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# 6<sup>th</sup> Annual Transamerica Small Business Retirement Survey

## *Summary of Findings*

December 14, 2004

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# Background and Objectives

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- The Transamerica Center for Retirement Studies (the Center) has been established by Transamerica Life and Annuity Company to promote knowledge and understanding of retirement issues, particularly those facing employers and workers in small to mid-sized companies.
- In August 2004 Transamerica commissioned Harris Interactive to conduct surveys among employers and workers in these companies. The surveys were designed to meet two of the Center's goals:
  - Monitor and report on emerging retirement trends, and
  - Analyze employer and worker-related retirement issues.



# Background and Objectives

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Transamerica commissioned five previous surveys of workers and employers in 1998, 2000, 2001, 2002 and 2003. Findings from each of these surveys were also publicly released.

## Notes:

- The 2004 study was designed to explore new and timely issues concerning retirement planning and security and to revisit key questions asked in prior waves. *It is also the first time large businesses were sampled* and the results are analyzed as separate segments for both workers and employers.
- Analyses of previous survey results regarding workers focused on Baby Boomers and Gen Xers. In 2004, Echo Boomers are included as well.
- Among the smaller businesses, results from the 2004 study are compared to those from 2003, noting trends and changes of particular interest concerning retirement planning and financial security issues.

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# Methodology

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# Study Statistics

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- Telephone interviewing was used for both employer and worker segments.
  - RDD (random digit dial) worker sample was purchased from Survey Sampling.
    - Qualified respondents reside in the dialed household and currently are employed full time in a company with 10 or more employees. Employees of public/government agencies were excluded.
    - Minimum age for participation was 18 years.
    - Screening criteria for previous waves are included in the Appendix.
  - Employer sample stratified by employee size was purchased from Dun & Bradstreet.
    - Qualified respondents work at companies with 10 or more employees and have a role in decisions about employee benefits.
    - The sample excluded government, public administration, schools and religious organizations.
    - Screening criteria for previous waves are included in the Appendix.
  - Telephone interviewing began 8/31/04 and continued through 10/6/04 for employers. The fieldwork period for workers was 8/31/04 through 10/3/04.
  - Final sample sizes and related precision levels (90% confidence) are:
    - 601 Employers,  $\pm 3.4\%$
    - 1201 Workers,  $\pm 2.4\%$
  - Including screening time, the Worker survey averaged 16 minutes, and the Employer survey averaged 20 minutes.



# Reporting the Data

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This report uses the following terminology for types of retirement plans:

- Employee-funded Plan: a 401(k) or other employee self-funded plan in which the employees contribute to their retirement accounts and that may include company matching funds. These include 401(k)'s, 403(b)'s, SIMPLE, SEP, or some other type of plan.
- Company-funded Plan: a pension plan funded by the employer, that is a retirement plan in which retirees are provided a set benefit at retirement or receive regular contributions to a retirement plan, such as a profit-sharing plan.
  
- Small business: a company with 10 to 499 employees
- Large business: a company with 500 or more employees
  
- Echo Boomer: A person born between 1979 and 1986
- Gen Xer: Born 1965-1978
- Baby Boomer: Born 1946-1964
- Mature: Born before 1946



# Reporting the Data

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- Proportions may not add to 100% due to rounding or where ‘don’t know/ refused’ responses are not explicitly shown or where multiple responses were allowed.
- All findings (means, medians, and proportions) are reported weighted; sample sizes are reported unweighted.
  - Employer data were weighted based on employee size distributions reported by Dun & Bradstreet within the 10 or more employee size range.
  - Worker data were weighted using the Harris Interactive demographic targets that are standard for the Harris Poll surveys. These include gender, age, education, ethnicity, region, and number of phone lines. In addition, the worker sample was weighted to reflect the distribution of employees in 10 or more employee businesses.
  - Where sample sizes are extremely small, number of mentions are reported.





# Reporting the Data

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**Tests of statistical significance of findings were conducted at the 90% confidence level.**



**Indicates notably or significantly greater percentage**



**Indicates notably or significantly lower percentage**



**Indicates notably or significantly greater percentage between small vs. large companies and/or between waves (2003 vs. 2004)**



**Indicates notably or significantly lower percentage between small vs. large companies and/or between waves (2003 vs. 2004)**

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# Key Findings - 2004

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# Summary of Findings - 2004

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- Highlights:
  - Retirement plan adoption by employers
  - Workers' exposure to employer-sponsored retirement plans
  - Importance of retirement benefits to workers
  - Worker retirement confidence and planning
  
- Comparisons:
  - Small companies vs. large companies
  - Generational differences in workers
  - Gender differences in workers



# Retirement Plan Adoption by Employers

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- Overall, 67% of employers offer an employee-funded retirement plan in 2004.
  - 65% of small companies say they offer a plan vs. 95% of large companies.
  - Plan sponsorship among small companies is up slightly compared to 2003\* (65% vs. 63%).
- 36% of those small companies that do not currently offer a plan say they are likely to begin offering one in the next two years.
  - This is a substantial increase over 2003, when only 23% of companies not offering a plan said they were likely to do so in the next two years.
- More small companies offer a matching contribution as part of their 401(k) plan in 2004 than did in 2003.
  - 75% offered a match in 2004 vs. 68% in 2003.
  - Large companies offered a match even more often – 84% did in 2004.
- Employer-funded pension plans continue to lose steam among smaller companies. Only 23% of small companies offer this type of plan in 2004, compared to 32% in 2003.

\* Comparisons between 2004 and 2003 are for small businesses only.



# Workers' Exposure to Employer-Funded Retirement Plans

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- Overall, 78% of workers say their company offers an employee-funded retirement plan.
  - Specifically, 73% of workers' companies offer a 401(k) plan, while 24% offer another type of plan (such as a SEP or SIMPLE IRA).
  - Workers in larger companies are more likely to participate in their company's employee-funded retirement plans than workers in smaller firms (79% vs. 72%).
  - 63% of workers in small businesses state their employer offers a 401(k) plan in 2004, up slightly from 60% in 2003.
  - 25% of workers in small businesses say their company does not sponsor a retirement plan for employees. Only 4% of workers at large companies do not have access to an employer-sponsored retirement plan.
- Of those workers whose company offers an employee-funded retirement plan, 76% currently participate in the plan.
  - 27% of workers contribute 1-5% of their salaries to the retirement plan
  - 24% save 6-9% of their salaries in the plan
  - 37% put 10% or more of their salaries toward the retirement plan
- Of those who do not currently participate in their employee-funded retirement plan, 61% think they will participate in the future.



# Importance of Retirement Benefits to Workers

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- Workers generally would prefer a job with excellent retirement benefits over a similar job with a slightly higher salary but poor retirement benefits.
  - 54% would choose the job with excellent retirement benefits, while only 40% would choose the job with the higher salary
  - Employers think differently: only 34% thought workers would prefer excellent retirement benefits, while 58% thought workers would prefer a higher salary.
- 93% of workers felt it was very or somewhat important that their employer offer a 401(k) or other employee self-funded retirement plan.
  - Workers are far more likely than employers to feel that a 401(k) or other employee-funded plan is a very important benefit to them (66% vs. 36%).
- Of those workers whose employer does not offer any type of retirement plan, 56% said they would be very or somewhat likely to leave their current job to work for a company that offers a retirement plan.
  - 52% of workers at small companies would be very or somewhat likely to leave their company for one that offers a retirement plan, vs. 78% of workers at large companies.
  - In 2003, only 42% of workers at small companies said they would be very or somewhat likely to leave their job to get an employer-sponsored retirement plan.



# Worker Retirement Confidence and Planning

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- While 71% of workers feel very or somewhat confident that they will be able to retire with a comfortable lifestyle, yet 1 in 5 are planning on retiring after the age of 65.
  - Workers in small businesses are more optimistic now than they were in 2003 about retiring when they expect to (62% vs. 54%).
- Participation in a 401(k) plan has a positive effect on worker confidence: 74% of those workers are very or somewhat confident in their ability to retire in a comfortable lifestyle, while only 67% of those not participating in a employer-sponsored retirement plan were that confident.
- Workers in larger companies tend to spend more time monitoring their retirement accounts than those in smaller companies do (9 hours vs. 5 hours per year, on average).
- Few have a formula for determining the amount they need to save for retirement. The majority either guess (31%) or estimate it based on their current living expenses (36%).



# Small Companies vs. Large Companies

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## Employer Experience

- Large company employers are more likely than small companies to:
  - Offer an employee-funded retirement plan (95% vs. 65%).
  - Offer a match within the plan (86% vs. 75%).
  - Evaluate employee retirement benefits at least once a year (89% vs. 75%)
  - Believe that the 401(k) plan is important in attracting and retaining employees (94% vs. 73%).
  - Believe that a potential job candidate would prefer better retirement benefits over a higher salary (40% vs. 33%).
- Small company employers further differ from large companies in that:
  - Only 33% think their employees see offering a 401(k) plan as “very important” (vs. 72% of large companies).
  - Only 37% are “very concerned” about helping employees have a financially secure retirement (vs. 55% of large companies).
  - Are less involved in selecting and monitoring retirement plan investment options. Only 8% of small companies believed that the plan sponsor is accountable for that activity, vs. 24% of large companies.





# Small Companies vs. Large Companies

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## Worker Experience

- Large company employees:
  - Are more likely than small business workers to prefer excellent retirement benefits over a higher salary (57% of large companies vs. 50% of small firms).
  - Are more likely to feel that a company match to their self-funded retirement plan is “very important” (76% vs. 65%).
  - Report being more satisfied with the retirement plan their company offers (84% vs. 75%).
  - Have more saved for retirement (\$123,700 vs. \$79,500, on average).
- Small company employees:
  - Are less likely to participate in their company’s employee-funded retirement plan (72% of small companies vs. 79% of large companies).
  - Are less likely to report receiving a company match in their 401(k) plan (74% vs. 82%).
  - Spend less time per year reviewing and making decisions about their retirement accounts (5 hours vs. 9 hours).
  - Report about the same level of confidence as large business workers in being able to achieve a comfortable retirement (71% of each group reports being very/somewhat confident).



# Generational Differences in Workers

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## Retirement Plan Participation and Contribution Rates

- Baby Boomers are more likely than Gen Xers and Echo Boomers to participate in their company's employee-funded retirement savings plan (85% vs. 75% and 37% respectively).
  - Echo Boomers are about half as likely to be currently participating in an employee-funded retirement plan than Baby Boomers or Gen Xers.
  - However, of those Echo Boomers not currently contributing, 61% think they will participate in their company's retirement plan in the future.
- There are relatively minor differences in contribution rates (in terms of percentage of salary) between Baby Boomers and Gen Xers.
- Echo Boomers have lower contribution rates.\* Only 51% contribute 6% or more of their salary vs. 61% of Gen Xers and 62% of Baby Boomers.
- The average contribution rate for Echo Boomers is 7%\*, 8% for Gen Xers, and 8.7% for Baby Boomers .

\* Data derived from small statistical base



# Generational Differences in Workers

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## Attitudes

- Baby Boomers are more likely than Gen Xers and Echo Boomers to prefer a job offering better retirement benefits over a job offering a higher salary (61% vs. 50% and 43% respectively).
  - 53% of Echo Boomers prefer a higher salary vs. 43% of Gen Xers and 34% of Baby Boomers.
- However, Echo Boomers place just as much importance on an employee-funded retirement plan as do Gen Xers or Baby Boomers
  - 93% of Echo Boomers say it's a very/somewhat important benefit vs. 94% of both Gen Xers and Baby Boomers.
- Echo Boomers are more likely to feel that they don't know as much as they should about retirement investing (58% strongly agree vs. 33% of Gen Xers and 38% of Baby Boomers).
  - Echo Boomers are more likely to say they want more information from their employer about their retirement plan. Only 37% of Echo Boomers say their company gives out enough information about the retirement plan vs. 58% of Gen Xers and 61% of Baby Boomers.
  - On a related note, Echo Boomers are more likely than Gen Xers or Baby Boomer to want a professional to manage their retirement plan investments (51% of Echo Boomers agree somewhat or strongly vs. 45% of Gen Xers and 44% of Baby Boomers).



# Generational Differences in Workers

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## Attitudes, cont.

- Both Echo Boomers and Gen Xers say they want to receive more information and advice from their company on how to reach their retirement goals (70% and 65% respectively vs. 55% of Baby Boomers).
- Gen Xers express higher levels of confidence in the economy getting better in the next 12 months (50%) than Baby Boomers (40%) or Echo Boomers (39%).
- Both Echo Boomers (72%) and Gen Xers (65%) are more positive than Baby Boomers (48%) about their own personal finances improving in the course of the next year.
- Gen Xers (77%) and Echo Boomers (72%) are more confident than Baby Boomers (65%) in being able to retire in a lifestyle they consider comfortable.
- Gen Xers and Echo Boomers expect to retire at an earlier age than Baby Boomers (60-61 vs. 64)



# Gender Differences in Workers

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## Retirement Plan Participation and Contribution Rates

- About the same percentage of males and females report having access to an employee funded plan (79% and 77% respectively)
- Participation rates are also relatively equal (75% of males and 76% of females)
- About the same percentage has also held constant the amount of income they put into their retirement plan over the last 12 months (66% of males vs. 65% of females)

However:

- Males are more likely to contribute 10% or more of their salary (42% vs. 29% of females).
  - On the other hand, females are more likely than males to say that their spouse is putting money aside in a retirement plan of his or her own (69% vs. 51%).
- The average amount that male workers think they will need for retirement is substantially higher than the average amount female workers think they need to save (\$940,000 vs. \$635,000).
  - Accordingly, male workers have higher average total amounts saved for retirement (\$122,700 vs. \$71,800 for female workers)



# Gender Differences in Workers

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## Attitude

- Both males and females agree that a 401(k) is very/somewhat important (92% of males and 94% of females).
- On average, female workers think they will retire at an older age than male workers (63 vs. 61).
- Females are also more likely than males to:
  - pick the security of excellent retirement benefits over a salary that exceeds their minimum requirements (59% vs. 49%). 36% of females prefer a higher salary vs. 44% of males.
  - say that they don't know as much as they should about retirement investing (80% vs. 67%).
  - feel that they could work until age 65 and still not have enough saved for retirement (58% vs. 42%).
  - say that a company match is “very important” (76% vs. 67%).
- Male workers are more likely to say they are very involved in monitoring or managing their retirement accounts (72% vs. 61%).
- Males are more confident that the U.S. economy will get better in the next 12 months (53% vs. 35%).
- Males are also more optimistic about their own personal finances – 61% say things will improve in the next year vs. 51% of females.

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# Key Trends - 1998 to 2004

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# Key Trends - 1998 to 2004

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- All surveys conducted on behalf of the Center have explored attitudes about retirement, the role of employers' plans in retirement planning, and financial preparedness.
  - In 2004, the study was expanded to include large businesses as well. Although the sample design and qualification criteria have been modified in some years, several key themes continue to show distinct trends.
- Employee confidence is on the rise – workers in smaller businesses\* are more likely to believe their personal finances will improve in the next year than they were in 2003 (59% vs. 49%) and workers in larger businesses mirror this optimism.
  - While still prevalent, there are fewer reports of cost cutting measures within the company in 2004 vs. 2003.
  - There is a slight rebound in workers' retirement savings efforts outside of the company plans (2004 – 58% vs. 2003 – 52%) returning to levels in prior years (59% in 2002 and 61% in 2001).
- On the other hand, workers in 2004 are less likely to be “very involved in monitoring and managing their retirement savings” than they were last year (70% vs. 79%).

*\*All year to year comparisons are among workers in small business (those with 10-499 employees).*





# Key Trends - 1998 to 2004

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- Fewer workers feel the need to receive “more information and advice from their company on how to reach their retirement goals” in 2004 vs. 2003 (57% vs. 65%).
  - With growing optimism and a less volatile market, workers may feel less concern about the day-to-day fluctuations in their retirement account.
- Until 2003, small business workers’ preference for better benefits held an advantage over higher salary. During that timeframe, the preference declined from 60% in 1998 to 51% in 2003. In 2004, it is holding steady at 50%.
- From 2003 to 2004, there has been an increase in the percentage of small business employers who report that their company offers 401(k)’s and a decrease in those offering other employee-funded retirement plans.
- Moreover, compared to 2003, participation in employee-funded retirement plans is on the rise (72% vs. 61%).
- Employers’ perceptions of their workers’ financial preparedness for retirement continues to grow more positive.
  - In 2004, 60% of employers are very/somewhat confident that their employees will be able to achieve a comfortable lifestyle in retirement. In 2002, less than half (48%) of employers were that confident.

\*Please refer to the Appendix for comparisons of study methodologies.



## Key Trends - 1998 to 2004

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- Employer attitudes in general reflect a growing belief that workers are thinking more long-term about their retirement:
  - Fewer employers say that workers in their company “do not know as much as they should about retirement investing” (88% in 2004 vs. 95% in 2003).
  - Fewer employers believe that workers in their company “would prefer to rely on outside experts to monitor and manage their retirement savings” (63% in 2004 vs. 77% in 2003).
  - Fewer employers feel that employees at their company need to “work until age 65 and still not save enough to meet their retirement needs” (74% in 2004 vs. 90% in 2003).
- Despite other changes, worker attitudes have been fairly steady since 2001 on several statements:
  - “I could work until age 65 and still not save enough to meet my retirement needs” (52% in 2004 vs. 54% in 2001).
  - “I prefer not to think about or concern myself with retirement investing until I get closer to retirement age” (28% in 2004 vs. 25% in 2001).
- By comparison, workers feel that they know more today than they did in 2001 about retirement investing (75% in 2004 vs. 65% in 2001).

\*Please refer to the Appendix for comparisons of study methodologies.

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# Detailed Findings - 2004

## Retirement Benefits

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# Importance of Benefits to Workers

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- From the perspective of both the workers themselves and their employers, health insurance continues to be the most valued benefit.
  - Mirroring 2003, approximately 9 in 10 workers and employers rate health insurance as a very important benefit.
- A majority of workers also place the highest value rating on employee-funded 401(k) and disability insurance, with approximately two-thirds rating each of these benefits very important.
  - As in 2003, workers from small businesses are likely to feel employee-funded plans like 401(k)s are more important benefits than company-funded plans (92% vs. 79%).
  - Four out of 5 workers in smaller firms feel that most of the benefits offered are at least somewhat important to them. One exception is stock options, which is rated important less often (59%), comparable to last year.
- Both workers and employers from larger firms (500+ employees) tend to place higher importance on most benefits versus those from smaller firms (10-499 employees).
- Baby Boomers, Gen Xers, and Echo Boomers place similar levels of importance on most benefits, but Echo Boomers are less likely to place a high value on employee- or company- funded retirement plans.
- While male and female workers place similar value on benefits, females are more likely than males to value a life insurance benefit (59% vs. 50%).



# Importance of Benefits to Workers

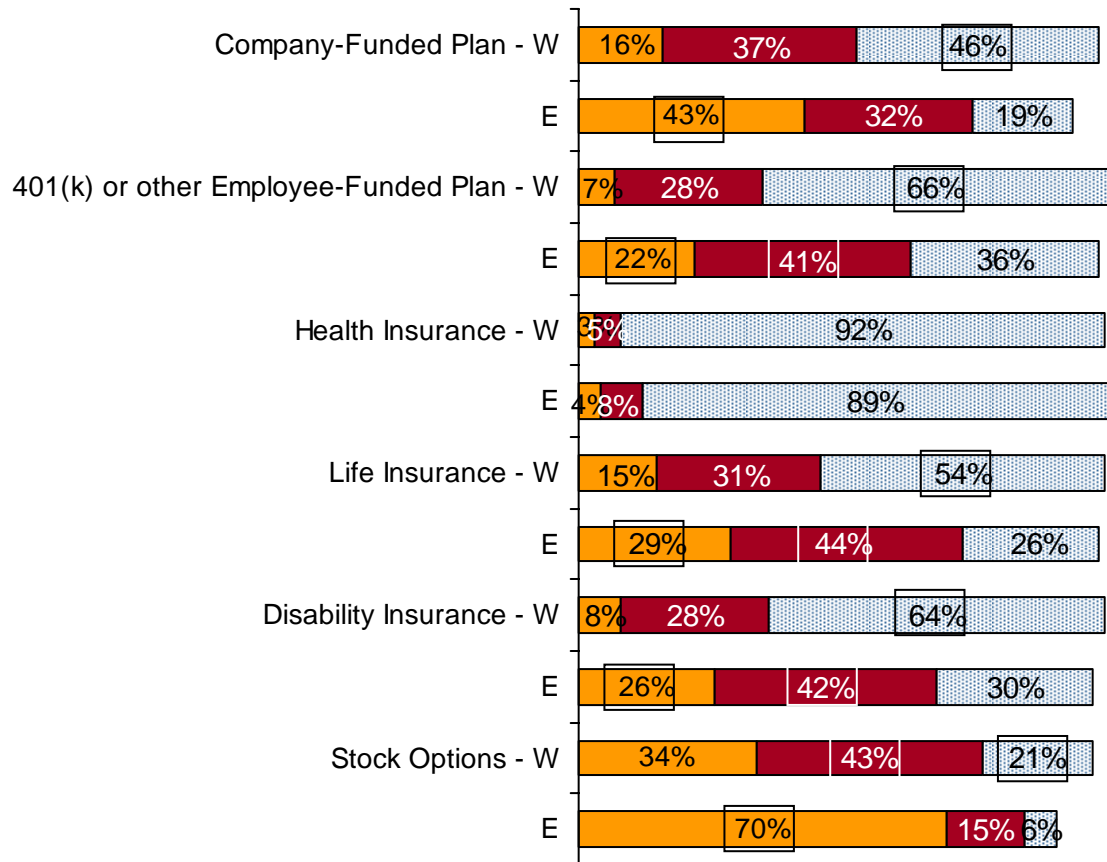
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- Employers, particularly those in small businesses, continue to underestimate the importance of some benefits to their employees.
  - The most dramatic differences in perceived importance among smaller company employers vs. workers are in stock options (employers - 19% vs. workers - 59%), company-funded plans (50% vs. 79%), and disability insurance (70% vs. 90%).
- Among small businesses, results mirror last year's study when it comes to the gap between workers and employers in the importance they place on benefits.

# Importance of Benefits to Workers

**W - Workers**  
**E - Employers**

■ Not at all/Not too important 
 ■ Somewhat important 
 ■ Very important



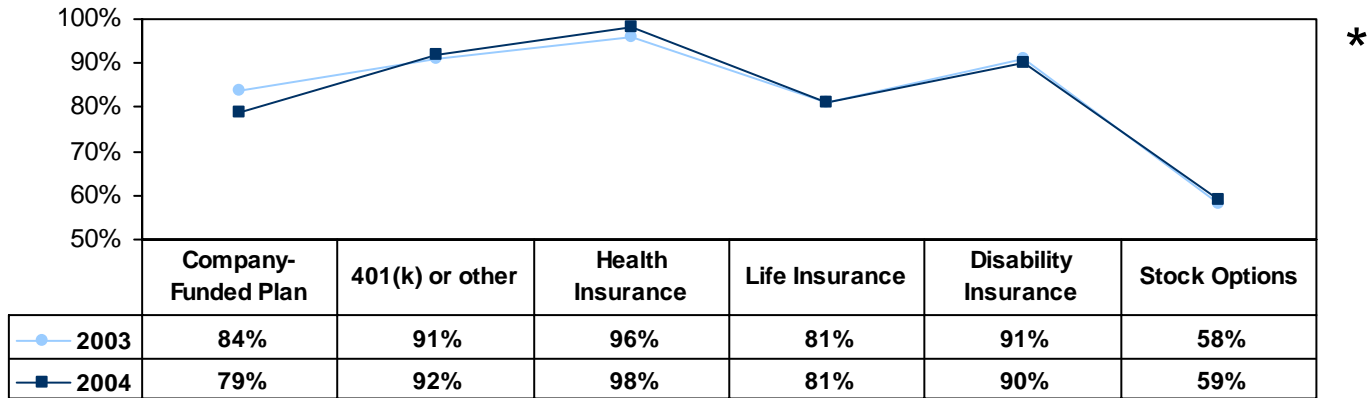
2004	Very/Somewhat Important	
	# of Employees 10-499	500+
W	79%	86% ↑
E	50%	66% ↑
W	92%	95%
E	76%	95% ↑
W	98%	96%
E	96%	100% ↑
W	81%	89% ↑
E	68%	94% ↑
W	90%	94% ↑
E	70%	94% ↑
W	59%	69% ↑
E	19%	44% ↑

W Q22 Please tell me how important each benefit is to you. Base: All respondents (n=1201)

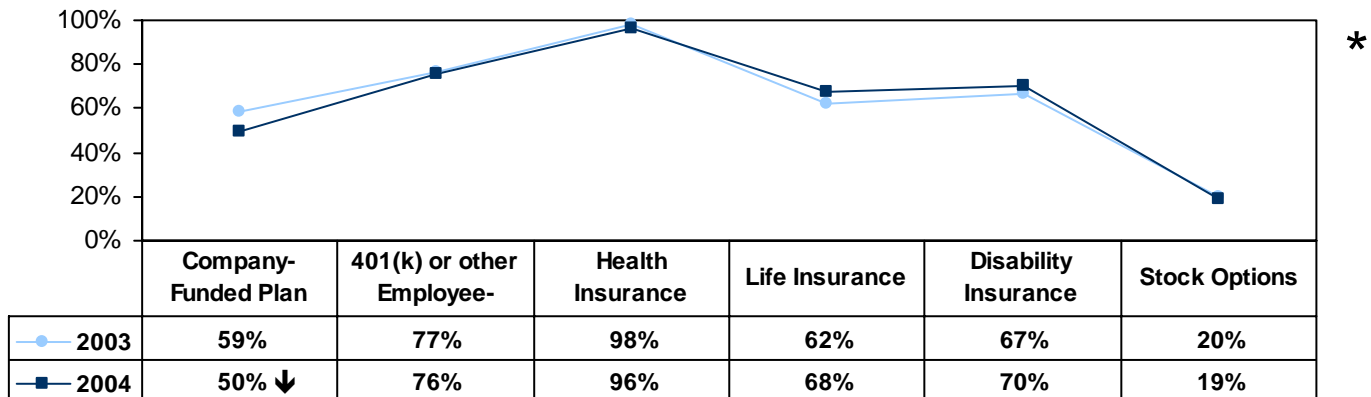
E Q5 Please tell me how important you think that benefit is to your employees. Base: All respondents (n=601)

# Importance of Benefits to Workers, cont'd.

Workers

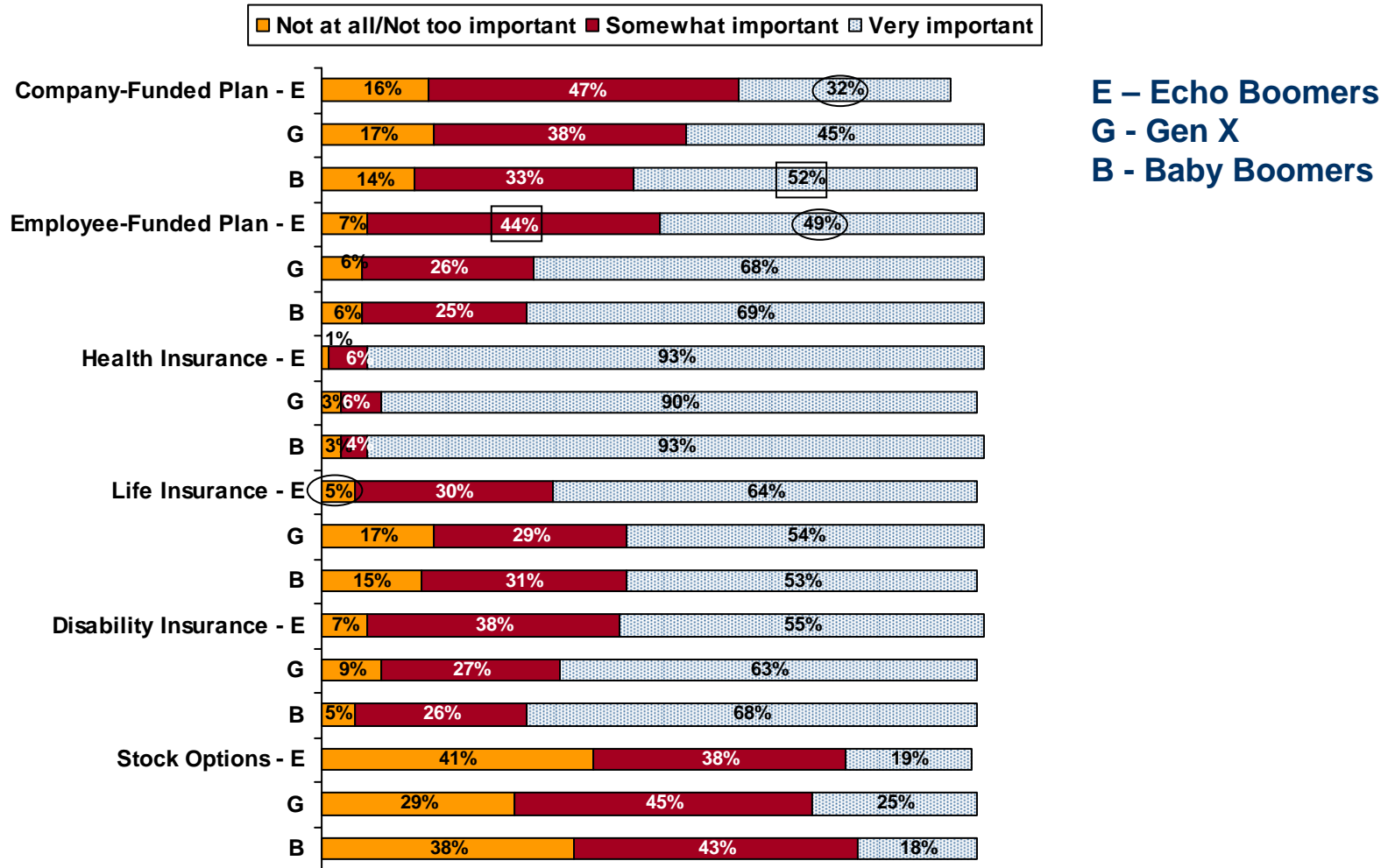


Employers



W Q22 Please tell me how important each benefit is to you.  
 E Q5 Please tell me how important you think that benefit is to your employees.  
 \*Company size = 10-499 employees

# Importance of Benefits to Workers, cont'd.

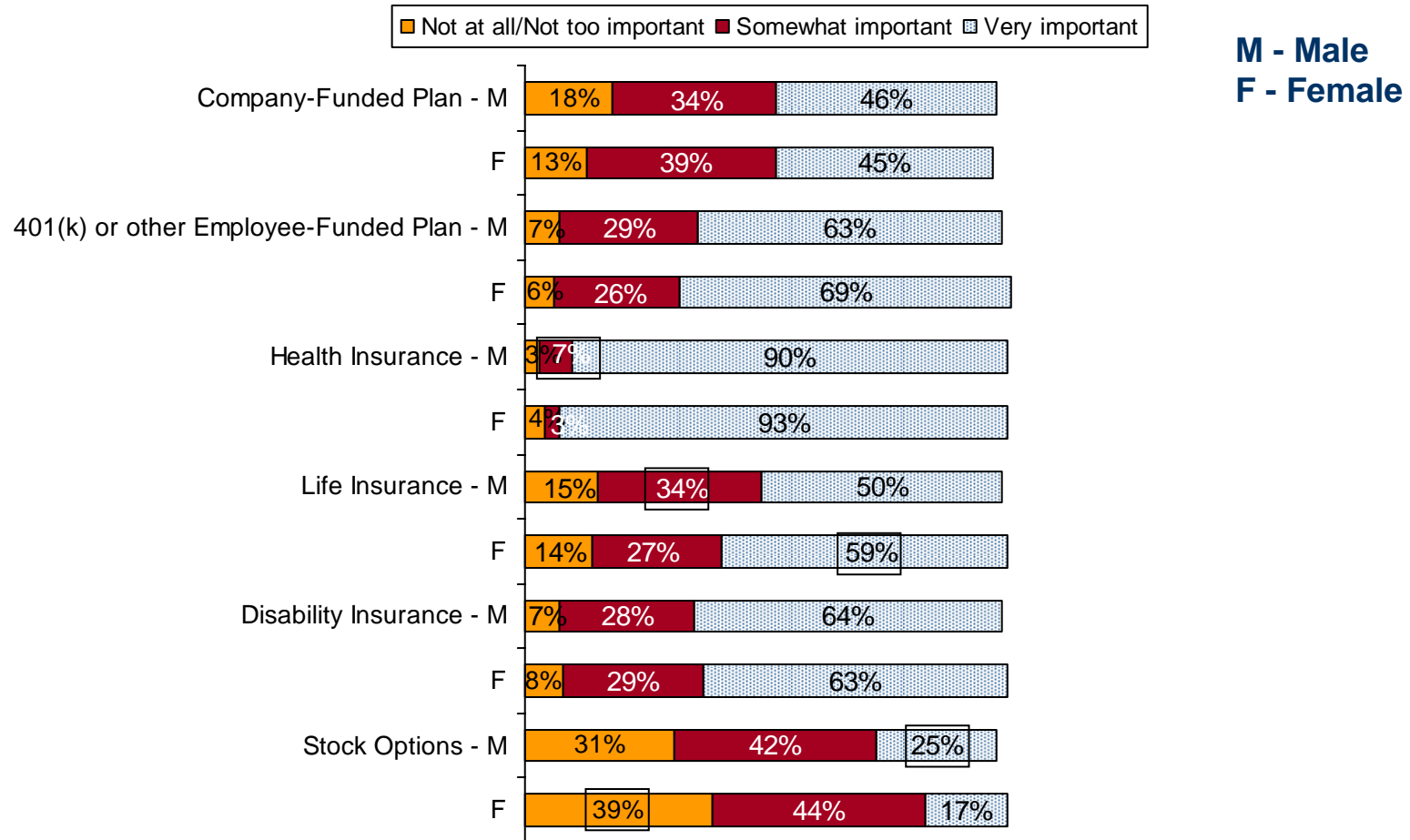


W Q22 Please tell me how important each benefit is to you. Base: All respondents (E: n=98; G: n=381; B: n=587)





# Importance of Benefits to Workers, cont'd.



W Q22 Please tell me how important each benefit is to you. Base: All respondents (M: n=654; F: n=547)



# Benefits Offered

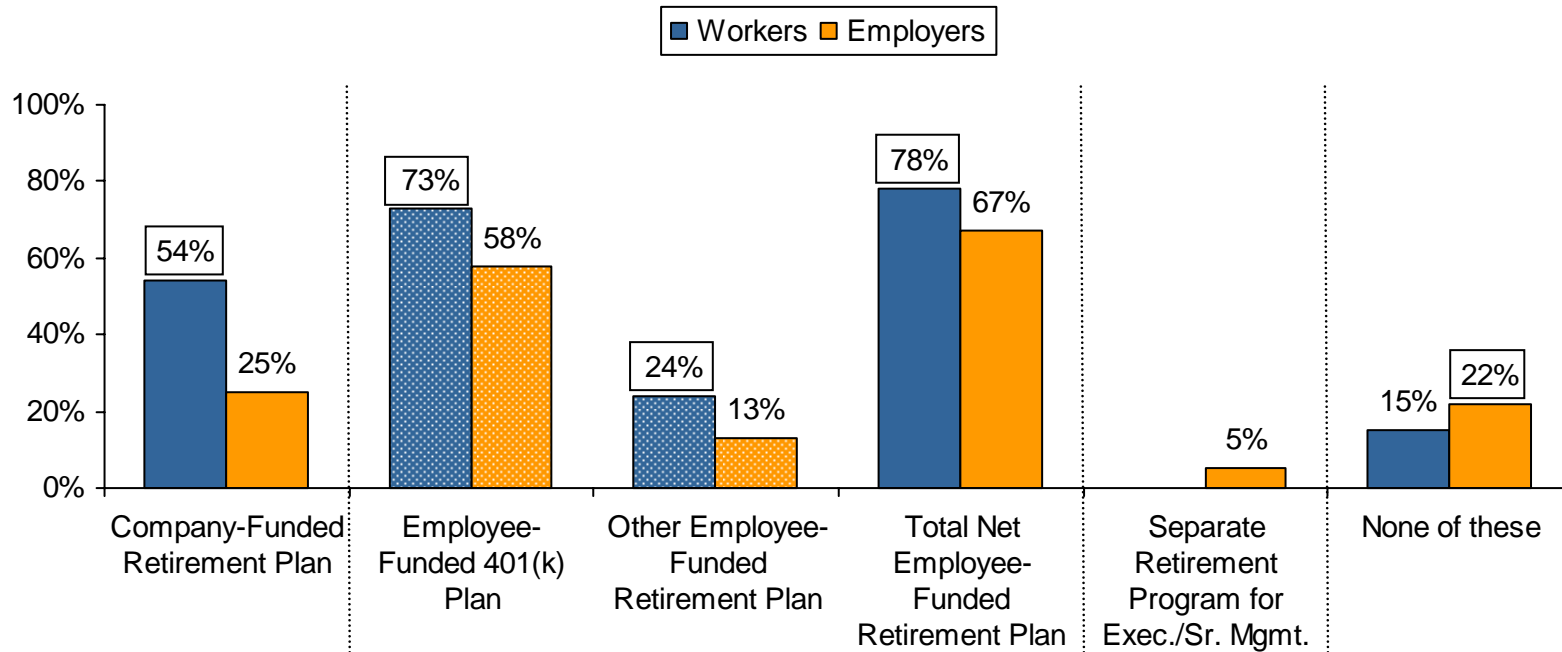
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- A majority of workers and employers report that their company offers a 401(k) or other employee-funded retirement plan.
  - More than 4 in 5 workers and employers from larger firms report their company offers a 401(k) plan, versus less than two-thirds of those from the smaller firms.
  - Echo Boomers are less likely than Gen Xers or Baby Boomers to report that their company offers a 401(k) and more likely to report that their company offers them none of the benefits mentioned.
- Only half of workers and a quarter of employers report that their company offers company-funded plans.
  - Company-funded plans as well as other benefits are more prevalent in larger firms.
  - Baby Boomers are more likely to say their company offers company-funded retirement plans versus their younger Gen X counterparts.
- From 2003 to 2004, there has been an increase in the percentage of small business employers who report that their company offers a 401(k) plan and a decrease in those offering other employee-funded retirement plans and company-funded plans.
  - This shift away from company-sponsored plans is reflected among workers as well.



# Retirement Benefits Offered

**% Yes**



# Employees	W	E	W	E	W	E	W	E	W	E	W	E
10-499	40%	23%	63%	55%	20%	14%	68%	65%	NA	3%	25%	24%
500+	69% ↑	45% ↑	84% ↑	92% ↑	28% ↑	10%	88% ↑	95% ↑	NA	26% ↑	4%	2%

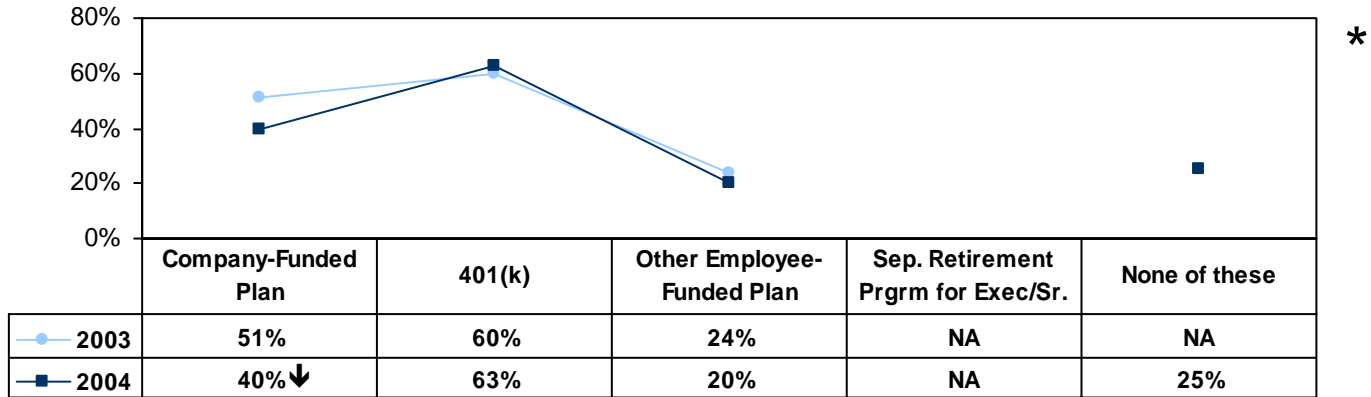
**W - Workers**  
**E - Employers**

W Q3 Which of the following retirement benefits does your company offer? Base: All respondents (n=1201)  
E Q1 Which of the following retirement benefits does your company offer? Base: All respondents (n=601)

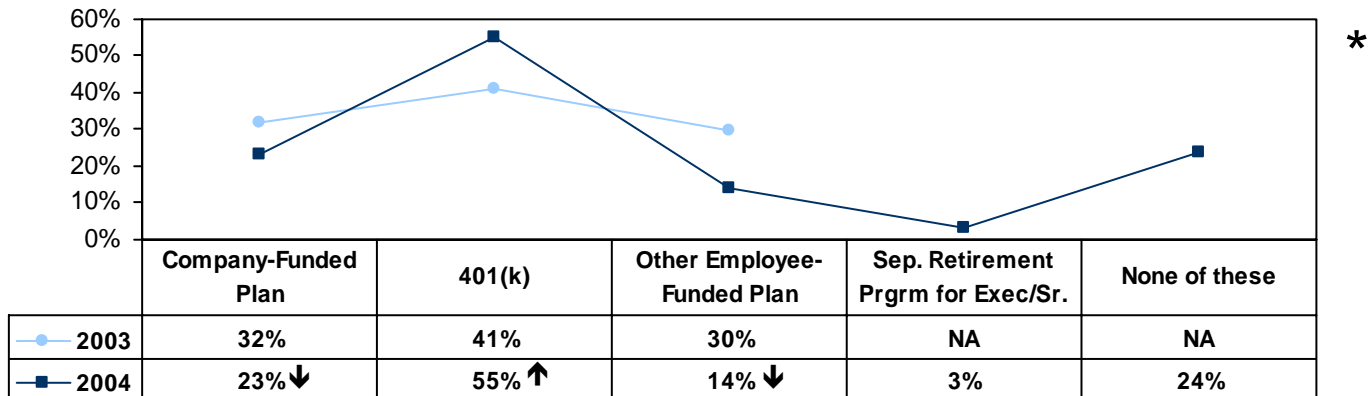
# Benefits Offered, cont'd.

