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# Notes

## Preservation and Annuitization in Retirement Saving Accounts

### Introduction

Many workers are accumulating significant amounts of money in individual retirement saving account vehicles such as IRAs and 401(k) plans, in addition to other forms of defined contribution plans. A great deal of attention is currently being focused on the decisions that workers must make regarding their participation in these plans; first, whether to participate and then, how much to contribute and how to allocate assets among the available options. In addition, attention is paid to the issue of benefit preservation on job change, i.e., whether workers spend their account balance or roll it over into an IRA or a new employer's plan. Little attention has been focused to date on the decisions that workers make regarding the disposition of their account balances on reaching retirement age. Are these assets simply annuitized by most? Do the funds continue to be actively invested, say in an IRA account?

The 1996 Retirement Confidence Survey, co-organized by the Employee Benefit Research Institute, Mathew Greenwald and Associates, and the American Savings Education Council (ASEC), addressed both the issue of benefit preservation among workers receiving a

lump-sum distribution (LSD) and that of the disposition of account balances among workers reaching retirement age.

### Retiree Use of Retirement Savings

**IRAs**—Retirees were first asked if, at the time they retired, they had any money in an IRA. Close to one-half (46 percent) reported that they had an IRA. They were then given five options and asked whether they had used any of their IRA money in any of these five ways. Nearly one-half (45 percent) of IRA owners reported that they had left some or all of the money in the IRA without making any withdrawals to date (chart 1). Thirty percent reported leaving some or all of the money in the IRA and making withdrawals as needed, and 29 percent reported leaving some or all of the money in the IRA and receiving regular periodic payments from the account.

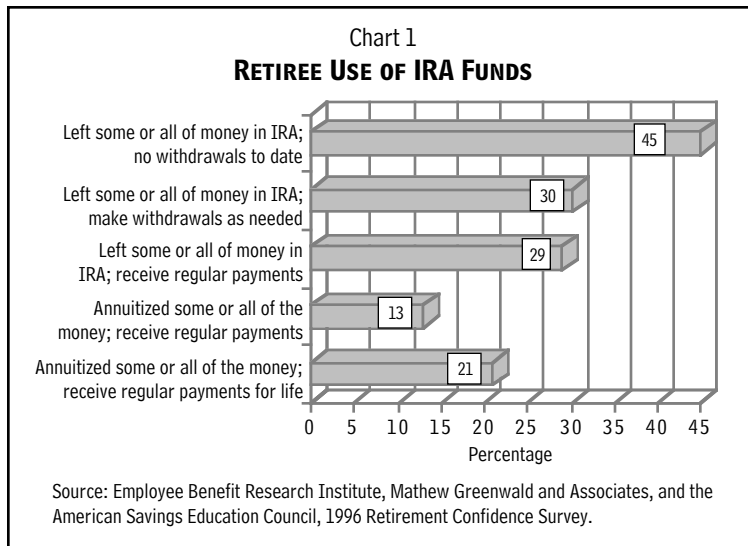
One-fifth (21 percent) reported annuitizing some or all of the money and receiving regular payments guaranteed for life. Thirteen percent reported annuitizing some or all of the money and receiving regular payments.

Younger retirees are much more likely to report having left some or all of the money in the IRA without having made any withdrawals to date. Seventy percent of those under age 65 reported this behavior, compared with 31 percent of those aged 70–74 and 6 percent of those aged 75 and over. Older workers are more likely to report receiving regular periodic payment

either through annuitization or directly from the IRA. This indicates that retirees do not touch this money immediately on retirement, but that they eventually do begin to draw on it through a formalized payment mechanism later on in retirement. Higher income retirees are also much more likely to have left the money in the IRA without having touched it yet (52 percent of those with incomes over \$35,000, compared with 23 percent of those with incomes under \$25,000).

