



EBRI News

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New Research from EBRI:

Retirement Plan Participation Falls by 2 Percentage Points

WASHINGTON—The percentage of working heads of families who participated in an employment-based retirement plan dropped more than 2 percentage points from 2001–2004, according to a study released today by the nonpartisan Employee Benefit Research Institute (EBRI).

The study, in the February 2007 *EBRI Notes*, available at www.ebri.org, reported that 46.1 percent of working family heads *participated* in an employment-based retirement plan in 2004, down from 48.7 percent in 2001. The decline took place across all employers with 10 or more workers, the study said. At the same time, the percentage of heads of families working for an employer that *sponsored* a retirement plan was just over 61 percent in 2004, a number that has remained steady since 1992.

The study is based on the Survey of Consumer Finances, a triennial survey of U.S. families sponsored by the Federal Reserve in cooperation with the Department of the Treasury. It also provides information about the participation by heads of families in defined contribution (401(k)-type) plans, compared with defined benefit plans in 2004:

- 56 percent of heads of families who participated in an employment-based retirement plan had only a defined contribution (401(k)-type) plan.
- 26 percent of heads of families had only a “traditional” defined benefit (pension) plan.
- 18 percent had both a defined contribution and a defined benefit plan.

This was a significant change from 1992, when 42 percent of heads of families had only a defined benefit plan and 41 percent had only a defined contribution plan, the EBRI study reported. The most significant shift toward defined contribution plans came among employees of small firms.

The study also found the trend toward defined contribution (401(k)-type) retirement plans occurred among employers of all sizes. Here are some of the details:

- 58 percent of retirement plan participants working for employers with 500 or more employees were in a defined contribution plan in 1992. This number grew to 72 percent by 1995 and held steady at around 75 percent through 2004.
- 37 percent of participants working for employers with 10–19 employees were in a defined contribution plan in 1992. This number jumped to 69 percent in 1995, rose to more than 90 percent in 1998, and remained at more than 80 percent from 2001–2004.

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