



July 24, 2007

Office of Regulations and Interpretations  
Employee Benefits Security Administration  
Room N-5669  
U.S. Department of Labor  
Washington, D.C. 20210

Attention: Fee and Expense Disclosures

To Whom It May Concern:

AARP is writing in response to the Employee Benefits Security Administration's (EBSA) request for information on Fee and Expense Disclosures to Participants in Individual Account Plans. AARP advocates for policies that enhance and protect the economic security of individuals as they move from work to retirement. This is important to AARP because approximately 45 percent of our more than 38 million members are working.

The Employee Retirement Income Security Act's (ERISA) pension protections, and the ability to enforce those protections, are of vital concern to workers and retirees because the quality of their lives before and during retirement depends upon the safety and adequacy of their pension benefits. AARP and its members have a substantial interest in ensuring that participants receive timely, accurate, and informative disclosures from their 401(k)s and other individual account plans. Clear information is essential for making informed decisions, understanding how the plan operates and preparing for retirement. It also serves as a resource for participants to enforce their rights, if that becomes necessary.

AARP's own survey results of 401(k) plan participants on fee and investment disclosure echo those of other surveys indicating that more needs to be done overall to improve information provided to individuals. AARP recommends that EBSA strengthen the §404(c) regulations' requirements for investment, fees and expenses disclosure. Where needed, EBSA should draft new rules to require fiduciaries, such as plan administrators, to provide employees eligible for an individual account plan with timely, comprehensive and understandable information about the plan's investment options as well as associated fees and expenses. Summaries should be provided to participants with information about how to obtain full information from the plan. Enhanced disclosure should apply to

all individual account plans, whether or not they are participant directed.<sup>1</sup> AARP recommends requiring the information be provided at the time the employees become eligible to participate or are automatically enrolled in the plan. Once participation begins, the information should be provided with all statutorily required individual benefit statements. To the extent that the information is provided electronically, a paper copy should be made available free of charge on request.

## **WHAT AARP'S SURVEY TELLS US**

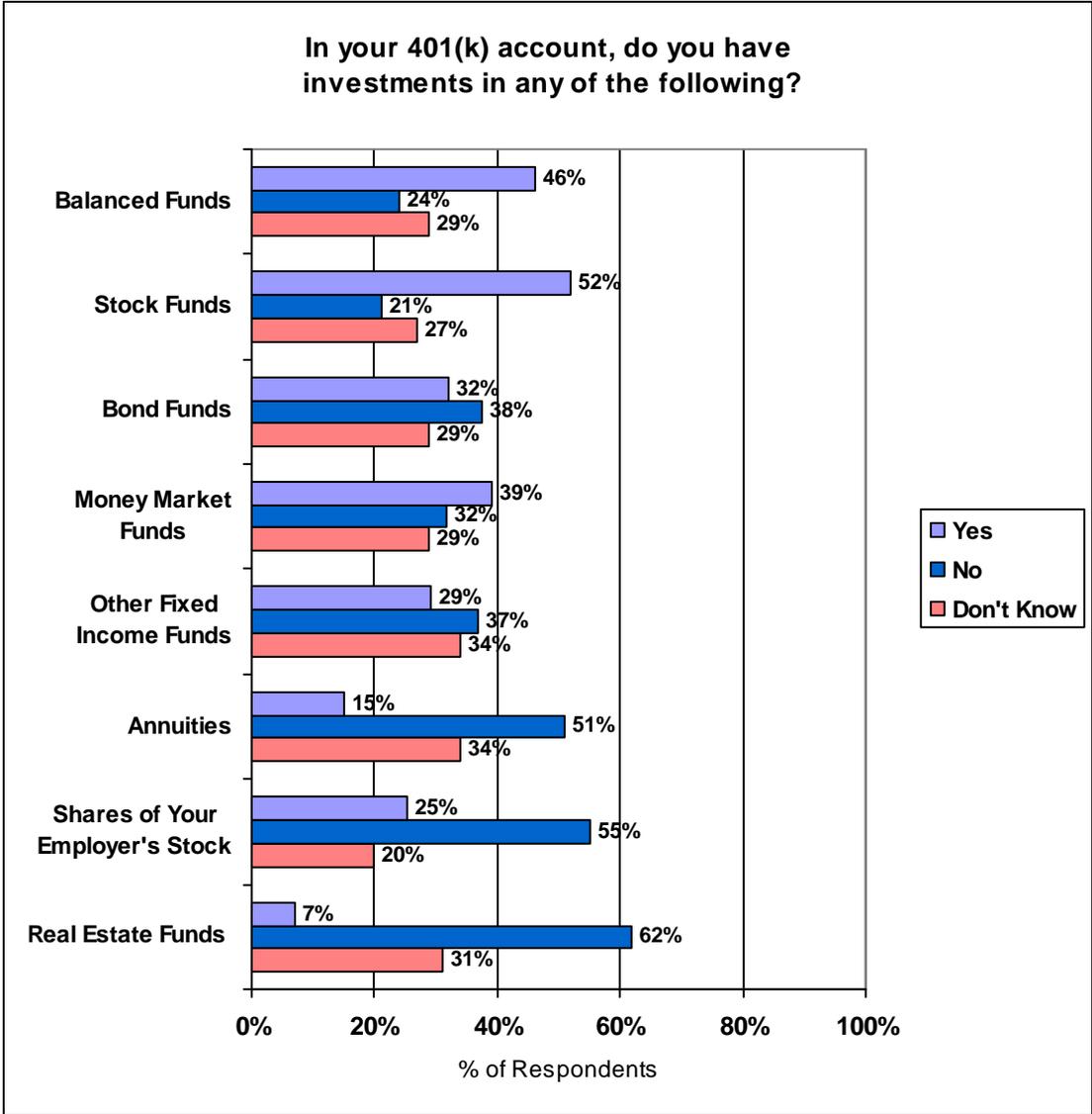
Participants in 401(k) plans often find the investment choices their plans offer, as well as the fees and expenses associated with them, incomplete and confusing. AARP recently surveyed 1,584 401(k) participants to gauge their understanding of the fees they pay, and the factors they consider in selecting the investments offered by their plans. The report, "401(k) Participants' Awareness and Understanding of Fees, July 2007," will be provided with these comments. The survey results indicated that typical participants do not know that they are charged fees by their 401(k) plan, and are confused as to the amount, or type, of fees they may be paying. Fee information is important to those surveyed when making decisions about the investments for the 401(k) plans. The AARP survey points to a need for more investment education overall, including better information about plans' fees and expenses.

### **Understanding Investment Options**

AARP's survey indicates that 401(k) participants may not always have a clear grasp of the investment options offered by their plans or what they are invested in. When asked if they know the names of all the funds in which they have money invested through the 401(k), almost 65% of survey respondents said no. When types of investments were described, survey respondents did not always know whether they had money in that investment. For example, when asked whether their investments included certain kinds of funds, 27% did not know whether their plan offered a stock fund and about as many, 29%, did not know whether their plan had a bond fund. The survey's results suggest that participants may benefit from additional information about the investment options in the plan.

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<sup>1</sup> AARP recommendations apply to all individual account plans, including 401(k) plans. In some instances the comments only identify 401(k) plans. This is done for the sake of simplicity and because 401(k) plans are such a large and recognizable class of individual account plan.



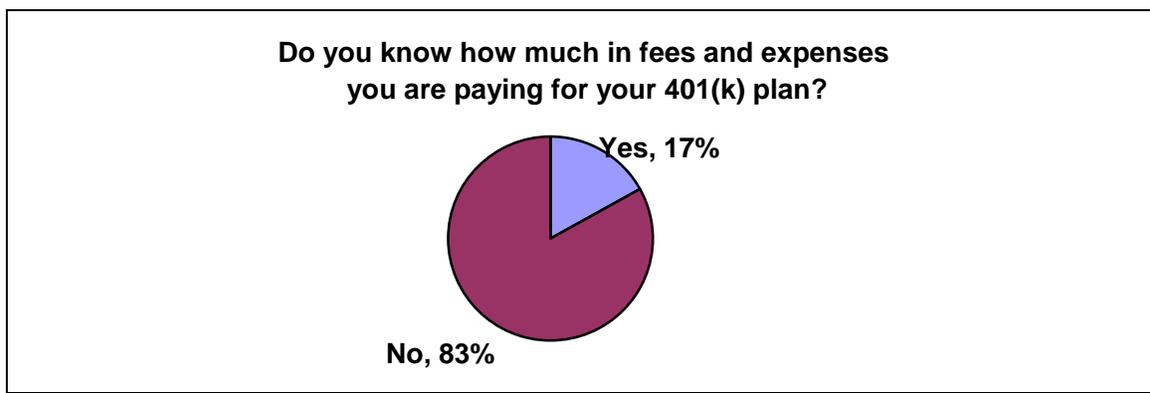
**Base:** All 1,584 respondents. Chart does not display the small percentage (1% or less) of respondents who refused to answer each part of this question.

When asked about the sources of information used to make investment decisions, 57% of respondents who make investment decisions for their 401(k) indicate they refer to a summary of the plan’s investment choices. Other sources include prospectuses (34%) and research analysts’ recommendations (22%), financial articles (17%), and televised financial broadcasts (14%). The fact that more than half of the respondents consulted the plan summary investment materials helps emphasize the importance of plan-provided summary information.

## Understanding Fees and Expenses

Many 401(k) participants lack basic knowledge of the fees associated with their plan. When asked whether they pay any fees for the 401(k) plan, less than one-fifth (17%) said they do pay fees. Almost two-thirds responded that they do not pay fees (65%) and 18% stated that they do not know.

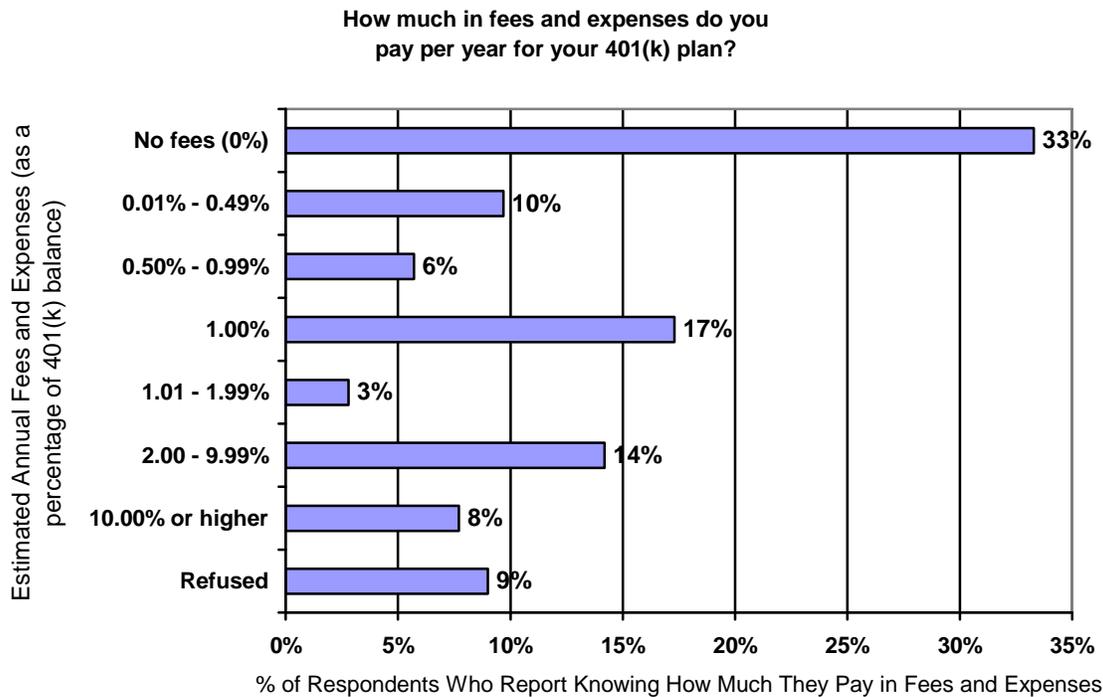
When told that 401(k) providers often charge fees for administering the plans and that the fees may be paid by the employer as a sponsor or by the participants in the plan, 83% of those surveyed acknowledged that they do not know how much they pay in fees, while 17% said they did.



**Base:** All 1,584 respondents.

Respondents were questioned in some detail about the kinds of fees that may be charged for mutual funds and other types of investments. The answers indicate that 401(k) participants do not necessarily understand what types of fees their plans are charging. For example, when asked whether their 401(k) plan charged an administrative fee, 24% said yes, 21% said no, and 55% replied that they did not know. A similar question was posed about redemption fees. Seven percent of the survey respondents said they were charged a redemption fee, but 27% replied that they were not and 65% did not know.

When participants were provided possible definitions of an administrative and a redemption fee, 51% of the respondents correctly identified the administrative fee and 38% correctly identified the redemption fee. Approximately one third (37%) stated they did not know which statement correctly identified an administrative fee and more than half (55%) said they did not know which statement correctly identified a redemption fee.



**Base:** Respondents who reported that they know how much in fees and expenses they pay for their 401(k) plan. (n=317)

Fifty-five percent (55%) of the survey respondents indicated that they had a good understanding of how fees can affect retirement savings in the long term. When asked whether they wished they had a **better** understanding of the long term effect of fees, about three in four (74%) of those surveyed indicated they wish they did. This suggests that survey respondents would like to feel more confident of their grasp of how fees affect their retirement savings. Responses to questions about the difference of 1% in annual fees for an investment indicated that those surveyed instinctively understand that a small percentage difference could have a big impact on their accounts. This suggests that impact information would help provide 401(k) participants with a good resource to evaluate the plan's investment choices.

