

# The Principal Financial Well Being Index – Summary

## 2<sup>nd</sup> Quarter 2010

This Principal Financial Well-Being Index<sup>SM</sup> survey was conducted online within the United States by Harris Interactive on behalf of the Principal Financial Group® between April 28 to May 9, 2010 among 1,133 employees and 501 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 Index<sup>SM</sup> 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.

## Key Findings

- Impediments to Financial Success:
  - Half of employees (51%) said not saving enough gets in the way of their financial success, while around a third of employees said credit card / other consumer debt (35%) or not starting retirement savings early in their career (33%) are factors impeding their financial success.
  - Another one in five employees indicated impulse purchases (22%) or living beyond one's means (20%) gets in the way of their financial success.
  - Retirees were also most likely to indicate not saving enough is a factor that gets in the way of their personal financial success (38%). Nearly a third (31%) of retirees said not starting retirement savings early in their career has impeded their financial success.
- Rebuilding Financial Well Being:
  - Employees and retirees were asked what steps they have taken to improve or rebuild their financial well being since the recession began in 2008. The top selections were spent less money (69% of employees; 60% of retirees), paid down debt (51% of employees; 36% of retirees), and increased savings for an emergency fund (29% of employees; 14% of retirees).
  - One out of five employees said they have increased their retirement savings.
  - Top priorities for employees as they attempt to rebuild their financial well being include living within their means (62%), having an emergency fund (44%), putting a budget together and sticking to it (38%), and protecting their nest egg (25%). Similarly, retirees' top priorities include living within their means (62%), protecting their nest egg (37%), putting a budget together and sticking to it (32%) and having an emergency fund (28%).
  - Nearly four out of ten employees (38%) and retirees (39%) agreed that now more than ever, American consumers are ready to take action to build their financial well being.
- Sentiments on Economy, Housing Market and Consumer Spending:
  - Nearly a third of employees and retirees (31%) described their sentiment about the economy and their ability to rebuild their finances as cautious. Over a quarter of employees (29%) and 20% of retirees are optimistic, while nearly one out of five employees (19%) and a quarter of retirees is pessimistic.

- About half of employees (49%) and retirees (55%) think the economy will improve to some degree in the next year. Over a quarter of employees (27%) and significantly fewer retirees (16%) think the economy will stay the same in the next year, while a quarter or so of employees (24%) and 30% of retirees think the economy will worsen.
- Around a third of employees (37%) and retirees (32%) believe the housing market has bottomed.
- Two thirds of employees (65%) and retirees (68%) agree that American consumers will go back to their old ways of spending too much / saving too little once the economy rebounds.
- Economy's Impact on Spending and Other Financial Behavior:
  - Three out of five employees (61%) and slightly fewer retirees (55%) indicated they have reduced their spending to some degree in the past two months due to the economy.
  - Of employees and retirees who have reduced their spending, the majority (79% of employees; 84% of retirees) intend to continue to spend less in the future regardless of economic conditions.
  - Due to the economy, over half of employees (52%) and retirees (55%) are preparing more meals at home instead of eating out. Lowering the thermostat at home was also commonly selected by over a third of employees (41%) and nearly half of retirees (47%). Nearly a third of employees (32%) indicated they have started bringing their lunch to work, while just about a quarter of both employees (23%) and retirees (24%) have bought in bulk.
  - The overwhelming majority of both employees (98%) and retirees (99%) said they would continue to make at least some of these changes in the future regardless of the economy.
  - As a financial check-up, over half of both employees (58%) and retirees (56%) have monitored their spending levels in the past year due to the economy and over a quarter of employees (28%) and a third of retirees (35%) have re-evaluated their investments.
- Healthcare Reform:
  - Over half of employees (58%) and retirees (54%) think healthcare reform will have a direct impact on their personal health insurance costs.
  - Of those believing their costs will be affected, 67% of employees and 69% of retirees think their costs will go up significantly. The vast majority of both employees (88%) and retirees (85%) believe their costs will go up to some degree.
- Summer Vacation Plans:
  - Around a third of retirees (35%) and two out of five employees have not changed their summer vacation plans due to the current state of the economy. A third of employees (34%) and a fifth of retirees have altered their vacation plans to save money. Just over two out of five retirees (42%) and a quarter of employees were not planning to take a summer vacation.
  - Rising fuel prices was the top fear that could potentially impact their summer vacation plans, selected by 42% of employees and half of retirees, both up significantly from 2<sup>nd</sup> quarter of 2009. Having enough money saved for vacation was also a concern (35% of employees; 31% of retirees), as well as a job loss for employees (30%).
- Benefits Offered – The top benefits offered at businesses with 10-1,000 employees are health insurance (92%), dental insurance (76%), defined contribution plans (66%), life insurance (65%) and free parking (60%).
- Benefit Importance – Employees have consistently rated health insurance and defined contribution plans as the most important employee benefits for the past five years.
- Benefit Satisfaction – Employees are most satisfied with their defined benefit plan, defined contribution plan and life insurance.
- Benefit Improvement – Employees would most like to have their health insurance benefits improved.
- Understanding Benefits – Half of employees say they have taken a greater interest in understanding their employee benefits they receive through their employer given the economic environment in the last year.
- Defined Contribution Plans - Deferral Level - Employees who are currently participating in their defined contribution plan (82% of those eligible) were asked how they selected the amount they are currently contributing to their plan. Half of employees said they selected their current contribution level because it's what they can afford to contribute. Another quarter (27%) said they contribute enough to receive their employer's match. Less than 10% of employees indicated their contribution amount was recommended by someone else – their advisor, employer or another individual.

# 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 financial well-being.

As seen in Table 1, two-thirds of employees (68%) are very concerned about their long-term financial future. Just over half of retirees (53%) are very concerned about their long-term financial future; down significantly from 1st quarter 2010 (64%).

Four out of ten retirees are extremely happy about their current financial well-being compared to a third of employees.

Down significantly from 1<sup>st</sup> quarter 2010 (27%), nearly a quarter of employees (23%) 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: 1,133 employed U.S. adults in firms of 10-1,000 employees and 501 retirees

Percent Agreeing Completely or Somewhat	2 Qtr 2010		1 Qtr 2010		4 Qtr 2009		3 Qtr 2009		2 Qtr 2009	
	Retiree	EE	Retiree	EE	Retiree	EE	Retiree	EE	Retiree	EE
<i>"I am very concerned about my long-term financial future."</i>	<b>53%sig*</b>	<b>68%</b>	64%	66%	56%	71%	60%	66%	48%	67%
<i>"I am extremely happy about my current financial well-being."</i>	<b>40%sig</b>	<b>33%</b>	39%	30%	41%	32%	34%	26%	39%	24%
<i>"I have not yet planned for retirement savings/security."</i>	<b>N/A</b>	<b>23%SIG</b>	N/A	27%	N/A	30%	N/A	28%	N/A	22%

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 retiree comparison

Just about six out of ten employees (58%) and retirees (63%) indicated their stress level related to their personal financial situation compared to this same time last year is about the same. Nearly three out of ten employees (29%) and approximately a quarter of retirees (24%) said their stress level related to their personal financial situation is much higher than last year. Only 13% of both employees and retirees said their stress level is much lower than it was last year.

