



News Release

Contact: Marykate Reese
Public Relations
Deloitte
+1 203 708 4379
mareese@deloitte.com

Stacy Van Alstyne
Public Relations
IFEBP/ISCEBS
+ 1 262 373 7746
stacyv@ifebp.org

Deloitte: 401(k) Plan Sponsors Less Confident That Employees Will Be Financially Prepared for Retirement

Annual 401(k) Benchmarking Survey Shows Plan Sponsors and Providers Focused on Closing Retirement Readiness Gap and Getting Ready for New Fee Disclosure Regulations

NEW YORK, Feb. 2, 2012 — While many employees and retirees hope to stretch their 401(k) plans well beyond their original purpose, 84 percent of polled executives responsible for such plans say only *some or very few* employees will be financially prepared for retirement, a new Deloitte survey reveals.

Predictably, 401(k) plan sponsors view -- as a top goal for the second year in a row -- improving employees' financial planning for retirement, according to the 11th Annual 401(k) Benchmarking Survey conducted by Deloitte, the International Foundation of Employee Benefit Plans (IFEBP) and the International Society of Certified Employee Benefit Specialists (ISCEBS).

“From this survey we’ve learned that for the past several years Americans have not been saving and investing enough for retirement,” said Stacy Sandler, principal, Deloitte Consulting LLP. “Rising healthcare costs and dropping 401(k) balances have taken their toll on employees. Those factors, combined with record levels of personal debt, high unemployment and low levels of personal savings continue to paint a highly concerning picture of retirement readiness.”

Plan sponsors remain steadfast in their obligation to prepare employees for retirement. Nearly two-thirds of respondents (64 percent) believe their responsibility includes taking an interest in whether employees are tracking towards a comfortable retirement.

To encourage plan participants to make better use of their 401(k), nearly half of plan sponsors (49 percent) are offering features that automatically increase participants' contribution levels. However, nearly two-thirds (64 percent) of plan sponsors report that fewer than 10 percent of participants take advantage of this opportunity.

- more -

In another effort to encourage plan participants to save more by becoming better informed about their benefits, the Department of Labor (DOL) issued regulations in 2010 that required regular communications (disclosures) to every 401(k) plan participant. Plan providers and plan sponsors must deliver the first round of these disclosures this year. Unfortunately only 39 percent of respondents say they are *very informed and included in the design process* when it comes to their ability to deliver the disclosures beginning January 1, 2012. More than half (56 percent) say they are *somewhat informed*.

“We’re hopeful that most companies have fully incorporated required disclosure delivery into the design of their 401(k) plans,” continued Sandler. “Some 401(k) participants already have their first round of communications in-hand and everyone else should have their plan communications in early May.”

ISCEBS President Sandra M. Wood of GHB Insurance added, “There are a number of tools to encourage and increase employee participation. The new guidelines will make even more information available, assuming employers are meeting the necessary requirements. Hopefully with an improving economy and this additional education, we will see an increase in 401(k) balances. While the 401(k) was not meant to be the sole source of retirement funds, most of us do view it as our future primary source of income, and we need to make sure we can save enough to be ready for retirement.”

Another key area plan sponsors aim to address is plan fees. According to the survey, the majority (79 percent) of plan sponsors indicated it is *quite important or very important* to improve understanding of (and potentially reducing) plan fees. On the positive side, 83 percent of plan sponsors believe their 401(k) fees are competitive.

Additional survey highlights include:

401(k) plan participation

- Only 15 percent of respondents surveyed say less than half their employees participate in a 401(k) plan.
- The majority of plan sponsors (70 percent) reported the average age range of participants is between 41 and 50 years old, representing a slight (4 percent) increase from the 2010 survey.
- Compared to the 2010 survey, the average participant account balance has been flat or slightly down.
- Auto enrollment continues to grow; 56 percent of 401(k) plans include an automatic enrollment feature, up 7 percent from 2010.

401(k) plan fees

- Nearly three-quarters (71 percent) of plan sponsors rated the new fee disclosure requirements as *quite important or very important*.
- Most respondents (75 percent) agree or strongly agree they have no difficulty in obtaining a clear understanding of plan and participant fees.
- As the effective date of fee disclosure regulations approaches, 83 percent of plan sponsors believe their 401(k) fees are competitive.

A detailed copy of the full survey report is available at www.deloitte.com/us/401Ksurvey2011 or www.iscebs.org.

About the Survey

Deloitte’s 2011 401(k) Benchmarking Survey was conducted electronically in conjunction with the International Foundation and the International Society of Certified Employee Benefit Specialists (ISCEBS). The survey’s 430 respondents are evenly distributed by geography, size, and ownership status (i.e., publicly or privately held).

About the International Foundation

The International Foundation of Employee Benefit Plans is a nonprofit organization dedicated to being a leading objective and independent global source of employee benefits, compensation and financial literacy education and information. Visit www.ifebp.org

International Society of Certified Employee Benefit Specialists

The International Society of Certified Employee Benefit Specialists (ISCEBS) is a non-profit educational association whose members have either earned or are pursuing the Certified Employee Benefit Specialist (CEBS) designation, which is cosponsored by the International Foundation of Employee Benefit Plans and the Wharton School of the University of Pennsylvania. For more information on the Society or CEBS, please visit the ISCEBS Web site at www.iscebs.org.

As used in this document, “Deloitte” means Deloitte LLP and its subsidiaries. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries.

###