

MEMO# 23139

December 19, 2008

ICI Press Event Unveiling Research on Americans' Attitudes towards 401(k)s and Responses to Current Market Conditions

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TO: PENSION MEMBERS No. 81-08

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RESEARCH COMMITTEE No. 10-08

SEC RULES COMMITTEE No. 91-08

FEDERAL LEGISLATION MEMBERS No. 19-08 RE: ICI PRESS EVENT UNVEILING RESEARCH ON AMERICANS' ATTITUDES TOWARDS 401(k)s AND RESPONSES TO CURRENT MARKET CONDITIONS

Institute President Paul Schott Stevens unveiled today at a National Press Club Newsmaker event new research on Americans' attitudes toward 401(k)s and responses to current market conditions. [\[1\]](#) In light of losses suffered in the current market turmoil, some policymakers have been questioning the effectiveness of our retirement saving system, particularly 401(k) plans.

The attached research, "Retirement Saving in Wake of Financial Market Volatility," includes results of a survey ICI conducted of 3,000 U.S. households on Americans' attitudes towards 401(k)s. The research finds that survey participants believe in the 401(k) system and reject proposals to change the tax or investment approach of 401(k)s. For example, 72% percent of households reject the notion of reducing tax advantages for defined contribution retirement plans and IRAs. Even among households that currently do not own these accounts, 62 percent oppose reducing tax incentives.

The paper also discusses a separate survey ICI conducted of 22.5 million participant accounts, which found that despite the decline in account balances caused by the 40 percent drop in U.S. stock markets, the vast majority of savers are staying put. The records, which cover the first 10 months of 2008, show that:

- Only 3.0 percent of plan participants stopped contributing to their retirement plan;
- Just 3.7 percent of participants took any withdrawals from their accounts, including 1.2 percent taking hardship withdrawals; and
- Fifteen percent of participants had loans outstanding, in line with the 13 to 17 percent figures reported since 1996 in annual studies conducted by ICI and the Employee Benefit Research Institute.

Copies of the white paper and Paul Stevens' remarks are attached.

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Associate Counsel

[Attachment](#)

endnotes

[1] The event was covered on C-SPAN 2. The event is currently available for viewing at <http://www.c-span.org/Watch/watch.aspx?MediaId=HP-A-13552>.

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