



AMERICAN BENEFITS

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Attitudes of Employee Benefits Decision Makers Toward Retirement Plan Tax Proposals

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Section 1

Introduction and Methodology

Introduction and Methodology

- This report presents the results of an online survey conducted by Mathew Greenwald & Associates, Inc., on behalf of the American Benefits Institute to assess employer reactions to three proposals for modifying the income tax exclusion of defined contribution (DC) plan contributions: the 20/20 proposal, a 25% tax credit, and a tax exclusion limitation.
- The questionnaire for this study was designed by Greenwald & Associates, in cooperation with the American Benefits Institute. Respondents were asked about the DC plans their company currently offers, the importance of income tax exclusion of contributions and deferral of plan earnings to the company's decision to sponsor a DC plan, and the company's likely reaction to each of the proposals. The order in which the three proposals were presented was randomized to reduce possible bias. A series of questions was also asked to gather demographic characteristics.
- Information for this study was gathered through 15-minute online interviews with a total of 516 employers. Quotas were established for employers by size of company and presence of DC plan as shown in the table below. In many cases, these quotas were exceeded.

	Quota	# of Completed Interviews
10-49 employees, offer DC plan	125	130
50-99 employees, offer DC plan	125	125
100-999 employees, offer DC plan	100	105
1,000-9,999 employees, offer DC plan	75	77
10,000 or more employees, offer DC plan	25	29
10-49 employees, do not offer DC plan	25	25
50 or more employees, do not offer DC plan	25	25

Introduction and Methodology (continued)

- To qualify for the study, employers had to employ at least 10 full-time workers; have been in business for at least 3 years; have had gross revenue of at least \$500,000 in the past fiscal year; and be a non-governmental organization. In addition, respondents had to have a senior position within the organization (owner, partner, chairman, president, CEO, executive director, senior vice president, vice president, or CFO or controller) and be a decision maker regarding employee benefits.
- Respondents for the survey were recruited through the ResearchNow online panel. Online interviewing took place September 13-25, 2012.
- The final data set was weighted to reflect the distribution of U.S. companies by number of workers employed and the presence of a DC plan (based on data from the 2009 County Business Patterns and the 2011 Employee Benefits Survey).
- A similarly-sized random sample of 516 respondents would have a margin of error at the 95% confidence level of plus or minus 4 percentage points. Subgroups will have larger margins of error, depending on their size: the smaller the group, the larger the margin of error.
- A brief summary of the key findings begins on the next page, followed by a discussion of the survey findings. Results are reported for each question, and selected demographic and behavioral breakdowns of the data are included where there are significant differences. The descriptions of the three proposals presented to respondents in the survey questionnaire are listed on the introductory page for each proposal. Percentages in the tables and charts may not total to 100 due to rounding and/or missing categories.



Section 2

Key Findings

Key Findings

DC plans are valuable to employers and employees alike, and the current employee income tax exclusion is a key factor in maintaining that value.

- Sizeable majorities of employers with ten or more full-time workers say they find DC plans valuable when it comes to retaining quality employees (85% of those with a DC plan and 72% without a plan), recruiting quality employees (84% and 65%), and motivating employees (81% and 74%).
- Eight in ten employers say the exclusion of employee contributions (81%) and employer contributions (77%) from current employee income taxation is important in their company's decision to sponsor a DC plan.
- Further, virtually all employers (91%) believe that the exclusion of plan contributions from current income taxation is important to their workers' decision to contribute to the plan and seven in ten plan sponsors (72%) think their employees contribute more than they otherwise would as a result of the exclusion.

Proposals to modify the income tax exclusion of DC plan contributions are likely to garner opposition from employers.

- A majority of employers oppose each of the proposals tested in the survey for modifying the income tax exclusion of DC plan contributions. These proposals were the 20/20 proposal (limiting total contributions to the lesser of \$20,000 or 20% of compensation), a 25% tax credit, and a tax exclusion limitation.
- Seven in ten oppose the 25% tax credit (71%, including 37% strongly opposed) and the 20/20 proposal (71%, including 30% strongly opposed). Sixty-three percent oppose the tax exclusion limitation (including 30% strongly opposed).
- Many employers are convinced that these proposals would reduce the value of a DC plan when it comes to employee recruitment, retention, and motivation. On average, six in ten think the 25% tax credit would have these effects, while half think the 20/20 proposal and four in ten think the tax exclusion limitation would do so.
- In addition, the majority of sponsors believe these proposals would have a negative impact on their employees' preparation for retirement. Seven in ten (72%) say the 25% tax credit would have a great deal or some negative impact, while 57% say the 20/20 proposal and half (50%) think the tax exclusion limitation would have a negative impact.



Key Findings (continued)

At a minimum, if one of these proposals is passed, many current sponsors would modify their DC plan by decreasing or eliminating one or more plan provisions; some would likely drop their plan altogether.

- Almost half (46%) state they would drop or consider dropping their DC plan if the 25% tax credit were passed. One-third each would drop or consider dropping their plan if the 20/20 proposal (34%) or the tax exclusion limitation (35%) were passed.
- Decreases in plan provisions are likely to be most pronounced if the 25% tax credit is passed. If this were to happen, sizable percentages report they would decrease or eliminate non-elective contributions (30%), matching contributions (29%), the amount invested in participant communication and education (26%), auto-enrollment (23%), auto-escalation (23%), and safe harbor contributions (23%). Between 19% and 25% say they would reduce or eliminate these provisions if the tax exclusion limitation is enacted, and between 18% and 23% would reduce or eliminate these provisions if the 20/20 proposal is passed.
- Moreover, half of sponsors would react to these changes in income tax exclusion by making changes to non-qualified plans. In the case of the 25% tax credit, one-quarter would start a new non-qualified plan (25%), 19% would expand eligibility for existing non-qualified plans, and 9% would increase contributions to existing non-qualified plans. Of those making changes, six in ten (60%) report that these changes would reduce the resources committed to qualified plans. The findings for the 20/20 proposal and tax exclusion limitation are very similar.

Employers believe the proposals and any plan modifications made in response are likely to adversely affect worker preparations for retirement.

- Six in ten (60%) feel the 25% tax credit, along with any plan changes the company makes in response, will reduce the value of a DC plan for employees. Somewhat fewer say the same about the 20/20 proposal (48%) and the tax exclusion limitation (42%).
- Sizeable percentages say that 40% or more of current contributors are likely to decrease or eliminate their plan contributions if the 25% tax credit (36%), 20/20 proposal (26%), or tax exclusion limitation (23%) is passed.



Key Findings (continued)

- The reduction or elimination of the tax exclusion may also prompt employees to request that at least some of the company contributions to their DC plan be redirected as direct compensation. Two-thirds of employers offering a DC plan with employer contributions say this is likely to happen with the 25% tax credit (65%), Just under half think this is likely to happen with the 20/20 proposal (48%) and tax exclusion limitation (46%).

Large employers, particularly those with 1,000 or more workers, often foresee more severe effects from these proposed changes.

- At least four in ten sponsors with 1,000 or more workers – which together employ approximately 40% of U.S. workers – would consider dropping their plan if the 20/20 proposal (47%) or the tax exclusion limitation (40%) were passed. (42% of these employers would also consider dropping their plan if the 25% tax credit were passed, but this is statistically equivalent to the 38% measured overall.)
- They are more likely than smaller sponsors to report they are likely to decrease or eliminate non-elective and matching contributions if the 25% tax credit is passed. Large employers are also more likely to indicate they would expand eligibility for existing non-qualified plans.
- If the 20/20 proposal or tax exclusion limitation is passed, large employers are more likely to decrease or eliminate each of the plan provisions listed in the survey and to expand eligibility for and contributions to existing non-qualified plans.
- In the event that the 20/20 proposal or tax exclusion limitation is enacted, large employers are also more apt to expect their employees to begin requesting that at least some of the company contributions be redirected as direct compensation.

Companies that do not currently sponsor a plan would be less likely to start one if one of these proposals were passed.

- Currently, four in ten non-sponsors report their company is very (8%) or somewhat (35%) likely to start a DC plan for employees within the next two years.
- However, half say the 25% tax credit (48%) and the tax exclusion limitation (47%) would make their company less likely to start a plan. Three in ten (29%) say the 20/20 proposal would make them less likely to start a plan.



Section 3

*Detailed Findings:
Value of DC Plans and Importance of
Income Tax Exclusion*

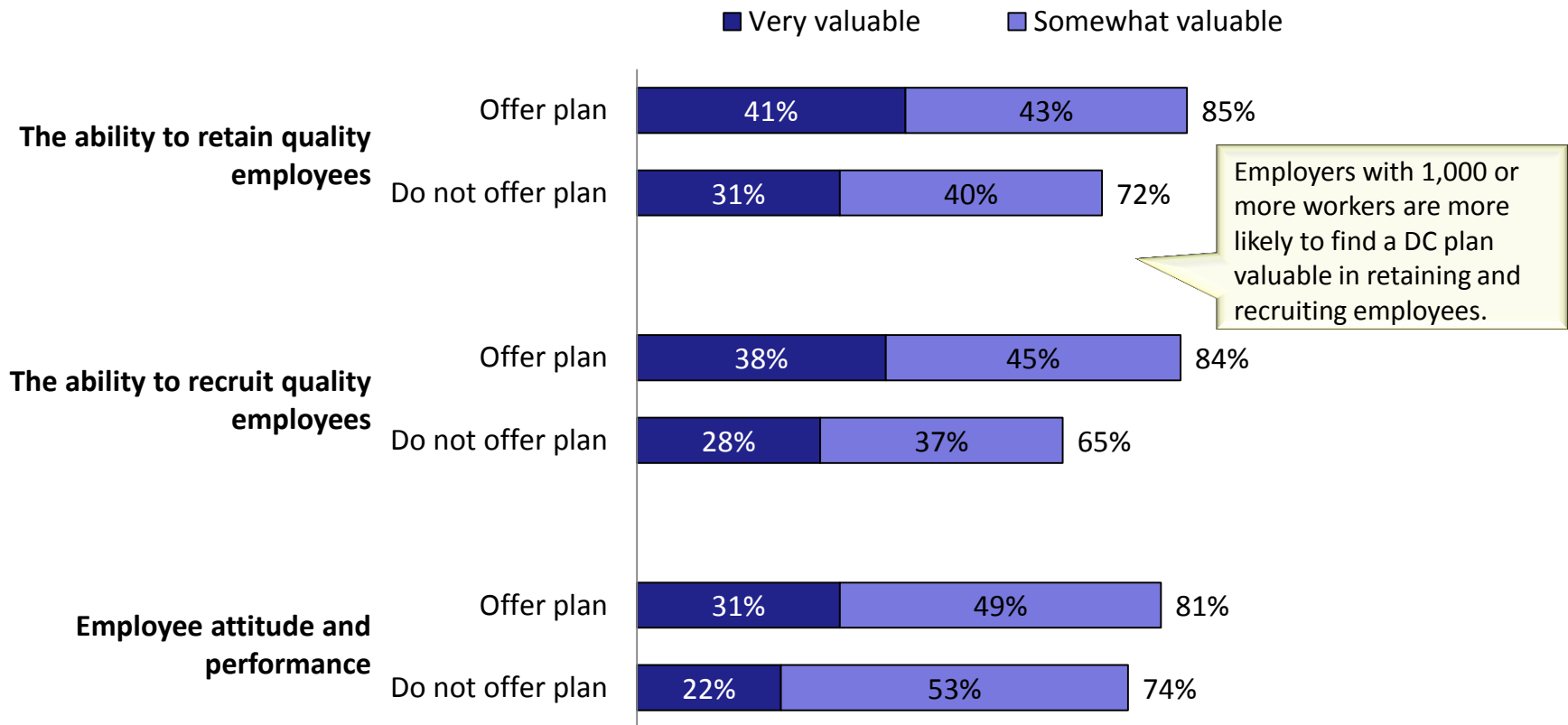
The large majority of employers state that DC plans are at least somewhat valuable in helping to retain, recruit, and motivate employees. Non-sponsors also say they would find DC plans valuable.

How valuable would you say the DC plan(s) (are) when it comes to...?

(Employers offering DC plan, n=466)

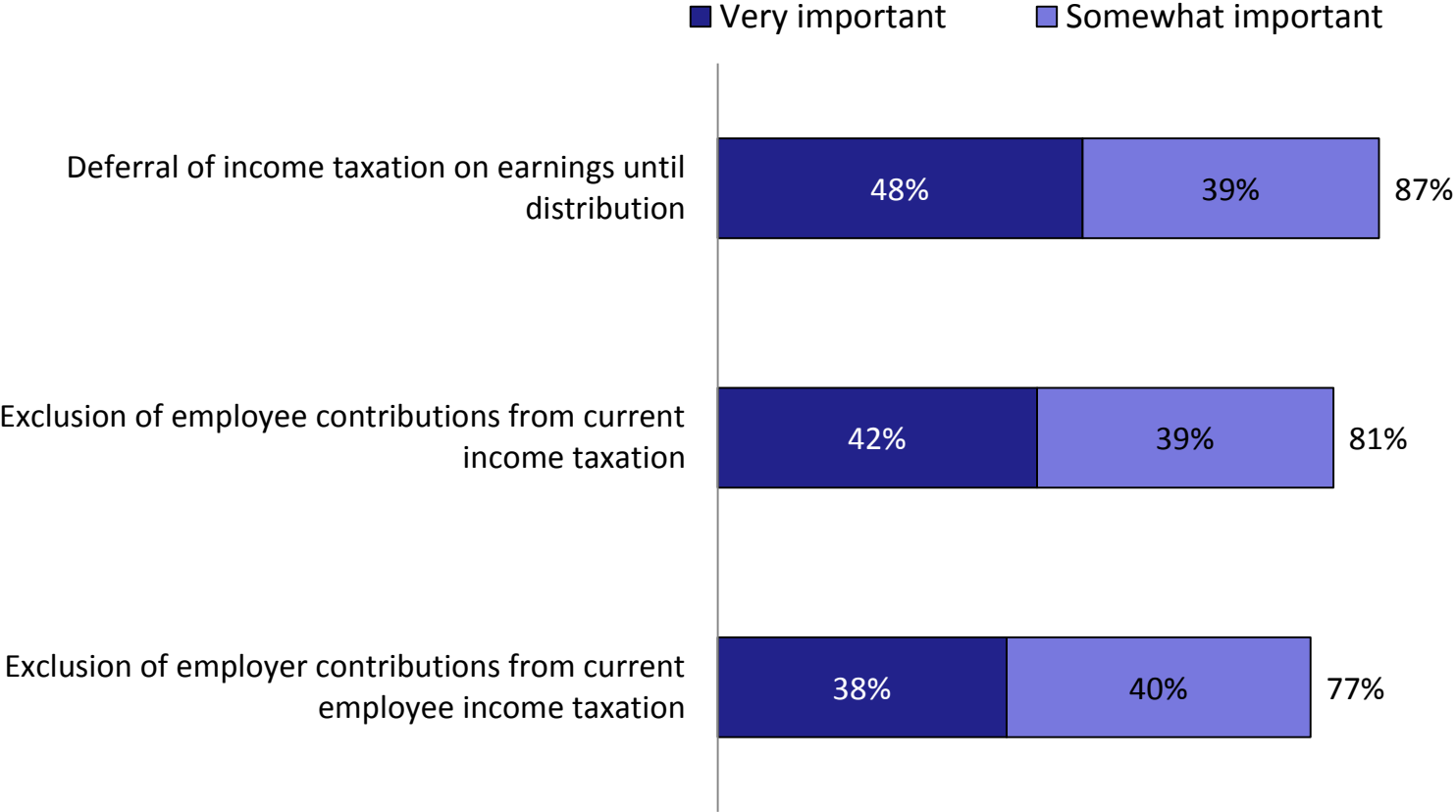
How valuable do you think a (DC plan/401(k) or 403(b) plan) would be when it comes to...?

