Seventh Annual
Transamerica Retirement Survey

The Attitudes of American Workers and Their Employers Regarding Retirement Security and Benefits

Submitted to:
Transamerica Center for Retirement Studies

Submitted by:
Zogby International
John Zogby, President and CEO
John Bruce, Vice President and Systems Administrator
Rebecca Wittman, Vice President and Managing Editor
Christian W. Peck, Writer

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I. Executive Summary

The Transamerica Center for Retirement Studies ("The Center") is a collaboration of experts assembled by Transamerica Retirement Services[1] to promote public awareness of emerging trends surrounding retirement security in the United States. The Center's research emphasizes employer-sponsored retirement plans, issues faced by small to mid-sized companies and their employees, and the implications of legislative and regulatory changes.

In August 2005 The Center commissioned Zogby International to conduct the Seventh Annual Transamerica Retirement Survey. The survey sample includes 603 employers and 1,387 workers in companies across America. The survey is designed to meet the Center's goals to:

- Monitor and report on emerging retirement trends,
- Analyze general retirement issues faced by employers and workers, and
- Promote an awareness of the unique retirement needs of small companies and their employees relative to those of large companies.

Summary of Findings

Worker interest in employer retirement plans is on the upswing. Sixty-one percent of workers consider a company-funded defined benefit plan "very important," while 74% consider an employee-funded retirement plan (such as a 401(k) plan) "very important." These figures compare to 46% and 66%, respectively, last year.

Eighty-one percent of workers say their company offers an employee-funded retirement plan and of those, 74% participate in the retirement plan. The numbers vary markedly for workers at small and large businesses. Seventy-two percent of small company workers have a plan available to them, compared to 90% of workers at large companies. The participation rate for small company employees is 64%, versus 81% for large company employees.

Survey results also show that among workers whose employer does not offer retirement benefits, 56% would be likely to leave their current company to work at one that offers such benefits.

The message about the importance of retirement benefits is getting through to employers. This year 85% of employers said an employee-funded retirement plan was important to their employees, up from 77% last year. Also, more companies believe that a 401(k) or similar plan is an important part of attracting and retaining workers (79% in 2005 versus 75% in 2004).

[1] Transamerica Retirement Services, a marketing unit of Transamerica Financial Life Insurance Company and other of its affiliates, specializes in the promotion of retirement plan products and services. Transamerica Financial Life Insurance Company and its affiliates are members of the AEGON Group of Companies. Securities offered through Diversified Investor Securities Corp. (DISC). Member NASD.

On the other hand, survey data reveals that only 22% of employers believe workers would prefer excellent retirement benefits over higher salary – a decline from last year's survey, where 34% of employers agreed. This outlook differs from that of workers – 58% said they would prefer a job with excellent benefits over one with a higher salary, all else being equal.

While employers and workers seem to be closer in their attitudes about retirement benefits, workers still have to put in additional effort before they can be confident that they will have saved enough for a secure retirement. For example, only 20% feel that they are building a large enough nest egg for retirement and less than one-third spend more than 10 hours a year reviewing and making decisions about their retirement accounts. Only about 1 in 4 workers have $100,000 or more saved for their retirement and 71% say they do not know as much as they should about retirement investing.

Not surprisingly, then, 46% of workers believe that they could work to age 65 and still not have enough money saved to meet their retirement needs. Retirement confidence has also dropped, with 23% saying they were "very confident" they could achieve a comfortable lifestyle in retirement, compared to 31% last year.

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For additional employer and worker survey results, as well as comparisons of the worker results based on age, employer size, gender, and geographic location, please see the full report which follows.

II. Methodology and Sample Characteristics: Worker Survey

Survey Methodology [National Survey Of Workers]: 7/28/05 thru 8/12/05

This is a national telephone survey of employed adults conducted by Zogby International. The target sample is 1,387 interviews with approximately 61 questions asked. Samples are randomly drawn from telephone CDs of national listed sample. Zogby International surveys employ sampling strategies in which selection probabilities are proportional to population size within area codes and exchanges. As many as six calls are made to reach a sampled phone number. Cooperation rates are calculated using one of AAPOR's approved methodologies[2] and are comparable to other professional public-opinion surveys conducted using similar sampling strategies.[3] Weighting by *age, race, and gender* is used to adjust for non-response. Margin of error is +/- 2.7 percentage points. Margins of error are higher in sub-groups.

Zogby International's sampling and weighting procedures also have been validated through its political polling: more than 95% of the firm's polls have come within 1% of actual election-day outcomes.

Terminology used in this report:

- Employee-funded plan: a 401(k) or other employee self-funded plan in which the employee contribute to their retirement account and may include employer matching funds. These plans include 401(k), 403(b), SIMPLE, SEP, or some other type of plan.
- Company-funded plan: a defined benefit pension plan funded by the employer; that is a retirement plan in which retirees are provided a set benefit at retirement

- 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 1987
- Gen Xer: born 1965-1978
- Baby Boomer: born 1946-1964
- Mature: born before 1946

[2] See COOP4 (p.38) in Standard *Definitions: Final Dispositions of Case Codes and Outcome Rates of Surveys.* The American Association for Public Opinion Research, (2000).

[3] *Cooperation Tracking Study: April 2003 Update*, Jane M. Sheppard and Shelly Haas. The Council for Marketing & Opinion Research (CMOR). Cincinnati, Ohio (2003).

Sample Characteristics	Weighted Frequency	Valid Percent*
Sample size	1387	100
Region		
East	352	26
South	353	26
Central/Great Lakes	465	34
West	213	15
Employer Size		
10-24 employees	143	10
25-99 employees	244	18
100-499 employees	275	20
500-999 employees	91	7
1,000+ employees	634	46
Small companies	662	48
Large companies	725	52
Age		
18-29 years old	260	19
30-49	609	44
50-64	435	32
65+	68	5
Generation		
Echo Boomers	213	16
Gen X	398	29
Baby Boomers	569	42
Matures	192	14
Did not answer age	15	--
Education		
Less than high school	20	1
High school graduate	247	18
Some college/Trade	436	32
College graduate	503	36
Post grad	180	13
Did not answer education	1	--

Sample Characteristics (continued)

Race		
White	1036	75
Hispanic	124	9
African American	166	12
Asian/Pacific	14	1
Other/mixed	41	3
Did not answer race	6	--

Urbanization		
Live in large city	474	34
Live in small city	309	22
Live in suburbs	314	23
Live in rural area	279	20
Not sure	9	1

Profession		
Managerial	289	21
Medical/Professional/Technical	489	35
Sales	163	12
Clerical/Service/Administration	210	15
Blue-collar/Production	223	16
Other occupation	1	0
Not sure of occupation	10	1
Did not answer occupation	2	--

Industry		
Manufacturing	286	21
Agriculture/Mining/Construction	102	7
Trans/Communication/Utilities	197	14
Professional Service	465	34
Non-professional Service	289	21
Other company business	29	2
Not sure of company business	18	1
Did not answer business	2	--

Sample Characteristics (continued)

Income		
Less than $25,000	119	9
$25,000-$49,999	331	26
$50,000-$74,999	324	25
$75,000-$99,999	202	16
$100,000-$149,999	190	15
$150,000 or more	109	15
Did not answer income	112	--
Gender		
Male	731	53
Female	656	47
Investor Class		
Investor class	431	31
Not investor class	950	69
Did not answer investor class	6	--

*** Numbers have been rounded to the nearest percent and might not total 100.**

III. Narrative Analysis (Worker Survey)

4. If you had an extra $1,000 to spend on anything you wanted, what would you do with the money?

Save it	31%
Pay off debt	24
Spend it on a luxury item, vacation, or gift	20
Spend it on essentials (rent/mortgage, car, clothing, education, etc.)	16
Give it to charity	2
Other	3
Not sure	3

Three-tenths (31%) of all respondents would **save** a $1,000 windfall—the largest single grouping, but a bare plurality—and an indicator that one-quarter of adults in the workforce constitute an optimal target for marketing retirement savings and investments. An additional 24% would use it to **pay off debt**—making individuals' debt—and tolerance for it—a key factor among those whose financial decisions could be termed "responsible," but are not inclined to increase savings/investments.

The instinct to spend it on luxury goods drives nearly one-in-five (20%) while 16% would use it to pay for things deemed essential.

Interestingly, there is very little gap between employees of "small" companies (those with fewer than 500 workers) and "large" companies (those with 500 or more).

There are several generation trends at play in this question. There is a clear upwards swing in propensity to save as respondents become older based on generation; while just one-in-four (26%) of echo boomers would save such a windfall, this number increases by nearly half, to 37%, among matures (it stands at 31% for baby boomers and 28% for gen-Xers). The opposite is true of those who would spend on essentials—this consistently drops with each progressive generation, ranging from 21% of echo boomers (and 20% of gen-Xers) down to just 8% of matures (and 15% of baby boomers).

However, on the options related to debt and luxury spending, there is a clear generational skip pattern, which suggests the baby boomers have passed certain values on to their echo boomer children, and the matures have done the same with their gen-X offspring. Paying off debt is viewed as an optimal course of action by both baby boomers (24%) and echoes (40%); matures are less inclined to do so, as are their Xer children. On the other hand, both matures and Xers are more inclined to spend money on luxuries.

Geographic region has substantial impact on response. Easterners and residents of the Central U.S. are less likely to save (~28% in each region choose this option) while Southerners and Westerners are more inclined to do so (34% apiece). Meanwhile, paying off debt resonates most strongly in the Central and Southern U.S. (~26%) while in the

East, 24% take this option, and in the West, this drops to 19%. Residents of the Central states are more inclined than elsewhere to spend the money on essentials (19% versus a range from 12% to 17% elsewhere) while Easterners are more inclined to spend the money on luxury goods (23% versus a range from 18% to 21% elsewhere).

Use of financial advisors seem to have some impact on response, with those whose household uses a financial advisor more inclined toward saving than those whose household does not by a 36% to 28% margin; paying off debt is viewed more favorably in non-financial advisor households than financial advisor households by a 27% to 19% margin. Spending on luxury goods is, however, constant in both households.

Gender has little impact on response, but marriage has some impact among men, driving a substantial number of them into the "luxury" camp in their spending (21% choose this route versus 17% of their single counterparts). Meanwhile, single men are more likely to use a windfall to pay for essentials (19% versus 14% among their married counterparts). Married women, meanwhile, are more disposed toward saving than their single counterparts (30% of the former versus 25% of the latter) but comparable on all other points.

Interestingly, Internet usage *does* seem to be an indicator of some behavior patterns—savings are more valued among those who use the Internet the least; as usage increases, meanwhile, there is a jump among those disposed toward spending on luxury goods. However, Internet usage may be more an indicator of financial prosperity—there is a greater likelihood among those who are least inclined to be online toward spending on essentials.

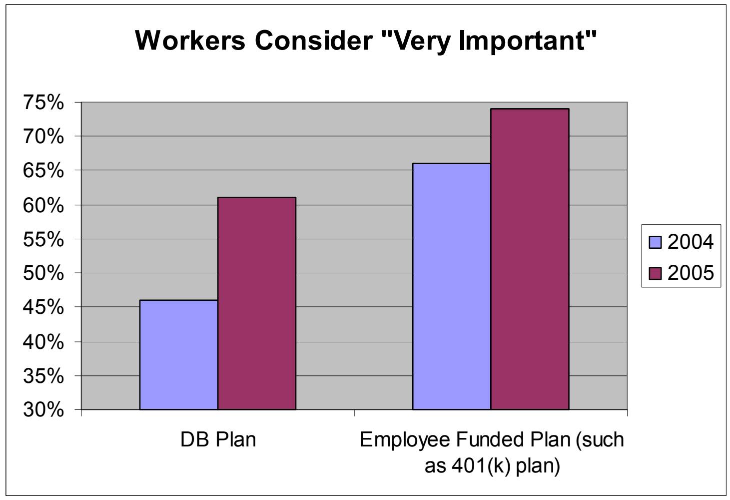
401-405. Businesses typically offer a number of different benefits for their workers. For each of the following, please tell me how important that benefit is to you, personally.

Table 1. Workers Rate the Value of Benefits

	Health Insurance	Life Insurance	Disability Insurance	Defined-benefit pension plan	401(k) or other self-funded plan
Very important	90	37	50	61	74
Somewhat important	7	43	39	26	20
Important	98	80	89	86	93
Not too important	1	14	8	9	4
Not at all important	1	6	3	4	2
Not important	2	20	11	13	6
Not sure/Refused	0	0	0	0	0

Health insurance is valued at a nearly universal level, with all but a tiny fraction saying it is something they personally consider "important" as a benefit—and a full nine-in-ten (90%) saying it is "very important." This trumps every other benefit in both overall importance and intensity.

401(k)s and similar self-funded plans are, from a field of standard worker benefits, the next most-highly-valued. Ninety-three percent of respondents consider 401(k)s, SIMPLEs, SEPs, and other plans important. It is worth noting that a full three-in-four (74%) consider these "very important"—the second-most intense response, and a full ten points higher than the more traditional defined-benefit pension plans, which are seen as very important by just under two-thirds (61%).



It is also noteworthy that retirement benefits are viewed as more essential than both long-term disability and life insurance.

As this survey is focused primarily on retirement security, this portion of the report will focus on the trends among respondents as related to both the self-funded retirement options and the set-benefit pensions.

Company size is clearly a key factor where 401(k)s are the benefit being considered. Employees of large companies—those with 500 or more workers—are much more intense about the importance of a 401(k) than their counterparts at smaller companies, by a 79% to 67% margin among those terming such benefits "very important." A similar trend plays out for company-funded defined-benefit pensions: among small company workers, 56% call this benefit "very important" while among large companies, this climbs to 66%. It is a reasonable assumption that larger companies, which presumably have more resources, draw a disproportionate percentage of workers who seek security, and that, in being able to offer such benefits at a greater level, also impart the importance of such benefits as a value their workers internalize.

Age produces significant differences where 401(k)s are concerned. Matures prize these more than other groups—a full 79% consider them "very important"—while 77% of gen-Xers and 74% of baby booms also place the same value on the plans. There is a substantial drop-off among echo boomers, who place the least value on 401(k)s, at 59%.

However, when the question shifts to defined-benefit pensions, there is a clear split between younger and older respondents, with baby boomers and matures placing similarly intense levels of importance on pensions (68% of matures and 69% of boomers call these plans "very important") while the level of importance drops somewhat among Xers (61%) and echo boomers (32%).

Geographic region has no significant impact in valuing one type of retirement security over the other.

Household use of a financial advisor has an impact. Mostly, this amounts to an uptick in those respondents calling both forms of retirement security "very important."

When it comes to defined-benefit pensions, more women than men consider them "very important" (65% versus 57%). Interestingly the difference is even more pronounced amongst unmarried women and men – here, 67% of women view pensions as very important, while only 46% of men feel the same way.

While like numbers of men and women view 401(k) or similar plans as important, women have a stronger opinion than men, with 78% of them saying these plans are "very important" compared to 70% of men feeling the same way. Married men are more likely than their unmarried counterparts to view 401(k)s as very important, by a 71% to 67% margin; among women, the married-single margin is 81% to 75%.

One of the most interesting divergences in these numbers occurs when Internet usage is considered. On the importance of pensions, there is a general trend-line of lower intensity as Internet usage increases—the more time spent online, the less likely respondents are to rate defined-benefit pensions as "very important"; this is exactly opposite the trend that occurs for 401(k) plans. In short, "plugged-in" respondents are more likely to place importance on self-funded plans.

