

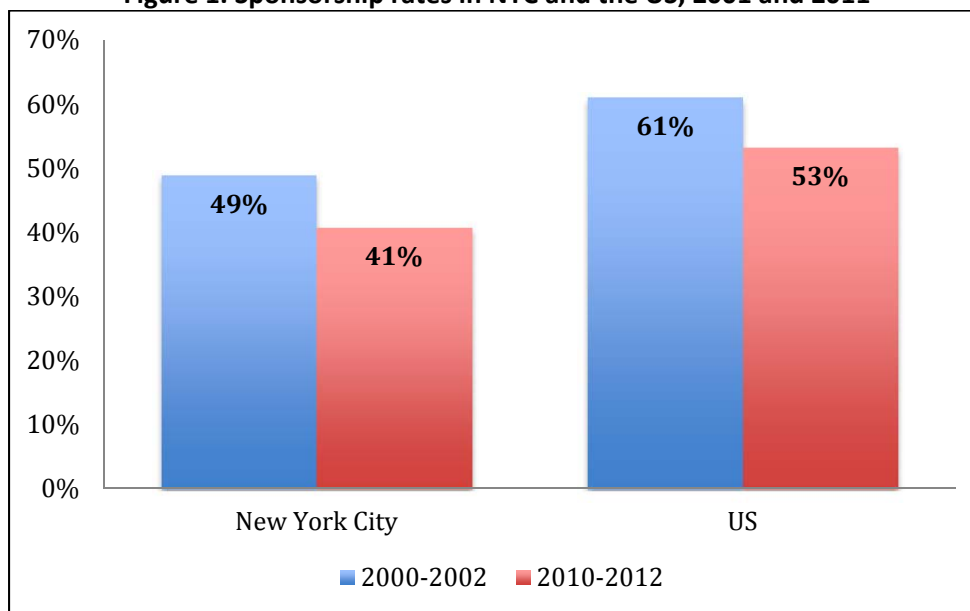
Retirement Readiness in New York City: Trends in Plan Sponsorship, Participation and Income Security

Figures and Tables by the Schwartz Center for Economic Policy Analysis (SCEPA)
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- The percentage of workers in the New York region who have any type of retirement plan – a traditional plan or a more widespread 401(k) plan – is falling steadily, having decreased from 49% to a mere 41%. In the U.S., the coverage rates are higher, but they too are falling.

Figure 1. Sponsorship rates in NYC and the US, 2001 and 2011



Source: Current Population Survey, March Supplement, 2000-2 and 2010-2. Sample is limited to persons ages 25-64 who worked at some point in the last calendar year. NYC sample is limited to residents of the five counties of NYC.

- **Older workers, public sector workers, white workers, people working for large firms, are slightly better off than men. Those in unions are much better off, yet still saw a decrease.**

Table 1. Declines in Retirement Plan Sponsorship Rates by Social, Economic and Personal Worker Characteristics, New York City and US, 2001 and 2011

	New York City			United States		
	2001	2011	Change	2001	2011	% Change
Average Coverage rates	49%	41%	-17%	61%	53%	-13%
Men are worse off	47%	38%	-19%	61%	52%	-15%
55-64, near retirees a little higher	55%	50%	-10%	60%	56%	-6%
Whites are a little better off	59%	50%	-15%	65%	57%	-11%
1000+ Employees: Big firms better off	75%	65%	-13%	82%	75%	-9%
Workers covered by a Union Contract are better off	71%	70%	-1%	85%	82%	-4%

Source: CPS March Supplement, 2000-02 and 2010-12. Note: NYC sample is limited to residents of NYC age 25-64 who worked in the previous calendar year. US sample is limited to US residents age 25-64 who worked in the previous calendar year. Percentages in the table are rounded. See the status for the whole population in the appendix.