(Employers not offering a 401(k) or 403(b) plan, n=70)



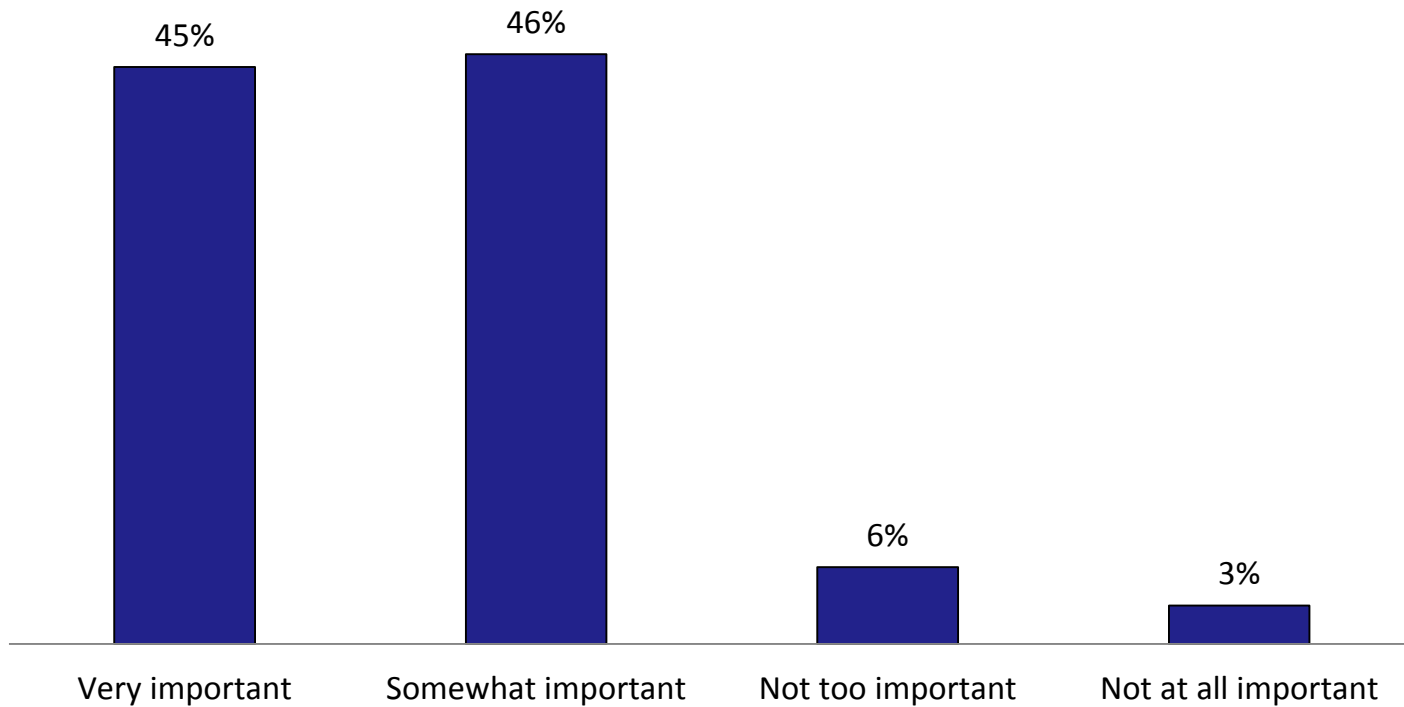
The income tax deferral on earnings and the exclusion of contributions from current employee income taxation are important factors in employers' decision to establish a DC plan.

How important are the following features of DC plans to your company or organization's decision to establish a plan?
(All employers, n=516)



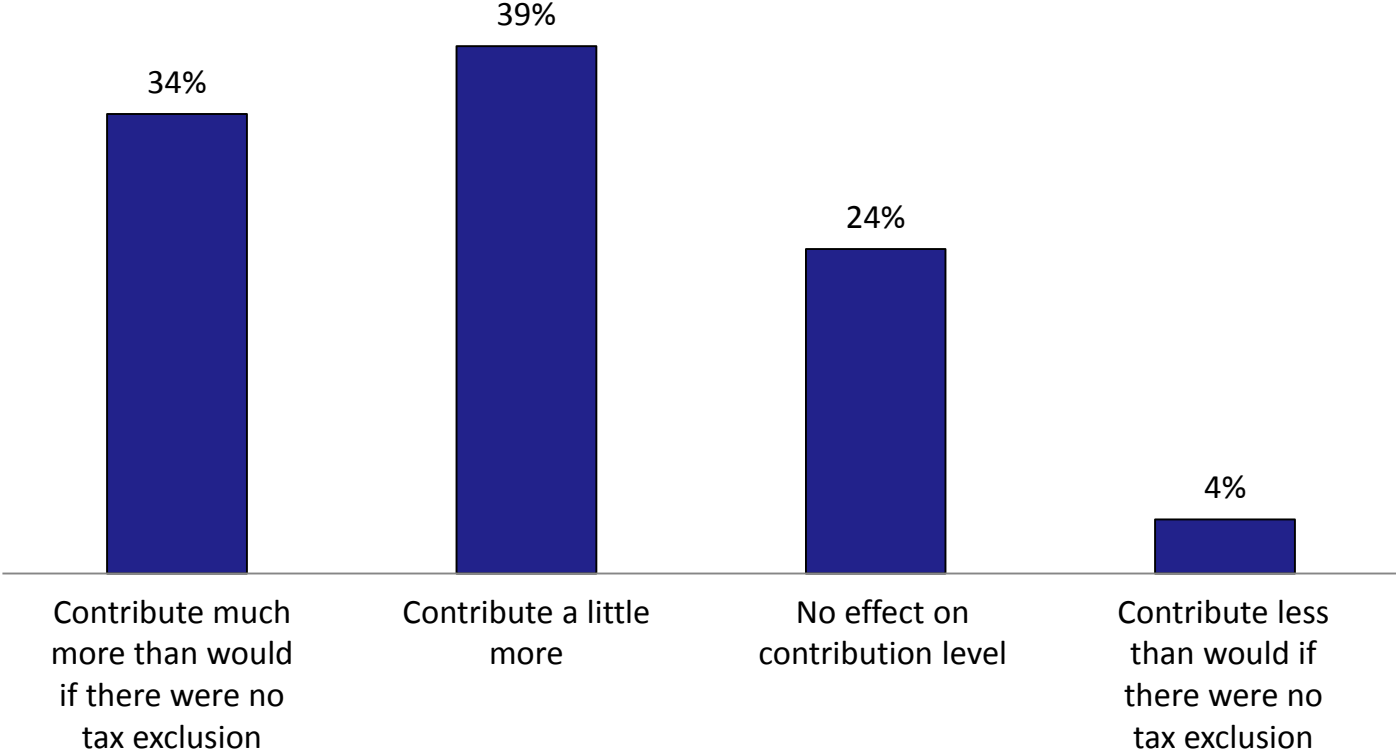
Virtually all employers believe that the exclusion of DC plan contributions from current income taxation is important to their workers' decision to contribute to the plan.

How important do you think the fact that contributions to DC plans are excluded from current income taxation (is/would be) to your employees' decision to contribute to the plan(s)?
(All employers, n=516)



Furthermore, more than seven in ten sponsors think their employees contribute more than they otherwise would as a result of the exclusion.

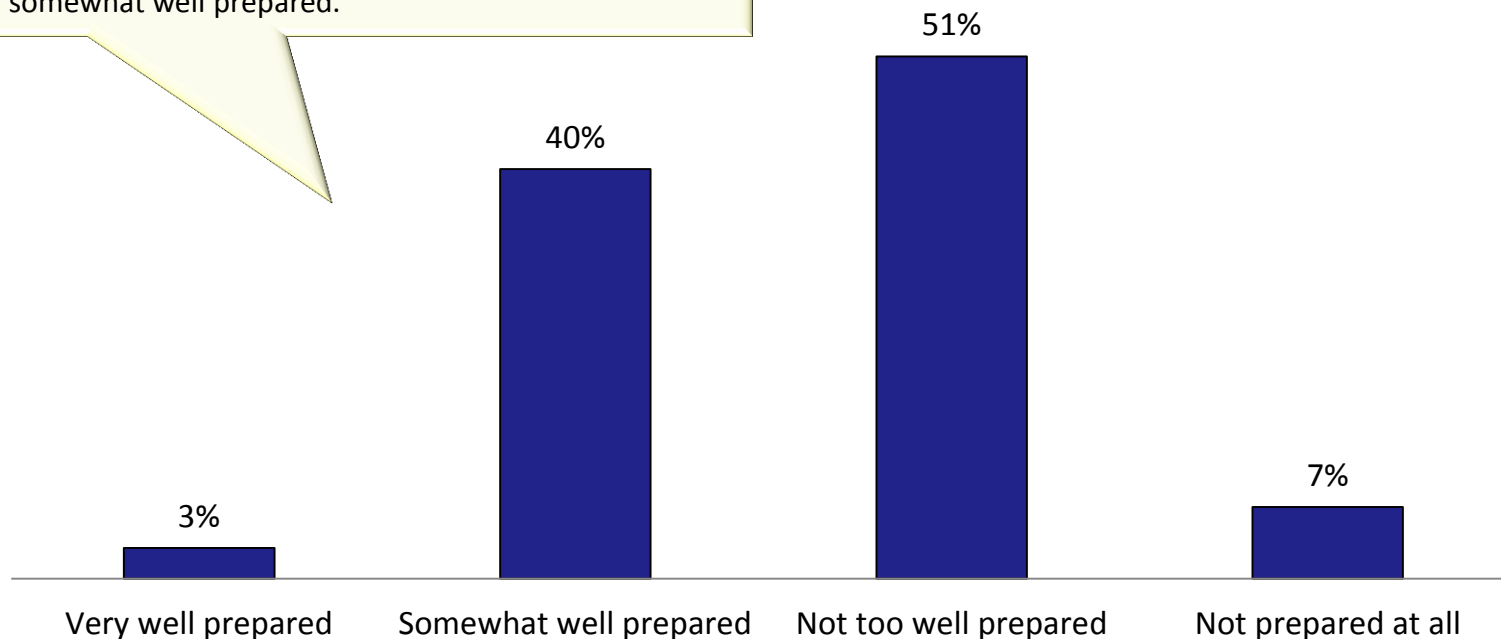
In general, do you think your employees contribute more or less to the plan(s) than they otherwise would as a result of the exclusion of contributions from current income taxation?
(Employers offering DC plan, n=466)



This suggests that without the income tax exclusion, a U.S. workforce that is already at best only “somewhat well” prepared for retirement might become even less well prepared.

In general, how well prepared do you think your employees are for retirement?
(All employers, n=516)

Employers who offer a DC plan are more likely than those who do not to think their employees are prepared for retirement (54% vs. 32%). Companies with at least 1,000 workers are also more likely to say their workers are very or somewhat well prepared.

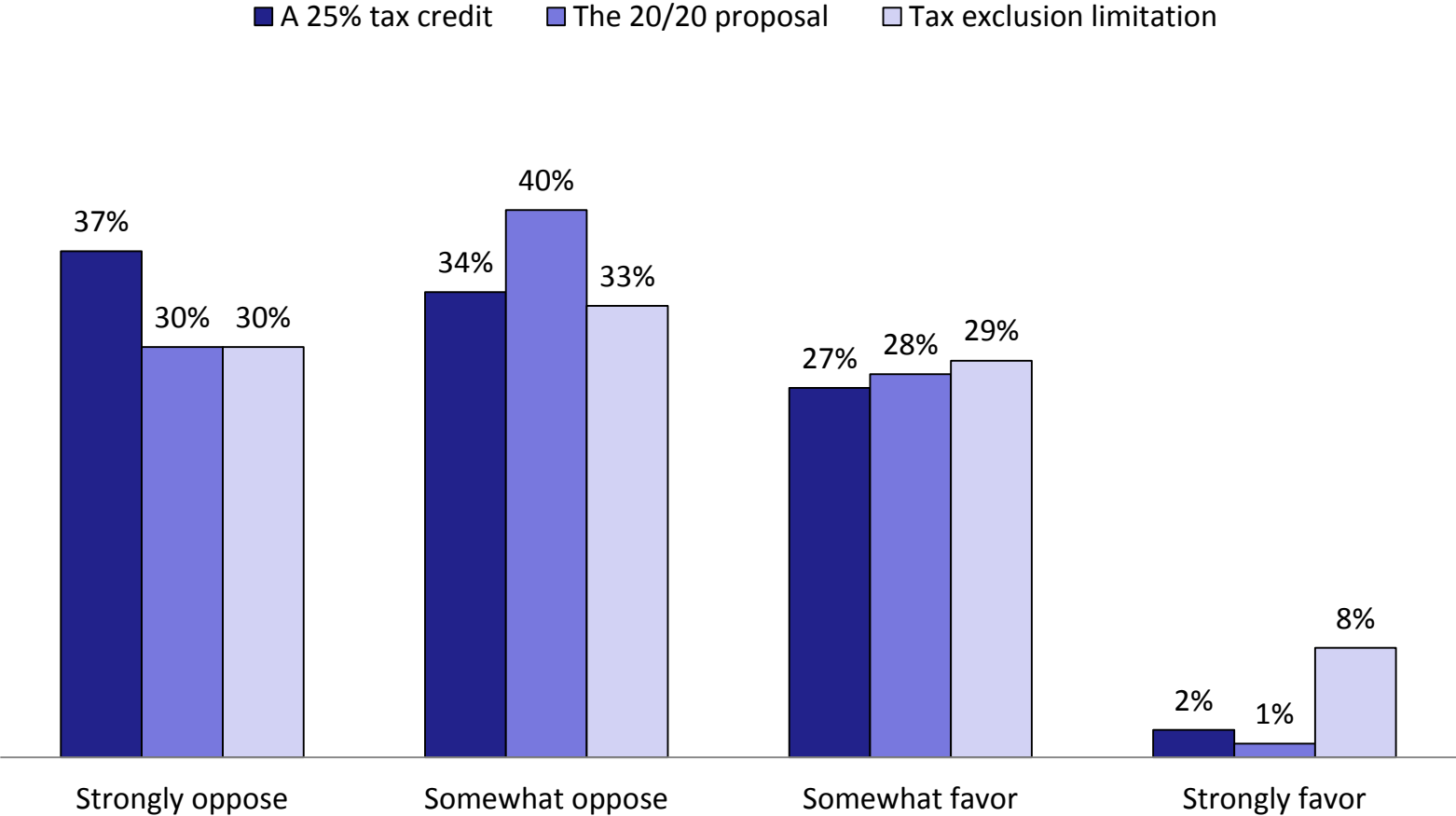


Section 4

*Detailed Findings:
Proposed Changes to DC Plans*

While a majority of employers oppose each of the proposals for modifying the income tax exclusion of DC plan contributions, they are most likely to *strongly* oppose the 25% tax credit.

Taking everything into consideration, to what extent do you favor or oppose [this proposal]?
(All employers, n=516)



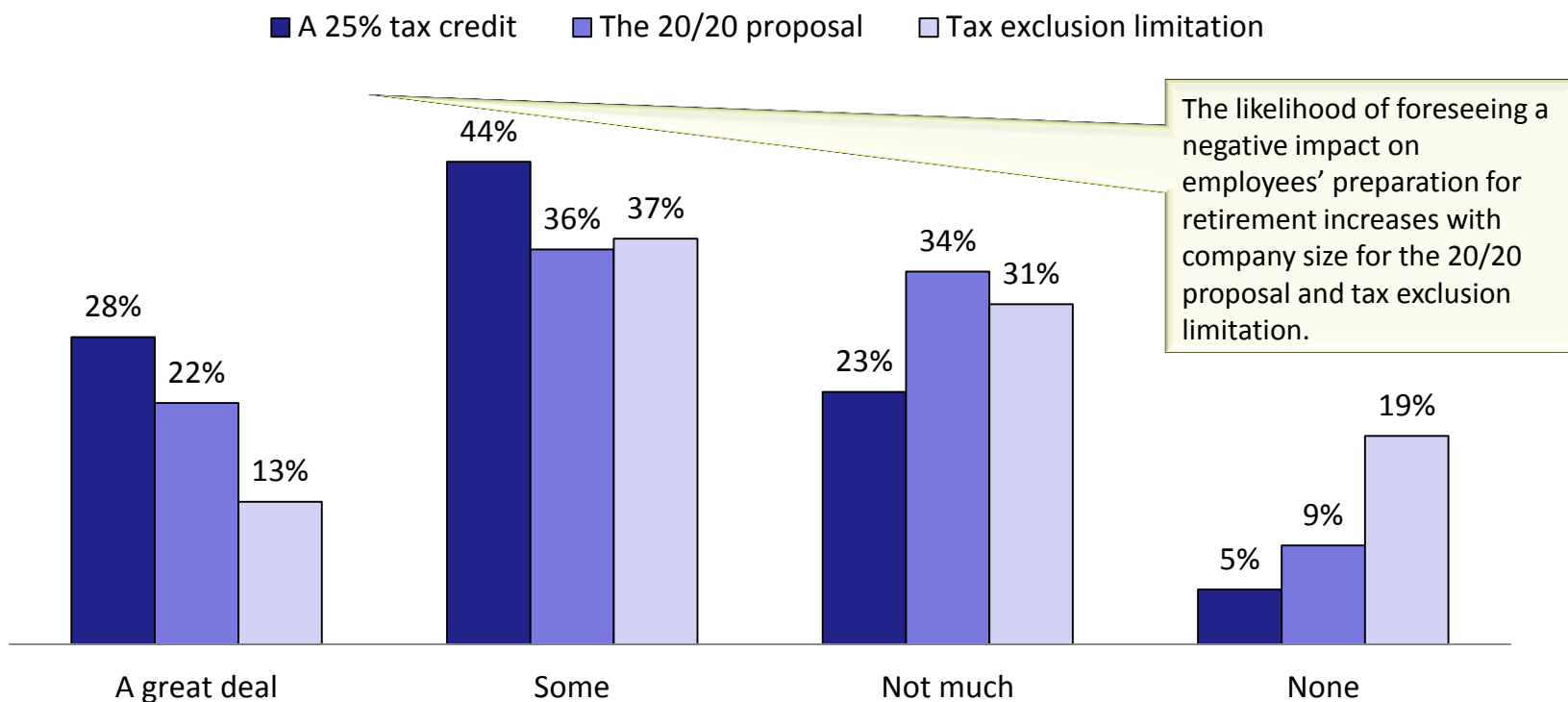
Similarly, plan sponsors think all three proposals would have a negative impact on employees' retirement preparations, but they are most likely to say a 25% tax credit would have *a great deal* of negative impact.

