

401(k) and Profit Sharing Plan Response to Current Conditions

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Introduction

PSCA's *401(k) and Profit Sharing Plan Response to Current Conditions* reflects responses from 531 companies that currently sponsor a defined contribution plan. Data in this survey is often categorized by plan size. Plan size is determined by the number of active participants in the company's plan. Please note that the figures in the survey do not always add up to 100.0 percent due to rounding. Each section includes graphs that illustrate some of the data. These graphs do not necessarily correlate directly to a data table. Please direct questions or comments to research@psca.org or 312.419.1863x203.

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Overview of Results

In October 2010, PSCA conducted a survey of 401(k) and profit sharing plan sponsors to determine how they are responding to current economic and regulatory changes. PSCA received 531 responses from plan sponsors across the country. The majority of plan sponsors and participants continued making contributions to their defined contribution plan.

Most companies maintained contribution rates during the past three years and some companies increased contributions. Seventy percent of companies maintained matching contributions, and 70.2 percent maintained non-matching company contributions, while just 14.8 percent of companies suspended the match and 10.6 percent suspended the non-matching contribution. Six percent of companies reduced the match and 15.8 percent reduced the non-match while 9.2 percent of companies increased matching contributions and 3.4 percent increased non-matching contributions.

Companies that suspended contributions are restoring them, while most companies that reduced contributions are maintaining them at reduced levels. Forty percent of plans that suspended the matching contribution in the last three years have restored it, while 37.8 percent of plans that have not restored it are planning to within the next six months. Twenty-one percent of plans that suspended non-matching contributions have already restored it, while 26.3 percent of those that have not yet restored it are planning to within the next six months. Twenty percent of plans that reduced the match have restored it, while 16.5 percent have restored previously reduced non-matching contributions.

The majority of companies that made no changes to contributions reported no change or an increase to participation or deferral rates in the last year. Thirty-eight percent of companies reported no change to the number of participants making contributions and 31.6 percent indicated an increase. For plans that made no change to matching contributions, only 16.3 percent indicated a decrease in participation. For those that suspended the match and it is still suspended, 78.1 percent indicated a decrease in participation. Forty-three percent of all companies indicated no change to participant deferral rates, and 16.6 percent indicated an increase. Sixty percent of companies that maintained matching contributions reported no change in deferral rates, whereas 60 percent of companies that suspended the match reported a decrease in participant deferral rates.

Plan sponsors took a variety of actions in the last year, especially concerning plan investments and participant education. Fifty-six percent of companies changed the investment lineup in the last year, more than double the number that changed the investment lineup in 2009 (19.7 percent). Fifteen percent of companies added investment advice as an option for participants, and 52.2 percent of companies increased their employee education efforts. Seventy-two percent of companies are more closely scrutinizing plan fees, up from 55.4 percent of companies in 2009. Ninety-four percent of companies have an accountable committee responsible for reviewing fund performance and/or plan compliance.

PSCA conducted a similar survey on 403(b) plans. The results of that study are available on our website at www.psc.org.

Demographic Information

Table 1: Respondents by Plan Size

	Plan Size (# of Participants)					All Plans
	1-49	50-199	200-999	1,000-4,999	5,000+	
Number of Plans	81	89	116	121	124	531
Percentage of Plans	15.3%	16.8%	21.8%	22.8%	23.4%	100.1%

Graph 1: Respondents by Plan Size

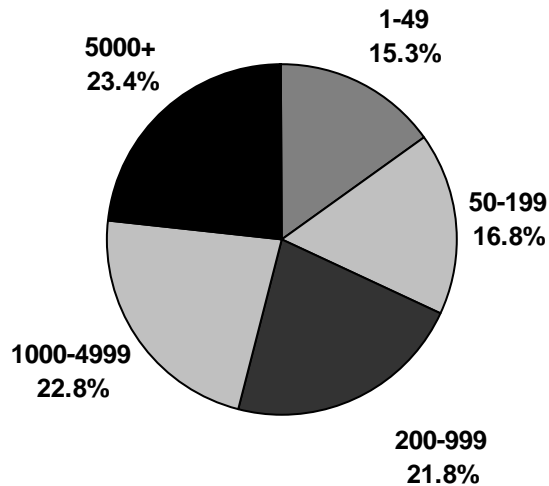


Table 2: Respondents by Industry Type

Industry	All Plans	
	# of Plans	% of Plans
Construction	12	2.3%
Durable Goods Manufacturing	78	14.7%
Engineering	10	1.9%
Financial	117	22.0%
Healthcare	19	3.6%
Insurance	41	7.7%
Non-durable Goods Manufacturing	34	6.4%
Real Estate	9	1.7%
Retail Trade	34	6.4%
Services	80	15.1%
Technology and Telecommunication	23	4.3%
Transportation	8	1.5%
Utility and Energy	24	4.5%
Wholesale Distribution	15	2.8%
Other	27	5.1%
Total	531	100.0%

