Promoting Retirement Plans Among Small Employers
by Paul Yakoboski, EBRI

Introduction
As of 1993, the latest year for which nationally representative data are available, 64 percent of all civilian nonagricultural wage and salary workers worked for an employer that sponsored a retirement plan, and 49 percent of all workers participated in an employment-based retirement plan (table 1).¹ Probably the most notable gap in employment-based retirement plan coverage was among small employers. While 85 percent of workers at employers with 100 or more employees had an employment-based plan available to them, only 50 percent of workers at employers with 25–99 workers, and 20 percent of workers at employers with fewer than 25 employees worked for an employer that sponsored a plan. The findings regarding participation are similar. Two-thirds of workers at employers with 100 or more employees actually participated in an employment-based retirement plan, compared with 36 percent of workers at employers with 25–99 workers and 15 percent of those at employers with fewer than 25 workers (table 1).

Why the Gap?
Why do sponsorship rates and participation rates lag so much among small employers? The Employee Benefit Research Institute (EBRI) first examined this issue 9 years ago in a book entitled Pension Policy and Small Employers: At What Price Coverage?² Chief among the reasons highlighted concerning why small employers do not sponsor a retirement plan were financial cost /lack of affordability and the burden of administering a plan, with the latter often contributing to the former. Other factors cited were the lack of need for a plan and a preference among employees for cash compensation. Many employers noted that they had a high turnover work force, and therefore their employees would not be interested in a plan with vesting requirements. They also felt that retirement income was at best a remote goal for young workers, who often make up their work force. Finally, small employers expressed a preference to reward performance selectively by paying bonuses. What developments would lead small employers to start a plan? The same research indicated that improved business profitability, increased tax advantages, and increased employee demand might lead small employers without a plan to start one.

Coverage rates among small employers have remained basically unchanged over time. A list of likely reasons for not having a plan would look pretty much the same today
Table 1
Civilian Nonagricultural Wage and Salary Workers, Ages 16 and Older, with Any Retirement Plan Coverage, 1993

<table>
<thead>
<tr>
<th>Firm Size</th>
<th>Workers (1,000s)</th>
<th>Sponsorship Rate</th>
<th>Participation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>105,815</td>
<td>64.4%</td>
</tr>
<tr>
<td>Fewer than 25</td>
<td>22,499</td>
<td>20.2</td>
<td>15.4</td>
</tr>
<tr>
<td>25-99</td>
<td>12,901</td>
<td>49.6</td>
<td>36.0</td>
</tr>
<tr>
<td>100 or more</td>
<td>62,484</td>
<td>84.9</td>
<td>66.2</td>
</tr>
</tbody>
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a The fraction of workers whose employer or union sponsors a plan for any of the employees at the workers’ place of employment.
b The fraction of all workers participating in an employment-based plan.

Recent Developments
The Small Business Job Protection Act of 1996 created the savings incentive match plan for employees (SIMPLE), a simplified retirement plan with fewer administrative requirements, for small business. Employers who employ 100 or fewer employees on any day during the year and who do not maintain another employment-based retirement plan can adopt SIMPLE plans.

A SIMPLE plan can be either an individual retirement account (IRA) for each employee or part of a 401(k) plan. If established in IRA form, a SIMPLE plan is not subject to the nondiscrimination rules generally applicable to qualified plans (including the top-heavy rules), and has simplified reporting requirements. Within limits, contributions to a SIMPLE plan are not taxable until they are withdrawn.

A SIMPLE plan can also be adopted as part of a 401(k) plan. In that case, the plan does not have to satisfy the special nondiscrimination tests applicable to 401(k) plans and is not subject to the top-heavy rules. All other qualified plan rules continue to apply.

Small employers have established more SIMPLE plans than most in the retirement community anticipated. Although no nationally representative data are yet available, a nonrandom survey by the Investment Company Institute (ICI) of its members indicates that plan establishment has been concentrated among employers with fewer than 10 employees and that the SIMPLE-IRA is preferred over the SIMPLE-401(k). Specifically, the survey found that 18,261 SIMPLE-IRA plans, with 95,431 participants, had been established, and 42 SIMPLE-401(k) plans, with 785 participants, had been established. Eighty-seven percent of SIMPLE plans were established by employers with 10 or fewer employees, and 97 percent of employers establishing a SIMPLE plan had 25 or fewer employees.

