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Employment-Based Retirement Plan Participation: Geographic Differences and Trends

by Craig Copeland, EBRI

- This *Issue Brief* examines the level of participation by workers in employment-based (both public- and private-sector employers) pension or retirement plans, based on the U.S. Census Bureau's March 2004 Current Population Survey (CPS), the most recent data currently available.
- In 2003, after two years of declining overall levels of worker participation in employment-based retirement plans, the percentage of workers participating in such plans had either leveled off or slightly increased. Specifically, the percentage of *all workers* participating in an employment-based retirement plan crept up nominally, from 41.8 percent in 2002 to 42.0 percent in 2003, while the percentage of *full-time, full-year wage and salary workers* ages 21–64 (those most likely to be offered a retirement plan at work) increased from 56.7 percent in 2002 to 57.1 percent in 2003.
- Most of the increased participation was among workers who had experienced participation declines in the prior two years, in some cases to their lowest levels since at least 1987. Workers showing a higher likelihood of retirement plan participation in 2003 include those who worked full time, full year, for large employers or public-sector employers, or were high earners.
- Being nonwhite, younger, female, never married; having lower educational attainment, lower earnings, poorer health status, no health insurance through own employer; and not working full time, full year were all associated with a lower level of participation in a retirement plan. In addition, workers working for smaller firms, private-sector firms, or firms in the personal services industry were also less likely to participate in a retirement plan. Geographic location of workers also is a factor, with those in the South and West (Southwest in particular) less likely to participate in a plan than workers in other regions of the country.
- While the overall percentage of females participating in a retirement plan was lower than that of males, when controlling for work status or earnings the female participation level surpassed that of males. Furthermore, black and native-born Hispanic workers had participation levels much closer to those of white workers within each age group. Nonnative-born Hispanics had substantially lower participation levels than native-born Hispanics, even when controlling for age and earnings.

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Table of Contents

Introduction.....	4
Retirement Plan Types	4
Data	6
2003 Participation Levels.....	7
Worker Characteristics.....	7
Employer Characteristics	7
A Closer Examination.....	8
Geographic Differences	9
Trends	9
Trends in the Percentage Participating.....	10
Trends Across Worker Characteristics.....	10
Trends Across Employer Characteristics	12
Conclusion	12
References.....	14
Endnotes.....	15

Figures

Figure 1, Percentage of Various Work Forces Who Work for an Employer That Sponsored a Retirement Plan, and the Percentage Who Participated in the Plan, 2003.....	17
Figure 2, Percentage of Various Work Forces Who Worked for an Employer That Sponsored a Retirement Plan and the Percentage That Participated in the Plan, by Various Characteristics, 2003	18
Figure 3, Percentage of Wage and Salary Workers Ages 21–64 Who Participated in an Employment-Based Retirement Plan, by Work Status and Gender, 2003	20
Figure 4, Percentage of Wage and Salary Workers Ages 21–64 Who Participated in an Employment-Based Retirement Plan, by Annual Earnings and Gender, 2003	20

Figure 5, Percentage of Wage and Salary Workers Ages 21–64 Who Participated in an Employment-Based Retirement Plan, by Annual Earnings and Race/Ethnicity, 2003	21
Figure 6, Percentage of Wage and Salary Workers Ages 21–64 Who Participated in an Employment-Based Retirement Plan, by Firm Size (Number of Employees) and Race/Ethnicity, 2003.....	21
Figure 7, Percentage of Wage and Salary Workers Ages 21–64 Who Participated in an Employment-Based Retirement Plan, by Age and Race/Ethnicity With Hispanic Detail, 2003.....	22
Figure 8, Percentage of Wage and Salary Workers Ages 21–64 Who Participated in an Employment-Based Retirement Plan, by Race/Ethnicity With Hispanic Detail and Annual Earnings, 2003	22
Figure 9, Percentage of Wage and Salary Workers Ages 21–64 Who Participated in an Employment-Based Retirement Plan, by Age and Employer Size (Number of Employees), 2003.....	23
Figure 10, Percentage of Wage and Salary Workers Ages 21–64 Who Participated in an Employment-Based Retirement Plan, by Annual Earnings and Employer Size (Number of Employees), 2003	23
Figure 11, Percentage of Various Work Forces Who Participated in an Employment-Based Retirement Plan, by State, 2003	24
Figure 12, Percentage of Wage and Salary Workers Ages 21–64 Who Participated in an Employment-Based Retirement Plan, by State, 2003.....	25
Figure 13, Percentage of Various Work Forces Who Participated in an Employment-Based Retirement Plan, by Consolidated Metropolitan Statistical Area (CMSA), 2003	25
Figure 14, Percentage of Various Workforces Who Worked for an Employer That Sponsored a Retirement Plan and the Percentage Who Participated in an Employment-Based Retirement Plan, 1987–2003	26
Figure 15, Percentage of Various Work Forces Who Participated in an Employment-Based Retirement Plan, 1987–2003	28
Figure 16, Percentage of Wage and Salary Workers Ages 21–64 Who Participated in an Employment-Based Retirement Plan, by Age, 1987–2003	28
Figure 17, Percentage of Wage and Salary Workers Ages 21–64 Who Participated in an Employment-Based Retirement Plan, by Gender, 1987–2003	29
Figure 18, Percentage of Wage and Salary Workers Ages 21–64 Who Participated in an Employment-Based Retirement Plan, by Race/Ethnicity, 1987–2003	29
Figure 19, Percentage of Wage and Salary Workers Ages 21–64 Who Participated in an Employment-Based Retirement Plan, by Educational Level, 1987–2003.....	30
Figure 20, Percentage of Wage and Salary Workers Ages 21–64 Who Participated in an Employment-Based Retirement Plan, by Annual Earnings 1987–2003.....	30
Figure 21, Percentage of Wage and Salary Workers Ages 21–64 Who Participated in an Employment-Based Retirement Plan, by Work Status, 1987–2003.....	31
Figure 22, Percentage of Wage and Salary Workers Ages 21–64 Who Participated in an Employment-Based Retirement Plan, by Workers' Employer Size, 1987–2003.....	31

Introduction

The financing of retirement is becoming an increasingly vital topic in the United States, as the post-World War II baby-boom generation is rapidly approaching the traditional retirement age of 65. This wave of adults born between 1946–1964 totals 77 million people, and as they reach their retirement years they will greatly change the demographics of the nation: The sharp rise in the percentage of the elderly population will make it much more expensive for active workers to support programs such as Medicare and Social Security, which are designed to protect the elderly. Since current tax revenues are projected to be insufficient to support these programs at their existing levels, some type of changes are likely to occur that could result in increased retirement age eligibilities, higher taxes, or in cutbacks of benefits. These options were addressed directly by Federal Reserve Chairman Alan Greenspan in August 2004, when he recommended that Americans work longer and that the government ratchet back future Social Security and Medicare benefits promises so as to avoid the need for “adjustments that could be abrupt and painful” later.

Consequently, if the near elderly hope to maintain their preretirement standards of living—especially with possible benefit cuts looming for both Social Security and Medicare—it is likely they will need sources of income in retirement that supplement their Social Security benefits. For both current and future retirees, an important source of additional income in retirement is funds from an employment-based retirement plan. Therefore, understanding how many workers have a retirement plan, and their participation in it, provides critical insight into the likely future financial status of retirees.

In 2003, after two years of declining overall levels of worker participation in employment-based retirement plans, the percentage of workers participating in such plans has either leveled off or slightly increased. Specifically, the percentage of *all workers* participating in an employment-based retirement plan crept up nominally from 41.8 percent in 2002 to 42.0 percent in 2003, while the percentage of *full-time, full-year wage and salary workers* ages 21–64 (those most likely to be offered a retirement plan at work) increased from 56.7 percent in 2002 to 57.1 percent in 2003. Most of the increased participation was within the group that had experienced participation declines in the prior two years, in some cases to the lowest levels since at least 1987. The workers showing a higher likelihood of retirement plan participation include those who worked full time, full year, for large employers or public-sector employers, or were the highest earners.

This *Issue Brief* more closely examines this level of participation by workers in employment-based (both public- and private-sector employers) pension or retirement plans, based on the U.S. Census Bureau’s March 2004 Current Population Survey (CPS), the most recent data currently available. It begins with an overview of retirement plan types and participation in these types of plans. Next, it describes the data used in this study, along with their relative strengths and weaknesses. From these data, results on participation in employment-based retirement plans are analyzed for 2003 across various worker characteristics and those of their employers. The report then explores retirement plan participation across U.S. geographic regions, including a state-by-state comparison and a comparison of certain consolidated metropolitan statistical areas (CMSAs). In addition to the results for 2003, trends from 1987–2003 in employment-based retirement plan participation are presented across the same worker characteristics and those of their employers as used for 2003. The report concludes with a discussion of this study’s findings.

Retirement Plan Types

In general, there are two types of tax-favored retirement plan vehicles offered through employers and unions—defined contribution (DC) plans and defined benefit (DB) plans. These plans differ in variety of ways, particularly in how benefits are determined and held, the assumption of investment

risk, and the manner in which plan benefits are paid. First, under a DC plan, employer contributions (if any) are based on a predetermined formula,¹ and, most frequently, all contributions (made by both employers and/or employees) are placed in individual accounts on behalf of each participant. In contrast, DB plans in the private sector typically are funded by the employer and do not require participants to contribute, and plan contributions are held in one trust on behalf of all participants, with these contributions subject to federal funding rules and regulations required to maintain the plan's tax-favored status. However, in the public sector, DB plans generally require employee contributions, but the contributions are usually pooled into a single fund along with funding from the government entity that sponsors the plan.

Next, who assumes the investment risk associated with plan assets is a key distinction between DC and DB plans. The overwhelming majority of individuals receiving DC plan benefits assume all of the investment risk in their own accounts; that is, employers do not guarantee a specific benefit level but instead the benefit is determined by the contributions (employer and employee) to the individual's account and the investment returns within that account.² In comparison, DB plan participants receive a certain benefit amount calculated from a specific formula, typically based on average salary and years of service, regardless of the investment performance of the plan assets. Thus, in general, individual participants bear the investment risk in DC plans, while the plan sponsor (or for the public sector, the taxpayers of the sponsoring entity) does in DB plans.

A third difference between DC and DB plans traditionally has been the manner in which they generally pay benefits. DC plans usually pay out benefits in a lump sum—the entire accumulated benefits are paid out at one time. Consequently, the recipients are responsible for managing the money to reduce or eliminate the risk of outliving the assets during their retirement. Alternatively, DB plans must offer life annuities (a set amount paid out regularly over time, typically monthly, for as long as the beneficiary lives), which, when chosen, eliminate the necessity of managing these assets during retirement. However, plan sponsors are allowed to “cash out” those participants who terminate employment and have a small accrued benefit, and a growing number of DB plan participants are also being offered a lump-sum distribution option.³

The term *pension plan* traditionally has been synonymous with a DB plan that uses a fixed annuity payment, and not with a DC plan offering a lump-sum distribution. Although many individuals refer to a DC plan as a pension plan, many other people still understand a pension to be an annuity payment at retirement. Thus, this discussion defines DB and DC plans as *retirement plans* to eliminate any confusion.

The increase in the number of DC plan participants while the number of DB plan participants decreased has been well documented. For example, the Department of Labor's Employee Benefit Security Administration's *Private Pension Plan Bulletin* (2004), which compiles data from the Internal Revenue Service Form 5500, shows that the number of private-sector workers covered by a DB plan decreased from 30.1 million in 1980 to 22.6 million in 1999 (a decline of about 25 percent), while those covered by a DC plan increased from 14.4 million in 1980 to 46.9 million in 1999 (an increase of 225 percent over the same period). These figures include an increase in the number of workers covered by both plans from 8.2 million in 1980 to 15.4 million in 1999. Copeland (2002b), using the U.S. Census Bureau's May 1988 Current Population Survey Employee Benefit Supplement, and the Retirement and Pension Plan Coverage Topical Module to the 1996 Survey of Income and Program Participation (SIPP), found that the percentage of all civilian (public and private) nonagricultural wage and salary workers age 16 or older who considered their primary retirement vehicle to be a DC plan increased from 25.8 percent in 1988 to 62.7 percent in 1998. Another study by Copeland (2003), using the 1992 and the 2001 Survey of Consumer Finances (SCF), found that the percentage of families with at least one participant in a retirement plan and with only a DC plan increased from 37.6 percent in 1992 to 57.9 percent in 2001.

The reasons for this growth of DC plan participants, such as the perception of increased work force mobility and changes in the business and regulatory environments of plan sponsors, have also been documented.⁴ The consequences of these trends for retirees are significant, the most important being the necessity for individuals to accumulate sufficient assets in these accounts and then the necessity for individual retirees to manage the assets in retirement so as not to outlive them.^{5,6} However, these issues are outside the scope of this report, given the data limitations used in this study, which only allows for focusing on the initial accumulation of retirement benefits through participation in an employment-based arrangement.

Data

While the analysis of employment-based retirement plan participation among plan types is important, the datasets that contain this information are slow to be released, or are compiled from surveys taken only at three- or five-year intervals. The data cited above on the breakdown of plan types from the Survey of Consumer Finances (SCF) and Survey of Income and Program Participation (SIPP) illustrate this problem, as the latest available numbers are from 2001 and 1998, with the survey intervals being three years and five years, respectively.⁷ Furthermore, the official compilation of private-sector plan assets and participants by the U.S. Department of Labor from the Form 5500 data that all private-sector sponsors of pension or retirement plans must file with the Internal Revenue Service (IRS) is currently available only through 1999. Public-sector employers are not required to file these forms, making detailed data from those plans difficult to obtain even after a few years. Consequently, timely data on the breakdown between retirement plan types are not available on an annual basis.

In contrast, the Current Population Survey (CPS), a monthly survey, asks questions in a consistent manner each March since at least 1988 about whether a worker worked for an employer or union that sponsored a pension or retirement plan for any of its employees, and then if the worker was included in that plan.⁸ The U.S. Census Bureau conducts the CPS for the Bureau of Labor Statistics by interviewing about 50,000 households and asking numerous questions about individuals' work status, employers, income, and basic demographic characteristics. Therefore, the CPS provides detailed information about workers from a broad sample of Americans who are in an employment-based plan, making it possible to establish a consistent annual and timely trend across numerous worker characteristics and the characteristics of their employers.

While the CPS provides excellent detail on overall participation in employment-based plans, it does *not* provide specifics about the plans such as the worker's plan type or whether the worker is eligible to participate in the plan sponsored by his or her employer or union. This makes the definition of terms in this study important. The term *sponsorship rate* is defined as the percentage of workers in the specified work force who worked for an employer or union that sponsored a plan for *any* of its employees, not necessarily for the worker in question. Thus, in this discussion, the term *percentage of workers participating in a plan* is not synonymous with the standard retirement plan term *participation rate*, which is understood to mean the percentage of eligible workers who participate in a plan. Consequently, *participation rate* is not used in this analysis; instead the terms *participation level* or *percentage participating*, which, to reiterate, refer to the fraction of workers in the specified work force who participated in an employment-based pension or retirement plan regardless of the worker's eligibility (offered a plan and meets the requirements to participate) to participate in a plan. The term *participating in a plan* as used here always means a pension or retirement plan provided through an employment-based arrangement, *not* a plan such as an individual retirement account (IRA) that workers can fund outside of an employment-based arrangement.