Matching Company Contributions

Table 3: Changes Made to Matching Company Contributions in 2008-2010 by Plan Size

Change	Plan Size (# of Participants)					
	1-49	50-199	200-999	1,000-4,999	5,000+	All Plans
Reduced the Match, Still Reduced	0.0%	6.3%	3.5%	4.7%	5.7%	4.4%
Reduced the Match, Then Restored It	0.0%	0.0%	1.2%	1.9%	1.9%	1.2%
Suspended the Match, Still Suspended	8.0%	14.1%	5.8%	12.3%	5.7%	9.0%
Suspended the Match, Then Restored It	4.0%	6.3%	5.8%	3.8%	8.5%	5.8%
Increased or Instituted a Match	6.0%	9.4%	7.0%	10.4%	11.3%	9.2%
None	82.0%	64.1%	76.7%	67.0%	67.0%	70.4%

Responses are from 412 companies that offered a matching contribution as of December 31, 2007.

Graph 2: Changes Made to Matching Company Contributions in 2008-2010

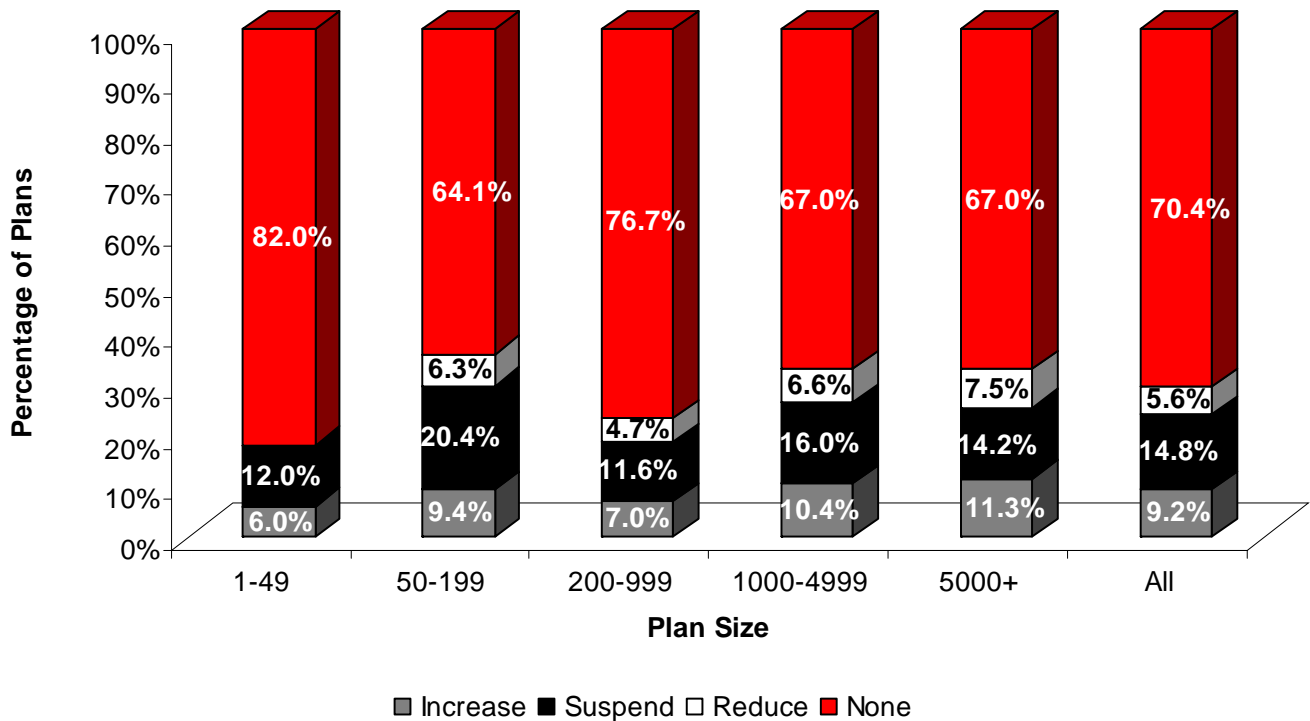


Table 4: Changes Made to Matching Company Contributions in 2008-2010 by Industry

Industry	Change to Matching Company Contributions					
	Reduce	Reduce then Restore	Suspend	Suspend then Restore	Increase	No Change
Construction and Engineering	0.0%	0.0%	23.5%	0.0%	11.8%	64.7%
Durable Goods Manufacturing	3.0%	1.5%	9.0%	10.4%	10.4%	65.7%
Financial	3.8%	2.6%	6.4%	5.1%	9.0%	73.1%
Healthcare*	0.0%	0.0%	12.5%	0.0%	18.8%	68.8%
Insurance and Real Estate	11.9%	2.4%	7.1%	0.0%	7.1%	71.4%
Non-Durable Goods Manufacturing	0.0%	0.0%	3.7%	18.5%	11.1%	66.7%
Services	3.3%	0.0%	6.6%	3.3%	3.3%	83.6%
Technology and Telecommunication	10.5%	0.0%	15.8%	5.3%	21.1%	47.4%
Transportation*	0.0%	14.3%	28.6%	14.3%	0.0%	42.9%
Utility and Energy	0.0%	0.0%	0.0%	4.3%	13.0%	82.6%
Wholesale Distribution and Retail Trade	7.3%	0.0%	12.2%	7.3%	7.3%	65.9%