Congress is now considering proposals by the Clinton Administration and others to create a “simple” version of a defined benefit plan for small employers. Creation of such a plan would mean that small employers interested in establishing a retirement plan via the “simple” route would no longer be restricted to choosing a defined contribution plan. Other proposals being considered to promote retirement plan coverage among small employers include a tax credit for businesses establishing a new plan.

Conclusion
As Congress considers various proposals to promote retirement plan coverage among small employers, expectations should be realistic. Coverage rates among small employers are unlikely ever to approach those of large employers simply because the profits of many small businesses are small and uncertain, and interest in contributing to a retirement plan among many young and low-earning workers is currently weak. These realities mean that is not enough simply to target the small employer, but it is also important to target employees with messages regarding

as one made 10 years ago—cost/administrative burden, low/uncertain profits, and lack of demand on the part of workers at small employers would likely lead the list.

However, because of a dearth of recent research in this area, the 1998 Retirement Confidence Survey (RCS) was expanded to include a survey of small businesses, both those with and those without a retirement plan. This Small Business Retirement Survey will explore the reasons that small employers do not offer a retirement plan and the changes that would lead them to consider doing so in the future.

Among small employers that do offer a retirement plan, the survey will explore the types of plans they offer and their motivations in offering these plans. Results will be released on June 2, two days before the 1998 White House/Congressional National Summit on Retirement Savings.

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the need to plan and save for their retirement.

Endnotes
1 These figures are EBRI tabulations of the 1993 Current Population Survey employee benefits supplement.
3 The Retirement Confidence Survey is sponsored by EBRI, The American Savings Education Council (ASEC), and Mathew Greenwald and Associates. The small business component of the project is underwritten by grants from 13 private organizations.
4 Survey results were based on responses from 26 firms, including two-thirds of the largest 25 mutual fund firms. The survey objective was to quantify the number of SIMPLE plans and accounts that were established between January 1 and July 31, 1997, among members of ICI’s pension committee.
5 Given the limited nature of the sample, these figures likely significantly undercount the total number of SIMPLE plans established during this period.
6 The survey used “accounts established per employer plan” as a proxy for employer size, which likely underestimates the average size of each employer to some degree.

Web Sites to Visit
www.ebri.org/rcs
www.choosetosave.org
www.saverssummit.org
www.investoreducation.org
www.dol.gov/dol/pwba

National Health Expenditures Top $1 Trillion Dollars in 1996
by Pamela Ostuw, EBRI

National health expenditures reached a record high of more than $1 trillion in 1996, but at the same time the rate of growth was the slowest recorded since 1960 (4.4 percent), according to data recently released by the Health Care Financing Administration (HCFA) (table 2). The average annual growth rate of national health expenditures has been slowing for a number of years. From 1980 to 1990, it was 11 percent (chart 1). From 1990 to 1993, it was 8.6 percent, and between 1995 and 1996, 4.4 percent. (See chart 2 for aggregate versus real national health expenditures for 1960 to 1996).

National health expenditures as a percentage of gross domestic product (GDP) remained unchanged for the fourth year in a row (13.6 percent) in 1996 (table 2). In the period from 1960 to 1993, health spending as a percentage of GDP rose from 5.1 percent to 13.6 percent. Per capita national health spending reached $3,759 in 1996, up slightly from $3,633 in 1995. This represented a dramatic increase from 1960, the year the national health expenditure data series began, when spending averaged $141 per person ($747 in 1996 dollars).

Private Expenditures
Private sources of health spending accounted for 53.3 percent of health care expenditures in 1996, down from 75.1 percent in 1960 (table 1). Among private sources, private health insurance has accounted for an increasing share of all private-sector expenditures between 1960 and 1990. Since 1990, this share has begun to decrease slightly. In 1996, private health insurance accounted for 32.6 percent of the total national health expenditures, compared with 21.9 percent in 1960 and 34.1 percent in 1990 (table 2).

Private health expenditures equaled $552.0 billion in 1996, an increase of $15.8 billion from the prior year ($536.2 billion). Private-sector health spending has risen each year since 1960. At that time, private spending reached $20.2 billion (or $107.1 billion in 1996 dollars).

