

10th Annual Transamerica Retirement Survey

Employers

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Objectives, Terminology, Methodology, Respondent Profile

Objectives

- The Transamerica Center for Retirement Studies is a non-profit corporation dedicated to educating the public on emerging trends surrounding retirement security in the United States. Its 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.
- 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 Tenth Annual Retirement Survey for Transamerica Center for Retirement Studies. Where appropriate, questions were tracked and some new questions were added to investigate new topics of interest. This report represents the findings for employers. Documents for workers are issued as separate reports.

Methodology

- A telephone study was conducted among a nationally representative sample of 596 employers. Potential respondents were targeted based on job title and for-profit companies and met the following criteria:
 - Business executive who makes decisions about employee benefits at his or her company
 - Employs 10 employees or more across all locations
- 17 minute telephone interviews were conducted between January 5 and February 29, 2009.
- **Results were weighted as needed using weighting targets from the Dunn & Bradstreet database for ensuring each quota group had a representative sample based on the number of companies in each employee size range. A full methodology is available.**
- Percentages are rounded to the nearest whole percent. Differences in the sums of combined categories/answers are due to rounding.
- Significance is tested at 95% confidence and is 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 wave 9 (2007 data) and wave 10 (2008/09 data) is indicated as follows:
 -  = wave 10 (2008/09) is significantly higher than wave 9 (2007).
 -  = wave 10 (2008/09) is significantly lower than wave 9 (2007).
- The base size is 300 for large companies and 296 for small companies. Other reduced bases are noted throughout the report.

Terminology

This report uses the following terminology:

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

Profile of Respondents

Title	%
Director of HR	27
Benefits Manager	11
Accountant/Accounts Manager	7
President	5
Office Manager	4
Controller	4
Business or Admin Manager/Manager	3
Owner	3
Benefits Dir/Super/Assist/Spec	2
HR Administrator/Assistant	2
CFO	2
Other HR mentions	2
VP/Other VP mentions	2
CEO/Chairman	1
General Manager	1
Secretary	1
Accounting Supervisor	1
HR Coordinator/Analyst/Spec/Supervisor	1
Other	11

Industry	%
Manufacturing	34
Professional services	25
Transportation, Communications, Utilities	9
Service (Retail, Hospitality, Administration)	8
Agriculture, Mining, Construction	8
Some Other Business	16

Geography	%
East	20
Midwest	31
South	29
West	21

Revenue	%
Less than \$500,000	6
\$500,000 to \$999,999	6
\$1 million to less than \$5 million	24
\$5 million to less than \$10 million	18
\$10 million to less than \$50 million	11
\$50 million to less than \$200 million	3
\$200 million to less than \$500 million	3
\$500 million to less than \$1 billion	1
\$1 billion or more	2
DK/Refused	27
MEAN (in millions)	64.8
MEDIAN (in millions)	3.2

Number of Employees	%
10 to 24	46
25 to 99	33
100 to 499	7
10-499 NET	86
500 to 999	4
Over 1,000	10
500+ NET	14
MEAN	180.4
MEDIAN	22.2

Executive Summary

Executive Summary

Relative Importance of Various Employee Benefits

- Employers believe health insurance is the most important benefit to employees, followed by employee-funded retirement plans, life insurance, and disability insurance.
- Long-term care insurance is less likely to be seen as important.
- Most benefits are more likely to be considered important to employees by large employers than by small employers. The exceptions are health insurance and company-funded pension plans which hold equal importance between large and small employers.
- Consistent with previous years, two-thirds of all employers believe pension plans are important to employees.
 - However, since 2007 fewer large employers feel pension plans are important to their employees. Additionally, there is an increase in the percentage of large employers who are unsure of the importance of these plans.

Non-Retirement Benefit Offerings

- Health insurance continues to be the benefit offered most often by employers, followed by life insurance and disability insurance.
- Overall, large employers are more likely than small employers to offer benefits to their employees, especially when it comes to life, disability, and long-term care insurance.

Executive Summary

Retirement Benefit Offerings

- Regarding retirement benefits, employee-funded plans continue to be by far the most frequently offered benefit, with about two-thirds of employers offering these types of plans. Meanwhile, less than one-quarter of employers offer company-funded pension plans.
 - Large employers are much more likely than small employers to offer employee-funded plans, company-funded pension plans, or separate retirement plans for select executives or senior management.
- The popularity of traditional pension plans continue to erode, specifically among small employers, with a significant decline in the percentage open to all employees.
 - That said, there is a directional downward shift since 2007 in the percentage of large employers offering pension plans and a directional upward shift in the percentage offering separate programs for select executives or senior management.
- Not surprisingly in this economic environment, over half of employers have implemented at least one measure to control costs in the last year, mostly layoffs or downsizing.
 - These measures are more frequently implemented by large employers.
- There is a directional increase since 2007 in the overall percentage of employers adopting Roth 401(k) plans.
 - Large employers have increased their offering of Roth 401(k) plans.
 - However, fewer employers plan to adopt these types of plans in the coming year than in 2007.
- More large employers offer automatic enrollment for their employee-funded 401(k) plans. However, not as many plan to adopt the automatic enrollment this year than in 2007, mostly because participation in their plans is already high.
 - Among those who do not plan to automatically enroll employees, large employers are more concerned than small employers about cost and administrative complexity.

Executive Summary

Perceptions of Current Retirement Plan Offerings

- Fewer employers agree that employee-funded plans are *very* important for attracting and retaining employees than in 2007.
 - But, larger employers are more likely than smaller ones to believe these plans are important.
- Matching contributions continue to be seen as important by employers, especially among large companies.
- Large employers are more likely to have made changes to their employee-funded 401(k) plans in the past year, most commonly changing the investment selections and fund choices.
 - More companies have also decreased their company match, despite the fact that employers believe it is important to employees.
 - In the coming year many companies continue to anticipate changes to their investment selections and fund choices.
- Surprisingly in this economic environment, fewer employers used an outside advisor to help select their company's retirement plan than in 2007. This shift is especially prominent among large companies.
- Similar to 2007, most employers agree people at their company who are responsible for overseeing the retirement plan have a clear understanding of fees and expenses associated with the plan.
 - However, larger employers are more likely to strongly agree, while small employers are more likely to only somewhat agree.

Executive Summary

Perceptions of Employee Involvement with Retirement Planning

- While the majority of employers believe their employees are satisfied with the quality of their investment options, fewer strongly agree than in 2007.
- Employers are overwhelmingly confident they are giving their employees the right information to make decisions about retirement plans.
- While most employers continue to agree their company is satisfied with their current plan provider, there is a decline in the percentage who strongly agree with this.
- Similarly, fewer employers now strongly agree their employees are satisfied with the company plan.
- Similar to the Tenth Annual Worker Study, employers believe that employees would prefer a higher salary over excellent retirement benefits. However, this is the first time in the survey's history that a majority of workers would prefer a higher salary.
 - Smaller employers, in particular, are more likely to believe their employees prefer higher salaries over excellent retirement benefits.

Executive Summary

Perceptions of Employee Involvement with Retirement Planning (*continued*)

- Large employers are more likely than smaller ones to take action to help employees transition to retirement, such as letting them leave money in their plans and providing information about the distribution options available in their plans.
- Among employers who do not offer retirement plans, there is an increase since 2007 in the percentage who do not do anything to help employees transition to retirement.
- Fewer employers than in 2007 are confident their employees will be able to achieve a comfortable lifestyle in retirement, especially among small employers.
- More employers agree that their employees do not know as much as they should about retirement investing than did in 2007.
- Perhaps in response to recent changes in the market, fewer employers than in 2007 agree most employees at their company prefer to not think about retirement investing until they are closer to retirement. Specifically, there is a decline in the percentage of those who strongly agree.

Economic Outlook

- Employer pessimism about the economy is not reflected in their attitude about their company's future. About two-fifths of employers expect the U.S. economy to get worse in the next 12 months, but less than one-quarter expect their company's financial situation to worsen.
- About one-quarter of employers believe the top priority for the Obama administration should be to educate Americans early by implementing a financial literacy curriculum in schools.

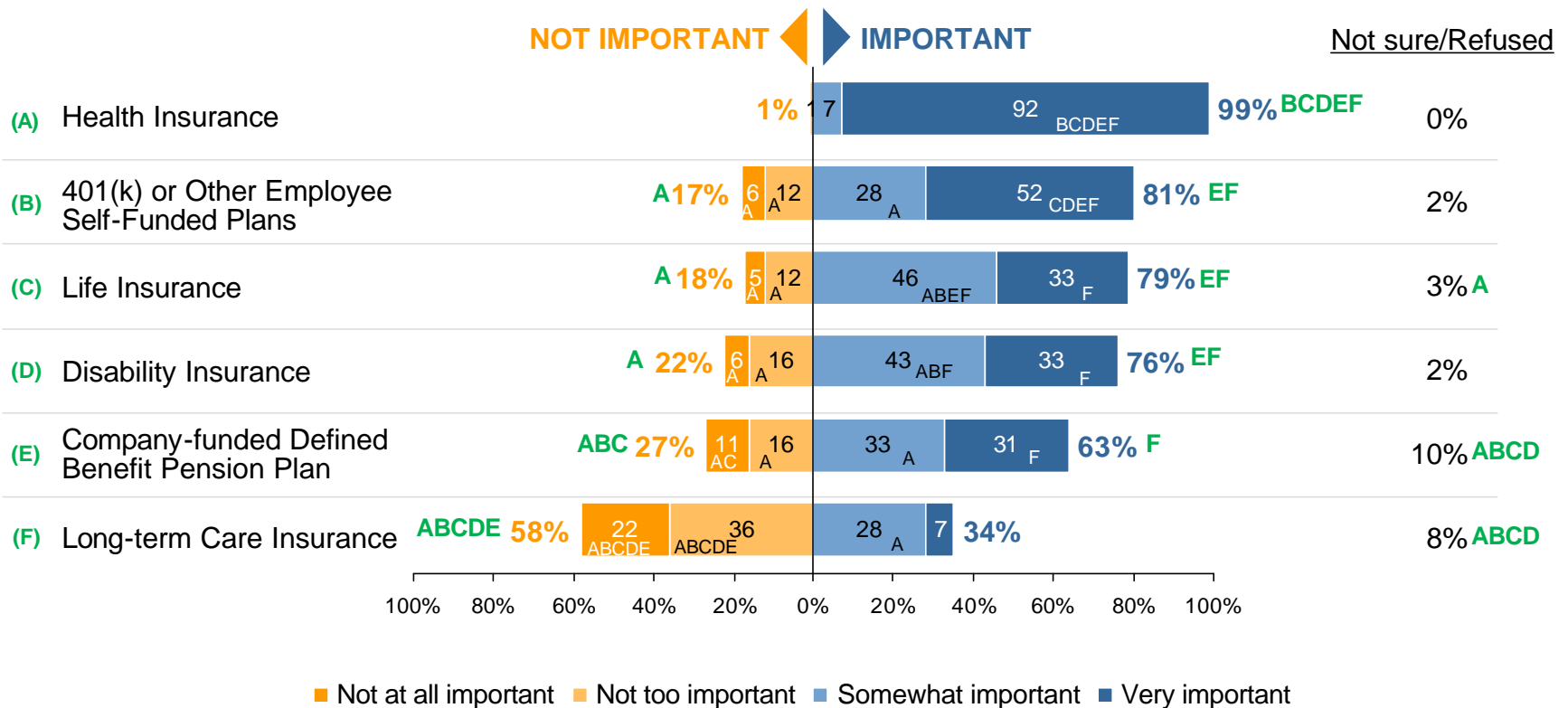
Detailed Findings

- **Relative Importance of Various Employee Benefits**
- Benefit Offerings, including Retirement Benefits
- Perceptions of Current Retirement Plan Offerings
- Perceptions of Employee Involvement with Retirement Planning
- Economic Outlook

Importance of Benefits Offered – Summary

2009

- Overall, employers believe health insurance is the most important benefit to employees.
- Long-term care insurance is seen as least important.



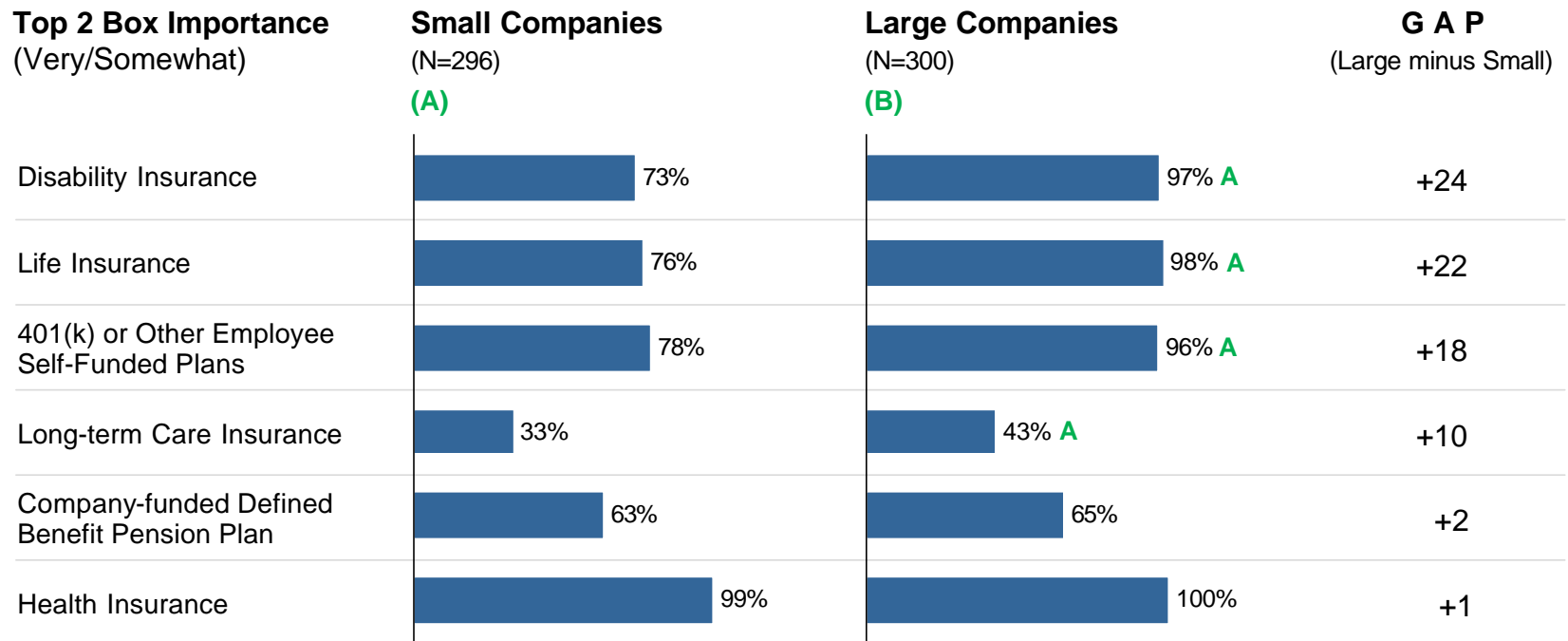
BASE: TOTAL RESPONDENTS (N=596)

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

Importance of Benefits Offered – Summary

Large vs. Small Companies – 2009

- Large employers consider most benefits to be much more important than small employers.
- However, health insurance and company-funded pension plans are seen to be important regardless of company size.



BASE: TOTAL RESPONDENTS

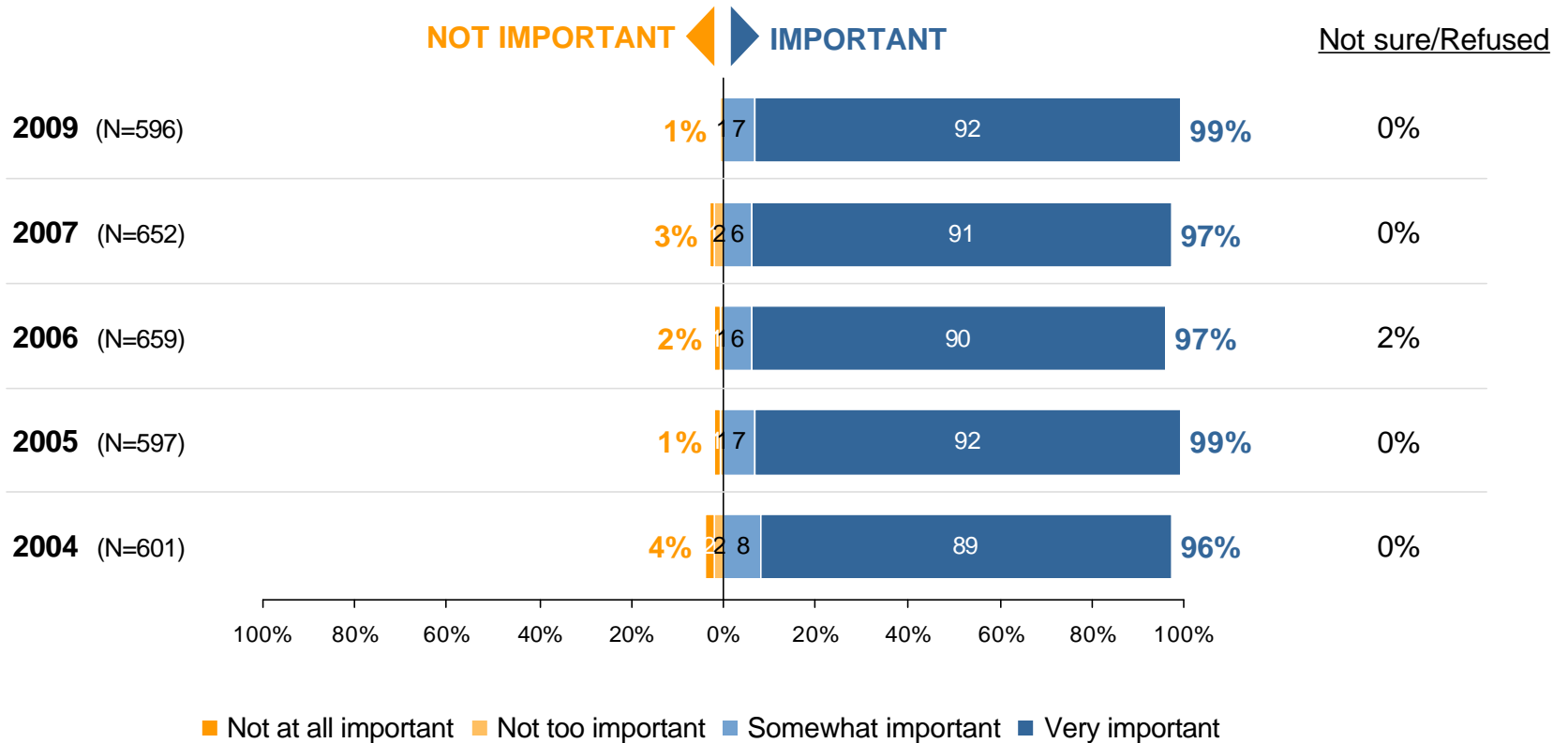
Q520 Do you think your company's employees see this benefit as very important, somewhat important, not too important, or not at all important?

Importance of Benefits Offered

Health Insurance

Annual Tracking

- Employers continue to believe health insurance is very important to their employees.



Note: Significance testing was only conducted between 2007 and 2009.

BASE: TOTAL RESPONDENTS

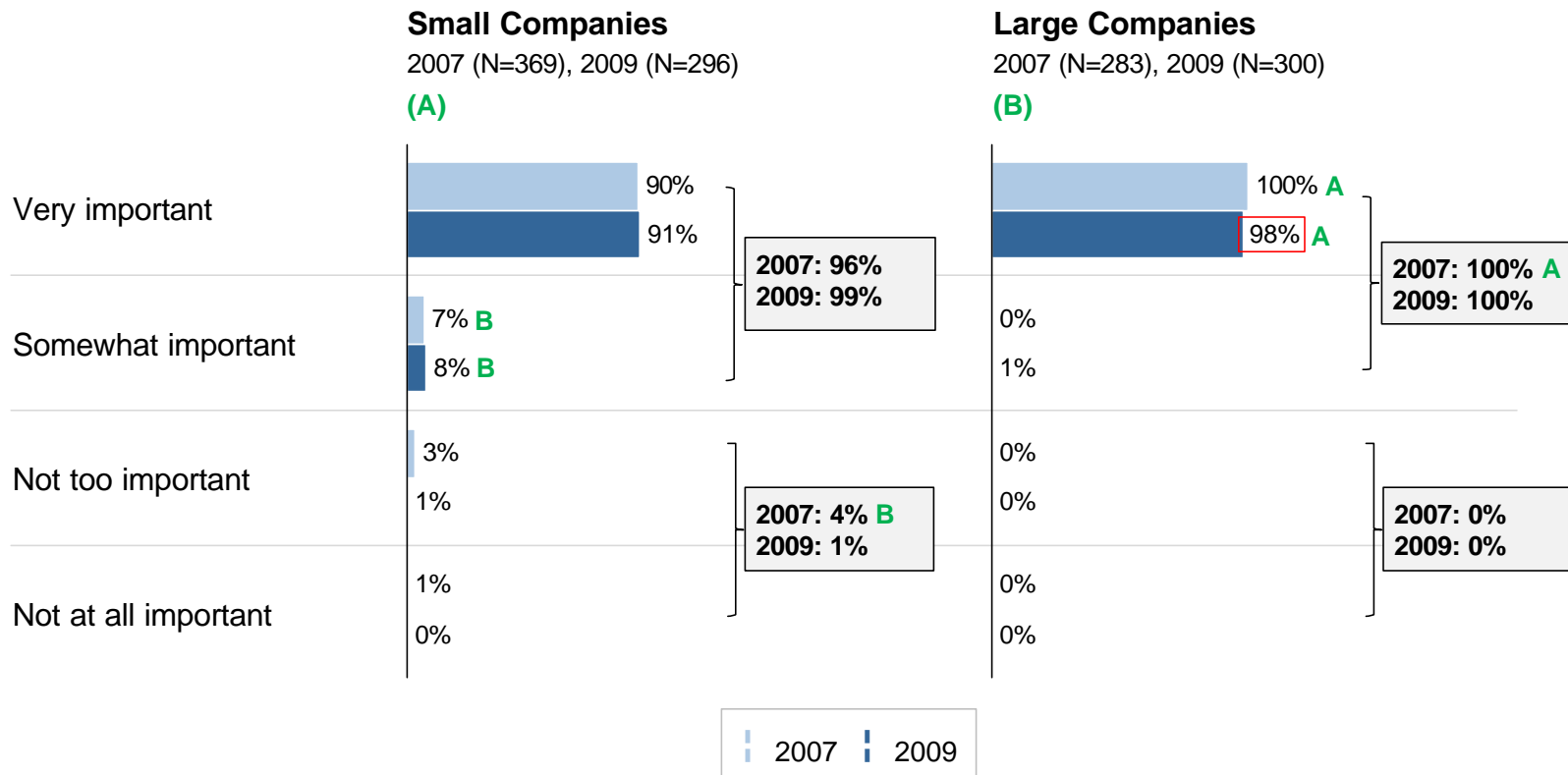
Q520 Do you think your company's employees see this benefit as very important, somewhat important, not too important, or not at all important?

Importance of Benefits Offered

Health Insurance

Large vs. Small Companies

- Although small and large employers believe health insurance is important, large employers are more likely than small employers to believe it is very important.



BASE: TOTAL RESPONDENTS

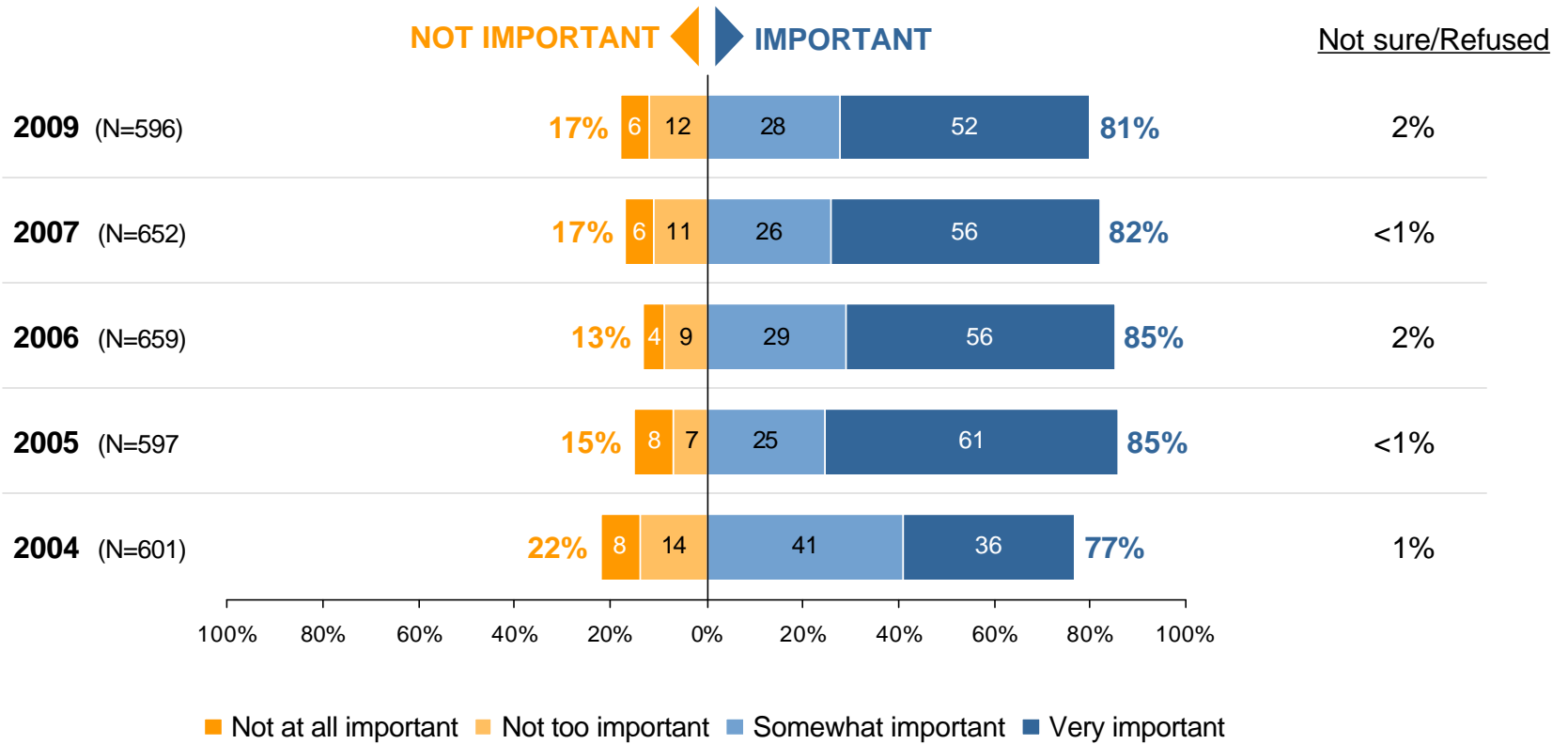
Q520 Do you think your company's employees see this benefit as very important, somewhat important, not too important, or not at all important?

Importance of Benefits Offered

401(k) or Other Employee Self-Funded Plans

Annual Tracking

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



Note: Significance testing was only conducted between 2007 and 2009.

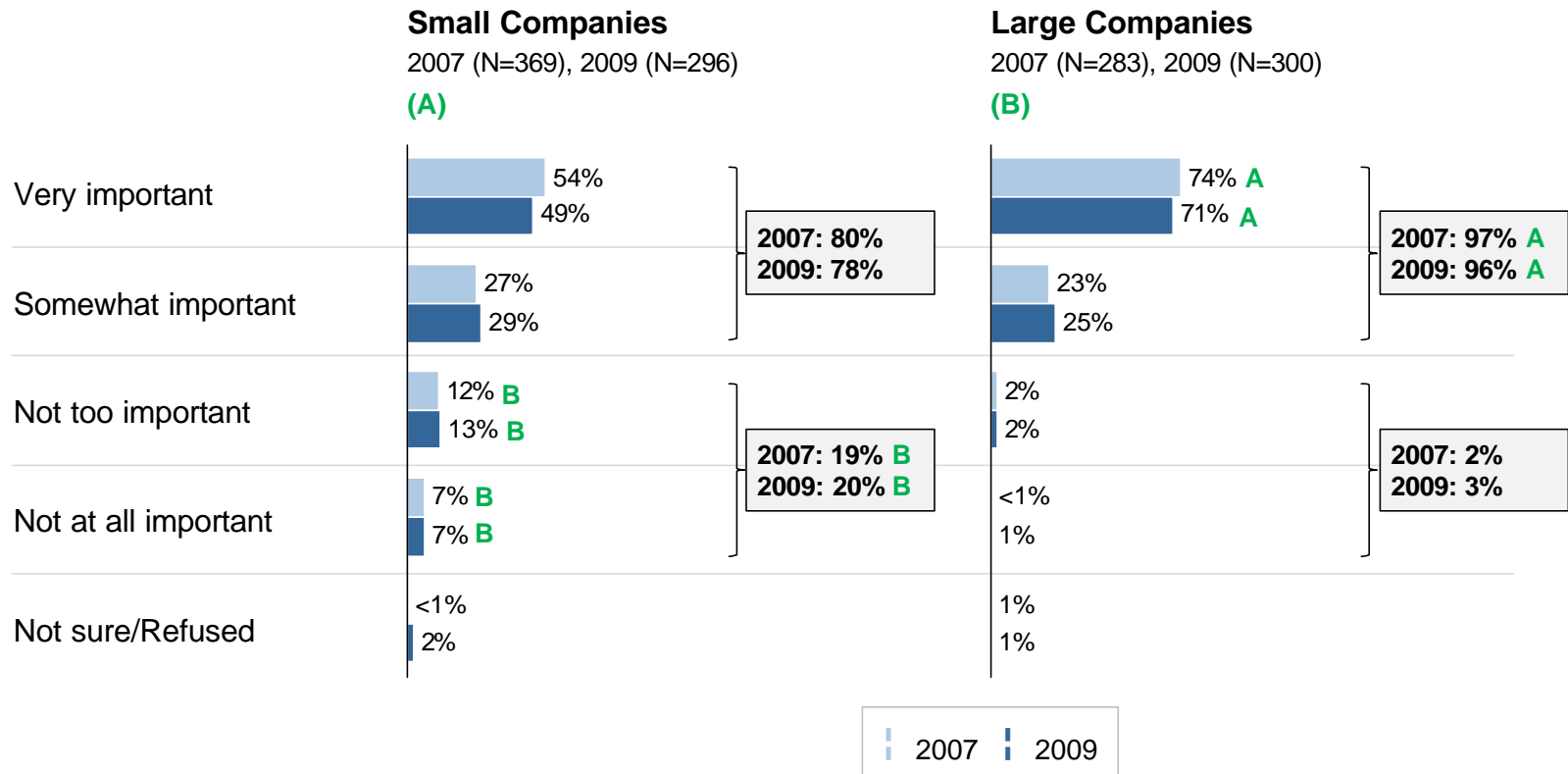
BASE: TOTAL RESPONDENTS

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

401(k) or Other Employee Self-Funded Plans

Large vs. Small Companies

- However, large employers feel more strongly about the importance of employee-funded retirement plans for their employees.



BASE: TOTAL RESPONDENTS

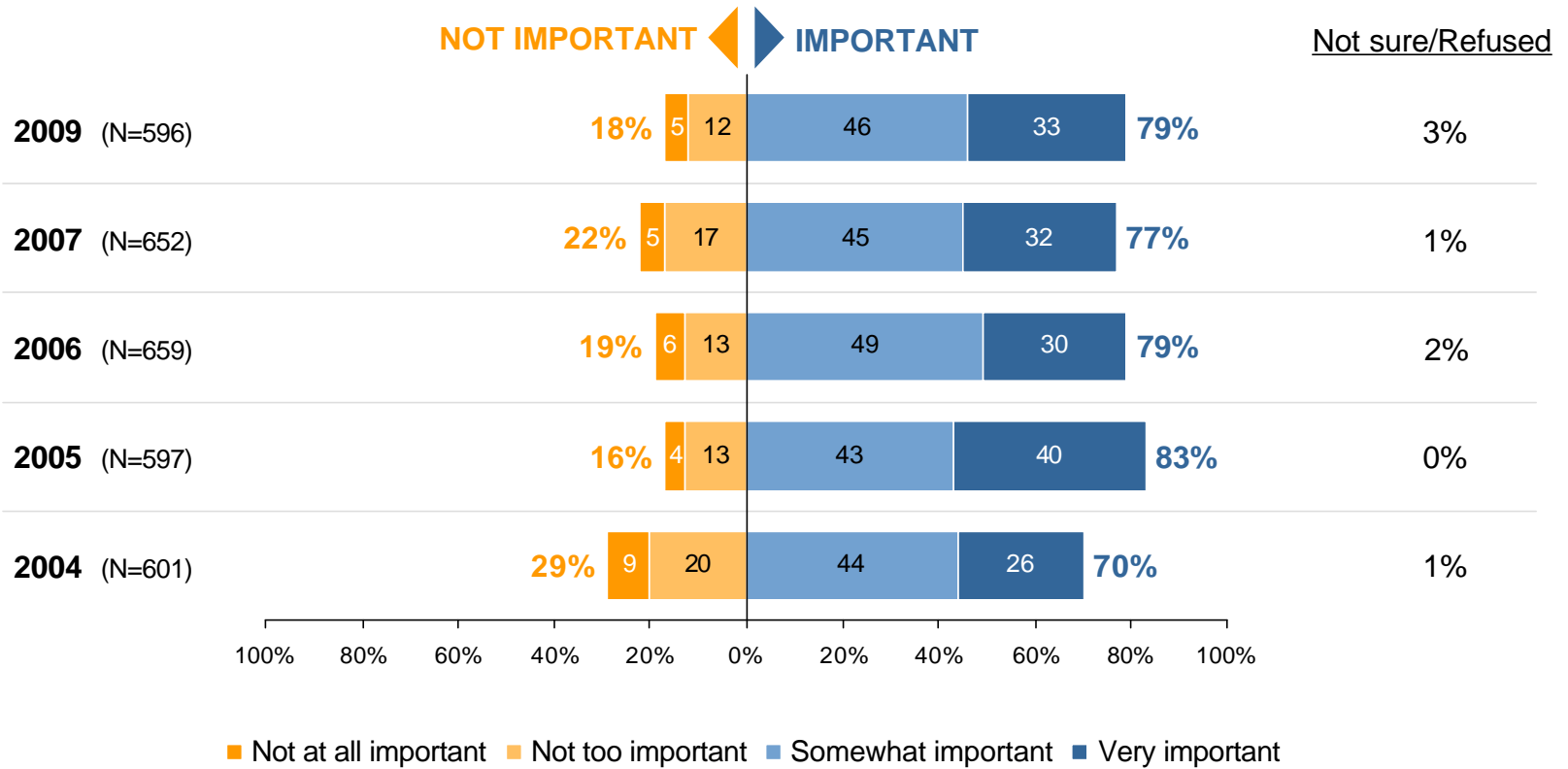
Q520 Do you think your company's employees see this benefit as very important, somewhat important, not too important, or not at all important?

Importance of Benefits Offered

Life Insurance

Annual Tracking

- More than three-quarters of employers continue to feel life insurance is important to employees.



Note: Significance testing was only conducted between 2007 and 2009.
 BASE: TOTAL RESPONDENTS

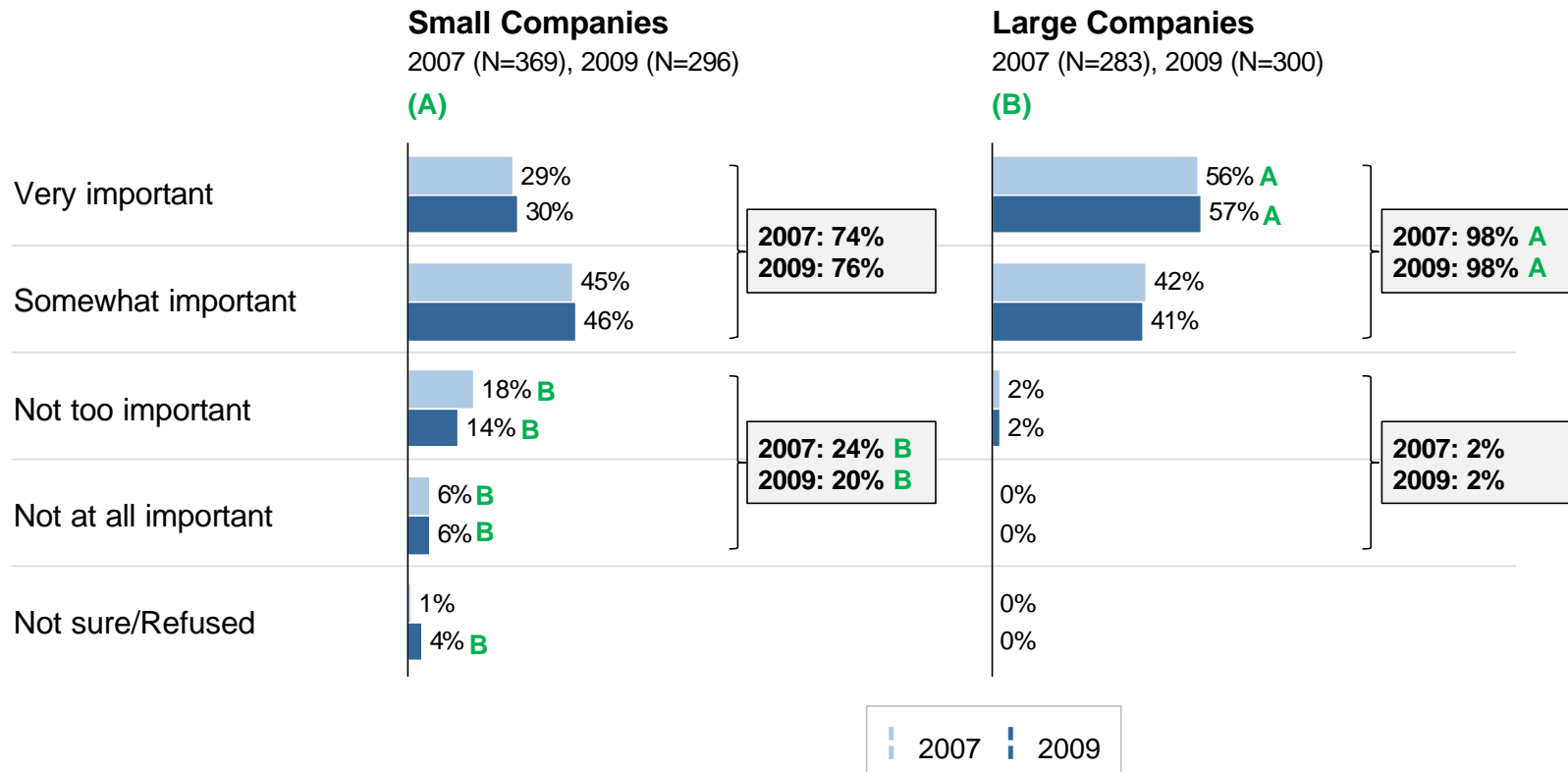
Q520 Do you think your company's employees see this benefit as very important, somewhat important, not too important, or not at all important?

Importance of Benefits Offered

Life Insurance

Large vs. Small Companies

- Large employers are more likely than small employers to believe life insurance is important to employees.



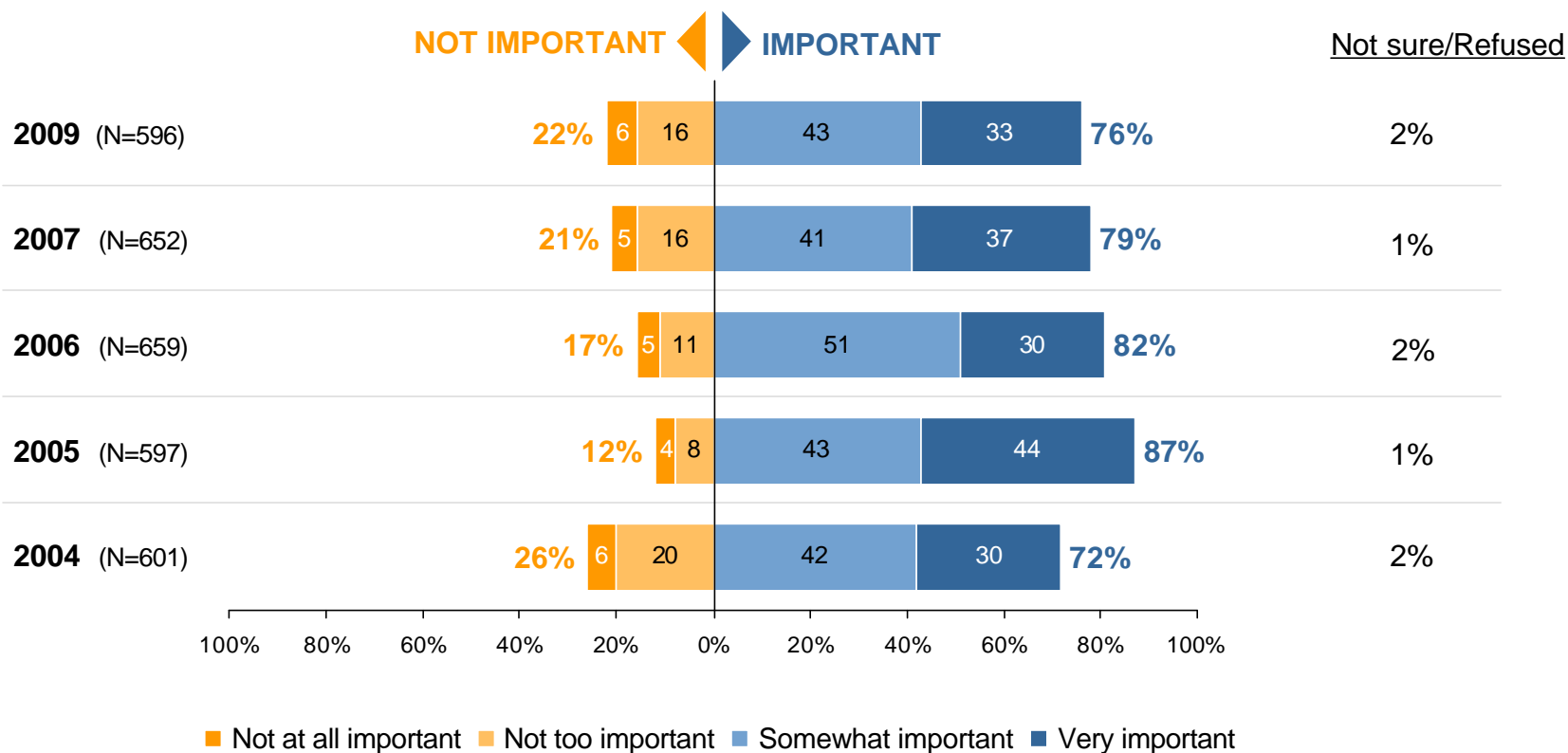
BASE: TOTAL RESPONDENTS

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

Disability Insurance

Annual Tracking

- As in previous years, more than three-quarters of employers feel disability insurance is important for their employees.



Note: Significance testing was only conducted between 2007 and 2009.
 BASE: TOTAL RESPONDENTS

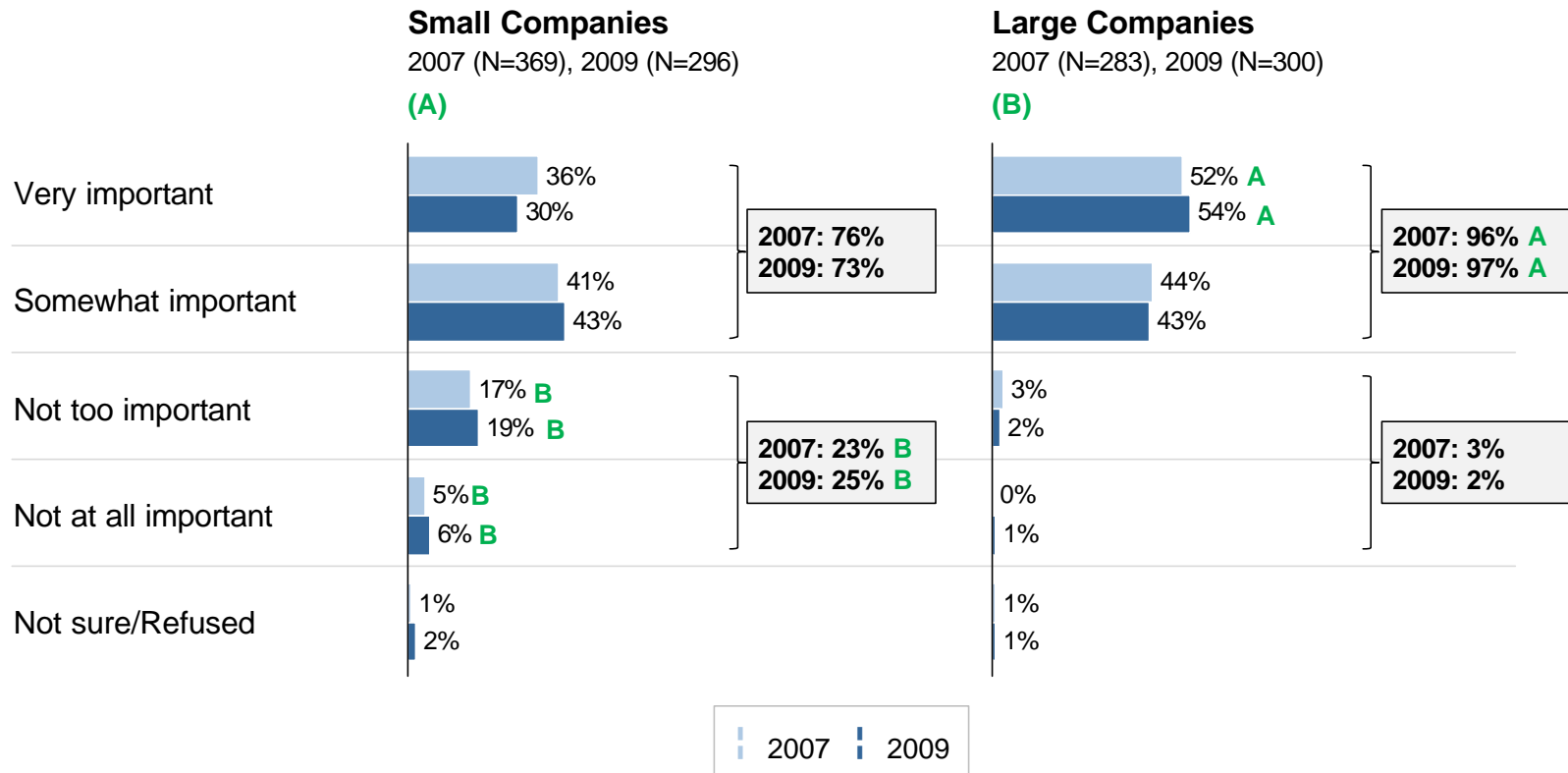
Q520 Do you think your company's employees see this benefit as very important, somewhat important, not too important, or not at all important?

Importance of Benefits Offered

Disability Insurance

Large vs. Small Companies

- However, employers in large companies are more likely than those in smaller companies to feel it is important.



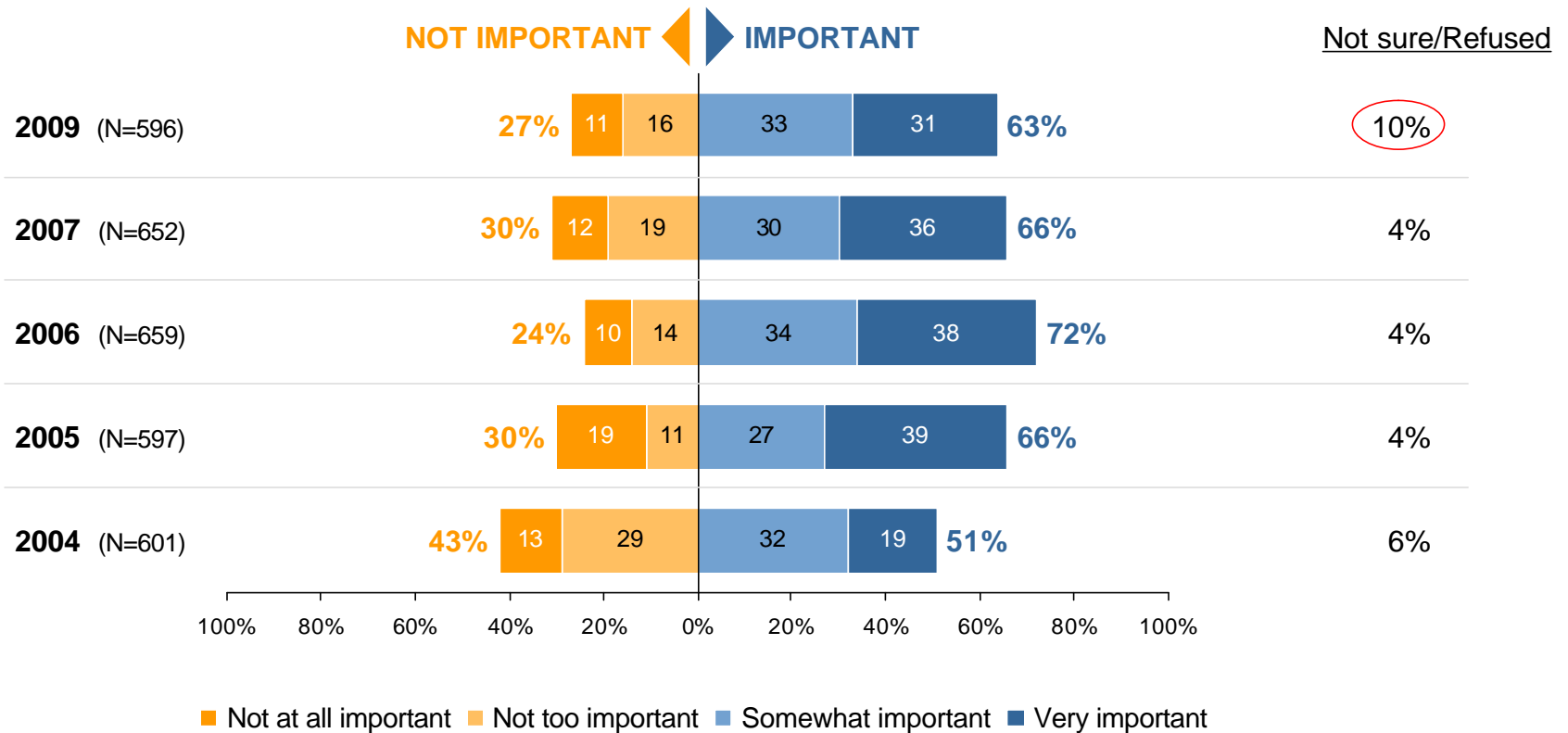
BASE: TOTAL RESPONDENTS

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

Company-funded Defined Benefit Pension Plan

Annual Tracking

- Consistent with previous years, about two-thirds of employers feel pension plans are important to their employees.
- However, there is an increase since 2007 in those who are not sure or refused to answer.



