

401(k) and Profit Sharing Plan Eligibility Survey 2009

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Overview of Results

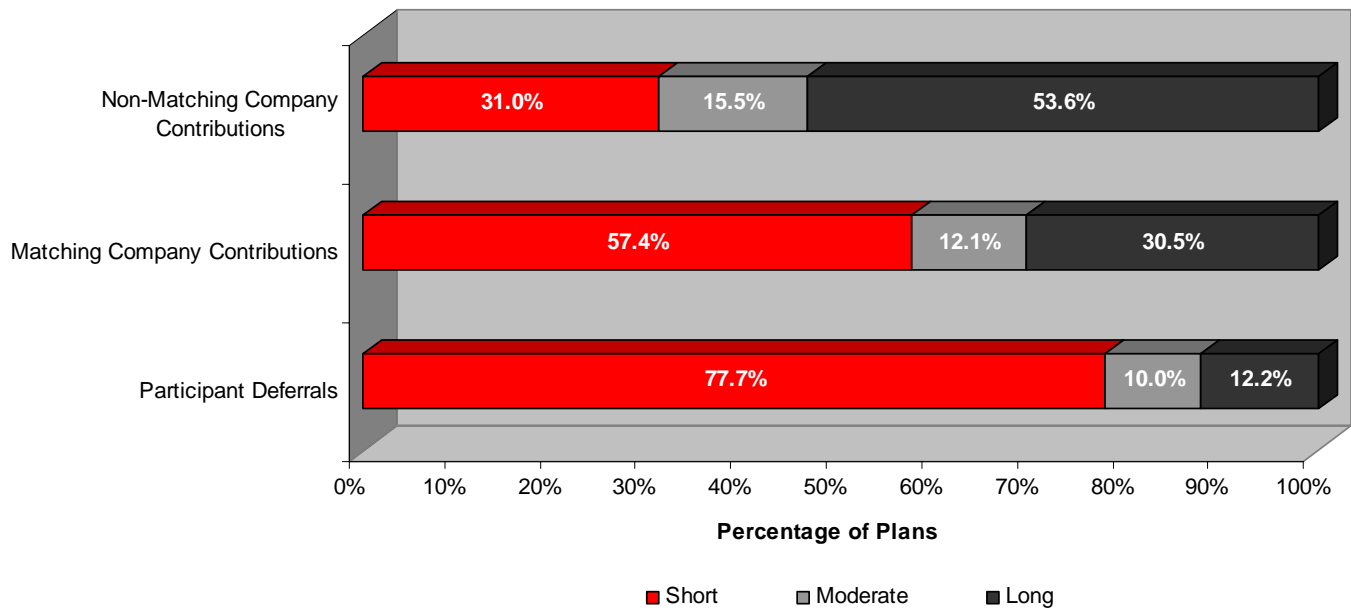
In the fall of 2009, the Profit Sharing/401k Council of America (PSCA) collected defined contribution plan eligibility data from 494 companies. 97.0 percent of the plans permit employee contributions to an employer-sponsored defined contribution plan, and 72.3 percent of the plans offer employer matches. 56.1 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 12th 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; 57.4 percent of all plans and 71.1 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 75.8 percent of companies and at 85.5 percent of large companies (1,000 or more employees). Only 11.5 percent of all plans have a one-year or longer service requirement prior to eligibility.

There is only five 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 2009, only 28.5 percent of companies required one year of service or longer for matching contribution eligibility, while 47.1 percent of employers require one-year or more of service to be eligible for non-matching company contributions.

A large percentage of plans have no minimum age requirement for participant deferrals (43.9 percent) or for non-matching company contributions (44.0 percent). 21 years old is the most prevalent minimum age requirement for participant deferrals (30.8 percent of plans), though 24.3 percent require a person to be 18 years old before they can contribute to the plan.