**Table 2**

*“Compared to a year ago at this time, how would you rate your overall stress level related to your personal financial situation?”*

Base: 1,133 employed U.S. adults in firms of 10-1,000 employees and 501 retirees

	2 Qtr 2010	
	Retiree	EE
My stress level is much lower than it was at this time last year	13%	13%
My stress level is about the same as it was at this time last year	63%	58%
My stress level is much higher than it was at this time last year	24%	29%

## Impediments to Financial Success

Employees and retirees were asked what gets in the way of their personal financial success. Half of employees (51%) said not saving enough gets in the way of their financial success, while around a third of employees chose either credit card or other consumer debt (35%) or not starting retirement savings early in their career (33%). Furthermore, approximately another one in five employees chose either impulse purchases (22%) or living beyond one’s means (20%).

Retirees were also most likely to choose not saving enough as a factor that gets in the way of their personal financial success, with over a third (38%) selecting this option. Not starting retirement savings early in their career (31%) was also commonly selected by retirees. Please see Table 3 for complete results.

**Table 3**

*“What gets in the way of your personal financial success? Please select all that apply.”*

Base: 1,133 employed U.S. adults in firms of 10-1,000 employees and 501 retirees

	2 Qtr 2010	
	Retiree	EE
Not saving enough	38% <b>sig</b>	51%
Credit card or other consumer debt	15% <b>sig</b>	35%
Not starting retirement savings early in career	31%	33%
Impulse purchases	13% <b>sig</b>	22%
Living beyond ones’ means	10% <b>sig</b>	20%
Putting off creating a financial plan	8% <b>sig</b>	17%
Fear	12%	14%
Reluctance to take financial action	8%	13%
Being overly conservative in investments	12%	11%
Failure to purchase financial protection products (life insurance, disability insurance, etc.)	8%	8%
Being overly confident about finances	4%	6%
Investing when market is high instead of low	4%	4%
None of these	29% <b>sig</b>	18%

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

## Rebuilding Financial Well Being

Employees and retirees were also asked what steps they have taken to improve or rebuild their financial well being since the recession began in 2008. For both groups, the top selections were spent less money (69% of employees; 60% of retirees), paid down debt (51% of employees; 36% of retirees), and increased savings for an emergency fund (29% of employees; 14% of retirees). One out of five employees also indicated they have increased their retirement savings since the recession began in 2008 to improve or rebuild their financial well being. In addition, a greater percentage of employees and retirees are making many of these changes than in 1<sup>st</sup> quarter of 2010. Please see Table 4 for full detail.

**Table 4**

*“Since the recession began in 2008, how have you taken steps to improve or rebuild your financial well being? Please select all that apply.”*

Base: 1,133 employed U.S. adults in firms of 10-1,000 employees and 501 retirees

	2 Qtr 2010		1 Qtr 2010	
	Retiree	EE	Retiree	EE
Spent less money	<b>60%sig*</b>	<b>69%SIG</b>	54%	62%
Paid down debt	<b>36%sig*</b>	<b>51%SIG</b>	29%	45%
Increased savings for an emergency fund	<b>14%sig</b>	<b>29%SIG</b>	14%	22%
Increased retirement savings	<b>3%sig*</b>	<b>20%</b>	6%	18%
Sought out online tools to better manage my personal finances	<b>6%</b>	<b>9%</b>	5%	9%
Sought out a professional advisor to help manage my investments	<b>8%</b>	<b>6%</b>	10%	7%
Other	<b>5%*</b>	<b>3%</b>	8%	4%
I have not take any action	<b>25%sig</b>	<b>12%SIG</b>	29%	16%

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 retiree comparison

Top priorities for employees as they attempt to rebuild their financial well being include living within their means (62%), having an emergency fund (44%), putting a budget together and sticking to it (38%), and protecting their nest egg (25%). Similarly, retirees' top priorities include living within their means (62%), protecting their nest egg (37%), putting a budget together and sticking to it (32%) and having an emergency fund (28%). Please see Table 5 below for complete findings.

**Table 5**

*"Of these listed, what are your top priorities as you attempt to rebuild your financial well being? Please choose your top three."*

Base: 1,133 employed U.S. adults in firms of 10-1,000 employees and 501 retirees

	2 Qtr 2010	
	Retiree	EE
Live within my means	62%	62%
Have an emergency fund	28% <b>sig</b>	44%
Put a budget together and stick to it	32%	38%
Protect my nest egg	37% <b>sig</b>	25%
Start planning and saving for retirement early	1% <b>sig</b>	14%
Know my risk tolerance and invest accordingly	15%	12%
Max out my 401(k)	2% <b>sig</b>	11%
Get a financial plan	5% <b>sig</b>	10%
Get a financial advisor to help me with financial planning	5%	6%
None; I am not rebuilding my financial well being	25% <b>sig</b>	12%

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

Nearly four out of ten employees (38%) and retirees (39%) agreed either completely or somewhat that now more than ever, American consumers are ready to take action to build their financial well being.

**Table 6**

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

Base: 1,133 employed U.S. adults in firms of 10-1,000 employees and 501 retirees

Percent Agreeing Completely or Somewhat	2 Qtr 2010	
	Retiree	EE
<i>"Now more than ever, American consumers are ready to take action to build their financial well being."</i>	39%	38%
	N=501	N=1,133

## Sentiments on Economy, Housing Market and Consumer Spending

Nearly a third of both employees and retirees (31%) described their sentiment about the economy and their ability to rebuild their finances as cautious. Over a quarter of employees (29%) and 20% of retirees described their sentiment about the economy and their ability to rebuild their finances as optimistic. Nearly one out of five employees (19%) is pessimistic about the economy and their ability to rebuild their finances as is about a quarter of retirees (24%). Another 16% of employees and 17% of retirees are neutral in their sentiment. Please Table 7 below for complete details.

**Table 7**

*“How would you describe your sentiment about the economy and your ability to rebuild your finances? Please select one.”*

Base: 1,133 employed U.S. adults in firms of 10-1,000 employees and 501 retirees

	2 Qtr 2010	
	Retiree	EE
Optimistic	20% <b>sig</b>	29%
Pessimistic	24%	19%
Cautious	31%	31%
Neutral	17%	16%
Not sure	8% <b>sig</b>	4%

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

About half of employees (49%) and retirees (55%) think the economy will improve to some degree in the next year. Over a quarter of employees (27%) and significantly fewer retirees (16%) think the economy will stay the same in the next year. A quarter or so of employees (24%) and 30% of retirees think the economy will worsen to some extent in the next year.

