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Notes

Findings From the 2003 Small Employer Retirement Survey (SERS)

By Jack VanDerhei, Temple University, and Research Director, EBRI Fellows Program

Introduction

Of all 124.7 million wage and salary workers ages 21–64 in 2001, 77.0 million worked for an employer or union that sponsored a pension or retirement plan, and 62.1 million participated in the plan. This translates into a sponsorship rate (the percentage of workers working for an employer or union that sponsored a plan) of 61.7 percent and a participation level of 49.8 percent.[1] Retirement plan participation is notably lower among small employers, however. The participation level for workers in this age group for the smallest firms (fewer than 10 employees) was only 18 percent in 2001. Participation levels were significantly higher for workers in firms with 10–24 employees (27 percent) and 25–99 employees (39 percent); however, they were well below the levels for employees working for firms with 1,000 or more employees (62 percent).

Although the issue of low plan participation rates among smaller employers is obviously an important public policy challenge, in recent years there has been significant growth in their rates vis-à-vis the larger firms. Comparing the 2001 results with the year prior to the enactment of the Small Business Job Protection Act[2] (1995), participation levels increased by 7 percentage points for firms with fewer than 10 employees, 6 percentage points for firms with 10–24 employees and 2 percentage points for firms with 25–99 employees. During that same time period, participation levels remained level for the larger employers, with the exception of those with 500–999 employees, where the participation level declined by 1 percentage point.

Insight into the challenges presented by the small employer market is provided by the sixth annual Small Employer Retirement Survey (SERS), a survey of retirement plan sponsorship among decision makers in 300 small employers (companies with five to 100 full-time workers) without retirement plans.[3]

Obstacles to Plan Sponsorship

There are a number of reasons why more small employers do not offer retirement plans (Figure 1). Cost and administration-related issues play a role, but so do employee demand and business profitability. In fact, responses suggest that administrative cost and burden may not be the main reason why the majority of these small employers chose not to offer a retirement plan.

Revenue uncertainty is the reason most often cited: overall, more than 1 in 4 (27.2 percent) say that revenue is too uncertain to commit to a plan. There do appear to be some huge differences among these respondents, though, depending on certain plan and demographic features. For instance, among the roughly two-thirds of

