

# 2009 401(k) Benchmarking Survey Financial Services/Insurance



Administered against the backdrop of unprecedented economic challenges, the 2009 401(k) Benchmarking Survey sheds light on the collective “frame of mind” of employers. To further this analysis, the following represents industry segmentation of 401(k) plan activity based on employers surveyed as well as a comparison to national averages. While in certain circumstances the economy has forced the hand of some plan sponsors to take action, for the majority of surveyed employers, plan designs have remained relatively consistent.

One hundred thirty seven (137) surveys were completed from companies within the Financial Services/Insurance industry, representing 23% of the total respondents.

## Demographics

**Exhibit 1. Participants by region**

	Industry	National
Midwest	50%	41%
South	18%	22%
Northeast	20%	21%
West	12%	16%
<b>Total</b>	<b>100%</b>	<b>100%</b>

**Exhibit 2. Average age of participants**

	Industry	National
< 30 years	1%	2%
31 - 40 years	38%	28%
41 - 50 years	58%	67%
51+ years	3%	3%
<b>Total</b>	<b>100%</b>	<b>100%</b>

**Exhibit 3. Average length of service of participants**

	Industry	National
1 - 5 years	25%	24%
6 - 10 years	50%	44%
11 - 15 years	23%	24%
16 - 20 years	0%	6%
21 - 25 years	2%	2%
26+ years	0%	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>

## Automatic enrollment

**Exhibit 4. Automatic enrollment feature in place**

	Industry	National
Yes, satisfies safe harbor conditions defined by the Pension Protection Act of 2006	29%	30%
Yes, does not satisfy the safe harbor conditions defined by the Pension Protection Act of 2006	15%	17%
Yes, unsure of safe harbor conditions	6%	5%
No, we never had it	35%	33%
No, we discontinued it	1%	1%
No, but considering it	13%	14%
No, we were unaware of this feature	1%	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>

**Exhibit 5. Default deferral percentage**

	Industry	National
2% or less	16%	16%
3%	59%	60%
4%	10%	11%
5%	6%	4%
6% or more	9%	9%
<b>Total</b>	<b>100%</b>	<b>100%</b>

**Exhibit 6. Default investment election**

	Industry	National
Principal Preservation (stable value, money market, etc.)	15%	9%
Balanced Fund	7%	10%
Lifestyle Fund (risk based)	4%	12%
Lifecycle / Target Retirement Date Fund	68%	65%
Managed Account	3%	3%
Other	3%	1%
<b>Total</b>	<b>100%</b>	<b>100%</b>

## Easy enrollment

**Exhibit 7. Easy enrollment feature in place**

	Industry	National
Yes	13%	15%
No, we never had it	74%	64%
No, we discontinued it	2%	3%
No, but considering it	10%	11%
No, we were unaware of this feature	1%	7%
<b>Total</b>	<b>100%</b>	<b>100%</b>

**Exhibit 8. Population targeted for easy enrollment**

	Industry	National
New hires only	38%	39%
Entire population	56%	49%
Other	6%	12%
<b>Total</b>	<b>100%</b>	<b>100%</b>

## Step-ups

**Exhibit 9. Step-up contribution feature in place**

	Industry	National
Yes	41%	42%
No	47%	41%
No, but considering it	10%	13%
No, we were unaware of this feature	1%	2%
Other	1%	2%
<b>Total</b>	<b>100%</b>	<b>100%</b>

**Exhibit 10. Elective or automatic**

	Industry	National
Elective	60%	58%
Automatic for some or all participants	40%	42%
<b>Total</b>	<b>100%</b>	<b>100%</b>

**Exhibit 11. Incremental step-up percentage**

	Industry	National
1%	65%	65%
2%	3%	2%
Other percentage	0%	1%
Employee's choice	32%	32%
<b>Total</b>	<b>100%</b>	<b>100%</b>

