EBRI

T-84

Statement

Before the Senate Labor and Human Resources
Subcommittee on Labor

on

The Health of the Private Pension System

by

Dallas L. Salisbury,
President
Employee Benefit Research Institute

Washington, D.C.

August 4, 1992

EMPLOYEE BENEFIT RESEARCH INSTITUTE
2121 K Street, NW / Suite 600 / Washington, DC 20037-2121
Telephone 202-659-0670 FAX 202-775-6312

STATEMENT OF DALLAS SALISBURY
EMPLOYEE BENEFIT RESEARCH INSTITUTE

SUMMARY

- Employer-sponsored pension plans represent an important source of retirement income for Americans. In 1990, private pension retirement benefits of $141 billion accounted for 31 percent of the $457 billion in total retirement benefit payments. By comparison, private pension benefits totaled $7.4 billion in 1970. (Table 1)

- A growing percentage of future retirees will receive private pension benefits. According to the Advisory Council on Social Security, the percentage of elderly families receiving income from employer-sponsored pensions is expected to increase from the current 40 percent to 76 percent by 2018.

- Employer-sponsored pensions are also building for a growing number of working Americans. According to EBRI tabulations of the March 1991 Current Population Survey, in March 1990, 66.0 million civilian workers, or 55.3 percent of all workers, worked for an employer that sponsored a pension plan, i.e., they were covered by a plan. Nearly 43 percent of all workers, or 51.2 million workers, actually participated in an employer plan. Coverage and participation rates were thus up from their 1989 levels of 54.2 percent and 42.7 percent, respectively. (Table 2)

- Private-sector pension coverage varies significantly by employer size. The latest data indicate that over 61 percent of employees in companies with 1000 or more employees participate in retirement plans, while, by contrast, less than 14 percent of employees in companies with fewer than 25 employees do so. (Table 2)

- The number of pension plans has grown significantly since the enactment of the Employee Retirement Income Security Act (ERISA). From 1975 to 1988, the total number of tax-qualified employer-sponsored plans (both defined benefit and defined contribution plans) increased from 311,000 to 730,000, and gross participation (active workers, separated vested, survivors, and retirees) in such plans rose from 45 million to 78 million over the same period. The assets in these plans grew from $260 billion in 1975 to $2.0 trillion in 1990. (Table 3)

- Following regulatory clarification of the Revenue Act of 1978, and its 401(k) provisions, there has been a trend toward the establishment of defined contribution plans. By 1988, the number of defined contribution plans represented 80 percent of all plans, up from 67 percent in 1975. Defined contribution plan assets accounted for 39 percent of total private plan assets in 1988, up from 28 percent in 1975. (Table 3)

- Private defined benefit plans are well funded. The overall defined benefit pension system currently has $1.3 trillion in assets to cover $900 billion in liabilities. From 1977 to 1987, the funding status of single-employer defined benefit plans has significantly improved, rising from an average of 85 percent funded to 129 percent funded on a termination basis. Available evidence suggests that approximately 85 percent of pension plans are currently fully funded on a termination basis, up from 45 percent in 1981.

- Pension asset reversions have largely stopped. Total reversions peaked in 1985, when $6.1 billion was recovered, and have declined since that time. This decline followed imposition by Congress of a continually increasing excise tax on asset reversions, with the current tax rate ranging from 20 percent to 50 percent. PBGC estimates only $100 million in total reversions for 1991.

- Legislative and regulatory changes since 1974 have significantly increased benefit portability. Today, nearly all defined contribution plans provide for lump sum distributions upon job change. Over 40 percent of private defined benefit plans provide for lump sums, and the number is growing each year. Individuals, however, generally do not roll over distributions into tax-qualified retirement vehicles. Among workers in 1988, more than 8 million had received preretirement lump-sum distributions. The amount they received averaged $6,800 and totaled more than $48 billion. Slightly more than one of every ten recipients rolled their entire distribution into another retirement arrangement (usually an IRA). Three in ten used the entire distribution for financial savings (including retirement plan rollovers, savings accounts, stocks, etc.), and six in ten used the entire amount for some kind of savings (including financial savings, home purchase, starting or buying a business, and debt payment). Just over one-third spent the entire distribution (on living expenses, education, cars, or other uses). (Table 6) Recently enacted changes in the tax withholding of lump sum distributions are likely to increase the amount of money preserved for retirement.

- The employment-based pension system is larger and stronger than at any other time in our nation's history. Changes in recent years have served to enhance benefit security and the security of assets. As one watches present actions at the state and local levels brought on by tight budgets, and actions being contemplated by the Congress to deny $25 million in scheduled contributions to the District of Columbia Retirement System and to force the allocation of $210 million in United Mine Worker pension dollars to pay retiree medical benefits, one can only be pleased that private plans are well funded.

- The private defined benefit system has the added strength of pooled risk protection through the Pension Benefit Guaranty Corporation. This protection is not available to federal, state or local pension plans.

STATEMENT OF DALLAS SALISBURY
PRESIDENT
EMPLOYEE BENEFIT RESEARCH INSTITUTE
BEFORE THE LABOR SUBCOMMITTEE
COMMITTEE ON LABOR AND HUMAN RESOURCES
U.S. SENATE
AUGUST 4, 1992

I am pleased to appear before you this morning to discuss the health of the private pension system. My name is Dallas Salisbury. I am president of the Employee Benefit Research Institute (EBRI), a nonprofit, nonpartisan, public policy research organization based in Washington, DC.

EBRI has long been committed to the accurate statistical analysis of public policy benefits issues. Through our research, we strive to contribute to the formulation of effective and responsible health, welfare, and retirement policies. Consistent with our charter, we do not lobby or advocate specific policy solutions.

Current and Future Pension Receipts

Private pensions are an important source of retirement income and are expected to grow. According to the Advisory Council on Social Security, the percentage of elderly families receiving income from employer-sponsored pensions is expected to increase from the current 40 percent to 76 percent by the year 2018.

In 1990, private pension benefits of $141.2 billion accounted for 31 percent of the $457.3 billion in total retirement benefit payments. By comparison, private pension benefits totaled $7.4 billion in 1970. Combined with benefits paid by the federal civilian and military retirement system and state and local government employee retirement systems, employer payments of $234.3 billion accounted for 51 percent of total benefits in 1990. Social Security benefits for retirees and their spouses and dependents accounted for the other 49 percent of total benefits. (Table 1)

Pension Coverage and Participation

Employer-sponsored pension plans represent an important source of retirement savings for Americans. According to EBRI tabulations of the March 1991 Current Population Survey, in March 1990, 66.0 million civilian workers, or 55.3 percent of all such workers, worked for an employer that sponsored a pension plan, i.e., they were covered by a plan (defined benefit and/or defined contribution.) Nearly 43 percent of all workers, or 51.2 million workers, actually participated in an employer plan. Coverage and participation rates were thus up from their 1989 levels of 54.2 percent and 42.7 percent, respectively.

