

The Ariel/Hewitt Study

A Study of 401(k) Savings Disparities Across Racial and Ethnic Groups

Slide Presentation



Employees Covered by This Study

- Nearly 3 million eligible employees were studied across 57 of the largest companies in the U.S.
- Average company size is 51,000 employees
- Data was collected as of 12/31/2007

DEMOGRAPHICS OF EMPLOYEES BY RACE/ETHNICITY

	AFRICAN-AMERICAN	ASIAN	HISPANIC	WHITE	ALL
PERCENT OF POPULATION REPRESENTED BY THIS RACE/ETHNICITY	15.3%	6.1%	10.6%	65.1%	97.1%*
AVERAGE AGE	39	39	37	42	41
AVERAGE TENURE	8	7	7	10	10
GENDER (% FEMALE)	60%	54%	54%	48%	51%

*Does not total 100% since 2.9% of employees were categorized as "mixed & other."



Study Results: Overall 401(k) Plan Usage by Ethnicity Group

	AFRICAN-AMERICAN	ASIAN	HISPANIC	WHITE	ALL
PARTICIPATION ¹	66%	76%	65%	77%	74%
AVERAGE CONTRIBUTION RATE AMONG PARTICIPANTS ²	6.0%	9.4%	6.3%	7.9%	7.6%
AVERAGE PERCENT IN EQUITIES ³	66%	73%	70%	72%	71%
PERCENT WITH LOANS OUTSTANDING ⁴	39%	16%	29%	21%	24%
PERCENT TAKING A WITHDRAWAL ⁵	7.8%	2.0%	3.4%	2.1%	3.0%

¹ Measure of active and eligible employees who made any contribution (before-tax, after-tax or Roth) in 2007.

² Average of before-tax, after-tax and Roth contribution rate as of 12/31/07 among participants. Excludes non-participants.

³ Percent of total balance in equities as of 12/31/07. Equities include large U.S. equity, mid U.S. equity, small U.S. equity, international equity, emerging markets equity, specialty sector, and company stock. Balanced/premixed portfolios are assumed to have 60% in equity. Self-directed brokerage is assumed to have 50% in equity.

⁴ Percent of active employees with a balance who had a loan outstanding on 12/31/2007.

⁵ Percent of active employees with a balance who took a hardship withdrawal during 2007.



Participation Rates: By Race/Ethnicity and Pay

	\$0– \$29,999	\$30,000– \$59,999	\$60,000– \$89,999	\$90,000– \$119,999	\$120,000+	TOTAL
AFRICAN-AMERICAN	50%	75%	83%	88%	91%	66%
ASIAN	54%	84%	92%	94%	94%	76%
HISPANIC	50%	75%	85%	89%	90%	65%
WHITE	56%	80%	88%	92%	92%	77%



Participation Rates: By Race/Ethnicity and Age

	< 30	30-39	40-49	50-59	60+	TOTAL
AFRICAN-AMERICAN	48%	68%	73%	76%	74%	66%
ASIAN	58%	79%	84%	87%	85%	76%
HISPANIC	51%	68%	73%	78%	76%	65%
WHITE	60%	78%	82%	83%	79%	77%



Average Contribution Rate Among Participants:
By Race/Ethnicity and Pay

	\$0– \$29,999	\$30,000– \$59,999	\$60,000– \$89,999	\$90,000– \$119,999	\$120,000+	TOTAL
AFRICAN-AMERICAN	4.9%	5.9%	8.0%	8.7%	9.2%	6.0%
ASIAN	7.2%	8.4%	11.1%	11.7%	12.1%	9.4%
HISPANIC	5.1%	6.1%	8.5%	9.0%	9.7%	6.3%
WHITE	6.0%	7.1%	9.3%	9.9%	10.4%	7.9%



Average Contribution Rate Among Participants:
By Race/Ethnicity and Age

	<30	30-39	40-49	50-59	60+	TOTAL
AFRICAN-AMERICAN	4.7%	5.5%	6.4%	7.2%	8.0%	6.0%
ASIAN	6.8%	9.0%	10.2%	11.3%	11.5%	9.4%
HISPANIC	4.8%	5.9%	6.8%	8.1%	8.5%	6.3%
WHITE	5.6%	7.1%	8.1%	9.3%	9.9%	7.9%



Average Percentage in Equities: By Race/Ethnicity and Pay

	\$0– \$29,999	\$30,000– \$59,999	\$60,000– \$89,999	\$90,000– \$119,999	\$120,000+	TOTAL
AFRICAN-AMERICAN	63%	65%	71%	70%	71%	66%
ASIAN	68%	70%	76%	77%	76%	73%
HISPANIC	67%	69%	76%	74%	73%	70%
WHITE	68%	71%	75%	75%	72%	72%



