

401(k) and Profit Sharing Plan Eligibility Survey 2010

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20 N. Wacker Drive, Suite 3700
Chicago, IL 60606
312.419.1863
psca@psca.org
<http://www.pzca.org>

Introduction

PSCA's 2010 401(k) and Profit Sharing Plan Eligibility Survey reflects responses from 529 companies that currently sponsor a defined contribution plan. Data in this survey is often categorized by company size (total number of active employees). Please note that the figures in the survey do not always add up to 100.0 percent due to rounding. Please direct questions or comments to research@psca.org or 312.419.1863x203.

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Overview of Results

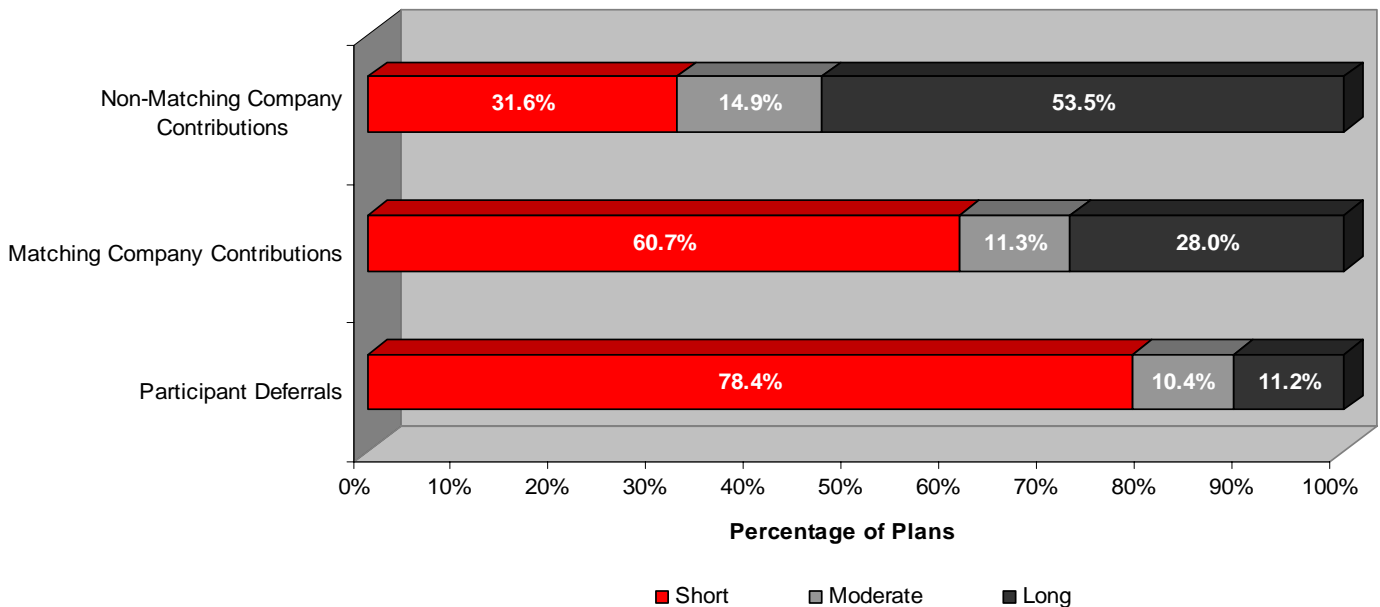
In the fall of 2010, the Profit Sharing/401k Council of America (PSCA) collected defined contribution plan eligibility data from 529 companies. The majority of plans (96.8 percent) permit employee contributions to an employer-sponsored defined contribution plan, three-quarters of plans offer employer matches, and more than half make non-matching company contributions. Plan eligibility data (age and service requirements for participation) was collected for all three types of contributions as the requirements often vary by contribution type. In the last thirteen years, since PSCA began collecting plan eligibility data, there has been a trend towards shorter service requirements for eligibility for all three types of plan contributions.