2003 Participation Levels

Among the 151.1 million U.S. workers in 2003, 80.6 million worked for an employer or union that sponsored a pension or retirement plan, and 63.5 million participated in the plan (Figure 1). This translates into a sponsorship rate (the percentage of workers working for an employer or union that sponsored a plan) of 53.4 percent and a participation level of 42.0 percent. However, this measure of the work force contains the unincorporated self-employed and those typically with a looser connection to the work force—individuals under age 21 and older than age 64. Therefore, a different measure of the work force, wage and salary workers ages 21–64—representing individuals who have a stronger connection to the work force and work for someone else—is examined.⁹ For this group, the sponsorship rate increases to 59.6 percent and the portion participating increases to 48.4 percent. When separating these wage and salary workers into the public and private sectors, the percentages participating differ significantly. Slightly less than 76 percent of the public-sector workers participated in an employment-based retirement plan, compared with 43.2 percent of the private-sector workers.

A more restrictive definition of the work force, which more closely resembles the types of workers who generally must be covered in accordance with the Employee Retirement Income Security Act (ERISA) for a retirement plan offered by a private-sector employer or union, is the work force of full-time, full-year wage and salary workers ages 21–64.¹⁰ Approximately 57 percent of these workers participated in a retirement plan. The percentage participating in each work force definition is correlated with the workers' characteristics as well as those of the workers' employers. The remainder of this section focuses on wage and salary workers, presenting the differences across these characteristics, which, in general, were representative of all the work force populations, except where noted.

Worker Characteristics

The percentage of wage and salary workers ages 21–64 participating in a retirement plan in 2003 increased through age 55 then declined (Figure 2). For those ages 21–24, 18.6 percent participated in a plan, compared with 59.0 percent of those ages 45–54. Male workers were more likely to participate in a plan than females. However, female workers were more likely to have participated in a plan than males among full-time, full-year workers. Being white or having attained a higher educational level was also associated with a higher probability of participating in a retirement plan.

Workers who were married were more likely to participate in a plan, while never-married workers had the lowest probability. The higher an individual's earnings were, the more likely he or she participated in a plan. Approximately one-third of those who earned \$15,000–\$19,999 annually participated in a plan, while this number increased to 74.5 percent of those earning \$50,000 or more.

Health status, health insurance ownership, and worker status also were correlated with the likelihood of participating in a retirement plan. As the workers' self-reported health status decreased, so did their probability of participating in a retirement plan. Furthermore, workers with health insurance through their own employer were more than three times as likely to participate in a plan as those without health insurance through their own employer. Lastly, full-time, full-year workers were by far the most likely type to participate in a retirement plan.

Employer Characteristics

The probability of a worker participating in an employment-based retirement plan increased significantly with the size of his or her employer (Figure 2). For workers who worked for employers with fewer than 10 employees, 16.5 percent participated in a plan, compared with 60.3 percent of those working for an employer with 1,000 or more employees. The sector and industry of the employer also had an impact on the likelihood of participating in a plan. Public-sector workers were

significantly more likely to participate than private-sector workers. Workers in the manufacturing industry had the highest probability of participating, while those in the personal services industry had the lowest probability.¹¹

A Closer Examination

Gender—Female wage and salary workers ages 21–64 were found to participate in a retirement plan at a lower level than males did. However, among full-time, full-year workers of the same ages, females had a higher rate of participation in a plan (58.4 percent for women, compared with 56.1 percent for men). In fact, across all of the worker status categories, females were more likely to participate in a retirement plan than males (Figure 3). Furthermore, when examining the participation by earnings level, with exception of the very lowest earning workers, the proportion of females participating in a plan was also higher than it was for males (Figure 4). Consequently, it appears that females' lower probability of participation in the aggregate was a result of female workers' overall lower earnings and/or lower rates of full-time work in comparison with males.

Race/Ethnicity—Analysis of race/ethnicities by earnings level shows that both black and Hispanic wage and salary workers were significantly less likely than whites to participate in a retirement plan.¹² However, the gap between the percentage of black and white plan participants narrowed at the higher earning levels, where among workers earning \$30,000–\$39,999 and earning \$50,000 or more, black workers had a higher level of participation (Figure 5). In contrast, the gap between Hispanics and whites persisted even in the upper earnings groups, although it showed significant narrowing in the highest two earnings groups.

Another potential contributor to the lower rate of participation by Hispanic workers could be the characteristics of their employers, such as firm size (number of employees). However, across all the firm sizes, with the exception of public-sector employers, this appears not to be the case, as Hispanic workers had significantly lower participation in employment-based retirement plans than workers of other races/ethnicities (Figure 6). For workers at the smallest firms (fewer than 10 employees), 19 percent of white wage and salary workers participated in a plan, compared with 7 percent of the Hispanic workers. These levels increased as the employer size increased, but white workers still had a significantly higher participation level among those working for employers with 1,000 or more employees (65 percent for whites versus 43 percent for Hispanics).

Furthermore, the age of the workers and their race/ethnicity could not explain the differences in the level of participation, as Hispanic workers were significantly below the white worker participation level, whereas the gap between white and black worker participation levels narrowed significantly with age (Figure 7). However, a dramatic shift in Hispanic worker participation levels becomes apparent when analyzed by birthplace—United States or outside the United States. Native-born Hispanic workers age 25 or older had participation levels very similar to those of black workers, but still lower than white workers, except for being virtually equal for the oldest workers.¹³ In contrast, nonnative-born Hispanic workers had substantially lower levels of participation across all age groups. While age is an important factor in the participation in a retirement plan, the earnings levels of nonnative-born Hispanics could be lower across age due to potential language and custom barriers. Yet, even across earnings, nonnative-born Hispanics had a lower probability of participating in a retirement plan, while native-born Hispanics had participation levels closer to those of white and black Americans (Figure 8).

Consequently, while blacks with higher earnings or who were older had levels of retirement plan participation similar to those of whites, all Hispanics workers combined had persistently lower levels of participation across earnings, age, and employer size. However, when accounting for location of birth, native-born Hispanic workers displayed participation levels similar to those of black workers—levels much closer, if not equal, to those of white workers.

Firm Size—Employees of firms with fewer employees were significantly less likely to participate in a retirement plan. A potential explanation for this lower participation is that these firms employ workers with characteristics associated with lower participation, such as being younger or lower paid. However, when controlling for age, workers at smaller employers still had a persistently lower level of participation across the age groups (Figure 9). Furthermore, across various earnings levels, workers at small employers were less likely to participate in an employment-based retirement plan (Figure 10). Even among workers making \$50,000 or more, a considerable disparity exists—35 percent of those working for the smallest employers participated in a plan, compared with 85 percent of those working for employers with 1,000 or more employees.

Geographic Differences

Not only did the workers' characteristics affect the probability of their participation in an employment-based retirement plan, but their geographic location also had an impact. Wage and salary workers ages 21–64 living in Florida had the lowest probability (40.4 percent) of participating in a plan in 2003, while those living in Iowa had the highest probability (55.4 percent) (Figure 11). For other work force definitions that included private-sector workers, Wisconsin workers had the highest probability (51.7 percent) of participation among private wage and salary workers, North Dakota workers had the highest percentage (67.0 percent) participating among full-time, full-year wage and salary workers, and workers from the District of Columbia had the highest of level (50.5 percent) of participation for the all-worker definition. At the opposite end of the rankings, full-time, full-year wage and salary workers in Florida had the lowest probability (46.7 percent) of participation, while New Mexico's private wage and salary workers and workers in all had the lowest likelihood (33.0 percent and 34.3 percent) of participation. These findings did not hold among public-sector wage and salary workers, where Oregon had the highest percentage of participation (81.7 percent), followed by Mississippi (81.0 percent). The lowest level of participation among these public-sector workers was for those living in Wisconsin (66.6 percent).¹⁴

Using wage and salary workers ages 21–64 as the work-force proxy for the other work-force populations (with the exception of the public-sector workers) showed regional differences across the United States, along with those among the states. The states with the lowest levels of participation—e.g., Florida, New Mexico, Nevada, and Mississippi—were in the South, West, or Southwest (Figure 12). The states with the highest participation were in the upper Midwest—e.g., Iowa, North Dakota, and Minnesota—along with some in the Northeast or Mid-Atlantic, such as the District of Columbia and Connecticut. In general, the Midwestern and Northeastern states had the higher participation levels, while the Southern and Western states had the lower levels.

Certain consolidated metropolitan statistical areas (CMSAs) are identified in the CPS, and again those CMSAs located in the South and West—e.g., Miami-Fort Lauderdale, FL, Los Angeles-Riverside-Orange County, CA, and Houston-Galveston-Brazoria, TX—had the lowest retirement plan participation levels for the work-force definitions including private-sector workers (Figure 13). The Cincinnati-Hamilton, OH-KY-IN, and Milwaukee-Racine, WI, CMSAs had the highest participation levels for these same worker definitions. In contrast, public-sector wage and salary workers had different CMSAs with the lowest and highest participation levels, as the Milwaukee-Racine, WI, CMSA (lowest) and Portland, Salem, OR-WA, CMSA (highest) occupied these respective positions.

Trends

After two consecutive years of declines, the number of workers who participated in an employment-based retirement plan inched upward, from 63.2 million in 2002 to 63.5 million in 2003 (Figure 14). This number is still significantly below the 67.1 million in 2000, the highest point from 1987 through 2003, but higher than all previous years except for the 1999–2001 period. The other

work-force definitions also posted increases in the number participating in 2003. The public-sector wage and salary worker number even matched its highest level (15.2 million) from 1999 and 2000 of the 1987–2003 period.

Trends in the Percentage Participating

Not only did the *number* of workers participating in a plan increase, the *percentage* participating increased, albeit virtually unchanged. Starting with the broadest work-force population (all workers), the percentage of workers participating in an employment-based retirement plan increased from 37.6 percent in 1987 to 39.7 percent in 1991, then fell to 39.0 percent in 1993 (Figure 15). The percentage subsequently increased steadily through 2000 to 44.4 percent, before declining significantly in 2001 and 2002 to 41.8 percent, then flattening out at 42.0 percent in 2003. This level is higher than all other years during the 1987–2003 period with the exception of the years 1998–2001. Two work-force categories virtually duplicated this pattern: the *all wage and salary workers ages 21–64* and *private-sector wage and salary workers ages 21–64*. In contrast, full-time, full-year wage and salary workers ages 21–64 had an almost constant percentage (between 58 percent and 59 percent) of retirement plan participants over the 1987–2001 period, before falling to a new low for the time period 1987–2002 of 56.7 percent in 2002, where it basically remained in 2003 (at 57.1 percent). The percentage of public-sector wage and salary workers showed the most pronounced increase in 2003, from 74.8 percent in 2002 to 75.8 percent in 2003, securely in its traditional range of approximately 75 percent to 77 percent.

While all the work-force definitions had an increase or were unchanged in the percentage of workers participating in a plan in from 2002 to 2003, the work forces with the highest traditional levels were at the middle or near the bottom of their respective levels during the 1987–2002 period, whereas the other work-force levels were still significantly above their 1987 levels. This is potentially indicative of a structural change for access to and participation in an employment-based retirement plan, as full-time, full-year workers had a declining probability of participating in an employment-based plan during the 1987–2003 period, whereas other types of workers, part-time or part-year, had an increasing likelihood of participating. In previous years, the changes for full-time, full-year workers were in a fairly narrow range and not as low as in 2002 and 2003. Consequently, it may take a significant economic rebound before the percentage of workers participating in an employment-based retirement plan significantly increases.

The trends in retirement plan participation are different within these work-force definitions, as various characteristics of the workers as well as those of their employers affect these trends. The remainder of this section examines these trends across key worker and firm characteristics.

Trends Across Worker Characteristics

The levels of participation for wage and salary workers ages 21–64 had relatively consistent differences across age groups during the 1987–2003 period (Figure 16). The trends within each age group have also been fairly consistent across this time, with each age group's participation level varying in a narrow range (approximately 3 percentage points). After the decreases of the early 1990s and the increases of the late 1990s–2000, the participation levels have fallen back (despite slight increases in 2003) to virtually the same levels as in 1987, with exceptions for two age groups. The exceptions were for workers ages 35–44 and 21–24, where the 2003 levels are noticeably below the 1987 level (51.6 percent versus 54.0 percent, and 18.6 percent versus 19.5 percent, respectively). This is potentially troublesome for the future retirement income of workers ages 35–44, as workers in this age group have most likely attained their “career” job and are not able or willing to take advantage of having the longest period of time for any defined contribution balances to accumulate from both contributions and compounding, while at the same time not having a high likelihood of ever having a defined benefit annuity payment to provide an additional payment in retirement.

From 1987 to 1993, the percentage of male wage and salary workers ages 21–64 participating in an employment-based retirement plan was unchanged or decreased, with an overall decrease of 2.5 percentage points during the period, while the percentage of female workers of this type increased steadily from 40.7 percent to 46.3 percent (Figure 17). Thereafter, the male and female participation levels increased or decreased following the same pattern, except, in general, with females having larger increases during upswings and males having larger decreases during downswings. This trend went in opposite directions in 2003, as the percentage of females participating increased, while the percentage of males participating slightly decreased, narrowing the participation gap between the sexes to 2.4 percentage points, compared with the 10.3 percentage point gap that existed in 1987.

The percentage of white wage and salary workers participating in a retirement plan increased appreciably (48.0 percent to 56.3 percent) from 1987 to 2000, with most the increase occurring after 1994 and then falling back through 2002 (to its 1997 level) and leveling off in 2003 (Figure 18).¹⁵ Except for a significant decline in the early 1990s, black wage and salary workers had an overall increase in their level of participation in a retirement plan, rising from 43.5 percent in 1987 to 45.0 percent in 2003, despite declining in both 2001 and 2002. In contrast, the percentage of Hispanic workers who participated in a retirement plan dropped from 32.2 percent in 1987 to 29.2 percent in 2003, even with the uptick in participation in 2003. Consequently, among the race/ethnicity groups, only Hispanic workers saw their level of retirement plan participation deteriorate from 1987 to 2003, and only white workers showing an appreciable increase during this period.

Wage and salary workers ages 21–64 without a high school diploma experienced a sizable decline in retirement plan participation (Figure 19): from 31.5 percent in 1987 to 21.9 percent in 2003. At education levels above high school graduate, the percentage participating in a retirement plan increased, and did so at a higher rate among those with educational attainment through a bachelor's degree, and at a more moderate rate among those with a graduate/professional degree. Workers with a bachelor's degree had a participation level of 52.1 percent in 1987, settling at 59.3 percent in 2003 (an increase of 7.2 percentage points). For those with a graduate or professional degree, the level increased from 65.6 percent to 69.8 percent (4.2 percentage points) over the period, while those with some college increased 2.3 percentage points. Those workers with only a high school diploma had a slight decrease in the percentage participating in a plan: from 43.9 percent in 1987 to 42.6 percent in 2003. Clearly, the workers with lower educational attainment are falling behind in their participation levels relative to those with higher educational attainment, particularly when those without a high school diploma are compared with those with a bachelor's degree. This is not surprising, since education is strongly correlated with income. However, in 2003, only those with some college showed any positive change in the percentage of workers participating in a retirement plan.

