4th Edition
Plan Sponsor
Attitudes Survey

Discover what matters most to today's plan sponsor

Broad, deep insight and analysis

For investment professionals and institutional investors

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Fidelity INVESTMENTS®

Fidelity's 2013 plan sponsor research

- **Online survey of *937 plan sponsors* who use a wide variety of recordkeepers**
- **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**

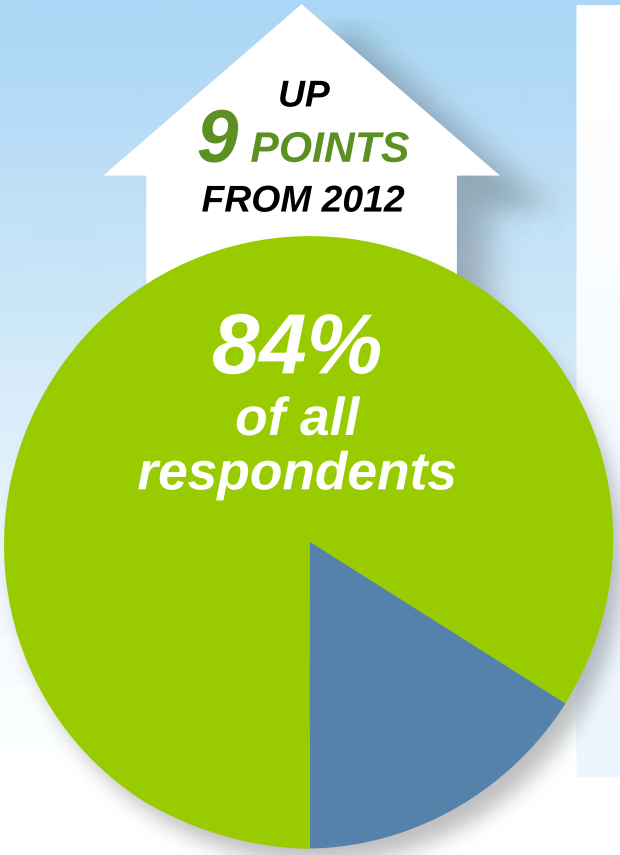
See final slide for additional survey details.

Agenda

2013 Plan Sponsor Attitudes survey:

- **Results and trends**
- **Selling and retention opportunities**
- **Spotlight on retirement readiness**
- **Fidelity support**

Plan sponsors using an advisor today



TOP REASONS WHY:

