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EXECUTIVE SUMMARY

Ownership of Individual Retirement Accounts (IRAs) and 401(k)-Type Plans, 1996–2009

OWNERSHIP: The percentage of workers ages 21–64 with an individual account plan (IRA or 401(k)-type plan) grew significantly in the late 1990s into the early 2000s. By 2009, 33.0 percent of workers owned a 401(k)-type plan and 20.8 percent owned an IRA.

AVERAGE CONTRIBUTIONS/EARNINGS: The average annual contribution was \$4,513 to a 401(k)-type plan, and \$2,801 to an IRA in 2009. The proportion of workers ages 21–64 making a tax-deductible IRA contribution was 5.4 percent in 2009.

Tracking Health Insurance Coverage by Month: Trends in Employment-Based Coverage Among Workers, and Access to Coverage Among Uninsured Workers, 1995–2010

HEALTH COVERAGE ON A MONTHLY BASIS: This analysis examines employment-based health benefit coverage rates on a monthly basis from December 1995 to April 2010, to more clearly show changes in trends and the effects of recessions and unemployment on coverage.

RECESSION PERIODS: Between December 2007–August 2009, the percentage of workers with coverage in their own name fell from 60.4 percent to 55.9 percent, after which there appeared to be what might be the beginning of a recovery in workers with employment-based coverage: By December 2009, 56.6 percent of workers had employment-based coverage. However, but this slipped to 56.2 percent by April 2010.

ECONOMY AND OTHER FACTORS AFFECT HEALTH COVERAGE: The likelihood of a worker being uninsured is tied to the strength of the economy and the unemployment rate. Most workers reported that they did not have coverage because of cost, ranging from 70–90 percent over the December 1995–April 2010 period. The portion of uninsured workers reporting that they were not offered employment-based health benefits was roughly 40 percent through 2003 and has been falling since then, reaching 23 percent in early 2010.

Ownership of Individual Retirement Accounts (IRAs) and 401(k)-Type Plans, 1996–2009

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Introduction

Individual account retirement plans, such as 401(k) plans and individual retirement accounts (IRAs), have grown to be the predominant source of retirement assets for private-sector workers, and are becoming increasingly important for public-sector workers as well. Tracking the percentage of workers who have these plans and how much has been accumulated in them is an important indicator of how workers are financially preparing for retirement. This article uses the most recent data from the Survey of Income and Program Participation (SIPP), conducted by the U.S. Census Bureau, to examine the prevalence of these accounts among workers ages 21–64.^{1, 2}

The results of this research supplement the EBRI/ICI Defined Contribution Database and the EBRI IRA Database research by including other demographic results that are not in those databases.³ SIPP includes a broad array of employment-based defined contribution retirement plan types that are tracked; i.e., it also asks for participation in a thrift plan, such as the federal employees' Thrift Savings Plan. Because these other plan participants are included, the broader term 401(k)-type plan is used here, instead of 401(k) plan, which has been the exclusive focus of the EBRI/ICI Defined Contribution Database publications to date. It should be noted that these employment-based types of retirement plans differ from IRAs, which are not necessarily tied to employment.

In brief, the most current data show that the significant increase in the percentage of workers in 401(k)-type plans, which had grown sharply through the 1990s, leveled off from 2005 to 2009. Ownership of IRAs, which had also risen significantly in the 1990s, experienced a slight decline from 2005 to 2009.

This study begins with an examination of participation in 401(k)-type plans and ownership of IRAs (singularly and in combination) among workers ages 21–64. Furthermore, it investigates the average contribution and the average earnings in 401(k)-type plans and IRAs, as well as the percentage of participants contributing the maximum amount to IRAs. Finally, it presents the latest official government data on the assets and participants, where they are available for these accounts, along with results on IRA contributions from the EBRI IRA Database.TM

Ownership of 401(k)-type Plans and IRAs

401(k)-Type Plans—The proportion of workers ages 21–64 participating in a 401(k)-type plan increased from 23.3 percent in 1996 to 33.1 percent in 2005, before leveling off at 33.0 percent in 2009 (Figure 1). Participation in 401(k)-type plans increased with workers' family income and educational attainment. In 2009, among workers with family income below \$10,000, 7.2 percent participated, compared with 45.4 percent of workers with family income of \$75,000 or more.⁴ Participation increased from 9.3 percent of workers without a high school diploma to 50.0 percent of workers with a graduate degree.

The likelihood of a worker participating in a 401(k)-type plan in 2009 increased with age through 55, when the likelihood declined for those ages 55–64. Females were more likely to participate in a 401(k)-type plan than males (33.6 percent, compared with 32.5 percent). White workers were the most likely to be 401(k)-type plan participants: 36.9 percent of white workers were participants, compared with 33.2 percent of those in the next highest race/ethnicity group (other).

These same patterns held true across each year studied, except for years prior to 2009, when males were more likely to participate in a 401(k)-type plan than females. In addition, the likelihood of being a participant in each demographic subgroup increased from 1996 to 2005, but from 2005 to 2009 the subgroups increased and decreased in no discernible pattern, leaving the overall number virtually equal to its 2005 level.

IRAs—After increasing from 17.0 percent at the end of 1996 to 22.9 percent at the end of 2005, the percentage of workers ages 21–64 who owned an IRA declined to 20.8 percent by the end of 2009 (Figure 2). IRA ownership increased with family income and age. In 2009, among workers with family income of \$75,000 or more, 31.5 percent owned an IRA, whereas 7.2 percent of those with family income of \$10,000–\$19,999 owned an IRA. Approximately 4 percent of workers ages 21–24 owned an IRA, compared with 32.7 percent of those ages 55–64.

IRA ownership also increased substantially with education, growing from 3.6 percent of workers without a high school diploma to 41.3 percent of those with a graduate degree. White workers were more likely to own an IRA than workers of other races/ethnicities. Male and female workers were virtually equally likely to own an IRA.

These same patterns across the demographic variables have held true since 1996. Furthermore, the decreasing likelihood of owning an IRA from 2005 to 2009 occurred for virtually each demographic subgroup, except for the workers who had lowest likelihoods of owning an IRA, which includes those who were the youngest, had the lowest incomes, had the least education, or were black.

Contributions⁵ to, and Earnings⁶ in, 401(k)-Type Plans

The average annual contribution for those making a contribution to a 401(k)-type plan increased from \$4,242 in 1996 to \$4,864 in 2005 (in 2009 dollars) before falling to \$4,513 in 2009 (Figure 1).⁷ Furthermore, the average annual investment earnings in 401(k)-type plans increased from \$5,872 in 1996 to \$6,601 in 2005 before declining to \$6,181 in 2009.

The average contribution increased with age and educational attainment. For example, in 2009, the average contribution of workers age 21–24 was \$1,900, compared with \$5,454 for those ages 55–64. Male workers had a higher average contribution than females. The male average contribution was \$5,242, whereas the female average contribution was \$3,730.

Among workers with family income of \$20,000 or above, the average contribution increased with family income in 2009. The average annual contribution of workers with \$20,000–\$29,999 of family income was \$1,665. This mean contribution level rose until reaching \$6,171 for those with family incomes of \$75,000 or more.⁸ For those with less than \$20,000 in family income, the numbers are not comparable, as this group contains individuals with uneven monthly incomes, so the annualized monthly income used in this study distorts the results for this group.⁹

Average earnings in 401(k)-type plans increased with age, education level, and family income (\$20,000 and above) and were higher for those workers who were white, classified as the “other” race, or male. Workers with the highest educational attainment had the highest average earnings of any subgroup at \$8,232 in 2009, while those ages 21–24 or with family income of \$20,000–\$29,999 had the lowest earnings at approximately \$2,200.¹⁰

These patterns held for the years prior to 2009. The categories that had declines in average earnings from 2005 to 2009 were those that are correlated with having higher balances—older, higher family income, male, and white participants.