Eligibility Category by Type of Contribution



Short is defined as three months of service or less, moderate is defined as more than three months but less than one year of service, and long is defined as one year of service or more.

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	93	19.4%	64	17.9%	75	27.1%	96	19.4%
100-499	104	21.7%	74	20.7%	61	22.0%	108	21.9%
500-999	40	8.4%	30	8.4%	25	9.0%	42	8.5%
1,000-9,000	150	31.3%	113	31.7%	82	29.6%	153	31.0%
More Than 10,000	92	19.2%	76	21.3%	34	12.3%	95	19.2%
Total	479	100.0%	357	100.0%	277	100.0%	494	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
Construction/Engineering	13	2.7%	10	2.8%	8	2.9%	13	2.6%
Durable Goods Manufacturing	56	11.7%	47	13.2%	39	14.0%	60	12.1%
Financial	85	17.7%	64	17.9%	54	19.4%	89	18.0%
Healthcare	11	2.3%	8	2.2%	8	2.9%	12	2.4%
Insurance and Real Estate	41	8.6%	36	10.1%	21	7.6%	41	8.3%
Non-Durable Goods Manufacturing	46	9.6%	36	10.1%	31	11.2%	48	9.7%
Services	105	21.9%	70	19.6%	60	21.6%	106	21.5%
Technology/Telecommunication	15	3.1%	8	2.2%	6	2.2%	15	3.0%
Transportation	5	1.0%	4	1.1%	3	1.1%	6	1.2%
Utility/Energy	12	2.5%	12	3.4%	4	1.4%	12	2.4%
Wholesale and Retail Trade	66	13.8%	48	13.4%	35	12.6%	68	13.8%
Other	24	5.0%	14	3.9%	9	3.2%	24	4.9%
Total	479	100%	357	100%	278	100.0%	494	100.0%

Elective Employee Deferrals

Table 3: Elective Employee Deferrals – Eligibility by Company Size

Eligibility Type	Company Size (# of Employees)					All Plans
	Less Than 100	100-499	500-999	1,000-9,999	10,000 or More	
Immediate*	35.5%	40.4%	70.0%	71.3%	70.7%	57.4%
3 Months or 90 Days	22.6%	22.1%	5.0%	12.0%	10.9%	15.4%
6 Months or 1,000 Hours	15.1%	9.6%	2.5%	8.7%	7.6%	9.4%
1 Year or 2,000 Hours	21.5%	21.2%	12.5%	2.0%	5.4%	11.5%
Other	5.4%	6.7%	10.0%	6.0%	5.4%	6.3%
Total	100.1%	100.0%	100.0%	100.0%	100.0%	100.0%

