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Statement Before

The U.S. Senate Special Committee on Aging

Hearing on

"Retiring Baby Boomers: Meeting the Challenges"

Testimony of Dallas L. Salisbury
President, Employee Benefit Research Institute (EBRI)
Chair, American Savings Education Council (ASEC)
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Washington, D.C.

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Testimony Summary

Mr. Chairman and members of the Committee, my name is Dallas Salisbury. It is a pleasure to be here this morning to discuss "Retiring Baby Boomers: Meeting the Challenges." I ask that my full submission be made a part of the record of the hearing.

The mission of the Employee Benefit Research Institute (EBRI) 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 does not lobby and does not take positions for or against legislative proposals. The goal of the American Savings Education Council (ASEC) is to make saving and planning a vital concern of Americans and recognized as in the economic interests of employers.

I was asked to comment this morning on "the ability of private employers to provide retiree health and pension benefits comparable to current levels for the baby boom generation when it enters retirement in 2010 and after," and on other challenges faced by the baby boom generation as it approaches retirement.

Given limited time this morning, I want to use data to emphasize a few points that put the situation of the baby boomers in perspective relative to present retirees. The data show that there is a great deal of mythology in the retirement discussion. Notably, the data show that:

- Social Security has never provided an adequate income. With changes already enacted to increase the retirement age, and assuming no payroll tax increases, the baby boomers' benefits will be an average of just under 30 percent of income instead of today's 42 percent. This will require individuals to work longer and to save more. Private employers are beginning to communicate these facts to employees in order to encourage them to save more.

- Few of the baby boomers' parents had full careers with one employer. Pensions formed in the years prior to 1980 focused on the approximately 20 percent of workers who spent a full career with one employer. Defined benefit pensions were sponsored by most large private employers to do this, and large employers have also generally sponsored defined contribution savings and 401(k) plans to assist both long-service and shorter-service employees. Small employers never sponsored plans on a widespread basis but have since the advent of tax-deferred individual salary reduction plans like 401(k) plans (1981) and the Federal Employee Thrift Plan (1984). Significant legal changes in terms of vesting, funding, and tax rates, have made Defined Benefit plans much more expensive yet difficult to advance fund. Employers can, in the absence of a dramatic drop in the markets or a dramatic run of high inflation, afford to continue defined benefit plans now in existence. However, for demographic, work force mobility, and employee preference reasons, they may choose not to do so. Private employers provide more retirement savings for the average baby boomer than they have to the average retiree today.

- Few of the baby boomers' retired parents have income from a traditional defined benefit pension plan or employer paid retiree medical benefits. This is contrary to much of what is written without attention to the available data, but 24 percent of retirees reporting private pension income, and 10 percent reporting fully employer-paid Medi-gap protection, cannot be presented as a panacea. It is very important to those who have it, but when considering the cost and implications for the baby boomers, it should not be overstated. Employers have shown that they cannot, on a widespread basis, afford to pay for retiree medical benefits pre or post 65. They do not today; they will not tomorrow. Private employers are communicating the retirement income and retiree medical savings need more heavily that at any time in the past so that the baby boomer has an opportunity, with employer assistance, to be better prepared in retirement than today's retiree.

- Few of the baby boomer' parents saved for their own retirement. This is contrary to the implicit suggestion that today's retirees are all on cruise ships and the golf courses, having saved for retirement. Income from assets is important to a small minority of retirees today, and baby boomers are doing better than their elders at building retirement assets. Employers can afford to sponsor a retirement savings plan, and when stable and profitable, they can afford to make employer contributions as well. They can communicate the need to save in these plans for all spending needs, including retiree medical expenses. Baby boomers need to save more, and they need to preserve lump-sum distributions on job change. This will require education and understanding. They are on a positive track in growing numbers, and with savings and planning campaigns like that of the American Savings Education Council and government partners like the Department of Labor and Treasury, the Federal Reserve, and the SEC, many successes will be recorded.

Conclusion

I want to thank the Committee for the opportunity to testify today and invite you to call on EBRI and ASEC in the future. The baby boom generation is beginning to save, but only one-third have yet done an estimate of how much they need to save for retirement. Employers are doing more now than ever before to raise this number. Employers recognize that while this is a higher proportion than among today's retirees, it leaves much room for improvement. Workers also underestimate how long they will live once retired but want to retire early. Education is focusing on this as well. This combination of factors tells us that baby boomers are on a better savings path than today's retirees, and they have the tools and the opportunity to do even better. The primary challenge for employers and the government is to provide individuals the education to assure that they become planners, savers, and investors, as we have moved from a system focused primarily on the few who work for one employer for a full career to all workers.

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Mr. Chairman and members of the Committee, my name is Dallas Salisbury. It is a pleasure to be here this morning to discuss "Retiring Baby Boomers: Meeting the Challenges." I ask that my full submitted testimony be placed in the record of the hearing.

I entered the retirement income field in 1975 with the U.S. Department of Labor and also served at the Pension Benefit Guaranty Corporation. Since 1978, I have been with the Employee Benefit Research Institute (EBRI), now serving as its President and CEO, and on its Board of Trustees. During 1995, we also established a new organization, the American Savings Education Council (ASEC), which I serve as Chairman and CEO.

EBRI's 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 does not lobby and does not take positions for or against legislative proposals. ASEC's goal is to make saving and planning a vital concern of Americans and recognized as in the economic interests of employers.

EBRI published an *Issue Brief* in 1994 titled "Baby Boomers in Retirement – What Are There Prospects?" and held an invitational policy forum on the topic "Retirement in the 21st Century...Ready or Not...." The policy forum publication concluded:

> "A review of the available evidence indicates that, on a total wealth basis and on a pension savings basis, those in the work force today are doing better than previous generations. However, a minority are building the individual and pension savings that will

allow them to meet the goal of maintaining final employment income throughout retirement, without using real estate to produce income.

Should the timing and value of Social Security benefits, Medicare, and employer-based defined benefit and retiree medical benefits continue to be reduced, the levels of necessary saving will increase, not decline. Should the movement toward voluntary pension participation and lump-sum distributions continue, increases in participation rates and rates of rollover will be necessary to achieve the income levels projected by today's studies."

I was asked to comment this morning on "the ability of private employers to provide retiree health and pension benefits comparable to current levels for the baby boom generation when it enters retirement in 2010 and after," and on other challenges faced by the baby boom generation as its members approach retirement.

Given limited time this morning, I want to use data to emphasize a few points that put the situation of the baby boomers in perspective relative to present retirees. The data show that there is a great deal of mythology in the retirement discussion. Notably the data shows that:

- Social Security has never provided an adequate income. With changes already enacted to increase the retirement age, and assuming no payroll tax increases, benefits will be an average of just under 30 percent of income instead of today's 42 percent. This will require individuals to work longer and to save more. Private employers are beginning to communicate these facts to employees in order to encourage them to save more.
- Few of the baby boomers' parents had full careers with one employer. Pensions formed in the years prior to 1980 focused on the approximately 20 percent of workers who spent a full career with one employer. Defined benefit pensions were sponsored by most large private

employers to do this, and large employers have also generally sponsored defined contribution savings and 401(k) plans to assist both long–service and shorter–service employees. Small employers never sponsored plans on a widespread basis, but have done so since the advent of tax–deferred individual salary reduction plans such as 401(k) plans (1981) and the Federal Employee Thrift Plan (1984). Significant legal changes in terms of vesting, funding, and tax rates have made defined benefit plans much more expensive yet difficult to advance fund. Employers can, in the absence of a dramatic drop in the markets or a dramatic run of high inflation, afford to continue defined benefit plans now in existence. However, for demographic, work force mobility, and employee preference reasons, they may choose not to do so. Private employers provide more retirement savings for the average baby boomer than they have to the average retiree today.

- Few of the baby boomers' retired parents have income from a traditional defined benefit pension plan or employer–paid retiree medical benefits. This is contrary to much of what is written without attention to the available data. However, 24 percent of retirees reporting private pension income, and 10 percent reporting fully employer paid Medi-gap protection, cannot be presented as a panacea. It is very important to those who have it, but when considering the cost and implications for the baby boomers, it should not be overstated. Employers have shown that they cannot, on a widespread basis, afford to pay for retiree medical benefits pre or post 65. They do not today; they will not tomorrow. Private employers are communicating the need to save for retirement income and retiree medical expenses more heavily that at any time in the past, so that the baby boomer has an opportunity, with employer assistance, to be better prepared in retirement that today's retiree.

- Few of the baby boomers' parents saved for their own retirement. This is contrary to the implicit suggestion that today's retirees are all on cruise ships and the golf courses, having saved for retirement. Income from assets is important to a small minority of retirees today, and baby boomers are doing better than their elders at building retirement assets. Employers can afford to sponsor a retirement savings plan, and, when stable and profitable, they can afford to make employer contributions as well. They can communicate the need to save in these plans for all spending needs, including retiree medical expenses. baby boomers need to save more, and they need to preserve lump–sum distributions on job change. This will require education and understanding. They are on a positive track in growing numbers, and with savings and planning campaigns like that of the American Savings Education Council, and government partners like the Departments of Labor and Treasury, the Federal Reserve, and the SEC, many successes will be recorded.

It is important to note that the private employer pension system is in solid financial condition. As Chart 1 shows, asset growth in the system has been steady. Chart 2 highlights the assets resulting from the development of both defined benefit plans (the employer promises a given benefit and is responsible for funding it) and defined contribution retirement plans (the employer sponsors a plan for the employee to save on a pre-tax basis, and may also contribute). Baby boom retirees will do better than today's retirees as a group and as individuals due to this growing "hybrid" retirement savings system. Table 1 presents financial trends in private plans from 1975 to 1993. It shows that the defined benefit system has become quite mature (more on this later). The relative relationship of contributions to benefits shown in this table is also a result of the significant plan funding restrictions and income limitations placed in the law since 1982. These have kept employers from either providing the benefits they would like to provide or funding them as well as they would like to. This has reduced the baby boomers' retirement income prospects from employer plans. Table 2 shows the number of plans by type, participants, and primary plans. As the law shortened vesting requirements, it was understood that the role of defined contribution plans would become more important. One Census Bureau survey found that nearly 80 percent of federal employees, for example, view the Federal Employee Thrift Plan as their primary retirement plan, not the defined benefit plan. Chart 3 shows why this is true. The way in which benefit value builds in the two types of plans would cause any worker with less that about 25 years of service to receive more benefit from a defined contribution plan than from a defined benefit plan.

