

# Emerging from the Recession: Rising Employer Optimism and Renewed Commitment to Retirement Benefits

12th Annual Transamerica Retirement Survey

TCRS 1061-0711

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## 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 Twelfth 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 743 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
- 17-minute telephone interviews were conducted between January 28, 2011 and February 25, 2011.
- Quotas were set for large and small companies and results were weighted as needed on employee size 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 11<sup>th</sup> Annual (2009/10 data) and 12<sup>th</sup> Annual surveys (2011 data) has been indicated as follows:
    - = 12<sup>th</sup> annual result is significantly higher than the result from the 11<sup>th</sup> annual survey
    - = 12<sup>th</sup> annual result is significantly lower than the result from the 11<sup>th</sup> annual survey
- The base size was 299 for large companies and 444 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 Companies

N=743

## Title (mentions 1% or greater are shown)

<b>GENERAL (NET)</b>	<b>50%</b>
Office Manager	8%
Controller	7%
Vice President	5%
President	4%
Owner	3%
Accountant/Accounts Manager	3%
Operations Manager	2%
Manager	2%
Business Manager	2%
CEO/Chairman	2%
General manager	1%
Executive Assistant	1%
Secretary	1%
CFO	1%
Administrator/Administrative Manager	1%
Other Vice President mentions	3%
All other director mentions	2%
All other manager mentions	1%
<b>HUMAN RESOURCE (NET)</b>	<b>46%</b>
Director of HR	19%
Human Resources Manager	8%
Benefits Manager	8%
Vice President of Human Resources	2%
HR assistant	1%
HR officer	1%
Human Resource	1%
Benefits Analyst/Specialist	1%
Other Human Resource mentions	4%
<b>OTHER</b>	<b>4%</b>

N=743

## Industry (mentions 1% or greater are shown)

Manufacturing	25%
Professional services including finance, legal, engineering, and healthcare	24%
Service industries such as retail trade, hospitality, or administration	12%
Agriculture, mining or construction	11%
Transportation, communications, or utilities	7%
Wholesale distribution	3%
Non profit organization	2%
Education	2%
Software company	2%
Property/Housing/Real estate	2%
Government agency	1%
Distributor	1%
Printing/Publishing (newspaper, etc.)	1%
Insurance	1%
Technology	1%
Marketing	1%
Some Other business	2%
<b>Geography</b>	
East	17%
Midwest	36%
South	28%
West	19%

N=743

## Revenue

Less than \$500,000	3%
\$500,000 to \$999,999	6%
\$1 million to less than \$5 million	26%
\$5 million to less than \$10 million	8%
\$10 million to less than \$50 million	10%
\$50 million to less than \$200 million	3%
\$200 million to less than \$500 million	1%
\$500 million to less than \$1 billion	1%
\$1 billion or more	1%
DK/Refused	40%
MEAN (in millions)	\$59.7
MEDIAN (in millions)	\$2.5

## Number of Full-time Employees

10-499 NET	89%
10 to 24	57%
25 to 99	26%
100 to 499	7%
500+ NET	11%
500 to 999	4%
Over 1,000	7%
MEAN	142.7
MEDIAN	16.2



# Executive Summary



## Executive Summary

The 12<sup>th</sup> Annual Transamerica Retirement Survey found that for the first time since the recession began, rising employer confidence is accompanied by an increase in enhancements to retirement benefits as well as reinstatement of benefits that had been suspended. While it is an encouraging sign that rising employer confidence appears to be translating into a renewed commitment to benefits, small employers continue to struggle to provide retirement benefits and educational tools to their employees in comparison to their larger counterparts.

As the jobs and growth engine of our economy, small employers are a critical player in helping American workers prepare for retirement. By providing educational tools and innovative benefit solutions, the retirement services industry, media, policymakers, and plan sponsors can help bridge the gap between small and large employers to help Americans successfully save for retirement.

# Executive Summary

## Renewed Optimism and Commitment to Retirement Benefits

In a significant shift from last year, U.S. employers are showing renewed signs of confidence in their companies' financial outlook. Notably, for the first time since the recession began, their sense of optimism is accompanied by a renewed commitment to retirement benefits, as well as reinstatement of benefits that had been suspended.

- The majority of employers (59 percent) expect their company's financial situation to improve over the next 12 months, compared to 49 percent in the year prior.
- Employers continue to grow optimistic about the U.S. economy, with almost half (48 percent) expecting the economy to get better compared to 45 percent in 2008/09.
- The percentage of employers that offer an employee-funded 401(k) plan has declined since 2009, but it is higher than that of the years prior to 2009/10.
- Although the percentage of employers offering matching contributions is consistent with the previous year's survey – the survey found an encouraging sign in that half (51 percent) of companies that recently decreased or suspended their match plan to reinstate it within the next two years.
- Employers report higher levels of positive staffing actions with over half (55 percent) hiring additional employees in the last twelve months. This positive trend is more prominent with large companies where 69 percent hired workers compared to 54 percent of small companies.
- Fewer employers report downsizing and layoffs in the last year – 33 percent compared to 48 percent last year.

# Executive Summary

## Small Employers Lag Behind Larger Peers in Offering Benefits

Most large employers offer retirement benefits and retirement educational tools to their employees. Small employers - the jobs engine of our economy - continue to lag in comparison.

- Most employers (85 percent) believe that 401(k) or similar retirement plans are important for attracting and retaining employees, second only to health insurance.
- 78 percent of employers offer a 401(k) or similar plan. Plan sponsorship rates are markedly higher for large companies (94 percent) than small companies (76 percent).
- Similarly, large companies are more likely to offer a matching contribution to their 401(k) plan than small companies – 79 percent compared to 69 percent.
- This year small companies that do not offer a 401(k) or similar plan are more likely to begin offering a plan in the next two years (21 percent) than they were last year (11 percent).
- A higher proportion (34 percent) of those small companies that don't offer a plan would be likely to consider joining a multiple employer plan.
- Among employers who do not offer a 401(k) or similar plan, the most frequently cited reason was “encountering difficult business conditions” (47 percent).

# Executive Summary

## Employers Voice Warning Signs About Employee Retirement but Not Doing Enough

Employers don't think employees know as much as they should about retirement; however, there is room for increased education, advice and guidance among employers.

- A large majority of employers (82 percent) feel their employees do not know as much as they should about retirement investing.
- While there has been a gradual decline over the last three years in employers believing their employees could work until age 65 and still not save enough to meet their retirement needs, 70 percent still hold this opinion, down from a high of 80 percent in 2008/09.
- Few employers (15 percent) indicate they or their retirement plan provider have done anything to help their employees get back on track with their retirement savings since the recession began. Large companies were more likely to have done so (34 percent) than small companies (13 percent).
- Two-thirds of companies that provide a 401(k) or similar plan offer investment guidance or advice to their employees, most often in the form of online tools and resources. Of those that don't offer advice or guidance most cite "potential liability" (42 percent) as the reason.
- A majority of employers (58 percent) believe their employees will still be able to achieve a comfortable lifestyle in retirement.

# Recommendations

## **Employers and plan sponsors can help their employees by:**

- Offering competitive retirement benefits and encouraging participation
- Adding, increasing and/or reinstating matching contributions to their 401(k) plans
- Encouraging employees to take advantage of the educational resources offered by retirement plan providers
- Encouraging employees to do an annual 401(k) retirement readiness check (e.g., when they do their annual healthcare benefits enrollment)
- Offering retirement planning and counseling services
- Promoting awareness of tax incentives including the Saver's Credit and Catch-up Contributions.

## **The retirement services industry and the media can help employers by:**

- Expanding outreach efforts and promoting available retirement planning tools and resources
- Promoting awareness of the financial penalties of taking withdrawals from 401(k) and other retirement savings plans
- Promoting awareness of tax incentives including the Saver's Credit and Catch-Up Contributions.

## Recommendations

### **Policymakers should consider the following to help employers and their employees:**

- Expanding retirement coverage to more workers by expanding the tax credit for employers to start a plan and facilitating the opportunity of employers to participate in existing plans by implementing reforms to multiple employer plans;
- Expanding the Saver's Credit by raising the income eligibility requirements so that more tax filers are eligible;
- Expanding Catch-Up Contributions by raising limits and lowering the eligible age;
- Offering tax incentives to employers for hiring older workers in order to help keep them in the workforce longer;
- Extending the 401(k) loan repayment period for terminated plan participants and eliminating the six-month suspension period following hardship withdrawals; and
- Requiring retirement plan statements to state participant account balances in terms of lifetime income as well as a lump sum.



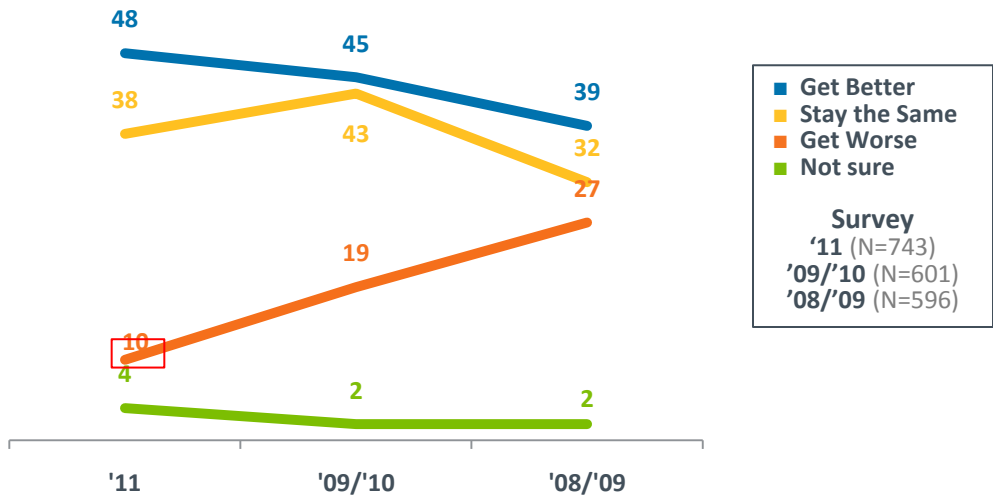
## Detailed Findings

- **Renewed Optimism and Commitment to Retirement Benefits**
- **Small Employers Lag Behind Larger Peers in Offering Benefits**
- **Employers Concerned About Employee Retirement, but Not Doing Enough**

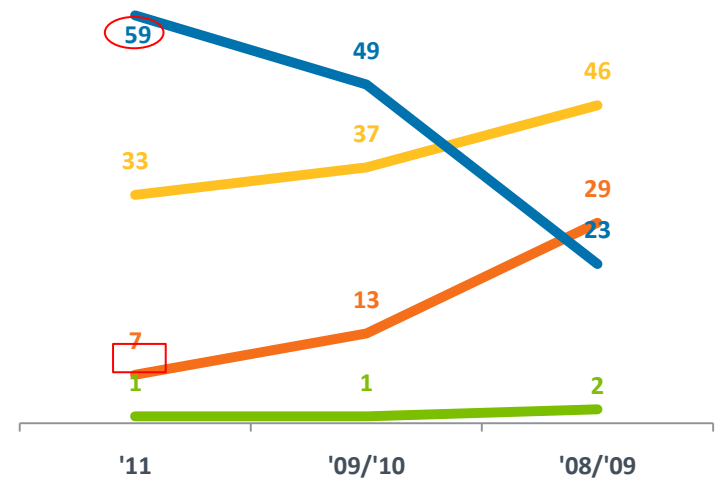
# Employer Economic Expectations

- Employers continue to grow more optimistic about the U.S. economy.
- Employers also continue to grow more optimistic about their company's financial situation with three-fifths indicating their company's financial situation will get better in the next 12 months.

In the next 12 months, they expect the U.S. economy to: (%)



In the next 12 months, they expect their company's financial situation to: (%)



BASE: TOTAL RESPONDENTS

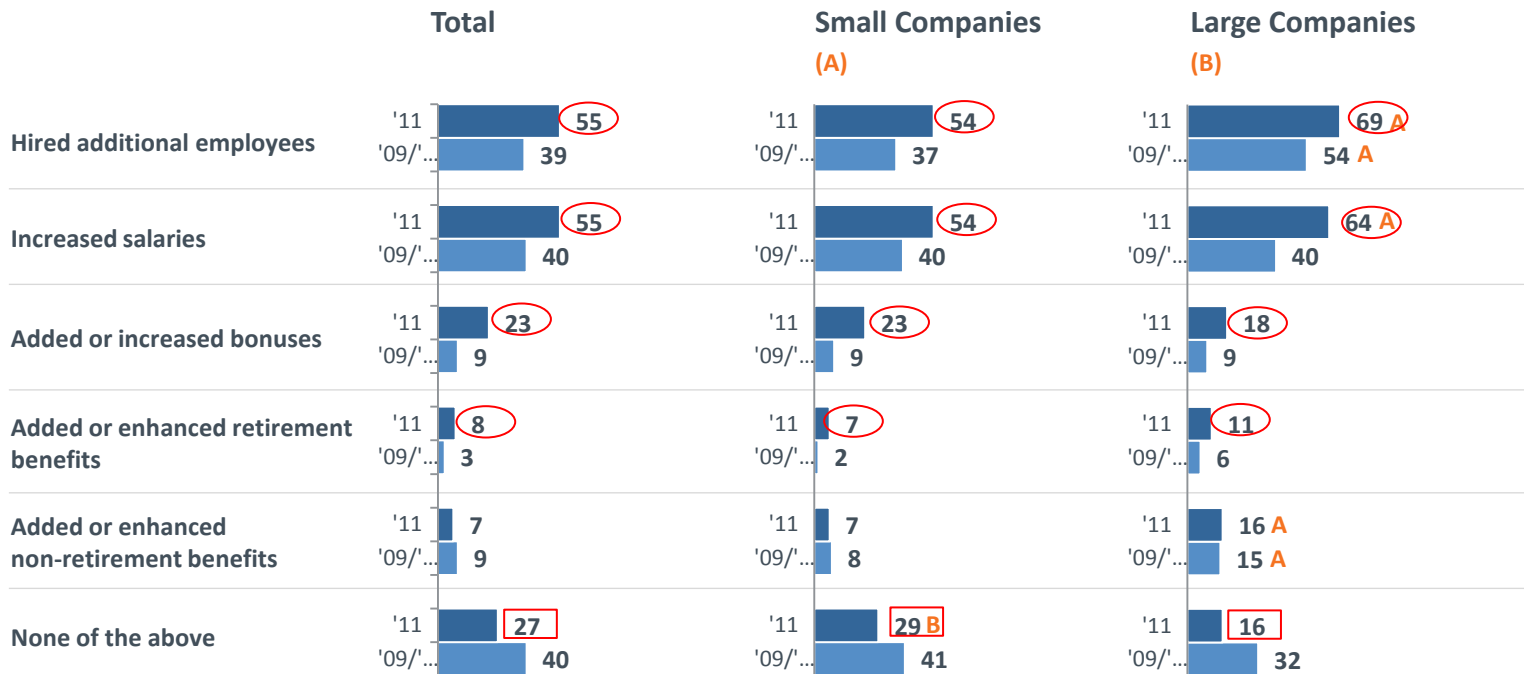
Q1400. In the next 12 months, do you expect the U.S. economy to:

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



# Positive Measures in Last 12 Months

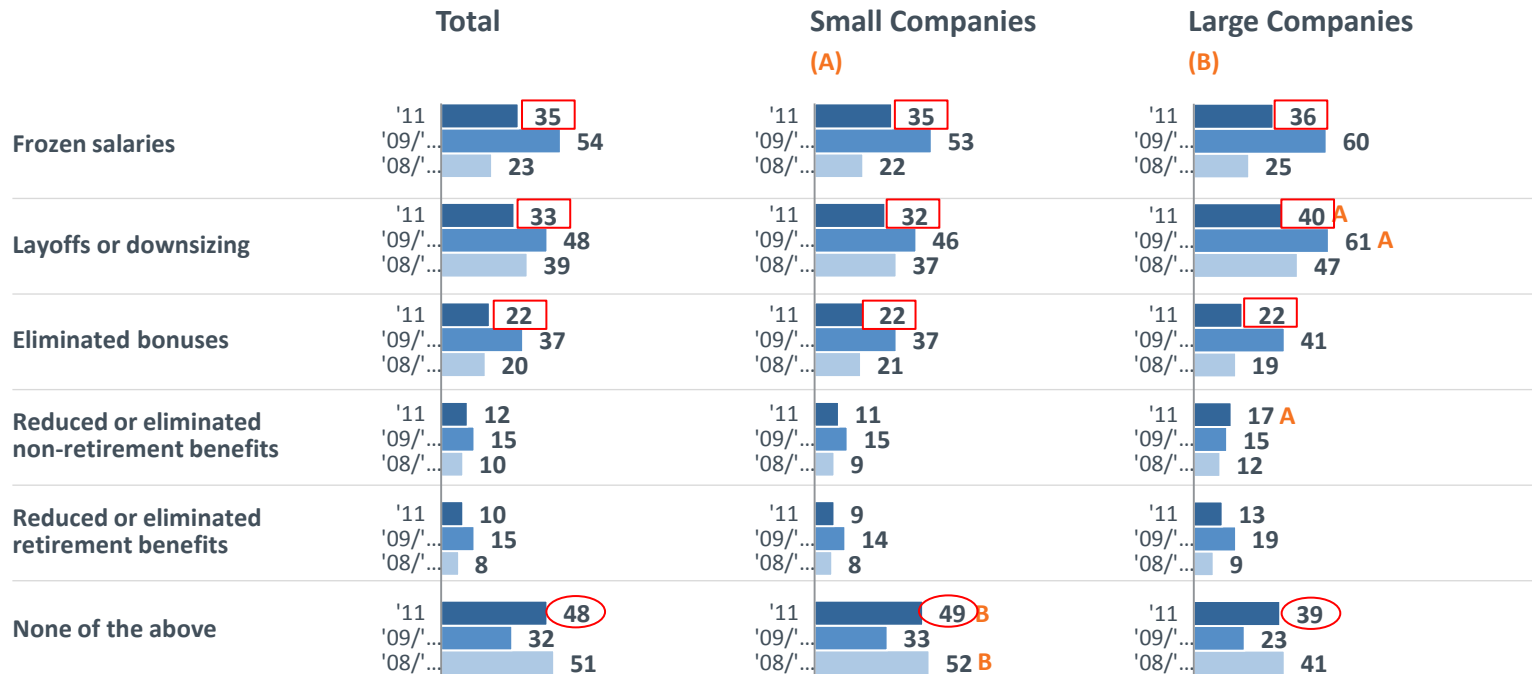
- Employers report higher levels of positive staffing actions in the past 12 months.
  - More than half report hiring and increasing salaries.
  - Large companies are more likely to have hired workers, increased salaries, and added or enhanced non-retirement benefits.