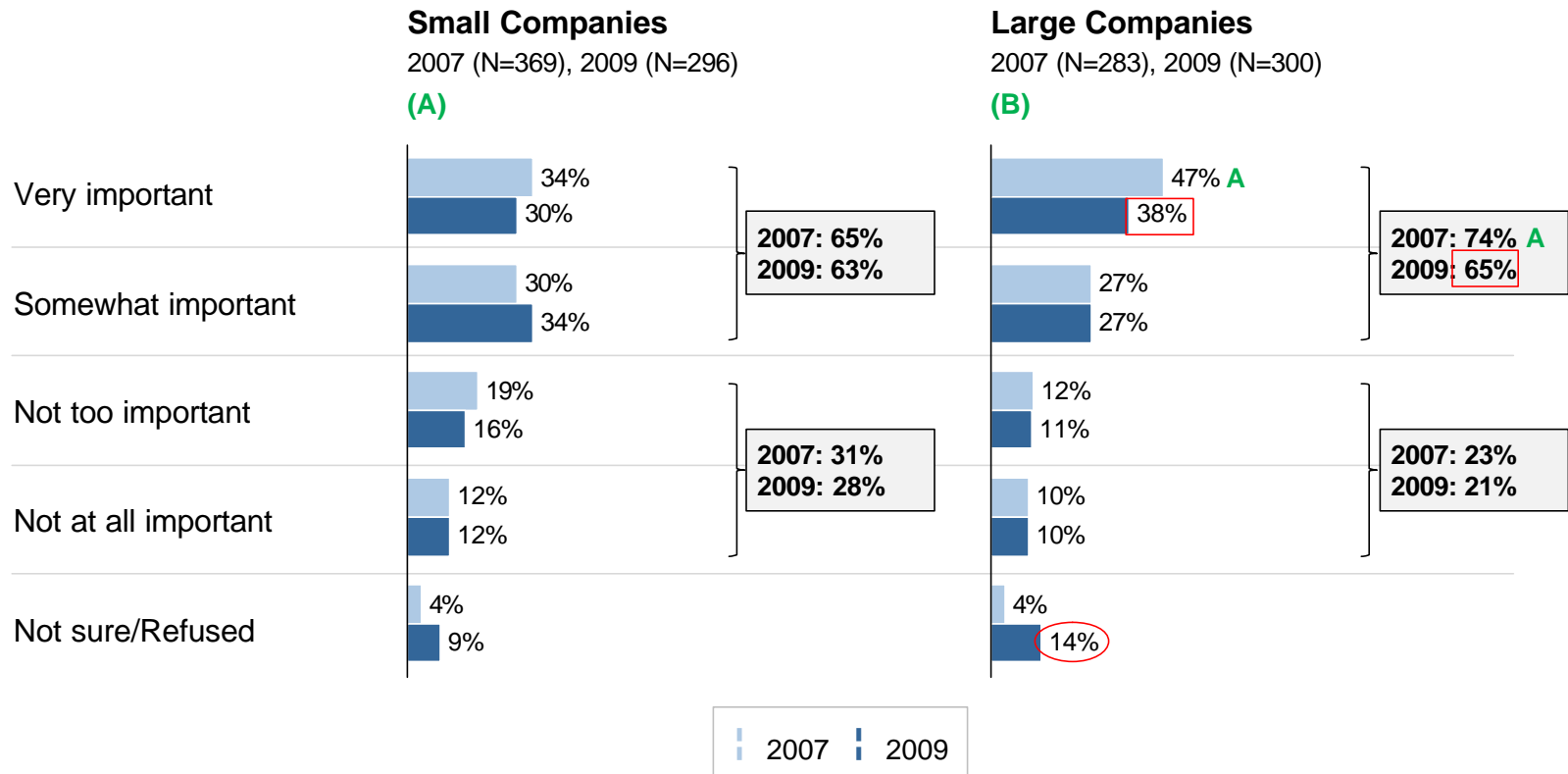
Note: Significance testing was only conducted between 2007 and 2009.
 BASE: TOTAL RESPONDENTS

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

Company-funded Defined Benefit Pension Plan

Large vs. Small Companies

- Specifically, among large employers, there has been a decrease in the percentage who feel pension plans are important.



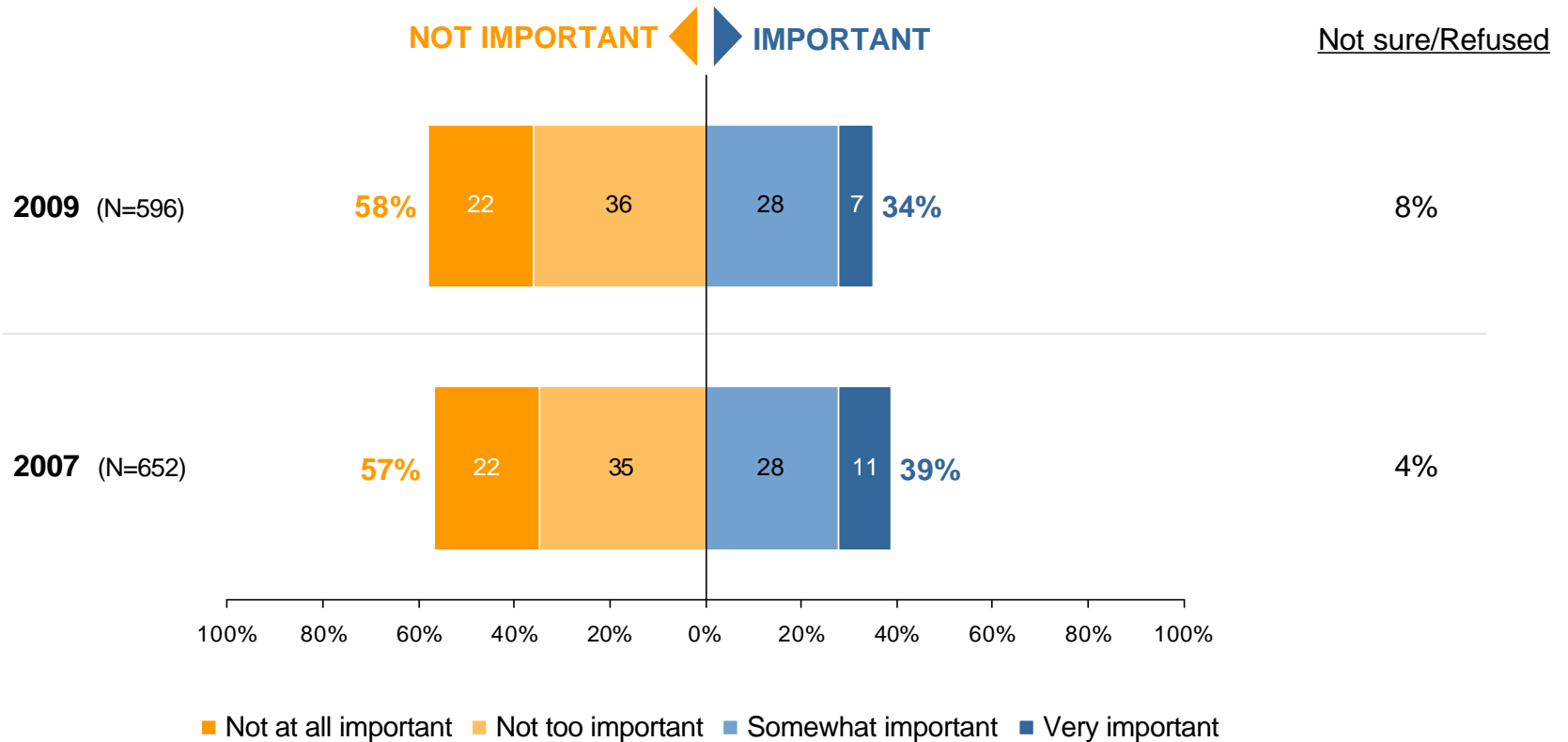
BASE: TOTAL RESPONDENTS

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

Long-term Care Insurance

Annual Tracking

- Only a third of employers feel long-term care insurance is important to their employees.



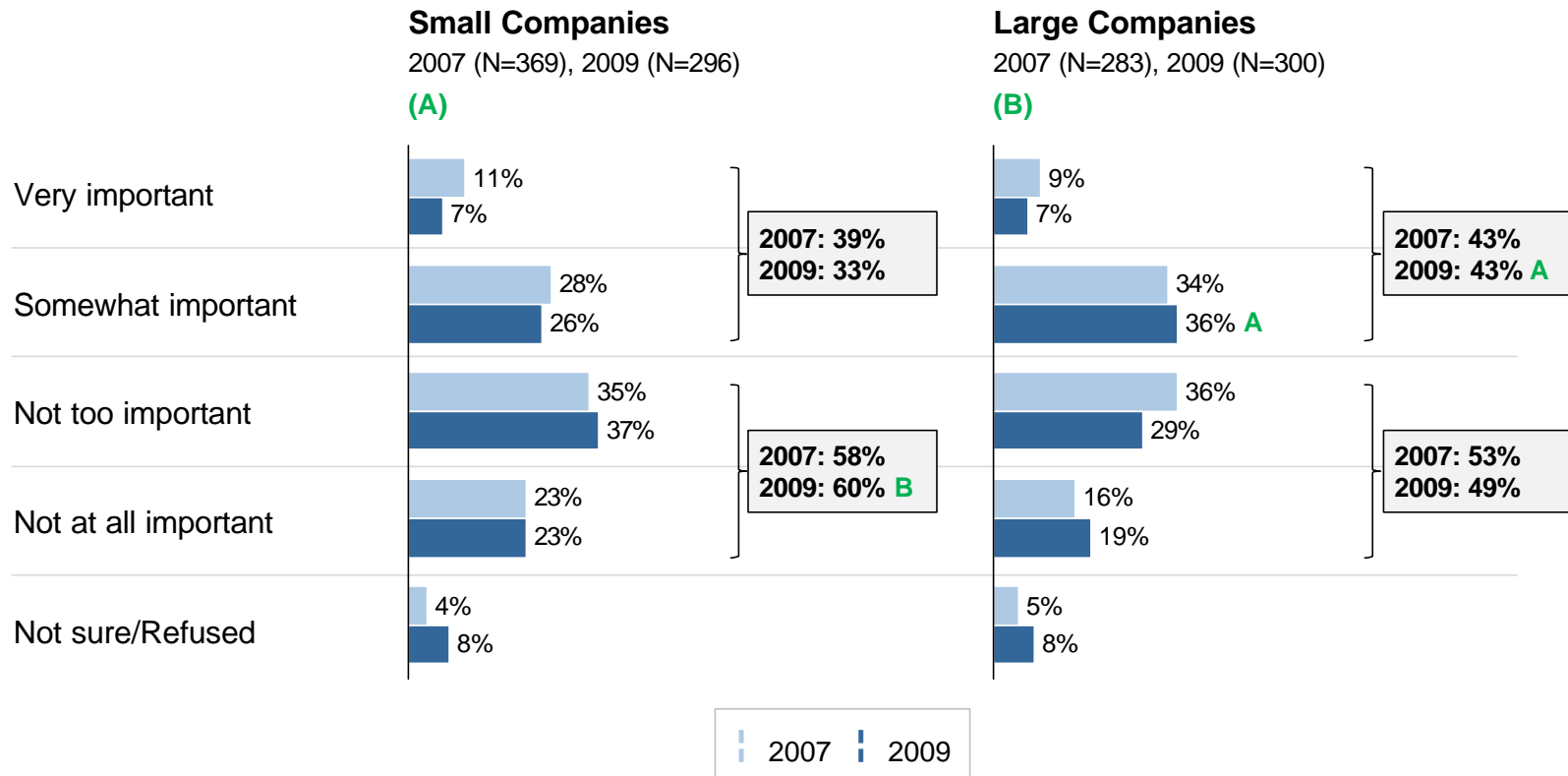
Note: Significance testing was only conducted between 2007 and 2009.
BASE: TOTAL RESPONDENTS

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

Long-term Care Insurance

Large vs. Small Companies

- Consistent with the trend among other benefits, importance is more prevalent among large employers than small employers.



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?

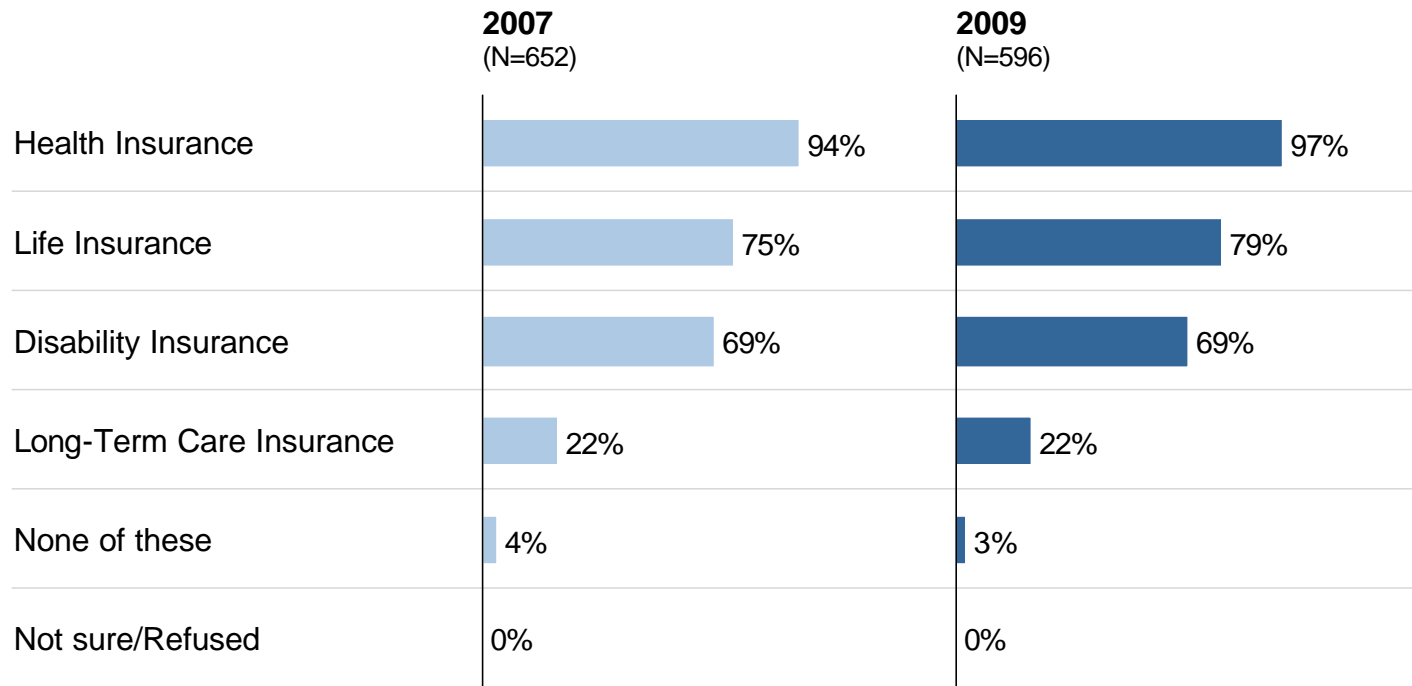
Detailed Findings

- Relative Importance of Various Employee Benefits
- **Benefit Offerings, including Retirement Benefits**
- Perceptions of Current Retirement Plan Offerings
- Perceptions of Employee Involvement with Retirement Planning

Non-Retirement Benefits Currently Offered

Annual Tracking

- Health insurance continues to be the benefit offered most often by employers, followed by life insurance and disability insurance.

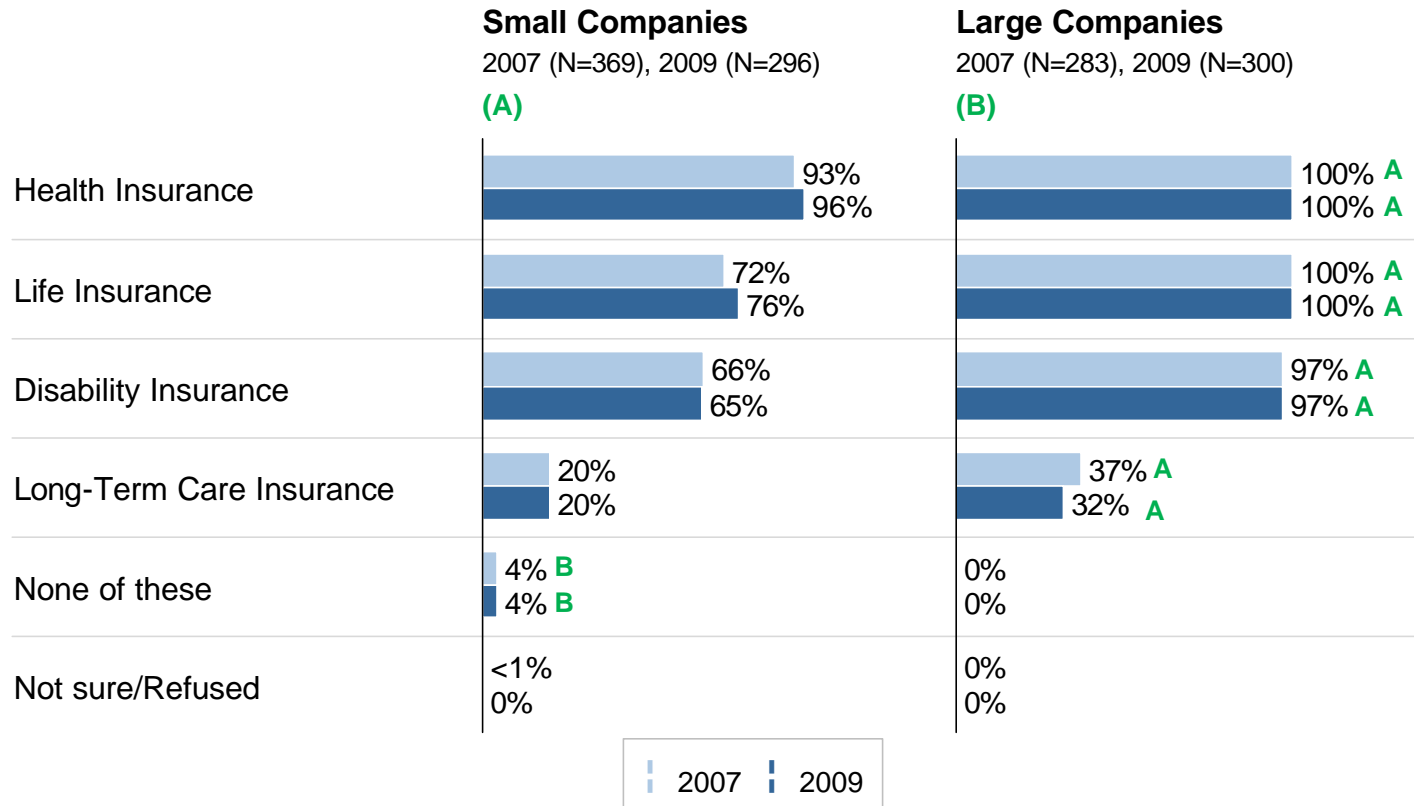


BASE: TOTAL RESPONDENTS
 Q1021. Now we would like to ask you what benefits your company currently offers to its employees. Does your company currently offer...? CHOOSE ALL THAT APPLY.

Non-Retirement Benefits Currently Offered

Large vs. Small Companies

- Overall, large employers are more likely than small employers to offer these benefits to their employees, especially when it comes to life insurance, disability insurance, and long-term care.

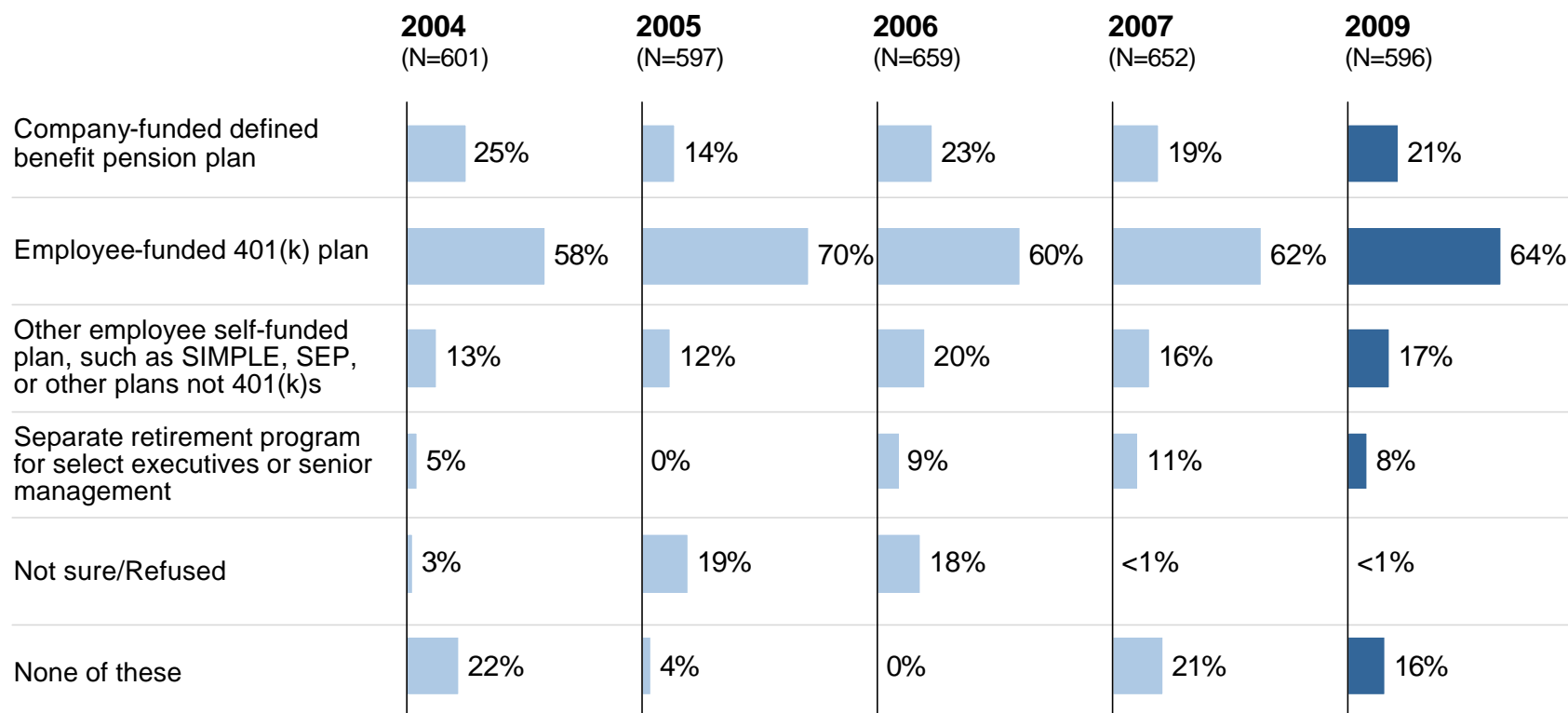


BASE: TOTAL RESPONDENTS
 Q1021. Now we would like to ask you what benefits your company currently offers to its employees. Does your company currently offer...? CHOOSE ALL THAT APPLY.

Retirement Benefits Currently Offered

Annual Tracking

- Employee-funded plans continue to be the most common form of retirement benefit offered by employers.



Note: Significance testing was only conducted between 2007 and 2009.

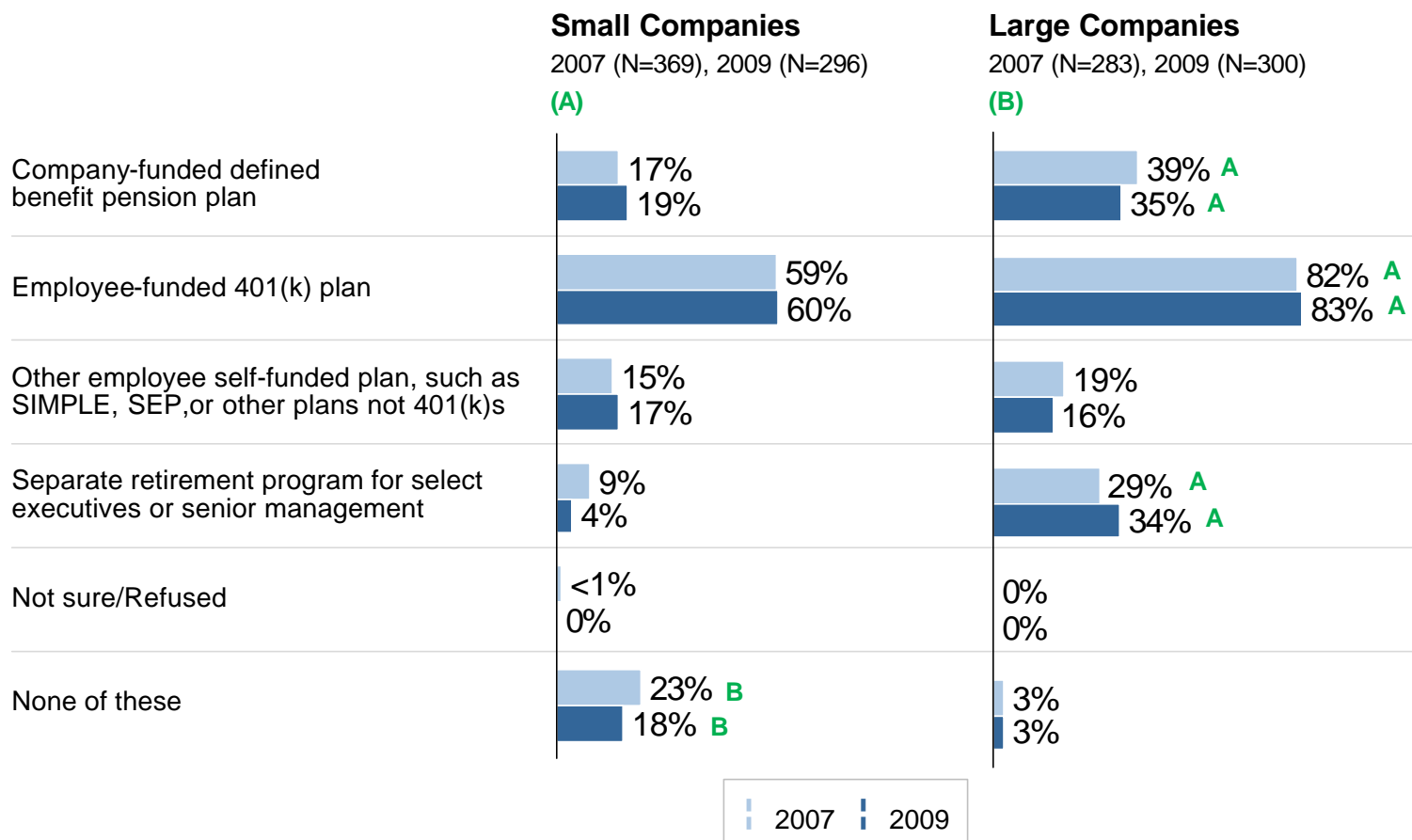
BASE: TOTAL RESPONDENTS

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

Retirement Benefits Currently Offered

Large vs. Small Companies

- Large employers are more likely to offer pension plans and employee-funded plans.
- However, there is a slight decrease in the percentage of large employers offering pension plans since 2007 and a slight increase in the percentage offering separate programs for select executives or senior management.



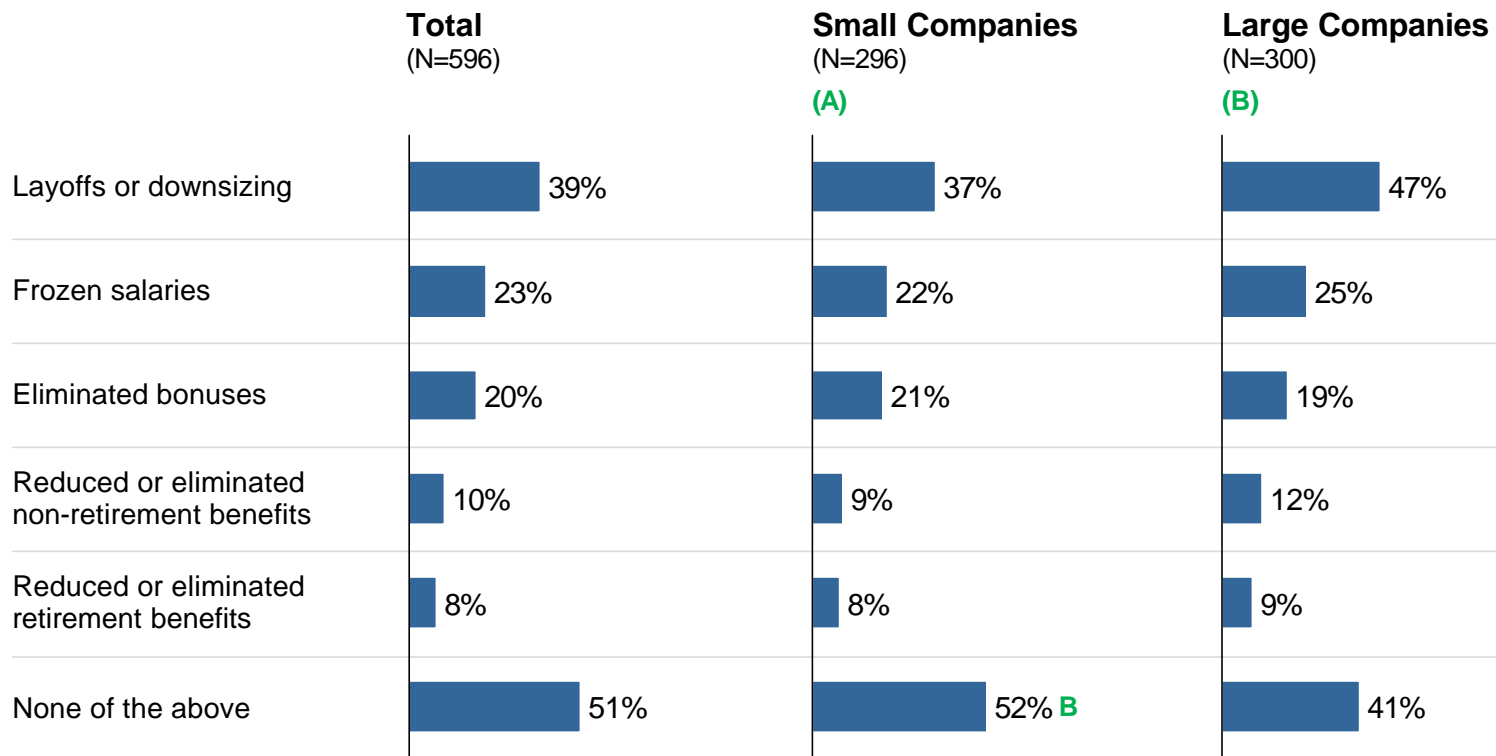
BASE: TOTAL RESPONDENTS

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

Measures Implemented in Last 12 Months

2009

- Over half of all employers have implemented at least one measure to control costs in the last year.
- Layoffs or downsizing are the measures most frequently implemented.
- Large employers are more likely than small employers to have implemented at least one of these measures.



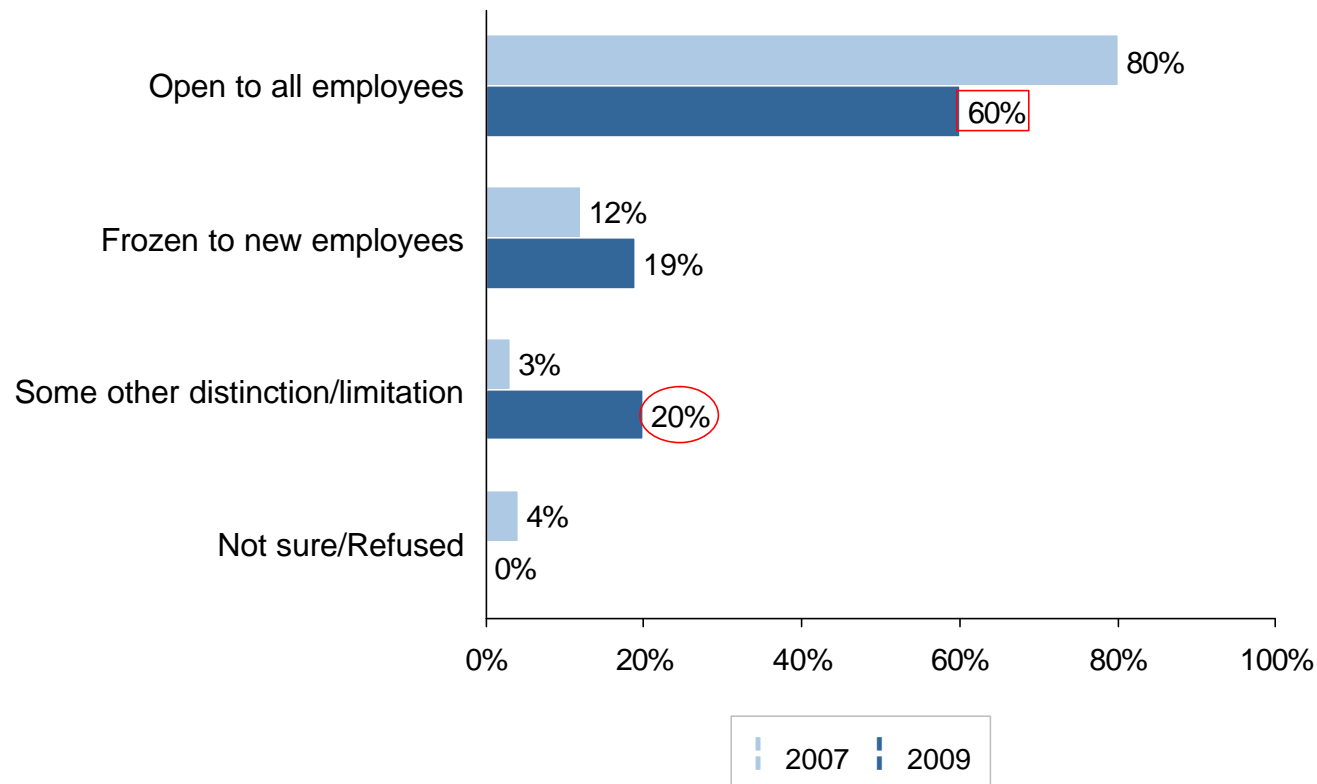
BASE: TOTAL RESPONDENTS

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

Status of Company-funded Pension Plan

Annual Tracking

- The popularity of pension plans continues to erode with a significant decline in the percentage open to all employees.

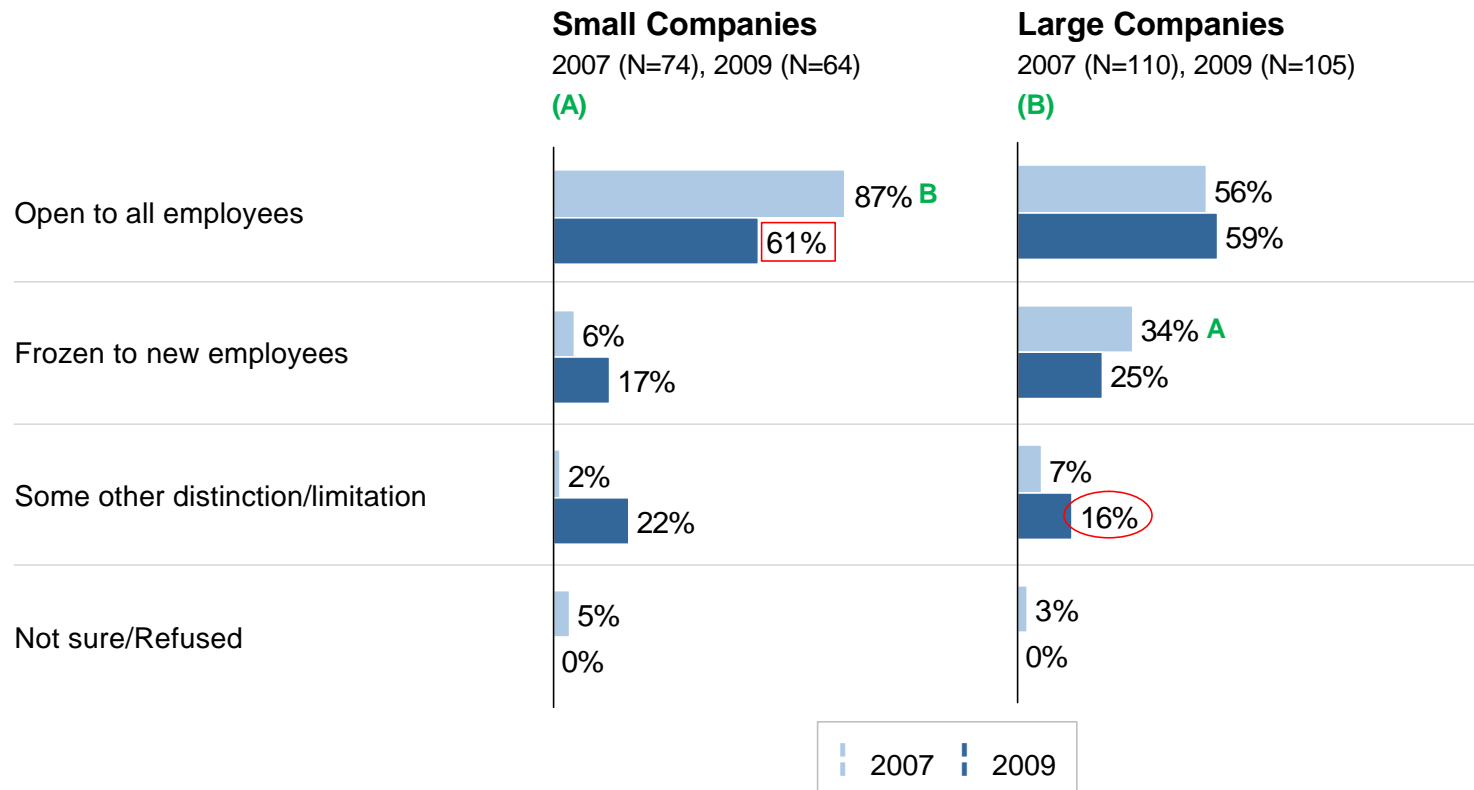


BASE: OFFERS COMPANY-FUNDED DEFINED BENEFIT PLAN; 2007 (N=184), 2009 (N=169)
Q1010. Is your company-funded defined benefit pension plan open to all employees, or frozen to new employees?

Status of Company-funded Pension Plan

Large vs. Small Companies

- The downward trend is salient among small employers.



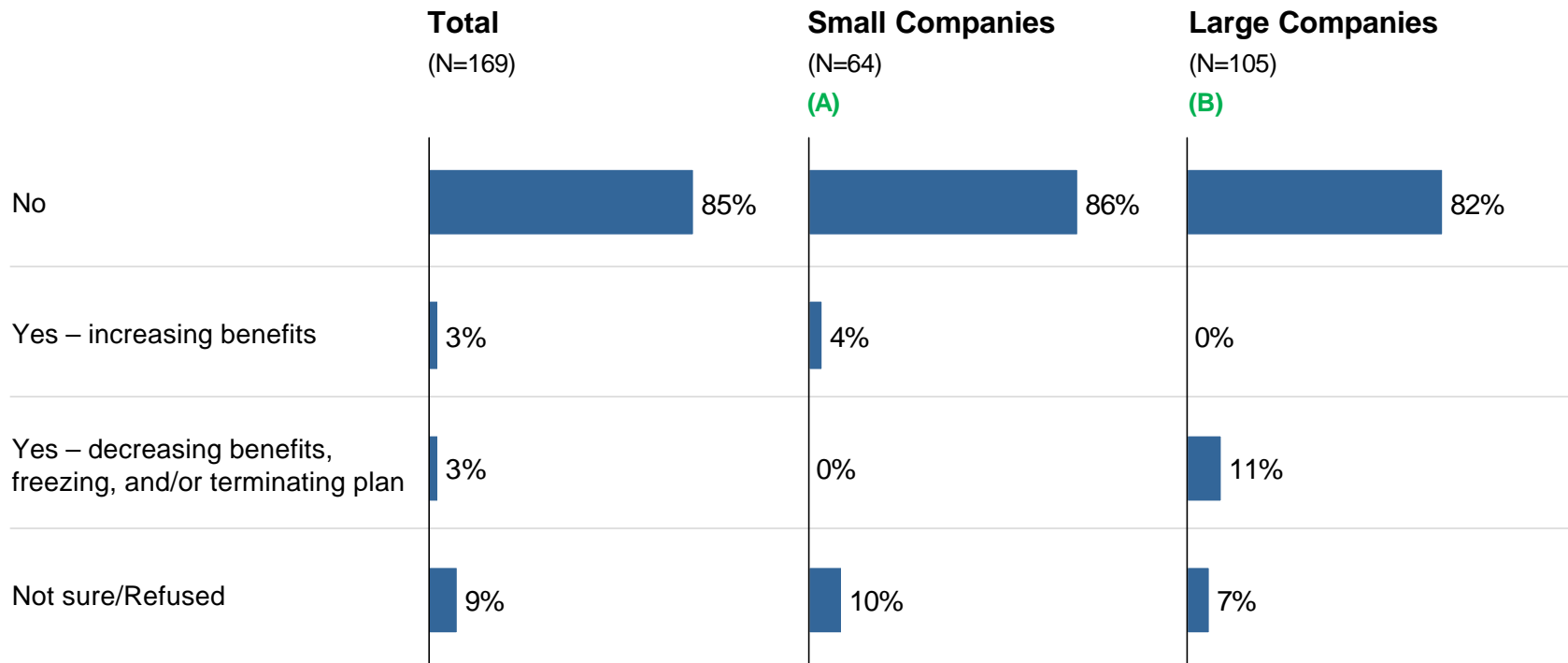
BASE: OFFERS COMPANY-FUNDED DEFINED BENEFIT PLAN

Q1010. Is your company-funded defined benefit pension plan open to all employees, or frozen to new employees?

Status of Company-funded Pension Plan

2009

- One out of ten large employers are considering a decrease, freeze, or termination of their pension plans.



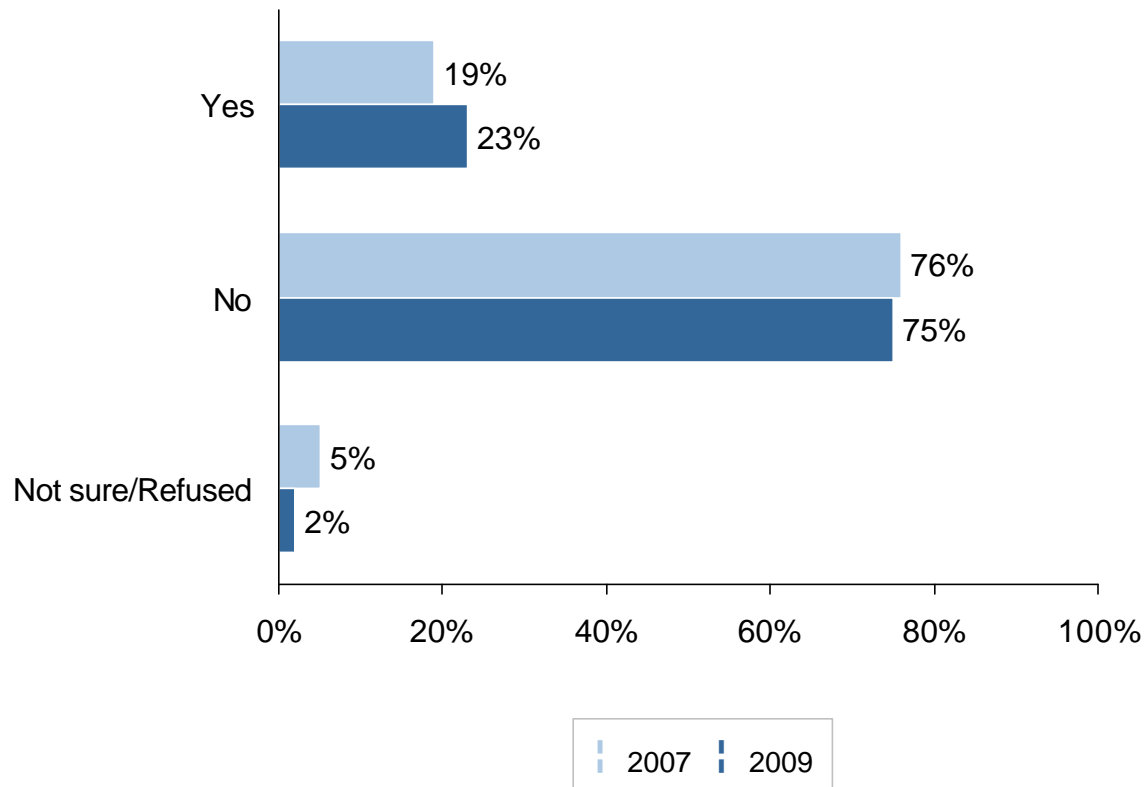
BASE: OFFERS COMPANY-FUNDED DEFINED BENEFIT PLAN

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

Employer Currently Offers Roth 401(k) Option

Annual Tracking

- There is a slight increase since 2007 in the percentage of employers adopting a Roth 401(k). Still, less than a quarter have adopted the option.

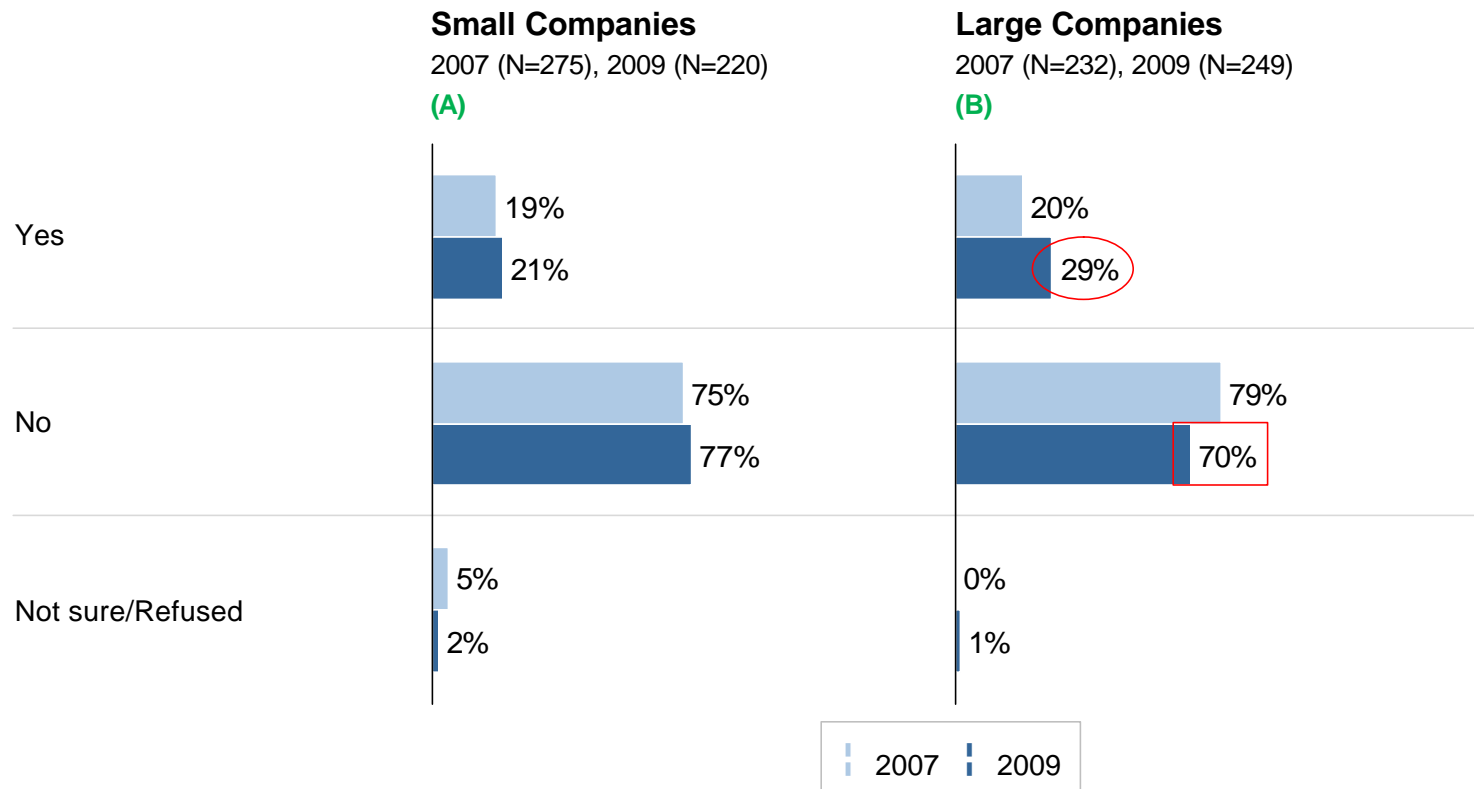


BASE: OFFERS 401(k) PLAN: 2007 (N=507), 2009 (N=469)
Q540. Has your company adopted the Roth 401(k) option?

Employer Currently Offers Roth 401(k) Option

Large vs. Small Companies

- More large employers are now offering a Roth 401(k) than in 2007.



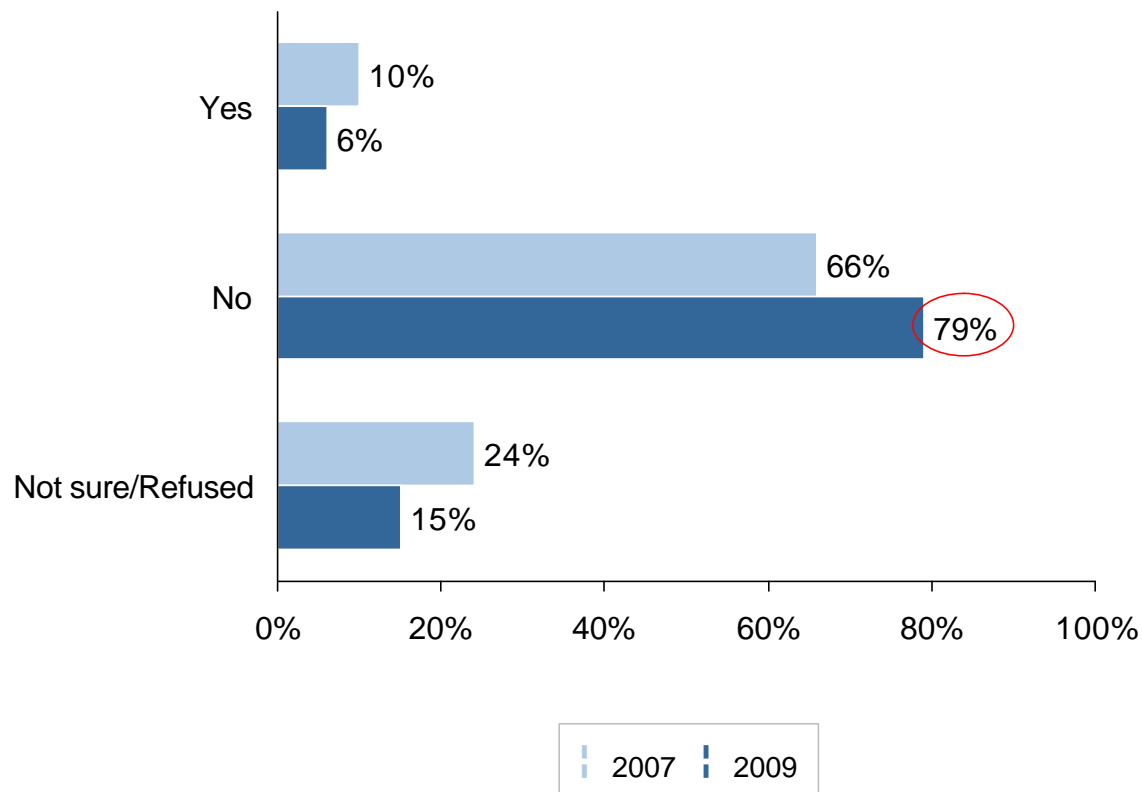
BASE: OFFERS_401(k)_PLAN

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

Employer Plans to Adopt a Roth 401(k) Option in the Future

Annual Tracking

- Fewer employers plan to adopt a Roth 401(k) than in 2007.

