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Pensions and Retirement Savings Plans: Sponsorship and Participation

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Pensions and Retirement Savings Plans: Sponsorship and Participation

Summary

According to the Bureau of Labor Statistics (BLS), 65% of employees in medium and large private establishments participated in an employer-sponsored pension or retirement savings plan in 2000. Access to retirement plans in small businesses was substantially lower. In 2000, only 33% of employees in businesses with fewer than 100 employees participated in an employer-sponsored pension or retirement savings plan. The BLS data also indicate that, among firms of all sizes, 55% of full-time employees participated in an employer-sponsored retirement plan in 2000, compared to just 18% of part-time workers.

The low rates of sponsorship and participation in retirement plans among small businesses have prompted Congress to seek to reduce the number of obstacles that impede retirement plan sponsorship in these firms. For example, Congress has authorized retirement plans for small employers with fewer reporting requirements and less stringent contribution rules than are imposed on larger employers. Evaluating the effect of these laws on retirement plan participation is complicated by the many other variables that affect a firm's decision to sponsor a retirement plan and a worker's decision to participate in the plan. Nevertheless, data on retirement plan sponsorship and participation collected in recent national surveys of employers and households can be used to establish a baseline against which future changes can be measured. Data recently released by the Census Bureau reveal that, among workers 25 to 64 years old who were employed in the private sector and worked year-round, full-time:

- Retirement plan participation fell to 55.8% in 2001 from 57.7% in 2000.
- Only 29.1% of workers at firms with fewer than 25 employees participated in an employer-sponsored retirement plan in 2001, compared to 48.4% of workers at firms with 25 to 99 employees and 68.6% of workers at firms with more than 100 employees.
- In 2001, there was relatively little difference in retirement plan participation among men and women in the private sector between the ages of 25 and 64 who worked year-round, full-time; 56.5% of men and 54.8% of women were included in a company-sponsored retirement plan.
- In 2001, only 48% of private-sector workers age 25 to 34 who were employed year-round, full-time participated in an employer-sponsored retirement plan, versus 59% of workers 35 or older.
- Black and other non-white workers are less likely to work for an employer that sponsored a retirement plan, and therefore to be included in a plan. Fifty-seven percent of white workers in the private sector who were employed year-round, full time in 2001 were included in a company-sponsored retirement plan, compared to 50% of black and other non-white workers.
- Workers who earned less than $20,000 in 2001 were one-third as likely to have a retirement plan at work than those who earned $60,000 or more
- Part-year or part-time workers in the private sector were half as likely as workers employed year-round, full-time to be participants in an employer-sponsored pension or retirement savings plan in 2001 (27.5% vs. 55.8%).

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Background: Demographic Trends

The aging of the American population has made retirement income an issue of increasing concern to the Congress and the public. Although Americans are living longer than ever before, most retire before age 65. Moreover, while the nation's population continues to grow, the decline in birth rates that followed the post-World War II "baby boom" coupled with longer life spans will result in fewer workers relative to the number of retirees. All of these trends will affect the economic well-being of future retirees. Pensions and Social Security benefits will be paid over longer periods of time; savings will have to be stretched over longer retirements; and Social Security payments benefits will have to be financed by a working population that is shrinking relative to the number of retirees.

Americans are living longer then ever before. The average life expectancy of Americans born in 1960 was 69.7 years. It has been estimated that those who were born in 2000 will live for an average of 76.4 years.[1] A man who reached age 65 in 1960 could expect to live another 13 years, while a woman who turned 65 had a remaining life expectancy of 16 years. A man who reached age 65 in 2000 could expect to live another 15.6 years, while a woman who turned 65 in 2000 had a remaining life expectancy of 19.4 years. As more people live into old age, the age-profile of the population will shift. In 1960, 16.7 million people in the United States — 9.2% of the population — were age 65 or older. In 2000, there were 35.0 million Americans age 65 or older, representing 12.4% of the population. By 2025, according to projections made by the Bureau of the Census, there will be 62 million people age 65 or older, comprising 18.5% of the U.S. population.

Families are smaller than they were in the 1950s and 1960s. The decline in birth rates that followed the post-World War II "baby boom" may have an impact on the income of retirees in the first decades of the 21st century.[2] Birth rates fell sharply between 1960 and 1975 and have remained low since then. In 1960, there were 118 births per 1,000 women between the ages of 15 and 44. By 1975, the birth rate had fallen to 66 per 1,000 women of child-bearing age, and from that year through 1999 it never exceeded 70 births per 1,000 women.[3] Social Security faces long-term financial difficulties in part because of the declining ratio of workers to retirees. In 1960, there were 5.7 working-age people (20-64)

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[1]U.S. National Center for Health Statistics, *Vital Statistics of the United States.*

[2]The Census Bureau defines the baby boom to include the years from 1946 to 1964.

[3]In 1999, there were 66 live births per 1,000 women 15 to 44 years old. U.S. National Center for Health Statistics, *Vital Statistics of the United States.*

for every person age 65 or older. By 1999, the ratio of working-age people to those age 65 or older had fallen to 4.6. According to the U.S. Bureau of the Census, by 2025 the ratio of working-age people to people age 65 or older will have fallen to 3.0. As Social Security is currently financed, fewer workers paying taxes will mean that tax rates must be increased or benefits must be reduced.

Labor force participation begins to drop at age 55. The proportion of the population that is either working or looking for work is called the "labor force participation rate." As indicated by the data in **Table 1**, the labor force participation rate starts to drop significantly at about age 55. When income is no longer derived from earnings, individuals depend more on pensions, interest and dividends, withdrawals from their savings, and – when they become eligible through age or disability – Social Security.

Table 1. Labor Force Participation Rates in 2001

Men	**Total number of people (000s)**	**Number in the labor force (000s)**	**Labor force participation rate**
Age 25 to 54	58,728	53,613	*91.3%*
Age 45 to 54	18,718	16,574	*88.5%*
Age 55 to 64	11,544	7,866	*68.1%*
Age 65 and up	14,022	2,482	*17.7%*
Women			
Age 25 to 54	61,059	46,678	*76.4%*
Age 45 to 54	19,624	14,990	*76.4%*
Age 55 to 64	12,660	6,713	*53.0%*
Age 65 and up	18,828	1,821	*9.7%*

Source: U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings*, January 2002.)

