
Pension Status of Recently Retired Workers on Their Longest Job: Findings From the New Beneficiary Survey

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Pension coverage among recently retired workers was greater in the early 1980's than it was a decade earlier. Workers whose longest job was with a private employer and women workers were among the groups that experienced the largest increases in coverage by a pension plan other than the social security program. Private pension plan coverage increased from 47 percent to 64 percent for men and from 21 percent to 39 percent for women. The key factors analyzed here include industry, occupation, length of employment, and earnings. Data from the New Beneficiary Survey reveal that a high proportion of covered workers received pension payments at retirement. Pension payments were received by 9 in 10 retirees covered by a government plan and by 3 in 4 retirees covered by a private industry plan on their longest job. In addition, lump-sum payments were received by 12 percent of the men and 21 percent of the women in private pension plans.

Pension plans are an important source of income for many retirees. While the number of retirees receiving pensions in addition to social security benefits (second pensions) has risen, recent interest has focused on pension coverage and receipt rates among groups of retirees. One way to assess the role of second pensions in providing retirement income is to analyze the characteristics of workers who were covered by pension plans on their longest job.

A second pension benefit to supplement social security benefit income at retirement is most frequently secured as a result of the longest job an individual holds. Duration of employment is a critical factor because participation, vesting, and retirement benefits generally are determined by length of service. Thus, an analysis of the characteristics of workers on their longest job is a useful way to assess some of the effects of work experience on the retirement income of recent retirees. This analysis also provides some idea of how public policy changes in plan requirements have changed the pension status of these individuals.

Data from the New Beneficiary Survey (NBS)¹, con-

ducted by the Social Security Administration (SSA), is used to analyze the characteristics of persons who had pension coverage on the longest job of their career. The analysis first describes each pension coverage characteristic in isolation, then uses multiple classification analysis to identify the impact of each characteristic when the others are held constant.

Additionally, persons who were covered by a pension and who received benefits are compared with those who were covered but were not receiving a benefit payment. Finally, trends in pension coverage and receipt among new retirees are summarized by comparing the NBS results with those from the SSA Survey of Newly Entitled Beneficiaries (SNEB), which surveyed persons who were first awarded retired-worker benefits during the period July 1968 through June 1970.

The NBS respondents interviewed in late 1982 are a nationally representative subsample of men and women who began receiving retired-worker benefits during the 12-month period June 1980–May 1981. They were asked about pension coverage on their past jobs. A job is defined as a period of continuous work for one employer or in self-employment. Additionally, employment in a single trade practiced with many employers (as in construction) qualifies as a job. All respondents were asked about pension coverage in their current job, if they were employed at the time of the interview, or in their last job, if they

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¹For an introduction to the NBS data, see Linda Drazga Maxfield, "The 1982 New Beneficiary Survey: An Introduction," *Social Security Bulletin*, November 1983, pages 3–11.

were not employed. If another job was the one of longest duration, the inquiry was also about coverage in that employment.

Pension Coverage on Longest Job

Information on the longest job ever held (since 1950) is available for more than 1.2 million men and women who first received social security retired-worker benefits during the 12-month period June 1980–May 1981. Overall, 51 percent of these new beneficiaries reported they had pension coverage. More than half of all workers had stopped working and reported their most recent job was the longest job. They were characterized by high pension coverage (64 percent, table 1). In contrast, only 36 percent of the retirees who were not working and who had held another job after leaving their longest job were covered by a pension plan. Those who were still working on their longest job after becoming social security beneficiaries had the

lowest pension coverage rate (26 percent). Overall, a large difference exists in the coverage rates of men (57 percent) and women (43 percent). Among wage and salary workers, coverage increased—particularly among men (to 70 percent). Men who were employed on another job were twice as likely as women to have been covered (63 percent and 32 percent, respectively).

The data in table 1 show that 15 percent of the retired workers were self-employed and among those still working on their longest job, one-third were self-employed. The self-employed had very different pension coverage patterns from those of wage and salary workers. This difference may be due to the greater number of retirement savings options available to them (for example, investing in their business). For this reason, this article examines only the pension coverage and receipt rates of the more than 1 million private industry and government (including military) wage and salary workers (excluding both incorporated and unincorporated self-employed persons).

Table 1.—Pension coverage on longest job, by current employment status, type of work, and sex: Number and percent of retired-worker beneficiaries receiving first payable benefits in June 1980–May 1981¹

[Numbers in thousands]

Employment status	Total			Percent of wage and salary workers	
	Number	Percentage distribution	Percent covered by pension plan	Total	Covered by pension plan
Total					
Total	1,215	100	51	85	59
Retired	928	76	56	88	62
From longest job	653	54	64	90	71
From other job	276	23	36	86	42
Working	287	24	35	74	46
At longest job	137	11	26	66	37
At other job	150	12	43	81	52
Men					
Total	689	100	57	80	70
Retired	519	75	63	84	74
From longest job	352	51	72	85	84
From other job	167	24	45	83	53
Working	171	25	38	65	56
At longest job	72	11	20	48	39
At other job	98	14	50	78	63
Women					
Total	526	100	43	92	46
Retired	410	78	46	94	49
From longest job	301	57	55	95	57
From other job	109	21	22	89	24
Working	116	22	31	88	35
At longest job	65	12	33	87	37
At other job	51	10	29	88	32

¹Data from the New Beneficiary Survey, October–December 1982.
Note: The sum of numbers and/or percents may not add to total due to rounding.

Type of Employer

About three-fifths of the wage and salary workers reported they had pension coverage on their longest job. However, disparities in coverage between men and women and between private industry and government workers were quite large (table 2). Among private industry wage and salary workers, 52 percent reported they had pension coverage; 88 percent of the government employees were covered. A higher proportion of men (64 percent) than women (39 percent) were covered in private industry and in government (93 percent and 82 percent, respectively), though the disparity was greater in the private sector.

The greater pension coverage of government workers results from two factors. First, almost all Federal Government workers are covered by pension plans. Thirty percent of State and local government workers are not covered by the social security program and, typically, have some other pension plan.² Second, State and local governments provide second pension plans in addition to social security more frequently than do private industry employers.

Industry

Pension coverage of private industry workers varied widely by industry. The variations reflect the concentration of pension plans in the areas of nondurable and durable manufacturing, transportation, finance, insurance, and real estate. In these industries, at least 70 percent of the men were covered by plans (table 3). Women less frequently had coverage (75–83 percent as often), except in

²William J. Nelson, Jr., "Employment Covered Under the Social Security Program, 1935–84," *Social Security Bulletin*, April 1985, page 33, and Bureau of the Census, *1982 Census of Government: Compendium of Public Employment (Supplement)*, volume 3, number 2S, table 2, page 2.

Table 2.—Pension coverage of private industry and government employees on longest job, by sex: Number and percentage distribution of retired-worker beneficiaries receiving first payable benefit in June 1980–May 1981¹

[Numbers in thousands]

Class of worker and pension coverage on longest job	Total		Men		Women	
	Number	Percentage distribution	Number	Percentage distribution	Number	Percentage distribution
Total, wage and salary workers	1,034	100	549	100	485	100
Covered	609	59	386	70	223	46
Not covered	411	40	156	28	258	53
No response	13	1	8	1	5	1
Total, private industry	840	100	433	100	407	100
Covered	438	52	278	64	160	39
Not covered	391	47	149	34	242	60
No response	11	1	6	1	5	1
Total, government	194	100	116	100	78	100
Covered	171	88	108	93	64	82
Not covered	20	11	7	6	14	18
No response	2	1	2	1	1	1

¹Data from the New Beneficiary Survey, October–December 1982.

Note: The sum of numbers and/or percents may not add to total due to rounding.

the nondurable manufacturing industry where the coverage rate for women fell to 56 percent of the rates for men. Coverage rates were low for both men and women in the agriculture, mining, trade, and service industries. However, only 40 percent of the men were employed in these low-coverage industries, compared with 56 percent of the women. Thus, the low rate of pension coverage for women is a result of their heavy concentration of employment in these industries.

Among the men who were covered by a pension, 57 percent were employed in manufacturing on their longest jobs; among the women, the proportion was 33 percent. Most women (55 percent) worked in trade and services, but only 30 percent of them were covered by pensions. Only 26 percent of the men were employed in these industries and their pension coverage rates were low compared with those of men in manufacturing (45 percent and 52 percent, respectively), but they were significantly higher than the rates for women.

