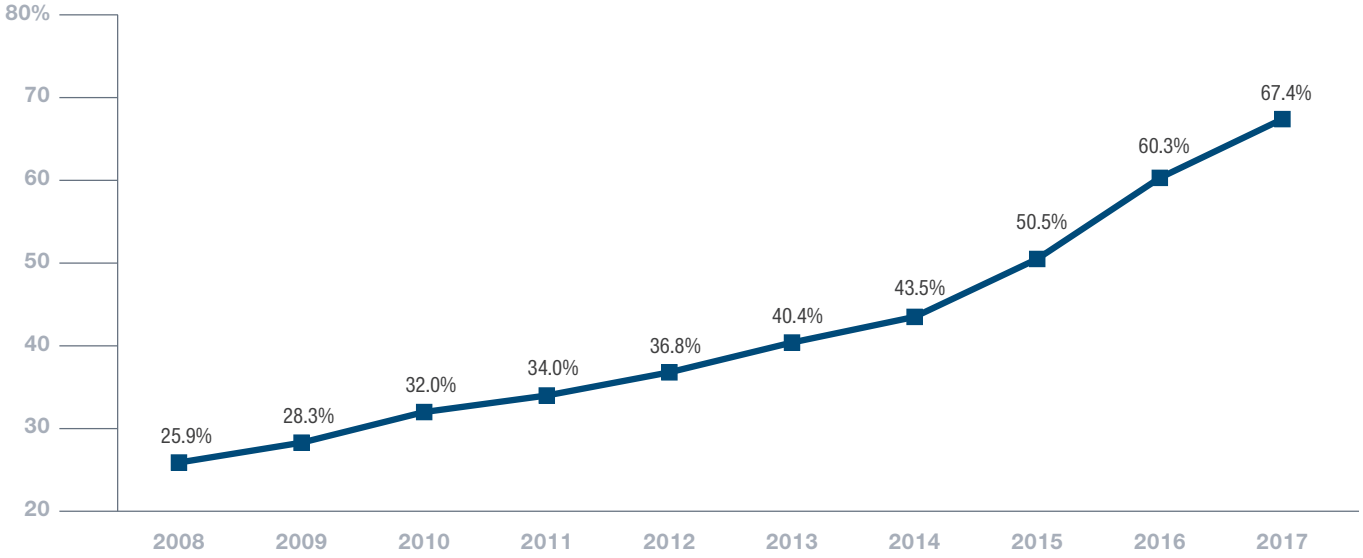


The percentage of eligible participants making catch-up contributions reached a 10-year high in 2017 and rose by over two percentage points from a low of 10% in 2008.

No. 15 CATCH-UP CONTRIBUTIONS—BY AGE

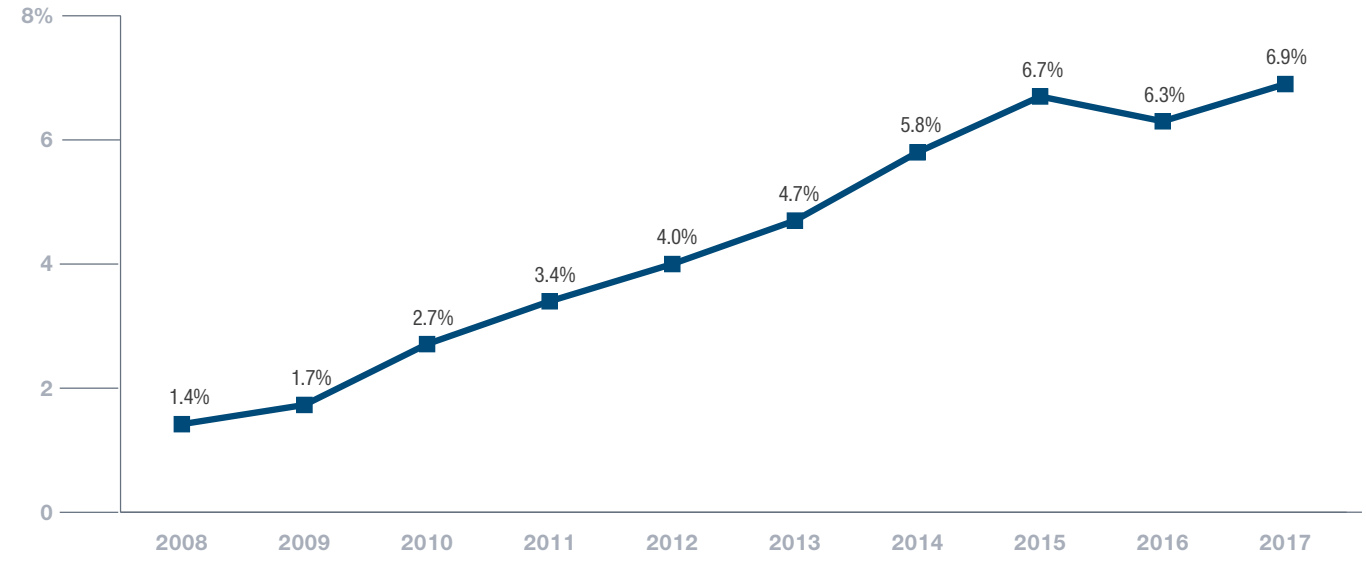


No. 16 PERCENTAGE OF PLANS OFFERING ROTH CONTRIBUTIONS



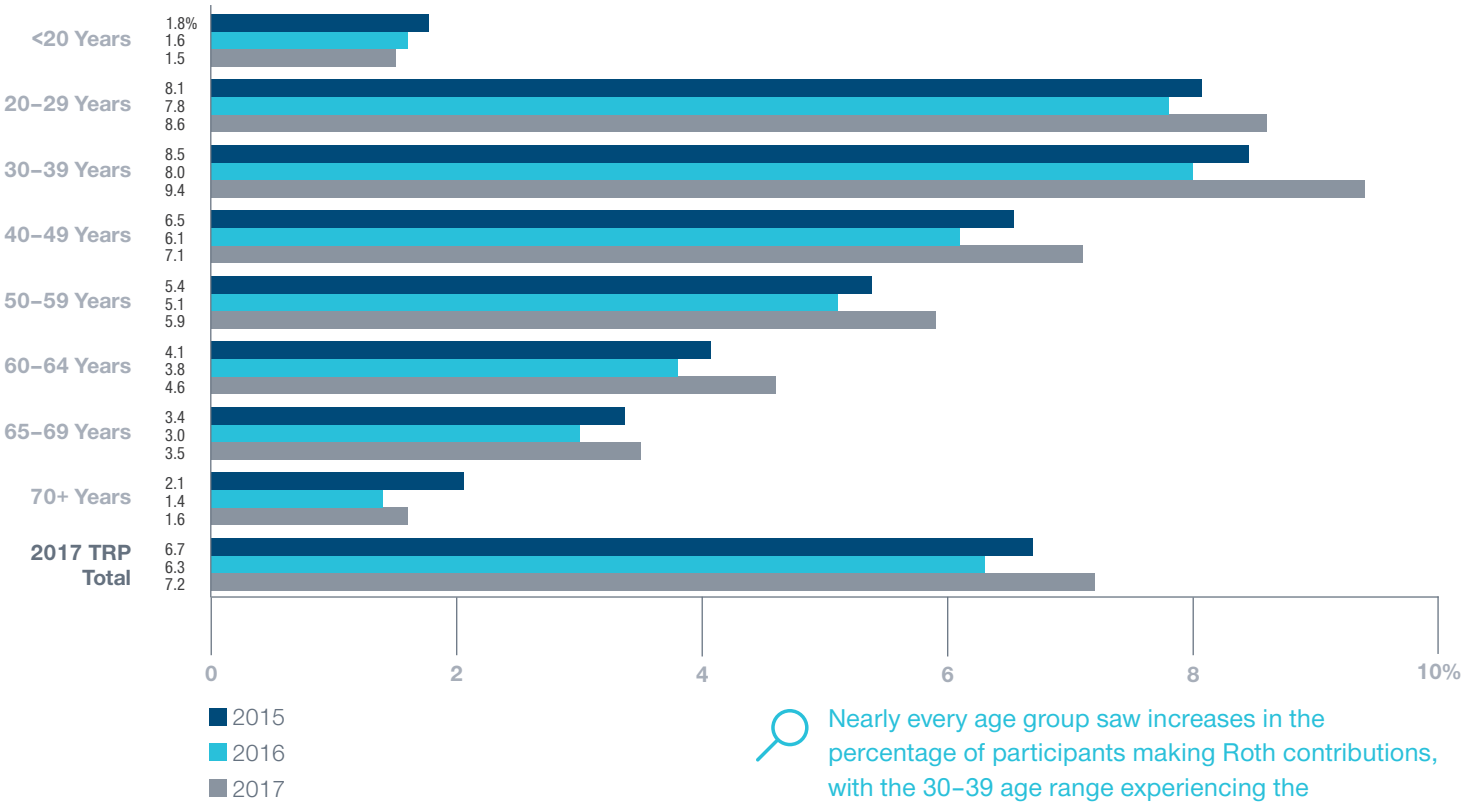
For another year, the percentage of plans offering Roth contributions rose significantly, increasing over seven percentage points from 2016 to 2017.

No. 17 PERCENTAGE OF PARTICIPANTS MAKING ROTH CONTRIBUTIONS



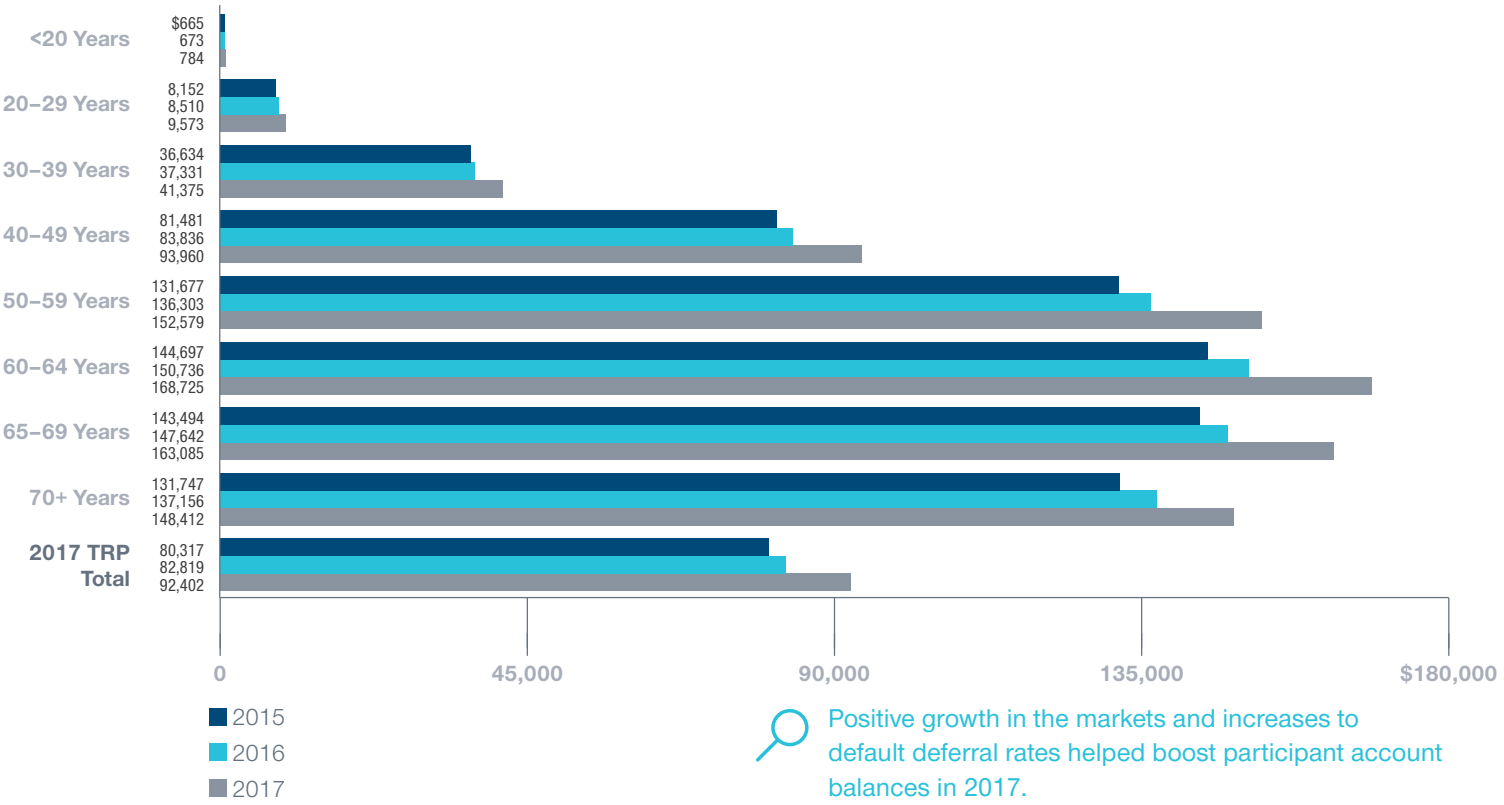
After falling slightly in 2016, the overall percentage of participants making Roth contributions rose to a 10-year high of 6.9%.

