

Notes

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A T A G L A N C E

Retirement Plan Participation: Survey of Income and Program Participation (SIPP) Data, 2012, by *Craig Copeland, Ph.D., EBRI*

- The latest SIPP data from the U.S. Census Bureau show 61 percent of all workers over age 16 had an employer that sponsored a pension or retirement plan for any of its employees in 2012, up from 59 percent in 2009. Workers participating in a plan increased to 46 percent in 2012, up slightly from 2009 (45 percent) but below 2003 (48 percent).
- The vesting rate (the percentage of workers who say they were entitled to some pension benefit or lump-sum distribution if they left their job) stood at 43 percent in 2012, up from 24 percent in 1979. This increase is largely due to the increased number of workers participating in defined contribution retirement plans (such as 401(k) plans), where employee contributions are immediately vested, and faster vesting requirements in private-sector pension plans.
- Defined contribution (401(k)-type) plans were considered the primary plan by 78 percent of workers with a plan. Defined benefit (pension) plans were the primary plan for 21 percent of workers.

Satisfaction With Health Coverage and Care: Findings from the 2012 EBRI/MGA Consumer Engagement in Health Care Survey, by *Paul Fronstin, Ph.D., EBRI*

- While the overall satisfaction rates for consumer-driven health plan (CDHP) enrollees increased in most years of the Consumer Engagement in Health Care Survey, satisfaction rates among traditional enrollees decreased in most years of the survey.
- While high-deductible and CDHP enrollees were much more likely to report that they were not too or not at all satisfied with their health plan, their dissatisfaction levels appeared to be trending downward in most years of the survey.
- Differences in out-of-pocket costs may explain some of the difference in overall satisfaction rates. In 2012, 44 percent of traditional-plan participants were extremely or very satisfied with out-of-pocket costs (for health care services other than for prescription drugs), while 18 percent of HDHP enrollees and 27 percent of CDHP participants were extremely or very satisfied.

Retirement Plan Participation: Survey of Income and Program Participation (SIPP) Data, 2012

By Craig Copeland, Ph.D., Employee Benefit Research Institute

Introduction

A critical component of saving for retirement is the availability and use of an employment-based retirement plan. Americans with an individual account retirement plan have significantly more wealth, on average, than those without one.¹ Consequently, when trying to assess how prepared Americans are in terms of meeting their expected retirement expenses, it is important to know the percentage of workers with an employment-based retirement plan.

Other Employee Benefit Research Institute (EBRI) publications have examined the percentage of Americans at risk of not being able to cover standard expenses plus long-term health care expenses in retirement and the amount of additional retirement savings necessary to pay for these expenditures in retirement.² A key parameter of these studies has been the percentage of American workers with an employment-based retirement plan and the characteristics that make them more or less likely to participate in one.

This article presents results from the latest Survey of Income and Program Participation (SIPP) data on retirement plan participation.³ SIPP is conducted by the U.S. Census Bureau to examine Americans' participation in various government and private-sector programs that relate to their income and well-being. The latest data are from Topical Module 11 of the 2008 Panel, fielded from December 2011–March 2012.⁴

Data Sources

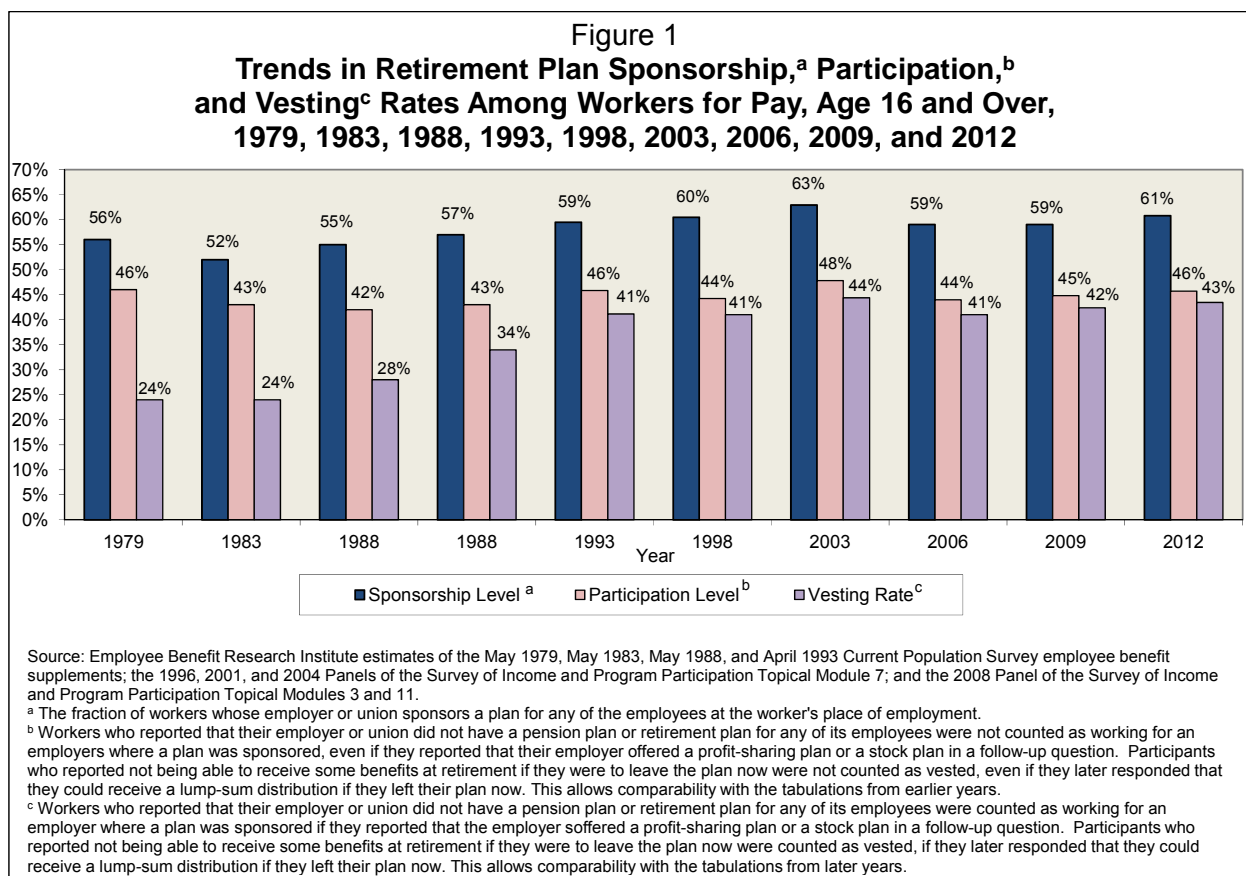
The SIPP data have the advantage of providing relatively detailed information on workers' retirement plans, but they also have the drawback of being fielded only once every three to five years. By comparison, the Current Population Survey (CPS), also conducted by the U.S. Census Bureau, provides overall participation levels of workers on an annual basis, but does not provide information on the specific types of plans in which the workers are participating.^{5, 6} The Bureau of Labor Statistics' (BLS) National Compensation Survey annually surveys establishments' offerings of employee benefit programs, including retirement plans. However, it has limited information on worker characteristics. (It includes information on occupation, union status, and part-time/full-time work, but no information on age, gender, or race/ethnicity.)⁷

Each of these surveys collects data in a different manner, at different times, and has different questions that can lead to different conclusions. The CPS collects information about anyone who worked at any point in a previous year, while SIPP and BLS ask only about current workers in the month of interest. Consequently, the results from the surveys sometime show seemingly divergent trends and levels attributable to these methodological differences. However, each survey provides important data that can't be found elsewhere: CPS has the annual participation data with a complete set of worker demographics, while SIPP has the complete set of worker demographics plus retirement plan types, and BLS has detailed data on establishment characteristics, along with retirement plan type though with limited worker demographics.

This study provides "top-line" results from the latest SIPP data on retirement plan participation. The overall participation by all workers and nonagricultural wage and salary workers is presented with breakdowns by workers' ages and incomes. The following section investigates the plan type—defined benefit (DB) or defined contribution (DC)—that participants regard as their primary (most important) plan. The last section examines participation in, and contributions to, salary-reduction plans (401(k)-type plans). The workers in this study are from both the private and the public sectors.

All Workers' Participation

The *sponsorship level* for all workers⁸ for pay age 16 and over (defined as the fraction of workers whose employer or union sponsors a pension or retirement plan for any of the employees at the workers' place of employment) was 61 percent in 2012, according to SIPP (Figure 1). This is just below the highest level (63 percent) of the study period found in 2003, and above all the other years studied (1979 to 2012).⁹ The percentage of workers participating in a plan regardless of whether the plan was sponsored at the workers' place of employment (the *participation level*¹⁰) increased to 46 percent in 2012 from 45 percent in 2009, but was still below the peak value of the study period at 48 percent in 2003.



The one statistic that has shown a relatively steady increase since 1979 (save for a dip in 2006) was the vesting rate. The vesting rate is the percentage of workers who say they were entitled to some pension benefit or lump-sum distribution if they leave their job at, or very near the time of, their interview by SIPP. This rate increased from 24 percent in 1979 to 41 percent in 1993, and (according to SIPP) remained at 41 percent in 1998, before increasing to 44 percent in 2003, decreasing in 2006 to 41 percent, and increasing to 43 percent in 2012.

Some of this increase appears to result from follow-up questions added to the 1988 employment benefit supplement which more clearly measured this issue, but it also appears that other factors were important—such as the increased number of workers participating in defined contribution retirement plans (such as 401(k) plans), in which employee contributions are immediately vested, and in accelerated vesting requirements that have been imposed since 1979 on plans qualified under the Employee Retirement Income Security Act of 1974 (ERISA).^{11, 12} Providing some support for these observations, the decline in 2006 in the vesting rate closely matches the decline in the reported participation level, and the increases in 2009 and 2012 match the increases in participation levels.

Nonagricultural Wage and Salary Workers—The remainder of this study is restricted to nonagricultural wage and salary workers age 16 and over.¹³ Among these workers, 49.1 percent participated in a pension or retirement plan in 2012, up from 48.4 percent in 2009 but below the highest level recorded over the study period of 51.5 percent in 2003. This compares with 47.2 percent in 1998, 49.3 percent in 1993, and 47.7 percent in 1988 (Figure 2).¹⁴ However, the level of participation varied greatly across worker demographic characteristics.

