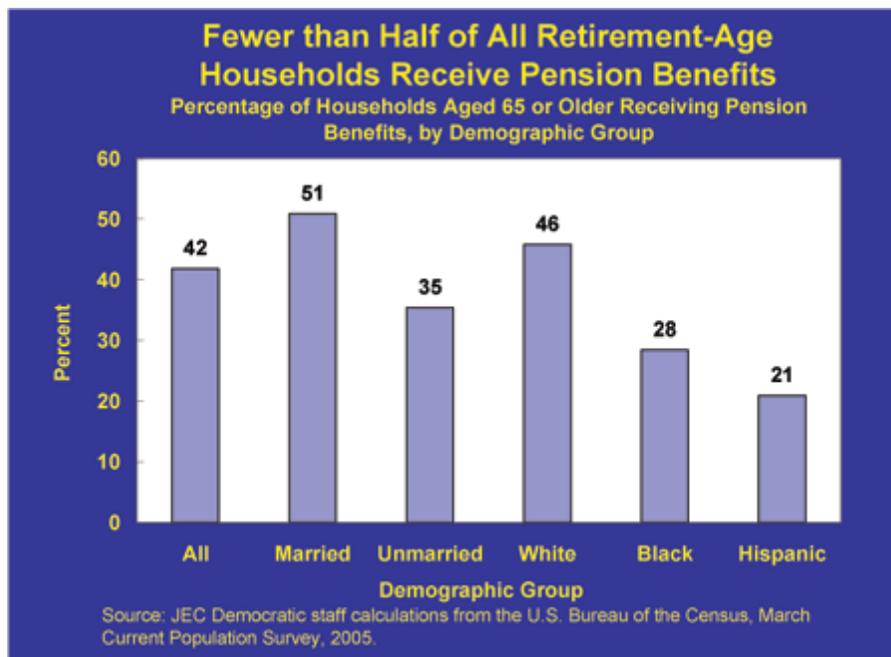


Pension Charts

Chart 1.1

Last updated 7/21/06



Overall, only 42 percent of households with a member aged 65 or older received pension benefits in 2004.

The receipt of pension benefits varies by demographic group. While 51 percent of married couples received benefits, only 35 percent of unmarried retirement-aged individuals did.

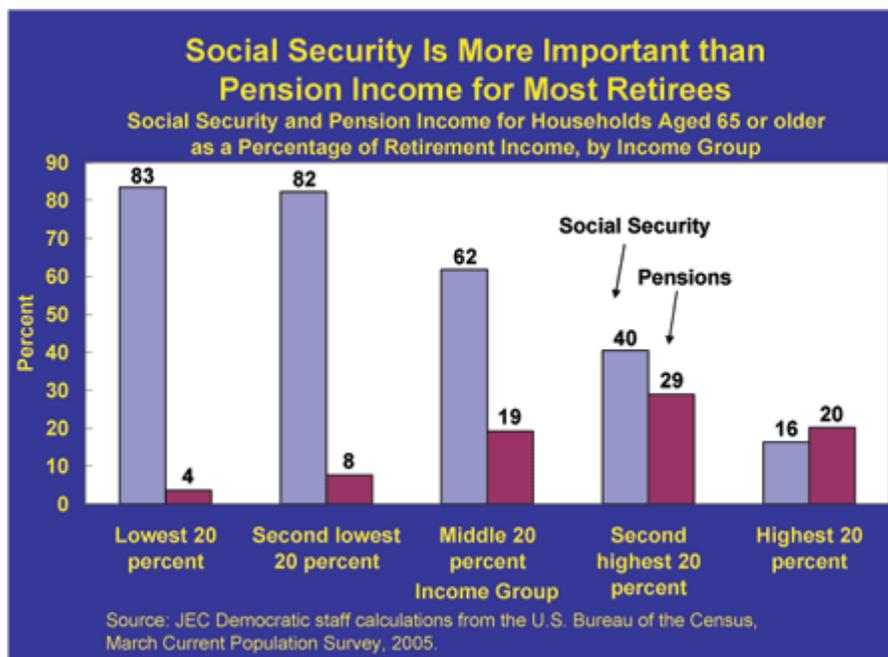
Minority retirees are less likely than whites to have a pension. About 28 percent of black and only 21 percent of Hispanic retirees received pension benefits, compared with 46 percent of whites.

