ENDURING CONFIDENCE IN THE 401(k) SYSTEM
Investor Attitudes and Actions

NATIONAL PRESS CLUB
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AMERICANS HOLD FAVORABLE IMPRESSION OF 401(k)

PERCENTAGE OF U.S. HOUSEHOLDS EXPRESSING OPINIONS ON 401(k) AND SIMILAR RETIREMENT ACCOUNTS:

- VERY FAVORABLE: 38
- SOMEWHAT FAVORABLE: 53
- SOMEWHAT UNFAVORABLE: 6
- VERY UNFAVORABLE: 3

Note: “No opinion” responses excluded
Source: ICI tabulation of GfK OmniTel survey data (November and December 2009)
Base: 2,069 U.S. households
## Savers Value Key 401(k) Features

<table>
<thead>
<tr>
<th>Feature</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment choice and control are important</td>
<td>98</td>
</tr>
<tr>
<td>My account helps me think about the long term</td>
<td>93</td>
</tr>
<tr>
<td>Payroll deduction makes it easier to save</td>
<td>90</td>
</tr>
<tr>
<td>Immediate tax savings are a big incentive</td>
<td>85</td>
</tr>
<tr>
<td>My employer plan offers a good lineup of investment options</td>
<td>85</td>
</tr>
</tbody>
</table>

Source: ICI tabulation of GfK OmniTel survey data (November and December 2009)
Base: 1,627 U.S. households
AMERICANS ARE CONFIDENT 401(k)s CAN HELP MEET RETIREMENT GOALS

PERCENTAGE OF U.S. HOUSEHOLDS “VERY” OR “SOMewhat” CONFIDENT THAT 401(k) AND SIMILAR PLANS CAN HELP PEOPLE MEET RETIREMENT GOALS:

- ALL HOUSEHOLDS: 73%
- DC- OR IRA-OWNING HOUSEHOLDS: 77%
- OTHER HOUSEHOLDS: 63%

Source: ICI tabulation of GfK OmniTel survey data (November and December 2009)
Base: 2,913 U.S. households
# AMERICANS DISAGREE WITH SUGGESTED 401(k) CHANGES

<table>
<thead>
<tr>
<th>The government should:</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Take away DC account tax advantages</td>
<td>88</td>
</tr>
<tr>
<td>Reduce DC contribution limits</td>
<td>84</td>
</tr>
<tr>
<td>Not allow individuals to make their own investment decisions</td>
<td>88</td>
</tr>
<tr>
<td>Replace all retirement accounts with a government bond</td>
<td>81</td>
</tr>
</tbody>
</table>

Source: ICI tabulation of GfK OmniTel survey data (November and December 2009)
Base: 3,000 U.S. households
AMERICANS WANT RETIREES TO CONTROL THEIR OWN ACCOUNTS

PERCENTAGE OF U.S. HOUSEHOLDS AGREEING THAT:

Retirees should make their own decisions about managing retirement assets and income 96

Source: ICI tabulation of GIK OmniTel survey data (November and December 2009)
Base: 3,000 U.S. households
Americans Reject Annuity Mandates

Percentage of U.S. Households Disagreeing with the Statement:

The government should require retirees to trade a portion of their retirement plan accounts for a fair contract that promises to pay them income for life:

From an insurance company 72

From the government 71

Source: ICI tabulation of GfK OmniTel survey data (November and December 2009)
Base: 3,000 U.S. households
**Savers Are Sticking with 401(k)**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stopped Contributing</td>
<td>5.0</td>
</tr>
<tr>
<td>Took Any Withdrawal</td>
<td>2.6</td>
</tr>
<tr>
<td>Changed Allocation of Account</td>
<td>9.9</td>
</tr>
</tbody>
</table>

Source: ICI survey of DC plan recordkeeper data, January-September 2009
Base: 24 million DC plan participants
Most Account Balances Are Up Despite Market

Percentage of continuous 401(k) participants, September 2007–September 2009, whose account balances were:

- **Up or Flat**: 60%
- Down 1% to 10%: 14%
- Down 11% to 20%: 14%
- Down 21% to 30%: 11%
- Down more than 30%: 2%

Median change in account balance: +7%

Source: Vanguard 2009
### Investing for the Future

<table>
<thead>
<tr>
<th></th>
<th>African-American</th>
<th>Asian</th>
<th>Hispanic</th>
<th>White</th>
<th>All</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation</td>
<td>66%</td>
<td>76%</td>
<td>65%</td>
<td>77%</td>
<td>74%</td>
</tr>
<tr>
<td>Average Contribution</td>
<td>6.0%</td>
<td>9.4%</td>
<td>6.3%</td>
<td>7.9%</td>
<td>7.6%</td>
</tr>
<tr>
<td>Among Participants</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average Percentage in</td>
<td>66%</td>
<td>73%</td>
<td>70%</td>
<td>72%</td>
<td>71%</td>
</tr>
<tr>
<td>Equities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: The Ariel/Hewitt Study, 2009
**EXHIBIT 10**

**KEEPING SAVINGS INTACT**

<table>
<thead>
<tr>
<th>Group</th>
<th>Percentage Taking a Withdrawal in 2007</th>
<th>Percentage with Loans Outstanding, Year-End 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>African-American</td>
<td>7.8</td>
<td>39</td>
</tr>
<tr>
<td>Asian</td>
<td>2.0</td>
<td>16</td>
</tr>
<tr>
<td>Hispanic</td>
<td>3.4</td>
<td>21</td>
</tr>
<tr>
<td>White</td>
<td>3.0</td>
<td>24</td>
</tr>
<tr>
<td>All</td>
<td>2.0</td>
<td>29</td>
</tr>
</tbody>
</table>

Source: The Ariel/Hewitt Study, 2009
Adding It All Up

Average 401(k) Account Balance for Employees Earning $30,000–$59,999

- **African-American**: $21,224
- **Asian**: $32,590
- **Hispanic**: $22,017
- **White**: $35,551

Source: The Ariel/Hewitt Study, 2009
**STRENGTHENING RETIREMENT SECURITY (I)**

**THE FUND INDUSTRY SUPPORTS MEASURES TO:**

1. Improve disclosure about all investment options in 401(k)s.

2. Enhance understanding of target date funds by highlighting key information.

3. Increase opportunities for small employers to offer plans by making them less complex and expensive.

4. Increase opportunities for workers who lack plans to save in IRAs via payroll deduction.

*Source: Investment Company Institute*
Strengthening Retirement Security (II)

The fund industry supports measures to:

5. Redouble efforts by educators, employers, financial firms, and government to provide financial and investor education to all Americans from elementary school through adulthood.


7. Relax required minimum distribution rules.

8. Remove obstacles to let employers automatically diversify near-retirees out of company stock.

Source: Investment Company Institute