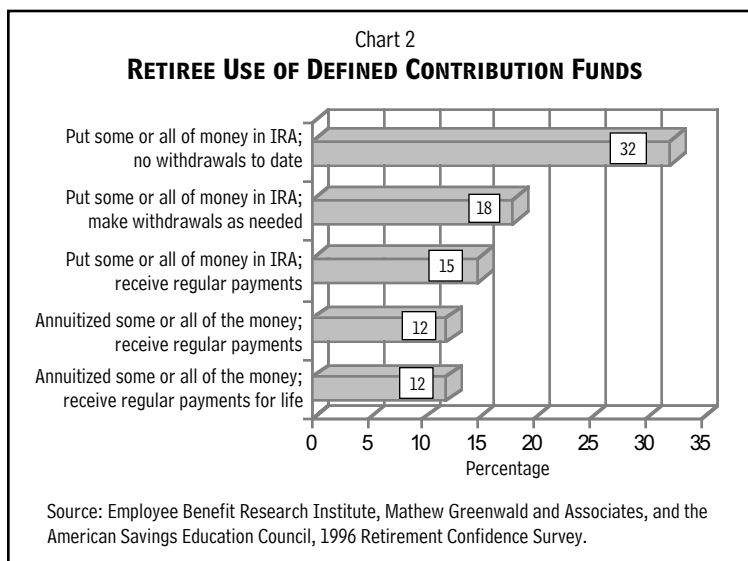
**401(k) Plans**—One-fifth (21 percent) of retirees had money in an employment-based retirement savings plan, such as a 401(k), at the time they retired. Sixteen percent had money in any other type of defined contribution plan, such as a profit-sharing plan. Allowing for those with both types of accounts, 30 percent of retirees retired with money in any form of employment-based defined contribution plan. They were then given five options and asked whether they had used any of their account money in any of these five ways.

The most common action (reported by 32 percent) was to put some or all of the money in an IRA from which no withdrawals had yet



been made (chart 2). This finding is analogous to the findings regarding IRAs in that the most common use of the money is to leave or put it in an IRA and not touch it immediately. Note that retirement is a self-reported status, and that 13 percent of retirees are under age 60. Penalty-free withdrawals from IRAs, 401(k)s, and other defined contribution plans may not commence before age 59<sup>1/2</sup>. This likely accounts for some of this behavior but obviously not all of it.

Eighteen percent of retirees reported putting some or all of the money in an IRA and making withdrawals as needed, and 15 percent put some or all of the money in an IRA and receive regular



periodic payments from the account. Twelve percent reported annuitizing some or all of the money and receiving regular payments guaranteed for life, and 12 percent

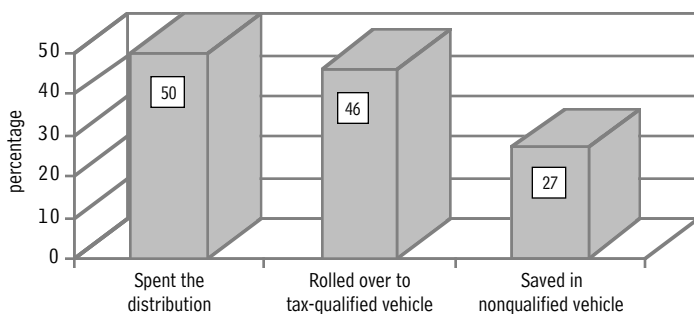
reported annuitizing some or all of the money and receiving regular payments.<sup>1</sup>

Again, older retirees are more likely to be receiving regular periodic payments as a result of this money (either through annuitization or via an IRA), while younger retirees are more likely to have put the money in an IRA and not have touched it yet.

### Workers and LSDs

The 1996 Retirement Confidence Survey also asked current workers whether within the past three years they had received an LSD from a retirement plan on leaving a job before retirement. Changes in the laws regarding LSDs became effective in 1993. These changes were designed to encourage benefit preservation by mandating the opportunity for direct transfers of account balances to an IRA or a new employer's plan and by instituting a 20 percent withholding on accounts that did not utilize the direct transfer option. Ten percent of workers responded that they had received a distribution within the

Chart 3  
**WORKER USE OF PRERETIREMENT LUMP-SUM DISTRIBUTIONS**



Source: Employee Benefit Research Institute, Mathew Greenwald and Associates, and the American Savings Education Council, 1996 Retirement Confidence Survey.

past three years. Among those receiving a distribution, 50 percent reported spending some or all of the money distributed, 46 percent reported rolling over at least some of the money into an IRA or a new employer's plan, and 27 percent reported putting at least some of the money into another type of saving vehicle besides an IRA or a new employer's plan (chart 3).<sup>2</sup> Lower income workers (with annual income less than \$35,000) and younger workers (under age 35) were notably less likely to have rolled over their distribution.

Therefore, at least 5 percent of all current workers have experienced some degree of benefit leakage from the employment-based retirement system over the past three years because they chose to spend some or all of an LSD that they received.

### **Implications**

These findings indicate that, despite changes in place since 1993 designed to encourage preservation of retirement benefits, many workers, particularly younger workers and workers with lower earnings, choose not to roll over their LSDs when changing jobs. Such behavior has the potential to result in the loss of significant

retirement income.