- **The average wealth of older worker households – those at their peak wealth years – looks large. But the median – where half are above and below – is very small. Single households have \$22,521, while married couples have much more at \$417,394.**

Table 2a. Household Net Worth (including home equity) of Older Households Aged 55-64 in Metropolitan Areas of New York State, 2011

	Single Person Household	Married Couple Household	Other Households
Average	\$151,778	\$550,202	\$174,052
Median	\$22,521	\$417,394	\$27,334

Source: 2008 Survey of Income and Program Participation (SIPP) Panel. *Notes:* Sample is limited to residents of NY State metropolitan areas. Age of the household is based on the age of the household reference person. Information on assets derives from wave 10 (fielded August-November 2011), while all other information is from wave 11 (December 2011- Mar 2012) of the SIPP 2008 panel. Net worth consists of investment, business equity, real estate, home equity, the value of mobile homes, retirement savings less debt owed. Other households include unmarried partner households, and households where the parent of the reference person lives in the household.

- **The average wealth of all worker households is less, and so is the median.**

Table 2b. Household Net Worth of All Households – Aged 25-64 in Metropolitan Areas of New York State, 2011

	Single Person Household	Married Couple Household	Other Households
Average	\$121,536	\$408,202	\$114,659
Median	\$8,507	\$299,200	\$4,000

Source: 2008 Survey of Income and Program Participation (SIPP) Panel. *Notes:* Sample is limited to residents of NY State metropolitan areas. Age of the household is based on the age of the household reference person. Information on assets derives from wave 10 (fielded August-November 2011), while all other information is from wave 11 (December 2011- Mar 2012) of the SIPP 2008 panel. Net worth consists of investment, business equity, real estate, home equity, the value of mobile homes, retirement savings less debt owed. Other households include unmarried partner households and households where the parent of the reference person lives in the household.

- **Median wealth stretched over a lifetime does not yield a livable replacement rate without a DB plan. Older workers’ replacement rate at age 65 – the highest year of their retirement life – is only 48-51 % for workers without DB plans.**

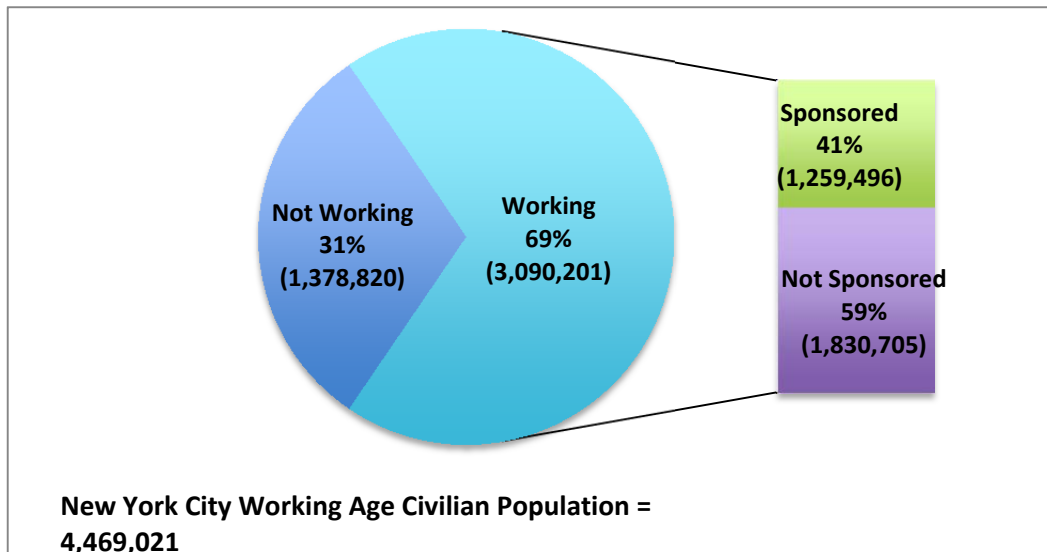
Table 3. Replacement Rates of Near Retirement Individuals – Aged 55-64 by Primary Retirement Plan Type

	Primary Retirement Plan Type		
	DB	DC	None
Replacement Rate	90%	48%	51%

Source: 2008 Survey of Income and Program Participation (SIPP) Panel. Replacement rates were calculated using the AARP retirement calculator for a single male age 62 in 2014, assuming the rate of return on savings before and after retirement of 3%, an annual raise rate of 1%, inflation rate of 1%, income tax rate of 11%, tax rate in retirement of 8%, and end of life at age 87. We used median values of earnings from the primary job/business, the value of liquid assets and retirement savings minus debt, and the projected value of DB balances for those who have them in the calculator. A complete table with the values of those inputs is available in the technical appendix.

