

Market Performance

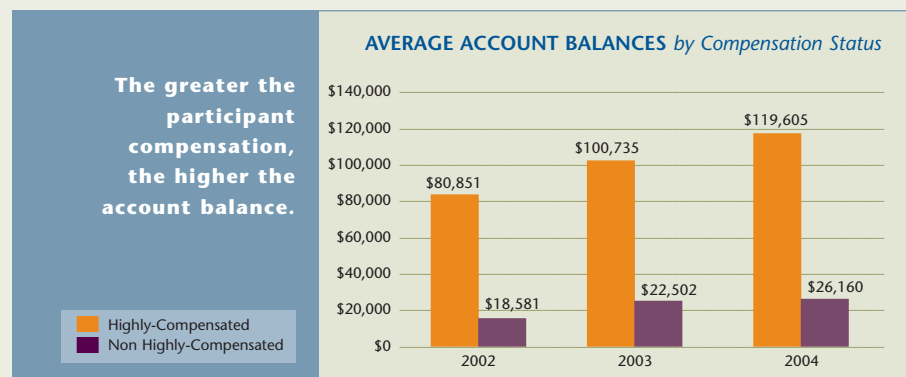
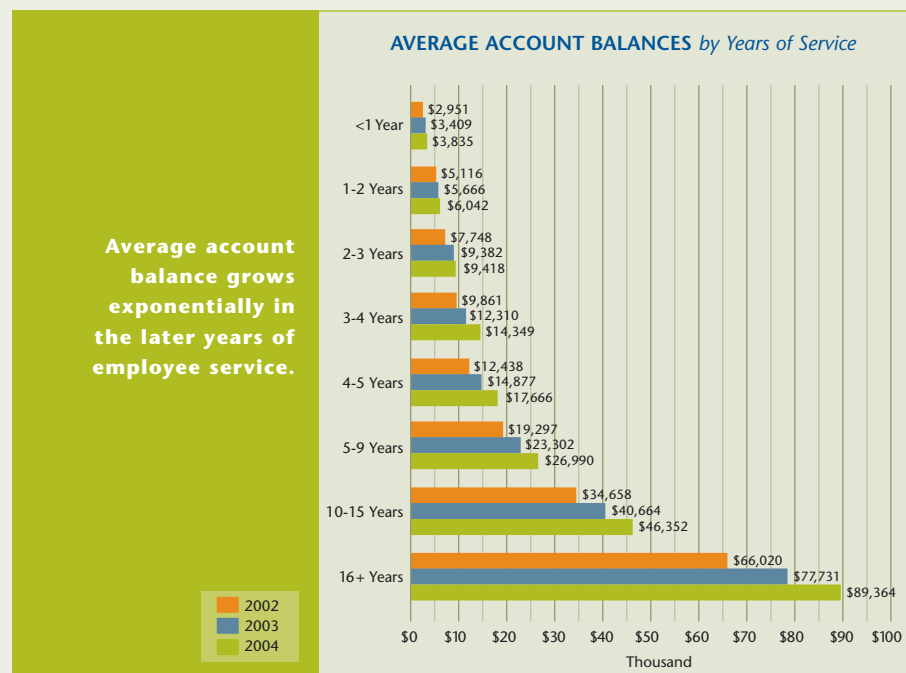
Drives Growth in 401(k) Balances

In 2004, the 401(k) plan overall average account balance grew 17 percent to \$40,125, up from \$34,344 in 2003, and just \$27,282 in 2002. Market performance and increased contributions are the primary reasons for this significant increase.

Despite this astonishing growth, most account balances are still not sufficient to provide a comfortable retirement benefit, even with the consideration of Social Security. For example, the average accumulated balance of \$67,400 at age 65 would provide a monthly income of only \$422 if a life annuity option were to be purchased (*assuming a straight life annuity based on July 2005 interest assumptions for a male using unisex rates at age 65*).

Today, 65 percent of workers are very confident or somewhat confident of funding their retirements. (*Source: 2004 Retirement Confidence Survey, EBRI*) Although confidence remains high, workers acknowledged they haven't saved enough for retirement.

In fact, the average account balance is skewed by very large total individual account balances. The median account balance may be a more effective measure of the average participant. In 2004, the median account balance was \$30,005, an increase of nearly \$5,000 from 2003.



The average account balance for a man is nearly double that of the average account balance for a woman.

Male
Female

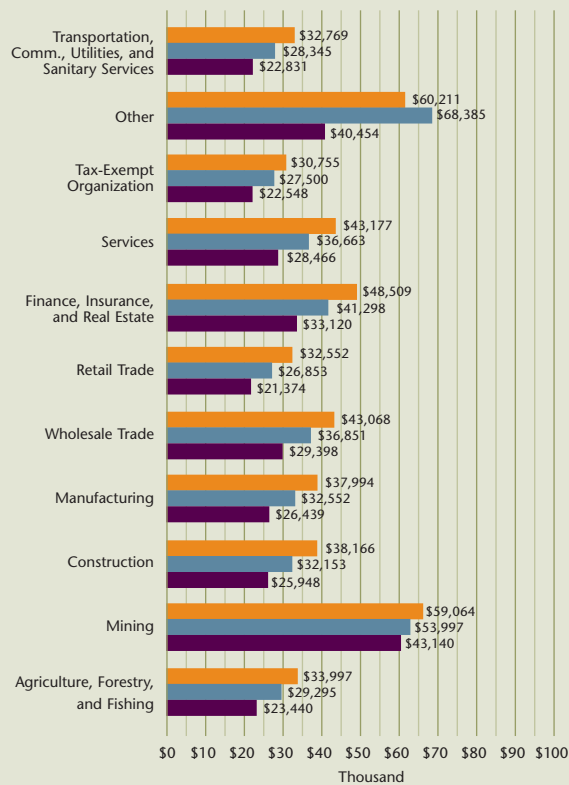
AVERAGE ACCOUNT BALANCES by Gender



The mining industry had one of the largest average account balances in 2004.

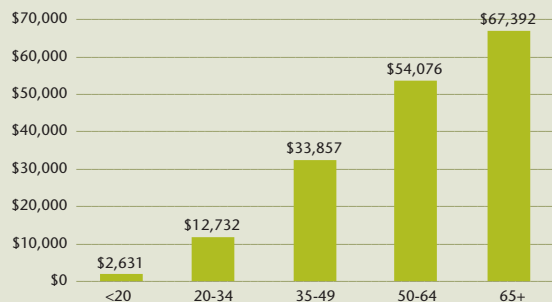
2004
2003
2002

AVERAGE ACCOUNT BALANCES by Industry Category



Participants 50 years of age and older have the highest account balances. Younger participants (age 35 or younger) lag far behind.

AVERAGE ACCOUNT BALANCES by Participant Age



Solutions

Promote “calculating” retirement funds. Only 40 percent of workers say they have tried to calculate how much they need to accumulate for retirement. (Source: 2004 Retirement Confidence Survey, EBRI) Help them plan ahead by offering educational meetings and seminars, and pointing them to online or work-book retirement saving calculators.

Fast Facts

The annual 2004 Retirement Confidence Survey released by Employee Benefit Research Institute found that 65 percent of workers are “very confident” or “somewhat confident” of funding their retirements. Although the overall confidence remains high, workers acknowledged they haven’t saved enough for retirement.

Industry-wide, participants had an average 401(k) account balance of \$32,973 in 2004. (Source: Cerulli Associates Quantitative Update: Retirement Markets 2004)