

The Decline of Private-Sector Defined Benefit Promises and Annuity Payments: What Will It Mean?, *p. 2*

New Publications and Internet Sites, *p. 9*

Executive Summary:

- Congress enacted the Employee Retirement Income Security Act (ERISA) of 1974 to protect participants in defined benefit pension plans. Participants in such plans have greater financial security than they did prior to ERISA's existence. But the number of such plans has declined dramatically, and today they are outnumbered by more popular defined contribution plans, particularly 401(k) plans. This change raises a question of whether defined benefit plans could disappear entirely and has fueled a debate about what could be done to preserve such plans as a key element of America's retirement savings infrastructure.
- This issue of *EBRI Notes* summarizes materials presented at a policy forum sponsored by EBRI May 6, 2004, on the implications of new research that projects the outcome if pensions virtually disappeared. Who would feel the greatest impact? How much would be lost? What would the impact be on retirement security, retirement policy and the nation's economy? Speakers focused on the value of defined benefit plans and the importance of taking action to reverse their current decline. Few saw much immediate hope of turning things around in the absence of strong policy initiatives to encourage this outcome.
- New research by EBRI projects what would happen if the ongoing decline in pension coverage continued to its ultimate extreme. The research specifically models what would happen if:
 - ▶ All existing defined benefit plans were frozen.
 - ▶ All such plans were converted into cash balance plans.
 - ▶ All current cash balance plans were ended.
 - ▶ Retirees were required to take benefits as an annuity.
- The first three scenarios would be disadvantageous to today's workers, but the extent of harm would depend on their year of birth as well as their economic and marital status. The fourth would be advantageous.
- The trend in the private sector today is a preview of the stresses that will confront the Social Security system in the decades ahead.

■ The Decline of Private-Sector Defined Benefit Promises and Annuity Payments: What Will It Mean?

by Jim Jaffe, EBRI

Thirty years ago, Congress enacted the Employee Retirement Income Security Act (ERISA), with the express purpose of protecting participants in “traditional” defined benefit pension plans that can provide them with a guaranteed monthly retirement income for life. These plans are much smaller in number today than the more popular 401(k) retirement plan, but provide recipients with greater financial security. For a variety of reasons they have declined to the point where virtual extinction seems a real possibility, which has renewed the debate over reforms that could preserve pension plans as a key element in the U.S. retirement savings infrastructure.

While the decline of pension plans has been well-documented, there are few studies on what would happen if it continues until such plans virtually disappeared—who would be affected most, how much would be lost, and what the impact would be on workers’ retirement security, the economy, and national retirement policy. There’s little doubt, however, that the impact would be severe: According to the Pension Benefit Guaranty Corporation (PBGC), last year there were more than 22 million active participants with promised retirement benefits from defined benefit pension plans in the United States.

A series of projections that provide tentative answers to some of these questions were the focus of the policy forum sponsored by the Employee Benefit Research Institute Education and Research Fund (EBRI-ERF) on May 6, 2004, attended by nearly a hundred people with varying areas of expertise and perspectives on the issue.

While all agreed that the trend is occurring, no one described it as positive and many speakers focused on the value of defined benefit plans and the importance of taking action to improve Americans’ retirement security. Few saw much hope of reversing the trend any time soon unless strong actions are taken to support and encourage plans. Clearly, the post-work environment in the 21st Century is very different than it was when the ERISA became law in 1974.

Current Trends

EBRI President and CEO Dallas Salisbury began the examination of the issues by pointing out that the pension system is under growing stress, a condition confirmed by a variety of data ranging from the PBGC’s massive projected deficit to the increased appetite of employers to avoid the liabilities and uncertainties involved with conventional defined benefit pensions by either freezing or terminating their pension plans.

Salisbury noted that the portion of the U.S. work force with any pension plan is declining, and that plans that are offered increasingly allocate greater responsibility—and risk—to workers. For instance, he pointed out, 44 percent of private-sector wage and salary workers were in a defined benefit plan in 1974, but today that has shrunk to only 17 percent. During the same period, the segment of the private wage and salary work force with an employment-based pension plan having a defined contribution plan (primarily 401(k) plans) has grown from 18 percent to 48 percent.