Figure 1
401(k)-Type Plan Participation, Average Contributions, and Earnings (2009\$\$) of Workers Ages 21–64, 1996, 2001, 2005, and 2009

	1996			2001			2005			2009		
	Average		Average	Average		Average	Average		Average	Average		Average
	Participant	Contribution	Earnings	Participant	Contribution	Earnings	Participant	Contribution	Earnings	Participant	Contribution	Earnings
All	23.3%	\$4,242	\$5,872	27.9%	\$4,488	\$6,575	33.1%	\$4,884	\$6,601	33.0%	\$4,513	\$6,181
Age												
21–24	6.2	2,101	2,906	10.2	1,957	1,278	9.3	1,817	1,286	11.2	1,900	2,187
25–34	22.3	3,361	3,542	26.9	3,873	3,654	28.8	3,815	3,685	28.6	3,369	4,089
35–44	27.4	4,255	5,431	30.5	4,683	7,087	37.2	4,810	6,317	36.6	4,643	6,492
45–54	26.3	4,873	7,934	31.8	4,683	8,553	38.8	1,929	7,916	37.9	4,838	7,228
55–64	21.7	5,300	9,663	27.7	5,243	8,281	33.5	5,682	8,904	37.2	5,454	7,434
Family Income (2005\$\$)												
Less than \$10,000	4.6	3,522	2,853	8.0	4,499	1,972	7.4	3,016	2,767	7.2	3,114	4,199
\$10,000–\$19,999	5.6	1,501	1,034	8.1	2,074	706	9.5	1,352	3,504	10.0	1,698	2,727
\$20,000–\$29,999	12.6	1,886	3,135	15.8	1,844	4,255	19.1	1,859	3,871	20.8	1,665	2,265
\$30,000–\$39,999	18.3	2,308	2,430	22.0	2,727	5,806	25.5	2,063	3,780	27.8	2,116	3,847
\$40,000–\$49,999	22.8	2,586	3,336	27.1	2,699	5,652	31.3	2,770	3,226	32.5	2,426	3,850
\$50,000–\$74,999	26.2	3,288	4,371	30.9	3,666	6,367	37.1	3,597	5,071	38.4	3,261	4,901
\$75,000 or more	33.0	5,666	7,720	38.1	5,788	7,572	45.2	6,589	8,398	45.4	6,171	7,930
Education Level												
No HS diploma	8.3	2,440	5,469	9.8	2,515	7,777	10.9	1,742	2,250	9.3	1,642	3,710
HS diploma	18.3	2,888	4,613	22.8	3,018	5,928	24.2	3,133	5,274	23.5	2,659	4,268
Some college	24.2	3,560	4,770	28.3	3,719	5,538	31.9	3,715	5,774	31.5	3,327	5,065
Bachelor's degree	32.7	4,985	6,219	38.0	5,353	7,445	44.1	5,802	6,983	43.3	5,104	6,704
Graduate degree	35.1	6,641	8,879	39.3	6,776	7,704	50.4	7,342	8,692	50.0	6,762	8,232
Race/Ethnicity												
White	25.9	4,348	6,139	31.1	4,588	6,966	36.8	5,079	6,938	36.9	4,676	6,448
Black	16.2	2,898	2,248	22.2	3,262	5,728	27.0	3,115	5,602	27.8	3,021	4,049
Hispanic	11.9	3,407	4,640	13.7	3,405	3,331	19.0	3,583	4,303	18.0	3,031	4,748
Other	19.1	4,827	4,699	26.0	5,787	3,040	31.8	5,574	5,023	33.2	5,649	6,482
Gender												
Male	24.7	4,848	6,990	29.3	5,116	7,306	33.1	5,632	7,942	32.5	5,242	7,009
Female	21.7	3,487	4,287	26.3	3,736	5,725	33.0	4,028	5,051	33.6	3,730	5,254

Source: Employee Benefit Research Institute estimates of the 1996 Panel of the Survey of Income and Program Participation (SIPP) Topical Module Wave 4, the 2001 Panel of SIPP Topical Module Wave 4, the 2004 Panel of SIPP Topical Module Wave 7, and 2008 Panel of SIPP Topical Module Wave 5.

Deductible Contributions to, and Earnings in, IRAs

The proportion of workers ages 21–64 making a tax-deductible IRA contribution in 2005 was 6.2 percent, up slightly from 5.0 percent in 1996 (Figure 2).¹¹ This percentage decreased to 5.4 percent in 2009. Of those making a contribution, the average contribution in 2009 was \$2,801.¹² This compares with \$2,322 (2009\$) in 1996 and \$2,890 in 2005. However, the percentage of those making the maximum allowable contribution declined from 66.4 percent in 1996 to 22.8 percent in 2009. Consequently, when the contribution limits were raised in 2002, the average contribution increased, but less than half of the percentage who previously made the maximum contribution did so after the limit increased. Average annual earnings in IRAs increased slightly from \$4,007 (2009\$) in 1996 to \$4,232 in 2009.

The average contribution increased with workers' age and educational attainment. Family income had no clear impact on the average contribution, as relatively small differences resulted across income groups. White workers and workers in the "other" race/ethnicity category had higher average contributions, while male workers also had a higher average contribution than females. Males were more likely to make the maximum contribution than females, while those having a graduate degree were more likely to reach the maximum than those having lower educational attainment.

Workers ages 55–64 had the highest average annual earnings within their IRA, at \$5,256 in 2009. Those workers with at least a college degree had higher average annual earnings than those with less educational attainment (at least \$4,445, compared with \$3,630 or below). Males had significantly higher average earnings at \$4,828, whereas females' average earnings were \$3,447. Family income did not correlate with average earnings in any specific fashion (just as with contributions), showing that income is not the sole indicator of individuals' decisions to save or accumulate funds in an IRA.

The same trends as in 2009 occurred across the demographic categories in the prior years of the study for IRA contributions and earnings. While the average earnings remained the highest for the oldest IRA owners in 2009, the average earnings in 2009 for this group actually were lower than they were in 2005, whereas each of the other age groups had higher earnings in 2009 than in 2005. A similar result occurred across the education categories: Those with a graduate degree had the highest average earnings in 2009—although lower than in 2005—and the average earnings were higher in 2009 for each of the other education groups.

Combined Ownership of 401(k)-type Plans and IRAs

The percentage of workers ages 21–64 who owned an IRA or were participants in a 401(k)-type plan, or both increased from 34.1 percent in 1996 to 43.8 percent in 2005 before decreasing to 42.6 percent in 2009 (Figure 3).¹³ Almost all of the increase up to 2005 was due to the increased likelihood of workers owning both of these types of plans: The percentage of workers owning both of these plans was 5.9 percent in 1996, compared with 12.2 percent in 2005 and 11.2 percent in 2009. However, the decline in 2009 is exclusively due to the decrease in IRA ownership both individually and in combination with 401(k)-type plan participation. The percentage owning only an IRA was virtually unchanged, from 10.0 percent in 1996 to 10.7 percent in 2005, before decreasing to 9.6 percent in 2009, while a significant increase occurred in the percentage participating only in a 401(k)-type plan (18.2 percent in 1996 to 21.8 percent in 2009).

Workers who were older, had higher family incomes, or had more educational attainment were more likely to own both types of plans in 2009 and in the years prior to 2009. Male and female workers were virtually equally likely to own both types of plans in 2009, in contrast to prior years when males were more likely to own both. Overall, from 1996 to 2009, as the 401(k)-type plan became the main type of private-sector workforce retirement benefit, workers in each subgroup had an increased likelihood of having a 401(k)-type plan either alone or in combination with an IRA.