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

Graph 1: Elective Employee Deferrals - Eligibility for All Plans

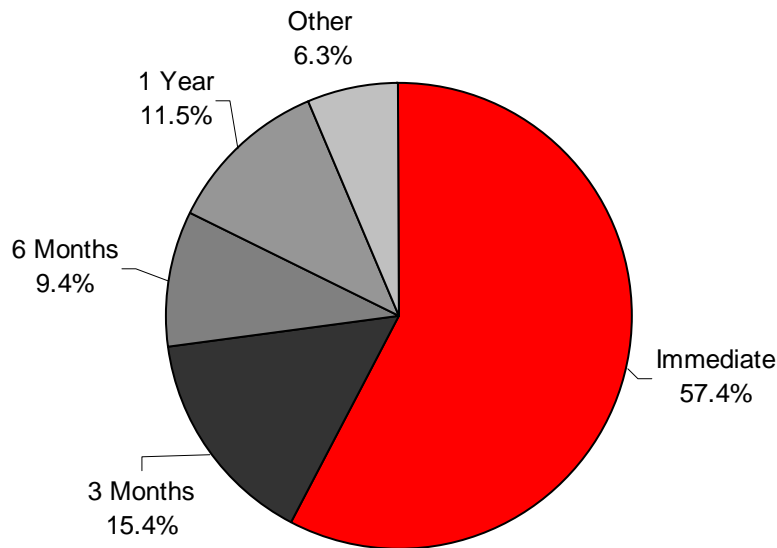


Table 4: Elective Employee Deferrals – Eligibility Category by Company Size

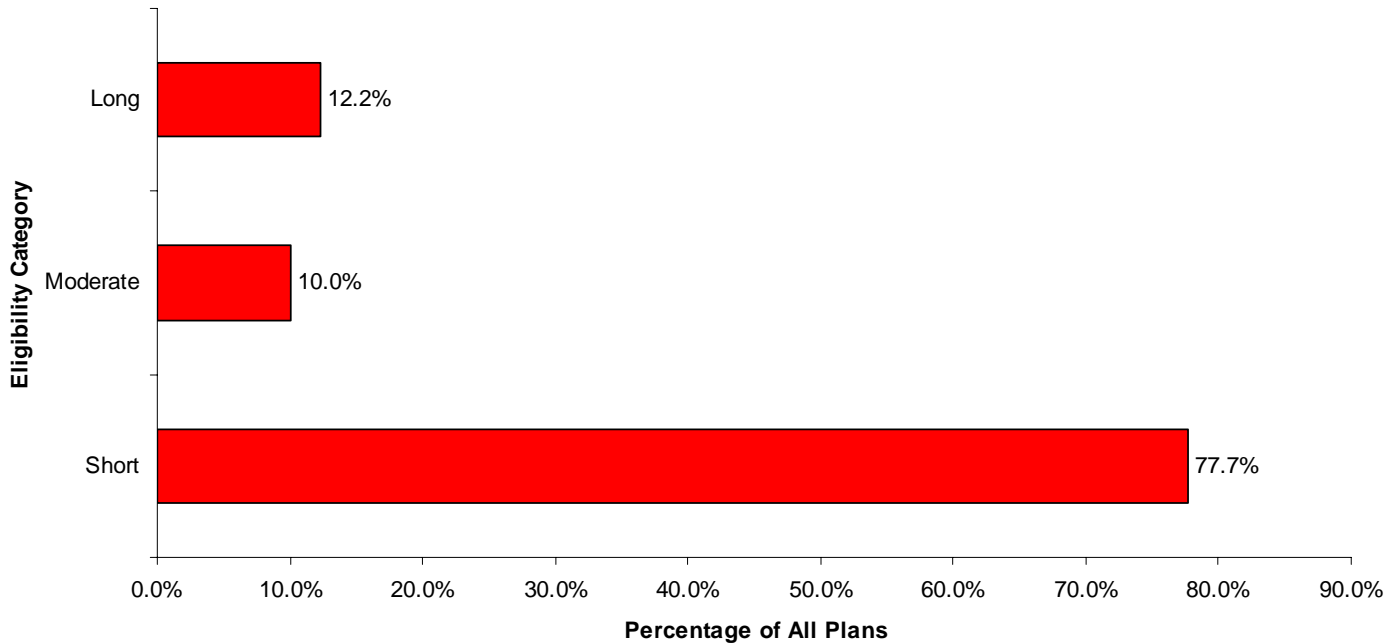
Eligibility Category	Company Size (# of Employees)					
	Less Than 100	100-499	500-999	1,000-9,999	10,000 or More	All Plans
Short*	61.4%	67.0%	83.3%	88.7%	86.2%	77.7%
Moderate**	15.9%	10.3%	2.8%	9.2%	8.0%	10.0%
Long***	22.7%	22.7%	13.9%	2.1%	5.7%	12.2%
Total	100.0%	100.0%	100.0%	100.0%	99.9%	99.9%

