Fiduciary Duty and Investment Advice: Attitudes of 401(k) and 403(b) Participants

Report Prepared by

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AARP Real Possibilities

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EXECUTIVE SUMMARY

INTRODUCTION

This survey of 1,425 adults ages 25+ who currently have money saved in an employer-provided 401(k) or 403(b) plan was conducted in May 2013. The survey examines a range of issues related to investment advice available to plan participants from the financial institutions that manage the plan (the "plan provider") with a particular focus on reactions to the fact that such advice is typically not held to a "fiduciary" standard, meaning that the advice offered by plan providers to individual plan participants is generally not required to be in the best interest of the plan participants.

The intent of the survey is to understand the degree to which plan participants are concerned about the fact that advice offered by their plan provider may not be required to be in their best interest and whether they would support or oppose requirements to hold investment advice from plan providers to a higher standard. The survey also explores a variety of related issues, including reactions to the fact that plan providers may offer advice to individual plan participants while earning money based on plan participants' investment selections, as well as preferences for receiving investment advice from someone with a financial conflict of interest vs. receiving no investment advice at all.

Because 401(k) and 403(b) participants may choose to roll over their balances into IRAs when leaving an employer or upon retiring, the survey also examines concerns about the fact that IRA management is not held to a fiduciary standard.

KEY FINDINGS

The survey reveals widespread support for enhanced requirements of 401(k) and 403(b) providers such as requiring advice from plan providers to be in the best interest of plan participants and requiring plan providers to disclose when their advice is not required to be in the plan participant's best interest. The survey also reveals considerable support for holding financial institutions that manage IRAs to a higher standard.

Majorities also express concern that plan providers can give advice to individual participants while also financially benefiting from the investment decisions made by those participants. While the findings show that initially the majority of 401(k) and 403(b) plan participants trust their retirement plan provider to give them investment advice that is in their best interest, for many, trust declines after learning that individual advice offered by plan providers is not required by law to be in the best interest of the plan participants.

In fact, when asked to choose between advice from someone who benefits financially from their investments or no advice at all, well under half of respondents express a preference for advice from someone who has a financial interest in their investments with nearly as many expressing a preference for no advice at all.

Some of the survey's specific findings are as follows:

Attitudes Related to 401(k) and 403) Plan Providers and Investment Advice

- More than nine in ten (93%) survey respondents indicate that they would favor ("strongly" or "somewhat") *requiring 401(k) and 403(b) plan providers to give advice that is in the best interest of plan participants.* Nearly as many (89%) favor requiring plan providers to explain, prior to giving advice, if the advice is not required to be in the best interest of plan participants.

- More than three in four (77%) respondents indicate that they are either "very concerned" or "somewhat concerned" by the fact that investment advice from 401(k) and 403(b) providers is *not required to be in the best interest* of individual plan participants. Fewer—yet still a majority (62%)—describe themselves as either very or somewhat concerned by the fact that their plan provider can give advice to plan participants and *may make money from the investments* plan participants choose.

- ***Before*** reading a statement explaining that investment advice from plan providers is not required to be in the best interest of individual plan participants, just over nine in ten (93%) plan participants indicated that they either "completely" or "somewhat" trust their plan provider to *manage their 401(k) or 403(b) investments* in their best interest, while nearly as many (87%) respondents said that they trust their plan provider to give them *investment advice* that is in their best interest.

- ***After*** reading a statement explaining that advice from plan providers is not required to be in the best interest of plan participants, half (50%) of respondents indicate that this information makes them "less likely" to trust their 401(k) or 403(b) provider for advice while just over one in three (37%) indicated that it has "no impact" on their level of trust.

- When asked to indicate *whether they would prefer to receive advice about their 401(k) or 403(b) plan from someone that may make money from their investments or no investment advice at all*, reactions are mixed. While almost four in ten (39%) said that they would choose "advice from someone that may make money from the investments I choose," nearly as many (31%) indicated that they would choose "no investment advice at all." Another three in ten (29%) indicated that they "don't know" which they would choose.

Rollover IRAs

- On the topic of rollover IRAs, just over nine in ten (91%) respondents "strongly favor" or "somewhat favor" requiring IRA providers to manage IRAs in the best interest of account holders.
- In reaction to the fact that IRA management is not held to the same standard as 401(k) and 403(b) plans, nearly eight in ten (79%) respondents indicate that they are either "very concerned" or "somewhat concerned" by the fact that different standards are applied to 401(k) and 403(b) plans compared to IRAs.

- ***Prior to*** reading a statement explaining that that IRA management is not held to the same standard as 401(k) and 403(B) plans, the vast majority (86%) of respondents indicated that they would "completely trust" or "somewhat trust" their 401(k) or 403(b) plan provider to *manage a rollover IRA* in their best interest.
- ***After*** reading a statement explaining that IRA management is not held to the same standard as 401(k) and 403(B) plans, half (50%) of respondents indicate that this makes them "less likely" to trust their 401(k) / 403(b) provider to manage a rollover IRA, while slightly more than one in three (37%) indicate that it has "no impact."

Importance of Independent Investment Advice

- Approximately eight in ten (81%) respondents either "strongly agree" or "somewhat agree" that *it is important to get investment advice about their retirement from an independent advisor who does not earn money based on their investments.*
- Fewer than four in ten (36%) respondents indicate that they would *trust the advice from an advisor who is not required by law to provide advice that is in their best interest.*

IMPLICATIONS

The findings from this survey demonstrate that majorities of 401(k) and 403(b) participants are concerned about the fact that investment advice offered by plan providers is not held to a fiduciary standard and the fact that plan providers have a conflict of interest when giving advice due to their financial interest in plan participant's investments. The overwhelming majority of plan participants are in favor of stronger protections for plan participants, such as holding provider advice to a fiduciary standard, requiring providers to disclose upfront the limitations of their advice, and expanding fiduciary standards that cover employer-sponsored plans to IRAs.

INTRODUCTION

Background

Today millions of American workers save for retirement in employer-sponsored retirement savings plans, such as 401(k)s and 403(b)s, and expect those plans to serve as a major source of their income in retirement.[1] This is in stark contrast to many decades ago when most workers were covered by defined-benefit pension plans. For example, according to the Department of Labor, the number of active participants in private-sector defined contribution plans increased from 11.2 million in 1975 to 73.4 million in 2010 while the number of active participants in private-sector defined benefit plans declined from 27.2 million to 17.1 million during the same time period.[2]

Unlike participants in defined-benefit pension plans who were guaranteed retirement income simply by meeting service requirements, participants in most defined contribution plans bear the responsibility of important investment decisions that can have lasting consequences for their retirement security. In order to assist plan participants with these decisions, defined contribution plan providers often field inquiries from participants, providing investment-related advice that plan participants may interpret as being offered with their best interest in mind. However, for many situations in which advice is offered by plan providers, current laws do not require plan providers to act in the best interest of plan participants.

The primary statute that is in place to protect participants in employer-sponsored retirement plans, the Employee Retirement Income Security Act (ERISA), was established in the mid-1970s when defined benefit plans were the norm and workers were less likely to be in need of investment advice. ERISA specifies a very narrow set of circumstances under which investment advice offered to individual plan participants must meet a “fiduciary” standard (be in the best interest of the plan participants). For example, under ERISA, one-time advice would typically not be required to be in the plan participant’s best interest whereas advice provided on a regular basis that meets several other criteria may be required to be in the participant’s best interest. In recent years, the Department of Labor has been working to revise the section of ERISA that deals with investment advice in an effort to broaden the circumstances under which advice is required to be in the best interest of plan participants and, thereby, better protect plan participants from the risks of receiving advice from providers whose conflicts of interest may lead them to offer advice that benefits the providers themselves more so than the plan participants.

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[1] Employee Benefit Research Institute. Issue Brief No. 384 “The 2013 Retirement Confidence Survey: Perceived Savings Needs Outpace Reality for Many” (March 2013) http://www.ebri.org/pdf/surveys/rcs/2013/EBRI_IB_03-13.No384.RCS.pdf

[2] U.S. Department of Labor. Employee Benefits Security Administration, *Private Pension Plan Bulletin Historical Tables and Graphs* (November 2012) http://www.dol.gov/ebsa/pdf/historicaltables.pdf.

Objectives
The intent of the survey is to understand the degree to which plan participants are concerned about the fact that advice offered by their plan provider may not be required to be in their best interest and whether they would support or oppose requirements to hold investment advice from plan providers to a higher standard. The survey also explores a variety of related issues, including reactions to the fact that plan providers may offer advice to individual plan participants while earning money based on plan participants' investment selections as well as preferences for receiving investment advice from someone with a financial conflict of interest vs. receiving no investment advice at all.

Because 401(k) and 403(b) participants may choose to roll over their balances into IRAs when leaving an employer or upon retiring, the survey also examines concerns about the fact that IRA management is not held to a fiduciary standard.

METHODOLOGY

The survey was administered online from May 24, 2013, to May 31, 2013, by GfK Custom Research to its national KnowledgePanel, a probability-based web panel designed to be representative of the U.S. population. Invitations to participate in the survey were sent only to individuals ages 25 and older. All prospective respondents were screened in an effort to accept only respondents who currently have money saved in their own 401(k) or 403(b) plan provided by either a current employer or former employer. The survey excluded anyone whose only current 401(k) or 403(b) plan is provided by a spouse's current or former employer.

The report includes findings from all 1,425 respondents who met the above screening criteria. Results were weighted by gender, age, race/ethnicity, education, household income, internet access, census region, and metropolitan area to be nationally representative of adults ages 25 and older who currently have money saved in an employer-provided 401(k) or 403(b) plan. The margin of error for results based on all 1,425 respondents is plus or minus 3.3 percent at the 95% confidence level.

The report notes any statistically significant differences that emerged by respondent age. All differences noted are statistically significant at the 95% confidence level. If a particular discussion does not mention differences by age, response did not vary significantly by age. Occasionally, significant differences between other subgroups are noted.

DETAILED FINDINGS

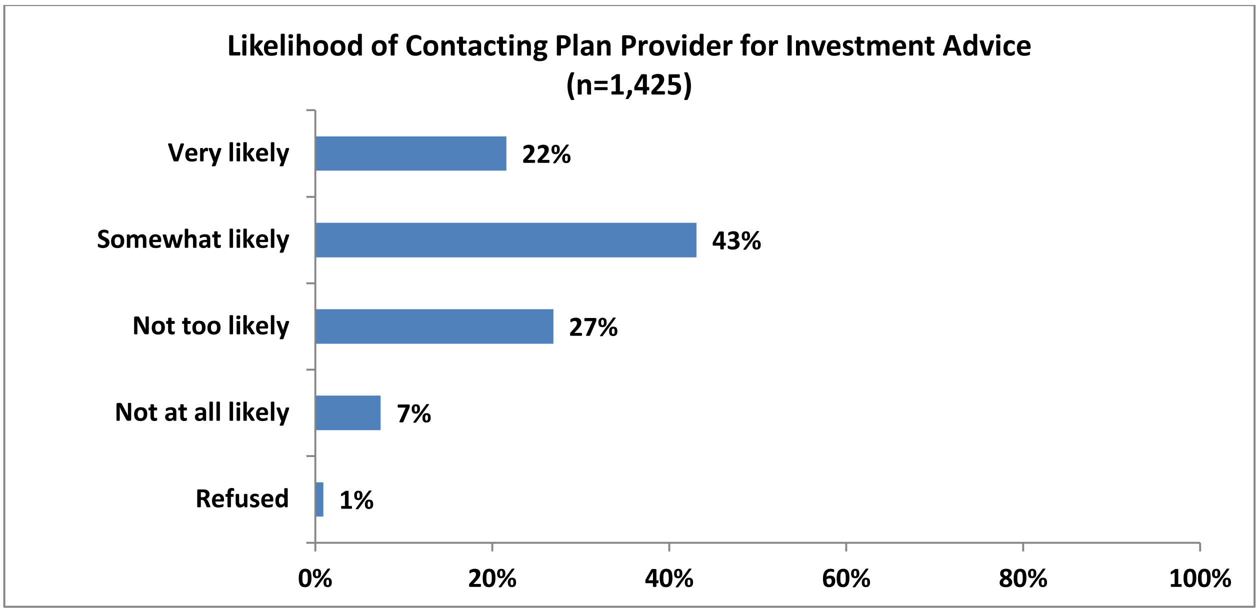
For purposes of the survey, the phrase “financial company that manages your 401(k) or 403(b) plan” was used to refer to the financial entity that manages the respondent’s plan. For simplicity, throughout the report, we will refer to this entity as the “plan provider.”

A. Investment Advice from Plan Provider

LIKELIHOOD OF CONTACTING PLAN PROVIDER FOR ADVICE

Just under two in three (65%) respondents indicate that they would be at least somewhat likely (22% very likely, 43% somewhat likely) to contact their plan provider to request investment advice if they were made aware that the provider offered such advice.

1: Likelihood of Contacting Plan Provider for Investment Advice



Q. B-1. “If you knew that you could receive investment advice about your 401(k) or 403(b) plan from the financial company that provides your 401(k) or 403(b) plan, how likely would you be to contact the company to ask for advice?”

Not surprisingly, respondents who have already consulted their plan provider for advice (37% “very likely”) are more likely than those who have not already done so (17% “very likely”) to say that they would contact their provider for such advice in the future.

TRUST OF PLAN PROVIDER’S ADVICE

Just under nine in ten (87%) respondents either “completely trust” or “somewhat trust” their plan provider to give them *investment advice that is in their best interest.* (However, respondent attitudes change dramatically after learning that plan providers do not owe participants a fiduciary duty, as detailed below in Section C).

Differences by Age

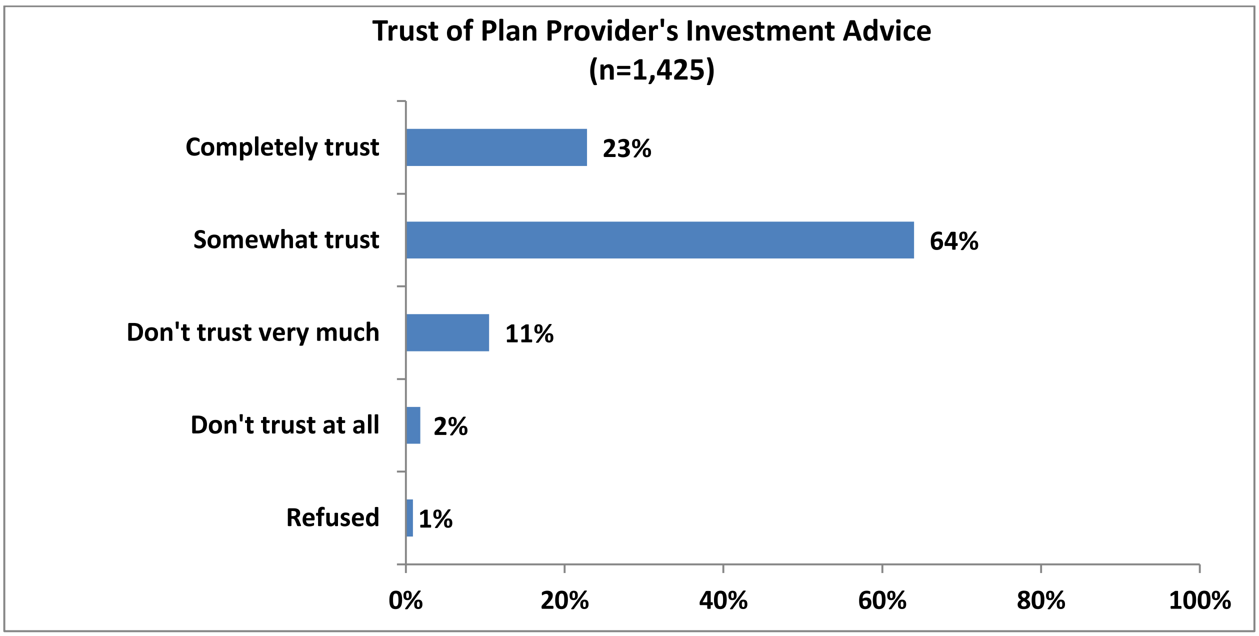
Participants ages 50+ are more trusting of their plan providers' investment advice than are their younger counterparts. For example, more than one in four (27%) participants ages 50+ "completely trust" their plan provider to offer investment advice that is in the best interest of plan participants compared to just 20 percent of participants ages 25-49.