Figure 2

Individual Retirement Account (IRA) Ownership, Contributions, and Earnings (2009\$\$s) of Workers Ages 21–64, 1996, 2005, and 2009

	1996					2005					2009				
	Of Those Making a Contribution					Of Those Making a Contribution					Of Those Making a Contribution				
	Has an IRA in Own Name	Made Tax-Deductible Contribution to IRA	Average contribution	Maximum contribution	Average Earnings	Has an IRA in Own Name	Made Tax-Deductible Contribution to IRA	Average contribution	Maximum contribution	Average Earnings	Has an IRA in Own Name	Made Tax-Deductible Contribution to IRA	Average contribution	Maximum contribution	Average Earnings
	(2009\$\$s)	(2009\$\$s)	(2009\$\$s)	(2009\$\$s)	(2009\$\$s)	(2009\$\$s)	(2009\$\$s)	(2009\$\$s)	(2009\$\$s)	(2009\$\$s)	(2009\$\$s)	(2009\$\$s)	(2009\$\$s)	(2009\$\$s)	(2009\$\$s)
All	17.0%	5.0%	\$2,322	66.4%	\$4,007	22.9%	6.2%	\$2,890	26.8%	\$4,043	20.8%	5.4%	\$2,801	22.8%	\$4,232
Age															
21–24	1.7	0.4	1,952	54.0	910	3.2	0.6	1,307	0.0	1,172	4.5	1.1	1,524	16.0	1,490
25–34	8.9	3.1	2,090	56.8	2,569	15.0	4.3	2,378	20.5	1,913	13.1	3.6	2,397	22.4	2,299
35–44	17.7	5.1	2,257	63.7	3,409	23.0	6.4	2,841	31.3	3,434	20.6	5.6	2,580	21.0	3,891
45–54	24.5	7.0	2,419	68.3	4,420	28.5	7.4	2,875	25.0	4,223	25.2	6.6	2,837	22.7	4,655
55–64	32.8	9.8	2,492	76.1	5,782	33.9	9.2	3,349	29.3	6,109	32.7	8.2	3,288	25.3	5,256
Family Income (2005\$\$s)															
Less than \$10,000	8.0	2.8	2,414	72.5	8,057	12.7	2.1	3,594	41.2	3,307	9.6	1.8	2,327	18.3	2,815
\$10,000–\$19,999	5.7	1.5	2,002	52.2	6,766	8.3	2.3	2,622	28.9	2,875	7.2	1.4	2,408	16.9	4,384
\$20,000–\$29,999	8.4	2.6	2,097	55.3	4,178	11.2	3.1	2,698	27.6	3,206	10.4	2.7	1,932	14.4	3,017
\$30,000–\$39,999	10.6	3.0	2,162	55.5	4,410	14.0	3.7	2,381	15.6	3,928	14.4	3.1	2,361	19.2	2,752
\$40,000–\$49,999	13.1	4.6	2,252	63.8	2,409	17.4	4.3	2,179	12.2	2,303	17.3	4.6	2,236	5.4	3,536
\$50,000–\$74,999	17.3	5.6	2,224	63.0	2,847	22.1	5.6	2,580	20.7	3,674	21.4	5.5	2,614	20.6	3,095
\$75,000 or more	26.7	7.4	2,454	72.2	4,457	35.1	10.0	3,167	31.9	4,560	31.5	8.8	3,113	27.9	5,044
Education Level															
No HS diploma	4.1	1.2	2,316	60.7	1,986	2.7	0.8	1,492	4.6	1,607	3.6	0.6	*	*	*
HS diploma	10.7	3.2	2,310	64.5	3,510	13.0	3.5	2,365	20.9	3,391	10.5	2.7	2,456	15.8	3,630
Some college	15.6	4.7	2,220	61.3	3,305	20.0	5.3	2,604	19.1	3,405	16.9	4.2	2,462	16.5	3,585
Bachelor's degree	26.4	7.5	2,304	67.2	4,250	34.4	9.1	3,087	28.1	4,339	32.4	8.7	2,901	25.4	4,445
Graduate degree	39.6	12.2	2,519	75.9	4,976	46.5	13.4	3,417	40.6	4,941	41.3	11.5	3,154	29.1	4,913
Race/Ethnicity															
White	20.4	6.1	2,344	67.5	4,087	27.7	7.5	2,951	28.5	4,169	25.6	6.6	2,814	23.0	4,340
Black	5.6	1.4	1,324	27.1	2,121	9.9	2.2	2,508	14.2	3,685	10.1	3.1	2,239	16.0	3,152
Hispanic	4.6	1.2	1,965	43.6	2,969	8.5	2.6	2,333	18.0	3,282	6.0	1.4	2,298	9.4	2,328
Other	12.9	4.2	2,434	69.3	3,573	21.1	6.5	2,734	17.8	2,792	19.5	5.8	3,292	32.2	4,541
Gender															
Male	17.4	5.2	2,356	67.5	4,661	23.3	6.4	3,011	29.4	4,609	21.0	5.5	3,026	26.0	4,828
Female	16.5	4.9	2,285	65.2	3,212	22.4	5.9	2,750	23.8	3,382	20.5	5.4	2,587	19.8	3,447

Source: Employee Benefit Research Institute estimates of the 1996 Panel of the Survey of Income and Program Participation (SIPP) Topical Module Wave 4, the 2004 Panel of SIPP Topical Module Wave 7, and the 2008 Panel of SIPP Topical Module Wave 5.

* Insufficient data to make a statistically reliable estimate.

Figure 3

Ownership of Individual Retirement Accounts (IRAs) and 401(k)-Type Plans by Workers Ages 21–64, End-of-Year 1996–2009

	1996			2001			2004			2005			2009		
	401(k)- Type Plan		Both 401(k)- Type Plan & IRA	401(k)- Type Plan		Both 401(k)- Type Plan & IRA	401(k)- Type Plan		Both 401(k)- Type Plan & IRA	401(k)- Type Plan		Both 401(k)- Type Plan & IRA	401(k)- Type Plan		Both 401(k)- Type Plan & IRA
	IRA Only	Only	IRA Only	IRA Only	Only	IRA Only	IRA Only	Only	IRA Only	IRA Only	Only	IRA Only	IRA Only	Only	IRA Only
All	10.0%	18.2%	5.9%	9.7%	21.7%	8.7%	10.8%	20.6%	11.9%	10.7%	20.9%	12.2%	9.6%	21.8%	11.2%
Age															
21–24	1.0	6.6	0.1	1.6	10.8	1.1	3.5	8.6	1.9	2.1	8.3	1.0	2.7	9.4	1.8
25–34	4.9	20.4	2.7	6.3	22.9	5.7	6.7	20.8	8.3	6.6	20.4	8.4	5.6	21.1	7.5
35–44	10.1	21.2	6.7	9.0	24.1	9.1	10.5	23.8	12.6	10.2	24.4	12.8	8.4	24.4	12.2
45–54	14.0	18.7	9.2	12.6	23.9	11.6	13.1	22.6	15.6	12.4	22.7	16.1	11.9	24.7	13.2
55–64	22.4	12.1	10.1	17.7	17.4	13.0	18.9	18.1	16.2	18.5	18.2	15.4	16.4	20.9	16.4
Family Income (2005\$\$)															
Less than \$10,000	5.7	3.9	1.3	6.2	6.4	2.4	8.3	3.8	2.0	10.4	5.1	2.3	7.9	5.4	1.8
\$10,000–\$19,999	5.3	4.7	0.6	5.4	8.1	1.3	6.3	6.7	2.0	5.9	7.2	2.3	5.4	8.2	1.8
\$20,000–\$29,999	6.1	11.3	1.7	6.3	14.5	2.5	8.0	13.6	3.7	6.9	14.8	4.3	6.4	16.8	4.0
\$30,000–\$39,999	8.1	15.4	2.6	7.9	19.3	4.0	8.4	19.9	5.9	7.9	19.4	6.1	8.0	21.3	6.4
\$40,000–\$49,999	8.6	18.8	3.7	8.0	23.8	5.6	10.1	21.5	7.9	9.2	23.1	8.2	9.0	24.2	8.3
\$50,000–\$74,999	10.4	21.2	5.3	9.7	24.4	8.7	10.9	24.0	11.9	10.3	25.3	11.8	9.9	26.9	11.5
\$75,000 or more	13.6	24.1	11.3	13.0	26.9	15.0	13.7	25.6	20.2	14.2	24.3	20.9	12.2	26.1	19.3
Education Level															
No HS diploma	3.0	7.2	0.8	2.5	8.9	0.6	2.1	9.4	0.8	1.8	10.0	0.9	2.5	8.2	1.0
HS diploma	7.0	16.3	3.0	6.8	20.8	3.8	7.5	18.9	5.7	7.4	18.6	5.6	5.7	19.7	4.8
Some college	9.1	20.2	5.2	9.1	23.2	7.2	10.2	21.6	9.9	10.4	22.2	9.7	8.6	23.3	8.3
Bachelor's degree	15.4	24.1	10.0	13.9	27.0	15.9	15.3	23.6	19.7	14.2	23.9	20.2	13.8	24.7	18.6
Graduate degree	21.4	20.2	17.1	19.2	22.4	21.9	18.7	22.9	27.0	17.8	21.8	28.7	16.3	25.0	25.0
Race/Ethnicity															
White	11.9	20.0	7.1	11.9	23.8	10.5	13.2	22.1	14.3	13.1	22.2	14.6	11.9	23.2	13.7
Black	3.0	13.6	1.7	2.6	19.0	3.1	4.7	19.2	5.9	4.0	21.1	5.9	4.1	21.9	5.9
Hispanic	3.2	9.6	1.6	3.0	11.7	1.9	3.7	14.0	4.1	3.8	14.3	4.7	2.9	14.9	3.1
Other	8.0	15.7	5.4	7.7	20.2	9.2	9.9	19.4	11.1	8.9	19.6	12.2	8.6	22.2	11.0
Gender															
Male	9.5	19.1	6.7	9.1	22.6	9.3	10.7	20.3	12.3	10.6	20.4	12.7	9.7	21.2	11.3
Female	10.6	17.1	5.1	10.3	20.7	8.0	11.0	20.9	11.4	10.8	21.4	11.6	9.4	22.5	11.1