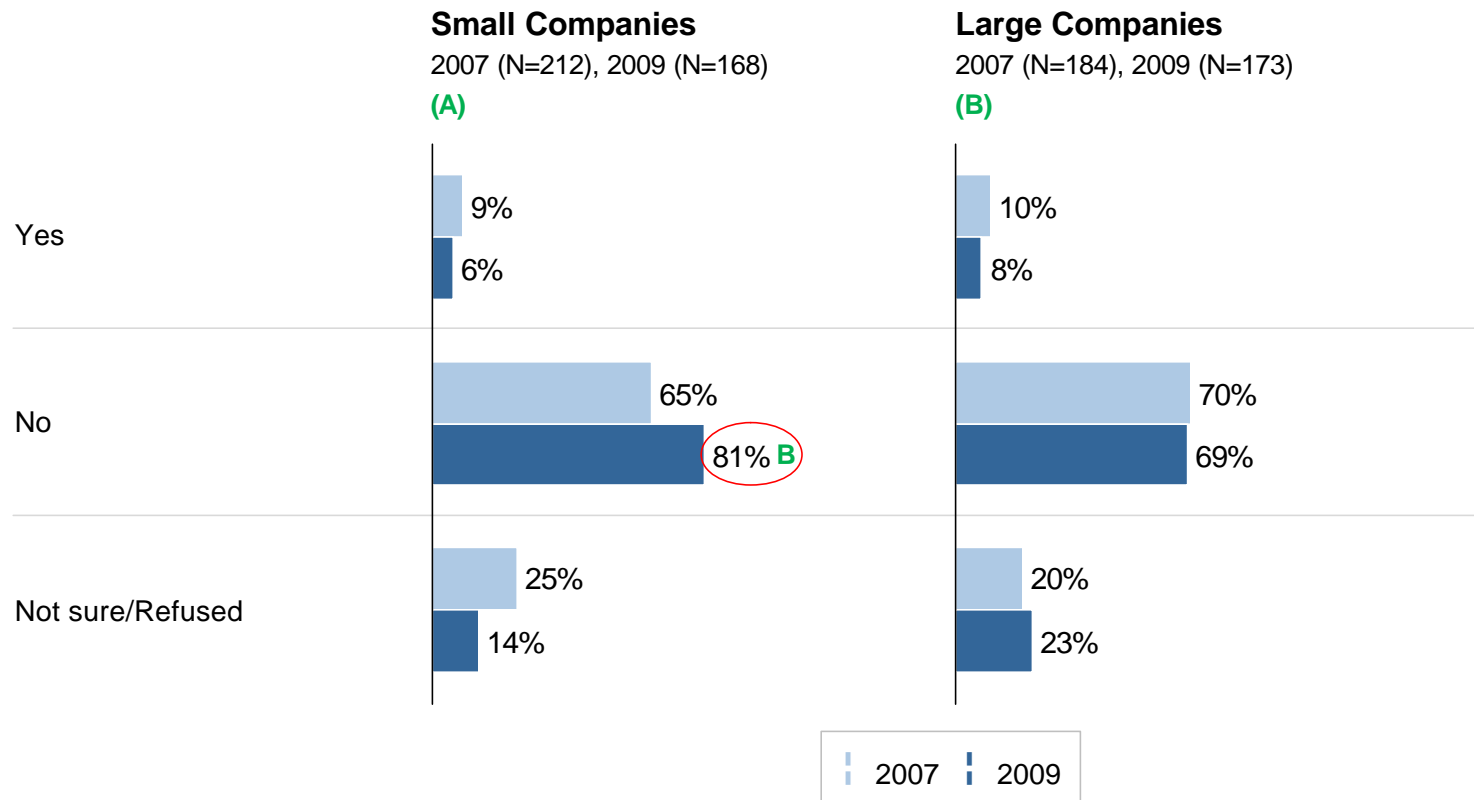


BASE: DOES NOT OFFER ROTH 401(k) PLAN; 2007 (N=396), 2009 (N=341)
Q550. Does your company plan to adopt a Roth 401(k) option in the future?

Employer Plans to Adopt a Roth 401(k) Option in the Future

Large vs. Small Companies

- Fewer small employers plan to adopt a Roth 401(k) than in 2007.



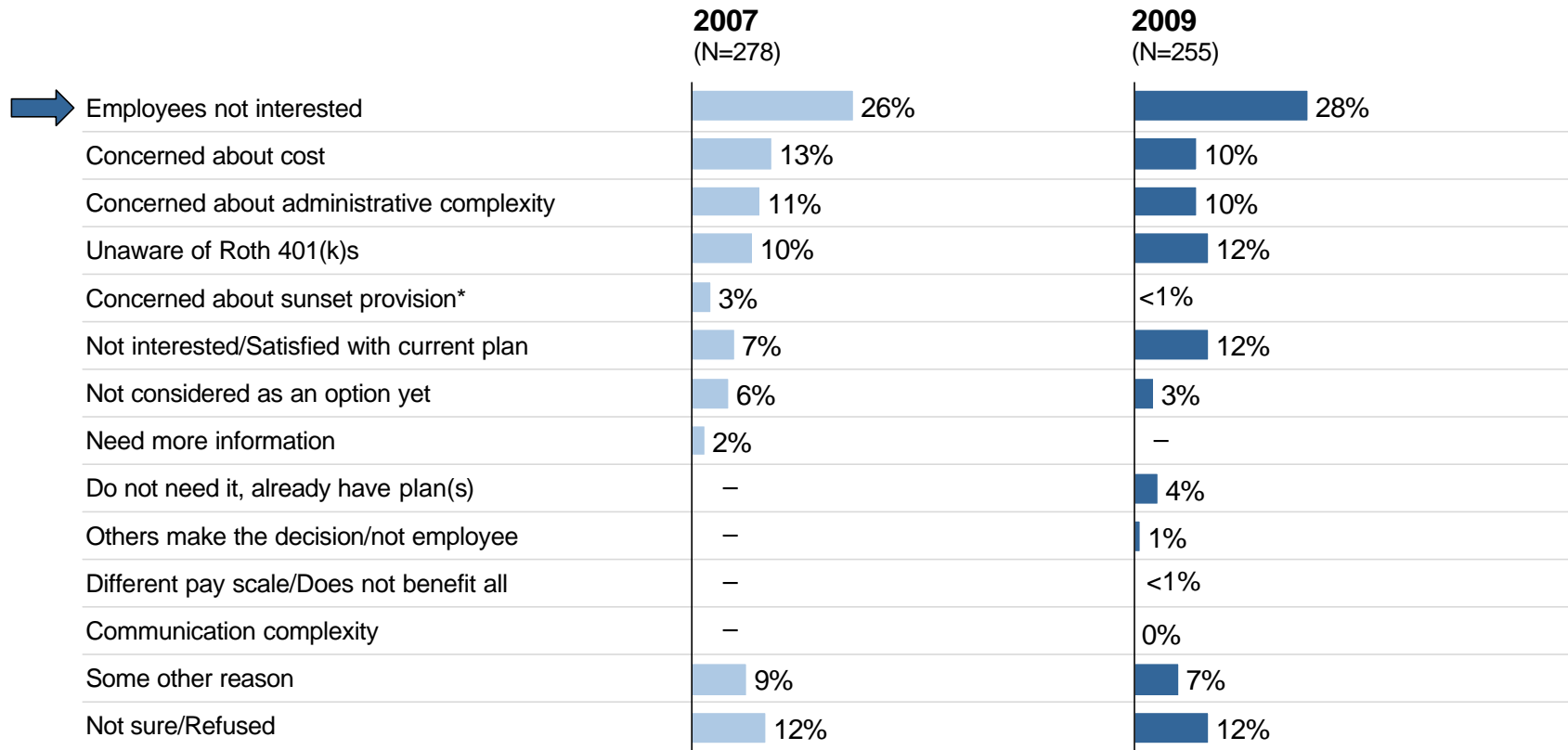
BASE: DOES NOT OFFER ROTH 401(k) PLAN

Q550. Does your company plan to adopt a Roth 401(k) option in the future?

Reasons For Not Adopting Roth 401(k) in the Future

Annual Tracking

- More than a quarter of employers say the reason they do not plan to adopt a Roth 401(k) is because their employees are not interested.



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

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?

Reasons For Not Adopting Roth 401(k) in the Future

Large vs. Small Companies

- A perceived lack of employee interested is consistent across small and large employers.

	Small Companies (A)		Large Companies (B)	
	2007 (N=149)	2009 (N=135)	2007 (N=129)	2009 (N=120)
Employees not interested	27%	28%	23%	28%
Concerned about cost	14%	9%	9%	14%
Concerned about administrative complexity	8%	8%	27% A	21% A
Unaware of Roth 401(k)s	10%	14%	6%	4%
Concerned about sunset provision*	3%	<1%	3%	–
Not interested/Satisfied with current plan	7%	12%	7%	9%
Not considered as an option yet	7%	3%	1%	2%
Need more information	2%	–	–	–
Do not need it, already have plan(s)	–	4%	–	3%
Others make the decision/not employee	–	1%	–	–
Different pay scale/Does not benefit all	–	–	–	3% A
Communication complexity	–	–	–	1%
Some other reason	9%	7%	13%	10%
Not sure/Refused	12%	13%	10%	7%

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

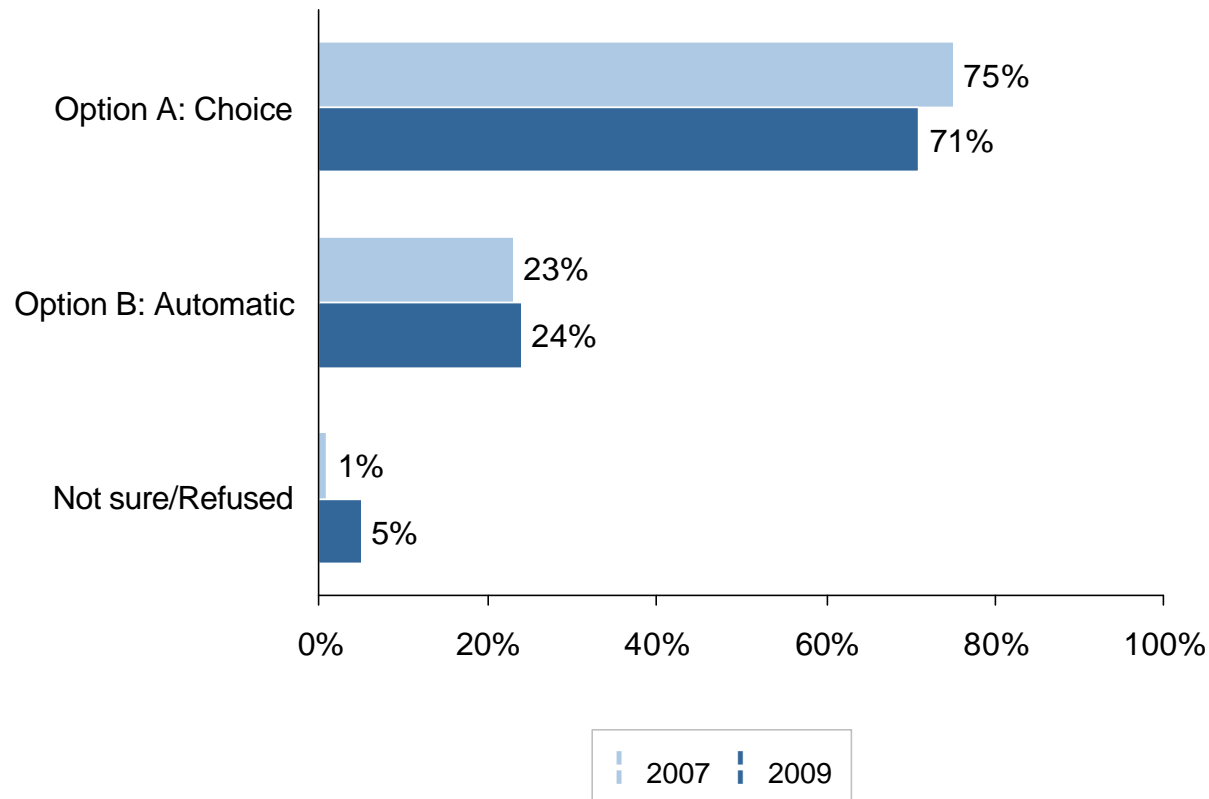
BASE: HAS NO PLANS TO OFFER ROTH 401(K) PLAN

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

Enrollment: Given Choice or Automatic

Annual Tracking

- Most employers give their employees a choice to participate in the company 401(k) plan.



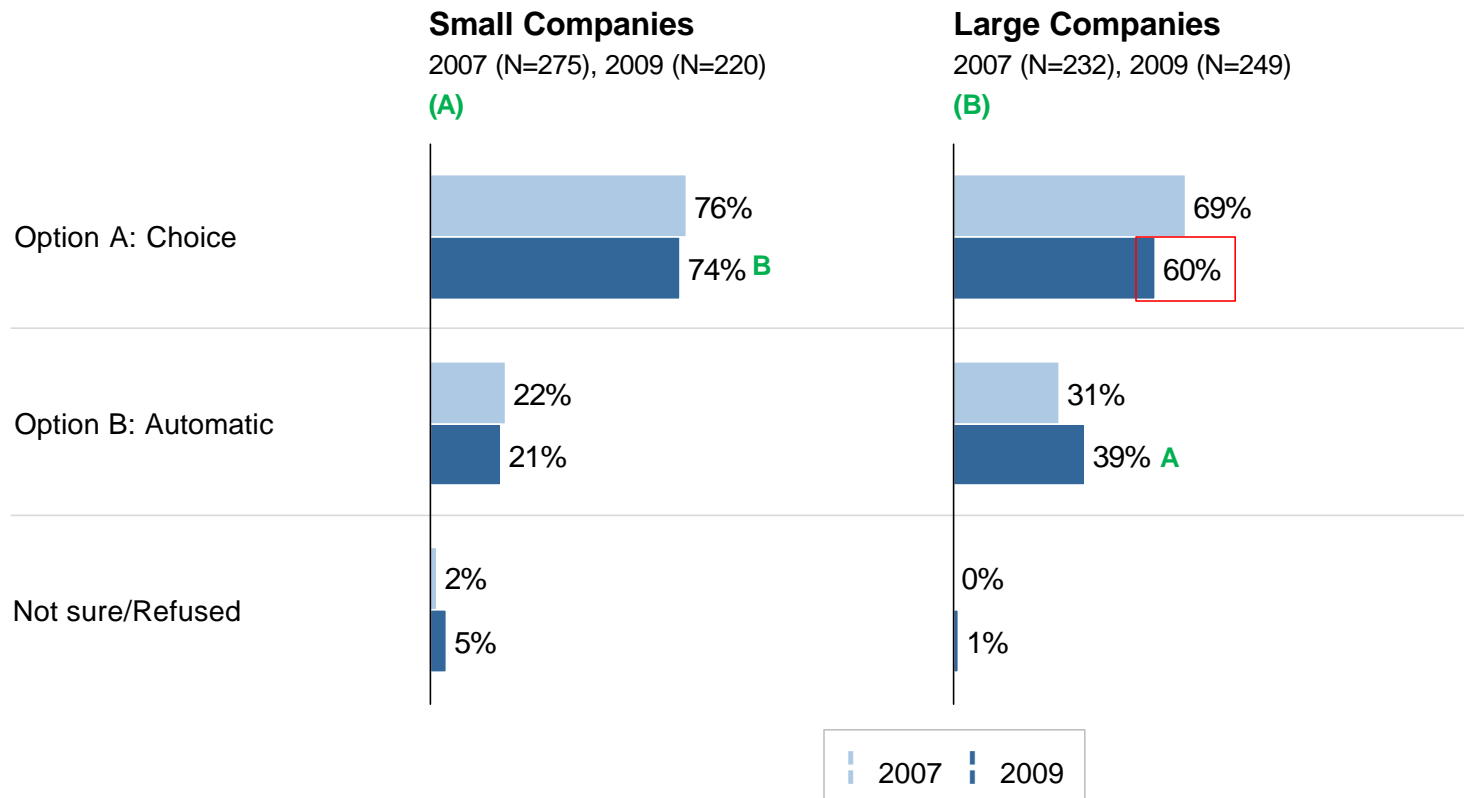
BASE: OFFERS 401(k) PLAN: 2007 (N=507), 2009 (N=469)

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?

Enrollment: Given Choice or Automatic

Large vs. Small Companies

- An increasing percentage of large employers have automatic enrollment.



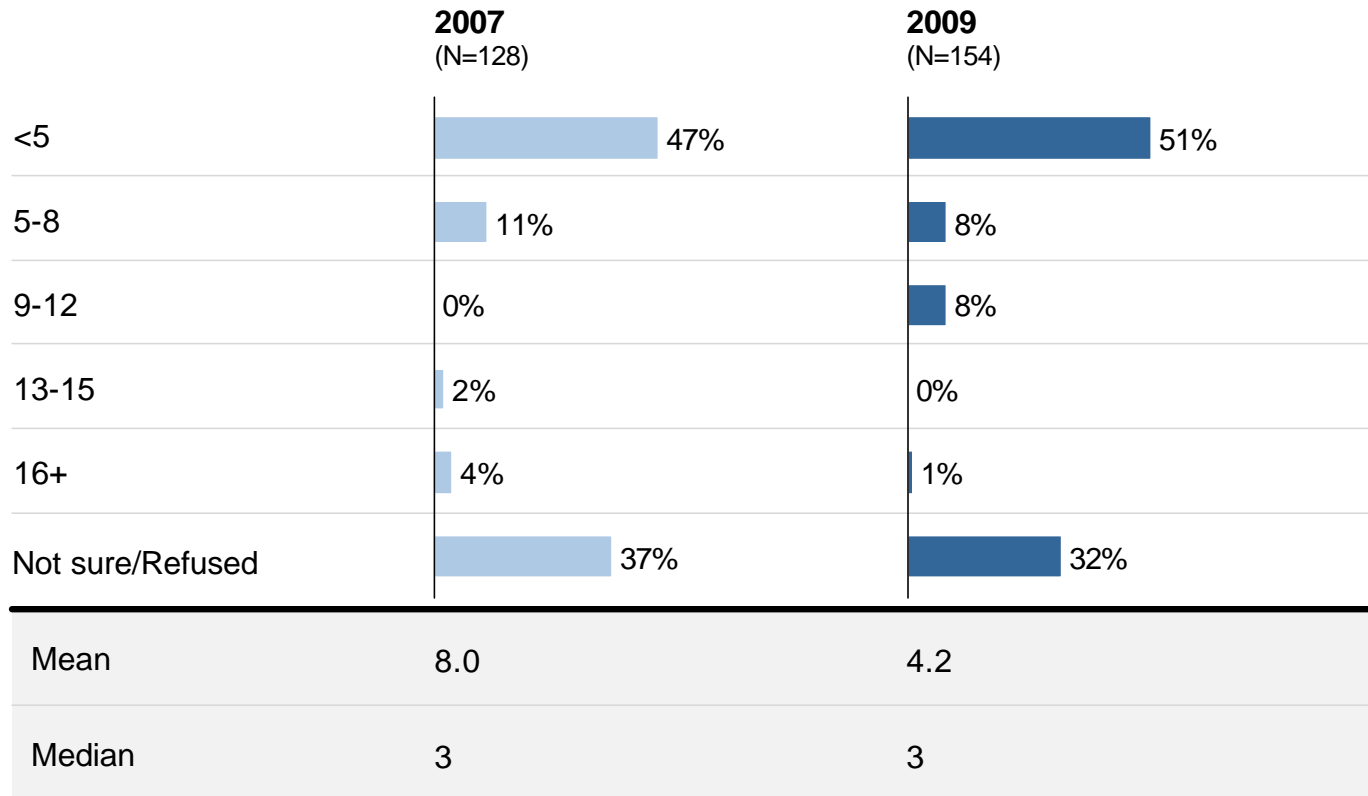
BASE: OFFERS 401(k) PLAN

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?

Default 401(k) Plan Contribution Rate

Annual Tracking

- When employees are automatically enrolled it is usually at a contribution rate of 3%.

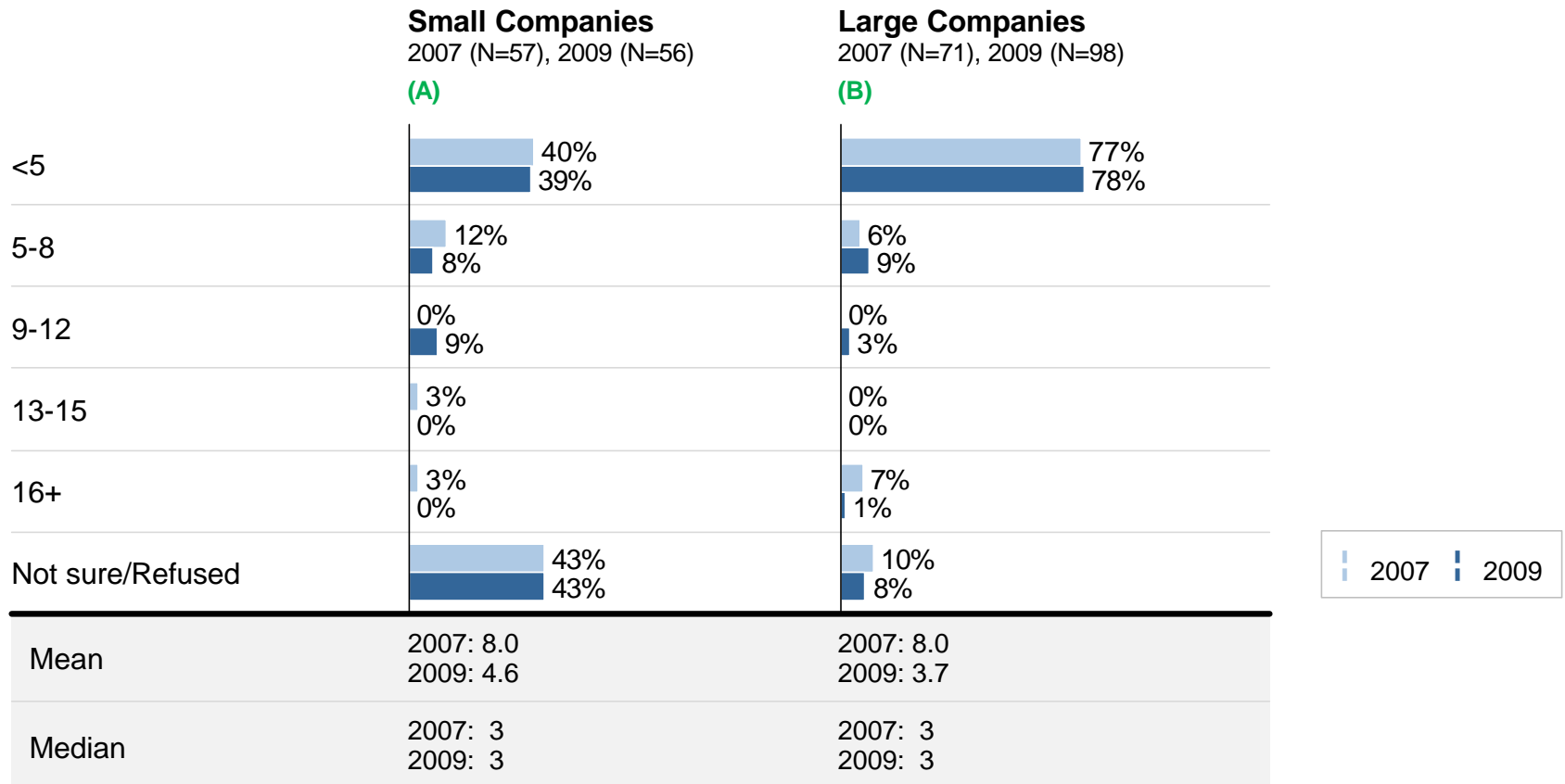


BASE: AUTOMATICALLY ENROLLS NEW EMPLOYEES INTO THE RETIREMENT PLAN
Q1027. What is the default employee-funded 401(k) plan contribution rate (excluding the company match)?

Default 401(k) Plan Contribution Rate

Large vs. Small Companies

- The default contribution rate of about 3% is consistent between large and small employers.

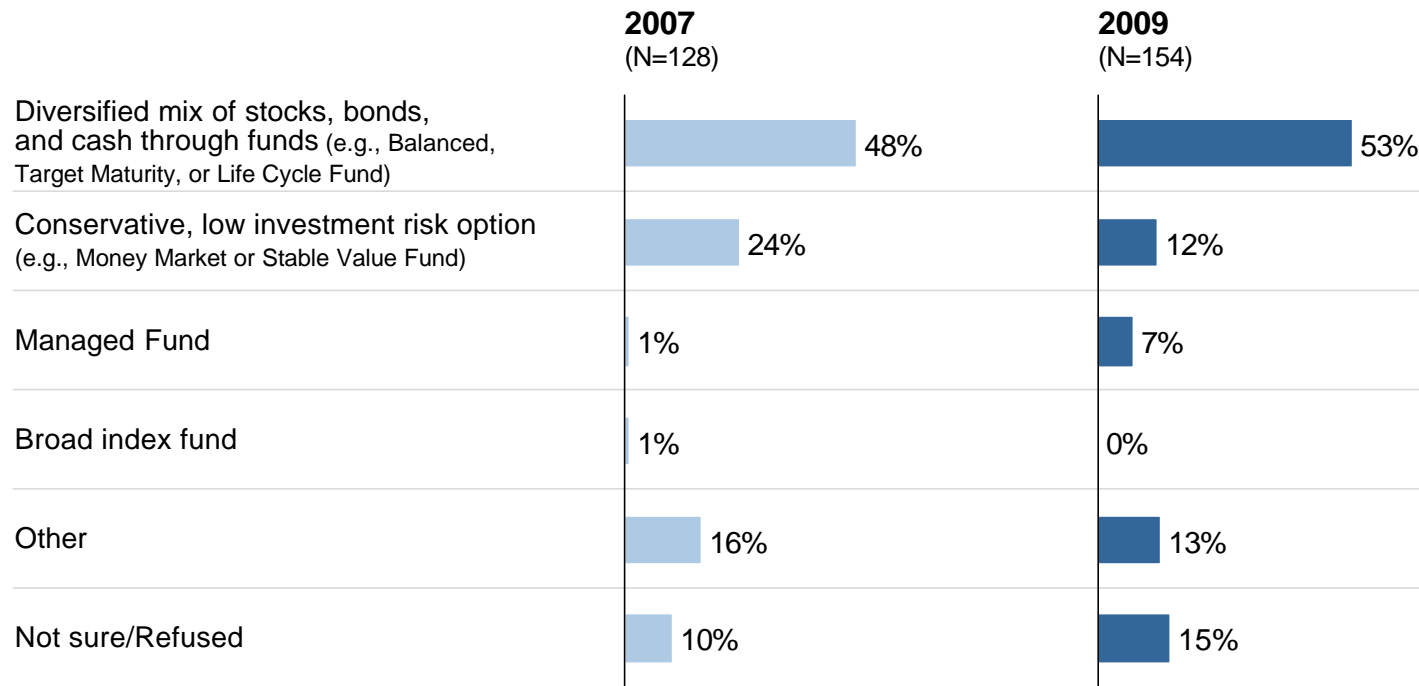


BASE: AUTOMATICALLY ENROLLS NEW EMPLOYEES INTO THE RETIREMENT PLAN
Q1027. What is the default employee-funded 401(k) plan contribution rate (excluding the company match)?

Default Investment Option for 401(k)

Annual Tracking

- Half of employers opt for a diverse mix of stocks, bonds, and cash as the default investment option for their employees.

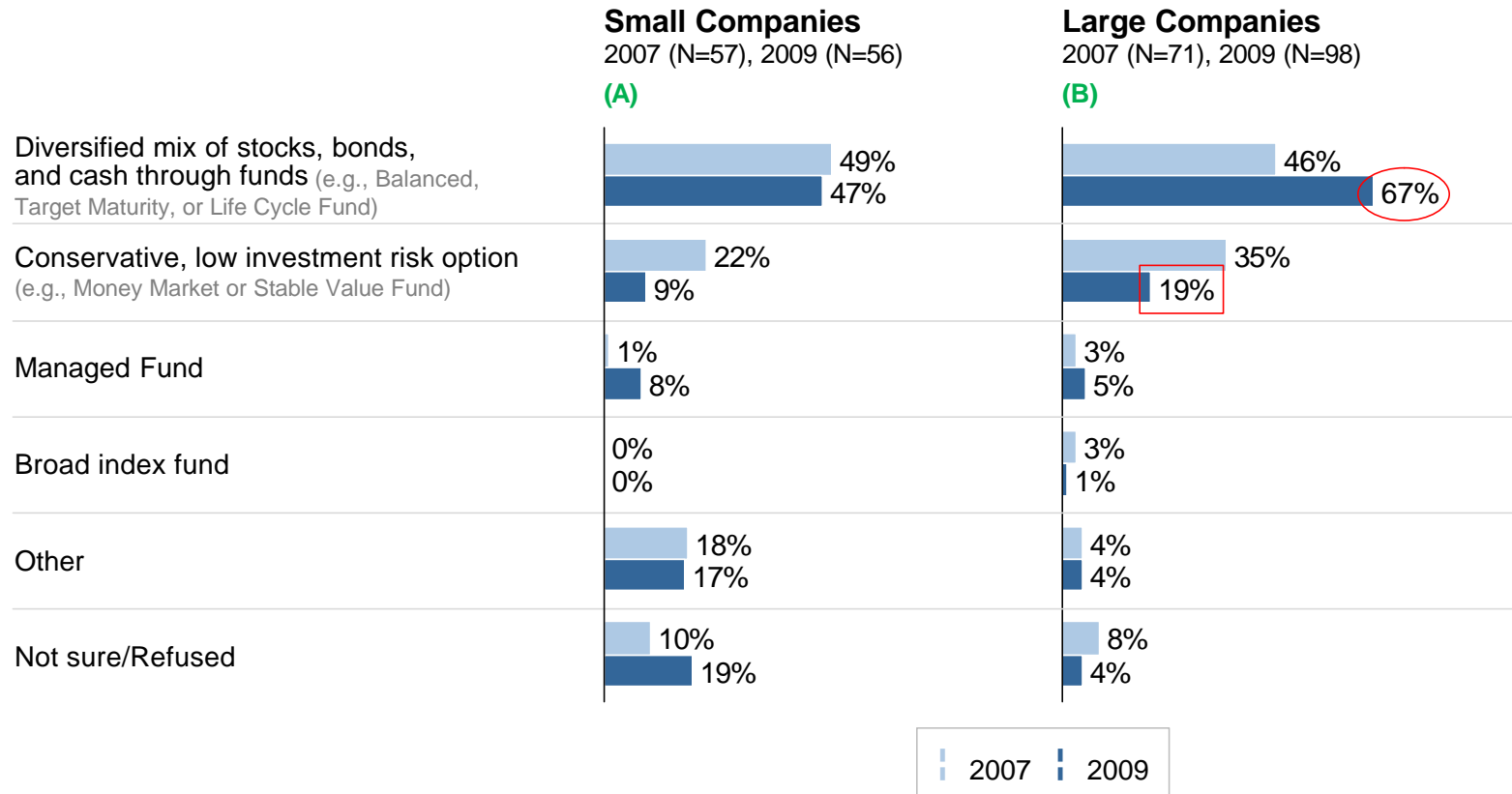


BASE: AUTOMATICALLY ENROLLS NEW EMPLOYEES INTO THE RETIREMENT PLAN
Q1029. What is the default investment option for the employee-funded 401(k) plan?

Default Investment Option for 401(k)

Large vs. Small Companies

- A higher percentage of large employers have set diversified funds as their default investment option.
- Fewer are relying on conservative, low risk options.

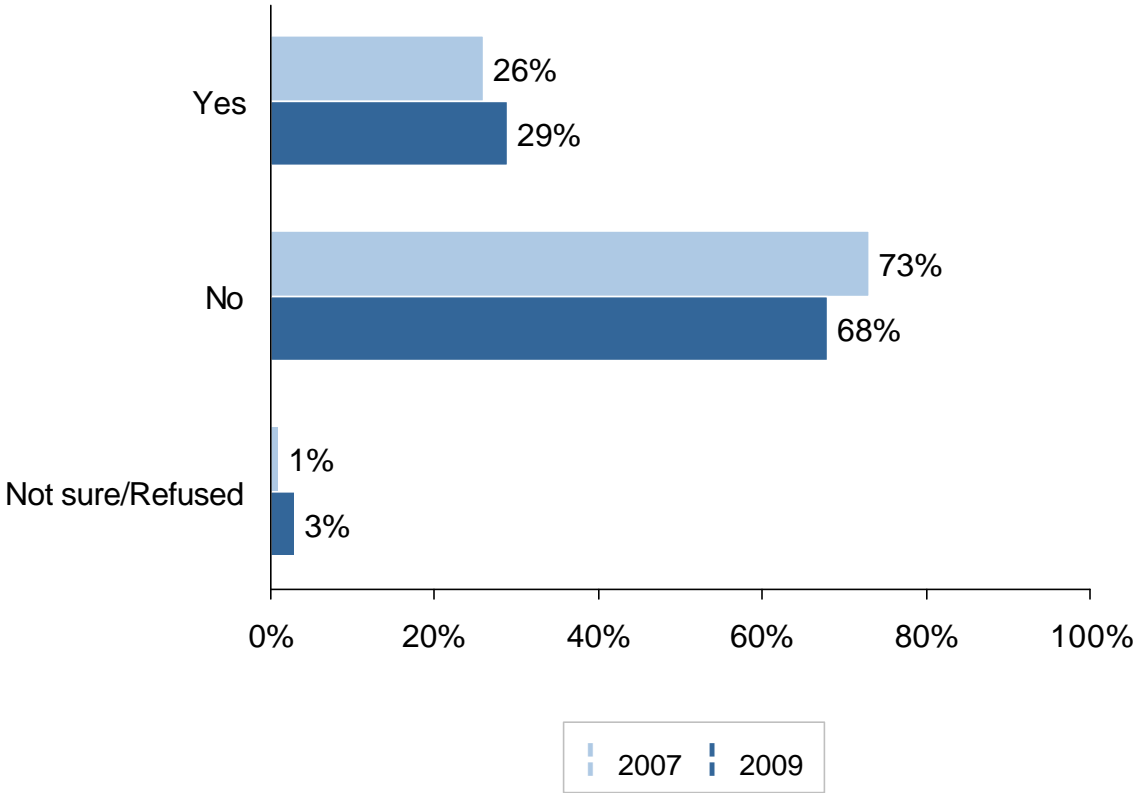


BASE: AUTOMATICALLY ENROLLS NEW EMPLOYEES INTO THE RETIREMENT PLAN
Q1029. What is the default investment option for the employee-funded 401(k) plan?

Automatic Increase of Contribution Rates

Annual Tracking

- Even when employers automatically enroll new employees into a 401(k) plan, most do not automatically increase the rates on their anniversary date of hire.

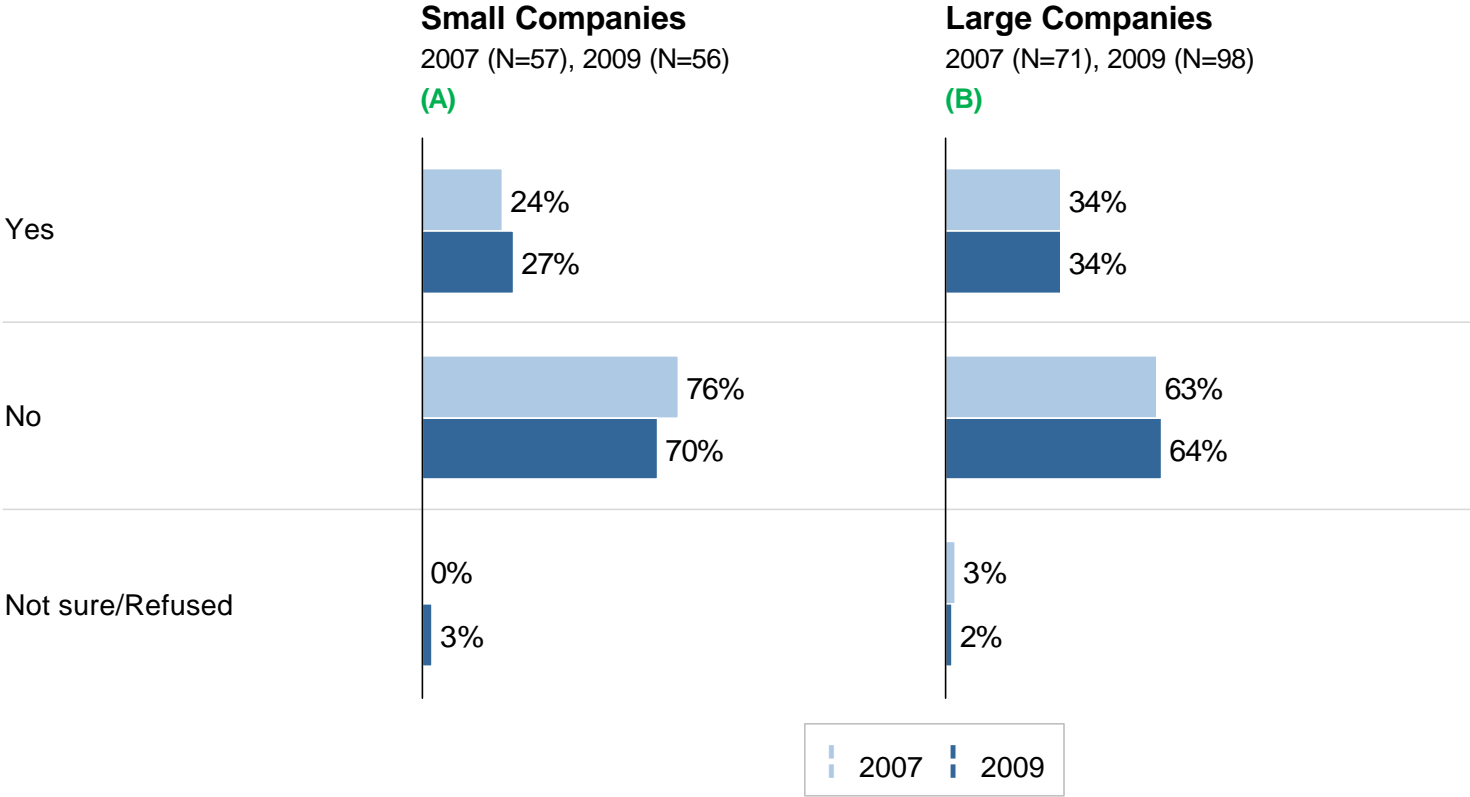


BASE: AUTOMATICALLY ENROLLS NEW EMPLOYEES INTO THE RETIREMENT PLAN: 2007 (N=128), 2009 (N=154)
Q1031. Does your plan have a provision to automatically increase participants' contribution rates on their anniversary date of hire?
(Or anniversary of first contribution to the plan)

Automatic Increase of Contribution Rates

Large vs. Small Companies

- The lack of automatic increases is consistent between large and small employers.



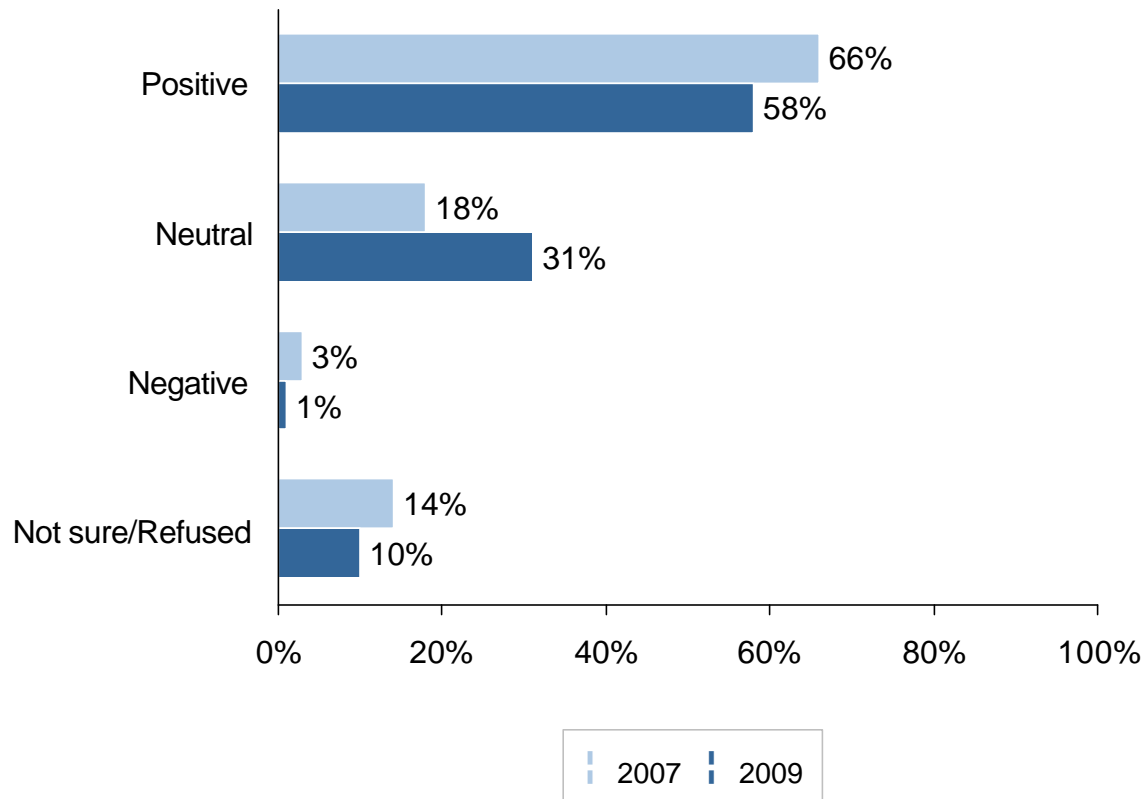
BASE: AUTOMATICALLY ENROLLS NEW EMPLOYEES INTO THE RETIREMENT PLAN

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)

Employee Response to Automatic Enrollment

Annual Tracking

- Most employees react positively to being automatically enrolled and very few have a negative reaction.

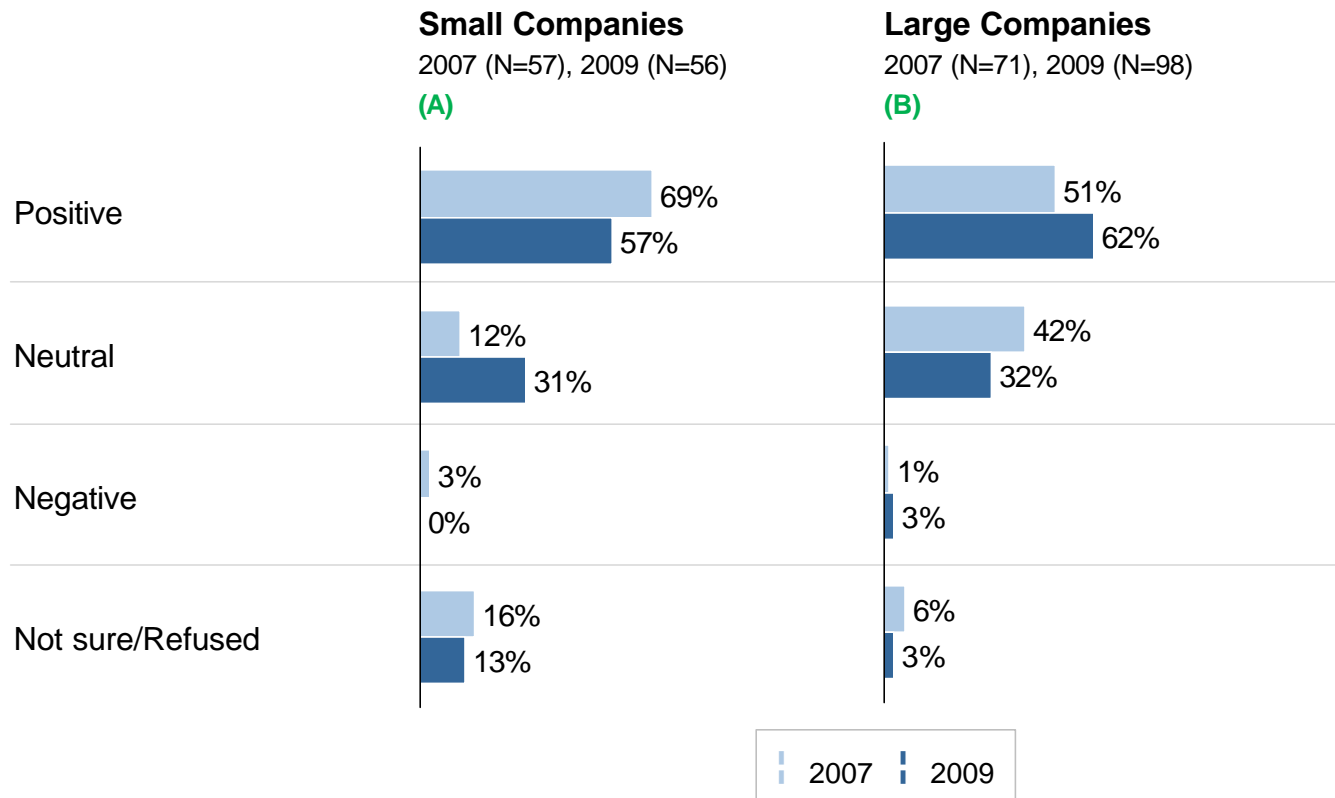


BASE: AUTOMATICALLY ENROLLS NEW EMPLOYEES INTO THE RETIREMENT PLAN; 2007 (N=128), 2009 (N=154)
Q1033. Generally, has your employees' response to being automatically enrolled been...?

Employee Response to Automatic Enrollment

Large vs. Small Companies

- Reactions are consistent regardless of employer size.

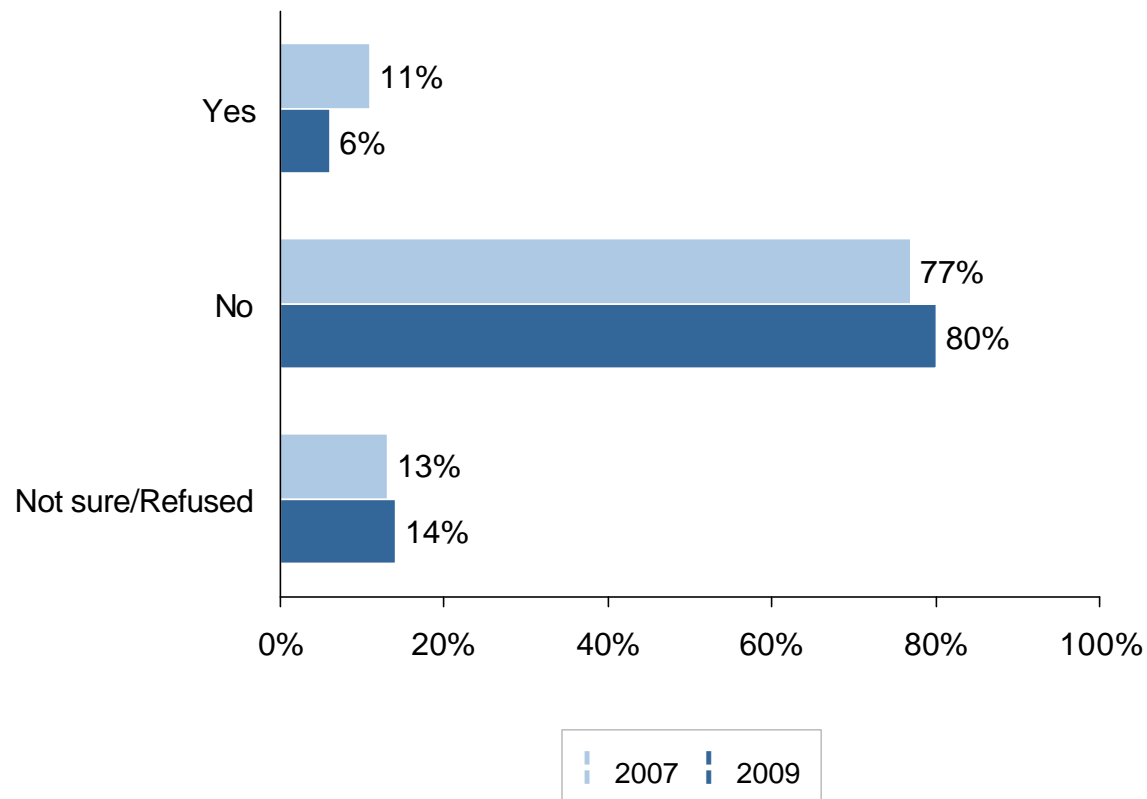


BASE: AUTOMATICALLY ENROLLS NEW EMPLOYEES INTO THE RETIREMENT PLAN Q1033. Generally, has your employees' response to being automatically enrolled been...?

Employer Plans to Adopt Provision for Automatic Enrollment

Annual Tracking

- Most employers do not plan on adopting an automatic enrollment provision if they do not already have one.

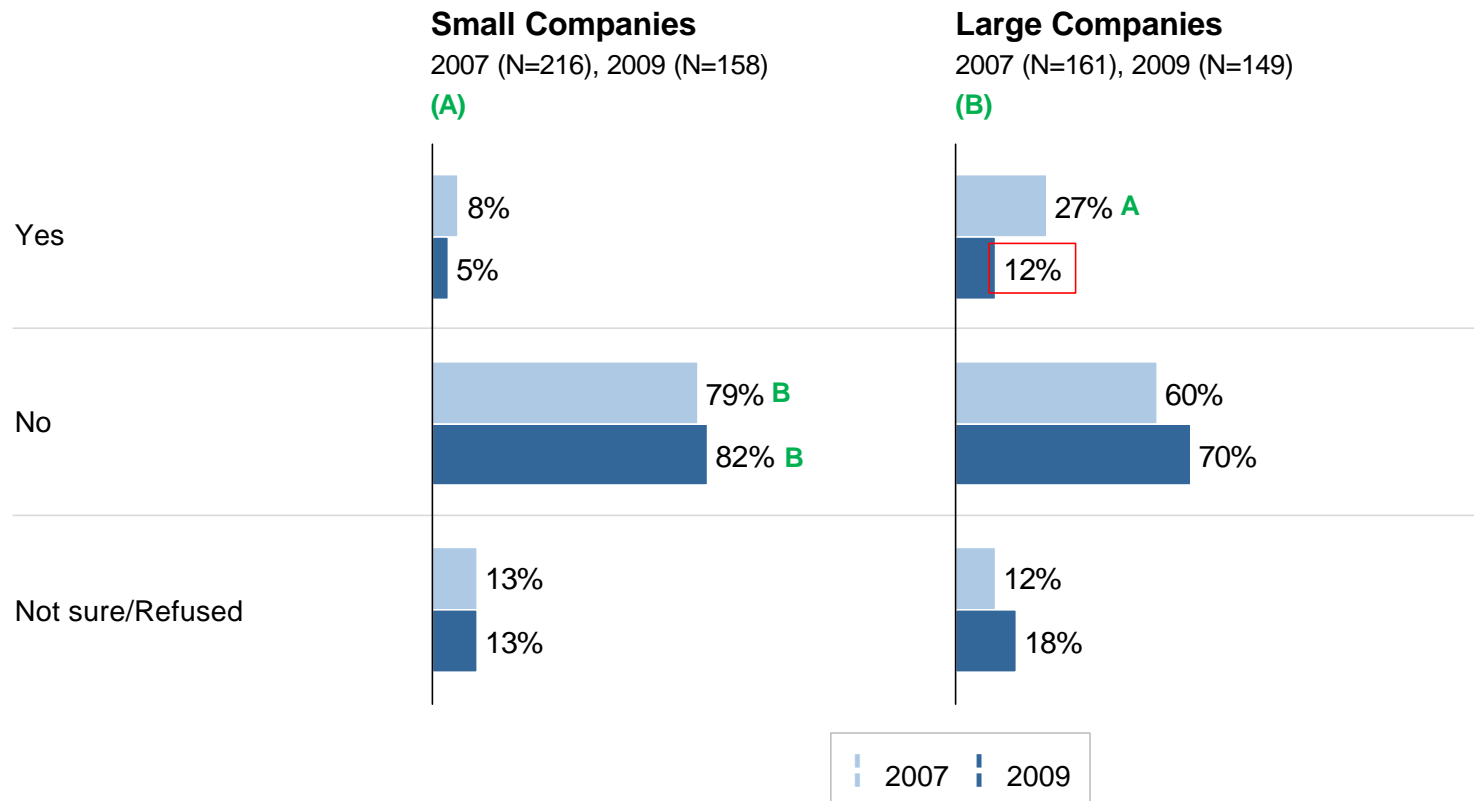


BASE: DOES NOT AUTOMATICALLY ENROLL; 2007 (N=377), 2009 (N=307)
Q580. Does your company plan to adopt an automatic enrollment provision in the future?

Employer Plans to Adopt Provision for Automatic Enrollment

Large vs. Small Companies

- Among the few who do plan to adopt automatic enrollment, most are large employers. However the percentage of large employers planning to do this has decreased since 2007.