58% Need help with plan *investments*

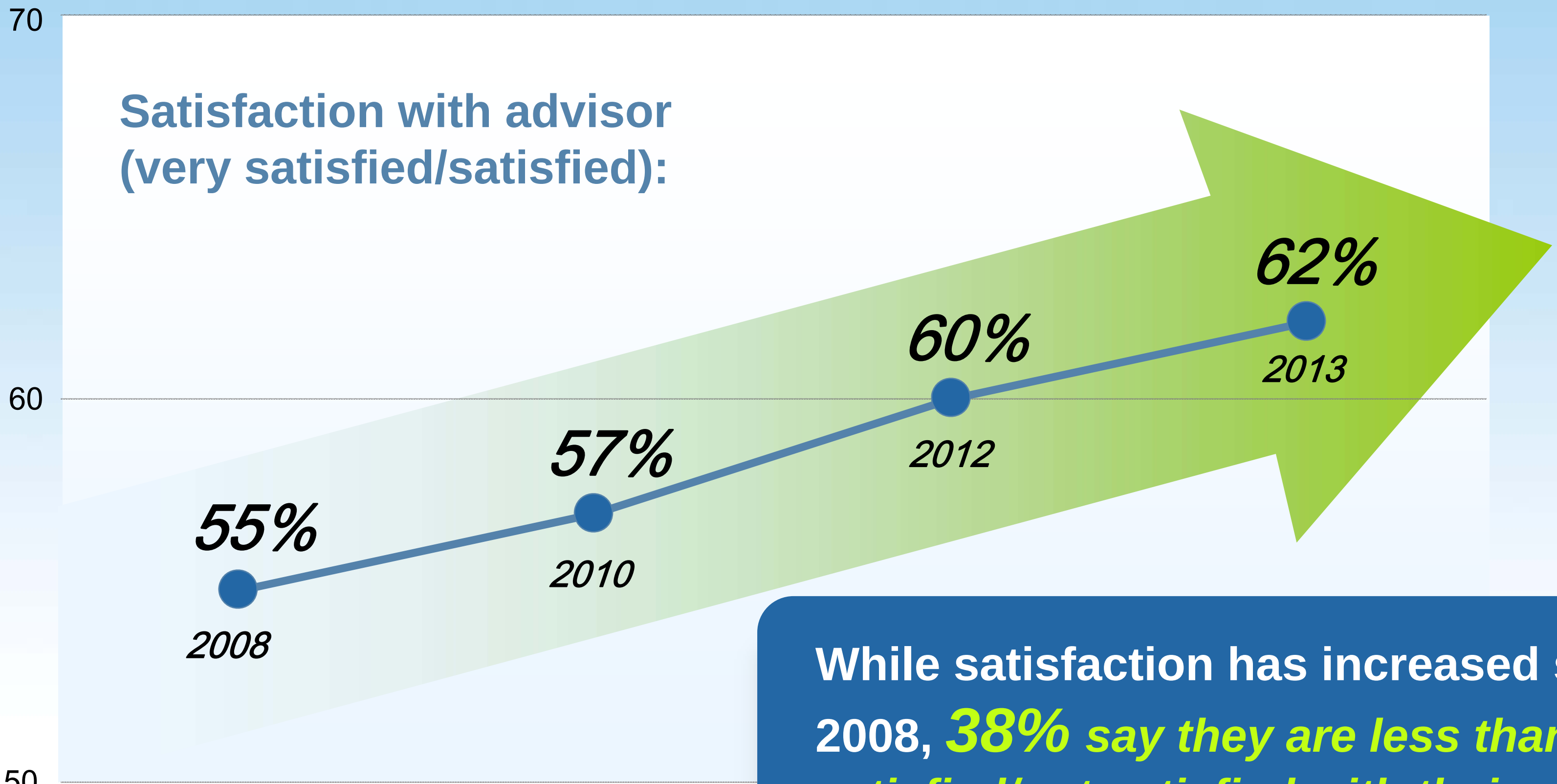
53% Want a better understanding of how well the *plan is working* for employees

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.*

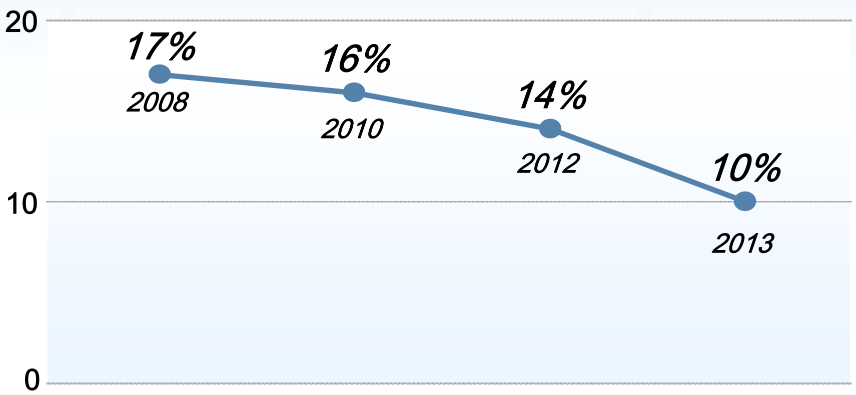
Plans with 25 to 2,500 participants.

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.

