

GAO

Report to the Chairman, Subcommittee
on Civil Service, Committee on
Government Reform and Oversight,
House of Representatives

October 1996

PRIVATE PENSIONS

Most Employers That Offer Pensions Use Defined Contribution Plans





United States
General Accounting Office
Washington, D.C. 20548

General Government Division

B-271701

October 3, 1996

The Honorable John L. Mica
Chairman, Subcommittee on Civil Service
Committee on Government Reform and Oversight
House of Representatives

Dear Mr. Chairman:

In accordance with your interest in considering possible future changes to the structure of federal employee retirement plans, you asked that we develop information on the approaches private employers are using to provide retirement benefits to their employees and the extent to which these approaches may be changing.

As agreed with the Subcommittee, this report is the first in a series of reports that we will be preparing to respond to your request. This report describes (1) the numbers and types of pension plans sponsored nationwide by private employers during 1984 to 1993, (2) the proportions of total contributions made to these plans by employers and employees, (3) the average administrative expense for the plans, and (4) the explanations provided in retirement literature on why employers might decide to sponsor a particular type of pension plan. We plan to report separately on our efforts to determine the average employer cost of pension benefits, expressed as a percentage of salary, and the specific features of pension plans in the private sector.

Background

Employer-sponsored pension plans, in combination with Social Security and personal savings, provide millions of retirees and their families with retirement income. Employers can provide these benefits using two basic types of plans—defined benefit (DB) or defined contribution (DC) pension plans.

For a DB plan, the employer determines retirement benefit amounts for individual employees using specific formulas that consider certain factors, such as age, years of service, and salary levels. Employers bear the full responsibility and risk of providing sufficient funding to guarantee that the benefits promised by the formulas will be paid. The amount an employer must contribute to a DB plan can vary from year-to-year depending on changes in areas such as workforce demographics or investment earnings.

For a DC plan, the employer establishes an individual account for each eligible employee and generally promises to make a specified contribution to that account each year. Employee contributions are also often allowed or required. The employee's retirement benefits depend on the total of employer and employee contributions to the account as well as the investment gains and losses that have accumulated at the time of retirement. Therefore, the employee bears the risk of whether the funds available at retirement will provide a sufficient level of retirement income.

Private employers are not required to provide their employees with pension benefits; however, those employers that do so must meet certain minimum legal standards. The Employee Retirement Income Security Act of 1974 (ERISA) requires that private employers manage pension plan funds prudently and in the best interests of participants and their beneficiaries, that participants be informed of their rights and obligations, and that there be adequate disclosure of the plan's terms and activities.¹ For DB plans only, ERISA created a federal insurance program financed primarily by employer-paid premiums to guarantee the payment of pension benefits when an underfunded DB plan is terminated.²

Administrative expenses for pension plans include fees for plan design, payroll deductions, recordkeeping, trustee services, regulatory compliance, investment management, and employee communications.

Results in Brief

Using a computerized database of reports employers have filed with the Internal Revenue Service (IRS), we found that in 1993, 88 percent of private employers with single-employer pension plans sponsored only DC plans. This represented a sizable increase over 1984 when 68 percent of private employers reported they had only DC plans. From 1984 to 1993, the percentage of employers that offered only DB plans decreased from 24 to 9 percent, and those employers offering both DC and DB plans decreased from 8 to 3 percent. The growth in DC plans occurred across all employer sizes and industries. However, the percentage of employers with 2,500 or more employees that sponsored both DC and DB plans increased over the same period and nearly half of these employers continued to sponsor a DB plan in 1993.

¹Participants include current employees, retirees (or their beneficiaries) who are receiving benefits, and former employees who will be eligible to receive benefits at some future date.

²Although public pension plans are exempt from most of ERISA's provisions, in 1978, Congress enacted a law that extended ERISA's financial and actuarial reporting standards to federal pension plans (31 U.S.C. 9503). State and local pension plans are subject to standards contained in state trust laws and regulations as well as provisions of the Internal Revenue Code.

The data showed that private employers generally did not require employees to contribute to DB plans. They also showed that employers provided a greater proportion of total contributions to DC plans that were the only plan offered to employees compared with DC plans that supplemented a DB plan.

From 1988 to 1993, administrative expenses remained fairly constant for both DC and DB plans.³ Furthermore, the average reported administrative expense per participant was the lowest for employers that offered only DC plans.

Our review of retirement literature revealed a variety of possible explanations for why employers might prefer DC over DB plans if they decide to sponsor only one type of plan. These factors included increasingly complex government regulations for DB plans, a surge in the number of employers terminating DB plans to acquire capital assets, and employees' growing preference for pension benefits that they can retain when they change jobs. The literature also noted that an employment shift has occurred away from industries in which employers traditionally favored DB plans toward industries in which employers favored DC plans. Because the literature primarily addressed factors that influence private sector decisionmaking on pension plan design, these factors may or may not be relevant to the federal government and other public employers.

Scope and Methodology

To provide the requested information, we used a research database of computerized IRS Form 5500 reports that is maintained by the Department of Labor (DOL). ERISA requires all private employers that sponsor pensions, regardless of their size or industry, to annually file a separate Form 5500 report for each of their pension plans. Each report is to include financial, participant, and actuarial data. Unlike other studies that tended to concentrate on the total number of each type of plan in existence, our study focused on the number of employers that used either or both types of pension plans.

We did not independently verify the accuracy of the research database; however, both IRS and DOL check the data for accuracy and consistency. It is important to note that these checks cannot substitute for reviewing each employer's original records—the data were accurate only to the extent

³We limited our review of contribution rates and administrative expenses to 1988 through 1993 because the available data collected before 1988 were not edited by IRS and were, therefore, less reliable.

that employers exercised appropriate care in completing their Form 5500 reports.

As agreed with your office, we limited the scope of our review to include Form 5500 data for 1984 through 1993—the 10 most recent years for which the necessary data were available. The research database did not contain information on employers that did not offer any type of pension plan. We included only single-employer plans in our analyses, since the database did not indicate the number of companies that participated in multiemployer plans. For employers that offered both DC and DB plans, we could not determine whether these plans covered the same or different groups of employees. It is also important to recognize that the contribution and administrative expense data presented in this report are averages for large groups of employers. Thus, the data do not represent any individual employer's pension plan arrangements or practices nor do they represent the maximum allowable employee and employer contribution rates for DC plans. Also, pension plan experiences in the entire private sector may not be generalizable to the federal government. Appendixes I and II provide more detailed information on our analyses of the Form 5500 data and the results obtained, respectively.

To obtain insights on what factors employers may consider in deciding what types of pension plans to provide their employees, we reviewed the retirement-related literature included in the bibliography at the end of this report.

We obtained written comments on a draft of this report from DOL officials. These comments are discussed at the end of this letter. We did our review in Washington, D.C., from February 1996 to July 1996 in accordance with generally accepted government auditing standards. Appendix I contains a more detailed discussion of our objectives, scope, and methodology.

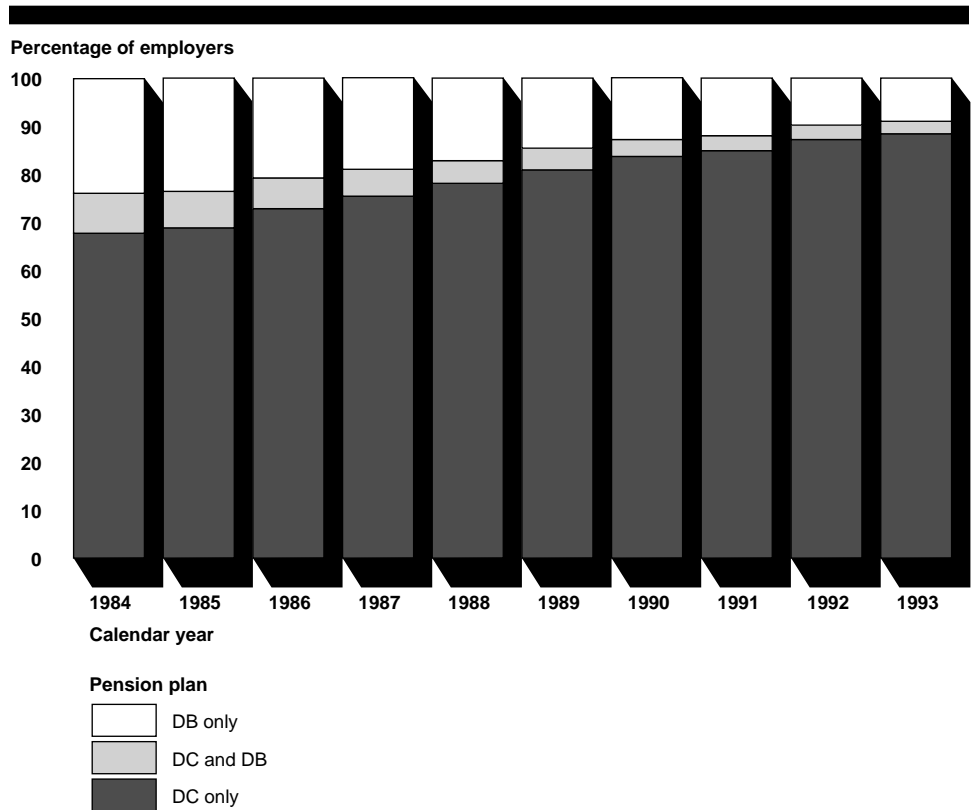
Trends in the Types of Pension Plans Offered by Private Employers From 1984 to 1993

From 1984 to 1993, the number of private employers that sponsored single-employer pension plans increased from approximately 455,000 to almost 565,000.⁴ Over this same period, the percentage of all employers that offered only DC pension plans increased from 68 to 88 percent. The percentage of employers that offered only DB plans decreased from 24 to 9 percent, and the percentage that offered both DC and DB plans decreased

⁴Over half of the employers that sponsored pension plans had fewer than 25 employees.

from 8 to 3 percent.⁵ Figure 1 shows the change in the percentage of employers offering each combination of pension plans from 1984 to 1993.