Note: Households aged 65 or older include unmarried individuals and married couples in which at least one spouse is 65 or older. Pensions include private pensions and annuities, government employee pensions, regular payments from an IRA, Keogh, or 401(k) plan, and Railroad Retirement benefits.

Pension Charts

Chart 1.2

Last updated 7/25/06



Overall, pensions accounted for about one-fifth of household income for retirement-age households in 2004, although that percentage varied considerably by income group.

For all but the highest-income group, Social Security benefits were more important than pension income.

Among lower-income groups, Social Security benefits accounted for over 80 percent of total income. In contrast, pension income accounted for less than 10 percent of total income for these households.

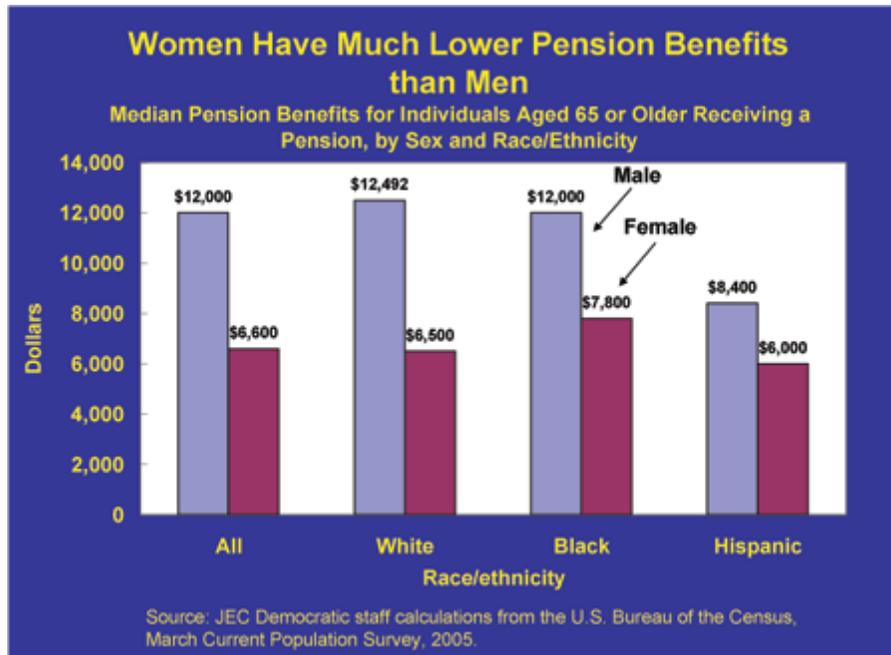
Pension benefits as a percentage of total income were greatest for the second highest 20 percent of households (those with incomes between \$24,000 and \$40,200). But even for these households Social Security benefits were far more important.

Note: Households aged 65 or older include unmarried individuals and married couples in which at least one spouse is 65 or older. Pensions include private pensions and annuities, government employee pensions, regular payments from an IRA, Keogh, or 401(k) plan, and Railroad Retirement benefits. In 2004, the lowest 20 percent of households had income below \$10,900, the second lowest 20 percent had income between \$10,900 and \$16,400, the middle 20 percent had income between \$16,400 and \$24,000, the second highest 20 percent had income between \$24,000 and \$40,200, and the top 20 percent had income above \$40,200.

Pension Charts

Chart 1.3

Last updated 7/25/06



Among all men aged 65 or older and receiving pension income in 2004, half received benefits of \$12,000 or less. This was nearly twice the median pension benefit level of \$6,600 among women aged 65 or older.

