THRIFT
SAVINGS
PLAN

Annual Report of the Thrift Savings Plan Required by §105 of the TSP Enhancement Act of 2009

June 30, 2018

Introduction

In compliance with §105 of the TSP Enhancement Act of 2009, Public Law 111-31, the Federal Retirement Thrift Investment Board (FRTIB) has prepared this annual report which outlines the status of the development and implementation of the mutual fund window in the Thrift Savings Plan (TSP) as well as provide participant statistics and diversity demographics of the investment manager of the assets in the Thrift Savings Fund.

Mutual Fund Window

In 2013, under order to examine the benefits of and concerns with a MFW, the FRTIB assembled a cross-functional team with representation from its operations, legal, investment, finance, communications, research, and technology offices. The team presented its findings on industry offerings, participant interest, costs, and operational considerations to the Board and ETAC in May 2014. However, there were two additional areas where the TSP wanted to do additional research – doing a withdrawal survey and researching the feasibility of screening the funds offered via the MFW.

In 2014, FRTIB conducted a survey of participants who made post-separation or age-based withdrawals, in order to better understand the reasons funds are withdrawn from the Plan. The findings of this survey supported our thesis that one of the reasons participants withdraw funds from the Plan when eligible is to achieve greater investment diversification. This finding supports the Agency's proposal to add a mutual fund window to the Plan. We also learned that financial need and/or desire for withdrawal flexibility were the other significant contributors to age-based and post-separation withdrawals.

The FRTIB also conducted additional research on the impact and implications of screening the number and type of funds that might be made available in the MFW. Screens might be based on the cost or type of funds. We determined that filters may be added to the platforms, but would likely cause a significant reduction in the number of funds available (i.e. limiting access to SRI, emerging managers and sector funds). The Board requested that further research be performed on the costs of a mutual fund window, both for implementation and maintenance.

Additional research determined that implementation costs would be roughly $6-10 million and on-going costs would be roughly $1 million. In July of 2015, the Executive Director recommended to the Board Members that a mutual fund window be added to the TSP. The Board concurred, with the understanding that if the Agency's understanding of the costs of implementation or maintenance changed significantly that the Agency would provide that information to the Board before proceeding.

Since these decisions, however, Congress passed several pieces of impactful legislation. These include the National Defense Authorization Act creating "Blended Retirement" for members of the uniformed services which mandated a January 1, 2018, effective date, and the TSP Modernization Act of 2017 which mandates additional withdrawal options by November of 2019. Both pieces of legislation require significant work by FRTIB to implement. As a result, a number of initiatives, including further work on the Mutual Fund Window, have been postponed as the Agency works to implement these changes. As a consequence, the MFW will not be operational before 2020.

Investment Manager Diversity Demographics

The attached report (Appendix A) from the TSP investment manager, BlackRock, provides a breakdown of its employee diversity.

TSP Participant Behavior and Demographics Report

The *2017 Participant Behavior and Demographics Report* is attached to this report as Appendix B. This report is an analysis of data extracted from the Thrift Savings Plan recordkeeping systems.

APPENDIX A

CO= CT46098
U= CT46098

EQUAL EMPLOYMENT OPPORTUNITY
2017 EMPLOYER INFORMATION REPORT
CONSOLIDATED REPORT - TYPE 2

SECTION B - COMPANY IDENTIFICATION

1. BLACKROCK
55 EAST 52ND STREET

NEW YORK, NY 10055

2.a. BLACKROCK
55 EAST 52ND STREET

NEW YORK, NY 10055
NEW YORK COUNTY
c. Y

SECTION C - TEST FOR FILING REQUIREMENT

1-Y 2-Y 3-Y DUNS NO.:786987052 EIN :320174431

SECTION E - ESTABLISHMENT INFORMATION

NAICS: 523920 Portfolio Management

SECTION D - EMPLOYMENT DATA

JOB CATEGORIES	HISPANIC OR LATINO		NOT-HISPANIC OR LATINO												OVERALL TOTALS
			*********** MALE ***********						*********** FEMALE ***********						
	MALE	FEMALE	WHITE	BLACK OR AFRICAN AMERICAN	NATIVE HAWAIIAN OR PACIFIC ISLANDER	ASIAN	AMERICAN INDIAN OR ALASKAN NATIVE	TWO OR MORE RACES	WHITE	BLACK OR AFRICAN AMERICAN	NATIVE HAWAIIAN OR PACIFIC ISLANDER	ASIAN	AMERICAN INDIAN OR ALASKAN NATIVE	TWO OR MORE RACES	
EXECUTIVE/SR OFFICIALS & MGRS	3	0	52	2	0	14	0	0	10	0	0	2	0	0	83
FIRST/MID OFFICIALS & MGRS	42	20	1102	33	2	220	0	14	407	19	0	109	1	8	1977
PROFESSIONALS	81	72	1330	71	3	440	4	30	814	91	2	455	1	39	3433
TECHNICIANS	27	13	274	21	0	324	2	8	117	15	0	157	1	5	964
SALES WORKERS	5	7	98	8	0	24	0	0	72	5	0	19	0	4	242
ADMINISTRATIVE SUPPORT	7	36	24	9	0	5	0	1	171	44	0	26	1	6	330
CRAFT WORKERS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OPERATIVES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LABORERS & HELPERS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SERVICE WORKERS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	165	148	2880	144	5	1027	6	53	1591	174	2	768	4	62	7029
PREVIOUS REPORT TOTAL	152	134	2851	127	4	961	4	43	1524	147	2	705	5	52	6711

