



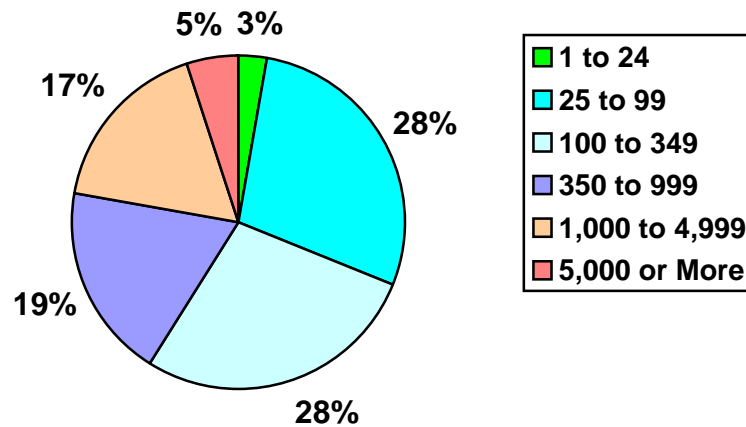
2007
Lambert & Carney Benefits Group, LLC
Retirement Survey



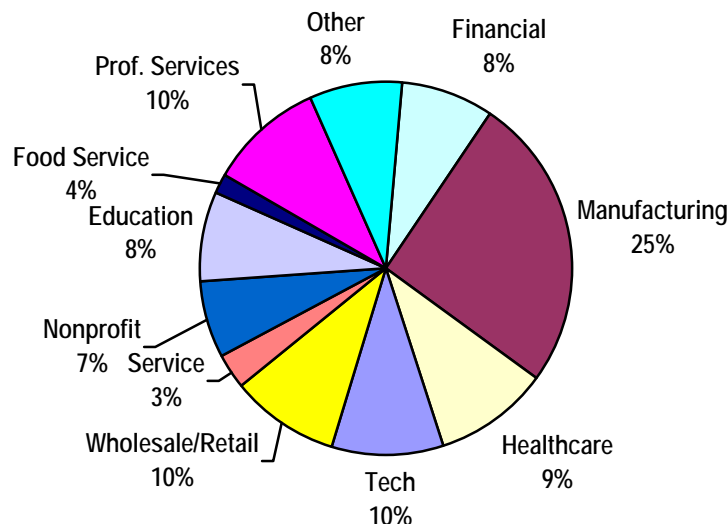
2007 Lambert & Carney Benefits Group, LLC Retirement Survey

The 2007 Lambert & Carney Retirement Survey is the third survey released by Lambert & Carney Benefits Group, LLC devoted strictly to retirement plans. This survey was conducted in the early part of 2007. We are pleased to share these results with you. The retirement survey reflects the responses of 226 companies ranging in size from small “Mom and Pop” companies to large, international corporations. To add more meaning to the results, we have provided combined information based on all companies that participated, as well as information based on three size categories (less than 100 employees, 100 – 999 employees, and 1,000+ employees).

A profile of respondents by organizational employee size is as follows:



The following chart indicates the type of industries represented in the survey results:





Prevalence of Retirement Plans

1. Defined Contribution Plans are by far the most common type of retirement plan utilized by employers today. Companies with over 1,000 employees are more likely to offer defined benefit plans to their employees and to have deferred compensation arrangements for their executives. The following table indicates the level of prevalence of retirement plans. Some employers offer multiple plans. **Fifty-six percent of companies have reported using more than one retirement benefit vehicle for their employees.**

<u>Type of Plan</u>	<u>All</u>	<u>Under 100</u>	<u>100 - 999</u>	<u>1,000 +</u>
401(k)	81.3%	87.0%	78.6%	85.7%
403(b)	14.7%	7.2%	19.4%	16.3%
Defined Benefit	22.7%	8.7%	23.3%	42.9%
Cash Balance	3.1%	0.0%	1.9%	10.2%
Profit Sharing	19.1%	23.2%	17.5%	18.4%
Money Purchase	1.8%	1.4%	1.0%	4.1%
ESOP	6.7%	4.3%	6.8%	10.2%
SEP	0.4%	1.4%	0.0%	0.0%
Deferred Comp Plan	9.3%	1.4%	6.8%	26.5%
Roth 401(k)	9.3%	8.7%	9.7%	10.2%

Defined Contribution Plans

2. **Assets:** As would be anticipated, the asset values found in 401(k) and 403(b) plans vary by employer size. Over 60% of all groups have over \$5,000,000 in assets. This increased to nearly 95% of employers with more than 1,000 employees.