Congress and Retirement Income Policies. The demographic trends described above will place strains on the components of the traditional "three-legged stool" of retirement income: Social Security, pensions, and personal saving. The Internal Revenue Code was first amended to provide favorable tax treatment for qualifying pension and retirement plans in the 1920s. These provisions have been expanded and modified many times since then. Among the tax exemptions that apply to traditional "defined benefit" pension plans are the deduction of pension contributions from employer income, exclusion of employer contributions to pension plans from employee income, and tax exemption of the earnings of pension trusts.[4] In "defined contribution" plans such as those authorized under

[4]Defined benefit pensions are taxed when the employee receives benefits during retirement.

section 401(k) of the tax code, income taxes are deferred until retirement on employer and employee contributions to the plan and on the investment earnings of the plan.

By establishing the tax-favored status of pension programs and defining the terms under which tax exemptions and deductions are granted, federal tax law has both encouraged the growth of retirement plan coverage among workers and shaped the development of pension and retirement savings plans. Congress also has sought to protect the pension benefits earned by workers through direct regulation of pension plans, most notably through the **E**mployee **R**etirement **I**ncome **S**ecurity **A**ct of 1974 (P.L. 93-406). ERISA, too, may have influenced the development of employer-sponsored retirement plans. Since its enactment, defined contribution (DC) plans have proliferated while the number of defined benefit (DB) plans has been falling.

Two Kinds of Retirement Plans: Defined Benefit and Defined Contribution. Retirement programs are legally classified as either *defined benefit* plans or *defined contribution* plans. In *defined benefit* or "DB" plans, the retirement benefit usually is based on an employee's salary and number of years of service. With each year of service, a worker accrues a benefit equal to either a fixed dollar amount per month or year of service or a percentage of his or her final pay or average pay.

A *defined contribution* or "DC" plan is much like a savings account maintained by the employer on behalf of each participating employee. The employer contributes a specific dollar amount or percentage of pay into the account, which is usually invested in stocks and bonds. In some plans, the size of the employer's contribution depends on the amount the employee contributes to the plan. When the worker retires, the amount of retirement benefits that he or she receives will depend on the balance in the account, which is the sum of all the contributions that have been made plus interest, dividends, and capital gains (or losses). The worker usually has the choice of receiving these funds in the form of a life-long annuity,[5] as a series of fixed payments over a period of years, or as a lump sum.

In recent years, many employers have converted their traditional pensions to *hybrid plans* that have characteristics of both DB and DC plans. The most popular of these hybrids has been the *cash balance plan*. A cash balance plan looks like a DC plan in that the accrued benefit is defined in terms of an account balance. The employer makes contributions to the plan and pays interest on the accumulated balance. However, in a cash balance plan, the account balances are merely bookkeeping devices. They are not *individual accounts* that are *owned by the participants*. Legally, therefore, a cash balance plan is a defined benefit plan.

The Locus of Risk in DB and DC Plans. In a defined benefit plan, it is the *employer* who bears the financial risk of the plan, while in a defined contribution plan it is the *employee* who bears the financial risk. In a defined benefit plan, the employer promises to provide retirement benefits equal to a certain dollar amount or a specific percentage of the employee's pay. The employer contributes money to a pension trust that is invested in

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[5]Retirees can also choose a *joint and survivor annuity* in which a surviving spouse continues to receive an annuity after the retired worker's death.

stocks, bonds, real estate, or other assets. Retirement benefits are paid from this trust fund. The employer is *at risk* for the amount of retirement benefits that have been promised to employees and their survivors. If there are insufficient funds in the pension trust to pay the accrued benefits, the firm that sponsors the pension plan is legally obligated to make up the difference by paying more money into the pension fund.

In a *defined contribution* plan, the employer bears no risk beyond its obligation to make contributions to each employee's retirement account from the firm's current revenue. In these plans, it is the *employee* who bears the risk that his or her retirement account will increase in value by an amount sufficient to provide adequate income during retirement. If the contributions made to the account by the employer and the employee are insufficient, or if the securities in which the account is invested lose value or increase in value too slowly, the employee risks having an income in retirement that is not sufficient to maintain his or her desired standard of living. If this situation occurs, the worker might choose to delay retirement.

Many factors affect a firm's decision to sponsor a retirement plan and a worker's decision to participate in the plan. In any given year, changes in the business climate — inflation, interest rates, wage increases, the cost of other benefits (such as health insurance), trends in business revenues and profits — could weigh more heavily in a firm's decision to sponsor an employee retirement plan than the potential tax advantages it could gain by establishing a plan. Likewise, an employee's decisions to participate or not to participate in a retirement plan may be affected by such variables as the rate of growth of wages, the rising cost of employee health insurance premiums, his or her confidence in the financial status of Social Security, and whether another family member already participates in a retirement plan.

In a recent survey, small employers most frequently cited uncertainty about future revenues and the expense of employer contributions as the reasons that they did not offer either a traditional pension or other employer-sponsored retirement plan. Small employers also cited a preference among employees for higher wages and large numbers of part-time or temporary workers as reasons that they chose not to sponsor a retirement plan.[6] In the 2001 *Small Employer Retirement Survey*, jointly sponsored by the Employee Benefit Research Institute and the American Savings Education Council, 48% of small employers that did not offer a pension plan said that uncertainty of revenue was a major reason, and 46% cited the cost of employer contributions. Forty-three percent of small employers cited their employees' preference for higher wages or other benefits, while 32% said that high employee turnover was a major reason for having no retirement plan. In contrast, 34% cited the administrative burden of providing a pension as a major reason for not offering a retirement plan, and only 22% said that government regulations were a significant reason that they did not offer a retirement plan.

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[6] Dallas Salisbury, Teresa Turyn, and Ruth Helman, *EBRI 2001 Retirement Surveys*, Employee Benefit Research Institute Issue Brief 234, Washington, DC, June 2001.

Sponsorship of retirement plans by small firms is an important issue to the Congress in part because of the large number of people employed by small businesses. In 2000, for example, more than 31 million people worked for firms with fewer than 25 employees.[7] The relatively low rates of employer sponsorship and employee participation in retirement plans at small businesses have prompted Congress to look for ways to make it easier for small employers to establish and maintain retirement plans for their employees. Because small employers may be reluctant to take on the financial risk and administrative burden of establishing a defined-benefit pension plan, Congress has sought to encourage greater retirement plan sponsorship among small businesses mainly by easing the financial and reporting requirements associated with certain types of defined contribution pension plans. The *Revenue Act of 1978* (P.L. 95-600) authorized a defined contribution plan called the **S**implified **E**mployee **P**ension (SEP).[8] More recently, the *Small Business Job Protection Act of 1996* (P.L. 104-188) authorized another type of defined contribution plan called the **S**avings **I**ncentive **M**atch **Pl**an for **E**mployees (SIMPLE).[9]

Recent Trends in Retirement Plan Sponsorship and Participation

The number of defined benefit plans is declining. According to the Pension and Welfare Benefits Administration (PWBA) of the U.S. Department of Labor, the number of defined benefit plans declined from 175,000 to 56,400 between 1983 and 1998.[10] The decline in the number of DB plans resulted mainly from the termination of a large number of small plans. Between 1983 and 1998, the number of defined benefit pension plans with fewer than 100 participants fell from 149,164 to 41,264, a decline of 72.3%. The number of large DB plans fell, too, declining form 25,979 in 1983 to 15,141, or 41.7%. However, while the decline in the *number of plans* was larger among small plans, the decline in the *number of participants* was greater among large plans. The number of active participants in small DB plans fell from 1,861,000 in 1983 to 648,000 in 1998.[11] At the same time, the number of active participants in large DB plans fell from 28,104,000 to 22,345,000.