Figure 1: Percentage of Employers Offering Only DC, DC and DB, and Only DB Plans (1984-1993)



Source: DOL analysis of IRS Form 5500 data (see app. II, table II.1).

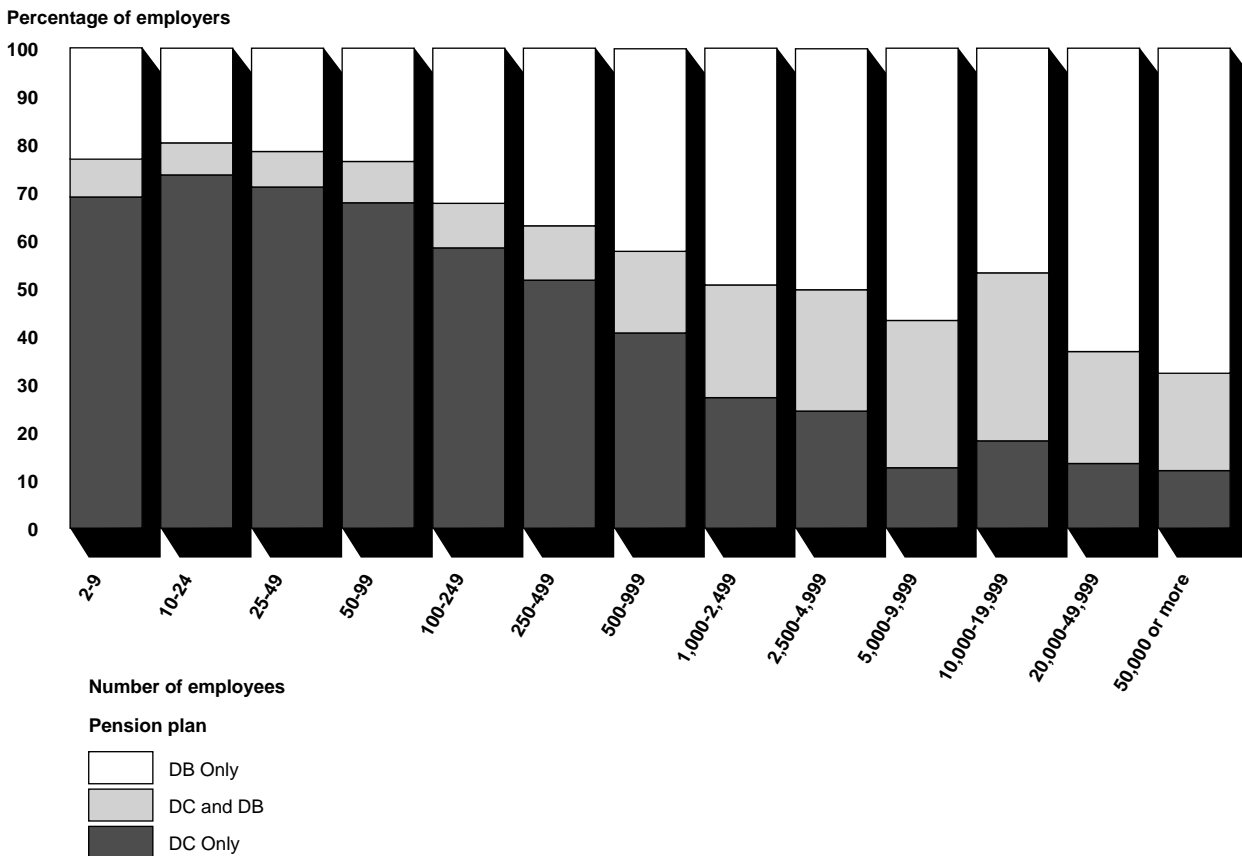
The increase in the percentage of employers sponsoring only DC plans occurred across companies of all sizes. In 1984, the majority of employers

⁵From 1984 to 1993, the number of participants covered by single-employer pension plans (1) increased from 8.7 million to 19.9 million for employers that sponsored only DC plans, (2) increased from 15.2 million to 18.9 million for employers that sponsored both DC and DB plans, and (3) decreased from 8.5 million to 5.4 million for employers that sponsored only DB plans. Overall, the majority of pension plan participants in each year were covered by DB plans in some manner.

These statistics include only those participants covered by employers' primary plans. This limitation prevents double-counting of participants covered by more than one plan; however, it also undercounts the number of participants covered when employers offer multiple plans to different groups of employees.

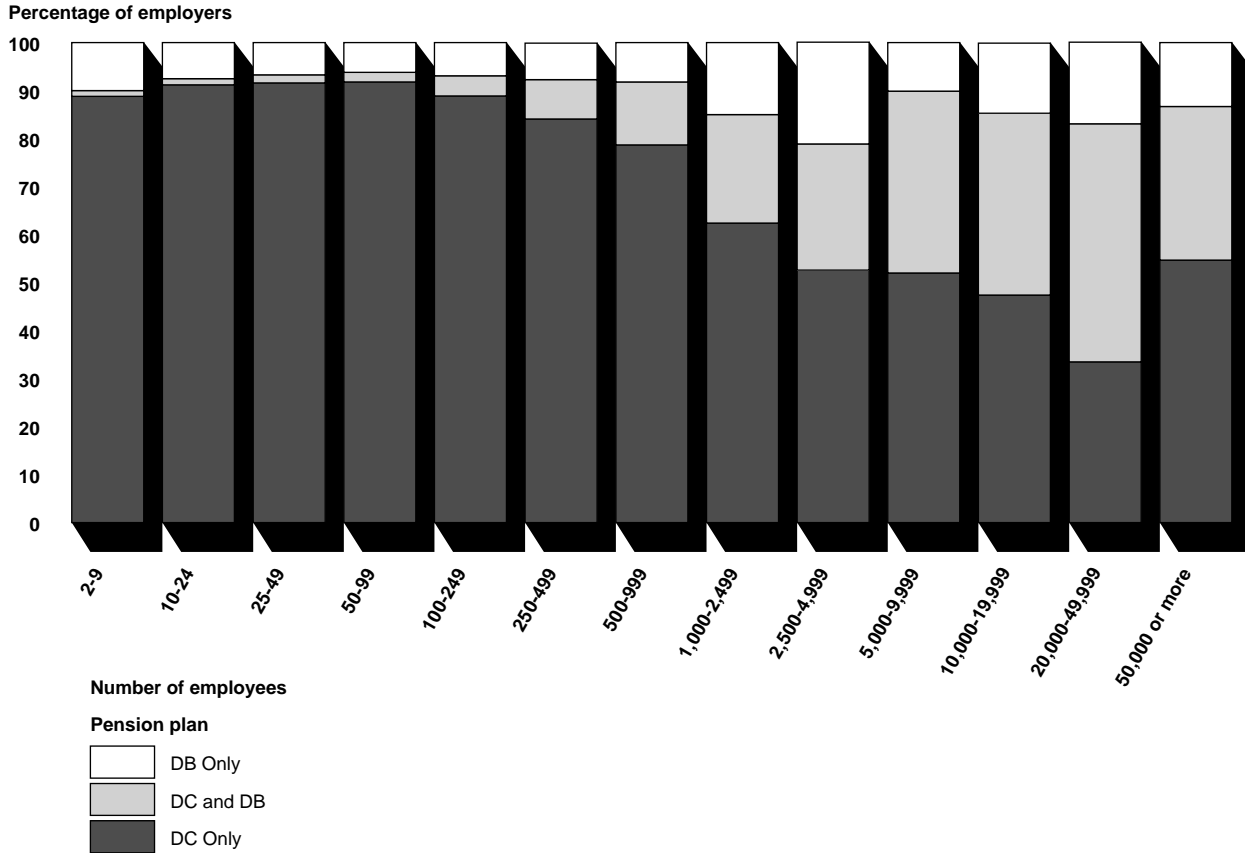
with fewer than 500 employees offered only DC plans, while the majority of employers with 500 or more employees sponsored DB plans—either alone or in combination with a DC plan. By 1993, the only employment-size categories where DB plans continued to be offered by the majority of companies were employers with 10,000 to 19,999 employees and 20,000 to 49,999 employees. Figures 2 and 3 show the percentage of employers offering the various types of pension plans by employer size for 1984 and 1993, respectively.