There are many pressures leading to this erosion of defined benefit plan coverage in America, Salisbury said, pointing to several specifics:

- A powerful financial focus coming from Wall Street analysts, who argue that employers need to minimize the budgetary and legal volatility associated with defined benefit plans.
- Workers—especially younger workers—have responded to employer surveys with the clear message that they prefer a retirement plan that provides a clearly visible benefit and is portable. Retirement plan sponsors have moved in that direction by limiting or ending their

defined benefit pension plans and creating or expanding defined contribution plans, notably 401(k)s.

- Large employers in mature industries (often with unionized work forces and collectively bargained benefit packages) are facing a deteriorating ratio between active workers and retirees—as does the Social Security system. Increasing medical costs are pressuring sponsors of pension plan sponsors to cut back or drop retiree health benefits. A declining segment of retirees enjoy employer-linked health insurance while the cost of insurance for today's workers takes a growing portion of the benefits dollar (in 1960, health benefits comprised less than 15 percent of total benefit costs; by 2002, this amount had almost tripled). In short, tomorrow's retirees will need to spend more on medical care.
- Concurrent with these shifts has been an increasing tendency of retiring workers to opt for lump-sum payments rather than annuities, thereby putting them at increasing risk of outliving their assets.

Measuring Retirement "Adequacy"

The focal point of the policy forum was a new EBRI report entitled "ERISA At 30: The Decline of Private-Sector Defined Benefit Promises and Annuity Payments: What Will It Mean?" Published as the May 2004 *EBRI Issue Brief*, the study projects what would happen to retirement income under several different scenarios:

- All existing private defined benefit plans were frozen at the end of 2005 and no benefits subsequently accrued.
- All current private final average defined benefit plans were converted into cash balance plans.
- All existing cash balance plans were terminated.
- All retirees with retirement savings from a qualified retirement plan and/or IRA collected annuity payments (usually a lifetime stream of monthly income) rather than being allowed to opt for the "lump-sum distribution" payments that have become increasingly popular in recent years.
- All defined benefit accruals were taken as lump-sum distributions.

Only the annuity payment scenario yielded a positive result in terms of lowering the amount of retirement savings that individuals need to accumulate during their working lives. Not surprisingly, the other options resulted in many retirees either receiving less income than they would if the status quo continued or having to save substantially more during their working lives to achieve adequate retirement income to cover basic expenses. However, these results assume no other changes are made in the retirement plans offered by employers, such as making a more generous defined contribution match when freezing the defined benefit plan. But the extent of the reduction varies from group to group and changes from one option to another. Illustrative examples are provided in the May *EBRI Issue Brief*.

While these changes would have the most dramatic impact on older workers, who do not have much time left to save in their working careers, the biggest aggregate dollar difference would be felt by those relatively early in their careers because they'd be deprived of the most years of anticipated accumulations.

A freeze on defined benefit accruals in 2005 would be most costly in terms of anticipated dollars lost to young families (born between 1961 and 1965) in the highest income quartile. But the percentage decrease would be biggest for single women in all income ranges born after 1941.

By contrast, converting all final average defined benefits plans to cash balance plans in 2005 would result in the largest dollar losses for high-income families born since 1946, while most participants born before 1945 would actually gain income. This result in the model has two significant caveats, as interest rate credits are currently at record lows and cash balance plan

participants are significantly more likely to take a lump-sum distribution than those with a traditional defined benefit plan.

Terminating cash balance plans would hit families hardest, with the biggest dollar reductions recorded by the highest-income families.

The study also concluded that workers would have to save significantly more—well over 25 percent in additional savings (over and above all other retirement assets) beyond the baseline amount modeled in the study, in some instances—to provide the same level of assurance of adequate retirement income if they took a lump-sum distribution of their pension rather than an annuity when they stopped working.

