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New Research From EBRI:

Retirement Annuity Income Flows More to Men Than Women

WASHINGTON—Retired men are much more likely than women to receive annuity or employment-based retirement income and the men's income is likely to be substantially larger than the women's, new research from the Employee Benefit Research Institute (EBRI) shows.

The study, "Retirement Annuity and Employment Based Pension Income," published in the February *EBRI Notes*, reports that 45 percent of men 65 and older received annuity or pension income with a mean (average) amount of $16,470 a year. By contrast, 28 percent of women 65 and older received either form of income, with mean income amounting to $9,217. The figures are for 2003, the latest year for which U.S. Census Bureau information is available. The full report is available on EBRI's Website at www.ebri.org

"A woman age 65 or older in 2003 was less than two-thirds as likely to receive an annuity or pension payment as her male counterpart," said Dallas Salisbury, EBRI president. "If she did receive one, her mean benefit was likely to be about one half of that received by a man in the same age group."

There are two reasons for the difference, the study finds: On average, women spend less time in the workforce than men, and women tend to have lower paying jobs. However, the study noted the trend is changing and that younger women are spending more time in the workforce.

The study reported these additional findings:

- Nearly 30 percent of men age 50 and older with graduate-level education received an annuity or pension income in 2003, compared with 23 percent of men without a high school diploma. The median amount of payment for men with graduate degrees was three-and-a-half times that for men without high school diplomas.
- Widows received the lowest mean retirement annuity or pension income among women of any marital status. In 2003, the mean annuity or pension for widows was $9,215 a year, compared with $13,703 for women who were never married.
- Only 19 percent of persons age 50–60 in 2003 received annuity or pension income, but they had higher average incomes than those over age 60, This suggests that many persons who retired the 1990s may have done so because they were eligible for early retirement.

Looking to the future, the report said that today's workers may not have the same steady stream of income as in the past. Fewer employees are participating in traditional defined benefit (pension) retirement plans, the report noted, and a growing number of workers are participating in defined contribution plans, mainly 401(k) plans, which do not pay out as an annuity.

"This trend has had a positive impact, in that many workers who previously had no retirement plan at all now at least have access to a tax-favored plan," the study said. "However, defined contribution plans are far less likely to offer an annuity option to retirees than are defined benefit plans."

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