

VIDEO

September 6, 2019

Focus on Funds: Workplace Retirement Plans Are Widely Popular

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With National 401(k) Day approaching, ICI Senior Director of Retirement and Investor Research Sarah Holden offers key findings from ICI research on American views of workplace retirement savings plans. In the September 6, 2019, edition of *Focus on Funds*, Holden discusses how the average American worker sees the value in plans such as 401(k)s.

Transcript

Stephanie Ortballs-Tibbs, ICI director of media relations: What do Americans think of their retirement plans? ICI [looks at the issue regularly](#), and here's the latest insight from ICI Senior Director of Retirement and Investor Research Sarah Holden.

Sarah Holden, ICI senior director of retirement and investor research: People who have DC [defined contribution] accounts really appreciate the key features of those accounts. So nine in 10 of them say that saving through payroll deduction makes it easier to save. They indicate that they like having the choice and control of their investment options, and they also say that they really appreciate that their employer offers a plan because it helps them think about the long term and not just their current short-term needs. More than eight in 10 of them said that their plans had good investment options.

Ortbals-Tibbs: So DC accounts also offer tax advantages. What do you see there in terms of people's reaction to these tax benefits?

Holden: Eighty-five percent of them say that the tax incentive was really a big factor that made them contribute to the plan, so it really is something that's appreciated in these plans.

Ortbals-Tibbs: Markets go up; markets go down. Does that affect people's views of their accounts? What do you see in the data?

Holden: When we surveyed the defined contribution account-owning individuals, eight in 10 of them say that knowing that they're saving and investing paycheck-by-paycheck actually makes them less worried about short-term fluctuations in their accounts. And we

do have to keep in mind, too, that more than half of 401(k) plan participants are invested through target date funds. And with a target date fund, I've handed off the asset allocation to an investment professional, so I don't have to worry about it. And that probably helps me stay the course as well.

Ortbals-Tibbs: It's that "set it and forget it" approach.

Holden: Let somebody else take care of the diversification and the rebalancing for me.

Ortbals-Tibbs: And that's not all the data you have, Sarah. You also get a general sense of how Americans feel about these plans. What else do you see in the data?

Holden: In this nationwide survey, we ask all Americans, whether they have accounts or not, what they think about 401(k) plans. We find that the majority of people have a favorable impression of these plans and have confidence that these plans can help people meet their retirement goals.

Additional Resources

- [401\(k\) Plans Continue to Offer Millions of Workers a Reliable Way to Save for Retirement](#)
- [Report: American Views on Defined Contribution Plan Saving, 2018](#)
- [Focus on Funds: Learn the Latest 401\(k\) Trends](#)
- [ICI Explains: Who Invests in Mutual Funds, and Why?](#)

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