

# How Much Have 401(k)s Lost in 2022?

Look at how 401(k) balances have dropped when evaluating your retirement portfolio.

By [Rachel Hartman](#) |  Reviewed by [Emily Brandon](#) | Dec. 16, 2022, at 11:42 a.m.



If your timeline for retirement has not changed, and you are comfortable with your current risk tolerance, you may decide to continue saving as you had before. (GETTY IMAGES)

If you're concerned by dipping figures on your [401\(k\)](#) financial statements, you're not alone. Ongoing market swings have impacted retirement accounts, and the last 12 months indicate losses for many retirement savers. During the last year, 401(k) balances have dropped 22.9%, according to a Fidelity Investments analysis of 24,500 corporate retirement accounts. Ongoing [inflation](#) can cause additional anxiety over saving for the future.

To manage your retirement savings plan during uncertain times, it may be helpful to reflect on:

TH  
RE

TI  
R

TI  
R

TI  
R

- 401(k) losses since last year.
- Changes in savings rates.
- Asset allocation adjustments in retirement accounts.
- How to cope with market volatility.

[ **READ:** [What to Do If You Lose Money in Your 401\(k\).](#) ]

## 401(k) Losses in 2022

In the third quarter of 2021, the [average 401\(k\) account](#) balance was \$126,100. Twelve months later, the figure is \$97,200, according to Fidelity research. “To say that 2022 has been challenging for retirement plan participants would be a huge understatement,” says Matthew Compton, managing director of retirement services at Brio Benefit Consulting, an employee benefits consulting firm based in New York City. “Even prudent retirement investors, who historically have maintained well diversified investment portfolios, have likely seen their account values decrease significantly.”

The drop has changed the attitude of some savers. Fidelity reports 32% of individuals have negative feelings about their finances, compared to 30% who have positive feelings. This is a shift from a year ago, when 45% of workers viewed their finances with optimism, while 22% had a downturned view. For those who have lost a significant amount, it could be hard to view the current balances. “In some instances their accounts may be down 30% or more,” Compton says.

## Changes in Savings Rates

Despite grim market reports and increased inflation rates, many savers have continued to put money away. Fidelity data indicates that those who are setting money aside for retirement have largely maintained their strategy. The total [401\(k\) savings rates](#) including employer and employee contributions stayed steady at 13.8% in the third quarter of 2022, compared to 13.9% in the second quarter and 14% in the first quarter. “Although no one wants to see a loss in their retirement savings, and certainly not significant losses, we have not seen a decrease in savings rates,” Compton says.

---

SPONSORED

## Speak with the Right Financial Advisor For You

Finding the right financial advisor that fits your needs doesn't have to be hard. [SmartAsset's free tool matches you with top fiduciary financial advisors in your area in 5 minutes.](#) Each advisor has been vetted by SmartAsset and is legally bound to act in your best interests. If you're ready to be matched with local advisors that will help you achieve your financial goals, [get started now.](#)

---





[ [READ: How Much Should You Contribute to a 401\(k\)?](#) ]

## Asset Allocation Adjustments

When investment returns drop, it can be easy to think about switching products or taking money out of certain accounts. “During periods of high volatility, like the markets are experiencing now, it is crucial to maintain a long-term investment perspective,” says Ron Lehmann, vice president and director of retirement plan services at Johnson Financial Group in Madison, Wisconsin. Trying to time the market could create additional risks. “Poor decisions can be more dangerous than the market itself,” Lehmann says.

Most [retirement savers](#) did not make adjustments to their investment strategy during the last year. Just 4.5% of 401(k) and 403(b) contributors made a change to their asset allocation in the third quarter of 2022, compared to 5% during the second quarter of 2022 and 4.8% in the third quarter of 2021. “The tried-and-true best way to lower your 401(k) volatility not only today but also in the future is through the power of diversification,” Lehmann says. “Diversification is a way to manage risk by incorporating an investment strategy that covers different sectors, investment styles and even different countries.”

[ [READ: New 401\(k\) Contribution Limits for 2023](#) ]

## How to Cope With Market Volatility

Spending some time reviewing your 401(k) account performance can reveal insights. “It is always beneficial to review your asset allocation in any portfolio,” says Janet Fox, a financial advisor at ACH Investment Group in Raleigh, North Carolina. “The younger the investor, the more time they have to make up any losses incurred.” You can use the time to evaluate your risk tolerance as well. While selecting conservative investments may seem like a careful route, it could have drawbacks. “Being too conservative in a portfolio has proven to be almost as challenging for growth in a portfolio as an aggressively positioned portfolio,” Fox says.

Individuals who are able to keep saving diligently could see long-term gains as the market

recovers and inflation subsides. "If we use history as our guide, these individuals are likely going to be rewarded for continuing to dollar-cost average into their retirement accounts," Compton says. "The two most important factors that retirement investors should consider when building out their asset allocation is time and risk tolerance." If your timeline for retirement has not changed, and you are comfortable with your current risk tolerance, you may decide to continue saving as you had before.



UHOne

Your health matters

Compare health and supplemental insurance options today

[LEARN MORE](#)

For some, a downturned market could be a chance to [save even more](#). "If you have some discretionary income left each month, this might be a good time to increase your saving into your 401(k) plan," Fox says. "This would enable you to make additional purchases while your account balance has decreased in order to have the additional funds invested and working better for you over time." Check if your employer [offers a match](#), as the ongoing contributions can help your nest egg grow over time.