**% Yes**

**Workers**



**Employers**



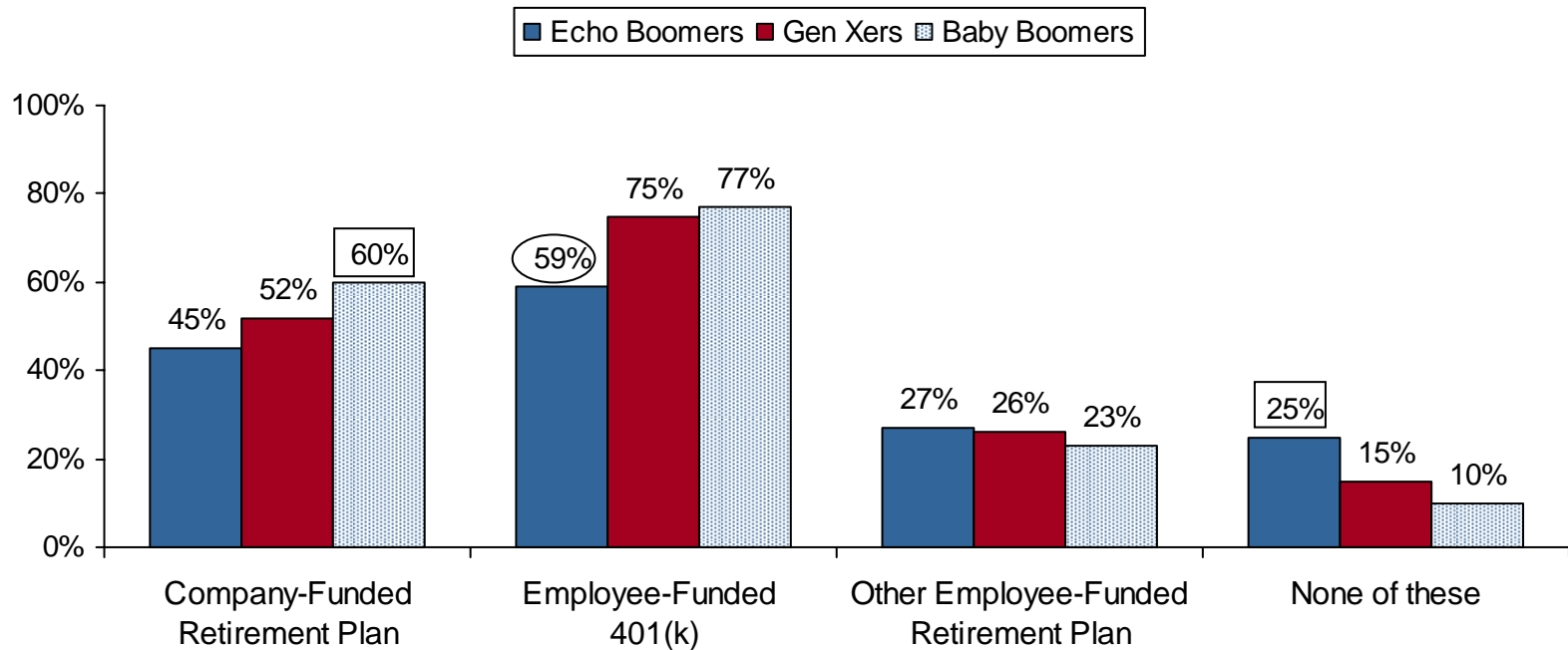
W Q3 Which of the following retirement benefits does your company offer?

E Q1 Which of the following retirement benefits does your company offer?

\*Company size = 10-499 employees

# Benefits Offered, cont'd.

**% Yes**



W Q3 Which of the following benefits does your company offer? Base: All respondents (E: n=98; G: n=381; B: n=587)



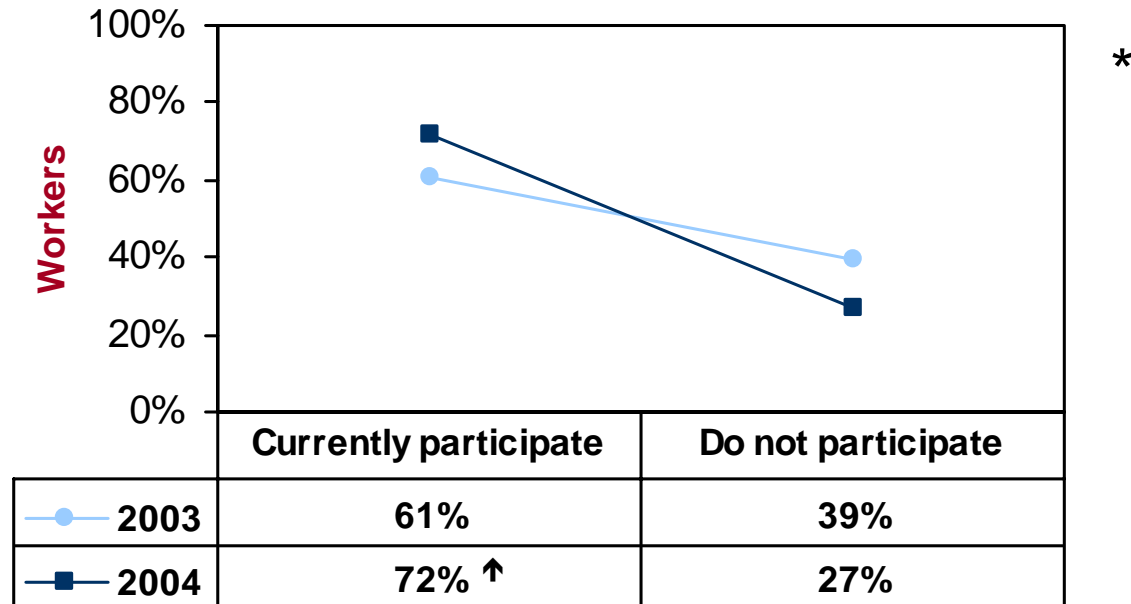
# Participation in Employee-Funded Retirement Plans

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- Majorities of Baby Boomers (85%) and Gen Xers (75%) participate in employee-funded retirement plans offered by their company. Echo Boomers are half as likely to be currently participating (37%).
  - A majority of those who don't currently participate in such plans say they will do so in the future.
- Compared to 2003, participation in employee-funded retirement plans is on the rise in workers from smaller businesses (72% vs. 61%).
- Workers in larger companies are more likely to participate in their company's employee-funded retirement plans than workers in smaller firms (79% vs. 72%).



# Participation in Employee-Funded Retirement Plans



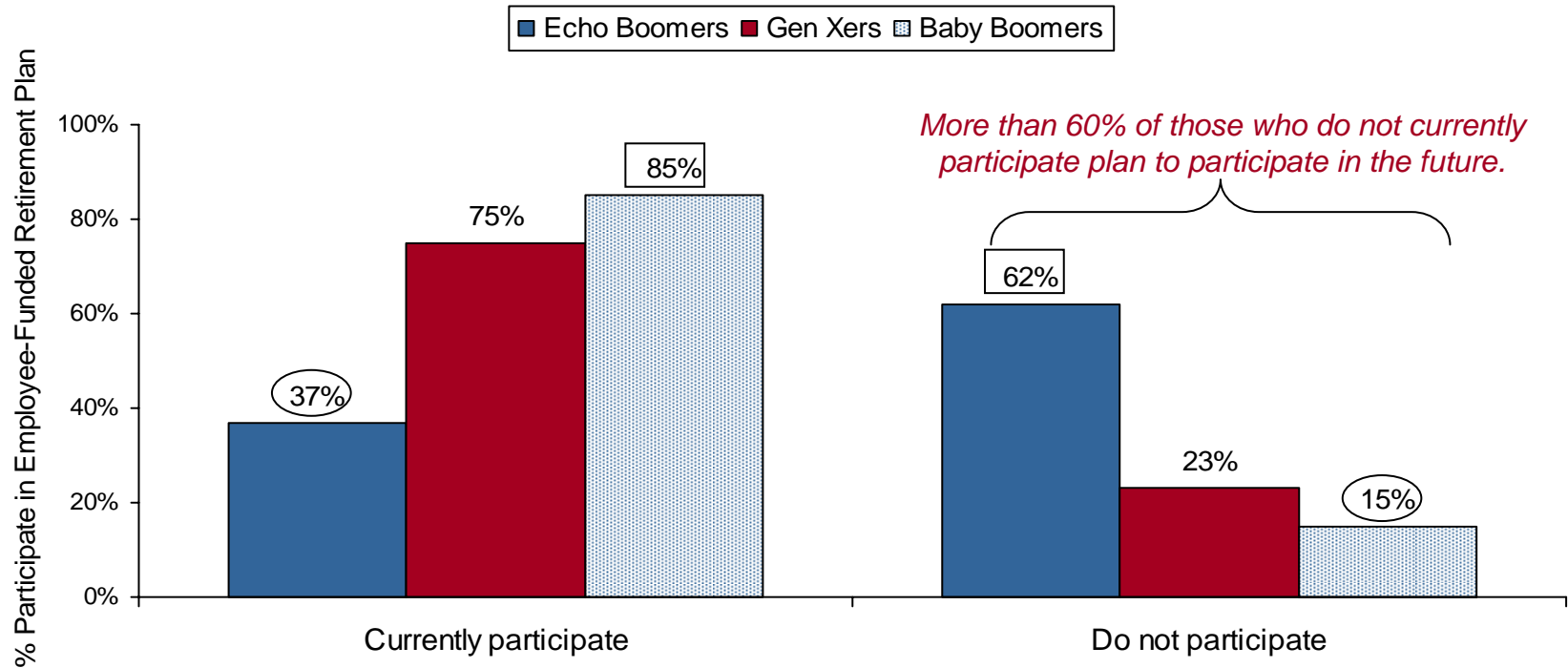
W Q5 Do you currently participate in your company's employee-funded retirement savings plan? Base: Company offers employee funded retirement plan.

W Q9c Do you think you will participate in your company's retirement savings plan in the future? Base: Do not currently participate in employee funded retirement plan.

\*Company size = 10-499 employees



# Participation in Employee-Funded Retirement Plans



# Employees	Participate
10-499	72%
500+	79%

- W Q5 Do you currently participate in your company's employee-funded retirement savings plan? Base: Company offers employee funded retirement plan. (E: n=65; G: n=308; B: n=472)
- W Q9c Do you think you will participate in your company's retirement savings plan in the future? Base: Do not currently participate in employee funded retirement plan. (E: n=44; G: n=80; B: n=95)





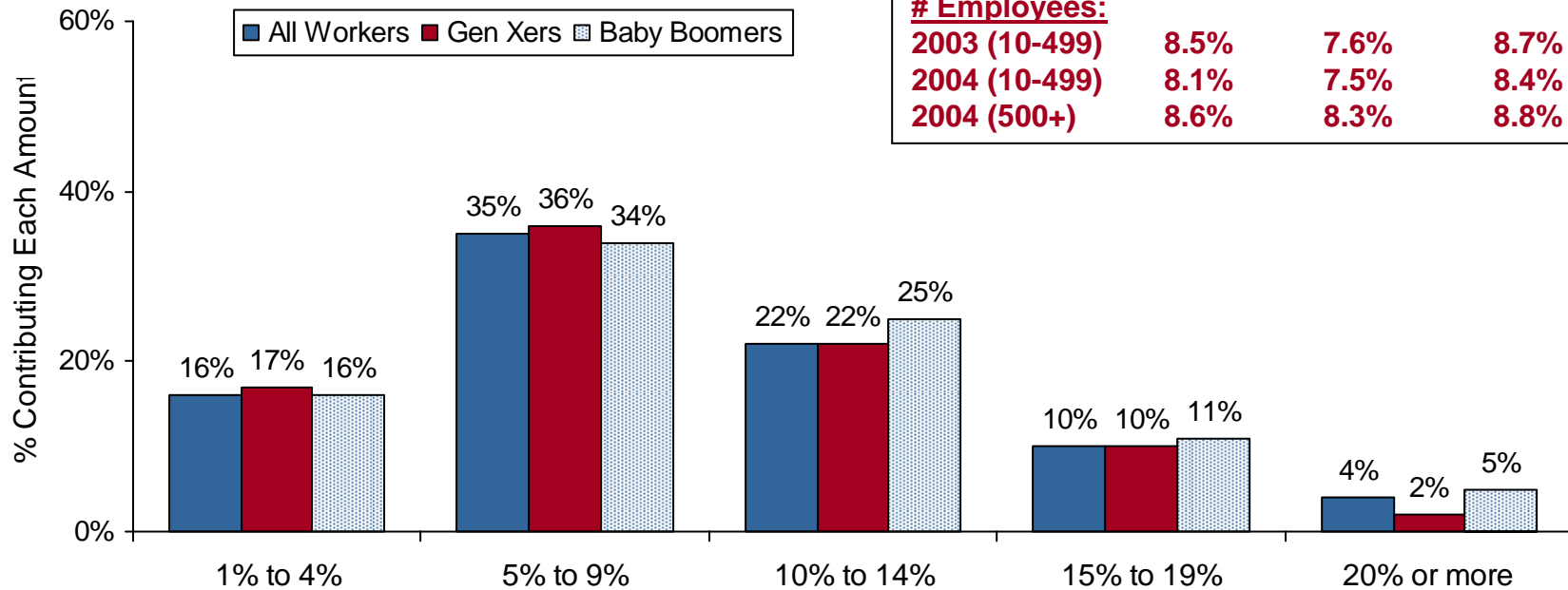
# Contributions to Employee-Funded Retirement Plans

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- On average, workers contribute about 8% of their salary to their employee-funded retirement plan.
  - Overall average contribution rates have changed little since 2003.
  - Average contribution rate by generation:
    - Echo Boomer – 7%
    - Gen Xer – 8%
    - Baby Boomer – 9%
    - Mature – 10%
  - Male workers are more likely than female workers to invest 10% or more annually in their employee-funded plan (42% vs. 29%).
  - Average contribution rates by workers at large companies are only slightly higher than those by worker at small companies (8.6% vs. 8.1%).



# Contributions to Employee-Funded Retirement Plans



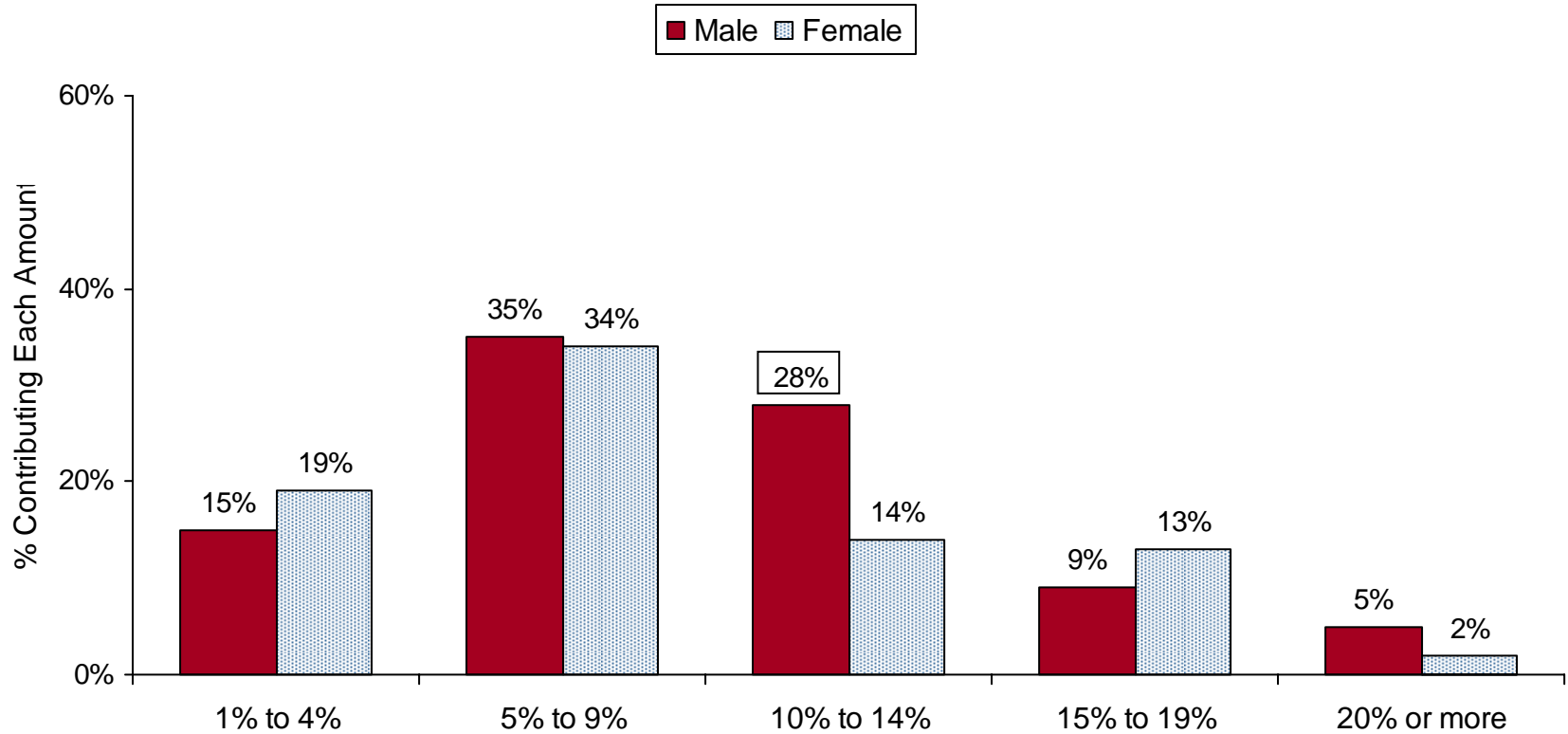
<i>Mean</i>	<u>All Workers</u>	<u>Gen X</u>	<u>Baby Boomers</u>
<b># Employees:</b>			
2003 (10-499)	8.5%	7.6%	8.7%
2004 (10-499)	8.1%	7.5%	8.4%
2004 (500+)	8.6%	8.3%	8.8%

W Q6 What percentage of your salary are you saving for retirement through your company-sponsored plan this year? Base: Participate in Employee-Funded Retirement Plan (W: n=737; G: n=238; B: n=395)

Note: Echo Boomer base size too small for comparison



# Contributions to Employee-Funded Retirement Plans



W Q6 What percentage of your salary are you saving for retirement through your company-sponsored plan this year? Base: Participate in Employee-Funded Retirement Plan (M: 413; F: 324)



# Importance of Company Match

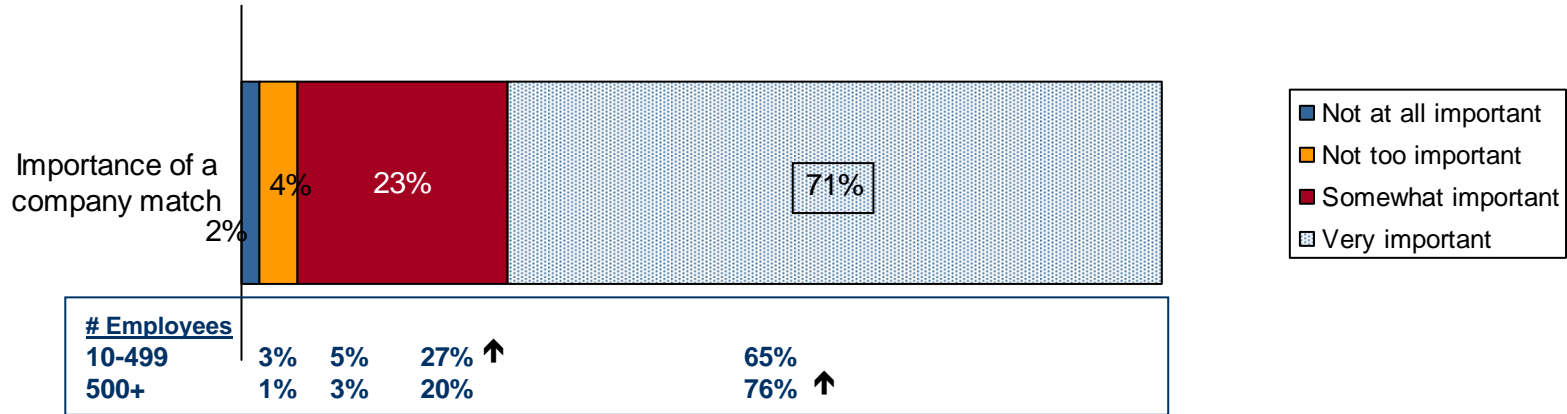
---

- While the majority of workers and employers place importance on the company match, workers from smaller firms are twice as likely as their employers to feel it is a very important benefit (65% vs. 32%).
- The proportion of small company workers who claim the company match is very important to them has risen since 2003 (65% vs. 56%).
  - However, small business employer views have stayed about the same.
- Baby Boomers are more likely than Gen Xers to view the company match to be very important as a benefit (78% and 70%).
  - Conversely, only half of Echo Boomers feel that a company match is very important (50%).

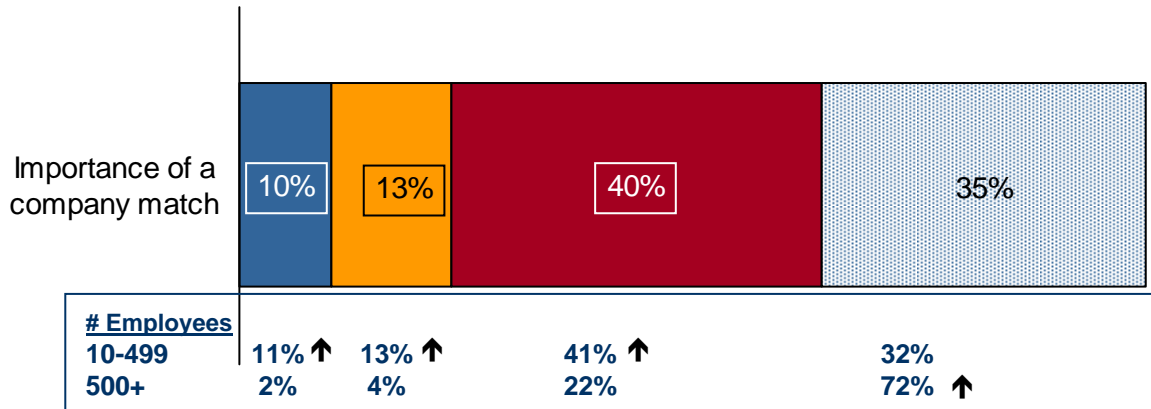


# Importance of Company Match

Workers



Employers

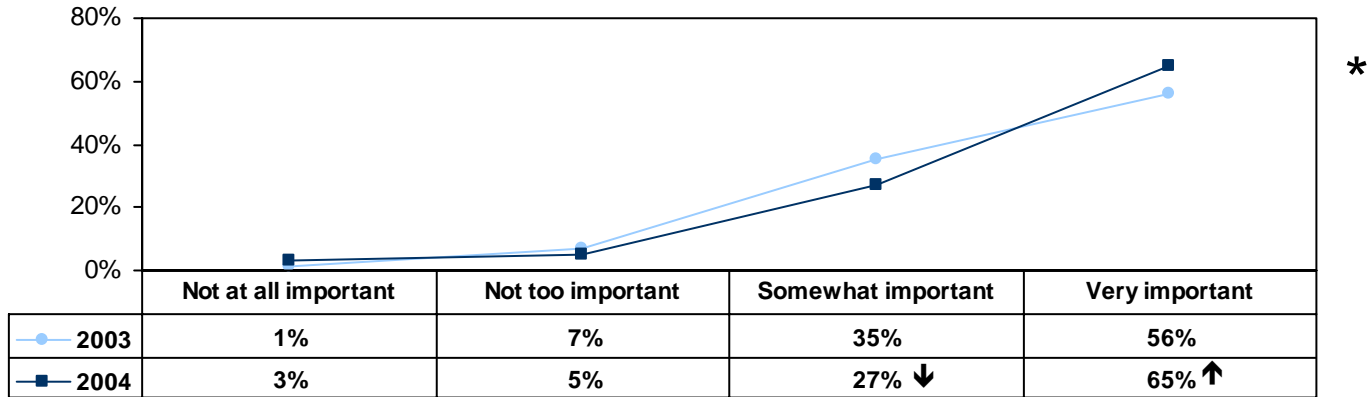


- W Q23 How important is it to you that the company you work for provides a matching contribution in its retirement savings plan? Base: Company offers employee funded retirement plan (n=946)
- E Q8 How important is it to your employees that their company provides a matching contribution in their retirement savings plan? Base: All respondents (n=601)

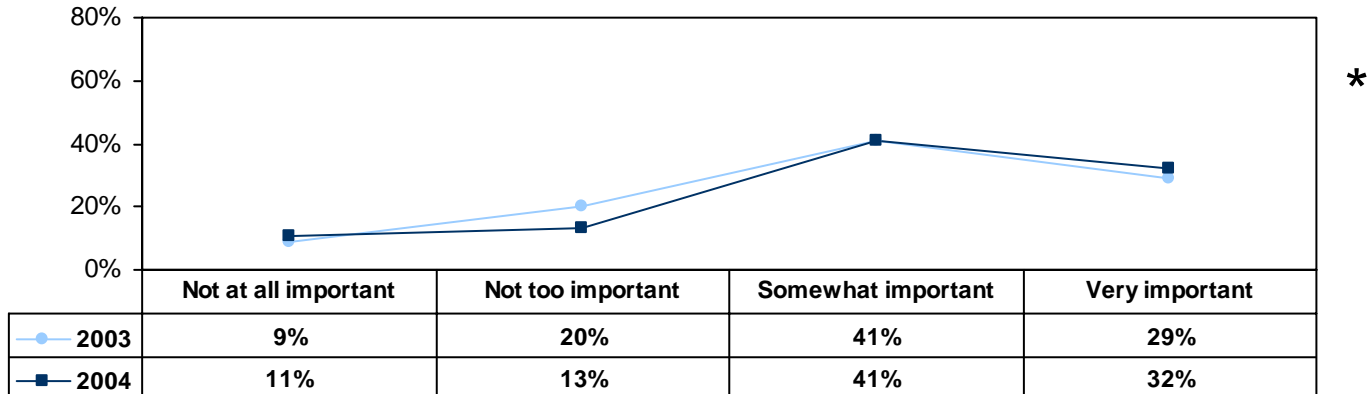


# Importance of Company Match, cont'd.

**Workers**



**Employers**



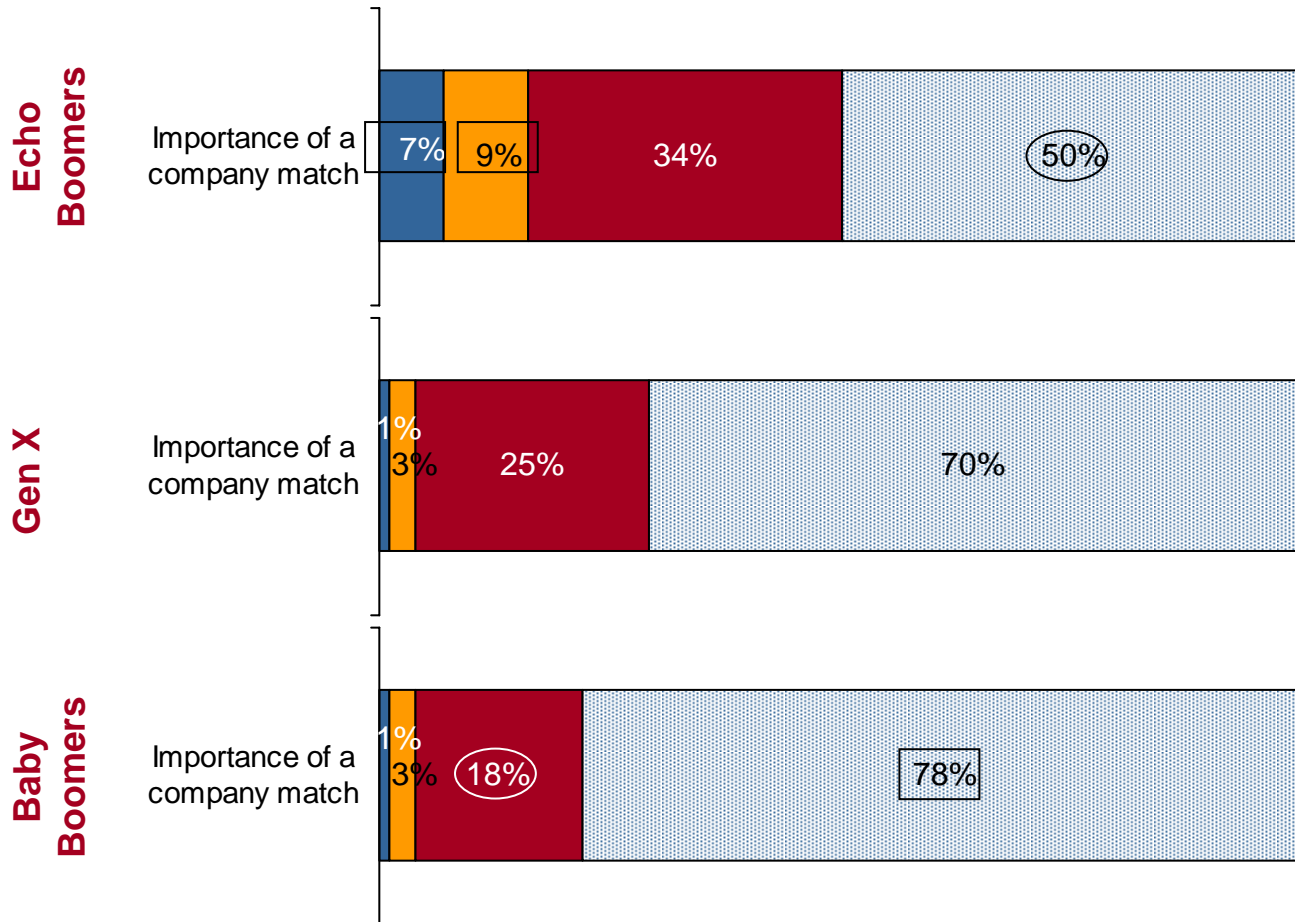
W Q23 How important is it to you that the company you work for provides a matching contribution in its retirement savings plan?

E Q8 How important is it to your employees that their company provides a matching contribution in their retirement savings plan?

\*Company size = 10-499 employees



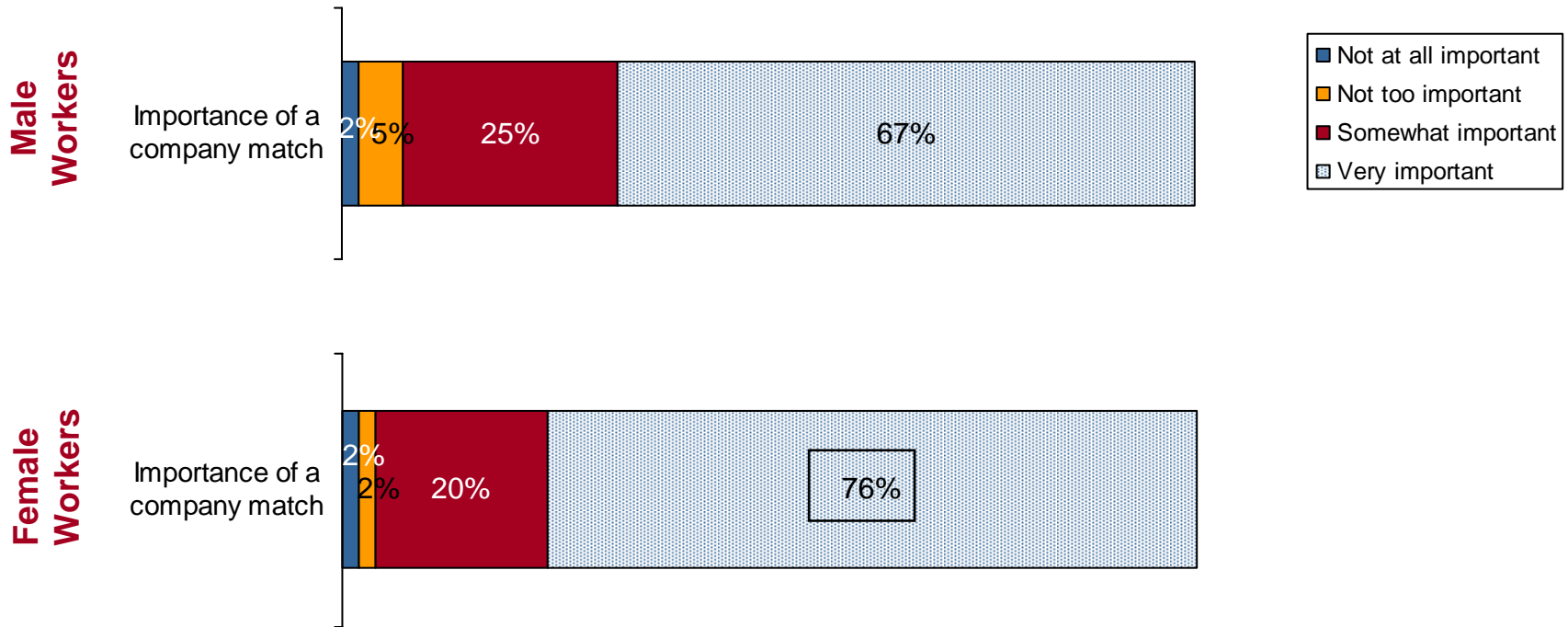
# Importance of Company Match, cont'd.



W Q23 How important is it to you that the company you work for provides a matching contribution in its retirement savings plan? Base: Company offers employee funded retirement plan. (E: n=65; G: n=308; B: n=472)



# Importance of Company Match, cont'd.



W Q23 How important is it to you that the company you work for provides a matching contribution in its retirement savings plan? Base: Company offers employee funded retirement plan. (M: n=527; F: n=419)





# Matching Contributions in Stock

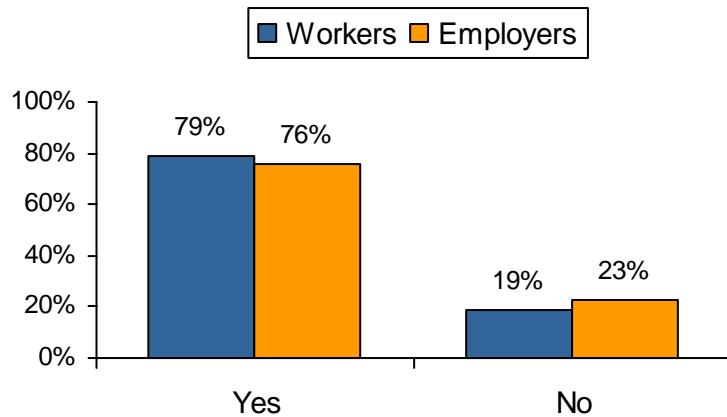
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- While more than three-quarters of workers and employers say that their company offers a company match for their employee-funded retirement program, only 4% of employers and 26% of workers say they receiving that match in company stock is an option.
  - Baby Boomers are less likely than Gen Xers to report receiving a match in company stock.
- Larger firm employers and workers are more likely than their counterparts from smaller firms to offer a company match of any type and more likely to offer the match in company stock.
- Among smaller firms, there is no significant change on these measures since 2003.

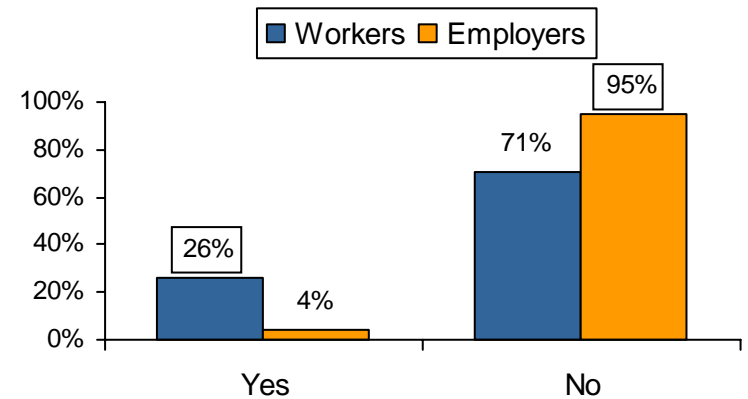


# Matching Contributions in Stock

## Offer Match



## Match in Company Stock



# Employees	W	E	W	E	W	E	W	E
10-499	74%	75%	24% ↑	24% ↑	14%	3%	79% ↑	97% ↑
500+	82% ↑	86% ↑	16%	12%	33% ↑	14% ↑	66%	85%

**W - Workers**  
**E - Employers**

W Q7a Does your company offer a matching contribution as part of its 401(k) company-sponsored plan? Base: Respondent participates in employee funded retirement plan. Base: (n=737)

W Q7b Is any of the matching contribution in the form of company stock? Base: Company offers matching contribution (n=564)

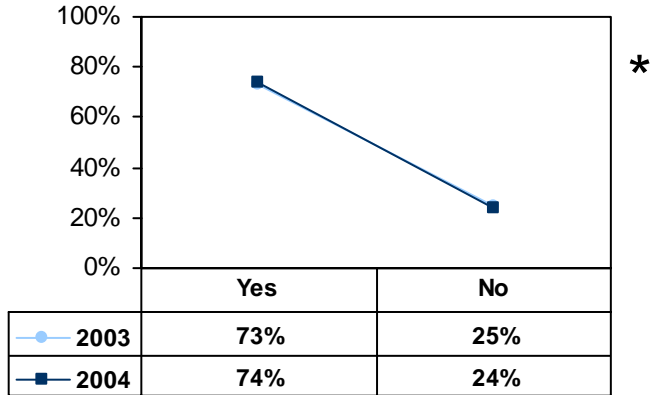
E Q2a Does your company offer a matching contribution as part of its 401(k) company-sponsored plan? Base: Company offers employee funded retirement plan (n=504)

E Q2b Is any of the matching contribution in the form of company stock? Base: Company offers matching contribution (n=407)

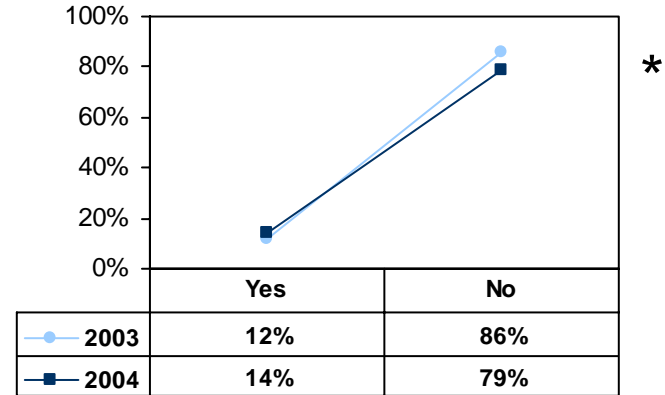
# Matching Contributions in Stock, cont'd.

