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## *New Research from EBRI:*

# **New Census Survey Shows Unexplainable Drop in Retirement Plan Participation**

WASHINGTON—Estimates from the new and redesigned Current Population Survey (CPS) by the U.S. Census Bureau show a drop in the percentage of Americans who participate in a workplace retirement plan. However, the results raise doubts about the use of CPS data to assess current and future retirement plan coverage policies, according to a new analysis by the nonpartisan Employee Benefit Research Institute (EBRI).

At issue is the Annual Social and Economic Supplement (fielded in March) to the Census Bureau's CPS, which is one of the most-cited sources of income data for retirement-age Americans. The Census Bureau redesigned the income questions starting in the 2014 survey in response to findings that this survey has misclassified and generally under-reported income (in particular, sources of retirement income).

While the redesign of the survey did capture more income (especially pension income), EBRI notes, it also significantly lowered the survey's estimates of retirement plan participation among those most likely to participate. Furthermore, these new CPS participation results trended downward in contrast to other surveys on retirement plan participation.

“There are unexplainable decreases in the participation level after the CPS redesign and conflicting time series of the participation levels in CPS relative to other surveys, notably from the U.S. Bureau of Labor Statistics National Compensation Survey,” said Craig Copeland, EBRI senior research associate and author of the report. “These problems raise doubts about the use of CPS participation data, especially for time series trends on retirement participation levels.”

As the EBRI report points out, the Census Bureau redesigned the income questions in the CPS to address the issues from the prior design. In 2014, researchers at the Census Bureau conducted a test of the new set of CPS-income questions by doing a split-panel design. The new questionnaire resulted in higher percentages of individuals with pension income, but lower percentages of workers with a workplace retirement plan for that same year.

Specifically, EBRI found:

- In the 2014 CPS, which provides results for 2013, both the traditional questionnaire and a split-sample design for the redesigned questionnaire were used to conduct the survey. Under the traditional survey design, the percentage of all workers found to be working for an employer that sponsored a plan was 50.2 percent, compared with 47.6 percent from the redesigned questionnaire, a difference of 2.6 percentage points. For full-time, full-year wage and salary

workers ages 21–64 (those most likely to participate in a plan), the difference was even larger at 3.7 percentage points (60.8 percent traditional vs. 57.1 percent redesigned) and for public-sector workers ages 21–64 the difference was 3.3 percentage points.

- The 2015 survey continued with the redesigned questionnaire, and the percentages of workers working for an employer that sponsored a plan were found to have decreased among each work force. In particular, the percentage of full-time, full-year wage and salary workers ages 21–64 working for an employer that sponsored a plan declined by 2.7 percentage points from 2013 to 2014.
- The percentages of workers participating in an employment-based retirement plan among each work force were also found to be lower in 2013 under the redesigned questionnaire relative to the traditional questionnaire. For example, the percentage of full-time, full year wage and salary workers ages 21–64 participating in a plan under the traditional survey design was 53.0 percent, compared with 49.5 percent under the redesigned questionnaire, a difference of 3.5 percentage points.
- Not only were the year-to-year differences from CPS larger from 2013 to 2014 than at any point since at least 1987, the decline contradicted the findings from the Bureau of Labor Statistics’ National Compensation Survey (NCS). This survey found that the percentage of private-sector wage and salary workers at establishments with 500 or more employees participating in an employment-based retirement plan *increased* in 2014 to 77 percent from 76 percent in 2013. In contrast, using the closest direct comparison between the two surveys because of the differences in their data collection methods, the percentage of full-time, full-year wage and salary workers ages 21–64 who worked for an employer with 500 or more employees was found to *decrease* for the CPS from 63 percent for the traditional questionnaire and 59 percent from the redesigned questionnaire in 2013 to 55 percent in 2014.

“While the redesign of the CPS questionnaire achieved one of its primary goals of capturing more income—especially pension income—it also resulted in sharp declines in the estimated retirement plan participation levels of current workers,” Copeland said. “Furthermore, those most affected were those groups with the highest likelihoods of participation—those older, with higher earnings, and working for larger employers.”

The full report, “The Effect of the Current Population Survey Redesign on Retirement-Plan Participation Estimates,” is published in the December 2015 *EBRI Notes* and online at [www.ebri.org](http://www.ebri.org)

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