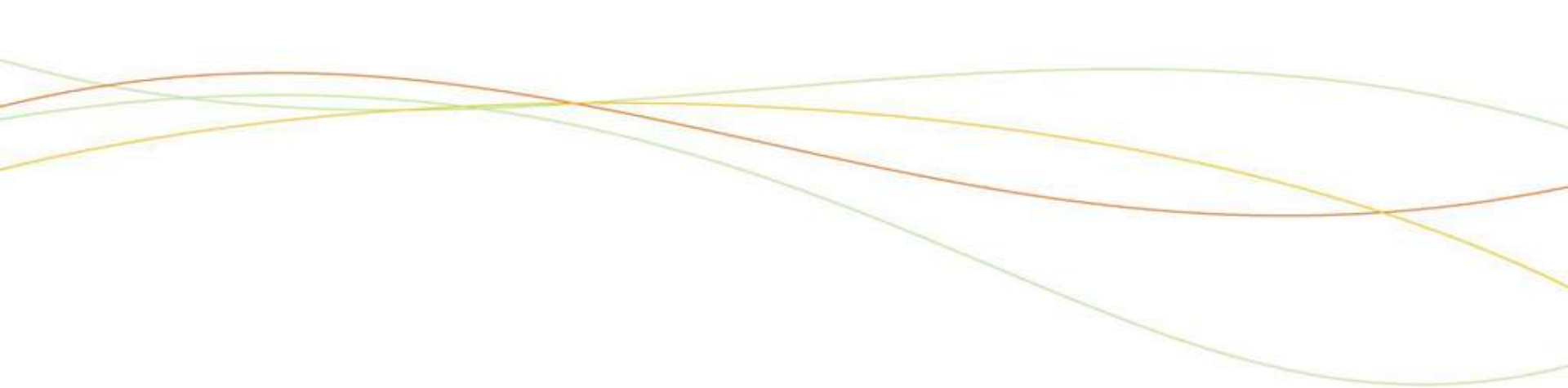


# The Employers' Perspective on Retirement Benefits and Planning

11th Annual Transamerica Retirement Survey

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# **About The Center, About the Survey, Methodology, Terminology, and Respondent Profile**

## About The Center

- The Transamerica Center for Retirement Studies® (“The Center”) is a non-profit private foundation dedicated to educating the public on emerging trends surrounding retirement security in the United States. The Center’s research emphasizes employer-sponsored retirement plans, issues faced by small to mid-sized companies and their employees, and the implications of legislative and regulatory changes.
- The Center is funded by contributions from Transamerica Life Insurance Company and its affiliates and may receive funds from unaffiliated third-parties. For more information about The Center, please refer to [www.transamericacenter.org](http://www.transamericacenter.org).
- The Center and its representatives cannot give ERISA, tax or legal advice. This material is provided for informational purposes only and should not be construed as ERISA, tax or legal advice. Interested parties must consult and rely solely upon their own independent advisors regarding their particular situation and the concepts presented here.
- Although care has been taken in preparing this material and presenting it accurately, The Center disclaims any express or implied warranty as to the accuracy of any material contained herein and any liability with respect to it.

## About The Survey

- Since 1999, the Transamerica Center for Retirement Studies® has conducted a national survey of U.S. business employers and workers regarding their attitudes toward retirement. The overall goals for the study are to illuminate emerging trends, promote awareness, and help educate the public.
- Harris Interactive was commissioned to conduct the Eleventh Annual Retirement Survey for Transamerica Center for Retirement Studies®. Transamerica Center for Retirement Studies® is not affiliated with Harris Interactive.

# Methodology

- A telephone survey was conducted among a nationally representative sample of 601 employers. Potential respondents were targeted based on job title at for-profit companies and met the following criteria:
  - Business executives who make decisions about employee benefits at his or her company
  - Employ 10 employees or more across all locations
- 16 minute telephone interviews were conducted between December 1, 2009 and January 8, 2010.
- Quotas were set for large and small companies and results were weighted as needed using weighting targets from the Dun & Bradstreet database to ensure each quota group had a representative sample based on the number of companies in each employee size range. A full methodology is available.
- Percentages were rounded to the nearest whole percent. Differences in the sums of combined categories/answers are due to rounding.
- Significance was tested at 95% confidence and has been indicated throughout the report in the following ways:
  - Significance between sub-groups is identified by the letters A, B, C, D, etc. next to the significantly higher number for that corresponding sub-group.
  - Significance between 10<sup>th</sup> Annual (2008/09 data) and 11<sup>th</sup> Annual surveys (2009/10 data) has been indicated as follows:
    - = 11<sup>th</sup> Annual result is significantly higher than the result from the 10<sup>th</sup> Annual survey
    - = 11<sup>th</sup> Annual result is significantly lower than the result from the 10<sup>th</sup> Annual survey
- The base size was 301 for large companies and 300 for small companies. Other reduced bases have been noted throughout the report.

# Terminology

*This report uses the following terminology:*

- Small company: 10 to 499 employees
- Large company: 500 or more employees

# Profile of Respondents

N=601		N=601		N=601	
<b>Title</b> (mentions 1% or greater are shown)		<b>Industry</b> (mentions 1% or greater are shown)		<b>Revenue</b>	
<b>HUMAN RESOURCE (NET)</b>	<b>50%</b>	Professional services	35%	Less than \$500,000	5%
Director of HR	24%	Manufacturing	23%	\$500,000 to \$999,999	8%
Human Resources Manager	8%	Service (Retail, Hospitality, Administration)	11%	\$1 million to less than \$5 million	27%
Benefits Manager	7%	Agriculture, Mining, Construction	6%	\$5 million to less than \$10 million	12%
Human Resource	2%	Non-profit organization	4%	\$10 million to less than \$50 million	7%
VP of Human Resources	2%	Transportation, Communications, Utilities	3%	\$50 million to less than \$200 million	3%
HR Specialist	1%	Education	2%	\$200 million to less than \$500 million	1%
HR Coordinator	1%	Whole distribution	1%	\$500 million to less than \$1 billion	1%
Other HR mentions	1%	Church	1%	\$1 billion or more	3%
HR Administrator	1%	Property/Housing/Real estate	1%	DK/Refused	34%
Benefits Analyst/Specialist	1%	Defense Contractor	1%	MEAN (in millions)	\$79.8
<b>GENERAL (NET)</b>	<b>40%</b>	Technology	1%	MEDIAN (in millions)	\$2.4
Controller	9%	Government agency	1%	<b>Number of Full-time Employees</b>	
President	7%	Distributor	1%	10-499 NET	89%
VP/Other VP mentions	5%	Childcare	1%	10 to 24	57%
Office Manager	3%	Some Other Business	8%	25 to 99	26%
Owner	3%	<b>Geography</b>		100 to 499	7%
Accountant/Accounts Manager	2%	East	15%	500+ NET	11%
CFO	2%	Midwest	30%	500 to 999	4%
Director of Finance	2%	South	31%	Over 1,000	7%
Vice President of Operations	2%	West	24%	MEAN	142.7
Finance Manager	1%			MEDIAN	16.2
Chief Operating Officer	1%				
Business Manager	1%				
Secretary	1%				
<b>OTHER</b>	<b>9%</b>				





# Executive Summary

# Executive Summary

## Relative Importance of Various Employee Benefits

- Employers continue to believe employee-funded retirement plans are important to employees, second only to health insurance. Large companies are more likely than small companies to believe in the importance of these self-funded plans.
- Trending shows a steady decline in the perceived importance of defined benefit plans to employees. One third of employers do not think they are important, up from just over one quarter last year.

## Benefit Offerings: Non-Retirement

- As in previous years, health insurance is the benefit most frequently offered to employees. This isn't surprising since employers think it is the most important benefit to employees.

## Benefit Offerings: Retirement

- Employee-funded plans remain the most common retirement benefit offered by employers.
- Since 2006 there has been a continual shift between defined benefit and employee-funded plans. Defined benefit plans continue to be phased out.
  - When employers anticipate changes to their defined benefit plans, they are usually negative changes such as decreasing, freezing, or terminating their plans.

# Executive Summary

## Benefit Offerings: Retirement (*continued*)

- About one quarter of employers have adopted a Roth 401(k), which is similar to last year, but higher than two years ago.
- As in previous years, employers not planning on offering a Roth option in the future cite lack of employee interest as a main reason. However, this year the economy has also emerged as an explanation of why employers will not add a Roth 401(k).
- Consistent with previous findings, one quarter of employers automatically enroll new employees in a self-funded plan, even more so in large companies.
- The median default contribution rate remains at three percent.
  - Additionally, an increased number of employers are selecting more conservative default contribution options for their employees when automatically enrolling them.
- Currently, less than one in ten plan on adding automatic enrollment in the future.

# Executive Summary

## Perceptions and Management of Current Retirement Plan Offerings

- More employers than in previous years believe retirement plan packages are important to employees. The increase is particularly evident among small companies.
- Employers continue to believe they are giving their employees the right information to make decisions about the retirement plan.
- One quarter of employers have implemented programs this year to help employees get back on track with their retirement savings.
- Overall, employers feel confident about their retirement plan offerings.
  - Employers continue to believe employees are satisfied with the number of investment options available, the quality of these options, and with the plans overall.
  - Employers remain satisfied with their plan providers.
- One third of employers would like more information from their retirement plan provider about the fees and expenses associated with the retirement plan.
- As with previous years, about two thirds of employers use an outside advisor to help select their retirement plans and four in five employers feel confident with the plan providers they select.
- Small companies continue to believe plan providers are most accountable for selecting and monitoring investing options for their company plans, while large companies hold plan sponsors most accountable.
  - When it comes to monitoring fees, companies large and small continue to agree the plan sponsor is ultimately responsible.

# Executive Summary

## Perceptions of Employee Involvement with Retirement Planning

- A majority of employers continue to state that excellent retirement benefits would be more attractive to a prospective candidate over a higher salary.
- About four in five employers agree that employees do not know as much as they should about retirement investing. However, there has been a shift in responses over the last few years from “strongly agree” to “somewhat agree.”
- Three quarters of employers agree their employees prefer not to think about or concern themselves with retirement investing until closer to their retirement date.
- Employers consistently agree that their employees could work until age 65 and not save enough to meet their retirement needs. Even so, most employers do not agree that their employees would like more information on how to reach their retirement goals.
- Only about half of employers are confident their employees will be able to achieve a comfortable lifestyle in retirement.
- As in previous years, three quarters of employers believe their employees understand fees and expenses.
  - There are indications that small companies believe their employees are becoming more aware of fees.
- More employers now believe their employees prefer high level summaries with total all-in costs about the fees associated with the company’s retirement plans.

# Executive Summary

## How Employers Manage the Economic Cycle

- Across the board, employers have taken action to contain costs. Large companies, especially, have implemented layoffs or downsizing.
- More than one quarter of employers who made changes to their employee-funded plans last year report decreasing the company match as one of those changes.
- However, there is some positive news - while very few employers added or enhanced retirement benefits this year, one third report hiring additional employees.
- More employers than last year believe their company's financial situation will get better in the coming year.

# Executive Summary

## Large versus Small Employers

- Employees in large companies are better positioned for retirement through their employer than those working in small companies. Large companies are more likely to:
  - Offer their employees defined benefit pension plans.
  - Plan to adopt auto enrollment in the future for employee-funded plans.
  - Educate and give advice about retirement and investing guidance.
  - Offer matching contributions.
  - Make adjustments to their 401(k) offerings.
- Large Employers are also more likely than small employers to offer additional benefits such as life insurance, disability insurance, etc.



## Detailed Findings

- Economic Expectations
- Perceptions of the Relative Importance of Various Employee Benefits
- Benefit Offerings, including Retirement Benefits
- Perceptions and Management of Current Retirement Plan Offerings
- Perceptions of Employee Involvement with Retirement Planning



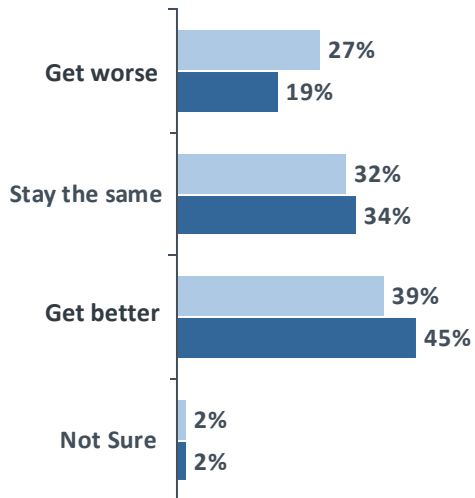
# Employer Economic Expectations

- Almost half of employers believe the U.S. economy will get better in the next 12 months.
- Pessimism about their own company's situation decreased over the last year. About half of employers believe their company's situation will get better.

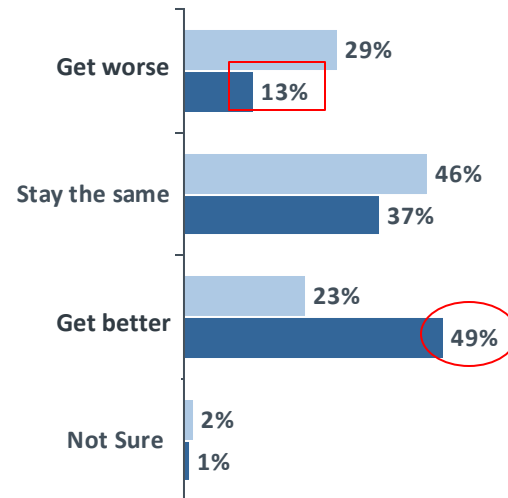
## Total

■ '08/'09 (N=596)  
 ■ '09/'10 (N=601)

**In the next 12 months, they expect the U.S. economy to:**



**In the next 12 months, they expect your company's financial situation to:**



Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: TOTAL RESPONDENTS

Q1400. In the next 12 months, do you expect the U.S. economy to:

Q1405. In the next 12 months, do you expect your company's financial situation to:

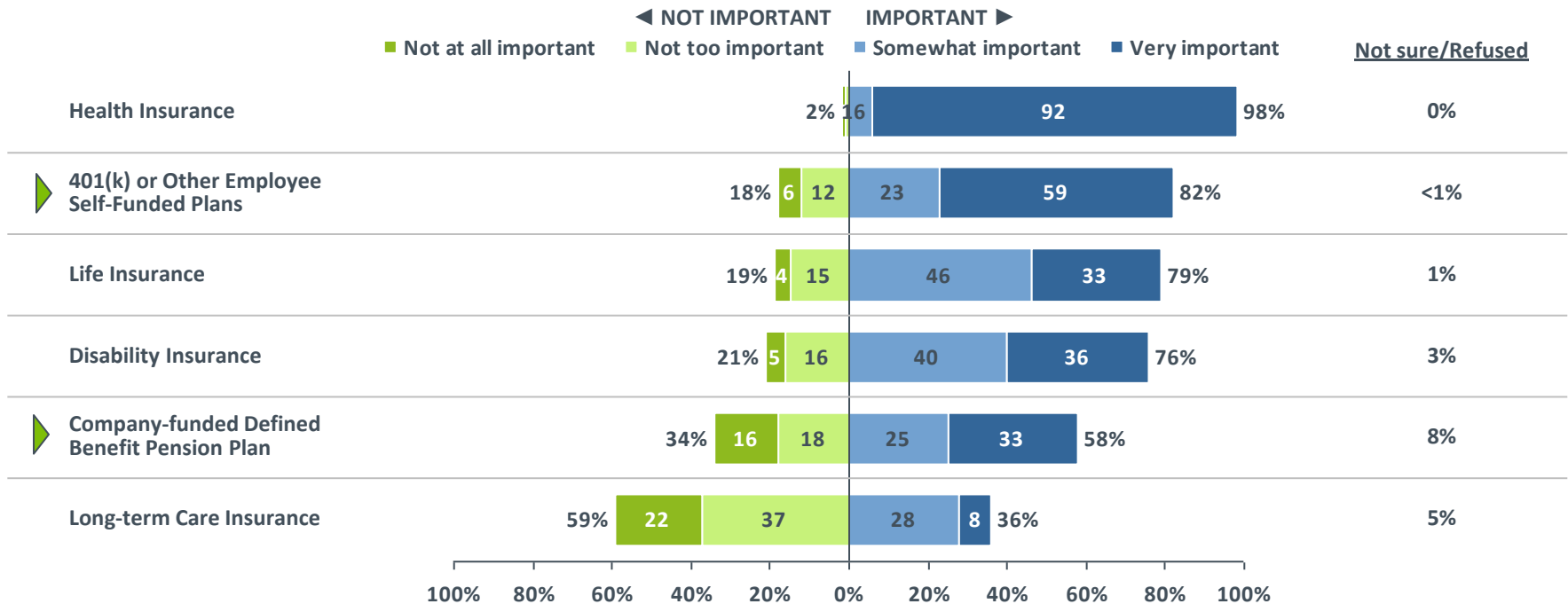


## Detailed Findings

- Economic Expectations
- Perceptions of the Relative Importance of Various Employee Benefits
- Benefit Offerings, including Retirement Benefits
- Perceptions and Management of Current Retirement Plan Offerings
- Perceptions of Employee Involvement with Retirement Planning

# Employee Benefits: Importance

- Employers believe employee-funded retirement plans are the most important benefit to employees next to health insurance.
- One third of employers believe defined benefit plans are also very important to employees.



BASE: TOTAL RESPONDENTS (N=601)

Q520 Do you think your company's employees see this benefit as very important, somewhat important, not too important, or not at all important?

# Employee Benefits: Importance

- Large companies are more likely than small companies to believe disability insurance, life insurance, and employee-funded retirement plans are important to their employees.
- Health insurance is the only benefit where both large and small companies equally believe it is important to their employees.

## Top 2 Box Importance (Very/Somewhat)

### Small Companies

■ '08/'09 (N=296)  
■ '09 (N=300)

(A)

Disability Insurance



Life Insurance



401(k) or Other Employee Self-Funded Plans



Long-term Care Insurance



Company-funded Defined Benefit Pension Plan



Health Insurance



### Large Companies

■ '08/'09 (N=300)  
■ '09 (N=301)

(B)



**G A P**  
(Large minus Small)

+24  
+21

+22  
+20

+18  
+15

+10  
+4

+2  
+15

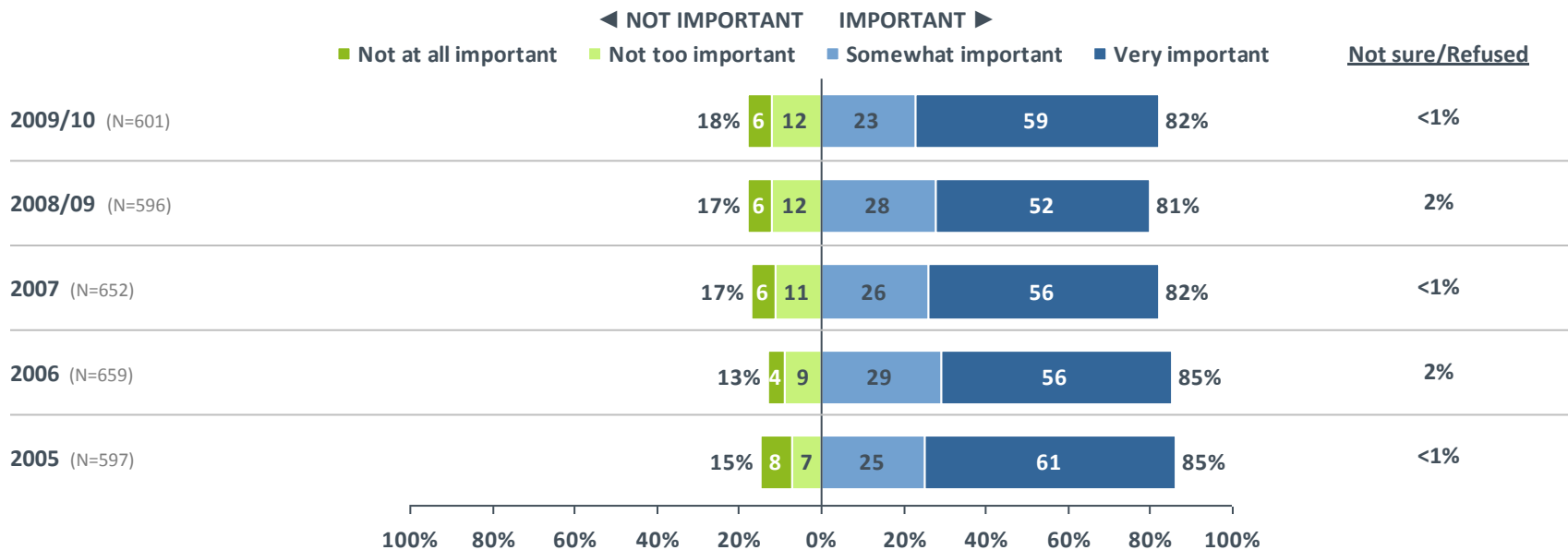
+1  
+2

BASE: TOTAL RESPONDENTS

Q520 Do you think your company's employees see this benefit as very important, somewhat important, not too important, or not at all important?

# Employee Benefits: Importance of 401(k) or Other Employee Self-Funded Plans

- Consistent with previous years, employers feel employee-funded retirement plans are important to their employees.



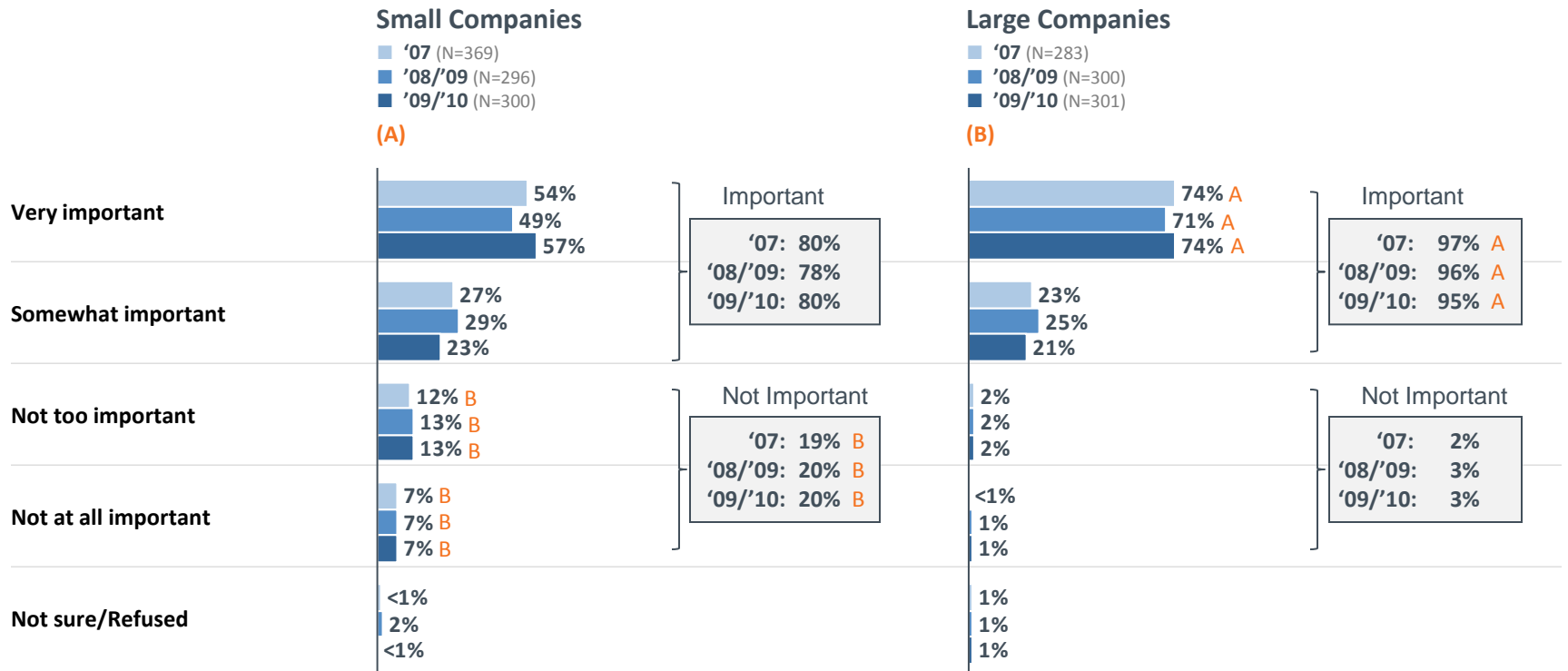
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: TOTAL RESPONDENTS

Q520 Do you think your company's employees see this benefit as very important, somewhat important, not too important, or not at all important?

# Employee Benefits: Importance of 401(k) or Other Employee Self-Funded Plans

- Larger companies are more likely than small companies to feel employee self-funded plans are important.



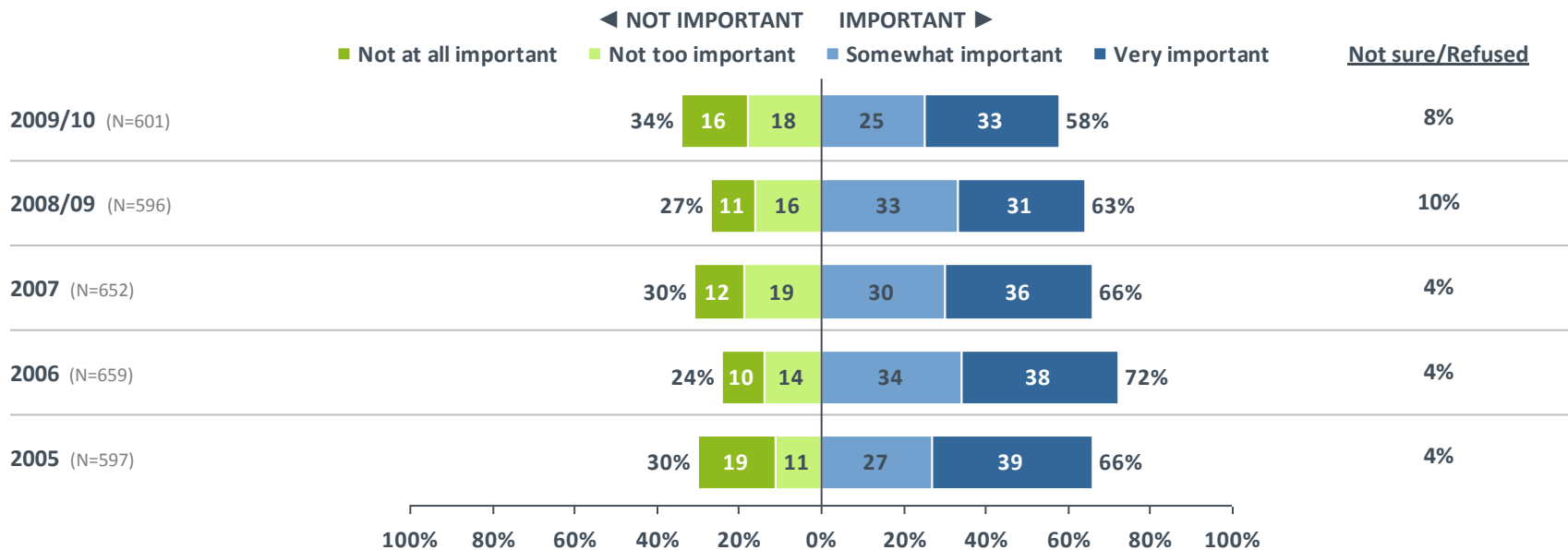
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: TOTAL RESPONDENTS

Q520 Do you think your company's employees see this benefit as very important, somewhat important, not too important, or not at all important?

# Employee Benefits: Importance of Company-funded Defined Benefit Pension Plan

- One-third of employers do not believe pension plans are important to employees.
- Employers continue to feel pension plans are less important to employees.



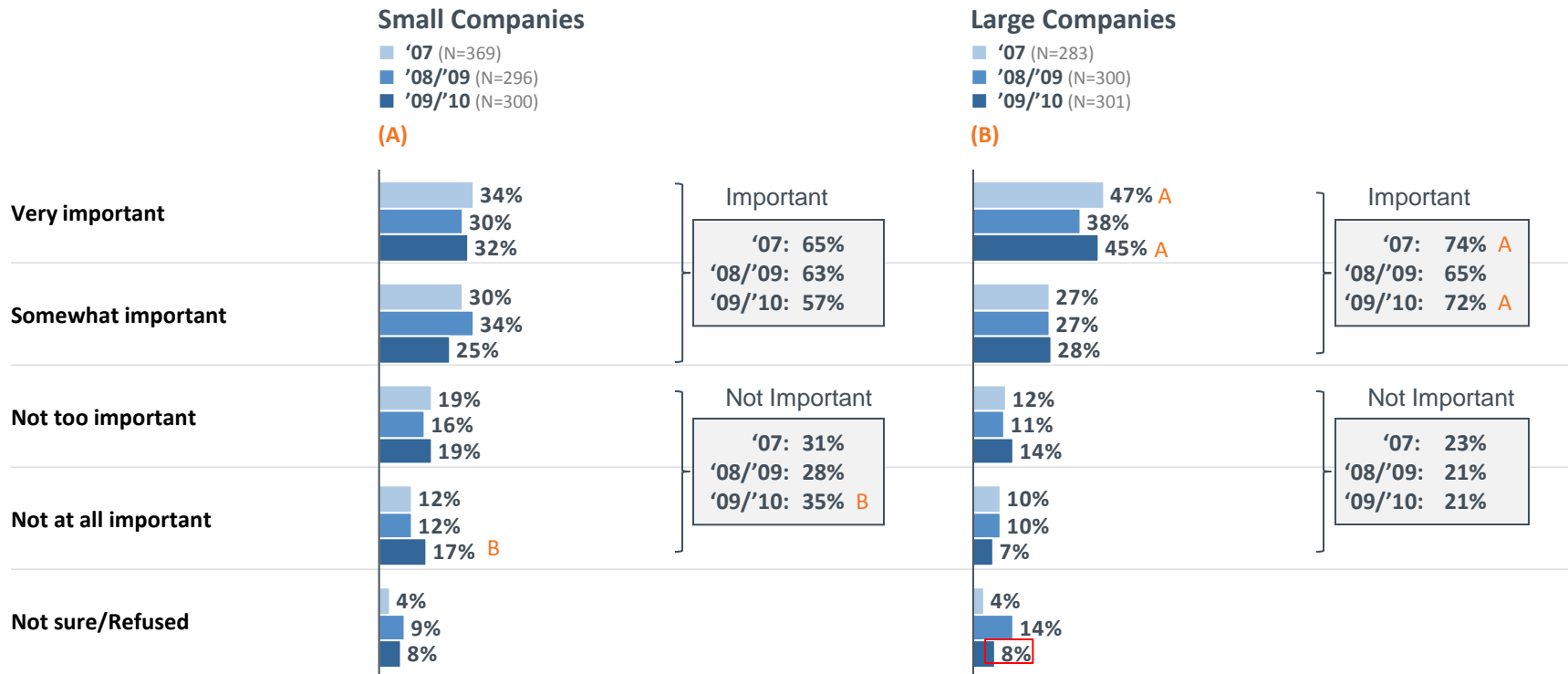
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: TOTAL RESPONDENTS

Q520 Do you think your company's employees see this benefit as very important, somewhat important, not too important, or not at all important?

# Employee Benefits: Importance of Company-funded Defined Benefit Pension Plan

- Large companies continue to believe defined benefit plans are important to employees.
- Smaller companies are more likely to say a defined benefit is not at all important.



Note: Significance testing was only conducted between 2008/09 and 2009/10.

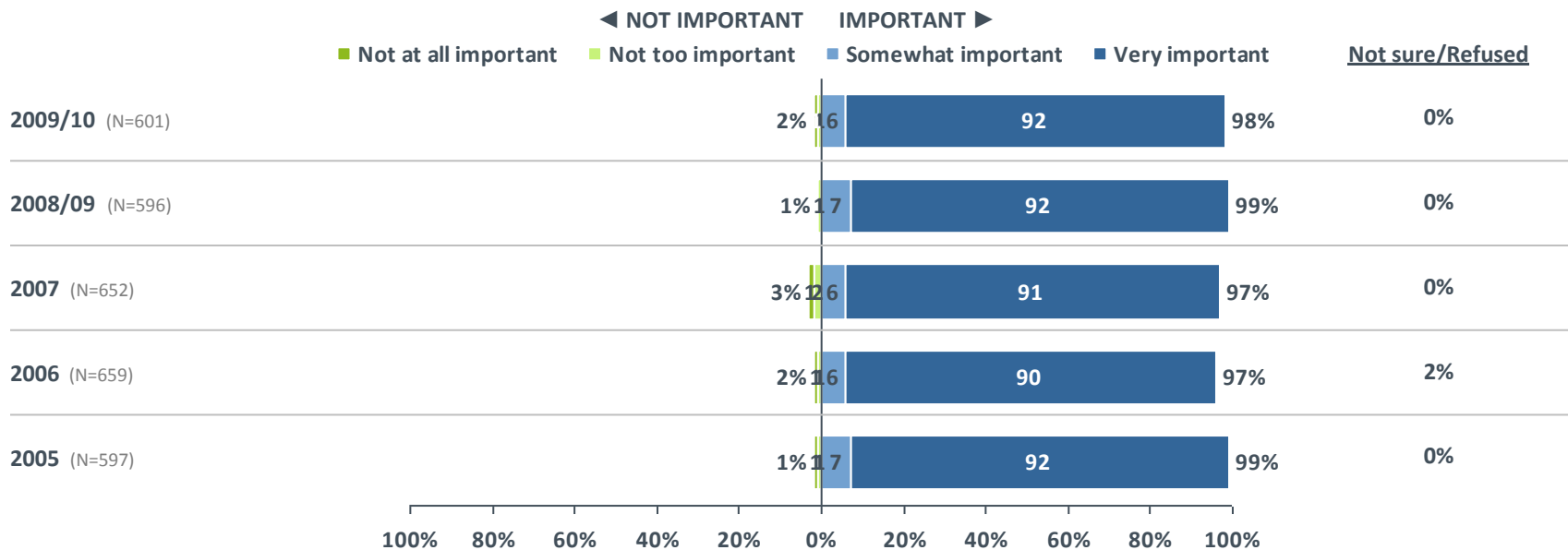
BASE: TOTAL RESPONDENTS

Q520 Do you think your company's employees see this benefit as very important, somewhat important, not too important, or not at all important?



# Employee Benefits: Importance of Health Insurance

- Health insurance continues to be regarded as a highly important benefit for workers.



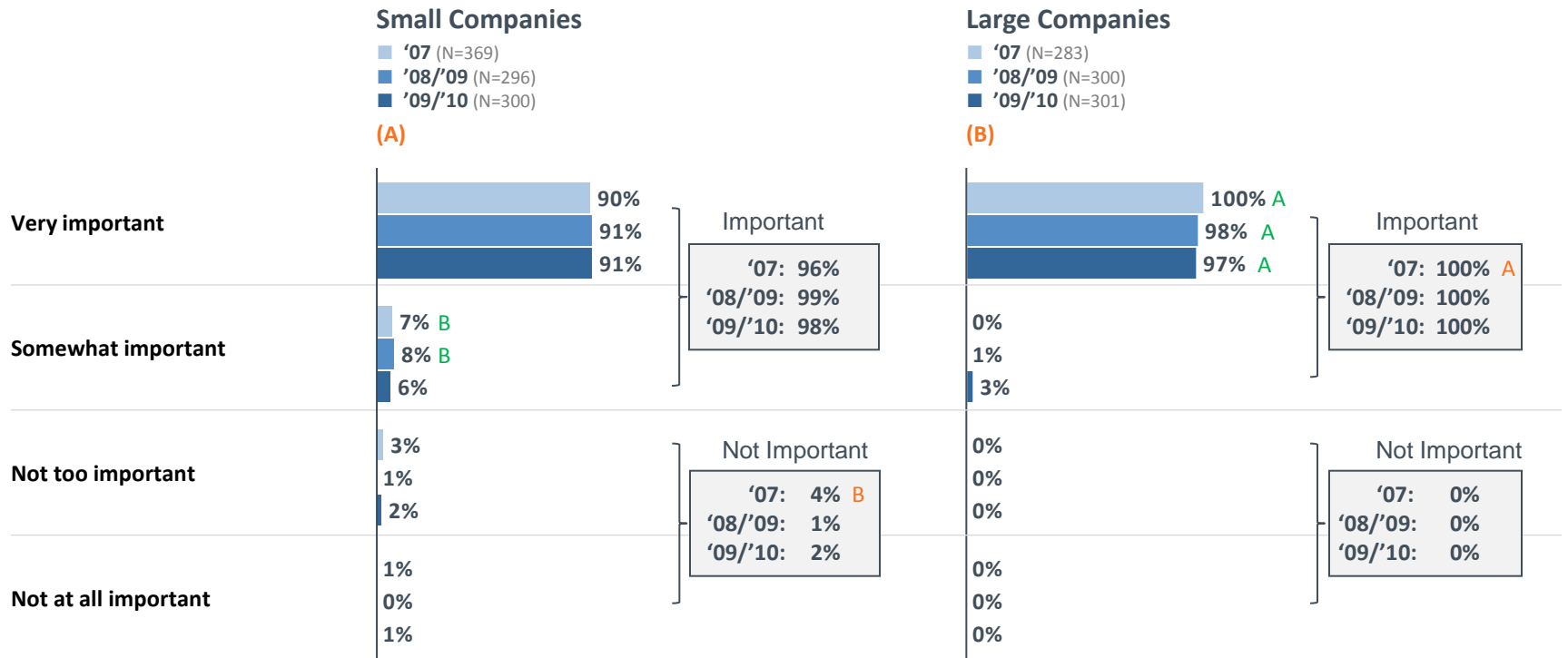
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: TOTAL RESPONDENTS

Q520 Do you think your company's employees see this benefit as very important, somewhat important, not too important, or not at all important?

# Employee Benefits: Importance of Health Insurance

- While health insurance is important across large and small companies, large companies are more likely to believe it is very important.



Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: TOTAL RESPONDENTS

Q520 Do you think your company's employees see this benefit as very important, somewhat important, not too important, or not at all important?

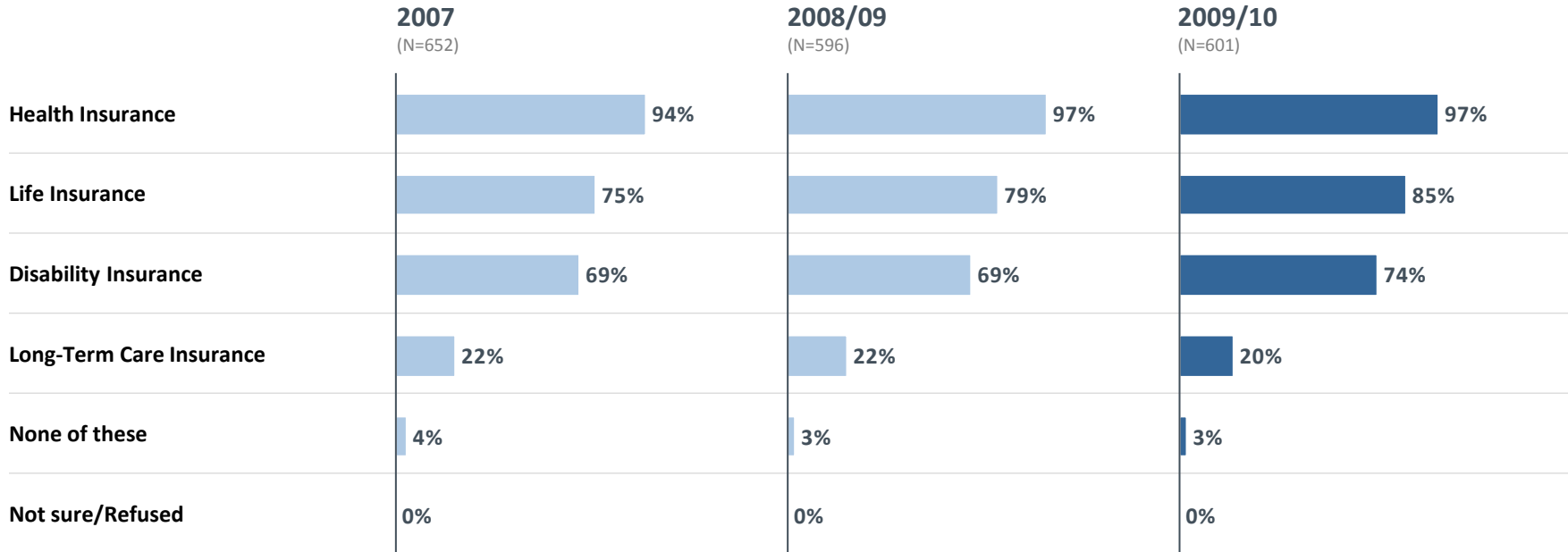


## Detailed Findings

- Economic Expectations
- Perceptions of the Relative Importance of Various Employee Benefits
- Benefit Offerings, including Non-Retirement Benefits
- Perceptions and Management of Current Retirement Plan Offerings
- Perceptions of Employee Involvement with Retirement Planning

# Benefit Offerings: Non-Retirement

- With health insurance thought to be the most important benefit, it makes sense that it is also the most likely to be offered, followed by life insurance, and then disability.
- There are directional increases in the number of employers offering life and disability insurance over the last three years.



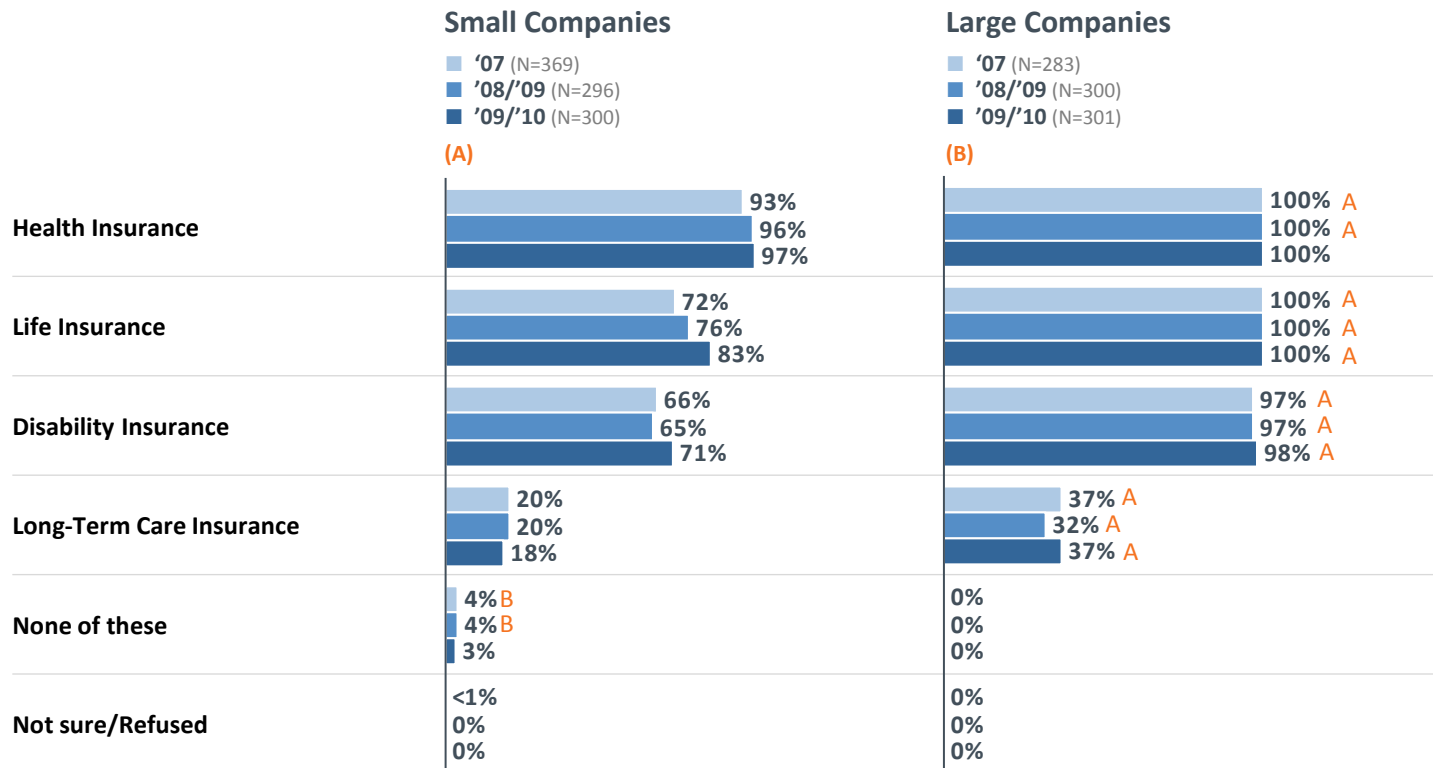
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: TOTAL RESPONDENTS

Q1021. Now we would like to ask you what benefits your company currently offers to its employees. Does your company currently offer...? CHOOSE ALL THAT APPLY.

# Benefit Offerings: Non-Retirement

- Large companies are more likely to offer these benefits to their employees.



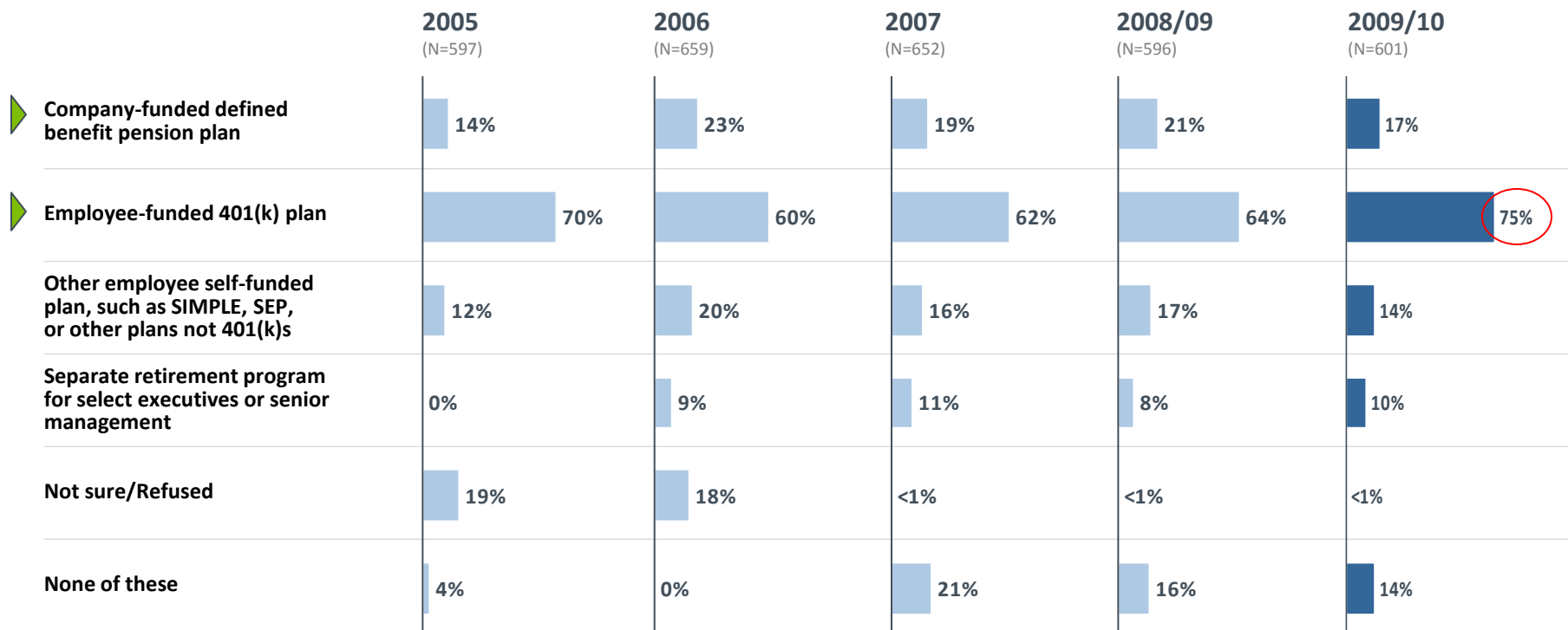
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: TOTAL RESPONDENTS

Q1021. Now we would like to ask you what benefits your company currently offers to its employees. Does your company currently offer...? CHOOSE ALL THAT APPLY.

## Benefit Offerings: Retirement Plans

- The percentage of employers who offer defined benefit pension plans continues to decrease.
- Employers continue to be more likely to offer employee-funded plans.



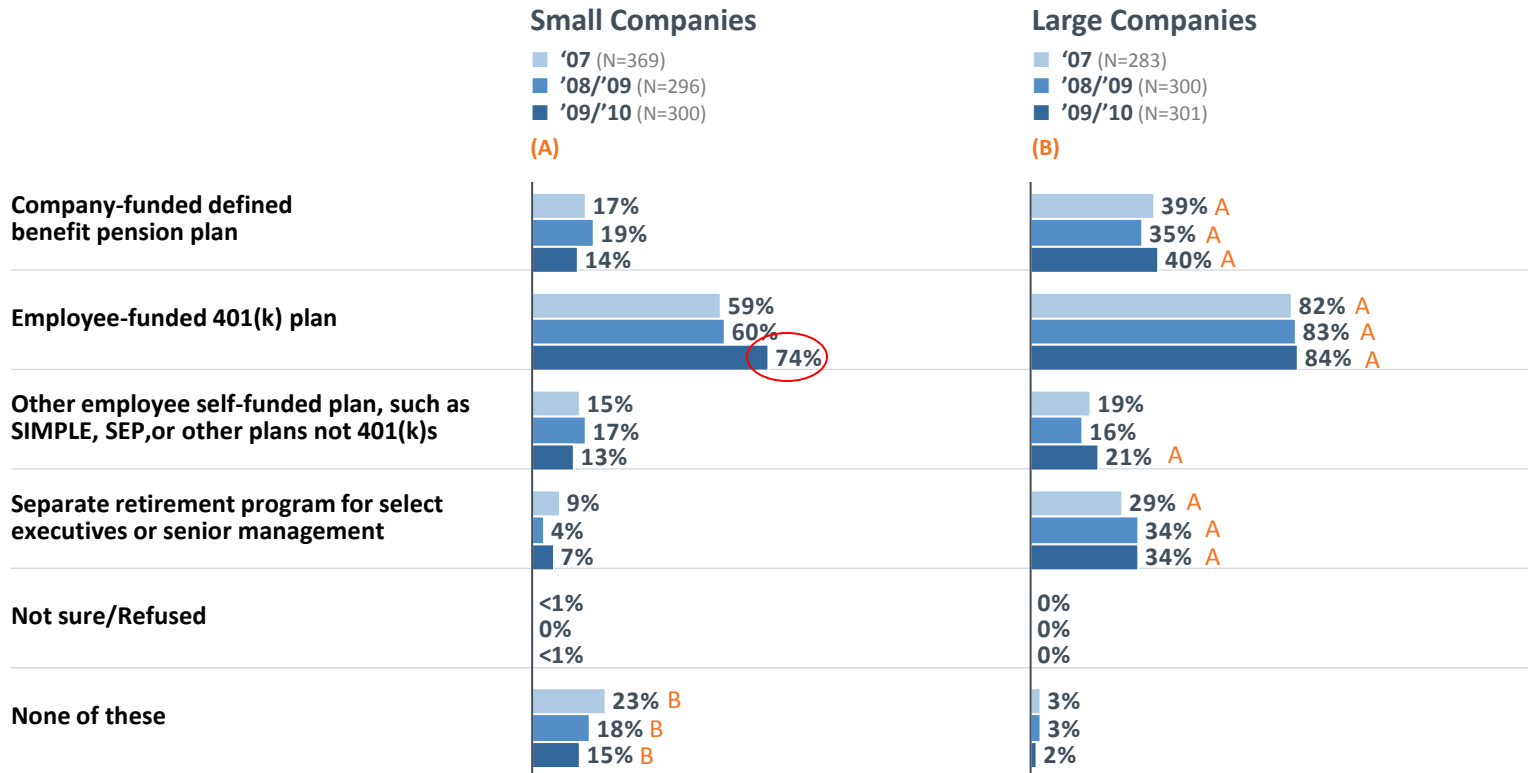
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: TOTAL RESPONDENTS

Q530. Which of the following retirement benefits does your company offer? CHOOSE ALL THAT APPLY.