BASE: TOTAL RESPONDENTS Total : '09/'10 (N=601), '11 (N=743) Small Companies: '09/'10 (N=300), '11 (N=444); Large Companies: '09/'10 (N=301), '11 (N=299)  
 NEW QUESTION IN WAVE 11: Q1411. Has your company implemented any of the following positive measures over the last 12 months?

# Negative Measures in Last 12 Months

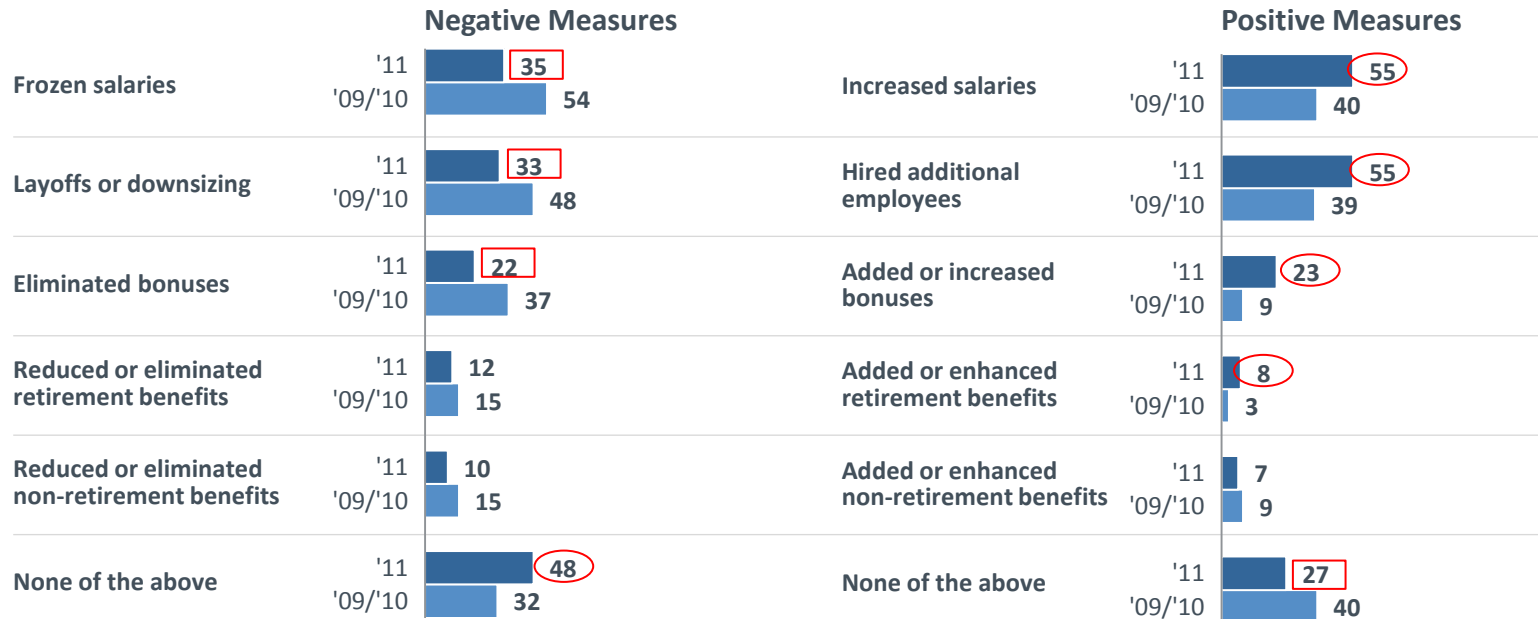
- There is an overall significant decline in cost-reducing measures employers have enacted in the past 12 months.
- However, large companies performed more layoff /downsizing and reducing/eliminating non-retirement benefits than smaller companies.



BASE: TOTAL RESPONDENTS Total : '08/'09 (N=596), '09/'10 (N=601), '11 (N=743) Small Companies: '08/'09 (N=296), '09/'10 (N=300), '11 (N=444); Large Companies: '08/'09 (N=300), '09/'10 (N=301), '11 (N=299)  
 Q1410. Has your company implemented any of the following measures in the last 12 months? Choose ALL that apply.

# Negative vs. Positive Measures in Last 12 Months

- The situation is looking more positive with higher positive measures regarding salaries, headcount, and bonuses.
- Close to half of employers indicated that they did not implement any cost reduction measures in the past 12 months.



BASE: TOTAL RESPONDENTS Total : '09/'10 (N=601), '11 (N=743)

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

Q1411. Has your company implemented any of the following positive measures over the last 12 months?

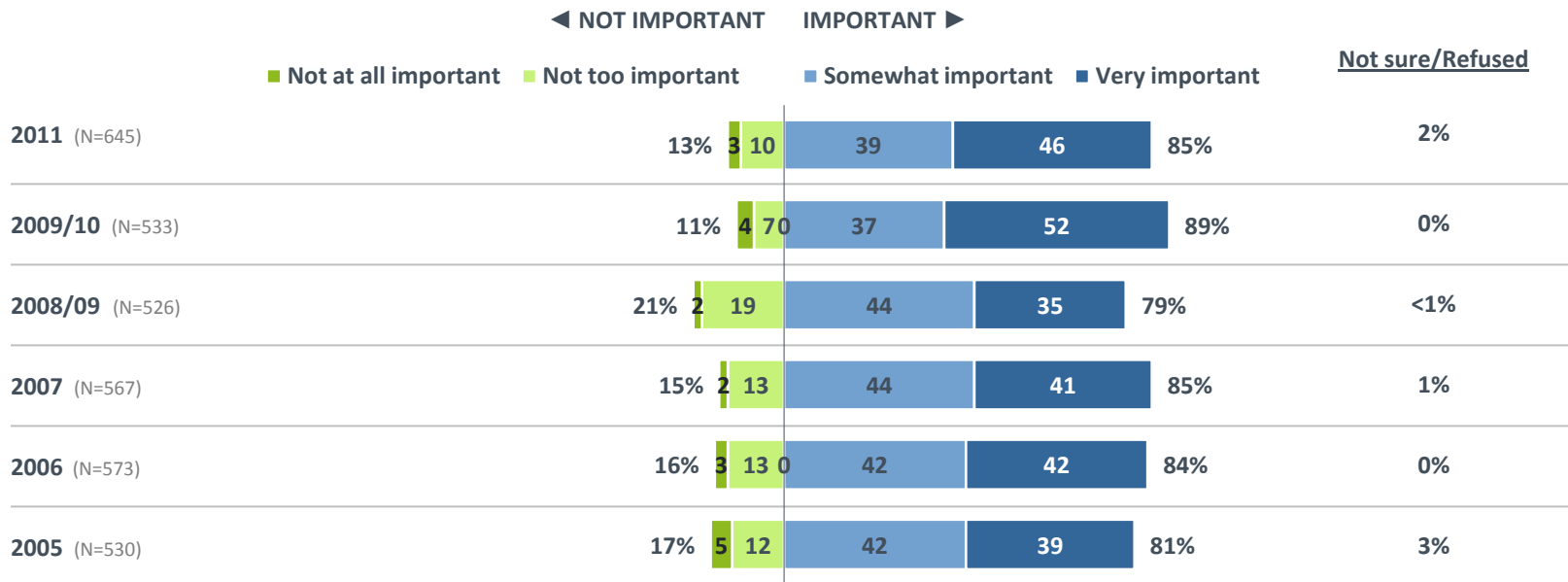


## Detailed Findings

- **Renewed Optimism and Commitment to Retirement Benefits**
- **Small Employers Lag Behind Larger Peers in Offering Benefits**
- **Employers Concerned About Employee Retirement, but Not Doing Enough**

# Importance of Plans for Attracting/Retaining Employees

- The majority of employers continue to believe their employee-funded retirement plan package is important to their ability to attract and retain employees.

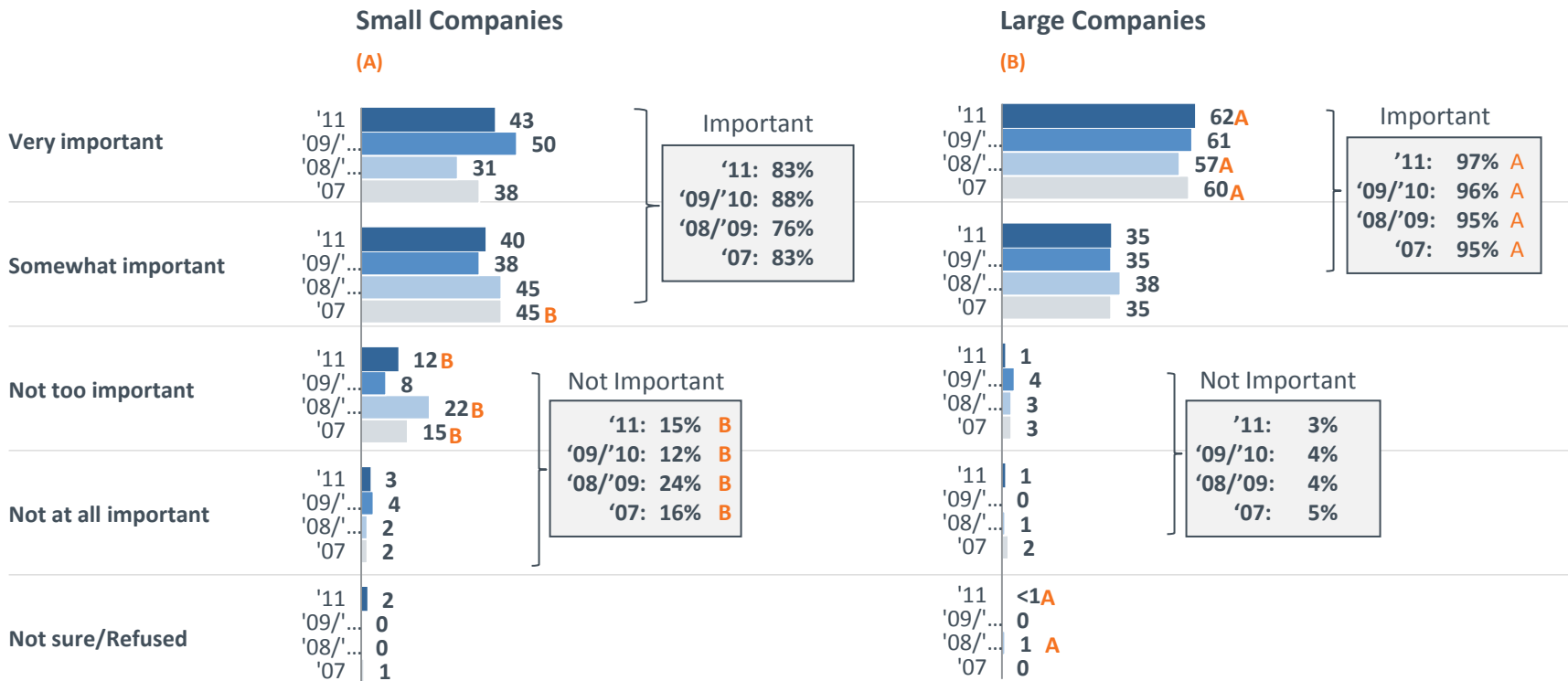


BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

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 Plans for Attracting/Retaining Employees

- Large companies are much more likely than small companies to perceive the importance of employee-funded retirement plans in retaining/recruiting employees.

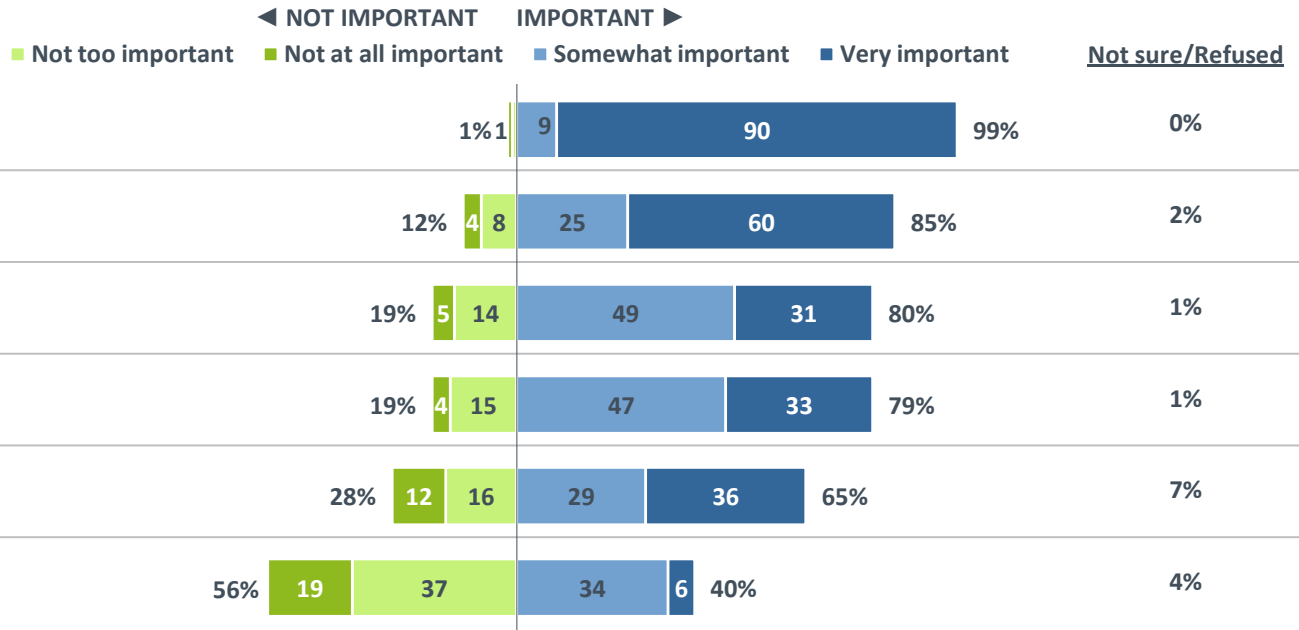


BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN: Small Companies: '07 (N= 304) '08/'09 (N=248), '09/'10 (N=256), '11 (N=364); Large Companies: '07 (N=263) '08/'09 (N=278), '09/'10 (N=277), '11 (N=281)

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

# Employee Benefits: Importance

- Employers believe a 401(k) or other employee-funded plan is the second most important benefit to employees after health insurance.
- More than half of employers believe defined benefit plans are important to employees and slightly more than a third indicate they are very important to employees.