We would like to ask you some questions about the benefits ***the company you work for*** *provides or offers.*

5. Which of the following retirement benefits does your company offer?

Any employee-funded retirement plan (such as 401(k), SIMPLE or SEP)	81%
An employee-funded 401(k) plan	77
A company-funded defined benefit pension plan	36
Other employee self-funded plan, such as SIMPLE, SEP, or other plans except for 401(k)s	13
None of the above	11

The 401(k) plan is the dominant offering in today's workplace. More than twice as many respondents say their company offers a 401(k) as say their employer offers a pension (77% versus 36%). One in eight workers say their company offers another type of self-funded plan. In total 81% of respondents say their company offers some type of employee-funded retirement plan.

Workers at large companies (500+ workers) are more than twice as likely to say their employer provides a defined benefit pension plan as at small companies (49% versus 21%). Meanwhile, 401(k)s are offered by majorities of virtually all sizes of company (with the exception of those companies employing fewer than 25 workers) – and become more prevalent as company size increases. However, workers at small companies are less likely to have access to a 401(k) or similar plan than their counterparts at large companies (72% versus 90%).

Gen-Xers are more likely than their counterparts to report having an employer that offers them a 401(k), with 86% saying their job includes this benefit. Xers and baby boomers, meanwhile, report having defined-benefit pensions at nearly identical levels—38%-40%. Echo boomers are least likely to have access to a defined benefit plan (25%), while just over a third of workers from older generations work at companies with this type of plan.

Defined-benefit pensions are more likely to be found in the Central U.S., where 41% of workers report these type plans. This drops substantially in other regions, but especially in the South, where just 30% report that a pension is an available benefit. 401(k) plans, meanwhile, enjoy greater stability, with no region deviating more than three percentage points from the overall overage of 77%.

There are no notable differences between men and women in their access to company-sponsored retirement benefits.

Internet usage is not directly related to pension availability, with no readily-discernable trends appearing in the data. However, there is a link between Internet usage and 401(k) plans, with a clear increase in the availability of a 401(k) as usage increases.

It is noteworthy that the percentage of respondents who work for companies offering an employee-funded 401(k) plan in this year's survey represents an upwards trend over last year: in October 2004, that percent stood at 73%; in this survey, the percentage stands at 77%.

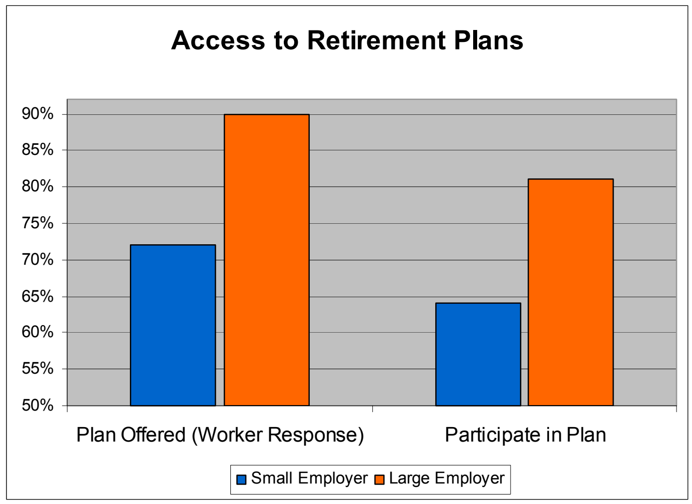
The survey also finds a significant shift away from conventional company-funded pensions. In October 2004, the percentage indicating their employer provided a set-benefit pension plan or similar plan was 54%; in this survey, the percentage stands at 36%.

The industry in which a respondent works has a significant impact on access to a 401(k) or similar plan. For example, 91% of those working in the transportation/

communication/ utility industry had access to a plan. This compares to 72% in the agriculture/ mining/ construction industry and 71% in the non-professional services industry.

(Only asked of those whose companies offered a 401(k) or other self-funded plan)
6. Do you currently participate in, or have money invested in your company's employee-funded retirement savings plan?

Yes	74%
No	25
Not sure/Refused	1



Three-in-four workers (74%) whose companies offer a 401(k) or similar plan utilize that benefit. This is a small down-tick from last year's survey (where 75% participated), but within the survey's margin of error.

The percentage participating in their company's 401(k) or similar plan climbs as company size increases, with 81% of large company workers opting into their company's plans—versus 64% of their small-company counterparts.

Echo boomers are an outlier on this question; while 73%-78% of all other generations opt into their employers' 401(k) plans, just 60% of echo boomers do the same.

401(k) participation is surprisingly stable throughout all geographic regions, ranging from a low of 72% in the South to a high of 76% in the Central U.S.

A slightly higher percentage of those who live in a household utilizing a financial advisor opt into their employers' plans than those living in households not using an advisor; 80% of the former and 76% of the latter choose to utilize such a plan.

Men are slightly more likely than women to participate in their company's plan (76% versus 72%). Participation by both genders increases by similar proportions with marriage; among men, 79% of married men opt into plans versus 68% of their unmarried counterparts; among women, 77% of married women participate in employer 401(k) plans versus 67% of their unmarried counterparts. This suggests that gender has little impact on the decision to take part in an employee-funded retirement benefit while marriage is a significant determinant.

Internet usage has no noticeable impact on participation.

This marks a very slight drop from last year, when 76% indicated participation in their company's plan and 23% said they do not (the 2004 survey itself marked a wide swing from the 2003 survey, which indicated 61% enrollment).

Workers in the service industry were least likely to participate in their company's plan (63%), while those in the manufacturing and agriculture/mining/construction industries had the highest participation rates, at 79%.

(Only asked of those who participate in their company's self-funded plan)
7. What percentage of your salary are you saving for retirement through your company-sponsored plan this year?

Mean investment level:	9.88%
Median investment level:	8%

Large company workers indicate a significantly higher percentage of their salary being committed to a self-funded plan; while the median percentage in small companies is 7% (and the mean is 8.68%), in large companies, the median is 10% (and the mean is 10.56%).

There are signs of a generational skip pattern in this question, with baby boomers and echo boomers saving lower percentages of their salaries than are gen-Xers and matures. The median savings for echo boomers is at 6%, while the median for baby boomers is 8%. The median for gen-Xers and matures, meanwhile, is 10%. The mean contribution rate, however, increases steadily as workers get older.

(Only asked of those who participate in their company's self-funded plan)
8. Does your company offer a matching contribution as part of its 401(k) or other company-sponsored retirement plan?

Yes	86%
No	14
Not sure/Refused	1

The vast majority of participants in self-funded retirement plans say their employer offers a matching contribution. Interestingly, participating employees of large companies are much more likely than their small-company counterparts to say their employer matches their contribution, by a 91% to 77% margin.

Participating gen-Xers are somewhat more likely than their counterparts in other generations to indicate an employer match to their contribution, with 92% of that group saying their employer pays in to their plan. Only 74% of matures who participate in their employer's plan say that a matching contribution is offered.

Workers in the Eastern U.S. are less likely to indicate an employer match than are their counterparts in other regions, with 81% of Easterners saying their employer matches their 401(k) contribution—significantly lower than the 87% to 88% that report the same in other regions.

There is little difference in responses based on gender or marital status.

Use of the Internet has no correlation with company match.

There are differences between industries, however. Ninety-four percent of workers in the transportation/communication/utilities industry report a company match, while only 75% of those in the agriculture/mining/construction industry and 82% in the service industry report the same.

Now, we'd like to ask a few questions about decisions you have made in the past 12 months regarding your employee-funded retirement plan.

(Only asked of those who participate in their company's self-funded plan)
9. Have you changed your asset allocation within your employee-funded retirement plan?

Yes	33%
No	67
Not sure/Refused	1

One-third (33%) of 401(k) participants say they have changed their asset allocation in the past year, while two-thirds (67%) say they have not.

Employees of large companies are more likely to have changed their asset allocations than their counterparts at small companies, with 35% of large-company workers indicating a change versus 28% of small-company workers.

Baby boomers are more likely than other generations to have changed their retirement plan allocation in the past 12 months, with 37% of this group indicating a change versus 24% to 34% of other generations.

Westerners and Easterners are more likely than residents of the South and Central U.S. to have made a recent change in allocation, with 38% of Westerners and 36% of Easterners indicating a recent change, higher than the 29% to 31% elsewhere.

Households utilizing a financial advisor are much more likely to have changed asset allocation than are non-financial-advisor households, by a 43% to 29% margin.

Men and women are about equally as likely to have made a change to their asset allocation. Married men are more likely than non-married men to have made a change, by a 36% to 27% margin; married women are just as likely as their unmarried counterparts to have made a change, at ~32% apiece.

Internet usage directly impacts the response to this question. As Internet usage climbs, so does the likelihood of a change in asset allocation—with just 12% of the most infrequent Internet users indicating changing their allocation, and 39% of the most frequent users indicating a change.

(Only asked of those who participate in their company's self-funded plan)
10. Have you changed the percentage of your income you put into your retirement savings plan?

Yes	28%
No	72
Not sure/Refused	0

Slightly more than one-quarter (28%) of plan participants indicate they have made a change in the percentage of income invested in their retirement plan.

Company size has no impact on response.

Generation membership does have some impact, however. Echo boomers are more likely than all other groups, by a substantial margin (34% versus a range from 26% to 29% elsewhere) to have made changes to their level of investment.

Southerners are far less likely than their counterparts elsewhere to have made a change in their level of investment in their retirement plans; while just 18% of Southerners indicate having made such a change, 30% to 33% elsewhere say the same.

Households utilizing a financial advisor are more likely than those that do not to have made a change in percentage invested, with 33% of the former indicating a change, versus 25% of the latter.

Gender and marital status have minimal impact on response.

Internet usage does not seem to show any direct relationship.

(Only asked of those who participate in their company's self-funded plan)
11. Have you stopped contributing to your retirement plan altogether?

Yes	2%
No	98
Not sure/Refused	0

Only a small proportion of respondents indicate having stopped contributions to their employee-funded retirement plans, making statistical analysis impractical.

(Only asked of those who participate in their company's self-funded plan)
12. Have you taken out a loan from your retirement plan?

Yes	9%
No	91
Not sure/Refused	0

One-in-eleven (9%) plan participants have taken out a loan from their plan, while ten times as many (91%) have not.

The data suggests that employees of large companies are a bit more likely to have taken such a loan, with 11% of this group indicating such a loan—versus 7% of small-company employees.

Baby boomers are more likely than any other generation to have taken such a loan, followed by gen-Xers (12% and 9%, respectively).

Easterners are much more likely than residents of other regions to have taken a loan from their retirement plans, with 15% of this group—versus 7% to 10% elsewhere—utilizing this particular benefit.

Respondents whose households use a financial advisor are less likely to have taken a loan from their retirement plans than those whose households do not, by a 8% to 12% margin.

Generally speaking, there is little difference between genders on this question. However, there is a divergence between married and single men, with three times as many married men and as unmarried men (12% versus 4%) indicating they have taken a loan.

Internet usage seems to indicate likelihood of taking a loan; those whose Internet access is best termed "light" seem more likely than other groups to have taken a loan.

(Only asked of those who do not participate in their company's self-funded plan or have stopped contributing to that plan)
13. Do you think you will participate in your company's retirement savings plan in the future?

Yes	51%
No	41
Not sure/Refused	8

Non-participants are more likely to indicate a future propensity to participate in their companies' retirement savings plans than not, by a 51% to 41% margin.

There is a greater likelihood of an affirmative answer among small-company workers than their large-company counterparts. While 54% of non-participating small-company workers say they will participate in their companies' plans in the future, a lower 48% of their counterparts at large companies say the same.

This question generates a disproportionately positive response among echo boomers, with three-quarters (74%) of this generation's non-participating workers saying they are likely to participate in the future. This steadily falls off among progressive generations.

Southerners disproportionately are likely to say they plan to enroll at a future date (67%); Easterners are far less likely to take this view (39%), while Westerners (47%) and Central U.S. residents (50%) split the difference.

Respondents whose households utilize a financial advisor are more likely than their counterparts who do not to indicate a likelihood of future plan participation, by a 57% to 49% margin.

Women are more likely than men to think they will participate in the future (55% versus 47%). Marriage produces disparately different results by gender. Married men who do not participate are *less* likely than their non-married counterparts to say they will participate in the future (41% versus 57%). Among women, the opposite is true, with married women *more* likely than their non-married counterparts to plan future enrollment (59% versus 51%).

Internet usage produces no discernible trends.

(Only asked of those whose companies offered a 401(k) or other self-funded plan)
14. How important is it to you that the company you work for provides a matching contribution in their retirement savings plan?

Very important	73%		
Somewhat important	20	Important	93%
Not too important	5		
Not at all important	2	Not important	7
Not sure/Refused	1		

Workers whose employer provides a 401(k) or other plan almost universally consider a matching contribution to be important to them personally; in fact, three-quarters of these workers (73%) hold that view with high intensity.

These percentages hold up well regardless of company size.

Generation has some impact on response; while gen-Xers, baby boomers and matures place similar levels of import on employer contributions, their echo boomer counterparts are much less intense—among echoes, just 61% consider a matching contribution "very important" while a range of 73% to 78% prevails among other generations.

Intensity on this question is stronger in the South than other regions, with 78% of Southerners calling it "very important" versus 73% of Central U.S. residents, 69% of Easterners, and 68% in the West.

Respondents whose households utilize a financial advisor are more intense on this issue, with 78% of this group calling a matching fund "very important" versus 71% of respondents in households that do not use a financial advisor.

Among both genders, intensity ticks up a couple points with the act of marriage, though there is no sharp distinction between married and unmarried respondents. Female workers, however, place more importance on the match than male workers.

Internet usage does not produce any significant differences on intensity on this question.

For each of the following statements, please tell me whether you strongly agree, somewhat agree, somewhat disagree, or strongly disagree.

(Only asked of those whose companies offered a 401(k) or other self-funded plan)
15. I would like more investment options available to me within the retirement plan.

Strongly agree	31%		
Somewhat agree	42	Agree	73%
Somewhat disagree	17		
Strongly disagree	8	Disagree	25
Not sure	2		

Three-quarters of respondents whose companies offer a self-funded retirement plan (73%) would like additional investment options to become available in their plan. This is an uptick from last year's survey, where only 63% agreed. However, this is a low-intensity position, with just 31% of respondents in *strong* agreement.

Size of company has no impact on response to this question.

Gen-Xers are more intense on this question than their counterparts in other generations, with more than one-third (35%) in strong agreement; this drops to one-quarter (25%) among echo boomers.

Respondents from the South are both the most likely to agree and the most intense on the question, with 80% in agreement and 34% in strong agreement. Easterners are the least intense, with just 26% in strong agreement.

Interestingly, respondents whose households do not use a financial advisor are more likely to agree to wanting more investment options and they are more likely to do so with high intensity than their counterparts who use an advisor.

More men than women were in strong agreement with wanting more investment options (34% versus 27%). Marriage impacts male and female response differently on this question; married men are *more* intense (35% versus 31% strongly agree) than their non-married counterparts, while married women are *less* intense (24% versus 31%).

Internet usage has no significant impact.

(Only asked of those whose companies offered a 401(k) or other self-funded plan)
16. My company gives me the right information I need to make decisions about the retirement plan.