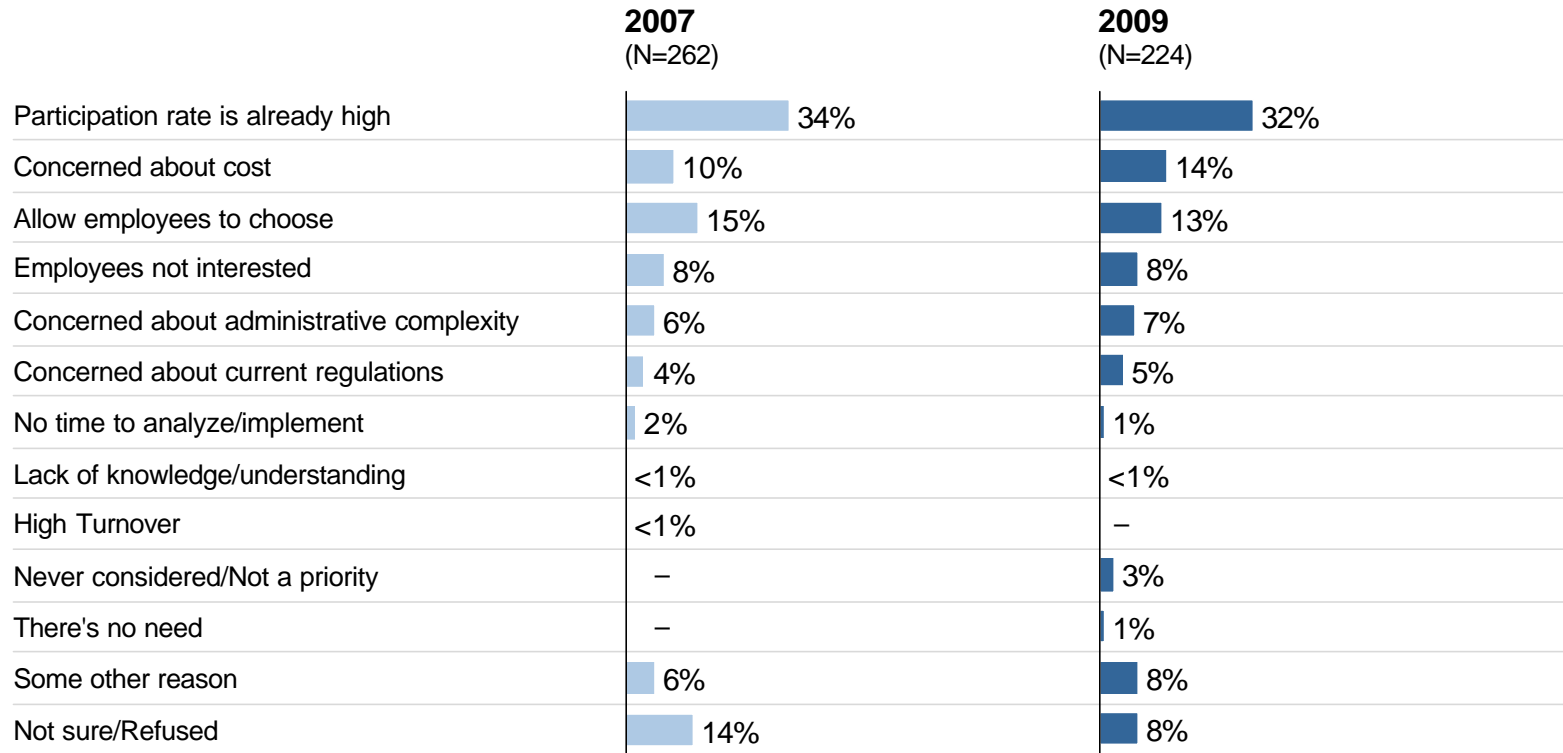


BASE: DOES NOT AUTOMATICALLY ENROLL
 Q580. Does your company plan to adopt an automatic enrollment provision in the future?

Reasons For Not Adopting Automatic Enrollment in the Future

Annual Tracking

- One-third of employers say the main reason for not adopting an automatic enrollment provision is that participation in the plan is already high.





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.

Reasons For Not Adopting Automatic Enrollment in the Future

Large vs. Small Companies

- Large employers are more concerned than small employers about cost and the administrative complexity of adding automatic enrollment.
- Small employers feel their participation rate is already high and prefer letting their employees choose.

	Small Companies (A)		Large Companies (B)	
	2007 (N=165)	2009 (N=120)	2007 (N=97)	2009 (N=104)
Participation rate is already high 	35%	33%	22%	23%
Allow employees to choose 	15%	14%	8%	9%
Concerned about cost	9%	14%	15%	21%
Employees not interested	8%	8%	5%	6%
Concerned about administrative complexity	4%	6%	20% A	13%
Concerned about current regulations	4%	4%	6%	6%
No time to analyze/implement	2%	1%	0%	–
Lack of knowledge/understanding	<1%	0%	3% A	1%
High Turnover	0%	–	3% A	1%
Never considered/Not a priority	–	3%	–	2%
There's no need	–	<1%	–	4% A
Some other reason	6%	9%	7%	7%
Not sure/Refused	14%	8%	8%	7%

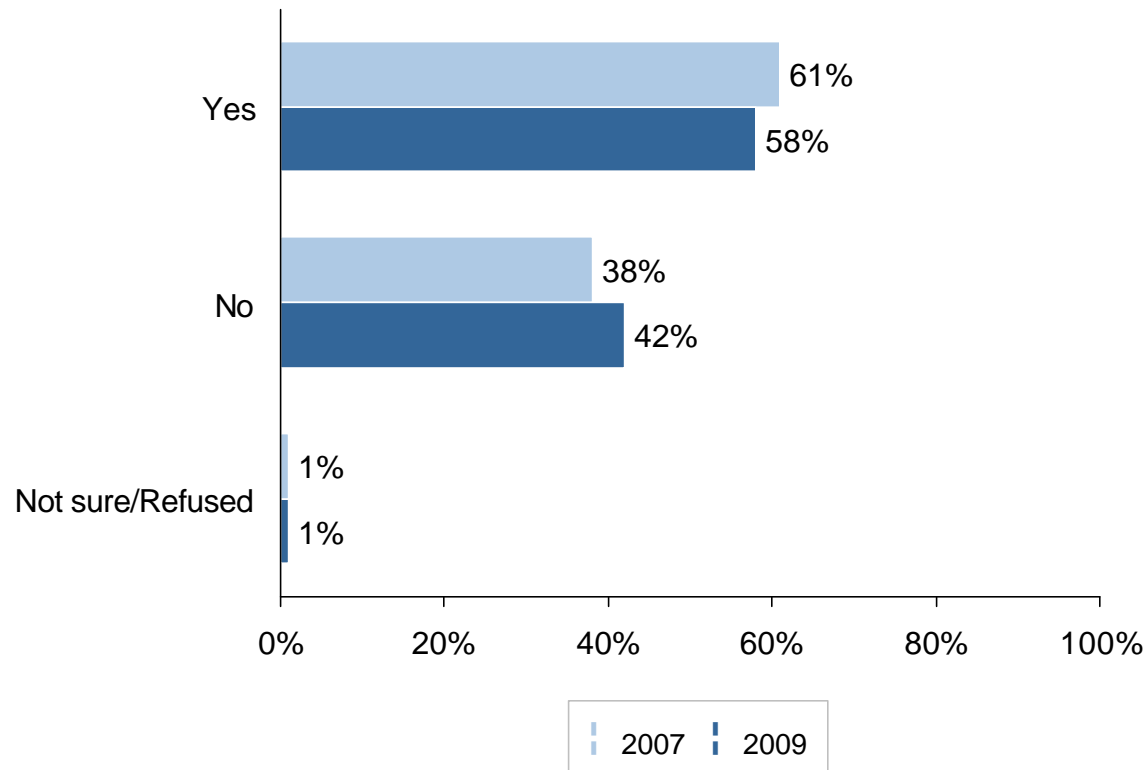
BASE: HAS NO PLANS TO AUTO ENROLL

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.

Employer Currently Offers Investment Guidance/Advice

Annual Tracking

- More than half of employers who offer employee-funded plans also offer investment guidance or advice for their employees.

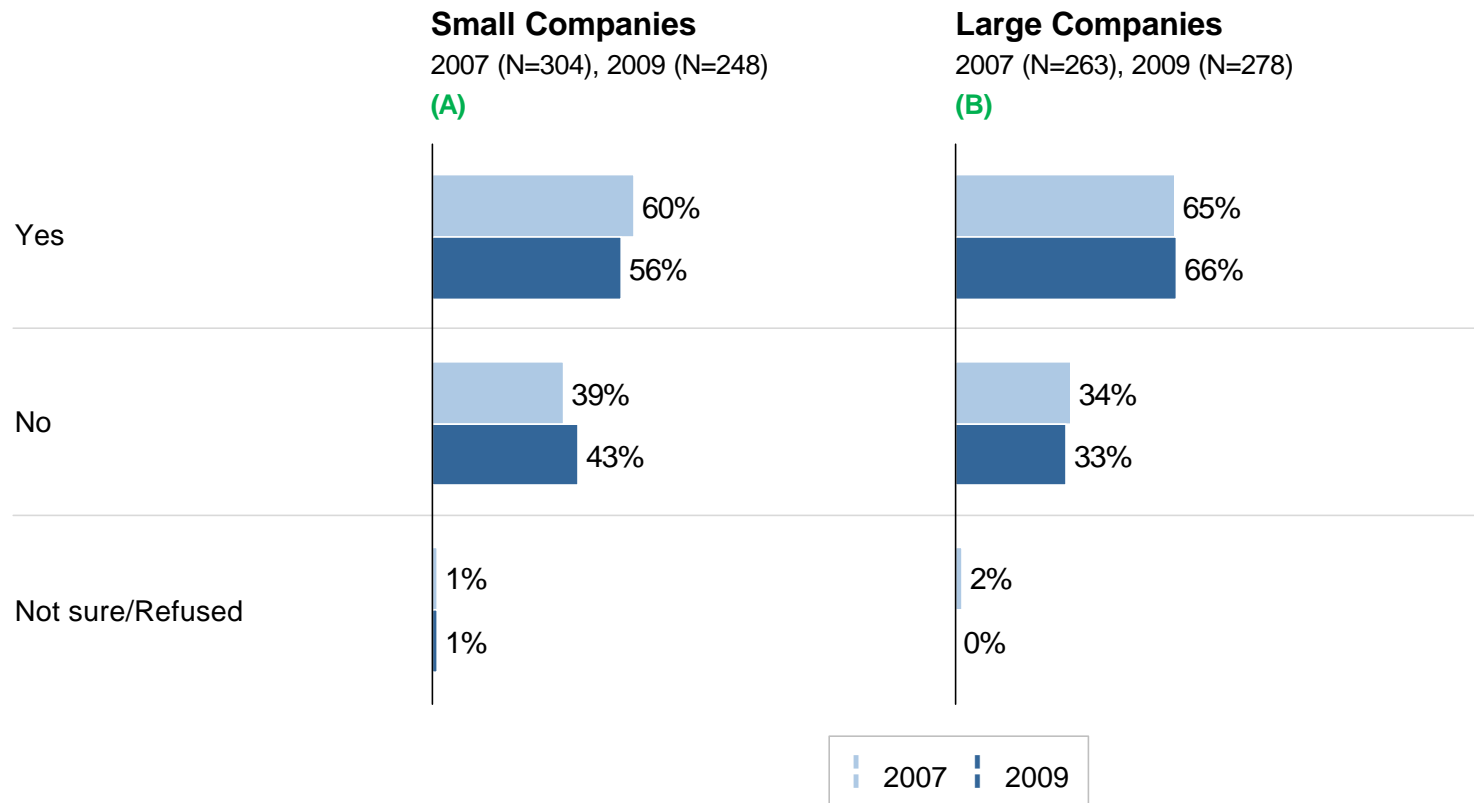


BASE: OFFERS 401(k) PLAN OR OTHER EMPLOYEE FUNDED PLAN; 2007 (N=567), 2009 (N=526)
Q592. Does your company currently offer investment guidance or advice for employees as part of your retirement plan?

Employer Currently Offers Investment Guidance/Advice

Large vs. Small Companies

- Both small and large employers tend to offer investment guidance or advice.



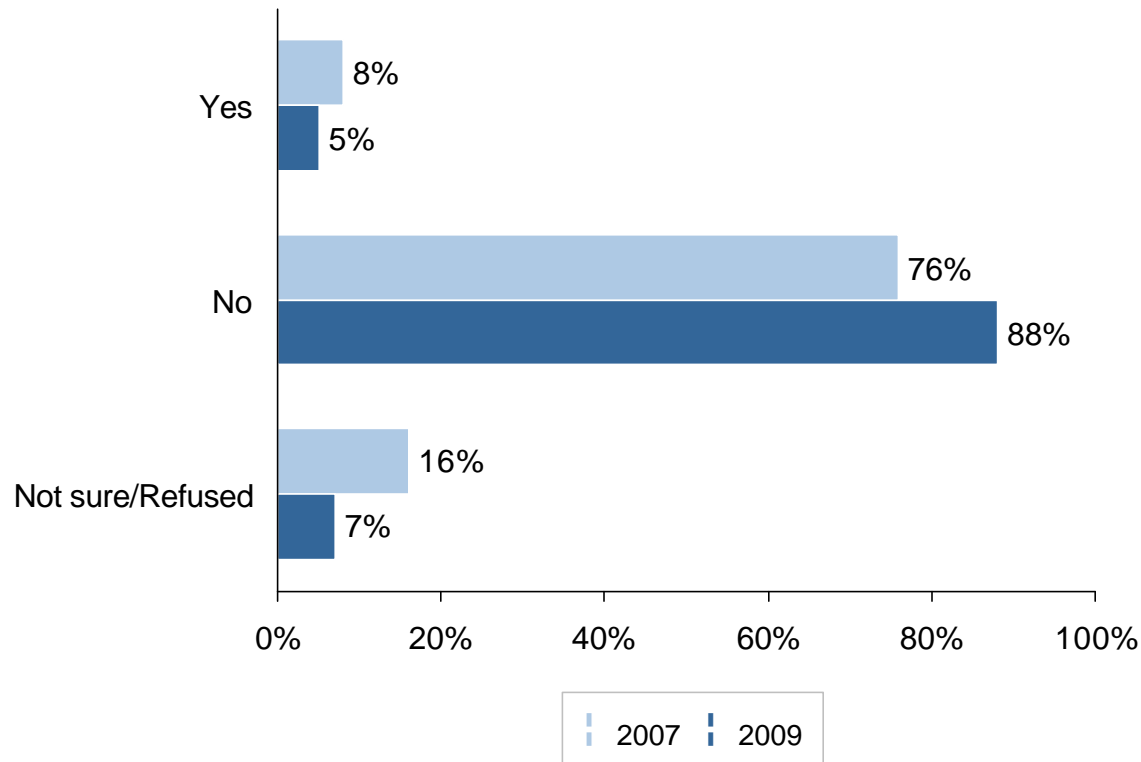
BASE: OFFERS 401(k) PLAN OR OTHER EMPLOYEE FUNDED PLAN

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

Employer Plans to Offer Investment Guidance/Advice

Annual Tracking

- Of those employers not currently offering investment guidance or advice, very few plan to offer it in the future.



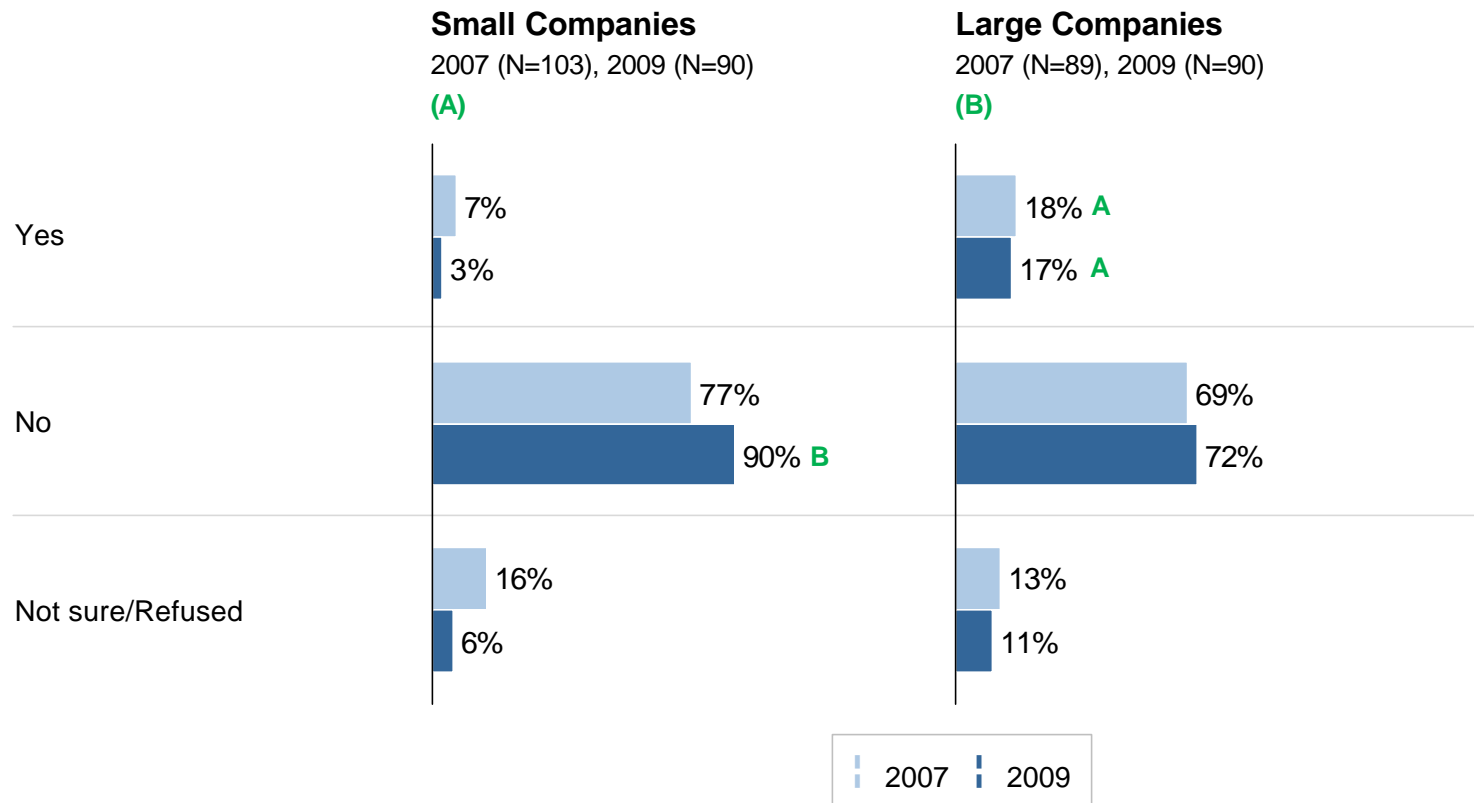
BASE: DOES NOT OFFER ADVICE: 2007 (N=192), 2009 (N=180)

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

Employer Plans to Offer Investment Guidance/Advice

Large vs. Small Companies

- Large employers are more likely than small ones to plan to offer investment guidance in the future.



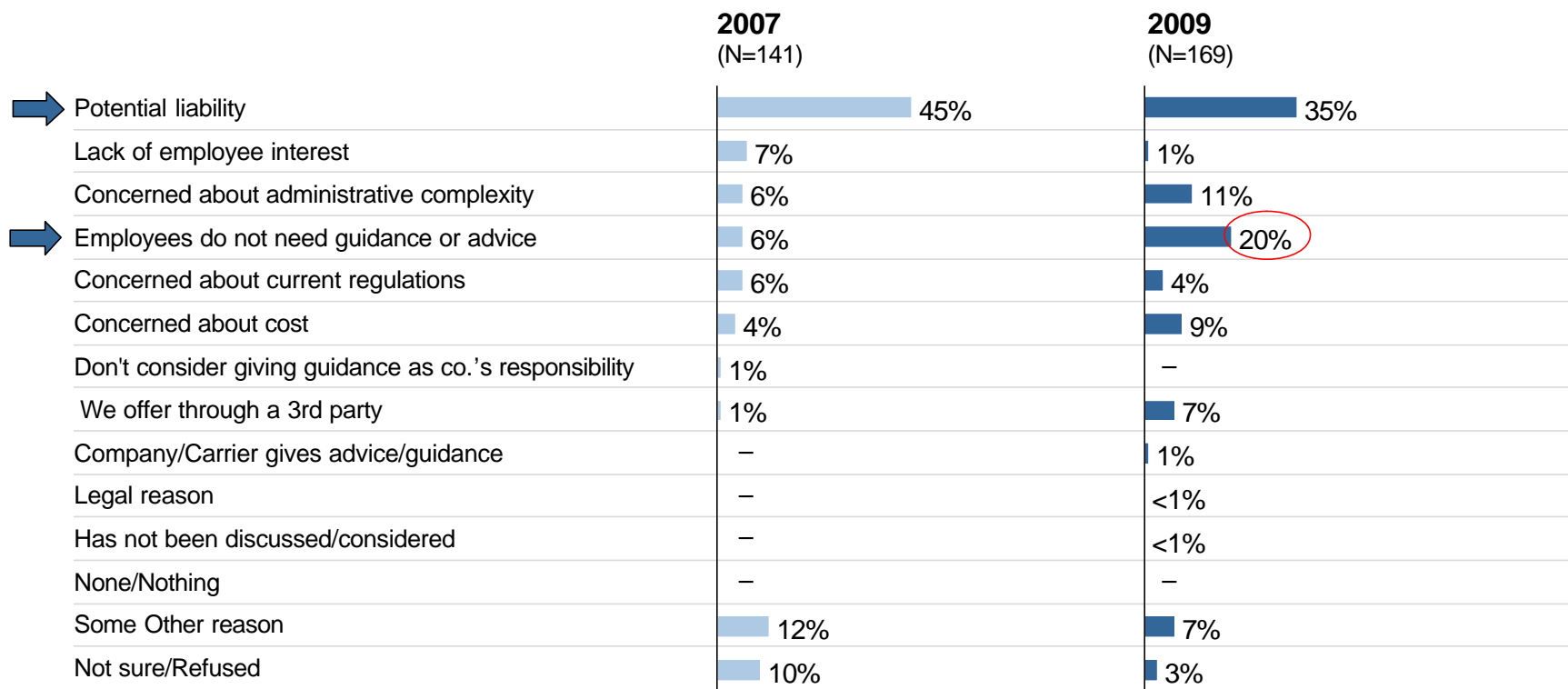
BASE: DOES NOT OFFER ADVICE

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

Reasons Not Offering Investment Guidance/Advice

Annual Tracking

- The number one reason employers do not plan to offer investment advice is concern about potential liability.
- More employers also believe their employees do not need the advice.



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?

Reasons Not Offering Investment Guidance/Advice

Large vs. Small Companies

- More small employers than large employers believe their employees do not need guidance or advice.

	Small Companies (A)		Large Companies (B)	
	2007 (N=80)	2009 (N=76)	2007 (N=61)	2009 (N=65)
Potential liability	44%	34%	52%	39%
Lack of employee interest	8%	1%	0%	0%
Concerned about administrative complexity	6%	11%	8%	6%
→ Employees do not need guidance or advice	6%	22% B	7%	3%
Concerned about current regulations	5%	3%	11%	7%
Concerned about cost	4%	9%	10%	13%
Don't consider giving guidance as co.'s responsibility	2%	0%	0%	0%
We offer through a 3rd party	1%	7%	2%	7%
Company/Carrier gives advice/guidance	–	1%	–	2%
Legal reason	–	0%	–	2%
Has not been discussed/considered	–	0%	–	2%
None/Nothing	–	0%	–	2%
Some Other reason	12%	7%	10%	6%
Not sure/Refused	12%	2%	0%	10%

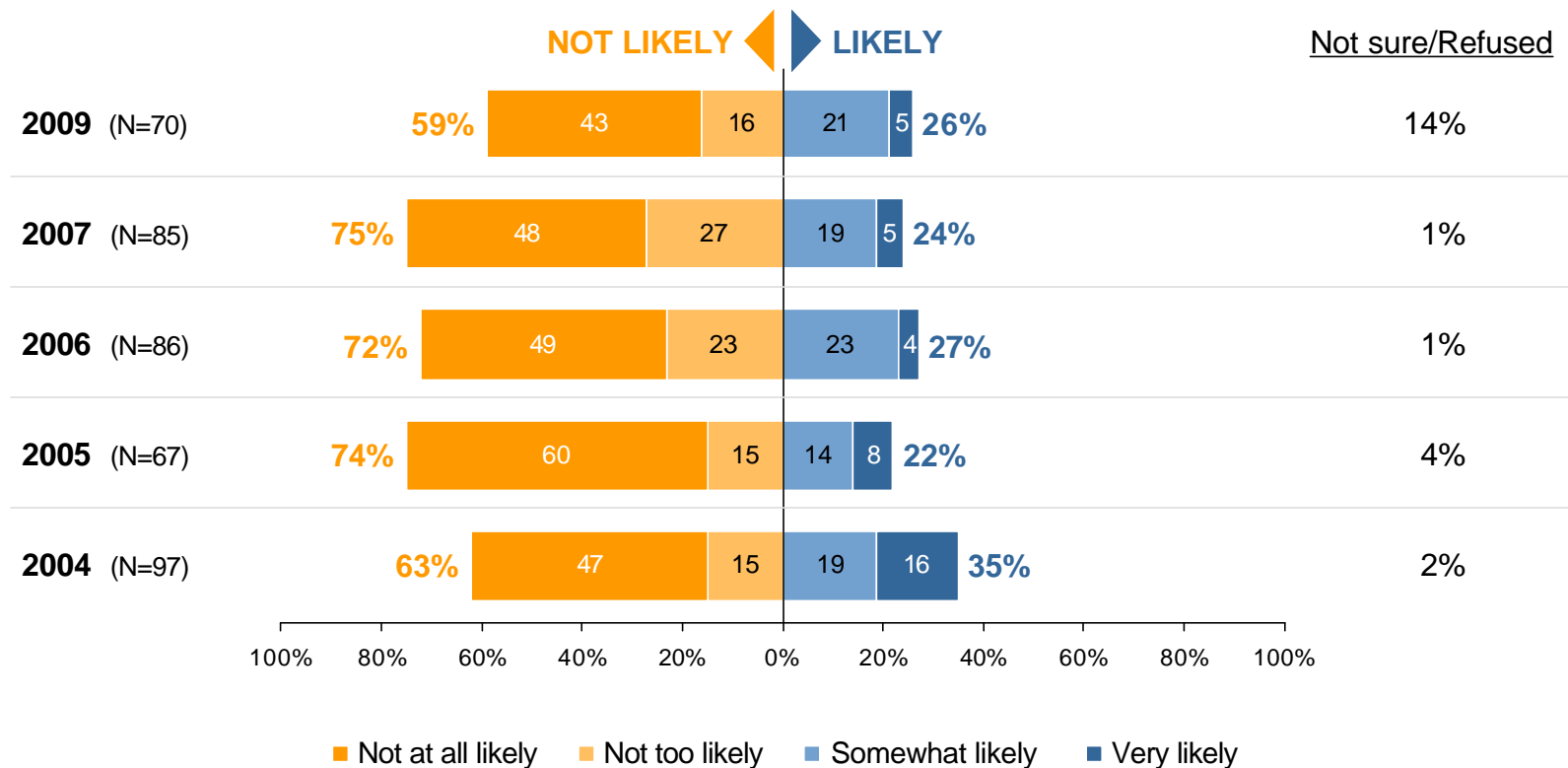
BASE: HAS NO PLANS TO OFFER ADVICE

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?

Likelihood of Offering an Employee-funded Retirement Plan

Annual Tracking

- Consistent with previous years, about one-quarter of employers are likely to begin offering employee-funded plans in the next 2 years.
- Employers are also not as quick to say they are not likely, and instead feel a bit more unsure of what they might do in the future.



Note: Significance testing was only conducted between 2007 and 2009.

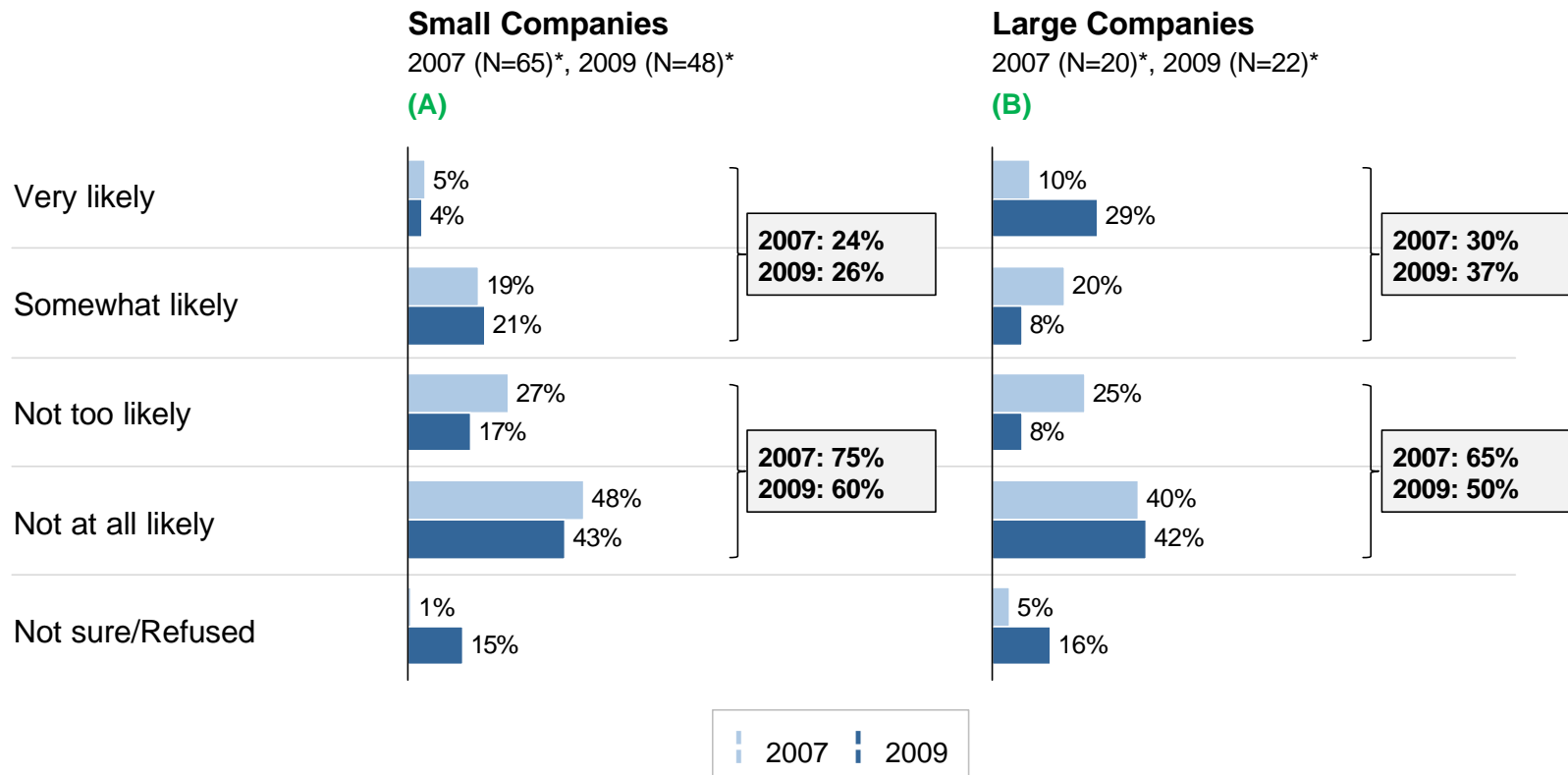
BASE: DOES NOT OFFER 401(k) NOR OTHER SELF FUNDED PLAN

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?

Likelihood of Offering an Employee-funded Retirement Plan

Large vs. Small Companies

- Although the base size is small, large employers appear to be more likely to offer their employees an employee-funded plan in the next two years.



*Small base size

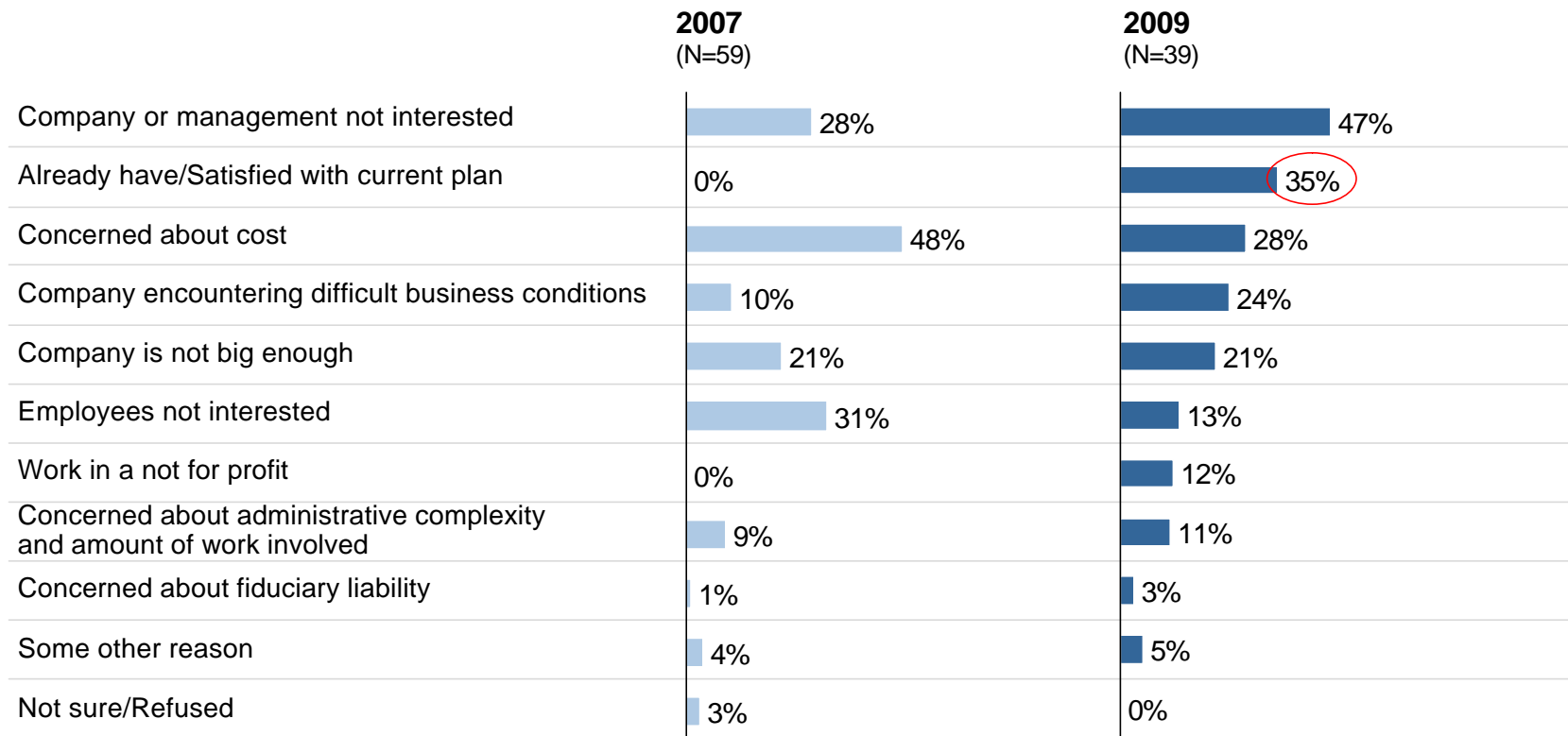
BASE: DOES NOT OFFER 401(k) NOR OTHER SELF FUNDED PLAN

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?

Reasons Not Likely to Offer an Employee-funded Retirement Plan in the Next Two Years

Annual Tracking

- The most common reason for not planning to offer an employee-funded plan is lack of corporate interest, followed by the feeling they already have a similar plan in place and concern about cost.



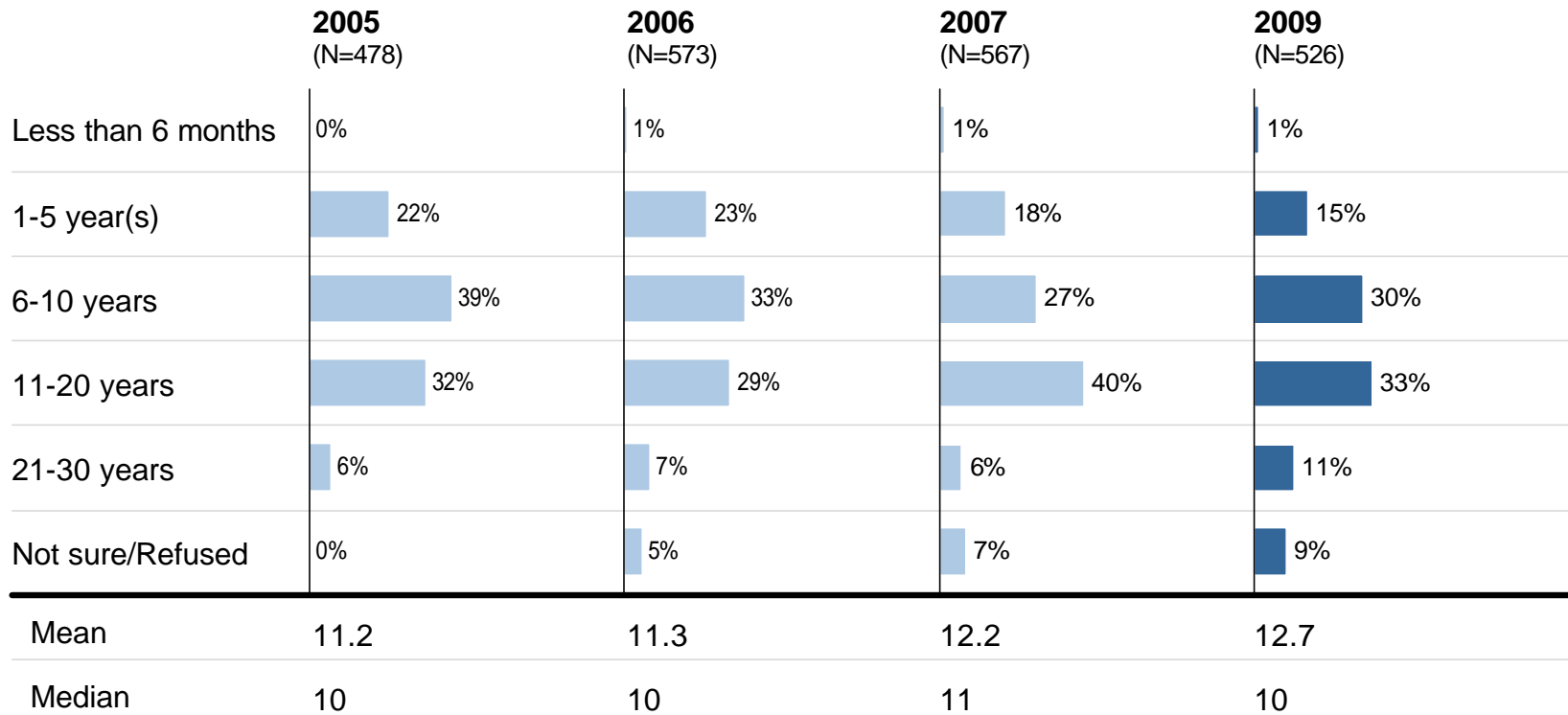
BASE: NOT LIKELY TO OFFER 401(k) IN NEXT 2 YEARS

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

Length of Time 401(k) or Other Employee-funded Retirement Plan Has Been Offered by Employer

Annual Tracking

- Generally employers who offer employee-funded plans have been offering them for about 10 years.



Note: Significance testing was only conducted between 2007 and 2009.

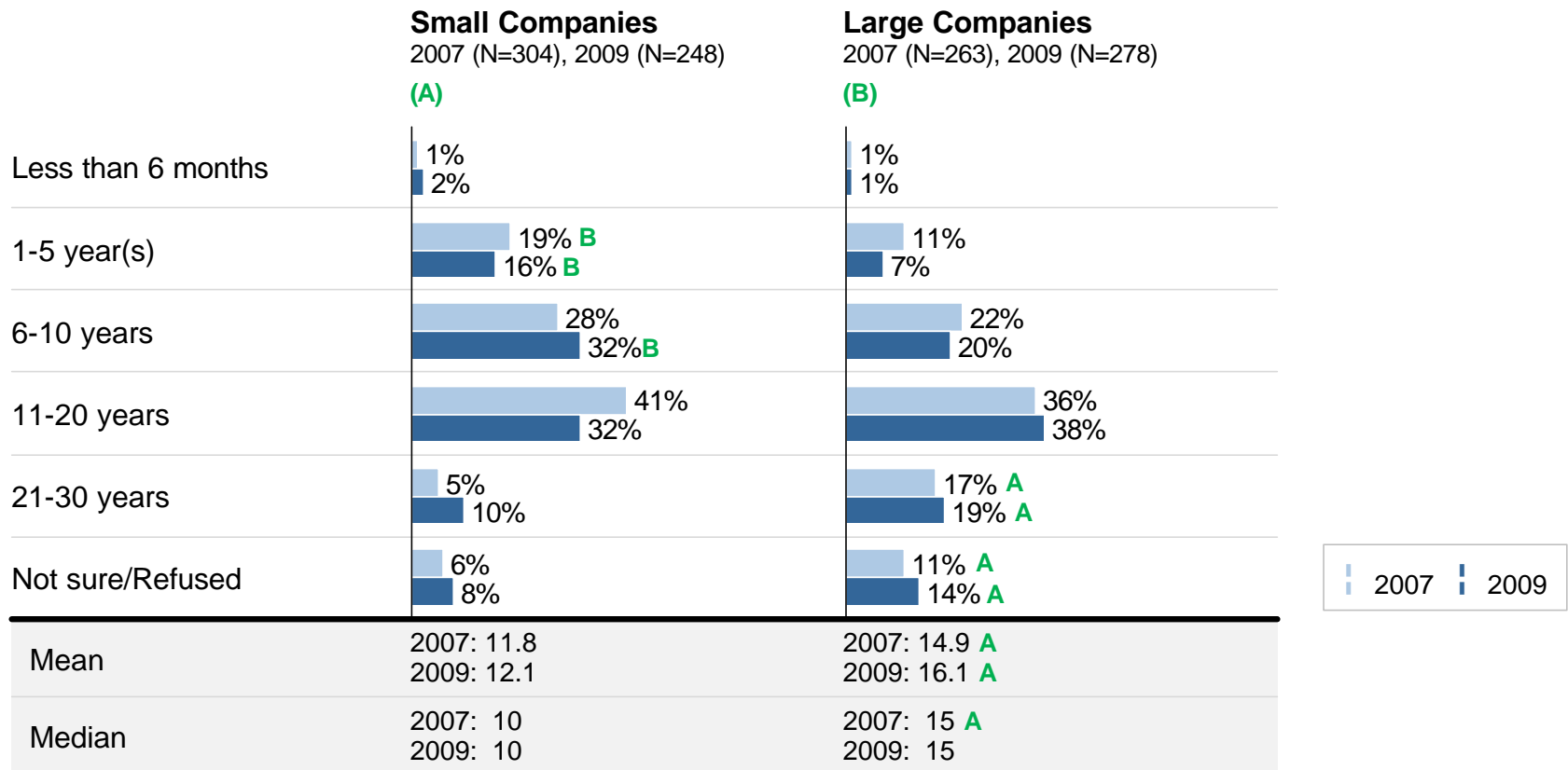
BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

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

Length of Time 401(k) or Other Employee-funded Retirement Plan Has Been Offered by Employer

Large vs. Small Companies

- Compared to smaller employers, larger companies have typically offered employee-funded plans for a longer period of time.



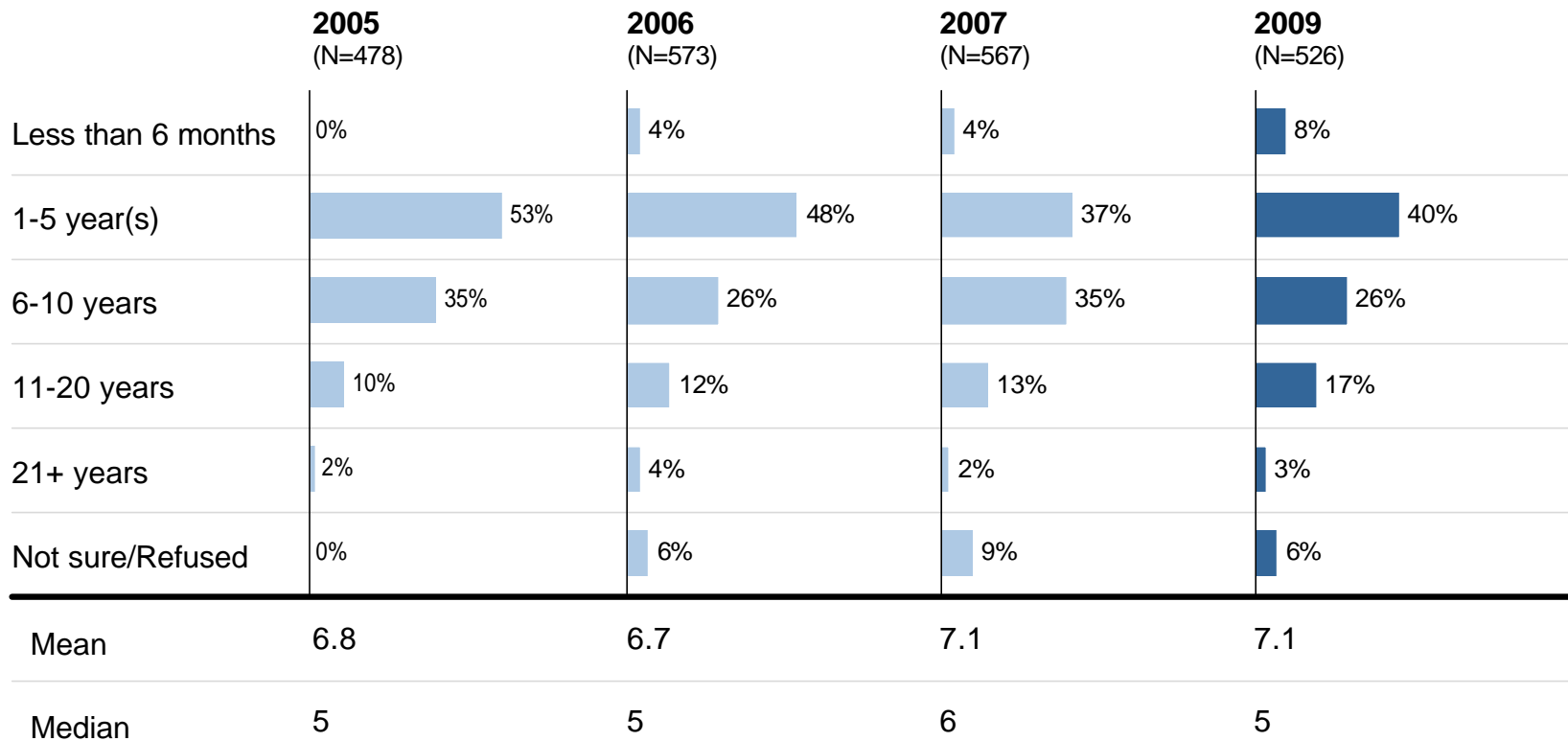
BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

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

Length of Time with Current Plan Administrator

Annual Tracking

- The median for the length of time employers have used their retirement plan administrator is 5 years.

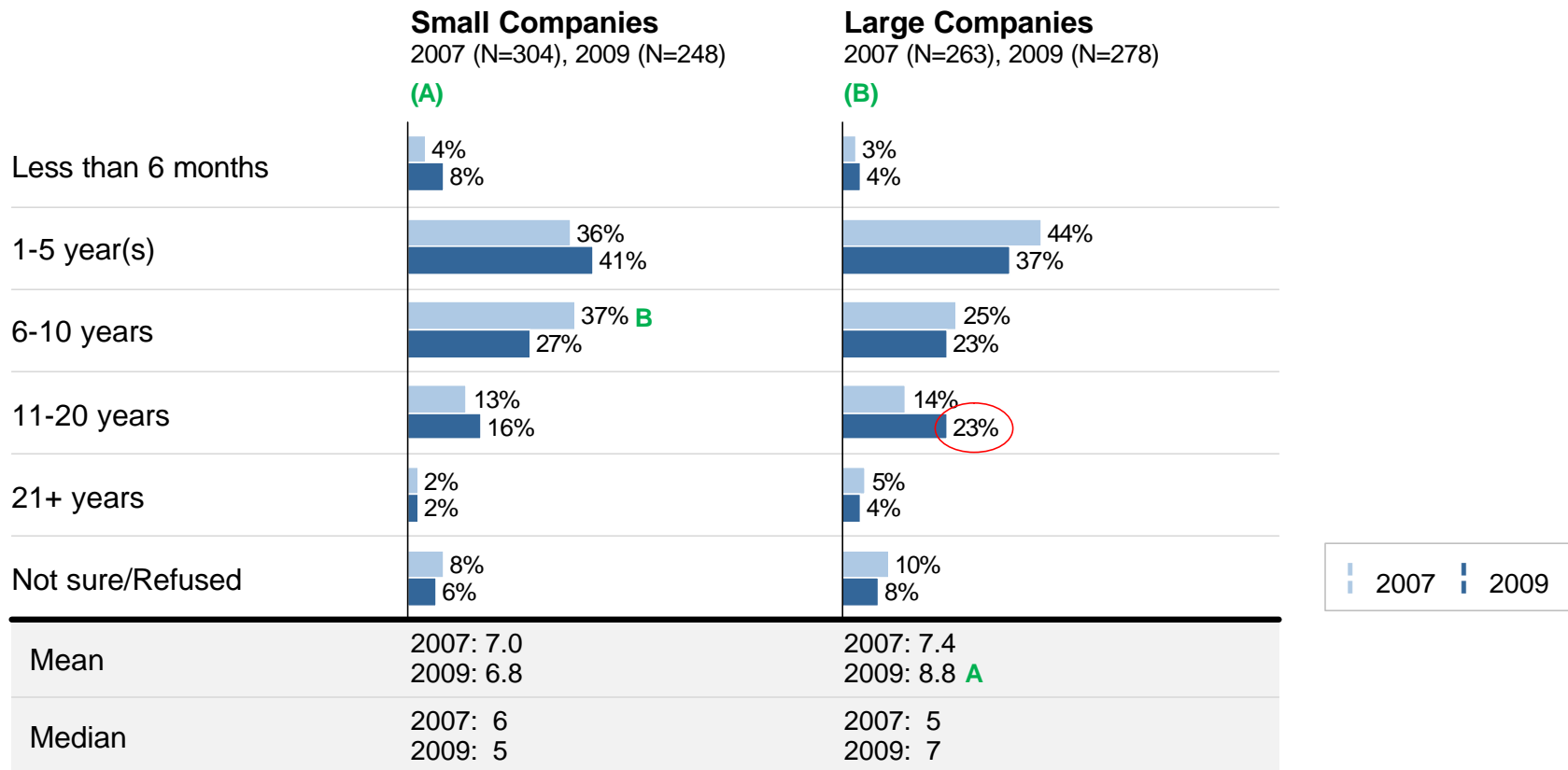


Note: Significance testing was only conducted between 2007 and 2009.
 BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN
 Q630. How long have you used your current retirement plan administrator?

Length of Time with Current Plan Administrator

Large vs. Small Companies

- Both large and small employers have had a long history with their plan administrators.

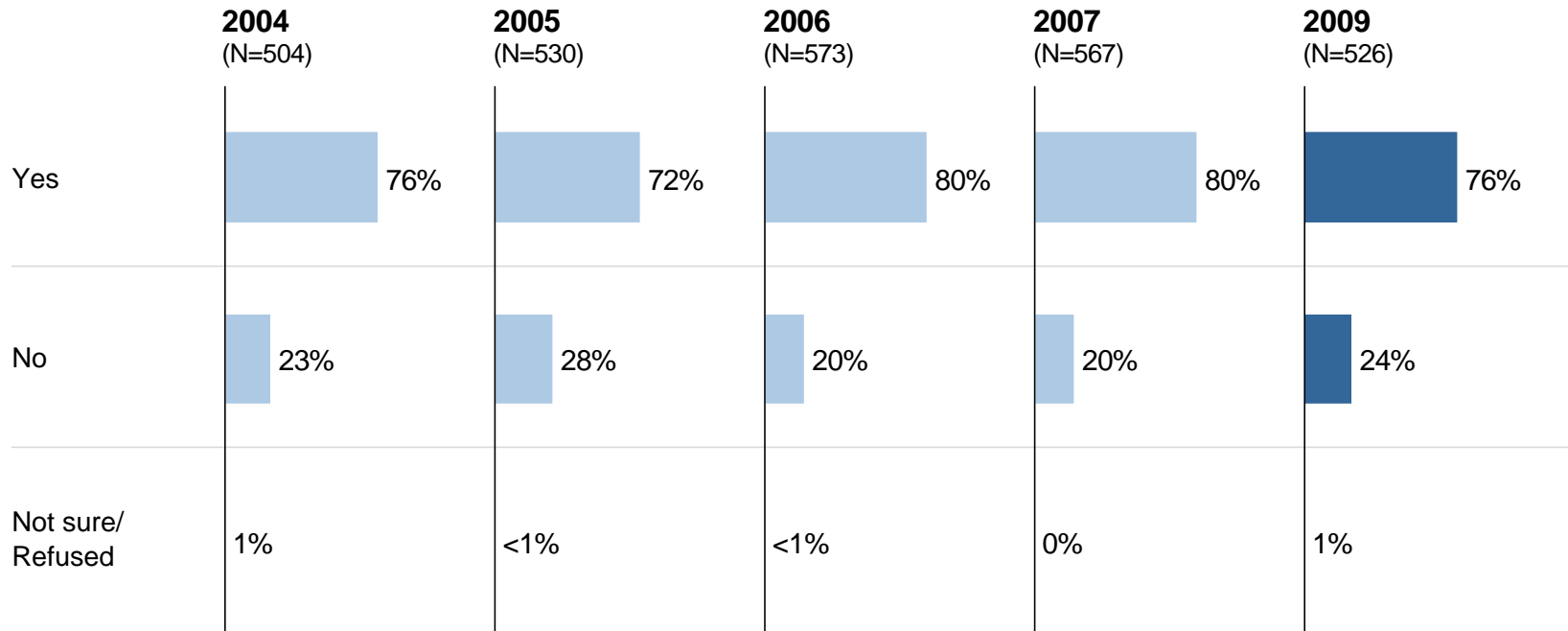


BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN
Q630. How long have you used your current retirement plan administrator?