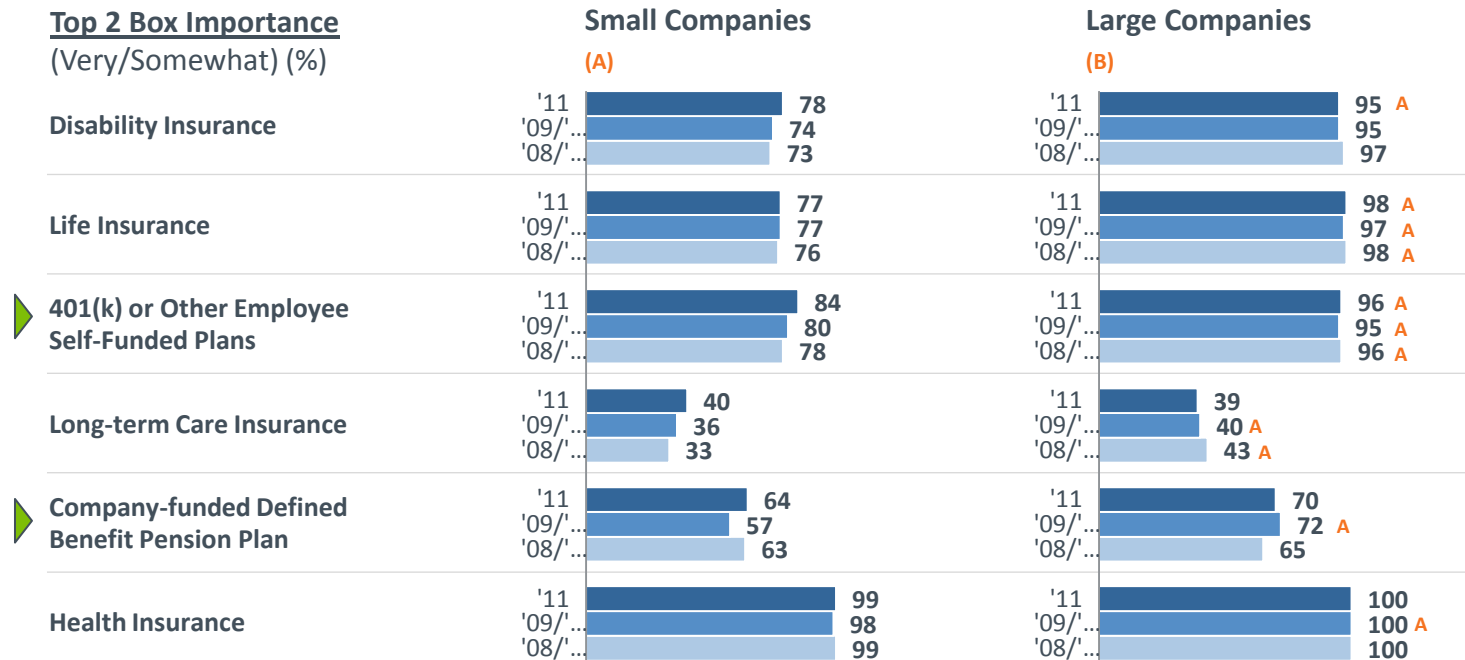


BASE: TOTAL RESPONDENTS (N=743)

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

- Employers recognize that their employees view a variety of benefits as important. However, large companies are somewhat more likely than small companies to believe that disability insurance, life insurance, and employee-funded retirement plans are important to their employees.

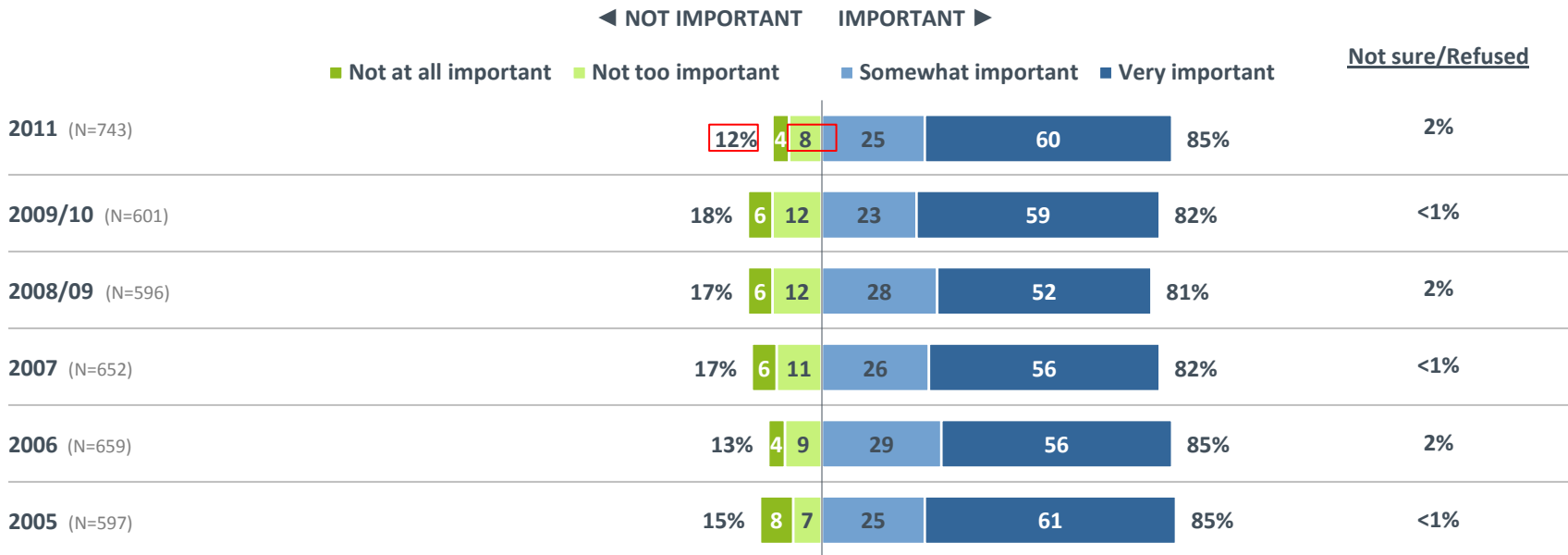


BASE: TOTAL RESPONDENTS; Small Companies: '08/'09 (N=296), '09/'10 (N=300), '11 (N=444); Large Companies: '08/'09 (N=300), '09/'10 (N=301), '11 (N=299)  
 Q520 Do you think your company's employees see this benefit as very important, somewhat important, not too important, or not at all important?



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

- The majority of employers continue to believe that 401(k) or other employee-funded retirement plans are important to their employees.

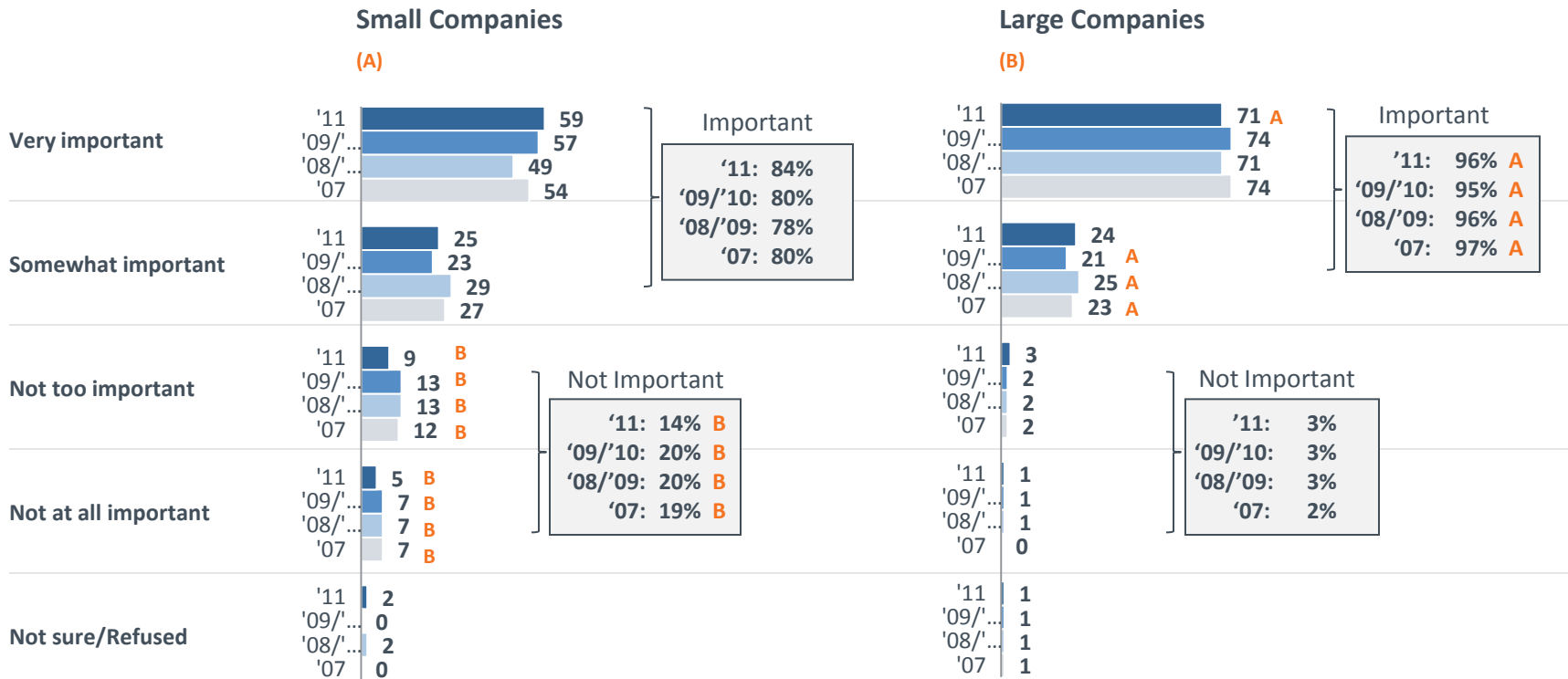


BASE: TOTAL RESPONDENTS

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 401(k) or Other Employee Self-Funded Plans

- Large companies continue to be more likely than small companies to think employee self-funded plans are important to their employees.

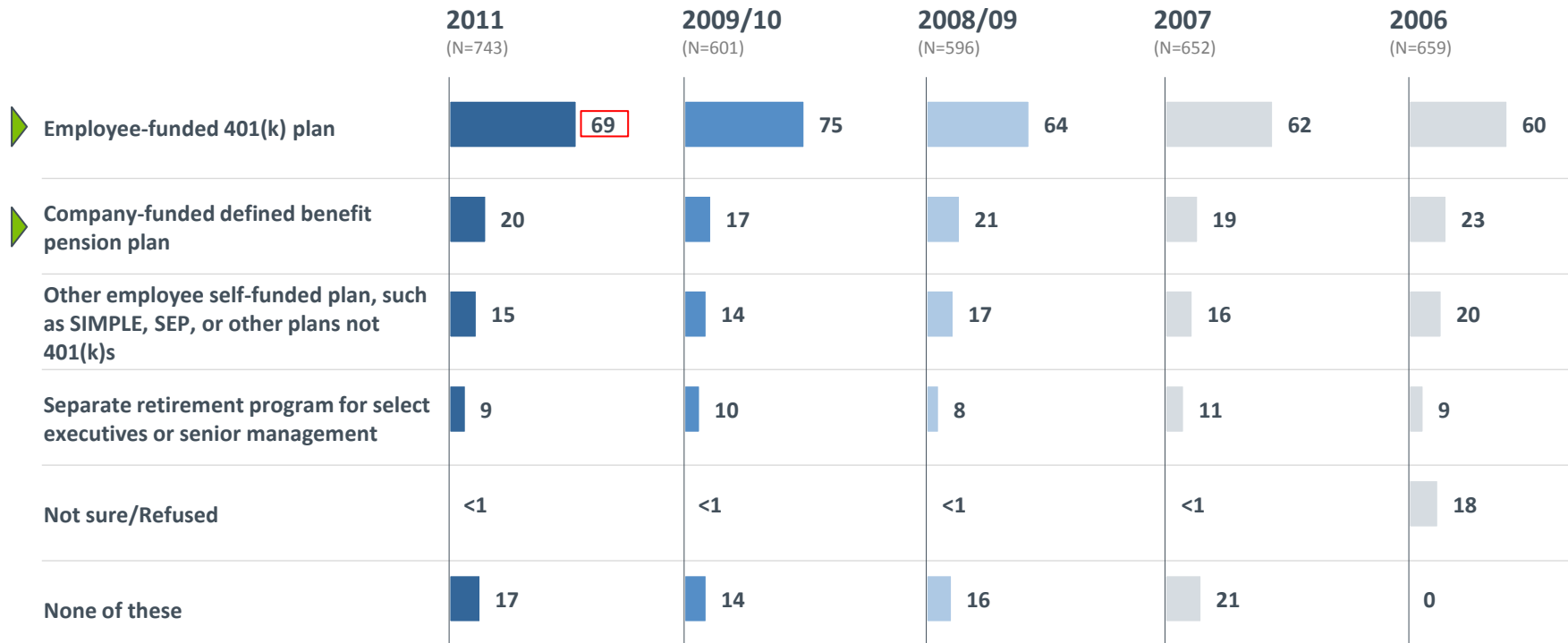


BASE: TOTAL RESPONDENTS: Small Companies: '07 (N= 369) '08/'09 (N=296), '09/'10 (N=300), '11 (N=444); Large Companies: '07 (N=283) '08/'09 (N=300), '09/'10 (N=301), '11 (N=299)

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

# Benefit Offerings: Retirement Plans

- The percentage of employers who offer an employee-funded 401(k) plan has declined since 2009, but it is higher than that of the years prior to 2009/2010.

