



A Closer Look at Defined Contribution Plan Survey Results

January 19, 2017

Welcome

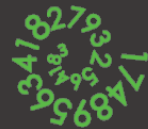


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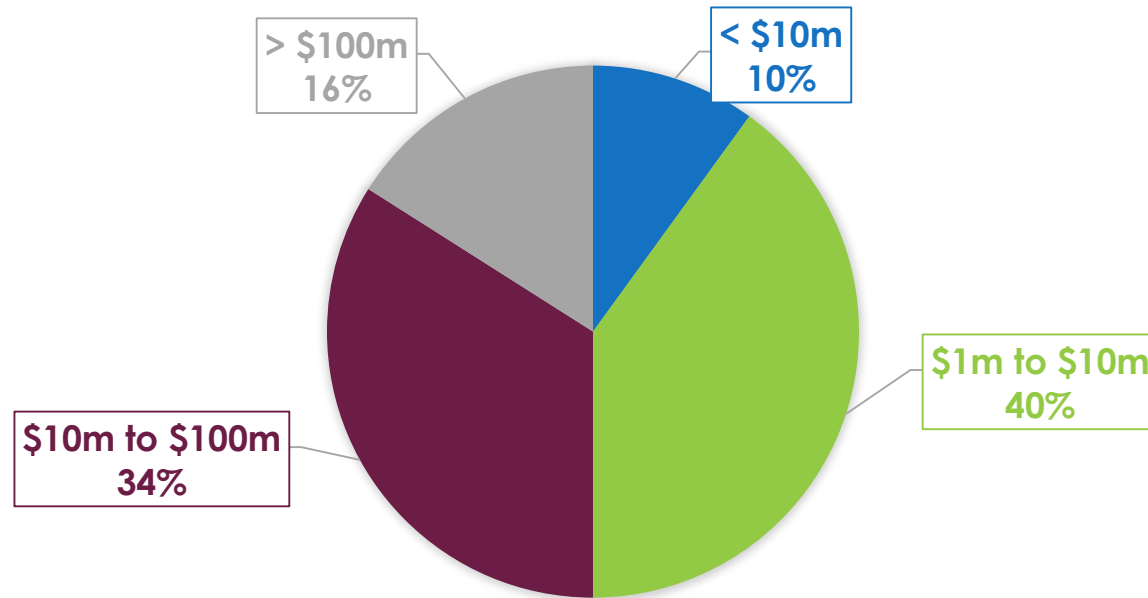
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Today's Agenda



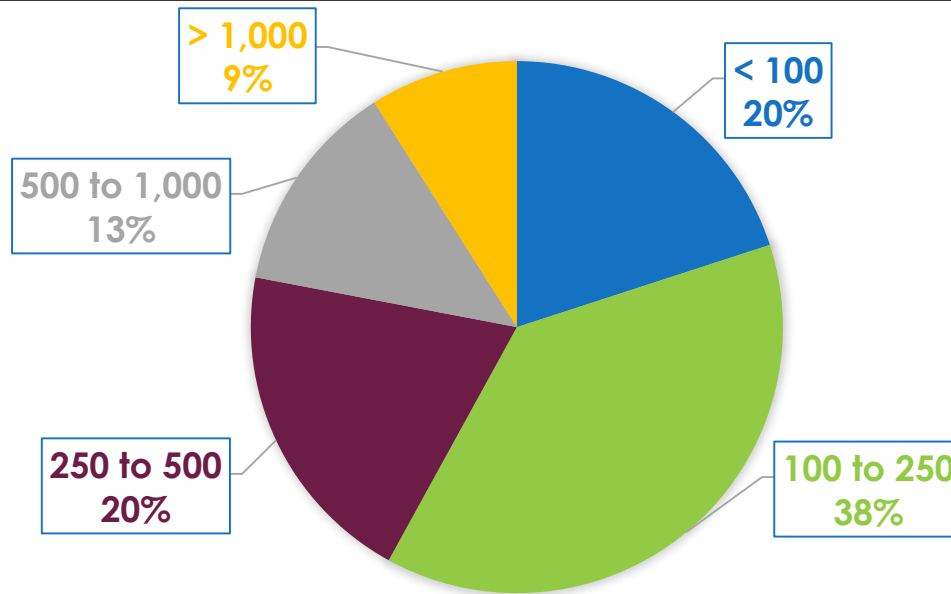
- Deeper dive into results
- Trends
- Best practices
- Q&A

Average plan size



Plans Surveyed	Amount in Assets
10%	< \$1m
40%	\$1m to \$10m
34%	\$10m to \$100m
16%	> \$100m

Average number of participants



Plans Surveyed	Number of Participants
20%	< 100
38%	100 to 250
20%	250 to 500
13%	500 to 1,000
9%	> 1,000

Industries



In what industry is your company?