When workers retire with money in retirement savings vehicles, such as IRAs or 401(k)s, they tend to initially leave the money untouched in the IRA, or if it is in an employment-based plan they tend to put it in an IRA and leave it untouched initially. At older ages, they then tend to draw on it by some means of regular periodic payments, such as annuitization. As the 401(k) system matures and significant numbers of workers begin to retire with very large account balances that must last the remainder of their lives, educating workers about their options and how best to manage this money into retirement will assume the level of importance devoted to participation and asset allocation education today.

—Paul Yakoboski, EBRI

### **Endnotes**

<sup>1</sup> These numbers sum to 89 percent. Some retirees took some other action with their account balances other than the five specifically asked. This is likely accounted for mostly by retirees who have left the money within the employment-based plan to date.

<sup>2</sup> Workers who were eligible to receive a distribution but chose instead to leave their funds behind in their former employers' plans would not report having received a lump-sum distribution.

## **Public Attitudes on Social Security Reform**

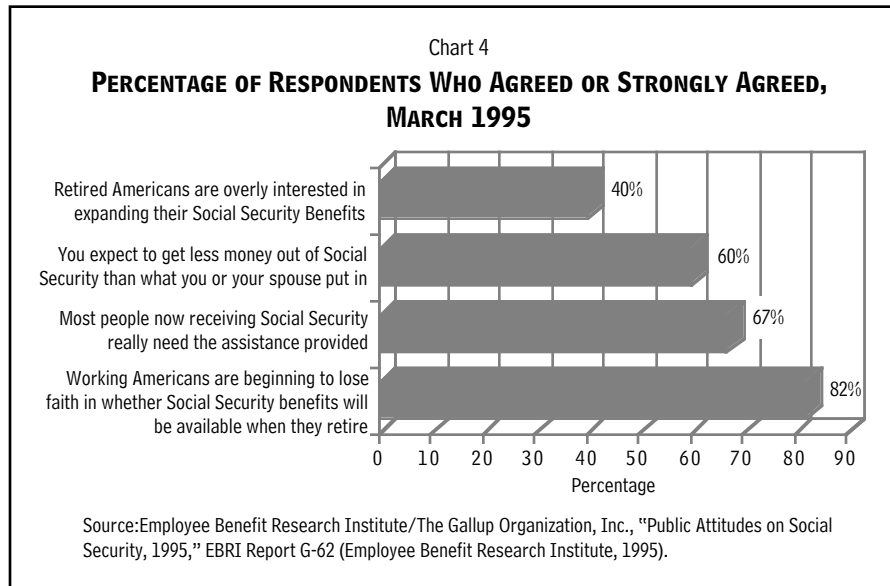
### **Introduction**

Surveys conducted by the Employee Benefit Research Institute and the Gallup Organization, Inc. from February 1990 to March 1995 examined public attitudes on Social Security.<sup>1</sup> Time trends and direct comparison among the surveys are problematic due to changes in question wording or response options. However, the survey results do provide some insights into attitudes toward Social Security and how these attitudes have shifted over the years.

### **The Current System**

In the early 1990s, Americans were evenly split in their beliefs about the likelihood that the Social Security system will be able to pay benefits to respondents when they retire; in 1990 and 1991, 49 percent believed they would receive benefits. However, in 1990, 92 percent of respondents did not believe that the Social Security benefits alone would allow them to meet all of their financial needs during retirement. In recent years, most Americans have become aware of the financing issues facing today's Social Security system. By 1995, 82 percent agreed or strongly agreed with the statement that

working Americans are beginning to lose faith in whether Social Security benefits will be available when they retire (chart 4).



increases in order to lessen the tax burden on future workers (63 percent in favor) (chart 5). Interviewees were informed that, in order to

Is the current Social Security system a good program for today's younger workers? Only one-third of respondents in 1995 either agreed or strongly agreed that it is, while nearly one-half (47 percent) disagreed or disagreed strongly.

### **Reform Proposals**

Several of the reform proposals put forth today advocate contributions to individual retirement accounts. In 1991, when asked if Social Security taxes, or a portion of these taxes, should go to individual retirement accounts in the worker's own name, or if the system should remain as it is, 61 percent thought the money should go to individual accounts, while 32 percent believed the system should stay as it is. The March 1995 survey found that 53 percent agreed or strongly agreed that most people could make more money by investing their retirement funds in the private sector than they could from Social Security. This has been a hot topic recently, with regard to individuals' ability to invest wisely and at an appropriate risk level. These concerns translate into a concern for overall retirement

income adequacy.