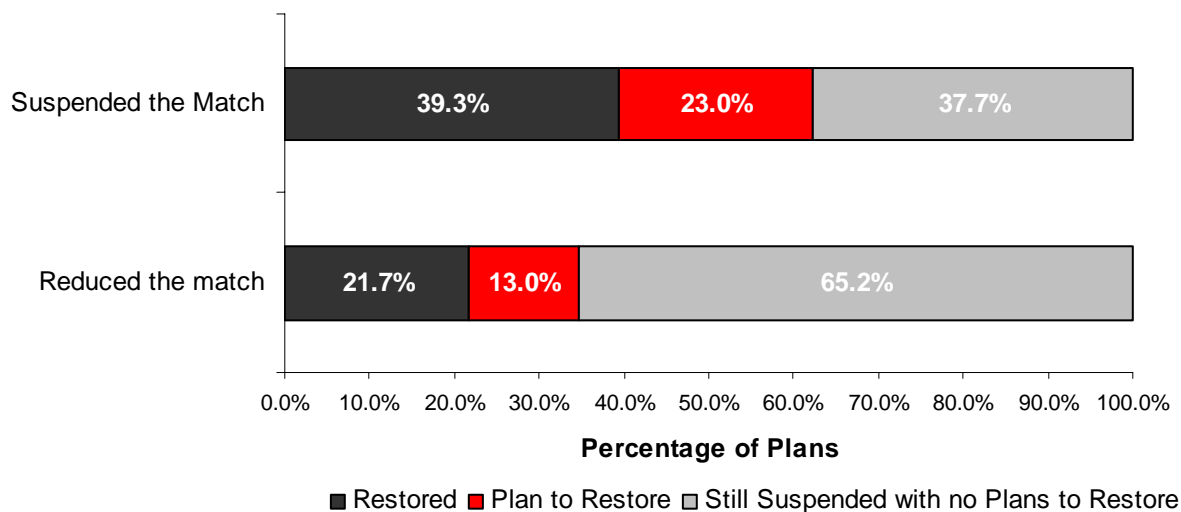
*Small sample size.

Table 5: Percentage of Companies that Have not yet Restored Suspended or Reduced Matches that Plan to Within the Next Six Months

	Plan Size (# of Participants)					All Plans
	1-49	50-199	200-999	1,000-4,999	5,000+	
Percentage of Plans	0.0%	38.5%	60.0%	46.2%	33.3%	37.8%

Small sample size in all size categories.

Graph 3: Percentage of Companies that Changed Their Match that Have Restored it or Plan to Restore it Within Six Months



Non-Matching Company Contributions

Table 6: Changes Made to Non-Matching Company Contributions in 2008-2010 by Plan Size

Change	Plan Size (# of Participants)					
	1-49	50-199	200-999	1,000-4,999	5,000+	All Plans
Reduced the Non-match, Still Reduced	6.5%	20.0%	13.8%	12.9%	11.9%	13.2%
Reduced the Non-match, Then Restored It	4.3%	4.0%	3.1%	1.6%	0.0%	2.6%
Suspended the Non-match, Still Suspended	4.3%	6.0%	7.7%	6.5%	19.0%	8.3%
Suspended the Non-match, Then Restored It	2.2%	4.0%	1.5%	3.2%	0.0%	2.3%
Increased or Instituted a Non-match	8.7%	0.0%	1.5%	4.8%	2.4%	3.4%
None	73.9%	66.0%	72.3%	71.0%	66.7%	70.2%

Responses are from 265 companies that offered a non-matching contribution as of December 31, 2007.

