

WASHINGTON, Oct. 24, 2013 /PRNewswire/ -- New research released today by [HelloWallet](#) finds that over 60% of workers participating in a Defined Contribution (DC) Plan accumulated more debt than they contributed to retirement savings between 2010 and 2011, a group that HelloWallet refers to as "debt savers." The study, which analyzed consumer finance data from the Federal Reserve and the U.S. Census Bureau, underscores the need for retirement plan sponsors to provide participants with holistic, independent financial guidance. Without that support, increases in 401(k) and other DC account balances will be off-set by growing liabilities on the other side of a participant's ledger.

The research finds that 20% of participants in 401(k) retirement programs added more credit card debt to their family balance sheet than they contributed to retirement savings. Other findings in the research include:

- Monthly debt payments for households near retirement increased by 69% between 1992 and 2010, now totaling \$.22 for every \$1.00 earned by DC plan participants near retirement.
- DC participants who accumulate debt faster than retirement savings have 50% less of their annual income saved for retirement compared to DC participants who contribute more to their retirement funds than they accumulate in debt.
- Most DC participants who accumulate debt faster than retirement savings are over 40 years old, college educated, earn over \$50,000, and have insufficient emergency savings.

"Through retirement plans and social security taxes, the average 401(k) participant now contributes over 11 percent of their paycheck to retirement savings every month, yet the typical worker near retirement has only about 2 years of replacement income saved," said HelloWallet founder and CEO Matt Fellowes, a former Brookings Scholar who led the study. "The growth in household debt is one big reason why retirement readiness is so stubbornly low."

"While there is no question about the fundamental value and importance of the 401(k), our research finds that it is just one piece of the puzzle," said Fellowes. "Until we work on improving all components of retirement readiness, it will be very hard for employers to fundamentally move the needle."

While US companies invest \$118 billion annually in 401(k) programs for their employees, and retirement savings is now one of the largest budget line items for US households, HelloWallet's new research suggests that these investments are not always producing the intended outcomes. In many cases, better holistic financial guidance could provide employees with the knowledge necessary to crawl out of their debt deficit and steadily build a secure retirement. To receive a complete copy of the study, click [here](#).

Contact: Elisabeth Lesser Elisabeth@hellowallet.com 202-803-5254

About HelloWallet: HelloWallet improves the performance of organizations by providing independent guidance that aligns corporate spending with human capital needs. HelloWallet's cloud-based products enable executives with a data platform for making workforce compensation and rewards decisions that drive sustained improvements in engagement and wellness. The company's web and mobile applications provide personalized guidance to employees for converting their salary and benefits into prosperity. HelloWallet operates a double bottom line business model: for every five subscriptions sold, they donate one subscription to a family in need through a philanthropic partner. HelloWallet is headquartered in Washington DC and is backed by Morningstar, Inc., TD Fund, Grotech Ventures, and Revolution LLC. For more information, visit www.hellowallet.com.

SOURCE HelloWallet

RELATED LINKS <http://www.hellowallet.com/>