The idea of a voluntary Social Security system has also arisen in the proposals for reform. In 1990 and 1991, among survey respondents, 45 percent and 50 percent, respectively, were in favor of voluntary participation. While some advocates of reform favor a voluntary program, this idea has raised concern among others regarding the adequacy of individuals' income in retirement.

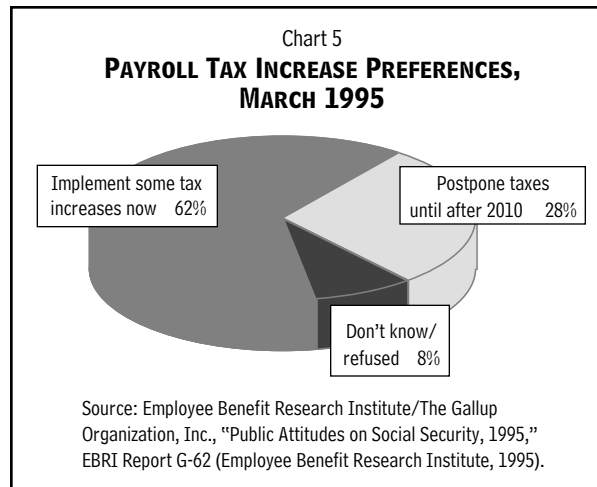
When respondents were asked in the 1991 survey if they thought higher taxes would be required in order for Social Security benefits to be paid in the next century, 73 percent responded affirmatively. Forty-two percent of individuals surveyed in 1995 disagreed or strongly disagreed with the statement that taxes will have to be raised dramatically to pay for Social Security benefits in the future. In comparison, one-third agreed or strongly agreed with the preceding statement.

Contrary to the notion that individuals do not welcome immediate change, in the March 1995 survey, Americans indicated a preference for some immediate tax

maintain present levels of Social Security benefits for baby boomers, the Social Security payroll tax would have to increase approximately 27 percent to 33 percent for both employers and employees by 2030. Twenty-eight percent said they preferred to postpone taxes until after 2010.

### **Changes in the Level of Benefits Received**

Twenty-four percent of surveyed individuals in April 1994 expected the level of Social Security benefits to increase in the future, while 40 percent expected benefits to decrease and 31 percent believed they would be eliminated. Benefits would remain the same, according to 4 percent of respondents. A similar question was asked in March 1995; however, direct comparison of the responses is not possible because the questions were phrased differently<sup>2</sup> and the response options differed as well. In March 1995, 21 percent of respondents expected that benefits would be reduced for all people, whereas 25 percent expected they would be reduced at a greater rate for higher



income people than for lower income people. Additionally, 26 percent thought the benefits would stay the same, and one-fifth thought they would be eliminated.

Interestingly, when individuals were asked what they believed *should* happen to the level of benefits (as opposed to what they *expect* to happen), their responses were quite different. Not surprisingly, a greater percentage would prefer to see only some people affected by reform. Five percent believed that Social Security benefits should be reduced for everyone, but 45 percent believed that benefits should be reduced more for higher income people than for lower income people. Another 40 percent thought benefits should stay the same, and 4 percent thought the benefits should be eliminated.

### **Expected Returns**

In the March 1995 survey, 60 percent of respondents supported the fact that a part of every working person's income goes to support the Social Security program, which is the basic premise of a social insurance program. However, 17 percent of individuals were opposed to this fact. Although a majority believe that everyone should pay into Social Security, some believe that not everyone should receive benefits from the program. Thirty-two percent agreed or strongly agreed that retirees with earnings over

\$100,000 should not get Social Security, even if they paid into the system. However, nearly one-half (47 percent) either disagreed or strongly disagreed with the previous statement.

Sixty percent of those surveyed in 1995 expected to receive less money from Social Security than they contributed. Interestingly, age differences existed for this question. Among those aged 18–34 and 35–54, 72 percent and 67 percent, respectively, expected to contribute more money than they would receive from Social Security. In comparison, 34 percent of those aged 55 and over expected to receive less money than they contributed.

In general, Social Security is believed to be a good program and, in 1995, 67 percent agreed or strongly agreed that most people receiving Social Security really need the assistance provided. Most people are now aware of the upcoming issues facing the program and are conscious of the need for some type of reform.