Occupation

The large differences in pension coverage rates in the occupations discussed here are shown in table 4. In private industry, men in professional and technical jobs were most likely to have pension coverage (83 percent); for women, pension coverage was most frequent in the craft occupa-

Table 3.—Industry and pension coverage of private industry employees on longest job, by sex: Number and percentage distribution of retired-worker beneficiaries receiving first payable benefit in June 1980–May 1981¹

[Numbers in thousands]

Industry	Total		Covered by pension plan	
	Number	Percentage distribution	Percent of total	Percentage distribution
Men				
Total	433	100	64	100
Agriculture, forestry, and fisheries	11	3	11	(2)
Mining and construction	46	11	50	8
Nondurable manufacturing	70	16	75	19
Durable manufacturing	135	31	78	38
Transportation, communications, and utilities	39	9	76	11
Wholesale and retail trade	79	18	45	13
Finance, insurance, and real estate	15	3	70	4
Service	36	8	52	7
Other	1	(2)	(3)	(2)
Women				
Total	407	100	39	100
Agriculture, forestry, and fisheries	2	(2)	(3)	(2)
Mining and construction	5	1	28	1
Nondurable manufacturing	75	18	42	20
Durable manufacturing	60	15	60	23
Transportation, communications, and utilities	15	4	63	6
Wholesale and retail trade	105	26	30	20
Finance, insurance, and real estate	27	7	53	9
Service	117	29	30	22
Other	3	1	(3)	(2)

¹Data from the New Beneficiary Survey, October–December 1982.

²Less than 0.5 percent.

³Not reported if based on fewer than 50 cases.

Note: The sum of numbers and/or percents may not add to total due to rounding.

tions, but only 4 percent of the women were in these jobs. Coverage rates for women varied less than those for men. They ranged from 42 percent to 53 percent for all groups except service and household workers (comparable figures for men are from 49 percent to 83 percent).

Coverage for government workers was higher than for private industry workers and was also more uniform across occupational groups. However, as in private industry, women in service occupations were least likely to have pension coverage. Among the men, operatives had the lowest coverage rates (81 percent) but that rate was higher than the rates for private industry workers generally.

Duration of and Years Since Longest Job

The longer a worker is employed on the same job the more likely he or she is to have pension coverage. Many workers with pension coverage had 20 years or more on their longest job. Seventy-seven percent of the men with

Table 4.—Occupation and pension coverage of private industry and government employees, by sex: Number and percentage distribution of retired-worker beneficiaries receiving first payable benefit in June 1980–May 1981¹

[Numbers in thousands]

Class and occupation of worker on longest job	Total		Covered by pension plan	
	Number	Percentage distribution	Percent of total	Percentage distribution
Men				
Total, private industry ..	433	100	64	100
Professional and technical	32	7	83	10
Managerial	49	11	74	13
Clerical and sales	67	16	57	14
Craft	123	28	70	31
Operative	101	23	65	24
Service and household	25	6	49	4
Laborer	23	5	49	4
Other	13	3	(2)	1
Total, government	116	100	93	100
Professional and technical	15	13	99	13
Managerial	19	17	97	17
Clerical and sales	15	13	94	13
Craft	17	15	93	15
Operative	7	6	81	5
Service	19	16	93	16
Laborer	4	3	(2)	2
Other ²	21	18	90	18
Women				
Total, private industry ..	407	100	39	100
Professional and technical	27	7	49	8
Managerial	22	5	45	6
Clerical and sales	170	42	43	46
Craft	17	4	53	6
Operative	84	21	42	22
Service and household	70	17	18	8
Laborer	14	3	43	4
Other	2	1	(2)	(4)
Total, government	78	100	82	100
Professional and technical	22	28	87	30
Managerial	8	10	90	11
Clerical and sales	26	33	86	35
Craft	(5)	(4)	(2)	1
Operative	2	3	(2)	3
Service	18	24	68	20
Laborer	(5)	(4)	(2)	(4)
Other ³	1	1	(2)	1

¹Data from the New Beneficiary Survey, October–December 1982.

²Not reported if based on fewer than 50 cases.

³Includes military.

⁴Less than 0.5 percent.

⁵Fewer than 500 weighted cases.

Note: The sum of numbers and/or percents may not add to total due to rounding.

pension coverage in private industry were employed 20 years or more, and 11 percent had worked 40 years or more (table 5). Forty-eight percent of the women covered by a private pension plan worked more than 20 years on their longest job.

The length of employment was generally shorter for government workers. Only 4 percent of the men whose longest job was in government worked more than 35 years, compared with 19 percent in private industry. In part, this difference is based on the work history of uniformed workers in military service—they can retire after

Table 5.—Duration of longest job and pension coverage of private industry and government employees, by sex: Number and percentage distribution of retired-worker beneficiaries receiving first benefit in June 1980–May 1981¹

[Numbers in thousands]

Class of worker and job duration	Total		Covered by pension plan	
	Number	Percentage distribution	Percent of total	Percentage distribution
Men				
Total, private industry ..	433	100	64	100
Less than 5 years	7	2	(2)	(3)
5–9 years	24	6	24	2
10–14 years	57	13	45	9
15–19 years	63	15	49	11
20–24 years	58	13	66	14
25–29 years	69	16	76	19
30–34 years	68	16	81	20
35–39 years	42	10	85	13
40 years or more	39	9	81	11
No response	6	1	33	1
Total, government	116	100	93	100
Less than 5 years	(4)	(3)	(2)	(3)
5–9 years	4	4	(2)	3
10–14 years	12	10	87	10
15–19 years	21	18	93	18
20–24 years	34	29	95	30
25–29 years	23	20	95	21
30–34 years	15	13	97	14
35–39 years	4	3	(2)	4
40 years or more	1	1	(2)	1
No response	1	1	(2)	1
Women				
Total, private industry ..	407	100	39	100
Less than 5 years	33	8	10	2
5–9 years	89	22	19	11
10–14 years	95	23	34	20
15–19 years	62	15	48	19
20–24 years	45	11	54	15
25–29 years	32	8	65	13
30–34 years	22	6	69	10
35–39 years	13	3	77	6
40 years or more	9	2	77	4
No response	7	2	12	1
Total, government	78	100	82	100
Less than 5 years	5	6	(2)	3
5–9 years	14	18	82	18
10–14 years	19	24	76	23
15–19 years	14	18	84	19
20–24 years	12	15	91	17
25–29 years	7	9	93	10
30–34 years	4	5	(2)	6
35–39 years	3	3	(2)	4
40 years or more	1	1	(2)	1
No response	(4)	(3)	(2)	(3)

¹Data from the New Beneficiary Survey, October–December 1982.

²Not reported if based on fewer than 50 cases.

³Less than 0.5 percent.

⁴Fewer than 500 weighted cases.

Note: The sum of numbers and/or percents may not add to total due to rounding.

20 years of service. Among women in private industry and government, duration of employment was similar for the longest job. However, pension coverage was higher among women with 5–9 years in government (82 percent) than for women employed in private industry (19 percent).

For both government and private industry employees, pension coverage increased with length of service on the longest job.

Pension coverage was highest among workers who left their longest job within 5 years of the time when they received their first social security retired-worker benefits. Among the men, 67 percent of the private industry and 57 percent of the government employees had left their longest job within 5 years of benefit receipt or were still working (table 6). Among the women, 55 percent of the private in-

dustry and 73 percent of the government workers followed this pattern. Women were more likely than men to be employed currently on their longest job (12 percent and 7 percent, respectively, in private industry and 8 percent and 3 percent, respectively, in government).

Pension coverage of private sector workers declined as the number of years since the longest job increased. For men who left their longest job 15 years or more before retiring, about 29 percent had pension coverage (13 percent for women). Low pension coverage rates on these jobs may explain why workers left.

Table 6.—Years between longest job and social security benefit receipt and pension coverage, by class of worker and sex: Number and percentage distribution of retired-worker beneficiaries receiving first payable benefit in June 1980–May 1981¹

[Numbers in thousands]

Class of worker and years since longest job	Total		Covered by pension plan	
	Number	Percentage distribution	Percent of total	Percentage distribution
Men				
Total, private industry	433	100	64	100
Still in longest job	31	7	36	4
Less than 5 years	261	60	79	74
5-9 years	46	11	58	10
10-14 years	39	9	45	6
15-19 years	31	7	32	4
20-24 years	17	4	27	2
25 years or more	7	2	23	1
No response	1	(2)	(3)	(2)
Total, government	116	100	93	100
Still in longest job	3	3	(3)	2
Less than 5 years	63	54	95	55
5-9 years	18	16	99	17
10-14 years	11	9	90	9
15-19 years	13	12	90	11
20-24 years	6	5	(3)	5
25 years or more	1	1	(3)	(2)
No response	(4)	(2)	(3)	(2)
Women				
Total, private industry	407	100	39	100
Still in longest job	50	12	33	10
Less than 5 years	176	43	61	68
5-9 years	62	15	29	11
10-14 years	46	11	18	5
15-19 years	29	7	16	3
20-24 years	23	6	12	2
25 years or more	17	4	11	1
No response	3	1	(3)	(2)
Total, government	78	100	82	100
Still in longest job	6	8	79	8
Less than 5 years	50	65	89	70
5-9 years	11	14	80	14
10-14 years	4	5	(3)	4
15-19 years	5	6	(3)	3
20-24 years	1	2	(3)	1
25 years or more	1	1	(3)	1
No response	(4)	(2)	(3)	(2)

¹Data from the New Beneficiary Survey, October-December 1982.

