

Which employers sponsor defined contribution retirement plans? Evidence from linked employer-employee administrative records

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Motivation: Limitations of existing data sources on DC sponsorship in U.S.

- Form 5500 plan-level data
 - No information on employees, information on firms possible through linkages; does not include public sector plans
- BLS National Compensation Survey (NCS)
 - Establishment survey with limited info about workers; sample sizes and restricted use;
- Household survey data (CPS, SIPP, HRS)
 - Sample sizes, concerns about data quality

Overview

- Develop new approach to measuring employer sponsorship of defined contribution (DC) plans using the universe of W-2 records
- Evaluate quality of new measure
 - using plan-level measures from Form 5500
 - self-reported coverage and participation from CPS ASEC
- Illustrative usefulness of new measure for studying DC coverage and take-up

Data (Part I): Tax Records

- Universe of W-2 records
- U.S. Census Bureau's Business Register
- Focus on tax year 2012, unless stated otherwise

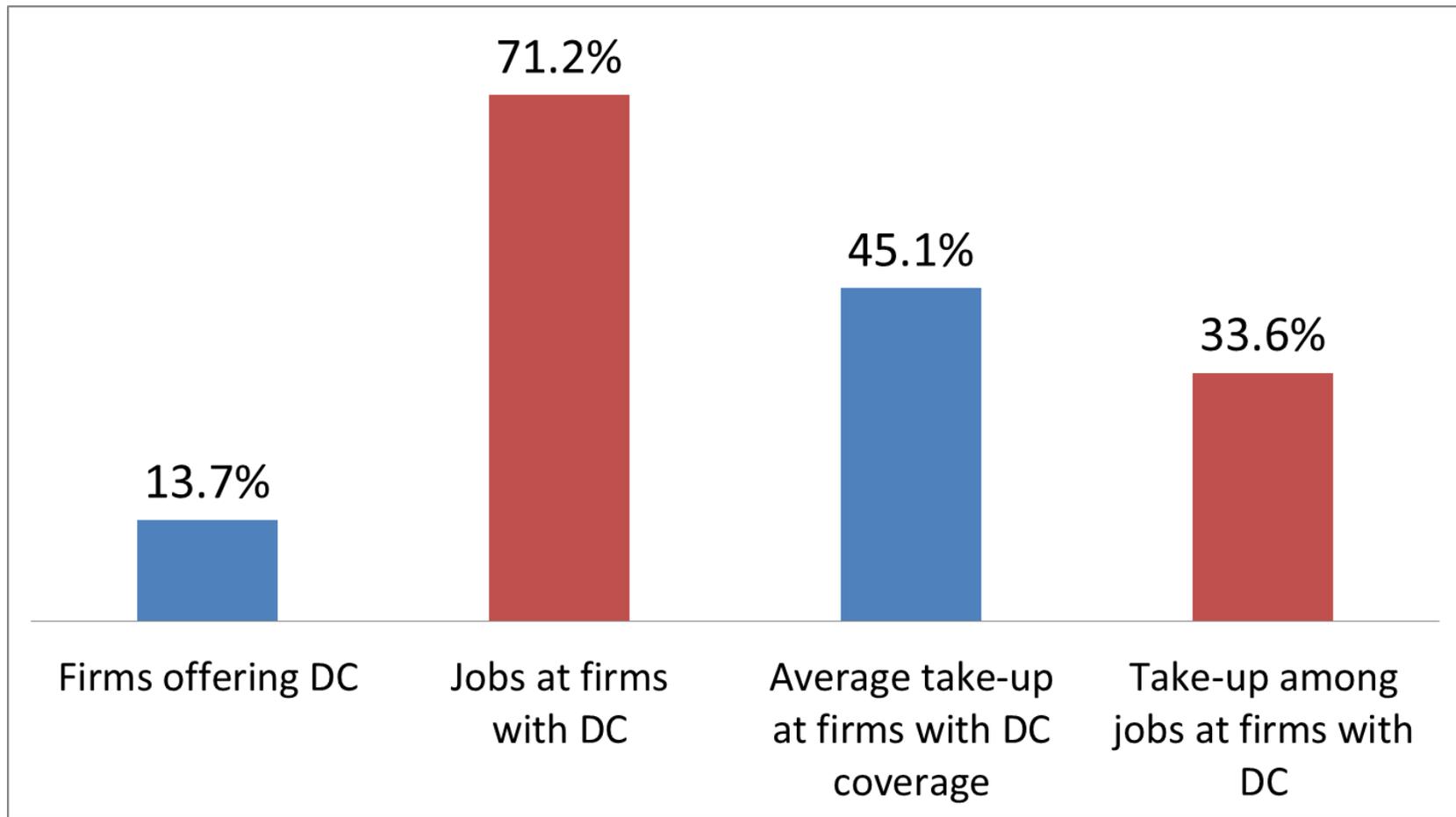
Units of analysis:

