

December 27, 2021

Private-Sector Pensions in 2019: Number of Plans, Participants, and Amount of Assets

Introduction

A pension is a voluntary benefit offered by employers to assist employees in providing for their financial security in retirement. Many employers in both the public sector (federal, state, and local governments) and in the private sector (for-profit and nonprofit companies) offer pensions for their employees. This product provides the following data on private-sector pension plans: the number of plans, the number of participants in those plans, and the amount of assets in the plans.

Pension plans can be classified in several ways. This product provides pension data based on two broad categorizations of pension plans: (1) the benefit structure and (2) the number of employers that sponsor the pension plan.

Congress has expressed an interest in ensuring that American workers have financially secure retirements by providing numerous tax advantages for, and regulatory oversight of, retirement plans. The policies that Congress enacts have a role in shaping the types of retirement plans that employers choose, or do not choose, to offer.

Defined Benefit and Defined Contribution Pension Plans

A common way to categorize pension plans is by whether the benefits are based on a formula (called defined benefit [DB] pensions) or are based on accumulated funds in an account (called defined contribution [DC] pensions).

Defined Benefit (DB) Pension Plans. In DB plans (sometimes referred to as *traditional* pension plans), participants receive benefits in retirement based on a formula that typically uses either (1) a combination of the worker's length of service, an accrual rate, and the average of a certain number of final years' salary or (2) a flat-dollar amount and the number of months or years the worker participated in the plan. The benefit is usually paid as a monthly benefit in retirement for the life of the participant and spouse, if married. Some DB plans allow a participant to take the benefit as a lump-sum dollar amount at retirement. Some DB plans are *cash balance* plans, which is a type of DB plan in which participants' benefits are calculated using a formula but the benefit is expressed as an account balance that is paid as an annuity (or lump sum, if offered by the plan).

Defined Contribution (DC) Pension Plans. In DC plans, workers are provided individual accounts funded by their own contributions, contributions from their employers, or both. DC plans do not provide guaranteed income. The funds in the account experience investment gains and

losses, and the contributions and earnings, if any, are used as a source of income in retirement. Examples of private-sector DC plans include profit-sharing plans, money purchase plans, 401(k) and 403(b) plans, and Employee Stock Ownership Plans (ESOPs).

Single-, Multiple-, and Multiemployer Pension Plans

Pension plans can also be classified by whether they are sponsored by one employer (*single-employer* pensions) or more than one employer (*multiple-employer* or *multiemployer* pensions).

Single-employer pension plans are sponsored by one employer and cover eligible workers employed by the plan sponsor. When an employee stops working for the employer sponsoring the plan, the worker stops earning benefits under that plan.

Multiple-employer pension plans are sponsored by more than one employer and are not maintained under collective bargaining agreements. They are treated as single-employer pension plans for the purposes of pension funding rules and federal disclosure requirements.

Multiemployer pension plans are sponsored by more than one employer and, unlike multiple-employer plans, are maintained under collective bargaining agreements. In some industries—for example, building trades—a worker who is a union member might work for a number of employers over a career and would continue to earn pension benefits, provided those employers were signatories to the collective bargaining agreement.

Data on Pension Plans, Participants, and Assets

Table 1 provides information on the number of DB and DC plans in 2019 (the most recent year for which data are available), the number of active and retired participants by plan type, and the dollar amount of assets in the plans. Individuals are counted in each plan in which they participate. Multiple-employer plans are included in the single-employer data. In 2019, fewer than 1% of the plans (corresponding to 5.8% of participants) in the single- and multiple-employer data were in multiple-employer plans.

Several points from **Table 1** include:

- Most *plans* (93.6%) in 2019 were DC plans, but a little over three-fourths of *participants* (75.9%) were in DC plans. One reason is because, upon separation

from employment, many DC plan participants roll over their DC plan assets to Individual Retirement Accounts (IRAs), while DB plan participants typically remain in the plan.

- Most pension plans (99.7%)—covering 89.1% of participants—were single-employer or multiple-employer plans.

- More than two-thirds (69.3%) of the assets in private-sector plans were in single-employer DC plans. In 2019, single-employer DC plans held \$7.2 trillion in assets.

Table I. Single- and Multiple-Employer and Multiemployer Pension Plans in 2019

	Single- and Multiple-Employer Pension Plans		Multiemployer Pension Plans	
	Defined Benefit	Defined Contribution	Defined Benefit	Defined Contribution
Number of Plans	45,504	685,725	1,366	1,084
Number of Active Participants (millions)	8.3	82.2	4.3	3.3
Number of Retired Participants (millions)	7.8	1.2	3.3	0.1
Number of Other Retired or Separated Participants with Vested Right to Benefits (millions)	6.0	21.3	3.0	1.0
Total Participants, Including Beneficiaries (millions)	23.6	104.9	11.2	4.5
Plan Assets (billions)	\$2,683.2	\$7,244.1	\$591.3	\$188.5

Source: Department of Labor, Employee Benefits Security Administration, *Private Pension Plan Bulletin Abstract of 2019 Form 5500 Annual Reports*, Tables A2, A5, and B1, at <https://www.dol.gov/sites/dolgov/files/EBSA/researchers/statistics/retirement-bulletins/private-pension-plan-bulletins-abstract-2019.pdf>.

Notes: Multiple-employer plans are included in single-employer plan counts because they are treated as such under the Employee Retirement Income Security Act of 1974 (P.L. 93-406). Active participants include any worker currently in employment covered by a plan and who is earning or retaining credited service under a plan. This category includes any non-vested former employees who have not yet incurred a break in service. Active participants also include individuals who are eligible to have their employers make payments to DC plans. Retired participants are those receiving benefits. Other retired or separated participants with a vested right to benefits are individuals who are not currently earning benefits in the plans (for example, they no longer work for the employer) but will receive benefits in the future. Total participant counts include beneficiaries. Beneficiaries are spouses or other individuals receiving deceased participants' benefits.

For Further Information:

CRS Report R46366, *Single-Employer Defined Benefit Pension Plans: Funding Relief and Modifications to Funding Rules*

CRS Report R43305, *Multiemployer Defined Benefit (DB) Pension Plans: A Primer*

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IF12008

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