

401(k) and Profit Sharing Plan Eligibility Survey 2008

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Overview of Results

In the fall of 2008, the Profit Sharing/401k Council of America (PSCA) collected defined contribution plan eligibility data from 531 companies. 97.7 percent of the plans permit employee contributions to an employer-sponsored defined contribution plan, and 78.5 percent of the plans offer employer matches. 54.9 percent of the responding companies make non-matching company contributions. Respondent companies represent a diverse range of sizes, industries, and geographic locations. Data was collected for three different eligibility categories: participant deferrals, matching company contributions, and non-matching company contributions.

This is the eleventh year that PSCA has collected defined contribution plan eligibility data. The changes over time have been significant. In 1998, only 24 percent of plans allowed employees to begin contributing to their 401(k) plans immediately upon employment. This percentage has more than doubled; 55.1 percent of all plans and 70.5 percent of plans with 1,000 or more employees now permit immediate participation in their 401(k) programs. Employees are eligible to participate within the first three months of employment at 72.7 percent of companies and at 87.2 percent of large companies (1,000 or more employees). Only 14.7 percent of all plans have a one-year or longer service requirement prior to eligibility.

There is only four years of comparable eligibility survey data for matching and non-matching company contributions. For both matching and non-matching contributions, there is a trend away from one-year eligibility requirements although significantly more companies require one-year or more of service to be eligible for non-matching contributions. In 2008, only 29.3 percent of companies required one year of service or longer for matching contribution eligibility while 49.3 percent of employers require one-year or more of service to be eligible for non-matching company contributions.

A large percent of plans have no minimum age requirement for participant deferrals (42.8 percent) or for non-matching company contributions (42.7 percent). 21 is the most prevalent minimum age requirement (33.8 percent of plans), though 22.6 percent require a person to be 18 before they can contribute to the plan.

Demographic Information

Table 1: Respondents by Company Size and Contribution Type

Plan Size (# of Employees)	Contribution Types							
	Participant Deferrals		Matching Company Contributions		Non-matching Company Contributions		All Plans	
	# of Plans	% of Plans	# of Plans	% of Plans	# of Plans	% of Plans	# of Plans	% of Plans
Less Than 100	129	24.9%	86	20.6%	85	29.1%	135	25.4%
100-499	113	21.8%	89	21.3%	58	19.9%	117	22.0%
500-999	43	8.3%	35	8.4%	24	8.2%	45	8.5%
1,000-9,000	148	28.5%	130	31.2%	86	29.5%	148	27.9%
More Than 10,000	86	16.6%	77	18.5%	39	13.4%	86	16.2%
Total	519	100.0%	417	100.0%	292	100.0%	531	100.0%

Table 2: Respondents by Industry and Contribution Type

Industry	Contribution Types							
	Participant Deferrals		Matching Company Contributions		Non-matching Company Contributions		All Plans	
	# of Plans	% of Plans	# of Plans	% of Plans	# of Plans	% of Plans	# of Plans	% of Plans
Durable Goods Manufacturing	66	12.7%	60	14.4%	46	15.8%	68	12.8%
Non-Durable Goods Manufacturing	51	9.8%	44	10.6%	33	11.3%	54	10.2%
Wholesale and Retail Trade	60	11.6%	51	12.2%	26	8.9%	62	11.7%
Financial	111	21.4%	83	19.9%	73	25.0%	113	21.3%
Insurance and Real Estate	38	7.3%	32	7.7%	18	6.2%	38	7.2%
Services	129	24.9%	97	23.3%	64	21.9%	130	24.5%
Construction	18	3.5%	14	3.4%	10	3.4%	19	3.6%
Other	46	8.9%	36	8.6%	22	7.5%	47	8.9%
Total	519	100%	417	100%	292	100.0%	531	100.0%

Elective Employee Deferrals

Table 3: Elective Employee Deferrals – Eligibility by Company Size

Eligibility Type	Company Size (# of Employees)					
	Less Than 100	100-499	500-999	1,000-9,999	10,000 or More	All Plans
Immediate*	37.5%	38.9%	66.7%	68.2%	74.4%	55.1%
3 Months or 90 Days	15.6%	15.9%	7.1%	10.1%	5.8%	11.8%
6 Months or 1,000 Hours	17.2%	10.6%	9.5%	6.1%	4.7%	9.9%
1 Year or 2,000 Hours	21.9%	17.7%	2.4%	3.4%	3.5%	11.0%
Other	7.8%	16.8%	14.3%	12.2%	11.6%	12.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

*Immediate eligibility is defined as one month or less of service.

