

The Principal Financial Well Being Index Trending – Summary 3rd Quarter 2009

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 30 to August 11, 2009 among 1147 employees and 558 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, 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 66% of employees are concerned about their long-term financial future, while 60% of retirees share this concern. 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, the issue selected by the most retirees was also being about to afford/pay for the basic necessities (25%) though it was selected by significantly fewer retirees than employees.
- Economy – Just less than six out of ten retirees (56%) and employees (59%) have reduced their overall spending to some degree in the past two months due to the economy. Significantly fewer employees have reduced their overall spending a little compared to 2nd quarter of 2009.

Employees Only

- Benefit Availability and Enhancement – The most commonly offered benefits by small to medium sized employers include health insurance (93%), dental insurance (76%), life insurance (68%), defined contribution plans (63%), free parking (63%) and disability insurance (46%). Defined benefit plans (23%), profit sharing/bonus (13%), and flex time (12%) were the benefits that employees would most like to see added to their employer offered benefit package. Health insurance (43%) and defined contribution plans (15%) 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 (64%), disability insurance (56%), defined contribution plan (55%) and life insurance (53%). Health insurance topped the list of benefit importance with almost 9 out of 10 employees (87%) 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.
 - Twenty-four percent indicated they have made some type of change to their 401(k) – 11% have increased the amount they are contributing to their 401(k), 8% have decreased the amount they are contributing to their 401(k), 3% have taken out a loan from their 401(k) account, 3% have stopped contributing to their 401(k) account and 2% have taken out a hardship withdrawal (note percentages exceed 24% 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 (33%), or to build up their savings accounts (19%).
- Retirement Savings Recovery - Employees who are saving for retirement were asked how long they thought it would take for their retirement account to recover to the balance they had at the beginning of January 2008. The percentage of employees who say their balance is the same or higher than it was on Jan. 1, 2008 has doubled from last quarter (18% vs. 9%). The percentage of employees who feel it will take less than 2 years to recover has increased significantly from last quarter (16% vs. 11%) There has also been a significant increase in the percentage of employees who are not sure how long it will take (20% vs. 12%) Only 2% of employees think they will *never* recover their account balance.
- Adjusted Retirement Date – Employees were asked if they have adjusted when they plan to retire given current economic conditions. Half of the employees are not sure when they will retire. Twelve percent of the employees said they have delayed their planned retirement date. When asked how long they expected their retirement to be delayed, 40% responded it would be delayed by six years or more.
- Plan For Retirement - Aside from knowing if their retirement will be delayed, employees were also asked if they had a plan for how they will transition their retirement savings into a steady stream of income in retirement. The majority of employees (83%) said they do not have a plan for the transition. Employees with a plan for transitioning their retirement into a steady stream of income were asked if they have a written plan. Approximately four in ten (43%) have an actual written plan.

Retirees Only

- Retirement Income Planning – Over four in ten (44%) 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 44% of retirees said they *actually* did this learning more than 10 years prior to retirement, 73% said they *would* do it more than 10 years prior to retirement if they could do it over again. Surprisingly, ten percent of retirees 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, when compared to the same time last year significantly fewer employees are concerned about their long-term financial future (66% this quarter vs. 71% same time last year); however two-thirds are still concerned. Furthermore, significantly more employees in the Southern region of the United States (74%) are very concerned about their long-term financial future than employees in the East (64%), Midwest (63%) and West (61%).

Approximately one-third (34%) of the retirees are extremely happy about their current financial well-being compared to significantly fewer employees (26%).

Just over one-fourth of employees (28%) 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: 1147 employed U.S. adults in firms of 10-1,000 employees and 558 retirees

(% of respondents agreeing completely or somewhat)	3 Qtr 2009		3 Qtr 2008		3 Qtr 2007		3 Qtr 2006		3 Qtr 2005
	Retiree	EE	Retiree	EE	Retiree	EE	Retiree	EE	EE
I am very concerned about my long-term financial future.	60%	66%^{SIG}	59%	71%	52%	67%	48%	68%	77%
I am extremely happy about my current financial well-being.	34%^{sig*}	26%	38%	29%	46%	28%	50%	28%	22%
I have not yet planned for retirement savings/security.	N/A	28%	N/A	31%	N/A	30%	N/A	27%	33%

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

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, 72% of employees who have retirement savings are not making changes to their investments while 28% are – 23% to stable and 5% to volatile.