No. 18 PERCENTAGE OF PARTICIPANTS MAKING ROTH CONTRIBUTIONS—BY AGE



Nearly every age group saw increases in the percentage of participants making Roth contributions, with the 30–39 age range experiencing the largest increase.

No. 19 AVERAGE ACCOUNT BALANCES—BY AGE



Positive growth in the markets and increases to default deferral rates helped boost participant account balances in 2017.

Investments

Strong Gains in 2017

Capping a year of strong gains, U.S. stocks again rose in the fourth quarter, pushing most major indexes further into record territory. Led by emerging markets, international stocks continued their strong run, outperforming U.S. shares in 2017. In global fixed income markets, non-U.S., emerging markets, and high yield debt led the way for the quarter and year, supported by solid credit fundamentals.

PLANS CONTINUE TO ADD MORE INVESTMENT OPTIONS

2017 marked the fifth straight year that plans increased the number of options in their investment lineups. The average plan offered 16.2 investment options, up from 16.1 in 2016 and up from the six-year low of 14.5 in 2012. (Target date products are counted as a single investment.)

Conversely, participants have continued to reduce their investment holdings over the past 10 years. The average number of investments in a participant's account was 2.5 in 2017, down from the high of 3.0 in 2008.

TARGET DATE INVESTMENT INCREASES

Plan adoption of target date products reached a 10-year high, rising to 94% in 2017. Since 2011, the number of plans offering target date products increased by over 9%.

94%

of plans offered target date products in 2017

2017 Insights

- Plans continue to add more investment offerings to their lineups, even as participants invest in fewer of them
- Nearly all plans now offer target date products, and the majority of younger participants are investing in them.

Target date products now account for the largest percentage of plan assets under management. Over 41% of total assets under management in 2017 were invested in target date products, with 34.8% in stock investments. In fact, investments in target date products surpassed stock investments in nearly every plan-size-related category in 2017, with just a few exceptions in smaller plans:

- In plans with fewer than 1,000 participants, stock investments averaged 42.9% compared with 37.7% for target date products.
- In plans with less than $5 million in assets under management, stock investments averaged 39.9% compared with 39.7% for target date products.

A GENERATION RAISED ON TARGET DATE PRODUCTS

The rise in popularity of target date products is most likely twofold. First, target date products' popularity could speak to participants' desire to have a more managed approach to asset allocation. As investments in target date products have increased since 2013, there's been a corresponding decrease in other asset classes (e.g., stocks and bonds).

Second, the Pension and Protection Act of 2006 granted legal certainty for plan sponsors to offer auto-enrollment, and target date products satisfy qualified default investment alternative (QDIA) requirements. A greater number of participants invest in target date products because their contributions were defaulted into one of the investments when they were automatically enrolled in the plan.

The age breakdown of target date investors supports this second point in particular. Target date investment is highest among participants age 20–40, who were more likely to have been auto-enrolled than their older peers. In 2017, the percentage of assets in a target date product was highest in the following age groups:

- <20 years: 74.7%
- 20–29 years: 73.4%
- 30–39 years: 56.7%

Gen Y and Gen Z are more likely to invest in target date products than older generations

GREATER FAMILIARITY WITH TARGET DATE PRODUCTS

Since 2013, participants have increasingly invested in a single target date product. In 2017, 56% of participants held a target date products as the sole investment in their portfolio, compared with 46% in 2013—an increase of nearly 22%. This change could indicate greater understanding of how target date products can function as the only holding in an account.

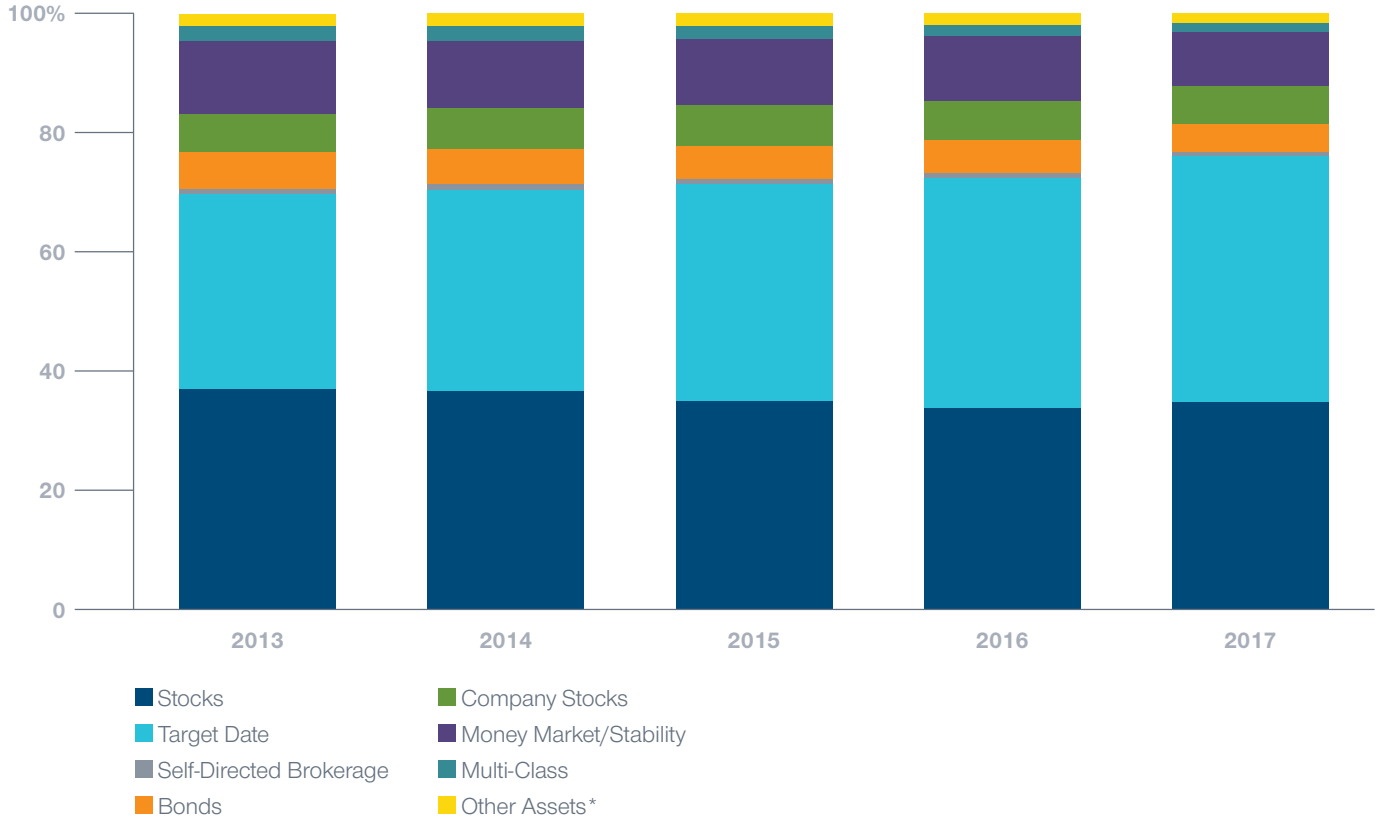
The principal value of target date products is not guaranteed at any time, including at or after the target date, which is the approximate year an investor plans to retire (assumed to be age 65) and likely stop making new contributions in the product. If an investor plans to retire significantly earlier or later than age 65, the products may not be an appropriate investment even if the investor is retiring on or near the target date. The products' allocations typically invest in a broad range of underlying mutual funds that include stocks, bonds, and short-term investments and are subject to the risks of different areas of the market. In addition, the objectives of target date products typically change over time to become more conservative.

Call 1-800-922-9945 to request a prospectus, which includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.

Potential Strategies To Consider

- Consider evaluating your investment lineup to see how many the average participant invests in and if any changes are necessary to meet participants' needs
- Consider providing target date education geared toward younger participants
- If your plan has a high number of participants with nondiversified investments, consider additional investment education regarding the importance of diversification. You might also want to consider a "QDIA reset," which moves participants' existing balances and future contributions into a qualified default investment alternative ("QDIA"), with an appropriately communicated opt-out option.

