

The Principal Financial Well Being Index Trending – Summary 3rd Quarter 2008

This Principal Financial Well-Being IndexSM survey was conducted online within the United States by Harris Interactive on behalf of the Principal Financial Group® between July 31st to August 11th, 2008 among 1,331 employees and 726 retirees. This is one in a series of quarterly studies to identify and track changes in the workplace of small and mid-sized (growing) businesses. The first Principal Financial Well-Being IndexSM survey was conducted in the United States in 2000.

Employees consisted of adults 18+ who work at small and mid-sized (SMB) U.S. businesses (firm size 10-1,000 employees). Retirees consisted of adults age 60+ who reported they are retired or those who are employed part-time or self-employed and have retired from a previous career. Results were weighted as needed for age by gender, education, race/ethnicity, education, region and household income. Propensity score weighting was also used to adjust for respondents' propensity to be online.

All sample surveys and polls, whether or not they use probability sampling, are subject to multiple sources of error which are most often not possible to quantify or estimate, including sampling error, coverage error, error associated with nonresponse, error associated with question wording and response options, and post-survey weighting and adjustments. Therefore, Harris Interactive avoids the words "margin of error" as they are misleading. All that can be calculated are different possible sampling errors with different probabilities for pure, unweighted, random samples with 100% response rates. These are only theoretical because no published polls come close to this ideal.

Respondents for this survey were selected from among those who have agreed to participate in Harris Interactive surveys. The data have been weighted to reflect the composition of the entire population of adult employees working for small to mid-sized U.S. businesses and retirees. Because the sample is based on those who agreed to be invited to participate in the Harris Interactive online research panel, no estimates of theoretical sampling error can be calculated.

Featured Key Findings

- **Financial Well Being** - A total of 71% of employees are concerned about their long-term financial future, while only 59% of retirees share this concern. Specific financial concerns in retirement differ for employees and retirees. When asked to identify the one issue that keeps them awake at night, the issue of most concern to employees is being able to afford/pay for the basic necessities (35%). When having to select only one issue, outliving my savings (22%) and the rising cost of inflation reducing purchasing power (22%) were equally selected by retirees.
- **State of Retirement** - Retirees were significantly more confident than the employee group that they will have enough money to take care of their basic necessities in retirement (80% retirees, 58% employees), will have a retirement as affluent as their parents (73% retirees, 53% employees), will not have to worry about financial matters during retirement (61% retirees, 42% employees), and will be able to maintain their pre-retirement standard of living in retirement (61% retirees, 45% employees).
- **Economy** –
 - Employees and retirees were asked how they would reduce their spending due to an economic slow down. The top methods selected by employees were eating fewer meals at restaurants (81%), spending less on clothing and other consumer items (75%), and cutting back on entertainment (75%). Nearly six out of ten employees (59%) also said they would try to save gas money. Retirees' most common methods for reducing spending due to an economic slow down included eating fewer meals at restaurants (68%), spending less on clothing and other consumer goods (68%), and saving gas money by driving less, car pooling or using public transportation (68%).
 - Just over six out of ten retirees (61%) and employees (61%) have reduced their overall spending to some degree in the past two months due to the economy. Significantly more employees and retirees have reduced their overall spending compared to 2nd quarter of 2008.
- **Rising Fuel Costs** –
 - To compensate for rising fuel costs, over six out of ten employees (61%) and nearly three quarters of retirees (74%) indicate they are driving less – these are both significant increases from 2nd quarter of 2008. Over four out of ten employees (43% - a significant increase from last quarter) and nearly a third of retirees (31%) also reported they have reduced their spending on basic necessities. Significantly more employees this quarter

than last quarter reported they have fallen behind on their monthly bills due to rising fuel costs (12% versus 7% last quarter).

- Of a list of possible employer offered benefits to help offset rising fuel prices, employees (12%) are most likely to be taking advantage of a flexible work schedule. Over three quarters of employees (76%) indicated their employer has not offered any benefits to help with fuel prices.
- Rising Grocery Prices - Six out of ten (62%) employees and nearly half of retirees (49%) indicate they are going out to eat less to offset increases in grocery prices. Approximately six out of ten of both retirees (61%) and employees (57%) are purchasing store or generic brands and half of employees (51%) and 42% of retirees are clipping coupons more. Over a third of both retirees (37%) and employees (40%) are sacrificing convenience and premium items for lower cost alternatives. Furthermore, over a third of retirees (41%) and employees (36%) are shopping at multiple stores to take advantage of current sales.
- Emergency Fund - Approximately seven out of 10 retirees (67%) and half of employees have an emergency fund of money they can immediately access if necessary. This is a significant decline from the number of employees (58%) who indicated they have an emergency fund in second quarter of 2008. Over half of retirees (52%) said they could cover over 6 months of living expenses with their emergency fund, compared to only 23% of employees. Most employees said they could cover one to two months of living expenses (29%) or three to four months of living expenses (30%) with their emergency fund.
- Election Issues and Confidence in Candidates – Of a list of possible issues, economy/jobs was the issue of most concern to employees (79%). Significantly more employees are currently concerned with the economy/jobs (79% versus 52% last year) than in 3rd quarter of 2007. Only about a third (35%) of employees has confidence that one or more of the presidential candidates can effectively deal with the economy/jobs. Retirees' issues of top concern include healthcare (72%), Social Security (72%), and the economy/jobs (70%).

Employees Only

- Benefit Availability and Enhancement – The most commonly offered benefits by small to medium sized employers include health insurance (95%), dental insurance (74%), defined contribution plans (72%), life insurance (67%), free parking (59%) and disability insurance (43%). Defined benefit plans (20%), profit sharing/bonus (15%), and flex time (13%) were the benefits that employees would most like to see added to their employer offered benefit package. Health insurance (44%) and defined contribution plans (18 %) top the list of benefits that employees most wish their company would improve upon.
- Benefit Satisfaction and Importance – Employees are most satisfied (rating of 8, 9 or 10 on a 10 point scale) with their defined benefit plan (61%), stock options (61%), defined contribution plan (56%), life insurance (54%) and disability insurance (51%). Health insurance topped the list with 9 out of 10 employees rating this as at least an “8” in terms of importance.
- 401(k) Changes - Employees participating in their employer's defined contribution plan (81%) were asked what changes they have made, if any, to their 401(k) account in the past 6 months due to current economic conditions.
 - Thirteen percent indicated they have made some type of change to their 401(k) – 5% have decreased the amount they are contributing to their 401(k), 4% have taken out a loan from their 401(k) account, 3% have taken out a hardship withdrawal, and 3% have stopped contributing to their 401(k) account (note percentages exceed 13% due to some employees making multiple changes).
 - Employees who have made changes to their 401(k) account have made these changes most commonly to pay down debt (40%), to pay daily expenses (38%), or to pay medical expenses (20%).