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[7] Full-time and part-time wage and salary workers. (Source: *Current Population Survey*.)

[8] P.L. 95-600 authorized tax exemption only for employer contributions to a SEP. The *Tax Reform Act of 1986* (P.L. 99-514) allowed workers in firms with fewer than 25 employees to contribute to a SEP on a tax-deferred basis through salary reduction (SARSEP). P.L. 104-188 authorized SIMPLE plans to replace SARSEPs. Firms may continue to establish SEPs funded exclusively by employer contributions, but new SARSEPs were prohibited after December 31, 1996. Previously existing SARSEPs may continue as before.

[9] For more information about SEP and SIMPLE, see CRS Report 96-243, *Simplified Employee Pensions: A Fact Sheet* and CRS Report 96-758, *Pension Reform: SIMPLE Plans for Small Employers,* both by James R. Storey.

[10] *Private Pension Plan Bulletin,* U.S. Department of Labor, Pension and Welfare Benefits Administration, (Number 11, Winter 2001-2002).

[11] BLS, *Private Pension Plan Bulletin*, (Number 11, Winter 2001-2002). The number of active participants is the total number of participants minus those who have retired or who have separated from the employer with a vested benefit but are not retired.

Retirement Plan Financial Trends. Financial information reported by employers to the U.S. Department of Labor also shows the extent to which sponsorship of retirement plans has shifted from DB plans to DC plans. In 1975, pension plans held total assets of $260 billion, of which 72% ($186 billion) was held by defined benefit plans. By 1998, pension plans held total assets of $4.0 *trillion*, but the share held by DB plans had fallen to 48% ($1.9 trillion). Contributions to pension plans shifted even more dramatically during this period. In 1975, employer and employee contributions to pension plans totaled $37 billion. Of this amount, 65% ($24 billion) was contributed to DB plans. In 1998, employers and employees contributed $202 billion to pension plans, but 83% of the total ($167 billion) was contributed to *defined contribution* plans. Benefit payments, too, reflected the impact of the increasing prevalence of DC plans. In 1975, 68% of all benefits paid by private-sector pension plans ($13 billion out of $19 billion) were paid by defined benefit pensions. In 1998, 59% of the $273 billion in benefit payments were disbursed from DC plans. In that year, DC plans paid $162 billion in benefits, while DB plans paid out $111 billion in benefits.

Surveys of Employer-provided Benefits. The Bureau of Labor Statistics collects data from employers about paid leave, health insurance, retirement plan participation, flexible spending accounts, and other employee benefits as part of the *National Compensation Survey*. The *National Compensation Survey* is conducted among a nationally representative sample of business establishments. The term *establishment* usually refers to a single place of business at a particular location or all branches of a business in a particular metropolitan area or county. An establishment might be a branch or small operating unit of a larger firm. In contrast, a *firm* comprises *all* of the establishments that together form a corporation, partnership, or other business entity.[12]

According to the data collected from employers through the National Compensation Survey, 65% of employees in medium and large private establishments participated in an employer-sponsored pension or retirement savings plan in 2000. (See **Table 2**). Access to a company-sponsored retirement plan was substantially lower in small businesses. In 2000, only 33% of employees in businesses with fewer than 100 employees participated in an employer-sponsored pension or retirement savings plan. The data from the NCS also indicate that, among firms of all sizes, 55% of full-time employees participated in an employer-sponsored retirement plan in 2000, compared to just 18% of part-time workers.

12 In the *Current Population Survey*, employer characteristics are reported at the level of the *firm*, which may include more than one establishment.

Table 2. Participation in Employer-sponsored Retirement Plans by Employees in the Private Sector, 1999 and 2000

	Type of retirement plan		
	All types	**Defined benefit**	**Defined contribution**
Establishment Size			
1-99 workers			
1999	*34%*	*8%*	*27%*
2000	*33%*	*8%*	*27%*
100 or more workers			
1999	*64%*	*37%*	*46%*
2000	*65%*	*33%*	*46%*
Full-time workers			
1999	*56%*	*25%*	*42%*
2000	*55%*	*22%*	*42%*
Part-time workers			
1999	*21%*	*9%*	*14%*
2000	*18%*	*6%*	*12%*
All workers			
1999	*48%*	*21%*	*36%*
2000	*48%*	*19%*	*36%*

Note: Data represent 107 million workers employed in the private sector.

Source: National Compensation Survey, U.S. Department of Labor.

Surveys of Households. The *Current Population Survey* (CPS) is conducted each month by the Bureau of the Census among a nationally representative sample of 60,000 to 100,000 households, primarily for the purpose of estimating the rates of employment and unemployment. Each March, supplemental questions are asked about employment, income, health insurance, retirement plan participation, and receipt of government benefits during the previous calendar year. The data from the CPS show that retirement plan participation in small firms rose steadily throughout the 1990s. The CPS data also indicate that access to a company-sponsored retirement plan remains lower in small firms than in firms with 100 or more employees.

Retirement Plans and Employer Size. The data displayed in **Table 3** show that from 1992 to 2001, the number of workers between the ages of 25 and 64 who were employed in the private sector and worked year-round, full-time increased from 54 million to 69 million. At the same time, the number of such workers whose employer offered a pension or retirement savings plan increased from 34.2 million to 45.1 million. Thus, the proportion of year-round, full-time workers in this age group who were employed at a firm offering a retirement plan rose from 63.6% to 65.1% between 1992 and 2001. Most of the increase in pension sponsorship during this period occurred among firms with fewer than 100 employees. In 2001, 33.9% of full-time workers in businesses with fewer than 25 employees were employed at firms with pensions or retirement savings plans, compared to 26.6% in 1992. Among workers in firms with 25 to 99 employees, 58.2% were employed at firms that sponsored retirement plans in 2001, compared to 49.3% in 1992. Nevertheless, in 2001 workers in small businesses still were much less likely than employees of large firms to work for an employer that sponsored a pension or retirement savings plan. Among employees at businesses with 100 or more workers, 79.6% worked for a firm that sponsored a pension or retirement savings plan in 2001. This was a slight decline from 1992, when 80.5% of workers in firms with 100 or more employees worked at firms that sponsored a retirement plan.