Elective Employee Deferrals - Eligibility for All Plans

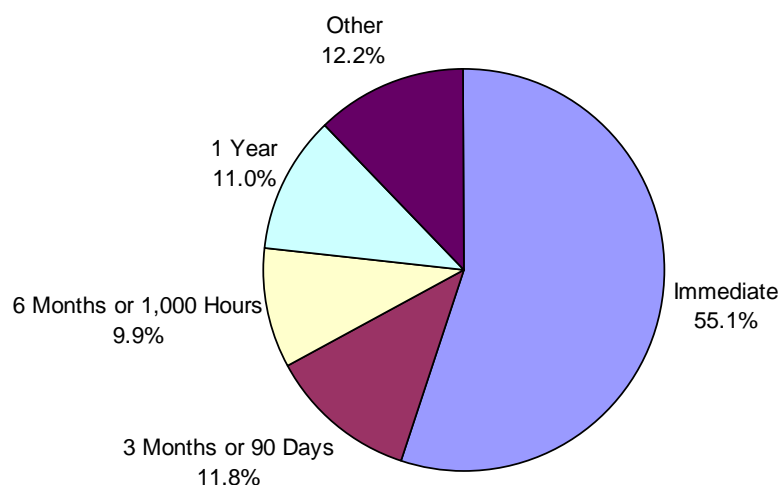


Table 4: Elective Employee Deferrals – Eligibility Category by Company Size

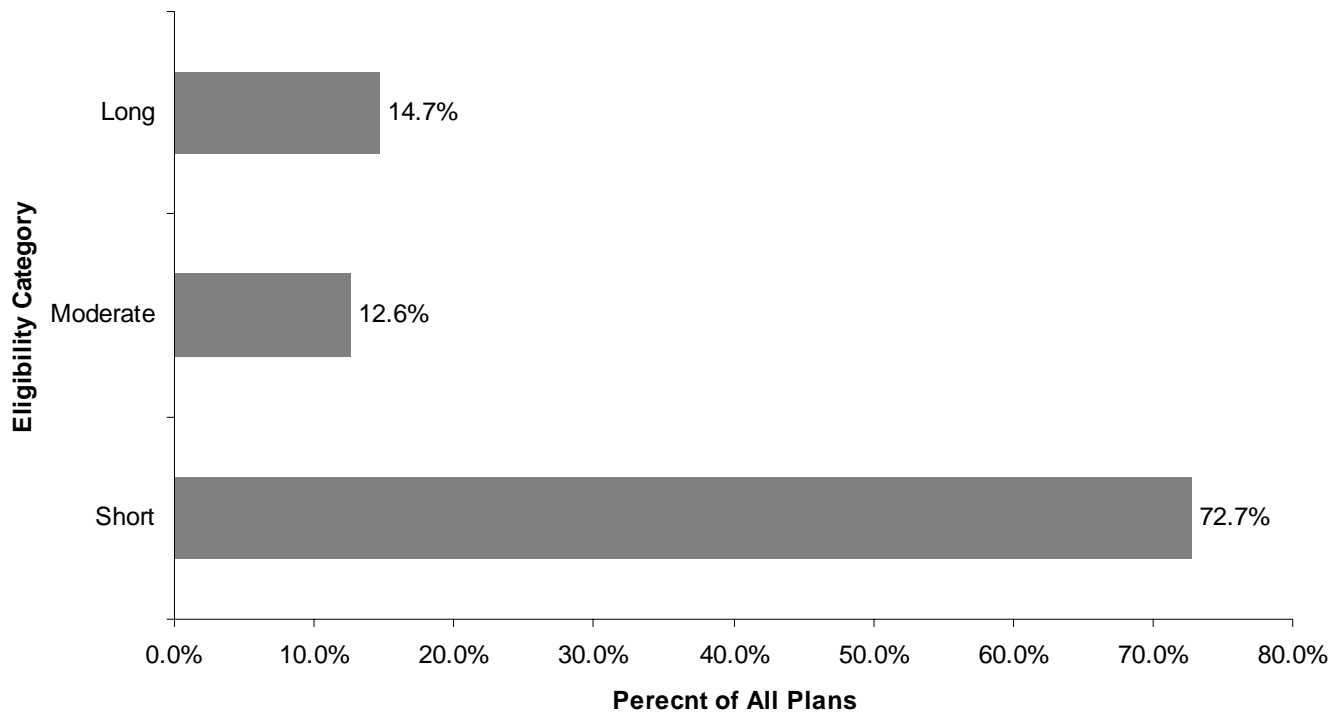
Eligibility Category	Company Size (# of Employees)					
	Less Than 100	100-499	500-999	1,000-9,999	10,000 or More	All Plans
Short*	54.7%	61.1%	78.6%	87.2%	87.2%	72.7%
Moderate**	21.1%	14.2%	16.7%	7.4%	4.7%	12.6%
Long***	24.2%	24.8%	4.8%	5.4%	8.1%	14.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