SECTION F - REMARKS

DATES OF PAYROLL PERIOD: 12/17/2017 THRU 12/31/2017

SECTION G - CERTIFICATION

CERTIFYING OFFICIAL: MARIA LOPEZ — TITLE: DIRECTOR HUMAN RESOURCES
EEO-1 REPORT CONTACT PERSON: MARIA LOPEZ — TITLE: DIRECTOR HUMAN RESOURCES
EMAIL: MARIA.LOPEZ@BLACKROCK.COM — TELEPHONE NO: 6462310313 — CERTIFIED DATE[EST]: 04/09/2018 09:56 AM

Thrift Savings Plan

Participant Behavior and Demographics

Analysis of 2013 – 2017

Introduction

This analysis of Thrift Savings Plan (TSP) participant demographics prepared by the Federal Retirement Thrift Investment Board is based on participant data. The analysis of calendar year 2017 data is similar to analysis of data conducted in the previous year.

As with the 2016 report, the 2017 analysis will focus solely on participants in FERS, the Federal Employee Retirement System. The participant population in the Civil Service Retirement System (CSRS) is a very small and declining segment of the TSP, and the Uniformed Services participation will be included after the introduction of the Blended Retirement System in 2018. Information from this analysis provides insight on demographics, investment behaviors and how plan design changes may have influenced participation and contribution behaviors. Finally, this analysis helps us identify trends with participant usage of benefit options.

Background

The Federal Retirement Thrift Investment Board is an independent Federal agency that was established to administer the Thrift Savings Plan (TSP) under the Federal Employees' Retirement System Act of 1986 (See 5 U.S.C. §§ 8351; 8401 et seq.). Similar to the type of savings and tax benefits that many private corporations offer their employees under I.R.C. §401(k) plans, the TSP provides Federal civilian employees and members of the uniformed services the opportunity to save for additional retirement security. The Agency's mission is to act solely in the interest of its participants and beneficiaries.

TSP participants can invest their employee and employer contributions in the following core funds:

- Government Securities Investment Fund (*G Fund*)
- Fixed Income Index Investment Fund (*F Fund*)
- Common Stock Index Investment Fund (*C Fund*)
- Small Cap Stock Index Investment Fund (*S Fund*)
- International Stock Index Investment Fund (*I Fund*)

In addition to these indexed core funds, participants may also invest in five Lifecycle Funds (*L Funds*). The L Funds are custom target-date funds invested exclusively in the G, F, C, S, and I Funds.

During the period covered by this report, the TSP underwent one major plan design change. In September 2015 the default investment switched from the G Fund to an age-appropriate L Fund. The ongoing impact of this change on participant behavior will be discussed in this analysis.

Data Collection and Methodology

This report is based on data extracted from the TSP recordkeeping system for all TSP participants identified as active civilian Federal employees covered by the FERS retirement system.

In the same manner as the 2016 report, agency 1% automatic contributions were used to estimate salary. This value is then used to calculate salary quintiles and the average deferral rate. This method excludes overtime and performance awards, so does not represent the total employee compensation. However, matching percentages are based solely on basic salary including locality pay, which excludes overtime and awards. The effect is that the average deferral rate (calculated using a smaller denominator) will be higher using this methodology, but will match the participant's elected deferral rate percentage. This effect is expected to be roughly equivalent across salary ranges, so the use of salary quintiles will mitigate the impact.

In this report, salaries are shown in quintiles. The first quintile represents the 20% of all records in the lowest annual salary band; the fifth quintile represents the 20% of records in the highest salary band.

In summary, the analysis provided in this report is subject to the following limitations:

> The calculation of salary based on automatic 1% contributions may modestly distort the findings compared to reports prior to 2016, showing a higher rate but one more representative of the participant's actual deferral choice.
>
> The inclusion of TSP accounts for employees of the Legislative and Judicial branches may modestly alter the findings when compared to reports prior to 2016.
>
> The inclusion of TSP accounts for part-time and intermittent workers is likely to have a more meaningful impact on the findings compares to reports prior to 2016. Since this group is likely to participate and contribute at lower rates than full-time employees, this inclusion will also likely result in a negative bias compared to analysis of only full-time employees, particularly in the lowest salary quintile.
>
> Employees' actual deferral rate elections are not included in the TSP databases. Therefore, an approximation of annualized deferral rate is calculated by comparing the actual total employee contributions to the estimated annual salary rate for each calendar year.