Retirees Only

- Retirement Income Planning - Just about a third (32%) of retirees said they began to think about managing their spending and investments in retirement more than 10 years prior to their retirement. Retirees were asked when they would have started learning more about spending and investing in retirement if they could do it over again. While only 32% of retirees said they *actually* did this learning more than 10 years prior to retirement, 71% said they *would* do it more than 10 years prior to retirement if they could do it over again. Surprisingly, over one out of five retirees (22%) did not start thinking seriously about how to manage their spending and investments in retirement until they were retiring.

Section I-Employee and Retiree Comparison Questions

Financial Well Being

In measuring employees' and retirees' attitudes and perceptions about their financial well-being, a series of different questions were asked. Employees and retirees were asked to identify how much they agreed with some statements relating to how concerned they are about their long-term financial future and how happy they are about their current well-being.

As seen in Table 1, employees (71%) are significantly more likely to be concerned about their long-term financial future than retirees (59%). Significantly more employees and retirees are concerned about their long-term financial future this quarter compared to the same time last year. Furthermore, significantly more female employees (75%) are very concerned about their long-term financial future than male employees (67%).

Nearly four out of ten (38%) of the retirees are extremely happy about their current financial well-being compared to about three out of ten (29%) of the employees.

Almost one-third of employees (31%) have not yet planned for retirement savings and security.

Table 1

"Please indicate the extent to which you agree or disagree with the following statements..."

Base: 1,331 employed U.S. adults in firms of 10-1,000 employees and 726 retirees

(% of respondents agreeing completely or somewhat)	3 Qtr 2008		3 Qtr 2007		3 Qtr 2006		3 Qtr 2005	3 Qtr 2004
	Retiree	EE	Retiree	EE	Retiree	EE	EE	EE
I am very concerned about my long-term financial future.	59%sig*	71%SIG	52%	67%	48%	68%	77%	78%
I am extremely happy about my current financial well-being.	38%sig*	29%	46%	28%	50%	28%	22%	26%
I have not yet planned for retirement savings/security.	N/A	31%	N/A	30%	N/A	27%	33%	27%

SIG – varies significantly (95% level) from previous results employee comparison

sig – varies significantly (95% level) from retiree and employee comparison

* - varies significantly (95% level) from previous results retiree comparison

Retirement Issues

Employees were given a list of issues and asked to identify which ones keep them awake at night. Being able to afford/pay for the basic necessities is the top issue selected by nearly half (48%) of employees. Being able to afford good medical care (44%) and being able to enjoy the same quality of life that I live now are also commonly selected issues by employees (44%). See details in Table 2.

The issue cited most often by retirees (44%) is the rising cost of inflation reducing purchasing power. Another concern for a third of retirees is outliving their savings in retirement. Three out of ten retirees are concerned about being able to afford good medical care in retirement and the same number are concerned about being able to enjoy the same quality of life they lived before their retirement.

Table 3 shows the results when asked to identify which ONE issue they are most concerned about in thinking ahead to their financial well-being in retirement. The issue of most concern to employees is being able to afford/pay for the basic necessities (35%). Female employees (42%) are more likely to select being able to afford/pay for the basic necessities than male employees (29%).

When having to select only one issue, outliving my savings (22%) and the rising cost of inflation reducing purchasing power (22%) were equally selected by retirees. Retirees also commonly selected being able to afford/pay for the basic necessities (19%).

Table 2

"In thinking ahead to your financial well-being in retirement, which of the following keeps you awake at night?"

Base: 1,331 employed U.S. adults in firms of 10-1,000 employees and 726 retirees

	3 Qtr 2008		3 Qtr 2007		3 Qtr 2006		3 Qtr 2005
	Retiree	EE	Retiree	EE	Retiree	EE	EE
Being able to afford/pay for the basic necessities	29%sig*	48%SIG	21%	38%	22%	38%	46%
Being able to afford good medical care	30%sig	44%SIG	29%	39%	26%	43%	49%
Being able to enjoy the same quality of life that I live now/lived before I retired	30%sig*	44%SIG	20%	39%	20%	42%	47%
Outliving my savings	33%*	33%	24%	32%	23%	33%	34%
Rising cost of inflation reducing purchasing power	44%sig*	33%SIG	28%	28%	37%	33%	N/A
Being able to afford vacations/visiting grandkids	24%*	22%	11%	20%	14%	22%	27%
Being able to pay for assisted living/long term care	29%sig*	22%	23%	20%	24%	22%	24%
Invested too conservatively and earnings haven't kept up with inflation	11%*	11%	6%	9%	7%	13%	N/A
None of these	34%sig	25%	38%	26%	35%	27%	20%

SIG – varies significantly (95% level) from previous results employee comparison

sig – varies significantly (95% level) from retiree and employee comparison

* - varies significantly (95% level) from previous results retiree comparison

Table 3

"In thinking ahead to your financial well-being in retirement, which is the one issue that you are most concerned about?"

Base: N= 1,021 employed U.S. Adults and 470 retirees (based on respondents who have an issue keeping them awake at night)

	3 Qtr 2008		3 Qtr 2007	
	Retiree	EE	Retiree	EE
Being able to afford/pay for the basic necessities	19%sig	35%SIG	19%	29%
Being able to enjoy the same quality of life that I live now/lived before I retired	9%sig	19%	9%	22%
Being able to afford good medical care	11%sig*	19%	20%	20%
Outliving my savings	22%sig*	12%	14%	14%
Rising cost of inflation reducing purchasing power	22%sig	7%	19%	9%
Being able to pay for assisted living/long term care	12%sig	3%	16%	3%
Being able to afford vacations/visiting grandkids	2%	2%	2%	<1%
Invested too conservatively and	2%	2%	3%	1%

earnings haven't kept up with inflation				
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SIG – varies significantly (95% level) from previous results employee comparison

sig – varies significantly (95% level) from retiree and employee comparison

* - varies significantly (95% level) from previous results retiree comparison

Retiree Basic Necessities

Employees and retirees were asked what they would do if they were retired and realized they didn't have enough savings to pay for basic necessities. The most frequently given response by either group was to go back to work, with 89% of the employees saying they would go back to work compared to only 56% of the retirees. Getting a reverse mortgage was mentioned by significantly more retirees (34%) than employees (18%) as a means for paying for the basic necessities in retirement.