Coverage and participation rates increase with firm size and earnings. In firms with fewer than 25 workers, 18.6 percent of workers (5.3 million) were covered, and 13.6 percent (3.9 million) participated in an employer-sponsored plan in 1990. By comparison, in establishments with 1,000 or more workers, 78 percent of workers (38.0 million) were covered and 61.5 percent (30.0 million) participated. Among those earning $10,000–24,999 per year, 56.9 percent (24.5 million) were covered and 44.2 percent (19.0 million) participated. By comparison, among those earning $50,000 or more per year, 78.3 percent (6.5 million) were covered, and 74.0 percent (6.2 million) participated. (Table 2)

Data on the income replacement level provided by private pensions on an individual by individual basis are not generally available. Typically, private defined benefit plans are targeted to provide 60 percent replacement for high earners and 80 percent for low earners after 30 years of service, in combination with Social Security. Large employers that provide both a defined benefit and a defined contribution plan traditionally have not included any defined contribution benefit in the calculation, but this is also beginning to change. As a result, future formulas in defined benefit plans are likely to provide less, as supplemental defined contribution plans provide more. As a case in point, when federal employees were given the new "thrift" plan, the defined benefit plan was made less generous than the old Civil Service Retirement System.

Defined Benefit/Defined Contribution Plan Trends

The number of pension plans has grown significantly since the enactment of ERISA. From 1975 to 1988, the total number of tax-qualified employer-sponsored plans (both defined benefit and defined contribution plans included) increased from 311,000 to 730,000, and gross participation (active workers, separated vested, survivors, and retirees) in such plans rose from 45 million to 78 million over the same period. (Table 3) The assets in these plans grew from $260 billion in 1975 to $2.0 trillion in 1990.

Defined benefit plans have historically been the cornerstone of the private pension system. Since regulatory clarification of the Revenue Act of 1978, and its 401(k) provisions, there has been a general trend toward the establishment of supplemental defined contribution plans among large employers and primary defined contribution plans, as opposed to defined benefit plans, among medium and small employers. An increased number of defined benefit terminations, a slower rate of defined benefit plan formation, and fundamental redesign of traditional "final pay" defined benefit plans into "cash balance"[1] defined benefit plans suggests that U.S. employers are reevaluating the type of plans they wish to sponsor.

In 1975, there were 103,000 defined benefit plans with 33 million gross participants and $186 billion in assets. In 1988, there were 146,000 such plans, down from the peak of 175,000 plans in 1982 and 1983. The number of gross participants has remained in the 40–41 million range since 1983, and there was $912 billion in assets in 1988. Over the same time period, the number of defined contribution plans increased from 208,000 to 584,000. The number of gross participants increased from 12 million to 37 million in 1986, and remained at that level in 1988. The amount of assets in such plans increased from $74 billion to $592 billion between 1975 and 1988. (Table 3)

More recent data from the Internal Revenue Service's (IRS) Office of Employee Plans and Exempt Organizations indicates that a flattening of the defined contribution trend may be presently

---

[1] Cash balance plans are legally defined benefit plans but combine features of both defined benefit and defined contribution plans.

occurring.[2] In fiscal 1990, the number of favorable determination letters issued regarding defined contribution terminations exceeded the number issued in response to initial defined contribution applications for the first time ever. The two were equal in fiscal 1991.

The nature of the reevaluation of the role of the traditional defined benefit plan to the newer defined benefit and defined contribution plans has been a source of continued analysis. Experts offer varying observations on the possible reasons: response to the lower average age of the work force experienced in the 1980s; a desire by employers to get positive motivation from sponsored plans; a desire by employers for easily understood and communicated plans; increased regulation of traditional defined benefit plans; increased administrative cost due to regulation; a mobile work force that may be better served with a "cash balance" or defined contribution plans; employers' desire to give investment discretion to employees; a contraction or slower growth of sectors of the economy (including heavily unionized and older industrial sectors) in which traditional defined benefit plan coverage is most firmly established; federal tax laws that have created incentives for new defined contribution arrangements; and the lowering of basic income tax rates, which has reduced the effective tax incentive for plans.

Many maintain that government regulation has made defined benefit plans too costly, prompting plan sponsors to offer no pension plan or to shift to generally less burdensome defined contribution plans (see EBRI, *What is the Future of Defined Benefit Pension Plans?*, 1989).

One of the most significant trends in pension coverage has been the tremendous growth of 401(k) plans over the past decade. More than 27.5 million workers were covered by 401(k) plans in May 1988, up from 7.1 million in May 1983. These figures represented 24.2 percent and 7.1 percent of all workers, respectively. Participation grew from 2.7 million workers (2.7 percent of all workers) in 1983 to 15.7 million (13.8 percent of all workers) in 1988. And, in 1988, the majority of 401(k) participants earned less than $30,000.

---

[2]When requested, the Internal Revenue Service's (IRS) Office of Employee Plans and Exempt Organizations issues determination letters regarding the tax-favored status of private plans when they are established, amended, and terminated.

An increasing number of workers are relying on 401(k) plans as their primary employer-based retirement plans, especially 401(k) participants at small firms. The 1988 Current Population Survey employee benefit supplement (CPS EBS) found that more than 49 percent of 401(k) plan participants reported that this was their primary employer pension plan. Among 401(k) participants working for employers with 250 or more employees, 43.5 percent had a primary 401(k); this proportion increased to 79.5 percent for 401(k) participants in establishments with fewer than 10 employees.

Health of the Defined Benefit System

In the aggregate, the defined benefit system is quite healthy despite the existence of some underfunded individual plans concentrated within several industries. The overall defined benefit pension system currently has $1.3 trillion in assets to cover $900 billion in liabilities. Therefore, while there is $31 billion in underfunding within individual plans, there are also sufficient resources available within the defined benefit system itself to cover this underfunding. Furthermore, from 1977 to 1987, the funding status of single-employer defined benefit plans has significantly improved, rising from an average of 85 percent funded to 129 percent funded on a termination basis. Available evidence suggests that approximately 85 percent of pension plans are currently fully funded on a termination basis, up from 45 percent in 1981, and 38 percent had assets in excess of 150 percent of liability for accrued benefits.