²Less than 0.5 percent.

³Not reported if based on fewer than 50 cases.

⁴Fewer than 500 weighted cases.

Note: The sum of numbers and/or percents may not add to total due to rounding.

Earnings

One important correlate of pension coverage on the longest job is earnings. The earnings are annual amounts imputed from the wage and salary information reported by the respondents. It should be noted that the information gathered refers to the last year worked. Thus, earnings reported for jobs held some time ago—when wage levels were lower—are not directly comparable with earnings reported for more recent jobs.

As the data in table 7 show, as earnings increased, so did the proportion of workers with pension coverage. Among men earning less than \$5,000 in private industry, only 23 percent had pension coverage (15 percent for women). The proportion was more than 86 percent among men earning more than \$20,000 per year (78 percent for women). The pattern was the same for government workers, though the proportion of workers with pension coverage increased very rapidly—to more than 94 percent—for both men and women earning \$10,000 per year or more.

Social Security Retired-Worker Benefits

Pension coverage in private industry was greatest among workers with high earnings and/or recent service on one job (steady employment). These same characteristics give workers a high primary insurance amount (PIA). The PIA is calculated from a worker's earnings record and is the base from which monthly social security benefit amounts are calculated. Adjustments are made for age at retirement and a spouse's benefit, if there is an eligible spouse.³ The higher the PIA, the greater the monthly benefits that are available to eligible retirees.

Pension coverage was lowest among men and women in private industry who had the lowest PIA and highest among those with a PIA exceeding \$450 per month (table 8). One interesting deviation from the usual pattern is that women who qualified for the highest PIA (\$600 or more per month) had slightly higher pension coverage than men (79 percent, compared with 77 percent). Among workers

³For a full explanation of the PIA, see Christine Irick, "Income of New Retired Workers by Social Security Benefit Levels: Findings From the New Beneficiary Survey," *Social Security Bulletin*, May 1985, page 8.

Table 7.—Final year earnings and pension coverage of private industry and government employees on longest job, by sex: Number and percentage distribution of retired-worker beneficiaries receiving first payable benefit in June 1980–May 1981¹

[Numbers in thousands]

Class of worker and annual earnings	Total		Covered by pension plan	
	Number	Percentage distribution	Percent of total	Percentage distribution
Men				
Total, private industry	433	100	64	100
Less than \$5,000	55	13	23	5
\$5,000–\$9,999	84	19	36	11
\$10,000–\$14,999	86	20	66	20
\$15,000–\$19,999	74	17	84	22
\$20,000–\$24,999	62	14	89	20
\$25,000 or more	71	16	86	22
Median annual earnings .....	...	\$14,400	...	\$18,000
Total, government	116	100	93	100
Less than \$5,000	11	9	75	8
\$5,000–\$9,999	20	18	90	17
\$10,000–\$14,999	30	26	94	26
\$15,000–\$19,999	23	20	96	21
\$20,000–\$24,999	17	15	98	16
\$25,000 or more	14	12	98	13
Median annual earnings .....	...	\$14,300	...	\$14,500
Women				
Total, private industry	407	100	39	100
Less than \$5,000	169	41	15	16
\$5,000–\$9,999	136	34	40	34
\$10,000–\$14,999	65	16	77	31
\$15,000–\$19,999	24	6	88	13
\$20,000–\$24,999	9	2	78	4
\$25,000 or more	3	1	(2)	1
Median annual earnings .....	...	\$5,980	...	\$10,000
Total, government	78	100	82	100
Less than \$5,000	21	27	53	17
\$5,000–\$9,999	20	25	85	26
\$10,000–\$14,999	20	26	97	31
\$15,000–\$19,999	11	14	97	16
\$20,000–\$24,999	4	5	96	6
\$25,000 or more	2	2	(2)	3
Median annual earnings .....	...	\$9,230	...	\$11,000

¹Data from the New Beneficiary Survey, October–December 1982.

²Not reported if based on fewer than 50 cases.

Note: The sum of numbers and/or percents may not add to total due to rounding.

with pension coverage, 95 percent of the men and 50 percent of the women had PIAs of \$450 or more a month. Women were six times as likely as men to qualify for a PIA of less than \$320 per month, which approximates the poverty level for a single individual. Half of all the women in the private sector are below this PIA level. The average amount paid in monthly benefits would be even less for these retirees (ignoring any spousal benefit) because most retire before age 65.

The pattern of PIA value and pension coverage was very different for government workers. Coverage was higher at each PIA level for both men and women. More workers

Table 8.—Primary insurance amount and pension coverage of private industry and government employees on longest job, by sex: Number and percentage distribution of retired-worker beneficiaries receiving first payable benefit in June 1980–May 1981¹

[Numbers in thousands]

Class of worker and PIA	Total		Covered by pension plan	
	Number	Percentage distribution	Percent of total	Percentage distribution
Men				
Total, private industry	433	100	64	100
\$135.70	0	0	...	0
\$135.80–\$220.00	8	2	11	(2)
\$220.10–\$320.00	18	4	9	1
\$320.10–\$450.00	38	9	29	4
\$450.10–\$600.00	148	34	64	34
\$600.10 or more	220	51	77	61
Total, government	116	100	93	100
\$135.70	1	2	(3)	1
\$135.80–\$220.00	23	20	95	20
\$220.10–\$320.00	20	18	92	17
\$320.10–\$450.00	20	17	86	16
\$450.10–\$600.00	27	23	94	24
\$600.10 or more	24	21	95	22
Women				
Total, private industry	407	100	39	100
\$135.70	7	2	(3)	(2)
\$135.80–\$220.00	88	22	9	5
\$220.10–\$320.00	104	26	24	16
\$320.10–\$450.00	101	25	47	30
\$450.10–\$600.00	81	20	72	37
\$600.10 or more	26	6	79	13
Total, government	78	100	82	100
\$135.70	4	5	(3)	3
\$135.80–\$220.00	21	27	70	23
\$220.10–\$320.00	15	20	82	20
\$320.10–\$450.00	15	20	92	22
\$450.10–\$600.00	14	18	88	19
\$600.10 or more	9	12	95	13

¹Data from the New Beneficiary Survey, October–December 1982.

²Less than 0.5 percent.

³Not reported if based on fewer than 50 cases.

Note: The sum of numbers and/or percents may not add to total due to rounding.

also qualified for the minimum PIA (\$135.70 per month), probably reflecting the fact that many earned social security coverage on other jobs. Many State and local governments do not provide concurrent pension and social security coverage. Thus, the numbers of years of service in social security covered jobs probably was low, resulting in a low PIA (less than \$320.10 for 40 percent of the men and 52 percent of the women). The higher rate of pension coverage partially offset these low PIA levels.

Race

White persons were more likely than persons of other races to have pension coverage. Persons of other races who worked in private industry were only two-thirds as

likely to be covered as white employees (table 9). Two-thirds of the white men had pension coverage on their longest job, compared with 43 percent of the men of other races. Two in 5 white women had such coverage, as did 1 in 4 women of other races.

Differences in coverage rates between the races were not so extreme for government workers. Although coverage was greater for both sexes, men of other races were 88 percent as likely as white men to be covered by a pension. Women of other races were covered by pensions 93 percent as often as white women.