Average Percentage in Equities: By Race/Ethnicity and Age

	< 30	30-39	40-49	50-59	60+	TOTAL
AFRICAN-AMERICAN	66%	67%	66%	64%	61%	66%
ASIAN	74%	75%	72%	68%	63%	73%
HISPANIC	70%	71%	69%	69%	63%	70%
WHITE	72%	75%	73%	69%	63%	72%



Average Percentage in Equities: By Race/Ethnicity and Gender

	MALE	FEMALE	TOTAL
AFRICAN-AMERICAN	68%	64%	66%
ASIAN	74%	71%	73%
HISPANIC	72%	68%	70%
WHITE	74%	69%	72%



Individuals With Loans Outstanding: By Race/Ethnicity and Pay

	\$0– \$29,999	\$30,000– \$59,999	\$60,000– \$89,999	\$90,000– \$119,999	\$120,000+	TOTAL
AFRICAN-AMERICAN	21%	48%	52%	39%	31%	39%
ASIAN	11%	23%	19%	11%	8%	16%
HISPANIC	16%	37%	39%	27%	20%	29%
WHITE	11%	25%	25%	17%	13%	21%



Hardship Withdrawals Taken: By Race/Ethnicity and Pay

	\$0– \$29,999	\$30,000– \$59,999	\$60,000– \$89,999	\$90,000– \$119,999	\$120,000+	TOTAL
AFRICAN-AMERICAN	5.7%	10.3%	5.8%	3.2%	1.5%	7.8%
ASIAN	1.9%	2.8%	1.5%	1.2%	0.7%	2.0%
HISPANIC	2.6%	4.5%	2.5%	1.9%	1.1%	3.4%
WHITE	1.9%	2.7%	1.6%	1.7%	1.0%	2.1%

Hardship Withdrawals Taken: By Race/Ethnicity and Age

	<30	30-39	40-49	50-59	60+	TOTAL
AFRICAN-AMERICAN	5.9%	10.9%	8.3%	5.0%	1.0%	7.8%
ASIAN	1.5%	1.9%	2.1%	2.2%	1.7%	2.0%
HISPANIC	2.3%	4.4%	3.9%	2.7%	0.9%	3.4%
WHITE	1.9%	2.8%	2.2%	1.5%	0.9%	2.1%

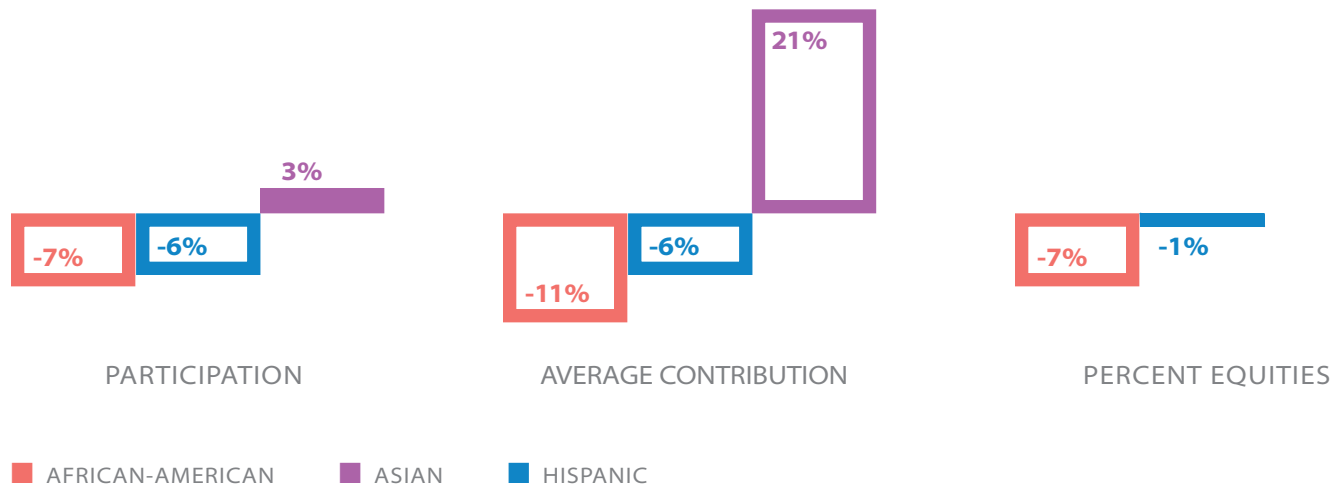


Average Account Balance: By Race/Ethnicity and Pay

	\$0– \$29,999	\$30,000– \$59,999	\$60,000– \$89,999	\$90,000– \$119,999	\$120,000+
AFRICAN-AMERICAN	\$3,956	\$21,224	\$51,594	\$98,432	\$154,902
ASIAN	\$6,707	\$32,590	\$70,393	\$104,233	\$161,259
HISPANIC	\$4,036	\$22,017	\$60,782	\$104,549	\$150,456
WHITE	\$8,184	\$35,551	\$79,018	\$139,724	\$223,408