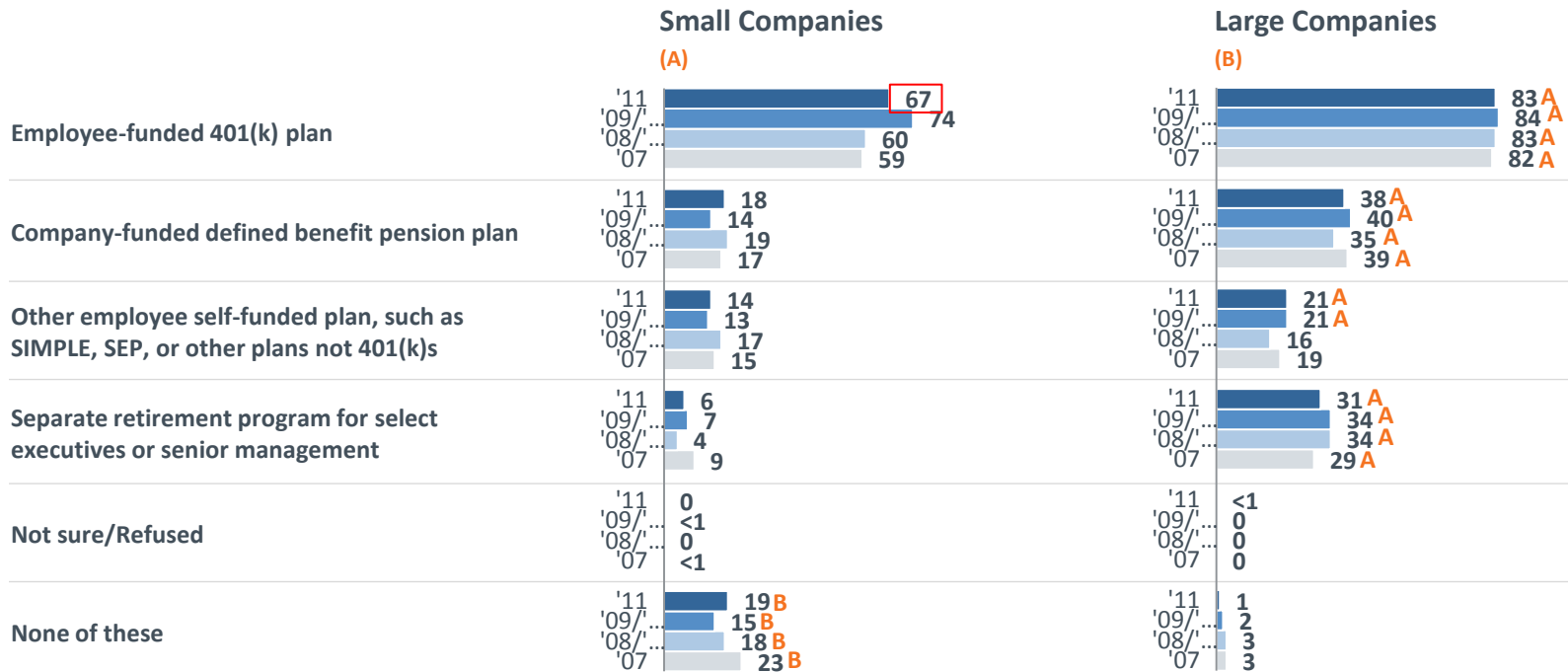


BASE: TOTAL RESPONDENTS

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

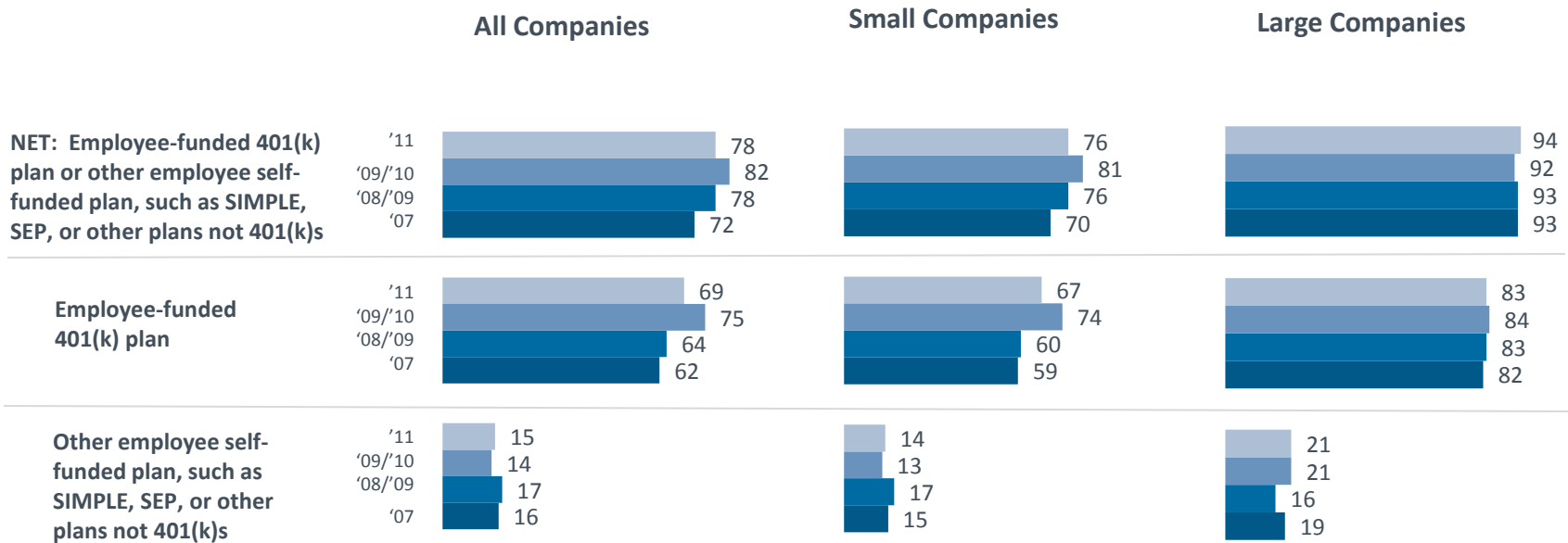
# Benefit Offerings: Retirement Plans

- The percentage of small companies that offer a 401(k) plan has decreased from 2009 but remains higher than levels reported in 2007 and 2008.
- In contrast, the percentage of large companies that offer a 401(k) plan remains steady.



BASE: TOTAL RESPONDENTS. **Small Companies:** '07 (N= 369) '08/'09 (N=296), '09/'10 (N=300), '11 (N=444);  
**Large Companies:** '07 (N=283) '08/'09 (N=300), '09/'10 (N=301), '11 (N=299)  
 Q530. Which of the following retirement benefits does your company offer? CHOOSE ALL THAT APPLY.

# Benefit Offerings: Employee-Funded Retirement Plans

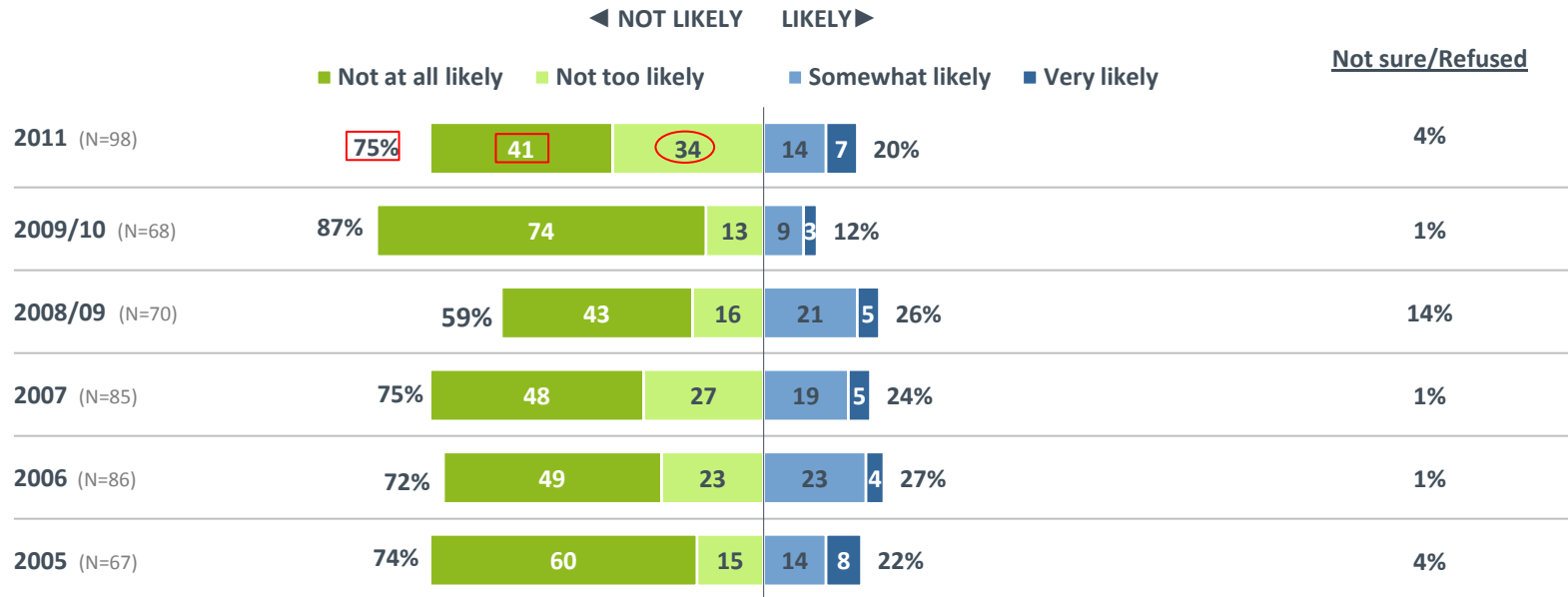


BASE: TOTAL RESPONDENTS BASE: Small Companies: '07 (N= 369) '08/'09 (N=296), '09/'10 (N=300), '11 (N=444); Large Companies: '07 (N=283) '08/'09 (N=300), '09/'10 (N=301), '11 (N=299)

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

# Likelihood of Offering an Employee-Funded Retirement Plan

- A fifth of employers who do not offer employee-funded retirement plans are likely to offer one within the next two years. This represents a rebound from the decrease seen in 2009/2010.

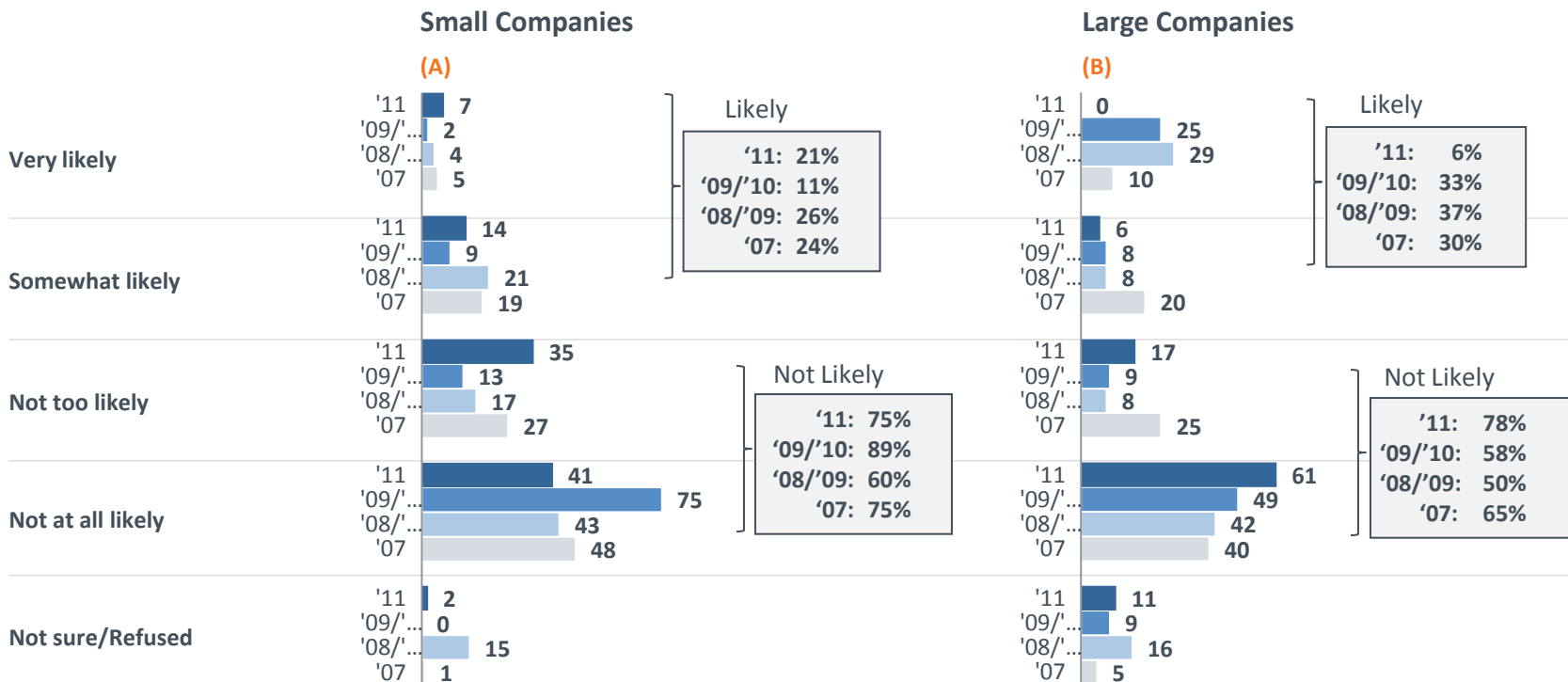


BASE: DOES NOT OFFER 401(k) NOR OTHER SELF FUNDED PLAN

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

- Of those companies that do not offer a 401(k) or similar plan, small companies are more likely than large ones to begin offering a plan in the next two years.

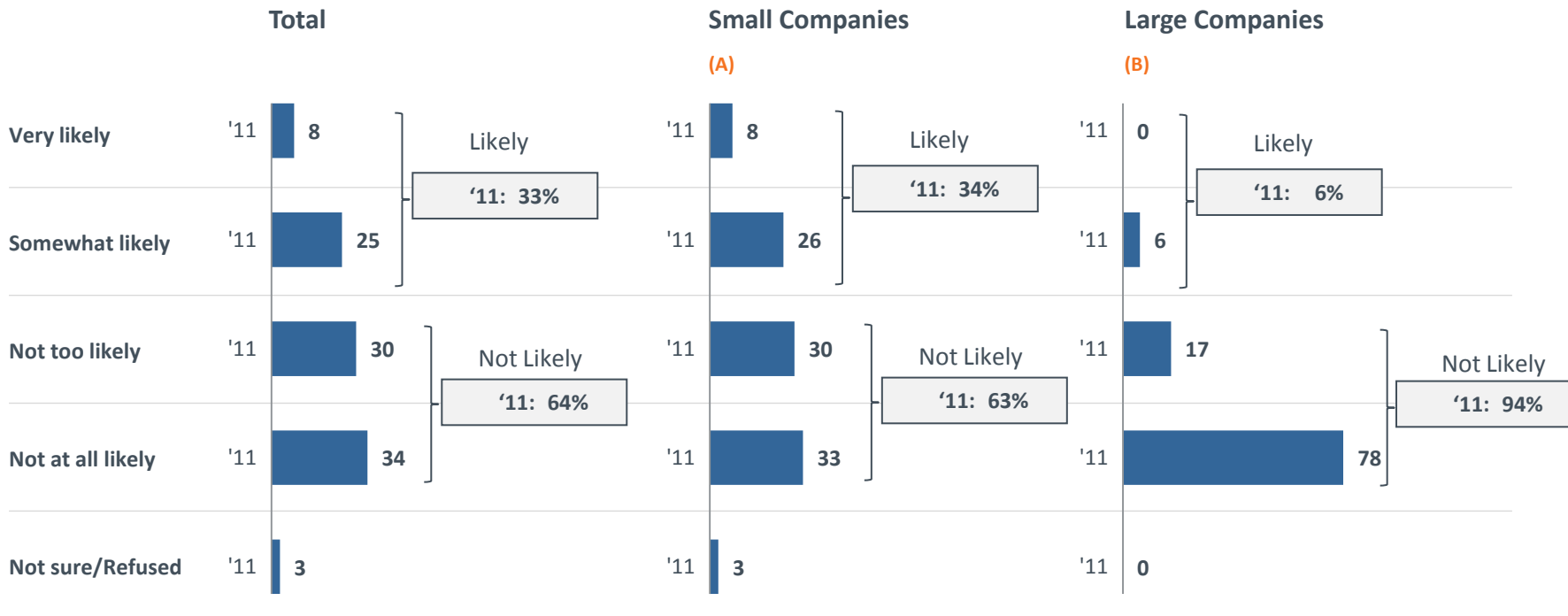


\*Small base size BASE: DOES NOT OFFER 401(k) NOR OTHER SELF FUNDED PLAN **Small Companies:** '07 (N= 65\*) '08/'09 (N=48\*), '09/'10 (N=44\*), '11 (N=80\*); **Large Companies:** '07 (N=20\*) '08/'09 (N=22\*), '09/'10 (N=24\*), '11 (N=18\*)

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 Considering a Multiple Employer Plan

- Of those small companies that do not offer a 401(k) or similar plan, one-third (34 percent) would be likely to consider joining a multiple employer plan.