**Table 8**

*“What do you think will happen to the economy in the next year?”*

Base: 1,133 employed U.S. adults in firms of 10-1,000 employees and 501 retirees

	2 Qtr 2010	
	Retiree	EE
Improve significantly	6%	4%
Improve somewhat	49%	45%
Stay the same	16% <b>sig</b>	27%
Worsen somewhat	20%	16%
Worsen significantly	10%	8%

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

Around a third of employees (37%) and retirees (32%) believe the housing market has bottomed. Another third of employees (36%) and retirees (35%) do not think the housing market has bottomed and a quarter or so of employees (27%) and a third of retirees (34%) are not sure.

**Table 9**

*“Do you think the housing market has bottomed?”*

Base: 1,133 employed U.S. adults in firms of 10-1,000 employees and 501 retirees

	2 Qtr 2010	
	Retiree	EE
Yes	32%	37%
No	35%	36%
Not sure	34%	27%

Two thirds of employees (65%) and retirees (68%) agree either completely or somewhat that American consumers will go back to their old ways of spending too much / saving too little once the economy rebounds. Furthermore, a third of employees and retirees (35% of both groups) agree to some extent that the “new normal” of reduced consumer spending and increased consumer saving is here to stay.

**Table 10**

*“Please indicate the extent to which you agree or disagree with the following statements.”*

Base: 1,133 employed U.S. adults in firms of 10-1,000 employees and 501 retirees

Percent Agreeing Completely or Somewhat	2 Qtr 2010	
	Retiree	EE
<i>“American consumers will go back to their old ways of spending too much / saving too little once the economy rebounds.”</i>	68%	65%
<i>“The ‘new normal’ of reduced consumer spending and increased consumer saving is here to stay.”</i>	35%	35%
	N=501	N=1,133

## Confidence in Financial System

When asked to rate their level of confidence in our current financial system, only 12% of employees and 8% of retirees would rate their confidence as either very confident or extremely confident. Nearly a quarter of employees (23%) and 19% of retirees rated their confidence level as confident. Another third or so of employees (35%) and retirees (32%) described their confidence as somewhat confident while the remaining 31% of employees and 41% of retirees are not at all confident in our current financial system.

Compared to this time last year, nearly half of employees (47%) and slightly fewer retirees (39%) indicated their confidence in our current financial system has stayed about the same. Two out of five employees (42%) and half of retirees (51%) have experienced a decrease in confidence level. Eleven percent of employees and 10% of retirees have experienced an increase in their confidence level when it comes to our current financial system compared to this same time last year.

**Table 11**

*“How confident are you in our current financial system?”*

Base: 1,133 employed U.S. adults in firms of 10-1,000 employees and 501 retirees

	2 Qtr 2010	
	Retiree	EE
Extremely confident	3%	2%
Very confident	5% <b>sig</b>	10%
Confident	19%	23%
Somewhat confident	32%	35%
Not at all confident	41% <b>sig</b>	31%

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

**Table 12**

*“Compared to this same time last year, has your confidence in our current financial system...”*

Base: 1,133 employed U.S. adults in firms of 10-1,000 employees and 501 retirees

	2 Qtr 2010	
	Retiree	EE
Increased	10%	11%
Stayed the same	39% <b>sig</b>	47%
Decreased	51% <b>sig</b>	42%
	N=501	N=1,133

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

## American Dream

Employees and retirees were asked if they feel the American Dream has been or will be harder to achieve than it was for their parent's generation. Over half (56%) of the employees agree it has been or will be harder to achieve compared to only 41% of the retirees. These findings are similar to those seen in 2009.

**Table 13**

*"The notion of "The American Dream" has involved holding a good job, owning a home, living in a secure community, and sending the children to a good school. To what extent do you agree with the following: The American Dream has been or will be harder for me to financially achieve than it was for my parent's generation."*

Base: 1,133 employed U.S. adults in firms of 10-1,000 employees and 501 retirees

	2 Qtr 2010		2 Qtr 2009		2 Qtr 2008		2 Qtr 2007	
	Retiree	EE	Retiree	EE	Retiree	EE	Retiree	EE
Agree completely	<b>18%sig</b>	<b>26%</b>	18%	26%	20%	23%	17%	31%
Agree somewhat	<b>23%</b>	<b>30%</b>	19%	31%	21%	36%	20%	25%
Neither agree nor disagree	<b>28%sig</b>	<b>19%</b>	25%	18%	23%	15%	24%	17%
Disagree somewhat	<b>15%*</b>	<b>18%</b>	23%	19%	22%	18%	22%	19%
Disagree completely	<b>16%sig</b>	<b>7%</b>	14%	7%	13%	9%	17%	8%

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 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 – 21% to stable and 7% to volatile.

Slightly fewer retirees (64%) have not made any investment changes. A third of retirees (34%) have moved to more stable investments while only 2% have moved to volatile investments.

**Table 14**

“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

	2 Qtr 2010		1 Qtr 2010		4 Qtr 2009		3 Qtr 2009		2 Qtr 2009	
	Retiree	EE	Retiree	EE	Retiree	EE	Retiree	EE	Retiree	EE
Yes, I moved from more volatile to more stable investments.	<b>34%<sup>sig*</sup></b>	<b>21%</b>	28%	19%	28%	21%	26%	23%	25%	22%
Yes, I moved from more stable to more volatile investments.	<b>2%<sup>sig</sup></b>	<b>7%</b>	3%	7%	3%	8%	3%	5%	3%	6%
No, I have not made any changes.	<b>64%<sup>sig</sup></b>	<b>72%</b>	70%	74%	69%	71%	72%	72%	71%	71%
	N=417	N=979	N=516	N=906	N=470	N=941	N=448	N=990	N=419	N=1,038

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

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

## Economy’s Impact on Spending and Other Financial Behavior

When asked how the current economy has impacted their overall spending in the past two months, three out of five employees (61%) and slightly fewer retirees (55%) indicated they have reduced their spending to some degree. Moreover, about a third of employees (34%) and over a third of retirees (41%) said their spending has remained about the same in the past two months due to the economy. Please see Table 15 for details.

Of employees and retirees who have reduced their spending, the majority (79% of employees; 84% of retirees) intend to continue to spend less in the future regardless of economic conditions. Only 7% of employees and 2% of retirees indicated they would return to their previous spending habits. The remaining employees (14%) and retirees (13%) are not sure if they will continue to spend less in the future.