Graph 4: Changes Made to Non-Matching Company Contributions in 2008-2010 by Plan Size

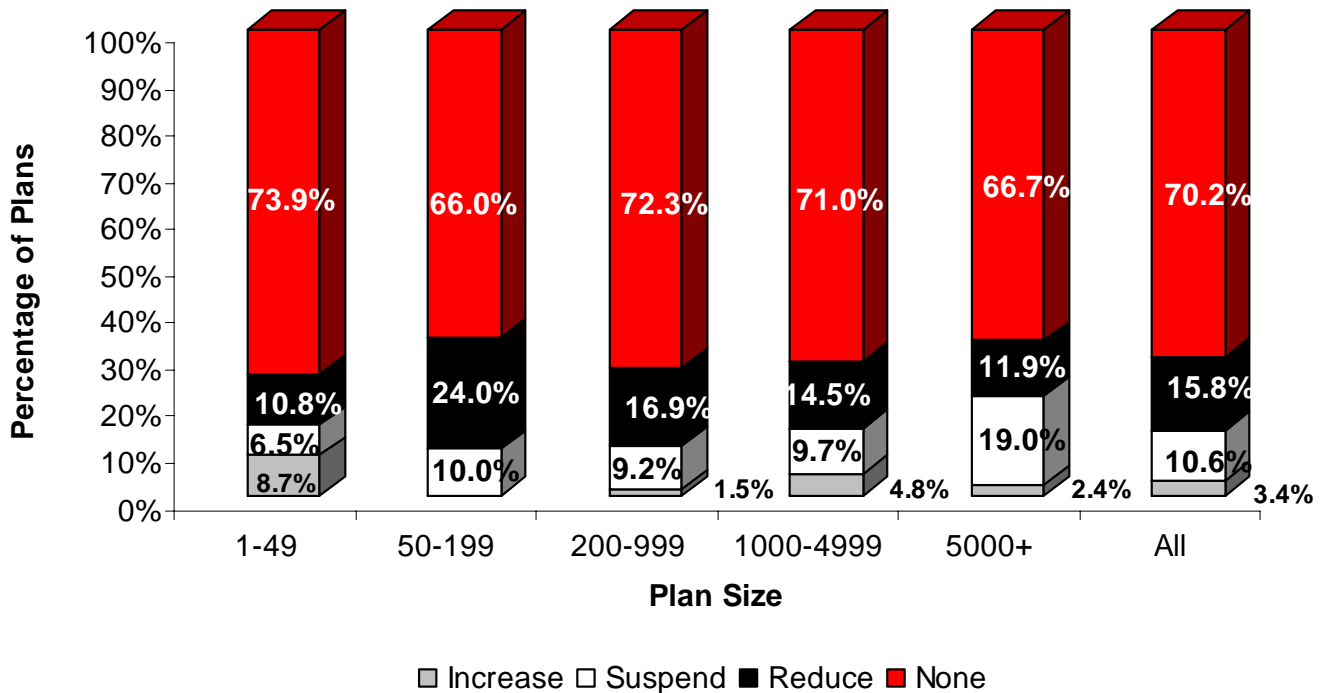


Table 7: Changes Made to Non-Matching Company Contributions in 2008-2010 by Industry

Industry	Change to Non-Matching Company Contributions					
	Reduce	Reduce then Restore	Suspend	Suspend then Restore	Increase	No Change
Construction and Engineering	12.5%	0.0%	6.3%	0.0%	6.3%	75.0%
Durable Goods Manufacturing	11.6%	2.3%	4.7%	0.0%	0.0%	81.4%
Financial	14.0%	1.8%	12.3%	1.8%	3.5%	66.7%
Healthcare*	0.0%	0.0%	14.3%	0.0%	0.0%	85.7%
Insurance and Real Estate	18.2%	4.5%	13.6%	0.0%	0.0%	63.6%
Non-Durable Goods Manufacturing	10.0%	5.0%	0.0%	5.0%	0.0%	80.0%
Services	14.9%	4.3%	4.3%	2.1%	4.3%	70.2%
Technology and Telecommunication*	42.9%	0.0%	28.6%	14.3%	0.0%	14.3%
Utility and Energy*	0.0%	0.0%	0.0%	0.0%	14.3%	85.7%
Wholesale Distribution and Retail Trade	15.8%	0.0%	5.3%	5.3%	10.5%	63.2%

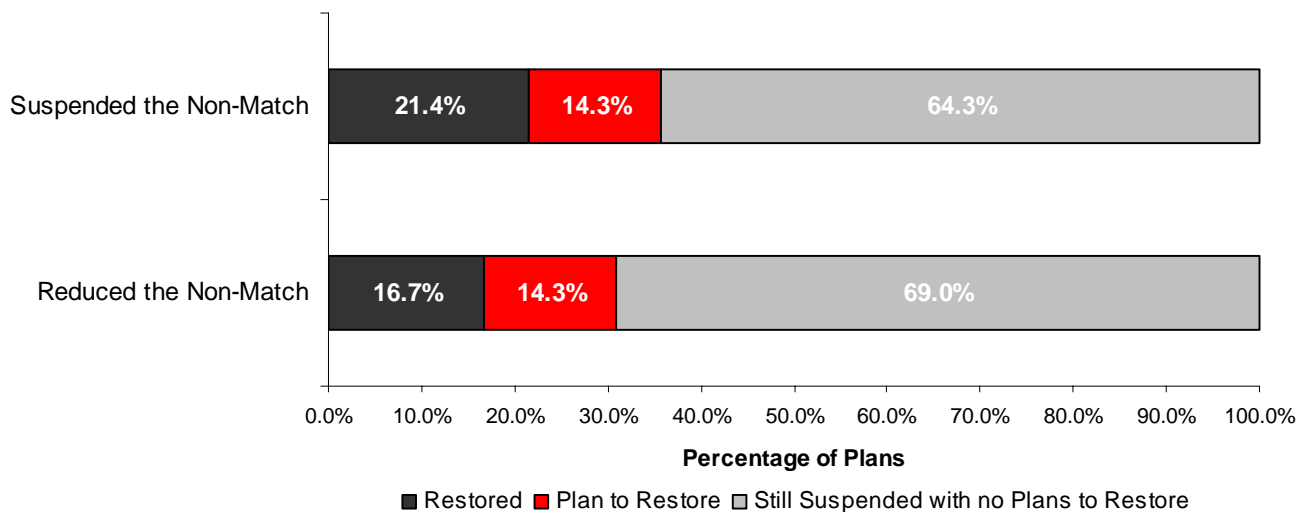
*Small sample size.