In 1960, 64.9 percent of all private-sector health expenditures came from direct consumer payments (out-of-pocket), 29.2 percent from private health insurance, and 6.4 percent from other private expenditures. By 1996, the numbers were almost reversed: direct consumer payments accounted for 31.0 percent of all private health spending, private health insurance accounted for 61.1 percent, and other private expenditures were 7.9 percent.

Public Expenditures
Public sources of health spending accounted for 46.7 percent of national
Health care expenditures in 1996, a slight increase from the 1995 level of 45.9 percent (table 2). In 1960, public sources accounted for 24.5 percent of the national health expenditures. Among public sources in 1996, federal health spending represented 72.6 percent of all public health spending, compared with 27.4 percent for state and local governments’ health spending. In 1960, federal government spending (43.9 percent of public spending) was closer to that of state and local governments (56.1 percent of public spending).

| National Health Expenditures by Source of Funds, Selected Years 1960-1996 |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| National Health Expenditures | $26.9 | $73.2 | $247.3 | $699.5 | $895.1 | $945.7 | $991.4 | $1,035.1 |
| Private | 20.2 | 45.5 | 142.5 | 415.1 | 506.2 | 521.8 | 536.2 | 552.0 |
| consumer | 18.9 | 41.2 | 130.0 | 383.0 | 466.9 | 480.5 | 493.6 | 508.5 |
| direct payments (out of pocket) | 13.1 | 24.9 | 60.3 | 144.4 | 163.6 | 164.8 | 166.7 | 171.2 |
| private health insurance | 5.9 | 16.3 | 69.8 | 238.6 | 303.3 | 315.6 | 326.9 | 337.3 |
| other private | 1.3 | 4.4 | 12.5 | 32.1 | 39.2 | 41.3 | 42.6 | 43.5 |
| Federal (Government) | 6.6 | 27.7 | 104.8 | 284.4 | 389.0 | 423.9 | 455.2 | 483.1 |
| state and local | 2.9 | 17.8 | 72.0 | 195.8 | 279.6 | 304.1 | 326.7 | 350.9 |
| Medicare | a | 7.7 | 37.5 | 112.1 | 153.0 | 169.8 | 187.9 | 203.1 |
| Medicaid | a | 2.9 | 14.5 | 42.7 | 76.8 | 81.5 | 86.3 | 91.8 |
| other federal | 2.9 | 7.3 | 19.9 | 41.0 | 49.8 | 52.8 | 54.5 | 55.9 |
| other state and local | 3.7 | 9.9 | 32.8 | 88.5 | 109.3 | 119.8 | 126.5 | 132.2 |
| Medicaid | a | 2.5 | 11.6 | 32.7 | 43.7 | 49.5 | 53.9 | 55.9 |
| other state and local | 3.7 | 7.4 | 21.2 | 55.8 | 65.6 | 70.3 | 72.6 | 76.3 |
| National Health Expenditures as a Percentage of Gross Domestic Product (GDP) | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Private | 75.1 | 62.2 | 57.6 | 59.3 | 56.6 | 55.2 | 54.1 | 53.3 |
| consumer | 70.3 | 56.3 | 52.6 | 54.8 | 52.2 | 50.8 | 49.8 | 49.1 |
| direct payments (out of pocket) | 48.7 | 34.0 | 24.4 | 20.6 | 18.3 | 17.4 | 16.8 | 16.5 |
| private health insurance | 21.9 | 22.3 | 28.2 | 34.1 | 33.9 | 33.4 | 33.0 | 32.6 |
| other private | 4.8 | 6.0 | 5.1 | 4.6 | 4.4 | 4.4 | 4.3 | 4.2 |
| Federal (Government) | 24.5 | 37.8 | 42.4 | 40.7 | 43.5 | 44.8 | 45.9 | 46.7 |
| state and local | 10.8 | 24.3 | 29.1 | 28.0 | 31.2 | 32.2 | 33.2 | 33.9 |
| Medicare | a | 10.5 | 15.2 | 16.0 | 17.1 | 18.0 | 19.0 | 19.6 |
| Medicaid | a | 4.0 | 5.9 | 6.1 | 6.6 | 6.6 | 6.7 | 8.9 |
| other federal | 10.8 | 10.0 | 8.0 | 5.9 | 5.6 | 5.6 | 5.5 | 5.4 |
| other state and local | 13.8 | 13.5 | 13.3 | 12.7 | 12.2 | 12.7 | 12.8 | 12.8 |
| Medicaid | a | 3.4 | 4.7 | 4.7 | 4.9 | 5.2 | 5.4 | 5.4 |
| other state and local | 13.8 | 10.1 | 8.6 | 8.0 | 7.3 | 7.4 | 7.3 | 7.4 |


