

**Investment Company Institute**  
**2015 ICI Global Retirement Savings Conference:**  
**The Role of Public and Private Pension Provision**

**Perspectives on the U.S. Retirement Savings System  
and the Role of Social Security**

**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. What insights from the US retirement system are most useful to those in the larger global retirement savings dialogue? Well, ICI Senior Economist Pete Brady shared some of his learning on the tax treatment of retirement savings and ICI Global’s recent collaborative event with the Organization for Economic Cooperation Development. In this report from Paris, Pete shares some highlights.

**Peter Brady, Senior Economist, Investment Company Institute:** The main thing is that you have to look at the systems holistically. Many people will analyse one portion of the US retirement system on its own, and that gives an imperfect picture of what it’s doing. The US retirement system is really many different layers. People get resources from many different sources. The most important one for most people is Social Security, and what I was trying to relate today—not just to people outside the US, but even to people from the US—is the importance of the US Social Security system, because it’s not really well understood. It’s very important for the lower income individuals. It’s designed to be a pension system, really, for the bottom 40 percent of the population, and it provides significant resources at the top. So if you do not understand what is being offered by Social Security, and then you just go to the private sector in employer plans and look at what they’re providing, you may come to the conclusion

that they're not providing enough. What you have to do is figure out what is being provided by the combination of Social Security and the employer plans, and then you get a better picture of the US retirement system.

The US has a safety net. On top of that, they have Social Security, which is not part of the safety net, but is really a pension system. And then there are voluntary employer plans. And they often compare it to maybe their own countries' experience, which may have a different structure. And, particularly, a lot of countries will have a safety net, which is a flat benefit for everybody that is income tested. They don't have the layer of the Social Security, and so when they look at the employer plans, they're expecting them to do much more than they actually do in the United States.

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