# Benefit Offerings: Retirement Plans

- Large companies are more likely than smaller companies to offer any type of retirement benefits.



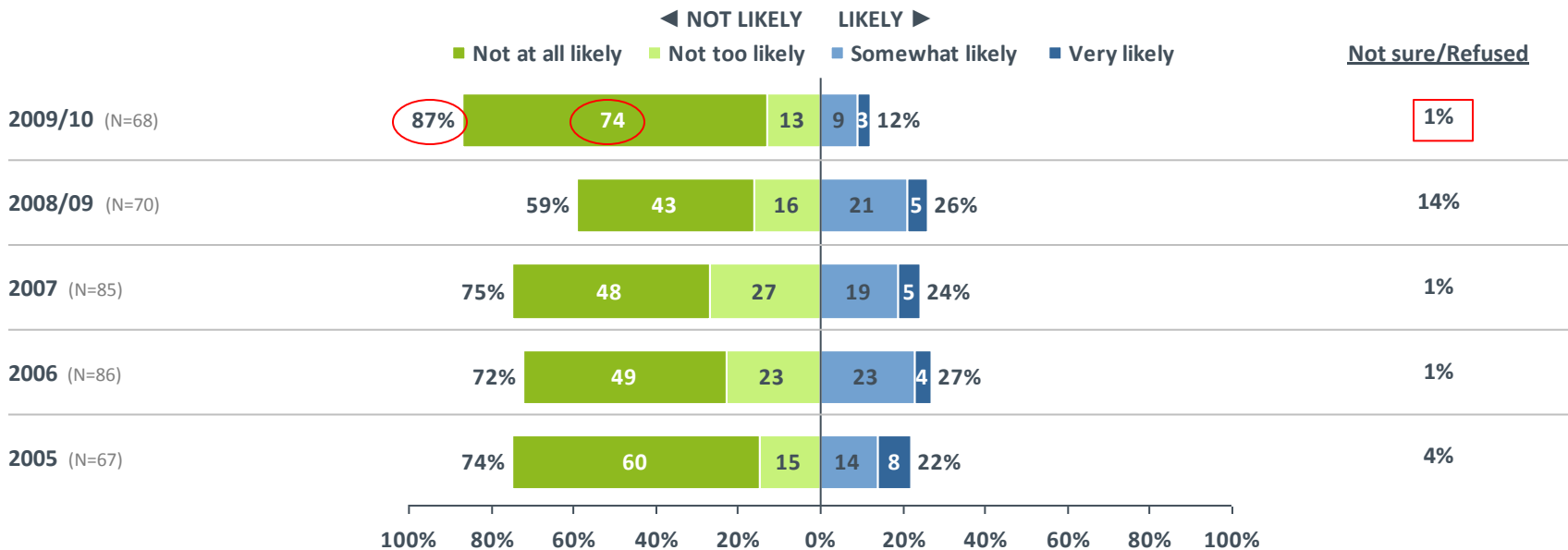
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: TOTAL RESPONDENTS

Q530. Which of the following retirement benefits does your company offer? CHOOSE ALL THAT APPLY.

# Benefit Offerings: Likelihood of Offering an Employee-funded Retirement Plan

- Employers who do not offer employee-funded plans are much less likely to anticipate offering these plans within the next two years.



Note: Significance testing was only conducted between 2008/09 and 2009/10.

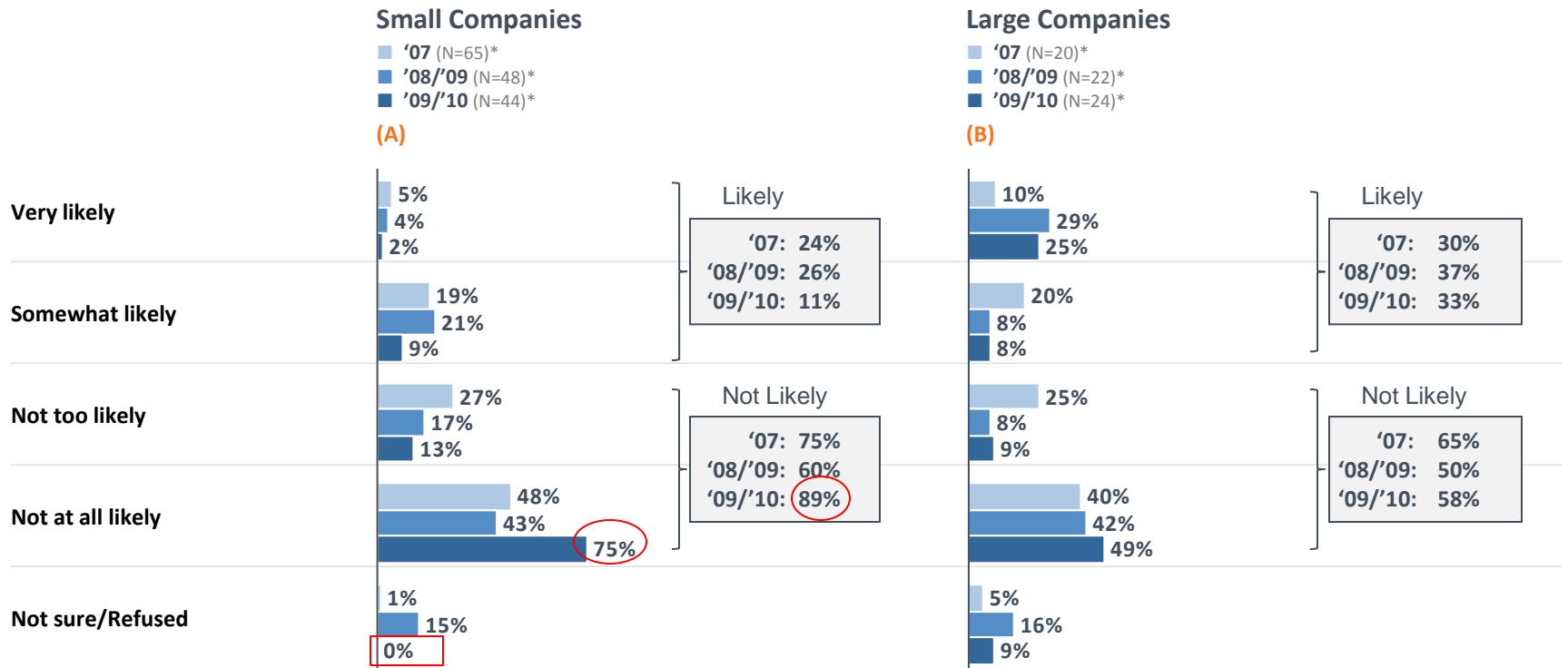
BASE: DOES NOT OFFER 401(k) NOR OTHER SELF FUNDED PLAN

Q600. How likely is your company to begin offering an employee-funded retirement plan package like a 401(k) to its employees in the next two years? Would you say very likely, somewhat likely, not too likely, or not at all likely?



# Benefit Offerings: Likelihood of Offering an Employee-funded Retirement Plan

- Small companies are less likely than they have been in previous years to offer these plans in the future.



\*Small base size

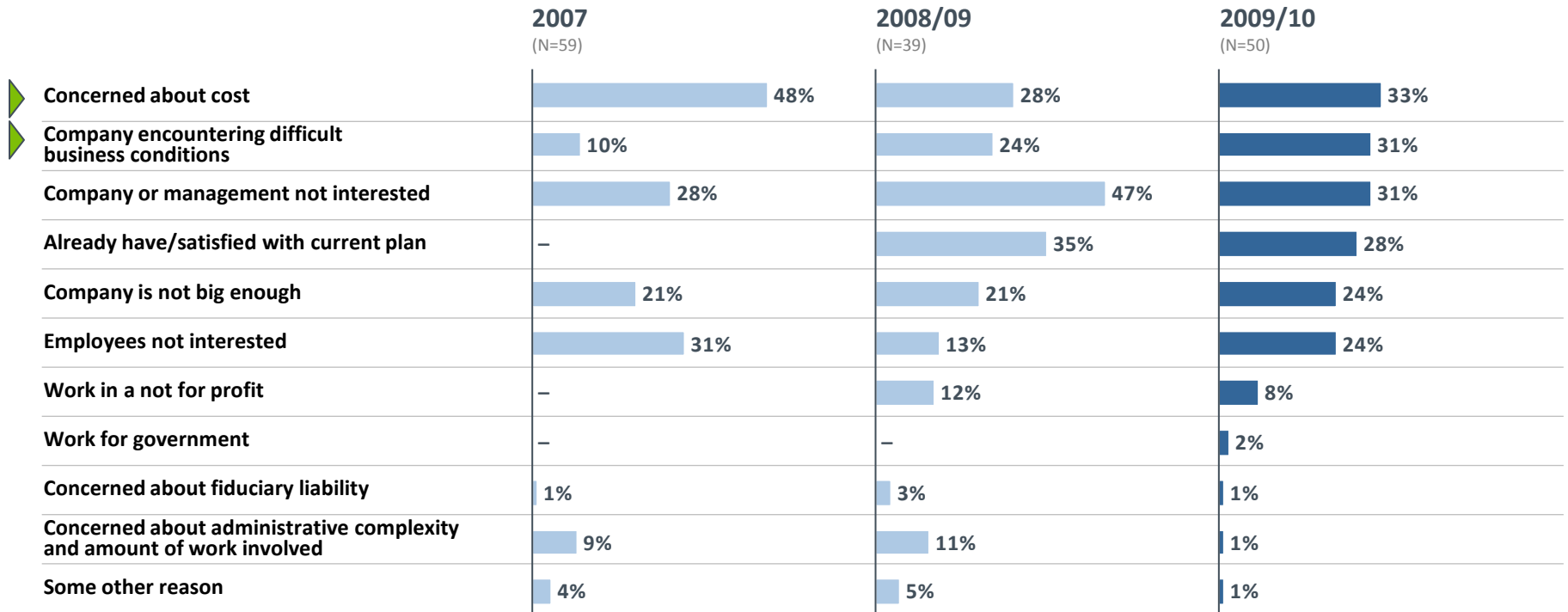
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: DOES NOT OFFER 401(k) NOR OTHER SELF FUNDED PLAN

Q600. How likely is your company to begin offering an employee-funded retirement plan package like a 401(k) to its employees in the next two years? Would you say very likely, somewhat likely, not too likely, or not at all likely?

# Benefit Offerings: Reasons Not Likely to Offer Employee-funded Plan

- There are indications that concerns about cost and encountering difficult business conditions are weighing more heavily on employers.



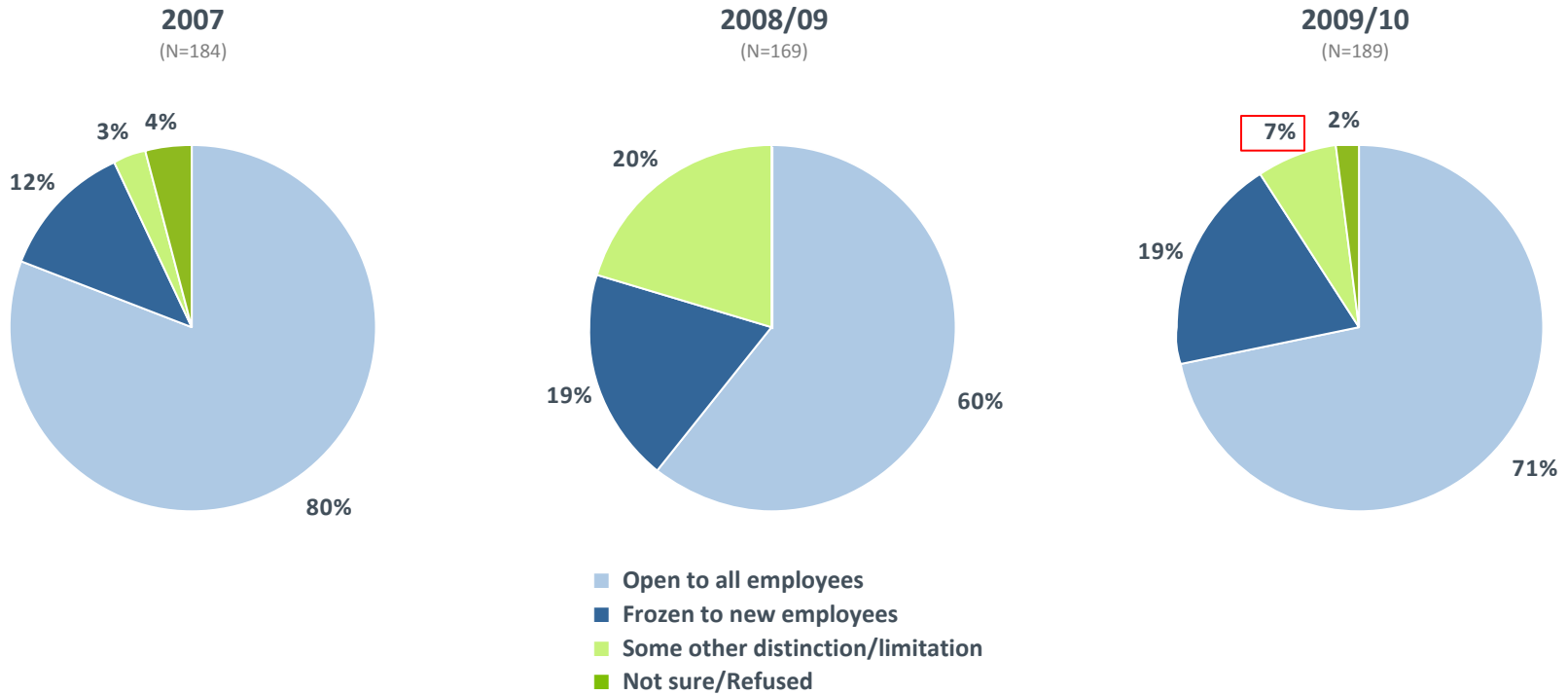
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: NOT LIKELY TO OFFER 401(k) IN NEXT 2 YEARS

Q610. Why is your company not likely to offer a plan in the next two years? CHOOSE ALL THAT APPLY.

# Benefit Offerings: Defined Benefit Plans - Enrollment

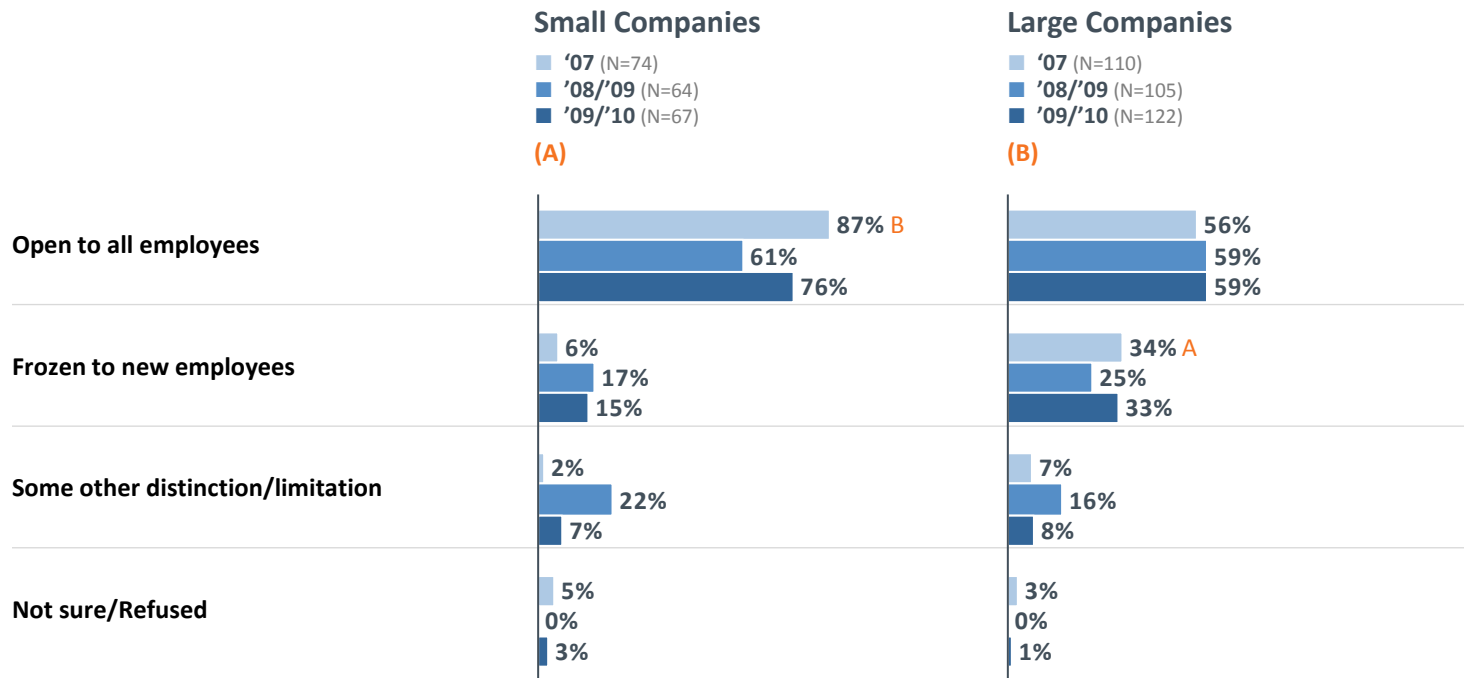
- About seven in ten employers who offer defined benefits say their defined benefit plan is open to all employees, including new hires.



Note: Significance testing was only conducted between 2008/09 and 2009/10.  
BASE: OFFERS COMPANY-FUNDED DEFINED BENEFIT PLAN  
Q1010. Is your company-funded defined benefit pension plan open to all employees, or frozen to new employees?

# Benefit Offerings: Defined Benefit Plans - Enrollment

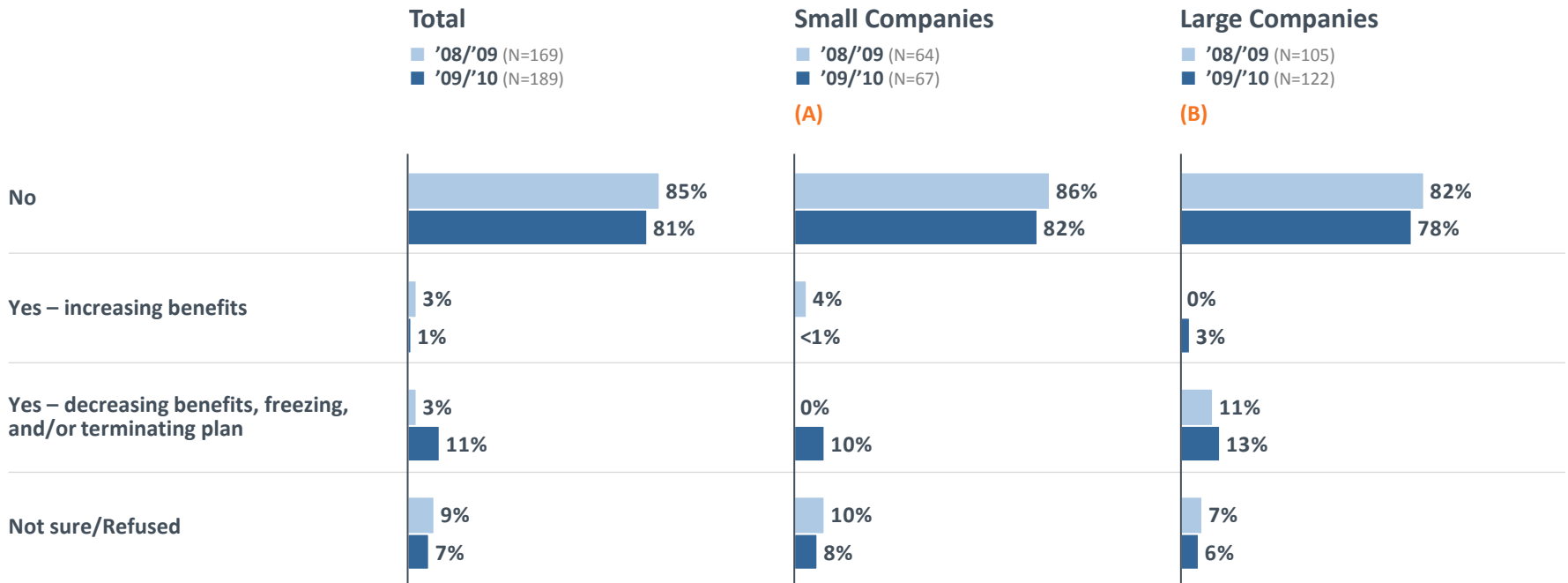
- While large companies are more likely than small companies to offer company-funded defined benefit pension plans, they are more likely to have them frozen to new employees.



Note: Significance testing was only conducted between 2008/09 and 2009/10.  
 BASE: OFFERS COMPANY-FUNDED DEFINED BENEFIT PLAN  
 Q1010. Is your company-funded defined benefit pension plan open to all employees, or frozen to new employees?

# Benefit Offerings: Defined Benefit Plans - Changes in Next 12 Months

- Four in five employers who offer defined benefit plans do not anticipate making any changes in the next 12 months.



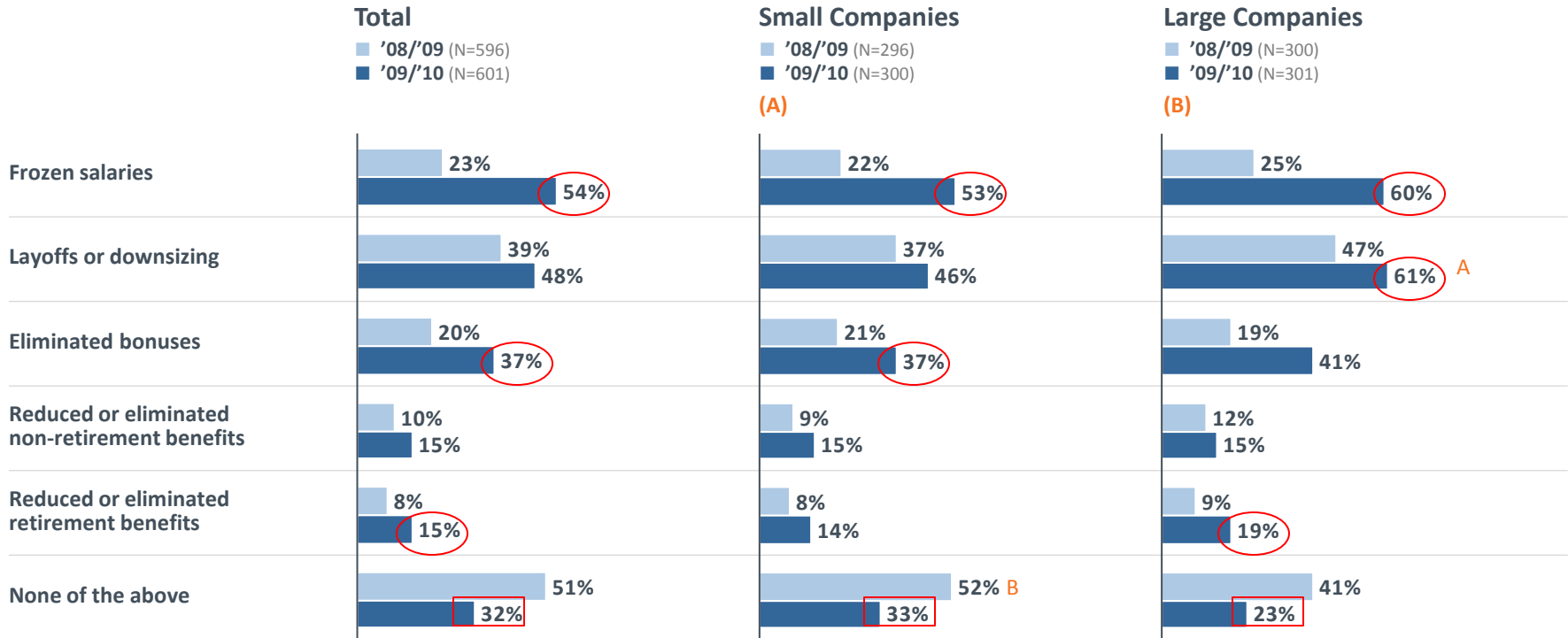
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS COMPANY-FUNDED DEFINED BENEFIT PLAN

Q1425. Is your company considering changes to its company-funded defined benefit pension plan in the next twelve months?

# Benefit Offerings: Negative Measures in Last 12 Months

- Large and small companies were more likely to have eliminated or made reductions to their retirement benefits package.
- Layoffs or downsizing was more common among large companies.



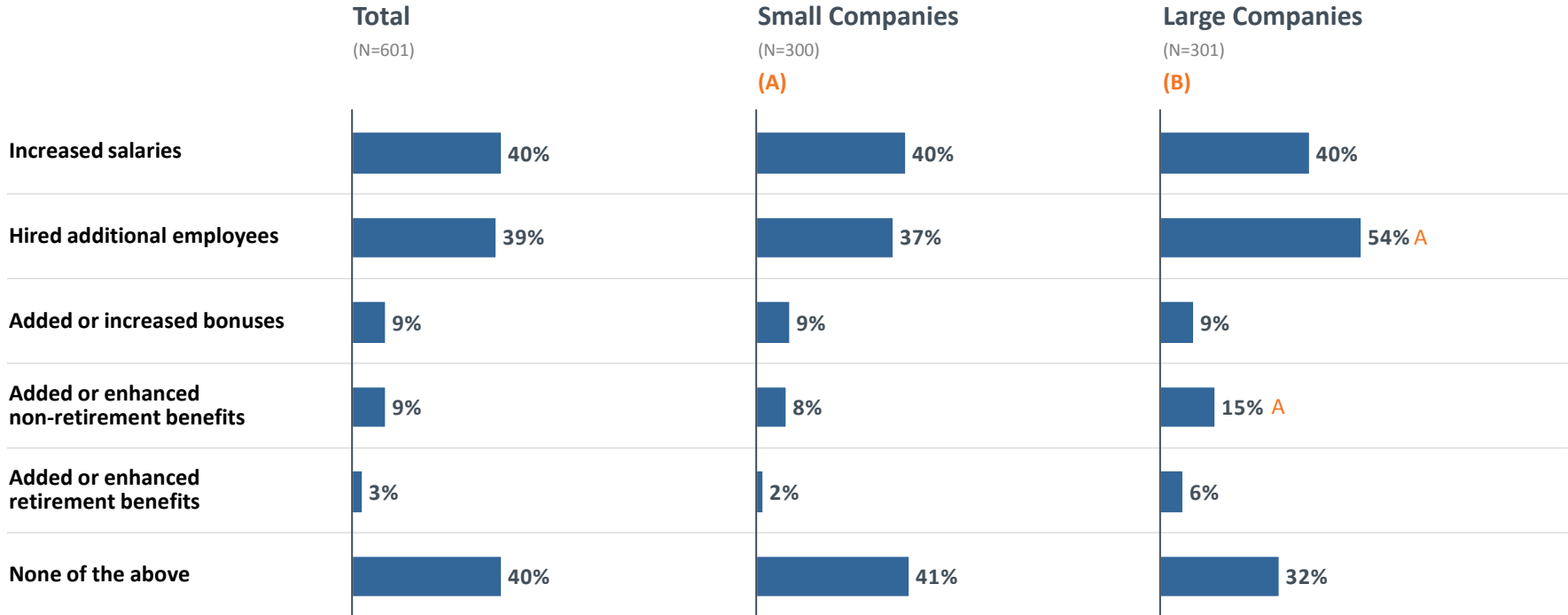
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: TOTAL RESPONDENTS

Q1410. Has your company implemented any of the following measures in the last 12 months? Choose ALL that apply.

# Benefit Offerings: Positive Measures in Last 12 Months

- Although companies had to implement various costs reductions, over half were able to implement some positive measures for employees.
  - Despite the large number of layoffs, some companies reported hiring.
  - Although large companies were more likely to reduce retirement benefits, they have also been more likely than small companies to add or enhance non-retirement benefits.



BASE: TOTAL RESPONDENTS

NEW QUESTION IN WAVE 11: Q1411. Has your company implemented any of the following positive measures over the last 12 months?

# Benefit Offerings: Negative vs. Positive Measures in Last 12 Months

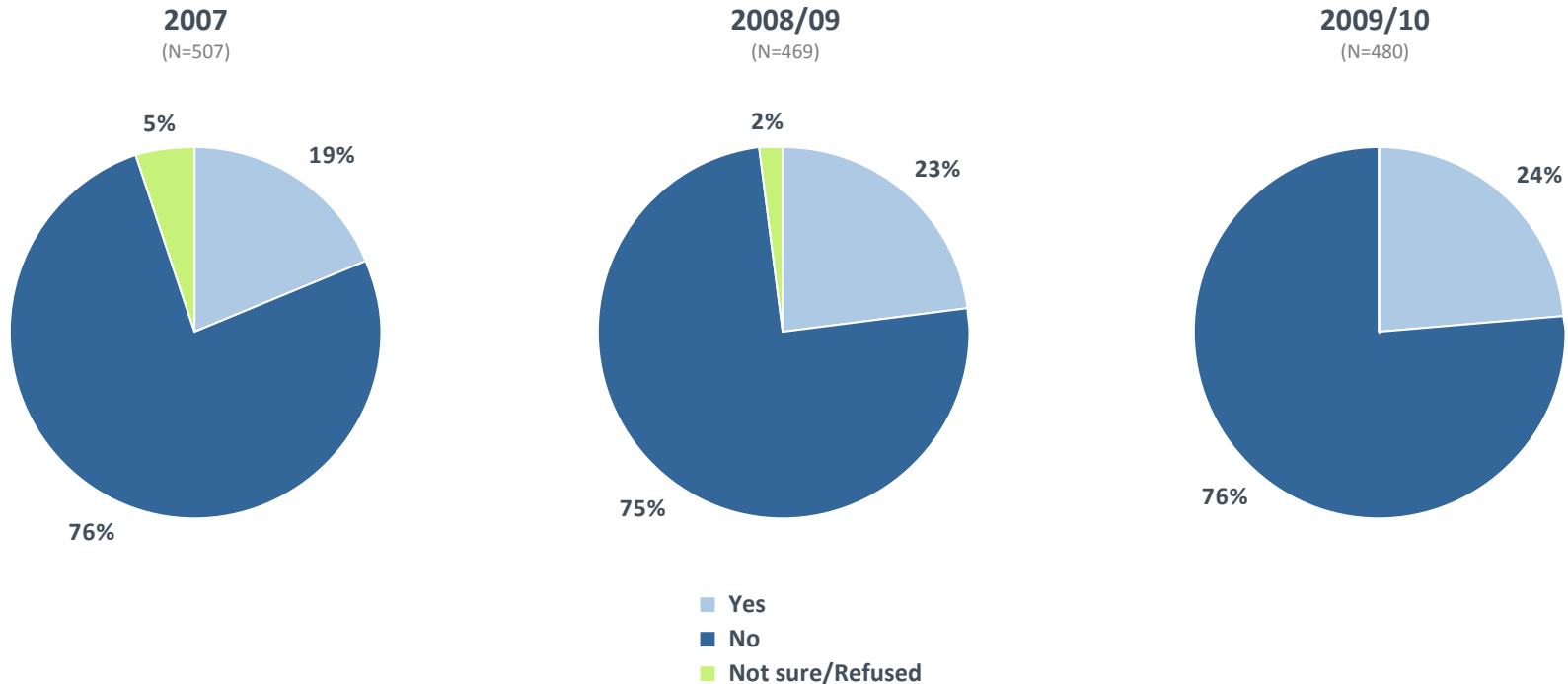
- Unfortunately, the implementation of negative measures were more common than positive ones.

Total (N=601)	Negative Measures		Positive Measures	Difference
Frozen salaries	54%	Increased salaries	40%	14
Layoffs or downsizing	48%	Hired additional employees	39%	9
Eliminated bonuses	37%	Added or increased bonuses	9%	28
Reduced or eliminated non-retirement benefits	15%	Added or enhanced non-retirement benefits	9%	6
Reduced or eliminated retirement benefits	15%	Added or enhanced retirement benefits	3%	12
None of the above	32%	None of the above	40%	-8



# Benefit Offerings: Adoption of Roth 401(k) Options

- About one quarter of employers have adopted a Roth 401(k) plan. This is consistent with last year, and increased from two years ago.



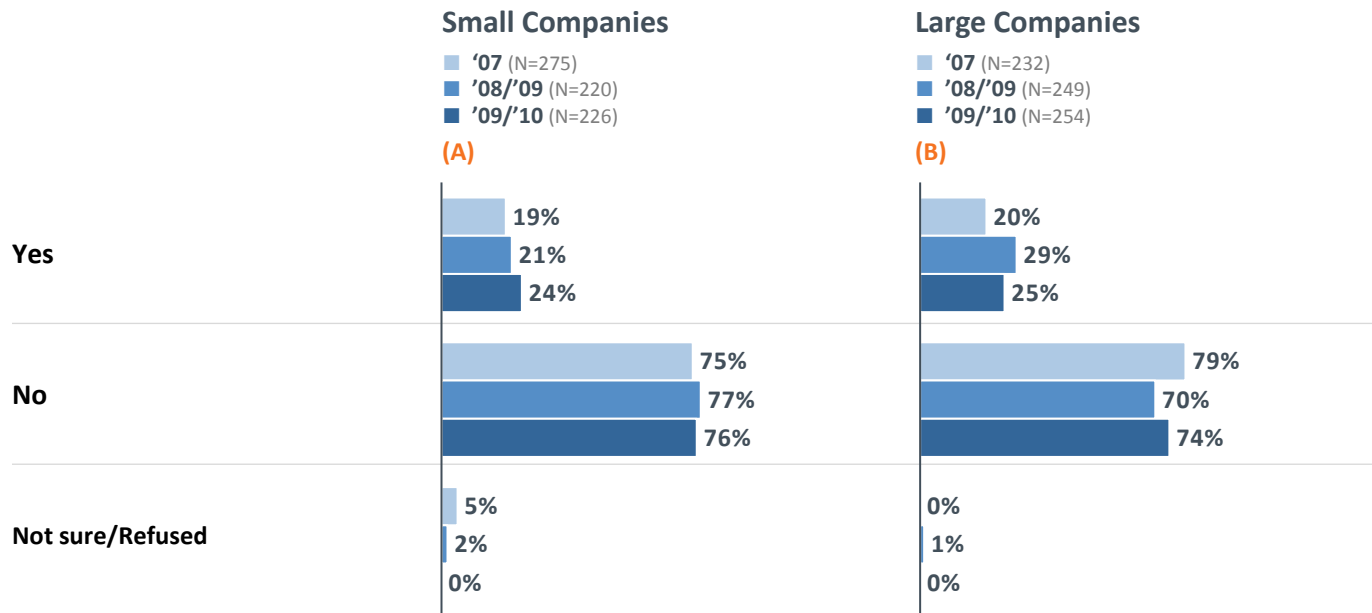
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN

Q540. Has your company adopted the Roth 401(k) option?

# Benefit Offerings: Adoption of Roth 401(k) Options

- About the same number of small and large companies have opted to offer the Roth 401(k) option.



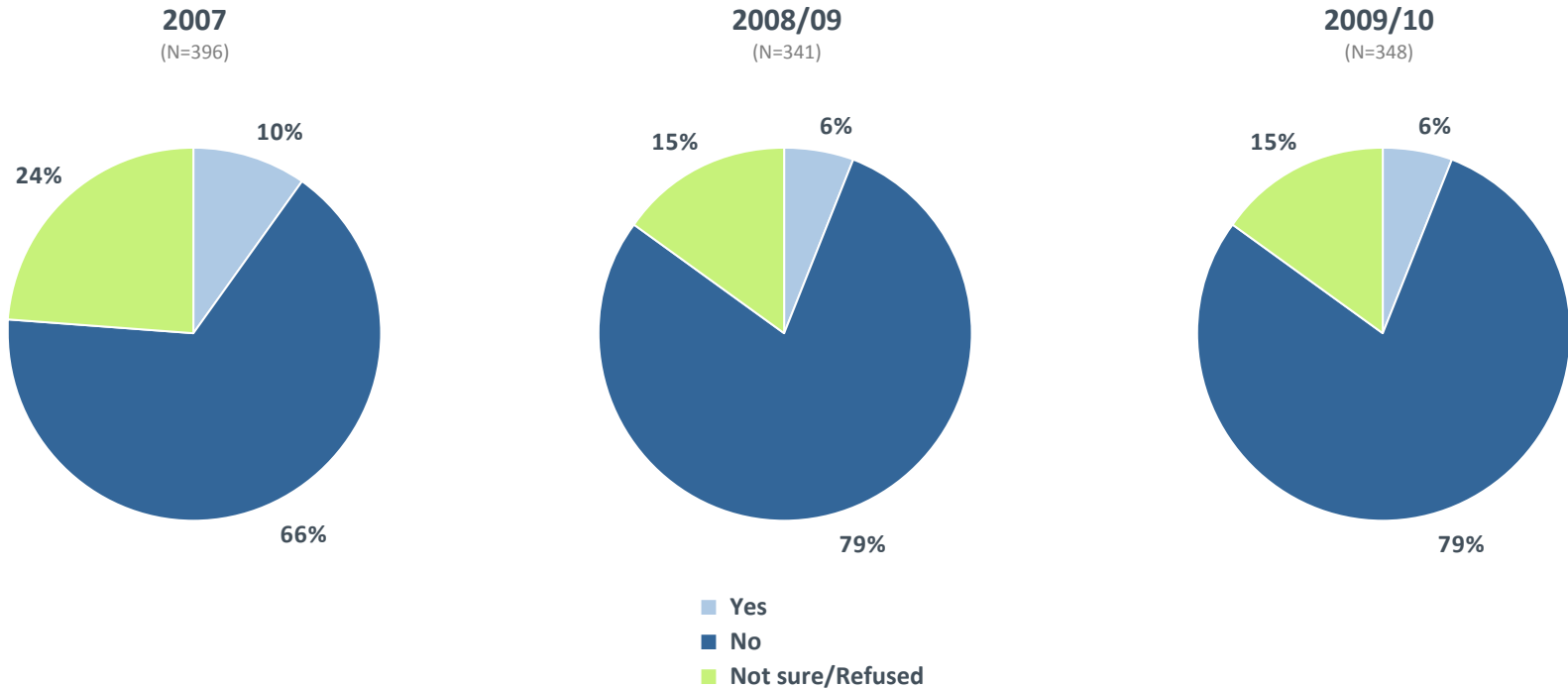
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN

Q540. Has your company adopted the Roth 401(k) option?

# Benefit Offerings: Future Adoption of Roth 401(k) Options

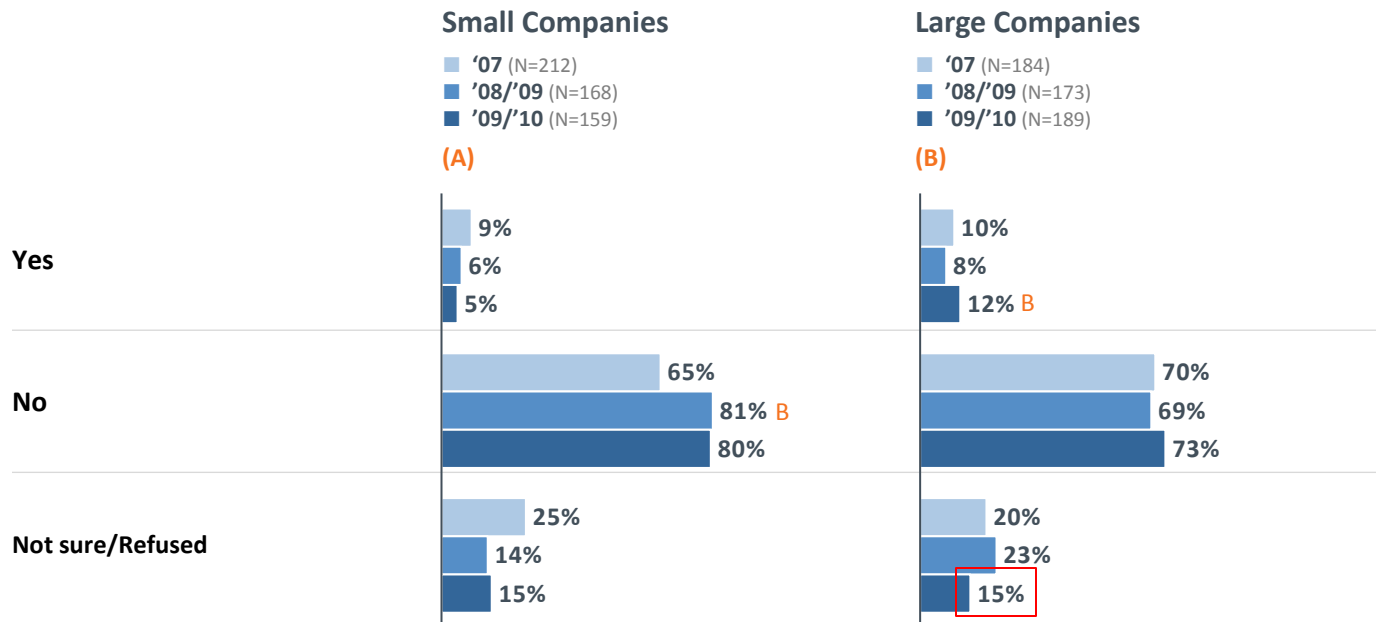
- Consistent with last year's finding, fewer employers than in 2007 expect to adopt this option in the future.



Note: Significance testing was only conducted between 2008/09 and 2009/10.  
BASE: DOES NOT OFFER ROTH 401(k) PLAN  
Q550. Does your company plan to adopt a Roth 401(k) option in the future?

# Benefit Offerings: Future Adoption of Roth 401(k) Options

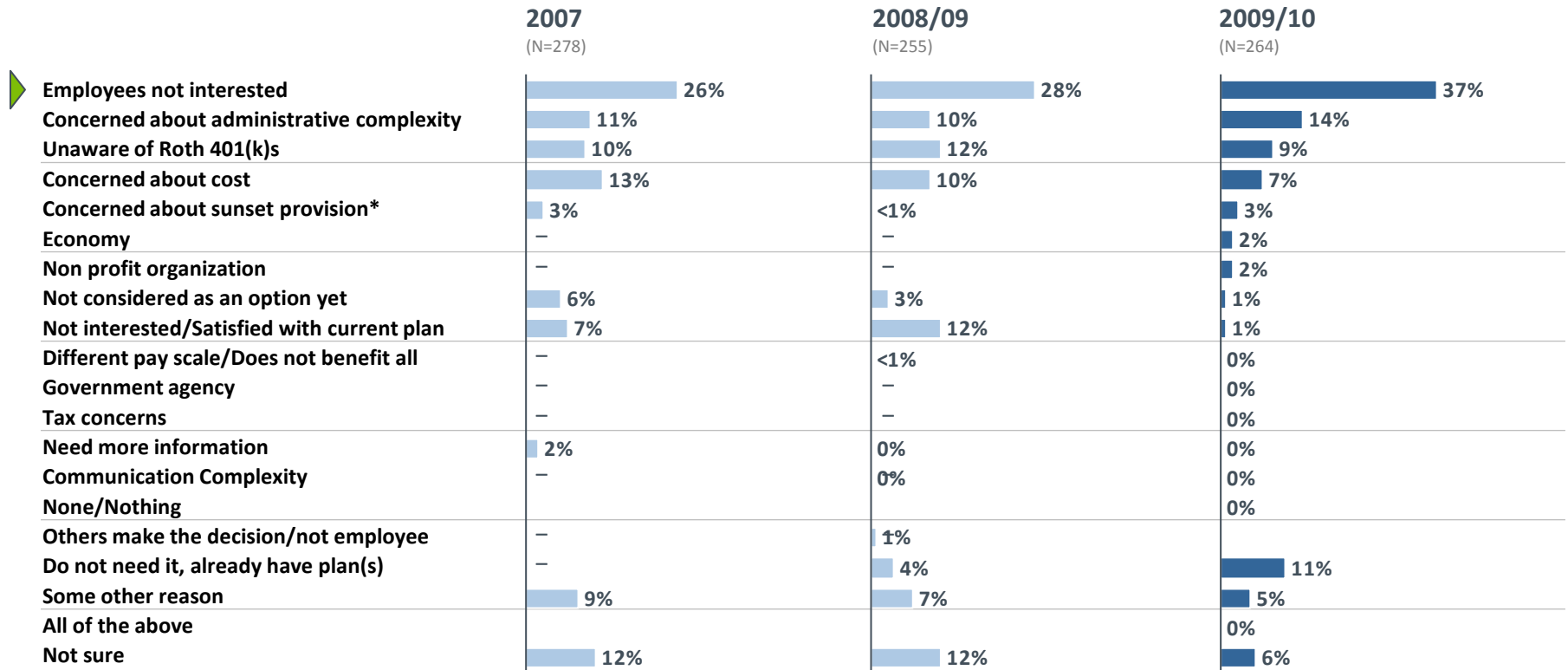
- While a majority of employers do not plan to offer the Roth 401(k) option to their employees, large companies are more likely than small companies to consider offering this options in the future.



Note: Significance testing was only conducted between 2008/09 and 2009/10.  
 BASE: DOES NOT OFFER ROTH 401(k) PLAN; 2007 (N=396), 2009 (N=341)  
 Q550. Does your company plan to adopt a Roth 401(k) option in the future?

# Benefit Offerings: Reasons For Not Adopting Roth 401(k)

- Perceived lack of employee interest continues to be the most frequent explanation for why employers do not plan to adopt a Roth 401(k) plan.
- Additionally, some employers are concerned about administrative complexity.



\*The Pension Protection Act eliminated the sunset provisions, however there may be a few companies who are unaware.

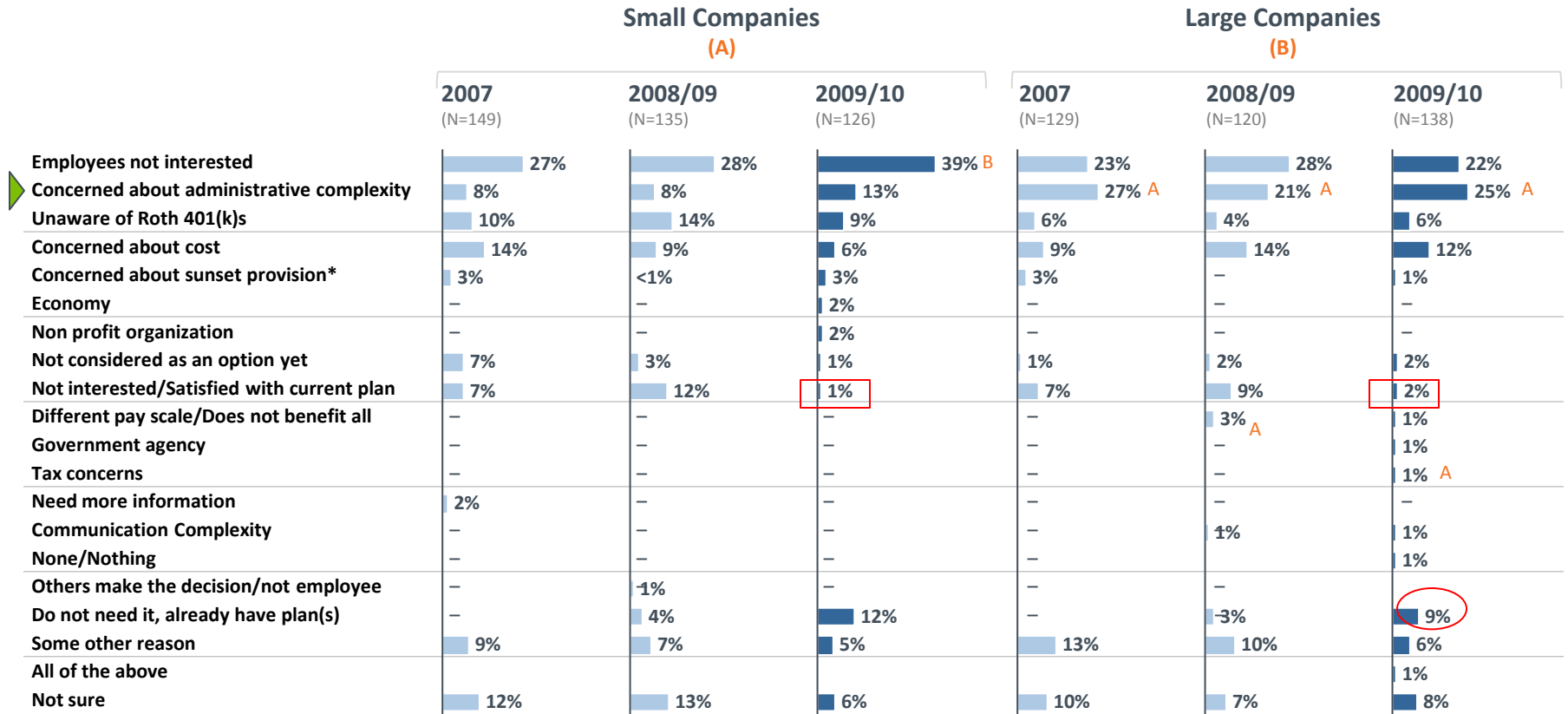
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: HAS NO PLANS TO OFFER ROTH 401(K) PLAN

Q560. What would you say is the main reason your company is not planning to adopt a Roth 401(k) in the future?

# Benefit Offerings: Reasons For Not Adopting Roth 401(k)

- While perceived lack of employee interest is consistent regardless of company size, one quarter of large companies are also concerned about administrative complexity.



\*The Pension Protection Act eliminated the sunset provisions, however there may be a few companies who are unaware.