Similarly, just over seven out of ten retirees (72%) have not made any investment changes. A quarter of retirees have moved to more stable investments.

Table 2

“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 2009		2 Qtr 2009		1 Qtr 2009		4 Qtr 2008		3 Qtr 2008	
	Retiree	EE	Retiree	EE	Retiree	EE	Retiree	EE	Retiree	EE
Yes, I moved from more volatile to more stable investments	26%	23%	25%	22%	24%	23%	20%	14%	22%	13%
Yes, I moved from more stable to more volatile investments	3%	5%	3%	6%	3%	4%	2%	4%	3%	5%
No, I have not made any changes	72%	72%	71%	71%	74%	73%	77%	82%	75%	82%
	N=448	N=990	N=419	N=1,038	N=393	N=932	N=507	N=999	N=592	N=1186

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

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

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

Economy’s Impact on Spending

When asked how the current economy has impacted their overall spending in the past two months, almost four in ten retirees (39%) and over a third of employees (35%) said their spending has remained about the same which are both significantly higher than in second quarter of 2009. Significantly fewer employees have reduced their spending a little (39%) than last quarter (45%). Significantly fewer retirees (20%) have reduced their overall spending greatly than last quarter (29%).

Table 3

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

Base: 1147 employed U.S. adults in firms of 10-1,000 employees and 558 retirees

	3 Qtr 2009		2 Qtr 2009		1 Qtr 2009		4 Qtr 2008		3 Qtr 2008	
	Retiree	EE	Retiree	EE	Retiree	EE	Retiree	EE	Retiree	EE
I have greatly increased my overall spending	1%	1%	<1%	<1%	0%	1%	<1%	<1%	1%	2%
I have increased my overall spending a little	4%	6%SIG	3%	3%	2%	2%	2%	2%	4%	6%
My overall spending is about the same	39%*	35%SIG	32%	28%	32%	24%	39%	31%	34%	31%
I have reduced my overall spending a little	36%	39%SIG	36%	45%	38%	47%	38%	45%	41%	43%
I have greatly reduced my overall spending	20%*	20%	29%	23%	28%	26%	21%	21%	20%	18%
	N=558	N=1147	N=509	N=1,189	N=540	N=1,155	N=625	N=1,179	N=726	N=1,331

SIG= varies significantly (95% level) from previous 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 over four in ten (44%) of employees. Being able to enjoy the same quality of life that I live now (41%) and being able to afford good medical care (40%) and are also commonly selected issues by employees. See details in Table 4. Female employees (50%) are more likely to select being able to afford/pay for the basic necessities than male employees (39%).

The issue cited most often by retirees (37%) is the rising cost of inflation reducing purchasing power. Another concern for about a third of retirees (35%) is outliving their savings in retirement and also being able to afford good medical care in retirement (32%). About the same number are concerned about being able to enjoy the same quality of life they lived before their retirement (31%).

Table 5 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%).

When having to select only one issue, being able to afford/pay for the basic necessities (25%) was selected by one-fourth of the retirees and is significantly higher than last quarter (19%). Outliving my savings was selected by one in five retirees (19%). Being able to afford good medical care was chosen by 18% of the retirees which is significantly higher than last quarter (11%).