Relative Importance of Coverage Characteristics

The several characteristics of workers with and without pension coverage, described in tables 1-9, are not wholly independent. For example, industry of employment is associated with occupation, and both are associated with the likelihood of pension coverage. One way to ascertain the effect of a single characteristic—for example, years on the longest job—on pension coverage, independent of other factors, is to use multiple regression analysis. This analysis makes possible estimation of the independent effects of all the characteristics on pension coverage. The particular method used here is known as Multiple Classification

Table 9.—Race and pension coverage of private industry and government employees on longest job, by sex: Number and percentage distribution of retired-worker beneficiaries receiving first payable benefit in June 1980–May 1981¹

[Numbers in thousands]

Class of worker and race	Total		Covered by pension plan	
	Number	Percentage distribution	Percent of total	Percentage distribution
Men				
Total, private industry	433	100	64	100
White	385	89	67	93
All other races	48	11	43	8
Total, government	116	100	93	100
White	105	91	94	92
All other races	11	9	83	8
Women				
Total, private industry	407	100	39	100
White	369	91	41	94
All other races	38	9	25	6
Total, government	78	100	82	100
White	66	85	83	86
All other races	12	15	77	14

¹Data from the New Beneficiary Survey, October–December 1982.

Note: The sum of numbers and/or percents may not add to total due to rounding.

Analysis (MCA).⁴

The combined set of characteristics explains more than one-third of the variance in the pension coverage for both men and women (table 10). The statistics in tables 10 and 11 can be used to rank the importance of the independent variables and each subclass of those variables. The relative importance of the seven explanatory variables can be seen by comparing the net effects within columns. The net effects shown measure the change in explained variance (R^2) when each variable is omitted from the full regression equation. The relative importance of each variable in explaining pension coverage is indicated by this value. Among both the men and the women, industry and years elapsed since their longest job were most critical. In addition, the PIA was also important for women. For both sexes, race was the least important determinant of pension coverage (when considered in conjunction with all other factors).

The MCA program expresses each value or subclass of the explanatory variables as a dichotomous (zero/one) variable. Each person in the sample can fit into only one category of each variable (cases with missing values were omitted). The regression coefficient estimates the average deviation of each subclass from the grand mean of pension coverage after adjusting for the effects of all other (included) variables. For each subclass of the variables, the adjusted mean coverage rate is the sum of the grand mean and the regression coefficient.

The MCA regression coefficients are used to estimate the net effect (also called adjusted effect) of the workers' characteristics on the likelihood of their having had pension coverage on the longest job they held. The MCA coefficients for each subclass of the independent variables

⁴When a dichotomous dependent variable is estimated, MCA is appropriate only if the distribution of values is (ideally) even. This rule is satisfied in the case of pension coverage, more so for women (47 percent with coverage) than for men (71 percent covered). The MCA is not appropriate for explaining pension receipt because more than 90 percent of the covered workers receive a pension payment. See John L. Goodman, Jr., "Is Ordinary Least Square Estimation With A Dichotomous Dependent Variable Really That Bad?" (Working Paper), The Urban Institute, September 1976, page 18.

Table 10.—Variance in explained pension coverage, by characteristic and sex: Wage and salary retired-worker beneficiaries receiving first payable benefit in June 1980–May 1981¹

Characteristic	Men	Women
Total	549,130	484,518
All variables .....	.351	.347
Primary insurance amount .....	.016	.033
Occupation .....	.009	.008
Industry .....	.063	.033
Years since longest job .....	.051	.038
Number of jobs .....	.004	.009
Duration of longest job .....	.030	.014
Race .....	.002	.001

¹Data from the New Beneficiary Survey, October–December 1982.

Table 11.—Multiple classification analysis adjusted effects, by characteristic value and sex: Wage and salary retired-worker beneficiaries receiving first payable benefit in June 1980–May 1981¹

Independent variables	Adjusted effects on pension coverage rates	
	Men	Women
Grand mean ²	0.71	0.47
Primary insurance amount:		
\$135.70	-.06	-.13
\$135.80–\$220.00	-.07	-.16
\$220.10–\$320.00	-.14	-.06
\$320.10–\$450.00	-.13	.05
\$450.10–\$600.00 .....	.01	.15
\$600.10 or more .....	.05	.17
Occupation:		
Professional and technical .....	.07	.10
Managerial .....	.03	-.03
Clerical and sales .....	.01	.03
Craft	-.01	-.03
Operative	-.04	-.03
Service and household .....	.01	-.07
Laborer	-.04	-.02
Military .....	.09	-.12
Farm, forestry, and fishing	-.26	-.01
Industry:		
Agriculture, forestry, and fisheries ..	-.24	-.30
Mining and construction	-.14	-.17
Nondurable manufacturing .....	.01	-.03
Durable manufacturing .....	.02	.09
Transportation, communications, and utilities .....	.07	.07
Wholesale and retail trade	-.20	-.10
Finance, insurance, and real estate ..	-.04	-.02
Service	-.01	0
Government .....	.29	.34
Military .....	.32	.49
Years since longest job:		
Still working	-.29	-.12
Less than 5 years .....	.08	.11
5–9 years .....	.01	-.01
10–14 years	-.09	-.14
15–19 years	-.16	-.15
20–24 years	-.17	-.13
25 years or more	-.22	-.13
Number of reported jobs after longest:		
0	1	2
1	-.05	-.09
2	-.09	-.09
Duration of longest job:		
Less than 5 years	-.37	-.16
5–9 years	-.25	-.06
10–14 years	-.08	-.02
15–19 years	-.05	.04
20–24 years .....	.04	.04
25–29 years .....	.05	.10
30–34 years .....	.06	.11
35–40 years .....	.08	.11
40 years or more .....	.05	.12
Race:		
White .....	.01	.01
All other	-.06	-.05

¹Data from the New Beneficiary Survey, October–December 1982.

²Because the MCA analysis excludes all cases with any missing values, the means reported here are slightly different from those reported earlier.

are displayed in table 11. A positive coefficient means that persons in that group were more likely to be covered by a pension plan; a negative sign indicates that they were less likely than average to have a pension. The value of the coefficient estimates the size of this deviation. For example, among men with the minimum PIA, the grand mean of .71

would be reduced by .06 to .65. Among women in the same circumstance, the reduction was .13 to .34. At higher PIA levels, the probability of pension coverage was higher, most notably among women, with an increase of .17 to .64.

The effects of occupation and industry of the longest job also are noteworthy. Workers in agriculture, forestry, and fisheries were significantly less likely than other workers to be covered by a pension. This industry employs few workers, but the wholesale and retail trade industry, where 18 percent of the men and 26 percent of the women were employed (table 3), lowered mean pension coverage by .20 and .10, respectively. Employment in professional and technical occupations and working in government all added to coverage rates.

Pension coverage was reduced by .29 for men and .12 for women who were currently employed. Workers of both sexes who left their longest job more than 10 years before first receiving social security retired-worker benefits had lower pension coverage (from .09 to .22). This pattern of coverage is confirmed by the effect of job changing. Both men and women who had one job or more after their longest job had lower pension coverage. Employment for only a few years on the longest job reduced pension coverage rates by .37 for men and .16 for women. Longer service was associated positively with coverage, though the effects were small. Differences in pension coverage between the races still were present after controlling for other characteristics. Persons of other races had lower pension coverage—.06 for men and .05 for women.

Pension Receipt for Covered Workers on Longest Job

Workers covered by a pension plan do not always receive a benefit when they retire. Receipt of a pension depends on the plan requirements and provisions for vesting, disability (if any), and retirement age. The key characteristic is years of service required for benefit eligibility. Workers with 10 years of service and whose longest job ended before the passage of the Employee Retirement Income Security Act (ERISA) of 1974 or who worked for government may not have qualified for a pension under the rules then in effect.

Some workers covered by a pension on their longest job might not have received a benefit payment when they retired because they received their employer's contributions as a lump-sum payment when they left that job. In addition, employers with defined benefit plans may cash out vested benefits with an actuarial value of less than \$1,750 for workers who quit their jobs.⁵ This action reduces the administrative cost of keeping track of such benefits.

⁵This amount was set by ERISA and was in effect during the period when the NBS respondents were retiring. Currently, the limit is \$3,500, as amended by the Retirement Equity Act of 1984.

Some workers also make contributions to a pension plan (with or without matching monies from the sponsoring employer) and many are only recovering their own savings when they cash out. The NBS data do not distinguish among the types of lump-sum payments (worker's option, employer cash out, or worker's own contributions).

Of all the wage and salary workers who were covered by a pension on their longest job, 81 percent were receiving or expected to receive retirement payments (table 12). Men were more likely than women to have received or expect to receive a benefit payment (85 percent and 74 percent, respectively). One reason for this difference is that substantially more women than men (18 percent, compared with 10 percent) received a lump-sum payment at the time they separated from their longest job. Only 6 percent of the covered workers were ineligible for either a lump-sum payment or a monthly retired-worker benefit. Men were less frequently without any benefit than were women (5 percent, compared with 8 percent).