—Pamela Ostuw, EBRI

### **Endnotes**

<sup>1</sup> See Employee Benefit Research Institute/The Gallup Organization, Inc., "Public Attitudes on Social Security, 1990," EBRI Report G-7 (Washington, DC:

*Employee Benefit Research Institute, 1990*); "Public Attitudes on Social Security Benefits, 1991," EBRI Report G-23 (Washington, DC: Employee Benefit Research Institute, 1991); "Public Attitudes on Social Security, Part I," EBRI Report G-56 (Washington, DC: Employee Benefit Research Institute, 1993); "Public Attitudes on Social Security, Part II," EBRI Report G-57 (Washington, DC: Employee Benefit Research Institute, 1994); and "Public Attitudes on Social Security, 1995," EBRI Report G-62 (Washington, DC: Employee Benefit Research Institute, 1995).

<sup>2</sup> The April 1994 question read, "Do you expect the level of Social Security benefits to increase, decrease, or be eliminated in the future?" while the March 1995 question read, "In the future, do you expect that Social Security benefits will: (a) be reduced for all people, (b) be reduced at a greater rate for high income people than for low income people, (c) stay the same, (d) be eliminated, or (e) don't know."

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## Washington Update

### *The Budget and Taxes*

The President submitted his budget proposal Feb. 6 that would bring the federal budget into a modest surplus by 2002, using the assumptions of the Office of Management and Budget. Although his budget has been subject to considerable criticism, Republican leaders such as Sen. Pete Domenici (R-NM), chair of the Senate Budget Committee, continue to talk about areas of broad accord on tax policy and using the President's budget as a base on which to build an agreement. Using the more conservative assumptions of the Congressional Budget Office, the President's proposal does not achieve balance by 2002.

**Outlook:** A budget agreement is certain this year, and any budget deal will probably include a tax cut package. In general, there are several broad areas of agreement over taxes among the Clinton Administration, congressional Republicans, and many congressional Democrats: All favor some form of capital gains cut, tax incentives for higher education, and increased contributions and access to individual retirement accounts (IRAs). (For a more complete discussion of the budget process, see *EBRI Notes* 9/96. For an overview of the current IRA proposals, see *EBRI Notes/Washington Update* 2/97.)

### *Medicare*

President Clinton's budget would

reduce future growth in Medicare spending by \$138 billion over the next six years, which would push the date of trust fund depletion out to 2007. Most of the proposed reductions in growth come from payments to providers, including Medicare HMOs, which would see a \$46 billion reduction. In addition, the administration has proposed shifting \$50 billion of home health care outlays from Part A, which is funded by payroll taxes, to Part B, which is funded by general tax revenues and individual premiums.

**Outlook:** Republicans—and several Democrats—have reacted negatively to the President's proposal, pointing out that it does not attempt serious structural reform of the program. Sens. William Roth (R-DE) and Daniel Patrick Moynihan (D-NY) have announced that they plan to introduce legislation that would establish an advisory panel to propose solutions to Medicare's long-term funding problems. The President has suggested that a "bipartisan commission" would be a good method to devise solutions to the Medicare dilemma. Whatever it is called, a commission would give both sides political "cover," and the desire to reach a budget deal could lead to agreement over short-term savings.

### *Commission Formed to Study Retirement Issues*

The Center for Strategic and International Studies (CSIS) in Washington last month announced

the formation of the National Commission on Retirement Policy. EBRI President Dallas Salisbury has agreed to serve as a member. The commission is charged with raising public awareness and discourse concerning the problems facing Social Security, private pensions, and individual savings. It will also consider recommendations for a national retirement policy. Four members of Congress serve as co-chairs: Sens. Judd Gregg (R-NH) and John Breaux (D-LA) and Reps. Jim Kolbe (R-AZ) and Charles Stenholm (D-TX). Private-sector co-chairs are Donald B. Marron of PaineWebber and Charles A. Sanders, former chairman and CEO of Glaxo, Inc. The rest of the commission members come from the private sector, the news media, and academia.

**Outlook:** The commission's congressional co-chairs already play leading roles in congressional retirement policy. Reps. Kolbe and Stenholm serve as co-chairs of the House Public Pension Reform Caucus. Sen. Gregg heads the Senate Republican task force on retirement security and serves on the Budget, Labor and Human Resources, and Appropriations Committees. Sen. Breaux serves on the Special Committee on Aging and the Finance Committee. While the commission's work may stimulate some legislative proposals, all of the co-chairs have stated that they will not introduce legislation until the commission has reached its final findings in 1998.