Short service requirements (less than three months of service) are now common for participant contributions. In 1998, only 24 percent of plans allowed employees to begin contributing to their 401(k) plans immediately upon employment. Now, 60.3 percent of all plans permit immediate participation in their 401(k) programs and employees are eligible to participate within the first three months of employment in 78.4 percent of plans. Short service requirements are even more common at large companies – 74.2 percent of companies with 1,000 or more employees provide immediate eligibility and 89.7 percent provide eligibility within three months. Long service requirements (one year or more) are required by only 11.2 percent of all plans.

For the last six years, there has been a trend toward immediate plan eligibility for company contributions as well, though twice as many plans provide immediate eligibility for matching contributions than for non-matching contributions. Sixty percent of plans provide eligibility for matching contributions within 3 months of employment, whereas 31.6 percent of plans provide eligibility for non-matching contributions with the first three months. Nearly thirty percent of companies required one year of service or longer for matching contribution eligibility, while more than half of employers require one year or more of service to be eligible for non-matching company contributions.

Minimum age requirements for plan participation have not changed much in the last few years, though there is a slight increase in the percentage of plans with no minimum. More than forty percent of plans have no minimum age requirement for participant deferrals (44.1 percent), matching contributions (43.8 percent), and non-matching company contributions (43.1 percent). The most prevalent minimum age requirement, when there is one, is 21 years old.

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

Company Size (# of Employees)	Contribution Type						All Plans	
	Participant Deferrals		Matching Company Contributions		Non-matching Company Contributions			
	# of Plans	% of Plans	# of Plans	% of Plans	# of Plans	% of Plans	# of Plans	% of Plans
Less Than 100	112	97.4%	71	61.7%	79	68.7%	115	21.7%
100-499	95	96.0%	71	71.7%	54	54.5%	99	18.7%
500-999	51	96.2%	41	77.4%	32	60.4%	53	10.0%
1,000-9,000	156	97.5%	130	81.3%	84	52.5%	160	30.2%
More Than 10,000	98	96.1%	84	82.4%	25	24.5%	102	19.3%
Total	512	96.8%	397	75.0%	274	51.8%	529	100.0%

Table 2: Respondents by Industry and Contribution Type

Industry	Contribution Type						All Plans	
	Participant Deferrals		Matching Company Contributions		Non-matching Company Contributions			
	# of Plans	% of Plans	# of Plans	% of Plans	# of Plans	% of Plans	# of Plans	% of Plans
Construction/Engineering	22	100.0%	13	59.1%	16	72.7%	22	4.2%
Durable Goods Manufacturing	75	96.2%	64	82.1%	48	61.5%	78	14.7%
Financial	113	97.4%	80	69.0%	62	53.4%	116	21.9%
Healthcare	18	94.7%	17	89.5%	7	36.8%	19	3.6%
Insurance and Real Estate	50	100.0%	41	82.0%	22	44.0%	50	9.5%
Non-Durable Goods Manufacturing	33	97.1%	27	79.4%	22	64.7%	34	6.4%
Services	75	96.2%	58	74.4%	46	59.0%	78	14.7%
Technology/Telecommunication	22	100.0%	17	77.3%	8	36.4%	22	4.2%
Utility/Energy	23	95.8%	23	95.8%	6	25.0%	24	4.5%
Wholesale and Retail Trade	48	94.1%	39	76.5%	19	37.3%	51	9.6%
Other	33	94.3%	18	51.4%	18	51.4%	35	6.6%
Total	512	96.8%	397	75.0%	274	51.8%	529	99.9%

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*	37.8%	43.2%	72.5%	78.7%	67.0%	60.3%
3 Months	16.2%	24.2%	9.8%	9.0%	18.6%	15.3%
6 Months	19.8%	12.6%	9.8%	5.2%	3.1%	9.8%
1 Year	21.6%	15.8%	5.9%	3.9%	9.3%	11.2%
Other**	4.5%	4.2%	2.0%	3.2%	2.1%	3.3%
Total	99.9%	100.0%	100.0%	100.0%	100.1%	99.9%