Figure 2: Percentage of Employers Offering Only DC, DC and DB, or Only DB Plans, by Employer Size (1984)



Source: DOL analysis of IRS Form 5500 data (see app. II, table II.3).

Figure 3: Percentage of Employers Offering Only DC, DC and DB, or Only DB Plans, by Employer Size (1993)



Source: DOL analysis of IRS Form 5500 data (see app. II, table II.3)

The increase in the percentage of employers offering only DC plans occurred across all industries. For example, the number of employers in the services industry that sponsored pension plans increased from 183,908 in 1984 to 268,533 in 1993, and the percentage of those employers that offered only DC plans increased from 71 to 93 percent. Table 1 shows the numbers of employers that sponsored pension plans and the proportion of those employers that sponsored only DC plans by industry for 1984 and 1993.

Table 1: Number of Employers That Sponsored Pension Plans and Percentage of Employers That Sponsored Only DC Plans, by Industry (1984 and 1993)

Industry	Number of employers that sponsored pension plans		Percentage of employers that sponsored only defined contribution plans	
	1984	1993	1984	1993
Agriculture	7,364	9,272	77.9	88.2
Mining	4,041	3,141	64.0	82.4
Construction	29,412	36,286	72.2	92.3
Manufacturing	65,651	71,149	56.8	82.5
Transportation	6,235	7,663	63.1	88.5
Communications and utilities	3,460	5,691	44.6	71.1
Wholesale trade	39,630	41,861	68.7	89.7
Retail trade	44,088	50,571	72.8	93.4
Finance, insurance, and real estate	33,358	41,850	61.7	83.4
Services	183,908	268,533	70.5	92.5
Tax-exempt organizations	11,391	26,721	44.9	58.2

Source: DOL analysis of IRS Form 5500 data (see app. II, table II.4).

The DOL database was not readily amenable to tracking the pension plans of individual employers over the 1984 to 1993 time period. Accordingly, we did not determine the extent to which individual employers may have terminated and replaced their DB plans with DC plans. However, one study examined 11,950 employers that sponsored DB plans in 1985. For the 6,974 of these employers that filed a Form 5500 report in 1992, the study found that 1,449 (or about 21 percent) of the employers had terminated their DB plans and adopted or retained DC plans.⁶

Larger employers continued to use DB plans more extensively than smaller employers. From 1984 to 1993, an increasing proportion of the employers with 2,500 or more employees offered both DC and DB plans. In 1993, nearly half of these employers included a DB plan as part of their retirement package—with or without a supplementary DC plan. Table 2 shows the percentage of employers that offered only DC, DC and DB, or only DB plans by employer size for 1984 and 1993.

⁶Papke, L.E. "Does 401(k) Introduction Affect Defined Benefit Plans?" Abstract, 1996.

Table 2: Percentage of Employers That Offered Only DC, DC and DB, or Only DB Plans, by Employer Size (1984 and 1993)

Number of employees	Type of pension plan(s) offered					
	Defined contribution only		Defined contribution and defined benefit		Defined benefit only	
	1984	1993	1984	1993	1984	1993
2-9	69.0%	88.8%	7.9%	1.2%	23.2%	10.0%
10-24	73.6	91.2	6.7	1.3	19.7	7.5
25-49	71.1	91.6	7.4	1.7	21.5	6.7
50-99	67.8	91.8	8.6	2.0	23.6	6.2
100-249	58.4	88.9	9.3	4.2	32.3	6.9
250-499	51.7	84.1	11.3	8.2	37.0	7.6
500-999	40.7	78.7	17.0	13.1	42.2	8.2
1,000-2,499	27.2	62.4	23.5	22.6	49.3	15.0
2,500-4,999	24.4	52.6	25.3	26.3	50.2	21.2
5,000-9,999	12.6	52.0	30.7	37.9	56.7	10.1
10,000-19,999	18.2	47.4	35.0	37.9	46.8	14.6
20,000-49,999	13.5	33.5	23.3	49.6	63.2	17.0
50,000 or more	12.0	54.7	20.3	32.0	67.7	13.3

Source: DOL analysis of IRS Form 5500 data (see app. II, table II.3)

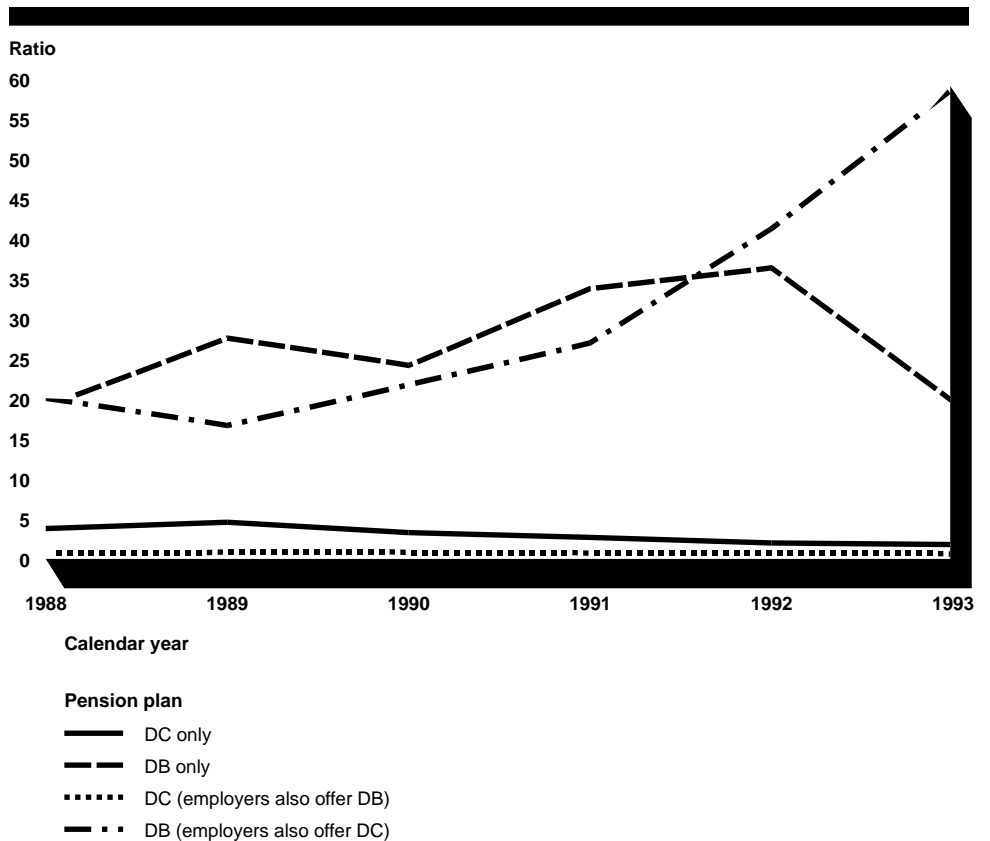
Trends in the Ratios of Employer-to-Employee Contributions to Pension Plans

In 1993, the average ratio of employer-to-employee contributions for employers that sponsored only DC plans was 1.8 (that is, employers contributed \$1.80 for each \$1.00 contributed by employees). The average ratio for employers that sponsored only DB plans was 19.7. For employers that sponsored both DC and DB plans, the ratios were 0.6 and 58.8, respectively. These results suggest that most private employers did not require employees to contribute to their DB plans. Furthermore, employers contributed proportionately more to DC plans that were designed to provide primary pension benefits than they did to DC plans that supplemented the benefits of a DB plan.

From 1988 to 1993, employers provided a declining proportion of the total contributions for DC plans and an increasing proportion of the total contributions for DB plans, regardless of whether they offered one or both types of plans. The ratio of employer-to-employee contributions decreased from approximately 3.8 to 1.8 for employers that sponsored only DC plans and, with considerable fluctuation during the intervening years, increased from 19.1 in 1988 to 19.7 in 1993 for employers that sponsored only DB

plans. Similarly, for employers that sponsored both DC and DB plans, the ratio decreased from 0.8 to 0.6 for the DC plans and increased from 20.1 to 58.8 for the DB plans. Figure 4 shows these ratios by the type of plans sponsored from 1988 to 1993.

Figure 4: Ratio of Employer-to-Employee Contributions to Pension Plans, by Type of Plan Sponsored (1988-1993)



Source: DOL analysis of IRS Form 5500 data (see app. II, tables II.5 and II.6).