What caught plan sponsors' attention

ON AVERAGE,

plan sponsors are personally solicited by an advisor

FOR THEIR BUSINESS

4x

PER YEAR

1	2	3
Suggested ways to *lower costs*	**Suggested ways to *improve plan performance***	**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”

Plan sponsors want an advisor who:

56% Keeps us informed on *regulatory* changes

56% Consults with us on how to manage *fiduciary* responsibilities and risk

50% Consults with us on *plan design*

FOLLOWED BY:

44% Offers proactive suggestions for improving plan performance

44% Helps us minimize costs

33% Offers fresh insight on participant trends and behavior

33% Helps us select and monitor investment options for our plans*

Totals may not add up to 100% due to multiple answer 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

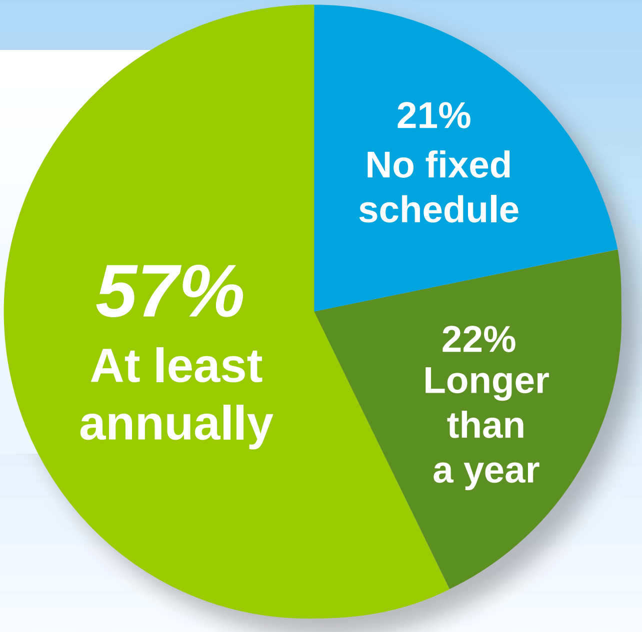
Plan sponsors look at key areas

58% Investment performance

58% Value delivered

56% Costs and fees

HOW FREQUENTLY



SIX OTHER HIGH SCORERS

44% Plan compliance

42% Experience

37% Improving plan measures

36% Improving participant outcomes

35% Fiduciary responsibilities

31% Reputation

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Across all plan sizes.

Demonstrate your 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.

Plan sponsors define value

SEES VALUE FOR MONEY SPENT:

"Their fee … is less than the hourly rate we pay to many outside consultants and professionals … accountants, lawyers, etc."

APPRECIATE TOTAL COMMITMENT:

"They have reduced our overall costs by more than $150,000 over the past two years. They are spot on … with investment options … meet with our committee quarterly … provide fiduciary training … respond quickly … keep our recordkeeper on their toes."

– Heads of human resources: for companies with 501–1,000 plan participants

Clients' experience is no guarantee of future success and may not be representative of the experience of other clients.

Expand your reach

80% **of plan sponsors are *very willing to allow the financial advisor to solicit company employees* about financial planning needs *other than 401(k)s**

However, 69% note that *advisors are not doing this*

* Investment professionals should consult with their firm's legal and/or compliance professionals before proceeding, as certain restrictions may apply.

Why have a 401(k) plan?

TOP 3 REASONS

78% Attract and retain employees

62% Ensure employees can accumulate enough for retirement

44% Provide tax benefits to employees

Best practices

- Highlight the plan as part of the overall pay and benefits package
- Generate an overall benefits statement at least annually to keep "retirement readiness" top of mind
- Educate all employees about the key benefits of the plan

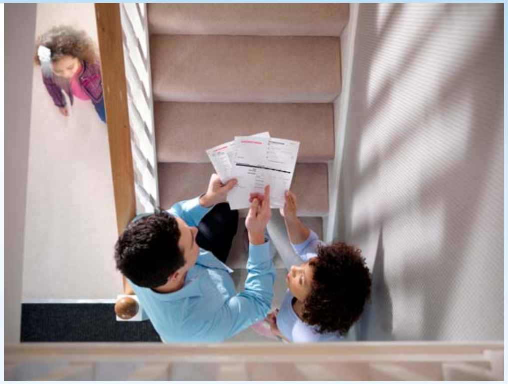
Across all plan sizes.