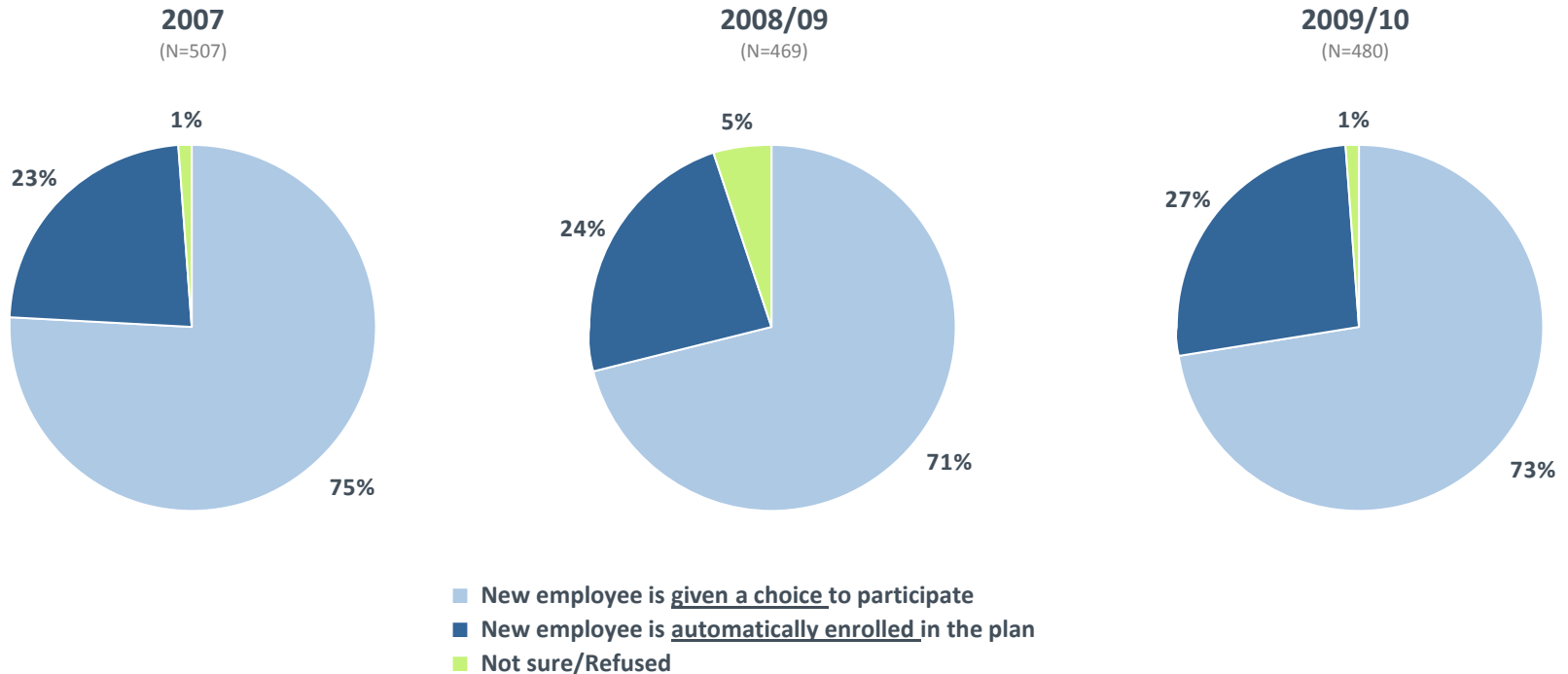
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: HAS NO PLANS TO OFFER ROTH 401(k) PLAN

Q560. What would you say is the main reason your company is not planning to adopt a Roth 401(k) in the future?

# Benefit Offerings: Automatic Enrollment in Retirement Plans

- About one quarter of employers automatically enroll new employees in the employee-funded plan.



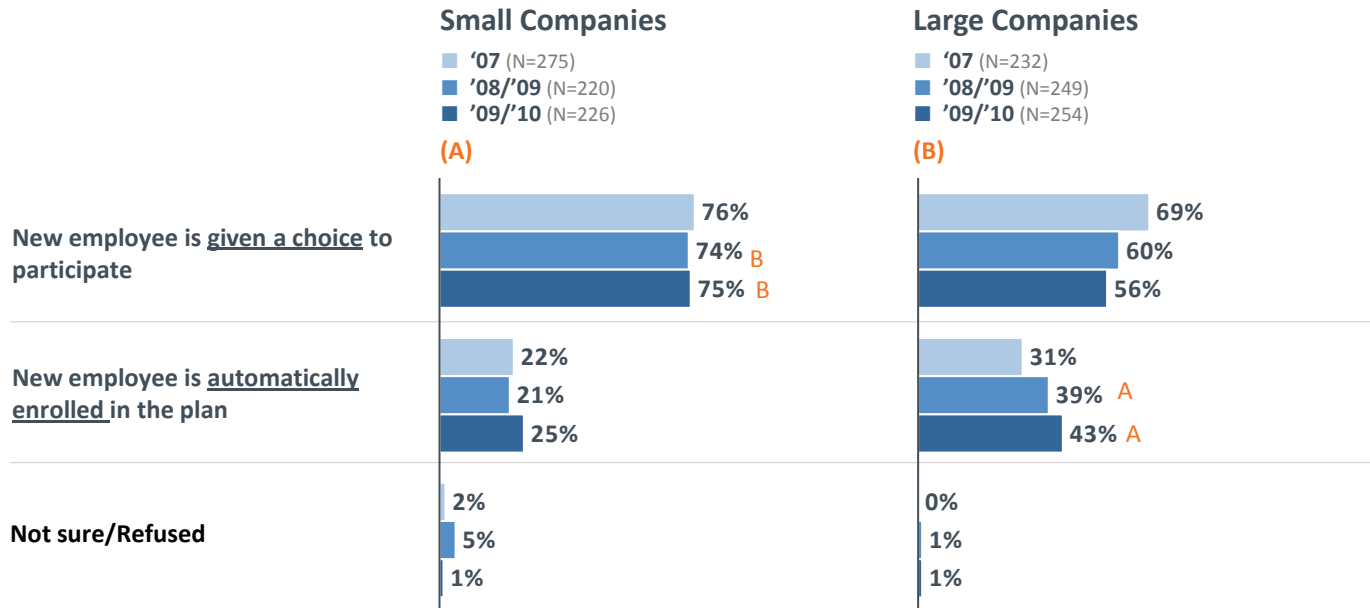
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN

Q1025. When a new employee qualifies to join the employee-funded 401(k) plan, are they (A) initially given a choice to participate or not participate in the plan, or (B) automatically enrolled in the plan with the choice to opt out at a later date?

# Benefit Offerings: Automatic Enrollment in Retirement Plans

- Large companies are more likely than small companies to have the automatic enrollment feature.
- The trend has continued in recent years, with more and more large companies adopting this feature.



Note: Significance testing was only conducted between 2008/09 and 2009/10.

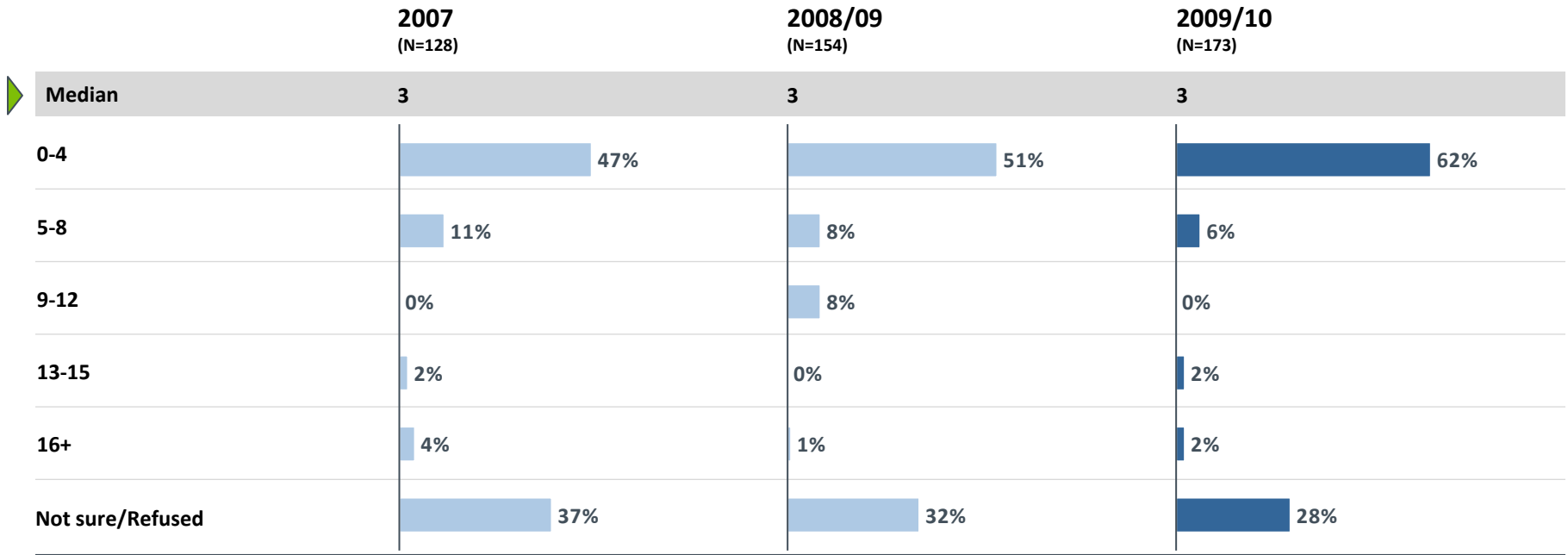
BASE: OFFERS 401(k) PLAN

Q1025. When a new employee qualifies to join the employee-funded 401(k) plan, are they (A) initially given a choice to participate or not participate in the plan, or (B) automatically enrolled in the plan with the choice to opt out at a later date?



# Benefit Offerings: Automatic Enrollment - Default Contribution Rates

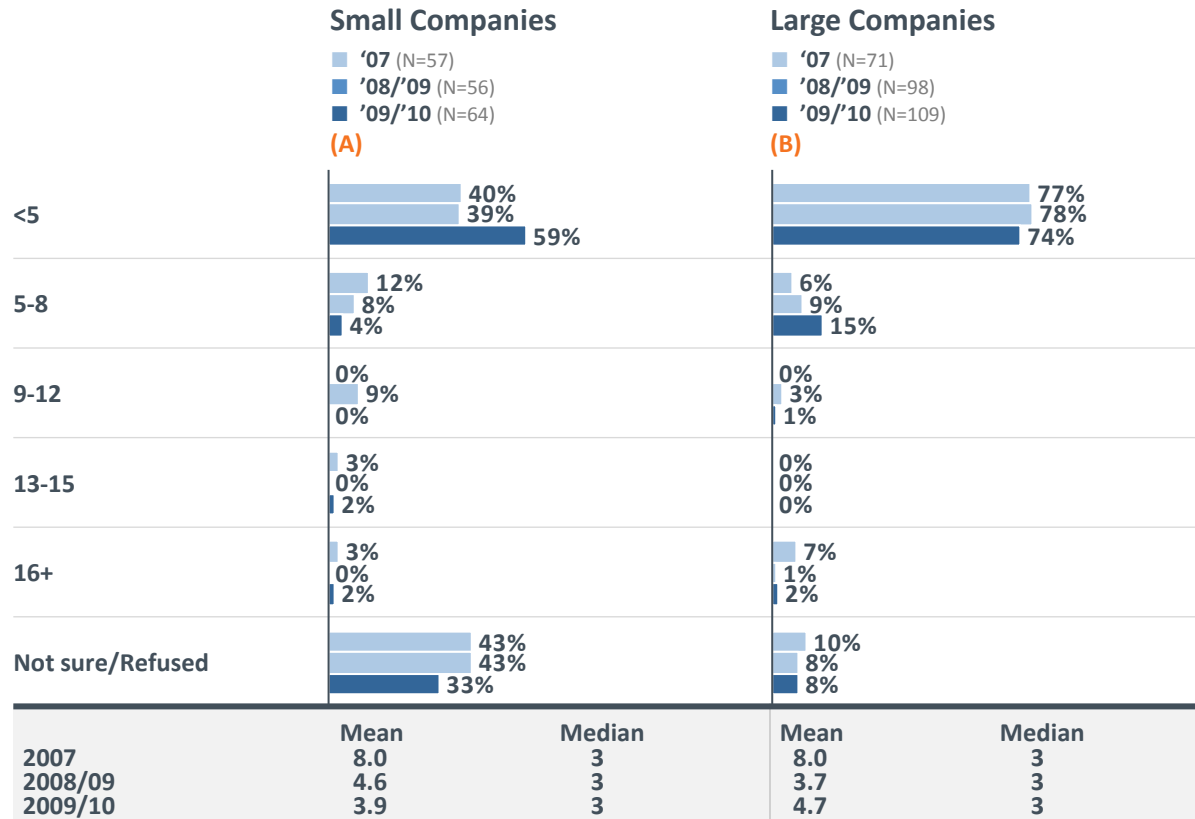
- The median contribution rate among employers who automatically enroll their workers in an employee-funded plan was three percent.



Note: Significance testing was only conducted between 2008/09 and 2009/10.  
 BASE: AUTOMATICALLY ENROLLS NEW EMPLOYEES INTO THE RETIREMENT PLAN  
 Q1027. What is the default employee-funded 401(k) plan contribution rate (excluding the company match)?

# Benefit Offerings: Automatic Enrollment - Default Contribution Rates

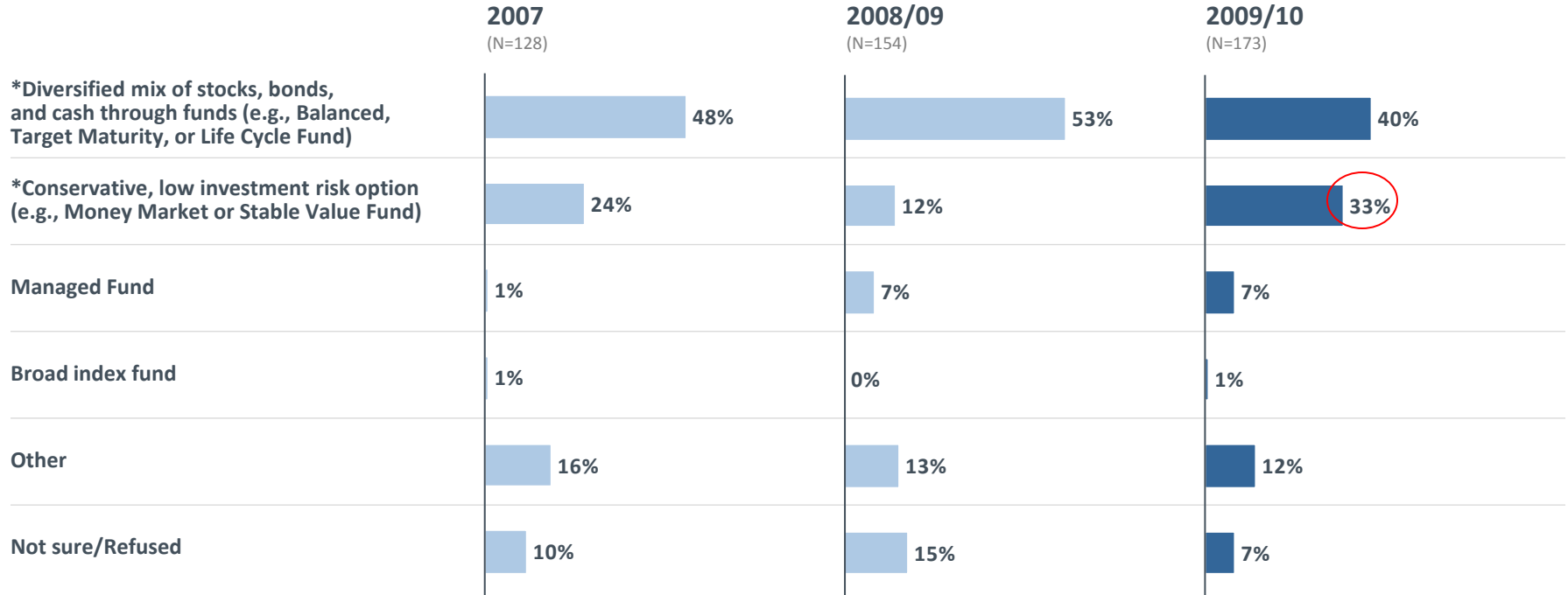
- Employers involved in benefit decision making at small companies are less likely to be aware of what the default contribution rate is for new employees.



Note: Significance testing was only conducted between 2008/09 and 2009/10.  
 BASE: AUTOMATICALLY ENROLLS NEW EMPLOYEES INTO THE RETIREMENT PLAN  
 Q1027. What is the default employee-funded 401(k) plan contribution rate (excluding the company match)?

# Benefit Offerings: Automatic Enrollment - Default Investment Options

- In the past year, when automatically enrolling workers in an employee-funded plan, more employers have opted for a conservative, low investment risk option as the default investment, rather than a diversified mix of stocks, bonds, and cash.

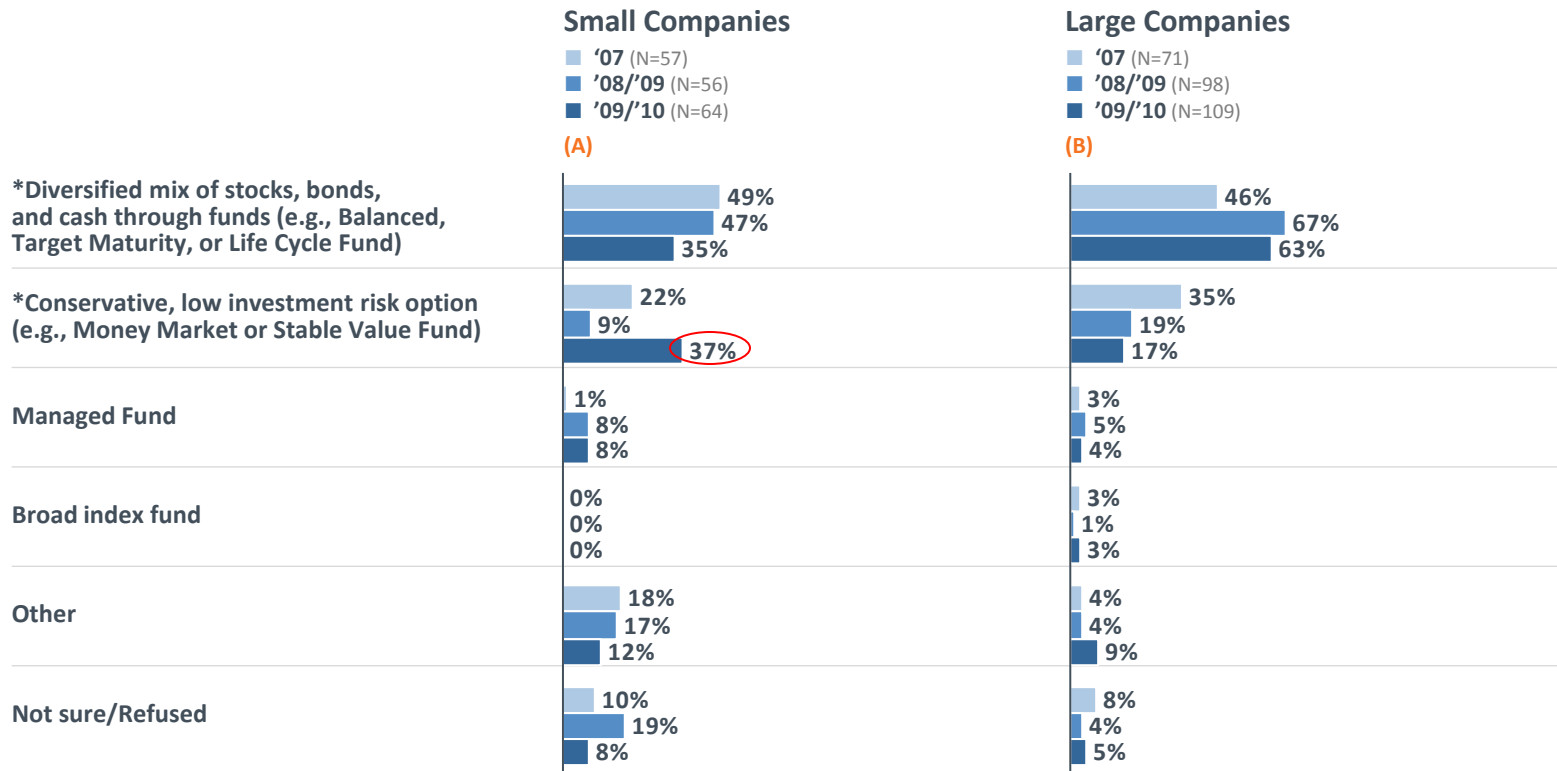


Note: Significance testing was only conducted between 2008/09 and 2009/10.  
 BASE: AUTOMATICALLY ENROLLS NEW EMPLOYEES INTO THE RETIREMENT PLAN  
 Q1029. What is the default investment option for the employee-funded 401(k) plan?

\*All investments involve some level of risk. Diversification does not guarantee against losses.

# Benefit Offerings: Automatic Enrollment - Default Investment Options

- Compared to previous years, small companies in particular are more likely to select a conservative, low investment risk option as the default investment option when automatically enrolling employees.

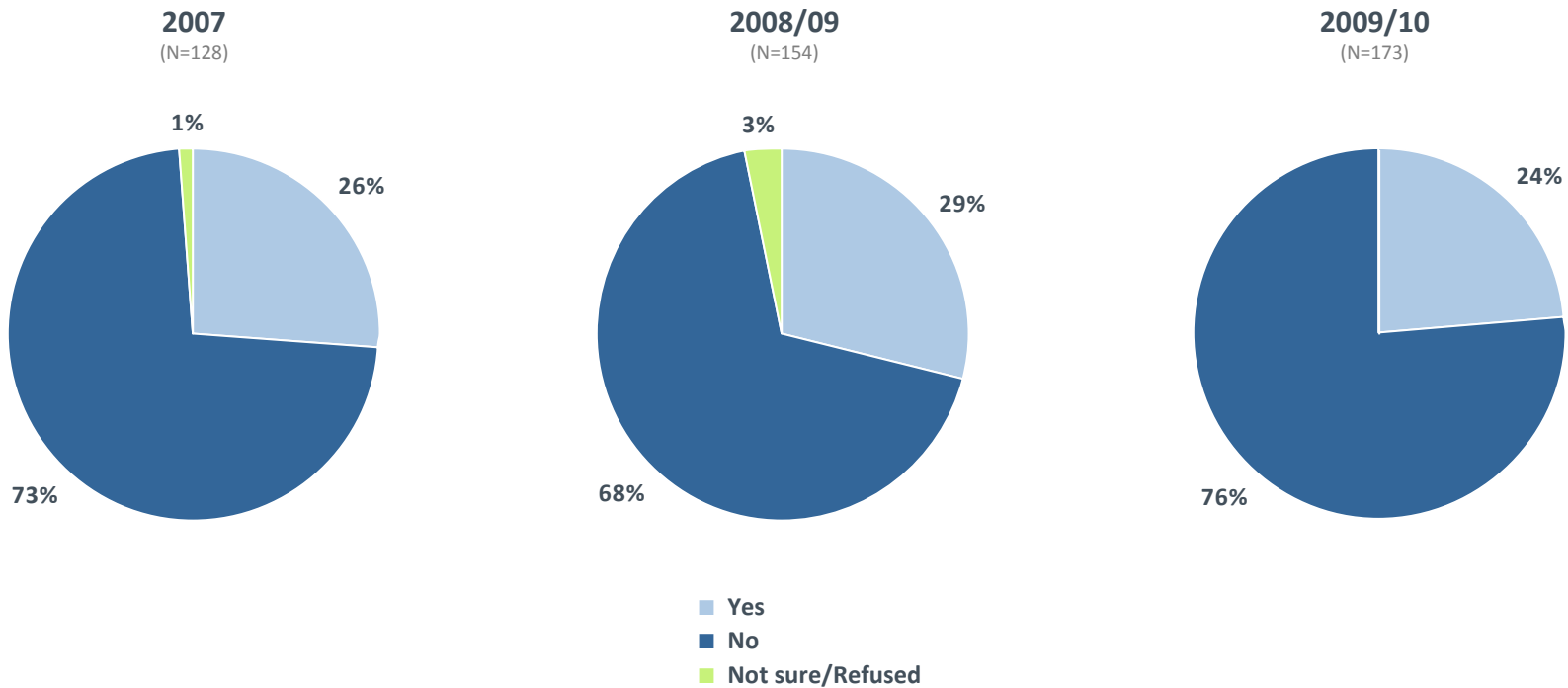


Note: Significance testing was only conducted between 2008/09 and 2009/10.  
 BASE: AUTOMATICALLY ENROLLS NEW EMPLOYEES INTO THE RETIREMENT PLAN  
 Q1029. What is the default investment option for the employee-funded 401(k) plan?

\*All investments involve some level of risk. Diversification does not guarantee against losses.

# Benefit Offerings: Automatic Enrollment - Automatic Increase in Contribution Rates

- Only about one quarter of employers have a provision in their automatic enrollment plans to automatically increase participants' contribution rates.
- Workers' contribution rates could unknowingly remain low without any increase over time.



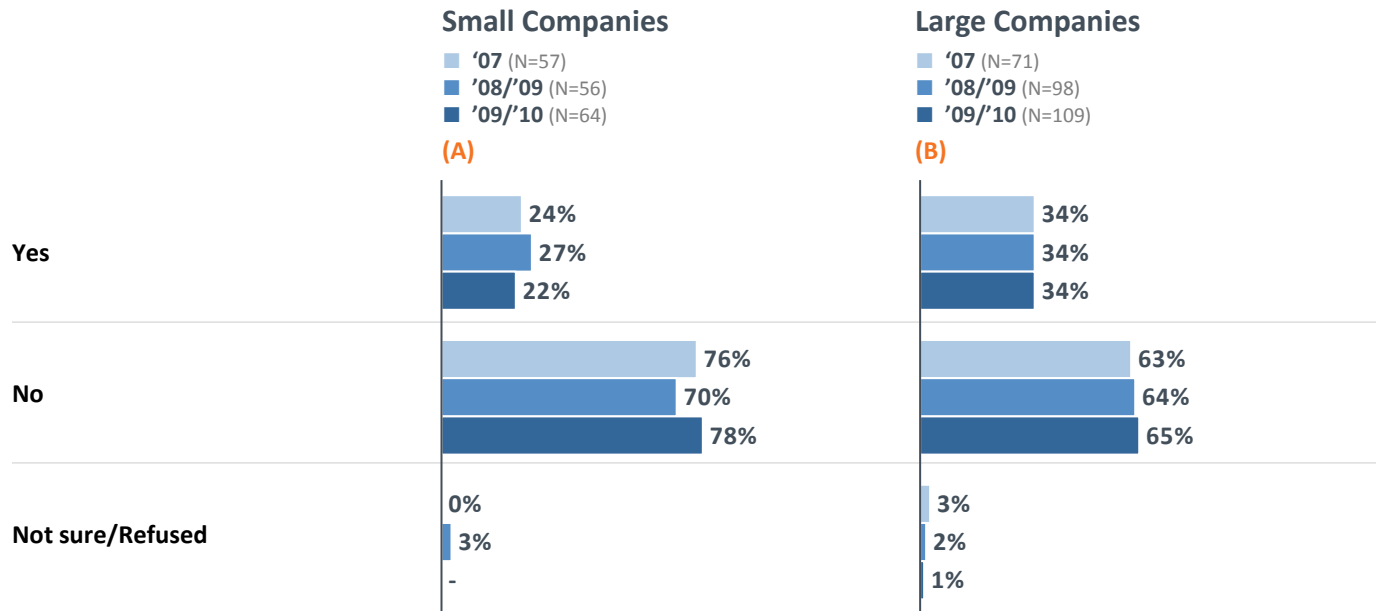
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: AUTOMATICALLY ENROLLS NEW EMPLOYEES INTO THE RETIREMENT PLAN

Q1031. Does your plan have a provision to automatically increase participants' contribution rates on their anniversary date of hire? (Or anniversary of first contribution to the plan)

# Benefit Offerings: Automatic Enrollment - Automatic Increase in Contribution Rates

- Large companies are more likely than small companies to offer the option of automatically increasing participants' contribution rates.



Note: Significance testing was only conducted between 2008/09 and 2009/10.

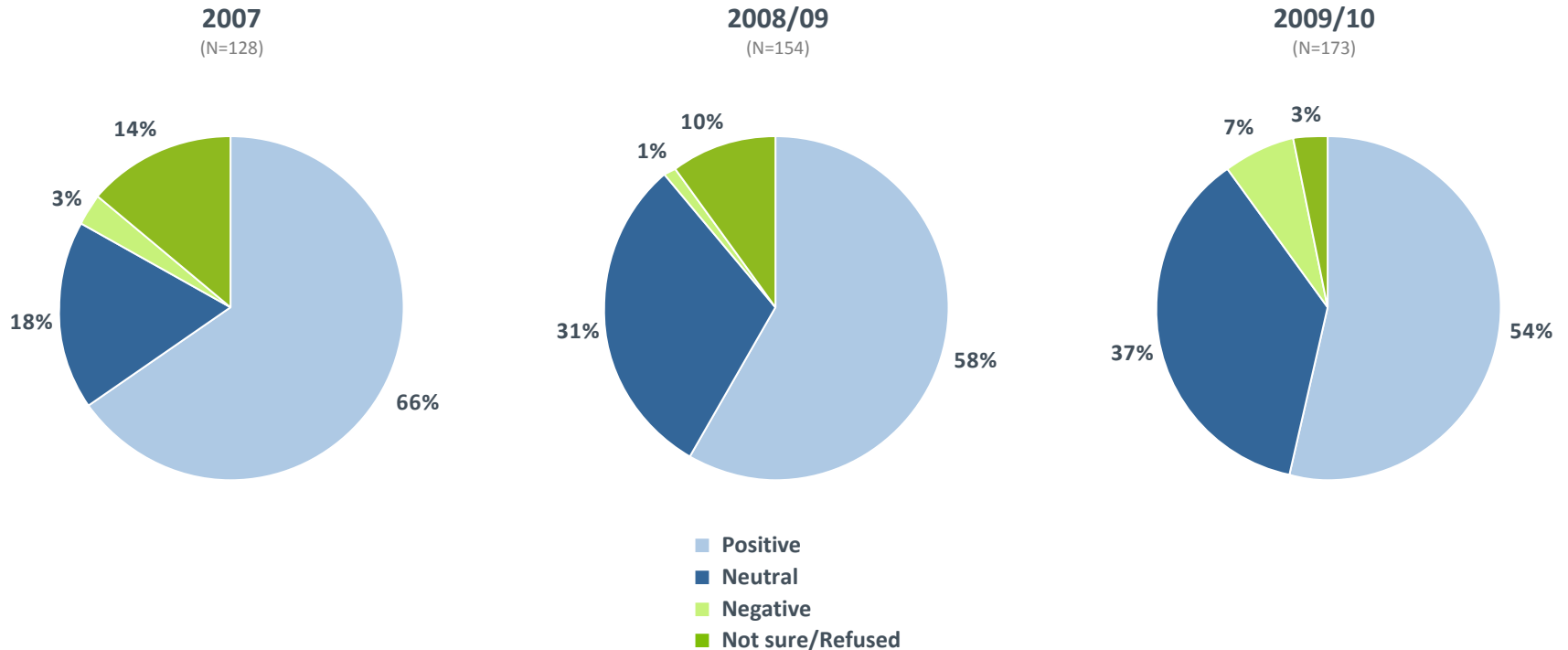
BASE: AUTOMATICALLY ENROLLS NEW EMPLOYEES INTO THE RETIREMENT PLAN

Q1031. Does your plan have a provision to automatically increase participants' contribution rates on their anniversary date of hire?

(Or anniversary of first contribution to the plan)

# Benefit Offerings: Automatic Enrollment - Employee Response

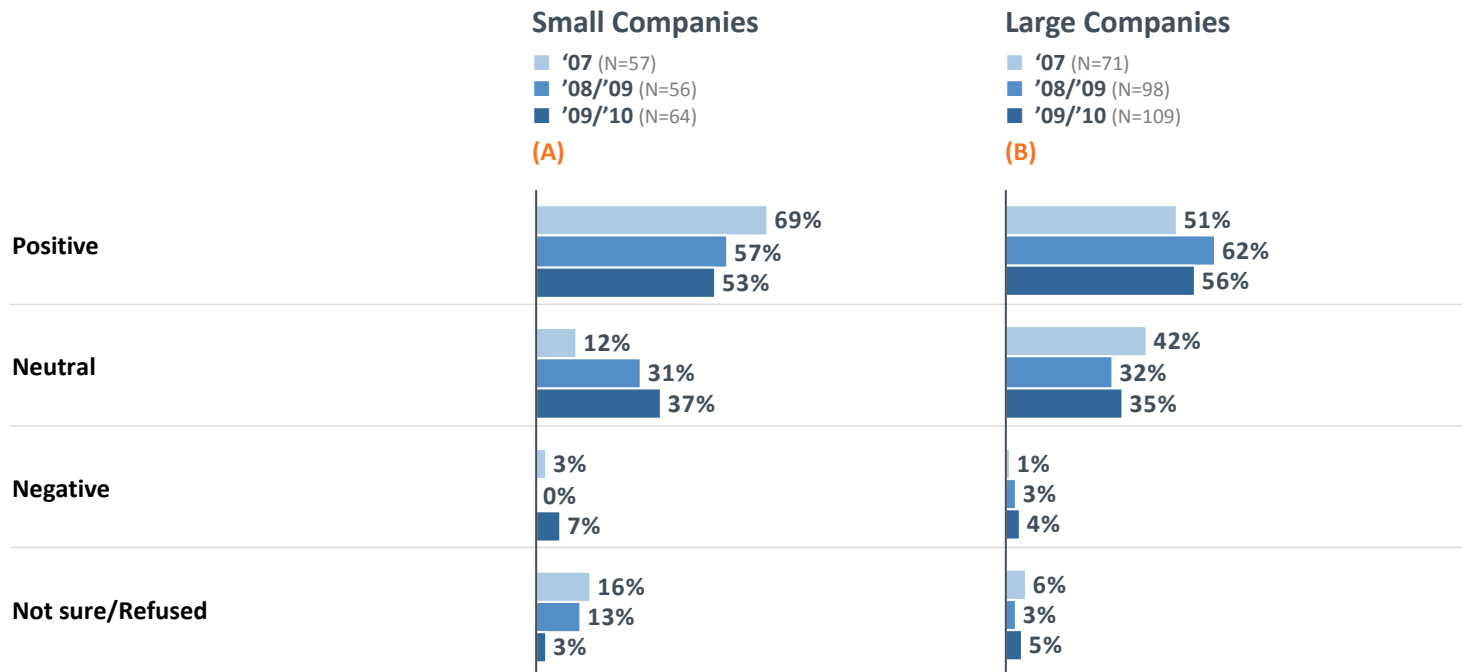
- About half of employers report that workers react positively to being automatically enrolled, but the number has declined each year with more employers stating that workers' reaction has been neutral.



Note: Significance testing was only conducted between 2008/09 and 2009/10.  
BASE: AUTOMATICALLY ENROLLS NEW EMPLOYEES INTO THE RETIREMENT PLAN  
Q1033. Generally, has your employees' response to being automatically enrolled been...?

# Benefit Offerings: Automatic Enrollment - Employee Response

- Regardless of company size, a small percentage of employers state that employees have responded negatively to being automatically enrolled.
- A vast majority have responded positively or have been neutral.

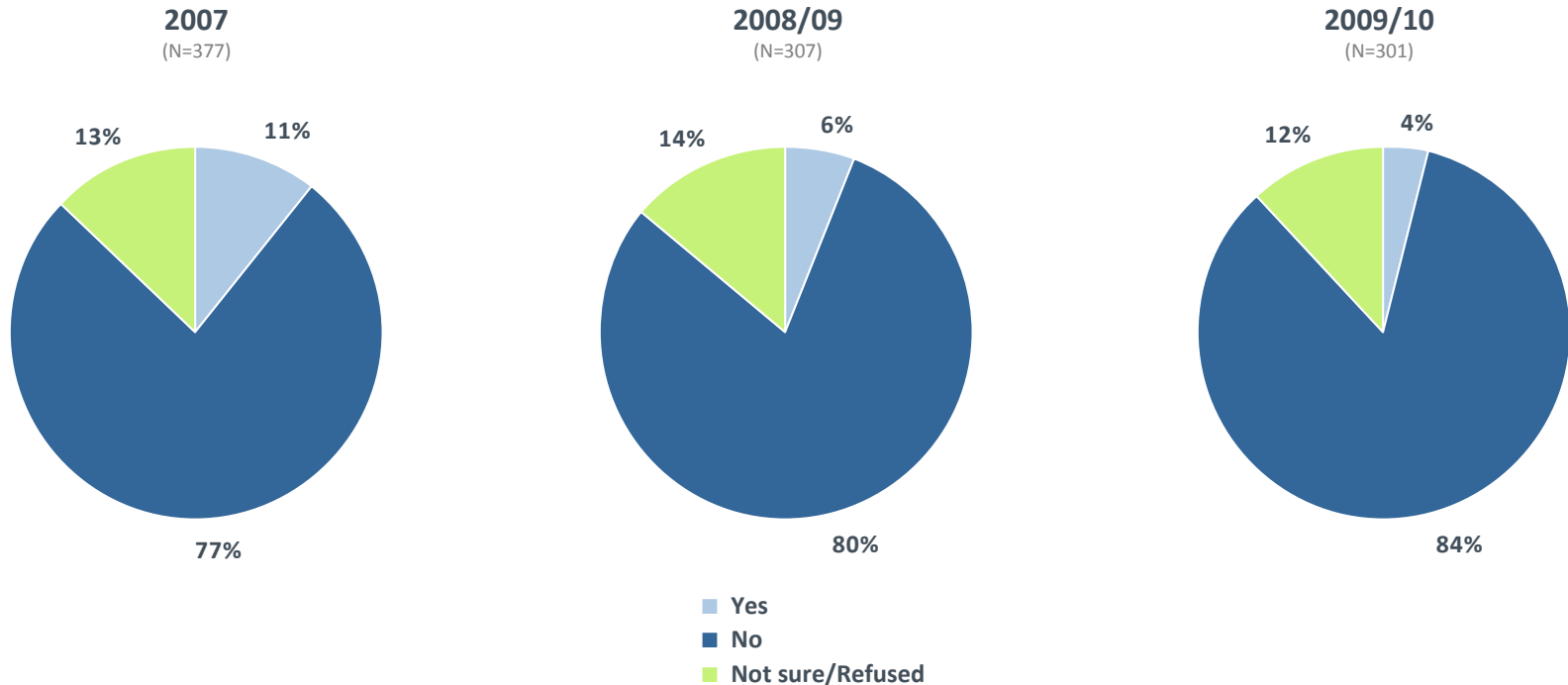


Note: Significance testing was only conducted between 2008/09 and 2009/10.  
 BASE: AUTOMATICALLY ENROLLS NEW EMPLOYEES INTO THE RETIREMENT PLAN  
 Q1033. Generally, has your employees' response to being automatically enrolled been...?



# Benefit Offerings: Future Adoption of Automatic Enrollment

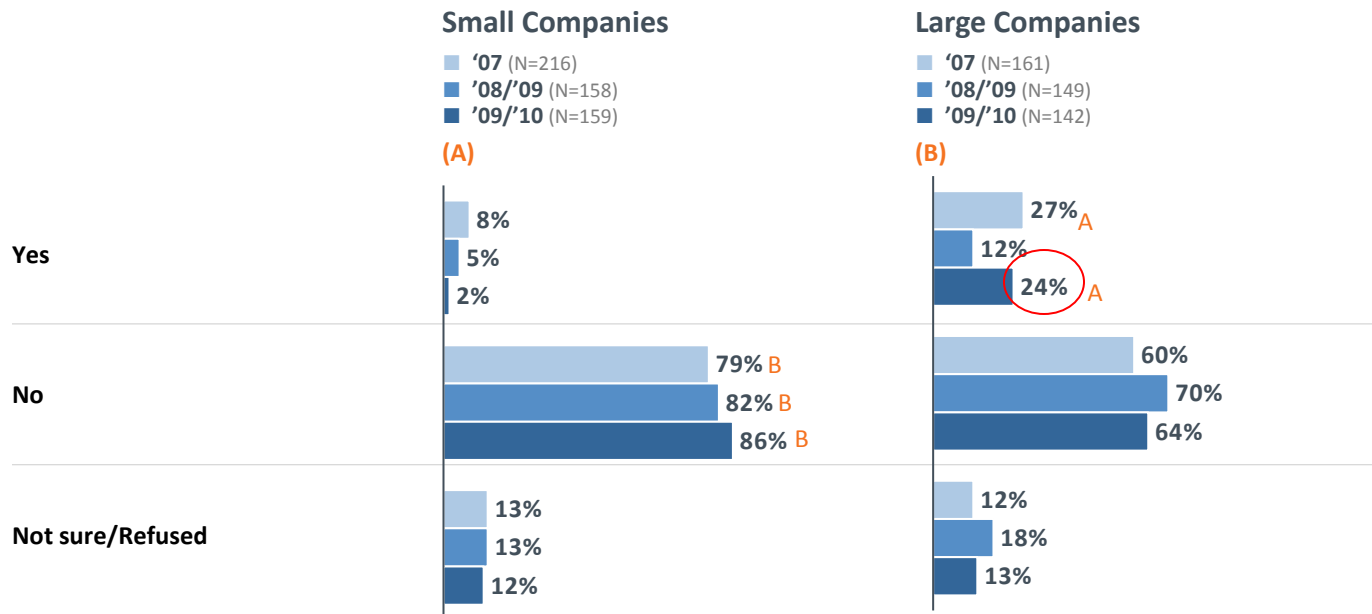
- Fewer than five percent of employers plan to adopt automatic enrollment and the percentage has decreased since 2007.



Note: Significance testing was only conducted between 2008/09 and 2009/10.  
BASE: DOES NOT AUTOMATICALLY ENROLL  
Q580. Does your company plan to adopt an automatic enrollment provision in the future?

# Benefit Offerings: Future Adoption of Automatic Enrollment

- Even though most employers do not plan to adopt automatic enrollment, large companies are more likely to do so than small companies.



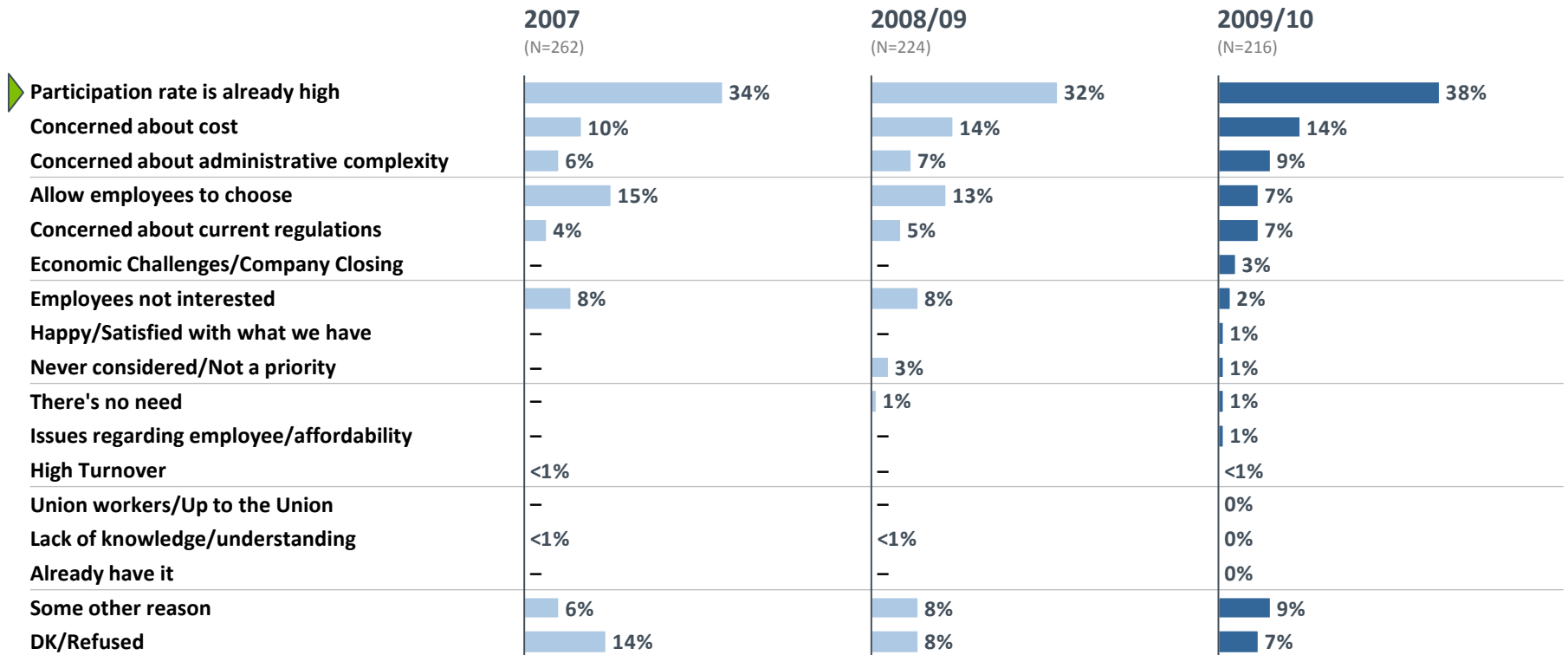
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: DOES NOT AUTOMATICALLY ENROLL

Q580. Does your company plan to adopt an automatic enrollment provision in the future?

# Benefit Offerings: Reasons For Not Adopting Automatic Enrollment

- As in previous years, the most frequently cited reason for not adopting automatic enrollment is that participation is already high.
- Employers are also concerned about cost and administrative complexity.



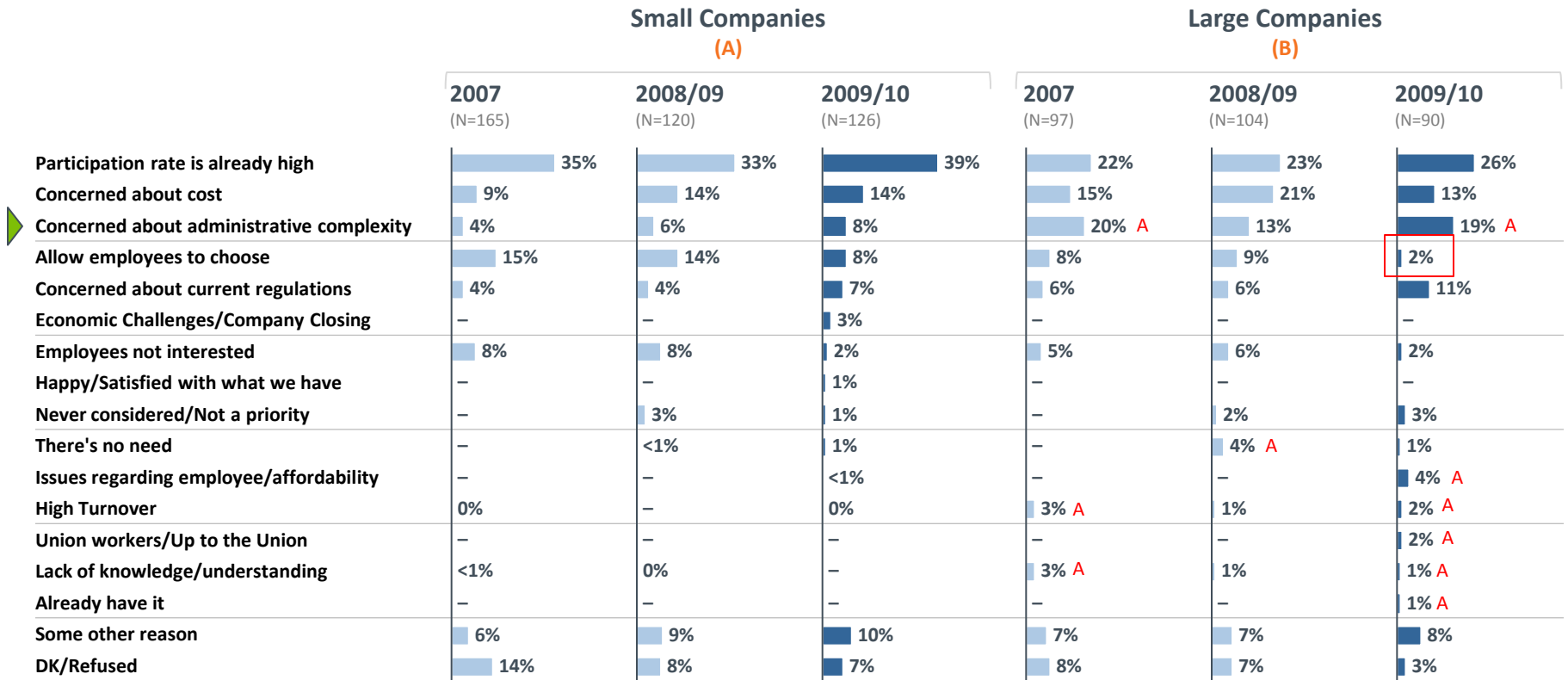
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: HAS NO PLANS TO AUTO ENROLL

Q590. What would you say is the main reason your company is not planning to adopt an automatic enrollment provision in the future? CHOOSE ONE.

# Benefit Offerings: Reasons For Not Adopting Automatic Enrollment

- Large companies are more likely than small companies to be concerned with administrative complexity.