These options are reflections of ongoing changes. Employers indicate a continuing appetite for converting their existing defined benefit plans to cash balance plan, if regulatory questions can be resolved. But a continuing regulatory debate—with no end in sight—about the rules for converting to cash balance plans has raised the question of whether employers will simply lose patience and pull the plug entirely on defined benefit pension plans, especially those paid out as an annuity. After all, workers have shown a growing enthusiasm for lump sums, when that option is available, even if it may be to their own long-term detriment.

Professor Jack VanDerhei of Temple University, research director of the EBRI Fellows program, and his co-author, EBRI's Craig Copeland, described in detail the Retirement Security Projection Model™ (RSPM™) used to generate the projections, and how it predicts asset accumulation over a working lifetime, post-retirement expenses, and whether post-retirement assets will be adequate to fund basic living expenses—including the possibility of incurring major home health care or nursing home bills.

The model presents the odds of whether someone of a given age, sex, and marital and financial status will be able to maintain a basic standard of living as long as they live in addition to the possibility of incurring home health care and nursing home expenses. Not surprisingly, as a rule the model finds that married couples, particularly in the top income quartile, face the most comfortable future. The situation is bleakest for single women, especially in the lower income categories.

As described by VanDerhei, the latest RSPM™ research runs a series of “what if” options. For instance, if all retirement accounts were tapped to provide annuity payments, eliminating the possibility of lump-sum distributions, a typical couple would need to save 30 percent less of additional compensation than if they took a lump-sum distribution in order to have a high probability of meeting their projected basic expenses in retirement.

From another perspective, assuming universal annuitization reduces the amount of additional savings (beyond that already projected from qualified retirement plans, IRAs and Social Security) that would have to be saved for retirement adequacy by at least 30 percent for the median workers, VanDerhei said.

Another scenario, terminating all existing cash balance plans in 2005, would reduce the anticipated surplus available during the first year of retirement by under \$200 for most individuals born prior to 1941 (a factor contributing to this possible reduction is that cash balance plan participants are more likely to take lump-sum distributions than are final-average plan participants). But this reduction could exceed \$1,000 a year for the most affluent couples born after 1955.

The bottom line of VanDerhei's presentation was that current trends involving private-sector pensions promise a tougher future for tomorrow's retirees.

Private-Sector Assessments: Implications for Individuals, Employment, Programs and Policy

Many of these dreary conclusions were echoed and amplified by Anna Rappaport, a principal with Mercer Human Resource Consulting, who began by pointing out that the bad news is partly linked to

good news: Retirees are living much longer and lead more active lives than they used to, requiring more years of post-work financial resources.

But she pointed out that people are saving less and working longer than they used to, suggesting a link between these two trends and wondering whether they should be characterized, on balance, as positive or negative.

Asking workers doesn't always help explain what they want and how they will act, Rappaport said: While they say the idea of a monthly income stream from an annuity is attractive, when confronted with the pay-out decision upon retirement they lean toward lump sums. "There seems to be very little understanding about variability of life span," she noted. And it is possible that people take lump-sum payments because of their confidence they have the protection of annuitized Social Security payments, she added.

There is a similar disparity between those who say the idea of having the protection of long-term care insurance is attractive and the much smaller number who actually purchase it.

The most common risk management strategy among retirees, she said, is to try to reduce spending and work a bit longer. She predicted that the evolution of "phased retirement" would continue to grow as the line between working and retirement becomes more blurred.

Even as she explained how people were coping with the status quo, Rappaport argued that things could be made better and the government could create a friendlier environment for defined benefit pension plans and educate workers better about the choices they will face. Rappaport is an optimist and feels that the right kind of policy changes can slow or stop the decline and maybe turn it around.

None of the policy forum speakers characterized current government responses and policies as optimal. But, Rappaport pointed out, America's elderly are much more comfortable today than they were a few decades ago, and the current challenge lies in retaining those gains.

Michael Clowes, editorial director of Crain's *Pensions&Investments* and *Investment News*, suggested that the news media will not provide much help in directing public focus on these issues. Basically, the press likes issues that are simple, immediate, and dramatic, he said, while the pension community tends to think about complex, long-term trends that initially may seem subtle. Wedding these perspectives isn't easy.