A standard termination of a defined benefit plan occurs when a plan sponsor decides to terminate a defined benefit plan and buys annuities covering the participants' benefits. If the plan holds assets in excess of the benefits owed, those assets may be recovered by the employer. Such recoveries are known as "asset reversions." Total reversions peaked in 1985, when $6.1 billion was recovered, and have declined since that time. This decline followed imposition by Congress of a continually increasing excise tax on asset reversions, with the current tax rate ranging from 20 percent to 50 percent. PBGC estimates only $100 million in total reversions for 1991.

Implications of the Growth of Defined Contribution Plans

The growth of defined contribution plans has implications for retirement income security in that it serves to shift the burden of responsibility for retirement income adequacy planning from the employer to the employee. Employer-sponsored programs are moving toward more individual choice and responsibility, away from "paternalism." Decisions regarding participation, how much current pay to defer, how the funds should be invested, and whether to save deferrals for retirement or spend them sooner, are shifting away from plan sponsors, toward participants.

A defined benefit plan promises the participant a specified monthly benefit upon retirement, the size of which typically depends upon salary and/or years of service. Under a defined benefit plan, the sponsor is responsible for making contributions to the plan's fund and choosing where pension assets are invested so that the fund has sufficient assets to cover the promised benefits when due. With a defined contribution plan, each participant has an account to which the employer and/or employee may contribute depending on the specifics of the plan. The participant generally determines how the contributions are to be invested. A participant's pension benefit then consists of the contributions and investment returns of these contributions. The employee bears the risk of poor investment returns and gains the reward of good returns.

Participants in defined contribution plans tend to manage their funds conservatively, preferring low-risk, low-return investments. In recent surveys, 401(k) plan participants described themselves as conservative investors who prefer to direct their own investments toward insurance and bank contracts. Respondents to an EBRI/Gallup public opinion survey conducted in April 1990 expressed a preference for making their own investment decisions and said they were more inclined to choose low-risk/low return investments. This preference for less risky and lower return investments may mean having less money available in retirement. In other words, many workers may have less retirement income than they need unless they diversify away from the options they currently favor or contribute a much larger proportion of their income.

Preservation of Pension Benefits

The increasing occurrence of preretirement lump-sum distributions in both defined contribution and defined benefit plans, in which workers receive their entire pension benefit from an employer in one payment, implies further shifts to individual responsibility for retirement security. Currently, it is the individual's decision whether to roll over a lump sum distribution into an individual retirement account (IRA) or another tax qualified retirement savings vehicle upon job change. Recently enacted changes in the tax withholding of lump sum distributions are likely to increase the amount of money preserved for retirement. To partially offset the cost of the unemployment benefit extension in H.R. 5260, Congress approved a provision that would impose a 20 percent withholding tax on lump-sum distributions that are not directly rolled over into qualified retirement accounts. The bill would also liberalize current pension rollover rules.

According to EBRI tabulations of the May 1988 CPS EBS, in May 1988, 20 million civilian workers aged 16 or over (or 17 percent of all such workers) reported having been participants in a pension or retirement plan at a prior job. A total of 8.5 million workers (7 percent of all workers) reported having received at least one lump sum from such a plan; 1.1 million workers had received more than one lump sum. Among the 7.1 million lump sum recipients who reported the amount of their most recent lump sum, these distributions amounted to $48 billion, or an average of about $6,800 per recipient, in constant 1988 dollars.[3]

Table 4 summarizes the distribution of lump-sum recipients and amounts by selected characteristics. Most lump sums were of small amounts, but larger lump sums accounted for a large proportion of the total money received. One-half of lump sum recipients reporting indicated that their most recent lump sum amounted to less than $2,500. Just 7 percent had received $20,000 or more. However, those receiving less than $2,500 accounted for 8 percent of the total amount received, while those receiving $20,000 or more accounted for 48 percent.

---

[3]Only 7.1 million lump sum recipients reported the amount they received. All totals and averages reported here are for those recipients who reported the amount.

The number of workers receiving preretirement lump-sum distributions and the amount of money paid out in these distributions are substantial. A large proportion of lump sums are paid to workers at relatively young ages. This allows for ample opportunities to accumulate assets for retirement if lump sums are rolled over into qualified retirement arrangements and preserved until retirement.

In May 1988, 11 percent of lump-sum recipients indicated that they placed at least some of their most recent distribution in an IRA (Table 5). More than 2 percent indicated that they transferred some portion of the distribution to an insurance annuity or other retirement plan. Thirteen percent of recipients reported using at least some of their distribution for tax-qualified savings[4]. At least some savings—broadly defined[5]—were reported by 65 percent of recipients. Some consumption[6] was reported by 40 percent of all recipients, while 30 percent reported some discretionary consumption[7].

Tax-favored savings were generally most prevalent (and consumption least prevalent) among workers nearing retirement age when they received the distribution; workers receiving larger distributions; and workers with higher earnings, family incomes, and education levels. Some tax-qualified savings were reported by 36 percent of those receiving lump sums at age 55 or over, compared with 4 percent of those receiving lump sums at age 16–24. Twenty-nine percent of those receiving distributions of $20,000 or more saved at least part of that amount on a tax-deferred basis, as did 6 percent of those receiving distributions of less than $2,500. Some portion of distributions paid to one-fourth of all recipients earning $50,000 or more in 1988 was saved on a tax-qualified basis, whereas 7 percent of recipients earning less than $10,000 reported such saving.

Changes in the law pertaining to preretirement lump-sum distributions may have increased the popularity of tax-favored uses. IRAs, first established under ERISA in 1974, have grown in popularity as a vehicle for tax-favored lump-sum rollovers. Just 3 percent of lump-sum recipients who

---

[4]Includes IRAs, insurance annuities, and other retirement programs.

[5]Includes tax-qualified savings, savings accounts, other financial instruments, purchase of a house, payment of a mortgage, and payment of loans or debts.

[6]Includes purchase of a car, education expenses, expenses incurred during a period of unemployment, and other uses.

[7]Includes purchase of car, and other uses.

received their distribution prior to 1970 reported any tax-favored savings; in contrast, 15 percent of those receiving their lump sum during the period 1980-1984 reported some such savings. The imposition under the Tax Reform Act of 1986 (TRA '86) of a 10 percent penalty tax on some preretirement lump sums that are not rolled over (effective for tax year 1987) may have bolstered this trend. Twenty percent of those receiving their lump sums during 1987 reported some tax-favored saving, up from 18 percent in 1986. However, the margin for error in these estimates is too large to support the conclusion that the use of tax-favored savings alternatives by lump-sum recipients increased following TRA '86.

Eleven percent of lump-sum recipients reported only tax-qualified financial savings uses for their distributions. (Table 6) Thirty percent reported only financial savings, and 59 percent reported only savings broadly defined. Nonetheless, 34 percent indicated only consumption for their distributions, and 25 percent reported only discretionary consumption. Five percent indicated some mix of savings and consumption.

