

President's Report

—Dallas L. Salisbury

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Employee Benefit
Research Institute

This report takes a new form and carries our new logo for EBRI's second 30 years. It can be accessed anytime at EBRI.org's [President's Report page](#), so that you can take advantage of the links should you be reading this in print form, or should you misplace an electronic copy. As always, I would appreciate hearing your thoughts on how this report could be made more valuable and any suggestions on how EBRI can be more effective.

The EBRI Board of Trustees oversaw a great year in 2008. Revenues and expenses for all activities came close to matching at a total of \$4.22 million, with a net deficit of \$22,000. Expenses included a major investment in computer systems and systems security in order to allow us to continue to expand our comprehensive 401(k) and IRA databases. This is paying off in 2009, as the current economy and markets have led to a constant stream of requests for analysis of the implications for retirement plan participants.

Also, happily, 2009 is looking like it will be a positive year financially. Renewals are at 95 percent, with most of the dues "in the bank," and we are adding new members (full listings are on the Web site on the [Membership page](#)). The Board has already approved a budget that assures that we can maintain our full program in 2009 and 2010, as health and retirement issues are at the center of the national policy debate. We began the year with an operating fund of \$3.6 million and a long-term reserve of \$7 million, providing a very strong financial base for operations.

Our 30th birthday party in December was enjoyed by all, and we are off to a great start as we begin our fourth decade of research and education.

On behalf of myself and the team at EBRI, I extend my grateful appreciation to our Members, whose moral and financial commitment to our mission and vision continues to make all our work possible. Your dedication and support are vital to our ability to continue to "tell it like it is" with "just the facts." And I thank the many others with whom we work.



Dallas Salisbury
President & CEO
EBRI

EBRI's May 7, 2009, Policy Forum will be on "Decumulation/Retirement Income in Defined Contribution Plans." You can [register on-line](#). For more information, e-mail willis@ebri.org

The ASEC Partners Meeting on April 15, 2009, will be at the Securities and Exchange Commission. A [Draft Agenda](#) has been developed. You can [register on-line](#). For more information, e-mail mcdonnell@asec.org

For those getting this report in paper format: The electronic version has hotlinks to dozens of reports and other Web sites cited below. Go to www.ebri.org/publications/index.cfm?fa=presidentReport

New Developments

Fundamentals 6th Edition

The all-new sixth edition of EBRI's reference book, *Fundamentals of Employee Benefit Programs*, was published in January 2009. *Fundamentals* was first published by EBRI in 1983 and is widely used by benefits professionals as a training resource, in colleges as a textbook, and by journalists as a valuable reference. *Fundamentals* can be purchased for \$19.90 (discounts available to EBRI Members) and also is [available online](#).

Launch of New Brand and Web Site Design

In the beginning of the new year, as part of its 30th anniversary commemoration, EBRI re-launched and updated its [Web site](#) to make its research and publications easier to access. The new Web site design is part of an EBRI rebranding effort, which also includes a new logo and new design for the publications, *Issue Briefs*, *Notes*, and *Fast Facts*.

EBRI Now on Twitter

As of February 2009, EBRI is posting links to its latest research and publications on Twitter, the real-time short messaging service that works over multiple networks and devices.

EBRI's site can be reached on Twitter at [@EBRI](#) or at its [Twitter URL](#).

401(k) Balances and Changes Due to Market Volatility

In October 2008, EBRI began conducting [regular updates](#) of 401(k) balance estimates as the markets change, based on data from the EBRI/ICI 401(k) database, the most comprehensive database on 401(k) plan participants yet assembled. Not only are these data unique, but EBRI also is able to provide long-term results for 401(k) participants who have consistently participated in their employer's retirement plan, due to the longitudinal (historic) information available in the database.

- [Media Coverage of the 401\(k\) Balances and Changes Information](#)
From Oct. 1, 2008, to March 20, 2009, partial tracking found the *401(k) Balances and Changes Information* was mentioned in 26 newspapers, 25 periodicals, and 3 news wires. In addition, 17 Web-based outlets (such as [MarketWatch](#), [MSN Money](#)) posted headlines and links on their Web sites.