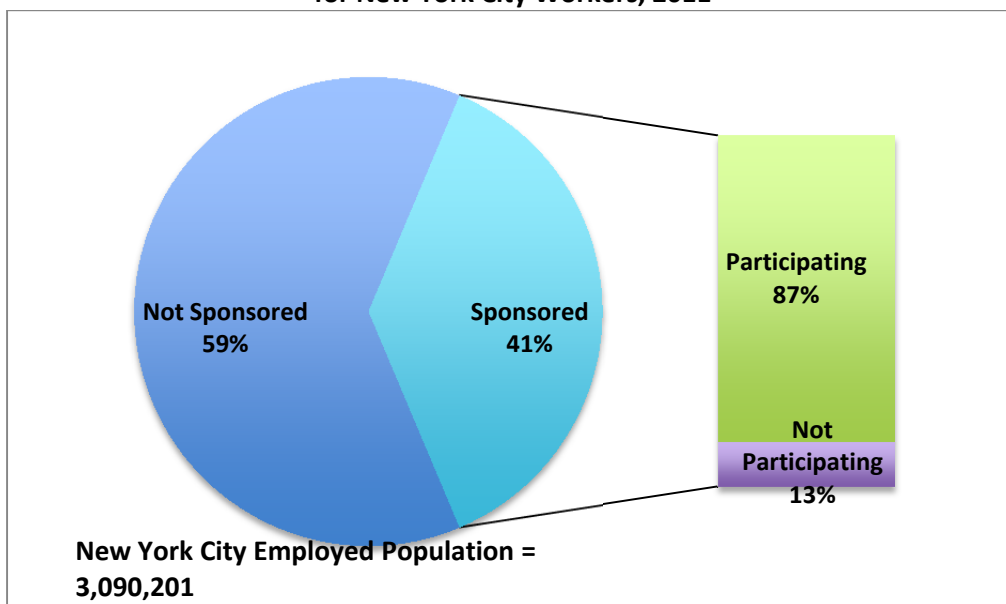
APPENDIX

Appendix Figure 1. Employment Status and Sponsorship for NYC Residents, 2011



Source: Average of three years of pooled data from 2010-12 Current Population Survey, March Supplement. Percentages in chart are rounded. Working includes those at work, or those who have a job, but were not at work. Not working includes the unemployed and those out of the labor force. Sample excludes those serving in the Armed Forces.

Appendix Figure 2: Sponsorship and Participation Rates for New York City Workers, 2011



Source: 2010-12 Current Population Survey, March Supplement. Notes: Sample is limited to NYC residents age 25-64 who worked at some point in the previous calendar year and were not serving in the Armed forces. Percentages in chart are rounded.

Appendix Table 1: Detailed Analysis of DB and DC Participation by Social, Economic, and Personal Characteristics for Workers in NY State Metropolitan Areas, 2011-2012

