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Notes

Worker Attitudes Toward Retirement Financial Planning

Current workers tend to have a rather optimistic outlook regarding the conditions of their retirement, yet they appear to feel less optimistic about their preparations to retire. It appears workers want and plan to retire before the normal retirement age of 65, and they have high expectations for their standard of living in retirement. However, many workers admit their current actions in preparing for this type of retirement may not be adequate. For example, in a recent survey conducted by the Employee Benefit Research Institute (EBRI) and the Gallup Organization, Inc.,¹ the average age at which nonretired respondents said they plan to retire was 61 years. According to a recent survey by Merrill Lynch,² most of those now working expect to retire in their early 60s, and many even before that; in addition, the majority expect to maintain

or even increase their standard of living during retirement. On average, respondents to the EBRI/Gallup survey expected to have slightly more than 20 years (21.4) of retirement. This number was consistent across all age categories.

According to a survey by Towers Perrin,³ 80 percent of workers were confident of their ability to live comfortably in retirement. In fact, three-quarters believed that their standard of living will stay the same or improve in retirement. Less than one-third were concerned that they will not have enough money to live on in retirement.

This article examines worker attitudes regarding financial planning and financial preparedness for retirement. In an era when workers are increasingly responsible for their own financial security in retirement, many do not feel that they are preparing adequately. However, there appears to be a positive correlation between employer-provided retirement planning assistance and actual planning on the part of workers.

¹ *Employee Benefit Research Institute/The Gallup Organization, Inc., Public Attitudes on Retirement Age and Planning, 1992, EBRI Report no. G-35 (Washington, DC: Employee Benefit Research Institute, 1992).*

² *Merrill Lynch, A Rude Awakening from the American Dream: The Fourth Annual Merrill*

Lynch Retirement Planning Survey (Princeton, NJ: Merrill Lynch, Pierce, Fenner and Smith, Inc., 1992).

³ *Towers Perrin, After the Paychecks End: Financing the Retirement Years (Boston, MA: Towers Perrin, 1991).*

Current Preparedness

In 1992, almost two-thirds of workers said they had started saving for retirement (EBRI/Gallup survey no. G-35). A positive correlation existed between the respondents' income and the incidence of their having begun to save money for retirement. Among respondents who had begun to save for retirement, the average age at which they began saving was 32 years. A negative correlation existed between respondents' income and the age at which they first began to save for retirement.

Similar findings were evident in a survey by Mathew Greenwald and Associates.⁴ Again, two-thirds of workers said they had started saving for retirement. Sixty percent of those who had started saving said they started before age 35, and an additional 25 percent said they began between ages 35 and 44. The higher the level of education, the greater the proportion of respondents reporting starting before age 35 and age 44. There is no similar relationship between household income and the age at which workers begin saving for retirement. However, a significant number of respondents to the Merrill Lynch survey did not feel financially prepared for retirement: 45 percent of preretirees (aged 45–64) and 54 percent of baby boomers (aged 25–44). Among preretirees, 38 percent were worried

about outliving their money, although this figure was down 7 percentage points from two years earlier. Women were less likely to feel financially prepared for retirement than men; 52 percent of women did not feel prepared, compared with 39 percent of men.

The figures indicate that, while most people are saving for retirement, many simply do not think they are doing an adequate job. This may be because only 30 percent of workers report having given a "great deal" of thought to how much money they will need to save for retirement.⁵ While 98 percent of respondents to the Towers Perrin survey agreed that planning is important, only 23 percent could be characterized as planners (respondents who said they have done "enough planning"); 24 percent said they have done hardly any planning; and the remaining 53 percent had done some but "not enough" planning. Planners tend to know the most about their retirement benefits and take the most advantage of the benefits offered. They are also more likely to put aside money on their own.

While a tendency to plan is an innate personal character trait, survey evidence indicates that planners can be created, at least to some extent. The Towers Perrin survey showed that 82 percent of planners received retirement plan-

ning assistance from their employer, with 43 percent reporting a great deal of assistance. By contrast, only 44 percent of nonplanners received employer assistance, with 11 percent receiving a great deal. Only 13 percent of those receiving little or no employer assistance reported doing enough planning. Younger workers are less likely to receive assistance (24 percent of those aged 31–44 reported receiving a great deal of assistance, compared with 44 percent of those aged 55 and over). Probably not coincidentally, 24 percent of those aged 31–44 qualified as planners, compared with 33 percent of those aged 55–59 and 43 percent of those aged 60 and over.