<u>Asset Value</u>	<u>All</u>	<u>Under 100</u>	<u>100 - 999</u>	<u>1,000 +</u>
\$500,000 or less	3.3%	9.0%	1.0%	0.0%
\$500,001 to \$2,000,000	15.2%	35.8%	8.2%	0.0%
\$2,000,001 to \$5,000,000	17.1%	22.4%	19.6%	4.3%
\$5,000,001 to \$10,000,000	19.0%	22.4%	20.6%	10.6%
\$10,000,001 to \$50,000,000	22.7%	9.0%	34.0%	19.1%
Over \$50,000,000	22.7%	1.5%	16.5%	66.0%

3. **Investment Options:** An overwhelming majority of employers offer at least 13 investment options, with a quarter of employees having in excess of 20 choices.

<u>Number of Investment Options</u>	<u>All</u>	<u>Under 100</u>	<u>100 - 999</u>	<u>1,000 +</u>
4 or less	1.9%	3.1%	1.0%	2.1%
5 to 8	5.7%	9.2%	4.0%	4.3%
9 to 12	20.3%	21.5%	25.0%	8.5%
13 to 16	27.8%	18.5%	28.0%	40.4%
17 to 20	19.3%	26.2%	15.0%	19.1%
21 or More	25.0%	21.5%	27.0%	25.5%



4. Fund Families: Employers typically include investment funds from multiple fund families. This fact may reflect employer interest in enabling employees to adequately diversify their investments. Over three-quarters of employers reported offering at least four different fund families.

<u>Number of Fund Families</u>	<u>All</u>	<u>Under 100</u>	<u>100 - 999</u>	<u>1,000 +</u>
1	9.5%	8.1%	11.0%	8.5%
2 to 3	12.5%	12.9%	15.4%	6.4%
4 to 5	36.0%	38.7%	34.1%	36.2%
6 or more	42.0%	40.3%	39.6%	48.9%

5. Participation Rates: Over half the companies indicated that they had participation rates in excess of 70%. The following illustrates the level of employee participation in defined contribution retirement plans.

<u>Participation Rate</u>	<u>All</u>	<u>Under 100</u>	<u>100 - 999</u>	<u>1,000 +</u>
25% or less	3.8%	6.3%	2.0%	4.3%
26% to 40%	11.0%	14.1%	10.1%	8.5%
41% to 55%	10.5%	9.4%	9.1%	14.9%
56% to 70%	22.4%	20.3%	21.2%	27.7%
71% to 85%	23.3%	17.2%	26.3%	25.5%
86% to 100%	29.0%	32.8%	31.3%	19.1%

6. Matching Contributions: Overall, 22% of employers do not match their employee’s contribution to the plan. In 2002, we asked a similar question in a different survey and found that only 20% of companies reported no employer match. Of those that reported making no match, nearly 42.5% contribute on a discretionary or fixed basis, not requiring employee contributions. Additionally, 58.3% of organizations not matching their employees’ 401(k) or 403(b) plans have other retirement plans available.

When compared to their larger counterparts, smaller companies are less likely to match contributions and more likely to make discretionary contributions or vary the contribution each year based on profits than their larger counterparts.

Only 6.1% of companies with more than 1,000 employees reported offering no employer contributions while 33.3% of companies under 100 employees provided no matching contribution. Companies with 100 to 999 employees did not match 25.2% of the time.

7. Maximum Contribution: When asked what percent of employee contributions did their companies match, participants responded as follows:

<u>Maximum Contribution</u>	<u>All</u>	<u>Under 100</u>	<u>100 - 999</u>	<u>1,000 +</u>
20% or less	34.8%	40.5%	36.7%	25.0%
21% to 35%	10.9%	11.9%	11.7%	8.3%
36% to 50%	34.1%	26.2%	40.0%	33.3%
51% to 75%	8.0%	7.1%	1.7%	19.4%
76% to 100%	10.9%	11.9%	8.3%	13.9%
Over 100%	1.4%	2.4%	1.7%	0.0%



