

2009 401(k) Benchmarking Survey Public Sector/Not for Profit



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.

Thirty one (31) surveys were completed from companies within the Public Sector/Not for Profit industry, representing 5% of the total respondents.

Demographics

Exhibit 1. Participants by region

	Industry	National
Midwest	42%	41%
South	10%	22%
Northeast	36%	21%
West	12%	16%
Total	100%	100%

Exhibit 2. Average age of participants

	Industry	National
< 30 years	0%	2%
31 - 40 years	28%	28%
41 - 50 years	69%	67%
51+ years	3%	3%
Total	100%	100%

Exhibit 3. Average length of service of participants

	Industry	National
1 - 5 years	24%	24%
6 - 10 years	40%	44%
11 - 15 years	32%	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	39%	30%
Yes, does not satisfy the safe harbor conditions defined by the Pension Protection Act of 2006	7%	17%
Yes, unsure of safe harbor conditions	0%	5%
No, we never had it	38%	33%
No, we discontinued it	3%	1%
No, but considering it	10%	14%
No, we were unaware of this feature	3%	0%
Total	100%	100%

Exhibit 5. Default deferral percentage

	Industry	National
2% or less	15%	16%
3%	46%	60%
4%	8%	11%
5%	8%	4%
6% or more	23%	9%
Total	100%	100%

Exhibit 6. Default investment election

	Industry	National
Principal Preservation (stable value, money market, etc.)	7%	9%
Balanced Fund	22%	10%
Lifestyle Fund (risk based)	0%	12%
Lifecycle / Target Retirement Date Fund	57%	65%
Managed Account	7%	3%
Other	7%	1%
Total	100%	100%

Easy enrollment

Exhibit 7. Easy enrollment feature in place

	Industry	National
Yes	0%	15%
No, we never had it	74%	64%
No, we discontinued it	0%	3%
No, but considering it	3%	11%
No, we were unaware of this feature	23%	7%
Total	100%	100%

Exhibit 8. Population targeted for easy enrollment

	Industry	National
New hires only	N/A	39%
Entire population	N/A	49%
Other	N/A	12%
Total	N/A	100%

Step-ups

Exhibit 9. Step-up contribution feature in place

	Industry	National
Yes	37%	42%
No	43%	41%
No, but considering it	17%	13%
No, we were unaware of this feature	3%	2%
Other	0%	2%
Total	100%	100%

Exhibit 10. Elective or automatic

	Industry	National
Elective	50%	58%
Automatic for some or all participants	50%	42%
Total	100%	100%

Exhibit 11. Incremental step-up percentage

	Industry	National
1%	90%	65%
2%	0%	2%
Other percentage	0%	1%
Employee's choice	10%	32%
Total	100%	100%

Employee contributions

Exhibit 12. HCE average deferral percentage

	Industry	National
< 4%	17%	10%
4 - 5.99%	24%	19%
6 - 7.99%	17%	47%
8% or more	42%	24%
Total	100%	100%

Exhibit 13. NHCE average deferral percentage

	Industry	National
< 4%	42%	21%
4 - 5.99%	25%	37%
6 - 7.99%	25%	28%
8% or more	8%	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	62%	57%
Less than 1 year	11%	14%
1 year	19%	24%
Other	8%	5%
Total	100%	100%

Exhibit 16. Service requirement for profit sharing

	Industry	National
Immediate	38%	31%
Less than 1 year	25%	16%
1 year	13%	44%
Other	24%	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	64%	68%
No, but we are considering	24%	15%
Total	100%	100%

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

	Industry	National
Yes, we have		
Increased match	67%	28%
Instituted safe harbor	33%	13%
Suspended/discontinued	0%	29%
Decreased match	33%	27%
Instituted discretionary	0%	5%
Instituted other formula/design changes	0%	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	0%	14%
A change to decrease match	50%	32%
Suspending/discontinuing match	33%	45%
A change to institute discretionary	0%	8%
Other formula/design changes	0%	16%

Investments

Exhibit 20. Investment vehicles utilized

	Industry	National
Annuities	16%	8%
Collective trust funds	20%	28%
Mutual funds	80%	91%
Separate accounts	28%	21%
Other	4%	10%

Exhibit 21. Managed accounts offered

	Industry	National
Yes	22%	26%
No	74%	65%
No, but considering it	4%	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	77%	79%
No	23%	21%
Total	100%	100%

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

	Industry	National
Yes	78%	68%
No	22%	32%
Total	100%	100%

Exhibit 24. Generational segmentation considered

	Industry	National
Yes	43%	37%
No	57%	63%
Total	100%	100%

Exhibit 25. Financial counseling availability

	Industry	National
Yes, to all participants	59%	50%
Yes, to some participants	0%	4%
No	37%	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	92%	75%
Alliance	4%	10%
Unbundled	4%	15%
Total	100%	100%

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

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

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