The percentage of workers in the lowest annual earnings groups (less than \$10,000 in 2003 dollars) who participated in a retirement plan increased or was at the same level from 1987 to 2003 (Figure 20).¹⁶ This increase is consistent with the increased participation levels found for part-time workers over this period, which will be discussed later. For workers in all of the earnings groups of \$10,000 or more, the percentage participating decreased over this same period. The largest percentage point declines occurred among workers in the \$15,000–\$19,999 and \$40,000–\$49,999 earnings categories. In 2003, only the workers making \$50,000 or more were able to reverse the decline in participation that had occurred from 1987 to 2002, showing a 1.2 percentage point increase (73.3 percent to 74.5 percent). These changes in levels of participation among workers in the various earnings groups for 2003 appear consistent with those of the work status changes, as both full-time, full-year workers and those workers earning \$50,000 or more had increases in their percentage participating, while the other earnings groups and work status categories experienced a decline or remained unchanged in 2003.

Before falling to 56.7 percent in 2002 and remaining slightly changed at 57.1 percent in 2003, the percentage of full-time, full-year wage and salary workers participating in a retirement plan had

consistently been in the 58 percent to 60 percent range (Figure 21). In contrast, the percentage of workers in the other work status categories, while still being considerably lower than that of the full-time, full-year workers, increased from 1987 to 2003. Workers in each of these other work status categories had increases of just under 4.0 percentage points over this period, with only part-time, full-year workers experiencing an increase in 2003.

Trends Across Employer Characteristics

The growth in retirement plan participation levels across firm sizes over the 1987–2003 period occurred in the smaller private-sector firms (Figure 22). In particular, workers in firms with 25–99 employees had an increased probability of participating in a retirement plan, rising from 28.2 percent in 1987 to 39.4 percent in 2003. Furthermore, workers in the smallest firms (fewer than 10 employees and 10–24 employees) had significant increases of 4.5 percentage points and 6.4 percentage points, respectively, from 1991 to 2003. Furthermore, workers in firms with 100–499 employees also had a large increase in retirement plan participation, increasing from 42.5 percent in 1987 to 49.4 percent in 2003. In contrast, after the significant decline in the percentage participating in a retirement plan among workers in firms with 500–999 employees in 2003, the level was virtually unchanged from its 1987 level despite increases in the intervening years. The percentage of retirement plan participants working for the largest private firms (1,000 or more employees) declined from 1987 to 2003, dropping from 63.2 percent to 60.3 percent over the period, even with the increased participation level in 2003. Public-sector workers experienced a significant increase in the percentage of them participating in 2003, bringing their participation level back above its 1987 level after the decreases of 2001 and 2002.

Conclusion

In 2003, 42.0 percent of all workers, or 63.5 million Americans, participated in an employment-based retirement plan. Among full-time, full-year wage and salary workers ages 21 to 64—those with the strongest connection to the work force—the percentage participating was 57.1 percent. This percentage participating varied significantly across many worker characteristics and the characteristics of their employers. Being nonwhite, younger, female, never married; having lower educational attainment, lower earnings, poorer health status, no health insurance through own employer; and not working full time, full year were all associated with a lower level of participation in a retirement plan. In addition, workers working for smaller firms, private-sector firms, or firms in the personal services industry were also less likely to participate in a plan. Another factor in the likelihood of workers participating in a plan was their geographic location, with those in the South and West (Southwest in particular) less likely to participate in a plan than workers in other regions of the country.

A closer examination of certain characteristics provides some revealing findings. In particular, while the overall percentage of females participating in a plan was lower than that of males, when controlling for work status or earnings the female participation level surpassed that of males. Furthermore, black and native-born Hispanic workers had participation levels much closer to those of white workers within each age group. Nonnative-born Hispanics had substantially lower participation levels than native-born Hispanics, even when controlling for age and earnings.

While the relative levels of participation in 2003 across the various characteristics discussed above was representative of prior years' relative levels, 2003 ended the two straight years of significant declines in retirement plan participation during 2001 and 2002—by far the largest two-year decline in these levels of participation (down 3.5 million in 2001 to 2003, compared with a decline of less than 500,000 in 1991 to 1993). However, this change was more of a flattening out of

the two-year decline rather than significant growth, as the number of workers participating in a plan increased by less 300,000 in 2003. This number surpasses that of 1998, but is below the number of those participating from 1999–2001.

Much of the limited growth in participation in 2003 can be attributed to workers of larger employers or with characteristics that traditionally have had higher levels of participation. However, in recent years these groups have not shown significant increases, at a time when workers of smaller employers or with other characteristics have increased their participation levels. In particular, those working in the public sector, for large employers, or full-time, full-year and the highest earning workers had increases in their likelihood of participating from 2002 to 2003. In 2001 and 2002, these groups had fallen near or to the lowest participation levels since 1987. During the period of significant increases (1998–2000), workers with these characteristics showed only marginal increases (or declines, in some instances) in their participation level.

Some groups that had been showing significant gains in their probability of participating in recent years fell back in 2003—in particular, those workers in the smallest firms (fewer than 25 employees) and part-time, full-year workers. In other cases, the decline of the last few years in the likelihood of participating in a retirement plan continued for workers who have a lower likelihood of participating, such as the youngest workers (21–24), workers with the lowest education level, and workers with lower earnings. Consequently, overall, 2003 provided little change in the number and level of those participating in an employment-based retirement plan.

Looking ahead, retirement plan participation by workers obviously is strongly tied to the labor market. This can be seen with the participation trends increasing significantly when the labor market was tight in the late 1990s, and decreasing when unemployment went up in 2001 and 2002. With a more stable job market in 2003, the participation trend flattened out. This trend has important implications for workers, since having more opportunities to participate in an employment-based retirement plan greatly increases the amount a retiree is likely to have in retirement.¹⁷

However, many underlying factors will continue to affect the future direction of this trend. In particular, the uncertainty surrounding the future of defined benefit plans in the private sector will, at the least, have an effect on the type of retirement plans that private-sector workers participate in, as well as the number of people participating in a plan. The discount rate for determining a plan's funding status has been temporarily modified by Congress until 2006. Furthermore, the projected funding deficit of the Pension Benefit Guaranty Corporation (PBGC)—the agency which insures the benefits of all private-sector defined benefit plan participants—creates additional uncertainty about the rules that may be enacted to address the deficit—including potentially more or different funding rules, as well as increased or risk-based premiums. Further complicating the funding issue is the ambiguous regulatory and legal landscape for cash balance plans, where determination letters are no longer being issued by the Internal Revenue Service (IRS), major lawsuits are pending due to cash balance conversions, and regulatory clarification from the federal government has been repeatedly postponed. Until these issues are addressed in a more definite manner, the future of private-sector defined benefit plans is, at best, uncertain.¹⁸ Even in the public sector, defined benefit plans have their own challenges surrounding the funding of these plans, as funding for these plans increasingly will have to compete with many other state-funded programs (such as Medicaid) as the baby-boom generation retires and the worker-to- retiree ratio declines.

Defined contribution plans, such as 401(k)s, also are facing issues that could affect the long-term number of workers participating in an employment-based retirement plan. Factors that affect the participation rate (percentage of the eligible participants who actually participate), such as educational efforts of the plan sponsor, have a positive or negative influence on this rate and subsequently the overall number of participants in the plans.

The number of small firms offering retirement plans (which almost exclusively offer defined contribution plans) is a key factor that determines the number of participants in plans, since most large employers already sponsor a DC plan. The economic climate and the cost of administering a plan are major factors that determine whether small employers sponsor a retirement plan, according to the 2003 Small Employer Retirement Survey (SERS).¹⁹ In fact, among companies that said they were *very* or *somewhat likely* to start sponsoring a plan in the next two years, 58 percent said they were much more likely to sponsor a plan if their profits increased. Consequently, attracting and retaining workers in a tight labor market are not likely to be the only factors in whether a small firm offers a retirement plan—the firm’s profits and the cost of the plan will also impact this decision.

The political debate over President Bush’s “ownership society” could also affect the number of retirement plan participants, because creating individual accounts in Social Security or creating new tax-favored savings options (such as lifetime savings accounts or retirement savings accounts) could draw both sponsors and contributions away from job-based retirement plans.²⁰ However, the impact of such proposals ultimately will depend on how these accounts are integrated with employer plans; if they are created without regard to the current employment-based benefits system, the effects could be detrimental to employer-sponsored retirement plans.

Regardless, participating in a retirement plan is just one step among several toward individuals’ ability to finance a comfortable retirement. Other sources of income or benefits in retirement including Social Security, Medicare, personal savings, some type of supplemental health insurance to Medicare, and long-term care insurance also will influence whether people have adequate funds available to last throughout retirement—and these are just the factors that mostly affect the *accumulation* of assets. How the money is *managed*, to ensure it lasts throughout retirement, will be an additional crucial factor for the sharply growing number of retirees who will receive only lump sums from their retirement plans—rather than annuities—outside of Social Security. As VanDerhei and Copeland (2003) show, many cohorts of future retirees are projected to be unlikely to be able to fund general retirement expenses throughout their retirement years, particularly if the retirees live beyond their average life expectancy or if they or their spouses have a long period of long-term care needs.²¹

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Endnotes

¹ Technically, most private qualified defined contribution plans are either money purchase or profit-sharing plans (Sec. 401(k) plans are of this type). Under the former, the plan sponsor typically commits to a fixed percentage of compensation each year. For a profit-sharing plan, plan contributions may be made on a discretionary basis by the plan sponsor, but how these contributions are allocated among individual employee accounts must be based on a specified, predetermined formula meeting certain requirements if the plan is to qualify for tax-favored status.

² Employer contributions may be subject to vesting rules, such that participants do not have full legal rights to employer contributions made on their behalf until they have reached a certain minimum number of years of service. Consequently, if the participant terminates employment before reaching this minimum level of service, the benefit available would be reduced by the nonvested portion of the account balance.

³ Lump-sum distributions are increasingly available in DB plans. For example, in 2000, 43 percent of full-time employees in the private sector were eligible for a lump-sum distribution (U.S. Department of Labor, 2003). Whereas in 1997 and 1995, 76 percent and 85 percent, respectively, of full-time workers participating in a DB plan in a medium or large establishment were *not* offered a lump-sum distribution (U.S. Department of Labor, 1999; 1998).

⁴ See VanDerhei and Copeland (April 2001).

⁵ See Holden and VanDerhei (2004) for results on how current workers are doing in their present job accumulating assets in 401(k) plans. One important caveat of this study in regards to overall accumulations by workers in 401(k) plans is that the study does not include any assets that have been accumulated at past jobs that have not been rolled into their current employment-based plan.

⁶ Again, see VanDerhei and Copeland, op. cit., for discussion of the reasons for the growth in DC plans and the consequences for retirees of this growth.

⁷ The 2001 Survey of Consumer Finances (SCF) was released in early 2003 with 2001 data. Consequently, the overall participation levels contained in the data are already outdated due to the release of the CPS. However, SCF still remains the most updated survey of plan type breakouts as well as overall assets held by American households (among other things) and is an essential piece in the evaluation of the status of Americans' preparation for retirement.

⁸ Each March CPS asks about retirement plan participation in the prior year. For example, the March 2004 CPS asks about retirement plan participation in 2003.

⁹ Wage and salary workers include all workers who work for someone else as well as those self-employed that are incorporated. Thus, the unincorporated self-employed are not included.

¹⁰ A worker who is at least 21 years of age, has one year of tenure, and works more than 2,000 hours in a year, in general, must be covered by an employer who offers a private-sector retirement plan to its workers (IRC Sec. 401(a) 26). Typically, public-sector employers follow similar rules, despite not being governed by all of the same statutes as those for private-sector employers.

¹¹ Starting with the 2003 March Current Population Survey, changes were made to the industry definitions by adding certain new categories and combining others. Consequently, industry participation levels for 2002 and 2003 cannot be compared with prior years' results.

¹² Starting with the 2003 March Current Population Survey, changes were made to the race questions allowing respondents to answer to more than one race, e.g., white and black. These individuals are included in the "other race" category. Thus, the white category only includes those who responded they were white only, blacks as black only, etc.

¹³ Native-born means the worker was born in the continental United States, Hawaii, or Alaska, but not U.S. territories such as Puerto Rico.

¹⁴ State estimates of the less populated states are less reliable than those of more populated states due to the sample size in the survey in those states. Consequently, these state estimates should be used with caution. Furthermore, due to the fairly significant standard error in the less populated states in order to eliminate confusion between sampling errors and actual shifts in the participation levels across these states, trends are not presented.

¹⁵ Again, the race categories were revised in the 2003 survey to allow for combinations of races. However, the distribution of workers among the race categories was virtually unchanged even with those of more than one race being moved to the "other race" category. Consequently, the trend for the race/ethnicity categories is presented despite the inconsistent definitions of these categories.

¹⁶ All earnings amounts are in 2003 dollars, that is, all earnings from years prior to 2003 are inflated by the proper consumer price index (CPI) level to reach 2003 dollars. Earnings are defined as the amount a worker is paid in compensation—wages and salary. This does not include investment income or other income sources.

¹⁷ See Holden and VanDerhei (2002) for projections of replacement rates from 401(k) plans for 401(k) plan participants under various career 401(k) plan participation scenarios to see the impact of how continuous participation in a plan substantially increases the replacement rate to be expected from these plans.

¹⁸ See VanDerhei and Copeland (2004) for the potential effects of various changes in the defined benefit plans on the resources retirees will have in retirement as well as their ability to pay for the same level of expenses throughout their retirement years.

¹⁹ See VanDerhei (2003) for a more thorough discussion of these results from the 2003 Small Employer Retirement Survey.

²⁰ Currently, individually based retirement accounts have not been as successful in attracting individuals to contribute as employer-based plans have. For example, in 1998, 74.6 percent of those workers making \$15,000–\$19,999 and eligible to participate in a salary reduction plan did so. In contrast, among that same earnings group (who should be eligible to make a tax-deductible contribution to an individual retirement accounts (IRAs) regardless of their employment-based retirement plan participation), 3.6 percent made a tax-deductible IRA contribution in 1997. See Copeland (2002a) for further comparisons of the percentage of workers participating in salary reduction plans and IRAs.

²¹ These expenses include housing, food, apparel and services, transportation, reading and education, and entertainment plus basic health care costs such as Medicare premiums and Medigap premiums and stochastic health care expenditures for those that have a nursing home or health care episode of care. The level of these expenses is determined by the retiree’s retirement income.

Figure 1
Percentage of Various Work Forces Who Work for an Employer That Sponsored a Retirement Plan, and the Percentage Who Participated in the Plan, 2003

	All Workers	Wage and Salary Workers Ages 21–64	Private Wage and Salary Workers Ages 21–64	Public Wage and Salary Workers Ages 21–64	Full-Time, Full-Year Wage and Salary Workers Ages 21–64
			(millions)		
Worker Category Total	151.1	125.4	105.4	20.0	90.3
Works for an employer sponsoring a plan	80.6	74.7	57.8	17.0	59.2
Participating in a plan	63.5	60.7	45.5	15.2	51.5
			(percentage)		
Worker Category Total	100.0%	100.0%	100.0%	100.0%	100.0%
Works for an employer sponsoring a plan	53.4	59.6	54.8	84.8	65.6
Participating in a plan	42.0	48.4	43.2	75.8	57.1

Source: Employee Benefit Research Institute estimates from the 2004 March Current Population Survey.