Table 3 also shows the percentage of year-round, full-time employees in the private sector who *participated* in an employer-sponsored retirement plan.[13] This statistic takes into account the impact of employers that do not sponsor a plan on overall retirement plan participation rates. Among firms of all sizes, the proportion of year-round, full-time employees between the ages of 25 and 64 who participated in a pension or retirement savings plan fell from 57.7% in 2000 to 55.8% in 2001. This was almost the same as the participation rate of 55.2% in 1992. In firms with fewer than 25 employees, participation in pensions and retirement savings plans changed little from 2000 to 2001, but the 2001 participation rate of 29.1% was substantially higher than the participation rate of 22.6% in 1992. In firms with 25 to 99 employees, retirement plan participation fell from 49.7% in 2000 to 48.4% in 2001, but this was significantly higher than the 1992 participation rate of 42.3%. Participation in retirement plans among workers in firms with 100 or more employees also fell between 2000 and 2001, dropping from 70.4% to 68.6%. This was slightly lower than the participation rate of 70.1% in 1992.

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[13] Not all employees whose employer sponsors a retirement plan are eligible to participate. For example, workers who have been employed for less than one year can be excluded.

Table 3. Participation in Retirement Plans by Size of Firm

(Private-sector non-agricultural workers, ages 25 to 64, employed year-round, full-time)

Size of firm (Employees)	Workers (thousands)	Employer sponsors plan		Employees participating	
		Workers	*Percent*	Participants	*Percent*
All firms					
1992	53,768	34,209	*63.6%*	29,676	*55.2%*
1993	54,954	34,092	*62.0%*	29,636	*53.9%*
1994	57,156	37,080	*64.9%*	32,043	*56.1%*
1995	60,687	38,348	*63.2%*	33,298	*54.9%*
1996	63,145	41,149	*65.2%*	35,535	*56.3%*
1997	64,001	41,855	*65.4%*	36,184	*56.5%*
1998	65,931	44,095	*66.9%*	38,092	*57.8%*
1999	67,065	44,794	*66.8%*	38,901	*58.0%*
2000	68,910	45,813	*66.5%*	39,728	*57.7%*
2001	69,265	45,097	*65.1%*	38,678	*55.8%*
Under 25					
1992	11,942	3,181	*26.6%*	2,696	*22.6%*
1993	12,555	3,134	*25.0%*	2,688	*21.4%*
1994	13,120	3,479	*26.5%*	2,996	*22.8%*
1995	14,627	3,715	*25.4%*	3,109	*21.3%*
1996	15,343	4,365	*28.5%*	3,713	*24.2%*
1997	14,732	4,356	*29.6%*	3,722	*25.3%*
1998	15,101	4,789	*31.7%*	4,072	*27.0%*
1999	15,582	5,259	*33.4%*	4,522	*29.0%*
2000	16,213	5,575	*34.4%*	4,776	*29.5%*
2001	17,061	5,788	*33.9%*	4,965	*29.1%*
25 to 99					
1992	8,416	4,146	*49.3%*	3,556	*42.3%*
1993	8,217	3,967	*48.3%*	3,374	*41.1%*
1994	8,476	4,526	*53.4%*	3,805	*44.9%*
1995	9,108	4,923	*54.1%*	4,188	*46.0%*
1996	9,421	5,378	*57.1%*	4,531	*48.1%*
1997	9,691	5,416	*55.9%*	4,602	*47.5%*
1998	9,940	5,794	*58.3%*	4,838	*48.7%*
1999	9,974	5,881	*59.0%*	4,933	*49.5%*
2000	10,289	6,053	*58.8%*	5,113	*49.7%*
2001	10,466	6,086	*58.2%*	5,067	*48.4%*
100 or more					
1992	33,411	26,882	*80.5%*	23,424	*70.1%*
1993	34,182	26,990	*79.0%*	23,574	*69.0%*
1994	35,560	29,075	*81.8%*	25,242	*71.0%*
1995	36,951	29,706	*80.4%*	26,000	*70.4%*
1996	38,381	31,407	*81.8%*	27,291	*71.1%*
1997	39,578	32,083	*81.1%*	27,860	*70.4%*
1998	40,890	33,513	*82.0%*	29,182	*71.4%*
1999	41,509	33,654	*81.1%*	29,447	*70.9%*
2000	42,409	34,185	*80.6%*	29,839	*70.4%*
2002	41,739	33,223	*79.6%*	28,645	*68.6%*

Source: CRS analysis of the *Current Population Survey*, various years.

Plan Participation Among Men and Women. **Table 4** shows the rates of participation in pension and retirement savings plans by men and women ages 25 to 64 who were employed in the private sector and worked year-round, full-time. Between 1992 and 1999, the proportion of men whose employer sponsored a pension or retirement savings plan rose from 64.2% to 66.9%. Since then, it has dropped to 64.8%. The proportion of women who worked at firms that sponsored a pension or retirement savings plan increased from 62.8% in 1992 to a high of 67.2% in 1998, and then fell to 65.6% in 2001. Thus in 2001, men and women who were employed year-round, full-time were equally likely to work for an employer that sponsored a retirement plan of some kind. Women, however, were less slightly likely than men to *participate* in these plans. In 2001, 56.5% of men who were employed year-round, full-time participated in a company-sponsored retirement plan, compared to 54.8% of women who worked year-round, full-time.