It is important to note that today's retirees did not save. As shown by charts 4 and 5 and table 3, Social Security is the primary source of income for most retirees. These retirees were told that Social Security benefits would allow them to retire at age 62 or 65, yet they were not given much information on what Social Security benefits would be. The implication was that benefits would be adequate. Today, we know the income replacement rates are modest for most, and that the maximum family benefit does not exceed $25,000. Those with employer pensions do better than others, but individual savings have never been high for most Americans. Chart 4 provides a picture of the relative role of income sources.

This highlights the first baby boomer challenge: getting good information on what Social Security might provide, recognizing that Social Security alone will provide adequate income for very few, taking action to get help from employers, and finally, proactively saving towards a secure retirement.

It is important to note that most workers have never spent a full career with one employer, and even fewer will do so in the future. Charts 6 and 7 provide a picture of job tenure across age groups.

A telling fact is that 50 percent of men aged 55 to 64 have spent 12 years or less with their present employer, and 50 percent of women in this group have spent 10 years or less. Table 4 provides similar news, with only 12.4 percent of those aged 55 to 64 reporting 30 or more years of service, and this number is dropping as well, even though it takes 30 years to achieve a maximum pension buildup. A system with cash benefit portability can deal with this issue. Chart 8 underlines the importance of tenure patterns relative to pension vesting, because rates rose dramatically as the law moved vesting requirements down to 10 years and then 5 years. As a result of these new requirements, while pension participation remained steady, actual entitlement to benefits rose sharply. In addition, the growth of defined contribution plans like the Federal Employee Thrift Plan and 401(k)s is very important to the baby boomers, as these plans allow them to build real value in spite of job movement.

This highlights the second baby boomer challenge: making certain that you save each and every year to ensure that your employer provides a defined contribution savings opportunity.

It is important to note that the increasing diversity of the pension system is good news, not bad, for the majority of workers due to job turnover patterns. Table 2 showed the relative existence and participation levels of defined benefit and defined contribution plans between 1975 and 1993. Defined benefit plans are primarily sponsored by the largest employers in the nation, both public and private. Since employment in organizations with more that 1,000 employees has been relatively steady in absolute numbers, but shrinking as a proportion of the labor force, the number of participants in these plans has remained nearly constant since 1980.

Defined contribution plans were always sponsored by the large organizations and favored by small ones. These plans generally include contributions by both the employee and the employer. The employer commits to sponsor the plan and may commit to contribute, but the employer makes no promise of a specific benefit at the end of the day. In other words, investment gains and the risk of loss rest with the individual. Since Congress acted in 1978 to allow tax–deferred contributions by both the employer and the employee, both the number of defined contribution plans and participants have grown steadily.

This highlights the third challenge related to the baby boomers: understanding what plans they have available to them, how to take advantage of them, and that any plan is better than no plan.

Plan type is less important than it used to be. This is due both to the legal requirement that all plans pay some benefits in the form of a lump–sum distribution and to accelerated vesting requirements. Chart 3 shows the pattern of benefit growth under the defined contribution and defined benefit plan approaches. It makes clear that for the mobile worker – that is, about 75 percent of workers – the defined contribution plan can lead to higher retirement asset accumulations. This makes the point that both plan types can serve valuable purposes, but one plan type does not fit all.

Chart 9 provides a 1990 data snapshot of pension benefit payments. The chart shows that a somewhat startling $107.2 billion was paid in lump sums in 1990, compared to $127.1 billion in annuity payments. Chart 10 shows why this raises issues for the baby boomers retirement futures: 44 percent of the dollars paid in lump–sum distributions are not saved for retirement, and 70 percent of the people who get them do not save them for retirement. Table 5 shows simulations of what baby boomer retirement income would look like if all lump–sum distributions were rolled over and saved for retirement. Instead of the 36 percent pension income delivery to retirees today (table 1) , it would reach 77 percent as the baby boomers retire and 84 percent in later years.

This highlights the fourth baby boomer challenge: the need for preservation of lump–sum distributions upon job change or retirement in order to meet retirement income goals.

It is important to note how important involvement by institutions like the government and employers can be. The data already provided indicate how important the mandatory system of Social Security and voluntary set asides of employer pensions have been in providing income to today's retirees. Table 6 shows participation in individual retirement accounts (IRAs) relative to employer pensions and 401(k) plans. In 1992, 8.1 percent of workers contributed to an IRA (6.3 percent of those without an employer plan). This compares to 43.7 percent of all workers who are in an employer plan, and 64.9 percent of those workers given the option of participation in a 401(k) plan.

This highlights the fifth challenge related to the baby boomers: finding ways to get them to save on a tax–effective basis when they are given the opportunity.

It is important to factor retiree medical expenses into consideration when thinking about the baby boomers. Chart 11 shows the degree to which retirees depend upon Medicare and, to a lesser extent, on employer provision. Retirees have acted on their own to purchase supplementation of Medicare where employers have not provided the benefit. Charts 12, 13, and 14 show that 45 percent of have access to retiree health insurance, with wide variation in what the employer will pay. Only 10 percent to 15 percent of baby boomers being promised full employer payment for Medigap policies.

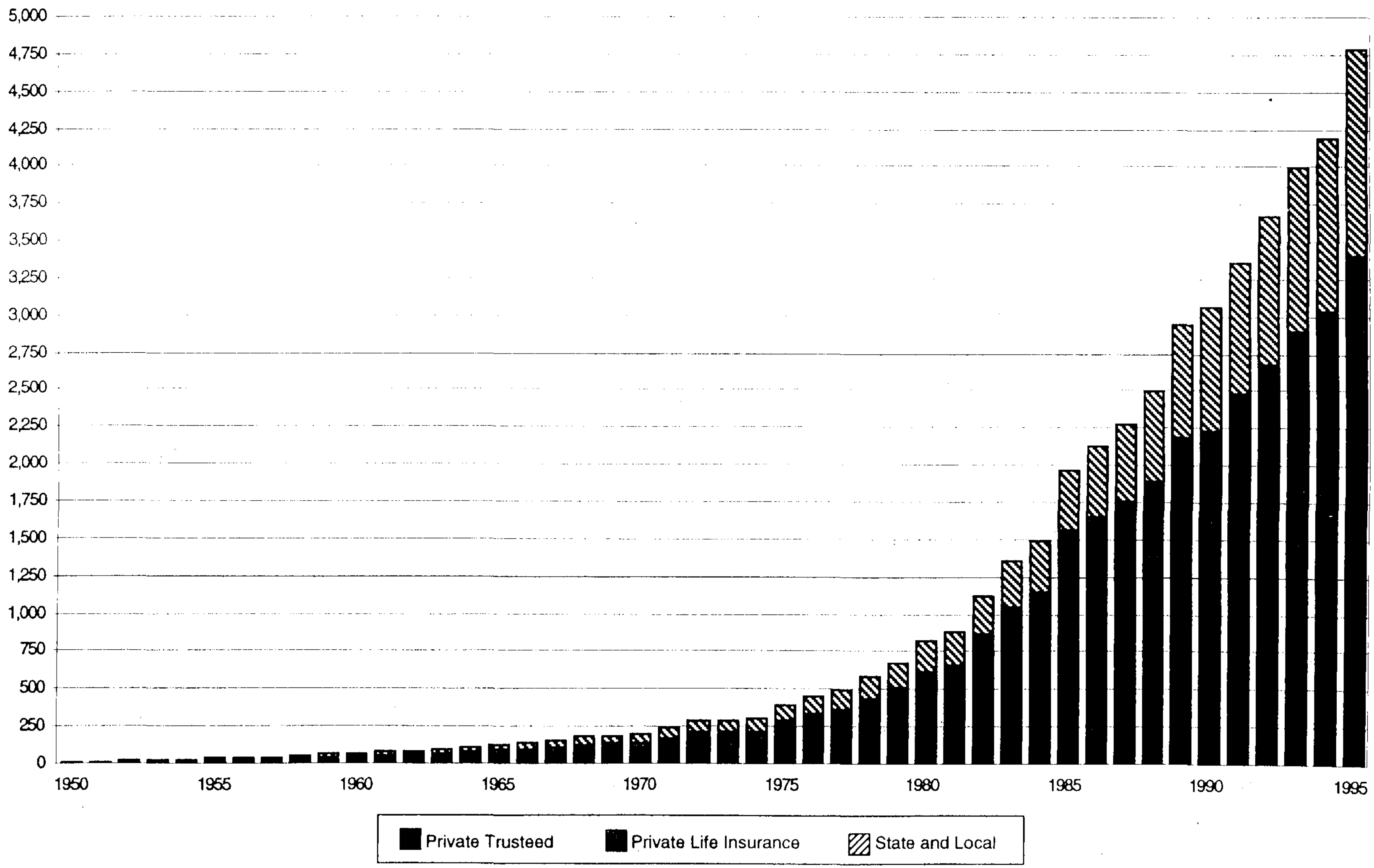
This highlights the sixth challenge related to the baby boomers: focusing on the implications of rising health care costs and increased life expectancy, and then saving enough to pay for health expenses in retirement at what is likely to be a far higher proportional cost than that faced by today's retirees.