"I think the general press has missed the overall direction of the impending demise of the corporate defined benefit plans and its implications," he said. "One reason they have missed it is that very few reporters understand defined benefit plans." And, with each passing year, fewer and fewer individual reporters have this type of retirement plan themselves.

The result, Clowes said, is a flood of stories in the general media (particularly during a bull market) about the excitement of having a 401(k) plan and a trickle of stories in the business press about how benefit costs impact employers' bottom line. Consequently, he said, relatively few workers see the switch from a defined benefit plan to an enhanced 401(k) plan as potentially disadvantageous to them.

Congressional attention to such questions could draw media coverage, he suggested, but legislators tend to follow rather than lead. And TV news stories about how real people are suffering because of ongoing changes in the U.S. retirement system could change the climate, but it would require a greater understanding of the issue and a long-term commitment within TV newsrooms to generate such attention. As he analyzed the media's interest in the demise of pension plans, Clowes said: "It's going to be difficult to get their attention."

James A. Klein, president of the American Benefits Council, asked rhetorically what would be required for those in government policy posts to respond to the decline of defined benefit plans. Ultimately, he argued, Congress will not act unless some crisis precipitates a response. In the meantime, he suggested, it is inevitable that various groups—ranging from companies that sponsor pension plans, to unions that strongly prefer them, to libertarians who favor defined contribution arrangements—would view the decline of defined benefit plans as a confirmation of their long-held points of view.

But he cautioned that the debate that ultimately ensues should not focus on a romanticized view of the past—a misty view of a system where every worker got a gold watch and a guaranteed, generous monthly check when he or she retired. In fact, he said, normal job turnover in the American economy left many workers ineligible for a pension plan, and even the median income from a pension was not necessarily at a level that anyone would consider substantial. In the broader context, Klein said that even he and all others who believe strongly in the value of defined benefit plans need to acknowledge that “the decline of the defined benefit system is simply one more manifestation of a very changing employer/employee relationship in which the nature of the commitments between the employer and the employees on many different levels has dramatically changed.”

Klein predicted that Congress will again try to create new, simplified pension plan designs to induce more small employers to offer retirement benefits, and that the tax expenditure for retirement savings (historically the largest of any foregone tax revenue to the federal government), would become less vulnerable to attacks over time. And he suggested that the acknowledgment of pension problems could revive the now-dormant debate about Social Security reform.

Charles G. Tharp, professor of human resources at Rutgers University, noted that the idea of giving workers more choices was popular and consistent with broad societal trends. But, he added, choices imply costs—not only to employees who make bad decisions with their retirement assets, but also to employers who may be surprised when they’re suddenly asked to make large pension funding payments that they didn’t anticipate.

Tharp rejected as impossible a return to the old model where the employer guaranteed a pension payment and bore all investment risk, and suggested instead a new one where there would be shared management of the inherent risks. Nonetheless, he rejected predictions that old-fashioned pension plans would totally disappear: “I don’t think you are going to see companies abandoning the defined benefit plans because I think they are a relatively efficient way to deliver retirement income,” Tharp said.

Richard Berner, managing director and chief U.S. economist at Morgan Stanley, focused on what impact these changes in U.S. pension assets would have on the financial markets. Summarizing a study done for Committee on Investment of Employee Benefit Assets (CIEBA) earlier this year on the magnitude of the impact of seven pending reform proposals from accounting regulators, rating agencies, and government regulators for defined benefit plans, Berner argued that such plans were worth saving, particularly because they involve three things generally absent in other retirement products: pooling of risk, professional asset management, and deferral of income. But the interplay between unexpected longevity and inappropriate funding and accounting rules that hid the cost of DB plans is pushing employers in other directions, he noted, and some proposed reforms would probably make things worse before they improved, especially if they were implemented abruptly.

For instance, he predicted that the Financial Accounting Standards Board’s proposal marking pension plan assets to market would have depressed reported pension plan median annual net income in 2001 and 2002 by as much as 20 percentage points had it then been in effect. Corporate managers are understandably wary about such earnings volatility and will act aggressively to protect the plan sponsor from it, Berner said.

