



NEWLY RELEASED PENTEGRA RETIREMENT SERVICES / HARRIS POLL SURVEY RESULTS SHOW 65% OF EMPLOYED ADULTS WITH 401(K)S DO NOT BELIEVE OR ARE NOT SURE THAT THEIR 401(K) PLAN WILL PROVIDE ENOUGH MONEY FOR THEM TO RETIRE WHEN THEY WANT TO

PENTEGRA RETIREMENT SERVICES URGES PEOPLE TO TAKE BETTER ADVANTAGE OF THEIR 401 (k), PARTICULARLY WHEN IT COMES TO TAXES

White Plains, NY, March 27, 2014 – Results of a Pentegra Retirement Services survey released today, conducted online by Harris Poll on its behalf in February 2014 among U.S. adults who are employed and enrolled in a 401 (k) plan, revealed that 65% of these adults do not believe or are not sure that their 401 (k) plan will provide enough money for them to retire when they want/plan to. Yet, 75% of U.S. employees who are currently enrolled in a 401 (k) plan think that 401 (k) plans are the most important source of a person's retirement income.

Additional survey findings revealed that 45% of those adults enrolled in a 401 (k) plan at their current job are contributing only 6% or less. However, 42% of U.S. employees enrolled in a 401 (k) plan have an understanding that you do not have to pay taxes on contributions made to the plan.

According to Rich Rausser, Senior Vice President of Client Services at Pentegra Retirement Services, "We cannot emphasize enough the importance of putting this money away and taking advantage of a 401 (k) plan – not only for retirement, but also to save money on taxes. Tax deferred contributions through a 401 (k) plan lower your reported income, so the more you contribute the less taxable income you have. It is a win-win. By saving \$20 per week on a \$400 weekly salary, you are left with \$380. After subtracting the 28% federal tax amount, your take-home pay is \$274. Put that same \$20 into a (taxable) savings account, and your take-home pay drops to \$268. That six dollar difference may not seem like much now, but multiply it over 52 weeks for 25 years and you are looking at pocketing an extra \$7,800."

The Pentegra survey shows that nearly two thirds – 65% -- of those with 401 (k) plans do not believe or are not sure that their 401 (k) plan will provide enough money for them to retire when they want/plan to, and Rausser says that this is discouraging news. "The fact is that you need to try to save enough to provide income replacement of 80% to 90% of your annual pre-retirement income -- for each year in retirement -- in order for you to enjoy a lifestyle similar to the one you have now."

In addition, the Pentegra survey revealed that three-in-ten (31%) of U.S. employees who are currently enrolled in a 401 (k) plan admit they have no understanding of where or how their 401 (k) contributions are being invested. Furthermore, 37% of U.S. employees who are currently

enrolled in a 401(k) plan admit that as long their 401(k) funds are there for them when they want them, they are not concerned with how they are invested in the meantime.

Rausser encourages people to have a greater understanding of the process. “People really need to have a basic knowledge of how their money is being invested and how the process works. This is your hard earned money and your future. Take the time even just annually to sit down with someone in charge of your plan. Ask questions and get answers you understand.”

On an encouraging note, 63% of U.S. employees who are currently enrolled in a 401(k) plan have increased their contribution(s) at some point. Only 19% of U.S. employees who are currently enrolled in a 401(k) plan have never increased their 401(k) contribution(s).

“Increasing your contribution every year is the key to retirement planning success,” adds Rausser. “Each time you get a raise, increase your contribution by at least 1% annually—but even better, 2%. A simple way to do this is to add an auto escalation feature to your plan, so that contributions are increased automatically on an annual basis—put savings on auto-pilot so that participants don't have to think about it.”

Other highlights of the Pentegra survey include:

- On average, the last time U.S. employees who are currently enrolled in a 401(k) plan increased their contribution was 2.4 years ago.
- For those with total household income (HHI) of \$50k-\$74.9k, they most recently increased their contributions on average 2.6 years ago. Those with HHI of \$100k or more, on average, increased their contribution most recently 2.5 years ago. Both are significantly longer ago than the average of 1.2 years when those with HHI of less than \$50k most recently increased their contributions.
- Respondents who contribute more than 10% of their salary to their 401(k) plan most recently increased their contribution on average 3.3 years ago, significantly longer than the average of 2.1 years ago than those who contribute 10% or less of their salary say they increased their contributions.
- Over two-thirds (68%) of U.S. employees who are currently enrolled in a 401(k) plan do not expect to use their 401(k) until they are required to take the mandatory minimum distribution (at age 70 ½).
- Nearly two-in-five (37%) of U.S. employees who are currently enrolled in a 401(k) plan admit that as long as their 401(k) funds are there for them when they want them, they're not really concerned with how they are invested in the meantime.
- About one-third (32%) of U.S. employees who are currently enrolled in a 401(k) plan believe that starting a 401(k) later in life with larger contributions will yield the same results as if you had started at a younger age with smaller contributions.

Survey Methodology

This survey was conducted online within the United States by Harris Poll on behalf of Pentegra Retirement Services from February 10-12, 2014 among 2,059 U.S. adults ages 18 and older, among whom 446 are employed full-time/part-time and are currently enrolled in a 401(k) plan. This online survey is not based on a probability sample and therefore no estimate of theoretical sampling error can be calculated. For complete survey methodology, including weighting variables, visit <http://www.pentegra.com/announcements/HarrisInteractiveQuickQuery.pdf>

About Pentegra

Pentegra Retirement Services is a leading provider of retirement plan solutions to organizations nationwide. Founded by the Federal Home Loan Bank System in 1943, Pentegra offers a full range of retirement programs, including 401(k) plans, Defined Benefit Pension plans, Cash Balance plans, 412(e)(3) Fully Insured Defined Benefit plans, Split Funded Defined Benefit plans, KSOPs, ESOPs, Profit Sharing plans, Age-Weighted plans, New Comparability plans, 457(b) and 457(f) plans, 403(b) plans, 401(a) plans, Section 79 plans, Non-qualified Executive Benefit and Director plans, benefits financing solutions using BOLI and a broad array of TPA services. For more information, go to www.pentegra.com

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