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

**Moderate is defined as more than three months but less than one year of service.

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

Graph 2: Elective Employee Deferrals - Eligibility Category



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*	25.0%	20.3%	50.0%	55.0%	49.3%	40.7%
3 Months or 90 Days	23.4%	23.0%	6.7%	7.2%	5.3%	13.0%
6 Months or 1,000 Hours	17.2%	18.9%	10.0%	6.3%	6.7%	11.3%
1 Year or 2,000 Hours	31.3%	35.1%	26.7%	23.4%	28.0%	28.5%
Other	3.1%	2.7%	6.7%	8.1%	10.7%	6.5%
Total	100.0%	100.0%	100.1%	100.0%	100%	100.0%

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

Graph 3: Matching Company Contributions - Eligibility for All Plans

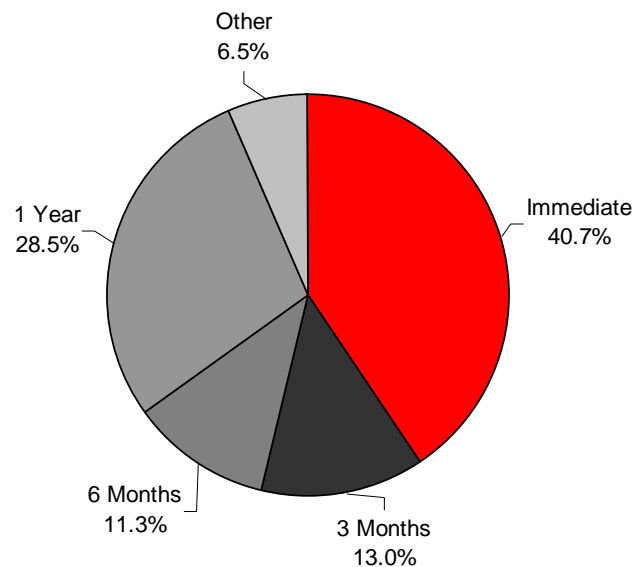


Table 6: Matching Company Contributions – Eligibility Category by Company Size

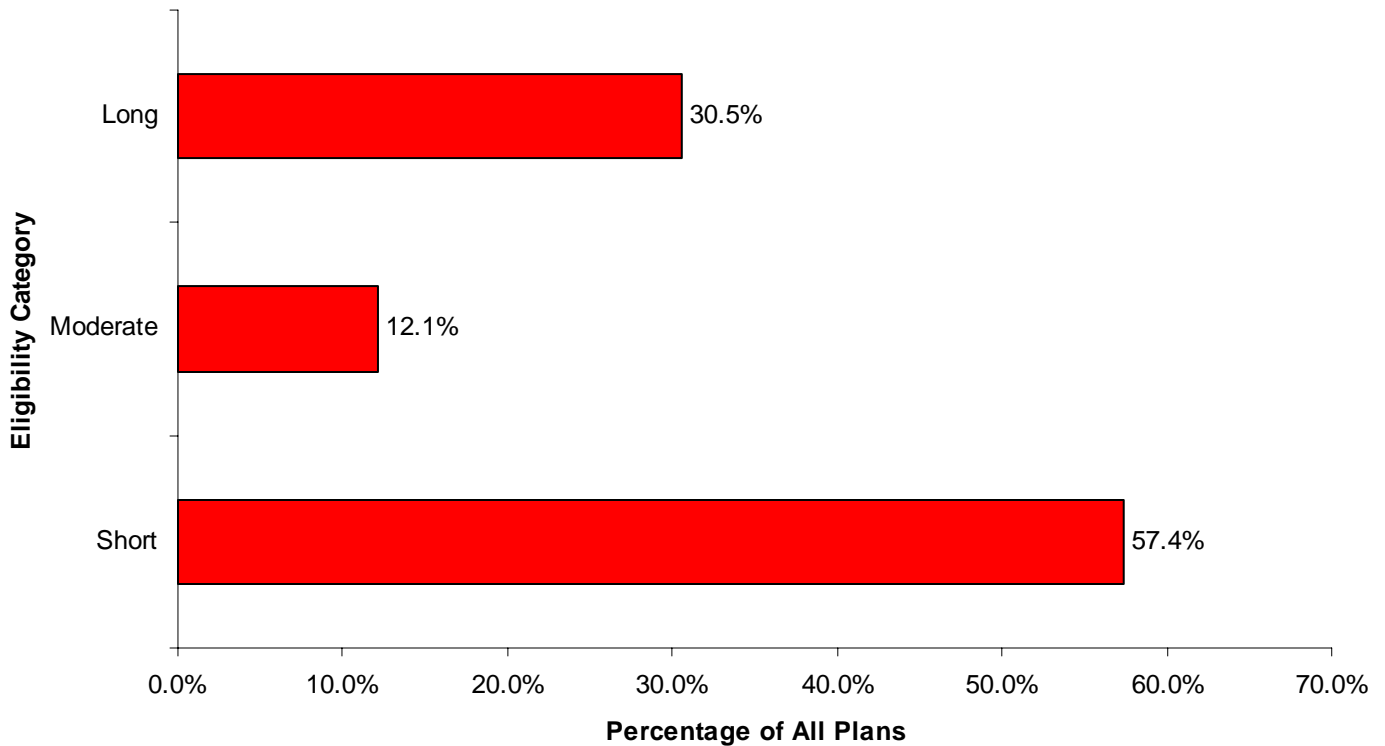
Eligibility Category	Company Size (# of Employees)					
	Less Than 100	100-499	500-999	1,000-9,999	10,000 or More	All Plans
Short*	50.0%	44.4%	60.7%	67.6%	61.2%	57.4%
Moderate**	17.7%	19.4%	10.7%	6.9%	7.5%	12.1%
Long***	32.3%	36.1%	28.6%	25.5%	31.3%	30.5%
Total	100.0%	99.9%	100.0%	100.0%	100%	100.0%