In addition, such elimination of this “smoothing” of earnings would push corporate investment officers to allocate retirement investments away from equities and into fixed income securities—perhaps by better than 12 percentage points, according to a CIEBA survey. But Berner believes investors could quickly learn how to deal with greater market volatility caused by the elimination of smoothing as they have with other reform regulations.

Such changes would have a measurable, if brief, impact on financial markets, he predicted. For instance, if state and local government pension plans moved along with corporate pension investments out of equities in order to lower volatility, Berner estimates that the total flow from equities to bonds would amount to 3.8 percent of U.S. equity market capitalization, a change that would have a temporary and offsetting impact on stock and bond prices.

Berner suggested moderate changes that would minimize such shifts, called for more portable benefits so that employees wouldn't lose defined benefit accruals when they shifted jobs, and raised the "moral hazard" question (where insurance lowers risk and thereby deters prudent behavior) in the context of PBGC reforms.

Rep. Earl Pomeroy (D-ND), a member of the tax-writing House Ways and Means Committee, former state insurance commissioner, and one of the few members of Congress who is expert in pension issues, questioned how a federal government that is shouldering a projected \$14 trillion debt by 2014 will be able to cope with an aging population—and specifically the \$45 billion retirement income shortfall EBRI studies predict by 2030.

More than half of today's workers lack retirement plans, Pomeroy noted, and existing pension plan sponsors are looking for ways to cut back, for all the reasons noted earlier in the policy forum.

"The conclusion of all of this: We are in big trouble. Big, big trouble," Pomeroy said. "No one wants to live just on a Social Security check. We still need a strong incentive to do more, although people have not fully responded to their need to do more."

Pomeroy called for policy initiatives that encourage annuitization to help individuals manage the greater risks they'll inevitably have to deal with, saying: "I believe we need to look at vehicles that provide a guaranteed predictable regular payment." He expressed a fear that pending FASB regulations, mentioned earlier by Berner, could hasten the decline of defined benefit plans and called for a calmer discussion about the potentially positive role that could be played by hybrid cash balance plans as well as enhanced tax expenditures (subsidies) to encourage employers to offer plans.

Public-Sector Assessments

David Blitzstein, director of the United Food & Commercial Workers' negotiated benefits department (and one of the shrinking minority covered by a defined benefit plan), was less philosophical about the decline of pensions, which he ascribed to a shifting political focus from replacement of income in retirement to wealth accumulation by individuals.

From a systemic perspective, Blitzstein argued, wealth accumulation is a problem rather than a solution. "Wealth accumulation and individual responsibility by their very nature inevitably lead to broad income inequality...wealth accumulation ignores the fact that our private retirement system is voluntary," he said, criticizing the "free lunch theory" that "employer and employee contributions can be kept to a minimum while we invest our way to retirement wealth accumulation." He noted that ERISA pension funding requirements that are out of sync with the economic business cycle are making things more difficult for sponsors of defined benefit plans to continue offering pensions, and, like previous speakers, agreed that some proposed reforms could make things even more difficult.

Blitzstein called for a revival of the social contract in America, perhaps fueled by coming labor shortages. But incentives to induce broader voluntary participation won't work, he argued, saying the only way to ensure meaningful national retirement security is to create a mandatory pension system that promotes universal coverage and portable benefits, with mandatory contributions exceeding 10 percent of compensation and all benefits paid in annuity form. He suggested that political support for such a system within multi-employer plan sponsors could be created by relieving employers of their current administrative responsibilities while providing government subsidies to firms with low-wage workers.

He acknowledged that any transition could impose a price on workers who now have the best coverage, but the tradeoff would be in securing past and future pension benefits.

Political reality was also central to comments by Steve Kandarian, the immediate past executive director of the PBGC, which insures (within limits) the pension benefits of workers covered by a private-sector defined benefit plan. As workers retire earlier and live longer, the system expected to provide them with adequate retirement income is stressed by globalization and growing international competitiveness, he said. In response, plan sponsors have tried to pay for these growing pension

promises by investing retirement funds in higher-risk, higher-expected-return assets, which are uncorrelated with pension liabilities. While this approach worked well during the long bull market in equities, it came at a cost of greater volatility, as witnessed during the last four years.

