30% of employers to restore matching contributions in 2011

By Editor Test *Tue, Mar 15, 2011*

But the survey also showed that 57% of DB plan sponsors had frozen their plans to new entrants.

Among employers who reduced or eliminated matching contributions to employee retirement accounts since the financial crisis, 30% intend to reinstate them in 2011, according to the 7th annual Retirement Plan Survey by Grant Thornton LLP, Drinker Biddle & Reath LLP, and Plan Sponsor Advisors LLC.

Forty two percent don't plan to reinstate their match this year.

A year ago, over half (53%) of the employers had not decided whether to return to previous contribution levels and 33% had no plans to do so.

Despite cutbacks by both plan sponsors and participants, 83% of plan sponsors reported that either very few or none of their employees had expressed concerns about their retirement readiness.

More plan sponsors are focusing on emerging market (EM) equities, with 77% of plans reporting inclusion or consideration for 2011. Last year, EM was included or under consideration by only 46% of plan sponsors. Real estate investment options were second to EM with 53%, followed by global bonds at 48%.

"These asset classes share a lack of correlation with the equity markets. Commodities, real estate, emerging markets and global bonds can be valuable when incorporated into a diverse portfolio," said Erica O'Malley, Grant Thornton's national Employee Benefit Plan practice leader.

- Fifty-nine percent of plan sponsors responded that they have conducted one or more tax/legal compliance reviews on their plan in the past three years, an increase from 46% in last year's survey.
- Fifty-seven percent of plan sponsors surveyed had frozen their defined benefit plans to new entrants. Of those who froze plans, 58% had also frozen the accrued benefits to existing participants, while 42% continued to accumulate accrued benefits for the current population.
- Over 80% of 403(b) sponsors surveyed believe they have established adequate internal controls over ongoing operations.
- Fifty-eight percent of plan sponsors stated that they were not considering a Roth feature in their plan at this time, slightly lower than the trend in the marketplace.

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