## Employee contributions

**Exhibit 12: HCE average deferral percentage**

	Industry	National
< 4%	5%	10%
4 - 5.99%	20%	19%
6 - 7.99%	54%	47%
8% or more	21%	24%
<b>Total</b>	<b>100%</b>	<b>100%</b>

**Exhibit 13: NHCE average deferral percentage**

	Industry	National
< 4%	12%	21%
4 - 5.99%	39%	37%
6 - 7.99%	35%	28%
8% or more	14%	14%
<b>Total</b>	<b>100%</b>	<b>100%</b>

**Exhibit 14: Roth 401(k) feature**

	Industry	National
Yes	47%	31%
No	53%	69%
<b>Total</b>	<b>100%</b>	<b>100%</b>

## Employer contributions

**Exhibit 15: Service requirement for employer matching contribution**

	Industry	National
Immediate	54%	57%
Less than 1 year	21%	14%
1 year	23%	24%
Other	2%	5%
<b>Total</b>	<b>100%</b>	<b>100%</b>

**Exhibit 16: Service requirement for profit sharing**

	Industry	National
Immediate	25%	31%
Less than 1 year	22%	16%
1 year	46%	44%
Other	7%	9%
<b>Total</b>	<b>100%</b>	<b>100%</b>

**Exhibit 17: Change in company's matching formula in the past year**

	Industry	National
Yes, we have	12%	17%
No, and we are not considering any changes	76%	68%
No, but we are considering	12%	15%
<b>Total</b>	<b>100%</b>	<b>100%</b>

**Exhibit 18: Yes, changed company's matching formula in the past year**

	Industry	National
Yes, we have		
Increased match	36%	28%
Instituted safe harbor	21%	13%
Suspended/discontinued	21%	29%
Decreased match	21%	27%
Instituted discretionary	0%	5%
Instituted other formula/design changes	21%	10%

**Exhibit 19: No, did not change company's matching formula in the past year**

	Industry	National
No, but we are considering		
A change to increase match	8%	10%
A change to institute safe harbor	23%	14%
A change to decrease match	39%	32%
Suspending/discontinuing match	15%	45%
A change to institute discretionary	8%	8%
Other formula/design changes	31%	16%

## Investments

**Exhibit 20. Investment vehicles utilized**

	Industry	National
Annuities	7%	8%
Collective trust funds	19%	28%
Mutual funds	93%	91%
Separate accounts	22%	21%
Other	9%	10%

**Exhibit 21. Managed accounts offered**

	Industry	National
Yes	29%	26%
No	63%	65%
No, but considering it	7%	8%
No, unaware of this feature	1%	1%
<b>Total</b>	<b>100%</b>	<b>100%</b>

## Plan effectiveness

**Exhibit 22. 401(k) as an effective employee recruitment tool**

	Industry	National
Yes	89%	79%
No	11%	21%
<b>Total</b>	<b>100%</b>	<b>100%</b>

**Exhibit 23. 401(k) as an effective employee retention tool**

	Industry	National
Yes	79%	68%
No	21%	32%
<b>Total</b>	<b>100%</b>	<b>100%</b>

**Exhibit 24. Generational segmentation considered**

	Industry	National
Yes	38%	37%
No	62%	63%
<b>Total</b>	<b>100%</b>	<b>100%</b>

**Exhibit 25. Financial counseling availability**

	Industry	National
Yes, to all participants	50%	50%
Yes, to some participants	4%	4%
No	42%	41%
No, but we are in the process of implementing this feature	4%	5%
<b>Total</b>	<b>100%</b>	<b>100%</b>

## Provider relationship

**Exhibit 26. Provider structure**

	Industry	National
Bundled	73%	75%
Alliance	9%	10%
Unbundled	18%	15%
<b>Total</b>	<b>100%</b>	<b>100%</b>

**Exhibit 27. Fees at risk or additional services provided for maintaining service and performance levels**

	Industry	National
Yes	38%	42%
No	35%	34%
Dont know	27%	24%
<b>Total</b>	<b>100%</b>	<b>100%</b>

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