
KEY FACTS AND FIGURES: THE STRENGTH OF THE PRIVATE RETIREMENT SYSTEM

The private retirement system is strong and serving millions of Americans, providing the foundation for financial and retirement security through defined contribution plans, IRAs, and individual annuities. The industry is committed to working with policy-makers to advance balanced solutions to expand access and increase savings to help even more American families.

Access and Participation

- Nearly 80% of full-time workers have access to a workplace retirement plan, and more than 80% of workers with access participate.¹
- Employer-sponsored retirement plans offer more than 83 million American workers and their families the opportunity to accumulate savings and improve their retirement security.²
- A study by the Employee Benefit Research Institute finds that among low and moderate income workers, 71% are more likely to save for retirement when an employer has a plan.³
- IRAs and individual annuities are available for all workers without access to employer-sponsored plans as well as to supplement retirement savings.

Contributions

- Participants are generally contributing 5-7% of salary to 401(k) plans, and when employer contributions are added to employee contributions, the median contribution rates are around 10% of salary.⁴
- Millennials (those born from 1979 to 1991) show high levels of enthusiasm and confidence for 401(k) plans. 83% of millennial participants made recent contributions to a 401(k) plan, higher than people of a similar age a decade earlier. Millennials who took advantage of guidance have also increased their average deferral rate from 4.5% to 8.7% of salary or wages over the past decade.⁵

Mobility

- While not required to do so, a majority of plan sponsors allow immediate eligibility in their 401(k) plans with no service requirement for their workers (with this trend increasing over time).⁶
- The Bureau of Labor Statistics (2013) reports that, even for those workers aged 35 to 44 years, median job tenure is only 5.3 years with the current employer—demonstrating the need for portable, flexible retirement solutions.⁷

Assets

- The savings and investments held in the retirement system represent the largest share of American households' total accumulated financial wealth. Americans hold \$20.8 trillion in retirement assets, outside of Social Security benefits. (as of March 2013).⁸
- Aggregate assets in DC plans have grown to \$5.3 trillion.⁹
- Aggregate assets in IRAs (includes roll-overs from other plans) have grown to \$5.7 trillion.¹⁰
- Aggregate assets for individual annuities have grown to over \$780 billion.¹¹
- These assets invested in capital markets play an important role in the financing of real investment, which in turn is the fuel for long-run economic growth.

1. Bureau of Labor Statistics, U.S. Department of Labor, National Compensation Survey, March 2013. (Note: Data have been rounded. In March 2013, 78% of full-time workers have access to a workplace retirement plan, and 83% of civilian workers with access participate).

2. Bureau of Labor Statistics, U.S. Department of Labor, "Employee Benefits in the United States, March 2012", USDI-12-1380, July 11, 2012 (see: <http://www.bls.gov/ncs/ebs/sp/ebnr0018.pdf>).

3. Employee Benefit Research Institute (EBRI) estimate using 2008 Panel of U.S. Census Survey of Income and Program Participation (SIPP) data.

4. Vanguard, How America Saves, 2013, Valley Forge, PA: The Vanguard Group, Inc. June 2013 (see: https://pressroom.vanguard.com/nonindexed/2013.06.03_How_America_Saves_2013.pdf).

5. Fidelity Investments, "Save Now, Play Later: Gen Y's Retirement Savings Behaviors." July 2012: 1-2

6. Vanguard, How America Saves, 2013, Valley Forge, PA: The Vanguard Group, Inc. June 2013. (see: https://pressroom.vanguard.com/nonindexed/2013.06.03_How_America_Saves_2013.pdf).

7. Bureau of Labor Statistics, U.S. Department of Labor, "Employee Tenure in 2012." September 18, 2012 (see: <http://www.bls.gov/news.release/pdf/tenure.pdf>).

8. Investment Company Institute, "The U.S. Retirement Market, First Quarter 2013" June 2013 (See: www.ici.org/info/ret_13_q1_data.xls).

9. "The U.S. Retirement Market, Second Quarter 2013," September 2013, www.ici.org/info/ret_13_q2_data.xls, Tables 1 and 6.

10. Ibid, Table 1. The \$20.9 trillion figure refers to assets in all kinds of retirement accounts, not just DC plans.

11. American Council of Life Insurers, Product Line Report, Annuity Insurance, February 2013 (Note: \$780 billion is based on 2011 data).