

EBRI Databook on Employee Benefits

Chapter 12:

Salary Reduction Plans

The term “salary reduction plan” is used here to refer to any type of employment-based retirement income plan in which a worker’s take home pay is used (reduced) to make contributions to the plan. Section 401(k), 403(b), and 457 plans are all types of salary reduction plans.

Participation

What is the trend for sponsorship and participation in salary reduction plans among non-agricultural wage and salary workers age 16 and over, 1988-2006?

See figure 6 on page 6 of the [February 2009 Notes](#) article, “[Retirement Plan Participation: Survey of Income and Program Participation \(SIPP\) Data, 2006](#)”.

What percentage of civilian non-agricultural workers, report a salary reduction plan as their primary retirement plan, 1988-2003?

See figure 7 on page 8 of the [September 2005 Notes](#) article, “[Retirement Plan Participation: Survey of Income and Program Participation \(SIPP\) Data](#)”.

What is the sponsorship and participation rate in salary reduction plans among wage and salary workers, in 2003?

See figure 2 on pages 8 and 9 of the [January 2006 Issue Brief](#), “[Retirement Plan Participation and Retirees Perception of Their Standard of Living](#)”.

Data is presented for the following demographics: tenure, age, firm size, annual earnings, gender, union status, industry, race, education, defined benefit plan participation, and annual hours.

What are some of the reasons why a wage and salary worker did not participate in a salary reduction plan when the employer sponsors a plan, in 2003?

See figure 2 on pages 8 and 9 of the [January 2006 Issue Brief](#), “[Retirement Plan Participation and Retirees Perception of Their Standard of Living](#)”.

Data is presented for the following demographics: tenure, age, firm size, annual earnings, gender, union status, industry, race, education, defined benefit plan participation, and annual hours.

What is the percentage and number of wage and salary workers participating in a salary reduction plan by state?

[Salary reduction plan participation by state, 2003](#)

Contributions

What is the average percentage of annual earnings contribution to a salary reduction plan non-agricultural wage and salary workers age 16 and over, 1988-2006?

See figure 7 on page 7 of the [February 2009 Notes](#) article, “[Retirement Plan Participation: Survey of Income and Program Participation \(SIPP\) Data, 2006](#)”.

Additional Databook Chapters on Salary Reduction Plans

For further detailed information on 401(k) plans see [Chapter 13](#).

Past EBRI Reports on Salary Reduction Plans

- [January 2006 Issue Brief, "Retirement Plan Participation and Retirees Perception of Their Standard of Living"](#).
- [September 2005 Notes article, "Retirement Plan Participation: Survey of Income and Program Participation \(SIPP\) Data"](#).
- [August 2002 Issue Brief no. 248 "Retirement Plan Participation and Features, and the Standard of Living of Americans 55 or Older" Pages 7 through 16](#) pertain to salary reduction plans.
- [May 2002 Issue Brief no. 245 "An Analysis of the Retirement and Pension Plan Coverage Topical Module of SIPP". Pages 8, 9, 17, and 18](#) pertain to salary reduction plans.