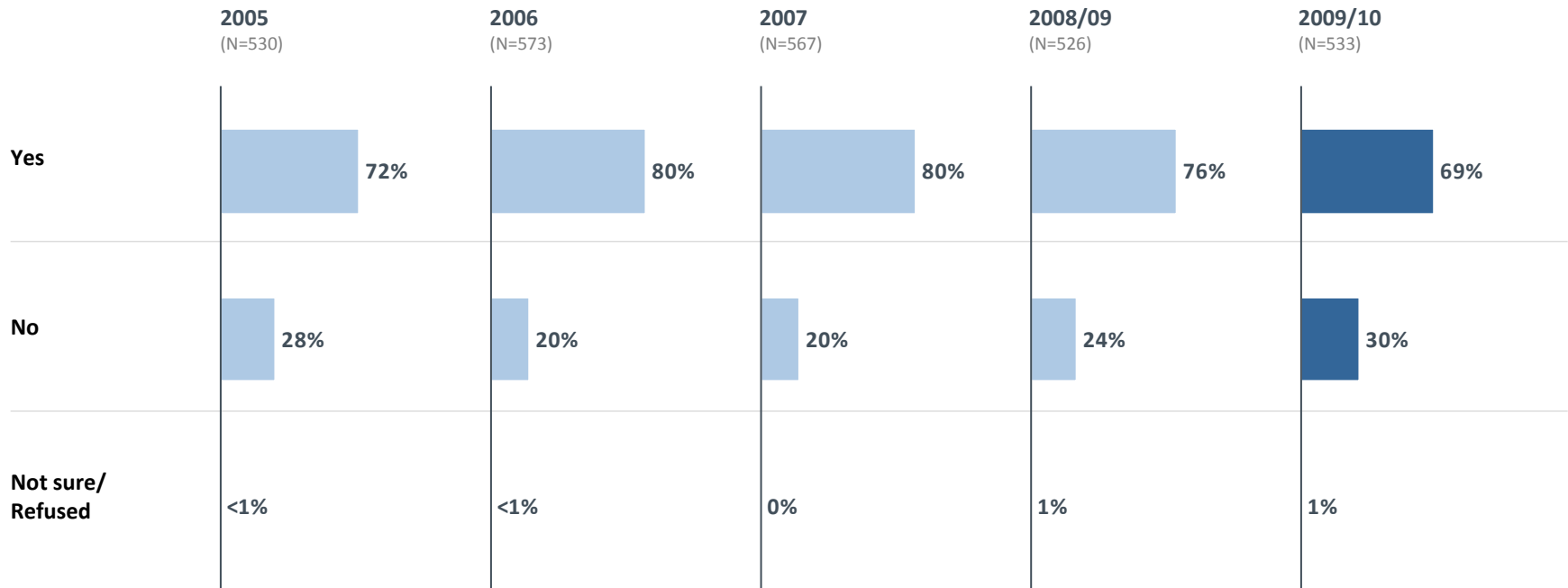
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: HAS NO PLANS TO AUTO ENROLL

Q590. What would you say is the main reason your company is not planning to adopt an automatic enrollment provision in the future? CHOOSE ONE.

# Benefit Offerings: Matching Contributions

- Since 2007, employers are less likely to be offering matching contributions.



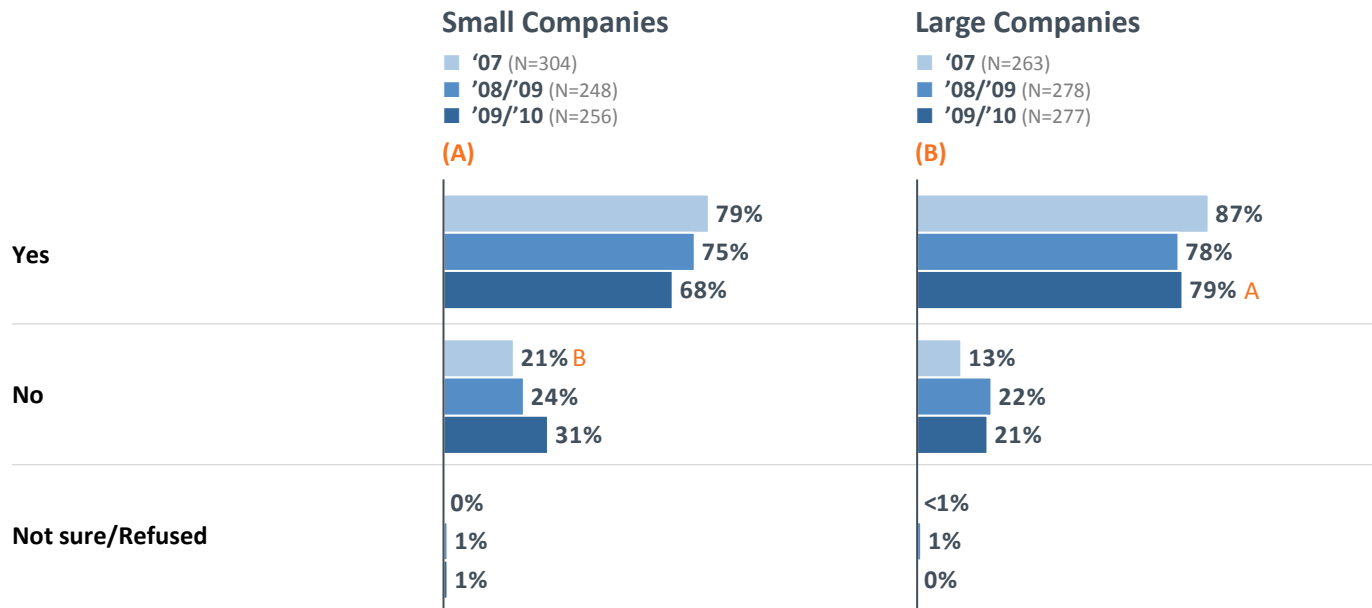
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

Q640. Does your company offer a matching contribution as part of its 401(k) or other company-sponsored retirement plan?

# Benefit Offerings: Matching Contributions

- Not surprisingly, large companies are more likely than small companies to offer matching contributions.
- However, fewer small and large companies are offering a match than two years ago.



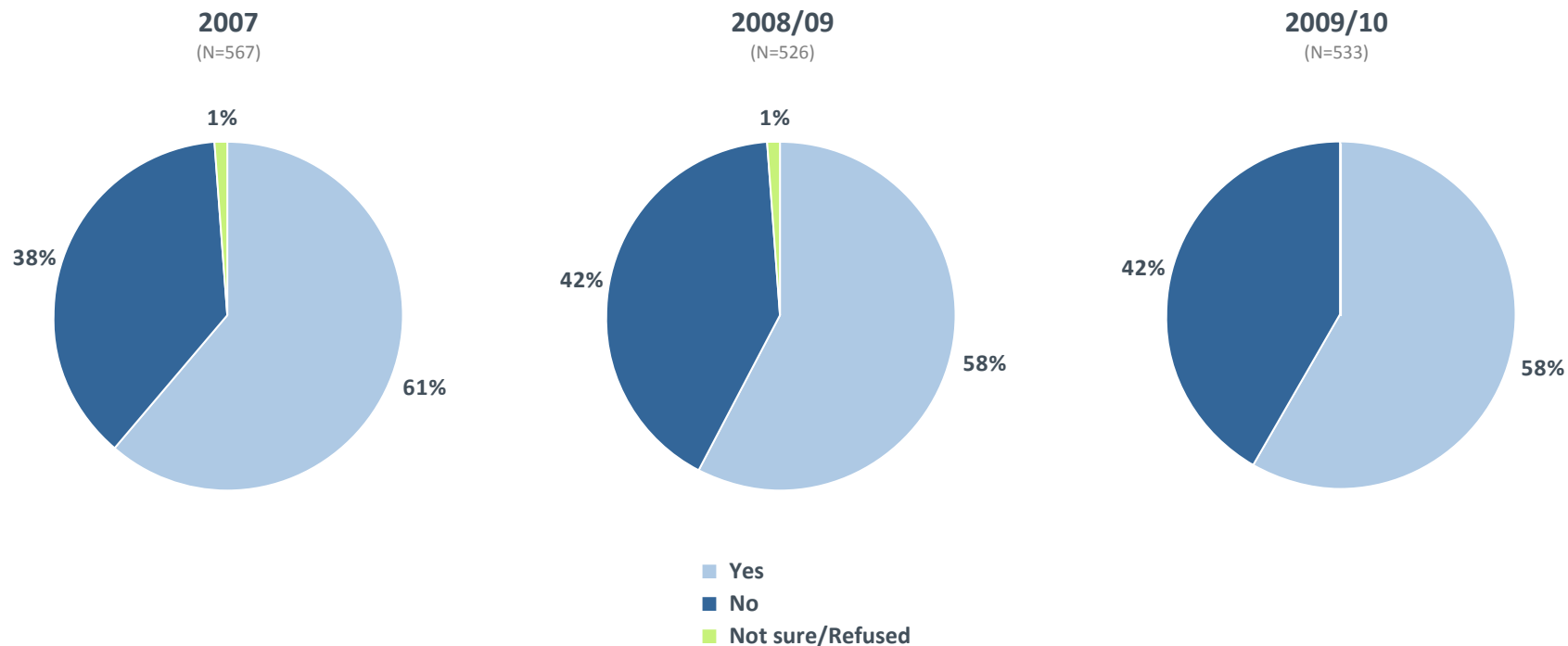
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

Q640. Does your company offer a matching contribution as part of its 401(k) or other company-sponsored retirement plan?

## Benefit Offerings: Current Offerings of Investment Guidance/Advice

- About three in five employers who offer employee-funded plans also offer investment guidance or advice to employees as part of the plan.



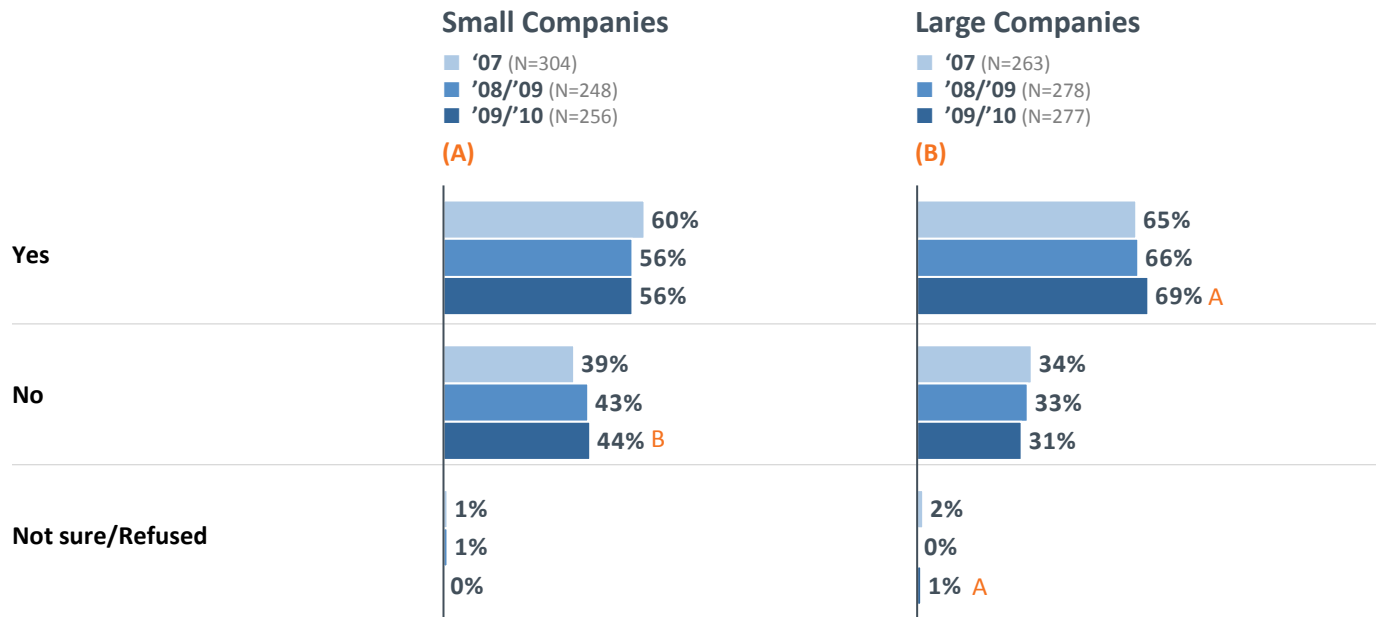
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN OR OTHER EMPLOYEE FUNDED PLAN

Q592. Does your company currently offer investment guidance or advice for employees as part of your retirement plan?

# Benefit Offerings: Current Offerings of Investment Guidance/Advice

- While most employers offer investment guidance or advice, large companies are more likely than small companies to offer these options to their workers.



Note: Significance testing was only conducted between 2008/09 and 2009/10.

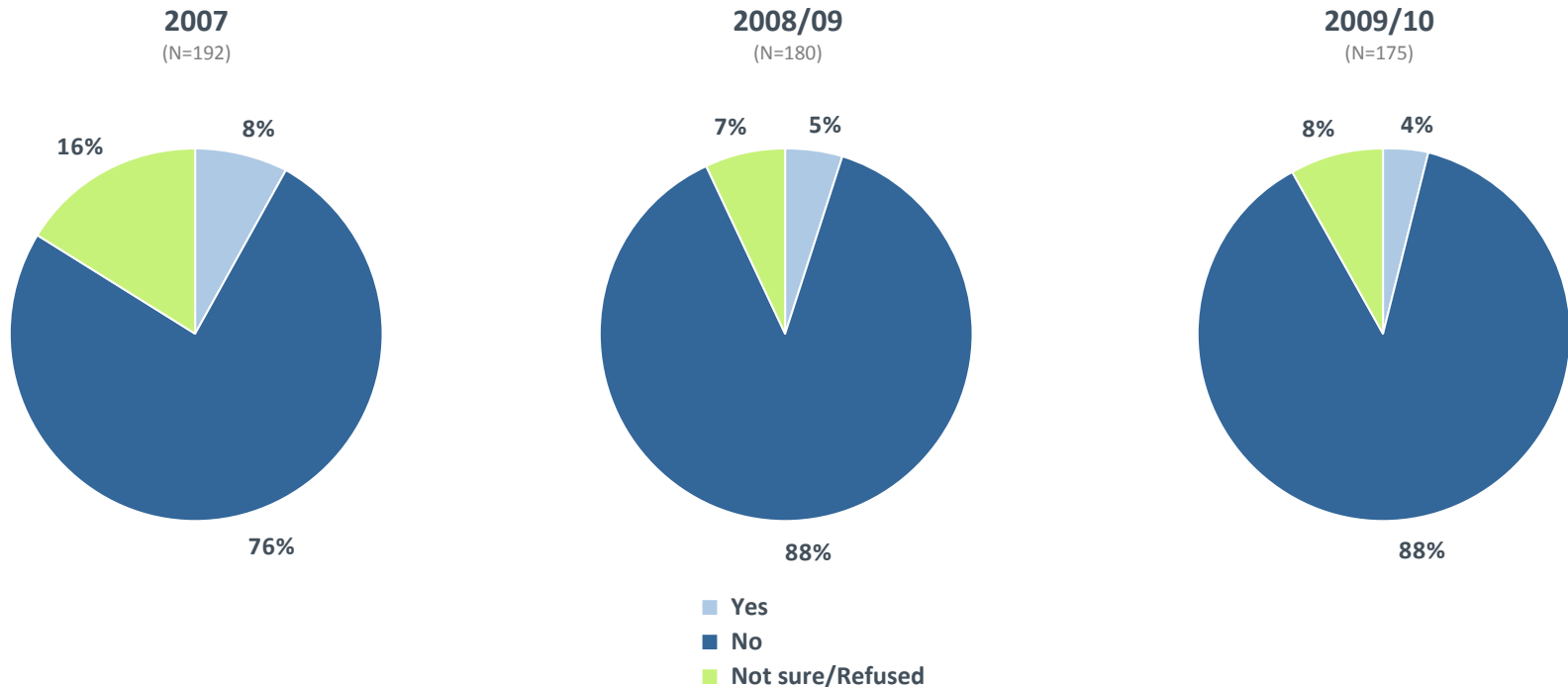
BASE: OFFERS 401(k) PLAN OR OTHER EMPLOYEE FUNDED PLAN

Q592. Does your company currently offer investment guidance or advice for employees as part of your retirement plan?



## Benefit Offerings: Future Offerings of Investment Guidance/Advice

- Among employers who do not offer investment guidance or advice now, very few plan to offer it in the future.



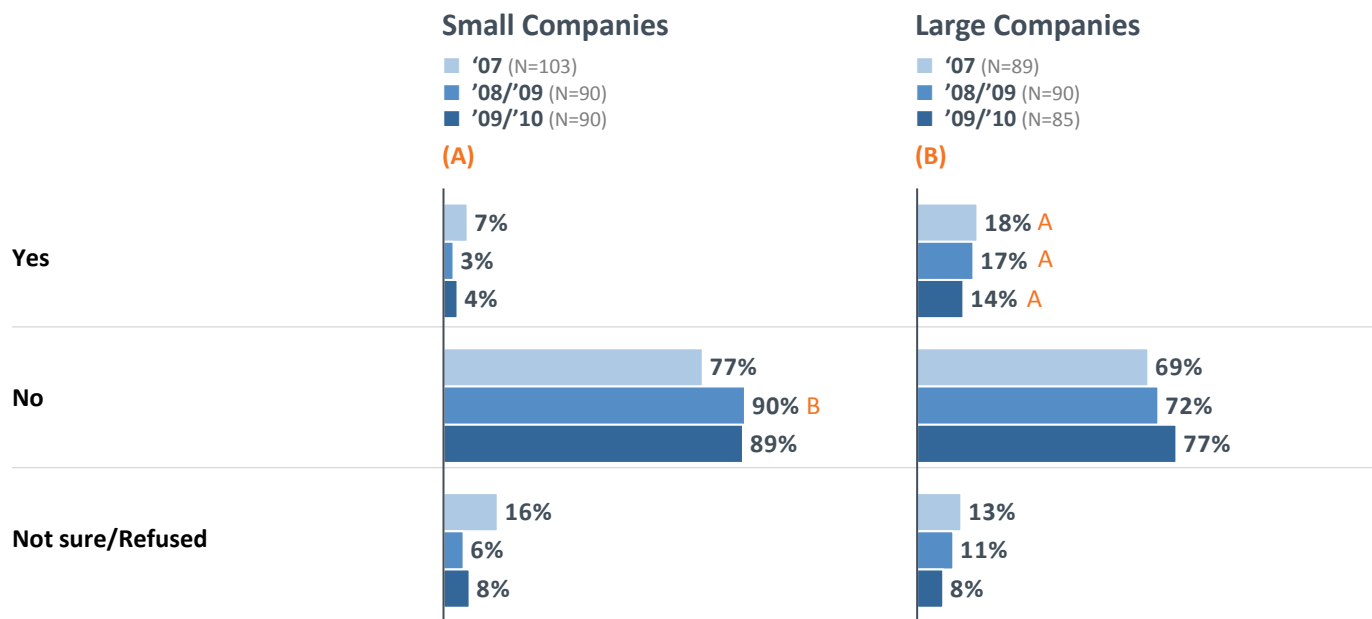
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: DOES NOT OFFER ADVICE

Q594. Does your company plan to offer investment guidance or advice for employees in the future?

# Benefit Offerings: Future Offerings of Investment Guidance/Advice

- Although the majority of large and small companies who do not currently offer investment guidance or advice are unlikely to do so in the future, large companies are more likely than small companies to consider it.



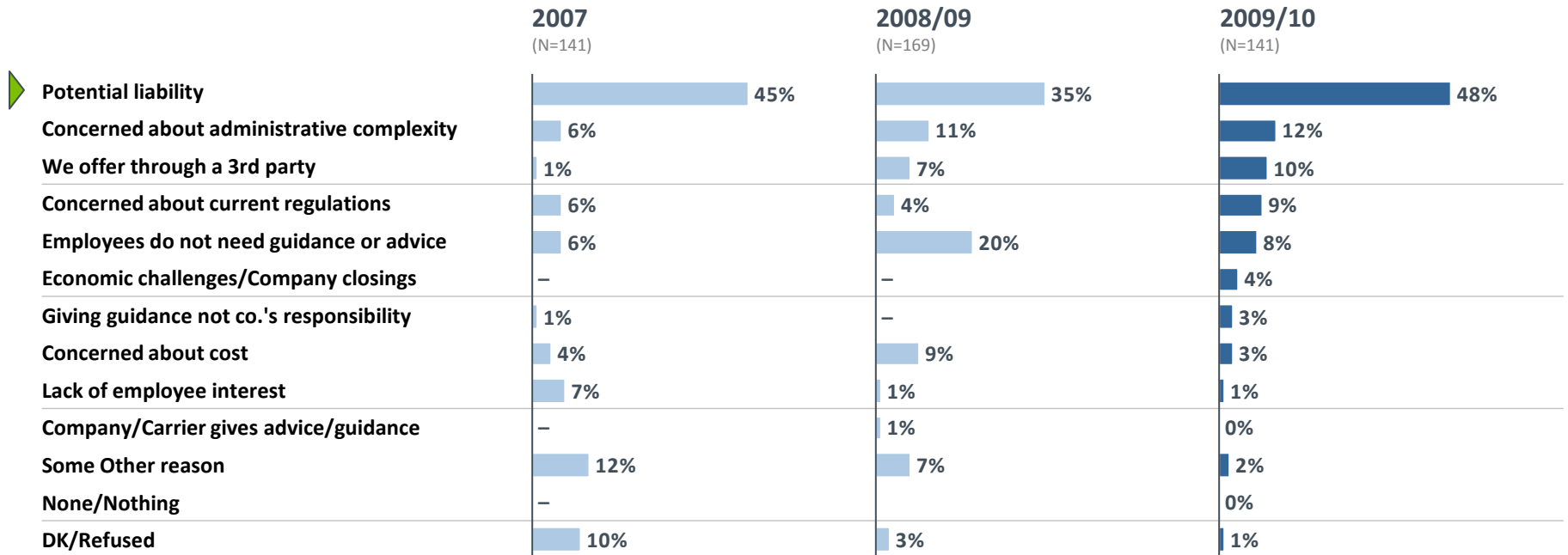
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: DOES NOT OFFER ADVICE

Q594. Does your company plan to offer investment guidance or advice for employees in the future?

# Benefit Offerings: Reasons for Not Offering Investment Guidance/Advice

- Liability is a major concern for employers when considering whether or not to give investment guidance or advice to employees.



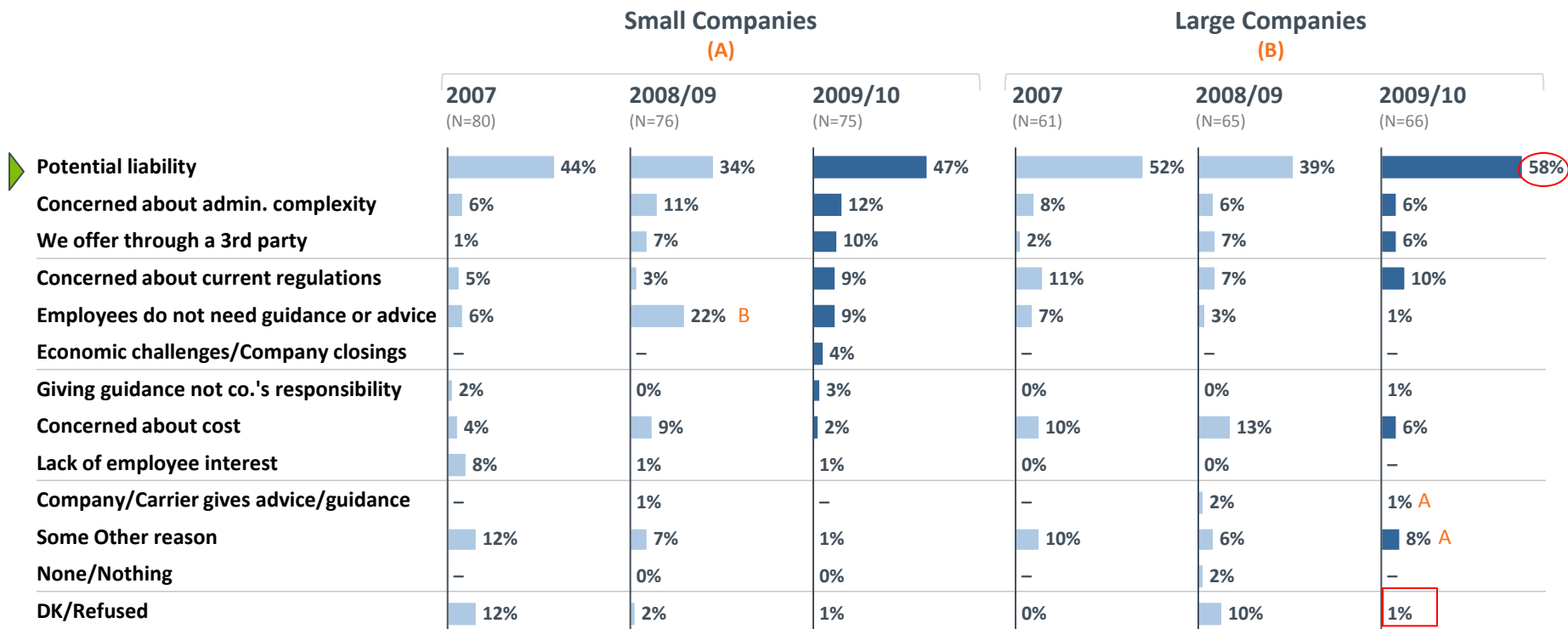
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: HAS NO PLANS TO OFFER ADVICE

Q596. What would you say is the main reason your company is not planning to offer investment guidance or advice for employees in the future?

# Benefit Offerings: Reasons for Not Offering Investment Guidance/Advice

- Large companies are more likely than small companies to be concerned about liability.



Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: HAS NO PLANS TO OFFER ADVICE

Q596. What would you say is the main reason your company is not planning to offer investment guidance or advice for employees in the future?

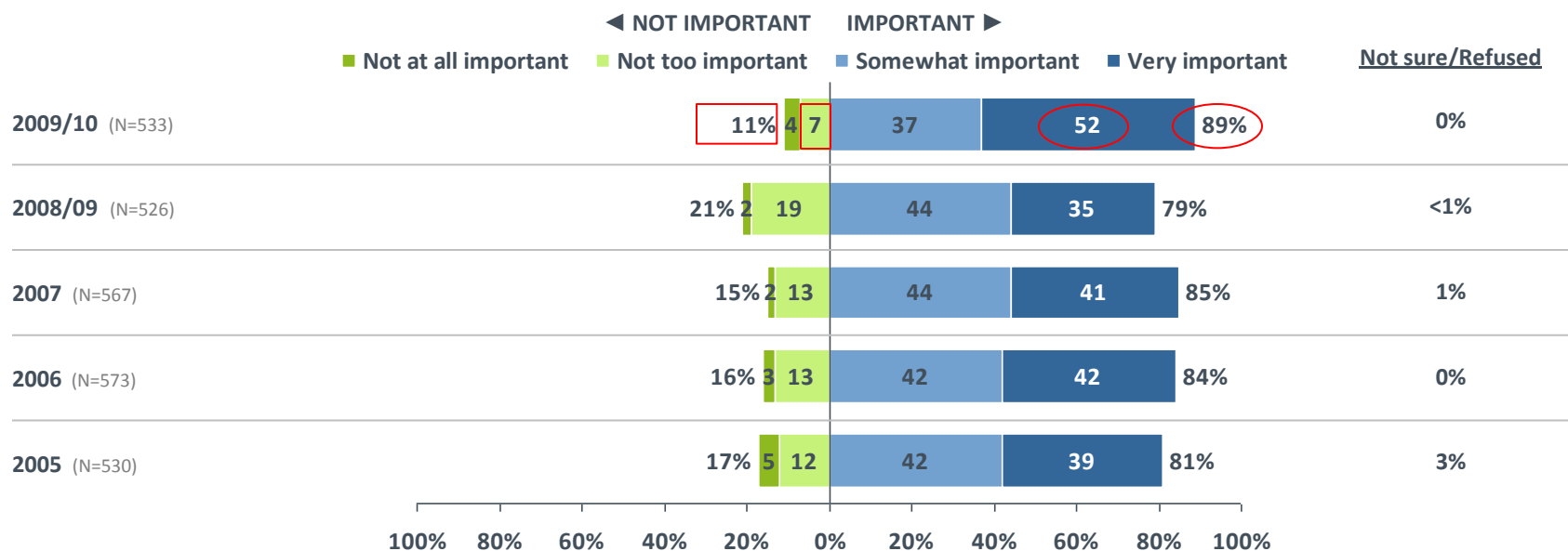


## Detailed Findings

- Economic Expectations
- Perceptions of the Relative Importance of Various Employee Benefits
- Benefit Offerings, including Retirement Benefits
- Perceptions and Management of Current Retirement Plan Offerings
- Perceptions of Employee Involvement with Retirement Planning

# Perceptions & Management: Importance of Plans for Attracting/Retaining Employees

- More employers believe their retirement plan package is very important to their ability to attract and retain employees.



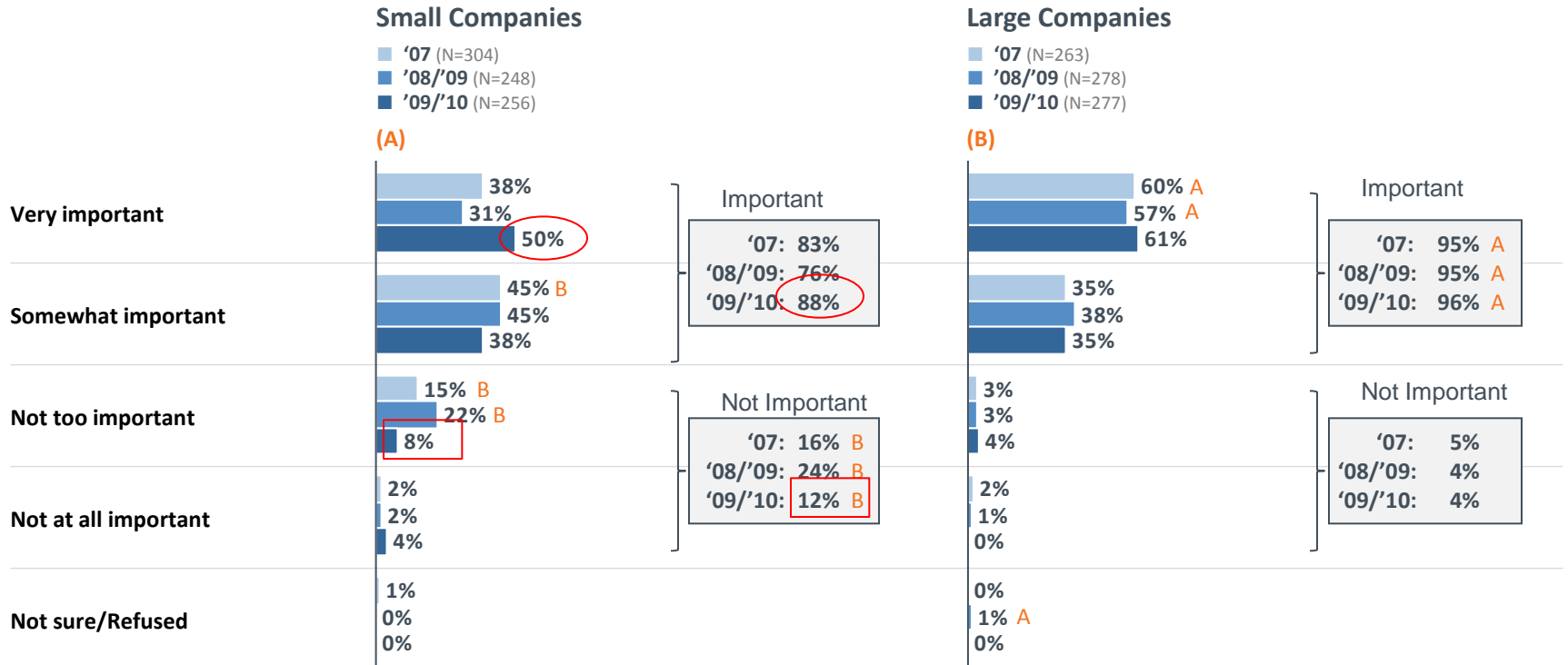
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

Q650. How important would you say your company's employee-funded retirement plan package is to your ability to attract and retain employees?

# Perceptions & Management: Importance of Plans for Attracting/Retaining Employees

- Small companies in particular are now more likely to report that retirement plans are important in order to attract and retain employees.
- However, larger companies are still more likely to feel they are important.



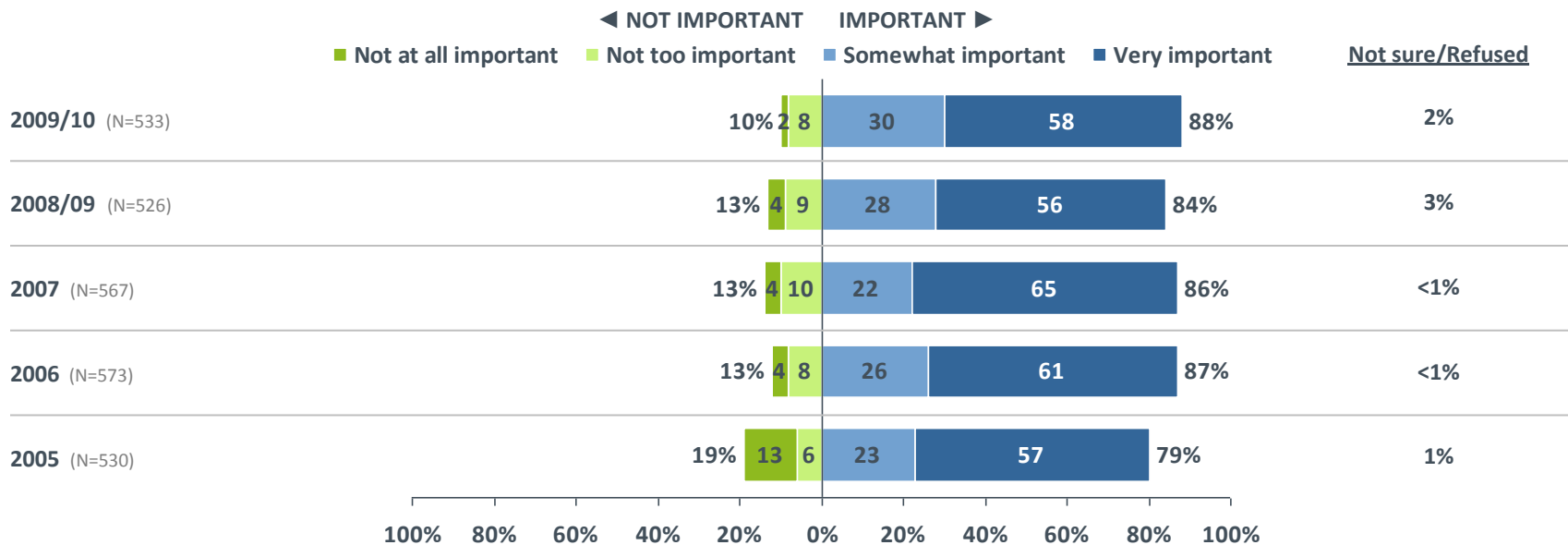
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

Q650. How important would you say your company's employee-funded retirement plan package is to your ability to attract and retain employees?

# Perceptions & Management: Importance of Matching Contributions

- Most employers believe a matching contribution is important to employees. More than half say it is very important.



Note: Significance testing was only conducted between 2008/09 and 2009/10.

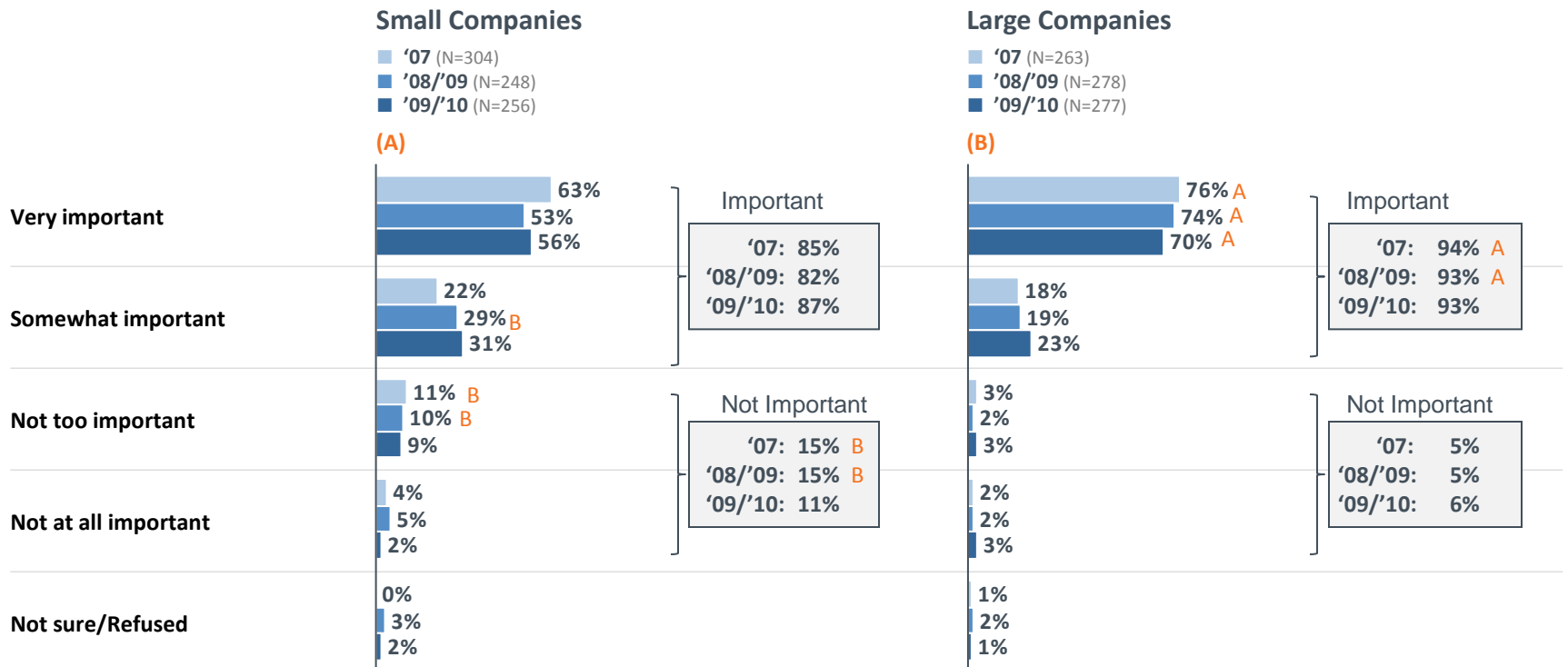
BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

Q660. How important is it to your employees that their company provides a matching contribution in their retirement savings plan?



# Perceptions & Management: Importance of Matching Contributions

- A majority of employers feel that matching contributions are “very important.”
- However, large companies are more likely than small companies to feel the match is important.



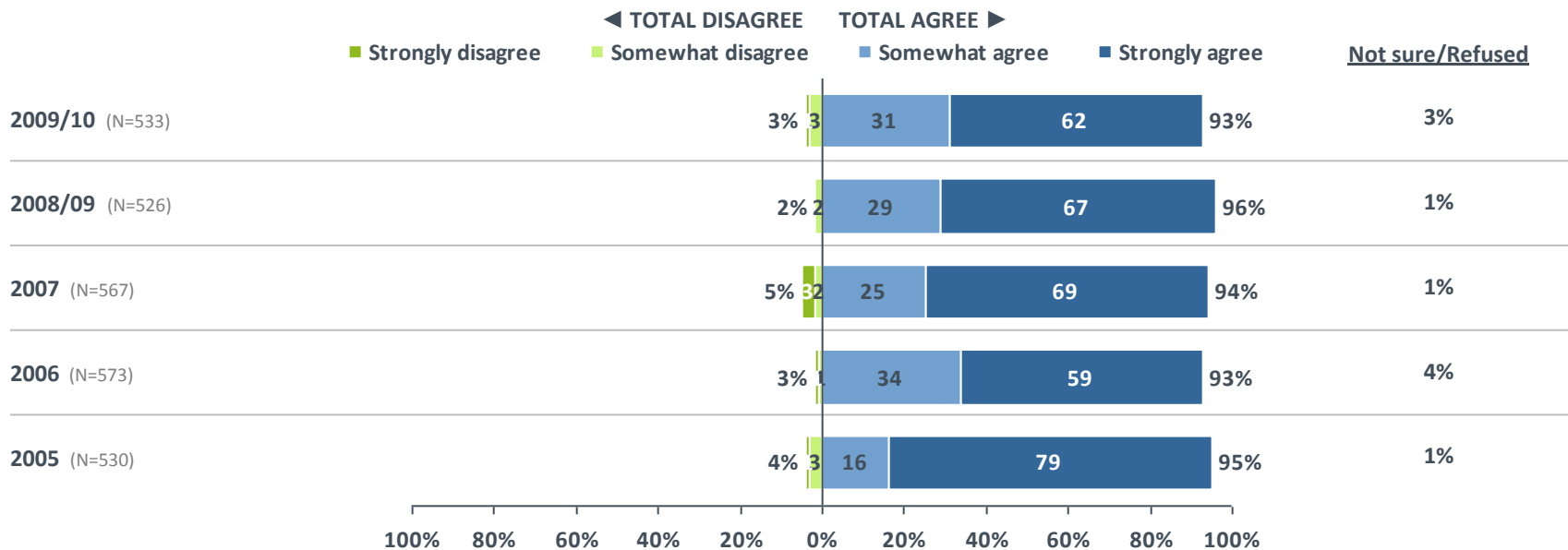
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

Q660. How important is it to your employees that their company provides a matching contribution in their retirement savings plan?

# Perceptions & Management: Giving Employees What They Need

- Employers are likely to agree they give their employees the right information to make decisions about their company retirement plans.



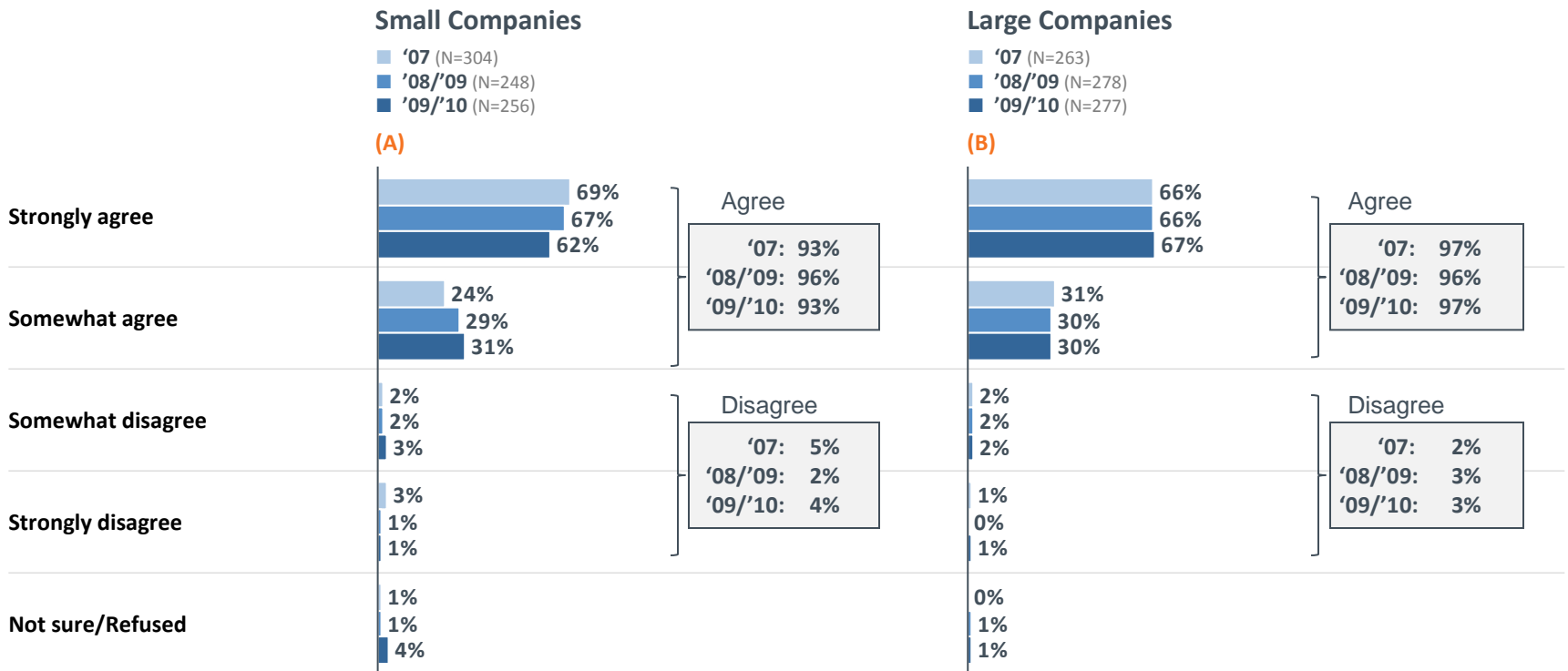
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

Q730. Our company gives employees the right information they need to make decisions about the retirement plan.

# Perceptions & Management: Giving Employees What They Need

- An overwhelming majority of small and large companies agree they give their employees the right information they need to make decisions about the retirement plan.



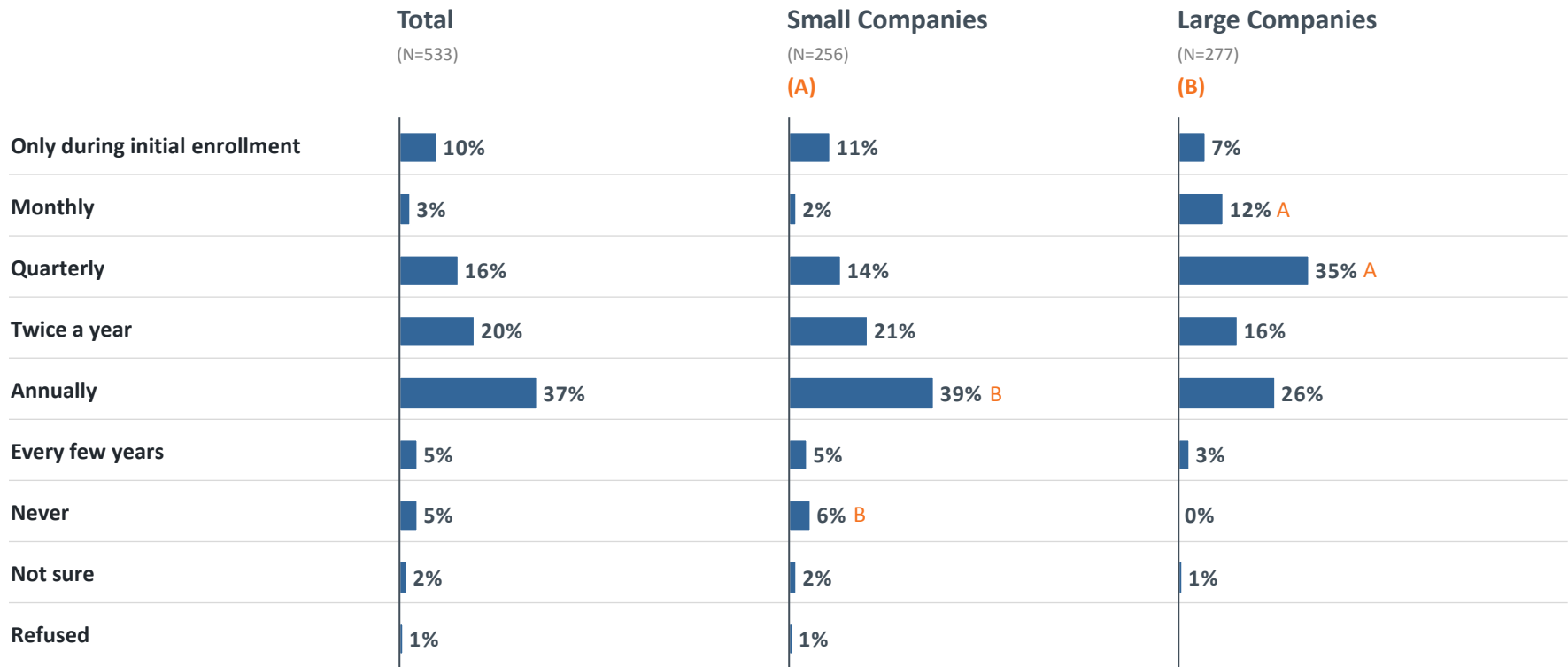
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

Q730. Our company gives employees the right information they need to make decisions about the retirement plan.

# Perceptions & Management: Educating Employees About Their Retirement Plan

- About 37 percent of employers educate or advise their employees about the retirement savings plan annually.
- Larger companies tend to take action more often than smaller companies.

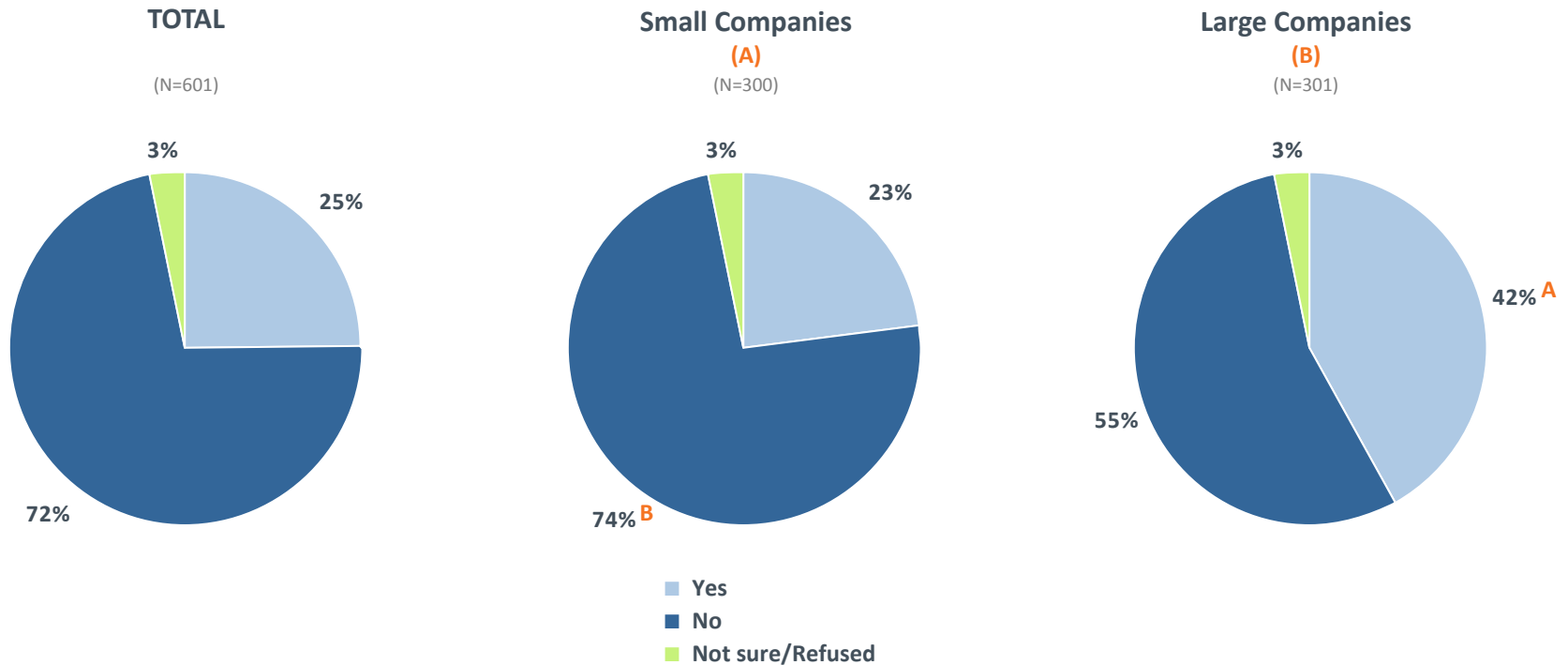


BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

NEW QUESTIONS IN WAVE 11: Q2665. How often does your company proactively engage employees with additional education and/or advice about the retirement savings plan?

