4th Edition

Plan Sponsor Attitudes Survey: Executive Summary

Broad, deep insight and analysis

Not FDIC Insured • May Lose Value • No Bank Guarantee

Fidelity INVESTMENTS®

Fidelity's 2013 plan sponsor research

- Online survey of *937 plan sponsors* who use a wide variety of recordkeepers
- Fidelity was not identified as the survey sponsor
- Responses from plan sizes with 25 to 10,000 participants

Person responsible for managing the organization's *401(k) plan*

- Focused on plan sponsors using an *advisor*
- *4th edition* of the survey, which dates back to 2008

Respondents included:

12%	CEO/Business owner
30%	CFO/Finance executive
36%	Head of HR/ Benefits executive
22%	Other key plan administrator

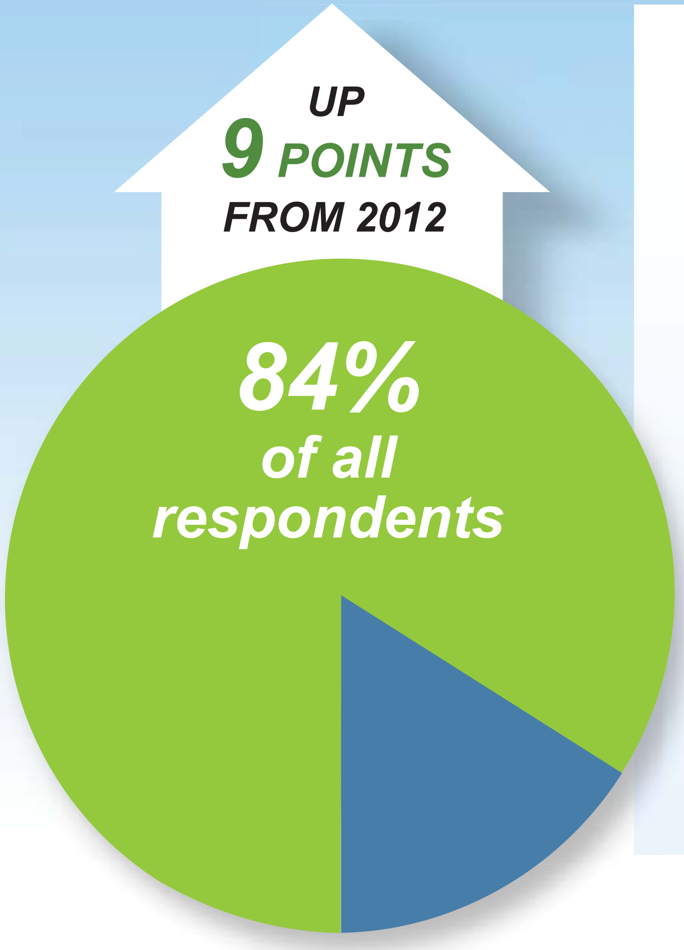
See final slide for additional survey details.

Key Findings

2013 Plan Sponsor Attitudes survey:

- Results and trends
- Spotlight on retirement readiness
- Key considerations for advisors
- Fidelity support

Plan sponsors using an advisor today



TOP REASONS WHY:

58% Need help with plan ***investments***

53% Want a better understanding of how well the ***plan is working*** for employees

48% Concerned about their ***fiduciary responsibilities***

31% Have less ***time*** to devote to the plan

Totals may not add up to 100% due to multiple answer options.
Across all plan sizes.