Differences by Other Factors

Trust of the provider's advice is also higher among those who have already contacted their provider for advice (31% "completely trust") than among those who have never reached out to their provider for advice (20% "completely trust").

Furthermore, respondents who are aware that they pay fees for their 401(k) or 403(b) plan are somewhat less trusting of their provider's advice than are those who are not aware of fees. Specifically, 83 percent of respondents who believe that they pay fees for their plan say that they either "completely" or "somewhat" trust their plan provider's advice, compared with 89 percent of respondents who do not appear to be aware of fees.

2: Trust of Plan Provider's Investment Advice



Q B-2. "How much do you trust the financial company that manages your 401(k) or 403(b) plan to give you investment advice that is in your best interest?

Trust of Plan Provider's Investment Management

In addition to examining how much respondents trust their plan provider's advice, we also asked how much they trust the plan provider's investment management. When asked how much they trust "the financial company that manages their 401(k) or 403(b) plan" to manage their investments in their best interest, over nine in ten (93%) respondents indicate that they trust their provider either "completely" (34%) or "somewhat" (59%). As with trust of plan provider's investment advice, trust of the plan provider's investment management is higher among respondents ages 50+, with four in ten (40%) indicating that they "completely" trust the provider to manage their investments in their best interest, compared to just three in ten (30%) respondents ages 25-49.

B. What to Do With One's Balance After Leaving an Employer

Because an important decision that 401(k) and 403(b) participants face is what to do with their plan balance when they leave their employer and/or retire, we first asked respondents for their general sense of what they will do with their plan balance in the future. Then, we asked whether they would ever consider rolling over their plan balance into an Individual Retirement Account (IRA) managed by their 401(k)/403(b) provider.

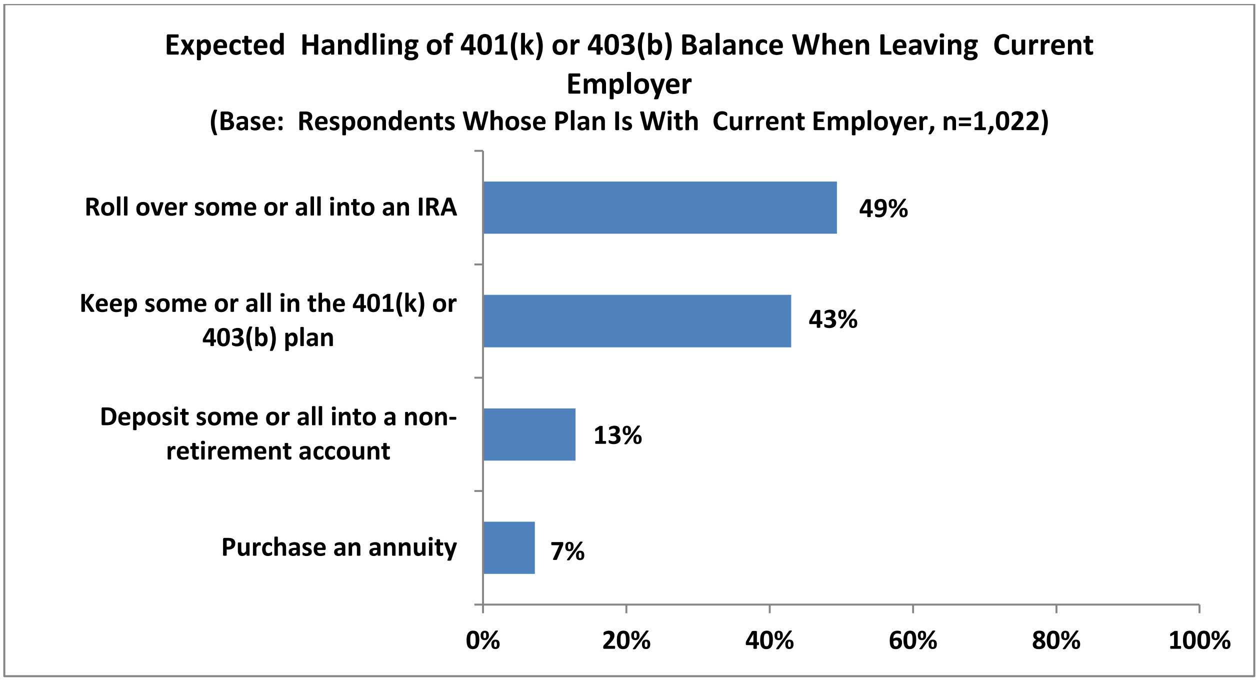
Expectations of Rolling Over into an IRA vs. Other Methods

Plan participants whose plan is with their current employer were asked what they expect to do with their plan balance when they leave their employer. Of the four different potential actions we asked about, rolling over some or all of the balance into an IRA is the alternative that participants most commonly cite, followed closely by keeping some or all of the money in the plan. Specifically, approximately half (49%) of respondents say that they expect to roll over at least some of their balance into an IRA, while just over two in five (43%) expect to keep some or all of the money in the plan. Very few (13%) expect to deposit some of the balance into a non-retirement account and even fewer (7%) expect to purchase an annuity.

Differences by Age

Respondents ages 25-49 (46%) are more likely than those ages 50+ (38%) to say that they expect to keep some or all of their money in the plan, which may be a reflection of the fact that the younger respondents are in all probability farther away from retirement and less likely to expect to need the funds in the near future than their 50+ counterparts.

3: Expected Handling of 401(k) or 403(b) Balance When Leaving Current Employer



QBB-2. "When you leave your current employer, what do you expect to do with the money from your 401(k) or 403(b) plan?" (multiple responses allowed)

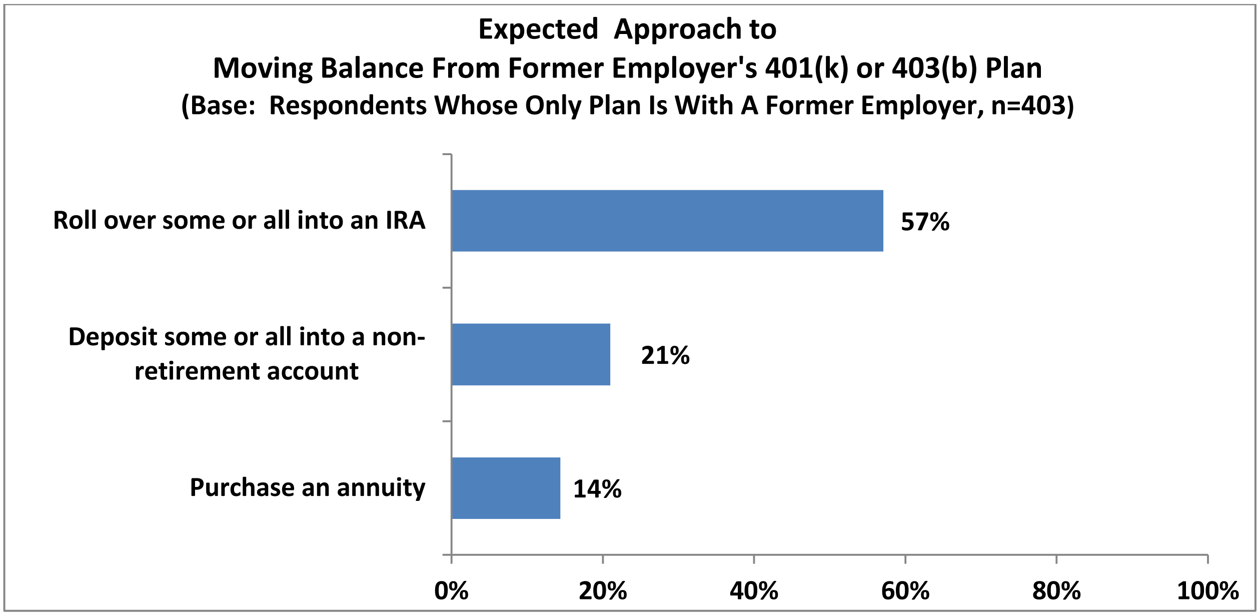
Plan participants whose only plan is with a former employer were asked what they expect to do with their plan balance when they move their money out of their former employer's plan. Like participants whose plan is sponsored by their current employer, respondents whose plan is with a former employer also most commonly expect to roll over their balance into an IRA. In fact, over half (57%) expect to roll over into an IRA. Approximately one in five expect to deposit it into a non-retirement account (21%) and 14 percent expect to purchase an annuity.[3]

Differences by Age

Respondents ages 50+ (25%) are more likely than those ages 25-49 (10%) to expect to move at least some of their balance into a non-retirement account. Additionally, as might be expected, respondents with savings of at least $50,000 (17%) were more likely than those with less than $50,000 saved (2%) to expect to purchase an annuity.

[3] It is important to note that the actions expected by respondents whose plans are with a former employer may not be directly compared to the expected actions of respondents whose plans are with their current employer. This is because respondents whose plans are with their current employer were offered one more potential action ("keep some or all of the money in the 401(k) or 403(b) plan") for a total of four potential actions whereas respondents whose plan is with a former employer were offered only three potential actions as the latter group was asked to indicate what they expect to do when they remove their money from the plan.

4: Expected Approach to Moving Balance From Former Employer's 401(k) or 403(b) Plan



QBB-3. "When you move your money out of your former employer's 401(k) or 403(b) plan, what do you expect to do with it?" (multiple responses allowed)
Note: Unlike Question BB-2, which was directed at respondents whose plan is with a current employer, responses options for Question BB-3 excluded "keep all or some of the balance in the 401(k) or 403(b) plan."

Uncertainty About What to Do with Plan Balance

Because it is conceivable that plan participants could divide their plan balance among more than one account when leaving an employer, respondents were allowed to select more than one approach. Nevertheless, the high share of respondents who are uncertain of the approach they will take is notable. For example, for each of the four alternatives mentioned, at least one in three *respondents whose plan is with a current employer* indicate that they "do not know" if they will opt for that method.

Similarly, a sizable share of *respondents whose only plan is with a former employer* expressed uncertainty about how they will move their money from their former employer's plan. Although respondents whose only plan was with a former employer are on average older and closer to retirement than those whose plan is with a current employer, still, for each of the three listed methods of moving funds from their plan, at least a quarter or more of these respondents indicate that they "do not know" if they will choose that method.

The high share of don't knows suggests that many plan participants will be in search of advice once they do eventually leave their employer and/or are ready to remove funds from a former employer's plan.

Interest in Rolling Plan Balance into an IRA Managed by Plan Provider

Because many financial institutions that manage 401(k) or 403(b) plans also manage IRAs, we asked all respondents whether they would ever consider rolling over the money from their plan into an IRA managed by the same provider that manages their 401(k) or 403(b). Overall, about two in five (42%) report that they would consider such a move while one in five (20%) report that they would not consider such a move and nearly another two in five (37%) indicate that they simply "don't know."

Differences by Age and Prior Experience with IRAs

Respondents ages 25-49 (45%) were more likely than those ages 50+ (38%) to express interest in this. Notably, those who have already contacted their plan provider for advice are more likely than those who have not done so to report such an interest (47% vs. 39%). Additionally, as might be expected, interest in rolling over with their current plan provider is higher among those who already have an IRA (47%) and those who have previously rolled over funds from a 401(k) or 403(b) plan into an IRA (51%) than among those who do not have an IRA (32%) or those who have never previously rolled over (38%).

TRUST OF PLAN PROVIDER'S MANAGEMENT OF IRAS

Broadly speaking, respondents indicate that they would trust their 401(k) or 403(b) provider to manage a rollover IRA in their best interest nearly as much as they trust their provider to manage their 401(k) or 403(b) investments in their best interest. Specifically, over eight in ten (86%) respondents indicate that they would either "completely trust" (21%) or "somewhat trust" (65%) their provider to manage a rollover IRA. This compares to the previously mentioned 93 percent of respondents who at least somewhat trust their provider's management of their 401(k) or 403(b) investments.

The largest difference between the two trust levels, however, is the share who "completely trust" their plan provider's management of these two types of investment vehicles, with only 21 percent "completely" trusting their provider to manage a rollover IRA compared to 34 percent "completely" trusting their provider to manage their 401(k) or 403(b) investments.

Differences by Age

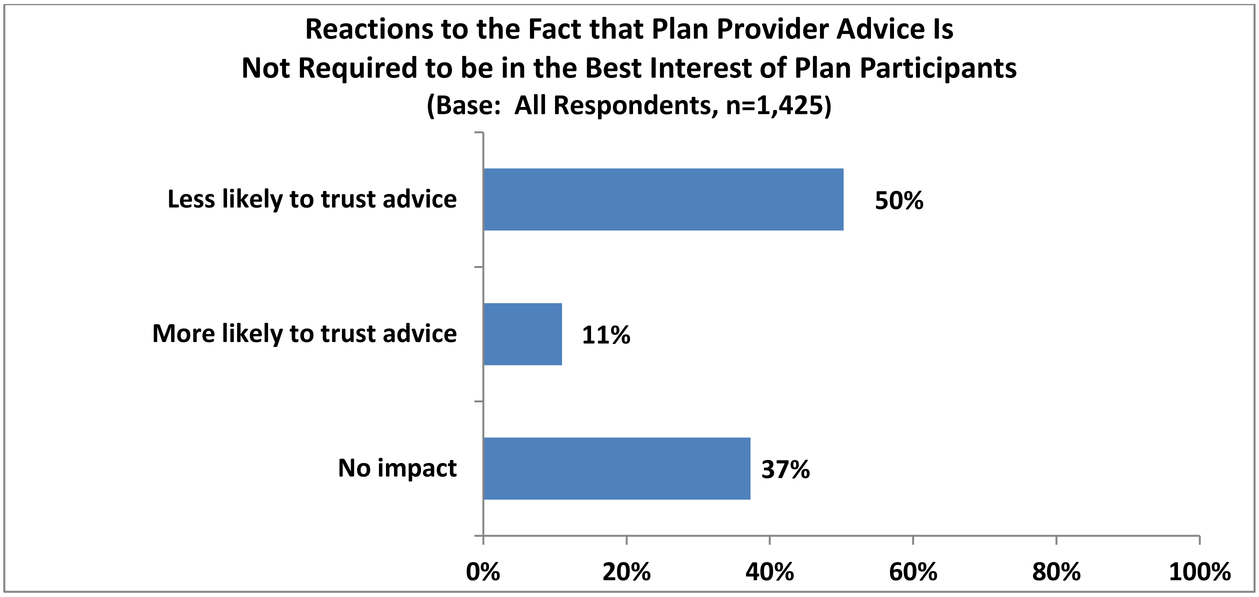
Trust is higher among the oldest respondents. Specifically, more than one in four (27%) respondents ages 60+ "completely trust" their 401(k) or 403(b) provider to manage a rollover IRA in their best interest, compared with less than one in five (18%) respondents ages 25-44.

C. Fiduciary Duty Limitations and Impact on Trust

In order to gauge the extent to which respondent's trust of their provider changes after learning that advice from plan providers is often not subject to a fiduciary standard, we displayed the following statement to respondents: *"When giving investment advice to individual plan participants, financial companies that manage 401(k) and 403(b) plans are not required by law to give advice to individual plan participants that is in the best interest of plan participants."*

After reading this statement, respondents were asked to rate its impact on their trust of their plan provider's advice. Half (50%) of respondents indicated that this information makes them "less likely" to trust their 401(k) or 403(b) provider for advice while just over one in three (37%) indicated that it has "no impact" on their trust. A few (11%) indicate that it makes them "more likely" to trust their provider's advice.