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

**Moderate is defined as more than three months but less than one year of service.

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

Graph 4: Matching Company Contributions – Eligibility Category



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*	16.7%	8.2%	12.0%	29.6%	42.4%	21.3%
3 Months or 90 Days	2.8%	18.0%	4.0%	2.5%	0.0%	5.9%
6 Months or 1,000 Hours	16.7%	14.8%	12.0%	13.6%	6.1%	13.6%
1 Year or 2,000 Hours	56.9%	50.8%	36.0%	43.2%	36.4%	47.1%
Other	6.9%	8.2%	36.0%	11.1%	15.2%	12.1%
Total	100.0%	100.0%	100.0%	100.0%	100.1%	100.0%

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

Graph 5: Non-Matching Company Contributions – Eligibility for All Plans

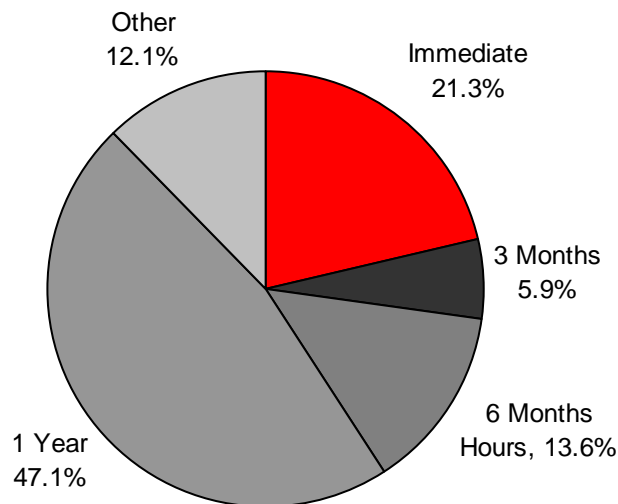


Table 8: Non-Matching Company Contributions – Eligibility Category by Company Size