Strongly agree	55%		
Somewhat agree	27	Agree	82%
Somewhat disagree	9		
Strongly disagree	7	Disagree	15
Not sure	3		

Four-in-five (82%) of respondents believe their company gives them the right information that they need to make decisions about their retirement plan, and this is a fairly intensely-held view, with respondents twice as likely (55% versus 27%) to say they strongly agree rather than somewhat agree. This question, introduced in the 2004 questionnaire, produces a fairly stable response, with 85% agreeing in that survey.

Company size has a significant impact on response. While three-in-five workers of large companies that offer 401(k) or other plans (60%) *strongly* agree, fewer than half (48%) of their counterparts at small companies feel the same, suggesting that smaller companies may not provide adequate retirement planning resources.

Echo boomers indicate the highest level of dissatisfaction on this point, with only 38% saying they strongly agree. Among all other generations, strong agreement spans a range from 55% to 59%.

Geography has no strong impact; with no major swings in overall agreement or intensity.

Respondents whose households use a financial advisor are just slightly more likely to both agree with the statement and to strongly agree. This is, however, not an overwhelming increase, with 87% of households with a financial advisor in agreement versus 81% of those without.

The genders are equal on this question, with 82% of both men and women agreeing that their company gives them the right information. Marriage produces no deviation in overall position or intensity among men. However, among women, there is a marked swing, with 62% of married women in strong agreement versus 51% of their single counterparts.

Internet usage does not produce any significant trends, although intensity appears to fall off among the most frequent Internet users.

(Only asked of those whose companies offered a 401(k) or other self-funded plan)
17. I am satisfied with the retirement plan my company offers.

Strongly agree	43%		
Somewhat agree	34	Agree	77%
Somewhat disagree	11		
Strongly disagree	9	Disagree	19
Not sure	4		

Three-quarters (77%) of workers whose employer offers a self-funded plan are satisfied with their plan, and more than half of those who are satisfied are intensely favorable (43% out of 77%).

Satisfaction is clearly stronger among workers of large companies than their counterparts at small companies, 81% of the former and 71% of the latter reporting they are satisfied; most of this difference is found among those who are in strong agreement—suggesting that large companies tend to offer much more favorably received self-funded retirement packages.

Gen-Xers had the most favorable opinions on this question, with 82% reporting overall satisfaction and 49% in strong agreement. Echo boomers, on the other hand, hold the least favorable position, with two-thirds (69%) reporting they agree with the statement on satisfaction, and fewer than one-in-three (31%) doing so with strong intensity.

The Western U.S. finds the highest and most intense satisfaction with self-funded retirement plans (82% agree, and 51% strongly agree). The East and the South, meanwhile, have lower levels of overall satisfaction—75% and 74%, respectively.

Respondents whose households use a financial advisor do not significantly deviate from those who do not on this question.

Women register stronger satisfaction levels than men (47% versus 40% strongly agreeing), but have similar overall satisfaction levels. As with the previous question, marriage produces no notable difference among men, but a marked swing among women, with 53% of married women in strong agreement versus 38% of their single counterparts.

Internet usage produces no significant trends.

This question was also introduced in the 2004 questionnaire, and is generally stable, with the same percentage in strong agreement as last year—43%.

(Only asked of those whose companies do not offer a retirement security plan)
18. How likely would you be to leave your current employer to take a nearly identical job, with a similar employer, if that employer offered a retirement plan?

Very likely	34%		
Somewhat likely	22	Likely	56%
Not too likely	16		
Not at all likely	26	Not likely	42
Not sure/Refused	2		

Among respondents whose employer does not offer them a retirement benefit, a full one-third (34%) indicate they would be *very likely* to leave their current employer for one who offered such benefits, while more than half (56%) indicate some level of likelihood of leaving to pursue superior benefits.

This condition appears to be even stronger among large companies; however, based on the small size of the respondent pool, that is anecdotal.

This year's survey marks a upswing in the percentage of workers who do not have retirement benefits indicating they would leave an employer to take similar work with better retirement benefits. While the percentage who were very likely to do so dropped to 29% in the 2004 survey, the overall percentage who would leave such an employer surged to 55%. This year's survey finds the overall number stable, but the percentage indicating a higher propensity to do so—the "very likely" respondents—climbing substantially, to 34%—meaning that one-third of workers who do not receive a retirement benefit could be at-risk of departing their employer.

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

Yes	66%
No	34
Not sure/Refused	0

Two-thirds of private-sector workers (66%) are currently saving for their retirement outside of any plan offered in their workplace, including through investment in IRAs and mutual funds, as well as savings in bank accounts. This number is up from last year, when 58% of respondents indicated they were saving outside of the workplace.

The size of a worker's company does not excessively impact response, although those who work for large companies are somewhat more likely to save externally (68%) than their small-company peers (63%).

Unsurprisingly, age has substantial impact. The majority of echo boomers (57%) are not saving for their retirement outside of their workplace, while majorities of every other generation are. Outside saving is most prevalent among baby boomers, where 72% are saving.

Workers in all regions of the country indicate similar propensities for saving outside of work.

Respondents that live in households that utilize a financial advisor are much more likely to save outside of work than those that do not, by a 87% to 57% margin.

While men and women save outside of work at similar rates, marriage has a significant impact on both genders. Among men, 69% of married men save, while just 58% of their single counterparts do. Among women, the married-single margin is a closer 69% to 63%.

Internet usage does not produce any significant fluctuations in savings activity.

Of those who do not participate in their employer-sponsored retirement plan, 63% are still saving for their retirement outside of the workplace. In a similar vein, 66% of those workers whose employers do not offer an employee-funded retirement plan are currently saving for their retirement outside of work.

(Only asked of those who participate in their company's self-funded plan or who have personal retirement savings separate from their employers)
20. At what age did you first start saving for retirement?

Mean age that retirement savings began:	30.12
Median age that retirement savings began:	28

Large company workers tend to start saving earlier than their small company counterparts. While the median age to initiate savings among large company employees is 27, it is 30 in small companies. (A similar split occurs with means; the mean in large companies is 29.21 while in small companies it is 31.24.)

21. Do you strongly agree, somewhat agree, somewhat disagree, or strongly disagree that you are currently building a large enough retirement nest egg?

Strongly agree	20%		
Somewhat agree	33	Agree	53%
Somewhat disagree	19		
Strongly disagree	26	Disagree	45
Not sure	3		

A bare majority of workers (53%) believe they are building an adequate nest egg for retirement, while nearly half (45%) do not. It should be noted, though, that just one-in-five workers *strongly* agrees that his or her nest egg is adequate.

Large-company employees are more confident on this question, with 57% believing their nest egg is adequate, versus 48% of small-company workers.

Gen-Xers are the most assured generation on the question of retirement nest eggs, with 61% saying they are building an adequate nest egg; matures and echo boomers are the least assured, at 45% each (with just 14% of echoes strongly holding this view). Fifty-two percent of baby boomers said they are building an adequate nest egg.

Westerners are the most assured on questions of retirement nest eggs, with 63% agreeing their nest egg is adequate and a full one-in-four (25%) strongly agreeing. This stands in marked contrast to the South, where a 46% minority believes its nest egg is adequate and just one-in-five (20%) hold this view strongly.

Unsurprisingly, respondents whose households use a financial advisor are more inclined to view their nest egg preparation as adequate, with 63% of this group holding that view, versus 53% of those in households without an advisor.

Married respondents of both genders are more inclined to view their nest egg preparations in a favorable light, and to do so with greater intensity; 61% of married men and 51% of married women believe their nest egg will be adequate, while 51% of unmarried men and 42% of unmarried women believe the same.

Internet usage produces no trend for this question.

Plan participation, as expected, is a strong indicator of results with this question. Sixty-three percent of those who participate in their company's retirement plan agree that they are building a large enough next egg, versus only 35% who do not participate in their company's plan.

(Only asked of those who did not strongly agree they were building a substantial nest-egg in the previous question)

22. What is the most important factor preventing you from saving more for your retirement?

Cannot afford it	67%
Too much debt/ Paying off debt	16
Uncertain economic conditions/ Stock market performance	5
Don't know enough about investing	2

Company does not offer matching contribution	2
Uncertain about company's future	1
Planning on leaving company or retiring soon	1
Spouse/partner is saving for both of us	1
None	3
Other	21
Not sure	0

The ability to afford a retirement plan is the single most significant factor impacting response, and is the reason that two-thirds (67%) of respondents who are not saving indicate inadequate savings. Debt burden is the second issue.

Company size produces no significant shifts.

While most numbers are fairly consistent generation-to-generation, debt is a larger concern of the youngest respondents, with 27% of echo boomers indicating it is their primary reason for failing to adequately fund a nest egg at this time.

Debt is a much more prevalent issue in the South, where 20% cite it as the stumbling block to funding retirement adequately; in the East, meanwhile, just one-in-ten (10%) of those who view their retirement underfunded say debt is to blame. There, ability to afford investment in retirement outpaces other causes, and is the reason three-in-four (74%) Easterners give for not contributing more to their nest eggs.

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

Offer A: Excellent retirement benefits, but only meets your minimum salary requirements.

Offer B: A higher than expected salary, but poor retirement benefits.

Excellent retirement benefits	58%
Higher than expected salary	36
Neither	2
Not sure	4

Retirement benefits are generally valued as a part of compensation more than a higher salary, with a 58% majority indicating they would take a job that met their salary requirements but had excellent retirement versus one with a larger salary but poor benefits. However, for a full one-in-three (36%) the opposite is true.

Among those working for larger entities, a compensation package including a high-end retirement benefit is preferred by 61%; this drops to 56% among those respondents who work for small companies.

Generation membership has significant impact, with echo boomers placing a much higher emphasis on salary. In fact, 57% of this generation cites salary as more important than benefits in a compensation package. This runs contra all other age groups, who place a higher importance on excellent retirement benefits.

Retirement security is a slightly less prized part of compensation packages in the Southern U.S., where just over half (51%) would opt for the job with better retirement benefits.

The use of a financial advisor by the respondent's household—or, in the case of single respondents, by themselves alone—has minimal impact on response, although there is a very slight pull toward the job with retirement benefits among those whose household utilizes such a planner.

Women are more likely than men to take excellent retirement benefits; 62% of women prefer this option compared to 55% of men. Among both men and women, the act of marriage increases the likelihood of selecting the job with the better retirement package; with men, the swing from single to married is ten points, from 48% to 58% choosing the high-end retirement package as compensation; among women, it is a less pronounced swing from an already-high 60% to 64%.

Internet usage runs in direct opposition to an emphasis on benefits; as Internet usage climbs, the percentage who would opt for a job with the minimum necessary salary but high-end retirement benefits *drops*.

Over the past few years, there has been a measurable increase in those respondents indicating they value benefits over salary: in 2003, a bare 51% majority opted for a quality benefit/lower-salary job; in 2004, this climbed to 54%; in this survey, the percentage stands at 58%, all with an equal drop in the percentage choosing salary over benefits.

(Only asked of those who participate in their company's self-funded plan or who have personal retirement savings separate from their employers)
24. About how many hours per year do you spend reviewing and making decisions about your retirement savings accounts?

Mean hours per year:	26.62
Median hours per year:	10

Company size has virtually no impact on median hours spent reviewing retirement savings; in both large and small companies, the median is 10 hours per year. Mean is slightly higher in small companies, at 28.28, versus 25.33 in large companies.

Xers and boomers spend more time than their counterparts on this exercise, at 10 hours median each. Echoes spend a median of 8.48 hours on this issue, while matures spend 8 hours on it. Mean time spent reviewing retirement savings, meanwhile, increases generally with each generation.

Gender produces a striking range on this question. While women dedicate a median of 8 hours per year to this task, men dedicate a median of 12.

Now, we would like to ask you some questions about your use of the Internet.
25. How often do you visit the Web or use the Internet for personal, non-work related reasons?

Almost daily	55%
A few times a week	19
A few times a month	7
A few times a year	5
Less than a few times a year or never	13
Not sure	2

Breakdowns by company size and industry show marked differences in Internet usages. Sixty-eight percent of workers at small companies use the Internet at least a few times a week compared to 78% of worker at large companies. Workers at professional services firms are the heaviest users of the Internet – 83% of these respondents visit the Web at least a few times a week. Workers in the agriculture/ mining/ construction industry used the Internet the least often – only 59% of these employees used the Internet at least a few times a week, while just under one-third (29%) use the Internet only a few times a year or less.

Men tend to visit the Web more often than women. Four out of five (79%) men use the Internet at least a few times a week, while about two-thirds (68%) use the Internet as frequently.

(Only asked of those who use the Internet more than one time per month)
28. Do you use the Internet to manage your savings accounts or investments?

Yes	59%
No	41
Not sure/Refused	0

Three-in-five respondents (59%) who indicated some degree of frequency in using the Internet in the previous question say they use the Internet to manage some aspect of their financial lives. Two-in-five (41%), however, do not.

Interestingly, employees of large companies are much more likely to use the Internet for this purpose than are their counterparts at smaller companies (65% versus 52%).

Generation has marked impact as well, with the somewhat unsurprising trend being toward younger respondents conducting more of their financial transactions on the Internet.

Geographic region has minimal impact on response, with the exception of respondents living in the Western U.S., who are more likely than their counterparts elsewhere to use the Internet for financial business (63% versus a range of 56% to 58% elsewhere).

Women are less likely than men to manage their accounts online; just over half (52%) of women said they do, compared to 64% of men. Men and women both are several percentage points *less* likely to conduct financial business on the Internet if they are married.

Participation in a company's retirement plan appears to be a driver of online account management. Sixty-five percent of plan participants use the Internet to manage their financial accounts, compared to only 50% of non-participants and 42% of those whose company does not offer a retirement plan.

(Only asked of those who manage savings and investments via the Internet)
29. Which of the following tasks do you perform over the Internet?

Access financial account information	86%
Use financial planning tools or calculators	51
Buy or sell stocks and bonds, or change the asset allocation of your investment accounts	47
Seek investment advice and information	45
Not sure	6

The vast majority of those who manage their savings and investments electronically use the Internet to access information on their accounts (86%). Half of all individuals who track savings and investments on the Internet, however, also use included financial planning tools and calculators (51%), while nearly half conduct trades and other transactions (47%). An additional 45% seek out advice and information on investments.

The company size of the respondent significantly impacts response, with the exception of the question of accessing account information—but a significant divide on whether the respondent seeks out investment advice, uses financial planning tools, and trades securities or modifies asset allocations. In the case of all three areas, those respondents who work for large companies are much more likely to utilize the Internet for those purposes than are their counterparts at small companies.

There is a clear generational divide between younger and older workers. Boomer behavior and mature behavior are similar, while Xers and echo boomers are also similar. These latter generations are much more inclined to use the Internet to access account information than their forebears; baby boomers, meanwhile, are disproportionately likely to seek investment advice and actually engage in online trades.

While all geographic regions indicate a propensity to access account data on the Internet, Easterners are the most likely to seek investment advice (49% versus a range of 43% to 45% elsewhere) and Southerners are more likely to change allocations or trade shares (53% versus a range of 43% to 49% elsewhere).

While respondents whose household utilizes a financial advisor are much more likely than their counterparts to seek investment information on the Internet (53% versus 41% of those who do not use a financial advisor) this group also indicated a *lower* likelihood of committing online trades.

Both men and women had a high likelihood of accessing account information online. However, women were much less likely than men to seek investment advice or trade online. Marriage has little impact on male response. Among women, however, there are several areas that showed a marital divide. Married women are less likely than single women to access account information online (86% of married versus 95% of single), but are much more likely to seek investment information (43% of married versus 36% of single) and to buy or sell securities or modify asset allocations (42% of married versus 36% of single), suggesting that per capita, married women get a greater range of use from Internet investment functions.

