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Let's Give the US Retirement System the Credit It Deserves

By Sarah Holden

The *Washington Post*'s latest article on the future of retirement security ("'I Hope I Can Quit Working in a Few Years': A Preview of the US Without Pensions," December 23) is not a preview but a retrospective look at some of the challenges that workers face in defined benefit (DB) pension plans even at "blue-chip" firms. As documented in the article, with traditional DB plans, workers often failed to get their full promised benefits, thanks to vesting rules, back-loaded benefit accrual, business failure, and labor mobility.

By contrast, today's workers are far more likely to own the retirement assets they build in defined contribution (DC) plans. This enables them to continually build their savings, even as they experience job changes and other life events. As a result, the Organization for Economic Co-operation and Development ranks the United States among the top five nations in assets accumulated for retirement as a percentage of GDP.

Consider how far we've come since 1975, when total retirement assets stood at$469 billion. Today, Americans have saved more than $27 trillion—seven times as much per household as the resources designated for retirement just four decades ago, even after accounting for inflation. These assets are widely spread, too—about eight in 10 near-retiree households have accumulated retirement savings in employer-sponsored plans or individual retirement accounts (IRAs) by the time they near retirement.

Our retirement system is not perfect, but it is far stronger than it is often given credit for. We can make it even stronger by portraying it accurately and building on its successes.

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