

Matching Contributions & Plan Design

Important to Employees, Important to the Bottom Line

In a recent study, 42 percent of employees stated if the dollar amounts were the same, they would prefer to receive a higher employer match in the employer's 401(k) plan than a wage increase.⁴ That's a significant amount of employees who are looking to their retirement years instead of a little extra at paycheck time.

The overall average employer match was 39 cents per dollar deferred in 2006. Tax-exempt organizations had the highest match per dollar at 58 cents, followed by the mining industry. With 34 cents per dollar match, retail trade had the lowest match.

The most common stated match formula was 50% up to 6% of pay for retirement plans with services provided by The Principal. This was also true of the industry.³ Retail trades and healthcare industries averaged slightly less at 50% up to 4% of pay.

Match Contribution Per Dollar of Deferral

Industry	2006	2004	2002
Agricultural, Forestry, Fishing	\$0.47	\$0.44	\$0.45
Construction	\$0.37	\$0.36	\$0.35
Finance, Insurance, Real Estate	\$0.45	\$0.46	\$0.44
Manufacturing	\$0.37	\$0.36	\$0.35
Mining	\$0.49	\$0.47	\$0.47
Retail Trade	\$0.34	\$0.33	\$0.34
Services	\$0.42	\$0.39	\$0.36
Tax-exempt	\$0.58	\$0.58	\$0.61
Technology	\$0.41	\$0.34	\$0.35
Transportation & Communication	\$0.38	\$0.37	\$0.37
Wholesale Trade	\$0.37	\$0.37	\$0.36

Business Type	Most Common Stated Match Formula
Agriculture, Forestry, Fishing, Hunting	50% up to 6% of pay
Mining	50% up to 6% of pay
Utilities	50% up to 6% of pay
Construction	50% up to 6% of pay
Manufacturing	50% up to 6% of pay
Wholesale Trade	50% up to 6% of pay
Retail Trade	50% up to 4% of pay
Transportation, Warehousing	50% up to 6% of pay
Publishing, Broadcasting, Data Processing	50% up to 6% of pay
Finance, Insurance	50% up to 6% of pay
Real Estate, Rental Leasing	50% up to 6% of pay
Professional, Scientific Services	50% up to 6% of pay
Other Services	50% up to 6% of pay
Technology	50% up to 6% of pay
Healthcare	50% up to 4% of pay

¹The Principal Financial Group

²Sterling 2006 Asset Rollover Retention Study, as of January 2006

³Profit Sharing Council of America 49th Annual Survey

⁴2007 First Quarter Principal Financial Group Well-Being Index