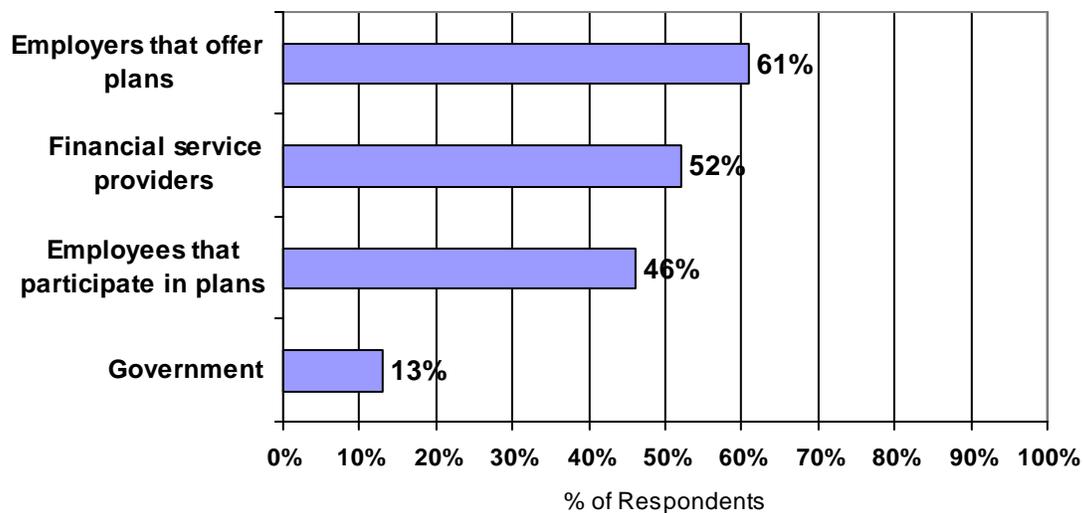
### **COMMENTS ON PLAN INVESTMENTS, FEES AND EXPENSES**

The AARP survey underscores the need for simpler and clearer plan information. EBSA should strengthen existing rules under §404(c) of ERISA and propose additional rules, where necessary, for individual account plans that are not participant directed. This would ensure that participants have the facts they need to make informed decisions about the investment of their individual accounts including related fees and expenses.

AARP recommends that EBSA strengthen rules to require fiduciaries, specifically plan administrators, to disclose investment options and related fees to 401(k) participants. When an individual account plan is designated as a §404(c) plan (structured to allow participants to exercise investment control over the assets in their accounts), the fiduciaries still have a duty to choose the investments prudently and monitor the prudence of the options once chosen. In addition, fiduciaries must provide participants with sufficient information to make informed decisions in selecting among the investment alternatives offered under the plan. The plan fiduciary should ensure that the plan, or the plan’s financial provider, gives the information to participants.

Participants look to plan administrators to provide plan investment and fee disclosures. When asked who should be responsible for ensuring that participants have a clear understanding of the fees charged by 401(k) plans, 61% of AARP survey respondents said employers, 52% replied financial services companies that manage 401(k) plans and 46% responded employees that participate in plans.

**Who do you think should be responsible for ensuring that people, such as yourself, who participate in 401(k) plans have a clear understanding of the fees charged by 401(k) plans?**



Base: All 1,584 respondents.

### **Investment Options**

EBSA should require a more specific description of the investment than current law requires. Not only should the regulation require an explanation of the investment objectives, expected risk, volatility and return, it should also state how the investment is structured to meet its objectives. The description should

specify whether the fund is actively or passively managed. It should also provide the aggregate expense ratio and total rate of return. The expense ratio should be defined plainly (e.g., “fees and expenses you are paying”) and should be stated in terms of dollar cost per \$1,000 of investment as well as in the form of a ratio.

Any changes to §404(c) regulations should require the plan fiduciaries to inform participants whether the plan must, by its terms, offer employer stock as an investment option. When a plan document contains a provision requiring that employer stock be included in the investment choices, fiduciaries must offer it regardless of whether a better option is available. Stating that the plan requires employer stock as an investment option, and that investment in employer stock should be consistent with the need to diversify {as required under ERISA §101(m) as amended by the Pension Protection Act of 2006 §507(a)} would clarify why employer stock is among the available choices. And, it may help participants choose investments that reflect their personal goals, rather than reflect a value judgment about return or risk associated with the employer stock.

## **Fees and Expenses**

In general, participants have a right to receive fee and expense information about their individual account plans so participants know whether and to what extent there is a cost. In order to understand and evaluate their investment choices in a 401(k) plan, participants need information on the total costs of buying, owning and selling. EBSA should require that cost information include the investment fees and expenses associated with each option, their long-term effects on account balances, as well as the risk and historical performance associated with each investment. EBSA should also ensure that each applicable fee, expense, assessment or charge to the participant’s account will be fully available to participants even if a summary of that information is provided to participants. The kinds of fees include, but are not limited to:

- Sales charges/front-end loads for each share class of a mutual fund investment option that is offered to participants;
- 12(b)(1) fees;
- Ongoing asset based sales charges;
- Back end loads/deferred sales charges;
- Volume based discounts on share purchase fees;
- All revenue sharing arrangements;
- Account set-up fees;
- Termination fees;
- Special transaction fees, including but not limited to fees concerning loans, distributions, QDRO’s, stock purchases, bond purchases and redemptions;
- Annual account maintenance fees;
- Management fees;

- Administrative costs such as recordkeeping, maintenance of shareholder records, and furnishing of shareholder statements and financial reports;
- Auditing, accounting and legal fees;
- Trustees' fees.

Investment fees may be even more difficult to uncover when a plan sponsor uses a bundled service arrangement. In bundled service arrangements, a provider sells a range of services directly or through subcontractors. This type of fee arrangement highlights the need for adequate and full fee disclosure. EBSA should consider adopting rules to require disclosure of a bundled service arrangement and how it affects the participants' accounts.

In addition, participants should be advised what triggers the fees. EBSA should require information about whether a fee is ongoing or whether it is triggered by a transaction or event. This would allow for more accurate weighing of an investment's costs. Finally, if the plan sponsor pays the fees, AARP suggests communicating that to participants. Participants would have a clearer understanding that the plan has costs no matter who pays for them. They may also gain a greater appreciation for the plan the employer has provided.

AARP recommends that information on an investment's fees also demonstrate how they will affect the participant's account balance over time. Participants need to know how fees and expenses of an investment compare with others offered by the plan as well as similar investments in the market. The Government Accountability Office (GAO) recently suggested that participants be provided the expense ratio for each investment as an effective way to compare fees, especially within the context of the investment's risk and historical performance.<sup>2</sup>

AARP recommends that EBSA add requirements to disclose fees and investment information before participation (including becoming automatically enrolled) so participants can make informed investment decisions. EBSA should also require that current fee and investment information be provided under the rules pertaining to periodic benefit statements that must now be provided to individual account plan participants under the Pension Protection Act of 2006.

AARP's survey results confirm this recommendation. Sixty-one percent of respondents in the AARP survey said that they would like to receive fee information before they choose the investments and the same percentage (61%) would like to receive it on a regular basis thereafter. Just over one third (36%) would like to receive fee information whenever fees change.

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<sup>2</sup> *Changes Needed to Provide 401(k) Plan Participants and the Department of Labor Better Information*, GAO-07-21 (November 2006).

## Format and Content of Disclosures

To be effective, investment and fee disclosures should be short, easy to read and provide meaningful information. Various industry trade groups have conducted focus group studies to gauge individuals' reactions to fee and investment disclosures. Studies conducted by the Investment Company Institute (ICI)<sup>3</sup>, the American Council of Life Insurers (ACLI)<sup>4</sup>, and the best practices guide of the Association for Financial Professionals (AFP)<sup>5</sup>, have all shown a preference for shorter disclosure documents with summarized information. Disclosure forms for participants should be clear and concise, as well. The disclosure form should direct plan participants to how they may obtain more detailed information from the plan administrator on the investment options, fees and expenses under the plan. Both ICI and ACLI have conducted focus group studies showing a consumer preference for this method of disclosure.

In its Best Practices guide for defined contribution plans, AFP's Committee on Investment of Employee Benefit Assets offers a chart with columns listing the fees being charged, the fee totals, and a total estimated annual cost per \$1,000.<sup>6</sup> Including a chart in a disclosure form may help to present comprehensive information in a way that allows for the easy comparison of investment alternatives. And, where possible, a graphic presentation showing the effects of the difference in investment fees over time would be helpful. Many people find graphic presentations easy to understand and the differences, while appearing small; can have a significant effect on a participant's earnings over a lifetime.

It is imperative that the disclosure form be written in simple language. All too frequently, prospectuses and other information summarizing the plan participant's investment options are written using terms of art that are not explained for the general public. Writing in plain language would make the disclosure far more meaningful.

A mutual fund prospectus generally does have information about fees related to the fund (or funds) that the prospectus describes. The problem is that there is so much material (sometimes over 50 pages' worth) that it can be difficult to find specific items - especially fee information. Mutual fund point of sale disclosures may address some 401(k) fee disclosure issues, but they are not tailored to a

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<sup>3</sup> Sandra West and Victoria Leonard-Chambers, *Understanding Investor Preferences for Mutual Fund Information*, Investment Company Institute (2006).

<sup>4</sup> American Council of Life Insurers and NAVA, Inc., *Annuity Disclosure Templates: Guidelines and Instructions for Life Insurers on How to Prepare Disclosure Documents for Fixed, Index, and Variable Annuities* (2007).

<sup>5</sup> Committee on Investment of Employee Benefit Assets, Association for Financial Professionals, *Defined Contribution Fee Disclosure Best Practices* (June 2007).

<sup>6</sup> Committee on Investment of Employee Benefit Assets, Association for Financial Professionals, *Defined Contribution Fee Disclosure Best Practices* (June 2007), pp. 6-8.

401(k) plan. Point of sale disclosures are written for individual investors who go directly to an investment source such as a mutual fund company, to purchase shares in a fund.

### **Communicating Plan Investments and Fee Disclosures.**

The availability of the Internet can make disclosure effective, simple and inexpensive, if plan administrators send required disclosures directly to participants and post fee information specific to the plan in a central location.

The Internet should not be the sole means of communication, however. Plans that use the Internet to send notices should also make paper documents available. Although the use of computers and the Internet may seem universal, just 66% of adults have a computer at home and 59% (89% of computerized homes) have access to the Internet. Fifty-six percent of adults use a computer at work, and 42% (75% of those working with computers) have access to the Internet on the job.<sup>7</sup>

Participants in 401(k) plans want access to fee information on paper. When asked how they would like to receive information about fees, 77% of the AARP survey respondents said they would like it on paper<sup>8</sup>. Significantly fewer participants expressed an interest in receiving fee information via the Internet (30%), in person at a group meeting (24%), or at a one-on-one, in-person counseling session (23%). While the survey shows some overlap in how people prefer to receive information about their 401(k) plans, the overwhelming majority prefer that the information be in paper form.

In some situations, paper may represent the most practical method to communicate – especially if a participant is asked to take an action based on the fee disclosure (such as acknowledging it). A written document can serve as a record of the action and can contain unique identifying information such as an individual's signature. An electronic means may not be set up to do so.

AARP recommends that EBSA establish standards for providing fee disclosure electronically for each plan in a central location. Regulatory guidance relating to electronic plan communications should satisfy the requirement of §104(d)(1) of the Electronic Signatures in Global and National Commerce Act (ESIGN) that any exemption from ESIGN's consumer consent requirements "not increase the material risk of harm to consumers."<sup>9</sup> AARP recommends further that EBSA consider adopting requirements parallel to those issued by the IRS on notices

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<sup>7</sup> Census Bureau, *Computer and Internet Use in the United States: 2003*, (October 2005).

<sup>8</sup> The question allowed multiple responses.

<sup>9</sup> 15 U.S.C. 7001, P.L. 106-229.

using new technologies because they provide protections to participants and allow for access to paper copies of disclosures.<sup>10</sup>

### **Recommended Changes to the §404(c) Regulations on Fees and Expenses**

In addition to the recommendations that AARP has made for strengthening investment, fee and expense disclosure under §404(c), AARP has two recommendations to strengthen enforcement that would require modifying the §404(c) regulations or possibly legislative action. The recommendations are intended to meet the standard for deference to EBSA's interpretation of §404(c) and to clarify that if a fiduciary commits a breach of duty in selecting and monitoring investments under §404, participants cannot legally exercise effective control over their plan assets in an individual account plan.

ERISA provides that plan fiduciaries shall prudently carry out their duties for the exclusive benefit of participants and beneficiaries. ERISA §§ 404(a)(1)(A) & (B). However, plan fiduciaries of individual account plans can be relieved of some liability for breach of fiduciary duty when the plan provides for participants to exercise control of the assets in the account. ERISA §404(c). In 1992, EBSA issued regulations establishing standards for relief along with a preamble explaining its reasoning. 29 CFR § 2550.404c-1; 57 Fed. Reg. 46,909 (Oct. 13, 1992). In general, fiduciaries must give participants a description of the plan's investment alternatives, their objectives and risk/return characteristics. Plan fiduciaries must also provide information about all transaction fees and expenses that may affect the participant's account balance. 29 CFR §§ 2550.404c-1(b)(2)(B)(1)(ii) & 1(b)(2)(B)(1)(v).

Some courts have not deferred to EBSA's interpretation of the §404(c) regulation in several significant decisions, leaving participants with a much lower level of protection. For example, in *Jenkins v. Yaeger*, 444 F.3d 916 (7th Cir. 2006), the Seventh Circuit held that §404(c) is not the exclusive method of creating a participant-directed exception to the rule concerning delegation of fiduciary authority. *Jenkins* indicates that the courts have not accepted the fact that §404(c) is an affirmative defense and all provisions of the regulation must be met. In *Langbecker v. EDS*, 476 F.3d 299, 307 (5th Cir. 2007), the Fifth Circuit rejected EBSA's view (stated in both the regulation's preamble and DOL briefs), that §404(c) provided monetary relief for losses caused by the imprudent decision to offer a poor investment option. As a consequence, participants in 404(c) plans have little protection from a menu of poor investment choices.

AARP is concerned that if the current trend of decisions continues, then participants may have no recourse for a challenge to a fiduciary's bad selection of investments. EBSA should amend the §404(c) regulations to ensure that they

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<sup>10</sup> *Use of Electronic Media for Providing Employee Benefit Notices and Transmitting Employee Benefit Elections and Consents*, 71. Fed. Reg. 61877.

will meet the standard of *Chevron v. Natural Resources Defense Council*, 467 U.S. 837, for deference to EBSA's construction of ERISA fiduciary provisions and §404(c).