Sources of Retirement Income

Most people are not counting on Social Security to be their primary income source in retirement. Only 15 percent of baby boomers expect Social Security to be their most important source of retirement income, down 7 percentage points over the past two years. The proportion is higher for preretirees, at 25 percent. The majority of individuals do not expect to get out of Social Security what they put in (71 percent of preretirees and 86 percent of baby boomers), according to the Merrill Lynch survey.

In another EBRI/Gallup survey (no. G-34),⁶ only 49 percent of

⁴ Mathew Greenwald & Associates, Inc., National Taxpayers Union Foundation: Survey on Retirement Confidence, Wave II (Washington, DC: Mathew Greenwald & Associates, Inc., 1992).

⁵ *Ibid.*

⁶ Employee Benefit Research Institute/The Gallup Organization, Inc., Public Attitudes on Retirement Income and Savings, 1992, EBRI Report no. G-34 (Washington, DC: Employee Benefit Research Institute, 1992).

respondents said they thought the Social Security system would be able to pay them a benefit when they retire. A positive correlation existed between the respondents' age and their belief that the Social Security system would be able to pay them a benefit. Also, in the same survey, 56 percent of the respondents said they thought participation in the Social Security system should be made voluntary so that individuals could choose whether to participate. Respondents aged 18–34 were significantly more likely than their older counterparts to believe that participation in the Social Security system should be voluntary. Lower-income respondents also tended to hold this belief.

According to data from the Social Security Administration,⁷ savings are a significant source of retirement income for the elderly. Income from assets accounted for approximately 25 percent of income for persons aged 65 and over in 1990, with its relative importance rising with income levels. According to the Merrill Lynch survey, 18 percent of preretirees feel that savings (including, among other things, individual retirement accounts (IRAs), 401(k) plans, and annuities) will be the most important source of income for them in retirement (this proportion rises to 42 percent for baby boomers). Forty-three percent of preretirees

think that some type of employer-sponsored pension will be their most important source of income, up from 38 percent in 1989. Thirty percent of baby boomers count employer-sponsored plans as their most important source of future retirement income.

According to an EBRI/Gallup survey (no. G-34), 72 percent of the respondents said they thought companies should be legally required to provide retirement benefits, in addition to Social Security, as part of every full-time employee's compensation. This attitude tended to be most common among individuals with incomes less than \$20,000 (82 percent) and minorities (92 percent). A negative correlation existed between respondents' income and the likelihood of their believing that there should be a legal requirement to provide retirement benefits. Respondents with higher incomes were significantly less likely than respondents with lower incomes to believe there should be such a legal requirement; 51 percent of those with income of \$75,000 or more were opposed to it.

Individual Savings Behavior

Preretirees reported saving an average of 11 percent of household income for retirement while using an average of 35 percent of such income

to cover household debt, such as mortgages, car payments, credit cards, etc., according to the Merrill Lynch survey. Among savers, fewer baby boomers than preretirees (38 percent compared with 61 percent) said they are saving for retirement. Other items baby boomers report saving for included children's college education (35 percent), home purchase (19 percent), and vacations (12 percent). Apart from an employer's pension or retirement fund, many do not have a separate pool of retirement savings such as an IRA, savings account, or annuity. Sixty-five percent of preretirees and 46 percent of baby boomers report having such separate savings.

Fifteen percent of the respondents to a John Hancock survey⁸ of defined contribution participants said that, while they are saving for retirement, they will probably use this money sooner to pay for children's education or to buy a house. Those under age 30 were more likely to feel this way. In addition, 53 percent of respondents see their retirement savings as an emergency fund should it be needed before retirement.

According to an EBRI/Gallup survey (no. G-34), among those who have begun to save, there was great variation in the amount set aside for retirement last year. On average, respondents had saved \$2,079 for retirement. Respondents tended to place more money, on average, into personal savings for retirement (\$1,904) than they did in 401(k) plans (\$960) or IRAs (\$961). Al-

⁷ Susan Grad, *Income of the Population 55 or Older, 1990*, U.S. Department of Health and Human Services, Social Security Administration, pub. no. 13-11871 (Washington, DC: U.S. Government Printing Office, 1992).