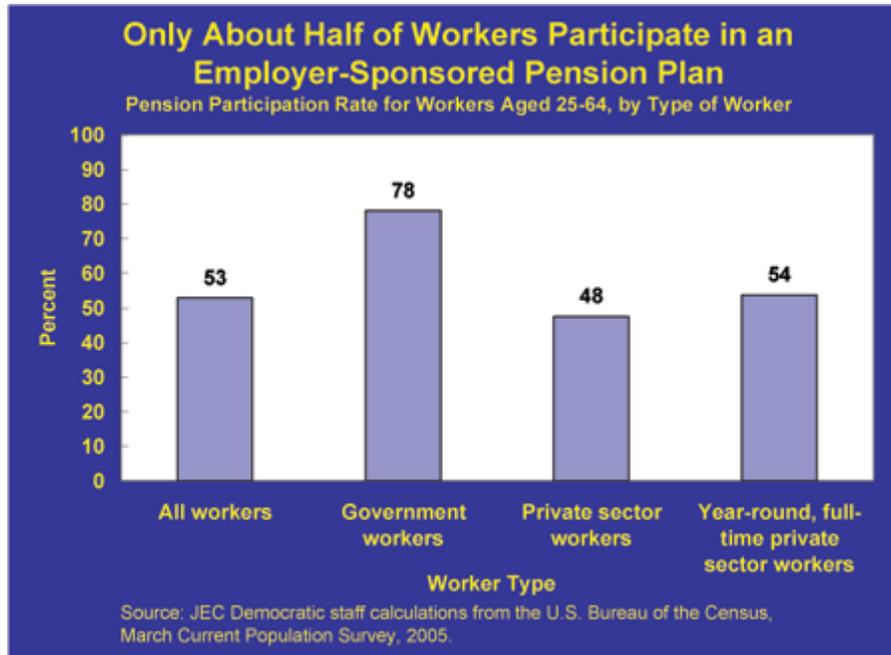
Among those receiving a pension, the median benefit for black men was only slightly less than the median benefit for white men. The median benefit for black women, however, was higher than the median benefit for white women. A higher median benefit likely reflects a greater proportion of former government employees among black women compared with white women. Government pensions are typically larger than private pensions to make up for the lack of Social Security coverage for some government employees.

Note: Households aged 65 or older include unmarried individuals and married couples in which at least one spouse is 65 or older. Pensions include private pensions and annuities, government employee pensions, regular payments from an IRA, Keogh, or 401(k) plan, and Railroad Retirement benefits. Median values are based only on those households with non-zero pension income.

Pension Charts

Chart 2.1

Last updated 7/25/06



In 2004, 53 percent of workers aged 25-64 participated in some type of employer-sponsored pension plan. Participation was highest among government workers (78 percent).

Among private sector workers, pension plan participation was 48 percent overall, and 54 percent among those employed year-round, full-time.