In addition, AARP recommends that EBSA clarify that participants cannot legally exercise effective control over their plan assets when plan fiduciaries have breached their duties in the selection and/or monitoring of defined contribution plans, including 401(k) investment choices. If EBSA fails to do so, courts may conclude that EBSA has acquiesced to the decisions on this issue, and future decisions may undercut its enforcement efforts. AARP recognizes that ultimately legislation may be necessary to clarify the extent of EBSA's regulatory authority, or to explicitly overrule these cases.

## **Conclusion**

AARP applauds the steps that EBSA has taken to identify what can be done to strengthen investment and fee disclosures to 401(k) participants. EBSA solicited information from groups with direct experience--participants, plan sponsors, and service providers--about what is needed and how it can be effectively communicated. AARP also looked to individuals with direct experience for their observations. The results of AARP's survey of 401(k) participants illustrate the need for clear investment and fee information.

AARP recommends that EBSA draft regulations to require plan fiduciaries to provide comprehensive, readable disclosures on plan investments, fees and expenses to **all** 401(k) participants when they enroll in the plan and on a regular basis thereafter. AARP also recommends two changes to the §404(c) regulations to strengthen enforcement. Together, the suggested changes would provide participants with greater resources to make informed decisions; help plan fiduciaries gain a better understanding of plan costs and more effectively carry out their responsibilities; and provide EBSA with additional enforcement tools.

AARP appreciates the opportunity to respond to the request for information on Fee and Expense Disclosures to Participants in Individual Account Plans. For more information, please do not hesitate to contact Amy Shannon at 202/434-3768.

Sincerely,



David Certner  
Legislative Counsel and  
Director of Legislative Policy  
Government Relations and Advocacy



# **401(k) PARTICIPANTS' AWARENESS AND UNDERSTANDING OF FEES**

**JULY 2007**

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AARP collected the data for this study through an online survey administered by Knowledge Networks of Menlo Park, California. Thanks go to the following AARP staff members who provided input for this study: Michael Herndon, Clare Hushbeck, Evelyn Morton, Mitja Ng-Baumhackl, Shaun O'Brien, Jo Reed, Sara Rix, Amy Shannon, Mary Ellen Signorille, Nancy Smith, Jay Sternberg, Jay Sushelsky, Colette Thayer, Frank Toohey, and Ryan Wilson. The report was prepared by S. Kathi Brown, AARP Strategic Issues Research. For additional information, contact S. Kathi Brown at (202) 434-6296.

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## **I. EXECUTIVE SUMMARY AND IMPLICATIONS**

Many 401(k) participants lack basic knowledge of the fees associated with their plans even though nearly eight in ten (79%) plan participants who make decisions about their 401(k) investments noted that fees are an important consideration in their decisions. For example, more than eight in ten (83%) participants acknowledged that they actually do not know how much they pay in fees and expenses associated with their own plan. Additionally, more than half (54%) of participants do not feel knowledgeable about the impact that fees can have on their retirement savings.

Despite the lack of knowledge about fees, many respondents do appear to sense that fees can have a significant effect on their returns. Specifically, when asked to choose between two different funds that were described as identical with the exception of the expense ratio, the majority of respondents selected the fund with the lower expense ratio. Furthermore, the majority express a desire to have a better understanding of the long-term impact of fees.

Respondents report a preference for receiving information about fees on paper rather than electronically or over the phone and express an interest in receiving this information both before they choose their 401(k) investments as well as on a regular basis thereafter. When asked who should be *most* responsible for ensuring that participants understand fees charged by plans, 401(k) plan participants are most likely to identify employers that sponsor plans (36%) followed by the financial services companies that administer the plans (32%) and 401(k) participants themselves (28%).

### **Implications**

401(k) participants appear to understand that fees should be an important consideration in their investment decisions and that fees have the potential to affect their return on investment. However, the lack of knowledge about fees coupled with the expressed desire for a better understanding of fees points to a need to ensure that information about plan fees is distributed regularly and in plain English to current and prospective plan participants. AARP recommends that fee information be presented in a chart or graph that depicts the effect that the total annual fees and expenses can have on a participant's account balance in a year as well as over the long term. Including such information about fees may help current and prospective plan participants make better choices about their investments.

Furthermore, in-person financial education may also add to the value of written information as demonstrated by the fact that approximately one in four survey respondents expressed an interest in receiving fee information either in a group information session or in a one-on-one counseling session. Finally, any fee information provided in writing should also direct plan participants to how they may obtain more detailed information on their investment options and fees.

## II. BACKGROUND AND METHODOLOGY

In recent years, 401(k) retirement savings plans and other defined contribution plans have become increasingly common. According to a recent study, the number of participants in 401(k) plans grew from under 8 million in the mid-1980s to approximately 47 million by 2005, and the amount invested in these plans grew from less than \$100 billion to over \$2 trillion over the same period.<sup>1</sup> Furthermore, more than 60 percent of workers with pension coverage in 2003 had *only* a 401(k) plan or other defined contribution plan, which suggests that worker reliance on defined contribution plans has increased considerably since 1981 when just under 20 percent of workers with pension coverage had only a 401(k) plan or other defined contribution plan.<sup>2</sup> Moreover, roughly 87 percent of all 401(k) plans-- covering 92 percent of all 401(k) plan participants-- are participant-directed, meaning that the participant makes decisions about his or her contributions to the plan.<sup>3</sup>

In light of the prevalence of 401(k) plans and the critical role that 401(k) plans can play in an individual's retirement security, AARP commissioned a nationally representative survey of 1,584 401(k) plan participants ages 25 and older in order to gauge awareness and knowledge of fees and expenses charged by 401(k) plan providers. The survey was fielded from June 8<sup>th</sup> through June 24<sup>th</sup>, 2007 by Knowledge Networks of Menlo Park, California, to members of its nationally representative online panel.

The overall sample was designed to be nationally representative of 401(k) plan participants age 25 and older. In order to achieve this representation of 401(k) plan participants ages 25+, the sample was first weighted by gender, age, race/ethnicity, education, census region, and metropolitan area using benchmark data for adults ages 25 and older from the U.S. Census Bureau's Current Population Survey (CPS). Because survey respondents were screened to eliminate those who do not have a 401(k) plan, the initial weighting to CPS benchmarks also results in sample demographics that correctly reflect the age distribution of 401(k) plan participants ages 25 and older. Screening data rather than data from other sources, such as the CPS, were used to obtain benchmarks for 401(k) participants ages 25 and older due to the lack of suitable demographic benchmarks from other sources for individuals who participate in 401(k) plans.

Due to AARP's particular interest in the population ages 50+, the survey includes an oversample of plan participants ages 50 and older. However the overall sample has been adjusted through weighting to be representative of 401(k) plan participants ages 25 and older as noted above. Therefore, although the unweighted sample includes 758 respondents ages 25 to 49 and 826

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<sup>1</sup> See Sara Holden and Jack VanDerhei, "401(k) Plan Asset Allocation, Account Balances, and Loan Activity in 2005," *Research Perspective*, vol. 12, no. 1 (2006), as cited in Government Accountability Office, *Private Pensions: Changes Needed to Provide 401(k) Plan Participants and the Department of Labor Better Information on Fees* (Nov. 2006).

<sup>2</sup> Center for Retirement Research at Boston College, *The State of Private Pensions: Current 5500 Data*, (February 2006). [http://www.bc.edu/centers/crr/ib\\_42.shtml](http://www.bc.edu/centers/crr/ib_42.shtml)

<sup>3</sup> Government Accountability Office, *Private Pensions: Changes Needed to Provide 401(k) Plan Participants and the Department of Labor Better Information on Fees* (Nov. 2006).

respondents ages 50 and older, the weighting that was applied to make the sample representative of 401(k) plan participants ages 25+ effectively reduces the respondents ages 50+ to 36 percent of the sample and ensures that the overall sample does not overrepresent individuals ages 50+.

### **III. DETAILED FINDINGS**

#### **How Do 401(k) Plan Participants Make Investment Decisions?**

The majority of 401(k) participants (87%) report that they are involved in making decisions related to the investments in their 401(k) plan, including nearly four in ten (38%) who make all investment decisions entirely on their own. Just over one in ten (13%) indicate that they are not at all involved in investment decisions for their plans.

#### **Sources of Information and Advice**

When asked to identify the materials that they turn to for guidance when making decisions, more than half (57%) of respondents who are involved in investment decisions for their 401(k) plan indicate that they refer to summary information about the plan's investment choices. Other materials used include prospectuses (34%), research analyst's recommendations (22%), financial magazine articles (17%), and financial shows on TV (14%). Additionally, approximately one third (34%) of those involved in investment decisions refer to the Internet for information. Among those who utilize the Internet, the web sites of their 401(k) plan providers are most widely used, followed by news web sites.

Among respondents who seek advice from other people, the most common sources of advice include personal financial advisors (30%), employer-provided financial advisors (30%), spouses (30%), other family members (25%), and friends (21%).

#### **Importance of Fees**

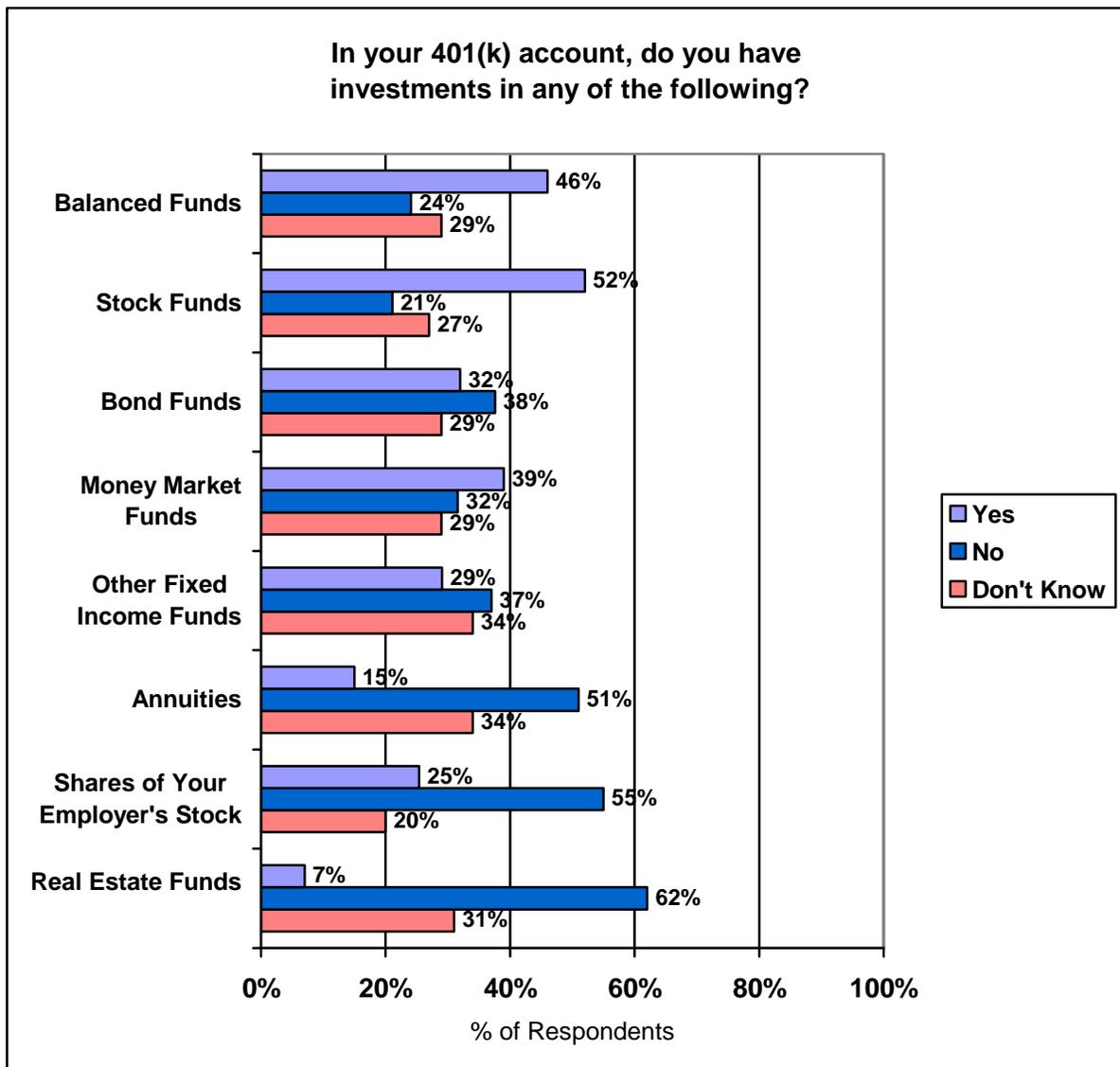
When rating the importance that they attach to five different aspects of investments—fees, risk, past performance, diversification, and reputation of provider, the majority of 401(k) plan participants who make decisions regarding their plans indicate that each of these aspects is “very” or “somewhat” important. Although participants are more likely to view the other four characteristics as important than they are to view fees as important, nearly eight in ten (79%) participants who make decisions about their investments rated fees as either “very” or “somewhat” important. In comparison, roughly nine in ten consider past performance (92%) and risk (91%) to be very or somewhat important, while nearly as many consider provider reputation (89%) and diversification (88%) to be important.

Those who view fees as important are most likely to cite summary information (48%) when asked where they turn for information about fees, followed by prospectuses (35%), employer-provided financial advisors (23%), personal financial advisors (17%), and the Internet (19%).

## How Well Do Participants Understand Their Plans and Associated Fees?

### Familiarity with Their Investments

The majority of 401(k) plan participants expressed a lack of basic knowledge about the investments in their 401(k) plans. Specifically, more than six in ten (65%) indicated that they do not know the names of all of the investments in which they have money saved through their plan. A sizeable portion of respondents also expressed uncertainty about the types of investments in their plans. For example, when asked to indicate whether their investments include certain types of funds, more than one in four (27%) did not know whether their plan includes a stock fund and approximately as many (29%) did not know whether their plan includes a bond fund.