Table 4

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

Base: 1147 employed U.S. adults in firms of 10-1,000 employees and 558 retirees

	3 Qtr 2009		3 Qtr 2008		3 Qtr 2007		3 Qtr 2006		3 Qtr 2005
	Retiree	EE	Retiree	EE	Retiree	EE	Retiree	EE	EE
Being able to afford/pay for the basic necessities	30%sig	44%SIG	29%	48%	21%	38%	22%	38%	46%
Being able to enjoy the same quality of life that I live now/lived before I retired	31%sig	41%	30%	44%	20%	39%	20%	42%	47%
Being able to afford good medical care	32%sig	40%SIG	30%	44%	29%	39%	26%	43%	49%
Outliving my savings	35%	33%	33%	33%	24%	32%	23%	33%	34%
Rising cost of inflation reducing purchasing power	37%sig*	30%	44%	33%	28%	28%	37%	33%	N/A
Being able to afford vacations/visiting grandkids	18%*	22%	24%	22%	11%	20%	14%	22%	27%
Being able to pay for assisted living/long term care	27%sig	20%	29%	22%	23%	20%	24%	22%	24%
Invested too conservatively and earnings haven't kept up with inflation	10%	9%	11%	11%	6%	9%	7%	13%	N/A
None of these	32%sig	26%	34%	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 5

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

Base: N= 854 employed U.S. Adults and 366 retirees (based on respondents who have an issue keeping them awake at night)

	3 Qtr 2009		3 Qtr 2008		3 Qtr 2007	
	Retiree	EE	Retiree	EE	Retiree	EE
Being able to afford/pay for the basic necessities	25%sig*	35%	19%	35%	19%	29%
Being able to enjoy the same quality of life that I live now/lived before I retired	12%sig	24%SIG	9%	19%	9%	22%
Being able to afford good medical care	18%*	16%	11%	19%	20%	20%
Outliving my savings	19%sig	11%	22%	12%	14%	14%
Rising cost of inflation reducing purchasing power	16%sig*	7%	22%	7%	19%	9%
Being able to afford vacations/visiting grandkids	1%sig	4%SIG	2%	2%	2%	<1%
Being able to pay for assisted living/long term care	9%sig	2%	12%	3%	16%	3%
Invested too conservatively and earnings haven't kept up with inflation	<1%	1%	2%	2%	3%	1%

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

Managing Money in Retirement

Employees and retirees were asked how they are managing, or plan to manage, their money in retirement. Almost two-thirds of retirees (63%) are managing their retirement money on their own; however, this is down significantly from 76% last year. Employees (43%) are significantly less likely than retirees (63%) to say they will manage their money on their own in retirement. Females (30%) are significantly more likely to respond that they are not sure than males (23%).

Table 6

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

Base: 1147 employed U.S. adults in firms of 10-1,000 employees and 558 retirees

	3 Qtr 2009		3 Qtr 2008		1 Qtr 2008	
	Retiree	EE	Retiree	EE	Retiree	EE
I manage (will manage) it on my own	63%sig*	43%	76%	42%	63%	41%
I have an advisor and I manage (will manage) with the guidance from my advisor	20%sig*	12%	15%	10%	16%	17%
I plan to seek out an advisor to assist with managing my money	2%sig	11%	<1%	13%	3%	17%
I have an advisor and my advisor manages (will manage) for me	14%sig*	5%	10%	4%	16%	7%
I plan to seek out an advisor to manage my money	1%	2%	0%	3%	3%	2%
Not sure	<1%sig	26%	0%	28%	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

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 (66%) and account value growth (62%) as important. Most retirees also rated guaranteed amount of monthly income (66%) as important, but contingency plans in case of medical illness (61%) and Control (61%) were the second most commonly rated items as important by retirees. All three of the retirees' top choices have increased in importance significantly from last year at this time.

Table 7

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

Base: 1147 employed U.S. adults in firms of 10-1,000 employees and 558 retirees

% Rating Very or Extremely Important	3 Qtr 2009		3 Qtr 2008	
	Retiree	EE	Retiree	EE
Guaranteed amount of monthly income	66%*	66%	59%	65%
Account value growth	59%*	62%	50%	59%
Contingency plans in case of medical illness	61%*	61%	47%	60%
Control	61%*	61% SIG	55%	56%
Cost of living adjustments	59%	60%	56%	58%
Flexibility of choice	54%*	51% SIG	41%	47%
Protection from market fluctuations	54%*	48%	41%	46%

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

Use of Cash and Credit Cards

Just over half of employees (51%) and four in ten retirees (44%) said they have paid more often with cash than with credit cards in the past six months.

Table 8

"During the past six months, have you paid more often with cash than with credit cards?"

