

# The Principal Financial Well Being Index<sup>SM</sup>: Employees

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1<sup>st</sup> Quarter 2014

# Featured Key Findings

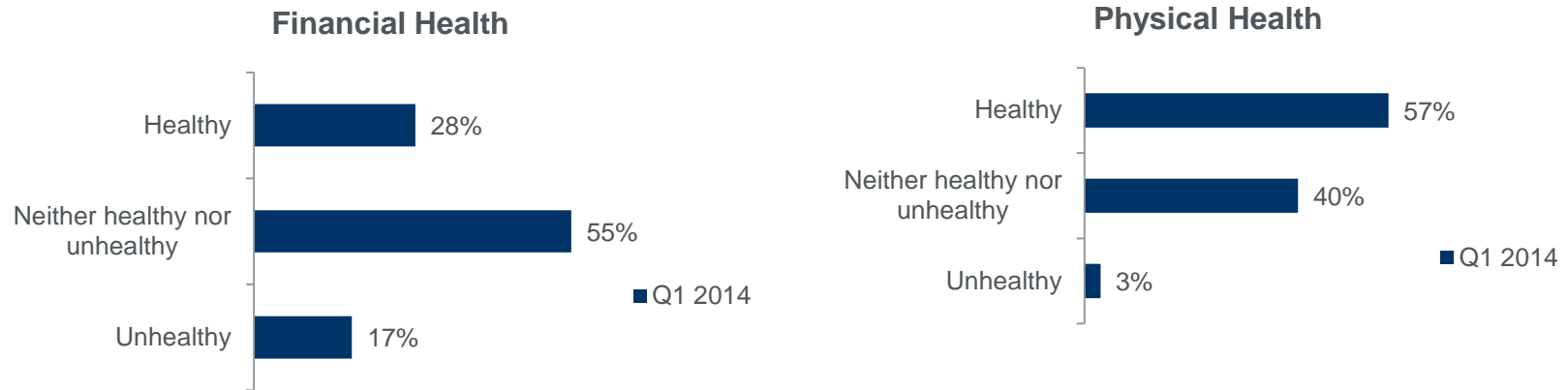
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- **Overall, employees are more likely to rate themselves as physically healthy than financially healthy.**
  - While over half of employees rate themselves physically healthy (57%), less than a third (28%) rate themselves financially healthy.
  - The majority (84%) of employees believe that being physically healthy is an investment in their financial future. Seventy-seven percent believe that by spending money on their physical health now, they will avoid major expenditures later in life.
- **Nearly half of employees (46%) feel stressed about their current financial situation.**
  - Only about a third (35%) of baby boomers say they feel stressed about their current financial situation compared to half (51%) of Gen Y'ers.
  - Employees who work with a financial professional (33%) are less likely to feel stressed about their current financial situation than those who do not work with a financial professional (51%).
- **Just over half of employees (52%) say they have monitored their spending levels in the past year as a way to give themselves a financial checkup.**
  - Nearly two in five (39%) employees created a budget as a way to give themselves a financial checkup in the past year, up significantly from 28% two years ago.
- **Though over half of employees have an emergency fund, paying for unexpected expenses would still be difficult for many employees.**
  - Just over half (57%) have an emergency fund to tap into in the event of a job loss or other unanticipated major expense.
  - Employees who work with a financial professional (78%) are more likely to have an emergency fund than employees who do not work with a financial professional (49%).
  - Nearly one in five employees (17%) have tapped into their emergency fund recently to cover monthly expenses.
- **The top plan employees have for their 2013 tax return is to save or invest the refund.**
  - About two-thirds of employees (68%) are expecting a federal or state tax refund for 2013.
  - About half of employees (51%) expecting a refund plan to save or invest it, while over a third (38%) intend to pay down/off short-term debt and another quarter (24%) hope to pay down/off longer-term debt with their refund.

# Detailed Findings

# Perceived Levels of Health: Physical and Financial

- Generally, employees are more likely to rate themselves as physically healthy (57%) than financially healthy (28%).
- In terms of financial health, over half of employees (55%) rated themselves as neither healthy nor unhealthy. Just under three in ten employees (28%) rated themselves as financially healthy, while 17% rated their financial health as unhealthy.
- Over half of employees (57%) rated themselves as physically healthy, two out of five employees (40%) rated themselves as neither physically healthy or unhealthy and only 3% rated themselves as physically unhealthy.



“Healthy” = Rating of 8, 9 or 10    “Neither healthy nor unhealthy” = Rating of 4, 5, 6 or 7    “Unhealthy” = Rating of 1, 2 or 3

\*Varies significantly (95% confidence level) from previous quarter

“Please rate your overall financial health at this time using the following scale.”

“Please rate your overall physical health at this time using the following scale.”

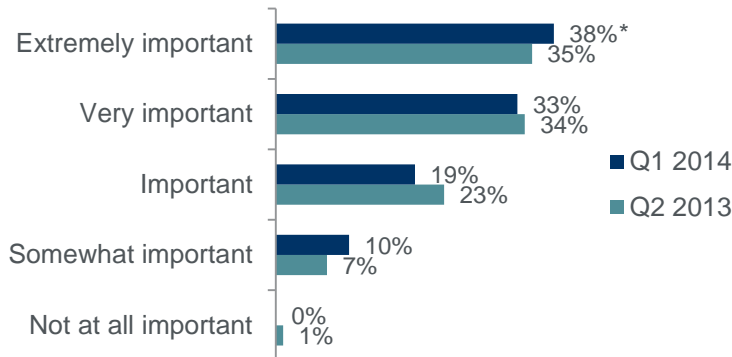
1 = Very Unhealthy and 10 = Very Healthy

Base: 1,123 employed U.S. adults in firms of 10-1,000 employees

# Importance of Physical Health on Financial Future

- The majority of employees believe it is either extremely important (38%) or very important (33%) for them to remain physically healthy in order to avoid major health expenditures later in life.
- The vast majority of employees (84%) agree to some extent that being physically healthy is an investment in their financial future.
- Three quarters of employees (77%) think that by spending time and money on their physical health now, they will avoid major health costs later in life.

**Importance of Remaining Physically Healthy in Order to Avoid Major Health Expenditures Later in Life**



\*Varies significantly (95% confidence level) from previous quarter

*“How important is it for you to remain physically healthy in order to avoid major health expenditures later in life?”*

Base: 1,123 employed U.S. adults in firms of 10-1,000 employees

	<i>“Being physically healthy is an investment in my financial future.”</i>	<i>“By spending time and money on my physical health now, I will avoid major health expenditures later in life.”</i>
Agree Completely	41%	30%
Agree Somewhat	43%	47%
Neither Agree nor Disagree	13%	18%
Disagree Somewhat	2%	4%
Disagree Completely	1%	1%

*“Please indicate the extent to which you agree or disagree with each of the following statements.”*

Base: 1,123 employed U.S. adults in firms of 10-1,000 employees

# Feelings About Current Financial Situation

- About a third of employees (34%) are happy with their current financial situation.
  - Employees who use a financial professional (53%) are more likely to say they are happy with their current financial situation than employees who do not use a financial professional (27%).
- Forty-six percent feel stressed about their current financial situation.
  - 51% of Gen Y and 50% of Gen X employees feel stressed about their current financial situation, compared to 35% of Baby Boomer employees.
  - About half of employees (51%) not using a financial professional report feeling stressed about their current financial situation compared to 33% of employees who use a financial professional.
- Just over half of employees (52%) say they usually feel in control of their personal financial situation.
  - Employees who use a financial professional are more likely to feel in control of their personal financial situation (63%) than employees who do not (48%).

Percent Agreeing Completely or Somewhat (Top 2 Box)	1Q 2014	4Q 2013	3Q 2013	2Q 2013	1Q 2013
<i>"I am happy with my current financial situation."</i>	34%	34%	30%	37%	35%
<i>"I feel stressed about my current financial situation."</i>	46%*	51%	50%	43%	45%
<i>"I usually feel in control of my personal financial situation."</i>	52%*	57%	49%	52%	53%

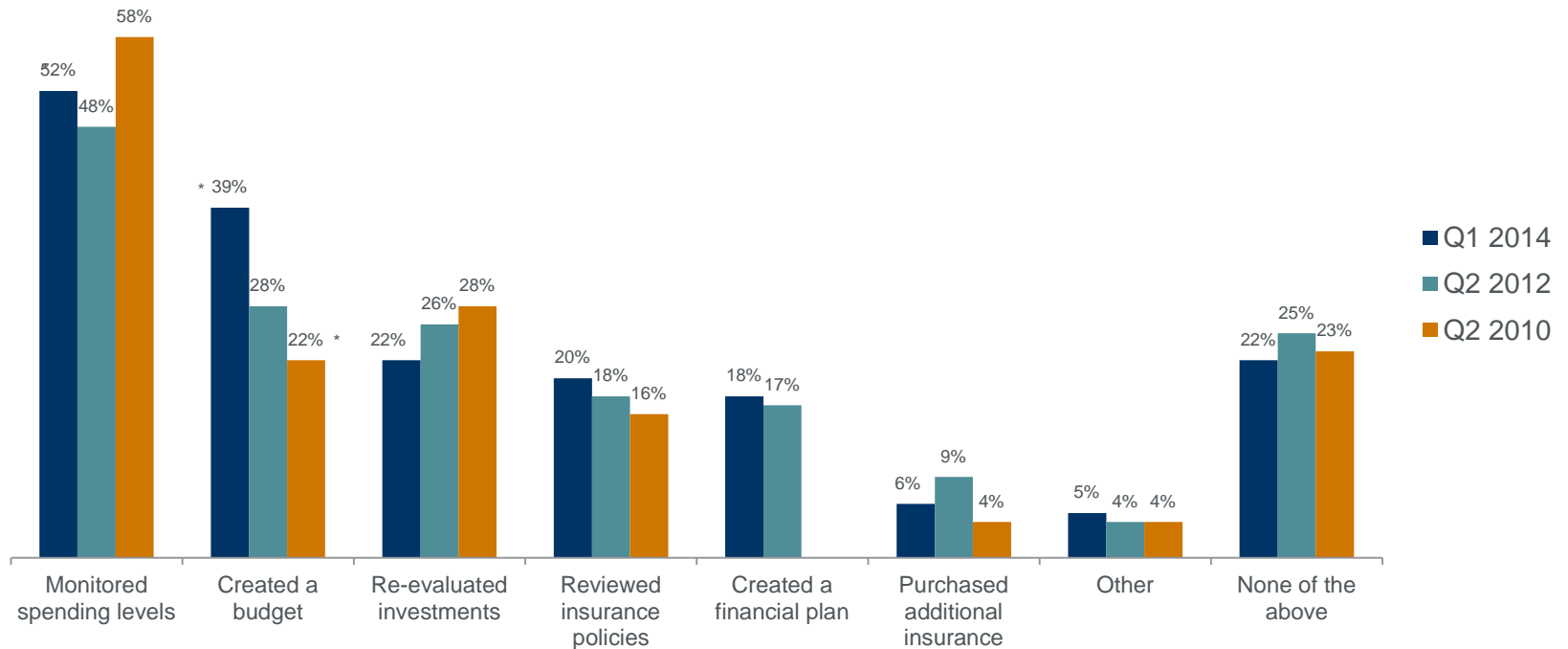
\*Varies significantly (95% confidence level) from previous quarter

