

SMALL EMPLOYERS WITH PLANS

Type of Retirement Plan Offered

	1998	1999	2000	Company Size		Gross Revenue	
				5-20	21-100	<\$2 million	\$2 million +
Defined Contribution (DC) Plan Only	84%	84%	84%	78%	88%	81%	87%
Defined Benefit (DB) Plan Only	7	2	3	5	2	5	2
Both DC and DB Plans	8	7	5	6	4	6	4

Type of DC Plan Offered

Demographic differences among small employers are seen when examining the different types of defined contribution plans that are offered.

- 401(k) plans are more likely to be offered by companies with more than 20 employees and by companies with higher revenues.
- Both SIMPLE and SEP plans are more likely to be offered by companies with 5-20 employees.
- SIMPLE plans are more likely to be offered by companies with annual gross revenues of less than \$2 million and by those that have offered a retirement plan for less than 10 years.
- 403(b) plans (for education/nonprofit organizations) are more likely to be offered by companies that are 20 years or older.

Among Employers Offering a DC Plan—

	1998	1999	2000	Company Size		Gross Revenue	
				5-20	21-100	<\$2 million	\$2 million +
401(k) plan	61%	67%	67%	43%	78%	53%	76%
Profit-sharing plan	31	26	24	21	24	24	25
SIMPLE plan	12	11	14	27	8	21	8
403(b) plan (education/nonprofits)	8	10	12	13	11	10	9
Money purchase plan	4	4	5	4	5	4	5
Simplified employee pension (SEP)	9	8	4	8	2	6	3
Employee stock ownership plan (ESOP)	6	1	4	2	5	1	5
Thrift savings plan	4	1	2	2	2	3	1
Keogh plan	n/a	0	1	1	1	0	2

Reasons for Offering a Plan

Small employers offering a retirement plan cite several reasons for doing so. In many cases, there are direct business benefits to the employer from sponsoring a retirement plan.

	Most Important Reason			Major Reason		
	1998	1999	2000	1998	1999	2000
Competitive advantage in employee recruitment/retention	24%	33%	35%	56%	60%	65%
Positive effect on employee attitude and performance	16	28	21	68	71	64
Employers have obligation to provide plan for employees	n/a	12	13	n/a	29	36
Tax advantages for employees	5	7	8	39	38	40
Tax advantages for key executives	8	6	5	29	25	27
Employees demand or expect it	4	5	5	25	21	27
Availability of employer tax deduction	n/a	n/a	2	n/a	n/a	20

Source: 2000 Small Employer Retirement Survey.