**Table 15**

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

Base: 1,133 employed U.S. adults in firms of 10-1,000 employees and 501 retirees

	2 Qtr 2010		1 Qtr 2010		4 Qtr 2009		3 Qtr 2009		2 Qtr 2009	
	Retiree	EE	Retiree	EE	Retiree	EE	Retiree	EE	Retiree	EE
I have greatly increased my overall spending	<1%	<1%	-	1%	1%	<1%	1%	1%	<1%	<1%
I have increased my overall spending a little	3%	4%	3%	4%	3%	2%	4%	6%	3%	3%
My overall spending is about the same	41%	34%	37%	32%	38%	32%	39%	35%	32%	28%
I have reduced my overall spending a little	28% <b>sig</b>	41%	29%	37%	33%	38%	36%	39%	36%	45%
I have greatly reduced my overall spending	27% <b>sig</b>	20% <b>SIG</b>	31%	27%	25%	28%	20%	20%	29%	23%
	N=501	N=1133	N=614	N=1067	N=602	N=1120	N=558	N=1147	N=509	N=1189

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

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

**Table 16**

"Will you continue to spend less in the future, regardless of economic conditions?"

Base: 696 employees and 284 retirees who have reduced their spending

	2 Qtr 2010	
	Retiree	EE
Yes, I will continue to spend less in the future	84%	79%
No, I will return to my previous spending habits in the future	2%	7%
Not sure	13%	14%
	N=284	N=696

Employees and retirees were asked if they have made certain changes due to current economic conditions. Over half of employees (52%) and retirees (55%) are preparing more meals at home instead of eating out. Lowering the thermostat at home was also commonly selected by over a third of employees (41%) and nearly half of retirees (47%). Nearly a third of employees (32%) indicated they have started bringing their lunch to work, while just about a quarter of both employees (23%) and retirees (24%) have bought in bulk. Nearly a quarter of employees (22%) and over a third of retirees (35%) have started to shop in their own closet instead of making new purchases. Employees and retirees are making other changes due to current economic conditions; please see Table 17 for further detail.

The overwhelming majority of both employees (98%) and retirees (99%) said they would continue to make some (45% of employees; 43% of retirees) or even all of these changes (53% of employees; 56% of retirees) in the future regardless of economic conditions.

**Table 17**

*“Have you made any of the following changes due to the economy? Please select all that apply.”*

Base: 1,133 employed U.S. adults in firms of 10-1,000 employees and 501 retirees

	2 Qtr 2010		4 Qtr 2009		2 Qtr 2009	
	Retiree	EE	Retiree	EE	Retiree	EE
Prepare more meals at home instead of eating out	<b>55%*</b>	<b>52%</b>	43%	56%	50%	61%
Lower the thermostat at home	<b>47%*</b>	<b>41%</b>	38%	39%	37%	38%
Started bringing my lunch to work	<b>N/A</b>	<b>32%</b>	N/A	34%	N/A	31%
Buy in bulk	<b>24%</b>	<b>23%</b>	21%	26%	20%	24%
Started to “shop in my own closet” instead of making new purchases	<b>35%sig*</b>	<b>22%SIG</b>	26%	27%	27%	30%
Shop at thrift/consignment stores	<b>29%sig</b>	<b>19%</b>	28%	22%	23%	16%
Cut back on take out coffee	<b>9%sig</b>	<b>18%</b>	10%	15%	10%	20%
Use my local library to check out books and videos	<b>19%sig</b>	<b>12%</b>	19%	11%	16%	13%
Started carpooling and/or taking public transportation to work	<b>3%</b>	<b>4%</b>	2%	5%	3%	5%
Other	<b>14%</b>	<b>10%SIG</b>	11%	6%	7%	8%
None	<b>25%*</b>	<b>21%</b>	32%	22%	30%	21%
	N=501	N=1133	N=602	N=1120	N=509	N=1189

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 retiree comparison

Note: Question wording was previously, “Have you made any of the following changes due to the current economic conditions? Please select all that apply.”

**Table 18**

*“Will you continue to make these changes in the future, regardless of economic conditions?”*

Base: 902 employed U.S. adults in firms of 10-1,000 employees and 384 retirees who have made at least one change

	2 Qtr 2010		4 Qtr 2009	
	Retiree	EE	Retiree	Employee
Yes, I will continue to make all changes	56%	53% <b>SIG</b>	59%	48%
Yes, I will continue to make some changes	43%	45% <b>SIG</b>	38%	50%
No	1%	2%	3%	3%

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

Note: Question wording was previously, “Will you continue to make these changes after the economic downturn comes to an end?”

Employees and retirees were asked what methods they have considered in order to lower their expenses. Around a third of employees (35%) and retirees have considered do-it-yourself home and property care instead of hiring outside help in order to lower their expenses. Another third of employees and retirees (34% of both groups) have considered delaying home improvement projects in order to lower their expenses. Another one in five employees and 16% of retirees have considered buying a more fuel efficient car in order to lower their expenses. Please see Table 19 for full detail.

Employees and retirees have also given themselves a financial check up in a number of ways in the past year due to the economy. Nearly three out of five employees (58%) and retirees (56%) have monitored their spending levels. Over a quarter of employees (28%) and a third of retirees (35%) have re-evaluated their investments in the past year due to the economy. Additionally, one in five employees (22%) and 18% of retirees have created a budget. Please see Table 20 for complete details.

**Table 19**

*“Given the recent economic crisis, what methods have you considered in order to lower your expenses? Please select all that apply.”*

Base: 1,133 employed U.S. adults in firms of 10-1,000 employees and 501 retirees

	2 Qtr 2010	
	Retiree	EE
Do-it-yourself home and property care (e.g., painting, lawn care, cleaning) instead of hiring outside help	33%	35%
Delaying home improvement projects	34%	34%
Buying a more fuel efficient car	16%	20%
Downsizing to a smaller home	7%	7%
Renting out a room in your home or getting a roommate	2%	5%
Other	9%	8%
None of the above	44% <b>sig</b>	35%

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

**Table 20**

*“In which of the following ways have you given yourself a financial check up in the past year due to the economy? Please select all that apply.”*

Base: 1,133 employed U.S. adults in firms of 10-1,000 employees and 501 retirees

	2 Qtr 2010	
	Retiree	EE
Monitored spending levels	56%	58%
Re-evaluated investments	35% <b>sig</b>	28%
Created a budget	18%	22%
Reviewed insurance policies	16%	16%
Purchased additional insurance	3%	4%
Other	5%	4%
None of the above	28%	23%

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

## Healthcare Reform

Over half of both employees (58%) and retirees (54%) think healthcare reform will have a direct impact on their personal health insurance costs. Around a quarter of employees (25%) and retirees (23%) are not sure if their personal health insurance costs will be impacted. Just about one in five employees (17%) and retirees (23%) do not think their health insurance costs will be affected by healthcare reform.

Of those who believe their healthcare costs will be affected by healthcare reform, 67% of employees and 69% of retirees think their costs will go up *significantly*. The vast majority of both employees (88%) and retirees (85%) believe their costs will go up to some degree. Only 13% of employees and 15% of retirees think healthcare reform will cause their personal healthcare costs to go down.