*"To what extent do you agree with each of the following statements?"*

Base: 1,123 employed U.S. adults in firms of 10-1,000 employees

# Financial Check Ups Due to Economy

- Just over half (52%) of employees say they have monitored their spending levels in the past year as a way to give themselves a financial checkup. Nearly two in five (39%) say they have created a budget.



\*Varies significantly (95% confidence level) from previous quarter

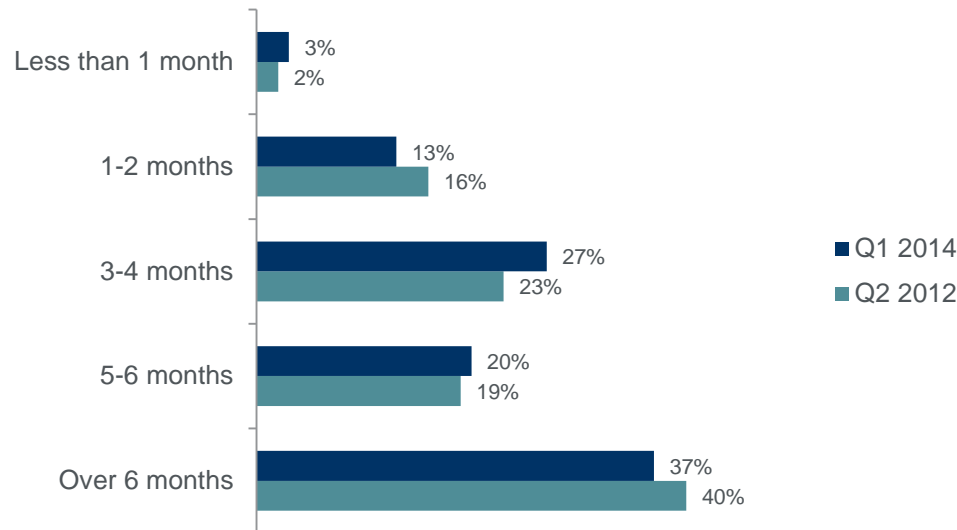
*"In which of the following ways have you given yourself a financial check up in the past year due to the economy? Please select all that apply."*

Base: 1,123 employed U.S. adults in firms of 10-1,000 employees

# Emergency Fund

- Over half (57%) of employees have an emergency fund they can access in the event of a job loss or other unanticipated major expense.
  - Seventy-eight percent of employees who use a financial professional have an emergency fund compared to 49% of employees who do not use a financial professional.
- Among employees with an emergency fund, about two in five (37%) can cover over 6 months of living expenses with their fund.

Months That Could Be Covered By Emergency Fund



**57%**

*of employees have an emergency fund that they can immediately access in the event of a job loss or other unanticipated major expense.*

**17%**

*of these employees have had to tap into their fund recently just to cover monthly expenses.*

*"Do you have an emergency fund of money that you can immediately access in the event of a job loss or other unanticipated major expense?"*

Base: 1,123 employed U.S. adults in firms of 10-1,000 employees

*"How many months of living expenses could you cover with your emergency fund?"*

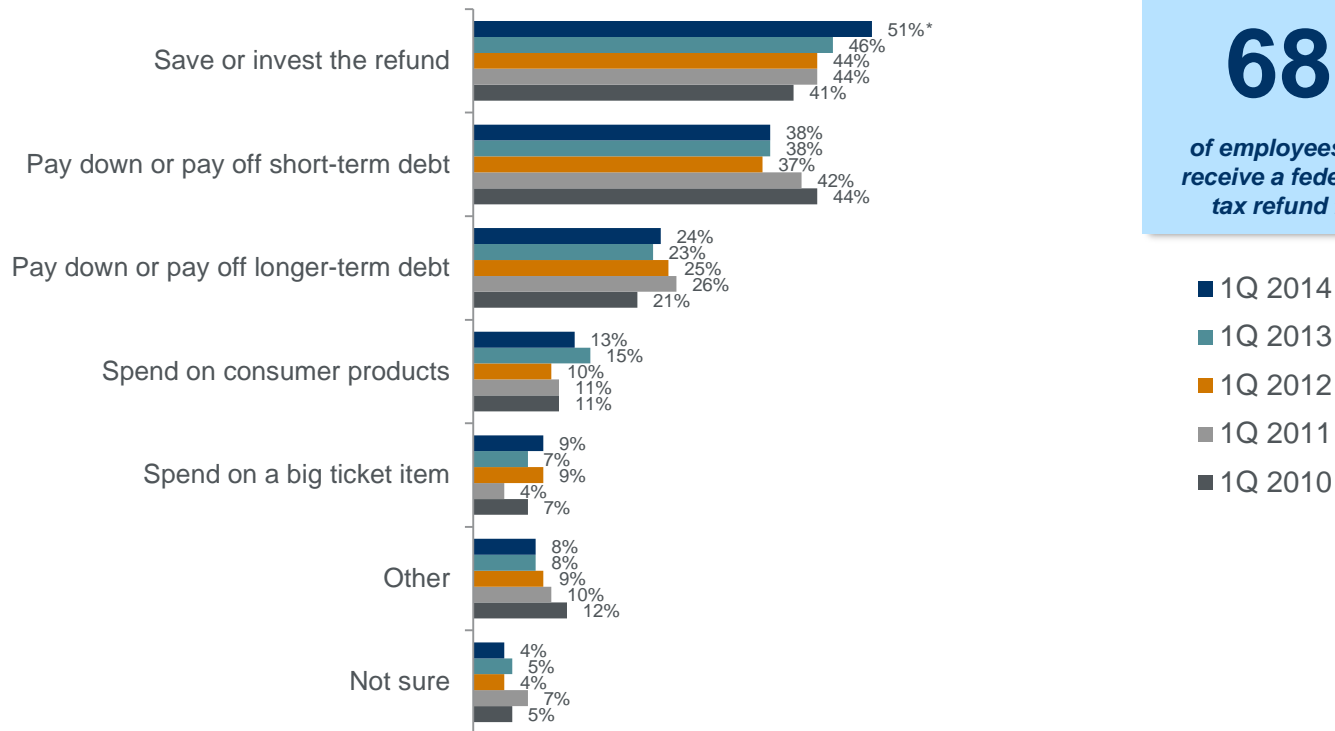
*"Have you had to tap into your emergency fund recently just to cover your monthly expenses?"*

Base: 639 employees with an emergency fund



# Tax Refund Plans

- Just over two-thirds of employees (68%) expect to receive a federal or state tax refund for 2013.
- Half of those expecting a refund (51%, up from 46% in Q1 2013) plan to save or invest it, while over another third (38%) plan to pay down/pay off short-term debt with their refund.
- Another quarter of employees (24%) plan to pay down/pay off longer-term debt.



**68%**  
*of employees expect to receive a federal or state tax refund for 2013.*

\*Varies significantly (95% confidence level) from previous quarter

“Do you expect to receive a federal or state tax refund for 2013?”

Base: 1,123 employed U.S. adults in firms of 10-1,000 employees who have a feeling for whether or not they will receive a federal or state tax refund for 2012

“What do you plan to do with your tax refund? Please select all that apply.”