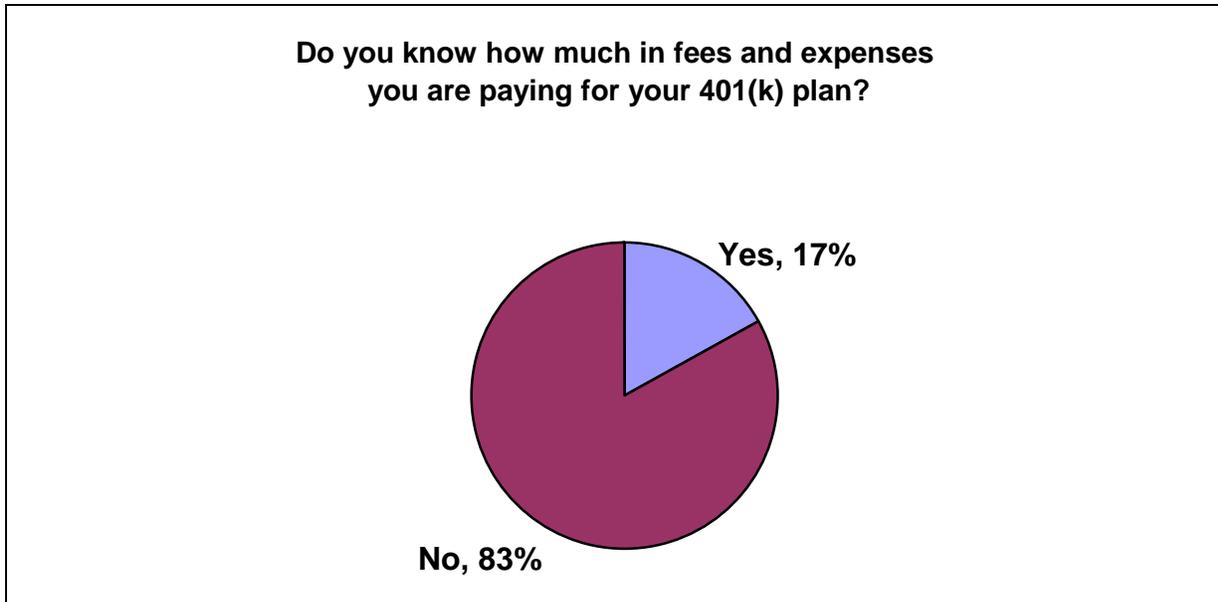
Base: All 1,584 respondents. Chart does not display the small percentage (1% or less) of respondents who refused to answer each part of this question.

### **Knowledge of Fees**

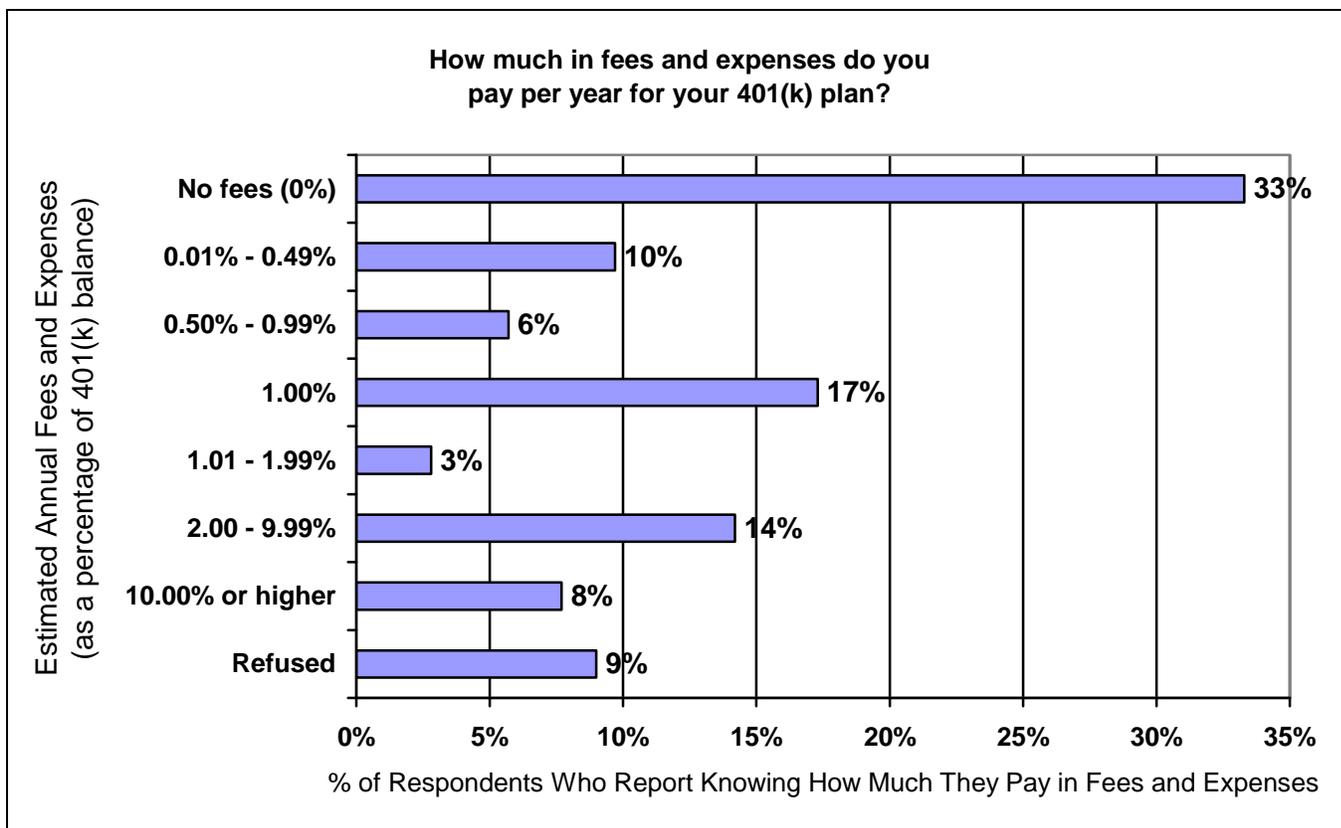
When asked whether they pay any fees for their 401(k) plan, nearly two in three (65%) 401(k) plan participants surveyed reported that they pay no fees and only about one in six (17%) stated that they do pay fees. Another 18 percent admitted that they do not know whether or not they pay any fees.

Nevertheless, after being told that 401(k) plan providers often charge fees for administering their plans and that these fees may be paid by either the employer that sponsors the plan or the employees that participate in the plan, the vast majority (83%) of respondents acknowledged that they do not know how much they pay in fees.

Only about one in six (17%) 401(k) participants reported that they know how much they pay in fees and expenses for their plan. When these respondents who reported knowing how much they pay in fees were asked to estimate the percentage of their account balance that is used to pay fees, approximately one in three (33%) indicated that they pay no fees, almost one in four (23%) reported that they pay fees equivalent to 1 percent or less of their account balance, and just over one in five (22%) estimated that their fees are 2 percent or more of their account balance. Another nine percent did not provide an estimate.



Base: All 1,584 respondents.



Base: Respondents who reported that they know how much in fees and expenses they pay for their 401(k) plan. (Unweighted N=317)

When asked whether their 401(k) plan charges specific types of fees, including an administrative fee and a redemption fee, more than half of respondents indicated that they do not know whether their plan charges such fees. Specifically, when asked whether their 401(k) plan charges an administrative fee, only about one in four (24%) said “yes,” 21 percent said “no,” and 55 percent replied that they did not know. When asked about redemption fees, fewer than one in ten (7%) survey respondents said they are charged a redemption fee, more than one in four (27%) replied that they are not charged such a fee, and nearly two in three (65%) did not know.

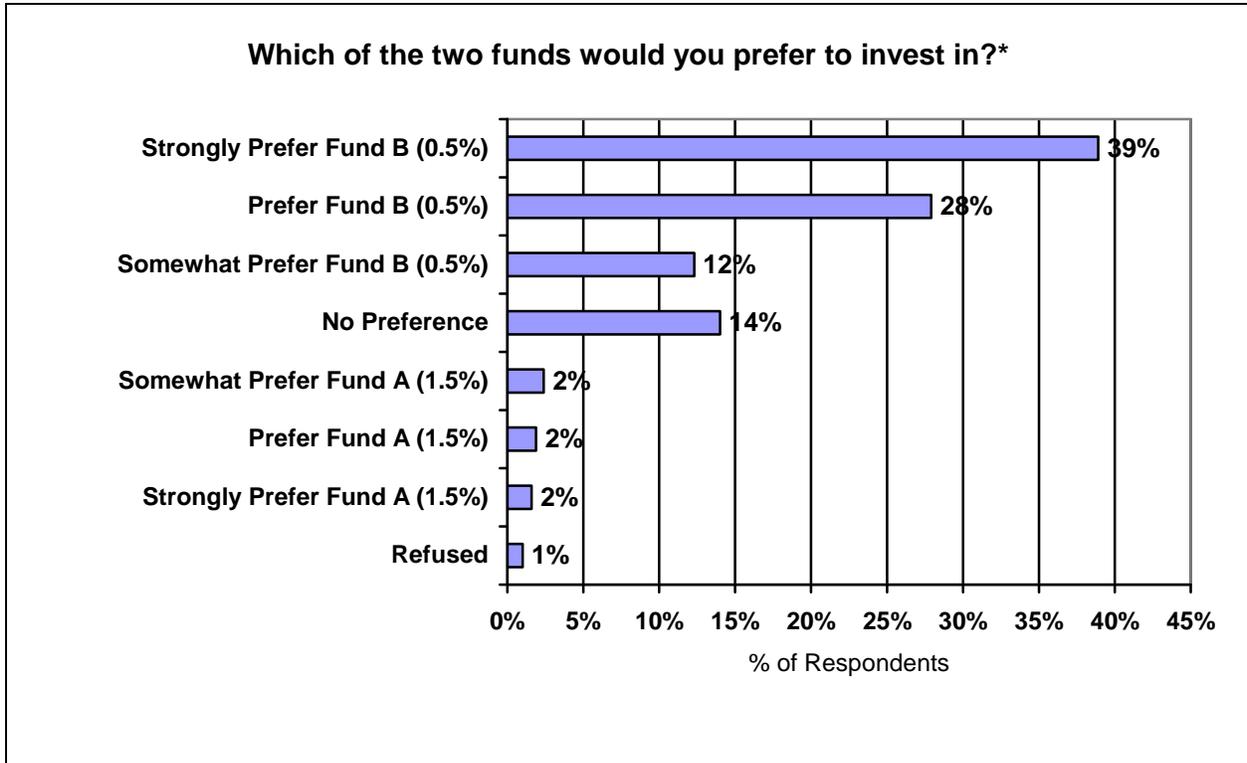
When asked to select the correct definitions of these two common types of fees as well as the correct definition of “expense ratio,” just over half (51%) of respondents identified the correct definition of an administrative fee. However, fewer than four in ten (38%) respondents were able to identify the correct definition of “redemption fee,” and fewer than two in ten (14%) were able to correctly define “expense ratio.”

### **Understanding the Effect of Fees**

More than half (54%) of survey respondents report that they do not feel knowledgeable about the effect that fees can have on their total retirement savings in the long term.

This lack of understanding of the long-term effect of fees is further supported by responses to an exercise in which 401(k) participants were asked to choose between two funds that were described as identical except for the fact that one fund had an expense ratio of 0.5% and the other

had an expense ratio of 1.5%. Remarkably, one in five (20%) respondents either expressed no preference for one fund over the other (14%) or expressed a preference for the fund with the higher expense ratio (6%). Encouragingly, however, the majority (79%) indicated a preference for the fund with the lower expense ratio.

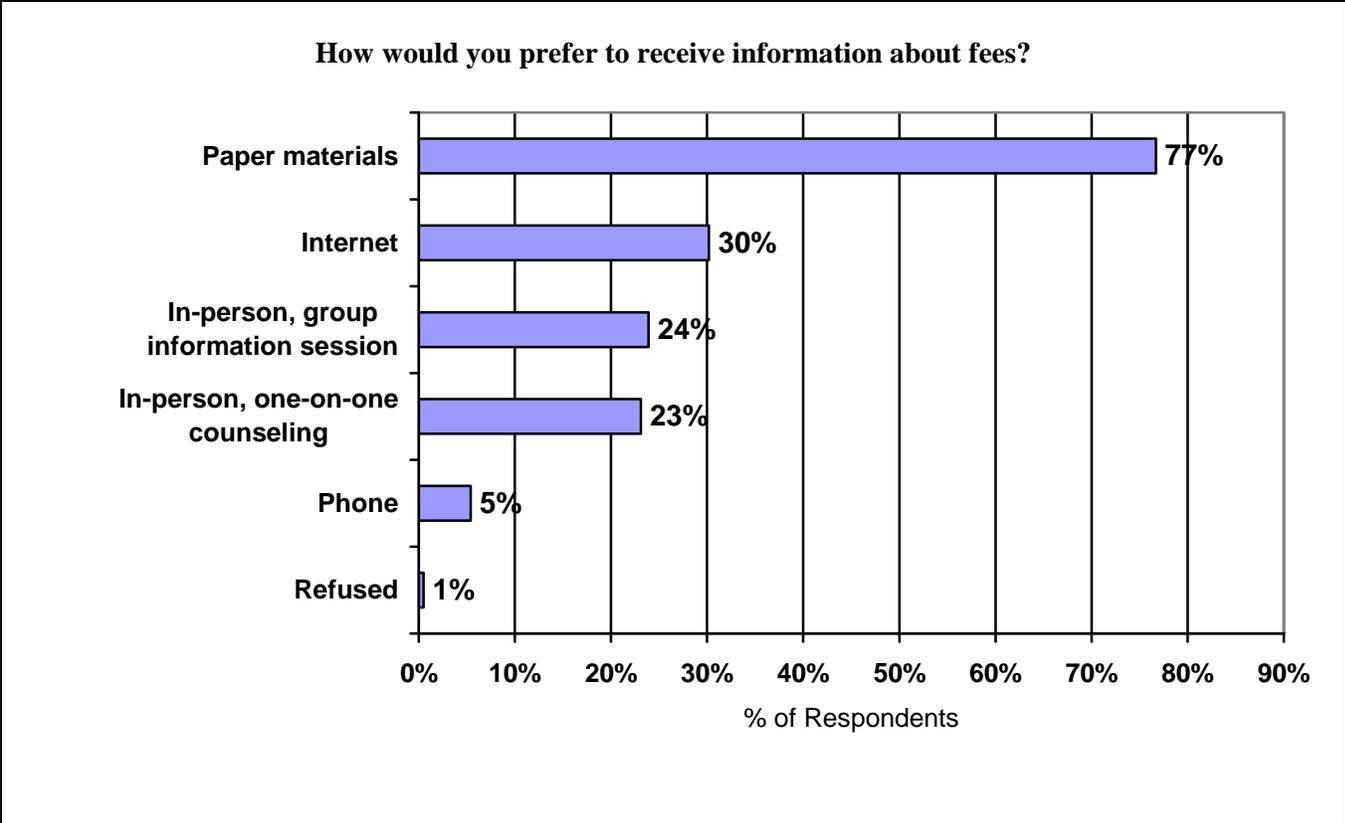


Base: All 1,584 respondents. \*Before selecting their preferred fund, respondents were presented with a table that displayed the expense ratios for two funds (“Fund A” and “Fund B”) and noted that the difference between the two expense ratios was 1.0%. In order to reduce the potential effect of bias resulting from the order in which the funds were presented, half of the respondents were shown a table in which the fund with the 1.5% expense ratio was listed first and the other half were shown a table in which the fund with the 0.5% expense ratio was listed first. Respondents were instructed to assume that the funds were identical with the exception of the fees and expenses.

