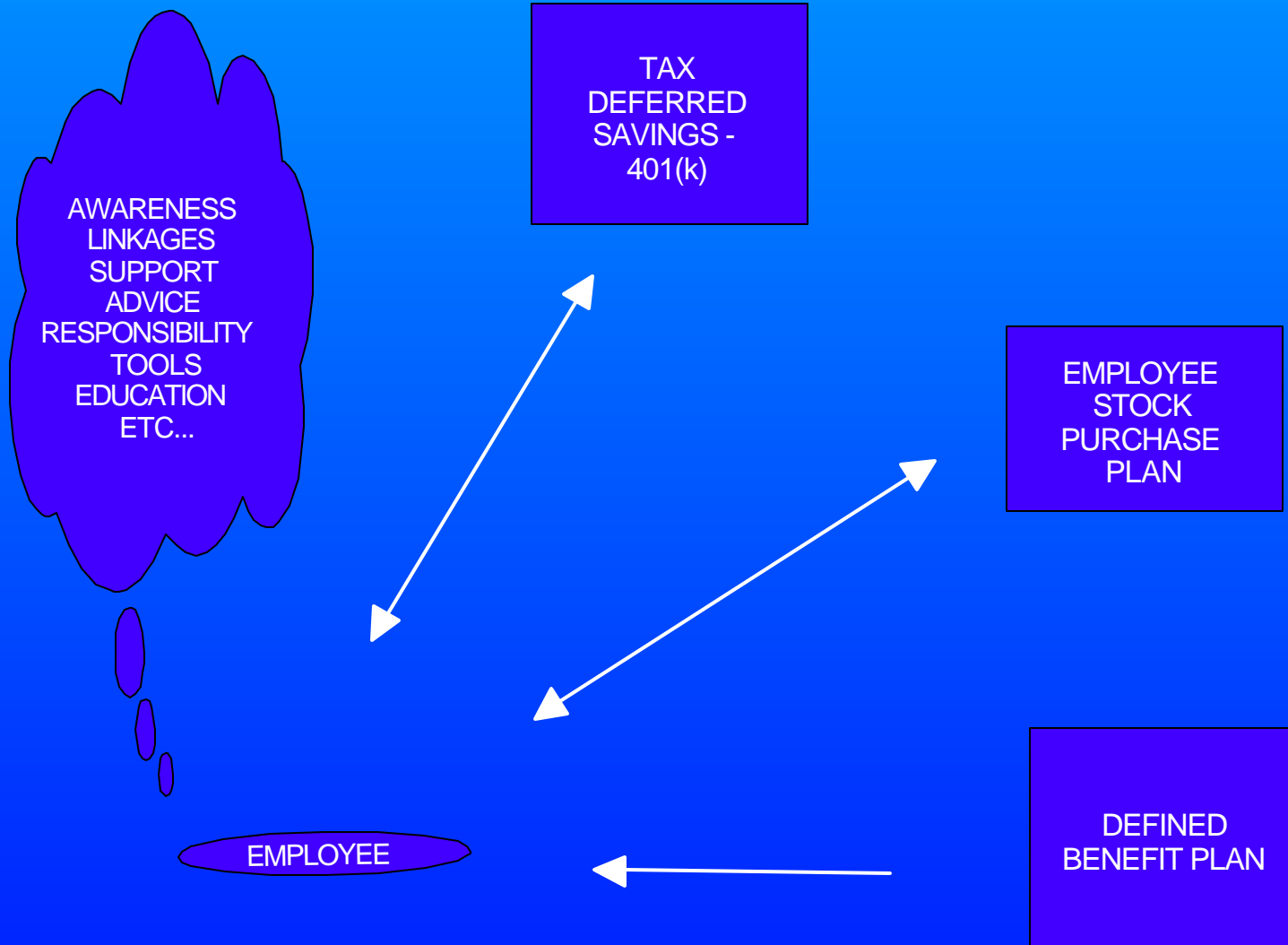


"EMPLOYMENT DRIVEN" CAPITAL ACCUMULATION OPPORTUNITIES



