

# Strengthening the United States Retirement Savings System

## Key Findings

The retirement savings system in the U.S. has proven to be highly successful, with participation and retirement assets both rising steadily over time. The financial services industry, backed by supportive government policies, has introduced a number of products and services to further grow retirement savings. Plan sponsors and financial advisors have helped individuals become more familiar and comfortable with retirement savings products and investment strategies.

The report provides an overview of the current retirement system since the implementation of the Employee Retirement Income Security Act (ERISA) in 1974 with an emphasis on financial tools offered for retirement planning. The study compares the retirement savings rate of the U.S. against other advanced economies. The report concludes with an analysis of the potential public policy changes to the retirement system. The main results of the study are:

- The retirement savings system in the U.S. has shifted from traditional employer-sponsored defined benefit (DB) plans to portable and flexible defined contribution (DC) plans and individual retirement accounts (IRAs) that are more suitable for a dynamic American labor force.
- More than two-thirds of American households have accumulated \$19.2 trillion in retirement assets, investing across equities and fixed income securities in the U.S. capital markets. As a whole, private retirement savings currently make up 70% of GDP.
- The success of the U.S. retirement system can be attributed to a combination of supportive government policies, an innovative financial services industry, and an increasingly better informed American population. Surveys show more than half of IRA-owning households consulted with an advisor for asset allocation, investment strategy, and withdrawals.
- Policies to incentivize greater retirement savings across all employee groups (full-time, part-time, different income levels, ages, and company sizes) are needed. Policies should broaden employees' access to retirement savings plans. It is important for these policies to promote education and support programs to inform American workers of the benefits retirement savings and the products that are available.