

ICI VIEWPOINTS

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For “401(k) Pioneers,” No Reason for Regrets

By Paul Schott Stevens

The following ICI Viewpoints is a letter to the Wall Street Journal by Paul Schott Stevens, president and CEO of the Investment Company Institute, in response to an article published on January 3, 2017.

Dear Editor:

It may be, as you report, that “[401\(k\) Pioneers Lament What They Started](#)” (Page A1, Jan. 3). But the facts are clear: America’s retirement system is stronger today, in the expanding 401(k) era, than it was when defined benefit pensions were the primary vehicle for retirement savings.

In fact, [the share of retirees receiving retirement income](#) from private-sector plans has nearly doubled since 1975, and the median income received from those plans is up by more than 50 percent. Unlike defined benefit pensions—where benefits can be reduced by job change or threatened by company failure—a 401(k) plan provides workers with ownership of real assets that continue to grow throughout an entire career.

The 401(k) system can be stronger still. But the 35-year record of 401(k)s is one of growth and innovation, as employers and providers adapt to promote saving for retirement with features like auto-enrollment, auto-escalation, and new portfolio options to help more Americans save more for retirement. And fees have fallen for nearly two decades.

Little wonder that recent OECD data show that the United States has one of the highest levels of retirement funding among developed countries.

The “401(k) pioneers” have no reason for regrets. Today’s 401(k)s are working well to build upon Social Security and help provide retirement security for millions of American workers.

Paul Schott Stevens
President and CEO
Investment Company Institute
Washington, DC

Paul Schott Stevens is president and CEO of ICI.