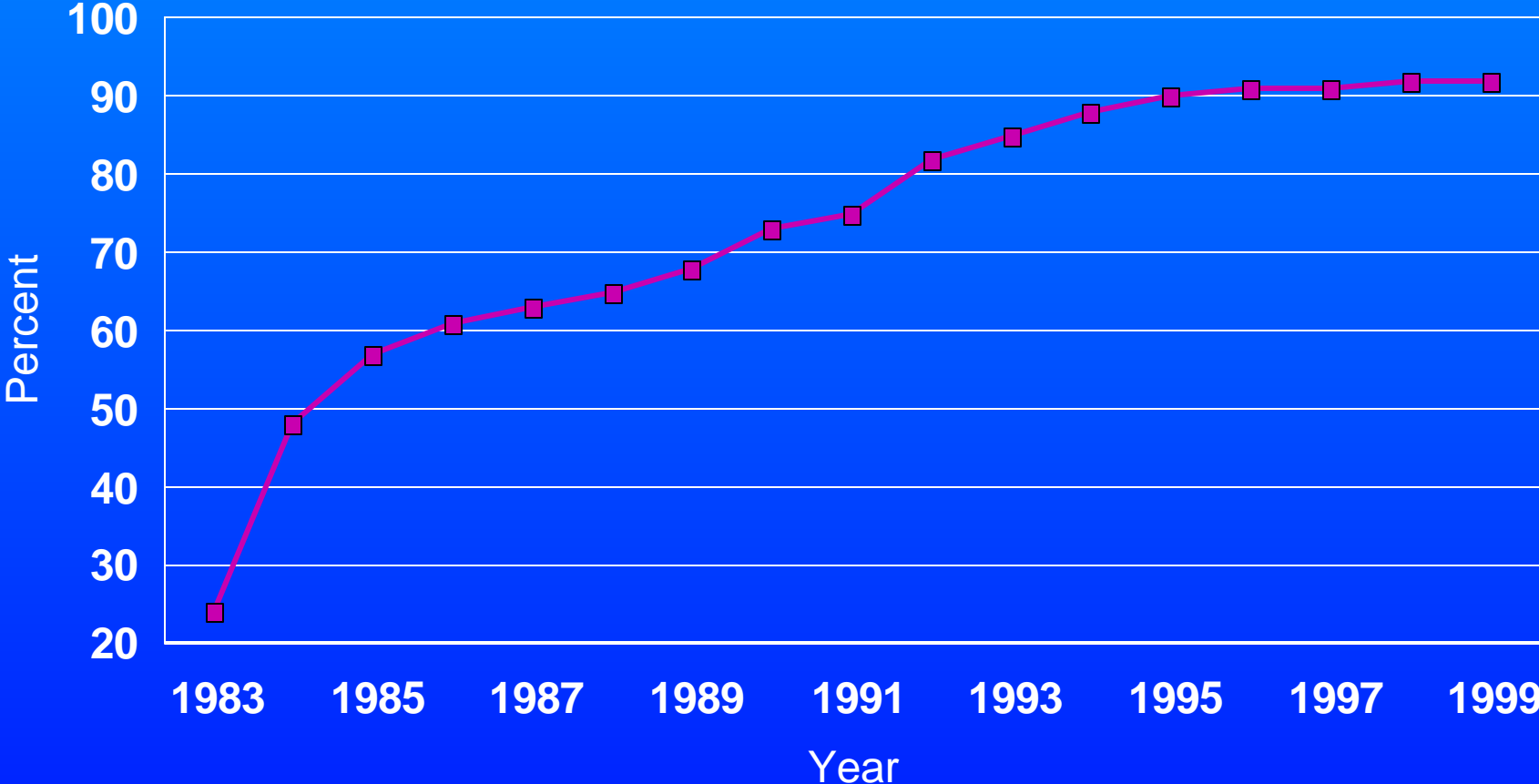
IBM INITIATIVES TO PROMOTE SAVING

Tools available to take action and make informed decisions :