*Short is defined as 3 months of service or less.

**Moderate is defined as more than 3 months but less than 1 year of service.

***Long is defined as 1 year of service or more.

Eligibility Category for Elective Employee Deferrals



Matching Company Contributions

Table 5: Matching Company Contributions – Eligibility by Company Size

Eligibility Type	Company Size (# of Employees)					
	Less Than 100	100-499	500-999	1,000-9,999	10,000 or More	All Plans
Immediate*	22.1%	26.1%	40.0%	51.6%	46.1%	38.0%
3 Months or 90 Days	12.8%	14.8%	11.4%	5.5%	1.3%	8.7%
6 Months or 1,000 Hours	14.0%	12.5%	8.6%	7.8%	6.6%	9.9%
1 Year or 2,000 Hours	44.2%	28.4%	22.9%	20.3%	31.6%	29.3%
Other	7.0%	18.2%	17.1%	14.8%	14.5%	14.0%
Total	100.0%	100.0%	100.0%	100.0%	100%	100.0%

*Immediate eligibility is defined as one month or less of service.

Matching Contributions - Eligibility for All Plans

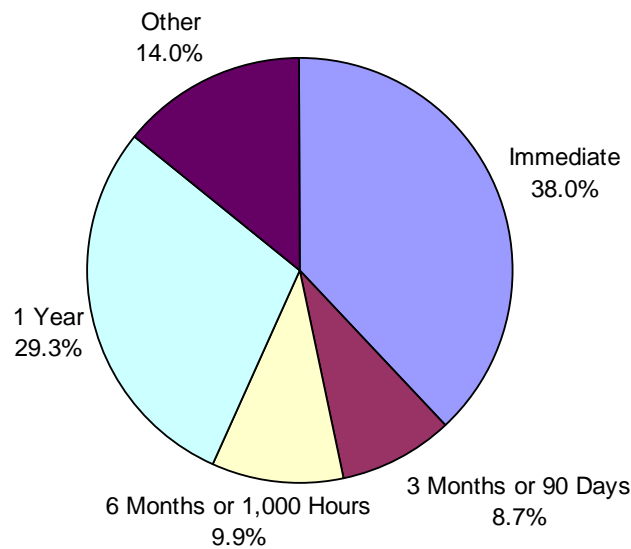


Table 6: Matching Company Contributions – Eligibility Category by Company Size

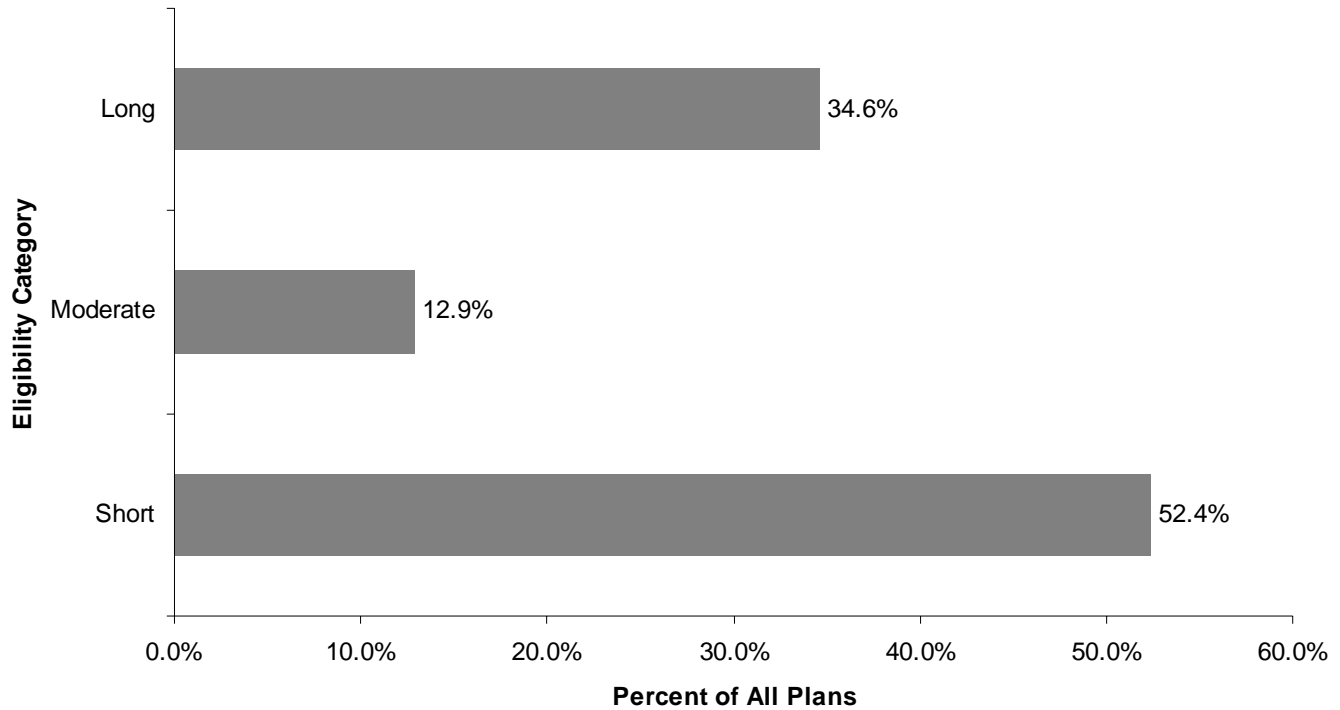
Eligibility Category	Company Size (# of Employees)					
