

2008 401(k) Benchmarking Survey

Manufacturing Sector

Eighty one (81) surveys were completed from companies within the manufacturing industry, representing 18.6% of total respondents. The proportions of non-technology, durable manufacturing (63%) was larger than the proportion of non-media, non-durable manufacturing (37%).

Demographics

The manufacturing sector was more likely to be from the Midwest region (51.9%) and less likely from the Northeast (18.5%) and West (8.6%) vs. the nation 34.9%, 24.5%, and 17.0% respectively.

The ownership structure of manufacturing sector respondents was nearly split, 56.8% publicly held and 43.2% privately held while the nation was the inverse (53.6% privately held and 46.4% publicly held).

The number of employees in manufacturing sector respondents was more likely to be mid sized (38.5%; 1001-5,000) as compared to the nation (32.8%).

The average employee tenure (years of service) in the manufacturing sector was more likely to be 11-15 (50.0%) as compared to the nation (23.7%).

Participation rates in the manufacturing sector were more likely to be 60.01% to 90% (69.1%) vs. the nation (56.8%).

Eligibility

Service requirements in the manufacturing sector are more likely to be immediate (59.1%) vs. the nation (50.8%).

The manufacturing sector more frequently does not have a minimum age requirement (66.7%) compared to the national sample (45.9%).

The manufacturing sector was more likely (16.7%) to have changed eligibility requirements in the past year making them less restrictive than the nation (11.8%).

The manufacturing sector was more likely (56.7%) to report having an automatic enrollment/negative election feature than the nation (42.2%).

The manufacturing sector was more likely to report never having (64.1%) or discontinued (6.3%) an easy enrollment feature than the nation (59.8% and 1.6% respectively).

The incidence of a contribution step up as a separate stand alone feature was more likely in the manufacturing sector (27%) than the nation (22.4%).

Employee Contributions

The distribution of HCE ADPs across the manufacturing sector (5.0% <4%, 17.5% 4-5.99%, 57.5% 6-7.99%, 20.0% 8% plus) mirrored the nation (8.1% <4%, 17.0% 4-5.99%, 56.1% 6-7.99%, 18.8% 8% plus).

Compared to the national results (47.6%), the manufacturing sector respondents NHCE ADPs were more likely to be 4-5.99% (61.0%).

The manufacturing sector was more likely not to be planning on offering a Roth 401(k) due to administrative burden (19%) compared to the nation (9.2%).

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Employer Contributions

Service requirements in the manufacturing sector were shorter (82.7%; immediate or < one year) than the nation (65.1%).

The manufacturing sector is more likely to offer a safe harbor contribution (33.4%) compared to the national sample (29.6%).

Both matching and profit sharing plans are more likely in the manufacturing sector (34.5%) than the nation (27.8%).

Investments

The average number of investment options was 14.5 in the manufacturing sector.

Participant Experience

The availability of individual financial counseling/investment advice in the manufacturing sector (43.6% no, 56.4% yes) compares to the nation as follows (39.8% no, 51.4% yes).

Statements are more likely to be available to manufacturing sector participants within 10 days after the end of each quarter (64.8%) compared to the nation (52.2%).

Technology Usage

The features utilized by manufacturing sector participants were: Internet (100%), call center representatives (100%), voice response systems (73.2%) and PDA/wireless (8.9%) compared to the nation were: Internet (99.7%), call center representatives (94.2%), voice response systems (76.9%) and PDA/wireless (8.4%).

Usage of Internet inquiry and transactions in the manufacturing sector was more likely to be medium 30% to 60% participant usage level (46.3%) as compared to the nation (36.7%).

Plan Effectiveness

The manufacturing sector viewed 401(k) plans as effective recruiting tools (81.8%) and assists at retaining existing employees (74.5%) mirroring the national sample (80.8% and 75.5% respectively).

The manufacturing sector was more likely to believe that the provisions of their 401(k) plans are more competitive than their peers (40.7%) compared to the nation (33.8%).

Manufacturing sector respondents were more likely to have the opinion that some employees are or will be financially prepared for retirement (70.4%) compared to the nation (65.4%).

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