2009 Lillywhite Award

On Feb. 10, 2009, EBRI announced two winners of the [2009 EBRI Lillywhite Award](#), which recognizes outstanding lifetime contributions to Americans' economic security. They are Kenneth L. Holmes, of Wilmington, DE, a retired investment manager and consultant; and Dallas L. Salisbury, of Washington, DC, EBRI president and chief executive officer.

Presentations by EBRI Staff

The follow are presentations and testimony by EBRI staff in the past eight months:

Dallas Salisbury:

- I [testified](#) at the Senate Special Committee on Aging hearing on February 25: "[Boomer Bust? Securing Retirement in a Volatile Economy.](#)" My [testimony is online](#).
- I was interviewed by Ric Edelman on the [Feb. 21, 2009](#), show and by Jean Chatzky on her [Feb. 23, 2009](#), show. Both Ric and Jean promoted the *America Saves Week* and discussed savings tips with me.
- On the PBS Lehrer NewsHour, correspondent Paul Solman interviewed me for the Feb. 19, 2009, show in a segment titled "[The Amazing Adventures of Savings Man.](#)" which focused on the difficulty of getting the savings message out in the mass media and featured many of the *Savingsman*TM PSAs.

- I was a speaker at a conference on [“The Future of Life-Cycle Saving and Investing,”](#) sponsored by [various organizations](#) and held at Boston University last October. This was the second in a series that brings together academic researchers, expert practitioners, and public-sector policymakers to explore what the modern science of life-cycle finance implies for households, businesses, and government. I participated in the segment titled, [“How Older People Behave.”](#)

Jack VanDerhei:

- “Economic Shift: Diagnosing a Volatile Economy’s Impact On Recent Retirees’ Decisions, and Monitoring the Future of Baby Boomer Retirement Income,” [RIIA Managing Retirement Income Conference](#), Boston, MA, Feb. 10, 2009.
- Urban Institute conference on [Frozen Pensions and Falling Stocks: What Will Happen to Retirees’ Incomes?](#) Urban Institute, Washington, DC, Feb. 3, 2009.
- Nov. 13, 2008, “No More Retirement? Pensions, Social Security and an Aging Workforce,” Wharton Research Advisory Group.
- Testified Oct. 7, 2008, before the House Education and Labor Committee at a hearing on [“The Impact of the Financial Crisis on Workers’ Retirement Security.”](#) The [testimony given that day](#) and [expanded testimony written for the hearing record](#) are both posted on the EBRI Web site.

Paul Fronstin:

- [“The Tax Treatment of Health Insurance and Out-of-Pocket Expenses,” Insure the Uninsured Projects: 13th Annual Covering the Uninsured Conference](#), Sacramento, CA, Feb. 4, 2009.
- “Changing the Tax Treatment of Health Insurance: Implications for Employment-Based Health Benefits.” [Families USA Annual Conference](#), Washington, DC, Jan. 30, 2009.
- “Changing the Tax Treatment of Health Insurance: Implications for Employment-Based Health Benefits.” AARP National Policy Council, Washington, DC, Jan. 14, 2009.
- “Trends in Employment-Based Health Benefits and Implications from the Election.” BlueCross BlueShield National Labor Office Health Fair, Washington, DC, Nov. 13, 2008.
- “Savings Needed to Fund Health Insurance and Health Care Expenses in Retirement: Findings from a Simulation Model.” 2008 NAPFA Northeast/Mid-Atlantic Conference, Hershey, PA, Nov. 11, 2008.
- [“Changing the Tax Treatment of Health Insurance: Implications for Employment-Based Health Benefits.”](#) National Congress on Health Reform, Washington, DC, Sept. 23, 2008.
- [“Uninsured Workers: Trends in Coverage and the Role of Small Business.”](#) BlueCross BlueShield Association Capital Hill Forum, Washington, DC, Sept. 22, 2008.

