

At a Glance

Current Population Survey: Approach Retirement Plan Participation and Retiree Income Estimates with Care

The Annual Social and Economic Supplement to the Current Population Survey (CPS), conducted by the U.S. Census Bureau, is one of the most-cited sources of income data for those ages 65 or older. In 2014, with the intent of improving the amount of retiree income captured within the CPS, the survey underwent a redesign. However, EBRI's analysis of the survey after the redesign shows that the estimates of the percentage of workers who participate in employment-based retirement plans should be approached with care.

The goal of capturing more income was partially successful. Under the traditional CPS survey design in 2013, an aggregate amount of \$279.92 billion in retiree income¹ was estimated. This was well below the \$865.5 billion reported to

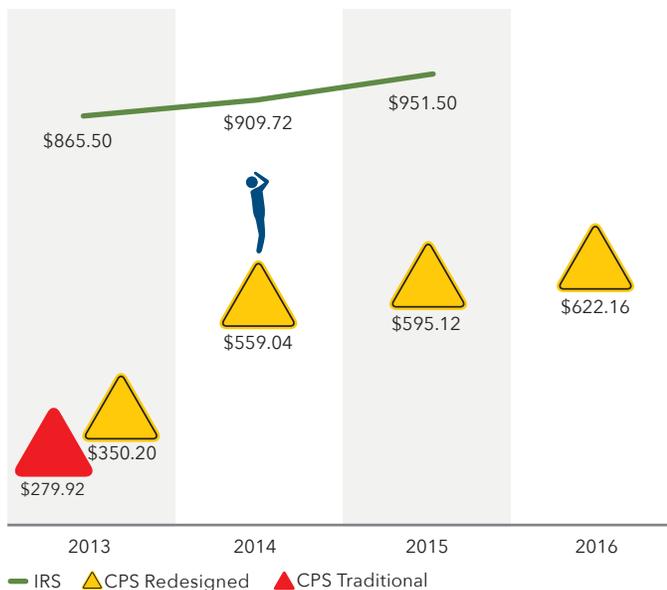
the IRS for similar income that year. After the redesign, the total retiree income increased to \$350.20 billion. In other words, the traditional design CPS number was 32.3% of the IRS number, while the redesigned number was 40.5%. The aggregate CPS numbers have continued to grow relative to the IRS numbers, with the 2015 CPS total reaching 62.5% of the 2015 IRS number (\$595.12 billion versus \$951.50 billion). This is clearly still less than the IRS level, but it is closer than under the traditional design.

At the same time, the redesign has affected CPS estimates of the percentage of employees participating in employment-based retirement plans. In 2013, the traditional CPS survey showed that the percentage of private-sector wage and

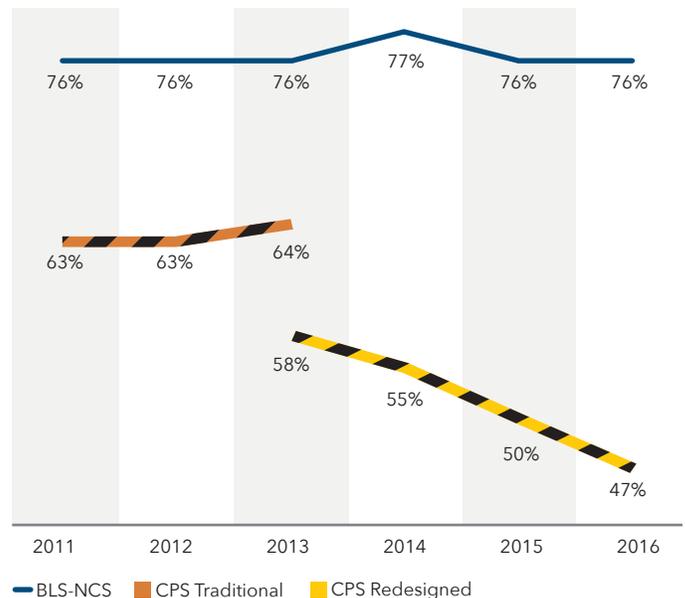
salary workers at establishments with 500 or more employees participating in an employment-based retirement plan was 64%, compared with 58% under the redesign. This percentage participating has continued to decline reaching 47% in 2016. In contrast, the Bureau of Labor Statistics' National Compensation Survey (NCS) has shown that participation by the same group has remained flat between 2013 and 2016 at 76%.

The bottom line is that policymakers, pundits, and the industry should approach the CPS numbers with care. Based on the CPS estimates alone, it is risky to conclude that retirement plan participation is waning, particularly when contradictory evidence exists.

Comparison of Retiree Income from the Current Population Survey and Retiree Income from IRS Tax Data, 2013-2016 (in billions of nominal dollars)



Estimates of Employees Participating in Employment-Based Retirement Plans: Current Population Survey vs National Compensation Survey



¹Retiree income is defined as pension/annuity income including DC plan and IRA withdrawals. Also, survivor and disability income in CPS is included, as some of that income is categorized as pension/annuity income by the IRS. The IRS comparison number includes pension/annuity income plus taxable DC and IRA distributions.