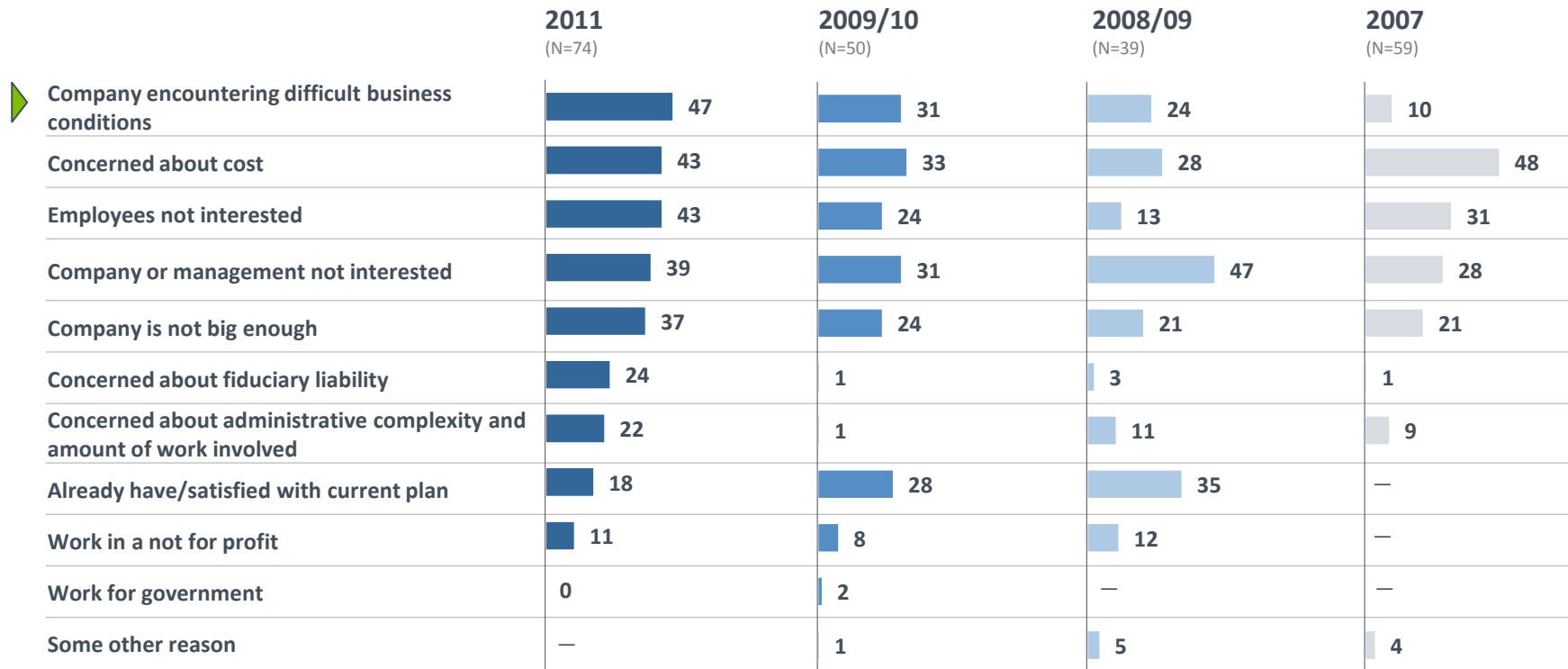
Base: Does Not Offer 401(k) Nor Other Self Funded Plan Total '11 (N=98); Small Companies: '11 (N=80); Large Companies: '11 (N=18\*)

NEW QUESTION IN WAVE 12 Q1605. As an alternative to establishing a stand-alone 401(k) plan, if your company had the ability to join a multiple employer plan which is offered by a reputable vendor who handles many of the fiduciary and administrative duties and at a reasonable cost, how likely would you be to consider it?



## Reasons Not Likely to Offer Employee-Funded Plan

- Companies chose many more reasons for why they were not likely to offer an employee fund when compared to previous years with difficult business conditions becoming the most common reason this year.

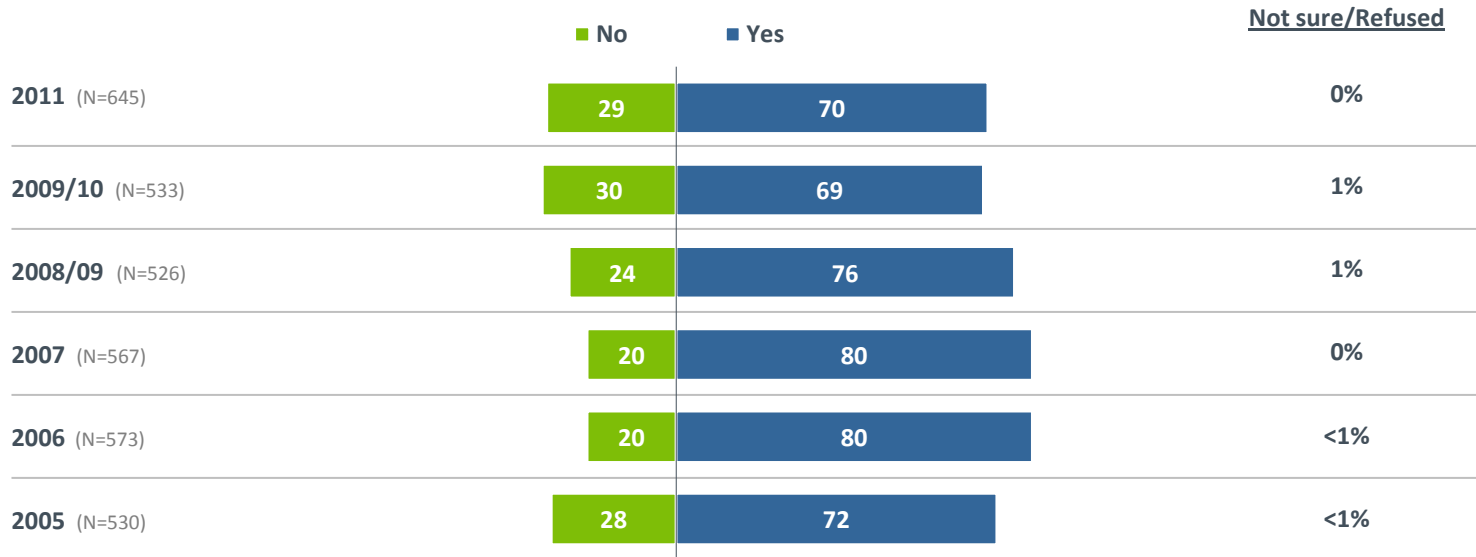


BASE: NOT LIKELY TO OFFER 401(k) IN NEXT 2 YEARS

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

# Matching Contributions

- The proportion of employers offering a matching contribution is similar to last year. This may signal a stabilization or bottoming out of the number of companies that do not offer a matching contribution.

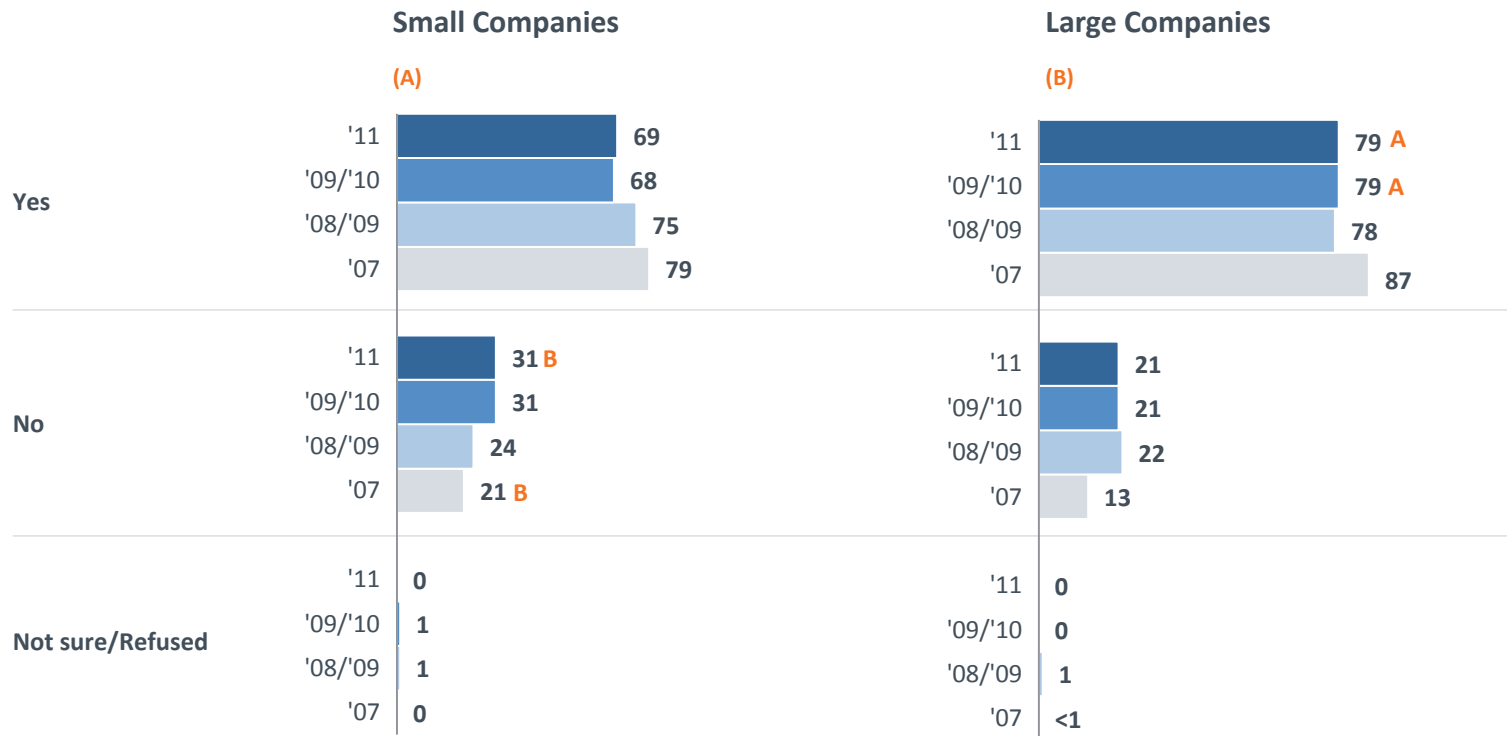


BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN

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

# Matching Contributions

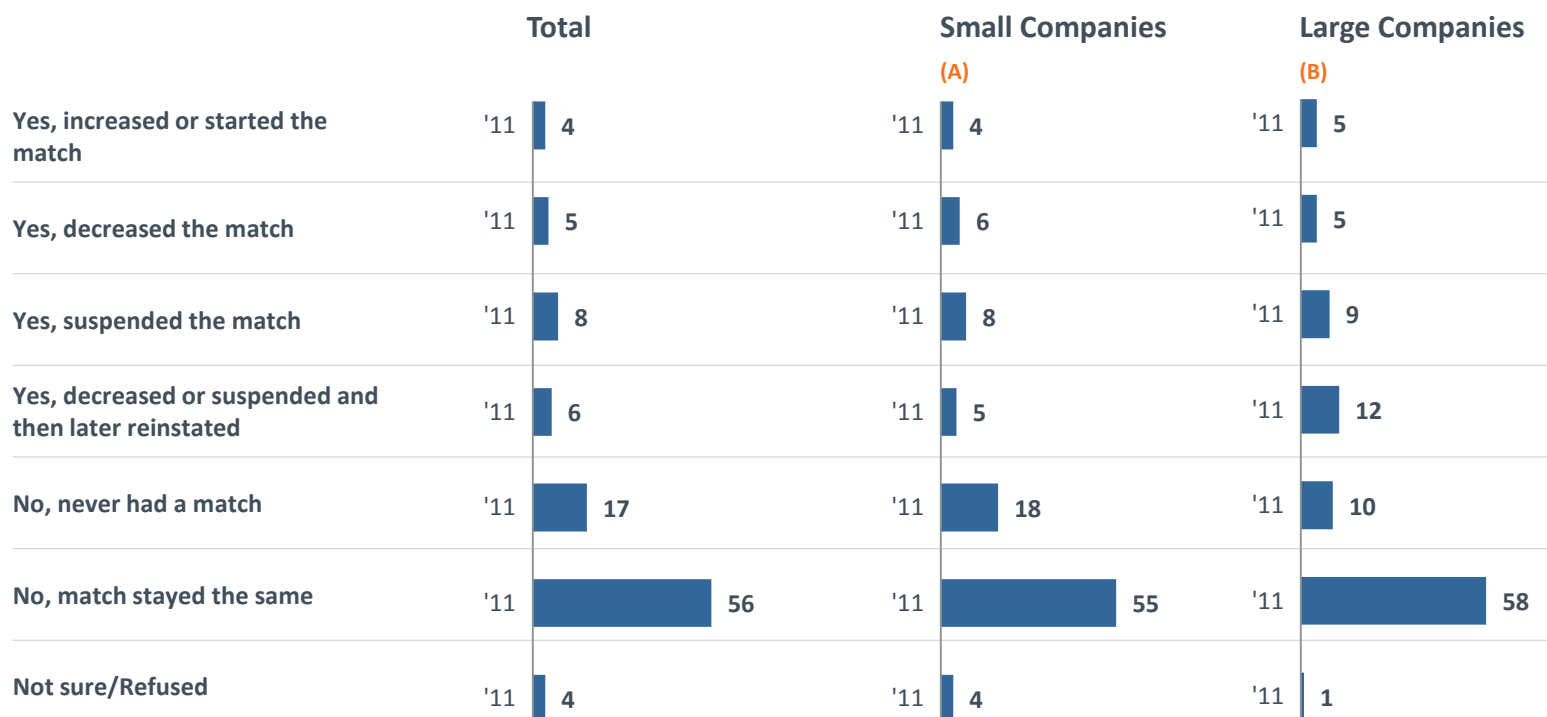
- Large companies continue to be more likely than small companies to offer a matching contribution.



BASE: OFFERS 401(k) PLAN OR OTHER SELF-FUNDED PLAN Small Companies: '07 (N= 304) '08/'09 (N=248), '09/'10 (N=256), '11 (N=364); Large Companies: '07 (N=263) '08/'09 (N=278), '09/'10 (N=277), '11 (N=281)  
 Q640. Does your company offer a matching contribution as part of its 401(k) or other company-sponsored retirement plan?

## Changes to Matching Contribution

- The majority of companies that have a 401(k) or other employee-funded plan did not change the match since the recession began in 2008.



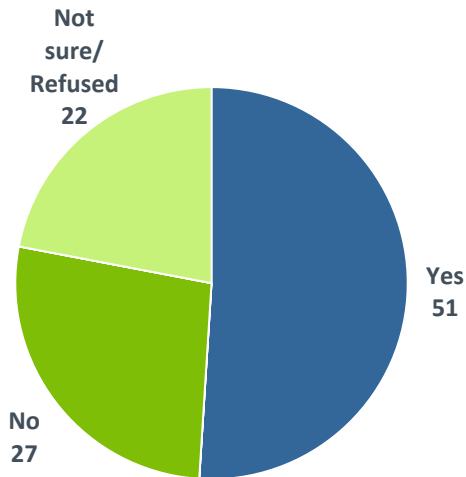
Base: Offers 401(k) or Other Self Funded Plan Total '11 (N=645); Small Companies: '11 (N=364); Large Companies: '11 (N=281)

NEW QUESTION IN WAVE 12 Q1610. Since the recession began in 2008, has your company made any of the following changes to the matching contribution?

# Reinstating Matching Contributions in the Next Two Years

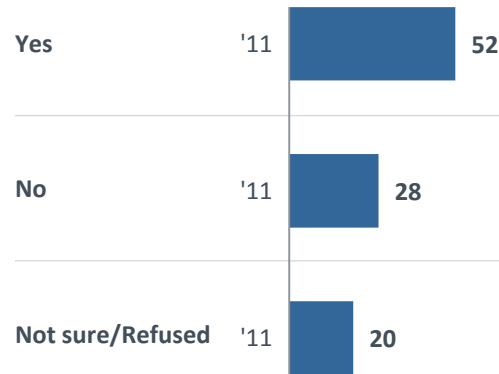
- Half of companies that decreased or suspended the match plan to reinstate it within the next two years, signaling employer optimism. Directionally, this sentiment was similar for small and large companies.

**Plan to Reinstate Match in 2 Years  
Total (%)**



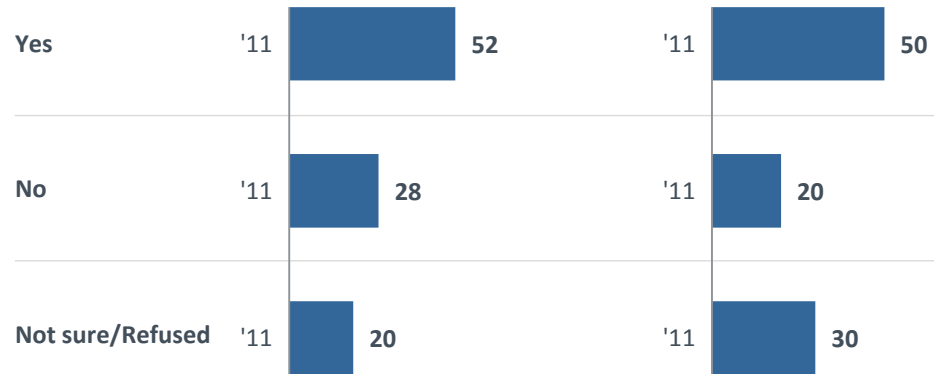
**Small Companies**

(A)



**Large Companies**

(B)



Base: Decreased or Suspended the Match Total '11 (N=92); **Small Companies:** '11 (N=52); **Large Companies:** '11 (N=40)  
NEW QUESTION IN WAVE 12 Q1615. Does your company plan to reinstate the matching contribution to its previous level in the next 2 years?

