

What is Behind the Decline in Retirement Plan Participation Shown in the Current Population Survey?

Background

In recent years, the annual Social and Economic Supplement to the Current Population Survey (CPS) has found significant declines in employment-based retirement plan participation. But what is really behind these findings? That is the question explored in EBRI's *Issue Brief* "Current Population Survey: Issues Continue for Retirement Plan Participation and Retiree Income Estimates."

Impact of Redesigning the Questionnaire

The CPS, conducted by the U.S. Census Bureau, is one of the most-cited sources of income data for individuals ages 65 or older. The survey also contains questions that are used to estimate participation in employment-based retirement plans.

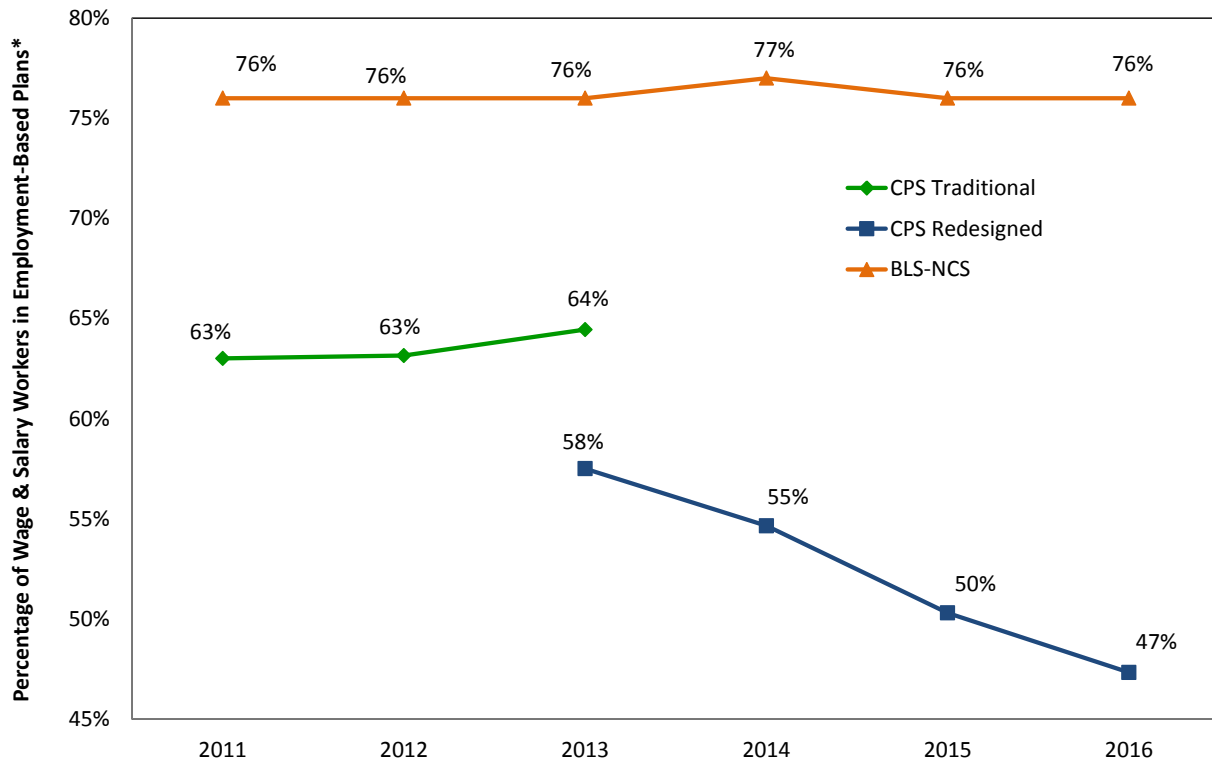
In 2014, the CPS was redesigned to increase the amount of income captured in the survey. By a number of estimates, this effort was successful. Yet, it appears that a significant amount of retirement income was still not captured.

A side effect of the redesign was that estimates of the percentage of workers who participate in an employment-based retirement plan were impacted. Notably, under the traditional survey design in 2014, the percentage of *all* civilian noninstitutionalized workers found to be participating in an employment-based retirement plan in 2013 was 40.8 percent. Under the redesigned questionnaire, those participating dropped to 36.5 percent for the same year, a difference of 4.3 percentage points. The percentage participating stood at 31.5 percent in 2016.

Likewise, before the redesign, CPS found that the percentage of wage and salary workers working for private sector employers with 500 or more employees participating in an employment-based retirement plan was 64 percent (in 2013). After the redesign, participation decreased materially to 55 percent in 2014, to 50 percent in 2015. It stood at 47 percent in 2016. (See Figure)

Meanwhile, the National Compensation Survey conducted by the Bureau of Labor Statistics (BLS-NCS) shows a very different picture. In this survey, the percentage of private-sector wage and salary workers at establishments with 500 or more employees participating in an employment-based retirement plan has remained relatively flat at around 76 percent since 2011.

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



Source: Employee Benefit Research Institute estimates of the March Current Population Survey 2012-2017.

BLS-NCS-Bureau of Labor Statistics National Compensation Survey (See http://www.bls.gov/ncs/ebs/benefits/2016/ownership_private.htm.)

*Private-sector wage and salary workers at employers with 500 or more employees.

Conclusion

There is evidence that the level of income being reported under the CPS improved relative to other sources, such as IRS data, after the redesign. Still, the impact of the redesign on retirement plan participation estimates has led to results that appear problematic. Specifically, the estimates from the most recent surveys could easily be misconstrued as an erosion in coverage, as opposed to an issue with the design of the survey. This clearly has potential policy implications.

The Employee Benefit Research Institute (EBRI) report, “Current Population Survey: Issues Continue for Retirement Plan Participation and Retiree Income Estimates,” is published as the June 12, 2018, *EBRI Issue Brief* and is available online [here](#).

The Employee Benefit Research Institute is a private, nonpartisan, nonprofit research institute based in Washington, DC, that focuses on health, savings, retirement, and economic security issues. EBRI does not lobby and does not take policy positions. The work of EBRI is made possible by funding from its members and sponsors, which include a broad range of public, private, for-profit and nonprofit organizations. For more information go to www.ebri.org and www.asec.org

###