

# *Fast Facts from EBRI*

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## **How Family Income Affects Retirement Plan Participation**

WASHINGTON—How does family income affect the likelihood that at least one family member participates in a retirement plan?

A study by the nonpartisan Employee Benefit Research Institute (EBRI) shows that income is a significant factor in retirement plan participation, either through a plan at a current or former employer or through an individual retirement account (IRA) or Keogh plan. Those with higher incomes are significantly more likely to participate; but recent data also show that between 2001 and 2004, retirement plan participation went down for all income levels, even for those with the highest income.

For example, in 2004, about 10 percent of all families with annual income of less than \$10,000 had a participant in a retirement plan, compared with about 91 percent of families with an annual income of \$100,000 or more. Further, this trend has persisted over at least a dozen years. Overall, 57 percent of families had a participant in a retirement plan in 2004, compared with 59 percent in 2001 and 53 percent in 1992.

Here is a breakdown of retirement plan participation by family income for 1992, 2001, and 2004 (all expressed in 2004 dollars):

### **Retirement Plan Participation, by Family Income, 1992, 2001, and 2004**

Income Level	1992	2001	2004
Less than \$10,000	8.0%	11.6%	10.3%
\$10,000–\$24,999	26.2	25.0	22.6
\$25,000–\$49,999	57.3	56.1	54.6
\$50,000–\$99,999	81.9	81.4	80.2
\$100,000 or more	88.0	91.6	90.6

Source: *EBRI Issue Brief* no. 293, May 2006, based on Federal Reserve's 2004 Survey of Consumer Finances.

These figures come from the Federal Reserve's 2004 Survey of Consumer Finances. Details are in the May 2006 *EBRI Issue Brief*, available at [www.ebri.org](http://www.ebri.org).

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