

Putting Numbers to the Shifting Retirement Landscape

Having an employment-based retirement plan is one of the most significant factors in individuals' likelihood of having a financially secure retirement.¹ However, recent retirees and those currently reaching retirement face different challenges than private-sector workers who retired years before. 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.

About the Data

Up through 1999, the Department of Labor's (DOL) Pension Plan Bulletin² estimated the percentages of private-sector wage and salary workers who were in each type of retirement plan (defined benefit (DB) plan only, defined contribution (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.³

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.

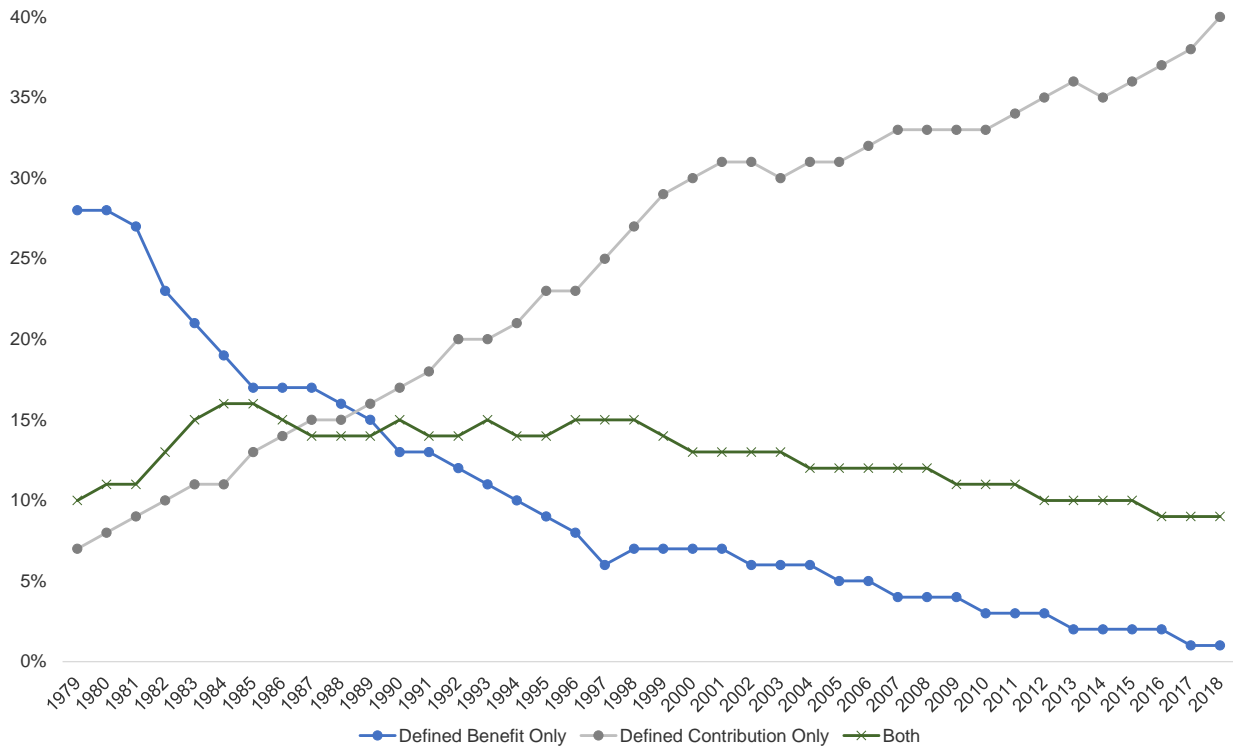
In its recent estimates, featured in the figure below, the Employee Benefit Research Institute (EBRI) shows that the percentage of private-sector wage and salary workers participating in a DB plan only decreased from 28 percent in 1979 to 1 percent in 2018. However, there was no change in such participation between 2017 and 2018.

Correspondingly, the percentage participating in DC plans only went from 7 percent to 40 percent over that same time period. Between 2017 and 2018, such participation increased 2 percentage points.

The percentage with both plan types went from 10 percent in 1979 to 9 percent in 2018 after peaking at 16 percent in 1985.⁴ Such participation has been flat since 2016.

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.

Percentage of Private-Sector Wage and Salary Workers Participating in Various Types of Employment-Based Retirement Plans



Source: U. S. Department of Labor Form 5500 Summaries through 1999. EBRI estimates 2000–2018 using Bureau of Labor Statistics, Current Population Survey, and U.S. Department of Labor data.

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¹ See Jack VanDerhei, “Retirement Savings Shortfalls: Evidence From EBRI’s 2019 Retirement Security Projection Model,” *EBRI Issue Brief* no. 475 (Employee Benefit Research Institute, March 7, 2019) for a comparison of retirement savings shortfalls by years of defined contribution eligibility.

² 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>

³ See Craig Copeland, “Current Population Survey: Checking in on the Retirement Plan Participation and Retiree Income Estimates,” *EBRI Issue Brief*, no. 483 (Employee Benefit Research Institute, May 30, 2019) for details on the changes in the data sources.

⁴ The remaining percentage of private-sector wage and salary workers did not participate in a plan. In 2018, this amounted to 50 percent of private-sector workers.