



## *Fast Facts from* EBRI

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### **Retirement Plan Participation: Firm Size Differences**

WASHINGTON—How does the size of the firm where a worker is employed affect the likelihood that he or she participates in an employment-based retirement plan?

The November 2007 *EBRI Issue Brief*, published by the nonpartisan Employee Benefit Research Institute (EBRI), provides answers to these and other questions. Here are some of the key findings concerning differences in employment-based retirement plan participation in 2006 by firm size:

**Overview:** Workers at firms with fewer employees are significantly less likely to participate in a retirement plan than are workers at large firms.

**Participation levels by firm size.** Here are retirement plan participation levels for full-time, full-year wage and salary workers ages 21–64 in 2006. Workers in this category are considered to have the strongest connection to the work force.

- 10–24 employees: 28.6 percent
- 25–99 employees: 40.8 percent
- 100–499 employees: 51.4 percent
- 500–999 employees: 57.8 percent
- 1,000 or more employees: 65.6 percent

**Discussion of trend:** One potential explanation for the lower participation levels at smaller firms could be that these firms hire workers with characteristics associated with lower participation, such as being younger or lower paid. However, when controlling for age, workers at small employers still had a persistently lower level of participation across the age groups. The *Issue Brief* makes these additional points:

- Across various earnings levels, workers at small employers were less likely to participate in an employment-based retirement plan.
- Even among workers making \$50,000 or more, a considerable disparity exists—25 percent of those working for the smallest employers participated in a plan, compared with 80 percent of those working for employers with 1,000 or more employees.

Overall, the *Issue Brief* reported that in 2006, participation in employment-based retirement plans fell to 53 percent among full-time, full-year wage and salary workers ages 21–64—those with the closest connection to the work force. This was down from 55 percent in 2005.

The complete November 2007 *EBRI Issue Brief* is available at [www.ebri.org](http://www.ebri.org)

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