



EBRI News

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New Research from EBRI:

More Women Workers Than Men Have a Retirement Plan in Key Employment Group

WASHINGTON—Women in the group of workers with the strongest connection to the work force have a slightly higher level of participation in an employment-based retirement plans than their male counterparts, according to a study released today by the nonpartisan Employee Benefit Research Institute (EBRI). However, retirement participation levels fell across the board last year.

The study, which appears in the November 2006 *EBRI Issue Brief*, shows that among full-time, full-year wage and salary workers ages 21–64 (those with the strongest connection to the work force) 56.4 percent of women participated in a retirement plan in 2005, compared with 53.7 percent for men. Both levels were down about 2 percentage points from 2004. The full study is online at www.ebri.org

While women have higher participation levels in this key group, men had about a 1 percentage point lead over women among *all workers*: 41.3 percent participation for men, compared with 40.4 percent participation for women. “It appears that female workers’ lower probability of participation in the aggregate was a result of their overall lower earnings and lower rates of full-time work in comparison with males,” wrote Craig Copeland, EBRI senior research associate and author of the study. Workers of either gender with lower earnings and working part-time are much less likely to participate in a retirement plan than their counterparts.

The gender comparison is one of many contained in the comprehensive study of employment-based retirement plan participation, using the most recent Census Bureau data available. The study includes participation in both traditional defined benefit plans and defined contribution plans. Here are some other highlights:

- About 58 percent of all working-age (21–64) wage and salary employees worked for an employer or union that sponsored a retirement plan in 2005. Of those, slightly less than half (47 percent) participated in a retirement plan in 2005, down from 48.3 percent a year earlier.
- Among full-time, full-year wage and salary workers of both sexes, about 55 percent participated in a retirement plan in 2005, down from almost 57 percent a year earlier.
- Participation levels tend to increase with age (56.5 percent for wage and salary workers age 55–64, compared with 18.4 percent for those 21–24).
- Hispanic wage and salary workers were significantly less likely (about 28 percent) than either white (nearly 52 percent) or black (43 percent) workers to participate in a retirement plan. A major factor among Hispanic data is whether the worker is U.S.-born or foreign-born, with non-U.S.-born Hispanics being less likely to participate.

- Wage and salary workers in the South, West, and Southwest had the lowest levels of participation, while those in the upper Midwest and Northeast had the highest levels. Florida (38 percent) had the lowest participation level, while Minnesota had the highest (56 percent).

Overall, participation in retirement plans increased significantly when the labor market was tight in the late 1990s and decreased when unemployment went up in 2001 and 2002, the study reported. With a more stable job market in 2003 and 2004, the participation trend flattened out. But even with the stable job market in 2005, the participation level declined. As a result, the study said, it appears a much tighter job market may be needed to push participation levels upwards.

Significant differences appeared when wage and salary workers ages 21–64 were separated into public and private sectors. Slightly less than 75 percent of public-sector workers participated in an employment-based retirement plan in 2005, compared with 41.7 percent of private-sector workers.

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