Figure 1
Reasons Cited for Not Offering a Retirement Plan

	Revenue Too Uncertain	Costs Too Much to Set Up and Administer	Employees Not Interested	Too Much Goes to Short-Term Employees	Business Too New	Required Company Contributions Too Expensive	Employees Prefer Wages	Administration Is Too Burdensome
Total	27.2%	15.9%	11.8%	11.8%	7.1%	5.6%	3.3%	2.8%
Number of Full-Time Employees?								
1–5 employees	24.5	22.5	16.3	10.2	12.2	2.0	2.0	0.0
6–8 employees	32.1	14.1	10.3	10.3	5.1	2.6	2.6	1.3
9–14 employees	30.3	19.7	7.6	15.2	9.1	7.6	1.5	6.1
15–100 employees	20.8	9.7	14.3	11.4	3.8	9.4	6.4	3.4
Offer Health Insurance Already?								
Yes	22.1	15.0	12.3	10.3	7.7	6.8	2.8	3.8
No	37.8	17.8	10.8	14.8	5.8	3.0	4.2	0.7
Ever Offered a Retirement Plan to Employees?								
Yes	13.4	5.3	31.9	3.7	3.3	11.9	6.7	3.3
No	29.0	17.2	9.2	12.8	7.6	4.7	2.8	2.7
Aware of Tax Credit?								
No	26.2	17.4	10.2	11.3	8.5	4.6	2.5	3.7
Yes	29.4	12.3	15.4	12.9	3.8	7.7	5.0	0.7
Age of Most Full-Time Employees?								
Under 30	32.6	14.6	9.2	21.5	4.0	8.7	3.0	3.2
30–39	26.4	13.6	10.9	11.0	10.4	4.9	4.7	2.0
40 or older	24.0	19.0	12.5	4.8	6.1	4.3	1.9	3.8
Most Full-time Employees Tend to Remain With the Company:								
Less than 3 years	26.9	11.8	8.8	23.5	13.2	5.4	3.1	0.6
3–9 years	25.2	19.5	14.3	6.0	3.6	6.8	4.2	6.2
10 or more years	33.1	13.6	11.5	3.8	1.9	3.8	1.9	0.0
Salary of Most Full-Time Employees								
Under $20,000	28.7	18.6	7.8	25.8	7.0	4.7	5.1	0.7
$20,000–$30,000	27.3	14.8	14.1	5.2	6.1	7.6	3.1	5.8
$30,000–$40,000	33.1	15.1	11.5	4.2	2.5	5.0	2.5	0.3
Over $40,000	19.9	14.4	14.4	4.8	24.0	0.5	0.0	0.0
Education of Most Full-Time Employees?								
High school degree or less	32.5	15.4	15.2	10.3	7.2	5.0	4.8	2.5
Some college experience	19.6	13.4	5.2	18.7	3.9	6.6	0.7	2.1
College degree or more	21.3	22.6	13.6	3.3	14.9	6.0	3.0	6.0
Retirement Plan That Covers Just the Owner?								
Yes	22.1	14.2	22.5	4.0	11.9	4.0	11.9	0.0
No	29.2	15.7	10.9	12.9	6.5	6.0	2.5	2.9
Family-Owned Business?								
Yes	26.8	15.8	13.9	10.2	3.1	4.9	4.7	2.4
No	29.0	15.6	8.8	14.9	13.8	6.9	1.0	3.6
Age of Firm?								
1–7 years	25.7	12.8	8.8	13.8	21.6	6.7	1.6	1.6
8–17 years	29.1	15.7	17.9	11.9	1.5	4.6	4.4	4.1
18–30 years	30.3	15.6	11.7	9.3	4.6	8.5	5.4	0.9
More than 30 years	26.4	21.4	8.3	14.8	1.8	3.0	1.8	5.4
Gross Revenue of Business?								
Less than $250,000	38.3	15.2	7.8	6.1	15.2	3.1	0.0	2.1
$250,000–$500,000	23.9	20.7	12.3	19.6	4.1	8.2	2.1	0.0
$500,000–$750,000	40.4	11.5	14.4	10.3	17.6	2.9	2.9	5.8
$750,000–$1,000,000	26.3	18.8	3.8	3.8	3.8	0.0	7.5	3.8
$1,000,000–$2,000,000	34.8	7.2	14.2	11.7	4.6	9.4	8.1	0.0
$2,000,000 or more	18.0	11.0	7.6	10.3	1.6	12.6	2.8	4.8

Source: Author's tabulations from 2003 Small Employer Retirement Survey.

the respondents who already offer health insurance to their employees, only 22.1 percent cite revenue uncertainty as a reason for not offering a retirement plan, while 37.8 percent of those not offering health insurance believe this to be the case. Previous experience in sponsoring a retirement plan also appears to be highly correlated with whether revenue uncertainty is cited as a concern. Among the 11.4 percent of the respondents that have previously offered a retirement plan, only 13.4 percent believed this to be an impediment. In contrast, 29.0 percent of those that had not previously offered a plan had this concern. Not surprisingly, respondents with the largest reported gross revenue ($2 million or more) were the least likely to mention revenue uncertainty as a reason for not sponsoring a retirement plan (18.0 percent).

The belief that retirement plans cost too much to set up and administer is the second most frequent response for not offering a plan (15.9 percent). Given that many of these costs are fixed as opposed to variable, it is not surprising that this response would be given more often by firms with one to five full-time employees (22.5 percent) than by those with 15 or more full-time employees (9.7 percent). Another interesting result in this category is the huge disparity between those that had previously offered a retirement plan (5.3 percent) and those that had not (17.2 percent). While the reader should be aware of the extremely small sample size for the former group (34 respondents), the results suggest that perhaps small employers would be more likely to consider adopting a retirement plan if they had detailed estimates on the likely administrative costs from this endeavor. Perhaps the most interesting result is that those respondents that were not aware of the new tax law provisions enacted as part of the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) allowing small employers to take a tax credit for a portion of the start-up costs of a new retirement plan[4] (approximately 70 percent of all respondents) were almost 50 percent more likely to cite this as a reason for not offering a retirement plan than were their counterparts who were aware of the provision (17.4 percent vs. 12.3 percent).

More than 1 in 10 (11.8 percent) of the respondents mentioned that they did not provide a retirement plan because their employees were not interested. A much larger percentage (31.9 percent) of those that previously had sponsored a retirement plan gave this response, as did the roughly 10 percent of the respondents that provide a retirement plan that covers just the owner or head of the business (22.5 percent). Surprisingly, the 31 percent of the respondents whose full-time work force is predominantly age 40 and older gave this reason more often than the 25 percent of the respondents whose full-time work force is predominantly under age 30 (12.5 percent vs. 9.2 percent).

