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Americans Likely Leaving $24 Billion in Unclaimed 401(k) Company Matching Contributions on the Table Annually, Financial Engines Finds

Typical 401(k) Participant Not Saving Enough to Get the Full Match Misses Out on $1,300 of "Free Money" Every Year

SUNNYVALE, CALIF. (May 12, 2015) – If your boss offered you a $1,300 bonus on the spot, you'd take it, right? So why do so many employees pass up the chance to potentially receive thousands of dollars every year in the form of a 401(k) match?

A new research report, "Missing Out: How Much Employer 401(k) Matching Contributions do Employees Leave on the Table?" issued by Financial Engines (NASDAQ: FNGN) estimates that Americans leave $24 billion in unclaimed 401(k) company matches on the table each year.

The company examined the saving records of 4.4 million retirement plan participants at 553 companies, and found that one-in-four employees (25 percent) miss out on receiving the full company 401(k) match by not saving enough. The typical employee failing to receive the full match leaves $1,336 of potential "free money" on the table each year, which equates to an extra 2.4 percent of annual income not received.[1] With compounding, this could amount to as much as $42,855 over 20 years.

According to Aon Hewitt, 92 percent of employers with 401(k) plans match employees' 401(k) contributions, with the most common scenario being one dollar for every dollar the employee contributes up to six percent of the employee's annual salary. [2]

"The 401(k) match is one of the best deals going for employees, providing an immediate guaranteed return per dollar invested, " explained Greg Stein, director, financial technology at Financial Engines. "Maximizing your available 401(k) match is a key way for millions of American employees to improve their retirement security. While many people might feel like they can't afford to save more, we hope that this study helps them realize what they are leaving behind."

[1] To arrive at this number, we restricted our analysis to employees for whom we have salary data. For employees who failed to receive the full match, the unutilized match amount, on average, was 2.4% of their annual income.

[2] Aon Hewitt 2013 Trends & Experience in Defined Contribution Plans, an Evolving Retirement Landscape.

Lower-Income and Younger Employees Most Likely to Miss Out
According to the report, lower-income and younger employees were much more likely than others to miss out on at least part of their employer matching contribution. For example, 42 percent of plan participants earning less than $40,000 per year do not take full advantage of the employer match, compared to just 10 percent of employees earning more than $100,000 annually. Likewise, employees under age 30 are approximately twice as likely to miss out on the employer match compared to employees over the age of 60 (30 percent vs. 16 percent).

However, for many employees, middle-age poses additional savings challenges. Financial Engines found that the steady decline in employees missing out on their match is interrupted between the ages 35 and 45, when the rate of decline flattens out. While the report did not look at why the savings dip occurs, the costs of raising a family or buying a home could be making it more difficult for employees to save for retirement during this time.

Workplace Advisory Services and Match Maximization
According to the report, employees across all ages and income levels who used Financial Engines advisory services missed out less on their employer match compared to those not receiving this help (15 percent versus 26 percent). For example, among employees earning less than $40,000 who used workplace advisory services, 25 percent missed out on part of their employer match, compared to 44 percent among those who did not use advisory services.

In addition to offering independent advisory services to employees, best practices among plan sponsors seeking to improve savings rates and the percentage of employees who receive the full match could include automatically enrolling employees into the plan at the full-match rate; or automatically escalating savings rates over time until employees receive the full match.

"Designing a saver-friendly 401(k) plan and making high-quality, independent advice available can help employees save more and avert the growing retirement crisis facing America," said Stein. "If you have access to professional financial help, use it. By saving more today and taking advantage of the full employer match benefit, American employees can improve their chances of enjoying more secure retirements."

For employees looking to save more, Financial Engines offers the following savings tips:

- **Know your plan.** Find out how much your employer will match your 401(k) contributions and strive to save at least enough to get the full match.
- **Get professional financial help at work.** If you have access to advisory services through your employer, take advantage of that benefit.
- **Ask a financial advisor.** Talk with a financial advisor (preferably a fiduciary, legally required to put their clients' interests ahead of their own) who can help you identify ways to save more.
- **Commit to save more when you can.** If you can't afford to save enough to get the full match today, increase your savings rate when you get your next raise and each raise thereafter until you reach your 401(k) contribution limit.

To download a copy of the report, visit http://corp.financialengines.com/docs/Financial-Engines-401k-Match-Report-050615.pdf.

About Financial Engines
Financial Engines is America's largest independent investment advisor.[3] We help people make the most of their retirement assets by providing professional investment management and advice. Headquartered in Sunnyvale, CA, Financial Engines was co-founded in 1996 by Nobel Prize-winning economist Bill Sharpe. Today, we offer retirement help to more than nine million employees across 600+ companies nationwide (including 146 of the Fortune 500). Our investment methodology, combined with powerful online services, dedicated advisor center and personal attention allow us to help more Americans get on the path to a secure retirement. Advisory and sub-advisory services provided by Financial Engines Advisors, L.L.C., a federally registered investment advisor and wholly-owned subsidiary of Financial Engines, Inc. Financial Engines does not guarantee future results.

Forward-Looking Statements
This press release contains forward-looking statements, including statements regarding the use of professional investment and financial planning help, which involve risks and uncertainties that could cause actual results to differ materially. These risks and uncertainties are outlined in our SEC filings. You are cautioned not to unduly rely on these forward-looking statements, which speak only as of the date of this press release. Unless required by law, Financial Engines undertakes no obligation to publicly revise any forward-looking statement to reflect circumstances or events after the date of this press release or to report the occurrence of unanticipated events.

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[3] For independence methodology and ranking, see InvestmentNews Data Center. (http://data.investmentnews.com/ria/).