Base: 1147 employed U.S. adults in firms of 10-1,000 employees and 558 retirees

	3 Qtr 2009		2 Qtr 2009	
	Retiree	EE	Retiree	EE
Yes	44%	51%	42%	48%
No	48% sig	40%	50%	42%
Don't own a credit card	8%	9%	8%	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 results retiree comparison

Financial Professionals

Employees and retirees who do not have or aren't sure if they have a financial professional were asked to pick the reason that best explains why they either don't or won't have a financial professional help with financial planning. The main reason selected by just over a quarter of the employees (28%) is because they don't want to pay a fee. Significantly fewer retirees are adverse to a fee but it was still chosen by 20% of the retirees. The main reason retirees don't use a financial professional is because they feel they know enough already on their own. Almost one-third of retirees feel this way (31%) compared to 16% of the employees. One quarter of retirees (25%) and one fifth of employees (20%) responded that they do not trust financial professionals.

Employees and retirees who do not have or aren't sure if they have a financial professional were asked if their interest in working with financial professionals has increased, decreased or remained the same since the economic crises. The majority of employees (73%) and retirees (76%) say it has remained the same as illustrated in Table 10.

Table 9

“Which one of the following reasons best explains why you do not/will not have a financial professional to help with financial planning?”

Base: 941 employed U.S. adults in firms of 10-1,000 employees and 372 retirees who do not have a financial professional or aren't sure

	3 Qtr 2009	
	Retiree	EE
Don't want to pay a fee	20% sig	28%
Haven't taken the time to find one	7% sig	24%
Don't trust financial professionals	25%	20%
Know enough on my own	31% sig	16%
Other	17%	12%

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

Table 10

“Since the economic crisis, has your interest in working with a financial professional to help with financial planning...?”

Base: 941 employed U.S. adults in firms of 10-1,000 employees and 372 retirees who do not have a financial professional or aren't sure

	3 Qtr 2009	
	Retiree	EE
Increased	3% sig	8%
Decreased	21%	19%
Stayed about the same	76%	73%

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

All employees and retirees were asked what services they would want from a financial professional. The results between employees and retirees were significantly different for all options provided except investment advice. Investment advice was the most wanted service by both employees (41%) and retirees (38%). See Table 11 for additional detail.

Over half of the retirees (55%) and almost four in ten employees (38%) do not want any services from a financial professional.

Table 11

"In general, what services do you want from a financial professional? Please select all that apply."

Base: 1147 employed U.S. adults in firms of 10-1,000 employees and 558 retirees

	3 Qtr 2009	
	Retiree	EE
Investment advice	38%	41%
Determining income need in retirement	14%sig	38%
Determining if I'm saving enough	8%sig	31%
General budgeting advice	9%sig	24%
Education on life and disability insurance	4%sig	15%
Education on saving for college	<1%sig	9%
I do not want any services from a financial professional	55%sig	38%

sig – varies significantly (95% level) from retiree and employee 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 (93%), dental insurance (76%), life insurance (68%), defined contribution plans (63%), free parking (63%) and disability insurance (46%). In Table 12 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 2008 – indicated with "SIG" below. A significantly smaller portion of employees this quarter (93%) say they have health insurance through their company than last year at this time (95%). Furthermore, significantly fewer employers are offering defined contribution plans and tuition reimbursement this quarter compared to this same time in 2008.

Significantly more employers are offering free parking, financial planning and personal banking services than last year at this time.

Table 12

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

Base: 1147 employed U.S. adults in firms of 10-1,000 employees

Company Sponsored Primary Benefits	3 Qtr 2009	3 Qtr 2008	3 Qtr 2007	3 Qtr 2006	3 Qtr 2005
Health Insurance	93%SIG	95%	93%	92%	88%
Dental Insurance	76%	74%	75%	N/A	N/A
Life Insurance	68%	67%	67%	71%	64%
Defined Contribution Plans	63%SIG	72%	75%	74%	66%
Free Parking	63%SIG	59%	59%	60%	63%
Disability Insurance	46%	43%	48%	47%	51%
Tuition Reimbursement	25%SIG	29%	32%	32%	32%
Flex Time	24%	25%	25%	26%	29%
Defined Benefit Plans	24%	21%	20%	23%	18%
Profit Sharing/Bonus	21%	19%	21%	23%	23%
Financial Planning	12%SIG	7%	9%	7%	10%
Stock Options	8%	7%	7%	8%	6%
Personal Banking Services	7%SIG	4%	7%	7%	7%
Legal Services	6%	7%	8%	7%	9%
Executive Benefits	4%	3%	2%	2%	5%
Child Care Subsidies	3%	2%	4%	3%	3%
On-site Day Care	2%	2%	3%	2%	3%
Other	4%SIG	7%	5%	6%	5%