### How Would Participants Prefer to Receive Information about Fees?

The majority of respondents expressed an interest in receiving fee information before selecting their investments (61%) as well as on a regular basis (61%) after making their initial investment decisions. Slightly more than one third (36%) would like to receive fee information whenever fees change.

Paper materials (77%) are the most widely desired vehicle for receiving fee-related information. While paper materials were by far the most-preferred medium, respondents expressed interest in receiving information about fees from other media as well. Specifically, three in ten (30%) respondents would like to receive information about fees via the Internet, one in four (24%) expressed an interest in receiving this information through in-person group sessions, and nearly as many (23%) would like to learn about plan fees during in-person one-on-one counseling.



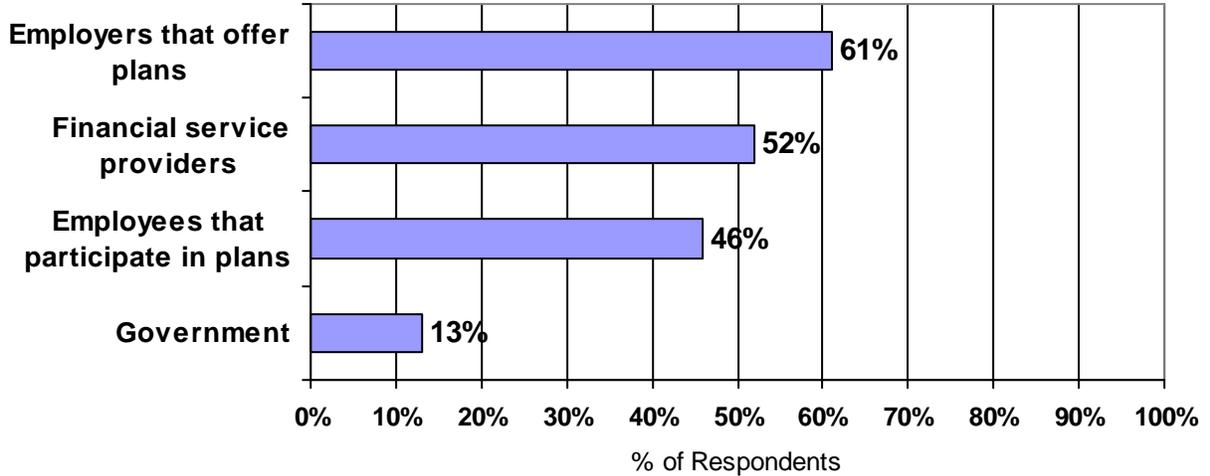
Base: All 1,584 respondents. Percentages add to more than 100% because each respondent was allowed to select multiple responses.

**Who should be responsible for ensuring that plan participants understand fees?**

The majority of 401(k) plan participants feel that employers that sponsor plans (61%) and financial service companies that administer the plans (52%) should be responsible for ensuring that participants understand the fees charged by their plans. Slightly fewer (46%) feel that employees themselves should be responsible, and just over one in ten (13%) feel that responsibility lies with the government.

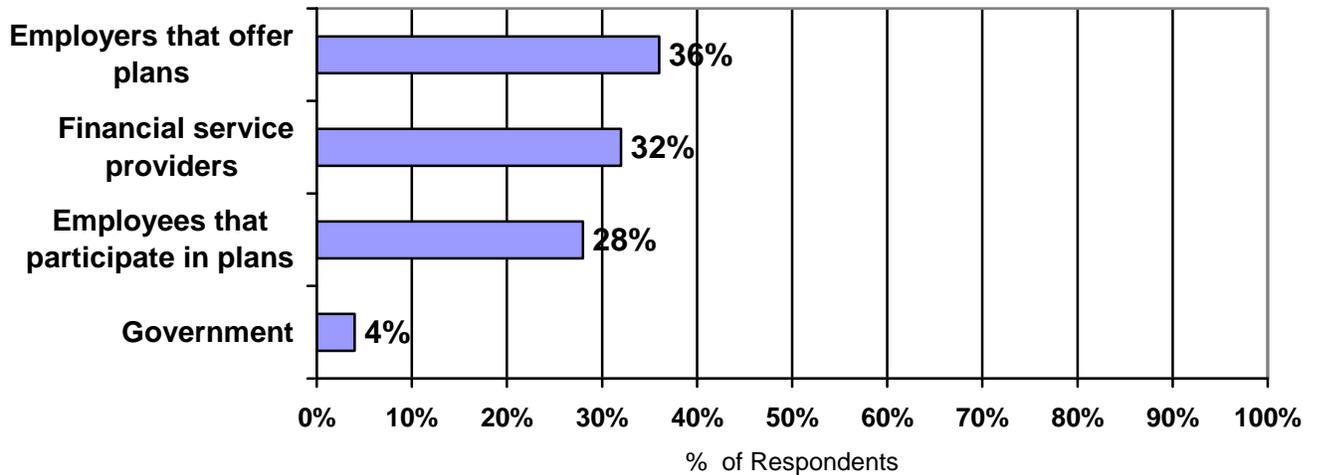
When asked who should be *most* responsible for ensuring that participants understand fees charged by plans, respondents are most likely to identify employers that sponsor plans (36%) followed by the financial services companies that administer the plans (32%) and employees that participate in plans (28%).

**Who do you think should be responsible for ensuring that people, such as yourself, who participate in 401(k) plans have a clear understanding of the fees charged by 401(k) plans?**



Base: All 1,584 respondents. Percentages add to more than 100% because each respondent was allowed to select multiple responses.

**Who do you think should be most responsible for ensuring that people, such as yourself, who participate in 401(k) plans have a clear understanding of the fees charged by 401(k) plans?**



Base: All 1,584 respondents.

## **APPENDIX: ANNOTATED QUESTIONNAIRE**

Field period: June 8 – June 24, 2007

N interviews (unweighted): 1584

N interviews (weighted): 1584

For each survey question, this annotated questionnaire shows the responses of all respondents, respondents ages 25-49, and respondents ages 50+. The responses are displayed as percentages and reflect the percentage of respondents who qualified for each survey question. The percentages have been weighted as described in the Background and Methodology section of this report.

Unless otherwise noted, for each survey question, the base for all qualified respondents is 1584, the base for qualified respondents ages 25-49 is 758, and the base for qualified respondents ages 50+ is 826. The bases shown reflect the actual (unweighted) number of respondents who qualified for each question.

## KEY DEMOGRAPHICS

### Age Split

		Total
1.	25 to 49 years	62.4%
2.	50 years and over	37.6%

### Gender

		Total
1.	Male	53.1%
2.	Female	46.9%

### Household income

		Total
1.	Less than \$25K	10.4%
2.	\$25 to \$49.9K	29.0%
3.	\$50 to \$74.9K	26.3%
4.	\$75K or more	34.2%

### Education level

		Total
1.	Less than High School	5.4%
2.	High School	23.7%
3.	Some college	27.2%
4.	4 year college degree or post-graduate	43.7%

### Race/Ethnicity

		Total
1.	White, Non-Hispanic	70.7%
2.	Black/African-American, Non-Hispanic	10.2%
3.	Other, Non-Hispanic	8.2%
4.	Hispanic	10.1%
5.	2+ Races, Non-Hispanic	0.8%

**SCR2. Do you currently have money saved for retirement in a ....**

**401(k) plan**

		Age 25 - 49	Age 50 and over	Total
1.	<b>Yes</b>	100.0%	100.0%	100.0%
2.	<b>No {TERMINATED}</b>	0%	0%	0%
3.	<b>Don't Know {TERMINATED}</b>	0%	0%	0%

**Individual Retirement Account (IRA)**

		Age 25 - 49	Age 50 and over	Total
1.	<b>Yes</b>	39.3%	55.3%	45.3%
2.	<b>No</b>	57.9%	42.3%	52.0%
3.	<b>Don't Know</b>	2.2%	1.1%	1.8%
4.	<b>Refused</b>	0.6%	1.4%	0.9%

**Other type of retirement plan**

		Age 25 - 49	Age 50 and over	Total
1.	<b>Yes</b>	23.9%	43.3%	31.2%
2.	<b>No</b>	69.5%	48.6%	61.6%
3.	<b>Don't Know</b>	5.9%	5.5%	5.7%
4.	<b>Refused</b>	0.6%	2.7%	1.4%

**SCR2a. In how many different 401(k) plans do you currently have money saved for retirement?**

		Age 25 - 49	Age 50 and over	Total
1.	<b>One</b>	80.9%	75.1%	78.7%
2.	<b>More than one</b>	19.1%	24.9%	21.3%

{TERMINATED RESPONDENTS WHO SELECTED "DON'T KNOW" IN SCR2A OR WHO REFUSED TO ANSWER SCR2A.}

{BASE: ONLY ONE 401(K) PLAN IN SCR2A}

SCR2b. Thinking about the 401(k) plan in which you currently have money saved, is this 401(k) plan provided by...

		Age 25 – 49 (n=604)	Age 50 + (n=629)	Total (n=1233)
1.	<b>Your current employer?</b>	85.6%	68.7%	79.5%
2.	<b>Your former employer?</b>	14.4%	31.0%	20.4%
3.	<b>Your spouse’s current or former employer?</b>	0.0%	0.0%	0.0%
4.	<b>Other</b>	0.0%	0.0%	0.0%
5.	<b>Refused</b>	0.0%	0.3%	0.1%

{TERMINATED RESPONDENTS WHO SELECTED “SPOUSE’S CURRENT OR FORMER EMPLOYER” OR “OTHER” IN SCR2B.}

{BASE: MORE THAN ONE 401(K) PLAN IN SCR2A}

SCR2c. Thinking about the 401(k) plans in which you currently have money saved, are any of these 401(k) plans provided by..

		Age 25 – 49 (n=154)	Age 50 + (n=197)	Total (n=351)
1.	<b>Your current employer?</b>	87.6%	73.2%	81.3%
2.	<b>Your former employer?</b>	64.0%	72.2%	67.6%
3.	<b>Your spouse’s current or former employer?</b>	32.4%	26.7%	29.9%
4.	<b>Other (Net)</b>	2.2%	3.2%	2.6%
5.	<b>Refused</b>	0.0%	0.0%	0.0%

{TERMINATED RESPONDENTS WHO DID NOT SELECT “CURRENT EMPLOYER” AND/OR “FORMER EMPLOYER” IN SCR2C.}

**SCR3. Which of the following best describes your current employment status?**

		Age 25 - 49	Age 50 and over	Total
1.	<b>Employed full-time (not yet retired)</b>	90.4%	64.7%	80.7%
2.	<b>Employed part-time (not yet retired)</b>	4.4%	5.7%	4.9%
3.	<b>Unemployed and looking for work (not yet retired)</b>	1.0%	1.8%	1.3%
4.	<b>Retired and not working</b>	0.0%	17.6%	6.6%
5.	<b>Retired, but still employed full-time</b>	0.5%	2.6%	1.3%
6.	<b>Retired, but still employed part-time</b>	0.0%	4.4%	1.6%
7.	<b>Full-time student (not employed and not yet retired)</b>	0.8%	0.1%	0.5%
8.	<b>Homemaker (not employed and not looking for work)</b>	1.5%	0.8%	1.2%
9.	<b>Disabled (not employed and not looking for work)</b>	0.8%	2.2%	1.3%
10.	<b>Other (Net)</b>	0.6%	0.2%	0.5%

{BASE: EMPLOYED OR “OTHER” IN SCR3}

**SCR3a. Are you currently self-employed? (If you have more than one job, please indicate if you are self-employed in your main job.)**

		Age 25 – 49 (n=721)	Age 50+ (n=622)	Total (n=1343)
1.	<b>Yes</b>	3.8%	6.4%	4.7%
2.	<b>No</b>	96.1%	93.5%	95.3%
3.	<b>Refused</b>	0.1%	0.1%	0.1%

For the rest of this survey, the term “401(k) plan” refers to the 401(k) plan(s) provided by your current or former employer. Please do not refer to other 401(k) plans, such as any 401(k) plans provided by your spouse’s employer.

SCR4. Within the past 12 months, have you ...

... Contributed money to your 401(k) plan?

		Age 25 - 49	Age 50 and over	Total
1.	Yes	84.6%	71.0%	79.5%
2.	No	14.1%	27.4%	19.1%
3.	Don't know	1.2%	0.8%	1.0%
4.	Refused	0.1%	0.8%	0.4%

... Reviewed the performance of your 401(k) plan?

		Age 25 - 49	Age 50 and over	Total
1.	Yes	77.4%	82.1%	79.2%
2.	No	21.4%	15.2%	19.1%
3.	Don't know	0.4%	1.0%	0.6%
4.	Refused	0.8%	1.8%	1.1%

... Made changes to the investments in your 401(k) plan?

		Age 25 - 49	Age 50 and over	Total
1.	Yes	31.4%	30.0%	30.9%
2.	No	67.8%	66.8%	67.4%
3.	Don't know	0.2%	1.3%	0.6%
4.	Refused	0.7%	2.0%	1.2%

... Withdrawn money, or received payments, from your 401(k) plan?