Age—The level of participation in a retirement plan increased with the age of the worker through age 60, then decreased. In 2012, 34 percent of 21–30 year-old workers participated in a retirement plan, compared with 62 percent of 51–60 year-olds (Figure 3). For workers over age 60, the level of participation decreased, dipping to 36 percent for those age 65 or older. This overall trend has been consistent over the entire study period. In 2012, the levels of participation were identical with, or just below, the 2009 levels, except for an increase for those age 65 or older.

Income—As a worker's income¹⁵ increased, the likelihood that he or she participated in a retirement plan also increased. For those making less than \$5,000 annually (in constant 1993 dollars) in 2012, 14 percent participated in a retirement plan, compared with 79 percent of those making \$50,000 or more in 1993 dollars (Figure 4). Workers' participation levels in 2012 were higher in all income categories, relative to 2009.

Primary Plan Types

Workers' knowledge of their pension or retirement plans is known to be quite limited.¹⁶ Furthermore, workers' perceptions of what they consider to be their most important plan can also vary tremendously. (Among larger, private-sector employers, it is still relatively common for workers to be covered by both a DB pension plan and a DC retirement plan, such as a 401(k) plan, and one or the other is deemed to be the primary plan.)

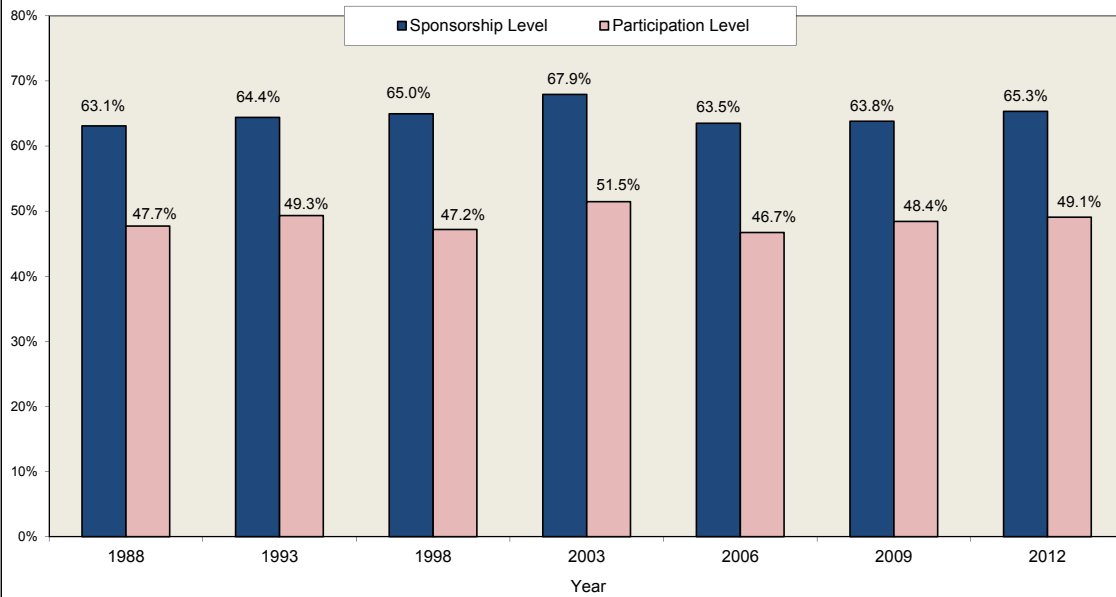
In SIPP, participants are asked about their most important pension or retirement plan, specifically if "your plan's benefit is defined by a formula usually involving your earnings and years on the job," are "contributions made by you and/or your employer going into an individual account for you," or if "your employer contributes a value equal to a percentage of your earnings each year and there is a rate of return on that contribution. This type of plan is sometimes called a cash balance plan." The first (as well as the third) describes a DB plan, while the second describes a DC plan.¹⁷ The survey also contains follow-up questions describing specific features of the most important plan.¹⁸ In some cases, the answers provided by the worker were in conflict with the type of plan that the worker had. Consequently, the estimates of the pension/retirement plan type in this study combine answers from these questions to determine what type of plan the worker identified as their most important (or primary) plan.¹⁹

When follow-up questions were considered along with the pension-type question, 78.0 percent of participants were determined to have a DC plan as their primary plan in 2012 (Figure 5).²⁰ This was the highest level of the study period and almost three times the level found in 1988. Correspondingly, a lower percentage of workers had a DB plan as their primary plan: 21.1 percent said a DB plan was their primary retirement plan in 2012, compared with 39.1 percent in 2009. This was substantially lower than the 1988 level of 56.7 percent of participants who reported a DB plan as their primary plan.²¹

Salary Reduction Plans

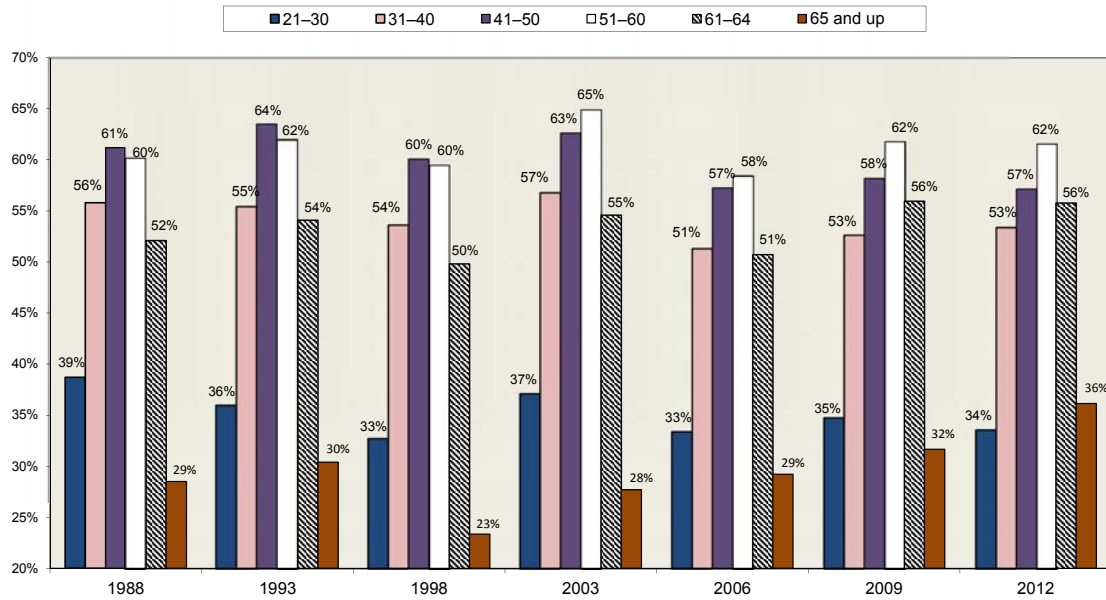
Retirement plans such as 401(k) plans or 403(b) plans are often referred to as salary reduction plans, as a worker's take-home pay can be used (reduced) to make contributions to the plan.²² These plans are the predominant type of DC retirement plan. The sponsorship level of these plans for nonagricultural, wage and salary workers age 16 and over was 58.9 percent in 2012, an increase from the 2009 rate of 51.0 percent, and from the 1988 rate of 26.9 percent (Figure 6).²³ The participation level in these plans for these workers (43.0 percent) was also higher in 2012, compared with the 34.6 percent in 2009, and much higher than the 15.3 percent in 1988. In addition, 38.4 percent

Figure 2
Retirement Plan Sponsorship and Participation Among
Nonagricultural Wage and Salary Workers, Age 16 and Over,
1988, 1993, 1998, 2003, 2006, 2009, and 2012



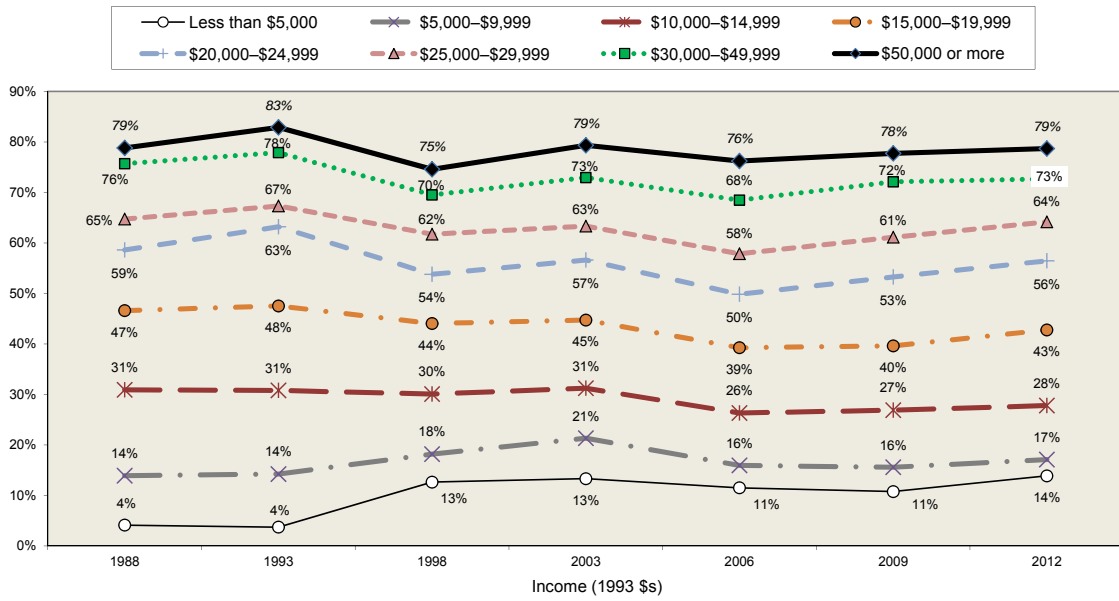
Source: Employee Benefit Research Institute estimates of the May 1988 and April 1993 Current Population Survey Employee Benefit Supplements; the 1996, 2001, and 2004 Panels of the Survey of Income and Program Participation Topical Module 7; and 2008 Panel of the Survey of Income and Program Participation Topical Modules 3 and 11.

