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FIDELITY® Q1 2020 RETIREMENT ANALYSIS: RETIREMENT SAVERS "STAYED THE COURSE" DESPITE ECONOMIC CRISIS

- ***Majority of 30 Million Retirement Savers Continued Saving with Small Percentage Making a Withdrawal or Changing Asset Allocation***
- ***Investors Open IRAs at Record Numbers with More Than 407,000 New Accounts; Contributions to IRAs Among Millennials Increased 64% Over Q1 2019***

BOSTON, April 24, 2020 -- Fidelity Investments®, a market leading workplace benefits company and America's No. 1 IRA provider[1], today released its quarterly analysis of retirement savings trends, including account balances, contributions and savings behaviors, across more than 30 million 401(k), IRA and 403(b) retirement accounts.

"Given the unprecedented market volatility this quarter, it's not surprising that account balances were impacted, although declines were less than the overall market decline," said Kevin Barry, president of Workplace Investing at Fidelity Investments. "It was encouraging to see that many investors stayed the course and did not make drastic changes to their asset allocations, with some investors increasing contributions to their retirement accounts."

"However, we know that investors continue to be concerned about how the economic environment and global pandemic may impact their health and financial futures, and we are already seeing the impact of the market downturn on our clients. As a result, Fidelity is responding with comprehensive advice, guidance and reassurance that address their pressing questions and concerns during this difficult time," continued Barry.

In light of this year's economic uncertainty, retirement savers continued to be engaged and reached out for insight on how market volatility and aspects of the CARES Act could impact their retirement savings and other workplace benefits, including student loan debt and health savings accounts. Average daily customer calls from our retail and workplace investors increased 20% in Q1 2020 versus Q1 2019, and new COVID-19 resource centers created for our retail, workplace and institutional clients generated nearly 1 million views through the end of the quarter.

Highlights from Fidelity's Q1 2020 analysis include:

- **Market downturn caused average 401(k), IRA and 403(b) balances to drop.** The average 401(k) balance was $91,400, down 19% from the record high of $112,300 in Q4 2019, but still higher than Q1 2010 balance of $71,500. The average IRA balance was $98,900, a 14% decrease from last quarter but higher than the Q1 2010 balance of $66,200. The average 403(b)/tax exempt account balance was $75,700, down 19% from last quarter but still above the average balance of $50,000 in Q1 2010.

Average Retirement Account Balances

	Q1 2020	Q4 2019	Q1 2019	Q1 2010
401(k)[2]	$91,400	$112,300	$103,700	$71,500
IRA[3]	$98,900	$115,400	$107,100	$66,200
403(b)/Tax Exempt[4]	$75,700	$93,100	$85,800	$50,000

- **Contributions to retirement accounts remained steady with some investors *increasing* their savings rate in the quarter.** Despite significant market swings in Q1, the majority of retirement savers did not pull back on contributions. While the average 401(k) contribution rate remained steady at 8.9%, consistent with Q4 2019, 15% of 401(k) savers actually increased their contribution rate[5] in the quarter. The average employer contribution was also steady at 4.7%, a slight increase from 4.6% in the previous quarter and consistent with 4.7% in Q1 2019. The average amount contributed to an IRA in Q1 2020 grew to $3,330, a 10% increase over the average contribution amount in Q1 2019. Contributions to 403(b)/tax exempt account also increased to 6.9%, up from 5.6% in Q4 and 5.4% a year ago.
- **Number of newly opened IRAs reach record levels in Q1.** Investors continue to leverage IRAs as a retirement savings vehicle, with new account openings reaching more than 407,000 in the first quarter, a 36% increase over new IRAs opened in Q1 2019. A growing number of millennial investors are utilizing IRAs as a retirement savings vehicle, with contributions among millennials increasing 41% over the last year, while the amount contributed by millennials increased 64%. Among female millennials, the number of IRAs increased 20% from Q1 2019. In addition, the number of Roth IRAs among millennials also increased 41% over the last year, with the amount of Roth IRA contributions growing 64%.

