The Work of EBRI

1) **The Employee Benefit Research Institute (EBRI) was founded in 1978 to "function strictly in an objective and unbiased manner and not as an advocate or opponent of any position." The founding principles also declared:**
   a) **"Employee benefit plans serve an essential function in the U.S. economy, by providing citizens with opportunities to achieve financial security.**
   b) **An ongoing need exists for objective, unbiased information regarding the employee benefits system, so that decisions affecting that system may be made based upon verifiable facts."**

2) **The Internet has allowed EBRI to make all its work universally and instantly available 24/7 at:**
   a) www.ebri.org
   b) www.choosetosave.org
   c) www.asec.org

3) **Primary EBRI Resource Publications on the Web are:**
   a) **Issue Briefs®** (single topic data and analysis) (minimum of 12 per year).
   b) **Notes®** (data and research articles) (minimum of 12 per year).
   c) **Fundamentals of Employee Benefits®** (Web-only).
      i) 48 chapters on employee benefits of all types for all sectors (used as a basic education resource by employers, news reporters, universities, policy staff, etc.).
   d) **EBRI Databook®** (Web-only).
      i) 60 chapters and 5 appendices with data, legislative history chart, etc., on employee benefits of all types in all sectors, with direct linkages to multiple government data sources without the searching.
   e) *Washington Bulletin,* FastFacts, FAQs, Media Updates, Facebook, Twitter, etc. (in spite of its small size, EBRI is consistently one of the top 15 "think tanks" cited by the media; annual media citations range between five and 200 times those of any other nonprofits publishing data and research on retirement and DC plan issues).

4) **Primary EBRI Surveys at www.ebri.org are:**
   a) **Retirement Confidence Survey®**
      i) Annual since 1990—tracks trends on many of important retirement security questions, now for 21 consecutive years.
      ii) Surveys of 1,000 workers and 250 retirees.
      iii) Survey results are weighted to be nationally representative.
      iv) Assesses confidence of workers and retirees being able to afford a comfortable retirement, along with their current level of savings, whether they are currently saving, what their estimate of a retirement target is, and how they made that determination. Retirees are asked questions on whether they retired at their planned age and, if not, why—as well as whether their living standards have changed in retirement.

   b) **Health Confidence Survey®**
      i) Annual survey, started in 1998.
      ii) About 1,000−1,200 adults interviewed annually using random-digit dialing (including cell phone supplement).

    iii) Survey results are weighted to be nationally representative.

    iv) Core questions on confidence in various aspects of health care.

    v) Topical questions on timely subjects: health reform, retiree health, long-term care insurance, quality of health care, health information technology, etc.

  c) **Consumer Engagement in Health Care Survey®**

    i) Annual survey, started in 2005, to track growth in consumer-driven health plans, or CDHPs (HRAs, HSAs, and HSA-eligible plans).

    ii) Also provides information on the behavior and attitudes of people with CDHPs compared with those with more traditional coverage.

    iii) The survey is now used to track employer contributions, employee contributions, account balances, and rollover behavior.

5) This section highlights Regular Research Program Updates

  a) **Savings Needed for Health Care Expenses in Retirement**—Annual *Issue Brief.*

    i) Research started in 2003.

    ii) Now using Monte Carlo simulation modeling to estimate savings needed to cover expenses at median, 75%, and 90% of combination of life expectancy and investment returns.

    iii) Presentation of findings varies by use of health care services.

    iv) Separate analyses presented for men, women, and married couples.

    v) Separate analyses presented for individuals with employment-based coverage and those buying Medigap/Part D on their own.

    vi) Savings amounts presented for persons retiring in the future.

  b) **Defined Contribution Plan Database Report (with ICI)**—Annual *Issue Brief.*

    i) The benchmark annual study for the media and policymakers from the only integrated multi-provider, participant-level database.

    ii) **Annual publication with ICI that dates back to 1996**. Cross-sectional information on more than 20 million distinct participants from more than 50,000 401(k) plans, representing over 50 percent of the private 401(k) universe. **On course to grow 50% in size with year-end 2010 data submissions.** Participants can be linked over time. EBRI started the concept of analyzing "consistent participants" during the 01/02 market downturn to perform more accurate assessments of what the 401(k) system was producing for participants than the simple comparison of cross-sectional averages (which contains a significant negative bias). *We still maintain a 1999 and 2003 baseline for these consistent samples.*

    iii) **In addition to an analysis of cross-sectional and longitudinal account balance information, EBRI also provides annual numbers on asset allocation and loan behavior.** In recent years, the asset allocation information has been broken out to look at those with only a few years of tenure to get a better understanding of new trends. We have now bifurcated balanced funds into target-date fund (TDF) vs. non-TDF balanced funds and used proxies for automatic enrollment when possible.