Research—Retirement

401(k) Plans:

Since the summer of 2008, EBRI has released three *Issue Briefs* on 401(k) topics:

- March 2009, [“Use of Target-Date Funds in 401\(k\) Plans, 2007.”](#) This study uses the unique richness of the data in the EBRI/ICI Participant-Directed Retirement Plan Data Collection Project, comprised of almost 22 million participants, to examine the choices and characteristics of participants whose plans offer target-date funds.
- February 2009, [“The Impact of the Recent Financial Crisis on 401\(k\) Account Balances.”](#) This analysis estimates changes in average 401(k) balances from Jan. 1, 2008, to Jan. 20, 2009, and Jan. 1, 2000 to Jan. 20, 2009, using the EBRI/ICI 401(k) database of more than 21 million participants. This *Issue Brief* also calculates how long it might take for end-of-year 2008 401(k) balances to recover to their beginning-of-year 2008 levels. It also looks at the distribution of equity concentrations by age and shows that nearly 1 in 4 participants between ages 56–65 had more than 90 percent of their account balances in equities at year-end 2007.

- December 2008, [“401\(k\) Plan Asset Allocation, Account Balances, and Loan Activity in 2007.”](#) This report is an update of EBRI and ICI’s ongoing research into 401(k) plan participants’ activity through year-end 2007. The report is divided into four sections: The first describes the EBRI/ICI 401(k) database; the second presents a snapshot of participant account balances at year-end 2007; the third looks at participants’ asset allocations, including a new analysis of 401(k) participants’ use of lifecycle funds; the fourth focuses on participants’ 401(k) loan activity.
- [Chapter 13 of EBRI’s Databook on Employee Benefits](#) functions as a guide to additional EBRI research on 401(k) Plans.

Retirement Confidence Survey

Underwriting

The 2009 [Retirement Confidence Survey](#) was fielded from Jan. 2 through Jan. 31, 2009. We received the results of the survey in February 2009, and met with the underwriters on February 19 to go over the results. The final report is scheduled to be released April 14, 2009. The 2009 survey had 28 underwriters.

Media Coverage of the 2008 RCS

From April 9, 2008, to March 20, 2009, partial tracking found the 2008 RCS mentioned in 112 newspapers, 58 periodicals, and 20 news wires. In addition, 60 Web-based outlets (such as [MarketWatch](#), [MSN Money](#)) posted headlines and links on their Web sites.

Lump-Sum Distributions

- January 2009, *EBRI Notes* article, [“Lump-Sum Distributions at Job Change.”](#) With 401(k)-type retirement plans now dominant and “traditional” pensions offering lump-sum distributions at retirement, a growing number of workers are faced with making decisions about what to do with the assets they have earned in their employment-based plans when they change jobs. After leaving employment with a retirement plan sponsor, the worker has three choices for his or her retirement account: Leave the money in the plan, roll it over to another tax-qualified savings vehicle, or cash it out.

Retirement Plan Participant Demographics

- Feb. 2009, *EBRI Notes* Article, [“Retirement Plan Participation: Survey of Income and Program Participation \(SIPP\) Data, 2006.”](#) While SIPP data have the advantage of providing relatively detailed information on the retirement plans that workers participate in, they also have the drawback of being fielded only once every three to five years. By comparison, the Census Bureau’s Current Population Survey provides overall participation levels of workers on an annual basis, but does not provide information on the plan types in which the workers are participating.
- October 2008, *EBRI Issue Brief*, [“Employment-Based Retirement Plan Participation: Geographic Differences and Trends, 2007.”](#) Presents the results of EBRI’s latest analysis of the uninsured based on the March (Annual Social and Economic) Supplement to the Current Population Survey.
- Further details are available from [Chapter 10 of EBRI’s Databook on Employee Benefits](#).
- November 2008, *EBRI Notes* Article, [“Retirement Annuity and Employment-Based Pension Income Among Individuals Ages 50 and Over, 2007.”](#) This article uses the March (Annual Social and Economic) Supplement to the Current Population Survey to determine how different demographic variables affect retirement annuity and employment-based pension income. Further details are available from [Chapter 8 of EBRI’s Databook on Employee Benefits](#).

Research—Health Care

Tax Issues and Health Care Benefits

- January 2009, *EBRI Issue Brief*, “[Capping the Tax Exclusion for Employment-Based Health Coverage: Implications for Employers and Workers.](#)” With health reform a major priority of the new 111th Congress and President Barack Obama, this *Issue Brief* examines the administrative and implementation issues that arise from one of the major reform proposals: Capping the exclusion of employment-based health coverage from workers’ taxable income.

