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New Research from EBRI:

Sorry, No Gold Watch: For Most Workers, Romantic Notion Of a Career Job Never Existed, and Still Does Not

WASHINGTON—The romantic Ozzie and Harriet-era notion of a worker spending a lifetime with a single employer and then retiring with the proverbial gold watch is just that—a romantic notion. Career jobs *never* existed for most workers, and still do not, according to a study released today by the nonpartisan Employee Benefit Research Institute (EBRI).

The study, in the January 2010 *EBRI Notes*, finds that the median tenure of workers—the midpoint of wage and salary workers' length of employment in their current job—was virtually unchanged over the past 25 years: 5.1 years at the same job in 2008, compared with 5.0 years in 1983.

“Over the past 25 years, the median tenure of all wage and salary workers age 20 or older has stayed at or just below five years,” writes Craig Copeland, EBRI senior research associate and author of the study. “However, the overall trend masks a small but significant decrease in median tenure among men, which was offset by an increase in median tenure among women. As for career jobs, the highest median tenure level for any age group (15.3 years in 1983 for males ages 55–64) certainly does not cover an entire lifetime career, as the median worker would not have started his or her current job until after age 40.”

The study, available at www.ebri.org, provides these additional details:

- **Gender Differences:** The median tenure for *male* wage and salary workers declined from 5.9 years in 1983 to 5.2 years in 2008. In contrast, the median tenure for *female* wage and salary workers increased from 4.2 years in 1983 to 4.9 years in 2008. Consequently, the increase in the median tenure of female workers offset much of the decline in the median tenure of male workers, leaving the overall level essentially unchanged.
- **Public vs. Private Sector:** *Private-sector* workers' median tenure held steady over the period, before increasing to 3.9 years in 2008, but the median tenure for *public-sector* workers increased from 6.0 years in 1983 to 7.0 years in 2008. Over this 25-year period, median job tenure in the public sector increased significantly relative to the private sector, and currently is about 80 percent higher than that of the private sector. Almost 10 percent of public-sector workers have 25 or more years of tenure (significantly more than the private sector), which leaves public-sector employers facing the retirement of a sizable portion of their most experienced work force in the near future.
- **Age Differences:** Among older workers (ages 45–64), the percentage having 25 or more years of tenure declined from 1983 to 2008. However, among those ages 60–64, the percentage with 25 or more years of tenure increased by more than 3 percentage points from 2006–2008, after a fairly steep decline from 1983–2006. In 1983, 23.3 percent of wage and salary workers ages 60–64 had tenure of 25 or more years, compared with 16.6 percent in 2006. For those ages 55–59, a persistent decline occurred: from

22.7 percent in 1983 to 17.6 percent in 2008. The decline in the percentage of workers ages 45–54 with 25 or more years was much less dramatic: from 12.9 percent in 1983 to 10.1 percent in 2008.

- **Implications:** The persistent pattern of job changing has important implications for a worker’s potential income in retirement, the study notes. Because defined benefit (DB) pensions have a formula based on tenure and average salary, workers who frequently change jobs will not receive the maximum benefit from this type of retirement plan because they do not remain with the same employer for an extended period.

In addition, a worker who changes employers must decide what to do with any retirement plan assets he or she has accumulated (either in a defined benefit or a defined contribution 401(k)-type plan), a situation that has become more prevalent with the growth in DB pension plans that allow a lump-sum distribution. Thus, benefit preservation becomes an important concern for these employees as well as for their plan sponsors. If employees do not retain these assets in some type of savings vehicle for retirement, they may forgo an important source of supplemental income to their Social Security benefits or be forced to remain in the work force, the study says.

The January 2010 *EBRI Notes* updates previous EBRI publications that have examined employee tenure data of American workers. It is based on data from the January 2008 Supplement to the U.S. Census Bureau’s Current Population Survey (CPS) and compares 2008 results with the trends from previous CPS publications on employee tenure.

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