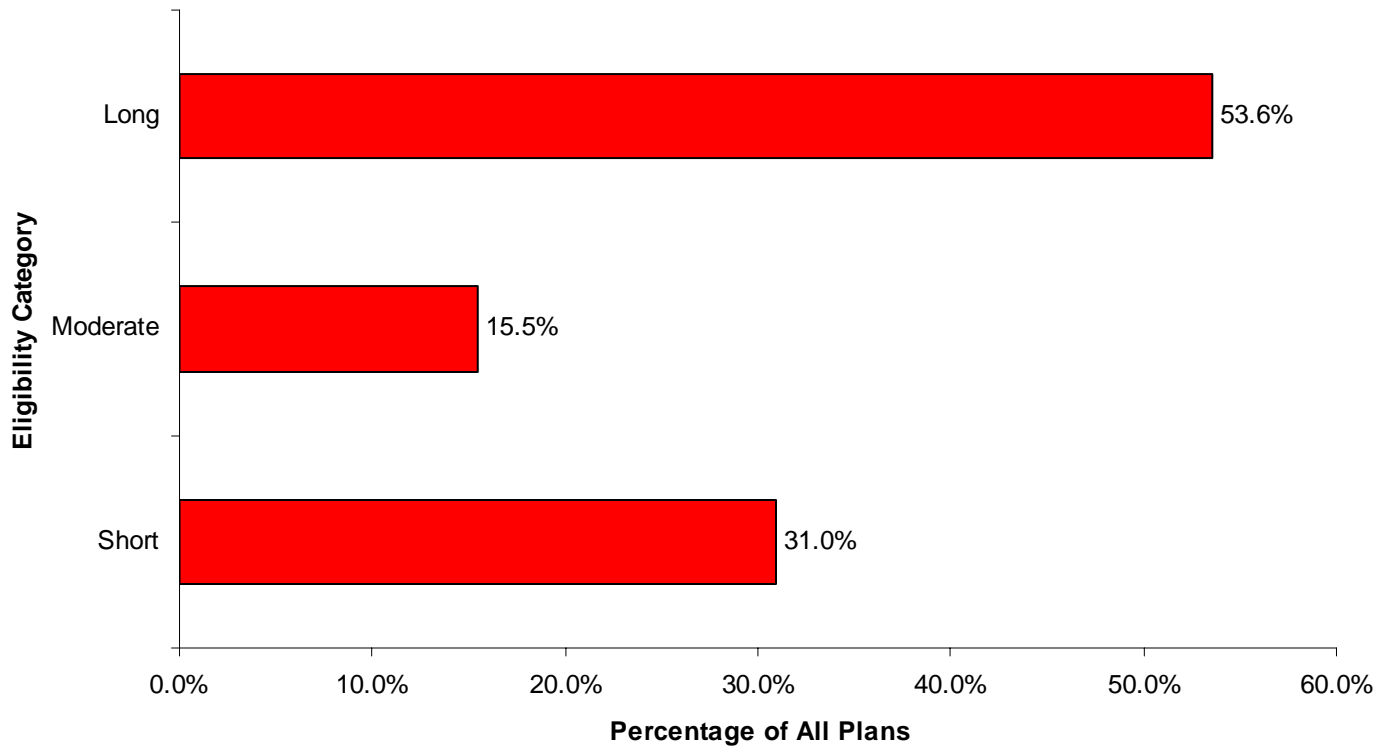
Eligibility Category	Company Size (# of Employees)					
	Less Than 100	100-499	500-999	1,000-9,999	10,000 or More	All Plans
Short*	20.9%	28.6%	25.0%	36.1%	50.0%	31.0%
Moderate**	17.9%	16.1%	18.8%	15.3%	7.1%	15.5%
Long***	61.2%	55.4%	56.3%	48.6%	42.9%	53.6%
Total	100.0%	100.1%	100.1%	100.0%	100%	100.1%