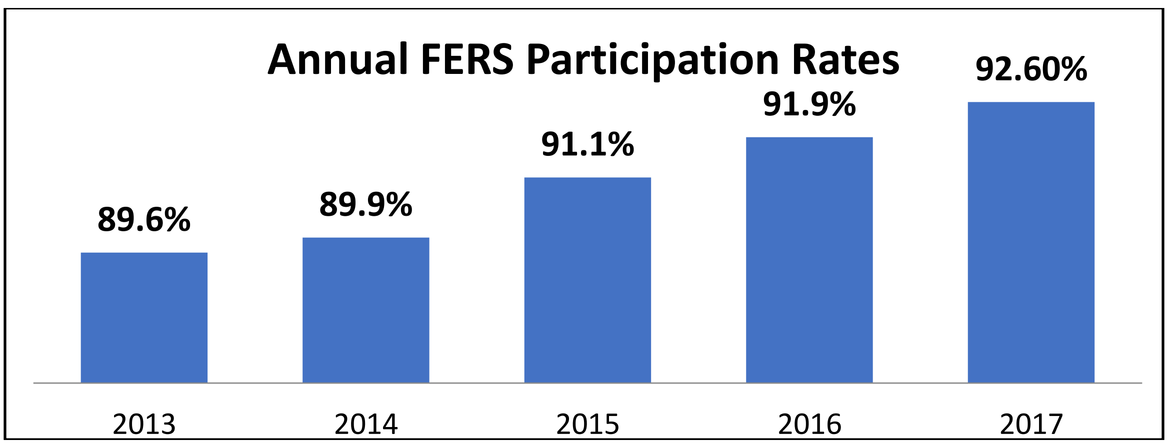
Analysis

The following sections of this report examine the behaviors of FERS participants across a five-year timeframe ending December 31, 2017 and through the lens of two demographic filters – age and salary. The exhibits and narratives display the relationships between these demographic factors and participant behaviors associated with participation and automatic enrollment, contribution deferral rates, investment allocation, and loan and hardship withdrawal usage.

Plan Participation

FERS participation was at an all-time high of 92.6% by the end of 2017. Figure 1 illustrates the steady improvement in the participation rate since the implementation of automatic enrollment for new hires in 2010. Automatic enrollment provides that new employees automatically have 3% of their salary deferred into the TSP unless the employee makes an active election not to participate in the Plan. Until September 2015, contributions for automatically enrolled participants were defaulted into the Government Securities Investment (G) Fund. With the passage of the Smart Savings Act, Public Law 113-255, the default investment fund for new participants changed from the G Fund to an age-appropriate Lifecycle (L) Fund.

Figure 1



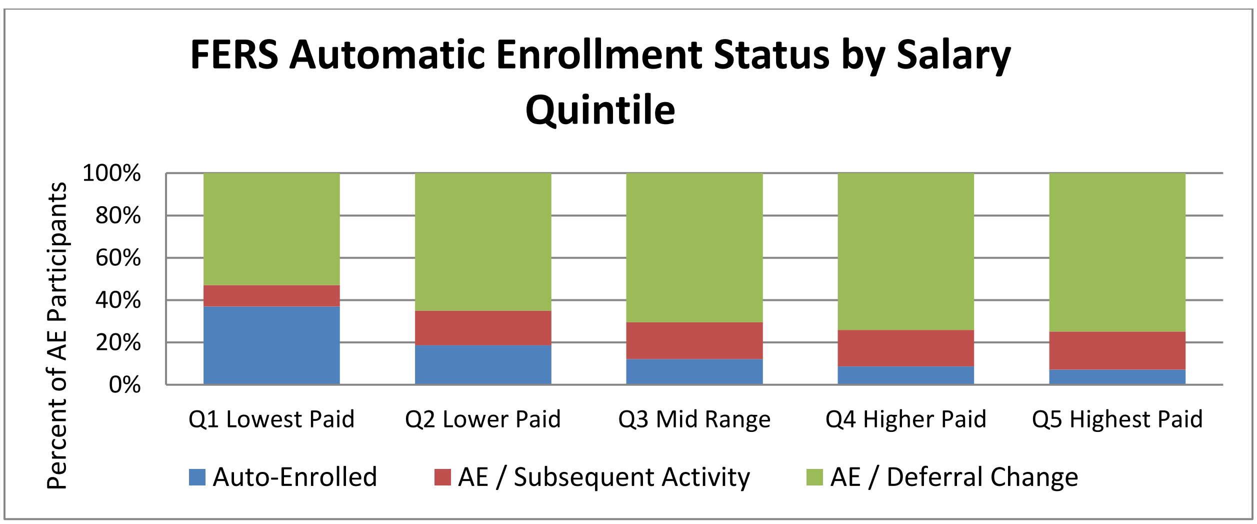
Automatic enrollment has also led to similar improvements in the participation of the youngest and lowest-paid. Reversing historical precedent, the younger the participant, the more likely they are to participate. As these participants are also the most likely to have been hired after the introduction of automatic enrollment in 2010, there is a clear linkage between the trend in these rates and automatic enrollment. Notably, the gap in participation rates between the highest paid and lowest paid continues to shrink dramatically, from a 11% difference in 2013 to 5% in 2017. See Table 1 below:

Table 1

Annual FERS Participation Rates by Demographic Cohorts					
	2013	**2014**	**2015**	**2016**	**2017**
Age					
<= 29	93.3%	94.6%	95.6%	96.8%	96.5%
30 – 39	90.5%	91.3%	93.0%	94.2%	94.6%
40 – 49	88.0%	88.4%	90.2%	91.3%	92.1%
50 – 59	88.9%	89.0%	90.2%	90.8%	91.5%
60 – 69	89.1%	89.1%	89.9%	90.2%	90.8%
70+	87.8%	87.2%	87.1%	86.9%	87.7%
Salary Quintile					
Q1 Lowest Paid	84.3%	85.8%	89.8%	89.1%	91.5%
Q2 Lower Paid	83.8%	84.2%	86.7%	87.7%	89.1%
Q3 Mid-Range	89.4%	89.1%	89.2%	90.2%	90.8%
Q4 Higher Paid	93.1%	93.3%	93.8%	94.4%	94.7%
Q5 Highest Paid	95.7%	95.8%	96.3%	96.6%	96.7%

Auto enrollment has resulted in increased participation rates, with less than 4% of auto enrolled participants opting out of making contributions. In addition, auto enrolled participants have demonstrated a degree of engagement with the TSP as 77% have actively made deferral changes, interfund transfers or other transactions since entering the Plan. However, as shown in figure 2, the 23% who have made no change since being auto-enrolled are mostly in the lowest salary quintiles.