**Figure 2
Percentage of Various Work Forces Who Worked for an Employer That Sponsored a Retirement Plan
and the Percentage That Participated in the Plan, by Various Characteristics, 2003**

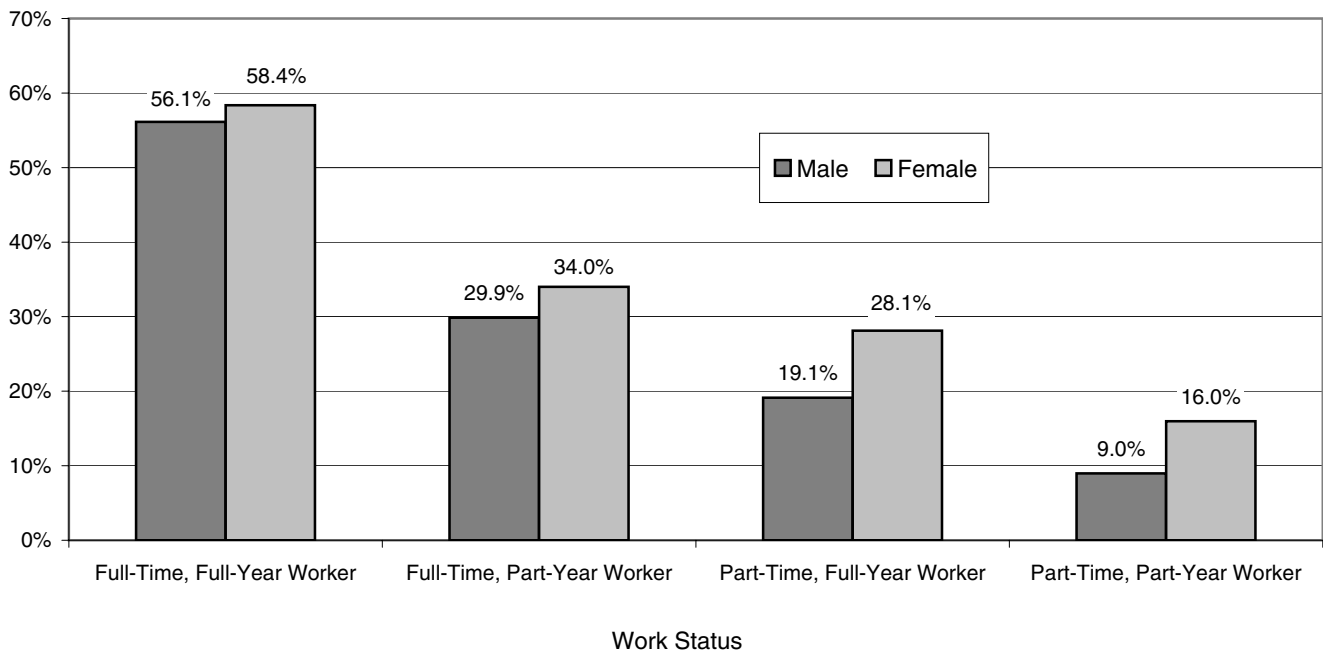
	All Workers			Wage and Salary Workers Ages 21-64			Private Wage and Salary Workers Ages 21-64			Public Wage and Salary Workers Ages 21-64			Full-Time, Full-Year Wage and Salary Workers Ages 21-64		
	Number of workers (000s)	Sponsor- ship rate (%)	Percent- age participating (%)	Number of workers (000s)	Sponsor- ship rate (%)	Percent- age participating (%)	Number of workers (000s)	Sponsor- ship rate (%)	Percent- age participating (%)	Number of workers (000s)	Sponsor- ship rate (%)	Percent- age participating (%)	Number of workers (000s)	Sponsor- ship rate (%)	Percent- age participating (%)
		(%)	(%)	(000s)	(%)	(%)	(000s)	(%)	(%)	(000s)	(%)	(%)	(000s)	(%)	(%)
Age															
20 or younger	10,708	24.3%	4.4%												
21-24	12,708	39.6	18.3	12,497	40.2%	18.6%	11,358	37.9%	16.9%	1,139	62.8%	34.7%	5,865	46.3%	28.4%
25-34	32,509	53.3	40.1	31,068	55.3	41.6	27,244	51.8	37.8	3,824	80.7	68.6	22,232	61.4	49.4
35-44	36,306	58.1	48.6	33,754	61.8	51.6	28,566	57.4	46.9	5,188	86.0	77.5	25,541	66.7	58.9
45-54	33,998	62.3	55.1	31,192	66.8	59.0	24,917	61.3	53.1	6,275	88.5	82.7	24,451	71.0	65.3
55-64	18,824	59.1	52.1	16,907	64.2	56.7	13,331	57.9	49.9	3,577	88.0	82.0	12,188	69.6	64.6
65 or older	6,083	37.4	24.7												
Gender															
Male	79,776	52.6	42.7	65,439	59.1	49.5	56,915	55.1	45.1	8,524	85.8	78.5	51,785	63.9	56.1
Female	71,360	54.2	41.2	59,979	60.1	47.1	48,499	54.5	40.8	11,480	84.0	73.8	38,493	67.9	58.4
Race/Ethnicity															
White	107,163	56.6	45.3	87,357	64.0	52.9	73,000	59.5	47.9	14,357	87.0	78.2	62,910	70.3	62.1
Black	16,021	54.3	40.8	14,108	57.9	45.0	11,193	51.9	37.9	2,916	80.8	72.0	10,171	64.1	54.4
Hispanic	19,003	36.2	26.0	16,348	39.4	29.2	14,688	35.1	24.8	1,660	78.2	68.2	11,699	43.9	34.9
Other	8,949	49.7	38.2	7,604	55.1	43.5	6,534	51.7	39.9	1,070	75.9	65.9	5,498	61.1	52.3
Education															
No high school diploma	19,438	27.0	15.5	12,288	31.6	21.9	11,682	29.9	20.3	606	63.9	52.3	7,978	36.3	27.9
High school diploma	44,954	49.0	37.6	37,646	54.2	42.6	33,329	50.7	38.8	4,318	80.8	71.7	27,451	59.8	50.2
Some college	43,731	55.2	42.0	36,823	61.2	48.0	31,301	57.2	43.5	5,522	84.1	73.9	25,386	69.0	59.0
Bachelor's degree	28,531	65.9	55.6	25,971	69.8	59.3	20,704	65.7	54.8	5,267	86.2	76.8	19,602	74.2	66.9
Graduate/profnl degree	14,482	72.3	64.7	12,689	77.2	69.8	8,399	70.3	62.3	4,290	90.9	84.5	9,860	79.9	75.3
Marital Status															
Married	85,543	58.6	49.6	75,087	63.7	54.3	62,098	58.7	49.0	12,989	87.4	79.6	56,324	68.3	61.4
Widowed	3,011	49.6	37.2	1,759	61.6	50.5	1,434	55.9	44.4	325	86.8	77.3	1,172	68.3	59.6
Divorced	16,187	57.3	46.1	14,375	61.8	49.9	11,831	56.8	43.9	2,544	84.8	77.7	10,862	67.7	57.9
Separated	3,234	46.2	33.9	2,908	49.8	36.4	2,552	45.7	31.8	356	79.8	69.9	1,984	57.0	46.0
Never married	43,161	42.2	26.3	31,289	49.6	34.4	27,499	45.9	30.6	3,790	76.1	61.9	19,935	57.7	45.4
Health Insurance Status															
None/not own employer	71,092	30.7	17.6	50,230	36.2	22.6	45,316	32.6	19.8	4,915	69.3	48.1	26,901	39.3	30.1
Through own employer	80,044	73.5	63.7	75,188	75.2	65.6	60,099	71.6	60.8	15,089	89.9	84.8	63,377	76.8	68.5
Health Status															
Excellent	50,910	55.6	44.0	41,832	62.5	51.4	34,944	58.0	46.5	6,888	85.4	76.4	30,667	68.2	60.1
Very good	53,965	55.0	44.1	45,541	60.9	50.2	38,182	56.2	45.0	7,359	85.3	77.2	33,868	66.1	58.0
Good	36,268	50.2	38.6	30,009	56.1	44.1	25,429	50.9	38.5	4,580	84.8	75.2	21,031	62.3	52.7
Fair	8,282	45.5	33.8	6,721	51.4	39.2	5,688	46.4	34.0	1,033	78.8	67.5	4,089	61.6	51.7
Poor	1,712	39.5	27.5	1,315	45.2	31.8	1,171	42.0	29.1	144	71.7	54.1	622	55.6	40.8

(Figure 2 continued)

	All Workers												Wage and Salary Workers Ages 21-64						Private Wage and Salary Workers Ages 21-64						Public Wage and Salary Workers Ages 21-64						Full-Time, Full-Year Wage and Salary Workers Ages 21-64					
	Sponsor-			Percent-			Number of			Sponsor-			Percent-			Number of			Sponsor-			Percent-			Number of			Sponsor-			Percent-			Number of		
	workers (000s)	ship rate (%)	age participating (%)	workers (000s)	ship rate (%)	age participating (%)	workers (000s)	ship rate (%)	age participating (%)	workers (000s)	ship rate (%)	age participating (%)	workers (000s)	ship rate (%)	age participating (%)	workers (000s)	ship rate (%)	age participating (%)	workers (000s)	ship rate (%)	age participating (%)	workers (000s)	ship rate (%)	age participating (%)	workers (000s)	ship rate (%)	age participating (%)	workers (000s)	ship rate (%)	age participating (%)						
Annual Earnings																																				
Less than \$5,000	18,290	24.0	5.8	8,699	29.4	8.4	7,556	25.8	6.8	1,143	52.8	18.9	565	31.7	19.1																					
\$5,000-\$9,999	12,637	31.6	11.9	8,983	35.0	14.2	7,832	30.4	10.9	1,151	65.8	36.3	1,644	32.7	17.6																					
\$10,000-\$14,999	13,594	34.0	17.9	11,031	36.9	19.8	9,843	32.8	16.0	1,187	70.7	51.2	5,304	33.8	19.5																					
\$15,000-\$19,999	13,557	41.6	27.3	11,708	44.6	29.7	10,477	40.6	26.0	1,231	77.9	61.6	7,930	43.7	30.0																					
\$20,000-\$29,999	25,572	54.3	42.4	22,807	58.1	45.6	19,698	53.7	40.7	3,109	85.5	76.5	18,688	58.8	46.9																					
\$30,000-\$39,999	20,965	65.4	56.6	19,264	69.1	59.9	15,562	64.1	53.9	3,702	89.8	85.1	16,781	69.5	60.9																					
\$40,000-\$49,999	14,645	71.1	64.7	13,656	74.3	67.8	10,535	69.5	61.7	3,122	90.5	88.2	12,293	74.4	68.0																					
\$50,000 or more	31,875	75.2	70.9	29,270	78.8	74.5	23,912	75.6	70.7	5,359	93.2	91.1	27,071	79.4	75.2																					
Work Status																																				
Full-time, full-year	99,911	61.6	53.3	90,277	65.6	57.1	75,314	61.0	51.7	14,963	88.8	84.0																								
Full-time, part-year	20,475	43.7	28.1	16,939	47.9	31.9	14,485	42.4	25.8	2,455	80.5	67.9																								
Part-time, full-year	15,384	36.2	19.7	10,011	43.5	25.7	8,923	40.3	23.7	1,088	70.1	42.6																								
Part-time, part-year	15,365	29.9	9.6	8,190	37.0	14.1	6,693	31.3	10.2	1,497	62.5	31.2																								
Employer Size																																				
Fewer than 10 employees	31,798	16.3	12.9	18,836	20.6	16.5	18,836	20.6	16.5				12,045	24.1	20.7																					
10-24 employees	14,914	30.4	23.2	12,545	33.4	26.2	12,545	33.4	26.2				8,628	38.4	32.5																					
25-99 employees	18,261	47.5	36.0	16,043	50.2	39.4	16,043	50.2	39.4				11,541	56.2	47.3																					
100-499 employees	17,045	60.8	46.5	15,525	63.1	49.4	15,525	63.1	49.4				11,639	68.0	57.1																					
500-999 employees	6,359	64.8	48.5	5,810	67.2	51.7	5,810	67.2	51.7				4,308	72.6	59.8																					
1,000 or more employees	41,260	72.6	55.1	36,656	76.3	60.3	36,656	76.3	60.3				27,154	81.9	69.9																					
Public	21,500	82.8	72.6	20,003	84.8	75.8							14,963	88.8	84.0																					
Sector/Industry																																				
Private sector	129,636	48.5	36.9	105,415	54.8	43.2							75,314	61.0	51.7																					
agriculture, mining, and construction	13,849	29.9	24.3	10,006	38.0	31.4	10,006	38.0	31.4				6,850	42.2	36.3																					
manufacturing	46,033	57.1	44.1	39,501	61.8	49.4	39,501	61.8	49.4				30,125	66.8	57.0																					
wholesale & retail trade	48,943	54.9	42.9	41,435	60.5	48.0	41,435	60.5	48.0				29,756	66.1	56.6																					
personal services	20,811	26.6	15.5	14,473	31.2	20.3	14,473	31.2	20.3				8,584	38.3	28.7																					
Public sector	21,500	82.8	72.6	20,003	84.8	75.8							14,963	88.8	84.0																					

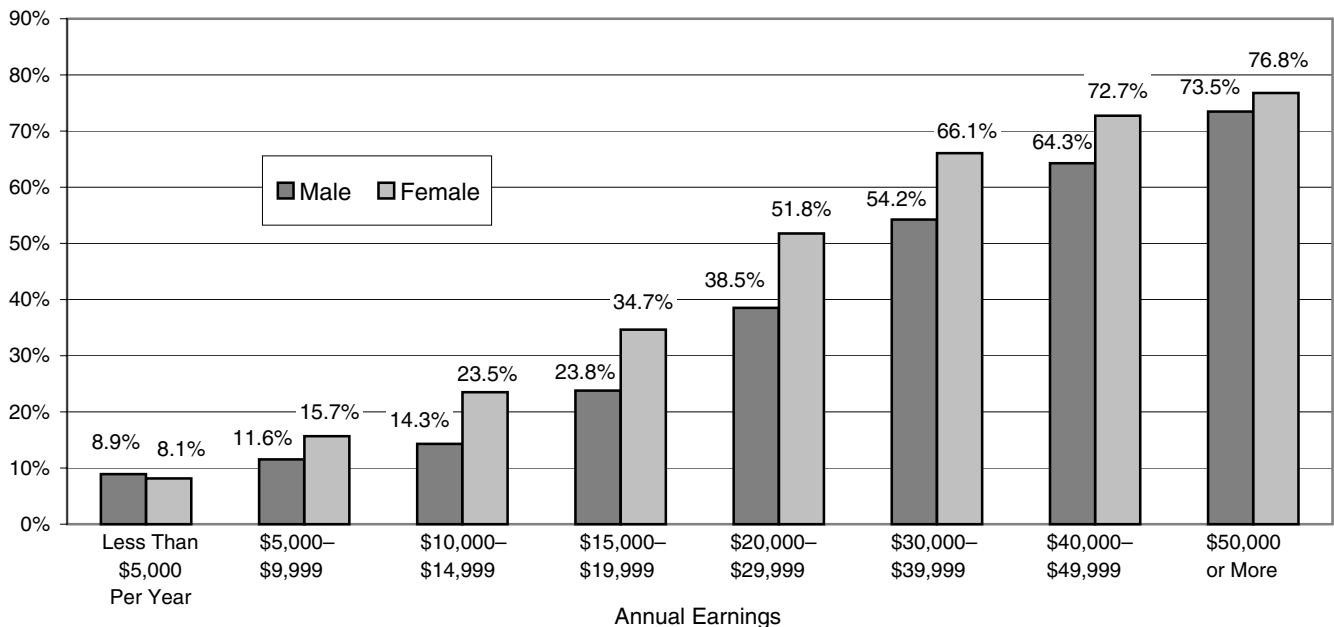
Source: Employee Benefit Research Institute estimates from the 2004 March Current Population Survey.