Table 4

“What might you do as a retiree if you realized you did not have enough savings to pay for the basic necessities? Please select all that apply”

Base: 1,331 employed U.S. adults in firms of 10-1,000 employees and 726 retirees

	3 Qtr 2008		2 Qtr 2007		2 Qtr 2006	
	Retiree	EE	Retiree	EE	Retiree	EE
Go back to work	56%sig	89%	57%	91%	47%	90%
Get a reverse mortgage	34%sig	18%	35%	20%	28%	18%
Rely on my children, family and friends to make ends meet	13%	13%SIG	15%	7%	9%	11%
Declare bankruptcy	7%*	8%	11%	6%	6%	9%
Other	21%sig	10%	21%	8%	30%	11%

SIG – varies significantly (95% level) from previous results employee comparison

sig – varies significantly (95% level) from retiree and employee comparison

* - varies significantly (95% level) from previous results retiree comparison

State of Retirement

Retirees and employees were asked a series of questions related to their financial well being in retirement. Not surprisingly, retirees were significantly more confident than the employee group that they will have enough money to take care of their basic necessities in retirement (80% retirees, 58% employees), will have a retirement as affluent as their parents (73% retirees, 53% employees), will not have to worry about financial matters during retirement (61% retirees, 42% employees), and will be able to maintain their pre-retirement standard of living in retirement (61% retirees, 45% employees).

Less than half of employees have some level of confidence that they will not have to worry about financial matters during retirement (42%) and that they will be able to maintain their pre-retirement standard of living during retirement (45%).

Male employees are more likely to be confident in these retirement matters than female employees.

- Male employees (64%) are more confident they will have enough money to take care of their basic expenses in retirement than female employees (50%)
- Male employees (58%) are more confident they will have a retirement that is at least as affluent as their parents' than female employees (48%)
- Male employees (49%) are more confident they won't have to worry about financial matters in retirement than female employees (34%)
- Male employees are more confident (51%) they will be able to maintain their pre-retirement standard of living than female employees (38%)

Table 5

"Next we would like to know how confident you (and your spouse/significant other) are about certain things related to your retirement. How confident are you that..."

Base: 1,331 employed U.S. adults in firms of 10-1,000 employees and 726 retirees

(% of respondents very confident or somewhat confident)	3 Qtr 2008		3 Qtr 2006		2 Qtr 2006	
	Retiree	EE	Retiree	EE	Retiree	EE
You will have enough money to take care of your basic expenses during your retirement.	80%sig	58%SIG	79%	62%	76%	70%
You will have a retirement that is at least as affluent as your parents.	73%sig	53%	76%	56%	72%	61%
You will not have to worry about financial matters during retirement.	61%sig	42%	64%	40%	66%	48%
You will be able to maintain your pre-retirement standard of living during retirement.	61%sig	45%	65%	45%	66%	55%
	N=726	N=1,331	N=721	N=1360	N=638	N=1100

SIG – varies significantly (95% level) from previous results employee comparison

sig – varies significantly (95% level) from retiree and employee comparison

Managing Money in Retirement

Employees and retirees were asked how they are managing, or plan to manage, their money in retirement. The majority of retirees (76%) are managing their retirement money on their own. Employees are significantly less likely than retirees to manage their money on their own in retirement (76% employees vs. 42% retirees). Twenty-seven percent of employees either have an advisor already (14%) or plan to seek out an advisor in the future (13%).

Table 6

"Which of the following best describes how you manage (are planning to manage) your money in retirement?"

Base: 1,331 employed U.S. adults in firms of 10-1,000 employees and 726 retirees

	3 Qtr 2008		1 Qtr 2008	
	Retiree	EE	Retiree	EE
I manage (will manage) it on my own	76%sig*	42%	63%	41%
I have an advisor and I manage (will manage) with the guidance from my advisor	15%	10%SIG	16%	17%
I plan to seek out an advisor to assist with managing my money	<1%sig	13%SIG	3%	17%
I have an advisor and my advisor manages (will manage) for me	10%sig*	4%SIG	16%	7%
I plan to seek out an advisor to manage my money	0%sig	3%	3%	2%
Not sure	0%sig	28%SIG	0%	16%

SIG – varies significantly (95% level) from previous results employee comparison

sig – varies significantly (95% level) from retiree and employee comparison

* - varies significantly (95% level) from previous results retiree comparison

Retirement Spending and Savings

Retirees and employees were told to assume they had \$100,000 in savings and asked how much they could spend from that each year in retirement and be confident they would not run out of money. The largest portion of retirees (38%) and employees (39%) responded with the lowest response of \$4,000. There were no significant differences this year in responses between employees and retirees.

Table 7

“If you had \$100,000 in savings, how much could you spend from that each year in retirement and be confident that you would not run out of money?”

Base: 1,331 employed U.S. adults in firms of 10-1,000 employees and 726 retirees

	3 Qtr 2008		2 Qtr 2007		2 Qtr 2006	
	Retiree	EE	Retiree	EE	Retiree	EE
\$4,000	38%	39%	36%	36%	41%	34%
\$6,000	24%	22%	20%	21%	25%	22%
\$8,000	13%*	14%SIG	18%	18%	13%	16%
\$10,000	19%	16%	17%	15%	12%	20%
Over \$10,000	7%	9%	9%	10%	10%	9%

SIG – varies significantly (95% level) from previous results employee comparison

* - varies significantly (95% level) from previous results retiree comparison

Employees and retirees were asked to rate the importance of a number of items from a list in terms of how important each is in managing their savings in retirement. Employees were most likely to rate guaranteed amount of monthly income (65%) and contingency plans in case of medical illness (60%) as important. Retirees were also likely to rate guaranteed amount of monthly income (59%) as important, but cost of living adjustments (56%) was the second most commonly rated item as important by retirees.

Table 8

“Please rate how important each of the following is to you for managing your savings in retirement.”

