



*A Data and Chart Book*

August 2005

**Retirement Plan Coverage of Baby Boomers:  
Analysis of 1998 SIPP Data**

**by**

**Satyendra K. Verma**

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## Introduction

The pension coverage and the retirement prospects of baby boomers are a growing concern among economists, policy experts, and demographers. This Data and Chartbook presents various components of retirement coverage among boomers (age 33 to 52 in 1998); older workers (age 53 to 64 in 1998); and retired workers (age 65 and older in 1998) as well as among subgroups of this workforce by gender, race, income, education, and class of worker. Retirement coverage is defined by three broad measures: *Current Coverage* defined as pension plan coverage at one's current primary job; *Coverage During Career* defined as pension coverage obtained at any time during a career (i.e., the current primary, current secondary or any previous job); and *Any Coverage* defined as retirement plan coverage at any time from any source, which includes employer-sponsored pension plans during career, as well as IRA or Keogh account.

The present chartbook is based on 1998 data from the pension and retirement plan module (Wave 7) of the Survey of Income and Program Participation (SIPP), which contains data on all types of pension coverage from current job, coverage from previous job(s), IRAs, and lump-sum payments from retirement plans for a large representative sample of U.S. workers. A similar chartbook based on the 2003 data (Wave 7) of 2001 SIPP is currently under preparation and will be forthcoming shortly.

The purpose of this book is to present data in easy-to-understand tables, charts and graphs. Most of the tables and graphs are self-explanatory and, therefore, detailed explanations are unnecessary. Instead, brief explanations and the main themes are highlighted in a few lines wherever necessary. Retirement coverage of workers is analyzed by various socio-demographic characteristics. Besides the current pension plan coverage— Defined Benefit (DB) plans and Defined Contribution (DC) plans— the book also highlights the retirement coverage from previous jobs, lump-sum payments from previous jobs, pension rollovers, and retiree's monthly pensions. A brief section is also devoted to IRAs, retirement coverage of part-time workers, and coverage of women according to their marital status.

In 1998, pension coverage for all workers age 16 and older who had a job or owned a business was 42.2 percent at a current job. This rate increased to 50.9 percent during a working career when the coverage included pension plans from both current job and previous job(s). However, when the measure was further expanded to include participation in IRAs (or Keogh accounts), the overall retirement plan coverage from any source at any time increased to almost 57 percent. Older workers had the highest rate of retirement plan coverage (73.4 percent) followed by older boomers (71.5 percent).

Women were less likely to have retirement plan coverage than their male counterparts, regardless of age group. Non-whites were less likely to have such coverage compared to their white counterparts, irrespective of age group. Of particular concern is the low rate of IRA coverage among minorities compared with whites. Retirement coverage is highly dependent on personal income levels. Those workers with annual incomes of \$30,000 or more were much more likely to have retirement plan coverage than those with incomes of less than \$30,000. Low-income workers were most vulnerable to entering retirement without coverage.

There has been a shift from DB to DC plans, especially to 401(k) plans. Workers' participation in DB plans has been declining since 1980. SIPP data on types of pension plans in a current job indicate that boomers were more likely than the older age groups to have "DC-only" coverage. In all age cohorts, women were somewhat less likely than men to have "DB-only" plan or "DC-only" plan coverage. Nonwhite boomers (age 33 to 52 in 1998), older workers (age 53 to 64 in 1998), and retired workers (age 65 and older in 1998) were more likely than their white counterparts to have DB-only plan coverage, but minorities in all age groups were less likely than their white counterparts to have DC-only plan coverage.

About 34 million persons in 1998, some of whom might still be in the labor force, had retirement plan coverage from a previous job(s). Of those, 26 million (76 percent) had received retirement benefits either in the form of lump-sum distributions (LSDs) or annuities. Among those who received such benefits, nearly one-half (13 million) had received LSDs; of these, 32 percent directly rolled over their LSDs into IRAs or annuities or some other retirement plans, and the remaining 68 percent cashed out their lump-sums. Among those who cashed out, a small percentage (10 percent) rolled over a part of their cash lump-sums into IRAs or other plans and the rest spent their LSDs in various ways.

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## **1. Distribution of Workers by Age, Income, and Tenure, 1998**

### **1A. Age Distribution of Workers**

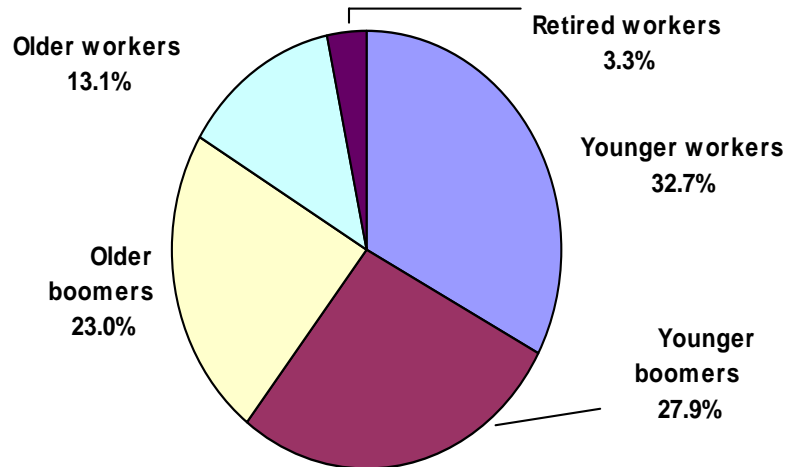
About 132 million workers age 16 and older had a job or owned a business in 1998. This chart book divides workers into four age cohorts: younger workers (age 16-32), who constituted about 33 percent of all workers; boomers (age 33-52), who constituted about 51 percent (they are further divided into younger and older boomers); older workers (age 53-64), who constituted about 13 percent of all workers; and retired workers (defined as age 65 and older, some of whom might still be in the labor force), constituted about 3 percent of all workers (Figure 1).

*According to the U.S. Census Bureau definition, a job is an arrangement for regular work for pay. Jobs include self-employment at a business, professional practice, or farm. A business is defined as an activity that involves the use of machinery or equipment in which money has been invested, or an activity requiring a "place of work," or an activity which requires advertising. Payment may be in the form of profits or fees.*

**Table 1.1: Age Distribution of All Workers Age 16 and Older Who Had a Job or Owned a Business, 1998**

Workers by Age	Age Group	Birth Year	Number of Workers (millions)	Percent
All Workers			131.811	100.0
<b>By Age</b>				
Younger workers	Age 16-32	1966 - 82	43.047	32.7
Boomers	Age 33-52	1946 - 65	67.116	50.9
Younger boomers	Age 33-42	1946 - 55	36.770	27.9
Older boomers	Age 43-52	1956 - 65	30.346	23.0
Older workers	Age 53-64	1934 - 45	17.257	13.1
Retired workers	Age 65+	1933 or before	4.390	3.3

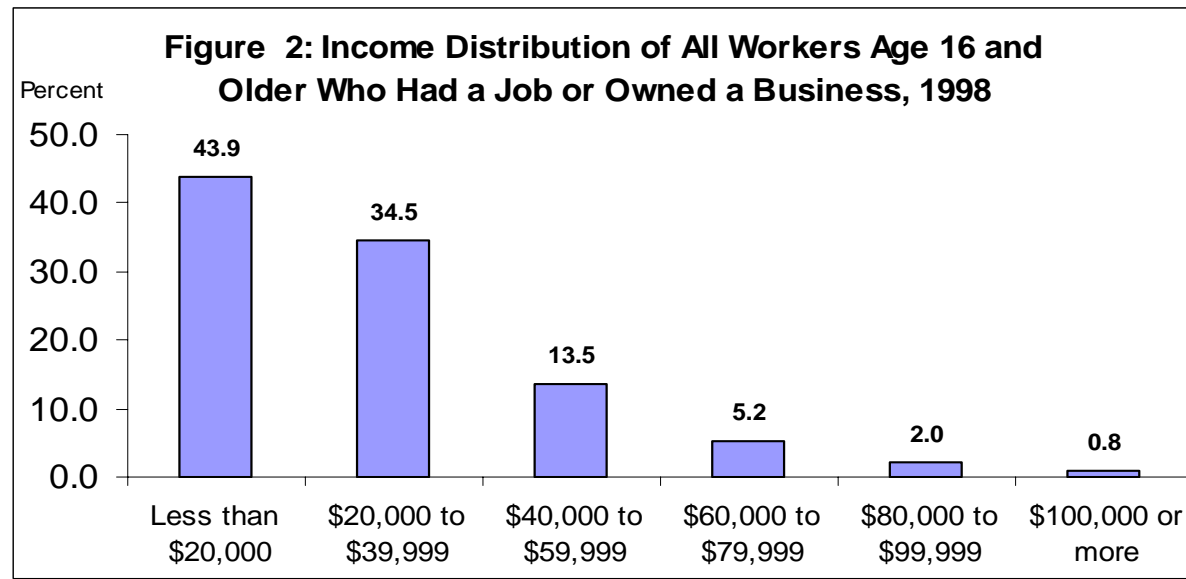
**Figure 1: Age Distribution of All Workers Age 16 and Older Who Had a Job or Owned a Business, 1998**



## 1B. Income Distribution of Workers

In the Survey of Income and Program Participation (SIPP) sample of workers age 16 and older who had a job/business, 78 percent earned less than \$40,000 per year (at 1998 current prices), while 22 percent earned over \$40,000.

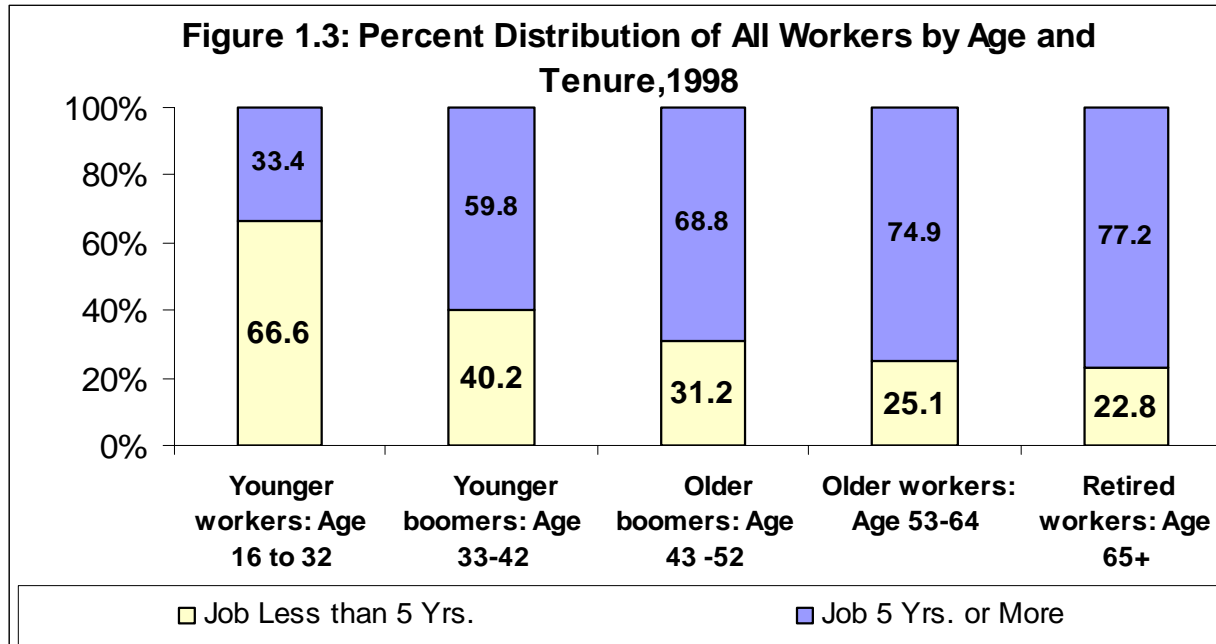
	Millions	Percent
Less than \$20,000	57.8	43.9
\$20,000 to \$39,999	45.5	34.5
\$40,000 to \$59,999	17.8	13.5
\$60,000 to \$79,999	6.9	5.2
\$80,000 to \$99,999	2.7	2.0
\$100,000 or more	1.1	0.8
Total	131.8	100.0



### 1C. Distribution of Workers by Tenure

About 56 percent of workers had had their primary job for more than five years in 1998. As expected, this proportion rose with age.

*(According to the U.S. Census definition, a primary job is one to which a worker devotes 35 hours or more per week.)*



## **2. Retirement Plan Coverage by Socio-Demographic Factors, 1998**

Retirement coverage is analyzed using three definitions:

Level 1: Current Coverage -- retirement coverage only at the current primary job;

Level 2: Coverage During Career -- retirement coverage during the whole career (including employer-sponsored pension plans at the current primary job, current second job, and all previous jobs); and

Level 3: Any Coverage -- any coverage from any source that includes all employer-sponsored plans during a career including IRA or Keogh accounts. Any coverage is the broadest definition of coverage.

*Henceforth, the term IRAs implies an IRA or Keogh account; current coverage implies coverage from the current employer; coverage during career implies pension coverage from current or previous employers; and any coverage implies retirement coverage from any sources--pension coverage during career or IRAs or both.*

**Table 2.1: Retirement Plan Coverage from Current Job, During Career, and Any Coverage by Age, 1998**

Workers by Age	Total Number of Workers (millions)	Percent of All Workers Age 16 and Over Who Had a Job/Business					
		Pension Coverage				IRA or Keogh Accounts	Any Coverage
		Current Primary Job	Current Second Job	Previous Job (Age >24)	Coverage During Career *		
All workers	131.811	42.2	1.3	15.6	50.9	18.6	56.9
<b><u>By Age</u></b>							
Younger workers: Age 16-32	43.047	27.6	0.9	7.1	32.0	5.5	34.2
Boomers: Age 33-52	67.116	51.6	1.5	18.3	60.9	21.3	66.8
Younger boomers: Age 33-42	36.770	48.8	1.5	17.1	58.0	16.8	63.0
Older boomers: Age 43 -52	30.346	55.0	1.6	19.7	64.4	26.9	71.5
Older workers: Age 53-64	17.257	48.6	1.5	23.2	61.5	36.2	73.4
Retired workers: Age 65+	4.390	17.0	0.5	28.9	41.7	36.7	61.4

\* Pension coverage during career includes current job, current second job and previous job(s). Any coverage (from any source) includes pension plans during career or IRAs or both. These are not mutually exclusive categories. Coverage during career is lower than the sum of current coverage and previous coverage because some may have both current and previous coverage. Pension coverage from previous job(s) in SIPP includes persons at age 25 and older, while the current pension includes workers at age 16 and older.

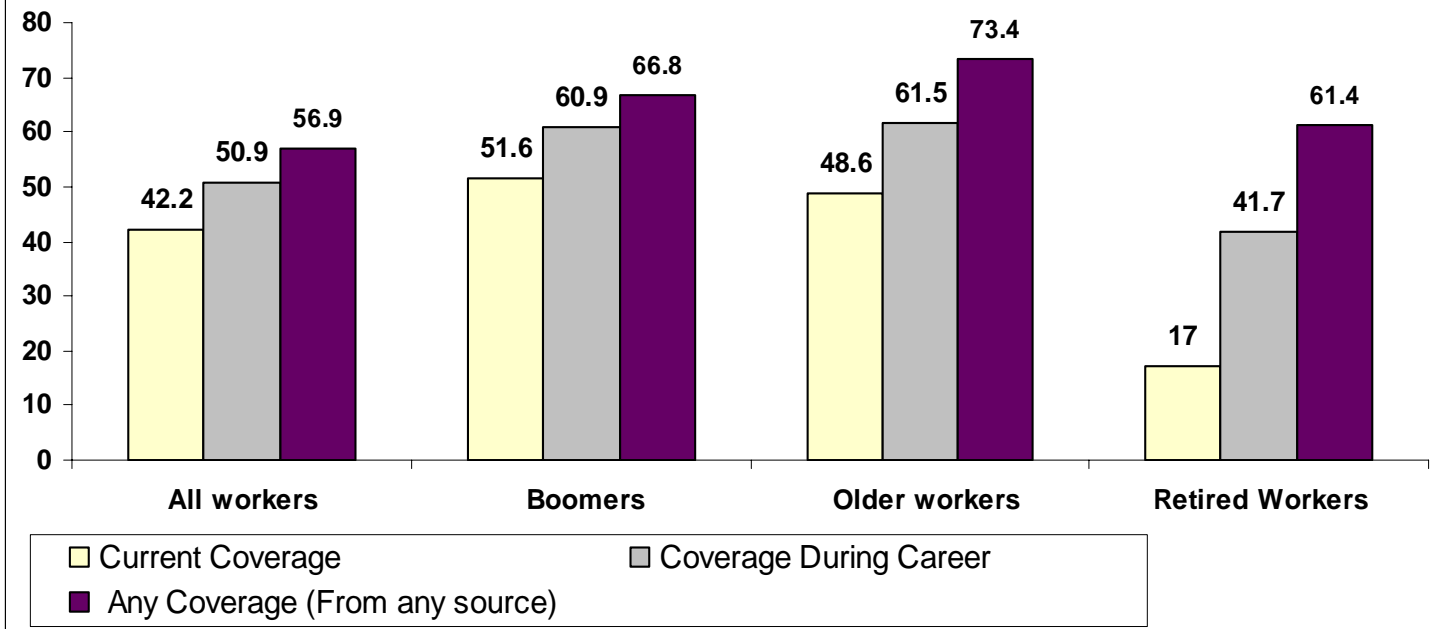
## 2A. Retirement Plan Coverage by Age

Forty-two percent of all workers were covered by pension plans at their current primary job, 1.3 percent at their second job, and 15.6 percent at previous jobs; 50.9 percent of all workers had pension plan coverage from an employer during their career (current job and/ or previous jobs). If IRAs were included, the rate of retirement plan coverage from any source increased to 56.9 percent. Retirement plan coverage increased with age, but one-third of all boomers, and about one-fourth of all older workers still lacked retirement coverage from any source, even though IRA ownership among older workers was twice as high (36.2 percent) as the average IRA ownership (18.6 percent; Table 2.1, page 6).

For boomers, the rate of pension coverage during career (60.9 percent) was almost 10 percentage points higher, and any coverage from any source including IRAs (66.8 percent) was 15 percentage points higher, than the rate of pension coverage for boomers at a current primary job (51.6 percent). For retired workers (age 65 and older), the rate of current pension coverage was only 17 percent, but the rate of retirement plan coverage from any source (61.4 percent) was about 20 percentage points higher than the pension coverage during their career (41.7 percent). This discrepancy was mainly due to the high rates of IRA coverage (36.7 percent) among all age groups. One of the reasons for high rates of IRA ownership was large rollovers from previous pensions.