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

**82.4 percent of other eligibility requirements are between one and three months of service.

Graph 1: Elective Employee Deferrals – Eligibility for All Plans

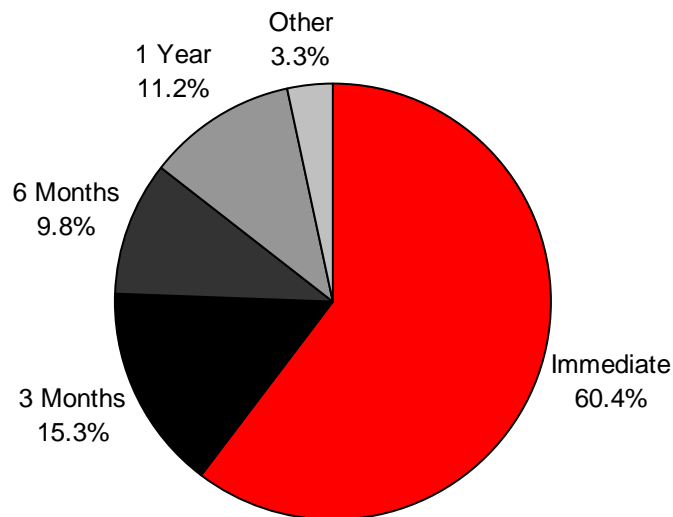


Table 4: Elective Employee Deferrals – Eligibility Category by Company Size

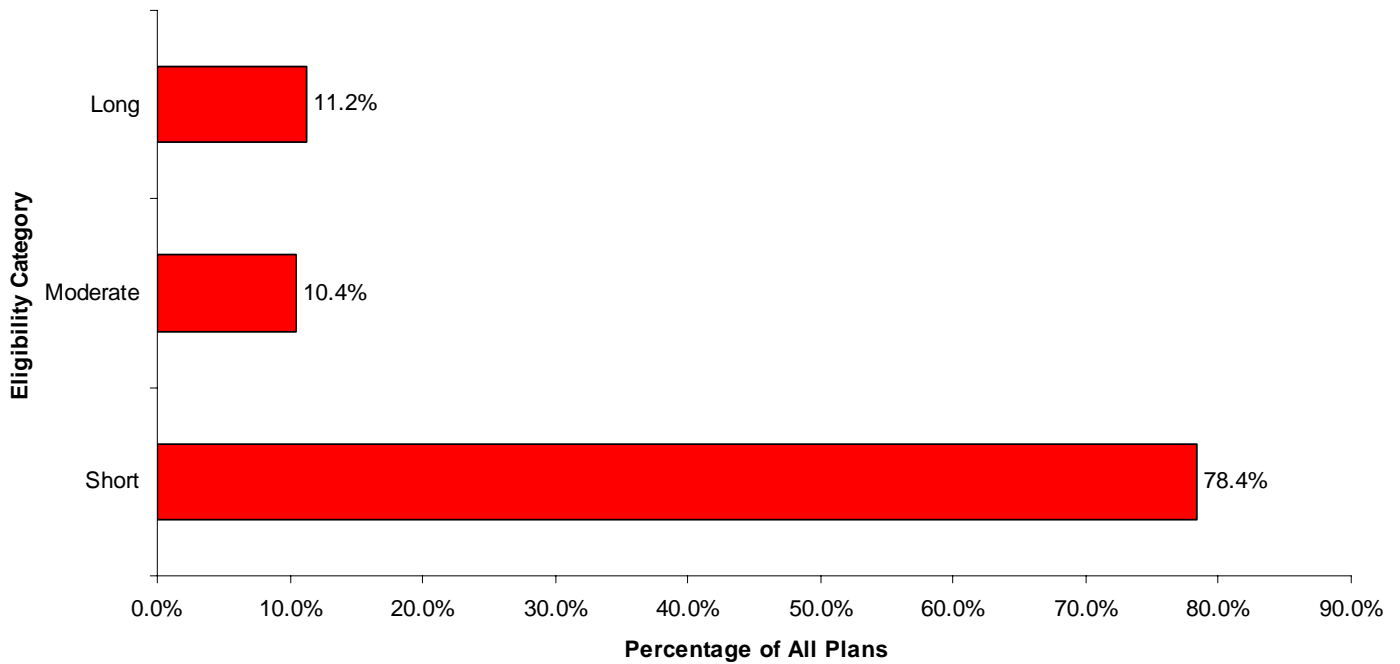
Eligibility Category	Company Size (# of Employees)					
	Less Than 100	100-499	500-999	1,000-9,999	10,000 or More	All Plans
Short*	58.6%	69.5%	84.3%	90.3%	87.6%	78.4%
Moderate**	19.8%	14.7%	9.8%	5.8%	3.1%	10.4%
Long***	21.6%	15.8%	5.9%	3.9%	9.3%	11.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