Workers

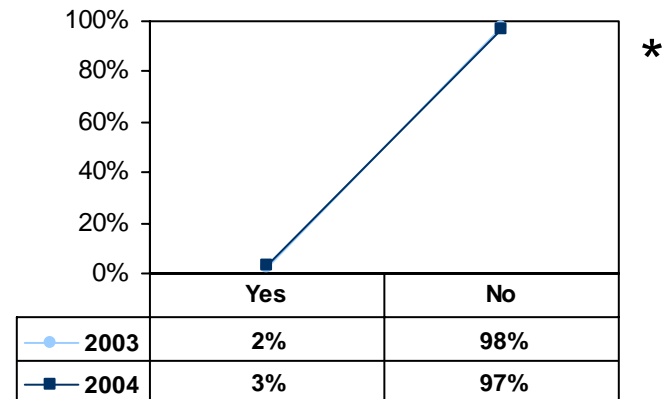
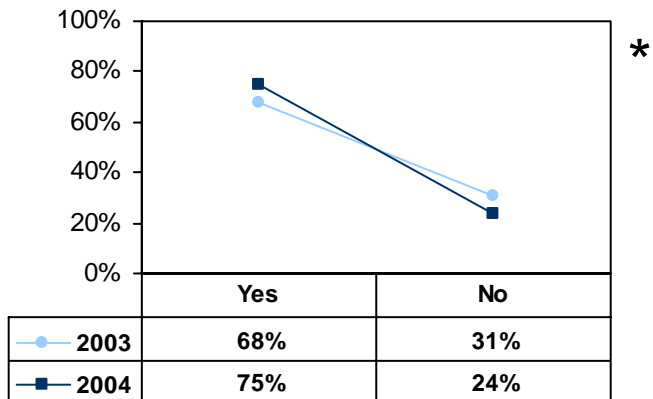
**Offer Match**



**Match in Company Stock**



Employers



W Q7a Does your company offer a matching contribution as part of its 401(k) company-sponsored plan?

W Q7b Is any of the matching contribution in the form of company stock?

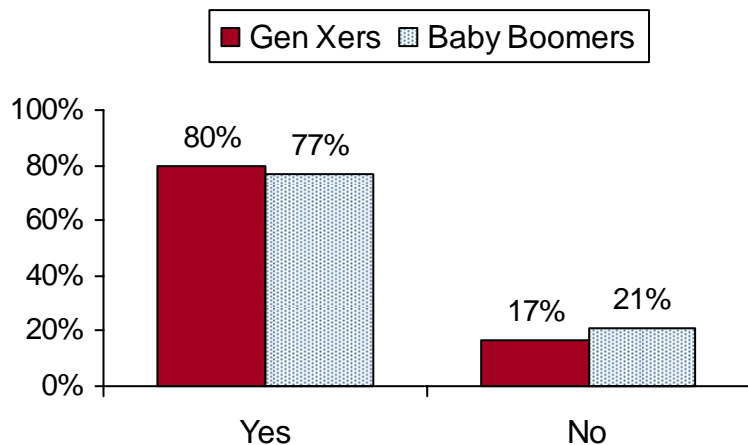
E Q2a Does your company offer a matching contribution as part of its 401(k) company-sponsored plan?

E Q2b Is any of the matching contribution in the form of company stock?

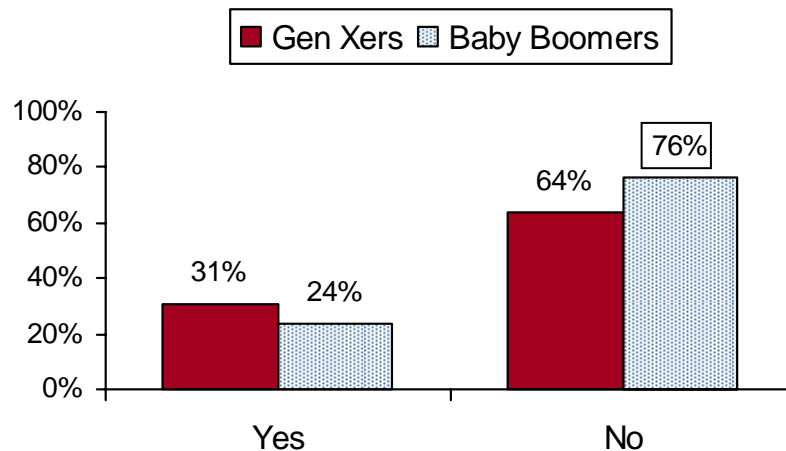
\*Company size = 10-499 employees

# Matching Contributions in Stock, cont'd.

## Offer Match



## Match in Company Stock



W Q7a Does your company offer a matching contribution as part of its 401(k) company-sponsored plan?

Base: Respondent participates in employee funded retirement plan (G: n=238; B: n=395)

W Q7b Is any of the matching contribution in the form of stock? Base: Company offers match (G: n=186; B: n=301)

Note: Echo Boomer base size too small for comparison



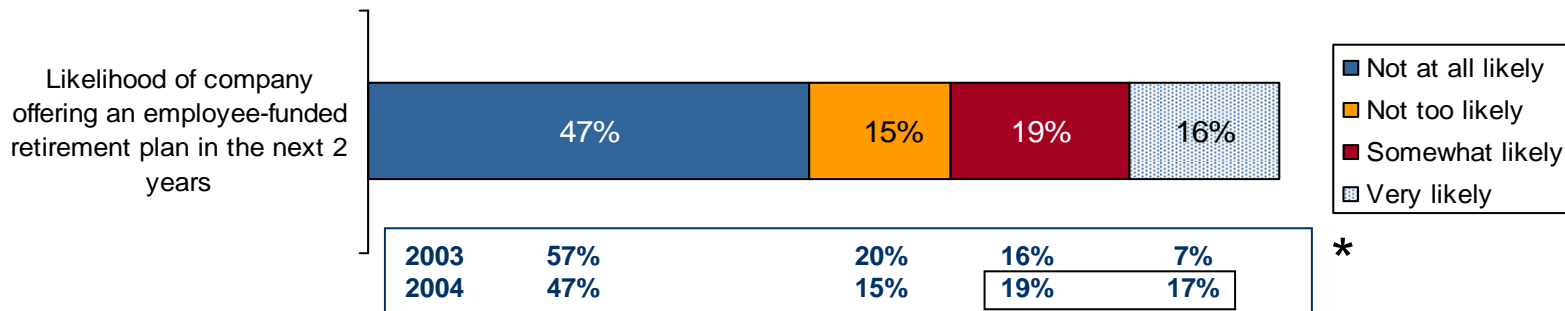
# Likelihood to Offer Employee-Funded Retirement Plan

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- Over a third of those companies who do not currently offer an employee-funded retirement plan say they are at least somewhat likely to offer one in the next two years (35%).
  - Among smaller businesses, there is a significant increase over 2003 in those who are at least somewhat likely to offer an employee-funded plan in the next two years (36% vs. 23%).
- Reasons employers give most often for not offering such a plan include:
  - Employees prefer higher salaries instead (21%);
  - That they aren't big enough (18%);
  - That they already have a different type of retirement plan (17%), or;
  - That management simply doesn't support the idea (15%).



# Likelihood to Offer Employee-Funded Retirement Plan



Employers

## Top Reasons Why Unlikely To Offer Employee-Funded Retirement Plan

Employees not interested/prefer higher salaries	21%
Our company is not big enough	18%
Already have a different type of retirement plan	17%
Company/Management not interested	15%
Too expensive/Cost	11%
High employee turnover	8%
Too complicated/Too much work	5%
Legal issues	3%
Difficult business conditions/Uncertain revenues	3%
Poor Economy	1%

E Q4a How likely is your company to begin offering an employee funded retirement plan package like a 401(K) to its employees in the next 2 years. Base: Company does not offer plan (n=97)

E Q4b Why not? Base: Company not likely to offer 401(k) (n=65)

\*Company size = 10-499 employees

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# Detailed Findings - 2004

## Attracting and Retaining Workers

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# Trade-offs in Job Choice

## Salary vs. Retirement Plan

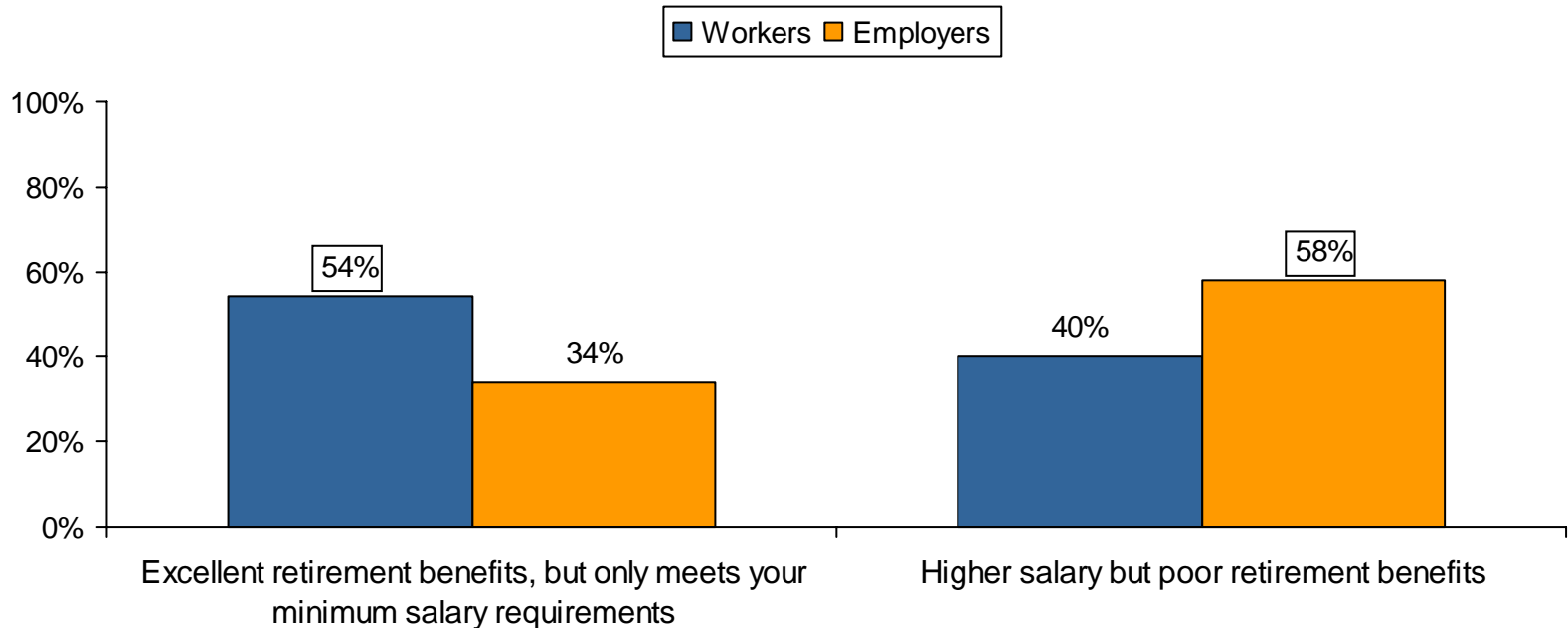
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- Employers and workers have different views on the value of salary/benefit packages.
  - If given a choice, workers are much more likely to go with a job that provides excellent retirement benefits but minimum salary requirement (54%) than employers think they are (34%).
  - By contrast, over half of employers (58%) think that workers will take higher salaries even if accompanied by poor benefits vs. only 40% of workers.
    - However, employers are less likely to believe this in 2004 than in 2003 (58% vs. 68%).
  - Baby Boomers are more receptive to excellent benefits and minimum requirements for salary (61%) than Gen Xers (50%) or Echo Boomers are (43%).
  - Female workers are more likely to choose the security of excellent benefits over salary (59%) than male workers are (49%).





# Trade-offs in Job Choice: Salary vs. Retirement Benefits



# Employees	W	E	W	E
10-499	50%	33%	43%	58%
500+	55%	40%	42%	54%

W - Workers

E - Employers

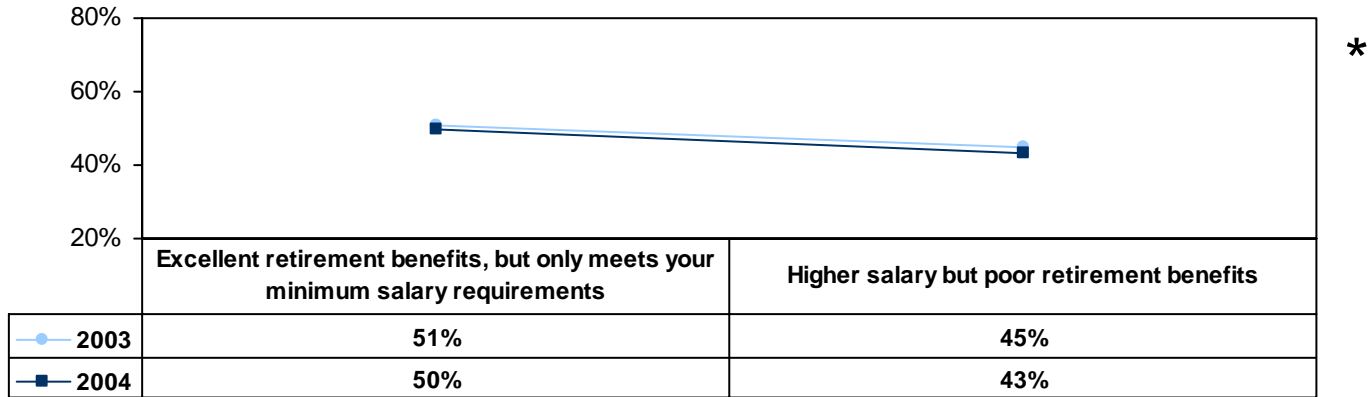
W Q20 Suppose for a moment that two job offers come your way. The jobs are nearly identical, except the first offer meets your *minimum* salary requirements and has excellent retirement benefits, while the second offer provides a *higher* salary than you expected but the retirement benefits are poor. Which of these two job offers would you be more likely to choose? Base: All respondents (n=1201)

E Q6 Suppose you could offer the following two choices surrounding a job offer to a potential employee, which one do you feel would be of more interest to the potential employee? Base: All respondents (n=601)

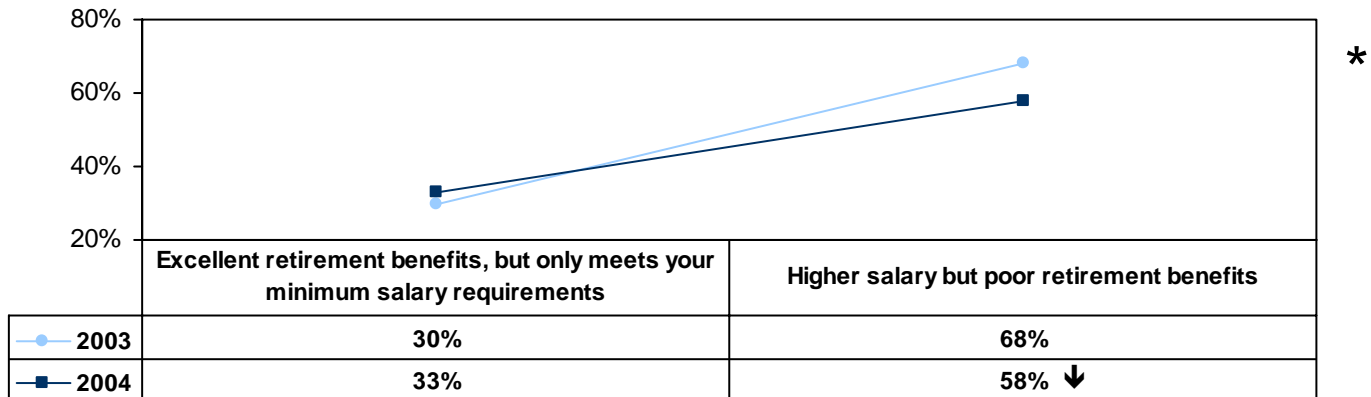


# Trade-offs in Job Choice: Salary vs. Retirement Benefits, cont'd.

Workers



Employers



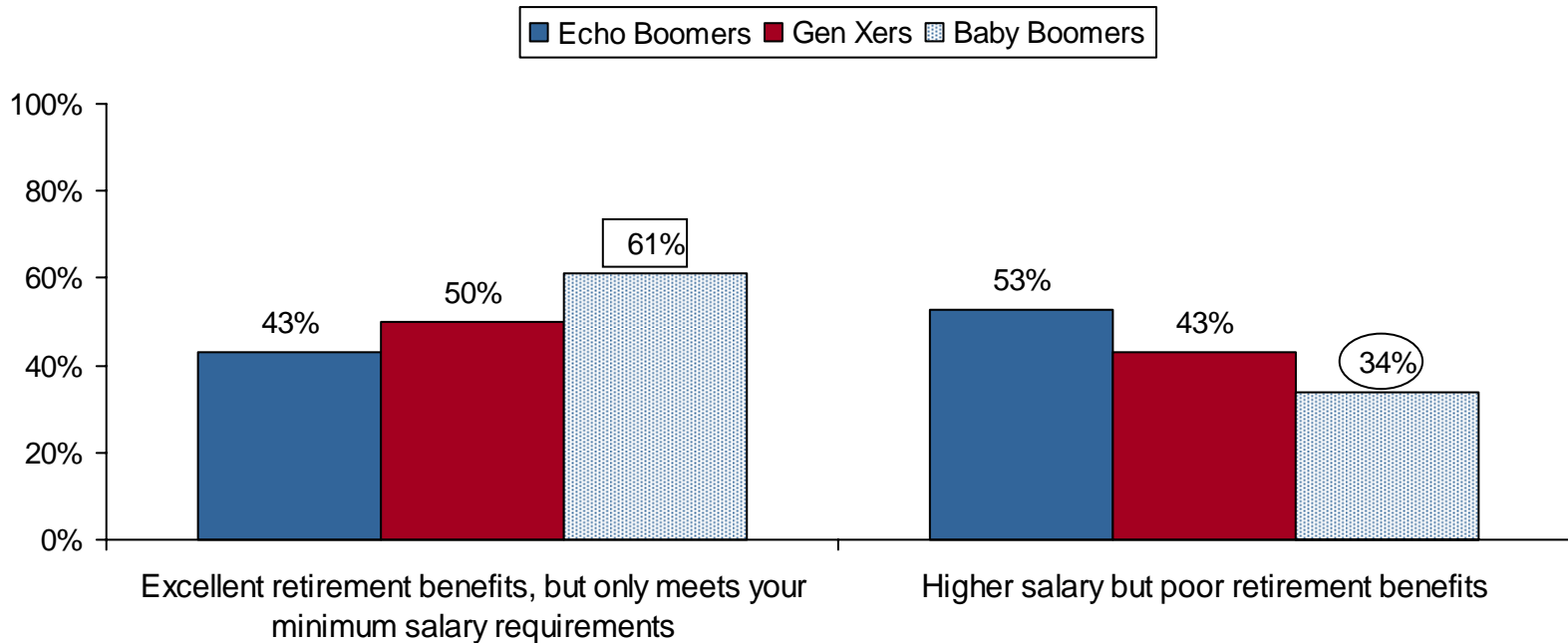
W Q20 Suppose for a moment that two job offers come your way. The jobs are nearly identical, except the first offer meets your minimum salary requirements and has excellent retirement benefits, while the second offer provides a higher salary than you expected but the retirement benefits are poor. Which of these two job offers would you be more likely to choose?

E Q6 Suppose you could offer the following two choices surrounding a job offer to a potential employee, which one do you feel would be of more interest to the potential employee?

\*Company size = 10-499 employees

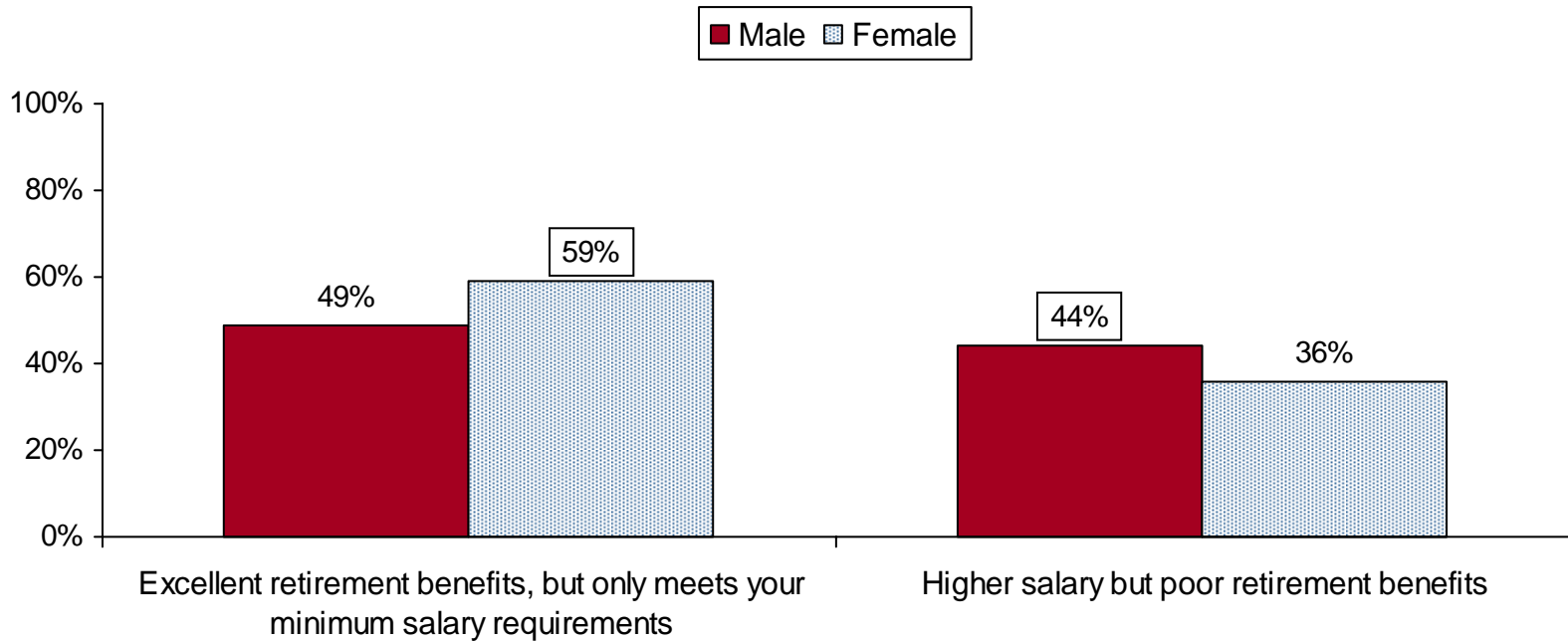


# Trade-offs in Job Choice: Salary vs. Retirement Benefits, cont'd.



W Q20 Suppose for a moment that two job offers come your way. The jobs are nearly identical, except the first offer meets your minimum salary requirements and has excellent retirement benefits, while the second offer provides a higher salary than you expected but the retirement benefits are poor. Which of these two job offers would you be more likely to choose? Base: All respondents (E: n=98; G: n=381; B: n=587)

# Trade-offs in Job Choice: Salary vs. Retirement Benefits, cont'd.



W Q20 Suppose for a moment that two job offers come your way. The jobs are nearly identical, except the first offer meets your minimum salary requirements and has excellent retirement benefits, while the second offer provides a higher salary than you expected but the retirement benefits are poor. Which of these two job offers would you be more likely to choose? Base: All respondents (M: n=654; F: n=547)



# Attracting and Retaining Workers

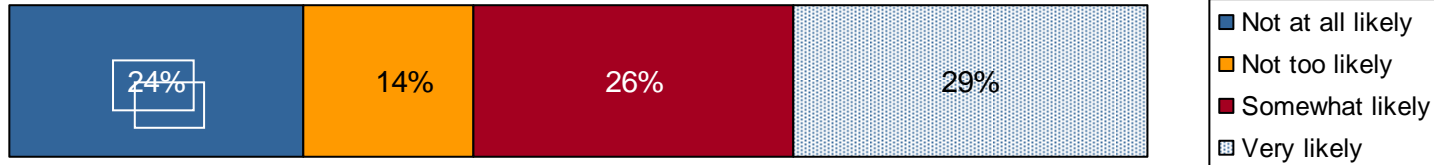
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- Three-quarters of employers report that their employee-funded retirement plan package (401k) is somewhat (51%) or very (24%) important to their ability to attract and retain new employees.
- The importance of offering a 401(k) is further demonstrated by the willingness of workers at companies that do not currently offer such a plan to change jobs in search of these benefits.
  - Over half of workers are at least somewhat likely (3 in 10 are very likely) to consider leaving the company they currently work for in order to take a nearly identical job offer in a similar type of company that does offer a retirement plan.
  - There is little difference between Gen Xers and Baby Boomers in their views on the subject.



# Attracting and Retaining Workers

Workers



2003	38%	11%	11%	31%
2004	27%	16%	24% ↑	28%

\*

Employers



2003			Not Asked in 2003	
2004	5%	22%	51%	22%

\*

W Q4 How likely would you be to leave the company you currently work for in order to take a nearly identical job for a similar type of company that does offer a retirement plan? Base: Company does not offer employee funded retirement plan. (n=182)

E Q3a In general, how important would you say your company's employee funded retirement plan package (401k) is to your ability to attract and retain new employees? Base: Company offers employee funded retirement plan (n=504)

\*Company size = 10-499 employees

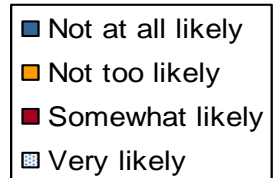
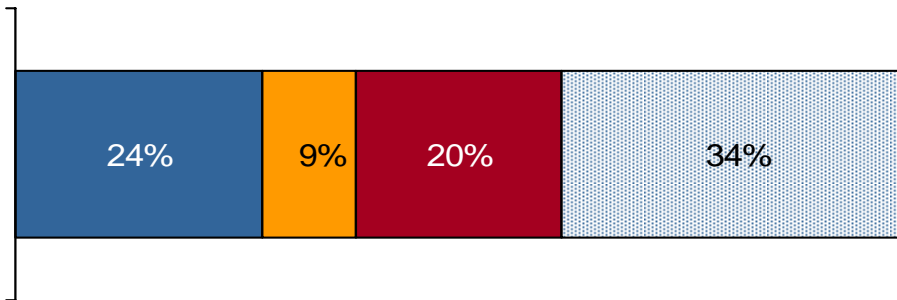
NOTE: Base size for large company (500+) too small.



# Attracting and Retaining Workers, cont'd

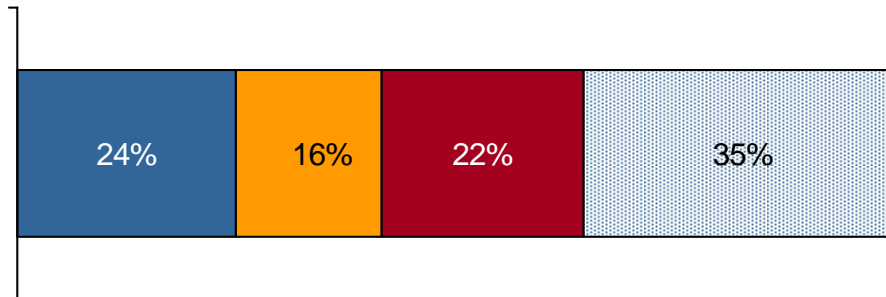
Gen X

Likelihood to leave company for same job which offers a retirement plan



Baby Boomers

Likelihood to leave company for same job which offers a retirement plan



W Q4 How likely would you be to leave the company you currently work for in order to take a nearly identical job for a similar type of company that does offer a retirement plan? Base: Company does not offer employee funded retirement plan. (G: n=57; B: n=77)

Note: Echo Boomer base size too small for comparison

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# Detailed Findings - 2004

## Evaluating and Changing Retirement Benefits

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# Management of Retirement Benefit Plans

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- Most companies reevaluate their retirement plans on an annual basis.
  - Approximately three-quarters of employers in smaller firms and almost all of those from larger firms say they evaluate their company retirement plans at least once per year.
- Three in five smaller companies report using an outside advisor to help structure their retirement plan, down from 81% in 2003.
  - A financial planner or broker is the most common type of advisor used.
    - Employers from larger firms are also likely to mention using a benefits consultant for selecting a plan and smaller firms mention an accountant or CPA.
- Most companies (85%) report that their current 401(k) has been in place for 3 years or longer, and 45% have had the same plan for 10 years or longer.
  - Larger businesses tend to have their plan in place longer than smaller firms (10 years vs. 8 years on average).
  - Most report that the plan administrator has been managing it for 3 years or more as well.



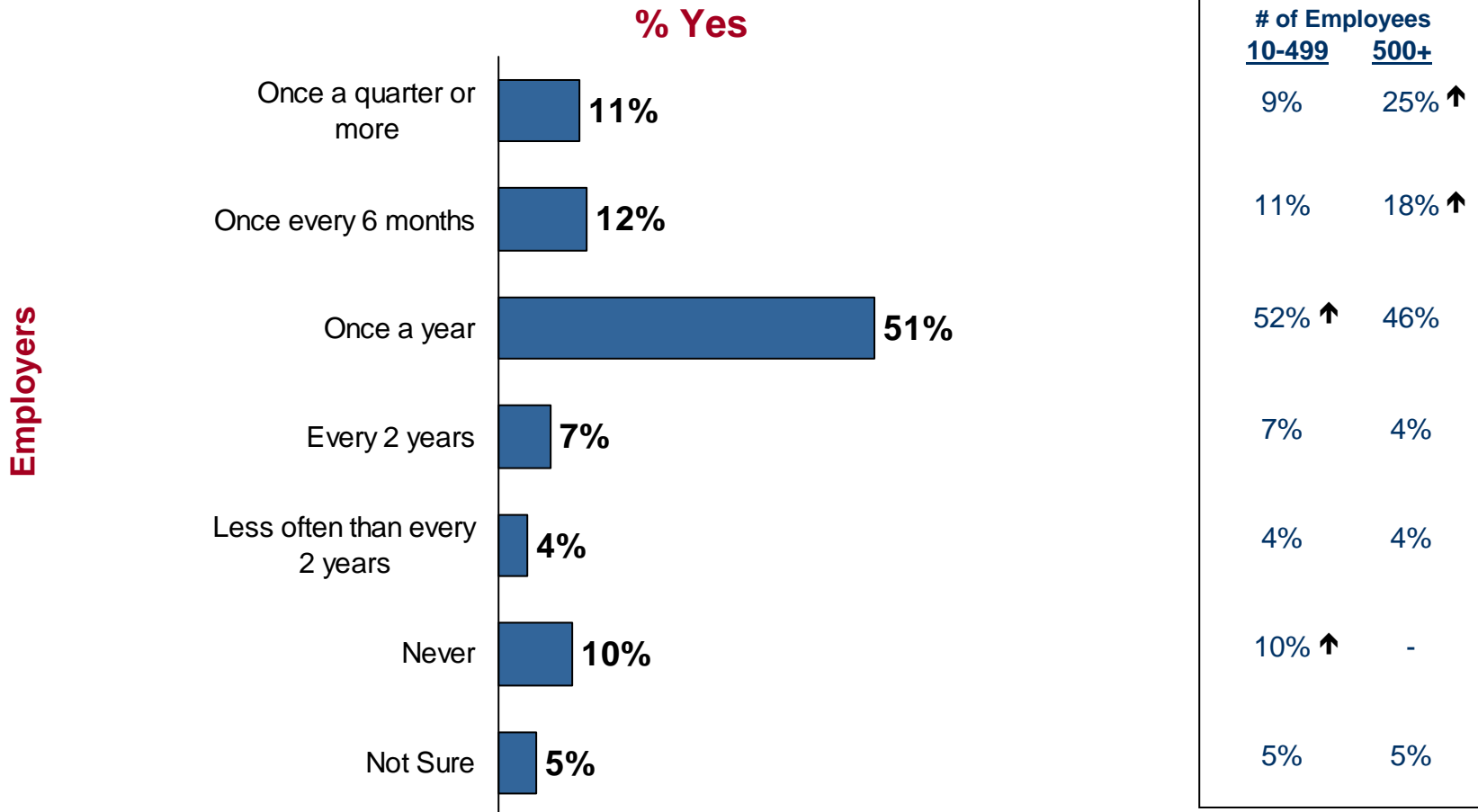
# Management of Retirement Benefit Plans

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- Employers make relatively few changes in their retirement plans annually.
  - Approximately a third of larger firms and half as many smaller firms report making changes to their plans in 2004.
  - Among smaller firms, the most frequent changes include changing a plan provider (33%), selecting investments or fund choices (17%), adding a new plan (16%) or increasing the company match (12%).
  - Among larger firms, the most frequent changes are changing the investment choices (38%) or the plan provider (13%) and reduction in waiting period for eligibility (14%).
- The sources most generally relied on for evaluating the plans are either the plan administrator or provider (29%) or the participants themselves (26%).
  - Fewer mention looking to the advisor who sold them the plan (14%) or the plan sponsor (10%).
- The plan administrator or the consultant who sold the retirement plan to the company are the sources relied on to get information about fiduciary duties related to the plan.



# Frequency of Evaluation of Retirement Plans



E Q23 How frequently does your company evaluate the retirement plans offered to its employees? Base: All Respondents (n=601)



# Use of Outside Advisor to Help Select Plan, cont'd.

## Type of Advisor Used

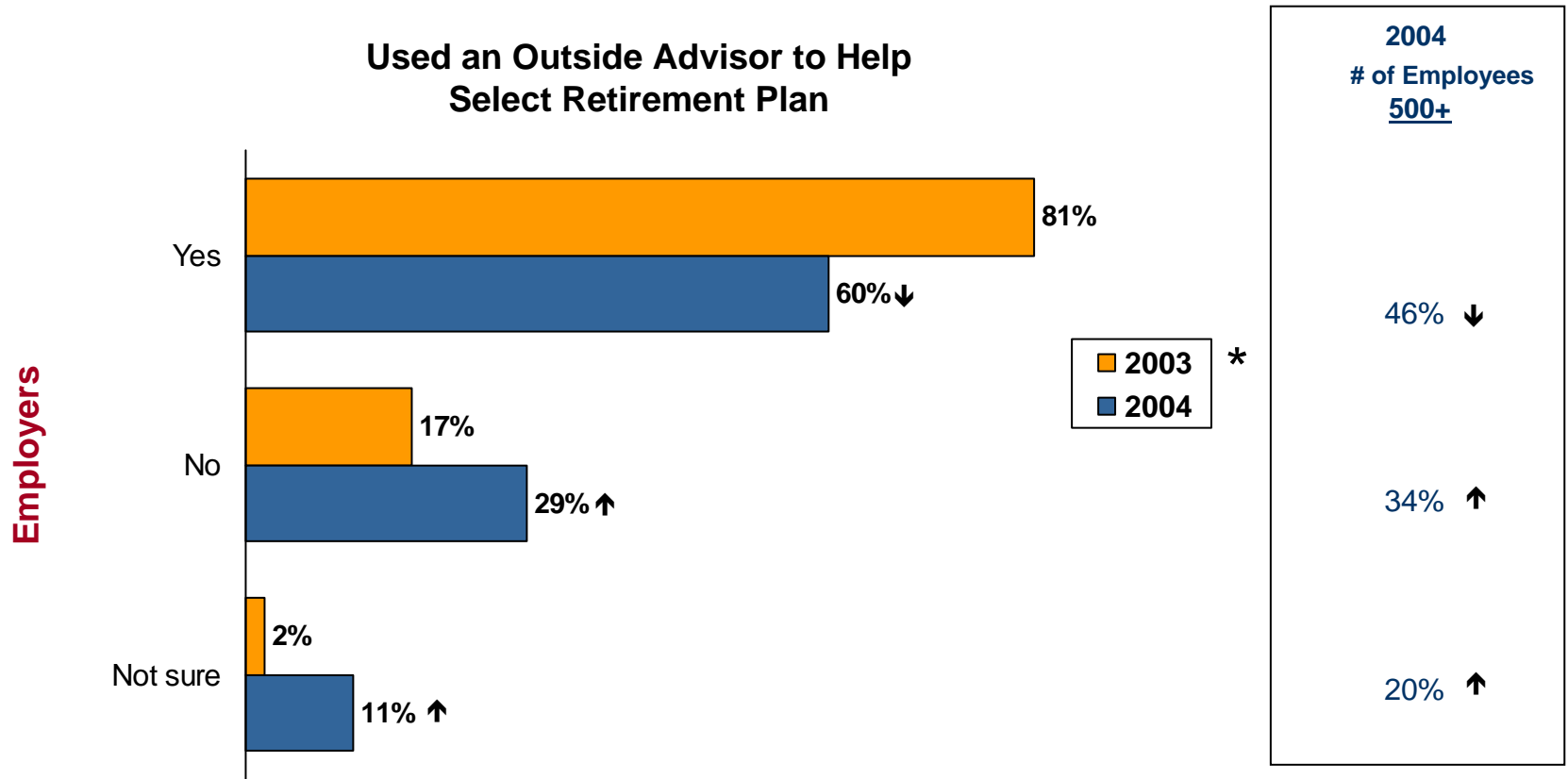
Employers

	2003		2004	
	# of Employees			
	10-499	10-499	500+	500+
Financial Planner/Broker	47%	40%	45%	
Accountant/CPA	9%	22% ↑	3% ↓	
Insurance Agent	9%	13%	5% ↓	
Other Benefits Consultant	11%	7%	31% ↑	
Bank Advisor	6%	6%	1% ↓	
TPA/Benefits Administrator	6%	3%	4%	
Attorney/Lawyer	1%	2%	3%	
Other	6%	1%	1%	
Not sure	5%	6%	8%	

E Q15 What type of advisor did you use? Base: Company used outside advisors (n=260)



# Use of Outside Advisor to Help Select Plan

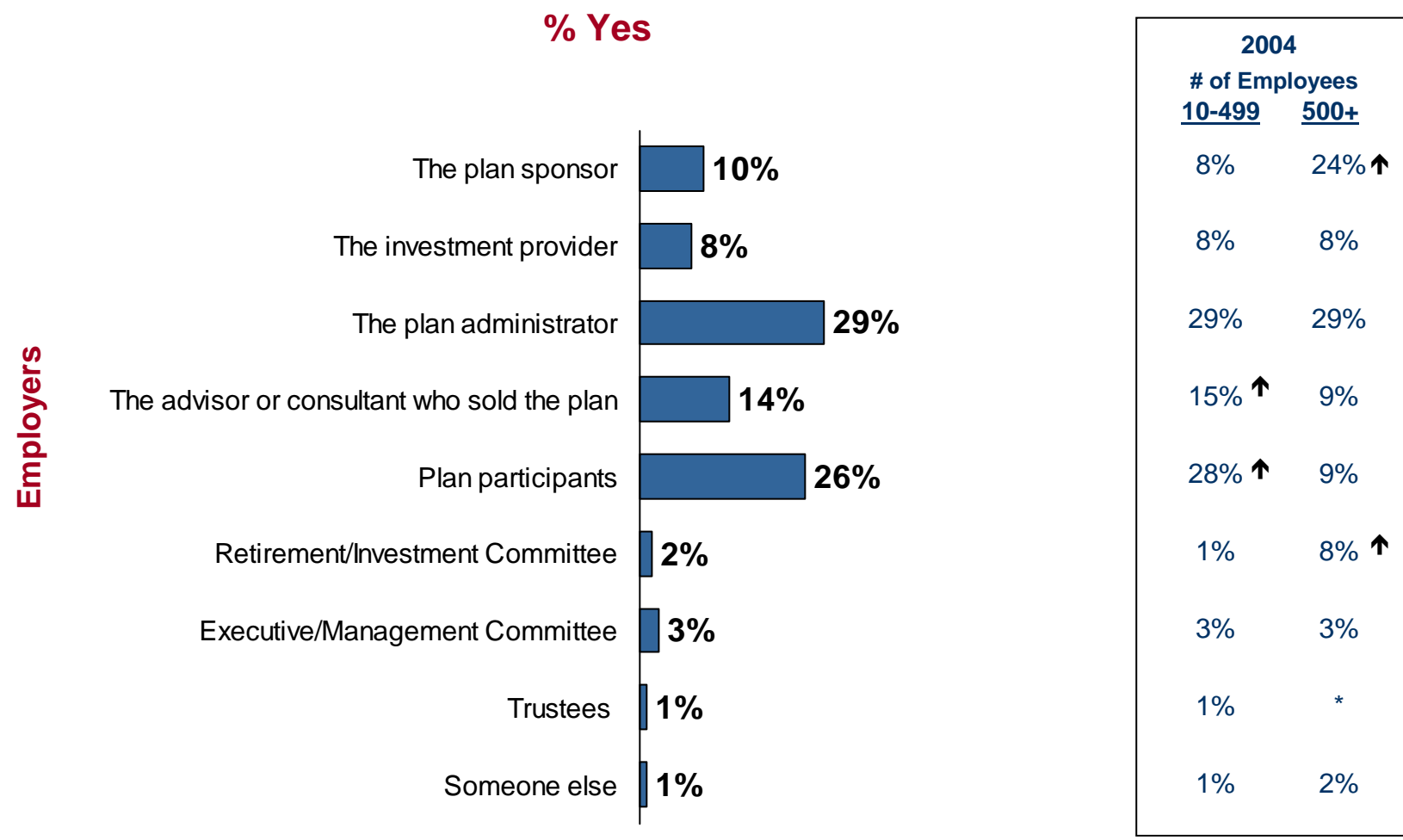


E Q14 Did you use an outside advisor to help you select your retirement plan?... Base: Company offers employee funded retirement plan (n=279)