The commission will raise awareness of retirement issues

among the news media, the general public, and the broader policy community. However, short of a mandate, no one has yet figured out what legislation could encourage greater pension coverage and participation among small employers. Pension tax expenditures (the losses in revenue attributable to tax preferences for retirement plans) play a major role in the budget process, so any proposal to create greater retirement savings through the tax code will run up against pressure to balance the budget.

**Social Security**—The Committee for Economic Development (CED), a group made up of representatives from 300 of the largest businesses in the United States, issued a report Feb. 20 titled *Fixing Social Security*. The CED report proposes a “middle ground” reform of Social Security that would continue the redistributive structure of the current system, with a reduction in benefits for higher-income retirees and an increase in the normal retirement age to 70. In addition, the CED proposal calls for workers and employers to each contribute an additional 1.5 percent of payroll into individual accounts that would be limited to a few investment choices, much like the current Federal Employee Retirement System (FERS).

Meanwhile, the President’s Council of Economic Advisors (CEA) recently warned that investing Social Security trust funds in the stock market could create problems, including political influence over

investment policies and increased borrowing costs for the federal government. The council favored raising the retirement age beyond 67 as a way to move the system toward actuarial balance.

**Outlook:** Significant reform of Social Security is still some years away, but the CED report, the CSIS commission, and the CEA reports contribute to building awareness of the issue among policymakers, the news media, and the general public.

## Keeping on Track

The following items are listed to keep you up-to-date on issues that were not specifically addressed in *Washington Update*.

### Martin Slate

Martin Slate, executive director of the Pension Benefit Guaranty Corporation (PBGC), died Feb. 24 at his home in Bethesda, MD. Mr. Slate had worked with EBRI for the past 16 years. We extend our sympathy to his family, friends, and coworkers.

### Employer-Provided Educational Assistance

Sen. Daniel Patrick Moynihan has introduced a bill (S. 127) that would make permanent the tax exclusion for employer-provided educational assistance. The bill would also repeal the elimination of the exclusion for graduate level courses retroactively. The Democratic leadership’s tax proposal (S. 20) and the Republican leadership’s education bill (S. 1) would both repeal the education exclusion. Given strong bipartisan support, this measure stands a chance of enactment.

### National Health Expenditures

The Health Care Financing Administration (HCFA) has reported that national health expenditures reached almost \$1 trillion in 1995, a 5.5 percent increase over 1994. This represents approximately 13.6 percent of gross domestic product (GDP), a figure only slightly higher than the 13.5 percent of GDP reported in 1993. Spending in public-sector programs, most notably Medicare, continues to rise faster than private sector spending. Public sector spending grew 8.5 percent in 1995, compared with a 2.9 percent increase in the private sector.

### Court to Reconsider Microsoft Case

The Ninth U.S. Circuit Court of Appeals will reconsider an earlier decision by a three-judge panel holding that several “freelance” employees working under contract to Microsoft were actually “common law” employees and entitled to benefits, including participation in the company’s 401(k) plan. A lower court had earlier held in Microsoft’s favor. The status of contract employees, and their rights to benefits, will continue to be played out in the courts.

EBRI continues to move forward with the EBRI/SSASIM2 policy simulation model, which is being developed through the Social Security Reform Analysis Project. At this point, about 80 percent of the funding necessary for the project has been raised, with the recent grant of \$150,000 from the Donner Foundation. By early summer, the model will be used to simulate reform proposals’ impacts on the economy, individuals, and employers.

—Bill Pierron, EBRI

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## **EBRI in Focus**

### ***EBRI Receives Major Grant from Donner Foundation***

EBRI-ERF has received a \$150,000 grant from the Donner Foundation of New York which will go toward the Social Security Reform Analysis Project. The project has now reached 80 percent of its funding goal.

### ***Planning Under Way for Policy Forum, Board of Trustees Events***

On April 30, EBRI will hold its daylong spring policy forum "Retirement Prospects in a Defined Contribution World" at the Arnold & Porter Conference Center in Washington, DC. That evening, EBRI's Board of Trustees will meet for the semi-annual board dinner. On May 1, the Board of Trustees will hold their semi-annual meeting. For more information about the board events, please contact Patsy D'Amelio at (202) 775-6323. For information about the policy forum, contact Pamela Ostuw at (202) 775-6315 or e-mail to ostuw@ebri.org. Members at the Associate, Full, and Sustaining levels may attend the policy forum. Members at the Sustaining level also serve on the Board of Trustees.

