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New Research from EBRI:

**More Questions About How the Census Bureau's Redesigned
CPS Affects Retirement Plan Participation Estimates**

WASHINGTON—The U.S. Census Bureau's widely used Current Population Survey (CPS), which two years ago underwent a major redesign of the questions pertaining to income, appears to be resulting in a significant undercounting of how many people participate in an employment-based retirement plan, according to the nonpartisan Employee Benefit Research Institute (EBRI).

Looking at the latest results from the redesigned CPS, a new EBRI report finds that the survey's estimates of sharp declines in retirement-plan participation contradict other government data. Also, the report shows that the groups of workers with the biggest drops in participation were those with the highest likelihoods of participation—older, higher earners, and employees of larger employers.

“Unless modifications are made to the survey, using CPS for estimating the participation in pension and other retirement plans will provide misleading and inaccurate estimates and conclusions,” said Craig Copeland, senior research associate at EBRI and author of the report.

Copeland also describes in the report the changes to income questions that specifically dealt with income coming from pension and retirement accounts. Using those questions, suggestions for potentially improving the employment-based participation estimates from CPS are offered.

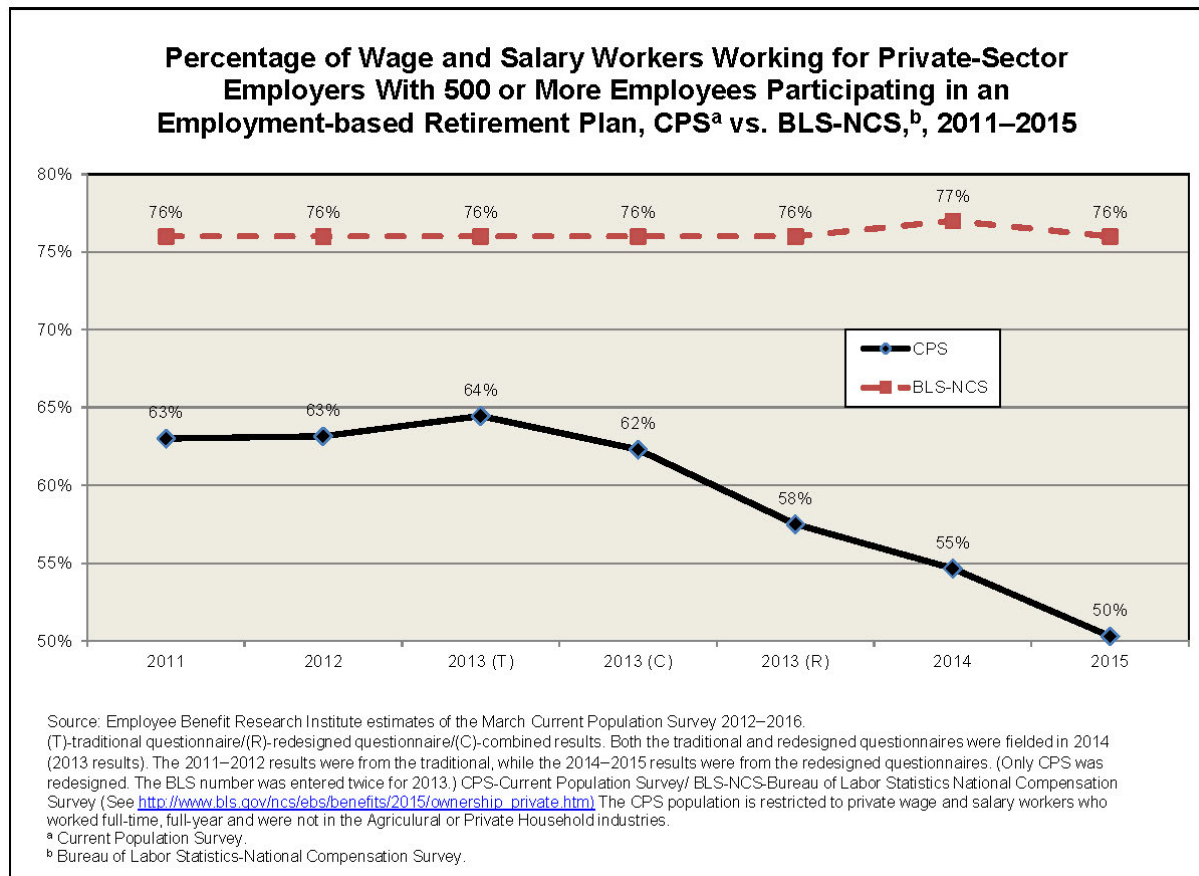
At issue is the Annual Social and Economic Supplement (fielded in March of each year) to the CPS, conducted by the U.S. Census Bureau, which, in addition to allowing for estimates of employment-based retirement participation, is one of the most-cited sources of income data for those who are likely to be retired (typically ages 65 or older). In response to past research showing that the survey misclassified and generally under-reported income—particularly pension income—the Census Bureau conducted a redesign of the CPS questionnaire in 2014.

While the changes appear to have improved the accuracy of data on pension income (which increased under the redesigned CPS), EBRI notes they also resulted in historically sharp and significant reductions in the levels of worker participation in employment-based retirement plans.

For example, the percentage of full-time, full-year wage and salary workers ages 21–64 participating in an employment-based retirement plan (those most likely to do so) declined by more than 11 percentage points from a 2013 estimate (under the traditional questionnaire design) to 2015 (after the redesign). This translates into more than 9 million fewer individuals participating in an employment-based retirement plan.

But as the EBRI analysis points out, this is contradicted by separate data from the U.S. Bureau of Labor Statistics' National Compensation Survey, which found that the percentage of private-sector wage and

salary workers at establishments with 500 or more employees participating in an employment-based retirement plan actually *increased* from 76 percent in 2013 to 77 percent in 2014, and then returned to 76 percent in 2015.



However, the most comparable CPS data show participation for this group *decreased* from 64 percent for the traditional questionnaire and 58 percent from the redesigned questionnaire in 2013 to 55 percent in 2014 and to 50 percent in 2015.

The full report, “Another Year After the Current Population Survey Redesign and More Questions About the Survey’s Retirement Plan Participation Estimates,” is published in the Nov. 21 *EBRI Notes*, online at www.ebri.org

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