\*Company size = 10-499 employees



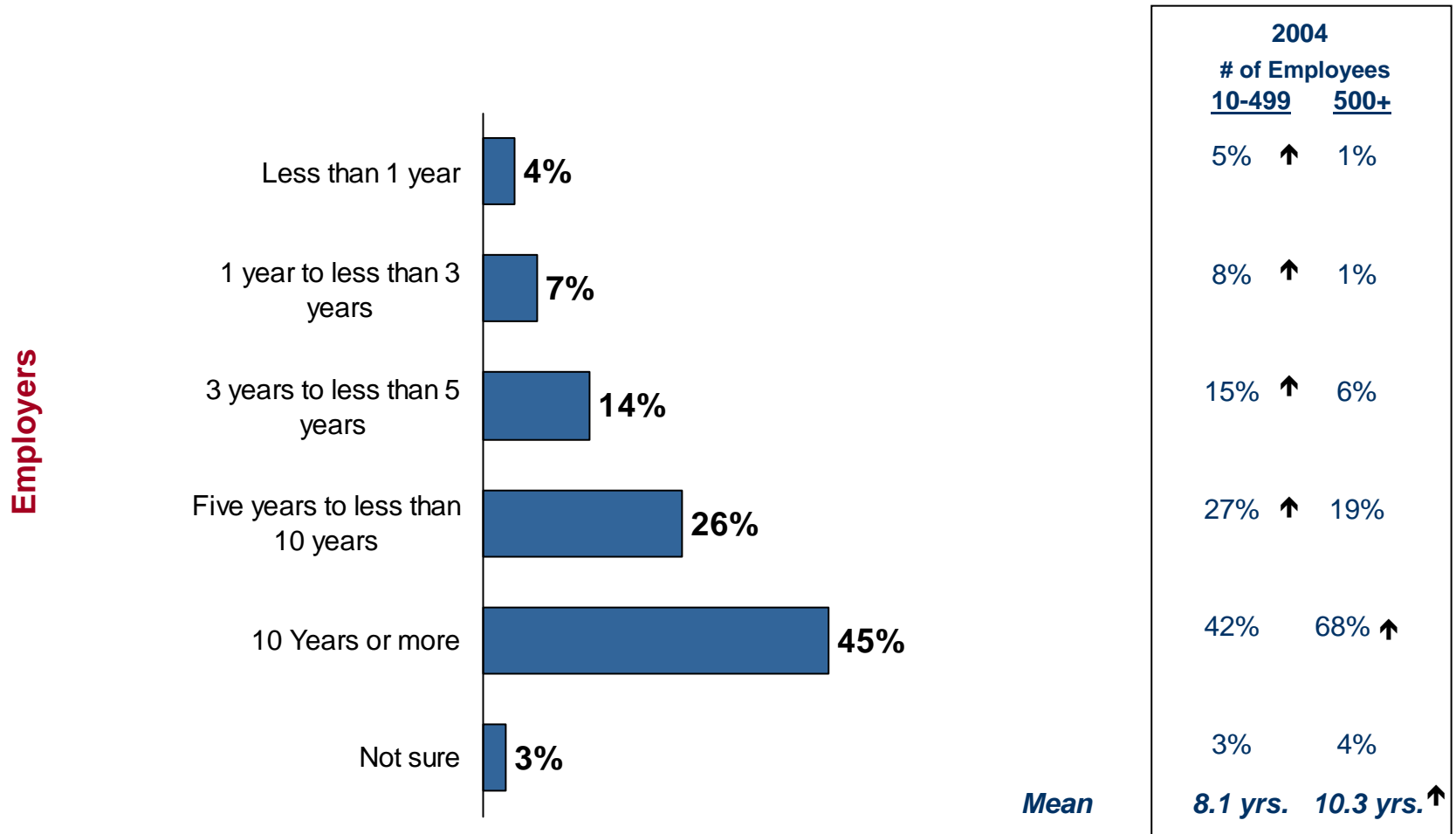
# Source Most Accountable for Selecting and Monitoring Retirement Plan Investment Options



E Q21 Who of the following is most accountable for selecting and monitoring the investment options in your company's retirement plan?  
 Base: Company offers employee funded retirement plan (n=504)



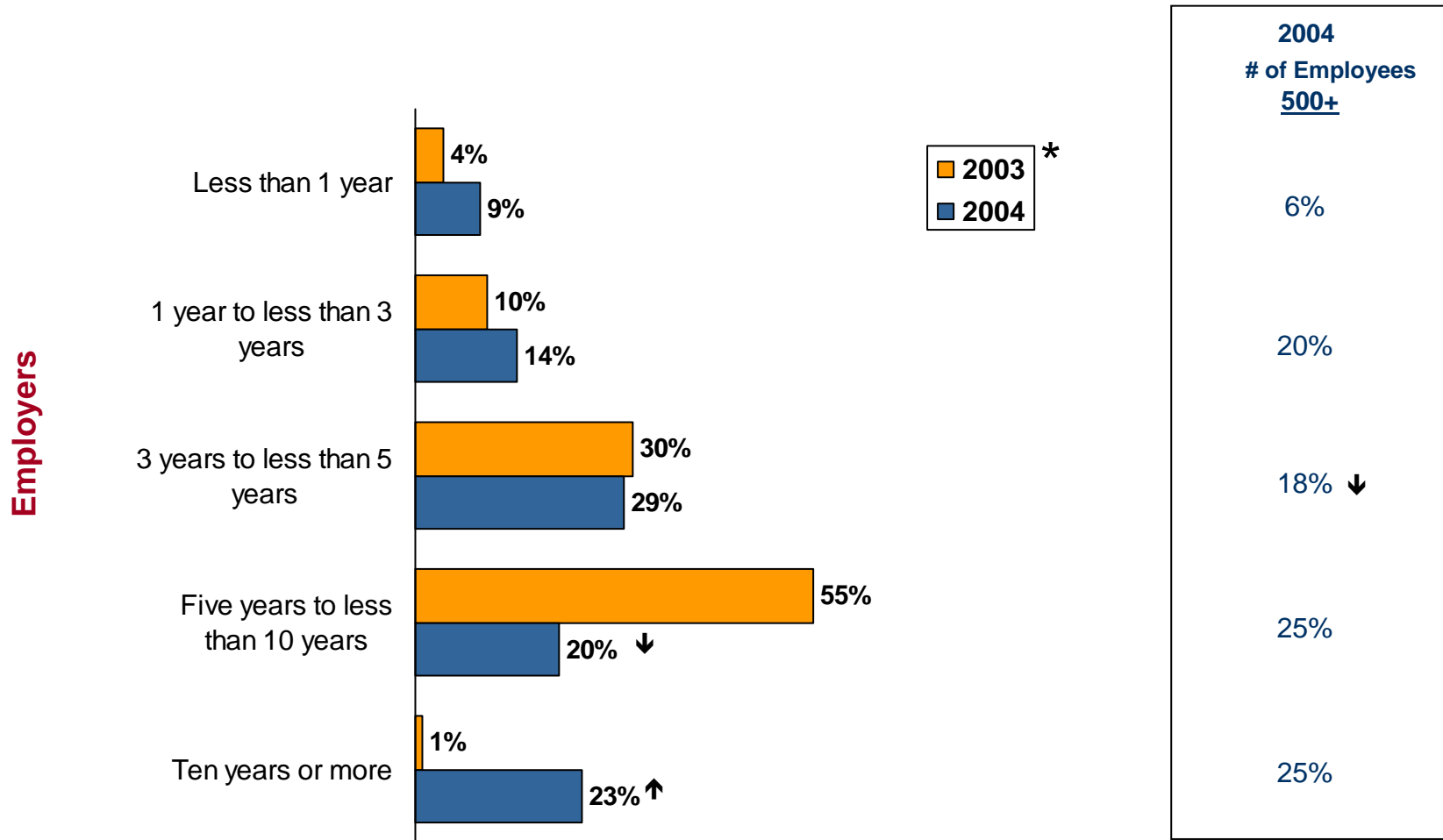
# Length of Time Current 401(k) Has Been in Place



E Q13 How long have you offered a 401(k) or other employee-funded retirement plan at your company? Base: Company offers employee funded retirement plan (n=504)



# Length of Time Current Plan Administrator Has Been Used



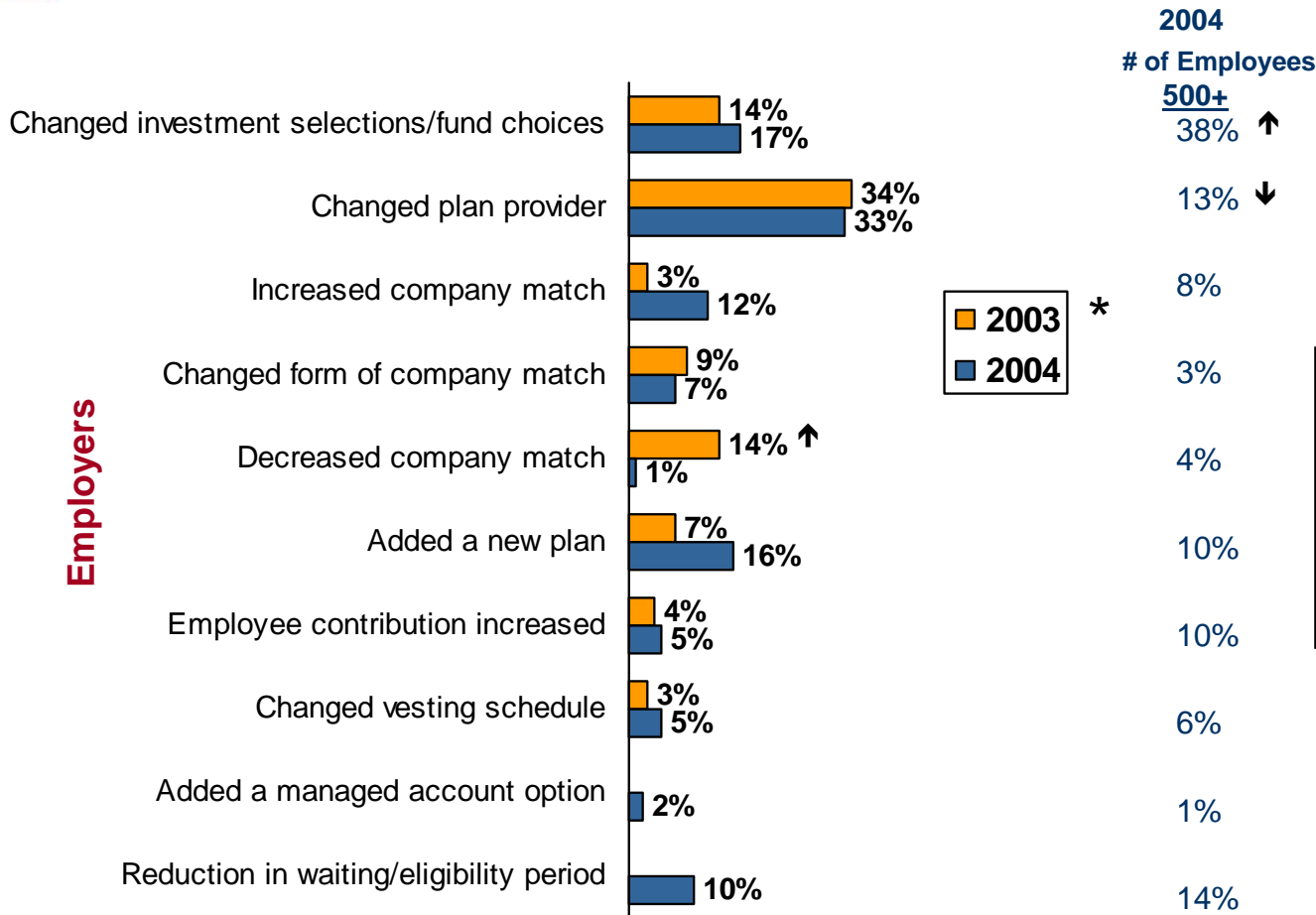
E Q13a How long have you used your current retirement plan administrator? Base: Company offers employee funded retirement plan (n=279)

\*Company size = 10-499 employees





# Changes in Retirement Benefits



**2004**  
# of Employees  
**500+**  
38% ↑

13% ↓

8%

3%

4%

10%

10%

6%

1%

14%

2003 \*  
2004

**% of employers made changes to their retirement benefits in the past 12 months**

**21% in 2003** (10-499 employees)  
**16% in 2004** (10-499 employees)

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**32% ↑ in 2004** (500+ employees)

Employers

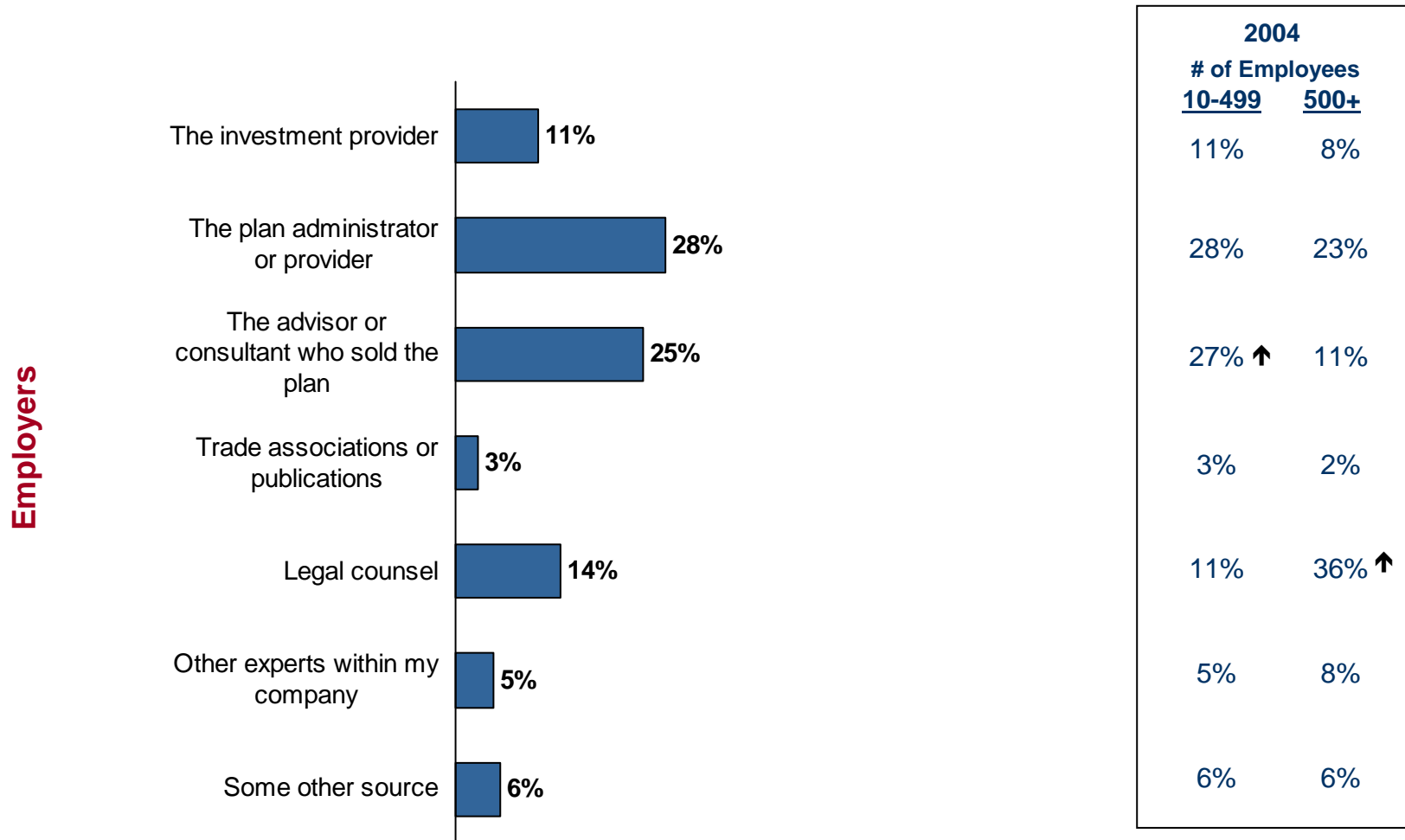
E Q11 In the past 12 months, has your company made any changes to its 401(k) plan... ? Base: Company offers employee funded retirement plan (n=279)

E Q12 What was changed in the plan? Base: Company changed retirement plan in the past 12 months (n=61)

\*Company size = 10-499 employees



# Source Relied on to Get Information about Company's Fiduciary Duties Related to Retirement Plan



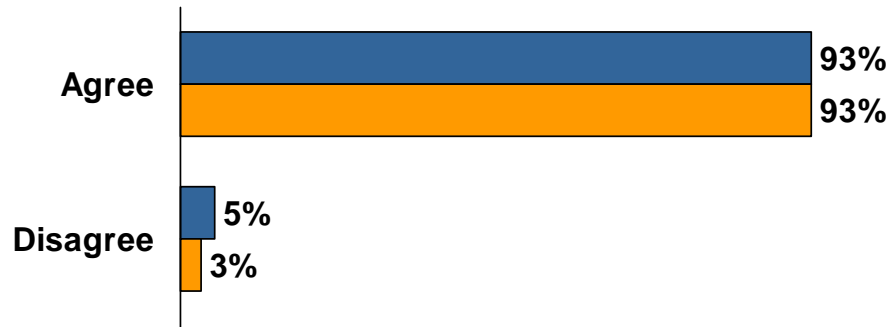
EQ22 Which one of the following sources does your company rely on the most to get information about your company's fiduciary duties related to its retirement plan? Base: Company offers employee funded retirement plan. (n=504)



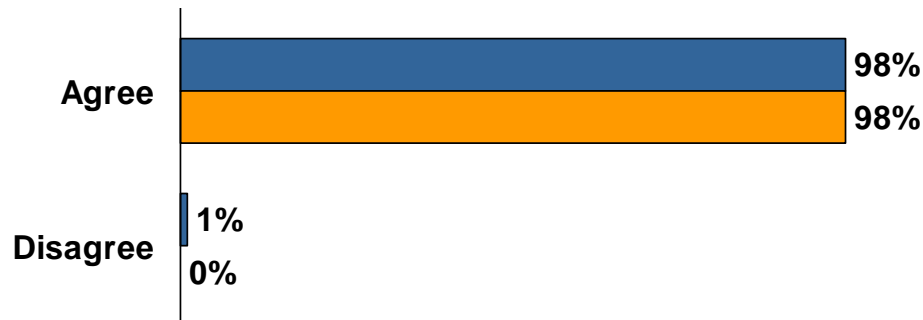
# Comfort with Fiduciary Responsibilities

I am clear about our company's fiduciary responsibilities related to our retirement plan:

Employers



I am confident our company is meeting all of its fiduciary obligations related to our retirement plan:



EQ20\_H I am clear about our company's fiduciary responsibilities related to our retirement plan. Base: Company offers employee funded retirement plan. (n=504)

EQ20\_I I am our company is meeting all of its fiduciary obligations related to our retirement plan. Base: Company offers employee funded retirement plan. (n=504)



# Communication about Retirement Benefits

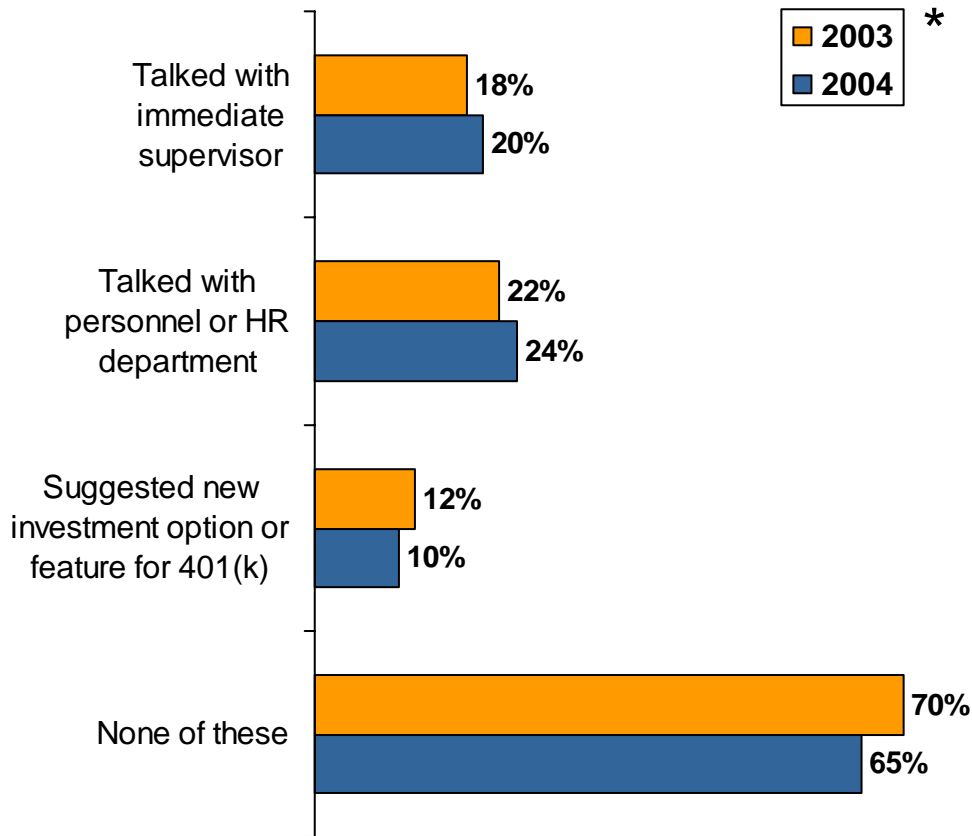
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- Approximately two-thirds of workers say they haven't talked with anyone in the company about their retirement benefits in the past year. Those who have generally spoke with the HR department or their immediate supervisor.
  - Only about 1 in 10 suggested new investment options or features for the 401(k).
  - There is little difference between the Baby Boomers, Gen Xers and Echo Boomers as far as communications about their retirement plans.
- About half of workers do report that their company informs them of how much their plan selection charges in administrative costs each year.
  - Echo Boomers are less likely than Baby Boomers or Gen Xers to be aware of the company communicating this type of information.



# Communication about Retirement Benefits

Workers



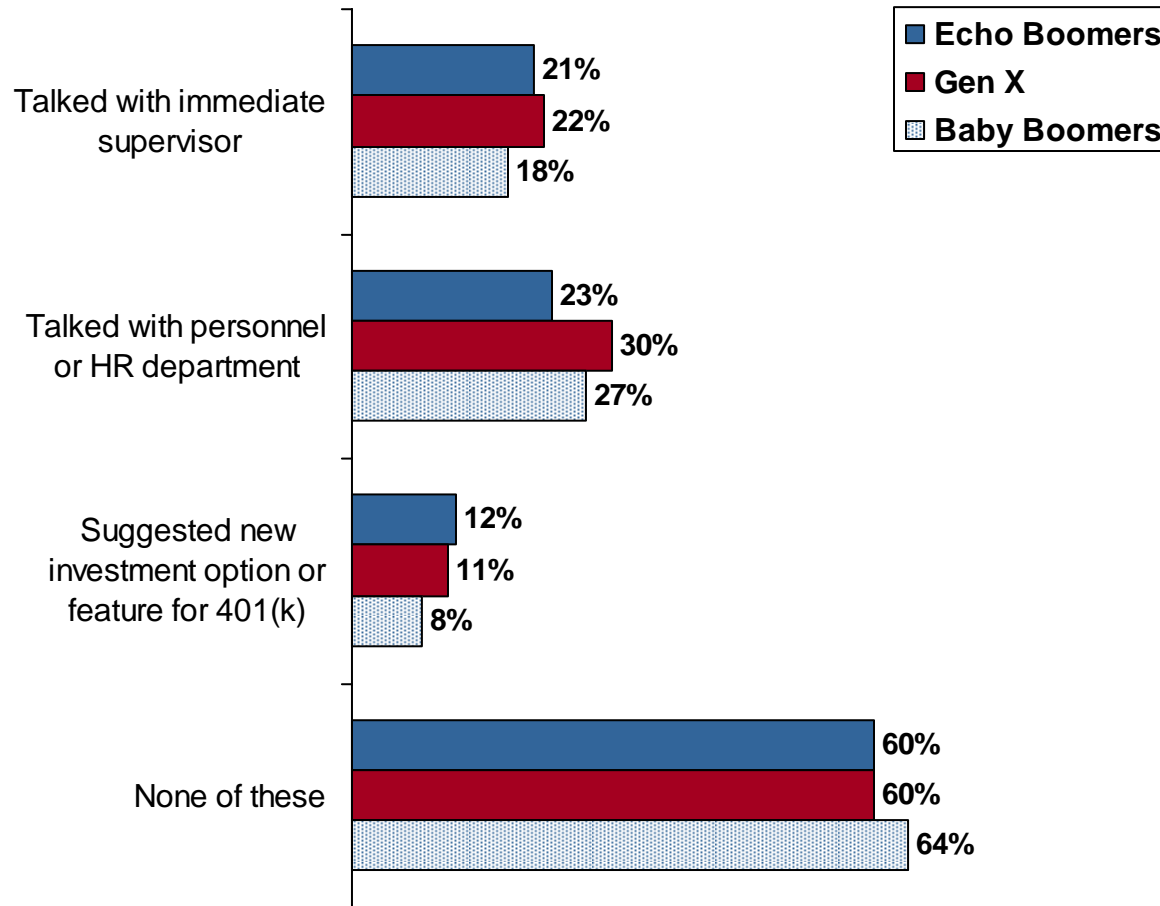
■ 2003 \*  
■ 2004

2004 # of Employees 500+
19%
29%
8%
61%

W Q28 In the past 12 months have you...? Base: All respondents (n=666)  
 \*Company size = 10-499 employees



# Communication about Retirement Benefits, cont'd.

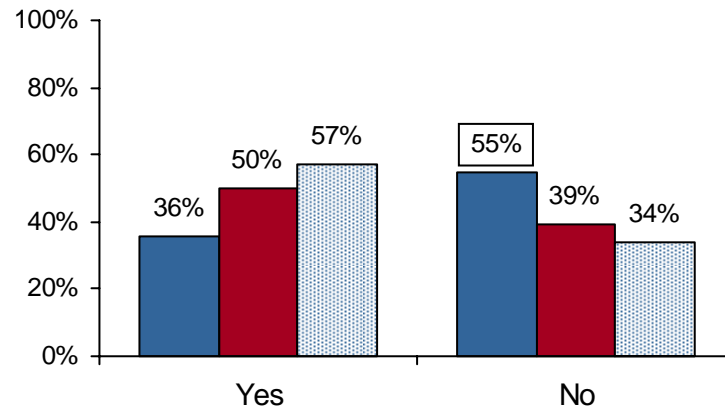
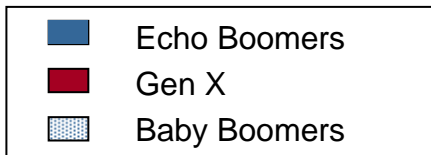
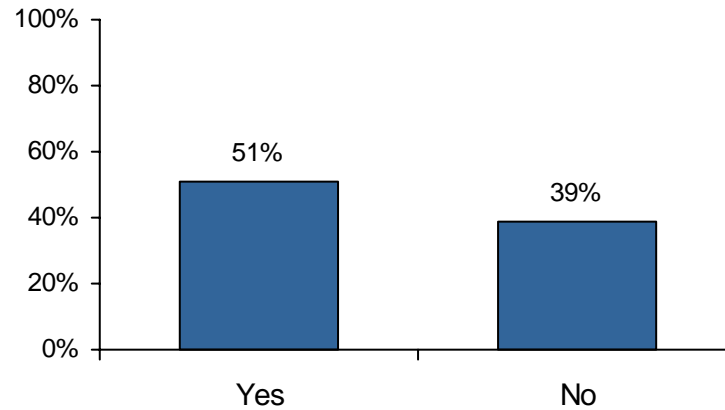


W Q28 In the past 12 months have you...? Base: All respondents (E: n=98; G: n=381; B: n=587)



# Company Informs Employee of Administrative Costs for Plan Selection

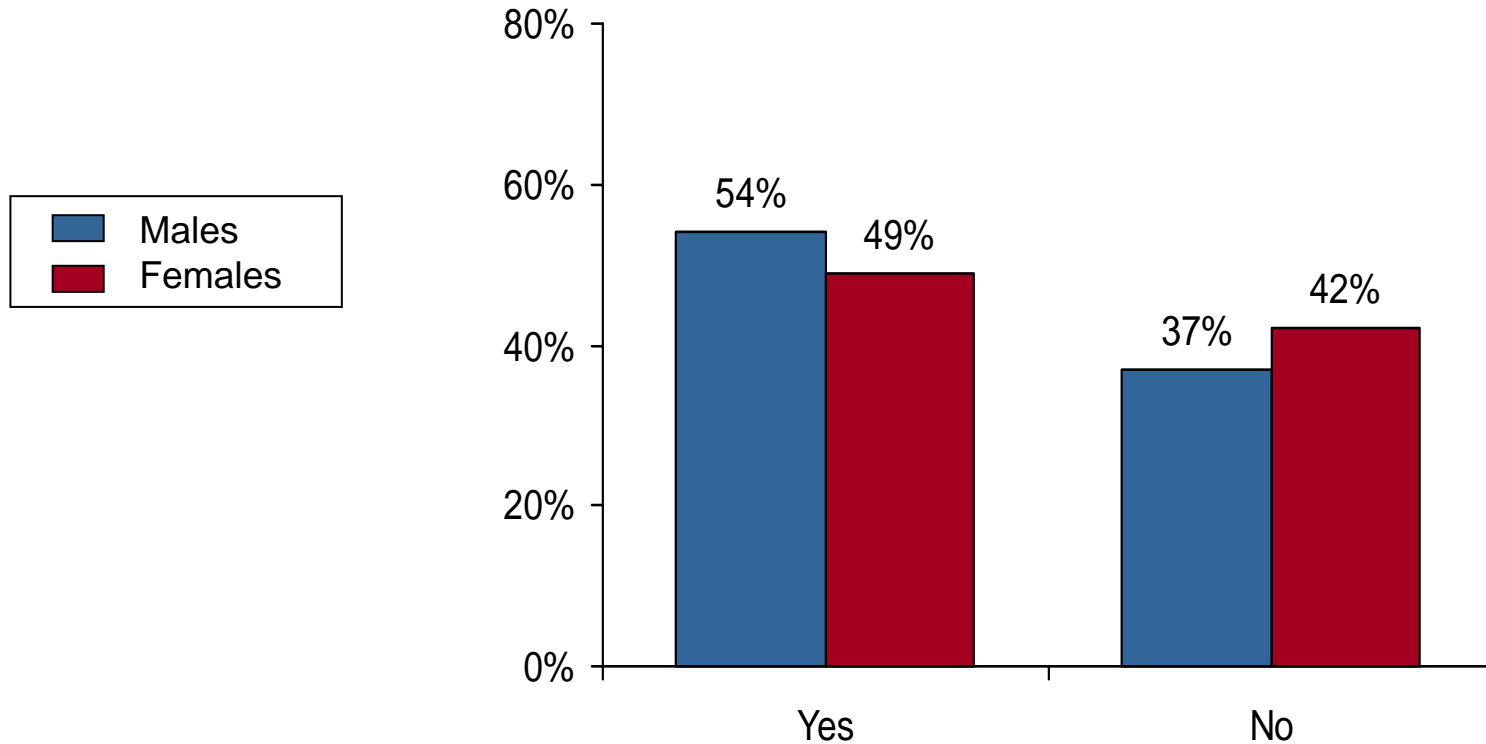
## Workers



W Q31 Does your company tell you how much of your plan selections charge in administrative costs each year? Base: Company offers employee self-funded retirement plan. (W: n=946; E: n=65; G: n=308; B: n=472)



# Company Informs Employee of Administrative Costs for Plan Selection



W Q31 Does your company tell you how much of your plan selections charge in administrative costs each year? Base: Company offers employee self-funded retirement plan. (M: n=527; F: n=419)



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# Detailed Findings - 2004

## Changes in Work Environment & Worker Outlook

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# Changes in Work Environment & Worker Outlook

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- Generally, workers have a confident view of what the economy and their financial situation will bring in the upcoming year.
  - The majority of workers expect the U.S. economy to stay the same (28%) or get better (45%) in the next year.
    - However, male workers are significantly more likely to feel it will get better (53%) than female workers are (35%).
  - Even more workers feel that their personal financial situation will stay the same (35%) or get better (57%) in the next year.
    - As with the economy, females are less likely than males to feel their personal finances will improve in the next year (51% vs. 61%).
- Gen Xers express higher levels of confidence in the economy getting better (50%) than Baby Boomers (40%) or Echo Boomers (39%).
- Both Gen Xers (65%) and Echo Boomers (72%) are more positive than Baby Boomers (48%) about their personal finances improving in the course of the next year.
- Among workers in smaller companies, confidence in the economy is about the same as it was last year; but confidence in their personal finances have strengthened.



# Changes in Work Environment & Worker Outlook

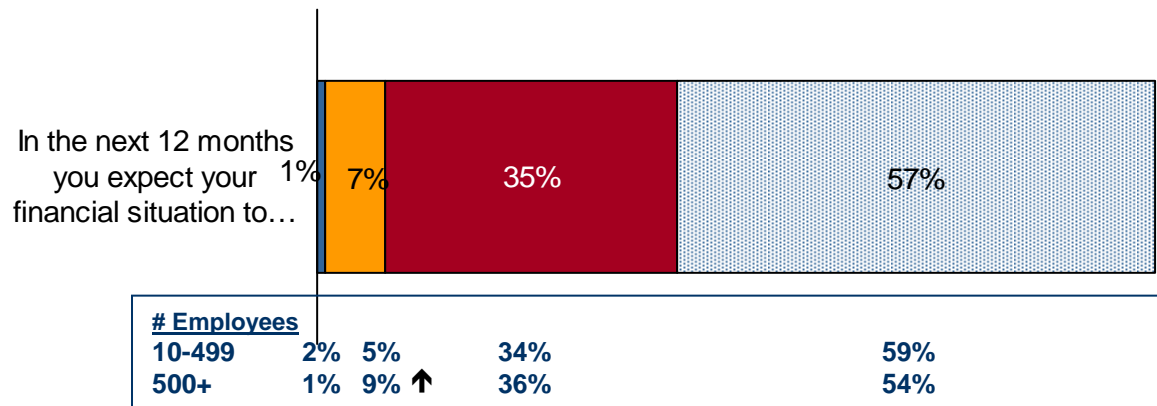
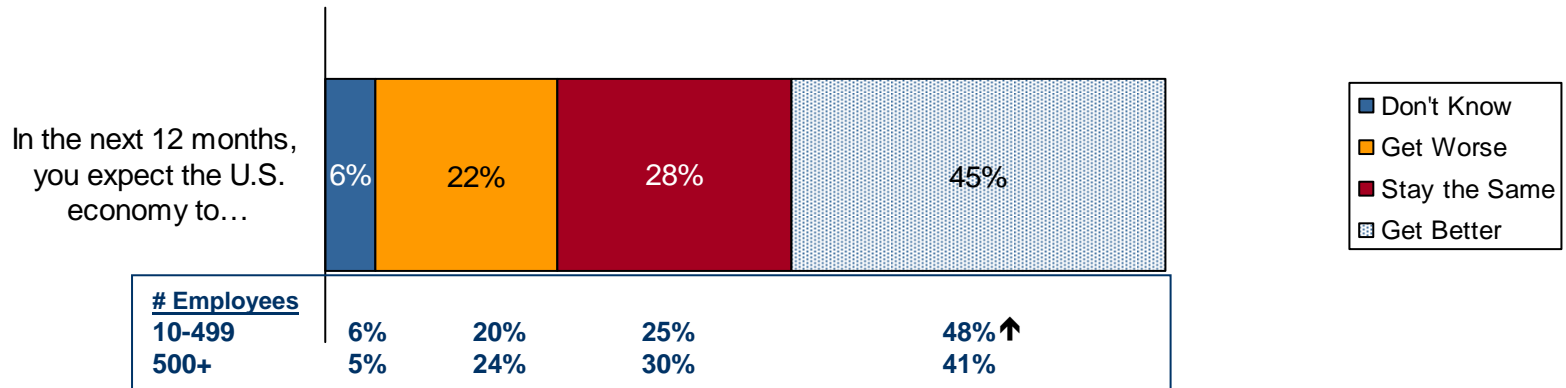
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- On the business front, workers are significantly more likely than employers to report that their company has tightened its belt in the past twelve months and Baby Boomers are more likely than Gen Xers to say so.
  - A third of workers report layoffs or downsizing at their company, and 1 in 5 report frozen salaries or eliminated bonuses.
  - 10% or less report reduced or eliminated benefits.
- However, compared to 2003, far fewer small company employers and workers report layoffs, and fewer employers report frozen salaries or eliminated bonuses.
  - Both workers and employers in large firms are more likely than those in smaller firms to say that their company had downsizing or layoffs in the past year.



# General Attitudes about the Economy

Workers



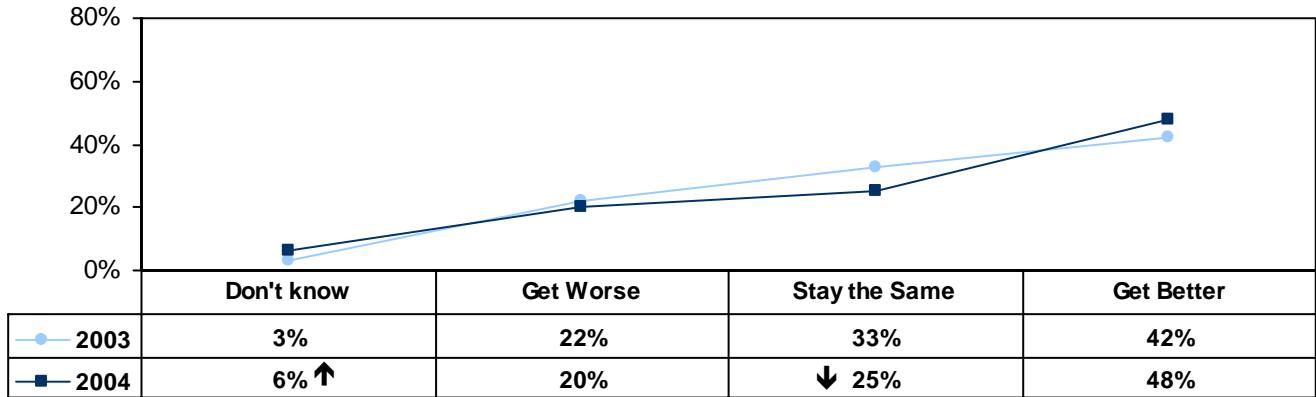
W Q1 In the next 12 months do you expect that the US economy will get better, stay about the same or get worse? Base: All Respondents (n=1201)  
 W Q2 In the next 12 months do you expect your own financial situation to get better, stay about the same or get worse? Base: All Respondents (n=1201)



# General Attitudes about the Economy, cont'd.

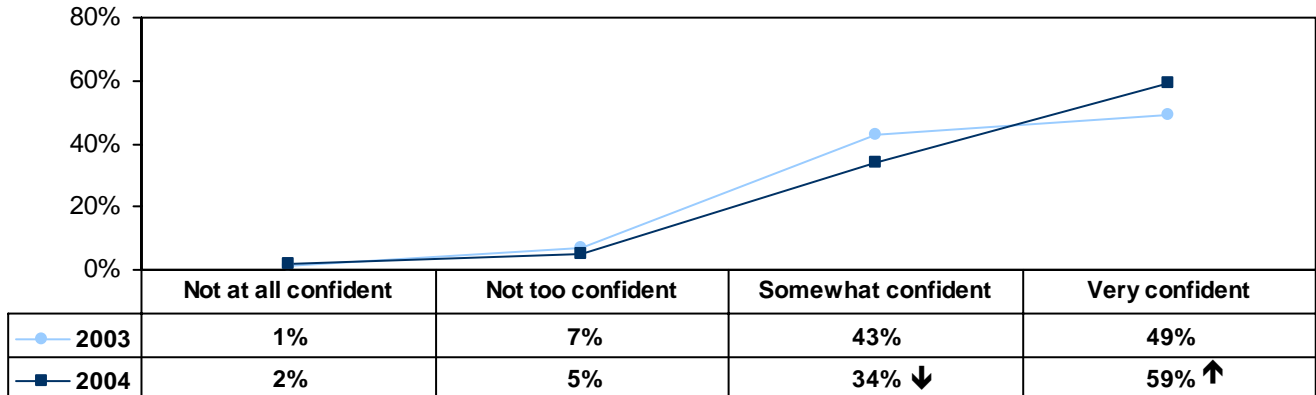
Workers

In the next 12 months, you expect the U.S. economy to...



\*

In the next 12 months, you expect your financial situation to...



\*

W Q1 In the next 12 months do you expect that the US economy will get better, stay about the same or get worse?