**Table 21**

*“Do you think healthcare reform will have a direct impact on your personal health insurance costs?”*

Base: 1,133 employed U.S. adults in firms of 10-1,000 employees and 501 retirees

	2 Qtr 2010		1 Qtr 2010	
	Retiree	EE	Retiree	EE
Yes	54%	58%	54%	55%
No	23%	17%	19%	18%
Not sure	23%	25%	28%	27%
	N=501	N=1,133	N=614	N=1,067

**Table 22**

*"How do you think your personal health insurance costs will be impacted by healthcare reform?"*

Base: 646 employed U.S. adults in firms of 10-1,000 employees and 291 retirees

	2 Qtr 2010		1 Qtr 2010	
	Retiree	EE	Retiree	EE
I think they will go up significantly	<b>69%*</b>	<b>67%</b>	79%	62%
I think they will go up slightly	<b>16%*</b>	<b>21%</b>	7%	20%
I think they will go down slightly	<b>8%</b>	<b>10%</b>	9%	13%
I think they will down significantly	<b>7%</b>	<b>3%</b>	5%	4%
	N=291	N=646	N=353	N=613

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

## Summer Vacation Plans

Employees and retirees were asked if the current state of the economy has influenced their summer vacation plans. Just about a third of retirees (35%) and two out of five employees have not changed their summer vacation plans. A third of employees (34%) and a fifth of retirees have altered their vacation plans to save money. Just over two out of five retirees (42%) and a quarter of employees were not planning to take a vacation this summer.

**Table 23**

*"Has the current state of the economy influenced your summer vacation plans?"*

Base: 1,133 employed U.S. adults in firms of 10-1,000 employees and 501 retirees

	2 Qtr 2010		2 Qtr 2009		2 Qtr 2008	
	Retiree	EE	Retiree	EE	Retiree	EE
I have drastically altered my summer vacation plans to save money	<b>10%</b>	<b>14%SIG</b>	10%	17%	13%	12%
I have slightly altered my summer vacation plans to save money	<b>10%sig*</b>	<b>20%</b>	14%	19%	9%	20%
I have not changed my summer vacation plans	<b>35%</b>	<b>40%SIG</b>	36%	32%	33%	37%
I have slightly altered my summer vacation plans to spend more money	<b>3%*</b>	<b>1%SIG</b>	1%	3%	2%	2%
I have drastically altered my summer vacation plans to spend more money	<b>&lt;1%</b>	<b>1%</b>	1%	1%	3%	2%
I was not planning to take a summer vacation this summer	<b>42%sig</b>	<b>25%</b>	38%	28%	40%	26%
	N=501	N= 1,133	N=509	N=1,189	N=673	N=1,117

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 retiree comparison

Employees and retirees were provided with a list of things that could potentially impact their summer vacation plans. For employees and retirees, rising fuel prices was the top fear that could potentially impact their summer vacation plans, selected by 42% of the employees and half of the retirees, both up significantly from 2<sup>nd</sup> quarter of 2009. Also of concern to both employees and retirees was having enough money saved for vacation (35% of employees; 31% of retirees). Thirty percent of employees are concerned that a job loss could impact their summer vacation plans.

**Table 24**

"Which of the following do you fear could potentially impact your summer vacation plans? Please select all that apply"

Base: 829 employed U.S. adults in firms of 10-1,000 employees and 323 retirees who plan to take a summer vacation

	2 Qtr 2010		2 Qtr 2009		2 Qtr 2008		2 Qtr 2007	
	Retiree	EE	Retiree	EE	Retiree	EE	Retiree	EE
Rising fuel prices	<b>50%*</b>	<b>42%SIG</b>	27%	33%	56%	57%	46%	47%
Having enough money saved for vacation	<b>31%</b>	<b>35%</b>	29%	37%	27%	35%	23%	47%
Loss of job	<b>N/A</b>	<b>30%SIG</b>	N/A	39%	N/A	23%	N/A	15%
Too busy at work	<b>N/A</b>	<b>21%</b>	N/A	21%	N/A	19%	N/A	38%
Airline delays/cancellations	<b>19%sig</b>	<b>12%SIG</b>	17%	8%	20%	20%	12%	11%
Job switch	<b>N/A</b>	<b>11%SIG</b>	N/A	7%	N/A	9%	N/A	12%
Other	<b>9%</b>	<b>5%</b>	13%	6%	9%	4%	7%	6%
I have no fear that anything will impact my summer vacation plans	<b>35%sig*</b>	<b>19%SIG</b>	42%	24%	28%	17%	40%	17%
	N=323	N=829	N=509	N=1,189	N=673	N=1,117	N=548	N=1,137

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 retiree comparison

Employees and retirees were asked how much they plan to spend on their summer vacation this year. Responses varied (please see Table 25 below for complete results) but 28% of employees and 22% of retirees intend to spend between \$751 and \$2500 this year for their summer vacation. One in five employees (22%) and 12% of retirees plan to spend \$500 or less on their summer vacation this year.

**Table 25**

"How much do you plan on spending on your summer vacation this year?"

Base: 1,133 employed U.S. adults in firms of 10-1,000 employees and 501 retirees

	2 Qtr 2010	
	Retiree	EE
\$100 or less	<b>2%</b>	<b>3%</b>
Between \$101 and \$200	<b>1%</b>	<b>3%</b>
Between \$201 and \$300	<b>3%</b>	<b>3%</b>
Between \$301 and \$400	<b>2%</b>	<b>5%</b>
Between \$401 and \$500	<b>4%</b>	<b>7%</b>
Between \$501 and \$750	<b>6%</b>	<b>8%</b>
Between \$751 and \$1,000	<b>10%</b>	<b>10%</b>
Between \$1,001 and \$2,500	<b>12%</b>	<b>18%</b>
Between \$2,501 and \$5,000	<b>8%</b>	<b>7%</b>
Above \$5,000	<b>3%</b>	<b>2%</b>
I do not plan on taking a vacation this summer.	<b>49%sig</b>	<b>35%</b>

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

## Tax Refunds

Around three fourths of employees (78%) and about half of retirees (49%) received a federal or state tax refund for 2009.

Over a third of employees (36%) and 40% of retirees saved or invested their refund. A third of employees (32%) and 16% of retirees have paid down or paid off short-term debts with their refund, while 21% of employees and 10% of retirees have paid down or paid off longer-term debts. Please see Table 27 for complete details.