**Figure 2.1: Retirement Plan Coverage from Current Job, During Career, and Any Coverage by Age, 1998  
(Percent of All Workers Age 16 and Older)**

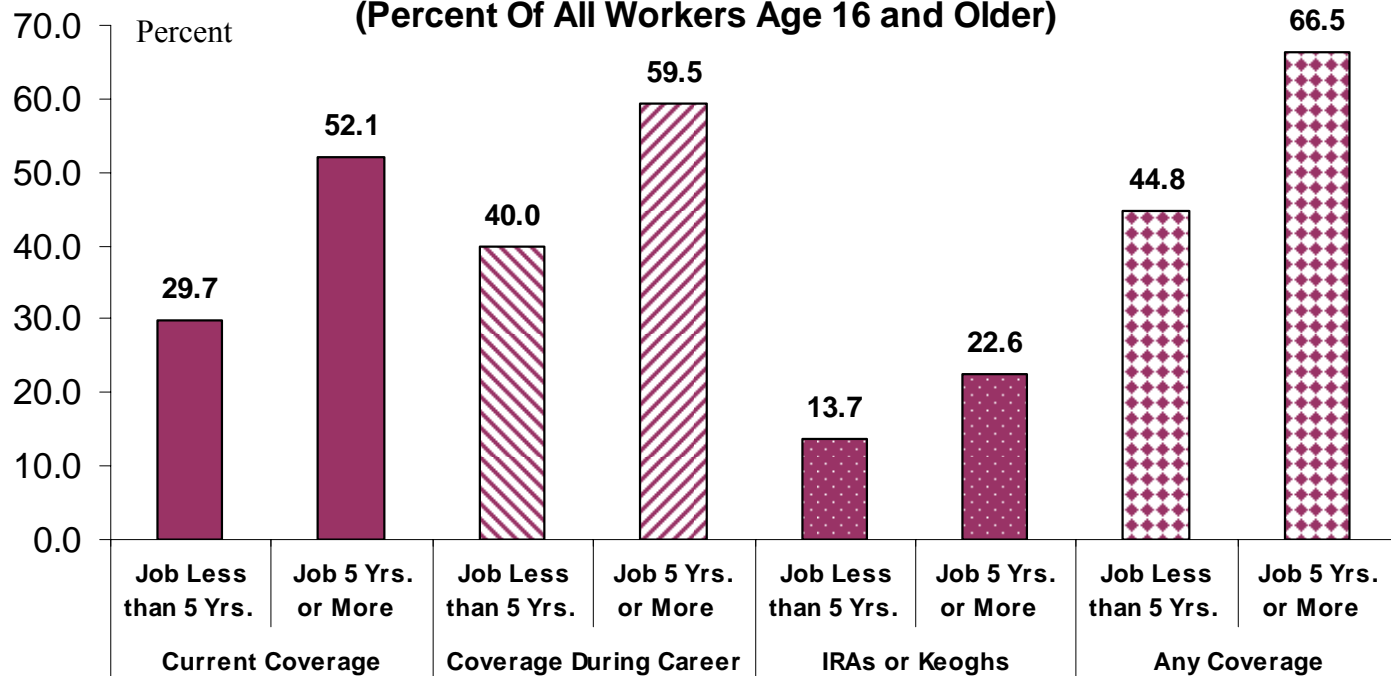


## 2B. Retirement Plan Coverage by Tenure

Any coverage (which includes IRAs) increased with age. Those who remained in a job for five years or more had significantly higher rates of retirement plan coverage from any source (22 percentage points) than those who have worked in a job less than five years. One reason for high rates of coverage is vesting rules for defined benefit coverage (discussed in Section 3A). Older boomers who had a job for five years and more had the highest rates of current pension coverage (62.5 percent) and career pension coverage (69 percent). Older workers and older boomers with jobs lasting five years or more had the highest rate of retirement coverage from any source (almost 76 percent).

Workers by Age	Number of Workers (millions)	Percent of All Workers Age 16 and Over Who Had a Job/Business							
		Current Pension Coverage		Career Pension Coverage*		IRAs or Keoghs		Any Coverage	
		Job Less than 5 Yrs.	Job 5 Yrs. or More	Job Less than 5 Yrs.	Job 5 Yrs. or More	Job Less than 5 Yrs.	Job 5 Yrs. or More	Job Less than 5 Yrs.	Job 5 Yrs. or More
All workers	131.8	29.7	52.1	40.0	59.5	13.7	22.6	44.8	66.5
<b>By Age</b>									
Younger workers: Age 16 to 32	43.0	23.4	35.8	27.9	40.1	4.9	6.8	30.1	42.5
Boomers: Age 33 to 52	67.1	37.2	59.7	51.4	66.3	19.5	22.4	57.6	72.1
Younger boomers: Age 33-42	36.8	36.3	57.2	49.5	63.7	15.9	17.3	54.5	68.8
Older boomers: Age 43 -52	30.3	38.6	62.5	54.4	69.0	25.1	27.7	62.6	75.5
Older workers: Age 53-64	17.3	33.8	53.6	54.8	63.7	34.5	36.8	66.2	75.9
Retired workers: Age 65+	4.4	11.4	18.6	47.3	40.1	31.6	38.2	61.1	61.5

**Figure 2.2: Retirement Plan Coverage by Job Tenure, 1998  
(Percent Of All Workers Age 16 and Older)**



## **2C. Pension Plans by Class of Employment**

Of all workers age 16 and older who reported having a job/business in the reference period, 82.1 percent were private sector employees, 13.2 percent were state and local government employees, 3.5 percent were federal government employees, and the remaining 1.2 percent were in other categories such as household employment and family business. Among all private sector employees, 58 percent were offered pension plans but only 40 percent participated in them, 27 percent contributed to one primary plan, and 4.5 percent contributed to the secondary plan.

*Category classified as “other” includes family workers. Such workers are often found in farm employment, family business, and self-employed occupations.*

**Table 2.3: Distribution of Workers by Class of Employment, 1998  
(Percent of All Workers Age 16 and older Who Had a Job or Owned a Business in the Reference Period)**

Employees	Number in Million	Percent
Private	96.796	82.1
State and Local	15.594	13.2
Federal	4.140	3.5
Other	1.437	1.2
Total	117.967*	100.0

\* The total number of workers is 131.8 million, but 13.8 million of them did not answer the question on class of workers (ECLWRK1) in the reference period of Wave 7, April – July, 1998.

**Table 2.4: Current Coverage at Primary Job by Class of Employment, 1998  
(Percent of All Workers Age 16 and older Who Had a Job/Business)**

Employees	Percent of Workers Offered Pension Plans by Employers	Percent of Workers Who Participated in Pension Plans	Percent of Workers Who Contributed to a Primary Plan	Percent of Workers Who Contributed to a Secondary Plan
Private	58.1	40.3	27.2	4.5
State and Local	81.4	66.5	49.7	10.5
Federal	85.4	73.1	52.5	17.3
Other	8.7	3.8	2.0	0.5

## 2D. Retirement Plan Coverage by Age and Gender

There were statistically significant gender differences at all ages in retirement coverage. Women in general had lower rates of coverage than men, except in the case of IRAs where both men and women had similar rates of coverage. Retired men, age 65 and older, had rates of IRA ownership 5 percentage points higher, and rates of any coverage about 10 percentage points higher, than retired women.

Workers by Age	Coverage During Career		IRA or Keogh Accounts		Any Coverage	
	Men	Women	Men	Women	Men	Women
All workers	53.1	48.3	18.7	18.5	58.5	55.0
<b>By Age</b>						
Younger workers: Age 16-32	33.4	30.3	5.3	5.9	35.5	32.7
Boomers: Age 33-52	62.8	58.7	21.4	21.3	68.1	65.4
Younger boomers: Age 33-42	59.6	56.0	16.9	16.6	64.4	61.5
Older boomers: Age 43 -52	66.8	61.8	26.9	26.8	72.8	70.0
Older workers: Age 53-64	66.4	55.8	36.4	36.0	76.5	69.9
Retired workers: Age 65+	46.2	35.4	38.8	33.8	65.4	55.9

## 2E. Retirement Plan Coverage by Age and Race

There were statistically significant differences in retirement coverage by race at all ages. For all workers, any coverage from any source among whites was about 10 percentage points higher than non-whites. For retired workers, the difference was even greater, about 15 percentage points.

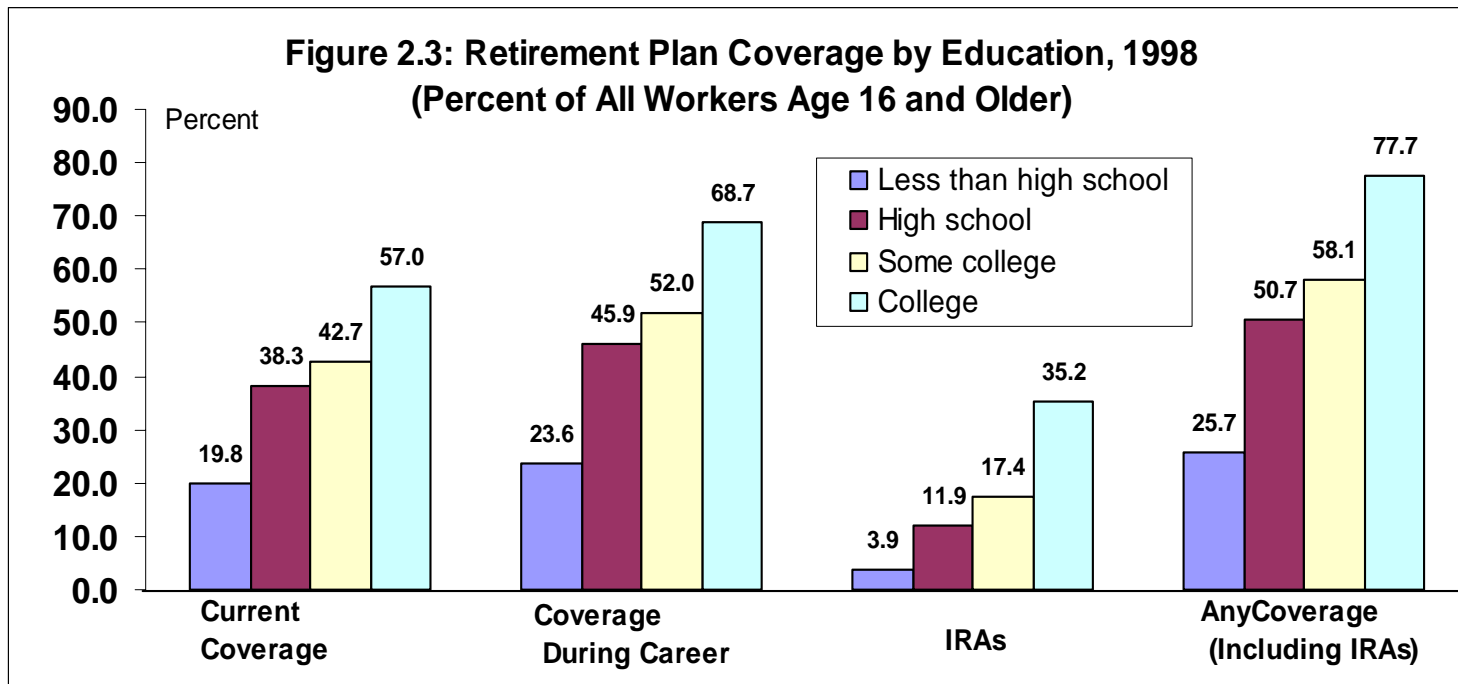
Workers by Age	Coverage During Career		IRA or Keogh Accounts		Any Coverage	
	White	Non-white	White	Non-white	White	Non-white
All workers	51.8	45.8	20.5	8.3	58.4	48.3
<b>By Age</b>						
Younger workers: Age 16-32	32.4	29.7	5.9	3.5	34.8	31.1
Boomers: Age 33-52	62.1	54.4	23.5	9.7	68.6	57.1
Younger boomers: Age 33-42	59.6	49.8	18.6	7.3	65.2	52.2
Older boomers: Age 43 -52	65.0	60.9	29.1	13.1	72.7	64.1
Older workers: Age 53-64	61.7	59.9	39.0	15.7	74.7	64.1
Retired workers: Age 65+	41.9	39.4	38.5	17.8	62.8	47.1

## 2F. Retirement Plan Coverage by Education, Marital Status and Income

Table 2.7: Retirement Plan Coverage by Education, Marital Status, and Income, 1998								
Workers	Number and Percent of All Workers Age 16 and Over Who Had a Job/Business							
	Current Coverage		Coverage During Career		IRA or Keogh Accounts		Any Coverage	
	In Millions	Percent	In Millions	Percent	In Millions	Percent	In Millions	Percent
All workers	55.621	42.2	67.077	50.9	24.574	18.6	74.965	56.9
<b><u>By Education</u></b>								
Less than high school	3.329	19.8	3.869	23.6	0.635	3.9	4.212	25.7
High school	15.521	38.3	18.593	45.9	4.831	11.9	20.551	50.7
Some college	17.422	42.7	21.201	52.0	7.113	17.4	23.704	58.1
College	19.439	57.0	23.414	68.7	11.995	35.2	26.498	77.7
<b><u>By Marital Status</u></b>								
Married	37.352	48.2	44.974	58.1	18.603	24.0	50.954	65.8
Widowed/separated/divorced	8.763	44.3	10.940	55.3	3.253	16.4	11.947	60.3
Never married	9.506	27.5	11.163	32.3	2.719	7.9	12.064	34.9
<b><u>By Income</u></b>								
Less than \$20,000	13.174	22.8	17.646	30.5	6.506	11.3	20.820	36.0
\$20,000 to \$39,999	23.612	51.8	28.043	61.6	8.697	19.1	30.734	67.5
\$40,000 to \$59,000	11.522	64.7	13.163	74.0	5.048	28.4	14.304	80.4
\$60,000 to \$79,000	4.667	67.7	5.223	75.8	2.526	36.7	5.727	83.6
\$80,000 to \$99,000	1.844	68.3	2.082	77.1	1.171	43.4	2.332	86.4
\$100,000 or more	0.802	73.7	0.919	84.4	0.625	57.4	1.012	93.0

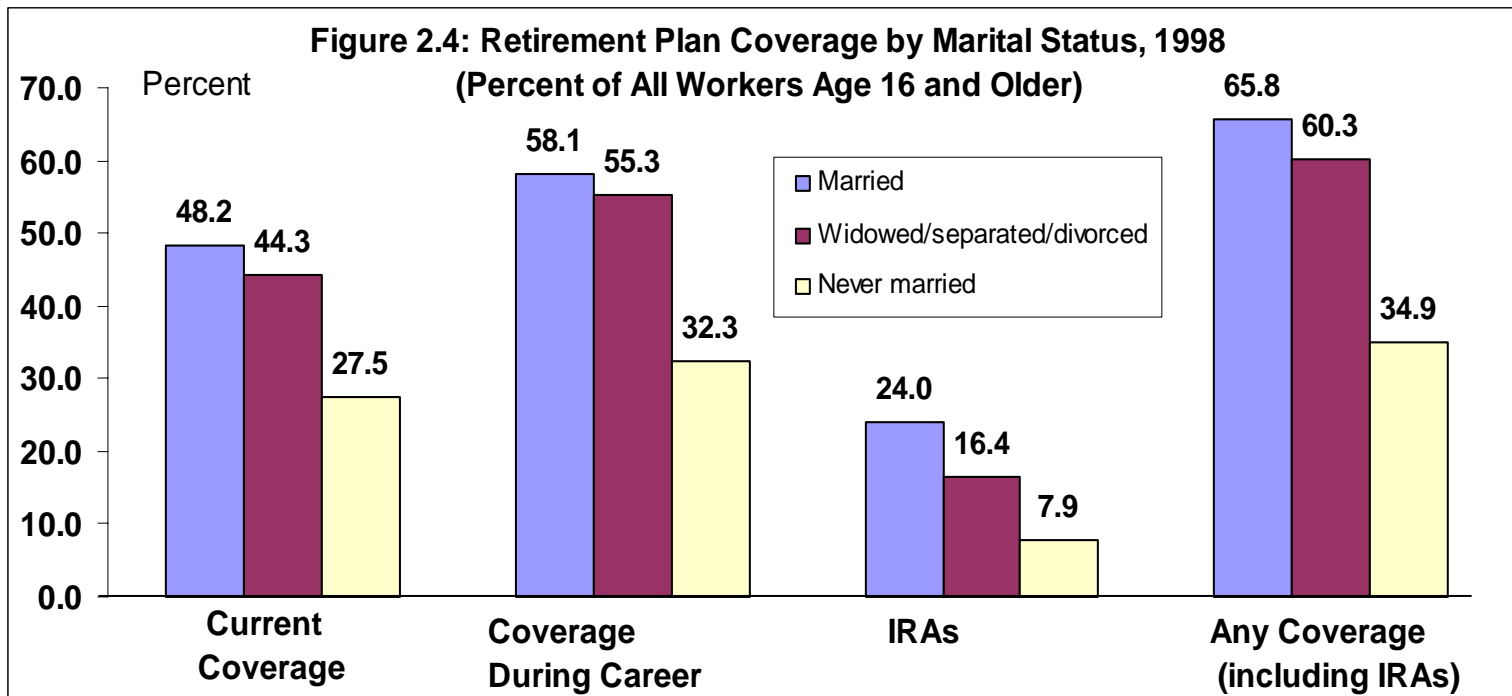


Retirement plan coverage, however defined, increased with the level of education. There was a 38 percentage point difference in pension coverage at one's current job between those with a less than high school education and college graduates. For pension coverage during a career or any coverage, the differences between individuals with less than a high school education and college graduates were 45 and 52 percentage points, respectively.



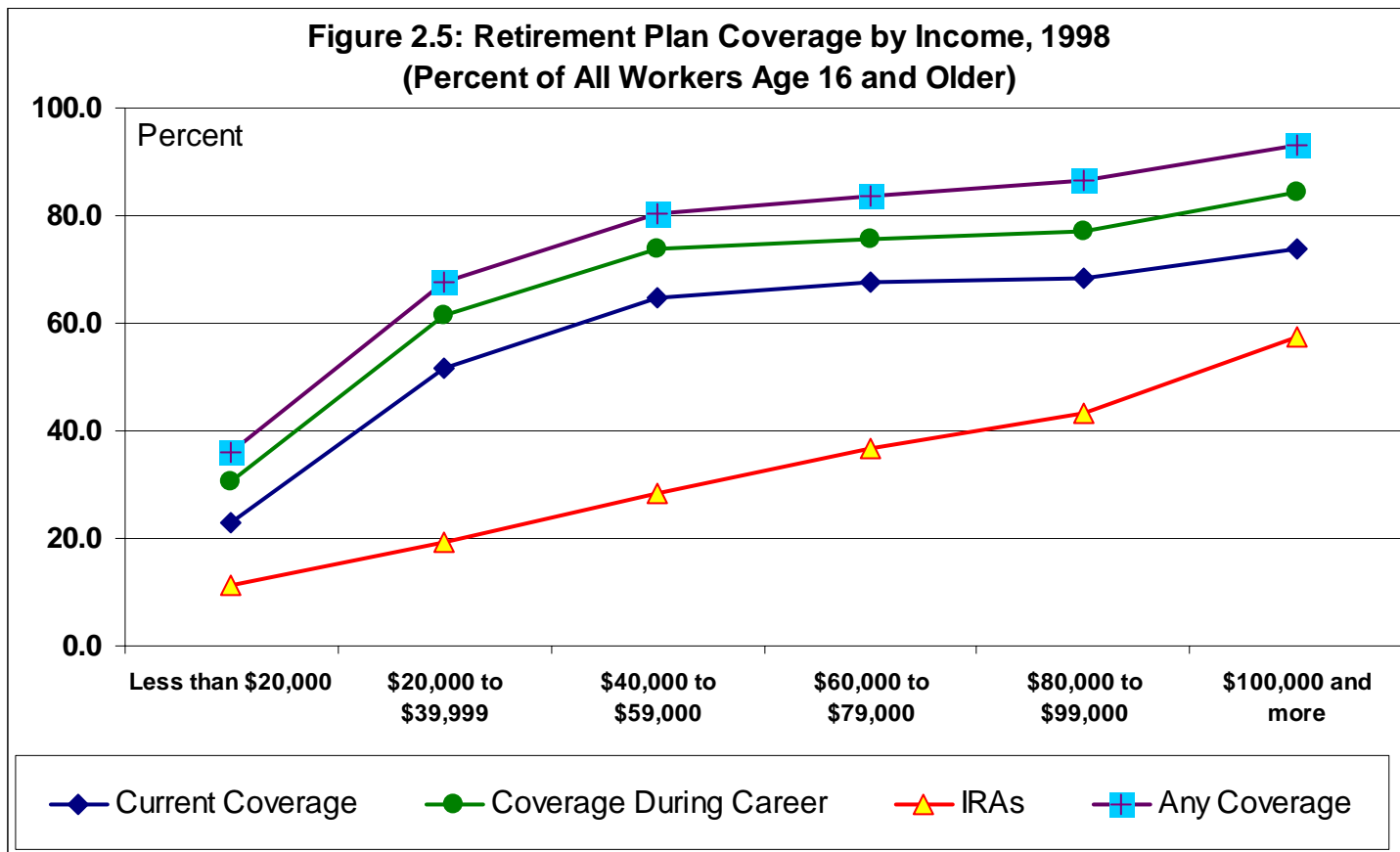
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Rates of pension plan coverage at a current job, pension coverage during a career, and any coverage were higher among married than among widowed, separated, or divorced (all combined), and never-married individuals. The never-married category had the lowest rates of coverage, however pension coverage was defined. (*Widow, separated and divorced are combined for lack of sufficient observations in each category.*)



