

Highlights from NIRS Research: Retirement Security Facts & Figures

**2012 IPPFA Midwest Pension Conference
October 3, 2012**

**Diane Oakley
Executive Director
NIRS**



**NATIONAL INSTITUTE ON
Retirement Security**

Reliable Research. Sensible Solutions.

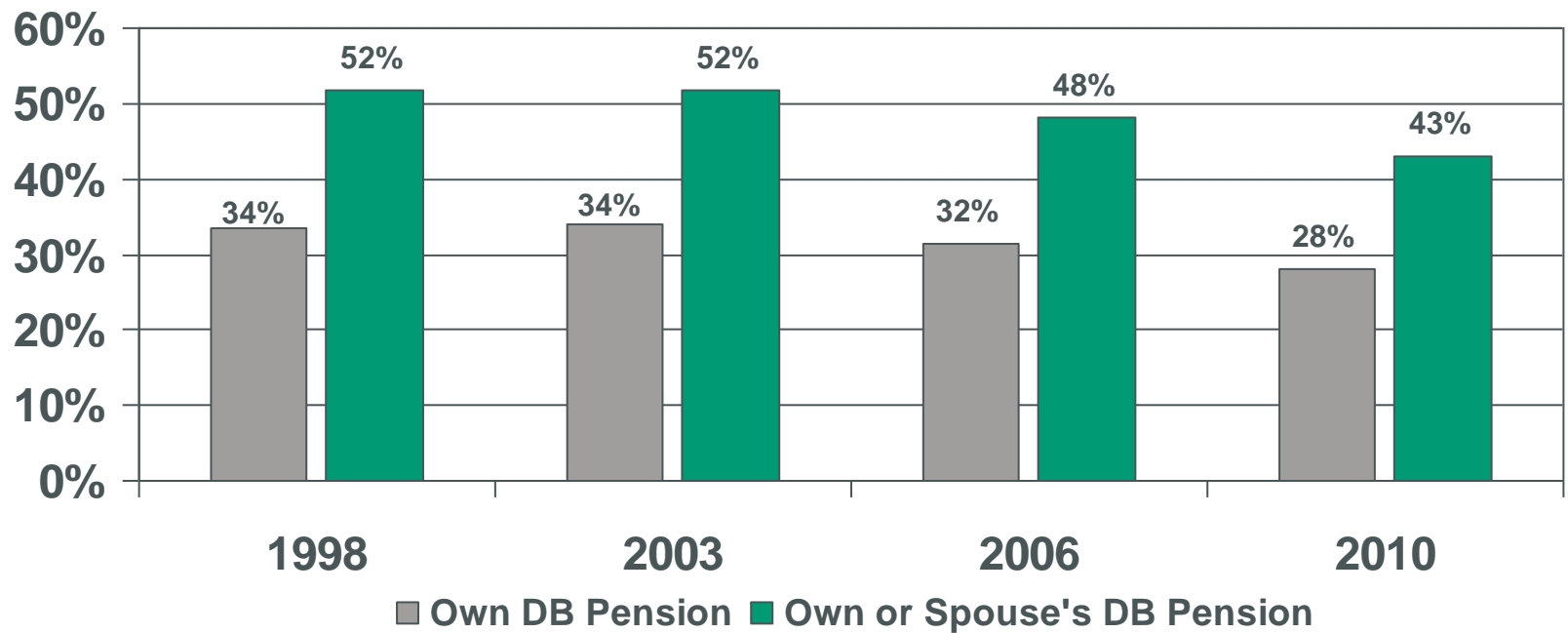
About NIRS

- **Nonprofit, nonpartisan research organization founded in 2007.**
- **Credible research and education programs regarding retirement security with focus on pensions – public and private sector.**
- **Reports, primers, commentary, conferences, media interviews, testimony and more.**



More Than 23 Million Older Americans Received DB Income in 2010, but ...

