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Americans Continue to Value Defined Contribution Plan Structure and Features

Washington, DC; January 28, 2020—The majority of Americans are confident that 401(k)s and other defined contribution (DC) retirement accounts can help people meet their retirement goals, according to a new study released today by the Investment Company Institute (ICI). Confidence was highest, 81 percent, among individuals who hold DC accounts or individual retirement accounts (IRAs). Even among individuals who did not hold either DC accounts or IRAs, 66 percent were confident that DC plans can help individuals meet their retirement goals. The study, “[American Views on Defined Contribution Plan Saving, 2019.](#)” also found that 76 percent of Americans had a favorable impression of DC plan accounts.

“The key features offered by DC plans provide workers with a disciplined approach that encourages them to continually save and invest for retirement on a regular basis,” said Sarah Holden, ICI senior director of retirement and investor research. “The flexibility and control that savers have over their DC plan accounts make it easier for savers to build retirement nest eggs, while not only thinking about their current needs, but their long-term goals.”

DC-owning individuals particularly appreciate the saving and investing features of DC plans, according to ICI’s study. Nine in 10 individuals with DC accounts agreed that these plans encouraged them to think about the long term, which made it easier to save for retirement. Most individuals with DC accounts (95 percent) agreed that it is important to have a choice in, and control of, the investments in their DC plan accounts, with 83 percent appreciating the good lineup of investment options that their employer-sponsored retirement plan offers them. Meanwhile, more than half indicated that they probably would not be saving for retirement at all if not for their DC plans at work.

DC Account Owners Appreciate Savings and Investment Features
Percentage of DC-owning individuals* agreeing with each statement

*DC-owning individuals are individuals aged 18 or older whose households owned 401(k) plan accounts or other DC plan accounts at the time of the survey.

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

Source: ICI tabulations of NORC AmeriSpeak® survey data (fall 2019)

Americans Oppose Changing Tax Treatment of DC Plan Accounts

The survey also found that an overwhelming majority of Americans disagree with potential changes affecting current features of DC plans. In fall 2019, 87 percent wanted to preserve tax incentives for DC plans and nine in 10 disagreed with reducing the amount that individuals can contribute to DC accounts. The survey also found widespread support for the tax treatment of DC accounts among those who are not currently taking advantage of these accounts or IRAs: 79 percent of individuals without DC accounts or IRAs opposed the idea of taking away the tax treatment of DC accounts, further reinforcing the notion that Americans strongly support retaining the structure of DC plans.

About the Survey

The study summarizes results from a survey of 2,028 American individuals aged 18 or older. Respondents were asked about their views on DC retirement account saving, their reactions to proposed policy changes, and their confidence in 401(k) and other DC plan accounts. The survey was conducted using the AmeriSpeak® research panel, a probability-based panel designed and operated by NORC at the University of Chicago.

For more information about retirement saving, please visit ICI's [401\(k\) Resource Center](#) and [Individual Retirement Account Resource Center](#).