If contributions were no longer excluded from income taxation, but employees got a tax credit of 25% of total contributions...

If total contributions were limited to the lesser of \$20,000 or 20% of compensation...

If contributions were excluded from income taxation for most, but those with high incomes had to pay some tax...

How much negative impact, if any, do you think it would have on your company or organization's employees' preparation for retirement?
(Employers offering a DC plan, n=466)



A 25% Tax Credit

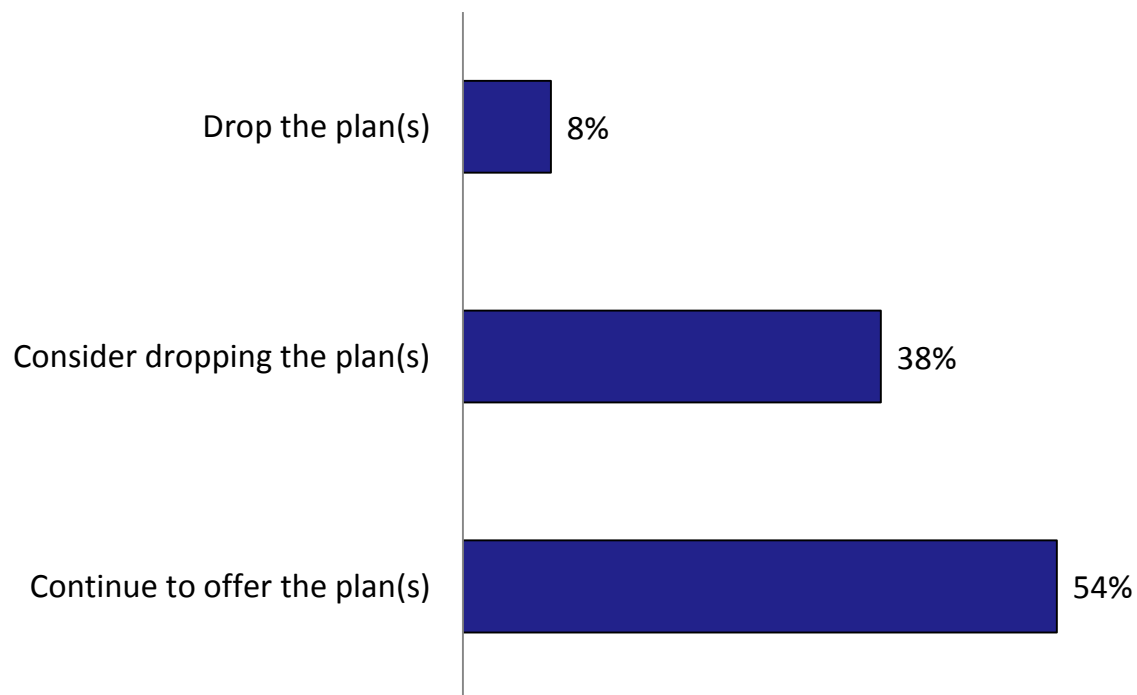
Employee and employer contributions would no longer be excluded from income for income taxation purposes and the employee would pay income tax on those contributions. Instead, employees would receive an income tax credit of 25% of total contributions to their account during the year.



Almost half of sponsors say a 25% tax credit would likely cause them to drop or consider dropping their DC plan.

If contributions were no longer excluded from income taxation, but employees got a tax credit of 25% of total contributions...

Which one of the following do you think your company or organization would be most likely to do? (Employers offering a DC plan, n=466)

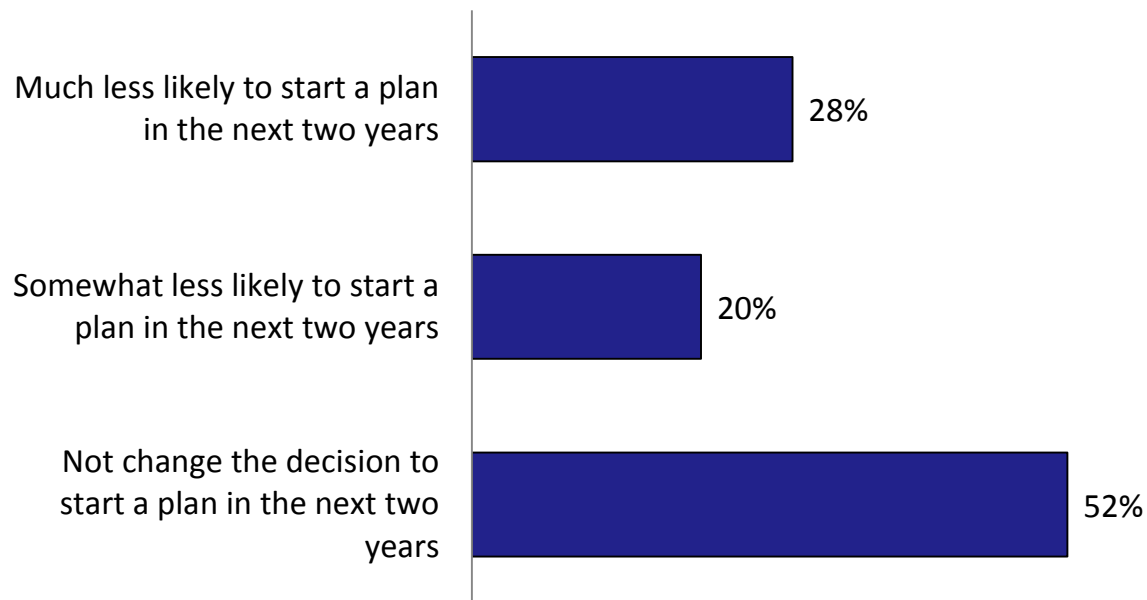


The tax credit would also likely make half of non-sponsors less likely to start a plan in the next two years.

If contributions were no longer excluded from income taxation, but employees got a tax credit of 25% of total contributions...

How would this affect your company or organization's decision to start a DC plan in the next two years? Would it make your company or organization...?

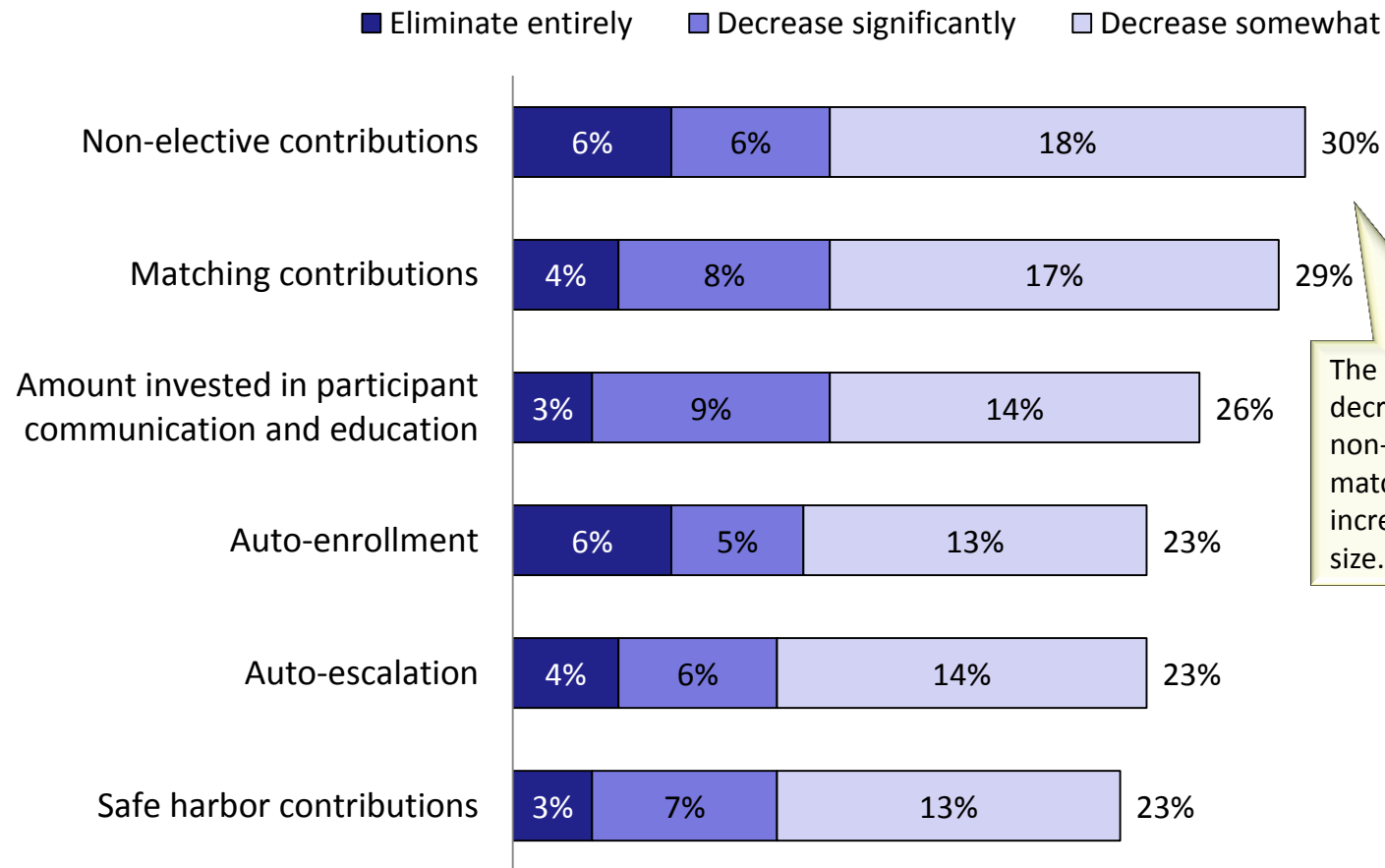
(Employers not offering DC plan, n=50)



Three in ten DC plan sponsors indicate they would decrease or eliminate non-elective and matching contributions if the tax credit were enacted. Slightly fewer would decrease or eliminate other plan provisions.

If contributions were no longer excluded from income taxation, but employees got a tax credit of 25% of total contributions...

How, if at all, do you think your company or organization would modify the following plan provisions?
(Employers offering a DC plan, n=466)

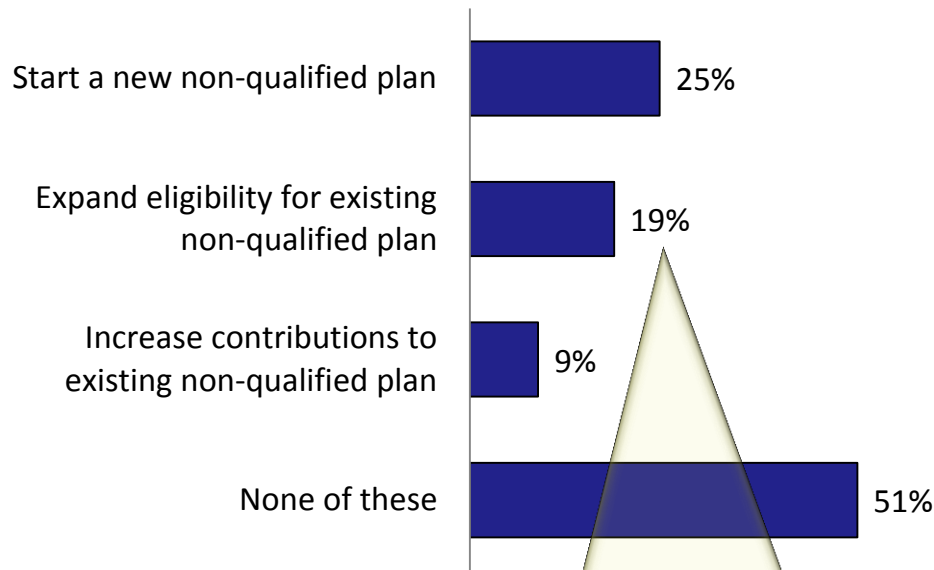


The likelihood of decreasing or eliminating non-elective and matching contributions increases with employer size.

Half of sponsors say their company would be likely to make changes to non-qualified plans as a result of the proposal. Of those, 60% state the resources committed to qualified plans would be reduced as a result.

If contributions were no longer excluded from income taxation, but employees got a tax credit of 25% of total contributions...

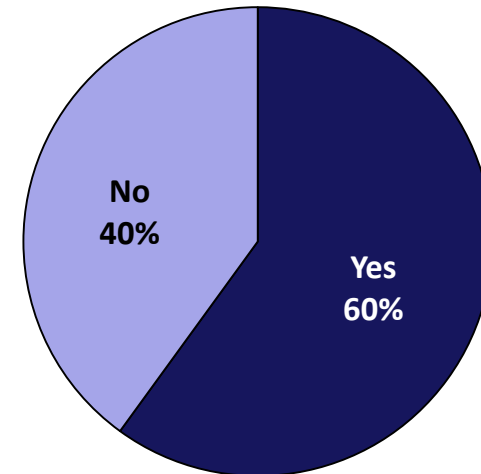
What do you think your company or organization might do with respect to non-qualified plans?
(Employers offering a DC plan, n=466)



Employers with 1,000 or more workers are more likely than smaller employers to say they would expand eligibility for existing non-qualified plans.

If contributions were no longer excluded from income taxation, but employees got a tax credit of 25% of total contributions...

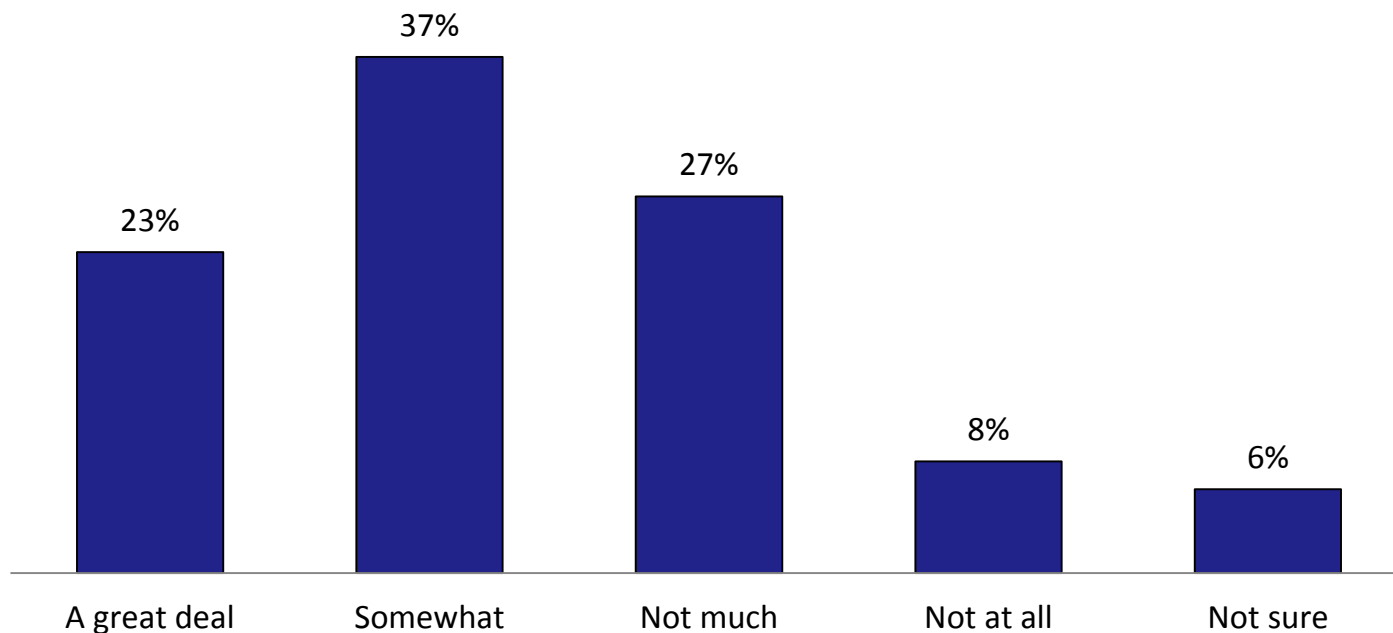
Do you think that would reduce the resources your company or organization commits to its qualified plan(s)? (Employers likely to make changes to non-qualified plan, n=254)



Six in ten employers feel that a 25% tax credit instead of an income tax exclusion would reduce the value of a DC plan for employees.

If contributions were no longer excluded from income taxation, but employees got a tax credit of 25% of total contributions...