No. 1 ASSET ALLOCATION

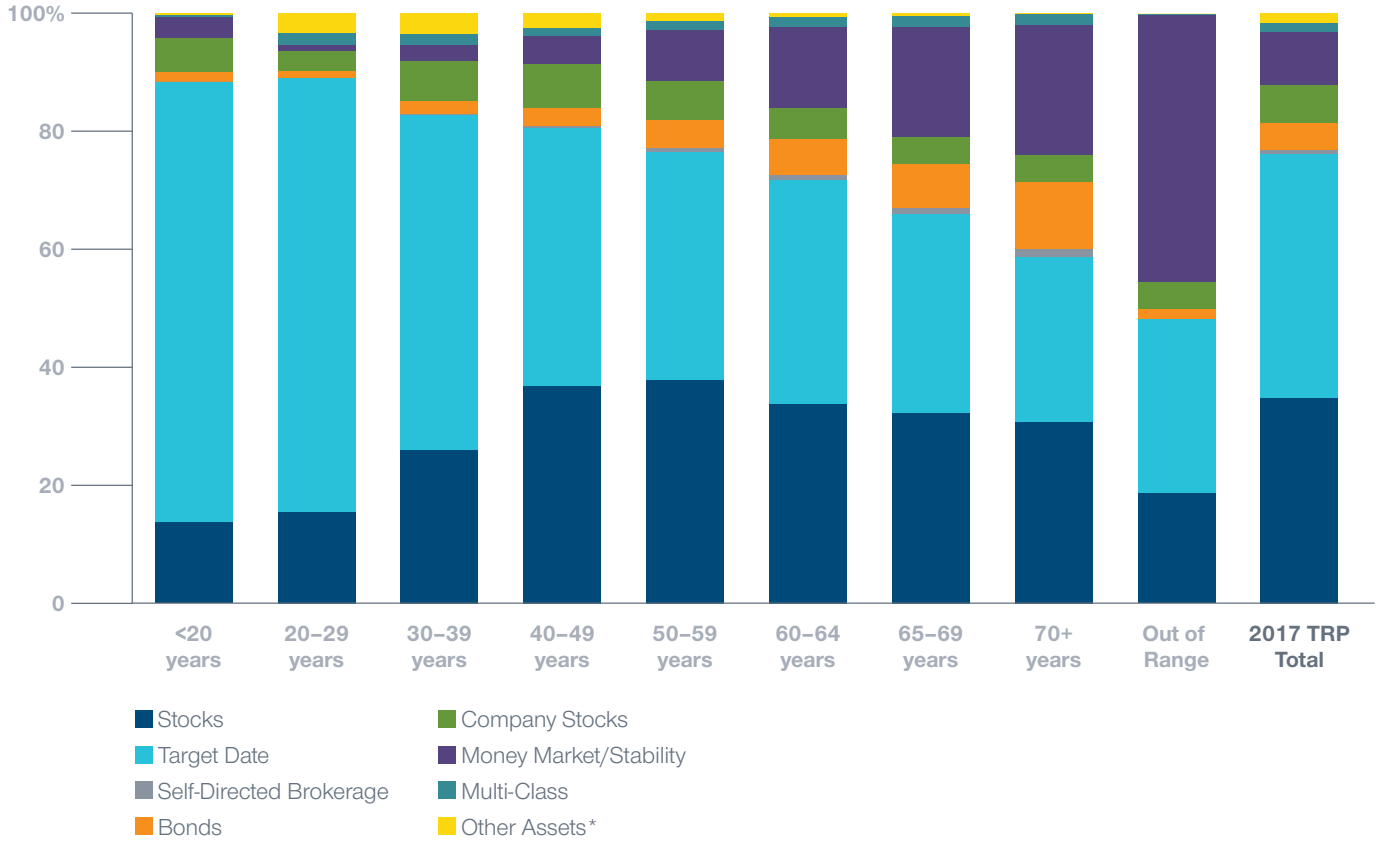


	Stocks	Target Date	Self-Directed Brokerage	Bonds	Company Stocks	Money Market/ Stability	Multi-Class	Other Assets*
2013	37.0%	32.7%	0.8%	6.2%	6.3%	12.3%	2.5%	2.1%
2014	36.7	33.7	0.9	5.9	6.8	11.4	2.5	2.1
2015	34.9	36.4	0.9	5.5	6.9	11.0	2.3	2.1
2016	33.7	38.6	0.9	5.4	6.7	10.8	2.0	2.0
2017	34.8	41.2	0.7	4.7	6.4	8.9	1.6	1.7

*Other assets include loan and settlement amounts.
Numbers may not total 100% due to rounding.

Since 2015, target date assets have outpaced stock assets in participant accounts.

No. 2 ASSET ALLOCATION—BY AGE

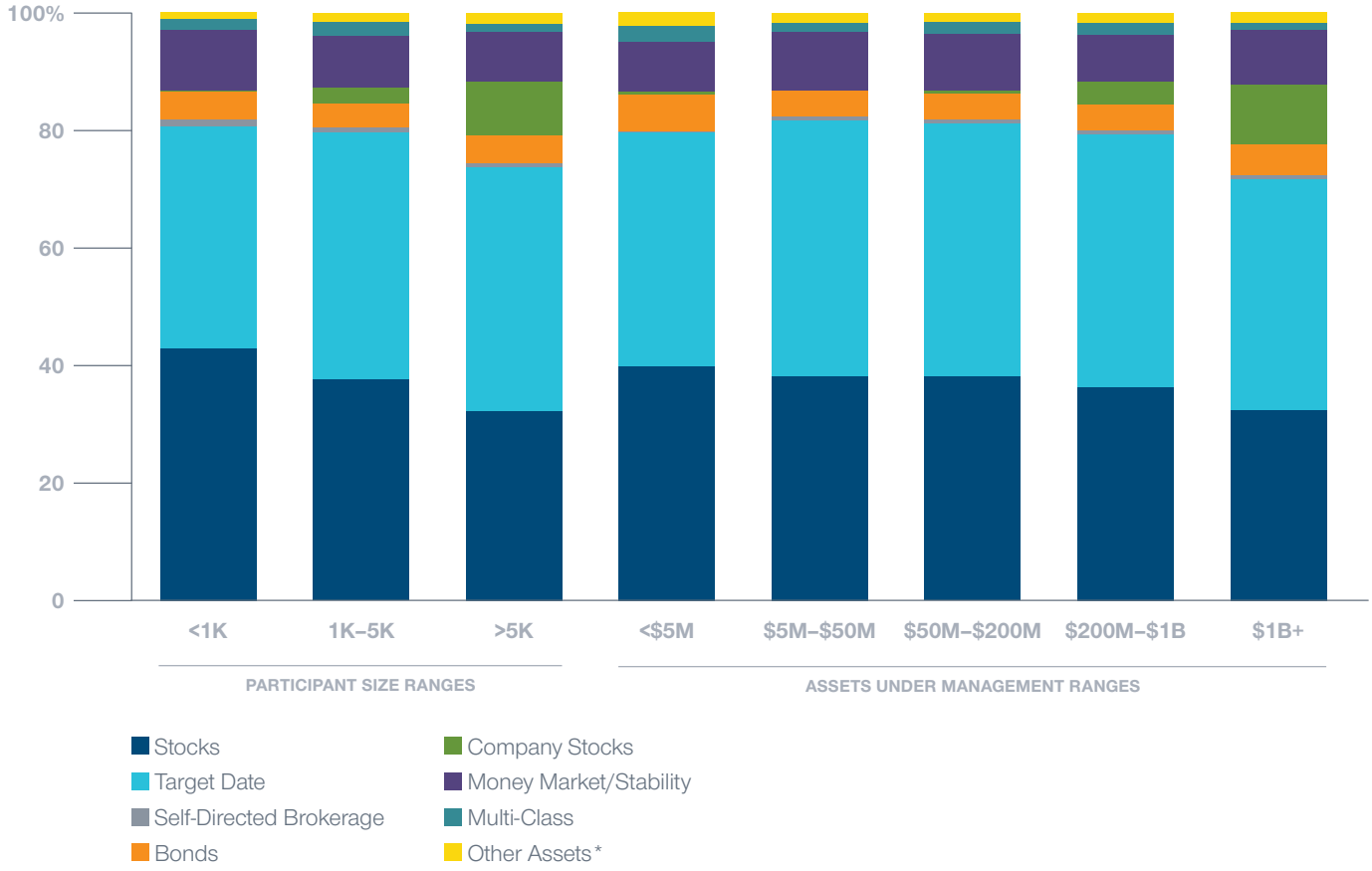


	Stocks	Target Date	Self-Directed Brokerage	Bonds	Company Stocks	Money Market/ Stability	Multi-Class	Other Assets*
<20 years	13.7%	74.7%	0.0%	1.6%	5.8%	3.5%	0.4%	0.2%
20–29 years	15.5	73.4	0.0	1.3	3.3	1.1	2.0	3.4
30–39 years	26.0	56.7	0.2	2.2	6.8	2.7	1.7	3.7
40–49 years	36.8	43.6	0.4	3.2	7.4	4.6	1.5	2.5
50–59 years	37.9	38.5	0.8	4.6	6.7	8.5	1.6	1.4
60–64 years	33.8	37.8	0.9	6.1	5.3	13.7	1.7	0.7
65–69 years	32.2	33.8	1.0	7.3	4.7	18.5	2.0	0.4
70+ years	30.7	27.9	1.5	11.2	4.6	22.0	2.0	0.1
Out of Range	18.6	29.5	0.0	1.8	4.5	45.2	0.3	0.0
2017 TRP Total	34.8	41.2	0.7	4.7	6.4	8.9	1.6	1.7

*Other assets include loan and settlement amounts.
Numbers may not total 100% due to rounding.

Three of every four participants in the 20–29 age range are invested in a target date product.

No. 3 ASSET ALLOCATION

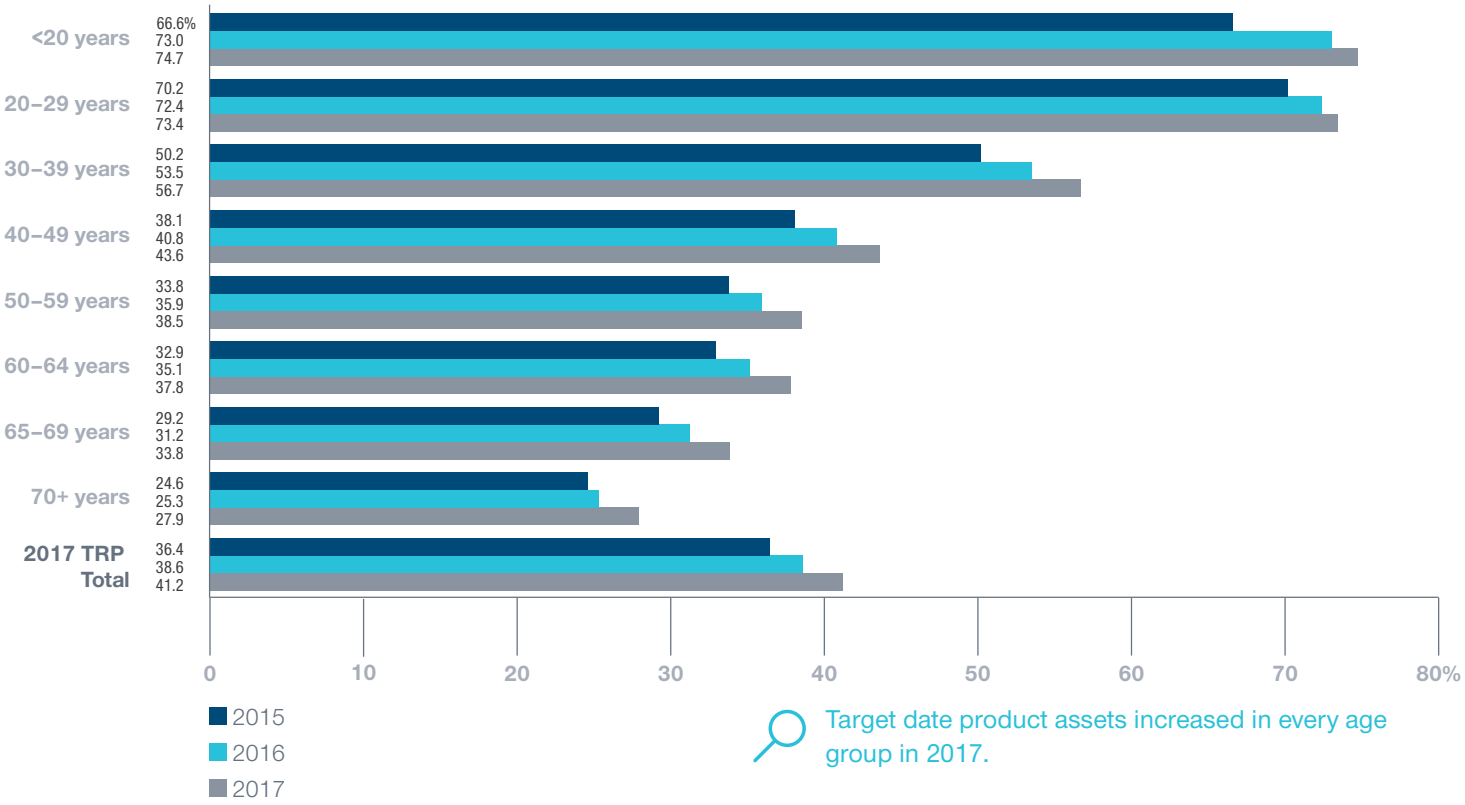


	Stocks	Target Date	Self-Directed Brokerage	Bonds	Company Stocks	Money Market/ Stability	Multi-Class	Other Assets*
<1K participants	42.9%	37.7%	1.2%	4.8%	0.2%	10.3%	1.8%	1.2%
1K–5K participants	37.6	42.1	0.7	4.2	2.6	8.9	2.3	1.6
>5K participants	32.2	41.5	0.7	4.8	9.0	8.6	1.3	1.9
<$5M	39.9	39.7	0.3	6.2	0.4	8.6	2.7	2.3
$5M–$50M	38.2	43.5	0.7	4.3	0.1	10.0	1.5	1.6
$50M–$200M	38.1	43.2	0.6	4.4	0.5	9.6	2.0	1.6
$200M–$1B	36.3	43.0	0.7	4.3	3.9	8.1	2.0	1.7
$1B+	32.4	39.2	0.8	5.1	10.3	9.2	1.3	1.8
2017 TRP Total	34.8	41.2	0.7	4.7	6.4	8.9	1.6	1.7

*Other assets include loan and settlement amounts.

