PARTICIPATION IN TAX DEFERRED RETIREMENT PROGRAMS
IN A DEFINED BENEFIT ENVIRONMENT

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ABSTRACT

The purpose of this study is to examine the major factors that influence employees’ decisions regarding their levels of participation in employer sponsored tax-deferred retirement savings accounts (TDAs).

At the broadest level of interest, this study, in keeping with other research, would suggest that consumers are in need of aid to get the best use of TDA programs. Many experts believe that the industry has erred on the side of providing too much information on financial investments, perhaps to the point that it discourages some individuals from taking action to invest. One way to begin to understand how provision of information may be impacting participation in these programs is to see how employees’ educational levels and financial sophistication relate to their decisions to participate in TDAs. This study examines factors of that nature for one employer to set the stage for continued research in this area.