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New Research from EBRI:

Retirement Plan Participation Stabilizing

WASHINGTON—As the economy slowly recovered from the recent recession, American workers’ participation in employment-based retirement plans stabilized, according to a new report by the nonpartisan Employee Benefit Research Institute (EBRI).

In 2011, the percentage of workers participating in an employment-based retirement plan was essentially unchanged from a year earlier. Specifically, the percentage of all workers (including part-year, part-time, and self-employed) participating in an employment-based retirement plan moved from 39.6 percent in 2009, to 39.8 percent in 2010, to 39.7 percent in 2011.

“The increase in the number of workers participating in 2011 halted the three year decline from 2008–2010,” said Craig Copeland, senior research associated at EBRI and author of the report. “The downturns in the economy and stock market in 2008 and into 2009 showed a two-year decline in both the number and percentage of workers participating in an employment-based retirement plan. The 2010 and 2011 participation levels stabilized as the economy recovered.”

As the EBRI report explains, the type of employment has a major impact on participation rates. Among full-time, full-year wage and salary workers ages 21–64 (those with the strongest connection to the work force), 53.7 percent participated. However, this rate varies significantly across various worker characteristics and the characteristics of their employers.

For instance, being nonwhite, younger, female, never married; having lower educational attainment, lower earnings, poorer health status, no health insurance through own employer; not working full time, full year, and working in service occupations or farming, fisheries, and forestry occupations were all associated with a lower level of participation 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, but when controlling for work status or earnings, the female participation level actually surpasses that of males. The retirement plan participation gender gap significantly closed from 1987–2009 before slightly widening in 2010 and 2011.

Hispanics born outside the United States had substantially lower participation levels than native-born Hispanics, even when controlling for age and earnings. This results in Hispanics as a group looking to lag significantly in terms of retirement plan participation, even though only the nonnative Hispanics actually have participation levels substantially below those of all other workers.

Full results are published in the November 2012 *EBRI Issue Brief*, “Employment-Based Retirement Plan Participation: Geographic Differences and Trends, 2011,” online at www.ebri.org

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