Because larger distributions are more likely to be saved on a tax-qualified basis than smaller ones, the proportion of lump-sum monies used for tax-qualified saving is larger than the proportion of recipients reporting such saving. In contrast, the 11 percent of lump-sum recipients who reported only tax-qualified uses accounted for 22 percent of the total amount distributed (Table 7). The 34 percent of recipients reporting only consumption accounted for 21 percent of total distributions.

The foregoing evidence suggests that a relatively small proportion of total lump-sum amounts are currently preserved on a tax-favored basis. Larger distributions and those received later in a career are more likely to be invested in tax-qualified retirement arrangements. However, the fact that younger recipients and those with lower earnings are less likely to opt for preservation may indicate that some younger and lower-earning workers are not adequately planning for their retirement security. While further research is needed, it appears that there is a substantial potential for further retirement income gains from enhanced preservation. It is likely that preservation will be enhanced to some degree by the new 20 percent withholding provision.

Issues in Small Employer Coverage

The gap in private-sector pension coverage for workers appears to be largely among small employers as demonstrated by the figures in Table 2. These low rates are attributable to a number of factors, including complexity, lack of flexibility, economic forces, and possibly lack of access to information. (For a complete discussion of the issues surrounding pensions and small employers, see EBRI, *Pension Policy and Small Employers: At What Price Coverage?*, 1989.)

The proportionately higher administrative costs faced by smaller firms might be alleviated by simplification. Yet, simplified employer pensions (SEPs) remain unpopular—just 1 percent of full-time workers at small establishments (with more than one employee) participated in 1990—suggesting that simplification alone is not sufficient to spur sponsorship.

Small firms may resist SEPs in part because SEPs offer little flexibility regarding the allocation of benefits among workers. Flexibility might foster sponsorship, but might frustrate efforts to distribute tax preferences broadly by leaving some workers without substantial benefits.

Small-firm plan sponsorship is also impeded by relatively low pay levels, which suggest a less skilled and possibly less attached work force. Lower earners and young employees may prefer not to defer pay, and small firms may be reluctant to add benefits to salary for perceivedly shorter-term employees. Therefore, substantial increases in participation at small firms might require large subsidies.

Finally, small employers might lack easy access to pension information. Private marketing efforts are often given partial credit for the historical popularity of IRAs and, at large firms, 401(k) plans. If policies spur pension marketing toward small firms, sponsorship might rise.

Conclusion

The employment-based pension system in the United States is a model for the rest of the world. It has contributed to the high economic status of the current generation of retirees and holds great promise for the future. It has provided a high return on investment for employers, individuals, and the government. There are gaps in employer-sponsored coverage, however, particularly in the small employer sector. A close eye on the implications of change, especially the trend towards defined contribution plans and the increasing occurrence of lump sum distributions, and a careful hand on adjustments that may be necessary to keep it on course should assure a sound pension future.

The Census Bureau will once again collect pension data in April 1993 that will allow a new look at many of the issues addressed in this statement.

Table 1
Total Retirement Benefit Payments

Retirement Benefit Payments from Private and Public Sources, Selected Years 1970–1990

Source of Benefit[a]	1970	1975	1980	1985	1986	1987	1988	1989	1990
					($ billions)				
Private Pensions	$7.4	$15.9	$36.4	$97.7	$120.2	$120.8	$124.1	$133.6	$141.2
Federal Employee Retirement[b]	6.2	14.5	28.0	41.1	42.2	44.9	48.1	50.6	53.9
State and Local Employee Retirement	4.0	8.2	15.1	25.5	28.4	31.2	34.1	36.6	39.2
Subtotal	17.6	38.6	79.5	164.3	190.8	196.9	206.3	220.8	234.3
Social Security Old-Age and Survivors Insurance Benefit Payments[c]	$28.8	$58.5	$105.1	$167.2	$176.8	$183.6	$195.5	$208.0	$223.0
Total	$46.4	$97.1	$184.6	$331.5	$367.6	$380.5	$401.8	$428.8	$457.3
					(percentage of total)				
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Private Pensions	16.0	16.4	19.7	29.5	32.7	31.8	30.9	31.2	30.9
Federal Employee Retirement[b]	13.4	14.9	15.2	12.4	11.5	11.8	12.0	11.8	11.8
State and Local Employee Retirement	8.6	8.4	8.2	7.7	7.7	8.2	8.5	8.5	8.6
Subtotal	37.9	39.8	43.1	49.6	51.9	51.8	51.3	51.5	51.2
Social Security Old-Age and Survivors Insurance Benefit Payments[c]	62.1	60.3	56.9	50.4	48.1	48.3	48.7	48.5	48.8

Source: Employee Benefit Research Institute tabulations based on U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business, January 1992* (Washington, DC: U.S. Government Printing Office, 1992); *The National Income and Products Accounts of the United States: Statistical Supplement, 1959–1988*, Vol. 2 (Washington, DC: U.S. Government Printing Office, 1992); and U.S. Department of Health and Human Services, Social Security Administration, *1991 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds* (Baltimore, MD: Social Security Administration, 1991).

[a]Includes only employment-based retirement benefits.

[b]Includes civilian and military employees.

[c]Includes payments to retired workers and their wives, husbands, and children.

Table 2
Employment, Coverage, and Pension Plan Participation of the Civilian, Nonagricultural Wage and Salary Work Force, 1989 and 1990