		Defined Benefit	Defined Contribution	No Plan at Work
	All Workers	12%	38%	50%
Gender	Female	10%	39%	51%
	Male	14%	38%	48%
Race	White	13%	42%	45%
	Black	10%	33%	57%
	Asian	8%	42%	50%
	Hispanic	11%	29%	59%
	Other	6%	27%	68%
		Other	6%	27%
Age	25-44	8%	36%	56%
	45-54	15%	39%	46%
	55-64	17%	42%	41%
Worker Classification	Private Sector Worker	8%	39%	53%
	Public Sector Worker	32%	48%	20%
	Self Employed	4%	12%	85%
Firm Size*	Under 51 employees	2%	38%	60%
	51 to 100 employees	19%	38%	44%
	101 to 500 employees	10%	57%	33%
	More than 500 employees	13%	37%	50%
Income Group	Low (\$1- \$30,008)	7%	20%	74%
	Middle (\$30,009 -\$57,312)	13%	43%	44%
	High (more than \$57,312)	17%	53%	30%
Industry	Construction	5%	28%	67%
	Manufacturing	17%	49%	34%
	Wholesale Trade	5%	41%	54%
	Retail Trade	8%	29%	63%
	Transportation, Warehousing and	22%	33%	45%
	Information Services	11%	48%	41%
	Finance, Insurance & Real Estate	10%	59%	31%
	Professional, Scientific, Management	5%	40%	55%
	Education, Health Care, Social	15%	40%	44%
	Arts, recreation, accommodation &	2%	22%	76%
	Other Services	3%	19%	78%
	Public Administration	34%	47%	19%

Source: 2008 Survey of Income and Program Participation (SIPP) Panel. Sample limited to residents of NY State metropolitan areas ages 25-64 who worked at some point in the reference period (December 2011- Mar 2012), had positive earnings, were not unpaid family workers, and were not in the agriculture, forestry, or fishing sectors. Firm size is tabulated for workers for their primary job (not for business owners). Firm size refers to numbers of employees at this employer at all locations.

Appendix Table 2a. Total Liquid Assets of Near-Retirement Households – Aged 55-64 in Metropolitan Areas of New York State, 2011.

Includes those with no assets.

Total Household Liquid Assets	No. of Households	Percent of Total Households	Mean Household Income	Median Household Income
Less than \$10,000	511,485	40%	\$39,132	\$21,984
\$10,000 to \$99,999	212,095	17%	\$57,712	\$51,708
\$100,000 to \$299,999	250,041	20%	\$98,597	\$74,424
\$300,000 or more	304,928	24%	\$132,264	\$105,204
Total	1,278,549			

Source: 2008 Survey of Income and Program Participation (SIPP) Panel. *Notes:* Sample is limited to residents of NY State metropolitan areas. Age of the household is based on the age of the household reference person. Information on assets derives from wave 10 (fielded August-November 2011), while all other information is from wave 11 (December 2011- Mar 2012) of the SIPP 2008 panel. Liquid assets comprise of financial investments, retirement savings, money owed for the sale of a business and other assets, including real estate and mobile homes not used as primary residence.

Appendix Table 2b. Total Liquid Assets of All Households – Aged 25-64 in Metropolitan Areas of New York State, 2011.

Includes those with no assets.

Total Household Liquid Assets	No. of Households	Percent of Total Households	Mean Household Income	Median Household Income
Less than \$10,000	2,136,922	44%	\$39,981	\$29,100
\$10,000 to \$99,999	964,707	20%	\$76,602	\$55,044
\$100,000 to \$299,999	856,442	18%	\$100,445	\$80,016
\$300,000 or more	910,960	19%	\$129,248	\$103,920
Total	4,869,031			

Source: 2008 Survey of Income and Program Participation (SIPP) Panel. *Notes:* Sample is limited to residents of NY State metropolitan areas. Age of the household is based on the age of the household reference person. Information on assets derives from wave 10 (fielded August-November 2011), while all other information is from wave 11 (December 2011- Mar 2012) of the SIPP 2008 panel. Liquid assets comprise of financial investments, retirement savings, money owed for the sale of a business and other assets, including real estate and mobile homes not used as primary residence.

Appendix Table 3a. Total Liquid Assets of Near-Retirement Households – Aged 55-64 in Metropolitan Areas of New York State by Retirement Plan Type, 2011. Includes those with no assets.