Source: Employee Benefit Research Institute estimates of the 1996 Panel of the Survey of Income and Program Participation (SIPP) Topical Module Wave 3, the 2001 Panel of SIPP Topical Modules Wave 3, the 2004 Panel of SIPP Topical Modules Waves 4 and 7, and the 2008 Panel of SIPP Topical Module Wave 5.

Private-Sector Defined Contribution Plans, Participants, and Assets

Plans: The previous section showed a significant increase in the percentage of workers participating in 401(k)-type plans from 1996 to 2005; the latest Department of Labor (DOL) Form 5500 publication reveals the analogous increase in the number of 401(k)-type plans sponsored in the private sector.¹⁴ The number of 401(k)-type plans in the private sector increased from 29,869 in 1985 to 511,582 in 2008 (Figure 4). While the number of overall defined contribution (DC) plans (of which 401(k)-type plans are a subset) has also grown substantially, it leveled off and even declined slightly in 2005 before increasing again through 2008. In 1975, the number of DC plans was 207,748; by 2000, it had reached 686,878, before declining to 631,481 in 2005. After that, it increased to 669,156 in 2008.

Active participants: The number of active participants in private-sector 401(k)-type plans increased from 10.3 million in 1985 to 60.0 million in 2008. The number of active participants in overall DC plans increased from 11.2 million in 1975 to 52.9 million in 2002, and then decreased 51.8 million in 2003, before increasing through 2008 to 67.3 million. It should be noted that the DOL's Employee Benefits Security Administration, which is the source of these data, reported active participants using a new reporting method due to changes in the requirements for filing the Form 5500. Therefore, the sharp increase in participants show in Figure 5 for 2005 is due to the change in methodology, and not a tremendous one-year jump in defined contribution plan (and 401(k)-type plan) enrollment.¹⁵

Assets: The assets held in 401(k)-type plans did not follow the same trend as did the number of plans and number of active participants from 1985–2004. The assets grew sharply from \$14 billion in 1985 to \$1.79 trillion in 1999, before falling (along with the stock market) until 2002, reaching \$1.57 trillion. This level subsequently increased until 2007 (\$2.98 trillion) before declining again with the stock market in 2008 to \$2.23 trillion.

IRA Assets and Contributions by IRA Type

The prior section on IRA contributions examined the percentage of workers who owned an IRA as well as the percentage who made a tax-deductible contribution in a particular year. However, this level of ownership and contributory behavior does not tell the whole story of the magnitude of assets held in IRAs, as a significant amount of the assets being added to IRAs are coming from rollovers from tax-qualified employment-based retirement plans, and a majority of contributions are going to IRA types other than traditional deductible IRAs. The latest Internal Revenue Service (IRS) figures (for 2004) show the overall aggregate IRA assets, contributions, and rollovers. While they do not provide the demographic details covered in SIPP, they do provide the overall scope of assets not found in SIPP.

Total Assets: Of the \$3.30 trillion in IRAs in 2004, \$2.96 trillion were in traditional IRAs (Figure 5),¹⁶ representing almost 90 percent of all IRA assets. Roth IRAs amounted to \$139.95 billion, and all other IRAs held \$202.67 billion in 2004.¹⁷ Thus, Roth IRAs accounted for just over 4 percent of all IRA assets in 2004, while other IRAs accounted for slightly more than 6 percent.

Total Contributions: In contrast, of the \$48.7 billion in IRA contributions in 2004, only \$12.6 billion went to traditional IRAs, both deductible and nondeductible (Figure 5). This accounts for 25.9 percent (20.6 percent in deductible and 5.3 percent in nondeductible) of all IRA contributions. Roth contributions represented 30.2 percent of the contributions, while other IRA contributions' share was 43.9 percent.

Total Rollovers: The factor that continues to drive the asset growth of traditional IRAs relative to the other types of IRAs is rollovers from other tax-preferred plans, as opposed to new contributions. In

Figure 4
Number of Private-Sector Defined Contribution and 401(k) Type Plans, Active Participants, and Total Assets, 1975–2008

Year	Number of Plans		Number of Active Participants		Assets	
	Defined Contribution	401(k)-Type	Defined Contribution	401(k)-Type	Defined Contribution	401(k)-Type
	(millions)					
1975	207,748		11.2		\$74,103	
1980	340,805		18.9		162,096	
1985	461,963	29,869	33.2	10.3	426,622	\$143,939
1990	599,245	97,614	35.3	19.5	712,236	384,854
1995	623,912	200,813	42.2	27.8	1,321,657	863,918
1996	632,566	230,808	44.3	30.6	1,550,884	1,061,493
1997	660,542	265,251	47.7	33.6	1,818,152	1,264,168
1998	673,626	300,593	50.0	36.8	2,085,250	1,540,975
1999	683,100	335,121	50.4	38.6	2,350,266	1,790,256
2000	686,878	348,053	50.9	39.8	2,216,495	1,724,549
2001	686,611	366,568	52.3	42.0	2,115,702	1,682,218
2002	685,943	388,204	52.9	43.2	1,951,596	1,573,083
2003	652,976	403,638	51.8	43.6	2,306,922	1,922,021
2004	635,567	418,553	52.2	44.4	2,587,159	2,188,733
2005*	631,481	436,207	62.6	54.6	2,807,590	2,395,792
2006*	645,971	465,653	65.8	58.4	3,216,160	2,768,242
2007*	658,805	490,917	66.9	59.6	3,443,870	2,981,522
2008*	669,156	511,582	67.3	60.0	2,662,537	2,230,188

Source: U.S. Department of Labor Employee Benefits Security Administration. *Private Pension Plan Bulletin Historical Tables and Graphs* (December 2010).

* Starting in 2005, a new series for participants and active participants was started due to the elimination of certain data from the Form 5500.