Figure 3
Trends in Retirement Plan Participation Rates Among
Nonagricultural Wage and Salary Workers, Age 21 and Over,
1988, 1993, 1998, 2003, 2006, 2009, and 2012



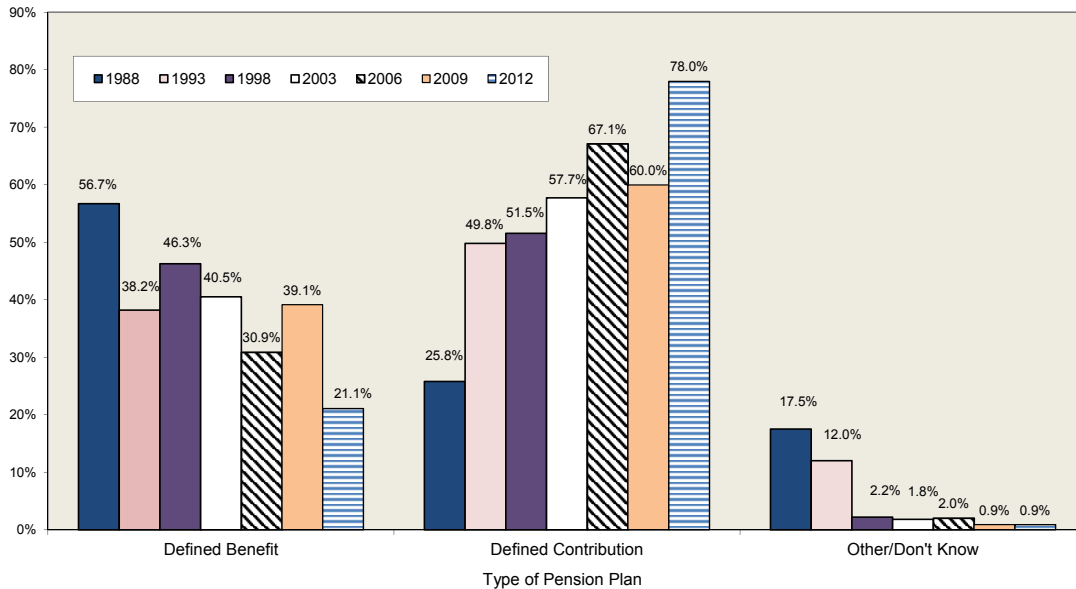
Source: Employee Benefit Research Institute estimates of the May 1988 and April 1993 Current Population Survey employee benefit supplements; the 1996, 2001, and 2004 Panels of the Survey of Income and Program Participation Topical Module 7; and 2008 Panel of the Survey of Income and Program Participation Topical Modules 3 and 11.s

Figure 4
Trends in Retirement Plan Participation Rates Among Nonagricultural Wage and Salary Workers, Age 16 and Over, by Annual Earnings in 1993 \$s, 1988, 1993, 1998, 2003, 2006, 2009, and 2012



Source: Employee Benefit Research Institute estimates of the May 1988 and April 1993 Current Population Survey employee benefit supplements; the 1996, 2001, and 2004 Panels of the Survey of Income and Program Participation Topical Module 7; and 2008 Panel of the Survey of Income and Program Participation Topical Modules 3 and 11.

Figure 5
Primary Retirement Plan Among All Nonagricultural Wage and Salary Workers, Age 16 and Over, Who Participate in a Pension Plan, 1988, 1993, 1998, 2003, 2006, 2009, and 2012



Source: Employee Benefit Research Institute estimates of the May 1988 and April 1993 Current Population Survey employee benefit supplements; the 1996, 2001, and 2004 Panels of the Survey of Income and Program Participation Topical Module 7; and 2008 Panel of the Survey of Income and Program Participation Topical Modules 3 and 11.

of nonagricultural, wage and salary workers age 16 and over had a salary reduction plan that they considered their primary retirement plan in 2012. This was an increase from 29.2 percent in 2009, and from 7.5 percent in 1988.²⁴

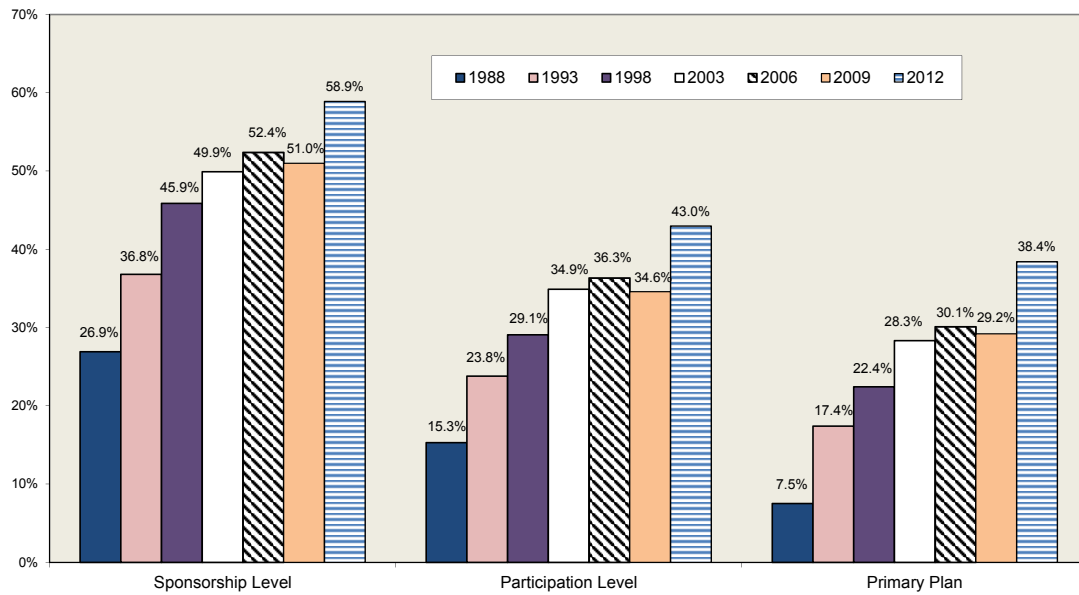
Employee Contribution Rates—While the participation level in salary reduction plans (and the proportion of workers citing them as their primary plan) increased during the study period, the average employee contribution for workers who reported a positive employee contribution²⁵ to these plans decreased in 2012 from 2009: 6.7 percent of salary in 2012 compared with 7.4 percent in 2009 (Figure 7).²⁶ The distribution of the contribution rates shifted to a higher percentage of the lower contributors from 1993 to 2012 (Figures 8 and 9). The percentage of those contributing 5 percent or less increased from 44.8 percent in 1993 to 52.7 percent in 2012.²⁷

Conclusion

The results from the SIPP data show a continuing of the upward trend in the percentage of workers participating in a retirement plan that started after the sharp decline in 2006 from the highest level (51.5 percent in 2003) of the study period. Furthermore, a surge in the percentage of workers participating in a DC plan they considered their primary plan was found in the 2012 data. In addition, the percentage of workers reporting that they had a salary reduction plan increased, although the average employee contribution level to those plans fell in 2012.

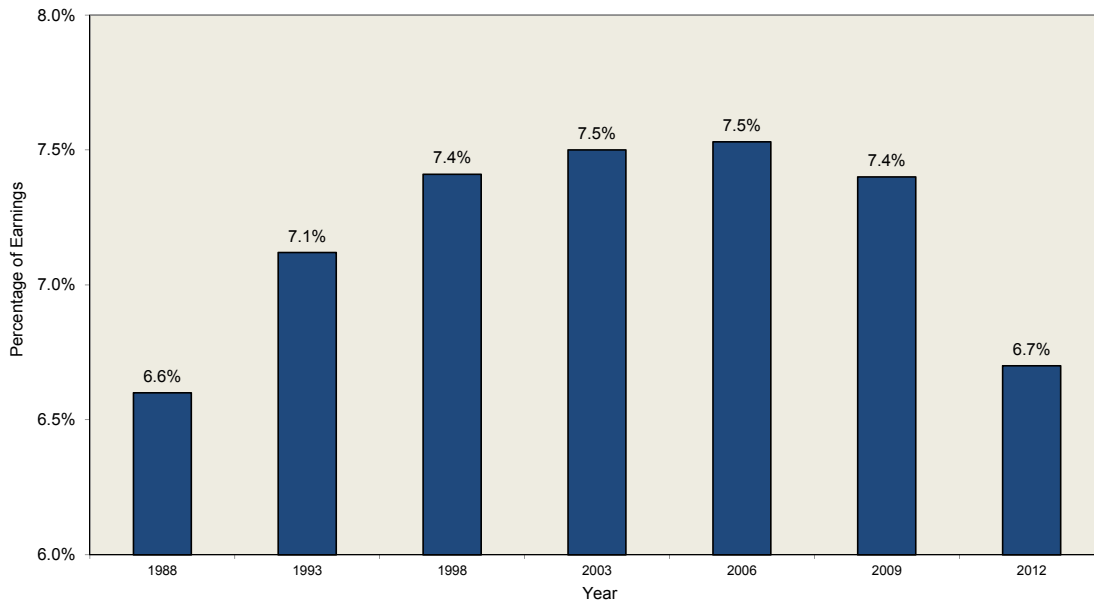
While these top-line results from SIPP support findings from other data, the benchmarking of this data is important when examining the more detailed SIPP questions not included in other datasets, because it allows for comparisons of important results in the retirement field for analysts and policymakers. These more detailed questions will be examined in future EBRI publications.

Figure 6
Salary Reduction Plan Sponsorship Rate, Participation Rate, and Primary Plan Percentage Among Nonagricultural Wage and Salary Workers, Age 16 and Over, 1988, 1993, 1998, 2003, 2006, 2009, and 2012



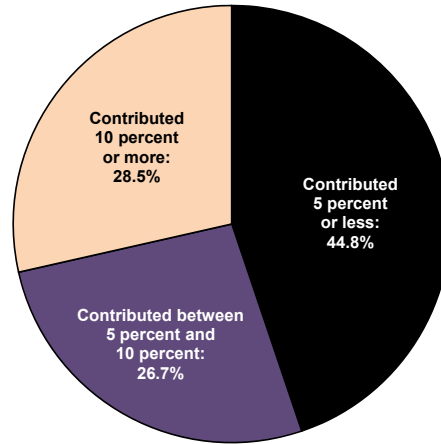
Source: Employee Benefit Research Institute estimates of the May 1988 and April 1993 Current Population Survey employee benefit supplements; the 1996, 2001, and 2004 Panels of the Survey of Income and Program Participation Topical Module 7; and 2008 Panel of the Survey of Income and Program Participation Topical Modules 3 and 11.