**Table 26**

*“Did you receive a federal or state tax refund for 2009?”*

Base: 1,133 employed U.S. adults in firms of 10-1,000 employees and 501 retirees

	2 Qtr 2010	
	Retiree	EE
Yes	49% <b>sig</b>	78%
No	49% <b>sig</b>	20%
Not sure	2%	3%

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

**Table 27**

*“What did you do with your tax refund? Please select all that apply.”*

Base: 870 employed U.S. adults in firms of 10-1,000 employees and 288 retirees who received a 2009 tax refund

	2 Qtr 2010	
	Retiree	EE
Saved or invested the refund	40%	36%
Paid down or paid off short-term debts	16% <b>sig</b>	32%
Paid down or paid off longer-term debts	10% <b>sig</b>	21%
Spent on consumer products – clothing, electronics, etc.	7%	10%
Spent on travel	4%	6%
Spent on a big ticket item	3%	6%
Other	15%	11%
Not sure	1%	1%
Nothing; have not spent my tax refund yet.	19%	12%

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

## Life Insurance

Employees and retirees were provided a list and asked what they fear would set them back the most financially. The answer given most frequently by employees was loss of job (42%, down significantly from 2<sup>nd</sup> quarter 2009 when 48% of employees selected this), followed by large medical expense due to a serious illness or accident (20%). Forty five percent of retirees cited a large medical expense due to serious illness or accident as the thing they fear would set them back the most financially – a significant jump from this same period in 2009 when a third of retirees selected this as their top fear. Eleven percent of retirees are not sure which of the items listed would set them back most financially.

**Table 28**

*“What do you fear would set you back most financially?”*

Base: 1,133 employed U.S. adults in firms of 10-1,000 employees and 501 retirees

	2 Qtr 2010		2 Qtr 2009		2 Qtr 2008		3 Qtr 2007	
	Retiree	EE	Retiree	EE	Retiree	EE	Retiree	EE
Loss of job	<b>N/A</b>	<b>42%SIG</b>	N/A	48%	N/A	40%	N/A	41%
Large medical expense due to serious illness or accident	<b>45%sig*</b>	<b>20%</b>	33%	18%	26%	22%	37%	23%
Disability of spouse or self	<b>10%</b>	<b>11%</b>	12%	11%	10%	10%	9%	10%
Death of a spouse	<b>10%</b>	<b>8%</b>	8%	8%	10%	8%	12%	7%
Natural disaster	<b>9%sig</b>	<b>4%</b>	9%	3%	13%	5%	9%	3%
House fire	<b>6%*</b>	<b>4%</b>	10%	3%	7%	3%	5%	2%
Divorce	<b>2%</b>	<b>2%</b>	2%	3%	3%	3%	2%	2%
Totaling my car	<b>1%*</b>	<b>1%</b>	4%	1%	2%	3%	1%	2%
Other	<b>3%sig</b>	<b>1%</b>	4%	1%	8%	1%	6%	1%
None	<b>3%*</b>	<b>1%</b>	6%	1%	7%	2%	10%	1%
Not Sure	<b>11%sig</b>	<b>5%</b>	12%	4%	13%	4%	9%	7%
	N=501	N=1,133	N=509	N=1,189	N=673	N=1,117	N=554	N=1,214

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 retiree comparison

Employees were asked what they feel is an adequate amount of life insurance for themselves. Over one in five of the employees (22%) are not sure. Eight percent don't feel that they need any life insurance. Almost half (47%) feel they need two (18%) or five times (29%) their salary.

**Table 29***"What is an adequate amount of life insurance for you personally?"*

Base: 1,133 qualified employee respondents

	2 Qtr 2010	2 Qtr 2009	2 Qtr 2008	3 Qtr 2007
Two times my salary	18%	16%	14%	17%
Five times my salary	29%	29%	32%	28%
Ten times my salary	18%	18%	19%	16%
More than ten times my salary	6% <b>SIG</b>	10%	9%	7%
Not sure	22%	23%	22%	26%
None, I do not need life insurance	8% <b>SIG</b>	5%	4%	6%
	N=1,133	N=1,189	N=1,117	N=1,214

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

The majority of employees (82%) and two thirds of retirees (68%) have life insurance coverage on themselves. Of those respondents who have a spouse, three fourths of employees (76%) and two thirds of retirees (67%) have life insurance coverage on their spouse. Furthermore, of those respondents who have children, half of employees (50%) and three out of five retirees have life insurance coverage on their children.

Employees and retirees with life insurance coverage on themselves, their spouses or their children were asked if the life insurance coverage was provided / paid by their employer, sponsored by their employer or purchased individually. Of employees with life insurance coverage on themselves, 57% indicated they have coverage provided / paid by their employer, a quarter have coverage sponsored by their employer and 44% purchased individual life insurance coverage. Please see Table 31 which provides detail on the source of coverage for employees' spouses and children with life insurance coverage.

Of those retirees with life insurance coverage, 74% purchased the coverage individually, 23% have coverage provided / paid by their employer and 12% have coverage sponsored through their employer. Please see Table 32 below for complete details on the sources of coverage for retirees' spouses and children with life insurance coverage.

**Table 30***"Please indicate whether or not each of the following individuals has life insurance coverage?"*

Base: 1,133 employed U.S. adults in firms of 10-1,000 employees and 501 retirees

Percent with Life Insurance Coverage	2 Qtr 2010	
	Retiree	EE
Yourself	68% <b>sig</b>	82%
Your spouse (of respondents with a spouse)	67% <b>sig</b>	76%
Your child(ren) (of respondents with children)	60%	50%

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

**Table 31**

*“Was the life insurance provided and paid by your employer, sponsored by your employers (but paid by you) or purchased individually outside the worksite (e.g., through an agent or online)?”*

Base: 938 employed U.S. adults in firms of 10-1,000 employees with life insurance coverage

	2 Qtr 2010 - Employee		
	Provided / paid by employer	Sponsored by employer	Purchased individually
Yourself	57%	25%	44%
Your spouse	38%	26%	54%
Your child(ren)	20%	23%	65%

**Table 32**

*“Was the life insurance provided and paid by your employer, sponsored by your employers (but paid by you) or purchased individually outside the worksite (e.g., through an agent or online)?”*

Base: 350 retirees with life insurance coverage

	2 Qtr 2010 - Retiree		
	Provided / paid by employer	Sponsored by employer	Purchased individually
Yourself	23%	12%	74%
Your spouse	25%	12%	71%
Your child(ren)	16%	13%	75%

Those who own a life insurance policy on themselves were asked of their coverage intentions in the next six months. The vast majority of both retirees (88%) and employees (82%) intend to continue the same coverage amount that they currently have in the next six months.