How much, if at all, do you think a 25% tax credit (and any plan changes your company or organization might make in response) would reduce the value of (your/a) DC plan(s) for employees?
(All employers, n=516)

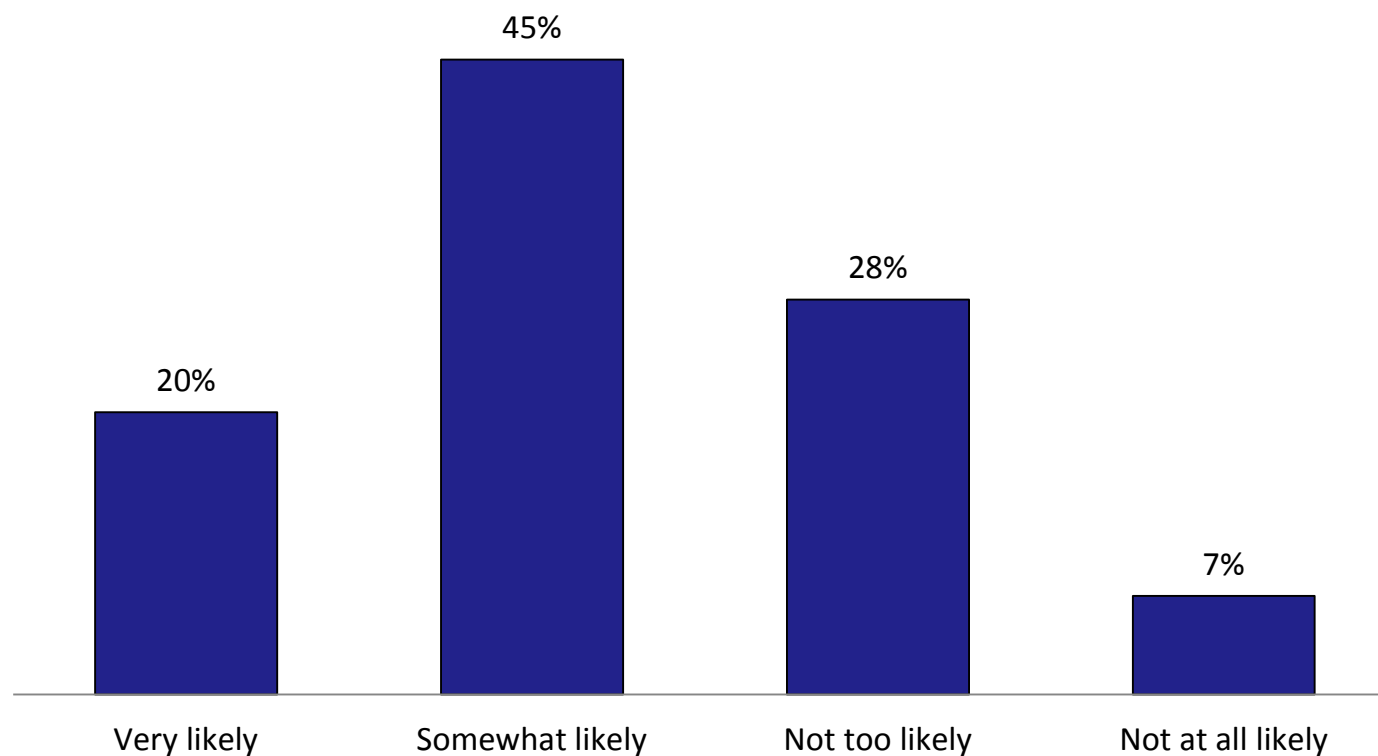


Two-thirds of sponsors providing employer contributions report employees would be likely to begin requesting that some employer contributions be provided as direct compensation.

If contributions were no longer excluded from income taxation, but employees got a tax credit of 25% of total contributions...

How likely do you think your employees would be to begin requesting that at least some of the company or organization contributions to their DC plan be redirected as direct compensation?

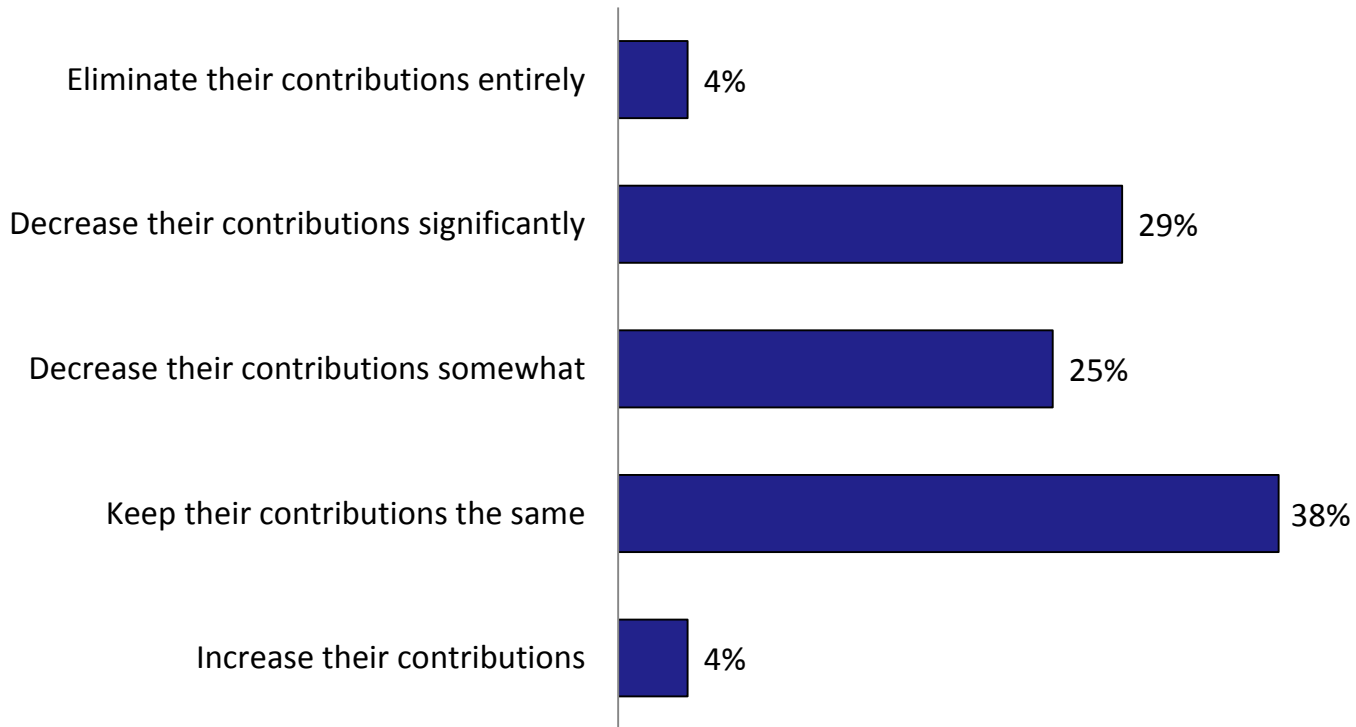
(Employers offering a DC plan with employer contributions, n=430)



Almost six in ten sponsors think their employees would be likely to decrease or eliminate their plan contributions if the tax credit were enacted.

If contributions were no longer excluded from income taxation, but employees got a tax credit of 25% of total contributions...

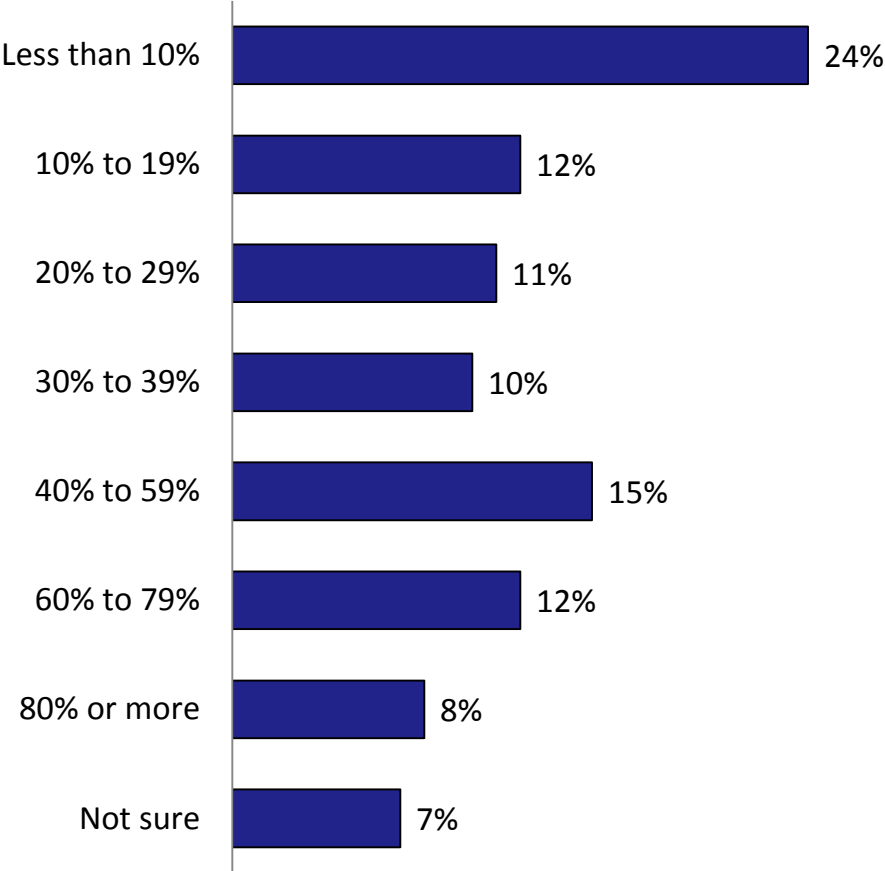
Do you think your employees who currently contribute to the DC plan would be most likely to...?
(Employers offering a DC plan, n=466)



More than one-third of sponsors estimate that 40% or more of plan contributors would decrease or eliminate their contributions.

If contributions were no longer excluded from income taxation, but employees got a tax credit of 25% of total contributions...

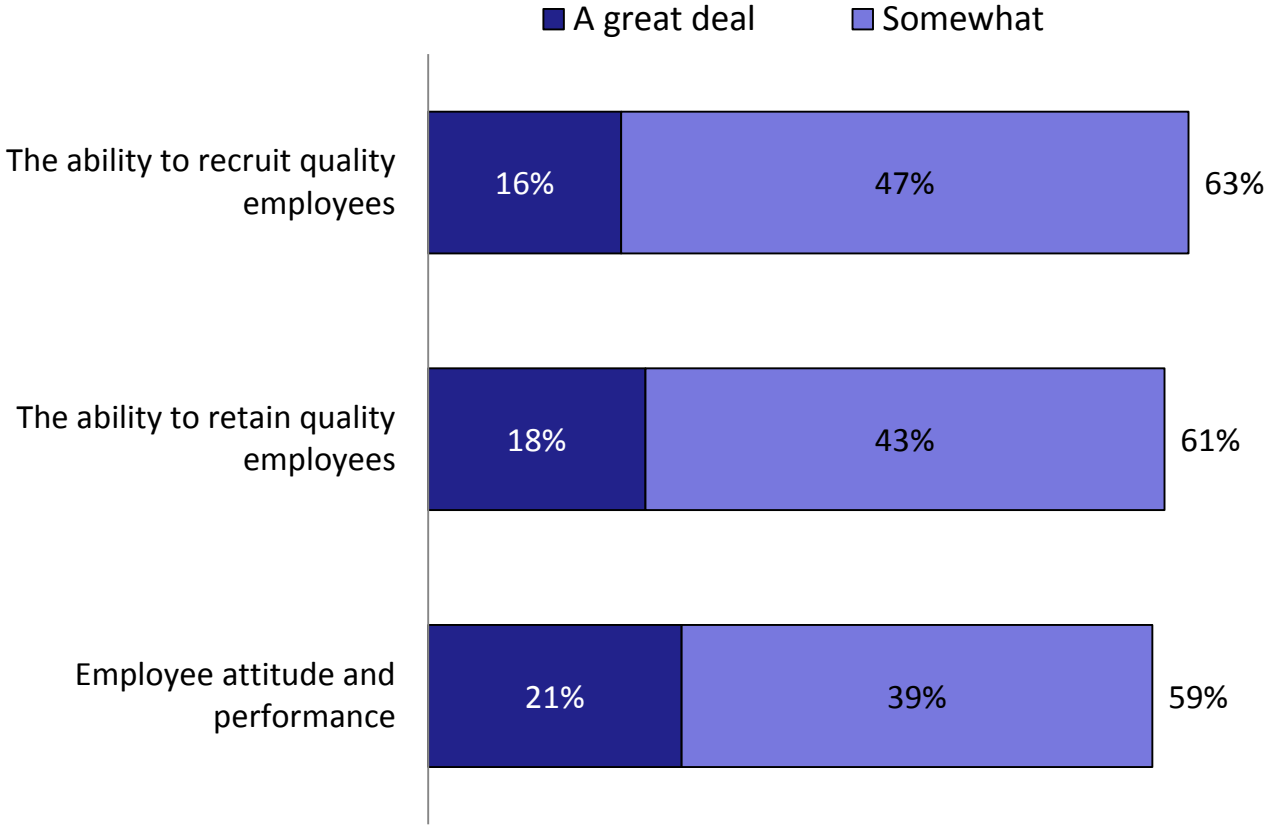
About what percentage of total contributors do you think would decrease or eliminate their contributions?
(Employers offering a DC plan, n=466)



Roughly six in ten employers feel a 25% tax credit would reduce the value of DC plans when it comes to employee recruitment, retention, and motivation.

If contributions were no longer excluded from income taxation, but employees got a tax credit of 25% of total contributions...

How much, if at all, do you think it would reduce the value of (your DC plan(s)/a DC plan) when it comes to...?
(All employers, n=516)



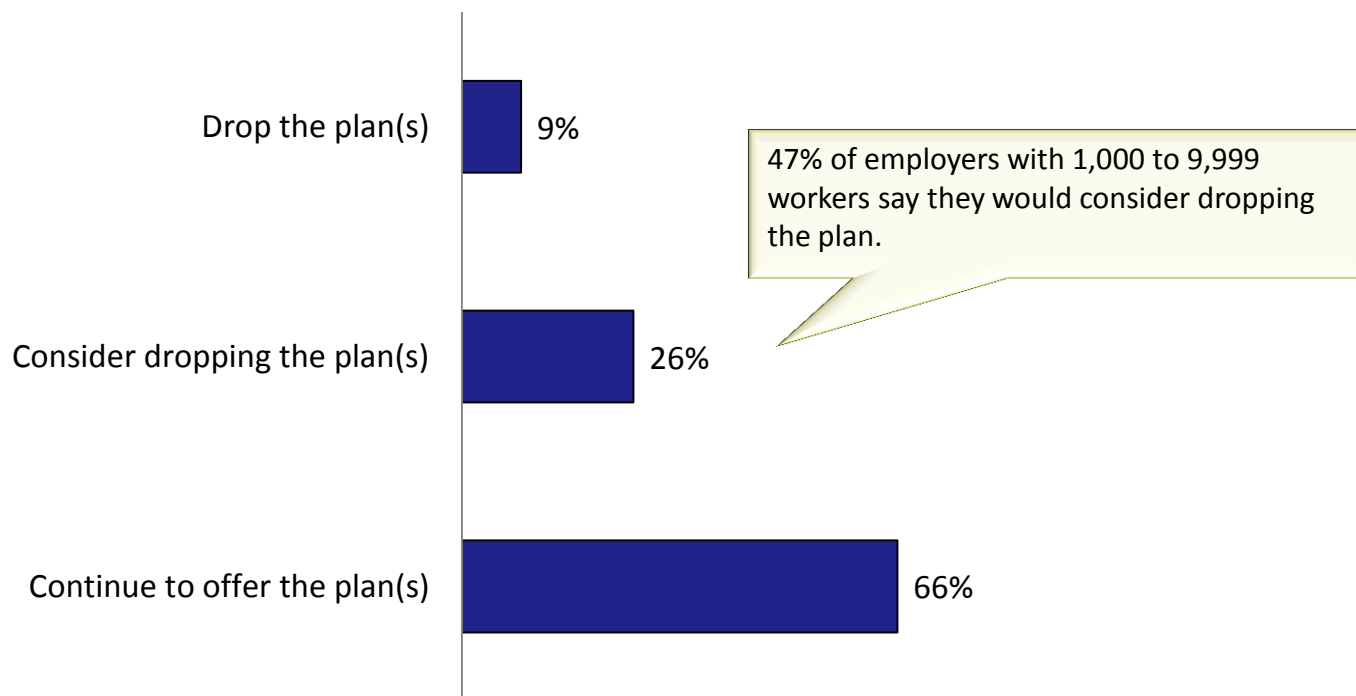
The 20/20 Proposal

Under this proposal, total contributions (both employee and employer) would be limited to the lesser of \$20,000 or 20% of compensation. (The current limit is \$50,000 or 100% of compensation.)



