

For Immediate Release

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Current Population Survey Estimates of Retirement Plan Participation Misleading, yet Estimates Among Demographic Cohorts Remain Useful

Improvements seen in Hispanic workers' participation levels relative to other cohorts

Washington, D.C. – May 30, 2019 — A new study from the Employee Benefit Research Institute finds that the estimates from the Current Population Survey (CPS) showing that the percentage of full-time, full-year wage and salary workers in the U.S. ages 21–64 participating in an employment-based retirement plan held steady between 2016 and 2017. However, the levels of and trends in retirement plan participation from the CPS remain inconsistent with other government data sources since the questionnaire was redesigned in 2014. Still, the relative levels of participation across demographic cohorts that can be ascertained from the survey provide important information and are consistent both before and after the survey was redesigned.

The *EBRI Issue Brief*, “Current Population Survey: Checking in on the Retirement Plan Participation and Retiree Income Estimates,” examines data contained in the latest Annual Social and Economic Supplement to the CPS, conducted by the U.S. Census Bureau, and compares findings with previous years. The CPS has traditionally been one of the most often used data for the sources of income for those who are near or at retirement age. The redesign of the CPS included several changes to its income questions. This was done in an attempt to capture more income that had been missing. However, the survey redesign resulted in lower retirement plan participation estimates despite the questions not changing with regard to participation — which some policy advocates have misinterpreted as actual changes in the employment-based retirement plan system.

Craig Copeland, EBRI senior research associate and author of the study, points out, “While there have been concerns about the resulting estimates of employment-based retirement plan participation from the CPS since the questionnaire was redesigned in 2014, there is still useful information that can be found in relation to demographic characteristics.”

Specifically, the EBRI study found that the ratios of the percentages of workers participating in retirement plans were generally found to be consistent across all demographic cohorts before and after

the questionnaire redesign. One exception is workers of Hispanic ethnicity: this demographic group appears to have improved its participation level relative to other workers. The ratio of the Hispanic worker retirement plan participation level to the white worker retirement plan participation level increased from 0.57 in 2011 to 0.65 in 2017.

As race/ethnicity cohorts are further examined by earnings levels, the lower participation levels among Hispanic workers persist across each of the income categories. However, this appears to be driven by the cohort of Hispanics who were born outside of the U.S. The difference in the participation levels between the other race/ethnicity cohorts and the cohort of Hispanics born in the United States narrows as the earnings of the workers increase. In contrast, this does not happen among the nonnative-born Hispanic workers, keeping the overall Hispanic worker participation levels low.

Copeland concludes, “Given the issues with the estimates on retirement plan participation and the amount of income captured in the CPS, improved and/or more data sources are needed to determine the income adequacy of retirees throughout retirement, which is a critical policy issue.”

Other findings include:

- ***The overall percentage of workers participating in a retirement plan leveled off:*** For the first time since the questionnaire was redesigned, a significant decline was *not* found for the retirement plan participation estimates from the year before. Full-time, full-year wage and salary workers ages 21–64 participating in an employment-based retirement plan held steady in 2017 at 41.4 percent compared with 41.0 percent in 2016. This was after a drop from 54.5 percent in 2013 before the questionnaire redesign.
- ***The survey estimates do not conform to trends in another government survey:*** Under the Bureau of Labor Statistics’ National Compensation Survey (NCS), the percentage of private-sector wage and salary workers at establishments with 500 or more employees participating in an employment-based retirement plan remained relatively flat between 2013 and 2017 at around 76 percent. In contrast, similar numbers from the CPS found that the percentage participating *decreased* from 64 percent in 2013 before the redesign to 47 percent in 2017. The flattening out in 2017 did nothing to lessen this discrepancy.
- ***The survey redesign did not fully capture retiree income:*** Even after the redesign, the CPS total retirement income amounts for 2015 and 2016 were only 63.1 percent of the IRS’s 2015 reported amount and 65.4 percent of the 2016 level. However, this is up from 32.3 percent before the questionnaire redesign.

The study, “Current Population Survey: Checking in on the Retirement Plan Participation and Retiree Income Estimates,” is available at www.ebri.org.

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