

Third party administrative services for employer sponsored retirement programs since 1970.

BENCHMARKING YOUR 401(k) PLAN

We are sometimes asked how a sponsor's plan compares to other plans. While we have never conducted our own survey of plan sponsors, we frequently come across relevant published data. We have selected several key findings from various surveys that you may find of interest. Please note these findings are not regional or national averages, but the results of limited scope surveys. Keep in mind, if you feel that any facet of your Plan design is not meeting your expectations, please consult with us for recommendations.

General:

- 30.4% of workers age 21 to 64 had a 401(k) plan in 2001
- The average account balance was \$36,244

Contributions:

- Average company contribution = 4.4% of pay
- More than 60% of plans offer match contributions; an additional 12% offer both matching and profit sharing contributions.
- Average match formula is to match 60% of the 1st 7% of employee contributions
- Employee 401(k) contribution rates average between 4 and 6 percent of pay

Investment Options:

- Average number of investment options offered is 13
- 87.3% of plans offered 10 or more fund options for participant contributions
- 63% of plan assets were invested in equities

Miscellaneous:

- 92.6% of plans allow participants to make some type of transaction via the internet
- Participant loans were permitted in 83.2% of plans
- 17% of eligible participants have outstanding plan loans

Sources:

- Deloitte Consulting 2003 Annual 401(k) Benchmarking Survey
- The Profit Sharing / 401k Council of America's "47th Annual Survey of Profit Sharing and 401(k) Plans"

Check Clearing for the 21st Century Act

This legislation, commonly referred to as "Check 21", became law on October 28. Designed to improve the nation's check payment system, the law gives financial institutions the option of creating, processing and exchanging electronic copies of checks instead of the original paper checks. As a result, the 3 to 7 day "float" between when a recipient cashes your check and the funds actually leave your account, may reduce to 1 day.

Even better than checks are the automatic draft options provided by many of our financial partners. **If you are still writing checks to fund plan deposits, please consider applying for an automatic draft.** These work the same as checks without the paper, mailing and delay.



Our administrators are all members of ASPPA—the American Society of Pension Professionals & Actuaries. This organization has recently changed its name (formerly ASPA) to more accurately reflect the diversity of its members.

ASPPA is the premier national organization for career retirement plan professionals. The membership is comprised of the many disciplines supporting retirement income management and benefits policy.

The purpose of ASPPA is twofold:

- To educate retirement plan and benefits professionals
- To preserve and enhance the private pension system

Based in the nation's capital, ASPPA is a non-profit professional organization acting on behalf of its 5,400+ members to improve retirement income policy. In pursuit of these goals, ASPPA offers extensive educational opportunities for its members—from professional credentialing to continuing education. ASPPA Government Affairs department keeps a close watch on all legislative and regulatory activities affecting retirement benefits and pension policy.



Chuck Fox has received the additional designation from ASPPA of Qualified 401(k) Administrator (QKA), effective November 2004.

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Focus on...Harrisburg City Island

63 acre city-owned recreational area in the middle of the Susquehanna River

Host to professional baseball, football and soccer teams

A miniature steam train circles the island, which has at various points along its route:
beach volleyball, paddleboat cruises, horse-drawn carriage rides, a marina, a carousel, mini-golf,
batting cages and an arcade

Provides a panoramic view of downtown Harrisburg skyline

Every year, the City has three major festivals along the riverbank and on City Island:
the arts festival on Memorial Day weekend, the 4th of July festivities, and Kipona on the Labor Day weekend.

Guests can access City Island via car or via the Walnut Street Bridge:

The Walnut Street Bridge is:

The oldest bridge over the Susquehanna River, constructed in 1889

Converted into a pedestrian bridge after hurricane Agnes in 1972

Extensively renovated following flood damage in 1996.

Illuminated each evening with more than 5,000 white lights

Nicknamed "Old Shakey"

Trends in Retirement Savings

Allocation Funds

A mutual fund invested in other mutual funds designed to adhere to a specified risk diversification formula. Positions are automatically traded over time to maintain stated portfolio formula. Options range from conservative to aggressive growth. In the past, this was accomplished by selecting a menu of mutual funds in various categories; the investor needed to trade positions manually to keep desired diversification level as some funds out-perform others over time.

Targeted Retirement Date Fund

The above concept, taken one step further; the specified risk diversification formula is set to change over time as the investor approaches retirement. The portfolio formula automatically moves from aggressive to conservative as the targeted date approaches.

FAQ – Frequently Asked Questions

Why does the employer information form ask if we're making a profit sharing contribution when we actually have a 401(k) Plan?

Most 401(k) Plans provide for this optional additional company contribution that can be made after the plan year ends and used to reduce a sponsor's taxable income for the fiscal year.

How do I change a participant's address for statement mailings?

PPP, Inc. does not do any direct mailing to plan

<u>Federal Dollar Limits:</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
401(k) Elective Deferrals	\$,10,500	\$ 11,000	\$ 12,000	\$ 13,000	\$ 14,000
Catch-up Contributions	N/A	1,000	2,000	3,000	4,000
Defined Benefit Plans	140,000	160,000	160,000	165,000	170,000
Defined Contribution Plans	35,000	40,000	40,000	41,000	42,000
Annual Compensation Limit	170,000	200,000	200,000	205,000	210,000
Highly Compensated Employee	85,000	90,000	90,000	90,000	95,000
SIMPLE Retirement Accounts	6,500	7,000	8,000	9,000	10,000
SEP Coverage	450	450	450	450	450
SEP Compensation	170,000	200,000	200,000	205,000	210,000
Social Security Tax Wage Base	80,400	84,900	87,000	87,900	90,000

Pennsylvania Pension Planners is a proud sponsor of Harrisburg City Islanders Soccer