8. Maximum Contribution by Plan: Three percent is the most common maximum employer matching contribution percentage of an employee’s salary (for example an employer that matches 50% of the first 4% of pay would be 2%) regardless of company size. This is also the case when employers are only offering a 401(k) or 403(b) plan. Responses are as follows:

<u>Percent of Salary</u>	<u>All</u>	<u>Under 100</u>	<u>100 - 999</u>	<u>1,000 +</u>
2% or less	20.1%	17.1%	28.1%	11.4%
3%	34.9%	34.1%	31.3%	40.9%
4%	20.1%	22.0%	17.2%	22.7%
5%	7.4%	9.8%	7.8%	4.5%
6%	13.4%	12.2%	12.5%	15.9%
7% or more	4.0%	4.9%	3.1%	4.5%

9. Discretionary Contributions: 30.7% of all companies make discretionary contributions to the employees’ accounts. These contributions are often made in addition to or instead of matching contributions. Of those that do, the discretionary contributions reported were as follows:

<u>Discretionary Employer Contribution</u>	<u>All</u>	<u>Under 100</u>	<u>100 - 999</u>	<u>1,000 +</u>
1%	3.3%	5.3%	2.9%	0.0%
2%	6.5%	5.3%	8.6%	0.0%
3%	21.3%	31.6%	20.0%	0.0%
4%	9.8%	10.5%	8.6%	14.3%
5%	9.8%	15.8%	5.7%	14.3%
6% or more	44.3%	26.3%	48.6%	71.4%
Flat Amount	5.0%	5.3%	5.7%	0.0%

10. Company Contribution Investment: Companies invest their portion of the contributions in different ways. However, most companies are allowing employees to determine how the company’s funds are invested either by mirroring the employees’ investments or by having the employees direct the contribution in other investments.

<u>Company Contribution Investment Options</u>	<u>All</u>	<u>Under 100</u>	<u>100 - 999</u>	<u>1,000 +</u>
Company Stock	3.0%	0.0%	2.2%	8.5%
Guaranteed Account	2.5%	1.6%	3.3%	2.1%
Specific Employer Directed Funds	5.0%	9.5%	2.2%	4.3%
Mirror Employee Elections	39.6%	36.5%	40.2%	42.6%
Directed By Employee	50.0%	52.4%	52.2%	42.6%



11. Vesting: Immediate and five year graded vesting is the most common types of vesting schedules with the exception of groups over 1,000 employees. For them, immediate and three year cliff vesting are the most common.

<u>Vesting Schedule</u>	<u>All</u>	<u>Under 100</u>	<u>100 - 999</u>	<u>1,000 +</u>
Immediate	36.3%	35.4%	33.7%	42.9%
3 Year Cliff	12.7%	9.2%	10.2%	22.4%
5 Year Graded	22.6%	26.2%	24.5%	14.3%
5 Year Cliff	6.6%	12.3%	4.1%	4.1%
6 Year Graded	12.7%	12.3%	15.3%	8.2%
7 Year Graded	1.4%	0.0%	3.1%	0.0%
Other	7.5%	4.6%	9.2%	8.2%

12. Employee Education: Employers use multiple avenues to educate their employees and improve their investment savvy. Of the four educational vehicles we measured, the use of online investment advice services were the least utilized.

<u>Employee Investment Education</u>	<u>All</u>	<u>Under 100</u>	<u>100 - 999</u>	<u>1,000 +</u>
Customized Enrollment Kits	64.4%	69.6%	63.1%	65.3%
Periodic Employee Meetings	74.2%	65.2%	79.6%	81.6%
Online Investment Advice Service	32.0%	30.4%	31.1%	38.8%
Online Investment Education	48.9%	33.3%	52.4%	67.3%

13. Bundled Services: The majority of employers bundle some of the services they receive through a single vender. Of those services that are bundled, the following illustration reflects the frequency that certain services are combined:

<u>Bundled Services</u>	<u>All</u>	<u>Under 100</u>	<u>100 - 999</u>	<u>1,000 +</u>
Trustee	48.4%	31.9%	49.5%	73.5%
Record Keeping	60.0%	44.9%	61.2%	83.7%
Communications	44.0%	26.1%	46.6%	67.3%
Year-End Administration	56.0%	52.2%	51.5%	75.5%
Investment Management	44.9%	36.2%	46.6%	67.3%

14. Fees: 401(k) and 403(b) fees are most frequently paid for at least in part by the employer. Larger employers are more likely to pass the cost on to the employee.