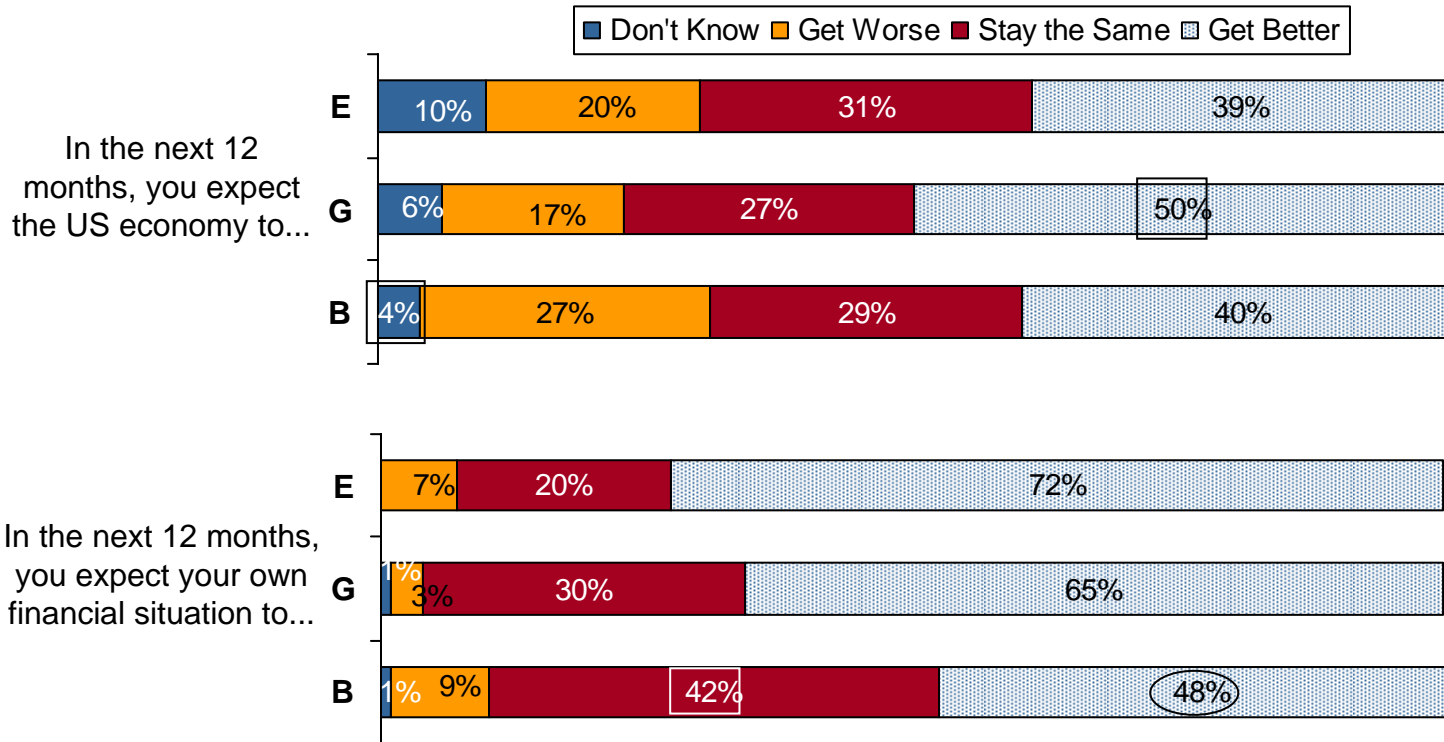
W Q2 In the next 12 months do you expect your own financial situation to get better, stay about the same or get worse?

\*Company size = 10-499 employees



# General Attitudes about the Economy, cont'd.

E – Echo Boomers  
G - Gen X  
B - Baby Boomers



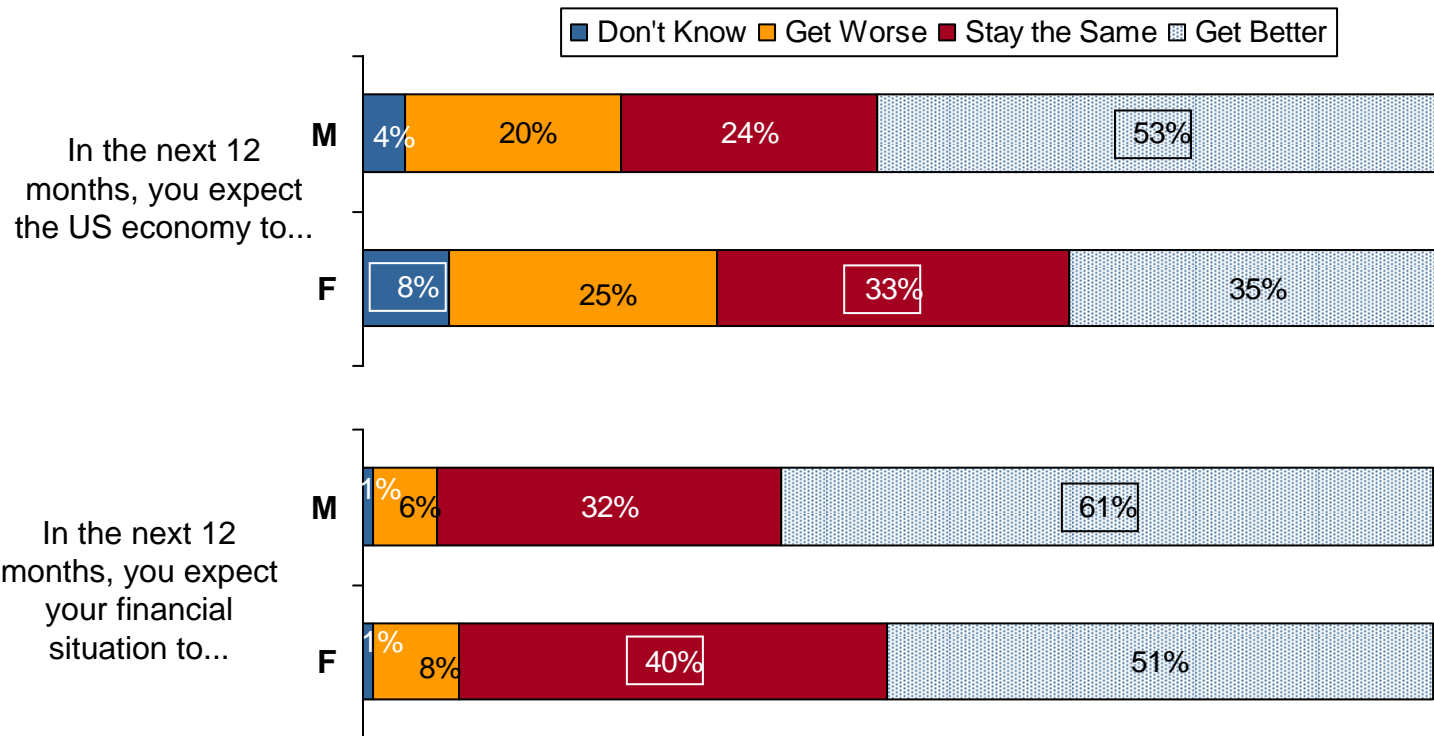
W Q1 In the next 12 months do you expect that the US economy will get better, stay about the same or get worse? Base: All Respondents (E: n=98; G: n=381; B: n=587)

W Q2 In the next 12 months do you expect your financial own situation to get better, stay about the same or get worse? Base: All Respondents (E: n=98; G: n=381; B: n=587)



# General Attitudes about the Economy, cont'd.

M – Male  
F - Female

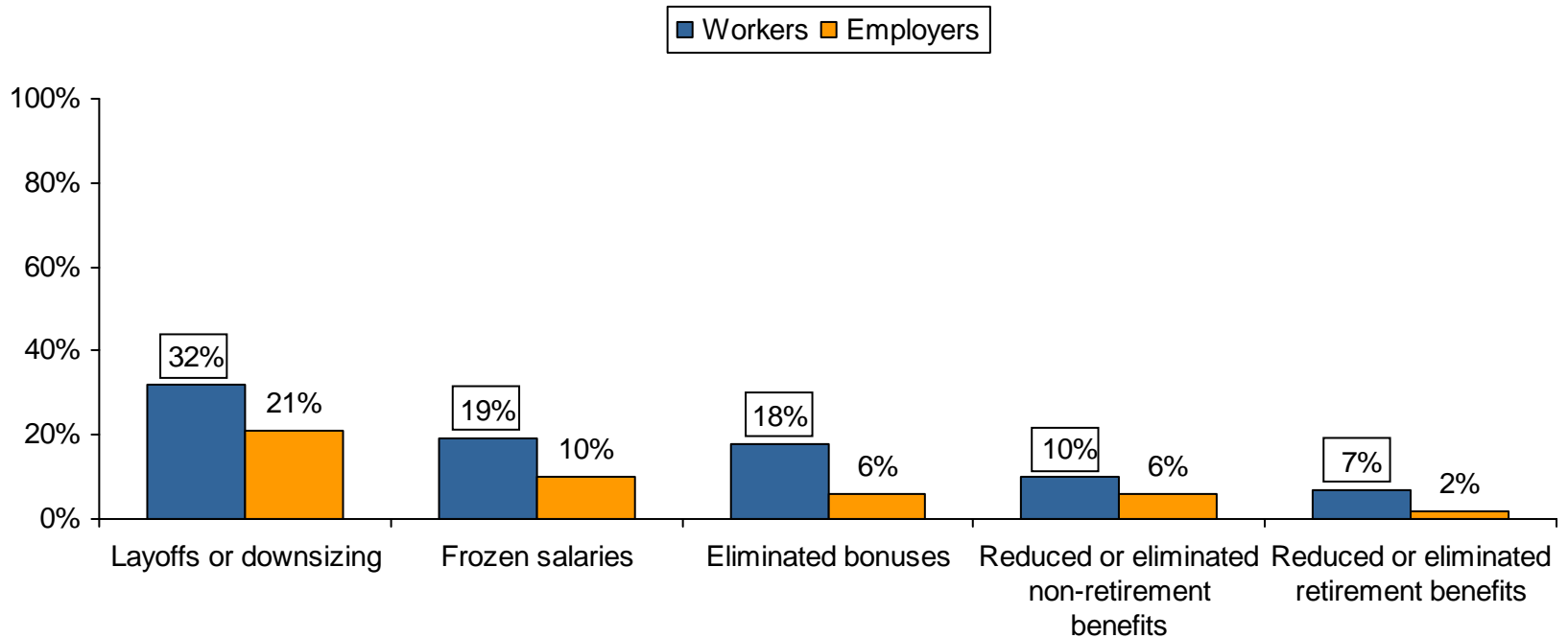


W Q1 In the next 12 months do you expect that the US economy will get better, stay about the same or get worse? Base: All Respondents (M: n=654; F: 547)

W Q2 In the next 12 months do you expect your financial own situation to get better, stay about the same or get worse? Base: All Respondents (M: n=654; F: 547)



# Changes in Workers' Benefits



# Employees	W	E	W	E	W	E	W	E	W	E
10-499	25%	19%	19%	10%	17%	6%	8%	5%	5%	2%
500+	40% ↑	41% ↑	20%	9%	19%	4%	12% ↑	10% ↑	9% ↑	8% ↑

W - Workers  
E - Employers

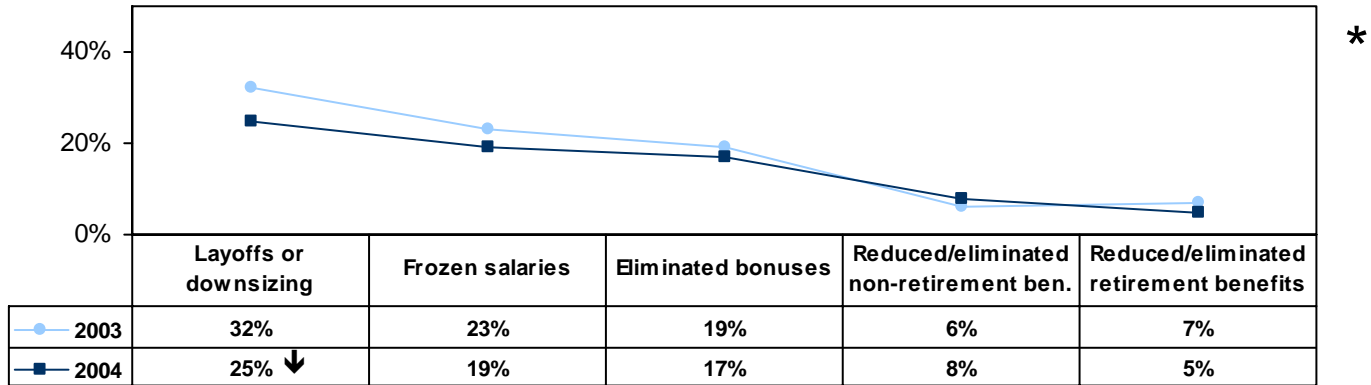
W Q27 Has the company you work for implemented any of the following measures over the past 12 months? Base: All respondents (n=1201)

E Q18 Has your company implemented any of the following measures over the past 12 months? Base: All respondents (n=601)

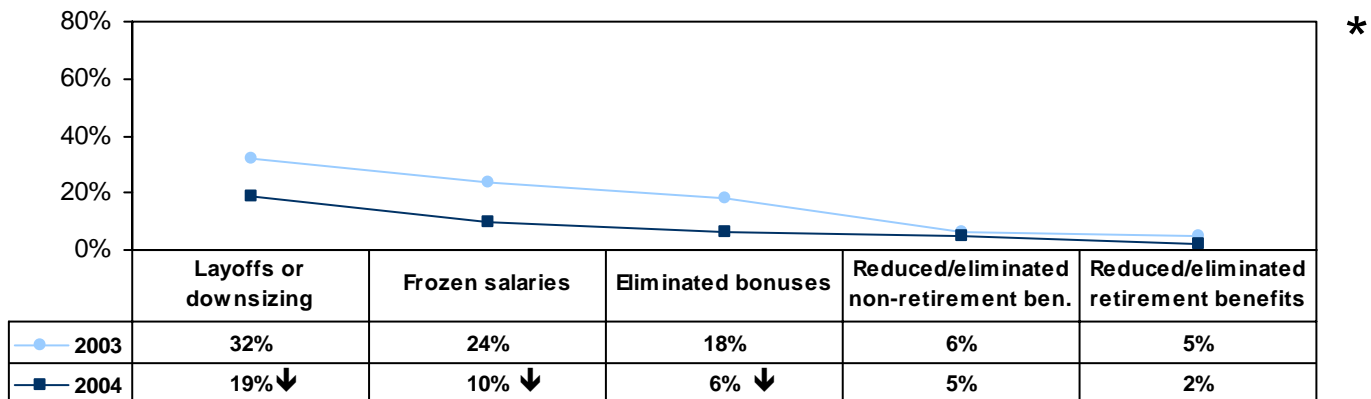


# Changes in Workers' Benefits, cont'd.

Workers



Employers

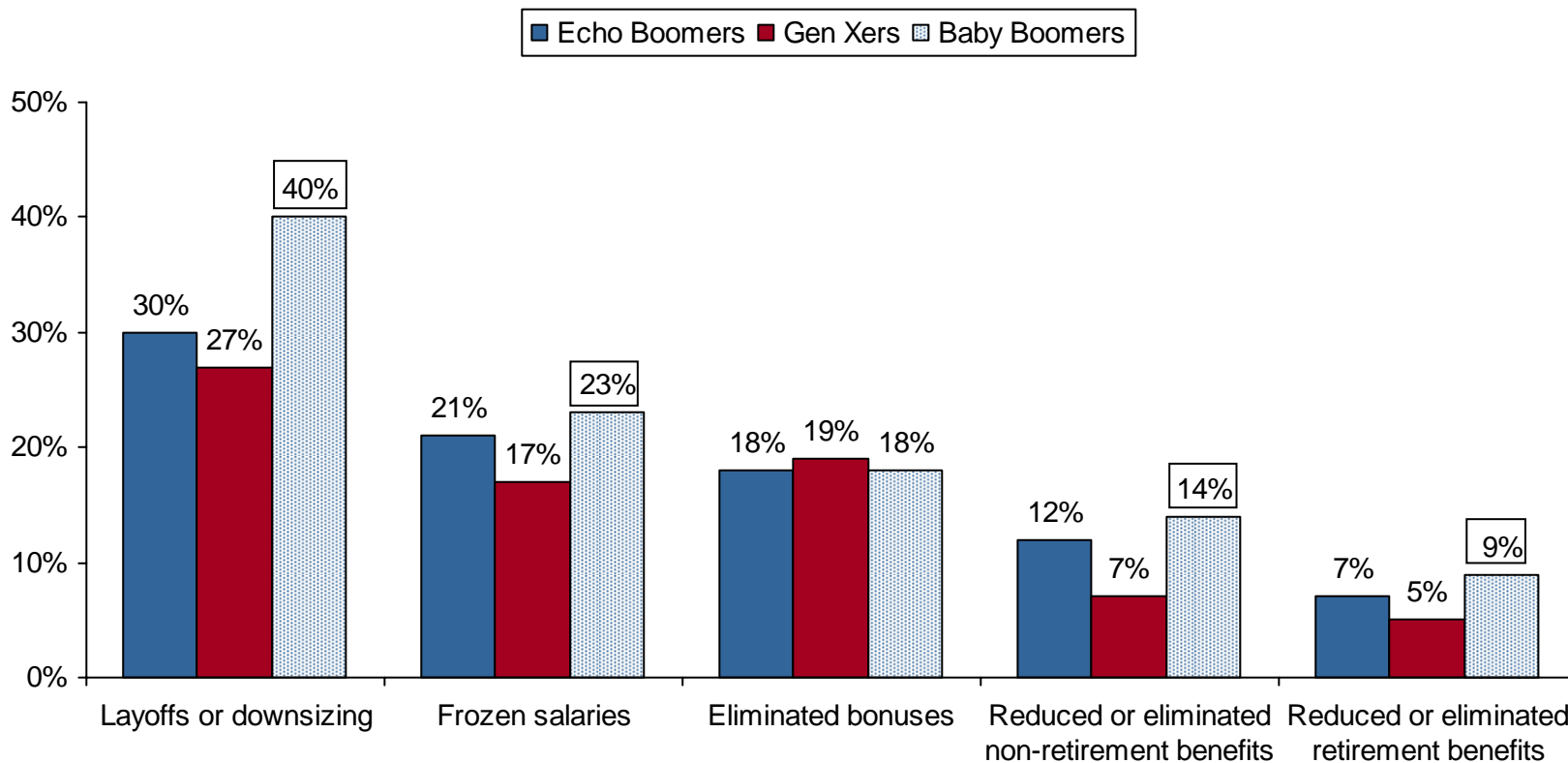


W Q27 Has the company you work for implemented any of the following measures over the past 12 months?

E Q18 Has your company implemented any of the following measures over the past 12 months?

\*Company size = 10-499 employees

# Changes in Workers' Benefits, cont'd.



W Q27 Has the company you work for implemented any of the following measures over the past 12 months? Base: All respondents (E: n=98; G: n=381; B: n=587)

   =significantly higher than Gen Xers only

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# Detailed Findings - 2004

## Worker Financial Security

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# Company Concern for Workers' Financial Security

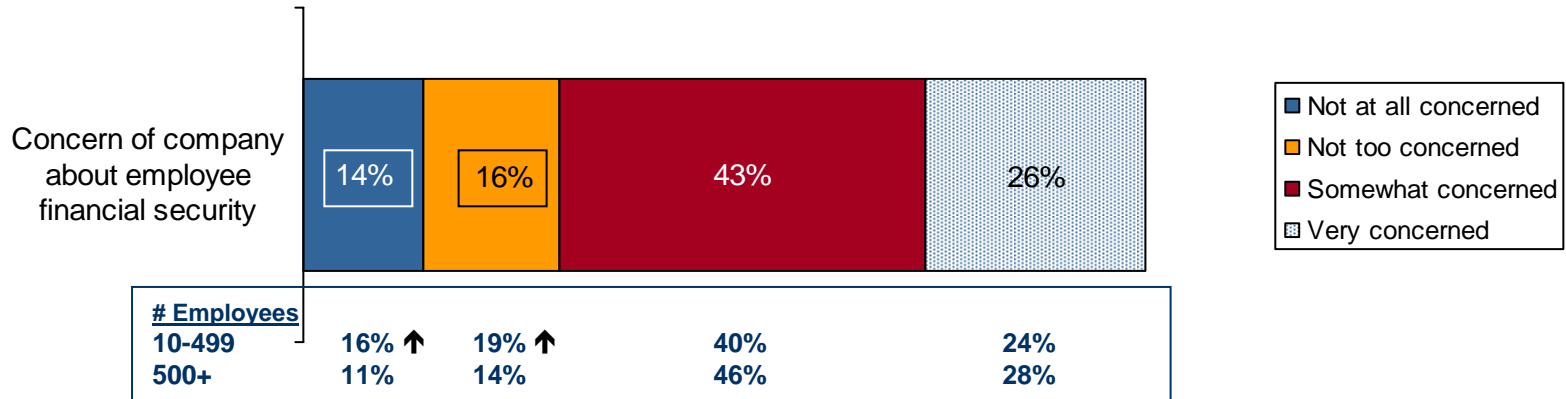
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- Employers tend to say they are much more concerned about employees' financial security than employees think they are.
  - Most employers say the company is somewhat (49%) or very (38%) concerned about helping its employees have a financially secure retirement.
  - By comparison, fewer workers feel their company is somewhat (43%) or very concerned (26%).
- Employers in larger businesses are almost twice as likely as the workers in those businesses to say they are very concerned about their employees' financial security (55% vs. 28%).
- Echo Boomers are much more likely to say their company is not at all concerned with the employees' financial security (24%) than Gen Xers (11%) or Baby Boomers (14%).
- Smaller company employer and employee views on this issue are unchanged from 2003.

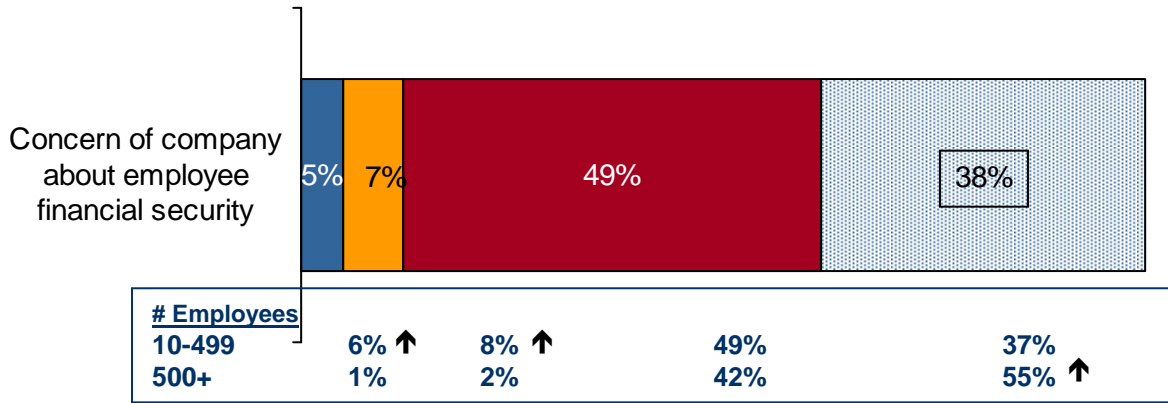


# Company Concern for Workers' Financial Security

Workers



Employers

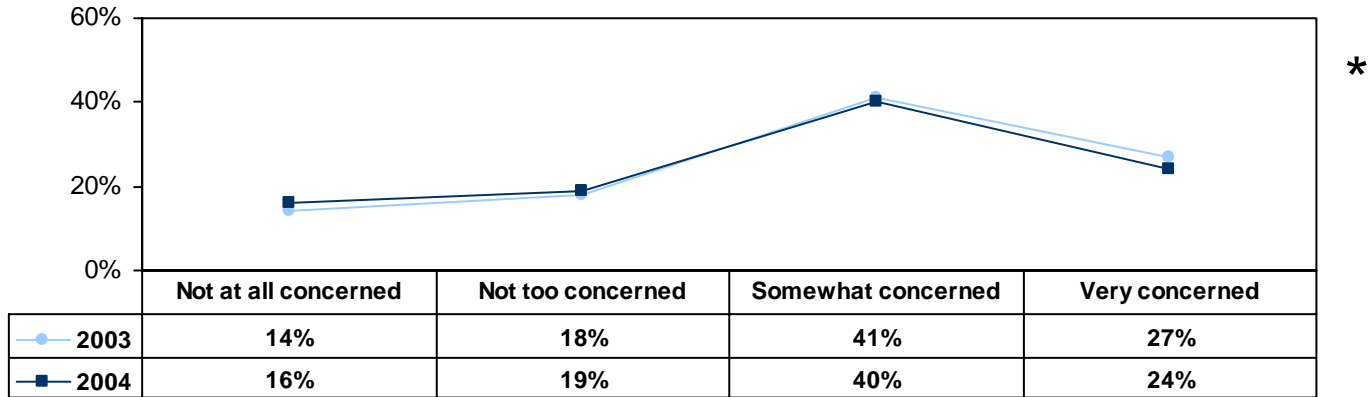


W Q24 How concerned do you feel your company is with helping its employees have a financially secure retirement? Base: All respondents (n=1201)  
 E Q9 How concerned do you feel your company is with helping its employees have a financially secure retirement? Base: All respondents (n=601)

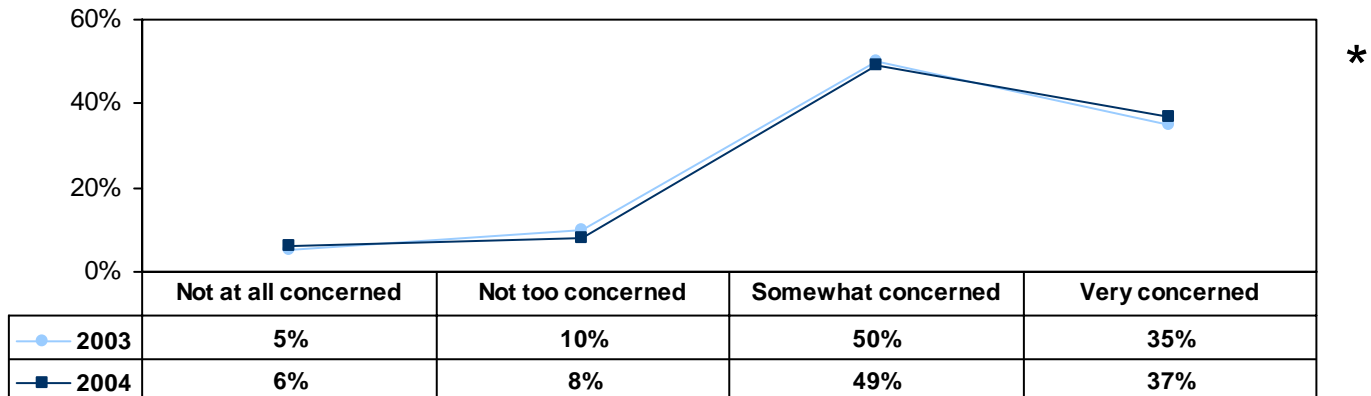


# Company Concern for Workers' Financial Security, cont'd.

Workers



Employers



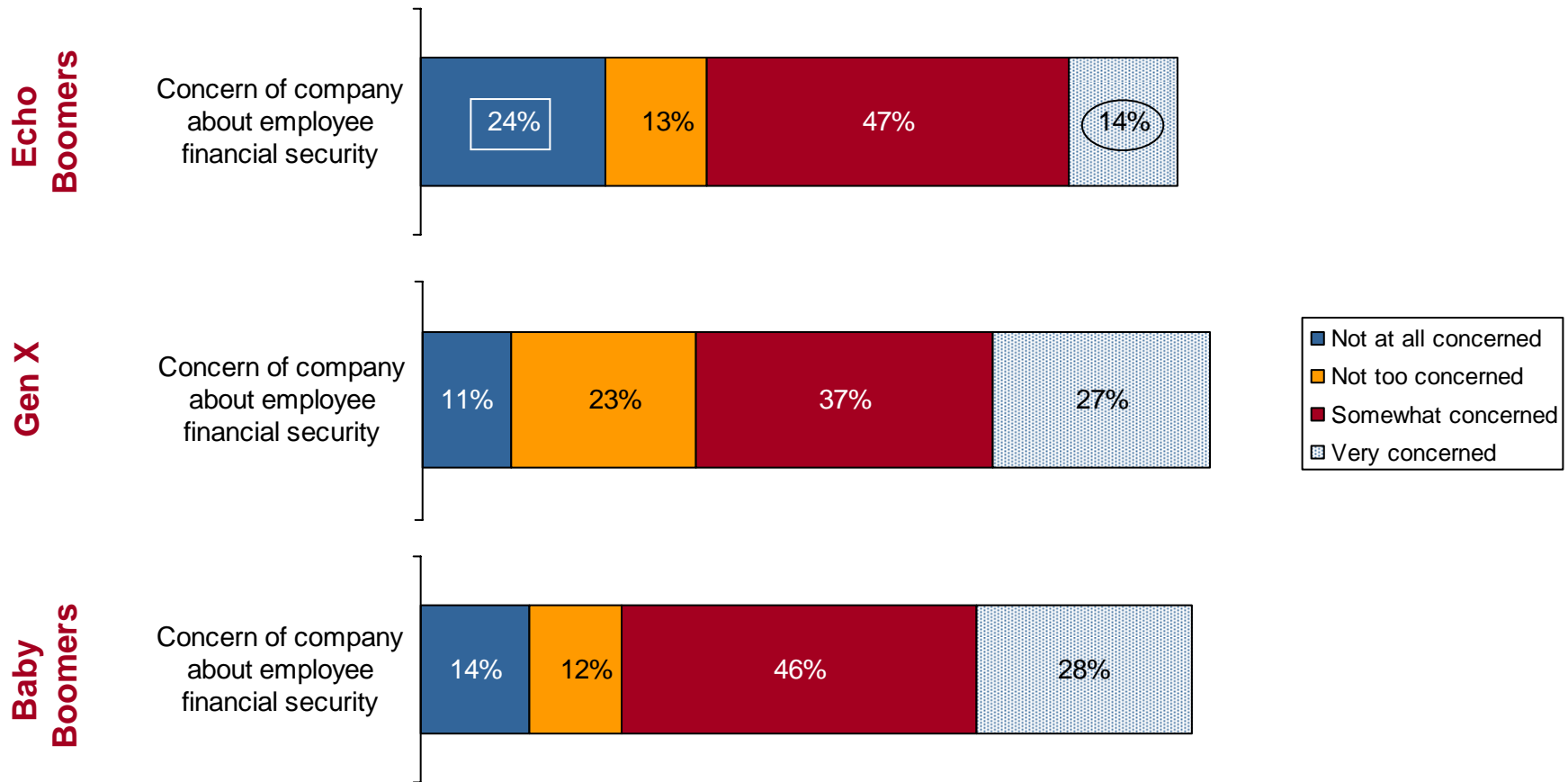
W Q24 How concerned do you feel your company is with helping its employees have a financially secure retirement?

E Q9 How concerned do you feel your company is with helping its employees have a financially secure retirement?

\*Company size = 10-499 employees



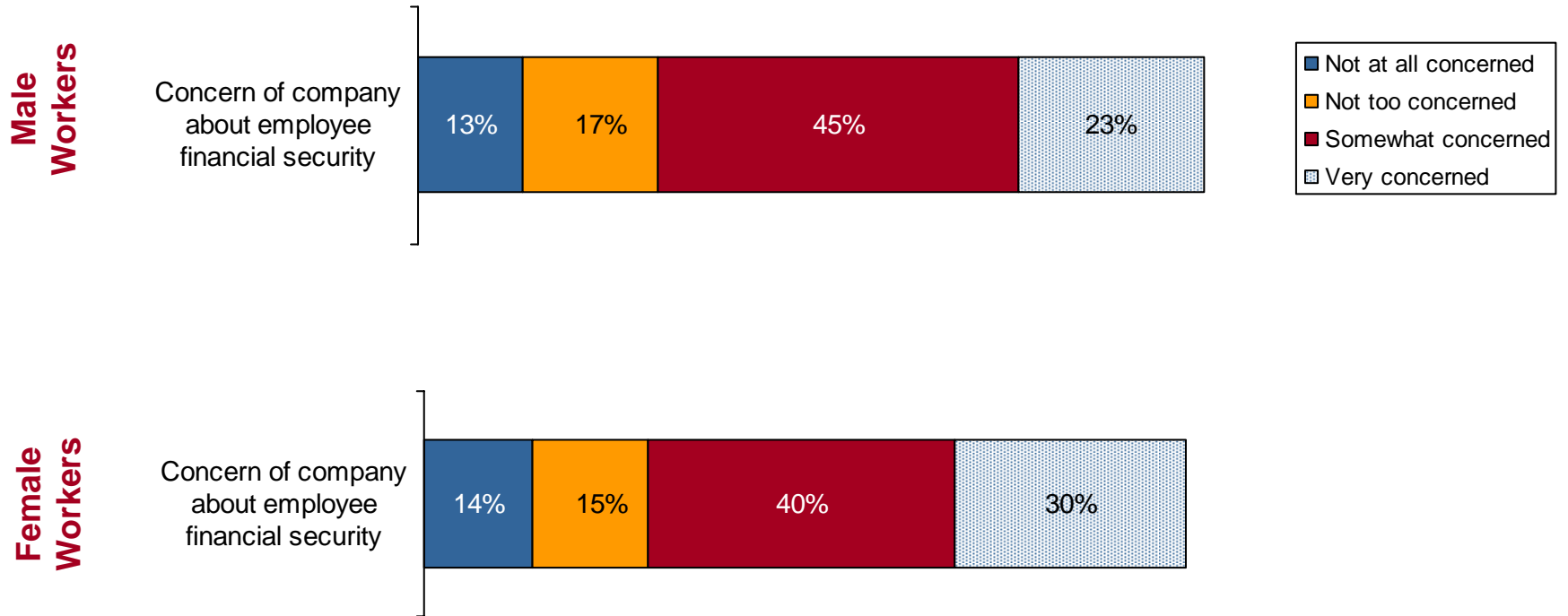
# Company Concern for Workers' Financial Security, cont'd.



W Q24 How concerned do you feel your company is with helping its employees have a financially secure retirement? Base: All respondents (E: n=98; G: n=381; B: n=587)



# Company Concern for Workers' Financial Security, cont'd.



W Q24 How concerned do you feel your company is with helping its employees have a financially secure retirement? Base: All respondents (M: n=654; F: n=547)





# Worker Confidence in Achieving a Comfortable Retirement Lifestyle

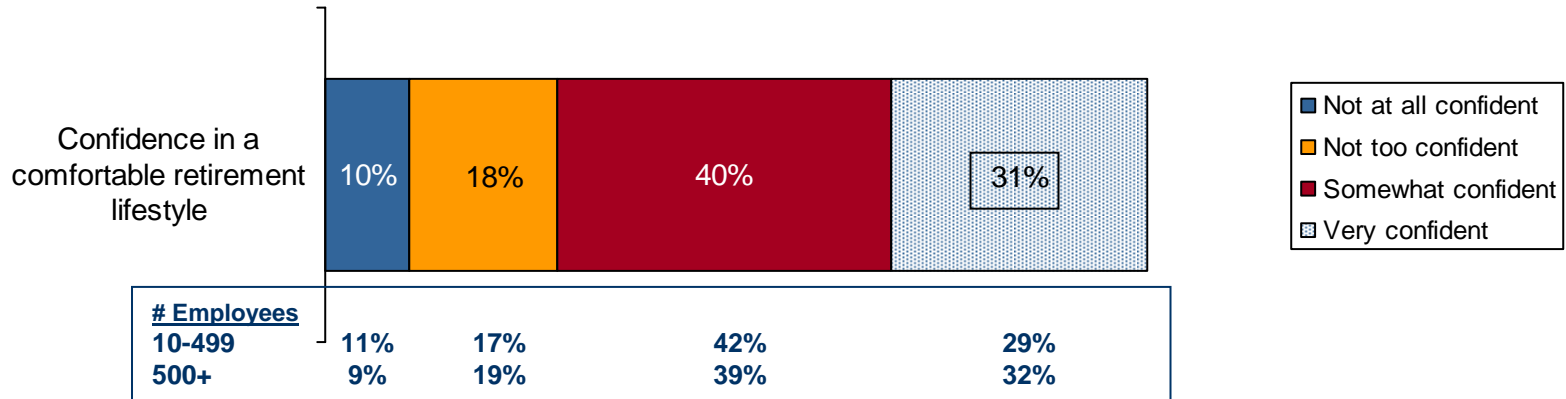
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- Workers are more optimistic than employers about their ability to enjoy a comfortable lifestyle in retirement.
  - While 6 in 10 employers and 7 in 10 workers are at least somewhat confident about their employees' ability to realize a comfortable retirement lifestyle, workers are three times as likely as employers to say they are “very confident” (31% vs. 10%).
    - Employers in smaller firms are more likely to feel confident this year than last (10% vs. 4%).
    - Gen Xers are more likely to be very confident about achieving a comfortable retirement lifestyle (36%) than Baby Boomers are (26%).
    - Male workers are more likely to say they are very confident about achieving a comfortable retirement lifestyle than female workers (36% vs. 23%).