- Firms: identified by unique Employer Identification Number (EIN) in W-2 records—6.2 million
- Workers: identified by unique Personal Identification Key (PIK)—154.8 million
- Jobs: unique pairings of PIK and EIN—218.9 million

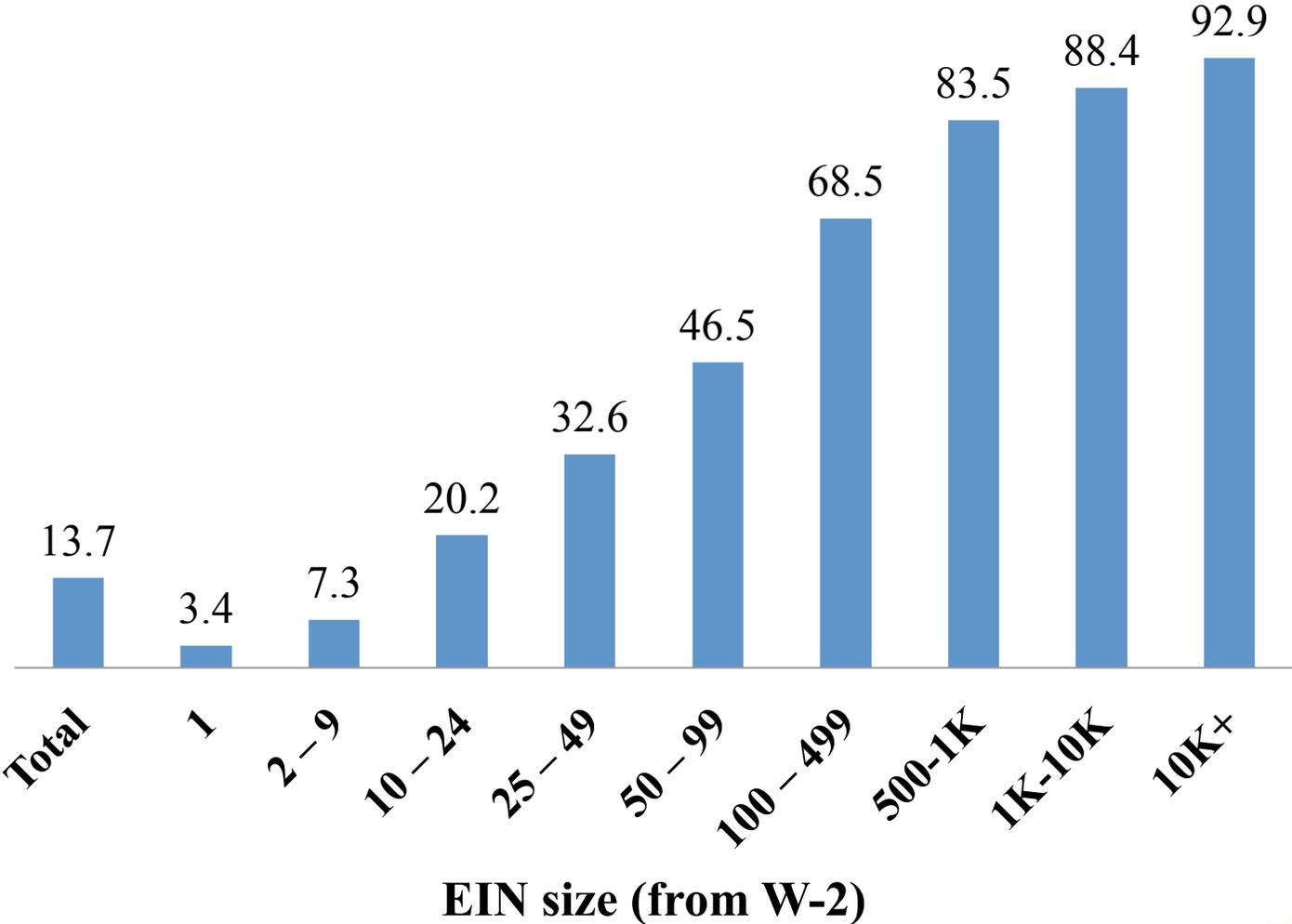
Measuring employer DC plan sponsorship

- Use all W-2s associated with EIN to infer sponsorship
- EIN offers DC if any PIK attached to EIN has positive elective deferrals (W-2, box 12)