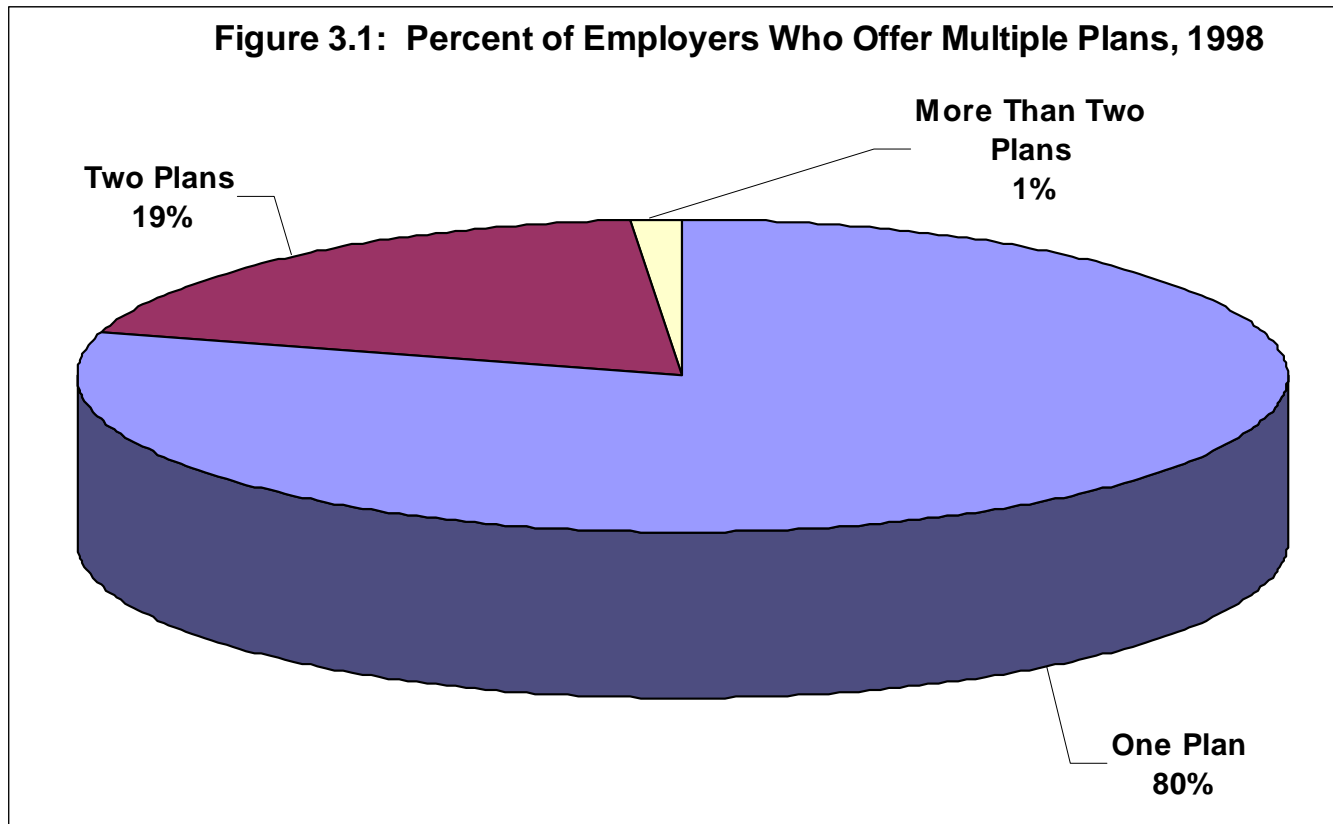
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Rates of pension coverage at a current primary job, pension coverage during a career, and any coverage (including IRAs) increased with income. Current pension coverage rates tripled when moving from annual incomes of less than \$20,000 to incomes greater than \$40,000. Any coverage from any source was as high as 93 percent for income levels of \$100,000 and more.

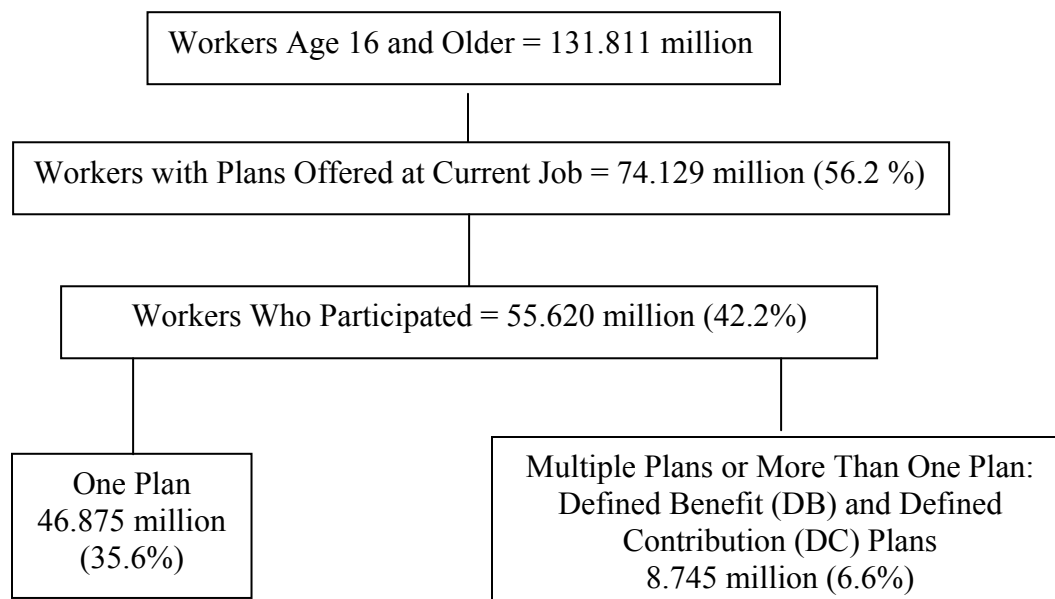


### **3. Types of Retirement Plans, 1998**

About 80 percent of employers offered only one plan, 19 percent offered two plans, and only 1 percent offered more than two plans.



**Figure 3.2: Employees' Participation in One or More Plans, 1998**



Among workers age 16 and older, 56.2 percent were offered plans by their employers, and 42.2 percent of all workers participated in them; 35.6 percent had single plans and 6.6 percent had multiple plans.

*Even when employer-sponsored retirement plans were available, some workers might not have qualified to participate for lack of hours worked or length of service, or they might have simply withdrawn voluntarily.*

### 3A. Defined Benefit (DB) and Defined Contribution (DC) Plans

Of 132 million workers age 16 and older, about 74 million (56 percent) were offered pension plans at their current job, but not all of them participated, for various reasons. Some workers did not qualify because they did not work enough hours or weeks per year or had not worked long enough to be covered. Only 53.8 million (40.8 percent) participated in one plan (primary plan), and 11.3 million (8.5 percent) participated in the second plan or secondary plan. About 58 million workers (43.8 percent) were not offered any pension plan by their employers. Some employers offered tax-deferred or 401(k)-type plans to those who were either not covered by primary or secondary plans or whose primary or secondary plans were not tax-deferred.<sup>1</sup> More than 12 million workers were offered such plans, but only 6.9 million (5.2 percent) contributed to such plans.

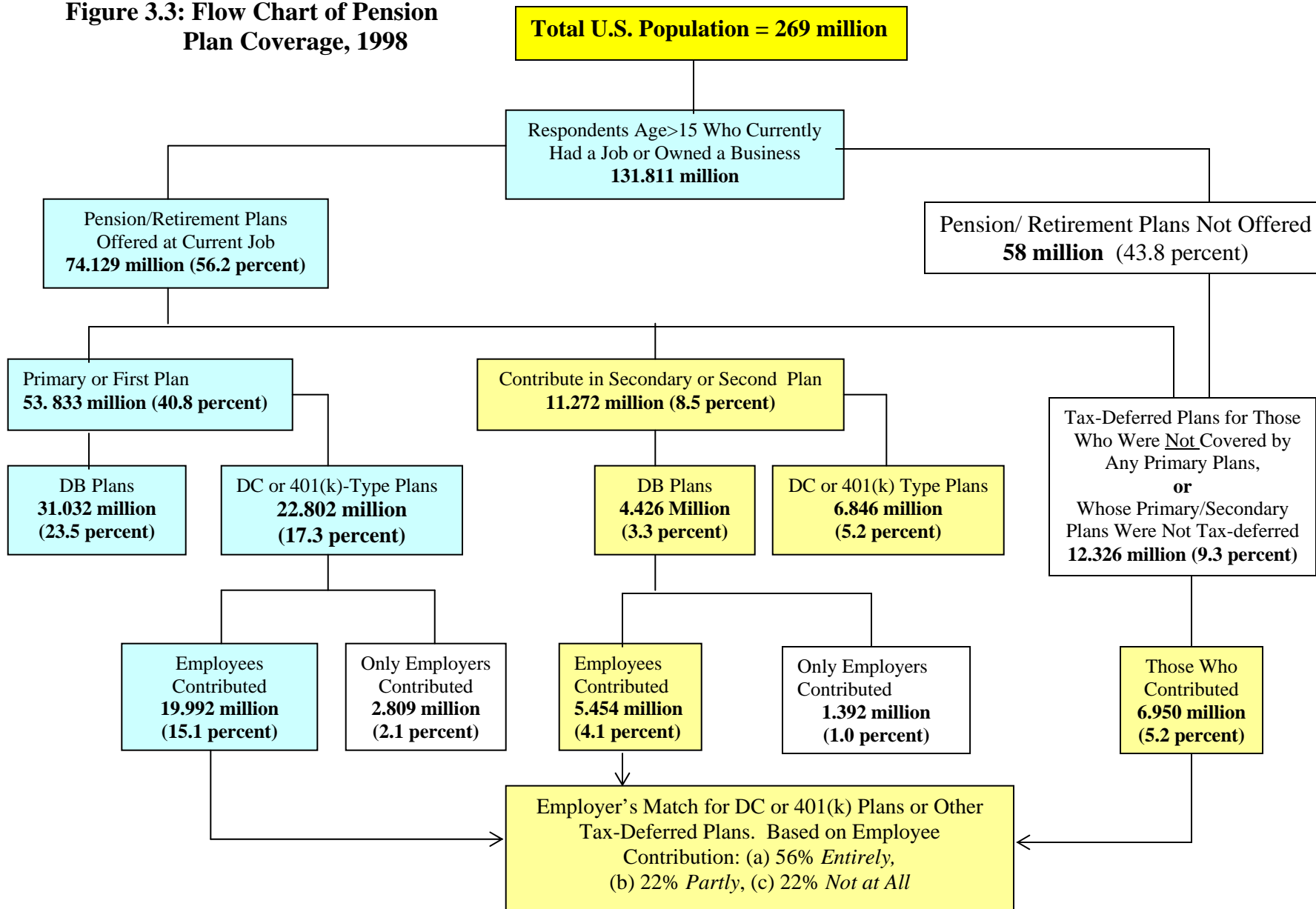
Both primary and secondary plans are of two types: DB plans and DC plans. In 1998, there were more workers with DB plans than with DC plans. There are two kinds of DC plans: (1) those in which only employers contributed and employees did not (at least in the past one year of the survey)<sup>2</sup>; (2) those in which both employers and employees contributed. For 4.2 million employees (2.8 million in primary plans and 1.4 million in secondary plans), employers contributed the full amount and employees contributed nothing. For 25.4 million employees (20 million in primary plans and 5.4 million in secondary plans), both employees and employers contributed, but not all employees received a full matching contribution from employers. For 56 percent of employees, the match was based *entirely* on the employee's contribution; for 22 percent the match was based *partly* on the employee's contribution; and for the remaining 22 percent, the match was *not at all* based on the employee's contribution.

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<sup>1</sup> SIPP 1998 has classified such plans as a third type of tax-deferred plans (E3TAXDEF) for those whose company or business either did not offer primary pension plans or whose primary or secondary plans were not tax-deferred.

<sup>2</sup> From the SIPP questionnaire, it is hard to distinguish whether employees did not contribute at all or simply did not contribute in the past one year of the survey.

**Figure 3.3: Flow Chart of Pension Plan Coverage, 1998**



### **3B. DB and DC Plans by Age**

Of all workers age 16 and older, 52 percent had both pensions and IRAs. Older boomers had the highest rate of combined pension and IRA coverage (71.4 percent), followed by older workers (67.3 percent) and younger boomers (58.1 percent). In all age groups, there were higher rates for DB-only plan coverage than for DC-only plan coverage. Both older workers and older boomers had 8 to 9 percentage points higher DB-only plan coverage than DC-only plan coverage. Just over 8 percent of both boomers and older workers had dual coverage (both DB and DC plans). Among those who had pension coverage at a current primary job, older workers had the highest rate of IRA ownership (18.7 percent). This could be due to higher frequency of rollovers from previous jobs.



**Table 3.1: Types of Pension Plans at Current Primary Job and IRA Coverage by Age, 1998**

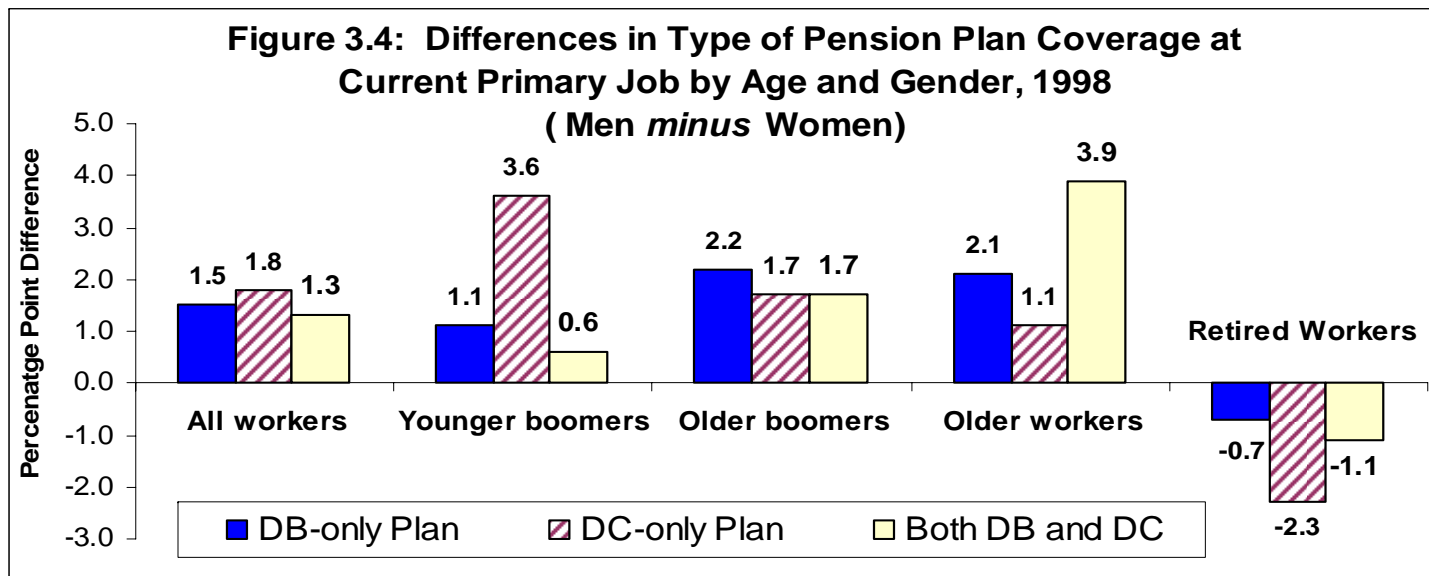
Age of Workers	Number of Workers (millions)	Percent of All Workers Age 16 and Older Who Had a Job/Business					
		DB-only Plan	DC-only Plan	Both DB and DC Plans	Any Current Plan	IRAs	Both Pensions and IRAs
		a	b	c	d	e	f
All workers	131.811	19.3	16.3	6.6	42.2	9.8	52.0
<b>By Age</b>							
Younger workers: Age 16-32	43.047	11.2	12.8	3.6	27.6	2.5	30.1
Boomers: Age 33-52	67.116	24.0	19.2	8.4	51.6	12.5	64.1
Younger boomers: Age 33-42	36.770	21.2	19.8	7.7	48.8	9.4	58.1
Older boomers: Age 43 -52	30.346	27.4	18.4	9.3	55.0	16.3	71.4
Older workers: Age 53-64	17.257	24.2	16.2	8.2	48.6	18.7	67.3
Retired workers: Age 65+	4.390	7.8	6.3	2.9	17.0	6.7	23.7

Note: Column d is sum of columns a, b, and c. Column f is sum of columns d and e. All DB plans (not shown here) would be sum of columns a and c, and all DC plans (not shown here) would be sum of columns b and c.

### **3C. DB and DC Plans by Gender**

Older boomer and older worker men were more likely than women to have significantly higher rates of DB-only plan coverage than DC-only plan coverage. The difference was statistically significant. They were also more likely to have higher dual coverage than their female counterparts. Among those who had a DB-only plan, men in all age groups had higher rates of coverage than women, except for retired workers (where the difference is statistically insignificant). Among those who had a DC-only plan, except for retired women, men had higher rates of coverage than women in all age groups. Figure 3.4 reveals the difference in rates of coverage between men and women. The largest gender difference is for dual coverage among older workers (3.9 percentage points) followed by DC-only plan coverage (3.6 percentage points) among younger boomers.

Workers by Age	Percent of All Workers Age 16 and Older					
	DB-only Plan		DC-only or 401(k)-Type Plan		Both DB and DC Plans	
	Men	Women	Men	Women	Men	Women
All workers	20.0	18.5	17.1	15.3	7.2	5.9
<b>By Age</b>						
Younger workers: Age 16-32	11.9	10.4	13.2	12.3	4.0	3.0
Boomers: Age 33-52	24.7	23.2	20.5	17.7	8.9	7.9
Younger boomers: Age 33-42	21.7	20.6	21.5	17.9	8.0	7.4
Older boomers: Age 43 -52	28.4	26.2	19.2	17.5	10.1	8.4
Older workers: Age 53-64	25.2	23.1	16.7	15.6	10.0	6.1
Retired workers: Age 65+	7.5	8.2	5.3	7.6	2.4	3.5

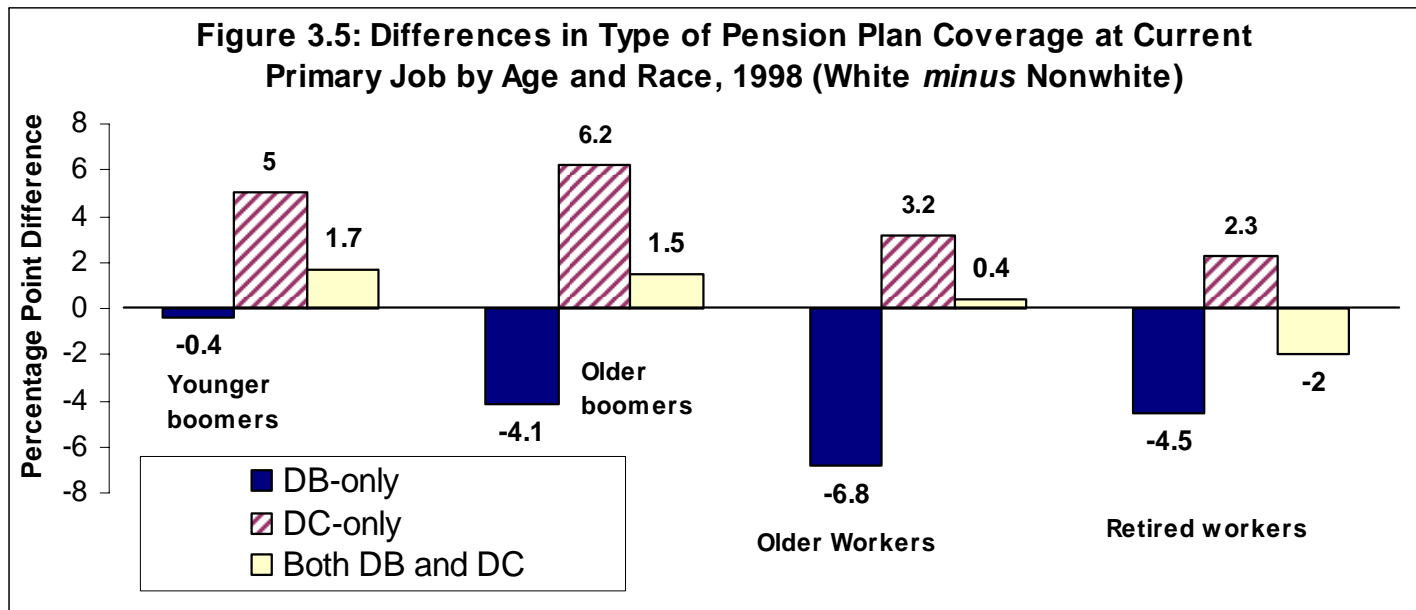


### **3D. DV and DC Plans by Race**

Nonwhites in all groups were more likely to have DB-only plans than DC-only plans. Among nonwhites, DB-only plan coverage was more than 15 percentage points higher than DC-only plan coverage for older boomers and older workers. Racial differences were less pronounced in DB-only plan coverage. The differences were statistically significant except for younger boomers. White younger boomers, older boomers, and older workers had higher rates of dual coverage than nonwhites. In the case of younger workers and retired workers, nonwhites had higher rates of dual coverage.

