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New Research from EBRI:

Retirement Plan Participation Generally Stable

WASHINGTON—The number of workers participating in an employment-based retirement plan has increased slightly, although the level of participation is down slightly, according to a new analysis by the nonpartisan Employee Benefit Research Institute (EBRI).

Using the latest data from the U.S. Census Bureau, EBRI found that the *number* of workers participating in an employment-based retirement plan ticked up from 61.0 million in 2011 to 61.6 million in 2012. However, the *percentage* who participated dropped slightly to 39.4 percent in 2012 from 39.7 percent a year earlier.

The EBRI report notes that retirement plan participation by workers is strongly tied to macroeconomic factors such as stock market returns and the labor market. The stronger macroeconomic conditions of the late 1990s produced higher levels of participation, while less-positive macroeconomic conditions of the 2000s led to lower levels of participation.

“The current economic environment is likely to result in 2013 participation numbers that are very similar to 2012 with the potential for a slight increase, though many other underlying factors will continue to affect the future direction of this trend,” said Craig Copeland, senior research associated at EBRI and author of the report.

Type of worker: As the EBRI analysis points out, retirement participation is strongly affected by the type of worker being measured. For instance, among all 156.5 million Americans who worked in 2012, 76.0 million worked for employers or unions that sponsored a pension or retirement plan, and 61.6 million participated in a plan. This translates into a sponsorship rate (the percentage of workers working for an employer or union that sponsored a plan) of 48.6 percent and a participation level of 39.4 percent, respectively.

However, this broad measure of the work force contains all workers, including self-employed, part-time workers, and those who typically have a looser connection to the work force—individuals under age 21 and older than age 64. When considering *full-time, full-year wage and salary workers* ages 21–64, 60.4 percent of these workers worked for employers sponsoring a plan, and 53.5 percent of the workers participated in a retirement plan.

The EBRI report confirms the long-standing gap between public- and private-sector rates: 71.5 percent of public-sector workers participated in an employment-based retirement plan, compared with 39.1 percent of private-sector workers.

Other findings:

- A number of criteria was associated with lower levels of retirement plan participation, including being nonwhite, younger, female, never married; having lower educational attainment, lower earnings, poorer health status, no health insurance through one's own employer; not working full time, full year, and working in service occupations or farming, fisheries, and forestry occupations were all associated with lower levels of participation in a retirement plan.
- Those working for smaller firms, private-sector firms, or firms in the "other" (not professional) services industry were also less likely to participate in a plan than their comparison groups.
- Geographic location also affects the likelihood of participating in a retirement plan. Workers in the South and West were less likely to participate in a plan than those in other regions of the country.
- The overall percentage of females participating in a plan was lower than that of males (the retirement plan-participation gender gap significantly closed from 1987–2009 before widening in 2010–2012). Yet, when controlling for work status or earnings, the female participation level actually surpassed that of males.
- Non-native-born Hispanics had substantially lower participation levels than native-born Hispanics, even when controlling for age and earnings. Black and native-born Hispanic workers had participation levels much closer to those of white workers within each age group.

The full report, "Employment-Based Retirement Plan Participation: Geographic Differences and Trends, 2012," is published in the November *EBRI Issue Brief*, available online at www.ebri.org

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