*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 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*	30.0%	33.3%	53.7%	60.9%	53.1%	48.1%
3 Months	14.3%	20.3%	9.8%	7.0%	8.6%	11.3%
6 Months	22.9%	13.0%	9.8%	5.5%	2.5%	9.8%
1 Year	30.0%	30.4%	22.0%	25.0%	30.9%	27.8%
Other	2.9%	2.9%	4.9%	1.6%	4.9%	3.1%
Total	100.1%	99.9%	100.2%	100.0%	100.0%	100.1%

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

Graph 3: Matching Company Contributions – Eligibility for All Plans

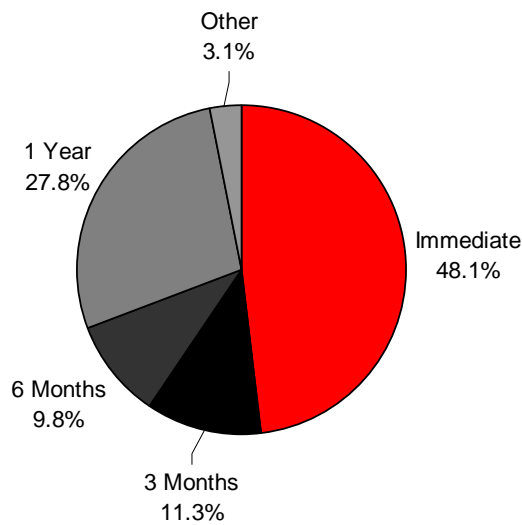


Table 6: Matching Company Contributions – Eligibility Category by Company Size

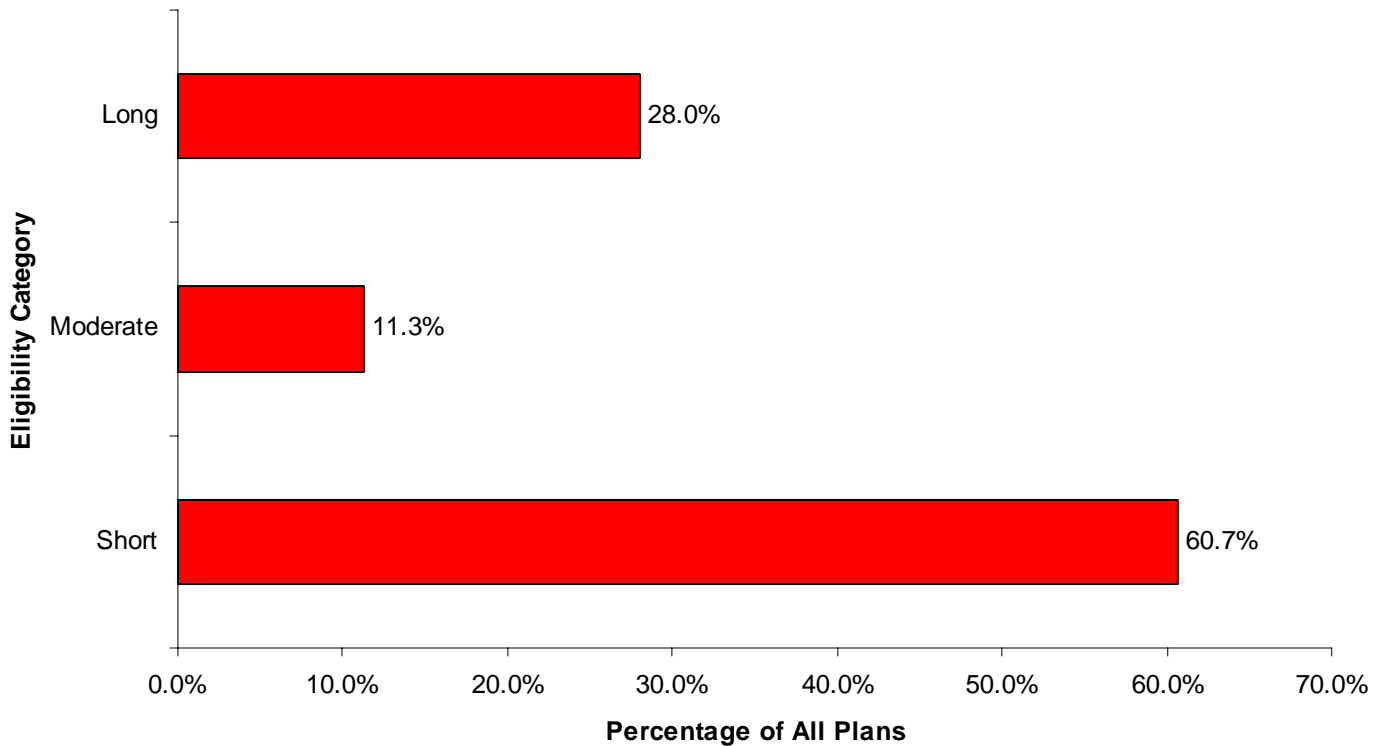
Eligibility Category	Company Size (# of Employees)					
	Less Than 100	100-499	500-999	1,000-9,999	10,000 or More	All Plans