Figure 7
Average Percentage of Annual Earnings Contributed to a Salary Reduction Plan, Nonagricultural Wage and Salary Workers, Age 16 and Over, 1988, 1993, 1998, 2003, 2006, 2009, and 2012



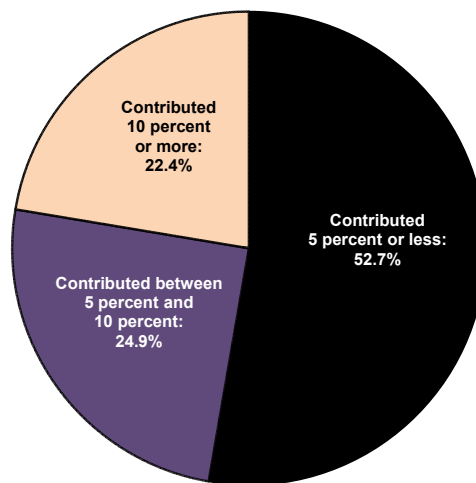
Source: Employee Benefit Research Institute estimates of the May 1988 and April 1993 Current Population Survey employee benefit supplements; the 1996, 2001, and 2004 Panels of the Survey of Income and Program Participation Topical Module 7; and 2008 Panel of the Survey of Income and Program Participation Topical Modules 3 and 11.

Figure 8
Proportion of Salary Reduction Plan Participants by Percentage of Annual Earnings Contributed (Among Those Responding), Nonagricultural Wage and Salary Workers, Age 16 and Over, 1993



Source: Employee Benefit Research Institute estimates of the April 1993 Current Population Survey employee benefit supplement.

Figure 9
Proportion of Salary Reduction Plan Participants by Percentage of Annual Earnings Contributed (Among Those Responding), Nonagricultural Wage and Salary Workers, Age 16 and Over, 2012



Source: Employee Benefit Research Institute estimates of the 2008 Panel of the Survey of Income and Program Participation Topical Module 11.

Endnotes

¹ See Craig Copeland, "Individual Account Retirement Plans: An Analysis of the 2010 Survey of Consumer Finances," *EBRI Issue Brief*, no. 375 (Employee Benefit Research Institute, September 2012).

² See Jack VanDerhei and Craig Copeland, "The Impact of Deferring Retirement Age on Retirement Income Adequacy," *EBRI Issue Brief*, no. 358 (Employee Benefit Research Institute, June 2011) and Jack VanDerhei and Craig Copeland, "The EBRI Retirement Readiness Rating™: Retirement Income Preparation and Future Prospects," *EBRI Issue Brief*, no. 344 (Employee Benefit Research Institute, July 2010), along with the appendixes included in the publications.

³ See Craig Copeland, "Retirement Plan Participation: Survey of Income and Program Participation (SIPP) Data, 2009," *EBRI Notes*, no. 11 (Employee Benefit Research Institute, November 2010): 2–12; Craig Copeland, "Retirement Plan Participation: Survey of Income and Program Participation (SIPP) Data, 2006," *EBRI Notes*, no. 2 (Employee Benefit Research Institute, February 2009): 1–12; Craig Copeland, "An Analysis of the Retirement and Pension Plan Coverage Topical Module of SIPP," *EBRI Issue Brief*, no. 245 (Employee Benefit Research Institute, May 2002); and Craig Copeland, "An Analysis of the Retirement and Pension Plan Coverage Topical Module of SIPP," *EBRI Issue Brief*, no. 245 (Employee Benefit Research Institute, May 2002) for studies of prior SIPP datasets on this topic.

⁴ The 2008 Panel of the Survey of Income and Program Participation (SIPP), conducted by the U.S. Census Bureau, is going to follow the same households for a five-year period, asking various questions on their economic and demographic status. Survey participants are interviewed at four-month intervals about a core set of demographic and economic issues. In addition, topical modules ask more specific questions about important economic issues. Topical Module 11, fielded in December 2011–March 2012, asked questions about workers' participation in retirement and/or pension plans. These types of questions had been asked previously in the employee benefit supplements to the Current Population Survey (CPS) in May 1979, May 1983, May 1988, and April 1993, prior to their inclusion in SIPP in the 1996, 2001, 2004, and 2008 Panels. While these datasets have similar questions, they are not identical, nor are the methods the surveys use—for instance, the CPS interviewed all of its respondents in a single month, while SIPP was conducted over a four-month period. The results in this *Notes* article are presented as trends, but caution should be used when drawing conclusions from the results due to the survey differences. Typically, different surveys yield different results. Therefore, while some trends are reflected in the data, it is important to note that a portion or all of any trend may be due to the differences in the surveys. However, the data for 1998, 2003, 2006, 2009, and 2012 are from SIPP, so there should be limited effects from survey differences on the trends from 1998 to 2012. However, the 2008 Panel did include revisions on the order of the questions and who was asked the follow-up detailed questions on plan types. Despite these caveats, these datasets provide the most comparable results for these trends.

⁵ The Current Population Survey (CPS) is conducted by U.S. Census Bureau for the Bureau of Labor Statistics by interviewing about 50,000 households and asking numerous questions about individuals' work status, employers, income, and basic demographic characteristics. Furthermore, the CPS has asked questions in a consistent manner each March since at least 1988 about whether a worker worked for an employer or union that sponsored a pension or retirement plan for any of its employees, and if the worker was included in that plan.

⁶ See Craig Copeland, "Employment-Based Retirement Plan Participation: Geographic Differences and Trends, 2011," *EBRI Issue Brief*, no. 378 (Employee Benefit Research Institute, November 2012) for the latest results from CPS on employment-based retirement plan participation.

⁷ See U.S. Department of Labor Bureau of Labor Statistics, *BLS Handbook of Methods, Chapter 8, National Compensation Measures* at www.bls.gov/opub/hom/pdf/homch8.pdf. In particular, agricultural workers and certain other small business owners are excluded from the BLS results.

⁸ In this section, all workers age 16 and over with earnings were included; this includes all self-employed workers, whether their business was incorporated or not. However, any workers who were family workers not working for pay were excluded. For the SIPP Topical Module, the worker's main job or business is determined by which job provided the most income in the reference month. However, some important characteristics of this job or business are not included in the topical module but in the core portion of the survey. If a job was determined to be the most important in the topical module, the information

from the *first* job of the worker from the core is used for the employer/job characteristics (firm size, industry, union covered job, hours of work) for the workers in this study. Furthermore, if the business is determined to be the most important, the *first* business of the worker from the core is used for characteristics of the business in this analysis. Likewise, if the worker is determined to only work for others or to only have a business, the first job or business data, respectively, is used to provide data on the employer or business characteristics.

⁹ See endnote 4 on the comparison issues to the CPS supplements.

¹⁰ The participation level for workers is calculated by determining all workers who say they participate in a pension or retirement plan in their main job/business or other job during the reference period of the survey. This includes anyone who answered no to the first question about participating in a pension or retirement plan, but answered yes in a follow-up question to participating in a plan similar to a 401(k) plan.

¹¹ Both the Tax Reform Act of 1986 and the Economic Growth and Tax Relief Reconciliation Act of 2001 shortened the required vesting schedule for all or some private-sector, employment-based retirement plans.

¹² The two sets of numbers presented for 1988 show the impact of these follow-up questions and potentially the increased numbers of defined contribution plans on the vesting rate. Without the follow-up questions on lump-sum distributions, the vesting rate in 1988 was 28 percent, compared with 34 percent with the follow-up questions. Thus, better data do not seem to be the only explanation for the increased vesting rate since 1979.

For background on the changes in the data that account for these two numbers for 1988, the first set of numbers presented in Figure 1 omits the impact of follow-up questions (so as to compare with earlier periods that did not have those questions), while the second set of numbers presented do include the follow-up questions (so as to better account for the presence of defined contribution plans). Specifically, in the first set of numbers, workers who reported that their employer or union did not have a pension plan or retirement plan for any of its employees were not counted as working for an employer where a plan was sponsored, even if the workers reported that their employer offered a profit-sharing plan or a stock plan in a follow-up question. Furthermore, participants who reported not being able to receive some benefits at retirement if they were to leave the plan now were not counted as vested, even if they later responded that they could receive a lump-sum distribution if they left their plan now. Workers who reported that their employer or union did not have a pension plan or retirement plan for any of its employees were counted in the second set of numbers as working for an employer where a plan was sponsored if they reported that their employer offered a profit-sharing plan or a stock plan in a follow-up question. Moreover, participants who reported not being able to receive some benefits at retirement if they were to leave the plan now were counted as vested in the second set of numbers if they later responded that they could receive a lump-sum distribution if they left their plan now. Furthermore, if they were included in the profit-sharing or stock plan in the 1988 follow-up question or said they participated in a 401(k)-type plan in the SIPP follow-up question, they were considered vested, because these types of plans provide lump-sum distributions.

¹³ This section will focus only on the 1988, 1993, 1998, 2003, 2006, 2009, and 2012 results, as they are derived using relatively consistent follow-up questions. Furthermore, unincorporated self-employed workers are excluded (as explained in endnote 8), while incorporated self-employed are included. Those workers determined to work in the agricultural industry from their most important job or business, respectively, are also excluded. This work force includes only the workers who would be subject to their employer's decision to offer a plan instead of being able to make their own decision, such as the self-employed.

¹⁴ In Copeland (November 2012), *op. cit.*, the percentage of workers participating in an employment-based retirement plan showed a decrease from 2009 to 2011. However, the 2009 participation number from CPS was higher than the 2006 number in CPS—52.7 percent of full-time, full-year wage and salary workers participated in 2006, compared with 54.4 percent in 2009. The complete time-frame trend comparison between SIPP and CPS will not be determinable until the fall when data for 2012 is released from CPS. The CPS trend matched the SIPP trend from 2003 to 2006 and from 2006 to 2009. In contrast, the findings from SIPP and CPS contradicted each other from 1993 to 1998 and from 1998 to 2003. SIPP data show an increased level of participation from 1998 to 2003 and a decreased level from 1993 to 1998, whereas Copeland (2012) showed a decreased and increased level, respectively. It is unclear why the differences exist between the datasets.