5: Reactions to the Fact that Plan Provider Advice is Not Required to be in the Best Interest of Plan Participants



QBBB-1. "When giving investment advice to individual plan participants, financial companies that manage 401(k) and 403(b) plans are not required by law to give advice that is in the best interest of plan participants. Does this make you less likely or more likely {order rotated} to trust investment advice from your 401(k) or 403(b) company, or does it have no impact?"

<u>Differences by Age</u>

Respondents ages 25-49 (54%) are more inclined than those ages 50+ (46%) to indicate that this makes them "less likely" to trust their provider's advice, while those ages 50+ (44%) are more inclined than those ages 25-49 (32%) to say that this has no impact on their trust.

<u>Differences by Initial Trust of Plan Provider's Advice</u>

In addition to varying by age, responses to this question also varied based on the trust respondents initially expressed in their provider's advice. For example, those who initially expressed little or moderate trust in their provider's advice were the most likely to indicate that this information makes them even "less likely" to trust their provider. In contrast, those who initially indicated that they "completely trust" their provider's advice were the most likely to say that this information has "no impact" on their trust of their provider's advice. Specific findings are as follows:

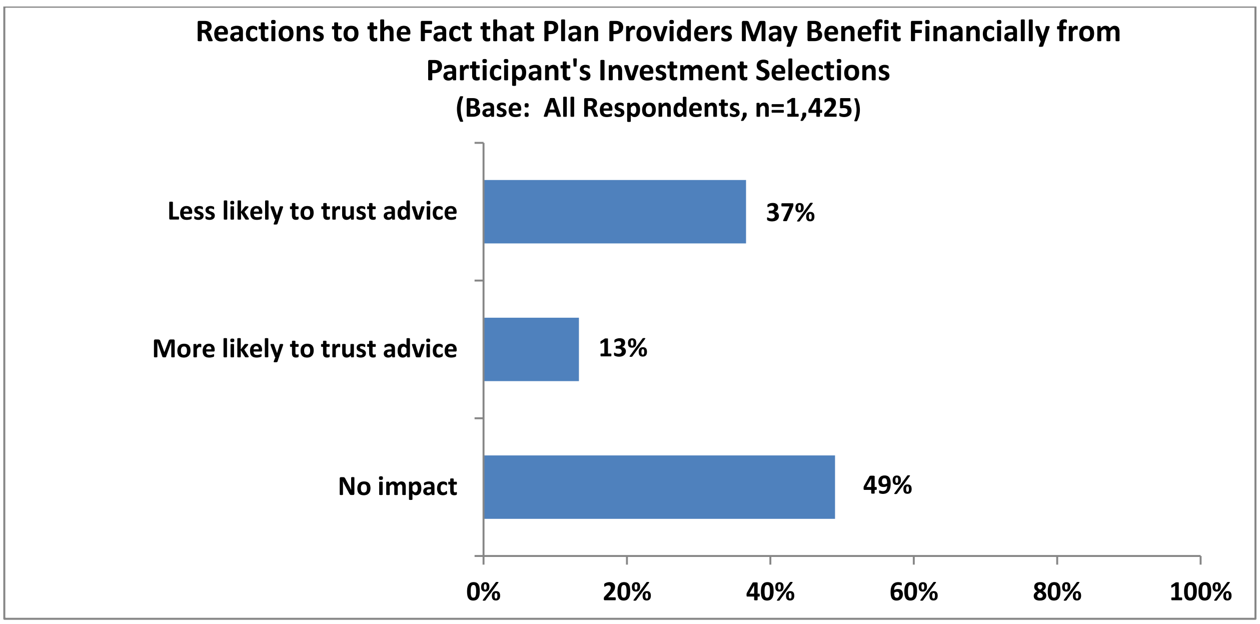
- Of those who had indicated earlier that they "don't trust at all," "don't trust very much," or "somewhat trust" their provider's advice, over half (54%) say that this information makes them *less likely* to trust the provider's advice. In contrast, just under four in ten (38%) of those who had previously said that they "completely trust" their provider's advice indicate here that this information makes them *less likely* to trust the advice.
- Nearly half (47%) of those who indicated earlier in the survey that they "completely trust" their provider's advice said that this information has *no impact* on their trust of their provider's advice, compared to 35% of respondents who had indicated earlier that they "don't trust at all," "don't trust very much," or "somewhat trust" their provider's advice.

D. The Potential for a Conflict of Interest and Impact on Trust

Because 401(k) and 403(b) providers may benefit financially from the investment choices made by plan participants, it is possible that the investment selections that would be in the best interest of an individual plan participant may differ from those that would bring the most financial gain to the provider. This presents a conflict of interest in the case of providers that offer the type of investment advice that is not subject to a fiduciary standard.

In an effort to assess respondents' reactions to the notion that plan providers may benefit financially from their investment choices, we explained that *"Financial companies that provide 401(k) and 403(b) plans may make money from the investments you choose for your plan."* The results suggest that this statement had less of an impact on trust than did the previous statement regarding the lack of fiduciary duty. For example, after reading that providers may benefit financially from their investment choices, just about half (49%) of respondents indicated that this information has "no impact" on their trust of their provider's advice while slightly fewer than four in ten (37%) indicated that it makes them "less likely" to trust their provider's advice. The smaller impact of this statement may suggest that respondents were already generally aware of the fact that plan providers stand to gain financially from plan participants' investment selections.

6: Reactions to the Fact that Plan Providers May Benefit Financially from Participant's Investment Selections



QBBB-2. "Financial companies that provide 401(k) and 403(b) plans may make money from the investments you choose for your plan. Does this make you less likely or more likely {order rotated} to trust investment advice from your 401(k) or 403(b) company, or does it have no impact?"

<u>Differences by Age</u>

Similar to reactions to the statement about the lack of fiduciary duty, the statement about plan providers' financial interest in participants' investment selections was more likely to lead to reduced trust among younger respondents than among those ages 50+. Specifically, more than four in ten (41%) respondents ages 25-49 indicated that this information about the financial gains that providers may experience based on their investment decisions causes them to be "less likely" to trust their provider's advice, compared with just 31 percent of respondents ages 50+.

In contrast, nearly six in ten respondents ages 50+ (58%) say that this information has "no impact" on their trust, compared to 42 percent of those ages 25-49.

Differences by Initial Trust of Plan Provider's Advice

Responses to this question also varied based on the trust respondents initially expressed in their provider's advice. For example, those who previously expressed little trust in their provider's advice were the most likely to indicate that this information makes them even "less likely" to trust their provider. In contrast, those who initially indicated that they "completely trust" their provider's advice were the most likely to say that this information has "no impact" on their trust of their provider's advice. Specific findings are as follows:

- Of those who had indicated earlier that they "don't trust very much" or "don't trust at all" their provider's advice, over half (55%) say that this information makes them *less likely* to trust the provider's advice. Among those who had said that they only "somewhat trust" their provider's advice, approximately four in ten (39%) say that this information makes them *less likely* to trust their provider's advice. In contrast, just one in five (20%) of those who had previously said that they "completely trust" their provider's advice indicate here that this information makes them *less likely* to trust the advice.
- Six in ten (60%) of those who indicated earlier in the survey that they "completely trust" their provider's advice said that this information has *no impact* on their trust of their provider's advice, compared to 47 percent of respondents who had indicated that they "somewhat trust" their provider's advice and 40 percent of respondents who had indicated that they "don't trust very much" or "don't trust at all" their provider's advice.

E. Degree of Concern With Lack of Fiduciary Duty and Conflicts of Interest

LACK OF FIDUCIARY DUTY

When asked to rate how concerned they are by the fact that investment advice from 401(k) and 403(b) providers is *not required to be in the best interest* of individual plan participants, more than three in four (77%) respondents indicate that they are either "very concerned" (30%) or "somewhat concerned" (48%). Although a clear majority of both age groups express concern, concern is more widespread among younger respondents, with 80 percent of respondents ages 25-49 indicating that they are at least somewhat concerned, compared with 74 percent of respondents ages 50+.

Of those who indicated earlier that they "completely trust" their plan provider's advice, seven in ten (70%) say that they are either very concerned (28%) or somewhat concerned (42%) about the lack of fiduciary duty. In comparison, concern is expressed by a full eight in ten (80%) of those who initially said that they "don't trust at all", "don't trust very much" or "somewhat trust" their provider's advice.

CONFLICTS OF INTEREST

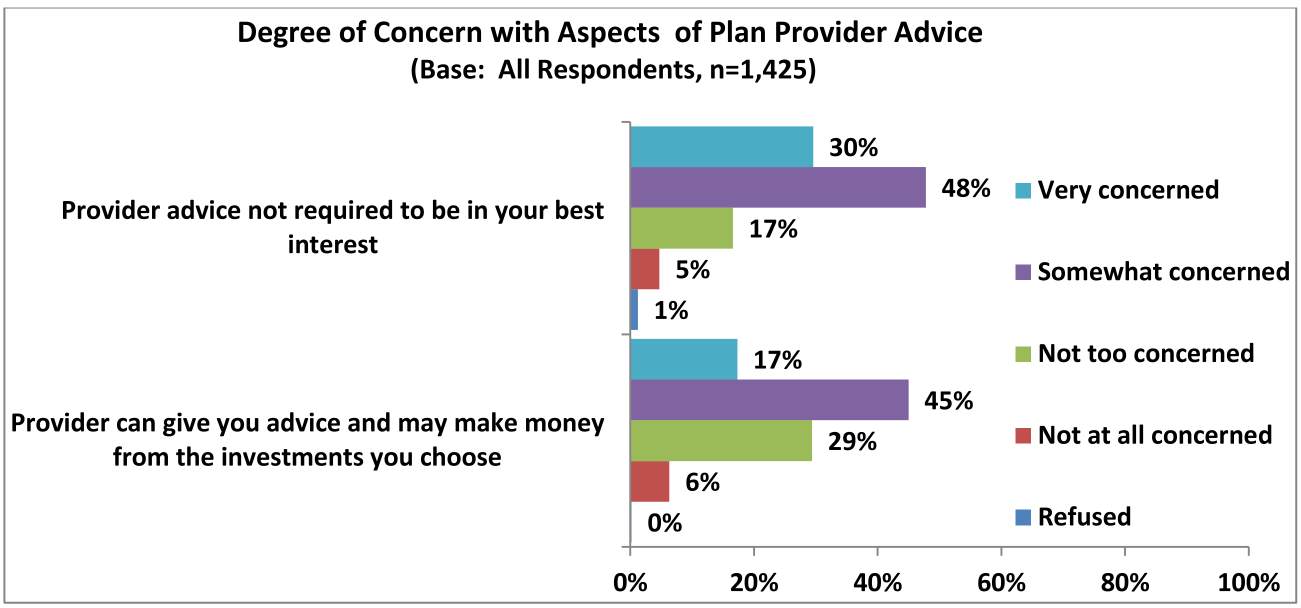
When asked to rate how concerned they are by the fact that their plan provider can give advice to plan participants and *may make money from participants' investments*, respondents expressed somewhat less concern about this financial conflict of interest than about the lack of fiduciary duty.

However, over six in ten (62%) did describe themselves as either "very concerned" (17%) or "somewhat concerned" (45%) about the conflict of interest Notably, the share of respondents who report that they are "very concerned" about the lack of fiduciary duty (30%) is nearly twice as high as the share who are "very concerned" about the conflict of interest (17%).

Differences by Age and Initial Trust of Plan Provider's Advice

Similar to the findings above regarding concern about the lack of fiduciary duty, younger respondents and respondents who had initially indicated relatively low trust of their plan provider's advice expressed more concern about the conflict of interest than did older respondents and those who had initially reported more trust in their provider's advice. However, even among the oldest respondents and those who were the most trusting of their provider's advice, majorities expressed concern. Specifically, nearly two in three (65%) respondents ages 25-49 report that they are at least somewhat concerned by the fact that plan providers may have a conflict of interest when giving advice, compared with just under six in ten (59%) respondents ages 50+. Among those who indicated earlier in the survey that they "completely trust" their plan provider's advice, just over half (53%) are at least somewhat concerned, compared with nearly two in three (65%) of those who earlier said that they "somewhat trust" their provider's advice and over seven in ten (72%) of those who earlier expressed that they either "don't trust very much" or "don't trust at all" their provider's advice.

7: Degree of Concern with Aspects of Plan Provider Advice



QBBB-3. "How concerned are you by the fact that the investment advice available from your 401(k) or 403(b) company is not required to be in your best interest?"
QBBB-4. "How concerned are you by the fact that your 401(k) or 403(b) company can give you advice and may make money from the investments you choose?"

Specific Concerns about Lack of Fiduciary Duty and Conflicts of Interest

In order to gauge which of several potential issues influence the concerns expressed above, we presented respondents with a list of six different statements that could represent potential concerns and asked them to select which of those statements represented their own concerns.

Of the six statements, the two selected by the largest share of respondents related to the possibility of receiving *better advice from an independent advisor who does not make money from the plan participant's investments* and the possibility that the *advice may be influenced by the money that the plan provider earns from the investments (48% of respondents selected each issue as a concern).* The issue selected as a concern by the next largest share of respondents (41%) related to the possibility that the provider *may suggest investments that have high fees.*

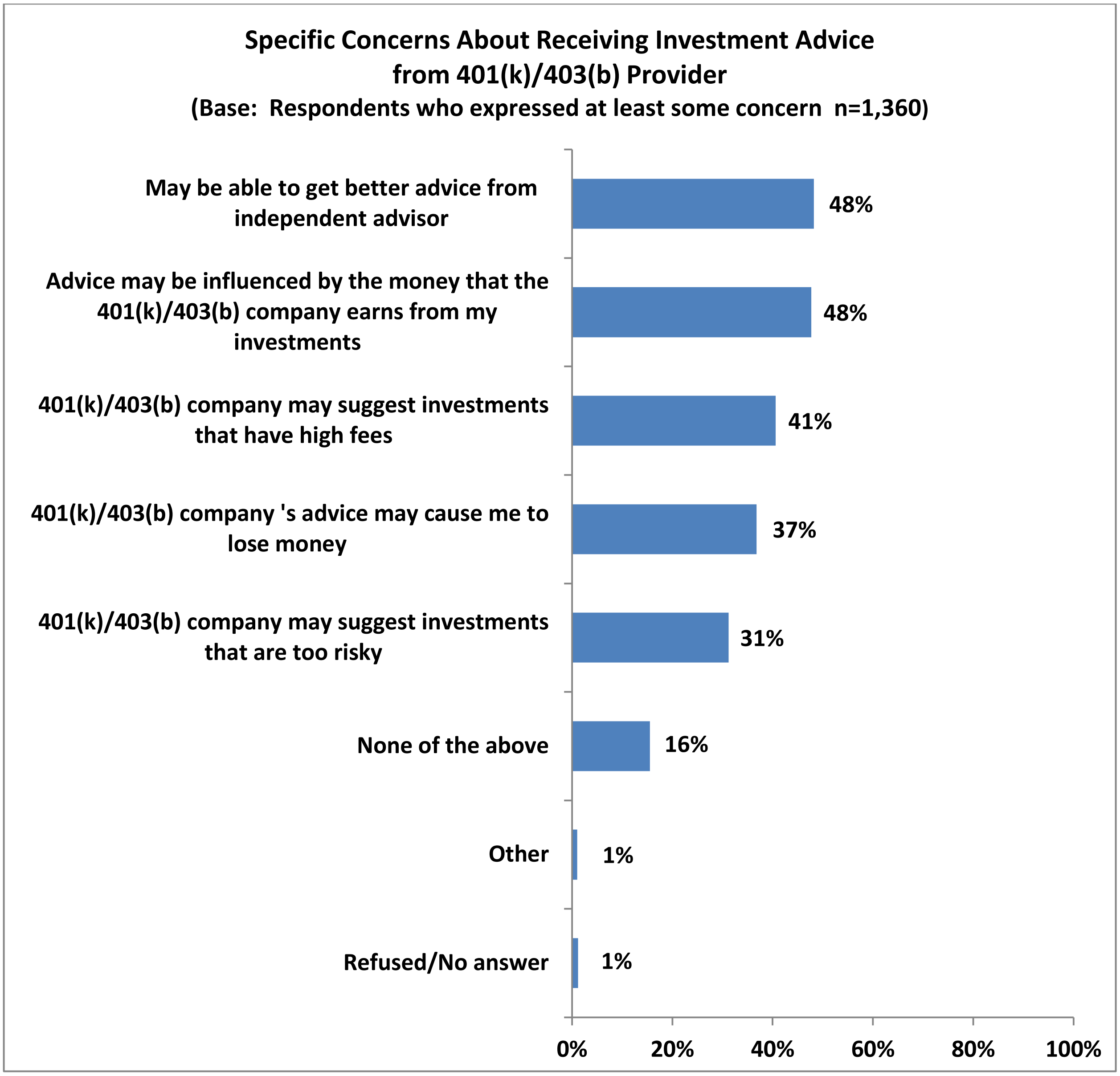
<u>Differences by Age</u>

The share of respondents selecting each of the six possible concerns was fairly similar across age groups. However, respondents ages 25-49 were more likely than those ages 50+ to express concern that the provider may suggest investments with high fees (44% of those ages 25-49 vs. 36% of the 50+).