Employer Currently Offers Matching Contribution

Annual Tracking

- About three-quarters of employers offer a matching contribution, a slight decrease since 2007.



Note: Significance testing was only conducted between 2007 and 2009.

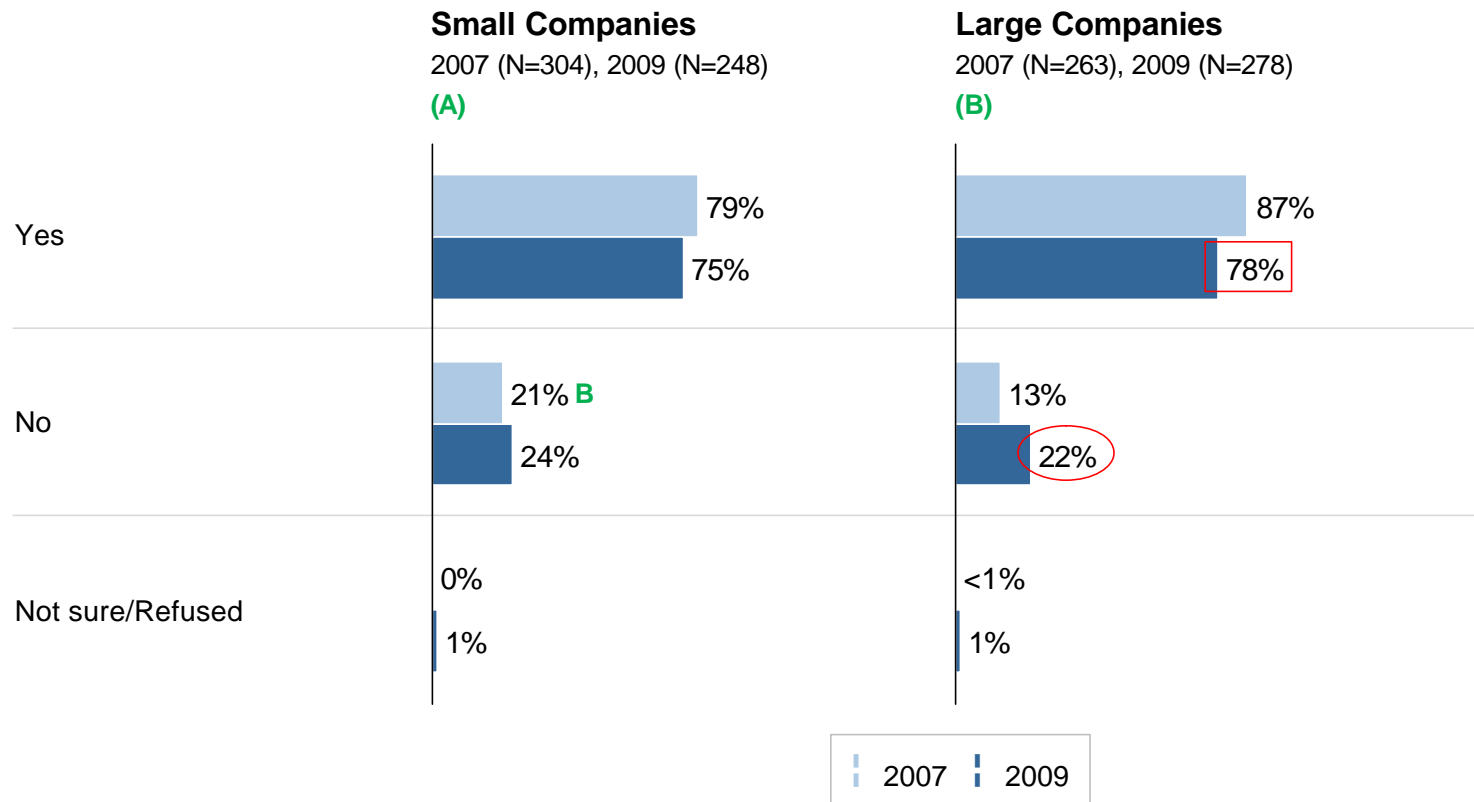
BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

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

Employer Currently Offers Matching Contribution

Large vs. Small Companies

- Compared to 2007, fewer large employers are offering a matching contribution.



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?

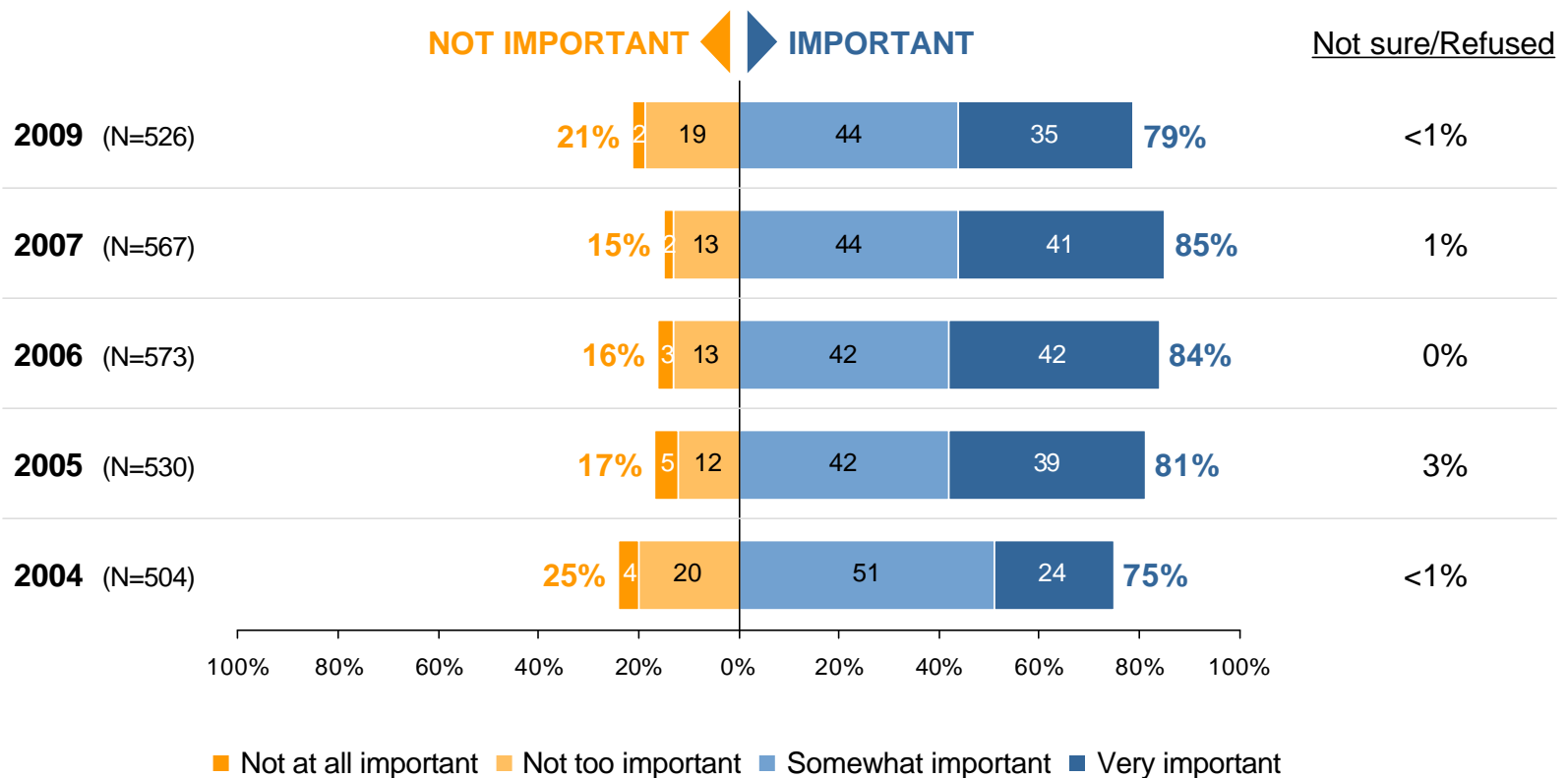
Detailed Findings

- Relative Importance of Various Employee Benefits
- Benefit Offerings, including Retirement Benefits
- **Perceptions of Current Retirement Plan Offerings**
- Perceptions of Employee Involvement with Retirement Planning
- Economic Outlook

Importance of Retirement Plan Package in Attracting/Retaining Employees

Annual Tracking

- There is a directional decrease in the percentage of employers who agree their employee-funded plans are important to attract and retain employees. Fewer feel it is very important than in 2007.



Note: Significance testing was only conducted between 2007 and 2009.

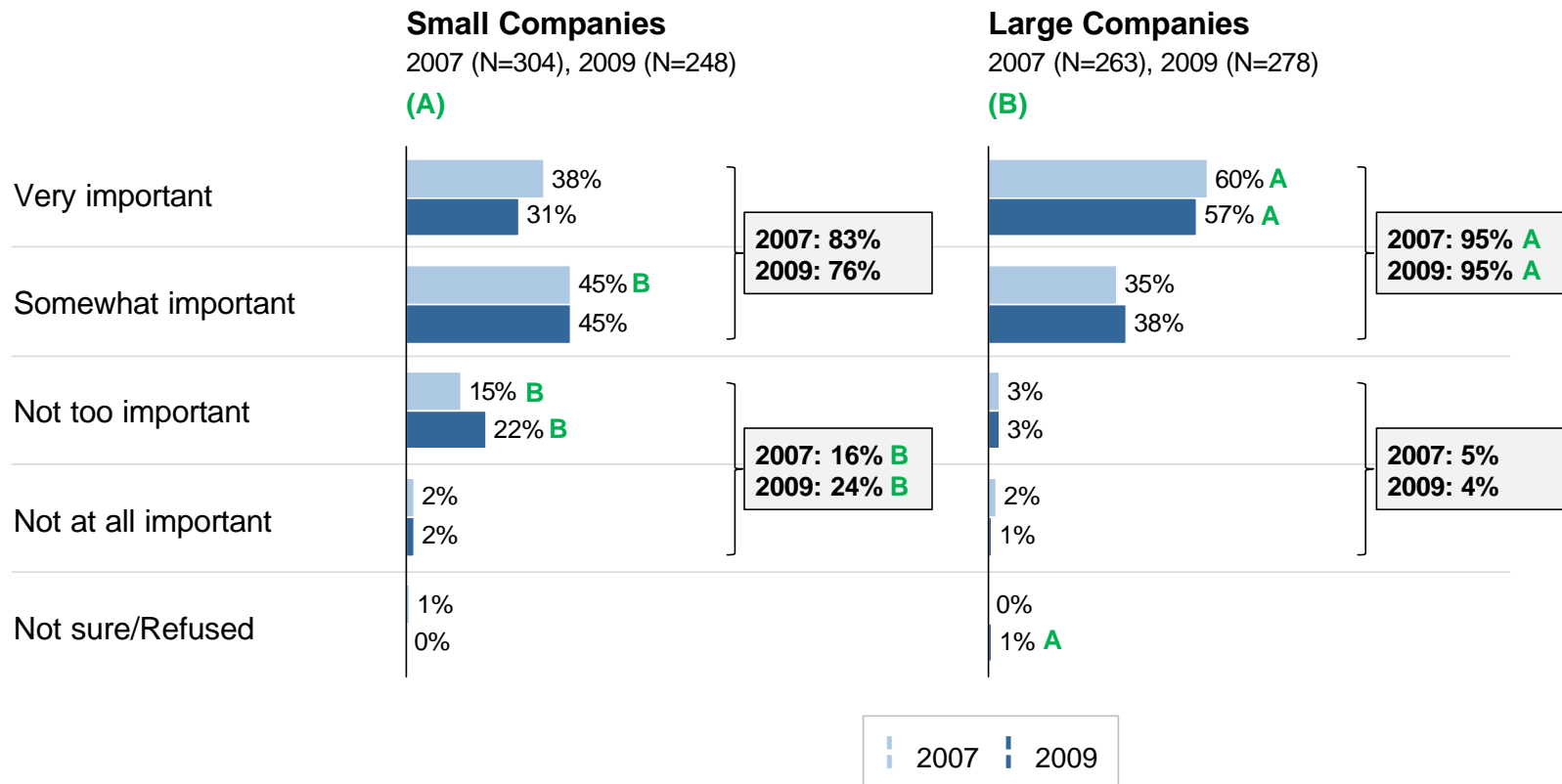
BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

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

Importance of Retirement Plan Package in Attracting/Retaining Employees

Large vs. Small Companies

- While most employers believe employee-funded plans are important for attracting and retaining employees, large employers are more likely to feel the plans are very important.



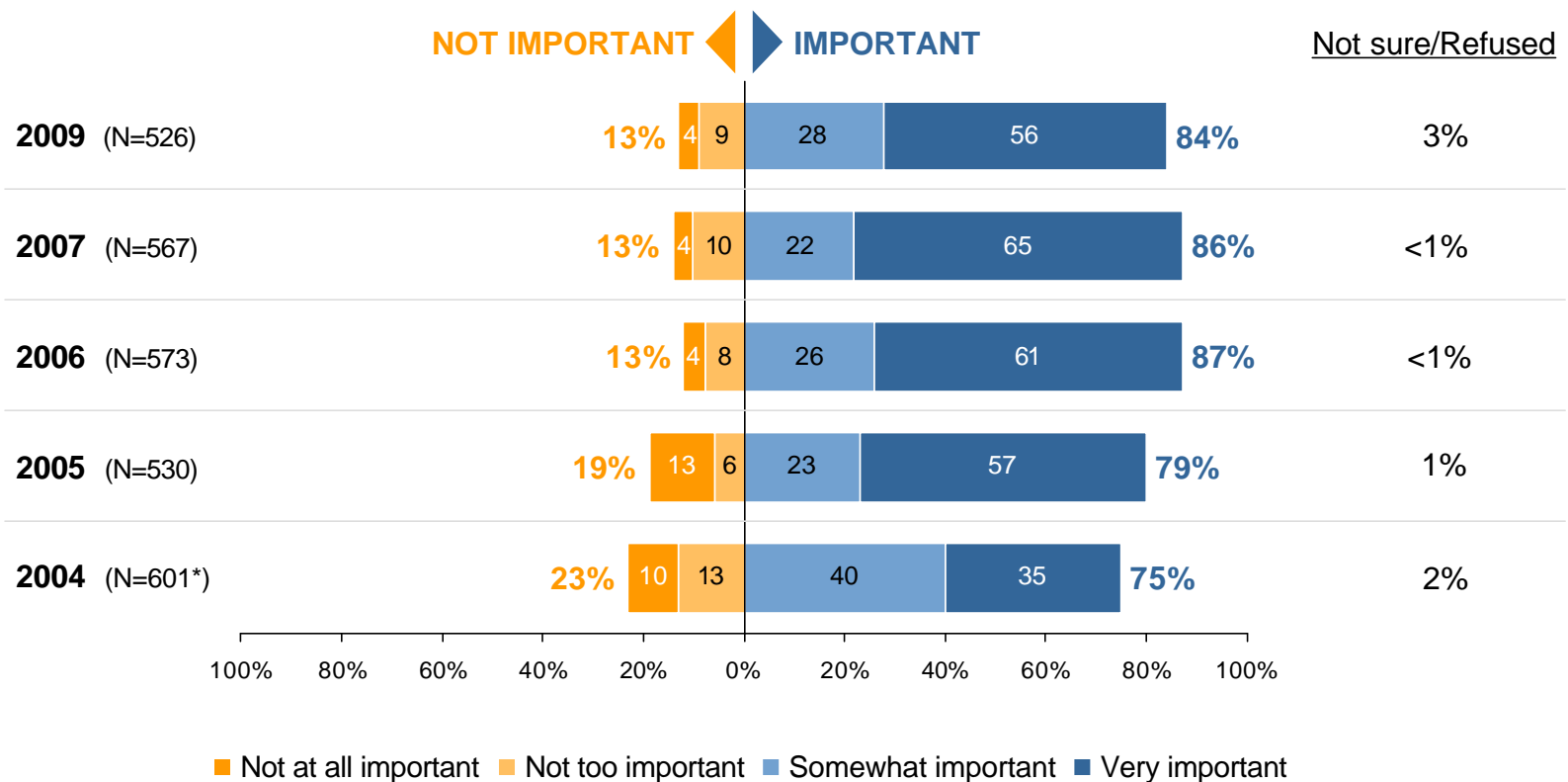
BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

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

Importance of Matching Contributions to Employees

Annual Tracking

- Most employers agree that providing a matching contribution is important to their employees.



Note: Significance testing was only conducted between 2007 and 2009.

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

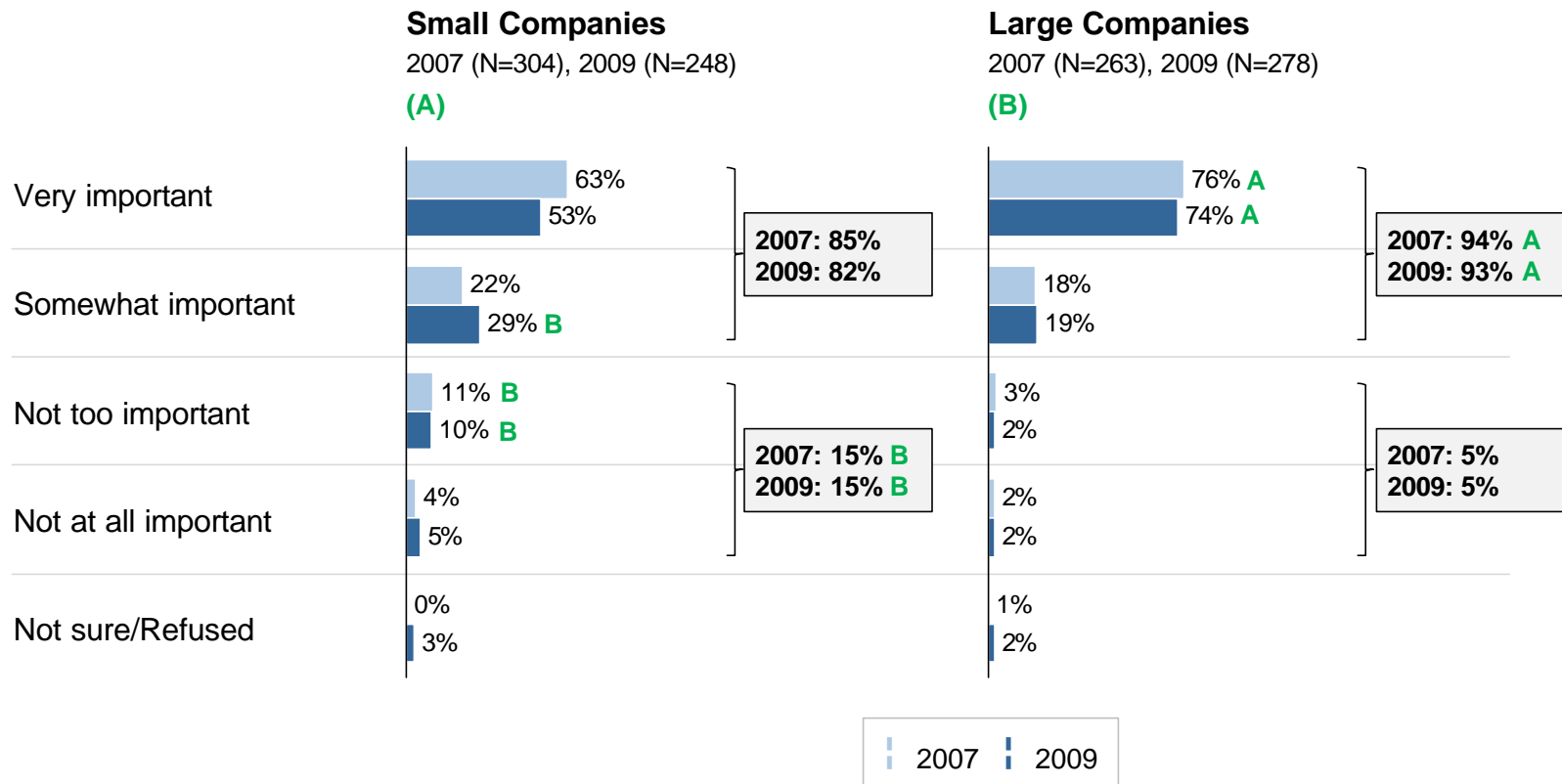
Q660. How important is it to your employees that their company provides a matching contribution in their retirement savings plan?

*2004 BASE: ALL QUALIFIED COMPLETES

Importance of Matching Contributions to Employees

Large vs. Small Companies

- Large employers feel more strongly about the Importance of matching contributions.



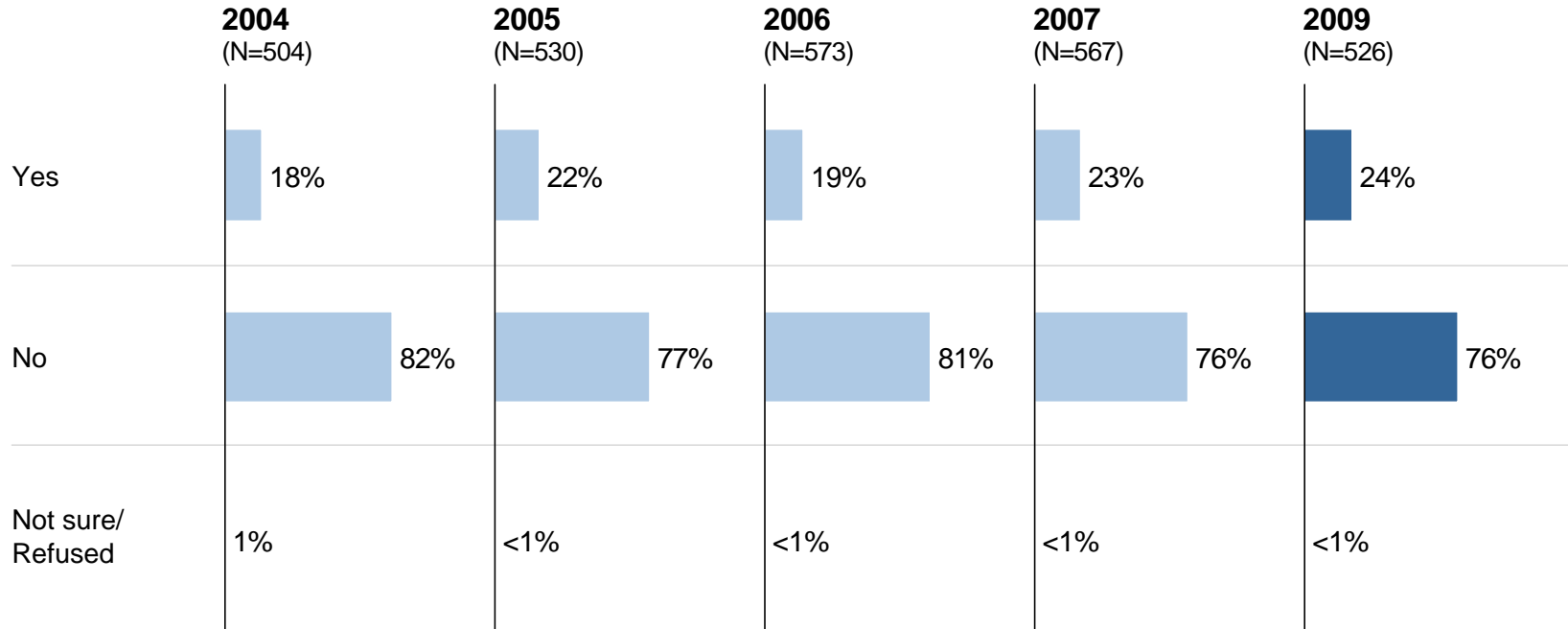
BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

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

Changes to 401(k) Plan in Past 12 Months

Annual Tracking

- Consistent with previous years, one-quarter of employers have made changes to their employee-funded plans in the last 12 months.



Note: Significance testing was only conducted between 2007 and 2009.

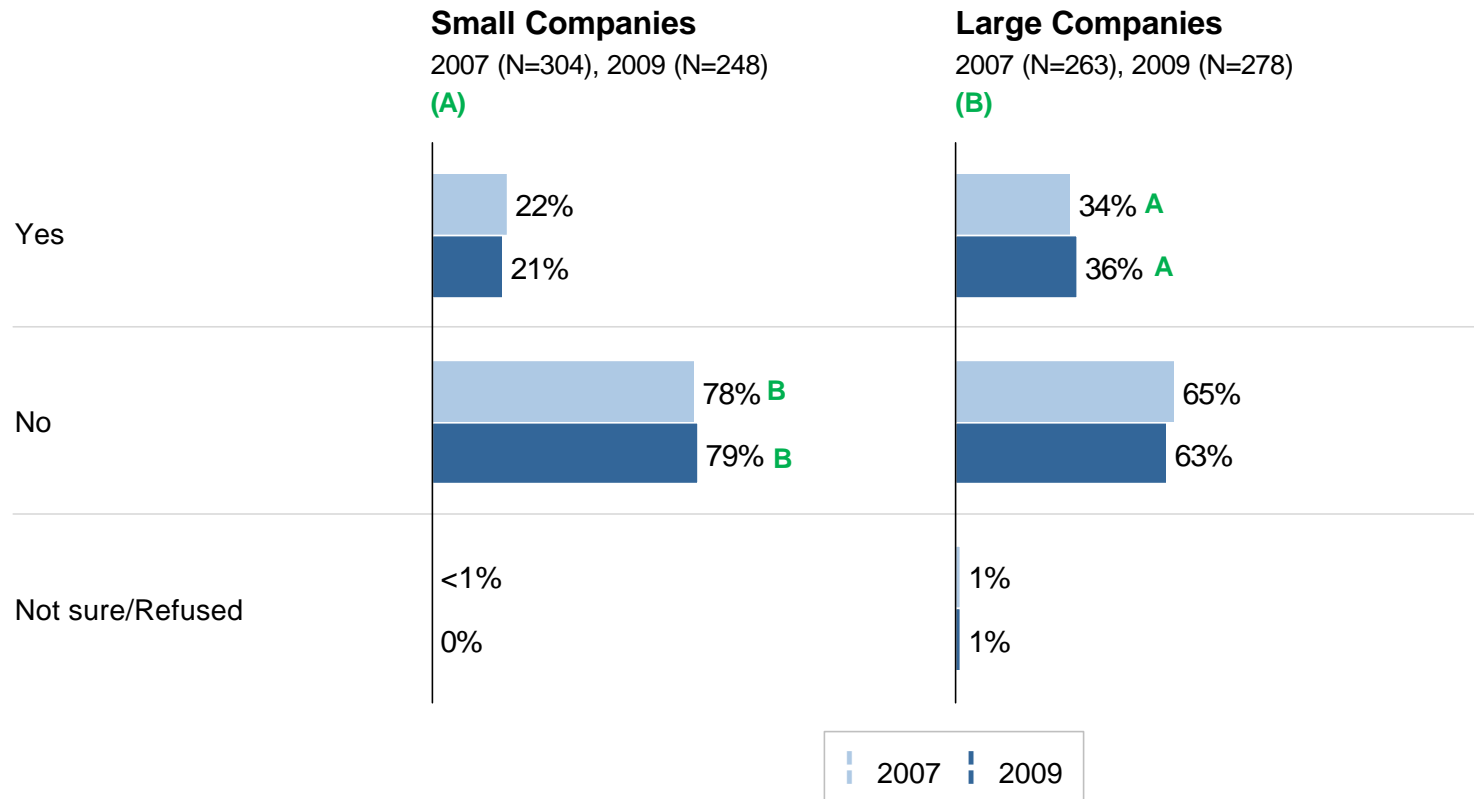
BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

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

Changes to 401(k) Plan in Past 12 Months

Large vs. Small Companies

- Large employers are more likely to have made changes to their employee-funded plans.



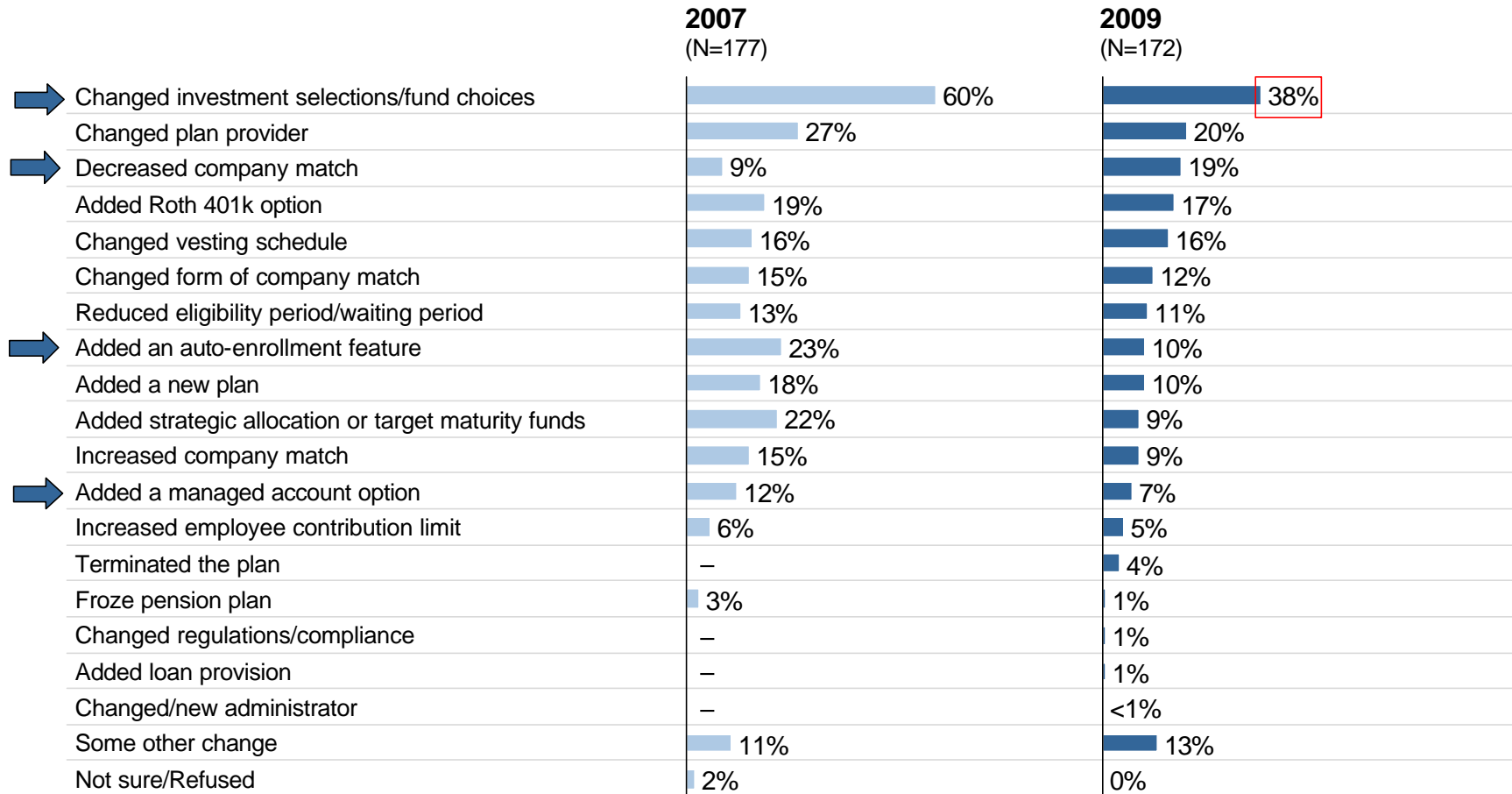
BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

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

Changes to 401(k) Plan in Past 12 Months

Annual Tracking

- A change in investment selections and fund choices was the most common change made to employee-funded plans. However, fewer employers made this change than in 2007.
- Fewer also added auto enrollment or managed account options than in 2007.
- In contrast, there has been an increase in employers who decreased the company match.



BASE: MADE CHANGES TO PLAN IN LAST YEAR
Q680. What was changed in the plan? CHOOSE ALL THAT APPLY

Changes to 401(k) Plan in Past 12 Months

Large vs. Small Companies

- Despite the fact that employers agree it is important for their employees, there has been an increase since 2007 in the percentage of large employers who decreased their company match.
- Also, large companies are less likely to have added managed account options than in 2007.

	Small Companies (A)		Large Companies (B)	
	2007 (N=87)*	2009 (N=72)*	2007 (N=90)*	2009 (N=100)*
Changed investment selections/fund choices	60%	36%	61%	45%
Changed plan provider	29%	22%	18%	12%
Decreased company match	11%	21%	2%	16%
Added Roth 401k option	21%	18%	12%	16%
Changed vesting schedule	16%	18%	18%	9%
Changed form of company match	15%	11%	16%	18%
Reduced eligibility period/waiting period	13%	9%	14%	15%
Added an auto-enrollment feature	23%	7%	22%	17%
Added a new plan	19%	11%	10%	5%
Added strategic allocation or target maturity funds	21%	7%	26%	15%
Increased company match	14%	6%	20%	19%
Added a managed account option	11%	6%	19%	9%
Increased employee contribution limit	4%	2%	14% A	17%
Terminated the plan	–	6%	–	1%
Froze pension plan	3%	0%	4%	3%
Changed regulations/compliance	–	1%	–	1%
Added loan provision	–	0%	–	2%
Changed/new administrator	–	1%	–	0%
Some other change	10%	15%	12%	7%
Not sure/Refused	2%	0%	0%	1%

*Small base size

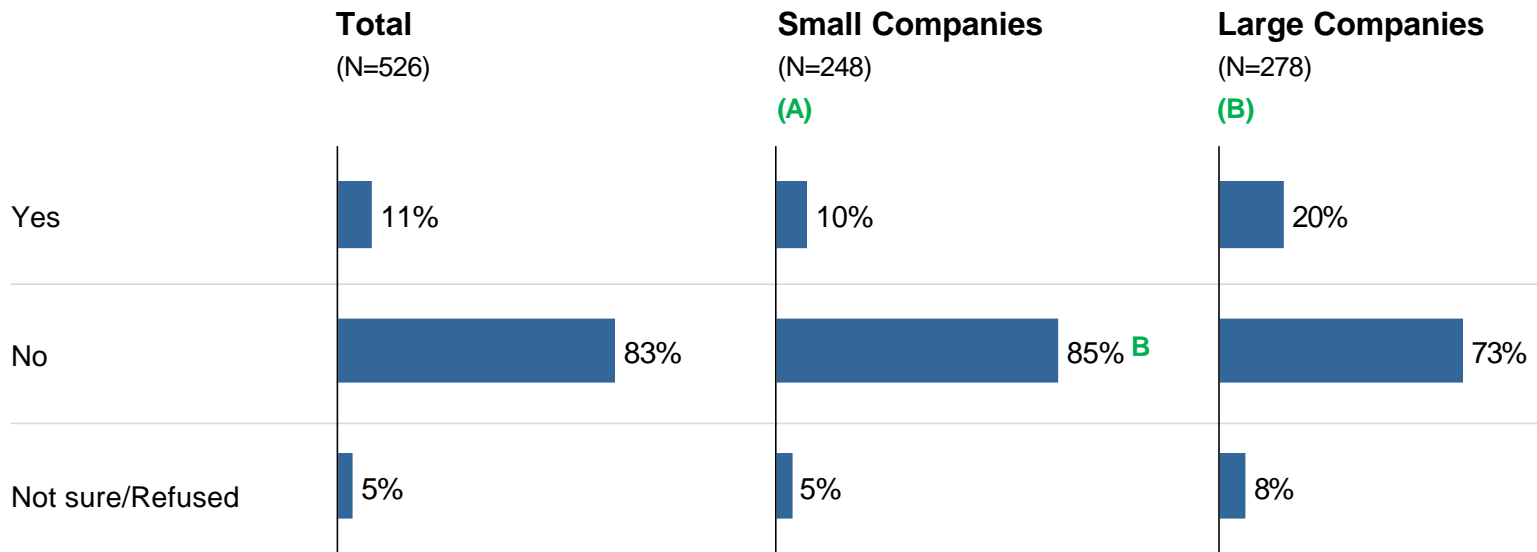
BASE: MADE CHANGES TO PLAN IN LAST YEAR

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

Considering Changes to 401(k) Plan in Next 12 Mos.

2009

- Few employers are considering making changes to their 401(k) plans in the next 12 months.
- However, small employers are less likely than large employers to be considering making changes.



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?

Changes being Considering to 401(k) Plan

2009

- The most common change employers are considering for the future is a change in investment selections and fund choices.

	Total (N=87)	Small Companies (A) (N=33)	Large Companies (B) (N=54)
→ Changed investment selections/fund choices	36%	33%	43%
Added Roth 401k option	23%	30%	8%
Changed form of company match	22%	24%	17%
Added an auto-enrollment feature	19%	22%	11%
Increased company match	18%	18%	16%
Added strategic allocation or target maturity funds	14%	14%	13%
Changed plan provider	13%	10%	20%
Added a new plan	10%	13%	4%
Changed vesting schedule	10%	12%	5%
Added a managed account option	10%	7%	16%
Decreased company match	9%	6%	17%
Increased employee contribution limit	6%	6%	7%
Reduced eligibility period/waiting period	2%	1%	4%
Consolidation of plans	2%	1%	4%
Some other change	5%	6%	2%
None/Nothing	1%	0%	2%
Not sure/Refused	1%	1%	2%

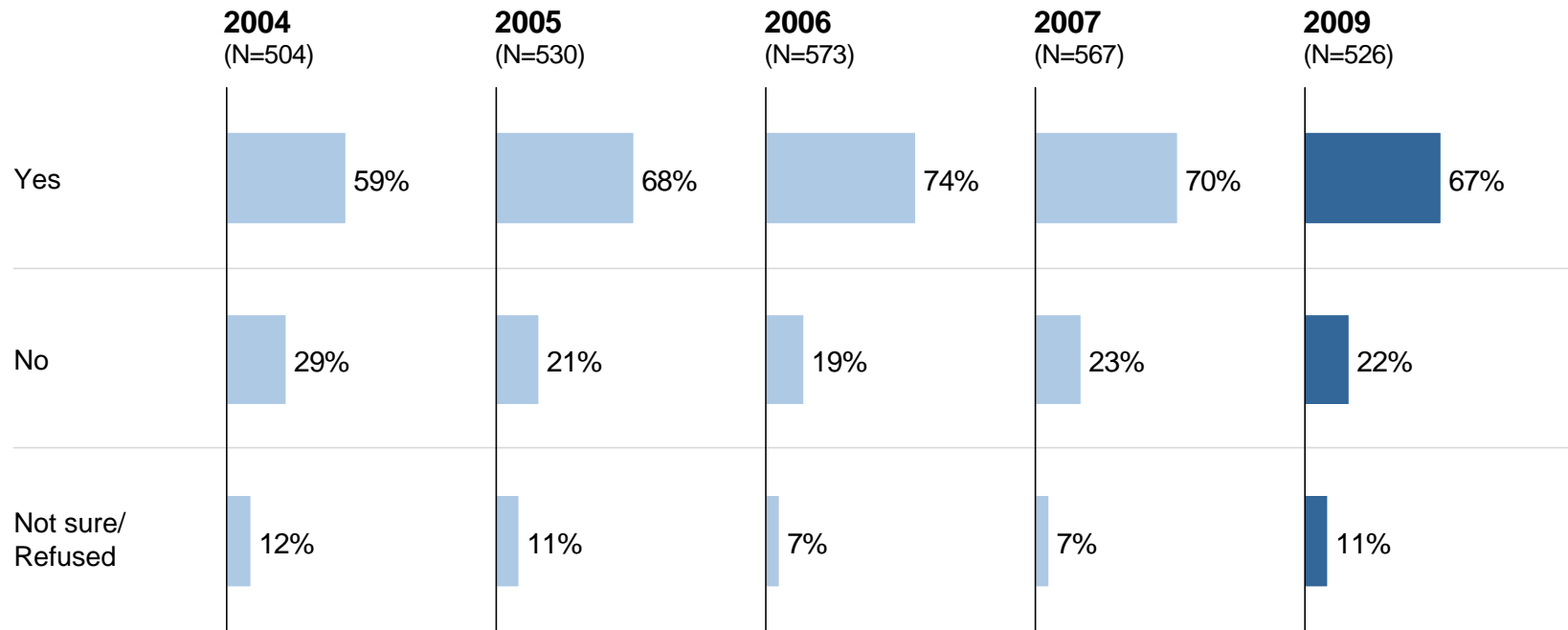
BASE: Plans to MAKE CHANGES TO PLAN IN NEXT 12 MONTHS

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.

Used Outside Advisor to Help Select Retirement Plan

Annual Tracking

- Compared to the last couple of years, slightly fewer employers use an outside advisor to help select their employee-funded plans.

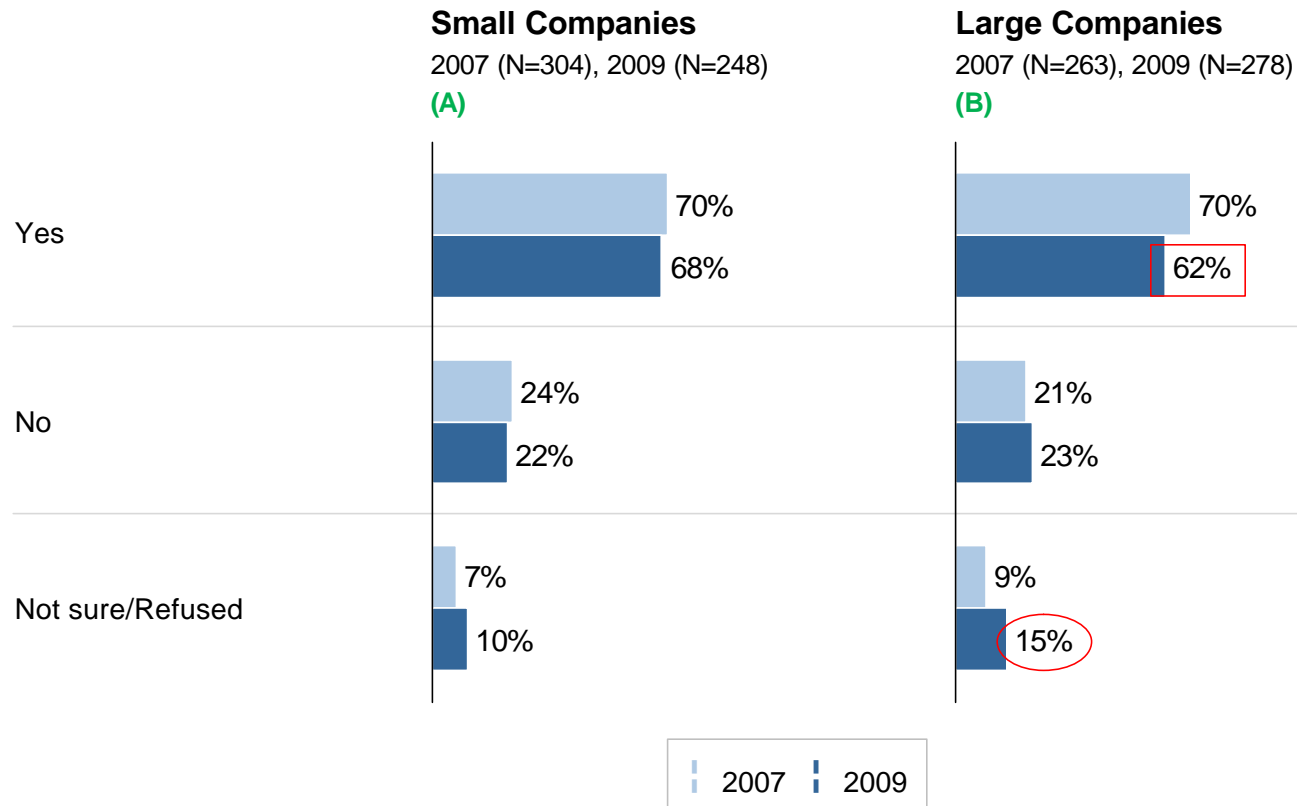


Note: Significance testing was only conducted between 2007 and 2009.
 BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN
 Q690. Did you use an outside advisor to help you select your retirement plan?

Used Outside Advisor to Help Select Retirement Plan

Large vs. Small Companies

- The downward shift is especially noticeable among large employers.

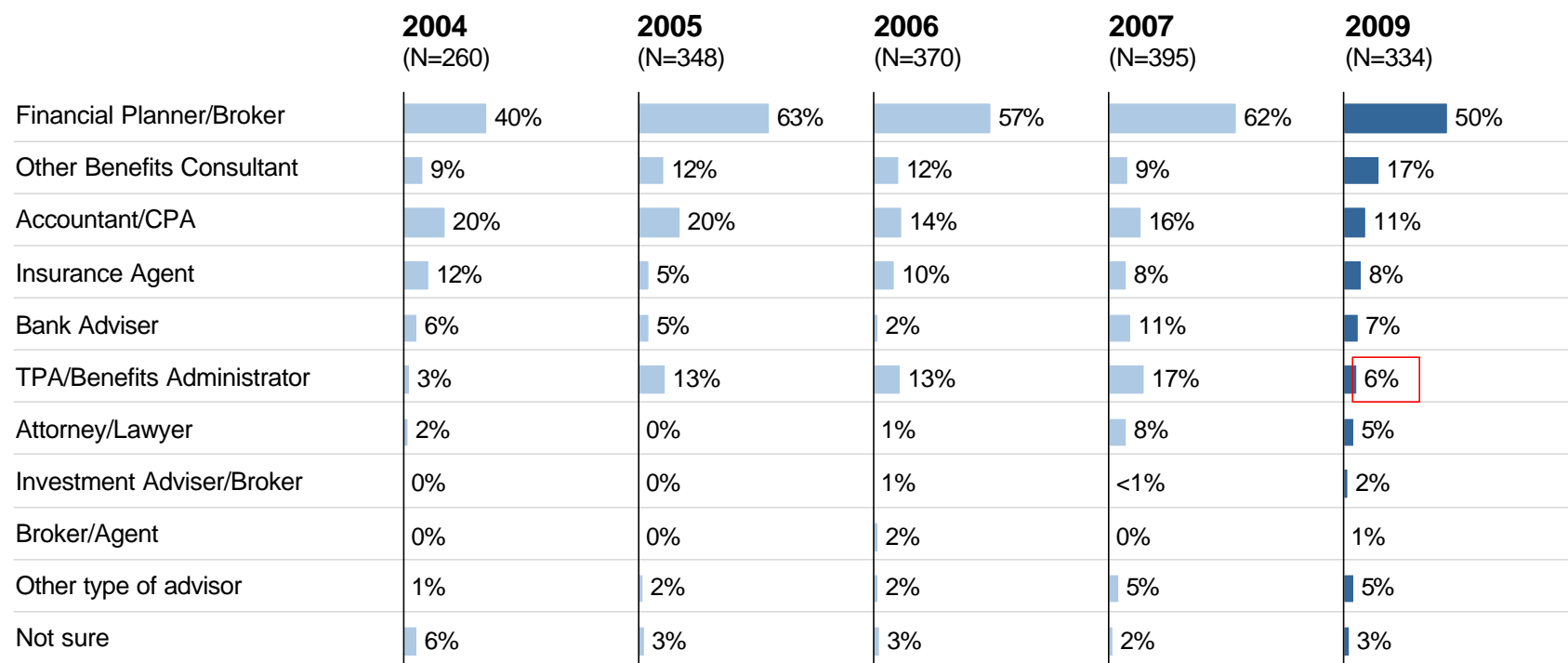


BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN
Q690. Did you use an outside advisor to help you select your retirement plan?

Type of Advisor Used

Annual Tracking

- Of the companies who use an advisor, half use a financial planner or broker.



Note: Significance testing was only conducted between 2007 and 2009.
 BASE: USED OUTSIDE ADVISOR TO HELP SELECT PLAN
 Q700. What type of advisor did you use? SELECT ALL THAT APPLY

Type of Advisor Used

Large vs. Small Companies

- Fewer small employers use a financial planner or broker than in 2007.

	Small Companies (A)		Large Companies (B)	
	2007 (N=212)	2009 (N=160)	2007 (N=183)	2009 (N=174)
Financial Planner/Broker	63%	48%	60%	57%
Other Benefits Consultant	7%	16%	23% A	23%
Accountant/CPA	17% B	12%	5%	6%
Insurance Agent	8%	8%	3%	4%
Bank Adviser	12% B	7%	3%	2%
TPA/Benefits Administrator	18% B	6%	9%	10%
Attorney/Lawyer	7%	4%	10%	10% A
Investment adviser/broker	–	2%	1%	–
Broker/Agent	–	1%	–	–
Other type of advisor	5%	6%	5%	1%
Not Sure	2%	3%	4%	5%

BASE: USED OUTSIDE ADVISOR TO HELP SELECT PLAN
Q700. What type of advisor did you use? SELECT ALL THAT APPLY

Person Most Accountable for Selecting/Monitoring Investment Options in Retirement Plan

Annual Tracking

- One-fifth of employers believe the plan participants are most accountable for selecting and monitoring the company's investment options.
- Another one-fifth believe the provider or administrator are most accountable.

	2004 (N=504)	2005 (N=530)	2006 (N=573)	2007 (N=567)	2009 (N=526)
→ Plan participants	26%	17%	19%	20%	20%
→ Plan provider or administrator	29%	25%	22%	23%	19%
The plan sponsor	10%	26%	14%	17%	16%
The advisor or consultant who sold the plan	14%	8%	19%	14%	11%
The investment provider	8%	10%	10%	11%	8%
Employee	–	–	1%	–	2%
Owner of the company	–	–	1%	<1%	2%
Board of Directors/Administrators	<1%	–	–	–	1%
Broker	–	–	–	1%	1%
Upper management/executive committee	–	–	1%	<1%	1%
Committee (non-specified)	–	–	–	<1%	1%
Investment Committee	–	–	1%	–	1%
Company committee	–	–	1%	–	1%
Someone else	1%	8%	4%	1%	2%
Not sure	5%	5%	3%	5%	8%

Note: Response options are only displayed if greater than 1% in 2009.
 Note: Significance testing was only conducted between 2007 and 2009.

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?

Person Most Accountable for Selecting/Monitoring Investment Options in Retirement Plan

Large vs. Small Companies

- Large employers are more likely than small ones to say plan sponsors are most accountable, while small employers are more likely to say plan participants most accountable.