Taken together, he said, these factors encourage employers that are in healthy enough financial condition to be able to terminate their defined benefit plans to do so—and thereby leave the unhealthy others within the PBGC insurance system, where adverse selection becomes a growing problem. Or, as Kandarian puts it, “the weaker companies with underfunded plans stay in for the long term because they can’t afford to exit in the short term.”

And that creates a need for higher premiums on sponsors of pension plans, which in turn feeds the downward spiral. If things got bad enough, he suggested, Congress might decide to bail out the system, which would inevitably be paid for by all taxpayers whether they have a pension or not.

While Kandarian offered no comprehensive solution, he did suggest relaxing current law to allow employers to make bigger contributions when times were good, instead of mandating a “funding holiday” when a surging stock market makes their pension plan appear to be overfunded. And he suggested backing away from today’s smoothing rules that don’t achieve their stated goal of making funding less volatile. He also saw a need for better financial disclosure to give shareholders a clearer picture of a firm’s pension liabilities. Ultimately, it is the shareholders of plan sponsors that primarily insure defined benefit plans, he noted, with the PBGC as secondary insurer. The shareholders, he argued, have a right to know what they are on the hook for based on mark-to-market data, not smoothed numbers.

Douglas Holtz-Eaken, an economics professor currently directing the Congressional Budget Office, suggested that the retirement problems faced by private-sector employers during the past 30 years could well be faced by the government in the next 30 years, as it tries to deal with the underfunded Social Security and Medicare programs. He cited projections that show Medicare and Medicaid alone consuming 11.5 percent from gross domestic product (GDP)—nearly triple today’s level of about 4 percent.

At minimum, Holtz-Eaken said, the federal government clearly will not have spare resources that could be used in the next few decades to help fix existing private-sector pension plans.

During the concluding discussion, various speakers suggested defined benefit pension plans need better “PR”—that there needs to be a stronger quantification of the positive economic impact of the old system, both in terms of productivity and administrative efficiency, so that workers, employers, and policymakers will better understand its full value. For instance, while it obviously costs employers substantial amounts of money to administer a defined benefit plan, that cost should be compared with the cost to individuals of maintaining numerous defined contribution plans. And, because of their lower operating costs and higher returns, it was suggested that defined benefit plans tend to contribute more to economic growth per dollar invested. Some speakers suggested interim steps, such as encouraging or even mandating annuitization of retirement funds, which, as the EBRI model showed, would moderate the retirement income adequacy problem without the need for dramatic or disruptive reforms; but it was also noted that the politics of such a move would be a hard sell at best, along with the lack of flexibility such a policy would create in determining one’s financial future.

Despite the attempt to find a silver lining in current pension trends, several speakers acknowledged the short-term reality for pensions—and those who benefit from them—is not good. As David Blitzstein put it: “Traditional defined benefit pensions may be on the verge of extinction.”

“Maybe we are in the throes of rearranging the chairs on the defined benefit Titanic,” he said. “Pragmatically, stakeholders—including unions—have to consider contingency plans that recognize that defined benefit plans may not survive the decade in their traditional form.”

■ New Publications and Internet Sites

Employee Benefits

U.S. Congressional Budget Office. *The Economics of U.S. Tort Liability: A Primer*. Free. CBO Publications Office, Ford House Office Building, Second and D Streets, SW, Washington, DC 20515, (202) 226-2809, www.cbo.gov.

Health Care

Health Insurance Association of America. *Long-Term Care Insurance in 2000-2001*. HIAA members, \$40; nonmembers, \$55. Health Insurance Association of America, P.O. Box 753, Waldorf, MD 20604-0753, (800) 828-0111.

Joint Commission on Accreditation of Healthcare Organizations. *2004 Hospital Quality Report: A Guide to Using the Joint Commission Hospital Quality Report*. For further information, contact Joint Commission, Attn: Customer Service, 1 Renaissance Blvd., Oakbrook Terrace, IL 60181, (630) 792-5800.

