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Notes

E X E C U T I V E   S U M M A R Y

Retirement Plan Participation: Survey of Income and Program Participation (SIPP) Data, 2009

SPONSORSHIP AND PARTICIPATION LEVELS: The latest SIPP data show 59 percent of all workers over age 16 had an employer that *sponsored* a pension or retirement plan for any of its employees in 2009, down from previous levels (60 percent 1998 and 63 percent 2003), and the same as in 2006. Workers *participating* in a plan increased to 45 percent in 2009, up slightly from 2006 (44 percent) but down from 2003 (48 percent).

VESTING: The *vesting rate* (the percentage of workers who say they were entitled to some pension benefit or lump-sum distribution if they left their job) stood at 42 percent in 2009, up from 24 percent in 1979. This increase is largely due to the increased number of workers participating in defined contribution retirement plans (such as 401(k) plans), where employee contributions are immediately vested, and faster vesting requirements in private plans.

PRIMARY PLAN TYPE: Defined contribution (401(k)-type) plans were the primary plan for 60 percent of workers with a plan. Defined benefit (pension) plans were the primary plan for 39 percent of workers.

Variation in Public Opinion About Health Reform, by Plan Type: Findings from the 2010 EBRI/MGA Consumer Engagement in Health Care Survey

LITTLE KNOWLEDGE OF PPACA: The 2010 EBRI/MGA Consumer Engagement in Health Care Survey finds that relatively few people with private health insurance consider themselves knowledgeable about the PPACA, the federal health insurance reform law enacted earlier this year. Roughly half say they are somewhat, not very, or not at all knowledgeable about the law.

NEGATIVE EXPECTATIONS: Most individuals with private health insurance have negative expectations of how the new law will affect them personally, with a majority saying they expect it will cause prices to go up and health care coverage and quality to go down. Individuals with traditional health coverage tend to have more positive views than those with high-deductible or consumer-driven health plans—possibly because traditional health plan participants tend to identify themselves more as Democrats, while high-deductible and consumer-driven plan participants are more likely to lean Republican.

IMPACT ON EMPLOYMENT-BASED BENEFITS: Very few participants in employment-based health plans say their employer has given them any information about the new law. Also, very few expect the law will have much, if any, impact on employers' willingness to offer health benefits, at least for the next four years.

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Retirement Plan Participation: Survey of Income and Program Participation (SIPP) Data, 2009

by Craig Copeland, Employee Benefit Research Institute

Introduction

A critical component of saving for retirement is the availability and use of an employment-based retirement plan. Americans with a retirement plan have significantly more wealth, on average, than those without one.[1] Consequently, when trying to assess how prepared Americans are in meeting their expected retirement expenses, it is important to know the percentage of workers with an employment-based retirement plan.

Other Employee Benefit Research Institute (EBRI) publications have examined the percentage of Americans who are at risk of not being able to cover basic expenses in retirement and the amount of additional retirement savings necessary to pay for a basic level of expenditures in retirement.[2] Key components of these types of studies are the percentage of American workers with employment-based retirement plans and the characteristics of these workers that make them more or less likely to participate in them.

This article presents results from the latest Survey of Income and Program Participation (SIPP) data on retirement plan participation.[3] SIPP is conducted by the U.S. Census Bureau to examine Americans' participation in various government and private-sector programs that relate to their income and well-being. These latest data are from Topical Module 3 of the 2008 Panel, fielded from April–July 2009.[4]

Data Sources

The SIPP data have the advantage of providing relatively detailed information on the retirement plans that workers participate in, but they also have the drawback of being fielded only once every three to five years. In comparison, the Current Population Survey (CPS), also conducted by the U.S. Census Bureau, provides overall participation levels of workers on an annual basis but does not provide information on the plan types in which the workers are participating.[5, 6] The Bureau of Labor Statistics' (BLS) National Compensation Survey annually examines establishments on participation in various employee benefits, including retirement plans. However, this survey has limited information on worker characteristics (specifically, occupation, union status, and part-time/full-time work) and certain worker categories.[7]

Each of these surveys collects data in a different manner and has different questions that lead to different results. The CPS asks about anyone who worked in a previous year, while SIPP and BLS ask about current workers in the month of interest. Consequently, the results from the surveys sometime show different trends and different levels represented by these differences in the surveys. However, each survey provides important data that can't be found elsewhere. CPS has the annual participation with a complete set of worker demographics, while SIPP has the complete set of worker demographics plus retirement plan types. BLS has detailed data on establishment characteristics along with retirement plan type but has limited worker demographics.

This study provides "top-line" results from the latest SIPP data on retirement plan participation. The overall participation by all workers and nonagricultural wage and salary workers is presented with breakdowns by workers' age and income. The next section investigates the plan type—defined benefit (DB) versus defined contribution (DC)—that retirement participants regard as their primary (most important) plan. The last section examines participation in and contributions to salary reduction plans (401(k)-type plans). The workers in this study include those from both the private and the public sectors.

All Workers' Participation

The *sponsorship level* for all workers[8] for pay ages 16 and over (defined as the fraction of workers whose employer or union sponsors a pension or retirement plan for any of the employees at the workers' place of employment) was 59 percent in 2009, according to SIPP (Figure 1). This is higher than or equal to the estimates from the CPS supplements, which ranged from 56 percent in 1979 to 59 percent in 1993, but below the 1998 and 2003 SIPP estimates of 60 percent and 63 percent, respectively, and equal to the 2006 level.[9] The percentage of workers participating in a plan regardless of whether the plan was sponsored at the workers' place of employment (the *participation level*[10]) increased to 45 percent in 2009 from 44 percent in 2006, just surpassing its 1998 level of 44 percent and within the range of the levels found in 1979–1993 but below the peak value of 48 percent in 2003.

The one statistic that has shown a relatively steady increase since 1979 (until a decrease occurred in 2006) is the *vesting rate*. The vesting rate is the percentage of workers who say they were entitled to some pension benefit or lump-sum distribution if they left their job at the time of, or very near to the time of, their interview by SIPP. This rate increased from 24 percent in 1979 to 41 percent in 1993, and (according to SIPP) remained at 41 percent in 1998, before increasing to 44 percent in 2003, decreasing in 2006 to 41 percent, and increasing to 42 percent in 2009. Some of this increase appears to result from follow-up questions added to the 1988 employment benefit supplement, which more clearly measured this issue, but it also appears that other factors were important—such as the increased number of workers participating in defined contribution retirement plans (such as 401(k) plans), where employee contributions are immediately vested, and faster vesting requirements that have been imposed since 1979.[11, 12] The decline in 2006 in the vesting rate closely matches the decline in the participation level, and the increase in 2009 matches the increase in the participation level.

Nonagricultural Wage and Salary Workers—The remainder of this study is restricted to nonagricultural wage and salary workers ages 16 and over.[13] Among these workers, 48.4 percent participated in a pension or retirement plan in 2009, up from 46.7 percent in 2006 but below the highest level recorded over the study period of 51.5 percent in 2003. This compares with just over 47.2 percent in 1998, 49.3 percent in 1993, and 47.7 percent in 1988 (Figure 2).[14] However, the level of participation varied greatly across various worker demographic characteristics.

Age—The level of participation in a retirement plan increased with the age of the worker through age 60, then decreased. In 2009, 35 percent of 21−30-year-old workers participated in a retirement plan, while 62 percent of 51–60 year olds did so (Figure 3). For workers over age 60, the level of participation decreased, reaching 32 percent for those ages 65 or older. This overall trend has been consistent over the entire study period. In 2009, all of the workers had a higher level of participation, compared with 2006, but were below the 2003 levels except for those over age 60.

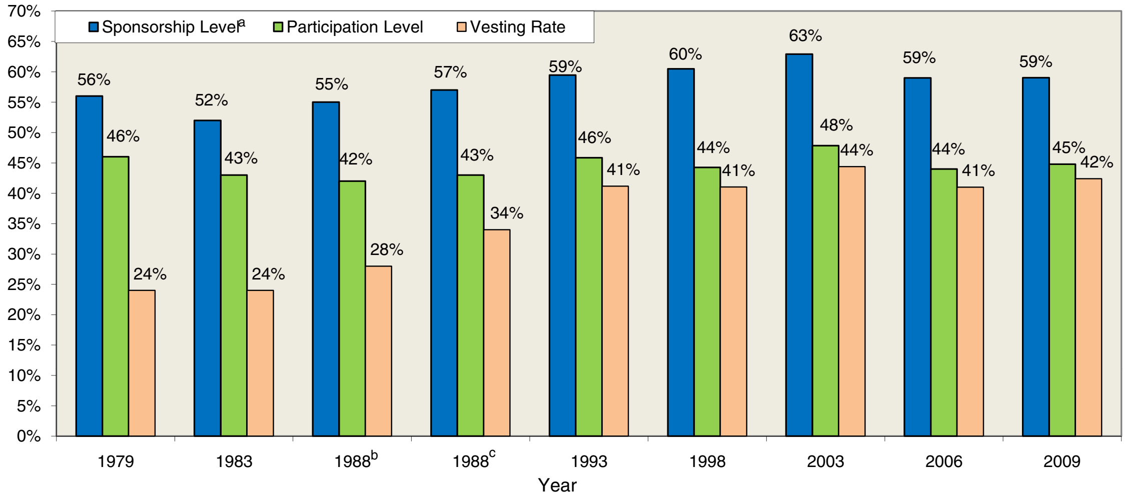
Income—As a worker's income[15] increased, the likelihood that he or she participated in a retirement plan also increased. For those making less than $5,000 annually in constant 1993 dollars in 2009, 11 percent participated in a retirement plan, compared with 78 percent of those making $50,000 or more in 1993 dollars (Figure 4). Workers' participation levels in 2009 were the same or higher in all income categories relative to 2006. While the participation levels were the same or higher in 2009 compared with 2006, those with earnings from $10,000 to less than $30,000 were at their lowest levels, other than in 2006, over the 22 years studied.