Another 11.8 percent of the respondents mentioned that "too much goes to short-term employees" as a reason for not offering a retirement plan. This may have been exacerbated in recent years as a result of EGTRRA's provisions with respect to the vesting of matching contributions in 401(k) plans.[5] As expected, the 36 percent of the respondents whose full-time employees tend to remain with the company less than three years are much more likely to mention this as a reason (23.5 percent) than are the 42 percent of the respondents whose employees tend to stay on the job three–nine years (6.0 percent) or the 20 percent whose employees tend to stay 10 or more years (3.8 percent). Similar results are found among respondents with younger employees and those with lower average salaries (although much of this is due to the high degree of correlation between these variables and company tenure). Only 3.7 percent of those that had previously sponsored a retirement plan mentioned this as a reason.

The belief that the business was too new to provide a retirement plan was mentioned by 7.1 percent of the respondents. More than 1 in 5 (21.6 percent) of businesses less than eight years old mentioned this as a reason. This reason was also mentioned more often by respondents with fewer than six full-time employees (12.2 percent) and those with full-time employees that typically stay with the firm less than three years (13.2 percent). The 37 percent of the respondents that were not family-owned businesses were much more likely to list this reason than their family-owned counterparts

Figure 2

Likelihood of Starting a Plan in the Next Two Years

	1998	1999	2000	2001	2002	2003
Very Likely	17%	15%	16%	13%	10%	7%
Somewhat Likely	25	24	23	25	22	22
Not Too Likely	24	24	29	28	25	25
Not at All Likely	32	36	31	34	43	43

Source: The 2003 Small Employer Retirement Survey (SERS) Summary of Findings.

(13.8 vs. 3.1 percent), as were those with a retirement plan that covers just the owner (11.9 vs. 6.5 percent). Finally, those that were not aware of the EGTRRA tax credit were much more likely to mention that they thought their business was too new (8.5 percent vs. 3.8 percent).

Approximately 1 in 20 respondents (5.6 percent) say that required company contributions would be too expensive. While it is true that 401(k) plans consisting entirely of employee contributions are likely to have extreme difficulties satisfying the Actual Deferral Percentage and/or Actual Contribution Percentage requirements,[6] it is not clear what type of provision (or plan) respondents have in mind when they give this response. Legitimate or not, it is much more likely to be a concern as the number of full-time employees increases. Employers with more than 14 employees cite this reason 9.4 percent of the time, while those with five or fewer full-time employees cite it only 2.0 percent of the time. It is also more likely to be considered an issue for employers that already offer health insurance and those that had formerly offered a retirement plan.

Only 3.3 percent of the respondents mention that employees prefer wages as a reason for not offering a plan. A large percentage (11.9 percent) of those who have a retirement plan covering just the owner gave this response. It was also more likely to be a reason for those who do not offer health insurance as well as those that formerly offered a retirement plan to their employees.

An extremely small percentage (2.8 percent) replied that administration was too burdensome. This was more likely to be the case for employers that already offered health insurance (presumably they believe it will be similar for retirement plans) and those that are not aware of the EGTRRA tax credit.

Potential Motivators

While the potential exists for increased plan sponsorship among small employers, just 7 percent of nonsponsors say it is *very* likely that their business will start a retirement plan for employees in the next two years (Figure 2). This percentage has experienced a slow decline since 2000, when 16 percent reported they were very likely to start a plan within the next two years. Another 22 percent say they are *somewhat* likely to start a plan, but 43 percent say they are *not at all* likely to start a plan in the next two years (up from 32 percent in 1998 to 43 percent in 2002).

What would lead to increased plan coverage? Nonsponsors were read a list of items and asked if any would make them seriously consider sponsoring a retirement plan. The results are reported in Figure 3 separately, depending on whether the employers were (1) very or somewhat likely to start a plan in the next two years or (2) not too likely or not at all likely to start a plan in the next two years. Given their predilection for starting a plan, those in the former category may be of more interest, at least in the short term, for both public policymakers and entities servicing retirement plans. Therefore, the following paragraph focuses on their responses.

Among those very or somewhat likely to start a plan in the next two years, more than half say an increase in the company's profits would make them much more likely to consider a plan (58 percent) and almost another half (46.3 percent) say a plan that required no employer contributions would make them much more likely to consider it.