**Table 33**

*“In the next six months, do you think you will increase or decrease the life insurance coverage you currently have, or keep the same coverage amount?”*

Base: 938 employed U.S. adults in firms of 10-1,000 employees and 350 retirees who own a life insurance policy

	2 Qtr 2010		2 Qtr 2009	
	Retiree	EE	Retiree	EE
Increase the coverage amount	4%	8%	2%	7%
Decrease the coverage amount	3%	2%	0%	2%
Continue the same coverage amount	88%	82%	90%	84%
Drop the coverage altogether	-	<1%	2%	<1%
Not sure	4%	7%	5%	6%
	N=350	N=938	N=262	N=621

Employees and retirees with life insurance coverage were asked to rate their confidence level in terms of having an adequate amount of life insurance coverage. About a quarter of both employees (25%) and retirees (24%) said they are somewhat unconfident they have an adequate amount of life insurance. Two out of five employees (42%) and just over a third of retirees (37%) said they are confident they have an adequate amount of life insurance. In addition, one in five employees and over a quarter of retirees (27%) said there are either very confident or extremely confident they have adequate life insurance coverage. Please see Table 34 for complete results.

**Table 34***"How confident are you that you have an adequate amount of life insurance?"*

Base: 938 employed U.S. adults in firms of 10-1,000 employees and 350 retirees who own a life insurance policy

	2 Qtr 2010	
	Retiree	EE
Extremely confident	12%	9%
Very confident	15%	11%
Confident	37%	42%
Somewhat unconfident	24%	25%
Not at all confident	12%	13%

When asked how often they see or communicate with the individual who services their life insurance policy, 31% of employees and 22% of retirees said at least once a year. About one in five employees (19%) and a quarter of retirees (24%) said they would like to communicate with the individual who services their life insurance policy when they request a policy change through the home office. Thirty eight percent of retirees and a quarter of employees reported they do not want to see or communicate with the individual who services their insurance policy.

**Table 35***"How often do you want to see or communicate with the individual who services your life insurance policy?"*

Base: 938 employed U.S. adults in firms of 10- 1,000 employees and 350 retirees who own a life insurance policy

	2 Qtr 2010	
	Retiree	EE
At least once a year	22% <b>sig</b>	31%
Every 2-3 years	9%	13%
When I request a policy change through the home office	24%	19%
When my family or I have a life event	2% <b>sig</b>	7%
Other	5%	4%
I do not want to see or communicate with the individual who services my life insurance policy	38% <b>sig</b>	25%
	N=350	N=938

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

## Updating Will

Employees and retirees were asked when the last time they updated their will was. Over half of employees (54%) and a quarter of retirees (28%) do not have a will. One in five retirees (22%) and 12% of employees said they have updated their will in the last 1-2 years. Another one in five or so retirees (19%) and 13% of employees said it has been 3-5 years since they last updated their will. Please see Table 36 below for complete details.

**Table 36**

*"When was the last time you updated your will?"*

Base: 1,133 employed U.S. adults in firms of 10- 1,000 employees and 501 retirees

	2 Qtr 2010	
	Retiree	EE
Within the last 1-2 years	<b>22%sig</b>	<b>12%</b>
Within the last 3-5 years	<b>19%sig</b>	<b>13%</b>
Within the last 6-10 years	<b>11%sig</b>	<b>6%</b>
More than 10 years ago	<b>9%</b>	<b>8%</b>
I have never updated my will	<b>10%</b>	<b>6%</b>
I do not have a will	<b>28%sig</b>	<b>54%</b>
	N=501	N=1,133

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

## Section II-Employee Only Questions

### Benefits Offered at Businesses with 10-1,000 employees

The top benefits offered at businesses with 10-1,000 employees are health insurance (92%), dental insurance (76%), defined contribution plans (66%), life insurance (65%) and free parking (60%).

In Table 37 below, comparisons can be made with four previous year's benefit offerings. Significance testing was done between this quarter's results and the most previous year's results. There are a few significant differences between responses from this most recent quarter and 2<sup>nd</sup> quarter 2009 – indicated with "SIG" below. A significantly larger portion of employees this quarter say they have tuition reimbursement, financial planning and stock options, while significantly fewer employees this quarter say they have a profit sharing / bonus plan compared to last year at this time.

**Table 37**

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

Base: 1,133 employed U.S. adults in firms of 10-1,000 employees

<b>Company Sponsored Primary Benefits</b>	<b>2 Qtr 2010</b>	<b>2 Qtr 2009</b>	<b>2 Qtr 2008</b>	<b>2 Qtr 2007</b>	<b>2 Qtr 2006</b>
Health Insurance	<b>92%</b>	91%	92%	93%	91%
Dental Insurance	<b>76%</b>	75%	71%	69%	N/A
Defined Contribution Plan	<b>66%</b>	65%	71%	74%	71%
Life Insurance	<b>65%</b>	62%	68%	66%	66%
Free Parking	<b>60%</b>	56%	60%	57%	59%
Disability Insurance	<b>39%</b>	42%	49%	45%	40%
Tuition Reimbursement	<b>28%SIG</b>	24%	29%	28%	26%
Defined Benefit Plan	<b>24%</b>	22%	21%	21%	18%
Flex Time	<b>22%</b>	20%	26%	27%	26%
Profit Sharing/Bonus	<b>16%SIG</b>	24%	22%	20%	20%
Financial Planning	<b>11%SIG</b>	8%	8%	7%	5%
Legal Services	<b>7%</b>	6%	7%	6%	6%
Stock Options	<b>7%SIG</b>	5%	8%	5%	9%
Executive Benefits	<b>5%</b>	5%	3%	2%	3%
Personal Banking Services	<b>5%</b>	4%	5%	5%	7%
Child Care Subsidies	<b>3%</b>	2%	3%	3%	3%
On-site Day Care	<b>2%</b>	2%	3%	1%	1%
Other	<b>6%SIG</b>	4%	8%	7%	6%

SIG – varies significantly (95% level) from previous 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%), defined contribution plan (58%) and life insurance (58%). In comparing this quarter's results with the previous year, satisfaction with life insurance (58%) is significantly higher than in 2<sup>nd</sup> quarter 2009 (52%).

**Table 38**

*“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 their satisfaction an 8, 9 or 10.

Base: varies by benefit offered by employer

Satisfaction with Benefit	2 Qtr 2010	2 Qtr 2009	2 Qtr 2008	2 Qtr 2007	2 Qtr 2006
Defined Benefit Plans (N=287)	<b>64%</b>	68%	67%	62%	66%
Defined Contribution Plans (N=743)	<b>58%</b>	53%	58%	56%	55%
Life Insurance (N=758)	<b>58%<u>SIG</u></b>	52%	53%	51%	51%
Profit Sharing/Bonus (N=177)	<b>57%</b>	56%	55%	48%	57%
Disability Insurance (N=489)	<b>56%</b>	57%	52%	44%	53%
Stock Options (N=47)	<b>52%</b>	42%	53%	39%	37%
Health Insurance (N=1044)	<b>49%</b>	47%	53%	50%	46%
Dental Insurance (N=885)	<b>49%</b>	48%	50%	46%	N/A

SIG – varies significantly (95% level) from previous 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.” Similar to 2009, the top three benefits rated as most important to employees are health insurance (88%), defined contribution plans (69%), and dental insurance (67%). The perceived importance of dental insurance, defined benefit plans and stock options increased significantly from importance levels reported in 2009. Please see Table 39 for complete results.