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 (64%), disability insurance (56%), defined contribution plan (55%) and life insurance (53%).

Table 13

“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 2009	3 Qtr 2008	3 Qtr 2007	3 Qtr 2006	3 Qtr 2005
Defined Benefit Plans (N=265)	64%	61%	64%	56%	54%
Disability Insurance (N=528)	56%	51%	55%	50%	44%
Defined Contribution Plans (N=737)	55%	56%	55%	52%	50%
Life Insurance (N=758)	53%	54%	52%	50%	47%
Profit Sharing/Bonus (N=210)	49%	50%	54%	47%	53%
Health Insurance (N=1059)	48%	49%	48%	47%	40%
Stock Options (N=73)	47%	61%	51%	34%	34%
Dental Insurance (N=860)	47%	50%	46%	N/A	N/A

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 almost 9 out of 10 employees (87%) rating this as at least an “8” in terms of importance. The top four benefits in terms of importance (while remaining in the same order of importance as last year) all fell significantly from this time last year.

Table 14

“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: 1147 employed U.S. adults in firms of 10-1,000 employees

	3 Qtr 2009	3 Qtr 2008	3 Qtr 2007	3 Qtr 2006	3 Qtr 2005
Health Insurance	87%<u>SIG</u>	91%	89%	88%	90%
Defined Contribution Plans	68%<u>SIG</u>	72%	68%	70%	66%
Dental Insurance	64%<u>SIG</u>	70%	68%	N/A	N/A
Defined Benefit Plans	50%<u>SIG</u>	54%	51%	51%	50%
Disability Insurance	50%	53%	54%	49%	49%
Life Insurance	48%	50%	50%	46%	44%
Profit Sharing/Bonus	37%	38%	38%	36%	38%
Stock Options	14%	15%	18%	12%	13%

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 23%, followed by profit sharing/bonus (13%) and flex time (12%).

Table 15

“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 2009	3 Qtr 2008	3 Qtr 2007	3 Qtr 2006	3 Qtr 2005
1	Defined Benefit Plan	23%	20%	18%	24%	25%
2	Profit Sharing/Bonus	13%	15%	15%	13%	15%
3	Flex Time- Flexible Work Schedule	12%	13%	15%	12%	11%
4	Tuition Reimbursement	7%	8%	7%	8%	8%
5	Defined Contribution Plan	6%	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 (43%) and defined contribution plans (15%). See Table 16 for a listing of the top six benefits selected.

Table 16

“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 2009	3 Qtr 2008	3 Qtr 2007	3 Qtr 2006	3 Qtr 2005
Health Insurance	43%	44%	44%	41%	47%
Defined Contribution Plan	15%	18%	17%	19%	16%
Profit Sharing/Bonus Plan	6%	5%	5%	5%	5%
Defined Benefit Plan	5%	4%	4%	7%	3%
Life Insurance	3%	3%	3%	3%	2%
Tuition Reimbursement	2%	3%	5%	3%	3%

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. Three-fourths of the employees have not made any changes to their 401(k) in the past 6 months. About one in ten employees (8%) have decreased their contribution amounts. Eleven percent of the participating employees said they increased the amount they are putting in their 401(k) accounts which was a new choice that was added to the survey this year.

Employees who have made changes (with the exception of those who increased their contributions) to their 401(k) account have made these changes most commonly to pay down debt (40%), to pay daily expenses (33%), or to build up their savings account (19%). Please see Table 19 for details.