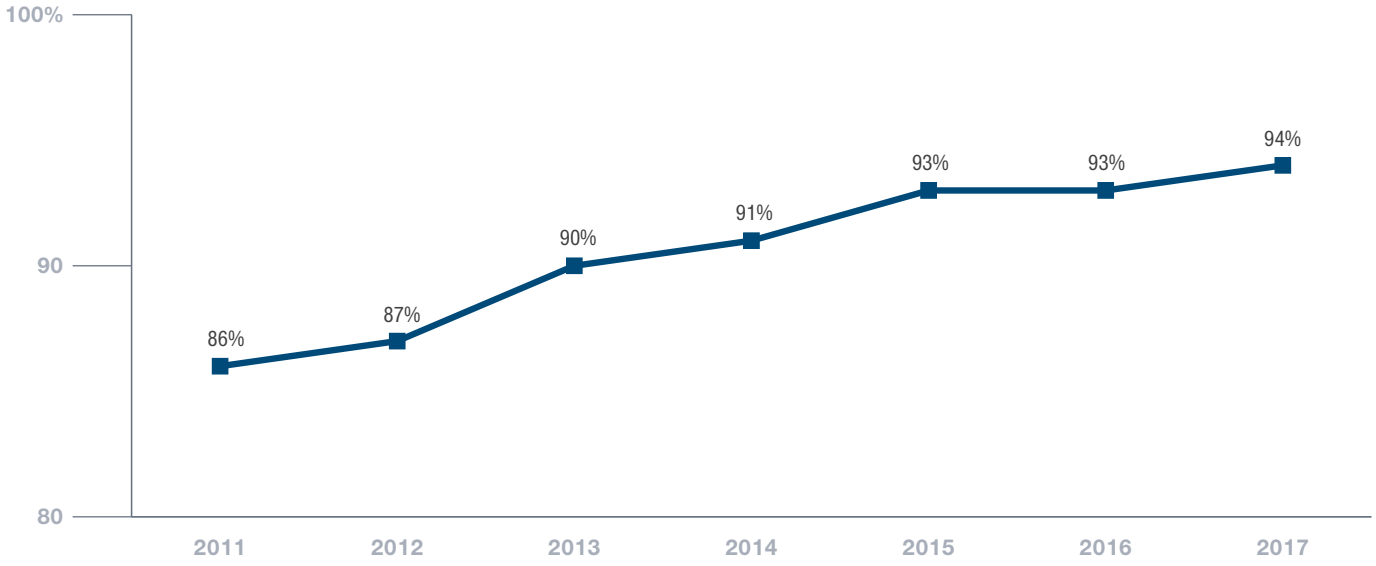
Note: The assets under management ranges refer to those plans where assets under management fall within the specified ranges. The participant size ranges refer to those plans where total participant counts fall within the specified ranges. Numbers may not total 100% due to rounding.

No. 4 PERCENTAGE OF ASSETS IN A TARGET DATE PRODUCT—BY AGE



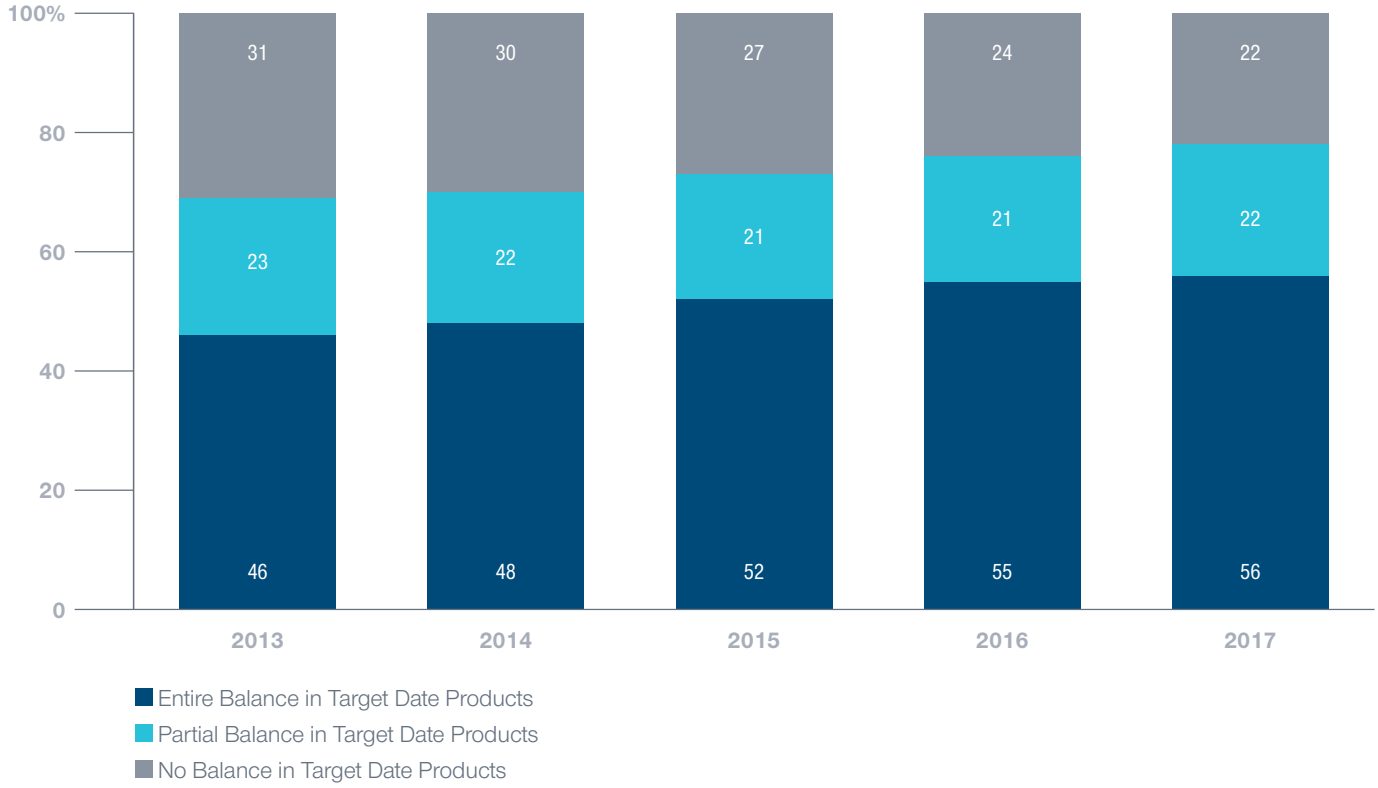
Target date product assets increased in every age group in 2017.

No. 5 PERCENTAGE OF PLANS OFFERING TARGET DATE PRODUCTS

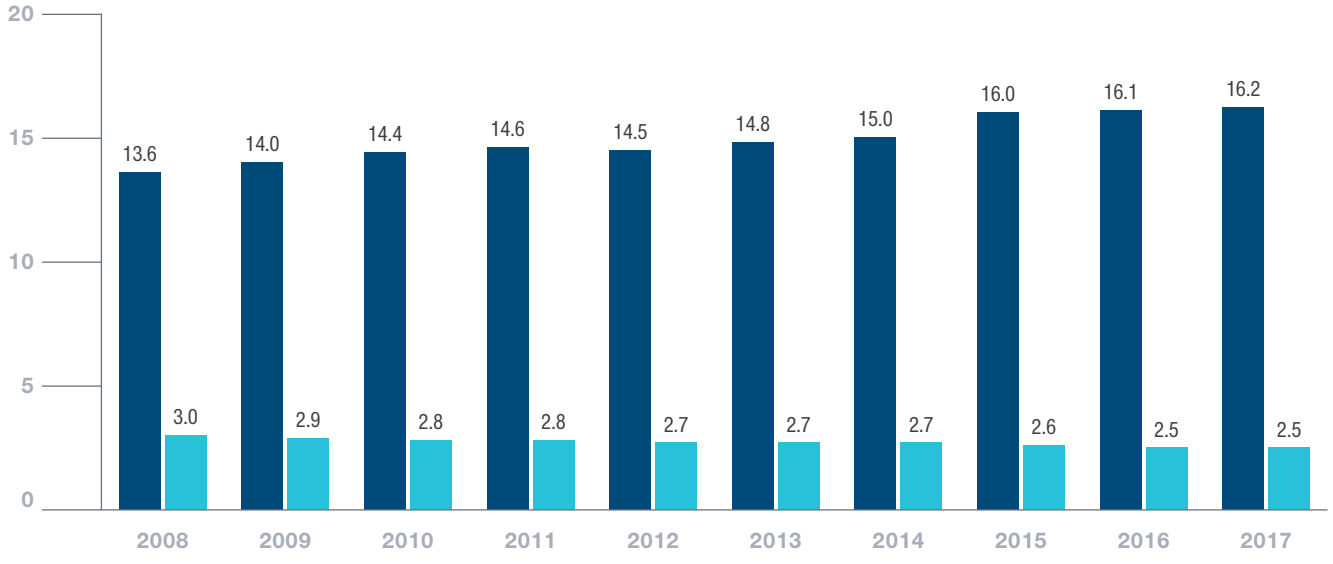


The percentage of plans offering a target date product solution increased by a full percentage point in 2017.

No. 6 TARGET DATE PRODUCT INVESTMENT COMPARISON—PERCENTAGE OF PARTICIPANTS



No. 7 AVERAGE NUMBER OF FUNDS



For the fifth year in a row, the average number of funds offered by a plan increased and was substantially higher than the average number of funds a participant holds.