**Table 39**

"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 an 8, 9 or 10.

Base: 1,133 employed U.S. adults in firms of 10-1,000 employees

Benefits	2 Qtr 2010	2 Qtr 2009	2 Qtr 2008	2 Qtr 2007	2 Qtr 2006
Health Insurance	88%	86%	86%	88%	89%
Defined Contribution Plan	69%	71%	71%	74%	72%
Dental Insurance	67% <b>SIG</b>	63%	67%	70%	N/A
Defined Benefit Plan	58% <b>SIG</b>	48%	55%	55%	55%
Disability Insurance	51%	51%	52%	51%	55%
Life Insurance	46%	47%	50%	47%	49%
Profit Sharing/Bonus	35%	35%	43%	40%	43%
Stock Options	17% <b>SIG</b>	12%	21%	17%	20%

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

Employees were asked to identify what benefits they would most like their employer to offer, aside from those already offered. Defined benefit plans topped the list with 21%, followed by profit sharing/bonus (15%) and flex time-flexible work schedule (12%). These results are similar to those seen during the same period in 2009.

**Table 40**

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

Top 5 Benefits

Base: employees without certain benefits

Benefits	2 Qtr 2010	2 Qtr 2009	2 Qtr 2008	2 Qtr 2007	2 Qtr 2006
Defined Benefit Plan	21%	21%	24%	20%	23%
Profit Sharing/Bonus	15%	13%	15%	13%	14%
Flex Time- Flexible Work Schedule	12%	11%	14%	14%	11%
Tuition Reimbursement	6%	7%	5%	7%	6%
Disability Insurance	5%	5%	5%	5%	4%

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 mentioned were health insurance (40%) and defined contribution plans (16%). This has been consistent for the past four years. Please refer to Table 41 for additional detail.

**Table 41**

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

Base: 1,133 employed U.S. adults in firms of 10-1,000 employees

Benefits	2 Qtr 2010	2 Qtr 2009	2 Qtr 2008	2 Qtr 2007	2 Qtr 2006
Health Insurance	40%	44%	37%	40%	42%
Defined Contribution Plan	16%	14%	20%	17%	17%
Defined Benefit Plan	5%	5%	3%	4%	3%
Profit Sharing/Bonus Plan	4%	5%	4%	4%	4%
Life Insurance	3%	4%	5%	4%	3%

## Understanding Benefits

Half of employees (51%) agree either completely or somewhat that they have taken a greater interest in understanding their employee benefits they receive through their employer, given the economic environment in the last year.

**Table 42**

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

Base: 1,133 employed U.S. adults in firms of 10-1,000 employees

Percent Agreeing Completely or Somewhat	2 Qtr 2010
<i>"Given the economic environment in the last year, I have taken a greater interest in understanding my employee benefits that I receive through my employer."</i>	51%
	N=1,133

## Benefits for Recruiting & Retention

Firms with 10 to 1,000 employees offer employee benefits to aid in the recruiting and retaining of quality employees. To measure how employees react to the presence of good employee benefits, a series of agreement statements were asked.

Similar to this time in 2009, 61% of employees agree that having a good employee benefits plan encourages them to work harder and perform better.

Three out of five employees (61%) agree either completely or somewhat that having a good employee benefits plan keep them working for their current company – a result similar to that seen in 2<sup>nd</sup> quarter of 2009 (58%).

In addition, just under a quarter of employees (24%) agreed that their company is concerned about their long-term financial future, which is consistent with the percentage who agreed to this statement in 2009 (27%).

**Table 43**

*“Please indicate the extent to which you agree or disagree with the following statements...”*

Base: 1,133 employed U.S. adults in firms of 10-1,000 employees

<b>Percent Agreeing Completely or Somewhat</b>	<b>2 Qtr 2010</b>	<b>2 Qtr 2009</b>	<b>2 Qtr 2008</b>	<b>2 Qtr 2005</b>	<b>2 Qtr 2004</b>
<i>“Having a good employee benefits plan encourages me to work harder and perform better.”</i>	<b>61%</b>	62%	63%	68%	63%
<i>“Having a good employee benefits plan keeps me working for my current company.”</i>	<b>61%</b>	58%	63%	57%	62%
<i>“My company is concerned about my long-term financial future.”</i>	<b>24%</b>	27%	28%	24%	22%

## Defined Contribution Plans - Deferral Level

Eighty-two percent of employees who are eligible to participate in a defined contribution plan say they are currently participating, a finding similar to the percentage of employees who reported they are participating in 1st quarter of 2010 (85%).

Employees who are currently participating in their defined contribution plan were asked how they selected the amount they are currently contributing to their plan. Half of employees participating said they selected their current contribution level because it's what they can afford to contribute. Another quarter or so (27%) said they contribute enough to receive their employer's match. Less than 10% of employees participating indicated their contribution amount was recommended by someone else – their advisor, employer or another individual. Please see Table 45 below for complete results.

**Table 44**

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

Base: 743 employed U.S. adults in firms of 10-1,000 employees who are eligible to participate

	2 Qtr 2010	1 Qtr 2010	4 Qtr 2009	3 Qtr 2009	3 Qtr 2008
Yes	82%	85%	81%	81%	81%
No	18%	15%	19%	19%	19%
	N =743	N=734	N=720	N=737	N=964

**Table 45**

*"How did you select the amount you are currently contributing to your defined contribution plan?"*

Base: 618 employed U.S. adults in firms of 10-1,000 employees who are participating in a defined contribution plan

	2 Qtr 2010
It's what I can afford to contribute	50%
I contribute enough to receive the employer match	27%
I completed a calculation that told me what I needed for retirement	8%
Amount was recommended by my advisor	4%
Amount was recommended by employer	3%
Amount is based on the example presented at the enrollment meeting / in the enrollment book	2%
Amount was recommended by someone else	2%
Not sure	3%
I am not currently participating in a retirement savings plan.	1%

## Job Security

Job security was ranked number one in terms of importance by more employees (51%), over long-term financial future (39%) and challenging work (11%). These rankings are similar to those obtained from employees at this same time in 2009.

**Table 46**

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

Base: 1,133 employed U.S. adults in firms of 10-1,000 employees

<b>Respondent Ranked Item #1</b>	<b>2 Qtr 2010</b>	<b>2 Qtr 2009</b>	<b>2 Qtr 2008</b>	<b>2 Qtr 2007</b>	<b>4 Qtr 2006</b>
Job Security	<b>51%</b>	54%	47%	39%	45%
Long-Term Financial Future	<b>39%</b>	36%	41%	49%	41%
Challenging Work	<b>11%</b>	10%	12%	12%	14%
	N = 1,133	N=1,189	N=1,117	N=1,137	N=1,197