Table 8: Percentage of Companies that Have not yet Restored Suspended or Reduced Non-Matching Contributions that Plan to Within the Next Six Months

	Plan Size (# of Participants)					
	1-49	50-199	200-999	1,000-4,999	5,000+	All Plans
Percentage of Plans	25.0%	50.0%	22.2%	14.3%	20.0%	26.3%

Small sample size in all size categories.

Graph 5: Percentage of Companies that Changed Their Non-Match that Have Restored it or Plan to Restore it Within Six Months



Company Response

Table 9: Plan-Related Actions Taken in the Last Year

Action Taken	Plan Size (# of Participants)					
	1-49	50-199	200-999	1,000-4,999	5,000+	All Plans
Changed the Investment Lineup	52.6%	52.9%	64.0%	59.0%	50.8%	56.2%
Increased Employee Education	39.2%	47.1%	57.1%	51.3%	59.8%	52.2%
Added Investment Advice	21.4%	18.1%	14.6%	8.3%	15.7%	15.0%
Delayed Planned Plan Design Changes	8.0%	3.9%	8.5%	3.8%	10.5%	7.1%
Hired an Investment Consultant	11.9%	6.5%	8.5%	8.8%	14.7%	10.2%
Changed Recordkeepers	13.3%	9.4%	2.7%	5.3%	5.0%	6.5%
Other	13.9%	21.3%	25.0%	24.8%	29.8%	23.8%