	Less Than 100	100-499	500-999	1,000-9,999	10,000 or More	All Plans
Short*	34.9%	48.8%	60.0%	65.4%	51.3%	52.4%
Moderate**	18.6%	15.1%	11.4%	11.0%	7.9%	12.9%
Long***	46.5%	36.0%	28.6%	23.6%	40.8%	34.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

*Short is defined as 3 months of service or less.

**Moderate is defined as more than 3 months but less than 1 year of service.

***Long is defined as 1 year of service or more.

Eligibility Category for Matching Company Contributions



Non-Matching Company Contributions

Table 7: Non-Matching Company Contributions – Eligibility by Company Size

Eligibility Type	Company Size (# of Employees)					
	Less Than 100	100-499	500-999	1,000-9,999	10,000 or More	All Plans
Immediate*	14.3%	11.5%	18.2%	30.2%	34.2%	21.8%
3 Months or 90 Days	9.1%	13.5%	4.5%	1.2%	2.6%	6.2%
6 Months or 1,000 Hours	15.6%	21.2%	18.2%	19.8%	7.9%	17.1%
1 Year or 2,000 Hours	50.6%	48.1%	36.4%	33.7%	34.2%	41.5%
Other	10.4%	5.8%	22.7%	15.1%	21.1%	13.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

*Immediate eligibility is defined as one month or less of service.