Conclusion

I want to thank the Committee for the opportunity to testify today and invite you to call on EBRI and ASEC in the future. The baby boom generation is beginning to save, but only one-third have yet done an estimate of how much they need to save for retirement. Employers are doing more now than ever before to raise this number. Employers recognize that while this is a higher proportion than among today's retirees, it leaves much room for improvement. Workers, like retirees, underestimate how long they will live once retired, but they want to retire early. Education is focusing on this as well. This combination of factors tells us that baby boomers are on a better savings path than today's retirees, and they have the tools and the opportunity to do even better. The primary challenge for employers and the government is to provide individuals the education to assure that they become planners, savers, and investors, as we have moved from a system focused primarily on the few who work for one employer for a full career to one focused on all workers.

Chart 1

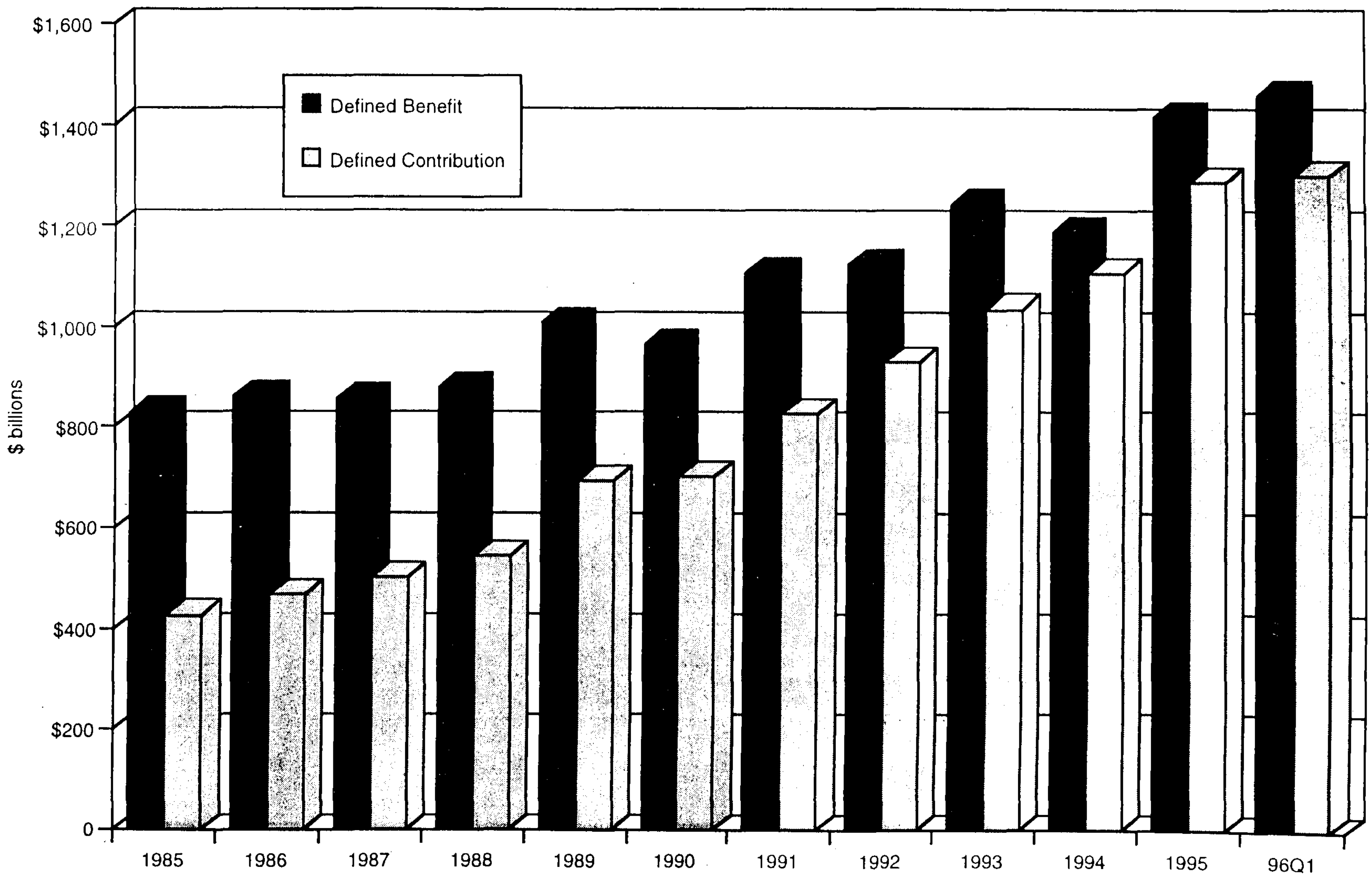
Annual Financial Asset Structure (1950–1995): Total Financial Assets and Rate of Growth



Source: Employee Benefit Research Institute, *Quarterly Pension Investment Report*, 1st Quarter, 1996

Chart 2

Private Trusteed Pension Assets, by Type, 1985–96Q1



Source: Employee Benefit Research Institute, *Quarterly Pension Investment Report*, 1st Quarter, 1996

Table 1:
Private Plan Financial Trends[a]

Summary of Private Sector Qualified Defined Benefit and Defined Contribution Plan Trends, Selected Years 1975–1993

	1975	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
($ billions)															
Assets[b,c]	$260	$564	$629	$789	$923	$1,045	$1,253	$1,383	$1,402	$1,504	$1,676	$1,674	$1,936	$2,094	$2,316
Defined benefit	186	401	444	553	642	701	826	895	877	912	988	962	1,102	1,147	1,248
Defined contribution	74	162	185	236	281	344	427	488	525	592	688	712	834	947	1,068
Defined contribution as percentage of total	28%	29%	29%	30%	30%	33%	34%	35%	37%	39%	41%	43%	43%	45%	46%
Contributions[b,d]	$37	$66	$75	$80	$82	$91	$95	$92	$92	$91	$98	$99	$111	$129	$154
Defined benefit	24	43	47	48	46	47	42	33	30	26	25	23	30	35	52
Defined contribution	13	24	28	31	36	43	53	58	62	65	73	76	81	94	102
Defined contribution as percentage of total	35%	36%	38%	39%	44%	48%	56%	64%	68%	71%	75%	77%	73%	73%	66%
Benefit Payments[b,e]	$19	$35	$45	$55	$65	$79	$102	$130	$122	$119	$132	$129	$136	$152	$156
Defined benefit	13	22	27	34	37	47	54	68	66	60	67	66	72	78	79
Defined contribution	6	13	17	21	28	33	47	63	56	58	65	63	64	75	77
Defined contribution as percentage of total	32%	37%	39%	39%	43%	41%	47%	48%	46%	49%	49%	49%	47%	49%	49%

Source: Employee Benefit Research Institute tabulations based on U.S. Department of Labor, Pension and Welfare Benefits Administration, *Private Pension Plan Bulletin* (Winter 1997).

[a]Excludes single participant plans.

[b]Due to rounding, sums of individual items may not equal totals.

[c]Excludes funds held by life insurance companies under allocated group contracts for payment of reitrement benefits. These funds make up roughly 10 to 15 percent of total private pension plan assets.

[d]Includes both employer and employee contributions.

[e]Includes both benefits paid directly from trust and premium payments made by plans to insurance carriers. Excludes benefits paid directly by insurance carriers.

Table 2:
Private Pension Plans and Participants

Summary of Private-Sector Qualified Defined Benefit and Defined Contribution Plans and Participants, Selected Years 1975–1993

	1975	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
(thousands)															
Total Plans[a,b]	311	489	546	594	603	604	632	718	733	730	731	712	699	708	702
Defined benefit[a]	103	148	167	175	175	168	170	173	163	146	132	113	102	89	84
Defined contribution[a]	208	341	378	419	428	436	462	545	570	584	599	599	598	620	619
Defined contribution as percentage of total	67%	70%	69%	71%	71%	72%	73%	76%	78%	80%	82%	84%	85%	87%	88%
(millions)															
Total Participants[b,c]	45	58	61	63	69	74	75	77	78	78	76	77	78	82	84
Defined benefit[c]	33	38	39	39	40	41	40	40	40	41	40	39	39	40	40
Defined contribution[c]	12	20	22	25	29	33	35	37	38	37	36	38	39	42	44
Defined contribution as percentage of total	26%	34%	36%	39%	42%	45%	47%	48%	49%	48%	48%	50%	50%	52%	52%
Active Participants	31	36	37	37	39	40	40	41	42	42	43	42	43	45	45
Primary plan is defined benefit[d]	27	30	30	29	30	30	29	29	28	28	27	26	26	25	25
Primary plan is defined contribution[d]	4	6	7	8	9	10	12	13	13	14	15	16	17	19	19
Defined Contrbution as percentage of total	13%	16%	19%	22%	23%	25%	30%	32%	31%	33%	35%	38%	40%	42%	42%

Source: Employee Benefit Research Institute tabulations based on U.S. Department of Labor, Pension and Welfare Benefits Administration, *Private Pension Plan Bulletin* (Winter 1997).

[a]Excludes single participant plans.

[b]Due to rounding, sums of individual items may not equal totals.

[c]Includes active, retired, and separated vested participants not yet in pay status. Not adjusted for double counting of individuals participating in more than one plan.

[d]For workers covered under both a defined benefit and a defined contribution plan, the defined benefit plan is designated as the primary plan unless the plan name indicates it provides supplemental or past service benefits.