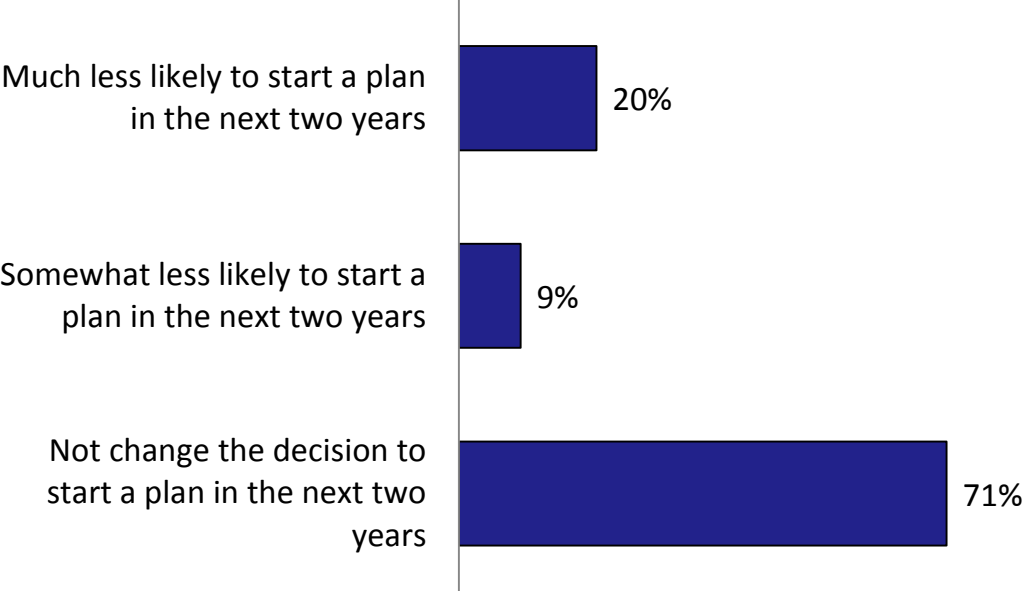
The 20/20 proposal would likely lead to one in three current sponsors (one in two sponsors with 1,000 to 9,999 workers) to drop or consider dropping their DC plan.

If total contributions were limited to the lesser of \$20,000 or 20% of compensation...
Which one of the following do you think your company or organization would be most likely to do? (Employers offering a DC plan, n=466)



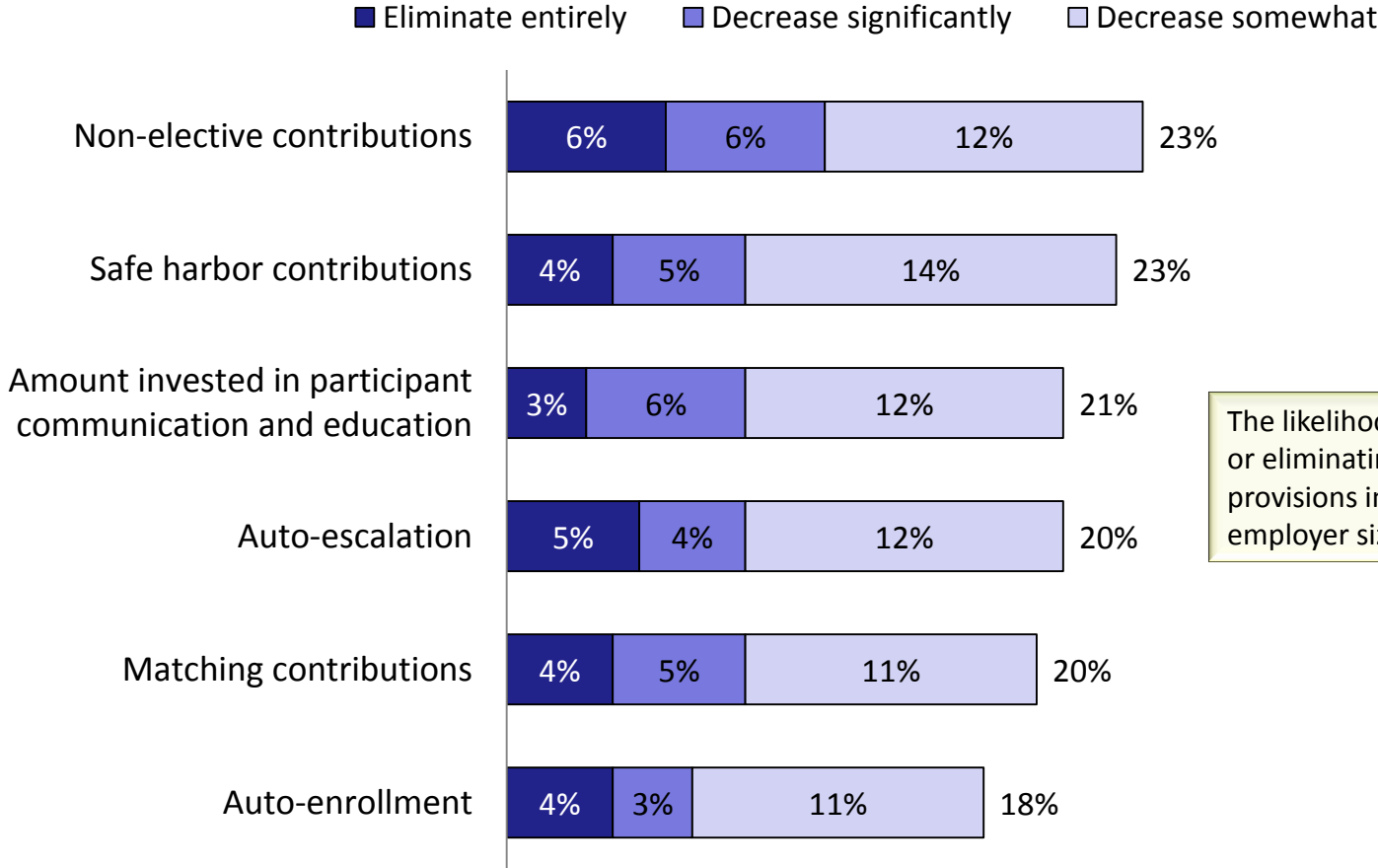
The proposal would also likely make three in ten non-sponsors less likely to start a plan in the next two years.

If total contributions were limited to the lesser of \$20,000 or 20% of compensation...
How would this affect your company or organization's decision to start a DC plan in the next two years? Would it make your company or organization...?
(Employers not offering DC plan, n=50)



Roughly two in ten sponsors report they would be likely to decrease or eliminate plan provisions if the proposal were enacted.

If total contributions were limited to the lesser of \$20,000 or 20% of compensation...
 How, if at all, do you think your company or organization would modify the following plan provisions?
 (Employers offering a DC plan, n=466)

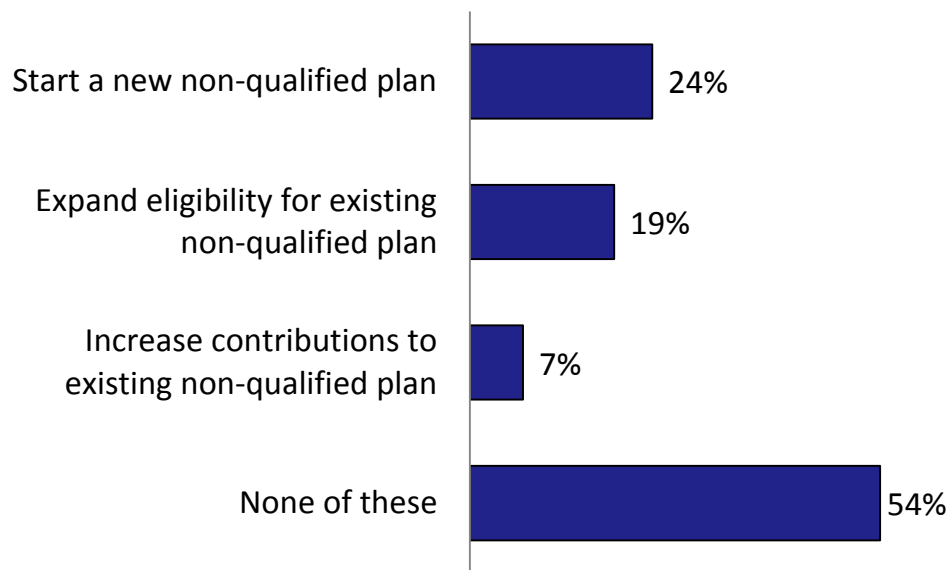


The likelihood of decreasing or eliminating these plan provisions increases with employer size.

Almost half of DC plan sponsors report their company would be likely to make changes to non-qualified plans as a result of the proposal, and more than half of those say this would reduce the resources committed to qualified plans.

If total contributions were limited to the lesser of \$20,000 or 20% of compensation...

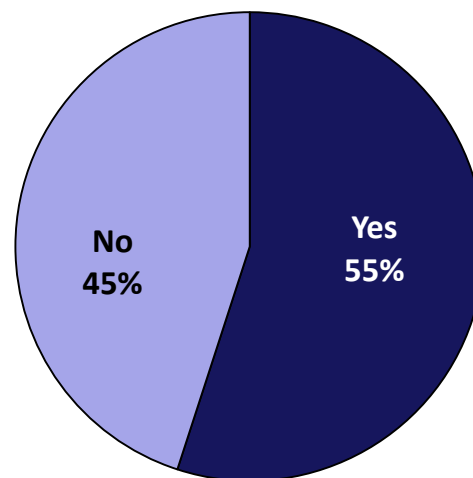
What do you think your company or organization might do with respect to non-qualified plans?
(Employers offering a DC plan, n=466)



Employers with 1,000 or more workers are more likely than smaller employers to say they would expand eligibility and increase contributions to existing non-qualified plans.

If total contributions were limited to the lesser of \$20,000 or 20% of compensation...

Do you think that would reduce the resources your company or organization commits to its qualified plan(s)? (Employers likely to make changes to non-qualified plan, n=260)



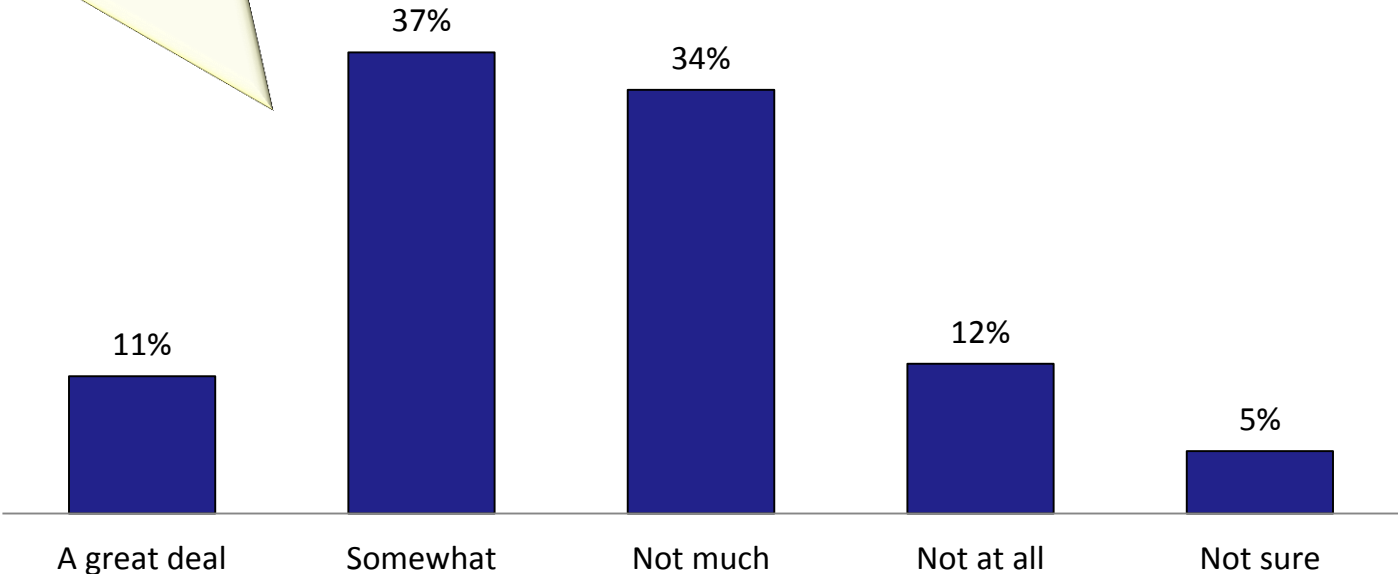
One in two employers feel that the 20/20 proposal would reduce the value of a DC plan for employees.

If total contributions were limited to the lesser of \$20,000 or 20% of compensation...

How much, if at all, do you think the 20/20 limit (and any plan changes your company or organization might make in response) would reduce the value of (your/a) DC plan(s) for employees?

(All employers, n=516)

Employers with 1,000 or more workers are more likely than smaller employers to say the 20/20 limit would reduce the value of a DC plan a great deal or somewhat.

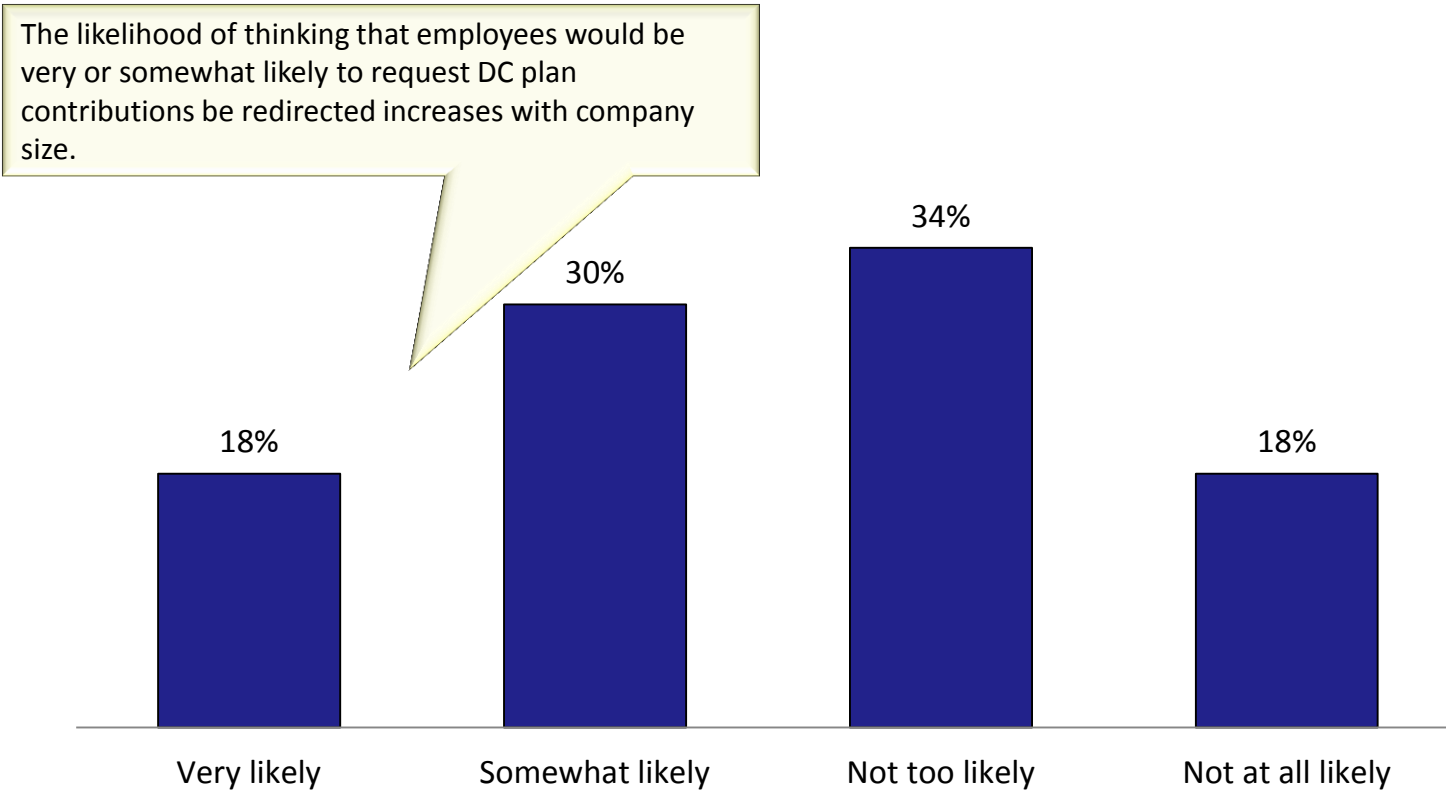


Half of sponsors providing employer contributions think employees would be likely to begin requesting that some employer contributions be provided as direct compensation instead.

If total contributions were limited to the lesser of \$20,000 or 20% of compensation...

