



## News Release

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### **Deloitte: Retirement Readiness of Employees is Top Priority for Employers**

*After a decade of monitoring 401(k) plan trends, Deloitte survey shows focus in 2010 was on retirement readiness as value of plans rebounded*

**NEW YORK, Jan. 4, 2011** — Corporate executives responsible for overseeing the retirement plans offered to their employees identified retirement readiness as one of their top priorities this past year, according to the 10<sup>th</sup> 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). Plan sponsors further called out retirement readiness as the issue they needed the most help with from retirement plan service providers.

Almost two-thirds (62 percent) of plan sponsors surveyed believe their responsibility includes taking an interest in whether employees are tracking towards a comfortable retirement (i.e., offering a retirement plan option that allows participants to plan for a reasonable replacement ratio). Sobering, however, only 15 percent of plan sponsors surveyed believe most employees will be prepared for retirement if they maintain the status quo.

“While plan sponsors are concerned with the retirement readiness of their employees they aren’t jumping at the chance to use the tools service providers are offering to manage this, according to our research,” said Stacy Sandler, principal, Deloitte Consulting LLP. “We believe retirement readiness will continue to be in the spotlight for years to come, as 401(k) account balances slowly rebound and participants become more educated regarding what they will need to retire.”

2010 ISCEBS President Susan D. Cranston of Manulife Financial said, “401(k) plan balances have slowly rebounded from the lows of 2008 and 2009. Nonetheless, surveyed participants indicated they are taking a cautious approach to their 401(k) plans before diving back in to increase contribution rates and resuming the level of activity seen in prior years.”

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### **Current trends**

- Showing a substantial rebound from 2009, 39 percent of plan sponsors surveyed responded that the average participant account balance exceeded \$75,000 (only 25 percent reported the same in 2009).
- Even as plan balances slowly rebound, participants remained cautious about the state of the economy. A majority (53 percent) of surveyed plan sponsors indicated participants are taking a “wait and see” approach.
- The most common actions taken by participants over the past 12 months include:
  - Increased loan activity (49 percent)
  - Decreased deferral rates (41 percent)
  - Increased withdrawals – hardship, in-service (40 percent)
  - No changes (23 percent)
  - Rebalancing portfolios to be less aggressive (21 percent)
- In 2010, there was an increase of plan sponsors offering employer matching contributions (66 percent) from (59 percent) in 2009.
- Among companies that previously suspended matching contributions, 55 percent reported plans to reinstate matching contributions within the next 24 months.
- The percentage of respondents indicating they are beginning to consider generational segments within their workforce nearly doubled to 63 percent in 2010 from 37 percent in 2009.

### **Spotlight on retirement readiness**

- A mere 25 percent of plan sponsors surveyed offer managed accounts. However, more than half (51 percent) make individual financial counseling/investment advice available to all participants.
- Less than 5 percent of retirement plans currently offer retirement income products. Further, only 12 percent of plan sponsors surveyed indicated they are currently considering adding in-plan or at-retirement income options.

### **10 year review**

- When the Deloitte Annual 401(k) Benchmarking Survey was launched in 2000, 64 percent of plan sponsors surveyed indicated they were just beginning to access plan data via the web. An even smaller group (41 percent) indicated participant statements were available on demand via the web.
- In 2000, auto enrollment was in its infancy, with only 14 percent of respondents including it as a plan feature. Today, nearly half (49 percent) of respondents include auto enrollment within their plan design.
- From a plan design perspective, the average number of investment options available to participants has risen from less than 10 in 2000 to more than 20 in 2010.
- Eligibility restrictions have also been dramatically altered as 86 percent of respondents now allow participant eligibility in the first three months.

A detailed copy of the full survey report is available at <http://www.deloitte.com/us/401k2010> or [www.iscebs.org](http://www.iscebs.org).

**About the Survey**

Deloitte’s 2010 401(k) Benchmarking Survey was conducted electronically in conjunction with the International Foundation and the International Society of Certified Employee Benefit Specialists (ISCEBS). More than 600 plan sponsors (653) participated in this year’s survey. Respondents were 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.

**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 earned 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](http://www.iscebs.org).

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