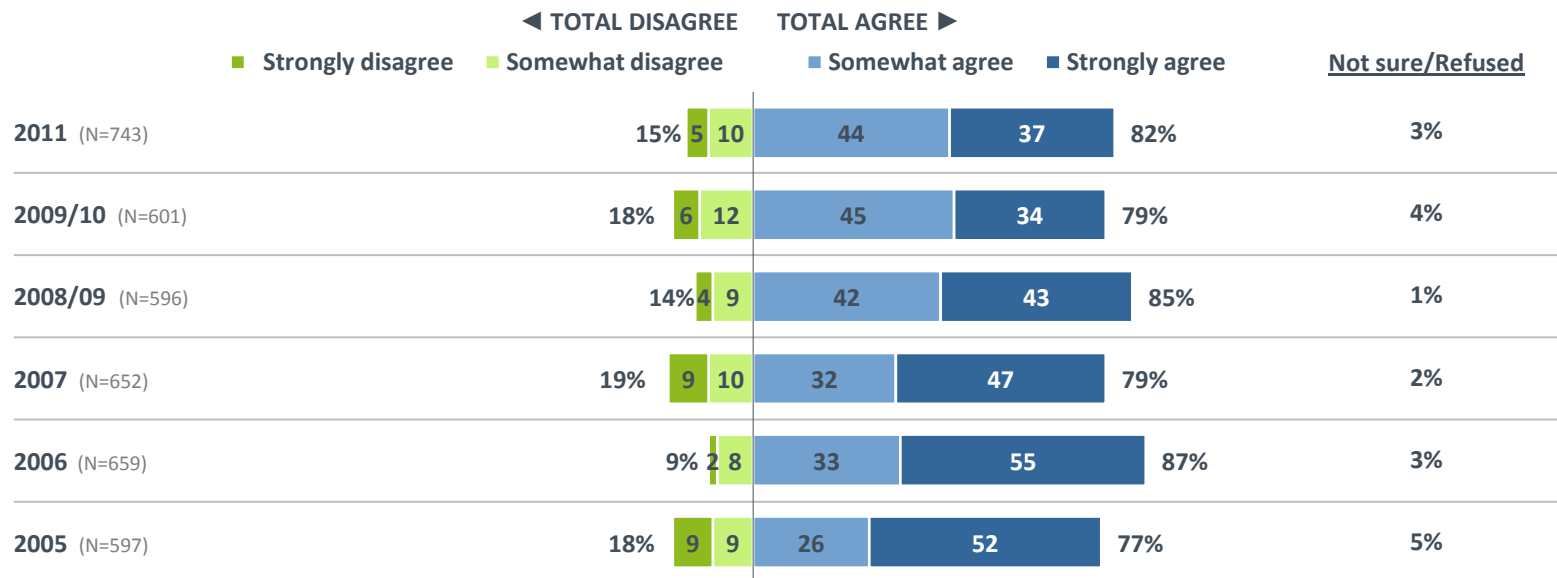


## Detailed Findings

- **Renewed Optimism and Commitment to Retirement Benefits**
- **Small Employers Lag Behind Larger Peers in Offering Benefits**
- **Employers Concerned About Employee Retirement, but Not Doing Enough**

# Perceived Employee Knowledge About Retirement Investing

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

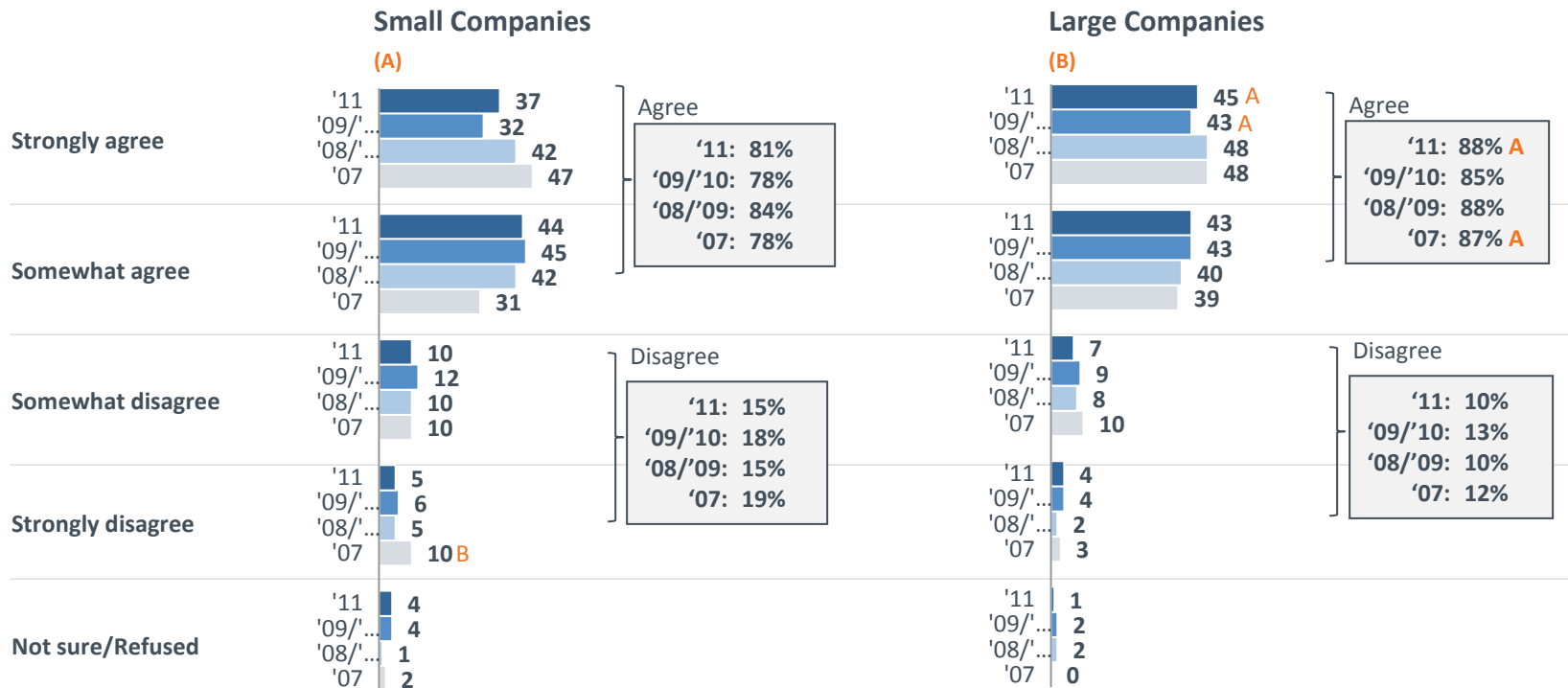


BASE: TOTAL RESPONDENTS

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

# Perceived Employee Knowledge About Retirement Investing

- Large companies more often agree that their employees don't know as much as they should about retirement investing.



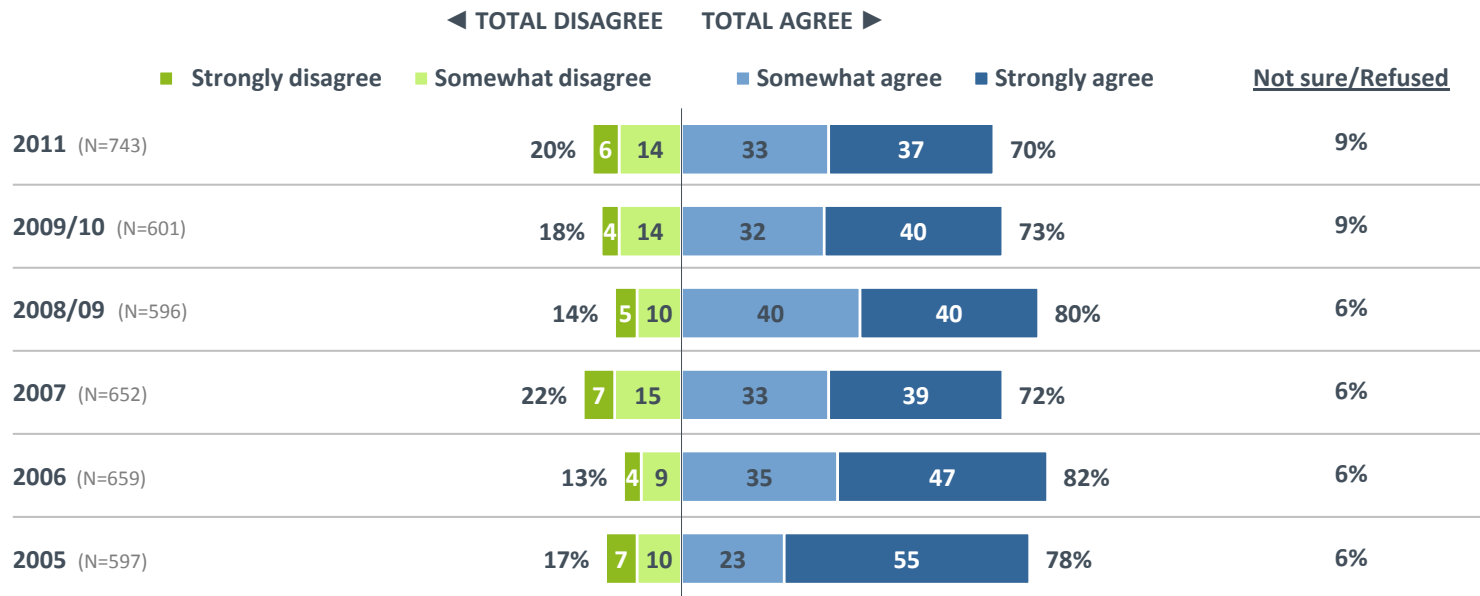
BASE: TOTAL RESPONDENTS Small Companies: '07 (N= 369) '08/'09 (N=296), '09/'10 (N=300), '11 (N=444); Large Companies: '07 (N=283) '08/'09 (N=300), '09/'10 (N=301), '11 (N=299)

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



# Perceived Employee Savings Adequacy

- The majority of employers agree that employees could work until age 65 and still not save enough to meet their retirement needs, down slightly from previous years.

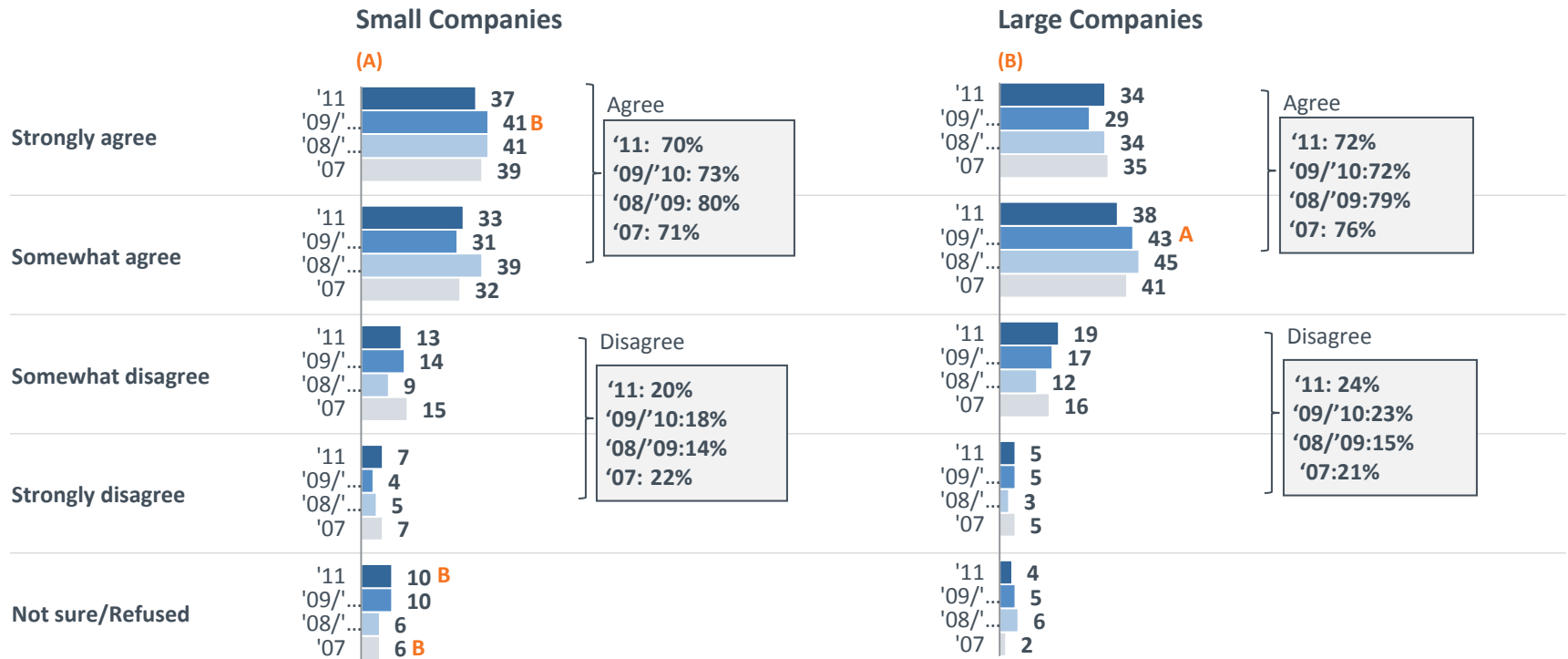


BASE: TOTAL RESPONDENTS

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

# Perceived Employee Savings Adequacy

- The majority of both large and small companies agree their employees could work until age 65 and not save enough to meet their retirement needs.

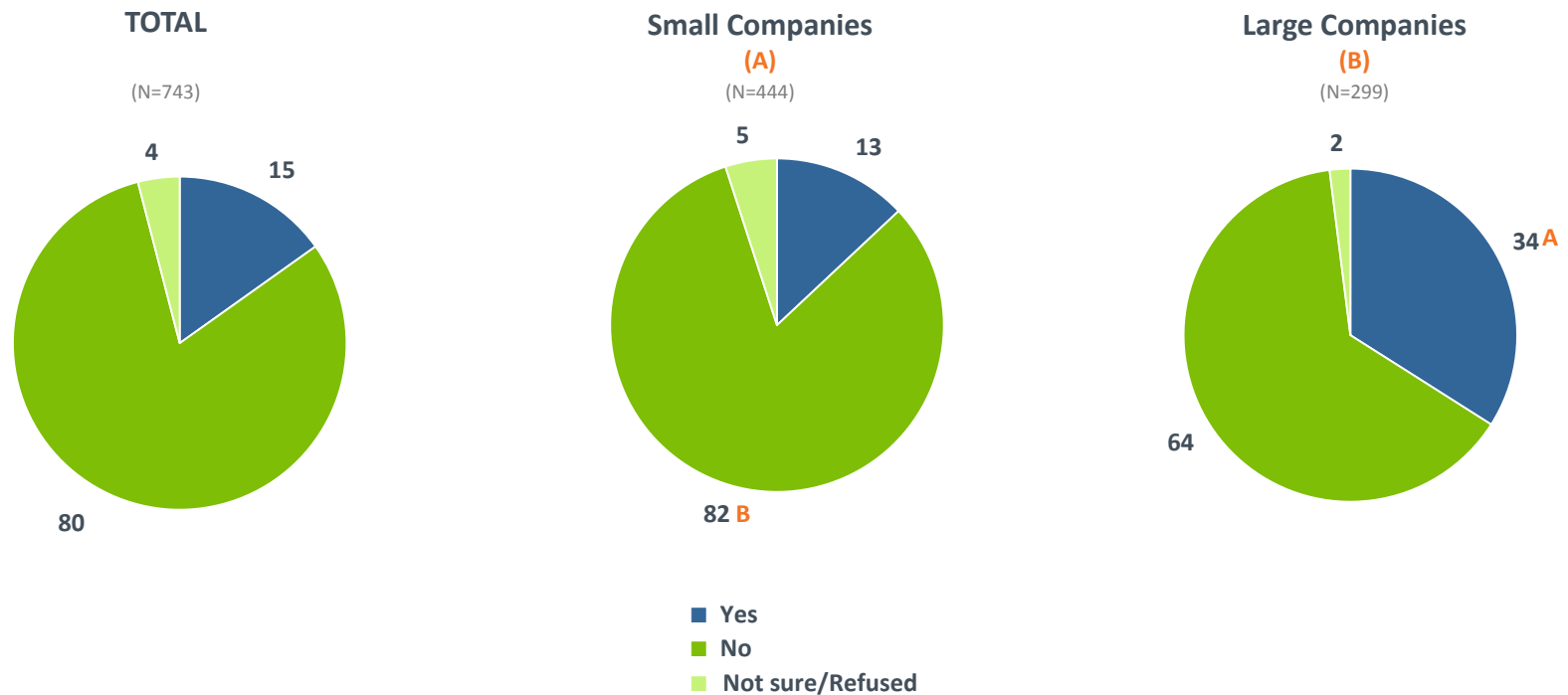


BASE: TOTAL RESPONDENTS Small Companies: '07 (N= 369) '08/'09 (N=296), '09/'10 (N=300), '11 (N=444); Large Companies: '07 (N=283) '08/'09 (N=300), '09/'10 (N=301), '11 (N=299)

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

# Helping Employees Get Back on Track with Retirement Savings

- Only 15 percent of companies have implemented programs to get their employees back on track with their retirement savings in the past 12 months.
- A third of large companies provide these programs, significantly more than small companies.