Expectedly, as Internet time increases, so does the likelihood of performing most tasks mentioned in the question.

(Only asked of married respondents or those in a civil union/domestic partnership)
30. Is your spouse or partner currently putting money into a retirement plan of his or her own?

Yes	62%
No	37
Not sure/Refused	1

**Note: All references beyond this point to "married" respondents and "spouses" shall indicate those who are in civil unions, domestic partnerships, and common-law arrangements in addition to the conventional definition of marriage for the purposes of this report.*

More than three-in-five married respondents (62%) indicate that their spouse or partner is currently saving for retirement.

This question is not impacted significantly by size of respondents' employer.

This question seems to produce a generational skip pattern, as seen in some earlier questions. The baby boomers and their children, the echo boomers, are more likely to have spouses saving for retirement than are the gen-Xers and matures. In the case of the boomer groups, 68% of baby boomers and 66% of echo boomers indicate their spouses are saving for retirement; in the case of the matures and the gen-Xers, the percentages are 46% and 59%, respectively.

Easterners are more likely than residents of other regions to have a spouse saving for retirement than other geographic regions, at 70%; Southerners are the least likely, at 56%, while Central and Western respondents are each at 61%.

Respondents whose households utilize a financial advisor are much more likely to respond in the affirmative to this question than are those whose household does not, by a 73% to 55% margin.

After a small drop from 2003 to 2004, where the percentage of households where a spouse also maintained a separate retirement plan dropped from 64% to 58%, the percentage responding affirmatively has rebounded to 62%.

(Only asked of married respondents or those in a civil union/domestic partnership)
31. Which of the following best describes how your household's retirement savings or investments are managed?

My spouse or partner and I manage retirement savings and investments jointly	42%
My spouse or partner and I manage retirement savings and investments separately	28
I manage retirement savings and investments for my spouse or partner and myself	22
My spouse or partner manages both of our savings	6
Other	1
Not sure	1

Two-in-five (42%) married respondents manage their retirement savings in conjunction with their spouse/partner. An additional 28% have one spouse or the other managing the assets, while the same percentage (28%) manage retirement assets separately.

Interestingly, there is a higher incidence of joint asset management among large-company employees than their small-company counterparts (44% versus 40%).

Anecdotally, the small proportion of married echo boomers in the survey seem more likely to allow a spouse to manage their assets than other generations. Other generations are essentially stable on the question, although among baby boomers, there is a higher incidence of separate management (30% versus ~25% among gen-Xers and matures).

Southerners and residents of the Central U.S. are more likely to manage retirement assets jointly than their counterparts elsewhere (45% apiece versus 37% in the West and 39% in the East). Elsewhere, one spouse taking the lead on asset management is more frequent.

Respondents whose households use financial advisors are more likely to jointly manage retirement assets than those that do not, by a 46% to 40% margin. Respondents from non-financial-advisor households are more likely to indicate managing all assets for themselves *and* their partners.

Married men are more likely than married women to say their retirement assets are managed jointly, by a 46% to 39% margin; married women are more likely to say retirement assets are managed separately (33% versus 22% among men). Married men are also more likely than married women to indicate being the sole manager (26% of men versus 18% of women).

(Only asked of married respondents or those in a civil union/domestic partnership)
32. Do you or your spouse or partner use a professional financial advisor to help manage your retirement savings or investments?

Yes	39%
No	61
Not sure/Refused	1

Just two-fifths (39%) of married respondents utilize a financial planner to manage their retirement investments. Three-fifths (61%) do not.

Married small-company workers are more likely than their large-company counterparts, by a 43% to 35% margin, to use a financial planner.

Baby boomers outpace other generations on this question, with a higher percentage of married boomers (46%) using financial planners than other generations, including matures, where it drops to 43%. It is noteworthy, though, that a full two-thirds of gen-Xers (67%) and 87% of echo boomers do not utilize a financial planner.

Married workers in the East were most likely to use a financial planner (at 70%), while those in the South were least likely (56%). The Central and West were both at 61%.

The likelihood of using a financial planner seems to be in direct opposition to time spent on the Internet, with high usage respondents less likely than moderate and light usage respondents to indicate using a financial planner for their household.

(Only asked of respondents who are not in a long-term domestic relationship/marriage)
33. Do you use a professional financial advisor to help manage your retirement savings or investments?

Yes	27%
No	73
Not sure/Refused	0

Slightly more than one-quarter of single respondents (27%) indicate use of a financial planner. Three-quarters (73%), however, do not utilize financial planning services.

The size of the company the respondent works for makes no difference in outcome on this question.

Unmarried gen-Xers and matures are more inclined than other generations to utilize financial planning assistance, with 35% of the former and 41% of the latter using such services. Unmarried baby boomers are somewhat less inclined (32%) while unmarried echo boomers are the least likely to utilize financial planning services (13%).

Single respondents in the South and Central U.S. are slightly more likely to use a financial planner (31% and 29%, respectively) than are their counterparts in the East (25%) and West (22%).

Gender impacts response, with 35% of women using the services of a financial advisor—twice the percentage of single men who say the same (18%).

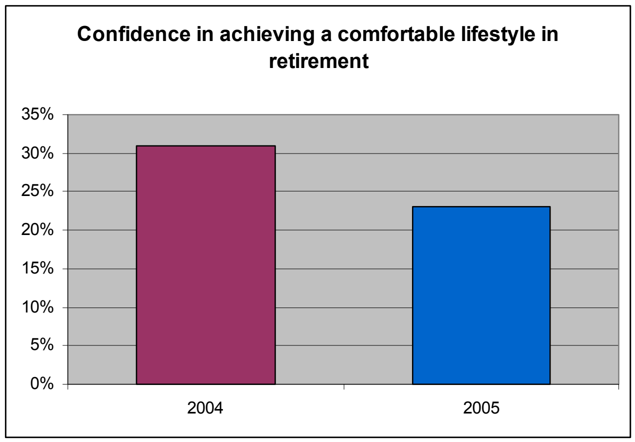
Internet usage is not a factor in response.

34. How confident are you that you will be able to retire with a lifestyle you consider comfortable? Are you very confident, somewhat confident, not too confident, or not at all confident?

Very confident	23%		
Somewhat confident	49	Confident	72%
Not too confident	18		
Not at all confident	10	Not confident	27
Not sure/Refused	1		

Nearly three-quarters of all respondents (72%) believe they will be able to retire with a lifestyle they personally consider comfortable; slightly more than one-in-four (27%) do not hold this viewpoint.

Despite a small uptick in the level of overall confidence versus the previous survey (71% in 2004) this year's survey actually represents a drop in those who are *very* confident about their retirement. In 2004, this stood at 31%; however, in the latest survey, this has dropped precipitously to 23%, suggesting an erosion of confidence.



Overall levels of confidence are higher among large-company workers, but small-company workers express confidence with higher levels of certainty (24% of those working for small companies say they are "very confident" while 22% of their large-company peers say the same).

High confidence seems partially to be a function of youth; members of older generations are much less intense and their overall confidence is lower than that of younger generations, most notably the gen-Xers, whose confidence hits 80%. Seventy-four percent of echo boomers are confident, versus only 68% of baby boomers and 61% of matures.

Not surprisingly, those workers who participate in their company's retirement plan are more confident than those who do not (78% versus 60%).

Westerners hold the highest overall and most intense levels of confidence, far outpacing other regions (80% overall are confident, and 26% are very confident). Easterners are the least optimistic on this question, at 68% overall confident and 19% very confident.

Respondents whose households utilize a financial advisor do not indicate substantially higher levels of confidence.

Men are more confident than women in achieving a comfortable retirement (79% versus 64%), with just 18% of women saying they are <u>very</u> confident. Married men are more intensely confident than both their single male counterparts (28% versus 26% say they are "very confident") and married women (28% among married men and 23% among married women). Single women hold the lowest level of confidence, however, with only 12% saying they are "very confident" about their retirement.

35. How much money do you believe you will need to have saved by the time you retire in order to feel secure?

Mean savings necessary for security in retirement:	$1,497,134
Median savings necessary for security in retirement:	$750,000

A striking divergence occurs where company size is considered. While among small company workers, $500,000 is the median savings considered adequate for retirement, among large company workers, this figure is $1 million. (The means for the two groups are $1,265,938 in small companies and $1,683,166 at large companies.)

There is a similar gulf between younger and older generations on this question. Baby boomers and matures believe smaller figures are necessary to their retirement; the median for baby boomers is $600,000 while the median for matures drops to $500,000. Among gen-Xers and echo boomers, the median figure is $1 million. (Means tell a slightly different tale; matures and baby boomers express mean figures of $1,269,470 and $1,209,759, respectively, while gen-Xers project a need for $1,612,384 and echo boomers's mean is $2,215,481).

Compared to last year's survey, this year's figures are higher. Last year, 25% said they would need $1 million or more; this year 33% said they would need that amount. Uncertainly levels also went up, however. Last year, only 10% said they did not know how much they would need; this year 24% said they didn't know.

(Only asked of respondents in question 35 that indicated a dollar figure.)
36. How did you arrive at that number?

Guessed	35%
Estimated based on current living expenses	23
Completed worksheet/did calculation	22
Expected earnings on investments	6
Amount given to respondent by financial advisor	6
Read/heard that is how much is needed	6
Other	2
Not sure	1

A full one-third of individuals (35%), when asked to project a needed financial figure upon which to base their retirement security, say they "guessed." An additional one-in-four (23%) estimated the number based on current living expenses.

The number of people guessing was up slightly from last year, in which 31% said they guessed. However, the number of people completing a worksheet or doing a calculation almost doubled this year – last year only 12% used this method, versus 22% this year.

The percentage of small-company workers who guessed is significantly higher than large-company workers, by a 40% to 31% margin. Large-company workers are more likely (25% versus 18% of small-company workers) to have utilized a worksheet to project retirement expenses.

Surprisingly, matures are as likely to guess as echo boomers (both are 42%). Xers, meanwhile, are more likely to have completed a worksheet (28% versus a range from 15% to 22% among other generations). Baby boomers were consistently in the middle of the generations for all methods.

Notable differences between the genders also occur. Women are more likely than men to guess (39% versus 31%), and men were more likely to use a worksheet or do a calculation (26% versus 17%).

37. At what age do you expect to retire?

Mean age anticipated for retirement:	63.38
Median age anticipated for retirement:	65

Company size has no impact at all on median response; the median for workers at both large and small companies is 65. The mean is slightly higher for small companies, at 64.51, while the mean at large companies is 62.41.

Interestingly, there is very little variation among generational *medians*, either, with the exception of gen-Xers. The median for matures, baby boomers, and echo boomers is 65; among gen-Xers, meanwhile, it is a lower 62. The *mean* generally drops as respondents' become younger. However, among matures it is a high of 66.59, dropping nearly a year and a half to 64.14 among baby boomers, and even lower to 61.55 among Xers, before ticking back up slightly among echoes, where it is 62.03.

39. In your opinion, how concerned is your company with helping its employees achieve a financially secure retirement? Would you say it is very concerned, somewhat concerned, not very concerned, or not at all concerned?

Very concerned	25%		
Somewhat concerned	37	Concerned	62%
Not too concerned	18		
Not at all concerned	17	Not concerned	35
Not sure/Refused	2		

Three-fifths of respondents (62%) believe their employer is concerned with helping them achieve financial security in retirement. One-third (35%) do not share this outlook.

The size of company an employee works for matters substantially in this question. While over half of employees of small companies (54%) believe their company is interested in their financial well-being in retirement, 70% of employees of large companies feel the same way.

No generation is more adamant about the concern shown by its employers than gen-X, with 69% reporting they believe their company is concerned about their post-employment well-being and three-in-ten (30%) holding this viewpoint intensely. Among echo boomers, however, there is a lower degree of belief that their companies are concerned with their retirements (50% overall). Baby boomers are at 62% and matures register at 63%.

The genders' views are about equal on this subject. Marriage, however, does have an impact and produces similar gaps for men and women. In both cases, both a belief in overall concern and that companies are very concerned leap by approximately ten points among married respondents.

Respondents in the Western and Central U.S. tend to believe in greater percentages that their companies are concerned with their well-being (65% and 67%, respectively); this drops to 61% in the East and 56% in the South.

There were pronounced differences in opinion amongst workers in different industries. About one in five workers in the manufacturing and non-professional services industries (22% and 19%, respectively) believed that their companies were <u>very</u> concerned. The numbers were closer to 30% for workers in every other industry.

40. In the past 12 months, have you spoken with your immediate supervisor or the HR department about retirement benefits?

Yes	33%
No	66
Not sure/Refused	0

One-third (33%) of respondents have spoken with company leadership about retirement benefits in the past year.

Workers at small companies are more likely to have had this conversation, where 36% have had such a talk; in large companies, the percentage is 31%.

Response is inversely related to the generation and age of the respondent; younger respondents (echo boomers) are much more likely (40%) to have had a retirement-benefit-related conversation than older (baby boomer and mature) respondents (~29%).

Retirement-based conversations are much more likely among workers in the Eastern and Central U.S. (37% apiece); in the South and West, this drops substantially (29% and 27%, respectively).

For each of the following statements about retirement investing, please indicate whether you strongly agree, somewhat agree, somewhat disagree, or strongly disagree.

Table 2. Workers Evaluate Their Retirement Preparations

	Agree			Disagree			Not sure
	Overall	Strongly	Some-what	Overall	Strongly	Some-what	
41. I am currently very involved in monitoring and managing my retirement savings.	74	38	36	26	13	13	0
42.I do not know as much as I should about retirement investing.	71	39	32	28	12	16	1
43.I would prefer to rely on outside experts to monitor and manage my retirement savings plan.	50	20	30	48	25	23	2
44.I prefer not to think about or concern myself with retirement investing until I get closer to my retirement date.	23	8	14	76	59	17	1
45.I could work until age 65 and still not have enough money saved to meet my retirement needs.	50	27	23	46	25	21	3
46.I would like to receive more information and advice from my company on how to reach my retirement goals.	50	23	27	49	25	24	2

Three-quarters (74%) of respondents sees themselves as active in the control of their retirement savings. The only question that produces nearly as intense a result is the follow-up, which finds seven-in-ten (71%) do not know enough about investing.

These questions stand in stark contrast to a question asking whether the respondent prefers to be involved in investing only when they come closer to retirement age—on that point, the overwhelming majority does not prefer to wait, suggesting education on the value of long-term and early investing has reached much of its target.

In question 41, three-quarters (74%) agree with the premise, that "*I am currently very involved in monitoring and managing my retirement savings.*" This is up from last year, when 67% of respondents agreed.

This viewpoint is held most solidly at large companies, where 79% agree and 40% do so strongly; at small companies, these figures drop to 68% and 35% respectively. This viewpoint is also more dominant among baby boomers than other groups, where 42% strongly agree; is has the least traction with echo boomers, where 23% hold the view strongly.

This view is more intensely held in the South, where 44% strongly agree, versus a low of 33% in the East. Men are more intense on this question than women: 42% of men strongly agree versus 34% of women. Not surprisingly, workers who participate in their company's retirement plan are much more likely to say they are involved in managing their retirement savings (82% versus 62% of those who do not participate).

In question 42, 71% admit "*I do not know as much as I should about retirement investing.*" This is only a slight improvement over last year's results, where 73% agreed.

