

NEWS RELEASE

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ICI Supports Labor Department Campaign to Encourage Retirement Savings, July 1995

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Washington, DC, July 19, 1995 - Save! Your Retirement Clock is Ticking is the theme of a public education campaign launched today by U.S. Labor Secretary Robert Reich with the support of the Investment Company Institute and 65 other associations, consumer groups, and businesses. The Department of Labor and its Pension and Welfare Benefits Administration are directing the nationwide campaign, which is expected to help the public overcome its apprehensions about retirement planning and increase levels of personal retirement savings.

"Focusing the national spotlight on the need to increase retirement savings will assist American citizens and the U.S. economy," said ICI President Matthew P. Fink at a press conference to launch the effort. "As a long-time advocate for increased savings initiatives, the Institute looks forward to working with the Department of Labor in this landmark effort to help Americans gain the knowledge and develop the savings habits needed to assure their financial security after retirement."

Mutual funds are the retirement investment of choice for millions of Americans. For example, at the end of 1993:

- Retirement plan assets, exclusive of variable annuities, accounted for 31 percent of industry assets.
- Mutual funds held \$110.1 billion, or 23.2 percent, of the \$475 billion 401(k) market, a jump from 14.8 percent in 1992.
- Mutual funds increased their share of the \$245 billion Section 403(b) retirement plan market to \$20.8 billion, a 53 percent increase in assets over 1992. Section 403(b) arrangements cover only employees of public educational systems and other specific tax-exempt organizations (generally hospitals and other nonprofit groups).
- Mutual funds held \$9.8 billion of the \$51 billion in Section 457 retirement plans. These plans are deferred compensation arrangements for government employees and employees of certain tax-exempt organizations.

The Investment Company Institute is the national association of the American investment company industry. Its membership includes 5,604 open-end investment companies ("mutual funds"), 470 closed-end investment companies, and 11 sponsors of unit investment trusts. Its mutual fund members have assets of about \$2.325 trillion, accounting

for approximately 95% of total industry assets, and have over 38 million individual shareholders.

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