



## News Release

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### **EMPLOYERS CONCERNED WITH EMPLOYEES' RETIREMENT PREPARATION, ACCORDING TO DELOITTE STUDY**

*Participants in 401(k) Plans "Stay the Course" Despite Decreased Confidence in Ability to Afford Retirement*

**NEW YORK, August 10, 2009** — As the economy continues to work its way toward a recovery, employees are taking a "wait and see" approach with their 401(k) plans, according to the 2009 401(k) Benchmarking Survey of over 600 plan sponsors conducted by Deloitte, the International Foundation of Employee Benefit Plans (IFEBP) and the International Society of Certified Employee Benefit Specialists (ISCEBS).

"While today's economic conditions have dramatically changed the retirement savings landscape, 401(k) plans are bent, not broken," said Mark Dzierzak, specialist leader with Deloitte Consulting LLP and director of the survey. "Plan sponsors surveyed continue to support their plans and will maintain a close watch on their role as a strategic tool in their overall benefits program."

"The economic crisis has no doubt taken its toll on 401(k) offerings and participants," said 2009 ISCEBS President C. Scott Boring of Lockton Insurance Brokers, LLC. "But the important thing now is for employees to obtain a clear understanding of the direct impact this has on their plans by taking advantage of the educational tools and resources offered."

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With concern for employee retirement readiness, many employers surveyed feel they have a responsibility to take interest in whether employees are tracking toward an affordable retirement. Yet consumer confidence levels continue to drop as employees question their ability to afford retirement, according to the survey. Some key findings from the report include:

**The economy has employers and employees evaluating their retirement savings strategies —**

- The economy has forced some organizations surveyed to take action such as reduction or elimination of employer matching contributions.
- Sixty-three percent of employers surveyed say employees are taking a “wait and see” approach to their retirement savings strategy but concern exists.
- Surveyed employers reported considerable participant activity regarding 401(k) accounts as 17 percent indicated they have seen increased volumes of deferral rate changes, hardship withdrawals, loans and other similar activities.
- Another 38 percent reported their employees decreased deferral rates in 2009, while the majority (60 percent) held steady at their current level of contribution. Twelve percent of employers surveyed also indicated an upswing in opt-outs from automatic enrollment programs.

**Pessimism about overall employee readiness for retirement is gripping employers —**

- Nearly two-thirds (63 percent) of surveyed employers indicated they must take an interest in their employees' readiness for a comfortable retirement, and 14 percent state they feel “very” responsible for preparing employees.
- Almost one-fifth (19 percent) of surveyed plan sponsors believe “very few” of their employees will be financially prepared for retirement.
- According to the employers surveyed, there is a broad level of employee confusion typically around selecting fund options (84 percent) and how much money they will need for retirement (53 percent).

**Plan sponsors are taking action to boost participation and contribution rates —**

- Many surveyed employers (37 percent) are considering adding new tactics such as generational segmentation to their future retirement plan design, while another 37 percent plan to consider conducting a retirement readiness assessment.

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- One-fifth of employers surveyed have implemented a re-enrollment campaign to help increase deferral rates, and more than half (60 percent) are considering it.
- Step-up contributions that automatically increase deferral percentages are offered by 42 percent of survey respondents, and increase from 35 percent reported last year.
- Fifty-seven percent of surveyed employers reported their employees are now immediately eligible for matching contributions, up from 48 percent last year.

“Because 401(k) plans represent a primary savings vehicle for employers and a key component of the Total Rewards package for employees, our survey indicates that the ongoing affects of the economic downturn have created a source of anxiety for both employers and employees alike,” explained Tim Phoenix, principal with Deloitte Consulting LLP and global leader of Total Rewards services. “With a greater use of 401(k) plan educational tools, the introduction of ease-of-use features and improved organizational communication, we believe employers will be better positioned to help employees meet their personal retirement goals.”

A detailed copy of the full survey report is available at [www.deloitte.com/us/401k2009](http://www.deloitte.com/us/401k2009) or [www.iscebs.org](http://www.iscebs.org).

### **About the Survey**

Deloitte’s 2009 401(k) Benchmarking Survey was conducted electronically in conjunction with the International Foundation and the International Society of Certified Employee Benefit Specialists (ISCEBS). In all, 606 plan sponsors responded to the survey. The respondents were distributed across all regions of the country and all industries.

### **About Deloitte**

As used in this document, “Deloitte” means Deloitte Consulting LLP and Deloitte Services LP, separate subsidiaries of Deloitte LLP. Please see [www.deloitte.com/us/about](http://www.deloitte.com/us/about) for a detailed description of the legal structure of Deloitte LLP and its subsidiaries.

### **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. With 35,000 members representing multiemployers,

public sector, corporate, and Canadian organizations, it is the largest association of its kind. Services include the CEBS designation, online training, the world's largest employee benefits library, publications, education programs and a jobs and resume service. For more information, please visit the International Foundation Web site at [www.ifebp.org](http://www.ifebp.org)

**About 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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