

**MEMO# 25855**

January 31, 2012

## **Institute Publishes Survey Results on 401(k) Sentiment**

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TO: BANK, TRUST AND RETIREMENT ADVISORY COMMITTEE No. 4-12 RE: INSTITUTE PUBLISHES SURVEY RESULTS ON 401(K) SENTIMENT

Last week, the Institute published [America's Commitment to Retirement Security](#), summarizing research designed to track retirement savers' actions and sentiment over time. This report, our fourth annual update, summarizes results from two surveys covering 2011 data—a survey of U.S. households and a survey of defined contribution (DC) plan recordkeepers. The household survey results reflect 3,000 households' responses collected in the last two months of 2011. The recordkeeper survey results cover nearly 24 million DC plan accounts over the first nine months of 2011. Both sets of results update surveys fielded in [2008](#), [2009](#), and [2010](#).

The key results from the survey are that Americans have favorable views of and confidence in 401(k) plans. In addition, households want to preserve the key features of 401(k) and similar retirement plans. For example, four different survey questions highlight the importance of the tax incentives:

- 83 percent of DC-owning households indicate they appreciate the immediate tax savings (see Figure 6 in the study);
- 85 percent of all households, including those owning and not owning retirement accounts, oppose eliminating the tax incentives of DC accounts (see Figure 7 in the study);
- 83 percent of all households, including those owning and not owning retirement accounts, oppose reducing the amount that individuals can contribute to DC accounts (see Figure 7 in the study); and
- even after being reminded that the nation is struggling with tax policy and budget deficits, 84 percent of all households agree that preserving the incentives to encourage retirement saving should be a national priority (see Figure 9 in the study).

The recordkeeper survey results find that participants have continued saving in their plans. Only 2.2 percent of DC plan participants stopped contributions in the first three quarters of 2011, compared with 3.4 percent of participants during the comparable time period a year

earlier. Most DC plan participants stayed the course with their asset allocations in the first three quarters of 2011. Withdrawal activity remained very low and loan activity was similar to the level observed at year-end 2010. At the end of September 2011, the ICI recordkeeper survey data indicated 18.4 percent of DC plan participants had loans outstanding, compared with 18.2 percent of participants at year-end 2010.

If you have any questions or comments concerning this research, please call me at (202) 326-5915 or email me at [sholden@ici.org](mailto:sholden@ici.org).

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