Approximately 4 in 10 each say they would be much more likely to consider a plan if there were increased business tax credits for starting a plan (42.5 percent),[7] easy-to-understand information available (38.7 percent), a plan that could really be customized for the needs of their business (37.2 percent), and a plan with reduced administrative requirements (37.9 percent). Approximately 1 in 3 in this group state that greater tax advantages for employees (34.8 percent) or greater tax advantages for key executives (32.7 percent) would make them much more likely to consider a plan. An increased demand from employees was cited 24 percent of the time and allowing key executives to accumulate more in a retirement plan was cited 20 percent of the time.

Figure 3

MOTIVATORS FOR PLAN SPONSORSHIP AMONG NONSPONSORS, BY LIKELIHOOD OF STARTING A PLAN IN THE NEXT TWO YEARS

	Very or Somewhat Likely to Start a Plan in the Next Two Years			Not Too Likely or Not at All Likely to Start a Plan in the Next Two Years		
	Much more likely	Somewhat more likely	No more likely	Much more likely	Somewhat more likely	No more likely
An increase in the business' profits	58.0 %	31.4 %	10.5 %	22.8 %	44.3 %	32.9 %
A plan that requires no employer contributions	46.3	32.9	20.9	22.4	39.7	37.9
Increased business tax credits for starting a plan	42.5	44.3	13.2	16.3	43.6	40.1
Availability of easy-to-understand information	38.7	41.8	19.5	11.7	32.1	56.3
A plan that could really be customized for the needs of your business	37.2	47.5	15.3	6.3	42.9	50.8
A plan with reduced administrative requirements	37.9	42.3	19.9	12.2	35.1	52.7
Greater tax advantages for employees	34.8	52.4	12.9	9.5	37.1	53.5
Greater tax advantages for key executives	32.7	39.1	28.2	12.3	32.5	55.3
Increased demand from employees	24.0	56.1	19.9	11.6	33.1	55.3
Allowing key executives to accumulate more in a retirement plan	20.0	43.8	36.2	7.1	28.1	64.8

Source: Author's tabulations from 2003 Small Employer Retirement Survey.

Conclusion

It appears that there are no quick fixes that will ensure income security for many employees working for small businesses. Unless either small businesses become more profitable or the federal government provides substantial subsidies, it is unlikely that many potential small-plan sponsors will be able to overcome the cost hurdle. However, as the data show, there appear to be opportunities for both plan vendors and government policy to make a real difference for a portion of this market. Effective public policy and good business practices should both educate workers with respect to the need to make retirement planning and saving a priority and address employer concerns about offering plans. The introduction of SIMPLE plans in 1996 and the EGTRRA tax credits in 2001 have provided increased incentives for many small employers to sponsor retirement plans for their employees. However, unless small employers feel that a retirement plan is something their employees want and value, they are unlikely to take advantage of whatever vehicles may be available.

Endnotes

[1] See Craig Copeland, "Employment-Based Retirement and Pension Plan Participation: Geographic Differences and Trends," *EBRI Issue Brief* no. 256, (Employee Benefit Research Institute, April 2003).

[2] The Small Business Job Protection Act of 1996 (SBJPA) introduced SIMPLE plans (savings incentive match plans for employees) for employers with 100 or fewer employees. These plans greatly simplify the administrative burden on the plan sponsor vis-à-vis other qualified retirement plans but at the cost of somewhat lower deferral limits for the participants.

[3] The annual Small Employer Retirement Survey (SERS), now in its sixth year, was designed to supplement the annual Retirement Confidence Survey (RCS) and to gauge the views and attitudes of America's small employers (with five to 100 full-time workers) regarding retirement plans and related issues. This wave of the survey was conducted within the United States in January and February of 2003 through 12-minute telephone interviews with 300 companies without a retirement plan and 31 companies that have had a retirement plan for less than one year. Oversamples of nonsponsors with 21–100 employees were obtained to allow separate analysis of this size of employer. Businesses without plans are weighted by size of business to reflect the universe of small employers without retirement plans. Data presented in tables in this report may not total to 100 percent due to rounding and/or missing categories. In theory, each sample of 300 yields a statistical precision of plus or minus 6 percentage points (with 95 percent certainty) of what the results would be if all companies with five to 100 full-time workers were surveyed with complete accuracy. There are other possible sources of error in all surveys, however, that may be more serious than theoretical calculations of sampling error. These include refusals to be interviewed and other forms of nonresponse, the effects of question wording and question order, and screening. While attempts are made to minimize these factors, it is difficult or impossible to quantify the errors that may result from them. The SERS is co-organized by the Employee Benefit Research Institute (EBRI), a private, nonprofit, nonpartisan public policy research organization; the American Savings Education Council (ASEC), a partnership of private- and public-sector institutions dedicated to raising public awareness of what is needed to ensure long-term personal financial independence, and a part of the EBRI Education and Research Fund; and Mathew Greenwald & Associates, Inc., a Washington, DC-based market research firm. The 2003 SERS data collection was funded by grants from nine public and private organizations,