Short*	45.7%	55.1%	65.9%	68.8%	63.0%	60.7%
Moderate**	24.3%	14.5%	9.8%	6.3%	6.2%	11.3%
Long***	30.0%	30.4%	24.4%	25.0%	30.9%	28.0%
Total	100.0%	100.0%	100.1%	100.1%	100.1%	100.0%

*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*	17.7%	17.3%	22.6%	32.5%	41.7%	24.9%
3 Months	6.3%	11.5%	3.2%	3.6%	0.0%	5.6%
6 Months	19.0%	13.5%	6.5%	9.6%	0.0%	11.9%
1 Year	53.2%	51.9%	58.1%	49.4%	45.8%	51.7%
Other	3.8%	5.8%	9.7%	4.8%	12.5%	5.9%
Total	100.0%	100.0%	100.1%	99.9%	100.0%	100.0%

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

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

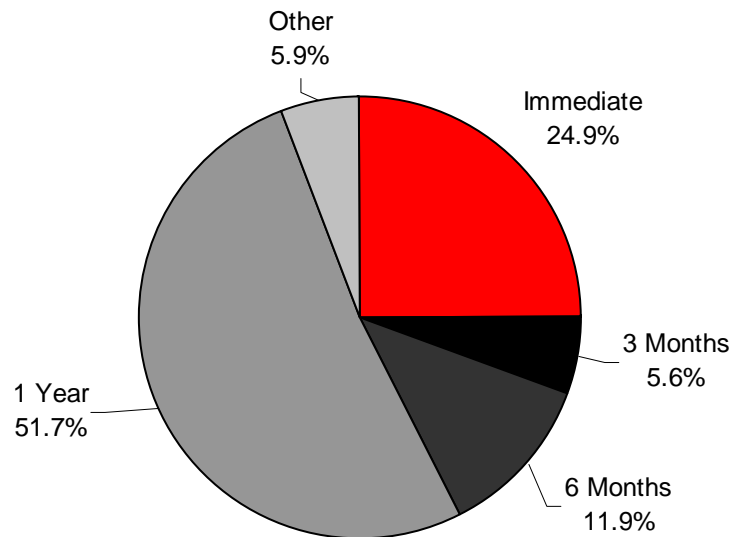


Table 8: Non-Matching Company Contributions – Eligibility Category by Company Size