Percent of Older Americans (60+) with DB Pension Income, 1998, 2003, 2006 and 2010



NATIONAL INSTITUTE ON
Retirement Security

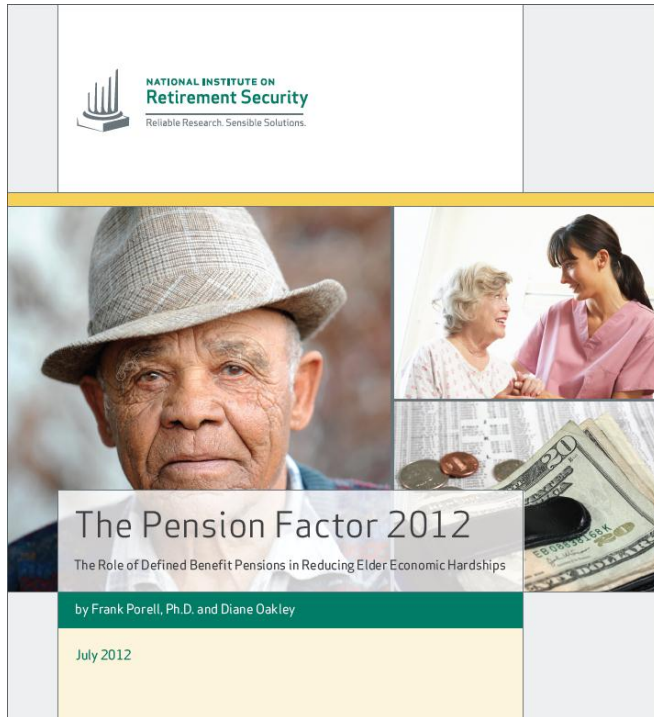
Prevalence of DB Pensions by Region

| Geographic Area | Number of Persons (in 1,000s) | Percent of persons with DB pension income from own or spouses' former employer |
|-----------------|-------------------------------|--|
| United States | 55,160 | 42.8% |
| Northeast | 10,690 | 43.7% |
| Midwest | 12,470 | 47.2% |
| South | 20,360 | 41.1% |
| West | 11,640 | 40.1% |



NATIONAL INSTITUTE ON
Retirement Security

The Pension Factor 2012



The Role of Defined Benefit Pensions in Reducing Elder Hardships

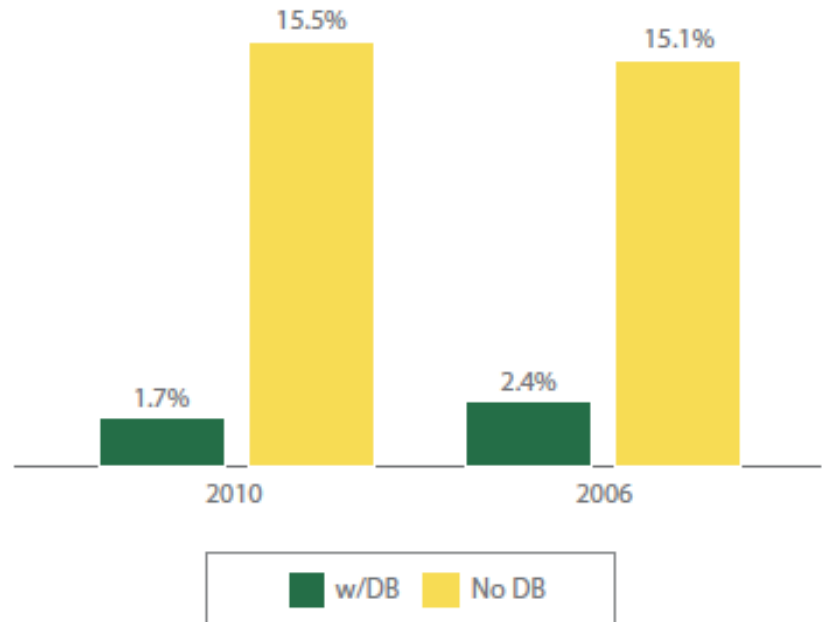
- 4.7 million fewer poor and “near poor” households.
- 500,000 fewer shelter hardships.
- 510,000 fewer health care hardships.
- 460,000 fewer food hardships.



Pension Factor 2012 Found Income from DB Pensions is Associated with ...