Meyer, Donald J. *The Economics of Risk*. \$15. W.E. Upjohn Institute for Employment Research, 300 S. Westnedge Ave., Kalamazoo, MI 49007-4686, (269) 343-5541, fax: (269) 343-7310.

United Health Foundation. *America's Health: State Health Rankings*. Free. United Health Foundation, 9900 Bren Road East, Minnetonka, MN 55343, Attn: Susan Hayes, Assoc. Director, www.unitedhealthfoundation.org.

Pension Plans/Retirement

Credit Suisse First Boston. *The Magic of Pension Accounting, Part II*. For further information, contact David Zion at (212) 538-4837 or via e-mail at david.zion@csfb.com.

Wisconsin Retirement Research Committee. *2002 Comparative Study of Major Public Employee Retirement Systems*. Free online at www.legis.state.wi.us/lc.

Reference

Crain Communications Inc. *2003/2004 Market Sourcebook*. \$50. Crain Communications Inc., Attn: Single Copy Sales, 1155 Gratiot Ave., Detroit, MI 48207, (888) 446-1422.

Omnigraphics, Inc. *Government Phone Book USA: A Comprehensive Guide to Federal, State, County, and Local Government Offices in the United States*. \$265. Omnigraphics, Inc., Order Department, 615 Griswold St., Detroit, MI 48226, (800) 234-1340, fax: (800) 875-1340.

Sites on the Uninsured

AcademyHealth
www.academyhealth.org/

Communicating for Agriculture and the Self-Employed
www.selfemployedcountry.org/riskpools.html

Employee Benefit Research Institute
www.ebri.org/

Families USA
www.familiesusa.org/

Health Insurance Consumer Guides
www.healthinsuranceinfo.net/

HIPAA Online
cms.hhs.gov/hipaa/online/

Insure Kids Now!
www.insurekidsnow.gov/

Kaiser Family Foundation
www.kff.org/uninsured/

National Coalition on Health Care
www.nchc.org/

The Robert Wood Johnson Foundation
www.rwjf.org/

Web Documents

2004 Mutual Fund Fact Book
www.ici.org/pdf/2004_factbook.pdf

2004 Wilshire Report on State Retirement Systems: Funding Levels and Asset Allocation
www.wilshire.com/Company/2004_State_Retirement_Funding_Report.pdf

Aon Spring 2004 Health Care Trend Survey
www.aon.com/about/publications/pdf/issues/2004_spring_healthcare_trend_study.pdf

Labor Force Status and Insurance Coverage, 1999 and 2002
www.urban.org/UploadedPDF/1000643_healthpolicyonline_no7.pdf

National Compensation Survey: Employee Benefits in Private Industry in the United States, March 2003
stats.bls.gov/ncs/ebs/sp/ebsm0001.pdf

Pension Fund Survey
www.milliman.com/eb/pension-fund-survey/

Pension Insurance Data Book 2003
www.pbgc.gov/publications/databook/databook03.pdf

Retirement Age and the Need for Saving
www.cbo.gov/showdoc.cfm?index=5419&sequence=0&from=7

Welcome to the Employee Benefit Research Institute On-Line



http://www.ebri.org

- What's New?
- What's Cool?
- Destinations
- Net Search
- People
- Software

Check Out EBRI's Web Site! www.ebri.org



- About EBRI
- Benefit Fundamentals
- Fellows
- How to Join EBRI
- Media
- Members Only
- Programs
- Publications
- What's New

Employee Benefit Research Institute

"To contribute to, to encourage, and to enhance the development of sound employee benefit programs and sound public policy through objective research and education."

[Site Map](#) [Search](#)

Now it's easier than ever to find exactly what you're looking for with our extensive search engine and site map. Just type in the key words and let us do the work for you.

And, you can order many of our publications online – with delivery within 48 hours! It's as easy as clicking a button!

EBRI Members – check out the special password-protected area where you have access to hundreds of EBRI publications and research online!

EBRI Periodicals subscribers also have a password that allows them to access all online *EBRI Issue Briefs* and/or *Notes*!