Some possible answers include the issues from endnote 4 on how the questions are asked, as well as which job is determined to be primary or the type of worker as classified by the different surveys. Furthermore, a similar issue has arisen in the estimation of the percentage of Americans with health insurance when comparing the results from both surveys, particularly with regard to the time frame that the questions refer to in the survey. See Paul Fronstin, "Counting the Uninsured: A Comparison of National Surveys," *EBRI Issue Brief*, no. 225 (Employee Benefit Research Institute, September 2000) for further comparisons between the surveys.

¹⁵ In SIPP, only monthly earnings are given. Consequently, the earnings had to be annualized by multiplying by 12 for comparisons with the past surveys. This creates issues for those workers who have uneven earnings during the year, but in most cases the monthly earnings are reflective of the earnings for all months during the year. In addition, all income figures are in 1993 dollars, so all of the 1998, 2003, 2006, 2009, and 2012 income amounts were adjusted appropriately for the intervening inflation between 1993 and 2012. Using the consumer price index (CPI), the dollars in 1993 would have to be multiplied by 1.5478 to have constant 2012 dollars, so the upper bound for the lowest-income group would be \$7,739 in 2012 dollars; for the next lowest-income group the upper bound would be \$15,478 in 2012 dollars, etc.

¹⁶ See Alan L. Gustman and Thomas L. Steinmeier, "Imperfect Knowledge, Retirement, and Saving," paper presented at The Third Annual Conference of the Retirement Research Consortium, *Making Hard Choices* Washington, DC, May 17–18, 2001. For SIPP specific results, see, for example, Irena Dushi, Howard M. Iams, and Jules Lichtenstein, "Assessment of Retirement Plan Coverage by Firm Size, Using W-2 Tax Records," *Social Security Bulletin*, Vol. 71, No. 2, 2011, pp. 53-65.

¹⁷ The questions for plan determination were refined for the 2009 survey to include cash balance plans. A similar change was made in the 2004 Survey of Consumer Finances (SCF). In both instances, the prevalence of defined benefit plans increased, and then in subsequent years the increasing trend for defined contributions resulted. A similar result occurs for the SIPP data. See Copeland (September 2012), *op. cit.*, for the results from SCF.

¹⁸ Some follow-up questions are asked about the most important plan only if the participant reports that tax-deferred contributions can be made to the plan.

¹⁹ For the 2012 results if the questions are not combined and only the pension plan-type question is used, 44.1 percent of retirement plan participants reported that their primary plan was a defined benefit plan (plan based on earnings and years on the job or plan was cash balance), compared with 55.7 percent who reported being in a defined contribution plan (individual account plan) and 0.2 percent who were unknown. Consequently, the better identification of plans and improved skip patterns regarding who is asked the follow-up questions results in only adjustments for those who are asked the final question about contributing to a savings plan after all the original identification questions are asked in the survey—basically, the indeterminate percentage. However, estimates by the Employee Benefit Research Institute based on published data from Form 5500s, which all private-sector pension/retirement plan sponsors must file with the IRS, show that approximately 31 percent of private-sector workers in a retirement plan had a defined benefit plan, although it was not necessarily considered the primary plan by the participant. See EBRI FAQs About Benefits—"Retirement Issues: What Are the Trends in U.S. Retirement Plans?" (www.ebri.org/publications/benfaq/index.cfm?fa=retfaq14). Consequently, considering that the historical numbers are inconsistent with other data sources and are in conflict with descriptive data about the plans in SIPP, adjustments to the plan types are undertaken in this study. See Endnote 20 for a description of the adjustments to the data for primary plan determination.

²⁰ In the determination of primary plan status, the answer to the "plan type" question was the initial classification. However, anyone who answered that their most important plan allowed tax-deferred contributions *and* that their employer's contributions depended on their contributions, that they had the ability to choose how any of the money in the plan was invested, or that they had taken or could take a loan from their plan (characteristics virtually exclusive to defined contribution plans) were added to the defined contribution category, if they were not already there. Moreover, anyone saying their benefit was affected by their participation in the Social Security program was classified as having a defined benefit plan. Lastly, anyone who did not answer that they participated in a plan until the follow-up question on participating in a tax-deferred plan was considered to have a defined contribution plan.

²¹ This is consistent with findings from Craig Copeland (September 2012), *op. cit.* In this study, the percentage of families with a retirement plan that had a defined benefit plan only was found to have decreased from 40.0 percent in 1992 to 17.9 percent in 2010.

²² These plans have also been referred to as 401(k)-type plans in other EBRI publications. For example, see Craig Copeland (September 2012), *op. cit.* The contributions could be either before or after taxes.

²³ As previously stated, the sponsorship level is defined as the fraction of workers whose employers or unions sponsor a salary-reduction (retirement) plan for any of the employees at the workers' places of employment.

²⁴ These percentages include as a base both the workers with a retirement plan and those without a plan. Therefore, of those with a plan, 78.3 percent had a salary reduction plan as their primary retirement plan in 2012, compared with 60.3 percent in 2009, 64.5 percent in 2006, 55.0 percent in 2003, and 15.7 percent in 1988.

²⁵ Not all salary reduction plan participants had complete data needed for calculating this number, either because the earnings or the contributions were not determinable. Eight and one half percent of the sample of salary reduction participants is eliminated because of this issue.

²⁶ In a very large database of 401(k) plan participants, Sarah Holden and Jack VanDerhei, "Contribution Behavior of 401(k) Plan Participants." *EBRI Issue Brief* no. 238 (Employee Benefit Research Institute, October 2001) found the average before-tax contribution rate to be 6.8 percent in 1999. While this number is close to the number reported in this study, there are two explanations for the difference: (1) in the Holden and VanDerhei study, only 401(k) participants are examined, whereas the SIPP data do not separately identify the salary reduction plan types; (2) participants could also have made after-tax contributions to salary reduction plans that were excluded in the Holden and VanDerhei study but not from the SIPP data. A time series on contribution rates is not available from this database.

²⁷ An important consideration is the growth in plans using automatic enrollment for its new participants. Typically, those auto-enrolled have lower contribution rates due to the relatively low default rates common to these plans, although some participants contribute because of auto-enrollment who otherwise might not. This could be a driver of the decreased average contribution rate.

Satisfaction With Health Coverage and Care: Findings from the 2012 EBRI/MGA Consumer Engagement in Health Care Survey

By Paul Fronstin, Ph.D., Employee Benefit Research Institute

Introduction

This article examines satisfaction with various aspects of health care among three groups of health-plan enrollees: those with a consumer-driven health plan (CDHP), those with a high-deductible health plan (HDHP), and those with traditional coverage. The findings presented are derived from the 2012 EBRI/MGA Consumer Engagement in Health Care Survey, an online survey that examines issues surrounding consumer-directed health care, including the cost of insurance, the cost of care, satisfaction with health care, satisfaction with health care plans, reasons for choosing a plan, and sources of health information. This paper also presents health care satisfaction trends based on findings from the 2005, 2006, and 2007 EBRI/Commonwealth Fund Consumerism in Health Care Surveys, and the 2008–2011 EBRI/MGA Consumer Engagement in Health Care Surveys. More information about the surveys can be found in (Fronstin 2012).

To examine trends in satisfaction rates, the sample was divided into three groups: those with a CDHP, those with an HDHP, and those with traditional health coverage. Individuals were assigned to the CDHP and HDHP groups if they had a deductible of at least \$1,000 for individual coverage or \$2,000 for family coverage. To be assigned to the CDHP group, they must also have had an account, such as a health savings account (HSA) or health reimbursement arrangement (HRA) with a rollover provision that they could use to pay for medical expenses, or that provided portability, so that they could take that account with them if they changed jobs. Individuals were assigned to the HDHP group if they did not have an account used for health care expenses with a rollover provision or portability. This group included individuals with an HSA-eligible health plan but may also have included individuals with a high deductible plan who were not eligible to contribute to an HSA. Individuals with traditional health coverage included those with health maintenance organizations (HMOs), preferred provider organizations (PPOs), other managed care plans, and plans with a broad variety of cost-sharing arrangements. The shared characteristics of this group were that participants did not have an HRA-based plan, and they either had no deductible or a deductible that was below thresholds that would qualify for current HSA tax preference.

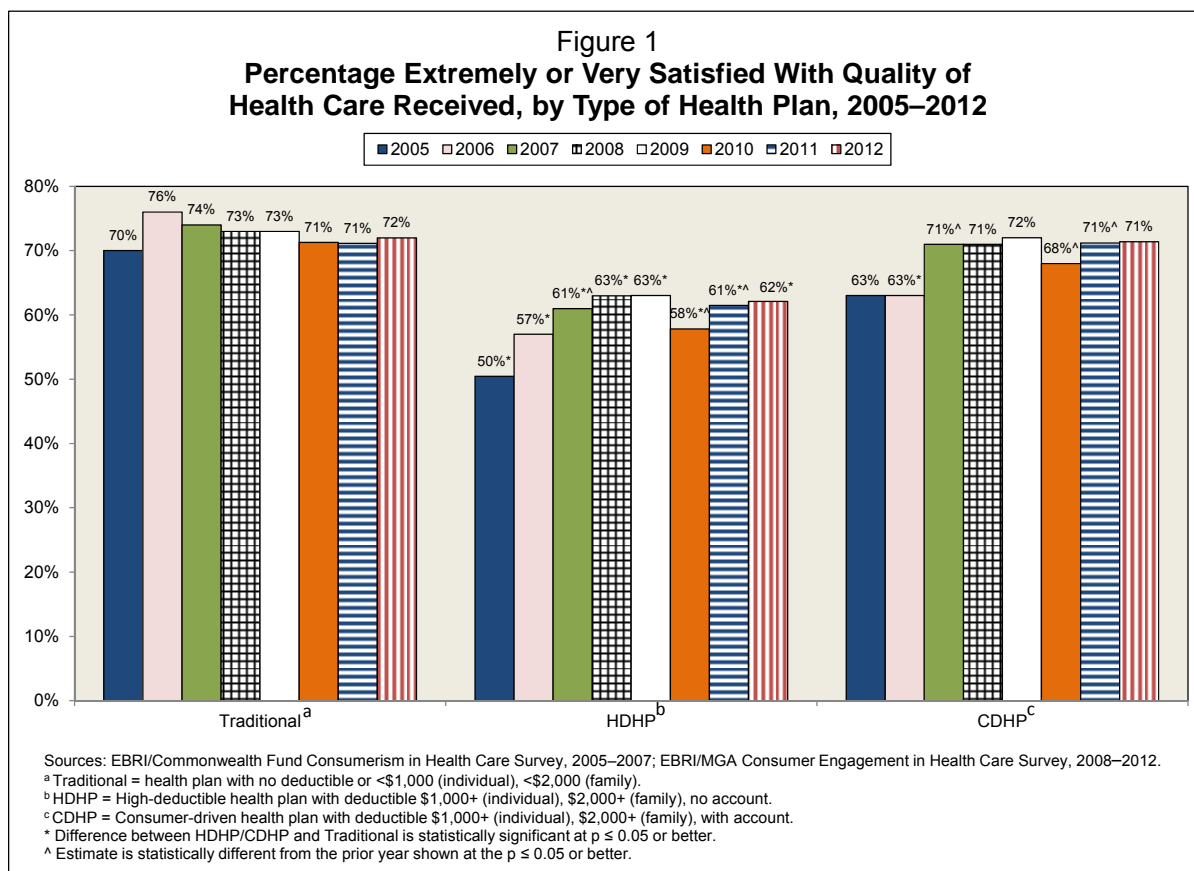
Satisfaction

Respondents were asked a series of questions regarding their attitudes toward their health plan and their satisfaction with various aspects of their health care, including overall satisfaction with their health plan, as well as satisfaction with the quality of care received, out-of-pocket expenses, choice of doctors, and ability to get doctor appointments.

