# Over half of today's retirees have pensions

By Editorial Staff *Thu, Jun 28, 2018*

*In May, the Federal Reserve published a Report on Economic Well-Being of U.S. Households in 2017. We offer a summary and a link to the document.*

The debate over whether there's a retirement crisis in the U.S. seesaws back and forth. Those who follow the debate see conflicting data, often averages or median, that doesn't add up to a clear picture. On one day, we read that many retirees can afford not to dip into savings until age 71. Then we read that millions of Americans have no retirement savings at all.

In truth, Americans do vary widely in retirement funding, just as they differ dramatically in terms of income, wealth and education. In May, the Federal Reserve published a **document** called *Report on Economic Well-Being of U.S. Households in 2017.* Only a small final section of the report is dedicated to retirement financing per se. But it has some useful data in it.

The report confirms, for instance, that despite the rapid decline in defined benefit plan coverage in recent decades, especially in the private sector, a large percentage of current retirees have some income from public or corporate DB plans. According to the report, 56% of U.S. retirees have income from a DB plan (58% of whites, 57% of African Americans and 48% of Latinos).

The persistent presence of DB coverage, coupled with widespread Social Security coverage (89% of whites, 83% of blacks but only 73% of Latinos), could have a crowding out effect on the demand for personal, privately purchased annuities as a source of guaranteed income in retirement.

Despite recent news about the rising percentage of older Americans in the workforce—and despite the frequently heard complaint, "I'll never be able to retire"—Americans tend to retire earlier rather than later, the data shows. Half of retirees retired before age 62 in 2017, according to the report. An additional one-fourth of those who retired were between ages 62 and 64.

But the report also confirms the conventional wisdom that many Americans don't retire by choice, but by necessity or perceived necessity. More than half of black and Hispanic Americans (58% and 55%) retired before age 62, compared to 48% for whites. Whites were most likely to retire because they "wanted to do other things." Blacks were most likely to

retire because of poor health, and Hispanics were most likely to retire because of family responsibilities.

As for the future, the data suggests that tomorrow's retirees will be less ready for retirement than today's retirees. Only 26% of non-retirees have a DB pension, 45% do not have defined contribution plan savings, 57% have no savings outside of a retirement account, and 68% have no IRA. Many of those are under age 40 and may still catch up, however. Eighty-seven percent of non-retirees age 50 and over say they have at least some retirement savings.

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