⁸ John Hancock Financial Services, *John Hancock's Retirement Savings Study* (Boston, MA: John Hancock Mutual Life Insurance Company, 1991).

though the three types of savings had almost equal incidence of being the individual's primary retirement savings plan, there was a higher incidence of respondents placing at least some money into primary savings (as either a primary or secondary savings plan) than there was of them placing it into IRAs or 401(k) plans.

Currently, some are hypothesizing a long-term change in household debt and savings behavior, particularly as the baby boomers move into middle age and beyond. In the 1992 American Banker consumer survey,⁹ 83 percent of respondents agreed with the statement that "consumers have taken on too much debt," with 68 percent strongly agreeing. Both of these figures were up slightly from the previous year. Furthermore, 69 percent agreed that they are "trying harder to save money than a year ago," with 57 percent strongly agreeing. Again, both figures are up from the previous year. The proportion of people aged 18–34 strongly agreeing that they are trying to save more was 69 percent, up 12 percentage points over the previous year. Furthermore, the survey notes that total consumer installment debt declined by 1 percent in 1991, and by June 30, 1992, the seasonally adjusted total had fallen another 1 percent; the growth in domestic credit card

spending has fallen into single digits; and the growth in single and multifamily residence mortgages slowed from 7.7 percent in 1990 to 4.7 percent in 1991.

Conclusion

Individuals today are finding that more and more they must assume greater responsibility in planning for their financial security in retirement. While many workers have begun to save for retirement, others have not, and often those who are saving do not feel that they are doing an adequate job. Information may be the key to motivating individuals to plan and save. Employers, recognizing this need, may become increasingly interested in providing employees with assistance so that they will be prepared to maintain their preretirement standard of living in retirement.

—Paul Yakoboski, EBRI

Total Private and Public Pension Assets Reach \$4.4 Trillion by Year-End 1992

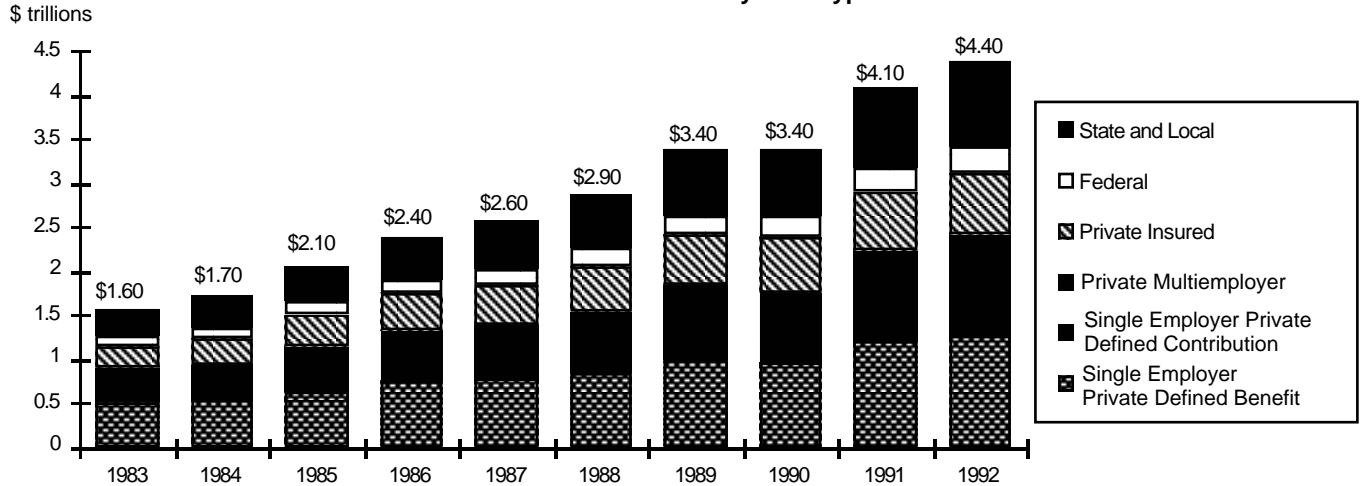
Between 1983 and 1992, total private and public pension assets increased 180 percent, from \$1.6 trillion to \$4.4 trillion. At the end of 1992, private trustee pension fund assets represented slightly more than one-half of total pension assets, federal government retirement fund assets made up 6.9 percent, and state and local pension fund assets represented 22.5 percent (chart 1). Slightly less than 17 percent of total pension fund assets were in private insured pension funds at the end of 1991, the latest year for which data are available.