Table 4. Employee Participation in Retirement Plans, by Sex

(Private-sector non-agricultural workers, ages 25 to 64, employed year-round, full-time)

	Workers (thousands)	Employer sponsors plan		Employees participating	
		Workers	*Percent*	Participants	*Percent*
Men					
1992	32,001	20,535	*64.2%*	18,152	*56.7%*
1993	32,867	20,360	*62.0%*	18,055	*54.9%*
1994	34,329	22,265	*64.9%*	19,617	*57.1%*
1995	36,504	23,008	*63.0%*	20,359	*55.8%*
1996	37,912	24,541	*64.7%*	21,577	*56.9%*
1997	38,207	24,796	*64.9%*	21,887	*57.3%*
1998	39,399	26,270	*66.7%*	23,160	*58.8%*
1999	39,757	26,596	*66.9%*	23,553	*59.2%*
2000	40,704	27,048	*66.5%*	23,880	*58.7%*
2001	40,976	26,539	*64.8%*	23,164	*56.5%*
Women					
1992	21,767	13,675	*62.8%*	11,524	*52.9%*
1993	22,087	13,732	*62.2%*	11,581	*52.4%*
1994	22,827	14,815	*64.9%*	12,426	*54.4%*
1995	24,182	15,336	*63.4%*	12,939	*53.5%*
1996	25,232	16,609	*65.8%*	13,958	*55.3%*
1997	25,795	17,060	*66.1%*	14,297	*55.4%*
1998	26,532	17,825	*67.2%*	14,932	*56.3%*
1999	27,308	18,198	*66.6%*	15,349	*56.2%*
2000	28,207	18,765	*66.5%*	15,847	*56.2%*
2001	28,290	18,558	*65.6%*	15,513	*54.8%*

Source: CRS analysis of the *Current Population Survey*, various years.

Plan Participation by Employee Age. **Table 5** displays rates of participation in pension and retirement savings plans among workers who were employed in the private sector and worked year-round, full-time workers, according to age. Young workers — ages 25 to 34 — are less likely than middle-aged and older workers to be employed at a firm that sponsors a pension or retirement savings plan. They are also less likely to participate in retirement plans than are older workers. In 2001, 60.9% of workers 25 to 34 years old worked for an employer that sponsored a retirement plan, and 47.7% participated in a company-sponsored plan. Thus, 78% of those who worked for a firm that sponsored a plan participated in the plan (.477/.609 = .78). In contrast, among workers 35 to 64 years old, 66.7% worked at firms that sponsored a retirement plan, and 59.0% participated in a company-sponsored plan. Thus, of those who worked for an employer that sponsored a retirement plan, 88.5% participated in the plan (.590/.667 = .885)[14]

[14] Some of the difference in participation rates is because workers under 35 are somewhat more likely to be in their first year with an employer and can be excluded from participating in the plan. Part-time or part year workers and those under 21 also can be excluded, but non of these groups are represented in Table 6.

Table 5. Employee Participation in Retirement Plans, by Age
(Private-sector non-agricultural workers, ages 25 to 64, employed year-round, full-time)

Employee age	Workers (thousands)	Employer sponsors plan		Employees participating	
		Workers	*Percent*	Participants	*Percent*
25 to 34					
1992	18,559	11,127	*60.0%*	8,848	*47.7%*
1993	18,748	10,862	*57.9%*	8,746	*46.7%*
1994	19,488	12,038	*61.8%*	9,460	*48.5%*
1995	19,759	11,673	*59.1%*	9,337	*47.3%*
1996	19,744	12,389	*62.8%*	9,865	*50.0%*
1997	19,829	12,508	*63.1%*	9,832	*49.6%*
1998	19,737	12,455	*63.1%*	9,896	*50.1%*
1999	19,535	12,513	*64.1%*	9,903	*50.7%*
2000	19,665	12,457	*63.4%*	9,906	*50.4%*
2001	19,542	11,908	*60.9%*	9,330	*47.7%*
35 to 44					
1992	17,565	11,584	*66.0%*	10,234	*58.3%*
1993	18,203	11,614	*63.8%*	10,265	*56.4%*
1994	18,924	12,492	*66.0%*	11,082	*58.6%*
1995	20,439	13,235	*64.8%*	11,742	*57.5%*
1996	21,360	14,161	*66.3%*	12,337	*57.8%*
1997	21,528	14,120	*65.6%*	12,377	*57.5%*
1998	22,287	15,125	*67.9%*	13,211	*59.3%*
1999	22,812	15,387	*67.5%*	13,440	*58.9%*
2000	23,371	15,499	*66.3%*	13,575	*58.1%*
2001	22,445	14,841	*66.1%*	12,882	*57.4%*
45 to 54					
1992	11,765	7,782	*66.2%*	7,175	*61.0%*
1993	12,497	8,146	*65.2%*	7,441	*59.6%*
1994	12,973	8,839	*68.1%*	8,117	*62.6%*
1995	14,042	9,240	*65.8%*	8,381	*59.7%*
1996	15,278	10,259	*67.2%*	9,290	*60.8%*
1997	15,576	10,638	*68.3%*	9,760	*62.7%*
1998	16,547	11,615	*70.2%*	10,519	*63.6%*
1999	17,238	12,053	*69.9%*	11,089	*64.3%*
2000	18,162	12,746	*70.2%*	11,606	*63.9%*
2001	18,625	12,650	*67.9%*	11,324	*60.8%*
55 to 64					
1992	5,879	3,717	*63.2%*	3,419	*58.2%*
1993	5,506	3,470	*63.0%*	3,183	*57.8%*
1994	5,771	3,711	*64.3%*	3,384	*58.7%*
1995	6,446	4,196	*65.1%*	3,838	*59.5%*
1996	6,763	4,340	*64.2%*	4,043	*59.8%*
1997	7,069	4,588	*64.9%*	4,215	*59.6%*
1998	7,359	4,900	*66.6%*	4,466	*60.7%*
1999	7,479	4,841	*64.7%*	4,470	*59.8%*
2000	7,713	5,111	*66.3%*	4,640	*60.2%*
2001	8,653	5,698	*65.9%*	5,141	*59.4%*

Source: CRS analysis of the *Current Population Survey*, various years.

Plan Participation by Employee Race. Race is classified on the CPS as white, black, American Indian/Eskimo, or Asia/Pacific Islander. Ethnic origin (Hispanic, for example), is identified separately from race. Between 2000 and 2001, the likelihood of being employed at a firm that sponsored a retirement plan increased for black workers, while falling for white workers and those of other races. (See **Table 6**). The proportion of black workers who *participated* in a retirement plan remained largely unchanged. Among white workers, the proportion who participated in a retirement plan fell from 59.2% in 2000 to 57.0% in 2001, while among workers whose race was classified as "other," mainly (Native American or Asian), participation fell from 50.8% in 2000 to 49.4% in 2001.

