

NEWS RELEASE

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Access, Participation Strong in Employer-Provided Retirement Plans

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Study Illustrates Link Between Savings Goals and Access to Retirement Plans

Washington, DC, October 3, 2013 - Most workers who are likely to be focused on retirement savings have access to an employer-provided retirement plan, according to an updated study released today by the Investment Company Institute. In 2012, 74 percent of workers most likely to be focused on saving for retirement had access to a retirement plan—including defined benefit and defined contribution plans—through their own employer or their spouse's employer, and 93 percent of those with access participated.

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The study, [Who Gets Retirement Plans and Why, 2012](#), finds a clear link between the savings goals of employees and the likelihood that they work for an employer that sponsors a retirement plan. When asked the primary reason why they save, younger and lower-income households typically said that they save to fund education, purchase a house, fund other purchases, or have emergency cash on hand, and are less likely to cite retirement as the primary reason. In contrast, older and higher-earning households are more likely to save primarily for retirement. Consistent with these savings preferences, groups of workers who are more focused on saving for retirement are also much more likely to work for an employer that offers a plan.

Link Between Savings Goals and Retirement Plan Coverage

Percentage of private-sector wage and salary workers with access to employer-sponsored retirement plans, 2012

*Full-time, full-year workers who earn \$45,000 or more and are aged 30 to 64, or earn \$26,000 to \$44,999 and are aged 45 to 64. Among full-time, full-year workers aged 35 to 44, \$26,000 represents the top earnings of the 20th percentile of annual earnings and \$45,000 represents the top earnings for the 50th percentile of annual earnings.

Source: ICI tabulations of March 2013 Current Population Survey

As the chart shows, among all private-sector wage and salary workers aged 21 to 64, half

work for an employer that sponsors a retirement plan. Among full-time, full-year workers aged 30 to 64, 60 percent work for an employer that sponsors a retirement plan. If the analysis is narrowed further to those groups of workers most likely to be focused on saving for retirement—workers aged 30 and older with at least moderate levels of earnings, and all but the lowest-earning workers aged 45 and older—then 69 percent work for an employer that sponsors a plan, while 74 percent have access to a retirement plan through either their own employer or their spouse’s employer. The 93 percent participation rate among those within this group with access to a retirement plan further demonstrates their strong interest in retirement savings.

“Focusing on the percentage of the workforce with a retirement plan today vastly underestimates the percentage of workers who will reach retirement having accrued employer-provided retirement benefits. Many more workers will have access to a plan at some point in their career than is indicated by taking a snapshot of coverage at any single point in time,” said Peter Brady, ICI senior economist and a coauthor of the study. He added, “This study also provides a framework to explain why small firms are less likely to sponsor retirement plans than large firms. As policymakers consider a range of ideas to expand access to workplace retirement savings, it’s vital that they understand the factors that shape today’s voluntary employer-sponsored retirement plans.”

Retirement Plan Coverage Held Steady in 2012

As part of the update to the study, ICI also released updated [supplemental tables](#) that provide extensive additional detail on pension coverage from 1979 to 2012. These data show that the portion of private-sector wage and salary workers aged 21 to 64 working for employers that sponsored retirement plans remained stable at 50 percent in 2012. Since 1979, private-sector retirement coverage has averaged 54 percent. The coverage rate fell below its historical average in 2008, following the financial crisis, and has held steady at 50 percent since 2009.

Share of Private-Sector Workers Covered by a Retirement Plan Held Steady in 2012
Percentage of private-sector wage and salary workers aged 21 to 64 at employers sponsoring retirement plans, 1979-2012

Source: ICI tabulations of March Current Population Surveys

Brady coauthored the study with ICI associate economist Michael Bogdan. The data analyzed are from the U.S. Census Bureau and U.S. Bureau of Labor Statistics’ March 2012 Current Population Survey.