# Perceptions & Management: Getting Employees Back on Track

- Overall, one quarter of employers have implemented programs to help employees get back on track with retirement savings.
- Large companies were more likely than small companies to provide these programs.

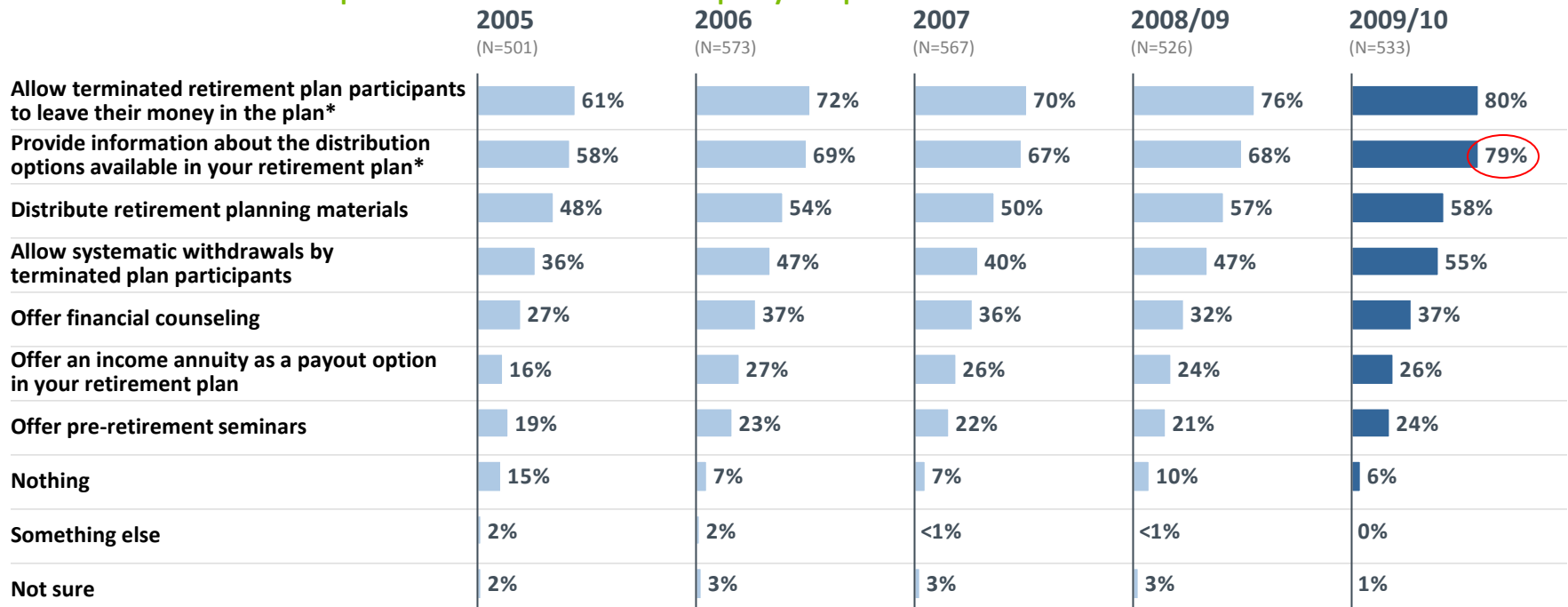


BASE: TOTAL RESPONDENTS

NEW QUESTION IN WAVE 11: Q2785 In the last 12 months, has your company and/or your retirement plan provider implemented any programs to help employees get back on track with their retirement savings?

# Perceptions & Management: Helping Employees Transition to Retirement with a 401(k)

- Over the last five years employers have begun to do more to help employees transition to retirement.
- Compared to last year, there was a boost in providing information about the distribution options available in employee plans.



\*While regulations concerning terminated participants may require that companies perform these actions, these statistics only reflect companies' responses at the time of the survey.

Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

Q770. Does your company do any of the following to help employees transition to retirement? CHOOSE ALL THAT APPLY

# Perceptions & Management: Helping Employees Transition to Retirement with a 401(k)

- Three quarters of small companies allow participants to leave money in their plan after termination and provide information about distribution options.
- However, across the board, large companies are more likely than small companies to help employees transition to retirement.

	Small Companies (A)			Large Companies (B)		
	2007 (N=304)	2008/09 (N=248)	2009/10 (N=256)	2007 (N=263)	2008/09 (N=278)	2009/10 (N=277)
Allow terminated retirement plan participants to leave their money in the plan*	67%	72%	78%	89% A	93% A	91% A
Provide information about the distribution options available in your retirement plan*	65%	63%	77%	82% A	89% A	90% A
Distribute retirement planning materials	48%	54%	56%	65% A	73% A	73% A
Allow systematic withdrawals by terminated plan participants	37%	43%	54%	59% A	62% A	63%
Offer financial counseling	33%	28%	35%	50% A	50% A	52% A
Offer an income annuity as a payout option in your retirement plan	23%	22%	24%	40% A	31%	43% A
Offer pre-retirement seminars	19%	17%	20%	42% A	41% A	47% A
Nothing	8% B	12% B	6%	0%	0%	1%
Something else	<1%	0%	0%	0%	2% A	0%
Not sure	3%	4%	1%	2%	0%	1%

\*While regulations concerning terminated participants may require that companies perform these actions, these statistics only reflect companies' responses at the time of the survey.

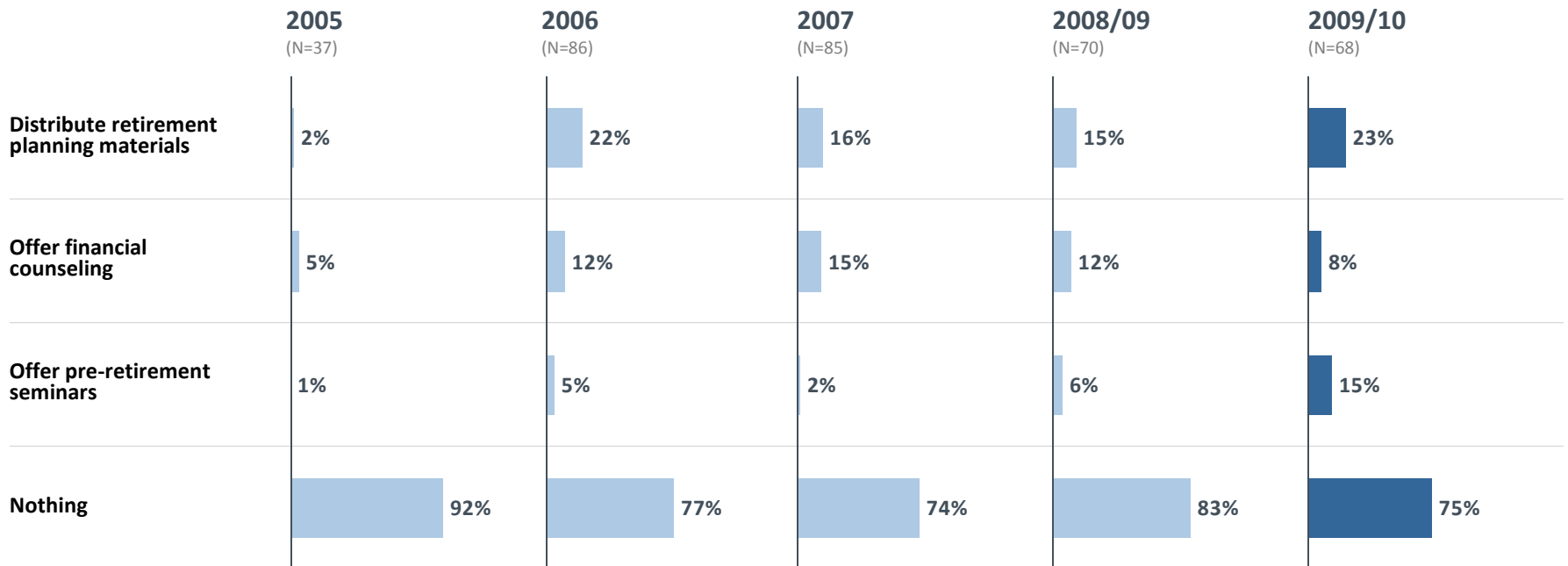
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

Q770. Does your company do any of the following to help employees transition to retirement? CHOOSE ALL THAT APPLY

# Perceptions & Management: Helping Employees Transition to Retirement without a 401(k)

- Among employers who do not offer employee-funded retirement plans, the vast majority also do not offer any other type of assistance to help employees transition to retirement.
- If they do anything, it is most likely distributing retirement planning materials for the employees to reference on their own.



Note: Significance testing was only conducted between 2008/09 and 2009/10.

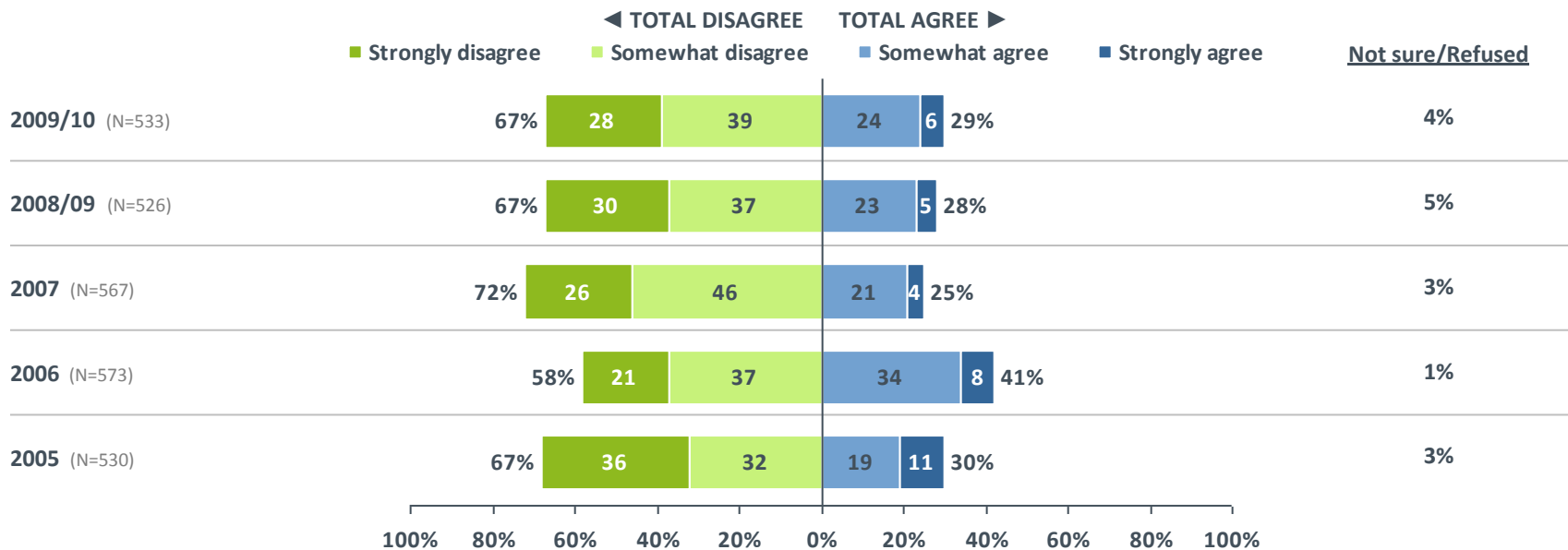
BASE: DOES NOT OFFER 401(k) NOR OTHER SELF FUNDED PLAN

Q780. Does your company do any of the following to help employees transition to retirement? Choose ALL that apply.



# Perceptions & Management: Employee Desires for More Options

- Most employers agree they are offering a fair number of investment options within their retirement plan, with only about three in ten agreeing that their employees would like more investment options available to them.



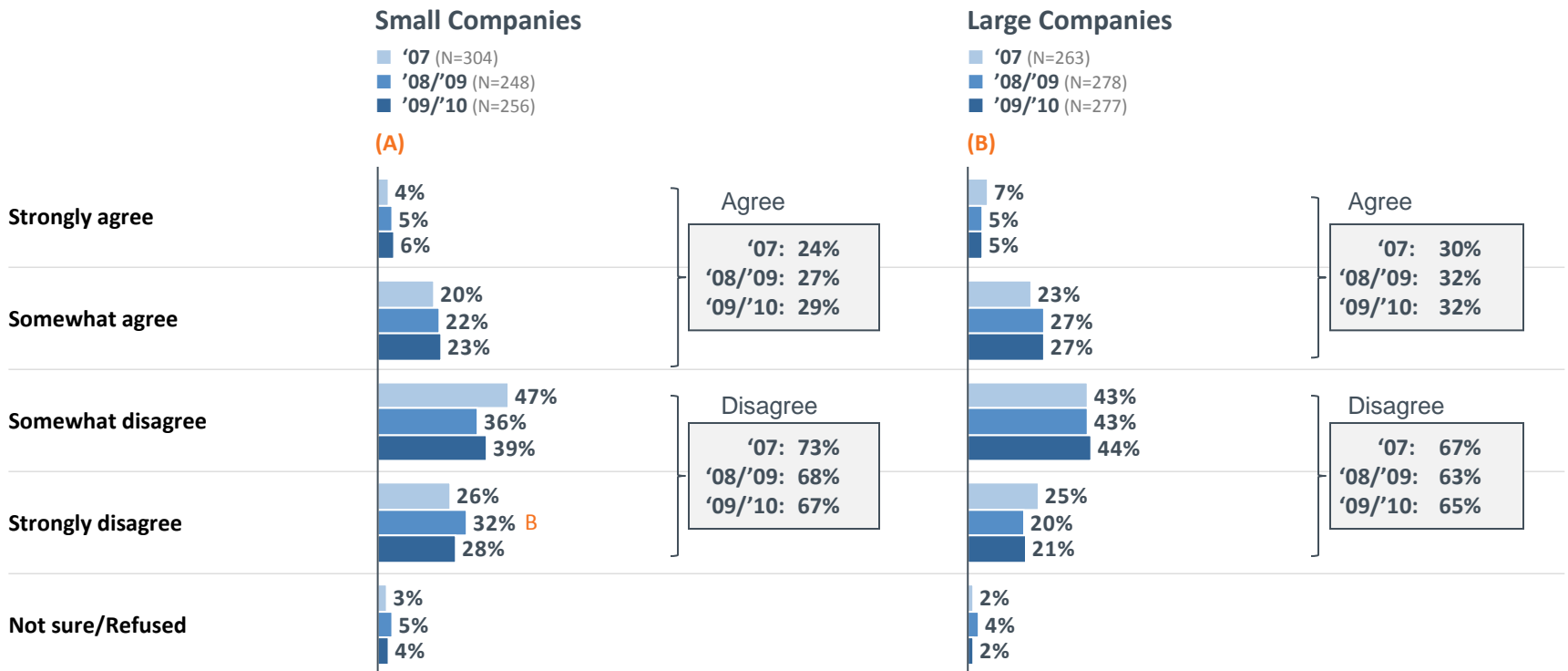
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

Q720. Most employees in our company would like more investment options available to them within the retirement plan.

# Perceptions & Management: Employee Desires for More Options

- About the same percentage of small and large companies agree that their employees would like more investment options.



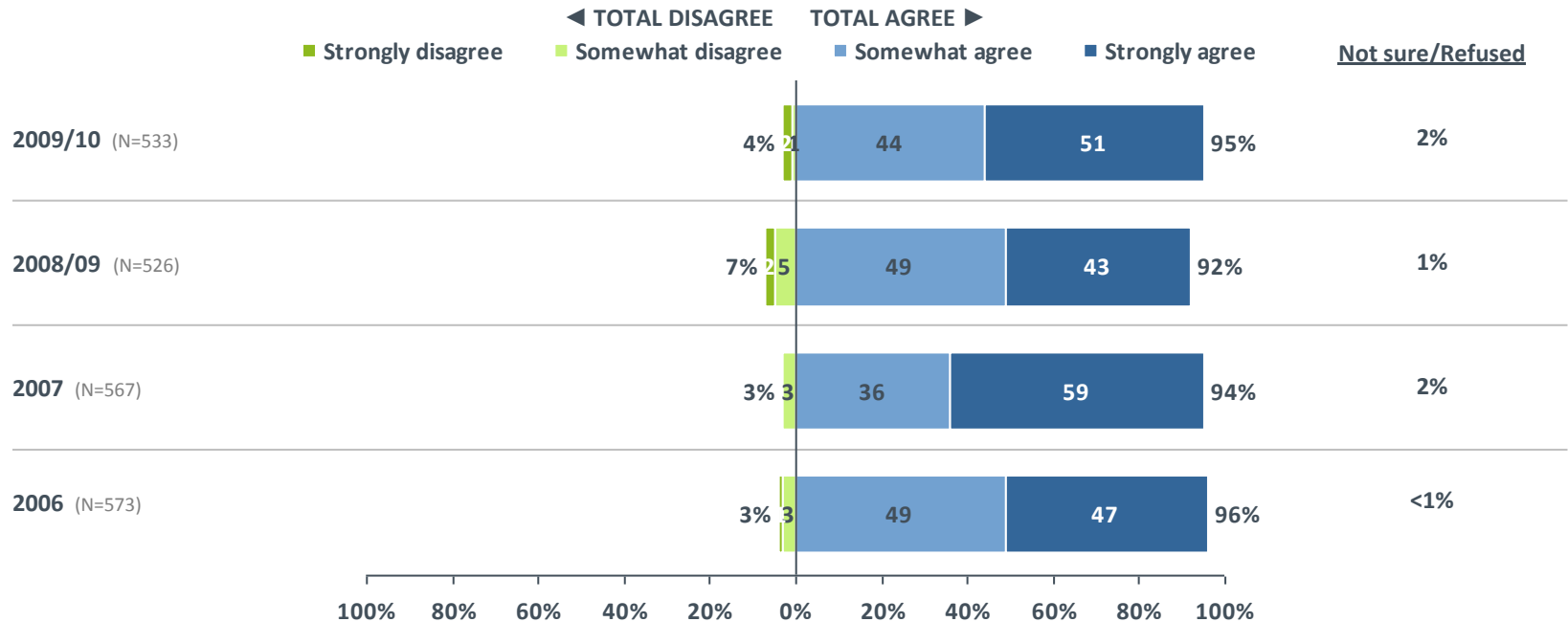
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

Q720. Most employees in our company would like more investment options available to them within the retirement plan.

# Perceptions & Management: Employee Satisfaction with Options

- Most employers also agree their employees are satisfied with the quality of the investment options available within the retirement plan.



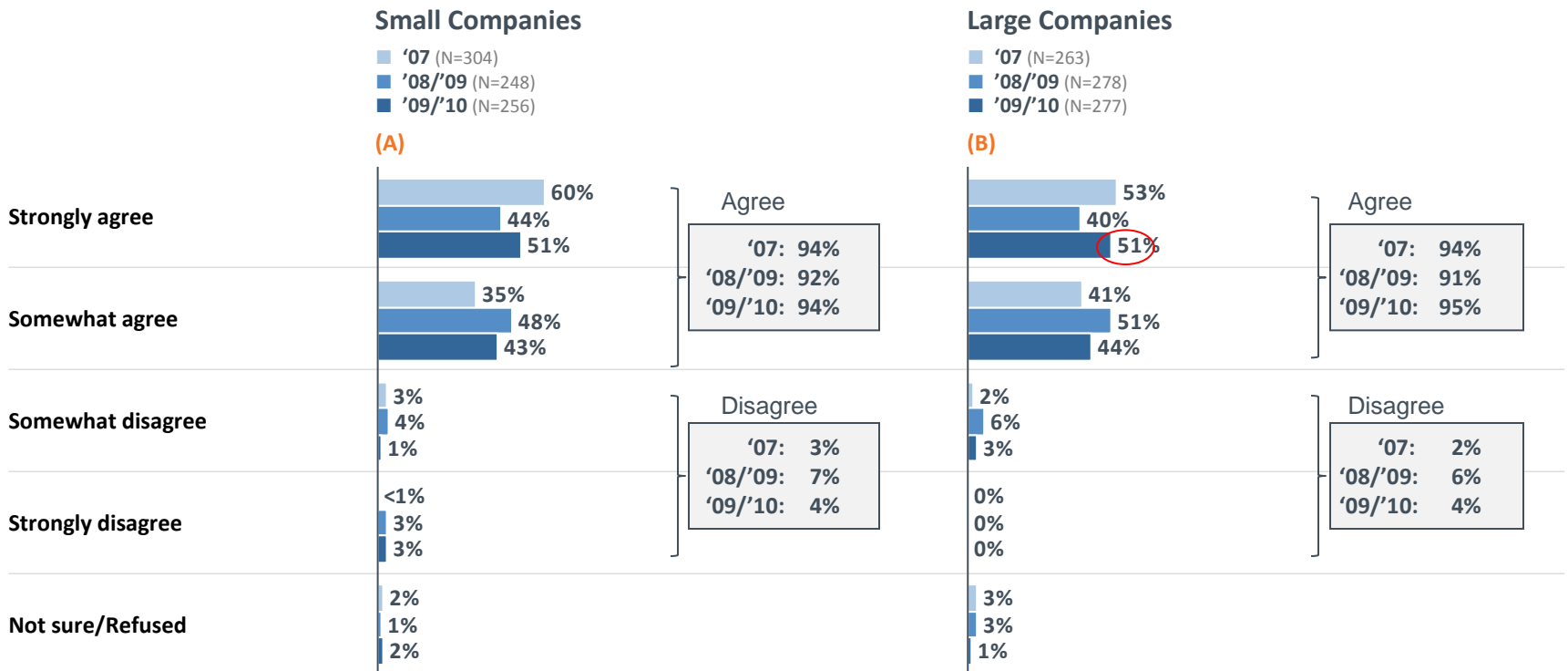
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

Q725. Most employees in our company are satisfied with the quality of the investment options within the retirement plan.

# Perceptions & Management: Employee Satisfaction with Options

- Regardless of company size, employers agree their employees are satisfied with the quality of their investment options.



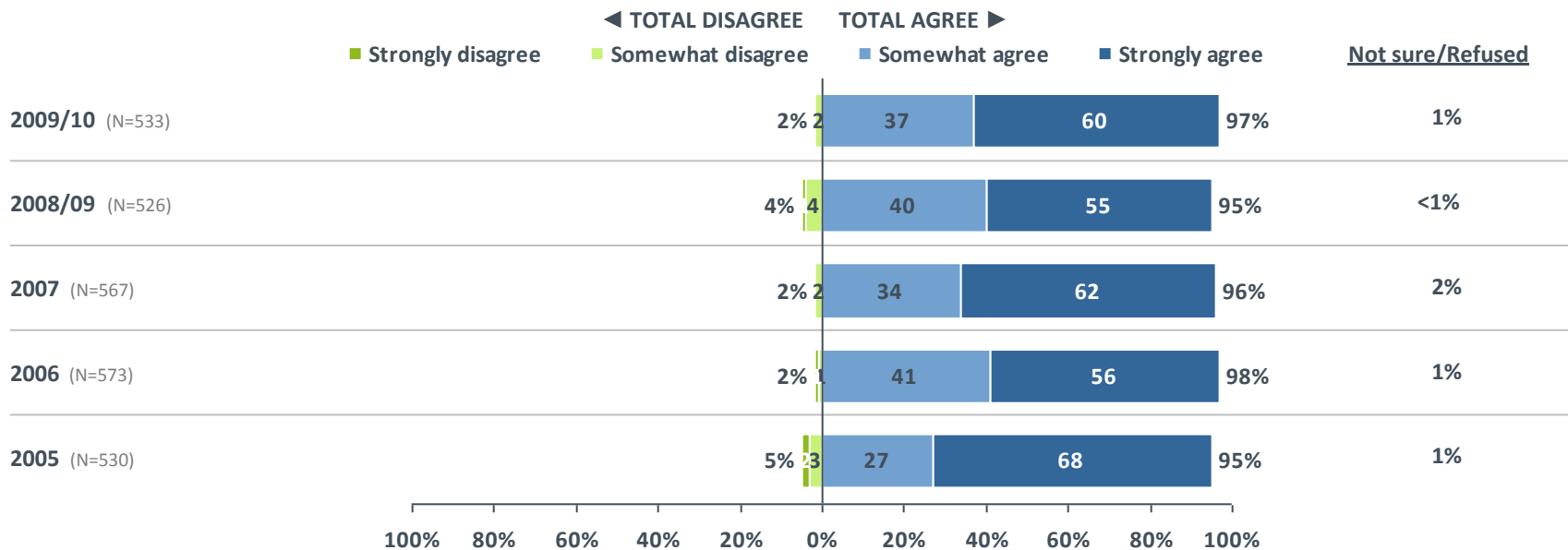
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

Q725. Most employees in our company are satisfied with the quality of the investment options within the retirement plan.

# Perceptions & Management: Employee Satisfaction with Plan

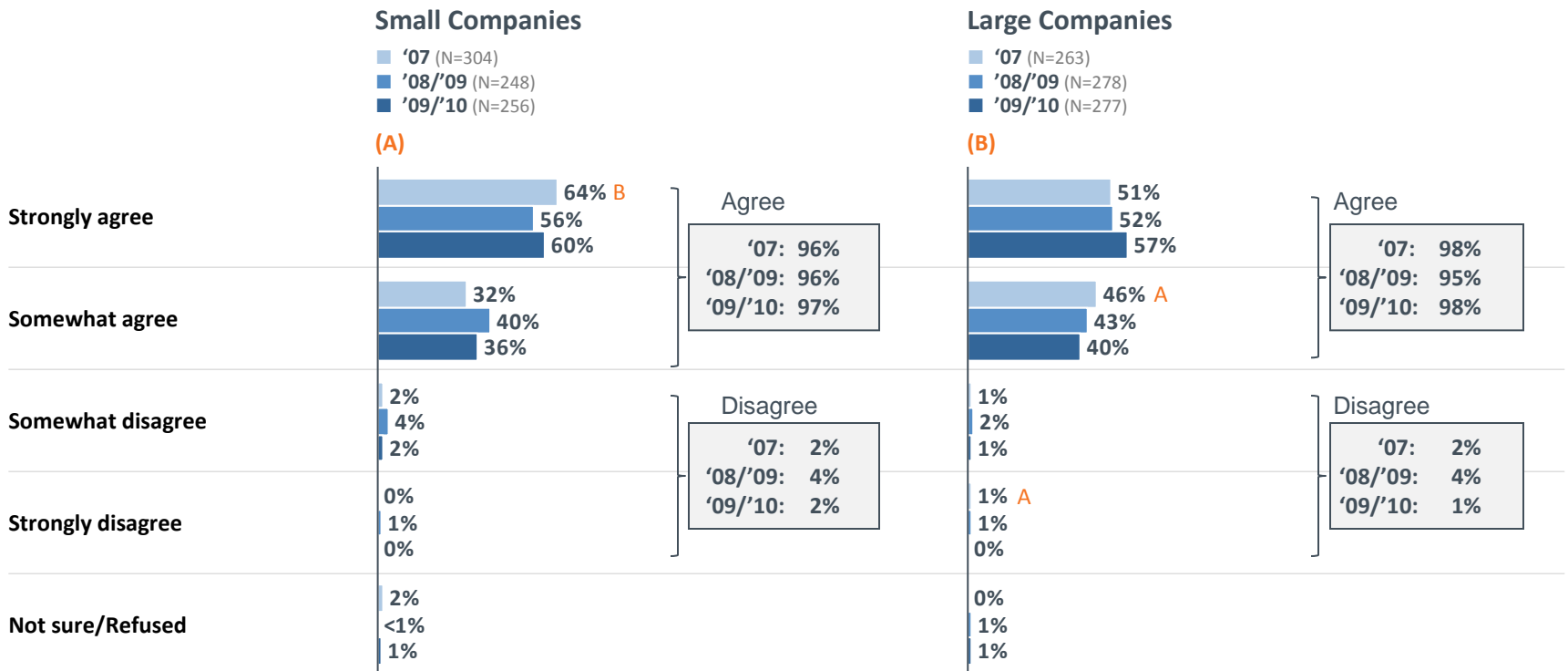
- Employers also agree their employees are satisfied with the retirement plan offered.



Note: Significance testing was only conducted between 2008/09 and 2009/10.  
 BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN  
 Q750. Our employees are satisfied with the retirement plan the company offers.

# Perceptions & Management: Employee Satisfaction with Plan

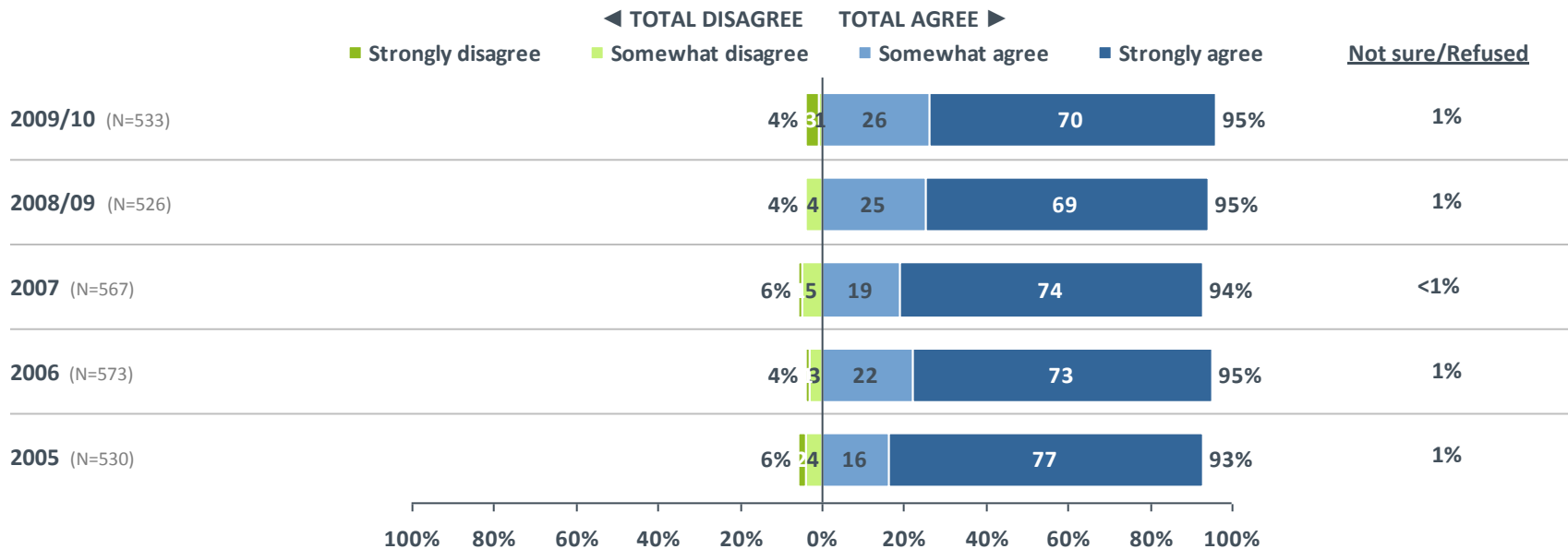
- The vast majority of employers agree that their employees are satisfied with the retirement plan the company offers.



Note: Significance testing was only conducted between 2008/09 and 2009/10.  
 BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN  
 Q750. Our employees are satisfied with the retirement plan the company offers.

# Perceptions & Management: Employer Satisfaction with Plan Provider

- Most employers agree that the company is satisfied with their retirement plan.



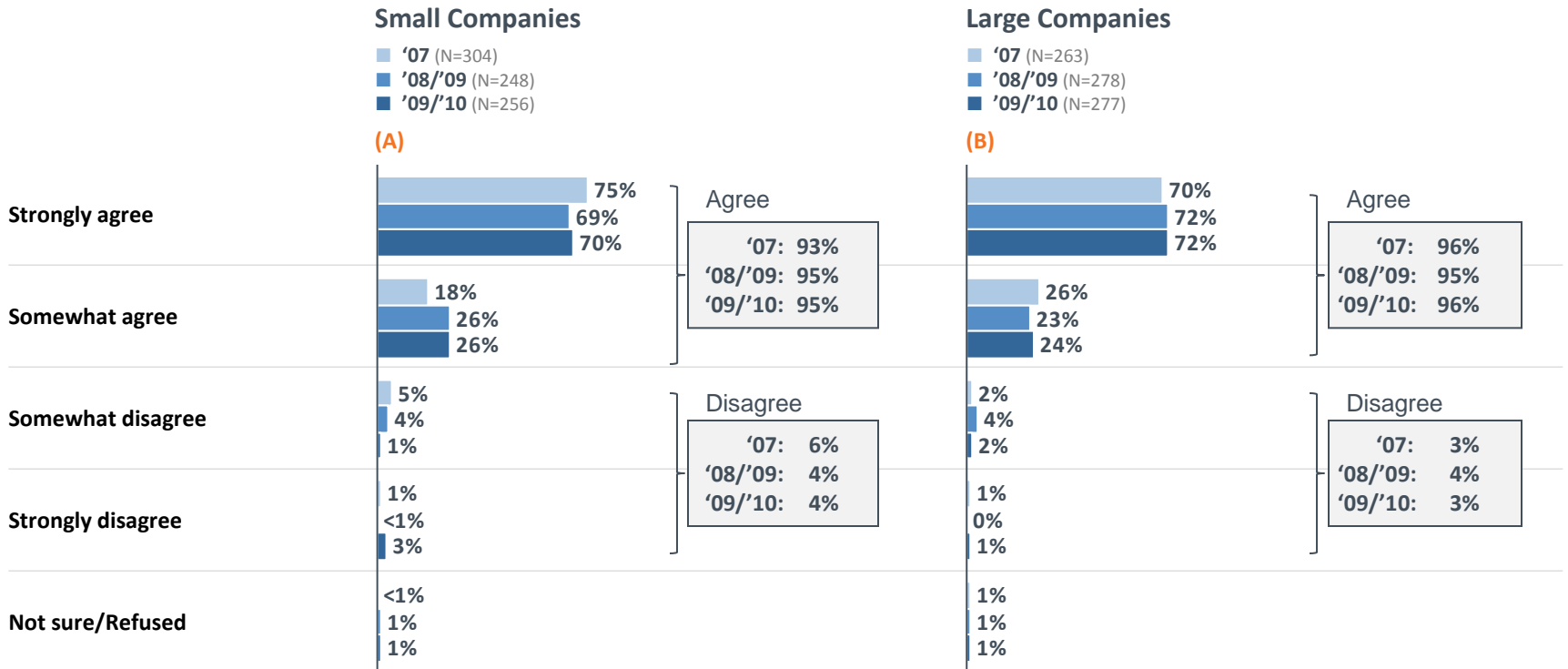
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

Q740. Our company is satisfied with our retirement plan provider.

# Perceptions & Management: Employer Satisfaction with Plan Provider

- Both small and large companies agree their company is satisfied with their retirement plan provider.



Note: Significance testing was only conducted between 2008/09 and 2009/10.

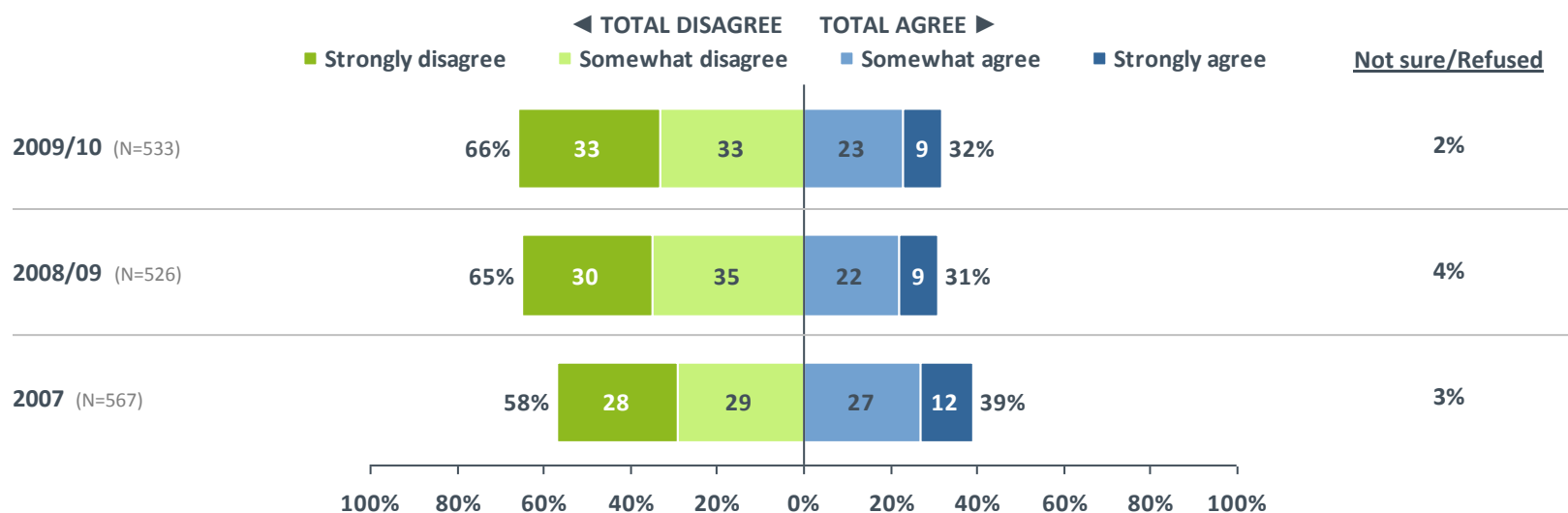
BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

Q740. Our company is satisfied with our retirement plan provider.



# Perceptions & Management: Employer Desire for Information about Plan Fees and Expenses

- About one third of employers would like more information from their retirement plan provider. This remains consistent with previous years.



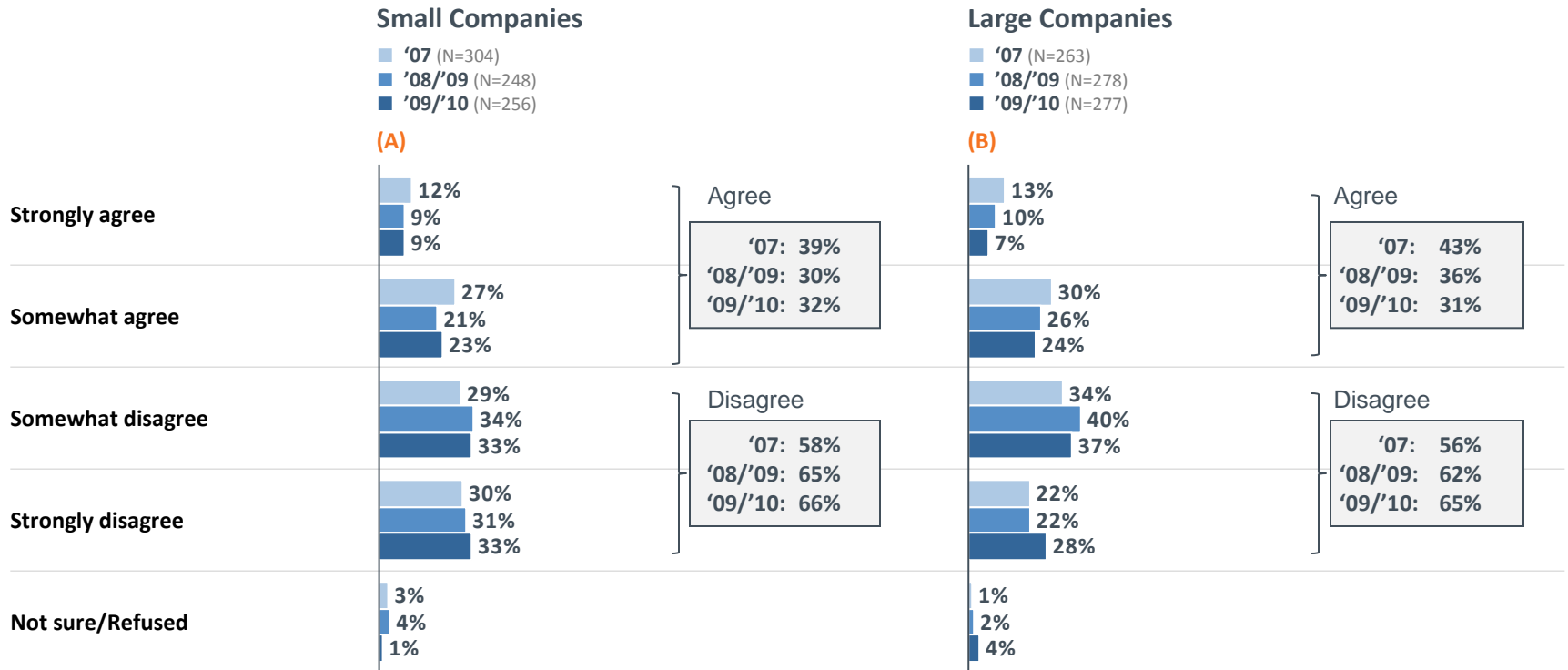
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

Q1045. I would like to receive more information from my retirement plan provider about the fees and expenses associated with the retirement plan.

# Perceptions & Management: Employer Desire for Information about Plan Fees and Expenses

- About the same percentage of large and small companies disagree with the statement that they would like information about fees and expenses from their retirement plan provider.



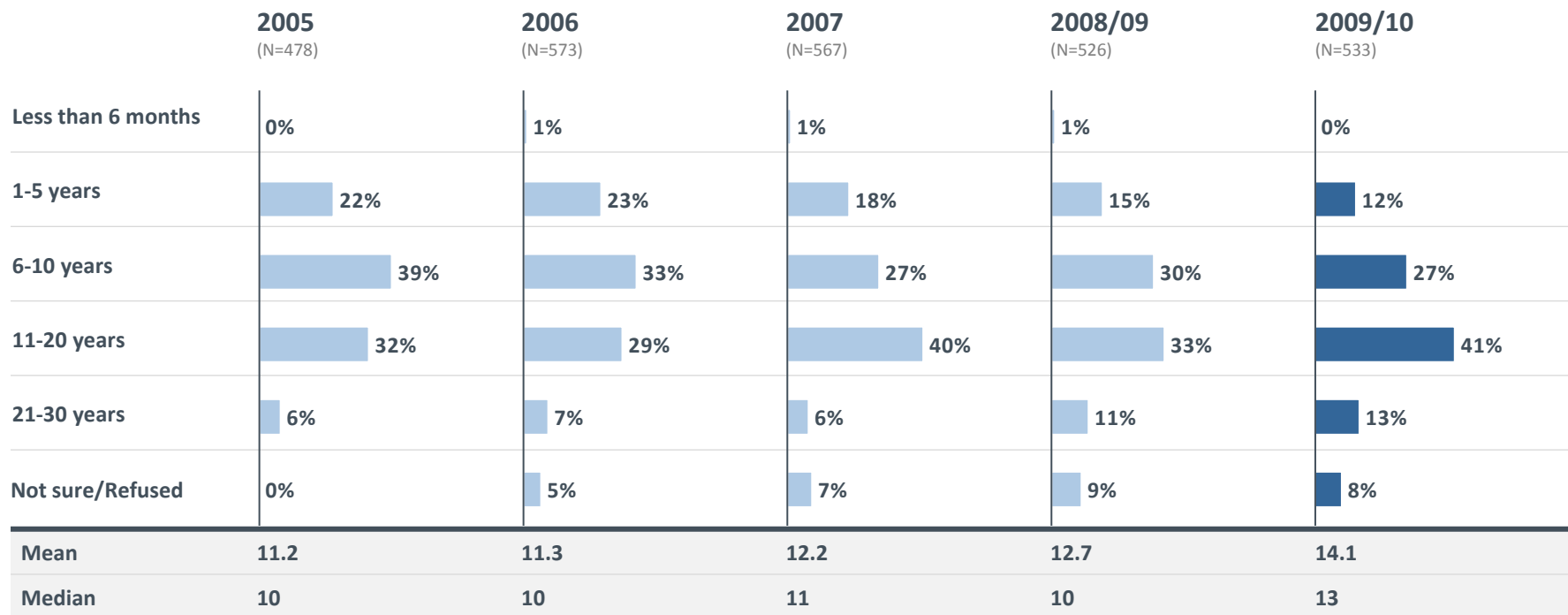
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

Q1045. I would like to receive more information from my retirement plan provider about the fees and expenses associated with the retirement plan.

# Perceptions & Management: Employee-funded Retirement Plan History

- Most employers who are offering employee-funded plans have been offering them for ten or more years.



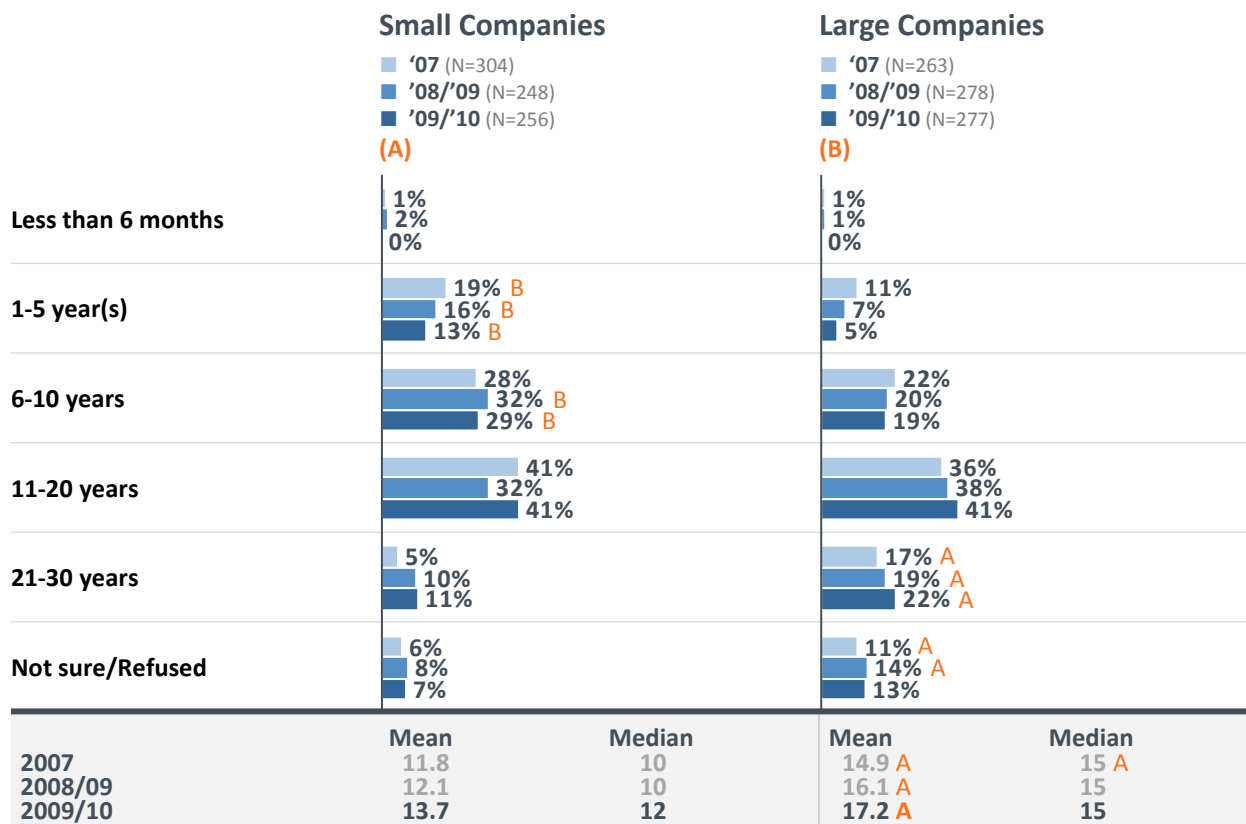
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

Q620. How long have you offered a 401(k) or other employee-funded retirement plan at your company?

# Perceptions & Management: Employee-funded Retirement Plan History

- Larger companies have generally offered employee-funded plans for a longer time than most small companies (based on the mean and median).



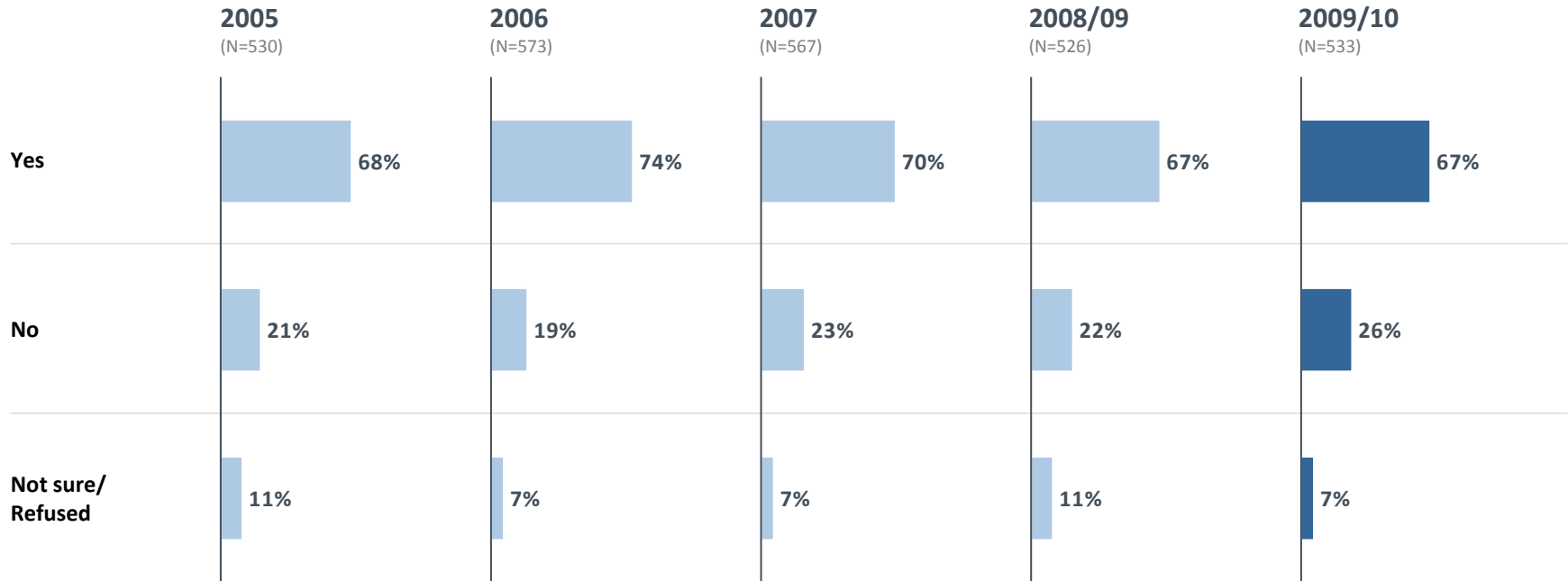
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

Q620. How long have you offered a 401(k) or other employee-funded retirement plan at your company?