Table 6. Employee Participation in Retirement Plans, by Race

(Private sector non-agricultural workers, ages 25 to 64, employed year-round, full-time)

Employee Race	Workers (thousands)	Employer sponsors plan		Employees participating	
		Workers	*Percent*	Participants	*Percent*
White					
1992	46,582	29,815	*64.0%*	26,111	*56.1%*
1993	47,125	29,805	*63.3%*	26,073	*55.3%*
1994	48,748	31,976	*65.6%*	27,864	*57.2%*
1995	51,745	32,953	*63.7%*	28,778	*55.6%*
1996	53,619	35,340	*65.9%*	30,738	*57.3%*
1997	53,941	35,714	*66.2%*	31,085	*57.6%*
1998	55,495	37,565	*67.7%*	32,720	*59.0%*
1999	56,082	37,954	*67.7%*	33,246	*59.3%*
2000	57,117	38,655	*67.7%*	33,828	*59.2%*
2001	57,811	38,060	*65.8%*	32,976	*57.0%*
Black					
1992	5,146	3,210	*62.4%*	2,566	*49.9%*
1993	5,435	3,045	*56.0%*	2,478	*45.6%*
1994	5,890	3,699	*62.8%*	3,003	*51.0%*
1995	6,305	3,950	*62.7%*	3,314	*52.6%*
1996	6,602	4,105	*62.2%*	3,324	*50.4%*
1997	6,954	4,315	*62.1%*	3,535	*50.8%*
1998	7,258	4,565	*62.9%*	3,689	*50.8%*
1999	7,613	4,820	*63.3%*	3,928	*51.6%*
2000	8,165	4,988	*61.1%*	4,058	*49.7%*
2001	7,402	4,645	*62.8%*	4,000	*50.0%*
Other					
1992	2,041	1,184	*58.0%*	1,000	*49.0%*
1993	2,394	1,242	*51.9%*	1,084	*45.3%*
1994	2,518	1,405	*55.8%*	1,176	*46.7%*
1995	2,637	1,441	*54.6%*	1,205	*45.7%*
1996	2,923	1,704	*58.3%*	1,473	*50.4%*
1997	3,107	1,827	*58.8%*	1,564	*50.3%*
1998	3,177	1,965	*61.9%*	1,684	*53.0%*
1999	3,370	2,020	*59.9%*	1,727	*51.3%*
2000	3,629	2,170	*59.8%*	1,843	*50.8%*
2001	4,053	2,393	*59.0%*	2,002	*49.4%*

Source: CRS analysis of the *Current Population Survey*, various years.

Plan Participation by Employee Earnings. **Table 7** shows the relationship between earnings and participation in employer-sponsored pension and retirement savings plans. All earnings in **Table 7** have been indexed to 2001 dollars based on the annual percentage changes in the wage and salary component of the Employment Cost Index. Between 1992 and 2001, wages and salaries rose at an average annual rate of 3.4%.

Between 2000 and 2001 the proportion of year-round, full-time workers in the private sector with annual earnings of less than $20,000 who were employed by a firm that sponsored a retirement plan fell from 41% to 39.5%. The percentage of workers who earned between $20,000 and $40,000 who were employed at firms that sponsored retirement plans fell from 64.6% in 2000 to 63.1% in 2001. Workers earning more than $40,000 per year were more likely than those earning less than $40,000 to be employed by firms that sponsored retirement plans, although the percentage also fell for these workers from 2000 to 2001. In 2001, 75.4% of workers with annual earnings between $40,000 and $60,000 were employed at firms that sponsored pensions or retirement savings plans, a drop of 2.2 percentage points from 2000. Among workers with earnings of more than $60,000, the percentage employed at firms that sponsored a retirement plan fell from 79.8% in 2000 to 78.0% in 2001.

Across all firms (including those that did not sponsor any kind of retirement plan), only 26.1% of full-time workers who earned less than $20,000 participated in an employer-sponsored retirement plan in 2001. Although participation was significantly higher among full-time workers who earned between $20,000 and $40,000 (51.9%) than among those earning less than $20,000, it still lagged behind the participation rates of higher-paid employees. Among those who earned between $40,000 and 60,000, 68.5% participated in an employer-sponsored retirement plan in 2001, as did 73.1% of those who earned more than $60,000. In all four earnings groups, participation in company-sponsored retirement plans fell between 2000 and 2001.

Some of the lower participation rate among low-wage workers can be explained by the lower rate of plan sponsorship among the firms at which they are employed. For example, in 2001 75.4% percent of workers with annual earnings of $40,000 to $60,000 were employed at firms that sponsored a pension or retirement savings plan and 68.5% of employees with earnings in this range participated in such plans. Thus, among employees whose employer sponsored a plan, the participation rate was 91%. (.685/.754 = .908). Likewise, among employees whose earnings in 2001 exceeded $60,000, 78.0% worked for an employer that sponsored a retirement plan and 73.1% participated in a retirement plan. Therefore, the participation rate among employees who earned $60,000 or more and whose employer sponsored a retirement plan was 94% (.731/.780 = .937). Participation rates were significantly lower among low-wage workers. Among workers whose 2001 earnings were less than $20,000, only 39.5% worked for an employer that sponsored a retirement plan and just 26.1% participated in a retirement plan. Thus, the participation rate among low-wage employees whose employer sponsored a retirement plan was 66% (.261/.395 = .661). Among those who earned $20,000 to $40,000, 63.1% worked for an employer that sponsored a retirement plan and 51.9% participated in such a plan, yielding a participation rate of 82% among those whose employer sponsored a retirement plan (.519/.631 = .822).

Table 7. Participation in Retirement Plans by Annual Earnings

(Private-sector non-agricultural workers, ages 25 to 64, employed year-round, full-time)