Chart 3

Traditional Defined Benefit versus Defined Contribution

Pattern of Benefit Accruals

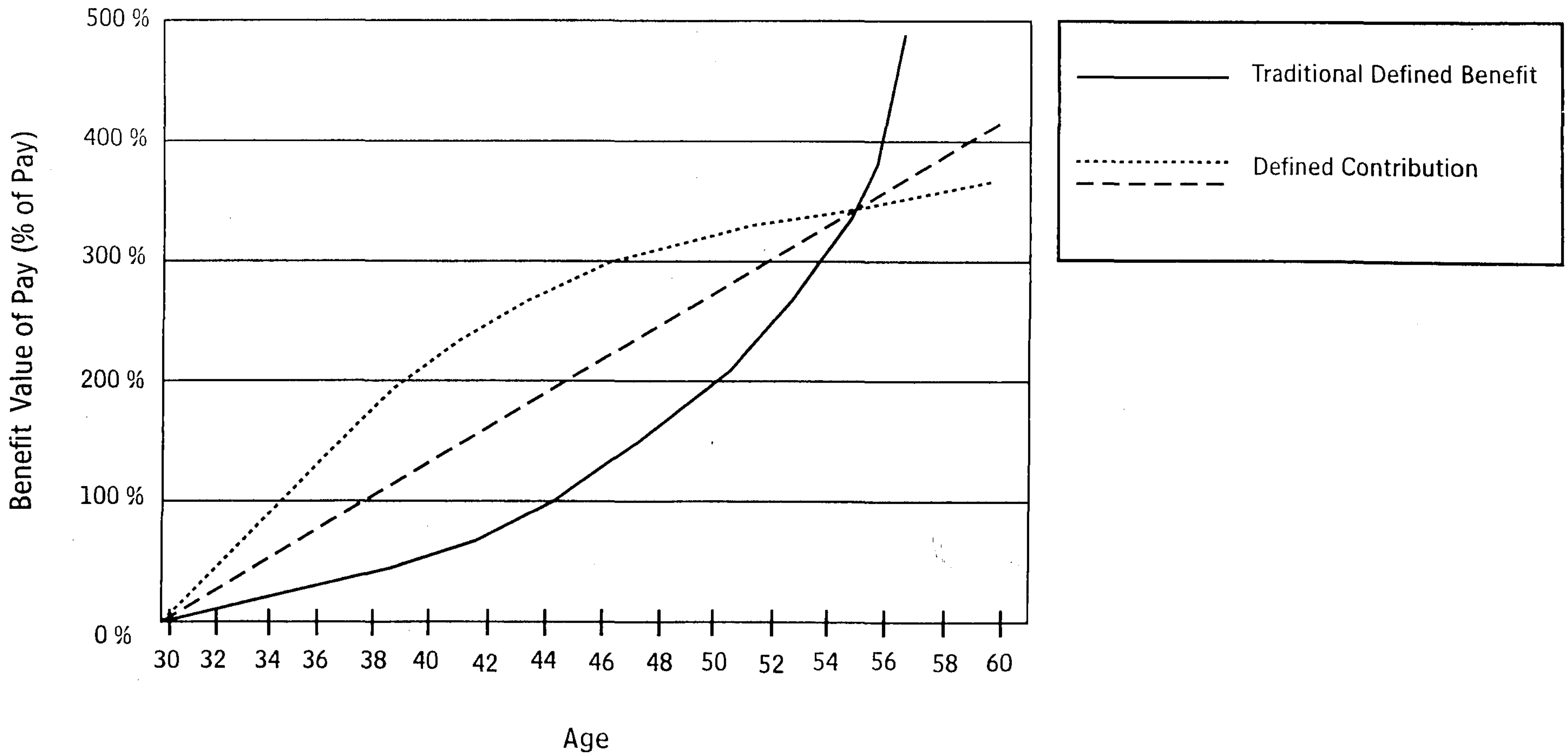
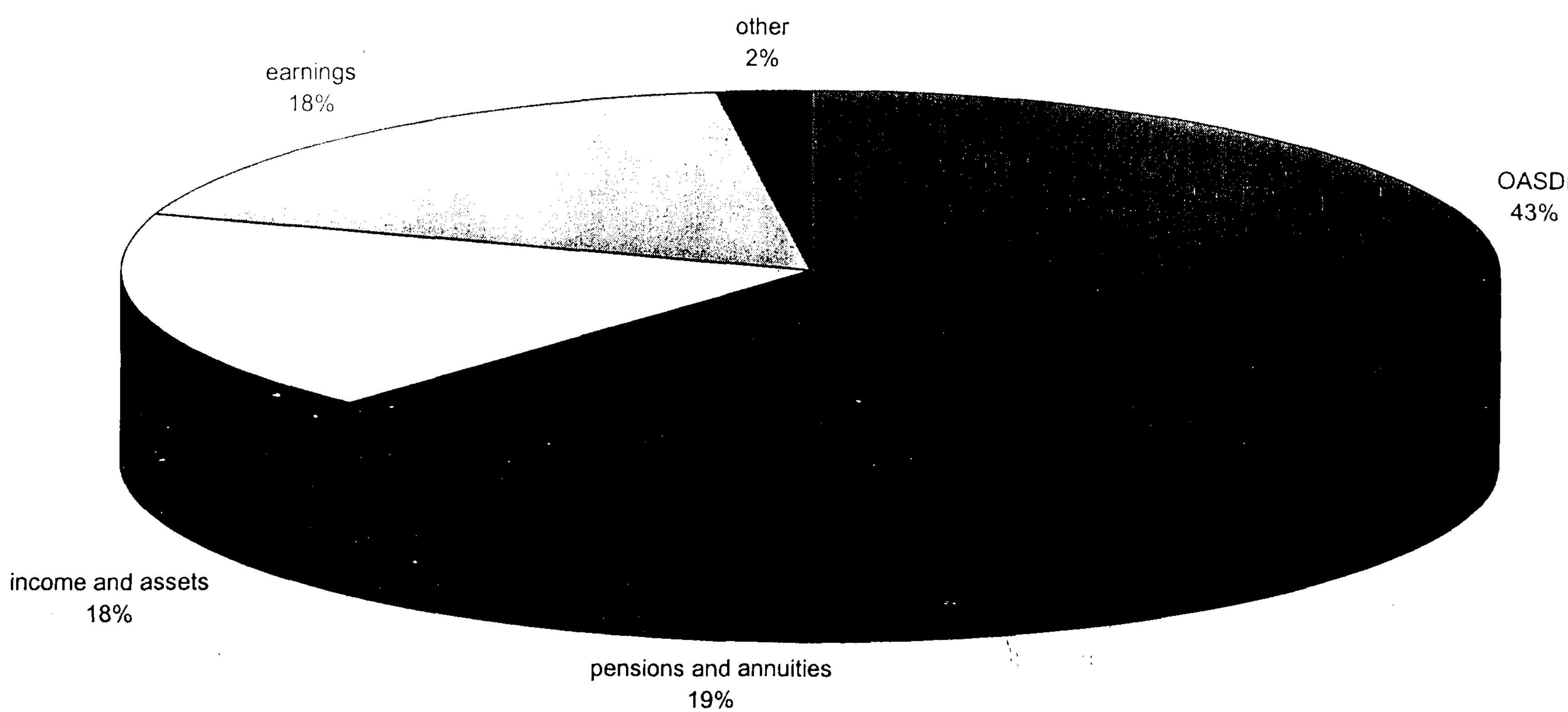
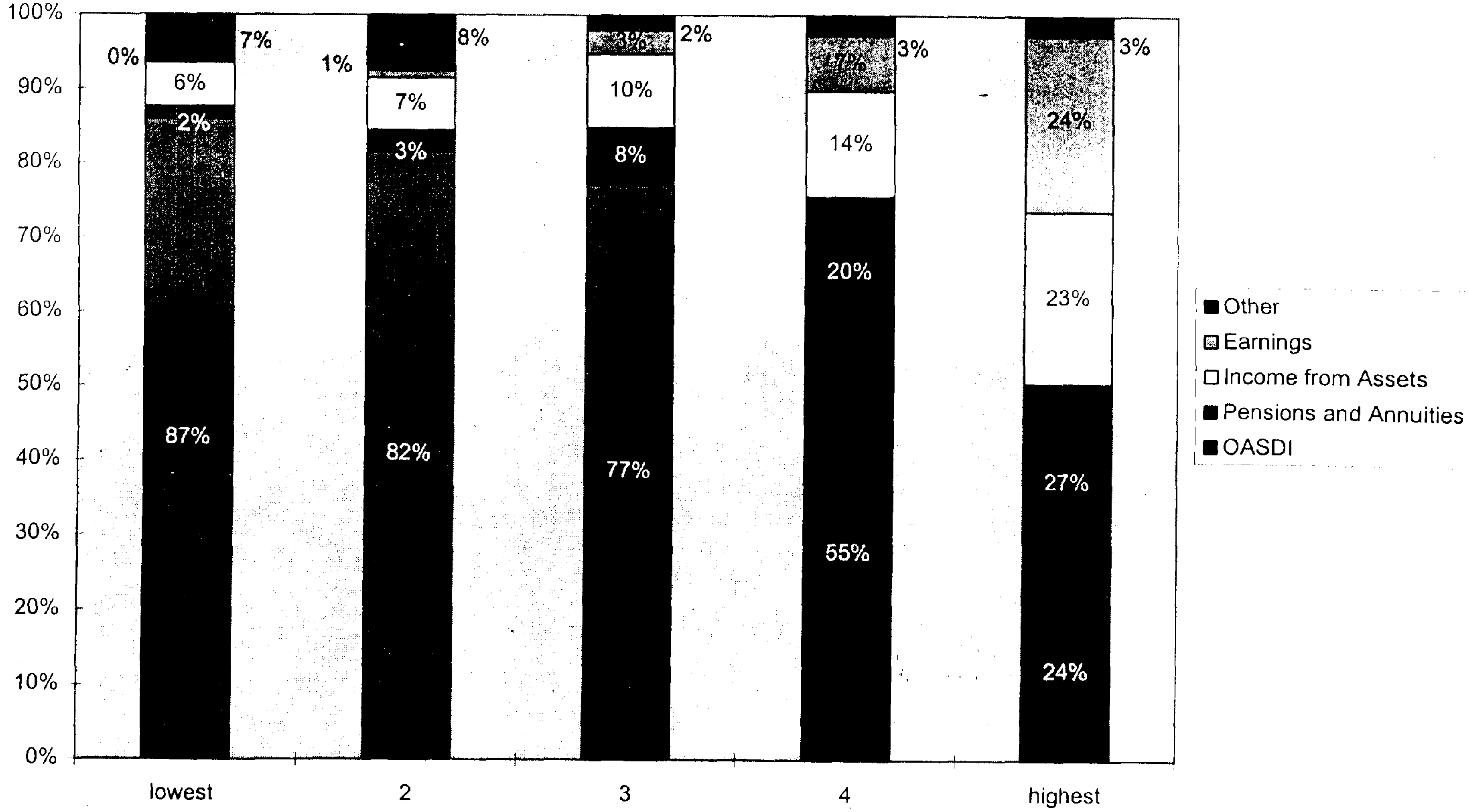


Chart 4:
Sources of Income, Population Age 65 and Over, 1995



Source: Employee Benefit Research Institute estimates of the March 1996 Current Population Survey.