Figure 5
Distribution of IRA^a Assets and Contributions, by IRA Type, 2000–2004

End-of-Year Asset Levels	2000	2002	2004
	(billions)		
All IRAs	\$2,629.309	\$2,532.724	\$3,299.300
Traditional IRAs	2,407.022	2,321.748	2,956.688
Roth IRAs	77.579	77.582	139.950
Other IRAs ^b	144.708	133.393	202.665
Total Contributions	36.484	42.297	48.729
Traditional IRAs	10.041	12.393	12.633
Deductible	7.477	9.462	10.029
Nondeductible	2.564	2.931	2.604
Roth IRAs	11.558	13.190	14.718
Other IRAs	14.885	16.714	21.378
Rollovers to Traditional Plans	225.637	204.396	214.878
Percentage of Eligible Taxpayers			
Who Contribute	9.5%	10.3%	10.1%
Average Contribution	\$2,412	\$2,894	\$3,314

Source: Peter J. Sailer and Sarah E. Nutter, "Accumulation and Distribution of Individual Retirement Arrangements, 2000," *SOI Bulletin* (Spring 2004): 121–134; Victoria L. Bryant and Peter J. Sailer, "Accumulation and Distribution of Individual Retirement Arrangements, 2004," *SOI Bulletin* (Spring 2006): 233–254; and Victoria L. Bryant, "Accumulation and Distribution of Individual Retirement Arrangements, 2004," *SOI Bulletin (Spring 2008): 90–101*.

^aIndividual Retirement Arrangement (Account).

^bOther IRAs include SEP plans and SIMPLE plans.

2004, rollovers to traditional IRAs amounted to \$214.9 billion, following rollover amounts of \$225.6 billion in 2000 and \$204.4 billion in 2002 (Figure 5).¹⁸ Again, as noted above, this compares with only \$48.7 billion in 2004 IRA contributions—meaning that rollovers that year amounted to more than four times the amount of new contributions.

Percentage Who Contribute and Average Contribution: The proportion of eligible taxpayers who contributed to IRAs was near 10 percent for each year from 2000–2004, ranging from 9.5 percent to 10.3 percent (Figure 5). The average contribution made by those contributing was approximately \$2,400 in 2000, before the contribution limits increased in 2002.¹⁹ In 2002, the average contribution jumped to \$2,894 and in 2004 to \$3,314.

EBRI IRA Database

The EBRI IRA Database™ is an ongoing project of the Employee Benefit Research Institute that collects data from IRA plan administrators, and contains information on 14.1 million accounts for 11.1 million unique individuals with total assets of \$732.9 billion, as of year-end 2008.²⁰ EBRI is currently collecting/processing data for subsequent years, and the database will expand significantly in the future (not only longitudinally but also on an annual individual total). For each account within the database, the IRA type, the account balance, any contributions made during the year, the asset allocation, and certain demographic characteristics of the account owner are included (among other items). This database provides another source for the average contributions across the age of the IRA owner as well as the gender. In this case, the data are from plan administrators in contrast to IRS data or U.S. Census individual survey data.

The EBRI data contain not only deductible contributions but also nondeductible contributions, compared with only the deductible contributions reported in SIPP. In 2008, the average contribution to all IRAs (traditional, Roth, deductible, and nondeductible) was \$3,666 (Figure 6). For traditional IRAs (deductible and nondeductible), the average contribution was \$3,798, while for Roths it was \$3,582.

Figure 6
Average Contributions to IRAs,
by IRA Type, Age, and Gender, 2008

	All	Traditional	Roth
All	\$3,666	\$3,798	\$3,582
Age			
Under 25	2,876	2,463	2,912
25–29	3,118	2,640	3,202
30–34	3,150	3,115	3,162
35–39	3,221	3,370	3,143
40–44	3,343	3,495	3,238
45–49	3,462	3,543	3,396
50–54	4,113	4,121	4,105
55–59	4,340	4,273	4,403
60–64	4,455	4,323	4,597
65–69	4,436	4,289	4,642
70 or older	4,370	3,750	4,535
Unknown	3,586	3,748	3,445
Gender			
Female	3,615	3,753	3,519
Male	3,727	3,869	3,632
Unknown	3,618	3,709	3,573

Source: EBRI IRA Database.™

The average contribution increased with age through age 65: \$2,876 for those under age 25 and \$4,455 for those ages 60–64. The average contribution was higher for males (\$3,727) than for females (\$3,615). The average contributions followed the same patterns for traditional IRAs and Roth IRAs after a small decline among participants ages 25–39.

When comparing the IRA results from SIPP, IRS, and the EBRI IRA Database, it appears that the average contribution found in SIPP is lower than that in the other sources. SIPP showed average contributions of approximately \$2,800 in 2005 and 2009, whereas the IRS showed an average contribution of \$3,314 in 2004 and EBRI showed an average contribution of \$3,666 in 2008. The simplest explanation is that the SIPP data are restricted to only deductible contributions, while the other two sources include nondeductible contributions, including Roth IRA contributions. Consequently, the SIPP data are missing a significant amount of contributions. However, the breakdowns among various characteristics from SIPP reveal important findings on the use of IRAs by these groups, which seem to match those of the other data sources: In particular, males having higher average contributions than females and the higher average contributions among older IRA owners.

Conclusion

The percentage of workers ages 21–64 with an individual account plan (IRA or 401(k)-type plan) grew significantly in the late 1990s into the early 2000s. In particular, the growth of 401(k)-type plans reached 33.1 percent in 2005, up from 24.1 percent in 1996, while IRA ownership increased from 15.9 percent in 1996 to 22.9 percent in 2005. In 2009, the percentage of these workers with a 401(k)-type plan held virtually unchanged at 33.0 percent. In contrast, the percentage of those with an IRA decreased to 20.8 percent, resulting in a decrease in the overall percentage of those having these plans (401(k)-type or IRA). Furthermore, the average contribution to both plans leveled off in real dollar terms in 2009 after increasing through 2005.

This result is not surprising, given the downturn in the economy that occurred between 2005 and 2009. The unemployment rate reached levels not experienced in more than two decades, housing values fell, and the stock market had a tremendous one-year decline in 2008. Consequently, individuals lost confidence and saving became more difficult, with some needing to tap into savings to pay for their expenses.

However, the asset levels in these individual account plans have continued to increase overall and have become the primary vehicles for retirement savings of private-sector workers in the United States. IRAs and private-sector defined contribution plans held over \$8.5 trillion in assets at the end of 2010.²¹ Although Americans have amassed a substantial amount of total wealth in these plans, the data also show that a majority of American workers ages 21–64 do not have either of these retirement plans. Therefore, if workers as a whole are going to accumulate significant savings for retirement, they need to take better advantage of these retirement savings vehicles.

Endnotes

¹ See the U.S. Census Bureau's SIPP website, www.sipp.census.gov/sipp/overview.html, for further information on SIPP. This study uses data from the 1996, 2001, 2004, and 2008 panels. The 1996 Panel followed the same individuals for a four-year period, while the 2001 Panel follows the same individuals for a three-year period, with the 2001 Panel including a sample of 36,700 households. The 2004 Panel consists of 46,500 households interviewed for 2-½ years, while the 2008 Panel began interviewing approximately 42,000 households that are to be interviewed for four years. In the survey, respondents are interviewed every four months, with all respondents being interviewed in staggered months so that one-fourth of the sample is interviewed each month. During each interview, the respondents are asked a core set of the same questions about the prior four-month period and topical modules of more specialized topics that are rotated through the survey and refer to the reference month (last month of the four-month period) or prior year. Thus, the results of many of these questions cover a four-month period to include the full sample.

² This research updates the results found in Craig Copeland, "Ownership of Individual Retirement Accounts (IRAs) and 401(k)-Type Plans," *EBRI Notes*, no.5 (Employee Benefit Research Institute, May 2008): 2–12.