No. 8 TYPES OF INVESTMENT OPTIONS OFFERED

	<1K Participants	1K–5K Participants	>5K Participants	2017 TRP Total
Stability				
Stable Value	77%	88%	86%	81%
U.S. Money Market	86	88	89	87
Fixed Income				
Emerging Markets Fixed Income	3	1	4	3
Global Fixed Income	15	14	12	15
High Yield Fixed Income	15	14	14	15
Inflation Linked	22	29	24	24
Other Fixed Income	<1	1	—	<1
U.S. Fixed Income	96	99	97	97
Asset Allocation				
Aggressive Allocation	4	4	5	4
Allocation	2	4	1	2
Cautious Allocation	46	49	47	47
Convertibles	<1	1	—	<1
Moderate Allocation	47	36	33	42
Target Date	92	99	96	94
U.S. Equity				
U.S. Equity Large-Cap	98	99	96	98
U.S. Equity Mid-Cap	86	92	83	87
U.S. Equity Small-Cap	93	96	91	94
International Equity				
Asia Equity	1	1	—	<1
Asia ex-Japan Equity	5	1	1	4
Emerging Markets Equity	38	34	24	35
Europe Equity Large-Cap	3	1	1	3
Global Equity	13	14	16	14
Global Equity Large-Cap	94	98	92	95
Global Equity Mid-/Small-Cap	16	13	8	14
Japan Equity	2	—	1	2
Latin America Equity	3	1	1	2
Sector Funds				
Communications Sector Equity	4	5	4	4
Energy Sector Equity	1	1	3	1
Financials Sector Equity	2	1	3	2
Health Care Sector Equity	9	4	7	7
Industrials Sector Equity	<1	—	—	<1
Natural Resources Sector Equity	9	5	1	7
Precious Metals Sector Equity	1	1	—	1
Real Estate Sector Equity	26	29	24	27
Technology Sector Equity	20	9	9	16
Utilities Sector Equity	2	2	—	2
Other Equity				
Other Equity	9	19	36	15
Commodities				
Commodities Broad Basket	1	2	1	1
Alternatives				
Multi-alternative	1	—	—	1

Note: Participant ranges define those plans where total participant counts fall within the specified ranges. Investment category labels were derived from recognized Morningstar categories.

No. 9 TYPES OF INVESTMENT OPTIONS OFFERED

	<$5M Assets	$5M–$50M Assets	$50M–$200M Assets	$200M–$1B Assets	$1B+ Assets	2017 TRP Total
Stability						
Stable Value	49%	81%	85%	88%	81%	81%
U.S. Money Market	58	87	91	91	91	87
Fixed Income						
Emerging Markets Fixed Income	6	3	2	2	3	3
Global Fixed Income	13	17	16	11	13	15
High Yield Fixed Income	21	14	16	12	13	15
Inflation Linked	32	18	29	25	19	24
Other Fixed Income	—	—	1	—	—	<1
U.S. Fixed Income	77	99	98	100	97	97
Asset Allocation						
Aggressive Allocation	2	5	4	5	3	4
Allocation	—	2	3	2	3	2
Cautious Allocation	17	54	48	48	47	47
Convertibles	—	—	1	—	—	<1
Moderate Allocation	34	50	44	33	31	42
Target Date	75	96	95	98	94	94
U.S. Equity						
U.S. Equity Large-Cap	87	100	99	100	94	98
U.S. Equity Mid-Cap	55	93	89	91	69	87
U.S. Equity Small-Cap	74	96	96	96	84	94
International Equity						
Asia Equity	—	1	1	—	—	<1
Asia ex-Japan Equity	8	5	3	1	3	4
Emerging Markets Equity	34	37	35	36	22	35
Europe Equity Large-Cap	9	3	2	1	3	3
Global Equity	15	14	13	11	25	14
Global Equity Large-Cap	75	96	98	99	88	95
Global Equity Mid-/Small-Cap	13	18	14	11	6	14
Japan Equity	8	2	1	—	3	2
Latin America Equity	9	4	1	—	3	2
Sector Funds						
Communications Sector Equity	8	4	4	4	6	4
Energy Sector Equity	2	2	<1	1	3	1
Financials Sector Equity	6	2	1	1	6	2
Health Care Sector Equity	13	10	5	5	6	7
Industrials Sector Equity	—	1	—	—	—	<1
Natural Resources Sector Equity	15	9	6	2	3	7
Precious Metals Sector Equity	—	2	<1	—	—	1
Real Estate Sector Equity	13	34	28	22	19	27
Technology Sector Equity	19	24	12	9	9	16
Utilities Sector Equity	2	3	1	2	—	2
Other Equity						
Other Equity	15	5	12	26	53	15
Commodities						
Commodities Broad Basket	2	1	1	2	—	1
Alternatives						
Multi-alternative	4	2	—	—	—	1

Note: Assets under management ranges define those plans where assets under management fall within the specified ranges. Investment category labels were derived from recognized Morningstar categories.

No. 10 WHERE ASSETS ARE INVESTED

	<1K Participants	1K–5K Participants	>5K Participants	2017 TRP Total
Stability				
Stable Value	77%	88%	86%	81%
U.S. Money Market	86	86	80	85
Fixed Income				
Emerging Markets Fixed Income	3	1	4	3
Global Fixed Income	15	14	12	15
High Yield Fixed Income	15	14	14	15
Inflation Linked	22	29	24	24
Other Fixed Income	<1	1	—	<1
U.S. Fixed Income	96	99	97	97
Asset Allocation				
Aggressive Allocation	4	4	7	4
Allocation	2	4	1	3
Cautious Allocation	47	49	47	48
Convertibles	<1	1	—	<1
Moderate Allocation	47	38	37	43
Target Date	92	99	96	94
U.S. Equity				
U.S. Equity Large-Cap	98	99	96	98
U.S. Equity Mid-Cap	86	92	83	87
U.S. Equity Small-Cap	93	96	91	94
International Equity				
Asia Equity	1	1	—	<1
Asia ex-Japan Equity	5	1	1	4
Emerging Markets Equity	38	34	24	35
Europe Equity Large-Cap	3	1	1	3
Global Equity	14	15	18	15
Global Equity Large-Cap	94	98	91	95
Global Equity Mid-/Small-Cap	16	14	7	14
Japan Equity	2	—	1	2
Latin America Equity	3	1	1	2
Sector Funds				
Communications Sector Equity	4	5	4	4
Energy Sector Equity	1	1	3	1
Financials Sector Equity	2	1	3	2
Health Care Sector Equity	9	4	7	7
Industrials Sector Equity	<1	—	—	<1
Natural Resources Sector Equity	9	5	1	7
Precious Metals Sector Equity	1	1	—	1
Real Estate Sector Equity	26	29	24	27
Technology Sector Equity	20	9	9	16
Utilities Sector Equity	2	2	—	2
Other Equity				
Other Equity	9	19	36	15
Commodities				
Commodities Broad Basket	1	2	1	1
Alternatives				
Flexible Allocation	1	1	—	1
Long/Short Equity	<1	—	4	1
Multi-alternative	1	—	—	1
Trading Tools	1	2	9	2

Note: Participant ranges define those plans where total participant counts fall within the specified ranges. Investment category labels were derived from recognized Morningstar categories.

No. 11 WHERE ASSETS ARE INVESTED

	<$5M Assets	$5M–$50M Assets	$50M–$200M Assets	$200M–$1B Assets	$1B+ Assets	2017 TRP Total
Stability						
Stable Value	49%	81%	85%	88%	81%	81%
U.S. Money Market	57	87	90	87	78	85
Fixed Income						
Emerging Markets Fixed Income	6	3	2	2	3	3
Global Fixed Income	13	17	16	11	13	15
High Yield Fixed Income	21	14	16	12	13	15
Inflation Linked	32	18	29	25	19	24
Other Fixed Income	—	—	1	—	—	0
U.S. Fixed Income	77	99	98	100	97	97
Asset Allocation						
Aggressive Allocation	2	5	4	5	6	4
Allocation	—	3	3	2	3	3
Cautious Allocation	17	55	50	48	47	48
Convertibles	—	—	1	—	—	<1
Moderate Allocation	34	50	45	34	41	43
Target Date	75	96	95	98	94	94
U.S. Equity						
U.S. Equity Large-Cap	87	100	99	100	94	98
U.S. Equity Mid-Cap	55	93	89	91	69	87
U.S. Equity Small-Cap	74	96	96	96	84	94
International Equity						
Asia Equity	—	1	1	—	—	<1
Asia ex-Japan Equity	8	5	3	1	3	4
Emerging Markets Equity	34	37	35	36	22	35
Europe Equity Large-Cap	9	3	2	1	3	3
Global Equity	15	14	15	11	31	15
Global Equity Large-Cap	75	96	98	99	84	95
Global Equity Mid-/Small-Cap	13	18	15	12	3	14
Japan Equity	8	2	1	—	3	2
Latin America Equity	9	4	1	—	3	2
Sector Funds						
Communications Sector Equity	8	4	4	4	6	4
Energy Sector Equity	2	2	<1	1	3	1
Financials Sector Equity	6	2	1	1	6	2
Health Care Sector Equity	13	10	5	5	6	7
Industrials Sector Equity	—	1	—	—	—	<1
Natural Resources Sector Equity	15	9	6	2	3	7
Precious Metals Sector Equity	—	2	<1	—	—	1
Real Estate Sector Equity	13	34	28	22	19	27
Technology Sector Equity	19	24	12	9	9	16
Utilities Sector Equity	2	3	1	2	—	2
Other Equity						
Other Equity	15	5	12	26	53	15
Commodities						
Commodities Broad Basket	2	1	1	2	—	1
Alternatives						
Flexible Allocation	—	1	1	1	—	1
Long/Short Equity	—	—	<1	—	9	1
Multi-alternative	4	2	—	—	—	1
Trading Tools	2	1	1	5	13	2

Note: Participant ranges define those plans where total participant counts fall within the specified ranges. Investment category labels were derived from recognized Morningstar categories.

Loan and Disbursement Behavior

Fewer loans but greater availability

For the third year in a row, the percentage of plans that permit loans increased in 2017 to 87.2%, up slightly from 87% in 2016. Loan availability has risen over the past 10 years, increasing by nearly 8% from a low of 80.9% in 2008.

But as loan availability increased, participant usage waned slightly over the past few years. In 2017, 23.4% of participants had an outstanding loan balance, down from the recent high of 24.9% in 2013.

23% of participants
had an outstanding loan balance in 2017

CHANGING VIEWS OR GENERATIONAL INFLUENCES?

There's been a concerted effort to better educate participants about the potential downsides of plan loans. While loans allow participants to borrow from their accounts rather than a third party, and interest is paid back into the participant's account, the participant must pay back the loan in full prior to separation of service or face tax consequences.

Loan education may be encouraging participants to research alternatives to borrowing from their retirement savings. It's also likely that loan usage is being affected by changes in the workforce:

2017 Insights

- Loan usage is highest among older Gen X and younger Baby Boomer participants.
- Close to half of participants in their 20s cash out their savings rather than rolling over.
- There was no change in hardship withdrawal usage in 2017, despite being a costly year for weather and climate disasters.

- **Millennials:** The largest generation since the Baby Boomers, Millennials entered the workforce in mass numbers. Many have now accumulated enough wealth in their retirement plans to be eligible for loans. However, the percentage of Millennial participants with outstanding loans decreased last year. For participants age 20–29, the percentage dropped from 11% in 2016 to 10.7% in 2017. For 30–39 year-olds, the percentage dropped from 26.1% to 25.3%.
- **Gen X and Baby Boomers:** These two generations have reached the so-called "sandwich" years, when they're more likely to be supporting younger and older family members. Participants age 40–59 have the highest percentage of outstanding loans: 30.7% for those age 40–49 and 27.5% for the age 50–59 group (older Gen X participants and the younger Baby Boomers).

Overall, loan usage decreased from 23.8% in 2016 to 23.4% in 2017, although the percentage of participants with outstanding loans increased by an average 2.2% for participants age 50+.

DIRECT ROLLOVER AND CASH-OUT RATES STATIC

Direct rollover rates remained at 81% in 2017, the same as in 2016, when direct rollovers reached a 10-year high. The same was true for cash-outs, with rates of 19% in 2016 and 2017.