		Age 25 - 49	Age 50 and over	Total
1.	Yes	7.1%	14.5%	9.9%
2.	No	91.8%	83.6%	88.7%
3.	Don't know	0.1%	0.4%	0.2%
4.	Refused	0.9%	1.5%	1.2%

Please take some time and answer the following questions. This is not a test. We simply want to know about your experience with your 401(k) plan.

Unless otherwise noted, if you currently have money saved in more than one 401(k) plan, please refer to the 401(k) plan that you yourself joined most recently through your current or former employer when answering the rest of the questions. Do not refer to a 401(k) plan provided by your spouse's employer.

**DM0.5. Do you pay any fees for your 401(k) plan?**

		Age 25 - 49	Age 50 and over	Total
1.	<b>Yes</b>	13.6%	23.4%	17.3%
2.	<b>No</b>	67.1%	61.2%	64.9%
3.	<b>Don't know</b>	19.4%	15.4%	17.9%

**DECISION-MAKING PROCESS**

**DM1. Which of the following best describes how you make decisions about the investments for your 401(k) plan?**

		Age 25 - 49	Age 50 and over	Total
1.	<b>I make all investment decisions <u>entirely on my own without seeking advice from other people</u></b>	39.3%	35.6%	37.9%
2.	<b>I make my own investment decisions, but I seek advice from other people before I make decisions</b>	32.2%	28.6%	30.8%
3.	<b>I am involved in making the investment decisions, but I rely on other people to help me make the decisions</b>	16.3%	21.2%	18.1%
4.	<b>I am <u>not at all involved</u> in making the investment decisions; I <u>rely entirely on other people</u> to make the decisions for me</b>	12.3%	14.6%	13.2%

**DM1a. Which of the following best describes your marital status?**

		Age 25 - 49	Age 50 and over	Total
1.	<b>Married</b>	58.7%	61.1%	59.6%
2.	<b>Separated</b>	1.7%	1.4%	1.6%
3.	<b>Divorced</b>	8.1%	20.1%	12.6%
4.	<b>Widowed</b>	0.2%	4.9%	1.9%
5.	<b>Single, never married</b>	30.9%	12.4%	23.9%
6.	<b>Refused</b>	0.3%	0.2%	0.3%

{ BASE: ALL RESPONDENTS EXCEPT THOSE WHO SELECTED “ENTIRELY ON OWN”/OPTION 1 IN DM1}  
**DM2. Which, if any, of the following individuals do you consult for information or advice when making decisions about the investments for your 401(k) plan?**

		Age 25 – 49 (n=469)	Age 50+ (n=539)	Total (n=1008)
1.	<b>Personal financial advisor (<u>not</u> through your employer)</b>	24.6%	37.8%	29.8%
2.	<b>Financial advisor provided through your employer</b>	29.9%	30.8%	30.3%
3.	<b>Personal accountant or CPA</b>	7.4%	13.8%	9.9%
4.	<b>Banker</b>	3.5%	5.1%	4.1%
5.	<b>Insurance agent</b>	2.0%	2.7%	2.3%
6.	<b>Lawyer</b>	1.0%	0.6%	0.9%
7.	<b>Spouse</b>	29.9%	29.1%	29.6%
8.	<b>Family member (other than spouse)</b>	31.0%	15.7%	25.0%
9.	<b>Friend</b>	22.4%	19.0%	21.1%
10.	<b>Colleague</b>	18.2%	11.2%	15.5%
11.	<b>Other (Net)</b>	0.2%	0.5%	0.3%
12.	<b>None / nothing*</b>	0.3%	1.6%	0.8%
13.	<b>Don't Know*</b>	0.2%	0.0%	0.1%
14.	<b>Refused</b>	2.8%	2.5%	2.7%

\* “None”/“Nothing” and “Don't Know” were written in by some respondents but were not listed as response options.

{ BASE: ALL RESPONDENTS EXCEPT THOSE WHO SELECTED “ENTIRELY ON OWN”/OPTION 1 IN DM1 AND EXCLUDING THOSE WHO SELECTED “FINANCIAL ADVISOR PROVIDED THROUGH YOUR EMPLOYER” IN DM2}

**DM3. Does the employer that provides your 401(k) plan offer you the ability to...**

**... Talk to a financial advisor about your 401(k) plan?**

		Age 25 – 49 (n=612)	Age 50 + (n=667)	Total (n=1279)
1.	<b>Yes</b>	52.1%	49.9%	51.3%
2.	<b>No</b>	23.7%	25.8%	24.5%
3.	<b>Don't know</b>	23.9%	22.3%	23.3%
4.	<b>Refused</b>	0.3%	2.0%	0.9%

... Access a financial advice service over the Internet for advice about your 401(k) plan?

		Age 25 – 49 (n=612)	Age 50 + (n=667)	Total (n=1279)
1.	<b>Yes</b>	55.3%	45.0%	51.5%
2.	<b>No</b>	18.9%	25.1%	21.2%
3.	<b>Don't know</b>	25.1%	26.9%	25.8%
4.	<b>Refused</b>	0.7%	2.9%	1.5%

{BASE: ALL RESPONDENTS EXCEPT THOSE WHO SELECTED “RELY ENTIRELY ON OTHER PEOPLE”/OPTION 4 IN DM1}

**DM4. Which, if any, of the following materials or resources do you consult for information or advice when making decisions about the investments for your 401(k) plan?**

		Age 25 – 49 (n=661)	Age 50+ (n=699)	Total (n=1360)
1.	<b>Prospectuses for the mutual funds or the other investment choices</b>	33.5%	33.6%	33.5%
2.	<b>Summary information about the mutual funds or the other investment choices</b>	56.0%	57.6%	56.6%
3.	<b>Internet</b>	38.4%	27.3%	34.3%
4.	<b>Financial magazine articles</b>	14.4%	20.4%	16.6%
5.	<b>Books about investing</b>	8.3%	8.8%	8.5%
6.	<b>Financial shows on TV</b>	11.9%	18.4%	14.3%
7.	<b>Research analyst's recommendations</b>	21.9%	22.8%	22.3%
8.	<b>Other (Net)</b>	0.9%	3.4%	1.8%
9.	<b>None / nothing*</b>	3.2%	3.2%	3.2%
10.	<b>Don't Know*</b>	0.2%	0.3%	0.2%
11.	<b>Refused</b>	8.5%	7.0%	8.0%

\* “None”/“Nothing” and “Don't Know” were written in by some respondents but were not listed as response options.

{BASE: RESPONDENTS WHO SELECTED "INTERNET" IN DM4}

DM5. You indicated that you consult the Internet for information or advice when making decisions about the investments for your 401(k) plan. Please select all of the types of Internet sites that you use for this purpose.

		Age 25 – 49 (n=256)	Age 50+ (n=195)	Total (n=451)
1.	Web site of the company that manages your 401(k) plan	74.7%	69.8%	73.2%
2.	News and information web sites**	53.8%	66.9%	57.7%
3.	Stock or fund trading web sites**	40.2%	32.4%	37.9%
4.	Other (Net)	1.0%	2.5%	1.5%
5.	Don't Know*	1.8%	1.8%	1.8%
6.	Refused	0.0%	0.4%	0.1%

\*"Don't Know" was written in by some respondents but was not listed as a response option.

\*\* Examples of news and information web sites and stock/fund trading sites were listed.

{BASE: ALL RESPONDENTS EXCEPT THOSE WHO SELECTED "RELY ENTIRELY ON OTHER PEOPLE"/OPTION 4 IN DM1}

DM6. How important is each of the following factors to you when making decisions about the investments for your 401(k) plan?

Fees charged for the investments (administrative fees, transaction fees, or other fees)

		Age 25 – 49 (n=661)	Age 50+ (n=699)	Total (n=1360)
1.	Very Important	47.9%	45.0%	46.8%
2.	Somewhat Important	30.8%	34.5%	32.2%
3.	Not too Important	13.7%	10.7%	12.6%
4.	Not at all Important	2.0%	4.4%	2.9%
5.	Don't know	5.6%	5.3%	5.5%
6.	Refused	0.0%	0.1%	0.1%

Risk of the investments

		Age 25 – 49 (n=661)	Age 50+ (n=699)	Total (n=1360)
1.	Very Important	53.7%	65.5%	58.1%
2.	Somewhat Important	34.3%	29.3%	32.4%
3.	Not too Important	7.4%	2.9%	5.7%
4.	Not at all Important	1.2%	0.4%	0.9%
5.	Don't know	3.4%	1.5%	2.7%
6.	Refused	0.0%	0.4%	0.2%

**Past performance of the investments (how much the investments have changed in value over the past several years, compared to other investments)**

		<b>Age 25 – 49 (n=661)</b>	<b>Age 50+ (n=699)</b>	<b>Total (n=1360)</b>
1.	<b>Very Important</b>	55.2%	61.5%	57.5%
2.	<b>Somewhat Important</b>	35.3%	33.7%	34.7%
3.	<b>Not too Important</b>	5.7%	2.9%	4.7%
4.	<b>Not at all Important</b>	0.2%	0.4%	0.3%
5.	<b>Don't know</b>	3.5%	1.4%	2.7%
6.	<b>Refused</b>	0.0%	0.1%	0.1%

**Diversification of the investments (whether your investments include a mix of different types of investments)**

		<b>Age 25 – 49 (n=661)</b>	<b>Age 50+ (n=699)</b>	<b>Total (n=1360)</b>
1.	<b>Very Important</b>	51.4%	54.3%	52.5%
2.	<b>Somewhat Important</b>	35.5%	34.2%	35.0%
3.	<b>Not too Important</b>	8.0%	6.6%	7.5%
4.	<b>Not at all Important</b>	0.9%	2.0%	1.3%
5.	<b>Don't know</b>	4.1%	2.7%	3.6%
6.	<b>Refused</b>	0.0%	0.1%	0.1%

**Reputation of the financial services company that manages the investments**

		<b>Age 25 – 49 (n=661)</b>	<b>Age 50+ (n=699)</b>	<b>Total (n=1360)</b>
1.	<b>Very Important</b>	49.8%	63.6%	54.9%
2.	<b>Somewhat Important</b>	37.2%	27.6%	33.6%
3.	<b>Not too Important</b>	8.7%	4.8%	7.3%
4.	<b>Not at all Important</b>	0.4%	1.5%	0.8%
5.	<b>Don't know</b>	3.8%	2.4%	3.3%
6.	<b>Refused</b>	0.0%	0.1%	0.1%

{BASE: FEES ARE “VERY” OR “SOMEWHAT” IMPORTANT IN DM6}

**DM7. You indicated that fees are important to you when making decisions about the investments for your 401(k) plan. Where do you get information about fees?**

**Prospectuses for the mutual funds or the other investment choices**

		Age 25 – 49 (n=521)	Age 50+ (n=552)	Total (n=1073)
1.	<b>Yes</b>	33.5%	36.3%	34.5%
2.	<b>No</b>	66.5%	63.7%	65.5%

**Summary information about the mutual funds or the other investment choices**

		Age 25 – 49 (n=521)	Age 50+ (n=552)	Total (n=1073)
1.	<b>Yes</b>	48.6%	46.2%	47.7%
2.	<b>No</b>	51.4%	53.8%	52.3%

**Internet**

		Age 25 – 49 (n=521)	Age 50+ (n=552)	Total (n=1073)
1.	<b>Yes</b>	21.6%	14.0%	18.8%
2.	<b>No</b>	78.4%	86.0%	82.2%

**Financial magazine articles**

		Age 25 – 49 (n=521)	Age 50+ (n=552)	Total (n=1073)
1.	<b>Yes</b>	2.7%	8.4%	4.8%
2.	<b>No</b>	97.3%	91.6%	95.2%

**Books about investing**

		Age 25 – 49 (n=521)	Age 50+ (n=552)	Total (n=1073)
1.	<b>Yes</b>	2.7%	4.6%	3.4%
2.	<b>No</b>	97.3%	95.4%	96.6%

**Financial shows on TV**

		Age 25 – 49 (n=521)	Age 50+ (n=552)	Total (n=1073)
1.	<b>Yes</b>	1.8%	7.6%	4.0%
2.	<b>No</b>	98.2%	92.4%	96.0%

**Research analyst**

		Age 25 – 49 (n=521)	Age 50+ (n=552)	Total (n=1073)
1.	<b>Yes</b>	1.2%	3.9%	2.2%
2.	<b>No</b>	98.8%	96.1%	97.8%

**Personal financial advisor (not through your employer)**

		Age 25 – 49 (n=521)	Age 50+ (n=552)	Total (n=1073)
1.	<b>Yes</b>	12.7%	23.9%	16.8%
2.	<b>No</b>	87.3%	76.1%	83.2%

**Financial advisor provided through your employer**

		Age 25 – 49 (n=521)	Age 50+ (n=552)	Total (n=1073)
1.	<b>Yes</b>	24.6%	20.3%	23.0%
2.	<b>No</b>	75.4%	79.7%	77.0%

**Other (Net)**

		Age 25 – 49 (n=521)	Age 50+ (n=552)	Total (n=1073)
1.	<b>Yes</b>	2.0%	3.1%	2.4%
2.	<b>No</b>	98.0%	96.9%	97.6%

**Don't Know\***

		Age 25 – 49 (n=521)	Age 50+ (n=552)	Total (n=1073)
	<b>Yes</b>	1.5%	0.9%	1.3%

**None/Nothing\***

		Age 25 – 49 (n=521)	Age 50+ (n=552)	Total (n=1073)
	<b>Yes</b>	0.6%	0.1%	0.4%

**Refused**

		Age 25 – 49 (n=521)	Age 50+ (n=552)	Total (n=1073)
	<b>Yes</b>	1.9%	1.5%	1.8%

\*“None”/“Nothing” and “Don't Know” were written in by some respondents but were not listed as response options.

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### **EXPECTED DEGREE OF RELIANCE ON 401(K) PLAN**

**ED1. Do you expect that your 401(k) plan will be a major or minor source of your income in your retirement?**

(In this question, “your 401(k) plan” refers to any 401(k) plans provided by your current or former employer in which you currently have money saved. If you currently have money saved in more than one 401(k) plan, please consider all of your 401(k) plans when answering this question. “Your 401(k) plan” does not refer to any 401(k) plans provided by your spouse’s employer, and it does not refer to savings in other types of retirement accounts.)