Differences in the rates of coverage by types of pension plans at current primary job are shown in Figure 3.5. In all age groups, nonwhite workers had higher DB-only plan coverage than whites. For example, rates of DB-only plan coverage were 4.1 percentage points higher among nonwhite older boomers, and 6.8 percentage points higher among nonwhite older workers, than among their white counterparts. Whites, on the other hand, had higher rates of DC-only plan coverage than nonwhites.

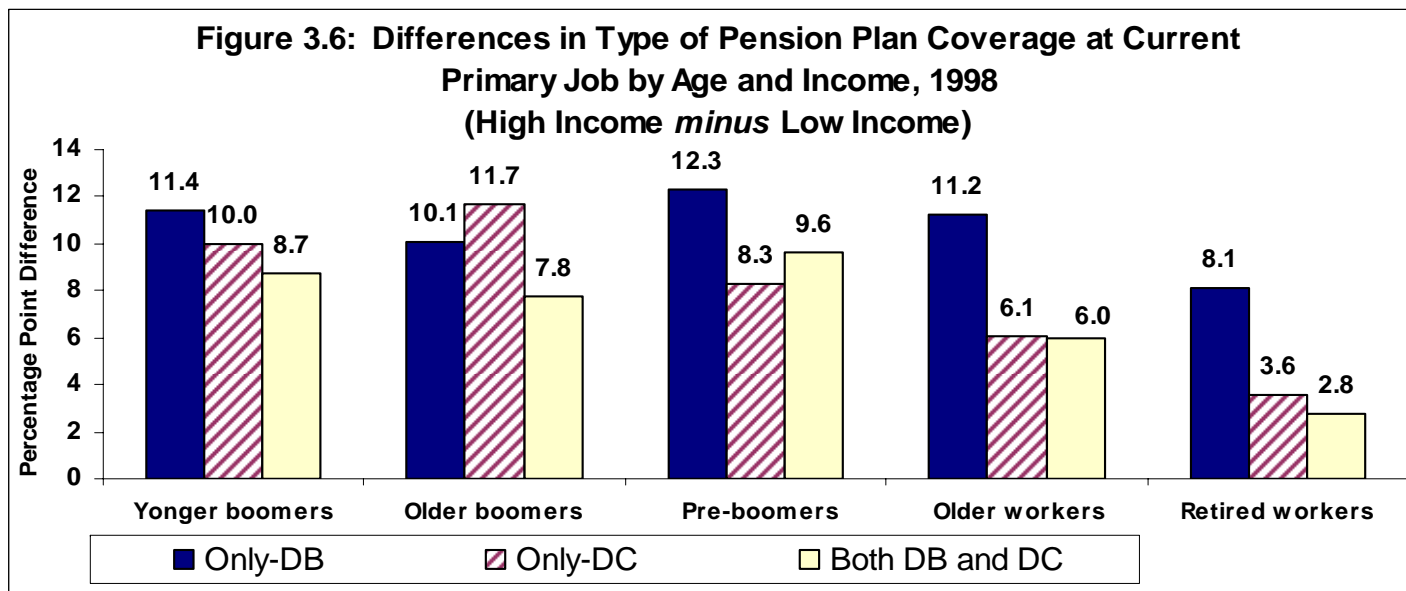
Table 3.3: Types of Pension Plans at Current Job by Age and Race, 1998						
Workers by Age	Percent of All Workers Age 16 and Older					
	DB-only Plan		DC-only Plan or 401(k)-Type Plan		Both DB and DC Plans	
	White	Nonwhite	White	Nonwhite	White	Nonwhite
All workers	19.1	20.7	16.9	12.5	6.7	6.3
<b>By Age</b>						
Younger workers: Age 16-32	11.1	11.9	13.5	9.1	3.3	4.9
Boomers: Age 33-52	23.7	25.4	19.9	14.9	8.7	7.0
Younger boomers: Age 33-42	21.1	21.5	20.8	14.6	8.0	6.5
Older boomers: Age 43-52	26.8	30.9	18.9	15.4	9.6	7.8
Older workers: Age 53-64	21.2	28.0	16.6	13.4	8.2	7.8
Retired workers: Age 65+	7.4	11.9	6.5	4.2	2.7	4.7



### **3E. DB and DC Plans by Income**

Pension coverage at a current job, regardless of the plan type, was higher for those making more than \$30,000 than for those making \$30,000 or less. The likelihood of dual coverage also increased significantly with income. Those making more than \$30,000 had much higher rates of dual coverage than those making \$30,000 or less. The difference in coverage between high- and low- income workers is shown in Figure 3.6.

Workers by Age	Percent of All Workers Age 16 and Older					
	DB-only Plan		DC-only Plan or 401(k)-Type Plan		Both DB and DC Plans	
	\$30,000 or Less	More Than \$30,000	\$30,000 or Less	More Than \$30,000	\$30,000 or Less	More Than \$30,000
All workers	14.5	27.9	12.2	23.6	3.7	11.9
<b>By Age</b>						
Younger workers: Age 16-32	9.1	19.4	9.6	25.4	2.4	8.2
Boomers: Age 33-52	19.0	30.4	14.8	24.8	4.6	13.3
Younger boomers: Age 33-42	17.0	27.1	15.0	26.7	4.5	12.3
Older boomers: Age 43-52	21.6	33.9	14.5	22.8	4.8	14.4
Older workers: Age 53-64	19.0	30.9	13.5	19.6	5.2	12.0
Retired workers: Age 65+	5.2	13.3	4.0	7.6	2.0	4.8

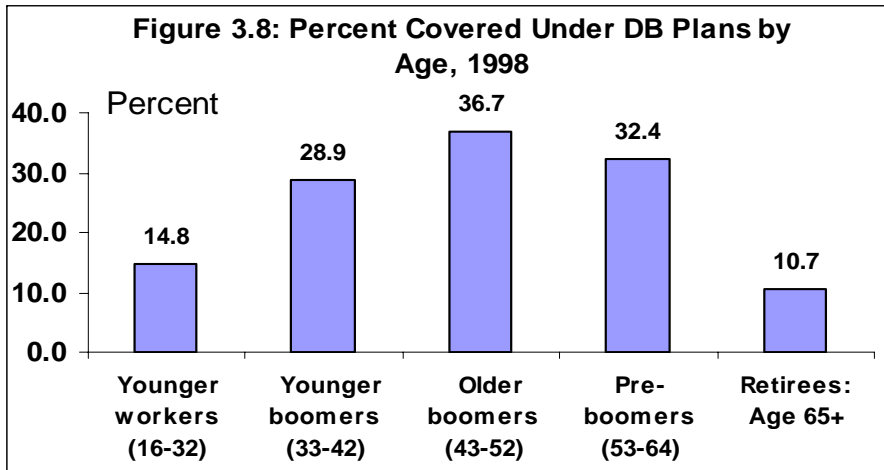
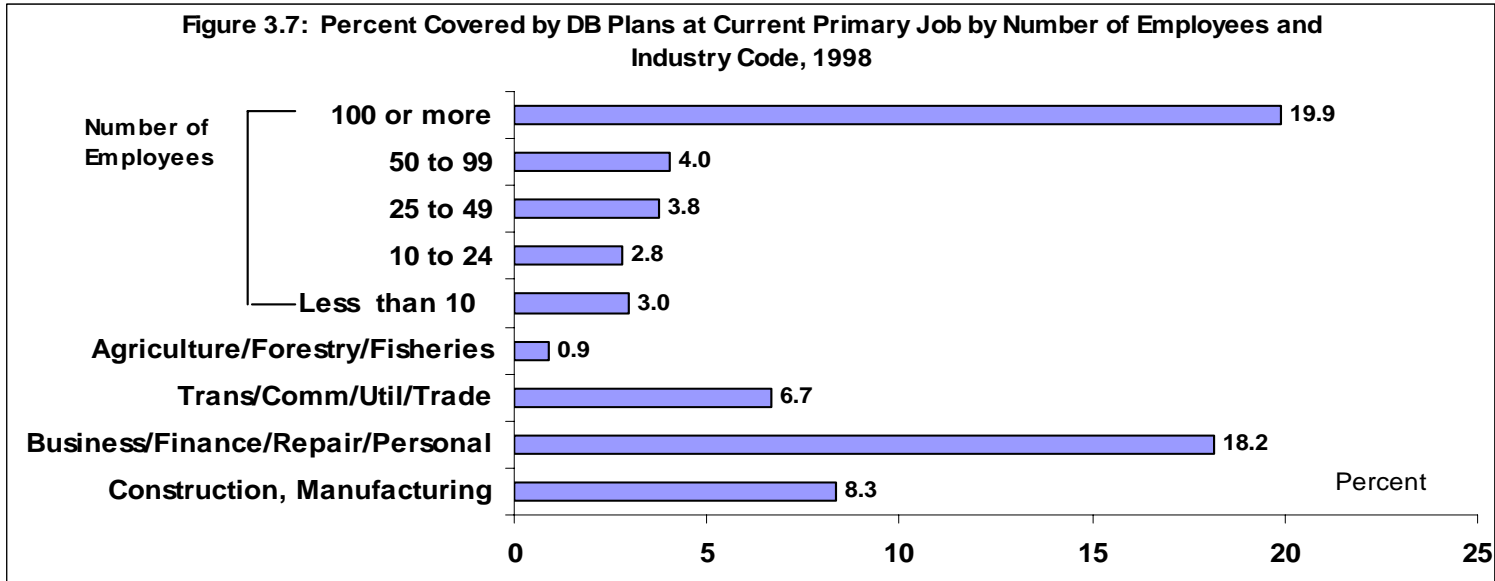


### 3F. DB Plan Coverage by Socio-Demographic Characteristics

Workers by Characteristics	Number of Workers (In millions)	All DB Plans	
		In Million	Percent
<b>All Individuals</b>	<b>131.2</b>	34.0	<b>25.9</b>
Male	70.5	19.2	27.2
Female	61.3	15.0	24.4
<b>Race</b>		0.0	
Whites	111.8	28.7	25.7
Non Whites	19.9	5.4	27.0
<b>Marital Status</b>			
Married	77.4	23.3	30.1
Divorced/Separated/Widow	19.8	5.4	27.2
Never married	34.6	5.5	15.9
<b>Education</b>			
Less than High School	16.4	2.0	12.1
High school	40.5	9.6	23.7
Some College	40.8	10.7	26.2
College Degree	34.1	11.9	34.9
<b>Income:</b>			
Less than \$20,000	57.8	7.8	13.5
\$20,000 to \$39,999	45.5	14.4	31.6
\$40,000 to \$59,999	17.8	7.5	42.0
\$60,000 to \$79,999	6.9	3.0	43.1
\$80,000 to \$99,999	2.7	1.1	41.1
\$100,000 or more	1.1	0.4	40.1

Workers by Characteristics	Number of Workers (In millions)	All DB Plans	
		In Million	Percent
<b>Age</b>			
Younger workers (16-32)	43.1	6.4	14.8
Boomers (33-52)	67.1	21.7	32.4
Younger boomers (33-42)	36.8	10.6	28.9
Older boomers (43-52)	30.3	11.1	36.7
Older workers (53-64)	17.3	5.6	32.4
Older workers: Age 55+	17.6	4.5	25.7
Retirees: Age 65+	4.3	0.5	10.7
<b>Firm Size (Employees)</b>			
Less than 10	22.4	3.0	13.2
10 to 24	17.5	2.8	16.0
25 to 49	14.7	3.8	25.6
50 to 99	14.1	4.0	28.7
100 or more	48.0	19.9	41.4
<b>Industry Code</b>			
Construction, Manufacturing	26.0	8.3	32.1
Business/Finance/Repair/Personal	56.8	18.2	32.0
Trans/Comm/Util/Trade	32.8	6.7	20.4
Agriculture/Forestry/Fisheries	16.2	0.9	5.6





(a) DB plan coverage increased with income up to \$80,000 and then declined slightly.

(b) Business, finance, repair, construction, manufacturing, and personal services had higher rates of DB coverage than other industries.

(c) DB plan coverage was highest among older boomers (36.7 percent) than among other all groups.

### **3G. All DC Plans by Socio-Demographic Characteristics**

Some employers offered DC or 401(k)-type plans (primary plans or secondary plans), but not all workers participated in them. In 1998, 32 million workers out of 132 million (24 percent) were offered DC or 401(k)-type plans, but only 27 million workers (20 percent) participated.

Participants who contribute to 401(k)-type plans can borrow money against their own portion of the accumulated account balance. Those who borrow against the plan are first required to repay the outstanding loan before they can contribute again. Once the loan is paid off, the retirement coverage begins again. As long as loans are outstanding, the participant's 401(k) account balance declines by the outstanding amount of the loans. Thus, an accurate estimate of DC plan or 401(k)-type coverage depends on the percent of workers who contribute to DC plans and have no outstanding loan balances. In 1998, 24 million out of 27 million workers (88 percent) workers had no outstanding loans; therefore an accurate measure of DC-type plan coverage is not 20.2 percent but 18.0 percent.<sup>3</sup>

The rate of coverage for those who participated in DC plans was significantly higher for whites and Hispanics than for nonwhites. The rate of coverage was also higher among married couples. There were large differences in pension coverage between people of different education levels. There is a 22 percentage point difference in DC-type pension coverage between those with less than a high school education and college graduates. The rate of coverage increased from 9 percent for those with incomes less than \$20,000 to more than 27 percent for those with incomes of \$40,000 or more.

For rates of coverage by other socio-demographic characteristics, see Table 3.6.

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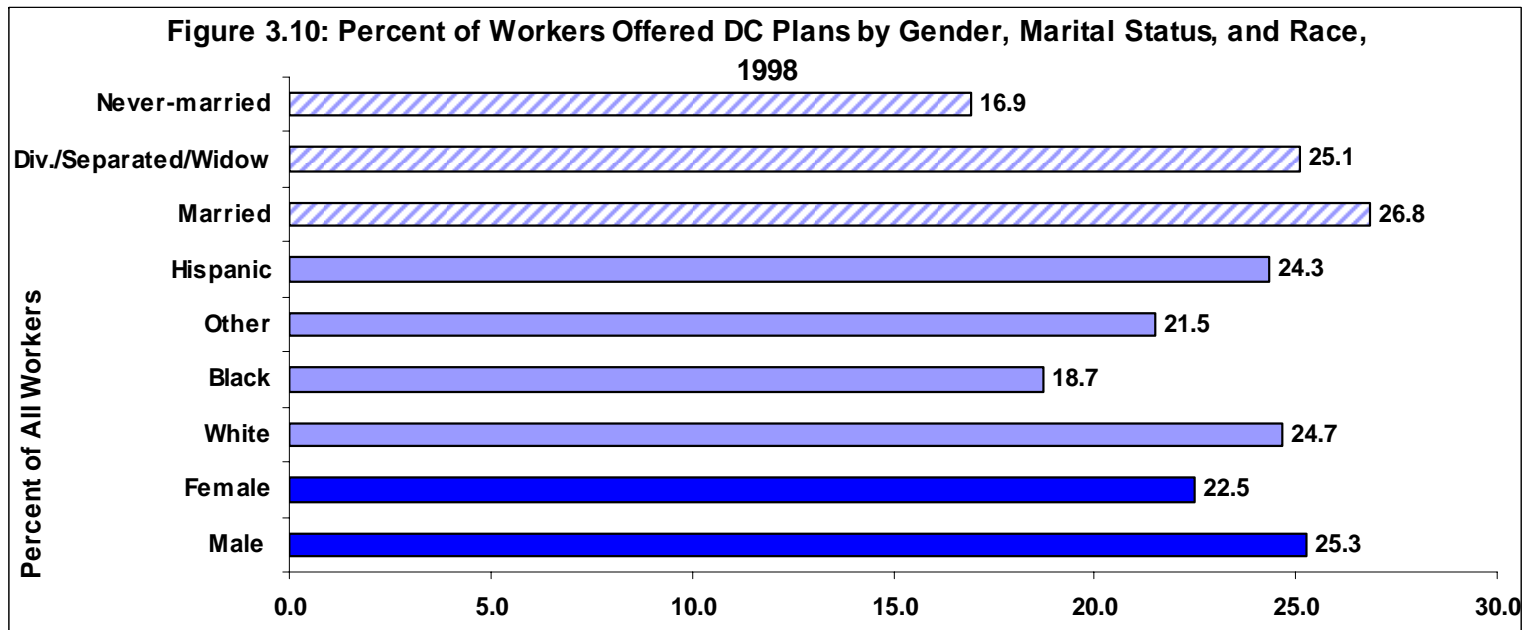
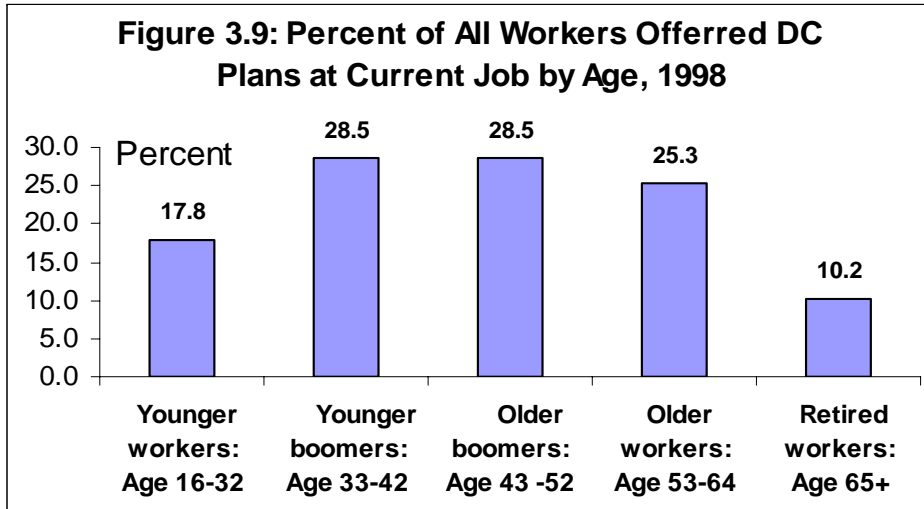
<sup>3</sup> For details on the issues concerning those who are technically covered in DC Plans, see John Turner, Leslie Muller, and Satyendra Verma (2003), "Defining Participation in Defined Contribution Plans," *Monthly Labor Review*, August 2003.