Base: 777 employed U.S. adults in firms of 10-1,000 employees who expect to receive a refund

# Economic Outlook for 2014

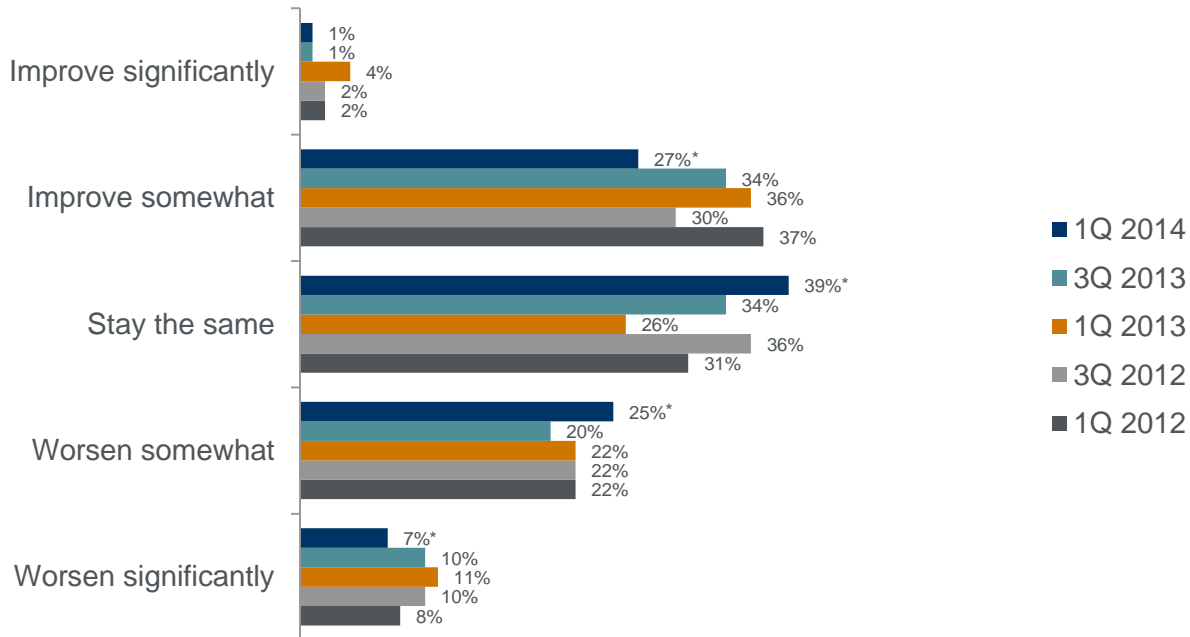
- Two in five employees (43%) indicate their sentiment regarding the economic outlook for 2014 is 'cautious.'
- Another quarter of employees (27%) describe their sentiment regarding the economy in 2014 as 'optimistic.'
- Less than one in five employees (16%) are pessimistic in their economic outlook for the remainder of 2014.

	1Q 2014	3Q 2013	2Q 2013	1Q 2013	3Q 2012
Cautious	43%	42%	42%	38%	46%
Optimistic	27%	25%	25%	35%	21%
Pessimistic	16%	18%	18%	17%	19%
Neutral	11%	11%	11%	8%	10%
Not sure	3%	3%	2%	3%	4%

*"How would you describe your sentiment regarding the economic outlook for 2013?"*  
 Base: 1,123 employed U.S. adults in firms of 10-1,000 employees

# Expectations for Economy in the Next Year

- Generally, employees' views on what they think will happen with the economy in the next year are divided.
- Less than two-thirds (29%) of employees think the economy will improve significantly (1%) or somewhat (27%) in the next year. This is down from 35% in Q3 2013.
- About two in five employees (39%) think the economy will stay the same while another thirty-two percent of employees think the economy will worsen to some extent in the next year.



**37%**  
*of employees are holding off on making long-term financial commitments due to the economy.*

\*Varies significantly (95% confidence level) from previous quarter

*“What do you think will happen with the economy in the next year? Please select one.”*

*“Is the current state of the economy causing you to hold off on making any long-term financial commitments, such as purchasing a home, buying a new car, etc.?”*

Base: 1,123 employed U.S. adults in firms of 10-1,000 employees

# Financial Well Being

- Just over a third of employees (37%) are extremely happy with their current financial well being.
  - Employees who use a financial professional (53%) are more likely to say they are extremely happy with their current financial well being than employees who do not use a financial professional (30%).
- Compared to last quarter, slightly fewer employees (61%, down from 63%) are very concerned about their long-term financial future.
- Twenty-eight percent of employees have not yet planned for retirement savings/security.

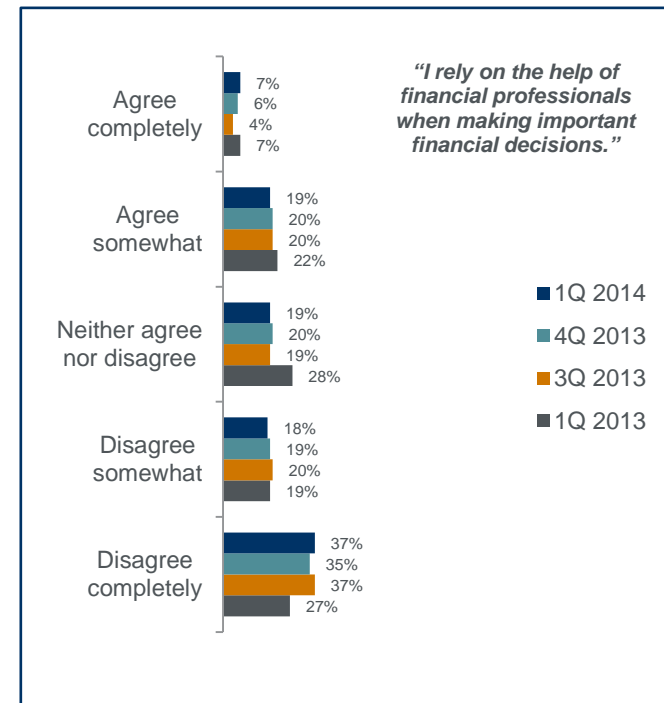
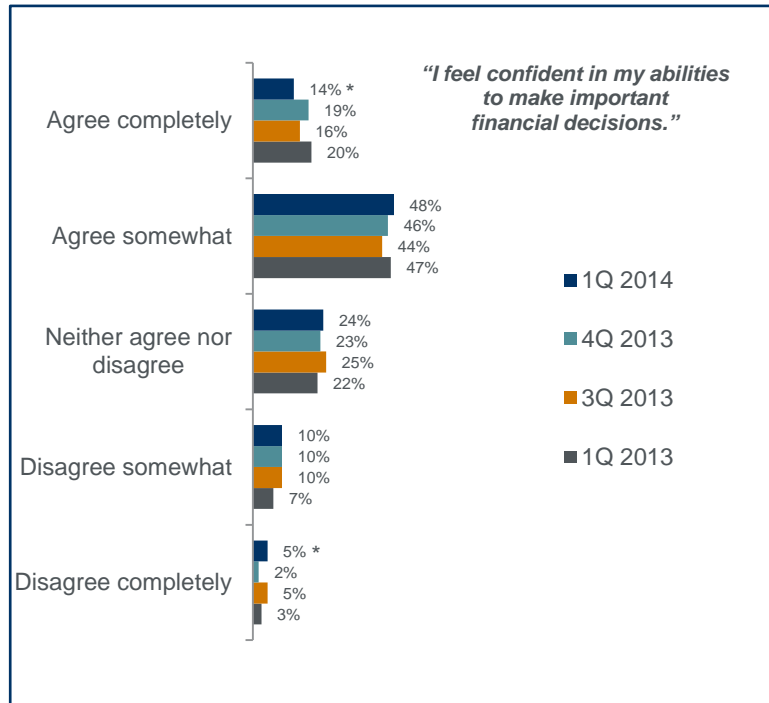
**53%**  
*of employees who use a financial professional are extremely happy with their current financial well-being, compared to 30% of employees who do not use a financial professional.*

Percent Agreeing Completely or Somewhat (Top 2 Box)	1Q 2014	1Q 2013	4Q 2012	3Q 2012	2Q 2012
<i>"I am extremely happy about my current financial well-being."</i>	<b>37%</b>	36%	39%	27%	34%
<i>"I am very concerned about my long-term financial future."</i>	<b>61%</b>	63%	71%	65%	57%
<i>"I have not yet planned for retirement savings/security."</i>	<b>28%</b>	28%	32%	NA	NA

*"Please indicate the extent to which you agree or disagree with the following statements..."*  
 Base: 1,123 employed U.S. adults in firms of 10-1,000 employees

# Financial Decision Making

- About two-thirds of employees (61%) are confident in their ability to make important financial decisions.
  - In general, male employees (66%) are more likely to feel confident in their abilities to make important financial decisions than female employees (55%).
- About a quarter of employees (26%) say they rely on the help of financial professionals when making important financial decisions.



*"Please rate your level of agreement with the following statements:  
 I feel confident in my abilities to make important financial decisions.  
 I rely on the help of financial professionals when making important financial decisions."  
 Base: 1,123 employed U.S. adults in firms of 10-1,000 employees*

# Retirement Savings

- Thirty-two percent of employees who are saving for retirement are saving between 3 and 8% of their pay.
- Another quarter or so of employees (23%) are saving between 9% and 15% of their pay.
- Only 12% of employees are saving at least 16% of their pay for their retirement, while about one in three (30%) of employees indicate they should be saving at least that much for their retirement.