44%:	Professional Services
11%:	Manufacturing
2%:	Not-for-Profit
5%:	Real Estate
2%:	Construction
2%:	Retail/Merchandising/Consumer Products
9%:	Education
7%:	Software/Technology
18%:	Other

“Other” category consists of the following industries:

- Food service
- Sports broadcasting
- Transportation
- Environmental services

Industries



Industry	Avg Employee Contribution	Avg Employer Contribution	Avg Employer Contribution as a % of EE Contributions
Professional Services	\$5,783	\$2,543	44%
Manufacturing	\$3,539	\$2,000	57%
Not-for-Profit	\$5,204	\$3,717	71%
Real Estate	\$1,409	\$216	15%
Construction	\$1,208	\$120	10%
Retail/Merchandising/ Consumer Products	\$4,540	\$2,481	55%
Education	\$2,657	\$1,986	75%
Software/Technology	\$7,307	\$2,464	34%
Food Service	\$5,635	\$1,054	19%
Sports Broadcasting	\$6,906	\$2,595	38%
Transportation	\$2,862	\$708	25%
Environmental Services	\$2,858	\$668	23%

Auto-enrollment



39% of the plans currently have auto-enrollment

If your plan offers auto-enrollment, what is the starting contribution percentage?

0%: 1%
16%: 2%
42%: 3%
11%: 4%
26%: 5%
5%: 6%



Auto-enrollment



Pros of auto-enrollment:

- Increased participation
- Increasing odds of passing annual nondiscrimination tests

Cons:

- Requires strong internal control system to be in place
- Increase in administrative work to maintain enrollment
- Increases chance for missed opportunity of deferrals (i.e. requirement of plan sponsor to make corrective contributions)



Nondiscrimination tests

47% of plans have failed at least one nondiscrimination test in the past two years.

What these plans have in common:

- Only 29% of plans with failures had auto-enrollment
- Plans with failures had (on average) employer contributions as a % of employee contributions of 22% (*i.e. on average, 22 cents per dollar contributed by employees was matched*)
 - For plans that passed, this % was 45% (*i.e. 45 cents per dollar*)
- For plans with failures, only 11% had eligibility requirements of 1 month or less
 - For plans that passed, 55% had eligibility requirements of 1 month or less

Nondiscrimination tests



Methods to avoid failing nondiscrimination tests:

- Increase participation
 - Auto-enrollment
- Increase balances for non-highly compensated employees (NHCEs)
 - Auto-escalation
 - Increase employer contributions (will also make participation more attractive)
 - Elect to be a Safe Harbor Plan

Eligible compensation



Is bonus compensation considered eligible compensation?

65%: Yes

35%: No

Does your plan allow for separate elections for regular compensation vs. bonus compensation?

54%: Yes

46%: No

- Know plan document
- Bonuses
- Overtime
- Commissions
- Stock compensation



Investment Advisor



Do you have an Investment Advisor on the plan?

52%: Yes

48%: No

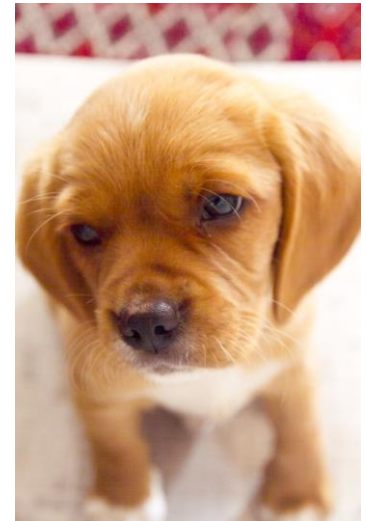
Plans that responded “No” to this question have a Third-Party Administrator with an in-house Investment Advisor versus a plan that hired a Third-Party Investment Advisor.

If “Yes,” are they named the fiduciary on the plan?

26%: Yes

74%: No

“No dog in the fight”



Questions?



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