**Table 3.6: DC or 401(k) Type Plans by Socio-Demographic and Industry Characteristics, 1998**

Characteristics	Workers (Millions)	Workers Who are Offered DC Type Plans on Their Current Job		Workers Who Participate in DC Type Plans on Their Current Job		Workers Who Contribute in DC Plans and Have No Outstanding Loans	
		In Millions	Percent	In Millions	Percent	In Millions	Percent
<b>All Workers</b>	<b>131.811</b>	<b>31.602</b>	<b>24.0</b>	<b>26.681</b>	<b>20.2</b>	<b>23.766</b>	<b>18.0</b>
Male	70.523	17.814	25.3	15.249	21.6	13.581	19.3
Female	61.288	13.787	22.5	11.432	18.7	10.185	16.6
<b><u>Race</u></b>							
White	111.862	27.575	24.7	23.278	20.8	20.790	18.6
Black	14.199	2.660	18.7	2.241	15.8	1.959	13.8
Other	1.173	0.252	21.5	0.199	17.0	0.160	13.6
Hispanic	4.577	1.114	24.3	0.962	21.0	0.857	18.7
<b><u>Marital Status</u></b>							
Married	77.443	20.778	26.8	17.666	22.8	15.702	20.3
Div./Separated/Widow	19.799	4.965	25.1	4.179	21.1	3.602	18.2
Never-married	34.570	5.859	16.9	4.835	14.0	4.463	12.9
<b><u>Education</u></b>							
Less than High school	16.390	1.860	11.3	1.431	8.7	1.280	7.8
High school	40.525	8.493	21.0	7.152	17.6	6.306	15.6
Some College	40.808	9.911	24.3	8.371	20.5	7.347	18.0
College Degree	34.089	11.337	33.3	9.727	28.5	8.834	25.9
<b><u>Income</u></b>							
Less than \$20,000	57.782	7.720	13.4	6.014	10.4	5.447	9.4
\$20,000 to \$39,999	45.554	12.889	28.3	11.036	24.2	9.916	21.8
\$40,000 to \$59,999	17.796	6.413	36.0	5.617	31.6	4.911	27.6
\$60,000 to \$79,999	6.891	2.849	41.3	2.488	36.1	2.126	30.9
\$80,000 to \$99,999	2.699	1.178	43.6	1.048	38.8	0.931	34.5
\$100,000 and more	1.088	0.553	50.8	0.477	43.8	0.435	40.0

Characteristics	Workers (millions)	Workers Who Were Offered DC or 401(k)- Type Plans on Their Current Job		Workers Who Participated in DC or 401(k)- Type Plans on Their Current Job		Workers Who Contributed in DC or 401(k)-Plans and Have No Outstanding Loans	
		In Millions	Percent*	In Millions	Percent*	In Millions	Percent*
<b>By Age</b>							
Younger workers: Age 16-32	43.047	7.650	17.8	6.246	14.5	5.793	13.5
Boomers: Age 33-52	67.116	19.141	28.5	16.447	24.5	14.363	21.4
Younger boomers: Age 33-42	36.770	10.487	28.5	9.011	24.5	7.847	21.3
Older boomers: Age 43 -52	30.346	8.654	28.5	7.435	24.5	6.515	21.5
Pre-boomers: Age 53-64	17.257	4.360	25.3	3.699	21.4	3.336	19.3
Retired workers: Age 65+	4.390	0.449	10.2	0.288	6.6	0.274	6.2
<b>By Industry Code</b>							
Agriculture, Forestry, Fisheries and Mining	16.165	1.348	8.3	1.017	6.3	0.914	5.7
Construction and Manufacturing	26.041	8.352	32.1	5.703	21.9	6.408	24.6
Transportation, Communication Utilities, and Trade	32.802	7.374	22.5	5.043	15.4	5.313	16.2
Business, Finance, Repair and Personal Services	56.804	14.528	25.6	9.669	17.0	11.131	19.6
<b>Class of Workers</b>							
Private Employer	96.796	25.007	25.8	21.024	21.7	18.659	19.3
State & Local Govt.	15.594	4.209	27.0	3.694	23.7	3.363	21.6
Federal Govt.	4.140	1.370	33.1	1.267	30.6	1.087	26.3
Other	1.437	0.041	2.9	0.027	1.9	0.027	1.9
<b>Firm Size</b>							
Less than 10	22.391	3.374	15.1	2.668	11.9	2.488	11.1
10 to 24	17.548	3.344	19.1	2.733	15.6	2.474	14.1
25 to 49	14.744	3.576	24.3	3.028	20.5	2.734	18.5
50 to 99	14.110	3.916	27.8	3.160	22.4	3.008	21.3
100 or more	48.017	16.196	33.7	14.095	29.4	12.266	25.5

\* Percent of workers in each category.



#### **4. Categories of DC Plans by Contributions, 1998**

Most DC plans or 401(k)-type plans can be divided into three categories:

- a. Plans in which only employers contribute and employees do not contribute,
- b. Plans in which only employees contribute and employers do not contribute, and
- c. Plans in which employees contribute and employers match employees' contributions, either fully or partially.

<b>Table 4.1: DC Plans or 401(k) Type Plans by Socio-Demographic and Industry Characteristics and Nature of Contribution, 1998</b>							
Characteristics	Workers in Millions	DC or 401(k) Type Plans					
		Only Employers Contribute		Only Employees Contribute		Both Employers and Employees Contribute	
		In Millions	Percent	In Millions	Percent	In Millions	Percent
<b>All Workers</b>	<b>131.811</b>	<b>5.814</b>	<b>4.4</b>	<b>23.098</b>	<b>17.5</b>	<b>8.756</b>	<b>6.6</b>
Male	70.523	2.847	4.0	12.846	18.2	4.919	7.0
Female	61.288	2.337	3.8	10.253	16.7	3.837	6.3
<b><u>Race</u></b>							
Whites	111.862	4.694	4.2	20.182	18.0	7.754	6.9
Non-white	19.949	1.120	5.6	2.916	14.6	1.002	5.0
<b><u>Marital Status</u></b>							
Married	77.443	3.442	4.4	15.662	20.2	5.958	7.7
Div./Separated/Widow	19.799	0.844	4.3	3.610	18.2	1.437	7.3
Never-married	34.570	0.898	2.6	3.827	11.1	1.360	3.9
<b><u>Education</u></b>							
Less than High school	16.390	2.910	17.8	1.189	7.3	0.409	2.5
High school	40.525	1.411	3.5	5.993	14.8	2.334	5.8
Some College	40.808	1.588	3.9	7.133	17.5	2.806	6.9
College Degree	34.089	1.893	5.6	8.783	25.8	3.210	9.4

\* Percent of workers in each category.

Characteristics	Workers (millions)	DC or 401(k)-Type Plans					
		Only Employers Contribute		Only Employees Contribute		Both Employers and Employees Contribute	
		In Millions	Percent*	In Millions	Percent*	In Millions	Percent*
<b>By Age</b>							
Younger workers: Age 16-32	43.047	1.203	2.8	4.503	10.5	1.682	3.9
Boomers: Age 33-52	67.116	3.137	4.7	14.904	22.2	5.741	8.6
Younger boomers: Age 33-42	36.770	1.625	4.4	7.839	21.3	3.121	8.5
Older boomers: Age 43-52	30.346	1.513	5.0	7.064	23.3	2.620	8.6
Older workers: Age 53-64	17.257	0.722	4.2	3.452	20.0	1.246	7.2
Retired workers: Age 65+	4.390	0.121	2.8	0.239	5.4	0.087	2.0
<b>Income</b>							
Less than \$20,000	57.782	1.397	2.4	4.919	8.5	1.965	3.4
\$20,000 to \$40,000	45.554	2.023	4.4	9.591	21.1	3.756	8.2
\$40,000 to \$60,000	17.796	1.021	5.7	5.223	29.3	1.827	10.3
\$60,000 to \$80,000	6.891	0.456	6.6	2.093	30.4	0.814	11.8
\$80,000 to \$100,000	2.699	0.155	5.7	0.861	31.9	0.242	9.0
Over \$100,000	1.088	0.133	12.2	0.41	37.7	0.151	13.9
<b>By Industry Code</b>							
Agriculture, Forestry, Fisheries, and Mining	16.165	0.406	2.5	0.620	3.8	0.196	1.2
Construction and Manufacturing	26.041	1.292	5.0	5.685	21.8	2.097	8.1
Transportation, Communication Utilities, and Trade	32.802	1.096	3.3	4.859	14.8	1.842	5.6
Business, Finance, Repair and Personal Services	56.804	2.389	4.2	11.934	21.0	4.621	8.1
<b>Class of Workers</b>							
Private Employer	96.796	3.984	4.1	16.742	17.3	6.459	6.7
State & Local Govt.	15.594	0.681	4.4	4.775	30.6	1.728	11.1
Federal Govt.	4.140	0.162	3.9	1.145	27.7	0.433	10.5
Other	1.437	0.010	0.7	0.019	1.3	0.042	2.9
<b>Firm Size</b>							
Less than 10	22.391	0.696	3.1	21.506	96.0	0.781	3.5
10 to 24	17.548	0.545	3.1	2.205	12.6	0.913	5.2
25 to 49	14.744	0.510	3.5	2.672	18.1	0.949	6.4
50 to 99	14.110	0.567	4.0	2.842	20.1	1.094	7.8
100 or more	48.017	2.466	5.1	12.646	26.3	4.824	10.0

#### 4A. Employers' Contribution to All Tax-Deferred Plans

For all tax-deferred DC plans and 401(k)-type plans where only employers contributed (employee contribution is zero), the modal contribution is between \$500 and \$999 (Table 4.2). The accumulated value in such plans varied from less than \$1,000 to more than \$100,000 in 1998. About 22 percent workers had an accumulated value between \$5,000 and \$9,999 (Table 4.3). For any size contribution, the longer tenured workers are more likely to get employer's contributions, and differences were generally larger the higher the contribution, except for contributions \$5,000 and more (Table 4.4).

The tax-deferred contribution by employees in plans where both employees and employers contributed varied from as low as \$0 to as high as \$5,000 or more in the reference period of the SIPP (April 1998 to July 1998). The modal employee contribution was under \$100 (in almost 40 percent of the cases), followed by a contribution of \$100 to \$499 (22 percent of the cases). As indicated before, not all tax-deferred plan holders receive a matching contribution from their employers. Only 50 percent of employees who contributed \$100 or less received an employer match. The proportion of employees receiving an employer match declined rather sharply for higher amounts of employees' contribution. For 18.5 percent of the cases, there was no employer match in the reference period (Table 4.5).

*In many cases, SIPP data had missing values and underreport contributions and accumulated value in DC plans; this might be due to either lack of knowledge or unwillingness to volunteer accurate information.*

<b>Employers' Percent of Matching Contributions in Tax-Deferred Plans</b>	
<b>Entirely</b> based on employees contribution	56%
<b>Partly</b> based on employees contribution	22%
<b>Not at all</b> based on employees contribution	22%

*Note: There was one more discrepancy in the SIPP data: The employer's contribution referred to the employer's contribution in the last one year of the survey, i.e., 1997, while the question regarding the employee's contribution was about their contribution in the reference period of SIPP (April-July 1998). It is possible that some workers who answered "yes" to the question, "Do you contribute in tax-deferred plans?" might not have contributed in the reference period. There were also many missing cases in such questions.*



**Table 4.2: Frequency Distribution of Employers' Contribution in Tax-Deferred Plans in the Preceding Year of the Survey, Where Employees' Contribution = \$0**

Contribution	Primary Plan		Secondary Plan	
	Frequency	Percent	Frequency	Percent
\$1 to \$99	718,861	19.6	381,027	22.7
\$100 to \$499	489,516	13.4	123,264	7.4
\$500 to \$999	840,761	23.0	544,098	32.5
\$1,000 to \$2,499	557,502	15.2	246,341	14.7
\$2,500 to \$4,999	598,520	16.4	185,666	11.1
\$5,000 or more	454,876	12.4	195,165	11.6
Total	3,660,037	100.0	1,675,561	100.0



**Table 4.3: Frequency Distribution of Total Value Accumulated at the End of Reference Period, Where Employees' Contribution = \$0**

Total Value in Plan	Primary Plan	
	Frequency	Percent
Less than \$1000	529,592	14.5
\$1,000 to \$4,999	562,731	15.4
\$5,000 to \$9,999	797,268	21.8
\$10,000 to \$24,999	554,244	15.1
\$25,000 to \$49,999	423,508	11.6
\$50,000 to \$99,000	503,541	13.8
\$100,000 or more	289,153	7.9
Total	3,660,037	100.0



**Table 4.4: Percent Receiving Employers' Contribution (in the Preceding Year of the Survey) by Employees' Tenure in Primary Plan, Where Employees' Contribution = \$0**

Employer's Contribution	Tenure		Total
	Less Than 5 Years	5 Years or More	
\$1 to \$99	43.3	56.7	100.0
\$100 to \$499	35.8	64.2	100.0
\$500 to \$999	36.0	64.0	100.0
\$1,000 to \$2,499	27.8	72.2	100.0
\$2,500 to \$4,999	18.7	81.3	100.0
\$5,000 and more	30.3	69.7	100.0
All	32.6	67.4	100.0

**Table 4.5: Frequency Distribution of Employees' and Matching Employers' Contribution in All Tax-Deferred Plans**

Contribution	Employee Contribution		Employer Contribution	
	Frequency	Percent	Frequency	Percent
\$0	4,284,268	18.5	--	--
\$1 to \$99	9,185,772	39.8	4,381,550	50.0
\$100 to \$499	5,132,841	22.2	2,365,910	27.0
\$500 to \$999	1,050,893	4.5	517,355	5.9
\$1,000 to \$2,499	1,206,028	5.2	836,721	9.6
\$2,500 to \$4,999	952,889	4.1	361,408	4.1
\$5,000 and more	1,285,596	5.6	292,682	3.3
Total	23,098,287	100.0	8,755,627	100.0

#### 4B. Employees' Contribution to DC Plans

Among those who have DC or 401(k)-type plans and whose contributions are tax-deferred, less than 8 percent contributed less than \$500 annually, about 50 percent contributed less than \$2,000 annually, a little over 30 percent contributed between \$2,000 and \$5,000, and about 19 percent contributed over \$5,000 (Table 4.6).

Employees' contributions to tax-deferred plans vary by income, gender, race, and education. Table 4.7 shows the frequency distribution of percent of salary contributed to tax-deferred plans. For example, more women than men contributed less than 5 percent, but more men than women contributed 5 to 9 percent, and 10 to 14 percent. More nonwhites than whites contributed less than 10 percent. The number of workers contributing larger proportions increased with education. In all income groups, 45 to 48 percent of workers contributed 5 to 10 percent of their income in tax-deferred plans (Table 4.7).

Annual Contribution	In Millions	Percent
Less than \$500	1.488	7.9
\$500 to \$999	2.831	15.0
\$1,000 to \$1,999	5.236	27.8
\$2,000 to \$4,999	5.743	30.5
\$5,000 and more	3.520	18.7
Total	18.817	100.0

**Table 4.7: Frequency Distribution of Employees' Contribution as Percent of Salary in Tax-Deferred Plans, 1998  
( All Workers Age 16 and Older Who Participate in Tax-Deferred Plans)**

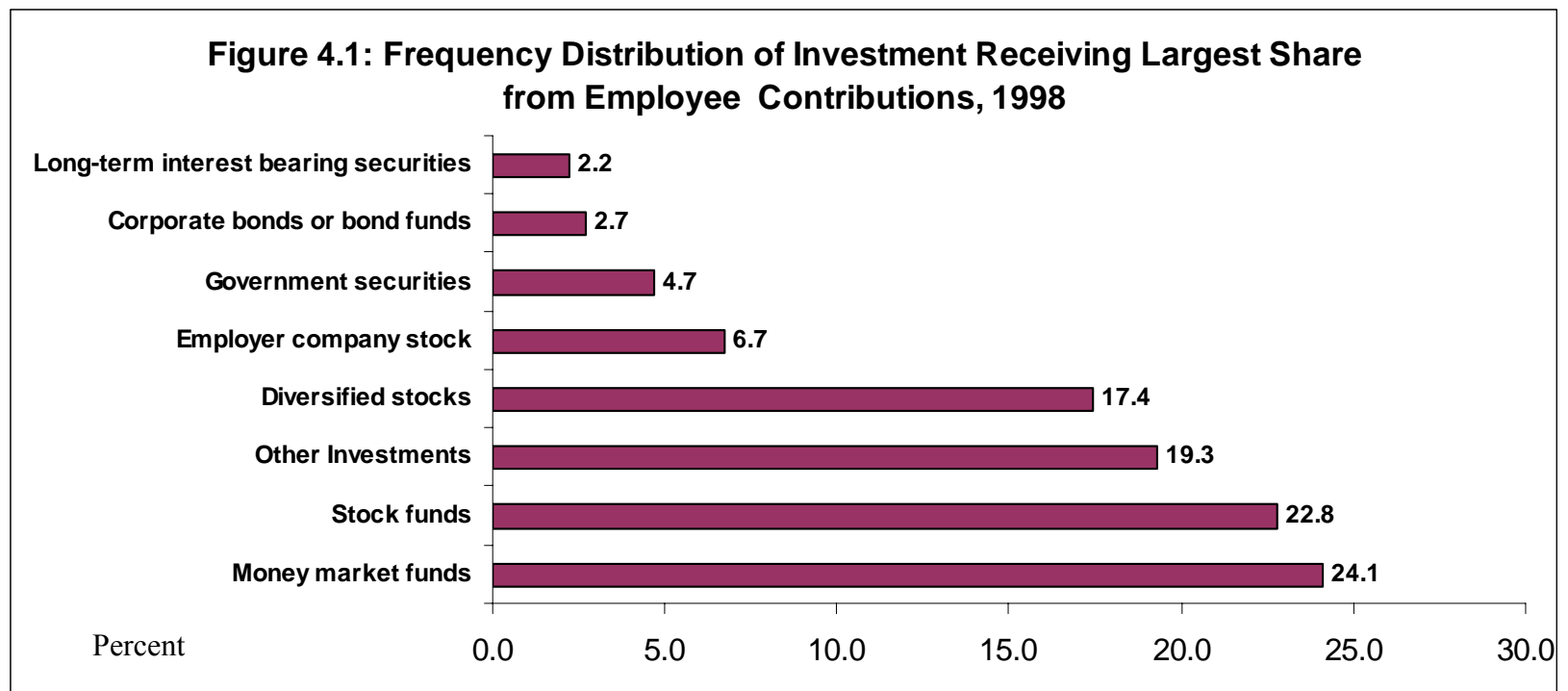
	Less than 5%	5% to 9%	10% to 14%	15% to 19%	20% to 24%	More than 25%	Total
<b>All Workers</b>	25.0	47.4	20.0	6.8	0.5	0.4	100.0
Male	23.1	48.3	21.1	6.8	0.3	0.4	100.0
Female	27.6	46.2	18.3	6.8	0.9	0.2	100.0
<b>Race</b>							
White	24.7	46.5	20.9	7.1	0.5	0.3	100.0
Non White	26.7	52.5	14.6	4.9	0.9	0.5	100.0
<b>Education</b>							
Less Than HS	26.8	51.1	17.6	4.3	0.0	0.2	100.0
High School	28.5	47.1	17.9	5.7	0.4	0.3	100.0
Some College	27.5	47.0	18.3	6.3	0.5	0.4	100.0
College	19.4	47.5	23.5	8.5	0.7	0.3	100.0
<b>Income</b>							
Under \$20,000	27.7	47.3	17.7	6.3	0.4	0.6	100.0
\$20,000 to \$40,000	26.8	48.9	17.6	6.0	0.4	0.3	100.0
\$40,000 to \$60,000	23.2	45.2	21.6	8.9	1.0	0.2	100.0
\$60,000 to \$80,000	17.9	45.9	28.0	7.0	0.4	0.7	100.0
\$80,000 to \$100,000	16.5	47.2	27.0	7.5	1.8	0.0	100.0
\$100,000 or more	15.1	48.3	32.8	3.8	0.0	0.0	100.0

#### 4C. Employers' Contribution to Tax-Deferred Plans

Table 4.8 shows the distribution of workers by industry code, class of workers, and how much their employers contribute to tax deferred plans such as 401(k)-type plans as a percent of employees' salaries. Most employees received less than 10 percent of their salaries as employers' contributions.

Industry Variables	Percent of Employee's Salary				Total
	Less than 5%	5% to 10%	10% to 14%	15% or more	
<b><u>Industry Code</u></b>					
Agriculture, Forestry, Fisheries, and Mining	24.2	71.2	0.6	4.0	100
Construction and Manufacturing	53.8	35.3	3.7	7.2	100
Transportation, Communication, Utilities, and Trade	45.4	40.4	5.2	9.0	100
Business, Finance, Repair, and Personal Services	41.1	45.0	9.4	4.5	100
<b><u>Class of Workers</u></b>					
Private employer	49.2	37.9	5.8	7.1	100
State & Local govt.	32.4	52.7	11.4	3.5	100
Federal govt.	29.9	61.0	5.3	3.8	100
Other	27.9	72.1	0.0	0.0	100

The highest share of investment from employee contributions to tax-deferred plans was invested in money market funds (24 percent), followed by stock funds (23 percent). The smallest shares were in corporate bonds and long-term interest bearing securities (less than 3 percent each).



## 5. Individual Retirement Accounts by Socio-Demographic Characteristics, 1998

Characteristics	Workers (millions)	Ownership of IRAs	
		In Millions	Percent
<b>All Workers</b>	<b>131.811</b>	24.574	<b>18.6</b>
Male	70.523	18.648	26.4
Female	61.288	14.223	23.2
Married, spouse present	76.204	18.434	24.2
Married, spouse absent	1.239	0.168	13.6
Widowed	2.712	0.791	29.1
Divorced	14.114	2.221	15.7
Separated	2.973	0.240	8.1
Never Married	34.570	2.719	7.9
<b>Education</b>			
Less than High School	16.390	0.635	3.9
High School	40.525	4.831	11.9
Some College	40.808	7.113	17.4
College Degree	34.089	11.995	35.2
<b>Income</b>			
Less than \$20,000	57.782	6.506	11.3
\$20,000 to \$39,999	45.554	8.697	19.1
\$40,000 to \$59,999	17.796	5.048	28.4
\$60,000 to \$79,999	6.891	2.526	36.7
\$80,000 to \$99,999	2.699	1.171	43.4
\$100,000 or more	1.088	0.625	57.4

*Table 5.1 conrd.*

Characteristics	Workers (millions)	Ownership of IRAs	
		In Millions	Percent
<b>Class of Workers</b>			
Private Employer	96.796	15.710	16.2
State & Local Govt.	15.594	3.261	20.9
Federal Govt.	4.140	0.803	19.4
Other	1.437	0.342	23.8
<b>Firm Size (Number of Employees)</b>			
Less than 10	22.391	3.863	17.3
10 to 24	17.548	2.530	14.4
25 to 49	14.744	2.340	15.9
50 to 99	14.110	2.261	16.0
100 or more	48.017	8.707	18.1

\* IRAs include IRA and Keogh accounts.

