

Defined Contribution Plan Deferral: What Are Participants Doing?

Rui Yao, Ph.D., CFP[®], University of Missouri¹

Jie Ying, University of Missouri²

Lada Micheas, University of Missouri³

Using the 2004, 2007 and 2010 Survey of Consumer Finances, this study examines the trend of defined contribution (DC) retirement plan deferral over time. “Buy low and sell high” is an incredibly simple idea. Unfortunately, findings suggest that DC deferral behavior deviates from this principle. Future research is needed to explore reasons for such behavior and provide methods and policies to compensate for this less-than-optimal behavior. Researchers, employers, financial educators and financial practitioners should help the current workforce better understand the behavioral challenges they face and make better decisions for retirement savings.

¹Assistant Professor, Department of Personal Financial Planning, University of Missouri, 239 Stanley Hall, Columbia, MO 65211, Phone: (573) 882-9343. Email: YaoR@missouri.edu

²M.S. student, Department of Economics, University of Missouri

³Assistant Director, SSS Center, Department of Statistics, University of Missouri