Chart 5:
Sources of Income, Population Aged 65 and Over, by Income Quintiles, 1995



Source: Employee Benefit Research Institute tabulations of the March 1996 Current Population Survey.

Table 3:
Sources of Income of the Older Population

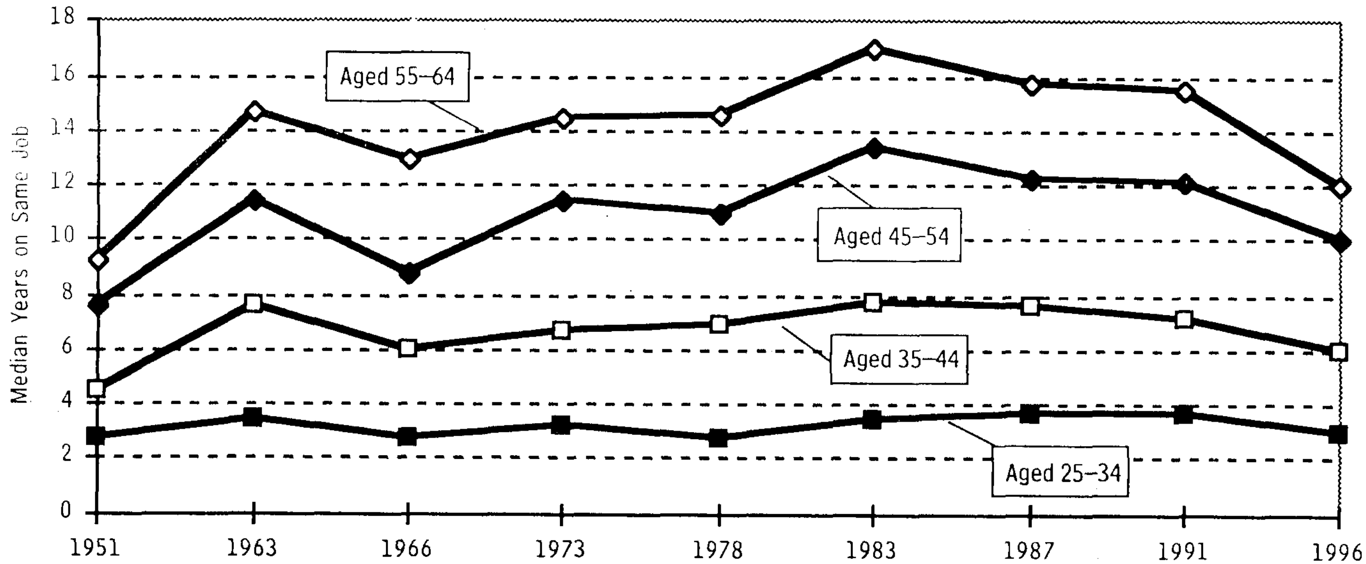
Sources of Income of the U.S. Population Aged 55 and Over, Percentage Distribution of Population and Income by Income Source, Mean Income, and Median Income, by Age, 1995

	Total Aged 55+				Total Aged 65+			
	Percentage distribution of income by source	Percentage receiving income by source	Median[a] income	Mean income	Percentage distribution of income by source	Percentage receiving income by source	Median[a] income	Mean income
Total	100%	100.0%	$13,453	$21,091	100.0%	100.0%	$11,553	$17,128
Earnings	46	36	18,000	9,691	18	16	9,000	3,044
Retirement Income	37	72	8,864	7,876	61	96	8,917	10,509
OASDI[b]	23	66	7,417	4,932	42	93	7,627	7,237
Private pensions[c]	7	18	4,945	1,382	9	24	4,428	1,539
former worker	6	16	5,160	1,292	8	21	4,593	1,425
survivor	d	2	3,180	90	1	3	3,000	114
Public pensions[c]	7	10	11,916	1,409	9	12	10,176	1,556
former worker	6	9	12,108	1,303	8	10	10,488	1,414
survivor	d	1	7,560	105	1	2	7,560	142
IRA/Keogh/401(k)	d	1	5,297	63	d	1	4,000	66
Annuities[e]	d	d	4,498	45	d	1	3,588	55
Other retirement	d	1	5,437	45	d	1	5,960	58
!nome from Assets	14	69	1,000	2,891	18	69	1,216	3,057
Interest	9	7	577	1,847	12	67	726	2,039
Dividends	3	21	902	630	4	20	1,000	666
Rent, royalties, estates and trusts	2	12	1,015	413	2	11	1,200	352
Financial Assistance[fg]	d	d	2,500	25	d	d	2,350	12
Nonpension Survivors Benefits	1	1	5,124	108	1	1	5,000	116
Disability	1	1	5,904	117	d	1	5,496	72
Unemployment compensation, Workers Compensation, and Veterans Benefits	1	5	3,000	227	1	4	3,119	228
Public Assistance/SSI[h]	d	1	1,764	14	d	d	919	4
Other[i]	d	2	1,998	91	d	1	2,290	84

Source: Employee Benefit Research Institute tabulations of the March 1996 Current Population Survey.
Footnotes: See the EBRI Databook on Employee Benefits (Washington, DC: Employee Benefit Research Institute, 1995).

Chart 6

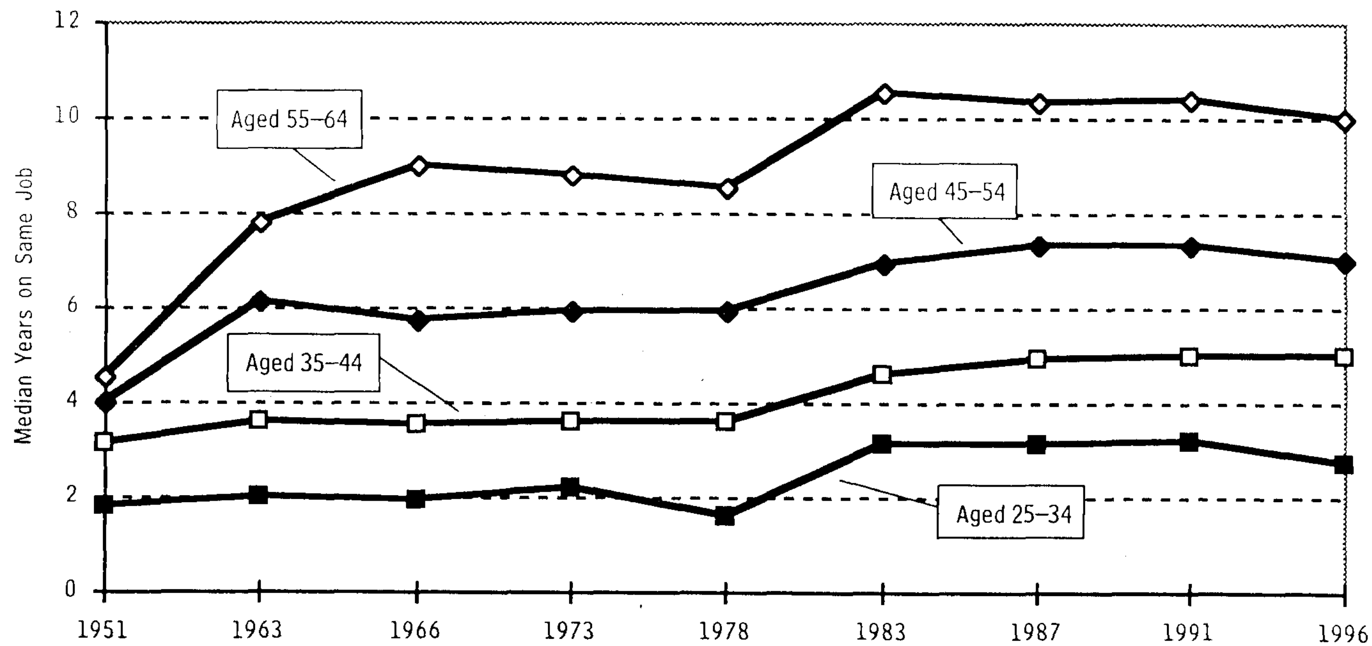
Prime Aged Male Job Tenure Trends, by Worker Age, 1951-1996



Source: Employee Benefit Research Institute compilation: (for years 1951, 1963, 1966, 1973, and 1978), U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review* (September 1952, October 1963, January 1967, December 1974, and December 1979); (for 1987), unpublished data from U.S. Department of Labor, Bureau of Labor Statistics, Division of Labor Force Statistics; (for years 1983 and 1991), U.S. Department of Labor, Bureau of Labor Statistics, "Employee Tenure and Occupational Mobility in the Early 1990s," News release USDL 92-386, 26 June 1992; (for 1996), EBRI tabulations of the February 1996 Current Population Survey research file (final, edited public use tape will be available in late January).

Chart 7

PRIME AGED FEMALE JOB TENURE TRENDS, BY WORKER AGE, 1951-1996



Source: Employee Benefit Research Institute compilation: (for years 1951, 1963, 1966, 1973, and 1978), U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review* (September 1952, October 1963, January 1967, December 1974, and December 1979); (for 1987), unpublished data from U.S. Department of Labor, Bureau of Labor Statistics, Division of Labor Force Statistics; (for years 1983 and 1991), U.S. Department of Labor, Bureau of Labor Statistics, "Employee Tenure and Occupational Mobility in the Early 1990s," News release USDL 92-386, 26 June 1992; (for 1996), EBRI tabulations of the February 1996 Current Population Survey research file (final, edited public use tape will be available in late January).