- Estimates of take-up are based on assumption that all employees are eligible

Summary of results



Percent of all EINs offering DC plans



Comparing sponsorship rates (in percent) in 2012 using W-2s and NCS

	Number of workers		
	All firms	1 to 99	100 or more
W-2s: All EINs	14	12	72
NCS: Private sector establishments	43	42	74

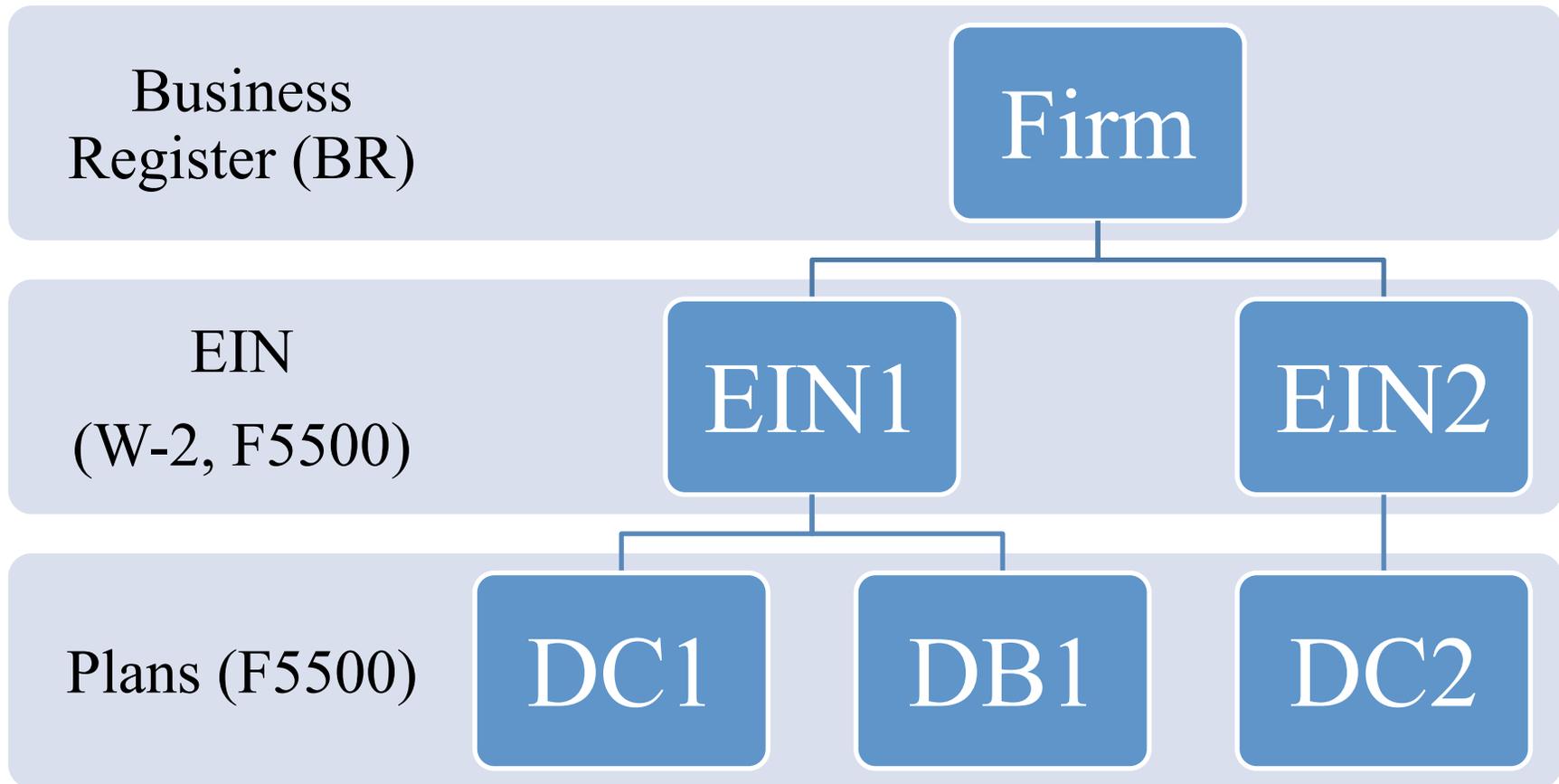
Higher offer rates, lower participation rates and take-up than in previous studies