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Total public health expenditures in 1996 equaled $483.1 billion (table 2), compared with $455.2 billion in expenditures in 1995 and $6.6 billion ($35.0 billion in 1996 dollars) in 1960. Spending at the federal, state and local levels has also changed over the years. Federal spending in 1996 was $350.9 billion, up from $328.7 billion in 1995. In 1960, that amount was $2.9 billion (or $15.4 billion in 1996 dollars). In 1996, state and local governments accounted for a much smaller portion of health expenditures, with spending at $132.2 billion, compared with $3.7 billion in 1960.

State and local government health spending as a percentage of national health expenditures did not change significantly between 1990 and 1996. In 1990, state and local health spending was 12.7 percent of national health expenditures. By 1996, this figure was 12.8 percent. Federal spending as a percentage of national health spending rose from 28.0 percent in 1990 to 33.9 percent in 1996. In 1960, federal spending as a percentage of national health expenditures equaled 10.8 percent. At the state and local government level it equaled 13.8 percent.

Medicare, the health insurance program for the elderly and disabled, and Medicaid, the health insurance program for the poor, are...
the two largest government health care financing programs. In 1996, Medicare expenditures equaled $203.1 billion and Medicaid expenditures (federal and state governments) were $147.7 billion. Lawmakers initiated these programs in 1965. In 1970, Medicare spending accounted for 27.8 percent of all public spending on health care. Medicaid spending accounted for 19.5 percent of all public health care spending. By 1996, these percentages had increased. The Medicare portion of spending was 42.0 percent of all public health expenditures, whereas the portion of Medicaid spending was 30.6 percent of all public health spending. However, in 1996, Medicaid spending experienced the lowest annual growth rate (5.3 percent) since the beginning of the program. The growth rate of Medicare spending has also slowed (8.1 percent in 1996, down from 10.6 percent in 1995 and 17.2 percent in 1980).

Implications
The Congressional Budget Office’s (CBO) 1998 projections estimate...
that 1997 will mark another consecutive year in which national health expenditures will keep pace with GDP. The projected total for health spending is $1.09 trillion for 1997 and $2.06 trillion for 2008. GDP is projected to equal $13.3 trillion in 2008 (in 1996, GDP equaled $7.6 trillion, and it was estimated to be $8.1 trillion by 1997). National health expenditures as a percentage of GDP were projected to decline to 13.4 percent in 1997 (the actual amount was 13.6 percent in 1996) and then gradually increase to 15.5 percent by 2008.

Precise estimates of national health expenditures are difficult to project. Future legislation could have a definite impact on either public or private spending on health care. The above projections assume that current laws will remain in effect. Additionally, any legislation to ensure the solvency of the Medicare program could affect total health expenditures. Economic changes could also affect health spending.

Endnotes

Web Sites to Visit
www.hcfa.gov
www.hcfa.gov/stats/hstats96/blustcov.htm
www.hcfa.gov/medicare/medicare.htm
www.hcfa.gov/medicaid/medicaid.htm
www.hcfa.gov/init/children.htm

Washington Update
by Bill Pierron, EBRI

Retirement Summit
The 1998 White House/Congressional National Summit on Retirement Savings, authorized by the Savings Are Vital for Everyone’s Retirement (SAVER) Act, is scheduled for June 4-5, in Washington, DC. The Summit, which will be presided over by President Clinton and the bipartisan leadership of the House and the Senate, is a public/private partnership between the U.S. Department of Labor (DOL) and the EBRI-ERF American Savings Education Council (ASEC). It will focus on increasing public awareness of the importance of retirement planning. It will also attempt to identify ways to promote greater retirement saving by all Americans. At this writing (mid-April), delegates have been selected and an agenda is being developed. For the most recent information, visit the Summit online at http://www.saversummit.org.