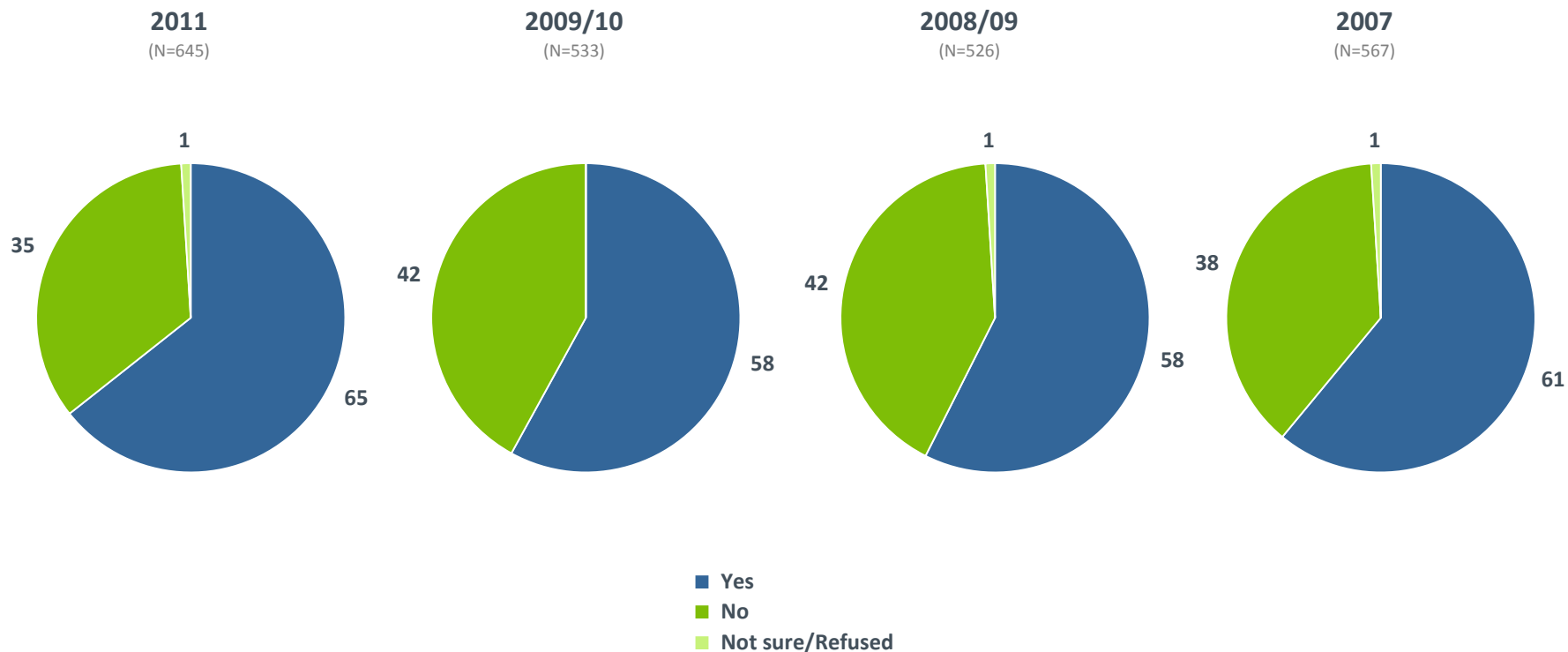


BASE: TOTAL RESPONDENTS

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?

## Current Offerings of Investment Guidance/Advice

- Two-thirds of companies that provide an employee-funded retirement plan also offer investment guidance or advice to their employees. This is directionally higher than the previous two years.

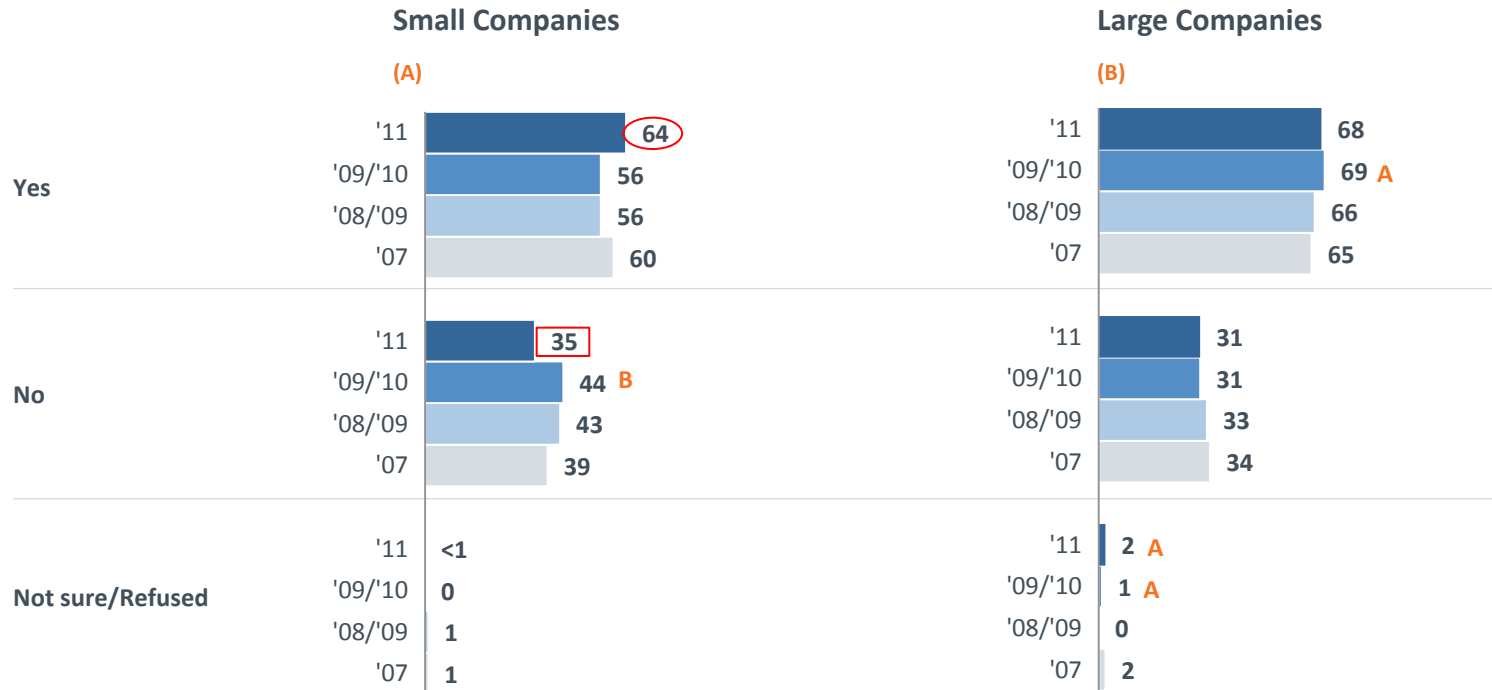


BASE: OFFERS 401(k) PLAN OR OTHER EMPLOYEE FUNDED PLAN

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

# Current Offerings of Investment Guidance/Advice

- In contrast to the previous year, there is not a significant difference between the levels of small and large companies offering investment guidance/advice to their employees.

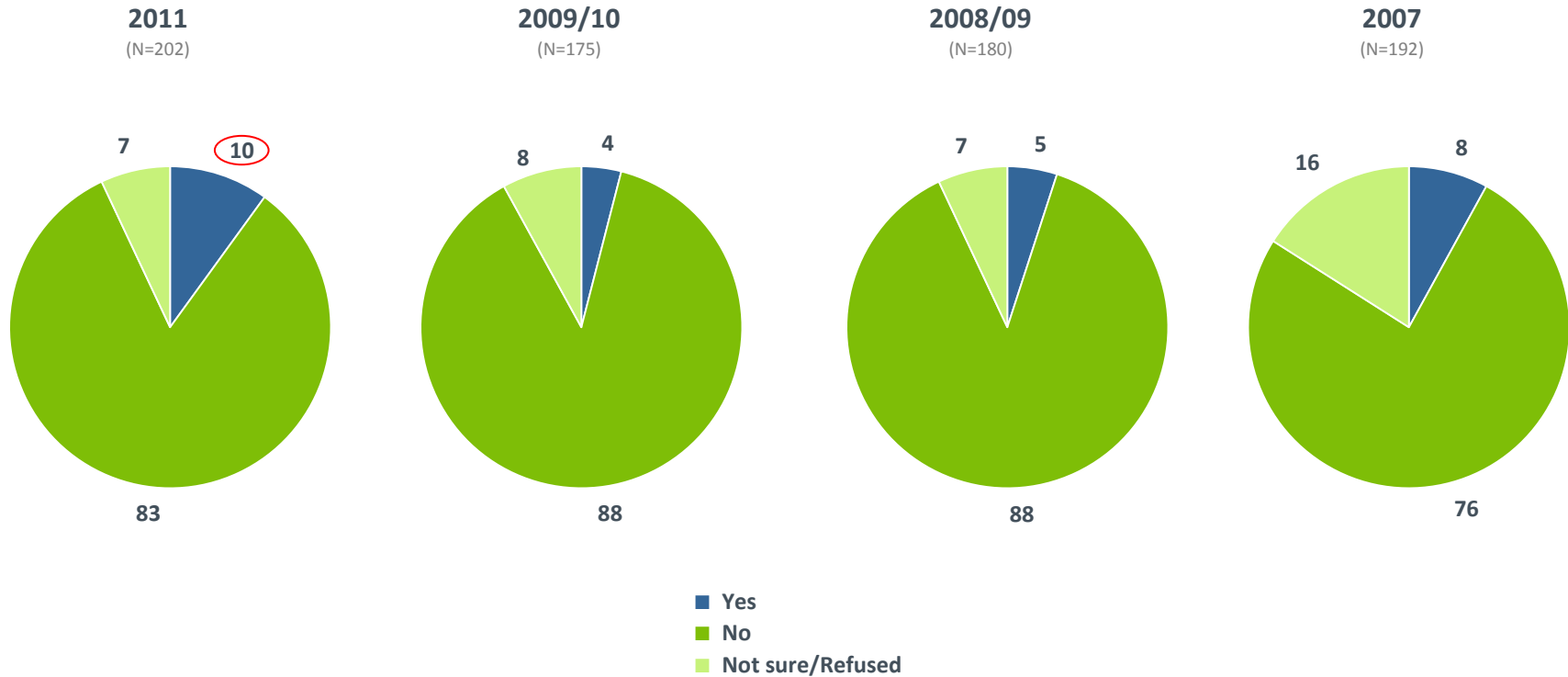


BASE: OFFERS 401(k) PLAN OR OTHER EMPLOYEE FUNDED PLAN Small Companies: '07 (N= 304) '08/'09 (N=248), '09/'10 (N=256), '11 (N=364); Large Companies: '07 (N=263) '08/'09 (N=278), '09/'10 (N=277), '11 (N=281)

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

# Future Offerings of Investment Guidance/Advice

- There is an increase in the number of companies that plan to offer investment guidance.