Base: 1,331 employed U.S. adults in firms of 10-1,000 employees and 726 retirees

% Rating Very or Extremely Important	3 Qtr 2008	
	Retiree	EE
Guaranteed amount of monthly income	59%	65%
Contingency plans in case of medical illness	47%sig	60%
Account value growth	50%sig	59%
Cost of living adjustments	56%	58%
Control	55%	56%
Flexibility of choice	41%	47%
Protection from market fluctuations	41%	46%

sig – varies significantly (95% level) from retiree and employee comparison

Social Security Benefit Collection

Employees and retirees were asked when they plan to begin (began) collecting Social Security benefits – either prior to or after reaching their Full Retirement Age. Most employees (57%) plan to collect their Social Security benefits after reaching their Full Retirement Age. In contrast, the majority of retirees (66%) began collecting Social Security benefits prior to reaching their Full Retirement Age. Also noteworthy is that just about a third (32%) of employees are not sure when they will begin collecting Social Security benefits.

Table 9

“Full Retirement Age is when recipients are eligible to receive full Social Security benefits, and it typically ranges between 65 to 67 years of age, depending on the year you were born. When do you plan/did you begin to collect/collecting Social Security benefits?”

Base: 1,331 employed U.S. adults in firms of 10-1,000 employees and 726 retirees

	3 Qtr 2008		4 Qtr 2007	
	Retiree	EE	Retiree	EE
I plan to collect/collected Social Security benefits prior to reaching my Full Retirement Age.	66%sig	10%SIG	67%	14%
I plan to collect/collected Social Security benefits after reaching my Full Retirement Age.	21%sig	57%SIG	18%	61%
Not sure	N/A	32%SIG	N/A	24%
I have not yet collected Social Security benefits	13%	N/A	15%	N/A

SIG – varies significantly (95% level) from previous results employee comparison

sig – varies significantly (95% level) from retiree and employee comparison

Investment Changes

Changing market conditions can spur some individuals to make changes to their investments. To measure what changes are being made, employees and retirees were asked to identify if and how they are moving their retirement savings. Based upon their responses, 82% of employees who have retirement savings are not making changes to their investments while 18% are – 13% to stable and 5% to volatile. Compared to 2nd quarter of 2008, significantly fewer employees have moved from volatile to stable investments.

Three quarters of retirees have not made any investment changes; while a quarter have moved their investments. Twenty-two percent of retirees have moved to more stable investments.

Table 10

“Given the current stock market and economic conditions, have you made changes in how you have your retirement savings invested?”

Base: Those with retirement savings

	3 Qtr 2008		2 Qtr 2008		4 Qtr 2007		4 Qtr 2005
	Retiree	EE	Retiree	EE	Retiree	EE	
Yes, I moved from more volatile to more stable investments	22%	13%SIG	19%	22%	18%	15%	15%
Yes, I moved from more stable to more volatile investments.	3%	5%	4%	5%	3%	6%	9%
No, I have not made any changes	75%	82%SIG	77%	74%	79%	79%	77%
	N=592	N=1186	N=523	N=905	N=401	N=953	N=1,007

SIG= varies significantly (95% level) from previous employee comparison

Economy

Employees and retirees were asked how they would reduce their spending due to an economic slow down. The top methods selected by employees were eating fewer meals at restaurants (81%), spending less on clothing and other consumer items (75%), and cutting back on entertainment (75%). Nearly six out of ten employees (59%) also said they would try to save gas money.

Significantly more female employees (81%) than male employees (69%) said they would spend less on clothing or other consumer goods, and more female employees (64%) than male employees (56%) said they would try to save gas money.

Retirees' most common methods for reducing spending due to an economic slow down included eating fewer meals at restaurants (68%), spending less on clothing and other consumer goods (68%), and saving gas money by driving less, car pooling or using public transportation (68%).

The percentage of employees (59%) and retirees (68%) who said they would save gas money is up significantly from 2nd quarter 2008 (52% employees, 56% retirees).

Table 11

"If you had to reduce your spending due to an economic slow down, which of the following would you be likely to do?"

Base: 1,331 employed U.S. adults in firms of 10-1,000 employees and 726 retirees

	3 Qtr 2008		2 Qtr 2008		4 Qtr 2007	
	Retiree	EE	Retiree	EE	Retiree	EE
Eat fewer meals at restaurants	68%sig	81%	66%	79%	49%	76%
Spend less on clothing or other consumer goods	68%sig	75%	66%	74%	49%	69%
Cut back on entertainment, such as going to movies, concerts or other events	61%sig	75%	56%	76%	39%	63%
Save gas money by driving my car less, car pooling or using public transportation	68%sig*	59%SIG	56%	52%	38%	36%
Purchase take out coffee less frequently	24%sig	36%	23%	34%	10%	27%
Lower my retirement plan contribution rate	3%sig	9%	1%	8%	1%	11%
Not pay my credit card bill for at least a month	2%sig	5%	2%	4%	1%	4%
Not pay my mortgage for at least a month	1%	2%	<1%	2%	1%	2%
None of these	10%sig	4%	13%	5%	27%	9%

SIG – varies significantly (95% level) from previous results employee comparison

sig – varies significantly (95% level) from retiree and employee comparison

* - varies significantly (95% level) from previous retiree comparison

When asked how the current economy has impacted their overall spending in the past two months, over a third of retirees (34%) and nearly as many employees (31%) said their spending has remained about the same. Just over six out of ten retirees (61%) and employees (61%) have reduced their overall spending to some degree. Significantly more employees and retirees have reduced their overall spending compared to 2nd quarter of 2008.

Female employees (68%) were significantly more likely to indicate they have reduced their spending to some degree than male employees (55%).

Table 12

“Which of the following best describes how the current economy has impacted your overall spending in the past two months?”

Base: 1,331 employed U.S. adults in firms of 10-1,000 employees and 726 retirees

	3 Qtr 2008		2 Qtr 2008		4 Qtr 2007		1 Qtr 2007	
	Retiree	EE	Retiree	EE	Retiree	EE	Retiree	EE
I have greatly increased my overall spending	1%	2%	3%	2%	2%	2%	1%	2%
I have increased my overall spending a little	4%*	6%	7%	6%	6%	6%	6%	10%
My overall spending is about the same	34%	31% SIG	36%	36%	60%	54%	53%	50%
I have reduced my overall spending a little	41%	43%	36%	41%	22%	27%	24%	27%
I have greatly reduced my overall spending	20%	18% SIG	19%	15%	10%	11%	17%	12%
	N=726	N=1,331	N=673	N=1,117	N=514	N=1,154	N=536	N=1,181

SIG – varies significantly (95% level) from previous results employee comparison

* - varies significantly (95% level) from previous retiree comparison

Rising Fuel Costs

To compensate for rising fuel costs, over six out of ten employees (61%) and nearly three quarters of retirees (74%) indicate they are driving less – these are both significant increases from 2nd quarter of 2008. Over four out of ten employees (43% - a significant increase from last quarter) and nearly a third of retirees (31%) also reported they have reduced their spending on basic necessities. Female employees (56%) are significantly more likely than male employees (33%) to indicate they have reduced their spending on basic necessities to compensate for rising fuel costs.