³ See Jack VanDerhei, Sarah Holden, and Luis Alonso, "401(k) Plan Asset Allocation, Plan Balances, and Loan Activity in 2009," *EBRI Issue Brief*, no. 350 and *Investment Company Institute Perspective* 16, no. 3 (Employee Benefit Research Institute and Investment Company Institute, November 2010) for the most recent results on participant account balances from the EBRI/ICI database; and Sarah Holden and Jack VanDerhei, "Contribution Behavior of 401(k) Plan Participants," *EBRI Issue Brief*, no. 238 (Employee Benefit Research Institute, October 2001) for results on contributions from this database.

⁴ The demographic income categories are in 2005 dollars for all years in the study. The contributions and earnings levels for each year are in 2009 dollars.

⁵ Contributions to 401(k)-type plans are only the contributions made by the participant.

⁶ Earnings in both IRAs and 401(k)-type plans are the amount of the increase in the value of the account not attributable to contributions. This would include interest, dividends, capital appreciation, etc.

⁷ See Holden and VanDerhei (2001), *op. cit.*, for contributions to just 401(k) plans.

⁸ The percentage of income that is contributed to 401(k)-type plans in this study is not comparable with that of Holden and VanDerhei (2001), *op. cit.*, as this study uses family income whereas the EBRI/ICI study uses individual earnings. Furthermore, again, the Holden and VanDerhei study includes only 401(k) plans, while this study covers a broader array of other similar defined contribution plans.

⁹ SIPP asks for income on a monthly basis. The income used in this study is the monthly income of the reference month of the survey when questions were asked about participation and contributions. The monthly income is then annualized by multiplying it by 12. Consequently, any worker with uneven monthly earnings over the year will have inaccurate annualized earnings for the year. This number appears to be small overall, but does appear to influence the results from the lowest-income groups with small participation levels in 401(k)-type plans.

¹⁰ In general, the groups with higher average earnings were associated with those groups having higher average balances. See VanDerhei, Holden, and Alonso (2010), *op. cit.*, for the average balances by age and income levels.

¹¹ The data from SIPP only have tax-deductible contributions, not nondeductible contributions, such as those to Roth IRAs. A section later in this study presents data on all contribution types to IRAs.

¹² The maximum IRA contribution from 1996–2001 was \$2,000. In 2002, the maximum was increased to \$3,000 until 2004, when it was set at \$4,000 annually through 2007. In 2008, the limit increased to \$5,000. For those age 50 or older, an additional \$500 could be contributed from 2002–2005. In 2006, the "catch-up" contribution increased to \$1,000. The contribution limit has remained at \$5,000 and the "catch-up" contribution at \$1,000 through 2011.

¹³ The ownership of IRAs and participation in 401(k)-type plans is slightly different in Figures 1, 2, and 3, because the ownership of both plans and the contributions to each of the plans are in different topical modules for the 1996 results. Starting for the results in 2005, the data were all in same topical modules, so the ownership and participation levels are the same in Figures 1, 2, and 3 for 2005 and 2009.

¹⁴ See U.S. Department of Labor, Employee Benefits Security Administration, *Private Pension Plan Bulletin Historical Tables and Graphs* (December 2010), www.dol.gov/ebsa/pdf/historicaltables.pdf (viewed August 31, 2011).

¹⁵ Prior to the 2005 *Private Pension Plan Bulletin*, the count of active participants had been adjusted from the number of active participants that was actually reported using line 4c(5) from Schedule T and line 7g from Form 5500. The figure was adjusted to exclude two groups of individuals: 1) individuals eligible to participate in a 401(k) plan who had not elected to have their employers make contributions and 2) nonvested former employees who had not (at the time the Form 5500s were submitted) incurred the break-in-service period established by their plan. Because the IRS Schedule T filing is no longer mandatory, the Employee Benefits Security Administration cannot continue to produce the above adjustments. Instead, beginning with the 2005 *Bulletin*, the definition of “active participants” corresponds directly to the definition on page 16 of the 2005 Instructions for Form 5500.

¹⁶ The data for this section are from Internal Revenue Service research published in their *SOI Bulletin*. For further results, see Peter J. Sailer and Sarah E. Nutter, “Accumulation and Distribution of Individual Retirement Arrangements, 2000,” *SOI Bulletin* (Spring 2004): 121–134; Victoria L. Bryant and Peter J. Sailer, “Accumulation and Distribution of Individual Retirement Arrangements, 2001–2002,” *SOI Bulletin* (Spring 2006): 233–254; and Victoria L. Bryant “Accumulation and Distribution of Individual Retirement Arrangements, 2004,” *SOI Bulletin* (Spring 2008): 90–101.

¹⁷ Other IRAs include Simplified Employee Pension (SEP) plans and Savings Incentive Match Plan for Employees (SIMPLE) plans.

¹⁸ See Craig Copeland, “Individual Account Retirement Plans: An Analysis of the 2007 Survey of Consumer Finances, With Market Adjustments to June 2009,” *EBRI Issue Brief*, no. 333 (Employee Benefit Research Institute, August 2009) for a breakdown of IRA assets into Roth, rollover, and traditional (regular) assets, where 47 percent of the IRA assets were found to be attributable to rollovers.

¹⁹ See endnote 12 for details on the increases in the IRA contribution limits.

²⁰ See Craig Copeland, “IRA Balances and Contributions: An Overview of the EBRI IRA Database,”TM *EBRI Issue Brief*, no. 346 (Employee Benefit Research Institute, September 2010) for more information on the EBRI IRA Database and average balances and contributions of IRAs found in the study.

²¹ See Board of Governors of the Federal Reserve System, *Flow of Funds of the United States: Flows and Outstandings First Quarter 2011*, June 9, 2011 www.federalreserve.gov/releases/Z1/Current/z1.pdf (viewed August 31, 2011).

Tracking Health Insurance Coverage by Month: Trends in Employment-Based Coverage Among Workers, and Access to Coverage Among Uninsured Workers, 1995–2010

By Paul Fronstin, Employee Benefit Research Institute

Introduction

There is a strong link between health benefits and employment. As a result, employment-based health benefits are the most common form of health insurance for nonpoor and nonelderly individuals in the United States. In 2010, 58.7 percent of nonelderly individuals (under age 65) were covered by an employment-based health benefits plan, with 68.6 percent of workers covered, 35.3 percent of nonworking adults covered, and 54.8 percent of children covered (Fronstin, 2011b).

Since the 1980s, the percentage of individuals without health insurance coverage has generally been increasing, in large part because rising health benefit costs eroded employment-based coverage. However, for a few years during the late 1990s, the percentage of workers and their families with employment-based coverage increased and the percentage without health insurance declined, in large part due to the strong economy and low unemployment.

While the percentage of workers with coverage has ebbed and flowed with the economy and health care costs, trends in the percentage of workers *offered* coverage and the percentage of workers *taking* coverage when offered have remained steady. Prior research had shown that the percentage of workers offered health benefits had been increasing, but the take-up rate had been declining (Fronstin, 2007).