Figure 3
Percentage of Wage and Salary Workers Ages 21–64
Who Participated in an Employment-Based Retirement Plan,
by Work Status and Gender, 2003



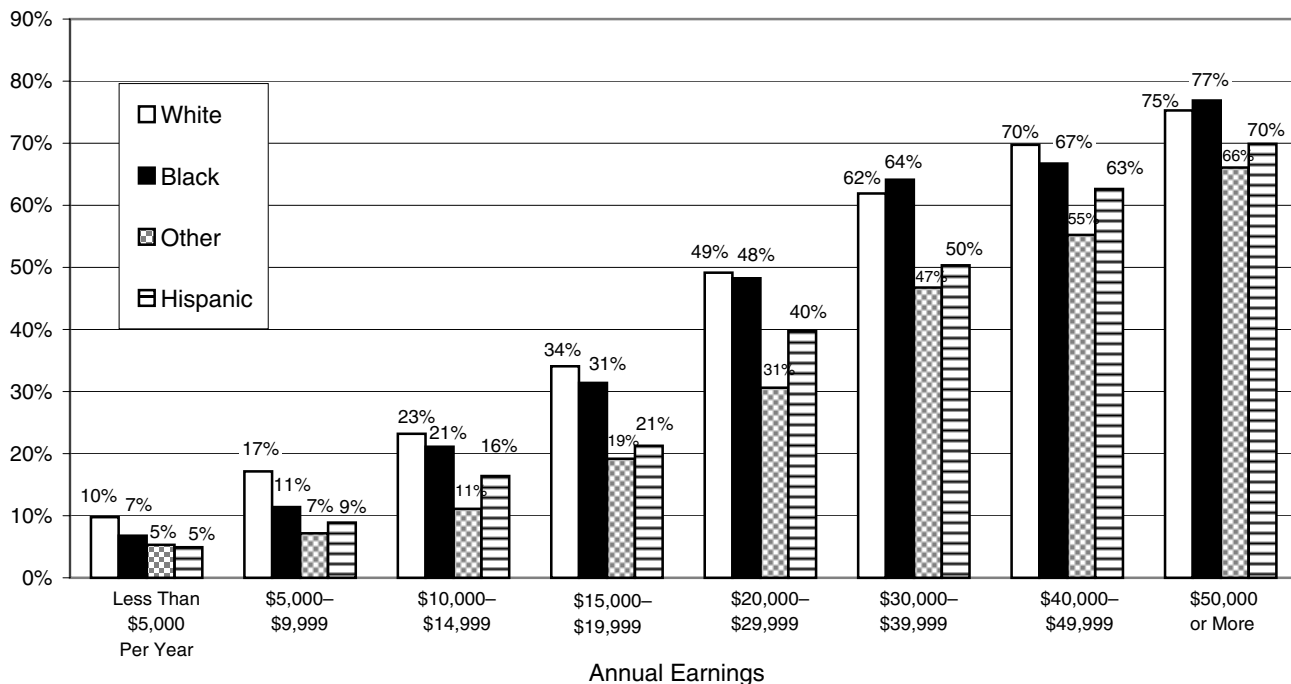
Source: Employee Benefit Research Institute estimates from the 2004 March Current Population Survey.

Figure 4
Percentage of Wage and Salary Workers Ages 21–64 Who Participated in an
Employment-Based Retirement Plan, by Annual Earnings and Gender, 2003



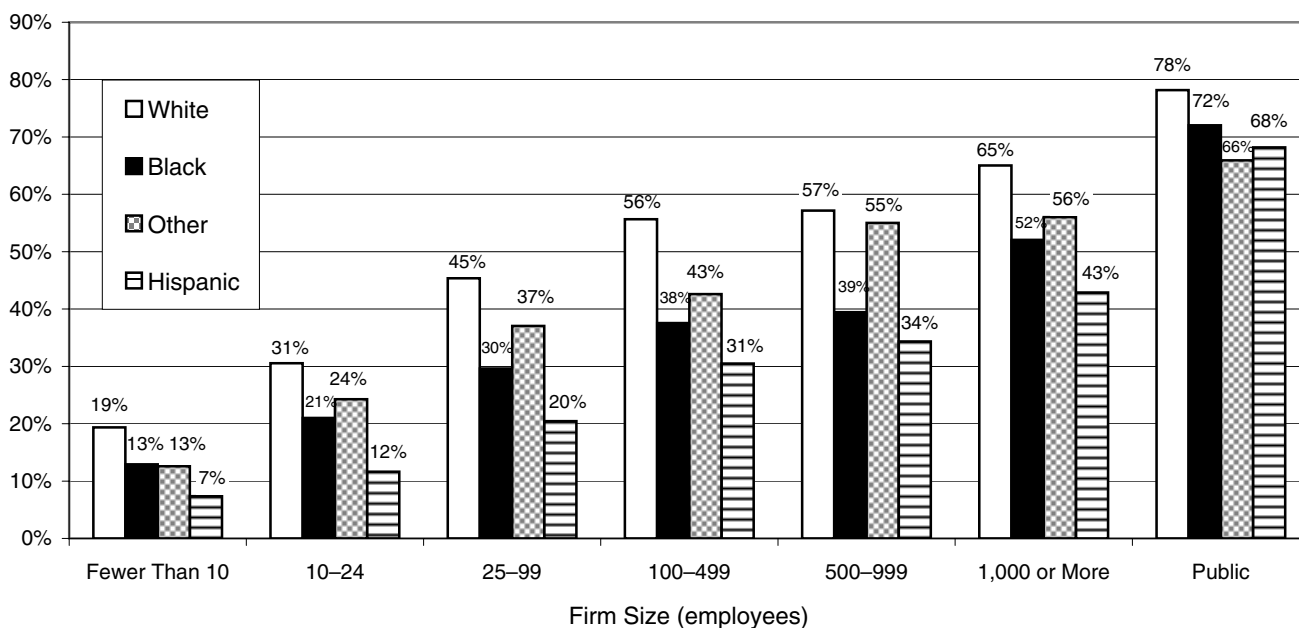
Source: Employee Benefit Research Institute estimates from the 2004 March Current Population Survey.

Figure 5
Percentage of Wage and Salary Workers Ages 21–64 Who
Participated in an Employment-Based Retirement Plan,
by Annual Earnings and Race/Ethnicity, 2003



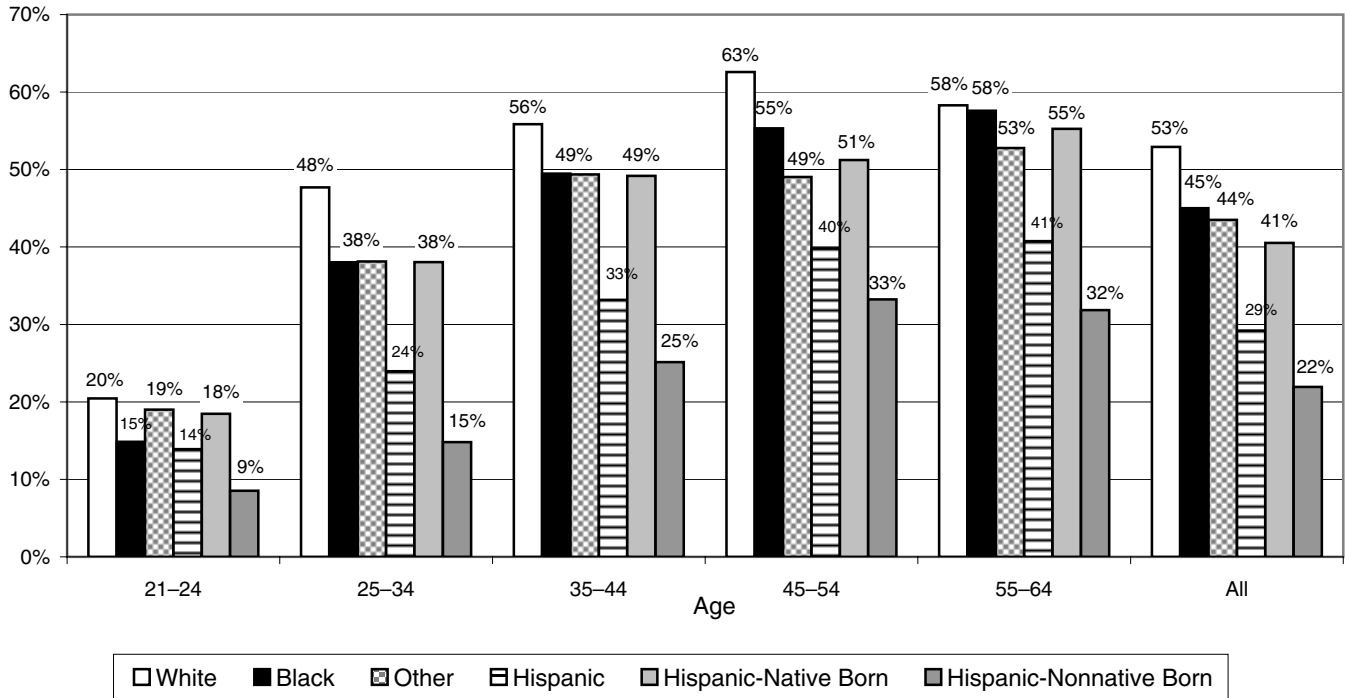
Source: Employee Benefit Research Institute estimates from the 2004 March Current Population Survey.

Figure 6
Percentage of Wage and Salary Workers Ages 21–64 Who Participated in an
Employment-Based Retirement Plan, by Firm Size (Number of Employees) and
Race/Ethnicity, 2003



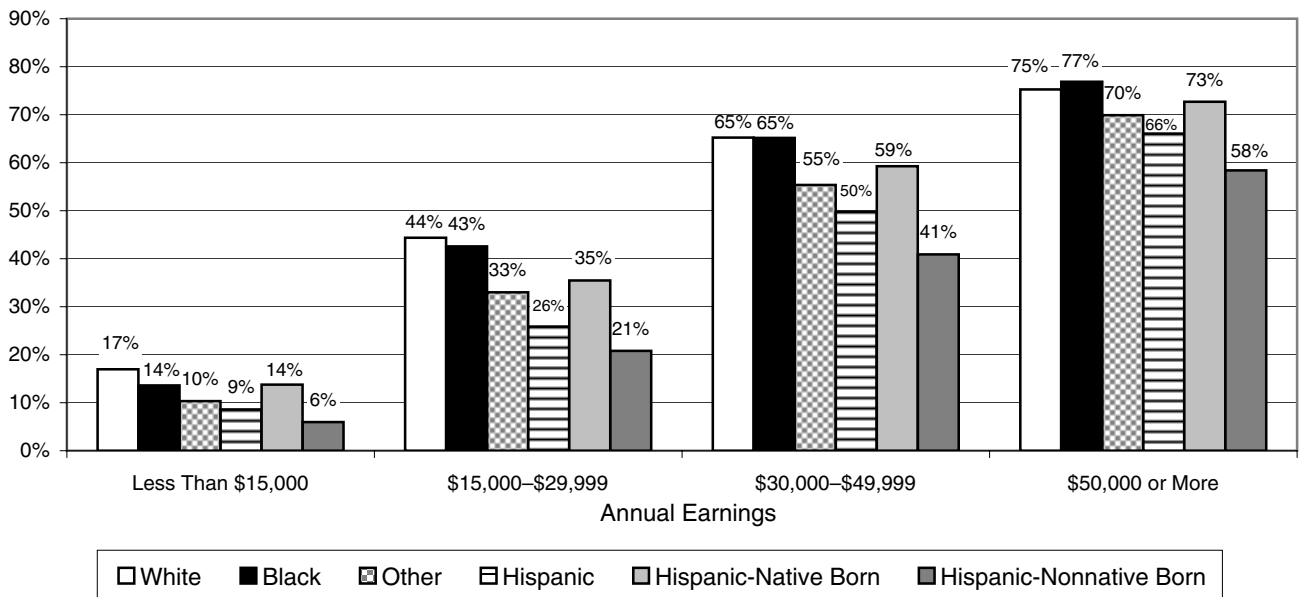
Source: Employee Benefit Research Institute estimates from the 2004 March Current Population Survey.

Figure 7
Percentage of Wage and Salary Workers Ages 21–64 Who Participated in an
Employment-Based Retirement Plan, by Age and Race/Ethnicity
With Hispanic Detail, 2003



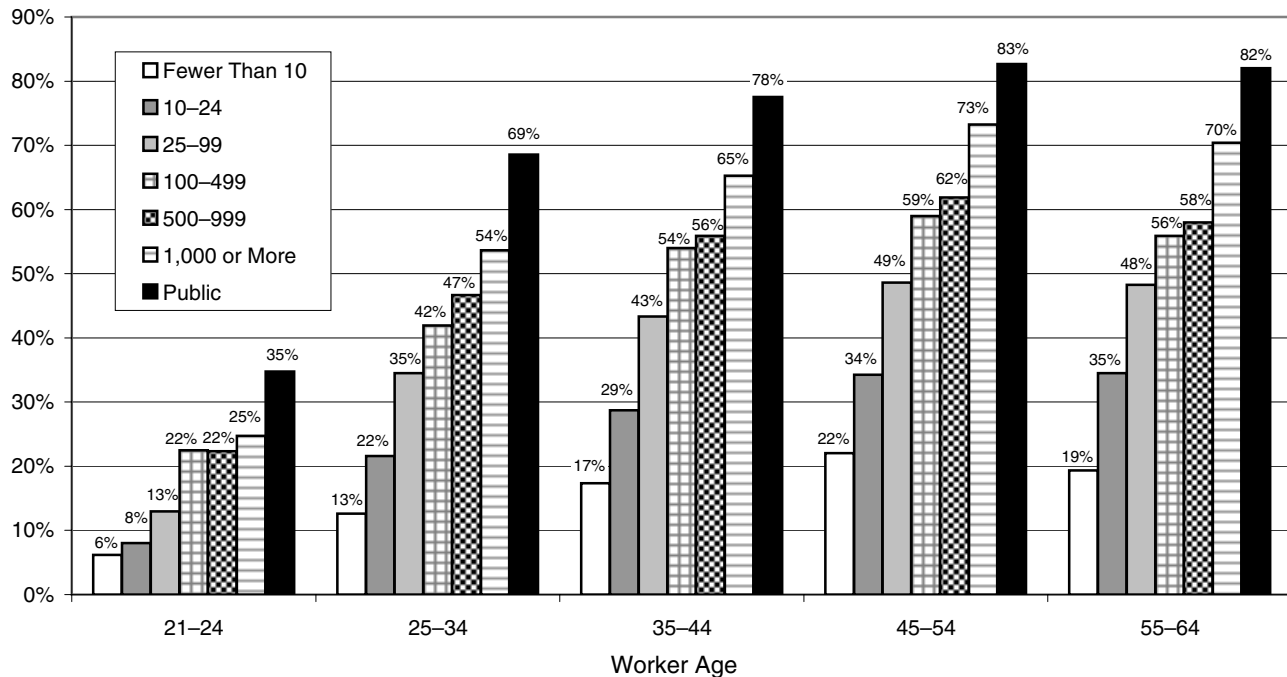
Source: Employee Benefit Research Institute estimates from the 2004 March Current Population Survey.