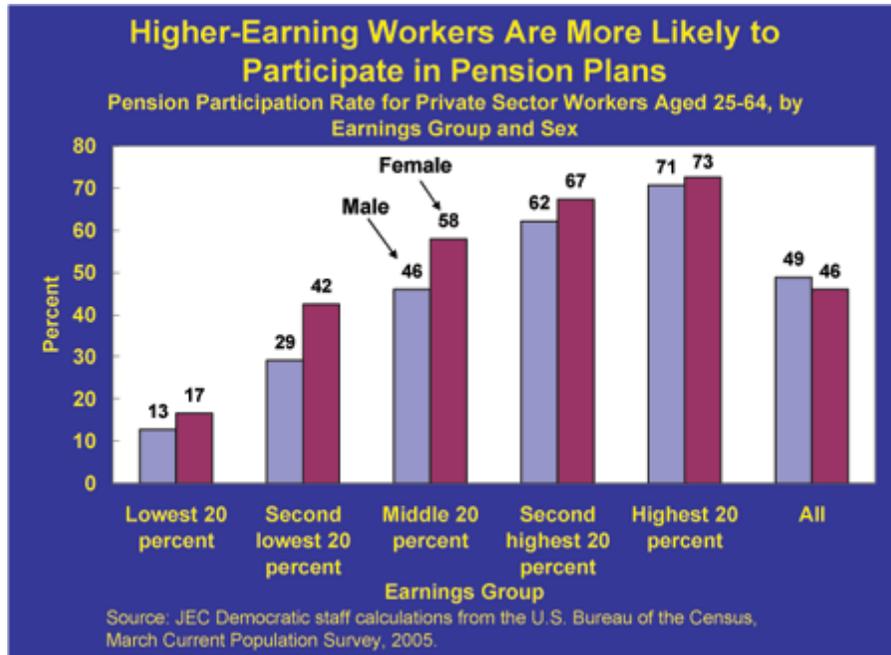
These participation rates have held relatively steady over the past 20 years.

Note: Employer-sponsored pension plans include defined benefit plans and defined contribution plans such as 401(k) plans.

Pension Charts

Chart 2.2

Last updated 7/25/06



Among private sector workers aged 25-64, over 70 percent of both men and women with the highest earnings (\$60,000 or more) participated in a pension plan in 2004. In contrast, well under 20 percent of men and women with the lowest earnings (below \$16,600) participated in a pension plan.

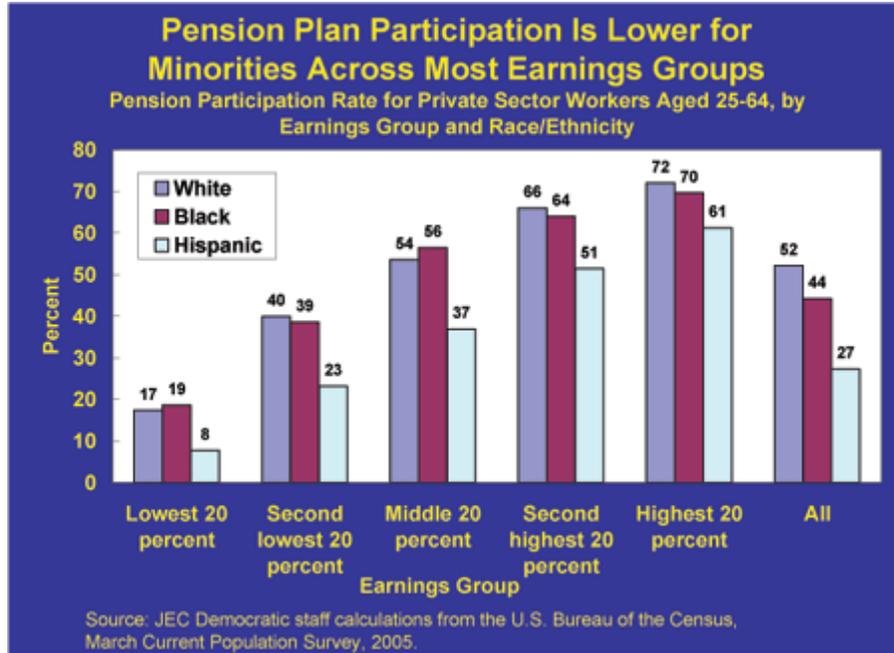
Overall, men had slightly higher rates of pension plan participation than women (49 percent compared to 46 percent). However, within each earnings group, the participation rate for women was higher. The lower overall rate for women reflects a higher concentration of women in lower earnings groups.

Note: Includes participants in private defined benefit and defined contribution plans such as 401(k) plans. Among all private sector workers in 2004, the lowest 20 percent had earnings below \$16,600, the second lowest 20 percent had earnings between \$16,600 and \$26,900, the middle 20 percent between \$26,900 and \$39,000, the second highest 20 percent between \$39,000 and \$60,000, and the top 20 percent had earnings above \$60,000.