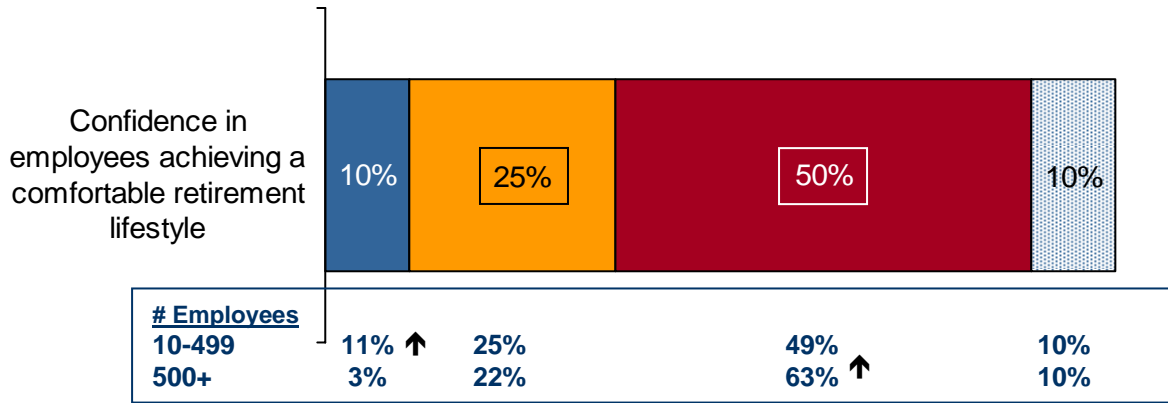


# Worker Confidence in Achieving a Comfortable Retirement Lifestyle

Workers



Employers



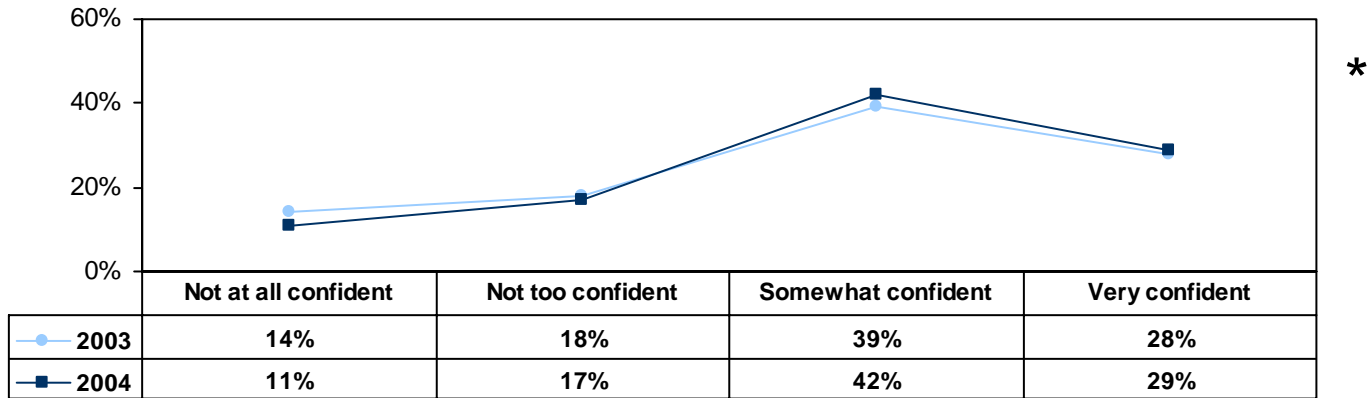
W Q15 How confident are you that you will be able to retire in a lifestyle you would consider comfortable? Base: All respondents (n=1201)

E Q17 How confident do you feel your employees are that they will be able to achieve a comfortable lifestyle in their retirement? Would you say they are... Base: All respondents (n=601)

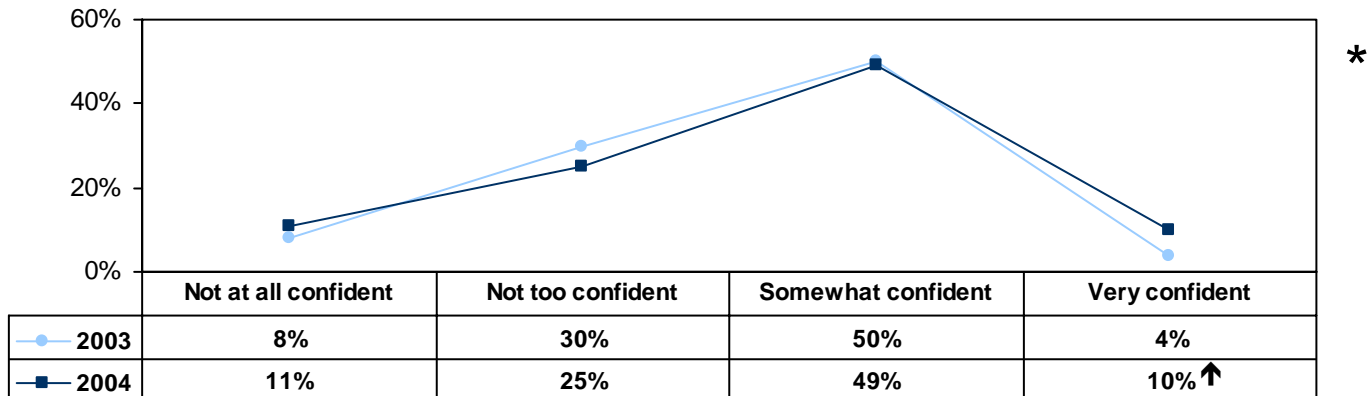


# Worker Confidence in Achieving a Comfortable Retirement Lifestyle , cont'd.

Workers



Employers



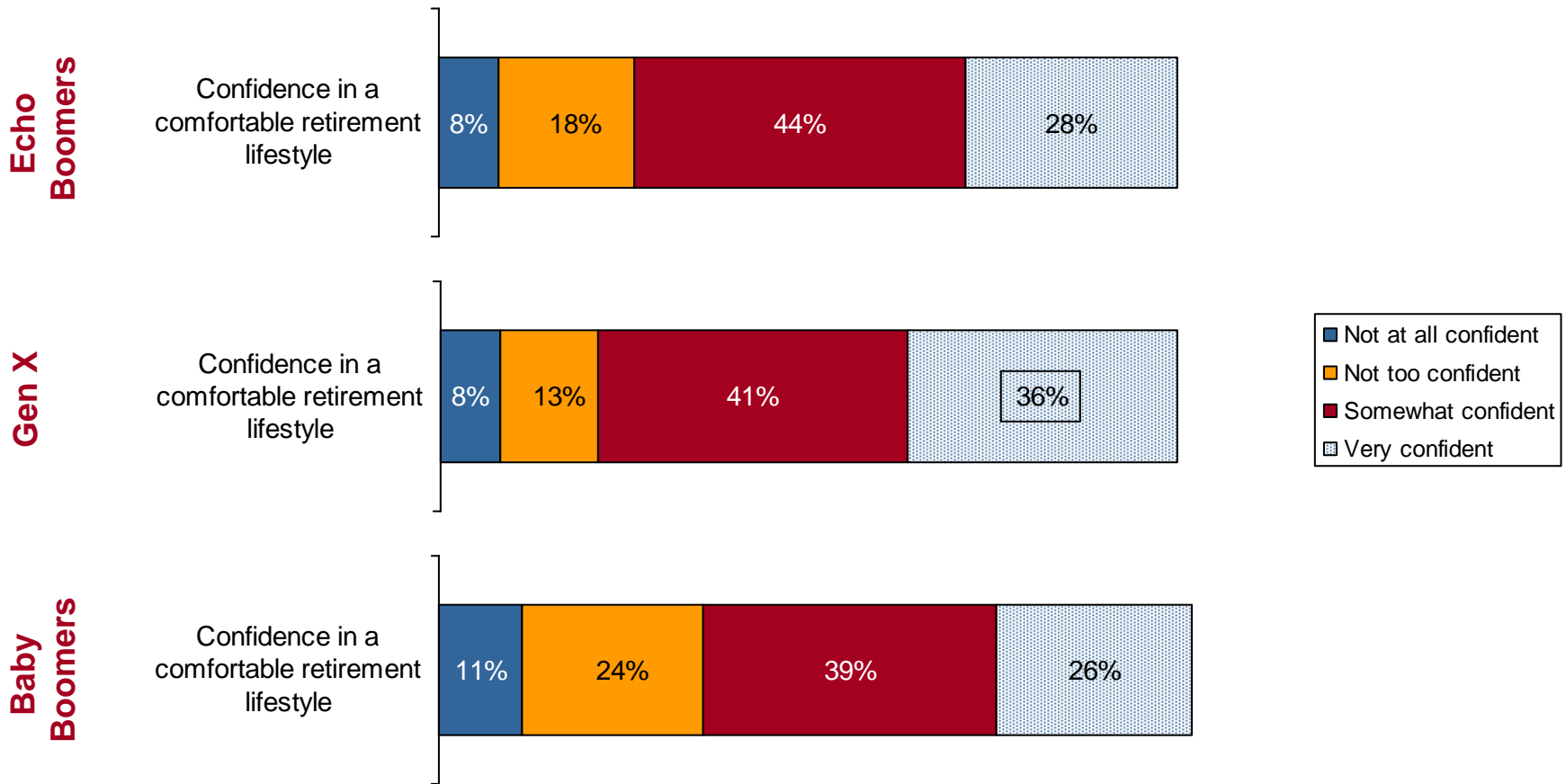
W Q15 How confident are you that you will be able to retire in a lifestyle you would consider comfortable?

E Q17 How confident do you feel your employees are that they will be able to achieve a comfortable lifestyle in their retirement? Would you say they are...

\*Company size = 10-499 employees



# Worker Confidence in Achieving a Comfortable Retirement Lifestyle, cont'd.

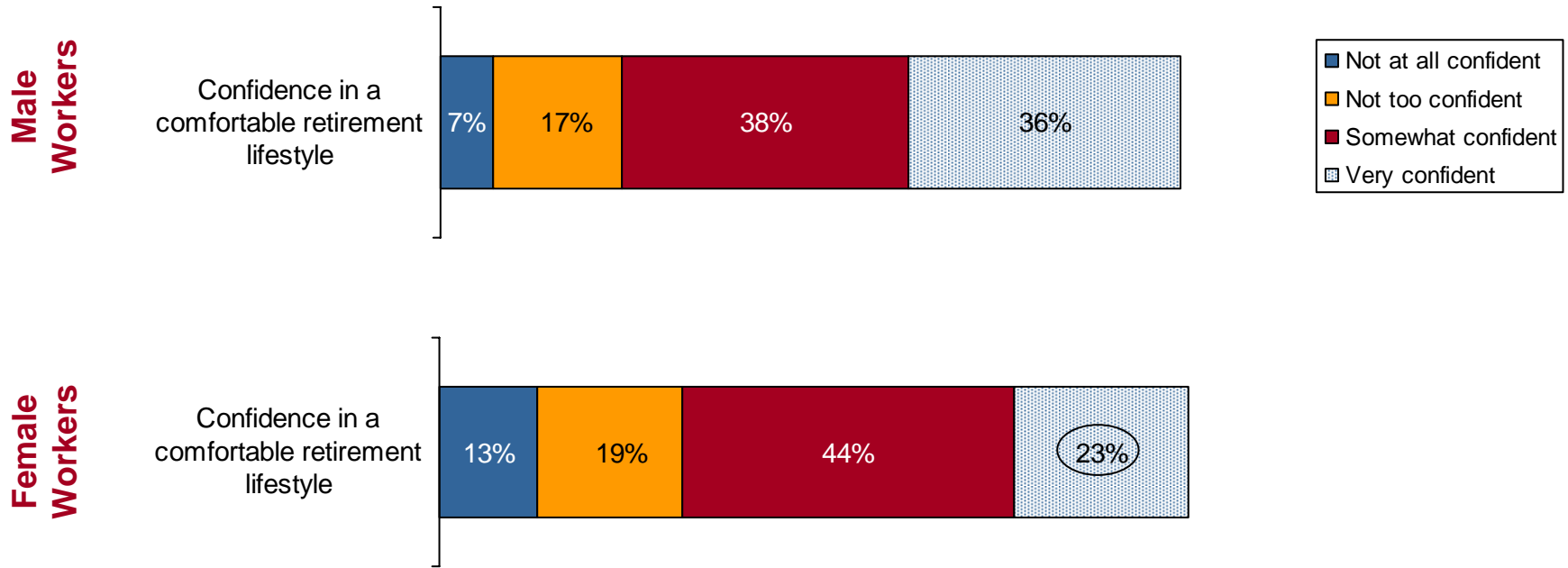


W Q15 How confident are you that you will be able to retire in a lifestyle you would consider comfortable? Base: All respondents (E: n=98; G: n=381; B: n=587)

=significantly higher than Baby Boomers



# Worker Confidence in Achieving a Comfortable Retirement Lifestyle, cont'd.



W Q15 How confident are you that you will be able to retire in a lifestyle you would consider comfortable? Base: All respondents (M: n=654; F: n=547)

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# Detailed Findings - 2004

## Attitudes Toward Retirement Issues

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# Attitudes Toward Retirement Issues

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- When it comes to attitudes about retirement issues, employers and workers tend to have different points of view. Employers are much more likely than workers to think that:
  - Employees do not know as much as they should about retirement investing (55% vs. 39%).
  - Employees prefer not to think about their retirement investing until they get closer to their retirement age (39% vs. 10%).
  - Employees could work until they were 65 and still not have enough to meet their retirement needs (39% vs. 25%).
- Workers are more likely than employers to think that:
  - They are currently very involved in the management of their retirement savings (35% vs. 13%).
  - They would like to receive more information and advice from their company on how to reach their retirement goals (29% vs. 11%).
- Employers from larger firms versus smaller firms are more likely to express confidence in their employees' involvement in managing their retirement savings and feel that their employees would like more information about how to reach their goals.
- Smaller company employers and workers are more likely than their large company counterparts to feel that it is better for the workers to manage their own retirement savings than have the company or some other outside advisor do it.



# Attitudes Toward Retirement Issues

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- Although the majority of employers are still doubtful of worker preparedness, small business employers tend to be somewhat more optimistic about workers' retirement preparedness this year compared to 2003:
  - Fewer employers believe that workers in their company “ would prefer to rely on outside experts to monitor and manage their retirement savings” (63% vs. 77%).
  - Fewer employers feel that employees at their company will need to “work until age 65 and still not save enough to meet their retirement needs.” (74% vs. 90%).
- Fewer employers feel that most workers “would like to receive more information and advice from their company on how to reach their retirement goals” (50% vs. 60%) or that most employees do not “know as much as they should about retirement investing” (88% vs. 95%), suggesting a more confident view that workers are getting more active in their planning.





# Attitudes Toward Retirement Issues

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- Interestingly, while employers are somewhat more optimistic, in 2004 workers in smaller businesses are less likely to say that they are involved in monitoring and managing their retirement plans than they were in 2003 (70% vs. 79%).
  - Compared to last year, they are less likely to say that they “would like to receive information and advice from their company on how to reach their retirement goal (57% vs. 65%).
- There are some sharp differences in the perceptions of retirement planning depending on stage of life.
  - Baby Boomers are significantly more likely than their younger counterparts to disagree with the statements:
    - “I prefer not to think about retirement investing until I get closer to their retirement date”.
    - “It is always better to manage my own retirement savings rather than have it managed by my company or some other outside financial company”.
    - “I would like to receive more information and advice from the company on how to reach my retirement goals”.
  - By contrast, Echo Boomers are much more likely than their older counterparts to say they do not know as much as they should about retirement investing (58%).
  - They are also half as likely as Baby Boomers to be very involved in monitoring and managing their retirement savings (20% vs. 40%).

# Attitudes Toward Retirement Issues

Workers	Agree strongly		Agree somewhat		Disagree somewhat/strongly		Employers
	W	E	W	E	W	E	
I currently am very involved in monitoring and managing my retirement savings	35%	13%	33%	32%	32%	48%	Employees at my company are generally very involved in monitoring and managing their retirement savings.
I do not know as much as I should about retirement investing	39%	55%	34%	34%	26%	10%	Most employees at my company do not know as much as they should about retirement investing
I would prefer to rely on outside experts to monitor and manage my retirement savings	22%	24%	31%	40%	47%	33%	Most employees at my company would prefer to rely on outside experts to monitor and manage their retirement savings
I prefer not to think about or concern myself with retirement investing until I get closer to my retirement date	10%	39%	16%	35%	73%	23%	Most employees at my company prefer not to think about or concern themselves with retirement investing until they get closer to their retirement date
I could work until age 65 and still not save enough to meet my retirement needs	25%	39%	24%	34%	49%	19%	Most employees at my company could work until age 65 and still not save enough to meet their retirement needs
It is always better to manage your own retirement savings rather than have it managed by your company or some other outside financial company	27%	22%	31%	33%	39%	40%	Most employees at my company feel it is better to manage their own retirement savings rather than have it managed by their company or some other outside financial company
I would like to receive more information and advice from my company on how to reach my retirement goals	29%	11%	31%	41%	39%	44%	Most employees at my company would like to receive more information and advice from the company on how to reach their retirement goals

W Q30a, E Q20a People have different opinions and preferences when it comes to saving and investing for retirement. As I read each statement, please tell me how much you agree or disagree with the statement. Base: All respondents W (n=1201); E (n=601)

# Attitudes Toward Retirement Issues, cont'd.

Workers	Agree strongly/ somewhat		Agree strongly/ somewhat		Employers
	2004		2004		
	10-499	500+	10-499	500+	
I currently am very involved in monitoring and managing my retirement savings	70%	65%	44%	59% <sup>↑</sup>	Employees at my company are generally very involved in monitoring and managing their retirement savings.
I do not know as much as I should about retirement investing	75%	71%	88%	92%	Most employees at my company do not know as much as they should about retirement investing
I would prefer to rely on outside experts to monitor and manage my retirement savings	55%	50%	63%	64%	Most employees at my company would prefer to rely on outside experts to monitor and manage their retirement savings
I prefer not to think about or concern myself with retirement investing until I get closer to my retirement date	28%	24%	75%	72%	Most employees at my company prefer not to think about or concern themselves with retirement investing until they get closer to their retirement date
I could work until age 65 and still not save enough to meet my retirement needs	52%	46%	74%	69%	Most employees at my company could work until age 65 and still not save enough to meet their retirement needs
It is always better to manage your own retirement savings rather than have it managed by your company or some other outside financial company	61% <sup>↑</sup>	54%	56% <sup>↑</sup>	42%	Most employees at my company feel it is better to manage their own retirement savings rather than have it managed by their company or some other outside financial company
I would like to receive more information and advice from my company on how to reach my retirement goals	57%	62%	50%	73% <sup>↑</sup>	Most employees at my company would like to receive more information and advice from the company on how to reach their retirement goals

W Q30a, E Q20a People have different opinions and preferences when it comes to saving and investing for retirement. As I read each statement, please tell me how much you agree or disagree with the statement. Base: All respondents W (n=1201); E (n=601)

# Attitudes Toward Retirement Issues, cont'd.

Workers	Agree strongly/ somewhat			Agree strongly/ somewhat		Employers
	2003	2004		2003	2004	
I currently am very involved in monitoring and managing my retirement savings	79%	70%↓		50%	44%	Employees at my company are generally very involved in monitoring and managing their retirement savings.
I do not know as much as I should about retirement investing	71%	75%		95%	88%↓	Most employees at my company do not know as much as they should about retirement investing
I would prefer to rely on outside experts to monitor and manage my retirement savings	58%	55%		77%	63%↓	Most employees at my company would prefer to rely on outside experts to monitor and manage their retirement savings
I prefer not to think about or concern myself with retirement investing until I get closer to my retirement date	31%	28%		73%	75%	Most employees at my company prefer not to think about or concern themselves with retirement investing until they get closer to their retirement date
I could work until age 65 and still not save enough to meet my retirement needs	55%	52%		90%	74%↓	Most employees at my company could work until age 65 and still not save enough to meet their retirement needs
It is always better to manage your own retirement savings rather than have it managed by your company or some other outside financial company	63%	61%		50%	56%	Most employees at my company feel it is better to manage their own retirement savings rather than have it managed by their company or some other outside financial company
I would like to receive more information and advice from my company on how to reach my retirement goals	65%	57%↓		65%	50%↓	Most employees at my company would like to receive more information and advice from the company on how to reach their retirement goals

\*

W Q30a, E Q20a People have different opinions and preferences when it comes to saving and investing for retirement. As I read each statement, please tell me how much you agree or disagree with the statement.

\*Company size = 10-499 employees

# Attitudes Toward Retirement Issues, cont'd.

Workers	Agree strongly			Agree somewhat			Disagree somewhat/strongly		
	E	G	B	E	G	B	E	G	B
I currently am very involved in monitoring and managing my retirement savings	20%	35%	40%	25%	35%	32%	56%	29%	27%
I do not know as much as I should about retirement investing	58%	33%	38%	30%	36%	34%	12%	29%	27%
I would prefer to rely on outside experts to monitor and manage my retirement savings	21%	21%	22%	30%	30%	30%	48%	48%	47%
I prefer not to think about or concern myself with retirement investing until I get closer to my retirement date	15%	11%	7%	33%	15%	11%	51%	73%	81%
I could work until age 65 and still not save enough to meet my retirement needs	24%	22%	26%	32%	24%	24%	45%	53%	47%
It is always better to manage your own retirement savings rather than have it managed by your company or some other outside financial company	30%	29%	26%	40%	33%	29%	31%	35%	43%
I would like to receive more information and advice from my company on how to reach my retirement goals	37%	31%	27%	34%	34%	28%	28%	35%	44%

E – Echo Boomers  
 G - Gen X  
 B - Baby Boomers

W Q30a, People have different opinions and preferences when it comes to saving and investing for retirement. As I read each statement, please tell me how much you agree or disagree with the statement. Base: All respondents (E: n=98; G: n=381; B: n=587)

# Attitudes Toward Retirement Issues, cont'd.

Workers	Agree strongly		Agree somewhat		Disagree somewhat/strongly	
	M	F	M	F	M	F
I currently am very involved in monitoring and managing my retirement savings	42%	26%	30%	35%	27%	38%
I do not know as much as I should about retirement investing	35%	45%	33%	35%	31%	19%
I would prefer to rely on outside experts to monitor and manage my retirement savings	21%	22%	30%	31%	47%	46%
I prefer not to think about or concern myself with retirement investing until I get closer to my retirement date	11%	9%	14%	17%	74%	73%
I could work until age 65 and still not save enough to meet my retirement needs	21%	30%	21%	28%	55%	41%
It is always better to manage your own retirement savings rather than have it managed by your company or some other outside financial company	27%	27%	32%	29%	37%	42%
I would like to receive more information and advice from my company on how to reach my retirement goals	26%	32%	32%	30%	42%	35%

M - Male  
F - Female

W Q30a People have different opinions and preferences when it comes to saving and investing for retirement. As I read each statement, please tell me how much you agree or disagree with the statement. Base: All respondents M: (n=654); F: (n=547)



# Attitudes Toward Employee-Funded Plans

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- Employers feel quite confident about the employee-funded plans they offer, but less comfortable about their internal communications to participants about administrative costs.
  - Most feel confident that the company is meeting all the fiduciary obligations related to the retirement plan (87%).
  - Most feel they are clear about their fiduciary responsibilities (71%).
  - Most are satisfied with their retirement plan provider (66%).
  - Fewer feel that the company is communicating how much each of their plan selections costs each year (42%).





# Attitudes Toward Employee-Funded Plans

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- With respect to the employee-funded retirement plans, workers are far less likely than employers to feel that their companies are doing all they can to facilitate their financial planning efforts. Workers are less likely than employers to feel that:
  - Their company manages the retirement plan program with the best interest of the employees in mind (44% vs.82%).
  - Their company gives them accurate information about how their retirement plan is doing (57% vs. 66%).
  - Their company gives out enough information to make decisions about their retirement plan (57% vs. 69%).
  - Their company gives them the right information about their retirement plan (51% vs. 66%).
- By contrast, employers tend to overestimate the needs of employees in one respect – they are twice as likely as workers to think that workers in their company would like more investment options available to them within the retirement plan” (62% vs. 34%).
- There are few differences from 2003 in these measures, although workers in 2004 are less likely to feel that their company gives out accurate information about how the retirement plan is doing (84% vs. (94%).
- Echo Boomers are much less likely than Gen Xers and Baby Boomers to strongly agree that their company:
  - gives out accurate information about how the retirement plan is doing (40% vs. 58% & 61% respectively).
  - gives out enough information about the retirement plan (37% vs. 58% and 61%).



# Attitudes Toward Employee-Funded Plans

Employers	Agree strongly	Agree somewhat	Disagree somewhat/strongly
	E	E	E
Our company tells employees how much each of their plan selections charges in administrative costs each year	42%	25%	25%
I am clear about our company's fiduciary responsibilities related to our retirement plan	71%	21%	5%
I am confident our company is meeting all of its fiduciary obligations related to our retirement plan	87%	12%	1%
Our company is satisfied with our retirement plan provider	66%	28%	4%

E Q20 People have different opinions and preferences when it comes to their company-sponsored retirement plan. As I read each statement, please tell me how much you agree or disagree with the statement. Base: Company offers employee funded retirement plan W: (n=946); E: (n=504)

# Attitudes Toward Employee-Funded Plans, cont.

Workers	Agree strongly		Agree somewhat		Disagree somewhat/strongly		Employers
	W	E	W	E	W	E	
I would like more investment options available to me within the retirement plan	32%	10%	31%	21%	34%	62%	Most employees in our company would like more investment options available to them within the retirement plan
My company manages the retirement plan program with the best interests of employees in mind	44%	82%	38%	13%	16%	3%	Our company manages the retirement plan program with its employees' best interests in mind
My company gives out accurate information about how the retirement plan is doing	57%	66%	28%	25%	12%	4%	Our company gives out accurate and timely information about how the retirement plan is doing
My company gives out enough information about the retirement plan	57%	69%	30%	25%	12%	6%	Our company gives out enough information about the retirement plan
I would like a professional to manage my retirement plan investments, even if it meant additional cost to me	18%	14%	26%	34%	54%	46%	Many company employees would like a professional to manage their retirement plan investments, even if it meant additional cost to the employee
My company gives me the right information I need to make decisions about the retirement plan	51%	66%	34%	27%	13%	5%	Our company gives employees the right information they need to make decisions about the retirement plan
I am satisfied with the retirement plan my company offers	43%	46%	37%	49%	17%	5%	Our employees are satisfied with the retirement plan the company offers

W Q30, E Q20 People have different opinions and preferences when it comes to their company-sponsored retirement plan. As I read each statement, please tell me how much you agree or disagree with the statement. Base: Company offers employee funded retirement plan W: (n=946); E: (n=504)

# Attitudes Toward Employee-Funded Plans, cont'd.

Workers	Agree strongly/ somewhat		Agree strongly/ somewhat		Employers
	10-499	500+	10-499	500+	
I would like more investment options available to me within the retirement plan	65%	62%	30%	38%	Most employees in our company would like more investment options available to them within the retirement plan
My company manages the retirement plan program with the best interests of employees in mind	84%	80%	95%	99% <sup>↑</sup>	Our company manages the retirement plan program with its employees' best interests in mind
My company gives out accurate information about how the retirement plan is doing	84%	86%	91%	97% <sup>↑</sup>	Our company gives out accurate and timely information about how the retirement plan is doing
My company gives out enough information about the retirement plan	85%	88%	94%	94%	Our company gives out enough information about the retirement plan
I would like a professional to manage my retirement plan investments, even if it meant additional cost to me	45%	44%	47%	47%	Many company employees would like a professional to manage their retirement plan investments, even if it meant additional cost to the employee
My company gives me the right information I need to make decisions about the retirement plan	83%	86%	93%	97% <sup>↑</sup>	Our company gives employees the right information they need to make decisions about the retirement plan
I am satisfied with the retirement plan my company offers	75%	84% <sup>↑</sup>	94%	96%	Our employees are satisfied with the retirement plan the company offers

W Q30, E Q20 People have different opinions and preferences when it comes to their company-sponsored retirement plan. As I read each statement, please tell me how much you agree or disagree with the statement. Base: Company offers employee funded retirement plan W: (n=946); E: (n=504)

# Attitudes Toward Employee-Funded Plans, cont'd.

\*

Workers	Agree strongly/ somewhat			Agree strongly/ somewhat		Employers
	2003	2004		2003	2004	
I would like more investment options available to me within the retirement plan	NA	65%		NA	30%	Most employees in our company would like more investment options available to them within the retirement plan
My company manages the retirement plan program with the best interests of employees in mind	84%	84%		94%	95%	Our company manages the retirement plan program with its employees' best interests in mind
My company gives out accurate information about how the retirement plan is doing	94%	84%↓		94%	91%	Our company gives out accurate and timely information about how the retirement plan is doing
My company gives out enough information about the retirement plan	83%	85%		93%	94%	Our company gives out enough information about the retirement plan
I would like a professional to manage my retirement plan investments, even if it meant additional cost to me	NA	45%		NA	47%	Many company employees would like a professional to manage their retirement plan investments, even if it meant additional cost to the employee
My company gives me the right information I need to make decisions about the retirement plan	NA	83%		NA	93%	Our company gives employees the right information they need to make decisions about the retirement plan
I am satisfied with the retirement plan my company offers	NA	75%		NA	94%	Our employees are satisfied with the retirement plan the company offers

W Q30, E Q20 People have different opinions and preferences when it comes to their company-sponsored retirement plan. As I read each statement, please tell me how much you agree or disagree with the statement.

\*Company size = 10-499 employees

# Attitudes Toward Employee-Funded Plans, cont'd.

Workers	Agree strongly			Agree somewhat			Disagree somewhat/strongly		
	E	G	B	E	G	B	E	G	B
I would like more investment options available to me within the retirement plan	35%	31%	32%	41%	33%	29%	24%	34%	36%
My company manages the retirement plan program with the best interests of employees in mind	46%	47%	40%	29%	38%	39%	23%	13%	18%
My company gives out accurate information about how the retirement plan is doing	40%	58%	61%	37%	29%	24%	17%	9%	13%
My company gives out enough information about the retirement plan	37%	58%	61%	45%	30%	26%	15%	10%	12%
I would like a professional to manage my retirement plan investments, even if it meant additional cost to me	12%	16%	20%	38%	29%	24%	49%	53%	55%
My company gives me the right information I need to make decisions about the retirement plan	36%	51%	55%	41%	36%	32%	20%	11%	11%
I am satisfied with the retirement plan my company offers	30%	43%	45%	47%	39%	33%	17%	14%	21%

E – Echo Boomers  
 G - Gen X  
 B - Baby Boomers

W Q30 People have different opinions and preferences when it comes to their company-sponsored retirement plan. As I read each statement, please tell me how much you agree or disagree with the statement. Base: Company offers employee funded retirement plan (E: n=65; G: n=308; B: n=472)

# Attitudes Toward Employee-Funded Plans, cont'd.

Workers	Agree strongly		Agree somewhat		Disagree somewhat/strongly	
	M	F	M	F	M	F
I would like more investment options available to me within the retirement plan	33%	30%	31%	32%	35%	33%
My company manages the retirement plan program with the best interests of employees in mind	41%	48%	43%	31%	15%	18%
My company gives out accurate information about how the retirement plan is doing	59%	54%	27%	29%	11%	13%
My company gives out enough information about the retirement plan	58%	56%	29%	30%	12%	11%
I would like a professional to manage my retirement plan investments, even if it meant additional cost to me	19%	17%	25%	29%	55%	53%
My company gives me the right information I need to make decisions about the retirement plan	46%	56%	38%	30%	15%	11%
I am satisfied with the retirement plan my company offers	43%	43%	37%	38%	18%	15%

M - Male  
F - Female

W Q30 People have different opinions and preferences when it comes to their company-sponsored retirement plan. As I read each statement, please tell me how much you agree or disagree with the statement. Base: Company offers employee funded retirement plan (M: n=527; F: n=419)

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# Detailed Findings - 2004

## Worker Retirement Planning

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# Previous Retirement Plan Participation

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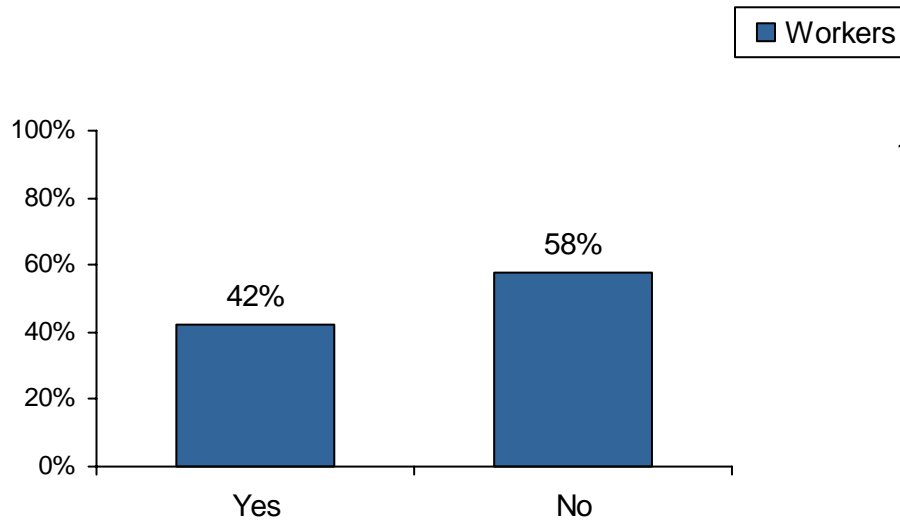
- Approximately 2 in 5 workers who are currently enrolled in their firm's retirement plan have participated in a retirement plan in another company.
  - Baby Boomers are more likely than Gen Xers to say they have participated in a plan at another company (51% vs. 40%). Echo Boomers lag behind both of the other groups in participation elsewhere (15%).
- Only 1 in 10 of those workers who are not currently enrolled in their company retirement plan say they have participated in it in the past.
  - Levels of participation are consistent with 2003.





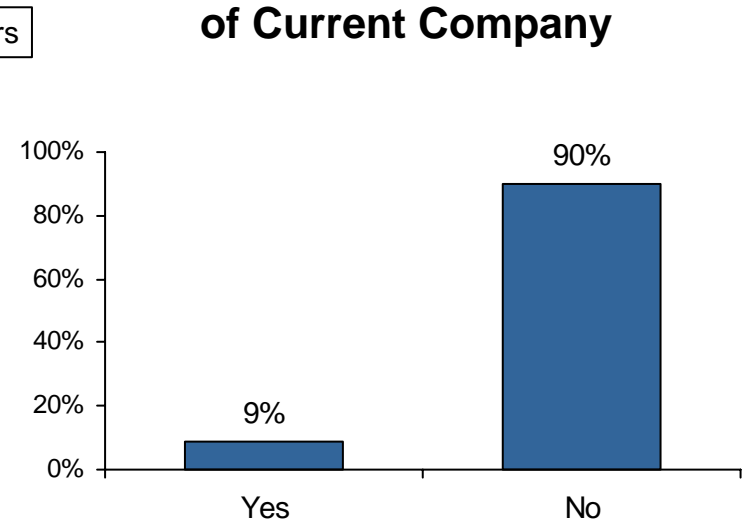
# Previous Retirement Plan Participation

## Ever Participated in a Plan



# Employees	Yes	No
10-499	41%	59%
500+	43%	57%

## Ever Participated in Plan of Current Company



# Employees	Yes	No
10-499	11%	88%
500+	7%	93%

W Q11a Have you ever participated in another company's retirement savings plan? Base: All Respondents (n=1201)

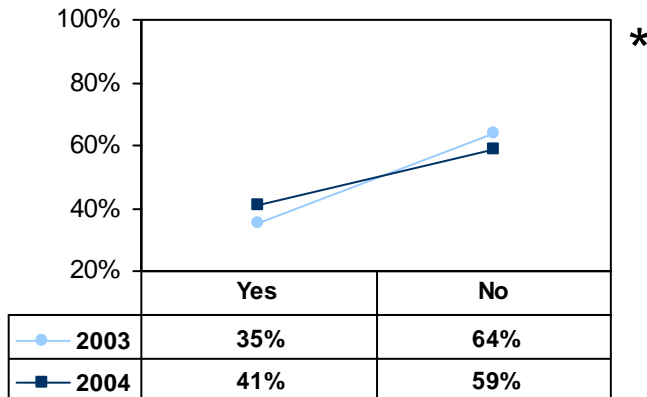
W Q11b Have you ever participated in the retirement savings plan of your current company? Base: Not Currently Participating In employee funded retirement plan (n=209)



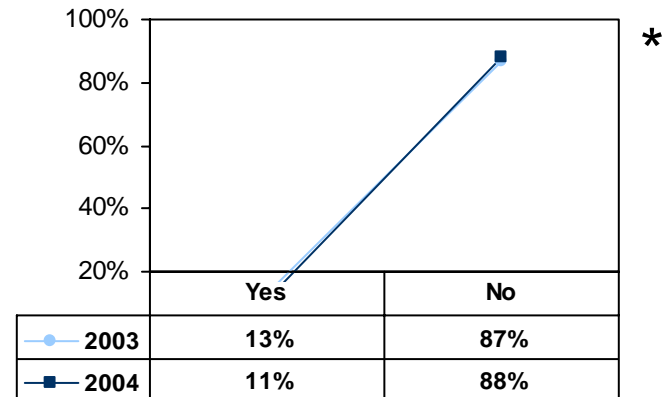
# Previous Retirement Plan Participation, cont'd.

Workers

### Ever Participated in a Plan



### Ever Participated in Plan of Current Company



W Q11a Have you ever participated in another company's retirement savings plan?

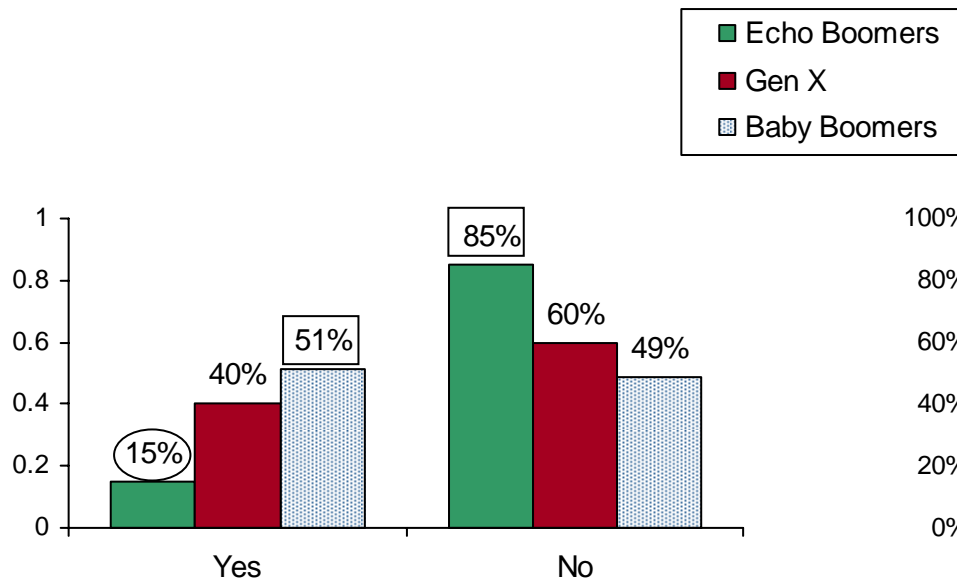
W Q11b Have you ever participated in the retirement savings plan of your current company?

\*Company size = 10-499 employees

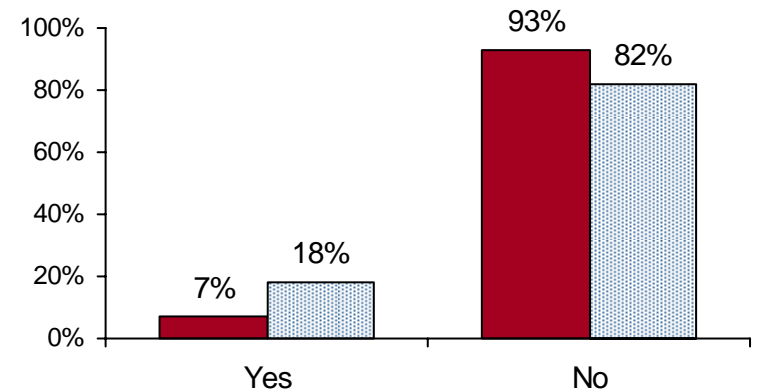


# Previous Retirement Plan Participation, cont'd.

### Ever Participated in a Plan



### Ever Participated in Plan of Current Company



W Q11a Have you ever participated in another company's retirement savings plan? Base: All Respondents (E: n=98; G: n=381; B: n=587)

W Q11b Have you ever participated in the retirement savings plan of your current company? Base: Not currently participating in employee funded retirement plan (G: n=70; B: n=77). Note: Echo Boomer base size too small for comparison.



# Other Savings for Retirement

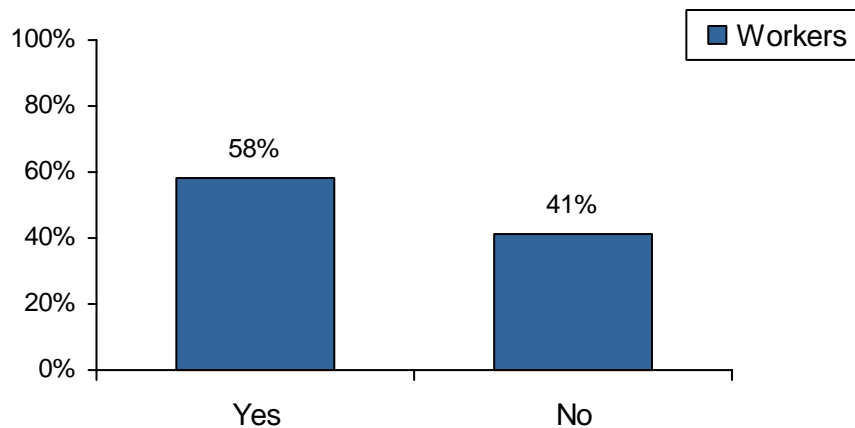
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- The majority of workers say they have other sources of savings for retirement.
  - Over half say they currently have additional savings vehicles like IRA's, mutual funds and bank accounts which will supplement their retirement plan through the company (58%).
    - Among smaller company employees, reports of outside savings are on the rise (60% vs. 52%) compared to last year.
    - Over half of those who are married say that their spouse is currently saving money as well (58%). Female workers are more likely than males to say that their spouse is putting money aside in a retirement plan of his or her own (69% vs. 51%).
  - Baby Boomers are more likely to be currently saving for retirement outside of work (65%) than Gen Xers (54%) or Echo Boomers (36%).
    - Baby Boomer spouses are significantly more likely than Gen X spouses to be saving toward retirement as well (66% vs. 57%).



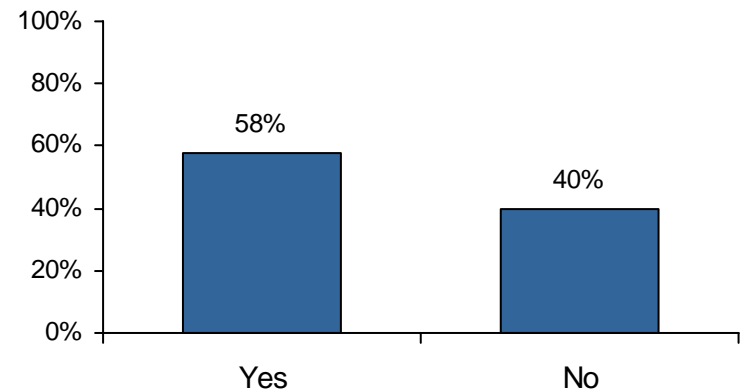
# Other Savings for Retirement

## Currently Saving Outside of Work



# Employees	Yes (%)	No (%)
10-499	60%	39%
500+	55%	44%

## Spouse Currently Saving Money for Retirement



# Employees	Yes (%)	No (%)
10-499	58%	41%
500+	58%	39%

W Q12 Are you currently saving for retirement outside of work, such as in an IRA, mutual funds, bank account, etc.? Base: All Respondents (n=1201)

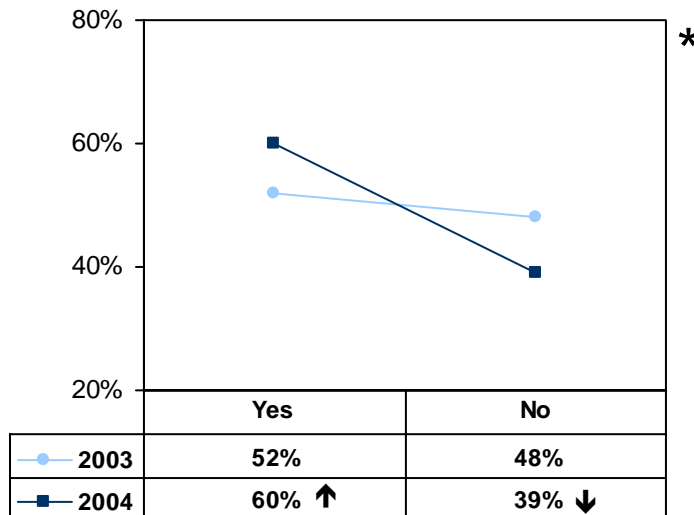
W Q14 Is your spouse currently putting money aside in a retirement plan of his or her own? Base: Married (n=718)



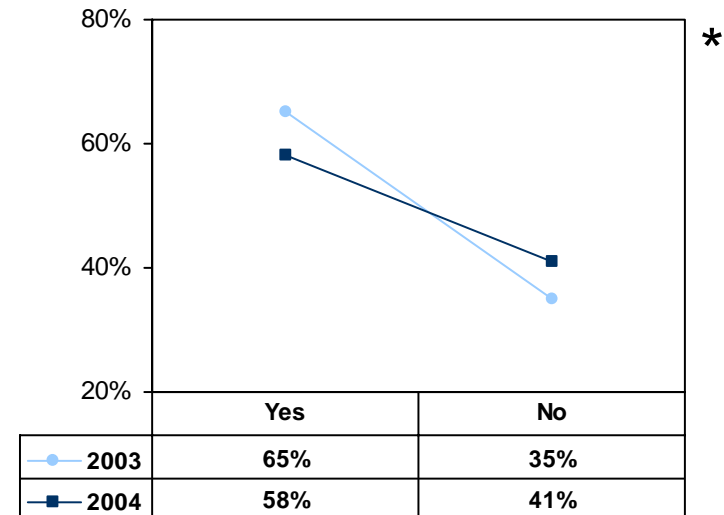
# Other Savings for Retirement, cont'd.