Primary Plan Types

Workers' knowledge of their pension or retirement plans is known to be quite limited.[16] Furthermore, workers' perceptions of what they consider to be their most important plan can also vary tremendously (among larger private-sector employers, it is common for workers to be covered by both a DB pension plan and a DC retirement plan, such as a 401(k) plan, and one or the other is deemed to be the primary plan).

Figure 1

Trends in Retirement Plan Sponsorship,[a] Participation, and Vesting Rates Among Workers for Pay, Ages 16 and Over, Various Years, 1979–2009



Source: Employee Benefit Research Institute estimates of the May 1979, May 1983, May 1988, and April 1993 Current Population Survey employee benefit supplements and the 1996, 2001, and 2004 Panel of the Survey of Income and Program Participation Topical Module 7 and 2008 Panel of the Survey of Income and Program Participation Topical Module 3.

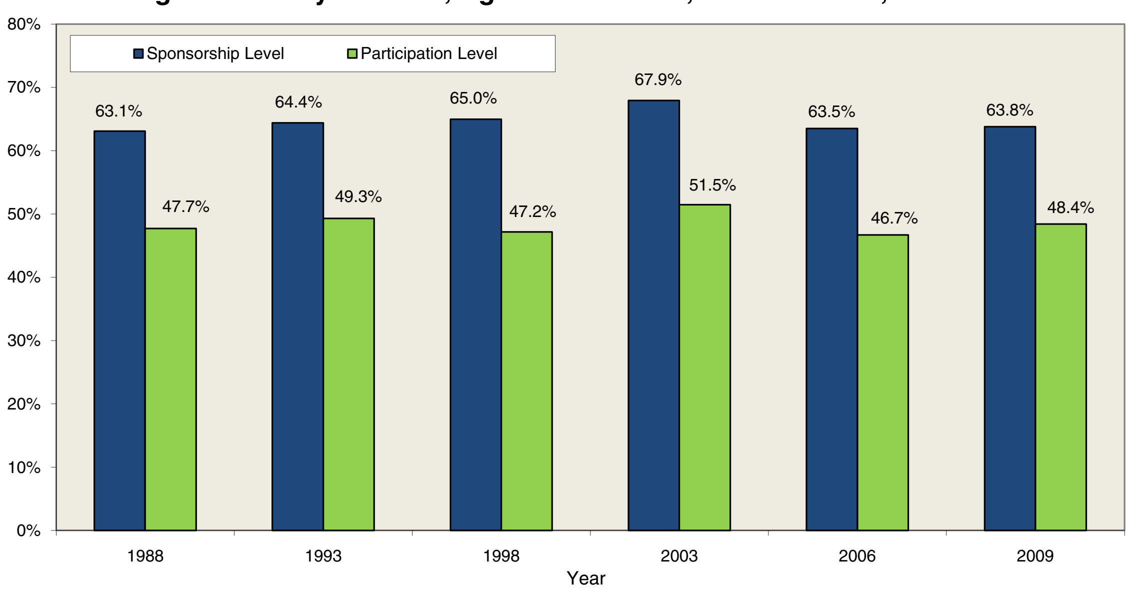
[a] The fraction of workers whose employer or union sponsors a plan for any of the employees at the worker's place of employment.

[b] Workers who reported that their employer or union did not have a pension plan or retirement plan for any of its employees were not counted as working for an employer where a plan was sponsored, even if they reported that their employer offered a profit-sharing plan or a stock plan in a followup question. Participants who reported not being able to receive some benefits at retirement if they were to leave the plan now were not counted as vested, even if they later responded that they could receive a lump-sum distribution if they left their plan now. This allows comparability with the tabulations from earlier years.

[c] Workers who reported that their employer or union did not have a pension plan or retirement plan for any of its employees were counted as working for an employer where a plan was sponsored if they reported that their employer offered a profit-sharing plan or a stock plan in a followup question. Participants who reported not being able to receive some benefits at retirement if they were to leave the plan now were counted as vested, if they later responded that they could receive a lump-sum distribution if they left their plan now. This allows comparability with the tabulations from later years.

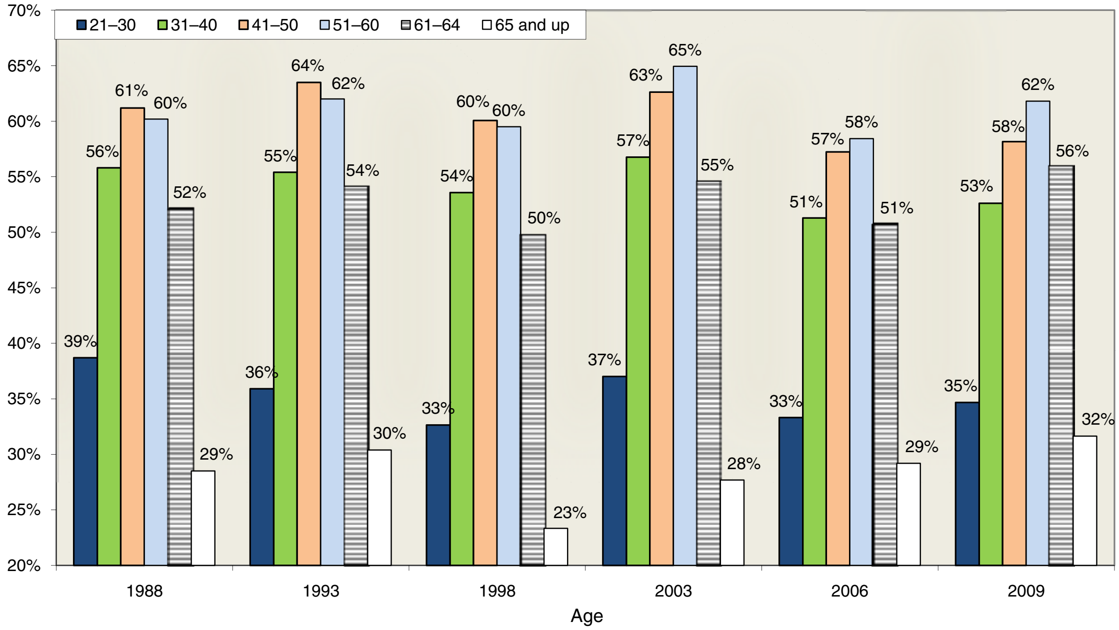
Figure 2

Retirement Plan Sponsorship and Participation Among Nonagricultural Wage and Salary Workers, Ages 16 and Over, Various Years, 1989–2009



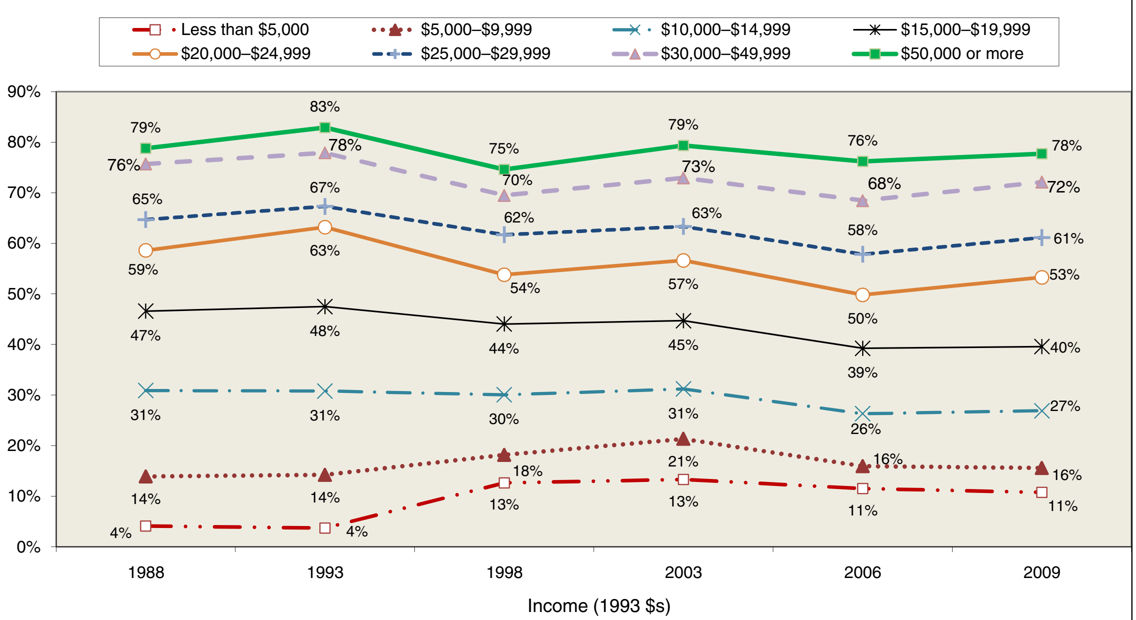
Source: Employee Benefit Research Institute estimates of the May 1988 and April 1993 Current Population Survey Employee Benefit Supplements and the 1996, 2001, and 2004 Survey of Income and Program and Participation Topical Module 7 and 2008 Survey of Income and Program and Participation Topical Module 3.

Figure 3
Retirement Plan Sponsorship and Participation Among Nonagricultural Wage and Salary Workers, Ages 21 and Over, by Age, Various Years, 1988–2009



Source: Employee Benefit Research Institute estimates of the May 1988 and April 1993 Current Population Survey employee benefit supplements and the 1996, 2001, and 2004 Panel of the Survey of Income and Program Participation Topical Module 7 and 2008 Panel of the Survey of Income and Program Participation Topical Module 3.

Figure 4
Trends in Retirement Plan Participation Rates Among Nonagricultural Wage and Salary Workers, Ages 16 and Over, by Annual Earnings in 1993 $s, Various Years, 1988–2009



Source: Employee Benefit Research Institute estimates of the May 1988 and April 1993 Current Population Survey employee benefit supplements and the 1996, 2001, and 2004 Panel of the Survey of Income and Program Participation Topical Module 7 and 2008 Panel of the Survey of Income and Program Participation Topical Module 3.