    iv) **EBRI also produces special publications, congressional testimony, special runs for media and policymakers, etc., from the data on an ongoing basis.**

  c) **Retirement Readiness Rating® and RSPM®**

    i) **EBRI's Retirement Security Projection Model (RSPM) was the first national retirement income adequacy model based on microsimulation results for both the accumulation and decumulation phases in 2003.** The model was recently updated in 2010 and showed, contrary to much popular opinion, that the percentage of households "at risk" of insufficient retirement income had decreased substantially in the intervening seven years, primarily due to

the rise of automatic enrollment and auto-escalation of contributions. This model allows results to be broken down by age, income, family status, gender, and characteristics of employers the household works for.

ii) EBRI has had three publications in the last 12 months focusing on how important eligibility in a DC plan is in reducing the household's at risk percentage (July 2010 *Issue Brief,* September 2010 *Notes,* April 2011 *Notes*)

d) **Ballpark E\$timate® retirement planning worksheet and interactive planners (including Federal Ballpark E\$timate® at www.opm.gov and [www.tsp.gov)](www.tsp.gov).**

i) Four versions of Ballpark exist:

(1) Short printable fill-in-the-blanks worksheet.

(2) Interactive version at www.choosetosave.org

(a) Allows individuals to very quickly get a feel for whether they are on track to reach their needed level of retirement savings and, if not, what percentage of compensation they will need to save each year in the future until the desired retirement age.

(3) Federal version that integrates CSRS and FERS defined benefit plan benefit estimates.

(4) BallparkE\$timate® Monte Carlo.

(a) This is a full-stochastic decumulation model developed for the September 2006 *Issue Brief.* It allows one to derive savings targets and choose optimal annuitization and asset allocation combinations based on age, income, gender, and degree of confidence desired (e.g., do they want a 50, 75, or 90 percent probability of success). The model has recently been expanded to include longevity insurance, and a prior version incorporated a cost/benefit analysis of long-term care insurance.

e) **401(k) Account Balance Estimates on first of each month.** (www.ebri.org/?fa=401kbalances)

i) Starting in October 2008, after each new publication of the annual EBRI/ICI 401(k) *Issue Brief,* we project on a monthly basis what has likely happened to average increases in account balance by age and tenure.

ii) Currently, this is performed only with the 401(k) data; however, we plan to expand this in the very near future to the IRA data and, later in the year, to the DC/IRA combined database.

f) **Health Insurance Coverage in the US—**Annual *Issue Brief* (since 1983).

i) Uses the Current Population Survey from the Census Bureau.

ii) Longest-running publication in the nation for tracking employment-based health benefits.

g) **Employment-Based Retirement Plan Participation—**Annual *Issue Brief.*

i) Using the annual March Supplement to the U.S. Census' Current Population Survey (CPS), the percentage of workers participating in an employment-based retirement plan (defined benefit and defined contribution) in the prior year is estimated across numerous demographic characteristics of workers as well as characteristics of the workers' employers. Furthermore, the number of workers in key groups of workers not having a plan is quantified.

ii) A trend dating back to 1987 for most of these characteristics is also determined, to show how participation has changed over that time period.

h) **Individual Account Retirement Plan Wealth—**Triennial *Issue Brief.*

i) Using the Federal Reserve's Survey of Consumer Finances (SCF), the wealth of American families attributable to individual account retirement plans (employment-based defined contribution plans and individual retirement accounts (IRAs)) is estimated. Average and

median balances individually and combined for these plans are determined at the family level, as well as the fraction of the family's wealth these represent. These results are determined across a variety of family characteristics.

i) **Individual Retirement Accounts**—Annual *Issue Brief.*
   i) Using the EBRI IRA Database,™ annual estimates of IRA balances, contributions, and rollovers are determined. These estimates are broken down by the individual's gender, age, and IRA type. For individuals able to be identified within and across a data provider to the database, the IRA amounts are aggregated to show a better picture of individuals' total IRA holdings. A supplement to this *Issue Brief* is a study on the asset allocation of IRA accounts that provides a snapshot of the breakdown between asset types used by the IRA owners.

