



EBRI News

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New Research from EBRI:

Job Tenure Longer In Public-Sector Jobs Than Private Sector

WASHINGTON—Public-sector workers’ median tenure with their current employer is about 80 percent higher than private-sector workers, according to a study published today by the nonpartisan Employee Benefit Research Institute (EBRI). The study also finds that the percentage of long-tenured workers in the public sector declined in 2006 after a steady increase from 1991–2004.

The study of job tenure appears in the April 2007 *EBRI Notes*, available at www.ebri.org. It shows the following for all wage and salary workers age 20 or older in 2006:

- Median (midpoint) tenure for private-sector workers: 3.9 years.
- Median tenure for public-sector workers: 7.0 years.

The difference between job tenure for workers in the public sector and those in the private sector grew from 1983–2000, but has leveled off since, the study says. In 1983, the median job tenure for public-sector workers was 6.0 years, compared with 3.6 years for private-sector workers. The study notes these tenure trends have major implications for public-sector employers, since they are facing the retirement of a significant number of their most experienced workers.

For all wage and salary workers in both the private and public sectors age 25 or older, median job tenure was virtually unchanged from 1983 (5.0 years) to 2006 (4.9 years), according to the study. However, the median tenure for male wage and salary workers *declined* from 5.9 years in 1983 to 5.0 years in 2006. In contrast, the median tenure for female wage and salary workers *rose* from 4.2 years in 1983, to 4.8 years in 2006. The increase in the median tenure for female workers offset much of the decline in the median tenure for male workers, leaving the overall level essentially unchanged.

Eight percent of males working in the public sector had job tenure of 25 years or more in 1991. This increased steadily to 12.7 percent in 2004 before falling back to 11.7 percent in 2006. The percentage of female workers with tenure of 25 years or more increased from 5.9 percent in 1991 to 10.2 percent in 2004 then declined to 9.8 percent in 2006.

The study notes these data debunk the common belief that American workers once held career jobs and retired with a “gold watch,” the study says: “These tenure results indicate that, historically, most workers have repeatedly changed jobs during their working careers, and all evidence suggests that workers will continue to do so in the future.”

The study also points out that the frequency of changes in jobs has implications for a worker’s potential income in retirement. Most “traditional” defined benefit pensions are based on a formula

using tenure and average salary. Workers who frequently change jobs will not receive the maximum benefit, and those with job tenure of less than five years may not qualify for any benefit.

In addition, workers who change employers must decide what to do with any retirement plan assets they have accumulated, a situation that has become more prevalent with the growth in plans that allow a lump-sum distribution of all retirement assets at retirement, rather than paying out a regular payment for life. If workers do not retain these assets in a retirement savings vehicle, they may forgo an important source of supplemental income to their Social Security benefits or may be forced to remain in the work force longer, the study says. Also, enrollment in means-tested welfare programs could increase significantly if large numbers of retirees prematurely exhaust their own savings reserves.

The EBRI study is based on the January 2006 Supplement to the U.S. Census Bureau's Current Population Survey. 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. www.ebri.org

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