IRA ownership increased with education and income.  
Whites had higher rates of ownership than nonwhites.  
Widowed individuals had higher rates than those with other marital status.

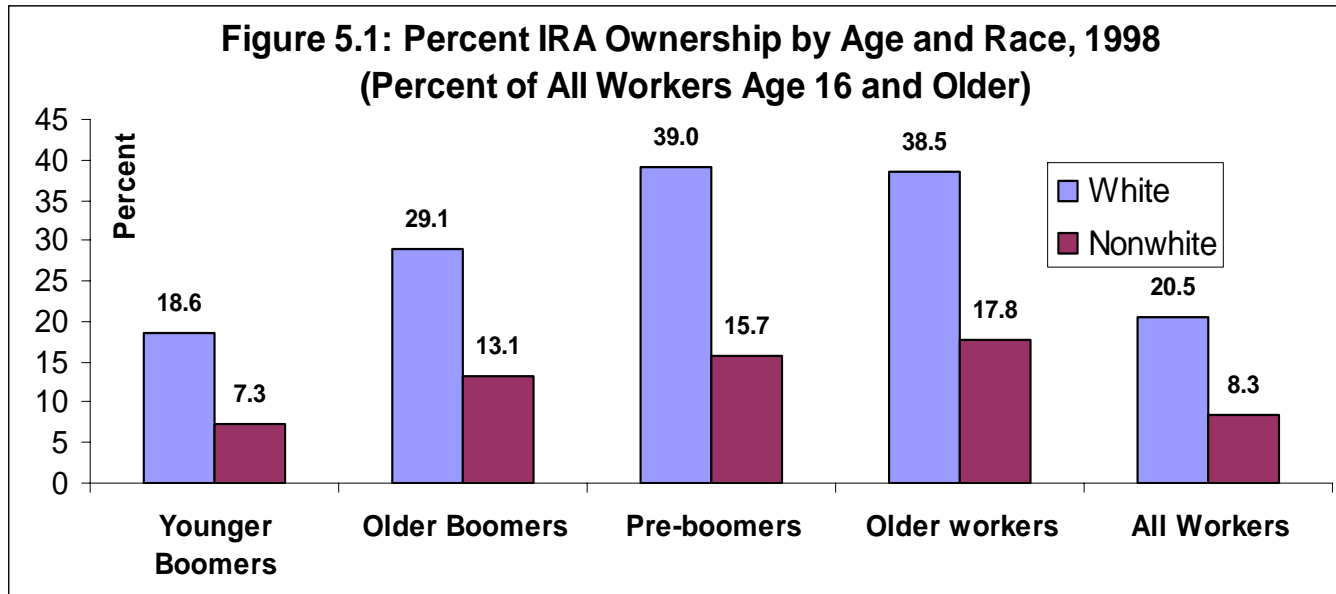
## 5A. IRAs with Pension Coverage by Age

Anyone with earned income can acquire an IRA or Keogh account independent of pension coverage. IRA coverage increased with age: More than one-third of older workers (age 53-64) and retirees (age 65+) have IRAs, followed by older boomers (26.9 percent). This might largely be due to the fact that pension rollovers make up the bulk of IRA assets, and older age groups are most likely to have pensions.

Age of Workers	Total Number of Workers (millions)	IRA Ownership Among				All IRAs	
		Those Who Have Current Pension Coverage		Those Who Do Not Have Current Pension Coverage			
		Millions	Percent	Millions	Percent	Millions	Percent
All workers	131.811	13.045	9.8	11.528	8.7	24.573	18.6
<b>By Age</b>							
Younger workers: Age 16 to 32	43.047	1.106	2.5	1.278	3.0	2.384	5.5
Boomers: Age 33 to 52	67.116	8.412	12.5	5.909	8.9	14.321	21.3
Younger boomers: Age 33-42	36.770	3.457	9.4	2.707	7.4	6.164	16.8
Older boomers: Age 43 -52	30.346	4.955	16.3	3.203	10.6	8.158	26.9
Older workers: Age 53-64	17.257	3.230	18.7	3.027	17.5	6.257	36.3
Retired workers: Age 65+	4.390	0.295	6.7	1.316	30.0	1.611	36.7

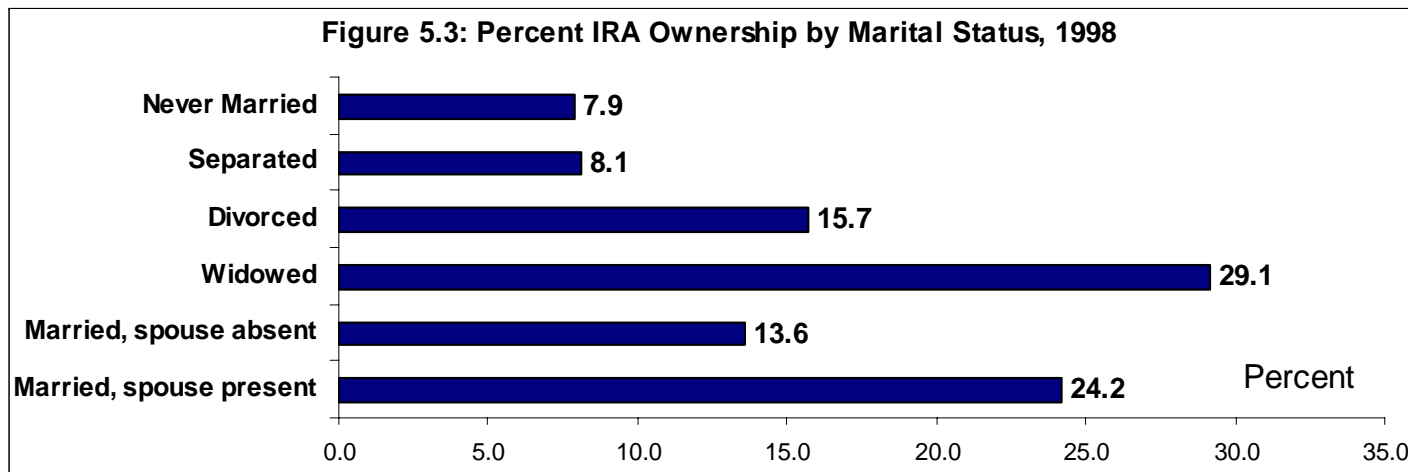
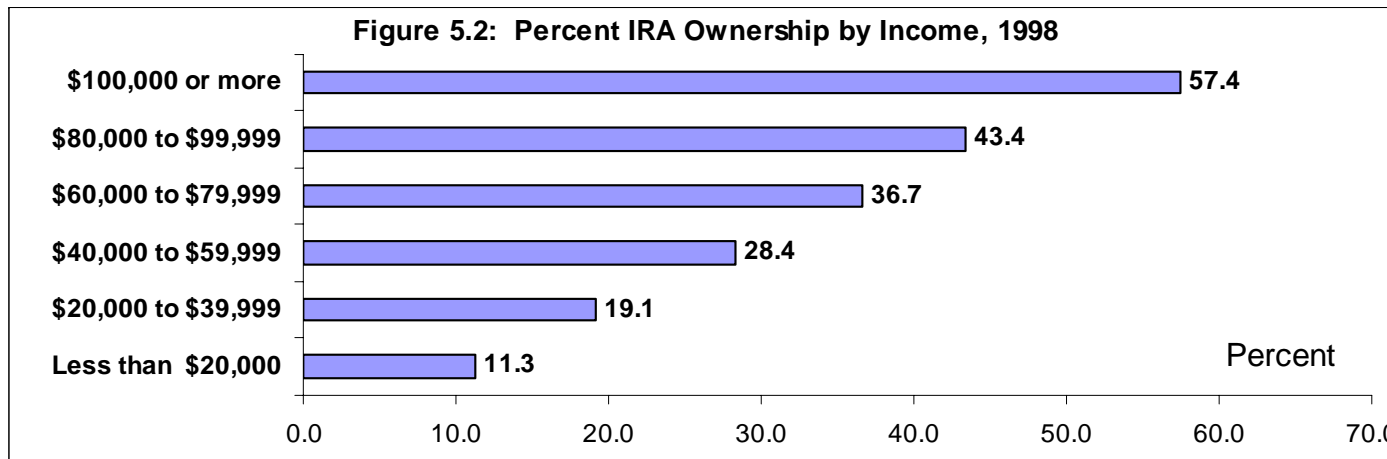
## 5B. IRAs by Race, Income, and Marital Status

The rate of IRA ownership differed with race. White workers had much higher rates of IRA coverage than nonwhite workers at all ages. The racial gap increased even more for older workers, older workers, and retired workers.





IRA coverage increased with income. More than half of those who earned \$100,000 or more had IRAs (Figure 5.2). Married individuals had higher rates of coverage than the never-married or married-spouse absent, but widowed individual had higher rates of ownership than any other group due to spousal benefit provisions (Figure 5.3).



## **6. Retirement Plan Coverage of Women, Minorities, Part-time Workers, and Near Retirees (Age 55 and Older), 1998**

### **6A. Retirement Coverage of Women by Marital Status and Race**

Men had higher rates of pension coverage than women, and whites had higher rates than nonwhites, at a current job as well as during a career. Of all women age 16 and older, 55 percent had retirement plan coverage from any source, almost 40 percent had pension coverage at a current job, 48.3 percent had coverage during their career, and 9.8 percent owned IRAs. Women who were married with spouse present had a higher rate of coverage (62.2 percent) than did women who were widowed (59.2 percent), married with spouse absent (50.9 percent), or separated (48.9 percent). Never-married women had the lowest rate of retirement coverage (34.7 percent). Married with spouse present and widowed women had the highest rates of IRA-only coverage, while divorced women had the highest rates of “any coverage” from any source among all marital categories. Nonwhite women overall had lower pension coverage at a current job, coverage during career, any coverage from any source (including IRAs). However, results were mixed when working women were divided by marital status (Table 6.3).

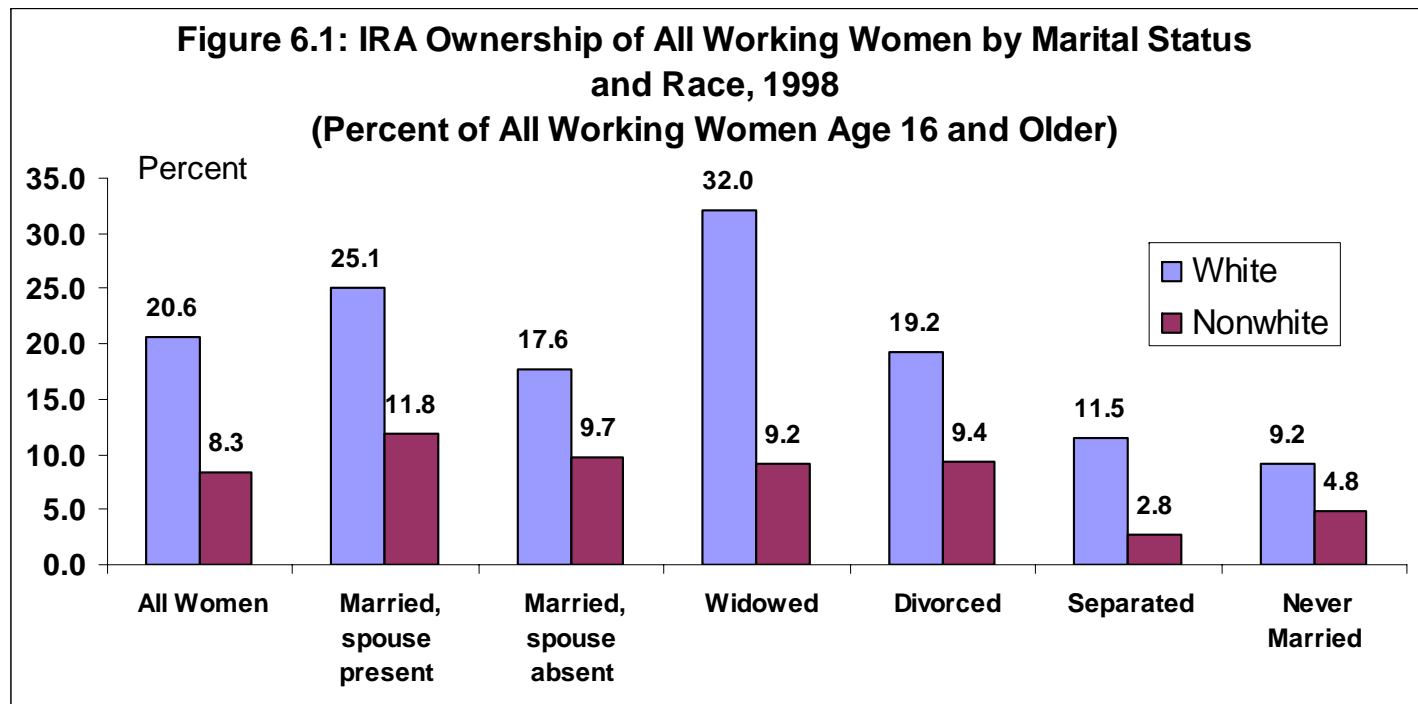
Gender and Race	Current Coverage	Coverage During Career	Any Coverage
Men	44.3	53.1	58.5
Women	39.8	48.3	55.0
White	42.7	51.8	58.4
Nonwhite	39.5	45.8	48.3

Workers by Marital Status	Female Workers (millions)	Percent of all 16 and Older Women Who Had a Job/Business			
		Current Coverage	Coverage During Career	IRAs Only	Any Coverage
All Women	61.288	39.8	48.3	9.8	55.0
Married, spouse present	33.688	43.8	53.3	13.0	62.2
Married, spouse absent	0.586	37.6	48.0	7.4	50.9
Widowed	2.053	37.7	48.3	14.4	59.2
Divorced	7.950	47.8	58.4	7.9	63.4
Separated	1.762	37.8	46.5	4.0	48.9
Never Married	15.249	27.3	32.3	3.7	34.7

<b>Table 6.3: Retirement Plan Coverage of Women by Marital Status and Race, 1998</b>								
Workers by Marital Status	Female Workers (millions)		Percent of All Women Age 16 and Over Who Held a Job or Owned a Business					
			Current Coverage		Coverage During Career		Any Coverage	
	White	Nonwhite	White	Nonwhite	White	Nonwhite	White	Nonwhite
All Women	50.974	10.312	40.0	38.6	48.9	45.1	56.4	47.8
Married, spouse present	29.534	4.153	44.0	42.6	53.7	50.2	63.3	54.7
Married, spouse absent	0.365	0.220	36.0	40.2	48.5	47.2	50.4	51.6
Widowed	1.688	0.365	36.4	44.0	47.2	53.0	60.5	53.0
Divorced	6.598	1.352	48.0	46.6	59.1	54.9	64.6	57.3
Separated	1.107	0.655	36.1	40.6	44.2	50.4	47.6	51.1
Never Married	11.682	3.567	26.5	29.8	31.8	33.7	34.7	34.8

## 6B. IRA Ownership of Women by Marital Status and Race

White female workers had about 12 percentage points higher IRA coverage overall than their nonwhite counterparts. When divided by marital status, IRA ownership was 23 percentage points higher among white than nonwhite widows; 13 percentage points higher among white than nonwhite married women with spouse present; and about 8 to 10 percentage points higher among white than nonwhite women who were separated, divorced, or “married with spouse absent.” Among never-married women, IRA coverage was about 4 percentage points higher among whites than nonwhites.



## 6C. Retirement Plan Coverage of Women by Age and Race

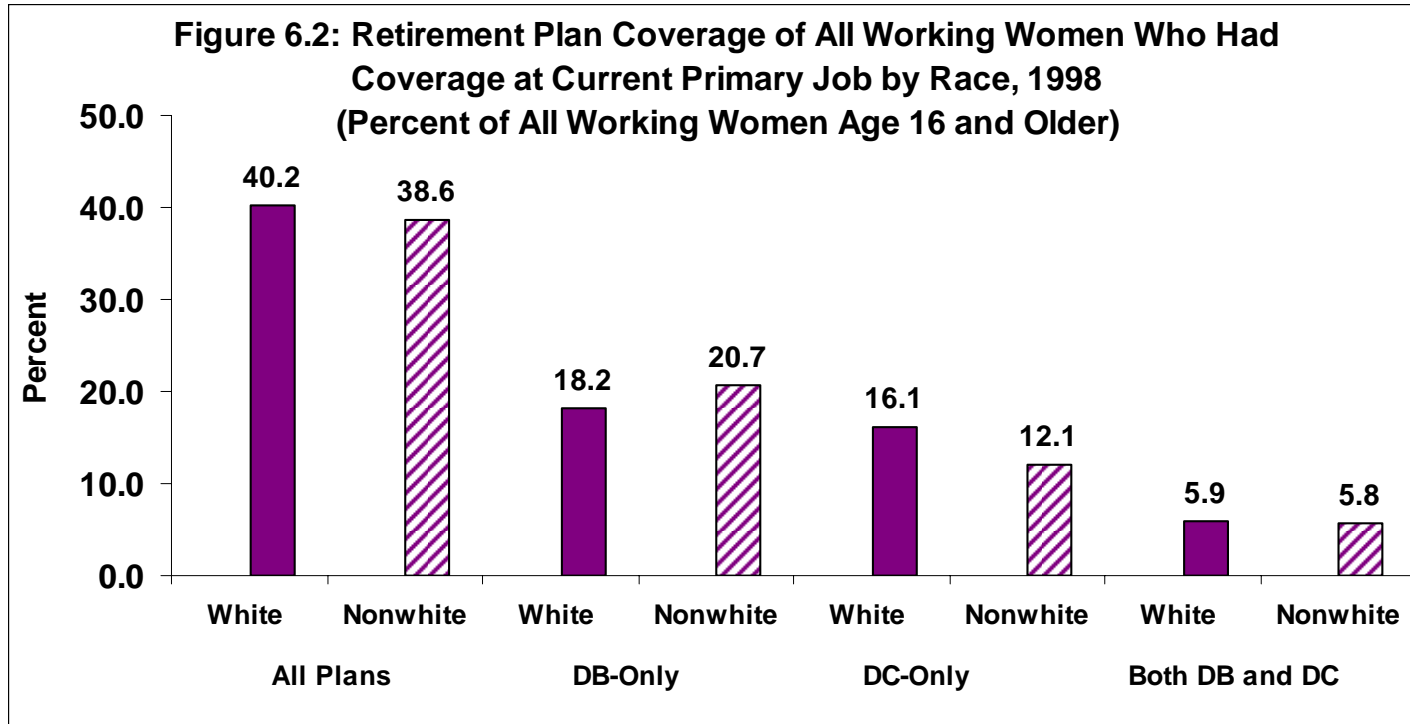
For any retirement coverage (including IRAs), white women had higher rates of coverage than nonwhites among working women in all age groups. IRA coverage was consistently higher among whites than nonwhites in all age groups. However, for pension coverage at a current job, nonwhite older boomers and retired workers have significantly higher rates of coverage than their white counterparts. The racial difference in the coverage was statistically insignificant among younger workers and older workers.

Workers by Marital Status	Women Workers (millions)		Percent of All Women Age 16 and Older Who Held a Job or Owned a Business							
			Current Coverage		Coverage During Career		IRA Coverage		Any Coverage	
	White	Nonwhite	White	Nonwhite	White	Nonwhite	White	Nonwhite	White	Nonwhite
All Women	50.974	10.314	40.0	38.6	48.9	45.1	20.6	8.3	56.4	47.8
<b>By Age</b>										
Younger: Age 16-32	16.559	3.598	25.6	26.4	30.4	29.9	6.2	4.1	33.0	31.2
Boomers: Age 33-52	25.828	5.437	49.4	45.7	59.8	53.2	23.8	9.2	67.3	56.1
Younger boomers: Age 33-42	1.373	3.195	47.4	39.6	58.2	46.9	18.9	6.7	64.3	49.4
Older boomers: Age 43-52	12,100	2.242	51.6	54.4	61.7	62.1	29.5	12.7	70.8	65.6
Pre boomers: Age 53-64	6.952	1.096	44.0	45.4	55.8	56.3	39.0	17.4	71.2	61.7
Retired workers: Age 65+	1.634	0.182	18.9	23.5	34.9	40.2	36.3	11.1	57.2	44.4

## 6D. DB and DC Plans Among Women by Race

Among working women, nonwhites were more likely to have DB plans-only than whites. Whites were more likely to have DC plans-only than nonwhites. There was no significant racial difference in the dual coverage of female workers.