<u>Differences by Initial Trust of Plan Provider's Advice</u>

Consistent with other findings from the survey, the share of respondents selecting each issue as a concern also varied by initial trust rating of the provider's advice. For example, the statement that the *advice may be influenced by the money that the provider earns from the investments* was selected as a concern by just one in three (33%) of those who initially indicated that they "completely trust" their provider's advice, compared with nearly half (49%) of those who initially said that they "somewhat trust" their provider's advice and a full two in three (66%) respondents who initially indicated that they either "don't trust very much" or "don't trust at all" their provider's advice.

8: Specific Concerns about Receiving Investment Advice from 401(k)/403(b) Provider



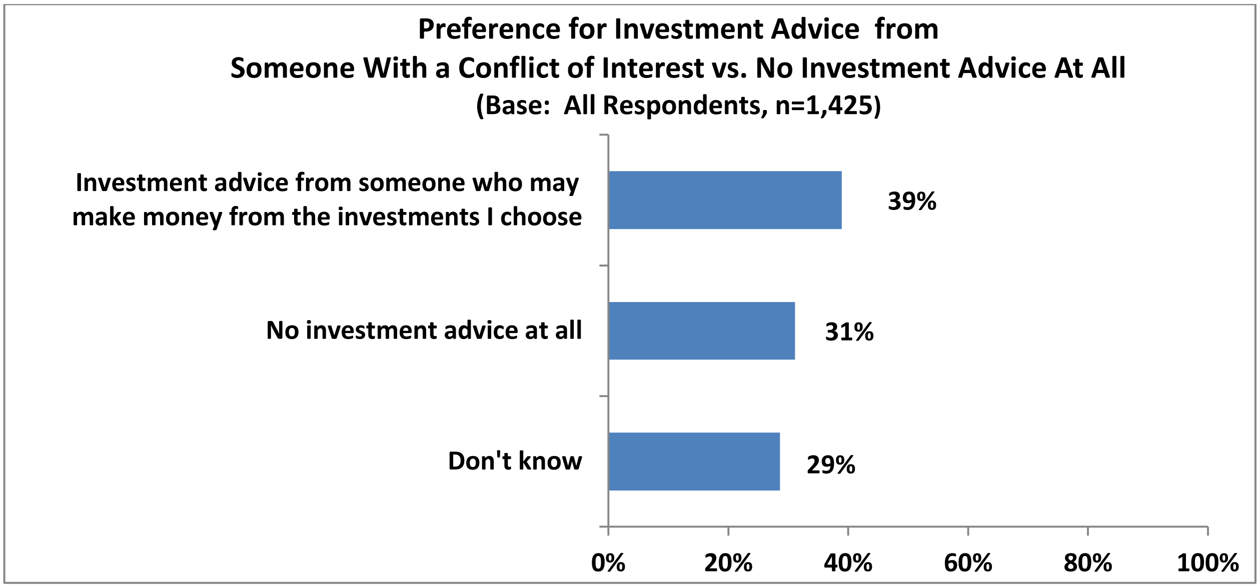
QBBB-5. "What are your concerns about receiving investment advice from the company that manages your 401(k) or 403(b) plan?" (Asked of all respondents who answered "very concerned," "somewhat concerned," or "not too concerned" to QBBB-3 and QBBB-4.)

F. Choosing Between Conflicted Advice vs. No Advice At All

In an effort to understand whether respondents' expressed concerns about conflicted advice may cause them to either forego that advice altogether or request it despite an awareness of its limitations, we asked respondents to state which of these two alternatives they would choose assuming the absence of any other option. Essentially, we wanted to understand whether respondents were likely to view plan provider advice, despite its limitations, as better than nothing.

The mixed results demonstrate the inherent problems with each of these two options — neither option was selected by a majority of respondents and a considerable share selected "don't know." Specifically, nearly four in ten (39%) said that they would choose "*advice from someone that may make money from the investments I choose,"* while just over three in ten (31%) indicated that they would choose "*no investment advice at all."* Another three in ten (29%) indicated that they "don't know" which they would choose.

9: Preference for Investment Advice from Someone with a Conflict of Interest vs. No Investment Advice At All



QBBB-6. "If you could choose between receiving investment advice about your 401(k)/403(b) plan from someone who may make money from your investments, or receiving no advice, which would you prefer?"

G. Attitudes Toward Independent Advice and Conflicted Advice

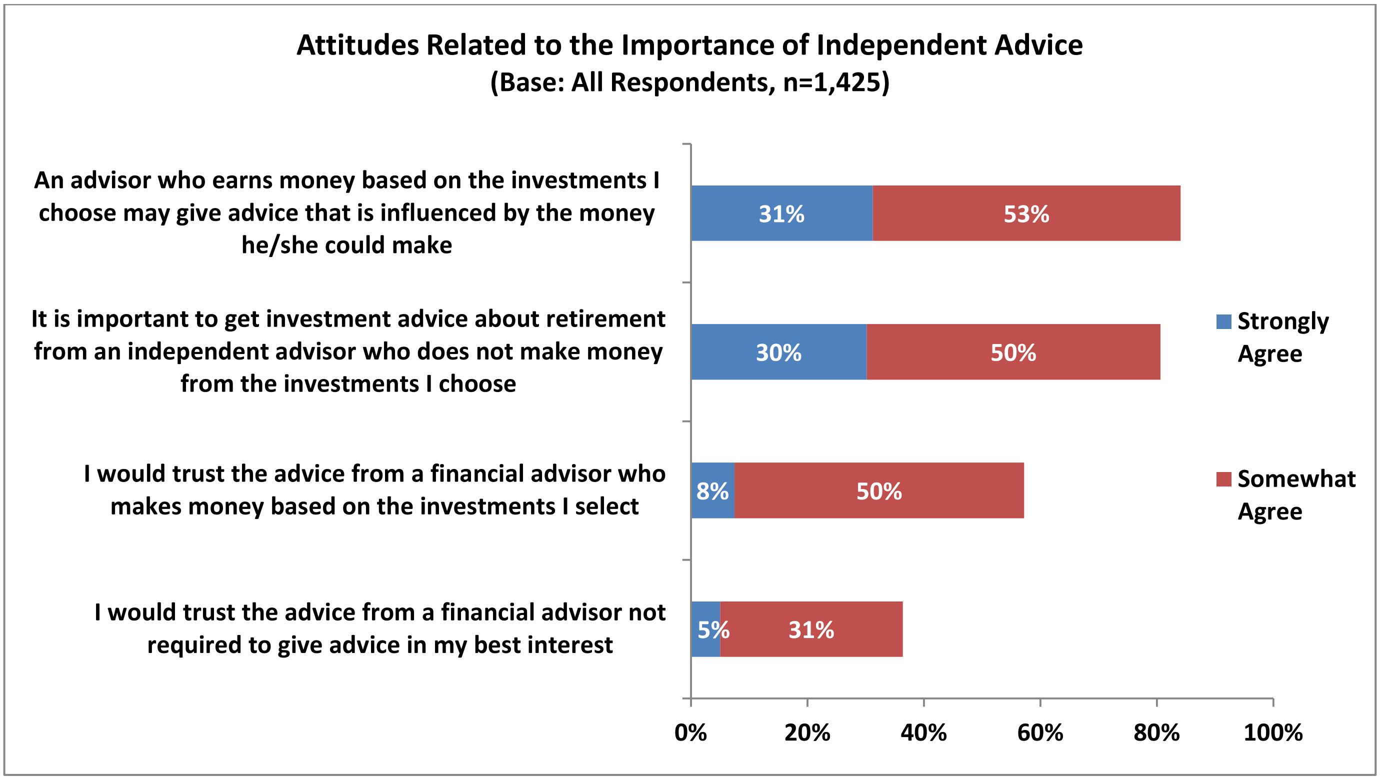
Most respondents agree that advisors with a financial interest in the investments of those that they advise have a conflict of interest that may influence their advice. Specifically, over eight in ten (84%) indicated that they either "strongly agree" (31%) or "somewhat agree" (53%) that "*an advisor who earns money based on the investments I choose may give advice to me that is influenced by the money he or she could make from my investments."* Respondents ages 25-44 (34%) and those ages 45-59 (33%) were more likely than those ages 60+ (22%) to "strongly agree" with this sentiment even though the combined share of respondents who either "strongly agree" or "somewhat agree" did not vary by age.

Similarly, just over eight in ten (81%) respondents either "strongly agree" (30%) or "somewhat agree" (50%) that *"it is important to get investment advice about my retirement from an independent advisor who does not make money from the investments I choose."*

Relatively few respondents express trust of financial advisors who have a financial interest in their investment selections or financial advisors who are not required to provide advice in their best interest. Just over half of respondents (57%) either "strongly agree" (8%) or "somewhat agree" (50%) that they *would trust a financial advisor who makes money based on their investments*, with most of those selecting only "somewhat agree" and four in ten (41%) indicating that they either "strongly disagree" or "somewhat disagree."

Respondents express even less trust *of advisors who are not required by law to give advice that is in their best interest*, with just over one in three (36%) strongly agreeing (5%) or somewhat agreeing (31%) that they would trust the advice from such an advisor compared with a full six in ten (61%) who strongly or somewhat disagree.

10: Attitudes Related to the Importance of Independent Advice



QBBB-7. "Please indicate how much you agree or disagree with the following statements." Chart displays the percentage of respondents who selected either of the top two categories on a four-point agreement scale that consisted of "strongly agree," "somewhat agree," "somewhat disagree", and "strongly disagree."

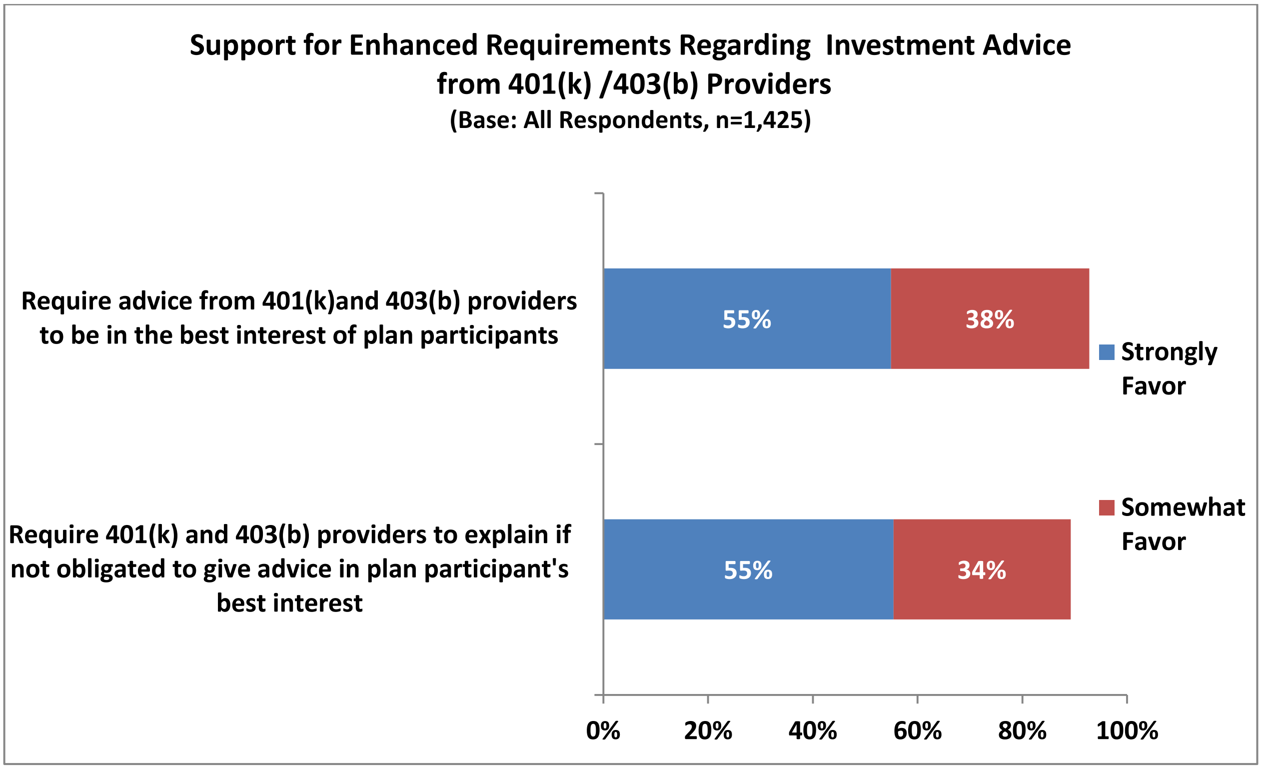
H. Support for Enhanced Requirements of Plan Providers

Support is high for requiring advice from 401(k) and 403(b) plan providers to be in the best interest of plan participants as well as for requiring providers to explain, before giving advice, if the advice is not required to be in the best interest of the participants. For example, when asked whether they would *favor or oppose requiring 401(k)/403(b) plan providers to give advice that is in the best interest of plan participants*, more than nine in ten (93%) survey respondents indicate that they would favor (55% "strongly," 38% "somewhat") such a requirement. Respondents ages 50+ are particularly likely to express support, with a full six in ten (60%) indicating that they would "strongly favor" this, compared with 51 percent of respondents ages 25-49.

Nearly as many respondents (89%) say that they would favor (55% "strongly," 34% "somewhat") requiring plan providers to explain, prior to giving advice, if the advice is not required to be in the best interest of plan participants.

Support for each of these measures is high across all demographic groups, exhibiting little variation by demographics. For example, support for requiring advice from plan providers to be in the best interest of plan participants exceeds 90 percent regardless of age group, gender, educational attainment, household income, savings or political party affiliation. Support for requiring plan providers to explain upfront if their advice is not required to be in the best interest of plan participants exhibits slightly more variation by group, exceeding 80 percent regardless of age group, gender, educational attainment, household income, savings, or political party affiliation and surpassing 90 percent among males as well as those with the highest education, income, and savings levels.

11: Support for Enhanced Requirements Regarding Investment Advice from 401(k)/403(b) Providers



QBBB-8. "When giving investment advice to individual plan participants, some people think that financial companies that manage 401(k) and 403(b) plans should be required to give advice that is in the best interest of the plan participants. Would you favor or oppose such a requirement?"
QBBB-9. "Before giving investment advice to individual plan participants, some people think that 401(k) and 403(b) companies should be required to clearly explain to plan participants if the company is not obligated to give advice that is in the best interest of the plan participants. Would you favor or oppose such a requirement?"

WHO SHOULD BE RESPONSIBLE FOR IMPOSING SUCH REQUIREMENTS ON PLAN PROVIDERS?

Those who indicated that they are in favor of placing the above requirements on plan providers were asked who they believe should be responsible for imposing such requirements. Respondents were presented with the following five response options: government, employers, government and employers, someone else, or don't know.

Reactions were mixed.