Percent of Pay Currently Saving

	1Q 2014	1Q 2013	1Q 2012	1Q 2011	4Q 2009
None	11%	9%	11%	8%	10%
1-2%	9%	7%	8%	8%	11%
3-5%	19%	20%	19%	21%	21%
6-8%	13%*	20%	14%	17%	14%
9-11%	15%	14%	14%	15%	11%
12-15%	8%	10%	12%	11%	10%
16-19%	4%*	6%	3%	4%	3%
20% or more	8%	7%	7%	6%	7%
Not sure	6%	7%	11%	9%	12%

Percent of Pay Should Be Saving

	1Q 2014	1Q 2013	1Q 2012	1Q 2011	4Q 2009
None	3%	3%	N/A	<1%	2%
1-2%	2%	<1%	N/A	2%	2%
3-5%	8%	6%	N/A	5%	8%
6-8%	10%	8%	N/A	10%	9%
9-11%	18%	21%	N/A	16%	17%
12-15%	14%*	18%	N/A	21%	13%
16-19%	7%	6%	N/A	6%	5%
20% or more	23%	20%	N/A	19%	19%
Not sure	14%*	18%	N/A	20%	25%

\*Varies significantly (95% confidence level) from previous quarter

*"What percentage of your pay, including any employer match, are you currently saving for your retirement?"*

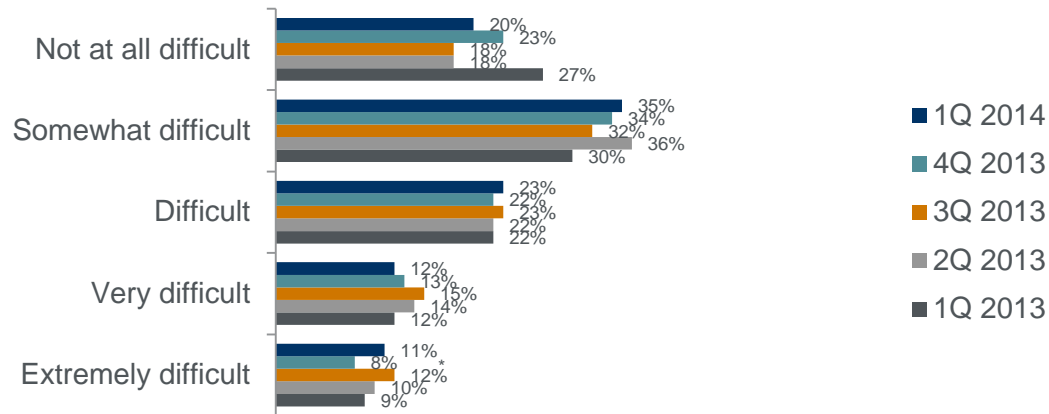
Base: 1,123 employed U.S. adults in firms of 10-1,000 employees

*"What percentage of your pay, including any employer match, do you think you need to save in order to have enough income during your retirement, assuming you begin saving for retirement early in your career?"*

Base: 1,123 employed U.S. adults in firms of 10-1,000 employees

# Difficulty in Planning and Saving for Retirement

- About one in five employees (22%) say it is either very difficult or extremely difficult for them to plan and save for their retirement.
- Another one in five employees (23%) say it is difficult to plan and save for their retirement, while 35% of employees indicate it is somewhat difficult.
- One in five employees (20%) say it not at all difficult to plan and save for their retirement.
- As can be seen below, employees with lower incomes are more likely to indicate it is difficult to plan and save for their retirement.



\*Varies significantly (95% confidence level) from previous quarter

"How difficult is it for you to plan and save for your retirement?"

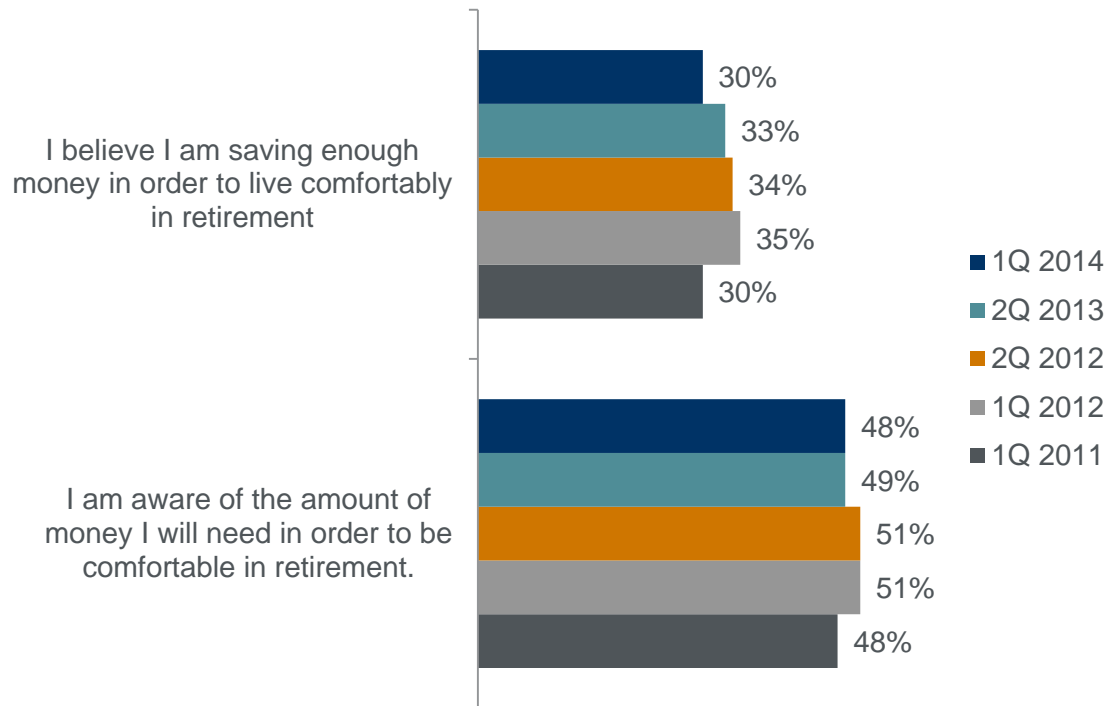
Base: 1,123 employed U.S. adults in firms of 10-1,000 employees

Extremely or Very Difficult	Household Income						
	Total	Less than \$35K	\$35K-\$49,999	\$50K - \$74,999	\$75K - \$124,999	\$125K - \$199,999	\$200K+
Difficulty in planning and saving for retirement	22%	42%*	28%*	24% *	20% *	5%	5%

\*Significantly higher than \$125K+ income categories (except \$200K+ due to small sample size)

# Retirement Savings and Readiness

- Consistent with 2Q of 2013, about a third of employees (30%) believe they are saving enough money in order to live comfortably in retirement.
- About half of employees (48%) are aware of the amount of money they need in order to be comfortable in retirement, also consistent with 2Q of 2013.



*Employees using a financial professional are more likely to believe they are saving enough to be comfortable in retirement (48% who use financial professional; 23% who do not use a financial professional).*

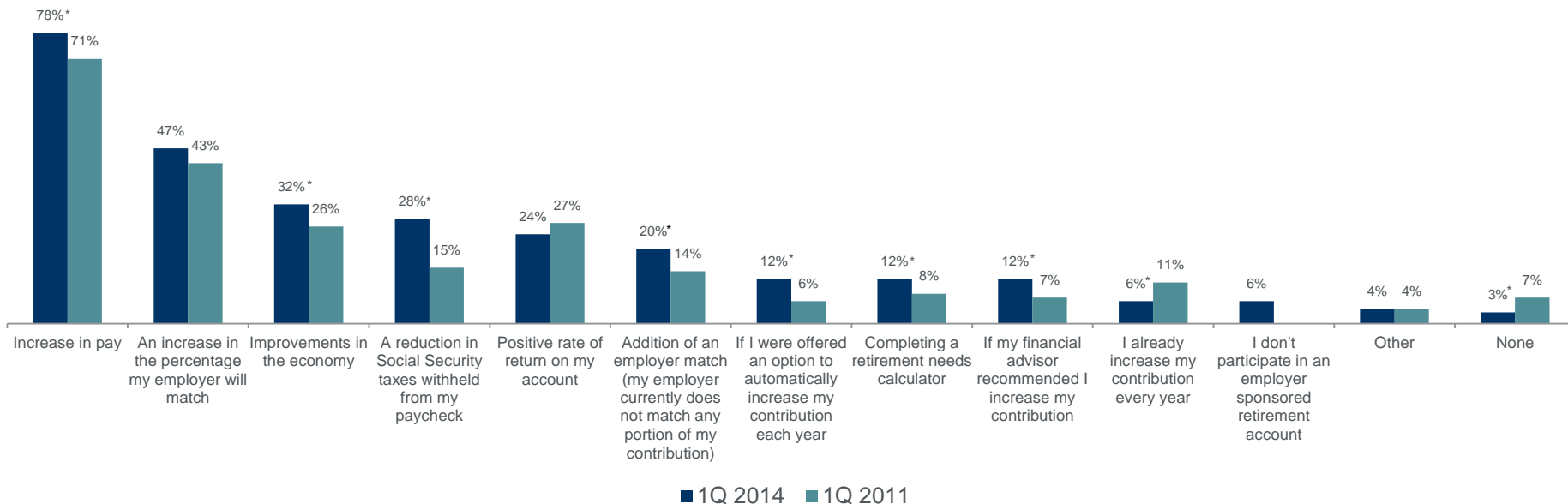
*"Please indicate the extent to which you agree or disagree with each of the following statements."*

Base: 1,123 employed U.S. adults in firms of 10-1,000 employees



# Items That Would Encourage Increase in Contributions to Retirement Account

- A majority (78%) of employees say increasing their pay would encourage them to increase the amount they are contributing to their retirement plan.
- Nearly half (47%) of employees say an increase in their employer match would also help them to increase the amount they are contributing to their retirement plan.