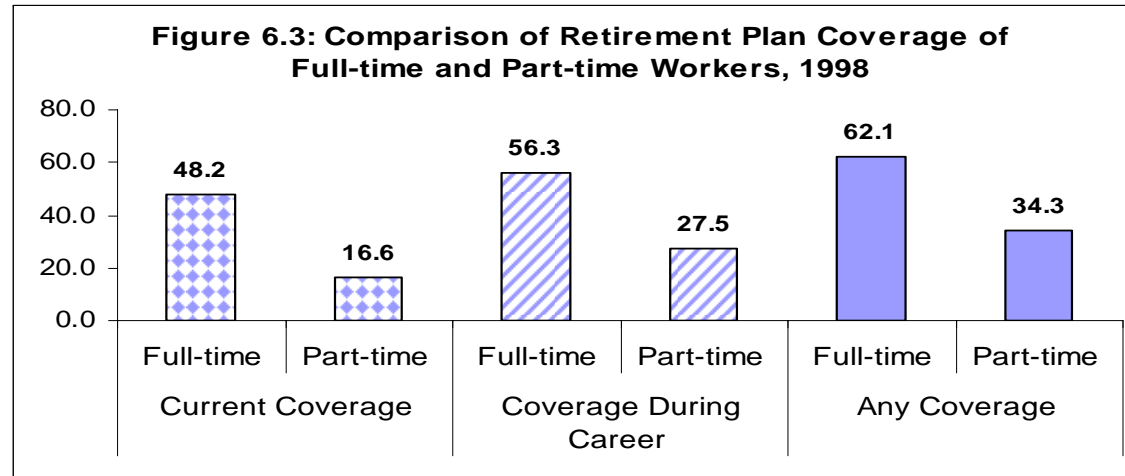
Table 6.5: Types of Pension Coverage Among Women by Race and Age, 1998								
By Age	Percent of All Working Women Age 16 and Older at Their Current Job/Business							
	All Pension Plans		DB-Only Plans		DC-Only Plans		Both DB and DC	
	White	Nonwhite	White	Nonwhite	White	Nonwhite	White	Nonwhite
All Workers (Women)	40.2	38.6	18.2	20.7	16.1	12.1	5.9	5.8
Younger workers: Age 16 to 32	25.9	25.4	10.0	12.2	12.9	10.0	3.0	3.2
Boomers: Age 33 to 52	49.1	45.7	22.8	24.7	18.5	13.7	7.8	7.3
Younger boomers: Age 33-42	46.8	38.9	20.3	20.0	19.1	12.3	7.3	6.6
Older boomers: Age 43-52	51.7	54.3	25.5	30.6	17.9	15.5	8.4	8.2
Older workers: Age 53-64	45.0	45.1	22.6	26.8	16.2	12.4	6.2	5.9
Retired workers: Age 65+	18.4	21.4	7.2	12.9	8.2	2.9	3.1	5.7
For each race, all pension plans are divided into DB-only, DC-only and both DB and DC Plans.								



## 6E. Retirement Plan Coverage Among Part-time Workers

Regardless of how retirement coverage is measured, full-time workers had much higher rates of coverage than part-time workers. (*Part-time employees are defined as those who usually work between 1 and 34 hours per week (at all jobs within an establishment in the reference week).*)

Workers by Age	Workers (In millions)		Current Coverage		Coverage During Career		Any Coverage	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
All Workers	106.898	24.914	48.2	16.6	56.3	27.5	62.1	34.3
<b>By Age</b>								
Younger workers: Age 16-32	30.881	12.166	34.9	9.0	39.9	11.8	42.5	13.1
Boomers: Age 33-52	59.135	7.981	54.9	26.9	63.5	41.7	69.1	50.5
Younger boomers: Age 33-42	32.118	4.653	52.1	25.9	60.6	39.7	65.4	46.5
Older boomers: Age 43-52	27.018	3.328	58.3	28.2	66.9	44.6	73.4	56.0
Older workers: Age 53-64	14.551	2.706	53.2	23.7	64.6	44.7	75.4	62.7
Retired workers: Age 65+	2.330	2.061	20.8	12.6	41.3	42.1	63.3	59.3



**Full-time workers = 81.1%**  
**Part-time workers = 18.9%**



## 6F. Retirement Plan Coverage Among Part-time Workers by Gender and Race

Part-time female workers had higher rates of retirement coverage, both at a current job and during their careers, than part-time male workers. This could be due to the nature of jobs and occupational segregation of gender-specific jobs, such as nursing, school teaching, and office secretarial jobs. White part-time workers had higher rates of coverage than nonwhite part-time workers.

Workers by Age	Part-time Workers (In millions)		Current Coverage		Coverage During Career		Any Coverage	
	Men	Women	Men	Women	Men	Women	Men	Women
All Workers	8.551	16.363	13.3	18.3	25.7	28.4	30.5	36.2
<u>By Age</u>								
Younger workers: Age 16-32	5.069	7.097	8.2	9.5	10.8	12.5	11.9	14.0
Boomers: Age 33-52	1.699	6.281	27.1	26.8	43.9	41.1	49.6	50.7
Younger boomers: Age 33-42	0.983	3.669	26.2	25.9	39.8	39.6	44.5	47.0
Older boomers: Age 43-52	0.716	2.612	28.4	28.2	49.5	43.2	56.5	55.9
Older workers: Age 53-64	0.746	1.960	19.4	25.4	51.8	42.0	65.3	61.7
Retired workers: Age 65+	1.037	1.024	10.8	14.4	50.1	34.1	65.7	52.8

Workers by Age	Part-time Workers (In millions)		Current Coverage		Coverage During Career		Any Coverage	
	White	Nonwhite	White	Nonwhite	White	Nonwhite	White	Nonwhite
All Workers	21.386	3.528	17.0	14.4	28.4	21.6	36.1	23.4
<u>By Age</u>								
Younger workers: Age 16-32	10.157	2.009	8.9	9.2	11.8	12.0	13.3	12.3
Boomers: Age 33-52	6.962	1.019	27.8	20.4	43.4	30.3	53.0	33.0
Younger boomers: Age 33-42	3.974	0.679	27.1	19.0	41.5	28.9	49.1	31.4
Older boomers: Age 43-52	2.988	0.340	28.8	23.2	45.9	32.9	58.2	36.2
Older workers: Age 53-64	2.362	0.344	23.0	28.7	44.3	47.4	63.9	54.4
Retired workers: Age 65+	1.905	0.156	12.7	11.8	43.0	31.2	61.2	35.6

## 6G. Retirement Plan Coverage of Near Retirees (Age 55 and Older)

Near retirees are defined as those who were age 55 and older in 1998 (born in 1943 or before). Such workers constitute about 13 percent of all workers age 16 and older who had a job or owned a business.

Near retirees who had higher education were more likely to have higher rates of retirement coverage than those with less education; the rate of retirement coverage also increased with income – 92.3 percent of those with incomes from \$80,000 to \$100,000 had retirement coverage. Among near retirees, men had 7 percentage points higher retirement plan coverage than women, and whites had almost 12 percentage points higher retirement coverage than nonwhites.

Workers by Age	Birth Year	Number of Workers (millions)	Percent
All workers		131.811	100.0
<b>By Age</b>			
Workers under age 55 (Age 16 to 54)	1944-82	114.225	86.7
Older workers (Age 55 and older)	1943 & before	17.586	13.3
-- Age 55 to 64	1934-43	13.196	10.0
-- Age 65 and older	1933 & before	4.390	3.3

**Table 6.10: Retirement Plan Coverage of Near Retirees by Socio-Demographic Characteristics, 1998  
(Percent of All Workers Age 55 and Older)**

Socio-demographic Characteristics	Pension Coverage			All IRAs	Any Coverage (Including IRAs)
	At Current Primary Job	Previous Jobs	During Career		
<b>All Older Workers</b>	39.3	25.0	55.6	37.4	70.3
Men	40.6	29.9	60.2	37.8	73.4
Women	37.7	19.1	50.2	36.9	66.7
<b><u>Tenure</u></b>					
Less than 5 years	26.6	35.6	51.8	34.8	65.1
5 years or More	43.2	21.7	56.8	38.2	72.0
<b><u>Race</u></b>					
White	38.8	25.8	55.7	40.1	71.6
Non-white	43.5	18.7	55.3	15.9	60.0
<b><u>Education</u></b>					
Less than High School	26.3	14.7	37.4	16.1	45.7
High School	38.0	21.5	53.4	31.7	68.2
Some College	42.2	27.1	59.5	41.7	75.8
College	46.5	33.9	66.3	54.1	83.5
<b><u>Income</u></b>					
Less than \$20,000	23.5	18.1	38.1	28.5	54.1
\$20,000 to \$39,999	45.0	29.0	63.9	38.5	77.2
\$40,000 to \$59,999	53.3	30.3	70.5	46.9	84.9
\$60,000 to \$79,999	56.0	26.3	67.4	50.6	83.0
\$80,000 to \$99,999	64.7	32.2	76.3	56.3	92.3
\$100,000 or more	57.6	37.8	78.1	62.0	89.4
<b><u>Class of Workers</u></b>					
Private employer	44.0	25.7	59.7	35.3	71.0
State and local govt.	66.8	23.7	78.0	35.0	84.6
Federal govt.	72.2	26.7	82.2	34.4	87.0
Other	3.8	27.0	29.6	41.3	58.4

**Current Pension Coverage:**  
 DB-Only Plans 19.40%  
 DC-Only Plans 13.60%  
 Both DB and DC 6.30%

## **7. Retirement Plan Coverage from Previous Job(s) and Lump-Sum Distributions, 1998**

Pension plan coverage from a previous job or jobs varied with socio-demographic characteristics. College graduates had higher rates of coverage from previous jobs than anyone with lesser education. Previous pension coverage also increased with levels of income. Men and whites had higher rates of previous pension coverage than women and non-whites respectively. However, other characteristics had no systematic pattern.

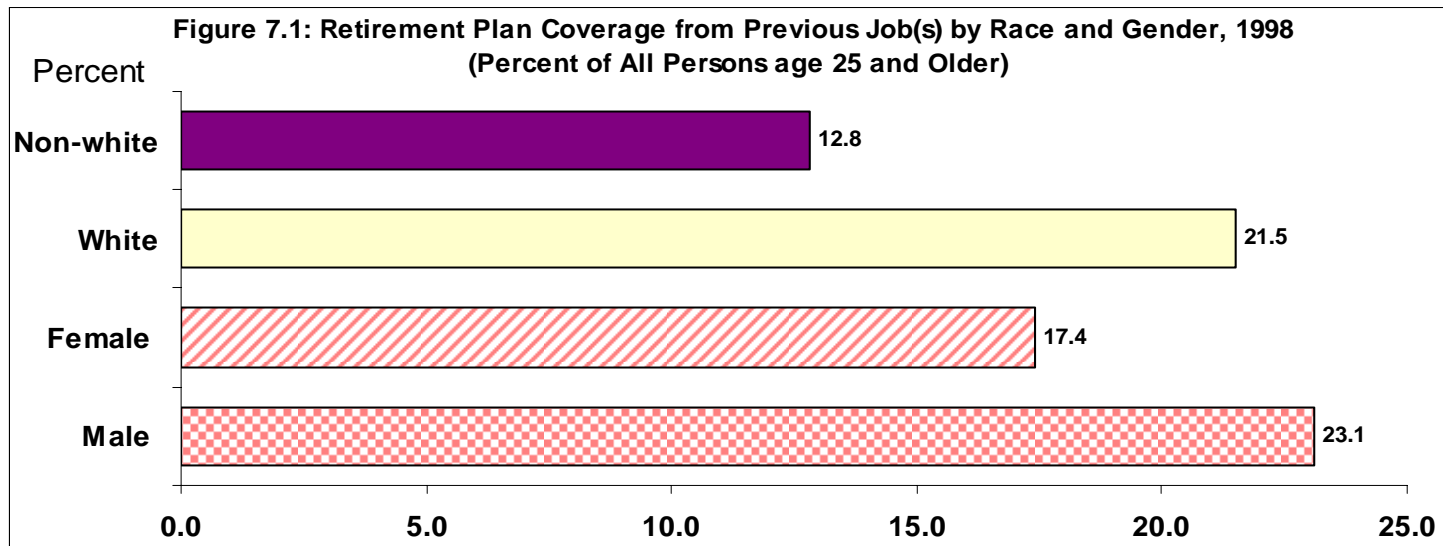
**Table 7.1: Retirement Plan Coverage from Previous Job(s) by Socio-Demographic Characteristics (Age > 24), 1998**

<b>By Characteristics</b>	<b>Number of Persons (millions)</b>	<b>Persons with Previous Pensions*</b>	<b>Percent Covered</b>
All Ages	172.233	34.720	20.2
<b><u>Marital Status</u></b>			
Married, spouse present	107.203	22.787	21.3
Married, spouse absent	1.781	0.292	16.4
Widowed	14.109	3.199	22.7
Divorced	19.266	4.134	21.5
Separated	4.207	0.555	13.2
Never-married	25.668	3.754	14.6
<b><u>By Education</u></b>			
Less than high school	29.744	3.555	12.0
High school	54.614	9.560	17.5
Some college	47.387	10.194	21.5
College	40.489	11.412	28.2
<b><u>Income</u></b>			
Less than \$20,000	92.534	15.282	16.5
\$20,000 to \$39,999	50.029	11.951	23.9
\$40,000 to \$59,999	18.728	4.577	24.4
\$60,000 to \$79,999	7.107	1.864	26.2
\$80,000 to \$99,999	2.739	0.732	26.7
\$100,000 or more	1.096	0.315	28.8

**Table 7.1 contd.**

<b>By Characteristics</b>	<b>Number of Persons (millions)</b>	<b>Persons with Previous Pensions*</b>	<b>Percent Covered</b>
<b><u>Class of Workers</u></b>			
Private eEmployer	83.250	15.317	18.4
State & Local govt.	14.891	2.737	18.4
Federal govt.	3.950	0.650	16.5
Other	1.293	0.270	20.9
<b><u>Industry</u></b>			
Agriculture, Forestry , Fisheries, and Mining	70.795	15.986	22.6
Construction and Manufacturing	24.079	4.164	17.3
Transportation, communication, Utilities, and Ttrade	25.705	4.229	16.5
Business, Finance, Repair, and Personal Services	51.654	10.342	20.0

*\* In the SIPP dataset, the question on pension coverage from previous job(s) is asked only of those who are age 25 and older, who may or may not be in the labor force, while the question on current pension coverage is asked of all those who are age 16 and older and had a job or owned a business. Of 172 million persons (age > 24), only 113.3 million are in the labor force.*



**Table 7.2: Retirement Plan Coverage from Previous Job(s) by Gender and Age, 1998**

Persons by Age	Number of Persons (million)	Percent of All Persons Age 25 and Older					
		All		By Gender		By Race	
		Number	Percent	Men	Women	White	Nonwhite
All Ages	172.233	34.720	20.2	23.1	17.4	21.5	12.8
<b>By Age</b>							
Younger workers: Age 16 to 32*	30.461	3.575	11.7	11.8	11.7	12.5	8.4
Boomers: Age 33 to 52	81.966	14.319	17.5	17.9	17.0	18.7	11.3
Younger boomers: Age 33-42	44.708	7.352	16.4	16.1	16.7	17.9	9.7
Older boomers: Age 43-52	37.259	6.967	18.7	20.1	17.3	19.7	13.5
Preboomers: Age 53-64	27.643	6.731	24.3	29.8	19.3	25.4	17.4
Retired workers: Age 65+	32.163	10.096	31.4	44.8	21.6	32.7	21.0

\* Pension coverage from previous job(s) begins at age 25 and older.

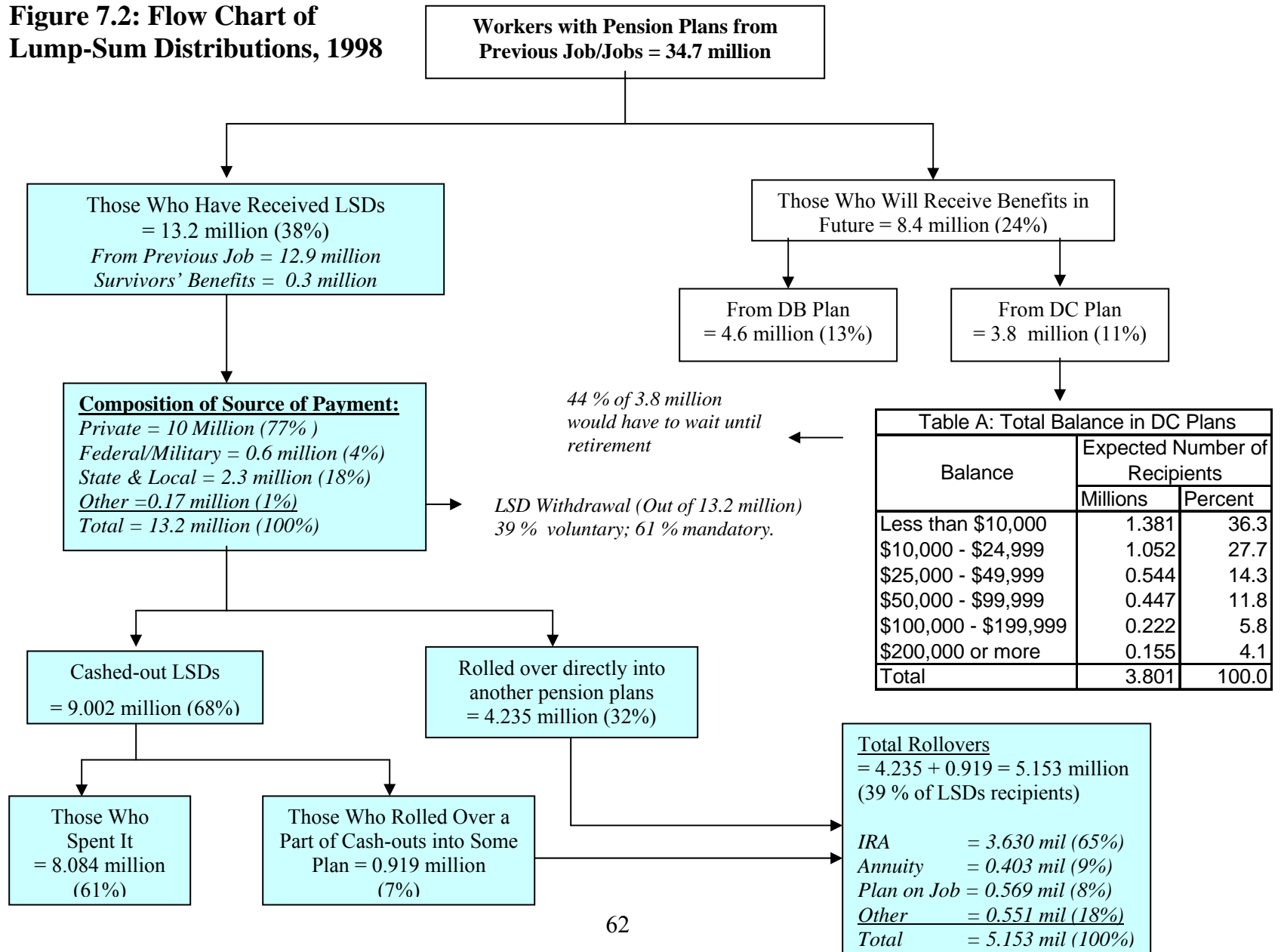
## **7A. Lump-Sum Distributions (LSDs) from Previous Pension Plans**

In the SIPP questionnaire, the current pension coverage includes all workers age 16 and older who had a job or owned a business, but pension coverage from previous job(s) includes all persons age 25 and older who may or may not be in labor force. Even though previous pension coverage includes all persons at age 25, the lump-sum payments, which include survivor's benefits and some LSD cash-outs or direct rollovers, could begin at age 21.