Furthermore, significantly more employees this quarter than last quarter reported they have fallen behind on their monthly bills due to rising fuel costs (12% versus 7% last quarter).

Twenty two percent of employees and retirees said they have not made any financial changes to compensate for rising fuel costs. Male employees (24%) are significantly more likely than female employees (18%) to indicate they have not made any changes to compensate for rising fuel costs.

Table 13

“What financial changes, if any, have you made to compensate for rising fuel costs? Please select all that apply.”

Base: 1,331 employed U.S. adults in firms of 10-1,000 employees and 726 retirees

	3 Qtr 2008		2 Qtr 2008	
	Retiree	EE	Retiree	EE
I am driving less	74% sig *	61% SIG	56%	56%
I have reduced my spending on basic necessities	31% sig	43% SIG	27%	36%
I have fallen behind on my monthly bills	2% sig	12% SIG	3%	7%
I am carpooling more often for my transportation needs	4% sig	10%	3%	9%
I am using public transportation more often	4% sig	8%	5%	6%
I have reduced contributions to my retirement savings plan	1% sig	5%	<1%	3%
I have not made any changes	22%*	22% SIG	38%	29%

SIG – varies significantly (95% level) from previous results employee comparison

sig – varies significantly (95% level) from retiree and employee comparison

* - varies significantly (95% level) from previous results retiree comparison

Employees and retirees were asked if the rising cost of fuel has influenced various activities in their lives. Rising fuel costs have affected holiday vacation plans for both employees (53%) and retirees (44%). Significantly more employees and retirees reported that their holiday vacation plans have been affected by rising fuel costs this quarter compared to second quarter of this year. Automobile purchasing decisions have also been affected by rising fuel costs for both employees (32%) and retirees (31%).

Employees between the ages of 18 and 34 years old (27%) are significantly more likely than employees age 35-44 years, 45-54 years, and 55 years and older (17%, 14% and 16% respectively) to indicate they have decided to car pool or use alternative means of transportation.

Over one out of five retirees and employees responded that rising fuel costs have made no impact on their lifestyle.

Table 14

“Has the rising cost of fuel influenced any of the following in your life? Please select all that apply.”

Base: 1,331 employed U.S. adults in firms of 10-1,000 employees and 726 retirees

	3 Qtr 2008		2 Qtr 2008		2 Qtr 2007		2 Qtr 2006	
	Retiree	EE	Retiree	EE	Retiree	EE	Retiree	EE
Holiday vacation plans	44%sig*	53%SIG	33%	35%	28%	29%	34%	40%
Automobile purchasing decisions	31%*	32%	20%	35%	29%	33%	31%	38%
The decision to carpool or use alternate means of transportation on a given day	9%sig	20%	10%	17%	9%	18%	7%	16%
Grade of fuel used	8%sig	15%	11%	14%	9%	14%	11%	18%
Other	19%sig*	13%SIG	25%	19%	22%	18%	30%	21%
The rising cost of fuel has made no impact on my lifestyle	24%*	21%SIG	35%	25%	39%	29%	33%	27%
	N=726	N=1,331	N=673	N=1,117	N=548	N=1137	N=638	N=1100

SIG – varies significantly (95% level) from previous results employee comparison

sig – varies significantly (95% level) from retiree and employee comparison

* - varies significantly (95% level) from previous retiree comparison

Of a list of possible employer offered benefits to help offset rising fuel prices, employees (12%) are most likely to be taking advantage of a flexible work schedule. Employees also selected employer provided gas cards (5%) and transportation allowance (5%), but much less frequently. Over three quarters of employees (76%) indicated their employer has not offered any of the aforementioned benefits to help with fuel prices.

Table 15

“Which of the following employer offered benefits are you taking advantage of in order to help offset rising fuel prices? Please select all that apply.”

Base: 1,331 employed U.S. adults in firms of 10-1,000 employees

	3 Qtr 2008 EE
Flexible work schedule	12%
Employer provided gas cards	5%
Transportation allowance	5%
Telecommuting	4%
Subsidized public transportation	4%
Company sponsored carpool	1%
Other	3%
My employer does not offer any of the above benefits	76%

Rising Grocery Prices

Employees and retirees were asked how they are dealing with recent increases in grocery prices. Six out of ten (62%) employees and nearly half of retirees (49%) indicate they are going out to eat less to offset increases in grocery prices. Approximately six out of ten of both retirees (61%) and employees (57%) are purchasing store or generic brands and half of employees (51%) and 42% of retirees are clipping coupons more. Over a third of both retirees (37%) and employees (40%) are sacrificing convenience and premium items for lower cost alternatives. Furthermore, over a third of retirees (41%) and employees (36%) are shopping at multiple stores to take advantage of current sales.

Since last quarter, many of these behaviors have increased significantly for both retirees and employees. For instance, significantly more employees (11% versus 8% last quarter) reported they are putting grocery purchases on credit cards.

Table 16

“How are you dealing with the recent increases in grocery prices? Please check all that apply.”

Base: 1,331 employed U.S. adults in firms of 10-1,000 employees and 726 retirees

	3 Qtr 2008		2 Qtr 2008	
	Retiree	EE	Retiree	EE
Going out to eat less	49%^{sig}	62%	49%	61%
Purchasing store or generic brands	61%[*]	57%	47%	55%
Clipping coupons more	42%^{sig}	51%^{SIG}	44%	44%
Sacrificing convenience and premium items for lower cost alternatives	37%	40%	35%	37%
Shopping at multiple stores to take advantage of current sales	41%[*]	36%	34%	36%
Buying in bulk	21%^{sig}	29%	17%	26%
Becoming a member of a wholesale store such as Sam's Club or Costco	17%	16%	17%	16%
Putting grocery purchases on credit cards	10%	11%^{SIG}	13%	8%
Other	6%	5%	7%	6%
None of the above	14%[*]	10%^{SIG}	18%	14%

SIG – varies significantly (95% level) from previous results employee comparison

sig – varies significantly (95% level) from retiree and employee comparison

* - varies significantly (95% level) from previous results retiree comparison

Over a third (35%) of retirees estimate their weekly spending on groceries has increased by less than \$25 compared to last year. Over a third of retirees (35%) estimate their spending has increased between \$25 to \$49 per week. Almost one out of five (17%) retirees indicated they are not spending more on groceries per week this year compared to last year.