Pension Plan Assets by Plan Type

Private trustee pension assets grew from \$892 billion in 1983 to \$2.4 trillion by the end of 1992, achieving an average annual growth rate of 10 percent during this period. In addition, the allocation of private trustee pension assets among plan types shifted gradually, with single-employer defined benefit plan assets growing an average of 10 percent annually, defined contribution plan assets growing an average of 13 percent, and multiemployer plan assets growing an average of 14 percent. Single-employer defined contribution funds held 18.3 percent, or \$286 billion, of all private and public pension assets at year-end 1983, increasing to 20.2 percent, or \$888 billion, at the end of 1992. Multiemployer plans held 5.0 percent of all pension assets at year-end 1983, increasing slightly to

⁹ *American Banker*, American Banker 1992 Consumer Survey (New York, NY: American Banker, 1992).

Chart 1
Pension Plan Assets by Plan Type



Source: Employee Benefit Research Institute, *Quarterly Pension Investment Report*, fourth quarter 1992 (Washington, DC: Employee Benefit Research Institute, 1993); Board of Governors of the Federal Reserve System, *Flow of Funds Accounts: Assets and Liabilities Outstanding Fourth Quarter 1992* (Washington, DC: Board of Governors of the Federal Reserve System, 1993).

5.9 percent, or \$260 billion by year-end 1992. Single-employer defined benefit plan assets decreased from 33.6 percent of total pension assets, or \$526 billion, in 1983 to 29.0 percent, or \$1,271 billion, as of year-end 1992.

Private insured pension fund assets grew at an average annual rate of 13 percent from 1983 to 1991, increasing from \$252 billion to \$678 billion. Federal government retirement assets grew at an average annual rate of 12 percent, increasing from \$112 billion in 1983 to \$304 billion in 1992. State and local pension fund assets grew at an annual rate of 14 percent from 1983 to 1992, increasing from \$311 billion to \$988 billion. Defined contribution assets also increased as a percentage of public retirement funds. The federal government established a defined contribution plan for civilian employees in 1987. This plan is a thrift savings plan that is similar to private-sector 401(k) arrangements in that it allows federal employees to make optional tax-deferred contributions to the plan.

As of year-end 1991, assets in the thrift savings plan amounted to \$11.5 billion. While state and local pension assets are not available by plan type, the percentage of full-time state and local employees participating in defined contribution plans increased from 5 percent in 1987 to 9 percent in 1990, according to a Bureau of Labor Statistics' survey of state and local governments.¹

Pension Assets by Investment Mix Private-Trusted Pensions—Asset allocation of private trusted pension plans fluctuated between 1983 and 1992, with direct investments in equity of 35.9 percent (\$868 billion), direct investments in bonds of 17.8 percent (\$430 billion), direct investments in cash of 9.7 percent (\$234 billion), directly held assets in

other investments of 19.6 percent (\$474 billion), and investments in bank pooled funds of 17.1 percent (\$414 billion) at year-end 1992. During the period between 1983 and 1992, direct investments in equity fluctuated between 34 percent and 36 percent of private trusted assets. Direct investments in bonds generally declined, reaching a high of 24.7 percent in 1984. Direct investments in cash ranged from the current low of 9.7 percent to a high of 11.1 percent in 1988. Bank pooled fund holdings and direct investments in other vehicles generally increased over the period.