In the matter of who should be responsible for *requiring that advice from plan providers be in the best interest of plan participant*s, respondents express a slight preference for responsibility being shared between government and employers (35%) while nearly as many (31%) suggest that the responsibility for imposing these requirements should rest solely with employers. Considerably fewer (17%) indicate that the government should work alone to require such actions, while nearly as many (14%) indicate that they "don't know."

In the matter of who should be responsible for *requiring that plan providers explain upfront to plan participants if the provider is not required to give advice in the best interest of the participants*, respondents are nearly equally divided between those who believe that government and employers (35%) should share responsibility for imposing such a requirement and those who believe that employers alone should have the responsibility (34%). Just 15 percent believe that the responsibility should rest solely with government, while another 13 percent indicated that they simply "don't know."

I. Rollover IRAs and Lack of Fiduciary Duty

Many 401(k) and 403(b) plan participants choose to roll over their plan balances into an IRA after leaving an employer or after retiring, and often have the option to roll over into an IRA provided by the same financial institution that provides their 401(k) or 403(b) plan. Although employers that offer 401(k) or 403(b) plans are required by law to make sure that the 401(k) or 403(b) plan is managed in the best interest of the plan participants, IRAs are not employer-sponsored plans and are, therefore, not subject to the same fiduciary standard even if managed by the same financial institution that provides 401(k) or 403(b) plans. This information was presented to survey respondents as follows:

"As you may know, when people leave an employer or retire, they sometimes "roll over" or transfer the money from their 401(k) or 403(b) plan into an IRA. Although employers that offer 401(k) or 403(b) plans are required by law to make sure that the 401(k) or 403(b) plan is managed in the best interest of the plan participants, most financial companies that manage IRAs are not required by law to manage the IRA in the best interest of account holders."

After reading this, respondents were asked a few questions related to rollover IRAs in an effort to gauge their reactions.

Impact on Trust of Plan Provider's Management of a Rollover IRA

Respondents were asked whether the above information makes them more or less likely to trust their 401(k) or 403(b) provider to manage a rollover IRA in their best interest. In response, half (50%) of respondents indicate that this makes them *less likely to trust their 401(k) or 403(b) provider to manage a rollover IRA*, just one in ten (10%) indicate that this makes them *more likely* to trust their 401(k) or 403(b) provider's management of a rollover IRA, and slightly more than one in three (37%) indicate that it has *no impact*.

Respondents ages 50+ (43%) were more likely than those ages 25-49 (32%) to say that this information has *no impact* on their trust of the provider's management of a rollover IRA.

Concern About Lack of Fiduciary Duty for Rollover IRAs

When rating their concern about the fact that different standards are applied to 401(k) and 403(b) plans compared to IRAs, nearly eight in ten (79%) respondents indicate that they are either "very concerned" (33%) or "somewhat concerned" (46%). The share expressing that they are at least somewhat concerned exceeds 75 percent regardless of gender, age group, educational attainment, household income, savings level, or political party affiliation, exhibiting little variation by demographics.

Support for Enhanced Requirements of IRA Providers

Similar to the widespread support reported earlier in the survey for requiring higher standards for the investment advice available from 401(k) and 403(b) providers, respondents also expressed widespread support for requiring that the management of IRAs be held to a higher standard. Specifically, just over nine in ten (91%) respondents say that they "strongly favor" (55%) or "somewhat favor" (36%) requiring IRA providers to manage IRAs in the best interest of account holders. The share expressing support for such a requirement exceeds 85 percent (and often 90 percent) in all demographic groups, varying little by demographics. Support is somewhat higher among respondents ages 50+ (93%), compared with respondents ages 25-49 (89%).

APPENDIX A: Demographic Profile of Respondents

	Total (n=1,425)	
Gender		
Male	54%	
Female	46%	
Age		
25-49	55%	
50+	45%	
Education		
HS or less	27%	
Some college	28%	
Bachelor's degree or higher	45%	
Household Income		
Less than $50,000	23%	
$50,000 - $99,999	43%	
$100,000 or more	34%	
Employment Status		
Working (net)	82%	
Employed full-time (not retired)		72%
Employed part-time (not retired)		6%
Retired, but employed full-time or part-time		4%
Not Working (net)	17%	
Unemployed and looking for work		2%
Completely retired and not working		11%
Homemaker/Disabled/Student		4%
Race/Ethnicity		
White, non-Hispanic	72%	
Black, non-Hispanic	8%	
Hispanic	13%	
Other, non-Hispanic	7%	
Marital Status		
Married	68%	
Living with partner	6%	
Divorced/separated	10%	
Widowed	3%	
Never married	14%	
Political Party Affiliation		
Democrat	35%	
Republican	30%	
Independent	26%	
Other	8%	
Refused	2%	

APPENDIX B:
Knowledge, Attitudes, and Behaviors Related to Retirement Savings

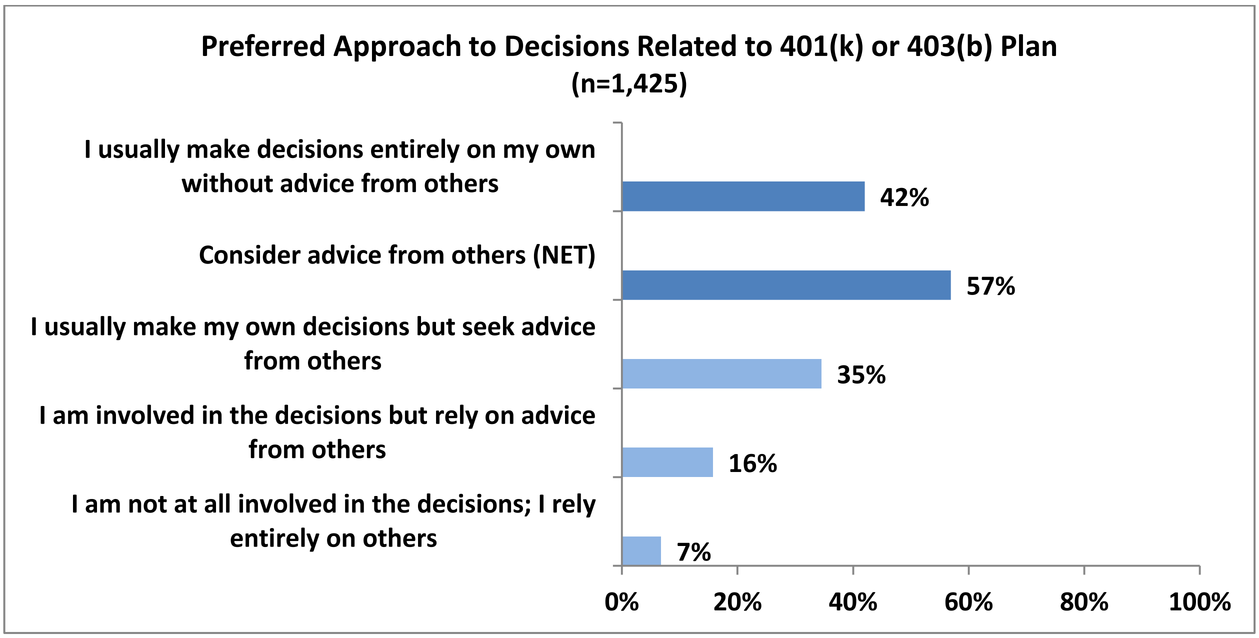
B-1. Decision-Making and Sources of Advice

In order to gauge the degree to which 401(k) and 403(b) participants rely on advice when making decisions about their plan, respondents were asked to describe how they currently make plan-related decisions. In response, the majority (57%) of plan participants indicate that they factor advice from others into their decisions. This includes over one in three (35%) plan participants who say that make their own decisions but seek advice from others, and another one in five who rely more heavily on advice from others (including 16 percent that are involved in the decisions but rely on advice for help and 7 percent that rely entirely on others to make the decisions on their behalf).

In contrast, just over four in ten (42%) plan participants indicate that they tend to make decisions entirely on their own without advice from others.

Plan participants ages 50+ are more likely than those ages 25-49 to rely on the advice of others (27% of participants ages 50+ vs. 19% of participants ages 25-49).

12: Preferred Approach to Decisions Related to 401(k) or 403(b) Plan



QA-1. "How do you usually prefer to make decisions related to your 401(k) or 403(b) plan?"

A "spouse or other family member" is the most commonly used source of advice (used by 40% of participants), followed by "someone from the financial company that manages your 401(k) or 403(b) plan" (28%), "friend or colleague" (18%), and "personal financial advisor (not affiliated with your 401(k) or 403(b) plan)" (18%).

Compared to their younger counterparts, plan participants ages 50+ are more likely to consult a personal financial advisor (21% vs. 15%) or "someone from your bank or other financial institution where you have accounts" (6% vs. 3%). In contrast, participants ages 25-49 are more likely than the 50+ to consult a friend or colleague (21% vs. 14%) and are more than twice as likely as the 50+ to consult their employer (14% vs. 6%).

B-2. Influence of Fees and Other Factors

Awareness of Fees

In order to gauge awareness of fees associated with plans or plan investments, we asked participants whether they pay any fees for their 401(k) or 403(b) plan. Although virtually all 401(k) and 403(b) plans have fees associated with the plans and/or with the underlying investments, previous surveys have found considerably low awareness of these fees.[4] [5] This survey had similar results.

In this most recent survey, just over one in four (27%) plan participants indicate that they do pay fees while slightly more than half (54%) appear to be under the impression that they pay no fees and another one in five (20%) report that they don't know whether or not they pay fees.

Consistent with our previous surveys, the most recent survey found that participants ages 50+ are more aware of fees than are their younger counterparts even though a majority of each age group believes that they do not pay fees. Specifically, one in three (33%) participants ages 50+ believe that they pay fees, compared to just over one in five (22%) of those ages 25-49.

Plan participants' relatively low awareness of fees underscores the importance of the plan fiduciary's role in ensuring that fees are reasonable and is a testament to the need to ensure that investment advice available to plan participants is held to a fiduciary standard.

Importance of Fees and Other Factors in Investment Decisions

Respondents were asked to rate the importance that they attach to fees charged for their investments, past performance, risk, and diversification when making decisions about their 401(k) investments. Responses illustrate that each of the four considerations is important to the vast majority of plan participants, with over 90 percent of participants identifying risk, past performance, and diversification as at least somewhat important and 84 percent rating fees in the same manner.

It is interesting to note that, even though only a minority of respondents (27%) indicated in the section above that they do in fact pay fees for their 401(k) or 403(b) plan, an overwhelming majority of respondents (84%) acknowledge here that fees charged for their investments are important to them. It may be that, when this question presented as a given the fact that fees are charged for investments, respondents realized that they do in fact pay fees. Alternatively, it may be that respondents were already aware that they pay fees for their investments but interpreted the first question as being related to fees associated with the administration of the plan itself rather than fees associated with the individual investments.

B-3. Retirement Confidence, Expectations, and Savings Behaviors

Respondents were also asked a series of questions designed to gauge their confidence in their ability to retire comfortably, examine how they currently make decisions about their 401(k) or 403(b) plan, and identify other steps that they are taking to prepare for retirement.

[4] AARP, 401(k) Participant's Awareness and Understanding of Fees (February 2011)
[5] AARP, 401(k) Participant's Awareness and Understanding of Fees (July 2007)

Retirement Confidence

Approximately two in three (65%) respondents indicate that they are "very confident" (16%) or "somewhat confident" (50%) that they will have enough money to live comfortably throughout their retirement years. Confidence increases with age as seven in ten (70%) respondents ages 50+ are either very or somewhat confident, compared with just six in ten (60%) respondents ages 25-49. In fact, confidence is particularly high among those who are already completely retired and not working (90% of whom are very or somewhat confident) while just over six in ten (62%) working respondents are confident. As might be expected, confidence also increases with savings and household income. For example, 86 percent of those with at least $250,000 in total savings are confident, compared with just 50 percent of those with less than $50,000 in savings.

Expected Retirement Age[6]

When asked when they expect to retire and stop working completely, nearly one in four (25%) of those who are not yet completely retired say that they expect to stop working completely before age 65. Over one in three (37%) expect to stop working between ages 65 and 69, while nearly another quarter (23%) expect to continue working until age 70 or later. Approximately one in seven (14%) say that they "never expect to retire."

As might be expected, respondents ages 60+ who are not yet completely retired are less likely than their younger counterparts to expect to stop working before the age of 65. Specifically, just 14 percent of those ages 60+ expect to stop working before age 65, compared with one in four respondents ages 25-44 (25%) and one in four respondents ages 45-59 (25%).

Actions Taken to Learn How Much to Save

When asked whether they have engaged in any of seven different activities in an effort to determine how much they will need to save by the time they retire, more than seven in ten (73%) respondents indicate that they have taken at least one of these actions. Respondents most commonly indicate that they *have developed their own estimate* (36%), *used an online retirement calculator* (32%), *read financial articles or visited financial web sites (31%), and/or asked a financial advisor (29%).* Respondents ages 50+ are more likely than those ages 25-49 to have engaged in each of the above activities with the exception of using an online calculator. For example, 35 percent of respondents ages 50+ indicate that they have used a financial advisor for the purpose of determining how much they should be saving, compared with just 24 percent of respondents ages 25-49.

Plan-Related Actions Within Past 12 Months

Approximately seven in ten (71%) respondents indicate that they have *contributed money to their 401(k) or 403(b) plan within the past 12 months*. As might be expected, respondents who are completely retired, those whose only plan is with a former employer, and those ages 60+ (many of whom are already retired) are less likely to have contributed to their plan in the past 12 months. For example, of respondents whose plan is with a current employer, over eight in ten (82%) have contributed within the past 12 months. In contrast, of respondents whose only plan is with a former employer, just under a quarter (24%) have contributed during this time period.

[6] The findings shown here regarding the age at which respondents expect to retire and stop working are based only on respondents who are not yet completely retired. This includes any respondents who are employed, unemployed and looking for work, or full-time students.

A similarly high share (74%) of respondents has *reviewed the performance of their plan* during the past 12 months. However, unlike the probability of having contributed recently to the plan, the likelihood of having recently reviewed the plan's performance increases with age. Specifically, eight in ten (80%) respondents ages 50+ have reviewed their plan's performance within the past 12 months, compared to just under seven in ten (69%) respondents ages 25-49.

Not surprisingly, considerably fewer (just 15%) respondents have withdrawn money, or received payments, from their plan within the past 12 months. Respondents who are ages 60+, those who are retired completely or simply not working, and those whose only plan is with a former employer are more likely than others to have taken recent withdrawals. For example, one in three (33%) of those who are not working, including those who are completely retired and those who are not working for other reasons, and a full 40 percent of the subset that is completely retired, have taken withdrawals in the past 12 months.

TOTAL SAVINGS TO DATE

When asked how much money they currently have in savings and investments (not including the value of their primary residence), approximately one in three (34%) indicate that they have less than $50,000, another one in three (33%) say that they have $50,000 to $249,000, and just over one in four (27%) have $250,000 or more. Approximately one in twenty (6%) did not answer the question.

As might be expected, respondents ages 50+, who have presumably had more time to accumulate savings, are more likely than their younger counterparts to have amassed $250,000 or more in savings (43% of the 50+ vs. 15% of those ages 25-49). In contrast, respondents ages 25-49 (43%) are more likely than those ages 50+ (22%) to have less than $50,000 saved.

APPENDIX C: Annotated Questionnaire

Field period: May 24, 2013– May 31, 2013
N interviews (unweighted): 1425

Qualification rate (overall): 39% (3658 completed, 1425 qualified)

All reported percentages include qualified respondents and are weighted. The sample size reported for each question reflects the number of unweighted cases. “Refused” responses are counted towards the bases.

Eligible Respondents:
Adults ages 25+ who currently have money saved in their own 401(k) or 403(b) plan through a current or former employer (Respondents whose only plan is a spouse’s plan or a plan for self-employed people were terminated.)

