



## **PSCA Releases Results of Annual Survey of Profit Sharing and 401(k) Plans**

The Plan Sponsor Council of America (formerly called the Profit Sharing/401k Council of America) has released its 54<sup>th</sup> Annual Survey of Profit Sharing and 401(k) Plans. This most recent release reflects the 2010 plan-year experience of 820 companies with 10.5 million participants and \$691 billion in plan assets. Highlights of the survey are provided below. For more information, please visit [www.psc.org](http://www.psc.org).

- The average plan has approximately 63 percent of assets invested in equities. 41.8 percent of plans have an automatic enrollment feature. The most common default deferral is 3 percent of pay, and the most common default investment option is a target-date fund.
- 59.2 percent of companies allow for immediate eligibility. Companies are more likely to have a one-year service requirement for non-matching contributions than for matching company contributions.
- Plans offer an average of 18 funds for both participant and company contributions.
- Investment advice is offered by 57.6 percent of respondent companies; 22.3 percent of participants used advice when it was offered.
- Loans are permitted in 88.8 percent of 401(k) plans.
- The average percentage of eligible employees who have a balance in the plan is 86.3 percent. An average of 76.9

percent of eligible employees made contributions to the plan in 2010, when permitted.

- 45.5 percent of plans allow participants to make Roth after-tax contributions. 16.1 percent of participants made Roth contributions when offered the opportunity.
- 63.6 percent of plans now offer a target-date fund as an investment option.

## **Establishing Your Retirement Plan Committee Charter**

As retirement plan consultants we strongly encourage our clients to formally establish a 401(k) Committee. The establishment of a Committee may be formalized by adopting a 401(k) Committee Charter. This Committee Charter helps to protect the Named Fiduciary, typically the Board of Directors, by delegating certain identified fiduciary responsibilities to the Committee. It protects the Committee members by defining the specific duties for which they are responsible. Furthermore, it protects the participants as it provides for orderly and prudent governance of the plan designed for the exclusive best interests of the participants and their beneficiaries, as required by ERISA Section 404(a).

Discuss this topic with Mario or David during your next meeting. He can assist with the process of adopting a Committee Charter by providing a sample Committee Charter document and helping select the appropriate provisions. Consider the following discussion points:

- Determine the purpose of the Committee (investment related, administrative issues, or both).
- Determine how Committee members are selected (who should/should not be members).
- Is there an ideal number of Committee members?
- What topics should the Committee cover (e.g., review investments, review IPS, identify ongoing participant needs/education, review plan design provisions, review plan/participant demographics vs. objectives, consider trends and legislation which may impact the plan, review and benchmark fees)?

The recent stock market turmoil combined with our litigious society is generating concern on the part of many fiduciaries regarding their potential exposure. Taking a casual approach to plan governance, without a formalized Committee Charter, will not help insulate the company or the plan fiduciaries from participants' complaints or lawsuits.

## **Communication Corner: No More Excuses!**

This month's sample employee memo encourages non-participating employees to stop the excuses and begin contributing toward the company's retirement plan. Email Sherri Attili at [sattili@ccadvisors.com](mailto:sattili@ccadvisors.com) for a copy that you can print and distribute to employees.

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