

FOR IMMEDIATE RELEASE

Media Contacts:

Christina H. Dakkak, Porter Novelli
202-973-3626
Christina.Dakkak@porternovelli.com

Sarah Bohn, FINRA
202-728-8988
Sarah.Bohn@finra.org

Alejandra S. Owens, AARP
202-434-2573
asowens@aarp.org

Melissa Green, RSP
202-741-6513
mgreen@brookings.edu

**New Study Shows Overwhelmingly Positive Employee Endorsement of
Automatic Enrollment in 401(k) Plans**
Most Feel it Makes Saving for Retirement Easier

Washington, D.C. (November 7, 2007)—A new study of employer-sponsored retirement plans shows that employees are nearly unanimous in their support of being automatically enrolled in their companies' 401(k) plans.

The study was conducted by Harris Interactive® on behalf of Retirement Made Simpler (RMS), a coalition formed by AARP, the Financial Industry Regulatory Authority (FINRA), and the Retirement Security Project (RSP) to improve the way Americans save for retirement.

With release of the study, the coalition today launched its campaign with multiple online tools at www.RetirementMadeSimpler.org and information to educate human resource professionals and business executives about automatic 401(k)s and how to implement them.

The Retirement Made Simpler study found that 98 percent of U.S. adults currently enrolled in an automatic 401(k) plan agree they are glad their companies offer this savings vehicle, with nearly four in five (79 percent) of them expressing strong agreement. In addition, of those who were automatically enrolled, only seven percent opted-out of the plan. The study also found that 95 percent of adults in automatic 401(k) plans agree that automatic enrollment has made saving for retirement easy and 85 percent agree that it has helped them start saving for retirement earlier than they had planned.

“Many employers have been concerned that employees would not like automatic 401(k)s—hence they reported being reluctant to adopt them,” said Mary Schapiro, FINRA’s Chief Executive Officer. “But these results overwhelmingly dispel that myth, making automatic 401(k) adoption a win-win for employers and employees.”

“AARP is committed to automating savings programs. As the responsibility of saving for retirement falls more to the individual, it’s imperative that employers and employees do all they can to enhance savings and ensure financially secure futures,” said Bill Novelli, Chief Executive Officer of AARP.

These newly released findings point toward automatic 401(k)s as a key strategy to address the serious shortfalls in retirement savings facing Americans. According to RSP, half of all households with 401(k) accounts have less than \$15,000 saved in their 401(k)s. Automatic 401(k)s can help more people save significantly more over time, particularly if they increase, or escalate, the percentage of their pay they contribute to their 401(k).

In traditional 401(k)s, many eligible employees never get around to signing up for the plan because making investment choices seems daunting or simply because of procrastination or inertia. “The automatic 401(k) is a disarmingly simple concept: it enrolls employees at specified contribution levels and in a specified investment, but they can always opt-out, contribute more or less, or invest differently. This enlists inertia in the cause of saving, helping workers—especially moderate- and lower-income and minorities—save more and start earlier,” said Mark Iwry, Principal, RSP and Nonresident Senior Fellow at the Brookings Institution. While serving in the U.S. Treasury Department, overseeing the regulation of the nation’s private pension system, Iwry led the government’s initiative to define, approve, and promote automatic 401(k)s beginning nearly a decade ago.

According to RSP, companies using automatic 401(k)s commonly see employee participation rates soar to between 85 and 95 percent, boosting participation especially among lower-income and minority workers who typically have lower participation rates.

Increasing employee participation was one reason the U.S. Chamber of Commerce recently switched to an automatic 401(k) plan. “Our goal in implementing automatic 401(k) enrollment was to help our employees save more and save smarter,” said Shannon DiBari, Senior Vice President of Human Resources, U.S. Chamber of Commerce. “We recognize that, particularly with our younger employees, saving for retirement is not a high priority or focus. An automatic 401(k) helps them do the right thing and it is hassle-free. It also is an easy process for employers to set up.”

The campaign’s Web site, www.RetirementMadeSimpler.org, is particularly useful to small- and medium-sized employers. It includes a variety of resources, such as tips on how to get started, the benefits of automatic 401(k)s, and real-world experiences from companies that have successfully made the switch.

“The Retirement Made Simpler coalition hopes that these positive employee experiences with automatic 401(k)s will be the catalyst employers need to implement these plans in their own companies,” said FINRA’s Schapiro. “AARP, FINRA, and RSP understand the needs of the consumer, the financial services industry, and the savings strategies that can help American workers achieve a secure retirement. We know automatic 401(k)s are

a simple and effective way to build retirement savings, and we now know employees like them and want them, too.”

###

ABOUT RETIREMENT MADE SIMPLER

Retirement Made Simpler is a coalition formed by AARP, the Financial Industry Regulatory Authority (FINRA), and the Retirement Security Project (RSP). The campaign was created specifically to inspire and support employers who want to help their employees save more for retirement. By providing companies with the tools and information they need to automate their 401(k) plans, more Americans will achieve a safe and secure retirement. For more information, visit www.RetirementMadeSimpler.org.

ABOUT THE RETIREMENT MADE SIMPLER SURVEY

The survey was conducted by telephone within the United States by Harris Interactive® on behalf of Retirement Made Simpler between September 6, and October 1, 2007 among 10,130 adults of whom 696 were automatically and are currently enrolled in an automatic 401(k) plan and 48 opted-out of an automatic 401(k) plan offered by their company. Results were weighted for age, sex, geographic region, and race where necessary to align them with their actual proportions in the population.

All sample surveys and polls, whether or not they use probability sampling, are subject to multiple sources of error which are most often not possible to quantify or estimate, including sampling error, coverage error, error associated with nonresponse, error associated with question wording and response options, and post-survey weighting and adjustments.

Therefore, Harris Interactive® avoids the words “margin of error” as they are misleading. All that can be calculated are different possible sampling errors with different probabilities for pure, unweighted, random samples with 100 percent response rates. These are only theoretical because no published polls come close to this ideal.