with staff time donated by EBRI, ASEC, and Greenwald. SERS materials and a list of underwriters may be accessed at the EBRI Web site: www.ebri.org/sers. Results of the 2003 Retirement Confidence Survey were published in the July 2003 *EBRI Notes*, no. 7: 1–6.

[4] EGTRRA allows small employers who begin offering a retirement plan to take a tax credit for up to 50 per-cent of the start-up costs of establishing and administering a new retirement plan for the first three years of the plan, with a limit of $500 per year

[5] EGTRRA imposed faster vesting for employer matching contributions, reducing the maximum vesting schedule from a five-year to a three-year cliff (graded vesting was reduced by one year).

[6] Actual Deferral Percentage (ADP) nondiscrimination tests essentially require that before-tax contributions by highly compensated employees (as a percentage of their eligible compensation) do not exceed the contributions of non-highly compensated employees (as a percentage of their eligible compensation) by more than a specified amount. In addition, employee after-tax and employer matching contributions are subject to a similar nondiscrimination test (the Actual Contribution Percentage [ACP] test).

[7] Subsequent to respondents being asked the motivator question, they were asked if they were aware of the EGTRRA tax credit. When the analysis for the "increased business tax credits for starting a plan" question was bifurcated by how they answered the latter question, the results were virtually the same (39.21 percent if they were already aware of it and 43.3 percent if they were not).

Washington Update

by Jim Jaffe, EBRI

The Fall Line-Up on Capitol Hill

Congress returned to work after Labor Day to a full legislative plate and the probability of again missing its projected Oct. 3 target adjournment date for the year (last year they went into December before quitting for the year). The top priority is approving a budget for the new fiscal year that begins Oct. 1, a date that is almost certain to be missed as well: Spending is set by 13 appropriations bills, none of which had become law by the start of September. Two of the bills had yet to win approval from either chamber, and another nine had won House approval but hadn't been considered by the Senate. As a rule, all such bills ultimately require a conference committee to compromise differences between the Senate and House versions.

The prospect of projected record deficits will make many spending issues more contentious than usual. Nearly all members of Congress would like to enact a budget that would improve the health of America's economy, but there's little consensus about how this goal can best be achieved.

As Congress returned to work, it also confronted two major pending pension issues that had become more muddled than they were earlier this year. The two controversial issuesæthe rules for conversion to cash balance plans and a replacement for the pension benchmark interest rate—are now seen as lower-priority items on the congressional agenda and are unlikely to be resolved soon.

Despite an ongoing debate and seeming progress on other controversial issues—including creation of a new Medicare drug benefit or expansion of this year's child tax credit to families without tax liability—Congress could simply quit for the year after passing the budget. It also could slide by the budget deadline by passing a continuing resolution that would allow spending to continue at current levels until pending policy issues were decided, a technique that lawmakers have resorted to often in the recent past.

Because each Congress lasts for two years (this is the 108th Congress, of which 2003 is the first session), legislation unresolved this year remains alive during the 2004 session. But relatively few issues other than enacting a federal budget must be resolved this year. With the 2004 elections looming, congressional debates tend to become increasingly partisan just as time pressures also become more acute.

Pensions and Politics at Ways and Means

With the summer recess over, pension experts are hoping that tempers will have cooled from the partisan food fight that erupted in July in the House Ways and Means Committee over a bill that would

create a blended corporate bond benchmark pension interest rate. Although the dispute had nothing to do with the substantive content of the legislation, the spat over procedure and personalities forced the pension bill to be put aside temporarily. The existing law expires at year's end. If nothing is done, pension funds would be forced to again use the 30-year Treasury rate, which would require a substantial increase in pension funding.

When the pension bill was first raised in committee in July, Ways and Means Democrats walked out of the session to protest not having adequate time to digest the pending bill prior to the vote scheduled by Chairman Bill Thomas (R-CA), who proceeded to win GOP approval of the measure in their absence. While Thomas subsequently made a public apology for his abrupt behavior, Democrats asked that the committee reconsider the bill before it was brought to the House floor for debate. That question was left hanging when the House adjourned for its summer recess.