# Perceptions & Management: Using Outside Advisors

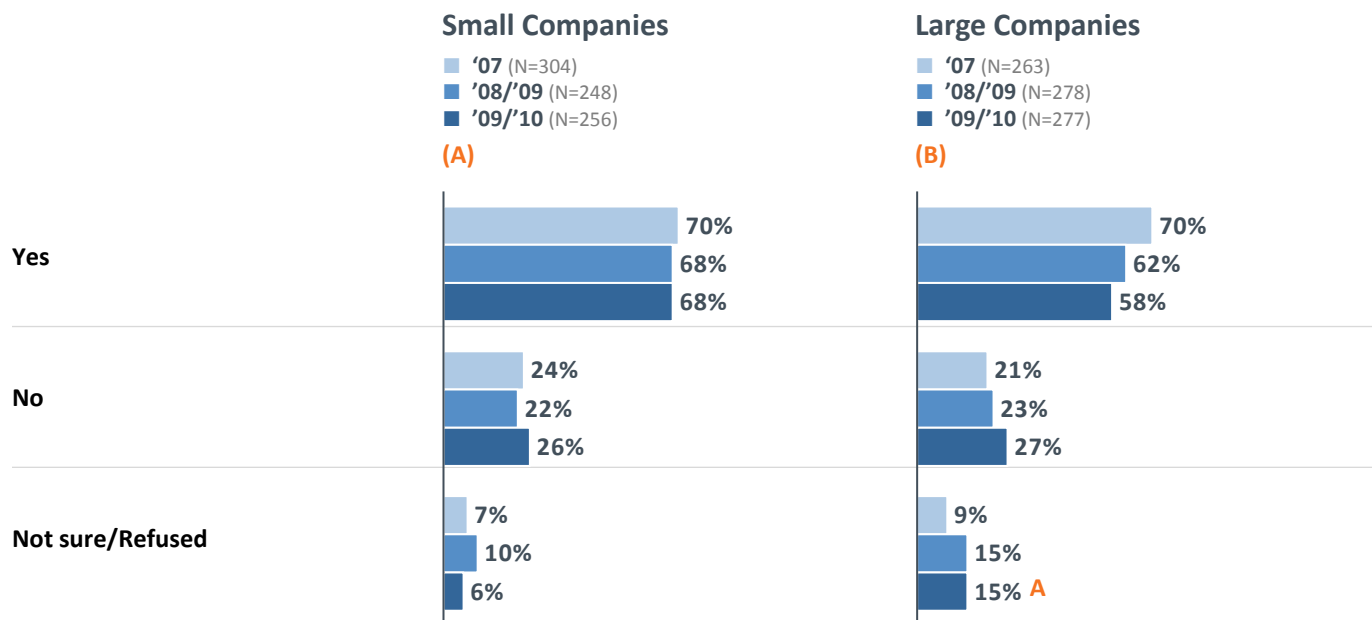
- About two-thirds of all employers use an outside advisor to help select retirement plans, similar to previous years.



Note: Significance testing was only conducted between 2008/09 and 2009/10.  
 BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN  
 Q690. Did you use an outside advisor to help you select your retirement plan?

# Perceptions & Management: Using Outside Advisors

- Employers are likely to use an outside advisor regardless of company size.



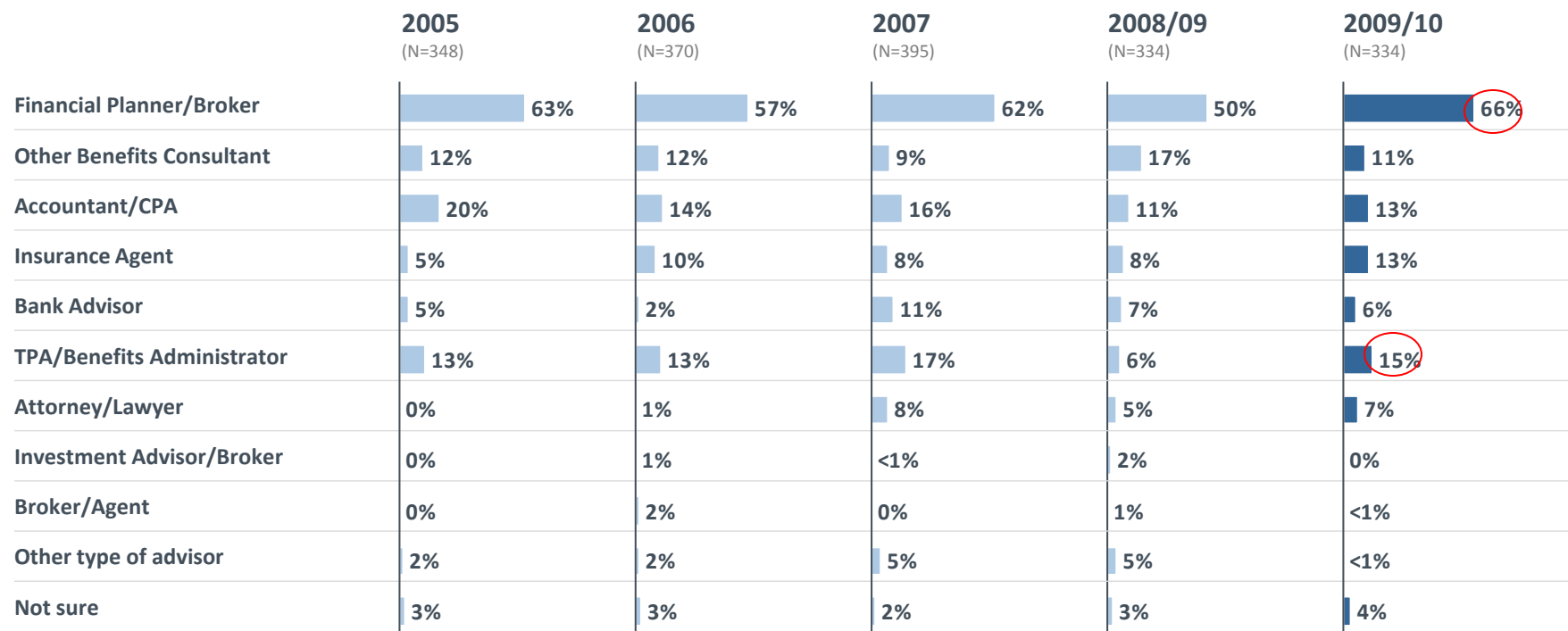
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

Q690. Did you use an outside advisor to help you select your retirement plan?

# Perceptions & Management: Types of Advisors

- Financial planners/brokers are the most frequently used type of financial advisor.



Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: USED OUTSIDE ADVISOR TO HELP SELECT PLAN

Q700. What type of advisor did you use? SELECT ALL THAT APPLY

## Perceptions & Management: Types of Advisors

- Small companies are more likely to use financial planners/brokers over other types of advisors and this trend has increased from the previous year.
- An increasing percentage of large companies are more likely to use a benefits consultant than in previous years. However, they are also more likely to use financial planners/brokers overall.

	Small Companies (A)			Large Companies (B)		
	2007 (N=212)	2008/09 (N=160)	2009/10 (N=173)	2007 (N=183)	2008/09 (N=174)	2009/10 (N=161)
Financial Planner/Broker	63%	48%	68% B	60%	57%	52%
Other Benefits Consultant	7%	16%	9%	23% A	23%	35% A
Accountant/CPA	17% B	12%	14%	5%	6%	7%
Insurance Agent	8%	8%	14% B	3%	4%	3%
Bank Advisor	12% B	7%	6%	3%	2%	6%
TPA/Benefits Administrator	18% B	6%	15%	9%	10%	10%
Attorney/Lawyer	7%	4%	7%	10%	10% A	13%
Investment advisor/broker	–	2%	–	1%	–	1% A
Broker/Agent	–	1%	0%	–	–	1%
Other type of advisor	5%	6%	<1%	5%	1%	3% A
Not Sure	2%	3%	4%	4%	5%	4%

Note: Significance testing was only conducted between 2008/09 and 2009/10.

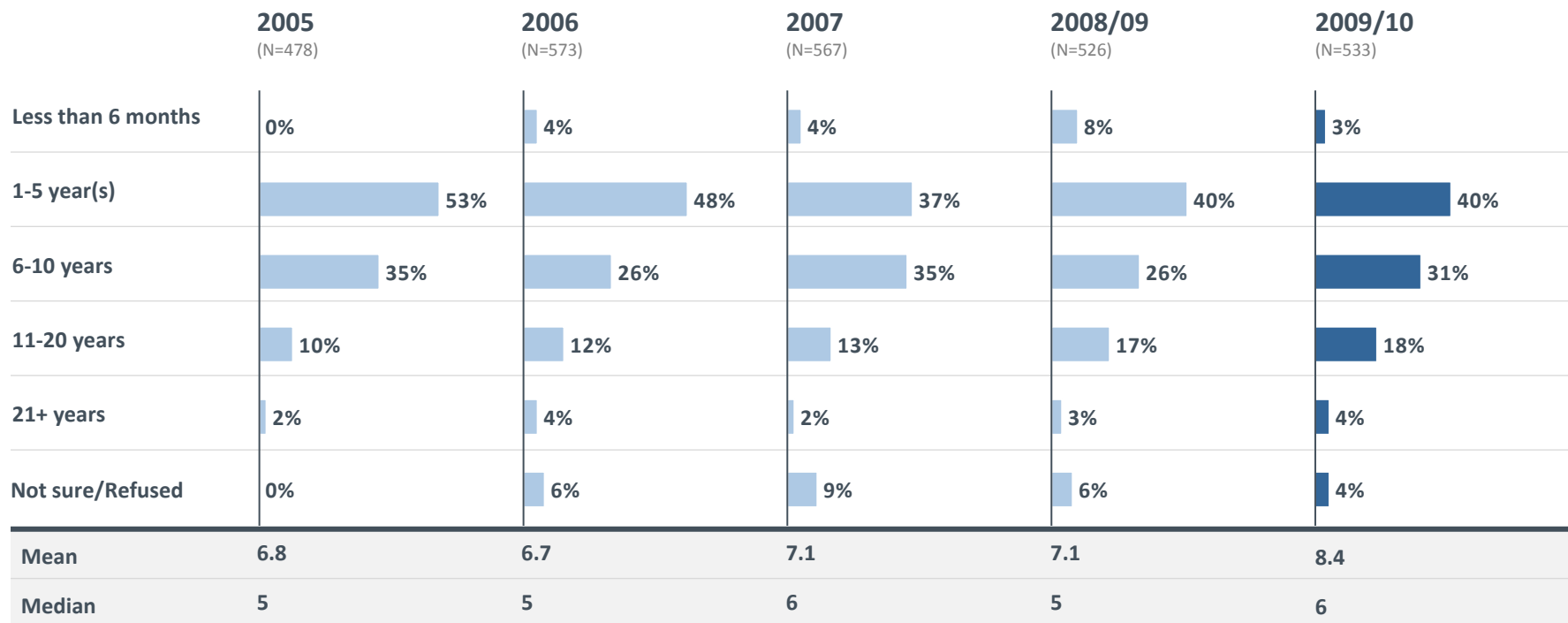
BASE: USED OUTSIDE ADVISOR TO HELP SELECT PLAN

Q700. What type of advisor did you use? SELECT ALL THAT APPLY



## Perceptions & Management: Plan Administrator History

- Most employers have stayed with the same plan administrator for at least 5 years.



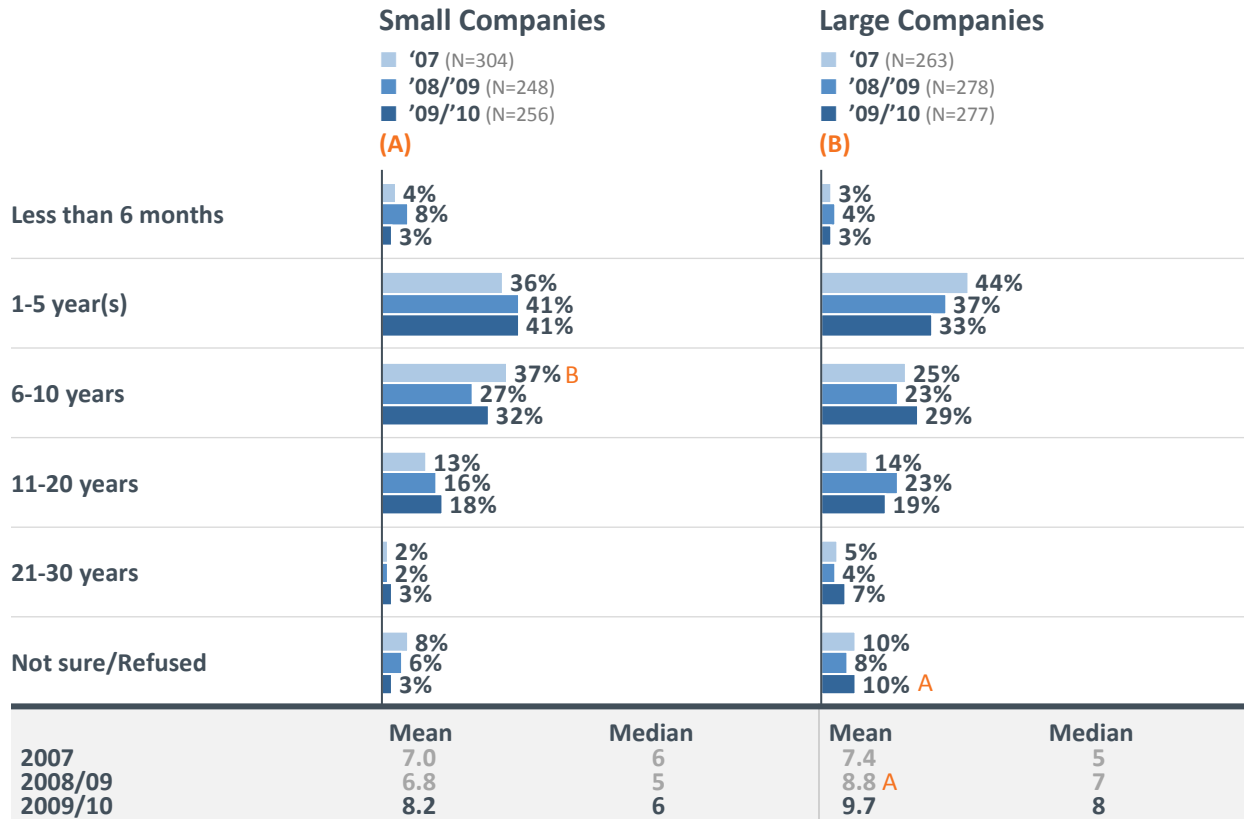
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

Q630. How long have you used your current retirement plan administrator?

# Perceptions & Management: Plan Administrator History

- Both large and small companies tend to have a long-standing history with their administrators.



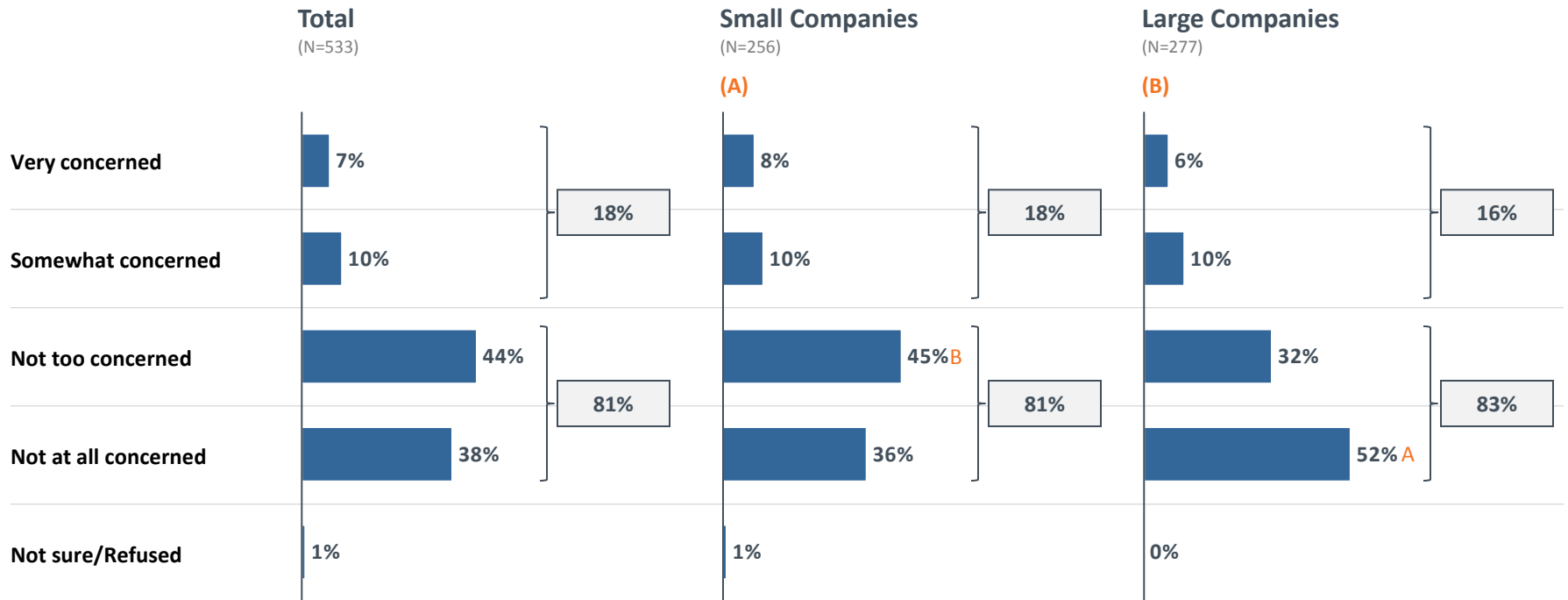
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

Q630. How long have you used your current retirement plan administrator?

# Perceptions & Management: Perceived Provider Stability

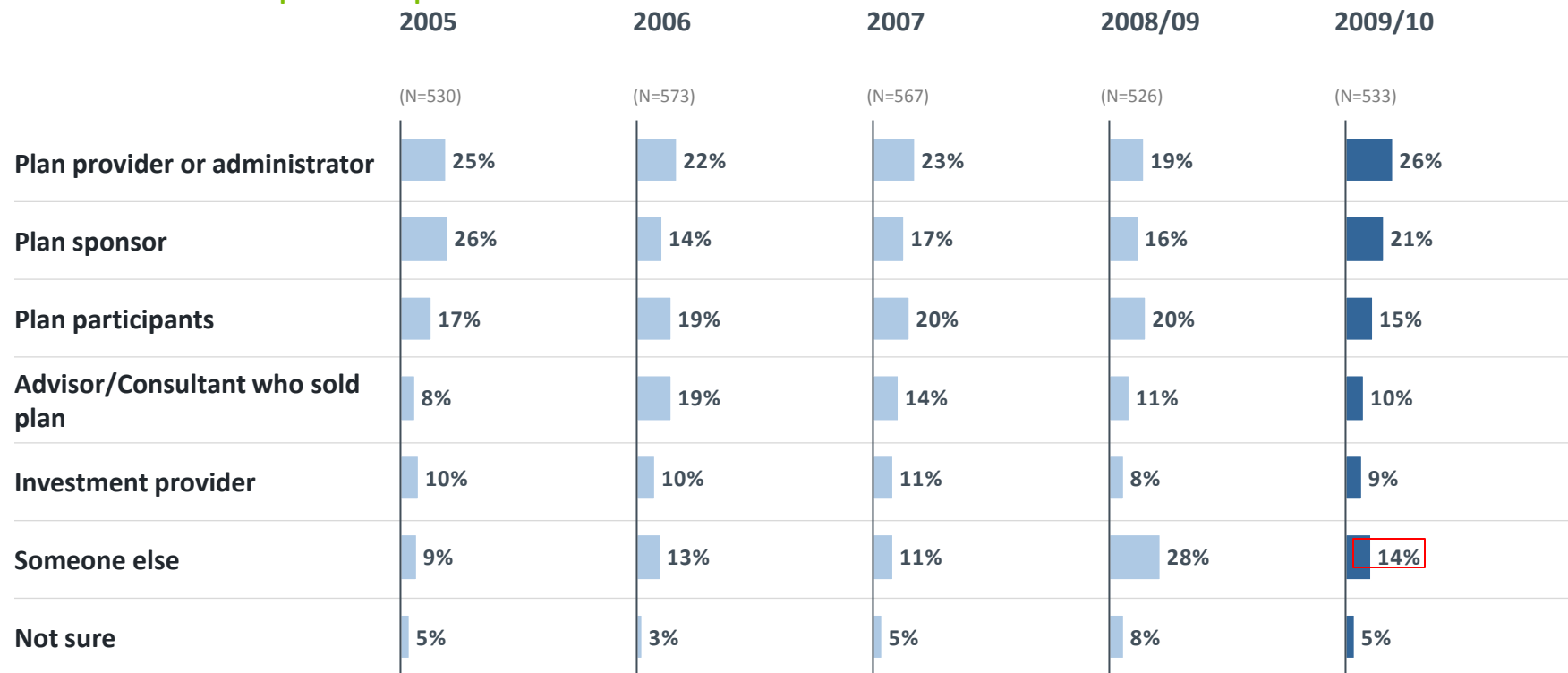
- Even in an unpredictable economy, few employers, regardless of size, have concerns about the financial stability of their retirement plan provider.



Base: Offers 401(k) Plan Or Other Self-Funded Plan  
 NEW QUESTION IN WAVE 11: Q2440. How concerned are you about the financial stability of your retirement plan provider?

# Perceptions & Management: Accountability for Selecting/Monitoring Plan Options

- About one quarter of employers identify the plan provider or administrator as the person most accountable for selecting and monitoring the investment options in their companies' plans.



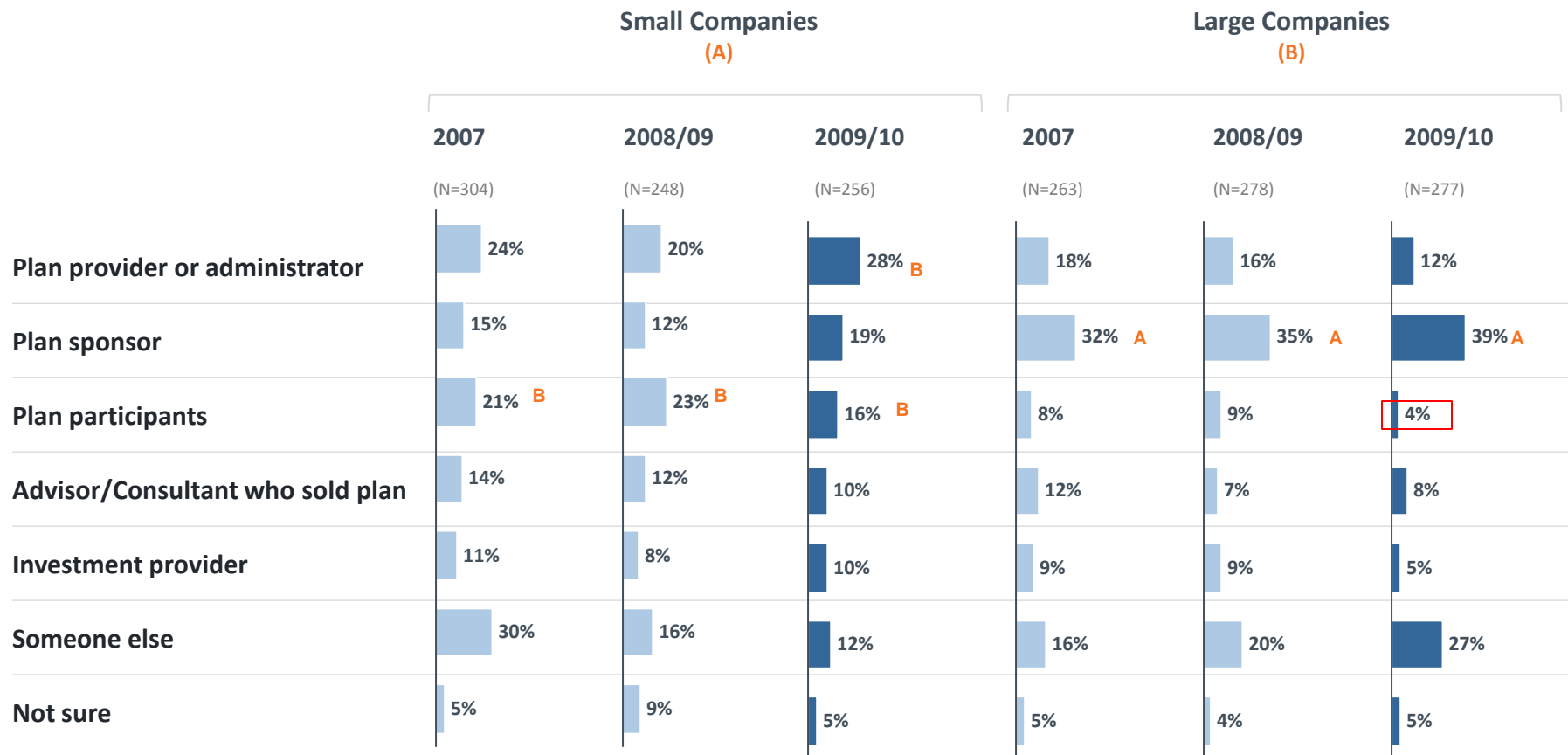
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

Q710. Who from the following list is most accountable for selecting and monitoring the investment options in your company's retirement plan?

# Perceptions & Management: Accountability for Selecting/Monitoring Plan Options

- Large companies are more likely to state that the plan sponsor is most accountable for selecting and monitoring investment options in the plan.



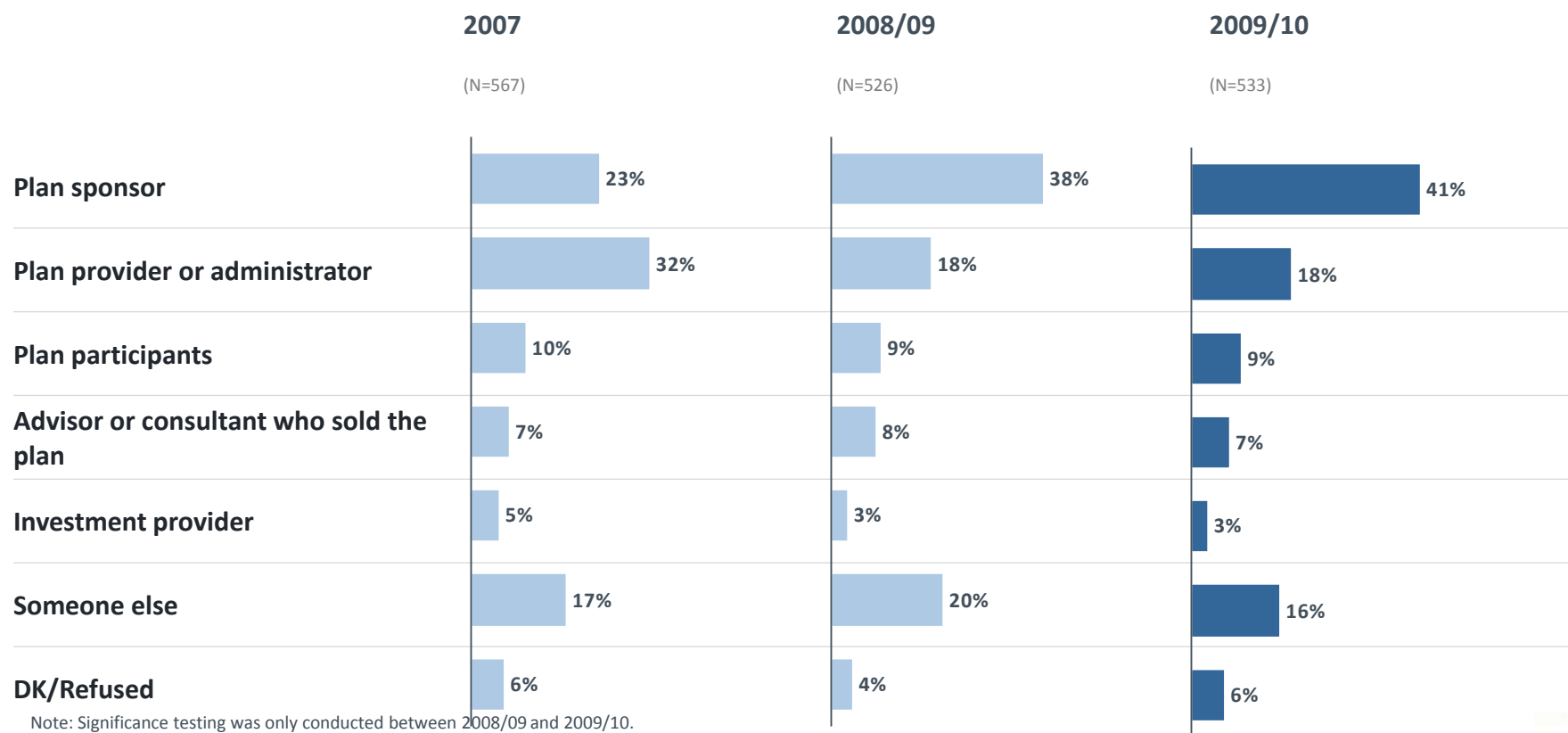
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

Q710. Who from the following list is most accountable for selecting and monitoring the investment options in your company's retirement plan?

# Perceptions & Management: Responsibility for Monitoring Fees & Expenses

- This year's study confirms findings from last year: A large percentage of employers believe the plan sponsor is accountable for monitoring fees and expenses.



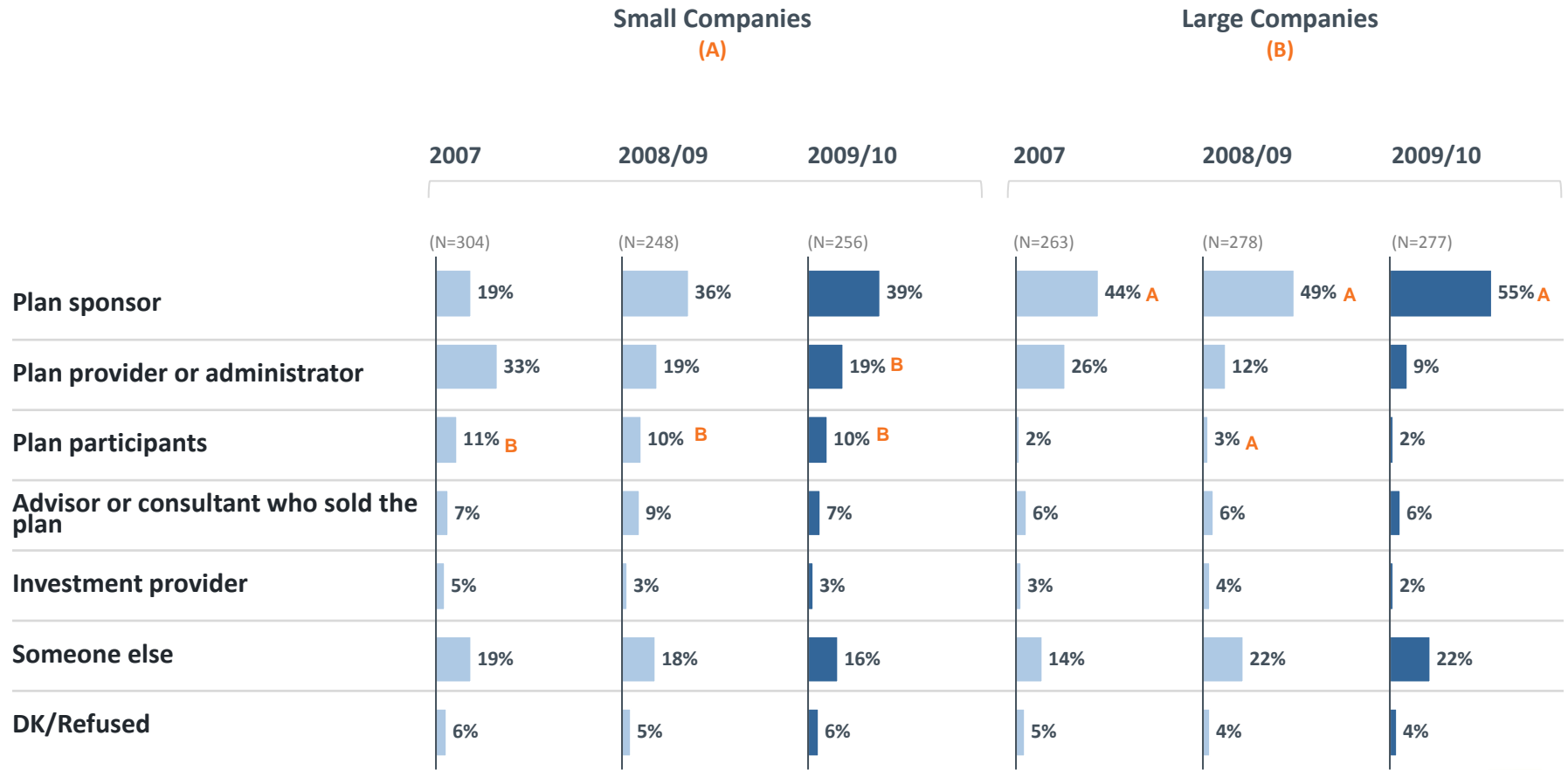
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

Q1035. Who is ultimately responsible for monitoring fees and expenses associated with the retirement plan?

# Perceptions & Management: Responsibility for Monitoring Fees & Expenses

- Large companies are more likely than small companies to believe the plan sponsor is ultimately responsible for monitoring fees and expenses.



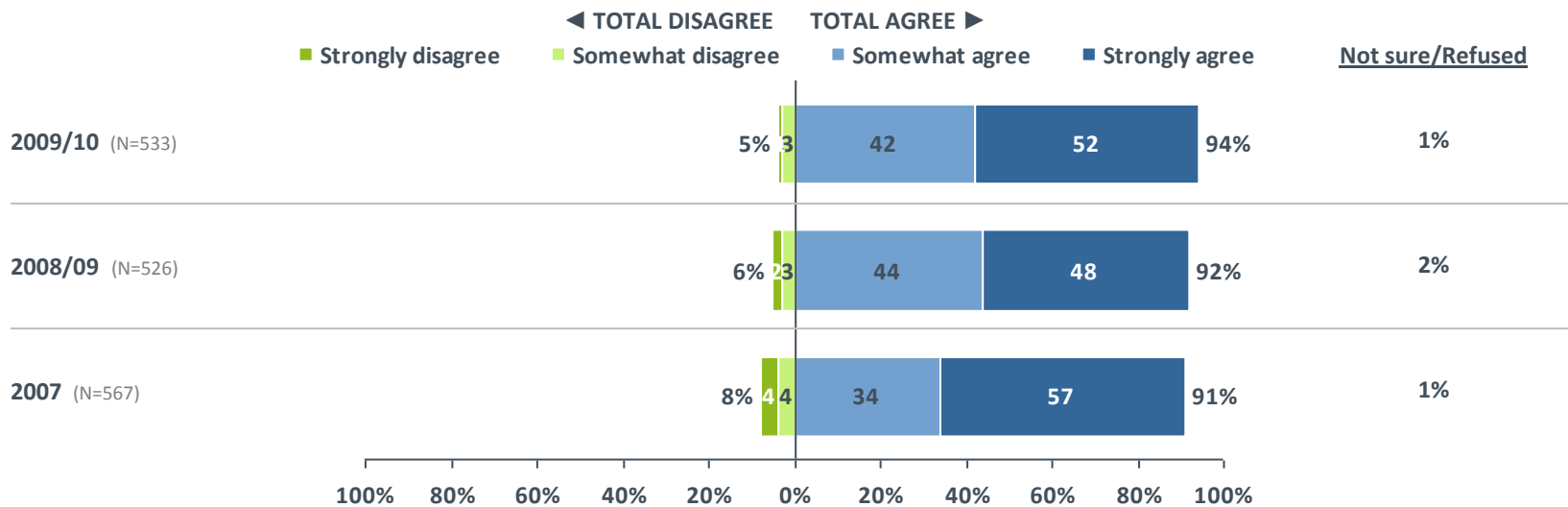
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

Q1035. Who is ultimately responsible for monitoring fees and expenses associated with the retirement plan?

# Perceptions & Management: Employer Understanding of Plan Fees/Expenses

- Employers agree that the people at their company responsible for overseeing the company's retirement plans have a clear understanding of the fees and expenses associated with that plan.

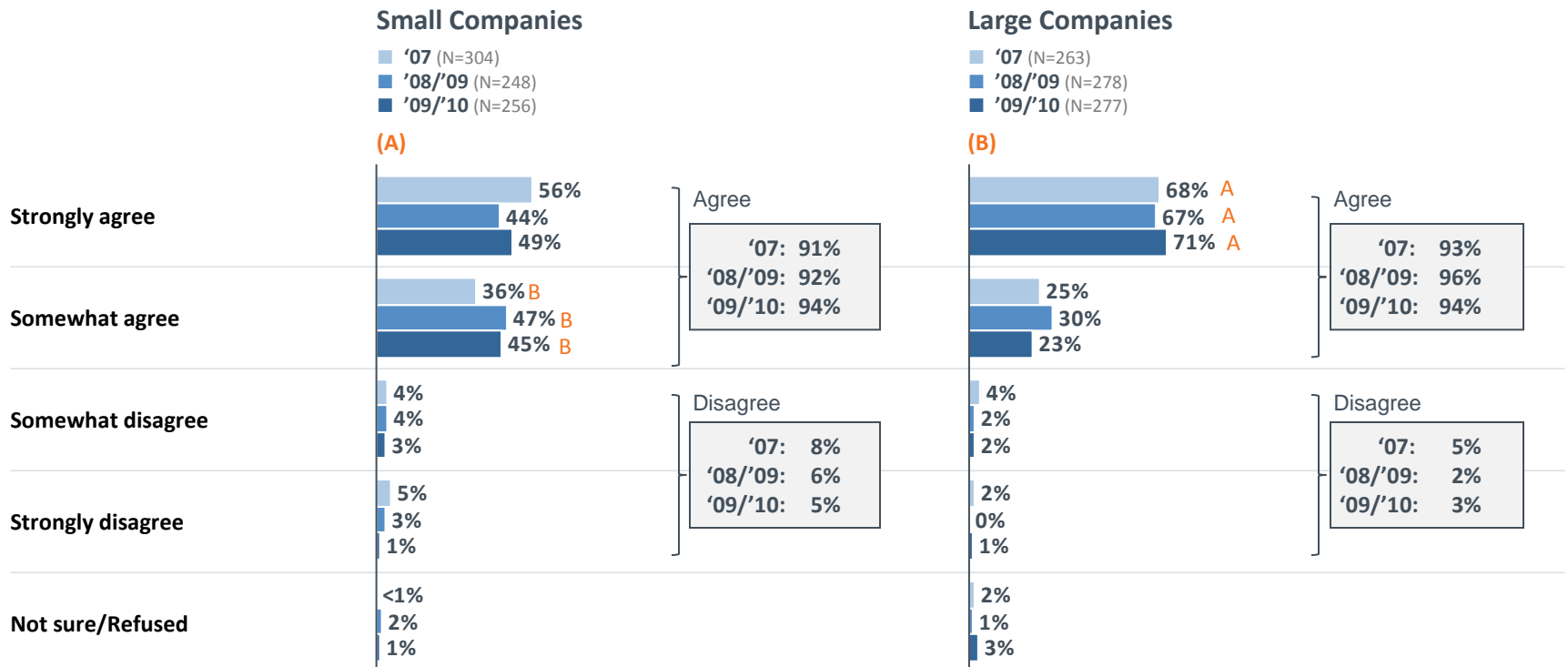


Note: Significance testing was only conducted between 2008/09 and 2009/10.  
 BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN  
 Q1039. People at our company, who are responsible for overseeing the company's retirement plan, have a clear understanding of the fees and expenses associated with the retirement plan.



# Perceptions & Management: Employer Understanding of Plan Fees/Expenses

- Larger companies are more likely to strongly agree that the people responsible at their company have a clear understanding of fees and expenses, whereas small companies are more likely to somewhat agree with the statement.



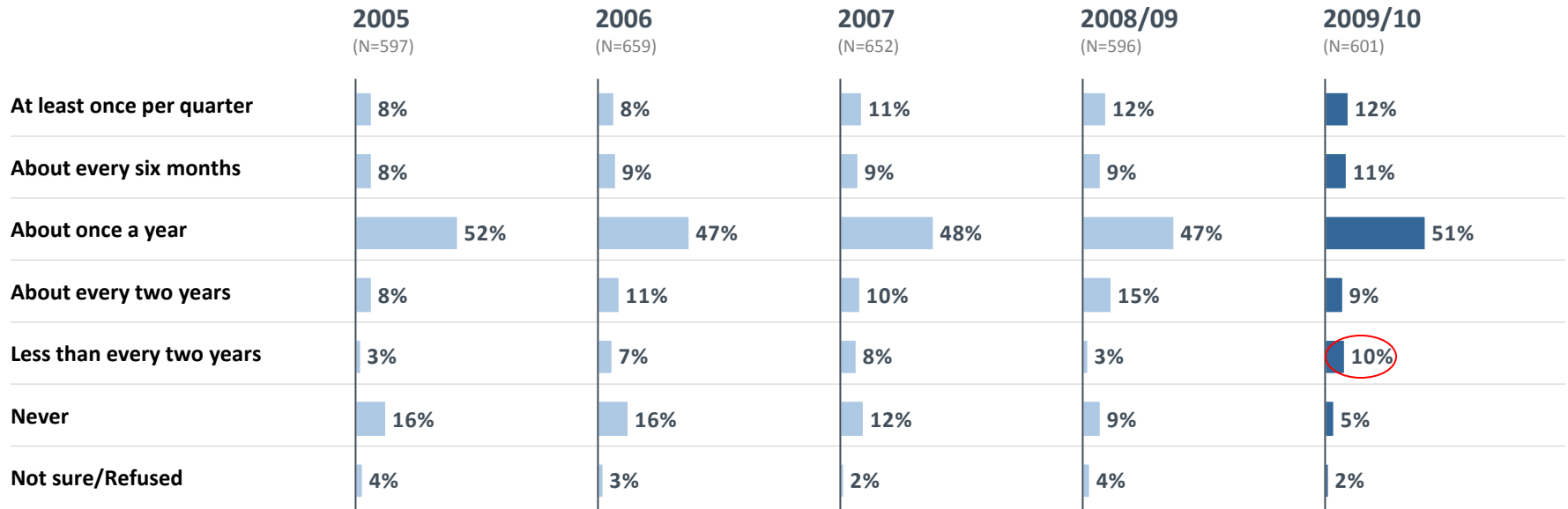
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

Q1039. People at our company, who are responsible for overseeing the company's retirement plan, have a clear understanding of the fees and expenses associated with the retirement plan.

# Perceptions & Management: Evaluating Retirement Benefits

- Over the last five years more employers are evaluating their retirement benefit offerings; about half perform this evaluation annually.



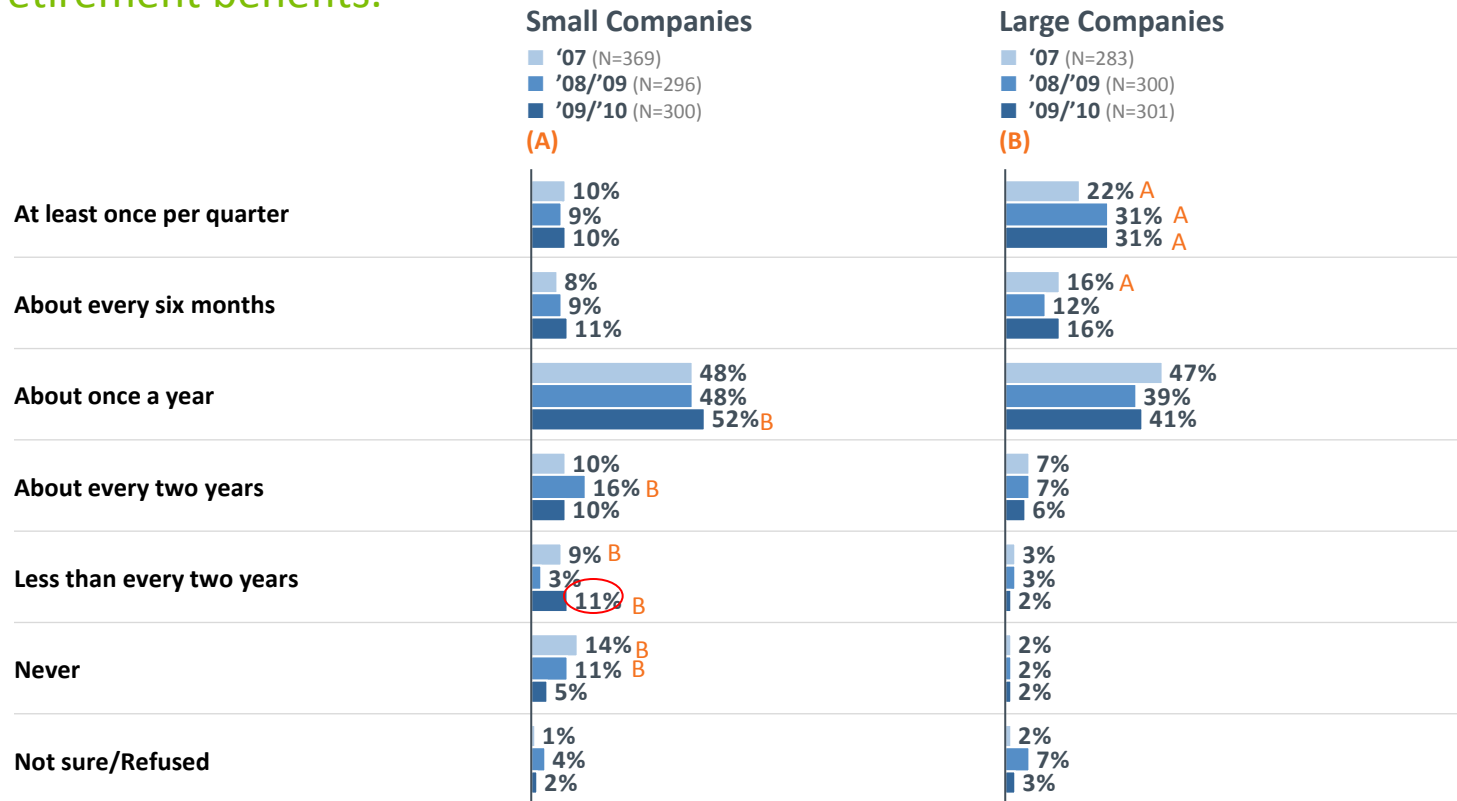
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: TOTAL RESPONDENTS

Q790. How frequently does your company evaluate the retirement benefits offered to employees?

# Perceptions & Management: Evaluating Retirement Benefits

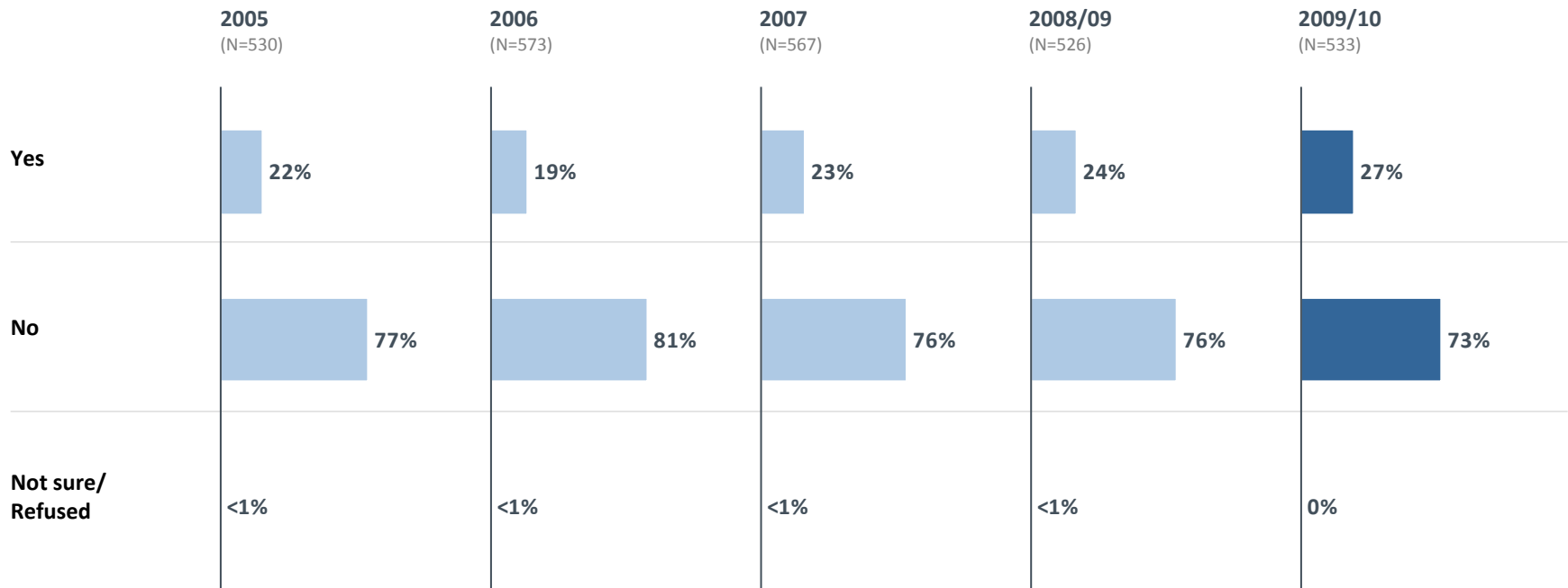
- Most employers, regardless of size, evaluate their retirement benefits once a year. However, large companies are more likely than small companies to review quarterly.
- Small Companies are more likely than large companies to never review their retirement benefits.



Note: Significance testing was only conducted between 2008/09 and 2009/10.  
 BASE: TOTAL RESPONDENTS  
 Q790. How frequently does your company evaluate the retirement benefits offered to employees?

# Perceptions & Management: 401(k) Plan Changes In the Past 12 Months

- About one quarter of employers have made a change to their employee-funded plan in the past year.