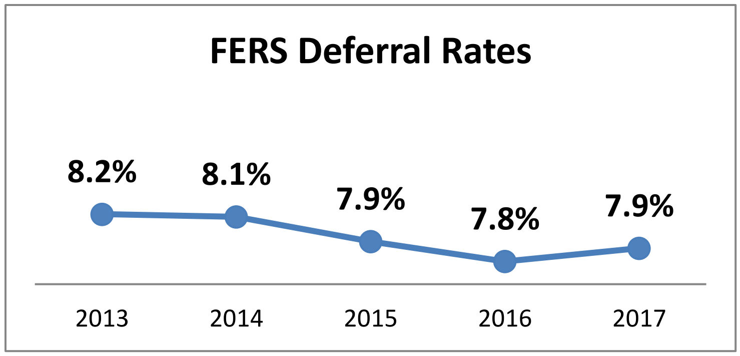
Figure 2



Contribution Deferral Rates

The FERS deferral rate (includes employee Roth, traditional and catch-up contributions) dropped slightly during the five years since the implementation of automatic enrollment, from 8.4% to 7.9% in 2017 as shown in figure 3. While the FERS deferral rate exceeds the 5.9% average deferral rate (ADP)[1] of other defined contribution plans, it is significantly lower than the 9.5% FERS deferral rates of the mid-2000s.

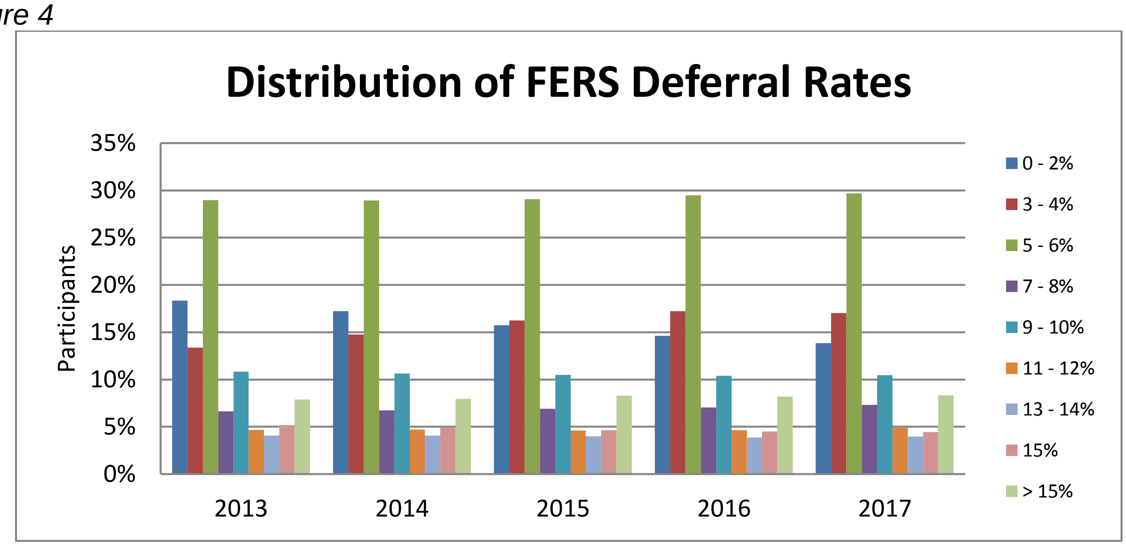
Figure 3



This drop is a side effect of automatic enrollment. Automatic enrollment brings many new participants into the Plan who would not otherwise have been participating. However, many, if not most of these auto-enrolled participants have continued to contribute at the 3% default level. This increase in new participants at the default level has caused the average deferral rate to slowly decline.

Figure 4 below illustrates the power of plan design on participant behavior. FERS participants receive dollar-for-dollar matching contributions on the first 3% of pay and 50 cents on the dollar on the next 2%. The full match is achieved with a 5% contribution. Consequently, deferral rates aggregate in the 5-6% range, with 29.7% of TSP contributors being in this range in 2017. The impact of automatic enrollment can clearly be seen as the percent of participants contributing 2% or less shows a steady decline while the percent at the default contribution rate of 3% has grown over the last 5 years. Still of significant note, however, 30.9% of participants are not receiving the full matching contribution as they are contributing less than 5%.

Figure 4



[1] "For [Non-highly compensated employees], the median ADP was 5.9% . . ., while the median ADP for [highly compensated employees was 7.0%. . . ." Deloitte, Annual Defined Contribution Benchmarking Survey – Ease of Use Drives Engagement in Saving for Retirement, 2015 Edition

