

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% |
| Total | 100% | 100% |

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% |
| Total | 100% | 100% |

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% |
| Total | 100% | 100% |

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% |
| Total | 100% | 100% |

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% |
| Total | 100% | 100% |

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% |
| Total | 100% | 100% |

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% |
| Total | 100% | 100% |

Exhibit 8. Population targeted for easy enrollment

| | Industry | National |
|-------------------|-------------|-------------|
| New hires only | 38% | 39% |
| Entire population | 56% | 49% |
| Other | 6% | 12% |
| Total | 100% | 100% |

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% |
| Total | 100% | 100% |

Exhibit 10. Elective or automatic

| | Industry | National |
|--|-------------|-------------|
| Elective | 60% | 58% |
| Automatic for some or all participants | 40% | 42% |
| Total | 100% | 100% |

Exhibit 11. Incremental step-up percentage

| | Industry | National |
|-------------------|-------------|-------------|
| 1% | 65% | 65% |
| 2% | 3% | 2% |
| Other percentage | 0% | 1% |
| Employee's choice | 32% | 32% |
| Total | 100% | 100% |

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% |
| Total | 100% | 100% |

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% |
| Total | 100% | 100% |

Exhibit 14: Roth 401(k) feature

| | Industry | National |
|--------------|-------------|-------------|
| Yes | 47% | 31% |
| No | 53% | 69% |
| Total | 100% | 100% |

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% |
| Total | 100% | 100% |

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% |
| Total | 100% | 100% |

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% |
| Total | 100% | 100% |

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% |
| Total | 100% | 100% |

Plan effectiveness

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

| | Industry | National |
|--------------|-------------|-------------|
| Yes | 89% | 79% |
| No | 11% | 21% |
| Total | 100% | 100% |

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

| | Industry | National |
|--------------|-------------|-------------|
| Yes | 79% | 68% |
| No | 21% | 32% |
| Total | 100% | 100% |

Exhibit 24. Generational segmentation considered

| | Industry | National |
|--------------|-------------|-------------|
| Yes | 38% | 37% |
| No | 62% | 63% |
| Total | 100% | 100% |

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% |
| Total | 100% | 100% |

Provider relationship

Exhibit 26. Provider structure

| | Industry | National |
|--------------|-------------|-------------|
| Bundled | 73% | 75% |
| Alliance | 9% | 10% |
| Unbundled | 18% | 15% |
| Total | 100% | 100% |

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% |
| Total | 100% | 100% |

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If you would like to participate in future 401(k) Benchmarking Surveys, please send an e-mail to Deloitte401kSurvey@ame1.deloitteonline.com, including your name, title, organization, and e-mail address.

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