In SIPP, participants are asked about their most important pension or retirement plan: The question asks if "your plan's benefit is defined by a formula usually involving your earnings and years on the job," are "contributions made by you and/or your employer going into an individual account for you," or if "your employer contributes a value equal to a percentage of your earnings each year and there is a rate of return on that contribution. This type of plan is sometimes called a cash balance plan." The first (as well as the third question) describes a DB plan, while the second describes a DC plan. The survey also contains follow-up questions describing specific features of the most important plan.[17] In some cases, the answers are in conflict with the type of plan that the worker has. Consequently, the estimates of the pension/retirement plan type in this study combine answers from these questions to determine the type of workers' most important (or primary) plan as determined by the worker.[18]

When follow-up questions were considered along with the pension type question, 60.0 percent of participants were determined to have a DC plan as their primary plan in 2009 (Figure 5);[19] this is smaller than the 67.1 percent found in 2006 but more than double the level found in 1988. Correspondingly, a larger percentage of workers had a DB plan as their primary plan: 39.1 percent said a defined benefit plan was their primary retirement plan in 2009, compared with 30.1 percent in 2006. However, this is substantially lower than the 46.3 percent in 1998 and the 1988 level of 56.7 percent of participants who reported a DB plan as their primary plan.[20]

The decline in DC plans reported as being the primary plan can be explained by improved accuracy in the identification of defined benefit plans in the survey, and changes made in the structure of the survey to ensure consistent questions with regard to the identified plans. Furthermore, given the asset market decline in late 2008, the value of DC plans was potentially diminished relative to the perceived value of DB plans. Therefore, those with both plan types may have placed a higher value on their DB plans. Since most retirement plan participants do not have both plans types, the overall decline was relatively small.[21]

Salary Reduction Plans

Retirement plans such as 401(k) plans or 403(b) plans are referred to as salary reduction plans, as a worker's take-home pay can be used (reduced) to make contributions to the plan.[22] These plans are the predominant type of defined contribution retirement plan. The sponsorship level of these plans for nonagricultural wage and salary workers age 16 and over was 51.0 percent in 2009, a slight decline from the 2006 rate of 52.4 percent and an increase from the 1988 rate of 26.9 percent (Figure 6).[23] The participation level in these plans for these workers (34.6 percent) was also lower in 2009, compared with the 36.3 percent in 2006, but much higher than the 15.3 percent in 1988 and 29.1 percent in 1998. In addition, 29.2 percent of nonagricultural wage and salary workers age 16 and over had a salary reduction plan that they considered as their primary retirement plan in 2009. This was a slight change from 30.1 percent in 2006, but much higher than the 7.5 percent in 1988.[24]

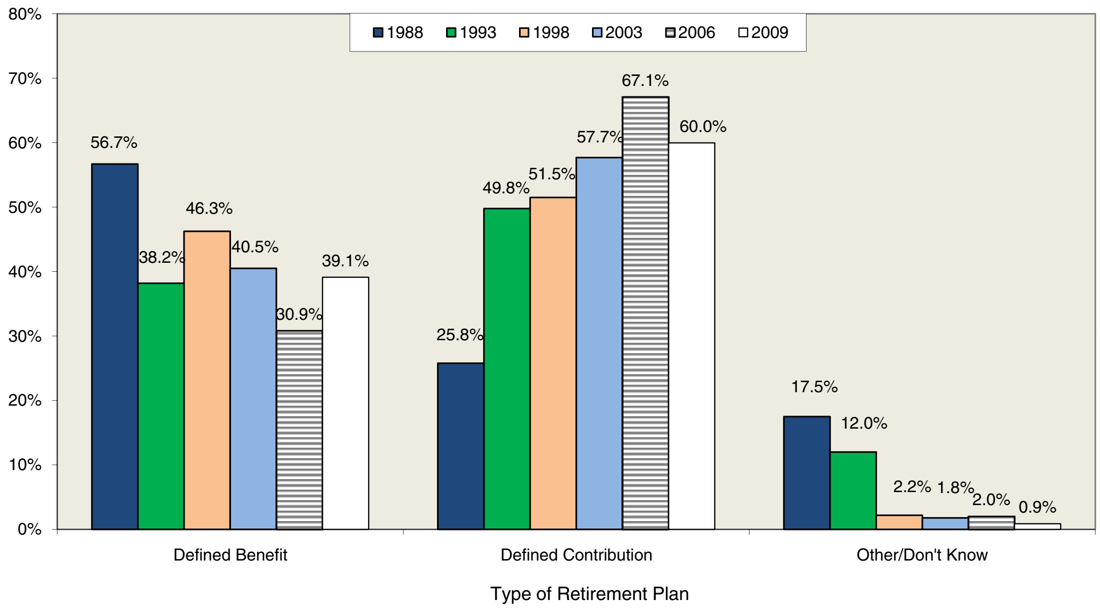
Employee Contribution Rates—While the participation level in salary reduction plans (and their status as a worker's primary plan) decreased, the average employee contribution for workers who reported a positive employee contribution[25] to these plans remained virtually unchanged in 2009 (at 7.4 percent compared with 7.5 percent in 2006), after increasing from 6.6 percent in 1988 (Figure 7).[26] The distribution of the contribution rates moved to a higher percentage of the lower contributors from 1993 to 2009 (Figures 8 and 9). The percentage of those contributing 5 percent or less increased from 44.8 percent in 1993 to 48.9 percent in 2009. Consequently, the high contributors—those who contributed 10 percent or more—were more likely to contribute a higher amount in 2009 than in 1993 and to have a higher overall average contribution.

Conclusion

The results from the SIPP data confirm the results from other data sources showing that the percentage of workers participating in a retirement plan currently is below its highest level in the past decade but not at its lowest level during this decade. Because of improved survey procedures and retirement plan identification in SIPP, the most recent survey shows a change in previous trends: DBs increased as the primary retirement plan type, while DCs decreased. A similar increase in DB plans was also found when the Survey of Consumer Finances adopted improved survey

Figure 5

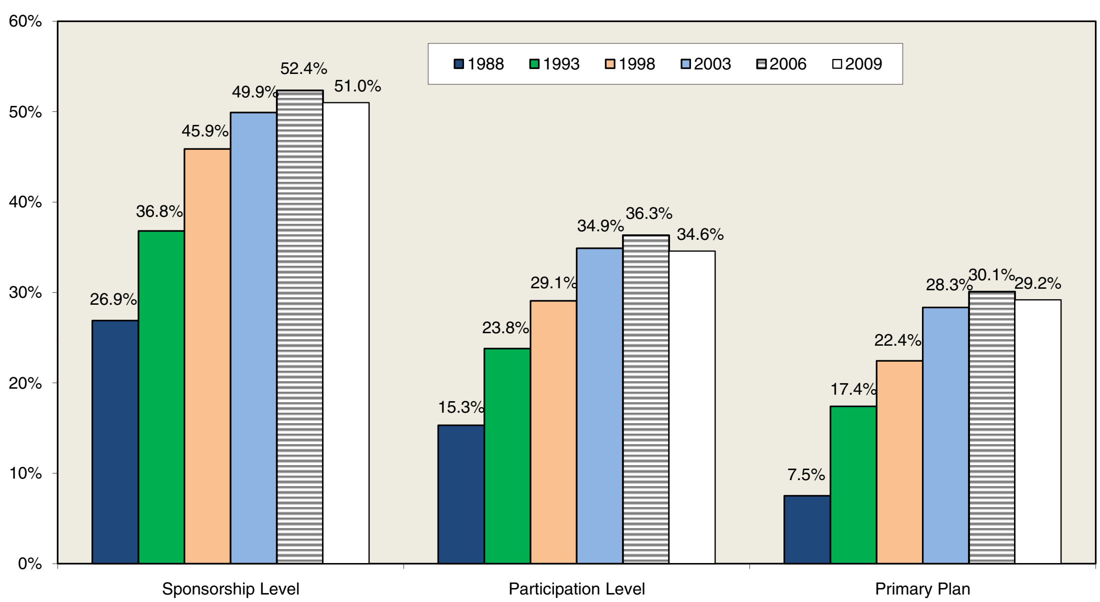
Primary Retirement Plan Among All Nonagricultural Wage and Salary Workers, Ages 16 and Over, Who Participate in a Pension Plan, Various Years, 1988–2009



Source: Employee Benefit Research Institute estimates of the May 1988 and April 1993 Current Population Survey employee benefit supplements and the 1996, 2001, and 2004 Panel of the Survey of Income and Program Participation Topical Module 7 and 2008 Panel of the Survey of Income and Program Participation Topical Module 3.