	Employer Sponsors Plan[a] (percentage)		Employer Sponsors Plan[a] (millions)		Employee Included in Plan[b] (percentage)		Employee Included in Plan[b] (millions)	
	1989	1990	1989	1990	1989	1990	1989	1990
All Workers	54.2%	55.3%	64.6	66.0	42.7%	42.9%	50.9	51.2
Sector[c]								
Private	54.6	55.6	56.7	58.1	43.2	43.4	44.9	45.4
manufacturing	66.2	66.9	14.2	14.2	56.1	56.7	12.1	12.0
nonmanufacturing	51.5	52.7	42.4	43.9	39.8	40.0	32.8	33.3
Public	88.4	88.8	5.0	4.9	82.1	80.7	4.7	4.5
Other	29.8	32.2	2.8	3.0	14.0	4.5	1.3	0.4
Firm Size								
Fewer than 25 workers	18.5	18.6	5.2	5.3	13.6	13.6	3.8	3.9
25–99 workers	38.3	41.2	6.5	6.8	29.4	31.2	5.0	5.1
100–499 workers	57.8	59.5	10.5	10.9	45.8	45.6	8.3	8.4
500–999 workers	69.9	70.9	5.1	5.0	54.8	54.6	4.0	3.8
1,000 or more workers	76.7	78.0	37.3	38.0	61.3	61.5	29.8	30.0
Hours Worked								
Part time[d]	30.5	32.4	7.6	8.1	11.7	12.5	2.9	3.1
Full time[e]	60.5	61.4	56.9	57.9	50.9	51.0	47.8	48.1
Age								
Under 25 years	32.1	33.0	7.5	7.4	12.8	12.4	3.0	2.8
25–44 years	58.7	60.0	36.7	37.8	47.9	48.2	29.9	30.4
45–64 years	63.8	64.0	18.8	19.1	57.3	56.7	16.8	16.9
65 years and over	42.4	43.4	1.6	1.6	28.4	27.9	1.1	1.0
Annual Earnings								
Less than $10,000	27.9	29.1	10.7	10.7	10.7	10.3	4.1	3.8
$10,000–$24,999	57.2	56.9	24.7	24.5	45.6	44.2	19.7	19.0
$25,000–$49,999	77.5	78.0	23.3	24.3	71.6	71.2	21.6	22.2
$50,000 and over	77.1	78.3	5.9	6.5	73.1	74.0	5.6	6.2
Gender								
Men	56.1	57.2	34.8	35.5	44.6	46.9	27.7	29.1
Women	52.1	53.3	29.6	30.5	38.5	38.6	21.9	22.1

Source: Employee Benefit Research Institute tabulations of the March 1990 and March 1991 Current Population Survey.

[a]Employees reporting that their employer had a pension plan or a retirement plan for any of its employees at any job they held in 1989 and 1990.

[b]Employees reporting that they participated in a pension plan or a retirement plan at any job they held in 1989 and 1990.

[c]Refers to longest job held during the year.

[d]Employees reporting that they usually worked fewer than 35 hours per week at this job.

[e]Employees reporting that they usually worked 35 or more hours per week at this job.

Table 3

Private Plan Trends

Summary of Private-Sector Qualified Defined Benefit and Defined Contribution Plan Trends, 1975–1988

	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
							(thousands)							
Total Plans	311	360	403	443	471	489	546	594	603	601	632	718	733	730
Defined benefit[a]	103	114	122	128	139	148	167	175	175	165	170	173	163	146
Defined contribution[a]	208	246	281	315	331	341	378	419	428	436	462	545	570	584
Defined contribution as percentage of total	67%	68%	70%	71%	70%	70%	69%	71%	71%	73%	73%	76%	78%	80%
							(millions)							
Gross Participation	45	48	50	52	55	58	61	63	69	74	75	77	78	78
Defined benefit[b]	33	34	35	36	37	38	39	39	40	41	40	40	40	41
Defined contribution[b]	12	13	15	16	18	20	22	25	29	33	35	37	38	37
Defined contribution as percentage of total	26%	28%	30%	31%	33%	34%	36%	39%	42%	45%	47%	48%	49%	48%
Active Participants	31	32	33	34	35	36	37	37	39	40	40	41	42	c
Primary plan is defined benefit	27	27	28	29	29	30	30	29	30	30	29	29	28	c
Primary plan is defined contribution	4	5	5	5	6	6	7	8	9	10	12	13	13	c
Percentage with primary defined contribution	13%	14%	16%	16%	17%	17%	20%	22%	24%	25%	29%	31%	32%	c
Supplemental defined contribution[d]	6	7	8	8	9	10	11	12	14	15	16	16	16	c
Percentage with supplemental defined contribution[d]	19%	22%	23%	24%	27%	28%	29%	32%	36%	39%	40%	39%	39%	c

Table 3 (continued)
Private Plan Trends

	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
							($ billions)							
Assets	$260	$298	$325	$377	$445	$564	$629	$789	$923	$1,045	$1,253	$1,383	$1,402	$1,504
Defined benefit	186	216	234	273	320	401	444	553	642	701	826	895	877	912
Defined contribution	74	82	91	105	126	162	185	236	281	344	427	488	525	592
Defined contribution as percentage of total	28%	28%	28%	28%	28%	29%	29%	30%	30%	33%	34%	35%	37%	39%
Contributions	$37	$43	$47	$56	$61	$66	$75	$80	$82	$91	$95	$92	$92	$91
Defined benefit	24	29	31	38	41	43	47	48	46	47	42	33	30	26
Defined contribution	13	14	16	18	21	24	28	31	36	43	53	58	62	65
Defined contribution as percentage of total	35%	33%	34%	33%	34%	36%	38%	39%	44%	48%	56%	64%	68%	71%
Benefits	$19	$21	$23	$27	$29	$35	$45	$55	$65	$79	$102	$130	$122	$119
Defined benefit	13	14	15	18	19	22	27	34	37	47	54	68	66	60
Defined contribution	6	7	8	9	10	13	17	21	28	33	47	63	56	58
Defined contribution as percentage of total	32%	33%	34%	33%	35%	37%	39%	39%	43%	41%	47%	48%	46%	49%

Source: Employee Benefit Research Institute tabulations based on *Trends in Pensions,* second edition, John A. Turner and Daniel J. Beller, eds. (Washington, DC: U.S. Department of Labor, forthcoming).
[a]Excludes single participant plans.
[b]Active, separated vested, survivors, and retired. Not adjusted for double counting of individuals participating in more than one plan.
[c]Data not available.
[d]Primary plan may be either defined benefit or defined contribution.

Table 4

Distribution of Preretirement Lump-Sum Recipients, Aggregate Amount[a] of Most Recent LSDs Received, and Average Amount[a] Received, by Amount of LSD, Year of Receipt, and Selected Characteristics of Recipients; Civilian Workers Aged 16 or over, May 1988 (dollar amounts reported in constant 1988 dollars)

