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Americans: In Defined Contribution We Trust

By Sarah Holden

Millions of Americans personally direct their retirement investments in defined contribution (DC) plans, which account for [nearly \\$8 trillion in savings](#). Because it is vitally important that regulators, policymakers, and employers understand the beliefs and behaviors of these investors, ICI asked Americans what they thought of DC retirement plan accounts, which include 401(k) and 403(b) accounts.

The results, which we summarized in [“American Views on Defined Contribution Plan Saving, 2017,”](#) were clear: whether they had DC accounts or not, Americans appreciate DC plan accounts and are confident that these plans can help people meet their retirement goals.

People Have Favorable Impressions of DC Plans

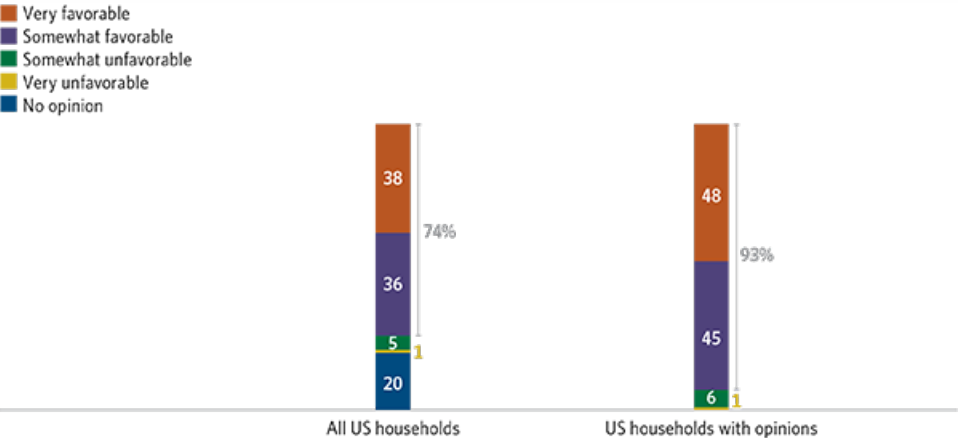
The survey, conducted in fall 2017, found that almost three-quarters of US households (74 percent) had favorable impressions of DC plan accounts (see Figure 1, below). Among households expressing an opinion, 93 percent had favorable impressions of DC plan accounts, with nearly half expressing a “very favorable” opinion.

Households owning DC accounts or individual retirement accounts (IRAs) were more likely to express a favorable opinion than non-owning households. Nevertheless, favorability was high even among non-owning households that expressed an opinion about DC account investing.

FIGURE 1

Households Have Favorable Opinions of DC Plans

Percentage of US households, fall 2017



Source: ICI tabulation of GfK KnowledgePanel® OmniWeb survey data (fall 2017); see [“American Views on Defined Contribution Plan Saving, 2017,” ICI Research Report](#) (February 2018)

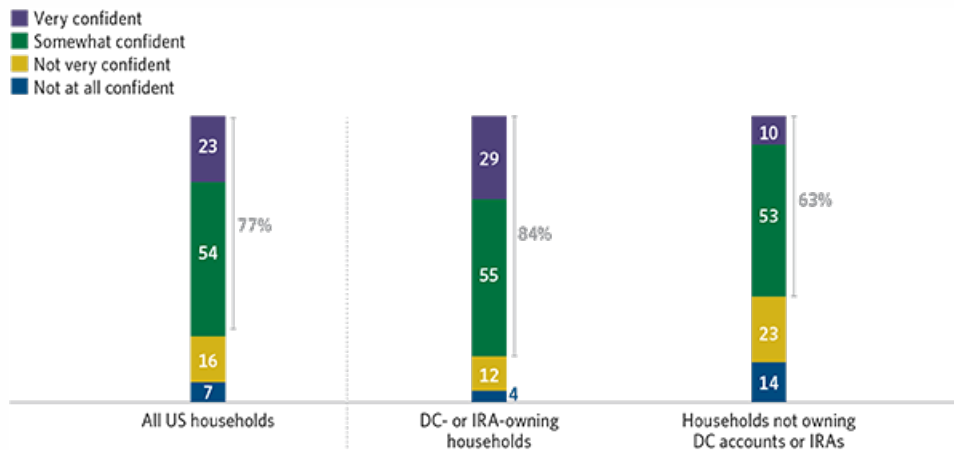
Americans also expressed confidence that DC retirement plan accounts can help individuals achieve their retirement goals: 77 percent of US households indicated that they were either “somewhat confident” or “very confident” that 401(k) and other employer-sponsored retirement plan accounts can help people meet their retirement goals (see Figure 2, below).

Confidence was higher among those who owned DC accounts or IRAs, but even 63 percent of non-owners expressed confidence in the DC retirement plan system.

Figure 2

Confidence That DC Retirement Plan Accounts Can Help Individuals Meet Retirement Goals

Percentage of US households by ownership status, fall 2017



Source: ICI tabulation of GfK KnowledgePanel® OmniWeb survey data (fall 2017); see “American Views on Defined Contribution Plan Saving, 2017,” *ICI Research Report* (February 2018)

American households value the saving opportunity provided by DC plans and appreciate the features designed to help investors save for retirement:

- nine out of 10 households with DC accounts agreed that these plans helped them think about the long term and made it easier to save (see Figure 3, below);
- nearly half of households with DC accounts indicated they probably would not be saving for retirement if not for their DC plans; and
- 82 percent of DC-owning households said that the tax treatment of their DC retirement plans was a big incentive to contribute.

DC account–owning households also appreciated the investing features of their DC plans:

- 94 percent of DC-owning households agreed that it was important to have choice in, and control of, the investments in their retirement plan accounts;
- 83 percent agreed that their DC plan offers a good lineup of investment options; and
- 83 percent of DC-owning households said that saving paycheck-by-paycheck made them less worried about the short-term performance of their investments.

Figure 3

Defined Contribution Account–Owning Households’ Views on the Defined Contribution Plan Savings Vehicle

Percentage of DC-owning households agreeing with each statement, fall 2017



Note: The figure reports the percentage of DC-owning households who “strongly agreed” or “somewhat agreed” with the statement. The remaining households “somewhat disagreed” or “strongly disagreed.”

Source: ICI tabulation of GfK KnowledgePanel® OmniWeb survey data (fall 2017); see “American Views on Defined Contribution Plan Saving, 2017,” *ICI Research Report* (February 2018)

DC plans have become a common feature in the US retirement landscape, with millions of US households now holding a portion of their assets in them. Households value current plan design features, and have confidence that these plans can help people meet their retirement goals. And not surprisingly, households revealed a strong preference for preserving the features and flexibility of DC accounts.

Full details on the survey and additional results can be found in [“American Views on Defined Contribution Plan Saving, 2017,”](#) while more information about 401(k) plans—including FAQs, videos, and publications—can be found in ICI’s [401\(k\) Resource Center](#).

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