<u>Who Pays The Fees</u>	<u>All</u>	<u>Under 100</u>	<u>100 - 999</u>	<u>1,000 +</u>
Employer	38.6%	46.9%	40.8%	22.9%
Participant	18.1%	18.8%	20.4%	12.5%
Combination	43.3%	34.4%	38.8%	64.6%

15. Auto Enrollment and Deferral: 29.4% of employers indicated that they use automatic enrollment of newly eligible employees. If employees do not want to participate, they have to disenroll out of the coverage. 18.8% use automatic deferral levels.



16. Service Providers: The primary service providers for 401(k)/403(b)'s are mutual fund firms for each of the size categories provided.

<u>Primary Service Provider</u>	<u>All</u>	<u>Under 100</u>	<u>100 – 999</u>	<u>1,000 +</u>
Bank	13.2%	15.0%	18.5%	9.5%
Brokerage Firm	24.5%	36.7%	25.9%	21.4%
Insurance Company	23.6%	28.3%	25.9%	28.6%
Mutual Fund	36.3%	28.3%	46.9%	52.4%
Other	0.0%	0.0%	0.0%	0.0%

Defined Benefit Plans

Nearly twenty-three percent of companies indicated offering a defined benefit pension plan. Of those 98% offer some other type of benefit plan, predominantly 401(k).

17. Availability to New Hires: The following indicates whether it is available to new hires.

<u>Availability of DB Plan</u>	<u>All</u>	<u>Under 100</u>	<u>100 - 999</u>	<u>1,000 +</u>
Closed To New Hires	20.6%	0.0%	17.9%	28.6%
Closed To New Hires and Plan	19.0%	0.0%	21.4%	21.4%
Benefits Have Been Frozen				
Still Active For New Hires	60.3%	100.0%	60.7%	50.0%

18. Eligibility: Most companies require employees to work three to five years prior to receiving a benefit. The following reflects the years of service necessary to earn a benefit under the defined benefit plan:

<u>Years of Service Necessary</u>	<u>All</u>	<u>Under 100</u>	<u>100 - 999</u>	<u>1,000 +</u>
2 or less	17.5%	28.6%	18.5%	13.0%
3 to 5	73.7%	57.1%	74.1%	78.3%
6 to 9	5.3%	14.3%	7.4%	0.0%
10 to 14	3.5%	0.0%	0.0%	8.7%
15 or more	0.0%	0.0%	0.0%	0.0%

19. Percentage of Pay: The maximum percentage of pay received under the defined benefit plan is illustrated below:

<u>Max. Percentage of Pay</u>	<u>All</u>	<u>Under 100</u>	<u>100 - 999</u>	<u>1,000 +</u>
50% or Less	57.8%	60.0%	70.0%	45.0%
51% to 60%	22.2%	40.0%	10.0%	30.0%
61% to 70%	8.9%	0.0%	5.0%	15.0%
71% to 80%	0.0%	0.0%	0.0%	0.0%
81% to 90%	4.4%	0.0%	5.0%	5.0%
91% or more	6.7%	0.0%	10.0%	5.0%

20. Age/Service Requirement: Forty-one percent of companies use a combination of minimum age and service requirement to determine eligibility for benefits. The most common combination was age plus service equaling 85 years or more.



All Plans

21. Satisfaction: We asked employers to rate the satisfaction with their service providers on several factors. In general, employers are satisfied with their service providers. The scale used was from 1 to 10 with 10 being the most satisfied. Employers are generally satisfied with their service providers. Communications support is the area of least satisfaction, while trustee services garner the highest satisfaction ratings.

<u>Service Satisfaction</u>	<u>Overall</u>	<u>Fees</u>	<u>Accuracy/Timeliness/ Performance</u>
Trustee	8.3	8.3	8.6
Record Keeper/Actuary	8.4	8.0	8.4
Communications Support	7.8	8.0	8.0
Investment Manager	8.3	8.1	8.2

Companies with fewer than 100 employees were generally the most satisfied with their service providers.

Lambert & Carney Benefits Group, LLC is an independent employee benefit brokerage and consulting firm specializing in the development, implementation and ongoing servicing of corporate benefit plans.

Lambert & Carney Benefits Group, LLC *Your Benefits Experts*

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