

Almost half of group savings plan members not taking full advantage of contributions from their employers

New website from Fidelity Investments aims to help employees, employers maximize their plans

TORONTO, May 2 /CNW/ - In an analysis of group savings plan members, Fidelity Investments has found that almost half (49%) are not taking full advantage of contributions from their employer. In some instances, employees are forgoing as much as \$1,600 a year in matching contributions from their employer. This information came from research into the behaviours of group savings plan members with plans administered by Fidelity Investments.

Fidelity's research found that over 37% of members eligible for a matching contribution from their employer are not contributing anything to their group savings plan, missing out on an important way to save for their retirement. Fidelity also identified an additional 12% of members, while contributing to their company plan were not maximizing their own contributions. This means that they are not eligible to receive the full matching contribution from their employer, leaving behind as much as \$900 a year.

"Increasingly, the responsibility of saving for retirement is being shouldered by individuals. Yet when presented with what amounts to free money from their employer, almost half of Canadian group savings plan members are simply choosing to not take full advantage of this benefit," said Stuart Graham, Executive Vice-President, Retirement Services, "The biggest challenge that employers face today is that many plan members lack the interest, knowledge, time or skills to make the most appropriate choices when it comes to their group plan."

To help plan members and employers make the most of their group savings plan, Fidelity is introducing NetBenefits, a new website which will be available to all of Fidelity's group savings plan members in June 2006. Plan members can easily enrol in their company plan, maximize their contributions including making the appropriate investment choices and ultimately prepare for retirement. NetBenefits is based on Fidelity's award-winning US NetBenefits site, which has won numerous awards for usability and design and is currently ranked among the top plan sponsor websites. In 2005, the U.S. NetBenefits site was accessed more than 160 million times by the over 18 million U.S. employees and retirees in plans serviced by Fidelity.

The new NetBenefits website has been designed with the plan member in mind, making the user experience highly intuitive, relevant and personalized. NetBenefits gives members the opportunity to tailor the site to their specifications, with content, information and tools relevant to them. They can also quickly and easily change their investment choices at any time, including their contribution levels. For plans with employer matching programs, members can access calculators to see how a contribution increase, combined with their employer matching dollars can make a difference to their savings over the long term.

Another innovation available with NetBenefits is the ability for members to automatically schedule their portfolio to rebalance back to their target asset mix. For example, a plan member might have initially set up their savings plan to invest 50% in equity funds, 35% in fixed-income and 15% in money market or more liquid investments. However, over time, with changes in the markets, these asset mixes can become out of balance.

"While many plan members have experienced growth in their portfolios with the increases in the equities markets, their portfolios might now be too

heavily weighted towards equities. This can increase risk, which is especially problematic for plan members approaching retirement," said Graham. "With NetBenefits, members can choose automatic rebalancing to keep their asset mixes and risk tolerances in line with their preferences, ensuring retirement savings are better protected."

Fidelity Investments is Canada's eighth largest mutual fund company and part of the Fidelity Investments organization of Boston, one of the world's largest providers of financial services. In Canada, Fidelity manages a total of \$40 billion in mutual fund and corporate pension plan assets. It offers Canadian investors a full range of domestic, international and sector mutual funds. Fidelity funds are available through a number of advice-based distribution channels including financial planners, investment dealers, banks, and insurance companies. Fidelity Investments also administers defined contribution plans and manages defined benefit assets on behalf of corporate clients across Canada.

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