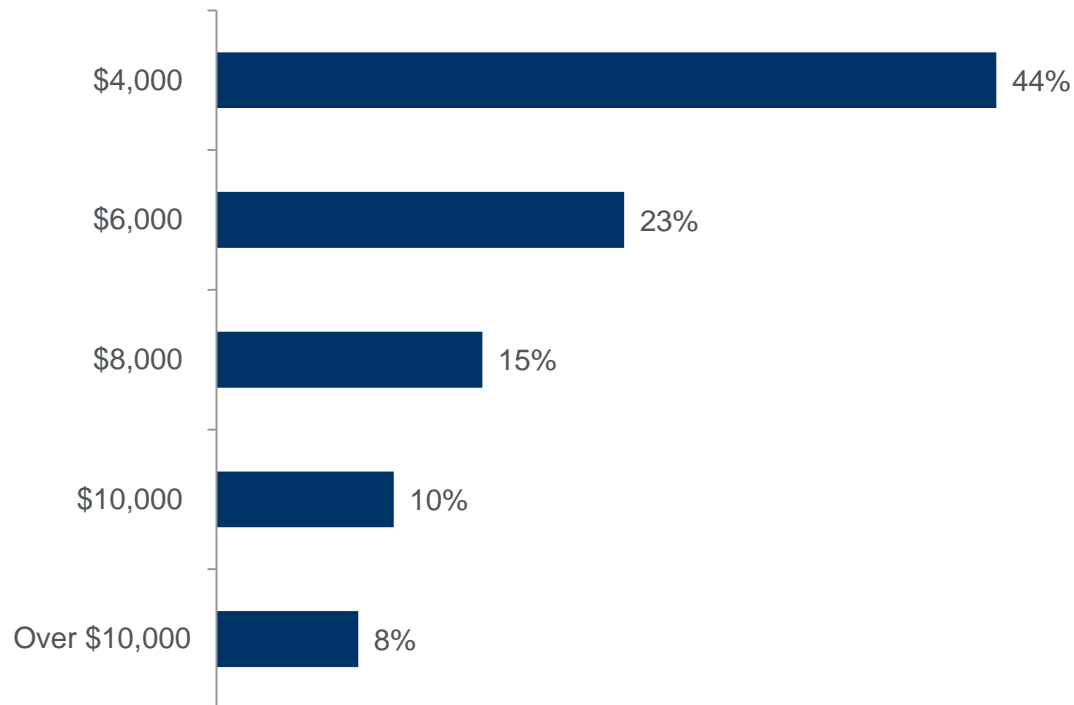
\*Varies significantly (95% confidence level) from previous quarter

*"Which of the following items, if any, would encourage you to increase the amount you are contributing to your employer sponsored retirement account?"*

Base: 572 employed U.S. adults in firms of 10-1,000 employees that are offered an employer-sponsored 401(K) plan.

# Spending Savings in Retirement

- About two-thirds (67%) of employees could spend \$4,000 – \$6,000 of their savings per year in retirement and still be confident they would not run out of money.



*“If you had \$100,000 in savings, how much could you spend from that each year in retirement and be confident that you would not run out of money?”*

Base: 1,123 employed U.S. adults in firms of 10-1,000 employees

# Achieving “The American Dream”

- The majority of employees (62%) believe the American Dream has been or will be harder for them to financially achieve than it was for their parents' generation.
- This is comparable to the results obtained in 2013.

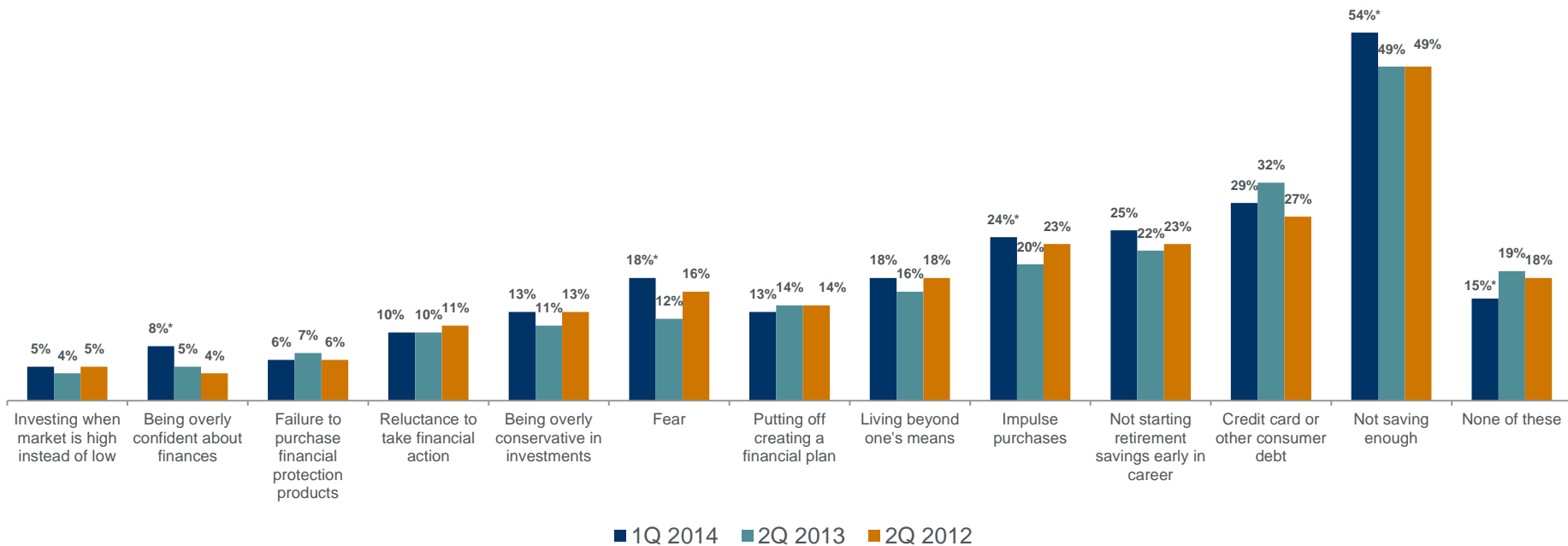
	1Q 2014	2Q 2013	2Q 2012	2Q 2011	2Q 2010
Agree Completely	28%	26%	29%	30%	26%
Agree Somewhat	34%	34%	31%	31%	30%
Neither Agree nor Disagree	21%	22%	22%	18%	19%
Disagree Somewhat	12%	12%	13%	14%	18%
Disagree Completely	6%	6%	5%	7%	7%

*“The notion of “The American Dream” has involved holding a good job, owning a home, living in a secure community, and sending the children to a good school. To what extent do you agree with the following: The American Dream has been or will be harder for me to financially achieve than it was for my parents’ generation.”*

Base: 1,123 employed U.S. adults in firms of 10-1,000 employees

# Impediments to Financial Success

- The top factors which prevent employees from being financially successful include lack of saving (54%), debt (29%), not saving for their retirement early in their career (25%) and impulse purchases (24%).



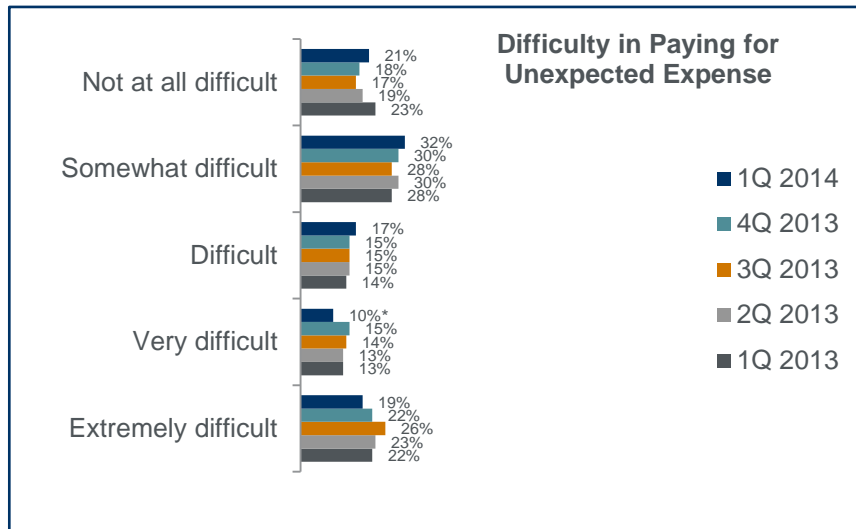
\*Varies significantly (95% confidence level) from previous quarter

"What gets in the way of your personal financial success? Please select all that apply."

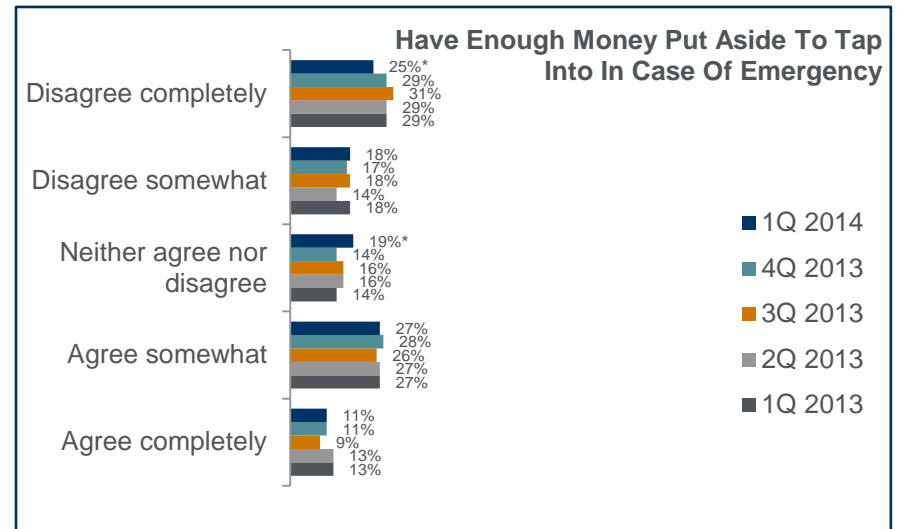
Base: 1,123 employed U.S. adults in firms of 10-1,000 employees

# Paying for the Unexpected

- Less than half of employees (46%) say it would be difficult, very difficult or extremely difficult for them to pay an extra \$1,000 in a given month for an unexpected expense, such as a medical bill or car repair. This is down from 52% in the previous quarter (4Q 2013).
  - Another 32% of employees say such an unexpected monthly expense would be somewhat difficult for them to pay.
- Just under two in five employees (38%) say they have enough money put aside that they can tap into at any time in case of a job loss or other unanticipated major expense.
  - Just over two in five employees (43%) say they do not have enough money set aside that they can tap into for unexpected major expenses.