Employee Annual Earnings	Number of workers	Employer sponsors plan		Employees	
		Workers	*Percent*	Participants	*Percent*
Under $20,000					
1992	10,148	3,761	*37.1%*	2,558	*25.2%*
1993	10,657	3,772	*35.4%*	2,567	*24.1%*
1994	11,539	4,814	*41.7%*	3,176	*27.5%*
1995	12,002	4,666	*38.9%*	3.232	*26.9%*
1996	12,336	5,058	*41.0%*	3,461	*28.1%*
1997	11,552	4,659	*40.3%*	3,124	*27.1%*
1998	12,641	5,418	*42.9%*	3,644	*28.8%*
1999	10,440	4,110	*39.4%*	2,700	*25.9%*
2000	11,915	4,890	*41.0%*	3,330	*28.0%*
2001	11,257	4,444	*39.5%*	2,933	*26.1%*
$20,000-$39,999					
1992	22,298	13,908	*62.4%*	11,721	*52.6%*
1993	22,527	13,836	*61.4%*	11,798	*52.4%*
1994	23,039	14,780	*64.2%*	12,533	*54.4%*
1995	24,758	15,568	*62.9%*	13,146	*53.1%*
1996	25,407	16,353	*64.4%*	13,625	*53.6%*
1997	27,378	17,670	*64.5%*	14,917	*54.5%*
1998	27,535	18,490	*67.2%*	15,606	*56.7%*
1999	27,116	17,487	*64.5%*	14,657	*54.1%*
2000	27,971	18,071	*64.6%*	15,167	*54.2%*
2001	28,205	17,800	*63.1%*	14,650	*51.9%*
$40,000-$59,999					
1992	11,923	9,184	*77.0%*	8,445	*70.8%*
1993	12,069	9,058	*75.1%*	8,283	*68.6%*
1994	11,921	9,146	*76.7%*	8,412	*70.6%*
1995	12,434	9,246	*74.4%*	8,507	*68.4%*
1996	14,250	10,869	*76.3%*	10,073	*70.7%*
1997	13,486	10,347	*76.7%*	9,465	*70.2%*
1998	13,887	10,727	*77.2%*	9,910	*71.4%*
1999	14,862	11,439	*77.0%*	10,390	*69.9%*
2000	14,512	11,267	*77.6%*	10,322	*71.1%*
2001	14,824	11,172	*75.4%*	10,148	*68.5%*
$60,000 or more					
1992	9,400	7,357	*78.3%*	6,952	*74.0%*
1993	9,701	7,426	*76.6%*	6,988	*72.0%*
1994	10,656	8,340	*78.3%*	7,922	*74.3%*
1995	11,493	8,864	*77.1%*	8,413	*73.2%*
1996	11,151	8,869	*79.5%*	8,377	*75.1%*
1997	11,442	9,149	*80.0%*	8,663	*75.7%*
1998	11,898	9,460	*79.7%*	8,933	*75.3%*
1999	14,647	11,757	*80.3%*	11,154	*76.2%*
2000	14,514	11,585	*79.8%*	10,909	*75.2%*
2001	14,979	11,681	*78.0%*	10,947	*73.1%*

Source: CRS analysis of the *Current Population Survey*, various years.

Note: Annual earnings have been adjusted to 2001 dollars based on the wage component of the Employment Cost Index.

Plan Participation by Full-Time vs. Part-Time Employment. **Table 8** compares retirement plan participation for year-round, full-time workers in the private sector to those who were employed part-year or part-time. Workers with part-year or part-time employment are much less likely to be employed by a firm that sponsors a retirement plan. Part-time and part-year workers also are less likely to participate if their employer sponsors a plan.

Between 1992 and 2001, the proportion of part-time or part-year workers employed by firms that sponsored a pension or retirement savings plan rose from 37.3% to 44.9%. The rate of participation among part-year and part-time workers whose employer sponsored a retirement plan increased from 21.4% to 27.5%. The proportion of year-round, full-time workers employed at firms that sponsored a pension or retirement savings plan rose from 63.6% in 1992 to 65.1% in 2001. The participation rate among year-round, full-time workers whose employer sponsored a retirement plan was 55.2% in 1992 and 55.8% in 2001; however, this represents a drop in participation from 2000 when the participation rate was 57.7%.

The lower rate of retirement plan participation among part-year and part-time workers is one of the reasons that women are less likely than men to participate in a company-sponsored retirement plan. As was shown in **Table 4**, there is little difference in retirement plan participation between men and women who work *year-round, full-time*. Women, however, are more likely than men to work part-year or part-time. Data from the Current Population Survey show that in 2001, 83% of working men between the ages of 25 and 64 were employed year-round, full-time compared to 67% of working women in this age-group. Consequently, while women who worked *full-time* in 2001 were almost as likely as their male counterparts to have participated in a retirement plan (55% vs. 57%), the retirement plan participation rate among *all* women 25 to 64 years old who worked in the private sector in 2001 was significantly lower (46.8%) than the participation rate among all working men in that age group (55.1%).[15]

[15]CRS estimates based on the March 2002 CPS. (Not shown in accompanying tables).

Table 8. Participation in Retirement Plans by Full-Time vs. Part-Time Employment

(Private-sector non-agricultural workers, ages 25 to 64)

	Workers (thousands)	Employer sponsors plan		Employees participating	
		Workers	*Percent*	Participants	*Percent*
Full-time					
1992	53,768	34,209	*63.6%*	29,676	*55.2%*
1993	54,954	34,092	*62.0%*	29,636	*54.0%*
1994	57,156	37,080	*64.9%*	32,043	*56.1%*
1995	60,687	38,344	*63.2%*	33,298	*54.9%*
1996	63,144	41,149	*65.2%*	35,535	*56.3%*
1997	64,002	41,855	*65.4%*	36,184	*56.5%*
1998	65,934	44,095	*66.9%*	38,092	*57.8%*
1999	67,065	44,794	*66.8%*	38,901	*58.0%*
2000	68,911	45,813	*66.5%*	39,728	*57.7%*
2001	69,265	45,097	*65.1%*	38,678	*55.8%*
Part-time					
1992	24,259	9,052	*37.3%*	5,194	*21.4%*
1993	23,922	8,605	*36.0%*	5,025	*21.0%*
1994	23,840	9,347	*39.2%*	5,261	*22.1%*
1995	23,790	9,348	*39.3%*	5,508	*23.2%*
1996	24,022	9,673	*40.3%*	5,406	*22.5%*
1997	23,508	9,774	*41.6%*	5,465	*23.3%*
1998	21,937	9,679	*44.1%*	5,615	*25.6%*
1999	21,815	9,166	*42.0%*	5,562	*25.5%*
2000	21,039	9,570	*45.5%*	5,677	*27.0%*
2001	23,449	10,535	*44.9%*	6,444	*27.5%*

Source: CRS analysis of the *Current Population Survey*, various years.

Appendix: Sources of Data on Retirement Plans

Data on employer sponsorship and employee participation in pension and retirement savings plans are available from several sources ways: (1) the *Form 5500* must be submitted each year to the Internal Revenue Service by employers who sponsor a retirement plan; (2) surveys of employers are conducted by government agencies, trade associations, and others interested in pension issues; and (3) surveys of households are conducted by government agencies and other interested parties. The main sources of data on which this report is based are the *National Compensation Survey* (NCS), conducted by the U.S. Bureau of Labor Statistics and the *Current Population Survey* (CPS), administered by the Bureau of the Census.

The IRS Form 5500. All sponsors of employee benefit plans that are subject to ERISA must file Form 5500 annually with the Internal Revenue Service. Form 5500 must be filed for pension plans whether or not they are "qualified" (tax-exempt), and regardless of whether benefits continue to accrue or contributions continue to be made. Plans with fewer than 100 participants file a slightly different form, the 5500-C/R. The Form 5500 is a rich source of data on the financial characteristics of employer-sponsored pension plans in the United States. Summaries of the data collected on the Form 5500 are published periodically by the Department of Labor.[16] The data collected include the number of plans of each type, the number of participants, the number of active participants, contributions to the plans, and the value of plan assets. Plans are categorized by number of participants, by industry group, by method of funding, by distribution of assets among types of investment, and other financial characteristics.