Trends in Administrative Expenses for Private Pensions

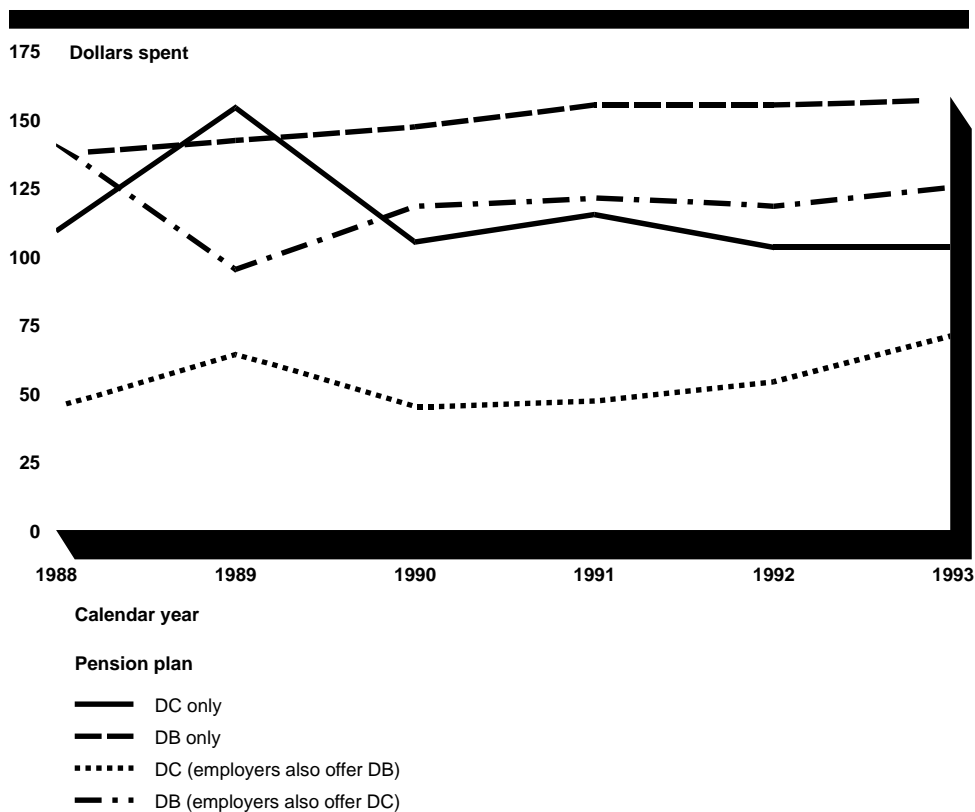
In 1993, the average reported administrative expense per plan participant was \$103 for employers that sponsored only DC plans and \$157 for employers that sponsored only DB plans. For employers that sponsored both DC and DB plans, the administrative expense per participant was \$71 and \$125, respectively. Therefore, a retirement benefits package that consisted of only a DC plan was the least expensive to administer, on average. These results also suggest that employers that sponsor both DC

and DB plans may experience some administrative efficiencies compared with employers that offer only one type of pension plan. Although we did not analyze administrative expenses by employer size, the literature indicates that larger companies incur lower administrative expenses because of considerable economies of scale.

From 1988 to 1993, the average reported administrative expense per participant remained fairly constant for both DC and DB plans.⁷ Consequently, growth in administrative expenses did not appear to explain why employers that already had a DB plan would shift to a DC plan. However, the lower administrative expense associated with DC versus DB plans might have been an influential factor for employers designing a retirement benefits package for the first time. Figure 5 shows the average administrative expense per participant for pension plans by the type(s) of plans employers offered from 1988 to 1993.

⁷The administrative expense amounts reported for each year are in current dollars. Thus, in “real dollars” (adjusted for inflation), average administrative expenses for each type of plan actually decreased somewhat over the 1988 to 1993 period.

Figure 5: Average Administrative Expense per Participant for Pension Plans, by Type of Plan Employers Offered (1988-1993)



Source: DOL analysis of IRS Form 5500 data (see app. II, table II.7).

Possible Explanations of the Growth in DC Plans Provided by the Literature

The literature suggested various factors that may explain why employers might prefer to offer only DC plans to their employees. These factors included (1) changes in pension regulations and tax policy that may favor DC plans over DB plans, (2) increases in the stock and bond markets that may encourage employers to terminate DB plans to capture retirement fund assets that exceed plan liabilities, and (3) changes in workers' preferences that are based on their expectations of short tenures with several employers.

Since its enactment in 1974, Congress has passed many laws that amended ERISA and increased the complexity of pension regulations. For example, employers must comply with certain minimum funding requirements and maximum funding limits, limits on plan participation by highly compensated individuals or owners, and time limits on how long

employees must work before being entitled to pension benefits. Since ERISA was enacted, the plan termination insurance premiums paid by employers with DB plans have increased from \$1 to \$19 for each plan participant and an additional variable premium is required for underfunded plans. Some studies indicated that the increasing complexity of pension regulations was more burdensome for DB plans compared with DC plans—particularly for smaller employers.

Changes in tax policy may also have affected employers' choice of DC plans over DB plans. For example, in 1978, Congress added section 401(k) to the IRS Tax Code that allowed employers to establish DC plans to which employers and/or employees could contribute on a pretax basis and could defer taxes on earnings until funds are withdrawn from the plan. The number of 401(k) plans offered by employers that sponsored only DC plans increased from 13,610 in 1984 to 155,384 in 1993.

During the 1980s, a strong stock market and higher long-term interest rates contributed to an increase in the number of overfunded DB plans.⁸ Employers can terminate an overfunded plan by purchasing annuities to satisfy the plan's current obligations and "reverting" any excess assets back to the company.⁹ Some employers use the excess assets for nonpension purposes, such as investment in plant and equipment or retirement of long-term debt.¹⁰ The literature indicated that employers frequently replace terminated DB plans with either a new DB plan or DC plan; however, employers are not legally required to do so. From 1975 to 1988, employers terminated an average of 6,500 DB plans each year, although not all of these terminations were the result of a reversion.

The rising stock and bond markets were also credited with enhancing the popularity of DC plans with workers who saw their pension account balances increase dramatically. Employees in DC plans are immediately entitled to their own contributions and any earnings on those contributions if they change employers. Moreover, employees in DC plans are entitled to the contributions made by their employers as well as the

⁸DB pension plans can be underfunded or overfunded in any given year depending on the accuracy of actuarial assumptions used to determine past contribution levels as well as the accumulated investment earnings on contributed funds. In contrast, DC plans are never underfunded or overfunded—they are fully funded by definition.

⁹When an employer terminates a pension plan, all of the plan's participants immediately become fully "vested" and eligible to receive immediate or deferred pension benefits.

¹⁰Since 1986, when Congress imposed excise taxes on reverted assets, the number of reversions has diminished substantially. For example, the Pension Benefit Guaranty Corporation reported that \$28 million was reverted from pension plans in 1992 compared with \$6.7 billion in 1985.

earnings on those contributions after a minimum period of employment (no more than 7 years). The literature suggests that some workers may prefer DC plans because they are easier to understand and workers can take their pension benefits with them if they were to change jobs.

Some of the factors that may influence private employers to choose one type of plan over another are not relevant to public employers, including the federal government. For example, because governments are not taxpaying entities, they are not influenced by opportunities to reduce federal taxes on their revenues. Furthermore, governments that finance their pension plans on a pay-as-you-go basis have no opportunity to revert excess pension assets for other purposes.¹¹

Several studies suggested that the reduction in the number of employers with DB plans was not related to any particular policy considerations, but resulted largely because of shifts in the U.S. labor market. Specifically, during the 1980s, employment grew in the services industry where employers favored DC plans, while employment declined in the manufacturing industry where employers traditionally sponsored DB plans. Other studies indicate that many employers will continue to use DB plans as a human resource tool to attract workers with certain characteristics, reward long tenured employees, and achieve desired employee retention patterns. Furthermore, as the workforce ages and retirement becomes imminent for more older workers, employees may begin to place more value on DB plans as they evaluate the sufficiency of their DC accounts. In response to these considerations, an increasing number of employers are adopting hybrid retirement programs that combine the features of DC plans and DB plans.

Agency Comments and Our Evaluation

We requested comments on a draft of this report from the Secretary of Labor or his designee. In a letter dated September 3, 1996, the Assistant Secretary of Labor for Pension and Welfare Benefits provided Labor's comments. The comments were of a technical nature and suggested that we make it more prominently clear that our results (1) reflect only those employers that sponsored single-employer pension plans, (2) may overstate total employer contributions and understate employee contributions as a result of inconsistent reporting on the Form 5500, and (3) reflect only those administrative expenses actually reported on the

¹¹Funds are maintained for federal employee DB plans, such as the Civil Service Retirement System and the DB component of the Federal Employees Retirement System. However, these funds are invested in nonmarketable, special issue Treasury securities that represent government obligations to pay future retirement annuities rather than cash reserves.

