

NEWS RELEASE

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Americans Trust Their 401(k)s

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Tax Treatment, Investment Opportunities, and Investor Control Are Favored Traits of Defined Contribution Retirement Plans

Washington, DC, February 1, 2018—Americans remained confident that 401(k)s, and other defined contribution (DC) plan accounts, will help them meet their personal retirement goals, according to a new study released today by the Investment Company Institute (ICI).

The study, "[American Views on Defined Contribution Plan Saving, 2017](#)," found that, overall, 77 percent of US households were confident that 401(k) and other employer-sponsored retirement plan accounts can help individuals meet their retirement goals. Confidence was highest, 84 percent, among households that hold DC accounts or individual retirement accounts (IRAs). Even among households that did not hold either DC accounts or IRAs, a significant majority, 63 percent, were confident that DC plans can help individuals meet their retirement goals.

"The key features of 401(k)s, 403(b)s, and other DC plans really drive their popularity among Americans," said Senior Director of Retirement and Investor Research Sarah Holden. "DC plan participants appreciate the convenience of payroll deduction and the incentive of the tax treatment of these plans to encourage savings. Further, most DC account-owning households said that their employer-sponsored retirement accounts help them think about the long term, not just their current needs."

According to the survey, nine out of 10 households with DC accounts agreed that these plans made it easier to save by encouraging them to plan for their retirement, and more than 80 percent said the tax treatment of their retirement plans was a big incentive to contribute. Meanwhile, nearly half indicated they probably would not be saving for retirement at all if not for their DC plans at work.

DC Plan Participants Appreciate Saving Features
Percentage of DC-owning households agreeing with each statement, fall 2017

Note: Figure reports the percentage of DC-owning households who "strongly agreed" or "somewhat agreed" with the statement.

Source: ICI tabulation of GfK KnowledgePanel® OmniWeb survey data (fall 2017)

The survey also revealed that DC plan savers appreciate the investment features of their plans. “Households with DC plan accounts indicated they like to be in control of their own investments, and they generally think that their plans have a good investment lineup,” Holden noted. “Saving paycheck-by-paycheck eases these households into investing and makes them less worried about short-term performance.”

DC Plan Savers Appreciate Investment Features

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Americans Reject Possible Changes to DC Accounts

Given the popularity of DC plan features, it is unsurprising that an overwhelming majority of Americans disagreed with potential policy changes affecting these savings vehicles. According to the study, nine out of 10 US households resisted suggestions to change individual investment control in DC accounts. The degree of opposition was similar among households with DC accounts or IRAs and for those without retirement accounts.

The survey also found widespread support for maintaining the current contribution limits and preserving the tax treatment of DC plans. About nine out of 10 US households opposed reducing the amount individuals can contribute or reducing the amount that employers can contribute. Nine out of 10 US households rejected the idea that the tax advantages of DC plan accounts should be taken away.

About the Survey

The study summarizes results from a survey of more than 2,000 American adults’ views on DC retirement account saving, as well as their reactions to proposed policy changes and their confidence in 401(k) and other DC plan accounts. The results of the survey—which GfK Group administered in December 2017 via a proprietary, probability-based web panel—have been weighted to be representative of US households by age, income, region, and education level.

For more information about retirement saving, please visit ICI’s [401\(k\) Resource Center](#) and [Individual Retirement Account Resource Center](#).

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