

## New Questions Improve Current Population Survey Estimates on Retirement Plan Participation

The Employee Benefit Research Institute (EBRI) has noted for a number of years that estimates on retirement plan participation from the Current Population Survey (CPS) have been questionable since the survey questionnaire's 2014 redesign. This is important because the CPS data have been an oft-cited source of trends in retirement plan participation among U.S. workers.

In 2019, the CPS added new questions relating to interest income earned in a retirement account. Assuming that workers who reported having this income from a retirement account must have had a retirement plan, new estimates from the CPS can be determined that at least partially correct for the apparent undercounting of retirement plan participation from defined contribution (DC) plans in the survey.

By providing these new questions, the CPS has, in effect, added an important follow-up to help determine whether workers were participating in a retirement plan that they did not consider a pension plan in their answer to the traditional pension questions in the CPS (the source of the issue with the redesigned CPS). As a result, the number of workers who responded that they received income from an employment-based retirement account can be added to the number of workers who reported having a pension plan under the traditional questions (accounting for those responding yes to both). This provides an adjusted overall estimate of employment-based retirement plan participation that is substantially higher, suggesting that the estimates from the CPS have greatly improved.

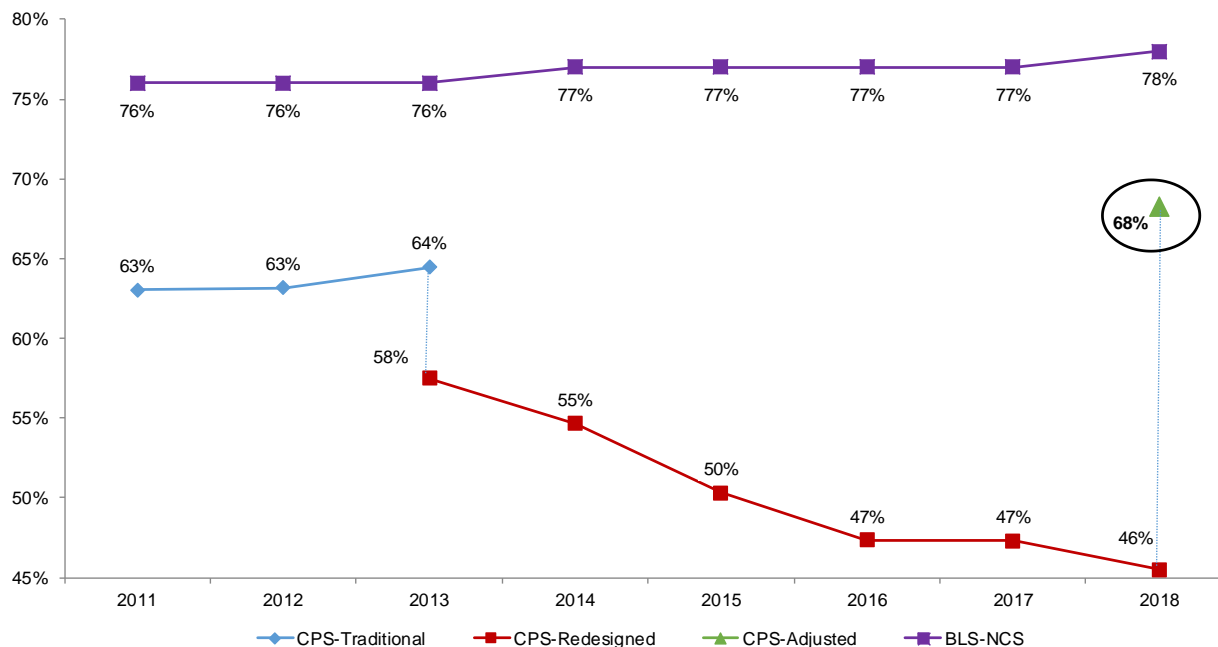
### Comparing the Estimates With Bureau of Labor Statistics Data

The retirement plan participation estimates from the CPS traditional pension questions showed declines that were not consistent with the findings from the Bureau of Labor Statistics' National Compensation Survey (BLS-NCS).<sup>1</sup> This survey found that the percentage of private-sector wage and salary workers at establishments with 500 or more employees participating in an employment-based retirement plan *increased* from 76 percent in 2013 to 77 percent in 2014. It remained at this level through 2017, before increasing to 78 percent in 2018 (see figure).

In contrast, using the most comparable data in the CPS, the percentage of full-time, full-year wage and salary workers who worked for a private-sector employer with 500 or more employees that participated in a plan was found to be lower in 2013 under the redesigned questionnaire compared with the traditional questionnaire (58 percent vs. 64 percent). Under the redesigned questionnaire, the percentage participating declined from 55 percent in 2014 to 46 percent in 2018. Taking into account the new income questions in the 2019 survey (2018 results), the adjusted percentage participating jumps dramatically and is much closer to the BLS-NCS number at 68 percent.

The data that CPS provides are important, as they are the most current annual data on retirement plan participation on a worker-level basis. Because the data are at the worker level, as opposed to the employer level, it is possible to determine differences in retirement plan participation by various worker characteristics. Since CPS is such a valuable source of data on retirement plan participation, its accuracy is important for decision-making about the retirement system, particularly for those most likely to face challenges when it comes to having adequate income in retirement.

**Percentage of Wage and Salary Workers Working for Private-Sector Employers With 500 or More Employees Participating in an Employment-Based Retirement Plan, Current Population Survey vs. Bureau of Labor Statistics National Compensation Survey, 2011–2018**



Source: Employee Benefit Research Institute estimates of the March Current Population Survey 2012–2019. The 2011–2012 results were from the traditional, while the 2014–2018 results were from the redesigned questionnaire and adjusted participation in 2018. CPS-Current Population Surveys/BLS-NCS-Bureau of Labor Statistics-National Compensation Survey (See [http://www.bls.gov/ncs/ebs/benefits/2016/ownership\\_private.htm](http://www.bls.gov/ncs/ebs/benefits/2016/ownership_private.htm).) The CPS population is restricted to private-sector wage and salary workers who worked full time, full year and were not in the agricultural or private household industries.

The EBRI report, “Retirement Plan Participation and the Current Population Survey: The Impact of New Income Questions on These Estimates,” is published as the January 30, 2020, *EBRI Issue Brief* and is available online [here](#).

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<sup>1</sup> The National Compensation Survey (NCS) is conducted annually in March by the Bureau of Labor Statistics by surveying U.S. businesses about their compensation cost trends, incidence of benefits, and detailed benefit provisions. Estimates from the NCS are for civilian workers — workers in private industry and in state and local government — by various employee and employer characteristics. Federal government, agricultural, private household, and self-employed workers are excluded. For more detail on the NCS, see <http://www.bls.gov/ncs/ebs/benefits/2019/overview.htm>

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