Figure 8
Percentage of Wage and Salary Workers Ages 21–64 Who Participated in an
Employment-Based Retirement Plan, by Race/Ethnicity
With Hispanic Detail and Annual Earnings, 2003



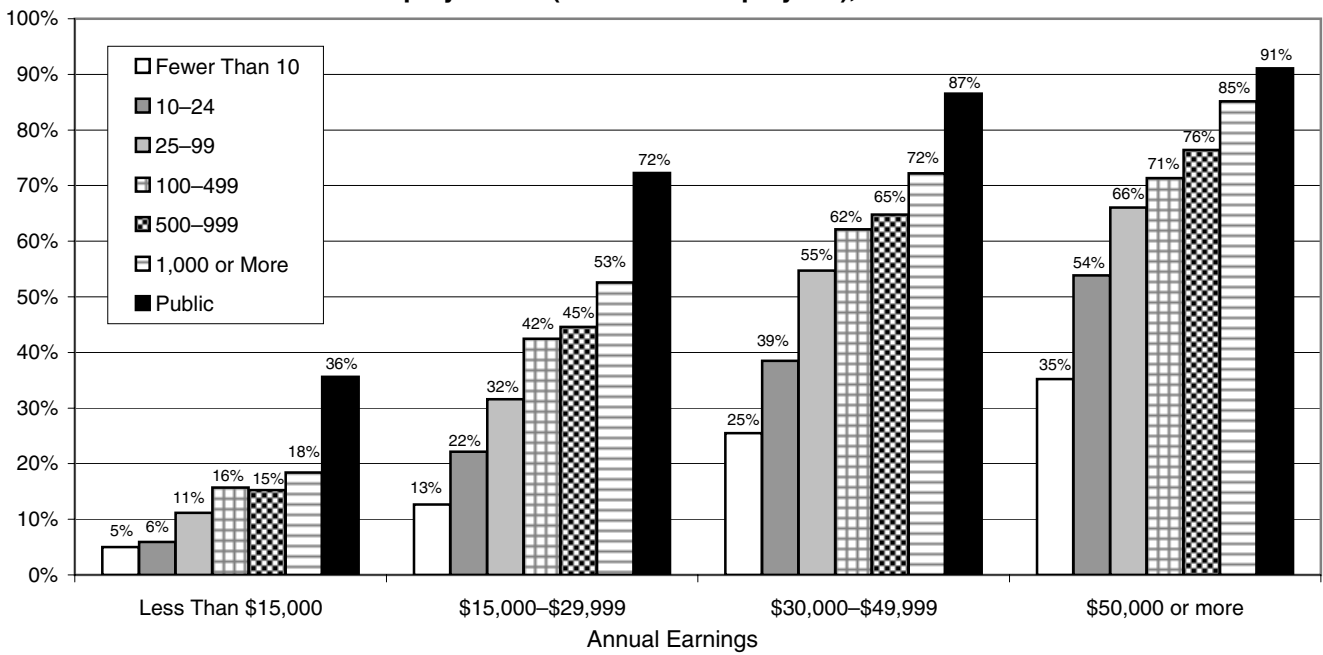
Source: Employee Benefit Research Institute estimates from the 2004 March Current Population Survey.

Figure 9
Percentage of Wage and Salary Workers Ages 21–64 Who Participated
in an Employment-Based Retirement Plan, by Age and Employer Size
(Number of Employees), 2003



Source: Employee Benefit Research Institute estimates from the 2004 March Current Population Survey.

Figure 10
Percentage of Wage and Salary Workers Ages 21–64 Who Participated
in an Employment-Based Retirement Plan, by Annual Earnings and
Employer Size (Number of Employees), 2003



Source: Employee Benefit Research Institute estimates from the 2004 March Current Population Survey.

Figure 11
Percentage of Various Work Forces Who Participated
in an Employment-Based Retirement Plan, by State, 2003

State	All Workers		Wage & Salary Workers Ages 21–64		Private Wage & Salary Workers Ages 21–64		Public Wage & Salary Workers Ages 21–64		Full-Time, Full-Year Wage & Salary Workers Ages 21–64	
	Number	Participating	Number	Participating	Number	Participating	Number	Participating	Number	Participating
	(millions)	(%)	(millions)	(%)	(millions)	(%)	(millions)	(%)	(millions)	(%)
All	151.1	42.0%	125.4	48.4%	105.4	43.2%	20.0	75.8%	90.3	57.1%
Alabama	2.24	42.0	1.87	48.0	1.56	41.9	0.31	79.4	1.37	57.6
Alaska	0.36	37.8	0.28	46.3	0.20	36.7	0.08	70.1	0.16	60.3
Arizona	2.69	37.8	2.29	42.6	1.94	37.3	0.34	72.3	1.66	49.8
Arkansas	1.31	38.3	1.08	43.4	0.91	38.7	0.16	69.8	0.79	51.2
California	17.75	39.3	14.75	45.0	12.42	39.1	2.34	76.2	10.32	53.2
Colorado	2.55	39.4	2.12	45.6	1.80	39.9	0.33	77.4	1.49	54.6
Connecticut	1.84	46.7	1.50	54.3	1.28	50.9	0.22	74.2	1.05	64.6
Delaware	0.45	47.4	0.38	53.7	0.32	50.3	0.06	72.6	0.29	60.8
District of Columbia	0.31	50.5	0.28	54.8	0.20	46.5	0.07	77.0	0.21	65.1
Florida	8.43	35.6	7.07	40.4	6.08	35.0	0.99	73.8	5.45	46.7
Georgia	4.40	44.9	3.82	49.6	3.20	44.9	0.62	73.8	3.00	56.1
Hawaii	0.65	44.7	0.53	51.2	0.43	45.4	0.11	74.1	0.40	59.5
Idaho	0.76	37.8	0.60	46.4	0.47	41.0	0.12	67.7	0.40	57.5
Illinois	6.64	42.9	5.53	49.3	4.88	46.0	0.64	74.5	3.92	58.7
Indiana	3.34	44.9	2.76	51.6	2.41	48.2	0.35	74.8	2.04	60.1
Iowa	1.74	45.6	1.36	55.4	1.13	50.3	0.23	80.3	0.99	65.8
Kansas	1.54	43.4	1.21	52.6	0.97	47.3	0.24	74.2	0.84	63.5
Kentucky	2.04	44.5	1.68	51.8	1.39	46.4	0.29	77.6	1.20	61.0
Louisiana	2.09	40.0	1.77	45.5	1.46	39.6	0.31	73.7	1.32	54.8
Maine	0.71	40.2	0.55	49.8	0.46	45.3	0.09	72.6	0.37	62.1
Maryland	3.02	45.0	2.56	50.0	2.00	42.3	0.56	77.5	1.92	55.7
Massachusetts	3.51	44.6	2.91	51.2	2.51	47.3	0.39	76.3	2.09	59.8
Michigan	5.20	46.1	4.33	53.2	3.71	49.3	0.62	76.4	2.97	63.8
Minnesota	3.09	46.5	2.50	54.8	2.16	51.3	0.35	76.6	1.73	66.0
Mississippi	1.39	39.7	1.15	46.6	0.89	36.3	0.26	81.0	0.87	54.6
Missouri	3.03	45.6	2.46	53.7	2.06	48.8	0.40	78.3	1.86	61.9
Montana	0.51	36.1	0.39	45.2	0.31	38.2	0.08	73.3	0.25	56.6
Nebraska	1.05	42.6	0.80	52.9	0.67	48.4	0.13	76.0	0.59	62.2
Nevada	1.20	37.9	1.04	41.8	0.90	36.3	0.14	76.8	0.77	48.3
New Hampshire	0.74	41.9	0.59	53.3	0.51	50.0	0.08	74.1	0.42	63.6
New Jersey	4.55	47.4	3.93	52.9	3.26	47.2	0.67	80.8	2.92	62.0
New Mexico	0.95	34.3	0.76	40.9	0.59	33.0	0.17	67.9	0.54	48.2
New York	9.60	41.3	8.06	46.7	6.60	40.5	1.46	74.9	5.78	54.7
North Carolina	4.27	38.2	3.56	44.3	3.04	39.9	0.52	70.0	2.54	53.2
North Dakota	0.38	43.6	0.29	55.3	0.22	50.9	0.07	69.7	0.20	67.0
Ohio	6.24	45.2	5.15	52.0	4.41	47.4	0.74	79.2	3.60	60.4
Oklahoma	1.75	38.5	1.41	46.4	1.14	39.8	0.26	74.8	1.05	55.4
Oregon	1.94	42.2	1.61	48.1	1.37	42.2	0.24	81.7	1.03	59.6
Pennsylvania	6.40	46.0	5.26	53.4	4.53	49.8	0.73	75.3	3.66	64.0
Rhode Island	0.58	40.6	0.48	47.1	0.42	42.0	0.07	78.3	0.34	55.3
South Carolina	2.09	41.8	1.73	48.3	1.41	41.3	0.32	79.2	1.27	57.8
South Dakota	0.44	38.6	0.33	49.0	0.27	43.3	0.06	74.5	0.23	58.9
Tennessee	3.08	41.8	2.50	48.8	2.10	45.3	0.40	67.5	1.79	59.4
Texas	11.09	39.2	9.24	45.0	7.76	38.7	1.49	78.4	6.89	53.0
Utah	1.26	36.1	1.03	43.2	0.84	36.9	0.18	72.2	0.64	55.9
Vermont	0.37	39.7	0.29	48.4	0.24	43.3	0.05	72.9	0.19	58.6
Virginia	3.92	46.7	3.31	52.9	2.63	46.2	0.68	79.2	2.51	61.2
Washington	3.38	43.9	2.85	50.1	2.37	44.4	0.48	78.6	1.90	60.5
West Virginia	0.80	41.8	0.67	47.2	0.55	41.2	0.12	74.1	0.49	55.5
Wisconsin	3.17	45.0	2.57	53.5	2.25	51.7	0.32	66.6	1.80	63.5
Wyoming	0.29	36.8	0.22	45.3	0.17	37.0	0.05	73.3	0.15	56.8

Source: Employee Benefit Research Institute estimates from the 2004 March Current Population Survey.

Figure 12
**Percentage of Wage and Salary Workers Ages 21–64 Who Participated
in an Employment-Based Retirement Plan, by State, 2003**

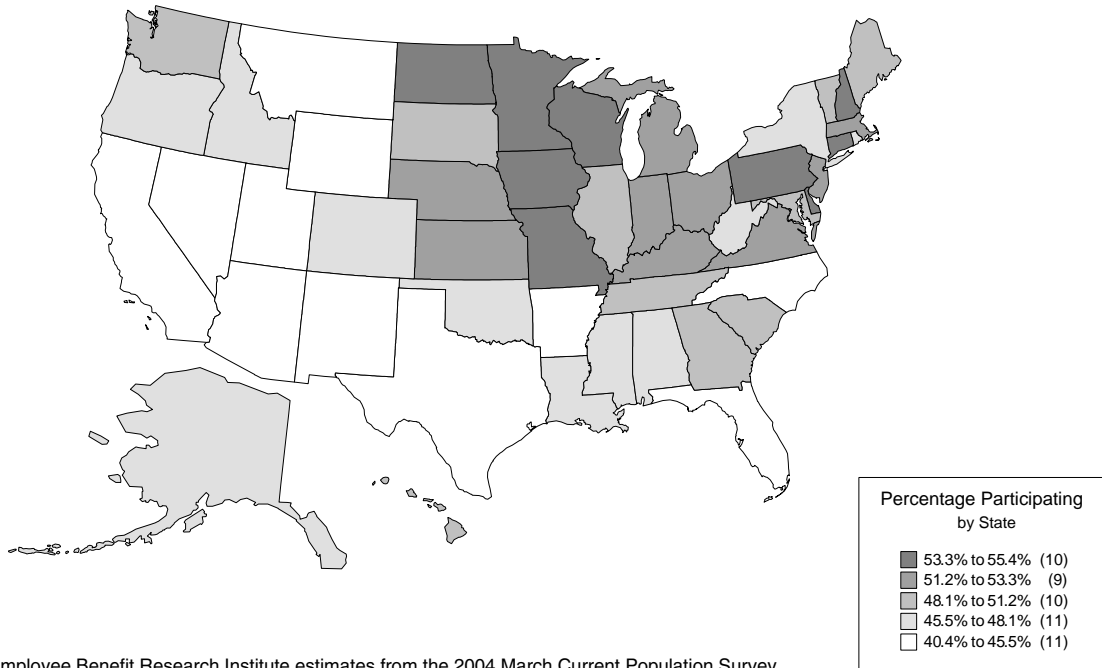


Figure 13
**Percentage of Various Work Forces Who Participated in an Employment-Based
Retirement Plan, by Consolidated Metropolitan Statistical Area (CMSA), 2003**

CMSA	All Workers		Wage & Salary Workers Ages 21–64		Private Wage & Salary Workers Ages 21–64		Public Wage & Salary Workers Ages 21–64		Full-Time, Full-Year Wage & Salary Workers Ages 21–64	
	Number (millions)	Participating (%)	Number (millions)	Participating (%)	Number (millions)	Participating (%)	Number (millions)	Participating (%)	Number (millions)	Participating (%)
All	151.1	42.0%	125.4	48.4%	105.4	43.2%	20.0	75.8%	90.3	57.1%
Unrecorded CMSA	91.4	41.6	74.8	48.6	62.3	43.2	12.5	75.5	53.6	57.9
Boston-Worcester-Lawrence, MA-NH-ME-CT	3.3	45.2	2.8	52.0	2.4	48.1	0.4	78.2	2.0	60.9
Chicago-Gary-Kenosha, IL-IN-WI	4.7	41.3	4.0	46.3	3.5	42.6	0.5	73.7	2.9	54.9
Cincinnati-Hamilton, OH-KY-IN	1.1	48.0	0.9	56.6	0.8	53.8	0.1	75.4	0.6	68.0
Cleveland-Akron, OH	1.6	48.2	1.4	53.9	1.2	49.6	0.2	78.7	1.0	60.9
Dallas-Fort Worth, TX	3.5	41.0	3.0	45.8	2.6	41.2	0.4	79.0	2.2	55.0
Denver-Boulder-Greeley, CO	1.6	41.2	1.3	47.0	1.2	42.2	0.2	77.1	1.0	54.2
Detroit-Ann Arbor-Flint, MI	2.9	47.8	2.4	54.2	2.1	51.4	0.3	72.5	1.7	62.8
Houston-Galveston-Brazoria, TX	2.5	39.6	2.2	44.1	1.9	38.5	0.3	77.6	1.7	49.8
Los Angeles-Riverside-Orange County, CA	8.3	36.1	7.0	41.1	6.0	35.9	1.0	72.8	5.1	47.1
Miami-Fort Lauderdale, FL	2.1	29.4	1.8	32.9	1.5	26.7	0.2	72.0	1.4	37.1
Milwaukee-Racine, WI	1.0	48.3	0.9	54.5	0.8	53.3	0.1	65.1	0.6	64.8
New York-Northern New Jersey-Long Island, NY-NJ-CT-PA	11.0	42.4	9.3	47.4	7.8	41.9	1.5	76.6	6.8	55.5
Philadelphia-Wilmington-Atlantic City, PA-NJ-DE-MD	3.2	46.1	2.7	51.4	2.3	47.8	0.4	71.4	2.0	60.0
Portland-Salem, OR-WA	1.4	42.1	1.2	47.8	1.1	42.2	0.2	86.6	0.8	58.0
Sacramento-Yolo, CA	1.0	45.5	0.8	53.6	0.7	46.0	0.2	81.5	0.6	65.5
San Francisco-Oakland-San Jose, CA	3.8	45.4	3.2	51.4	2.8	47.0	0.5	76.8	2.2	61.3
Seattle-Tacoma-Bremerton, WA	2.0	48.2	1.8	53.6	1.4	47.7	0.3	80.9	1.2	62.2
Washington-Baltimore, DC-MD-VA-WV	4.6	48.3	3.9	53.7	3.1	46.3	0.9	79.3	3.0	60.5

Source: Employee Benefit Research Institute estimates from the 2004 March Current Population Survey.

