

Contact: John MacDonald, EBRI, (202) 775-6349, macdonald@ebri.org

Average Worker Contribution Rates to 401(k)-Type Plans

WASHINGTON—How much do workers contribute on average to 401(k)-type plans?

The February 2009 *EBRI Notes* reports that in 2006 the average employee contribution to a 401(k)-type plan was 7.5 percent of annual earnings for workers who reported making a contribution, unchanged from 2003. The article is based on 2006 data from the U.S. Census Bureau Survey of Income and Program Participation (SIPP) data, the latest available from SIPP on employee contributions to 401(k)-type plans.

The *Notes* article makes these additional points:

- The average contribution to these plans for those who reported making a contribution, while unchanged in 2006 (at 7.5 percent), has increased gradually from 7.1 percent in 1993 and 6.6 percent in 1988.
- The distribution of the contribution rates held basically steady from 1993 to 2006: About 45 percent of 401(k) participants contributed 5 percent or less of their salary, while the remaining participants were about equally divided between those who contributed 5–10 percent and those who contributed 10 percent or more.
- The high contributors—those who contributed 10 percent or more of their salary—were more likely to contribute a higher amount in 2006 than in 1993.

The numbers above are for nonagricultural wage and salary workers age 16 and over. Here is a breakdown showing the average percentage contribution of annual earnings for these workers to 401(k)-type plans for selected years:

- 1998: 6.6 percent contribution.
- 1993: 7.1 percent contribution.
- 1998: 7.4 percent contribution.
- 2003: 7.5 percent contribution.
- 2006: 7.5 percent contribution.

More information about employee contributions to 401(k)-type plans appears on page 7 of the February 2009 *EBRI Notes*, available at http://www.ebri.org/pdf/notespdf/EBRI_Notes_Feb09.Ret-Partic.pdf

Fast Facts from EBRI is issued by the nonpartisan Employee Benefit Research Institute to highlight benefits information that may be of current interest. Established in 1978, EBRI is an independent nonprofit organization committed exclusively to data dissemination, policy research, and education on economic security and employee benefits. EBRI does not take policy positions and does not lobby.