Visit EBRI on-line today: www.ebri.org

EBRI Notes

EBRI Notes (ISSN 1085-4452) is published monthly at \$300 per year or is included as part of a membership subscription by the Employee Benefit Research Institute, 2121 K Street, NW, Suite 600, Washington, DC 20037-1896. Periodicals postage rate paid in Washington, DC. POSTMASTER: Send address changes to: *EBRI Notes*, 2121 K Street, NW, Suite 600, Washington, DC 20037-1896. Copyright 2004 by Employee Benefit Research Institute. All rights reserved, Vol. 25, no. 7.

Who we are

The Employee Benefit Research Institute (EBRI) was founded in 1978. Its mission is to contribute to, to encourage, and to enhance the development of sound employee benefit programs and sound public policy through objective research and education. EBRI is the only private, nonprofit, nonpartisan, Washington, DC-based organization committed exclusively to public policy research and education on economic security and employee benefit issues. EBRI's membership includes a cross-section of pension funds; businesses; trade associations; labor unions; health care providers and insurers; government organizations; and service firms.

What we do

EBRI's work advances knowledge and understanding of employee benefits and their importance to the nation's economy among policymakers, the news media, and the public. It does this by conducting and publishing policy research, analysis, and special reports on employee benefits issues; holding educational briefings for EBRI members, congressional and federal agency staff, and the news media; and sponsoring public opinion surveys on employee benefit issues. **EBRI's Education and Research Fund (EBRI-ERF)** performs the charitable, educational, and scientific functions of the Institute. EBRI-ERF is a tax-exempt organization supported by contributions and grants.

Our publications

EBRI Issue Briefs are periodicals providing expert evaluations of employee benefit issues and trends, as well as critical analyses of employee benefit policies and proposals. **EBRI Notes** is a monthly periodical providing current information on a variety of employee benefit topics. **EBRI's Pension Investment Report** provides detailed financial information on the universe of defined benefit, defined contribution, and 401(k) plans. **EBRI Fundamentals of Employee Benefit Programs** offers a straightforward, basic explanation of employee benefit programs in the private and public sectors. **EBRI Databook on Employee Benefits** is a statistical reference volume on employee benefit programs and work force related issues.

Orders/subscriptions

Contact EBRI Publications, (202) 659-0670; fax publication orders to (202) 775-6312. Subscriptions to *EBRI Issue Briefs* are included as part of EBRI membership, or as part of a \$199 annual subscription to *EBRI Notes* and *EBRI Issue Briefs*. Individual copies are available with prepayment for \$25 each (for printed copies) or for \$7.50 (as an e-mailed electronic file) by calling EBRI or from www.ebri.org. **Change of Address:** EBRI, 2121 K Street, NW, Suite 600, Washington, DC 20037, (202) 659-0670; fax number, (202) 775-6312; e-mail: Publications Subscriptions@ebri.org. **Membership Information:** Inquiries regarding EBRI membership and/or contributions to EBRI-ERF should be directed to EBRI President/ASEC Chairman Dallas Salisbury at the above address, (202) 659-0670; e-mail: salisbury@ebri.org

Editorial Board: Dallas L. Salisbury, publisher; Steve Blakely, editor. Any views expressed in this publication and those of the authors should not be ascribed to the officers, trustees, members, or other sponsors of the Employee Benefit Research Institute, the EBRI Education and Research Fund, or their staffs. Nothing herein is to be construed as an attempt to aid or hinder the adoption of any pending legislation, regulation, or interpretative rule, or as legal, accounting, actuarial, or other such professional advice.

EBRI Notes is registered in the U.S. Patent and Trademark Office. ISSN: 1085-4452 1085-4452/90 \$.50+.50

Did you read this as a pass-along? Stay ahead of employee benefit issues with your own subscription to *EBRI Notes* for only \$49/year electronically e-mailed to you or \$99/year printed and mailed. For more information about subscriptions, visit our Web site at www.ebri.org or complete the form below and return it to EBRI.

Name _____
Organization _____
Address _____
City/State/ZIP _____

Mail to: EBRI, 2121 K Street, NW, Suite 600, Washington, DC 20037 or Fax to: (202) 775-6312