

## Tracking the Shift in Private-Sector, Employment-Based Retirement Plan Participation From Defined Benefit to Defined Contribution Plans, 1979–2017

Having an employment-based retirement plan is one of the most significant factors in individuals' likelihood of having a financially secure retirement. However, recent retirees and those currently reaching retirement face different challenges than private-sector workers who retired further in the past. This is due to a decrease in defined benefit (DB) plans being offered by private-sector employers and a corresponding increase in defined contribution (DC) plan offerings. The result is that future retirees will have greater responsibility for managing their retirement plan assets throughout retirement. In this *Fast Fact*, the extent of this movement of participants from DB plans to DC plans is shown for private-sector workers.

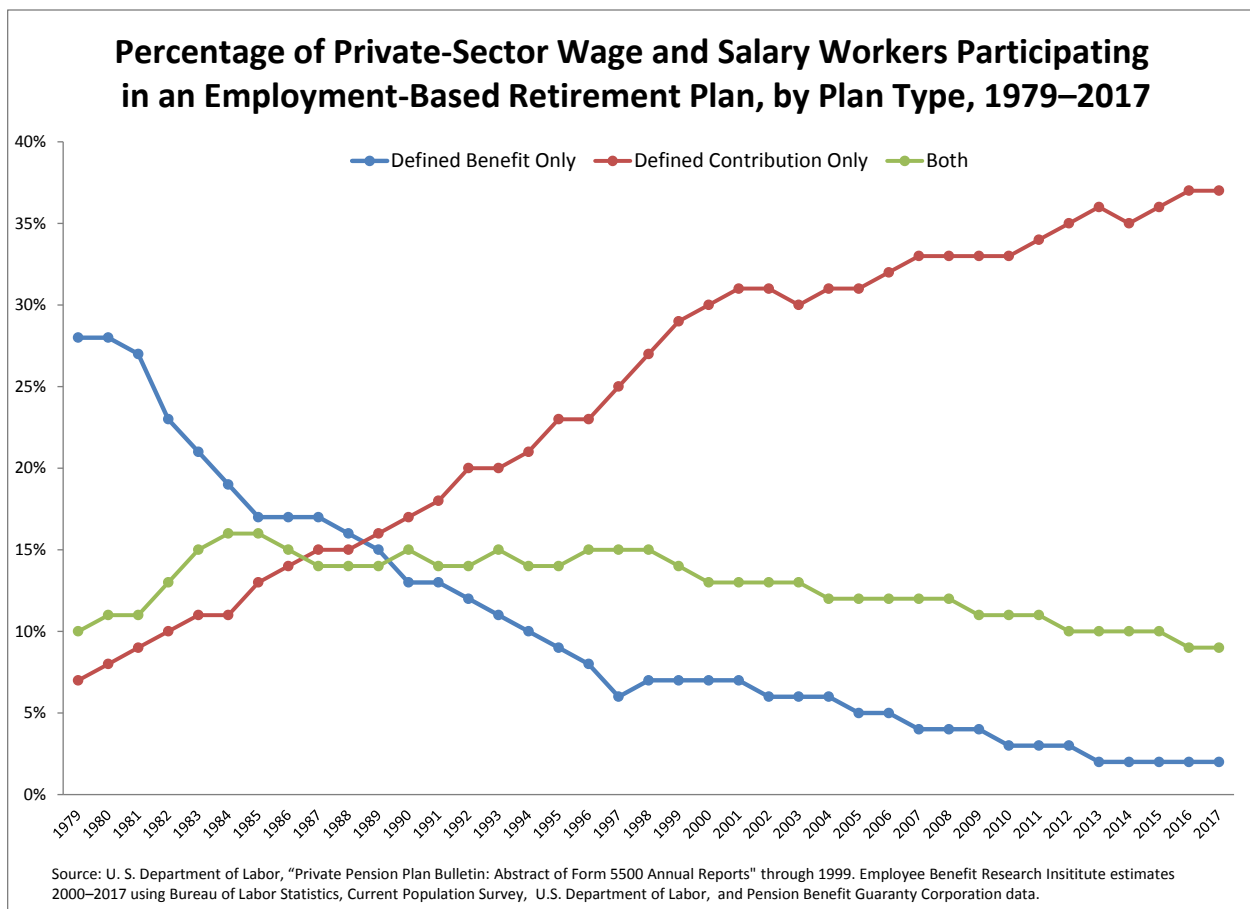
Up through 1999, the Department of Labor's (DOL) Pension Plan Bulletin<sup>1</sup> estimated the percentages of private-sector wage and salary workers who were in each type of retirement plan (DB plan only, DC plan only, or both plans). The Employee Benefit Research Institute (EBRI) has continued estimating these numbers to show the movement of private-sector retirement plan participants from DB plans to DC plans. EBRI's goal has been to match the DOL trend as closely as possible despite considerable changes in the data sources, which are documented in the recent *EBRI Issue Brief*, "[Current Population Survey: Checking in on the Retirement Plan Participation and Retiree Income Estimates](#)."

In order to calculate the share of private-sector workers who fall into each of the retirement type categories — DB plans only, DC plans only, or both plans — EBRI determined:

- The number of private-sector workers based on the Current Population Survey data.
- The number of active participants in DB and DC plans from the U.S. Department of Labor data.
- The number of active participants with more than one plan.
- The breakdown of those with a DB plan and a DC plan vs. those with two DC plans.

The resulting estimates, featured in the figure below, show that the percentage of private-sector wage and salary workers participating in a DB plan only decreased from 28 percent in 1979 to 2 percent in 2017. Correspondingly, the percentage participating in DC plans only went from 7 percent to 37 percent. The percentage with both plans went from 10 percent in 1979 to 9 percent in 2017 after peaking at 16 percent in 1985.<sup>2</sup>

The dramatic and continuing shift of private-sector worker plan coverage from DB to DC has implications not only for future retirees who must manage their own drawdown strategy during retirement but also for employers, providers, and policymakers as they navigate this seismic change in the retirement equation.



The EBRI report, “Current Population Survey: Checking in on the Retirement Plan Participation and Retiree Income Estimates,” is published as the May 2019 *EBRI Issue Brief*, and is available online [here](#).

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<sup>1</sup> Employee Benefits Security Administration, U.S. Department of Labor. “Private Pension Plan Bulletin: Abstract of Form 5500 Annual Reports,” <https://www.dol.gov/agencies/ebsa/researchers/statistics/retirement-bulletins/private-pension-plan>

<sup>2</sup> The remaining percentage of private-sector wage and salary workers did not participate in a plan. In 2017, this amounted to 52 percent of private-sector workers.