(In this question, “your 401(k) plan” refers to the 401(k) plan provided by your current or former employer in which you currently have money saved. “Your 401(k) plan” does not refer to any 401(k) plans provided by your spouse’s employer, and it does not refer to savings in other types of retirement accounts.)

		<b>Age 25 - 49</b>	<b>Age 50 and over</b>	<b>Total</b>
1.	<b>Major source</b>	57.0%	43.3%	51.9%
2.	<b>Minor source</b>	27.7%	46.1%	34.6%
3.	<b>Don’t know</b>	14.9%	10.6%	13.3%
4.	<b>Refused</b>	0.3%	0.0%	0.2%

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**UNDERSTANDING OF INVESTMENTS AND FEES**

Reminder: For the rest of these questions, unless otherwise noted, if you currently have money saved in more than one 401(k) plan, please refer to the 401(k) plan that you yourself joined most recently. Do not refer to any 401(k) plans provided by your spouse’s employer.

**UN1. Do you know the names of all of the funds or investments in which you have money saved through your 401(k) plan?**

		Age 25 - 49	Age 50 and over	Total
1.	<b>Yes</b>	29.9%	43.6%	35.0%
2.	<b>No</b>	70.1%	56.2%	64.9%
3.	<b>Refused</b>	0.0%	0.3%	0.1%

**UN2. In your 401(k) plan account, do you have investments in any of the following?**

**Balanced Funds (Funds that invest in a balanced mix of both stocks and bonds)**

		Age 25 – 49	Age 50 and over	Total
1.	<b>Yes</b>	43.6%	51.2%	46.4%
2.	<b>No</b>	22.4%	26.5%	23.9%
3.	<b>Don’t Know</b>	32.7%	21.5%	28.5%
4.	<b>Refused</b>	1.3%	0.8%	1.1%

**Stock Funds (Funds that invest primarily in stocks)**

		Age 25 - 49	Age 50 and over	Total
1.	<b>Yes</b>	49.8%	56.0%	52.1%
2.	<b>No</b>	19.6%	22.6%	20.7%
3.	<b>Don’t Know</b>	30.1%	21.0%	26.7%
4.	<b>Refused</b>	0.5%	0.4%	0.5%

**Bond Funds (Funds that invest primarily in bonds)**

		Age 25 - 49	Age 50 and over	Total
1.	<b>Yes</b>	31.4%	33.6%	32.3%
2.	<b>No</b>	36.4%	40.2%	37.8%
3.	<b>Don't Know</b>	32.1%	25.0%	29.4%
4.	<b>Refused</b>	0.1%	1.1%	0.5%

**Money Market Funds**

		Age 25 - 49	Age 50 and over	Total
1.	<b>Yes</b>	36.5%	42.3%	38.7%
2.	<b>No</b>	30.8%	33.8%	31.9%
3.	<b>Don't Know</b>	32.7%	22.7%	28.9%
4.	<b>Refused</b>	0.0%	1.2%	0.5%

**Other Fixed Income funds (Funds such as Guaranteed Investment Contracts, stable value funds, or other funds that provide low but steady returns and are often used for income)**

		Age 25 - 49	Age 50 and over	Total
1.	<b>Yes</b>	24.6%	36.5%	29.1%
2.	<b>No</b>	38.1%	34.3%	36.7%
3.	<b>Don't Know</b>	36.9%	27.8%	33.5%
4.	<b>Refused</b>	0.3%	1.4%	0.7%

**Annuities (Funds that, after receiving your contributions and after reaching a certain date, guarantee to make regular payments to you for a certain period of time or for the rest of your life.)**

		Age 25 - 49	Age 50 and over	Total
1.	<b>Yes</b>	13.7%	17.1%	15.0%
2.	<b>No</b>	48.6%	54.2%	50.7%
3.	<b>Don't Know</b>	37.4%	27.2%	33.6%
4.	<b>Refused</b>	0.3%	1.4%	0.7%

**Shares of your employer's stock**

		Age 25 - 49	Age 50 and over	Total
1.	<b>Yes</b>	27.5%	21.2%	25.1%
2.	<b>No</b>	50.4%	61.6%	54.6%
3.	<b>Don't Know</b>	21.9%	15.8%	19.6%
4.	<b>Refused</b>	0.3%	1.5%	0.7%

**Real Estate funds, sometimes called  
Real Estate Investment Trusts (REITs)**

		Age 25 - 49	Age 50 and over	Total
1.	<b>Yes</b>	6.7%	6.3%	6.6%
2.	<b>No</b>	59.4%	65.5%	61.7%
3.	<b>Don't Know</b>	33.5%	26.8%	31.0%
4.	<b>Refused</b>	0.3%	1.4%	0.7%

**Other**

		Age 25 - 49	Age 50 and over	Total
1.	<b>Yes</b>	6.0%	6.5%	6.2%
2.	<b>No</b>	43.7%	48.5%	45.5%
3.	<b>Don't Know</b>	49.2%	41.3%	46.2%
4.	<b>Refused</b>	1.0%	3.7%	2.0%

**UN2a. You told us that your 401(k) plan account includes investments other than those listed in the previous question. What other types of investments are in your 401(k) plan account?**

{BASE: "YES" FOR ANY ITEM IN UN2}

**UN3. Are any of the funds in your 401(k) plan account a Life Cycle Fund or Target Retirement Date Fund? (A Life Cycle Fund or Target Retirement Date Fund is a fund in which the mix of investments automatically changes based on how far away you are from retirement. As you approach your expected date of retirement, the mix of investments changes from riskier investments with greater chances of high returns to more conservative investments with lower returns but less risk.)**

		Age 25 - 49	Age 50 and over	Total
1.	<b>Yes</b>	14.7%	10.9%	13.2%
2.	<b>No</b>	60.8%	67.7%	63.5%
3.	<b>Don't Know</b>	24.5%	21.4%	23.3%

**UN4. Financial services companies that manage 401(k) plans charge fees for administering and managing those plans. The fees are paid by the employer that provides the plan and/or the employees that participate in the plan. Often, the 401(k) plan management company simply deducts the fees from each participant's 401(k) plan balance, so you rarely receive a bill for the fees.**

**Do you know how much in fees and expenses you are paying for your 401(k) plan?**

		Age 25 - 49	Age 50 and over	Total
1.	<b>Yes</b>	14.7%	20.8%	17.0%
2.	<b>No</b>	85.3%	79.0%	82.9%
3.	<b>Refused</b>	0.0%	0.2%	0.1%

{BASE: "YES" IN UN4}

**UN5. How much in fees and expenses do you pay per year for your 401(k) plan? Please answer as a percentage of your total 401(k) account balance. (If your 401(k) account balance is invested in more than one fund or investment, please estimate the average percentage of your total 401(k) account balance that is used to pay fees and expenses for all of your 401(k) investments.)**

		Age 25 – 49 (n=124)	Age 50+ (n=193)	Total (n=317)
1.	<b>0</b>	38.0%	27.9%	33.3%
2.	<b>Above 0 to 0.49%</b>	5.7%	14.4%	9.7%
3.	<b>0.50 to 0.99%</b>	7.7%	3.5%	5.7%
4.	<b>1.00%</b>	12.9%	22.5%	17.3%
5.	<b>1.01 to 1.99%</b>	3.3%	2.3%	2.8%
6.	<b>2.00% or higher (net)</b>	21.2%	22.9%	22.0%
	<b>2.00 to 9.99%</b>	12.3%	16.5%	14.2%
	<b>10.00% or higher</b>	8.9%	6.4%	7.7%
7.	<b>Refused</b>	11.3%	6.6%	9.1%

**UN6. The questions below are designed to understand how familiar you are with different types of fees that may be charged for mutual funds and other types of investments in 401(k) plans.**

**Does your 401(k) plan charge you a...**

**Administrative Fee**

		Age 25 - 49	Age 50 and over	Total
1.	<b>Yes</b>	20.6%	29.2%	23.9%
2.	<b>No</b>	20.3%	22.3%	21.0%
3.	<b>Don't Know</b>	59.1%	48.3%	55.1%
4.	<b>Refused</b>	0.0%	0.2%	0.1%

**Redemption Fee**

		Age 25 - 49	Age 50 and over	Total
1.	<b>Yes</b>	7.2%	7.9%	7.4%
2.	<b>No</b>	24.0%	32.5%	27.2%
3.	<b>Don't Know</b>	68.8%	59.3%	65.2%
4.	<b>Refused</b>	0.0%	0.3%	0.1%

**UN7. Which of these statements is the correct definition of an administrative fee?**

		Age 25 - 49	Age 50 and over	Total
1.	<b>A fee charged on a regular basis to cover the ongoing costs of administering your account {CORRECT}</b>	47.1%	58.3%	51.3%
2.	<b>A fee charged each time you contact the company that manages your 401(k) plan to cover the administrative costs of fulfilling your information requests</b>	3.0%	1.8%	2.6%
3.	<b>A one-time fee charged to cover the administrative costs of setting up your account</b>	9.7%	8.5%	9.2%
4.	<b>Don't know</b>	39.8%	31.1%	36.5%
5.	<b>Refused</b>	0.5%	0.2%	0.4%

UN8. Which of these statements is the correct definition of a redemption fee?

		Age 25 - 49	Age 50 and over	Total
1.	<b>A fee charged when you move all of your money from certain mutual funds into other mutual funds. {CORRECT}</b>	37.5%	39.9%	38.4%
2.	<b>A fee charged if you contribute nothing to your 401(k) account for a certain number of months.</b>	1.2%	1.2%	1.2%
3.	<b>A fee charged on a regular basis to cover the costs of providing all 401(k) plan participants with updates about the performance of their accounts.</b>	4.2%	6.0%	4.9%
4.	<b>Don't know</b>	57.1%	52.7%	55.4%
5.	<b>Refused</b>	0.0%	0.2%	0.1%

UN9. Which of these statements is the correct definition of an expense ratio?

		Age 25 - 49	Age 50 and over	Total
1.	<b>The percentage of a mutual fund's total assets that is used to pay the fund's operating expenses. {CORRECT}</b>	12.8%	15.1%	13.7%
2.	<b>The percentage of a mutual fund's total earnings over a 12-month period that is used to pay the fund's total expenses.</b>	13.8%	13.2%	13.6%
3.	<b>The operating expenses for a certain mutual fund stated as a percentage of the total operating expenses for all mutual funds managed by the same company</b>	12.5%	9.0%	11.2%
4.	<b>Don't know</b>	60.9%	62.6%	61.5%
5.	<b>Refused</b>	0.0%	0.2%	0.1%

**UN10. How confident are you that you selected the correct definitions of the following fee-related terms in the previous questions?**

**administrative fee**

	{BASE: SELECTED A RESPONSE OTHER THAN "DON'T KNOW" IN UN7.}	Age 25 – 49 (n=481)	Age 50+ (n=574)	Total (n=1055)
1.	<b>Very confident</b>	25.4%	25.2%	25.3%
2.	<b>Somewhat confident</b>	47.5%	48.2%	47.8%
3.	<b>Not too confident</b>	22.3%	21.6%	22.0%
4.	<b>Not at all confident</b>	4.6%	4.7%	4.7%
5.	<b>Refused</b>	0.2%	0.3%	0.3%

**redemption fee**

	{BASE: SELECTED A RESPONSE OTHER THAN "DON'T KNOW" IN UN8.}	Age 25 – 49 (n=341)	Age 50+ (n=384)	Total (n=725)
1.	<b>Very confident</b>	19.3%	21.9%	20.4%
2.	<b>Somewhat confident</b>	44.4%	42.1%	43.5%
3.	<b>Not too confident</b>	30.5%	29.3%	30.0%
4.	<b>Not at all confident</b>	5.5%	5.0%	5.3%
5.	<b>Refused</b>	0.2%	1.8%	0.8%

**expense ratio**

	{BASE: SELECTED A RESPONSE OTHER THAN "DON'T KNOW" IN UN8.}	Age 25 – 49 (n=300)	Age 50+ (n=306)	Total (n=606)
1.	<b>Very confident</b>	13.3%	14.1%	13.6%
2.	<b>Somewhat confident</b>	44.6%	44.0%	44.4%
3.	<b>Not too confident</b>	36.5%	37.1%	36.7%
4.	<b>Not at all confident</b>	4.4%	2.7%	3.8%
5.	<b>Refused</b>	1.2%	2.1%	1.5%

UN11. The table below shows the total annual operating expenses for two different mutual funds.

[SWITCH ORDER OF FUND A AND B COLUMNS SUCH THAT HALF SEE A WITH 1.5% AND HALF SEE A WITH 0.5%]

	Fund A	Fund B	Difference between Fund A and Fund B
<b>Total annual operating fees and expenses</b> (annual fees and expenses that are deducted from your account balance)	1.5%	0.5%	1.0%

Based on the information above about the fees and expenses of each fund, which of the two funds would you prefer to invest in? (Please assume that the funds are the same except for the fees and expenses.)

		Age 25 - 49	Age 50 and over	Total
1.	<b>Strongly Prefer Fund A</b>	1.3%	2.1%	1.6%
2.	<b>Prefer Fund A</b>	2.2%	1.4%	1.9%
3.	<b>Somewhat Prefer Fund A</b>	3.2%	1.3%	2.4%
4.	<b>No Preference</b>	15.1%	12.2%	14.0%
5.	<b>Somewhat Prefer Fund B</b>	13.0%	11.2%	12.3%
6.	<b>Prefer Fund B</b>	27.6%	28.3%	27.9%
7.	<b>Strongly Prefer Fund B</b>	36.8%	42.2%	38.9%
8.	<b>Refused</b>	0.9%	1.2%	1.0%

UN12. Please rate your agreement with each of the following statements:

Annual fees of 1.5% are not that much more than annual fees of 0.5%.