This attitude is particularly prevalent at small companies, where 74% agree with the premise (and 41% do so strongly); at large companies, agreement drops to 67% (and strong agreement to 37%). Matures are most likely to say they don't know as much as they should (74%), while only two-thirds (67%) of gen-Xers are in agreement.

Region produces some striking trends: Central U.S. residents are more likely to agree with the premise (74% agree and 41% strongly agree) while in the West, this drops to 64% and 34%, respectively. The South and East parallel each other, meanwhile, at 71% overall and ~38% strongly agreeing.

Use of a financial advisor has no impact on response. Gender does, however, produce a strong gap. Agreement is at 75% among women and 67% among men; strong agreement is at 46% and 33%, respectively. Internet usage seems to have an impact on investing knowledge, with more frequent use of the internet correlating with fewer respondents agreeing that they don't know as much as they should.

The response to question 43, "*I would prefer to rely on outside experts to monitor and manage my retirement savings plan*" is more mixed. Half (50%) of respondents agree, while 48% disagree, similar to last year's results.

Agreement is higher at small companies (52%) than large companies (48%). There is a generational skip pattern in evidence on this question; baby boomers (48%) and echoes (47%) are less likely than Xers (53%) and matures (50%) to agree.

Agreement is higher in the East (54%) and lower in the South (46%). Men are much less likely than women to agree on this point; 45% of the former would prefer an outside expert while 55% of the latter say the same.

Unsurprisingly, household use of a financial advisor has strong impact; 66% of those who use such an advisor prefer to use an outside expert, while 38% of those who do not use an advisor also prefer the use of outside experts.

Respondents overwhelmingly reject question 44's assertion that "*I prefer not to think about or concern myself with retirement investing until I get closer to my retirement date.*" Just 23% agree with this notion, while 76% disagree, a slight improvement over last year, when 26% agreed.

We will consider the majority view for analysis. Large company workers are more likely than their small company counterparts to reject this assertion, by a 79% to 74% margin. Baby boomers and Xers are more likely than other groups to reject this assertion, at ~80% each. As expected, results drop for echoes – the youngest group (to 66%). Surprisingly, however, only 73% of matures rejected this notion.

Men are a bit more likely than women to reject this viewpoint, by a 79% to 75% margin. This view holds the least sway in the Western U.S., where 82% disagree; it drops to 72% disagreement in the East. Among those households that use a financial advisor, 84% disagree with this notion; this drops to 77% among those that do not use an advisor.

Response to question 45, which states "*I could work until age 65 and still not have enough money saved to meet my retirement needs*," is significant. Half (50%) agree with this statement, suggesting low worker confidence in their current retirement planning. Results are basically unchanged from last year (49% agreed).

This viewpoint is particularly prevalent among small company workers, where 54% are in agreement; among large company workers, the percentage drops to 47%. There is a clear generation gap on this question; the two younger generations are more likely to reject this viewpoint, with 45% of each group in agreement; among baby boomers, this climbs to 53%, and jumps to 62% agreement among matures (*36% of mature respondents are age 65 or older already*).

Women are also more inclined to hold this viewpoint, at 56%, while among men, 45% hold this view. In the East (52%) and South (56%) a majority hold this view, while in the Central (47%) and Western U.S. (44%) it is a minority viewpoint. Somewhat unsurprisingly, respondents whose households use an advisor are less inclined to hold this view than their counterparts who do so, with 42% of the former and 50% of the latter holding this outlook.

Retirement plan participation has an impact on response to this question. "Only" 45% of participants feel they won't have enough money by age 65, versus 59% of those who do not participate in their company's plan and 58% of those whose company does not offer a retirement plan.

Question 46, "*I would like to receive more information and advice from my company on how to reach my retirement goals*," produces a sharp split. Half (50%) agree with the premise, but half (49%) do not. This is a significant change from last year, when 60% agreed with this statement.

Company size has little impact on overall percentages, although small company workers are somewhat more intense on their response, both strongly agreeing and strongly disagreeing in greater number than their large company counterparts.

Generation produces the starkest differences: while echo boomers are overwhelmingly in agreement (63%), this drops steadily to 42% among matures. Women are more likely than men to agree, by a 52% to 47% margin. Region produces one significant anomaly: Westerners are less likely to agree than other regions by a wide margin: while 38% of Westerners agree, all other regions fall within a 48% to 56% range.

While use of a financial advisor has little impact, Internet usage does have an impact. Forty-eight percent of heavy and moderate Web users would like more information from their company, whereas a full 60% of the lightest Web users agree.

IV. Methodology and Sample Characteristics: Employer Survey

Survey Methodology [National Survey Of Employers]: 7/28/05 thru 8/17/05

This is a national telephone survey of employers at companies with 10 or more workers conducted by Zogby International. "Employers" consists of CEOs, CFOs, benefits managers, and others who make decisions about their company's benefits. The target sample is 603 interviews with approximately 40 questions asked. Samples are randomly drawn from telephone CDs of national listed sample. Zogby International surveys employ sampling strategies in which selection probabilities are proportional to population size within area codes and exchanges. As many as 20 calls are made to reach a sampled phone number. Cooperation rates are calculated using one of AAPOR's approved methodologies[4] and are comparable to other professional public-opinion surveys conducted using similar sampling strategies.[5] Weights were applied to company size to accommodate non-response bias. Margin of error is +/- 4.1 percentage points. Margins of error are higher in sub-groups.

Zogby International's sampling and weighting procedures also have been validated through its political polling: more than 95% of the firm's polls have come within 1% of actual election-day outcomes.

Sample Characteristics	Weighted Frequency	Valid Percent*
Sample size	603	100
Company Size		
10-24 employees	342	57
25-99 employees	174	29
100-499 employees	40	7
500-999 employees**	20	3
1,000+ employees**	28	5
Small company	556	92
Large company**	48	8

[4] See COOP4 (p.38) in Standard *Definitions: Final Dispositions of Case Codes and Outcome Rates of Surveys.* The American Association for Public Opinion Research, (2000).
[5] *Cooperation Tracking Study: April 2003 Update*, Jane M. Sheppard and Shelly Haas. The Council for Marketing & Opinion Research (CMOR). Cincinnati, Ohio (2003).

Sample Characteristics (continued)

Industry		
Manufacturing	286	47
Agriculture/Mining/Construction	38	6
Transportation/Comm./Utilities	37	6
Professional	151	25
Service	92	15
Other Field	0	--

2004 Revenues		
Less than $500,000 per year	10	2
$500,000-$1 million	20	5
$1 million-$5 million	162	36
$5 million-$10 million	60	13
$10 million-$50 million	40	9
$50 million-$200 million	15	3
$200 million-$500 million	4	1
$500 million-$1 billion	4	1
$1 billion-plus	7	2
Did not answer-revenue	152	--

Region		
East	122	20
Central	200	33
South	163	27
West	114	19

* Numbers have been rounded to the nearest percent and might not total 100.
** Actual sample size is significantly larger than weighted sample size for large companies.

V. Narrative Analysis (Employer Survey)

1. May I ask what is your title with your company?
(Number in parentheses denotes frequency of response.)

Human Resource Director and related (275)
Benefits Manager and related (155)
Comptroller/CFO/Finance Manager/Accounting Manager (30)
Vice President (21)
President/CEO (16)
Office Manager (13)
Administrative/Executive Assistant (9)
Payroll Administrator (7)
General Manager (5)
Treasurer (4)
Supervisor/Manager (4)
Recruiter (4)
Bookkeeper (4)
Insurance Specialist/Administrator (3)
Director of Operations (3)
Director (2)
Business Manager (2)
Assistant VP (2)
Accounts Payable Manager (2)
Other (36)

Respondents vary by company size; the largest bloc among large companies is benefit administrators/specialists (53%) while human resources directors/ administrators are the more significant group among small companies (56%). This is also the second-largest group among large companies (36%). All owner/CEO/President titles occur in small companies (12% of small company respondents).

2. Including the workers at all locations and sites, approximately how many full-time workers does your company employ?

10 to 24	57%
25 to 99	29%
100 to 499	7%
500 to 999	3%
Over 1,000	5%

Now I'd like to ask specifically about some benefits that you may or may not currently offer your employees. For each one, please tell me how important you think that benefit is, or would be, to your employees. Do you think your company's employees see this benefit as very important, somewhat important, not too important, or not at all important?

Table 3. Employers Rate the Value of Benefits

	Health Insurance	Life Insurance	Disability Insurance	Defined-benefit pension plan	401(k) or other self-funded plan
Very important	92	40	45	38	60
Somewhat important	7	44	42	28	25
Important	99	84	87	66	85
Not too important	0	13	8	11	7
Not at all important	1	3	4	19	8
Not important	1	16	12	30	15
Not sure/Refused	0	0	1	4	0

Individuals charged with managing company benefits view defined-benefit pension plans as one of the least important of a series of common benefits offered to employees. Like workers, they see health insurance as a universally important benefit; unlike workers, they rate the conventional pension below life insurance as a valuable benefit to employees, suggesting that a gap does occur between workers and employers where rating the relative merits of different benefits is concerned.

It is noteworthy that company size is likely to produce some difference in intensity of response; representatives of those companies defined as "large" companies—that is, those with 500 or more employees—are more inclined to call health insurance a "very important" benefit than their "small" company counterparts—although both see it as important in nearly-identical percentages.

On the question of the 401(k), similar large/small company tension appears. Representatives of the leadership of large companies are much more likely to term a 401(k) or other employee-funded plan "very important" than are their small-company counterparts, by a 79% to 59% margin. In fact, 8% of small company representatives term 401(k)s unimportant, while just 1% of their counterparts at large companies say the same thing.

The use of an outside advisor to select and administer retirement accounts has little impact on response.

Companies located in the Central U.S. are more intense on the question of 401(k) plans, with three-quarters (74%) saying they consider them very important, versus a low of 47% in the Western U.S. This view is held by 55% in the South, while in the East, 60% hold this outlook.

8. Which of the following retirement benefits does your company offer?

Any employee-funded retirement plan (such as 401(k), SIMPLE or SEP)	78%
An employee-funded 401(k) plan	69
A company-funded defined benefit pension plan	15
Other employee self-funded plan, such as SIMPLE, SEP, or other plans except for 401(k)s	12
None of the above	4
Not sure /Refused	19

First, it is worth noting that a full four-in-five (78%) businesses offer an employee-funded retirement plan, up significantly from last year, when only 67% of respondents said their company offered such a plan.

The employee funded 401(k) plan is clearly the most popular workplace retirement benefit offered today. With 69% of respondents indicating their company provides that benefit, it far outdistances every other retirement offering, including the more conventional defined-benefit pension plan, which only is offered by one-in-seven (15%) companies surveyed. Other employee-funded plans test even lower, with SIMPLEs, SEPs and other plans the choice of 12% of employers.

Company size dictates response to this question. Large companies are much more likely to offer both the 401(k) and the company-funded pension, with 94% of all large companies offering 401(k)s versus just two-thirds (67%) of small companies, and large companies twice as likely to offer a pension than small companies, by a 27% to 14% margin. However, SIMPLEs, SEPs and other similar plans are more common among the small companies, with 13% saying they offer these other self-funded plans versus 6% of large company respondents.

Geography plays a considerable role in response to this question, with pensions much more common among Eastern companies (31%) than elsewhere (7% in the South, 11% in the Central U.S., and 15% in the West). 401(k)s are also more common in the East than elsewhere, at 80%, versus a range from 61% in the West to 71% in the Central region.

(Asked only of those whose companies do not offer a 401(k) or other employee-funded retirement plan.)
9. How likely is your company to begin offering an employee-funded retirement plan package like a 401(k) to its employees in the next two years? Would you say very likely, somewhat likely, not too likely, or not at all likely?

Very likely	8%		
Somewhat likely	14	Likely	22%
Not too likely	15		
Not at all likely	60	Not likely	75
Not sure/Refused	4		

(Only asked of those whose companies do not offer a 401(k) or other employee-funded retirement plan and who indicate it is unlikely that their company will do so in the next two years.)
10. Why is your company not likely to offer a plan in the next two years?

Too expensive/costly	47%
Employees not interested/prefer higher salaries to long-term benefits	15
Company/management not interested	13
Company is not big enough	7
Already have a different type of retirement plan	5
High employee turnover rate	4
Too complicated/too much work	3
Poor economy/uncertain revenue/ difficult business conditions	0
Legal issues	0
Other	9
Not sure	15

(Asked only of those whose companies offer a 401(k) or other employee-funded retirement plan.)
11. How many years have you offered a 401(k) or other employee-funded retirement plan at your company?

Mean number of years 401(k) or similar plan offered:	11.24
Median number of years 401(k) or similar plan offered:	10

Unsurprisingly, company size and revenue impact response. The larger the company, the greater the likelihood that a 401(k) has been offered for more than 10 years; the smaller the company, the greater the likelihood that such a benefit has been offered for a shorter span, typically 10 years or less.

Region seems to have some impact, with Central U.S. and Southern companies more likely than others to have offered such plans for more than 10 years (~40% of companies in this region indicate having such benefits in place for a decade or more); this drops substantially in other regions, with ~28% elsewhere having plans for such a long period.

(Asked only of those whose companies offer a 401(k) or other employee-funded retirement plan.)
12. How many years have you used your current retirement plan administrator?

Mean number of years current plan administrator used:	6.80
Median number of years current plan administrator used:	5

Statistical analysis indicates general stability across a number of demographics. It is noteworthy that higher-revenue companies seem slightly more predisposed toward responses of 6 years and upwards.

(Asked only of those whose companies offer a 401(k) or other employee-funded retirement plan.)
13. Does your company offer a matching contribution as part of its 401(k) or other company-sponsored retirement plan?

Yes	71%
No	29
Not sure/Refused	0

Seven-in-ten companies (71%) that offer an employee-funded retirement also offer a matching contribution on the part of the employer. This is two-and-a-half times the number that do not (29%).

Larger companies are more likely to offer a match than their smaller counterparts, by an 89% to 69% margin. (This benefit also clearly increases as company size increases, ranging from 65% among the smallest companies to 93% among the largest.)

The difference is even more pronounced where revenue is considered, with 84% of those companies earning $5 million or more per annum offering a match versus 57% of companies earning less than $5 million.

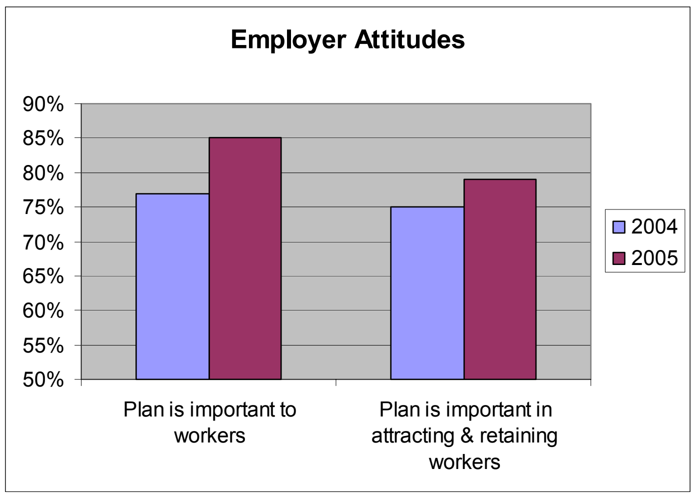
Use of an outside advisor has virtually no impact on response.

Companies in the South and Central states are more inclined than elsewhere to provide an employer match to employee contributions, at ~75%; companies in the East and West are less inclined to do so, at ~65%.

For the following questions, please respond with either very important, somewhat important, not too important, or not at all important.