	Coverage	Participation
NCS (2012): all workers	55	37
SIPP (2006) [Dushi et al. (2011)]: main job or business	57	39
W-2s: jobs	71	24
W-2s: individuals	79	32
W-2s: individuals with over \$3,770 total earnings	81	37

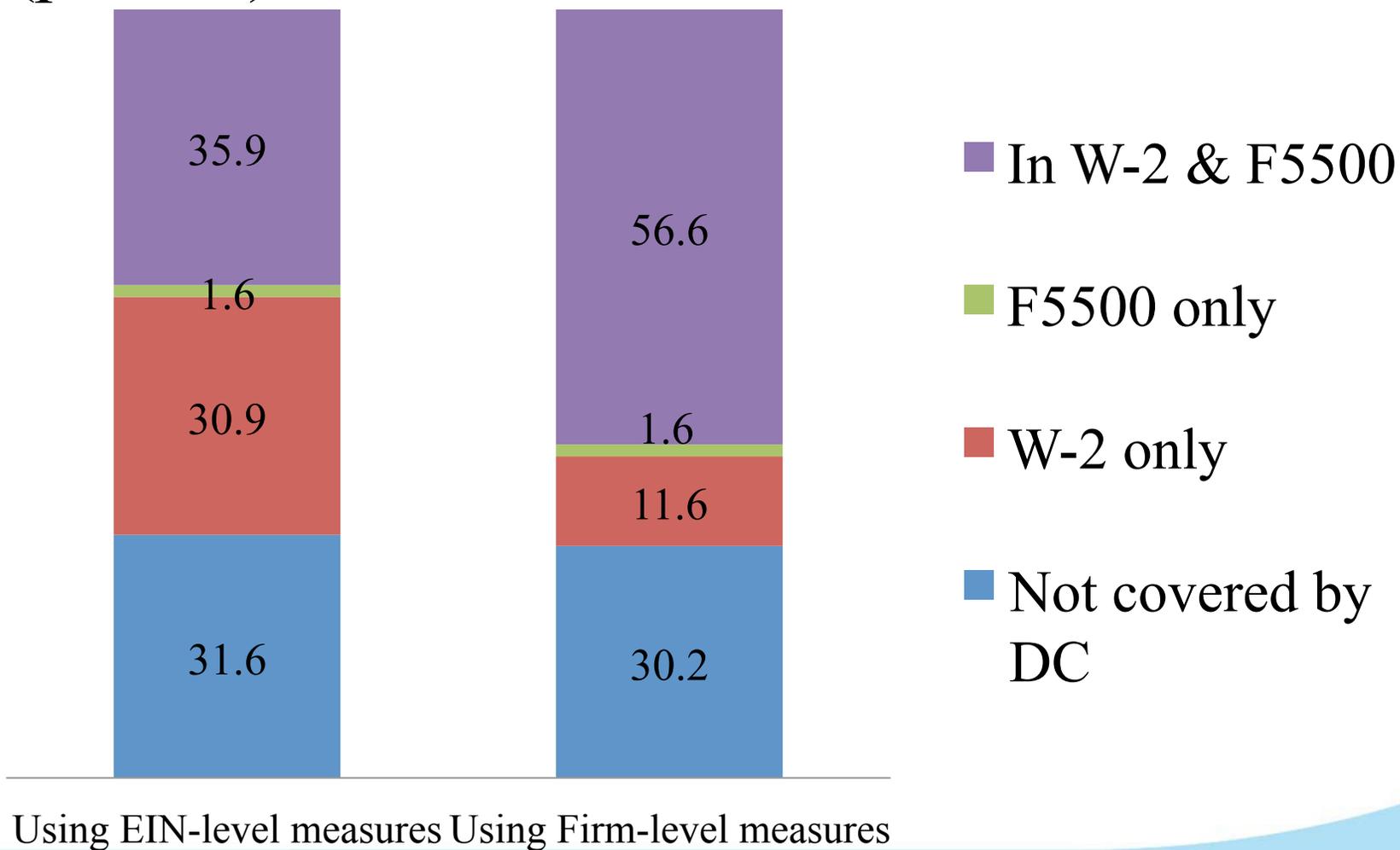
Data (Part II): Linked Form 5500

- Only way to get DB sponsorship