Assets/Liabilities	Households with DB Plans		Households with DC Plans		Households without a Retirement Plan with Their Current Employer	
	Mean	Median	Mean	Median	Mean	Median
Investments	\$133,356	\$21,600	\$142,859	\$50,000	\$43,886	\$600
Other Assets	\$37,119	\$0	\$45,020	\$0	\$13,480	\$0
Retirement Savings (IRA, KEOGH, 401K, 403B)	\$82,136	\$43,889	\$120,034	\$60,000	\$15,803	\$0
Debt	\$7,896	\$300	\$6,106	\$800	\$2,561	\$0
Total Assets less Debt						
Number of Households	183,810		389,354		287,724	
Home Equity	\$110,427	\$68,000	\$135,960	\$74,000	\$88,328	\$0
Household Income	\$109,739	\$91,224	\$121,674	\$91,140	\$54,690	\$43,344

Source: 2008 Survey of Income and Program Participation (SIPP) Panel. *Notes:* Sample is limited to residents of NY State metropolitan areas who worked at some point in the reference period (December 2011- Mar 2012), had positive earnings, were not unpaid family workers, and were not in the agriculture, forestry, or fishing sectors. Households with DB plans may also have a DC plan, while households with DC plans are defined as those who *only* have a DC plan. Information on assets derives from wave 10 (fielded August-November 2011), while all other information is from wave 11 (December 2011- Mar 2012) of the SIPP 2008 panel.

**Appendix Table 3b. Total Liquid Assets of All Households – Aged 25-64
in Metropolitan Areas of New York State by Retirement Plan Type, 2011.
Includes those with no assets.**

Assets/Liabilities	Households with DB Plans		Households with DC Plans		Households without a Retirement Plan with Their Current Employer	
	Mean	Median	Mean	Median	Mean	Median
Investments	\$161,969	\$57,400	\$123,413	\$22,000	\$32,503	\$200
Other Assets	\$25,946	\$0	\$17,015	\$0	\$26,692	\$0
Retirement Savings (IRA, KEOGH, 401K, 403B)	\$98,997	\$47,000	\$75,124	\$24,600	\$13,881	\$0
Debt	\$11,985	\$1000	\$7,488	\$800	\$7,092	\$0
Total Assets less Debt						
Number of Households	599,132		1,678,481		1,656,850	
Home Equity	\$118,632	\$69,000	\$91,115	\$18,000	\$53,044	\$0
Household Income	\$117,258	\$96,408	\$108,143	\$81,240	\$52,183	\$40,680