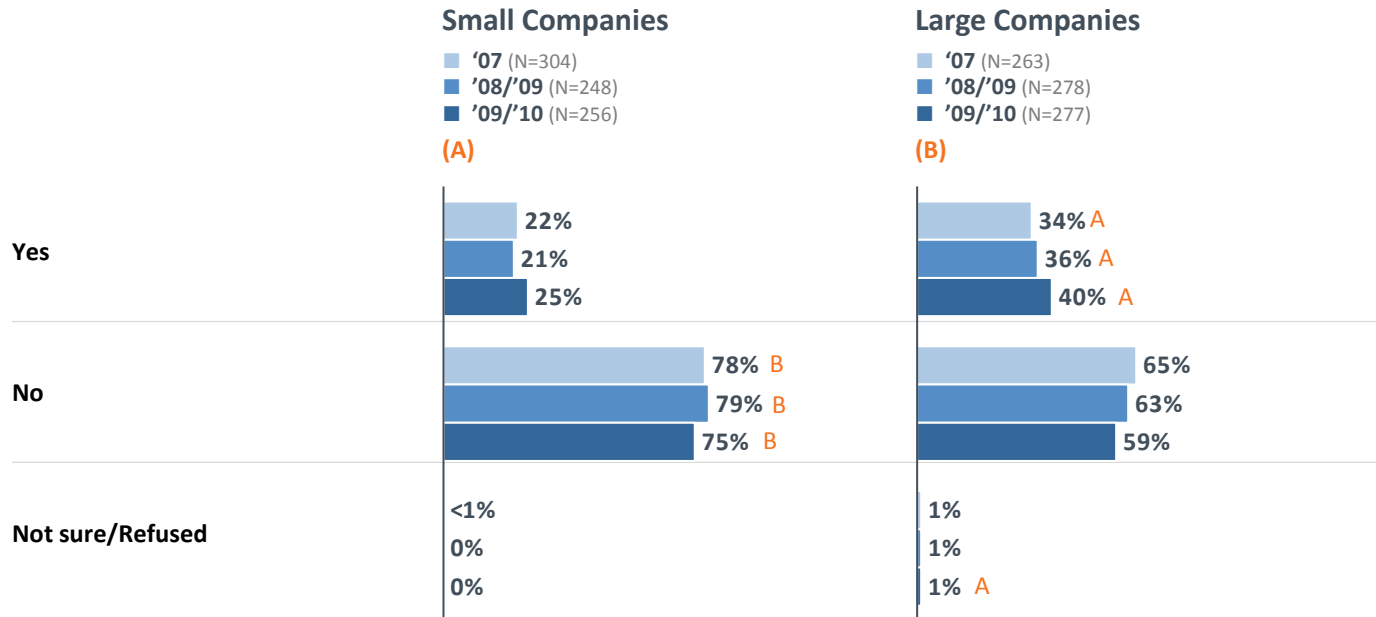
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

Q670. In the past 12 months, has your company made any changes to its 401(k) plan or other employee self-funded plan?

# Perceptions & Management: 401(k) Plan Changes In the Past 12 Months

- Large companies are much more likely to have made a change than small companies.



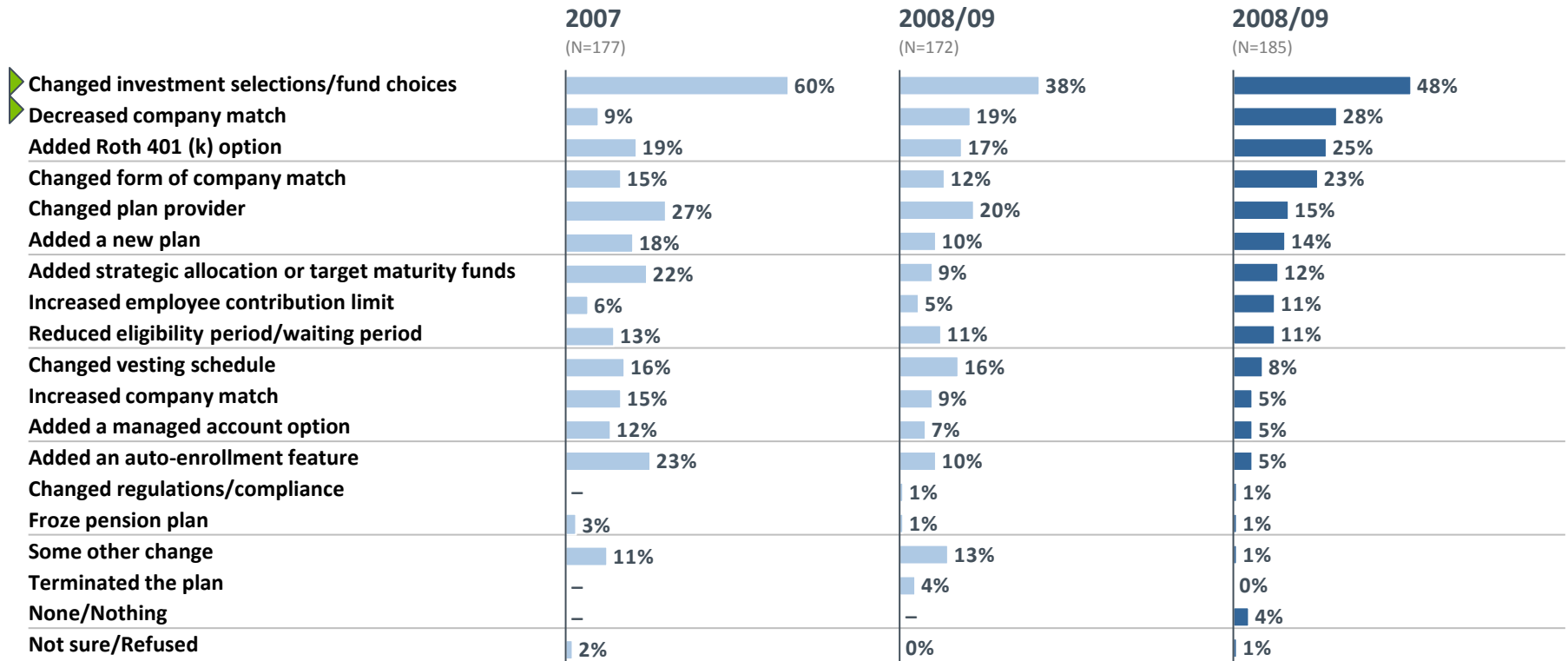
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

Q670. In the past 12 months, has your company made any changes to its 401(k) plan or other employee self-funded plan?

# Perceptions & Management: 401(k) Plan Changes In the Past 12 Months

- Changing investment selections continues to be the most frequent change made by employers.
- More than one quarter of employers decreased the company match.



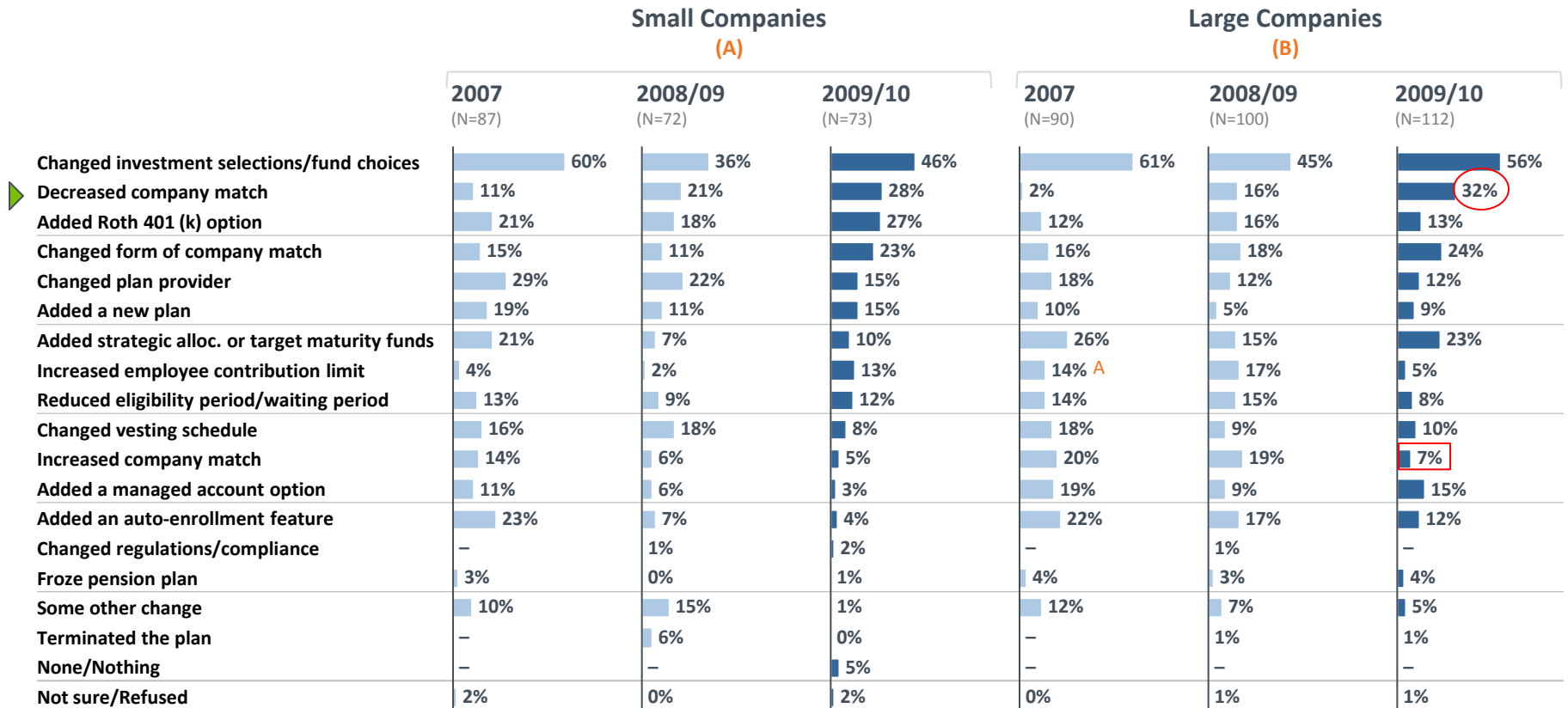
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: MADE CHANGES TO PLAN IN LAST YEAR

Q680. What was changed in the plan? CHOOSE ALL THAT APPLY

# Perceptions & Management: 401(k) Plan Changes In the Past 12 Months

- For large companies in particular, decreasing the company match was a much more common change than in previous years.



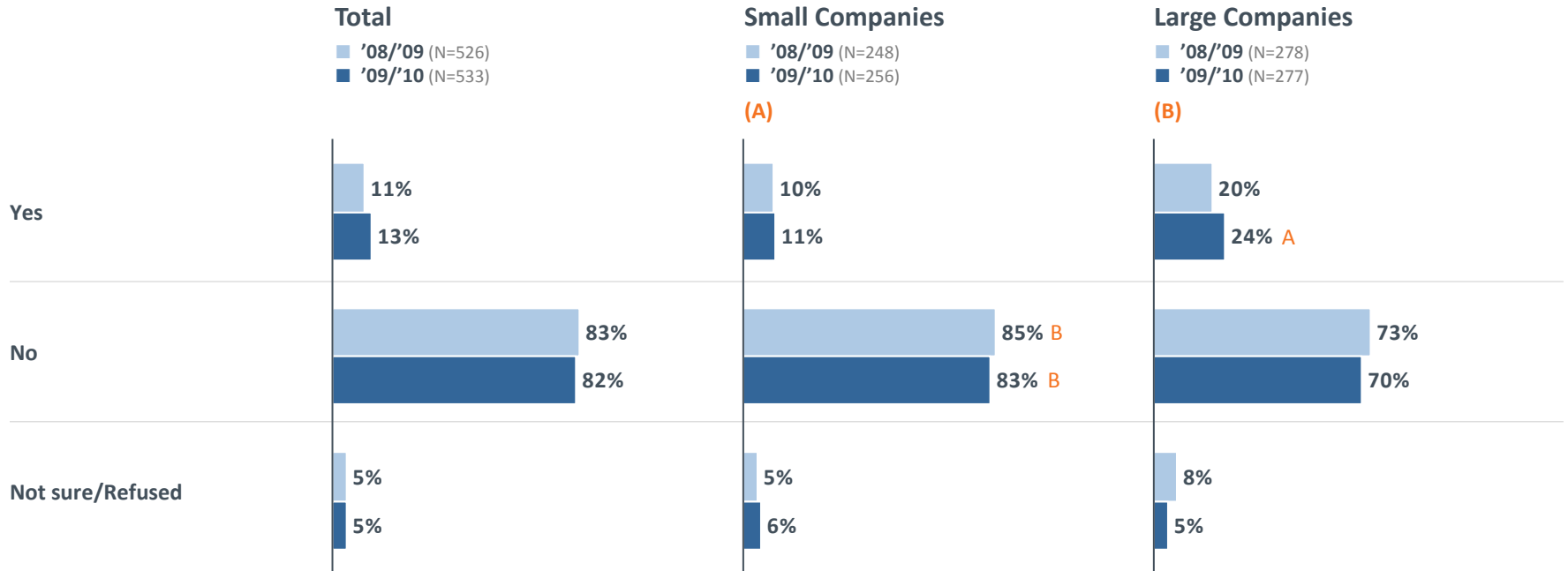
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: MADE CHANGES TO PLAN IN LAST YEAR

Q680. What was changed in the plan? CHOOSE ALL THAT APPLY

# Perceptions & Management: 401(k) Plan Considerations In the Next 12 Months

- In the current economic climate, few employers are considering making changes to their employee-funded plans in the next twelve months.
- However, large companies are more likely than small companies to consider making changes in the next twelve months.



Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

Q1430. In the next 12 months, is your company considering making any changes to its 401(k) plan or other employee self-funded plan?



# Perceptions & Management: 401(k) Plan Considerations In the Next 12 Months

- Changing investment selections or fund choices remains the most common change employers are considering in the next twelve months, especially large companies.

	Total		Small Companies		Large Companies	
	2008/09 (N=87)	2009/10 (N=101)	2008/09 (N=33*)	2009/10 (N=34*)	2008/09 (N=54)	2009/10 (N=67)
▶ <b>Changed investment selections/fund choices</b>	36%	34%	33%	29%	43%	54%
<b>Changed plan provider</b>	13%	30%	10%	34%	20%	18%
<b>Added Roth 401 (k) option</b>	23%	30%	30%	32%	8%	26%
<b>Changed form of company match</b>	22%	22%	24%	22%	17%	24%
<b>Increased company match</b>	18%	21%	18%	17%	16%	36%
<b>Added a new plan</b>	10%	18%	13%	22%	4%	6%
<b>Decreased company match</b>	9%	13%	6%	16%	17%	3%
<b>Added an auto-enrollment feature</b>	19%	7%	22%	1%	11%	27%
<b>Changed vesting schedule</b>	10%	6%	12%	8%	5%	3%
<b>Reduced eligibility period/waiting period</b>	2%	5%	1%	4%	4%	6%
<b>Increased employee contribution limit</b>	6%	4%	6%	4%	7%	4%
<b>Added strategic allocation or target maturity funds</b>	14%	4%	14%	2%	13%	10%
<b>Added a managed account option</b>	10%	3%	7%	1%	16%	9%
<b>Terminate the plan</b>	–	3%	–	3%	–	–
<b>Freeze the plan</b>	–	<1%	–	1%	–	–
<b>Consolidation of plans</b>	2%	0%	1%	0%	4%	0%
<b>Some other change</b>	5%	1%	6%	1%	2%	3%
<b>None/Nothing</b>	1%	0%	0%	0%	2%	–
<b>Not sure/Refused</b>	1%	<1%	1%	–	2%	2%

\*No Significance testing due to small base sizes

Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: Plans to MAKE CHANGES TO PLAN IN NEXT 12 MONTHS

Q1435. What changes is your company considering to make in its 401(k) or other employee self-funded plan in the next 12 months? Choose ALL that apply.

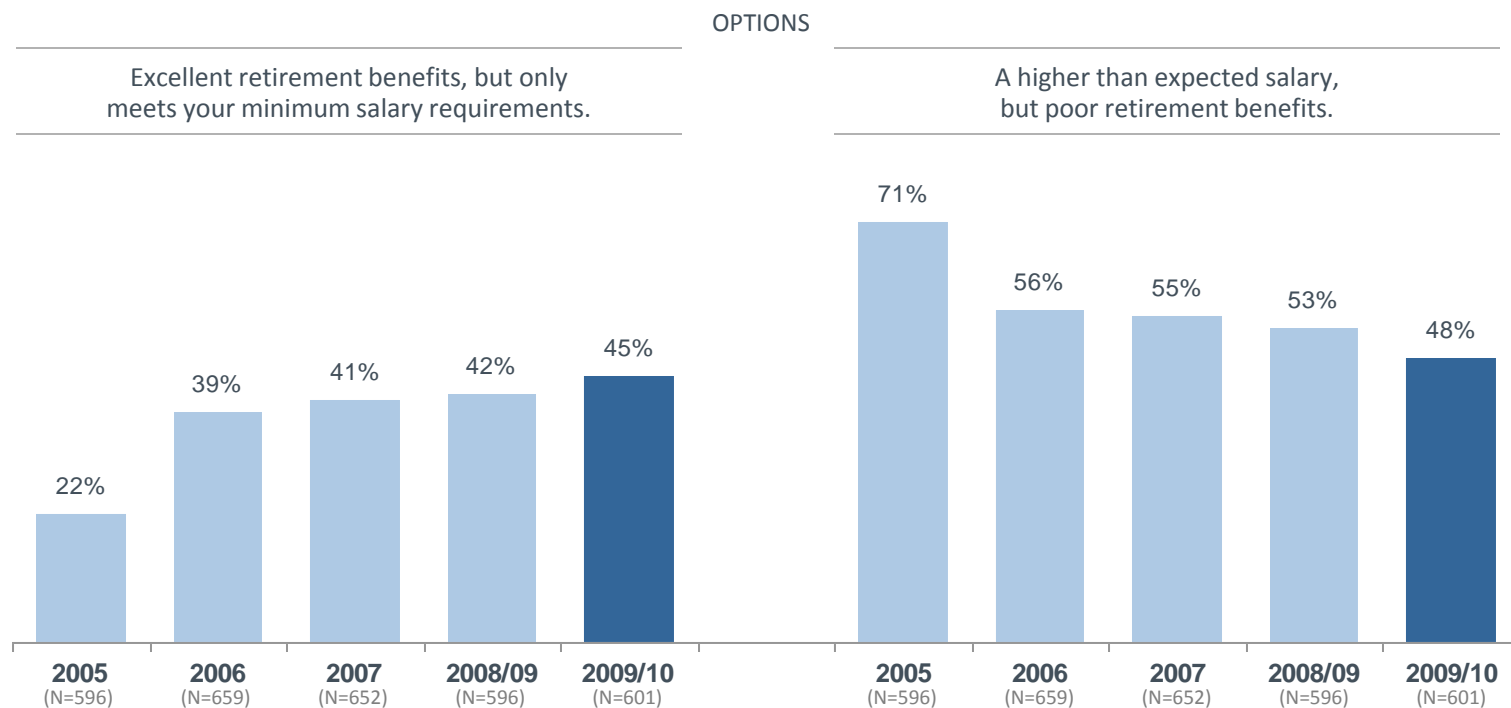


## Detailed Findings

- Economic Expectations
- Perceptions of the Relative Importance of Various Employee Benefits
- Benefit Offerings, including Retirement Benefits
- Perceptions and Management of Current Retirement Plan Offerings
- Perceptions of Employee Involvement with Retirement Planning

# Perceptions of Employees: Preference for Higher Salary v. Better Retirement Benefits

- While employers are slightly more likely to believe that a higher salary would be of great interest to a potential employee, the percentage who believe excellent retirement benefits would be of greater interest has steadily increased.

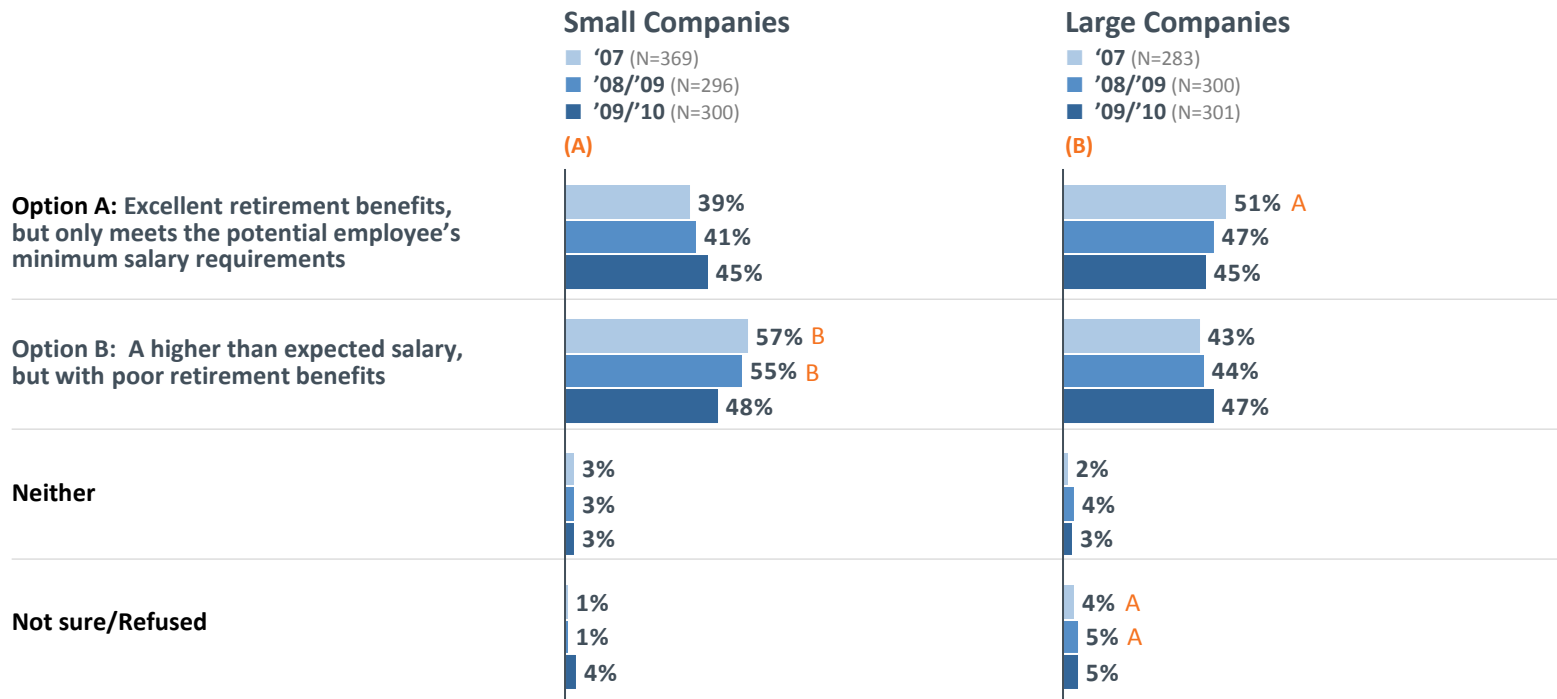


Note: Significance testing was only conducted between 2008/09 and 2009/10.  
 BASE: TOTAL RESPONDENTS  
 Q760. Suppose you could offer the following two choices in a job offer to a potential employee.  
 Which one do you feel would be of greater interest to a potential employee?

Percentages do not add up to 100% because employers were allowed to state “neither” or “not sure.”

# Perceptions of Employees: Preference for Higher Salary v. Better Retirement Benefits

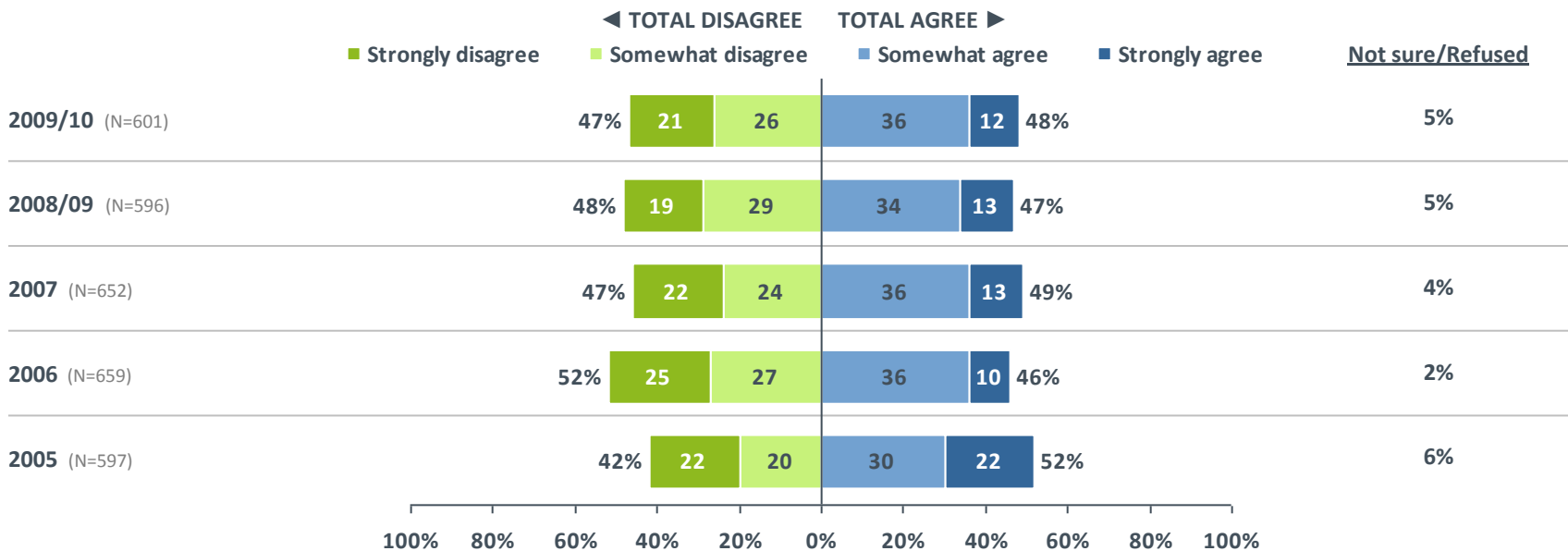
- In the most recent survey, both large and small companies are slightly more likely to believe that a higher salary would be of greater interest to a potential employee.



Note: Significance testing was only conducted between 2008/09 and 2009/10.  
 BASE: TOTAL RESPONDENTS  
 Q760. Suppose you could offer the following two choices in a job offer to a potential employee.  
 Which one do you feel would be of greater interest to a potential employee?

# Perceptions of Employees: Involvement

- Employers still don't believe their employees are getting involved. Less than half of employers agree their employees are very involved in monitoring and managing their retirement savings.



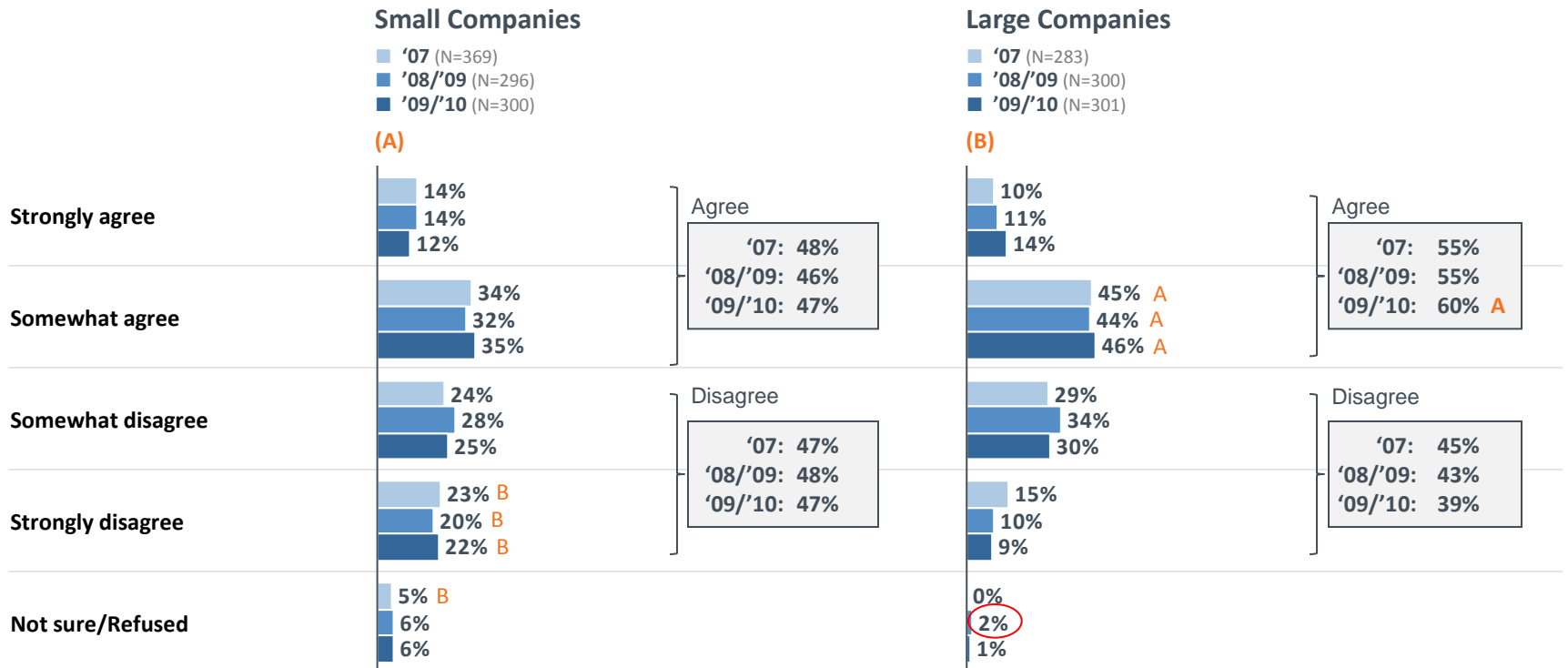
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: TOTAL RESPONDENTS

Q810. Employees at my company are generally very involved in monitoring and managing their retirement savings.

# Perceptions of Employees: Involvement

- Larger companies are more likely to agree their employees are very involved in monitoring their savings.



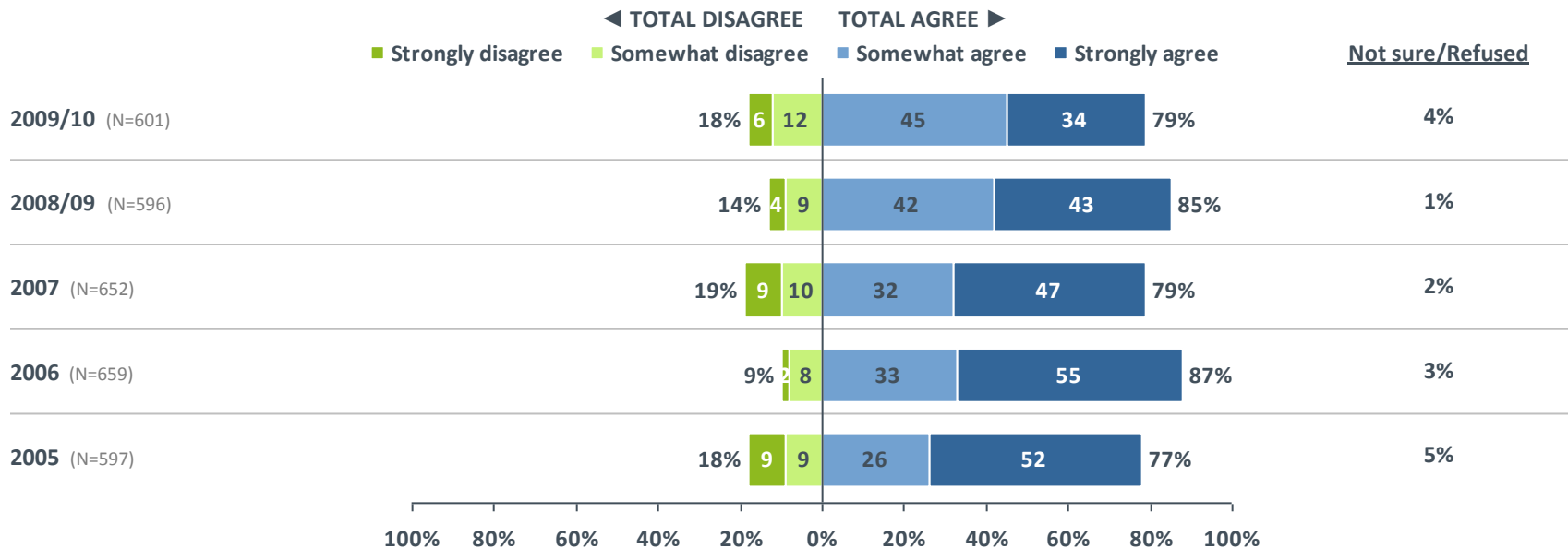
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: TOTAL RESPONDENTS

Q810. Employees at my company are generally very involved in monitoring and managing their retirement savings.

# Perceptions of Employees: Knowledge

- About four in five employers agree their employees do not know as much as they should about retirement investing.
- However, consistent with last year’s findings, there has been an overall shift from “strongly agree” to “somewhat agree.”



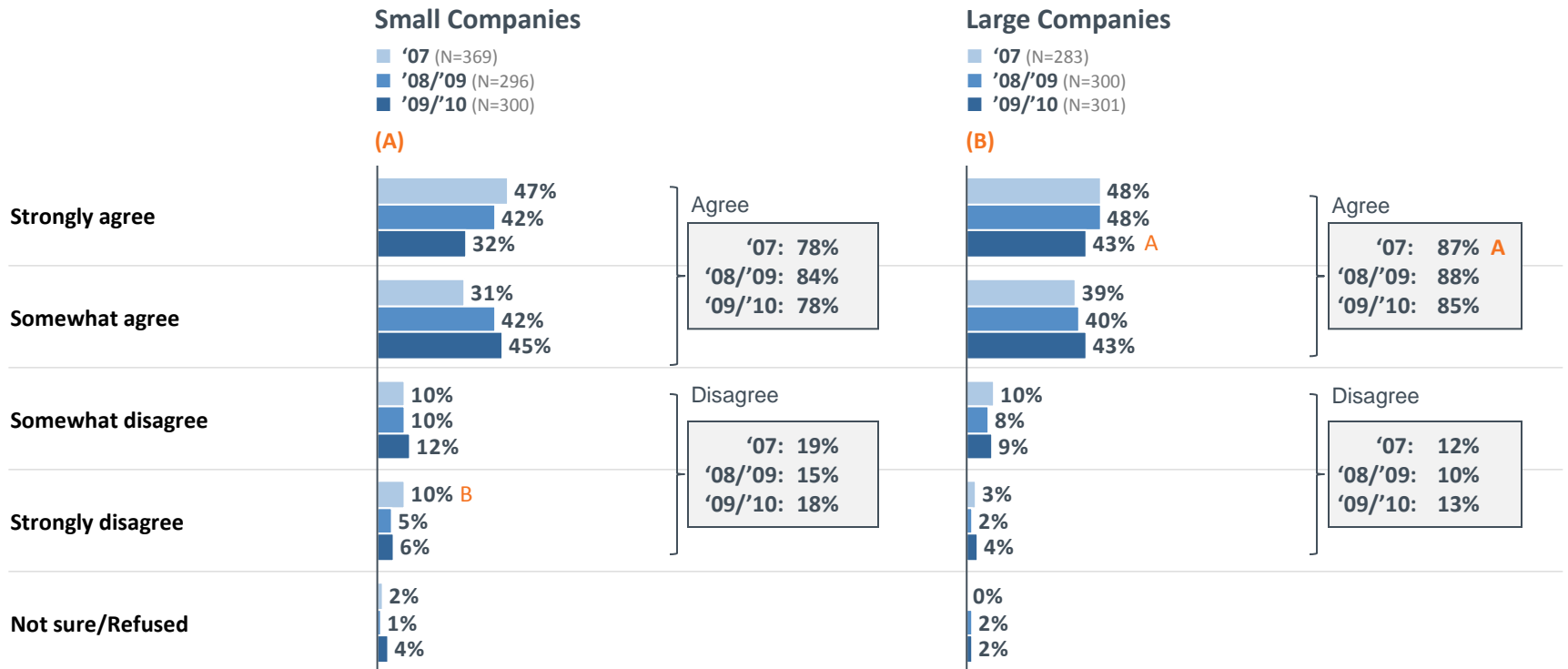
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: TOTAL RESPONDENTS

Q820. Most employees at my company do not know as much as they should about retirement investing.

# Perceptions of Employees: Knowledge

- Both small and large companies agree their employees do not know as much as they should about retirement investing.



Note: Significance testing was only conducted between 2008/09 and 2009/10.

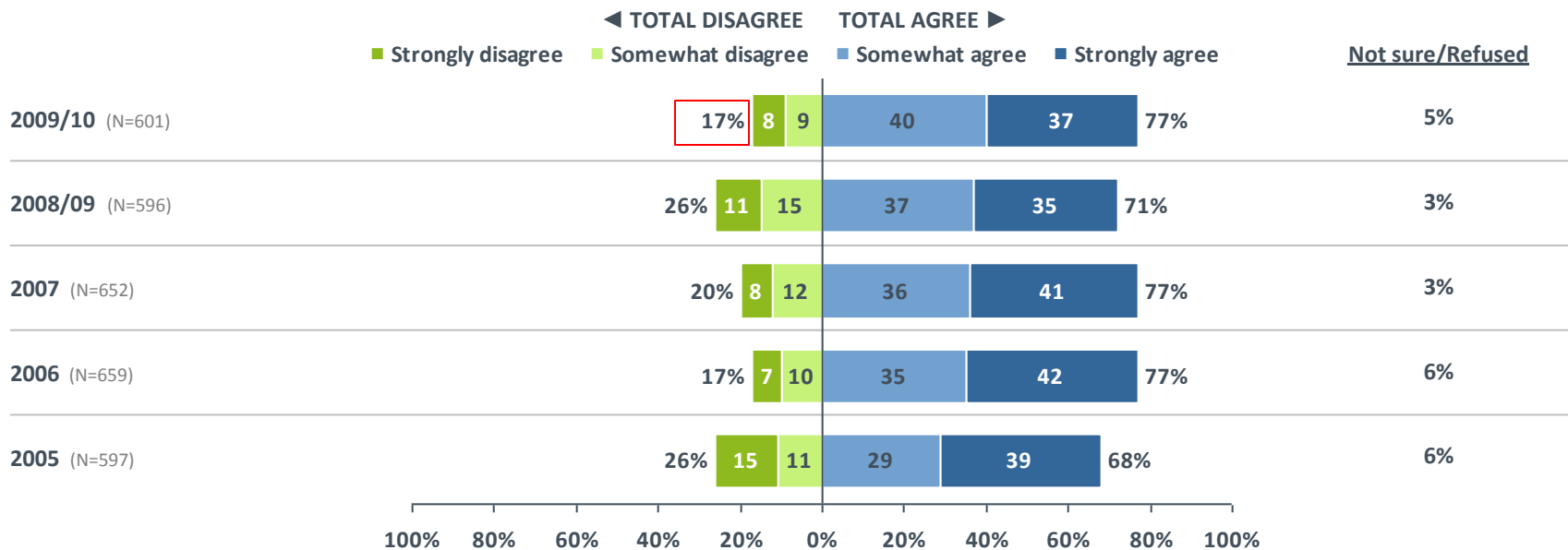
BASE: TOTAL RESPONDENTS

Q820. Most employees at my company do not know as much as they should about retirement investing.



# Perceptions of Employees: Preference to Rely on Experts

- About three quarters of employers agree that most of their employees would prefer to rely on outside experts to monitor and manage their retirement savings.



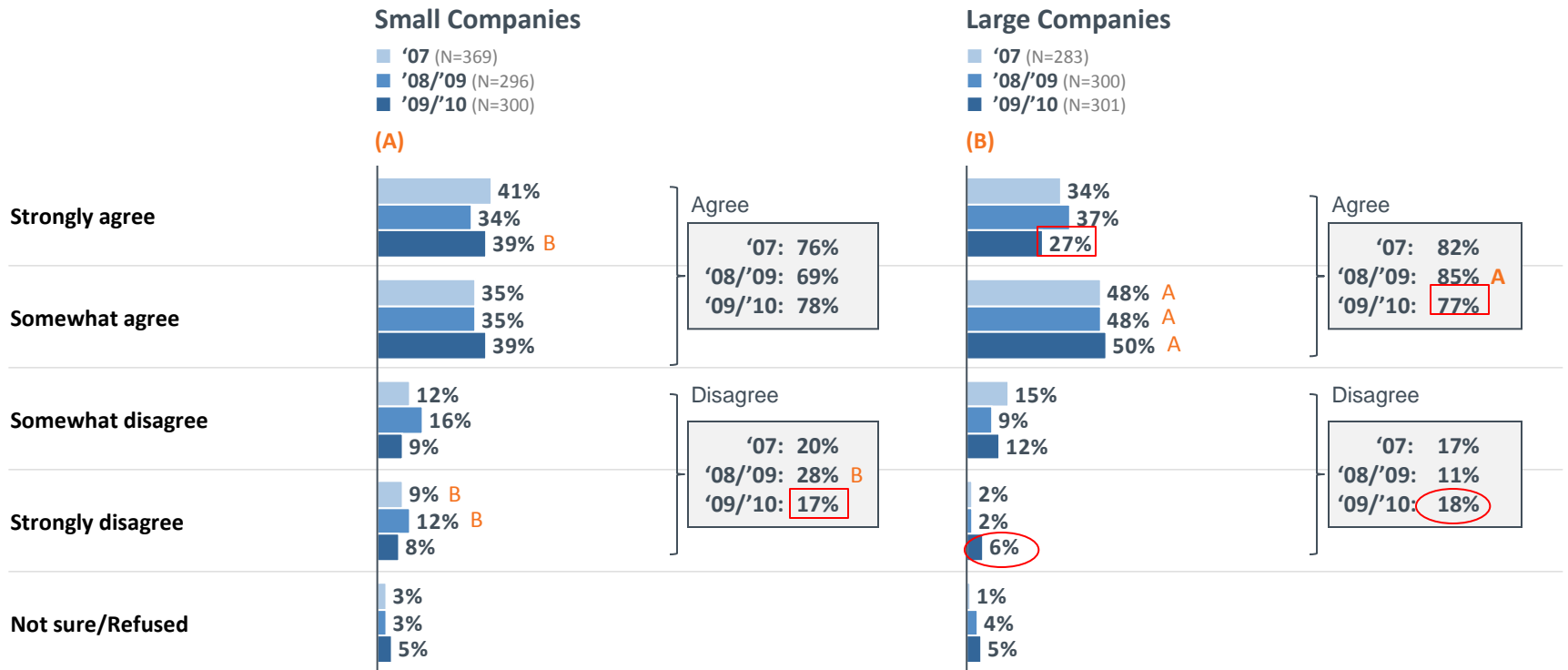
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: TOTAL RESPONDENTS

Q830. Most employees at my company would prefer to rely on outside experts to monitor and manage their retirement savings.

# Perceptions of Employees: Preference to Rely on Experts

- Large companies are more likely to “somewhat agree” that their employees would prefer to rely on outside experts, but overall agreement is similar across both large and small companies.



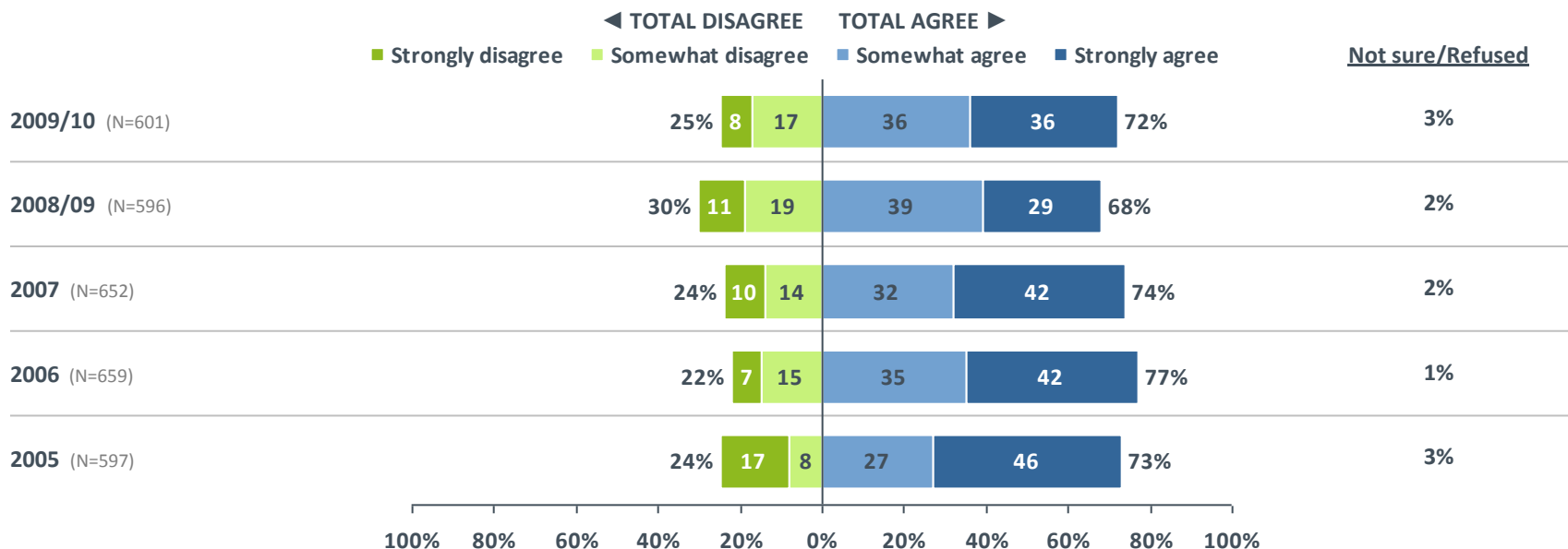
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: TOTAL RESPONDENTS

Q830. Most employees at my company would prefer to rely on outside experts to monitor and manage their retirement savings.

# Perceptions of Employees: Preference to Think about Retirement

- About three quarters of employers agree their employees prefer not to think about or concern themselves with retirement investing until they get closer to their retirement date.



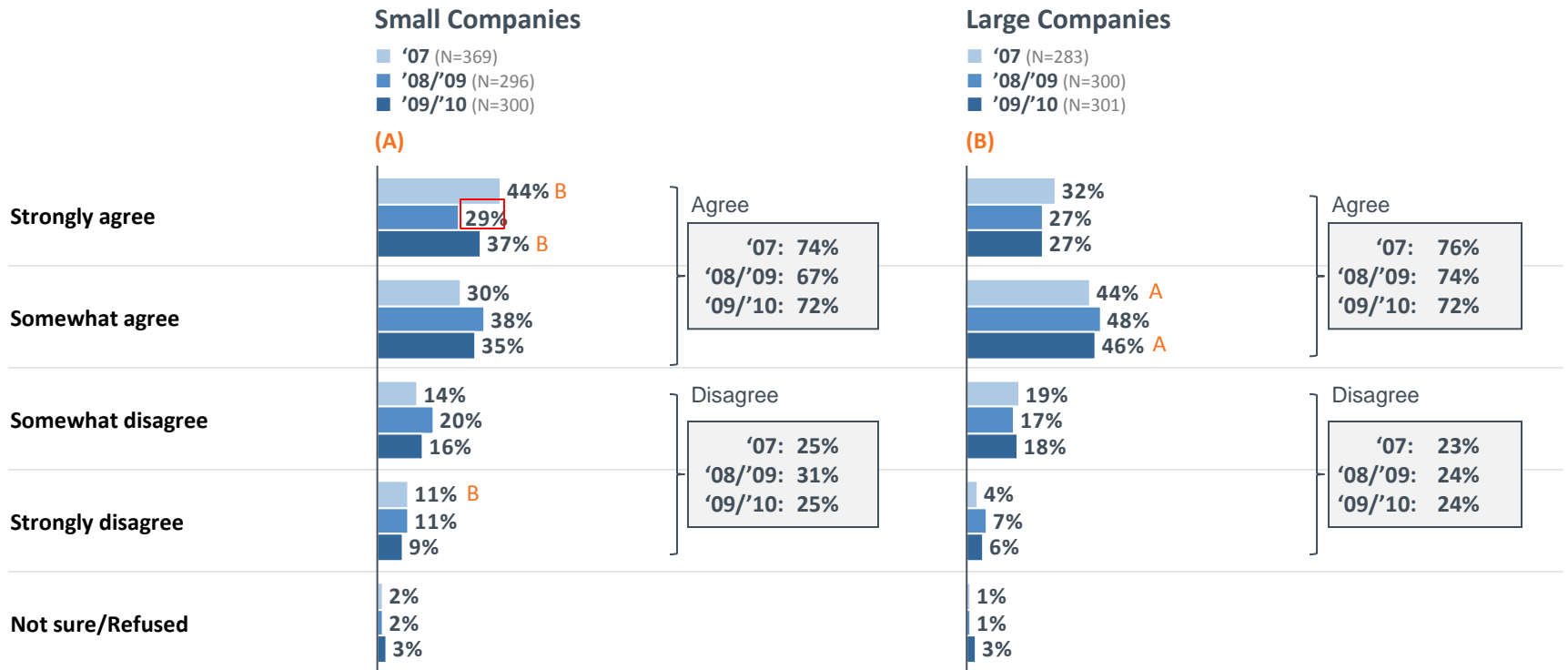
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: TOTAL RESPONDENTS

Q840. Most employees at my company prefer not to think about or concern themselves with retirement investing until they get closer to their retirement date.

# Perceptions of Employees: Preference to Think about Retirement

- Small companies are more likely to “strongly agree” that their employees prefer not to think or concern themselves about retirement investing until they get closer to their retirement date.



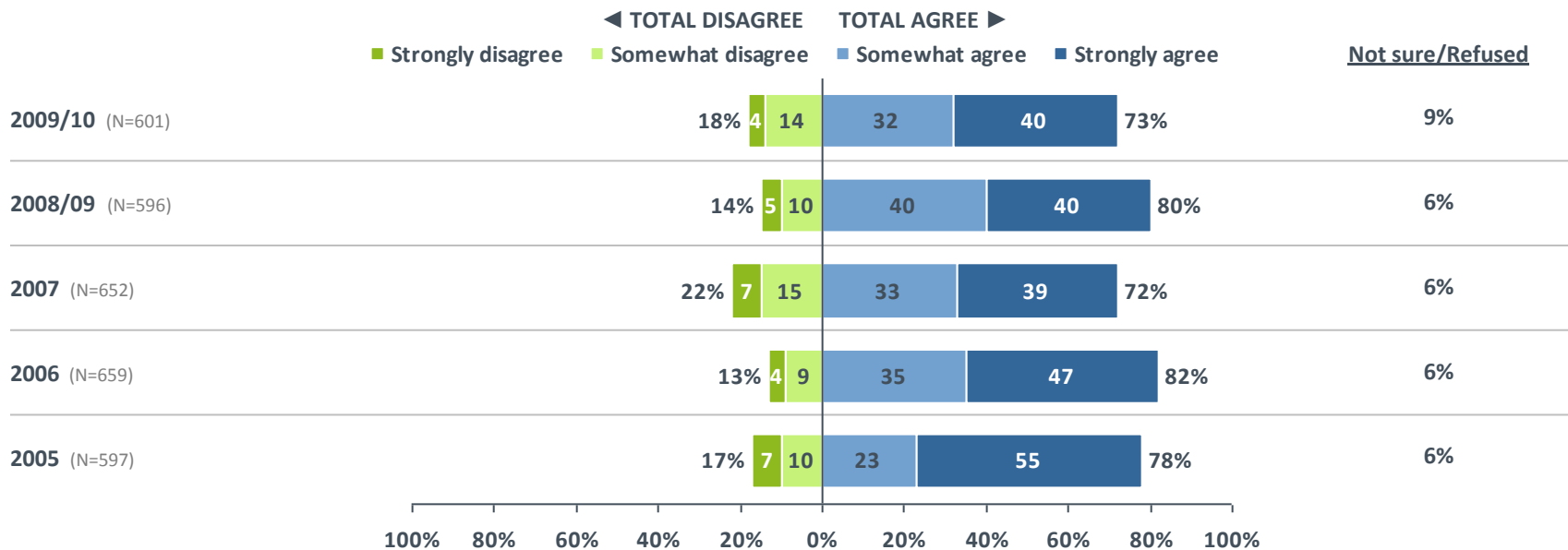
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: TOTAL RESPONDENTS

Q840. Most employees at my company prefer not to think about or concern themselves with retirement investing until they get closer to their retirement date.