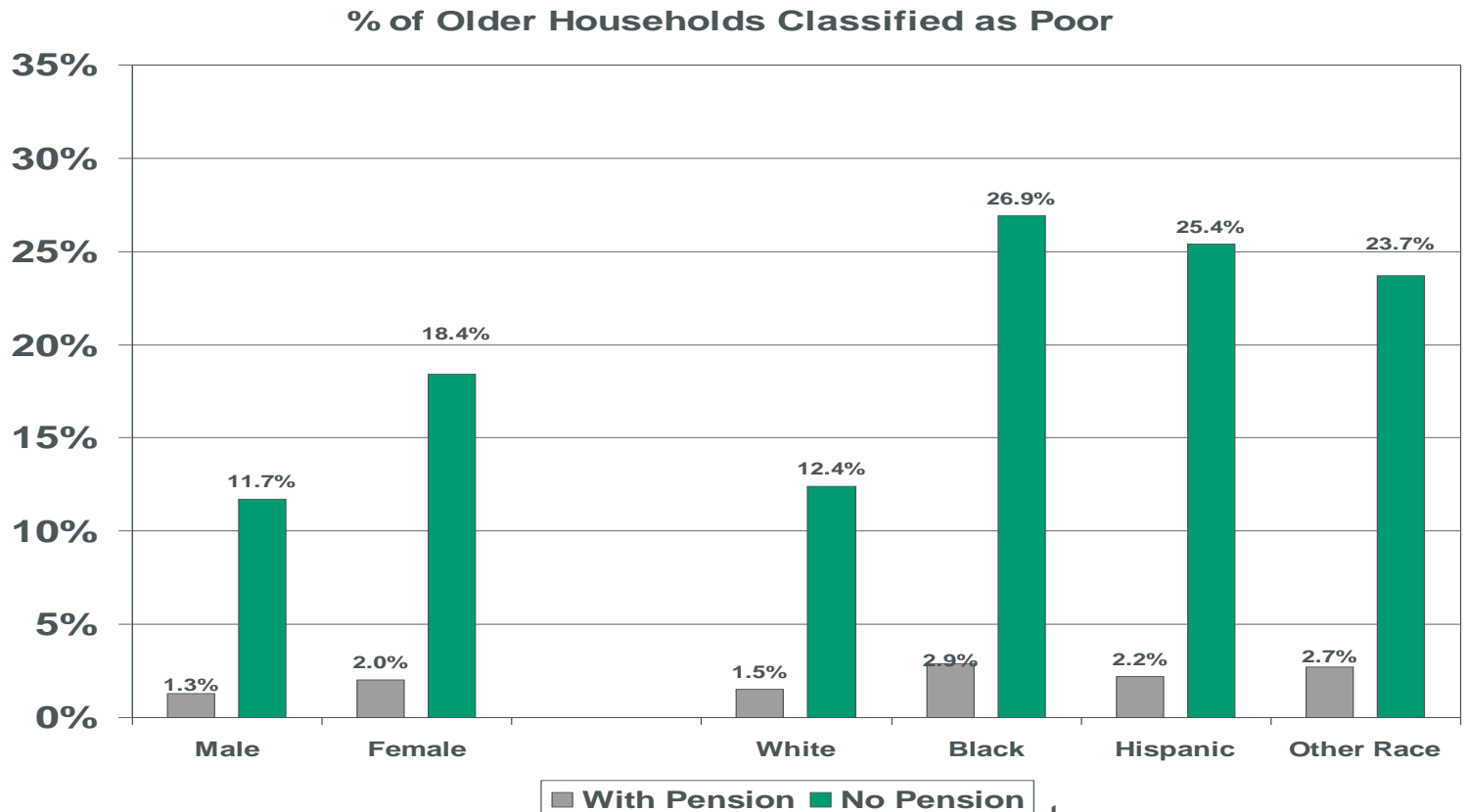
Rates of poverty among older households *nine times lower* than those without DB pensions.