Overall Results by Ethnicity

REGRESSION-ADJUSTED COMPARISON OF 401(K) BEHAVIOR:
MINORITIES COMPARED TO WHITES

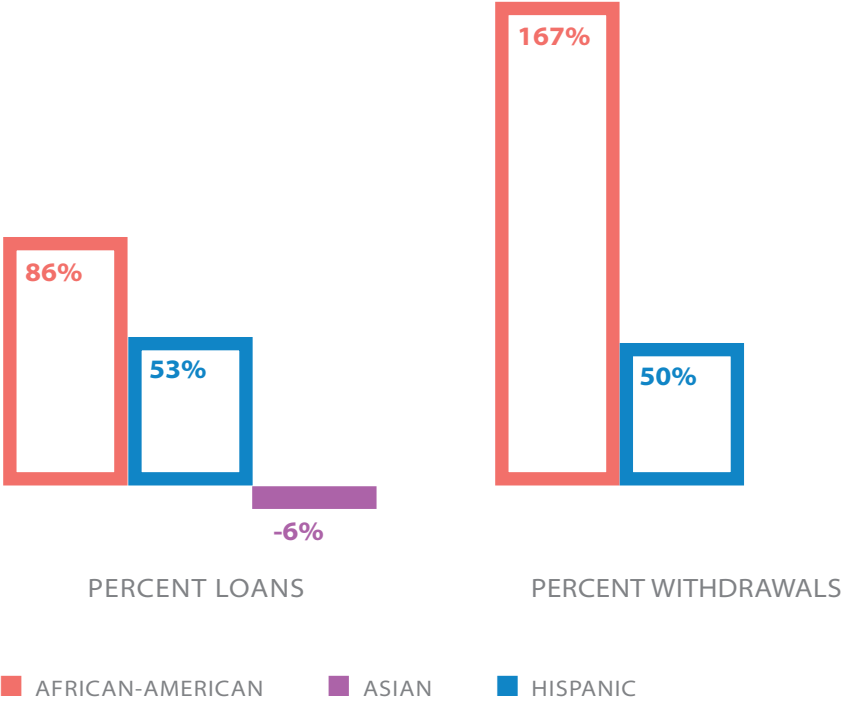


Difference between actual results and a projection (using regression factors) of the white population to match demographic characteristics of each race/ethnic group.



Overall Results by Ethnicity

REGRESSION-ADJUSTED COMPARISON OF 401(K) BEHAVIOR:
MINORITIES COMPARED TO WHITES



Difference between actual results and a projection (using regression factors) of the white population to match demographic characteristics of each race/ethnic group.

Background: Features of 401(k) Plans Included in This Study

All plans provide an employer contribution

- All plans offer matching contributions
- 35% offer profit sharing contributions
- 35% offer an ESOP

58% offer automatic enrollment

- 70% have a default rate equal to or lower than 3%
- 88% default investment elections to a lifestyle fund
- 39% default employees into automatic contribution escalation

82% of plans offer a pension plan. Among those offering a pension plan:

- 62% are open to new entrants
- 22% are closed to new entrants, but existing employees earn accruals
- 18% are frozen to all or most participants



Investment offerings

- Plans offer an average of 12 core funds
- 72% offer target date funds
- 35% offer target risk funds

Most popular investment education methods

- 89% offer written materials
- 87% offer online modeling and guidance tools
- 69% offer targeted communication
- 65% offer on-site seminars/workshops/meetings

Types of advice

- 40% offer seminars/workshops provided by outside advisory services
- 38% offer online advice (investment recommendations made at the fund level)
- 36% offer online guidance (investment recommendations made at the asset class level only)
- 36% offer managed accounts
- 35% offer one-on-one financial counseling

Study Partners

Ariel Education Initiative and Ariel Investments, LLC: Ariel Education Initiative, the nonprofit affiliate of Ariel Investments, was founded in 1989 by John W. Rogers, Jr. (Founder and Chairman of Ariel Investments, LLC) as a private operating foundation with a mission to strengthen the neighborhoods and cities in which we live and work. Ariel Investments is a Chicago-based money management firm and mutual fund company that serves individual investors through its no-load mutual funds and manages separate accounts for institutional clients.

Hewitt Associates LLC provides leading organizations around the world with expert human resources consulting and outsourcing solutions to help them anticipate and solve their most complex benefits, talent, and related financial challenges.

The Joint Center on Political and Economic Studies is the nation's leading African-American think tank and is focused on political, economic, and health issues.

The National Urban League is the nation's oldest and largest community-based movement devoted to empowering African-Americans to enter the economic and social mainstream.

The National Council of La Raza is the largest Hispanic civil rights and advocacy organization in the United States, working to improve opportunities for Hispanic Americans.

The Chicago Urban League is the local Chicago chapter of the National Urban League. The Chicago Urban League helps African-Americans in Chicago achieve success and empowerment.

The Raben Group is a D.C.-based public affairs organization. The Raben Group assists public and private sector clients with various services ranging from policy development to strategic communications.