The Form 5500 has two important shortcomings with respect to identifying trends in the prevalence of pension plan sponsorship and participation. First, data from the Form 5500 are available only for employers that sponsor a plan and are required by law to file this form with the IRS. The data cannot be used to compare firms that sponsor pension plans with firms that do not. Furthermore, the Form 5500 will not be useful for evaluating the impact of *Simplified Employee Pensions* (SEP) and *Savings Incentive Match Plans for Employees* (SIMPLE) on pension sponsorship and participation because firms sponsoring these plans have been exempted from filing the form as an incentive for small employers to sponsor such plans. A second drawback of the Form 5500 is the lag between data collection and the publication of results. Because of the large volume of information processed and the need to reject some forms because of errors or omissions, several years elapse between the date that the forms are submitted and the time that the data become generally available. (Abstracts from the Form 5500 for calendar year 1998 were published by the Department of Labor in early 2002.)

Surveys of Employers. The *National Compensation Survey* is conducted by the Bureau of Labor Statistics of the U.S. Department of Labor. The NCS is a survey of business establishments. It is used to produce the Employment Cost Index (ECI), a measure of the

[16]The most recent of these reports is *Private Pension Plan Bulletin: Abstract of 1997 Form 5500 Reports,* U.S. Department of Labor, Pension and Welfare Benefits Administration, Washington, DC (Number 10, Winter 2001).

cost of employee compensation across industries that includes both cash and in-kind compensation. Data from the ECI are widely used among financial analysts and economists in both government and the private sector, and it has been designated in federal statute as the basis for computing annual wage adjustments for civilian federal employees and military personnel.

Prior to 1999, surveys of different sectors of the economy were conducted in alternating years; medium and large private establishments were studied during odd years, and small private establishments and State and local governments during even years. Separate publications were produced for each sample. In the future, all types of establishments will be surveyed each year, and the data will be produced by numerous characteristics, including establishment size and sector of the economy.
The 2000 National Compensation Survey collected data from 1,436 private industry establishments, representing over 107 million workers; of this number, nearly 86 million were full-time workers and the remainder – nearly 22 million – were part-time workers. The NCS uses the establishment's definition of full- and part-time status. For purposes of this survey, an establishment is an economic unit that produces goods or services, a central administrative office, or an auxiliary unit providing support services to a company. For private industries, the establishment is usually at a single physical location. The data collected through the NCS usually are available more quickly than the information submitted on the Form 5500, but there is a lag of about 2 years between data collection and publication of results.

Private-sector entities such as trade associations, benefits consultants, and research institutions also periodically conduct surveys of employers to gather information about the structure and cost of employee benefits. One such survey cited in this report is the Retirement Confidence Survey conducted by the Employee Benefit Research Institute in association with the American Savings Education Council and Matthew Greenwald and Associates. This survey was not intended to collect information about the characteristics of retirement plans, but to gauge the views and attitudes of small employers regarding retirement plans and related issues. The survey was conducted by telephone interview in January and February 2001 among approximately 600 companies, of which about half sponsored one or more retirement plans.

Surveys of Households. The Bureau of the Census conducts the *Current Population Survey* each month mainly to collect information about labor force participation needed to estimate the national unemployment rate. Each March, supplemental questions are asked about household economic and demographic characteristics and about employment and sources of income during the previous calendar year. The survey includes two questions about retirement plan sponsorship and participation during the previous year. Respondents are asked whether *any* employer for whom they worked had a pension or other type of retirement plan for any of its employees. Respondents who answer "yes" to this question are asked whether they were included in the plan. The data collected in the annual March supplement to the CPS are especially useful for policy analysis because of the large sample size, the breadth of topics covered, and the timeliness of the data. The March 2002 CPS was conducted among a random sample of 99,000 households. It includes records for 217,000 people, including 161,000 people age 15 and older of whom the labor force questions were asked.

The large sample size of the CPS allows estimation of rates of retirement plan participation based demographic and economic characteristics such as age, gender, full-time or part-time status, size of firm, and annual earnings. The timeliness of the CPS data make it useful for analyzing recent trends in retirement plan sponsorship and participation. For example, information about retirement plan sponsorship and participation during 2001 were collected in March 2002 and were made publicly available in September 2002. One limitation of the pension data from the March CPS is that only two questions are asked: whether the individual's employer offered a retirement plan, and whether the individual was included in that plan. Among the important questions *not* asked as part of the March CPS are 1) whether a participating employee is covered by a defined benefit or defined contribution plan and 2) why an employee who is not included in an employer-sponsored plan is not covered by the plan.

The Census Bureau also collects information about retirement plan sponsorship and participation in another of its household surveys, the *Survey of Income and Program Participation* (SIPP)[17] Households are asked to participate in the SIPP over a 32-month period, with interviews taking place once every 4 months. Beginning with the 1984 survey, and approximately every two years thereafter, the SIPP has included a series of questions on retirement plan sponsorship and participation. Iams (*Social Security Bulletin*, 1995) compared the information collected in the CPS pension supplements with results obtained from the SIPP for the same years. He concluded that the two surveys produced similar estimates of retirement plan participation in 1993 and of the trends in coverage from 1983 to 1993, and suggested that "the SIPP's pension information can substitute for specialized studies in the CPS." One drawback of the SIPP is that survey results are not released as quickly as with the CPS due to complex editing procedures required for longitudinal data sets.

Other national surveys conducted by federal agencies also collect information about participation in employer-sponsored pension and retirement savings plans. Two that are widely used in public policy research are the *Survey of Consumer Finances* (SCF), conducted by the Board of Governors of the Federal Reserve System, and the *Health and Retirement Study* (HRS), administered by the U.S. Department of Health and Human Services. The SCF is conducted every three years by the Federal Reserve Board in cooperation with the Internal Revenue Service among a sample that varies in size from about 3,000 to 4,000 households. This survey collects detailed information on household assets, liabilities, and demographic characteristics. The HRS is an ongoing study of 12,600 individuals focusing on the transition to retirement. It comprises a nationally representative sample of people who were between the ages of 51 and 61 in 1992 and their spouses. These individuals are interviewed every two years to measure factors that affect work, retirement, health and financial decisions.

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[17] The Census Bureau also collects information on pension coverage in the Contingent Work Supplements (CWS) to the CPS, conducted in February of odd-numbered years. A summary of the February 1999 CWS can be found at [http://www.dol.gov/dol/pwba].