KEY DEMOGRAPHICS

	Age		Total
	25-49 (n = 660)	50+ (n = 765)	(n = 1425)
Gender			
Male	55.4%	51.8%	53.8%
Female	44.6%	48.2%	46.2%
Marital Status			
Married/Living with partner (NET)	76.4%	70.6%	73.8%
Married	69.6%	65.1%	67.6%
Living with partner	6.8%	5.6%	6.2%
Not married (NET)	30.4%	34.9%	32.4%
Widowed/Divorced/Separated (NET)	6.7%	20.0%	12.6%
Widowed	0.8%	5.5%	2.9%
Divorced	5.1%	14.0%	9.1%
Separated	0.9%	0.5%	0.7%
Never married	16.9%	9.4%	13.5%
Education level			
Some college or less (NET)	49.1%	61.4%	54.6%
High school or less (SUBNET)	22.7%	32.2%	26.9%
Less than high school	3.9%	4.6%	4.2%
High school	18.8%	27.5%	22.7%
Some college	26.4%	29.3%	27.7%
Bachelor's degree or higher	50.9%	38.6%	45.4%
Household size			
1	11.3%	22.9%	16.4%
More than one (NET)	88.7%	77.1%	83.6%
Race/ Ethnicity			
White, Non-Hispanic	67.0%	79.1%	72.4%
Ethnic (NET)	33.0%	20.9%	27.6%
Black, Non-Hispanic	8.6%	6.9%	7.8%
Other, Non-Hispanic	7.5%	5.2%	6.5%
Hispanic	16.0%	8.1%	12.5%
2+ Races, Non-Hispanic	0.9%	0.7%	0.8%
Income			
Less than $50,000 (NET)	19.1%	27.6%	22.9%
$50K to $99K (NET)	44.0%	41.1%	42.7%
$100K or more (NET)	36.8%	31.3%	34.4%

SCREENING QUESTIONS

[PROGRAMMING NOTE: PLEASE USE WEIGHTED RANDOMIZATION FOR ALL RANDOMIZATION IN THE SURVEY]

[FOR ALL PROGRAM NOTES INDICATING TERMINATE IN THE SURVEY PLEASE SEND RESPONDENTS TO [DEMO DISPLAY] AND ASK QEDUC, QINC, QINC2 AND QINC3 AND THEN TERMINATE] [PROMPT]

Demo-1. Which of the following best describes your marital status?

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Married/Living as married or with a partner (NET)	76.4%	70.6%	73.8%
Married	69.6%	65.1%	67.6%
Living as married or with a partner	6.8%	5.6%	6.2%
Separated/Divorced/Widowed (NET)	6.7%	20.0%	12.6%
Separated	0.9%	0.5%	0.7%
Divorced	5.1%	14.0%	9.1%
Widowed	0.8%	5.5%	2.9%
Single, never married	16.9%	9.4%	13.5%
Refused	0.0%	0.0%	0.0%

[PROMPT ONCE, TERMINATE IF REFUSED]

SCR1. Do you <u>currently</u> have money saved for retirement in a 401(k) or 403(b) retirement savings plan? This includes any 401(k) or 403(b) plans in which you <u>currently</u> have money even if you are no longer contributing to the plan, including plans provided by your current employer or former employer or a spouse's employer, and 401(k) plans for self-employed people.

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Yes	100%	100%	100%
No [TERMINATE]	0.0%	0.0%	0.0%
Don't know [TERMINATE]	0.0%	0.0%	0.0%

[PROMPT ONCE, TERMINATE IF REFUSED]

SCR2a. In how many different 401(k) or 403(b) plans do you <u>currently</u> have money saved for retirement?

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
1	70.5%	64.7%	67.9%
More than 1	29.5%	35.3%	32.1%
Don't know [TERMINATE]	0.0%	0.0%	0.0%

[PROMPT ONCE, TERMINATE IF REFUSED] [IF SCR2A=1]

SCR2b. Thinking about the 401(k) or 403(b) plan in which you currently have money saved, is this plan...

	Age		Total (n = 917)
	25-49 (n = 453)	50+ (n = 464)	
Provided by your current employer	88.1%	60.2%	76.2%
Provided by your former employer	11.9%	39.8%	23.8%
Provided by your spouse's current or former employer [TERMINATE]	0.0%	0.0%	0.0%
Just for self-employed people [TERMINATE]	0.0%	0.0%	0.0%
Other [TERMINATE]	0.0%	0.0%	0.0%

[PROMPT ONCE, TERMINATE IF REFUSED] [IF SCR2A=2]

SCR2c. Thinking about the 401(k) or 403(b) plans in which you currently have money saved, are any of these plans…

	Age		Total (n = 508)
	25-49 (n = 207)	50+ (n = 301)	
Provided by your current employer	86.6%	59.5%	73.3%
Provided by your former employer	58.0%	72.7%	65.2%
Provided by your spouse's current or former employer [TERMINATE IF RESPONSE 3 SELECTED OR RESPONSE 3 IS SELECTED WITH RESPONSE OPTIONS 4 OR 5]	38.6%	34.8%	36.8%
Just for self-employed people [TERMINATE IF RESPONSE 4 SELECTED ALONE OR RESPONSE 4 IS SELECTED WITH RESPONSE OPTIONS 3 OR 5]	0.7%	3.7%	2.2%
Other [TERMINATE IF RESPONSE 5 SELECTED ALONE OR RESPONSE 5 IS SELECTED WITH RESPONSE OPTIONS 3 OR 4]	4.5%	5.0%	4.8%

DATA ONLY VARIABLE: PLAN [SP] LOGIC: ASSIGN RESPONDENTS TO PLAN = 1 IF SCR2B=1 OR SCR2C=1; ASSIGN RESPONDENTS TO PLAN = 2 IF SCR2B=2 OR (SCR2C=2 AND SCR2C NE 1).

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Current	87.6%	59.9%	75.3%
Former	12.4%	40.1%	24.7%

[IF RESPONDENT HAS PLAN WITH CURRENT EMPLOYER (PLAN = 1)] [DISPLAY]

For the rest of this survey, the term "401(k) or 403(b) plan" refers to the 401(k) or 403(b) plan provided by your current employer in which you currently have money.

If you currently have money in more than one 401(k) or 403(b) plan provided by your current employer, please refer to the 401(k) or 403(b) plan with your current employer that you yourself joined most recently. Please do not refer to other plans, such as any 401(k) or 403(b) plans provided by a spouse's employer or any plans designed for self-employed people.

[IF RESPONDENT HAS PLAN WITH FORMER EMPLOYER BUT NO PLAN WITH CURRENT EMPLOYER (PLAN = 2)] [DISPLAY]

For the rest of this survey, the term "401(k) or 403(b) plan" refers to the 401(k) or 403(b) plan provided by your former employer in which you currently have money.

If you currently have money in more than one 401(k) or 403(b) plan provided by a former employer, please refer to the 401(k) or 403(b) plan with your former employer that you yourself joined most recently. Please do not refer to other plans, such as any 401(k) or 403(b) plans provided by a spouse's employer or any plans designed for self-employed people.

SECTION A. DECISION-MAKING/SOURCES CONSULTED

A-1. How do you usually prefer to make decisions related to your 401(k) or 403(b) plan?

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
I usually make decisions entirely on my own without advice from other people.	41.7%	42.4%	42.0%
I usually make my own decisions, but I seek advice from others before making decisions.	38.7%	29.1%	34.5%
Rely on other advice (NET)	18.8%	26.9%	22.4%
I am involved in the decisions, but I rely on advice from others to help me with the decisions.	14.2%	17.7%	15.7%
I am not at all involved in the decisions; I rely entirely on others to make the decisions for me.	4.7%	9.2%	6.7%
Refused	0.8%	1.6%	1.1%

[RANDOMIZE AND RECORD ORDER OF RESPONSE OPTIONS, BUT KEEP 1 AND 2 TOGETHER AND 4 AFTER 1 AND 2, AND KEEP 9 LAST]
[PROGRAM NOTE: PLEASE CONFIRM THAT OPTIONS 1 AND 2 ARE KEPT TOGETHER AS A BLOCK AND ARE RANDOMIZED (I.E., 1 CAN FOLLOW 2 OR 2 CAN FOLLOW 1) AND RESPONSE 4 ALWAYS FOLLOWS THE RESPONSE 1&2 BLOCK]

A-2. Which, if any, of the following individuals do you consult for information or advice when making decisions about your 401(k) or 403(b) plan?

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Personal financial advisor (not affiliated with your 401(k) or 403(b) plan	14.8%	21.2%	17.6%
Someone from the financial company that manages your 401(k) or 403(b) plan	28.0%	28.6%	28.3%
Personal accountant or CPA	7.5%	6.8%	7.2%
Someone from your bank or other financial institution where you have accounts	3.0%	6.2%	4.4%
Lawyer	1.0%	0.6%	0.8%
Spouse or other family member	42.4%	36.4%	39.7%
Friend or colleague	21.2%	14.0%	18.0%
Your employer	13.8%	6.2%	10.4%
Someone else	5.3%	8.8%	6.9%
Refused	7.7%	6.4%	7.1%

A-3. Do you pay any fees for your 401(k) or 403(b) plan?

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Yes	21.6%	32.7%	26.5%
No	54.5%	52.6%	53.6%
Don't know	23.3%	14.8%	19.5%
Refused	0.7%	0.0%	0.4%

[RANDOMIZE AND RECORD THE ORDER OF RESPONSE OPTIONS 1-4] [GRID; SP ACROSS]

A-4. How important is each of the following factors to you when making decisions about the investments for your 401(k) or 403(b) plan?

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

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Very important/Somewhat important (NET)	86.6%	81.2%	84.2%
Very important	43.9%	47.1%	45.3%
Somewhat important	42.6%	34.1%	38.8%
Not too important/Not at all important (NET)	11.4%	17.6%	14.2%
Not too important	9.0%	12.7%	10.6%
Not at all important	2.5%	4.9%	3.6%
Refused	2.0%	1.2%	1.6%

2. **Risk of the investments**

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Very important/Somewhat important (NET)	92.0%	95.2%	93.4%
Very important	48.5%	62.0%	54.5%
Somewhat important	43.5%	33.2%	38.9%
Not too important/Not at all important (NET)	6.0%	3.4%	4.9%
Not too important	4.3%	2.4%	3.5%
Not at all important	1.7%	1.0%	1.4%
Refused	2.0%	1.4%	1.7%

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

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Very important/Somewhat important (NET)	90.8%	94.3%	92.4%
Very important	46.0%	56.1%	50.5%
Somewhat important	44.8%	38.3%	41.9%
Not too important/Not at all important (NET)	7.2%	4.2%	5.9%
Not too important	4.9%	3.4%	4.2%
Not at all important	2.3%	0.8%	1.6%
Refused	2.0%	1.4%	1.8%

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

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Very important/Somewhat important (NET)	89.7%	91.6%	90.6%
Very important	46.6%	54.2%	50.0%
Somewhat important	43.2%	37.4%	40.6%
Not too important/Not at all important (NET)	8.4%	7.4%	7.9%
Not too important	6.7%	5.4%	6.1%
Not at all important	1.7%	2.0%	1.9%
Refused	1.9%	1.0%	1.5%

TRUST OF 401(K)/403(B) PROVIDERS' 401(K) MANAGEMENT AND RELATED INVESTMENT ADVICE

B-1a. How much do you trust the financial company that manages your 401(k) or 403(b) plan to manage your 401(k) or 403(b) investments in your best interest?

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Completely trust/Somewhat trust (NET)	91.8%	94.3%	92.9%
Completely trust	29.6%	39.9%	34.2%
Somewhat trust	62.3%	54.4%	58.8%
Don't trust very much/Don't trust at all (NET)	7.0%	5.4%	6.3%
Don't trust very much	5.5%	4.9%	5.2%
Don't trust at all	1.6%	0.6%	1.1%
Refused	1.1%	0.3%	0.7%

B-1. Many financial companies that manage 401(k) or 403(b) plans offer investment advice to plan participants.

If you knew that you could receive investment advice about your 401(k) or 403(b) plan from the financial company that provides your 401(k) or 403(b) plan, how likely would you be to contact the company to ask for advice?

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Very likely/Somewhat likely (NET)	64.6%	64.9%	64.7%
Very likely	23.9%	18.8%	21.6%
Somewhat likely	40.7%	46.1%	43.1%
Not too likely/ Not at all likely (NET)	34.2%	34.3%	34.2%
Not too likely	27.5%	26.1%	26.9%
Not at all likely	6.8%	8.1%	7.4%
Refused	1.2%	0.8%	1.0%

B-2. How much do you trust the financial company that manages your 401(k) or 403(b) plan to give you investment advice that is in your best interest?

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Completely trust/ Somewhat trust (NET)	85.8%	88.0%	86.7%
Completely trust	19.6%	26.7%	22.8%
Somewhat trust	66.1%	61.3%	64.0%
Don't trust very much/ Don't trust at all (NET)	13.2%	11.3%	12.3%
Don't trust very much	10.8%	10.2%	10.5%
Don't trust at all	2.4%	1.1%	1.8%
Refused	1.1%	0.7%	0.9%

EXPECTATIONS OF ROLLING OVER CURRENT PLAN INTO IRA AND LIKELIHOOD OF CONSULTING 401K/403(B) COMPANY FOR ADVICE

[IF RESPONDENT HAS PLAN WITH CURRENT EMPLOYER (PLAN=1)]

BB-1. For how many more years do you expect to remain with your current employer that provides your 401(k) or 403(b) plan?

	Age		Total (n = 1022)
	25-49 (n = 575)	50+ (n = 447)	
Less than 5 more years (NET)	17.6%	30.3%	22.1%
Less than 1 more year	4.3%	5.2%	4.6%
At least 1 more year but less than 5 more years	13.2%	25.1%	17.4%
5 more years + (NET)	36.7%	47.8%	40.7%
At least 5 more years but less than 10 more years	14.1%	26.2%	18.4%
At least 10 more years	22.6%	21.6%	22.2%
As long as I can	37.0%	15.9%	29.5%
Don't know	7.6%	4.4%	6.5%
Refused	1.1%	1.6%	1.3%

[IF RESPONDENT HAS PLAN WITH CURRENT EMPLOYER (PLAN=1)]
[RANDOMIZE AND RECORD ORDER OF GRID ROWS] [GRID, SP ACROSS] [CUSTOM PROMPT:
We would like your responses to all of the questions shown below. Please take a moment to review the questions and indicate Yes, No, or Don't know for each of the question rows.]

BB-2. When you leave your current employer, what do you expect to do with the money from your 401(k) or 403(b) plan?

1. Roll over some or all of the balance into an Individual Retirement Account (IRA)

	Age		Total (n = 1022)
	25-49 (n = 575)	50+ (n = 447)	
Yes	51.3%	46.1%	49.4%
No	14.8%	19.2%	16.3%
Don't know	32.5%	34.0%	33.0%
Refused	1.5%	0.7%	1.2%

2. Deposit some or all of the balance into a non-retirement account (not an IRA)

	Age		Total (n = 1022)
	25-49 (n = 575)	50+ (n = 447)	
Yes	12.6%	13.4%	12.9%
No	50.2%	48.5%	49.6%
Don't know	35.9%	38.2%	36.7%
Refused	1.3%	0.0%	0.8%

3. Keep some or all of the money in the 401(k) or 403(b) plan

	Age		Total (n = 1022)
	25-49 (n = 575)	50+ (n = 447)	
Yes	45.9%	37.8%	43.0%
No	21.4%	27.4%	23.5%
Don't know	31.2%	34.8%	32.5%
Refused	1.5%	0.0%	1.0%

4. Purchase an annuity

	Age		Total (n = 1022)
	25-49 (n = 575)	50+ (n = 447)	
Yes	6.2%	8.9%	7.2%
No	48.1%	47.8%	48.0%
Don't know	44.1%	42.3%	43.5%
Refused	1.7%	1.0%	1.4%

5. Other (please specify): [TEXTBOX]

	Age		Total (n = 1022)
	25-49 (n = 575)	50+ (n = 447)	
Yes	1.1%	1.7%	1.3%
No	34.1%	34.7%	34.3%
Don't know	60.1%	60.0%	60.1%
Refused	4.7%	3.6%	4.3%

[IF RESPONDENT HAS PLAN WITH FORMER EMPLOYER BUT NO PLAN WITH CURRENT EMPLOYER (PLAN=2)]

BB-3. Which of the following best describes how long you expect to keep your money in your former employer's 401(k) or 403(b) plan?