Figure 14
Percentage of Various Workforces Who Worked for an Employer That Sponsored a Retirement Plan
and the Percentage Who Participated in an Employment-Based Retirement Plan, 1987–2003

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
All Workers																	
	<i>(millions)</i>																
Number of Workers	130.4	132.6	133.8	134.5	134.4	134.8	136.2	138.2	139.6	142.1	143.8	145.5	149.7	151.1	150.9	151.3	151.1
Works for an employer																	
sponsoring a plan	63.0	64.9	66.3	67.9	68.6	69.2	68.2	74.0	73.7	77.5	78.2	82.0	83.3	85.7	83.5	80.7	80.6
Participating in a plan	49.0	50.3	52.0	52.5	53.4	53.1	53.1	56.7	57.3	59.3	60.1	63.4	65.5	67.1	64.9	63.2	63.5
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>(percentage)</i>																	
Works for an employer																	
sponsoring a plan	48.3	48.9	49.6	50.5	51.0	51.3	50.1	53.5	52.8	54.5	54.4	56.4	55.6	56.7	55.3	53.4	53.4
Participating in a plan	37.6	38.0	38.9	39.0	39.7	39.4	39.0	41.0	41.0	41.7	41.8	43.6	43.8	44.4	43.0	41.8	42.0
Wage and Salary Workers Ages 21–64																	
	<i>(millions)</i>																
Number of Workers	100.2	102.2	103.4	104.4	109.2	109.7	110.5	112.7	115.3	117.6	117.3	118.9	122.4	124.0	124.7	125.4	125.4
Works for an employer																	
sponsoring a plan	57.3	58.8	60.0	61.7	63.4	64.0	63.1	68.0	68.1	71.3	72.0	75.1	76.5	78.5	77.0	74.6	74.7
Participating in a plan	46.2	47.3	48.8	49.5	51.1	51.0	51.0	54.3	55.1	56.9	57.6	60.6	62.5	63.9	62.1	60.4	60.7
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>(percentage)</i>																	
Works for an employer																	
sponsoring a plan	57.2	57.5	58.0	59.1	58.1	58.4	57.1	60.4	59.1	60.6	61.4	63.2	62.5	63.3	61.7	59.5	59.6
Participating in a plan	46.1	46.2	47.2	47.4	46.8	46.5	46.2	48.2	47.8	48.4	49.1	51.0	51.1	51.6	49.8	48.2	48.4
Private-Sector Wage and Salary Workers Ages 21–64																	
	<i>(millions)</i>																
Number of Workers	82.6	84.2	85.2	86.1	90.6	90.7	91.1	93.4	96.7	99.3	98.9	100.1	102.7	104.3	105.1	105.3	105.4
Works for an employer																	
sponsoring a plan	41.9	43.1	44.1	45.7	47.2	47.4	46.7	51.0	51.9	55.2	56.2	58.8	59.4	61.5	60.3	57.8	57.8
Participating in a plan	32.9	33.7	34.8	35.6	37.0	36.6	36.6	39.3	40.8	42.8	43.7	46.1	47.3	48.7	47.4	45.4	45.5
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>(percentage)</i>																	
Works for an employer																	
sponsoring a plan	50.7	51.2	51.7	53.1	52.1	52.3	51.2	54.6	53.7	55.6	56.8	58.7	57.8	59.0	57.4	54.9	54.8
Participating in a plan	39.8	40.0	40.9	41.3	40.8	40.4	40.1	42.1	42.2	43.1	44.2	46.1	46.1	46.7	45.1	43.1	43.2

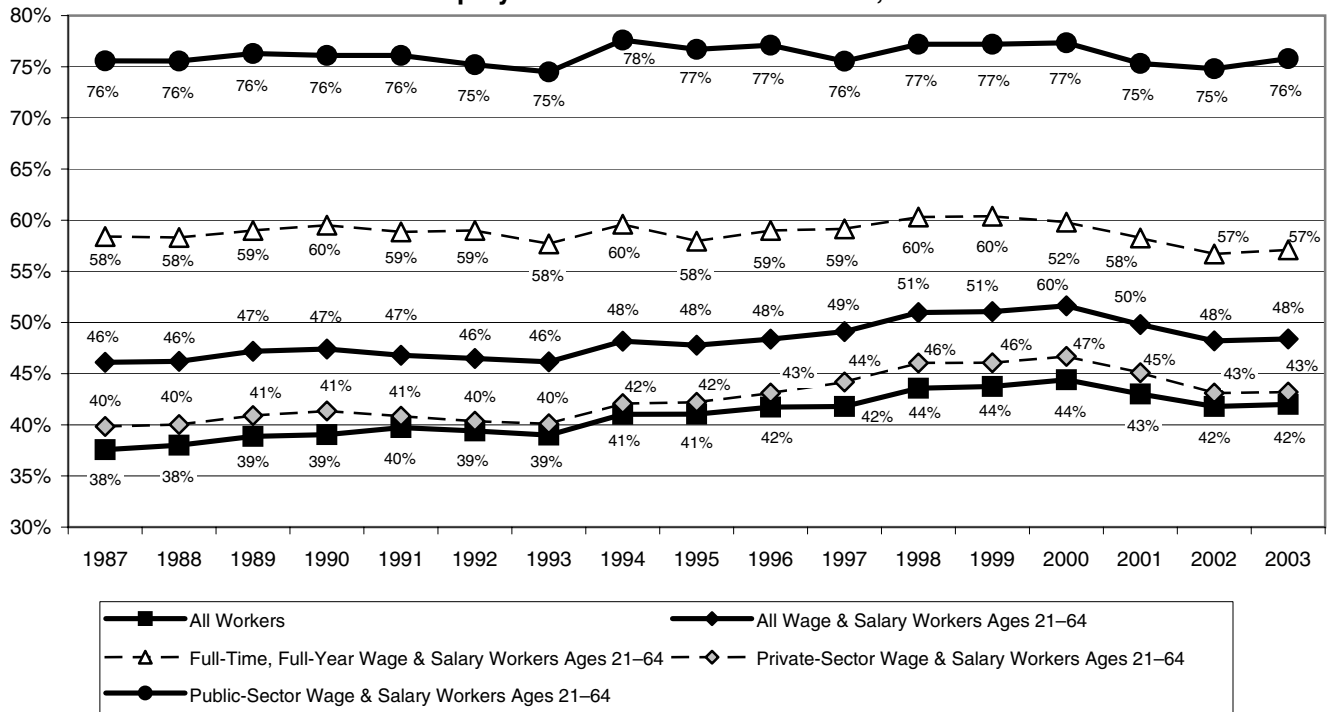
(Figure 14, continued)

(Figure 14, continued)

		1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	
Public-Sector Wage and Salary Workers Ages 21–64																			
		(millions)																	
Number of Workers		17.6	18.0	18.2	18.3	18.7	19.1	19.3	19.3	18.6	18.3	18.4	18.8	19.7	19.6	19.6	20.0	20.0	20.0
Works for an employer																			
sponsoring a plan		15.4	15.6	15.9	16.0	16.3	16.6	16.4	17.0	16.1	16.0	15.9	16.3	17.1	17.0	16.6	16.8	17.0	17.0
Participating in a plan		13.3	13.6	13.9	13.9	14.2	14.3	14.4	15.0	14.3	14.1	13.9	14.5	15.2	15.2	14.8	15.0	15.2	15.2
Total		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
		(percentage)																	
Works for an employer																			
sponsoring a plan		87.4	86.6	87.2	87.5	87.3	87.3	85.1	88.1	86.9	87.6	86.0	87.1	86.9	86.4	84.9	83.7	84.8	84.8
Participating in a plan		75.6	75.6	76.3	76.1	76.1	75.2	74.5	77.6	76.7	77.1	75.5	77.2	77.2	77.3	75.3	74.8	75.8	75.8
Full-Time, Full-Year Wage and Salary Workers Ages 21–64																			
		(millions)																	
Number of Workers		66.2	68.6	68.9	68.9	71.7	72.8	74.2	76.5	79.9	81.7	83.0	85.9	88.6	91.3	90.1	90.0	90.3	90.3
Works for an employer																			
sponsoring a plan		44.1	45.8	46.2	46.9	48.0	49.1	48.7	52.3	52.9	55.4	56.5	59.6	61.2	62.6	60.8	58.6	59.2	59.2
Participating in a plan		38.7	40.0	40.7	41	42.2	42.9	42.8	45.6	46.3	48.2	49.1	51.8	53.5	54.6	52.5	51.1	51.5	51.5
Total		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Works for an employer																			
sponsoring a plan		66.6	66.8	67.0	68.1	67.0	67.4	65.7	68.4	66.2	67.8	68.1	69.4	69.1	68.6	67.5	65.1	65.6	65.6
Participating in a plan		58.4	58.3	59.0	59.5	58.9	59.0	57.7	59.6	57.9	59.0	59.2	60.3	60.4	59.8	58.3	56.7	57.1	57.1

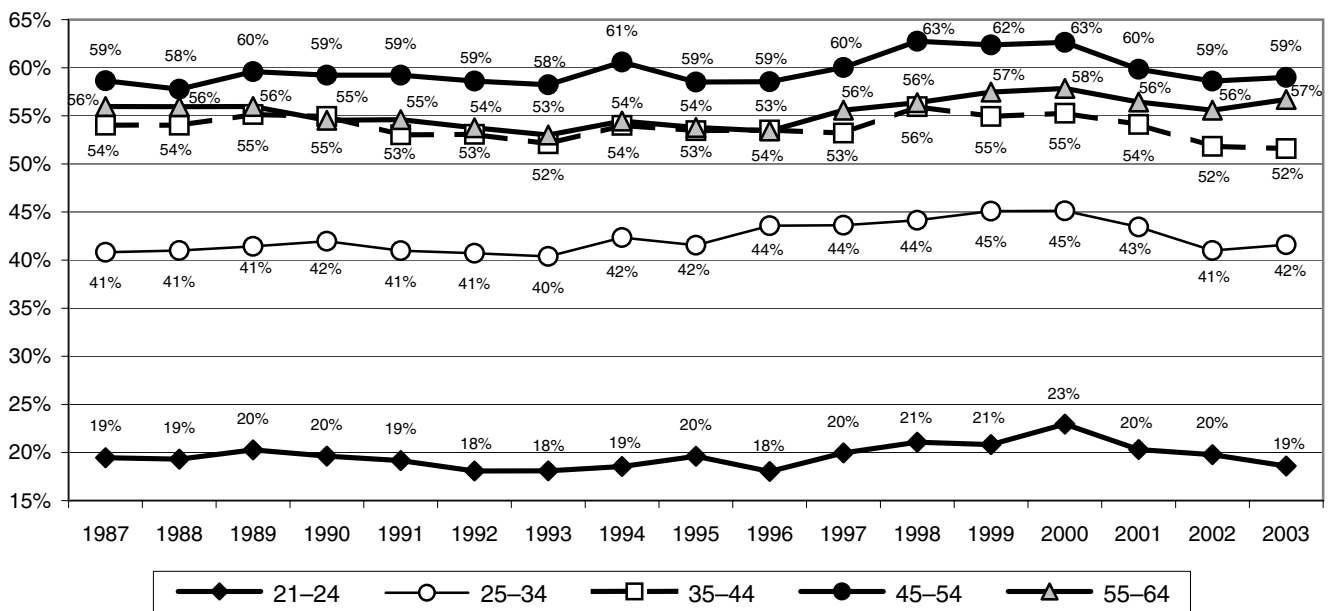
Source: Employee Benefit Research Institute estimates from the 1988–2004 March Current Population Surveys.

Figure 15
Percentage of Various Work Forces Who Participated
in an Employment-Based Retirement Plan, 1987–2003



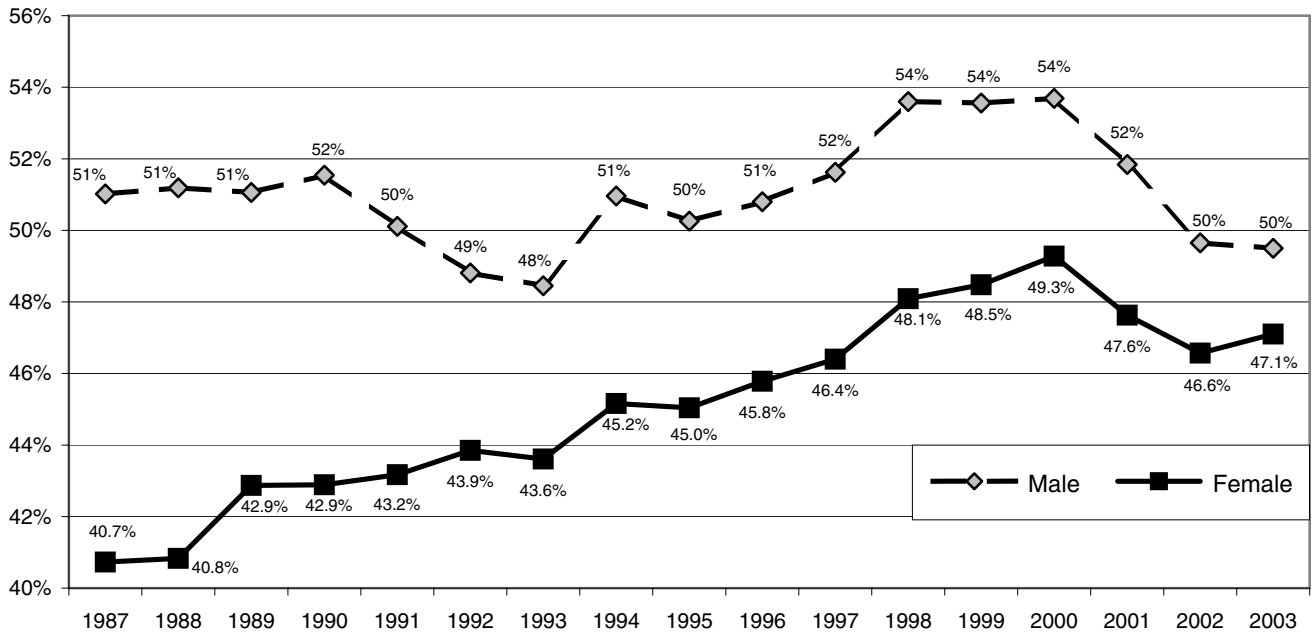
Source: Employee Benefit Research Institute estimates from the 1988–2004 March Current Population Surveys.