Of 35 million persons age 25 and older who had coverage from previous job(s), 13.2 million (38 percent) received benefits in the form of LSDs. Most (12.9 million) received LSDs from their own plan, but a small portion (0.3 million) received LSDs as a survivor's benefit from someone else's plan. Of 13.2 million who received LSDs, about 9 million (68 percent) cashed out their LSDs, and the remaining 4.2 million (32 percent) rolled their LSDs directly into another plan on their job or into an annuity or an IRA. Of those who cashed out LSDs, 8 million (61 percent) spent it all, and the remaining less than 1 million (7 percent) rolled it back into some retirement plan. Thus, 5.153 million (4.235 + 0.919) or 39 percent of those who received LSDs, rolled over all or part of their distribution into some qualified retirement plan such as IRAs, annuity, or some other plan. A majority of those who rolled over their LSDs (65 percent) invested in IRAs.

Among those who had not received benefits until 1998, the distribution of total balance in DC plans is shown in Table A (Figure 7.3). About two-thirds had less than \$25,000 in DC account balances; 56 percent of them could withdraw their benefits immediately, while 44 percent would have to wait until their retirement.

**Figure 7.2: Flow Chart of Lump-Sum Distributions, 1998**



## 7B. Lump-Sum Distributions and Survivor's Benefit by Gender, Race, and Age

Among LSD recipients, women outnumbered men. Except for older workers (age 53-64) and the 65-plus, the proportion of women recipients in other age groups was significantly higher than their male counterparts. The largest category of recipients was retired men (age 65-plus). More whites (91 percent) than nonwhites (9 percent) received LSDs.

Recipients By Age	Number of Recipients (million)	By Gender				By Race			
		Male		Female		White		Non-white	
		Number	Percent	Number	Percent	Number	Percent	Number	Percent
All recipients	12.940	6.278	48.5	6.661	51.5	11.787	91.1	1.153	8.9
<u>By Age</u>									
Younger: Age 16 to 32*	2.002	0.889	44.4	1.114	55.6	1.798	89.8	0.204	10.2
Boomers: Age 33 to 52	7.066	3.262	46.2	3.804	53.8	6.391	90.4	0.675	9.6
Younger boomers: Age 33-42	3.869	1.746	45.1	2.123	54.9	3.443	89.0	0.426	11.0
Older boomers: Age 43 -52	3.197	1.516	47.4	1.680	52.6	2.948	92.2	0.249	7.8
Older workers: Age 53-64	2.227	1.165	52.3	1.062	47.7	2.058	92.4	0.169	7.6
Retired workers: Age 65+	1.644	0.963	58.5	0.682	41.5	1.538	93.5	0.106	6.5

\* Lump-sum payments begin at age 21



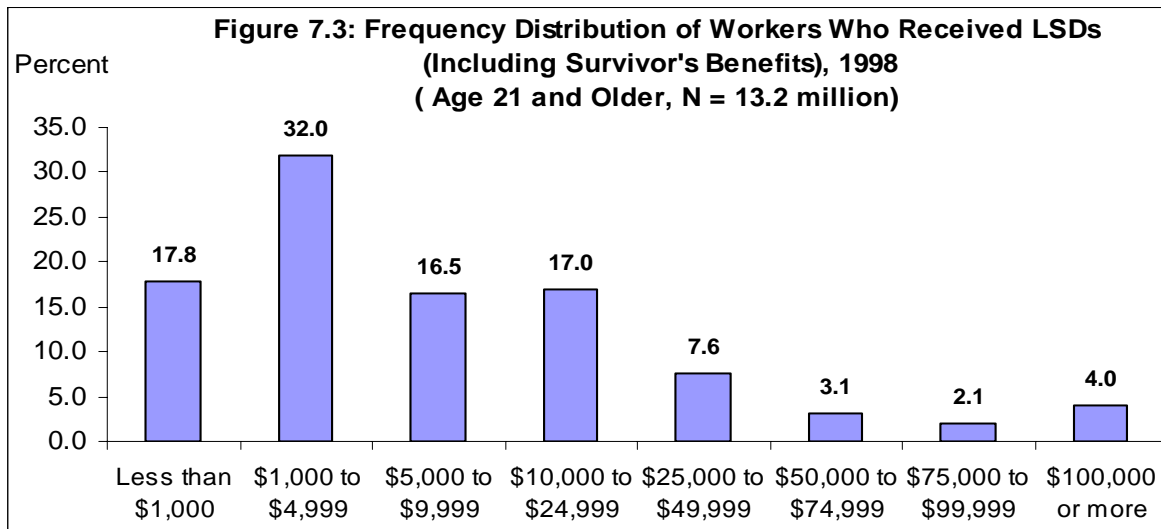
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More female boomers received survivors' benefits than did male boomers. However, between ages 16-42 (age groups 16-32 and 33-42) more men than women seem to have received survivors' benefits. The 1998 SIPP data set did not have enough observations to analyze survivors' benefits by race and age groups together (Table 7.4)

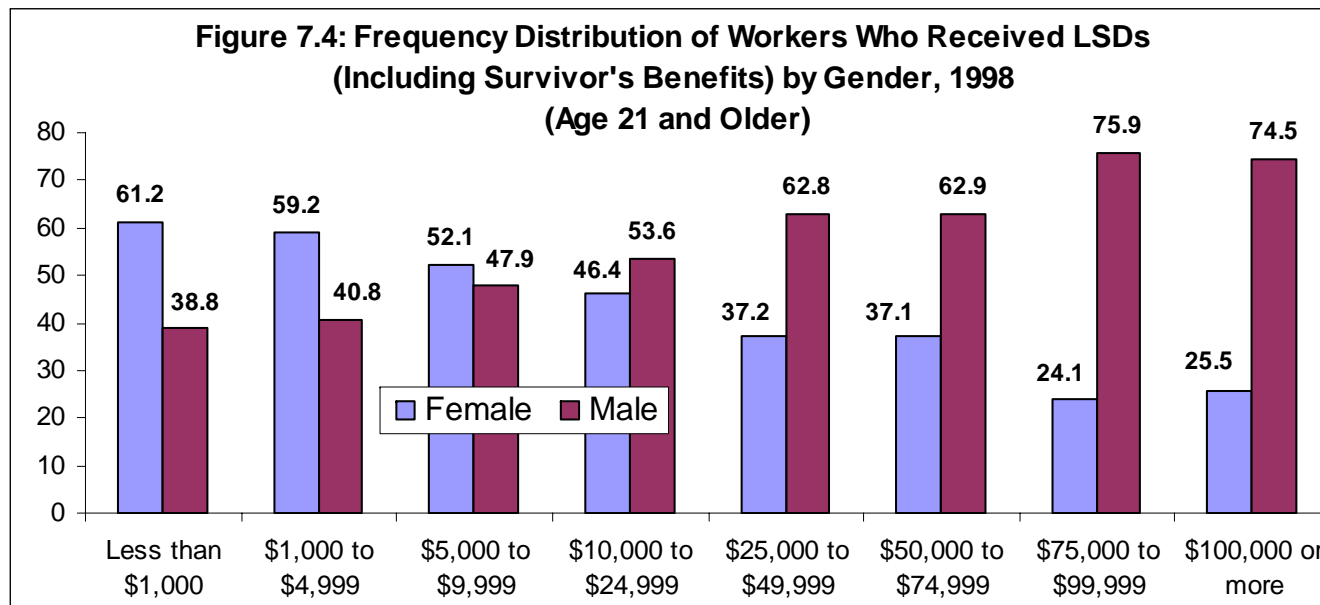
There appears to be a significant gender difference in the size of LSDs. More women than men received benefits of less than \$10,000, while more men than women received benefits of more than \$10,000. The distribution was even more skewed on the higher end, e.g., 26 percent more men than women received or expected to receive a lump-sum payment of \$50,000 - \$74,999, and about 50 percent more men than women received or expected to receive lump-sum payment of \$75,000 or more (Figure 7.4).

Recipients By Age	Number of Recipients (Thousand)	By Gender				By Race			
		Men		Women		White		Non-white	
		Number	Percent	Number	Percent	Number	Percent	Number	Percent
All recipients	297.554	103.898	34.9	193.656	65.1	271.343	91.2	26.210	8.8
<u>By Age</u>									
Younger: Age 16 to 32	74.368	42.044	56.5	32.324	43.5	65.393	87.9	8.975	12.1
Boomers: Age 33 to 52	51.118	21.057	41.2	30.061	58.8	51.118	100.0		
Younger boomers: Age 33-42	26.428	14.620	55.3	11.807	44.7	26.428	100.0		
Older boomers: Age 43 -52	24.691	6.437	26.1	18.254	73.9	24.691	100.0		
Older workers: Age 53-64	53.939	14.993	27.8	38.946	72.2	51.521	95.5	2.418	4.5
Retired workers: Age 65+	118.128	25.804	21.8	92.325	78.2	103.311	87.4	14.817	12.5

\* Survivor benefits begin at age 21



Among those who received LSDs, about 50 percent received less than \$5,000; 9 percent received over \$50,000; 6 percent received \$75,000 or more, and just 4 percent received \$100,000 or more (Figure 7.3).



## 7C. Lump-sum Distributions and Its Uses

Of those who did not roll over their LSDs, a large proportion (48 percent) used them to pay their bills, loans, and outstanding debt.

	In Millions	Row Percent
Invested in IRAs etc.	0.349	3.7
Put in saving accounts or CDs	0.393	4.2
Invested in stocks, bonds etc.	0.282	3.0
Invested in land	0.231	2.5
Invested in family business	1.267	13.6
Paid off mortgage/ home improvements	0.729	7.8
Paid bills, loans or other debt	4.482	48.0
Bought consumer items	0.424	4.5
Spent on vacation	0.486	5.2
Paid expenses while laid off	0.451	4.8
Paid Moving/relocation expense	0.465	5.0
Paid Medical /dental expenses	0.262	2.8
Paid or saved for education	0.346	3.7
Spend on everyday expense	1.123	12.0
Gave to family members	0.176	1.9
Paid taxes	0.159	1.7
Saved for retirement expenses	0.084	0.9
Saved or invested other ways	0.209	2.2
Spent in other ways	1.266	13.6

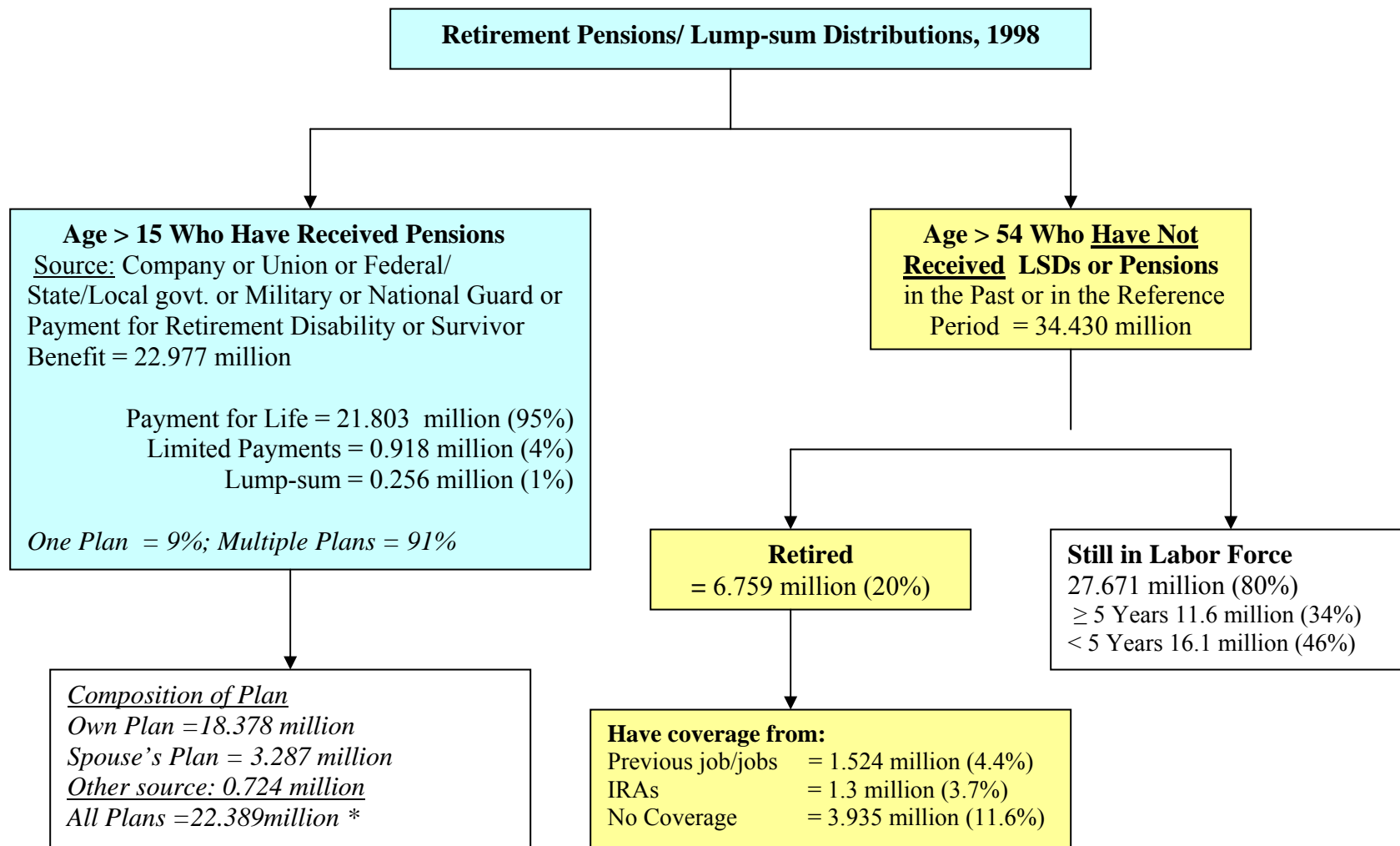
*Note: Row percentages do not add up to 100 percent as recipients may have spent their LSDs in more than one category. (Mortgage and home improvement is separate from all other debt.)*

## **7D. Retirement Pensions and Lump-sum Payments**

Almost 23 million persons age 16 and older had received pensions from a company; a union; federal; state, or local government; military; or as a disability or survivor's benefit. About 21.8 million (95 percent) of them would continue to receive a pension for life — 918,000 (4 percent) in limited payments and just 256,000 (1 percent) in the form of lump-sums. About 91 percent of these recipients had only one plan, and 9 percent had more than one plan. A majority of these pensioners — 18.4 million — received pensions from their own plan, 3.3 million received them from a spouse's plan, and 724,000 received them from other sources.

Of 34.4 million workers aged 55 and over who had *not* received any pension or LSD until 1998, 27.7 million (80 percent) were still in the labor force (11.6 million had a job for five years or more and 16.1 million for fewer than five years); the remaining 6.8 million (20 percent) had retired. Of those who had retired without having received benefits, 1.5 million had coverage from a previous job (but apparently did not receive benefits), 1.3 million had IRAs or Keogh accounts, while the remaining 3.9 million (almost 12 percent) had retired without having any retirement coverage.

**Figure 7.5 Flow Chart of Retirement Pensions, 1998**



\* Total does not add up because some plans may overlap.

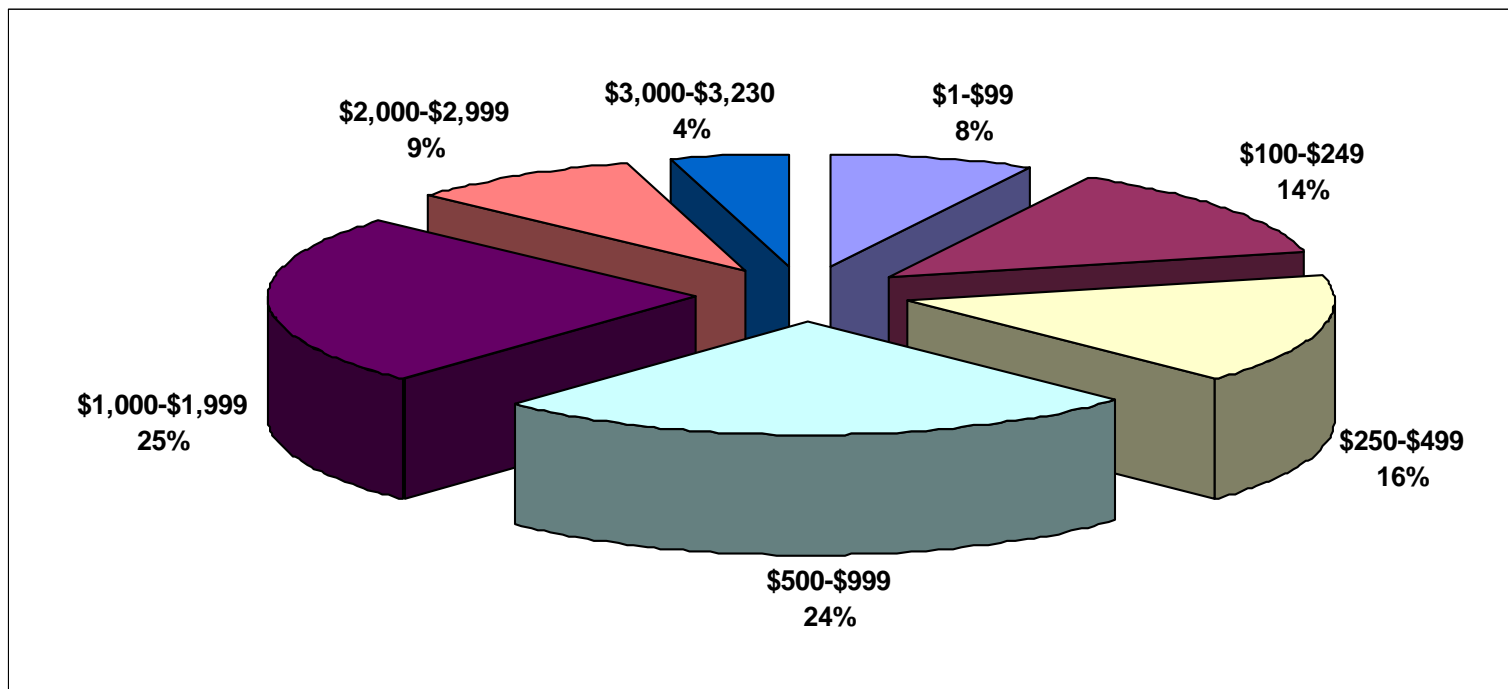
## 7E. Amount of Monthly Pension

About two-thirds of pension recipients were men, and almost 90 percent were white. In terms of age, 64.3 percent were aged 65 or over, 26.9 percent were older workers (age 53-64), 8.7 percent were boomers, and 0.1 percent were younger workers (age 16-32). More men than women received monthly pensions exceeding \$250.

About one-fourth of pensioners received between \$500 and \$1,000 per month, and another one-fourth received between \$1,000 and \$2,000 per month (Figure 7.6).

Amount	Recipients (Millions)	By Gender*		By Race*		By Age Group*			
		Male	Female	White	Nonwhite	Younger	Boomers	Older workers	Retired
\$1 - \$99	1.370	41.3	58.7	90.9	9.1		4.5	12.0	83.5
\$100-\$249	2.459	47.4	52.6	90.2	9.8	0.4	2.0	17.5	80.1
\$250-\$499	2.817	57.2	42.8	88.7	11.3		3.8	16.3	79.9
\$500-\$999	4.262	68.4	31.6	85.5	14.5	0.2	7.2	25.0	67.5
\$1,000-\$1,499	3.044	75.3	24.7	90.9	9.1		16.1	29.7	54.2
\$1,500-\$1,999	1.617	79.1	20.9	91.3	8.7		14.2	42.6	43.2
\$2,000-\$2,499	1.103	83.5	16.5	90.5	9.5		18.8	41.2	40.0
\$2,500-\$2,999	0.475	85.9	14.1	92.9	7.1		7.4	53.3	39.3
\$3,000-\$3,230	0.859	89.6	10.4	93.4	6.6		8.1	49.6	42.3
<b>Total</b>	<b>18.005</b>	<b>66.2</b>	<b>33.8</b>	<b>89.4</b>	<b>10.6</b>	<b>0.1</b>	<b>8.7</b>	<b>26.9</b>	<b>64.3</b>
* All categories individually add to 100%									

**Figure 7.6: Frequency Distribution of Monthly Pensions from Worker's Own Job, 1998**



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## References

“Retirement Expectations and Pension Plan Coverage,” Topical Module (Wave 7), 1998 Survey of Income and Program Participation (SIPP), U.S. Census Bureau, 2002. [www.bls.census.gov/sipp/sippov98.htm](http://www.bls.census.gov/sipp/sippov98.htm)

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