Satisfaction increasing

While satisfaction has increased since 2008, *38% say they are less than satisfied/not satisfied with their current advisor.*

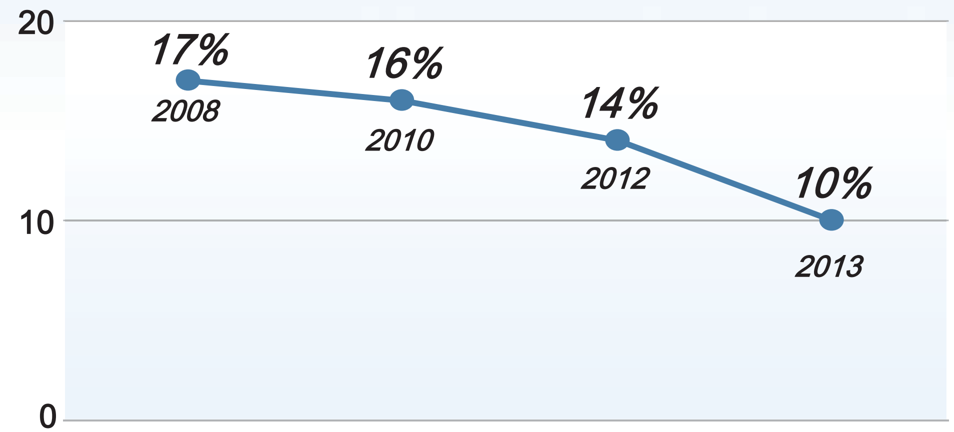
Plans with 25 to 2,500 participants.

Opportunities remain

38% of plan sponsors are less than satisfied/not satisfied with their advisor

10% of plan sponsors are actively looking to switch advisors

ACTIVELY LOOKING TO SWITCH:



Plans with 25 to 2,500 participants.

Confidence about fiduciary responsibilities is still a concern

Plan sponsors' overall understanding of their fiduciary responsibilities:

58% *are certain/very certain* ***42%*** *still need help*

THEY UNDERSTAND:

62%	**62%**	**61%**	**59%**	**58%**	**53%**
Participant communications and education	**Plan documents**	**Plan expenses**	**Service provider selection**	**Investment options**	**Testing and reporting**

Plans with 25 to 2,500 participants.

Concerns about retirement readiness

57% of plan sponsors don't think participants are saving enough – for these reasons:

86% Current living expenses too high

57% Higher health care costs

39%
Distrust of financial markets

33%
Education about savings choices

27%
Inability to make the decision

Totals may not add up to 100% due to multiple answer options.
Across all plan sizes.

Employees delaying retirement

66% report that some, quite a few, or all employees are delaying retirement

The number of workers expecting to retire after age 65 has increased from *11% to 37%*[1]

The average account balance of participants aged 65–70 is only *$140,000*[2]

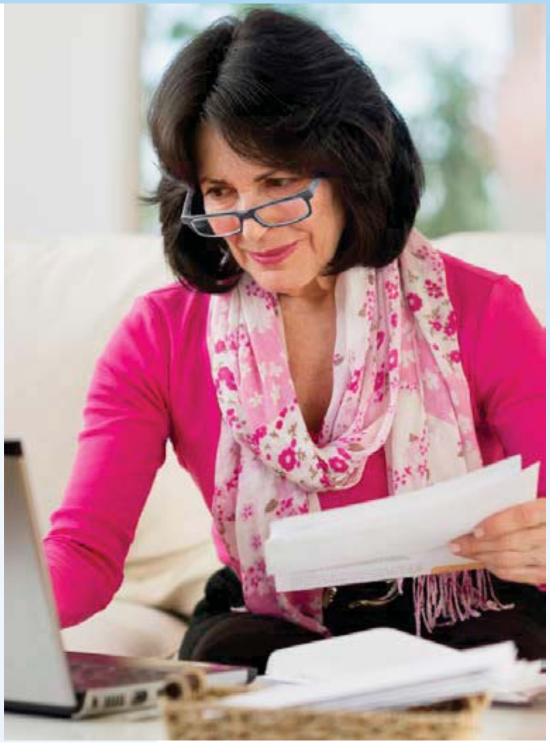
1. EBRI Retirement Confidence Survey, 2012.
2. Building Futures data as of 03/31/2013. See final slide for additional details.