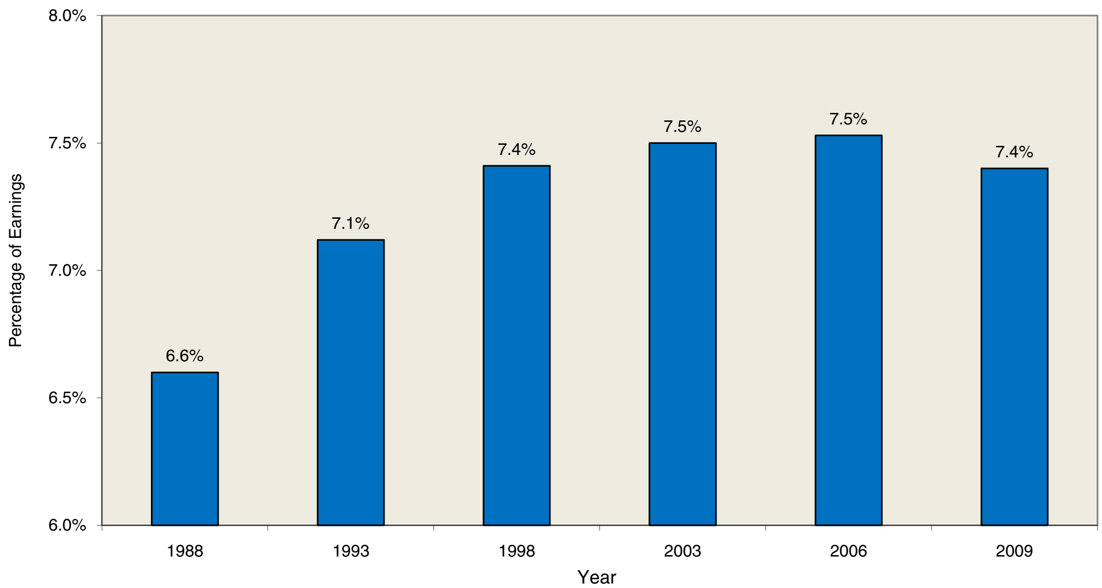
Figure 6

Salary Reduction Plan Sponsorship Level, Participation Level, and Primary Plan Percentage Among Nonagricultural Wage and Salary Workers, Ages 16 and Over, Various Years, 1988–2009



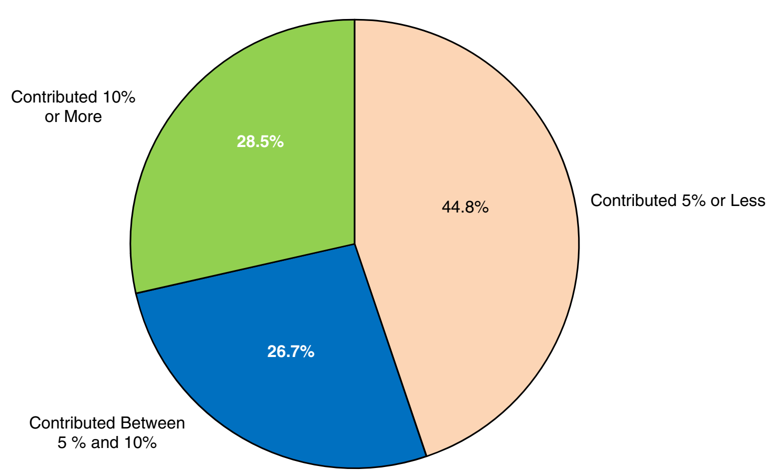
Source: Employee Benefit Research Institute estimates of the May 1988 and April 1993 Current Population Survey employee benefit supplements and the 1996, 2001, and 2004 Panel of the Survey of Income and Program Participation Topical Module 7 and 2008 Panel of the Survey of Income and Program Participation Topical Module 3.

Figure 7
Average Percentage of Annual Earnings Contributed to a Salary Reduction Plan, Nonagricultural Wage and Salary Workers, Age 16 and Over, Various Years, 1988–2009



Source: Employee Benefit Research Institute estimates of the May 1988 and April 1993 Current Population Survey employee benefit supplements and the 1996, 2001, and 2004 Panel of the Survey of Income and Program Participation Topical Module 7 and 2008 Panel of the Survey of Income and Program Participation Topical Module 3.

Figure 8
Proportion of Salary Reduction Plan Participants by Percentage of Annual Earnings Contributed (Among Those Responding), Nonagricultural Wage and Salary Workers, Ages 16 and Over, 1993

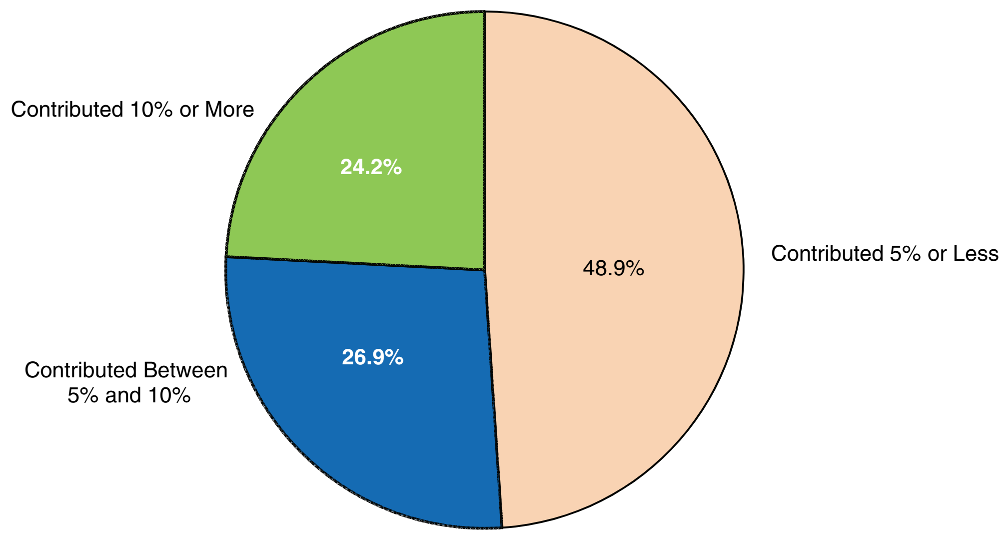


Source: Employee Benefit Research Institute estimates of the April 1993 Current Population Survey employee benefit supplement.

techniques in 2004. The employee contribution levels to salary reduction plans fell slightly. However, as salary reduction plans become more important for workers, it is likely that their contributions to these plans will need to grow if they expect to maintain their current lifestyle in retirement.

While these top-line results from SIPP support findings from other data, the benchmarking of these data is important when examining the more detailed SIPP questions that are not in other datasets; this benchmarking allows for comparisons of important results in the retirement field for analysts and policymakers. These more detailed questions will be examined in future EBRI publications.

Figure 9
Proportion of Salary Reduction Plan Participants by Percentage of Annual Earnings Contributed (Among Those Responding), Nonagricultural Wage and Salary Workers, Ages 16 and Over, 2009



Source: Employee Benefit Research Institute estimates of the 2008 Panel of the Survey of Income and Program Participation Topical Module 3.

Endnotes

[1] 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).

[2] See Jack VanDerhei and Craig Copeland, "The EBRI Retirement Readiness Rating™: Retirement Income Preparation and Future Prospects," *EBRI Issue Brief,* no. 344 (Employee Benefit Research Institute, July 2010).

[3] See Craig Copeland, "Retirement Plan Participation: Survey of Income and Program Participation (SIPP) Data, 2006," *EBRI Notes*, no. 2 (Employee Benefit Research Institute, February 2009): 1−12; Craig Copeland, "An Analysis of the Retirement and Pension Plan Coverage Topical Module of SIPP," *EBRI Issue Brief,* no. 245 (Employee Benefit Research Institute, May 2002); and Craig Copeland, "An Analysis of the Retirement and Pension Plan Coverage Topical Module of SIPP," *EBRI Issue Brief,* no. 245 (Employee Benefit Research Institute, May 2002) for studies of prior SIPP datasets on this topic.

[4] The 2008 Panel of the Survey of Income and Program Participation (SIPP), conducted by the U.S. Census Bureau, follows the same households for a two and one half-year period, asking various questions on their economic and demographic status. Survey participants are interviewed at four-month intervals about a core set of demographic and economic issues. In addition, topical modules ask more specific

questions about important economic issues. Topical Module 3, fielded in April−July 2009, asked questions about workers' participation in retirement and/or pension plans. These types of questions had been asked previously in the employee benefit supplements to the Current Population Survey (CPS) in May 1979, May 1983, May 1988, and April 1993 prior to their inclusion in SIPP in the 1996, 2001, 2004, and 2008 Panels. While these datasets have similar questions, they are not identical nor are the methods the surveys use—for instance, the CPS interviewed all of its respondents in a single month, while SIPP was conducted over a four-month period. The results in this *Notes* article are presented as trends, but caution should be used when drawing conclusions from the results due to the survey differences. Typically, different surveys yield different results. Therefore, while some trends are reflected in the data, it is important to note that a portion or all of any trend may be due to the differences in the surveys. However, the data for 1998, 2003, 2006, and 2009 are from SIPP, so the trend from 1998 to 2009 should have limited effects from survey differences. However, the 2008 Panel did include revisions on the order of the questions and who was asked the follow-up detailed questions on the plan types. Despite these caveats, these datasets provide the most comparable results for these trends.

[5] The Current Population Survey (CPS) is conducted by U.S. Census Bureau 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. Furthermore, CPS has asked 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).

[6] See Craig Copeland, "Employment-Based Retirement Plan Participation: Geographic Differences and Trends, 2009," *EBRI Issue Brie*f, no. 348 (Employee Benefit Research Institute, October 2010) for the latest results from CPS on employment-based retirement plan participation.

[7] See U.S. Department of Labor, Bureau of Labor Statistics, *BLS Handbook of Methods, Chapter 8, National Compensation Measures* www. bls. gov/opub/hom/homch8_a. htm In particular, agricultural workers and certain other small business owners are excluded from the BLS results.

[8] In this section, all workers with earnings age 16 and over were included; this means all self-employed workers, whether their business was incorporated or not. However, any workers who were family workers not working for pay were excluded. For the SIPP Topical Module, the worker's main job or business is determined by which job provided the most income in the reference month. However, some important characteristics of this job or business are not included in the topical module but in the core portion of the survey. If a job was determined to be the most important in the topical module, information from the *first* job of the worker from the core is used for the employer/job characteristics (firm size, industry, union covered job, hours of work) of this worker in this study. Furthermore, if the business is determined to be the most important, the *first* business of the worker from the core is used for characteristics of the business in this analysis. Likewise, if the worker is determined to only work for others or to only have a business, the first job or business data, respectively, is used to provide data on the employer or business characteristics.

[9] See endnote 4 on the comparison issues to the CPS supplements.

[10] The participation level for workers is calculated by determining all workers who say they participate in a pension or retirement plan in their main job/business *or* other job during the reference period of the survey. This includes anyone who answered no to the first question about participating in a pension or retirement, but answered yes in a follow-up question to participating in a plan similar to a 401(k) plan.