Approximately a quarter of employees (24%) indicate their weekly spending on groceries has increased by less than \$25 compared to last year. A third or so (35%) of employees estimate their grocery spending has increased \$25 to \$49 per week since last year. Fifteen percent of the employees indicate they are not spending more this year compared to last year on groceries.

Table 17

“On average, how much more per week are you spending on groceries now compared to this time last year?”

Base: 1,331 employed U.S. adults in firms of 10-1,000 employees and 726 retirees

	3 Qtr 2008		2 Qtr 2008	
	Retiree	EE	Retiree	EE
Less than \$25 per week	35%sig*	24%SIG	29%	19%
\$25 to \$49 per week	35%	35%SIG	35%	40%
\$50 to \$74 per week	9%sig	17%	10%	17%
\$75 to \$99 per week	2%sig	6%	2%	5%
\$100 to \$149 per week	1%	4%	3%	4%
\$150 or more per week	1%	1%	<1%	2%
I am not spending more on groceries per week now compared to last year	17%	15%	20%	15%

SIG – varies significantly (95% level) from previous results employee comparison

sig – varies significantly (95% level) from retiree and employee comparison

* - varies significantly (95% level) from previous results retiree comparison

Emergency Fund

Approximately seven out of 10 retirees (67%) and half of employees have an emergency fund of money they can immediately access if necessary. This is a significant decline from the number of employees (58%) who indicated they have an emergency fund in second quarter of 2008.

Male employees (55%) are significantly more likely to have an emergency fund than female employees (43%).

Over half of retirees (52%) said they could cover over 6 months of living expenses with their emergency fund, compared to only 23% of employees. Most employees said they could cover one to two months of living expenses (29%) or three to four months of living expenses (30%) with their emergency fund.

Table 18

“Do you have an emergency fund of money that you can immediately access in the event of a job loss or other unanticipated major expense?”

Base: 1,331 employed U.S. adults in firms of 10-1,000 employees and 726 retirees

	3 Qtr 2008		2 Qtr 2008	
	Retiree	EE	Retiree	EE
Yes	67%sig	50%SIG	69%	58%
No	33%sig	50%SIG	31%	42%

SIG – varies significantly (95% level) from previous results employee comparison

sig – varies significantly (95% level) from retiree and employee comparison

Table 19

“How many months of living expenses could you cover with your emergency fund?”

Base: 709 employed U.S. adults in firms of 10-1,000 employees and 547 retirees with an emergency fund

	3 Qtr 2008		2 Qtr 2008	
	Retiree	EE	Retiree	EE
Less than 1 month	<1%sig	6%	2%	4%
1 – 2 months	10%sig	29%	12%	25%
3 – 4 months	20%sig	30%	20%	32%
5 – 6 months	18%sig*	12%	12%	10%
Over 6 months	52%sig	23%SIG	54%	29%

SIG – varies significantly (95% level) from previous results employee comparison

sig – varies significantly (95% level) from retiree and employee comparison

* - varies significantly (95% level) from previous results retiree comparison

Upcoming Election Issues

Employees and retirees were provided a list of issues and asked which ones they are most concerned about in the upcoming election. The economy/jobs was the issue of most concern to employees (79%). Employees are also concerned about healthcare (66%) and the war in Iraq (55%). Significantly more employees are currently concerned with the economy/jobs (79% versus 52% last year) and healthcare (66% versus 60% last year) than in 3rd quarter of 2007. Conversely, the war in Iraq is important to significantly fewer employees now than the same time last year (55% versus 63% last year).

Retirees' issues of top concern include healthcare (72%), Social Security (72%), and the economy/jobs (70%). Significantly more retirees selected these issues as concerning this year than they did last year in 3rd quarter. Education has become concerning to significantly more retirees in this quarter than this time last year.

Table 20

“What issues are you most concerned about in the upcoming election?”

Base: 1,331 employed U.S. adults in firms of 10-1,000 employees and 726 retirees

	3 Qtr 2008		3 Qtr 2007	
	Retiree	EE	Retiree	EE
Economy/Jobs	70%sig*	79%SIG	42%	52%
Healthcare	72%*	66%SIG	63%	60%
War in Iraq	64%sig	55%SIG	65%	63%
Social Security	72%sig*	52%	58%	50%
Immigration	52%sig	40%	54%	43%
Homeland Security	52%sig	38%	49%	38%
Education	29%sig*	37%	20%	35%
Other	9%*	10%	6%	8%
None	<1%	3%	3%	3%
	N=726	N=1,331	N=554	N=1214

SIG – varies significantly (95% level) from previous results employee comparison

sig – varies significantly (95% level) from retiree and employee comparison

* - varies significantly (95% level) from previous results retiree comparison

Candidates' Ability to Deal with the Issues

Employees and retirees were asked if they have confidence that one or more of the presidential candidates are capable of effectively dealing with a variety of issues.

For the issue of concern to the greatest number of employees – the economy/jobs, only about a third (35%) of employees have confidence that one or more of the presidential candidates can effectively deal with the economy/jobs.

Significantly more employees and retirees are confident that one or more of the candidates can effectively deal with the war in Iraq and homeland security than this time last year.

Table 21

“In the current field of presidential contenders, do you have confidence that one or more of the candidates are capable of effectively dealing with each of the following issues?”