	Age		Total (n = 403)
	25-49 (n = 85)	50+ (n = 318)	
Less than 5 more years (NET)	*Responses not displayed due to small base*	19.1%	19.5%
Less than 1 more year		7.2%	7.9%
At least 1 more year but less than 5 more years		11.9%	11.5%
5 more years+ (NET)		26.9%	28.9%
At least 5 more years but less than 10 more years		16.2%	17.5%
At least 10 more years		10.7%	11.5%
As long as I can		38.1%	37.7%
Don't know		15.4%	12.9%
Refused		0.5%	0.9%

[RANDOMIZE AND RECORD ORDER OF RESPONSE OPTIONS 1-4] [CUSTOM PROMPT:
We would like your responses to all of the questions shown below. Please take a moment to review the questions and indicate Yes, No, or Don't know for each of the question rows.]
[IF RESPONDENT HAS PLAN WITH FORMER EMPLOYER BUT NO PLAN WITH CURRENT EMPLOYER (PLAN=2)]

BB-4. When you move your money out of your former employer's 401(k) or 403(b) plan, how do you expect to do it?

1. Roll over some or all of the balance into an Individual Retirement Account (IRA)

	Age		Total (n = 403)
	25-49 (n = 85)	50+ (n = 318)	
Yes	*Responses not displayed due to small base*	55.3%	57.1%
No		21.7%	18.6%
Don't know		22.2%	23.6%
Refused		0.8%	0.7%

2. Deposit some or all of the balance into a non-retirement account (not an IRA)

	Age		Total (n = 403)
	25-49 (n = 85)	50+ (n = 318)	
Yes	*Responses not displayed due to small base*	25.2%	21.0%
No		45.1%	47.1%
Don't know		28.7%	31.1%
Refused		1.0%	0.8%

3. Purchase an annuity

	Age		Total (n = 403)
	25-49 (n = 85)	50+ (n = 318)	
Yes	*Responses not displayed due to small base*	15.1%	14.4%
No		57.1%	54.3%
Don't know		27.0%	30.7%
Refused		0.8%	0.6%

4. **Other (please specify):** [TEXTBOX]

	Age		Total (n = 403)
	25-49 (n = 85)	50+ (n = 318)	
Yes	*Responses not displayed due to small base*	3.9%	3.2%
No		37.5%	36.9%
Don't know		52.5%	53.8%
Refused		6.0%	6.1%

[SHOW FOR ALL RESPONDENTS]

BB-5. When deciding what to do with the money from your 401(k) or 403(b) plan [IF PLAN IS WITH CURRENT EMPLOYER (PLAN=1): **when you leave your employer], how likely would you be to consult the financial company that manages your 401(k) or 403(b) plan for information or advice?**

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Very likely/ Somewhat likely (NET)	65.5%	60.8%	63.4%
Very likely	20.9%	22.5%	21.6%
Somewhat likely	44.6%	38.3%	41.8%
Not too likely/ Not at all likely (NET)	32.9%	38.5%	35.4%
Not too likely	25.0%	26.0%	25.5%
Not at all likely	7.9%	12.5%	9.9%
Refused	1.6%	0.7%	1.2%

EXPECTATIONS OF ROLLING OVER INTO IRA PROVIDED BY 401(K) PROVIDER AND TRUST OF 401(K) PROVIDER TO MANAGE ROLLOVER IRA IN BEST INTEREST

BB-6. Many financial companies that manage 401(k) or 403(b) plans also manage other types of investments, such as individual retirement accounts (IRAs). [IF PLAN IS WITH CURRENT EMPLOYER (PLAN=1): **When you leave your employer**/ IF PLAN IS WITH FORMER EMPLOYER (PLAN=2): **When you are ready to move your money out of your former employer's 401(k) or 403(b) plan**], **would you ever consider rolling over the money from your 401(k) or 403(b) plan into an IRA managed by the same financial company that manages your 401(k) or 403(b) plan?**

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Yes	44.5%	37.7%	41.5%
No	17.3%	23.8%	20.2%
Don't know	36.5%	37.7%	37.0%
Refused	1.8%	0.9%	1.4%

BB-7. How much would you trust the financial company that manages your 401(k) or 403(b) plan to manage a rollover IRA in your best interest?

	Age		Total
	25-49 (n = 660)	50+ (n = 765)	(n = 1425)
Completely trust/ Somewhat trust (NET)	86.0%	85.9%	86.0%
Completely trust	18.7%	23.5%	20.8%
Somewhat trust	67.3%	62.4%	65.2%
Would not trust very much/ Would not trust at all (NET)	11.0%	13.0%	11.9%
Would not trust very much	9.1%	11.9%	10.4%
Would not trust at all	1.9%	1.1%	1.5%
Refused	3.0%	1.1%	2.1%

FIDUCIARY DUTY LIMITATIONS AND IMPACT ON TRUST

DATA-ONLY VARIABLE: ORDER [SP]
LOGIC: RANDOMLY ASSIGN RESPONDENTS TO A VALUE OF ORDER = 1 OR 2 WITH AN EQUAL PROBABILITY.

less likely..1
more likely...2

BBB-1. Please read the following information carefully:

Employers that offer 401(k) or 403(b) plans are required by law to make sure that the plan is managed in the best interest of the plan participants.

However, this same requirement does not apply to the investment advice from the financial companies that manage 401(k) or 403(b) plans. When giving investment advice to individual plan participants, financial companies that manage 401(k) and 403(b) plans are <u>not</u> required by law to give advice that is in the best interest of plan participants.

Does this make you [IF ORDER=1: **less likely or more likely/** IF ORDER=2: **more likely or less likely**] **to trust investment advice from your 401(k) or 403(b) company, or does it have no impact?**

	Age		Total
	25-49 (n = 660)	50+ (n = 765)	(n = 1425)
Less likely to trust your 401(k) or 403(b) company for advice	54.0%	45.6%	50.3%
More likely to trust your 401(k) or 403(b) company for advice	12.5%	9.2%	11.0%
No impact	31.8%	44.1%	37.3%
Refused	1.7%	1.2%	1.5%

BBB-2. Financial companies that provide 401(k) and 403(b) plans may make money from the investments you choose for your plan. Does this make you [IF ORDER=1: **less likely or more likely/** IF ORDER=2: **more likely or less likely**] **to trust investment advice from your 401(k) or 403(b) company, or does it have no impact?**

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Less likely to trust your 401(k) or 403(b) company for advice	41.4%	30.6%	36.6%
More likely to trust your 401(k) or 403(b) company for advice	15.1%	11.0%	13.3%
No impact	41.8%	57.9%	49.0%
Refused	1.7%	0.4%	1.1%

BBB-3. How concerned are you by the fact that the investment advice available from your 401(k) or 403(b) company is not required to be in your best interest?

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Very concerned/ Somewhat concerned (NET)	80.1%	74.1%	77.4%
Very concerned	29.6%	29.6%	29.6%
Somewhat concerned	50.6%	44.4%	47.8%
Not too concerned/ Not at all concerned (NET)	18.1%	25.4%	21.4%
Not too concerned	15.6%	17.9%	16.6%
Not at all concerned	2.5%	7.5%	4.7%
Refused	1.8%	0.6%	1.2%

BBB-4. How concerned are you by the fact that your 401(k) or 403(b) company can give you advice and may make money from the investments you choose?

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Very concerned/ Somewhat concerned (NET)	65.4%	58.5%	62.3%
Very concerned	18.5%	15.9%	17.3%
Somewhat concerned	46.9%	42.6%	45.0%
Not too concerned/ Not at all concerned (NET)	32.1%	40.3%	35.7%
Not too concerned	27.7%	31.5%	29.4%
Not at all concerned	4.4%	8.7%	6.3%
Refused	2.5%	1.2%	2.0%

[IF BBB-3=VERY/SOMEWHAT/NOT TOO CONCERNED; OR IF BBB-4=VERY/SOMEWHAT/NOT TOO CONCERNED]
[MP, RANDOMIZE AND RECORD ORDER OF RESPONSE OPTIONS 1-5]

[PROGRAM NOTE: FOR RESPONSE OPTIONS THAT ARE SHOWN ON TWO LINES, PLEASE INDENT THE SECOND LINE SO THAT THE TEXT BEGINS AT THE SAME POSITION ON THE SECOND LINE AS IT DOES ON THE FIRST LINE]

BBB-5. What are your concerns about receiving investment advice from the company that manages your 401(k) or 403(b) plan?

	Age		Total (n = 1360)
	25-49 (n = 638)	50+ (n = 722)	
The advice may be influenced by the money that the 401(k) or 403(b) company earns from my investments	49.9%	44.7%	47.7%
The 401(k) or 403(b) company may suggest investments that are too risky	32.3%	29.7%	31.2%
The 401(k) or 403(b) company may suggest investments that have high fees	44.1%	36.0%	40.6%
The 401(k) or 403(b) company's advice may cause me to lose money	36.7%	36.8%	36.8%
I may be able to get better advice from an independent advisor who does not make money from the investments I choose	47.7%	48.8%	48.2%
The 401(k) or 403(b) company's advice may not benefit me but them**	0.4%	0.1%	0.2%
Other (specify) [TEXTBOX]	0.8%	0.5%	0.7%
None of the above [SP]	13.7%	17.9%	15.5%
No answer/Refused (NET)	1.9%	0.3%	1.2%
No answer	0.0%	0.2%	0.1%
Refused	1.9%	0.1%	1.1%

**The response category marked with two asterisks was not listed as a pre-printed response option on the questionnaire. It was among the other responses typed in by respondents.

[RANDOMIZE AND RECORD ORDER OF THE FIRST TWO OPTIONS, ANCHOR 'DON'T KNOW']

BBB-6. If you could only choose between receiving investment advice about your 401(k) or 403(b) plan from someone who may make money from the investments you choose or receiving no advice at all, which would you prefer?

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Investment advice from someone who may make money from the investments I choose.	38.0%	40.1%	38.9%
No investment advice at all	32.0%	29.9%	31.1%
Don't know	28.2%	29.1%	28.6%
Refused	1.8%	0.9%	1.4%

[GRID, SP ACROSS] [RANDOMIZE AND RECORD ORDER OF GRID ROWS 1-4]

BBB-7. Please indicate how much you agree or disagree with the following statements.

1. **It is important to get investment advice about my retirement from an independent advisor who does not make money from the investments I choose.**

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Strongly Agree/ Somewhat Agree (NET)	80.9%	80.3%	80.6%
Strongly Agree	30.3%	30.1%	30.2%
Somewhat Agree	50.6%	50.2%	50.4%
Somewhat Disagree/ Strongly Disagree (NET)	15.3%	18.9%	16.9%
Somewhat Disagree	13.4%	15.2%	14.2%
Strongly Disagree	1.9%	3.6%	2.7%
Refused	3.8%	0.9%	2.5%

2. **I would trust the advice from a financial advisor who makes money based on the investments I select.**

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Strongly Agree/ Somewhat Agree (NET)	55.1%	59.8%	57.2%
Strongly Agree	6.9%	8.2%	7.5%
Somewhat Agree	48.2%	51.6%	49.7%
Somewhat Disagree/ Strongly Disagree (NET)	41.9%	38.9%	40.5%
Somewhat Disagree	32.3%	29.0%	30.8%
Strongly Disagree	9.6%	9.8%	9.7%
Refused	3.1%	1.4%	2.3%

3. **I would trust the advice from a financial advisor who is <u>not</u> required by law to give advice in my best interest.**

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Strongly Agree/ Somewhat Agree (NET)	37.0%	35.6%	36.4%
Strongly Agree	5.3%	4.6%	5.0%
Somewhat Agree	31.7%	31.0%	31.4%
Somewhat Disagree/ Strongly Disagree (NET)	59.6%	62.7%	61.0%
Somewhat Disagree	38.1%	37.1%	37.7%
Strongly Disagree	21.5%	25.5%	23.3%
Refused	3.4%	1.7%	2.7%

4. **An advisor who earns money based on the investments I choose may give advice to me that is influenced by the money he or she could make from my investments.**

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Strongly Agree/ Somewhat Agree (NET)	85.0%	83.1%	84.2%
Strongly Agree	33.8%	28.0%	31.2%
Somewhat Agree	51.2%	55.1%	52.9%
Somewhat Disagree/ Strongly Disagree (NET)	11.6%	16.0%	13.5%
Somewhat Disagree	9.4%	9.9%	9.7%
Strongly Disagree	2.2%	6.0%	3.9%
Refused	3.4%	0.9%	2.3%

SOLUTIONS

BBB-8. When giving investment advice to individual plan participants, some people think that financial companies that manage 401(k) and 403(b) plans should be required to give advice that is in the best interest of the plan participants. Would you favor or oppose such a requirement?

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Strongly favor/ Somewhat favor (NET)	91.5%	94.5%	92.8%
Strongly favor	50.5%	60.4%	54.9%
Somewhat favor	40.9%	34.1%	37.9%
Somewhat oppose/ Strongly oppose (NET)	6.2%	4.3%	5.4%
Somewhat oppose	5.0%	3.5%	4.4%
Strongly oppose	1.2%	0.8%	1.0%
Refused	2.3%	1.2%	1.8%

BBB-9. Before giving investment advice to individual plan participants, some people think that 401(k) and 403(b) companies should be required to clearly explain to plan participants if the company is not obligated to give advice that is in the best interest of the plan participants. Would you favor or oppose such a requirement?

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Strongly favor/ Somewhat favor (NET)	90.0%	88.1%	89.1%
Strongly favor	53.9%	57.2%	55.4%
Somewhat favor	36.1%	30.9%	33.8%
Somewhat oppose/ Strongly oppose (NET)	7.8%	10.3%	8.9%
Somewhat oppose	6.3%	7.5%	6.9%
Strongly oppose	1.4%	2.8%	2.1%
Refused	2.3%	1.6%	2.0%

[IF BBB-8 = STRONGLY FAVOR OR SOMEWHAT FAVOR] [SP, FOR A RANDOM HALF OF RESPONDENTS PLEASE SHOW "GOVERNMENT" AS THE FIRST RESPONSE OPTION AND "EMPLOYERS" AS THE SECOND RESPONSE OPTION; THE OTHER HALF OF RESPONDENTS WILL SEE "EMPLOYERS" FIRST AND "GOVERNMENT" SECOND]

BBB-10. Who do you think should be responsible for requiring that 401(k) and 403(b) companies give advice in the best interest of plan participants?

	Age		Total (n = 1331)
	25-49 (n = 611)	50+ (n = 720)	
Government	17.6%	16.6%	17.2%
Employers	32.9%	29.7%	31.4%
Government and employers	33.6%	35.7%	34.6%
Investor/Myself	0.2%	0.9%	0.5%
Company and employers	0.0%	0.1%	0.0%
Plan participant	0.0%	0.3%	0.1%
Independent advisor/ Individual	0.1%	0.0%	0.1%
401(k) / 403(b) company	0.4%	0.0%	0.2%
Someone else (specify) [TEXTBOX]	0.7%	1.5%	1.1%
Don't know	14.1%	14.6%	14.3%
Refused	0.4%	0.6%	0.5%

[IF BBB-9 = STRONGLY FAVOR OR SOMEWHAT FAVOR] [SP, RANDOMIZE THE FIRST TWO RESPONSE OPTIONS]

BBB-11. Who do you think should be responsible for requiring that 401(k) and 403(b) companies clearly explain to plan participants if the 401(k) or 403(b) company is not obligated to give advice that is in the best interest of plan participants?