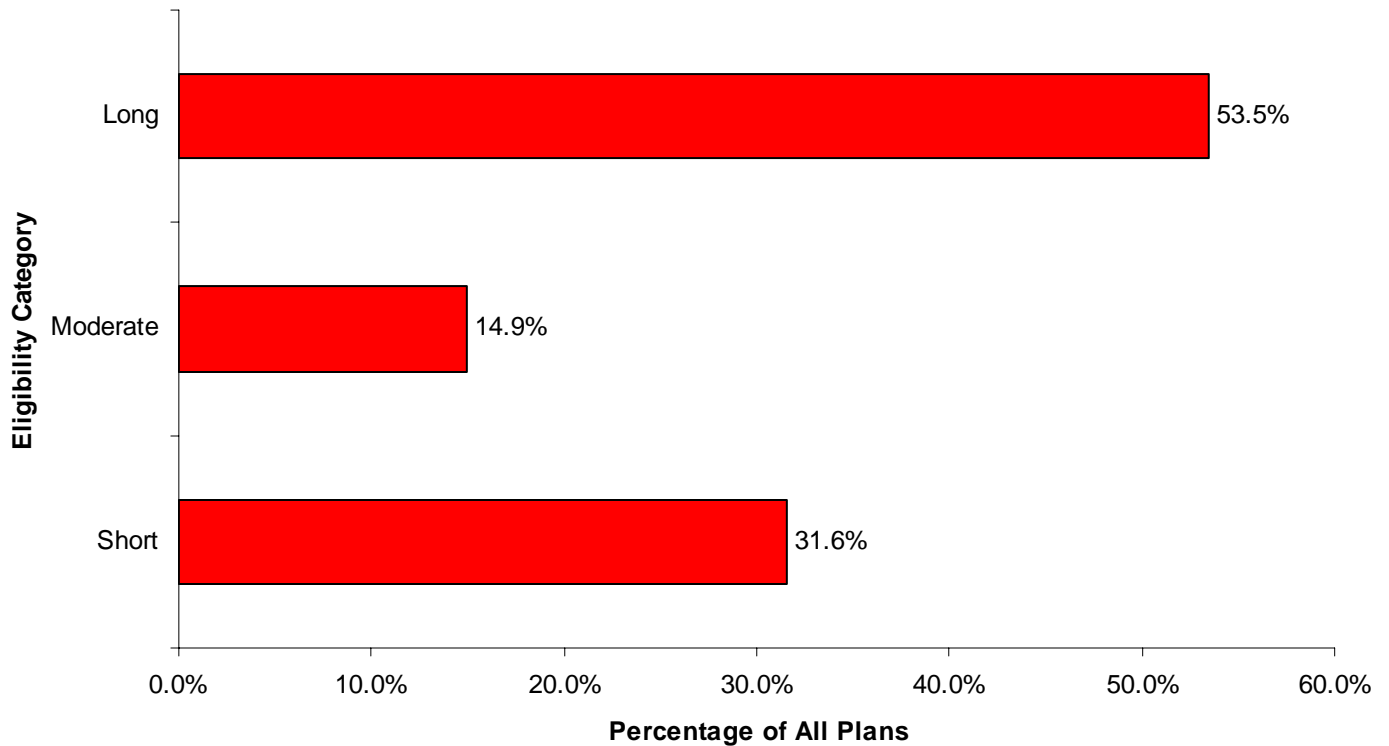
Eligibility Category	Company Size (# of Employees)					All Plans
	Less Than 100	100-499	500-999	1,000-9,999	10,000 or More	
Short*	26.6%	30.8%	25.8%	36.1%	41.7%	31.6%
Moderate**	19.0%	15.4%	9.7%	13.3%	12.5%	14.9%
Long***	54.4%	53.8%	64.5%	50.6%	45.8%	53.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

*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 6: Non-Matching Company Contributions – Eligibility Category