	Small Companies (A)		Large Companies (B)	
	2007 (N=304)	2009 (N=248)	2007 (N=263)	2009 (N=278)
→ Plan participants	21% B	23% B	8%	9%
→ Plan provider or administrator	24%	20%	18%	16%
→ The plan sponsor	15%	12%	32% A	35% A
Advisor or consultant who sold the plan	14%	12%	12%	7%
Investment provider	11%	8%	9%	9%
Employee	–	2%	–	–
Owner of the company	1%	2%	–	–
Board of Directors/Administrators	–	2%	–	–
Broker	–	1%	–	–
Upper management/executive committee	–	2%	–	–
Committee (non-specified)	–	1%	2%	2%
Investment Committee	–	<1%	–	4% A
Company Committee	–	1%	–	2%
Someone else	1%	2%	–	2%
Not sure	5%	9%	5%	4%

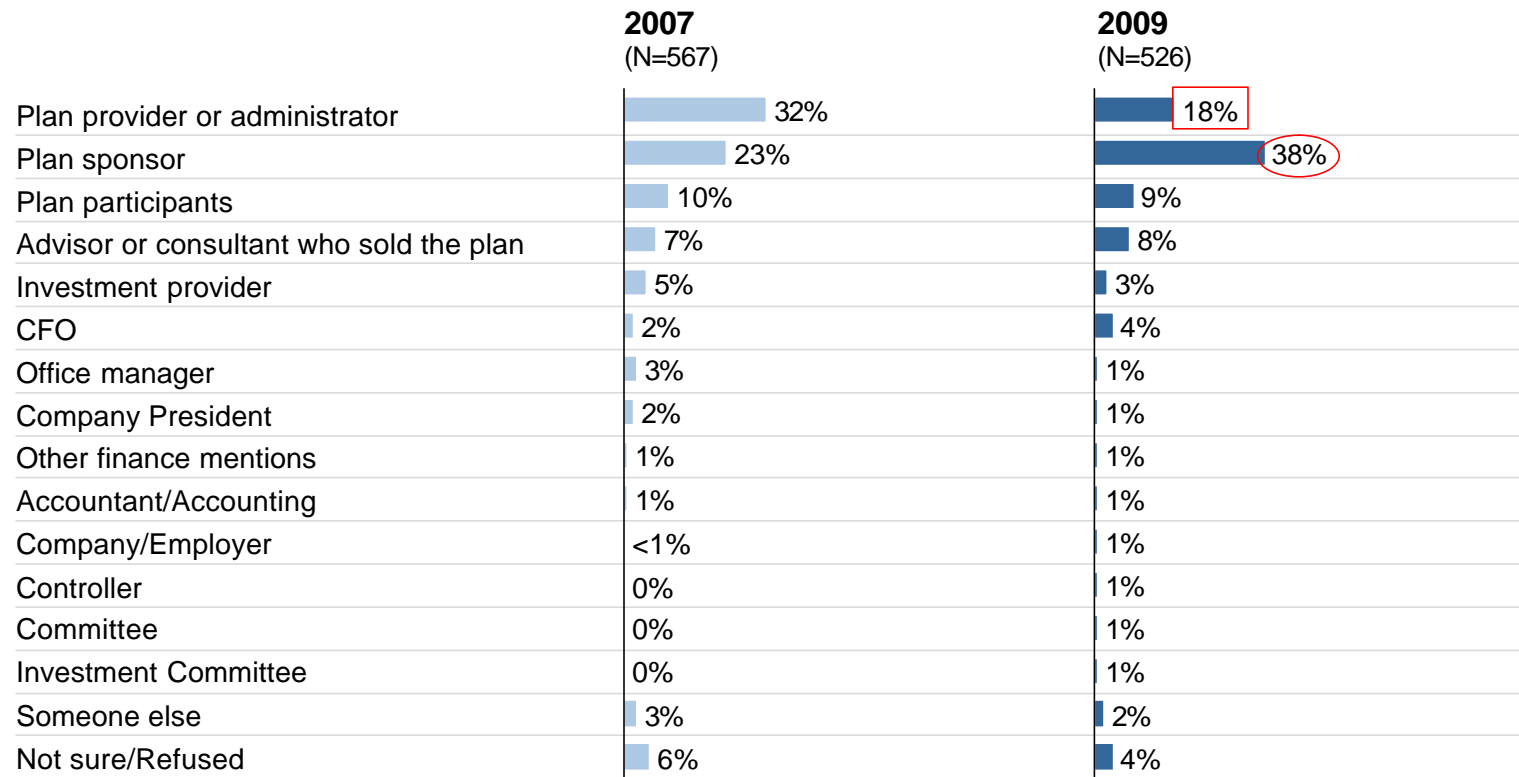
BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

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

Person Ultimately Responsible for Monitoring Fees and Expenses Associated With Retirement Plan

Annual Tracking

- More than one-third of employers believe that plan sponsors are ultimately responsible for monitoring fees and expenses.



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?

Person Ultimately Responsible for Monitoring Fees and Expenses Associated with Retirement Plan

Large vs. Small Companies

- Larger employers believe plan sponsors are responsible.
- However, there is an increase in the percentage of small employers who say plan sponsors are also responsible.

	Small Companies (A)		Large Companies (B)	
	2007 (N=304)	2009 (N=248)	2007 (N=263)	2009 (N=278)
Plan provider or administrator	33%	19%	26%	12%
Plan sponsor	19%	36%	44% A	49% A
Plan participants	11% B	10% B	2%	3%
Advisor or consultant who sold the plan	7%	9%	6%	6%
CFO	2%	4%	2%	2%
Investment provider	5%	3%	3%	4%
Office manager	3%	2%	–	–
Company President	2%	2%	–	–
Company/Employer	<1%	1%	–	2%
Controller	–	2%	–	–
Other finance mentions	1%	1%	1%	1%
Accountant/Accounting	–	1%	–	1%
Investment Committee	–	<1%	–	3% A
Committee	–	<1%	1% A	3% A
Investment Committee	–	<1%	–	3% A
Someone else	3%	3%	2%	1%
Not sure/Refused	6%	5%	5%	4%

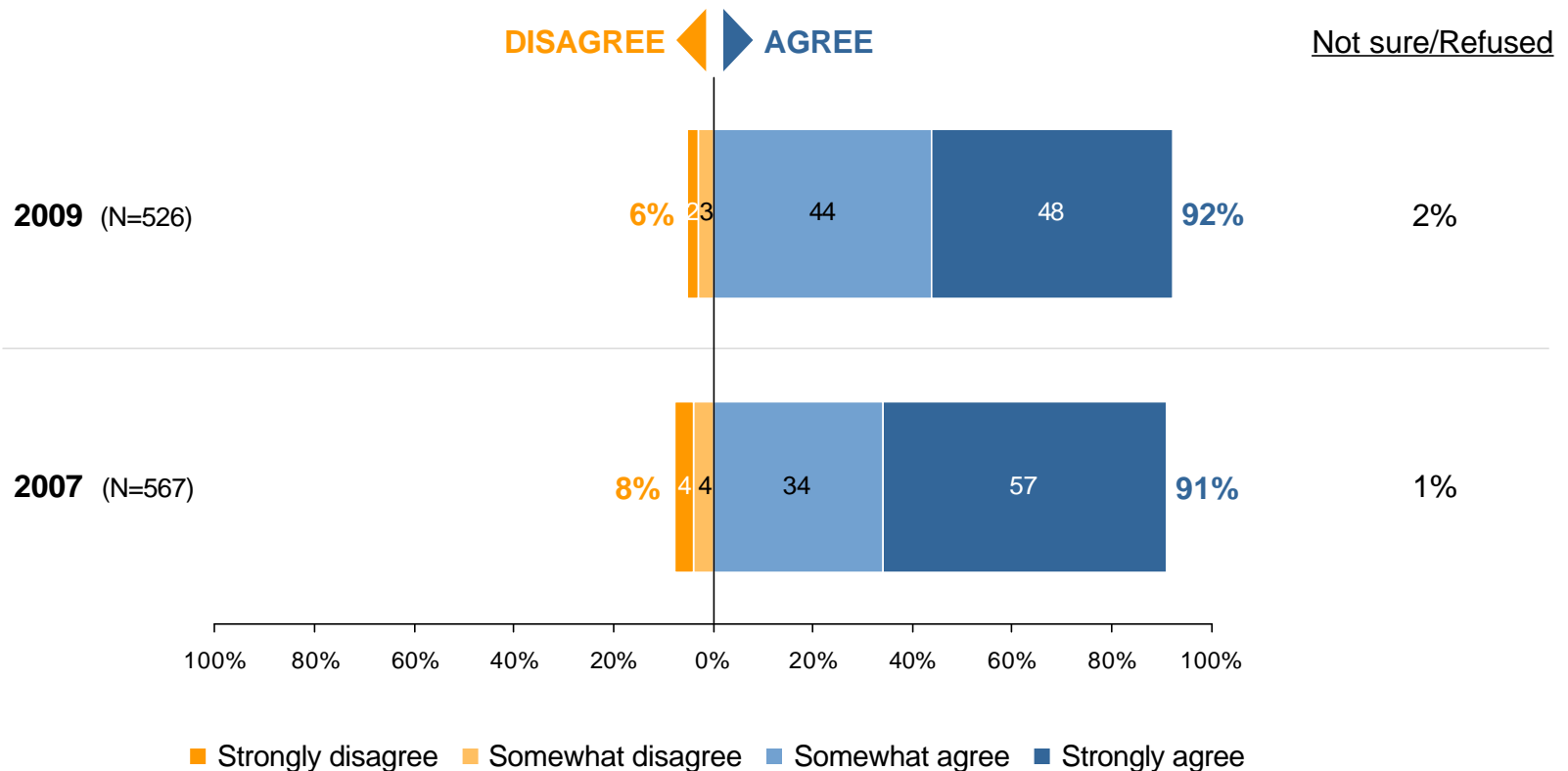
BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

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

Agreement Statement: Company Has Clear Understanding of Fees/Expenses for the Plan

Annual Tracking

- Although most still agree, since 2007 fewer employers strongly agree that those responsible for overseeing the company's retirement plan have a clear understanding of the fees and expenses associated with the plan.



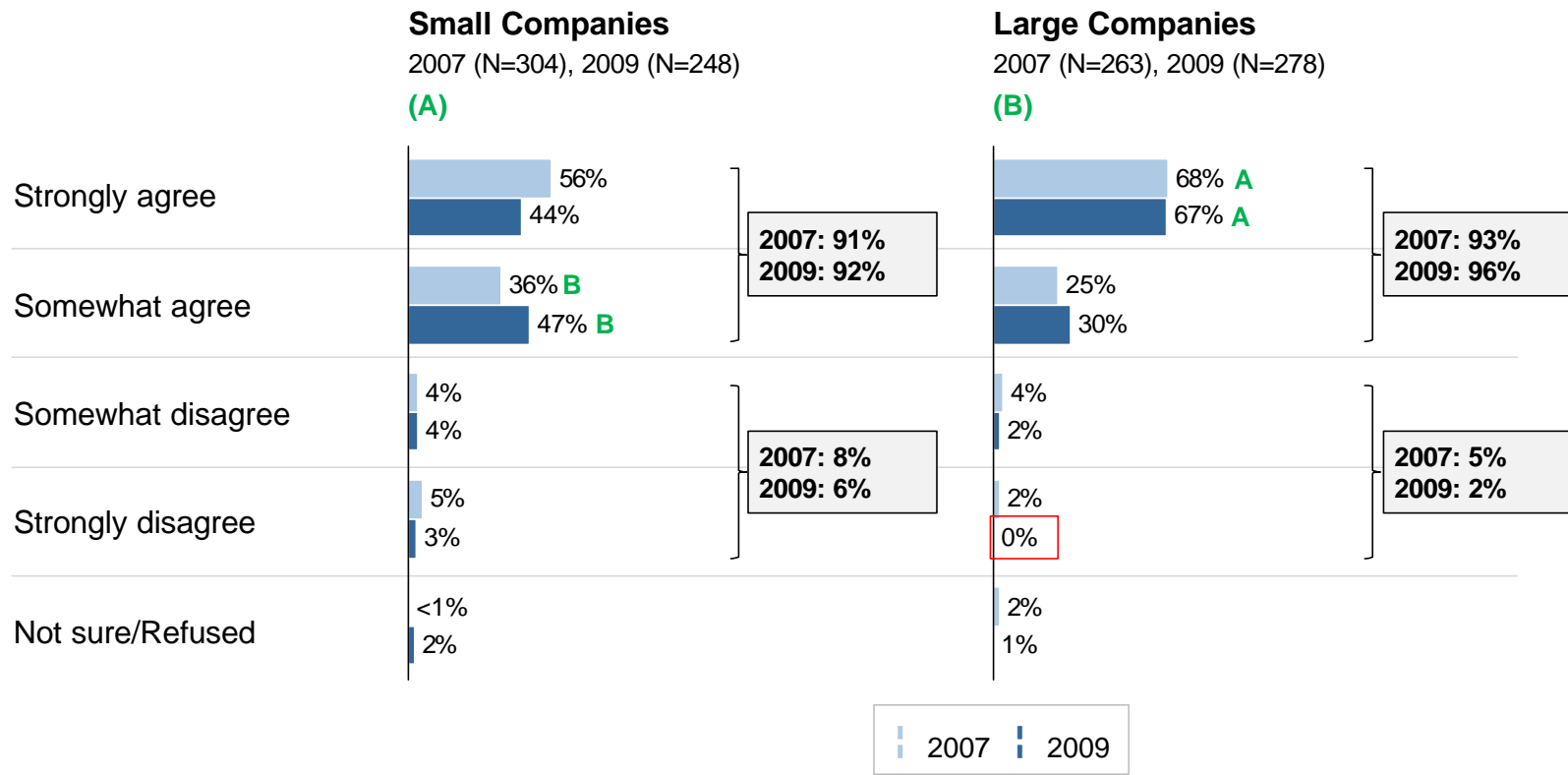
BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

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.

Agreement Statement: Company Has Clear Understanding of Fees/Expenses for the Plan

Large vs. Small Companies

- Large employers are more likely to strongly agree that those responsible for their company's retirement plan have a clear understanding of the fees and expenses associated with the plan.



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.

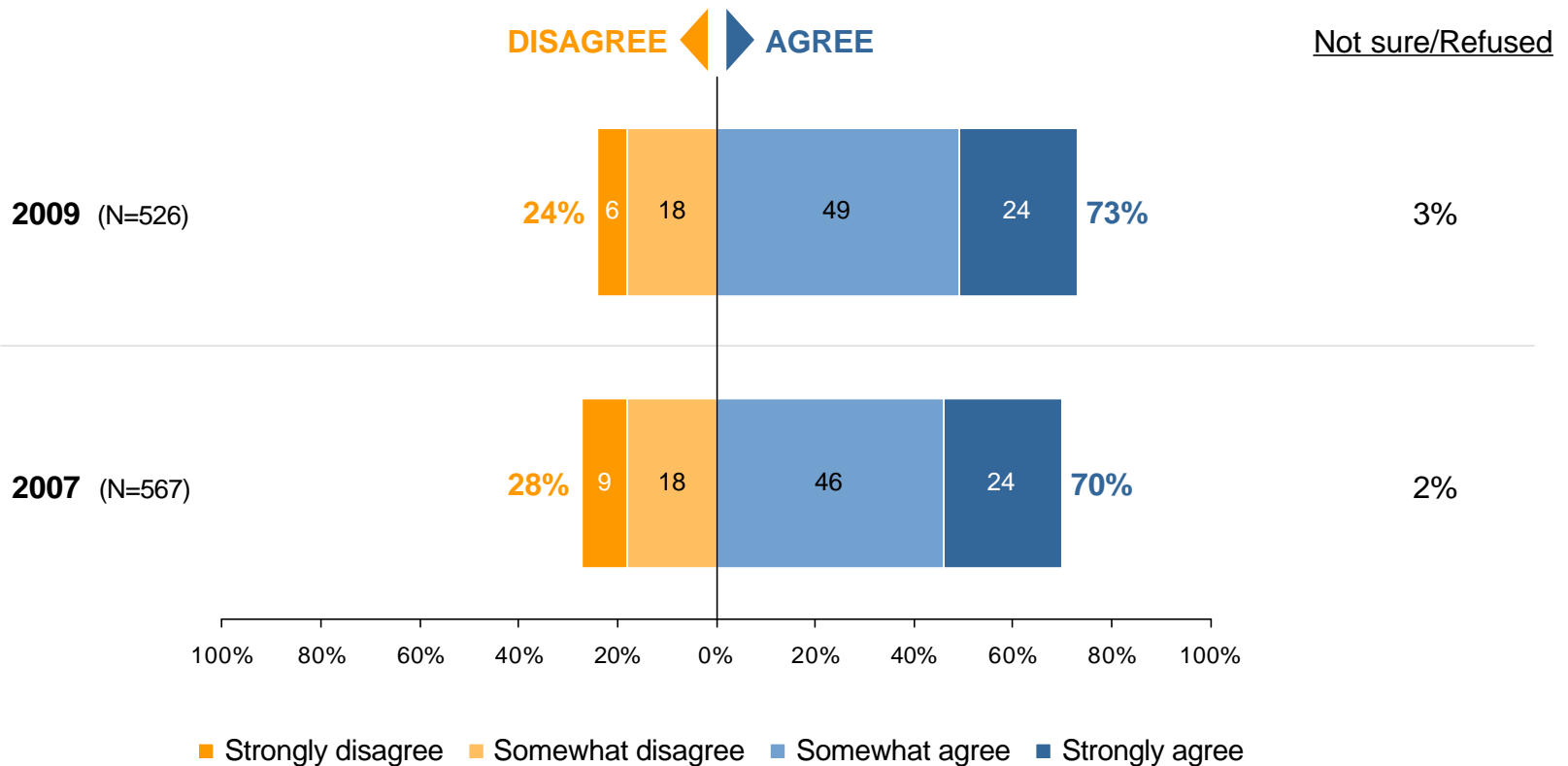
Detailed Findings

- Relative Importance of Various Employee Benefits
- Benefit Offerings, including Retirement Benefits
- Perceptions of Current Retirement Plan Offerings
- **Perceptions of Employee Involvement with Retirement Planning**
- Economic Outlook

Employees Have Clear Understanding of Fees Associated with the Plan

Annual Tracking

- Consistent with 2007 data, about one-quarter of employers strongly agree their employees have a clear understanding of the fees associated with their retirement plan.



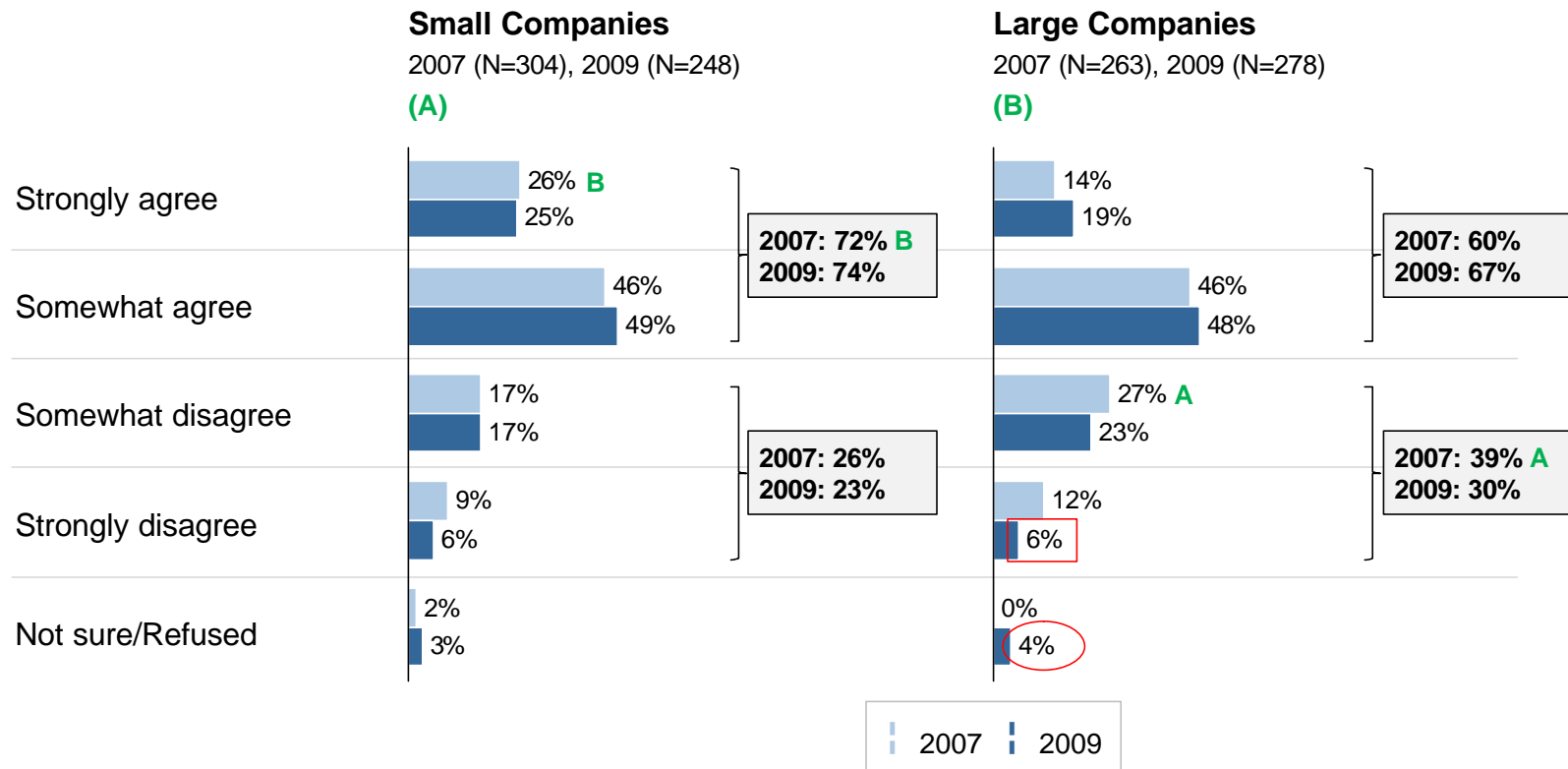
BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

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

Employees Have Clear Understanding of Fees Associated with the Plan

Large vs. Small Companies

- Large employers are more likely to disagree that their employees have a clear understanding of fees.



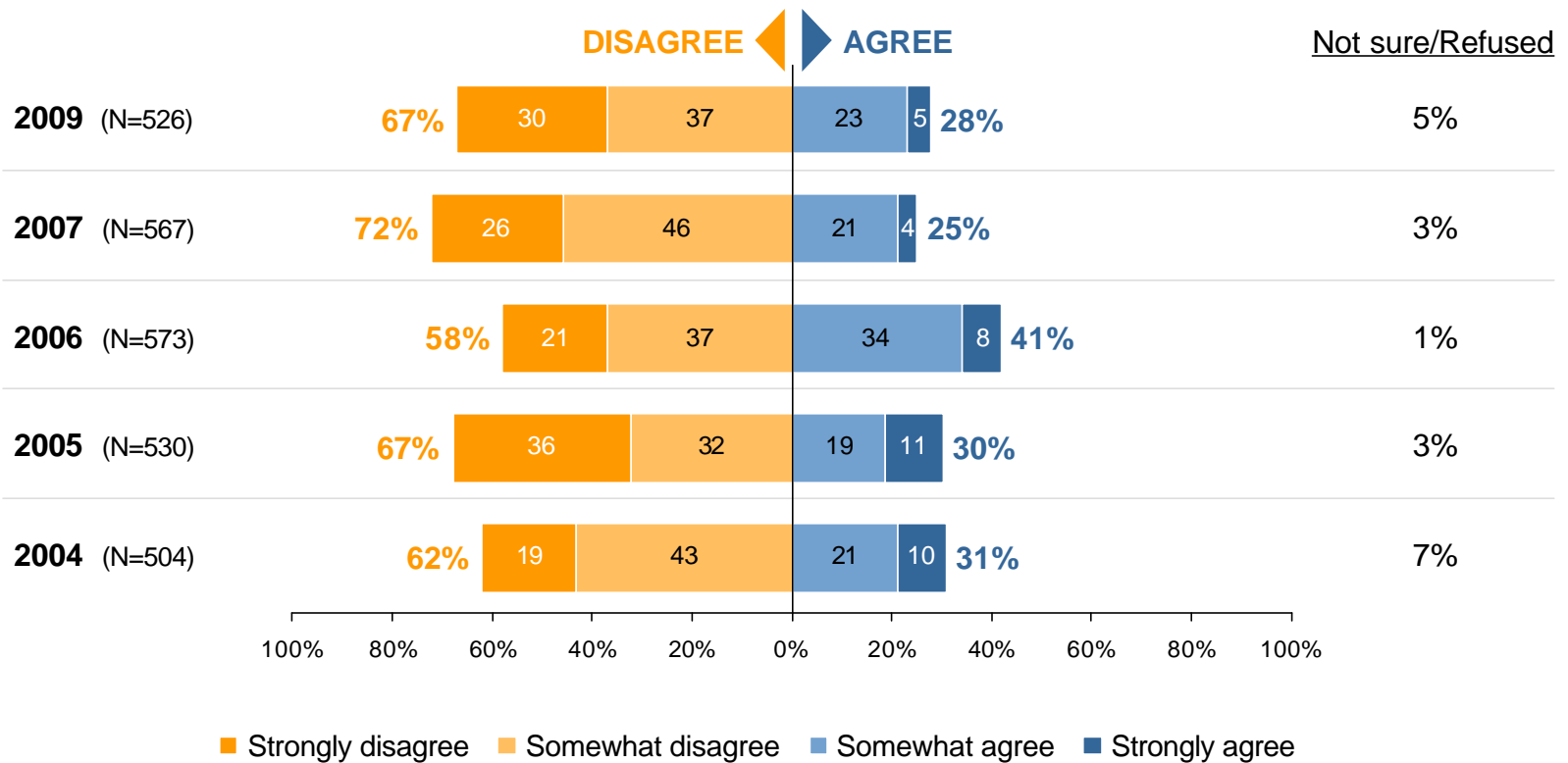
BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

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

Want More Investment Options

Annual Tracking

- About a quarter of employers agree their employees would like more investment options available to them within their retirement plans.



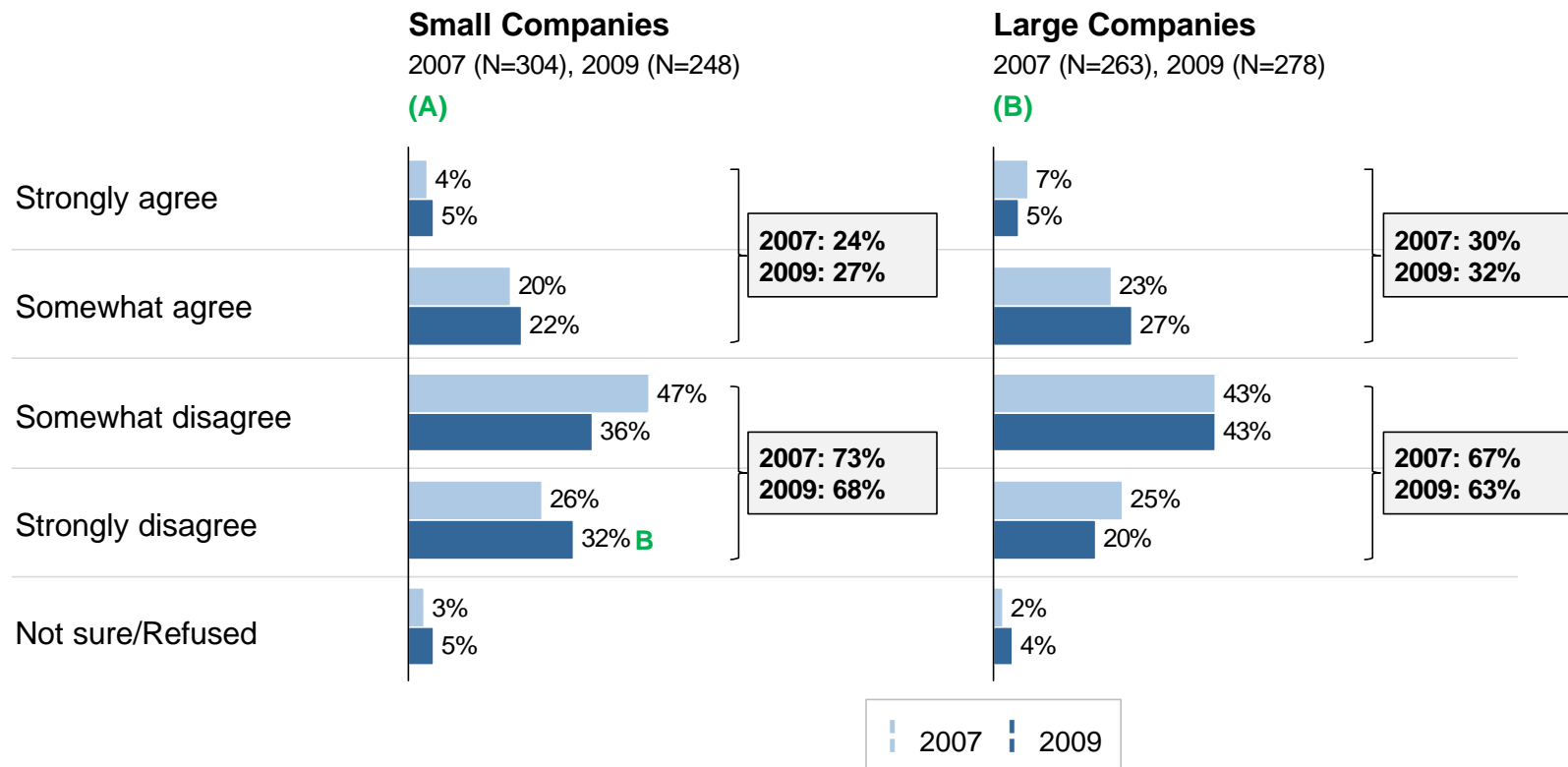
Note: Significance testing was only conducted between 2007 and 2009.
 BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

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

Want More Investment Options

Large vs. Small Companies

- Large employers are slightly more inclined than small employers to believe their employees want more investment options.



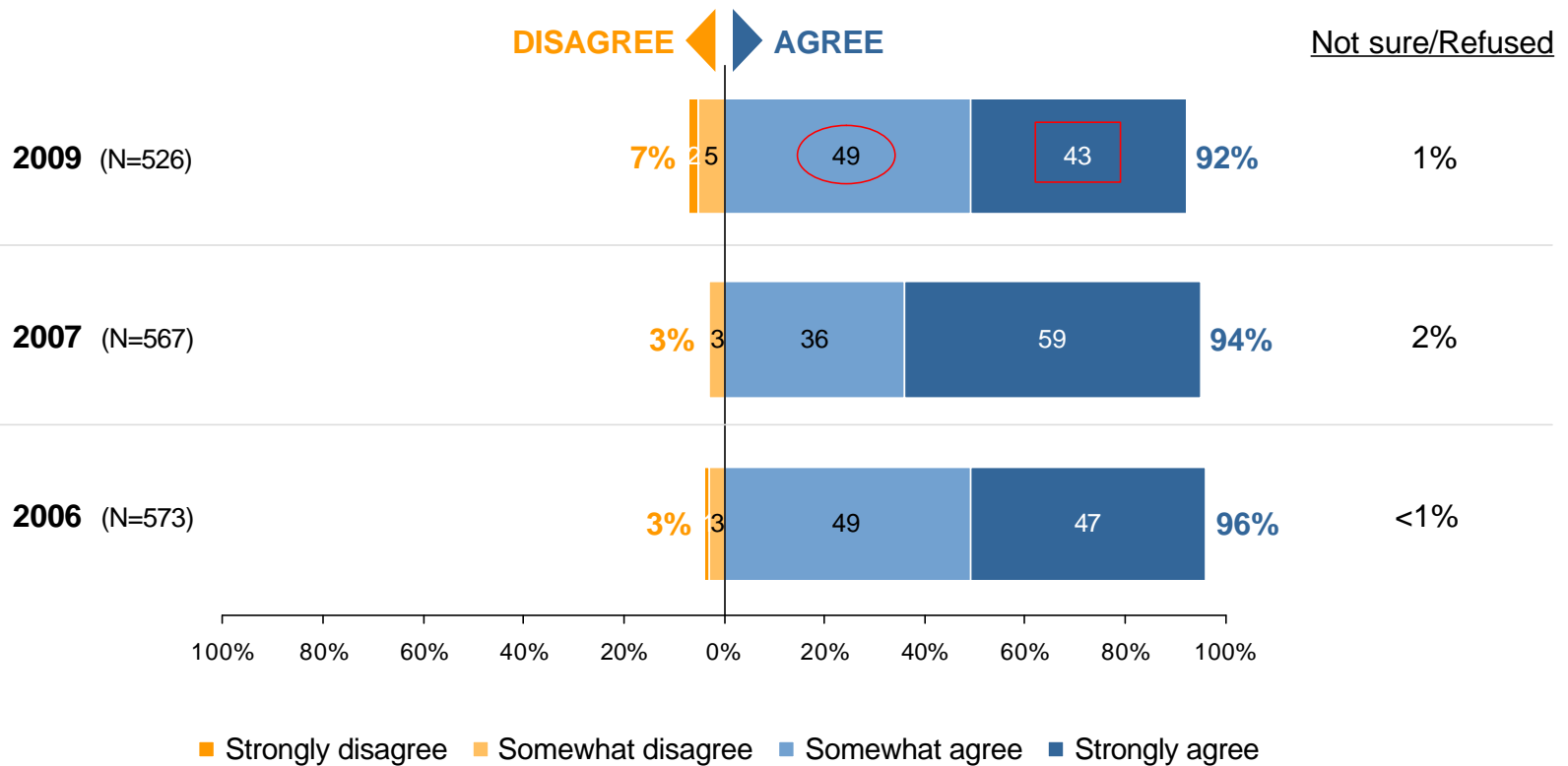
BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

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

Satisfied with Quality of Options

Annual Tracking

- Although the majority of employers believe their employees are satisfied with the quality of their investment options, fewer strongly agree compared to 2007.



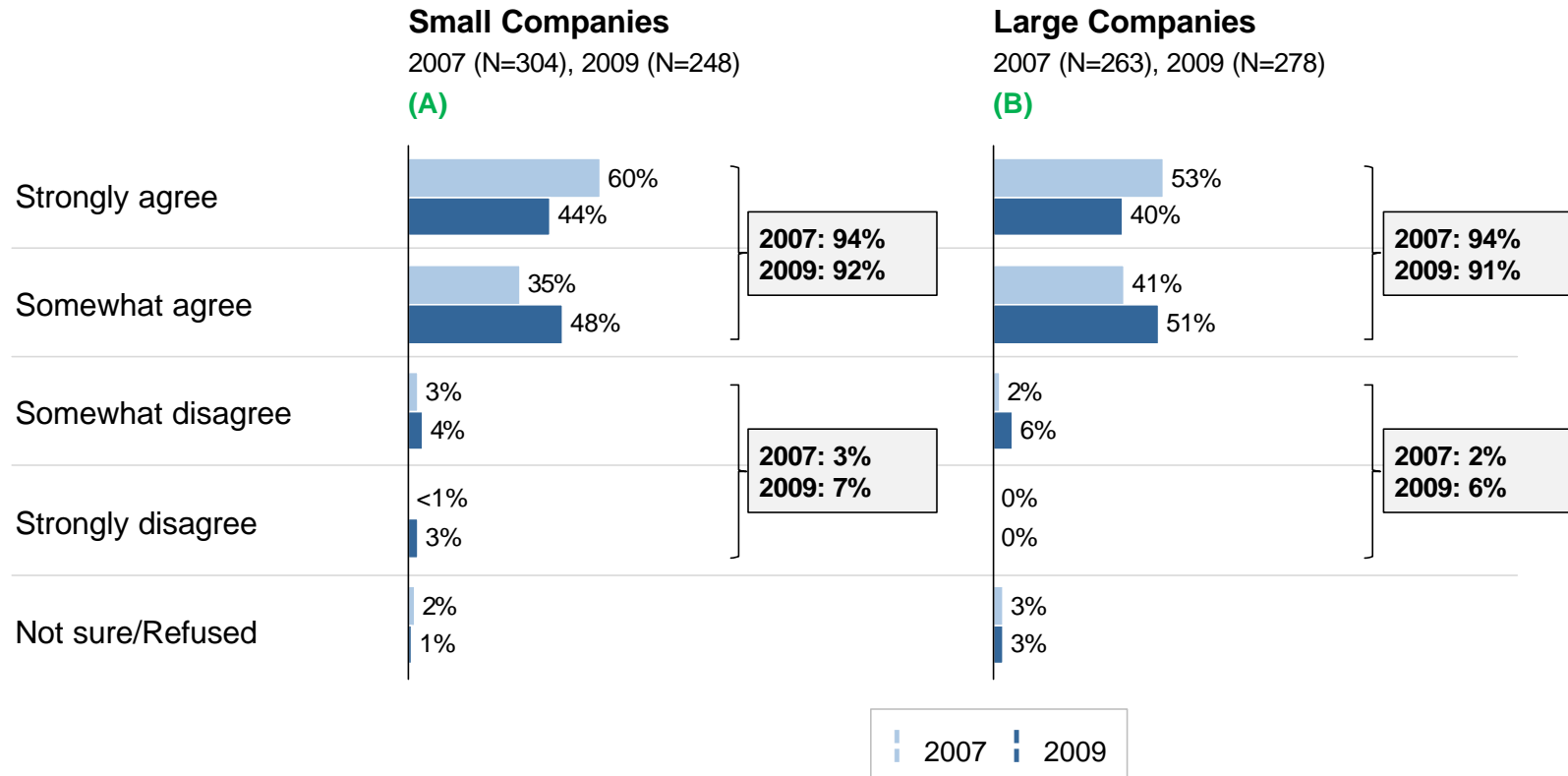
Note: Significance testing was only conducted between 2007 and 2009.
 BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

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

Satisfied with Quality of Options

Large vs. Small Companies

- Satisfaction with the quality of options is consistent between large and small employers.



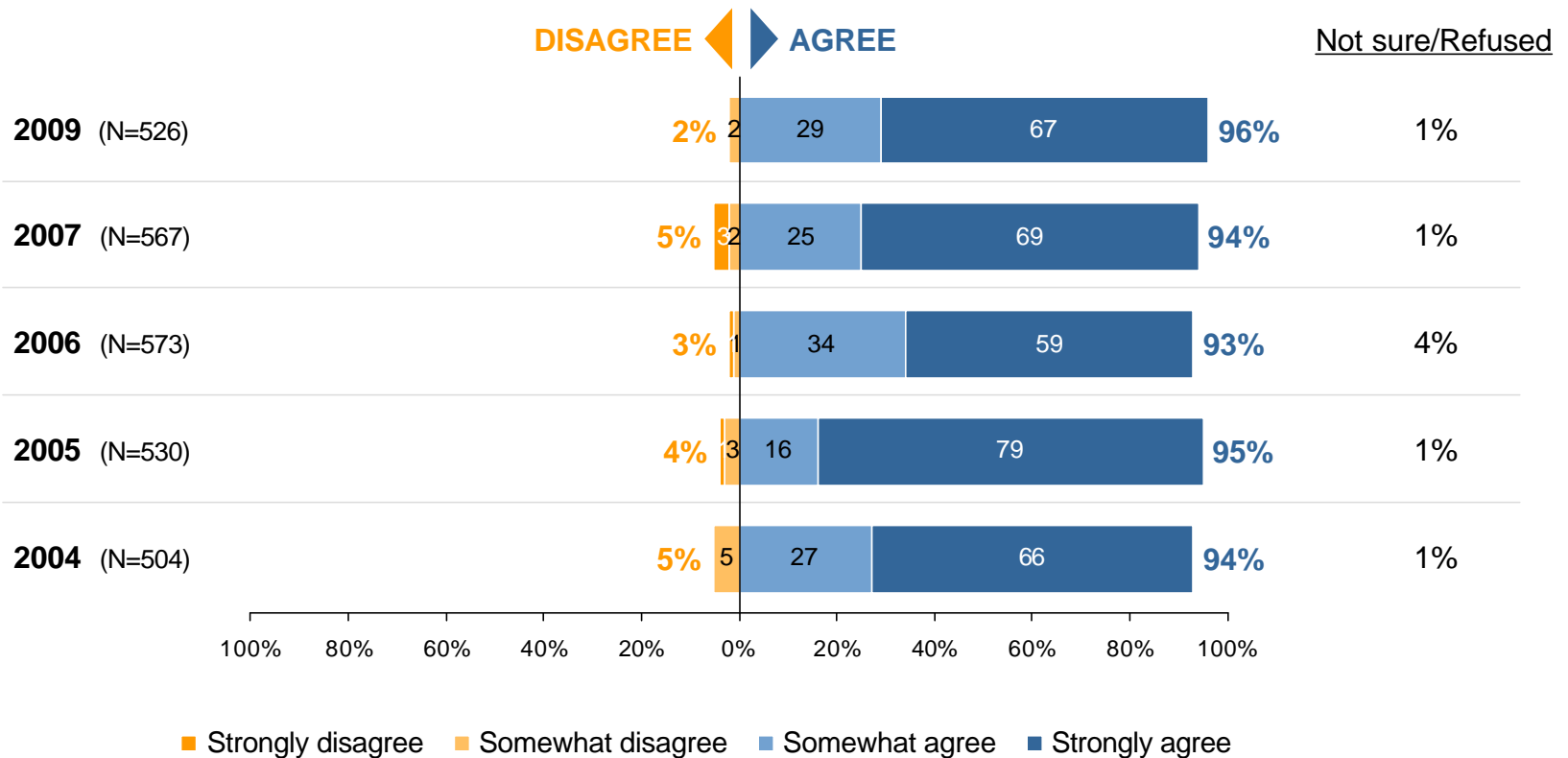
BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

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

Give Employees Info They Need

Annual Tracking

- Employers continue to overwhelmingly agree that they give their employees the right information to make decisions about the retirement plan.



Note: Significance testing was only conducted between 2007 and 2009.

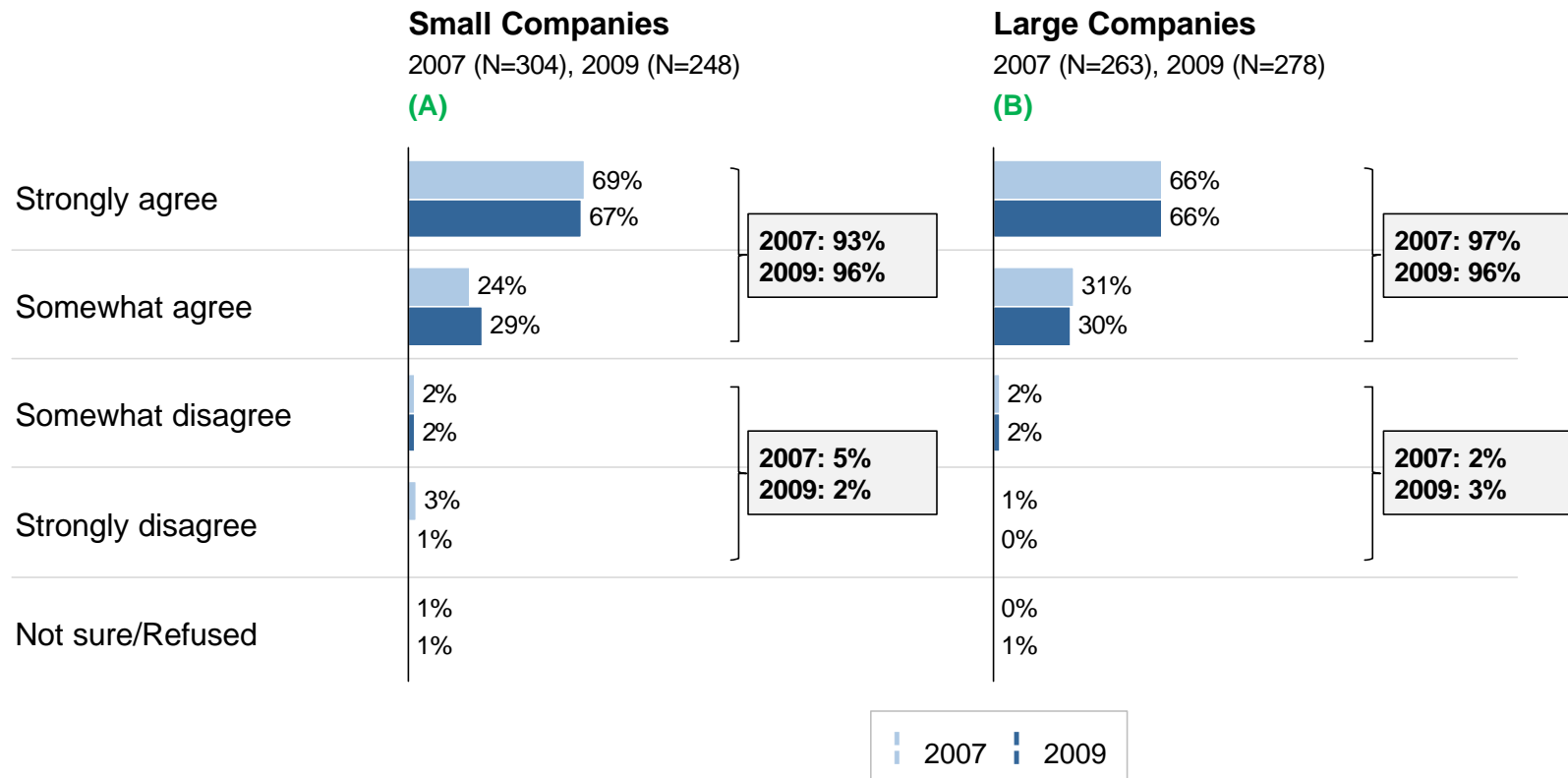
BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

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

Give Employees Info They Need

Large vs. Small Companies

- Both small and large employers agree they give their employees the right information.



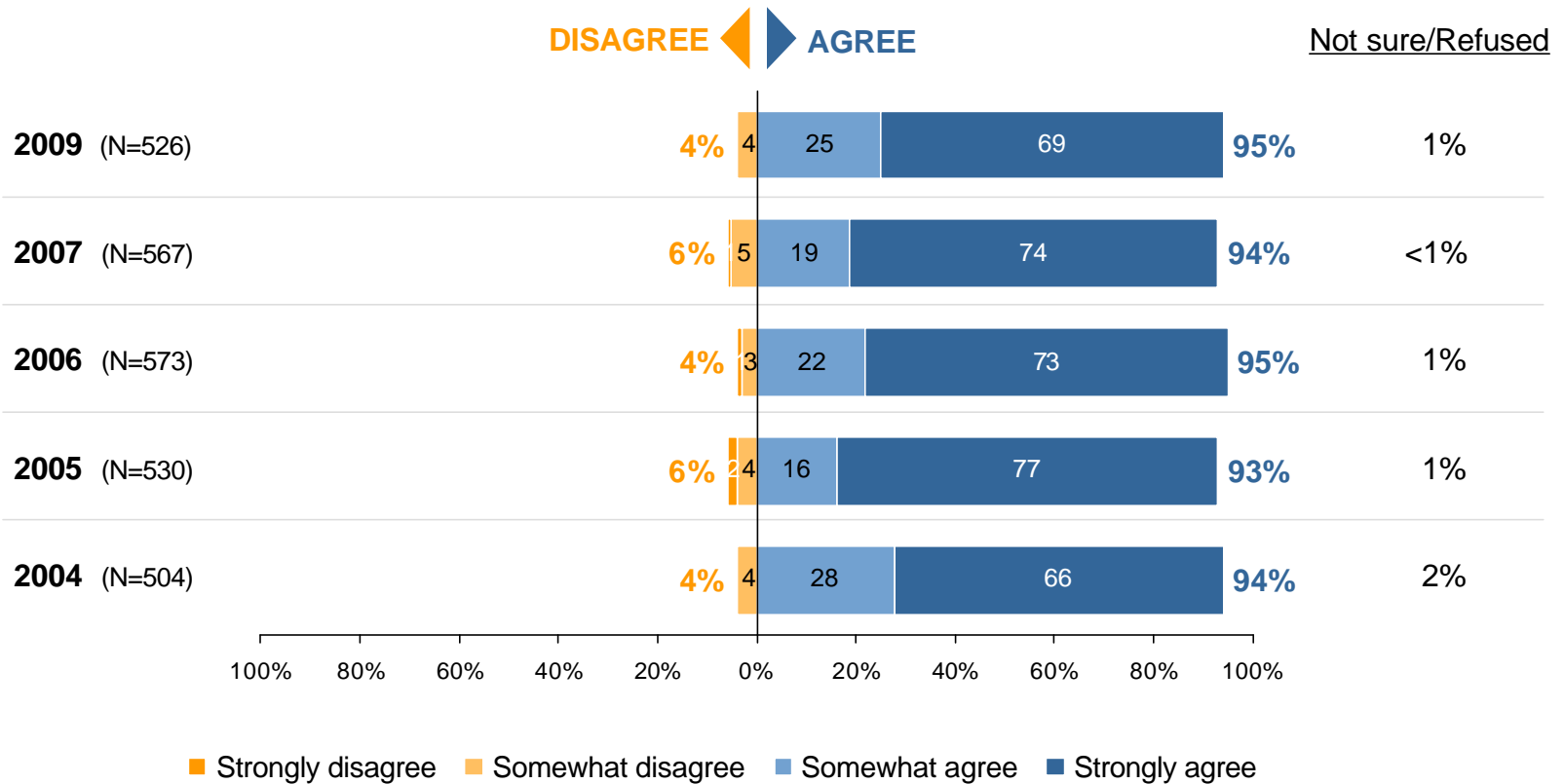
BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

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

Satisfied with Plan Provider

Annual Tracking

- While most employers are satisfied with their current retirement plan provider, there is a decline since 2007 in the percentage who strongly agree.

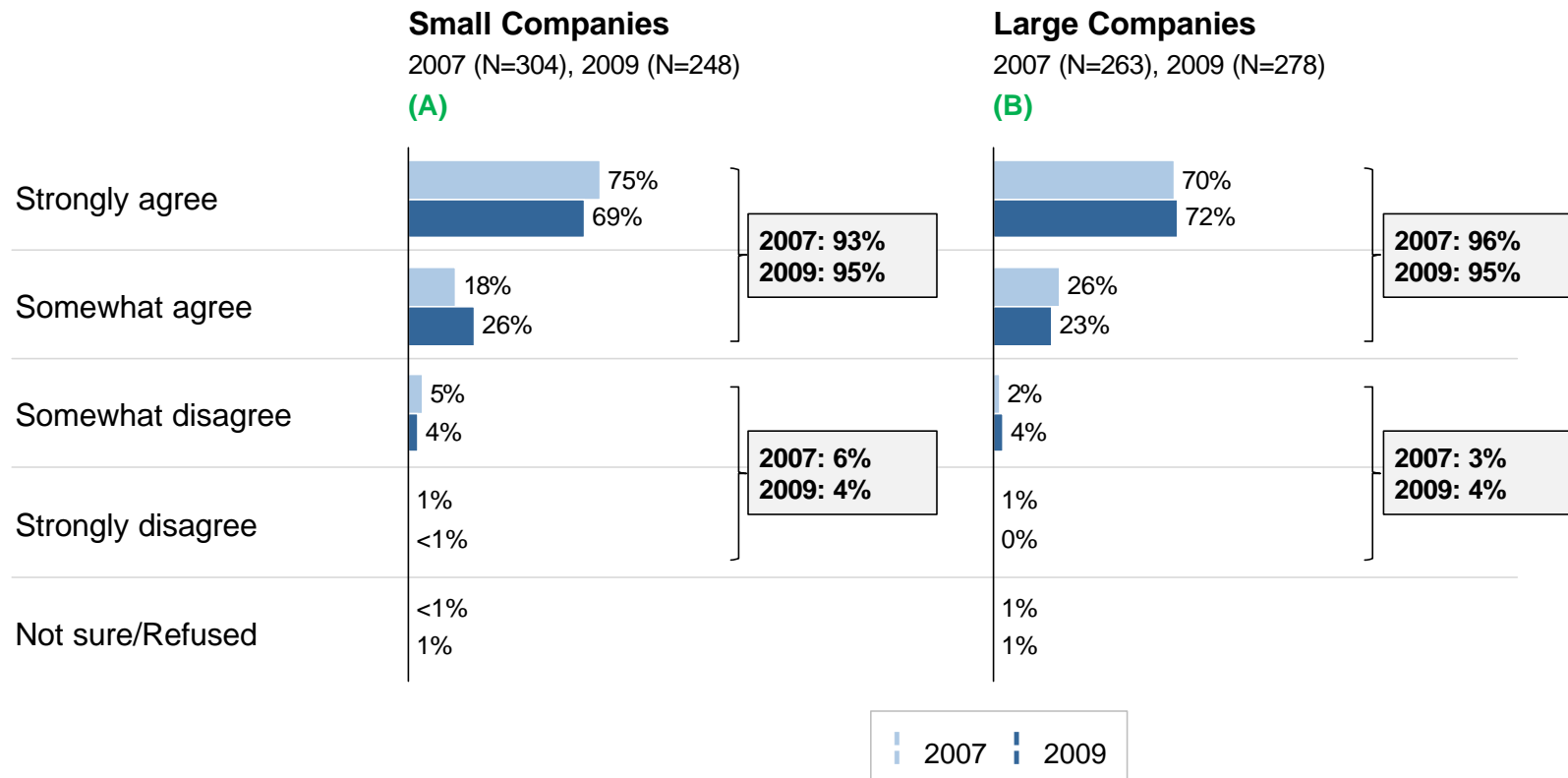


Note: Significance testing was only conducted between 2007 and 2009.
 BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN Q740. Our company is satisfied with our retirement plan provider.

Satisfied with Plan Provider

Large vs. Small Companies

- Satisfaction is consistent between large and small companies.

