


Fast Facts from EBRI

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The Decline in Eligible Traditional Pension Plan Participants

WASHINGTON—How many current private-sector workers are active participants in “traditional” defined benefit pension plans? How has the number changed over the years? What is the maximum federal benefit guarantee for these workers?

A new fact sheet from the nonpartisan Employee Benefit Research Institute (EBRI), “Basics of the Pension Benefit Guaranty Corporation (PBGC),” shows that both the number of *active participants* in traditional pension plans (current workers accruing benefits in their employer’s plan) and the *number of plans* has dropped sharply over the years. The fact sheet, which includes many other details about the PBGC, is available at www.ebri.org/pdf/0705fact.pdf. The PBGC, a federal agency, guarantees payment of basic pension benefits to about 44 million Americans in private-sector defined benefit pension plans.

Trends in Active Pension Plan Participants (2005)

- The total number of current private-sector single-employer (nonunion) workers who are active participants in a “traditional” defined benefit pension plan stood at **16.2 million** in 2005. Active participants are workers currently accruing benefits, as opposed to retired workers or those with vested benefits from a previous employer who have not retired.
- The 2005 number is down from a high of **22.2 million** participants in 1988.

Trends in Defined Benefit Pension Plans (2005)

- The number of **multi-employer** defined benefit pension plans, which almost exclusively cover union workers, peaked at 2,244 in 1980 and declined gradually to 1,567 in 2005.
- The number of **single-employer** plans, which generally cover nonunion workers, declined sharply from 112,208 in 1985 to 28,769 in 2005.
- The decline among single-employer plans reflects the termination of many small- and medium-sized plans. Most of the single-employer defined benefit pension plans that remain today are at large employers.

Maximum PBGC Insurance Levels (2007)

Under the single-employer program, PBGC pays monthly retirement benefits up to a guaranteed maximum. The maximum payments in plans with a termination year of 2007 for a single-life annuity are:

- At age 65: \$49,500 a year.
- At age 62: \$39,105 a year.
- At age 55: \$22,275 a year.

Year-by-year data on the number of active “traditional” pension plan participants and the number of multi-employer and single-employer plans are available on EBRI’s Web site at:

www.ebri.org/publications/benfaq/index.cfm?fa=retfaq14

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