

SMALL BIZ RETIREMENT QUIZ

Do you think you have a pretty good idea of what is involved in sponsoring a retirement plan? Do you think you have a good feel for how much it would cost to sponsor a 401(k) plan for your workers? Find out for sure. Take the *Small Biz Retirement Quiz*, and compare your knowledge with that of your peers.

The Quiz

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| 1. You legally must match everything an employee contributes to a 401(k) plan. | Agree | Disagree |
| 2. Once you set up a plan, you can never terminate it. | Agree | Disagree |
| 3. You can share the administrative costs of a plan with your employees. | Agree | Disagree |
| 4. A company that offers a retirement plan is legally required to offer the plan to all of its employees. | Agree | Disagree |
| 5. Generally, companies with 401(k) plans are legally liable for the investment choices employees make. | Agree | Disagree |
| 6. In a 401(k) plan, an employee is always automatically vested in (entitled to) any money contributed by the employer to his or her account. | Agree | Disagree |
| 7. In some profit-sharing plans, employers do not need to make a contribution to the plan each year. | Agree | Disagree |

How well did you do?

Correct answers:

1. Disagree—It is up to the plan sponsor whether or not to include a matching provision in the plan.
2. Disagree—Establishing a plan does not commit you to it forever.
3. Agree—It is up to the plan sponsor whether or not plan expenses are shared with plan participants.
4. Disagree—Subject to legal limits, not *all* employees must be covered by a plan if offered.
5. Disagree—Sponsors are responsible for offering a range of good investment *options*, but not for the *choices* that workers make (as long as the employer does not breach its fiduciary responsibilities).
6. Disagree—The law allows a plan sponsor to vest participants in company contributions over time.
7. Agree—Profit-sharing plan contributions are not necessarily tied to profits.

If you did not do too well, you have plenty of company. The *Small Biz Retirement Quiz* was included in the 2000 Small Employer Retirement Survey. Among a nationally representative sample of small employers, 23 percent answered six to seven questions correctly, 61 percent answered three to five questions correctly, and 16 percent answered zero to two correctly.

Question 1 was answered correctly by 73 percent of small employers. Question 2 was answered correctly by 85 percent, question 3 by 62 percent, question 4 by 28 percent, question 5 by 69 percent, question 6 by 50 percent, and question 7 by 56 percent.

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