(Asked only of those whose companies offer a 401(k) or other employee-funded retirement plan.)
14. How important would you say your company's employee-funded retirement plan package is to your ability to attract and retain employees?

Very important	38%		
Somewhat important	41	Important	79%
Not too important	13		
Not at all important	6	Not important	19
Not sure/Refused	2		



The vast majority (79%) of respondents from companies offering a 401(k) or other employee-funded retirement option believe that their company's plan is important in both recruiting and retention efforts by their firms. This continues an upward trend from last year's survey, which posted a 75% response.

This outlook is, however, not a particularly intensely-held viewpoint, with far less than a majority (38%) considering retirement options *very* important in attracting and retaining personnel.

The view that this is *very important* predominates among large-company respondents, where a 54% majority holds this viewpoint; their small-company counterparts are more lukewarm at 36%.

Revenue produces an even more stark division, with roughly half (48%) of respondents from companies earning at least $5 million calling such a benefit very important to employee recruiting and retention; among lower-revenue companies, this is *more than halved* (20%).

The structure of the company's 401(k) plan impacts response as well—those companies that provide a match are much more inclined to view the 401(k) as a key component of recruiting/retention efforts, with half (43%) calling it "very important", versus just 25% among companies not offering a match.

Use of an outside advisor has little impact on overall company outlook. In addition, this question remains generally constant geographically, with a slight up-tick in the West.

(Asked only of those whose companies offer a 401(k) or other employee-funded retirement plan.)
15. How important is it to your employees that their company provides a matching contribution in their retirement savings plan?

Very important	56%		
Somewhat important	22	Important	78%
Not too important	6		
Not at all important	15	Not important	21
Not sure/Refused	1		

Employers are more fervent on this question than its predecessor, with a full two-thirds (56%) calling a matching contribution "very important" to their employees. Just one-in-five (21%) do not see a match as important, while another one-in-five (22%) term it "somewhat important."

Large companies view an employer match in even more certain terms, with three-quarters (74%) calling this benefit "very important" to employees; this drops to 54% among small companies. Intensity on this question follows a steady upwards trend-line as company size increases; among the smallest companies, a bare majority (51%) believe an employer match is an important benefit in the eyes of their employees; among the largest companies, this climbs to 76%, indicating that the largest companies are *half again as likely* as the smallest to view this benefit as *very* important.

A more pronounced scale appears for revenue, with 36% of employers whose company earns less than $5 million considering a match "very important" versus 68% of respondents whose companies earn $5 million or more per year.

Unsurprisingly, those companies that **do** provide a match are much more inclined to view such a match as very important than are their counterparts that do not, by a 71% to 18% margin.

Region does not produce a particularly significant trend, although the Easte rates the benefit the most highly (83% overall) while the South is by far the most intense region (64% say "very important").

(Asked only of those whose companies offer a 401(k) or other employee-funded retirement plan.)
16. In the past 12 months, has your company made any changes to its 401(k) plan or other employee self-funded plan?

Yes	22%
No	78
Not sure/Refused	0

Just one-in-five (22%) companies have made changes to their 401(k) or other employee-funded plans in the past year. Nearly four-in-five (78%), however, have not.

Likelihood of a change generally increases with company size, while revenue has minimal impact. Among large companies, 30% have made a change; among small companies, 21% say the same.

Interestingly, companies that do not use an outside advisor are 11 percentage points more inclined than those that do use such an advisor to have made a change, by a 30% to 19% margin.

(Asked only of those whose companies have made changes to 401(k) or similar plans in the past 12 months)
17. What was changed in the plan? ***(Do not read choices. Choose ALL that apply.)***

Changed investment selections/fund choices	39%
Increased company match	18
Added a new plan	13
Changed plan provider	9
Increased employee contribution limit	8
Decreased company match	6
Added a managed account option	5
Reduced eligibility period/waiting period	4
Changed vesting schedule	3
Changed form of company match	2
Other	14
Not sure	3

Given the relatively small percentage that has actively made changes to its employee-funded plans, detailed statistical analysis of the sample group is not possible. However, it is clear that the bulk of changes to occur to these plans is in the funds or investment options presented to employees. This is followed by an increase in company match, or addition of a new plan. Notably, fewer than on in ten companies making a change to their plan switched plan providers.

(Asked only of those whose companies offer a 401(k) or other employee-funded retirement plan.)
18. Did you use an outside advisor to help you select your retirement plan?

Yes	68%
No	22
Not sure/Refused	11

Among those respondents whose companies provide an employee-funded retirement plan, two-thirds (68%) utilized an outside advisor to select their plan(s). One-in-five (21%) did not, while 11% are unsure what method their company utilized.

Company size has some impact on response to this question, with small companies slightly more likely to use an advisor. A slightly more pronounced difference occurs where revenue comes into play, with lower revenue (under $5 million) companies more inclined to utilize an outside advisor by a 71% to 63% margin.

Companies that do not provide an employer match are more inclined than those that do to utilize an outside advisor, by a 75% to 65% margin.

Region appears to have some impact, with Western U.S. companies more inclined to use an outside advisor than other regions (80%) and Eastern companies less inclined than other regions (60%).

(Asked only of companies that used an outside advisor to select their retirement plan.)
19. What type of advisor did you use?

Financial Planner/Broker	64%
Accountant/CPA	20
Other Benefits Consultant	13
TPA/Benefits Administrator	13
Insurance Agent	5
Bank Advisor	5
Other	3
Not sure	5

In this question, some noteworthy trends emerge, principally the prevalence of using accountants or CPAs for this purpose by lower-revenue businesses and smaller companies (21% versus 6% among large companies). Large companies, meanwhile, disproportionately used "other benefits consultants" for this task (25% versus 11% among small companies). However, in both instances, the financial planner or broker is the top choice, at 65% among small business and 54% among large companies.

(Asked only of those whose companies offer a 401(k) or other employee-funded retirement plan.)
20. Who, from the following list, is, in your opinion, most accountable for selecting and monitoring the investment options in your company's retirement plan?

The plan sponsor	25%
The plan administrator	25
Plan participants	17
The investment provider	10
The plan advisor or consultant	8
Other	9
Not sure	5

Respondents indicate a clear belief that either the plan's sponsor or the plan's administrator is the most accountable for selecting and monitoring the investment options in a company's employee-funded retirement plan, at 25% apiece.

These percentages outdistance those who believe it is the responsibility of the plan's participants (17%) or the providers of the investment (10%).

Large company respondents are more inclined to correctly place the onus on the plan sponsor than their small-company counterparts; small-company respondents, meanwhile, are significantly more likely than those in large companies to erroneously place that responsibility on the plan participants.

(Asked only of those whose companies offer a 401(k) or other employee-funded retirement plan.)
For each of the following statements, please tell me whether you strongly agree, somewhat agree, somewhat disagree, or strongly disagree.

Table 4. Employers Evaluate Their Employees' Attitudes re: Retirement Benefits

	Agree			Disagree			Not sure
	Overall	Strongly	Some-what	*Overall*	Strongly	Some-what	
21. Most employees in our company would like more investment options available to them within the plan.	29	11	18	68	36	32	3
23. Our company gives employees the right information they need to make decisions about the retirement plan.	95	79	16	4	1	3	1
24. Our company is satisfied with our retirement plan provider.	93	78	16	6	2	4	1
25. Our employees are satisfied with the retirement plan the company offers.	95	67	28	5	2	3	1

Note: There was no question 22 in this year's survey.

From a series of statements, it is clear that respondents are most inclined to believe their companies provide the right information to employees to make decisions about their retirement plan. This is a nearly-universal view, and is held intensely by four-in-five respondents (79% agree strongly with this viewpoint).

Company satisfaction with retirement plan providers is nearly as intense, and scores nearly as high in terms of universality of sentiment.

However, employers are not as solidly convinced that employees are satisfied with retirement plans offered by their companies—while a similar 95% say they agree that employees are satisfied, this is a weaker overall viewpoint, with just two-thirds (67%) holding this view *strongly*—and three-in-ten (28%) only somewhat agreeing.

Just three-in-ten (29%) believe that most employees in their company would like more investment options, and just one-in-nine (11%) hold this conviction strongly. A solid two-thirds majority, in fact, disputes this, with 68% in disagreement.

Employers that have a retirement plan advisor are less likely to think that workers want more investment options (23% versus 36% of those that use advisors).

Agreement with this last point – employee desire for more investment options – is tied to company size; respondents from larger companies are more inclined to believe their employees would like more options, with a higher overall percentage (42%) agreeing with the statement than their small-company peers (28%).

Similar tension can be found on the question of employee satisfaction. Large company respondents are less likely to agree with certainty to the notion that employees are satisfied with their retirement options, with 56% saying they *strongly agree* versus 69% of small company respondents.

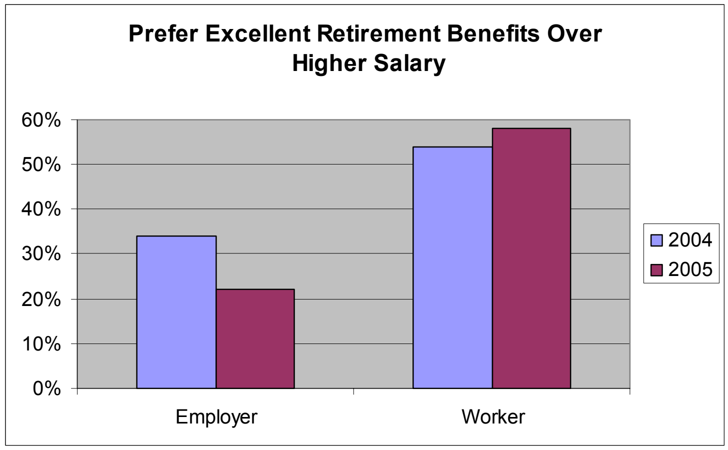
26. Suppose you could offer the following two choices in a job offer to a potential employee. Which one do you feel would be of greater interest to a potential employee?

Offer A: Excellent retirement benefits, but only meets the potential employee's minimum salary requirements.

Offer B: A higher than expected salary, but poor retirement benefits.

Excellent retirement benefits	22%
Higher than expected salary	72
Neither	4
Not sure	2

Employers are less likely to expect retirement benefits to motivate potential employees to accept a job offer than a higher than expected salary. Seventy-two percent of employers see a high salary with poor retirement benefits as more attractive than a minimum expected salary plus excellent retirement benefits, which is the response of only 22% of employers. This is a change over last year's results, where 34% of employers thought workers would prefer better retirement benefits. However, it is a continuation of an historical trend seen by this survey, in which a disconnect between employer and worker outlooks is prevalent on this question.



Company size has a significant impact on the response to this question, with respondents from small companies more inclined to say higher salary is a better motivator than excellent retirement benefits (73% of small companies versus 55% of large companies).

Employers in the Southern U.S. believe their workers view retirement benefits less favorably than salary as a motivator in a job offer, with 16% stating their workers would choose benefits compared to a range of 20% to 28% elsewhere in the nation.

27. How concerned is your company with helping its employees have a financially secure retirement? Would you say it is very concerned, somewhat concerned, not very concerned, or not at all concerned?

Very concerned	39%		
Somewhat concerned	40	Concerned	79%
Not too concerned	9		
Not at all concerned	11	Not concerned	20
Not sure/Refused	1		

Two-fifths (39%) of respondents indicate that their companies are very concerned about the welfare of employees in retirement. However, one-in-five (20%) say the opposite – that their company is not concerned about employees' financial security in retirement.

Respondents who represent larger companies are more inclined than their small-company counterparts to assert their company is very concerned about its' employees financial stability in retirement. In fact, there is a noticeable upwards trend from small companies, where just 37% say their company is very concerned about the financial security of employees in retirement, to large companies, where 57% hold this view.

Respondents from companies that offer a matching contribution are much more favorably-inclined on this question, with 54% indicating their company is *very* concerned about its workers long-term financial picture; this drops to 31% among respondents whose company does not offer a match.

The use of an outside advisor has no significant impact on response.

Respondents whose companies are based in the Central U.S. are more favorably-inclined than those whose companies are based elsewhere, with 42% assured their company is very concerned about employee financial stability in retirement; this drops to a low of 34% in the South.

(Asked only of those whose companies offer a 401(k) or other employee-funded retirement plan and whose companies are concerned with helping employees have a financially secure retirement.)

28. Does your company do any of the following to help employees transition to retirement?

Allow terminated retirement plan participants to leave their money in the plan	62%
Provide information about the distribution options available in your retirement plan	59
Distribute retirement planning materials	47
Allow systemic withdrawals by terminated plan participants	40
Offer financial counseling	27
Offer pre-retirement seminars	18
Offer an income annuity as a payout option in your retirement plan	17
Nothing	14
Other	2
Not sure	2

Three-fifths (62%) of respondents indicate their companies allow terminated retirement plan participants to leave their money in the company's employee-funded plan, the highest percentage of any of the various concepts tested in the question.

This scores statistically even with the percentage who say their company provides information about the distribution options available in the retirement plan (59%).

Nearly half support the notion that their company distributes retirement planning materials to employees (47%).

(Asked only of those whose companies do not offer a 401(k) or other employee-funded retirement plan and whose companies are concerned with helping employees have a financially secure retirement.)

29. Does your company do any of the following to help employees transition to retirement?

Nothing	92%
Distribute retirement planning materials	2
Offer financial counseling	10
Offer pre-retirement seminars	0

This question, as posed, alternately, to companies that do not offer an employee-funded retirement plan, but where respondents indicated their company was concerned with employees' post-retirement financial security, produces a markedly different answer.

In short, those companies that do not offer an employee-funded plan are overwhelmingly likely to do **nothing** to assist employees in planning for their retirement, despite being concerned about employees' well-being.

30. How frequently does your company evaluate the retirement benefits offered to employees?

About once a year	52%
At least once per quarter	8
About every six months	8
About every two years	8
Less than every two years	2
Never	17
Not sure	4

Half of companies (52%) evaluate retirement benefits on an annual basis. This dwarfs all other periods of evaluation, with equal proportions stating their company conducts quarterly, semi-annual, and bi-annual reviews of benefits.

It is noteworthy that 40% of large companies review their retirement benefits more than once a year, versus only 14% of small companies that do so. Large companies are three times as likely to conduct a quarterly review as their smaller counterparts (23% versus 7%). Large companies are also more likely to conduct semi-annual reviews (17% versus 7%). Small companies, meanwhile, are a bit more likely to conduct annual reviews (52% versus 46%) or even less frequent reviews.

31. How confident do you feel your employees are that they will be able to achieve a comfortable lifestyle in their retirement? Are you very confident, somewhat confident, not too confident, or not at all confident?

Very confident	10%		
Somewhat confident	45	Confident	55%
Not too confident	24		
Not at all confident	11	Not confident	35
Not sure/Refused	10		

While more than half of respondents (55%) are confident their employees will be able to achieve a financially-secure retirement, just one-in-ten (10%) is very confident on this point.

Confidence is tied to company size, however, with large companies feeling their employees are more confident overall (67% of large companies hold this view versus 54% of small companies).

For each of the following statements, please indicate whether you strongly agree, somewhat agree, somewhat disagree, or strongly disagree.