Graph 6: Plan-Related Actions Taken in the Last Year

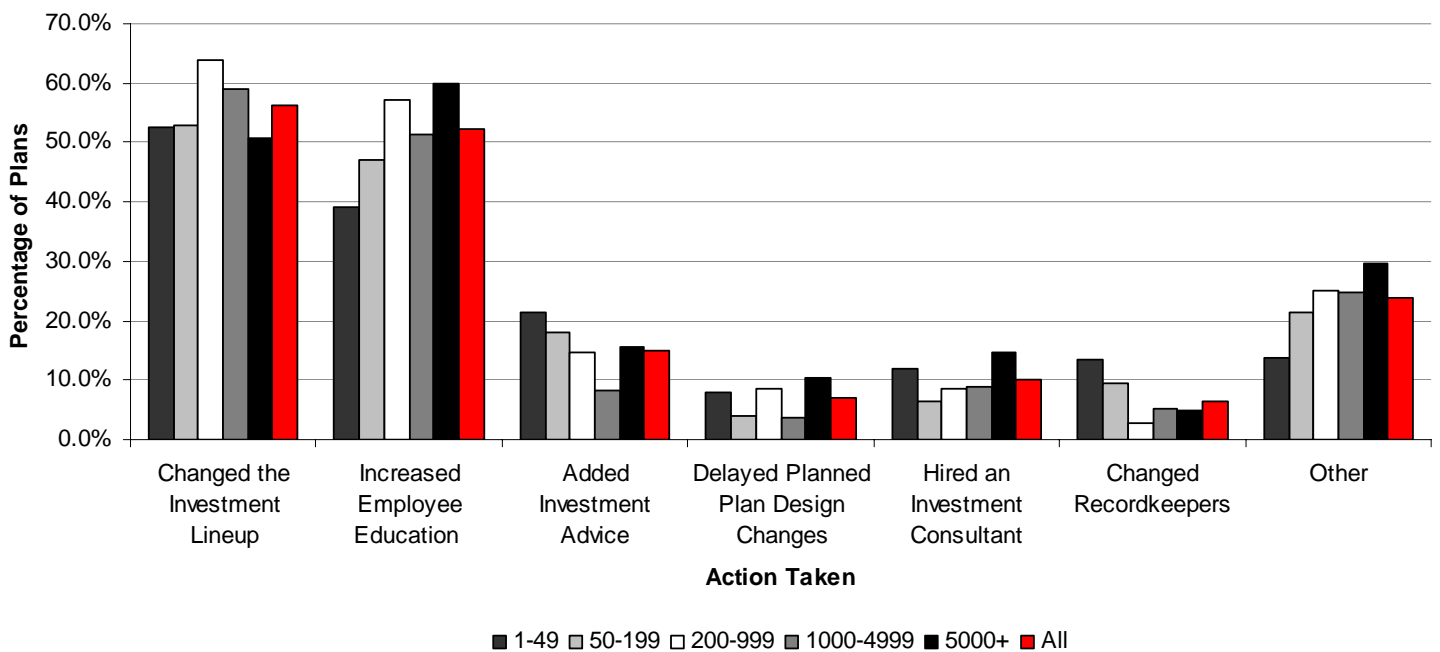


Table 10: Percentage of Companies that are More Closely Scrutinizing the Fees Paid By the Plan and Participants

	Plan Size (# of Participants)					
	1-49	50-199	200-999	1,000-4,999	5,000+	All Plans
Percentage of Plans	61.5%	68.2%	73.3%	79.2%	74.2%	72.2%

Table 11: Percentage of Companies that Feel Their Provider is Providing Fee Information in a Way that is Easy to Analyze

	Plan Size (# of Participants)					
	1-49	50-199	200-999	1,000-4,999	5,000+	All Plans
Percentage of Plans	84.8%	81.7%	83.5%	87.2%	84.6%	84.6%

Table 12: Percentage of Companies that Have an Accountable Committee Responsible for Reviewing Fund Performance and/or Plan Compliance

	Plan Size (# of Participants)					
	1-49	50-199	200-999	1,000-4,999	5,000+	All Plans
Percentage of Plans	78.8%	92.1%	96.5%	97.5%	99.2%	93.9%

Table 13: Percentage of Companies that are Monitoring whether Participants are on Track for Retirement

	Plan Size (# of Participants)					
	1-49	50-199	200-999	1,000-4,999	5,000+	All Plans
Percentage of Plans	30.9%	13.5%	21.6%	28.3%	40.2%	27.4%

Table 14: Percentage of Companies that Have Made Changes to their DC Plan Due to the Changing Landscape of Healthcare Reform

	Plan Size (# of Participants)					
	1-49	50-199	200-999	1,000-4,999	5,000+	All Plans
Percentage of Plans	6.2%	9.0%	4.3%	5.0%	6.6%	6.1%

Participant Response

Table 15: Change in the Number of Participants Contributing to the Plan in the Last Year by Plan Size

Change to Participation	Plan Size (# of Participants)					All Plans
	1-49	50-199	200-999	1,000-4,999	5000+	
No Change	52.6%	31.5%	32.8%	40.3%	35.8%	37.9%
Decrease	7.7%	27.0%	19.8%	23.5%	20.3%	20.2%
Increase	28.2%	33.7%	33.6%	26.9%	35.0%	31.6%
Unsure	11.5%	7.9%	13.8%	9.2%	8.9%	10.3%
Total	100.0%	100.1%	100.0%	99.9%	100.0%	100.0%

Graph 7: Change to Participation in the Last Year

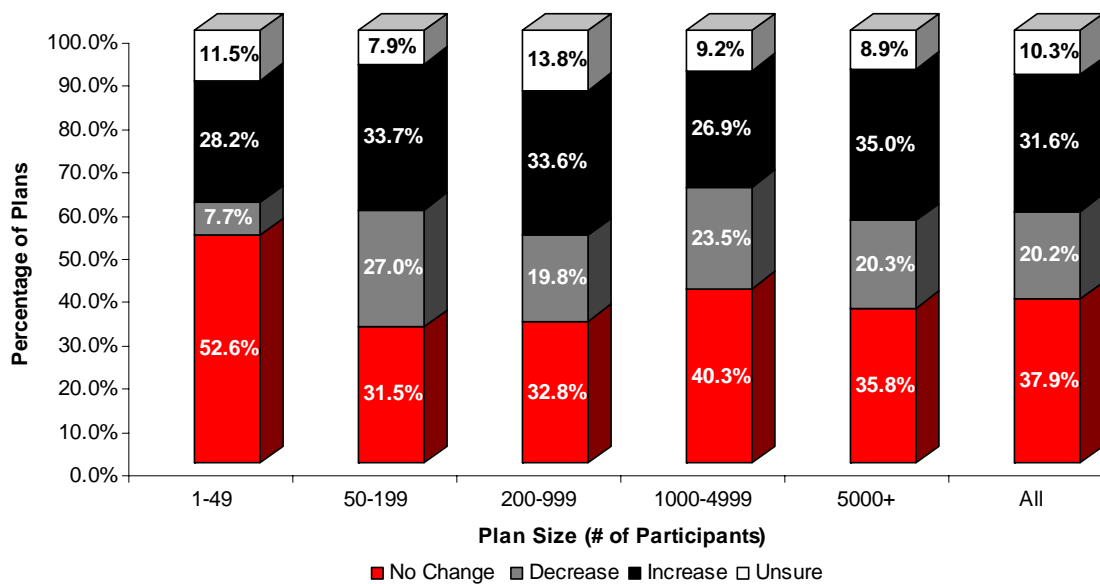


Table 16: Change in the Number of Participants Contributing to the Plan in the Last Year by Industry