The investment mix of private trusted funds varies by type of plan, with single-employer defined benefit plans and multiemployer plans allocating most of their

¹ U.S. Department of Labor, Bureau of Labor Statistics, *Employee Benefits in State and Local Governments, 1987 and 1990* (Washington, DC: Government Printing Office, 1988 and 1992). 1987 tabulations provide representative data for 10.3 million full-time workers in government units employing 50 or more workers in the 48 contiguous states and the District of Columbia. The 1990 survey was expanded to include part-time workers, all governments regardless of size, and Alaska and Hawaii; 1990 tabulations provide representative data for 14.5 million employees.

assets to direct equity investments in the aggregate. As of year-end 1992, single-employer defined benefit plans invested the greatest percentage of assets directly in equity, followed by multiemployer plans and single-employer defined contribution plans. However, single-employer defined benefit plans decreased their direct holdings in equity from 40.2 percent in 1983 to 39.1 percent as of year-end 1992. Single-employer defined contribution plans hold the greatest portion of their aggregate assets in investments other than directly held equity, bonds, and cash. Defined contribution plans' aggregate holdings in other investments, including bank pooled funds and mutual funds, increased from 32.7 percent of defined contribution assets in 1983 to 40.9 percent in 1992.

Private-Insured Investment Mix—Asset allocation of private insured pension plans gradually shifted between 1983 and 1991, with a smaller proportion of separate account assets invested in bonds and cash, a greater proportion invested in equity, and a slightly smaller proportion invested in other instruments. Equity holdings increased from \$24.0 billion in 1983 to \$81.3 billion by year-end 1991 and increased as a percentage of total separate account assets from 9.6 percent to a high of 12.0 percent in 1991. Bond holdings increased from \$26.1 billion to

\$56.0 billion, but decreased as a percentage of separate accounts from 10.4 percent in 1983 to 6.8 percent in 1990, increasing to 8.3 percent in 1991. Private insurance company general account assets have increased dramatically, from \$192.9 billion in 1983 to \$519.2 billion by year-end 1991. General accounts have remained relatively stable as a percentage of private insured assets, representing 76.6 percent in 1991.

State and Local Government Funds Investment Mix—Asset allocation of state and local pension plans shifted toward equity and cash and away from bonds and other investments. Equity holdings increased from \$89.6 billion in 1983 to \$464.4 billion by year-end 1992, increasing from 29 percent of state and local assets to 44 percent. State and local cash holdings increased from \$10.2 billion in 1983 to \$44.5 billion in 1992, increasing from 3 percent of state and local plan assets to 5 percent of assets, reaching a high of 7 percent of assets in 1987 and 1988. While bond holdings decreased from 63 percent of state and local plan assets in 1983 to 46 percent by year-end 1992, the assets increased from \$196.8 billion to \$459.1 billion.

—Celia Silverman, EBRI

Public Attitudes on Benefit Tradeoffs: Results of New EBRI/Gallup Survey

Sixty-five percent of Americans said they would be willing to accept a reduction in employer contributions to a pension plan in exchange for increased health benefits, according to a recent public opinion survey conducted by EBRI and The Gallup Organization, Inc. When Americans were asked if they would be willing to accept a reduction in employer-provided health benefits for increased contributions to a pension plan, 37 percent said yes.

When Americans were asked if they could choose only one employee benefit, 68 percent selected health benefits as their first choice, followed by pension plan (11 percent), paid vacation and sick leave (9 percent), disability insurance (5 percent), life insurance (4 percent), and child care and/or parental leave (3 percent).

Twelve percent of Americans said they or a family member had passed up a job opportunity solely because of health benefits. Among these individuals, the most frequently cited reason, from a list of four reasons, was that the prospective employer did not offer health benefits—49 percent. Twenty one percent said the prospective employer's health benefits provided less coverage than they previously had, 19 percent said the prospective employer's health plan cost too much, and 9 percent said they or someone in their family had a medical condition that the prospective employer's health plan

did not cover.

Respondents with employer-provided health insurance (68 percent) said their employer would have to give them a median amount of \$5,000 annually to give up their health insurance.

When respondents with an employer-provided pension plan (52 percent) were asked how much more money their employer would have to give them annually in order for them to give up their employer-sponsored pension plan, the median amount was \$6,000.

Only 3 percent of Americans said they or a family member had ever passed up a job opportunity because of pension benefits. The most frequently cited reason, from a list of three, was that the prospective employer did not offer pension benefits at all—55 percent.

Seven out of ten Americans (70 percent) said employee benefits were “very important” in their decision to accept or reject a job offer.