Quality of Care—The 2006 survey found that individuals in a CDHP or an HDHP were less likely to be satisfied with the quality of care received than those in a traditional plan. However, in 2007, the gap in satisfaction disappeared because satisfaction increased significantly among those with a CDHP, and since 2007 there has been no difference in satisfaction with quality of care between those in a traditional plan and those with a CDHP (Figure 1). While the percentage of HDHP enrollees reporting that they were extremely or very satisfied with the quality of care received increased between 2005 and 2009, satisfaction levels held steady from 2007 to 2012, aside from a drop in 2010. The gap in satisfaction was present in all years of the survey for traditional and HDHP enrollees.

Overall Satisfaction With Health Plan—Unlike satisfaction with *quality of care* received, differences were found in overall satisfaction levels by *plan type* (Figure 2). Traditional-plan enrollees were more likely than CDHP and HDHP

enrollees to be extremely or very satisfied with their overall plan in all years of the survey. In 2012, 62 percent of traditional-plan enrollees were extremely or very satisfied with their overall health plans, compared with 48 percent of CDHP enrollees and 38 percent of HDHP enrollees.



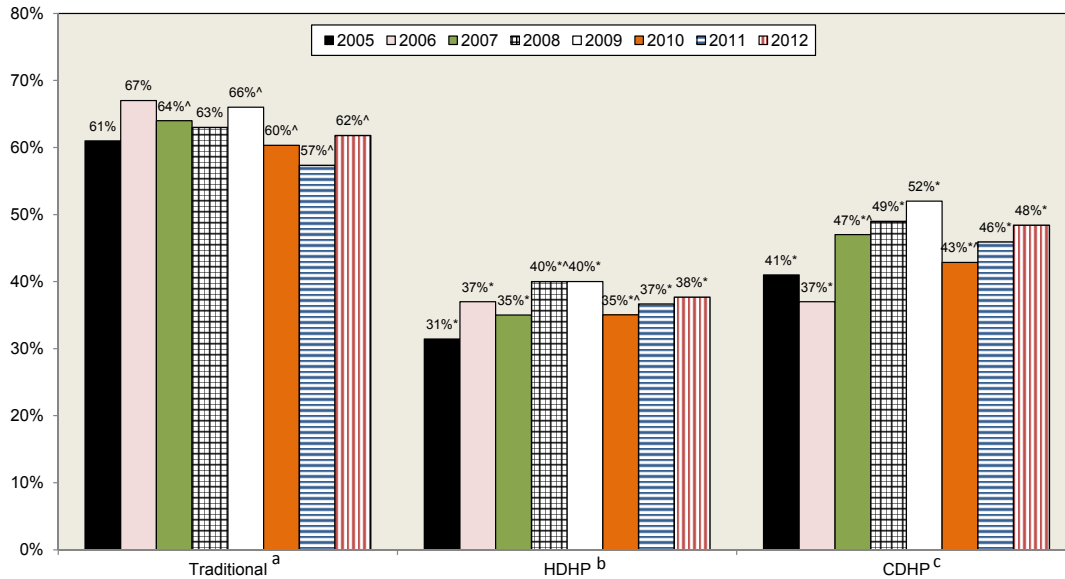
Overall satisfaction levels among CDHP enrollees increased from 37 percent to 52 percent between 2006 and 2009, followed by a drop in satisfaction rates between 2009 and 2010. Satisfaction rates increased from 43 percent to 48 percent between 2010 and 2012.

While the overall satisfaction rates for CDHP enrollees increased in most years of the survey, satisfaction rates among traditional enrollees decreased in most years of the survey. Between 2006 and 2008, they fell from 67 percent to 63 percent, and, after increasing between 2008 and 2009, they fell from 66 percent in 2009 to 57 percent in 2011. However, between 2011 and 2012, they increased: from 57 percent to 62 percent, a statistically significant jump.

Very few traditional-plan enrollees were either not too or not at all satisfied with their health plan in any year of the survey (Figure 3). While HDHP and CDHP enrollees were much more likely to report that they were not too or not at all satisfied with their health plan, their dissatisfaction levels appeared to be trending downward in most years of the survey.

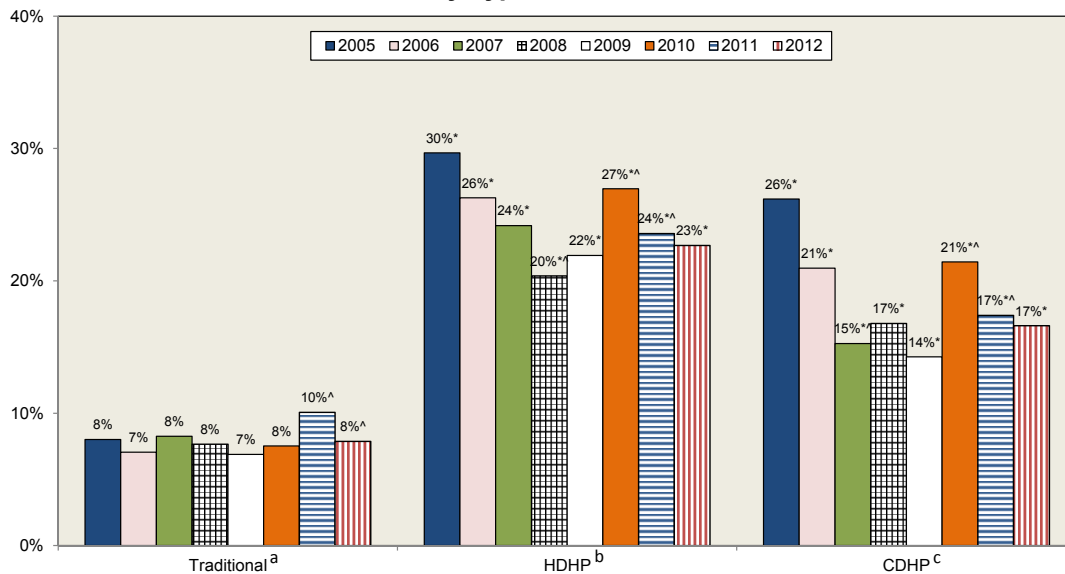
Out-of-Pocket Costs—Differences in out-of-pocket costs may explain some of the difference in overall satisfaction rates. In 2012, 44 percent of traditional-plan participants were extremely or very satisfied with out-of-pocket costs (for health care services other than for prescription drugs), while 18 percent of HDHP enrollees and 27 percent of CDHP participants were extremely or very satisfied (Figure 4). Satisfaction rates did not exhibit any long-term trends among those with traditional coverage. In contrast, they trended upward for those with a CDHP, when the higher 2009 satisfaction rate was ignored.

Figure 2
Percentage Extremely or Very Satisfied With Overall Health Plan, by Type of Health Plan, 2005–2012



Sources: EBRI/Commonwealth Fund Consumerism in Health Care Survey, 2005–2007; EBRI/MGA Consumer Engagement in Health Care Survey, 2008–2012.
^a Traditional = health plan with no deductible or <\$1,000 (individual), <\$2,000 (family).
^b HDHP = High-deductible health plan with deductible \$1,000+ (individual), \$2,000+ (family), no account.
^c CDHP = Consumer-driven health plan with deductible \$1,000+ (individual), \$2,000+ (family), with account.
 * Difference between HDHP/CDHP and Traditional is statistically significant at p ≤ 0.05 or better.
 ^ Estimate is statistically different from the prior year shown at the p ≤ 0.05 or better.

Figure 3
Percentage Not Too or Not at All Satisfied With Overall Health Plan, by Type of Health Plan, 2005–2012



Sources: EBRI/Commonwealth Fund Consumerism in Health Care Survey, 2005–2007; EBRI/MGA Consumer Engagement in Health Care Survey, 2008–2012.
^a Traditional = health plan with no deductible or <\$1,000 (individual), <\$2,000 (family).
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^c CDHP = Consumer-driven health plan with deductible \$1,000+ (individual), \$2,000+ (family), with account.
 * Difference between HDHP/CDHP and Traditional is statistically significant at p ≤ 0.05 or better.
 ^ Estimate is statistically different from the prior year shown at the p ≤ 0.05 or better.

A separate question on out-of-pocket spending relating specifically to prescription drugs was added to the survey in 2009. Although only four years of data were available for this question, and while 2009 appeared to be an outlier for satisfaction rates on overall out-of-pocket costs, satisfaction with out-of-pocket spending has been trending upward since 2010, regardless of plan type. Those with traditional coverage were more likely to report being extremely or very satisfied with out-of-pocket costs for prescription drugs than those with an HDHP or a CDHP (Figure 5).

Access to Doctors—Satisfaction levels with getting doctor appointments were high relative to other aspects of health care, regardless of plan type, some differences were found: In 2006, traditional-plan enrollees were more likely than CDHP enrollees to be extremely or very satisfied with their ability to get doctor appointments.