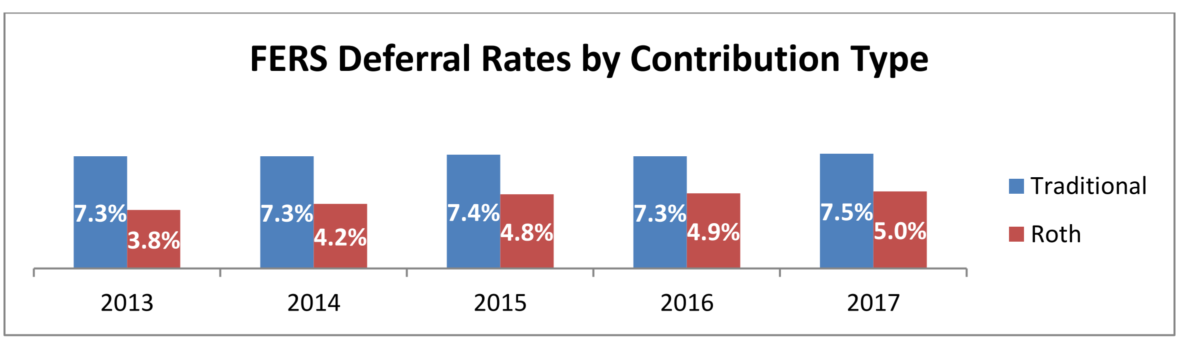
The lowest-paid participants are deferring the least – 4.1% less than the highest paid. See table 2. However, with an average deferral rate of 5.7%, many of the lowest paid are still receiving the full match. The youngest participants have the lowest deferral rates with deferrals steadily increasing with age.

Table 2

Annual FERS Deferral Rates by Demographic Cohorts					
	2013	**2014**	**2015**	**2016**	**2017**
Age					
<= 29	4.9%	4.9%	5.3%	5.3%	5.2%
30 – 39	6.1%	6.1%	6.4%	6.4%	6.4%
40 – 49	7.1%	7.2%	7.2%	7.2%	7.2%
50 – 59	9.0%	9.0%	9.2%	9.1%	9.1%
60 – 69	10.3%	10.2%	10.5%	10.0%	10.3%
70+	11.6%	11.4%	11.6%	10.8%	11.1%
Salary Quintile					
Q1 Lowest Paid	5.1%	5.1%	5.7%	5.5%	5.7%
Q2 Lower Paid	7.4%	7.4%	7.0%	7.2%	7.0%
Q3 Mid-Range	7.3%	7.5%	8.0%	8.1%	7.9%
Q4 Higher Paid	8.6%	8.7%	8.8%	8.9%	8.9%
Q5 Highest Paid	9.7%	9.8%	9.9%	9.8%	9.8%

Roth TSP was introduced in May 2012. With Roth TSP, paticipants make contributions from after-tax dollars, and their earnings on these contributions are tax-free at withdrawal as long as certain IRS requirements are met. While the majority of participants continue to defer only traditional (pre-tax) contributions, deferrals to Roth TSP are increasing. For those contributing to Roth, their average deferrals were 5% as opposed to the average traditional deferral of 7.5%. (Roth and traditional average deferral rates in Figure 5 do not include catch-up contributions which are reflected in the deferral rates shown in Figures 3 and 4.)

Figure 5



Roth deferral rates are highest among older participants, as well as the highest-paid. However, most demographic cohorts experienced an increase in Roth deferrals in 2016.
Table 3

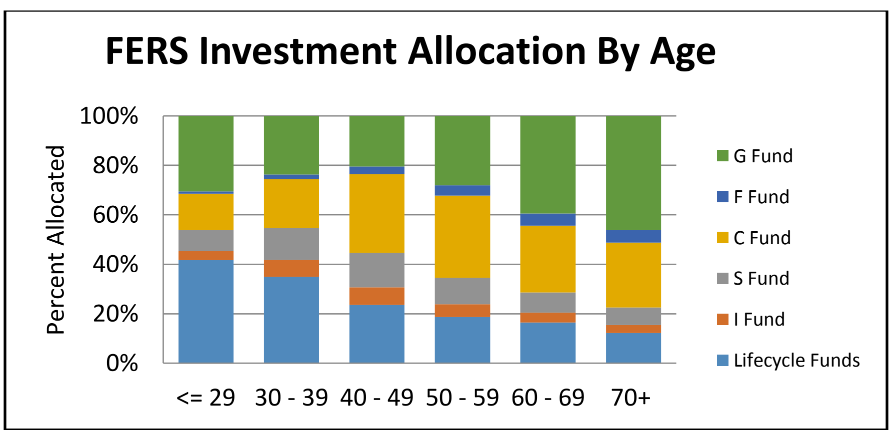
FERS Traditional and Roth Deferral Rates by Demographic Cohorts						
	2015		2016		2017	
	Traditional	Roth	Traditional	Roth	Traditional	Roth
Age						
<= 29	4.7%	4.8%	4.6%	4.9%	4.5%	4.9%
30 – 39	6.0%	4.6%	5.9%	4.7%	5.9%	4.8%
40 – 49	6.9%	4.4%	6.8%	4.5%	6.8%	4.5%
50 – 59	8.5%	5.1%	8.3%	5.2%	8.7%	5.3%
60 – 69	9.6%	6.7%	9.1%	6.4%	9.9%	6.7%
70+	10.6%	8.3%	9.8%	7.6%	10.9%	7.9%
Salary Quintile						
Q1 Lowest Paid	5.3%	4.5%	5.1%	4.4%	5.3%	4.6%
Q2 Lower Paid	6.6%	4.6%	6.7%	4.6%	6.6%	4.8%
Q3 Mid-Range	7.6%	4.9%	7.6%	5.1%	7.5%	5.1%
Q4 Higher Paid	8.3%	5.1%	8.3%	5.2%	8.4%	5.3%
Q5 Highest Paid	9.1%	5.1%	9.0%	5.2%	9.4%	5.3%

Investment Allocation

In Figure 6, we note that allocations to the G Fund increase as the age of the TSP's population increases. This behavior is consistent with the expectation that participants shift their investment allocation toward the relative safety of guaranteed/income producing assets as they approach retirement age. The noteworthy exception to this observation is in the grouping of participants aged 29 and under. In this age cohort, we note that participants invest 29.5% of their accounts in the G Fund, probably as a result of the default investment option being the G Fund prior to 2015. This is a significant improvement from 2014 when the youngest participants held 41.7% of their assets in the G Fund.