Outlook: The Summit is statutorily limited to discussion of private savings and employment-based retirement plans—Social Security is not on the agenda. The White House has announced plans for a Social Security summit in December, which will follow several nationally televised forums being held throughout the country. Fencing off the Summit from a discussion of Social Security will help keep the event focused on issues that are, potentially, less politically charged. Also, it is hoped, the Summit will raise public awareness of the need for greater personal saving and planning for retirement as an issue distinct and apart from Social Security reform. The SAVER Act calls for a second Summit in 2001 and a third in 2005.

Social Security
The debate over the future of the Social Security program continues to pick up steam, as the first of several nationally televised forums was held Apr. 7 in Kansas City, MO. At the event, President Clinton voiced opposition to “total privatization,” but said a solution that strengthened the system, kept it “universally fair,” and protected disabled and low-wage workers could incorporate the use of personal retirement accounts. The president outlined five overall principles for reform:

- Any changes should “strengthen and protect” the guaranteed income the system provides.
- Any changes should maintain the system’s universality and “fairness.”
- Social Security must provide a reliable benefit that is not subject to economic fluctuations.
- Social Security must continue to protect disabled and low-income beneficiaries.
- Changes to Social Security must maintain a “fiscally disciplined” approach.
The Kansas City forum, which was sponsored by the Concord Coalition, the American Association of Retired Persons, and Americans Discuss Social Security, also featured a great deal of discussion of equity market investing, although there was profound disagreement over the design implementation aspects of such investments. Rep. Earl Pomeroy (D-ND) proposed investing trust fund assets in the equities markets and maintaining Social Security as a defined benefit system, while Sen. Rick Santorum (R-PA) advocated the individual account/defined contribution approach. Most audience members who appeared favorably disposed toward investing in equities seemed partial to individual accounts. It is worth noting that some of the news media coverage of the debate has failed to draw a clear distinction between the defined benefit and defined contribution approaches, or to point out the vastly different implications for individuals that these approaches could have over the long term. And, little of the coverage has yet dealt with the question of what type of plan could actually be administered at reasonable cost given the mobility of the work force and the size of the low-income population.

**Outlook:** As the projected budget surplus grows, political pressure will build to utilize the surplus in some type of individual account arrangement. Several legislative proposals have been floated this year (See EBRI Notes March and April 1998), and more are sure to follow. The president has called for legislative action only after a year of public discussion/education and a White House Summit on Social Security to be held in December. In late March, House Ways and Means Committee Chairman Bill Archer (R-TX) introduced legislation (H.R. 3546) that would establish a more formal national dialogue on Social Security this year. The bill also calls for an eight-member bipartisan commission to come up with recommendations for reform. Although there is currently bipartisan agreement over the need to shore up the Social Security system, the issue is in danger of becoming politicized as the debate focuses on the details, which could effectively postpone meaningful action.

**HIPAA and Affordability**

In late March, Sen. Edward Kennedy (D-MA) introduced a proposal to cap insurance premiums under the Health Insurance Portability and Accountability Act (HIPAA), following the release of a General Accounting Office survey that found individuals eligible for coverage under the statute often could not afford it. Sen. Kennedy’s bill (S. 1804) would prevent insurance carriers from charging more than 150 percent of their standard premium for HIPAA coverage. Meanwhile, the Health Care Financing Administration (HCFA) recently issued a Program Memorandum warning that three insurance industry practices violate HIPAA’s individual market provisions. The practices in question are: 1) setting low agent commissions that discourage sales of individual policies; 2) delaying the processing of applications submitted by HIPAA-eligible individuals, causing them to incur a “significant break in coverage” and no longer be eligible under HIPAA; and 3) requiring individual applicants to obtain a particular kind of certificate, rather than allowing them to present other evidence of prior coverage. HCFA plans to monitor these practices and take “appropriate enforcement action” if it finds them in violation of HIPAA.

**Outlook:** The potential benefits of HIPAA were somewhat overstated by the news media and some policymakers during and after passage of the statute in 1996. HIPAA guarantees access to health insurance in certain situations for individuals with preexisting medical conditions. However, it does not set any pricing requirements for such coverage, which is left up to the states. Large-scale managed care reform legislation, such as the Patient Access to Responsible Care Act (PARCA), is not likely to be passed this year, in part because of the limited legislative time available in the remainder of this congressional session. However, a more targeted proposal, such as Sen. Kennedy’s bill, is possibly the type of “incremental” reform that could garner bipartisan support.

