
Spectrem Group estimates 2011 retirement assets at \$15.374 trillion

By Editor Test Wed, Apr 4, 2012

*There's enough savings in retirement plans to pay off the U.S. national debt, with a couple of hundred billion dollars left over.
Maybe we should bail out our beleaguered nation and start anew...*

In the post-financial crisis world, defined contribution retirement plans are the “haves” and public sector defined benefit plans are the “have-nots,” a new study by the Spectrem Group shows.

Both corporate and government assets climbed for the second year past the previous 2007 high watermark, according to Spectrem’s 2012 Retirement Market Insights report. But government DB plans, which account for 80% of total public-sector retirement assets, still trail 2007 levels.

Employee contributions and favorable markets raised assets of 401(k) and other corporate DC plans to \$3.738 billion in 2011 (from \$3.685 trillion in 2010), or 5.8% above 2007’s \$3.533 trillion in assets. Public-sector DC plans reached \$367 billion in 2011 (from \$354 billion in 2010), or 4% above 2007’s \$353 billion.

But assets in government defined benefit retirement plans totaled just \$2.737 trillion in 2011. That was up slightly from \$2.733 trillion in 2010 but down 8.1% from 2007’s high of \$2.961 trillion.

“Defined benefit plans, especially those in the public sector, are suffering from negative cash flow,” said George H. Walper Jr., president of Spectrem Group. “Even strong market returns on investments won’t be enough to relieve pressure on these plans.”

According to Spectrem Group, the U.S. retirement market has:

- Total assets in 2011 of \$15.374 trillion, including:
 - \$10.4 trillion in total assets of employer-sponsored retirement plans, up 1.9% from 2010’s \$10.2 trillion.
 - Individual retirement accounts (IRAs) hold another \$5.016 trillion in retirement savings.
- Of the \$10.4 trillion in employer-sponsored plans:
 - \$6.263 trillion is in the private sector, including corporate and union plans.
 - \$3.265 trillion is in the public sector, including government and 457 plans.
 - \$829.3 billion is in 403(b) plans—for education, healthcare, and other non-profits.

Spectrem Group’s 2012 Retirement Market Insights report is based on periodic surveys with retirement plan sponsors and participants as well as publicly available data.