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

**Moderate is defined as more than three months but less than one year of service.

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

Graph 6: Non-Matching Company Contributions – Eligibility Category

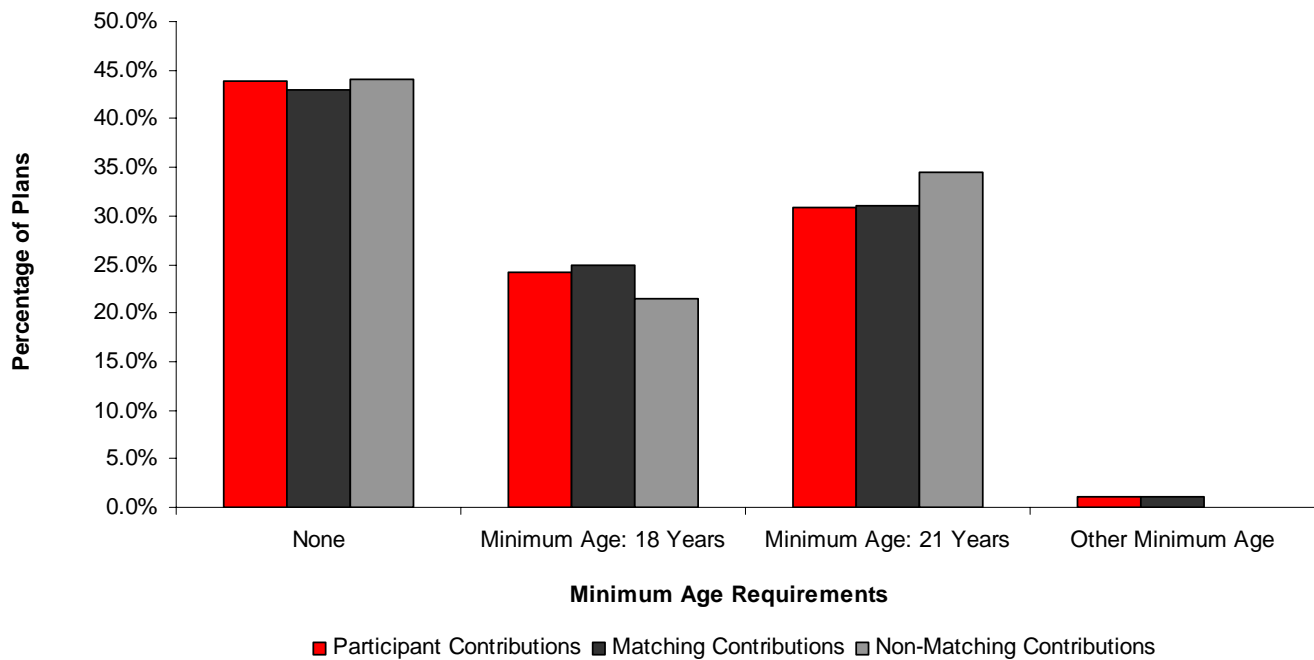


Minimum Age Requirements

Table 9: Minimum Age Requirements by Contribution Type

Minimum Age Requirement	Contribution Types		
	Participant Deferrals	Matching Company Contributions	Non-matching Company Contributions
None	43.9%	42.9%	44.0%
Minimum Age: 18 Years	24.3%	24.9%	21.5%
Minimum Age: 21 Years	30.8%	31.1%	34.5%
Other Minimum Age	1.1%	1.1%	0.0%
Total	100.1%	100.0%	100.0%

Graph 7: Minimum Age Requirements by Contribution Type



Eligibility Trends

From 1998 to 2004, PSCA's eligibility surveys asked respondents to report their eligibility practices for their 401(k) plan and/or their profit sharing plan. Beginning in 2005, PSCA 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 presented 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: 2005-2009 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%
2009	57.4%	71.1%	40.7%	52.7%	21.3%	33.3%
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%
2009	75.8%	85.5%	54.3%	60.2%	28.7%	36.8%