	Age		Total (n = 1291)
	25-49 (n = 599)	50+ (n = 692)	
Government	15.6%	14.9%	15.3%
Employers	35.8%	32.5%	34.4%
Government and employers	32.0%	38.5%	34.8%
Investor/Myself	0.0%	0.1%	0.1%
Company and employers	0.3%	0.1%	0.2%
Plan participant	0.0%	0.3%	0.1%
Independent advisor/ Individual	0.1%	0.0%	0.1%
401(k) / 403(b) company	0.7%	0.3%	0.5%
Someone else (specify) [TEXTBOX]	0.7%	1.8%	1.2%
Don't know	13.8%	11.1%	12.6%
Refused	1.0%	0.5%	0.8%

AWARENESS OF FIDUCIARY DUTY - IRA

[SP, RANDOMIZE AND RECORD THE ORDER OF THE FIRST TWO RESPONSE OPTIONS]

C-1. Now, we have a few additional questions about IRAs.

As you may know, when people leave an employer or retire, they sometimes "roll over" or transfer the money from their 401(k) or 403(b) plan into an IRA. Although employers that offer 401(k) or 403(b) plans are required by law to make sure that the 401(k) or 403(b) plan is managed in the best interest of the plan participants, most financial companies that manage IRAs are not required by law to manage the IRA in the best interest of IRA account holders.

Does this make you [IF RESPONSE OPTION 1 SHOWN FIRST: **less likely or more likely**/ IF RESPONSE OPTION 2 SHOWN FIRST: **more likely or less likely**] **to trust your 401(k) or 403(b) company to manage a rollover IRA in your best interest, or does it have no impact?**

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Less likely to trust your 401(k) or 403(b) company to manage a rollover IRA in your best interest	52.3%	46.2%	49.6%
More likely to trust your 401(k) or 403(b) company to manage a rollover IRA in your best interest	11.3%	9.1%	10.3%
No impact	32.4%	43.1%	37.2%
Refused	4.1%	1.6%	3.0%

C-2. How concerned are you by the fact that most financial companies that manage IRAs are not required by law to manage the IRA in the best interest of IRA account holders?

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Very concerned/ Somewhat concerned (NET)	78.7%	80.0%	79.3%
Very concerned	30.6%	36.3%	33.1%
Somewhat concerned	48.1%	43.6%	46.1%
Not too concerned/ Not at all concerned (NET)	17.6%	19.0%	18.2%
Not too concerned	14.2%	13.6%	14.0%
Not at all concerned	3.3%	5.3%	4.2%
Refused	3.7%	1.1%	2.5%

C-3. Some people think that financial companies that manage IRAs should be required to manage IRAs in the best interest of the plan participants. Would you favor or oppose such a requirement?

	Age		Total
	25-49 (n = 660)	50+ (n = 765)	(n = 1425)
Strongly favor/ Somewhat favor (NET)	89.0%	92.9%	90.8%
Strongly favor	50.8%	60.5%	55.1%
Somewhat favor	38.3%	32.4%	35.6%
Somewhat oppose/ Strongly oppose (NET)	7.2%	4.9%	6.2%
Somewhat oppose	6.1%	4.5%	5.4%
Strongly oppose	1.0%	0.4%	0.8%
Refused	3.8%	2.2%	3.1%

401(k) SAVINGS BEHAVIORS / RETIREMENT PREPAREDNESS

D-1a. Overall, how confident are you that you [IF DEMO 1=1 OR (DEMO1 IS REFUSED AND PPMARIT = 1): **and your spouse** / IF DEMO 1=2 OR (DEMO1 IS REFUSED AND PPMARIT = 6): **and your partner**] **will have enough money to live comfortably throughout your retirement years?**

	Age		Total
	25-49 (n = 660)	50+ (n = 765)	(n = 1425)
Very confident/ Somewhat confident (NET)	60.6%	70.4%	65.0%
Very confident	11.1%	20.9%	15.5%
Somewhat confident	49.5%	49.5%	49.5%
Not too confident/ Not at all confident (NET)	36.4%	28.0%	32.6%
Not too confident	27.2%	23.4%	25.5%
Not at all confident	9.1%	4.6%	7.1%
Refused	3.0%	1.6%	2.4%

[NUMBER BOX RANGE 0-100, CHECK BOX]

D-2. Realistically, at what age do you expect to retire and stop working completely?
[MP , RANDOMIZE ORDER OF RESPONSES BUT KEEP 8 FIXED]

	Age		Total
	25-49 (n = 660)	50+ (n = 765)	(n = 1425)
Less than 65 (NET)	24.7%	29.9%	27.0%
0-49 (NET)	1.5%	0.9%	1.2%
50-55 (NET)	5.0%	3.8%	4.4%
56-60 (NET)	14.5%	8.3%	11.8%
61-65 (NET)	30.4%	37.0%	33.3%
66-70 (NET)	26.7%	28.9%	27.7%
71+ (NET)	4.0%	8.3%	5.9%
Never expect to retire	14.5%	10.2%	12.6%
Refused	3.3%	2.7%	3.0%

D-3. **Have you** [IF DEMO 1=1 OR (DEMO1 IS REFUSED AND PPMARIT = 1): **or your spouse** / IF DEMO 1=2 OR (DEMO1 IS REFUSED AND PPMARIT = 6): **or your partner**] **ever taken any of the following steps to try to learn how much money you will need to have saved by the time you retire so that you can live comfortably in retirement?**

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Asked a financial advisor	23.9%	34.5%	28.6%
Used an online retirement calculator	34.4%	28.5%	31.8%
Filled out a worksheet or form	18.4%	24.0%	20.9%
Read financial articles or visited financial web sites	27.4%	34.7%	30.7%
Listened to financial radio shows or television shows	17.3%	19.6%	18.3%
Did your own estimate	29.5%	43.4%	35.7%
Guessed	15.1%	13.0%	14.2%
None of the above [SP]	27.3%	21.3%	24.6%
Refused	2.7%	1.7%	2.2%

When answering the next two questions, please think about all of your current 401(k) or 403(b) plans provided by an employer.

D-4. For each of the following possible sources of income in retirement, please indicate whether you think it will be a major source, a minor source, or not a source of income in your [IF DEMO 1=1 OR (DEMO1 IS REFUSED AND PPMARIT = 1): **and your spouse's** / IF DEMO 1=2 OR (DEMO1 IS REFUSED AND PPMARIT = 6): **and your partner's**] **retirement.**

A. **An employer-sponsored retirement savings plan, such as a 401(k), 403(b), tax-deferred annuity, thrift savings, money purchase, or profit-sharing plan**
B. **An employer-provided traditional pension or cash balance plan, with the benefit typically based on salary and years of service**
C. **An individual retirement account or IRA**
D. **Other personal savings or investments, not in a work-related retirement plan or IRA, such as mutual funds, stocks, or certificates of deposit**
E. **Employment during retirement**
F. **Social Security**

Note: *Due to a problem with the survey's programming, Question D4 was not asked of 179 respondents, all of whom have only one 401(k) or 403(b) plan. As a result, we have chosen not to release the findings from Question D4 as the responses disproportionately reflect respondents with more than one plan.*

[SP, GRID ACROSS] [RANDOMIZE AND RECORD ORDER OF GRID ROWS 1-3]

D-5. Within the past 12 months, have you …

1. **Contributed money to** [IF SCR2A=1: **your 401(k) or 403(b) plan**/ IF SCR2A=2**: any of your 401(k) or 403(b) plans**]**?**

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Yes	81.6%	58.6%	71.3%
No/Don't know (NET)	16.3%	39.8%	26.7%
No	13.6%	38.3%	24.6%
Don't know	2.7%	1.4%	2.1%
Refused	2.1%	1.7%	1.9%

2. **Reviewed the performance of** [IF SCR2A=1: **your 401(k) or 403(b) plan**/ IF SCR2A=2**: any of your 401(k) or 403(b) plans**]**?**

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Yes	69.3%	80.1%	74.1%
No/Don't know (NET)	28.5%	18.2%	23.9%
No	25.3%	16.0%	21.1%
Don't know	3.2%	2.2%	2.7%
Refused	2.2%	1.7%	2.0%

3. **Withdrawn money, or received payments, from** [IF SCR2A=1: **your 401(k) or 403(b) plan**/ IF SCR2A=2**: any of your 401(k) or 403(b) plans**]**?**

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Yes	10.2%	19.8%	14.5%
No/Don't know (NET)	86.3%	79.1%	83.1%
No	83.9%	77.9%	81.2%
Don't know	2.4%	1.2%	1.8%
Refused	3.6%	1.1%	2.5%

D-6. How much do you think you [IF DEMO 1=1 OR (DEMO1 IS REFUSED AND PPMARIT = 1): **and your spouse** / IF DEMO 1=2 OR (DEMO1 IS REFUSED AND PPMARIT = 6): **and your partner**] **would need to accumulate <u>in total</u> by the time you retire so that you can live comfortably in retirement?** [IF D4B=1, 2, 3 OR REF, OR D4F=1, 2, 3 OR REF (DO NOT SHOW INSERT IF (D4B = 1 AND D4F = 1) OR (D4B = 1 AND D4F = REF) OR (D4B = REF AND D4F = 1)): **If you expect to receive benefits from** [IF D4B=3 OR 2 AND D4F=1 OR REF: **an employer-provided defined benefit plan, please focus only on the amount you think you will need over and above those benefits.** / IF D4F=3 OR 2 AND D4B=1 OR REF: **Social Security, please focus only on the amount you think you will need over and above those benefits.**

(D-6. ***CONTINUED)***

/ IF D4B=3 OR 2 AND D4F=3 OR 2: **an employer-provided defined benefit plan or Social Security, please focus only on the amount you think you will need over and above those benefits./** IF D4B=REF AND D4F=REF: **an employer-provided defined benefit plan or Social Security, please focus only on the amount you think you will need over and above those benefits.**]] **Please provide your best guess.**

Less than $1,000..1
$1,000 to less than $10,000...2
$10,000 to less than $25,000...3
$25,000 to less than $50,000...4
$50,000 to less than $100,000...5
$100,000 to less than $150,000...6
$150,000 to less than $250,000...7
$250,000 to less than $500,000...8
$500,000 to less than $750,000...9
$750,000 to less than $1 million..10
$1 million to less than $1.5 million.....................................11
$1.5 million to less than $2 million.....................................12
$2 million or more...13

Note: *Because the wording of Question D-6 was dependent on responses to D-4, the D-6 results were affected by the D-4 programming problem, meaning that the sample that received the correct wording for Question D-6 disproportionately reflects respondents with more than one plan. As a result, we have chosen not to release the responses to Question D-6.*

DEMOGRAPHICS

SCR1_A. Which of the following best describes your current employment status?

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Working (NET)	91.5%	69.9%	82.0%
Employed full-time (not yet retired)	84.8%	56.3%	72.2%
Employed part-time (not yet retired)	5.6%	5.2%	5.5%
Retired, but still employed full-time	0.3%	0.9%	0.5%
Retired, but still employed part-time	0.8%	7.4%	3.7%
Not working – all (NET)	6.8%	28.7%	16.5%
Unemployed and looking for work	2.1%	2.0%	2.0%
Completely retired and not working	0.6%	23.2%	10.7%
Full-time student (not employed and not looking for work)	0.8%	0.0%	0.4%
Homemaker (not employed and not looking for work)	3.0%	0.8%	2.0%
Disabled (not employed and not looking for work)	0.3%	2.7%	1.4%
Other (specify) [TEXT BOX]	0.5%	0.9%	0.7%
Refused	1.2%	0.5%	0.9%

SCR1A_B. Are you currently self-employed? (If you have more than one job, please indicate if you are self-employed in your main job.)

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Yes	6.5%	5.3%	5.9%
No	92.2%	94.2%	93.1%
Refused	1.3%	0.5%	0.9%

[SP, GRID ACROSS, RANDOMIZE ORDER OF TOP TWO GRID ROWS, KEEP C FIXED]
DEMO-2. DO YOU **[if demo 1=1 or (demo1 is refused and ppmarit = 1):** AND YOUR SPOUSE **/ if demo 1=2 or (demo1 is refused and ppmarit = 6):** AND YOUR PARTNER**]** CURRENTLY HAVE?

A. An individual retirement account or IRA

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Yes	54.7%	74.1%	63.3%
No	44.3%	25.8%	36.1%
Refused	1.0%	0.1%	0.6%

B. An employer-provided traditional pension or cash balance plan, with the benefit typically based on salary and years of service

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Yes	49.1%	65.7%	56.5%
No	50.1%	33.9%	42.9%
Refused	0.9%	0.4%	0.7%

C. Retirement savings invested outside of an IRA or employer-sponsored retirement savings plan

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Yes	44.8%	61.9%	52.4%
No	54.3%	37.8%	47.0%
Refused	0.8%	0.3%	0.6%

Demo-3. Have you [IF DEMO 1=1 OR (DEMO1 IS REFUSED AND PPMARIT = 1): **or your spouse** / IF DEMO 1=2 OR (DEMO1 IS REFUSED AND PPMARIT = 6): **or your partner**] **ever rolled over money from an employer-provided 401(k) plan or 403(b) plan into an IRA? (For this question, please consider any employer-provided 401(k) or 403(b) plans that you** [IF DEMO 1=1 OR (DEMO1 IS REFUSED AND PPMARIT = 1): **or your spouse** / IF DEMO 1=2 OR (DEMO1 IS REFUSED AND PPMARIT = 6): **or your partner**] **have ever had.)**

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Yes	31.2%	42.6%	36.3%
No	60.3%	51.7%	56.4%
Don't know	6.5%	4.6%	5.6%
Refused	2.0%	1.2%	1.6%

Demo-4. In total, about how much money would you say you [IF DEMO 1=1 OR (DEMO1 IS REFUSED AND PPMARIT = 1): **and your spouse** / IF DEMO 1=2 OR (DEMO1 IS REFUSED AND PPMARIT = 6): **and your partner**] **currently have in savings and investments, not including the value of your primary residence? Please include savings, certificates of deposits, stocks, bonds, mutual funds, all employer-sponsored retirement savings plans, and other investments, but do not include the value of defined benefit plans.**

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Less than $50K (NET)	43.1%	22.2%	33.8%
Less than $1,000	3.7%	2.9%	3.3%
$1,000 to less than $10,000	12.5%	5.9%	9.5%
$10,000 to less than $25,000	13.4%	6.1%	10.1%
$25,000 to less than $50,000	13.6%	7.4%	10.8%
$50K to $249K (NET)	36.1%	29.5%	33.1%
$50,000 to less than $100,000	15.8%	12.5%	14.3%
$100,000 to less than $150,000	10.1%	7.8%	9.1%
$150,000 to less $250,000	10.2%	9.2%	9.8%
$250K+ (NET)	15.1%	42.6%	27.3%
$250,000 to less $500,000	9.1%	17.8%	13.0%
$500,000 to less $750,000	3.4%	9.1%	5.9%
$750,000 to less than $1 million	1.6%	5.2%	3.2%
$1 million to less than $1.5 million	0.5%	5.4%	2.7%
$1.5 million to less than $2 million	0.0%	2.5%	1.1%
$2 million or more	0.6%	2.6%	1.5%
Refused	5.7%	5.7%	5.7%

Demo-5. Are you [IF DEMO 1=1 OR (DEMO1 IS REFUSED AND PPMARIT = 1): **or your spouse** / IF DEMO 1=2 OR (DEMO1 IS REFUSED AND PPMARIT = 6): **or your partner**] **currently a member of AARP?**

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Yes	3.0%	46.7%	22.5%
No	95.6%	53.0%	76.6%
Refused	1.4%	0.3%	0.9%

[SP, RANDOMIZE TOP THREE CHOICES]

Demo-6. Do you consider yourself to be a …

	Age		Total (n = 1425)
	25-49 (n = 660)	50+ (n = 765)	
Democrat	35.4%	34.6%	35.0%
Republican	31.7%	26.8%	29.5%
Independent	22.6%	30.7%	26.2%
Other	8.5%	6.2%	7.5%
Refused	1.8%	1.7%	1.7%

Thank you for taking the time to answer this survey.