- Assign DC plan characteristics (e.g., autoenrollment, match rates) to individuals
- Population of EINs that match to the Business Register, and are classified as private sector
 - Public sector plans exempt from 5500 filing requirements
 - Form 5500 filings for single-employer plans

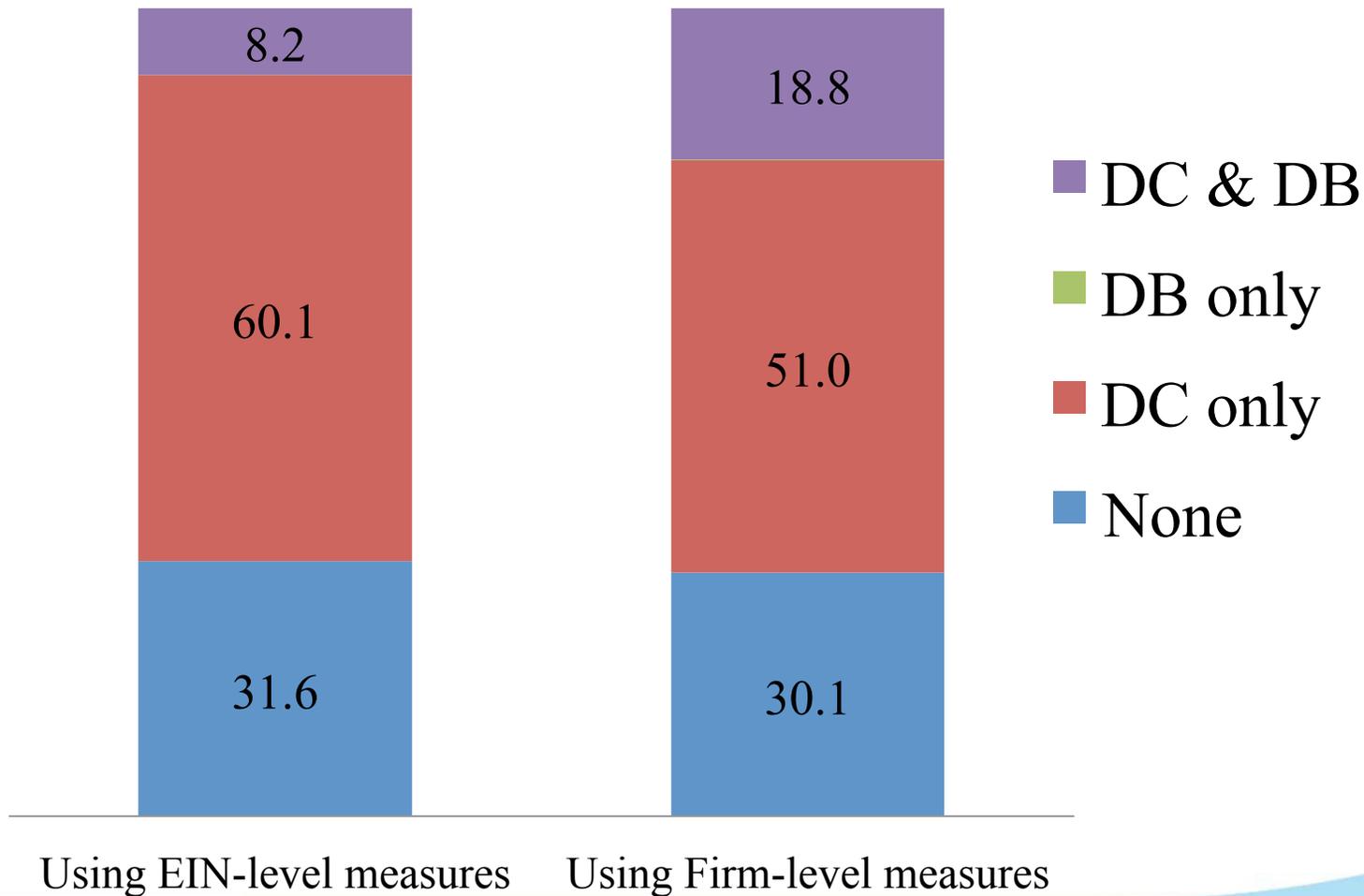
Use BR to better match W-2s to Form 5500



