

Americans Want to Preserve Defined Contribution Plan Features

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Savers Value Design and Structure of Defined Contribution Plans

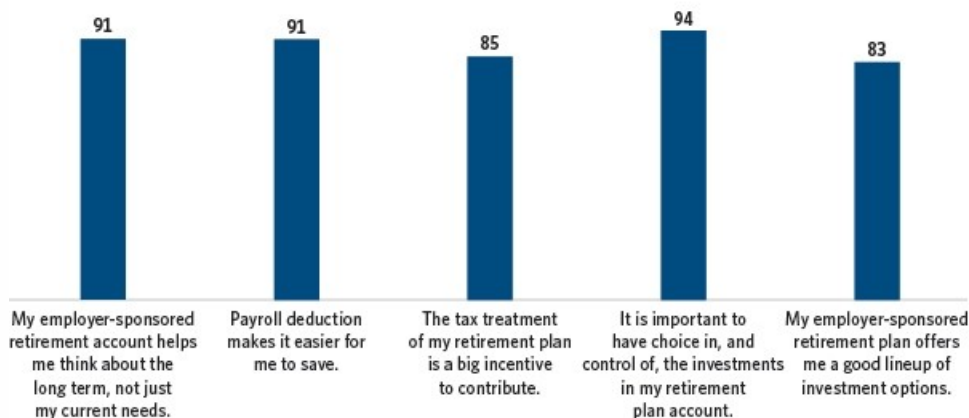
Washington, DC; February 7, 2019—More than three-quarters of Americans expressed confidence in the ability of 401(k)s and other defined contribution (DC) retirement accounts to help individuals meet their retirement goals, according to a new study released today by the Investment Company Institute (ICI). The study, “[American Views on Defined Contribution Plan Saving, 2018](#),” found that confidence was higher among individuals whose households owned DC plan accounts or individual retirement accounts (IRAs), with 83 percent expressing confidence.

“DC plans are a popular and powerful savings vehicle for American workers, offering them flexibility, control, and a long-term perspective,” said Sarah Holden, ICI senior director of retirement and investor research. “The discipline of saving out of each paycheck makes it easier to build a retirement nest egg and eases concerns about short-term market fluctuations.”

The study explored DC-owning individuals’ views on DC plan characteristics, finding that these individuals appreciated both the saving and investing features of DC plans. More than nine in 10 DC-owning individuals agreed that employer-sponsored retirement accounts help them think about the long-term, making it easier for them to save. Eighty-five percent of DC-owning individuals agreed that the tax treatment of the DC plan is a big incentive to contribute. When asked about DC plans’ investment features, more than nine in 10 DC-owning individuals agreed that it was important to have a choice in, and control of, the investments in their plans and more than eight in 10 indicated that they appreciated the wide range of investment options offered in their plans.

DC Account Owners Appreciate Savings and Investment Features

Percentage of DC-owning individuals agreeing with each statement*



*DC-owning individuals are individuals aged 18 or older whose households owned 401(k) plan accounts or other DC plan accounts at the time of the survey.

Note: The figure reports the percentage of DC-owning individuals who “strongly agreed” or “somewhat agreed” with the statement. The remaining respondents “somewhat disagreed” or “strongly disagreed.”

Source: ICI tabulations of NORC AmeriSpeak® survey data (fall 2018)

Americans Oppose Changes to Key DC Plan Features

The survey also found that a strong majority of Americans favor preserving the features of current DC retirement plans, whether or not they are currently taking advantage of DC accounts or IRAs. Nearly nine in 10 Americans want to preserve tax incentives for retirement savings: 88 percent disagreed that the government should remove the tax advantages of DC plans, and 88 percent disagreed with reducing the amount that individuals can contribute to their DC accounts.

Strong majorities of Americans disagreed with proposals to take away savers' investment choice or retirees' control of account balances during retirement, further reinforcing the notion that Americans strongly support retaining the structure of DC plans.

About the Survey

The study summarizes results from a survey of more than 2,000 American individuals aged 18 or older. Respondents were asked about their views on DC retirement account saving, their reactions to proposed policy changes, and their confidence in 401(k) and other DC plan accounts. The survey was conducted using the AmeriSpeak[®] research panel, a probability-based panel designed and operated by NORC at the University of Chicago.

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