Government workers were more likely than private industry employees to receive or expect a pension benefit and were less likely to receive a lump-sum payment. For both men and women in government, 3 percent did not receive any payment. This proportion was much lower than the proportion in private industry, where 6 percent of the men and 11 percent of the women did not receive or expect to receive a pension benefit or receive a lump-sum payment.

Work Experience

The employment pattern of workers who left their longest job was strongly associated with benefit receipt. For both men and women who were still employed on their longest job, 95 percent of those covered by a pension expected to receive a retirement benefit (table 13). Among those who worked on their longest job up to retirement (that is, who had no employment between leaving their longest job and applying for a social security retired-worker benefit), 90 percent of the men and 77 percent of

Table 12.—Pension receipt status of private industry and government employees with pension coverage on longest job, by sex: Number and percentage distribution of retired-worker beneficiaries receiving first payable benefit in June 1980–May 1981¹

[Numbers in thousands]

Class of worker and pension status	Total		Men		Women	
	Number	Percentage distribution	Number	Percentage distribution	Number	Percentage distribution
Total, wage and salary workers ...	609	100	386	100	223	100
Receiving or will receive pension benefits	492	81	328	85	164	74
Lump-sum payment	78	13	38	10	40	18
No pension	39	6	20	5	19	8
Total, private industry ..	438	100	278	100	160	100
Receiving or will receive pension benefits	337	77	227	82	109	69
Lump-sum payment	67	15	34	12	33	21
No pension	34	8	17	6	17	11
Total, government	171	100	108	100	64	100
Receiving or will receive pension benefits	156	91	101	94	55	86
Lump-sum payment	11	6	3	3	7	11
No pension	5	3	3	3	2	3

¹Data from the New Beneficiary Survey, October–December 1982.

Note: The sum of numbers and/or percents may not add to total due to rounding.

the women received or expected to receive a benefit. Pension receipt was low among the third group—those who worked at other jobs after leaving their longest job. Three-fourths of the men and slightly less than half the women who changed jobs received or expected a benefit. These workers also received a lump-sum payment more frequently—32 percent of the women who changed jobs received a lump-sum payment from their longest job.

Table 13.—Pension receipt status of private industry and government employees with pension coverage on longest job, by employment status and sex: Number and percentage distribution of retired-worker beneficiaries receiving first payable benefit in June 1980–May 1981¹

[Numbers in thousands]

Longest job employment status	With pension coverage on longest job							
	Number		Percent receiving or expecting benefit		Received a lump-sum payment		Will not receive a benefit	
	Men	Women	Men	Women	Men	Women	Men	Women
Total	386	223	85	74	10	18	5	8
Employed on longest job	13	21	95	95	0	0	5	5
Not employed, last job longest	250	164	90	77	9	17	2	6
Another job longest	123	38	75	47	14	32	12	22

¹Data from the New Beneficiary Survey, October–December 1982.

Note: The sum of numbers and/or percents may not add to total due to rounding.

Table 14.—Duration of longest job and pension receipt status of private industry and government employees with pension coverage, by class of worker and sex: Number and percentage distribution of retired-worker beneficiaries receiving first payable benefit in June 1980–May 1981¹

[Numbers in thousands]

Class of worker and length of employment	Total		Receiving or expecting pension benefits		Received lump-sum payment		No pension benefits	
	Number	Percentage distribution	Percent of total	Percentage distribution	Percent of total	Percentage distribution	Percent of total	Percentage distribution
Men								
Total, private industry	278	100	82	100	12	100	6	100
Less than 5 years	1	(2)	(3)	(2)	(3)	(2)	(3)	2
5–9 years	6	2	(3)	1	(3)	5	(3)	11
10–14 years	26	9	61	7	24	18	15	24
15–19 years	31	11	73	10	15	14	12	23
20–24 years	39	14	82	14	13	15	5	12
25–29 years	53	19	83	19	13	20	4	13
30–34 years	55	20	90	22	9	14	2	6
35–39 years	35	13	93	14	5	6	2	4
40 years or more	31	11	89	12	9	8	2	5
No response	2	1	(3)	1	(3)	1	(3)	(2)
Total, government	108	100	94	100	3	100	3	100
Less than 5 years	(4)	(2)	(3)	(2)	(3)	(3)	(3)	(3)
5–9 years	3	3	(3)	2	(3)	(3)	(3)	(3)
10–14 years	10	10	84	9	12	(3)	4	(3)
15–19 years	19	18	93	18	4	(3)	3	(3)
20–24 years	32	30	94	30	1	(3)	5	(3)
25–29 years	22	21	98	22	1	(3)	1	(3)
30–34 years	15	14	99	15	2	(3)	(2)	(3)
35–39 years	4	4	(3)	4	(3)	(3)	(3)	(3)
40 years or more	1	1	(3)	1	(3)	(3)	(3)	(3)
No response	(4)	(2)	(3)	1	(3)	(3)	(3)	(3)
Women								
Total, private industry	160	100	69	100	21	100	11	100
Less than 5 years	3	2	(3)	(2)	(3)	2	(3)	13
5–9 years	17	11	31	5	41	21	28	28
10–14 years	32	20	60	18	25	24	14	27
15–19 years	30	19	74	20	18	16	9	16
20–24 years	24	15	75	16	21	16	4	6
25–29 years	21	13	77	15	17	11	6	7
30–34 years	15	10	88	12	12	5	1	1
35–39 years	10	6	92	8	7	2	1	(2)
40 years or more	7	4	86	5	13	3	1	1
No response	1	1	(3)	(2)	(3)	(2)	(3)	(2)
Total, government	64	100	86	100	11	100	3	100
Less than 5 years	2	3	(3)	1	(3)	(3)	(3)	(3)
5–9 years	11	18	66	14	29	(3)	5	(3)
10–14 years	15	23	91	24	9	(3)	1	(3)
15–19 years	12	19	92	20	8	(3)	(3)	(2)
20–24 years	10	17	87	17	8	(3)	5	(3)
25–29 years	6	10	100	11	0	(3)	0	(3)
30–34 years	4	6	100	8	(3)	(3)	(3)	(3)
35–39 years	2	4	99	4	(3)	(3)	(3)	(3)
40 years or more	1	1	100	1	(3)	(3)	(3)	(3)
No response	(4)	(2)	(3)	(2)	(3)	(3)	(3)	(3)

¹Data from the New Beneficiary Survey, October–December 1982.

²Less than 0.5 percent.

³Not reported if based on fewer than 50 cases.

⁴Fewer than 500 weighted cases.

Note: The sum of numbers and/or percents may not add to total due to rounding.

Duration of Longest Job

To qualify for a retirement benefit, a worker must have the minimum years of service for vesting and meet the age for retirement. Those workers who left their longest job just before receiving a social security retired-worker benefit would typically need only 10 years of service to be

vested.⁶ Those who left their longest job before the effective date of the ERISA reforms might need more years to be vested or might have been covered by a plan with no vesting provision. Therefore, both the length of employment on the longest job and the recency of that job af-

⁶See *The Employee Retirement Income Security Act of 1974: The First Decade*, U.S. Senate Special Committee on Aging, 1984, for a description of the ERISA and an analysis of its effects.

affected the likelihood of pension-covered workers receiving retirement benefits.

Among the employees in private industry, 6 percent of the men and 11 percent of the women reported they would not receive a benefit. The data in table 14 show that length of service on the longest job was correlated with pension receipt. About 60 percent of the men and women who worked in private industry and had 10–14 years on their longest job received a pension benefit. The distribution by years of service of those who reported they would not receive benefits is very different from that of the recipients. For example, more than half the men not receiving a benefit had less than 20 years of service on their longest job, and two-thirds of those receiving benefits had more than 25 years of service.

The number of years between termination of the longest job and receipt of social security benefits was an important determinant of pension receipt. As noted above, very few workers whose most recent job was their longest job reported that they would not receive a benefit. As the time elapsed since the longest job increased, pension receipt rates fell for workers in private industry (table 15). For the men who left their jobs 10 years or more before, less than 57 percent received a benefit. The proportion was lower for women, with only 28 percent expecting or receiving a benefit.

Women whose longest job was in government service exhibited a pattern similar to that of workers in private industry. Men in government, however, had only a modest decline in pension receipt rates as the time elapsed since the longest job increased. This difference may be due to the presence of men whose longest job was in military service.