Copies of the survey report, *Public Attitudes on Benefit Tradeoffs, 1993* (G-45) may be ordered from Sabrina Cabada, (202) 775-6338 for the following prices: summary—\$75; full report—\$275; EBRI member prices: summary—\$25; full report—\$75.

—Carolyn Piucci, EBRI

Washington Update

Fiscal Year 1994 Budget Reconciliation—The House of Representatives approved May 27 (219 to 213) a compromise version of the fiscal year 1994 budget reconciliation legislation. The final bill includes an amendment that creates a new entitlement review process and extends the freeze on discretionary spending at the current FY 1993 level through FY 1998. The legislation incorporates almost all of the Clinton administration’s legislative provisions relating to employee benefits, with a few modifications: revenue raised from increasing the taxable portion of Social Security benefits from 50 percent to 85 percent would be retained in the General Fund, and Medicare spending reductions would be achieved by placing a two-year freeze on Medicare payment updates for hospitals and physicians (*Notes*, May 1993, p. 9).

The Senate Finance Committee is scheduled to begin marking up the legislation June 10. At press time, the committee was expected to modify the bill by incorporating additional spending cuts such as placing caps on Medicare spending, establishing means tests for entitlement programs, and possibly freezing Social Security COLA adjustments for one year for certain higher income beneficiaries.

Separately, House Ways and Means Chairman Dan Rostenkowski (D-IL) indicated

May 18 that a second, miscellaneous tax bill may be introduced later this year to incorporate the members’ proposals and, possibly, tax simplification language that were not included in the budget reconciliation legislation.

Outlook: Senate action on the bill is likely to produce a compromise version containing additional spending cuts in federal entitlement programs that replace, in part, the energy tax and other controversial tax increases. If the bill passes the Senate, differences between the two versions of the bill will have to be worked out in conference. Congress still hopes to complete action on the bill before the August recess.

Family and Medical Leave—The Labor Department released June 3 interim final regulations under the Family and Medical Leave Act of 1993. The regulations list questions and answers on such items as: which employers and employees are considered eligible employees; what types of leave are considered appropriate; health benefit and job restoration requirements; employer and employee notice requirements; enforcement mechanisms; recordkeeping requirements; and the relationship of the law to other state and federal laws and other existing policies. The notice appeared in the June 4 *Federal Register*.

Health Care Reform/White House Task Force Update

The Clinton administration has begun to shift its focus away from policy development and toward determining an appropriate legislative strategy for introducing the bill and ensuring successful congressional action. The task force staff officially ended their work May 30, and the President has begun to make some of the major decisions on the bill's more controversial provisions. In recent days, the President and various administration officials have acknowledged that the final decision-making process will need to be extended and the introduction of the plan delayed, so that the President and Congress can focus on the budget package and other competing demands. The plan is now expected to be released by mid-September.

While administration representatives continue to reiterate that no final decisions have been made, based on the consistency of some of their remarks, a number of items appear likely to be included in the final package:

- Universal coverage—all Americans would eventually be guaranteed access to health care. This would most likely be accomplished by requiring all employers and employees to cover some portion of their health care insurance premiums. The coverage would be phased in gradually to avoid adverse employment effects.

- Portability of coverage—all Americans would be guaranteed security of health care coverage. Plans would no longer be able to deny coverage based on pre-existing conditions, and plans would be required to hold open enrollment periods.
- State flexibility—states would likely be given latitude in implementing the system. The administration has emphasized their belief that health care is best delivered locally within broad federal guidelines. Also, based on comments made by Task Force Director Ira Magaziner, ERISA may be modified to protect multistate firms from differing state rules.
- Medical malpractice reforms—this could include an incentive to use alternative dispute resolution (ADR) processes (i.e., arbitration) as well as possible tort reforms.
- Long-term care—is likely to be addressed by expanding coverage for home health care services.
- Taxation of certain health benefits—the administration is still considering modifications to the current tax code to raise revenue and to provide incentives for individuals and employers to choose cost-effective health insurance.
- Administrative reforms—this will likely include simplifying existing record-keeping practices and possibly simplifying and/or modifying some existing regulations.