Base: 1,331 employed U.S. adults in firms of 10-1,000 employees and 726 retirees

	3 Qtr 2008		3 Qtr 2007	
	Retiree	EE	Retiree	EE
	% Yes		% Yes	
War in Iraq	41%*	47%SIG	32%	35%
Homeland Security	43%*	45%SIG	30%	35%
Education	29%sig	37%	34%	37%
Economy/Jobs	29%sig	35%	27%	37%
Healthcare	25%	31%	25%	32%
Immigration	19%sig	28%	22%	27%
Social Security	24%	24%	24%	27%

SIG – varies significantly (95% level) from previous results employee comparison

sig – varies significantly (95% level) from retiree and employee comparison

* - varies significantly (95% level) from previous results retiree comparison

Section II-Employee Only Questions

Benefits Offered at Businesses with 10 to 1,000 Employees

The top benefits offered at firms with 10 to 1,000 employees are health insurance (95%), dental insurance (74%), defined contribution plans (72%), life insurance (67%), free parking (59%) and disability insurance (43%). In Table 22 below, comparisons can be made with four previous year's benefit offerings.

Significance testing was done between this quarter's results and the most recent year's results. There are a few significant differences between responses from this most recent quarter and 3rd quarter 2007 – indicated with "SIG" below. Since 2005, there has been a trend toward more employers offering health insurance to employees (95% in this quarter). A significantly smaller portion of employees this quarter (43%) say they have disability insurance through their company than last year at this time (48%). Furthermore, significantly fewer employers are offering personal banking services and child care subsidies this quarter compared to this same time in 2007.

Table 22

"What types of benefit programs (excluding vacation/holidays) does your company currently offer you?"

Base: 1,331 employed U.S. adults in firms of 10-1,000 employees

Company Sponsored Primary Benefits	3 Qtr 2008	3 Qtr 2007	3 Qtr 2006	3 Qtr 2005	3 Qtr 2004
Health Insurance	95%SIG	93%	92%	88%	90%
Dental Insurance	74%	75%	N/A	N/A	N/A
Defined Contribution Plans	72%	75%	74%	66%	68%
Life Insurance	67%	67%	71%	64%	66%
Free Parking	59%	59%	60%	63%	65%
Disability Insurance	43%SIG	48%	47%	51%	55%
Tuition Reimbursement	29%	32%	32%	32%	30%
Flex Time	25%	25%	26%	29%	33%
Defined Benefit Plans	21%	20%	23%	18%	22%
Profit Sharing/Bonus	19%	21%	23%	23%	25%
Financial Planning	7%	9%	7%	10%	11%
Legal Services	7%	8%	7%	9%	N/A
Stock Options	7%	7%	8%	6%	8%
Personal Banking Services	4%SIG	7%	7%	7%	8%
Executive Benefits	3%	2%	2%	5%	3%
Child Care Subsidies	2%SIG	4%	3%	3%	2%
On-site Day Care	2%	3%	2%	3%	2%
Other	7%SIG	5%	6%	5%	6%

SIG – varies significantly (95% level) from previous results employee comparison

Benefit Satisfaction

Upon identifying what benefits they are offered through their employer, employees were asked to rate their satisfaction with some of the major benefits. Employees are most satisfied with their defined benefit plan (61%), stock options (61%), defined contribution plan (56%), life insurance (54%) and disability insurance (51%).

Table 23

“Although you may have mentioned more than appear below, you indicated that you have the following benefit program(s) through your company. Using a scale from “1” to “10”, where “1” means Not At All Satisfied and “10” means Very Satisfied, please indicate how satisfied you are with each benefit program.” Percentages included in chart represent those rating satisfaction as an 8, 9 or 10.

Base: varies by benefit offered by employer

Satisfaction with Benefit	3 Qtr 2008	3 Qtr 2007	3 Qtr 2006	3 Qtr 2005	3 Qtr 2004
Defined Benefit Plans (N=291)	61%	64%	56%	54%	53%
Stock Options (N=80)	61%	51%	34%	34%	37%
Defined Contribution Plans (N=964)	56%	55%	52%	50%	53%
Life Insurance (N=936)	54%	52%	50%	47%	45%
Disability Insurance (N=590)	51%	55%	50%	44%	43%
Profit Sharing/Bonus (N=229)	50%	54%	47%	53%	44%
Dental Insurance (N=995)	50%	46%	N/A	N/A	N/A
Health Insurance (N=1265)	49%	48%	47%	40%	40%

SIG – varies significantly (95% level) from previous results employee comparison

Benefit Importance

All employee respondents were asked to rate a group of benefits in terms of how important each was to them on a 10-point scale with “10” being “Very Important.” Health insurance topped the list with 9 out of 10 employees rating this as at least an “8” in terms of importance. Defined contribution plans were rated as significantly more important this year (72%) than last year at this time (68%). Employees rated stock options lower in importance this year (15%) compared to last year at this time (18%).

Table 24

“Using a scale from “1” to “10”, where “1” means Not At All Important and “10” means Very Important, please indicate how important each benefit program is to you.” Percentages included in chart represent those rating importance as an 8, 9 or 10.

Base: 1,331 employed U.S. adults in firms of 10-1,000 employees

	3 Qtr 2008	3 Qtr 2007	3 Qtr 2006	3 Qtr 2005	3 Qtr 2004
Health Insurance	91%	89%	88%	90%	89%
Defined Contribution Plans	72%SIG	68%	70%	66%	68%
Dental Insurance	70%	68%	N/A	N/A	N/A
Defined Benefit Plans	54%	51%	51%	50%	54%
Disability Insurance	53%	54%	49%	49%	51%
Life Insurance	50%	50%	46%	44%	46%
Profit Sharing/Bonus	38%	38%	36%	38%	39%
Stock Options	15%SIG	18%	12%	13%	14%

SIG – varies significantly (95% level) from previous results employee comparison

Each employee respondent was asked to identify what benefits they would most like their employer to offer, aside from those already offered. Defined benefit plans top the list with 20%, followed by profit sharing/bonus (15%) and flex time (13%).

Table 25

“Which one employee benefit do you most wish that your company would offer you (excluding vacation and holidays)?”

Base: varies by benefit not offered by employer

Ranking	Benefits	3 Qtr 2008	3 Qtr 2007	3 Qtr 2006	3 Qtr 2005
1	Defined Benefit Plan	20%	18%	24%	25%
2	Profit Sharing/Bonus	15%	15%	13%	15%
3	Flex Time- Flexible Work Schedule	13%	15%	12%	11%
4	Tuition Reimbursement	8%	7%	8%	8%
5	Defined Contribution Plan	6%	6%	7%	8%

Aside from those benefits employees would like to see added to their employers' benefit programs, they were also asked to identify what benefits they would like to have improved upon. The top two benefits selected were health insurance (44%) and defined contribution plans (18%). See Table 26 for a listing of the top six benefits selected.