*The youngest participants who have the longest time horizon to reap the benefits of compounding returns have **29.5%** of their assets invested in the G Fund.*

Figure 6



The lowest-paid participants have approximately 44% allocated to the G fund as compared to the highest paid who allocated only 21% to the G Fund. See Table 4.

When examining L Fund allocations, the two youngest age cohorts had the highest level of usage at 41.8% and 34.7% while the two oldest age cohorts had L Fund allocations of 16.9% and 11.3%. When compared to 2016, the biggest increases were again in the L fund allocations for those under 50. This is most likely influenced by the default investment changing from the G Fund to an age appropriate L Fund in 2015. See Table 4.

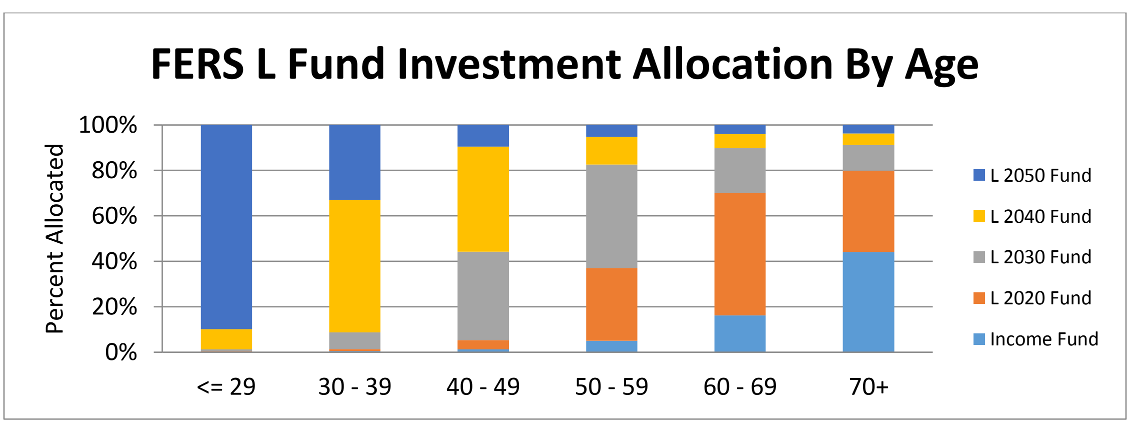
Table 4

2017 Investment Allocations by Demographic Cohorts

	G Fund	F Fund	C Fund	S Fund	I Fund	L Funds
Age						
<= 29	29.5%	0.9%	15.1%	9.0%	3.7%	41.8%
30 – 39	23.2%	2.0%	20.0%	13.2%	7.0%	34.7%
40 – 49	20.4%	3.1%	32.1%	14.0%	7.0%	23.3%
50 – 59	27.9%	4.1%	32.9%	10.9%	5.2%	19.0%
60 – 69	37.4%	5.0%	27.8%	8.6%	4.3%	16.9%
70+	42.7%	5.3%	28.5%	8.2%	4.1%	11.3%
Salary Quintile						
Q1 Lowest Paid	44.0%	2.9%	21.0%	8.4%	4.2%	19.4%
Q2 Lower Paid	38.0%	3.9%	29.6%	9.2%	4.4%	14.9%
Q3 Mid-Range	30.3%	3.5%	26.9%	11.5%	5.6%	22.3%
Q4 Higher Paid	25.1%	3.6%	29.0%	12.7%	6.1%	23.5%
Q5 Highest Paid	21.0%	4.2%	34.9%	12.1%	6.2%	21.7%

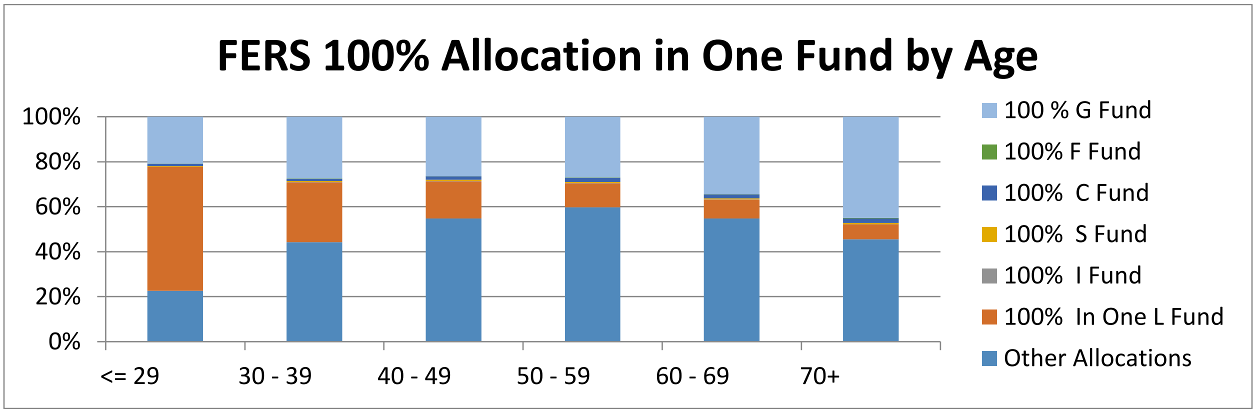
Of the participants utilizing the L Funds, the allocation is largely as we would expect. Those in the age 29 and under cohort were taking advantage primarily of the L2050 Fund. Participants who would likely retire between 2027 and 2037 (the 40-49 age group) were in L2030 and L2040 Funds. The age 50-59 cohort was aggregated in the L2020 and L2030 Funds. Participants aged 60-69 were solidly investing in the L2020, while those 70 and over had the highest allocation in the L Income Fund. See Figure 7.

