

For Immediate Release

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Only 11 Percent of US Private-Sector Wage and Salary Workers Participate in Defined Benefit Pension Plans

Dramatic 71 percent drop since 1979, resulting in most private-sector workers having to manage their assets throughout retirement

Washington, D.C. – June 6, 2019 — A new study from the Employee Benefit Research Institute (EBRI) finds that the percentage of private-sector wage and salary workers participating in an employment-based defined benefit (DB) pension plan plummeted by 71 percent since 1979, signifying a profound change to the American retirement landscape and introducing new challenges to private-sector workers in retirement.

The study, “Tracking the Shift in Private-Sector, Employment-Based Retirement Plan Participation From Defined Benefit to Defined Contribution Plans, 1979–2017,” finds that the percentage of private-sector wage and salary workers participating in DB plans decreased from 38 percent in 1979 to 11 percent in 2017. Correspondingly, the percentage participating in defined contribution (DC) plans went from 17 percent to 46 percent (some workers participated in both types of plans).

“Employers and policymakers have long been aware that having an employment-based retirement plan is one of the most significant predictors of an individual having a financially secure retirement,” said Craig Copeland, EBRI senior research associate and author of the report. “But it is also important to note that the move toward DC plans comes with an increased responsibility for retirees to figure out how to make those assets last throughout retirement. Developing a reliable drawdown strategy is of critical importance.”

Up through 1999, the Department of Labor’s (DOL) Pension Plan Bulletin estimated the percentages of private-sector wage and salary workers who were in each type of retirement plan (DB plan only, DC plan only, or both plans). EBRI has continued estimating these numbers to show the sustained movement of participants from DB plans to DC plans in the private sector. EBRI’s goal of this analysis was to match the DOL trend as closely as possible, despite considerable changes in the data sources, and to show how this trend has subsequently evolved.

The study, “Tracking the Shift in Private-Sector, Employment-Based Retirement Plan Participation From Defined Benefit to Defined Contribution Plans, 1979–2017,” is available at www.ebri.org.

About EBRI

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