Over three-quarters of participants age 40–69 took a direct rollover rather than a cash-out in 2017. Among younger participants, rollovers increased or stayed steady. However, nearly half (47%) of participants age 20–29 cashed out their account balances last year, indicating that additional education about the importance of saving early may be necessary.

>75% of participants age 40–69

took a direct rollover versus a cash-out

Unsurprisingly, cash-outs remain highest among participants who are less than 20 years of age. The percentage of direct rollovers by this population fell by 37%, with 83% of participants taking a cash-out.

NO CHANGE IN HARDSHIP WITHDRAWAL USAGE

According to the National Centers for Environmental Information (NCEI), 2017 was the costliest year on record for natural disasters, with 16 weather and climate disaster events that each resulted in losses over $1 billion.[1] Federal disaster declarations allowed a greater number of participants to take a hardship withdrawal in order to pay for costs related to the disasters.

Despite the weather and climate events, hardship withdrawal usage was static. Participant usage remained at 1.4% for the third year in a row, down from the seven-year high of 1.9% in 2011. Average hardship withdrawal amounts increased by nearly 2% to $7,059, up from $6,923 in 2016. In addition, the percentage of plans that offer hardship withdrawals increased slightly in 2017 to 70%.

[1]Source: NOAA National Centers for Environmental Information (NCEI) U.S. Billion-Dollar Weather and Climate Disasters (2018). https://www.ncdc.noaa.gov/billions/

Potential Strategies To Consider

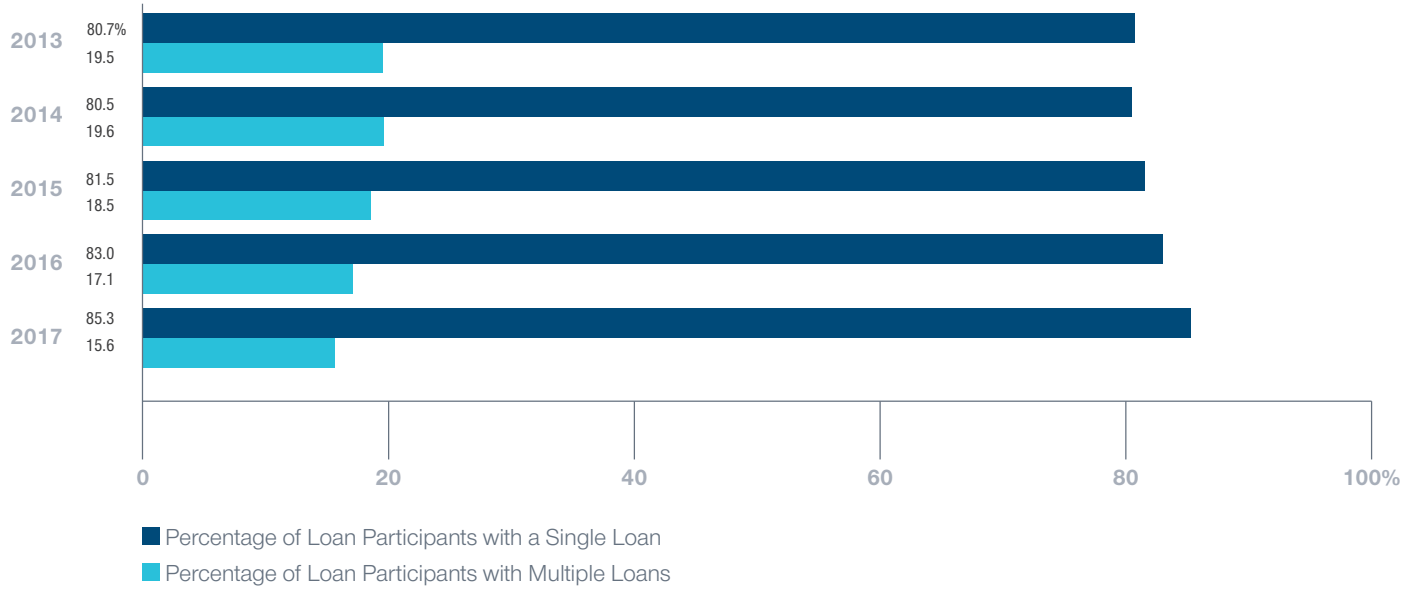
- Benchmark your plan's direct rollover and cash-out rates to see if additional participant education is needed.
- Add a financial wellness program to provide participants with budgeting resources.
- Consider age-targeted messaging about cashing out for younger participants in particular.

No. 1 LOANS

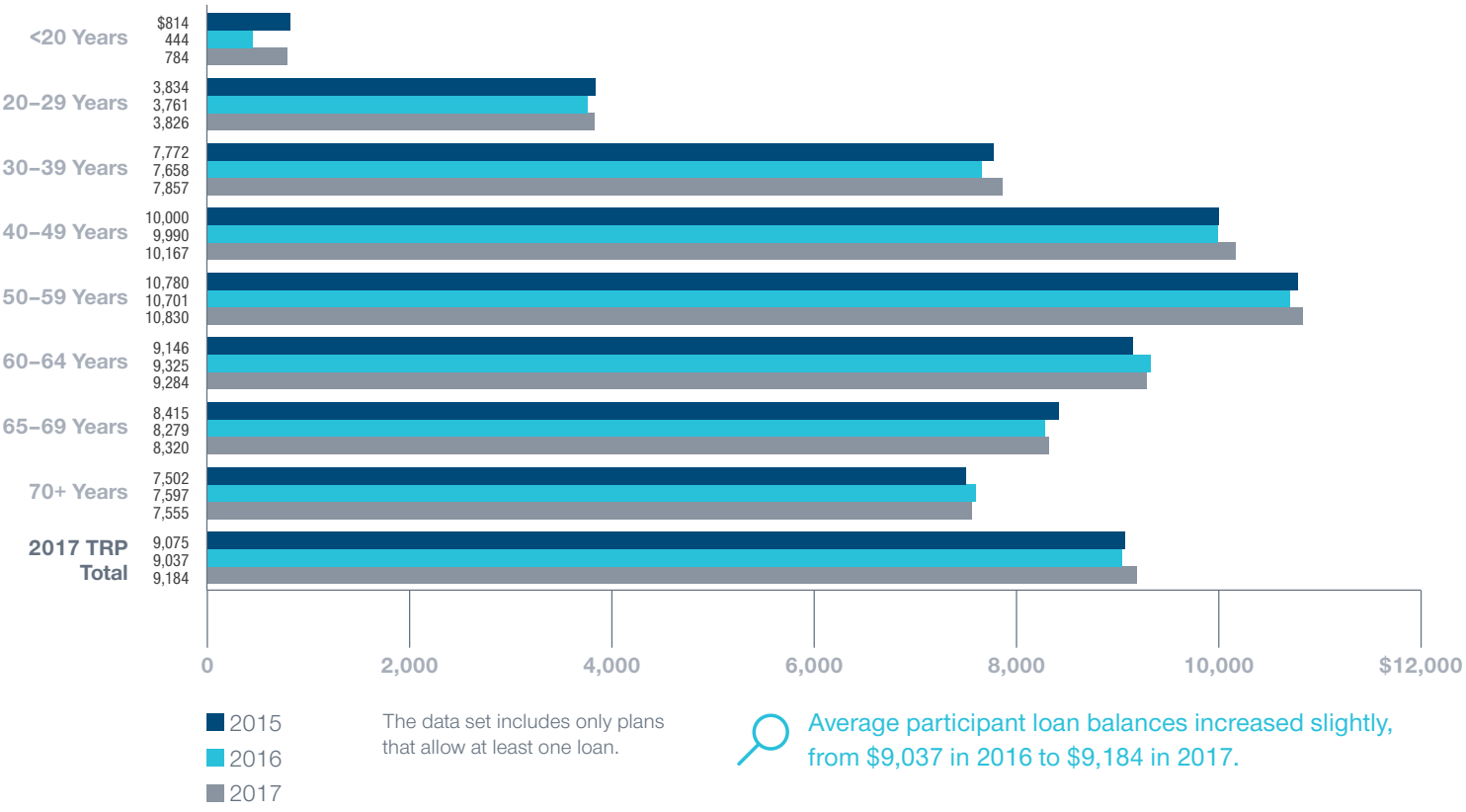
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Percentage of Plans That Permit Loans	80.9%	82.9%	83.6%	83.2%	84.3%	86.5%	87.3%	87.0%	87.1%	87.2%
Average Participant Loan Balance	$7,599	$7,522	$7,677	$7,933	$8,098	$8,438	$8,831	$9,075	$9,037	$9,184
Percentage of Participants With Loans	20.0%	22.3%	24.3%	24.7%	24.3%	24.9%	24.7%	24.3%	23.8%	23.4%

The percentage of participants with loans fell slightly in 2017, although the average loan balance increased from 2016.

No. 2 PERCENTAGE OF PARTICIPANTS WITH LOANS—SINGLE VS. MULTIPLE



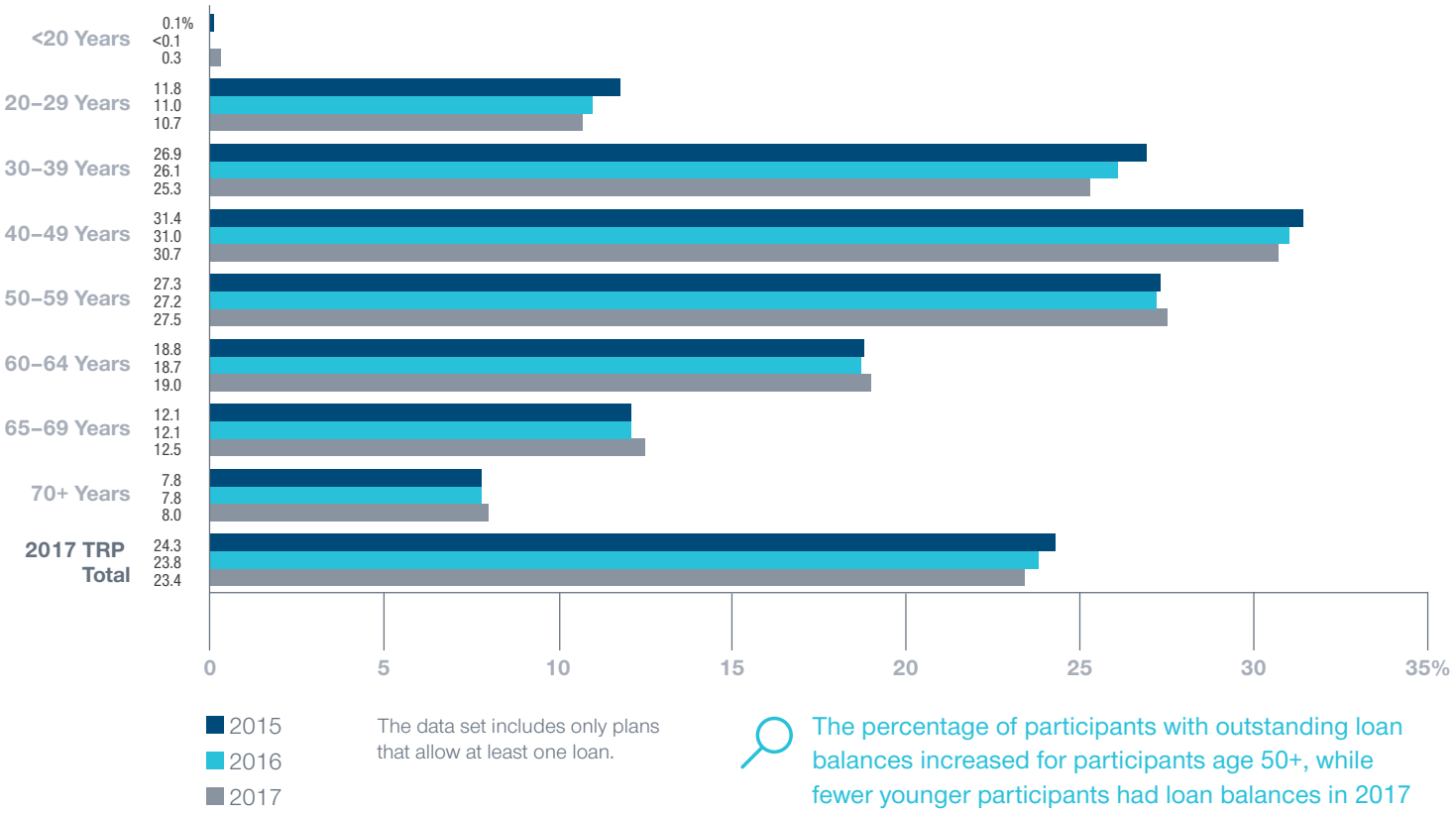
No. 3 AVERAGE PARTICIPANT LOAN BALANCES—BY AGE



The data set includes only plans that allow at least one loan.