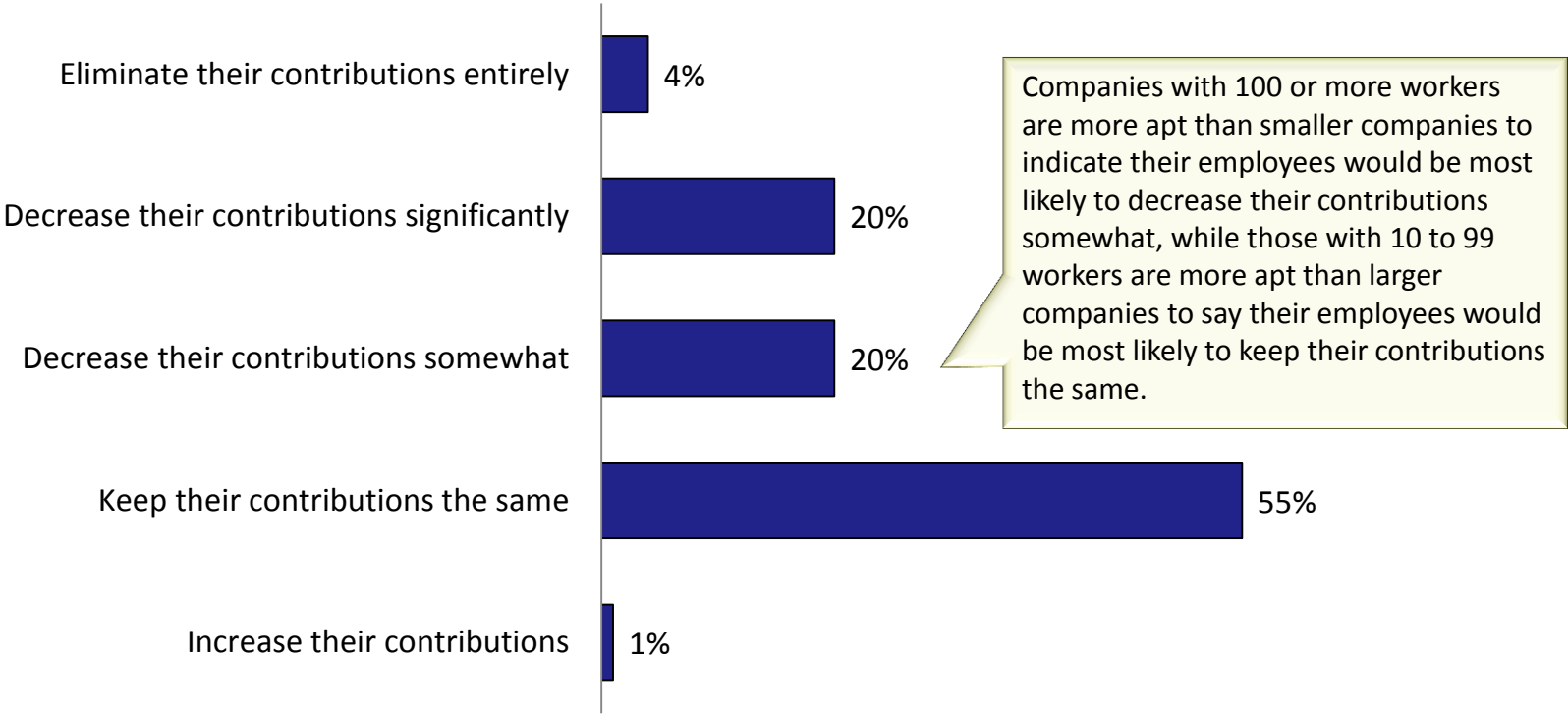
How likely do you think your employees would be to begin requesting that at least some of the company or organization contributions to their DC plan be redirected as direct compensation?

(Employers offering a DC plan with employer contributions, n=430)



More than four in ten sponsors state their employees would be likely to decrease or eliminate their plan contributions if the 20/20 proposal were enacted.

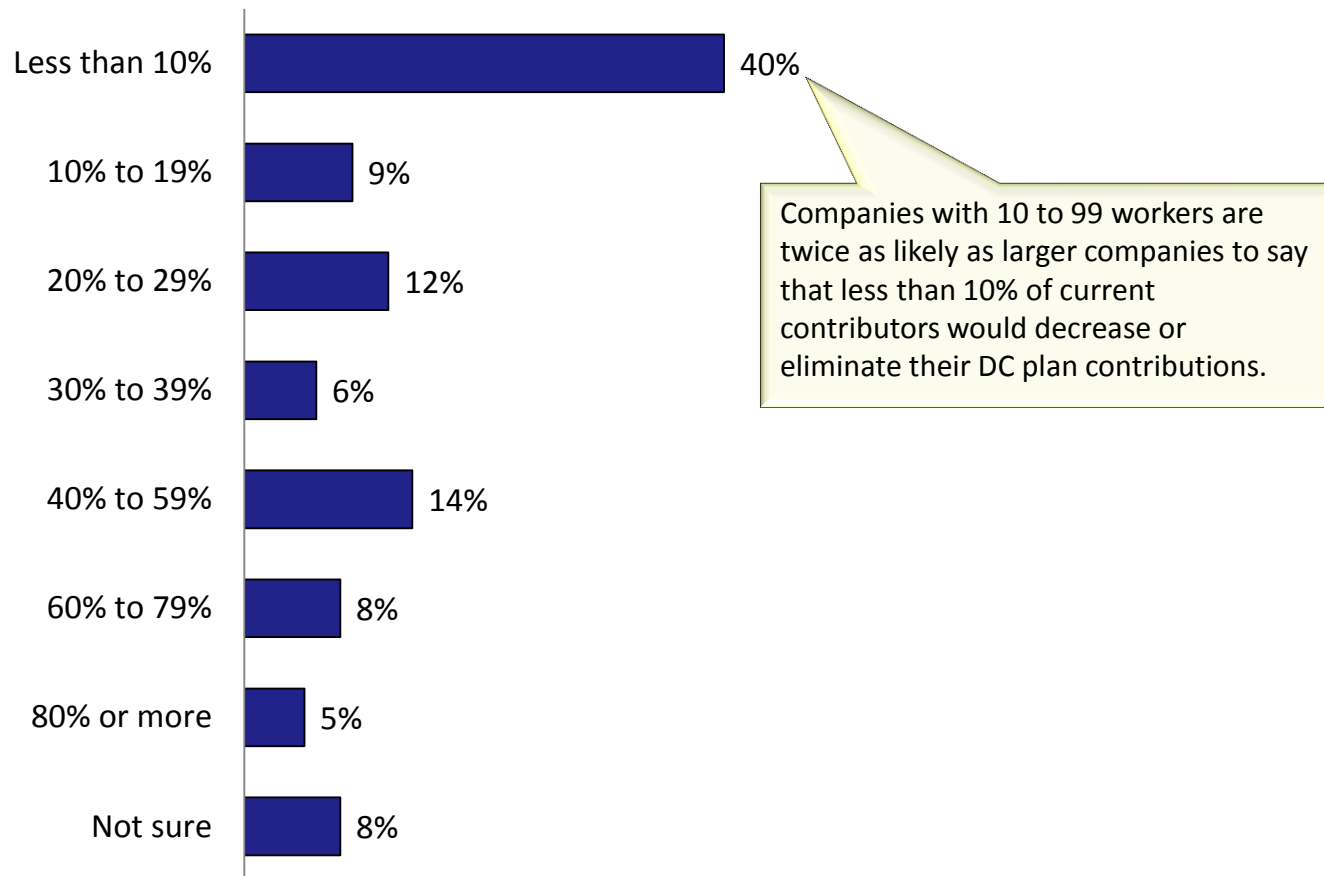
If total contributions were limited to the lesser of \$20,000 or 20% of compensation...
Do you think your employees who currently contribute to the DC plan would be most likely to...?
(Employers offering a DC plan, n=466)



While four in ten sponsors think less than 10% of contributors would decrease or eliminate their contributions, a sizeable minority – 25% – believe 40% or more would do so.

If total contributions were limited to the lesser of \$20,000 or 20% of compensation...

About what percentage of total contributors do you think would decrease or eliminate their contributions?
(Employers offering a DC plan, n=466)



About half of employers feel the 20/20 proposal would reduce the value of DC plans when it comes to employee motivation, retention, and recruitment.

If total contributions were limited to the lesser of \$20,000 or 20% of compensation...

How much, if at all, do you think it would reduce the value of (your DC plan(s)/a DC plan) when it comes to...?
(All employers, n=516)



Employers with at least 1,000 workers are more likely than smaller employers to say this proposal would reduce the value of a DC plan with respect to each of these factors.

Tax Exclusion Limitation

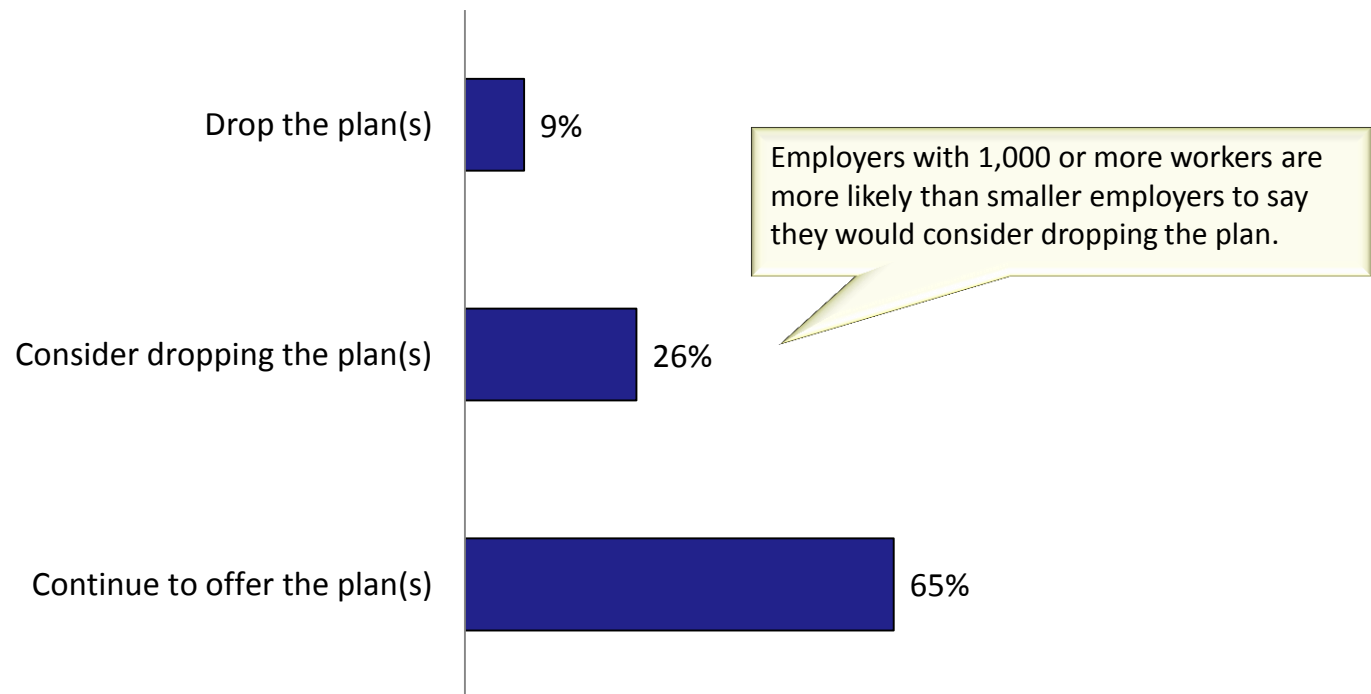
Employee and employer contributions would still be excluded for most taxpayers, but those with adjusted gross income greater than \$250,000 for married filing jointly or \$200,000 for single would have to pay some tax on employee and employer contributions. For example, a taxpayer in the 35% tax bracket would have their total tax exclusion limited to 28%. This would effectively result in a 7% tax on employee and employer contributions for this taxpayer.



The tax exclusion limitation would cause one-third of current sponsors (one-half of those with 1,000 or more workers) to drop or consider dropping their DC plan.

If contributions were excluded from income taxation for most, but those with high incomes had to pay some tax...

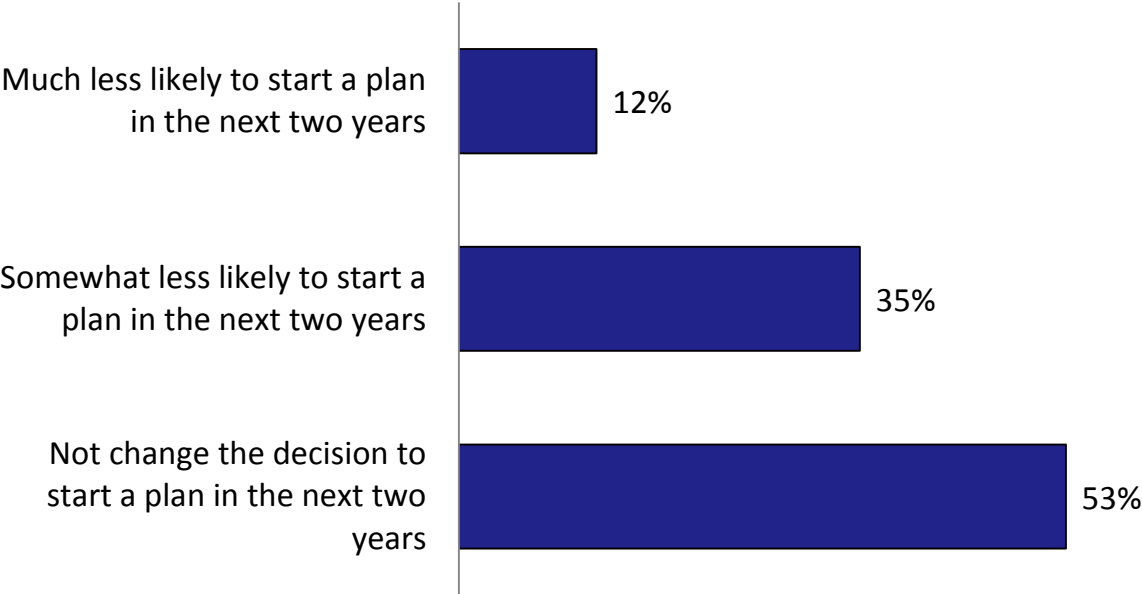
Which one of the following do you think your company or organization would be most likely to do? (Employers offering a DC plan, n=466)



Half of non-sponsors indicate the tax exclusion limitation would make their company less likely to start a plan in the next two years.

If contributions were excluded from income taxation for most, but those with high incomes had to pay some tax...

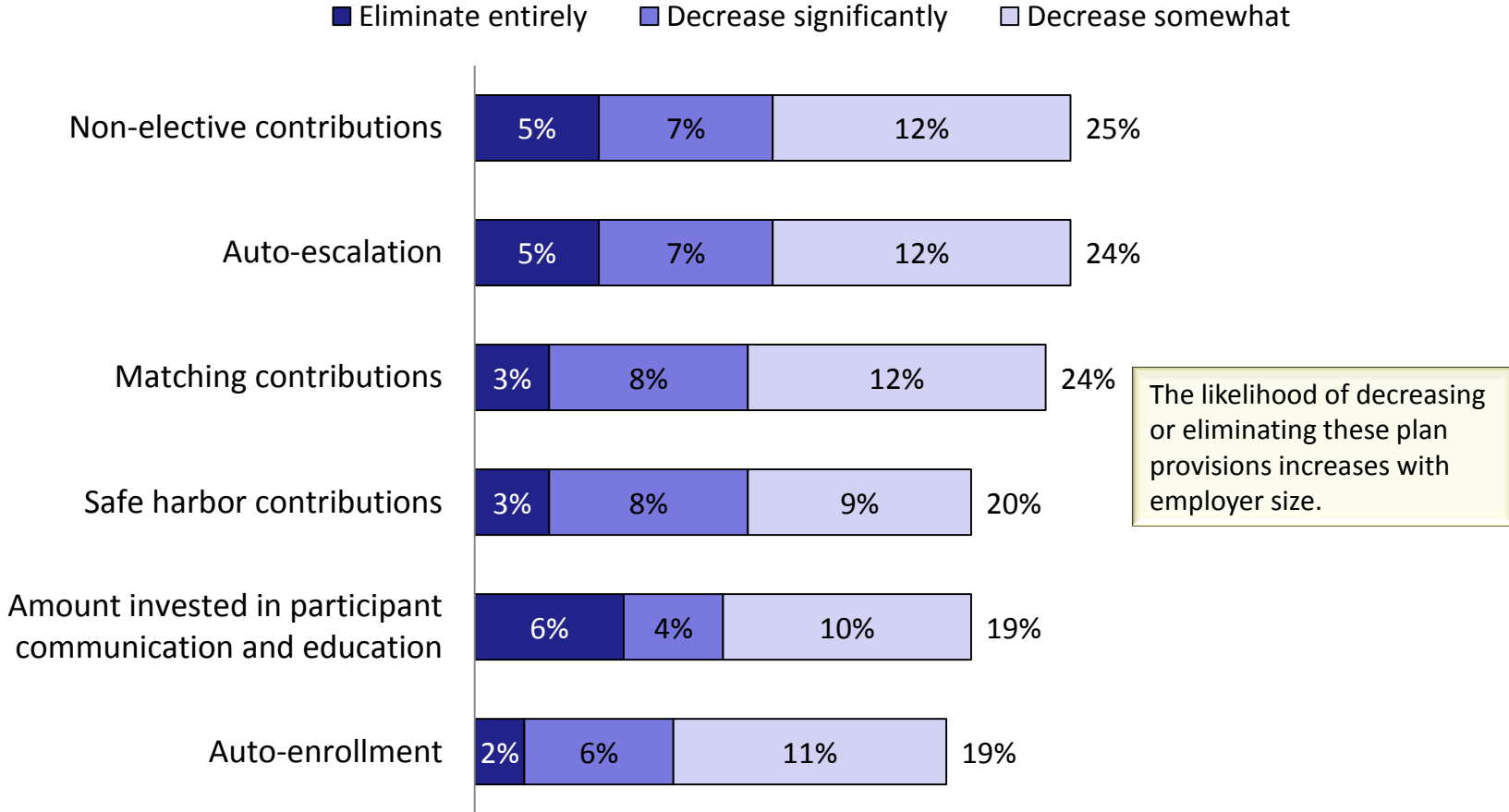
How would this affect your company or organization's decision to start a DC plan in the next two years? Would it make your company or organization...?
(Employers not offering DC plan, n=50)



One-quarter of sponsors say they would be likely to decrease or eliminate non-elective and matching contributions and auto-escalation provisions. Slightly fewer would decrease or eliminate other plan provisions.