Jobs at private sector employers with DC plans (percent)



Jobs at private sector employers with DB vs. DC plans (percent), DC identified in W-2s and 5500)



Jobs at private sector employers with DC autoenrollment (percent)

	Using EIN-level measures	Using Firm-level measures
Autoenrollment	6.3	13.4
No autoenrollment	29.5	41.8
Unknown autoenrollment	30.9	11.5
No DC coverage	33.2	33.2

Summary of results using Form 5500

- BR helps improve linkage of W-2s to 5500s
- DC coverage rates closely approximates overall retirement (DC & DB) plan coverage
- Over 13 percent of jobs are at firms with at least one DC plan with autoenrollment

Data (Part III): Linked Survey-Admin

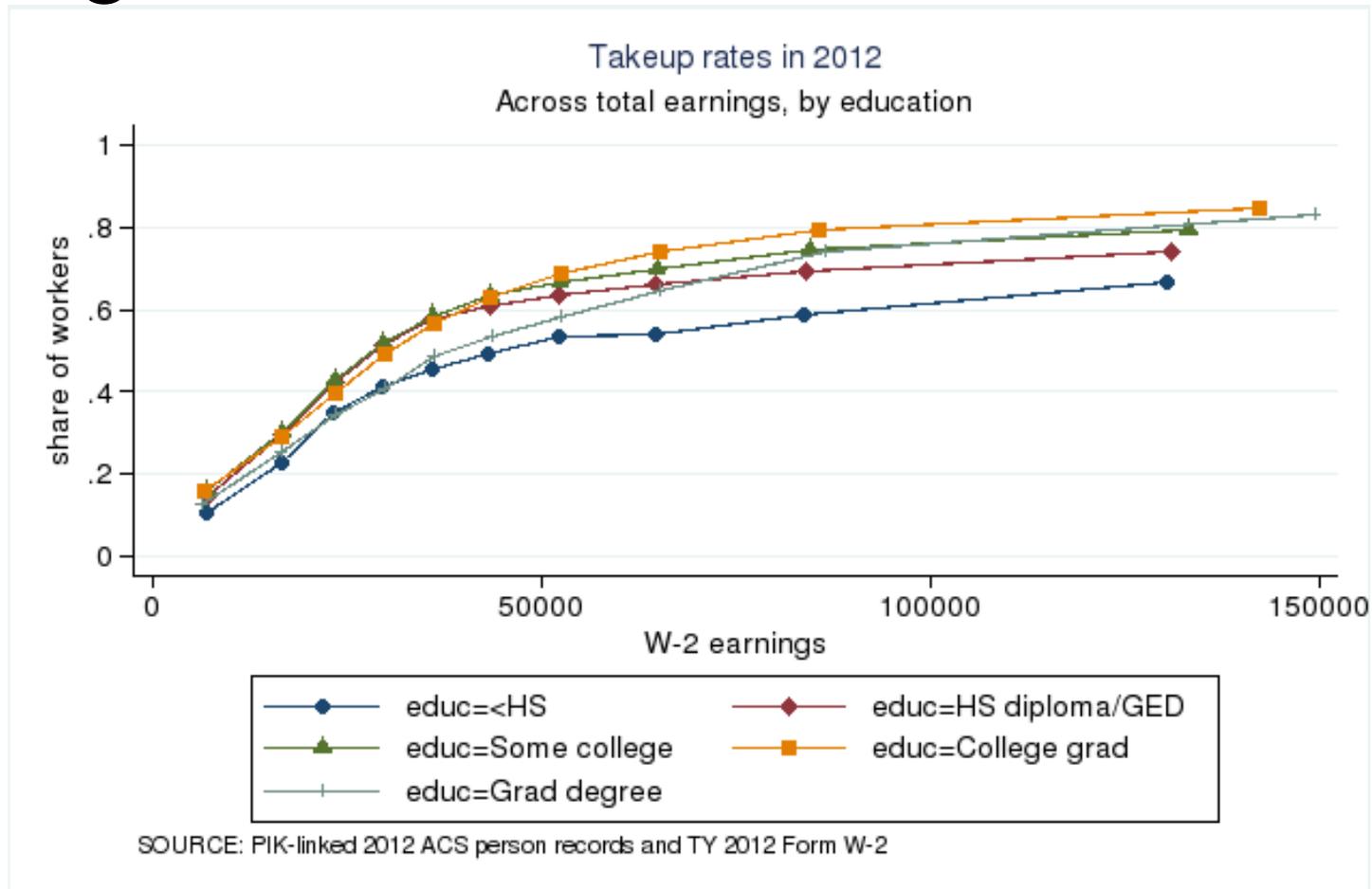
- Current Population Survey Annual Social and Economic Supplement (CPS ASEC), 2013
 - Sample: Age 25-64, wage and salary workers in private sector
 - Use self-reported retirement plan coverage to validate new measure
- American Community Survey (ACS), 2012
 - Sample: Age 25-64, private sector
 - Examine coverage and take-up across demographic characteristics
 - More than 1.3 million observations
- Linked to admin records via unique identifiers

Comparing W-2 measures with self-reported coverage in CPS ASEC 2013

Question in CPS ASEC 2013 (about TY 2012): *Other than Social Security did (ANY) employer or union that (name/you) worked for in the previous calender year) have a pension or other type of retirement plan for any of its employees?*

	Coverage	Participation
W-2: yes; CPS: yes	0.469	0.277
W-2: yes; CPS: no	0.277	0.116
W-2: no; CPS: yes	0.057	0.158
W-2: no; CPS: no	0.196	0.449

Take-up rates by income and education, using ACS characteristics



Limitations of our measure

- Our W-2 data does not have information about
 - Employer contributions to DC plans
 - Worker contributions to Roth-designated accounts
- Measures of take-up and coverage assume all workers are eligible
- This leads to underestimation of individuals' DC participation and take-up

Conclusion

- Construct new measure of DC plan sponsorship for universe of U.S. employers
- Estimates using this measure diverge from previous studies
 - Lower employer sponsorship rates, particularly among smaller firms
 - Higher coverage rates, because of large firms
 - Lower take-up rates than are estimated using self-reported coverage
- Highlights concerns about existing data –introduces new opportunities to study individuals and firms