Figure 7



The L Funds' strategy is to invest in an appropriate mix of the G, F, C, S, and I Funds for a particular time horizon. The investment mix of each L Fund becomes more conservative as its target date approaches. Thus, the participant only needs to invest in one L Fund in order to achieve diversification among the core funds. As shown in Figure 8, the use of one L Fund is most common with the two youngest age cohorts – 58.7% for those age 29 and under and 28.3% for those age 30 to 39. While the percent of participants who invest solely in the F, C, S, and I Funds is minor, all age cohorts have a significant percentage of participants investing solely in the G Fund. Since 2014, the most significant change can be seen in the younger age groups where there has been a significant increase in the number solely invested in one L fund. This was influenced by the change to an age-appropriate L fund as the default investment in 2015. See Figure 8.

Figure 8

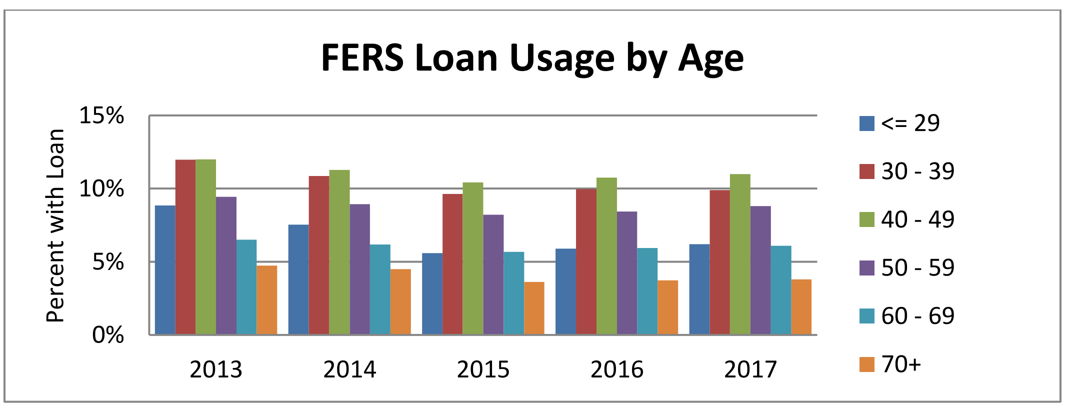


Loan and Hardship Withdrawal Usage

The TSP allows two types of loans – general purpose and residential. A general purpose loan has a repayment term of 1 to 5 years, while a residential loan for the purchase of a primary residence has a repayment term of 1 to 15 years. Participants may have only one of each loan type outstanding at the same time. Participants may only borrow their employee contributions, and the minimum loan amount is $1,000.

Loan usage has consistently been highest among the 30-39 and 40-49 age cohorts, with just over 10% of the participants in these cohorts receiving a loan in 2017. These rates were essentially unchanged from 2016.

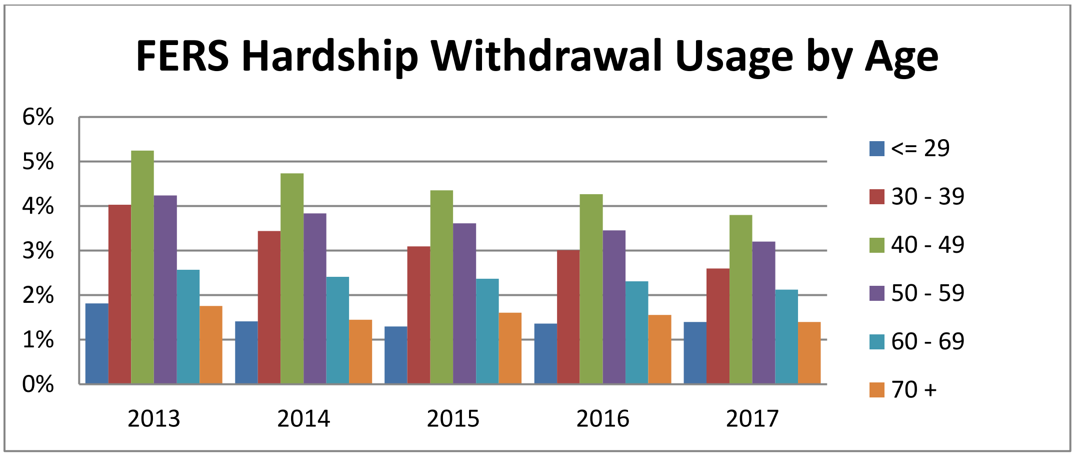
Figure 9



Participants may take a hardship withdrawal if they have a financial need as the result of a recurring negative cash flow, medical expenses, a personal casualty loss, or legal expenses associated with a divorce. Participants may only withdraw their employee contributions, and the minimum withdrawal amount is $1,000. In addition to a 10% early withdrawal penalty if the participant is younger than 59 ½, employee contributions are suspended for six months after a hardship withdrawal. As a result of the employee contribution suspension, FERS participants do not receive any Agency Matching Contributions during this period.