Industry	Participation Change				Total
	Increased	Decreased	No Change	Unsure	
Construction and Engineering	18.2%	40.9%	36.4%	4.5%	100.0%
Durable Goods Manufacturing	36.4%	18.2%	35.1%	10.4%	100.1%
Financial	31.6%	19.7%	39.3%	9.4%	100.0%
Healthcare	36.8%	21.1%	31.6%	10.5%	100.0%
Insurance and Real Estate	36.0%	16.0%	32.0%	16.0%	100.0%
Non-Durable Goods Manufacturing	32.4%	26.5%	35.3%	5.9%	100.1%
Services	26.9%	15.4%	46.2%	11.5%	100.0%
Technology and Telecommunication	30.4%	26.1%	34.8%	8.7%	100.0%
Transportation*	12.5%	37.5%	25.0%	25.0%	100.0%
Utility and Energy	17.4%	13.0%	39.1%	30.4%	99.9%
Wholesale Distribution and Retail Trade	35.4%	16.7%	45.8%	2.1%	100.0%

*Small sample size.

Table 17: Change in the Number of Participants Contributing to the Plan in the Last Year by Change to Company Matching Contribution

Change to Match	Participation Change			Total
	Increased	Decreased	No Change	
Increased or Instituted a Match	60.0%	2.9%	37.1%	100.0%
No Change to Match	36.6%	16.3%	47.2%	100.1%
Reduced the Match, Still Reduced	33.3%	38.9%	27.8%	100.0%
Suspended the Match, Still Suspended	3.1%	78.1%	18.8%	100.0%
Suspended the Match, Then Restored It	47.4%	26.3%	26.3%	100.0%
No Matching Contribution	31.5%	20.4%	48.1%	100.0%