However, between 2007 and 2010, any differences were not statistically significant, and in 2011, CDHP enrollees were more likely than traditional-plan enrollees to be extremely or very satisfied with their ability to get doctor appointments. In 2011, 73 percent of CDHP enrollees were extremely or very satisfied with their ability to get doctor appointments, compared with 68 percent among traditional-plan enrollees (Figure 6). Because of the increase in satisfaction among those with traditional coverage between 2011 and 2012, the difference in satisfaction between those with traditional coverage and CDHP enrollees was no longer statistically significant in 2012. Furthermore, while most year-to-year increases were not statistically significant, satisfaction levels among CDHP enrollees trended up prior to 2009 (which was not the case for traditional-plan enrollees or HDHP enrollees) but appeared to be unchanged since then.

The same pattern emerged for satisfaction with choice of doctors: Relatively high regardless of plan type. In 2005 and 2006, traditional-plan enrollees were more likely than CDHP enrollees to be extremely or very satisfied with their choice of doctors, but in 2008 and 2009, CDHP enrollees were more likely than traditional-plan enrollees to be extremely or very satisfied with their choice of doctors (Figure 7). With the exception of 2010, overall satisfaction with choice of doctors has been trending higher among CDHP enrollees.

Attitudes Toward Health Plan

In 2012, as in previous years of the survey, individuals in a CDHP or an HDHP were found to be less likely than those in a traditional plan both to recommend their health plan to friends or co-workers (Figure 8) and to stay with their current health plan even if they had the opportunity to switch plans (Figure 9). The percentage of CDHP enrollees reporting that they would be extremely or very likely to recommend their plan to friends or co-workers increased from 30 percent to 39 percent between 2006 and 2007 and reached 45 percent in 2009. It then dropped to 37 percent in 2010 and rebounded to 41 percent in 2011, holding at 40 percent in 2012. One-half (52 percent) of traditional-plan enrollees were extremely or very likely to recommend their plan in 2012, compared with 29 percent of HDHP enrollees.

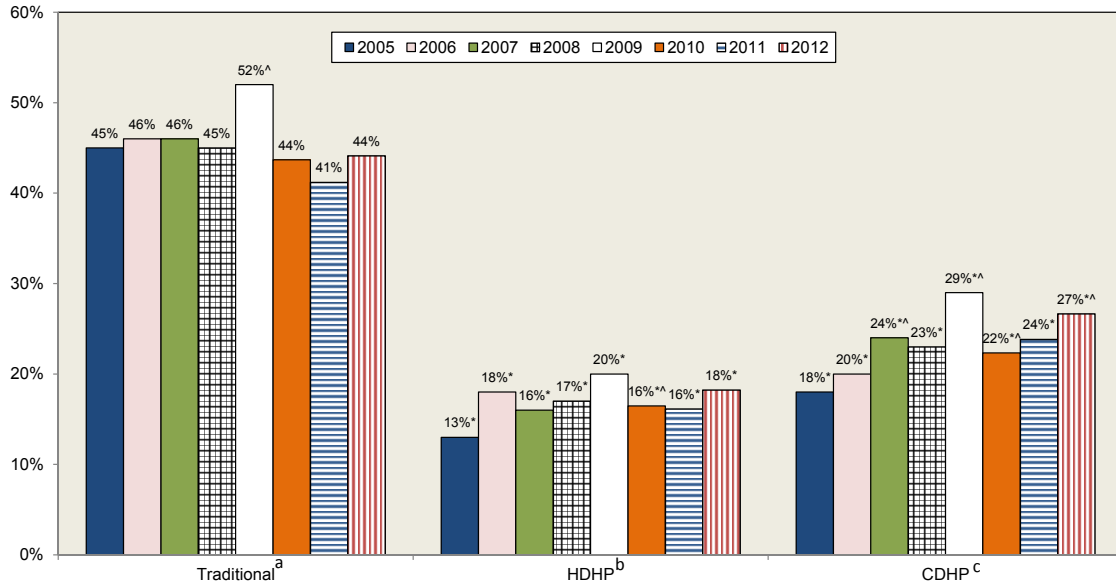
In 2012, 63 percent of traditional-plan enrollees reported that, even if they could switch, they were extremely or very likely to stay with their health plan, whereas 37 percent of HDHP enrollees and 48 percent of CDHP enrollees would stay under those conditions.

Conclusion

The latest EBRI/MGA Consumer Engagement in Health Care Survey found that traditional-plan enrollees were more likely than CDHP and HDHP enrollees to be extremely or very satisfied with the overall plan in all years of the survey. However, satisfaction levels trended up in most years of the survey among CDHP enrollees and trended down among traditional-plan enrollees.

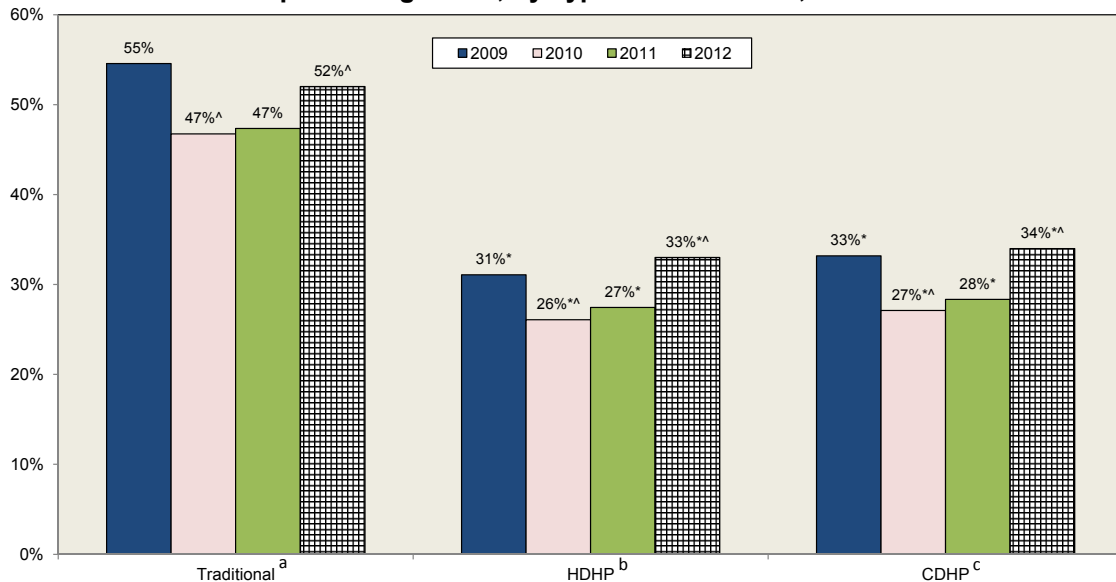
Dissatisfaction with out-of-pocket costs may have been driving these trends. Satisfaction rates for out-of-pocket costs were much higher among those with traditional coverage than among those with either an HDHP or CDHP, though

Figure 4
Percentage Extremely or Very Satisfied With Out-of-Pocket Health Care Costs, by Type of Health Plan, 2005–2012



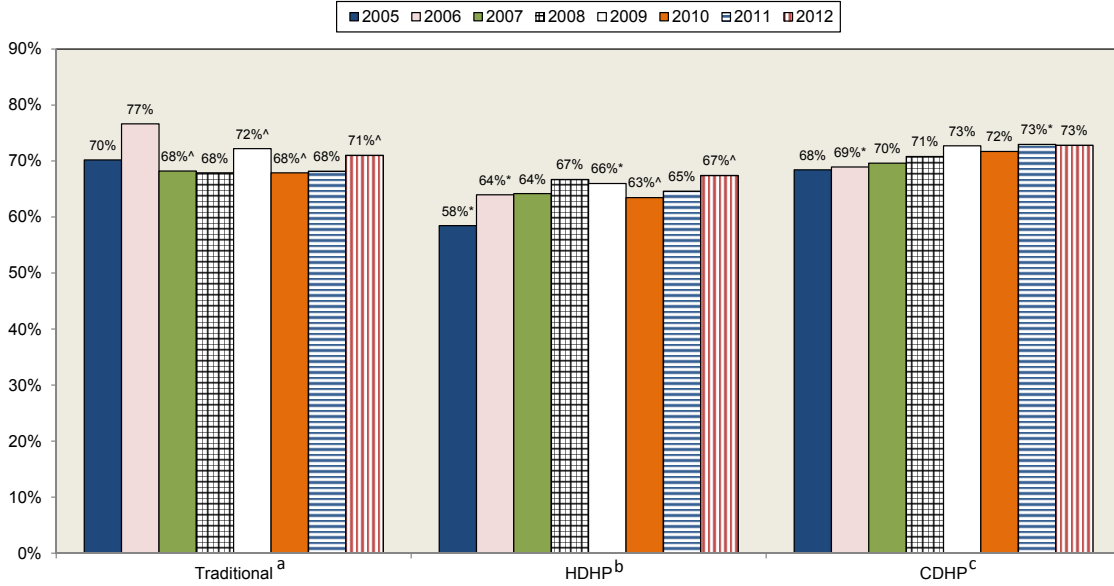
Sources: EBRI/Commonwealth Fund Consumerism in Health Care Survey, 2005–2007; EBRI/MGA Consumer Engagement in Health Care Survey, 2008–2012.
^a Traditional = health plan with no deductible or <\$1,000 (individual), <\$2,000 (family).
^b HDHP = High-deductible health plan with deductible \$1,000+ (individual), \$2,000+ (family), no account.
^c CDHP = Consumer-driven health plan with deductible \$1,000+ (individual), \$2,000+ (family), with account.
^{*} Difference between HDHP/CDHP and Traditional is statistically significant at $p \leq 0.05$ or better.
[^] Estimate is statistically different from the prior year shown at the $p \leq 0.05$ or better.