\*Varies significantly (95% confidence level) from previous quarter



\*Varies significantly (95% confidence level) from previous quarter

“How difficult would it be for you to pay an extra \$1,000 in a given month for an unexpected expense, such as a medical bill or car repair?”

“To what extent do you agree with the following statement? I have enough money put aside that I can tap into at any time in case of a job loss or other unanticipated major expense.”

Base: 1,123 employed U.S. adults in firms of 10-1,000 employees

# Financial Professional Usage

- Just over a quarter of employees (28%) use a financial professional who provides them with financial advice, guidance and/or products for a fee or commission.
- Use of a financial professional increases with household income.

	Household Income						
	Total	Less than \$35K	\$35K-\$49,999	\$50K - \$74,999	\$75K - \$124,999	\$125K - \$199,999	\$200K+
Financial Professional Usage	28%	9%	28%*	21%*	32%*	43%*	37%

**28%**

*of employees use a financial professional who provides them with financial advice, guidance and/or products for a fee or commission.*

\*Significantly (95% confidence level) higher than less than \$35K income categories

*“Do you use a financial professional who provides you financial advice, guidance, and/or products for a fee or commission?”*  
 Base: 1,123 employed U.S. adults in firms of 10-1,000 employees

# Reasons for *Not* Using a Financial Professional

- The most common reason employees cite for not using a financial professional is not wanting to pay a fee (27%), followed by thinking they do not have enough savings or investments (19%).

	1Q 2014	2Q 2013	2Q 2012	2Q 2011
Don't want to pay a fee	27%	27%	24%	20%
Don't think I have enough savings or investments	19%	19%	21%	27%
Don't trust financial professionals	10%	10%	12%	14%
Know enough on my own	9%	9%	11%	7%
Haven't taken the time to find one	7%	9%	5%	6%
Rely on family, friends and/or coworkers for financial advice, guidance and/or products	5%	5%	4%	3%
Not sure how to go about finding a financial professional	4%	4%	5%	3%
Haven't been able to find a financial professional I can relate well with	2%	2%	2%	3%
Requires too much time	2%	1%	2%	2%
Other	5%	6%	5%	5%
Not sure	10%*	7%	10%	10%

\*Varies significantly (95% confidence level) from previous quarter

**11%**  
*of employees not currently using a financial professional are interested in using one.*

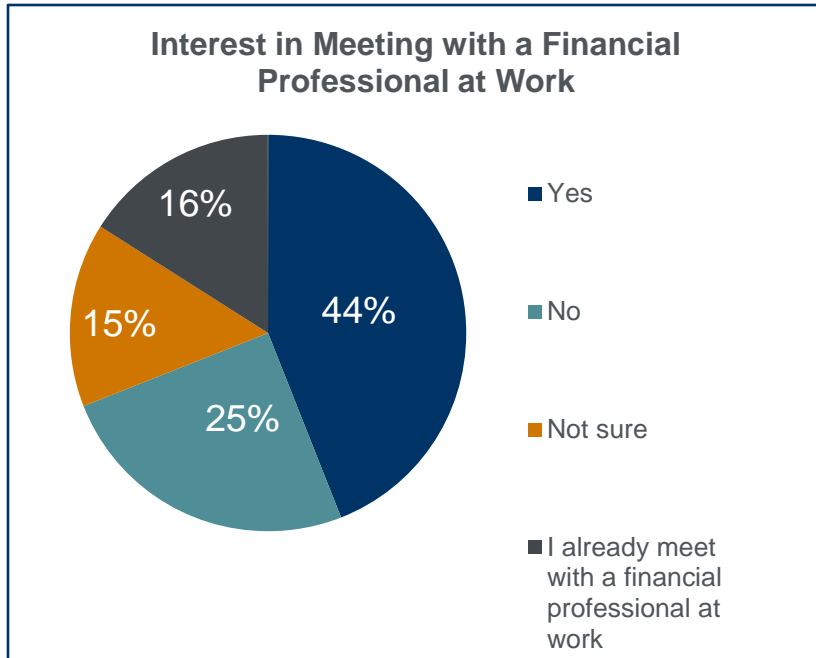
*"Which one of the following reasons best explains why you do not use a financial professional for financial advice, guidance and/or products?"*

*"Are you interested in using a financial professional who provides you financial advice, guidance, and/or products for a fee or commission?"*

Base: 811 employed U.S. adults in firms of 10-1,000 employees who do not use a financial professional

# Interest in Worksite Financial Professional Usage

- Over two in five (44%) employees that currently use a financial professional or are interested in using a financial professional have an interest in meeting with a financial professional at work.



Reasons for <u>Not</u> Being Interested in Meeting with a Financial Professional at Work	
	1Q 2014
Already work with a financial professional	59%
Don't need to work with a financial professional	5%
Don't have enough money or assets to work with a financial professional	4%
Concerned that I would be pressured to buy something	19%
Don't want to share my personal financial information with a stranger	10%
Concerned about confidentiality	21%
Don't trust financial professionals	4%
Too busy at work	23%
Had a bad experience with a financial professional in the past	1%
Other	9%

*"Would you be interested in meeting with a financial professional at work for financial advice, guidance, and/or products if your employer provided this opportunity?"*

Base: 403 employed U.S. adults in firms of 10-1,000 employees that currently use a financial professional or are interested in using a financial professional

*"Why wouldn't you be interested in meeting with a financial professional at work? Please select all that apply."*

Base: 100 employed U.S. adults in firms of 10-1000 employees that currently use a financial professional or are interested in using a financial professional but not interested in a workplace financial professional



# Benefits Satisfaction

- Over half of employees (57%) indicate they are satisfied with the benefit package their employer provides, up from 52% in 1Q 2013.
- Employees are most likely to be satisfied with their defined benefit plan (64%) profit-sharing bonus plan (62%), disability insurance (62%) and defined contribution plan (61%).
- Compared to 1Q 2013, satisfaction increased for all benefits.

	1Q 2014	1Q 2013	1Q 2012	1Q 2011	1Q 2010
Your Benefits Package Overall (N=1030)	57%*	52%	N/A	N/A	N/A
Profit Sharing/Bonus Plan (N=205)	62%	57%	56%	61%	59%
Defined Benefit Plan (N=250)	64%	56%	61%	65%	58%
Defined Contribution Plan (N=582)	61%	56%	54%	57%	54%
Stock Options (N=99)	54%	53%	46%	61%	51%
Life Insurance (N=607)	58%	53%	54%	58%	54%
Health Insurance (N=934)	55%	51%	50%	55%	50%
Dental Insurance (N=774)	56%*	51%	45%	47%	N/A
Vision Insurance (N=601)	56%*	48%	47%	48%	N/A
Disability Insurance (N=459)	62%*	46%	57%	56%	52%

\*Varies significantly (95% confidence level) from previous quarter

*“Although you may have mentioned more than appear below, you indicated that you have the following benefit program(s) through your company. Using a scale from “1” to “10”, where “1” means Not At All Satisfied and “10” means Very Satisfied, please indicate how satisfied you are with each benefit program.”*

Percentages included in chart represent those rating their satisfaction an 8, 9 or 10.

Base: varies by benefit offered by employer

# Benefits Importance

- The benefits most important to employees are health insurance (83%), defined contribution retirement plans (65%) and dental insurance (65%).
- The perceived importance of vision insurance, life insurance, and stock options increased slightly from 1Q 2013.

	1Q 2014	1Q 2013	1Q 2012	1Q 2011	1Q 2010
Health Insurance	83%	84%	86%	88%	88%
Defined Contribution Plans	65%*	71%	68%	72%	70%
Dental Insurance	65%	65%	67%	68%	67%
Defined Benefit Plans	55%	56%	49%	52%	50%
Vision Insurance	54%	52%	52%	50%	N/A
Disability Insurance	48%	51%	48%	51%	49%
Life Insurance	48%	44%	43%	47%	45%
Profit Sharing/Bonus Plan	41%	43%	36%	36%	35%
Stock Options	26%	23%	16%	17%	14%

\*Varies significantly (95% confidence level) from previous quarter

*“Using a scale from “1” to “10”, where “1” means Not At All Important and “10” means Very Important, please indicate how important each benefit program is to you.”*

Percentages included in chart represent those rating importance an 8, 9 or 10.

Base: 1,123 employed U.S. adults in firms of 10-1,000 employees

# Most Desired Benefits

- Employees most wish their employer would offer them a defined benefit plan (20%), followed by a profit sharing/bonus plan (13%) and flex time/flexible work schedule (10%).

	1Q 2014	1Q 2013	1Q 2012	1Q 2011	1Q 2010
Defined Benefit Plans	20%	20%	21%	21%	23%
Profit Sharing/Bonus Plan	13%	14%	13%	12%	12%
Flex Time	10%*	13%	12%	11%	12%

\*Varies significantly (95% confidence level) from previous quarter

*"Which one employee benefit do you most wish that your company would offer you (excluding vacation and holidays)?"*

Top 3 Benefits

Base: 1,117 employees without certain benefits

# Benefits Needing Improvement

- The benefit most employees (37%) would like to see their employer improve upon is health insurance.
- Another 13% of employees would like to see their employer improve their defined contribution retirement plan and 6% would like their employer to improve upon their profit sharing/bonus plan.