Health Confidence Survey

On Oct. 7, 2008, EBRI released the results of the [2008 Health Confidence Survey](#) (HCS). In 2008, 19 organizations signed on as underwriters of the HCS, the largest number of underwriters in the survey’s 11- year history. The first meeting of the Advisory Board for the 2009 Survey met March 17, 2009 to discuss the survey instrument.

Media Coverage of the 2008 HCS

From Oct. 7, 2008, to March 20, 2009, partial tracking found the 2008 HCS mentioned in 11 newsweeklies, eight periodicals, and three news wires. In addition, 19 Web-based outlets (such as [MarketWatch](#), [MSN Money](#)) posted headlines and links on their Web sites.

Consumerism in Health Care

In recent years, employers have turned to consumer-directed plans as a way of managing rising health insurance premiums. EBRI has been at the forefront in research on developments in this topic.

Consumer Engagement in Health Care Survey

The EBRI/Mathew Greenwald & Associates (MGA) Consumer Engagement in Health Care Survey is an online survey of privately insured adults ages 21–64. It is conducted to provide reliable national data on the growth of consumer-driven health plans and high-deductible health plans and their impact on the behavior and attitudes of health care consumers. In November 2008, EBRI released the results of [the 4th Annual Survey](#). Results for earlier editions of the survey are available at [EBRI/MGA Consumer Engagement in Health Care Survey](#).

Outlook for Consumer/Patient Engagement in Health Care—30 Years into the Experiment

For three decades, employers have been looking for ways to stem rising health care costs. Now some are pinning their hopes on a relatively new idea—consumer-directed health plans, which link high-deductible health insurance plans with tax-favored accounts. EBRI’s December 2008 policy forum, titled “Outlook for Consumer/Patient Engagement in Health Care—30 Years into the Experiment,” took a detailed look at consumer-directed health plans and related issues.

- [Summary of the December 2008 policy forum.](#)
- [Presentations from the December 2008 policy forum.](#)

Behavioral Research

The August 2008 *EBRI Issue Brief*, “[Lessons From the Evolution of 401\(k\) Retirement Plans for Increased Consumerism in Health Care: An Application of Behavioral Research.](#)” This *Issue Brief* considers the lessons learned in the evolution of 401(k) plan design, where the objectives are a high level of participation, a high level of worker contribution, a diversified approach to investing, sufficient asset accumulation to enable retirement, and not outliving one’s assets. The analysis looks specifically at lessons learned with respect to offering workers choice, financial incentives, and more information and education. This is compared with the early evolution in CDHPs, where the evolution was still being driven solely by the market and not by legislation or recent empirical behavioral research.

Health Care Plan Participant Demographics

- Sept. 2008, *EBRI Issue Brief*, [“Sources of Health Insurance and Characteristics of the Uninsured: Analysis of the March 2008 Current Population Survey.”](#) Presents the results of EBRI’s latest analysis of the uninsured based on the March (Annual Social and Economic) Supplement to the Current Population Survey.
- August 2008, *EBRI Notes* article, [“The Impact of Immigration on Health Insurance Coverage in the United States, 1994–2006.”](#) Examines the impact of a specific demographic on health insurance coverage.
- Additional data tabulations on health insurance coverage for the nonelderly population are available in [Chapter 26 of EBRI’s Databook on Employee Benefits](#) and for workers in [Chapter 27 of EBRI’s Databook on Employee Benefits](#).

Retiree Health Care

- August 2008, *EBRI Notes* article, [“Saving for Health Care in Retirement: The Use of Health Savings Accounts.”](#) Statutory contribution limits make it unlikely that these accounts will play more than a minor part in savings for health care costs in retirement. The maximum savings that can be accumulated in an HSA will be far from sufficient to fully cover the savings needed in retirement for insurance premiums and out-of-pocket expenses, especially since individuals can (and may need to) use HSA assets to pay for health care services during their working years or to pay COBRA premiums and insurance premiums during periods of unemployment.

For further data on health insurance coverage of the elderly population and a guide to further EBRI research on retiree health care, see [Chapter 36 of EBRI’s Databook on Employee Benefits](#).

American Savings Education Council and Choose to Save[®]

For an update on the activities of ASEC and Choose to Save,[®] please see the [Spring 2009 ASEC Chairman’s Report](#).