- **Retirement savers did not make significant changes to their asset allocation.** Despite significant volatility, only 7.3% of individuals made a change to their 401(k) allocation, an increase from 5.2% in Q4 2019. Of those savers that made a change to their asset allocation, 60% made only one change in the quarter. Even among Baby Boomers, only 9.9% made a change to their 401(k) allocation, with most moving their savings into a conservative investment option. Among individuals saving within 403(b)/tax exempt accounts, only 5.2% made a change to their allocation, a slight increase from 4.1% last quarter. And only 3% of individuals across Fidelity's 401(k) and 403(b)/tax exempt platform dropped their allocation to 0% equities.
- **Hardship withdrawals increased slightly, new 401(k) loans dropped.** Prior to the enactment of the CARES Act in late March, only 1.4% of individuals took a hardship withdrawal from their 401(k) in Q1 2020, less than half a percentage point more than the 0.9% that took a hardship withdrawal in Q1 2019. The percentage of individuals initiating a 401(k) loan dropped to 2.3% in Q1, down from the 2.6% of 401(k) savers that initiated a loan in Q4 2019 and consistent with 2.3% that took a 401(k) loan in Q1 2019. While ongoing financial uncertainty and provisions within the CARES Act may result in higher loans and withdrawals later in the year, individuals did not draw significant funds from their retirement accounts in the first quarter.

Timely Information and Resources to Address Investor Anxiety, Provide Help and Guidance

Fidelity has developed various resources designed to help investors address questions related to the economy, ongoing market volatility, COVID-19 and the CARES Act. Following are details on what is available to employers, individuals saving in a workplace savings plan, retail investors and IRA holders.

- **Weekly live webcasts available to all investors, regardless if someone is a Fidelity client.** Featuring unique perspectives from its investment management and client teams, Fidelity has launched the "Weekly Market Insights" webcast to provide investors with real-time perspectives on market volatility and strategies for managing a portfolio during this time. It airs every Tuesday at 2:00 pm ET on www.fidelity.com.

- **Remaining open for customers and hiring.** In these unprecedented times, our nearly 200 investor centers remain open, with enhanced health and safety protocols to handle services that cannot be completed online or over the phone. In addition, Fidelity is hiring approximately 2,000 people – beyond the thousands of roles it hires for each year – to further strengthen its ability to deliver the best customer experience in the industry. These new roles, the vast majority of which are financial consultants, licensed representatives and customer service representatives, will be added across Fidelity's U.S. locations. Our highest priority is to create a safe and healthy environment for our clients and associates.
- **Webinar series, "Leading Your Workforce through Uncertain Times," designed to help employers understand the impact of the CARES Act on their company's benefits plan.** Ongoing series of webinars for employers that provides detailed guidance on the CARES Act and how to apply the various aspects to their workplace benefits plan has been attended by more than 5,500 employers since March 30.
- **COVID-19 resource centers created for our retail, workplace and institutional clients.** News and information resource centers that outline various aspects of the CARES Act, including details on 401(k)/403(b) withdrawal options, suspension of required minimum distributions (RMDs), impact on health savings accounts and suspension of student debt repayments, have generated nearly 1 million views through the end of the quarter.

"During periods of market volatility, especially the extreme swings we experienced in the first quarter, it's important to help investors stay on track and focused on the long term," continued Barry. "We understand this is an uncertain time for many of our clients, and we are committed to providing the help and support they need to weather this storm."

For more information on Fidelity's Q1 2020 analysis, please click here to access Fidelity's "Building Financial Futures" overview, which provides additional details and insight on retirement trends and data.

Keep in mind that investing involves risk. The value of your investment will fluctuate over time, and you may gain or lose money.

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[1] Cerulli Associates' *The Cerulli Edge®—Retirement Edition*, Q1 2019, based on an industry survey of firms reporting total IRA assets administered for Q4 2018.

[2] Analysis based on 23,000 corporate defined contribution plans and 18.3 million participants as of March 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.

[3] Fidelity IRA analysis based on 10 million Personal Investing IRA accounts, as of March 31,2020 and includes all IRAs except for inherited IRAs, small business IRAs and IRAs distributed through the advisor-sold market.

[4] Analysis based on 10,447 defined contribution plans, including 403(b), 401(a), 401(k) and 457(b) qualified, non-qualified and TEM pooled plans, and 6.6 million participant accounts, for 4.98 million unique individuals, in the tax-exempt market, as of March 31, 2020.

[5] Includes plan participants that utilize their plan's automatic increase service and had their contribution rate automatically increased in Q1.