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]

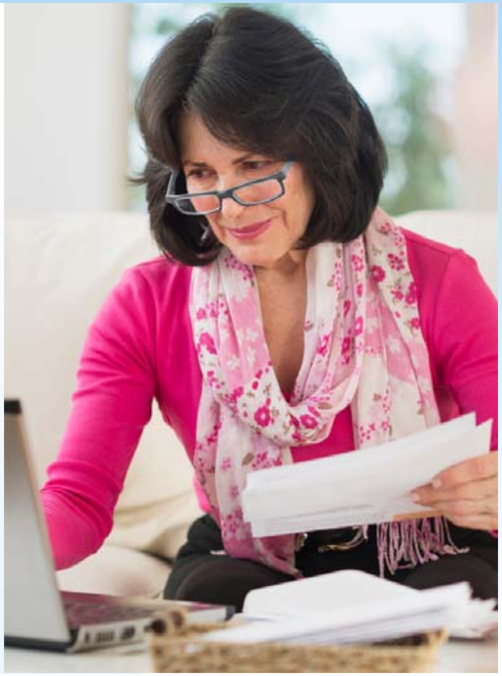
1. EBRI Retirement Confidence Survey, 2012.
2. Building Futures data as of 03/31/2013. See final slide for additional details.

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

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Plans with 25 to 2,500 participants.

Top investment menu changes

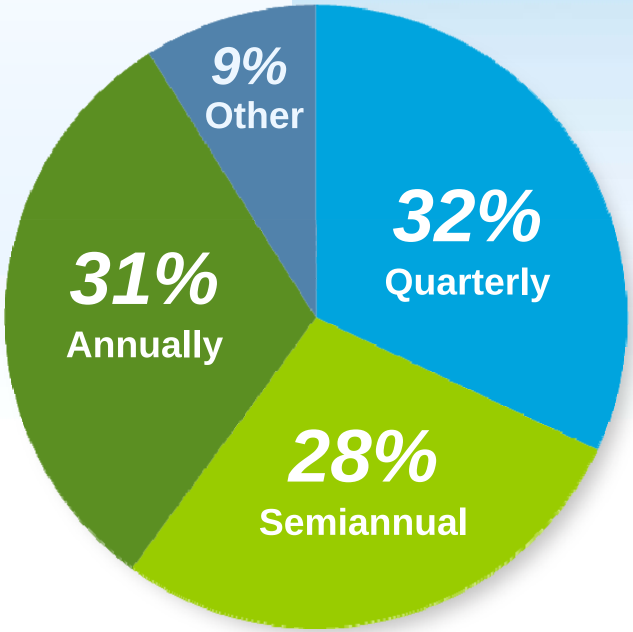
PAST 2 YEARS

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**



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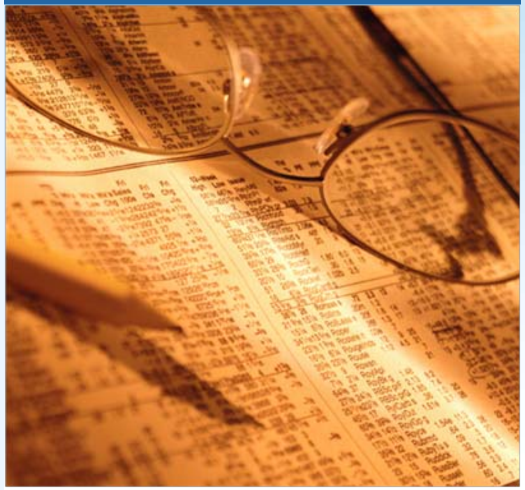
Across all plan sizes.