Recipient Characteristics	Recipients: In Thousands[b]	Recipients: Percentage of total[c]	Aggregate Amount: $ Billions[b]	Aggregate Amount: Percentage of total[c]	Average Amount per Recipient[d]
Total	8,478	100%	$48.1	100%	$6,800
Amount of Most Recent LSD					
$1–$499	1,042	15	0.3	1	300
$500–$999	955	13	0.7	1	700
$1,000–$2,499	1,627	23	2.7	6	1,200
$2,500–$4,999	1,220	17	4.4	9	3,600
$5,000–$9,999	1,114	16	7.9	16	7,100
$10,000–$14,999	449	6	5.4	11	12,000
$15,000–$19,999	211	3	3.6	7	16,900
$20,000–$49,999	335	5	9.7	20	29,100
$50,000 or more	160	2	13.5	28	67,200
Year in Which Most Recent LSD Was Received					
1985–1988[e]	3,391	41	19.7	41	6,500
1980–1984	2,403	29	13.8	29	6,600
1975–1979	1,191	14	7.5	16	7,700
1970–1974	579	7	3.4	7	7,200
1960–1969	558	7	2.7	6	6,600
Before 1960	136	2	0.5	1	5,400
Sex					
Male	4,597	54	32.9	68	8,600
Female	3,881	46	15.2	31	4,600
Race					
White	7,941	94	46.5	97	6,900
Black	426	5	1.1	2	3,600
Other	110	1	0.4	1	4,000
Age in May 1988					
16–24	161	2	0.1	0	800
25–34	2,348	28	6.0	12	2,900
35–44	3,149	37	14.7	31	5,500
45–54	1,666	20	12.2	25	9,200
55–59	545	6	7.7	16	18,900
60 or over	608	7	7.4	15	15,600
Age When Most Recent LSD Was Received					
16–24	1,225	15	2.3	5	2,100
25–34	3,755	45	13.3	28	4,100
35–44	2,042	25	15.2	32	8,500
45–54	850	10	10.1	21	14,500
55–59	214	3	4.7	10	26,800
60 or over	171	2	2.0	4	15,400

(continued)

Table 4 (continued)

Recipient Characteristics	Recipients		Aggregate Amount		Average Amount per Recipient[d]
	In Thousands[b]	Percentage of total[c]	$ Billions[b]	Percentage of total[c]	
1988 Earnings					
$1–$4,999	345	5%	$3.0	8%	$10,500
$5,000–$9,999	616	9	1.8	5	3,300
$10,000–$14,999	954	13	3.0	8	3,600
$15,000–$19,999	1,113	15	4.7	13	5,100
$20,000–$24,999	1,045	14	4.6	13	5,000
$25,000–$29,999	818	11	4.6	13	6,400
$30,000–$49,999	1,761	24	8.8	25	6,200
$50,000 or more	561	8	4.9	14	10,300

Source: Employee Benefit Research Institute tabulations of the May 1988 Current Population Survey employee benefit supplement (CPS EBS).

[a]Aggregate and average amounts may be understated. While 8.5 million workers are estimated to have received LSDs as of May 1988, data on the amount of the most recent LSD received are only available for 7.1 million of these individuals. Therefore, the aggregate amount of most recent LSDs received excludes the LSDs received by the remaining 1.4 million workers, leading to an understatement of aggregate amounts received. However, if no systematic relationship exists between the amount of LSD received and whether or not the amount is reported, distributions and averages will not be affected. (Without evidence of the nature of such a relationship, the effect on estimated averages is ambiguous.) In addition, in the May 1988 CPS EBS public use data base, all LSDs reported to be greater than $99,999 in nominal dollars have been top-coded at $99,999. An estimated 36,800 workers had received LSDs equal to or in excess of this amount as of May 1988. Therefore, both aggregate and average amounts may be understated to the degree that the amounts received by these workers actually exceeded this amount.

[b]Individual items may not add to total because some respondents did not report some characteristics of themselves or of their LSDs.

[c]Bases of percentages exclude respondents for whom recipient and LSD characteristics were not reported.

[d]Rounded to nearest $100.

[e]Because the survey was conducted in May 1988, it includes only LSDs received in the first four to five months of 1988.

Table 5

Proportion of Preretirement Lump-Sum Recipients Reporting Various Uses for Any of their Most Recent LSD; by Selected Demographic and Economic Variables; Civilian Workers Aged 16 or Over, May 1988

Recipient Characteristics	Received LSD from Prior Job (thousands)[a]	Proportion of Recipients Using Any of Their LSD for: IRA	Insurance annuity or retirement plan	Tax-qualified financial savings[b]	Financial savings[c]	Savings[d]	Consumption[e]	Discretionary consumption[f]	Nondiscretionary consumption[g]
Total	8,478	11%	2%	13%	35%	65%	40%	30%	11%
Sex									
Male	4,597	12	3	15	36	67	38	29	6
Female	3,881	10	2	11	34	62	41	30	5
Race									
White	7,941	11	2	14	36	65	40	30	10
Black	426	6	h	6	24	59	42	35	0
Other	110	17	h	17	26	76	24	18	0
Marital Status									
Married	6,043	12	2	14	36	66	38	30	6
Separated	242	10	1	11	20	62	33	26	0
Widowed/divorced	1,211	8	2	10	27	58	45	28	2
Never married	982	13	2	15	42	64	46	33	2
Amount of Most Recent LSD									
$1–$499	1,042	3	i	3	21	50	50	41	1
$500–$999	955	6	1	6	31	62	40	29	1
$1,000–$2,499	1,627	8	1	8	28	62	43	34	2
$2,500–$4,999	1,220	16	1	17	39	68	37	25	2
$5,000–$9,999	1,114	17	4	21	46	74	33	25	1
$10,000–$19,999	660	23	5	28	56	80	33	22	1
$20,000 or more	495	22	10	29	62	81	30	22	1
Age When Most Recent LSD Was Received									
16–24	1,225	3	1	4	24	51	50	37	2
25–34	3,755	9	2	10	32	67	39	29	5
35–44	2,042	13	2	15	38	66	39	32	2
45–54	850	22	5	26	50	70	35	22	1
55 or over	385	31	7	36	61	75	29	25	0
Year in Which Most Recent LSD Was Received									
1988[j]	451	18	5	23	46	74	31	25	0
1987	1,220	18	3	20	46	72	37	31	1
1986	920	15	3	18	39	70	38	29	1
1985	800	15	2	17	45	72	30	21	1
1980–1984	2,403	13	3	15	36	66	38	28	3
1975–1979	1,191	6	1	7	22	57	46	36	2
1970–1974	579	1	1	2	25	61	40	28	1
Before 1970	914	1	2	3	25	49	50	29	1

(continued)

Table 5 (continued)

Recipient Characteristics	Received LSD from Prior Job (thousands)[a]	Proportion of Recipients Using Any of Their LSD for: IRA	Insurance annuity or retirement plan	Tax-qualified financial savings[b]	Financial savings[c]	Savings[d]	Consumption[e]	Discretionary consumption[f]	Nondiscretionary consumption[g]
1988 Earnings									
$1–$9,999	961	6%	1%	7%	32%	63%	45%	35%	1%
$10,000–$14,999	954	6	2	8	24	56	46	34	1
$15,000–$19,999	1,113	11	1	12	31	68	37	27	1
$20,000–$24,999	1,045	11	1	12	35	62	44	34	1
$25,000–$29,999	818	10	2	11	35	66	39	22	2
$30,000–$49,999	1,761	14	3	16	38	63	40	32	2
$50,000 or more	561	20	6	25	55	78	30	22	1
1987 Family Income									
$1–$14,999	757	8	1	8	24	59	47	32	1
$15,000–$19,999	1,198	6	1	7	28	62	43	32	2
$20,000–$24,999	735	8	2	10	30	70	39	30	1
$25,000–$29,999	975	8	1	9	28	63	41	31	1
$30,000–$34,999	804	11	2	13	34	63	39	32	1
$35,000–$49,999	2,241	12	3	15	39	66	37	28	3
$50,000–$74,999	682	16	4	18	45	68	36	29	1
$75,000 or more	818	17	7	23	48	68	37	26	1
May 1988 Pension Status[k]									
Nonparticipants	2,672	10	1	11	33	64	40	8	1
Participants	5,806	12	3	14	36	65	40	23	6

Source: Employee Benefit Research Institute tabulations of the May 1988 Current Population Survey employee benefit supplement.