Impact of an aging workforce

Health premiums for seniors can be up to *5x higher* than for younger workers[1] (3x beginning in 2014)

Workers in their 60s are *twice as likely* as workers under 40 to miss work due to a disability claim[2]

***40%* of the labor force is *over age 50*[3]**



1. America's Health Insurance Plans (AHIP.org), January 2013.
2. Cornell University, Employment and Disability Institute, Absence and Disability Management Practices for an Aging Workforce, 2012 data.
3. U.S. Census Bureau, 2010 Census.

Improving plan options

Why plan sponsors make design changes:

57% Improve plan coverage

48% Increase employee savings rates

36% Provide improved investment options

25% Reduce expenses

Plans that offer auto-enrollment:
88%
of employees participate*

Plans that offer auto-increase:
Only 13%
of enrolled employees participate*

Totals may not add up to 100% due to multiple answer options.
Plans with 25 to 2,500 participants.
* Building Futures, 03/31/2013 (see final slide for additional details).

Trends in plan changes

Changes in the past two years:

72% of plans have made a plan design change

UP ***13 points*** *FROM 2012*

- ***33%*** **Auto-enrollment**
- ***29%*** **Roth 401(k) contributions**
- ***24%*** **Lifecycle or target-date default option**
- ***19%*** **Auto-increase program**

In the future:

55% are looking to make a plan design change

UP ***17 points*** *FROM 2012*

- ***20%*** **Auto-enrollment**
- ***18%*** **Auto-increase program**
- ***15%*** **Roth 401(k) contributions**
- ***13%*** **Lifecycle or target-date default option**

Totals may not add up to 100% due to multiple answer options.
Plans with 25 to 2,500 participants.

Top investment menu changes

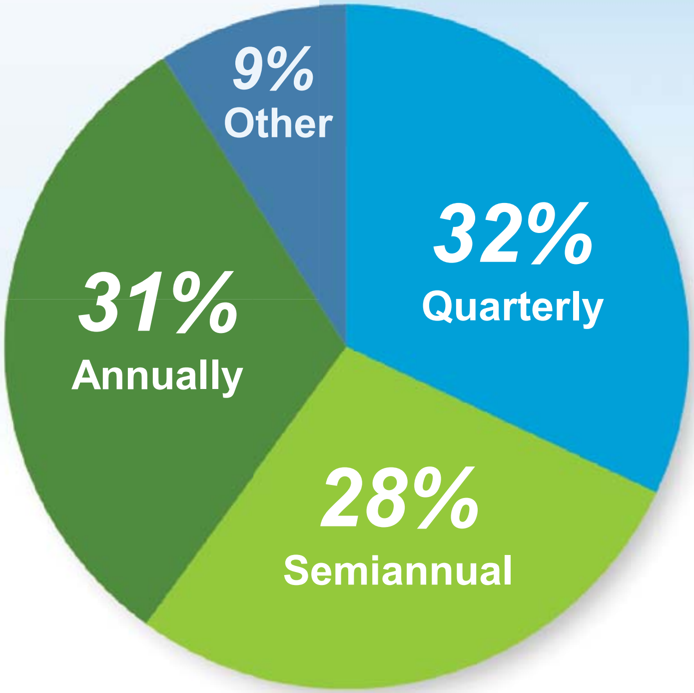
PAST 2 YEARS

70% **Replaced underperforming fund**

43% **Increased # of plan options**

28% **Added a target-date default option**

91% **of plan sponsors review investment performance annually or more frequently**



Totals may not add up to 100% due to multiple answer options.
Across all plan sizes.

What caught plan sponsors' attention

ON AVERAGE,

plan sponsors are personally solicited by an advisor

FOR THEIR BUSINESS

4x

PER YEAR

1 **Suggested ways to *lower costs***

2 **Suggested ways to *improve plan performance***

3 **Offered help with *administrative tasks***

Plans with 25 to 2,500 participants.