**Choose to Save**

EBRI and the EBRI-ERF American
Keeping on Track

The following items are listed to keep you up-to-date on issues that were not specifically addressed in Washington Update.

**IRS Issues Notice on Stock Distributions**—According to Notice 98-24, released Apr. 10, the Internal Revenue Service (IRS) will consider distributions of employer securities made by retirement plans as being held for the 18 months required for preferential capital gains treatment. Such distributions will be subject to a maximum rate of 20 percent, and, for taxpayers in the 15 percent bracket, a maximum rate of 10 percent. The preferential rates apply to distributions after May 6, 1997. Stocks that are distributed before the recipients’ retirement will be subject to the lower rates only if they are subsequently held for the full 18-month period.

**PBGC Posts Surplus**—The Pension Benefit Guaranty Corporation (PBGC) announced that its single employer insurance program ran a surplus of $3.5 billion for FY 1997. PBGC reported a single employer program surplus of $869 million in FY 1996, the first surplus after 20 years of deficits. PBGC attributed the surplus to “record investment income.” In response to the announced surplus, a Washington-based employer group has called for a reduction in premiums, currently $19 per participant per year for the single employer insurance program.

**Sen. Grassley Introduces Sec. 415 Bill**—On March 25, Sen. Charles Grassley (R-IA) introduced a bill (S. 1856) that would modify the IRC sec. 415 annual limit for defined contribution plans to the lesser of $30,000 (indexed) or 100 percent of pay (up from 25 percent of pay under current law). In addition, the bill would repeal the exclusion allowance for sec. 403(b) tax-sheltered annuities and subject all sec. 403(b) annuities to the increased sec. 415 limits.

**Rep. Neal Introduces Pension Coverage Bill**—Rep. Richard Neal (D-MA) has introduced a bill (H.R. 3672) that is aimed at broadening pension coverage and “portability.” The bill, which is based on the pension package in President Clinton’s FY 1999 budget proposal, would:
- offer a tax credit to small businesses that start pension plans;
- lower the vesting requirement for employer contributions;
- allow employees to contribute to individual retirement accounts (IRAs) through payroll deductions;
- create the Secure Money Annuity or Retirement Trust (SMART) plan for small businesses—essentially, a simplified defined benefit pension plan with the same eligibility requirements as the SIMPLE plan; and
- expand certain rights to plan information for workers and their spouses.

**Capital Budgeting**—The President’s Commission to Study Capital Budgeting met in Washington, DC, Apr. 24–25. The Commission is charged with studying the issues related to a capital budget for the federal government, an initiative that President Clinton called for early last year. The Commission is scheduled to make its final report on Dec. 13. Most of the states employ both capital and operations budgets, and the president has suggested that a similar system at the federal level could allow for greater public investment while “maintaining fiscal discipline.”

**ERISA Advisory Council Sets Agenda**—In April, DOL’s ERISA Advisory Council announced that during 1998 it will examine recent trends concerning lump-sum distribution options and pension plan loan programs, ways to strengthen the quality of health care through consumer information, and how small businesses can improve pension plan coverage. The council advises the Secretary of Labor on policy issues related to the Employee Retirement Income Security Act of 1974 (ERISA).

**LTC Coverage for Feds?**—The House Government Reform and Oversight Subcommittee on the Civil Service is examining whether to offer long-term care (LTC) to federal employees as part of their benefits package. During a March 26 hearing, at which EBRI Research Associate Paul Fronstin testified, Subcommittee Chairman Rep. John Mica (R-FL) indicated that such a benefit could be offered as soon as December 1999. Rep. Mica indicated that LTC benefits would probably be offered at reduced cost, but without premium subsidies as provided through the Federal Employees Health Benefit Plan.
Savings Education Council (ASEC) have launched a community education campaign in the Washington, DC, metro area aimed at building awareness of the need to plan and save for retirement as well as suggesting action steps people can take to begin saving. “Choose to Save™” uses a full spectrum of broadcast television and radio programming, including public service ads, news segments, town hall meetings, and a one-hour news special. Ads and news stories have been running since late January and will continue through early summer. The radio and television stations are donating substantial production and airtime, while the funded portion of the Washington, DC metro area campaign is being underwritten by Fidelity Investments. In addition, during the month of June, the Washington Metropolitan Area Transit Authority will run “Choose to Save™” systemwide ads on Metro buses and Metrorail trains.