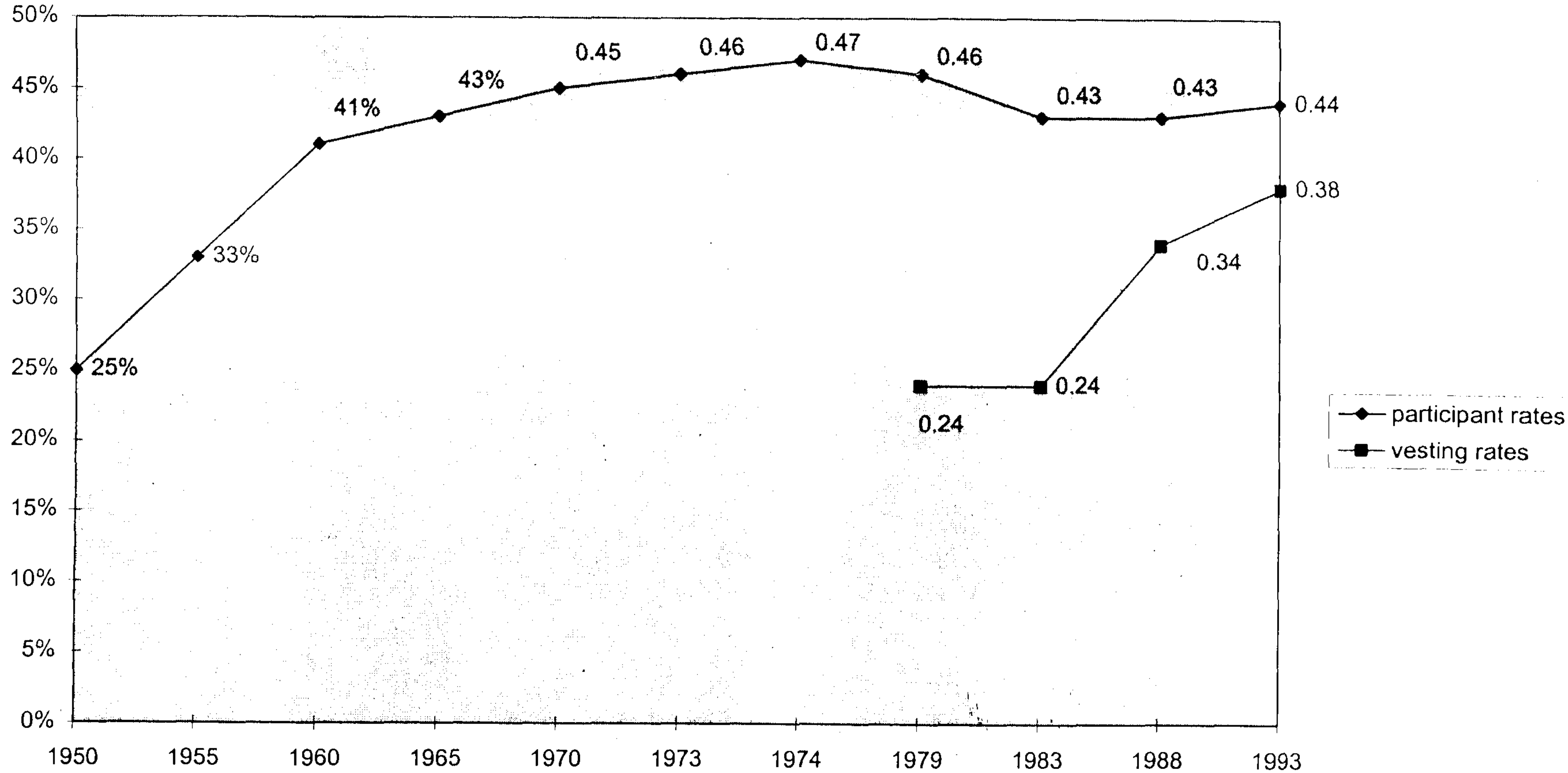
Table 4
Percentage Distribution of Workers by Years of Tenure at Current Job, by Age, 1996

Age	Less than 1 year	1 to 4 years	5 to 9 years	10 to 14 years	15 or more years	20 or more years	30 or more years
25–34	25.7	40.5	24.3	8.1	1.3	a	0.0
35–44	14.7	29.0	24.5	14.6	17.2	6.0	a
45–54	11.0	21.7	19.7	14.2	33.5	22.1	3.7
55–64	8.2	19.5	17.5	12.6	42.2	30.5	12.4

Source: Employee Benefit Research Institute (EBRI) tabulations of the February 1996 Current Population Survey research file (final, edited public use tape will be available in late January).

[a] Less than 0.5 percent.

Chart 8:
Trends in Retirement Plan Sponsorship and Vesting Among Civilian Workers, Aged 16 and Over, Selected Years, 1950-1993



Source: Employee Benefit Research Institute estimates of the May 1979, 1983, 1988, and April 1994 Current Population Survey employee benefits issue; and Alfred M. Skolnik, "private Pension Plans, 1950-1974" and Martha Remy Yohalem, "Employee Benefit Plans," *Social Security Bulletin*, June 1976 and November 1977.

Chart 9
Distribution of Pension Payments, 1990

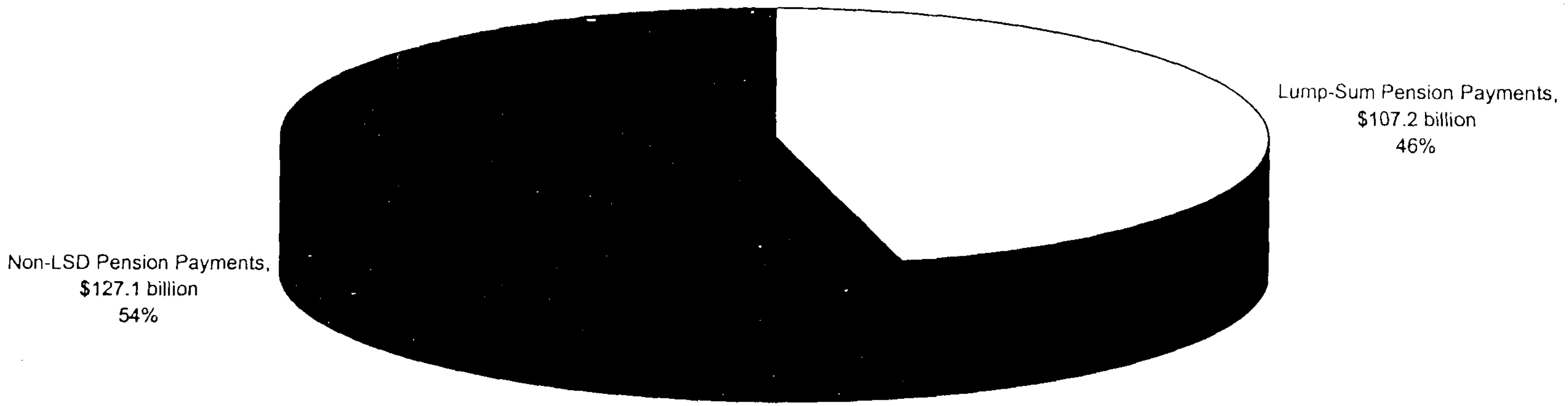


Table 5:
Projected Pension Recipiency with Virtually all Lump-Sum Distributions Rolled Over and Annuitized

Percentage of Aged Units[a] with Retirement Income from Various Sources, 2018 and 2030

Income Source	2018 Aged 65 and Over	2030 Aged 66–75	2030 Aged 76–84
All Retiree Families			
Social Security	98%	99%	97%
Employment-based pension	77	81	84
Earnings	20	8	26
Supplemental Security Income	3	1	1
Married Couples			
Social Security	98	b	b
Employment-based pension	88	b	b
Earnings	34	b	b
Supplemental Security Income	c	b	b
Single Individual			
Social Security	97	b	b
Employment-based pension	70	b	b
Earnings	10	b	b
Supplemental Security Income	4	b	b

Source: Employee Benefit Research Institute tabulations of the Pension and Retirement Income Simulation Model; Advisory Council on Social Security, *Future Financial Resources of the Elderly: A View of Pensions, Savings, Social Security, and Earnings in the 21st Century* (Washington, DC: Advisory Council on Social Security, 1991) (data for 2018); and Lewin-VHI, Inc., *Aging Baby Boomers: How Secure Is Their Economic Future?* (Washington, DC: American Association of Retired Persons, 1994) (data for 2030).

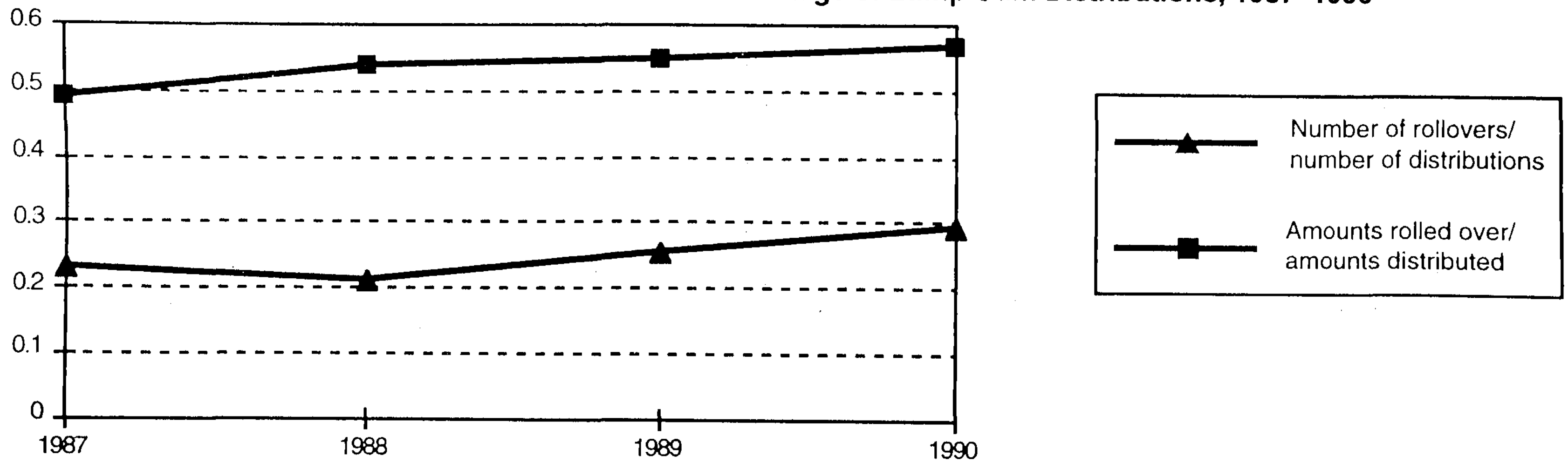
[a]Married couples living together where at least one spouse is aged 55 or over and nonmarried persons aged 55 and over.