Why plan sponsors look to switch

10% of plan sponsors are actively looking to change advisors

45% of sponsors switch both the advisor and recordkeeper

TOP REASONS FOR CHANGING ADVISORS:

31%	28%	12%
Need a more knowledgeable advisor	Servicing issues with a plan provider	Not enough advisor support for plan servicing
2010: 25%	2010: 19%	2010: 5%
2012: 30%	2012: 15%	2012: 8%

Plans with 25 to 2,500 participants.

Sponsors define “more knowledgeable advisor”

More knowledgeable advisor

- Informs on regulatory changes
- Consults on how to manage fiduciary responsibility and risk
- Consults on plan design
- Offers proactive suggestions to improve plan performance
- Helps minimize costs
- Offers fresh insights on participant trends and behavior
- Helps select and monitor investment options*

* Investment professionals should consult with their firm’s legal and/or compliance professionals before selecting and monitoring plan investment options, as certain restrictions may apply.

Relationships are important

How plan sponsors initially found their advisor:

36% Referral from a related company

31% Existing relationship with survey respondent

28% Existing relationship with an executive of the company

FOLLOWED BY:

18% Professional relationship

12% Marketing or advertising

Totals may not add up to 100% due to multiple answer options.
Across all plan sizes.

Services plan sponsors look for

Top 3-ranked advisor services:

75% **Providing performance information on investment options and guidance on potential changes***

49% **Providing employee education on investment selection***

32% **Analyzing participation rates, deferral rates, investment allocations, and strategies for improving plan performance**

Plans with 25 to 2,500 participants.
* Investment professionals should consult with their firm's legal and/or compliance professionals before recommending investment option changes to a plan or plan participant, as certain restrictions may apply.

Evaluating advisors

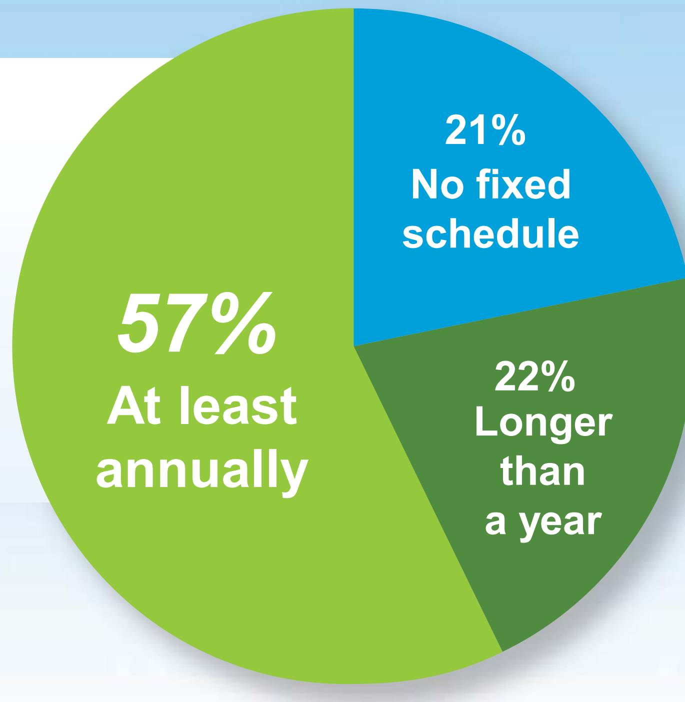
Plan sponsors look at key areas

58% Investment performance

58% Value delivered

56% Costs and fees

HOW FREQUENTLY



SIX OTHER HIGH SCORERS

44%	42%	37%	36%	35%	31%
Plan compliance	Experience	Improving plan measures	Improving participant outcomes	Fiduciary responsibilities	Reputation

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Across all plan sizes.