### ***ASEC Activities***

Dallas Salisbury and Don Blandin, president of the American Savings Education Council (ASEC), participated in a live satellite broadcast of the College and University Person-

nel Association's (CUPA) National Seminar "Retirement Ahead: Save Now!", Feb. 18. The telecast, cosponsored by ASEC and VALIC (the Variable Annuity Life Insurance Company), reached thousands of employees at colleges and universities nationwide. Also participating in the broadcast were former Sen. Warren Rudman (R-NH) and Rep. Earl Pomeroy (D-ND).

### ***EBRI Development***

We would like to welcome five new members to the EBRI family: Willis Corroon, United Health Care Corporation, Price Waterhouse, United Asset Management, and the Securities Industry Association. These new members will add dimension and new perspectives to the growing EBRI organization.

On Jan. 28 and 29, Dallas Salisbury, Deborah Milne, and Pamela Ostuw participated in the 1997 Defined Contribution/401(k) Conference in New York City. During this conference, the 1997 plan sponsor awards for excellence in participant education were presented. Deborah Milne was a judge for the third year in this contest. During March, Deborah will visit members and potential members in Phoenix, San Antonio, Houston, West Palm Beach, St. Louis, Kansas City and Des Moines. We have found these personal visits to be valuable in helping us understand EBRI members' needs and expectations and a valuable way of gauging the effectiveness and relevance of the work that we are doing.

### ***EBRI Presentations***

On Mar. 5, Dallas Salisbury made a presentation to the National Association of Business Economists on Social Security reform in Washington, DC. He also addressed a group of Towers Perrin clients in St. Louis, MO. On Mar. 11, he addressed members of the Society for Human Resource Management on changes in retirement law enacted last year as part of the Small Business Job Protection Act. Later in the month, Dallas will discuss the implications of the baby boom on retirement policy at a meeting sponsored by the Millbank Memorial Fund in New York. On March 21, Dallas will do a presentation on retirement policy for executives at Boise Cascade Corp. in Boise, ID.

Paul Fronstin made a presentation on trends in employment-based health benefits to the National Association of Food Equipment Manufacturers on Feb. 28 in Miami Beach. Fronstin also did a presentation for the National Health Policy Forum here in DC in early March.

### ***New Team Members Join EBRI***

Maureen Richmond has joined EBRI as Public Relations Associate. Maureen has a BA in English literature from Catholic University of America. She has worked as a paralegal, marketing coordinator, and special events coordinator for Washington-area law firms since 1990. She has extensive experience with employee benefit issues and has been very active in the DC

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chapter of WEB, the network of benefits professionals.

Craig Copeland will join EBRI June 9 as Research Associate. He holds a Ph.D. in economics from the University of Illinois and his field of specialization is health care. Craig will focus on health care quality issues, managed care, and competition in health care markets. Craig is a member of the International Health Economics Association and the American Economic Association.

Martha Bobbino has joined EBRI as an assistant librarian. Martha spent several years as a technical librarian at a Washington area computer sciences firm. She has extensive experience in serving clients in the corporate world and working with databases and online retrieval systems.

### ***EBRI and ASEC on the Hill***

On Feb. 28, Kelly Olsen, Jack VanDerhei, and Bill Pierron briefed a group of congressional and federal agency staff members on EBRI's framework for analyzing Social Security reform proposals. This methodology for analysis was also the subject of *EBRI Issue Brief* no.183, "A Framework for Analyzing and Comparing Social Security Policies." Washington-area representatives from EBRI member firms also attended the event, which is part of a continuing series of educational briefings for policymakers held the last Friday of each month on Capitol Hill. For more information about the brief-

ings, contact Bill Pierron at (202) 775-6353.

Don Sauvigne of EBRI member IBM testified Feb. 12 on behalf of the American Savings Education Council (ASEC) before the House Education and Workforce Subcommittee on Employer-Employee Relations. The subject of the hearing was the "crisis" in retirement savings and what policymakers can do about it.

Dallas Salisbury testified Mar. 6 before the Senate Special Committee on Aging in a hearing on the challenge of providing retirement benefits to the baby boom generation. Dallas was also the speaker at a Feb. 28 Capitol Hill brown bag lunch for congressional staff sponsored by the Retirement Savings Network.

Public Affairs Associate Bill Pierron and Jack VanDerhei met with Rep. Earl Pomeroy (D-ND) on Feb. 13 to discuss pension policy and present EBRI research findings. Pomeroy is co-chair with Rep. Nancy Johnson (R-CT) of a congressional caucus on pension and retirement issues. Bill, Jack, Dallas, and other EBRI staff members regularly meet with congressional staff to ensure that EBRI research and analysis plays a role in public policy debates.