Most believe that this provision would win substantial support from Democrats were it not for this dispute. The hope is that unhappy memories will have faded by the time the legislation is brought to the House floor. At this writing, it remains unclear how lawmakers will proceed.

Meanwhile, Sen. Judd Gregg (R-NH), who chairs the Senate Health, Education, Labor, and Pensions Committee, introduced legislation that would also allow use of the blended corporate benchmark. But there was no immediate word on when the Senate Finance Committee, which has jurisdiction over the question, would deal with it.

Historically, the pension benchmark has reflected the rate for the 30-year Treasury bond. But the government discontinued issuing such bonds when the budget had a surplus and the resulting short supply has distorted rates. As a result, a temporary pension benchmark (which is derived from the Treasury rate) is in effect until year's end. In the absence of action, the benchmark would revert to the Treasury rate in January.

Courts Fault Cash Balance Conversions

Two federal courts in Illinois decided that employers treated certain workers in an illegal fashion with rules imposed when defined benefit pension plans were converted into cash balance plans.

The first decision, from the Federal District Court for the Southern District of Illinois, ruled that IBM ran afoul of age discrimination rules with its conversion. The ruling left some analysts wondering whether it was possible to create any cash balance plan that did not provoke similar problems. IBM quickly promised to appeal that decision.

From a regulatory perspective, the Treasury Department has been soliciting public comment on rules that would deal with the age bias question, but earlier this year withdrew a draft proposal that provoked broad criticism. The basic problem arises because cash balance plans do away with the accelerated accumulations that now accrue to long-term employees toward the end of their careers. Such plans are typically seen as disadvantageous to employees who are near retirement age.

The second decision, from the Seventh Appeals Circuit in Chicago, faulted Xerox for failing to give increased lump-sum payments to workers under age 65 to compensate for the interest the money would have earned had it remained in their accounts until they were 65. This decision confirmed a lower court finding that Xerox owed former employees an added $300 million.

Until higher-level courts issue definitive rulings, or Congress sets a clear policy (which is unlikely to happen anytime soon), this situation is likely to chill the climate of cash balance conversions for months or even years to come.

Medicare Drug Benefit Compromise Elusive

Despite continuing negotiations during the congressional recess, September began with major unresolved questions about the future of the proposed Medicare drug subsidy program. Negotiations between House and Senate staff

during August dealt with a peripheral question—the dimensions of a discount drug card program that would serve as an interim solution until the new Medicare benefit became operational in 2006.

The Congressional Budget Office projects the program would cost $400 billion in its first decade of operation, but some say that estimate is low.

Beyond questions about who would get what from the program are some serious political disputes. The Senate's bipartisan bill makes few changes in the existing Medicare program, but the House bill (which was passed by a virtual party-line vote, with only 19 Republicans and nine Democrats defecting from their leaderships' positions) would allow a significantly greater role for private insurers. Republican sponsors express confidence that such an expanded role would slow anticipated budget increases, but analysts see little evidence to confirm this hypothesis.

During the earlier negotiating phases, the White House did not take a stance on specific issues, but called on all parties to continue compromising in a fashion to move the process forward.

A related subsidiary debate is shaping up over how and whether the government should make it easier for Americans to import foreign drugs. Such plans are generally popular with politicians, but there are some concerns about the safety of such imports and fears that drug companies will impose policies that thwart such efforts. Pharmaceutical firms have already acted to restrict supplies to pharmacies in Canada that make significant shipments to U.S. residents.

Cuts Suggested for Medicare Physician Reimbursement

Medicare administrators have suggested that the program's reimbursement levels for doctors be reduced by 4.2 percent in 2004. In what is becoming an annual ritual, doctors complain about the proposed cuts, members of Congress work to block the cuts, and ultimately compromise funding is approved. The Bush administration says the lower reimbursement rates reflect higher than anticipated usage coupled with lagging economic growth. But some legislators say the calculation unfairly includes the value of drugs that are dispensed by doctors. This is certain to be a hard-fought battle as lawmakers struggle to finalize a new federal budget.

