



## HOW DOES YOUR PLAN COMPARE?

### **Participation Rate Rose Slightly**

The average participation rate in 401(k) plans was 86.3 percent at the end of 2010, according to the *54th Annual Survey of Profit Sharing and 401(k) Plans* by the Plan Sponsor Council of America (PSCA). The rate the year before was 82.3 percent.

The pre-tax participant deferral rate averaged 5.3 percent for non-highly compensated employees and 6.6 percent for highly compensated employees. The average for all eligible participants was 6.2 percent.

### **Fast eligibility continued**

About 60 percent of companies permit employees to contribute to the plan immediately upon hire. Almost half grant immediately eligibility to receive the company match, while 29 percent require one year of service.

Almost 40 percent of companies have no minimum age requirement to participate.

### **Auto enrollment remained popular**

Nearly 42 percent of 401(k) plans had an automatic enrollment feature. It applied to new hires in 82 percent of these plans and to all non-participants in almost 17 percent of these plans.

The most common default deferral rate was 3 percent of pay (62 percent of plans). Target retirement date funds remained the most common default investment option (53 percent of plans).

Automatic increases in contribution rates were reported by 38 percent of plans. Most plans cap the auto increases at 6 percent of pay.

### **Roth feature usage rose**

Over 45 percent of plans permitted Roth 401(k) contributions, up from 41 percent the previous year. Of those eligible to make Roth contributions, 16 percent did so.

### **Investment options didn't change**

The average number of investment choices offered to participants remained at 18.

Almost 64 percent of plans offered target date funds.

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### **Investment advice still common**

Advice was available in 57 percent of plans. About 22 percent of participants used advice when offered. Small plans tended to have the highest usage.

Other survey results included:

- The typical plan had about 63 percent of assets invested in equities.
- Less than 15 percent of plans offered company stock as an investment option.
- Almost 89 percent of plans allowed hardship withdrawals, and about 2 percent of participants had such a distribution in 2010.
- Loans were permitted in 90 percent of plans.
- Almost 20 percent of plans used a safe harbor match, and 10 percent used a safe harbor non-elective contribution.
- About 37 percent of plans offered immediate vesting of the company match.

The survey reflects 2010 experience of 820 plans with 10.5 million participants and more than \$691 billion in plan assets.

The survey may be ordered from the PSCA at [www.pzca.org](http://www.pzca.org).

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