
The 'haves' have retirement plans; the 'have-nots,' not so much

By Kerry Pechter Thu, Nov 14, 2013

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Among the complex causes of the retirement savings "crisis" in the U.S., the most obvious and important one may be the fact that less than half of working Americans even have the option of deferring part of their paychecks into a saving plan at work.

Only 48.6% of the 156.5 million Americans who worked in 2012 were employed by a company or union that sponsored a pension or retirement plan, but that overall number of workers included not just full-time workers but also the self-employed, part-time workers, those younger than 21 and older than 64, according to an analysis by the Employee Benefit Research Institute of U.S. Census data.

Considering only full-time, full-year wage and salary workers ages 21-64, 60.4% worked for employers sponsoring a plan, and 53.5% of the workers participated in a retirement plan. Most public-sector workers (71.5%) participated in a retirement plan at work, while only 39.1% of private sector workers did so.

People who are most likely to lack sufficient other financial resources in retirement are those least likely to have access to a plan. White, male, well-educated, healthy and married full-time workers are more likely to have access than non-whites, women, single people, the less educated and the less healthy. Geographically, lack of a qualified plan is more likely in the South and West than in the North and East.

Those in rural occupations like farming, fisheries or forestry are also less likely to be covered by a plan. Public employers are most likely to be covered by a plan, but taxpayer-supported public employee retirement plans have been under attack in many parts of the U.S. It increased after the drop in equity prices and interest rates caused or amplified those plans' underfunded status.

The number of U.S. workers participating in an employment-based retirement plan rose to 61.6 million in 2012 from 61.0 million in 2011. The percentage participating dropped to 39.4% of the workforce in 2012 from 39.7% a year earlier, according to an Employee Benefit Research Institute analysis of U.S. Census data.

Stock market returns and the labor market tend to drive participation EBRI noted. The bull market of the late 1990s, for instance, boosted participation, while the financial crises of the 2000s dampened participation.

EBRI senior research associate Craig Copeland said 2013 would be like 2012, with "a potential for a slight increase."

The full report, "Employment-Based Retirement Plan Participation: Geographic Differences and Trends, 2012," is published in the November *EBRI Issue Brief*, available online at www.ebri.org