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Retirement Plan Participation: Effect of Education

WASHINGTON—How does education affect the likelihood of participating in a retirement plan?

The November 2009 *EBRI Issue Brief*, published by the nonpartisan Employee Benefit Research Institute (EBRI), provides answers to these and other questions. In short, it finds that workers with lower educational attainment had lower levels of retirement plan participation in 2008. Also, educational attainment is strongly related to earnings.

Here are some of the findings:

- When controlling for earnings, the most highly educated still had the highest levels of participation in a retirement plan, but the differences with the less-educated workers were much smaller, particularly as earnings decreased. Yet, those with the least education (no high school diploma) still had significantly lower levels of participation than those with at least a high school diploma.
- Specifically, less than half (48.0 percent) of those without a high school diploma and making \$50,000 or more participated in a retirement plan, compared with 62.5 percent of those with the same earnings and only a high school diploma and 75.7 percent for those with a graduate or professional degree. Consequently, the education level of workers clearly plays a role in the likelihood of participation in a retirement plan beyond determining a worker's earnings level.

Percentage of Wage and Salary Workers Ages 21–64 Who Participated in an Employment-Based Retirement Plan, by Annual Earnings and Educational Attainment, 2008

	Less Than \$15,000	\$15,000– \$29,999	\$30,000– \$49,999	\$50,000 or More
No High School Diploma	5.7%	17.1%	34.8%	48.0%
High School Diploma	12.6	33.5	54.5	62.5
Some College	12.9	37.1	56.6	66.5
Bachelor's Degree	18.4	38.6	62.1	69.5
Graduate/Prof. Degree	20.2	41.8	67.8	75.7

Source: Employee Benefit Research Institute estimates from the March 2009 Current Population Survey.

The full November 2009 *EBRI Issue Brief* is available at www.ebri.org. Back editions of *Fast Facts from EBRI* are archived at www.ebri.org/publications/facts/index.cfm?fa=fastfacts

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