Workers

### Currently Saving Outside of Work



### Spouse Currently Saving Money for Retirement



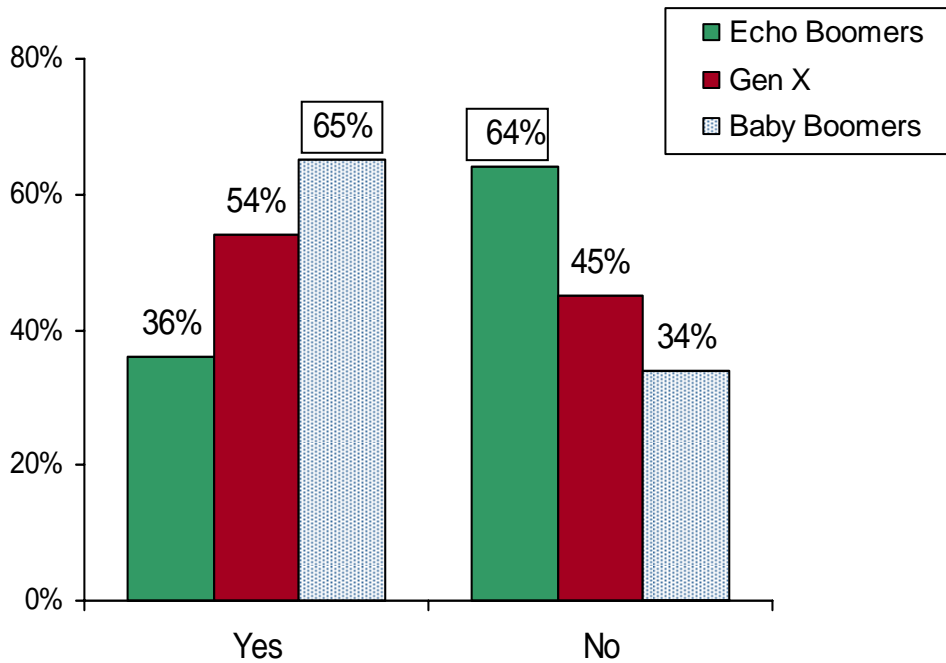
W Q12 Are you currently saving for retirement outside of work, such as in an IRA, mutual funds, bank account, etc.?

W Q14 Is your spouse currently putting money aside in a retirement plan of his or her own?

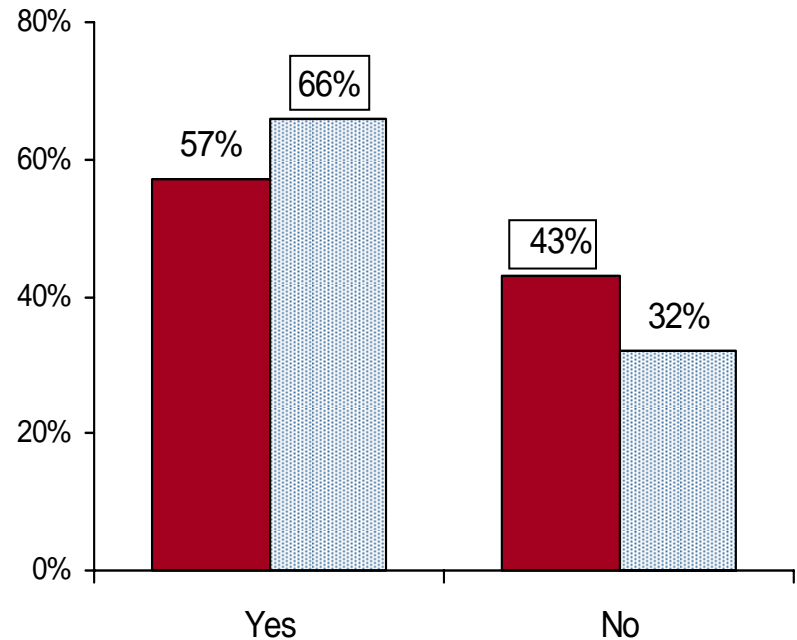
\*Company size = 10-499 employees

# Other Savings for Retirement, cont'd.

### Currently Saving Outside of Work



### Spouse Currently Saving Money for Retirement



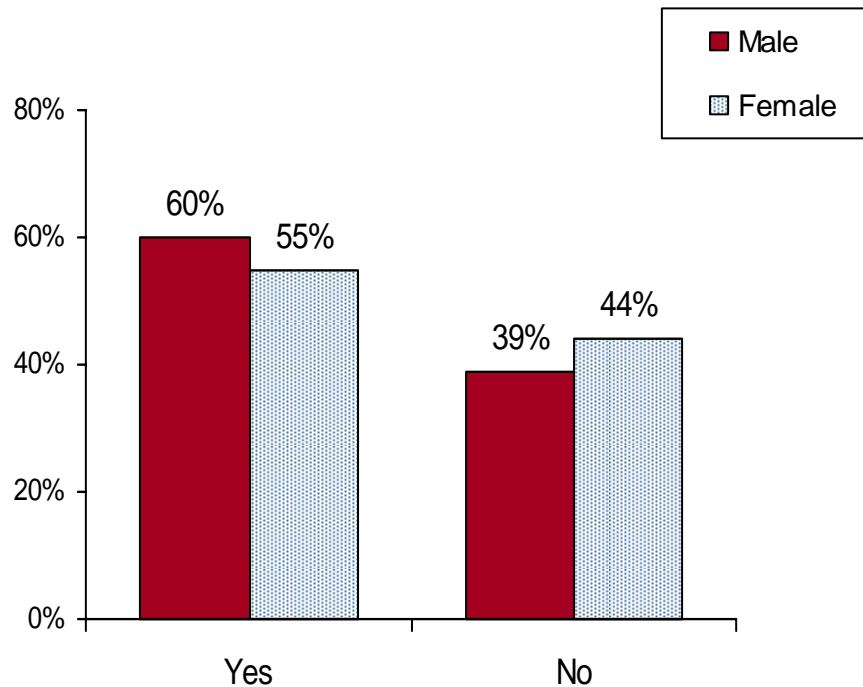
W Q12 Are you currently saving for retirement outside of work, such as in an IRA, mutual funds, bank account, etc.? Base: All Respondents (E: n=98; G: n=381; B: n=587)

W Q14 Is your spouse currently putting money aside in a retirement plan of his or her own? Base: Married (G: n=228; B: n=384). Note: Echo Boomer base size too small for comparison.

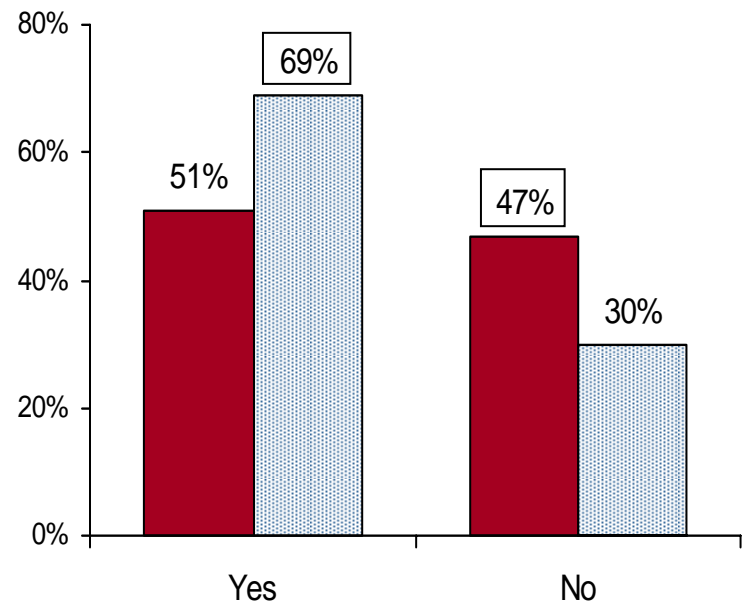


# Other Savings for Retirement, cont'd.

### Currently Saving Outside of Work



### Spouse Currently Saving Money for Retirement



W Q12 Are you currently saving for retirement outside of work, such as in an IRA, mutual funds, bank account, etc.? Base: All Respondents (M: n=654; F: n=547)

W Q14 Is your spouse currently putting money aside in a retirement plan of his or her own? Base: Married (M: n=410; F: n=308).





# Retirement Timelines

---

- On average, workers in smaller firms began saving for retirement at age 28, unchanged from 2003.
  - Among those participating now, Echo Boomers (19) and Gen Xers (25) report that they started saving at an earlier age than Baby Boomers (32).
- Workers anticipate an average retirement age of 62.
  - Gen Xers and Echo Boomers also expect to retire at an earlier age than Baby Boomers (60-61 vs. 64).
- Compared to two years ago, a majority of workers report that they expect their retirement date to be about the same (64%) as they thought then. However, a quarter of them now say it is further off than it was a couple of years ago.
  - Only 7% say they will be retiring earlier than they expected.
- Workers in smaller businesses are more optimistic about retiring when they expect to than they were in 2003 (62% vs. 54%).



# Retirement Timelines

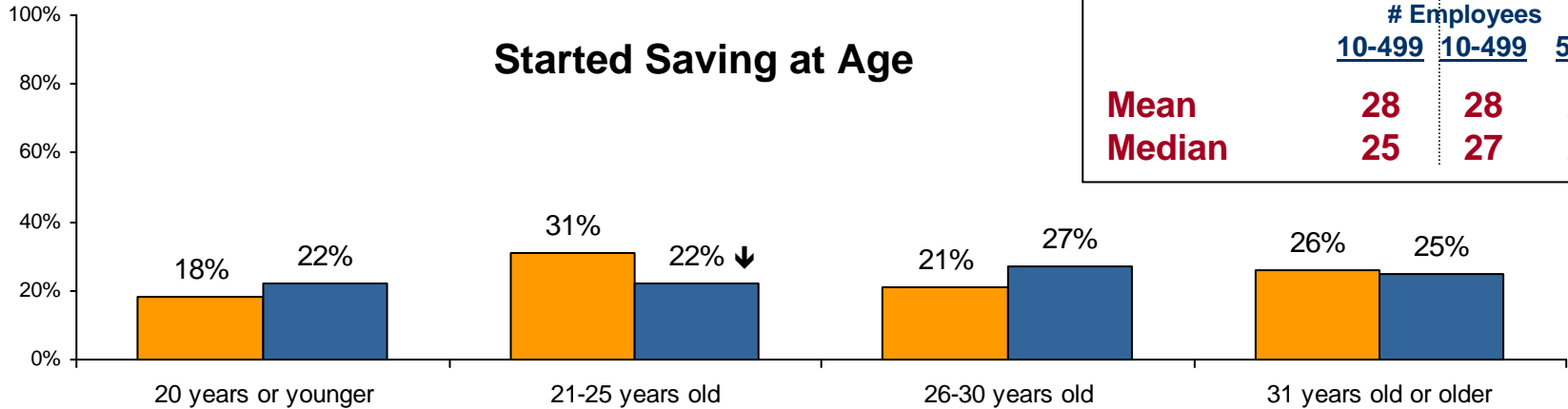
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- Workers have a wide range of savings' targets for retirement. On the average, the dollar amount is in the \$700K to \$900K range, with workers in large companies typically aiming at higher targets than those in smaller companies.
  - Notably, Echo Boomers (\$536K) and Matures (\$567K) tend to anticipate needing much less on average than Gen Xers (\$938K) and Baby Boomers (\$832K).
- Few have a formula for determining the amount they need to save for retirement. The majority either guessed (31%) or estimated it based on their current living expenses (36%).
  - Others say they relied on some outside or tools to help to determine their savings goals:
    - Completed a worksheet or did a calculation (12%).
    - Had it calculated by a financial advisor (9%).
    - A small number read or heard that the amount they cited was what they needed to save (6%).

# Retirement Timelines

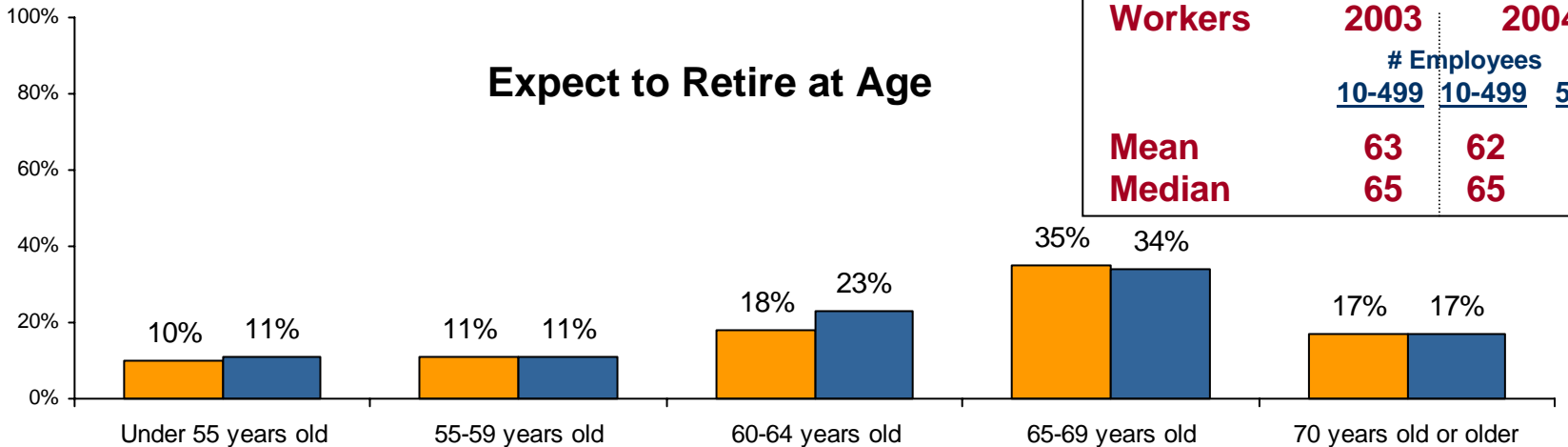
2003 2004 \*

## Started Saving at Age



Workers	2003		2004
	# Employees		
	10-499	10-499	500+
Mean	28	28	29
Median	25	27	27

## Expect to Retire at Age



Workers	2003		2004
	# Employees		
	10-499	10-499	500+
Mean	63	62	62
Median	65	65	62

W Q16 At what age did you first start saving for retirement? Base: Respondents who currently save for retirement outside of work. (n=590)

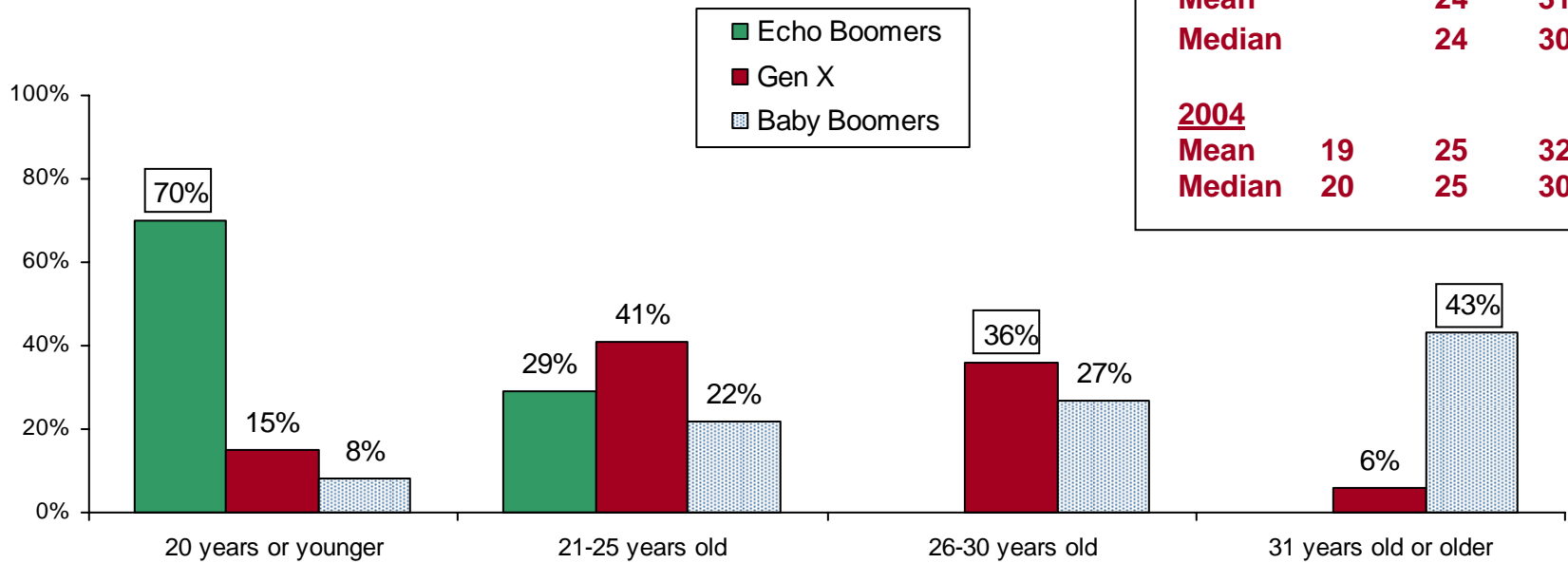
W Q17 At what age do you think you will retire? Base: All Respondents (n=666)

\*Company size = 10-499 employees



# Retirement Timelines, cont'd.

## Started Saving at Age



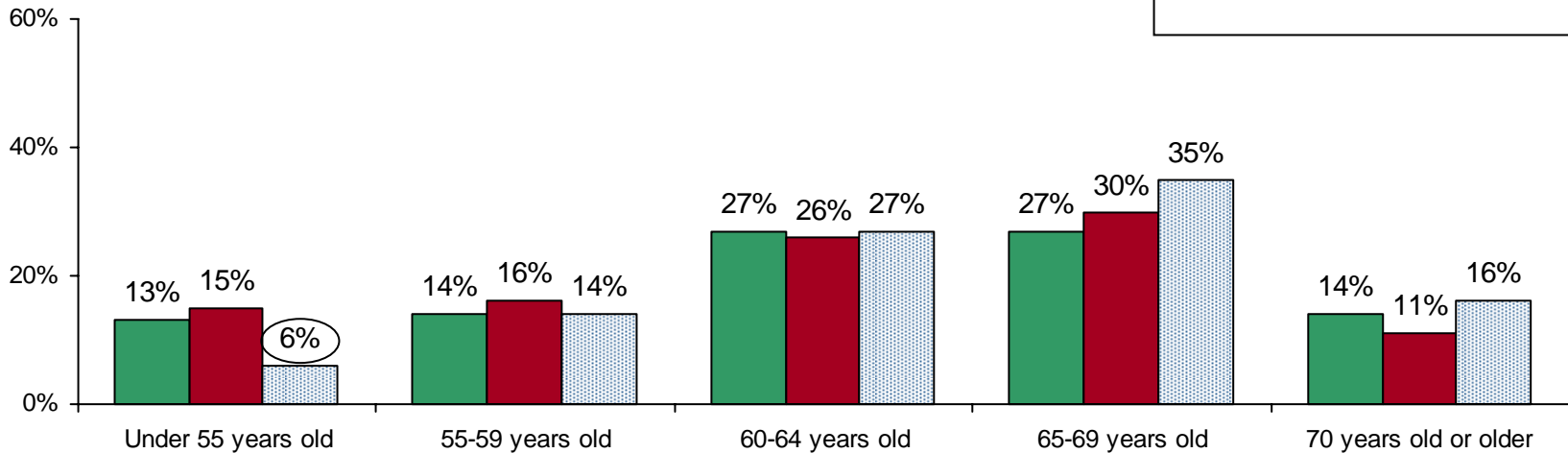
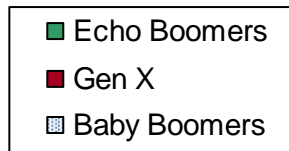
	Echo Boomers	Gen X	Baby Boomers
<b>2003</b>			
Mean		24	31
Median		24	30
<b>2004</b>			
Mean	19	25	32
Median	20	25	30

W Q16 At what age did you first start saving for retirement? Base: Currently Saving For Retirement (E: n=63; G: n=342; B: n=550)

\*Company size = 10-499 employees

# Retirement Timelines, cont'd.

## Expect to Retire at Age



	Echo Boomers	Gen X	Baby Boomers
<b>2003</b>			
Mean		61	64
Median		64	65
<b>2004</b>			
Mean	61	60	63
Median	61	62	65

W Q17 At what age do you think you will retire? Base: All Respondents (E: n=98; G: n=381; B: n=587)

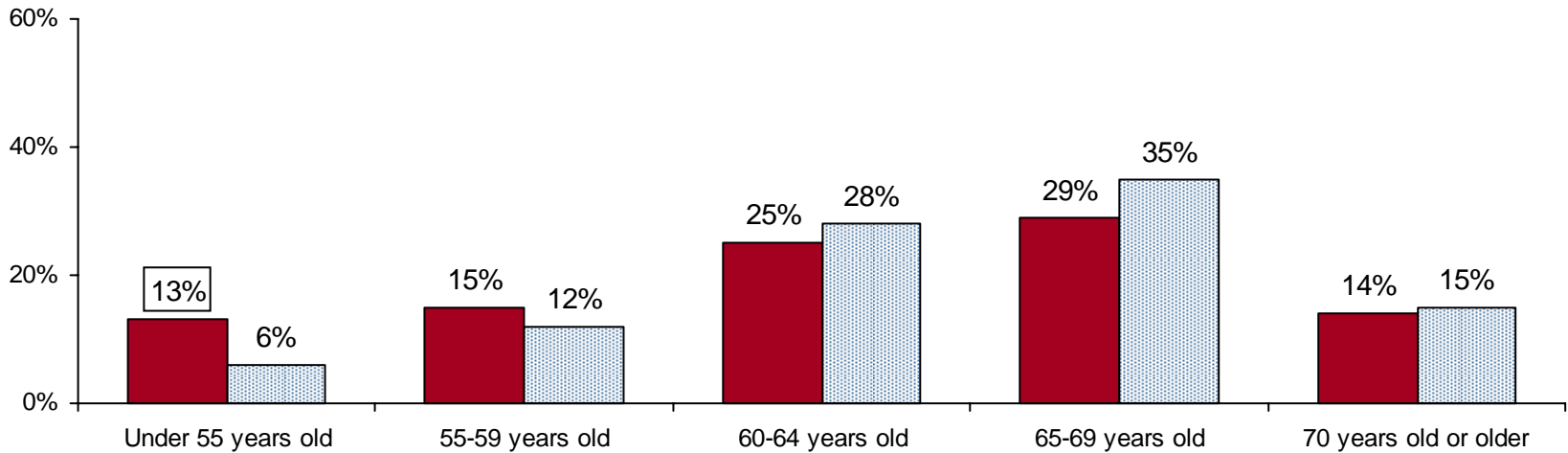
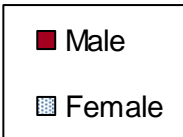
\*Company size = 10-499 employees



# Retirement Timelines, cont'd.

## Expect to Retire at Age

	<u>Male</u>	<u>Female</u>
<b>2004</b>		
<b>Mean</b>	<b>61</b>	<b>63</b>
<b>Median</b>	<b>62</b>	<b>65</b>

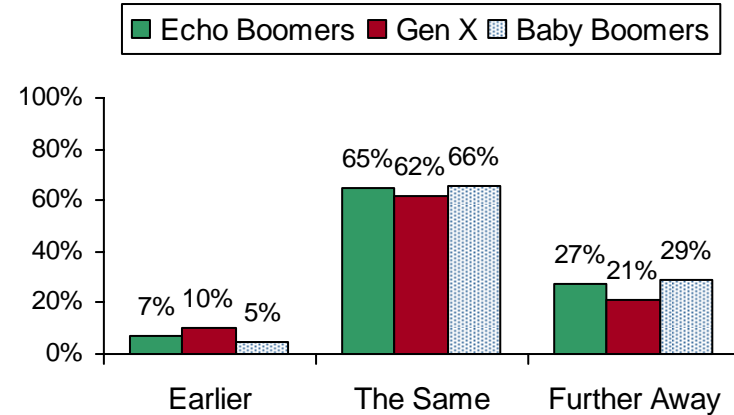
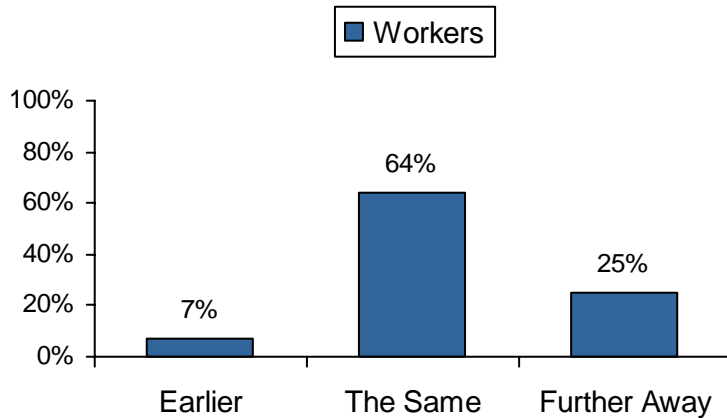


W Q17 At what age do you think you will retire? Base: All Respondents (M: n=654; F: n=547)



# Changes in Expected Retirement Date

## Change in Expected Retirement Date



# Employees	Earlier	The Same	Further Away
10-499	5%	62%	28% ↑
500+	9% ↑	66%	22%

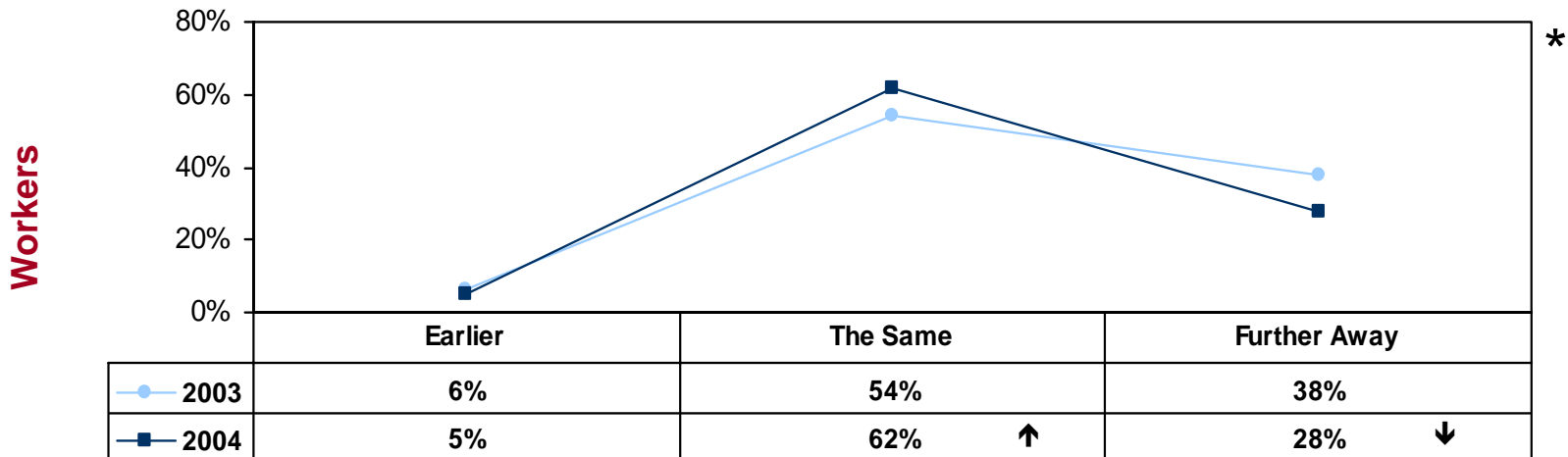
W Q18a Do you expect your retirement date to be further away, earlier, or to be about the same as you thought 2 years ago?

Base: All respondents (W: n=1201; E: n=98; G: n=381; B: n=587)



# Changes in Expected Retirement Date, cont.

## 2004 vs. 2003



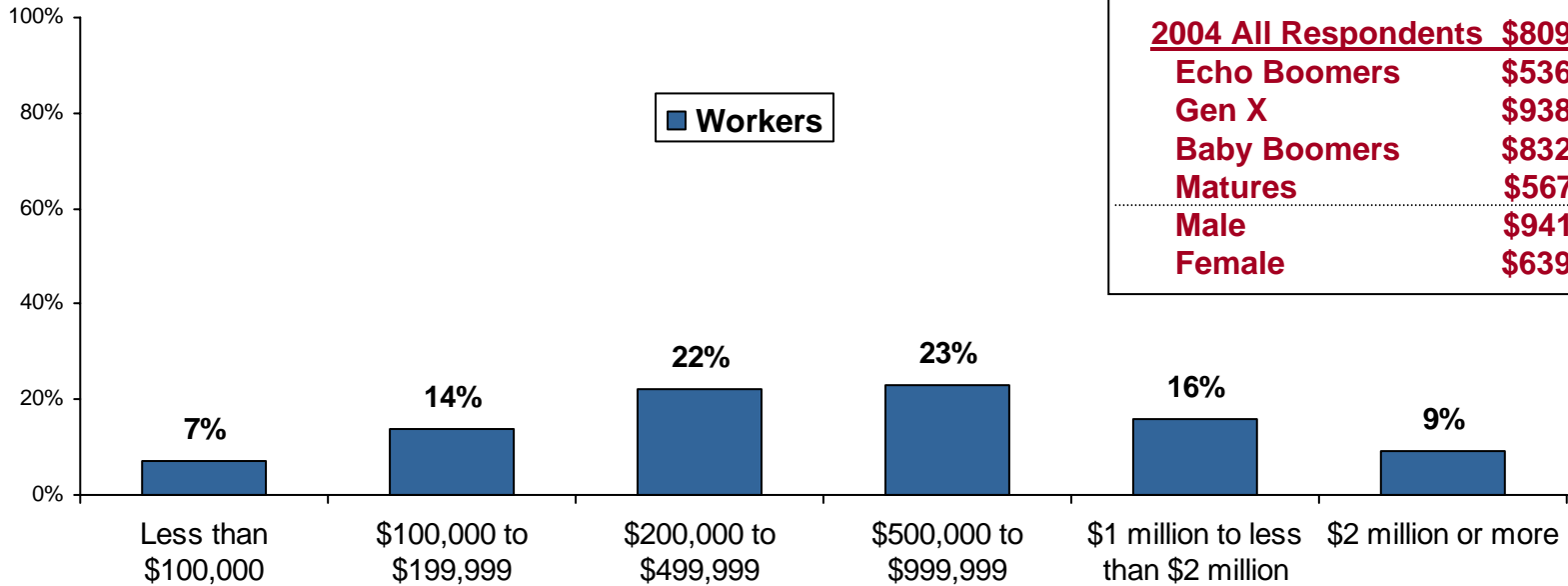
W Q18a Do you expect your retirement date to be further away, earlier, or to be about the same as you thought 2 years ago?

\*Company size = 10-499 employees





# Amount Needed for Retirement

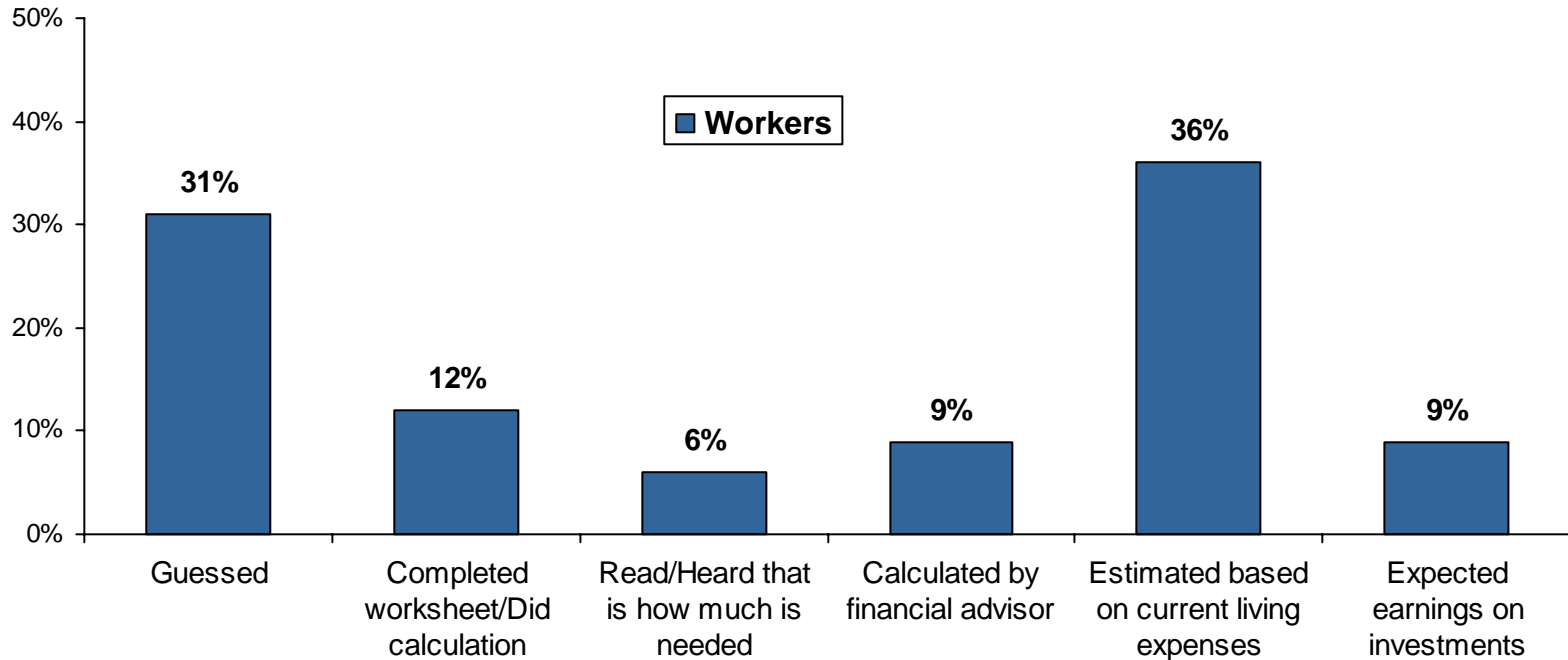


<b>Mean:</b>	
<b>2004</b>	
10-499 employees	\$734K
500+ employees	\$884K ↑
<b>2004 All Respondents \$809K</b>	
Echo Boomers	\$536K
Gen X	\$938K
Baby Boomers	\$832K
Matures	\$567K ↓
<hr/>	
Male	\$941K ↑
Female	\$639K

W Q31a How much money, in total, do you think you will need to have saved by the time you retire in order to feel secure?  
 (Base: All Respondents: n=1201)

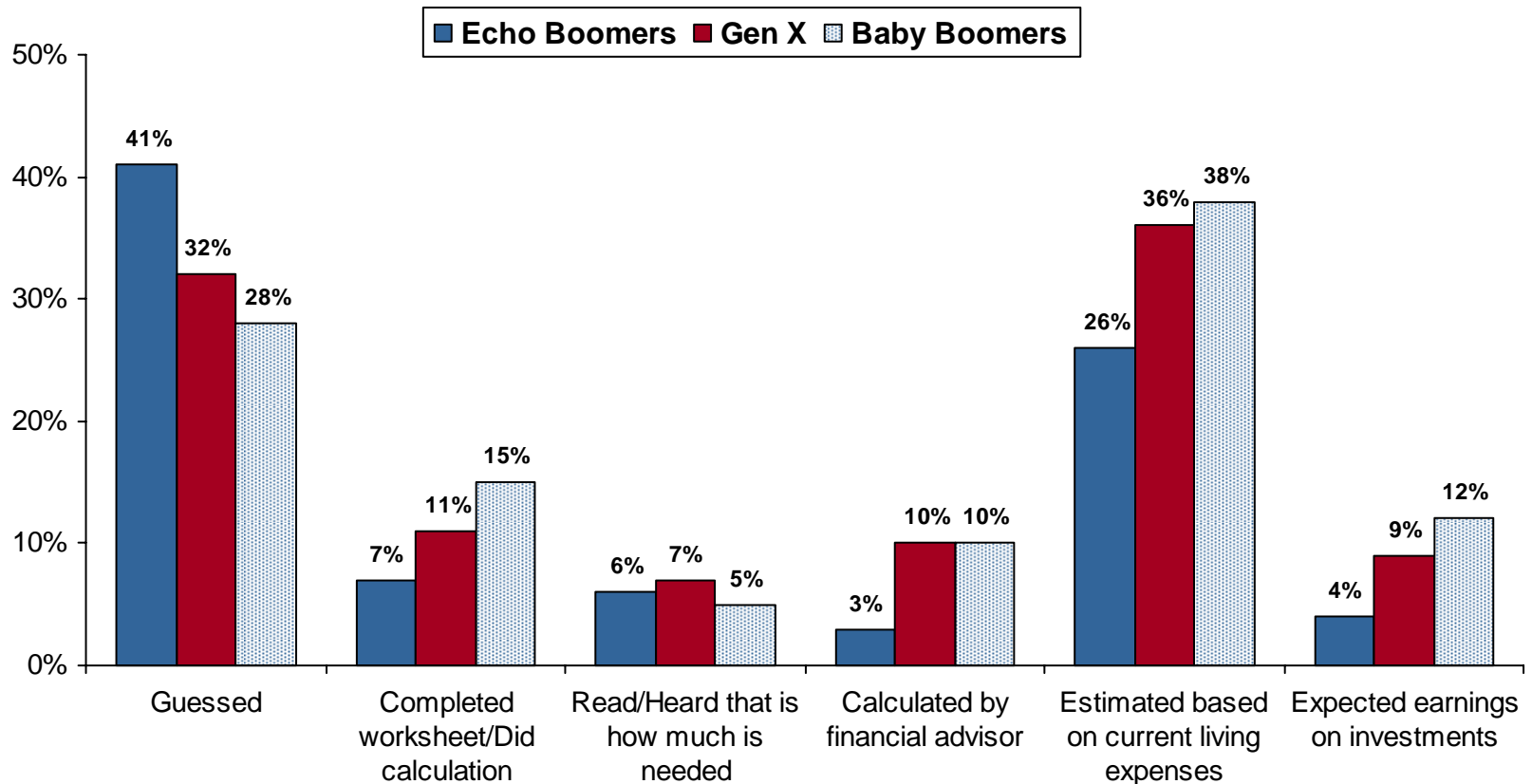


# Determining the Amount Needed for Retirement



W Q31b How did you determine that amount? Base: Knows how much money needs to save (n=1078)

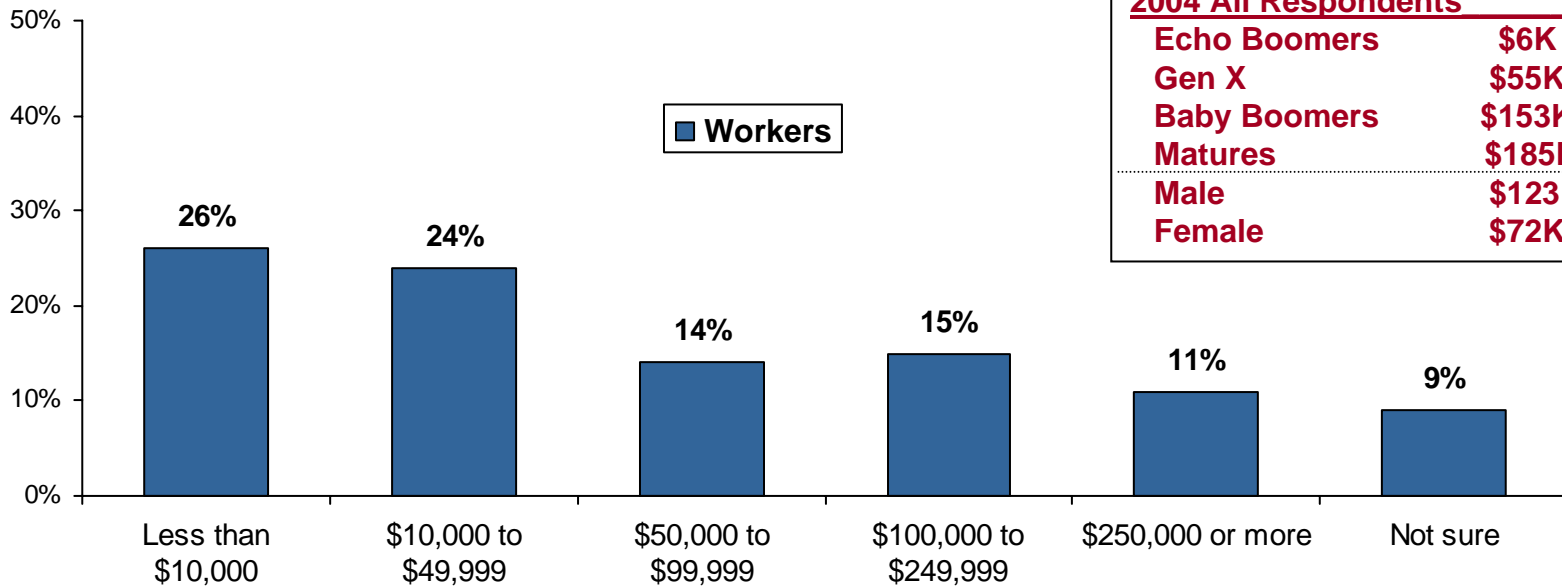
# How Amount Needed for Retirement Was Determined, cont.