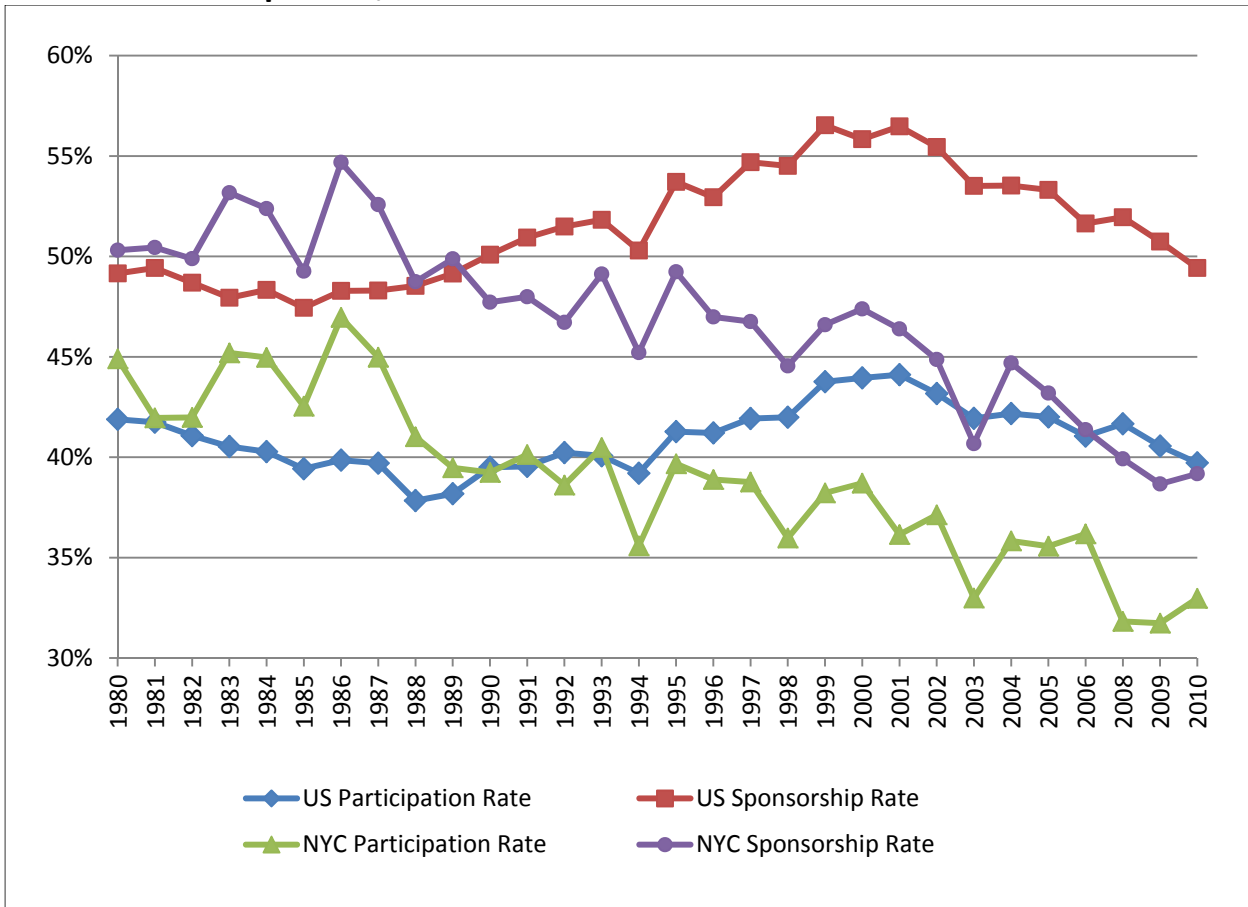
Source: 2008 Survey of Income and Program Participation (SIPP) Panel. *Notes:* Sample is limited to residents of NY State metropolitan areas who worked at some point in the reference period (December 2011- Mar 2012), had positive earnings, were not unpaid family workers, and were not in the agriculture, forestry, or fishing sectors. Households with DB plans may also have a DC plan, while households with DC plans are defined as those who *only* have a DC plan. Information on assets derives from wave 10 (fielded August-November 2011), while all other information is from wave 11 (December 2011- Mar 2012) of the SIPP 2008 panel.

Appendix Table 4. Replacement Rates of Near Retirement Individuals Aged 55-64 in Metropolitan Areas of New York State, by Primary Retirement Plan Type

	Primary Retirement Plan Type		
	DB	DC	None
Replacement Rate	90%	48%	51%
Earnings	\$57,996	\$51,840	\$21,600
Liquid Assets	\$24,877	\$27,500	\$2,000
Retirement Savings	\$19,000	\$50,000	\$-
Debt	\$-	\$200	\$-
Assets minus debt	\$43,877	\$77,300	\$2,000
Projected DB Balance	\$24,491	\$-	\$-

Source: 2008 Survey of Income and Program Participation (SIPP) Panel. Replacement rates were calculated using the AARP retirement calculator for a single male age 62 in 2014, assuming the rate of return on savings before and after retirement of 3%, an annual raise rate of 1%, inflation rate of 1%, income tax rate of 11%, tax rate in retirement of 8%, and end of life at age 87. We used median values of earnings from the primary job/business, the value of liquid assets and retirement savings minus debt, and the projected value of DB balances for those who have them in the calculator.

Appendix Figure 3. Pension Sponsorship and Participation in Historical Perspective, US and NYC



Source: March Supplement data from the CPS, from the IPUMS data.