Fidelity's extensive resources

Fund analytics*

Thought leadership

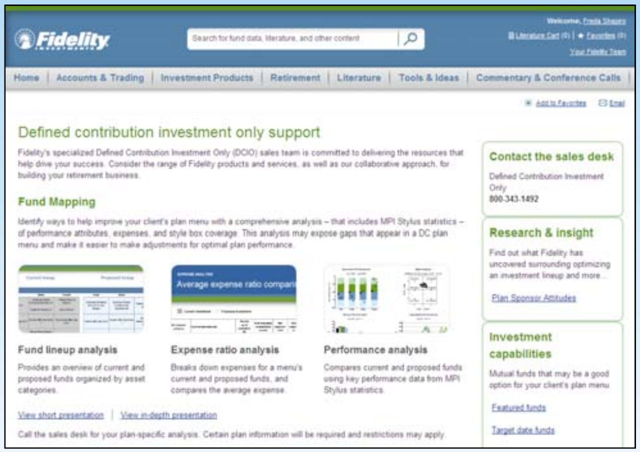
Investment options



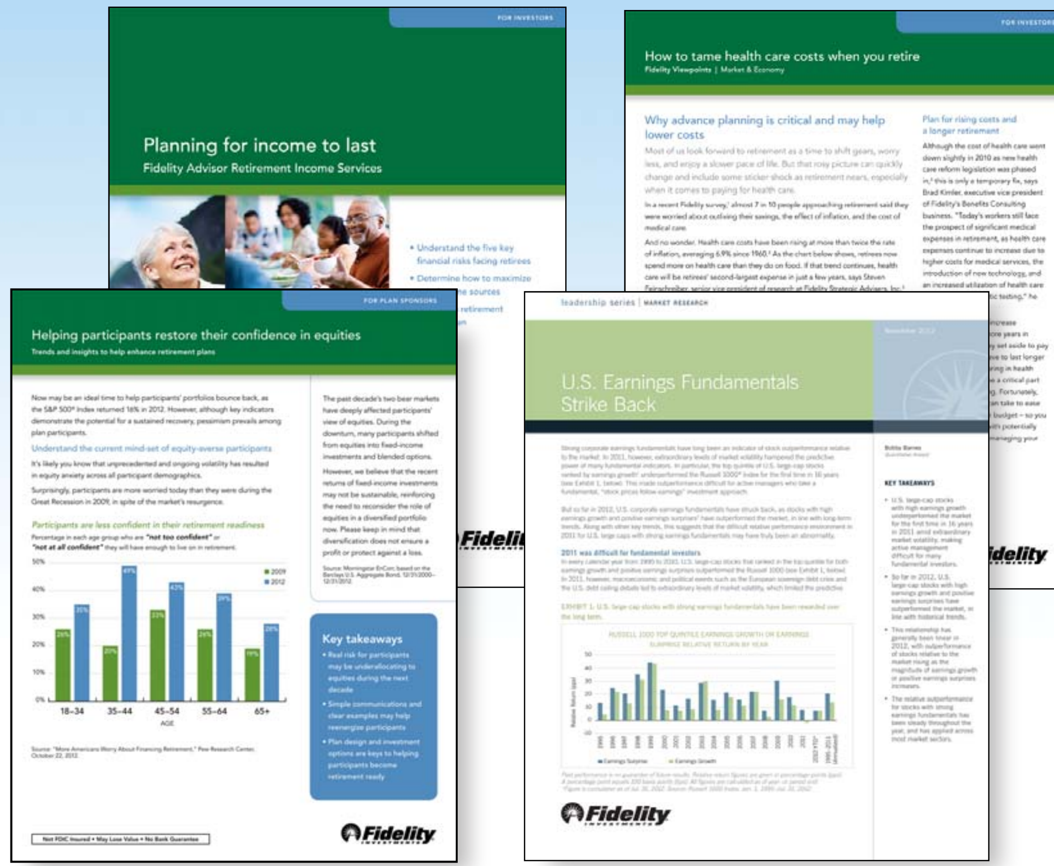
For illustrative purposes only.
***** Fidelity Fund analytics are provided for illustrative purposes only and may not be relied on as appropriate for any plan, or serve as the sole or primary basis for any investment decisions made for a plan.

Fidelity's extensive resources

Fund analytics



Thought leadership



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Put Fidelity's expertise to work for you

Investment and retirement ***leadership*** to augment the success of your clients' plan

A comprehensive lineup of ***institutional investment*** strategies to help your clients meet their plan's investment goals

Expertise and resources to support your defined contribution business professionals

[Questions?] [For more information]

[Please contact me or your Fidelity representative at XXX-XXX-XXXX]

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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FIDELITY INVESTMENTS INSTITUTIONAL SERVICES COMPANY, INC., 500 SALEM STREET, SMITHFIELD, RI 02917

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