Table 17

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

Base: 737 employed U.S. adults in firms of 10-1,000 employees who are eligible to participate

	3 Qtr 2009	3 Qtr 2008	3 Qtr 2007
Yes	81%	81%	84%
No	19%	19%	16%
	N=737	N=964	N=911

Table 18

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

	3 Qtr 2009	3 Qtr 2008
Increased the amount I am contributing to my 401(k) account	11%	N/A
Decreased the amount I am contributing to my 401(k) account	8%SIG	5%
Taken out a loan from my 401(k) account	3%	4%
Stopped contributing to my 401(k) account	3%	3%
Taken out a hardship withdrawal from my 401(k) account	2%	3%
None of the above	76%SIG	87%

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

Table 19

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

Base: 84 employed U.S. adults who have made a change to their 401(k)

	3 Qtr 2009	3 Qtr 2008
To pay down debt	40%	40%
To pay daily expenses (gas, groceries, etc.)	33%	38%
To build up my savings account	19%	15%
To pay for home improvements	13%	11%
To pay medical expenses	10%	20%
To purchase a home	8%	8%
To pay for education expenses	5%	7%
To pay funeral and/or burial expenses	0%	3%
Other	10%	20%

Retirement Savings

Employees were asked about their effort to save for their own retirement over the past 6 months. Significantly fewer (55%) employees said they have not changed the amount they are saving towards retirement in the past six months than last quarter (62%). Sixteen percent of employees have increased the amount they are saving. Males are significantly more likely than females to say they have increased the amount they are saving for retirement (19% vs. 13%).

Only 10% of employees reported that they have reduced the amount they are saving for retirement. One in five employees (19%) are not currently saving for retirement.

Table 20

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

Base: 1147 employed U.S. adults in firms of 10-1,000 employees

	3 Qtr 2009	2 Qtr 2009	1 Qtr 2009	4 Qtr 2008	3 Qtr 2008
I have reduced the amount I am saving towards retirement	10%	8%	7%	4%	7%
I have increased the amount I am saving towards retirement	16%	14%	14%	11%	14%
I have not changed the amount I am saving towards retirement	55% SIG	62%	59%	67%	62%
I am not currently saving for retirement	19%	16%	20%	17%	18%

SIG= Significant at the 95% confidence level from previous employee comparison

Employees who are saving for retirement were asked how long they thought it would take for their retirement account to recover to the balance they had at the beginning of January 2008. Results have changed significantly since just last quarter. The percentage of employees who say their balance is the same or higher than it was on Jan. 1, 2008 has doubled from last quarter (18% vs. 9%). The percentage of employees who feel it will take less than 2 years to recover has increased significantly from last quarter (16% vs. 11%). There has also been a significant increase in the percentage of employees who are not sure how long it will take (20% vs. 12%). Only 2% of employees think they will *never* recover their account balance.

Table 21

"How long do you think it will take for your retirement account to recover to the balance you had on January 1, 2008?"

Base: 936 employed U.S. adults in firms of 10-1,000 employees who are saving for retirement

	3 Qtr 2009	2 Qtr 2009
My balance is the same or higher than it was on January 1, 2008	18% SIG	9%
Less than 2 years	16% SIG	11%
2 to 5 years	28% SIG	41%
6 to 10 years	8% SIG	15%
Over 10 years	6%	6%
Never	2%	3%
Not sure	20% SIG	12%
I didn't have a balance on January 1, 2008	3%	3%

Retirement Date

Employees were asked if they have adjusted when they plan to retire given current economic conditions. There were no significant changes from second quarter 2009. Only 12% of employees said they are delaying their planned retirement. Almost one in four employees (38%) said they have not changed their planned retirement date. Half (50%) of employees are not sure when they are going to retire. Significantly more females than males are not sure when they are going to retire (54% vs. 46%).

Of those who are planning to delay their retirement based on current economic conditions, 17% plan to delay by 1-2 years. Thirty-eight percent plan to delay by 3-5 years. Thirty-one percent plan a delay of 6-10 years.