Pension Charts

Chart 2.3

Last updated 7/25/06



Overall, pension plan participation is lower for blacks than for whites, and lower still for Hispanics.

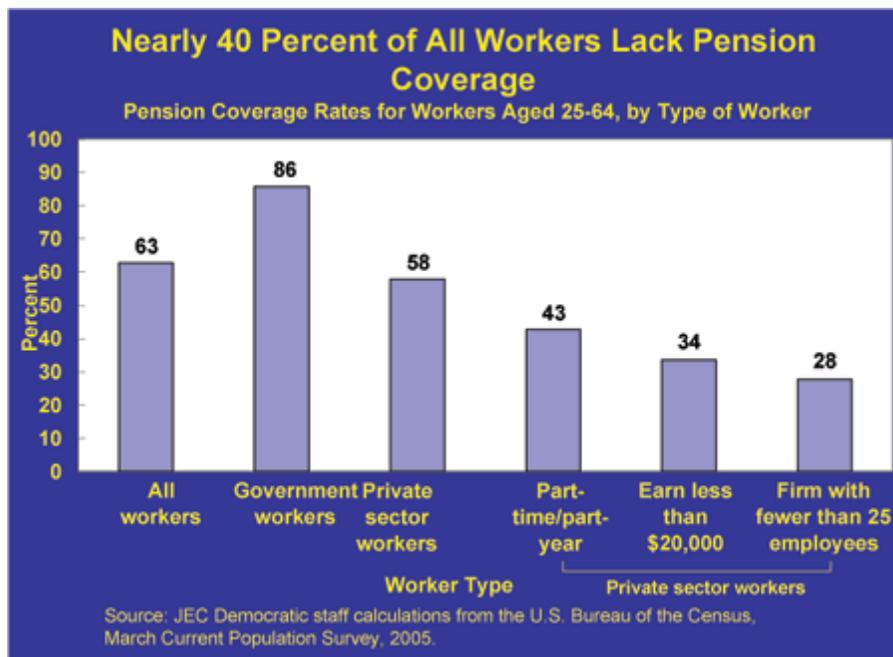
Within earnings groups, participation rates for blacks and whites were more similar. The lower overall rate for blacks reflects a higher concentration of black workers in lower earnings groups.

Note: Includes participants in private defined benefit and defined contribution plans such as 401(k) plans. Among all private sector workers in 2004, the lowest 20 percent had earnings below \$16,600, the second lowest 20 percent had earnings between \$16,600 and \$26,900, the middle 20 percent between \$26,900 and \$39,000, the second highest 20 percent between \$39,000 and \$60,000, and the top 20 percent had earnings above \$60,000.

Pension Charts

Chart 2.4

Last updated 7/25/06



To participate in a pension plan, workers must work for an employer that offers pension coverage.

Among all private sector workers in 2004, 58 percent worked for an employer that offered pension coverage. In comparison, 86 percent of government workers were covered.