Outlook: Timing of the “Choose to Save™” campaign dovetails with the White House/Congressional National Summit on Retirement Savings, discussed above. As awareness of the need for retirement planning and saving builds, EBRI and ASEC hope to take the campaign to other communities following the Summit. For full details, visit the campaign online at www.choosetosave.org.

EBRI in Focus

First Annual Health Confidence Survey (HCS)
On Apr. 30, the results of the first annual Health Confidence Survey (HCS) were released to the public at a well-attended media briefing at the National Press Club in Washington, DC. We would like to thank each of the 18 organizations that underwrote the survey. Without their support, this project would not have been possible. We look forward to working with them again next year on the 1999 HCS. 1998 was a vital year for this ongoing project, as the survey’s results will provide a benchmark to measure upcoming years’ results. If you were unable to attend the successful media briefing, visit EBRI online at http://www.ebri.org/hcs/ for copies of all media materials. To sign up for the 1999 HCS, contact EBRI Research Associate Paul Fronstin at (202) 775-6352, e-mail: fronstin@ebri.org.

1998 Retirement Confidence Survey (RCS)
The Retirement Confidence Survey (RCS) went into the field in the beginning of March. In addition to the standard RCS questionnaire, the project also includes a survey of small employers this year. We are also oversampling minority groups and will be publishing a minority special report. RCS results will be released on June 2 at the National Press Club in Washington, DC, just two days before the White House/Congressional National Summit on Retirement Savings. Results from the Small Employers Retirement Survey (SERS) will be released on June 2 on Capitol Hill.

It is not too late to become an underwriter of the 1998 RCS or SERS projects. Given the unique nature of this year’s effort, you may choose from three levels of financial commitment. The cost of underwriting the base RCS for 1998 remains $5,000 per organization. An additional contribution of $2,500 will help underwrite the RCS Minority Special Report. For $12,500, your organization can participate in the Small Employers Retirement Survey (in addition to the RCS and the Minority Special Report).

If you are interested in funding the 1998 RCS or have any questions regarding the project, please contact Paul Yakoboski at (202) 775-6329, e-mail: yakoboski@ebri.org.

EBRI/ASEC Community Education Campaign—“Choose to Save™”
To see and hear the latest news segments on retirement planning and saving issues and tips and tools on how to start the process as part of the EBRI/ASEC “Choose to Save™” campaign, tune in WJLA TV Channel 7 in the Washington metro market on Wednesday evenings at 5:00 p.m. and “Good Morning Washington” on Sunday mornings. Washington’s Radio News Station WTOP’s (1500 AM/97.1 FM)
“Opening Bell at 7:55 a.m. Monday-Friday is also featuring segments focused on elements of retirement savings. As reported last month, EBRI, ASEC, and the stations are sponsoring the campaign, with underwriting from Fidelity Investments. For more details, visit the campaign online at www.choosetosave.org.

**EBRI-ERF May Policy Forum**

The May 6 EBRI-ERF policy forum, “The Future of Medical Benefits,” was highly successful. EBRI President Dallas Salisbury and Research Associate Paul Fronstin began the sessions by discussing trends in employment-based health benefits, including an introductory overview of the health care system, the uninsured, and implications for the future of medical benefits. Managed care was the focus of the following session, including future challenges to managed care and employment-based health plans. The third session of the day reviewed recent developments in health care consolidation, as well as motivations and consequences of these developments. The day concluded with an examination of the long-term policy implications for employment-based health plans. An executive summary of the forum will appear in a future issue of EBRI Notes and a book based on the proceedings will be published by fall 1998.