[a]Individual items may not add to total because some respondents did not report some information.

[b] Includes IRAs, insurance annuities, and other retirement programs.

[c]Includes tax qualified savings, savings accounts, and other financial instruments.

[d]Includes all financial savings, purchase of a house, payment of a mortgage, and payment of loans or debts.

[e]Includes purchase of a car, education expenses expenses incurred during a period of unemployment, and other uses.

[f]Includes purchase of a car, and other uses.

[g]Includes education expenses, and expenses incurred during a period of unemployment.

[h]No observations in category.

[i]Less than 0.5 percent.

[j]Because the survey was conducted in May 1988, includes only LSDs received in the first four to five months of 1988.

[k]A worker is considered to be a pension participant if he or she reported inclusion in a pension, retirement, profit-sharing, stock, or 401(k)-type plan at a wage and salary job, or reported a self-employed job and contributions to an IRA or Keogh.

Table 6

Proportion of Preretirement Lump-Sum Recipients Reporting Various Uses for All of their Most Recent LSDs, by Selected Demographic and Economic Variables, Civilian Workers Aged 16 or Over, May 1988[a]

Recipient Characteristics	Received LSD from Prior Job (thousands)[b]	Proportion of Recipients Using All of Their Lump-Sum Distribution for: Tax-qualified financial savings[c]	Financial savings[d]	Savings[e]	Discretionary consumption[f]	Nondiscretionary consumption[g]	Consumption[h]	Mixed consumption and savings
Total	8,478	11%	30%	59%	25%	8%	34%	5%
Sex								
Male	4,597	12	30	61	24	8	32	6
Female	3,881	10	30	57	26	10	36	5
Race								
White	7,941	11	31	59	25	9	34	5
Black	426	4	21	52	28	6	36	7
Other	110	9	24	76	18	5	24	[i]
Marital Status								
Married	6,043	11	31	61	26	7	33	5
Separated	242	11	14	59	22	7	31	2
Widowed or divorced	1,211	8	23	53	25	15	40	4
Never married	982	13	37	54	23	12	35	11
Amount of Most Recent LSD								
$1–$499	1,042	3	21	50	41	9	49	1
$500–$999	955	6	28	59	26	11	37	3
$1,000–$2,499	1,627	7	24	56	29	9	38	5
$2,500–$4,999	1,220	14	33	62	20	10	31	5
$5,000–$9,999	1,114	18	36	67	19	6	25	7
$10,000–$19,999	660	23	42	67	11	7	20	13
$20,000 or more	495	22	44	70	9	4	19	12
Age When Most Recent LSD Was Received								
16–24	1,225	4	23	49	34	13	47	2
25–34	3,755	9	28	61	24	9	33	6
35–44	2,042	13	30	60	27	6	33	6
45–54	850	20	41	62	18	9	27	8
55 or over	385	28	53	70	19	3	23	6
Year in Which Most Recent LSD Was Received								
1988[j]	451	21	43	69	21	5	26	5
1987	1,220	16	39	61	22	5	27	11
1986	920	15	32	61	22	8	30	9
1985	800	15	39	69	19	8	27	3
1980–1984	2,403	13	30	60	25	8	33	5
1975–1979	1,191	5	19	53	31	10	42	4
1970–1974	579	1	21	59	26	12	38	2
Before 1970	694	1	21	44	36	15	52	3

(continued)

Table 6 (continued)

Recipient Characteristics	Received LSD from Prior Job (thousands)[b]	Proportion of Recipients Using All of Their LSD for: Tax-qualified financial savings[c]	Financial savings[d]	Savings[e]	Discretionary consumption[f]	Nondiscretionary consumption[g]	Consumption[h]	Mixed consumption and savings
1988 Earnings								
$1–$9,999	961	6%	28%	54%	26%	9%	36%	9%
$10,000–$14,999	954	5	19	52	31	11	42	4
$15,000–$19,999	1,113	11	26	62	22	9	32	5
$20,000–$24,999	1,045	10	31	56	28	9	38	6
$25,000–$29,999	818	9	30	60	19	15	34	5
$30,000–$49,999	1,761	14	34	59	30	5	36	4
$50,000 or more	561	22	45	69	16	5	21	9
1987 Family Income								
$1–$14,999	757	6	19	49	23	14	37	10
$15,000–$19,999	1,198	6	23	56	26	10	37	6
$20,000–$24,999	735	8	26	61	24	6	30	9
$25,000–$29,999	975	8	25	59	27	9	37	4
$30,000–$34,999	804	11	28	60	29	6	35	4
$35,000–$49,999	2,241	13	33	62	25	8	32	4
$50,000–$74,999	682	17	39	63	26	5	31	5
$75,000 or more	818	18	44	63	22	9	32	4
May 1988 Pension Status[k]								
Nonparticipants	3,978	10	28	58	38	12	51	6
Participants	4,500	12	32	60	19	7	27	5

Source: Employee Benefit Research Institute tabulations of the May 1988 Current Population Survey employee benefit supplement.

[a]For purposes of determining exclusive uses of LSDs, "don't know" and missing responses were taken as "no" responses. For example, a worker whose only "yes" response was to the IRA option was classified here as using his or her entire LSD for "tax qualified savings" even if the worker's response to one or more non tax-qualified options was "don't know" or missing. Some workers did not respond "yes" to any of the use options; therefore, mutually-exclusive horizontal percentages may add to less than 100 percent.

[b]Individual items may not add to total because some respondents did not report some characteristics.

[c] Includes IRAs, insurance annuities, and other retirement programs.

[d]Includes tax qualified savings, savings accounts, and other financial instruments.

[e]Includes all financial savings, purchase of a house, payment of a mortgage, and payment of loans or debts.

[f]Includes purchase of a car and other uses.

[g]Includes education expenses and expenses incurred during a period of unemployment.

