

FOR IMMEDIATE RELEASE

Public Retirement Research Lab Releases *The State of Public-Sector DC Plans: 2021 and A Gender Lens on Public-Sector DC Savings Behaviors*

Reports of PRRL Database analysis reveal public sector DC plan account balances, contributions, loans, asset allocations; differences in contributions, equity exposure by gender

WASHINGTON, DC/LEXINGTON, KY, September 28, 2023—The Public Retirement Research Lab (PRRL) today announced release of *The State of Public-Sector DC Plans: 2021 and A Gender Lens on Public-Sector DC Savings Behaviors*. The Public Retirement Research Lab (PRRL) is an industry-sponsored collaborative effort of the Employee Benefit Research Institute (EBRI) and the National Association of Government Defined Contribution Administrators (NAGDCA).

Both reports include commentary and graphic representation of public-sector DC plan account balances, contributions, loans, and asset allocations derived from the PRRL Database. The PRRL Database is the repository for plan- and participant-level retirement plan data collected by the PRRL from public plan sponsors from their record keepers. The PRRL Database contains year-end 2021 data for 267 457(b), 401(a), 403(b), 401(k), and other defined contribution plans; more than 2.5 million state, county, city, and subdivision employees; and \$170 billion in assets.

The State of Public Sector DC Plans: 2021, the second edition of the *State of Public Sector DC Plans* derived from the PRRL Database, updates the first edition based on 2019 data. Key findings include:

Account Balances

- Half of public plan participants in their 60s have account balances lower than \$40,000.
- The median account balance for public plan participants in their 40s is approximately \$18,000; the mean account balance for this cohort is \$57,000.

Contributions

- The mean employee contribution for public plan participants in their 20s is roughly \$1,600 per year or approximately \$130 per month.
- The mean employee contribution rate for participants in their 20s is 2.7%. This rate reaches 9.5% for participants in their 60s.

Loans

- The percentage of participants taking loans from their plans ranges from 1.7% of participants in their 20s to 9.6% of participants in their 40s, and decreases to 5.2% of participants in their 60s.
- The mean size of an outstanding loan for participants in their 40s is approximately \$9,500.

Asset Allocations

- Participants in their 20s have the largest allocations to target-date funds; approximately 50%.
- Allocations to bond funds and money market/stable-value funds increase with age; they reach 7.0% and 20%, respectively, for participants in their 60s.

“The PRRL was created specifically to address the significant lack of attention to and understanding about the role of public-sector DC plans in helping public sector employees adequately prepare for a secure retirement—a need that is growing exponentially as DB plan reform continues,” said NAGDCA Executive Director, Matt Petersen.

“Public-sector retirement research, often focused on DB plans as the sole source of retirement income for state and local governments, has largely excluded public-sector DC plans. This inadequacy is the result of both the remaining relatively greater percentage of public-sector DB plans (than in the private-sector) and the difficulty of aggregating public-sector DC plan data due to the extraordinary variety of public DC plan structures. This inadequacy of attention inhibits public-sector plan sponsors from effectively addressing the retirement readiness of public-sector employees,” Matt concluded.

Key findings from *A Gender Lens on Public-Sector DC Savings Behaviors* include:

- Men contribute more than women to their retirement accounts, both in dollar contributions and as a percentage of salary.
 - The median dollar contribution for women in their 30s is \$1,686; the median contribution for men in their 30s is \$2,391.
 - The median contribution rate is similar for women and men in their 20s, at 2.2% and 2.1% for women and men, respectively. The gap between contribution rates by gender widens with age. The median contribution rate for women in their 30s is 3.1% and the rate for men in their 30s is 3.6%. For participants in their 50s, the median contribution rate for women is 4.1% vs. 5.4% for men.
- Men take on greater equity risk in their retirement portfolios, with a higher allocation to equity funds relative to women across all age groups.
 - Men in their 40s have an average 51% of their accounts allocated to equity funds vs. 37% for women in their 40s

“We find meaningful gender differences in retirement savings and investing behavior among public-sector employees. Specifically, we see lower savings rates and equity allocations among women, which, when combined over long-term could compromise retirement readiness,” said Barb Marder, president and CEO, EBRI. “These findings are consistent with other EBRI research showing that women are less confident in their retirement prospects, underscoring the need for applying a gender lens to public-sector retirement.”

The State of Public-Sector DC Plans: 2021 may be accessed [here](#).

A Gender Lens on Public Sector DC Savings Behaviors may be accessed [here](#).

About the PRRL

The Public Retirement Research Lab is a retirement industry-sponsored collaborative effort of the Employee Benefit Research Institute (<https://www.ebri.org/>) and the National Association of Government Defined Contribution Administrators (<https://www.nagdca.org/>). The PRRL mines data from the PRRL Database, the first-ever database specific to public sector plan- and participant-level defined contribution data, to produce research aimed at enhancing understanding of the design and utilization of public sector defined contribution retirement plans. To learn more, visit www.prrl.org.

###

Media Contacts

EBRI

Ron Dresner

860.305.7728

dresner@ebri.org

OR

NAGDCA

Robin Schoen

215.595.7542

rschoen@robinschoenpr.com