Administration officials have

also “floated” several funding proposals to help pay for extending access to health care coverage. At a recent conference, Ira Magaziner stated that the funds needed to extend access to care to the uninsured could be obtained by eliminating hospitals' uncompensated care payments. In addition, President Clinton confirmed June 1 that the administration is considering placing an additional tax on hospitals to help pay for the currently uninsured. According to his remarks, the tax would recoup revenue that hospitals now use to pay for administrative costs and care for the uninsured.

Meanwhile, members of the Senate Republican Health Care Task Force, led by Sen. John Chafee (R-RI) and Sen. Robert Dole (R-KS), have begun to draft their own comprehensive health care reform legislation. The bill is based on a model of managed competition, providing universal access to a standard benefits package and controlling the growth in health care costs with market forces alone. The plan does not include any provisions for establishing budgetary targets or caps or for requiring employers to contribute to the cost of their health care plan. In addition, Sen. Phil Gramm (R-TX) and a small group of conservative Republican senators are drafting their own reform package that would establish medical individual retirement accounts. These senators object to the Chafee approach as being too similar to the Clinton

administration's approach.

The House GOP Conference agreed May 20 to a resolution that lays out the guidelines for developing their own version of comprehensive health care reform. Like the Senate Republican proposal, the resolution relies on competition within the health care marketplace to control costs and explicitly states that government mandates should not be placed on businesses to increase access to care.

Outlook: Congress will take initial steps this year, but most of the action on the bill will take place in 1994. Republican hopes for increasing the number of their congressional seats in the 1994 election will affect the politics of the reform process and could slow action on the bill.

ERISA—The House-passed version of the fiscal year 1994 budget reconciliation legislation included limited waivers from ERISA preemption of state laws, particularly laws relating to the funding of state health care reform programs, for Minnesota, New York, Maryland, and Hawaii. The waivers are designed to provide the states with very specific, temporary (two-year) exemptions from the federal law so that their programs can continue (remain financially solvent) until national comprehensive health care reform proposals are enacted. The final version of the bill also includes provisions that

grant Hawaii and Maryland broader, permanent waivers from the law. Presumably, these provisions will have to be reconciled or removed when the bill reaches conference.

Separately, the U.S. Supreme Court ruled (5–4) June 1 in *Mertens v. Hewitt Associates* that non-fiduciaries (outside advisors such as actuaries, accountants, or attorneys)

could not be held liable for monetary damages under ERISA for participation in an alleged breach of fiduciary duty by the plan trustee.

Outlook: The Senate is likely to agree to the House budget reconciliation legislation's limited, short-term ERISA waivers when

Keeping On Track

(The following items are listed to keep you up-to-date on items that did not have any specific legislative or regulatory activity during the past month)

Plan Asset Investment—Proposals to attract pension funds to make voluntary investments in infrastructure development projects are unlikely to be enacted this year.

Long-Term Care—Provisions to enact federal standards for private long-term care insurance are expected to be included in the administration's health care reform proposal. However, any proposals to incorporate long-term care coverage into comprehensive health care reform are likely to be phased in over many years.

Medicare/Medicaid—The administration's health care reform plan is likely to modify the current Medicaid system, incorporating it into the newly designed public health system. Medicare is likely to remain in its current form over the near term.

Pension Regulations—The IRS is expected to issue a final version of the nondiscrimination rules sometime later this summer.

Pension Simplification—Pension simplification proposals, as contained in the House (H.R. 13) and Senate (S. 762) bills are expected to be incorporated into a miscellaneous tax bill that is likely to be introduced later this year.

Retiree Health—Securing health benefits for all retired individuals is being discussed in the context of health care reform and may be incorporated into comprehensive health reform legislation.

the bill reaches conference. The enactment of permanent waivers or ERISA reform proposals are expected to occur within the context of comprehensive health care reform legislation. State pressure for short-term and permanent waivers may grow as the health care reform debate is extended.

The Department of Labor and members of Congress are likely to introduce legislation that would overturn the Supreme Court ruling.