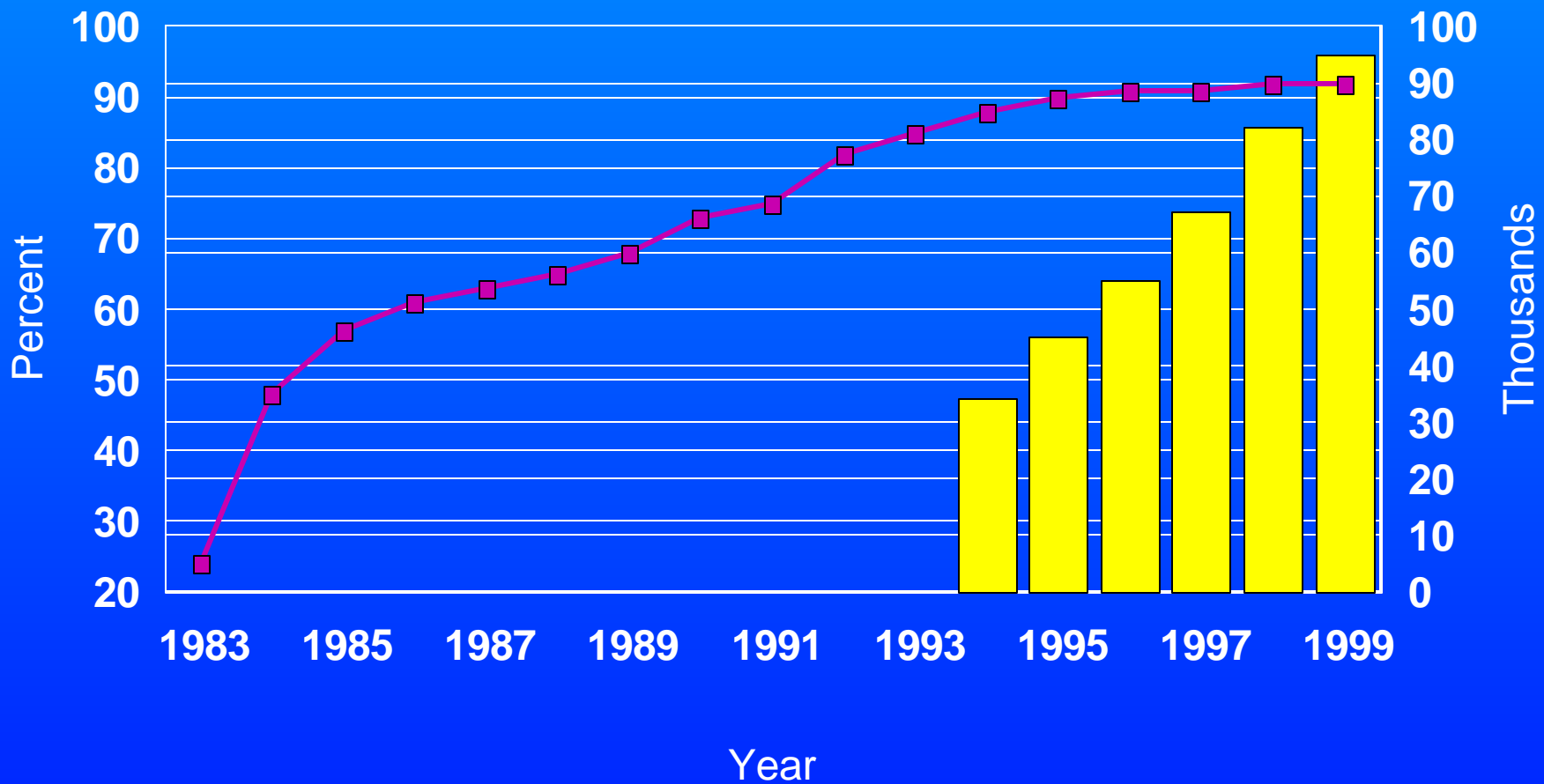
- **Personal Financial Planning Option**
 - **Quarterly 401(k) Newsletter**
 - **401(k) Plan Website**
 - **Money@Work Website**
 - **Targeted Mailings**
 - **Electronic Bulletin Board Postings**
 - **Optimizer / Estimator Tools**
-
- **Ease of use and linking with web based tools important in delivery of message**

