2010 has kept the EBRI computers spinning new data and analyses, seen the websites visited by over 50,000 unique visitors a month, launch of the EBRI Center for Research on Health Benefits Innovation, our first reports from the EBRI IRA Database and the EBRI/ICI Participant-Directed Retirement Plan Data Collection Project, updating of the EBRI Retirement Readiness Rating, and a high volume of publications, testimonies, and interviews providing “just the facts” for the public and decision makers as all seek to meet savings, retirement, health and other financial and benefit security challenges. Access the full version of this report at www.ebri.org/publications/?fa=presidentReport

Public education efforts have continued with choosetosave.org® and involvement in national programs. I spent the last two years as a member of the SEC Advisory Committee on Investor Education, am in year seven as a director of the FINRA Investor Education Foundation, my 10th on the Advisory Committee to the Comptroller General of the United States, and have recently joined the Board of the National Academy of Human Resources and the SSA Financial Literacy Research Centers Advisory Board. In all of these activities I seek to extend the EBRI mission and introduce our publications and statistics and Web resources. See the full report online for all of the research studies now in progress.

The EBRI team has been working with numerous government committees, commissions, and task forces on health reform and implementation, on evaluating proposals for retirement and tax reform, and now on creation of the Consumer Financial Protection Bureau and its Office of Financial Education.

We launched a blog on the Web this year (http://ebriorg.blogspot.com/) to allow us to easily contribute in a short form to the growing blog dialogue on savings, retirement, and health issues—and to add to the times that search engines take inquiring minds to EBRI data and research. Facebook, Twitter, and other social media are used for this purpose as well, as well as a regular flow of “Fast Facts” and other releases.

Our unique DC and IRA databases continue to grow, and early 2011 will bring the first analysis from the just-being-completed EBRI DC-IRA Database. We have been doing an increasing number of special analyses for the media, policy staff, and members, making use of our models, survey databases, and retirement databases, and hope to add a new EBRI Consumer Health Database in 2011.

Membership has remained strong, as has the balance sheet of the organization. Revenue was flat in 2010, while expenses grew with decisions by the Board to maintain staffing while investing in our databases and models. A new structure of program Policy Boards has been added to both produce new revenue and to provide more active involvement in our Health, Financial Security, Savings Education, IRA and DC research programs in 2011 and beyond.

On behalf of myself and the team at EBRI, I extend my grateful appreciation to our Members and other funders, 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, Employee Benefit Research Institute
www.ebri.org salisbury@ebri.org
New Developments

Retirement Readiness Rating

The EBRI Retirement Readiness Rating was developed in 2003 to provide assessment of national retirement income prospects. The 2010 update uses the most recent data and considers retirement plan changes (e.g., automatic enrollment, auto-escalation of contributions, and diversified default investments resulting from the Pension Protection Act of 2006) as well as updates for financial market performance and employee behavior (based on a database of 24 million 401(k) participants).

- The EBRI Retirement Readiness Rating: Retirement Income Preparation and Future Prospects
- Retirement Readiness Rating Blog Spot.
- On the July 13, 2010 Today Show, Jean Chatzky was interviewed by Matt Lauer for a segment “Ready to Retire? Be sure you Have the Funds First” featuring EBRI’s Retirement Readiness Rating.

Health Confidence Survey, 2010:

This year marks the 13th anniversary of the Health Confidence Survey (HCS). The HCS will be released in September 2010. See below for further details on the 2010 HCS.

May 2010 Policy Forum:

The presentations from EBRI’s 66th policy forum, “Retirement Income Adequacy: How Big Is the Gap and How Might the Market Respond?” are now available online. The August 2010 EBRI Notes article summarizes the presentations from the policy forum.

Upcoming Issue Briefs:

- EBRI/ICI annual update of 401(k) account balances, asset allocation and loan activity (including integrating the 401(k) database among the data providers).
- The impact of auto-enrollment and automatic contribution escalation on retirement income adequacy.
- A Post-Crisis Assessment of Retirement Income Adequacy for Baby Boomers and Gen Xers.
- Impact of longevity insurance on retirement income adequacy.
- Asset allocation among IRA investors in the EBRI IRA Database.
- Findings from the 2010 EBRI/MGA Consumer Engagement in Health Care Survey.

Upcoming Notes Articles:

- Findings from the 2010 Health Confidence Survey.
- The Impact of the COBRA Premium Subsidy on Coverage.
- Who Tries to Find Objective Information on Health Care? Findings from the 2010 Health Confidence Survey.
- Funding Savings Needed for Health Expenses in Retirement: An Examination of Persons Ages 55 and 65 in 2010.
- Retirement Income Adequacy for Today’s Workers: How Certain, How Much Will It Cost, and How Does Eligibility for Participation in a Defined Contribution Plan Help?
- Retirement Security Projection Model® articles on the following:
  - Utilization of net housing equity.
To what extent RRR numbers would change using retirement ages of 66 through 70.
Modify the definition of “adequacy” to replacing the current standard of living for the working population.