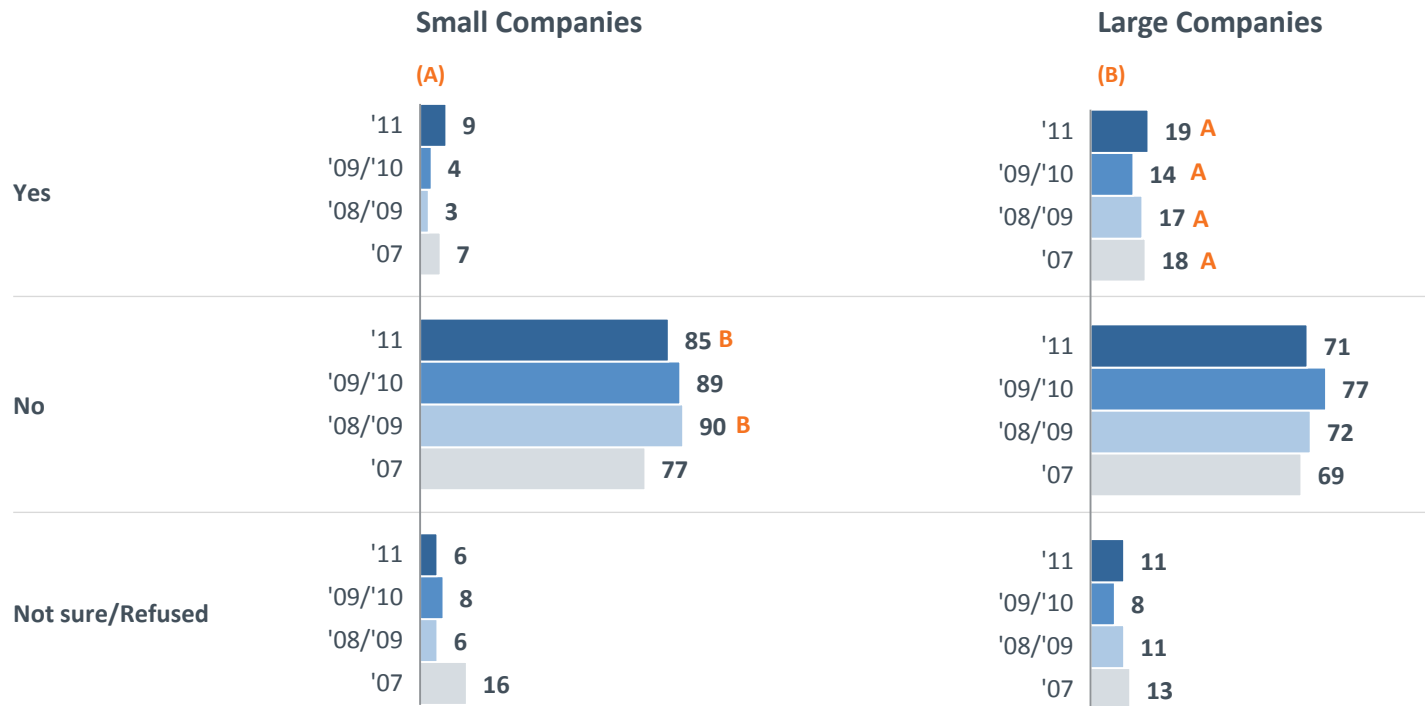


BASE: DOES NOT OFFER ADVICE

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

# Future Offerings of Investment Guidance/Advice

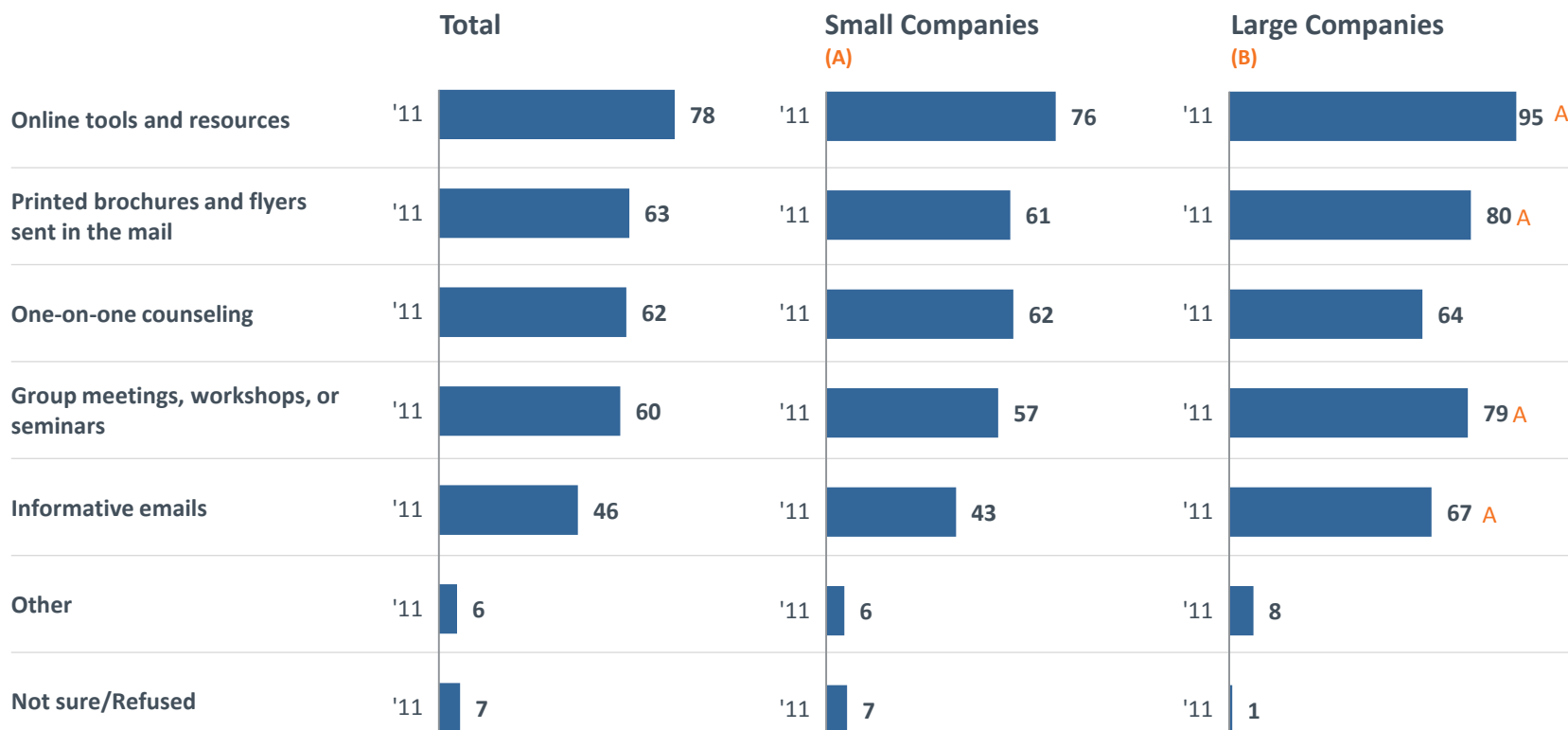
- One-fifth of large companies plan to offer investment guidance/advice in the future and overall are more likely than small companies to plan on offering guidance/advice in the future.



BASE: DOES NOT OFFER ADVICE Small Companies: '07 (N= 103) '08/'09 (N=90), '09/'10 (N=90), '11 (N=116); Large Companies: '07 (N=89) '08/'09 (N=90), '09/'10 (N=85), '11 (N=86)  
Q594. Does your company plan to offer investment guidance or advice for employees in the future?

## Types of Education and/or Advice Offered

- Over three-quarters of companies offer online tools and resources as means of educating and advising employees about retirement savings plans.
- Large companies tend to offer more education and advice than smaller companies.



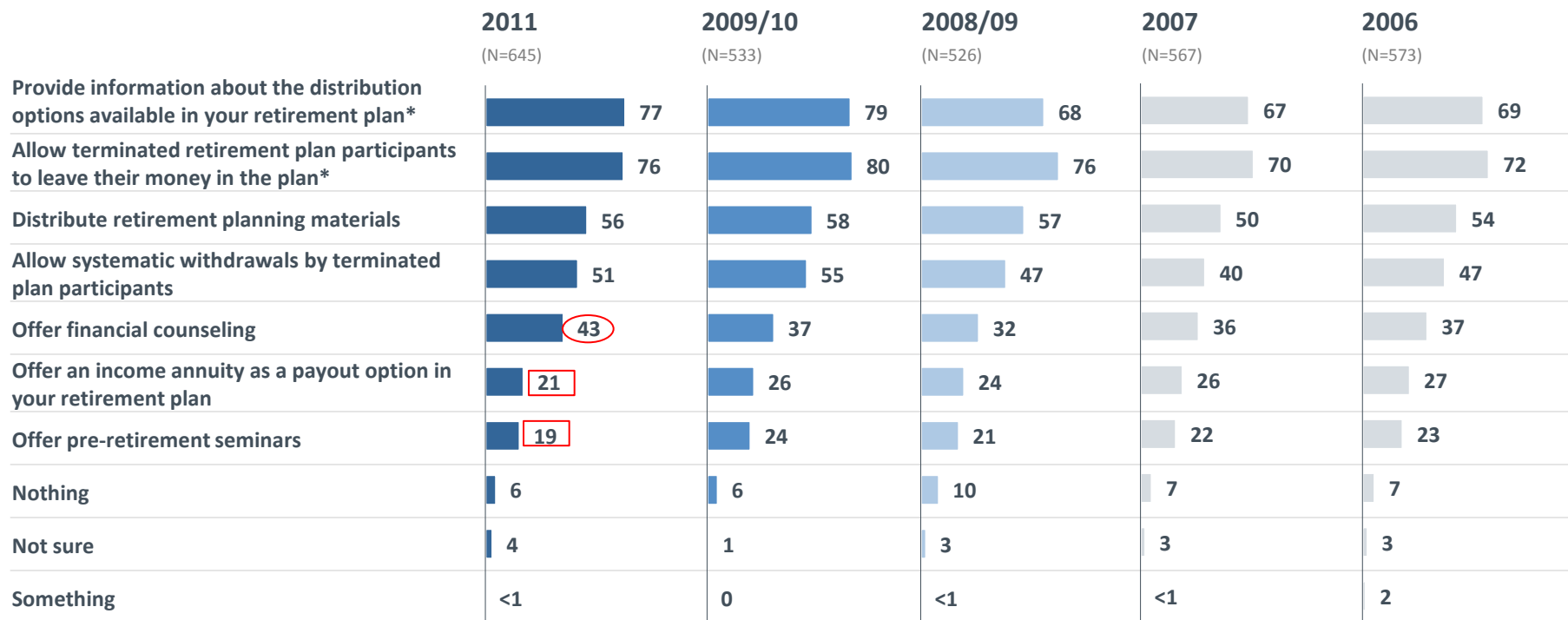
Base: Offers 401(k) or Other Self Funded Plan Total '11 (N=645); Small Companies: '11 (N=364); Large Companies: '11 (N=281)

NEW QUESTION IN WAVE 12 Q1620. Which of the following does your company offer to its employees regarding education and/or advice about the retirement savings plan?



# Helping Employees Transition to Retirement

- While most companies that offer a 401(k) or other employee-funded plan provide information about distribution options and allow terminated employees to leave their savings in the plan, relatively few offer financial counseling, income annuities, or pre-retirement seminars to assist their employees who are transitioning into retirement.



\*While regulations concerning terminated participants may require that companies perform these actions, these statistics only reflect companies' 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

# Helping Employees Transition to Retirement

- Large companies are more likely to do or offer more than small companies to help employees who are transitioning into retirement. This finding is consistent with the previous years' data.

	Small Companies (A)				Large Companies (B)			
	2011 (N=364)	2009/10 (N=256)	2008/09 (N=248)	2007 (N=304)	2011 (N=281)	2009/10 (N=277)	2008/09 (N=278)	2007 (N=263)
Provide information about the distribution options available in your retirement plan*	74%	77%	63%	65%	91% <b>A</b>	90% <b>A</b>	89% <b>A</b>	82% <b>A</b>
Allow terminated retirement plan participants to leave their money in the plan*	74%	78%	72%	67%	90% <b>A</b>	91% <b>A</b>	93% <b>A</b>	89% <b>A</b>
Distribute retirement planning materials	54%	56%	54%	48%	73% <b>A</b>	73% <b>A</b>	73% <b>A</b>	65% <b>A</b>
Allow systematic withdrawals by terminated plan participants	48%	54%	43%	37%	65% <b>A</b>	63%	62% <b>A</b>	59% <b>A</b>
Offer financial counseling	42%	35%	28%	33%	53% <b>A</b>	52% <b>A</b>	50% <b>A</b>	50% <b>A</b>
Offer an income annuity as a payout option in your retirement plan	18%	24%	22%	23%	41% <b>A</b>	43% <b>A</b>	31%	40% <b>A</b>
Offer pre-retirement seminars	15%	20%	17%	19%	46% <b>A</b>	47% <b>A</b>	41% <b>A</b>	42% <b>A</b>
Nothing	7% <b>B</b>	6%	12% <b>B</b>	8% <b>B</b>	1%	1%	0%	0%
Something else	<1%	0%	0%	<1%	<1%	0%	2% <b>A</b>	0%
Not sure	4% <b>B</b>	1%	4%	3%	0%	1%	0%	2%

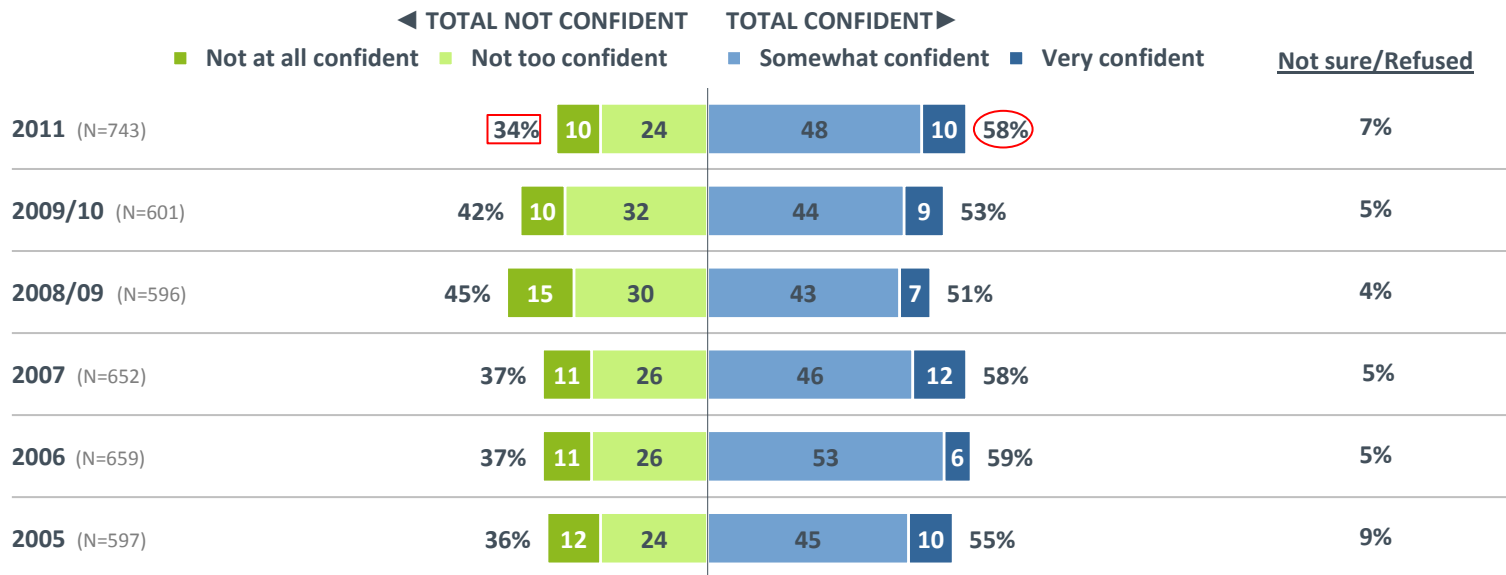
\*While regulations concerning terminated participants may require that companies perform these actions, these statistics only reflect companies' responses at the time of the survey.

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

# Confidence in Employees Achieving a Comfortable Retirement

- Only 58 percent of companies are confident in their employees' ability to achieve a comfortable lifestyle in retirement. Although this number is relatively low, it has increased back to levels reported in 2007 and prior years.

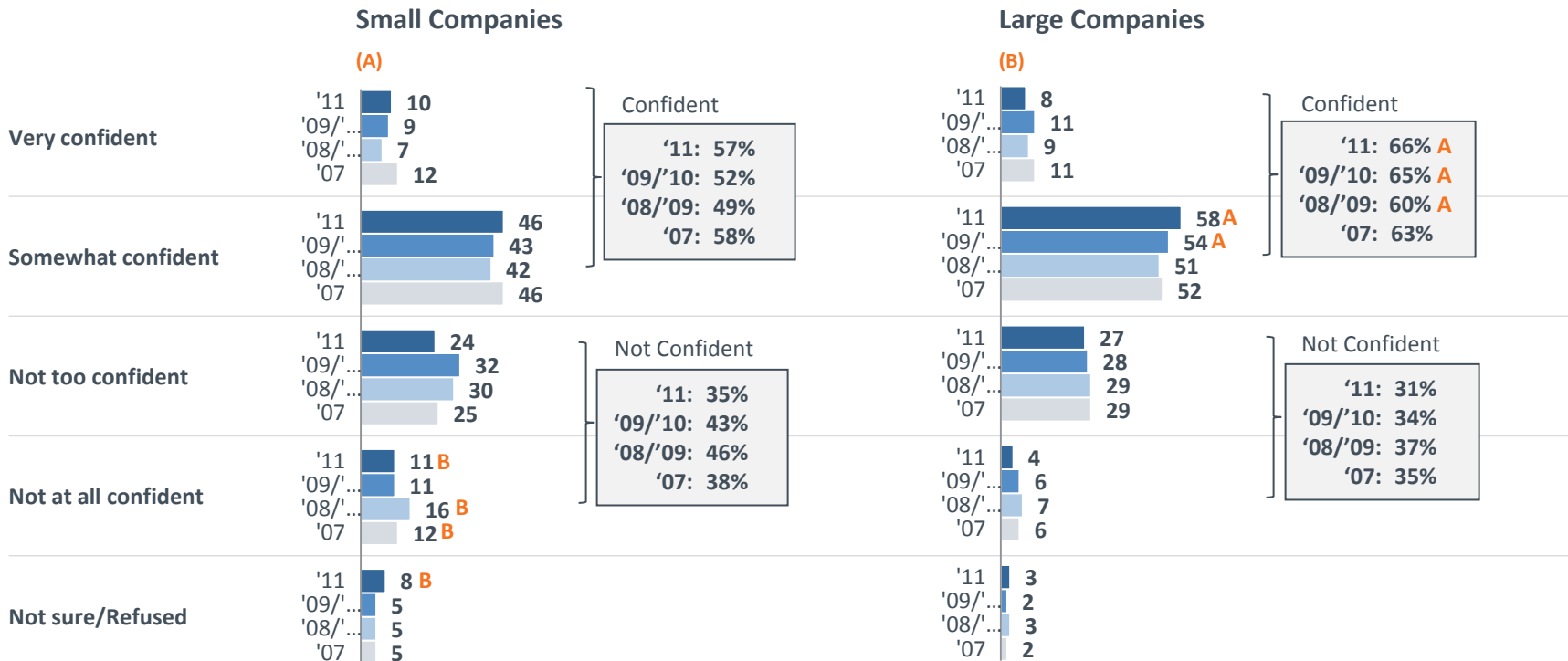


BASE: TOTAL RESPONDENTS

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?

# 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.



BASE: TOTAL RESPONDENTS Small Companies: '07 (N= 369) '08/'09 (N=296), '09/'10 (N=300), '11 (N=444); Large Companies: '07 (N=283) '08/'09 (N=300), '09/'10 (N=301), '11 (N=299)

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?