Figure 16
Percentage of Wage and Salary Workers Ages 21-64
Who Participated in an Employment-Based Retirement Plan,
by Age, 1987–2003



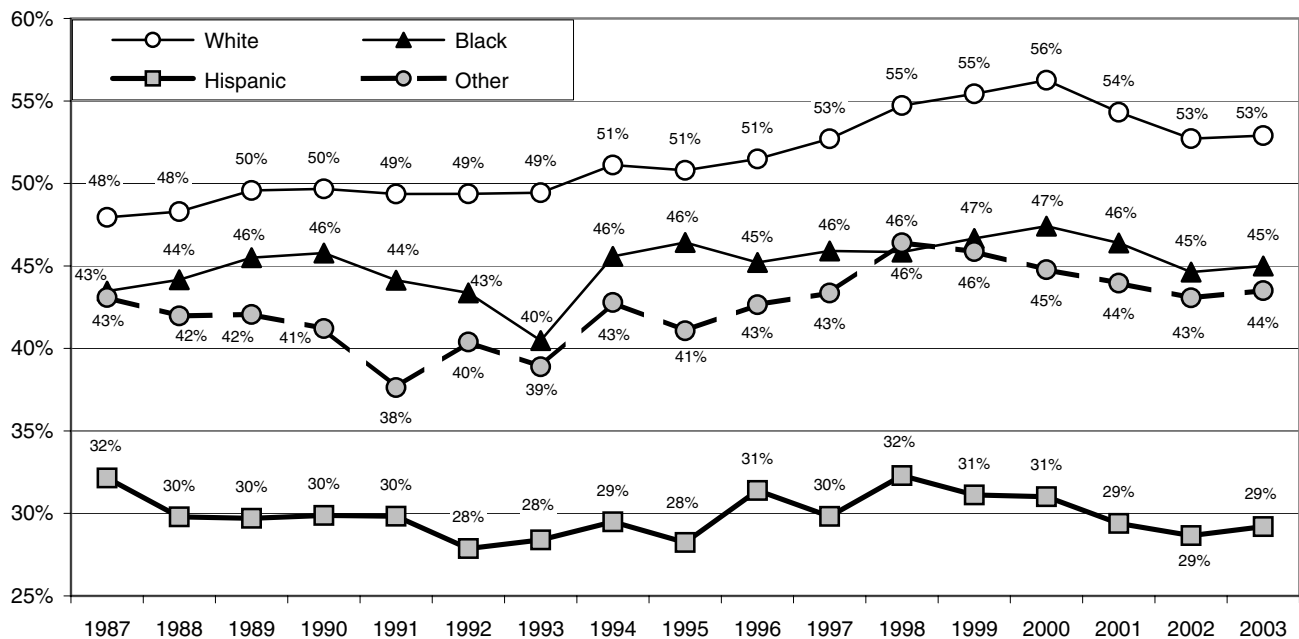
Source: Employee Benefit Research Institute estimates from the 1988–2004 March Current Population Surveys.

Figure 17
Percentage of Wage and Salary Workers Ages 21–64 Who Participated in an Employment-Based Retirement Plan, by Gender, 1987–2003



Source: Employee Benefit Research Institute estimates from the 1988–2004 March Current Population Surveys.

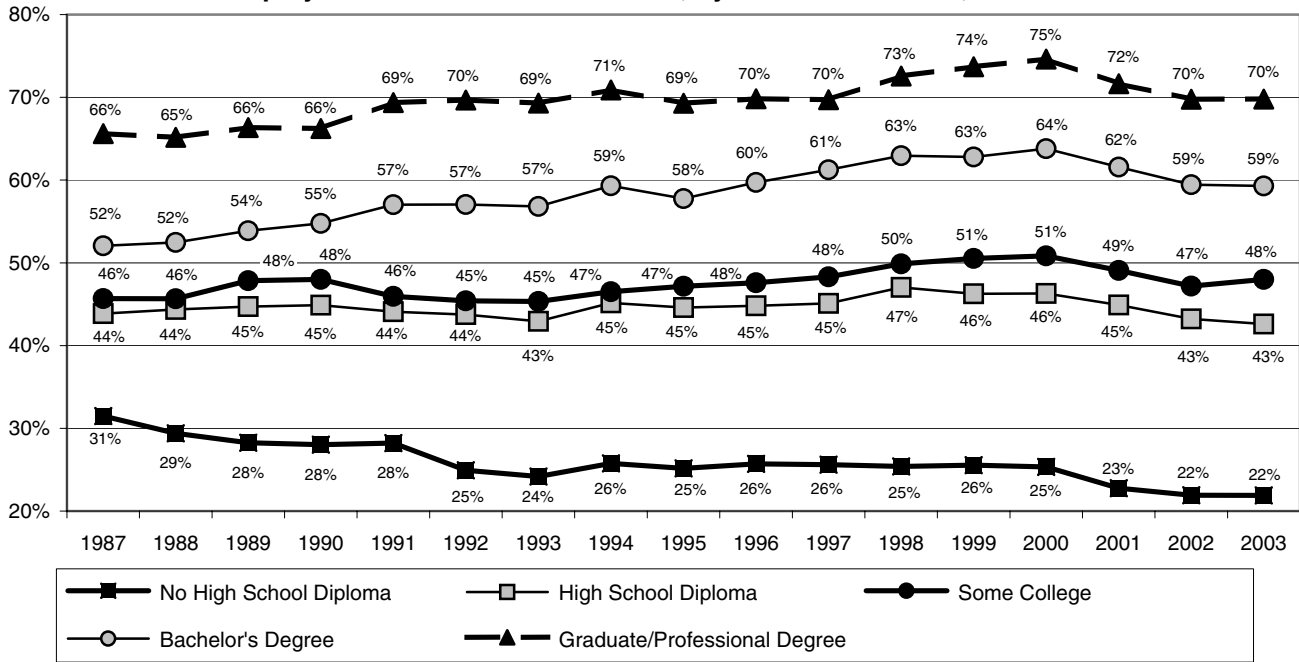
Figure 18
Percentage of Wage and Salary Workers Ages 21–64 Who Participated in an Employment-Based Retirement Plan, by Race/Ethnicity,^a 1987–2003



Source: Employee Benefit Research Institute estimates from the 1988–2004 March Current Population Surveys.

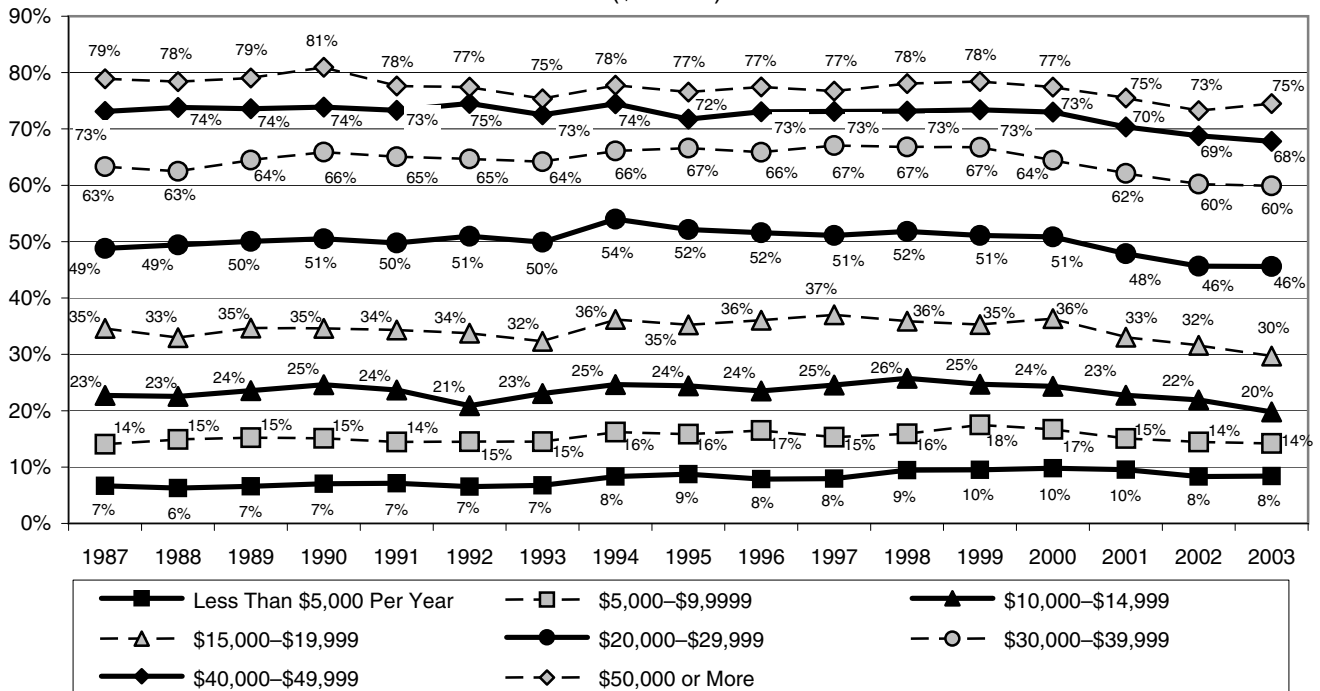
^a Beginning with the 2003 March Current Population Survey, changes were made to the race variable, where respondents were allowed to answer to more than one race. Thus, the 2002–2003 results are not entirely comparable to prior years, but are presented for illustrative purposes. The "other" category includes those who answered to being of more than one race for 2002–2003.

Figure 19
Percentage of Wage and Salary Workers Ages 21–64 Who Participated in an Employment-Based Retirement Plan, by Educational Level, 1987–2003



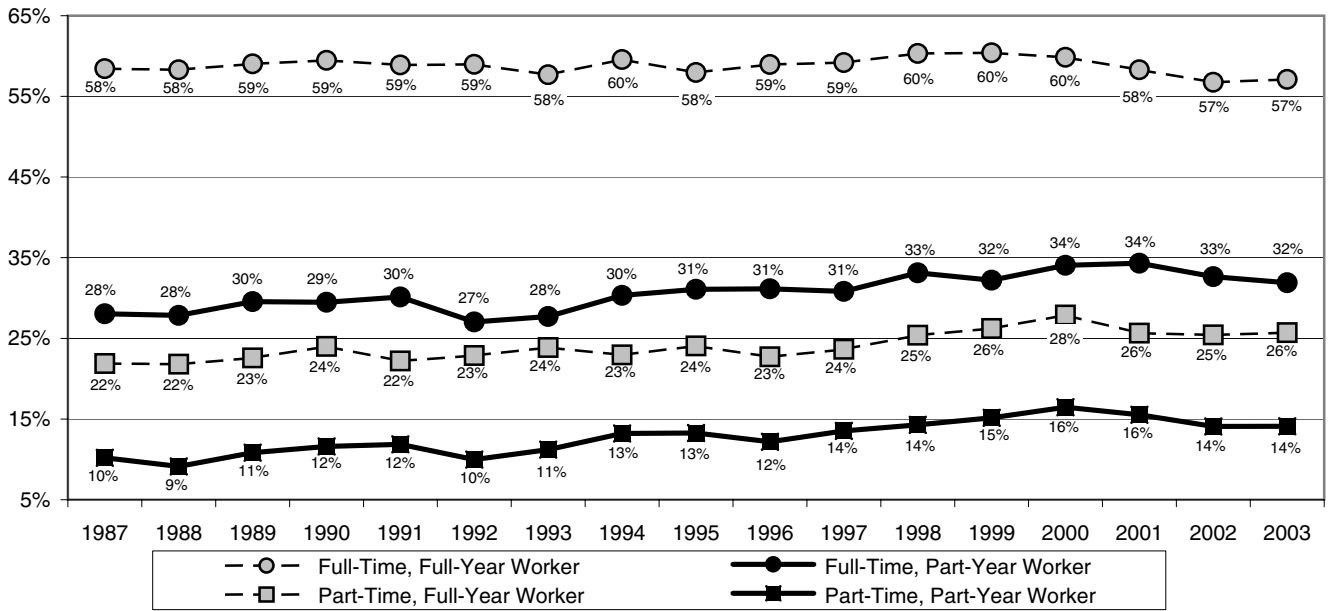
Source: Employee Benefit Research Institute estimates from the 1988–2004 March Current Population Surveys.

Figure 20
Percentage of Wage and Salary Workers Ages 21–64 Who Participated in an Employment-Based Retirement Plan, by Annual Earnings, 1987–2003 (\$s 2003)



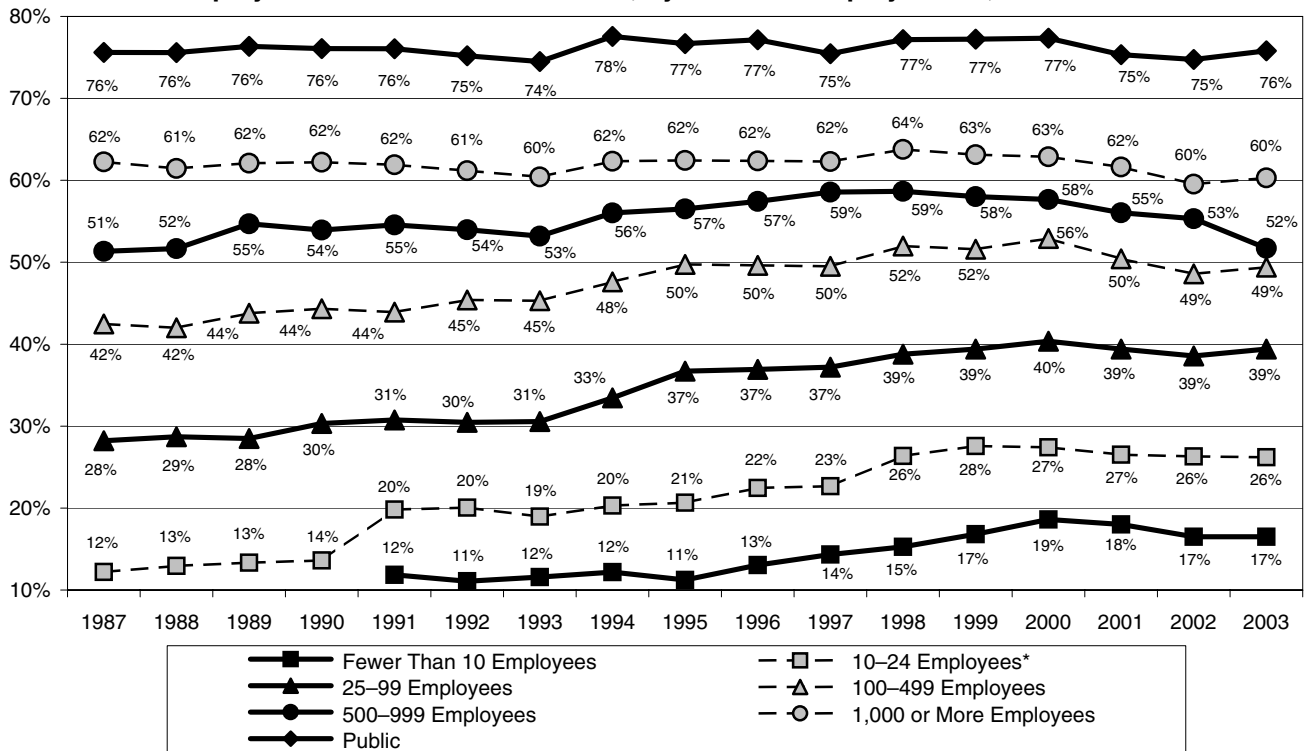
Source: Employee Benefit Research Institute estimates from the 1988–2004 March Current Population Surveys.

Figure 21
Percentage of Wage and Salary Workers Ages 21–64 Who Participated in an Employment-Based Retirement Plan, by Work Status, 1987–2003



Source: Employee Benefit Research Institute estimates from the 1988–2004 March Current Population Surveys.

Figure 22
Percentage of Wage and Salary Workers Ages 21–64 Who Participated in an Employment-Based Retirement Plan, by Workers' Employer Size, 1987–2003



Source: Employee Benefit Research Institute estimates from the 1988–2004 March Current Population Surveys.

* Under 25 from 1987–1990.

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