PBGC—The House Ways and Means Subcommittee on Oversight released May 27 a report on the current state of the federal government's pension benefit guarantee program and recommended reforms to improve the status of the program and the defined benefit pension system as a whole. The report lists seven major problem areas that the subcommittee believes require attention this year: 1) PBGC's financial solvency and the health of the defined benefit pension system in general; 2) underfunding resulting from new unfunded pension plan promises; 3) the failure of existing pension plan promises to be funded within a reasonable time; 4) the lack of knowledge that pension plan beneficiaries have regarding their pensions' funded status and the extent to which their benefits are insured; 5) PBGC's lack of access to needed pension plan information; 6) the premium rate

structure's inability to provide the revenue needed to make PBGC financially solvent and its inability to properly reflect insurance risks; and 7) the need to evaluate various reports required of pension plan sponsors to determine their usefulness.

Separately, the administration's PBGC interagency task force is planning to issue initial recommendations for the agency in the late summer and to send a legislative package to Congress sometime in September.

Outlook: Legislative action on PBGC should not be expected this year, but enactment is likely in 1994.

—Debra Oberman, *EBRI*

At EBRI

1993 marks the fifteenth anniversary of EBRI. To celebrate this event, EBRI will host a black tie party at the Waldorf Astoria in New York City November 30, 1993. Entertainment will be provided by the Capitol Steps. Tables will be priced at \$5,000, with proceeds going to the highly successful EBRI Fellows program. Mark your calendars and call in your reservations.

Due to a change in ownership of the firm that had been running it, EBRI•Net has been discontinued as of May 11, 1993.

New Publications

[Note: To order publications from the U.S. Government Printing Office (GPO), call (202) 783-3238; to order congressional publications, call (202) 275-3030. To order U.S. General Accounting Office (GAO) publications, call (202) 275-6241.]

Addicott, James P. **Can You Afford to Grow Old?: Solving the Crisis of Money and Healthcare in Retirement and Old Age.** \$21.95. Probus Publishing, 1925 N. Clybourn Ave., Chicago, IL 60614, (312) 868-1100.

American Medical Association. **Trends in U.S. Health Care 1992.** Third edition. \$25. American Medical Association, Order Dept., P. O. Box 109050, Chicago, IL 60610, (800) 621-8335.

Annie E. Casey Foundation/Center for the Study of Social Policy. **Kids Count Data Book: State Profiles of Child Well-Being.** \$12.50. Annie E. Casey Foundation/Center for the Study of Social Policy, 1250 Eye St., NW, Washington, DC 20005, (202) 371-1565.

Bosworth, Barry P. **Saving and Investment in a Global Economy.** \$26.95 cloth-cover; \$9.95 paperback. The Brookings Institution, 1775 Massachusetts Ave., NW, Washington, DC 20036, (202) 797-6215.

Bruce, Stephen R. **Pension Claims: Rights and Obligations.** \$138 (\$3 shipping). Bureau of National Affairs, Inc., BNA Books, P.O. Box 6036, Rockville, MD 20850-9914, (800) 372-1033.

Buck Consultants. **Postretirement Nonpension Benefit Design: A Delicate Balance.** Free. Carolee Martin. Buck Consultants, Two Pennsylvania Plaza, New York, NY: 10121, (212) 902-2555.

Caplan, Arthur L. **If I Were a Rich Man Could I Buy a Pancreas?: And Other Essays on the Ethics of Health Care.** \$29.95. Indiana University Press, 601 N. Morton St., Bloomington, IN 47404, (812) 855-8054.

Greenstein, Robert. **A New Direction: The Clinton Budget and Economic Plan.** \$8. Center on Budget and Policy Priorities, 777 N. Capitol St., NE, Suite 705, Washington, DC 20002, (202) 408-1080.

Hushbeck, Judith C. **Public Employee Pension Funds: Retirement Security for Plan Participants or Cash Cow for State Governments?** Free. Public Policy Institute, American Association of Retired Persons, 601 E St., NW, Washington, DC 20049, (202) 434-3874.

International Foundation of Employee Benefit Plans. **The**

Multiemployer Perspective. Vol. 43. \$55; \$8 shipping. International Foundation of Employee Benefit Plans, 18700 N. Bluemound Road, P.O. Box 69, Brookfield, WI 53008-0069, (414) 786-6700.

International Personnel Management Association. 1993 **Who's Who in the International Personnel Management Association.** Members, free; nonmembers, \$150. International Personnel Management Association, 1617 Duke St., Alexandria, VA 22314, (703) 549-7100.

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