

**News**

Transamerica Center for Retirement Studies  
1150 South Olive Street  
Los Angeles, CA 90015-2211  
Contacts: Vivian Doan / Michael Altfest  
(415) 222-9944  
[michael.altfest@edelman.com](mailto:michael.altfest@edelman.com)  
[vivian.doan@edelman.com](mailto:vivian.doan@edelman.com)

**Study Illuminates 401(k) Participants' Preferences for Fee Disclosures**

*10<sup>th</sup> Annual Transamerica Retirement Survey Reveals Opportunities to Increase Awareness of Fees*

**LOS ANGELES – June 19, 2009** – While the national policy debate about 401(k) fee disclosure heats up, new research conducted by the Transamerica Center for Retirement Studies® sheds light on preferences among American workers for receiving information about fees and expenses associated with participating in their employers' 401(k) plans. This research also revealed a significant disparity between employer awareness of fees compared to that of workers who are participating in a 401(k) or similar retirement savings plan.

The 10<sup>th</sup> Annual Transamerica Retirement Survey asked workers how they would prefer to access fee-related information, which is a key area of focus in the policy debate. The majority of workers (75 percent) said they would prefer to receive information through an electronic format such as electronic quarterly account statements or through their plan provider's Web site.

When asked what level of detail they would like to receive information about fees, more than two-thirds of the workers surveyed stated either a preference for some form of summary information (54 percent) or no preference (14 percent) for the level of fee detail they receive. Thirty-two percent of workers prefer the information to be somewhat summarized with a break-down of fees for services and investments, while 22 percent prefer a high-level summary with a total, all-inclusive cost. Only 31 percent of workers prefer a highly detailed account of fees and expenses.

“Given workers' stated preferences, an ideal solution for disclosing 401(k) fee-related information would be through electronic summaries combined with the ability for them to obtain additional detail on their retirement plan provider's Web site,” said Catherine Collinson, president of the Transamerica Center for Retirement Studies.

**Factors Affecting Workers' Awareness of Fees**

In light of public policy questions about the adequacy of current fee disclosure levels, the survey found that workers' awareness of fees remains low and identified some important factors which may be impacting awareness.

“Our survey found that 401(k) plan sponsors are overestimating workers' awareness of 401(k) fees thereby suggesting that workers are currently receiving fee-related information in an ineffective manner – perhaps too much paper and too much detail,” said Collinson.

The majority of employers surveyed (92 percent) agree that the people responsible for overseeing the plan have a clear understanding of fees and expenses associated with their company's 401(k) plan, with 48 percent who strongly agree. However, this general awareness among employers does not translate

into worker awareness and understanding. While most employers (73 percent) believe that their employees have a clear understanding of 401(k) fees, the findings from the Transamerica worker survey reveal a major disconnect: only 29 percent of workers indicated they were aware of fees.

Another significant contributing factor to workers' awareness of fees is their level of involvement in managing their retirement savings. The survey found that workers who agree they are very involved in monitoring and managing their retirement savings are more than twice as likely to be aware of fees than those who are not very involved (35 percent vs. 16 percent). Nonetheless, the levels of awareness among both groups can be characterized as low.

These survey findings support the need to enhance retirement education programs and employer communications about fees by expanding electronic delivery methods, and offering easily understood summaries. Such enhancements should also underscore the importance of participants taking an active role in managing their retirement accounts.

“As policymakers contemplate new legislation and regulations regarding fee disclosures, it's important to recognize workers' preferences in receiving information about fees in an electronic format,” said Collinson. “The key is to strike the right balance of useful information that will help workers make more informed decisions about their retirement savings, will be easy for plan sponsors to communicate and share with workers, and will be efficient for retirement services providers to generate.”

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#### ***About Transamerica Center for Retirement Studies®***

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#### ***About the 10th Annual Retirement Study***

The worker survey was conducted online within the United States by Harris Interactive on behalf of Transamerica Center for Retirement Studies® between December 16, 2008 and January 13, 2009 among 3,466 full-time and part-time workers. No estimates of theoretical sampling error can be calculated; a full methodology is available.

The employer survey was conducted by telephone within the United States by Harris Interactive on behalf of Transamerica Center for Retirement Studies® between January 5, 2009 and February 28, 2009 among 596 for-profit employers with 10 or more employees across all locations. No estimates of theoretical sampling error can be calculated; a full methodology is available.

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