Average participant loan balances increased slightly, from $9,037 in 2016 to $9,184 in 2017.

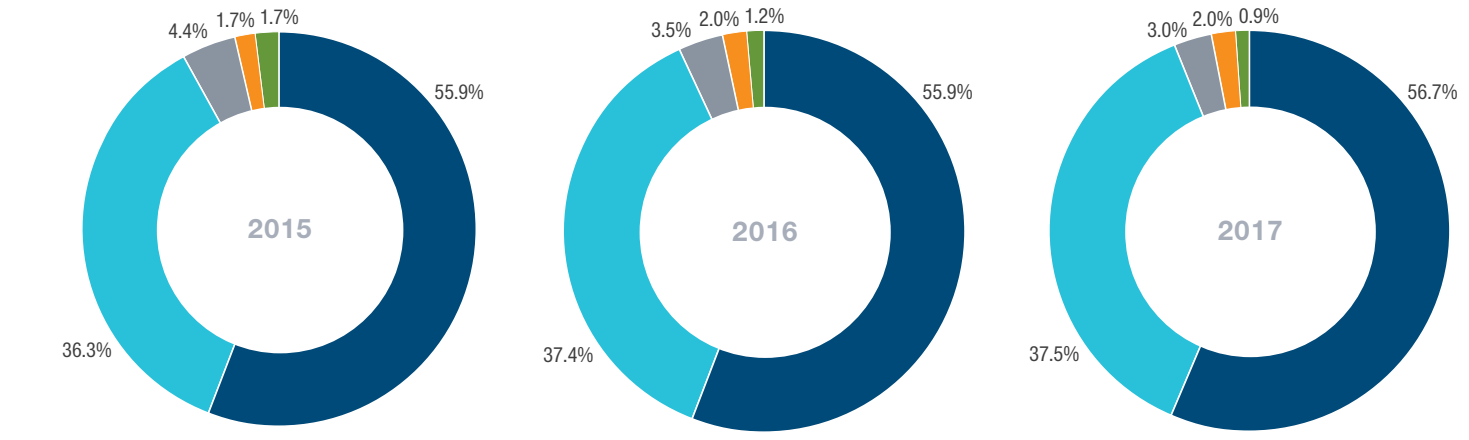
No. 4 PERCENTAGE OF PARTICIPANTS WITH OUTSTANDING LOANS—BY AGE



The data set includes only plans that allow at least one loan.

The percentage of participants with outstanding loan balances increased for participants age 50+, while fewer younger participants had loan balances in 2017 compared with 2016.

No. 5 MAXIMUM NUMBER OF LOANS ALLOWED



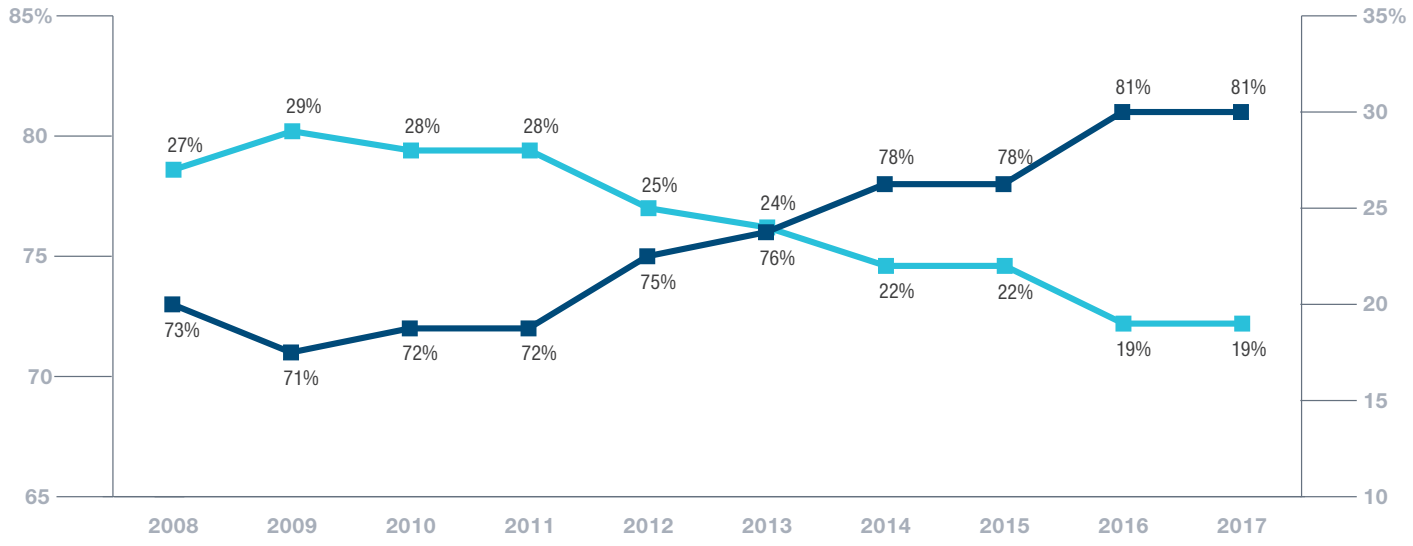
- 1—Any Type*
- 2—Any Type*
- 3—Any Type*
- More Than 3—Any Type*
- No Limit—Any Type*

*Any type—plan may offer primary residence, standard, or both loan types. The data set includes only plans that allow at least one loan.

Numbers may not total 100% due to rounding.

The percentage of plans that permit participants to take more than two loans continued to decrease in 2017.

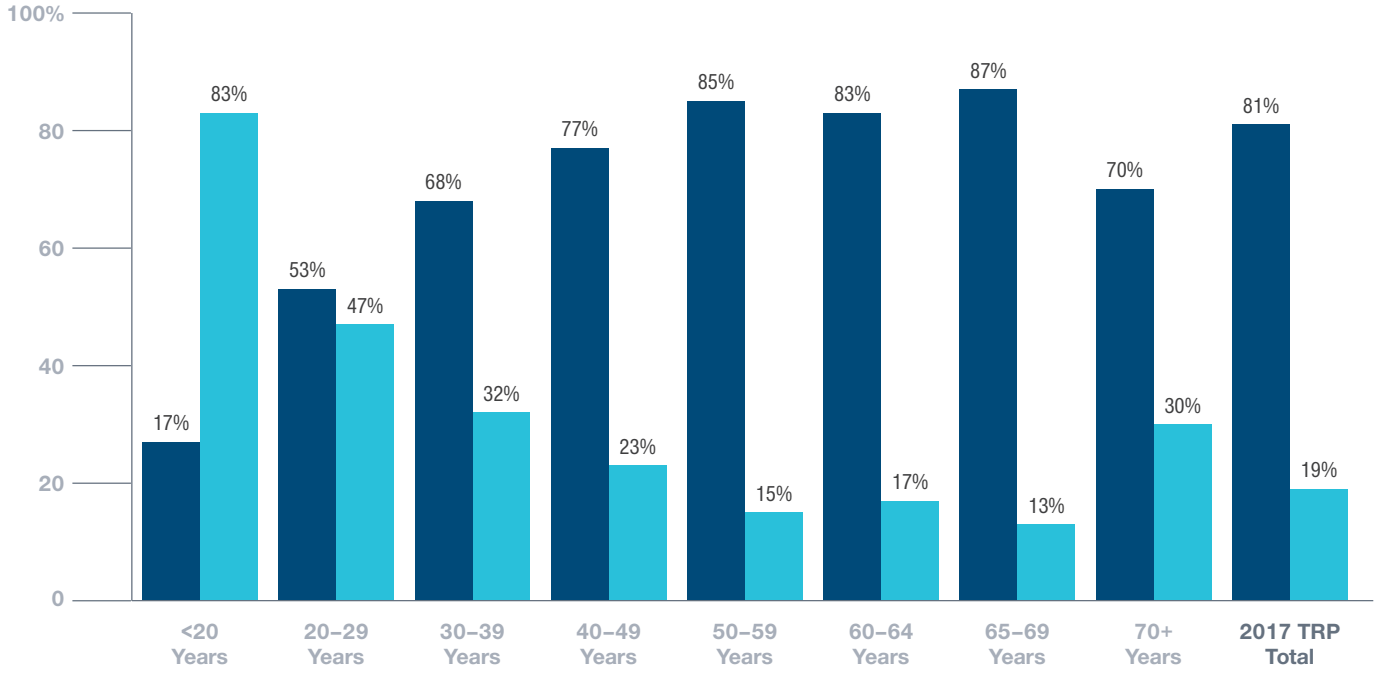
No. 6 PARTICIPANT DISTRIBUTIONS—DIRECT ROLLOVERS VS. CASH-OUTS



Percentage of Direct Rollovers (left axis)
Percentage of Cash-Outs (right axis)