Presentations by EBRI Staff
The following are presentations and testimony by EBRI staff since April 2010:

Dallas Salisbury:
Upcoming:
- November 8-9, 2010, Natixis Asset Management Advisors, L.P., Conference in Chicago, IL.
- November 5, 2010, Nationwide Financial Conference, Atlanta, GA.
- September 20, 2010, Keynote at DOL Speaks 2010, Gaylord Center, VA.

Completed:
- June 17, 2010, Principal Financial Group, “The Principal 10 Best Companies,” Des Moines, IA.

Jack VanDerhei, EBRI Research Director:
Upcoming:
Completed:

Paul Fronstin, Director of EBRI’s Health Research and Education Program:

Upcoming:
- October 20, 2010, ASEC Partners Meeting, Washington, DC.
- September 20, 2010, Maryland Health Care Reform Coordinating Council, Annapolis, MD.

Completed:

Research—Retirement

Income in Retirement:
- August 2010 Notes article, “EBRI’s Spring Policy Forum: Retirement Income Adequacy—How Big Is the Gap and How Might Markets Respond?” —The Employee Benefit Research Institute May 2010 policy forum addressed the topic “Retirement Income Adequacy: How Big Is the Gap and How Might the Market Respond?” This was EBRI’s 66th policy forum held in Washington, DC, and was attended by about 100 policy and professional experts. This article provides highlights of new EBRI research and experts’ reactions to it.
- July 2010 Issue Brief, “The EBRI Retirement Readiness Rating: Retirement Income Preparation and Future Prospects”—The EBRI Retirement Readiness Rating was developed in 2003 to provide assessment of national retirement income prospects. The 2010 update uses the most recent data and considers retirement plan changes (e.g., automatic enrollment, auto escalation of contributions, and diversified default investments resulting from the Pension Protection Act of 2006) as well as updates for financial market performance and employee behavior (based on a database of 24 million 401(k) participants).
- June 2010 Notes article, “Income of the Elderly Population Age 65 and Over”—This article reviews the latest available data on the older population’s income (from the U.S. Census Bureau’s March 2009 Current Population Survey) and how it has changed over time, as well as how the elderly's reliance on these sources varies across demographic characteristics.
- May 2010 Notes article, “Retirement Annuity and Employment-Based Pension Income, Among Individuals Age 50 and Over, 2008”—Whether or not a worker receives a retirement annuity and/or employment-based pension income in retirement is strongly affected by demographics: Married white males with higher education have a much greater chance of having lifetime income in retirement from an annuity or pension.
- The following chapters of EBRI’s Databook on Employee Benefits provide further detail on income in retirement:
  - Chapter 6—Income Statistics of the Population Age 55 and Over.
Chapter 7—Sources of Income for Persons Age 55 and Over.

Chapter 8—Retirement Annuity and Employment-Based Pension Income.

Retirement Confidence Survey
This year marked the 20th anniversary of the Retirement Confidence Survey (RCS). The 2010 RCS was fielded in January and released on Tuesday, March 9, 2010. The survey had 31 underwriters. The full report and fact sheets are available on the 2010 RCS website.

Media Coverage of the 2010 RCS
From March 9, 2010, to August 22, 2010, partial tracking found the 2010 RCS mentioned in 156 newspapers, 37 periodicals, 15 news wires, and 29 blogs. In addition, 197 Web-based outlets (such as MarketWatch, CNNMoney) posted headlines and links on their websites. CBS and CNN featured taped interviews with EBRI Research Director Jack VanDerhei. PLANSPONSOR.com featured a podcast titled “Talking Points: Retirement Confidence” with Jack VanDerhei.

Individual Account Retirement Plans
- September 2010, Issue Brief, “Average Total IRA Balances and Contributions: An Overview of the EBRI IRA Database”—The Employee Benefit Research has created the EBRI IRA Database, which is able to link participants within and across data providers in the IRA database. In addition, the EBRI IRA Database will be able to link the data with participants in 401(k) plans, allowing retirement funds to be tracked as they are generated, rolled over, and ultimately used. This Issue Brief is the first of a series of publications analyzing the EBRI IRA Database, and highlights the distribution of IRA owners by IRA type, average account balances, and contributions to IRAs.
- July 2010, Notes article, “Target-Date Fund Use Over Time”—The use of target-date funds (TDFs) in 401(k) plans has grown rapidly in recent years: The percentage of all 401(k) plan participants using them increased from 25 percent in 2007 to 31 percent in 2008. Use of these funds has been more likely among participants who are young, have lower account balances and shorter tenure at their current job, as new workers are the most likely to be auto-enrolled in their employer’s 401(k) plan. Because TDFs are still relatively new for most participants, little is known how participants use these funds over time.
- May 2010 Notes article, “Total Individual Account Retirement Plan Assets, by Demographics, 2007, with Market Adjustments to March 2010”—Workers’ participation in a retirement plan, either through an employment-based arrangement or individually, is a crucial factor in accumulating sufficient resources to pay for expenses in retirement. This article examines the distribution of total assets held in individual account retirement plans (401(k)-type plans, IRAs, and Keogh plans) across various demographic characteristics of American families, based on the latest data from the Federal Reserve’s Survey of Consumer Finances.
- The following chapters of EBRI’s Databook on Employee Benefits provide further detail on individual account retirement plans.
  - Chapter 13—Sec. 401(k) Plans.
  - Chapter 16—Individual Retirement Accounts and Keogh Assets.

