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**Contact:** Stephen Blakely, EBRI (media relations), 202/775-6341, [blakely@ebri.org](mailto:blakely@ebri.org)  
Craig Copeland, EBRI (author of the report), 202/775-6356, [copeland@ebri.org](mailto:copeland@ebri.org)

**New Research from EBRI:**

**Employment-Based Retirement Plan Participation Steady in 2010,  
Lower Participation in the South and West**

WASHINGTON—The portion of full-time, full-year workers age 21–64 who participated in an employment-based retirement plan remained stable at 54.5 percent in 2010, showing no appreciable drop from 2009 despite the continuing weakness in the economy, according to a new report by the nonpartisan Employee Benefit Research Institute (EBRI). This makes 2010 only the second year in the last six years without a decrease.

In general, workers in Midwestern, Mid-Atlantic, and Northeastern states had the highest levels of participation in employment-based retirement plans, while those in Southern and Western states had the lowest levels.

These findings are among many from the October *EBRI Issue Brief*, “Employment-Based Retirement Plan Participation: Geographic Differences and Trends, 2010,” online at [www.ebri.org](http://www.ebri.org)

As the EBRI report notes, measuring retirement plan participation levels in the United States is not a simple issue: Not all employers offer their workers a retirement plan; when a plan is offered, different types of workers participate at very different rates; and there are different work force definitions used when measuring participation (see below).

***Among all workers***—Among all 152.6 million Americans who worked in 2010 (including part-time workers), 75.0 million worked for an employer or union that sponsored a retirement plan and 60.7 million participated in the plan. This translates into a sponsorship rate (the percentage of workers working for an employer or union that sponsored a plan) of 49.2 percent and a participation level of 39.8 percent. Phrased another way, slightly less than half of *all workers* were offered a retirement plan, and roughly 40 percent participated in one.

***Among wage and salary workers age 21–64***—For this group, which has the strongest connection to the work force, the sponsorship rate increases to 61.6 percent and the portion participating increases to 54.5 percent. Phrased another way, slightly more than half of full-time, full-year workers are offered a retirement plan, and slightly more than half participate.

Public-sector workers are far more likely than their counterparts in the private sector to be in a retirement plan: Almost 72 percent (71.9 percent) of *public-sector* wage and salary workers age 21-64 participated in an employment-based retirement plan, compared with 39.5 percent of *private-sector* workers.

“Retirement plan participation by workers is strongly tied to macroeconomic factors such as stock market returns and the labor market,” said Craig Copeland of EBRI, author of the report. “Better conditions of the late 1990s resulted in higher levels of participation, while worse conditions of the 2000s led to lower levels of participation. The economic crisis of 2008 and 2009 clearly had an impact on the most recent participation data.”

Other findings:

**Age:** The percentage of wage and salary workers ages 21–64 participating in a retirement plan in 2010 increased with age. For those ages 21–24, 17.2 percent participated in a plan, compared with 53.5 percent of those ages 55–64.

**Race:** Hispanic wage and salary workers were significantly less likely than both white and black workers to participate in a retirement plan. The gap between the percentages of black and white plan participants narrows when compared across earnings levels, with blacks surpassing whites at incomes of \$75,000 or more. In contrast, the gap between Hispanics and whites persisted across all earnings groups, although it showed some narrowing in the higher earnings groups.

**Education:** Among workers without a high school diploma, 17 percent participated in a retirement plan, compared with 65.8 percent for those with a graduate or professional degree.

**Geography:** States where workers had the lowest levels of participation—Florida, Nevada, Louisiana, Mississippi, South Carolina and Georgia—were in the South and West. States where workers had the highest participation were in the Mid-Atlantic and upper Midwest—West Virginia and North Dakota. In general, workers in Midwestern, Mid-Atlantic, and Northeastern states had the higher participation levels, while those in Southern and Western states had the lower levels.

#### **Measuring Retirement Participation**

There are two commonly referenced sources for measuring retirement plan participation, which have important differences:

- The National Compensation Survey (NCS), by the Bureau of Labor Statistics, which reports 50 percent of private-sector workers were participants in a retirement plan in March 2010.
- The Current Population Survey (CPS), by the U.S. Census Bureau, which shows 34.6 percent of all private-sector workers were in a retirement plan in 2010.

The NCS excludes various workers, including self-employed, agricultural, and private households, and the survey asks about individuals working only *in the month of March*. In contrast, the CPS asks about anyone who worked *in the previous year*. While an exact apples-to-apples comparison between the two surveys is not possible, excluding the same types of workers in the CPS as in the NCS results in a similar level of retirement plan participation: 50 percent for the NCS and 49.4 percent for the CPS in 2010.

The Employee Benefit Research Institute (EBRI) is a private, nonprofit research institute based in Washington, DC, that focuses on health, savings, retirement, and economic security issues. EBRI does not lobby and does not take policy positions.

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