Industry

In contrast to the wide variations in coverage rates by length of employment, the probability of pension receipt from pension coverage on the longest job varied little across industries for men, with one exception. As shown in table 16, only 66 percent of the men in the trade industries reported they would receive a benefit. The remainder were within a few percentage points of the group average of 82 percent. Pension receipt was concentrated among workers whose longest job was in manufacturing, with 59 percent of the men and 43 percent of the women reporting they would receive a pension. The overall pattern of pension receipt for women paralleled that of men. Women employed in the trade industry had the lowest rate of pension receipt (53 percent).

Occupation

As was true across industry lines, little variation was noted in the pension receipt rates of men across occupations (table 17). However, because more than half of male

Table 15.—Years between longest job and social security benefit receipt and pension receipt status of private industry and government employees with pension coverage, by sex: Number and percentage distribution of retired-worker beneficiaries receiving first payable benefit in June 1980–May 1981¹

[Numbers in thousands]

Class of worker and years since longest job	Total covered		Receiving or expecting pension benefits	
	Number	Percentage distribution	Percent of total	Percentage distribution
Men				
Total, private industry	278	100	82	100
Current job longest	11	4	95	5
Less than 5 years	207	74	86	78
5–9 years	27	10	81	10
10–14 years	18	6	57	4
15–19 years	10	4	50	2
20–24 years	4	2	(2)	1
25 years or more	2	1	(2)	(3)
No response	(4)	(3)	(2)	(3)
Total, government	108	100	94	100
Current job longest	2	2	(2)	2
Less than 5 years	59	55	96	57
5–9 years	18	17	96	17
10–14 years	10	9	94	9
15–19 years	12	11	84	10
20–24 years	5	5	(2)	5
25 years or more	(4)	(3)	(2)	(3)
No response	(4)	(3)	(2)	(3)
Women				
Total, private industry	160	100	69	100
Current job longest	16	10	93	14
Less than 5 years	108	68	75	74
5–9 years	18	11	54	9
10–14 years	8	5	28	2
15–19 years	5	3	(2)	1
20–24 years	3	2	(2)	(3)
25 years or more	2	1	(2)	(3)
No response	(4)	(3)	(2)	(3)
Total, government	64	100	86	100
Current job longest	5	8	(2)	9
Less than 5 years	45	70	94	77
5–9 years	9	14	71	11
10–14 years	2	4	(2)	2
15–19 years	2	3	(2)	1
20–24 years	1	1	(2)	1
25 years or more	(4)	1	(2)	(3)
No response	(4)	(3)	(2)	(3)

¹Data from the New Beneficiary Survey, October–December 1982.

²Not reported if based on fewer than 50 cases.

³Less than 0.5 percent.

Note: The sum of numbers and/or percents may not add to total due to rounding.

⁴Fewer than 500 weighted cases.

employment is in the craft and operative occupations, 56 percent of those who reported they would receive a benefit came from those two occupations.

The same pattern held for men in government service. The lowest pension receipt rate was for service workers (91 percent), higher than any receipt rate for private industry employees. The category “other” was almost all military, and 93 percent of the persons in this group received a pension.

Table 16.—Industry and pension receipt status of private industry employees with pension coverage on longest job, by sex: Number and percentage distribution of retired-worker beneficiaries receiving first payable benefit in June 1980–May 1981¹

[Numbers in thousands]

Industry on longest job	Total covered		Receiving or expecting pension benefits	
	Number	Percentage distribution	Percent of total	Percentage distribution
Men				
Total, private industry	278	100	82	100
Agriculture, forestry, and fisheries	1	(2)	(3)	(2)
Mining and construction	23	8	84	9
Nondurable manufacturing	52	19	81	19
Durable manufacturing	106	38	85	40
Transportation, communications, and utilities	29	11	89	12
Wholesale and retail trade	36	13	66	10
Finance, insurance, and real estate	10	4	88	4
Service	19	7	78	7
Other	1	(2)	(3)	(2)
Women				
Total, private industry	160	100	69	100
Agriculture, forestry, and fisheries	(4)	(2)	(3)	(2)
Mining and construction	1	1	(3)	(2)
Nondurable manufacturing	31	20	68	19
Durable manufacturing	36	23	72	24
Transportation, communications, and utilities	9	6	82	7
Wholesale and retail trade	31	20	53	15
Finance, insurance, and real estate	14	9	82	11
Service	22	22	73	24
Other	1	1	(3)	1

¹Data from the New Beneficiary Survey, October–December 1982.

²Less than 0.5 percent.

³Not reported if based on fewer than 50 cases.

⁴Fewer than 500 weighted cases.

Note: The sum of numbers and/or percents may not add to total due to rounding.

Among the women workers in private industry, the pattern of pension receipt was similar to the pattern for men. The heavy concentration of women in clerical and sales positions, where two-thirds of the employees received a benefit, is reflected in the fact that this occupational group had 45 percent of all pension recipients. For women employed in government, the lowest pension receipt rate was among clerical and service workers, where 55 percent of the women government workers were employed.

Social Security Benefits

Workers with low PIAs were least likely to receive a pension from covered employment in private industry (table 18). Only 13 percent of the women covered by pensions were in the highest PIA group, but they had higher

Table 17.—Occupation and pension receipt status of private industry and government employees with pension coverage on longest job, by sex: Number and percentage distribution of retired-worker beneficiaries receiving first payable benefit in June 1980–May 1981¹

[Numbers in thousands]

Class of worker and occupation on longest job	Total		Receiving or expecting benefits	
	Number	Percentage distribution	Percent of total	Percentage distribution
Men				
Total, private industry	278	100	82	100
Professional and technical	27	10	88	10
Managerial	36	13	76	12
Clerical and sales	38	14	76	13
Craft	87	31	84	32
Operator	66	24	82	24
Service and household	12	4	82	4
Laborer	11	4	84	4
Other	2	1	(2)	1
Total, government	108	100	94	100
Professional and technical	14	13	98	14
Managerial	19	17	96	18
Clerical and sales	14	13	94	13
Craft	16	15	92	15
Operator	5	5	95	5
Service	17	16	91	15
Laborer	3	2	(2)	2
Other ³	19	18	93	18
Women				
Total, private industry	160	100	69	100
Professional and technical	13	8	74	9
Managerial	10	6	75	7
Clerical and sales	74	46	67	45
Craft	9	6	58	5
Operator	39	22	71	23
Service and household	13	8	70	8
Laborer	6	4	63	3
Other	1	(4)	(2)	(4)
Total, government	64	100	86	100
Professional and technical	19	30	89	31
Managerial	7	11	93	12
Clerical and sales	22	35	84	34
Craft	(5)	(4)	(2)	(4)
Operator	2	3	(2)	3
Service	13	20	81	18
Laborer	(5)	(4)	(2)	(4)
Other ³	1	1	(2)	1

¹Data from the New Beneficiary Survey, October–December 1982.

²Not reported if based on few than 50 cases.

³Includes military.

⁴Less than 0.5 percent.

⁵Fewer than 500 weighted cases.

Note: The sum of numbers and/or percents may not add to total due to rounding.

pension receipt rates (87 percent) than the 61 percent of men who were at that PIA level (84 percent). This pattern also held true for women whose longest job was in govern-

Table 18.—Primary insurance amount and pension receipt status of private industry and government employees with pension coverage on longest job, by sex: Number and percentage distribution of retired-worker beneficiaries receiving first payable benefit in June 1980–May 1981¹

[Numbers in thousands]

Class of worker and primary insurance amount	Total		Receiving or expecting benefits	
	Number	Percentage distribution	Percent of total	Percentage distribution
Men				
Total, private industry	278	100	82	100
\$135.70	0	0	0	0
\$135.80–\$220.00	1	(2)	(3)	(2)
\$220.10–\$320.00	2	1	(3)	1
\$320.10–\$450.00	11	4	60	3
\$450.10–\$600.00	94	34	81	34
\$600.10 or more	170	61	84	63
Total, government	108	100	94	100
\$135.70	1	1	(3)	2
\$135.80–\$220.00	22	20	97	21
\$220.10–\$320.00	19	17	90	17
\$320.10–\$450.00	17	16	90	15
\$450.10–\$600.00	25	24	93	23
\$600.10 or more	23	22	97	23
Women				
Total, private industry	160	100	69	100
\$135.70	1	(2)	(3)	(2)
\$135.80–\$220.00	8	5	33	2
\$220.10–\$320.00	25	16	36	8
\$320.10–\$450.00	47	29	71	31
\$450.10–\$600.00	58	37	80	42
\$600.10 or more	21	13	87	17
Total, government	64	100	86	100
\$135.70	2	3	(3)	2
\$135.80–\$220.00	15	23	71	19
\$220.10–\$320.00	13	20	77	18
\$320.10–\$450.00	14	22	93	24
\$450.10–\$600.00	12	19	98	22
\$600.10 or more	9	13	100	16

¹Data from the New Beneficiary Survey, October–December 1982.

