



2010 Defined Contribution Survey

June 2010

2010 Towers Watson DC Survey

- Survey addresses plan design, investments, fees, communication and governance
- Conducted mid-April through late-May, 2010, based generally on December 31, 2009 data
- 334 responses from companies with more than 1,000 employees and \$10 million or more in assets
 - Most are Fortune 1000 and P&I 1000 companies
 - Broad range of industry sectors
 - Represent total of more than 5.3 million plan participants with median of 7,700 plan participants
 - Represent total of \$386.5 billion in DC plan assets with median of \$477.5 million
 - Average participant account balance is \$71,044

Key Findings

- Plan Design
 - Auto-enrollment is now dominant practice among large companies
 - Almost half of those who reduced or suspended their match have moved to a new match approach, with most reinstating the match to its prior level
 - Almost all of those who have not acted are considering reinstatement within the next 12 months
 - Some employers are offering annuities, and more are considering; little use of annuities by participants

Key Findings (cont'd)

- Investments
 - Over 60% of companies offer more than 15 investment options
 - Target date funds (TDFs) are the predominant default investment
 - Over 20% of respondents use custom TDFs and most respondents do not use proprietary funds from their recordkeeper for TDF implementation
 - 45% of companies offer company stock as an investment option
 - 53% of such companies do not make contributions in company stock
 - 40% of such companies are planning or considering limiting investments in company stock, e.g., to a specific percentage

Key Findings (cont'd)

- Fees
 - More companies saw a decline in recordkeeping fee rates than an increase, but for most there was no change
 - Significant variety in how outsourcing fees are paid based on type of service provided

Key Findings (cont'd)

- Communication
 - While the majority of sponsors report the same level of communication as last year, nearly half report more communication on asset diversification and nearly a third increased communication in other areas, such as participation
 - Nearly a third of sponsors are putting greater focus in their communication on retirement income adequacy
 - Increased emphasis in communication on topics such as participation, contributions and investments is followed by changes in behavior

Key Findings (cont'd)

- Governance; most sponsors
 - Believe worker retirements will be delayed due to recent financial conditions
 - Have reviewed most governance criteria within last six months
 - Rated themselves above market average or market leading for each governance criteria, but they were less confident about their ranking in helping participants prepare for retirement and quality of participant communication
 - Expect to make changes to their retirement program within the next five years

For more information

- For more detailed information about the survey findings, please contact your local Towers Watson consultant, or call Towers Watson at 800.388.9868.
- Also, please note that we plan to release a series of detailed white papers further dissecting the data findings in the coming weeks.