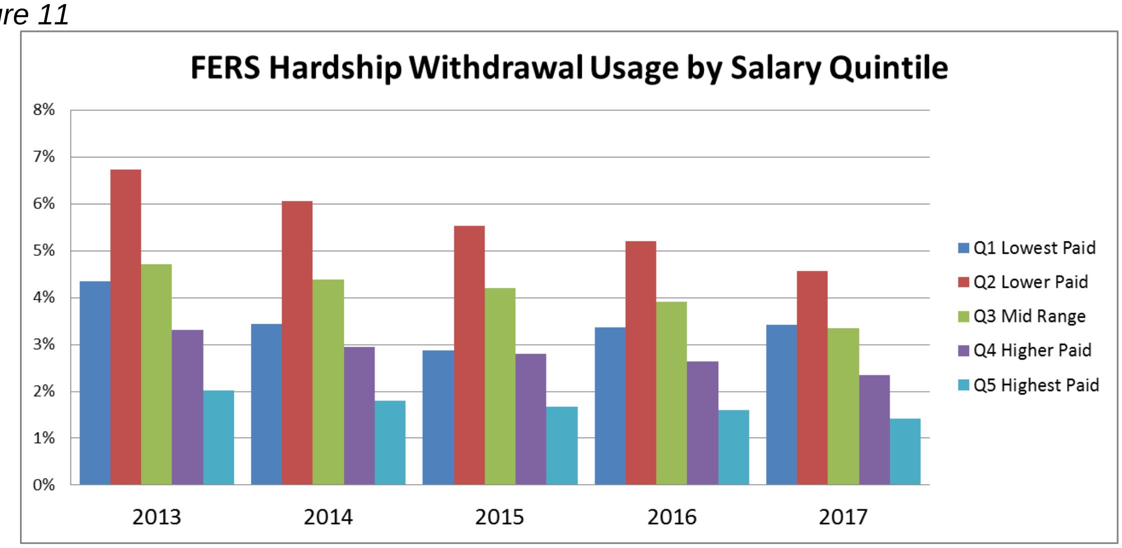
Hardship withdrawal usage is consistently highest among the age 40-49 cohort, with 3.5% to 5% of participants in this cohort receiving a hardship withdrawal during the five years covered in this report. All cohorts have experienced a slow decrease in hardship withdrawal usage since 2013.

Figure 10



There is a stair-step pattern of hardship withdrawal usage among the salary quintiles, with usage generally declining as salary levels increase. See figure 11. However, the first quintile presents an exception to this pattern, as hardship withdrawals were lower than those of the next highest quintile in each of the years examined. It is important to note that hardship withdrawal usage is lower than loan usage among all salary quintiles. In 2017, the second salary quintile had the highest usage rate at 4.6%, which is 2.1% percent drop from the peak in 2013.

Figure 11



Summary

The analysis reveals an improvement in the annual FERS participation rate with a five-year high of 92.6% by the end of 2017. However, the average contribution deferral rate was effectively flat at 7.9% - just above the lowest rate in this reporting period. Automatic enrollment was a contributing factor to both of these observations.

Automatic enrollment continues to improve participation among the youngest participants. Participants under the age of 29 now participate at a rate of 96.5% – the highest rate of participation among all age groups. Consistent increases were also present when the participation rate was viewed from a salary quintile perspective.

The analysis also revealed that the majority of auto-enrolled participants have "engaged" with 63% making deferral changes. Deferral behavior appears to be relatively unchanged, as deferral rates continue to aggregate in the 5-6% range, with 29.7% of TSP contributors falling in this range, nearly 70% of FERS participants are estimated to be receiving the full match (including non-contributors). Participants are gradually increasing their contributions to Roth TSP with average Roth deferral rates growing by a tenth of a percent to 5.0% in 2017. When comparing Roth vs Traditional deferral rates, it is important to note that dollar for dollar, the relative value of a Roth contribution is higher than a traditional tax deferred contribution as a traditional contribution will have taxes deducted on withdrawal. An exact comparison, however, is not possible as it is dependent on the participant's future tax bracket.

Participants aged 29 and under continue to have a disproportionate percentage (30.6%) of their account balances in the G Fund although this is an improvement from 2014 when 41.7% of their balances were in the G Fund. However, this group also has the highest utilization of the L Funds (41.8%). Rapid changes in these ratios appear to be driven by the auto-enrollment default fund change. Overall, participants are investing in the L Fund in a manner appropriate for their age cohort. Approximately 27% of participants across all age all solely invested in the G Fund, a very low risk fund which may not be the best option for those with longer investment horizons. The number of participants choosing this investment option is shrinking, down from 39% in 2014.

When loan usage is examined by age cohort, the 30-39 and 40-49 age cohorts have the highest loan usage rate at approximately 10% each. Loan usage appears to have flattened year over year after trending downward among all age cohorts since 2012. The age 40-49 cohort also had the highest hardship withdrawal usage, with under 4% of participants in this cohort receiving a hardship withdrawal in 2017. From a salary perspective, participants in the second and third quintile have the highest rates of usage of hardship withdrawals. The overall trend is for decreasing demand for hardship withdrawals across all age and salary groups over the last five years.