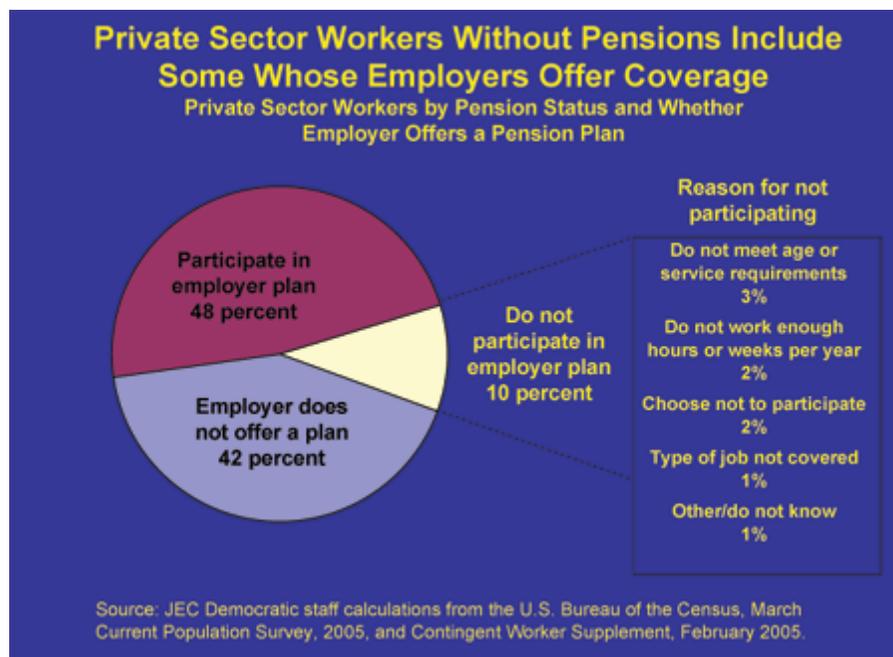
Most part-time and low-wage private sector workers lack coverage, as do most workers at small firms.

Note: Pension coverage indicates that the employer offers a pension plan (defined benefit or defined contribution) to at least some of its workers. A worker may have pension coverage but for a variety of reasons may not participate in the plan.

Pension Charts

Chart 2.5

Last updated 7/25/06



Most private sector workers who do not participate in a pension plan work for employers who do not offer a plan.

In 2004, 10 percent of workers did not participate in a pension plan even though their employers offered pension coverage.

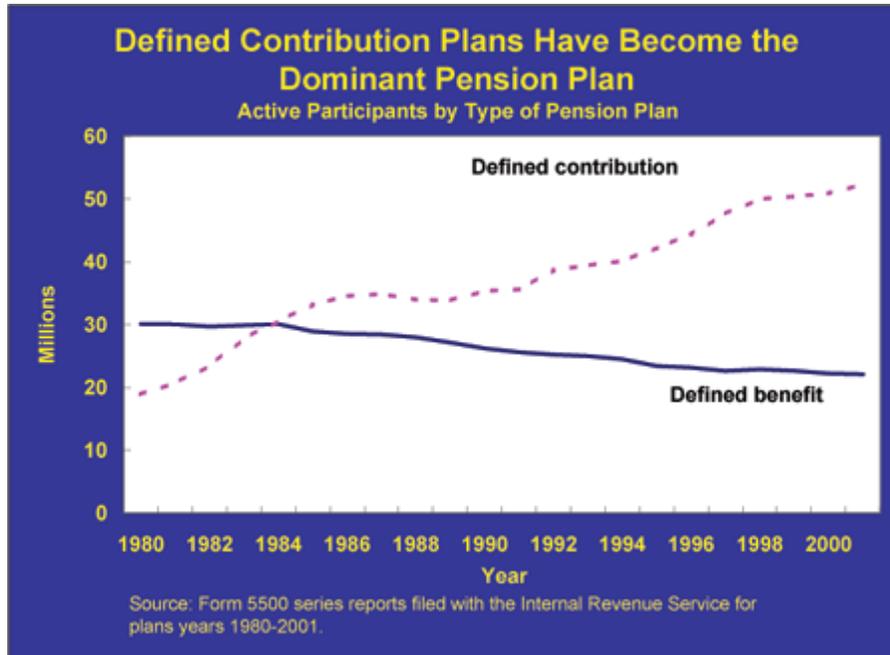
Of those workers who did not participate, 3 out of 10 did not meet the age or length-of-service requirements, while another 2 out of 10 did not work enough hours per week or weeks per year. About 2 out of 10 simply chose not to participate.

Note: Pension coverage indicates that the employer offers a pension plan (defined benefit or defined contribution) to at least some of its workers. A worker may have pension coverage but for a variety of reasons may not participate in the plan.