Table 5. Employers Rate Worker Retirement Planning and Needs

	Agree			Disagree			Not sure
	Overall	Strongly	Some-what	Overall	Strongly	Some-what	
32. Employees at my company are generally very involved in monitoring and managing their retirement savings.	52	21	31	43	23	20	5
33. Most employees at my company do not know as much as they should about retirement investing.	77	51	26	18	9	9	5
34. Most employees at my company would prefer to rely on outside experts to monitor and manage their retirement savings.	68	39	30	26	15	11	6
35. Most employees at my company prefer not to think about or concern themselves with retirement investing until they get closer to their retirement date.	73	45	28	24	16	8	3
36. Most employees at my company could work until age 65 and still not save enough to meet retirement needs.	77	54	23	17	7	10	6
37. Most employees at my company would like to receive more information and advice from the company on how to reach their retirement goals.	42	11	31	53	26	27	6

Employers have mixed views on whether their workers are very involved in managing their retirement savings – 52% agree and 43% disagree. Small company employers are more likely than large company employers to <u>disagree</u> that their employees are very involved, by a 43% to 36% margin. Employer industry has a strong influence on responses: Only 36% of service industry employers agree with the statement, compared to 72% of those in the professional service industry and 61% in the transportation/ communication/ utilities industry.

Employers are in strong agreement on two views on employee retirement preparedness: 77% agree that most of their employees do <u>not</u> know as much as is necessary about retirement investing and another 77% agree that most of their employees could work until age 65 and still not have enough saved for retirement. These views were significantly more prevalent in the Southern region of the U.S., where 82% believe their employees don't know as much as they should about retirement investing and 88% believe that most employees could work to age 65 and still not save enough for retirement.

About two-thirds of companies think that most of their employees would prefer to have an outside expert manage their retirement savings. This view is held by more large businesses than small (78% versus 67%). This view is also most prevalent at companies in the Eastern U.S., where 80% agree.

About three in four (73%) companies think their employees would rather put off thinking about retirement investing until they are older. This view is held relatively consistently by small and large employers (73% and 75%, respectively).

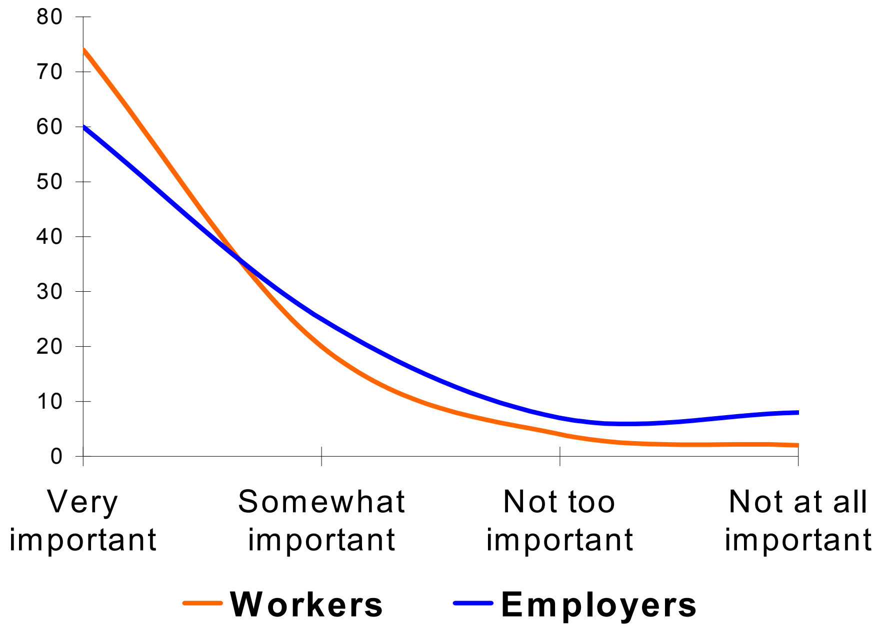
Finally, a minority (42%) of employers think that their workers would like more information and advice from the company about how to reach their retirement goals. Small and large employers have very different opinions on this matter, however. Only 39% of small companies think their employees want more information, compared to 71% of large companies – a 32 point difference.

VI. Employer-Worker Gap and Comparisons

Question: *Businesses typically offer a number of different benefits for their workers. For each of the following, please tell me how important that benefit is to you, personally (to your employees).*

401(k) or other self-funded plan

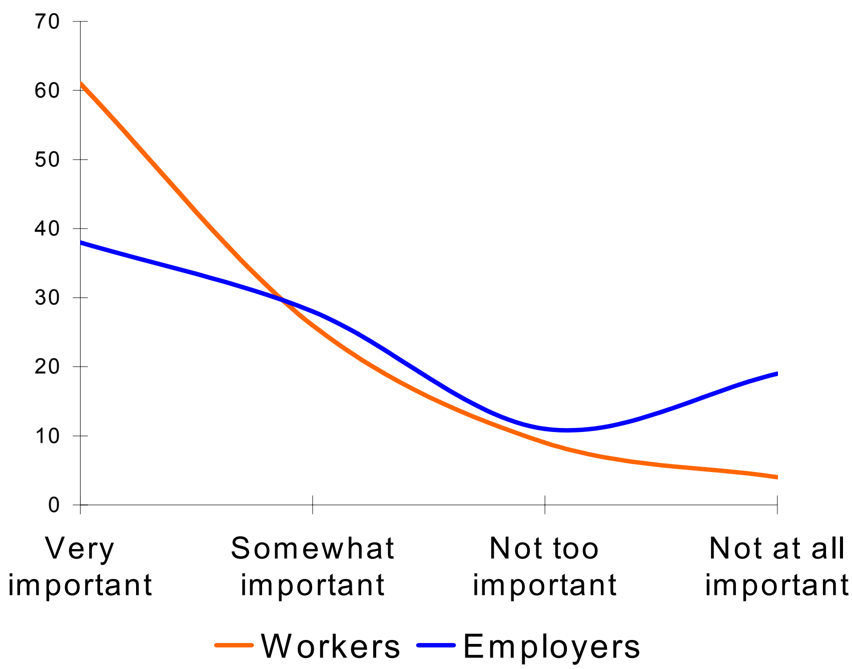
401(k) or other self-funded plan	Workers	Employers
Very important	74	60
Somewhat important	20	25
Important	94	85
Not too important	4	7
Not at all important	2	8
Not important	6	15
Not sure/Refused	0	0



Some tension exists with 401(k) plans. The 9-point gap between employers and workers on 401(k) and similar plans is particularly interesting. While workers are nearly universal in their ranking of 401(k)s as something they value, employers are both less likely to believe it is important to their workers – and less intense in their rating. Among those rating this benefit as "very important," a potent 14-point gap emerges.

Company-funded defined-benefit pension plan

Defined-benefit pension plan	Workers	Employers
Very important	61	38
Somewhat important	26	28
Important	87	66
Not too important	9	11
Not at all important	4	19
Not important	13	30
Not sure/Refused	0	4

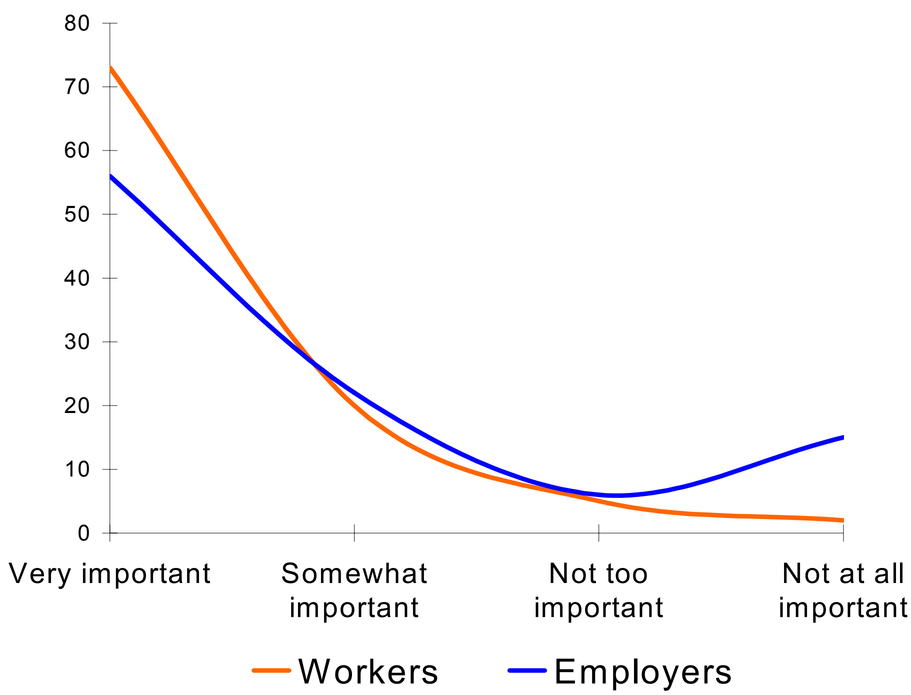


Perhaps the most significant gap in perception of the importance of benefits emerges on the question of the traditional pension. Workers place a much higher value on the company-funded defined-benefit plan than do their employers. While eight out of nine (87%) view this benefit as important – and three-fifths (61%) consider it *very* important –employers are much cooler in their perception of its value to workers. Significantly, this drop is almost entirely among those rating it a very important benefit – while 61% of workers say it is very important to them, just 38% of employers perceive it as an important benefit in the eyes of their workers.

Matching contributions

How important is it to you (your employees) that the company you work for (their company) provides a matching contribution in their retirement savings plan?

Matching contribution	Workers	Employers
Very important	73	56
Somewhat important	20	22
Important	93	78
Not too important	5	6
Not at all important	2	15
Not important	7	21
Not sure/Refused	1	1

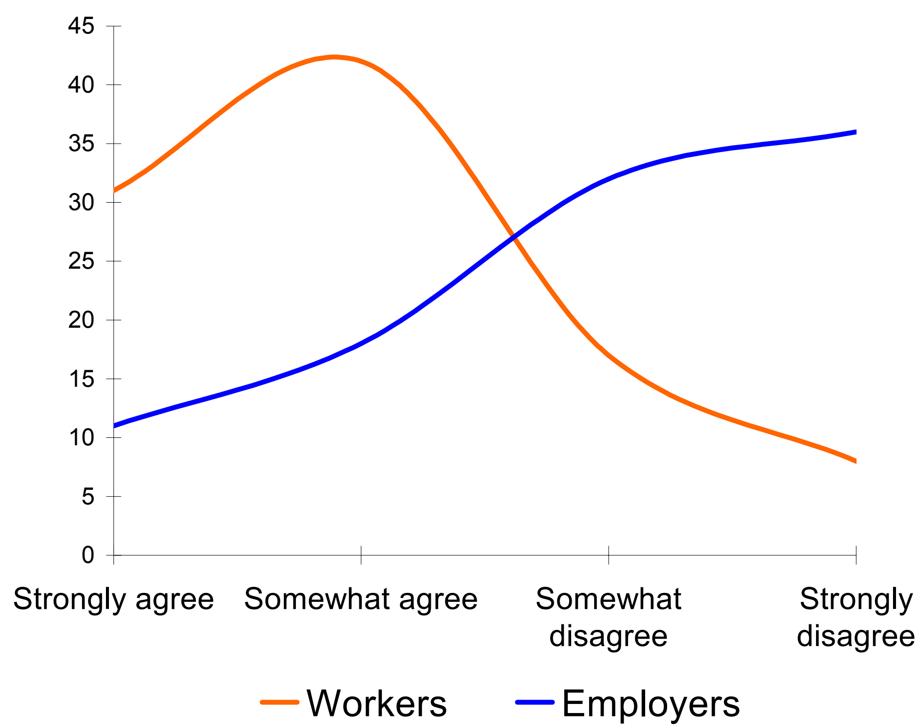


A potent gap emerges between employers and workers on the question of whether a matching contribution is important to workers. Workers clearly believe it is – 93% call it important while 73% qualify it as *very* important. This stands in sharp contrast to employers, who are much less likely to call it important (78% versus the previously mentioned 93% of workers) or very important (56% versus 73% among workers).

Desire for more investment options

I (most employees in our company) would like more investment options available to me (them) within the retirement plan.

Desire more investment options within the plan	Workers	Employers
Strongly agree	31	11
Somewhat agree	42	18
Agree	73	29
Somewhat disagree	17	32
Strongly disagree	8	36
Disagree	25	68
Not sure	2	3

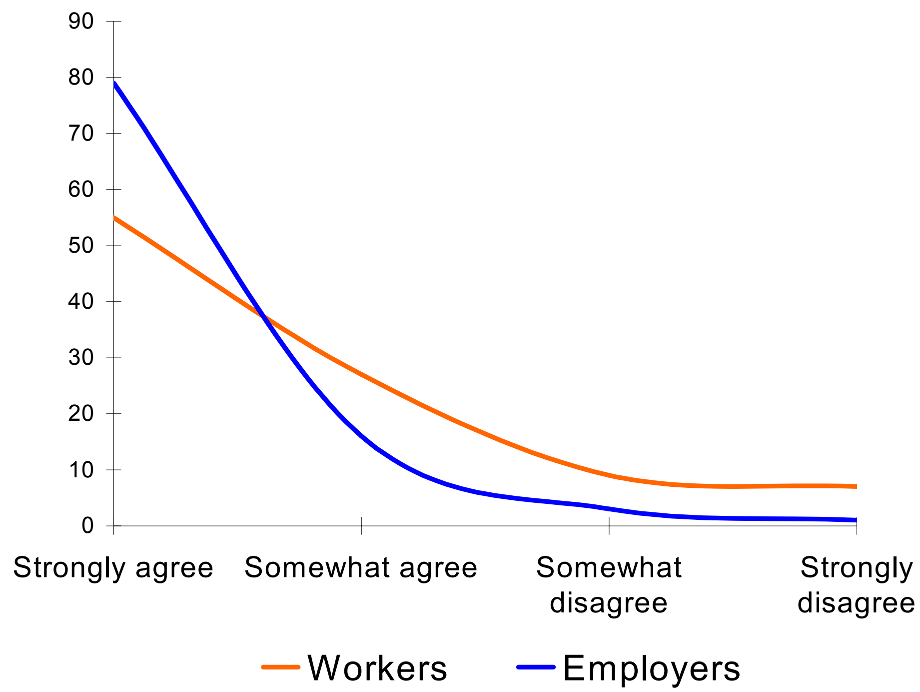


Here, we see a substantial gap between workers and employers. In short, no other area of the survey produced such a gap between reality and employers' perceptions. A large majority of workers want more options in their investment plans, while most employers think they do not.

Company provides the right information about the retirement plan

My (Our) company gives me the right information I (they) need to make decisions about the retirement plan.