Table 22*“Due to current economic conditions, have you adjusted when you plan to retire?”*

Base: 1147 employed U.S. adults in firms of 10-1,000 employees

	3 Qtr 2009	2 Qtr 2009	1 Qtr 2009	4 Qtr 2008	3 Qtr 2008
Yes, I have delayed my planned retirement date	12%	13%	10%	9%	9%
No, I have not made any changes to my planned retirement date	38%	35%	42%	39%	37%
I am not sure when I am going to retire	50%	52%	48%	52%	54%

Table 23*“By how many years do you plan to delay your retirement?”*

Base: 167 employed U.S. adults in firms of 10-1,000 employees who have delayed retirement

	3 Qtr 2009
1 to 2 years	17%
3 to 5 years	38%
6 to 10 years	31%
More than 10 years	9%
Not sure	6%

Plan For Retirement - Aside from knowing if their retirement will be delayed, employees were also asked if they had a plan for how they will transition their retirement savings into a steady stream of income in retirement. The majority of employees (83%) said they do not have a plan for the transition. Employees ages 55 and older are significantly more likely to have a plan for transition than all other age groups.

Employees with a plan for transitioning their retirement into a steady stream of income were asked if they have a written plan. Approximately four in ten (43%) have an actual written plan.

Table 24 - Plan for Retirement Income*“Have you created a plan for how you will transition your retirement savings into a steady stream of income in retirement?”*

Base: 973 employed U.S. adults in firms of 10-1,000 employees who have retirement savings

	3 Qtr 2009
Yes	17%
No	83%

Table 25*“Do you have a written plan?”*

Base: 165 employed U.S. adults in firms of 10-1,000 employees who have a plan for transitioning savings

	3 Qtr 2009
Yes	43%
No	57%

Voluntary Benefits at the Workplace

In today's workplace, firms are faced with rising benefit costs and have elected to manage some of these costs by introducing voluntary benefits to their programs. Voluntary benefits are those available to the employee at some or full cost. To identify how common voluntary benefits are among SMB employees, respondents were asked to identify what, if any, voluntary benefits their employers offer. The top noted voluntary benefits are Dental (57%), Vision (40%), Short-term Disability (37%), and Long-term Disability (36%). Table 26 below provides a complete list of Voluntary benefit offerings.

Aside from having access to Voluntary benefits, employees were asked to identify what Voluntary benefits they purchased. The top purchased benefits were Dental (by 62%), Vision (40%), and Short-term Disability (27%) coverage. Three-fourths of the employees say they purchase voluntary benefits at work because of the convenience of payroll deduction – see Table 27. Nearly two-thirds (65%) purchase voluntary benefits at work because of the low group rates.

Table 26

“Employers fund workplace benefits at varying levels – either funded partially or not at all (known as voluntary benefits). Voluntary benefits are made available for employees to elect at some cost to themselves. Employees often pay for these voluntary benefits through payroll deductions from their paycheck. Which of the following voluntary benefits are currently available at your workplace? Please select all that apply.”

	% with Available		% purchasing benefit	
	3 Qtr 2009	2 Qtr 2005	3 Qtr 2009	2 Qtr 2005
Dental Coverage	57%	54%	62%	65%
Vision Coverage	40%	37%	40%	34%
Short-term Disability	37%	34%	27%	30%
Long-term Disability	36%	33%	24%	25%
Accidental Death & Dismemberment	31%	33%	24%	22%
Term Life Insurance	31%SIG	27%	20%	20%
Group universal Life Insurance	19%	21%	13%	17%
Long-term Care Insurance	16%	16%	7%	5%
Critical Illness Insurance	14%SIG	11%	8%	4%
Property & Casualty Insurance	4%	3%	2%	1%
Other	5%	4%	2%	3%
None	12%SIG	17%	1%	4%
Not sure	13%	13%	-	-
	N=1147	N=1,112	N=835	N=506

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

Table 27*"Why do you buy voluntary benefits at work? Please select all that apply."*

Base: 482 employed U.S. adults in firms of 10-1,000 employees

	3 Qtr 2009
Convenience of payroll deduction	75%
Low group rates	65%
Ease of buying at the workplace	49%
Pre-qualified for the benefit (i.e. don't have to provide proof of good health)	30%
Confidence in products since employer reviews and selects them	19%
Other	4%

Employees who do not purchase voluntary benefits were asked to pick the reason that best describes why they did not purchase. The reason selected by the most employees was "no extra money to pay for benefits" (27%). It was followed closely by "no need for extra benefits" (25%).