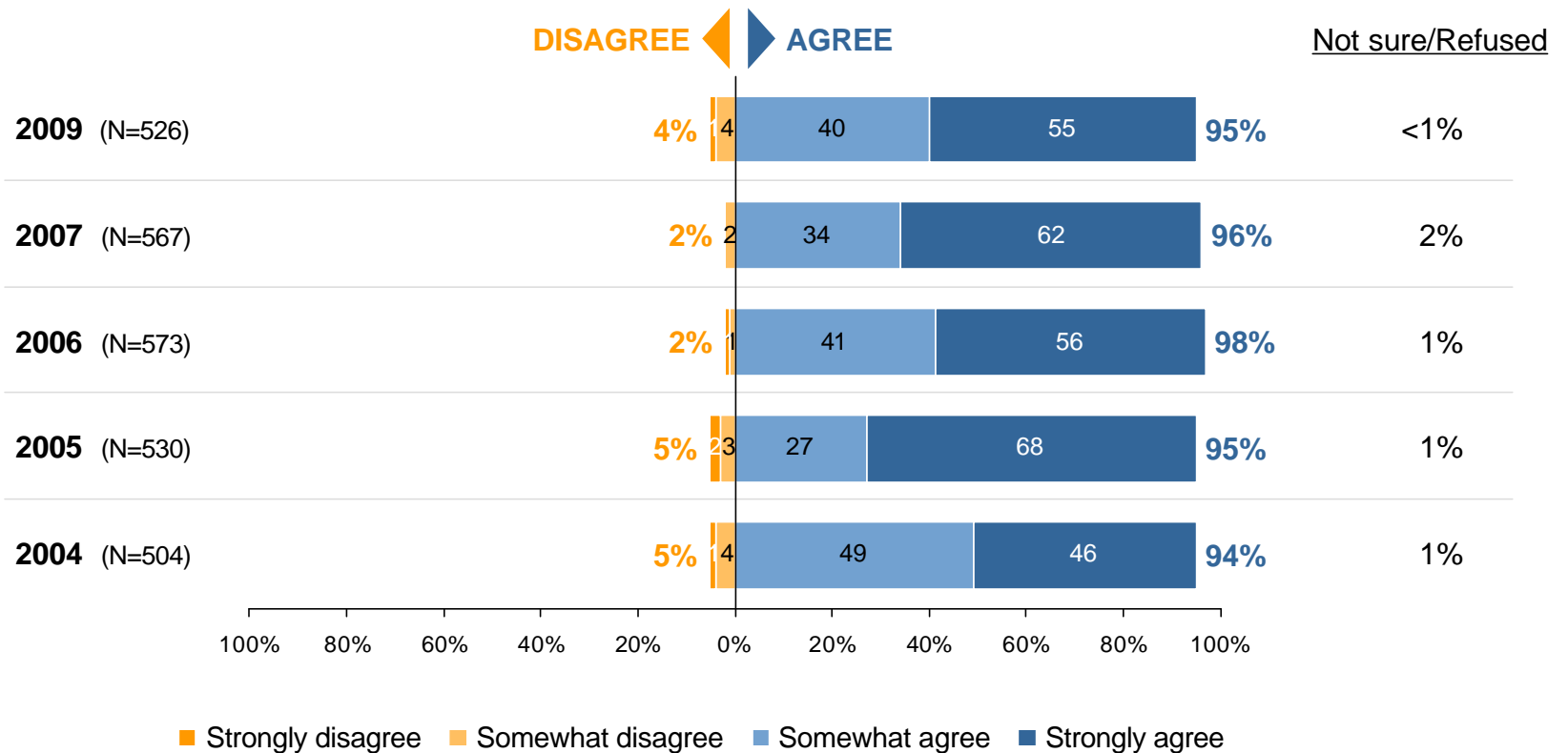


BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN Q740. Our company is satisfied with our retirement plan provider.

Employee Satisfaction with Retirement Plan

Annual Tracking

- The majority of employees agree that their employees are satisfied with the plan the company offers. However, since 2007 there has been a decrease in those who strongly agree.

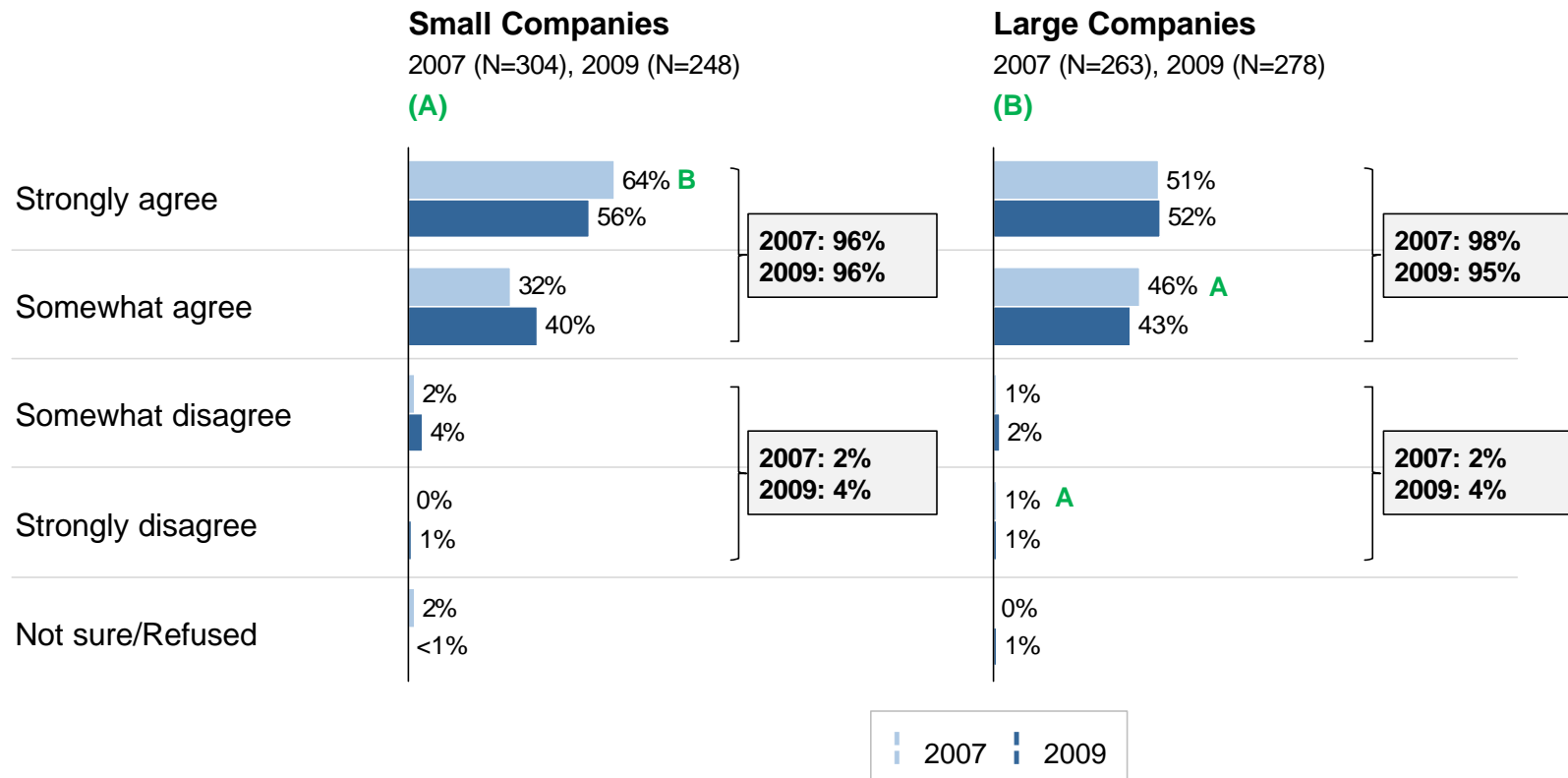


Note: Significance testing was only conducted between 2007 and 2009.
 BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN
 Q750. Our employees are satisfied with the retirement plan the company offers.

Employee Satisfaction with Retirement Plan

Large vs. Small Companies

- Satisfaction is consistent between large and small employers.

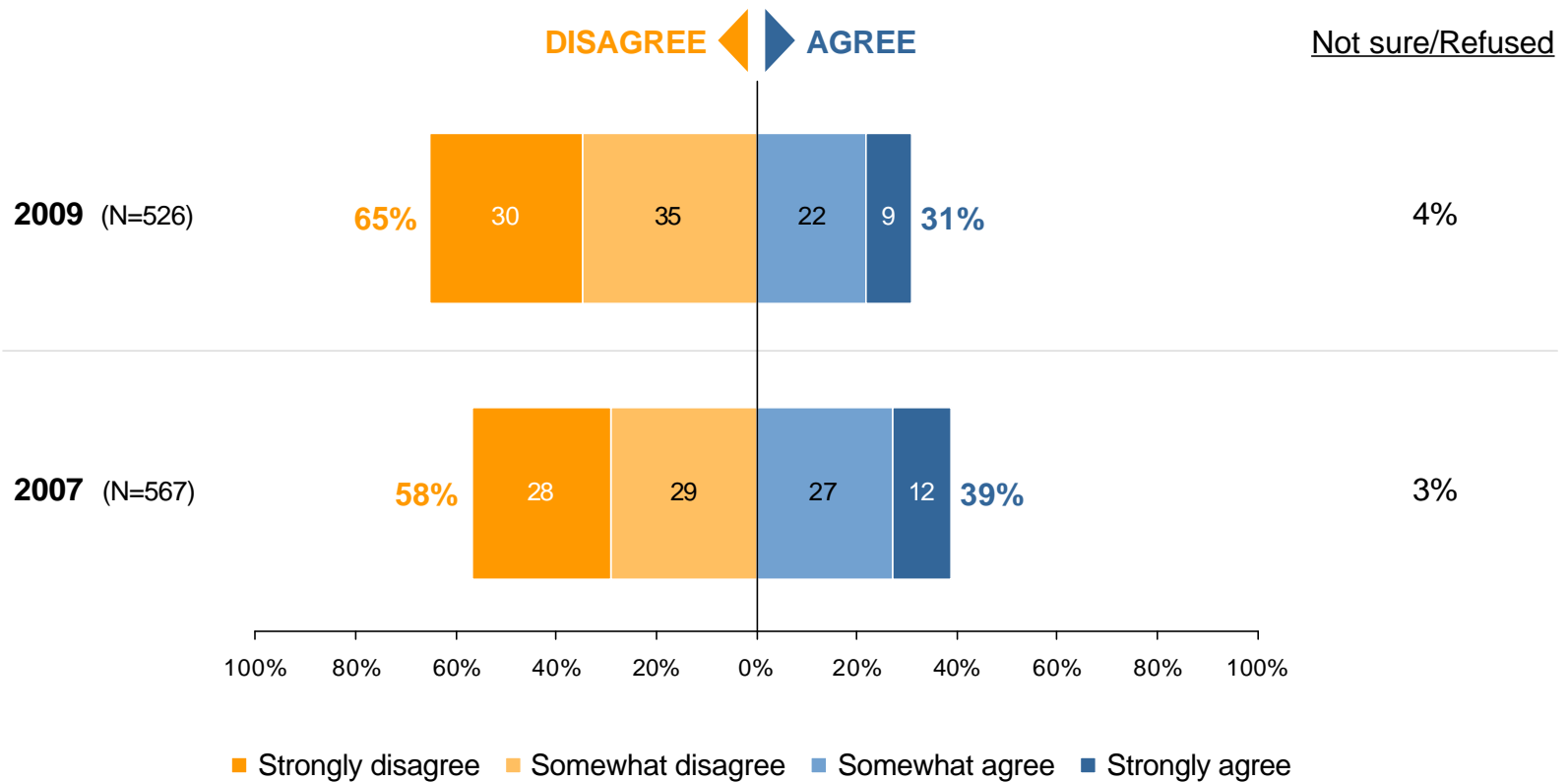


BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN Q750. Our employees are satisfied with the retirement plan the company offers.

Would Like More Info from Provider about Plan Fees and Expenses

Annual Tracking

- About two-thirds of employers disagree with the statement about wanting more information from their retirement plan provider about the fees and expenses associated with the plan.
- The percentage disagreeing has increased slightly from 2007.



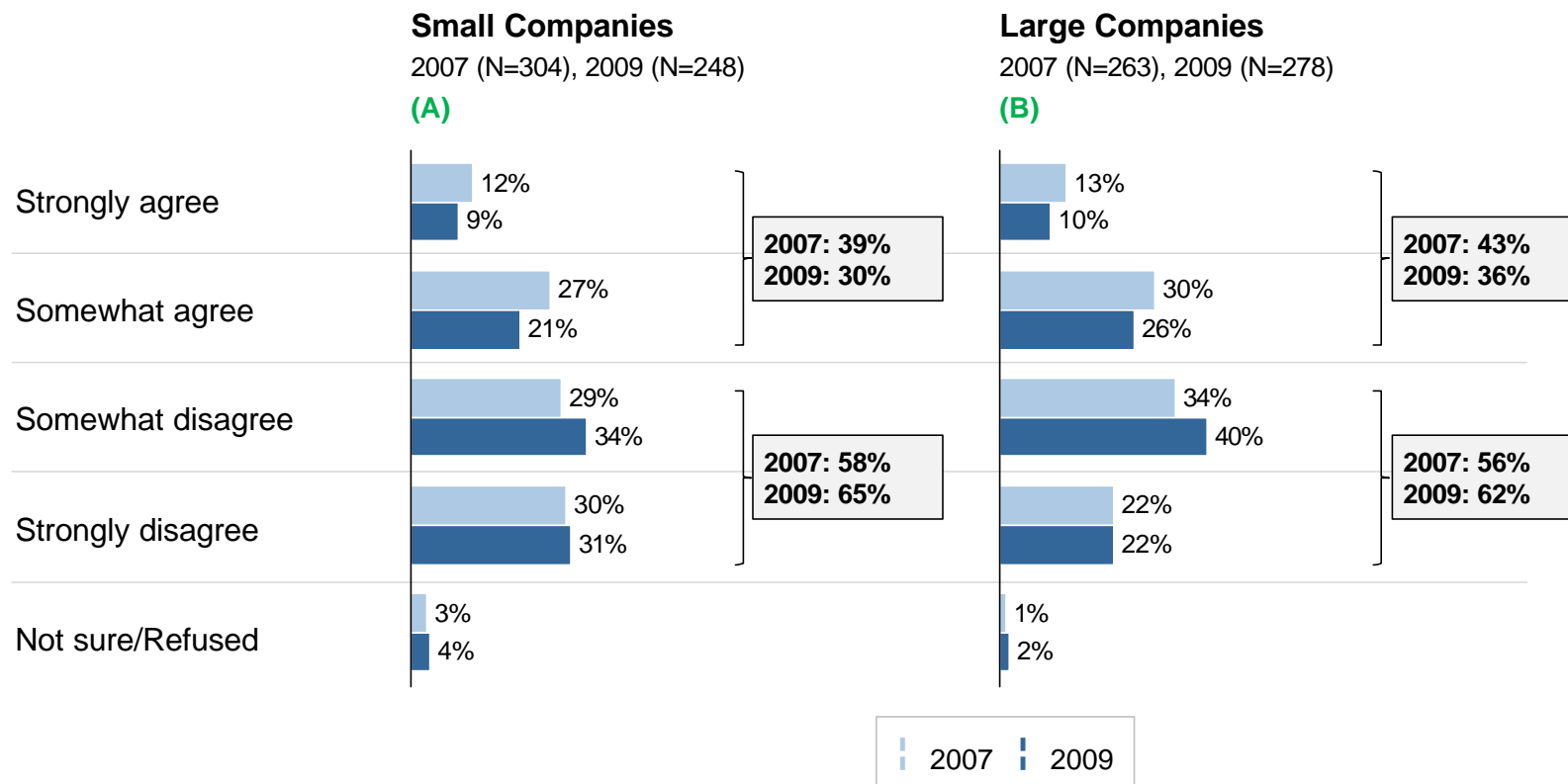
BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

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

Would Like More Info from Provider about Plan Fees and Expenses

Large vs. Small Companies

- About two-thirds of small and large employers disagree with the statement about wanting to receive more information from their retirement plan provider about fees and expenses.



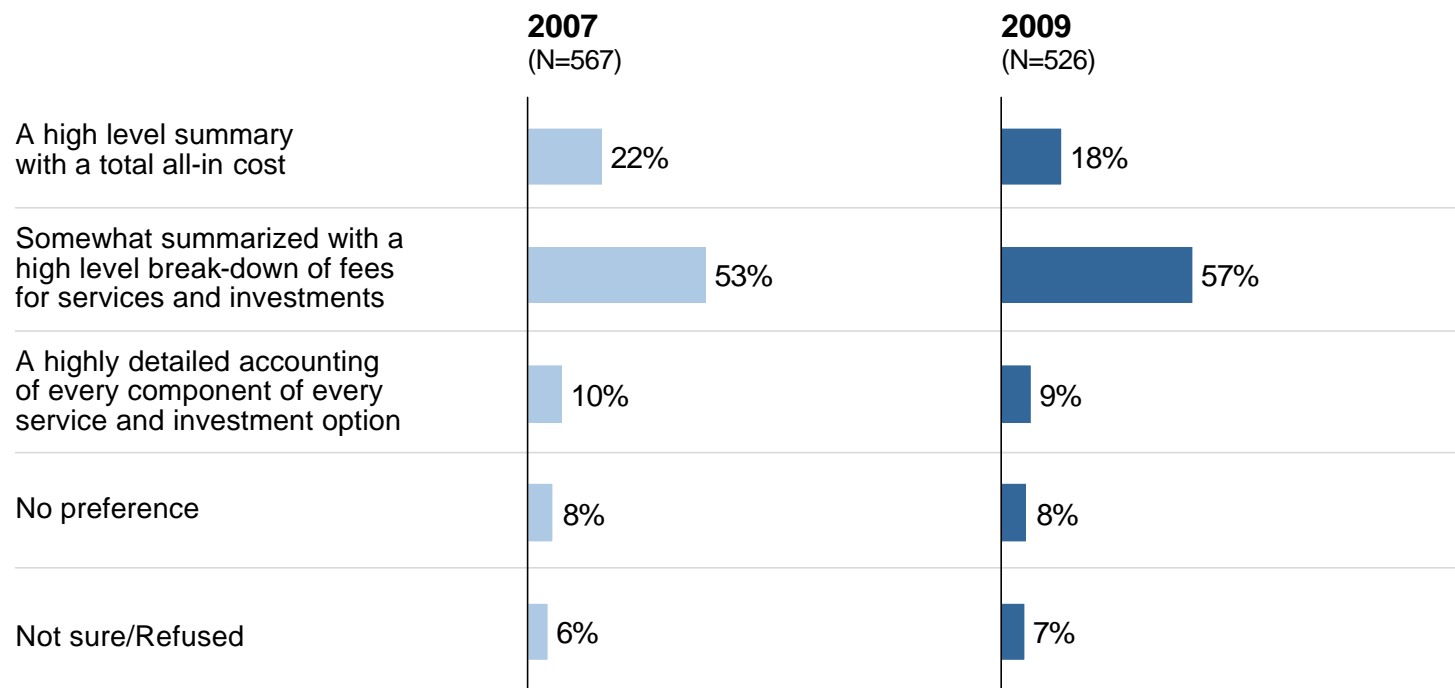
BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

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

Level of Detail Employees Would Prefer in Receiving Info about Plan Fees

Annual Tracking

- More than half of employers believe their employees would prefer a somewhat summarized, high level break-down of fees for services and investments.



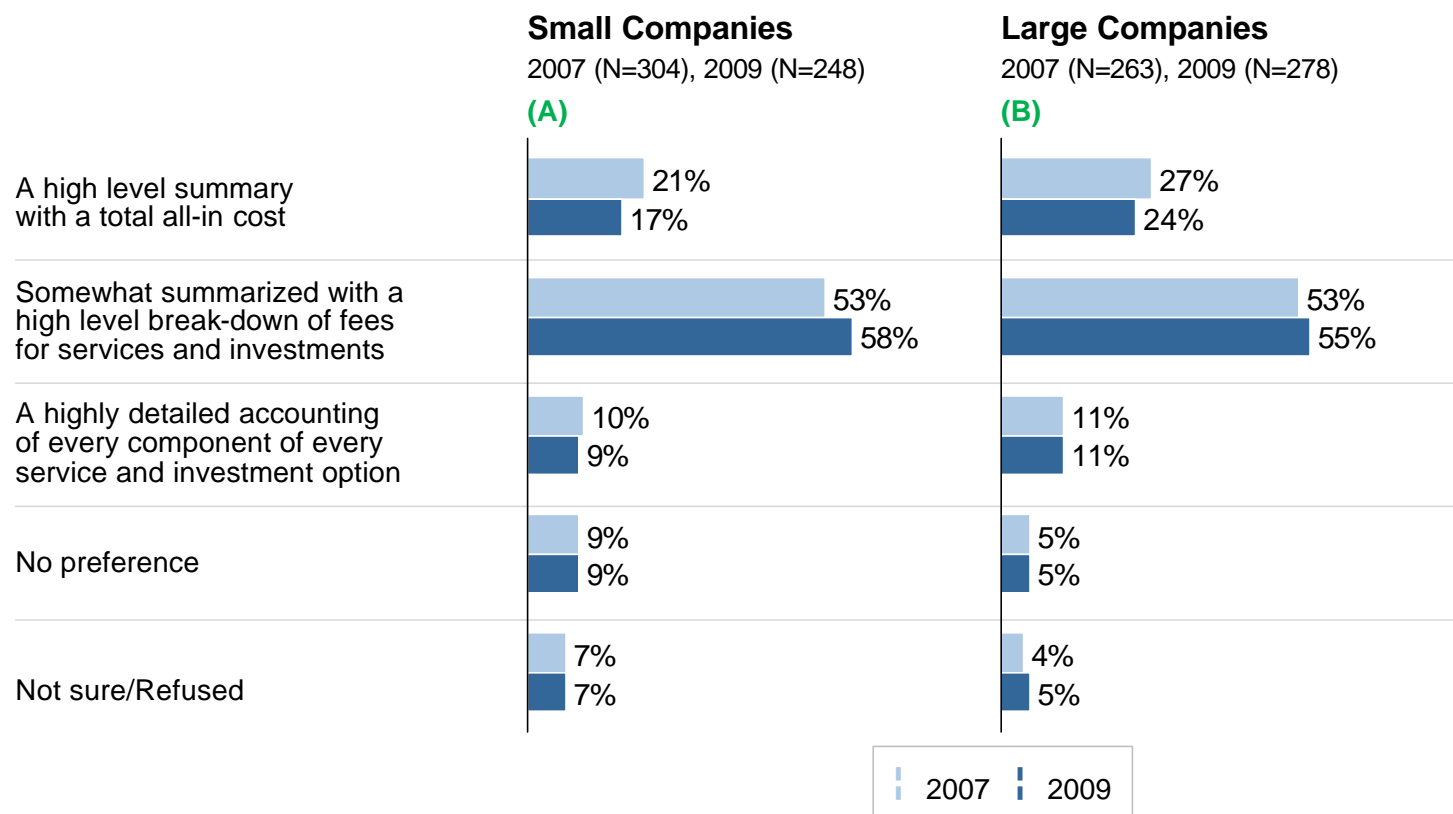
BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

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?

Level of Detail Employees Would Prefer in Receiving Info about Plan Fees

Large vs. Small Companies

- Both small and large employers believe their employees would prefer a somewhat summarized high level break-down of fees.



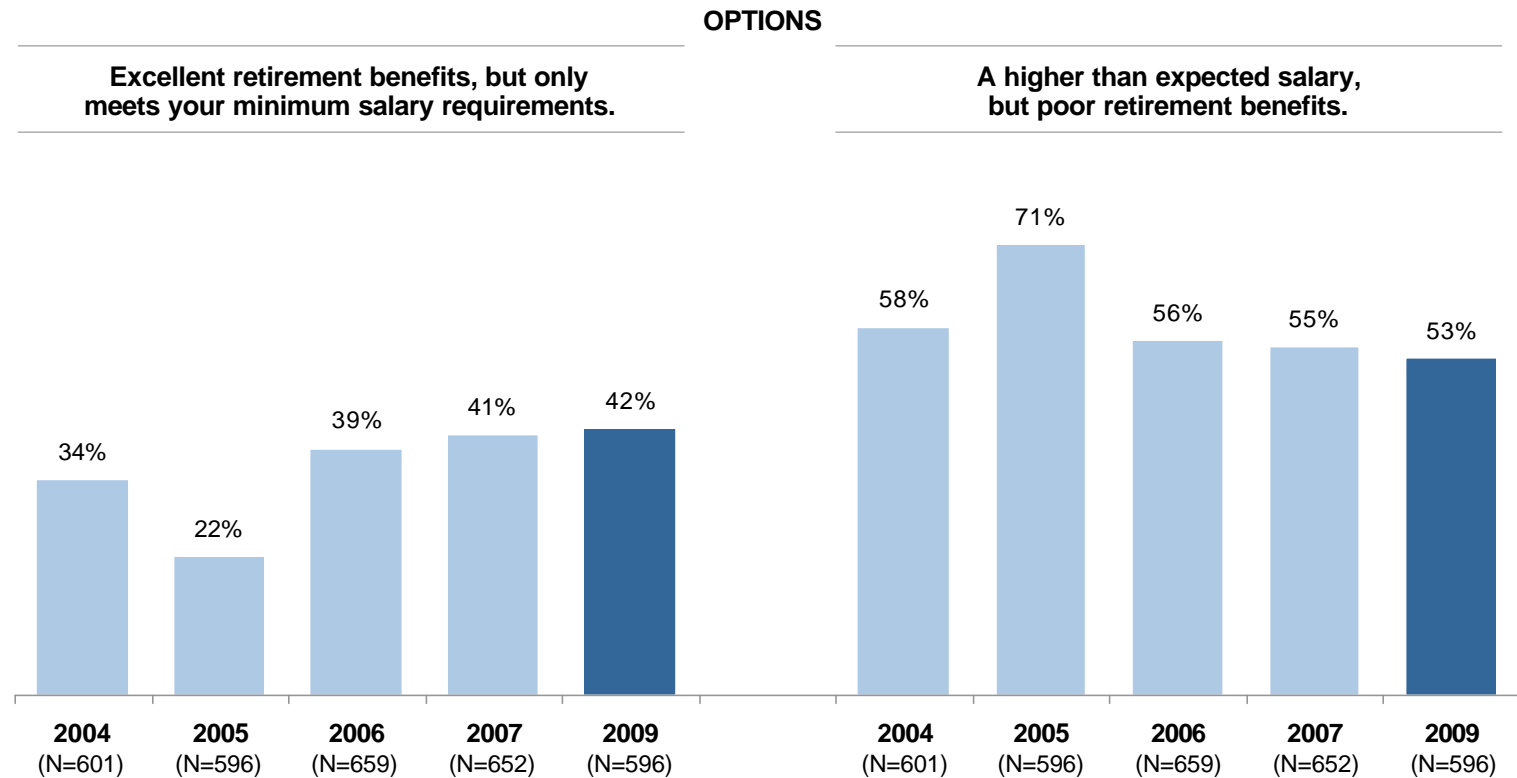
BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

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?

Option of Greater Interest to a Potential Employee

Annual Tracking

- Employers continue to believe employees prefer a higher salary over excellent retirement benefits. However, the gap between these two options continues to get smaller.



Note: Significance testing was only conducted between 2007 and 2009.

BASE: TOTAL RESPONDENTS

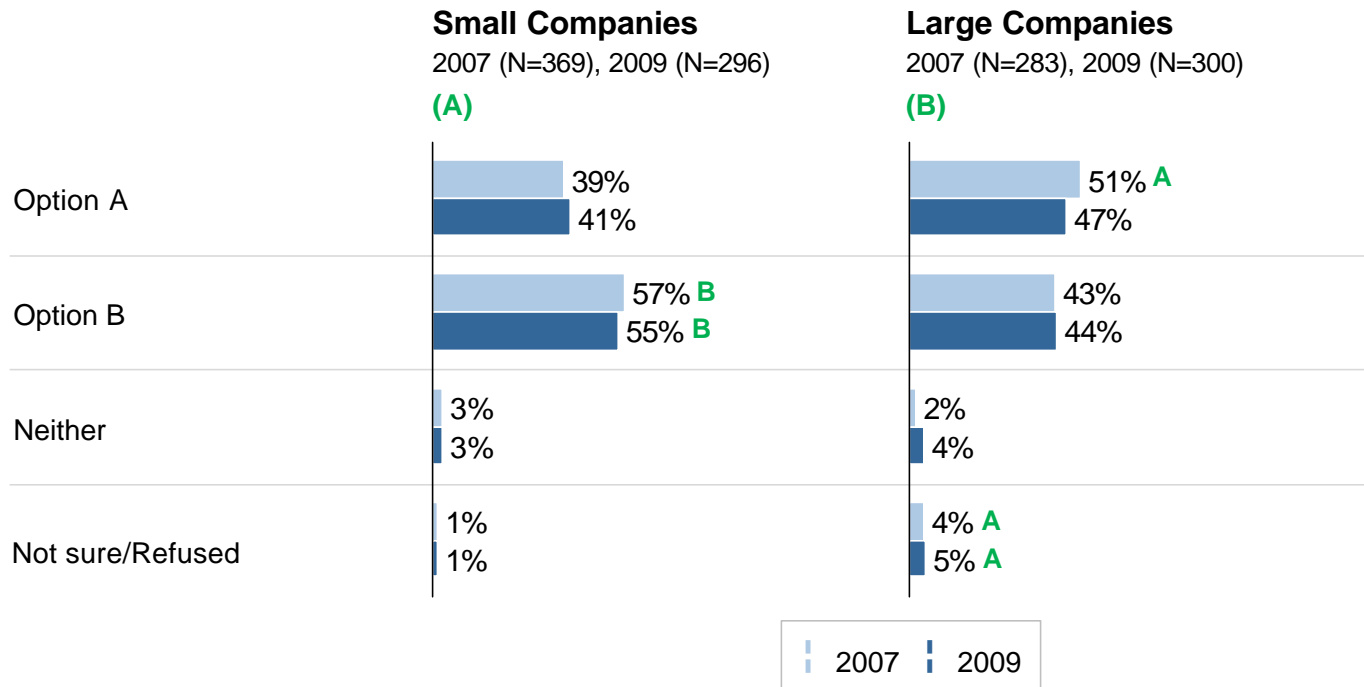
Q760. Suppose you could offer the following two choices in a job offer to a potential employee. Which one do you feel would be of greater interest to a potential employee?

Option of Greater Interest to a Potential Employee

Large vs. Small Companies

- Small employers are more likely than large employers to believe their employees prefer a higher salary over excellent retirement benefits.

Option A: Excellent retirement benefits, but only meets the potential employee's minimum salary requirements.
Option B: A higher than expected salary, but with poor retirement benefits.



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?

Actions Taken to Help Employees Transition to Retirement

Annual Tracking

- Most employers allow terminated plan participants to leave their money in the plan, provide information about distribution options, and distribute retirement planning materials.

	2005 (N=501)	2006 (N=573)	2007 (N=567)	2009 (N=526)
Allow terminated retirement plan participants to leave their money in the plan*	61%	72%	70%	76%
Provide information about the distribution options available in your retirement plan*	58%	69%	67%	68%
Distribute retirement planning materials	48%	54%	50%	57%
Allow systematic withdrawals by terminated plan participants	36%	47%	40%	47%
Offer financial counseling	27%	37%	36%	32%
Offer an income annuity as a payout option in your retirement plan	16%	27%	26%	24%
Offer pre-retirement seminars	19%	23%	22%	21%
Nothing	15%	7%	7%	10%
Something else	2%	2%	<1%	<1%
Not sure	2%	3%	3%	3%

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

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

Actions Taken to Help Employees Transition to Retirement

Large vs. Small Companies

- Large employers are more likely than small employers to take most of these actions to help employees transition to retirement.

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

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

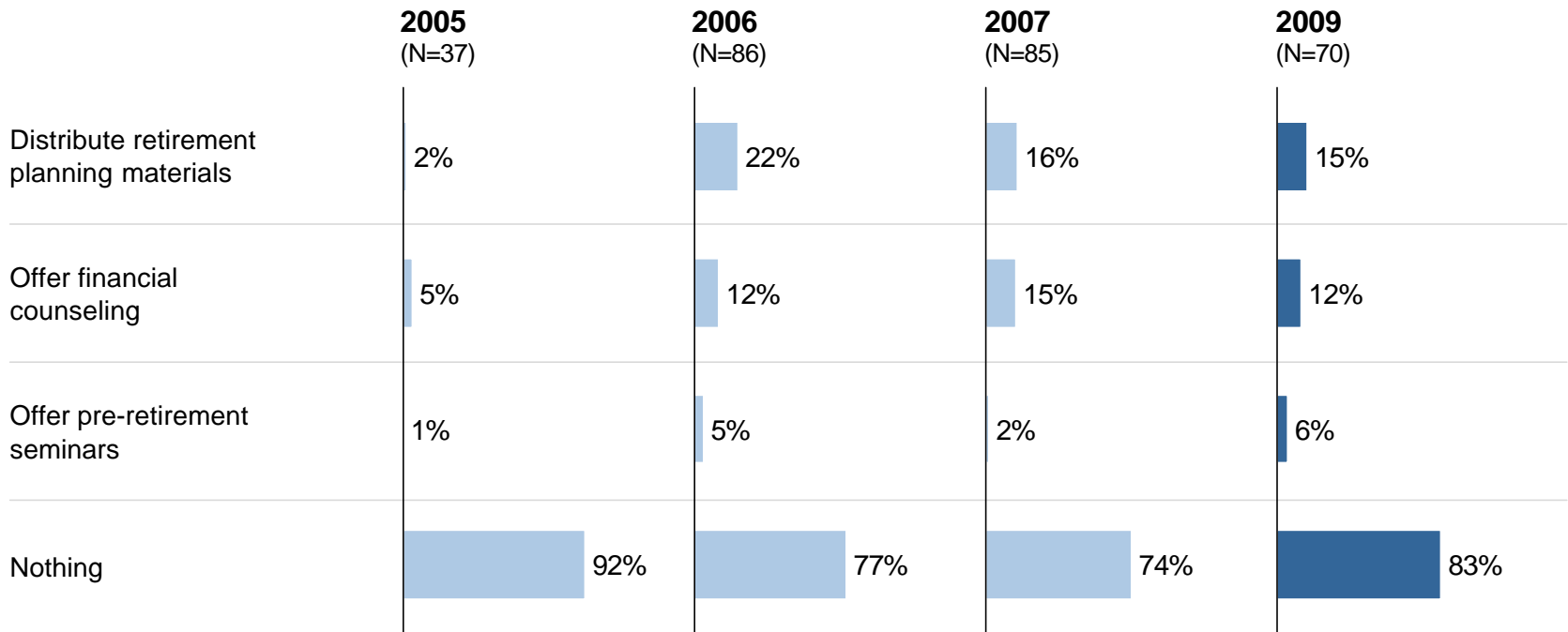
BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

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

Actions Taken to Help Employees Transition to Retirement When No 401(k) or Other Self-funded Plan Is Offered

Annual Tracking

- Few employers who do not offer employee-funded plans do much to help their employees transition to retirement. In fact, there is an increase since 2007 among employers who do nothing.



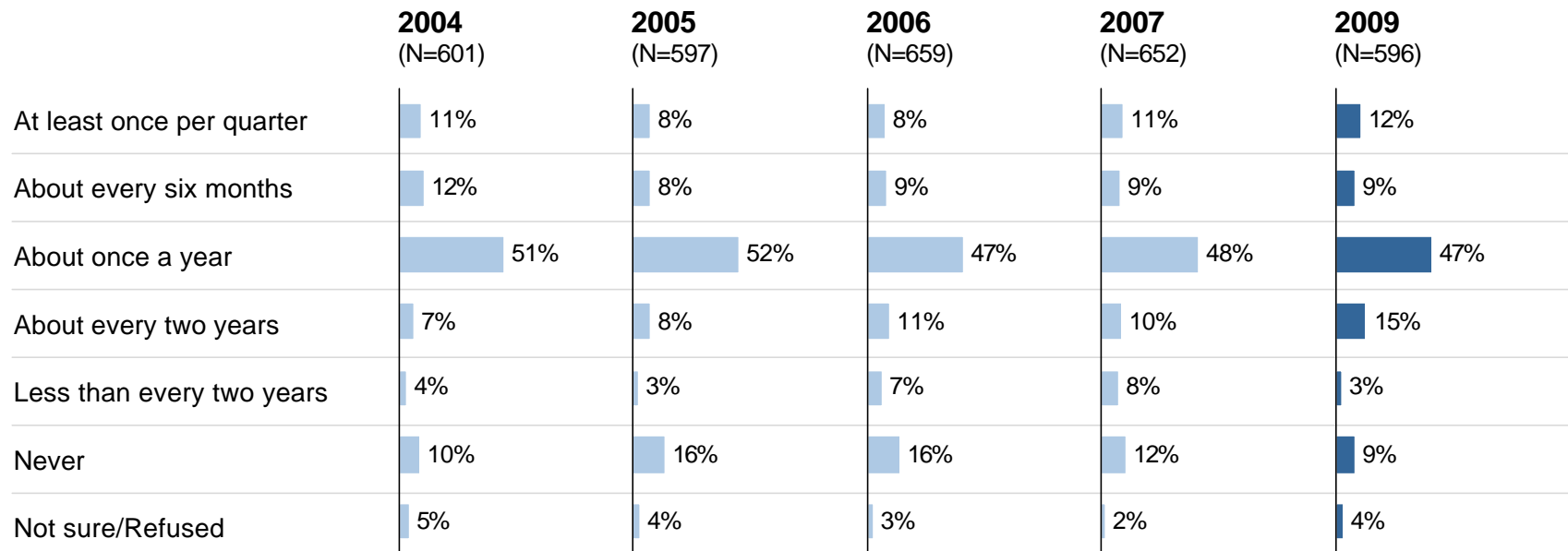
Note: Significance testing was only conducted between 2007 and 2009.
 BASE: DOES NOT OFFER 401(k) NOR OTHER SELF FUNDED PLAN

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

Frequency Retirement Benefits Are Evaluated

Annual Tracking

- Most employers evaluate their retirement benefits about once a year.



Note: Significance testing was only conducted between 2007 and 2009.

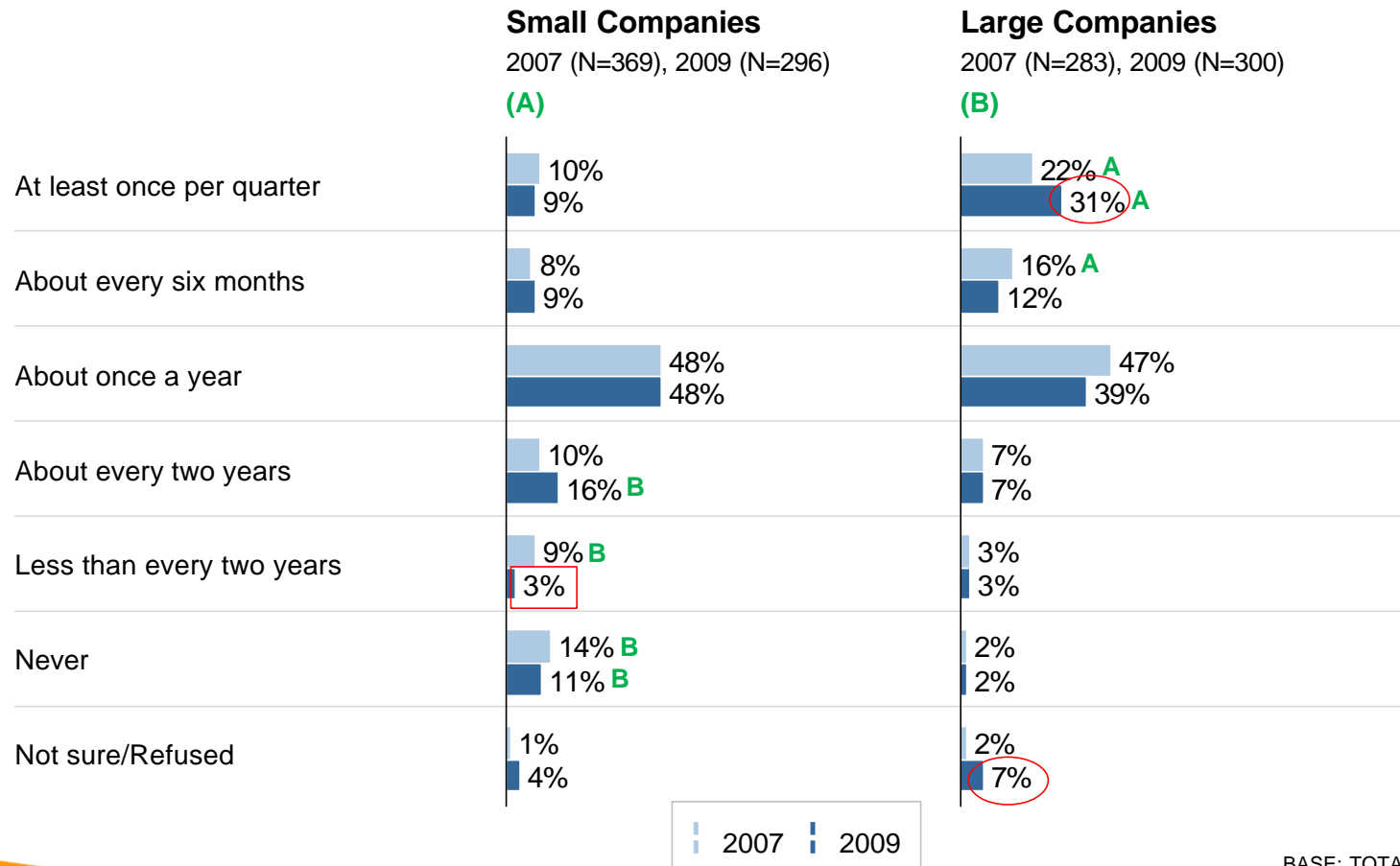
BASE: TOTAL RESPONDENTS

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

Frequency Retirement Benefits Are Evaluated

Large vs. Small Companies

- While the majority of employers evaluate their plans once a year, large employers are more likely than small employers to evaluate their retirement plans at least once per quarter.



2007 2009

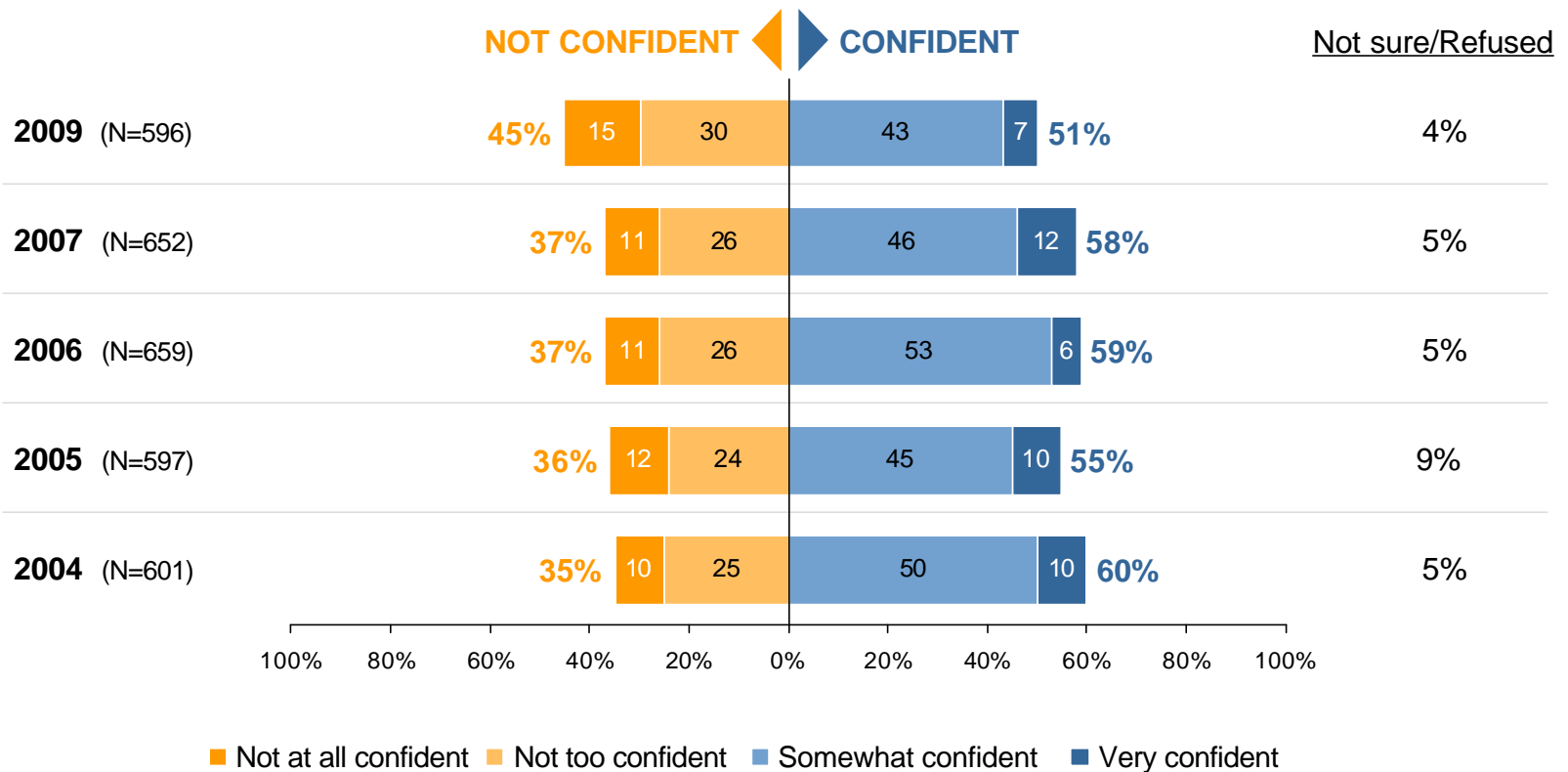
BASE: TOTAL RESPONDENTS

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

Level of Confidence Employees May Have of Achieving a Comfortable Lifestyle

Annual Tracking

- There is a decrease in employer confidence from last year in their employees being able to achieve a comfortable lifestyle in their retirement.



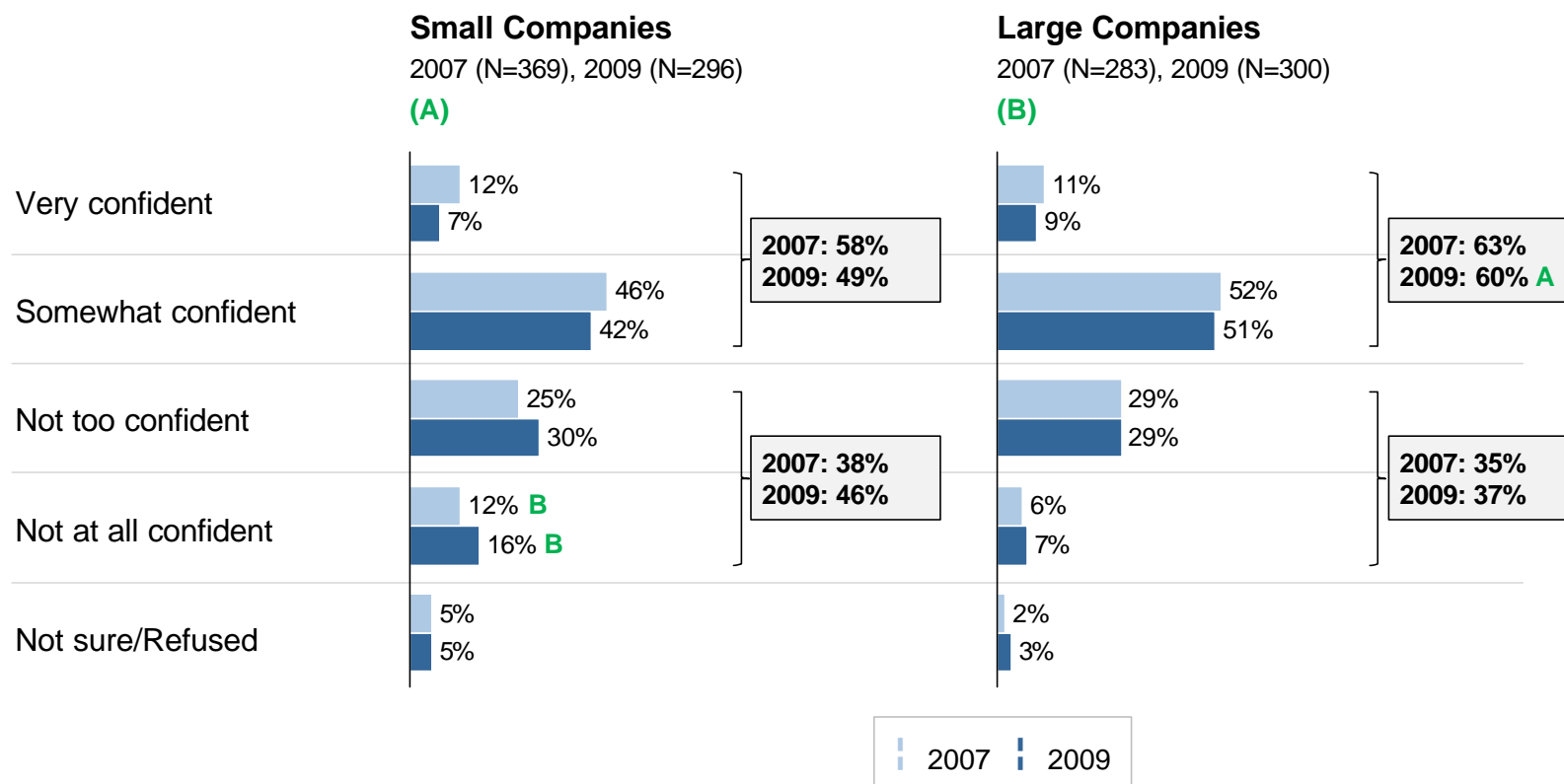
Note: Significance testing was only conducted between 2007 and 2009.
 BASE: TOTAL RESPONDENTS

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?

Level of Confidence Employees May Have of Achieving a Comfortable Lifestyle

Large vs. Small Companies

- Compared to small employers, large employers are more confident that their employees will have a comfortable retirement.



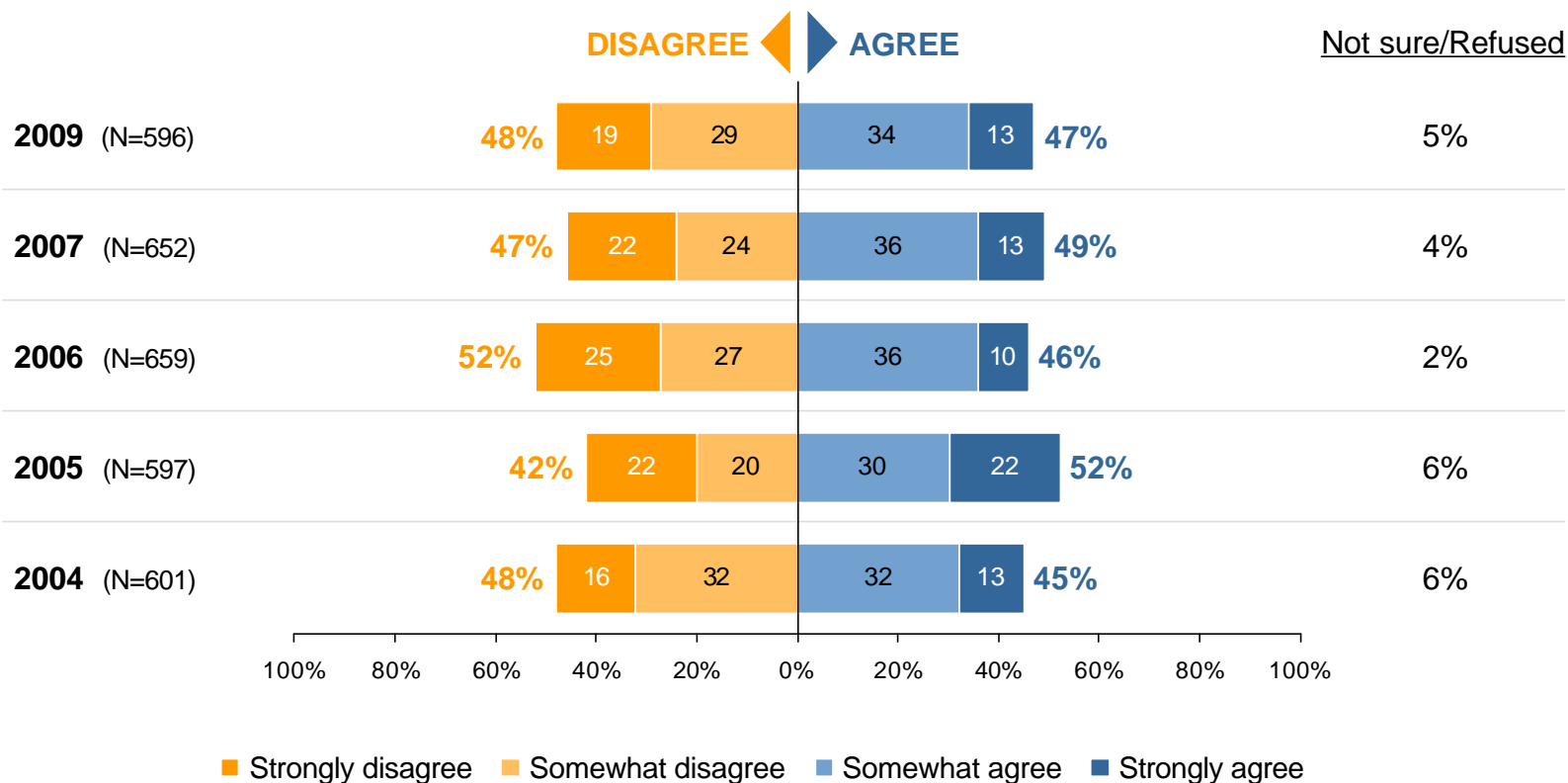
BASE: TOTAL RESPONDENTS

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?