Non-Matching Company Contributions - Eligibility for All Plans

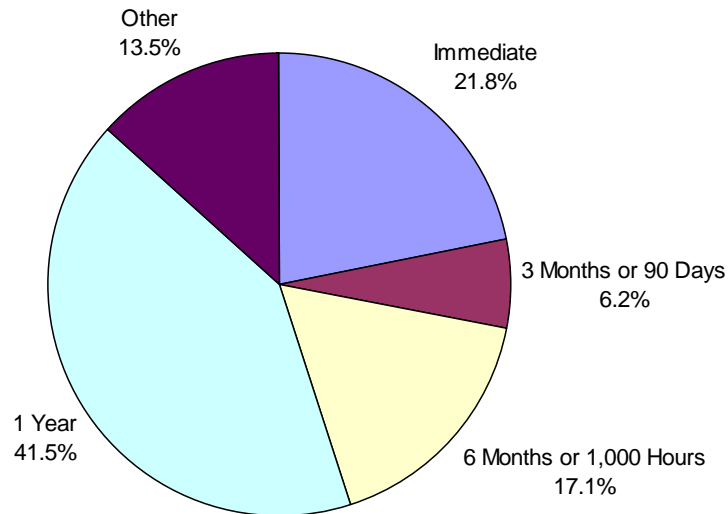


Table 8: Non-Matching Company Contributions – Eligibility Category by Company Size

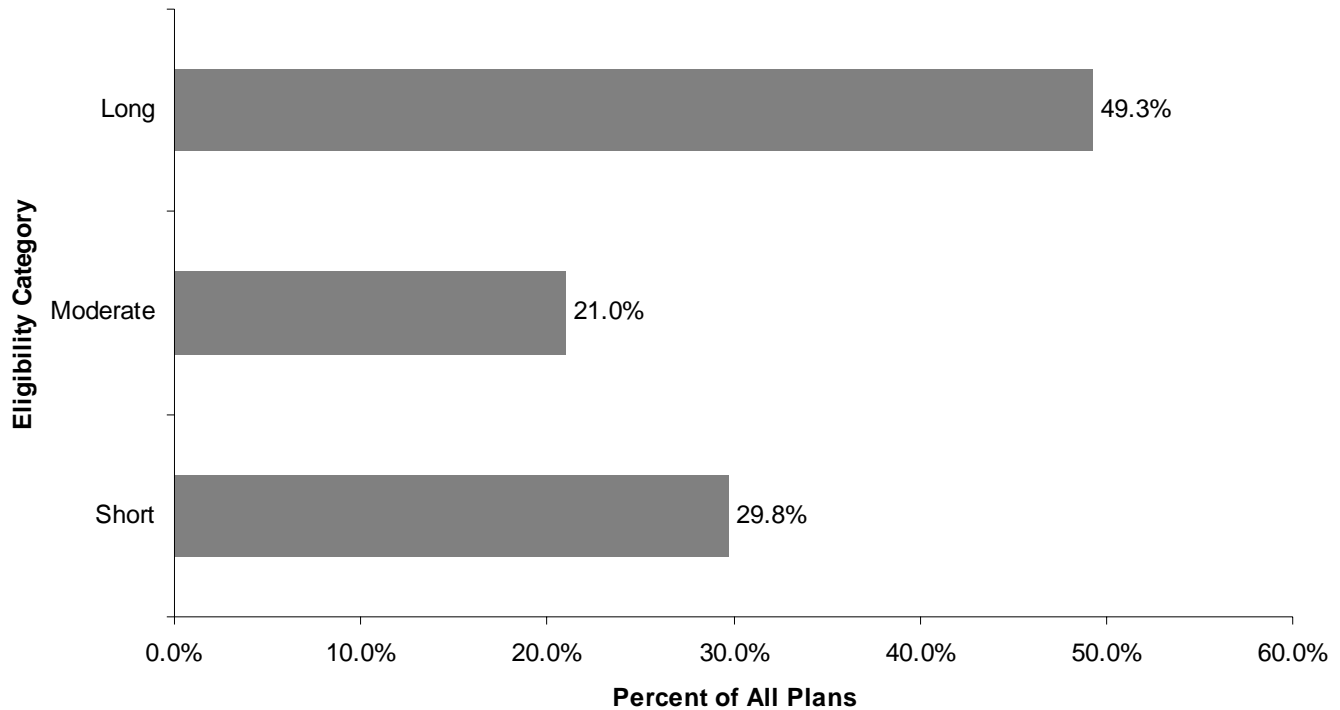
Eligibility Category	Company Size (# of Employees)					
	Less Than 100	100-499	500-999	1,000-9,999	10,000 or More	All Plans
Short*	23.4%	25.0%	27.3%	34.9%	39.5%	29.8%
Moderate**	18.2%	23.1%	18.2%	25.3%	15.8%	21.0%
Long***	58.4%	51.9%	54.5%	39.8%	44.7%	49.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