Table 28*"Which one of the following best describes why you have chosen not to buy voluntary benefits at work?"*

Base: 353 employed U.S. adults in firms of 10-1,000 employees who are offered at least 1 voluntary benefit at workplace and did not purchase voluntary benefits

	3 Qtr 2009
No extra money to pay for benefits	27%
No need for extra benefits	25%
Insurance needs met through other sources	18%
Employer doesn't offer voluntary benefits	7%
Current economic environment makes it prohibitive	5%
Company doesn't offer one-on-one meetings	3%
Don't trust benefits through employer	3%
Don't understand how the benefits work	2%
Other	11%

While just over one-fifth of employees (22%) have never participated in any voluntary benefits, the majority of employees (70%) who do participate have not stopped participating due to economic conditions. The results are also very similar for employees making changes to participate in voluntary benefits at lower levels. Twenty-one percent say they have never participated in voluntary benefits and 69% say they have not lowered their participation level in voluntary benefits based on the economic conditions. However, ten percent of the employees have lowered their participation level in voluntary benefits based on the economic conditions.

Table 29

“Due to the economic environment, have you recently stopped participating in any voluntary benefit programs offered at work?”

Base: 835 employed U.S. adults in firms of 10-1,000 employees who are offered at least one voluntary benefit at the workplace

	3 Qtr 2009
Yes	8%
No	70%
I never participated in any voluntary benefits	22%

Table 30

“Due to the economic environment, have you recently chosen to participate at a lower level in any voluntary benefit programs offered at work?”

Base: 835 employed U.S. adults in firms of 10-1,000 employees who are offered at least one voluntary benefit at workplace

	3 Qtr 2009
Yes	10%
No	69%
I never participated in any voluntary benefits	21%

College Fund

Almost two-thirds of the employees (64%) reported they do not have a college fund to dip into. Female employees (71%) were significantly more likely than male employees (58%) to not have a college fund established.

Approximately one in ten (12%) of the employees who have a college fund established have dipped into it to cover day-to-day living expenses.

Table 31

"Has the economy forced you to dip into your child(ren)'s college fund to cover day-to-day living expenses?"

Base: 1147 employed U.S. adults in firms of 10-1,000 employees

	3 Qtr 2009
Yes	4%
No	31%
Unsure	1%
I do not have a college fund.	64%

Table 32

"Has the economy forced you to dip into your child(ren)'s college fund to cover day-to-day living expenses?"

Base: 383 employed U.S. adults in firms of 10-1,000 employees who have a college fund established

	3 Qtr 2009
Yes	12%
No	85%
Unsure	3%

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. Four in ten (44%) retirees said they began to think about managing their spending and investments in retirement more than 10 years prior to their retirement. This is a significant increase over last year where only 32% of retirees had begun thinking about managing their spending and investments in retirement. Another 12% 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 (21%) said they did not start thinking about managing their spending and investments in retirement until 1 to 5 years before their retirement.

With a significant change from last year's results, only 10% of retirees did not start thinking seriously about how to manage their spending and investments in retirement until they were retiring compared to 22% last year.

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 44% of retirees said they *actually* did this learning more than 10 years prior to retirement, 73% 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: 558 retired U.S. adults

	3 Qtr 2009	3 Qtr 2008
At retirement	10%*	22%
1 year prior to retirement	5%	6%
2 to 5 years prior to retirement	16%	14%
6 to 10 years prior to retirement	12%	15%
More than 10 years prior to retirement	44%*	32%
Never – I don't like financial planning	13%	11%

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

Table 34

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

Base: 558 retired U.S. adults

	3 Qtr 2009	3 Qtr 2008
At retirement	2%	3%
1 year prior to retirement	1%*	3%
2 to 5 years prior to retirement	5%	7%
6 to 10 years prior to retirement	10%	9%
More than 10 years prior to retirement	73%	71%
Never – I don't like financial planning	8%	8%

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