[11] Both the Tax Reform Act of 1986 and the Economic Growth and Tax Relief Reconciliation Act of 2001 shortened the required vesting schedule for all or some of the private-sector employment-based retirement plans.

[12] The two sets of numbers presented for 1988 show the impact of these follow-up questions and potentially the increased numbers of defined contribution plans on the vesting rate. Without the follow-up questions on lump-sum distributions, the vesting rate in 1988 was 28 percent, compared with 34 percent with the follow-up question. Thus, better data do not seem to be the only explanation for the increased vesting rate since 1979.

For background on the changes in the data for that account for these two numbers, the first set of numbers presented in Figure 1 omits the impact of follow-up questions (so as to compare with earlier periods that did not have those questions), while the second set of numbers presented do include the follow-up questions (so as to better account for the presence of defined contribution plans). Specifically, in the first set of numbers, workers who reported that their employer or union did not have a pension plan or retirement plan for any of its employees were not counted as working for an employer where a plan was sponsored, even if they reported that their employer offered a profit-sharing plan or a stock plan in a follow-up question. Furthermore, participants who reported not being able to receive some benefits at retirement if they were to leave the plan now were not counted as vested, even if they later responded that they could receive a lump-sum distribution if they left their plan now. Workers who reported that their employer or union did not have a pension plan or retirement plan for any of its employees were counted in the second set of numbers as working for an employer where a plan was sponsored if they reported that their employer offered a profit-sharing plan or a stock plan in a follow-up question. Moreover, participants who reported not being able to receive some benefits at retirement if they were to leave the plan now were counted as vested in the second set of numbers if they later responded that they could receive a lump-sum distribution if they left their plan now. Furthermore, if they were included in the profit-sharing or stock plan in the 1988 follow-up question or participated in a 401(k)-type plan from the 1993 and SIPP follow-up question, they were considered vested, since these types of plans provide lump-sum distributions.

[13] This section will focus only on the 1988, 1993, 1998, 2003, 2006, and 2009 results, as they are derived using relatively consistent follow-up questions. Furthermore, unincorporated self-employed workers are excluded (as explained in endnote 8), while incorporated self-employers are included. Those workers who are determined to work in the agricultural industry from their most important job or business, respectively, are also excluded. This work force includes only the workers who would be subject to their employer's decision to offer a plan instead of being able to make their own decision, such as the self-employed.

[14] In Copeland (October 2010), op. cit. , the percentage of workers participating in an employment-based retirement plan showed a decrease from 2008 to 2009. However, the 2009 number from CPS is still higher than the 2006 number in CPS—52.7 percent of full-time, full-year wage and salary workers participated in 2006, compared with 54.4 percent in 2009. The CPS trend also matched the SIPP trend from 2003 to 2006. In contrast, the findings from SIPP and CPS contradicted each other from 1993 to 1998 and 1998 to 2003, where the SIPP data show an increased level of participation from 1998 to 2003 and a decreased level of participation from 1993 to 1998, whereas Copeland (2010) showed a decreased and increased level, respectively. It is unclear why the differences exist between the datasets. Some possible answers include the issues from endnote 4 on how the questions are asked, as well as which job is determined to be primary or the type of worker as classified by the different surveys. Furthermore, a similar issue has arisen in the estimation of the percentage of Americans with health insurance when comparing the results from both surveys, particularly with regard to the time frame that the questions refer to in the survey. See Paul Fronstin, "Counting the Uninsured: A Comparison of National Surveys," *EBRI Issue Brief,* no. 225 (Employee Benefit Research Institute, September 2000) for further comparisons between the surveys.

[15] In SIPP, only monthly earnings are given. Consequently, the earnings had to be annualized by multiplying by 12 for comparisons with the past surveys. This creates issues for those workers who have uneven earnings during the year, but in most cases the monthly earnings are reflective of the earnings for all months during the year. In addition, all income figures are in 1993 dollars, so all of the 1998, 2003, 2006, and 2009 income amounts were adjusted appropriately for the intervening inflation between 1993 and 2009. Using the consumer price index (CPI), the dollars in 1993 would have to be multiplied by 1.4290 to have constant 2009 dollars, so the upper bound for the lowest-income group would be $7,145 in 2009 dollars; for the next lowest-income group the upper bound would be $14,290 in 2009 dollars, etc.

[16] See Alan L. Gustman and Thomas L. Steinmeier, "Imperfect Knowledge, Retirement, and Saving," paper presented at The Third Annual Conference of the Retirement Research Consortium, *Making Hard Choices* Washington, DC, May 17–18, 2001.

[17] Some follow-up questions are asked about the most important plan only if the participant reports that tax-deferred contributions can be made to the plan.

[18] For the 2009 results if the questions are not combined and only the pension plan-type question is used, 48.1 percent of retirement plan participants reported that their primary plan was a defined benefit plan (plan based on earnings and years on the job or plan was cash balance), compared with 47.5 percent who reported being in a defined contribution plan (individual account plan) and 4.4 percent were unknown. Consequently, the better identification of plans and improved skip patterns regarding who is asked the follow-up questions results in only adjustments for those who are asked the final question about contributing to a savings plan after all the original identification questions are asked in the survey—basically, the indeterminate percentage. However, estimates by the Employee Benefit Research Institute based on published data from Form 5500s, which all private-sector pension/retirement plan sponsors must file with the IRS, show that approximately 37 percent of private-sector workers in a retirement plan had a defined benefit plan, although not necessarily considered the primary plan by the participant. See FAQs About Benefits—Retirement Issues: What Are the Trends in U.S. Retirement Plans? www. ebri. org/publications/benfaq/index. cfm?fa=retfaq14 Consequently, considering that the historical numbers are inconsistent with other data sources and are in conflict with descriptive data about the plans, adjustments to the plan types are undertaken in this study are kept in the historical trend. See endnote 19 for a description of the adjustments to the data for primary plan determination.

[19] In the determination of primary plan status, the answer to the "plan type" question was the initial classification. However, anyone who answered that their most important plan allowed tax-deferred contributions *and* that their employer's contributions depended on their contributions, that they had the ability to choose how any of the money in the plan was invested, or that they had taken or could take a loan from their plan (characteristics virtually exclusive to defined contribution plans) were added to the defined contribution category, if they were not already there. Moreover, anyone saying their benefit was affected by their participation in the Social Security program was classified as having a defined benefit plan. Lastly, anyone who did not answer that they participated in a plan until the follow-up question on participating in a tax-deferred plan was considered to have a defined contribution plan.

[20] This is consistent with findings from Craig Copeland (May 2006), op. cit. In this study, the percentage of families with a retirement plan that had a defined benefit plan only was found to have decreased from 40.0 percent in 1992 to 24.1 percent in 2004.

[21] When the Survey of Consumer Finances refined its questions for retirement plan type identification, a similar increase in defined benefit plan use was found. With the new plan type identification questions, the percentage of families with a working-age head that had a participant in a defined benefit plan in 2001 was 42.3 percent, compared with 48.1 percent in 2004. See Craig Copeland, "Individual Account Retirement Plans: An Analysis of the 2004 Survey of Consumer Finances," *EBRI Issue Brief*, no. 293 (Employee Benefit Research Institute, May 2006) for more detail.

[22] These plans have also been referred to as 401(k)-type plans in other EBRI publications. For example, see Craig Copeland (August 2009), op. cit. The contributions could be either before or after taxes.

[23] The sponsorship level is defined as the fraction of workers whose employer or union sponsors a salary reduction plan for any of the employees at the workers' place of employment.

[24] These percentages include as a base both the workers with a retirement plan and those without a plan. Therefore, of those with a plan, 60.3 percent had a salary reduction plan as their primary retirement plan in 2009, compared with 64.5 percent in 2006, 55.0 percent in 2003, and 15.7 percent in 1988. This decline in salary reduction plans is explained by the same factors that account for the overall decline in defined contribution plans being considered the primary plan—better identification of DB plans and the change in the perceived importance of DB plans.

[25] Not all salary reduction plan participants had complete data needed for calculating this number, either because the earnings or the contributions were not determinable. Eleven percent of the sample of salary reduction participants is eliminated because of this issue.

[26] In a very large database of 401(k) plan participants, Sarah Holden and Jack VanDerhei, "Contribution Behavior of 401(k) Plan Participants," *EBRI Issue Brief,* no. 238 (Employee Benefit Research Institute, October 2001) found the average before-tax contribution rate to be 6.8 percent in 1999. While this number is close to the number reported in this study, there are two explanations for the difference: (1) in the Holden and VanDerhei study, only 401(k) participants are examined, whereas the SIPP data do not separately identify the salary reduction plan types; (2) participants could also have made after-tax contributions to salary reduction plans that were excluded in the Holden and VanDerhei study but not from the SIPP data. A time series on contribution rates is not available from this database.

Variation in Public Opinion About Health Reform, by Plan Type: Findings from the 2010 EBRI/MGA Consumer Engagement in Health Care Survey

By Paul Fronstin, Employee Benefit Research Institute

Introduction

There is no shortage of public opinion surveys related to the Patient Protection and Affordable Care Act (PPACA), enacted March 23, 2010. However, differences in public opinion among individuals with private health insurance have not been explored as they relate to type of health plan. This article uses data from a recent survey (2010 EBRI/MGA Consumer Engagement in Health Care Survey, or CEHCS) to examine how individuals with different types of health plans think health reform will affect their personal health care costs, their personal health coverage, and the quality of the health care services that they receive. Individuals with traditional health coverage, consumer-driven health plans (CDHPs), and high-deductible health plans (HDHPs) are examined.