Company provides information to make decisions about plan	Workers	Employers
Strongly agree	55	79
Somewhat agree	27	16
Agree	82	95
Somewhat disagree	9	3
Strongly disagree	7	1
Disagree	16	4
Not sure	3	1

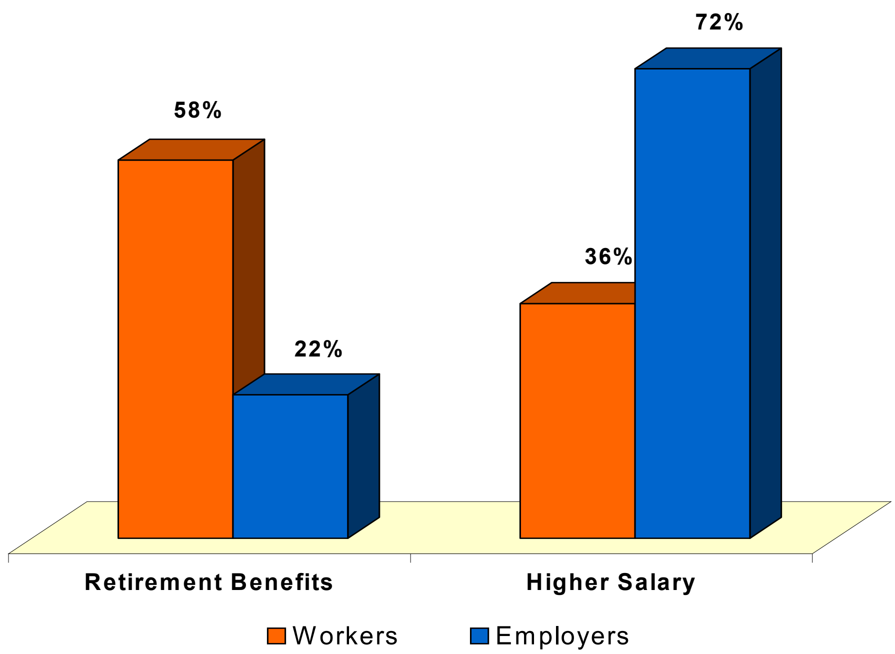


A gap emerges in this question, largely in terms of intensity of opinion. Employers are much more intense than employees, with a much higher percentage (79%) *strongly* agreeing their company provides adequate information to workers to make decisions within the retirement plan. Fewer workers (55%) feel the same.

Retirement Benefits versus Salary

Suppose (you could offer the following two choices in a job offer to a potential employee) that two job offers come your way. The jobs are nearly identical, except the first offer has excellent retirement benefits and meets your minimum salary requirements, while the second offer provides a higher salary than you expected, but has poor retirement benefits. Which of these two job offers would you be more likely to choose? (Which one do you feel would be of greater interest to a potential employee?)

Retirement Benefits versus Salary	Workers	Employers
Excellent Benefits	58	22
Higher Salary	36	72
Neither	2	4
Not sure	4	2

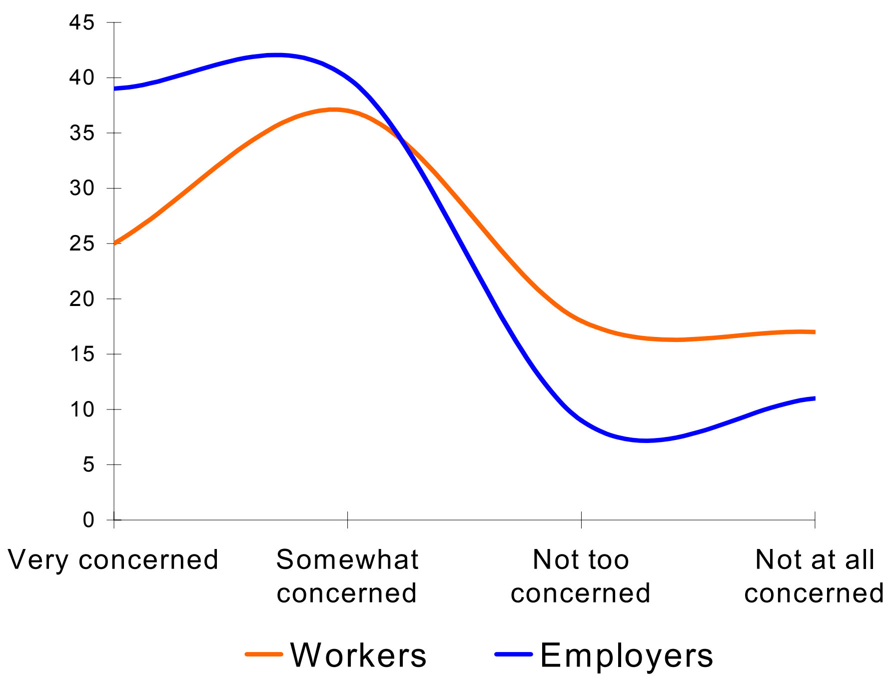


Here, a clear divergence in worker and employer opinion emerges. Workers are more inclined toward retirement benefits as a driving factor in employment decisions than employers believe. While this disconnect is a continuation of the trend from previous years, there was a large increase in the percentage of employers who believe workers would prefer a higher salary from 2004 to 2005.

Level of concern for workers' financial security in retirement

(In your opinion,) how concerned is your company with helping its employees achieve a financially secure retirement? Would you say it is very concerned, somewhat concerned, not very concerned, or not at all concerned?

Level of concern for financial security of workers' retirement	Workers	Employers
Very concerned	25	39
Somewhat concerned	37	40
Concerned	62	79
Not too concerned	18	9
Not at all concerned	17	11
Not concerned	35	20
Not sure	2	1

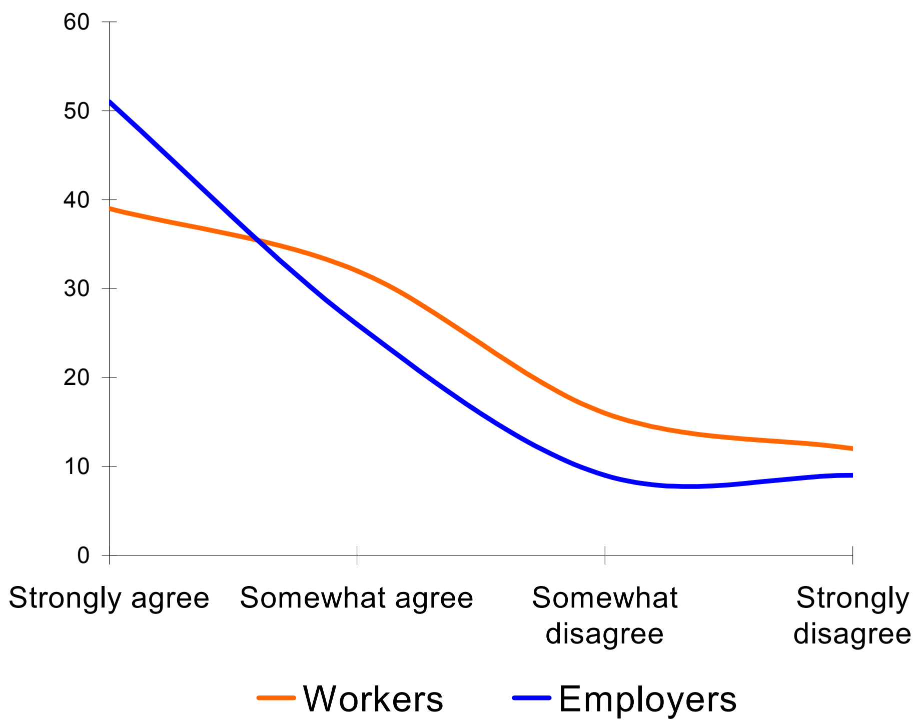


There is a strong correlation in perception between employers and workers; however, employers tend to perceive the level of concern exhibited by their companies in more favorable terms than do their workers. Seventy-nine percent of employers think their companies are concerned with workers' retirement security, while only 62% of workers feel the same way.

Level of knowledge about retirement investing

I (Most employees at my company) do not know as much as they should about retirement investing.

Level of worker knowledge about retirement investing	Workers	Employers
Strongly agree	39	51
Somewhat agree	32	26
Agree	71	77
Somewhat disagree	16	9
Strongly disagree	12	9
Disagree	28	18
Not sure	1	5

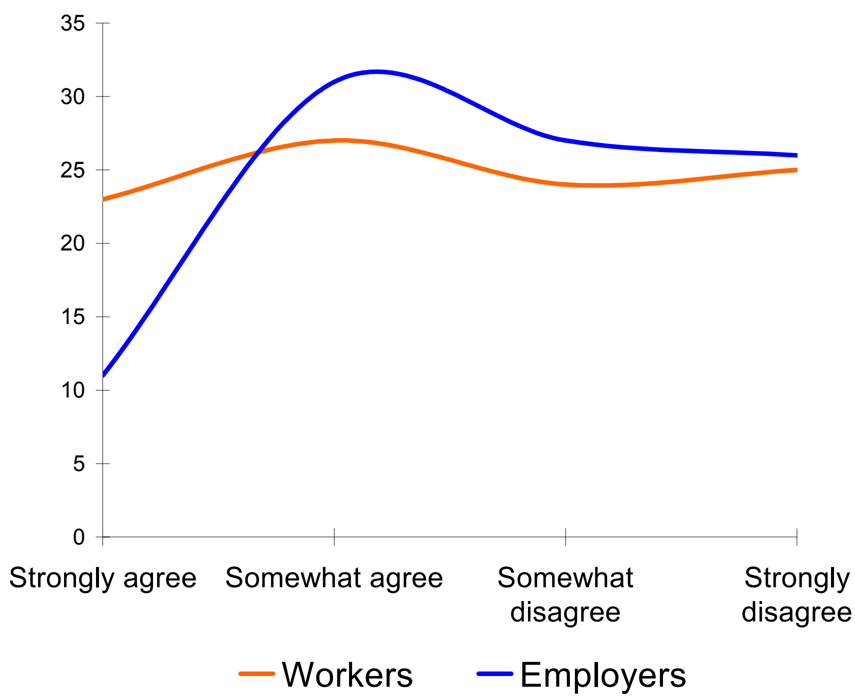


Again, there is a general correlation between worker and employer outlook, although a 51% majority of employers strongly agree their workers do not have adequate knowledge about retirement investing, while only 39% of workers feel this way.

Preference for more retirement advice from companies

I (Most employees at my company) would like to receive more information and advice from my company on how to reach my (their) retirement goals.

Workers on whether they would like more information from companies	Workers	Employers
Strongly agree	23	11
Somewhat agree	27	31
Agree	50	42
Somewhat disagree	24	27
Strongly disagree	25	26
Disagree	49	53
Not sure	2	6

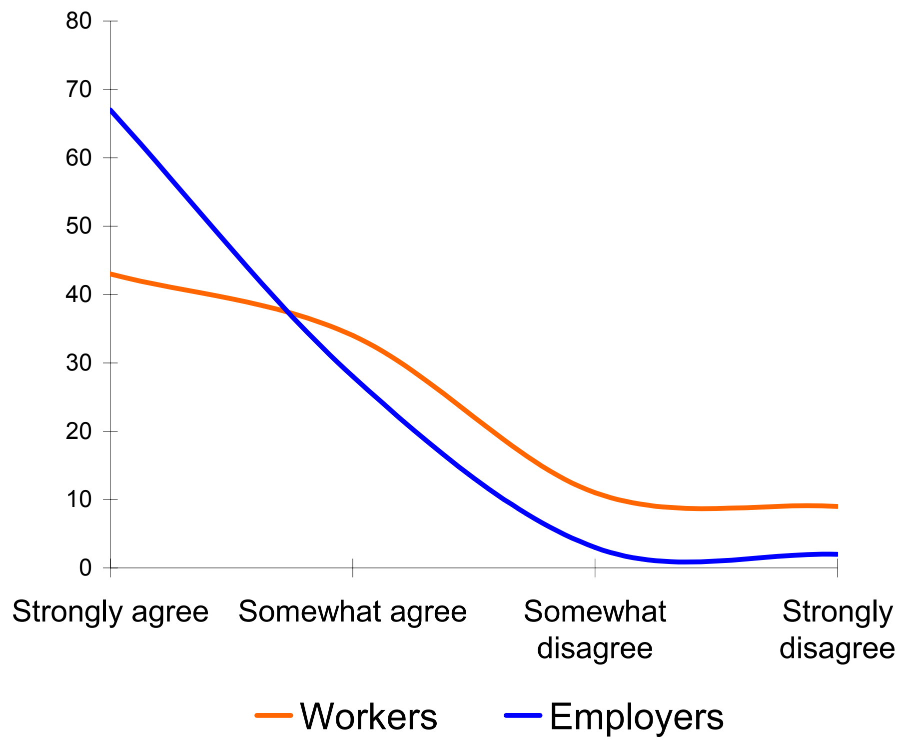


This question moves from a sharp divergence among those in strong agreement to similar levels of "somewhat" agreement and overall disagreement between workers and employers. Twenty-three percent of workers strongly agree that they would like more information and advice from their companies, while only 11% of employers think their workers feel that way.

Employee satisfaction with retirement plan

I am (Our employees are) satisfied with the retirement plan my (the) company offers.

Employee satisfaction with retirement plan	Workers	Employers
Strongly agree	43	67
Somewhat agree	34	28
Agree	77	95
Somewhat disagree	11	3
Strongly disagree	9	2
Disagree	20	5
Not sure	4	1



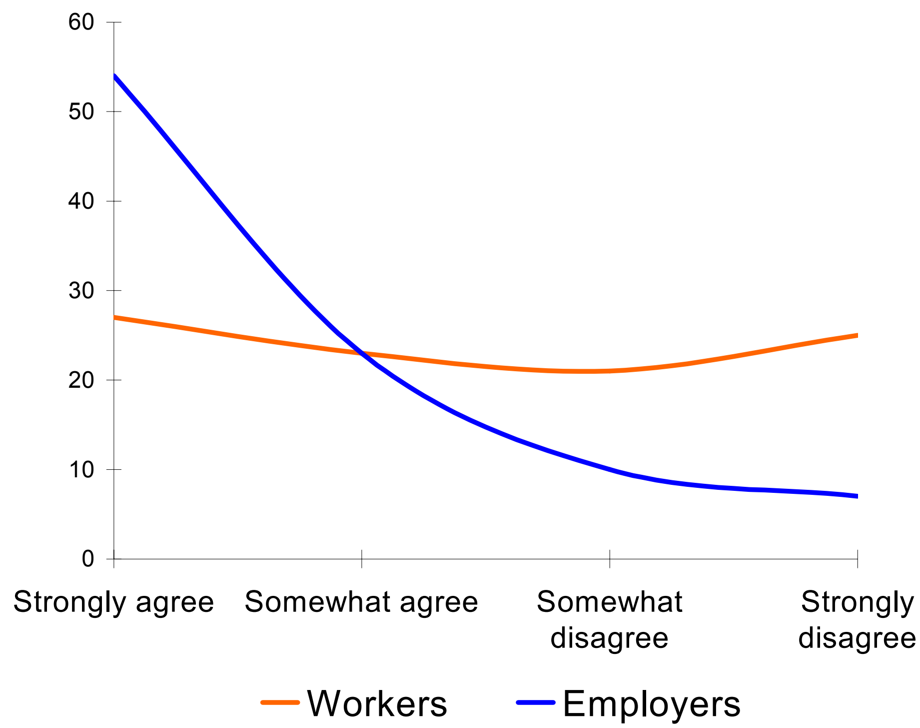
Workers and employers do not see eye-to-eye on a very important matter: satisfaction with the company's retirement plan. While company leaders overwhelmingly believe (95%) that employees are satisfied, only three-in-four (77%) actually are.

The most potent gap emerges on the question of how strongly in agreement respondents are. Two-thirds (67%) of employers strongly believe their employees are satisfied; among workers, though, fewer than half (43%) share this position.

Retirement savings at age 65

I (Most employees at my company) could work until age 65 and still not have enough money saved to meet my (their) retirement needs.

Workers on whether savings at age 65 will be adequate to retire	Workers	Employers
Strongly agree	27	54
Somewhat agree	23	23
Agree	50	77
Somewhat disagree	21	10
Strongly disagree	25	7
Disagree	46	17
Not sure	3	6



This comparison produces a stark divergence. While workers are generally even in their perceptions and intensity on this question (50% agree), 77% of employers believe their workers will not be in adequate position at age 65 to retire comfortably.