[h]Includes discretionary and nondiscretionary consumption.

[i]Less than 0.5 percent.

[j]Because the survey was conducted in May 1988, includes only LSDs received in the first four to five months of 1988.

[k]A worker is considered to be a pension participant if he or she reported inclusion in a pension, retirement, profit-sharing, stock, or 401(k)-type plan at a wage and salary job or reported a self-employed job and contributions to an IRA or Keogh.

Table 7

Proportion of Aggregate Amount[a] of Most Recent Preretirement LSDs Used Entirely for Selected Purposes,[b] by Selected Demographic and Economic Variables, Civilian Workers Aged 16 or Over, May 1988 (dollar amounts reported in constant 1988 dollars)

Recipient Characteristics	Received LSD from Prior Job (billions)[c]	Proportion of Aggregate Lump-Sum Amounts Reportedly Used Entirely for: Tax-qualified financial savings[d]	Financial savings[e]	Savings[f]	Discretionary consumption[g]	Nondiscretionary consumption[h]	Consumption[i]	Mixed consumption and savings
Total	$48.1	22%	44%	70%	15%	5%	21%	9%
Sex								
Male	32.9	19	44	71	14	4	19	11
Female	15.1	29	46	68	18	6	26	6
Race								
White	46.5	22	45	70	15	5	21	9
Black	1.1	4	18	49	20	10	31	15
Other	0.4	34	57	69	23	7	30	j
Marital Status								
Married	38.1	22	47	73	15	4	19	8
Separated	1.1	8	9	72	12	9	22	j
Widowed or divorced	5.6	22	32	54	23	11	34	11
Never married	3.3	28	51	60	11	4	18	22
Amount of Most Recent LSD								
$1–$499	0.3	3	19	48	42	9	50	1
$500–$999	0.7	7	28	57	27	12	39	3
$1,000–$2,499	2.7	7	23	57	29	9	38	5
$2,500–$4,999	4.4	15	34	63	21	10	31	5
$5,000–$9,999	7.9	17	35	68	17	6	24	8
$10,000–$19,999	8.9	25	43	68	11	7	19	13
$20,000 or more	23.2	26	53	75	13	2	16	9
Age When Most Recent LSD Was Received								
16–24	2.3	6	17	38	38	18	57	3
25–34	13.3	13	28	65	16	9	26	9
35–44	15.2	20	41	67	21	3	24	9
45–54	10.1	25	55	78	4	3	7	15
55 or over	6.8	41	75	82	13	1	14	3
Year in Which Most Recent LSD Was Received								
1988[k]	2.5	36	59	71	25	1	26	3
1987	6.3	23	49	65	14	4	18	16
1986	5.8	26	36	58	19	4	23	19
1985	5.1	14	61	78	7	9	15	7
1980–1984	13.8	23	45	74	13	3	18	8
1975–1979	7.5	26	39	75	16	5	21	4
1970–1974	3.4	14	47	78	11	6	17	5
Before 1970	3.2	j	14	44	33	14	49	5

(continued)

Table 7 (continued)

Recipient Characteristics	Received LSD from Prior Job (billions)[c]	Proportion of Aggregate Lump-Sum Amounts Reportedly Used Entirely for: Tax-qualified financial savings[d]	Financial savings[e]	Savings[f]	Discretionary consumption[g]	Nondiscretionary consumption[h]	Consumption[i]	Mixed consumption and savings
Workers 1988 Earnings								
$1–$9,999	$4.8	25%	58%	74%	12%	4%	17%	9%
$10,000–$14,999	3.0	10	25	56	17	15	32	11
$15,000–$19,999	4.7	24	41	77	11	5	18	5
$20,000–$24,999	4.6	21	34	63	20	6	28	9
$25,000–$29,999	4.6	11	28	56	22	11	33	11
$30,000–$49,999	8.8	27	54	72	18	4	22	5
$50,000 or more	4.9	21	42	65	12	1	13	21
Not reported	12.7	24	49	76	13	3	16	7
Workers 1987 Family Income								
$1–$14,999	4.4	14	28	58	15	12	27	16
$15,000–$19,999	4.7	4	26	58	20	6	30	12
$20,000–$24,999	3.1	14	36	73	14	2	16	11
$25,000–$29,999	3.5	17	32	64	20	7	37	7
$30,000–$34,999	4.6	23	44	66	24	4	28	4
$35,000–$49,999	11.1	20	44	74	14	5	19	7
$50,000–$74,999	6.0	34	64	77	6	4	10	12
$75,000 or more	9.8	31	56	75	15	3	18	7
May 1988 Pension Status[l]								
Nonparticipants	21.5	21	41	70	14	7	20	9
Participants	26.6	22	47	69	17	4	22	9

Source: Employee Benefit Research Institute tabulations of the May 1988 Current Population Survey employee benefit supplement.

[a]Aggregate amounts are understated by an unknown amount. While 8.5 million workers are estimated to have received LSDs as of May 1988, data on the amount of the most recent LSD received are available for only 7.1 million of these individuals. Therefore, the aggregate amount of most recent LSDs received excludes the LSDs received by the remaining 1.4 million workers. In addition, in the May 1988 CPS EBS public use data base, all LSDs reported to be greater than $99,999 in nominal dollars have been top-coded at $99,999. An estimated 36,800 workers had received LSDs equal to or in excess of this amount as of May 1988. Therefore, aggregate amounts are understated to the degree that the amounts received by these workers actually exceeded this amount.

[b]For purposes of determining exclusive uses of LSDs, "don't know" and missing responses were taken as "no" responses. For example, a worker whose only "yes" response was to the IRA option was classified here as using his or her entire LSD for "tax qualified savings" even if the worker's response to one or more non tax-qualified options was "don't know" or missing. Some workers did not respond "yes" to any of the use options; therefore, mutually-exclusive horizontal percentages may add to less than 100 percent.

[c]Individual items may not add to total because some respondents did not report some characteristics.

[d]Includes IRAs, insurance annuities, and other retirement programs.

[e]Includes tax qualified savings, savings accounts, and other financial instruments.

[f]Includes all financial savings, purchase of a house, payment of a mortgage, and payment of loans or debts.

[g]Includes purchase of a car and other uses.

[h]Includes education expenses and expenses incurred during a period of unemployment.

[i]Includes discretionary and nondiscretionary consumption.

[j]Less than 0.5 percent.

[k]Because the survey was conducted in May 1988, includes only LSDs received in the first four to five months of 1988.

[l]A worker is considered to be a pension participant if he or she reported inclusion in a pension, retirement, profit-sharing, stock, or 401(k)-type plan at a wage and salary job, or reported a self-employed job and contributions to an IRA or Keogh.