

VIDEO

February 14, 2014

Focus on Funds: Latest 401(k) Research

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The February 14, 2014, issue of *Focus on Funds* highlights the latest data on 401(k) accounts and American attitudes toward defined contribution plans.

Transcript

Stephanie Ortvals-Tibbs, Director, ICI Media Relations: Welcome to *Focus on Funds*, Investment Company Institute's weekly roundup of industry news, ICI activities, and research findings.

Two recent ICI research reports shed fresh light on defined contribution plans—both what Americans think of them, and what activity is taking place inside the plans.

First, a look at the latest survey of American attitudes on DC plans.

Sarah Holden, Senior Director, ICI Retirement and Investor Research: ICI's recent survey of households with defined contribution plan accounts found that DC-owning households appreciate the investing and saving features of DC plans.

A vast majority indicated their DC plans offered a good lineup of investment options.

And, nearly all respondents appreciated having choice in, and control of, their DC plan investments.

DC-Owning Households Appreciate the Savings Features of DC Plans

Percentage of DC-owning households agreeing with each statement, November 2013–December 2013

Source: ICI tabulation of GfK OmniTel survey data (November 2013–December 2013)

Ninety-one percent agreed that their DC plan helped them think about the long term, not just their current needs; 90 percent agreed that payroll deduction made it easier to save; and 87 percent agreed that the tax treatment was a big incentive to contribute.

Stephanie Ortvals-Tibbs: The survey also asked U.S. households for their opinion on some possible changes to DC plan accounts.

Sarah Holden: Large majorities of Americans, whether they own retirement accounts or not, want to preserve DC plans' tax and investing features.

Large Majority of Americans Want to Keep DC Plans' Tax Features
Percentage of U.S. households agreeing or disagreeing, November 2013–December 2013

Source: ICI tabulation of GfK OmniTel survey data (November 2013–December 2013)

For example, 83 percent of U.S. households rejected the idea that the government should reduce the amounts that individuals can contribute to DC accounts. Even among households who do not currently have retirement accounts, 74 percent rejected the idea that the contributions should be reduced.

Stephanie Ortals-Tibbs: Also new from ICI: defined contribution plan recordkeeper data covering DC plan participants' activities during the first three quarters of 2013.

The data come from about 24 million DC plan accounts...and the commitment to DC plan saving is clear in these data as well.

Sarah Holden: DC plan participants generally stayed the course in their saving and investing.

DC Plan Participants' Activities
Percentage of DC plan participants, January–September 2013

Source: ICI tabulation of GfK OmniTel survey data (November 2013–December 2013)

During the first three quarters of 2013, only 3 percent of DC plan participants took withdrawals, with only 1.4 percent taking hardship withdrawals. They also kept up with their contributions—only 2.5 percent of DC plan participants stopped contributing.

Stephanie Ortals-Tibbs: The recordkeeper report also covers rebalancing and loan activity.

Both reports are posted in full on the website.

That's this week in funds. See you next week.

Additional Resources

- [Release: ICI Defined Contribution Recordkeeper Data Show Continued Commitment to Retirement Saving](#)
- [Release: Americans View Defined Contribution Accounts Favorably](#)
- [Our Strong American Retirement System \(pdf\)](#)
- [Graphic: DC-Owning Households Appreciate the Savings Features of DC Plans \(pdf\)](#)
- [Graphic: Large Majority of Americans Want to Keep DC Plans' Tax Features \(pdf\)](#)
- [Graphic: DC Plan Participants' Activities \(pdf\)](#)

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