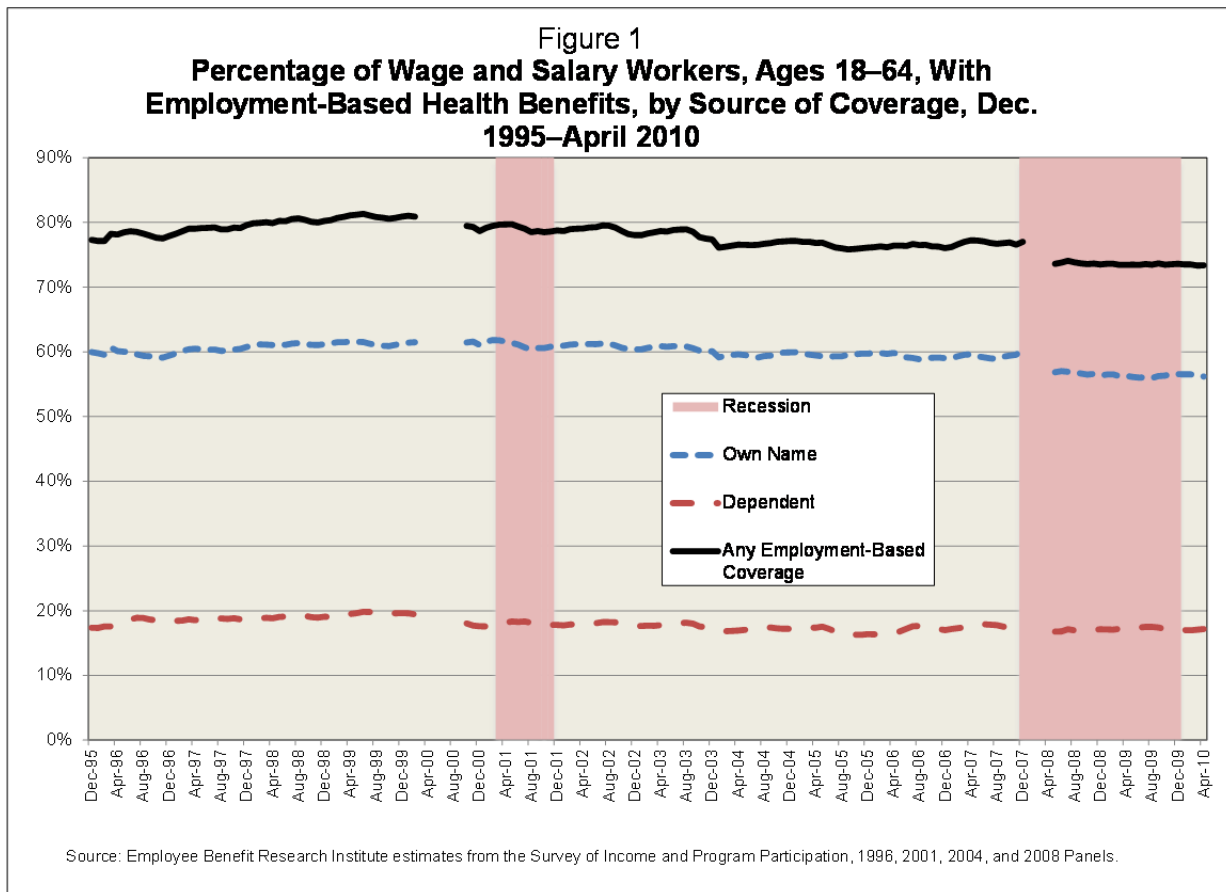
The purpose of this analysis is to examine the state of employment-based health benefits. Coverage rates are examined on a monthly basis from December 1995 to April 2010. This analysis updates prior EBRI research that examined trends in coverage on a monthly basis over this time period (Fronstin, 2010) (Fronstin, 2011a). Examining these data on a monthly basis allows more accurate identification of changes in trends, and can also more clearly indicate the effects of recessions and unemployment on changes in coverage. Trends in offer rates and reasons for being uninsured among uninsured workers are also examined.

Trends in Employment-Based Health Coverage

Figure 1 shows the percentage of wage and salary workers ages 18–64 with employment-based health benefits either in their own name or covered as a dependent. There was very little change between December 1995 and December 2007 in the percentage of workers covered both in their own name and as a dependent. The percentage of workers with coverage in their own name increased slightly from just below 60 percent in the second half of 1996 to slightly above 61 percent in 1998. Between February 1998 and September 2002, the percentage of workers with coverage in their own name bounced around between 60.5 percent and 61.8 percent. A gradual decline in coverage started in October 2002, and between January 2004 and December 2007 the percentage of workers with coverage in their own name was mostly below 60 percent.

The recent economic recession officially started in December 2007. Between December 2007 and May 2008, the percentage of workers with coverage in their own name fell from 60.4 percent to 56.8 percent, but there are no data in between to determine if this was a gradual trend or a one-time drop. The period between May 2008 and May 2009 shows a continuing decline in the percentage of workers with employment-based

coverage in their own name. By May 2009, 56.1 percent of workers had employment-based coverage. Between May 2009 and August 2009 there was a continued slight decline in coverage. The percentage of workers with employment-based coverage reached 55.9 percent in August 2009. After August 2009, there appears to be what might be the beginning of a recovery in the percentage of workers with employment-based coverage. By December 2009, 56.6 percent of workers had employment-based coverage in their own name. However, it appears that the recovery in the percentage of workers with employment-based coverage did not last. By April 2010, the percentage of workers with employment-based coverage was down to 56.2 percent. Furthermore, the data from July 2010 show that 55.3 percent of workers had employment-based coverage; however, this estimate is based on one-quarter of the sample and will likely be revised when data for the full sample are released.



Changes in the percentage of workers with employment-based coverage as a dependent occurred throughout this period as well. Between December 1995 and late 1999, the percentage of workers covered as a dependent increased from 17.4 percent to nearly 20 percent. It then declined during 2000 to about 18 percent. The percentage of workers with coverage as a dependent remained at about 18 percent through Sept. 2003, but then declined to between 16 percent and 17 percent during the October 2003–December 2007 period.

Between December 2007 and December 2009 (the official end of the recession) the percentage of workers with coverage as a dependent increased from 16.6 percent to 17 percent, and reached 17.5 percent in July 2010. It appears that the increase in dependent coverage offset the decline in coverage that workers received through their own job. During the post-August 2009 period, when coverage through a worker's own job appeared to be starting to recover, the percentage of workers with dependent coverage declined, dropping

to 17 percent by December 2009, but it increased slightly to 17.2 percent by April 2010. Hence, the increase in dependent coverage may have been the result of the decrease in coverage through a worker's job.

Workers Without Health Insurance

It is clear that the likelihood of a worker being uninsured is tied to the strength of the economy and the unemployment rate. Between late 1995 and early 2000, the percentage of workers without health insurance coverage had been falling. During December 1995–October 1996, the uninsured rate for workers was in the low-15 percent range (Figure 2). The uninsured rate was in the mid-14 percent range between November 1996 and September 1997. It fell to the upper-13 percent range during 1998, and was in the low-13 percent range during 1999 and early 2000.

Unemployment bottomed out at 3.9 percent in late 2000, and continued increasing during the recession of 2001. At the same time, the uninsured rate among workers increased to the low- and mid-14 percent range, and did not recover until 2004. From mid-2002 to fall 2003, the uninsured rate for workers was in the upper-14 percent range, and from fall 2003 to summer 2004 it was in the 15–16 percent range. From summer 2004 through February 2007, the uninsured rate ranged from the upper-14 percent to low-15 percent range, and in mid-2007 it was in the low-14 percent range.

The beginnings of the recession in late 2007 put the uninsured rate back in the upper-14 percent range. During May 2008–April 2010 the uninsured rate among workers stayed within a narrow band of just below or just above 18 percent.