Table 26

“Which one employee benefit (excluding vacation and holidays) do you most wish that your company would improve upon?”

Base: varies by benefit offered by employer

Benefits	3 Qtr 2008	3 Qtr 2007	3 Qtr 2006	3 Qtr 2005
Health Insurance	44%	44%	41%	47%
Defined Contribution Plan	18%	17%	19%	16%
Profit Sharing/Bonus Plan	5%	5%	5%	5%
Defined Benefit Plan	4%	4%	7%	3%
Tuition Reimbursement	3%	5%	3%	3%
Life Insurance	3%	3%	3%	2%

Retirement Savings

Employees were asked about their effort to save for their own retirement over the past 6 months. Over six out of ten (62%) employees said they have not changed the amount they are saving towards retirement in the past six months, a significant increase from 2nd quarter 2008 (57%). Fourteen percent of employees have increased the amount they are saving, down significantly from 20% in 2nd quarter 2008, while 7% have decreased the amount they are saving. Eighteen percent of employees indicated they are not currently saving for their retirement.

Table 27

“Which of the following describes your effort to save for your own retirement over the past 6 months?”

Base: 1,331 employed U.S. adults in firms of 10-1,000 employees

	3 Qtr 2008	2 Qtr 2008
I have reduced the amount I am saving towards retirement	7%	7%
I have increased the amount I am saving towards retirement	14% SIG	20%
I have not changed the amount I am saving towards retirement	62% SIG	57%
I am not currently saving for retirement	18%	16%

SIG – varies significantly (95% level) from previous results employee comparison

Retirement Date

Employees were asked if they have adjusted when they plan to retire given current economic conditions. Only 9% of employees said they are delaying their planned retirement, while just over a third (37%) said they have not changed their planned retirement date. Over half (54%) of employees are not sure when they are going to retire.

Table 28

“Due to current economic conditions, have you adjusted when you plan to retire?”

Base: 1,331 employed U.S. adults in firms of 10-1,000 employees

	3 Qtr 2008
Yes, I have delayed my planned retirement date	9%
No, I have not made any changes to my planned retirement date	37%
I am not sure when I am going to retire	54%

401(k) Changes

Eighty-one percent of employees who are eligible to participate in a defined contribution plan say they are currently participating.

Employees participating in their employer’s defined contribution plan were asked what changes they have made, if any, to their 401(k) account in the past 6 months due to current economic conditions. Thirteen percent indicated they have made some type of change to their 401(k) – 5% have decreased the amount they are contributing to their 401(k), 4% have taken out a loan from their 401(k) account, 3% have taken out a hardship withdrawal, and 3% have stopped contributing to their 401(k) account (note percentages exceed 13% due to some employees making multiple changes to their 401(k)).

Employees who have made changes to their 401(k) account have made these changes most commonly to pay down debt (40%), to pay daily expenses (38%), or to pay medical expenses (20%). Please see Table 31 for details.

Table 29

“Are you currently participating in your defined contribution plan (such as a 401(k) plan, etc.)?”

Base: 964 employed U.S. adults in firms of 10-1,000 employees who are eligible to participate

	3 Qtr 2008 EE	3 Qtr 2007 EE
Yes	81%	84%
No	19%	16%
	N=964	N=911

Table 30

“Due to current economic conditions, have you done any of the following in the past 6 months with your 401(k)? Please select all that apply.”

Base: 787 employed U.S. adults in firms of 10-1,000 employees who participate in their employer’s 401(k)

	3 Qtr 2008
Decreased the amount I am contributing to my 401(k) account	5%
Taken out a loan from my 401(k) account	4%
Taken out a hardship withdrawal from my 401(k) account	3%
Stopped contributing to my 401(k) account	3%
None of the above	87%

Table 31

“Why have you made such change(s) to your 401(k) account? Please select all that apply.”

Base: 111 employed U.S. adults who have made a change to their 401(k)

	3 Qtr 2008
To pay down debt	40%
To pay daily expenses (gas, groceries, etc.)	38%
To pay medical expenses	20%
To build up my savings account	15%
To pay for home improvements	11%
To purchase a home	8%
To pay for education expenses	7%
To pay funeral and/or burial expenses	3%
Other	20%

Job Security

Job security was ranked number one in terms of importance by more employees (49%), over long-term financial future (40%) and challenging work (11%).

Table 32

“Please rank the following items in terms of how important it is to you.”

Base: 1,331 employed U.S. adults in firms of 10-1,000 employees

Respondent Ranked Item #1	3 Qtr 2008	2 Qtr 2008	2 Qtr 2007	4 Qtr 2006	4 Qtr 2005
Job Security	49%	47%	39%	45%	52%
Long-Term Financial Future	40%	41%	49%	41%	36%
Challenging Work	11%	12%	12%	14%	12%
	N=1,331	N=1,117	N=1,137	N=1,197	N=1,213

Section III-Retiree Only Questions

Retirement Income Planning

Retirees were asked when they began thinking about how to manage their spending and investments in retirement. Just about a third (32%) of retirees said they began to think about managing their spending and investments in retirement more than 10 years prior to their retirement. Another 15% of retirees indicated that they starting thinking about these issues 6 to 10 years prior to their retirement. An additional one out of five retirees said they did not start thinking about managing their spending and investments in retirement until 1 to 5 years before their retirement. Surprisingly, over one out of five retirees (22%) did not start thinking seriously about how to manage their spending and investments in retirement until they were retiring.

As a follow up question, retirees were asked when they would have started learning more about spending and investing in retirement if they could do it over again. While only 32% of retirees said they *actually* did this learning more than 10 years prior to retirement, 71% said they *would* do it more than 10 years prior to retirement if they could do it over again.

Table 33

"When did you begin thinking seriously about how to manage your spending and investments in retirement?"

Base: 726 retired U.S. adults

	3 Qtr 2008
At retirement	22%
1 year prior to retirement	6%
2 to 5 years prior to retirement	14%
6 to 10 years prior to retirement	15%
More than 10 years prior to retirement	32%
Never – I don't like financial planning	11%

Table 34

"If you could do it over again, when would you have started learning more about spending and investing in retirement?"

Base: 726 retired U.S. adults

	3 Qtr 2008
At retirement	3%
1 year prior to retirement	3%
2 to 5 years prior to retirement	7%
6 to 10 years prior to retirement	9%
More than 10 years prior to retirement	71%
Never – I don't like financial planning	8%