Knowledge About PPACA

Most adults with private insurance admit that they are not very knowledgeable about the PPACA, the CEHCS finds. Regardless of whether individuals have traditional insurance, a HDHP, or a CDHP, less than 5 percent report that they are *extremely* knowledgeable about the legislation, and only 7–8 percent report that they are *very* knowledgeable (Figure 1). Most report that they are *somewhat* knowledgeable (35–39 percent) or *not very* knowledgeable (35–40 percent). Between 12–17 percent report that they are *not at all* knowledgeable about the health reform law. The differences by plan type are not statistically significant.

Personal Impact of PPACA

Despite the lack of knowledge about the health reform law, a majority of adults with private insurance do have an opinion about the expected impact the legislation will have on them personally. Only about 1 in 5 (17–20 percent) is unable to say whether the law will have an impact on them personally (Figure 2). Fifteen to 20 percent expect "a great deal" of impact, 26–30 percent expect some impact, and 19–23 percent expect a little impact. Eleven to 17 percent expect no impact.

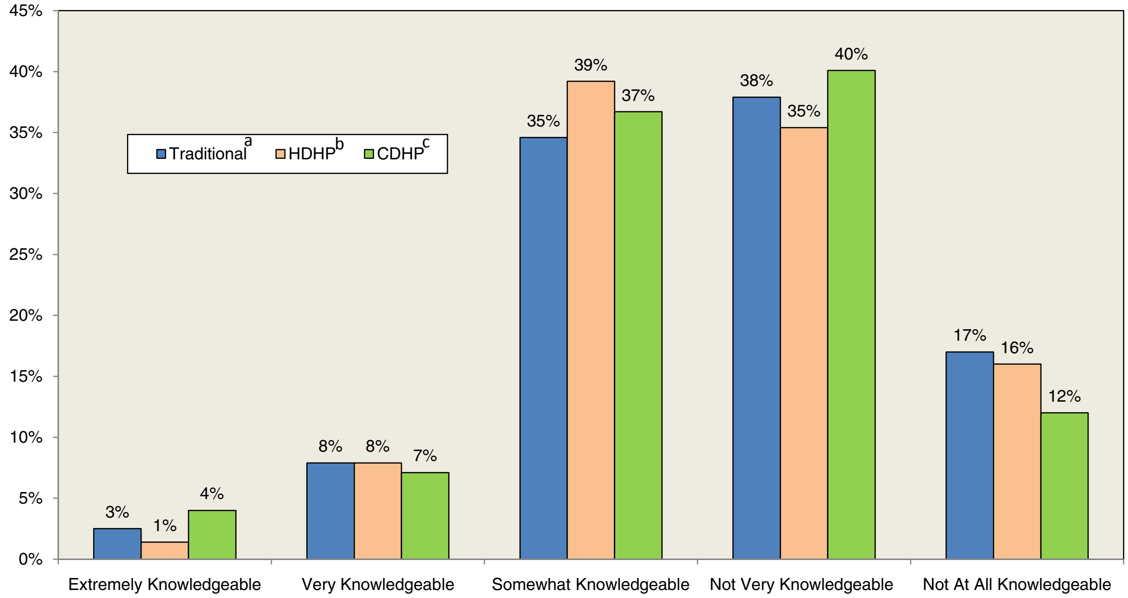
In terms of differences by plan type, individuals enrolled in a CDHP or an HDHP are more likely than those enrolled in a traditional plan to report that they expect health reform to have an impact on them personally. Twenty percent of CDHP enrollees and 18 percent of HDHP enrollees report that they expect health reform to impact them a great deal, compared with 15 percent of traditional plan enrollees.

Among those who expect an impact, very few expect the law to have a mostly positive impact. About 1 in 10 adults with private health insurance expects the law to have a mostly positive impact (Figure 3). In contrast, about one-half expect a mixed impact with some positive and some negative aspects, while between 37–46 percent expect a mostly negative impact. CDHP enrollees are more likely than traditional plan enrollees to expect a negative impact. Nearly one-half (46 percent) of CDHP enrollees expect a mostly negative impact, compared with 37 percent among traditional plan enrollees.

Impact on Health Care Costs

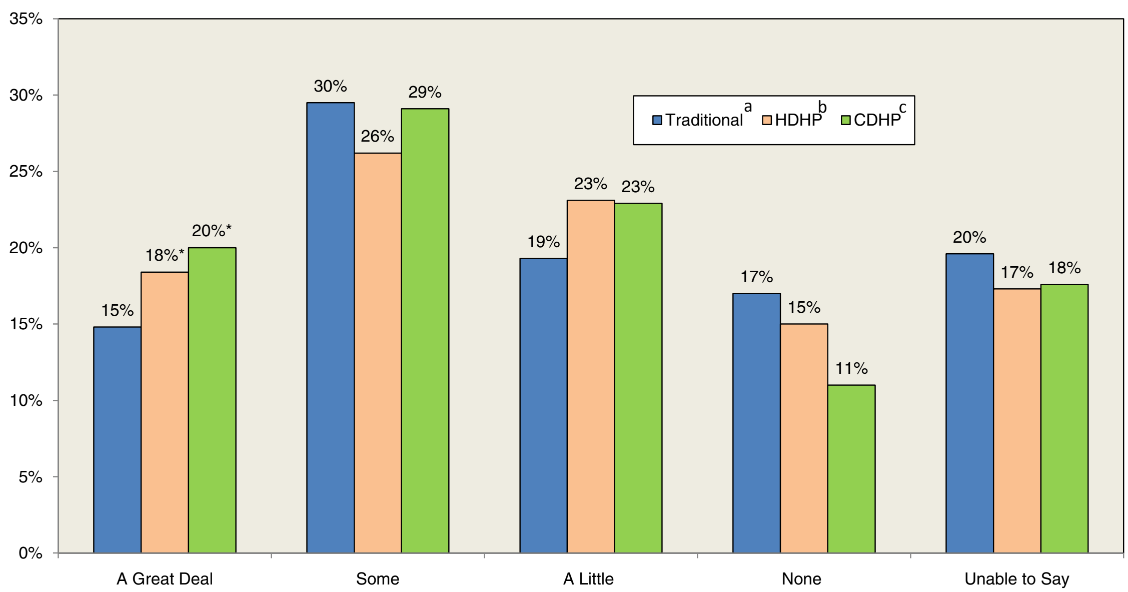
About one-half of individuals expect their health care costs to increase as a result of the health reform law, and individuals enrolled in CDHPs and HDHPs are more likely than those in traditional plans to expect cost increases. Six in 10 (59 percent) CDHP enrollees and 56 percent of HDHP enrollees expect their costs to increase, compared with 50 percent of traditional plan enrollees (Figure 4). Between 16–19 percent expect their health care costs to remain the same, while only 5–8 percent expect their health care costs to decrease. One-fifth to one-quarter are unable to say how they expect their costs to change.

Figure 1
Knowledge About PPACA, by Plan Type, August 2010



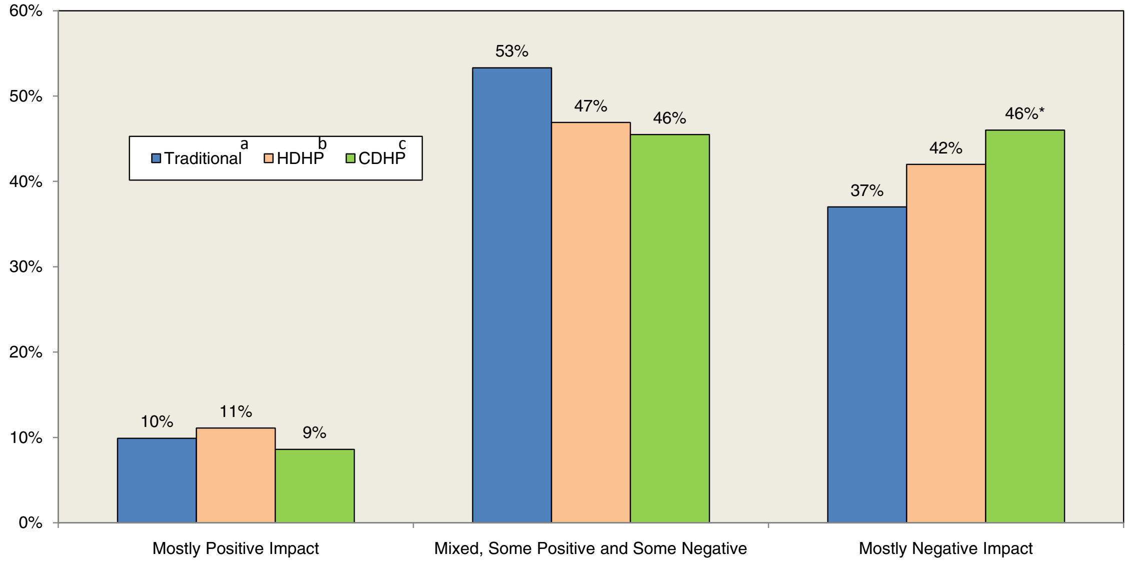
Source: EBRI/MGA Consumer Engagement in Health Care Survey, 2010.
[a] Traditional = Health plan with no deductible or <$1,000 (individual), <$2,000 (family).
[b] HDHP = High-deductible health plan with deductible $1,000+ (individual), $2,000+ (family), no account.
[c] CDHP = Consumer-driven health plan with deductible $1,000+ (individual), $,2000+ (family), with account.
* Difference between HDHP/CDHP and Traditional is statistically significant at the p ≤ 0.05 or better.

Figure 2
Expected Personal Impact of PPACA, by Plan Type, August 2010



Source: EBRI/MGA Consumer Engagement in Health Care Survey, 2010.
[a] Traditional = Health plan with no deductible or <$1,000 (individual), <$2,000 (family).
[b] HDHP = High-deductible health plan with deductible $1,000+ (individual), $2,000+ (family), no account.
[c] CDHP = Consumer-driven health plan with deductible $1,000+ (individual), $,2000+ (family), with account.
* Difference between HDHP/CDHP and Traditional is statistically significant at the p ≤ 0.05 or better.