		Age 25 - 49	Age 50 and over	Total
1.	<b>Strongly Agree</b>	2.1%	3.1%	2.5%
2.	<b>Somewhat Agree</b>	13.8%	12.2%	13.2%
3.	<b>Somewhat Disagree</b>	42.4%	33.2%	38.9%
4.	<b>Strongly Disagree</b>	40.2%	50.1%	43.9%
5.	<b>Refused</b>	1.5%	1.4%	1.5%

The difference in annual fees between Fund A and Fund B (a difference of 1%) will not have a very big impact on my total long-term retirement savings.

		Age 25 - 49	Age 50 and over	Total
1.	<b>Strongly Agree</b>	2.7%	3.8%	3.1%
2.	<b>Somewhat Agree</b>	19.1%	16.7%	18.2%
3.	<b>Somewhat Disagree</b>	39.8%	36.5%	38.6%
4.	<b>Strongly Disagree</b>	37.1%	41.8%	38.9%
5.	<b>Refused</b>	1.4%	1.2%	1.3%

I have a good understanding of how fees can affect my retirement savings in the long term.

		Age 25 - 49	Age 50 and over	Total
1.	<b>Strongly Agree</b>	14.5%	15.1%	14.7%
2.	<b>Somewhat Agree</b>	39.0%	43.2%	40.6%
3.	<b>Somewhat Disagree</b>	34.9%	30.5%	33.3%
4.	<b>Strongly Disagree</b>	9.8%	9.7%	9.8%
5.	<b>Refused</b>	1.8%	1.5%	1.7%

I wish that I had a better understanding of the effect that fees can have on my long-term retirement savings.

		Age 25 - 49	Age 50 and over	Total
1.	<b>Strongly Agree</b>	28.3%	29.6%	28.8%
2.	<b>Somewhat Agree</b>	45.7%	44.5%	45.3%
3.	<b>Somewhat Disagree</b>	21.0%	19.0%	20.3%
4.	<b>Strongly Disagree</b>	3.6%	5.7%	4.4%
5.	<b>Refused</b>	1.4%	1.2%	1.3%

I feel confident in my ability to select investments for my 401(k) plan that are best for my needs.

		Age 25 - 49	Age 50 and over	Total
1.	<b>Strongly Agree</b>	12.0%	11.9%	11.9%
2.	<b>Somewhat Agree</b>	46.9%	49.5%	47.9%
3.	<b>Somewhat Disagree</b>	33.1%	27.5%	31.0%
4.	<b>Strongly Disagree</b>	6.7%	10.0%	7.9%
5.	<b>Refused</b>	1.4%	1.1%	1.3%

I do not have confidence in my ability to make good decisions about investments for my 401(k) plan.

		Age 25 - 49	Age 50 and over	Total
1.	<b>Strongly Agree</b>	10.0%	10.2%	10.1%
2.	<b>Somewhat Agree</b>	34.2%	30.8%	32.9%
3.	<b>Somewhat Disagree</b>	40.7%	40.1%	40.4%
4.	<b>Strongly Disagree</b>	13.9%	17.0%	15.1%
5.	<b>Refused</b>	1.2%	1.9%	1.5%

UN13. How knowledgeable do you feel about the impact that fees can have on your total retirement savings?

		Age 25 - 49	Age 50 and over	Total
1.	<b>Very knowledgeable</b>	7.3%	9.3%	8.0%
2.	<b>Somewhat knowledgeable</b>	36.6%	38.8%	37.4%
3.	<b>Not too knowledgeable</b>	41.2%	35.9%	39.2%
4.	<b>Not at all knowledgeable</b>	14.7%	16.0%	15.2%
5.	<b>Refused</b>	0.2%	0.0%	0.2%

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**PREFERENCES FOR RECEIVING INFORMATION ABOUT FEES**

PR1. Who do you think should be responsible for ensuring that people, such as yourself, who participate in 401(k) plans have a clear understanding of the fees charged by 401(k) plans? (Select one or more.)

		Age 25 - 49	Age 50 and over	Total
1.	<b>Employers that offer 401(k) plans to their employees</b>	62.4%	57.2%	60.5%
2.	<b>Government</b>	13.3%	12.9%	13.1%
3.	<b>Financial services companies that manage 401(k) plans</b>	51.8%	53.2%	52.3%
4.	<b>Employees, such as yourself, that participate in 401(k) plans</b>	47.2%	44.8%	46.3%
5.	<b>Refused</b>	0.3%	0.2%	0.2%

**PR1b. Who do you think should be most responsible for ensuring that people, such as yourself, who participate in 401(k) plans have a clear understanding of the fees charged by 401(k) plans? (Select one.)**

		Age 25 - 49	Age 50 and over	Total
1.	<b>Employers that offer 401(k) plans to their employees</b>	36.8%	35.1%	36.1%
2.	<b>Government</b>	4.1%	3.5%	3.9%
3.	<b>Financial services companies that manage 401(k) plans</b>	30.7%	33.0%	31.5%
4.	<b>Employees, such as yourself, that participate in 401(k) plans</b>	28.2%	28.1%	28.2%
5.	<b>Refused</b>	0.3%	0.2%	0.2%

**PR2. When would you prefer to receive information about the fees charged for investments in your 401(k) plan?**

		Age 25 - 49	Age 50 and over	Total
1.	<b>Before you choose the funds or investments</b>	62.3%	58.8%	61.0%
2.	<b>On a regular basis (such as quarterly or once a year) regardless of whether fees change or stay the same</b>	61.0%	59.8%	60.5%
3.	<b>Whenever the fees change</b>	37.2%	33.6%	35.8%
4.	<b>Refused</b>	1.8%	0.5%	1.3%

**PR3. How would you prefer to receive information about fees?**

		Age 25 - 49	Age 50 and over	Total
1.	<b>Over the phone</b>	5.4%	5.3%	5.4%
2.	<b>Paper materials / in written form</b>	75.8%	78.1%	76.7%
3.	<b>On the Internet</b>	35.3%	21.8%	30.2%
4.	<b>In-person, group information session</b>	25.8%	20.8%	23.9%
5.	<b>In-person, one-on-one counseling</b>	22.2%	24.5%	23.1%
6.	<b>Refused</b>	0.3%	0.8%	0.5%

**CLASSIFICATION QUESTIONS**

**CL1. In total, including money that you have contributed as well as any contributions from your employer and returns from your investments, what is the total amount of money currently in your 401(k) plan(s)?**

		Age 25 - 49	Age 50 and over	Total
1.	<b>Less than \$1,000</b>	6.3%	1.9%	4.7%
2.	<b>\$1,000 to less than \$10,000</b>	23.1%	13.0%	19.3%
3.	<b>\$10,000 to less than \$25,000</b>	16.5%	11.4%	14.6%
4.	<b>\$25,000 to less than \$50,000</b>	14.9%	12.5%	14.0%
5.	<b>\$50,000 to less than \$100,000</b>	13.7%	16.2%	14.6%
6.	<b>\$100,000 to less than \$150,000</b>	6.0%	9.1%	7.2%
7.	<b>\$150,000 to less than \$200,000</b>	1.9%	7.3%	4.0%
8.	<b>\$200,000 to less than \$250,000</b>	1.3%	3.2%	2.0%
9.	<b>\$250,000 to less than \$500,000</b>	1.5%	7.6%	3.8%
10.	<b>\$500,000 to less than \$1 million</b>	0.3%	3.2%	1.4%
11.	<b>\$1 million or more</b>	0.0%	0.5%	0.2%
12.	<b>Don't know</b>	13.2%	11.4%	12.5%
13.	<b>Refused</b>	1.3%	2.6%	1.8%

**CL1a. Do you expect to receive payments from a traditional defined-benefit pension plan in retirement? (A traditional pension plan is completely funded by an employer. The employer decides on the investments and guarantees an annual amount to be paid to employees throughout retirement. The amount of the payments is based on salary and the number of years worked for the company.)**

		Age 25 - 49	Age 50 and over	Total
1.	<b>Yes (you expect to receive payments from a traditional pension plan)</b>	32.5%	41.7%	36.0%
2.	<b>Yes (you already receive payments)</b>	1.1%	18.5%	7.6%
3.	<b>No</b>	45.7%	33.9%	41.3%
4.	<b>Don't know</b>	21.2%	8.2%	16.3%
5.	<b>Refused</b>	0.2%	0.6%	0.4%

**CL2. Thinking about your retirement savings only (excluding real estate, Social Security, and any traditional defined-benefit pension plans), how much of your retirement savings is in your 401(k) plan(s)?**

In the list below, “other accounts” refers to any 401(k) plans provided by your spouse’s employer and any savings that you and/or your spouse have in any other types of retirement savings plans or retirement accounts. “Other accounts” does not include other sources of retirement income, such as real estate, Social Security or traditional defined-benefit pension plans.)

		Age 25 - 49	Age 50 and over	Total
1.	<b>All</b> of your retirement savings is in your 401(k) plan (You have no retirement savings other than your 401(k) plan)	28.7%	16.6%	24.2%
2.	<b>Most</b> of your retirement savings is in your 401(k) plan, but some is in other accounts	28.7%	31.7%	29.8%
3.	<b>Some</b> of your retirement savings is in your 401(k) plan, but most of it is in other accounts	28.8%	41.7%	33.7%
4.	<b>Don’t Know</b>	13.0%	9.0%	11.5%
5.	<b>Refused</b>	0.8%	1.0%	0.9%

{BASE: EMPLOYED OR LOOKING FOR WORK OR STUDENT OR OTHER IN SCR3}

**CL3. At what age do you expect to retire completely and not work for pay at all? (Please provide your best guess.)**

		Age 25 – 49 (n=730)	Age 50+ (n=636)	Total (n=1366)
1.	<b>30-59</b>	11.4%	2.5%	8.5%
2.	<b>60-61</b>	21.3%	6.3%	16.4%
3.	<b>62-64</b>	7.4%	14.8%	9.8%
4.	<b>65</b>	28.2%	24.3%	26.9%
5.	<b>66-69</b>	12.3%	22.2%	15.5%
6.	<b>70 or higher</b>	19.2%	29.2%	22.5%
7.	<b>Refused</b>	0.3%	0.7%	0.4%

**CL4. How long have you had your current 401(k) plan?**

(If you currently have money saved in more than one 401(k) plan, please refer to the plan in which you have had money saved the longest.)

		Age 25 - 49	Age 50 and over	Total
1.	<b>Less than 1 year</b>	10.1%	3.3%	7.6%
2.	<b>1 year to less than 3 years</b>	16.2%	7.5%	12.9%
3.	<b>3 years to less than 5 years</b>	15.7%	6.9%	12.4%
4.	<b>5 years to less than 10 years</b>	28.8%	19.8%	25.5%
5.	<b>10 years to less than 15 years</b>	14.0%	21.1%	16.7%
6.	<b>15 years to less than 20 years</b>	9.1%	18.9%	12.8%
7.	<b>20 years or more</b>	3.9%	20.5%	10.1%
8.	<b>Don't know</b>	1.7%	1.6%	1.7%
9.	<b>Refused</b>	0.4%	0.6%	0.5%

{BASE: EMPLOYED IN SCR3}

**CL5. How many total employees work for your current employer at all locations in the U.S.?**

		Age 25 – 49 (n=719)	Age 50+ (n=634)	Total (n=1353)
1.	<b>Less than 10</b>	4.2%	5.3%	4.5%
2.	<b>10 to 49</b>	5.3%	10.4%	7.0%
3.	<b>50 – 99</b>	6.6%	7.5%	6.9%
4.	<b>100 – 499</b>	20.0%	15.4%	18.5%
5.	<b>500 – 2499</b>	15.4%	15.0%	15.3%
6.	<b>2500 – 9999</b>	15.4%	13.3%	14.7%
7.	<b>10,000 or more</b>	23.2%	24.0%	23.4%
8.	<b>Don't know</b>	9.7%	8.5%	9.3%
9.	<b>Refused</b>	0.2%	0.7%	0.3%

{BASE: EMPLOYED IN SCR3}

CL6. In what industry or type of business is your current employer primarily involved?

		Age 25 – 49 (n=719)	Age 50+ (n=634)	Total (n=1353)
1.	<b>Agriculture, forestry, fishing, hunting, and related</b>	0.5%	0.3%	0.4%
2.	<b>Mining</b>	0.2%	0.3%	0.2%
3.	<b>Construction</b>	5.0%	5.1%	5.0%
4.	<b>Manufacturing</b>	16.4%	15.1%	16.0%
5.	<b>Wholesale Trade</b>	2.4%	1.6%	2.1%
6.	<b>Retail Trade</b>	9.6%	14.0%	11.0%
7.	<b>Transportation and Utilities</b>	4.3%	7.0%	5.2%
8.	<b>Technology Information and Information Services (e.g., media, publishing, telecommunications, Internet Service providers)</b>	11.0%	8.3%	10.1%
9.	<b>Finance, Insurance, and Real estate</b>	9.5%	5.6%	8.2%
10.	<b>Professional and Business Services (e.g., legal services, marketing, advertising, consulting, bookkeeping, engineering)</b>	7.0%	6.0%	6.7%
11.	<b>Education and Educational Services</b>	6.0%	7.2%	6.4%
12.	<b>Healthcare and Health Services</b>	14.5%	14.8%	14.6%
13.	<b>Leisure and Hospitality (e.g., arts, entertainment, recreation, food services, lodging)</b>	4.1%	5.1%	4.4%
14.	<b>Other (Net)</b>	8.3%	8.8%	8.5%
15.	<b>Refused</b>	1.4%	0.9%	1.2%

**CL7. Which of the following best describes your current annual income before taxes including wages or salary, Social Security, pensions, and interest or dividends on savings and investments?**

		<b>Age 25 - 49</b>	<b>Age 50 and over</b>	<b>Total</b>
1.	<b>Less than \$10,000</b>	2.5%	3.0%	2.7%
2.	<b>\$10,000 up to \$25,000</b>	11.1%	13.9%	12.2%
3.	<b>\$25,000 up to \$50,000</b>	39.2%	36.0%	38.0%
4.	<b>\$50,000 up to \$75,000</b>	21.8%	21.1%	21.6%
5.	<b>\$75,000 up to \$100,000</b>	15.5%	12.0%	14.2%
6.	<b>\$100,000 up to \$150,000</b>	4.8%	5.9%	5.2%
7.	<b>\$150,000 or more</b>	1.4%	2.8%	1.9%
8.	<b>Refused</b>	3.6%	5.2%	4.2%