Form 5500. We clarified the report where necessary to reflect these comments.

The Assistant Secretary also suggested that the report provide more information on the number of participants covered by only DC, DC and DB, or only DB plans. We agree that this information could be very useful. However, our study was designed with the employer as the unit of analysis and did not allow us to develop extensive information on pension participants.

We are sending copies of this report to the Ranking Minority Member of the Subcommittee, the Chairman and Ranking Minority Member of the Senate Governmental Affairs Committee, the Secretary of Labor, and other interested parties. Copies will also be made available to others upon request.

Major contributors to this report are listed in appendix III. If you have any questions, please call me at (202) 512-7680.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Timothy P. Bowling". The signature is fluid and cursive, with the first name "Timothy" and last name "Bowling" clearly distinguishable.

Timothy P. Bowling
Associate Director, Federal Management
and Workforce Issues

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Abbreviations

DB	defined benefit
DC	defined contribution
DOL	Department of Labor
EBRI	Employee Benefit Research Institute
ERISA	Employee Retirement Income Security Act of 1974
IRS	Internal Revenue Service

Objectives, Scope, and Methodology

In June 1995, the Chairman, Subcommittee on Civil Service, House Committee on Government Reform and Oversight, asked us to provide information on the use of defined contribution pension plans in the private sector.¹ He said that such information would assist congressional decisionmakers as they consider the possible design of a retirement system for new federal hires. The objectives of our review were to determine

- how many private employers offered a retirement program consisting of (1) only defined contribution (DC) plans, (2) only defined benefit (DB) plans, or (3) a combination of the two types of plans;
- the average employer and employee contributions to the plans;²
- the average administrative expenses charged to the plans; and
- the factors that may influence private sector employers when they decide to offer DC plans versus DB plans as a part of their employees' retirement package.

To accomplish the first three objectives, we used a research database of computerized IRS Form 5500 reports maintained by the Pension and Welfare Benefits Administration of the Department of Labor (DOL). Under the Employee Retirement Income Security Act of 1974, private employers must annually file a separate Form 5500 report with the Internal Revenue Service (IRS) for each of their pension plans. Each report is to contain financial, participant, and actuarial data. We did not independently verify the accuracy of the DOL database. However, IRS edits the reports by checking addition and consistency on financial and other record items and corresponds with filers to obtain corrected data before providing the computerized data to DOL. DOL further edits the Form 5500 data to identify problems, such as truncated or incorrect entries, before constructing its research database, which consists of (1) all plans with 100 or more participants and (2) a 10-percent sample that is weighted to represent the universe of all plans with fewer than 100 participants.

As agreed with your office, we limited the scope of our review to include Form 5500 data for 1984 through 1993—the 10 most recent years for which the DOL database was available. We were unable to determine the number

¹A defined contribution pension plan is one in which retirement benefits depend upon the amounts contributed to individual employee accounts and the investment experience of that account up to the time of retirement. In contrast, the retirement benefits for a defined benefit pension plan are computed on the basis of a definite formula generally reflecting years of service and/or a percentage of salary.

²For all analyses described in this appendix, the term “average” refers to an arithmetic average, or mean. Another measure of central tendency, such as the median, might have resulted in different findings.

of current employees covered by plans with fewer than 100 participants; therefore, our analyses do not address the number of current employees covered by employers that sponsor only DC, both DC and DB, or only DB plans. The data shown in this report reflect averages for large groups of employers and do not represent any individual employer's pension plan arrangements or practices. Pension plan experiences of the entire private sector may not be generalizable to the federal government. Moreover, there are no obvious or agreed-upon criteria to determine which private-sector industry type should be or is the most comparable to the federal government. We relied on a DOL programmer with extensive knowledge of the Form 5500 database to complete all of the analyses described in this appendix.

To determine the number of employers that sponsored only DC plans, only DB plans, or both types of plans, we sorted the data for each year on the basis of (1) a unique employer identification number and (2) the indicated plan type included on each Form 5500 report. Because of incomplete data, we did not include "multiemployer" plans in our study.³ According to the Employee Benefit Research Institute (EBRI), multiemployer plans are generally DB plans; they represented 0.4 percent of all plans for 1992.

We stratified our analyses by employer size and industry type using the same category breakouts included in DOL's annual reports on private sector pensions. When we stratified the data, we included only those employers for which we could determine the number of employees or the appropriate industry, respectively, from the database. Table I.1 shows the number of employers with indeterminate employer size or industry category for each year in our study.

³A multiemployer plan is one to which more than one employer is required to contribute pursuant to one or more collective bargaining agreements. Only one Form 5500 is filed for each multiemployer plan, using one of the sponsoring employers' identification numbers. Therefore, we could not identify all of the participating employers.

Table I.1: Number of Employers With Incomplete Form 5500 Data (1984-1993)

Year	Number of employers included in analyses	Number of employers with incomplete data ^a	
		Employer size not reported	Industry not reported
1984	455,271	22,639	26,711
1985	476,430	22,494	31,167
1986	545,881	36,051	40,808
1987	567,644	41,059	48,265
1988	568,338	24,568	7,095
1989	549,635	14,513	2,777
1990	538,553	72,403	3,105
1991	540,193	77,808	1,828
1992	559,840	78,715	1,502
1993	564,596	76,570	1,753

^aFor some employers, we could not determine either employer size or industry category—these employers are counted in both columns.

Source: DOL analysis of IRS Form 5500 data.

According to the DOL programmer, IRS began editing the financial data included on the Form 5500 database in 1988; thus, the financial data for the years preceding 1988 were less reliable. Therefore, we only included the data for 1988 through 1993 for our analyses of employer and employee contributions and administrative expenses.

To determine the average employer and employee contribution to plans sponsored by employers with only DC plans, only DB plans, or both types of plans, we divided the sum of all reported employer or employee contributions by the sum of all participants covered by the plans. We included only participants for those plans for which employer or employee contributions were reported. According to a DOL representative, plans that reported 100-percent employee participation tended to be ones where employers make automatic contributions to the plan on behalf of their employees. Therefore, we did not include these plans when computing employee contribution amounts. It is important to note that employers are not required to make contributions to DB plans each year—contribution amounts are determined on the basis of current actuarial assumptions and the market value of fund assets.

To determine the average administrative expense per participant of plans sponsored by employers with only DC plans, only DB plans, or both types of

plans, we divided the sum of all reported administrative expenses by the sum of all participants covered by the plans. We included only participants for those plans that employers reported administrative expenses. According to DOL representatives, employers generally report only those administrative expenses that are actually charged to the plans and exclude expenses taken directly out of employee contributions or investment returns. Therefore, the administrative expenses may be underreported in these data.

To address the fourth objective—to identify factors that may influence private employers to sponsor DC rather than DB plans—we reviewed retirement-related literature that we identified using an on-line business periodical system and bibliographies from EBRI and Congressional Research Service publications.

IRS Form 5500 Analysis Results

Table II.1: Number of Private Sector Employers, by Type of Pension Plan Offered (1984-1993)

Year	Type of pension plan(s) offered						Total number of employers
	Defined contribution only		Defined contribution and defined benefit		Defined benefit only		
	Number of employers	Percentage of total	Number of employers	Percentage of total	Number of employers	Percentage of total	
1984	308,352	67.7	37,884	8.3	109,035	23.9	455,271
1985	327,854	68.8	36,015	7.6	112,561	23.6	476,430
1986	397,639	72.8	34,691	6.4	113,551	20.8	545,881
1987	427,935	75.4	31,540	5.6	108,169	19.1	567,644
1988	443,954	78.1	26,694	4.7	97,690	17.2	568,338
1989	444,474	80.9	24,953	4.5	80,208	14.6	549,635
1990	450,564	83.7	18,779	3.5	69,210	12.9	538,553
1991	458,791	84.9	16,708	3.1	64,694	12.0	540,193
1992	487,979	87.2	16,781	3.0	55,080	9.8	559,840
1993	498,901	88.4	14,903	2.6	50,792	9.0	564,596

Note: This table includes only those employers that sponsored single-employer pension plans.

Source: DOL analysis of IRS Form 5500 data.