Pension Charts

Chart 3.1

Last updated 7/25/06



In 1980, the majority of workers who participated in any type of pension plan participated in a defined benefit (DB) plan. Since then, the number of participants in DB plans has steadily fallen, while the number of participants in defined contribution (DC) plans has more than doubled.

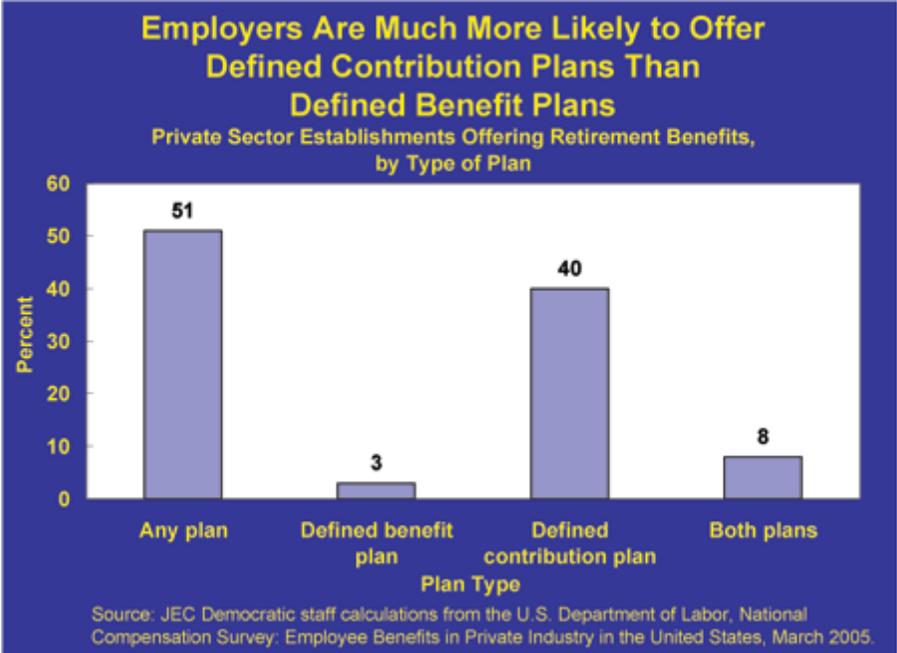
By 2001 70 percent of all plan participants were in DC plans.

Over the past 20 years, the number of active pension plan participants has increased by 25 million, with all of the growth in DC plans. The number of DC participants more than doubled from 19 million in 1980 to 52 million in 2001. In contrast, the number of DB participants fell from 30 million to 22 million over the same period.

Note: The number of participants excludes retirees but double counts employees in more than one plan.

Pension Charts

Chart 3.2
Last updated 7/25/06



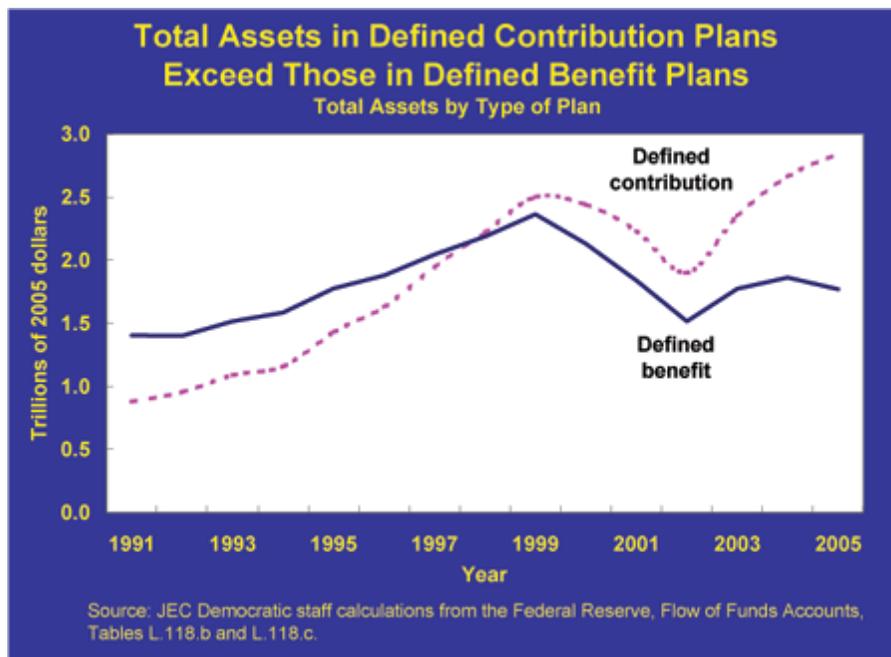
In March 2005, only 51 percent of private sector establishments offered any type of retirement plan.

