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New Research from EBRI:

Retirement Plan Sponsorship, Participation Grows Post-Recession

WASHINGTON—Since the end of the economic recession, a higher percentage of workers are working for employers that offer retirement plans and a higher percentage of them are participating in the plans, according to a new report by the nonpartisan Employee Benefit Research Institute (EBRI).

In 2012, 61 percent of all workers age 16 or older worked for an employer or union that sponsored a pension or retirement plan for any of its employees in 2012—up from 59 percent in 2009. In addition, workers participating in a retirement plan increased to 46 percent in 2012, up slightly from 2009 (45 percent) but below the level measured in 2003 (48 percent).

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 43 percent in 2012, 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 the faster vesting requirements in private-sector pension plans established since 1979, EBRI noted.

Defined contribution (401(k)-type) plans were considered the primary plan by 78 percent of workers with a plan. Defined benefit (pension) plans were the primary plan for 21 percent of workers, the EBRI report notes.

Copeland noted that while the worker participation rates in salary reduction plans (such as 401(k)s) has been going up, the average employee contribution to those plans dropped in 2012 (6.7 percent of salary) from 2009 (7.4 percent of salary). This is at least partially driven by the growth of automatic enrollment in 401(k) plans, which tend to bring in more first-time, lower-income participants but often at lower contribution rates.

The data in the report are from the U.S. Census Bureau's latest Survey of Income and Program Participation (SIPP) on retirement plan participation, covering Dec. 2011 to March 2012. The full report is published in the August *EBRI Notes*, "Retirement Plan Participation: Survey of Income and Program Participation (SIPP) Data, 2012," available online at www.ebri.org

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