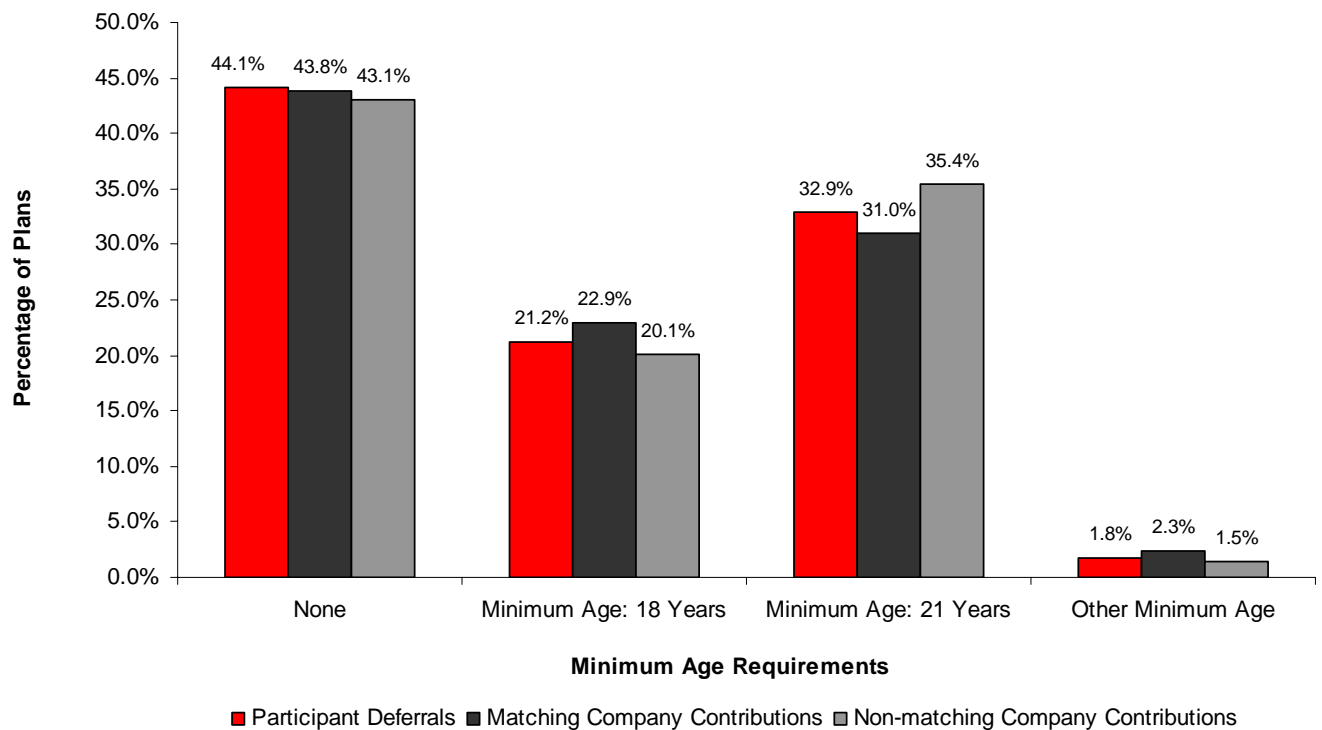


Minimum Age Requirements

Table 9: Minimum Age Requirements by Contribution Type

Minimum Age Requirement	Contribution Type		
	Participant Deferrals	Matching Company Contributions	Non-matching Company Contributions
None	44.1%	43.8%	43.1%
18 Years Old	21.2%	22.9%	20.1%
21 Years Old	32.9%	31.0%	35.4%
Other Minimum Age	1.8%	2.3%	1.5%
Total	100.0%	100.0%	100.1%

Graph 7: Minimum Age Requirements by Contribution Type



Eligibility Trends

Table 10: 2005-2009 Eligibility Trends in 401(k) and Profit Sharing 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%
2010	60.3%	74.2%	48.1%	57.9%	24.9%	34.6%
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%
2010	78.4%	89.7%	60.7%	66.5%	31.6%	39.3%

Graph 8: Percentage of Plans with Immediate Eligibility over Time