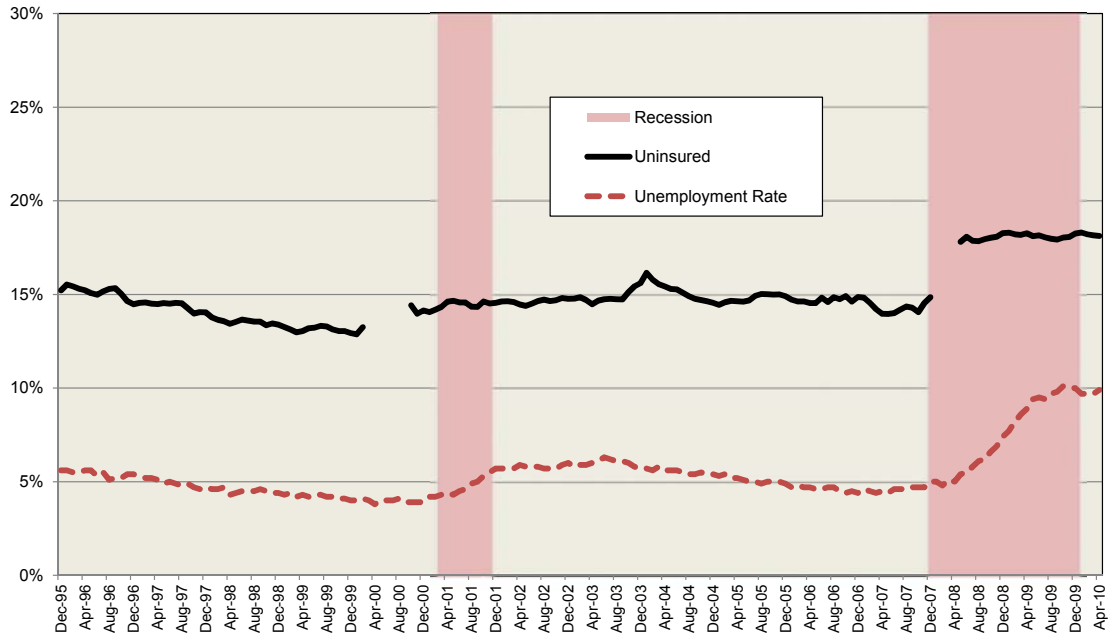
Why Workers Are Uninsured

Uninsured workers were asked a series of questions regarding why they were not covered. They were asked about access to employment-based coverage and whether they were ineligible for coverage offered to other workers or declined coverage when it was available. Workers with insurance from other sources such as employment-based coverage as a dependent, those who purchased coverage directly from an insurer, and those covered by public sources of coverage were *not* asked the series of questions on why they did not have coverage. Some of the questions pertain to employment-based coverage specifically, but some can be applied more generally, like those related to cost and declining coverage.

Uninsured workers reported multiple reasons for not having coverage. Most workers reported that they did not have coverage because of cost. These workers may be referring to the cost of employment-based coverage or coverage that they could purchase directly from an insurer. The general trend in the percentage of uninsured workers reporting cost as a reason for not having coverage has been upward.

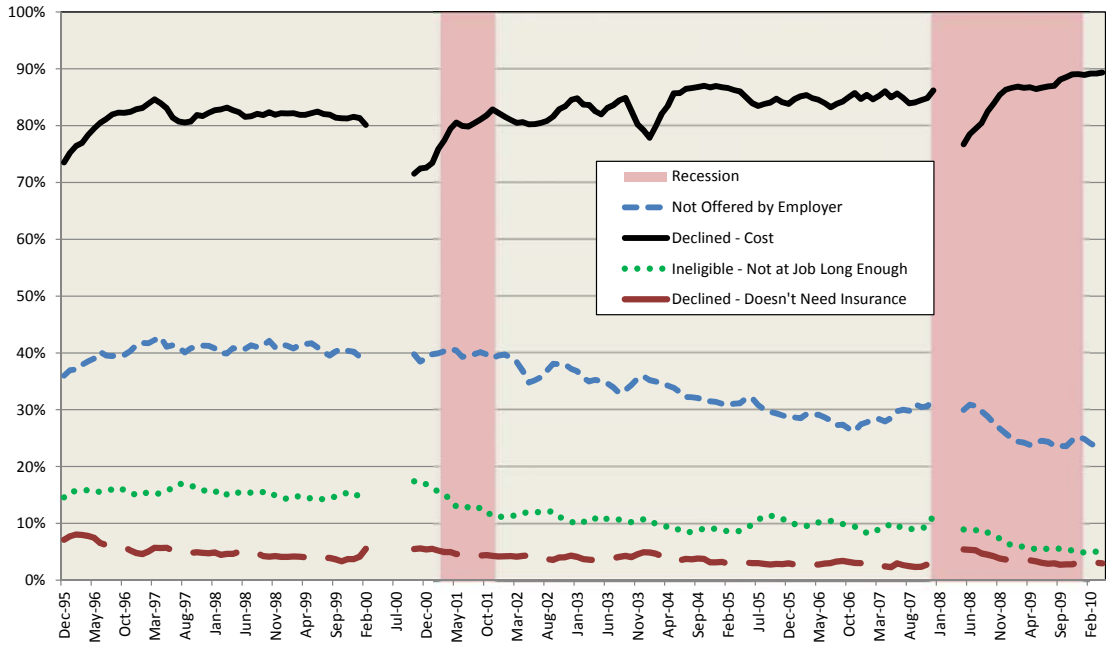
Between December 1995 and early 1997, uninsured workers citing cost as a reason increased from about 73 percent to 84 percent, and then settled in the low-80 percent range through 1999 (Figure 3). During 2000, an economic expansion year that saw unemployment fall to 3.9 percent, the percentage of workers reporting cost as a reason for not having coverage fell to 71.5 percent. But the percentage reporting cost as a reason for not having coverage started increasing in late 2000, continued to increase during the 2001 recession, stayed in the low-80 percent range through 2003, and then jumped to the mid-80 percent range through 2007. It dropped again to about 77 percent in mid-2008 but then rose sharply during the latest recession, reaching 86 percent by May 2009, and continuing to climb to 89 percent by the end of 2009 and remaining there through April 2010.

Figure 2
**Percentage of Wage and Salary Workers, Ages 18–64,
 Who Were Uninsured, Dec. 1995–April 2010**



Source: Employee Benefit Research Institute estimates from the Survey of Income and Program Participation, 1996, 2001, 2004, and 2008 Panels.

Figure 3
**Uninsured Wage and Salary Workers, Ages 18–64,
 by Reason Not Covered, Dec. 1995–April 2010**



Source: Employee Benefit Research Institute estimates from the Survey of Income and Program Participation, 1996, 2001, 2004, and 2008 Panels.

The percentage of workers reporting that they were not offered employment-based health benefits was roughly 40 percent through 2003, and has been falling since then, falling below 23 percent by April 2010.

Currently, less than 10 percent of uninsured workers report that they do not have coverage because they are ineligible for the plan as a result of not working enough hours, have not worked long enough to qualify, or declined coverage because they did not think they need it.

Conclusion

Examining sources of health insurance and uninsured rates among workers on a monthly basis allows more accurate identification of changes in trends and can also more clearly indicate the effects of recessions and unemployment on changes in coverage. Although the link between health insurance coverage and employment has long been known, these data underscore the degree to which employment (or, more significantly, unemployment) rates directly affect the levels of the uninsured in the United States.

Data and Methods Appendix

Data for this study come from a series of panels from the Survey of Income and Program Participation (SIPP) conducted by the Census Bureau. SIPP is a nationally representative longitudinal survey of the civilian noninstitutionalized U.S. population. SIPP provides comprehensive information about the income of individuals and households in the United States. It also provides information on participation in public programs. Individuals selected into the SIPP sample are interviewed once every four months over the life of the panel. In addition to a core set of questions asked participants each four months, a rotating set of topical questions supplements the core questions.

The data in this paper come from the 1996, 2001, 2004, and 2008 panels. The 1996 panel covers December 1995–February 2000. The 2001 panel covers October 2000–December 2003. The 2004 panel covers October 2003–December 2007. And the 2008 panel started in May 2008. Data through April 2010 are currently available for the entire sample. Smaller samples are available for mid-2010: May 2010 is available for three-quarters of the sample, June 2010 is available for one-half of the sample, and July 2010 is available for one-quarter of the sample. There are two gaps in the time series: March–September 2000 and January–April 2008.

Every four months, panel members were asked about health insurance coverage. Specific questions were asked about coverage from public sources, such as Medicare, Medicaid, the State Children’s Health Insurance Program (SCHIP), and various sources of military-related coverage. Specific questions were also asked about employment-based coverage and insurance purchased directly from an insurer. Uninsured individuals were also asked a series of questions regarding why they did not have coverage. Unfortunately, individuals with public coverage were not asked the series of questions related to why they did not have employment-based coverage; therefore, the analysis in this report related to reasons for not having employment-based coverage is limited to the uninsured.

The data in this report are for wage and salary workers ages 18–64. Self-employed workers are generally not included in the analysis because of issues regarding asking them about employer sponsorship of health benefits.

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