Appendix II
IRS Form 5500 Analysis Results

Table II.2: Number of Participants Covered by Private Pension Plans, by Type of Plan Offered (1984-1993)

Participant numbers in thousands

Year	Type of pension plan(s) offered						Total number of participants
	Defined contribution only		Defined contribution and defined benefit		Defined benefit only		
	Number of participants	Percentage of total	Number of participants	Percentage of total	Number of participants	Percentage of total	
1984	8,661	26.8	15,160	46.9	8,498	26.3	32,319
1985	9,954	29.6	15,903	47.3	7,739	23.0	33,596
1986	11,158	31.9	16,502	47.2	7,303	20.9	34,963
1987	12,140	34.0	16,480	46.2	7,084	19.8	35,704
1988	13,765	36.8	16,810	44.9	6,857	18.3	37,432
1989	14,996	38.5	17,652	45.3	6,327	16.2	38,975
1990	15,731	40.8	16,710	43.4	6,073	15.8	38,514
1991	16,558	41.9	17,452	44.1	5,551	14.0	39,561
1992	18,914	44.7	18,163	42.9	5,279	12.5	42,356
1993	19,874	45.1	18,854	42.7	5,375	12.2	44,103

Note: This table includes participants who were covered by single-employer pension plans. Furthermore, only participants covered by employers' primary plans are included to prevent double-counting of those participants also covered by one or more supplementary plans. These totals undercount participants when employers offered multiple pension plans to different groups of employees. Participants include current employees, retirees (or their beneficiaries) who are receiving benefits, and former employees who will be eligible to receive benefits at some future date.

Source: DOL analysis of IRS Form 5500 data.

**Appendix II
IRS Form 5500 Analysis Results**

Table II.3: Number of Private Sector Employers, by Employer Size and Type of Pension Plan Offered (1984-1993)

Number of employees	Year	Type of pension plan(s) offered						Total number of employers ^a
		Defined contribution only		Defined contribution and defined benefit		Defined benefit only		
		Number of employers	Percentage of total	Number of employers	Percentage of total	Number of employers	Percentage of total	
2-9	1984	143,029	69.0	16,321	7.9	48,031	23.2	207,381
	1985	146,070	69.3	13,284	6.3	51,506	24.4	210,860
	1986	189,393	74.9	11,022	4.4	52,615	20.8	253,030
	1987	203,216	77.1	9,973	3.8	50,364	19.1	263,553
	1988	210,749	80.3	7,725	2.9	44,129	16.8	262,603
	1989	206,589	82.2	7,095	2.8	37,769	15.0	251,453
	1990	178,724	84.4	4,155	2.0	28,915	13.7	211,794
	1991	174,450	86.6	2,944	1.5	24,053	11.9	201,447
	1992	174,171	87.7	3,356	1.7	21,113	10.6	198,640
	1993	174,923	88.8	2,398	1.2	19,620	10.0	196,941
10-24	1984	70,791	73.6	6,484	6.7	18,941	19.7	96,216
	1985	77,356	73.2	6,985	6.6	21,278	20.1	105,619
	1986	86,401	75.4	7,053	6.2	21,128	18.4	114,582
	1987	89,461	77.3	5,685	4.9	20,554	17.8	115,700
	1988	99,757	80.5	5,031	4.1	19,110	15.4	123,898
	1989	102,326	83.8	4,626	3.8	15,098	12.4	122,050
	1990	95,770	85.8	2,573	2.3	13,245	11.9	111,588
	1991	97,274	85.6	2,902	2.6	13,459	11.8	113,635
	1992	105,479	89.9	2,171	1.9	9,640	8.2	117,290
	1993	109,185	91.2	1,519	1.3	9,039	7.5	119,743
25-49	1984	35,449	71.1	3,701	7.4	10,710	21.5	49,860
	1985	37,655	72.8	4,097	7.9	9,956	19.3	51,708
	1986	39,973	75.1	4,000	7.5	9,256	17.4	53,229
	1987	44,496	78.1	2,674	4.7	9,780	17.2	56,950
	1988	48,653	80.3	3,006	5.0	8,925	14.7	60,584
	1989	52,746	84.5	2,522	4.0	7,122	11.4	62,390
	1990	48,343	86.4	1,702	3.0	5,908	10.6	55,953
	1991	51,240	88.4	1,227	2.1	5,466	9.4	57,933
	1992	59,043	90.6	1,365	2.1	4,767	7.3	65,175
	1993	61,934	91.6	1,117	1.7	4,531	6.7	67,582
50-99	1984	21,347	67.8	2,707	8.6	7,442	23.6	31,496
	1985	24,481	70.6	2,567	7.4	7,613	22.0	34,661
	1986	26,900	72.6	3,020	8.2	7,124	19.2	37,044

(continued)

**Appendix II
IRS Form 5500 Analysis Results**

Number of employees	Year	Type of pension plan(s) offered						Total number of employers ^a
		Defined contribution only		Defined contribution and defined benefit		Defined benefit only		
		Number of employers	Percentage of total	Number of employers	Percentage of total	Number of employers	Percentage of total	
	1987	28,911	75.9	2,926	7.7	6,265	16.4	38,102
	1988	30,336	76.9	1,951	4.9	7,150	18.1	39,437
	1989	33,821	82.7	1,736	4.2	5,330	13.0	40,887
	1990	33,882	87.2	1,000	2.6	3,954	10.2	38,836
	1991	34,933	88.1	976	2.5	3,737	9.4	39,646
	1992	38,388	90.5	882	2.1	3,134	7.4	42,404
	1993	39,757	91.8	865	2.0	2,691	6.2	43,313
100-249	1984	13,461	58.4	2,132	9.3	7,451	32.3	23,044
	1985	16,212	64.0	1,989	7.9	7,126	28.1	25,327
	1986	16,802	65.4	2,131	8.3	6,751	26.3	25,684
	1987	18,396	70.4	2,272	8.7	5,463	20.9	26,131
	1988	21,152	73.7	1,848	6.4	5,712	19.9	28,712
	1989	23,400	78.6	1,975	6.6	4,399	14.8	29,774
	1990	22,442	84.4	1,302	4.9	2,829	10.6	26,573
	1991	24,192	86.5	1,087	3.9	2,680	9.6	27,959
	1992	27,946	86.8	1,433	4.4	2,835	8.8	32,214
	1993	29,695	88.9	1,394	4.2	2,310	6.9	33,399
250-499	1984	4,552	51.7	995	11.3	3,256	37.0	8,803
	1985	5,355	56.8	1,158	12.3	2,920	31.0	9,433
	1986	5,426	58.1	1,117	12.0	2,794	29.9	9,337
	1987	6,140	59.7	1,302	12.7	2,843	27.6	10,285
	1988	6,854	63.8	1,201	11.2	2,684	25.0	10,739
	1989	7,753	70.6	1,166	10.6	2,063	18.8	10,982
	1990	7,298	76.3	943	9.9	1,326	13.9	9,567
	1991	7,529	78.7	938	9.8	1,095	11.4	9,562
	1992	9,442	82.7	941	8.2	1,036	9.1	11,419
	1993	9,969	84.1	976	8.2	906	7.6	11,851
500-999	1984	2,041	40.7	853	17.0	2,116	42.2	5,010
	1985	2,568	47.7	960	17.8	1,861	34.5	5,389
	1986	2,628	47.0	1,051	18.8	1,910	34.2	5,589
	1987	2,721	49.8	987	18.1	1,753	32.1	5,461
	1988	3,433	56.5	1,154	19.0	1,492	24.5	6,079
	1989	3,624	59.1	1,177	19.2	1,332	21.7	6,133
	1990	3,390	68.5	782	15.8	779	15.7	4,951
	1991	3,598	73.0	762	15.5	570	11.6	4,930

(continued)

**Appendix II
IRS Form 5500 Analysis Results**

Number of employees	Year	Type of pension plan(s) offered						Total number of employers ^a
		Defined contribution only		Defined contribution and defined benefit		Defined benefit only		
		Number of employers	Percentage of total	Number of employers	Percentage of total	Number of employers	Percentage of total	
1,000-2,499	1992	4,481	75.9	860	14.6	559	9.5	5,900
	1993	5,246	78.7	871	13.1	550	8.2	6,667
	1984	1,122	27.2	969	23.5	2,037	49.3	4,128
	1985	1,375	31.3	1,159	26.4	1,862	42.4	4,396
	1986	1,469	35.2	1,240	29.7	1,464	35.1	4,173
	1987	1,570	36.4	1,158	26.9	1,584	36.7	4,312
	1988	2,165	43.2	1,242	24.8	1,609	32.1	5,016
	1989	2,235	46.7	1,265	26.4	1,289	26.9	4,789
	1990	1,917	55.0	926	26.6	643	18.4	3,486
	1991	2,138	58.0	946	25.7	602	16.3	3,686
2,500-4,999	1992	2,593	62.7	963	23.3	577	14.0	4,133
	1993	2,730	62.4	988	22.6	654	15.0	4,372
	1984	495	24.4	513	25.3	1,017	50.2	2,025
	1985	600	29.3	582	28.4	865	42.3	2,047
	1986	697	33.8	598	29.0	768	37.2	2,063
	1987	680	36.1	569	30.2	636	33.7	1,885
	1988	597	29.2	641	31.3	810	39.6	2,048
	1989	785	35.9	678	31.0	723	33.1	2,186
	1990	645	48.4	444	33.3	244	18.3	1,333
	1991	670	47.9	494	35.3	236	16.9	1,400
5,000-9,999	1992	899	53.4	485	28.8	300	17.8	1,684
	1993	987	52.6	493	26.3	398	21.2	1,878
	1984	170	12.6	414	30.7	764	56.7	1,348
	1985	186	14.4	488	37.7	619	47.9	1,293
	1986	247	20.0	453	36.6	538	43.5	1,238
	1987	385	27.7	429	30.9	575	41.4	1,389
	1988	482	34.5	486	34.8	430	30.8	1,398
	1989	439	32.3	504	37.1	417	30.7	1,360
	1990	412	47.9	308	35.8	141	16.4	861
	1991	403	46.2	324	37.2	145	16.6	872
10,000-19,999	1992	411	51.8	308	38.8	74	9.3	793
	1993	468	52.0	341	37.9	91	10.1	900
	1984	158	18.2	304	35.0	407	46.8	869
	1985	204	16.3	367	29.4	677	54.2	1,248
	1986	202	14.5	348	25.0	840	60.4	1,390