# Perceptions of Employees: Ability to Save Enough

- Over the last five years, about three quarters of employers consistently agree that employees could work until age 65 and still not save enough to meet their retirement needs.



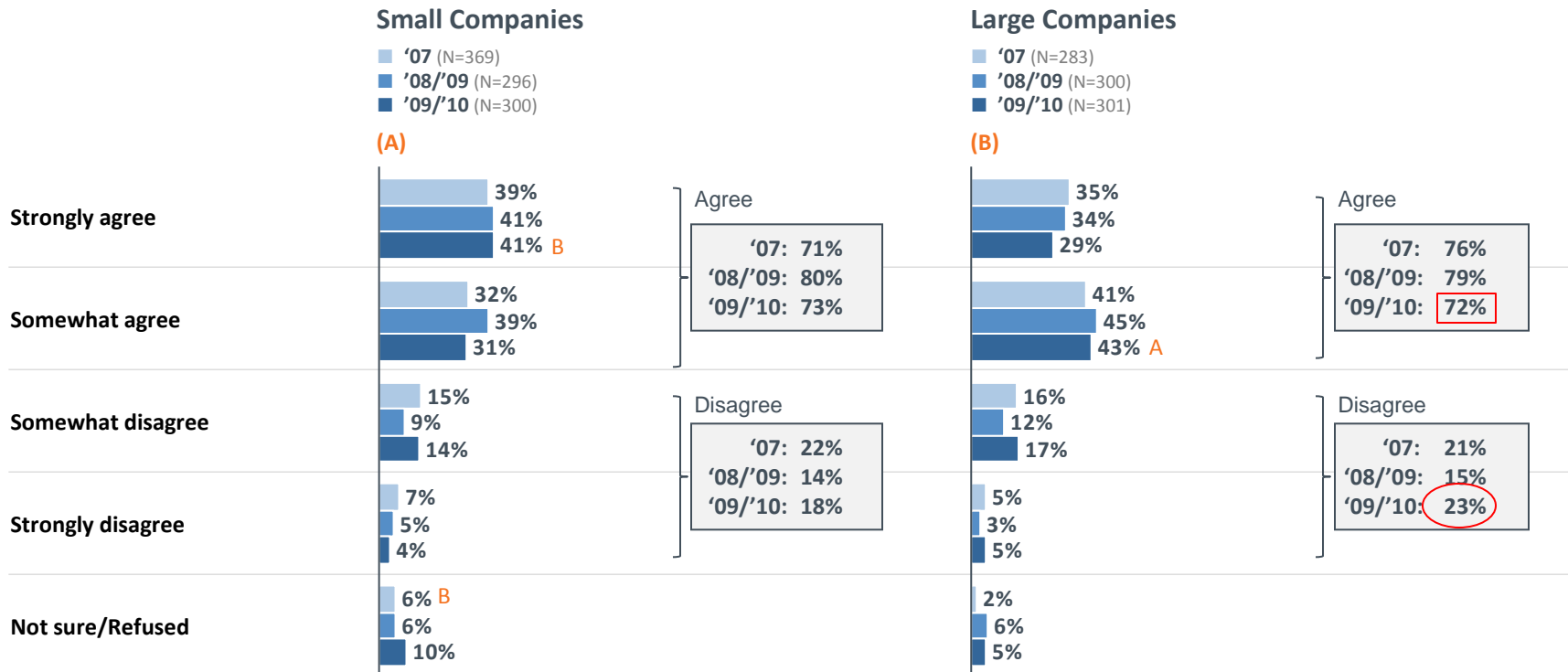
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: TOTAL RESPONDENTS

Q850. Most employees at my company could work until age 65 and still not save enough to meet their retirement needs.

# Perceptions of Employees: Ability to Save Enough

- Small companies are more likely to “strongly agree” that their employees will not save enough by age 65.



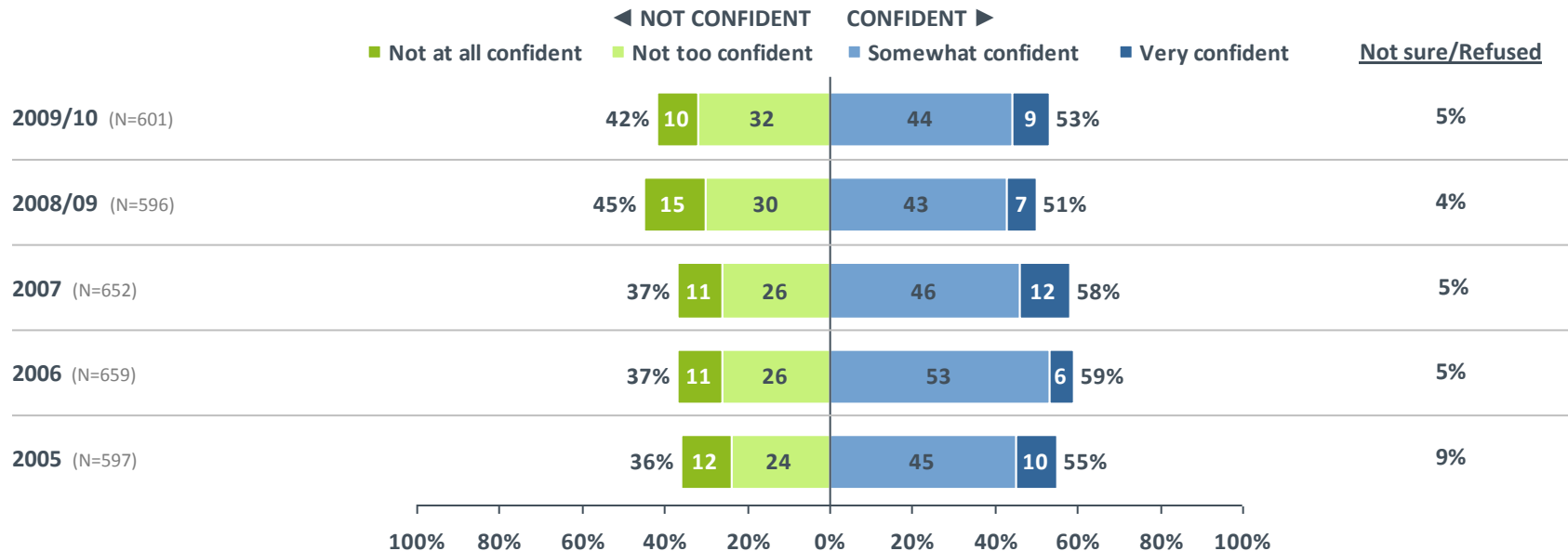
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: TOTAL RESPONDENTS

Q850. Most employees at my company could work until age 65 and still not save enough to meet their retirement needs.

# Perceptions of Employees: Confidence in Employees Achieving a Comfortable Retirement

- Only about half of employers are confident their employees will be able to achieve a comfortable lifestyle in retirement.



Note: Significance testing was only conducted between 2008/09 and 2009/10.

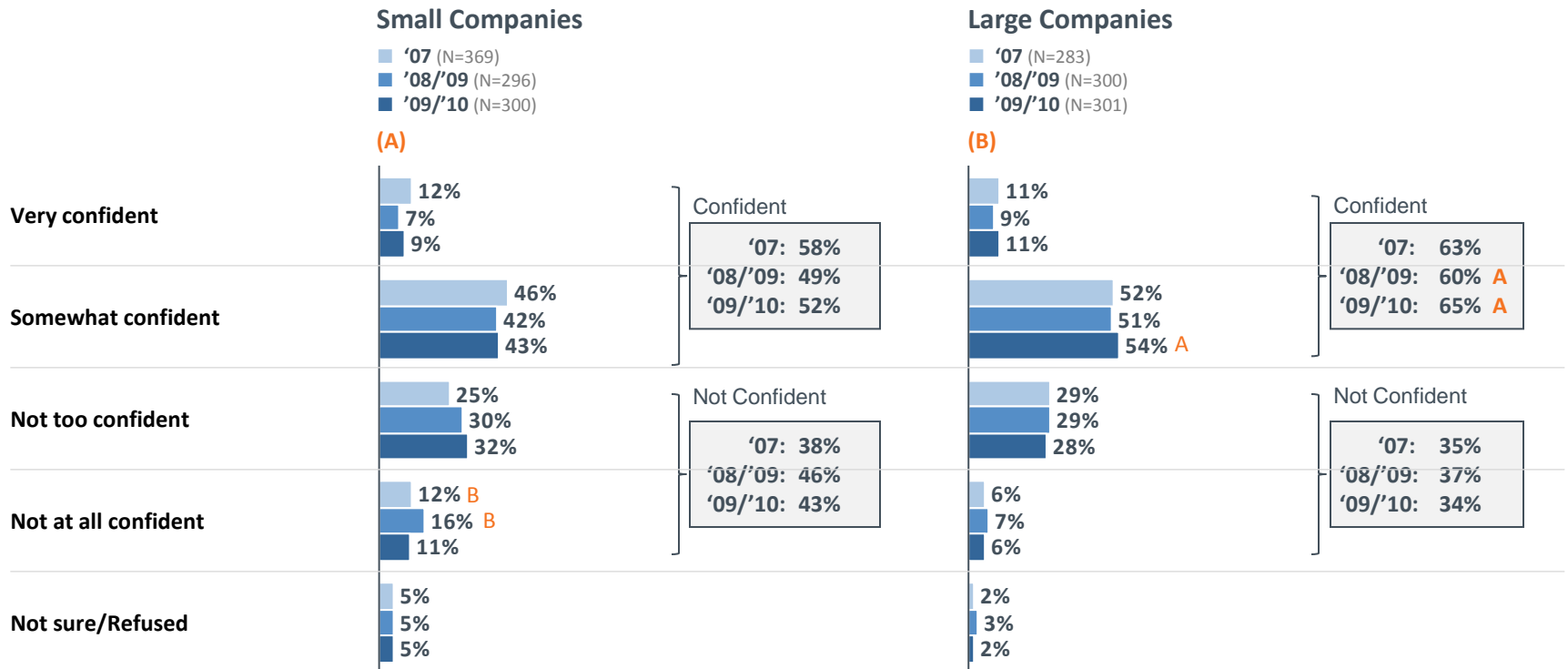
BASE: TOTAL RESPONDENTS

Q800. How confident do you feel your employees are that they will be able to achieve a comfortable lifestyle in their retirement?

Are you very confident, somewhat confident, not too confident, or not at all confident?

# Perceptions of Employees: Confidence in Employees Achieving a Comfortable Retirement

- As in previous years, large companies are more confident their employees will achieve a comfortable lifestyle in retirement.



Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: TOTAL RESPONDENTS

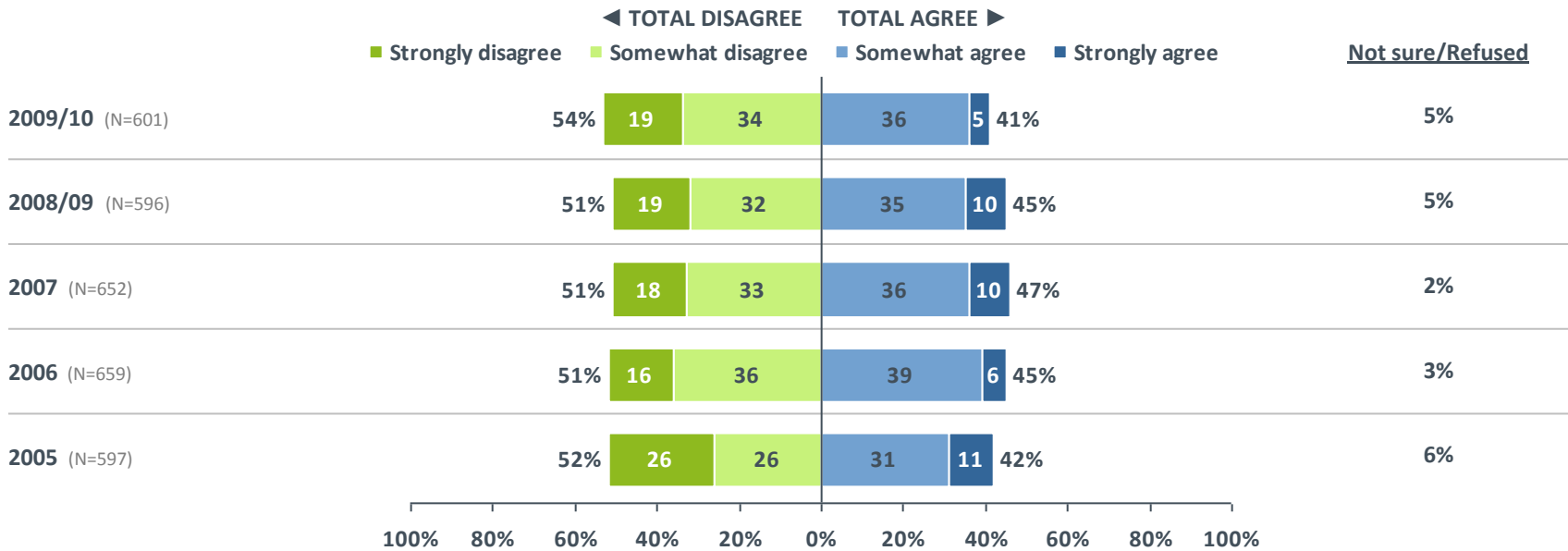
Q800. How confident do you feel your employees are that they will be able to achieve a comfortable lifestyle in their retirement?

Are you very confident, somewhat confident, not too confident, or not at all confident?



# Perceptions of Employees: Desire for More Information

- Even though employers don't believe their employees will save enough by age 65, most employers do not agree that their employees would like more information from the company on how to reach retirement goals.



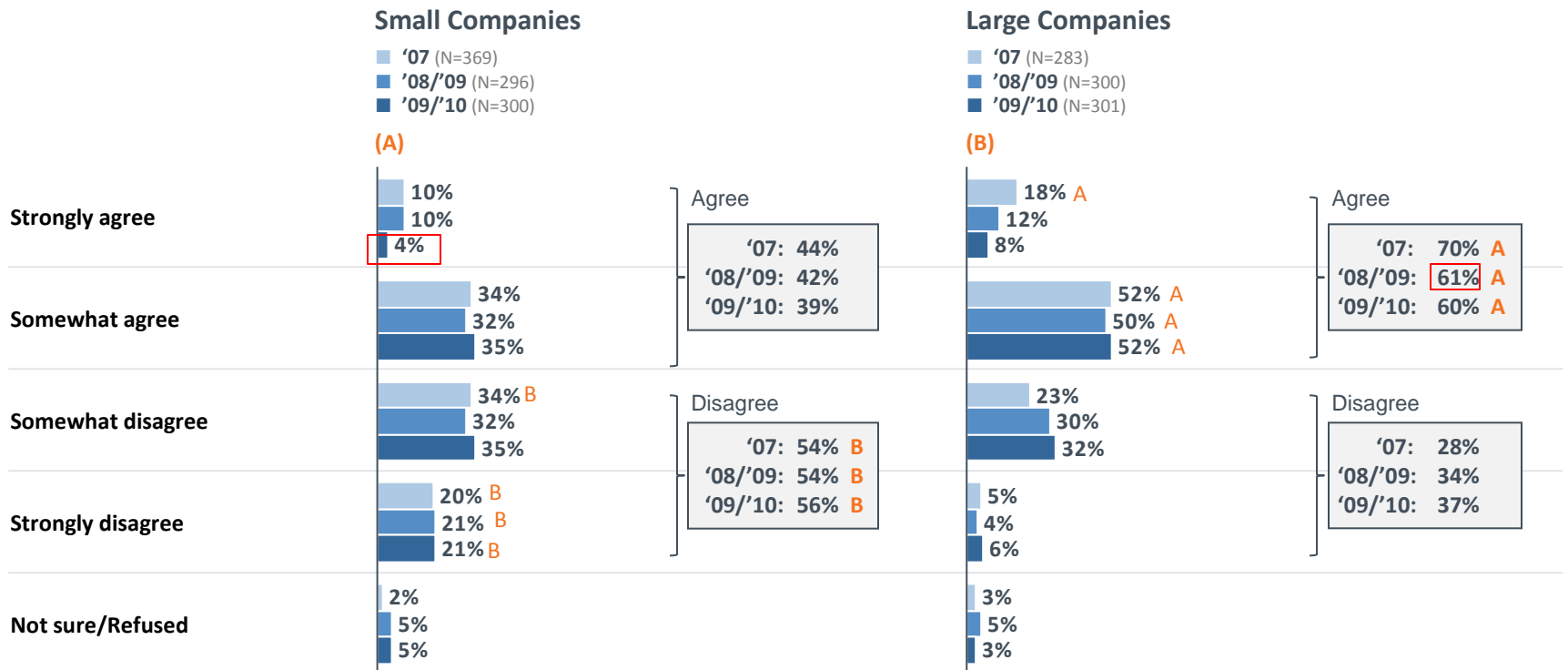
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: TOTAL RESPONDENTS

Q860. Most employees at my company would like to receive more information and advice from the company on how to reach their retirement goals.

# Perceptions of Employees: Desire for More Information

- While large companies agree their employees want more information, small companies are more likely to disagree



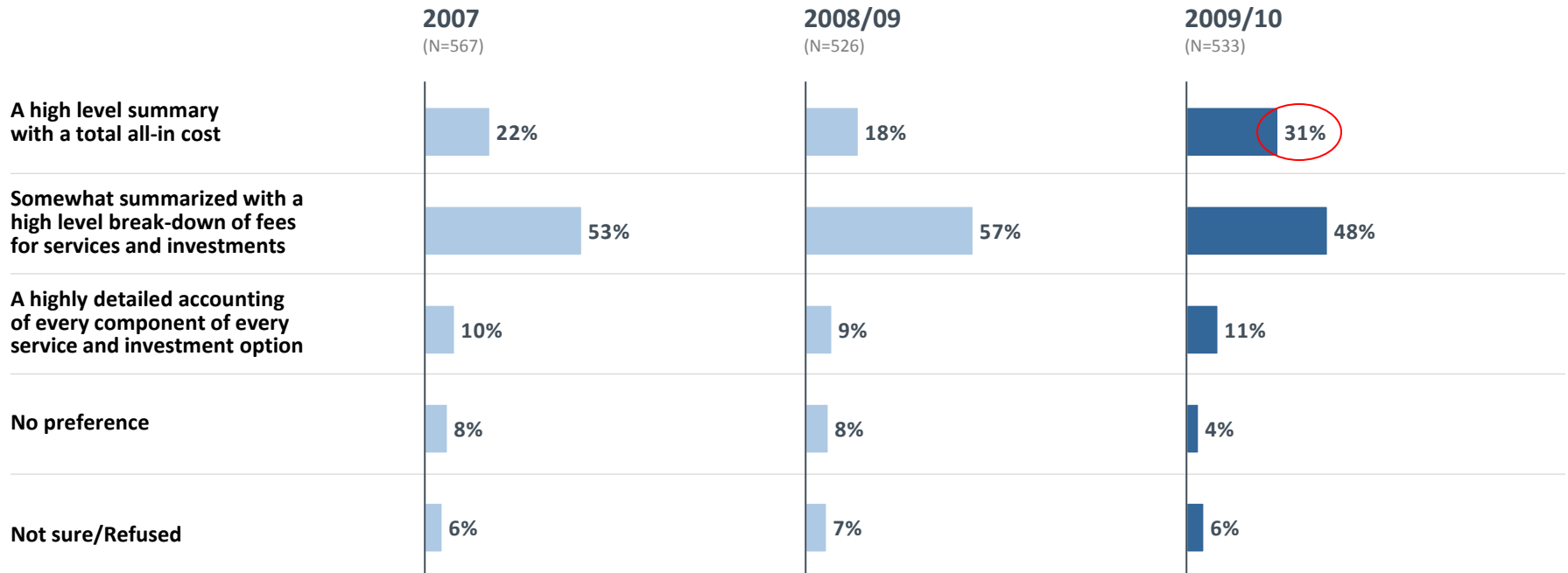
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: TOTAL RESPONDENTS

Q860. Most employees at my company would like to receive more information and advice from the company on how to reach their retirement goals.

# Perceptions of Employees: Preferences on Fee Information

- While slightly less than half of employers believe their employees would like a somewhat summarized, high-level breakdown of fees associated with participating in the company's retirement plan, the percentage of employers who believe their employees would prefer a high level summary has increased significantly.



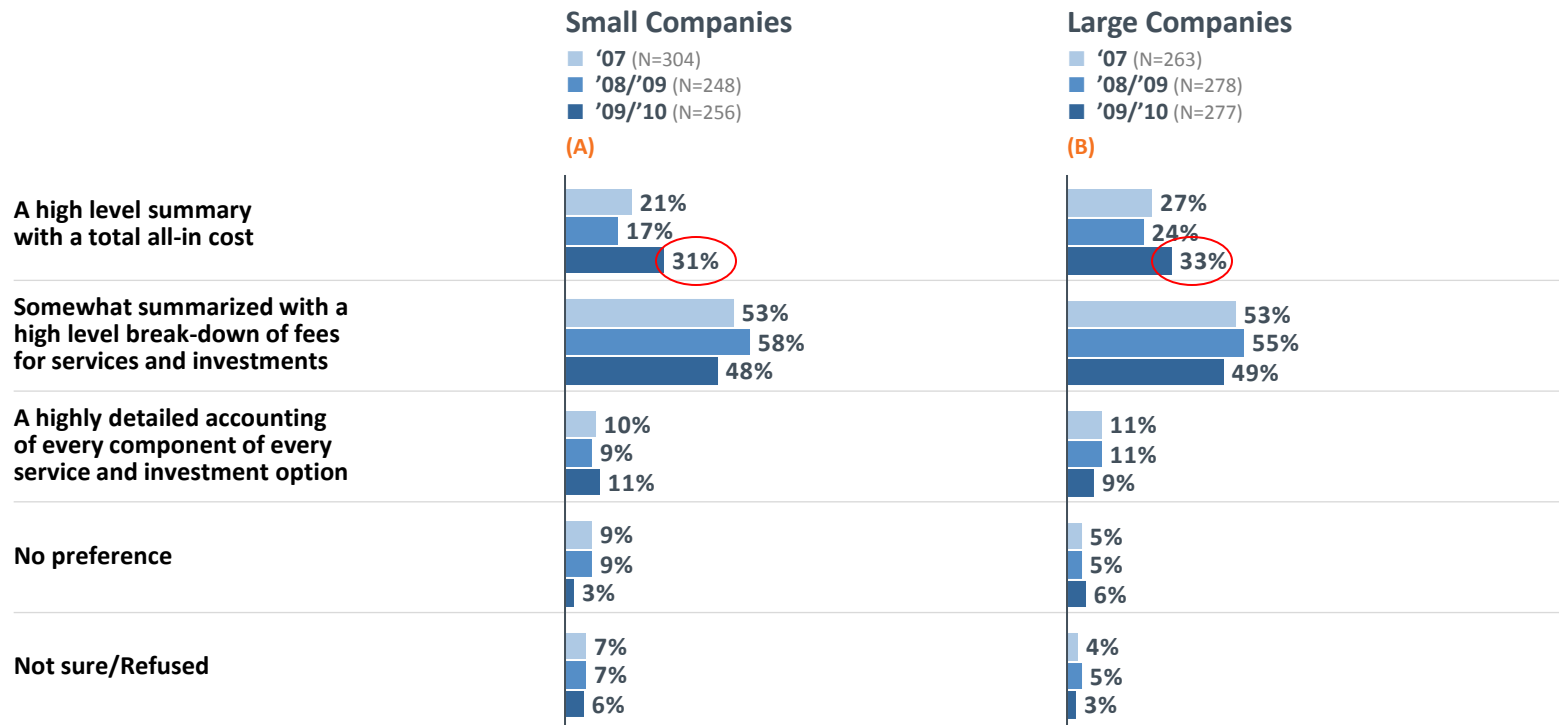
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

Q1047. When it comes to disclosing plan fees to participants, what level of detail would your employees prefer in receiving information about the fees associated with participating in your company's retirement plan?

# Perceptions of Employees: Preferences on Fee Information

- The increase among employers who believe their employees want more of a high level summary of fees is seen across both small and large companies.



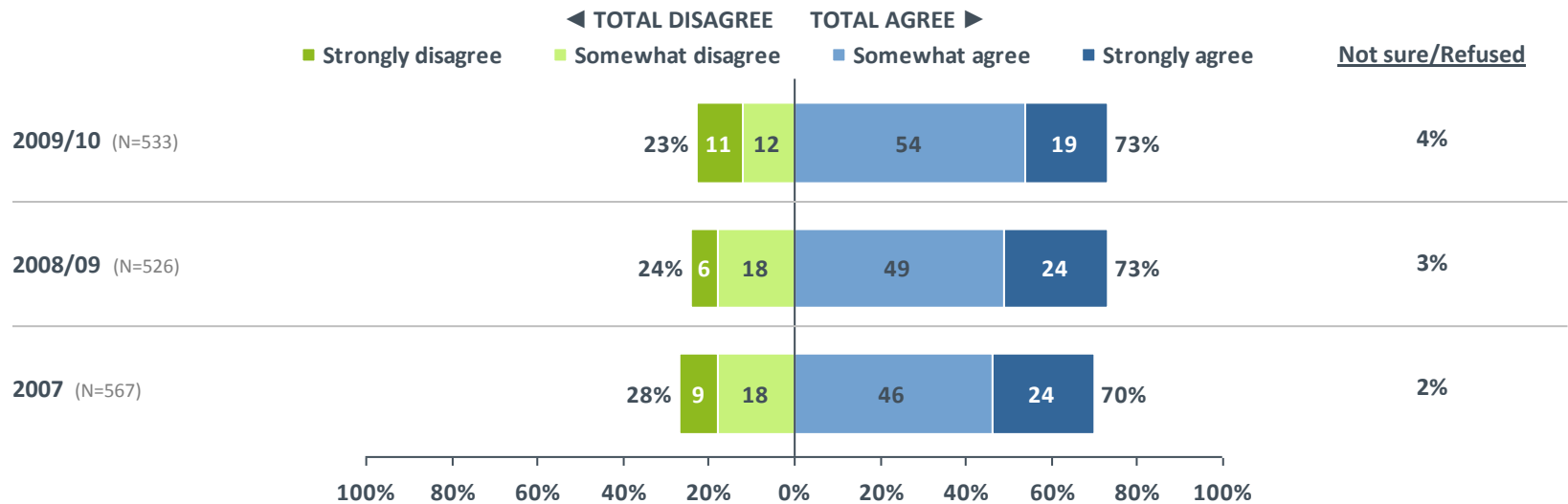
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

Q1047. When it comes to disclosing plan fees to participants, what level of detail would your employees prefer in receiving information about the fees associated with participating in your company's retirement plan?

# Perceptions of Employees: Understanding of Plan Fees/Expenses

- Just under three quarters of employers believe their employees have a clear understanding of the fees associated with participating in the retirement plan.



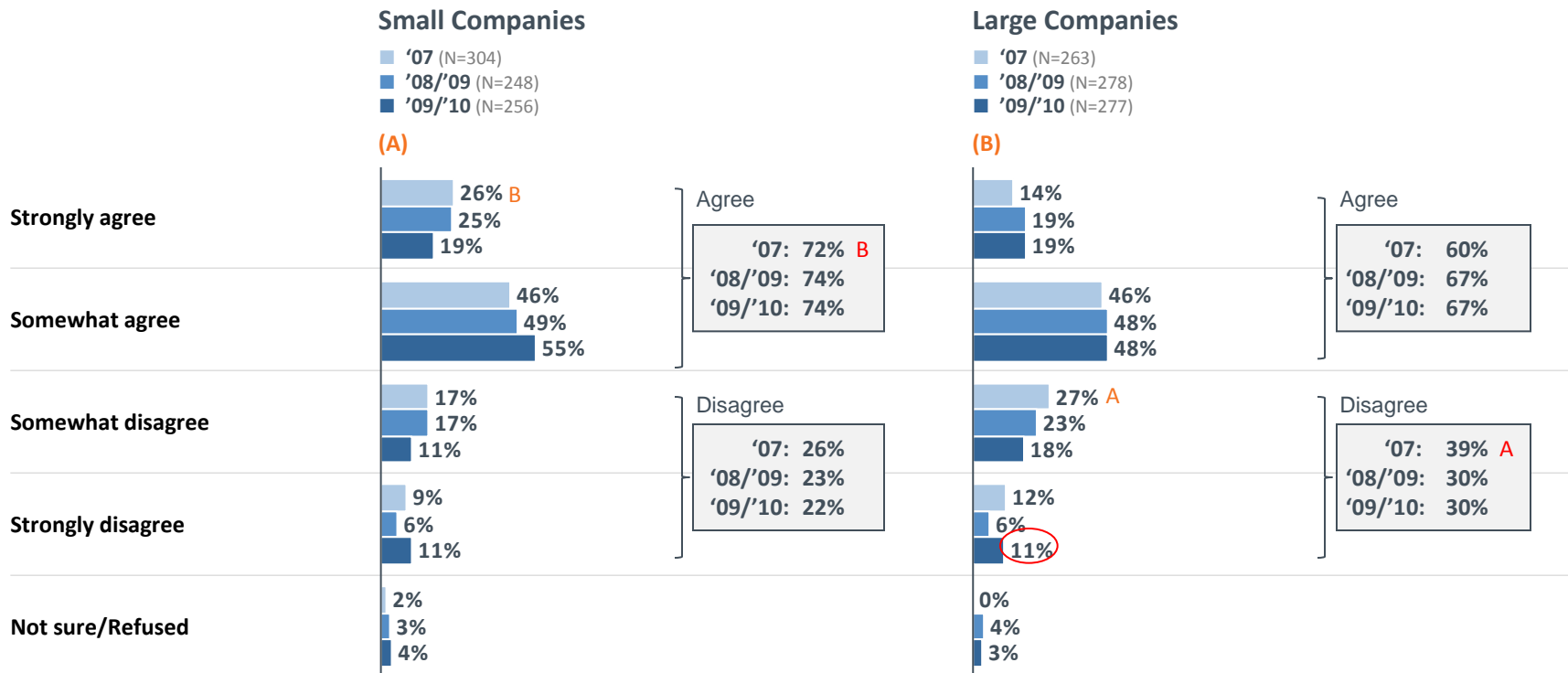
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

Q1041. Our employees have a clear understanding of the fees associated with participating in the retirement plan

# Perceptions of Employees: Understanding of Plan Fees/Expenses

- A vast majority of large companies and small companies believe their employees have a clear understanding of the fees associated with their retirement plan.



Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

Q1041. Our employees have a clear understanding of the fees associated with participating in the retirement plan.



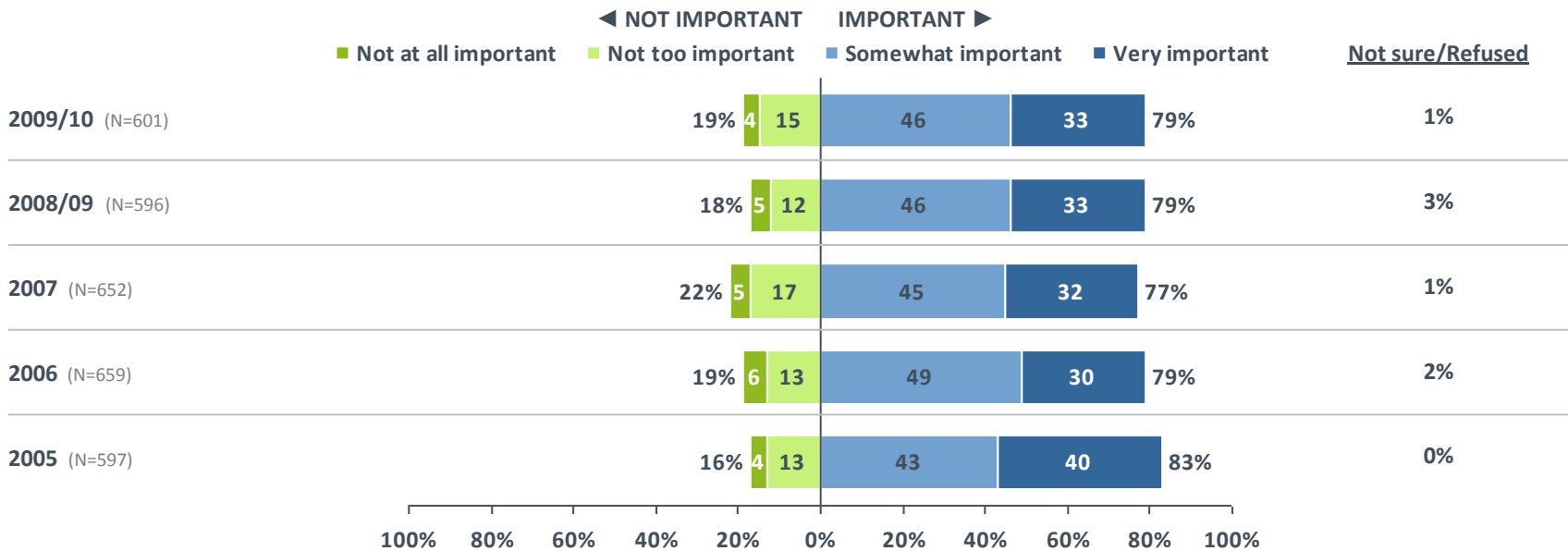
# Appendix

## Importance of Other Benefits:

- Life Insurance
- Disability Insurance
- Long-term Care Insurance

# Employee Benefits: Importance of Life Insurance

- Life insurance continues to be thought of as important to employees.



Note: Significance testing was only conducted between 2008/09 and 2009/10.

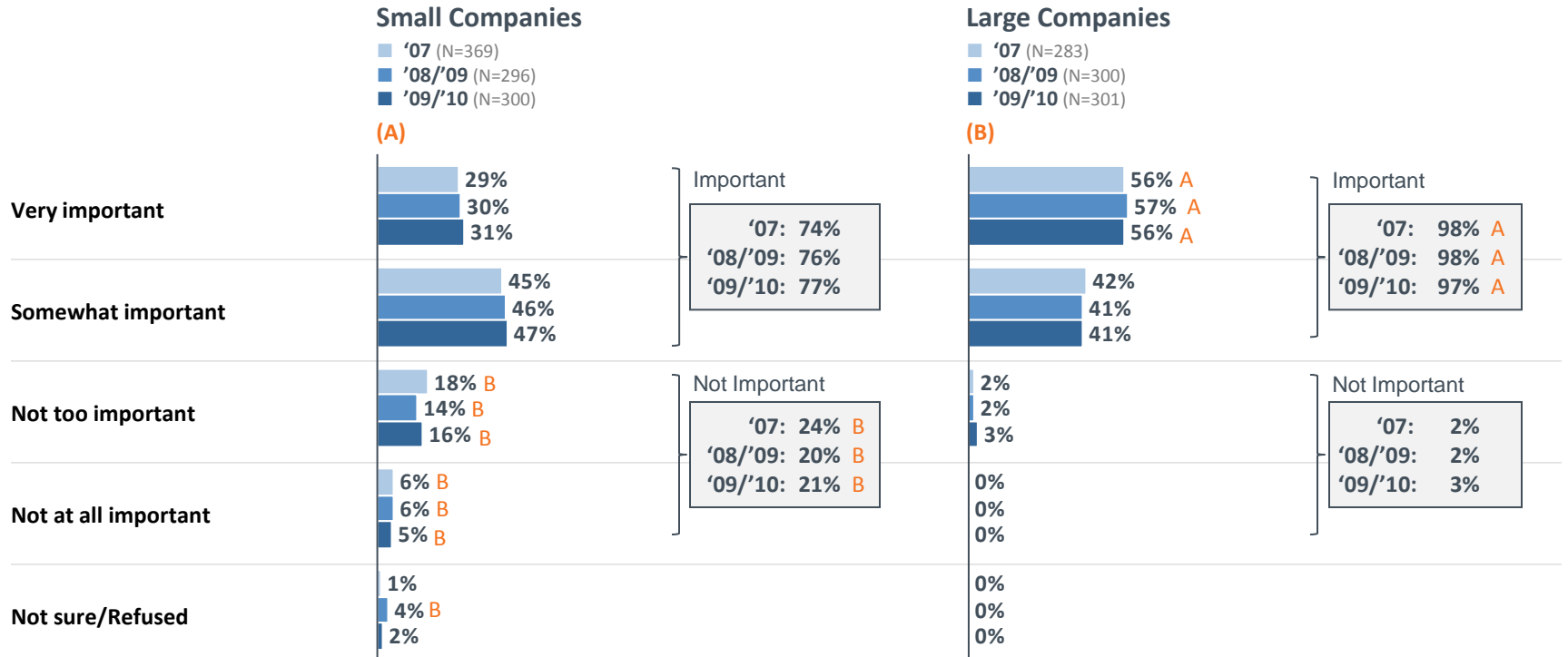
BASE: TOTAL RESPONDENTS

Q520 Do you think your company's employees see this benefit as very important, somewhat important, not too important, or not at all important?



# Employee Benefits: Importance of Life Insurance

- As with other benefits, large companies are more likely to believe life insurance is important to employees.



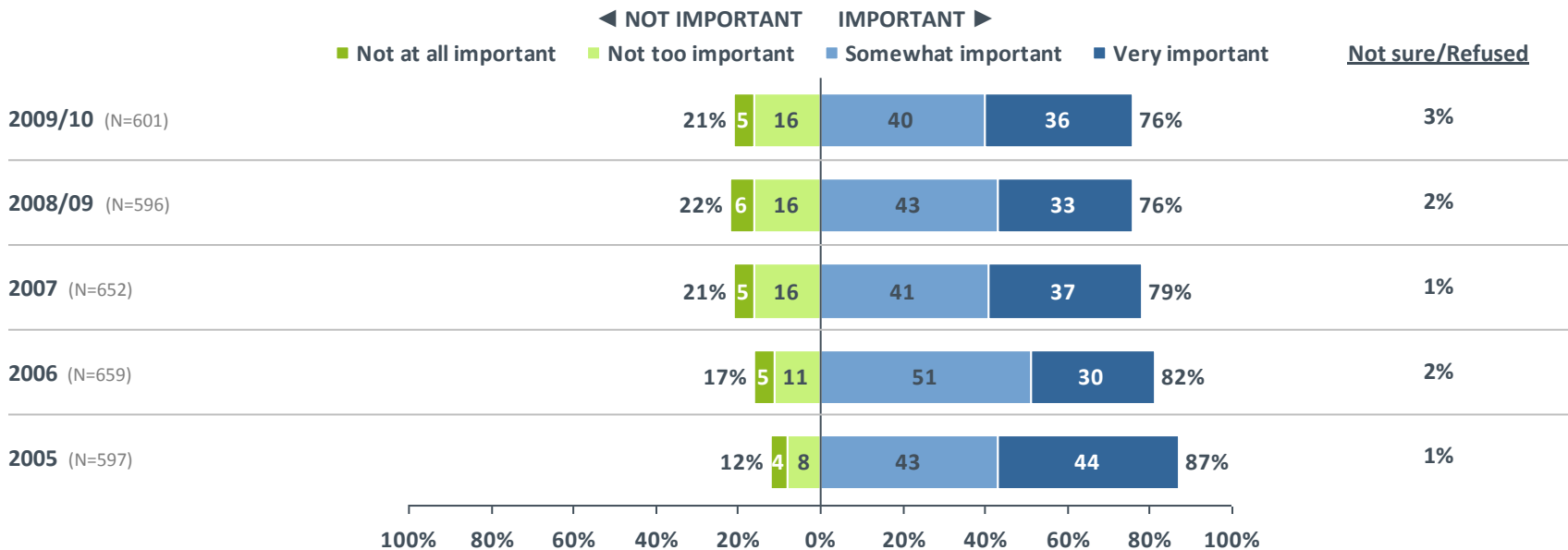
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: TOTAL RESPONDENTS

Q520 Do you think your company's employees see this benefit as very important, somewhat important, not too important, or not at all important?

# Employee Benefits: Importance of Disability Insurance

- Disability insurance is among the benefits thought by employers to be important to their employees.



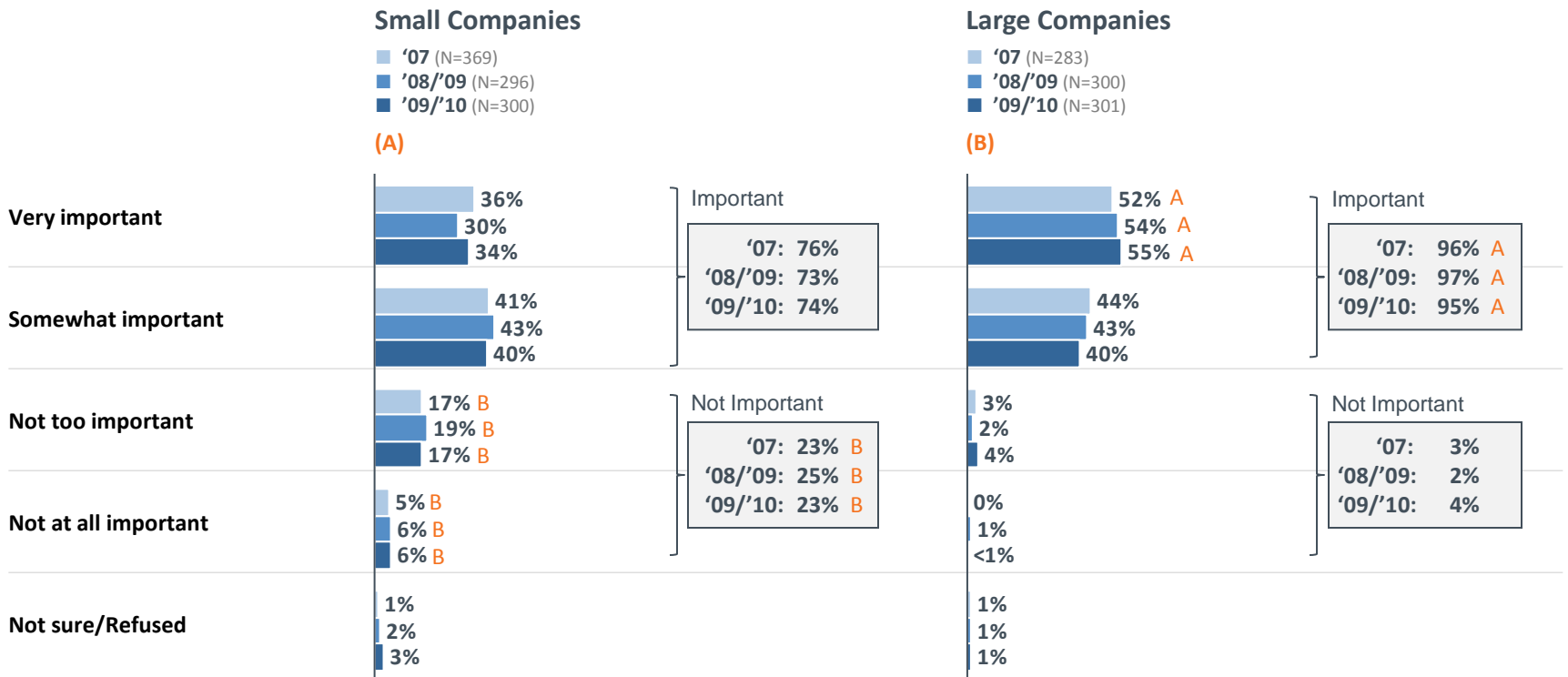
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: TOTAL RESPONDENTS

Q520 Do you think your company's employees see this benefit as very important, somewhat important, not too important, or not at all important?

# Employee Benefits: Importance of Disability Insurance

- Not surprisingly, large companies are more likely to believe disability insurance is important to their employees.



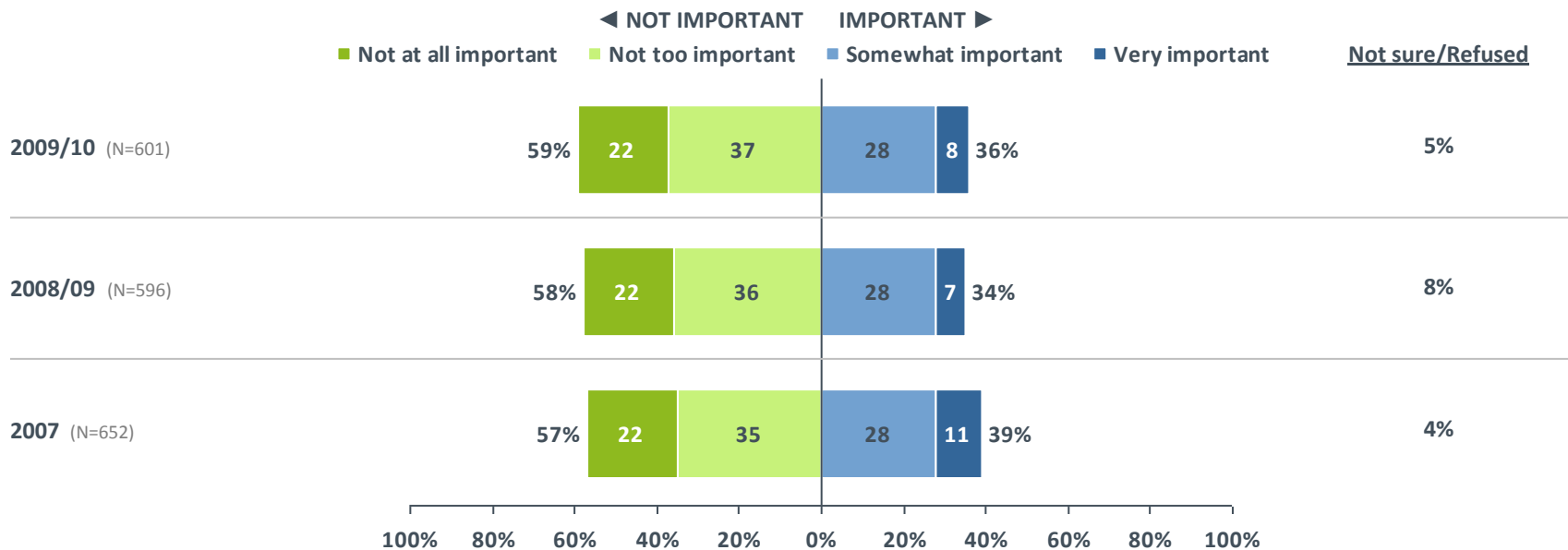
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: TOTAL RESPONDENTS

Q520 Do you think your company's employees see this benefit as very important, somewhat important, not too important, or not at all important?

# Employee Benefits: Importance of Long-term Care Insurance

- Compared with other benefits, employers are less likely to believe long-term care insurance is important to employees.
- Only just over one third think it is important to employees.



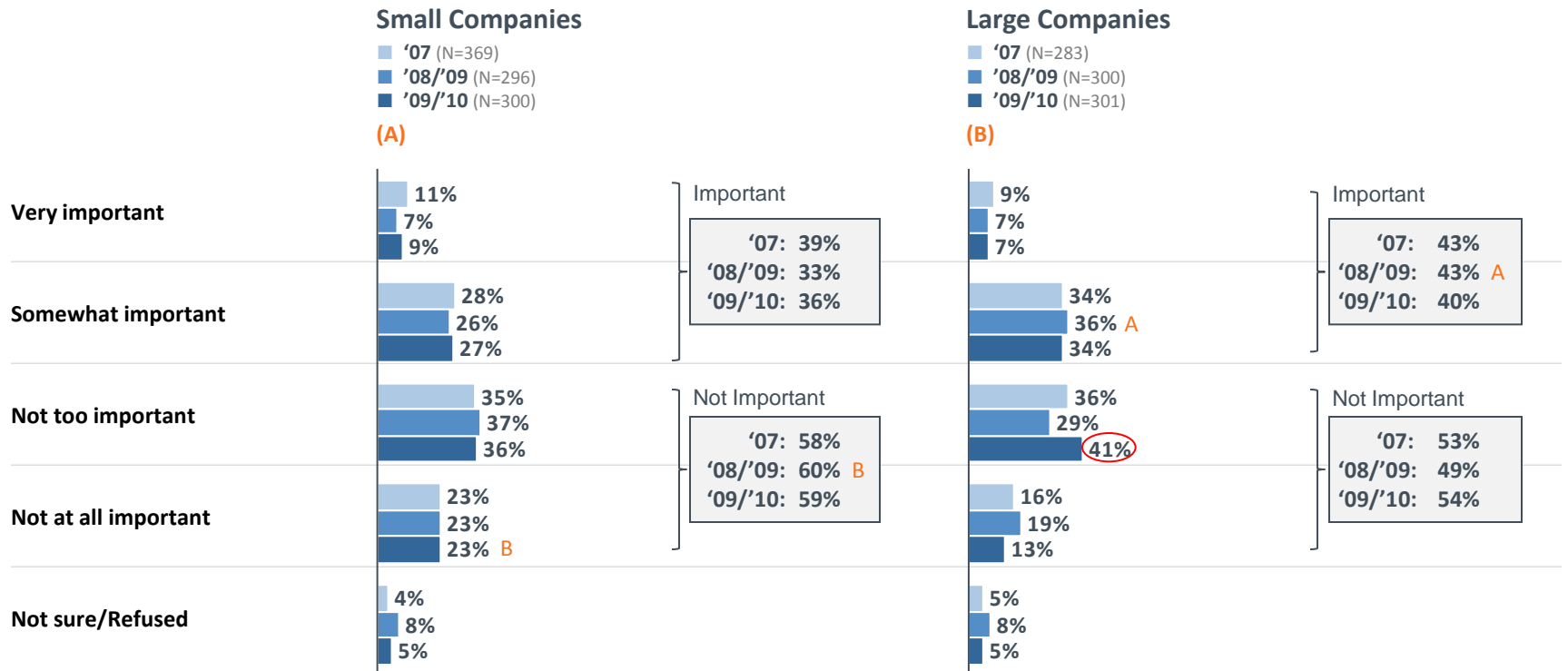
Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: TOTAL RESPONDENTS

Q520 Do you think your company's employees see this benefit as very important, somewhat important, not too important, or not at all important?

# Employee Benefits: Importance of Long-term Care Insurance

- There is less of a difference between how small and large companies view the importance of long-term care insurance compared to other benefits.
- Neither large nor small companies see it as very important to employees.



Note: Significance testing was only conducted between 2008/09 and 2009/10.

BASE: TOTAL RESPONDENTS

Q520 Do you think your company's employees see this benefit as very important, somewhat important, not too important, or not at all important?



*Thank you*

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