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Percentage of Workers With Shorter Tenure Grows

Change Correlates With Decline in Unemployment Rate; Median Tenure of Public Sector Workers Drops Significantly

Washington, D.C. – February 28, 2019 — The percentage of wage and salary workers ages 20 or older that had one year or less of tenure with their current employer increased from 17.4 percent in 2010 to 20.5 percent in 2018, the Employee Benefit Research Institute (EBRI) finds. Median tenure of all wage and salary workers ages 25 or older fell from 5.5 years in 2014 to 5.0 years in 2018, a time period in which the unemployment rate reached historical lows.

EBRI's study, "*Trends in Employee Tenure, 1983–2018*," examines the amount of time American workers have been with their current employer, using the most recent U.S. Census Bureau data from the Current Population Survey (CPS) to examine the tenure with current employers of wage and salary workers from 1983–2018.

"The labor market has a strong impact on median tenure and the distribution of the amount of tenure workers have at a particular point in time," said study author Craig Copeland, senior research associate, EBRI. "During a strong labor market, median tenure tends to decrease, as new hires increase. In a weaker market, median tenure moves upward, as there are fewer new hires and workers remain at their jobs as other opportunities are less available."

The movement toward shorter tenures has major implications on retirement security. When changing jobs and moving to a new defined contribution (DC) plan, the worker must decide whether to participate if they are not automatically enrolled. In addition, any escalation of contributions could be halted or restarted depending on whether workers remember the level they were contributing before changing jobs. Consequently, workers' retirement savings could be curbed while beginning the process again. Furthermore, retirement savings leakage could result as workers with accounts at their job could take a lump-sum distribution (LSD), reducing benefit preservation for retirement. Without the full potential of this source of income, workers could face financial difficulties in retirement.

The median tenure of public sector workers ages 20 or older has fallen from 8.3 years in 2012 to 7.0 years in 2018. The percentage of these workers who had 25 or more years of tenure was also found to have decreased from 9.8 percent in 2008 to 9 percent in 2018. Workers with the longest tenures appear to have begun to retire or to have moved on to other employment as the population ages significantly.

"The most practiced civil servants are retiring just as government programs are beginning to face tremendous increases in enrollment due to the aging of the population," said Copeland. "Challenges in the

administration of these social programs will likely result unless public-sector employers can retain their longer-tenure workers and transfer knowledge to newer employees.”

Copies of the report are available at ebri.org.

About EBRI:

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