Some employers offered both defined benefit (DB) and defined contribution (DC) plans. The vast majority, however, offer only DC plans.

Pension Charts

Chart 3.3

Last updated 7/25/06



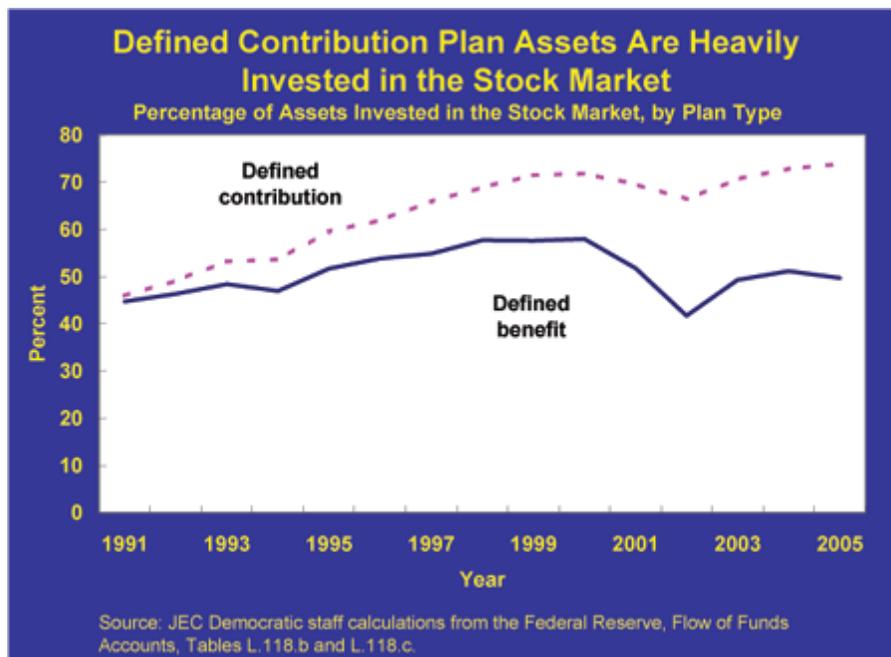
At the end of 2005, assets in defined contribution (DC) plans totaled \$2.8 trillion, while assets in defined benefit (DB) plans totaled \$1.8 trillion.

The assets of both types of plans fell sharply between 1999 and 2002, reflecting weak stock market performance. While assets in DC plans quickly rebounded beyond their 1999 value, DB plans have yet to recover fully from the downturn.

Pension Charts

Chart 3.4

Last updated 7/25/06



Approximately 74 percent of total defined contribution (DC) plan assets were invested in corporate equities or mutual fund shares in 2005, up from 46 percent in 1991. About 50 percent of total defined benefit (DB) assets were invested in similar securities in 2005.

In a DB plan the employer is responsible for investing pension fund assets and bears the risk of those investments. In a DC plan, in contrast, workers bear both the responsibility and the risks of investing the assets in their accounts.