Demonstrating value

What plan sponsors say advisors *don't* do:

Report how much time is spent working on the plan	78% don't
Report on types of activities for the plan	69% don't
Demonstrate how plan performance improved	60% don't

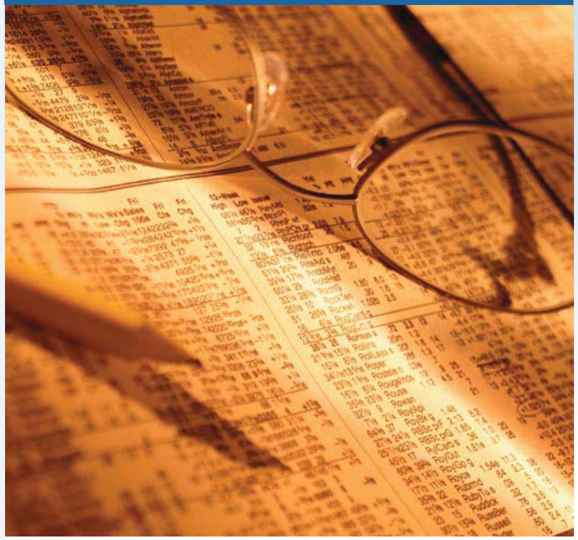
Plans with 25 to 2,500 participants.

Fidelity’s extensive DCIO resources

Fund analytics*

Thought leadership

Investment options

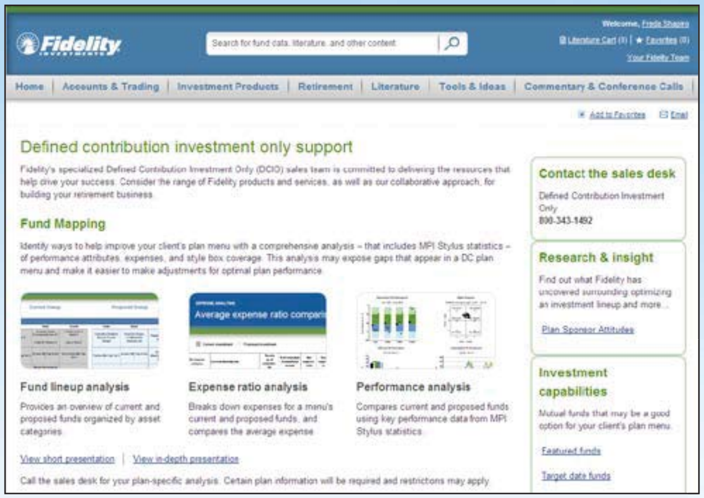


For illustrative purposes only.

* Fidelity Fund analytics are provided for illustrative purposes only and may not be relied on as appropriate for any plan, or serve as the sole or primary basis for any investment decisions made for a plan.

Fidelity's extensive DCIO resources

Fund analytics



Thought leadership

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Fidelity's expertise

Investment and retirement ***leadership*** to augment the success of a plan

A comprehensive lineup of ***institutional investment*** strategies to a plan's investment goals

Expertise and resources to support defined contribution business professionals

Media inquiries

Corporate communications:

(617) 563-5800

Jessica Macdonald:
(617) 563-0656

IMPORTANT: All data and information are from the following sources unless specified:
Survey summary: E-rewards, an independent market research company, conducted an online survey of 937 plan sponsors on behalf of Fidelity in March 2013. Respondents were identified as the primary person responsible for managing their organization's 401(k) plan (ranging in size between 25 and 10,000 participants), and the survey focused on those plan sponsors (approximately 84%) using the services of a financial advisor. Fidelity Investments was not identified as the survey sponsor. The experiences of the plan sponsors who responded to the March 2013 survey may not be representative of those other plan sponsors who use the services of an advisor.

Building Futures, data as of 03/31/2013. Based on Fidelity analysis of 20,600 corporate defined contribution (DC) plans (including advisor-sold DC) and 12.3M participants as of 03/31/2013. Fidelity's recordkept database of DC plans excludes tax-exempt plans, nonqualified plans, and the FMR Co., plan.

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Keep in mind that investing involves risk, including the risk of loss. Investment decisions should be based on an individual's own goals, time horizon, and tolerance for risk.

Guidance provided by Fidelity is educational in nature, is not individualized, and is not intended to serve as the primary or sole basis for your investment or tax-planning decisions.

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