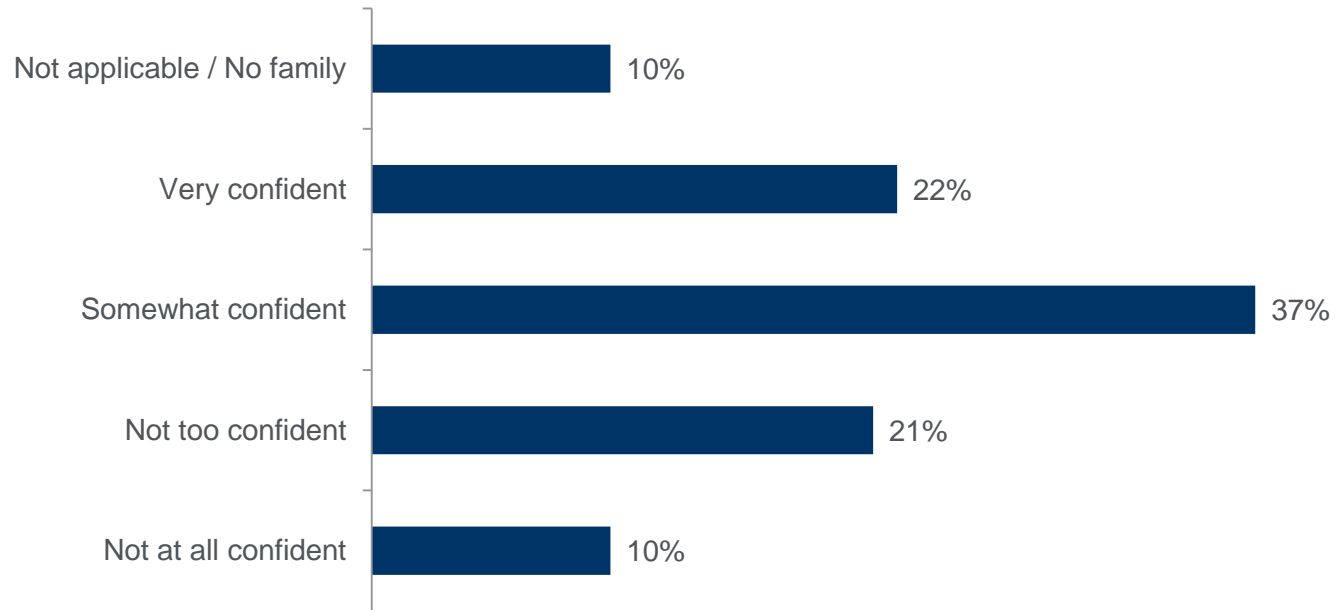
	1Q 2014	1Q 2013	1Q 2012	1Q 2011	1Q 2010
Health Insurance	37%*	42%	42%	34%	43%
Defined Contribution Plan	13%	13%	16%	17%	17%
Profit Sharing/Bonus Plan	6%*	4%	3%	5%	3%

\*Varies significantly (95% confidence level) from previous quarter

*“Which one employee benefit (excluding vacation and holidays) do you most wish that your company would improve upon?”*  
 Base: 1,104 employees without certain benefits

# Maintaining Current Lifestyle

- Over half of employees are very (22%) or somewhat (37%) confident that their family will have the financial resources to maintain their current lifestyle if they or their spouse died.

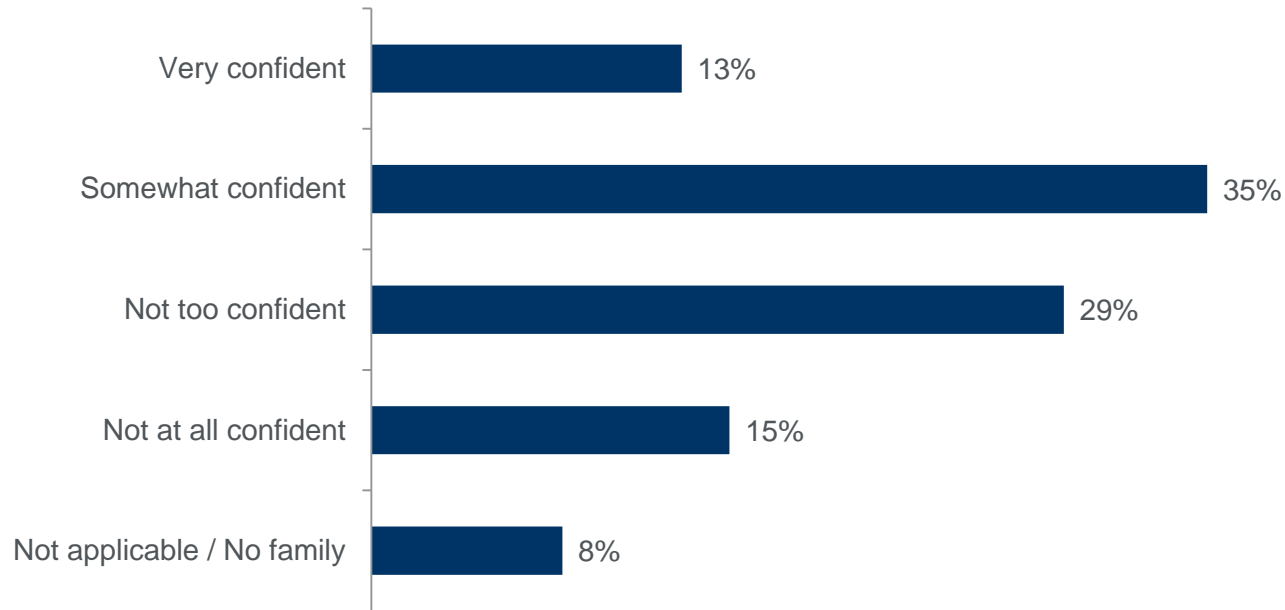


*"If you or your spouse died, how confident are you that your family will have the financial resources to maintain their current lifestyle?"*

Base: 1,123 employed U.S. adults in firms of 10-1,000 employees

# Ability to Live Comfortably if No Longer Working

- About half (48%) of respondents are very or somewhat confident that they would have enough money to live comfortably in retirement if they or their spouse became too sick or injured to work.

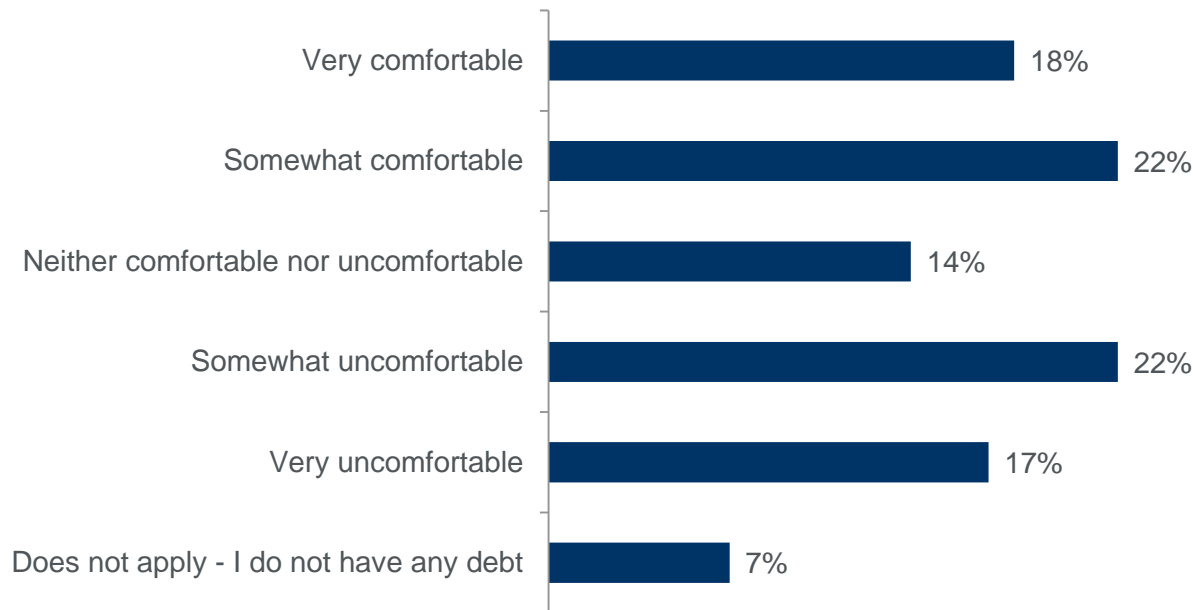


*"If you or your spouse became too sick or injured to work, how confident are you that you will have enough money to live comfortably in retirement?"*

Base: 1,123 employed U.S. adults in firms of 10-1,000 employees

# Current Amount of Debt

- Two in five employees are very (18%) or somewhat (22%) comfortable with the amount of debt they currently have.