### ***Retirement Confidence Survey***

Sponsors are being recruited for the 1997 Retirement Confidence Survey. In addition to the recognition that comes with supporting a

project that is widely cited by the popular and trade media (findings from the 1996 survey were featured by USA Today, CNN, NBC radio, UPI radio, as well as syndicated print outlets such as Knight Ridder, Scripps Howard and Bloomberg) and that is used in retirement income security policy circles, sponsors benefit in direct, tangible ways. For example, past sponsors have used the survey results for external marketing purposes and internal communication with their employees regarding the need to plan and save for retirement. Sponsors receive detailed sets of the survey results' tabulations. Survey tabulations are provided for the U.S. population at large and the working and retired populations separately. Responses are further broken down by individual demographic characteristics such as age, gender, income levels, educational attainment, and marital status. Consequently, the results serve as a rich source to be mined for short opinion pieces or more detailed analysis that can be used in plan sponsor newsletters and client communications.

Sponsors of the RCS constitute the survey's steering committee and thus have direct input into the survey instrument's content. The committee will meet April 15 to discuss the survey instrument and the project timeline. In addition, the committee is briefed in detail on the survey results before their public release. The cost of sponsoring the RCS remains \$5,000 per sponsor.

If you have any questions about

the survey or would like to discuss the project further, please contact Paul Yakoboski at (202) 775-6329, or e-mail: yakoboski@ebri.org.

### ***Last Chance for 1997 Lillywhite Award Nominations***

Nominations for the 1997 EBRI Lillywhite Award are due March 31. This award celebrates contributions by persons who have distinguished careers in the investment management and employee benefits fields and whose outstanding service enhances Americans' economic security. Contact Pam Ostuw at (202) 775-6315 for more information about the award or Lois Cuozzo at (202) 775-6300 to receive a nomination form.

### ***EBRI Prepares for 20th Anniversary Gala***

EBRI will celebrate its 20th anniversary Monday, Sept. 28, 1998, with a black tie gala to be held in New York City. The 10th and 15th anniversary celebrations were huge successes, so please plan to join us for this exciting event. For more information, contact Patsy D'Amelio at (202) 775-6323 or Deborah Milne at (202) 775-6361.

### ***EBRI in the News***

EBRI receives more than 200 news media calls per month, on average, resulting in print and electronic

coverage at the local and national level as well as in trade publications. The following citations are representative of the coverage EBRI has received recently:

A Jan. 16 story in *Investor's Business Daily* on the "benefits gap" between low and high-income workers.

A Jan. 23 story in the *Wichita Eagle* on Medicare reform and managed care.

A Jan. 26 story in the *Cleveland Plain Dealer*, covering Dallas Salisbury's speech to the Midwest Pension and Benefit Conference on the future of the Medicare program.

A January story in *Best's Review* on retirement savings.

A Feb. 3 story in *Pensions and Investments* on the Defined Contribution Investment Education Awards program.

A February story picked up by the Knight-Ridder newswire that ran in papers nationwide on uninsured children.

## **New Publications**

[Note: To order publications from the U.S. Government Printing Office (GPO), call (202) 512-1800; to order congressional publications, call (202) 512-2470. To order U.S. General Accounting Office (GAO) publications, call (202) 512-6000; to order from the Congressional Budget Office (CBO), call (202) 226-2809].

A. Foster Higgins. **Survey on Employee Savings Plans 1996.** \$100. A. Foster Higgins & Co., Inc., 125 Broad Street, New York, NY, 10004, (212) 574-9025.

Aaron, Henry J. **The Problem That Won't Go Away: Reforming U.S. Health Care Financing.** \$18.95 The Brookings Institution, 1775 Massachusetts Avenue, Washington, D.C. 20036, (800) 275-1447.

Advisory Council on Social Security. (1) **Report of the 1994-1996 Advisory Council on Social Security: Findings and Recommendations, Vol. I.** (2) **Report of the 1994-1995 Advisory Council on Social Security: Reports of the Technical Panel on Assumptions and Methods, Technical Panel on Trends and Issues in Retirement Savings and Presentations to the Council, Vol. II.** Order from GPO.

Buck Consultants, Inc. (1) **Analysis of 1995 Postretirement Benefit Disclosures Other than Pensions from Corporate Financial Statements: FAS no. 106: Economic Assumptions and Trends.** \$150. (2) **The**

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