

**MEMO# 8272**

September 27, 1996

# **PROPOSAL AND RECOMMENDATION FOR FUTURE RETIREMENT DATA COLLECTION**

September 27, 1996 TO: INDUSTRY STATISTICS COMMITTEE No. 25-96 PENSION  
COMMITTEE No. 41-96 RESEARCH COMMITTEE No. 33-96 Retirement Task Force RE:  
Proposal and Recommendation for Future Retirement Data Collection

The Investment Company Institute recognizes the importance of accurate, reliable and timely statistics about the retirement market to the Industry's and Institute's legislative, regulatory and marketing efforts. The Institute currently collects retirement statistics from mutual fund companies in three surveys. Although each survey serves a different purpose, they overlap to some degree, resulting in duplication of effort. In March of 1996, an internal working group within the Institute, along with the help of a member task force, began a review of the Institute's data collection efforts regarding retirement plan assets invested in mutual funds. The purposes of the review are: To assure that the statistics collected are complete, accurate and consistent; that the items collected are effective, efficient, nonduplicative; and that the collection imposes as little burden to data providers as possible; To ensure that the collection and estimation methodology meet the Institute's needs in addressing legislative and regulatory issues involving the retirement market; and To ensure that members' needs with respect to the retirement market are met. This memo is intended to communicate a proposed methodology for future retirement collection and to confirm the feasibility of this collection. In an effort to assess the feasibility of this collection, a special feasibility survey is attached. Please respond to this survey for your fund group by September 30. We recognize that you may have already answered a similar survey, but this follow-up is intended to bring to conclusion several open issues. If you are not the person at your fund group who is in the best position to respond, I would appreciate your forwarding the questionnaire to the appropriate person. Additional comments or suggestions are welcome. We hope that changes can be implemented for the 1996 annual survey period. Proposal for Retirement Data Collection Following the working group's discussions and in-house meetings, it is recommended that the Institute consolidate collection of retirement statistics into an annual collection and a supplementary quarterly collection of information from a sample of respondents. The quarterly asset data would be used to estimate net flows. Information Collected Information proposed for collection in the annual effort would include: 1. Assets invested in mutual funds by type of retirement plan or arrangement<sup>1</sup>, including: Total IRAs, including SEP, SARSEP, Contributory, and Rollover IRAs 401(k) plans 403(b) arrangements 457 plans Keoghs Other defined contributions plans Defined benefit plans 2. Number of accounts for total IRAs, and SEP, SARSEP, and Rollover IRAs The aforementioned items would be collected from the mutual fund group for each fund within that group. Data would be submitted electronically (using ICINet or other means), via diskette, or on an ICI questionnaire, with each fund's data identified by ICI fund

number (or CUSIP number at the providers option). This information would be supplemented by data collected from brokers and banks to estimate street name and other omnibus account statistics not available directly from the fund group. Advantages of The Proposed Collection After many months of discussion, ICI settled on this proposed collection, recognizing several concerns, but with the understanding that it offers the following advantages. Advantages The proposed collection simplifies ICI collection of retirement statistics from three surveys to one, thus reducing the burden for member companies. The data can be combined to provide consistency in our current annual retirement data series; Estimation of flow and asset allocation analysis would be easier with individual fund information; Data could be compared with other information in the Institute database collected on a fund-by-fund basis; Data are screened by the mutual funds and therefore relatively clean; Estimation process is statistically sound because the reporting universe is quantifiable. Concerns Data collected from brokers and banks for street name and omnibus statistics may likely be available only in the aggregate (not on a fund-by-fund basis), requiring additional procedures for asset allocation. Mutual fund companies may be unable to supply us with detailed data on plans or arrangements for which they are not recordkeeper. Many of you have been involved in the retirement review and we thank you for your invaluable assistance. Please fax responses to the special survey and all comments to ICI Research - Retirement at (202) 326 - 5959. Your input is important to the decision making process. 1 For 1997 and subsequent years, the Institute will collect data relating to the new SIMPLE plan created by the recently enacted minimum wage legislation.

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