Graph 8: Change in Participation in the Last Year By Change to Match

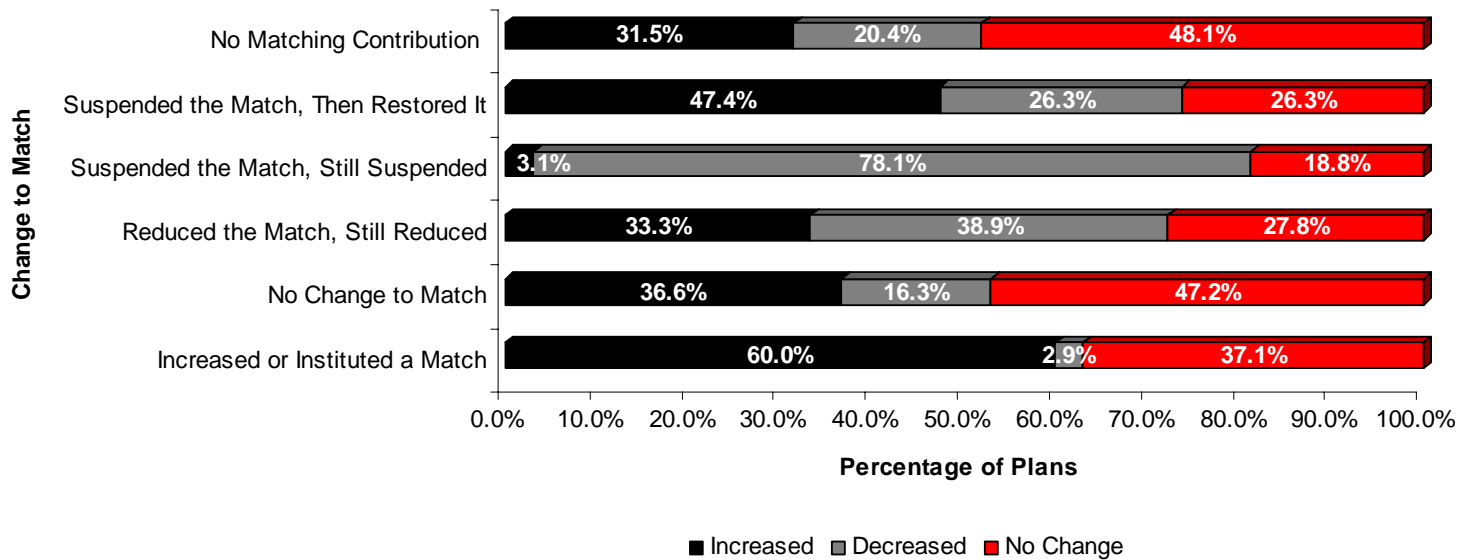


Table 18: Change in Participant Deferral Rates in the Last Year by Plan Size

Change Deferrals	Plan Size (# of Participants)					
	1-49	50-199	200-999	1,000-4,999	5000+	All Plans
No Change	50.6%	39.3%	43.9%	36.4%	44.4%	42.5%
Decrease	11.1%	25.8%	24.6%	30.6%	24.2%	24.0%
Increase	23.5%	18.0%	12.3%	16.5%	15.3%	16.6%
Unsure	14.8%	16.9%	19.3%	16.5%	16.1%	16.8%
Total	100.0%	100.0%	100.1%	100.0%	100.0%	99.9%

Graph 9: Change to Deferral Rates in the Last Year

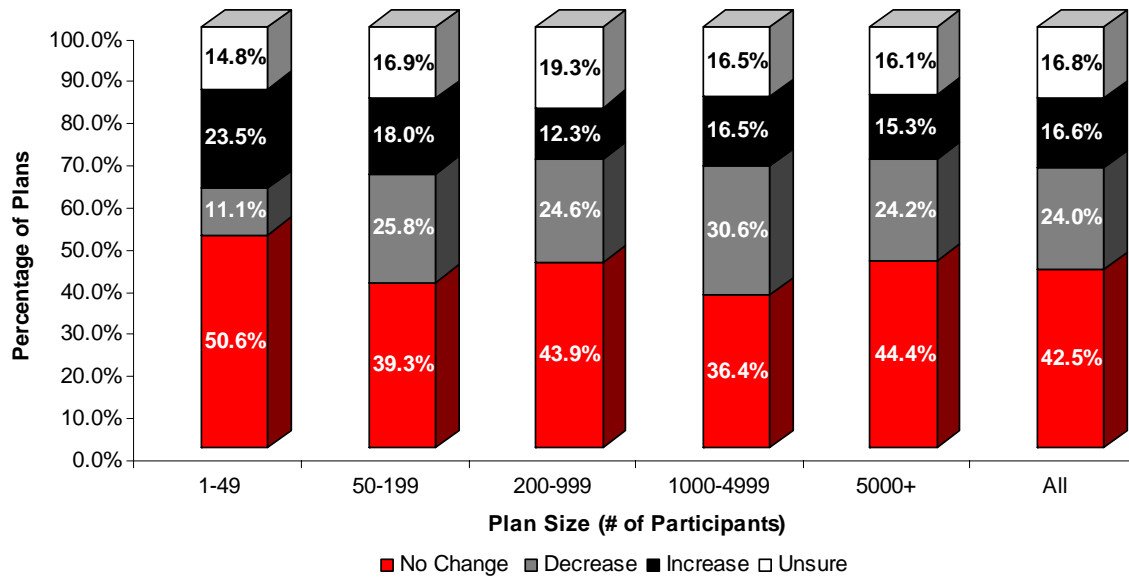


Table 19: Change in Participant Deferral Rates in the Last Year by Industry

Industry	Deferral Rate Change				
	Increased	Decreased	No Change	Unsure	Total
Construction and Engineering	13.6%	18.2%	54.5%	13.6%	99.9%
Durable Goods Manufacturing	17.9%	23.1%	43.6%	15.4%	100.0%
Financial	22.2%	16.2%	47.0%	14.5%	99.9%
Healthcare	10.5%	31.6%	52.6%	5.3%	100.0%
Insurance and Real Estate	12.0%	24.0%	38.0%	26.0%	100.0%
Non-Durable Goods Manufacturing	26.5%	26.5%	35.3%	11.8%	100.1%
Services	11.3%	26.3%	38.8%	23.8%	100.2%
Technology and Telecommunication	9.1%	27.3%	36.4%	27.3%	100.1%
Transportation*	0.0%	62.5%	37.5%	0.0%	100.0%
Utility and Energy	8.3%	20.8%	45.8%	25.0%	99.9%
Wholesale Distribution and Retail Trade	25.0%	20.8%	45.8%	8.3%	99.9%

*Small sample size.

Table 20: Change in Participant Deferral Rates in the Last Year by Change to Company Matching Contribution

Change to Match	Deferral Rate Change			Total
	Increased	Decreased	No Change	
Increased or Instituted a Match	38.9%	19.4%	41.7%	100.0%
No Change to Match	17.7%	21.7%	60.6%	100.0%
Reduced the Match, Still Reduced	6.3%	43.8%	50.0%	100.1%
Suspended the Match, Still Suspended	12.1%	60.6%	27.3%	100.0%
Suspended the Match, Then Restored It	23.8%	42.9%	33.3%	100.0%
No Matching Contribution	23.2%	29.3%	47.5%	100.0%

Graph 10: Change in Deferral Rates in the Last Year By Change to Match