(continued)

**Appendix II
IRS Form 5500 Analysis Results**

Number of employees	Year	Type of pension plan(s) offered						Total number of employers ^a
		Defined contribution only		Defined contribution and defined benefit		Defined benefit only		
		Number of employers	Percentage of total	Number of employers	Percentage of total	Number of employers	Percentage of total	
	1987	172	16.5	375	36.0	496	47.6	1,043
	1988	330	26.5	395	31.8	519	41.7	1,244
	1989	317	26.4	442	36.8	441	36.8	1,200
	1990	184	36.2	239	47.0	85	16.7	508
	1991	282	45.8	270	43.8	64	10.4	616
	1992	331	46.7	232	32.7	146	20.6	709
	1993	295	47.4	236	37.9	91	14.6	622
20,000-49,999	1984	209	13.5	361	23.3	981	63.2	1,551
	1985	118	11.2	304	28.8	634	60.0	1,056
	1986	253	18.3	337	24.4	791	57.3	1,381
	1987	206	17.1	324	26.9	674	56.0	1,204
	1988	249	23.6	378	35.8	429	40.6	1,056
	1989	371	32.9	339	30.1	416	36.9	1,126
	1990	174	41.6	144	34.4	100	23.9	418
	1991	154	36.3	185	43.6	85	20.0	424
	1992	195	42.4	183	39.8	82	17.8	460
	1993	150	33.5	222	49.6	76	17.0	448
50,000 or more	1984	108	12.0	182	20.3	607	67.7	897
	1985	90	10.0	265	29.5	543	60.5	898
	1986	260	23.9	284	26.1	546	50.1	1,090
	1987	129	22.8	179	31.7	257	45.5	565
	1988	142	14.9	188	19.7	624	65.4	954
	1989	176	22.2	232	29.2	386	48.6	794
	1990	154	54.6	84	29.8	44	15.6	282
	1991	119	43.4	92	33.6	63	23.0	274
	1992	166	54.2	103	33.7	37	12.1	306
	1993	169	54.7	99	32.0	41	13.3	309

^aThis table includes only those employers that sponsored single-employer pension plans for which we could determine the number of employees.

Source: DOL analysis of IRS Form 5500 data.

Appendix II
IRS Form 5500 Analysis Results

Table II.4: Number of Private Sector Employers, by Industry and Type of Pension Plan Offered (1984-1993)

Industry	Year	Type of pension plan(s) offered						Total number of employers ^a
		Defined contribution only		Defined contribution and defined benefit		Defined benefit only		
		Number of employers	Percentage of total	Number of employers	Percentage of total	Number of employers	Percentage of total	
Agriculture	1984	5,736	77.9	368	5.0	1,260	17.1	7,364
	1985	5,172	69.3	361	4.8	1,934	25.9	7,467
	1986	6,825	69.4	268	2.7	2,741	27.9	9,834
	1987	8,445	80.3	321	3.1	1,750	16.6	10,516
	1988	8,828	81.6	347	3.2	1,645	15.2	10,820
	1989	7,296	84.9	140	1.6	1,154	13.4	8,590
	1990	8,177	88.1	177	1.9	931	10.0	9,285
	1991	8,424	85.8	297	3.0	1,092	11.1	9,813
	1992	8,036	78.1	181	1.8	2,066	20.1	10,283
	1993	8,175	88.2	189	2.0	908	9.8	9,272
Mining	1984	2,588	64.0	398	9.8	1,055	26.1	4,041
	1985	2,762	65.9	268	6.4	1,160	27.7	4,190
	1986	2,781	67.1	248	6.0	1,116	26.9	4,145
	1987	2,837	69.3	231	5.6	1,026	25.1	4,094
	1988	3,314	74.6	183	4.1	945	21.3	4,442
	1989	2,558	74.1	240	7.0	655	19.0	3,453
	1990	2,742	77.3	304	8.6	503	14.2	3,549
	1991	2,967	77.3	232	6.0	641	16.7	3,840
	1992	2,867	84.3	172	5.1	363	10.7	3,402
	1993	2,590	82.4	200	6.4	351	11.2	3,141
Construction	1984	21,227	72.2	2,124	7.2	6,061	20.6	29,412
	1985	23,437	75.7	2,134	6.9	5,385	17.4	30,956
	1986	26,771	78.8	1,668	4.9	5,520	16.3	33,959
	1987	29,109	80.1	1,421	3.9	5,795	16.0	36,325
	1988	31,439	82.5	1,546	4.1	5,130	13.5	38,115
	1989	30,828	85.1	1,231	3.4	4,179	11.5	36,238
	1990	32,988	87.2	879	2.3	3,984	10.5	37,851
	1991	30,982	87.3	720	2.0	3,776	10.6	35,478
	1992	32,530	91.6	630	1.8	2,355	6.6	35,515
	1993	33,485	92.3	761	2.1	2,040	5.6	36,286
Manufacturing	1984	37,270	56.8	6,562	10.0	21,819	33.2	65,651
	1985	38,634	60.1	6,504	10.1	19,093	29.7	64,231
	1986	40,737	61.7	6,399	9.7	18,930	28.7	66,066

(continued)

**Appendix II
IRS Form 5500 Analysis Results**

Industry	Year	Type of pension plan(s) offered						Total number of employers ^a
		Defined contribution only		Defined contribution and defined benefit		Defined benefit only		
		Number of employers	Percentage of total	Number of employers	Percentage of total	Number of employers	Percentage of total	
	1987	41,939	64.5	5,914	9.1	17,139	26.4	64,992
	1988	48,760	68.2	5,778	8.1	16,930	23.7	71,468
	1989	49,226	72.0	5,588	8.2	13,590	19.9	68,404
	1990	49,689	75.5	4,932	7.5	11,152	17.0	65,773
	1991	51,204	76.9	4,812	7.2	10,599	15.9	66,615
	1992	57,457	82.0	4,226	6.0	8,400	12.0	70,083
	1993	58,724	82.5	4,301	6.0	8,124	11.4	71,149
Transportation	1984	3,932	63.1	481	7.7	1,822	29.2	6,235
	1985	4,123	67.8	365	6.0	1,594	26.2	6,082
	1986	4,606	70.4	415	6.3	1,525	23.3	6,546
	1987	4,944	76.0	369	5.7	1,193	18.3	6,506
	1988	5,138	74.5	307	4.4	1,454	21.1	6,899
	1989	5,853	81.3	314	4.4	1,028	14.3	7,195
	1990	5,352	83.7	223	3.5	820	12.8	6,395
	1991	6,337	83.4	247	3.3	1,014	13.3	7,598
	1992	7,087	89.7	231	2.9	581	7.4	7,899
	1993	6,780	88.5	235	3.1	648	8.5	7,663
Communications and utilities	1984	1,543	44.6	516	14.9	1,401	40.5	3,460
	1985	1,950	49.6	672	17.1	1,309	33.3	3,931
	1986	2,341	53.8	696	16.0	1,317	30.2	4,354
	1987	2,722	60.1	695	15.4	1,109	24.5	4,526
	1988	2,878	62.8	462	10.1	1,240	27.1	4,580
	1989	3,153	65.9	580	12.1	1,054	22.0	4,787
	1990	3,061	71.7	602	14.1	606	14.2	4,269
	1991	3,487	71.3	530	10.8	874	17.9	4,891
	1992	4,130	69.7	950	16.0	843	14.2	5,923
	1993	4,049	71.1	872	15.3	770	13.5	5,691
Wholesale trade	1984	27,208	68.7	3,714	9.4	8,708	22.0	39,630
	1985	30,476	72.9	2,798	6.7	8,533	20.4	41,807
	1986	30,683	72.8	3,114	7.4	8,375	19.9	42,172
	1987	29,235	74.3	2,283	5.8	7,835	19.9	39,353
	1988	38,223	79.7	2,177	4.5	7,565	15.8	47,965
	1989	35,652	80.8	2,528	5.7	5,935	13.4	44,115
	1990	33,702	83.4	1,588	3.9	5,100	12.6	40,390