Research—Health Care

Health Confidence Survey
The 2010 HCS was fielded in mid-May through mid-June 2010. Results of the 2010 HCS were released in the September 2010 Notes.
Media Coverage of the 2009 HCS
From June 11, 2009, to August 22, 2010, partial tracking found the 2009 HCS mentioned in 91 Web-based outlets (such as MarketWatch, MSN Money) posted headlines and links on their websites. In addition, one newsweekly, 14 periodicals, and 12 newspapers wrote articles utilizing the 2009 HCS.

Consumerism in Health Care
- August 2010 Issue Brief, “What Do We Really Know About Consumer Driven Health Plans?”—Employers began offering consumer-driven health plans (CDHPs) in 2001 when a handful started offering health reimbursement arrangements (HRAs). They then started offering health savings account (HSA)-eligible plans after the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 included a provision to allow individuals with certain high-deductible health plans to contribute to an HSA. This report summarizes what is known about CDHPs, which include both HRAs and HSAs.
- June 2010 Issue Brief, “Health Savings Accounts and Health Reimbursement Arrangements: Assets, Account Balances and Rollovers, 2006–2009”—This Issue Brief examines HSA and HRA assets, account balances, and rollover amounts. It examines the types of individuals likely to have a consumer-driven health plan (CDHP). It then examines differences in account balances by demographics, income, contribution levels, and engagement in an individual’s own health care, using a regression equation. Rollover amounts are then examined.

Health Care Plan Participant Demographics
- August 2010 Notes article, “Coverage of Dependent Children to Age 26 Under the Patient Protection and Affordable Care Act”—Recent laws require that group health plans and insurers make dependent coverage available for children until they attain the age of 26 regardless of tax, student, or dependent status as it relates to financial support. The overall increase in employment-based coverage due to newly enrolled 19–25-year-olds in 2011 ranges from 680,000 to 2.12 million individuals, and these costs are expected to increase health insurance premiums about 0.7 percent in 2011, 1 percent in 2012, and 1 percent in 2013. This study finds these estimates may understate the size of the population that might enroll in their parents’ employment-based coverage. If the initial enrollment estimates are too low, the effect of the age 19–25 provision will be higher.
- June 2010 Notes article, “Examination of the Short-Term Impact of the COBRA Premium Subsidy and Characteristics of the COBRA Population”—Current data indicate that the COBRA subsidies that became available in April 2009 do not appear to have had an immediate impact on the percentage of individuals with coverage through a former employer, but it is too early to tell from nationally representative surveys if and when take-up of COBRA accelerated. Data through August 2009 (and limited data through November 2009) are expected to be available in September 2010, when it will be possible to examine the impact that the premium subsidy has had on take-up of COBRA.
- May 2010 Issue Brief, “The Impact of the Recession on Employment-Based Health Coverage”—This Issue Brief examines changes in health coverage among workers during the recession that started in December 2007. Data from the Survey of Income and Program Participation are used to examine health coverage prior to the recession, and as recently as July 2009. Monthly changes are examined for 2007 and May 2008–July 2009, with emphasis on changes that occurred between September 2007 and April 2009.
- The following chapters of EBRI’s Databook on Employee Benefits provide further detail on health care plan participant demographics.
  - Chapter 26—Health Insurance Coverage of the Nonelderly.
  - Chapter 27—Health Insurance Coverage of Workers.
Retiree Health Care

- July 2010 Notes article, “The Early Retiree Reinsurance Program: $5 Billion Will Last about Two Years”—An important question is whether the $5 billion will be exhausted before 2014. This article finds that if the subsidy were drawn down for all early retirees and their dependents, $2.5 billion of the $5 billion available would be exhausted in the first year of the program. The $5 billion would last no more than two years and would not be available in 2012 or 2013.

- The following chapters of EBRI’s Databook on Employee Benefits provide further detail on retiree health care:
  - Chapter 36—Health Insurance Coverage of the Elderly.
  - Chapter 37—Employment-Based Retiree Health Insurance.
  - Chapter 38—Medicare Enrollees.
  - Chapter 39—Medicare Covered Services.
  - Chapter 40—Medicare Finances.
  - Chapter 41—The Future of Medicare.

American Savings Education Council and Choose to Save®
For an update on the activities of ASEC and Choose to Save®, please see the Fall 2010 ASEC Update at Fall 2010 ASEC Update.