IBM 401(K) PLAN PARTICIPATION GROWTH

Participation Rate 1983 - 1999



IBM 401(k) PLAN PARTICIPATION & AVERAGE ACCOUNT BALANCE GROWTH



IBM BUILDING BLOCKS OF FINANCIAL SECURITY



AVERAGE 401(k) PLAN PARTICIPATION DATA

■ By Plan Size (number of participants)

Percent

- | | |
|------------------|----|
| ● 100 to 499 | 74 |
| ● 500 to 2,499 | 68 |
| ● 2,500 to 4,999 | 67 |
| ● 5,000 to 9,999 | 68 |
| ● 10,000 to more | 64 |

■ By Age and Compensation

Age
Percent

Compensation
Percent

(Age or \$k)

- | | | |
|------------|----|----|
| ● 20 - 29 | 50 | 62 |
| ● 30 - 39 | 69 | 72 |
| ● 40 - 49 | 73 | 76 |
| ● 50 - 59 | 75 | |
| ● 60 - 64 | 72 | |
| ● 65 - 69 | 61 | |
| ● 50 - 74 | | 81 |
| ● 75 - 100 | | 87 |

AVERAGE 401(k) DEFERRAL RATES FOR NHCE

■ BY PLAN SIZE (number of participants)

NHCE

- 100 to 499 6.5
- 500 to 2,499 6.6
- 2,500 to 4,999 6.7
- 5,000 to 9,999 6.6
- 10,000 to more 7.3

■ BY AGE and COMPENSATION

AGE

COMPENSATION

NHCE

NHCE

(Age or \$K)

- 20 - 29 5.8 5.8
- 30 - 39 6.5 6.4
- 40 - 49 6.8 7.1
- 50 - 59 8.0
- 60 - 64 8.9
- 65 - 69 8.8
- 50 - 74 7.9
- 75 - 100 7.9

TOP IDEAS GENERATED BY THE NATIONAL SUMMIT ON RETIREMENT PLANS

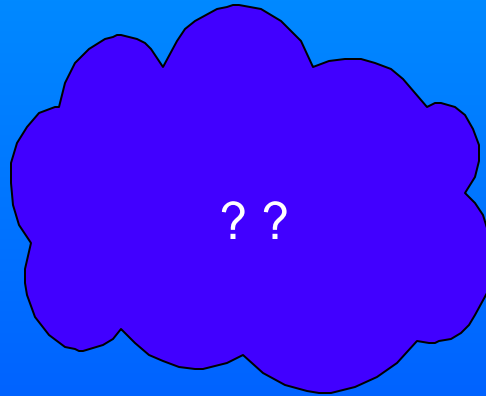
- **7 of the top ten and 13 of the top 20 focused on the need for more education.**

- **The top ten are :**
 - **Educate about the benefits of starting to save early**
 - **Educate people on the costs of retirement**
 - **Encourage the use of payroll deductions**
 - **Develop financial planning curriculum for high schools and colleges**
 - **Provide simple, user friendly, easy to understand information on retirement savings**
 - **Encourage portable models**
 - **Educate employers on how to set up low cost plans (as part of a public awareness program)**
 - **Develop an on-going, funded, public awareness program to create culture of savings and thrift**
 - **Increase availability of payroll deductions and direct deposits for IRA's and/or other savings vehicles to encourage savings (that would not be accessible until retirement)**
 - **Develop an education campaign that includes different messages targeted at different groups such as : people at risk, young people, low-income people, savers vs. non-savers, ethnic groups and high/low education levels**

CURRENT ENVIRONMENT

■ STIMULUS

- 1)
- 2)
- 3)
- 4)
- 5)



■ INHIBITORS

- 1)
- 2)
- 3)
- 4)
- 5)