EBRI In Focus

EBRI's 25th Anniversary

EBRI's 25th anniversary was celebrated with a black-tie dinner Sept. 19 at the Waldorf Astoria in New York City, attended by EBRI founders, members, and staff; invited members of the news media, congressional staff and policymakers; special guests; and friends and family. Attendees received a commemorative two-CD set that contains all major publications, research, and samples of public-service announcement (PSA) educational videos produced during EBRI's 25-year history (a copy will be sent to all EBRI members in the near future). After a brief formal program, attendees were treated to a performance by the comedy troupe *The Capitol Steps*.

As EBRI President Dallas Salisbury noted: "EBRI began in 1978 because a few people believed that the country needed an objective, professional, reliable resource that would focus on employee benefits and related economic security issues. It has evolved into an authoritative and highly respected public policy research organization, and is looked to internationally by those who want the best information about the United States' economic security system.

"I extend warm thanks to the founders and to all who have worked with the Institute over the past 25 years. Every constituency of EBRI has played a role in its suc-

cess. Without your time, imagination, commitment, expertise, coverage, research creation and usage, or financial support, EBRI would not have evolved from an idea to an institution."

For more information on the event, or for questions about the EBRI 25th Anniversary CD, contact Salisbury at sailisbury@ebri.org or (202) 775-6322.

EBRI Education on the Road

Presentations by EBRI President Dallas Salisbury in September included:

- At the Aventis strategy meeting Sept. 4 in Bridgewater, NJ, a speech on the future of employment-based health insurance for active workers and retirees.
- At the Fidelity Investments Services Company Seminar in Marlboro, MA, Sept. 17, a discussion of findings from the 2003 Retirement Confidence Survey, how public opinion has changed over the 13 annual surveys, and what the findings suggest for the future.
- At the John Deere HR Strategy Group Sept. 18 in Moline, IL, a speech on savings, retirement, and health issues for HR executives in the years ahead and implications for enterprise sales and profitability.
- At the Pacific Maritime Association board of directors' annual planning conference Sept. 30 in Napa, CA, a discussion of savings, health, and retirement trends, and implications for future enterprise and individual economic security.

In addition, Paul Fronstin, director of the EBRI Health Research and Education Program, made a presentation on retiree health benefits Sept. 30 at the World Research Group's conference on "Responding to the Health Care Funding Crisis in Public Retirement Systems," in Lake Tahoe.

New Publications & Internet Resources

[*Note: To order publications from the U.S. Government Printing Office (GPO), call (202) 512-1800; to order congressional publications published by GPO, call (202) 512-1808. 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.*]

Employee Benefits

Mont, Daniel, et al. Workers' Compensation: Benefits, Coverage, and Costs, 2000 New Estimates. $15. (202) 452-8097 or download free at www.nasi.org.

Health Care

Health Insurance Association of America. The Health Insurance Industry Resource Guide 2002-2003. Free. Health Insurance Association of America, 555 13th St., NW, Suite 600 East, Washington, DC 20004-1109, (800) 828-0111.

Health Policy Tracking Service. Major Health Care Policies: Fifty State Profiles, 2002. $77. National Conference of State Legislatures, Health Policy Tracking Service, 444 N. Capitol St., NW, Suite 515, Washington, DC 20001, (202) 624-3567, fax: (202) 737-1069.

Institute for Health Policy Solutions. Individual Tax Credits and Employer Coverage: Assessing and Reducing the Downside Risks. Free at www.ihps.org.

International Foundation of Employee Benefit Plans. Retiree Medical Benefits in the Multiemployer Sector: Meeting the Challenge. IFEBP members, free online or call (262) 786-6710 x8217; nonmembers, $50 + S&H. International Foundation of Employee Benefit Plans, Publications Department, P.O. Box 69, Brookfield, WI 53008-0069, (888) 33-IFEBP, fax: (414) 786-8670, e-mail: books@ifebp.org.

Miller, Laird, and Joanne Miller. Health Care Purchasing: A Value-Based Model. IFEBP members, $40; nonmembers, $50 + S&H. International Foundation of Employee Benefit Plans, Publications Department, P.O. Box 69, Brookfield, WI 53008-0069, (888) 33-IFEBP, fax: (414) 786-8670, e-mail: books@ifebp.org.

Partnership for Solutions. Johns Hopkins University. Chronic Conditions: Making the Case for Ongoing Care. Free at www.partnershipforsolutions.org/.

State Coverage Initiatives. State of the States: Bridging the Health Coverage Gap. Free at www.statecoverage.net.

Human Resource Management

Block, Richard N., Karen Roberts, and R. Oliver Clarke. Labor Standards in the United States and Canada. $18. W.E. Upjohn Institute for Employment Research, 300 S. Westnedge Ave., Kalamazoo, MI 49007-4686, (616) 343-5541.