²Less than 0.5 percent.

³Not reported if based on fewer than 50 cases.

Note: The sum of numbers and/or percents may not add to total due to rounding.

ment. For men employed in government, little variation occurred in pension receipt rate across the PIA levels.

Race

A small difference was found in the proportion of white men and men of other races who received a pension from their longest job in private industry. Among men who worked in government, a much larger difference is seen. White men were 13 percent more likely to receive a pension benefit than were men of other races (table 19).

Table 19.—Race and pension receipt status of private industry and government employees with pension coverage on longest job, by sex: Number and percentage distribution of retired-worker beneficiaries receiving first payable benefit in June 1980–May 1981¹

[Numbers in thousands]

Class of worker and race	Total covered		Receiving or expecting benefits	
	Number	Percentage distribution	Percent of total	Percentage distribution
Men				
Total, private industry ..	278	100	82	100
White	258	93	82	93
All other races	21	7	79	7
Total, government	108	100	94	100
White	99	92	95	93
All other races	9	8	82	7
Women				
Total, private industry ..	160	100	69	100
White	150	94	69	95
All other races	9	6	64	5
Total, government	64	100	86	100
White	55	86	86	85
All other races	9	14	89	15

¹Data from the New Beneficiary Survey, October–December 1982.

Note: The sum of numbers and/or percents may not add to total due to rounding.

White women covered by a private pension plan reported slightly higher pension receipt rates than all other women. However, for those employed in government, white women less frequently received pensions than nonwhite women (86 percent and 89 percent, respectively). About half the women of other races with pension coverage were employed in government, so their overall pension receipt rate was heightened by the greater pension coverage and receipt rates they derived from government employment.

Changes in Pension Coverage and Receipt Rates, 1968–70 to 1980–81

The Social Security Administration initially surveyed a representative national sample of new beneficiaries who were first awarded retired-worker benefits during the period July 1968 through June 1970.⁷ Each beneficiary in the SNEB sample was mailed a questionnaire to be completed and returned by mail. The data collected generally were similar to those gathered in the NBS, though they were less detailed in some cases.

A note of caution is in order. The SNEB sample included persons awarded retired-worker benefits for the

⁷Virginia Reno, "Background of the Survey and Summary of Findings," in *Reaching Retirement Age: Findings From a Survey of Newly Entitled Workers, 1968–70* (Research Report No. 47), Office of Research and Statistics, Social Security Administration, 1976, pages 1–9.

first time (initial awards). The NBS sample covered persons who received a retired-worker benefit payment for the first time. A small time lag between the time of the benefit award and receipt of the first benefit payment is usual for the vast majority of beneficiaries. Thus, the samples are basically of similar groups. However, because the time and the interview techniques differ between the SNEB and NBS, the statistics derived from the two samples are not directly comparable. In particular, the SNEB used a mailed questionnaire that was not returned by all respondents and that had many more cases of not reported or unanswered questions than did the NBS. For this reason, the SNEB results are considered less accurate than the NBS results. With this caveat in mind, the results of the two surveys describing pension coverage on the longest job will be compared for selected characteristics.

This comparison reveals some interesting developments in coverage and employment among new retirees. Significant improvement in the pension coverage of retirees occurred during the decade spanning the SNEB and NBS inquiries. Although the proportions of covered workers who received a benefit decreased slightly, when combined with the increased rate of coverage, the result was a higher proportion of retirees in the NBS than in the SNEB received a second pension.

Coverage

Overall, the pension coverage of newly retired workers increased by 50 percent, as table 20 shows.⁸ The increase was greatest among women, with a 72-percent rise in the proportion with pension coverage. In both surveys, coverage was highest among those who were not working at the time of the survey.

The data in table 21 show the extent of pension coverage among wage and salary workers. Two features of the data are striking. First, pension coverage increased by 44 percent among all workers. The increase was greatest among women in the private sector (86 percent). Second, significantly fewer cases of no response or answers of

"Don't know" were recorded for these workers.

Table 22 shows that the distribution of pension coverage by length of time in the longest job changed markedly in the period between the two surveys. For men with 5-14 years of service on the longest job, pension coverage increased by 50-61 percent. Few men had less than 5 years on their longest job in either survey. Among women, coverage increased by 100 percent for those with 10-14 years of service on their longest job. These changes most certainly reflect the more generous vesting provisions mandated by ERISA.

One of the most significant determinants of the financial position of newly retired workers is the PIA for which they qualify. A change in well-being would be observed among NBS respondents if the average or median PIA increased or if the distribution of retirees across PIA levels changed. A comparison of the PIA levels in the two surveys shows that both effects occurred during the 1970's.

The PIAs in the SNEB do not correspond directly to the PIAs reported in the NBS. The amounts collected by retired workers increased so much during the 1970's that simply increasing the SNEB PIA cells by the amount of the increase in prices (a factor of 2.12) would place nearly all the respondents in the highest category (94 percent of the men and 61 percent of the women). Instead, the six PIA levels for the NBS illustrate how the distribution of new beneficiaries has changed from low to high, even though the levels do not match. For this reason, percentage changes are not calculated.

From the data in table 23, it is seen that the distribution of these recent retirees across the six PIA levels shifted markedly toward the higher PIA levels for both men and women. The shift was more extreme for men than for women. The proportion of men at the highest PIA level grew from 12 percent to 51 percent. Women in the two highest PIA levels are now as likely as men to have pension coverage. In the earlier survey, women were only two-thirds as likely to be covered.

A significant change also is seen in the pension coverage rates of white persons and those of other races. The distribution of jobs held by men was only slightly different in the two surveys. Pension coverage rates grew more for men of other races than for white men in both private industry and government jobs. The greatest change occurred

⁸The SNEB data are reported in Walter W. Kolodrubetz, "Characteristics of Workers With Pension Coverage on the Longest Job," *Reaching Retirement Age*, op. cit., pages 151-167.

Table 20.—Change in pension coverage on longest job, by sex: Percent of all retired-worker beneficiaries receiving first payable benefit in July 1968–December 1969 and June 1980–May 1981

Sex	1969 survey ¹			1982 survey ²			Percentage change		
	Total	Percent covered		Total	Percent covered		Total	Percent covered	
		Total	Wage and salary		Total	Wage and salary		Total	Wage and salary
Total	100	34	40	100	51	59	...	+50	+48
Men	100	40	51	100	57	70	...	+43	+37
Women	100	25	27	100	43	46	...	+72	+70

¹Survey of Newly Entitled Beneficiaries, 1968-70.

²New Beneficiary Survey, October-December 1982.

Table 21.—Pension coverage of private industry and government employees on longest job, by sex: Percentage distribution of retired-worker beneficiaries receiving first payable benefit in July 1968–December 1969 and June 1980–May 1981

Class of worker and pension status on longest job	Covered by pension plan						Percentage change		
	1969 survey ¹			1982 survey ²					
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Total, wage and salary	100	100	100	100	100	100	...	...	...
Covered	41	52	28	59	70	46	+44	+35	+64
Not covered	51	40	64	40	28	53	-28	-30	-21
No response/did not know	8	8	8	1	1	1	-88	-88	-88
Total, private industry	100	100	100	100	100	100	...	...	...
Covered	36	47	21	52	64	39	+44	+36	+86
Not covered	55	45	69	47	34	60	-15	-24	-13
No response/did not know	9	8	10	1	1	1	-89	-88	-90
Total, government	100	100	100	100	100	100	...	...	...
Covered	74	79	68	88	93	82	+19	+19	+21
Not covered	21	16	28	11	6	18	-48	-63	-36
No response/did not know	5	5	4	1	1	(3)	-80	-80	-100

¹Survey of Newly Entitled Beneficiaries, 1968–70.
²New Beneficiary Survey, October–December 1982.

³Less than 0.5 percent.
 Note: The sum of numbers and/or percents may not add to total due to rounding.

among women in private industry jobs (table 24). Among women of other races, coverage rates increased from less than 1 in 10 to 1 in 4, a change nearly three times as large as the increase among white women. Among women employed in government, two trends are outstanding. First, the proportion of women of other races who worked in government more than doubled—from 7 percent to 15 percent. Second, a large increase occurred in the proportion of this same group of women who had pension coverage (48 percent).