Figure 3
Degree of Impact of PPACA, Among Those Expecting A Personal Impact, by Plan Type, August 2010



Source: EBRI/MGA Consumer Engagement in Health Care Survey, 2010.
[a] Traditional = Health plan with no deductible or <$1,000 (individual), <$2,000 (family).
[b] HDHP = High-deductible health plan with deductible $1,000+ (individual), $2,000+ (family), no account.
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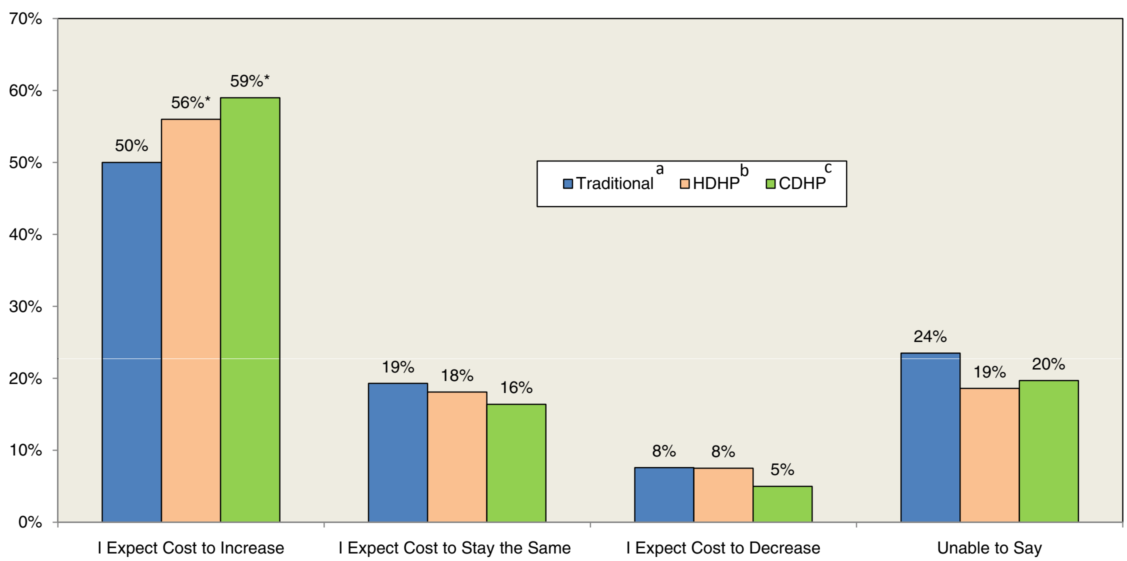
Figure 4
Expected Impact of PPACA on Personal Health Care Costs, by Plan Type, August 2010



Source: EBRI/MGA Consumer Engagement in Health Care Survey, 2010.
[a] Traditional = Health plan with no deductible or <$1,000 (individual), <$2,000 (family).
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* Difference between HDHP/CDHP and Traditional is statistically significant at the p ≤ 0.05 or better.

Impact on Health Coverage

Much like the findings on health care costs, more individuals expect their health care benefits to decrease than to stay the same or increase, and those enrolled in CDHPs and HDHPs are more likely than those with traditional coverage to expect their health benefits to decrease as a result of health reform.

Four in 10 CDHP enrollees (41 percent) and HDHP enrollees (39 percent) expect their health coverage to decline as a result of the health reform law (Figure 5). In contrast, 3 in 10 traditional plan enrollees (30 percent) expect benefit cuts.

Regardless of health plan type, 1 in 10 adults with private health insurance expects their benefits to improve. Between 28–35 percent expect their benefits to remain unchanged. One-fifth to one-quarter are unable to say how they expect their benefits to change.

Impact on Health Care Quality

Most adults with private health insurance expect a negative impact or a mixed impact of health reform on the quality of health care services that they receive. CDHP and HDHP enrollees are more likely than traditional plan enrollees to expect a negative impact on quality. Overall, 37 percent of CDHP enrollees, 35 percent of HDHP enrollees, and 30 percent of traditional plan enrollees expect a mostly negative impact of health reform on the quality of health care services (Figure 6). About 30 percent, regardless of plan type, expect both positive and negative impacts on quality. Between 5–10 percent expect no impact, while about 9 percent expect a mostly positive impact on quality. Between 16–19 percent are unable to say how health reform will impact the quality of the health care services they receive.

Impact on Employment-Based Coverage

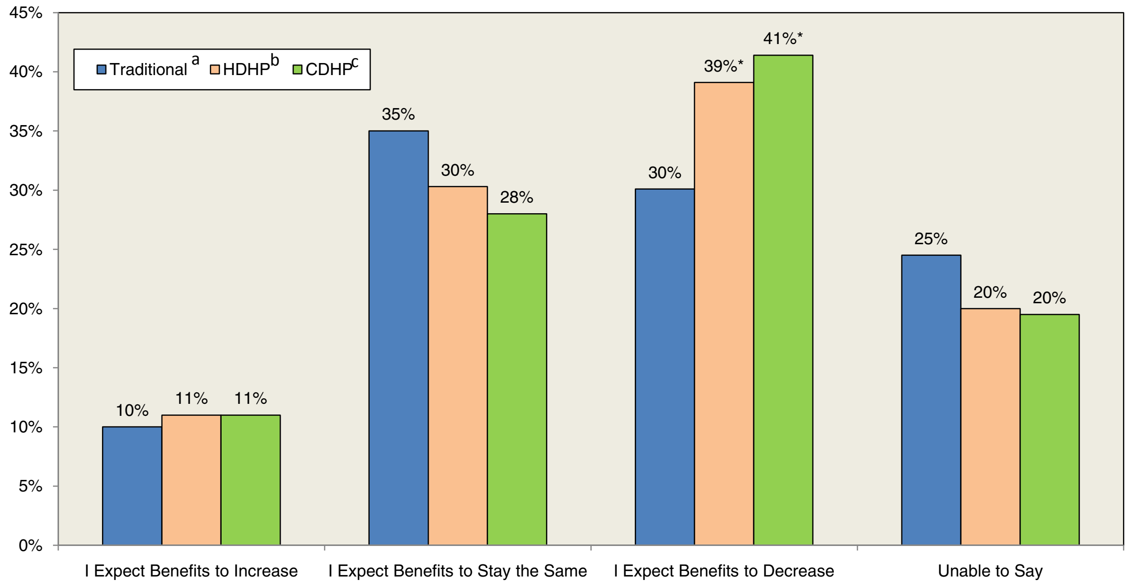
Very few adults with employment-based coverage report that information about the health reform law has been provided by their employer. Only between 2–4 percent report that detailed information has been provided, while 12–15 percent report that some information has been provided, and 18–22 percent report that very little information has been provided (Figure 7). Nearly one-half of traditional plan enrollees (47 percent), 53 percent of CDHP enrollees, and 59 percent of HDHP enrollees report that no information has been provided. The difference between CDHP/HDHP enrollees and traditional plan enrollees is statistically significant. Eight to 15 percent of individuals with employment-based coverage are unable to say whether the employer has provided any information about the health reform law.

When it comes to the future of employment-based coverage, few individuals think their employer will not continue to provide health benefits after 2014. Between 4–7 percent think their employer is *not at all* likely to continue providing health benefits after 2014, and another 9–12 percent think their employer is *not very* likely to provide them (Figure 8). Between 27–33 percent think that their employer *is likely* to continue offering health benefits after 2014, and another 21–24 percent think their employer is *very likely* to continue offering them. Between 28–33 percent were unable to say if their employer was likely to continue providing health benefits after 2014.

Conclusion

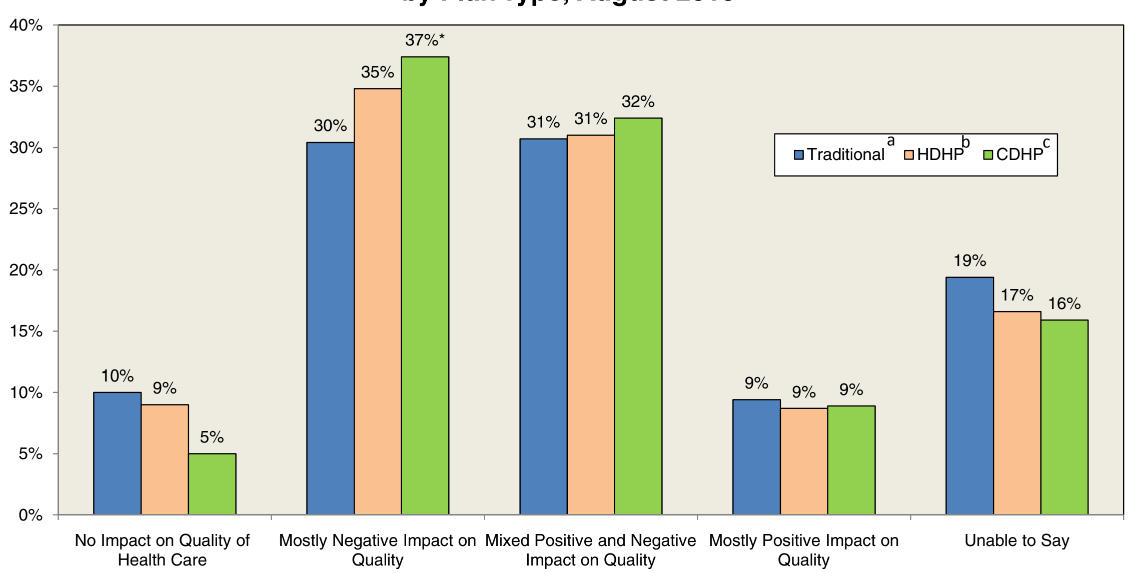
Individuals enrolled in CDHPs and HDHPs were more likely than those with traditional health coverage to expect health reform to have a mostly negative impact on them. They were more likely to expect cost increases, benefit cuts, and a negative impact on quality. The fact that CDHP and HDHP enrollees are more likely than those with traditional coverage to report that their employer has not provided information may explain part of the difference in their respective outlooks for cost, access, and quality. Political party affiliation may also explain part of the difference in outlook between CDHP, HDHP, and traditional plan enrollees. CDHP enrollees are less likely than traditional plan enrollees to report that they are strong Democrats and they are more likely to report that they lean Republican (Figure 9). CDHP enrollees are also less likely to report that they are undecided when it comes to their political party affiliation.