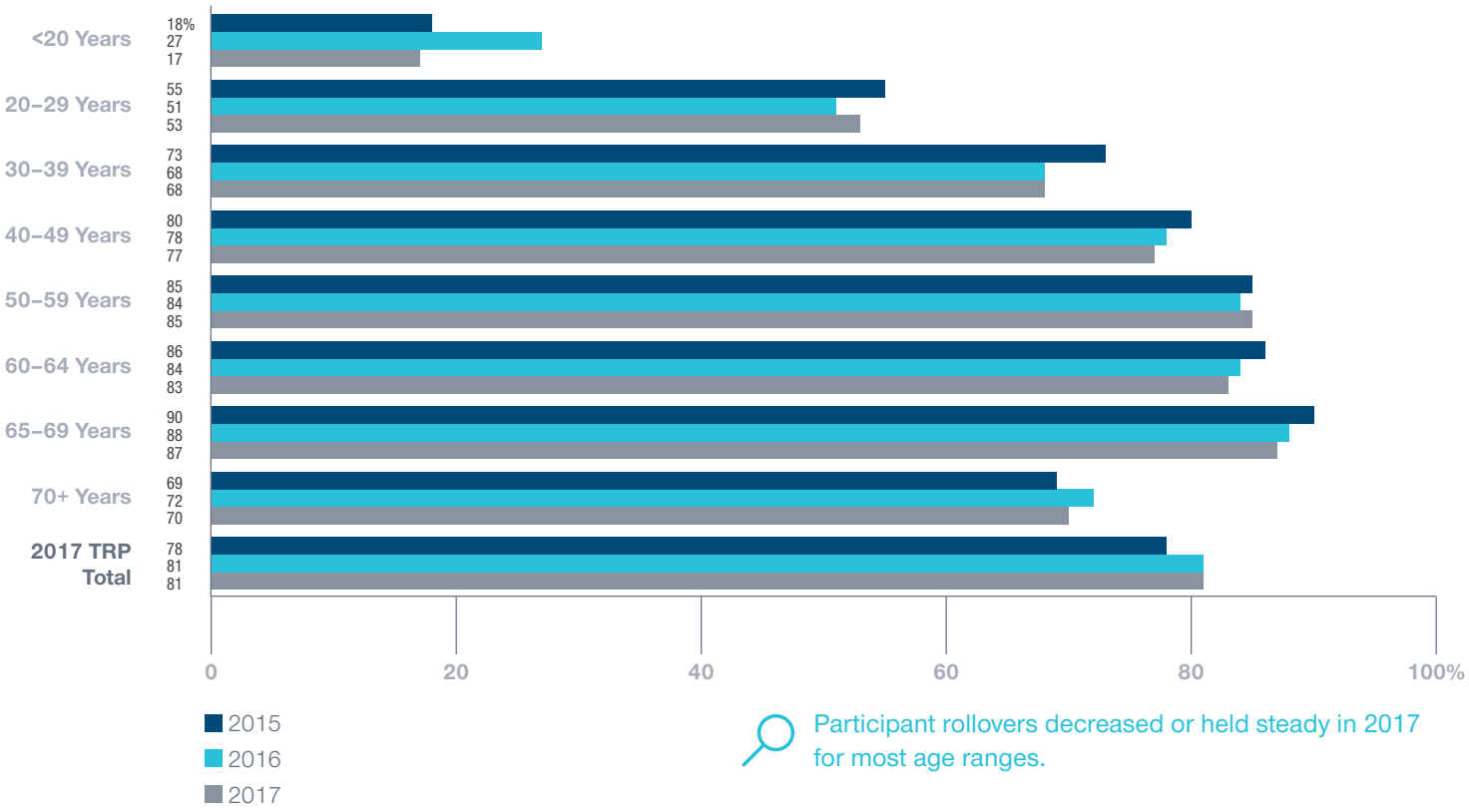
The ratio of direct rollovers to cashouts held steady in 2017, with over 80% of participants choosing to roll over their retirement plan accounts.

No. 7 PARTICIPANT DISTRIBUTIONS—BY AGE



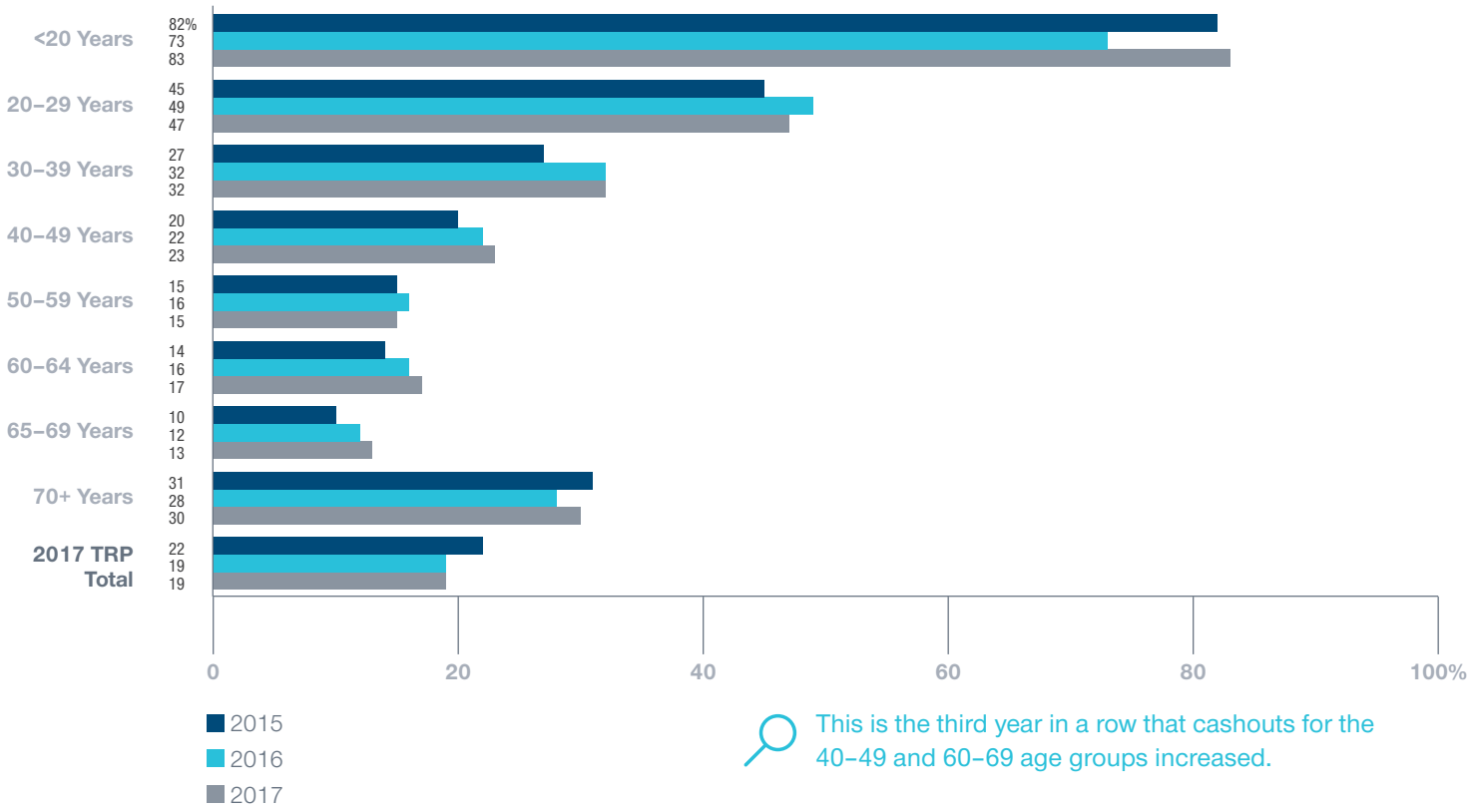
Percentage of Direct Rollovers
Percentage of Cash-Outs

No. 8 **PARTICIPANT ROLLOVERS COMPARISON—BY AGE**



Participant rollovers decreased or held steady in 2017 for most age ranges.

No. 9 PARTICIPANT CASH-OUTS COMPARISON—BY AGE



This is the third year in a row that cashouts for the 40–49 and 60–69 age groups increased.

No. 10 HARDSHIP WITHDRAWALS

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Percentage of Participants Taking Hardship Withdrawals	1.6%	1.8%	1.9%	1.9%	1.7%	1.7%	1.6%	1.4%	1.4%	1.4%
Percentage of Plans That Allow Hardship Withdrawals	—	—	—	—	—	71	73	72	69	70
Average Hardship Withdrawal Amount	$6,020	$5,628	$5,905	$5,632	$5,703	$5,810	$6,469	$6,685	$6,923	$7,059

The percentage of participants taking a hardship withdrawal stayed steady at 1.4% for the third year in a row.

Methodology

Unless otherwise noted, all data included in this report are drawn from the following sources: Data are based on the large-market, full-service universe—TRP Total—of T. Rowe Price Retirement Plan Services, Inc., retirement plans (401(k) and 457 plans), consisting of 636 plans and over 1.6 million participants.

Auto-enrollment, auto-increase, and default deferral rate results are based on participants of large-market, full-service 401(k) and 457 plans who were automatically enrolled in their plan during 2017. Trend results are based on findings at the calendar year-end from 2008–2017.

Auto-Reenrollment—An automatic reenrollment for participants who opted not to participate in their plan. This is run on-demand and could occur about once a year.

Auto-Restart—For participants who were contributing to their plan and have taken a hardship, once the suspension period is over, participants will have their contributions automatically restarted unless they opt out.

Auto-Rebalance—Provides participants with the tools they need to maintain a consistent investment strategy. If they are not investing 100% of their account in a diversified fund, auto-rebalance will automatically rebalance their account on a periodic basis (i.e., quarterly or annually).

Participation rates by age are participant weighted (total number of participants divided by the total number eligible to participate). Participant-weighted year-over-year participation rate averages are calculated by dividing the number of participants by the number eligible to participate. The plan-weighted year-over-year participation rate average is the sum of plan-level averages divided by the number of plans.

The data are based on any participants eligible to make contributions during the period. Participation results are based on all contributions. Participation rates by age are participant weighted (total number of participants divided by the total number eligible to participate).

Methodology

Unless otherwise noted, all data included in this report are drawn from the following sources: Data are based on the large-market, full-service universe—TRP Total—of T. Rowe Price Retirement Plan Services, Inc., retirement plans (401(k) and 457 plans), consisting of 636 plans and over 1.6 million participants.

Employee and employer contributions are based on plans with contributions during the calendar years ended December 31, 2007, through December 31, 2017. Employer contributions include all types of employer money, such as matching contributions, discretionary contributions, and retirement contributions. Match percentages are the maximum percentage of participant contributions that a company will match. Company vesting percentages shown are an aggregated count of those plans and plan locations that have identifiable vesting schedules for reporting purposes.

Deferral results are based on employee pretax deferral percentages greater than zero for eligible participants over various time periods from calendar years ended December 31, 2007, through December 31, 2017. Average deferral by age is participant weighted (total of all participant deferral percentages divided by the total number of participants with a deferral percentage).

Catch-up contribution results for participant age breakdowns are based on the number of participants who made catch-up contributions during the various calendar year periods ended December 31, 2007, through December 31, 2017. These data capture the number of eligible participants over age 50 in plans that offer catch-up contributions.

Results for participant age breakdowns are based on the number of participants who made Roth contributions during the calendar year periods ended December 31, 2008, through December 31, 2017. These data capture the number of eligible participants in plans that offer Roth contributions at each calendar year-end from December 31, 2008, through December 31, 2017.

Roth qualified distribution—A qualified distribution is tax-free if taken at least five years after the year of the first Roth contribution and if the participant has reached age 59½, become totally disabled, or died. If the distribution is not qualified, any earnings withdrawn will be taxable. These rules apply to Roth distributions only from employer-sponsored retirement plans. Additional plan distribution rules apply. Participants are encouraged to consult with their tax advisor when determining if Roth contributions are right for them.

Methodology

Unless otherwise noted, all data included in this report are drawn from the following sources: Data are based on the large-market, full-service universe—TRP Total—of T. Rowe Price Retirement Plan Services, Inc., retirement plans (401(k) and 457 plans), consisting of 636 plans and over 1.6 million participants.

Loan availability and usage results are based on active participants with outstanding loan balances at calendar years ended December 31, 2008, through December 31, 2017. Participant loans are limited to plans that offer loans. Hardship withdrawal data represent all hardship withdrawals from qualified 401(k) and 457 plan types at calendar years ended December 31, 2008, through December 31, 2017.

Distribution data represent all distributions and hardship withdrawals from qualified 401(k) and 457 plan types for various time periods from calendar years ended December 31, 2008, through December 31, 2017. The rollover/cash-out percentage is based on the amount of assets cashed out or rolled out of a retirement plan account for any participant, including both active and terminated, during the calendar year ended December 31, 2017.

troweprice.com/referencepoint

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