[b]Data not available.

[c]Less than 0.5 percent.

CHART 10

IRA Rollover Contributions as a Percentage of Lump-Sum Distributions, 1987–1990



Source: Employee Benefit Research Institute (EBRI)/Internal Revenue Service (IRS) tabulations of IRS Forms 1099-R, Statement for Recipients of Total Distributions From Profit-Sharing, Retirement Plans, Individual Retirement Arrangements, Insurance Contracts, Etc., 1987–90; EBRI/IRS tabulations of IRS Forms 5498, Individual Retirement Arrangement Information, 1987-90.

Table 6:
Rates of Pension Participation, 401(k) Participation, and IRA Participation, Civilian Workers Aged 16 and Over, within Earnings Levels, May 1983, May 1988, and April 1993

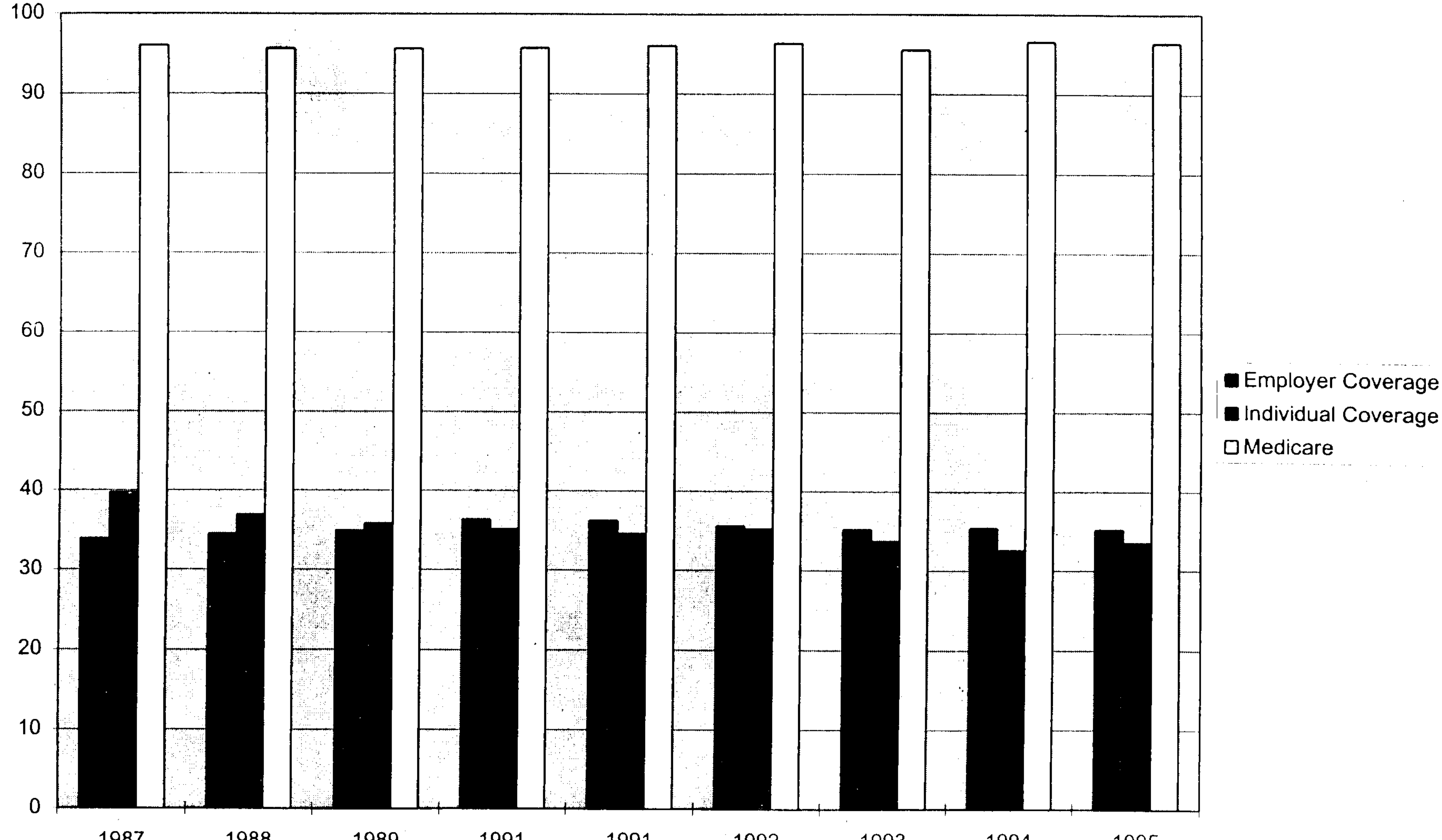
	Number of Workers (thousands)			Pension Participation (Thousands)			401(k) Participation Percentage of Workers Offered a Plan			IRA Participation (Percentage)		
Real Annual Earnings	1983	1988	1993	1983	1988	1993	1983	1988	1993	1982	1987	1992
All Workers	98,964	113,720	117,874	42.0%	42.0%	43.7%	38.3%	56.9%	64.9%	16.9%	12.5%	8.1%
$1–$4,999	10,294	10,.28	7,540	4.9	4.2	2.9	a	22.2	19.9	6.8	4.6	2.4
$5,000–$9,999	13,257	13,502	10,691	16.9	17.2	12.7	a	32.9	34.0	8.0	7.1	3.7
$10,000–$14,999	16,259	16,966	15,409	37.0	38.7	28.8	28.2	41.9	44.5	10.4	7.8	4.6
$15,000–$19,999	14,052	14,700	14,501	55.0	54.0	44.6	32.1	50.5	54.5	13.4	11.3	5.4
$20,000–$24,999	11,993	12,417	12,247	64.7	63.4	60.1	34.7	56.7	60.8	19.1	13.3	7.5
$25,000–$29,999	6,663	8,875	9,817	72.8	71.5	64.2	40.0	58.6	66.8	21.0	17.3	8.2
$30,000–$49,999	11,600	14,377	19,977	73.5	75.4	75.0	47.6	67.0	72.3	32.8	18.0	10.6
$50,000+	2,948	4,133	8,639	73.3	76.9	79.2	59.3	79.8	83.2	55.8	22.9	14.5

Source: Employee Benefit Research Institute estimates of the April 1993 Current Population Survey.

[a]Sample too small to be statistically reliable.

Chart 11

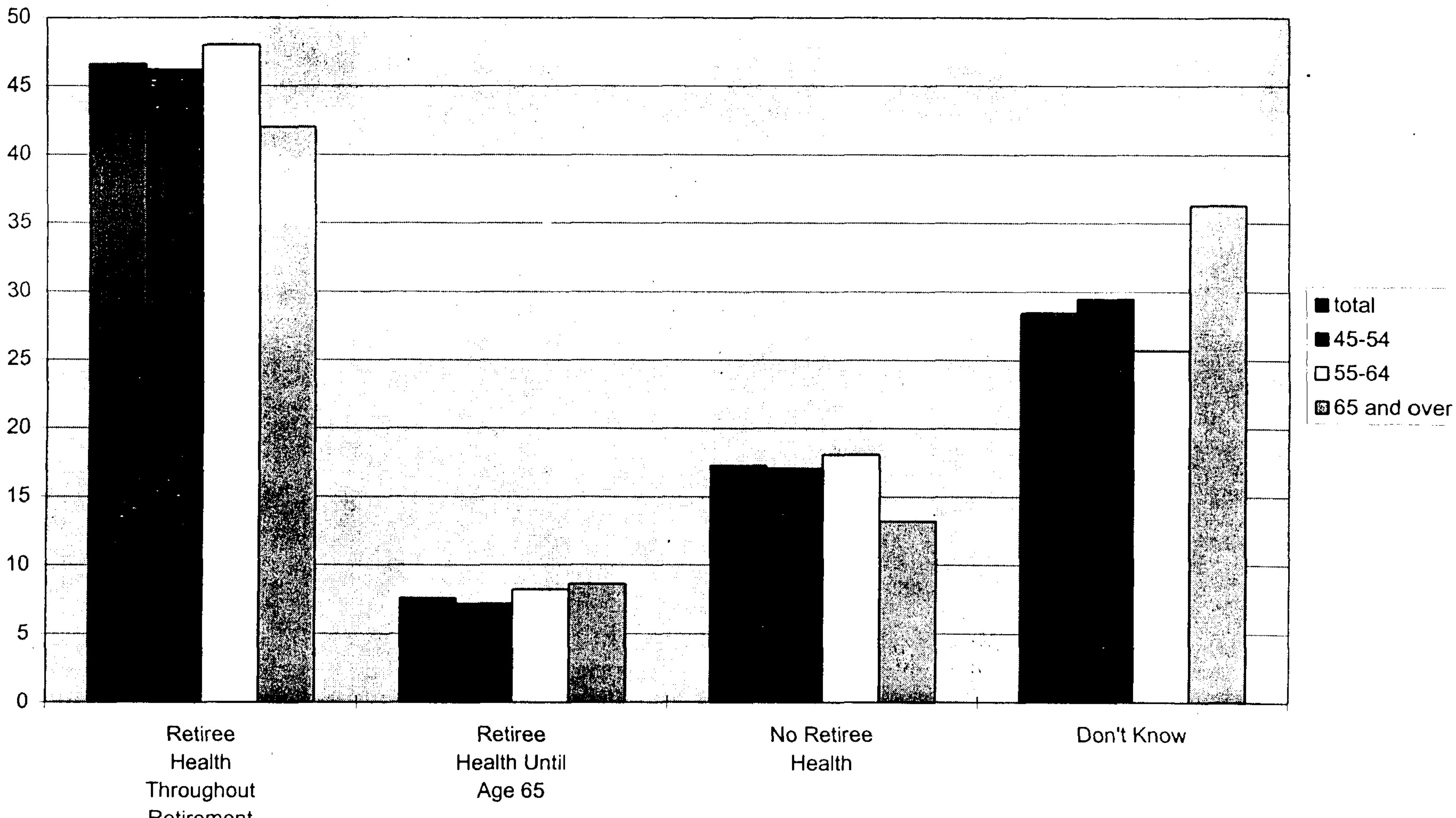
Elderly Americans with Selected Sources of Health Insurance Coverage, 1987-1995