j) **Combined DC Plan and IRA Accounts Database**—Annual *Issue Brief.*
   i) Using the EBRI Integrated DC Plan and IRA Database, annual estimates of the number of individuals with multiple accounts (by number of accounts), aggregate assets, allocation across all accounts, etc.
   ii) This is the only database of its kind with individual-level data, making it possible to evaluate the effects and value of employer plan tax incentives through the ability to track and match rollovers and to assess account drawdown behavior prior to and after retirement.
   iii) The year-end 2010 database will have at least 14 million IRA records and at least 25 million DC records.

6) **EBRI also undertakes Special Projects for Policymakers and Influencers, the Media, and EBRI Members. Recent examples:**
   a) **One-time modeling for legislation and regulation analysis, using RSPM.** (RSPM model was purposely built in a very robust fashion to allow modeling of potential change in legislation/regulation as well as plan design). **Examples**:
      (1) Impact of $20,000/20 percent restrictions on retirement account balances at age 65 (December 2010 Board meeting).
      (2) Impact of "optimal" plan design and employee education with respect to automatic escalation of 401(k) contributions on retirement account balances (November 2010 *Issue Brief*).
      (3) Impact of changing 401(k) plan design to automatic enrollment (April 2010 *Issue Brief*, June 2008 *Issue Brief*, July 2005 *Issue Brief*).

   b) **Senate Committee on Health, Education, Labor and Pensions,** Hearing on: "The Wobbly Stool: Retirement (In)security in America," Oct. 7, 2010.
      (a) Used RSPM to illustrate the importance of Social Security retirement benefits on retirement income adequacy by income quartiles. Also illustrated the value of employment-based accumulations. This shows that if one were to eliminate the expected retirement income generated by defined benefit plans, defined contribution plans, and IRAs, the impact on at risk percentages would be even larger than that projected for Social Security.

   c) **Senate Finance Committee hearing March 30, 2011, on tax incentives (including for retirement).**
      (a) Prepared summary slides for committee staff on the importance of 401(k) plans for retirement accumulations and retirement income adequacy.

d) **Special runs for national news reporters and for interest groups. Examples:**
   i) The Associated Press analysis of 401(k) recovery from the recession.
      (1) Percentage of participants who have more money in their 401(k) accounts on March 1, 2011 than at the market peak in October 2007, by age and tenure.
   ii) The *Wall Street Journal's* April 5, 2011, special supplement on employee benefits.
      (1) "A Post-Crisis Assessment of 401(k)s."
   iii) Post-Partisan Foundation analysis.
      (1) Analyzed the actual impact of the 2008−2009 financial market and real estate crisis on retirement income adequacy (and how it varied based on whether the household had net housing equity and 401(k)/IRA balances), and the surprisingly small (at least compared to much conventional wisdom) additional amounts that Gen Xers needed to save to offset this impact.

7) **EBRI approach: Public Education** (broadly defined).
   a) Testimony, conference presentations, articles for other publications, etc., at the rate of about 200 per year.
   b) EBRI policy forums (twice a year, on a retirement issue in the spring and a health issue in the fall).
      i) The most recent retirement forum was May 12, 2011—"Is There a Future for Retirement?"
      ii) The most recent health forum was December 2009—"Employers, Workers and the Future of Employment-Based Health Benefits."

   c) Membership on advisory and study groups in the government and media that inform attitudes on employee benefits, sponsor and provider motivations, results of tax incentives, etc. Examples:
      i) Advisory Committee to the Comptroller General of the United States.
      ii) Pension Benefit Guaranty Corporation Advisory Committee.
      iii) Institute of Medicine Panel on Definition of Essential Benefits (for HHS for Health reform regulations).
   d) American Savings Education Council and Choose to Save® public service messages and video and website.

8) **EBRI is supported financially by a diverse mix** of public and private, for-profit and not-for-profit organizations; businesses of all types and sizes; and labor groups, foundations, associations. All sides on employee benefit issues can use EBRI data and research—allowing them to spend their time reaching consensus on policy and programs, and debating not the data but what it means.