EBRI 35th Anniversary Policy Forum
Overview Panel Slides

December 12, 2013
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1978 – 2013 – 2048
Yesterday – Today – Tomorrow

Dallas Salisbury, president & CEO, EBRI
Percentage Receiving Income From Specified Sources
1962 – 2012

- Social Security
- Pensions
- Asset income
- Earnings
- Other

Shares of Aggregate Income By Source
1962 – 2012


Sources of Income, Americans Age 65 and Older, 1974 and 2012

Health Benefits
Yesterday – Today – Tomorrow

Paul Fronstin, director, EBRI Health Research and Education Program

Employment-Based Health Benefits
1979 – 2012

Percentage of Private-Sector Workers Employed By Establishments Offering Health Insurance to Retirees, 1997 – 2012

Source: EBRI estimates from various tables at http://meps.ahrq.gov/mepsweb/data_stats/quick_tables_search.jsp?component=2&subcomponent=4

Distribution of Health Plan Enrollment for Covered Workers, by Plan Type, 1988 – 2013

Source: EBRI estimates based on data from Kaiser Family Foundation.
Percentage of National Health Expenditures, by Source of Payment, 1965 – 2022


Declining Confidence Among Employers That They Will Be Offering Health Care Benefits a Decade From Now

Source: NBGH/Towers Watson.
## Yet the More Things Change, the More They Stay the Same

<table>
<thead>
<tr>
<th>Then</th>
<th>Now</th>
</tr>
</thead>
<tbody>
<tr>
<td>HMOs</td>
<td>ACOs, PCMHs</td>
</tr>
<tr>
<td>Cafeteria Plans &amp; Managed Competition</td>
<td>CDHPs &amp; private health insurance exchanges</td>
</tr>
<tr>
<td>In-network v. Out-of-network cost sharing</td>
<td>Tiered provider networks &amp; reference-based pricing</td>
</tr>
<tr>
<td>1993: Republican alternative to Clinton Health Plan included an individual mandate. Sen. Chafee (R-RI) and 19 other Republican co-sponsors.</td>
<td>2010: PPACA aka ObamaCare 2012: SCOTUS</td>
</tr>
</tbody>
</table>

Source: EBRI.

## Retirement Income Adequacy Tomorrow

*Jack VanDerhei, research director, EBRI*
Percentage of Successful* Retirements for Voluntary Enrollment 401(k) Plans, by Income Quartile and Whether Social Security Benefits Have a Proportional Reduction of 24%

<table>
<thead>
<tr>
<th>Income Quartile</th>
<th>Full Social Security</th>
<th>Reduced Social Security</th>
</tr>
</thead>
<tbody>
<tr>
<td>60 percent</td>
<td>86%</td>
<td>73%</td>
</tr>
<tr>
<td>70 percent</td>
<td>76%</td>
<td>63%</td>
</tr>
<tr>
<td>80 percent</td>
<td>67%</td>
<td>50%</td>
</tr>
</tbody>
</table>

* "Success" is defined as achieving an X percent real replacement rate from Social Security and 401(k) accumulations combined as defined in VanDerhei and Lucas (2010) where X = 60, 70 or 80. The population simulated consists of workers currently ages 25–29 who will have more than 30 years of simulated eligibility for participation in a 401(k) plan. Workers are assumed to retire at age 65 and all 401(k) balances are converted into a real annuity at an annuity purchase price of 18.62.


Percentage of Successful* Retirements for Automatic Enrollment 401(k) Plans, by Income Quartile and Whether Social Security Benefits Have a Proportional Reduction of 24%

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Plans are assumed to have automatic escalation with a 1 percent of annual compensation increase and plan-specific default contribution rates. Employees are assumed to retain their previous level of contributions when they participate in a new plan and opt-out of automatic escalation in accordance with the probabilities in VanDerhei (September 2007).
2013 EBRI Retirement Readiness Ratings™

- Percentage of Simulated Life Paths That Will NOT Run Short of Money in Retirement at Various Thresholds
- Stochastic modeling of:
  - Investment risk
  - Longevity risk
  - Risk of nursing home and home health care
- Three different thresholds
  - Enough for 100 percent of simulated expenses
  - 90 percent
  - 80 percent

By Age Cohort

By Preretirement Wage Quartile

By Future Years of Eligibility for a Defined Contribution Plan (Gen Xers)

EBRI: Hindsight, Foresight, Insight

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