Employees Very Involved

Annual Tracking

- Consistent with recent years, less than half of employers agree their employees are very involved in monitoring and managing their retirement savings.



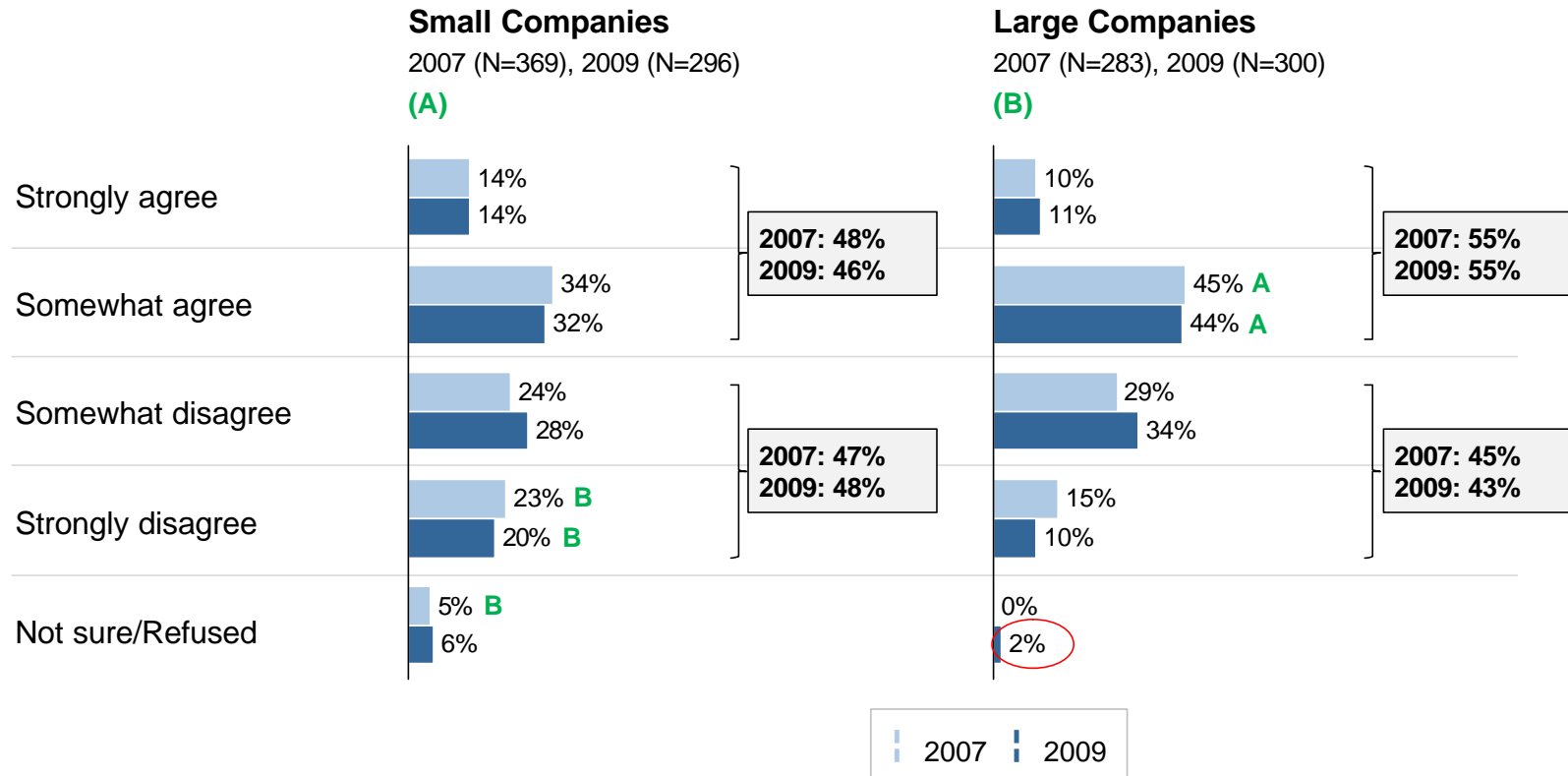
Note: Significance testing was only conducted between 2007 and 2009.
 BASE: TOTAL RESPONDENTS

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

Employees Very Involved

Large vs. Small Companies

- Large employers are more likely than small employers to agree their employees are very involved in monitoring their retirement savings.



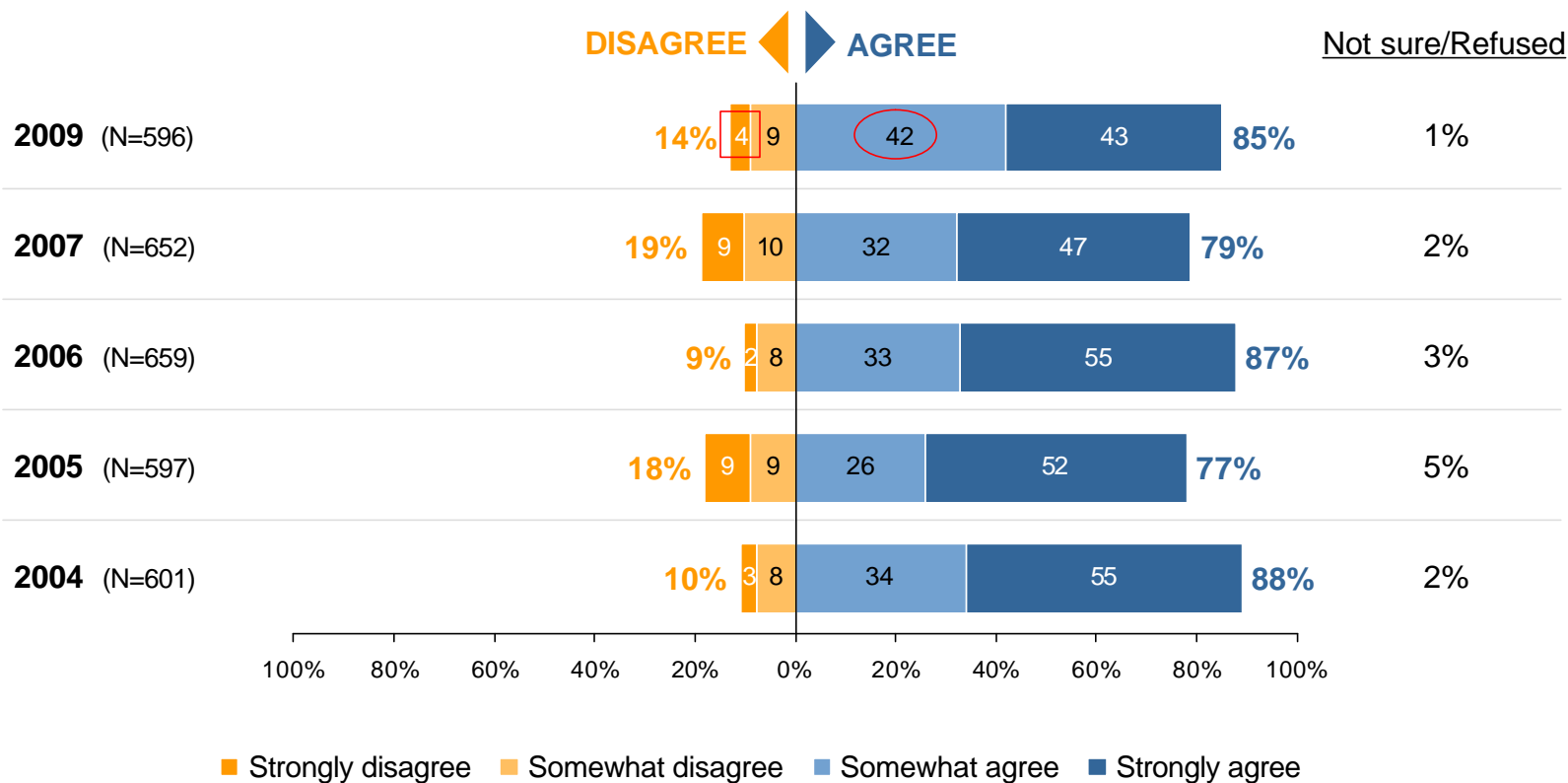
BASE: TOTAL RESPONDENTS

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

Employees Don't Know as Much as They Should

Annual Tracking

- There is an increase from 2007 in the percentage of employers who agree their employees do not know as much as they should about retirement investing.



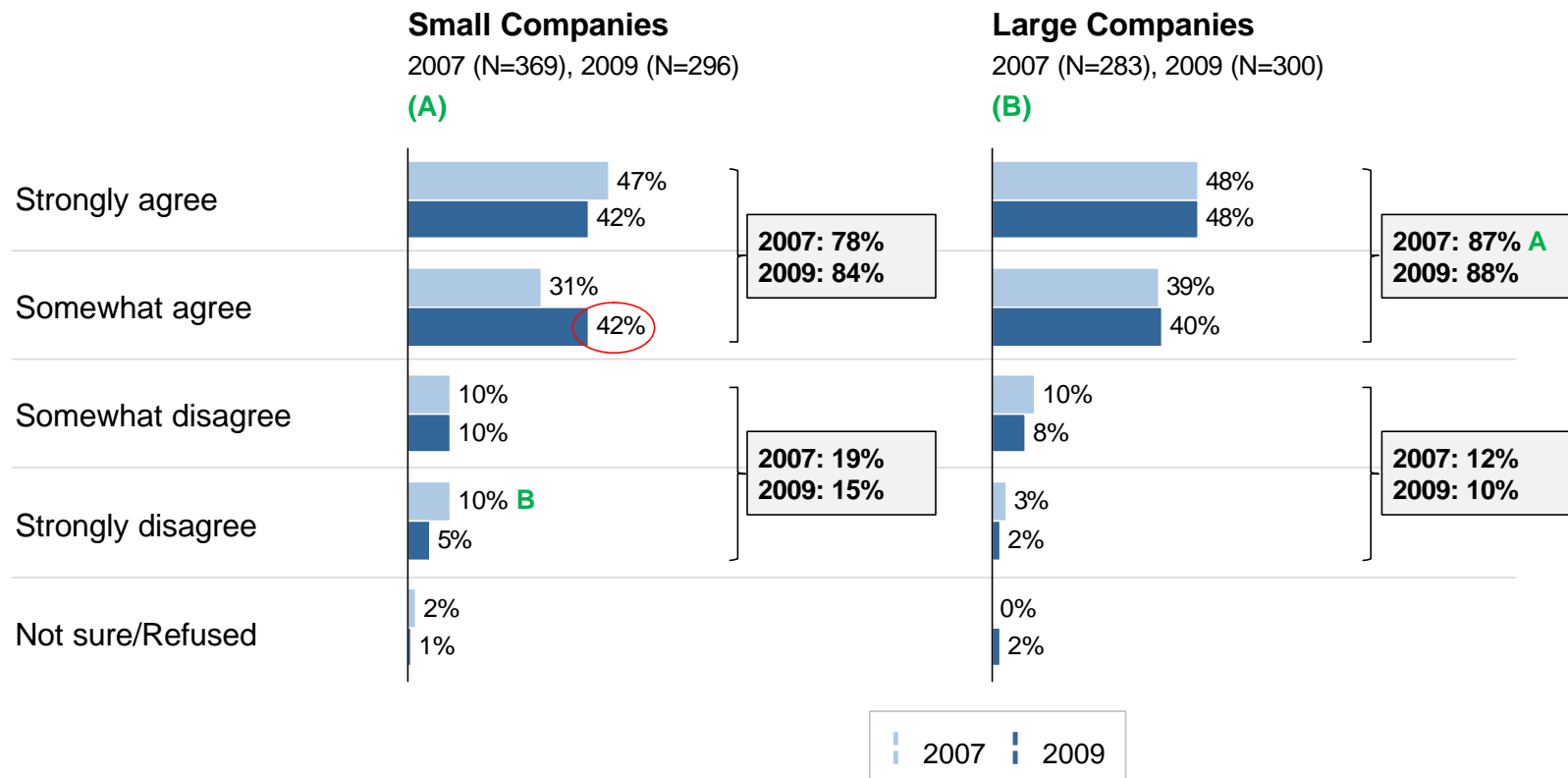
Note: Significance testing was only conducted between 2007 and 2009.
 BASE: TOTAL RESPONDENTS

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

Employees Don't Know as Much as They Should

Large vs. Small Companies

- Regardless of company size, employers do not think employees know as much as they should about retirement investing.



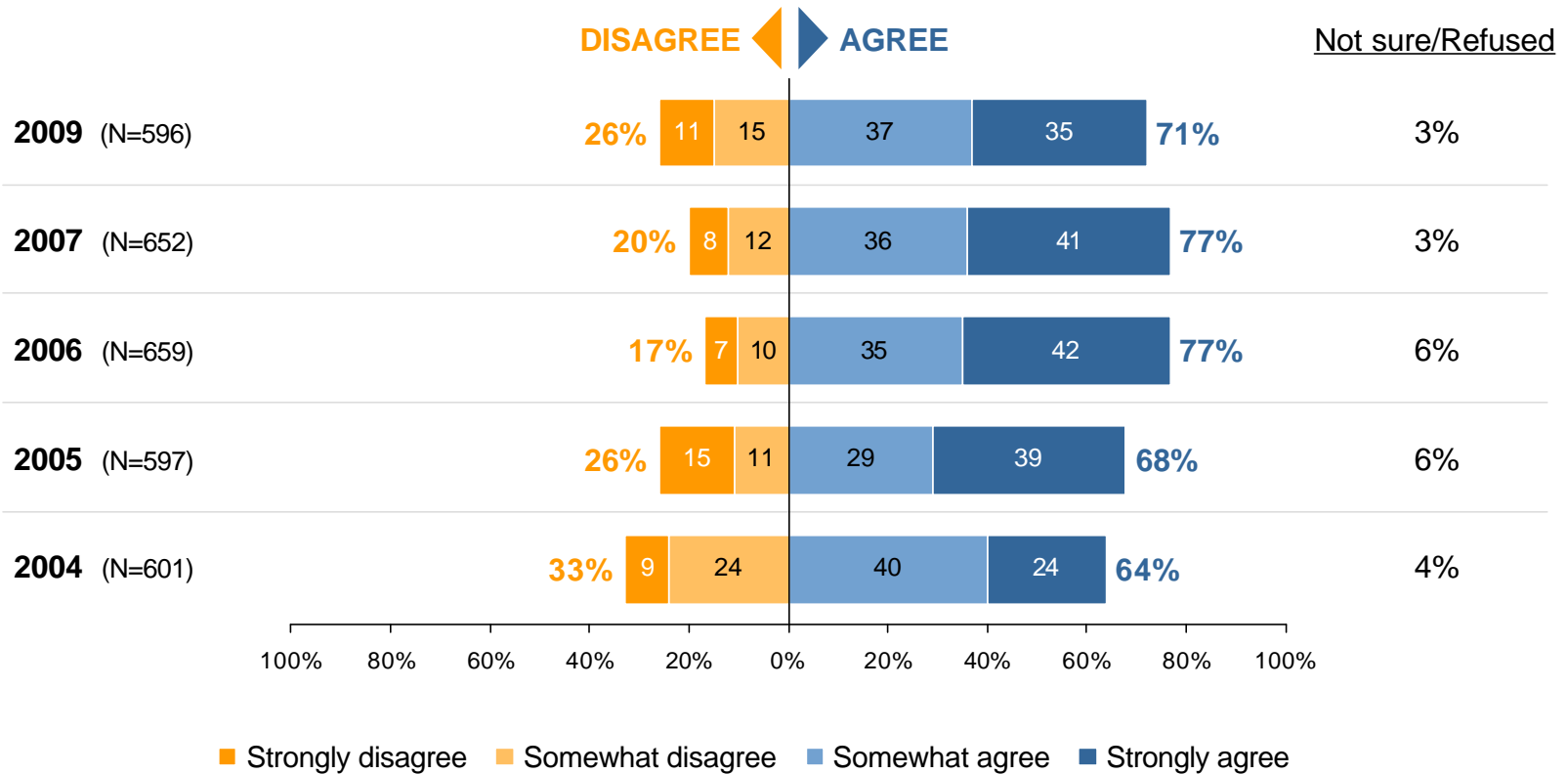
BASE: TOTAL RESPONDENTS

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

Employees Prefer to Rely on Outside Experts

Annual Tracking

- Almost three-quarters of employers agree their employees would prefer to rely on outside experts to monitor their retirement savings.



Note: Significance testing was only conducted between 2007 and 2009.

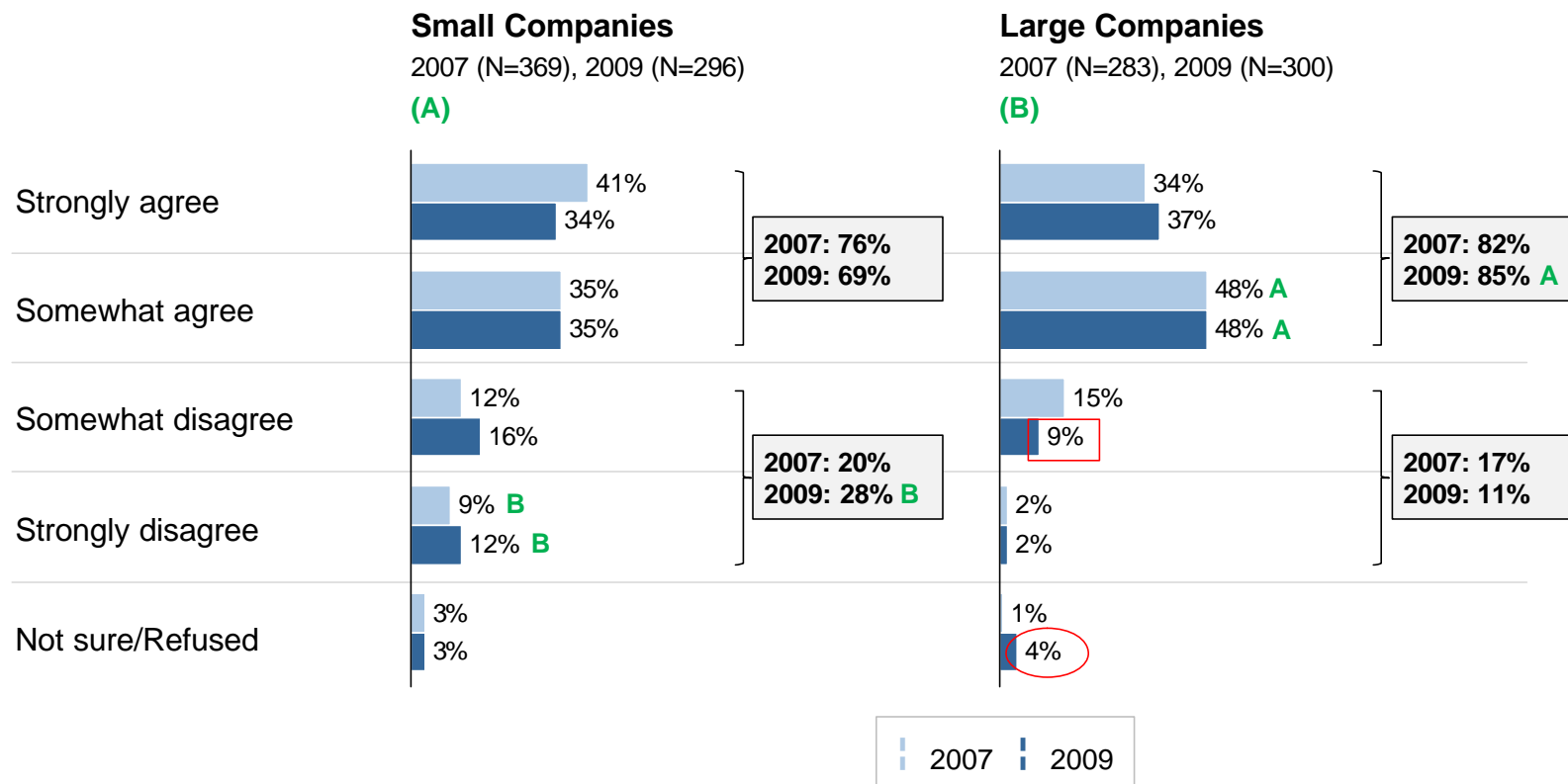
BASE: TOTAL RESPONDENTS

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

Employees Prefer to Rely on Outside Experts

Large vs. Small Companies

- Large employers are more likely than small employers to agree their employees would prefer to rely on outside experts.



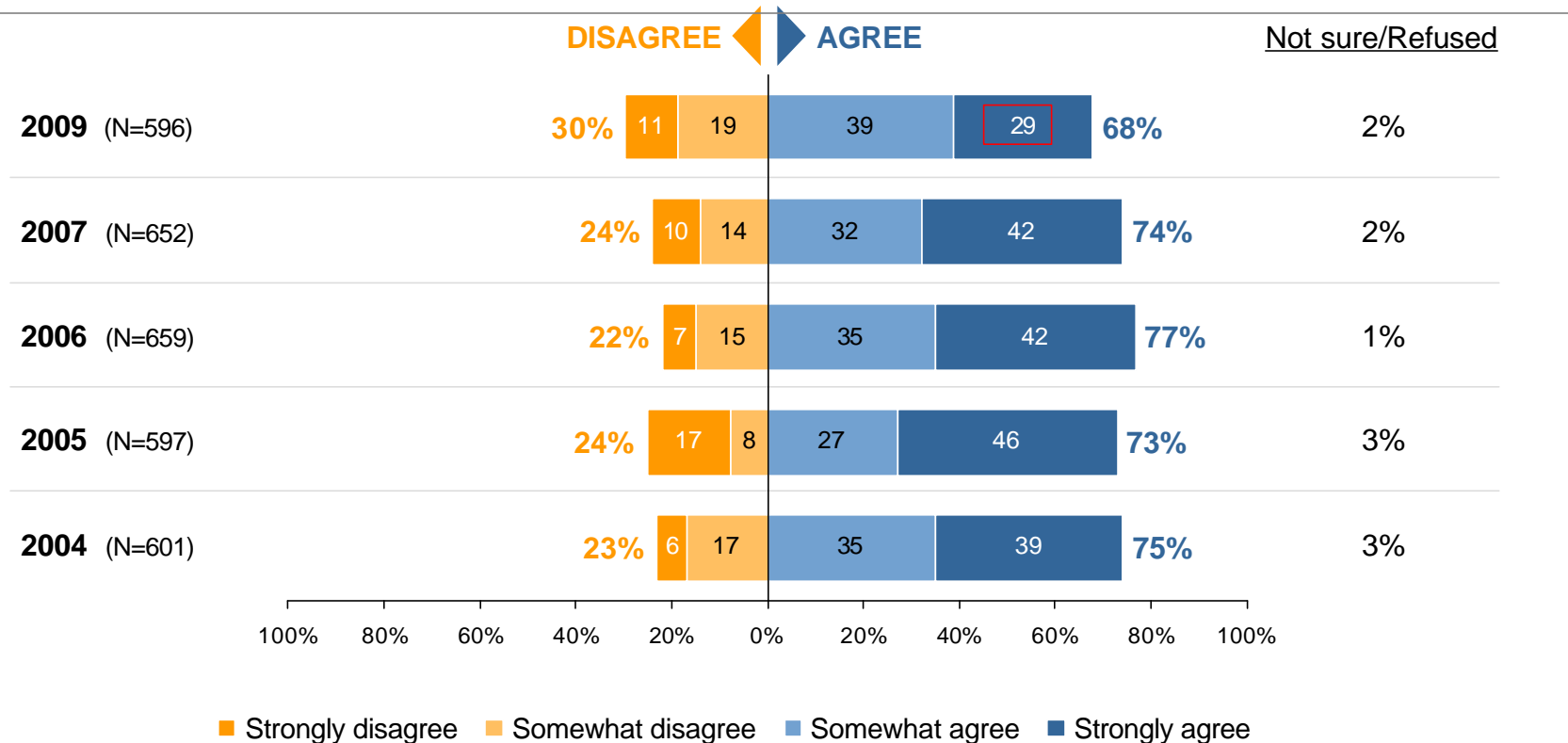
BASE: TOTAL RESPONDENTS

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

Employees Prefer Not to Think about Retirement Until Date Nears

Annual Tracking

- Fewer employers than in 2007 agree that most employees at their company prefer not to think about retirement investing until they are closer to retirement. Specifically, the percentage of those who strongly agree has decreased.

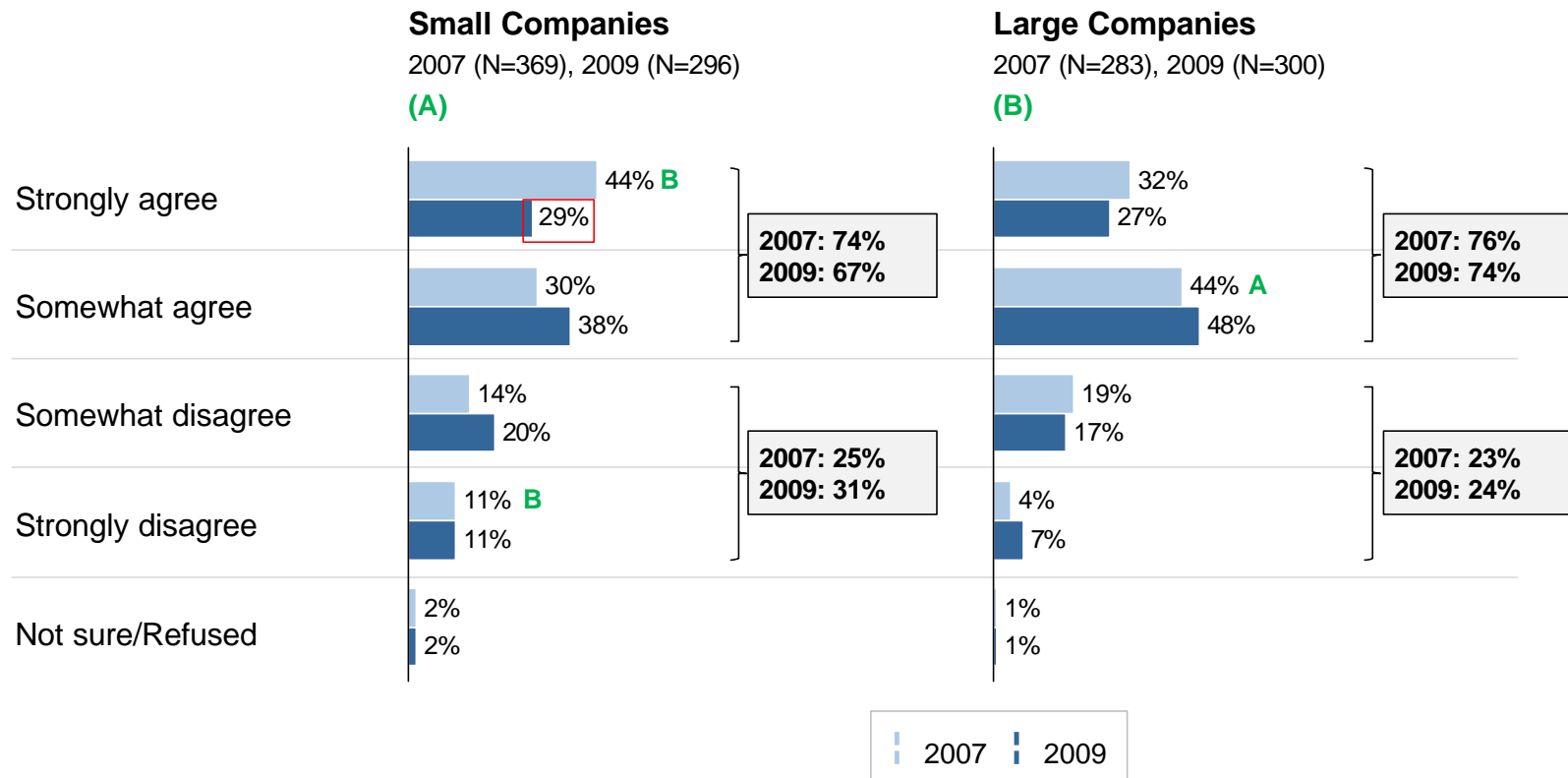


Note: Significance testing was only conducted between 2007 and 2009.
 BASE: TOTAL RESPONDENTS
 Q840. Most employees at my company prefer not to think about or concern themselves with retirement investing until they get closer to their retirement date.

Employees Prefer Not to Think about Retirement Until Date Nears

Large vs. Small Companies

- Fewer small employers strongly agree with this statement than in 2007.



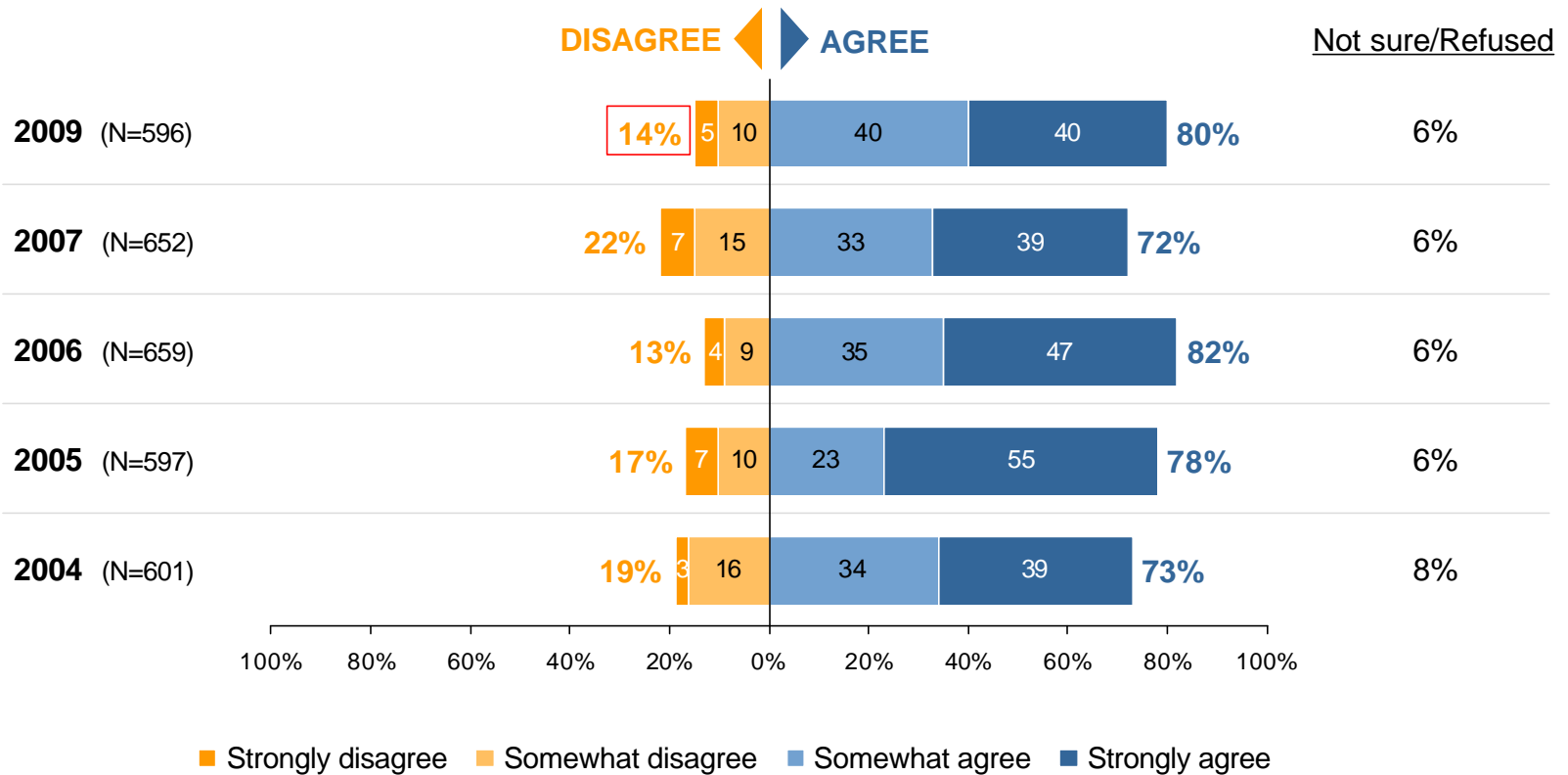
BASE: TOTAL RESPONDENTS

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.

Employees Not Saving Enough

Annual Tracking

- Most employers agree their employees can work until age 65 and not save enough to meet their retirement needs.



Note: Significance testing was only conducted between 2007 and 2009.

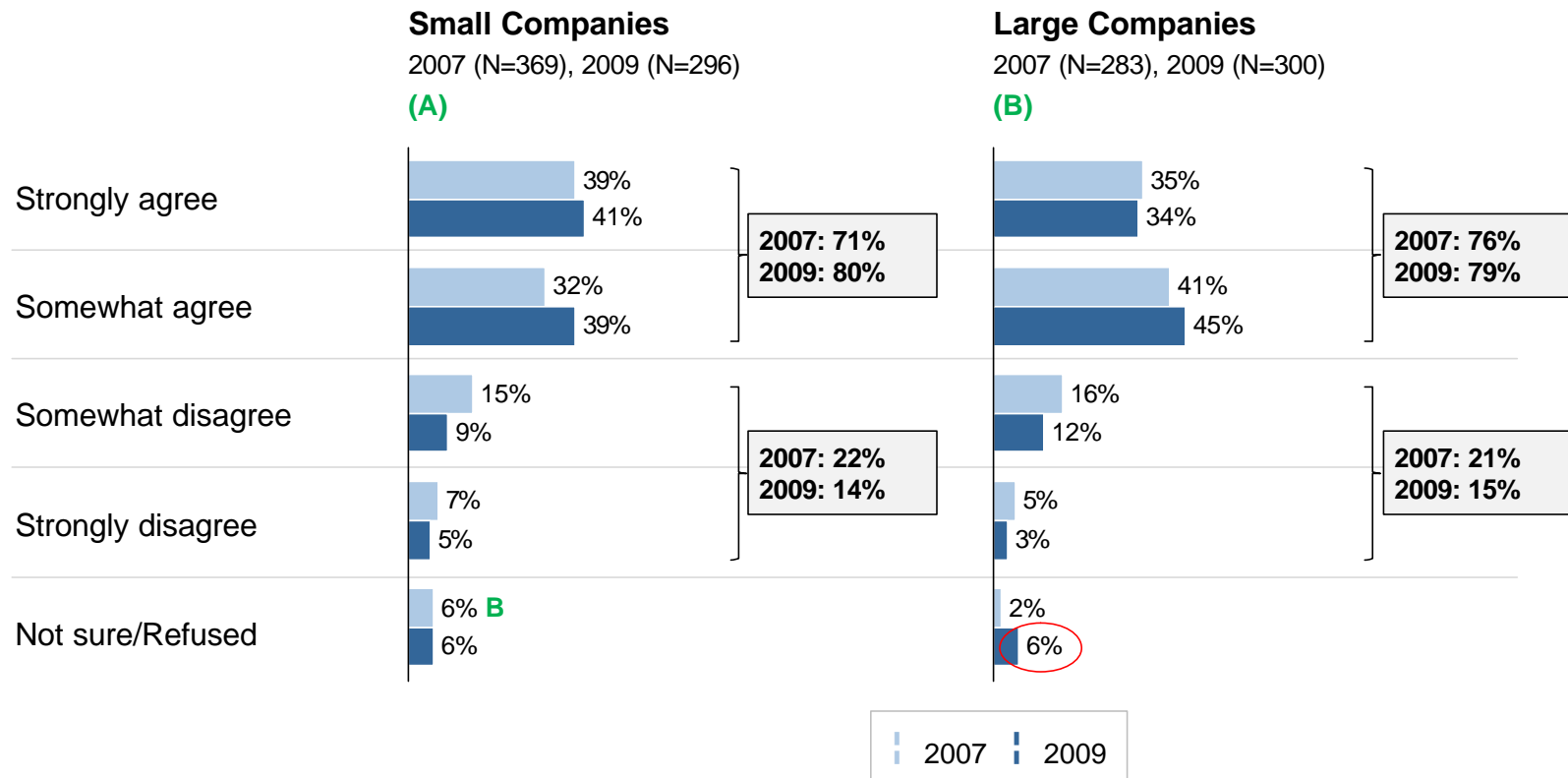
BASE: TOTAL RESPONDENTS

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

Employees Not Saving Enough

Large vs. Small Companies

- Regardless of company size, employers agree their employees can work till age 65 and not save enough.



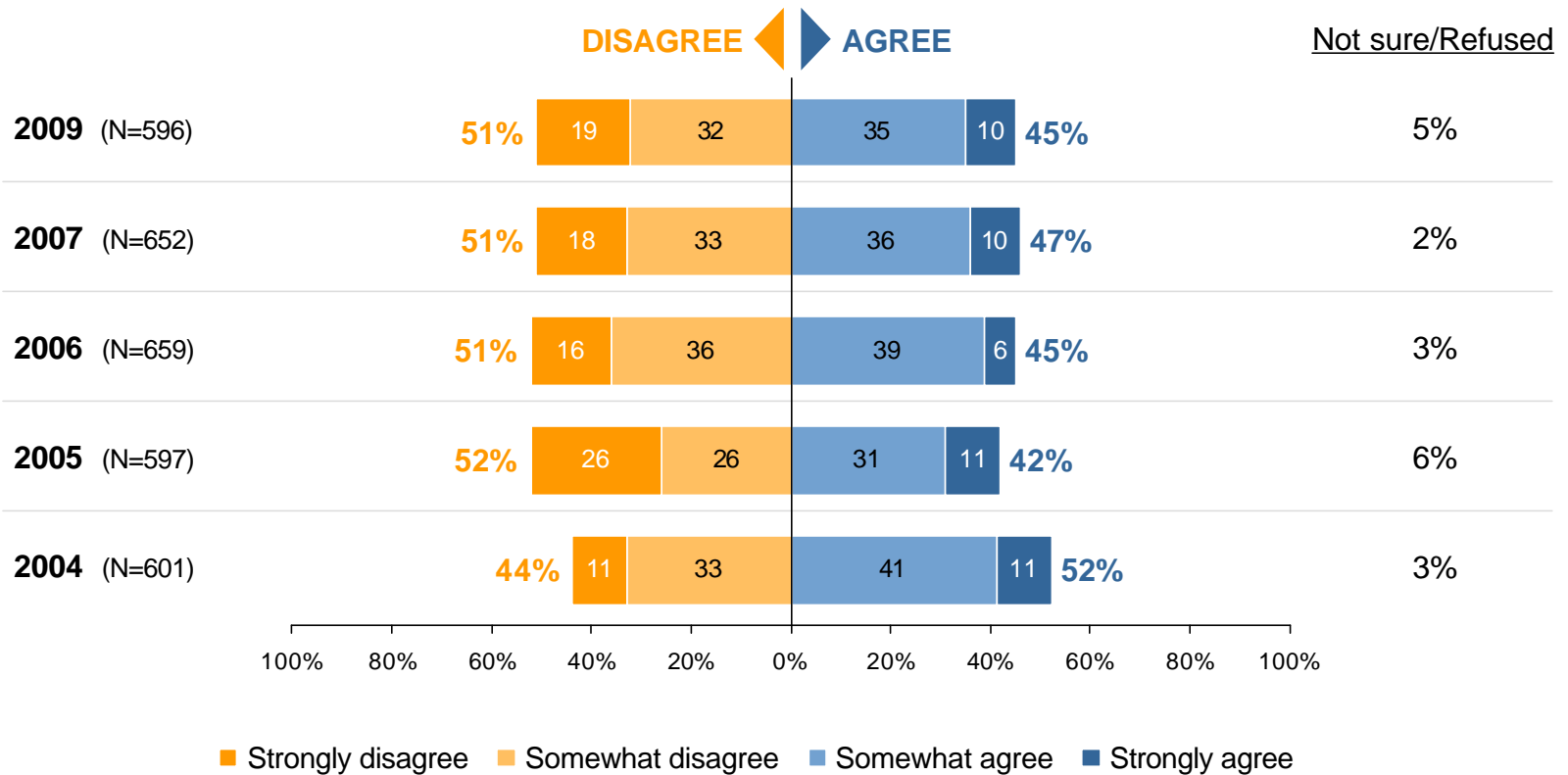
BASE: TOTAL RESPONDENTS

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

Employees Want More Information

Annual Tracking

- Just under half of employers agree their employees would like to receive more information and advice on how to reach their retirement goals.

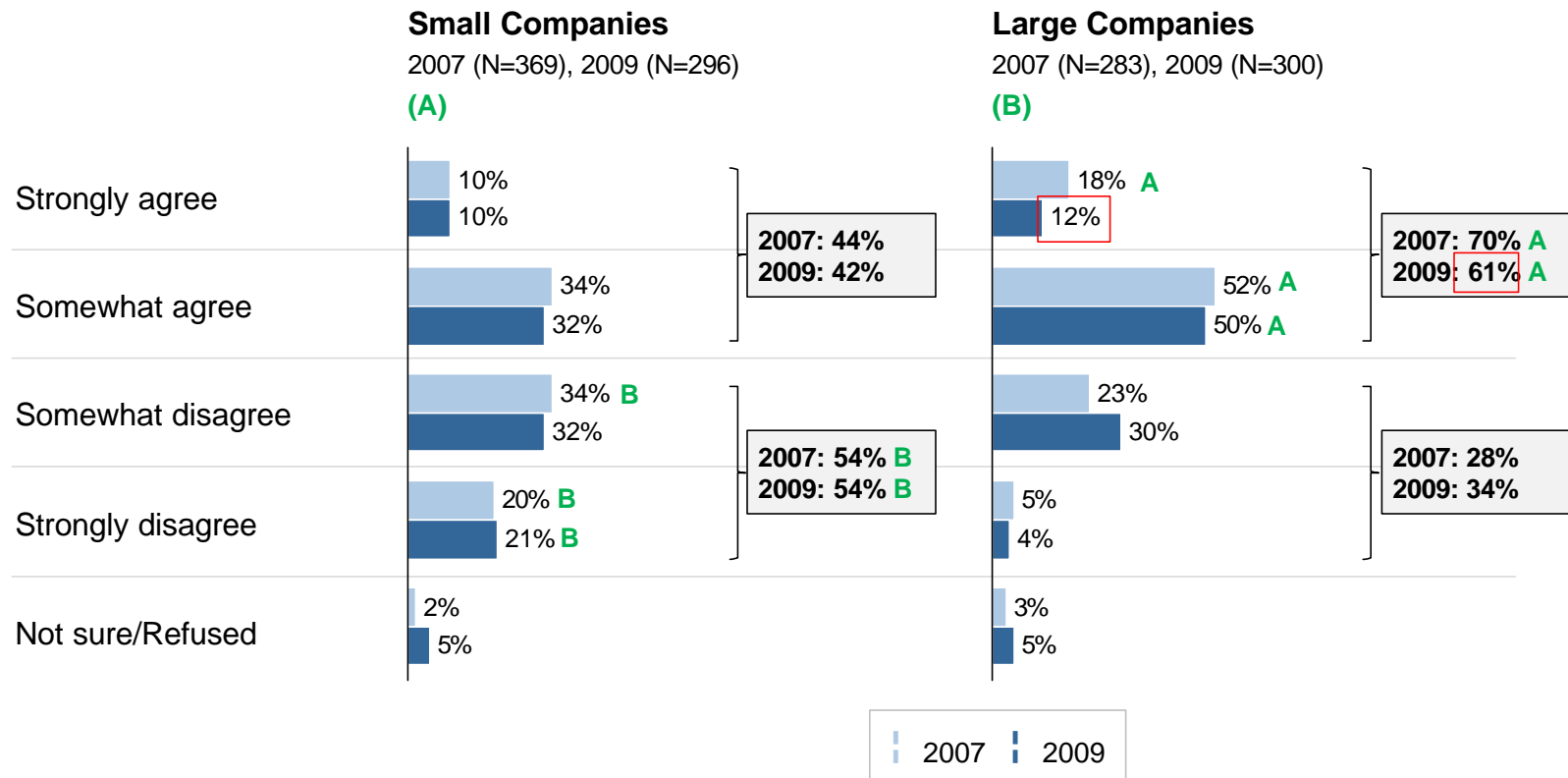


Note: Significance testing was only conducted between 2007 and 2009.
 BASE: TOTAL RESPONDENTS
 Q860. Most employees at my company would like to receive more information and advice from the company on how to reach their retirement goals.

Employees Want More Information

Large vs. Small Companies

- Large employers are more likely to agree their employees would like more information and advice on reaching their retirement goals.



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.

Detailed Findings

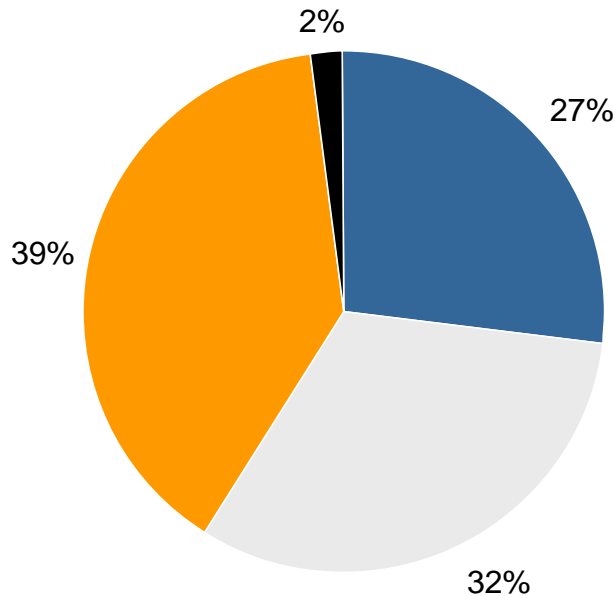
- Relative Importance of Various Employee Benefits
- Benefit Offerings, including Retirement Benefits
- Perceptions of Current Retirement Plan Offerings
- Perceptions of Employee Involvement with Retirement Planning
- **Economic Outlook**

Expectations

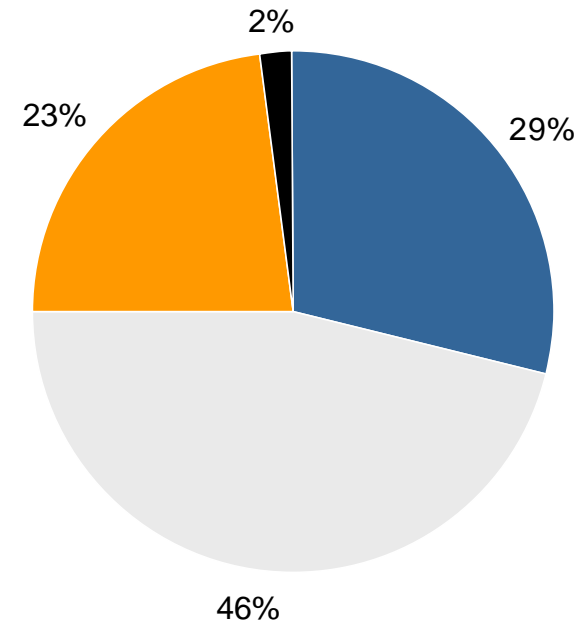
2009

- Employer pessimism about the economy is not reflected in their attitude about their company's future.
- About two-fifths of employers expect the U.S. economy to get worse in the next 12 months, but less than one-quarter expect their company's financial situation to worsen.

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:



- Get better
- Stay the same
- Get worse
- Not Sure

BASE: TOTAL RESPONDENTS, N=596

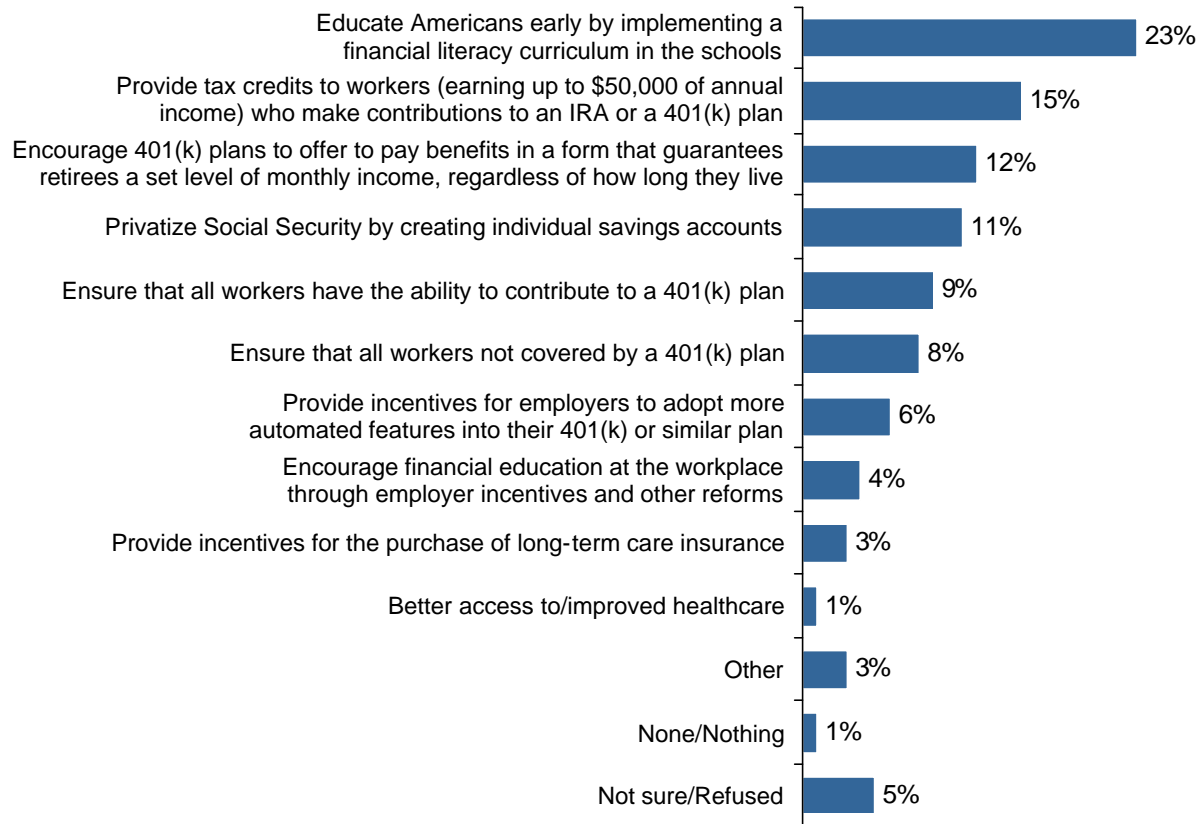
Q1400. In the next 12 months, do you expect the U.S. economy to:

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

Top Priority for New Administration to Help Americans Prepare for a Financially Secure Retirement

2009

- About one-quarter of employers believe the top priority for the Obama administration should be to educate Americans early by implementing a financial literacy curriculum in schools.



BASE: TOTAL RESPONDENTS, N=596

Q1415. Other than fully funding Social Security in its current state, what should be the top priority for the new President and Congress to help Americans prepare for a financially secure retirement?