

ICI VIEWPOINTS

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New ICI Study Finds Private-Sector Retirement Plans Play Increasingly Important Role Across All Incomes

Data in [a new ICI study](#) show that across all income groups, private-sector retirement income is more prevalent among retirees today than in the mid-1970s. These findings run against a couple of fairly common assumptions: that private-sector pension income has fallen over time and that the rises of defined contribution plans (and simultaneous decline of defined benefit plans) has left retirees with less pension income today than in decades past.

Here's how the paper's authors, Peter Brady (ICI Senior Economist) and Michael Bogdan (ICI Associate Economist) put it:

The time before the emergence of 401(k) plans in 1981 has been characterized by many as the golden age of the golden watch: a time when most private-sector workers retired with a monthly pension check that replaced a significant portion of their pre-retirement income. Against this standard, 401(k) plans are judged to be falling short. The facts support a different narrative: there was no golden age of pensions.

The study, [A Look at Private-Sector Retirement Plan Income After ERISA](#), finds that in 2009, 34 percent of retirees received income—either directly or through a spouse—from private-sector retirement plans, compared with 21 percent in 1975. The median income received by those with private-sector pension income increased to \$6,000 in 2009 from about \$4,500 in 1975 (in 2009 dollars). The research examines private-sector retirement income trends since 1975 just after the Employee Retirement Income Security Act (ERISA) was enacted.

- Read [A Look at Private-Sector Retirement Plan Income After ERISA](#)
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