Effron, Marc, Robert Gandossy, and Marshall Goldsmith. Human Resources in the 21st Century. $34.95. John Wiley & Sons, 1 Wiley Dr., Somerset, NJ 08875, (800) 225-5945.

Gilley, Ann Maycunich, Jamie L. Callahan, and Laura L. Bierema. Critical Issues in HRD: A New Agenda for the Twenty-First Century. $32.50. Perseus Publishing, Eleven Cambridge Ct., Cambridge, MA 02142, (617) 252-5200.

Gilley, Jerry W., and Ann Maycunich Gilley. Strategically Integrated HRD: Six Transformational Roles in Creating Results-Driven Programs. 2nd Edition. $32.50. Perseus Publishing, Eleven Cambridge Ct., Cambridge, MA 02142, (617) 252-5200.

Haveman, Robert H., Andrew Bershadker, and Jonathan A. Schwabish. Human Capital in the United States from 1975 to 2000: Patterns of Growth and Utilization. $17. W.E. Upjohn Institute for Employment Research, 300 S. Westnedge Ave., Kalamazoo, MI 49007-4686, (616) 343-5541.

Kaufman, Bruce E., Richard A. Beaumont, and Roy B. Helfgott. Industrial Relations to Human Resources and Beyond: The Evolving Process of Employee Relations Management. $89.95. M.E. Sharpe, 80 Business Park Dr., Armonk, NY 10504, (800) 541-6563, www.mesharpe.com.

Kochan, Thomas A., and David B. Lipsky. Negotiations and Change: From the Workplace to Society. $35. Cornell University Press, Sage House, 512 East State St., Ithaca, NY 14850, (607) 277-2211.

Taxation

Hoffman, Saul D., and Laurence S. Seidman. Helping Working Families: The Earned Income Tax Credit. $18. W.E. Upjohn Institute for Employment Research, 300 S. Westnedge Ave., Kalamazoo, MI 49007-4686, (616) 343-5541.

U.S. Congress. House Committee on Ways and Means, Joint Committee on Taxation, and Senate Committee on Finance. Estimates of Federal Tax Expenditures for Fiscal Years 2003-2007. Order from GPO.

Internet Documents

Can There Be Too Much Choice in a Retirement Savings Plan?
institutional.vanguard.com/pdf/vcrr_choice.pdf

Decision Making In Consumer-Directed Health Plans
research.aarp.org/health/2003_05_cdp.html

Employer Costs for Employee Compensation
www.bls.gov/news.release/pdf/ecec.pdf

The Future of the Employee Plans Determination Letter Program
www.irs.gov/pub/irs-tege/white_paper2.pdf

Mutual Funds and the U.S. Retirement Market in 2002
www.ici.org/stats/res/fm-v12n1.pdf

NYSE Fact Book Online
www.nysedata.com/factbook/

P&I's 2003 Money Managers Directory
www.pionline.com/moneyman/

The Principal Global Financial Well-Being Study™
www.principal.com/wellbeing/global/index.htm

Securing Retirement Income for Tomorrow's Retirees
www.bc.edu/centers/crr/fifth_annual.shtml

The State of the Workplace for Lesbian, Gay, Bisexual and Transgender Americans 2002
www.hrc.org/worknet/publications/state_workplace/2002/sow2002.pdf

Survey of Year-End 2002 Global U.S. GAAP (SFAS 87) Assumptions
www.buckconsultants.com/content/fyi/FYI06_04_03c.pdf

Serials' Sites With Surveys/Rankings/Lists/Guides

Best's Review
www.bestreview.com/

Business Insurance
www.businessinsurance.com/

Business Week
www.businessweek.com/

Contingencies
www.contingencies.org/

Employee Benefit News
www.benefitnews.com/

Employee Ownership Report
www.nceo.org/nceo/newsletter.html

Forbes
www.forbes.com/

Fortune
www.fortune.com/

Global Custodian
www.globalcustodian.com/

HR Magazine
www.shrm.org/hrmagazine/

Human Resources Outsourcing Today
www.hrotoday.com/

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Money Magazine
money.cnn.com/

The New York Times
www.nytimes.com/

Pensions & Investments
www.pionline.com/

Plan Sponsor
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Social Security Bulletin
www.ssa.gov/policy/docs/ssb/

U.S. News & World Report
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The Wall Street Journal
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