**EBRI and the SAVER Act Implementation in Process**

The Savings Are Vital to Everyone’s Retirement (SAVER) Act calls for a White House/Congressional National Summit on Retirement Savings. Work is under way, and implementation of the statute’s education provisions continues as well. EBRI-ERF’s American Savings Education Council (ASEC) is co-organizing the 1998 Summit. As part of SAVER’s mandate, seven of the Summit’s statutory delegates include ASEC and EBRI as well as five ASEC Charter Partners—the Investment Company Institute, IBM Corporation, VALIC, ReliaStar Financial Corp., and Bankers Trust Company. For more and updated information, visit the Summit online at www.saversummit.org.

**EBRI Prepares for 20th Anniversary Celebration**

The countdown continues—EBRI’s 20th anniversary is less than 137 days away! Have you made plans to join EBRI in celebrating its 20th anniversary on Monday, Sept. 14, 1998, with a black-tie gala to be held in New York City? Tables are going quickly—at this writing, 12 benefactor tables, 22 patron tables, and 2 benefactor seats and 22 patron seats have already been reserved, so make your reservations soon! The 10th and 15th anniversary celebrations were huge successes, so please plan to join us for this exciting event. For more information, contact Patsy D’Amelio at (202) 775-6323, e-mail: damelio@ebri.org.

**Surf EBRI Online**

If you haven’t already visited our sites, both EBRI and ASEC are on the World Wide Web! We can be found at www.ebri.org and www.asec.org.

EBRI Members, don’t forget our last three years of Issue Briefs and Notes are available in full text on the publications page. Stay up-to-date by reading EBRI press releases, congressional testimony, and our “What’s New” section highlighting recent EBRI activities and events, up-to-date information on hot topics in the benefits arena, as well as links to current legislative, administrative, and various other developments.
New Publications & Internet Sites

[Note: To order publications from the U.S. Government Printing Office (GPO), call (202) 512-1800; to order congressional publications, call (202) 512-2470. To order U.S. General Accounting Office (GAO) publications, call (202) 512-6000; to order from the Congressional Budget Office (CBO), call (202) 226-2809.]


U.S. Congress. Senate. Special Committee on Aging. 2010 and Beyond: Preparing Medicare for the Baby Boomers. Order from GPO.


Documents Available on the Internet


EBRI offers no endorsement of and assumes no liability for the currency, accuracy, or availability of any information on these sites.
The Employee Benefit Research Institute (EBRI) was founded in 1978; its mission is to contribute to, to encourage, and to enhance the development of sound employee benefit programs and sound public policy through objective research and education. EBRI is the only private, nonprofit, nonpartisan, Washington, DC-based organization committed exclusively to public policy research and education on all economic security and employee benefits. Through its activities, EBRI is able to advance the public’s, the media’s, and policy makers’ knowledge and understanding of employee benefits and their importance to the nation’s economy. EBRI’s membership represents a cross section of pension funds; businesses; trade associations; labor unions; health care providers and insurers; government organizations; and service firms.

The Employee Benefit Research Institute Education and Research Fund (EBRI-ERF) performs the charitable, educational, and scientific functions of the Institute. EBRI-ERF is a tax-exempt organization supported by contributions and grants.

The American Savings Education Council (ASEC) is a part of EBRI-ERF. ASEC is a coalition of over 250 private- and public-sector institutions. ASEC’s goal is to make saving and retirement planning a vital concern of all Americans.

**EBRI Issue Briefs** are monthly topical periodicals providing expert evaluations of employee benefit issues and trends, including critical analyses of employee benefit policies and proposals. Each issue, ranging in length from 16–28 pages, thoroughly explores one topic. Subscriptions to EBRI Notes are included as part of EBRI membership or as part of an annual subscription to EBRI Notes and EBRI Issue Briefs. Individual copies of Notes and Issue Briefs are available for $25 each, prepaid, by calling EBRI.

**Other EBRI Publications Include:** EBRI Notes is a monthly periodical providing up-to-date information on a variety of employee benefit topics. **EBRI’s Washington Bulletin** provides updates on major developments in Washington in employee benefits. **EBRI Fundamentals of Employee Benefit Programs** offers a straightforward, basic explanation of employee benefit programs in the private and public sectors. **EBRI Databook on Employee Benefits** is a statistical reference volume providing tables and charts on private and public employee benefit programs and work force related issues.

Other activities undertaken by EBRI include educational briefings for EBRI members, congressional and federal agency staff, and the media; public opinion surveys on employee benefits issues; special reports; and policy studies.

**Editorial Board**
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