Source: Employee Benefit Research Institute tabulations of data from the March 1988-1996 Current Population Surveys.

Chart 12

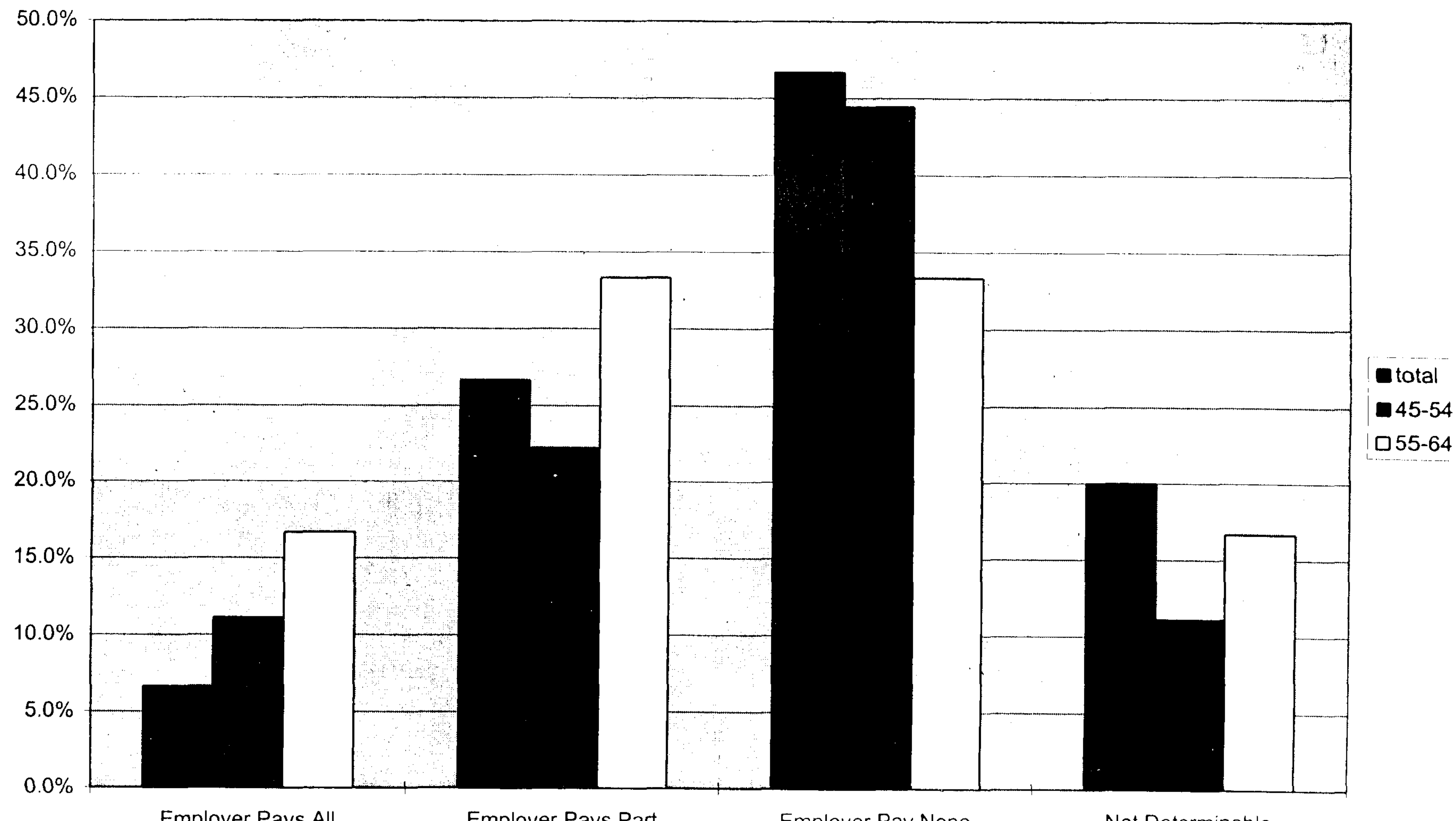
Provision of Employment-based Retiree Health Insurance Among Workers Aged 45 and Over, by Age, 1993



Source: Employee Benefit Research Institute tabulations of data from the April 1993 Current Population Survey.

Chart 13

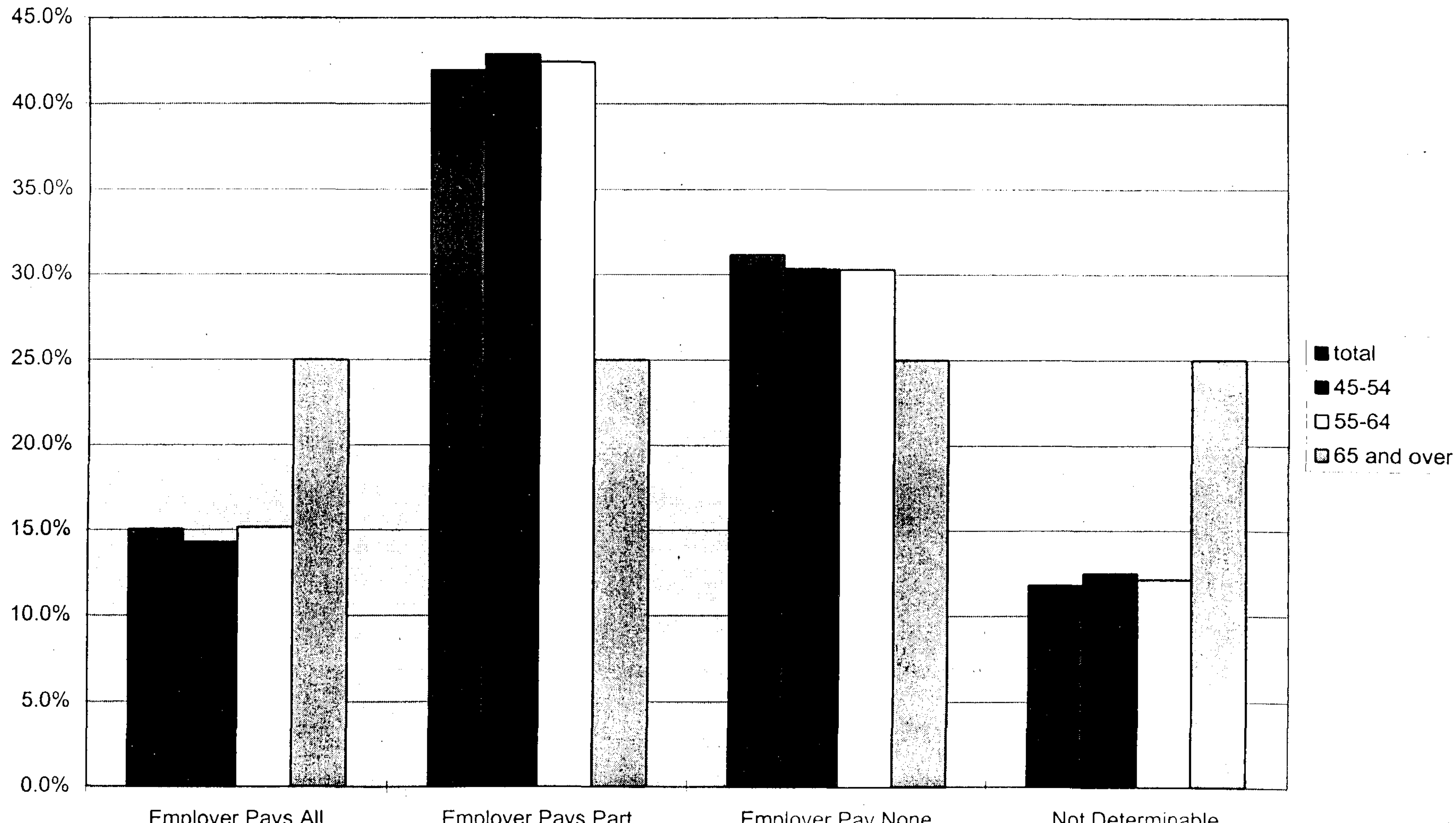
Employer Cost Sharing Among Health Plan Participants with Retiree Health Available Until Age 65, by Age, 1993



Source: Employee Benefit Research Institute tabulations of data from the April 1993 Current Population Survey.

Chart 14

Employer Cost Sharing Among Health Plan Participants with Retiree Health Available Throughout Retirement, by Age, 1993



Source: Employee Benefit Research Institute tabulations of data from the April 1993 Current Population Survey