If contributions were excluded from income taxation for most, but those with high incomes had to pay some tax...

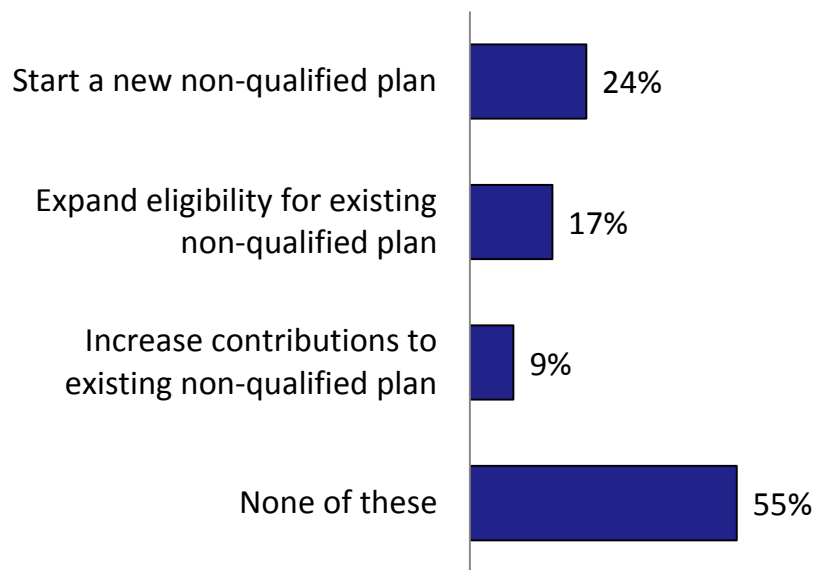
How, if at all, do you think your company or organization would modify the following plan provisions?
(Employers offering a DC plan, n=466)



Almost half of DC plan sponsors report their company would be likely to make changes to non-qualified plans as a result of the limitation. Of those, more than half say this would reduce the resources committed to qualified plans.

If contributions were excluded from income taxation for most, but those with high incomes had to pay some tax...

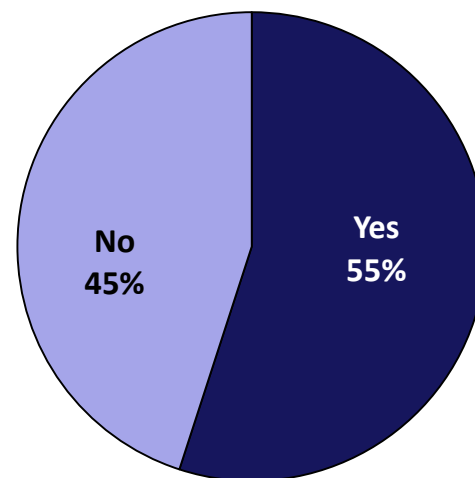
What do you think your company or organization might do with respect to non-qualified plans?
(Employers offering a DC plan, n=466)



Employers with 1,000 or more workers are more likely than smaller employers to say they would expand eligibility and increase contributions to existing non-qualified plans.

If contributions were excluded from income taxation for most, but those with high incomes had to pay some tax...

Do you think that would reduce the resources your company or organization commits to its qualified plan(s)? (Employers likely to make changes to non-qualified plan, n=248)



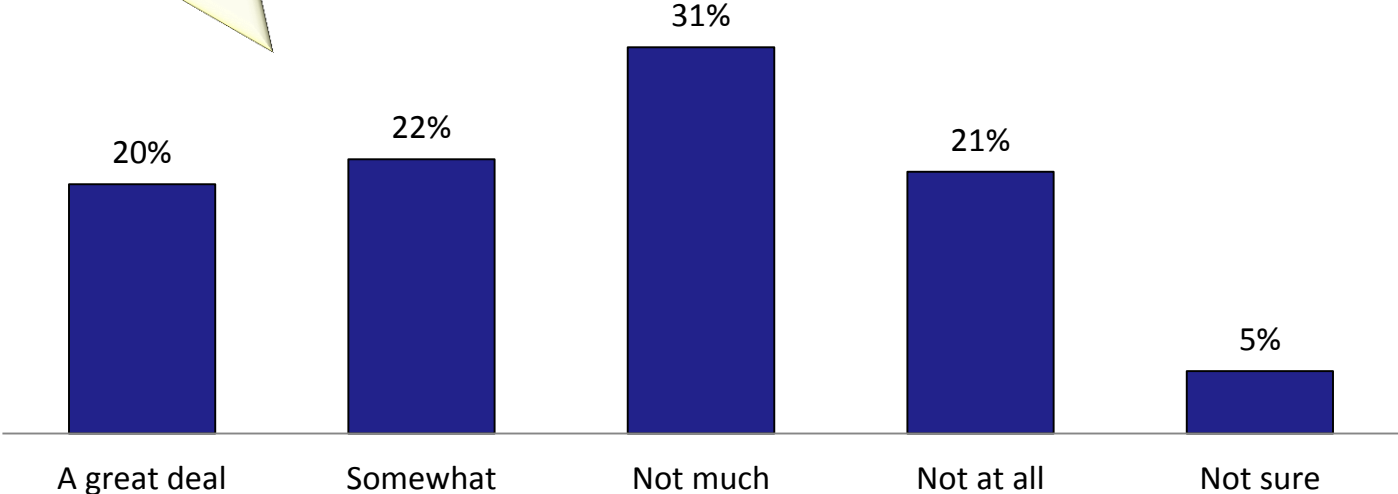
Four in ten employers believe the tax exclusion limitation would reduce the value of a DC plan for employees.

If contributions were excluded from income taxation for most, but those with high incomes had to pay some tax...

How much, if at all, do you think the tax exclusion limitation (and any plan changes your company or organization might make in response) would reduce the value of (your/a) DC plan(s) for employees?

(All employers, n=516)

Employers with 1,000 or more workers are more likely than smaller employers to say it would reduce the value of a DC plan a great deal or somewhat.



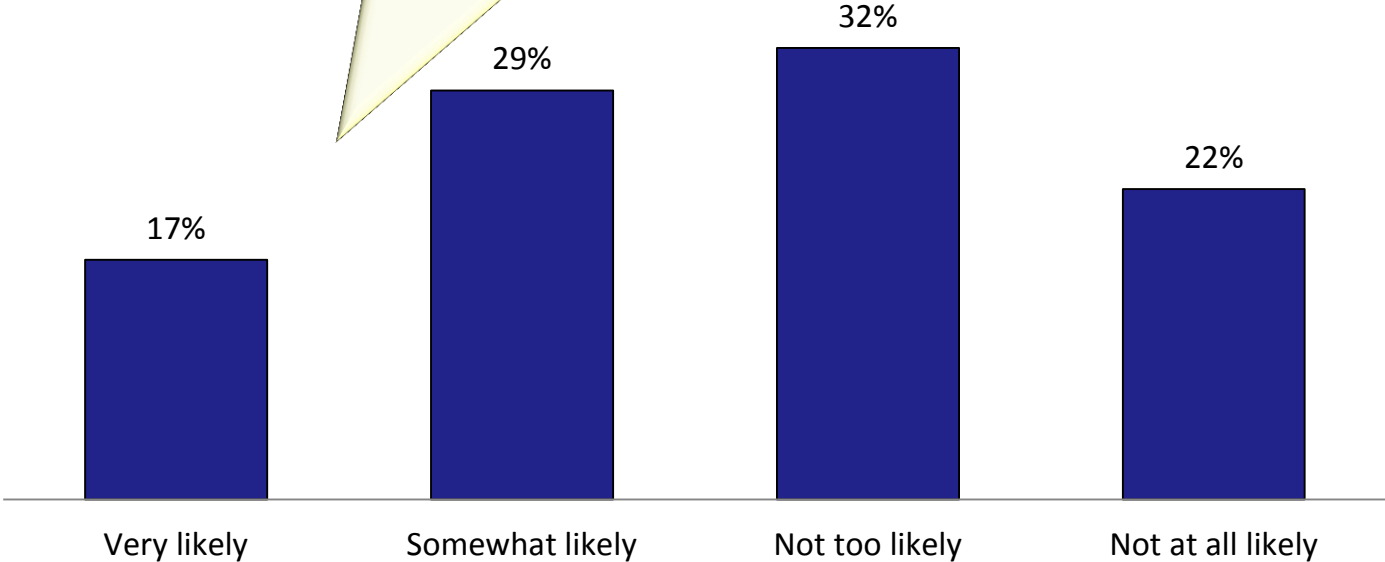
Nearly half of sponsors providing employer contributions think employees would be likely to begin requesting that some employer contributions be provided as direct compensation instead.

If contributions were excluded from income taxation for most, but those with high incomes had to pay some tax...

How likely do you think your employees would be to begin requesting that at least some of the company or organization contributions to their DC plan be redirected as direct compensation?

(Employers offering a DC plan with employer contributions, n=430)

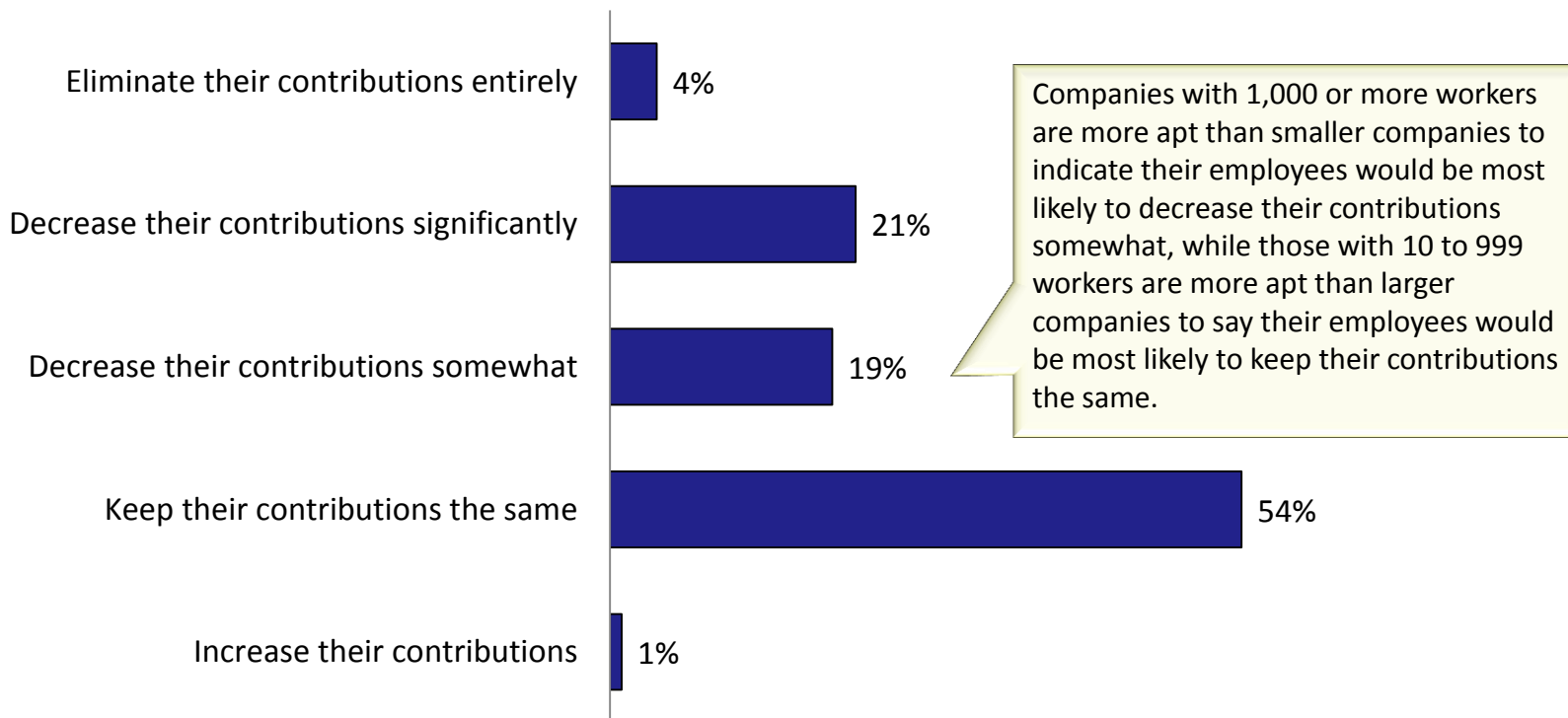
The likelihood of thinking that employees would be very or somewhat likely to request DC plan contributions be redirected increases with company size.



Almost half of sponsors say their employees would be likely to decrease or eliminate their plan contributions if the tax exclusion limitation were enacted.

If contributions were excluded from income taxation for most, but those with high incomes had to pay some tax...

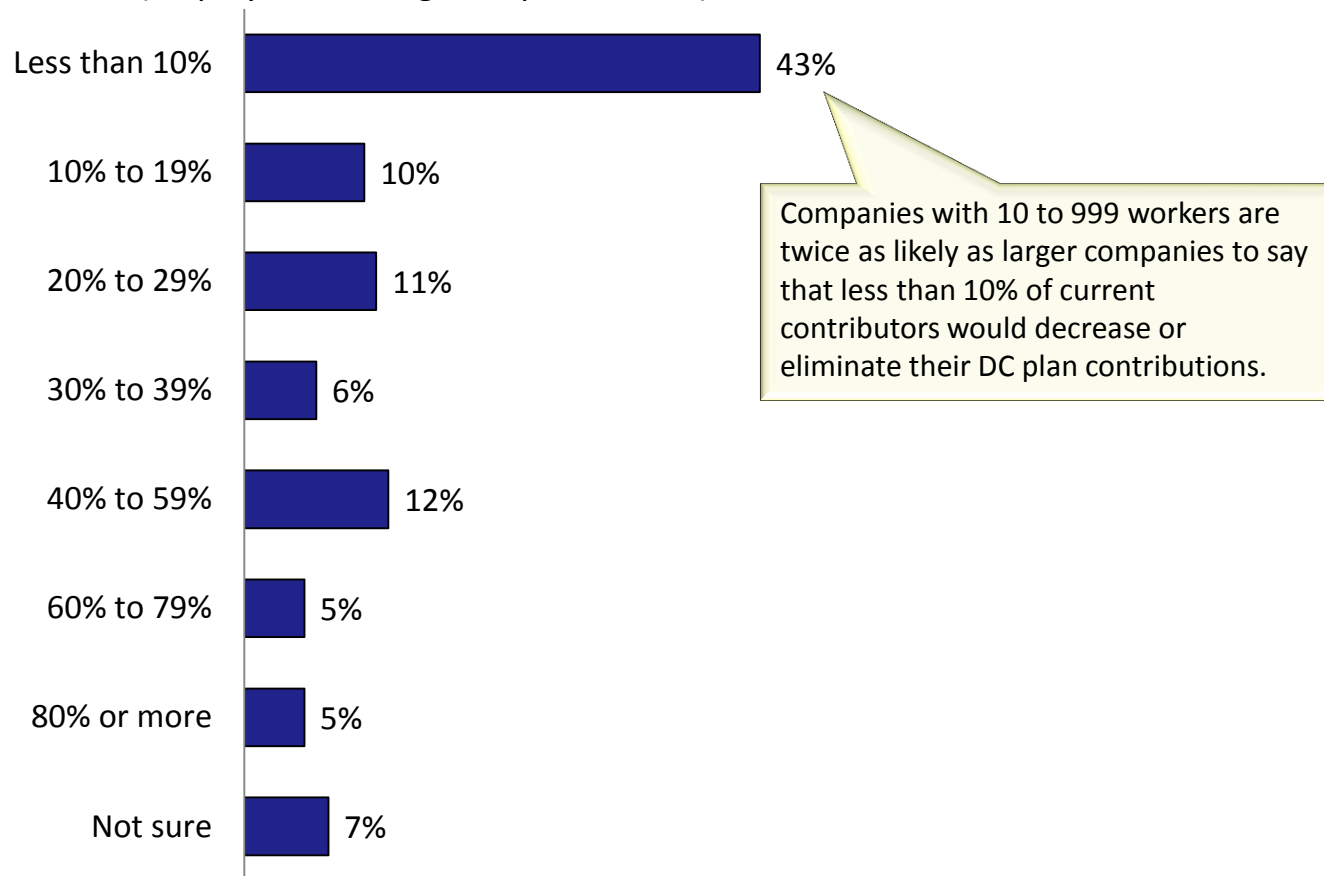
Do you think your employees who currently contribute to the DC plan would be most likely to...?
(Employers offering a DC plan, n=466)



Approximately one-quarter of sponsors think 40% or more of contributors would decrease or eliminate their plan contributions. However, four in ten believe less than 10% of contributors would cut back.

If contributions were excluded from income taxation for most, but those with high incomes had to pay some tax...

About what percentage of total contributors do you think would decrease or eliminate their contributions?
(Employers offering a DC plan, n=466)



Roughly four in ten employers think the tax exclusion limitation would reduce the value of DC plans when it comes to employee motivation, retention, and recruitment.

If contributions were excluded from income taxation for most, but those with high incomes had to pay some tax...

