

VIDEO

February 6, 2015

Focus on Funds: Americans Voice Strong Support for Retirement Savings Plans

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The February 6, 2015, edition of *Focus on Funds* details the results of ICI's recent online survey of 3,000 Americans, which gauges their use of and support for defined contribution plans, such as the 401(k), and individual retirement accounts (IRAs).

Transcript

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

Each year ICI surveys U.S. households to get their views on defined contribution plans, and some perspective on some of the changes around those plans that tend to swirl around Washington.

I spoke with ICI Senior Economist Sarah Holden about this year's results.

Sarah, what do the survey results tell us about Americans' views on defined contribution retirement savings plans?

Sarah Holden, Senior Director, ICI Retirement and Investor Research: So, employers design their plans to really help people save for retirement, and this survey lets us know how the people feel about those plans.

More than nine in 10 people who have defined contribution plans say that the plan helps them think about the long term, not just their current needs, and that the payroll deduction makes it easier for them to save.

Eighty-two percent of them say that the tax treatment of the plan is important to their decision to contribute.

Ortvals-Tibbs: Sarah, one of the things people wonder about is how defined contribution

plan participants feel about the responsibility—that a company’s having such a plan—the choices that they need to make?

Holden: So, in our survey, we asked them how they feel about having to decide among the investments offered to them, and also what to do at retirement, and we see that most of them really do appreciate having the control of those account balances.

Ninety-four percent say that it’s important to have choice in and control of the investments in the account. And 82 percent said that their employer offers them a good lineup of investment options.

Seventy percent said that knowing that they were saving paycheck-by-paycheck makes them less worried about the stock market. And 94 percent said that retirees should be able to make their own decisions when it comes to how to spend down those balances in retirement.

Ortbals-Tibbs: And how do they feel in the survey about some of the proposals that are out there to change some of the aspects of DC plan savings?

Holden: It’s interesting that households, whether they own these accounts or not, are really not wanting to change the features of these plans. And in particular, they want to preserve the tax treatment. So, one of the proposals out there is to reduce the contributions that people could put in, and we see that, whether or not you have an account, people are opposed to this idea.

So 90 percent oppose reducing the amount that individuals can contribute, and it’s higher if you do have an account—94 percent of those folks are against this idea. But even if you do not have an account, 83 percent of households say do not reduce the amount that people can contribute to these accounts.

Ortbals-Tibbs: That’s interesting; what’s also interesting is to see how high confidence is in these plans across the board.

Holden: Yeah, so we asked all households, whether they had accounts or not, whether they felt these accounts could help people reach their goals, and the vast majority of households, whether they own an account or not, say that yes, indeed, these accounts can help you reach your retirement goals.

Ortbals-Tibbs: That’s this week in funds. See you next week.

Additional Resources

- News Release: “[Americans Overwhelmingly Oppose Changing Tax Incentives for Retirement Saving](#)”
- [Research on U.S. Households’ Views on Retirement Savings](#)

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