Pension Receipt Rates

The proportion of covered workers who received a pension benefit at retirement decreased in the period between the two surveys. As the data in table 25 show, the decline occurred among all retired workers. The decline is lowest for those who were still employed on their longest job at retirement—3 percent for men and 2 percent for women. The greatest decline in pension receipt from coverage on

Table 22.—Duration of longest job and pension coverage of private industry employees, by sex: Percent of retired-worker beneficiaries receiving first payable benefit in July 1968–December 1969 and June 1980–May 1981

Duration of longest job	Covered by pension plan				Percentage change	
	1969 survey ¹		1982 survey ²			
	Men	Women	Men	Women	Men	Women
Total, private industry ³	52	23	64	39	+22	+70
Less than 5 years	11	4	10	10	-9	+150
5–9 years	16	7	24	19	+50	+171
10–14 years	28	17	45	34	+61	+100
15–19 years	44	28	49	48	+11	+71
20–24 years	54	38	66	54	+22	+42
25 years or more	70	52	80	69	+14	+33

¹Survey of Newly Entitled Beneficiaries, 1968–70.
²New Beneficiary Survey, October–December 1982.
³Sample reduced for nonresponse; the proportion of SNEB respondents therefore differs from that shown in table 21.

Table 23.—Primary insurance amount and pension coverage of private industry employees on longest job, by sex: Percentage distribution of retired-worker beneficiaries receiving first payable benefit in July 1968–December 1969 and June 1980–May 1981

Monthly PIA	1969 survey ¹				Monthly PIA	1982 survey ²			
	Percentage distribution		Covered by pension plan			Percentage distribution		Covered by pension plan	
	Men	Women	Men	Women		Men	Women	Men	Women
\$55.00	4	22	4	3	\$135.70	0	2	0	7
\$55.10–\$69.90	2	8	1	2	\$135.80–\$219.90	2	22	11	9
\$70.00–\$99.90	10	25	3	11	\$220.00–\$319.90	4	26	9	24
\$100.00–\$129.90	14	23	6	29	\$320.00–\$449.90	9	25	29	47
\$130.00–\$159.90	57	17	68	42	\$450.00–\$599.90	34	20	64	72
\$160.00 or more	12	4	18	13	\$600.00 or more	51	6	77	79

¹Survey of Newly Entitled Beneficiaries, 1968–70.
²New Beneficiary Survey, October–December 1982.

Note: The sum of numbers and/or percents may not add to total due to rounding.

Table 24.—Race and pension coverage of private industry and government employees on longest job, by sex: Percentage distribution of retired-worker beneficiaries receiving first payable benefit in July 1968–December 1969 and June 1980–May 1981

Class of worker and race	1969 survey ¹		1982 survey ²		Percentage change	
	Percentage distribution	Percent covered	Percentage distribution	Percent covered	Percentage distribution	Percent covered
Men						
Total, private industry	100	52	100	64	...	+23
White	91	54	89	67	-2	+24
All other races	9	33	11	43	+22	+30
Total, government	100	83	100	93	...	+12
White	91	84	91	94	0	+12
All other races	9	70	9	83	0	+19
Women						
Total, private industry	100	23	100	39	...	+70
White	90	25	91	41	+1	+64
All other races	10	9	9	25	-10	+178
Total, government	100	71	100	82	...	+15
White	93	72	85	83	-9	+13
All other races	7	52	15	77	+114	+48

¹Survey of Newly Entitled Beneficiaries, 1968–70.
²New Beneficiary Survey, October–December 1982.

Table 25.—Pension receipt status of employees with pension coverage on longest job, by current employment status and sex: Percent of retired-worker beneficiaries receiving first payable benefit in July 1968–December 1969 and June 1980–May 1981

Current employment status	Receiving or expecting pension benefit				Percentage change	
	1969 survey ¹		1982 survey ²			
	Men	Women	Men	Women	Men	Women
Total	93	86	85	74	-9	-14
Currently on longest job ..	98	97	95	95	-3	-2
Not employed, last job longest	97	89	90	77	-7	-13
Another job longest	84	59	75	47	-11	-20

¹Survey of Newly Entitled Beneficiaries, 1968–70.
²New Beneficiary Survey, October–December 1982.

the longest job occurred among persons who had held other jobs after their longest job ended. Only 75 percent of the men and less than 50 percent of all the women who changed jobs received a benefit, a decrease of 11 percent among men and 20 percent among women.

Although it is surprising to learn that pension receipt rates have declined, a comparison of the data in the two

surveys shows a decline in the proportion of retirees who were covered by a plan on their longest job and who received no pension benefit. That both events could occur coterminously is perhaps explained by the fact that a large proportion of the NBS retirees received a lump-sum payment from their pension plan. In certain plans, workers can either withdraw the full amount that has accrued in their retirement account at the time of retirement or receive a monthly benefit for the rest of their lives. Those who choose to withdraw the full (lump-sum) amount would not report they received a pension benefit (a monthly amount for life). The SNEB questionnaire did not ask about lump-sum distributions, so it is not possible to know how many who replied “no response” or “will not receive” actually received a lump-sum payment from their plan.

Table 26 compares the SNEB data excluding those reporting they did not know if they qualified for a pension and shows two trends not revealed in table 25. First, in contrast with the overall trends, pension receipt rates rose among retirees whose longest job was in the public sector. Second, the greatest decline in the proportion of retirees who would not collect benefits from pension coverage on the longest job of their career also occurred among government workers. The decline in nonreceipt was largest among women in both sectors: 27 percent in private industry and 67 percent in government.

Table 26.—Pension receipt status for private industry and government employees with pension coverage on longest job, by sex: Percentage distribution of retired-worker beneficiaries receiving first payable benefit in July 1968–December 1969 and June 1980–May 1981

Class of worker and pension status	1969 survey ¹		1982 survey ²		Percentage change	
	Men	Women	Men	Women	Men	Women
Total, wage and salary	100	100	100	100	...	...
Receiving or will receive	84	76	85	74	+1	-3
Lump-sum payment .....	...	...	10	18	...	...
Will not receive	7	13	5	8	-29	-38
No response/did not know	9	11	...	...	...	...
Total, private industry	100	100	100	100	...	...
Receiving or will receive	83	73	82	69	-1	-8
Lump-sum payment .....	...	...	12	21	...	...
Will not receive	7	15	6	11	-14	-27
No response/did not know	10	12	...	...	...	...
Total, government	100	100	100	100	...	...
Receiving or will receive	89	83	94	86	+6	+4
Lump-sum payment .....	...	...	3	11	...	...
Will not receive	5	9	3	3	-40	-67
No response/did not know	6	8	...	...	...	...

¹Survey of Newly Entitled Beneficiaries, 1968–70.
²New Beneficiary Survey, October–December 1982.

Note: The sum of numbers and/or percents may not add to total due to rounding.

Across various characteristic lines, the distribution of workers who received retirement benefits changed little and thus is not reported here. To summarize, in both surveys the data indicate that workers with short service and who left their longest job a long time before retirement, or those who were unskilled, continued to be among the group least likely to receive a benefit when covered by a pension plan on their longest job.

Summary of Findings

The analysis of the NBS data provides evidence that the pension coverage rates of newly retired workers has increased and that a greater proportion of those covered by a pension on their longest job will receive a pension benefit or lump-sum payment.

More than two-thirds of the 549,000 men and nearly half of the 485,000 women wage and salary workers who first received social security retired-worker benefits during the period June 1980–May 1981 had pension coverage on their longest job. Among those whose longest employment was with private industry, slightly less than two-thirds of the men and two-fifths of the women had been covered by a pension plan.

In several respects, workers covered by private pensions differed from those who were not covered. Workers with long service and who were employed in manufacturing (or who were skilled nonmanufacturing workers), or

who had long service on a single job, were most likely to be covered by a pension. Workers who were employed in the service and household industry and who had few years of service with one employer, or who were unskilled, were least likely to be covered. Workers covered by pension plans also tended to have high wages and higher social security benefit amounts at retirement.

Eighty-one percent of the wage and salary workers who reported pension coverage on their longest job were receiving or expecting retirement benefit payments. Government workers were more likely than private industry employees to receive a pension benefit (91 percent and 77 percent, respectively). Differences by sex are also evident: 85 percent of the men and 74 percent of the women who had pension coverage were receiving or expected to receive benefits from that pension.

Although they did not receive a monthly pension benefit payment, about 10 percent of the men and 18 percent of the women received a lump-sum payment from the pension plan on their longest job. Only 5 percent of the men and 8 percent of the women with pension coverage on the longest job indicated they would not receive a payment of any type from that job. Those who would receive no benefits (or lump-sum payment) from pension coverage generally had few years of employment on their longest job, had left their longest job several years before retirement, or they had been employed in wholesale or retail trade.