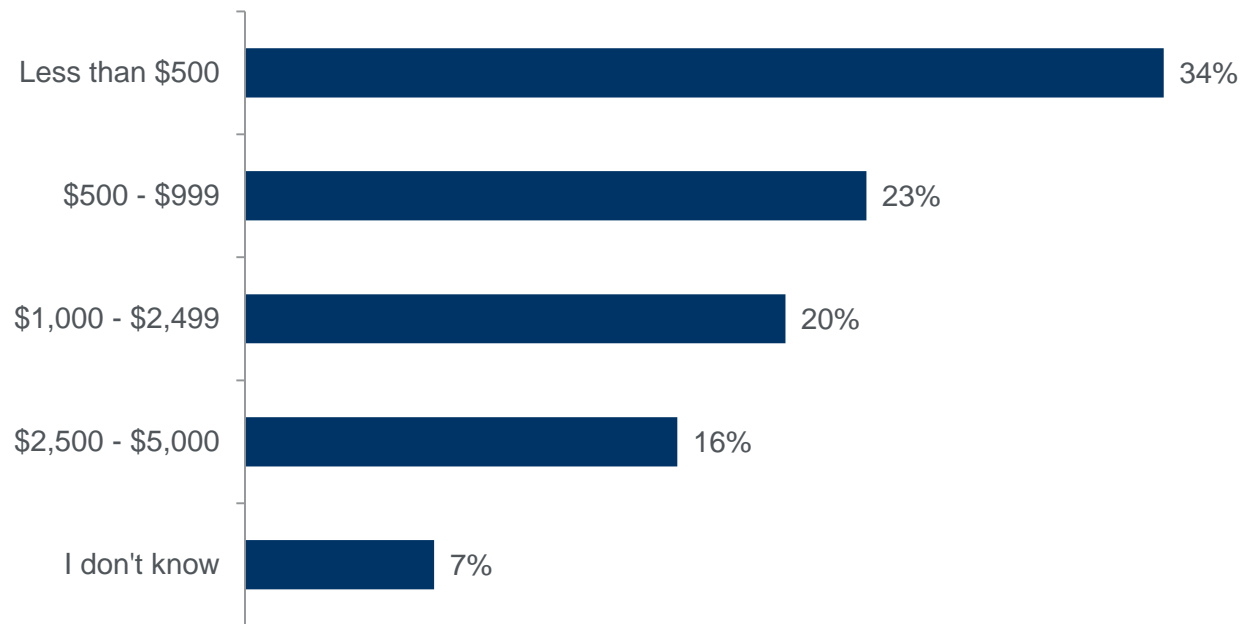


*"How comfortable are you with the amount of debt you currently have, including your mortgage, credit card debt, car loans, student loans, money owed on medical bills, etc.?"*

Base: 1,123 employed U.S. adults in firms of 10-1,000 employees

# Unexpected Dental Expenses

- About one-third (34%) of employees could pay less than \$500 for an unexpected out-of-pocket dental expense.



*"If you had an unexpected dental expense such as a filling, root canal, or braces for your child, how much could you afford to pay out of pocket?"*

Base: 1,123 employed U.S. adults in firms of 10-1,000 employees



# Basic Expenses

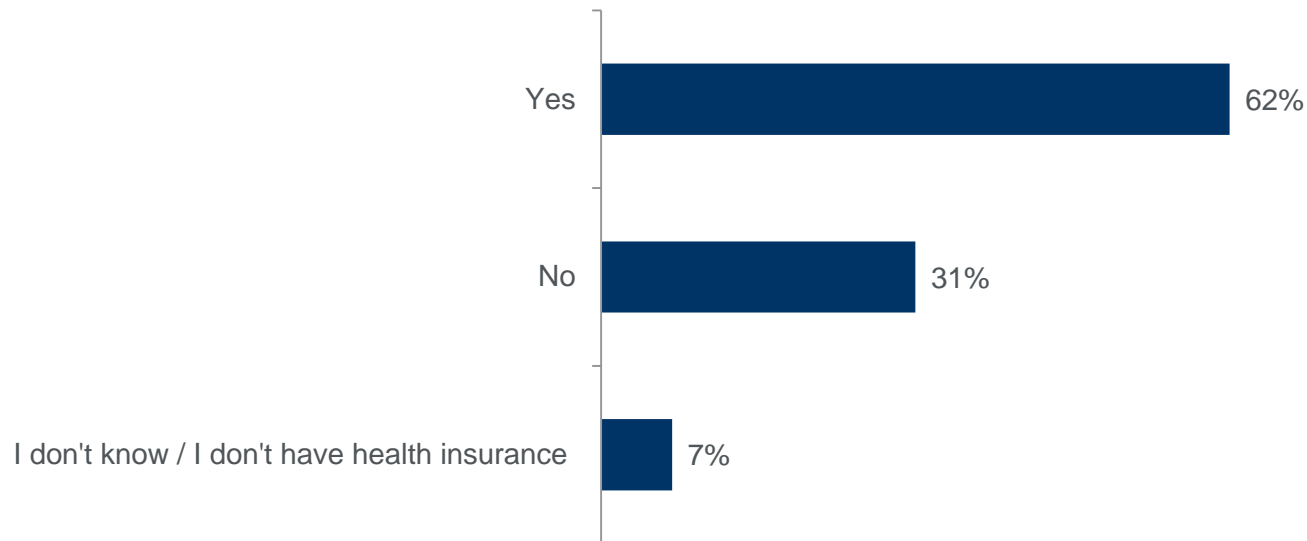
- About two-thirds (67%) of employees could pay for basic expenses, before tapping into their retirement savings, for one year or less if they were no longer working.



*"If you weren't working, how long could you pay your basic monthly expenses before tapping into your retirement savings?"*  
Base: 1,123 employed U.S. adults in firms of 10-1,000 employees

# Health Insurance Costs

- About three in five (62%) employees indicate they could pay health insurance costs if they or their spouse suffered a critical illness.

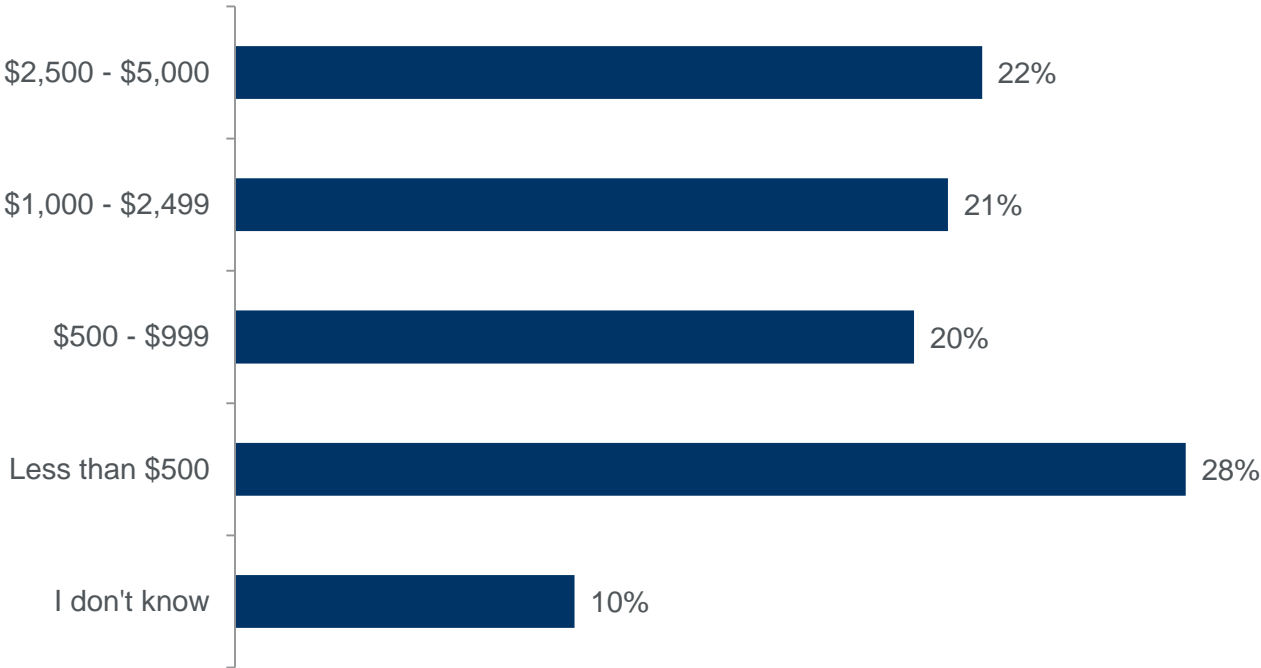


*"If you or your spouse suffered a critical illness, such as a heart attack or cancer, would you be able to pay your health insurance deductible (the amount of money you must pay before your health plan begins to pay for any procedure) and coinsurance (the shared cost of the procedure, usually a percentage, you pay after the deductible is met)?"*

Base: 1,123 employed U.S. adults in firms of 10-1,000 employees

# Out-of-Pocket Expenses

- Nearly half (48%) of employees could pay less than \$1000 for out-of-pocket medical and living expenses after an accident.



*"If you had an accident, how much could you afford to pay out of pocket to cover medical expenses and living costs not fully covered by other insurance such as health or disability?"*

Base: 1,123 employed U.S. adults in firms of 10-1,000 employees

# Methodology

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**This Principal Financial Well-Being Index<sup>SM</sup>: Employees** was conducted online within the United States by Harris Poll on behalf of the Principal Financial Group® between February 4 and February 12, 2014 among 1,123 employees. This is one in a series of quarterly studies to identify and track changes in the workplace of small and mid-sized (growing) businesses. The first Principal Financial Well-Being Index<sup>SM</sup> survey was conducted in the United States in 2000.

Employees consisted of adults 18+ who work at small and mid-sized (SMB) U.S. businesses (firm size 10-1,000 employees). Results were weighted as needed for age by gender, education, race/ethnicity, region and household income. Propensity score weighting was also used to adjust for respondents' propensity to be online.

All sample surveys and polls, whether or not they use probability sampling, are subject to multiple sources of error which are most often not possible to quantify or estimate, including sampling error, coverage error, error associated with nonresponse, error associated with question wording and response options, and post-survey weighting and adjustments. Therefore, Harris Interactive avoids the words "margin of error" as they are misleading. All that can be calculated are different possible sampling errors with different probabilities for pure, unweighted, random samples with 100% response rates. These are only theoretical because no published polls come close to this ideal.

Respondents for this survey were selected from among those who have agreed to participate in Harris Interactive surveys. The data have been weighted to reflect the composition of the entire population of adult employees working for small to mid-sized U.S. businesses. Because the sample is based on those who agreed to be invited to participate in the Harris Interactive online research panel, no estimates of theoretical sampling error can be calculated.