Figure 5
Expected Impact of PPACA on Personal Health Coverage, by Plan Type, August 2010



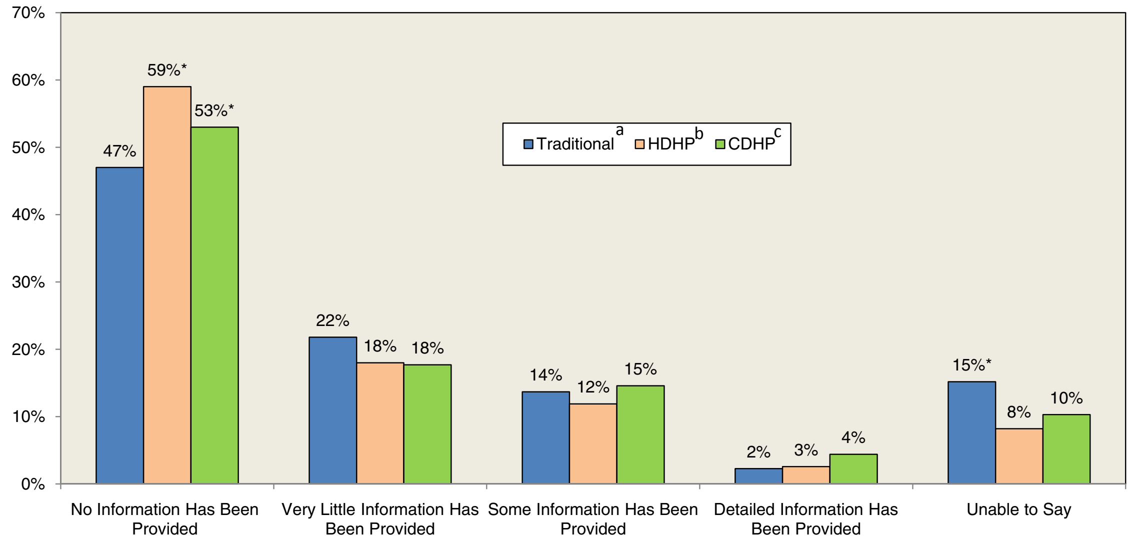
Source: EBRI/MGA Consumer Engagement in Health Care Survey, 2010.
[a] Traditional = Health plan with no deductible or <$1,000 (individual), <$2,000 (family).
[b] HDHP = High-deductible health plan with deductible $1,000+ (individual), $2,000+ (family), no account.
[c] CDHP = Consumer-driven health plan with deductible $1,000+ (individual), $,2000+ (family), with account.
* Difference between HDHP/CDHP and Traditional is statistically significant at the p ≤ 0.05 or better.

Figure 6
Expected Impact of PPACA on Quality of Health Care Services, by Plan Type, August 2010



Source: EBRI/MGA Consumer Engagement in Health Care Survey, 2010.
[a] Traditional = Health plan with no deductible or <$1,000 (individual), <$2,000 (family).
[b] HDHP = High-deductible health plan with deductible $1,000+ (individual), $2,000+ (family), no account.
[c] CDHP = Consumer-driven health plan with deductible $1,000+ (individual), $,2000+ (family), with account.
* Difference between HDHP/CDHP and Traditional is statistically significant at the p ≤ 0.05 or better.

Figure 7
Amount of Information About PPACA Provided by Employer, by Plan Type, August 2010



Source: EBRI/MGA Consumer Engagement in Health Care Survey, 2010.
[a] Traditional = Health plan with no deductible or <$1,000 (individual), <$2,000 (family).
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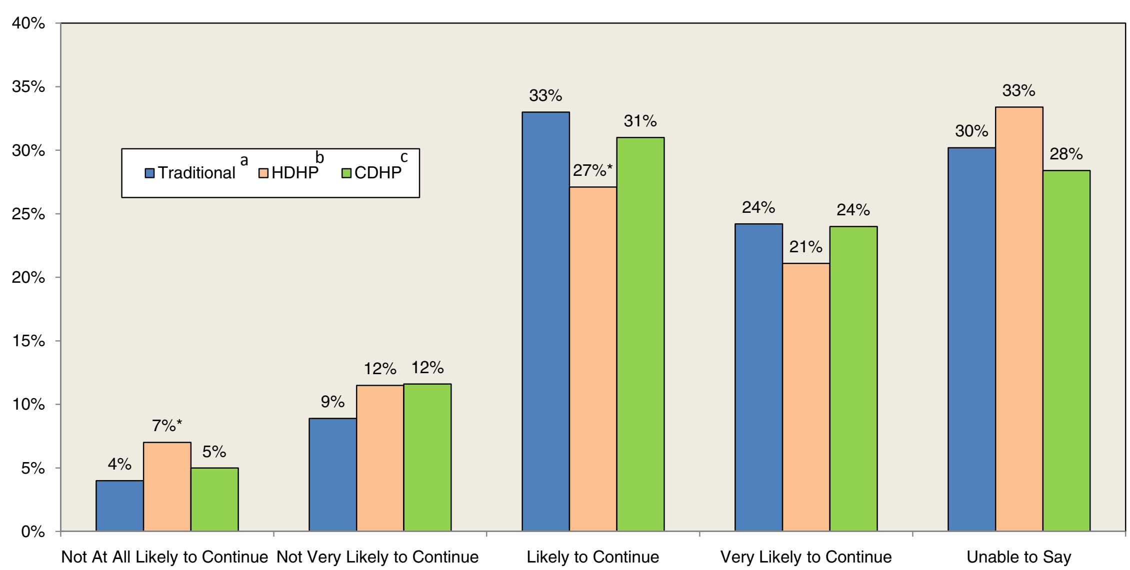
* Difference between HDHP/CDHP and Traditional is statistically significant at the p ≤ 0.05 or better.

Figure 8
Likelihood That Employer Will Continue to Provide Health Benefits After 2014, by Plan Type, August 2010



Source: EBRI/MGA Consumer Engagement in Health Care Survey, 2010.
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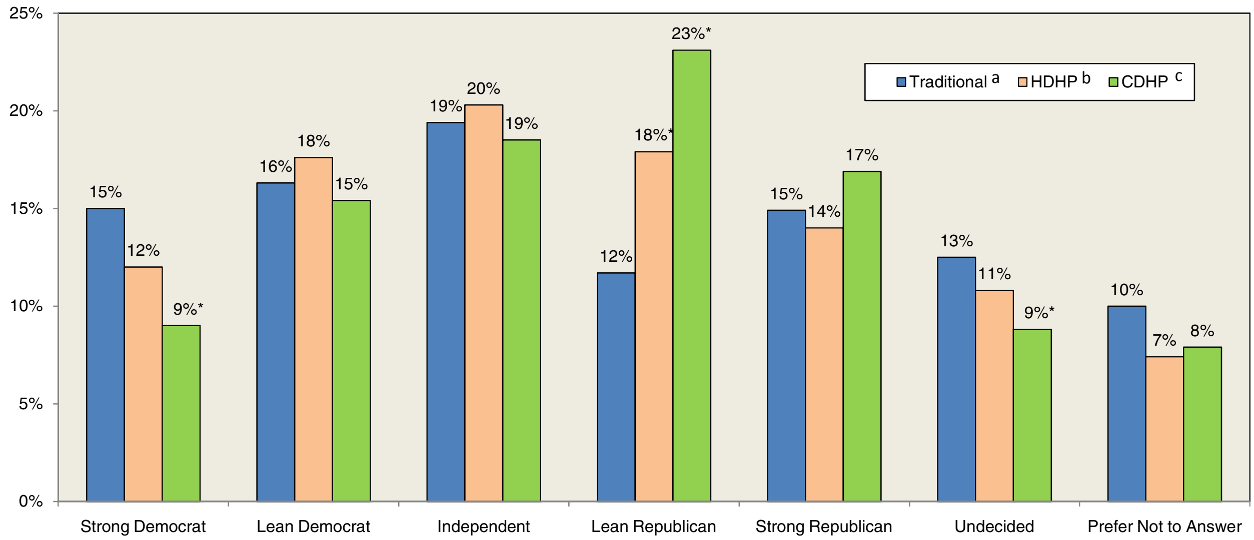
Figure 9
Political Party Affiliation, by Plan Type, August 2010



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About the Survey

This study is based on data from the 2010 EBRI/MGA Consumer Engagement in Health Care Survey, an online survey of 4,508 privately insured adults ages 21–64 fielded in August 2010. The survey was conducted to provide nationally representative data regarding the growth of CDHPs and HDHPs, and the impact of these plans and consumer engagement more generally on the behavior and attitudes of adults with private health insurance coverage. The sample was randomly drawn from Synovate's online panel of more than 2 million Internet users who have agreed to participate in research surveys. This survey used a base sample of 1,996 and a random oversample of individuals with CDHPs and HDHPs. High deductibles were defined as individual deductibles of at least $1,000 and family deductibles of at least $2,000. Those with a high deductible and either an HRA or an HSA comprise the CDHP sample, and those with deductibles that are generally high enough to meet the qualifying threshold to make tax-preferred contributions to an HSA but without an account comprise the HDHP sample. More information about the 2010 EBRI/MGA Consumer Engagement in Health Care Survey can be found in a forthcoming EBRI article (Fronstin 2010).

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Fronstin, Paul. "Findings from the 2010 EBRI/MGA Consumer Engagement in Health Care Survey. " *EBRI Issue Brief, no. 351* (Employee Benefit Research Institute, December 2010) (forthcoming).

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