Figure 5
Percentage Extremely or Very Satisfied With Out-of-Pocket Prescription Drug Costs, by Type of Health Plan, 2009–2012



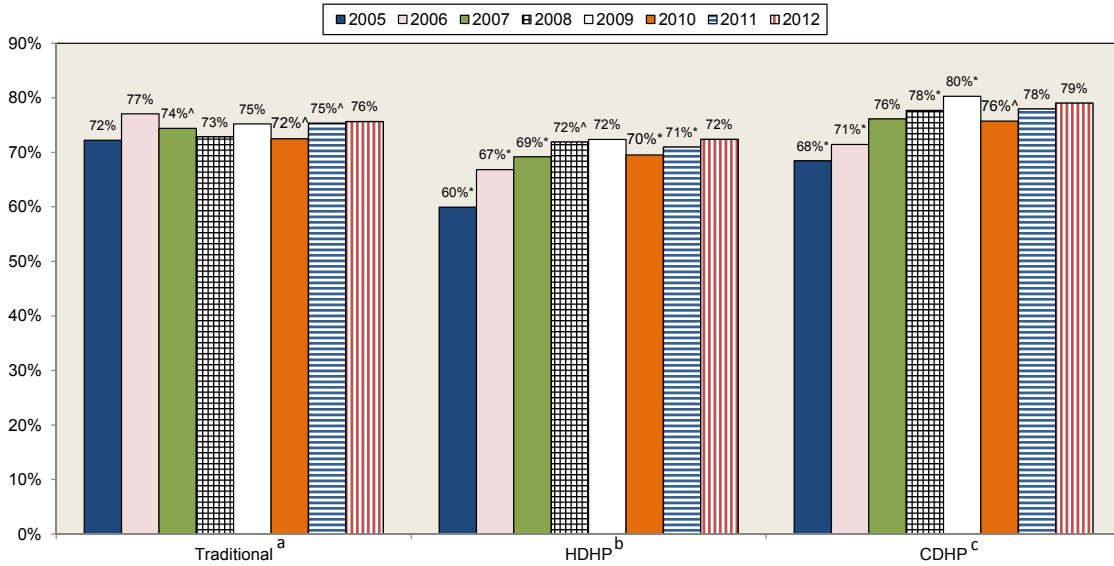
Sources: EBRI/MGA Consumer Engagement in Health Care Survey, 2009–2012.
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[^] Estimate is statistically different from the prior year shown at the $p \leq 0.05$ or better.

Figure 6
Percentage Extremely or Very Satisfied With Ease of Getting Doctor Appointment When Needed, 2005–2012



Sources: EBRI/Commonwealth Fund Consumerism in Health Care Survey, 2005–2007; EBRI/MGA Consumer Engagement in Health Care Survey, 2008–2012.
^a Traditional = health plan with no deductible or <\$1,000 (individual), <\$2,000 (family).
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 * Difference between HDHP/CDHP and Traditional is statistically significant at $p \leq 0.05$ or better.
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Figure 7
Percentage Extremely or Very Satisfied With Choice of Doctors, 2005–2012



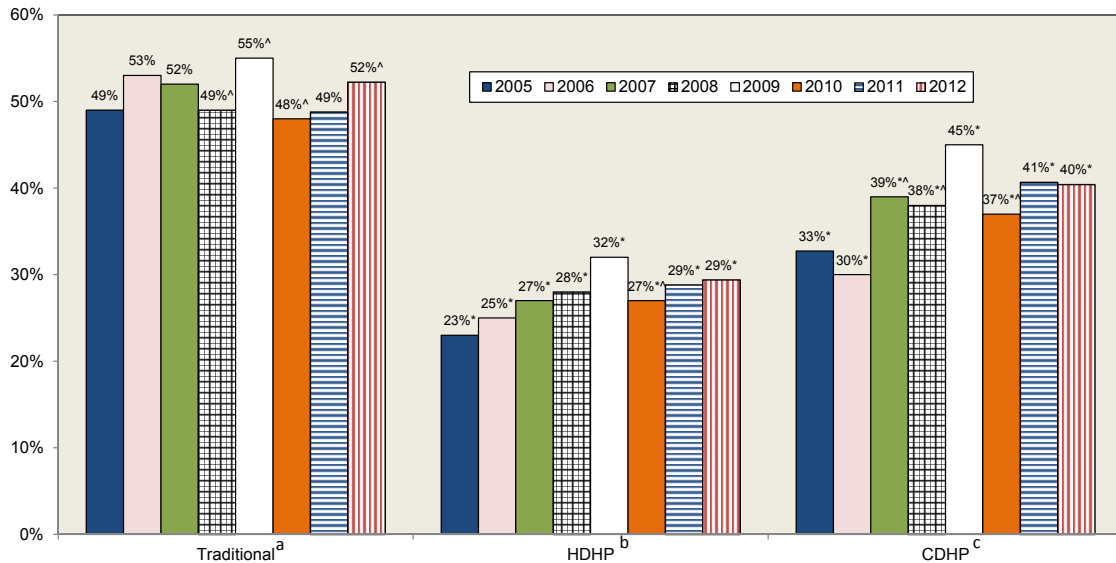
Sources: EBRI/Commonwealth Fund Consumerism in Health Care Survey, 2005–2007; EBRI/MGA Consumer Engagement in Health Care Survey, 2008–2012.
^a Traditional = health plan with no deductible or <\$1,000 (individual), <\$2,000 (family).
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 * Difference between HDHP/CDHP and Traditional is statistically significant at $p \leq 0.05$ or better.
[^] Estimate is statistically different from the prior year shown at the $p \leq 0.05$ or better.

regardless of plan type, satisfaction with out-of-pocket costs were consistently low. They do, however, appear to be trending higher for those with a CDHP. Initial differences in satisfaction rates with respect to quality of care received disappeared between traditional-plan and CDHP enrollees, and there were high satisfaction rates with respect to access to doctors regardless of plan type. Yet, in 2012, the survey continued to find that individuals in a CDHP or an HDHP were less likely than those in a traditional plan both to recommend their health plan to friends or co-workers and to stay with their current health plan if they had the opportunity to switch plans. These findings may have been driven more by out-of-pocket spending than by quality of care or access to care.

References

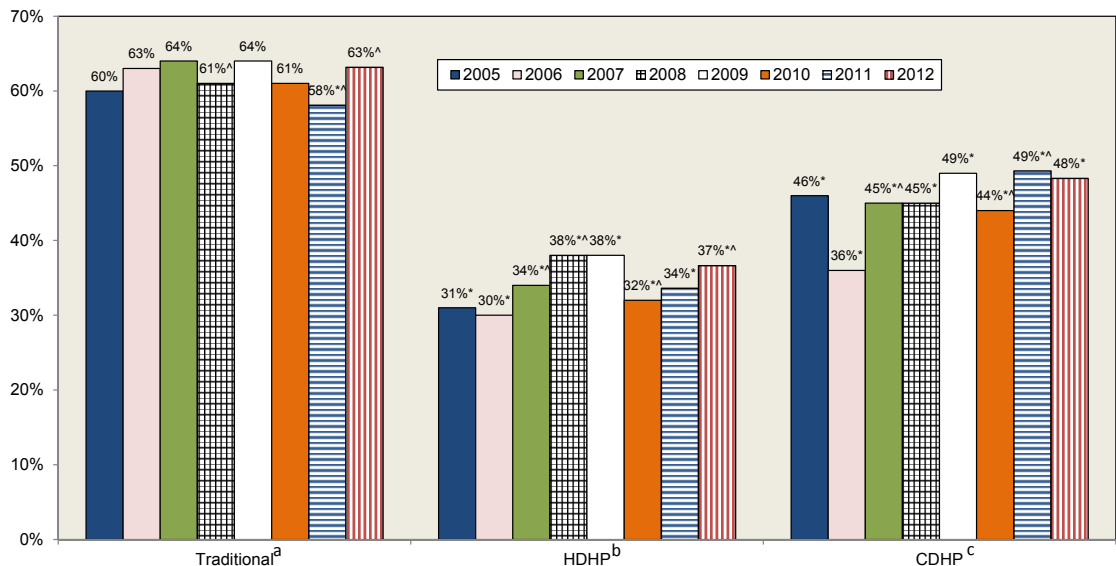
Fronstin, Paul. "Findings From the 2012 EBRI/MGA Consumer Engagement in Health Care Survey." *EBRI Issue Brief*, no. 380 (Employee Benefit Research Institute, December 2012).

Figure 8
Percentage Extremely or Very Likely to Recommend Health Plan to Friend or Co-Worker, by Type of Health Plan, 2005–2012



Sources: EBRI/Commonwealth Fund Consumerism in Health Care Survey, 2005–2007; EBRI/MGA Consumer Engagement in Health Care Survey, 2008–2012.
^a Traditional = health plan with no deductible or <\$1,000 (individual), <\$2,000 (family).
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^{*} Difference between HDHP/CDHP and Traditional is statistically significant at $p \leq 0.05$ or better.
[^] Estimate is statistically different from the prior year shown at the $p \leq 0.05$ or better.

Figure 9
Percentage Extremely or Very Likely to Stay With Current Health Plan If Had the Opportunity to Change, by Type of Health Plan, 2005–2012



Sources: EBRI/Commonwealth Fund Consumerism in Health Care Survey, 2005–2007; EBRI/MGA Consumer Engagement in Health Care Survey, 2008–2012.
^a Traditional = health plan with no deductible or <\$1,000 (individual), <\$2,000 (family).
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[^] Estimate is statistically different from the prior year shown at the $p \leq 0.05$ or better.

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EBRI's 35th Anniversary Celebration

The nonpartisan Employee Benefit Research Institute (EBRI) will celebrate 35 years of providing "Just the Facts" on benefit issues at a reception to be held Wednesday, Dec. 11, 2013, from 6:00–8:00 pm, at The Shriners' Building, 1315 K St. NW, Washington, DC, 20005.

For more information, contact Nevin Adams, nadams@ebri.org, 202/775-6329.

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Join us on December 12, 2013, from 8:30 am-1:15 pm for EBRI's 73rd policy forum: "*Employee Benefits: Tomorrow, Today, Yesterday*," where we'll examine the current benefits landscape, the path(s) that led here over the past 35 years, and what the next generation of benefit plan designs will entail, tapping into the perspectives and insights of an array of leading workforce experts, futurists, and "trend trackers," including:

- **Arnold Brown**, Chairman of Weiner, Edrich, Brown, Inc.
- **Mike Davis**, Senior Vice President of General Mills.
- **Howard Fluhr**, Chairman of the Segal Company.
- **Mathew Greenwald**, President, Mathew Greenwald Associates.
- **Ellen Galinsky**, President, Families and Work Institute.
- **Neil Howe**, President of LifeCourse Associates.
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- **Larry Zimpleman**, Chairman of Principal Financial Group.

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- Assemble and disseminate information on employee benefits, by publication or otherwise, to the general public, including interested organizations, both private and governmental.
- Sponsor lectures, debates, roundtables, forums, and study groups on employee benefit plans.

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