W Q31b How did you determine that amount? Base: Knows how much money needs to save (n=1078)



# Actual Total Amount Saved for Retirement



**Mean:**

**2004**

All workers	\$102K
10-499 employees	\$80K
500+ employees	\$124K



**2004 All Respondents**

Echo Boomers	\$6K
Gen X	\$55K
Baby Boomers	\$153K
Matures	\$185K
Male	\$123K
Female	\$72K

W Q1 Approximately how much money do you have saved in all your retirement accounts?  
(Base: n=968)



# Managing the Retirement Account

---

- During the past twelve months, most workers made no change to the percentage of income that they put into their retirement plan (69%). Among workers in smaller firms:
  - 1 in 5 increased the percentage.
  - 1 in 5 changed their asset allocation.
  - 1 in 10 took a loan against their retirement plan.
- There was little difference in these activities versus 2003.
- Baby Boomers and Gen Xers engaged in similar activities with respect to managing their retirement account.
- Among those who changed their asset allocation, there was equal amount of movement into higher risk funds as there was into funds with similar risk (53% and 54%, respectively).
  - Just over a third moved money into lower risk funds.
  - Workers in large companies were more likely to report moving money into risky funds than workers in smaller firms (59% vs. 43%).
  - Allocation activities are similar for both Baby Boomers and Gen Xers.



# Managing the Retirement Account

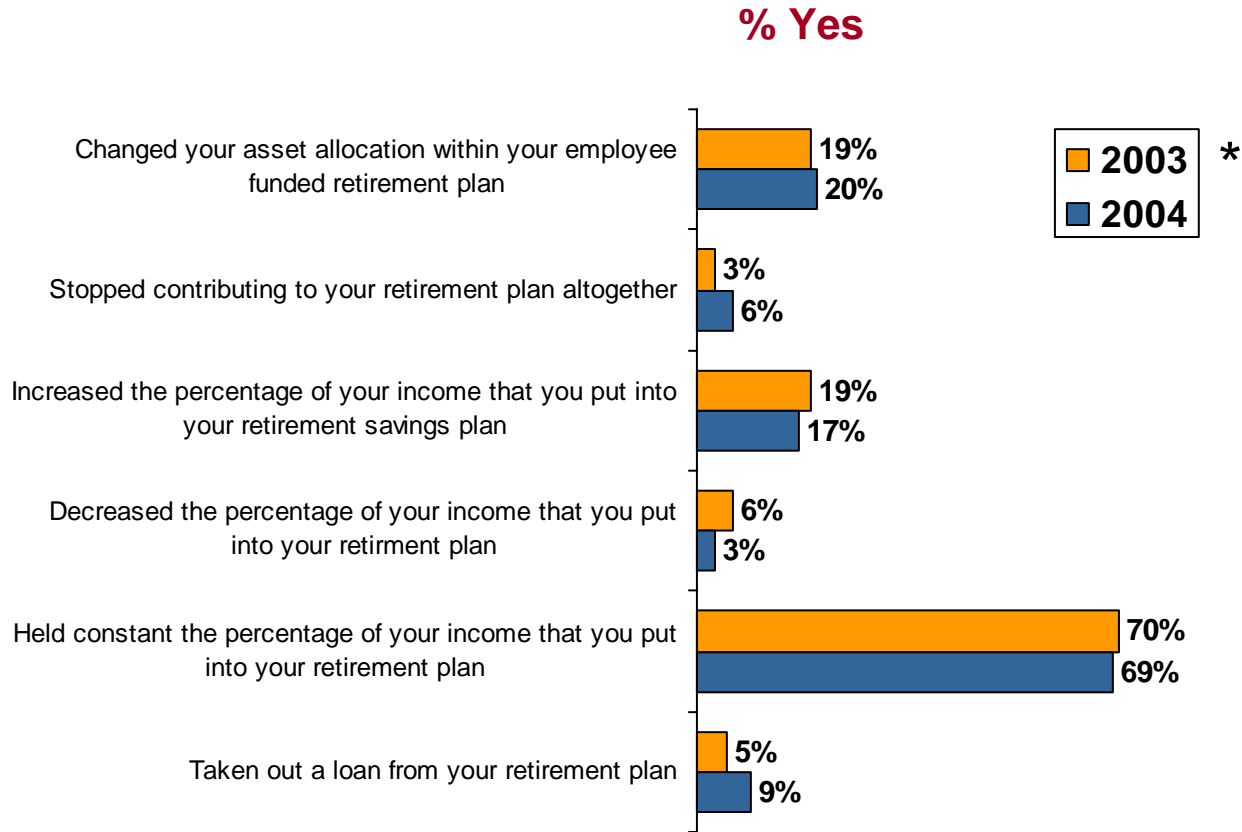
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- Most workers do not spend a lot of time monitoring their retirement accounts.
  - Almost half of workers (46%) say they spend less than five hours a year reviewing and making decisions about their retirement accounts.
- Employees in larger companies tend to spend significantly more time monitoring their retirement accounts than those in smaller companies do (Median time: 9 hrs/yr vs. 5 hrs/yr).
- Echo Boomers and Gen Xers spend more time than Baby Boomers (8 hrs/yr vs. 6 hrs/yr).
- Males spend significantly more time than females monitoring their retirement accounts (Median time: 10 hrs/yr vs. 5 hrs/yr).



# Retirement Plan Activities

Workers



2004 # of Employees 500+
27%
8%
23%
5%
63%
15% ↑

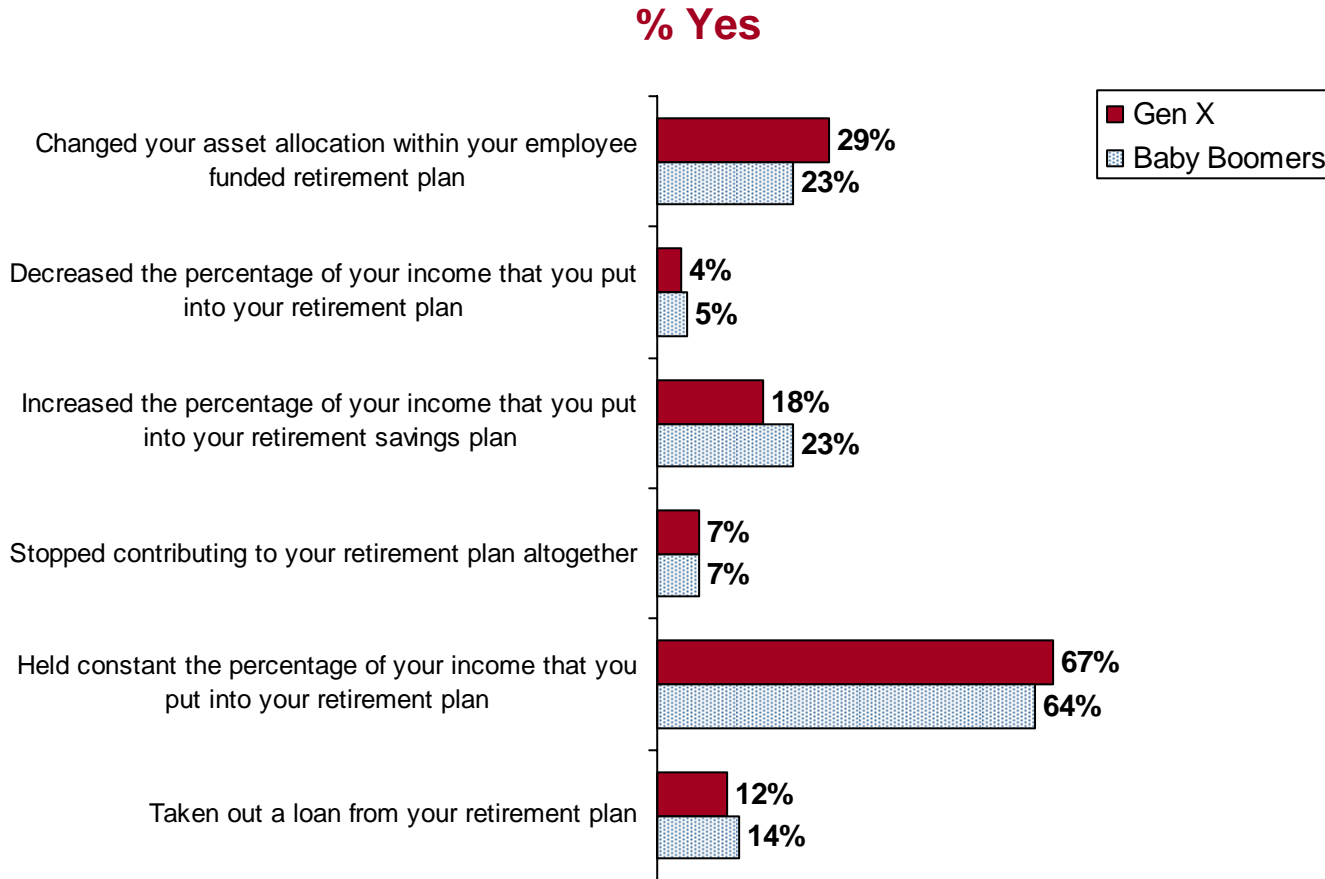
W Q8 In the past 12 months have you...? Base: Participate in Employee-Funded Retirement Plan (n=348)

\*Company size = 10-499 employees



# Retirement Plan Activities, cont'd.

Workers



W Q8 In the past 12 months have you...? Base: Participate in Employee-Funded Retirement Plan G: n=238; B: n=395)

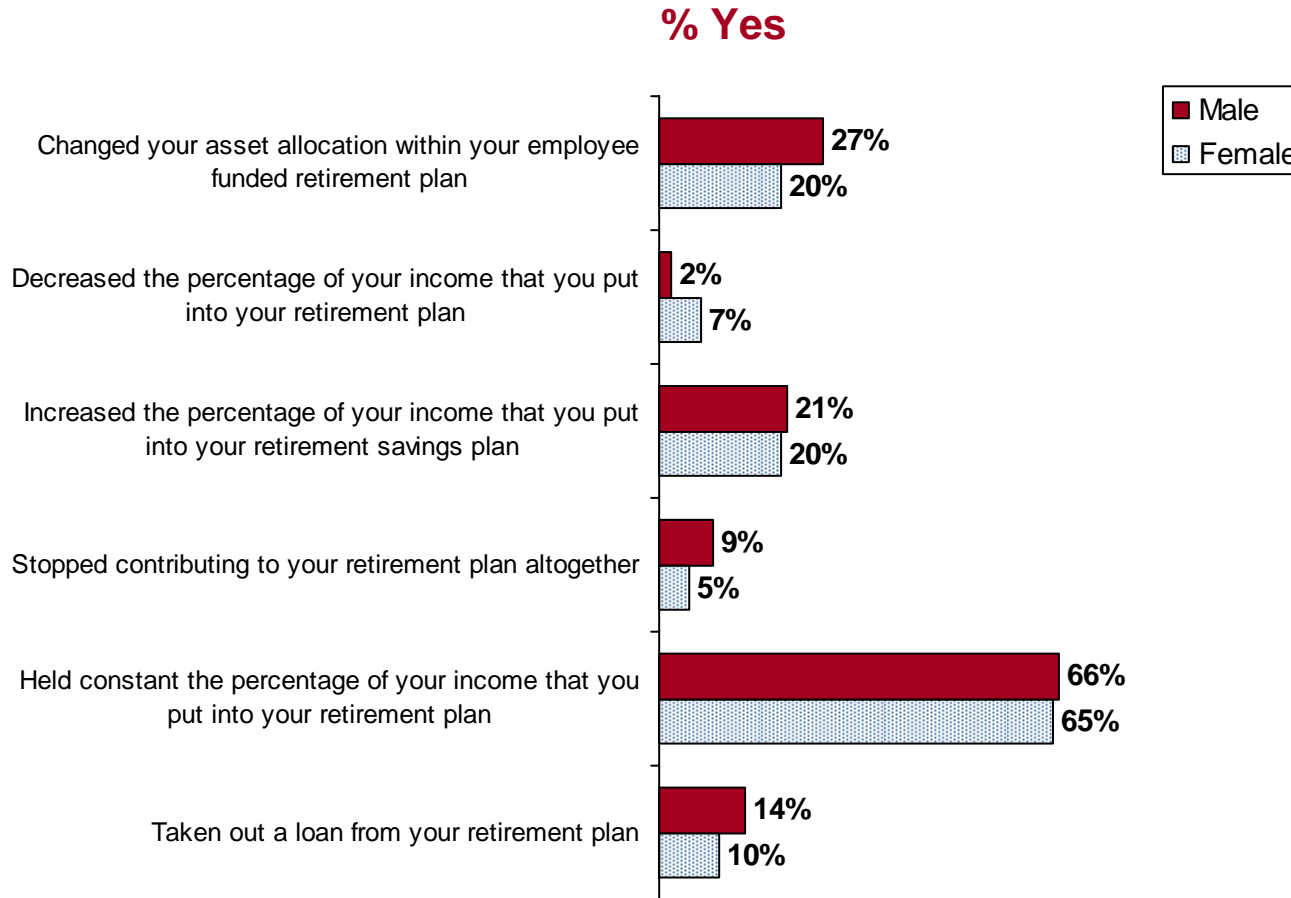
Note: Echo Boomer base size too small for comparison





# Retirement Plan Activities, cont'd.

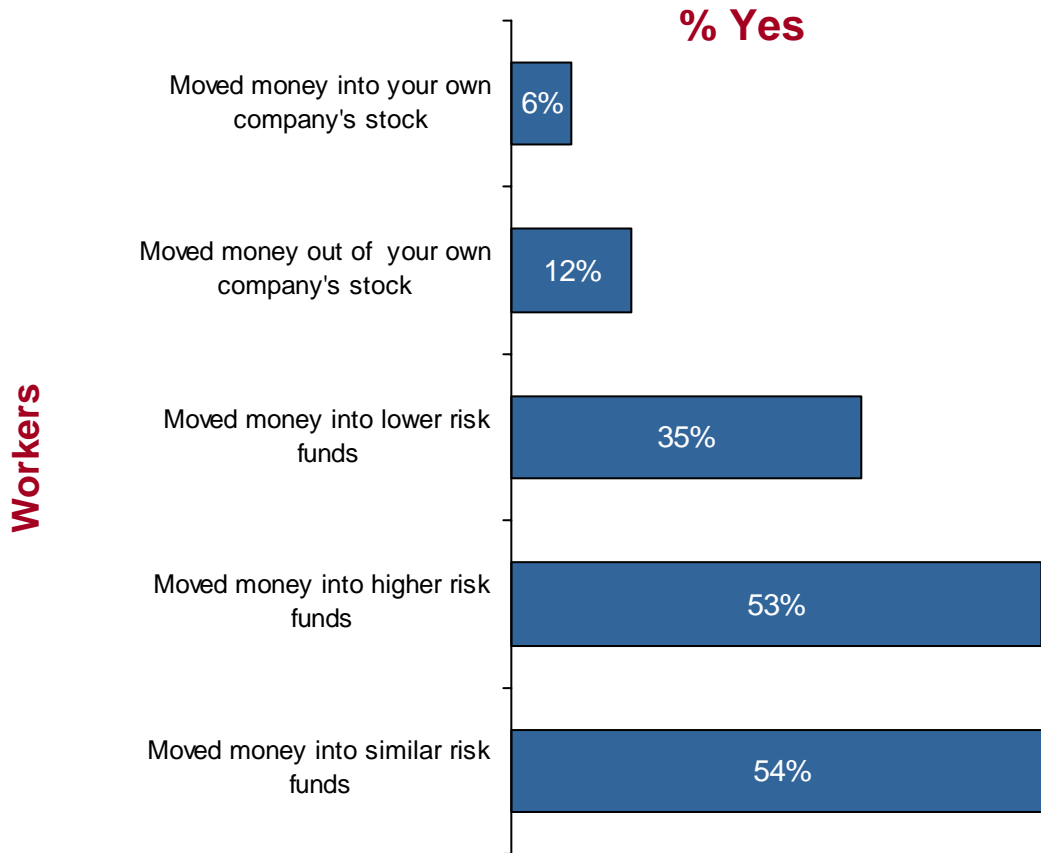
Workers



W Q8 In the past 12 months have you...? Base: Participate in Employee-Funded Retirement Plan (M: n=413; F: n=324)



# Changes in Allocation of Retirement Plan Balances

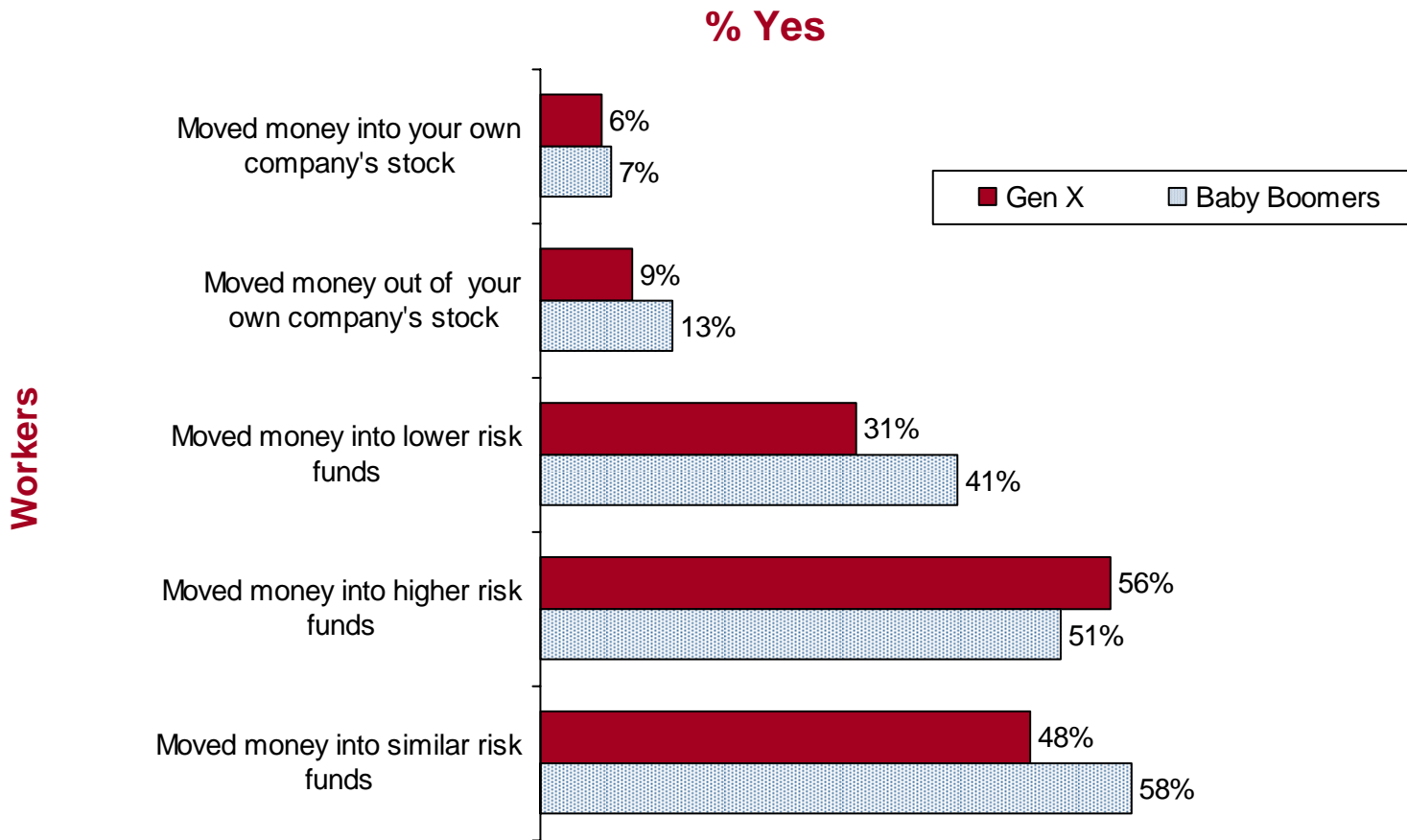


2003	2004	
	# of Employees	
10-499	10-499	500+
3%	7%	6%
6%	6%	16%
48%	35%	35%
38%	43%	59% ↑
44%	49%	57%

W Q9a In general, how did you change your asset allocation? Base: Changed Asset Allocation in Retirement Plan (n=189)



# Changes in Allocation of Retirement Plan Balances, cont'd.



W Q9a In general, how did you change your asset allocation? Base: Changed Asset Allocation in Retirement Plan (G: n=72; B: n=98)

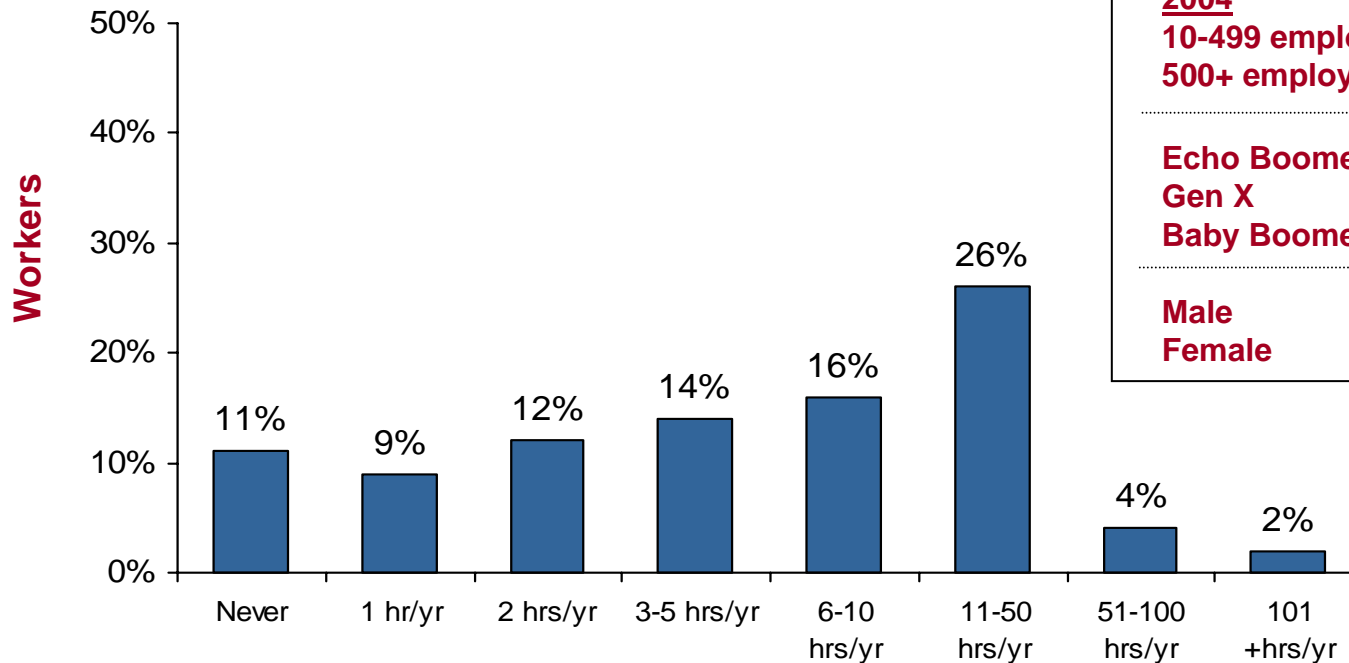
\*Company size = 10-499 employees

Note: Echo Boomer base size too small for comparison



# Monitoring Retirement Accounts

## Annual Frequency of Monitoring Retirement Accounts



### Median Hours:

#### 2004

10-499 employees	5 hours ↓
500+ employees	9 hours

Echo Boomers	8 hours
Gen X	8 hours
Baby Boomers	6 hours

Male	10 hours
Female	5 hours

W Q19 About how many hours per year do you spend reviewing and making decisions about your retirement accounts? Base: Respondents who save for retirement. (n=1083)

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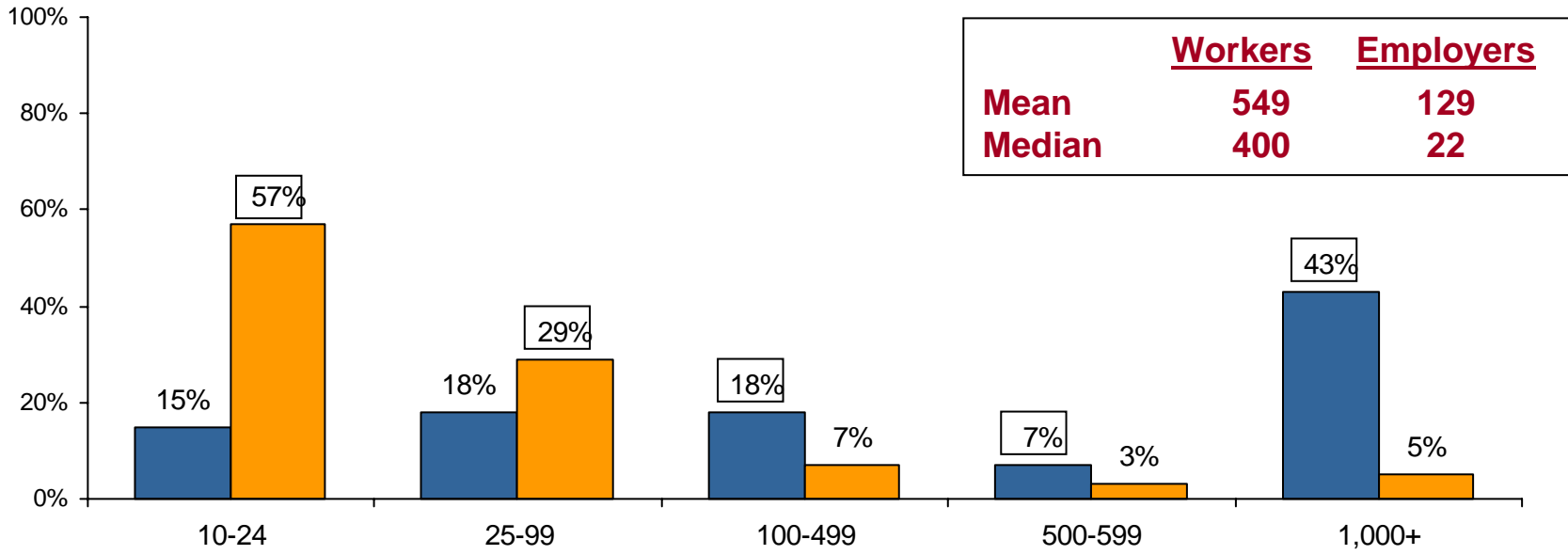
# Company Characteristics (Firmographics)

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# Number of Employees

■ Workers ■ Employers



	<u>Workers</u>	<u>Employers</u>
<b>Mean</b>	<b>549</b>	<b>129</b>
<b>Median</b>	<b>400</b>	<b>22</b>

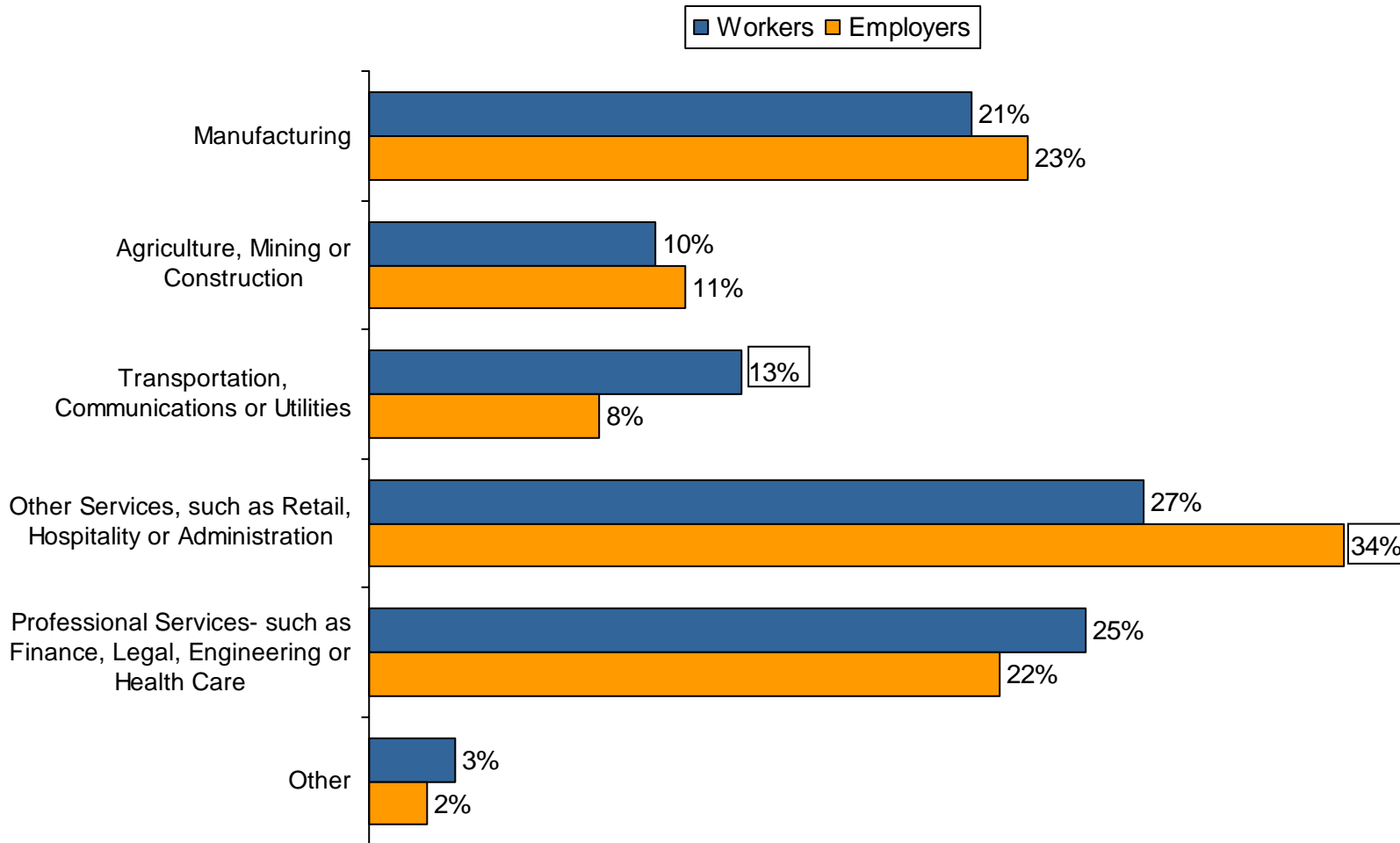
# Employees	W	E	W	E	W	E	W	E	W	E
10-499	29%	61%	36%	31%	36%	7%	NA	NA	NA	NA
500+	NA	NA	NA	NA	NA	NA	14%	42%	86%	58%

**W - Workers**  
**E - Employers**

W S4 Approximately how many people, including yourself, are employed at the company you work for? Base: All respondents (n=1201)  
E S6 Including all workers at all locations and sites, approximately how many people are currently employed full-time, 35 hours or more per week, at your company? Base: All respondents (n=601)



# Industry



W F Which of the following industry categories best describes your company's primary business? Base: All respondents (n=1201)

E A Which of the following industry categories best describes your company's primary business? Base: All respondents (n=601)

# Company Demographics

(n=601)	Employers
<b>Title</b>	
CEO/President/Owner	20%
CFO	1%
COO	2%
VP/Sr. VP	6%
Purchasing Dept.	0%
Human Resources /Benefits Mgr	23%
General/Office/Business/Operation	20%
Accounting/Controller	11%
Administrative	9%
Director	4%
Other	3%

(n=601)	Employers
<b>Department</b>	
Head/Executive office	26%
Management/Operations	18%
Human Resources/Personnel/Benefits	27%
Accounting/Finance	14%
Administration	12%
Other	5%

(n=601)	Employers
<b>Total Annual Revenues</b>	
Less than \$500,000	2%
\$500,000 to \$999,999	6%
\$1 million to less than \$5 million	33%
\$5 million to less than \$10 million	9%
\$10 million to less than \$50 million	8%
\$50 million to less than \$200 million	2%
\$200 million to less than \$500 million	1%
\$500 million to less than \$1 billion	0%
\$1 billion or more	1%



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# Worker Demographics

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# Worker Demographics

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(n=1,201)	Workers Only
<b>Age</b>	
18-24	12%
25-34	25%
35-44	25%
45-54	21%
55+	14%
<b>Gender</b>	
Male	56%
Female	44%

(n=1,201)	Workers Only
<b>Education Completed</b>	
High school or less	43%
Trade/Vocational school	4%
1-3 years of college	27%
4 years of college	18%
Some Graduate school	1%
Graduate school degree	6%



# Worker Demographics

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(n=1,201)	Workers Only
<b>Length of Employment</b>	
Less than a year	11%
1 to 2 years	17%
3 to 5 years	27%
6 to 10 years	14%
Over 10 years	30%
<b>Household Income</b>	
Less than \$25,000	11%
\$25,000-\$49,999	25%
\$50,000 - \$74,999	22%
\$75,000 - \$99,999	15%
\$100,000 - \$149,999	13%
\$150,000 or more	7%

(n=1,201)	Workers Only
<b>Profession</b>	
Manager or executive	19%
Professional	20%
Sales	12%
Clerical or administrative	9%
Laborer or operative	15%
Skilled worker or craftsman	11%
Business owner	1%
Semi-professional or technical	10%
Other	0%



# Worker Demographics

	<b>Workers Only</b>
<b>Marital Status</b>	<i>(n=1,201)</i>
Married	59%
Single	25%
Divorced or Separated	14%
Widowed	2%
<b>Retirement Savings</b>	<i>(n=1,002)</i>
Less than \$5,000	12%
\$5,000 - \$9,999	10%
\$10,000 - \$24,999	10%
\$25,000 - \$49,999	11%
\$50,000 - \$99,999	12%
\$100,000 - \$249,999	13%
\$250,000 - \$499,999	6%
\$500,000 or more	3%

	<b>Workers Only</b>
<b>Current Employer's Plan</b>	<i>(n=737)</i>
Less than \$5,000	16%
\$5,000 - \$9,999	16%
\$10,000 - \$24,999	13%
\$25,000 - \$49,999	9%
\$50,000 - \$99,999	10%
\$100,000 - \$249,999	6%
\$250,000 or more	4%
<b>Ethnicity</b>	<i>(n=1,201)</i>
Hispanic, Spanish, Latino	12%
White	69%
African American/Black	10%
Other	6%

# Worker Demographics

## Money Saved in All Retirement Accounts

Generation	Echo Boomers*	Gen Xers	Baby Boomers
Less than \$5,000	57%	13%	5%
\$5,000 to \$9,999	22%	16%	4%
\$10,000 to \$24,999	12%	13%	7%
\$25,000 to \$49,999	1%	15%	8%
\$50,000 to \$99,999	0%	12%	15%
\$100,000 to \$249,999	0%	8%	20%
\$250,000 to \$499,999	0%	2%	10%
\$500,000 or more	0%	1%	8%
Not sure / Declined	7%	20%	23%

(n = 1,002)

*\*Small statistical base*

Company Size	Small Company	Large Company
Less than \$5,000	16%	8%
\$5,000 to \$9,999	12%	8%
\$10K to \$24,999	10%	9%
\$25K to \$49,999	10%	11%
\$50K to \$99,999	12%	12%
\$100K to \$249,999	9%	16%
\$250K to \$499,999	5%	8%
\$500K or more	2%	4%
Not sure / Declined	24%	23%

Gender	Male	Female
Less than \$5,000	9%	17%
\$5,000 to \$9,999	10%	11%
\$10K to \$24,999	9%	10%
\$25K to \$49,999	10%	12%
\$50K to \$99,999	13%	11%
\$100K to \$249,999	16%	8%
\$250K to \$499,999	8%	4%
\$500K or more	4%	2%
Not sure / Declined	21%	26%

# Worker Demographics

## Balance in Current Employer's Retirement Plan

Generation	Echo Boomers*	Gen Xers	Baby Boomers
Less than \$5,000	65%	21%	9%
\$5,000 to \$9,999	18%	22%	10%
\$10,000 to \$24,999	0%	16%	14%
\$25,000 to \$49,999	0%	10%	10%
\$50,000 to \$99,999	0%	7%	15%
\$100,000 to \$249,999	0%	3%	9%
\$250,000 or more	0%	1%	7%
Not sure / Declined	16%	21%	26%

(n = 737)

*\*Small statistical base*

Company Size	Small Company	Large Company
Less than \$5,000	17%	15%
\$5,000 to \$9,999	15%	16%
\$10,000 to \$24,999	14%	12%
\$25,000 to \$49,999	11%	7%
\$50,000 to \$99,999	8%	12%
\$100,000 to \$249,999	4%	8%
\$250,000 or more	2%	5%
Not sure / Declined	27%	25%

Gender	Male	Female
Less than \$5,000	13%	21%
\$5,000 to \$9,999	14%	17%
\$10,000 to \$24,999	15%	11%
\$25,000 to \$49,999	9%	8%
\$50,000 to \$99,999	13%	6%
\$100,000 to \$249,999	9%	3%
\$250,000 or more	5%	2%
Not sure / Declined	21%	32%

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# Appendix

Summary of Methodologies  
1998, 2000, 2001, 2002, 2003 and 2004

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# Methodology for All Study Waves

Study Year (Field Period)	2004 (September)	2003 (August)	2002 (October)	2001 (August)	2000 (May)	1998 (November)
<b>Workers - Telephone Interviewing</b>						
<b>Sample Size</b>	1,200	600	765	500	500 (includes those who also qualify as employers)	500 (includes those who also qualify as employers)
<b>Sample Description</b>	National RDD	National RDD	National RDD	National RDD	National	Major MSA's
<b>Age</b>	18+ years	18+ years	18+ years	25+ years	26-54 years	25-52 years
<b>Employment</b>	Full-time currently	Full-time currently	Full-time currently	Full-time currently	Full-time currently or last 6 months	Full-time currently or last 6 months
<b>Company Type</b>	Excludes public and government	Excludes public and government	Excludes public and government	Excludes public and government	Excludes public sector	unknown
<b>Company Size</b>	10-1000+ employees	10-500 employees	10-500 employees	10-500 employees	10-500 employees	2-1500 employees
<b>Weighting</b>	Demographic and by company size (Harris Interactive telephone targets)	Demographic and by company size (Harris Interactive telephone targets)	Demographic and by company size (Harris Interactive telephone targets)	Company size (Census)	unknown	unknown
<b>Employers - Telephone Interviewing</b>						
<b>Sample Size</b>	601	300	300	200	200 (identified from worker sample based on role); also included in worker sample	45 (identified from employee sample by claimed business ownership); also included in worker sample
<b>Sample Description</b>	National	National	National	National	National	Major MSA's
<b>Decision Role</b>	Sole or joint decision maker	Sole or joint decision maker	Sole or joint decision maker	Sole or joint decision maker	Business owner or principal	Self-employed or one of principal owners
<b>Company Size</b>	10-1000+ employees	10-500 employees	10-500 employees	10-500 employees	10-500 employees	2-1500 employees
<b>Industry</b>	Excludes government, public administration, schools, religious organizations	Excludes government, public administration, schools, religious organizations	Excludes government, public administration, schools, religious organizations	unknown	Excludes public sector	unknown
<b>Weighting</b>	Company Size (D&B)	Company Size (D&B)	Company Size (D&B)	Company Size (Census)	unknown	unknown