(continued)

**Appendix II
IRS Form 5500 Analysis Results**

Industry	Year	Type of pension plan(s) offered						Total number of employers ^a
		Defined contribution only		Defined contribution and defined benefit		Defined benefit only		
		Number of employers	Percentage of total	Number of employers	Percentage of total	Number of employers	Percentage of total	
Retail trade	1991	36,437	85.6	1,198	2.8	4,929	11.6	42,564
	1992	35,837	87.7	1,401	3.4	3,642	8.9	40,880
	1993	37,532	89.7	1,124	2.7	3,205	7.7	41,861
	1984	32,109	72.8	2,943	6.7	9,036	20.5	44,088
	1985	32,596	72.6	2,964	6.6	9,341	20.8	44,901
	1986	43,855	78.5	2,566	4.6	9,457	16.9	55,878
	1987	36,543	78.8	2,413	5.2	7,410	16.0	46,366
	1988	38,522	79.7	1,959	4.1	7,872	16.3	48,353
	1989	47,085	85.1	1,582	2.9	6,634	12.0	55,301
	1990	45,957	88.1	1,343	2.6	4,839	9.3	52,139
	1991	44,601	89.1	1,004	2.0	4,458	8.9	50,063
Finance, insurance, and real estate	1992	47,010	92.0	769	1.5	3,341	6.5	51,120
	1993	47,216	93.4	643	1.3	2,712	5.4	50,571
	1984	20,573	61.7	3,182	9.5	9,603	28.8	33,358
	1985	23,440	61.3	3,476	9.1	11,309	29.6	38,225
	1986	24,571	65.4	2,979	7.9	10,008	26.6	37,558
	1987	27,264	67.3	3,065	7.6	10,181	25.1	40,510
	1988	33,897	73.0	3,010	6.5	9,508	20.5	46,415
	1989	29,790	74.1	2,764	6.9	7,644	19.0	40,198
	1990	28,390	76.9	1,736	4.7	6,815	18.4	36,941
	1991	33,744	78.7	2,031	4.7	7,081	16.5	42,856
	1992	34,372	82.1	2,231	5.3	5,247	12.5	41,850
1993	34,900	83.4	1,876	4.5	5,074	12.1	41,850	
Services	1984	129,691	70.5	16,389	8.9	37,828	20.6	183,908
	1985	132,850	71.9	14,109	7.6	37,758	20.4	184,717
	1986	171,106	76.4	13,374	6.0	39,403	17.6	223,883
	1987	192,226	79.3	12,189	5.0	37,898	15.6	242,313
	1988	213,588	82.3	9,801	3.8	36,191	13.9	259,580
	1989	216,347	84.8	8,857	3.5	29,985	11.8	255,189
	1990	225,373	87.2	6,338	2.5	26,655	10.3	258,366
	1991	225,426	89.2	4,808	1.9	22,405	8.9	252,639
	1992	240,525	91.8	4,663	1.8	16,835	6.4	262,023
	1993	248,370	92.5	3,558	1.3	16,605	6.2	268,533

(continued)

Appendix II
IRS Form 5500 Analysis Results

Industry	Year	Type of pension plan(s) offered						Total number of employers ^a
		Defined contribution only		Defined contribution and defined benefit		Defined benefit only		
		Number of employers	Percentage of total	Number of employers	Percentage of total	Number of employers	Percentage of total	
Tax-exempt organizations	1984	5,112	44.9	470	4.1	5,809	51.0	11,391
	1985	7,845	41.9	1,103	5.9	9,776	52.2	18,724
	1986	9,572	46.4	1,573	7.6	9,493	46.0	20,638
	1987	11,351	47.8	1,418	6.0	10,969	46.2	23,738
	1988	12,985	57.4	1,037	4.6	8,585	38.0	22,607
	1989	14,338	61.3	1,001	4.3	8,050	34.4	23,389
	1990	12,504	61.2	515	2.5	7,417	36.3	20,436
	1991	13,496	61.5	823	3.8	7,627	34.8	21,946
	1992	16,981	57.9	1,230	4.2	11,121	37.9	29,332
	1993	15,558	58.2	1,073	4.0	10,090	37.8	26,721

^aThis table includes only those employers that sponsored single-employer pension plans for which we could determine the appropriate industry category.

Source: DOL analysis of IRS Form 5500 data.

Appendix II
IRS Form 5500 Analysis Results

Table II.5: Average Employer and Employee Contributions to Pension Plans for Employers Offering Only DC or Only DB Plans (1988-1993)

Year	Type of plan(s) offered					
	Defined contribution only			Defined benefit only		
	Employer amount	Employee amount	Ratio ^a	Employer amount	Employee amount	Ratio ^a
1988	\$1,708	\$447	3.8	\$1,315	\$69	19.1
1989	2,239	484	4.6	1,379	50	27.6
1990	1,753	538	3.3	1,308	54	24.2
1991	1,642	612	2.7	1,555	46	33.8
1992	1,595	780	2.0	1,565	43	36.4
1993	1,597	889	1.8	1,736	88	19.7

Note 1: This table includes only those employers that sponsored single-employer pension plans. Furthermore, the average contribution amounts were computed only for plans with reported employer and/or employee contributions. It is important to note that employers are not necessarily required to make contributions to DB plans each year—contribution amounts are determined on the basis of current actuarial assumptions and the market value of fund assets. Because contribution amounts are averages across all plans, they do not represent the maximum amounts employees are allowed to contribute nor the maximum employer matching contributions allowed by the plans.

Note 2: Pension plan experiences of the entire private sector may not be generalizable to the federal government. Moreover, there are no obvious or agreed upon criteria to determine which private-sector industry type should be or is the most comparable to the federal government.

^aThis column shows the ratio of the average employer contribution divided by the average employee contribution.

Source: DOL analysis of IRS Form 5500 data.

Appendix II
IRS Form 5500 Analysis Results

Table II.6: Average Employer and Employee Contributions to Pension Plans, by Type of Plan for Employers Offering Both DB and DC Plans (1988-1993)

Year	Type of pension plan								
	Defined benefit (primary)			Defined contribution (first supplementary)			Defined contribution (second supplementary)		
	Employer amount	Employee amount	Ratio ^a	Employer amount	Employee amount	Ratio ^a	Employer amount	Employee amount	Ratio ^a
1988	\$1,305	\$65	20.1	\$1,015	\$1,276	0.8	\$1,095	\$1,404	0.8
1989	1,169	70	16.7	1,147	1,307	0.9	1,003	1,331	0.8
1990	1,176	54	21.8	1,027	1,369	0.8	1,175	1,411	0.8
1991	1,675	62	27.0	1,102	1,551	0.7	1,297	1,575	0.8
1992	2,187	53	41.3	1,132	1,710	0.7	1,073	1,797	0.6
1993	3,468	59	58.8	1,165	1,841	0.6	1,372	1,804	0.8

Note 1: For employers that sponsored both DB and DC plans, the database that we analyzed categorizes the DB plan as "primary" and the DC plan as "supplementary," with very few exceptions. When more than one DC plan is offered, the largest one is generally categorized as the first supplementary plan.

Note 2: This table includes only those employers that sponsored single-employer pension plans. Furthermore, the average contribution amounts were computed only for plans with reported employer and/or employee contributions. It is important to note that employers are not necessarily required to make contributions to DB plans each year—contribution amounts are determined on the basis of current actuarial assumptions and the market value of fund assets. Because contribution amounts are averages across all plans, they do not represent the maximum amounts employees are allowed to contribute nor the maximum employer matching contributions allowed by the plans.

Note 3: Pension plan experiences of the entire private sector are not generalizable to the federal government. Moreover, there are no obvious or agreed upon criteria to determine which private-sector industry type should be or is the most comparable to the federal government.

^aThis column shows the ratio of the average employer contribution divided by the average employee contribution.

Source: DOL analysis of IRS Form 5500 data.

Appendix II
IRS Form 5500 Analysis Results

Table II.7: Average Administrative Expense per Participant for Pension Plans, by Type of Plan Offered (1988-1993)

Year	Type of plan(s) offered			
	Defined contribution only	Defined contribution (DC) and defined benefit (DB) ^a		Defined benefit only
		DC	DB	
1988	\$109	\$45	\$141	\$137
1989	154	64	95	142
1990	105	45	118	147
1991	115	47	121	155
1992	103	54	118	155
1993	103	71	125	157

Note: Administrative expenses include fees for accounting, contract administration, investment advice and management, legal services, valuations/appraisals, and trustee services. We computed average administrative expense only for single-employer plans that reported administrative expenses.

^aFor employers that sponsored both DB and DC plans, the database that we analyzed categorized the DB plan as "primary" and the DC plan as "supplementary," with very few exceptions. Therefore, we included the average reported administrative expense (1) for primary plans in the DB column and (2) for supplementary plans in the DC column.

Source: DOL analysis of IRS Form 5500 data.

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