How much, if at all, do you think it would reduce the value of (your DC plan(s)/a DC plan) when it comes to...?
(All employers, n=516)



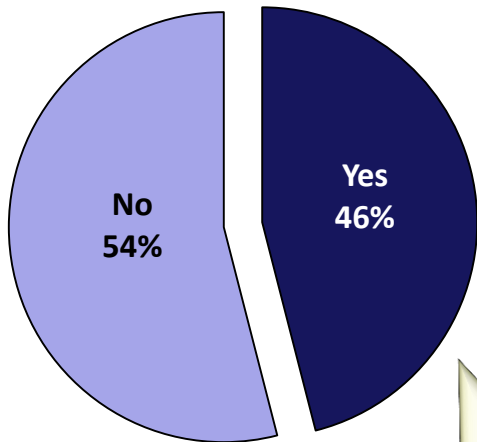
Employers with at least 1,000 workers are more likely than smaller employers to say the tax exclusion limitation would reduce the value of a DC plan with respect to each of these factors.

Section 5

*Detailed Findings:
Current Retirement Plan*

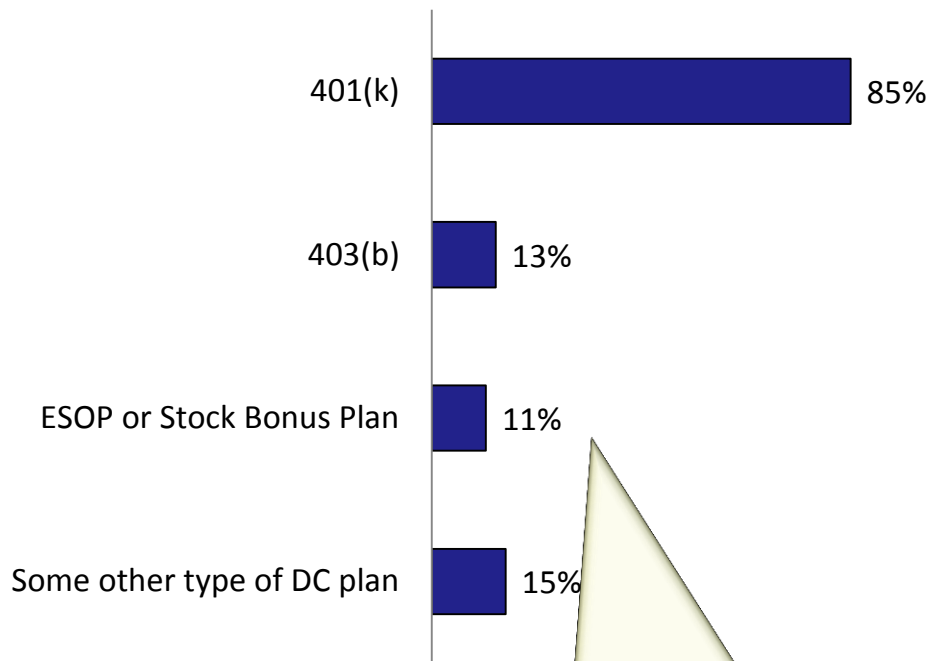
Almost half of employers with 10 or more full-time workers currently sponsor a DC plan. Of those, the large majority sponsor a 401(k) plan.

Does your company or organization currently sponsor an active defined contribution (DC) plan for its employees?
(All employers, n=516)



The likelihood of offering a DC plan increases sharply with company size, from 40% of companies with 10-49 workers to 100% of those with 1,000 workers or more.

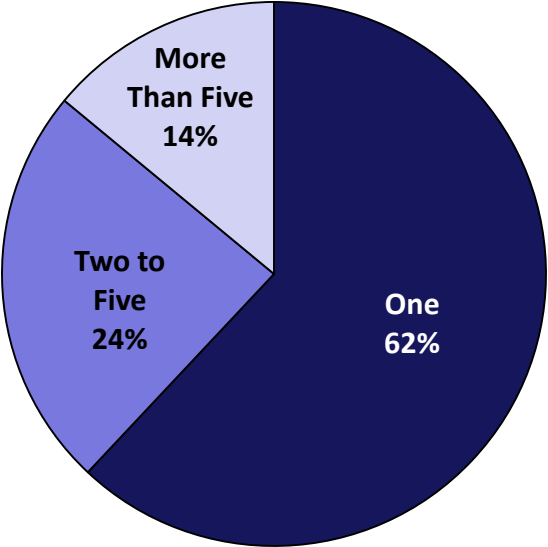
Which of the following types of DC plans does your company or organization offer? (Employers offering DC plan, n=466)



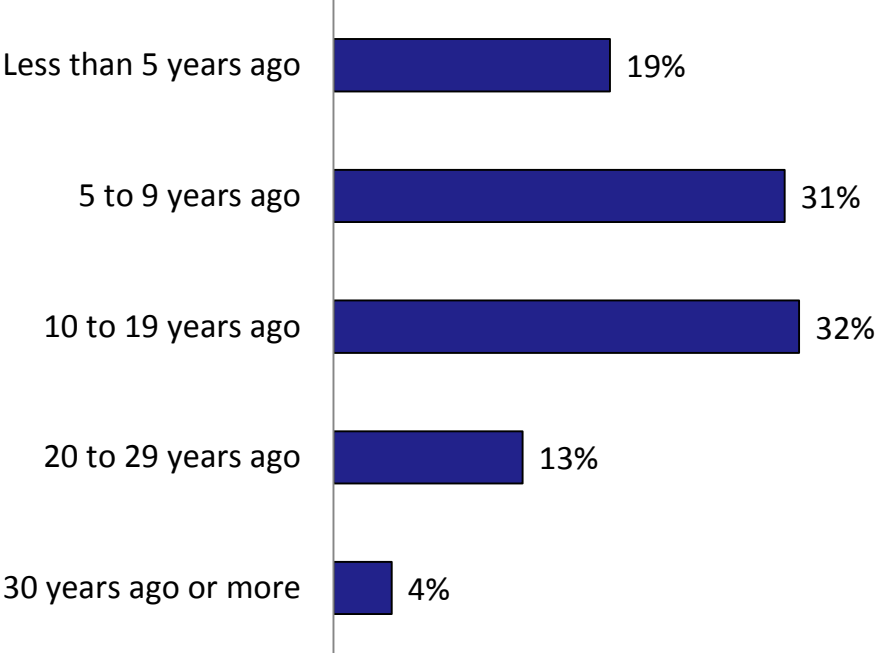
ESOP and stock bonus plans are most often offered by companies with at least 1,000 workers.

Those who sponsor a plan generally offer just one DC plan that was established between five and 19 years ago.

In total, how many DC plans does your company or organization administer?
(Employers offering DC plan, n=466)



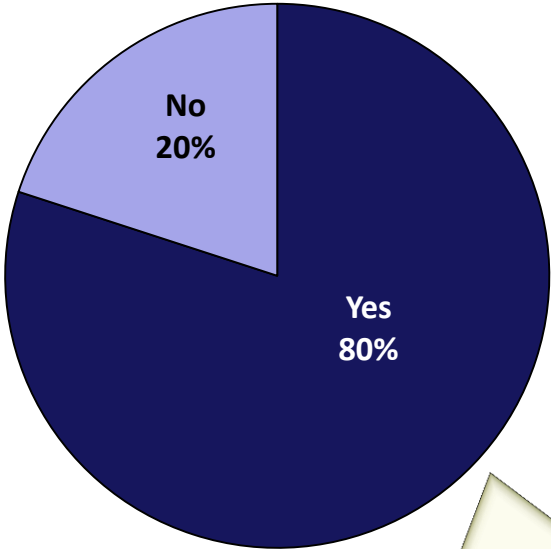
About how long ago was the (oldest) DC plan established? (Employers offering DC plan, n=466)



Most sponsors match worker contributions to the plan and nearly half make non-elective contributions.

Does your company or organization make matching contributions to (any of) the plan(s)?

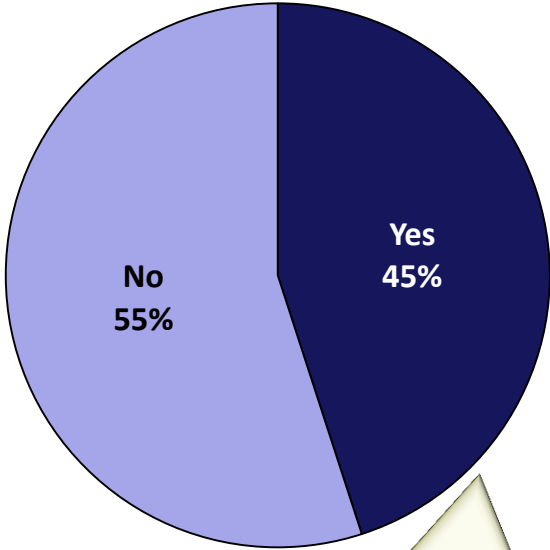
(Employers offering DC plan, n=466)



The likelihood of making matching contributions increases with company size, from 78% for companies with 10-49 workers to 93% for those with 1,000 workers or more.

Does your company or organization make non-elective contributions to (any of) the plan(s)?

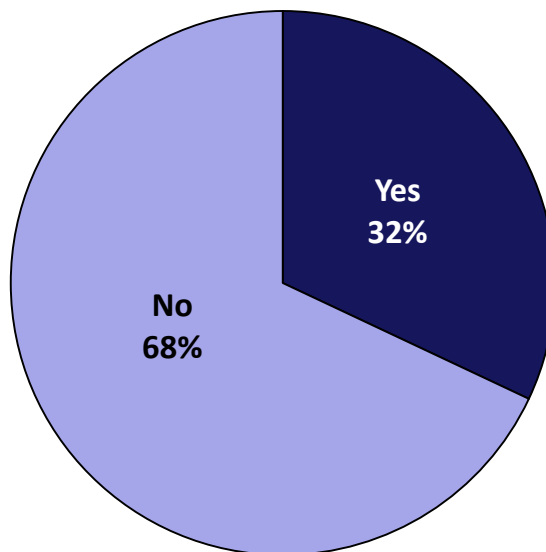
(Employers offering DC plan, n=466)



Companies with at least 1,000 workers are more likely than those with 10-99 workers to make non-elective contributions (58% vs. 44%).

Just one-third of sponsors report their DC plan has an auto-enrollment feature.

Does your DC plan/Do any of your DC plans
have an auto-enrollment feature?
(Employers offering DC plan, n=239)

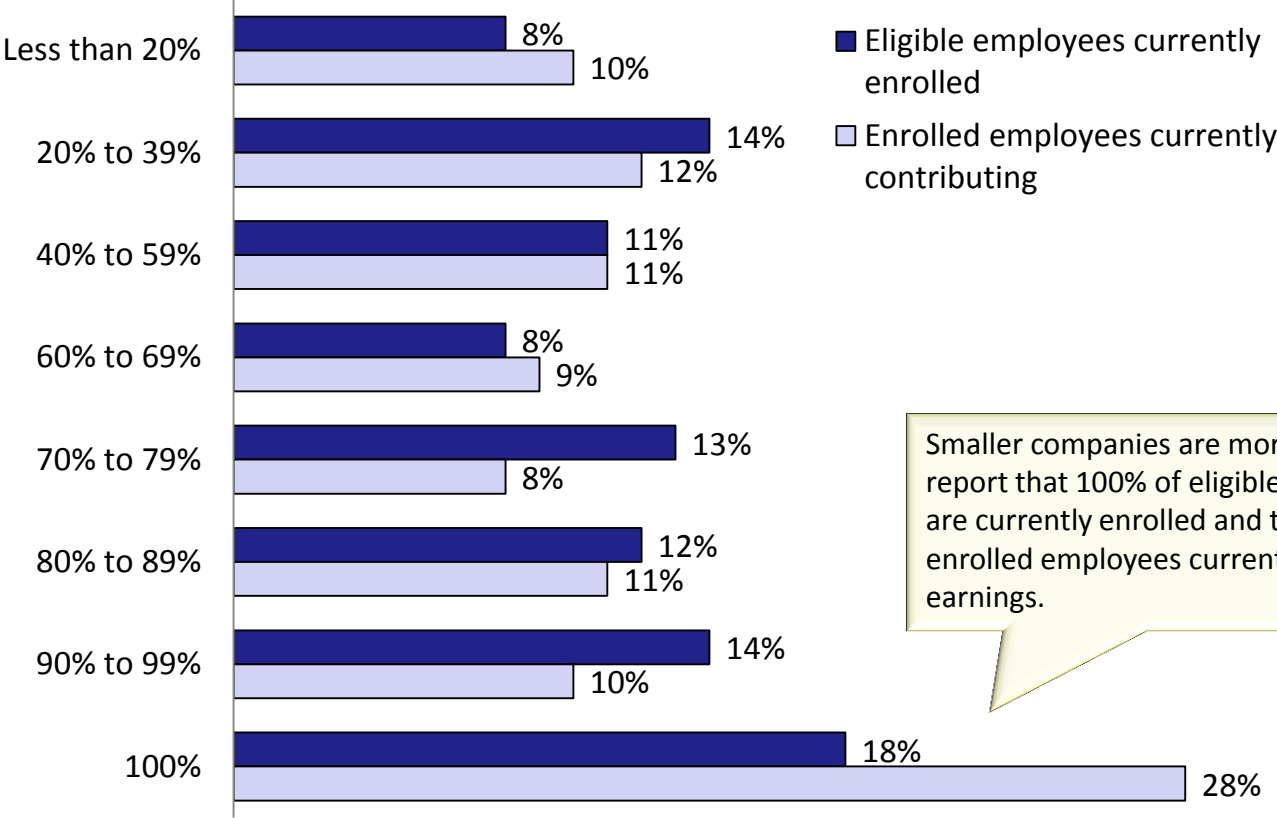


Overall, roughly 75% of eligible employees are enrolled in their employer’s plan. A similar percentage of enrolled employees contribute earnings.

Approximately what percentage of your company’s eligible employees are currently enrolled in the plan(s)?

Approximately what percentage of employees enrolled in the plan(s) currently contribute part of their earnings to (any of) the plan(s)?

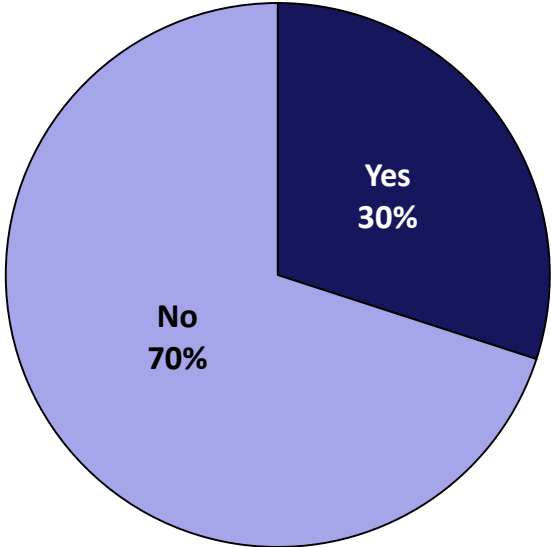
(Employers offering DC plan, n=466)



Smaller companies are more likely to report that 100% of eligible employees are currently enrolled and that 100% of enrolled employees currently contribute earnings.

Despite the decline in coverage by defined benefit (DB) plans, 3 in 10 sponsors indicate at least some employees are covered by this type of plan.

Are any of your employees covered by a defined benefit plan, either through the company or organization or through a union?
(All employers, n=516)

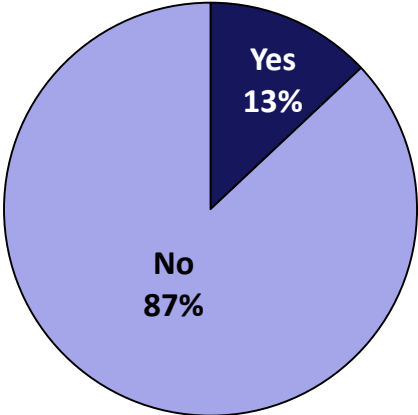


22% of employers without a DC plan say some of their employees are covered by a DB plan.

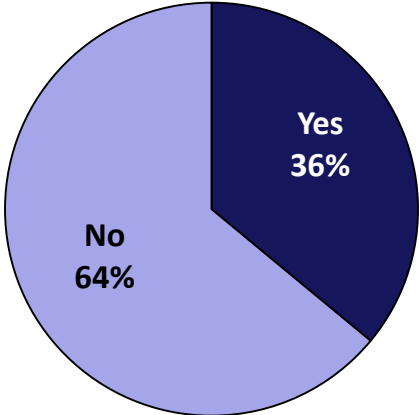
As expected, the percentage of employers reporting employees covered by a DB plan is higher for larger employers.

Only a minority of non-sponsors have given recent consideration to offering a DC plan. About one in ten report they used to offer a DC plan, but no longer do.

Has your company or organization ever offered its employees a defined contribution (DC) plan?
(Employers not offering a 401(k) or 403(b) plan, n=70)



Within the past five years, has your company or organization seriously considered offering a DC plan to employees?
(Employers not offering a 401(k) or 403(b) plan, n=70)



About one in ten non-sponsors say it is very likely their company will start a DC plan within the next two years.

How likely do you think it is that your company or organization will start a DC plan for employees within the next two years?

(Employers not offering a 401(k) or 403(b) plan, n=70)

