

2009 401(k) Benchmarking Survey Health Care & Life Sciences



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.

Sixty three (63) surveys were completed from companies within the Health Care & Life Sciences industry, representing 10% of the total respondents.

Demographics

Exhibit 1. Participants by region

	Industry	National
Midwest	43%	41%
South	18%	22%
Northeast	25%	21%
West	14%	16%
Total	100%	100%

Exhibit 2. Average age of participants

	Industry	National
< 30 years	2%	2%
31 - 40 years	19%	28%
41 - 50 years	73%	67%
51+ years	6%	3%
Total	100%	100%

Exhibit 3. Average length of service of participants

	Industry	National
1 - 5 years	37%	24%
6 - 10 years	41%	44%
11 - 15 years	18%	24%
16 - 20 years	4%	6%
21 - 25 years	0%	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	17%	30%
Yes, does not satisfy the safe harbor conditions defined by the Pension Protection Act of 2006	19%	17%
Yes, unsure of safe harbor conditions	6%	5%
No, we never had it	44%	33%
No, we discontinued it	0%	1%
No, but considering it	14%	14%
No, we were unaware of this feature	0%	0%
Total	100%	100%

Exhibit 5. Default deferral percentage

	Industry	National
2% or less	39%	16%
3%	46%	60%
4%	15%	11%
5%	0%	4%
6% or more	0%	9%
Total	100%	100%

Exhibit 6. Default investment election

	Industry	National
Principal Preservation (stable value, money market, etc.)	12%	9%
Balanced Fund	8%	10%
Lifestyle Fund (risk based)	12%	12%
Lifecycle / Target Retirement Date Fund	68%	65%
Managed Account	0%	3%
Other	0%	1%
Total	100%	100%

Easy enrollment

Exhibit 7. Easy enrollment feature in place

	Industry	National
Yes	19%	15%
No, we never had it	69%	64%
No, we discontinued it	0%	3%
No, but considering it	10%	11%
No, we were unaware of this feature	2%	7%
Total	100%	100%

Exhibit 8. Population targeted for easy enrollment

	Industry	National
New hires only	33%	39%
Entire population	67%	49%
Other	0%	12%
Total	100%	100%

Step-ups

Exhibit 9. Step-up contribution feature in place

	Industry	National
Yes	29%	42%
No	59%	41%
No, but considering it	8%	13%
No, we were unaware of this feature	2%	2%
Other	2%	2%
Total	100%	100%

Exhibit 10. Elective or automatic

	Industry	National
Elective	55%	58%
Automatic for some or all participants	45%	42%
Total	100%	100%

Exhibit 11. Incremental step-up percentage

	Industry	National
1%	75%	65%
2%	0%	2%
Other percentage	0%	1%
Employee's choice	25%	32%
Total	100%	100%

Employee contributions

Exhibit 12: HCE average deferral percentage

	Industry	National
< 4%	18%	10%
4 - 5.99%	16%	19%
6 - 7.99%	42%	47%
8% or more	24%	24%
Total	100%	100%

Exhibit 13: NHCE average deferral percentage

	Industry	National
< 4%	37%	21%
4 - 5.99%	34%	37%
6 - 7.99%	18%	28%
8% or more	11%	14%
Total	100%	100%

Exhibit 14: Roth 401(k) feature

	Industry	National
Yes	27%	31%
No	73%	69%
Total	100%	100%

Employer contributions

Exhibit 15: Service requirement for employer matching contribution

	Industry	National
Immediate	43%	57%
Less than 1 year	10%	14%
1 year	42%	24%
Other	5%	5%
Total	100%	100%

Exhibit 16: Service requirement for profit sharing

	Industry	National
Immediate	33%	31%
Less than 1 year	13%	16%
1 year	47%	44%
Other	7%	9%
Total	100%	100%

Exhibit 17: Change in company's matching formula in the past year

	Industry	National
Yes, we have	8%	17%
No, and we are not considering any changes	82%	68%
No, but we are considering	10%	15%
Total	100%	100%

Exhibit 18: Yes, changed company's matching formula in the past year

	Industry	National
Yes, we have		
Increased match	25%	28%
Instituted safe harbor	0%	13%
Suspended/discontinued	0%	29%
Decreased match	50%	27%
Instituted discretionary	0%	5%
Instituted other formula/design changes	25%	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	0%	10%
A change to institute safe harbor	20%	14%
A change to decrease match	40%	32%
Suspending/discontinuing match	20%	45%
A change to institute discretionary	0%	8%
Other formula/design changes	10%	16%

Investments

Exhibit 20. Investment vehicles utilized

	Industry	National
Annuities	19%	8%
Collective trust funds	19%	28%
Mutual funds	91%	91%
Separate accounts	20%	21%
Other	11%	10%

Exhibit 21. Managed accounts offered

	Industry	National
Yes	18%	26%
No	76%	65%
No, but considering it	6%	8%
No, unaware of this feature	0%	1%
Total	100%	100%

Plan effectiveness

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

	Industry	National
Yes	85%	79%
No	15%	21%
Total	100%	100%

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

	Industry	National
Yes	72%	68%
No	28%	32%
Total	100%	100%

Exhibit 24. Generational segmentation considered

	Industry	National
Yes	35%	37%
No	65%	63%
Total	100%	100%

Exhibit 25. Financial counseling availability

	Industry	National
Yes, to all participants	53%	50%
Yes, to some participants	2%	4%
No	39%	41%
No, but we are in the process of implementing this feature	6%	5%
Total	100%	100%

Provider relationship

Exhibit 26. Provider structure

	Industry	National
Bundled	74%	75%
Alliance	6%	10%
Unbundled	20%	15%
Total	100%	100%

Exhibit 27. Fees at risk or additional services provided for maintaining service and performance levels

	Industry	National
Yes	48%	42%
No	29%	34%
Dont know	23%	24%
Total	100%	100%

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