*Short is defined as 3 months of service or less.

**Moderate is defined as more than 3 months but less than 1 year of service.

***Long is defined as 1 year of service or more.

Eligibility Category for Non-Matching Company Contributions



Minimum Age Requirements

Table 9: Minimum Age Requirements by Contribution Type

Minimum Age Requirement	Contribution Types		
	Participant Deferrals	Matching Company Contributions	Non-matching Company Contributions
None	42.8%	40.2%	42.7%
Minimum Age: 18 Years	22.6%	23.5%	21.9%
Minimum Age: 21 Years	33.8%	34.9%	34.7%
Other Minimum Age	0.8%	1.5%	0.7%
Total	100.0%	100.0%	100.0%

Eligibility Trends

From 1998 to 2004, our eligibility surveys asked respondents to report their eligibility practices for their 401(k) plan and/or their profit sharing plan. Beginning in 2005, we altered the survey questionnaire to instead ask respondents to report their eligibility based on contribution type: employee deferrals, matching contributions, and non-matching contributions. The historical data below is present in two tables to reflect these two different approaches.

Table 10: 1998-2004 Eligibility Trends in Profit Sharing and 401(k) Plans

Eligibility Type and Year	Plan Type			
	401(k)		Profit Sharing	
	All Plans	Companies With 1,000+ Employees	All Plans	Companies With 1,000+ Employees
Immediate				
1998	24%	36%	9%	17%
1999	29%	50%	14%	23%
2000	37%	50%	18%	21%
2001	37%	53%	13%	12%
2002	32%	43%	15%	16%
2003	37%	59%	15%	22%
2004	60%	80%	27%	37%
3 Months or Less				
1998	32%	47%	12%	23%
1999	40%	57%	18%	24%
2000	52%	66%	24%	27%
2001	55%	64%	20%	14%
2002	50%	67%	21%	21%
2003	51%	68%	22%	25%
2004	60%	80%	27%	37%

Table 11: 2005-2008 Eligibility Trends in Profit Sharing and 401(k) Plans

Eligibility Type and Year	Contribution Type					
	Participant Deferrals		Matching Company Contributions		Non-matching Company Contributions	
	All Plans	1,000 or More Employees	All Plans	1,000 or More Employees	All Plans	1,000 or More Employees
Immediate						
2005	48.8%	61.9%	35.8%	47.6%	17.1%	25.5%
2006	48.5%	63.9%	34.1%	47.6%	16.7%	28.3%
2007	51.0%	63.8%	36.7%	48.8%	18.4%	27.3%
2008	55.1%	70.5%	38.0%	49.5%	21.8%	31.5%
3 Months or Less						
2005	64.7%	78.8%	47.6%	59.2%	24.3%	25.5%
2006	69.2%	84.5%	48.8%	60.8%	25.3%	34.7%
2007	70.5%	82.5%	51.0%	61.0%	26.8%	35.2%
2008	72.7%	87.2%	52.4%	60.1%	29.8%	36.4%