Rates of Poverty in 2006 and 2010 by DB Pension Status



NATIONAL INSTITUTE ON
Retirement Security

Gender and Race Gaps in Poverty Shrink Among Those with Pensions

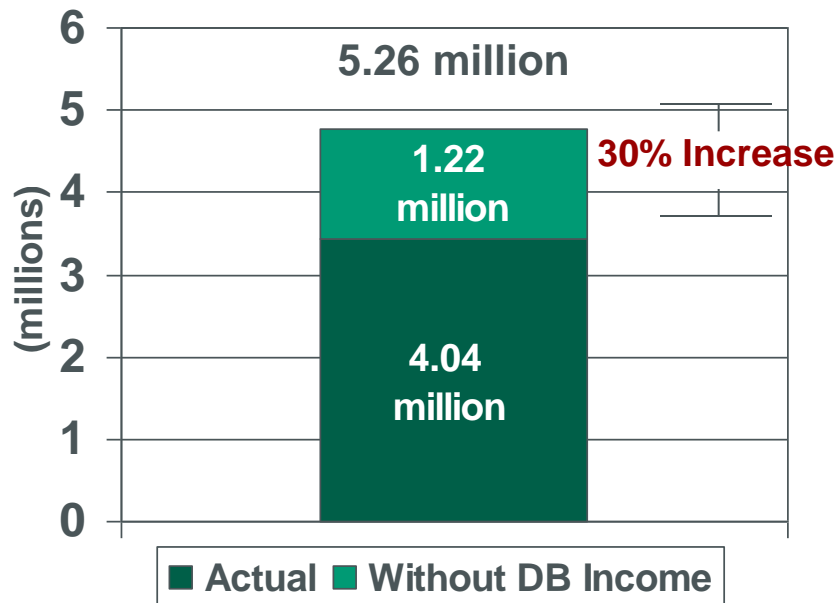


NATIONAL INSTITUTE ON
Retirement Security

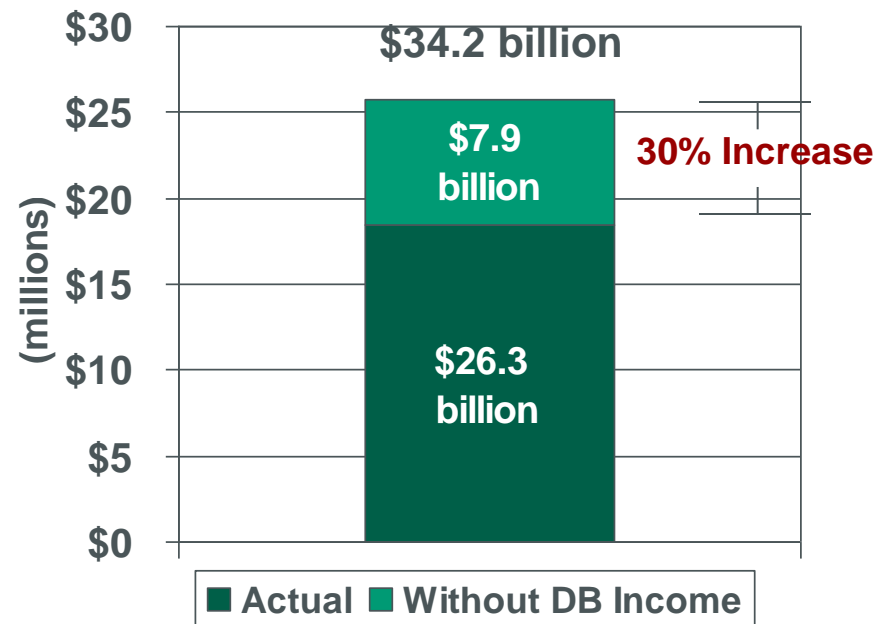
Source: *The Pension Factor*, Table 5.

DB Income Helps Large Numbers Avoid Public Assistance

Number of Older Americans Receiving Public Assistance
Actual and Projected (without DB)



Amount of Public Assistance Received by Older Americans
Actual and Projected (without DB)



NATIONAL INSTITUTE ON
Retirement Security

Pensionomics 2012: Measuring the Economic Impact of DB Pension Expenditures

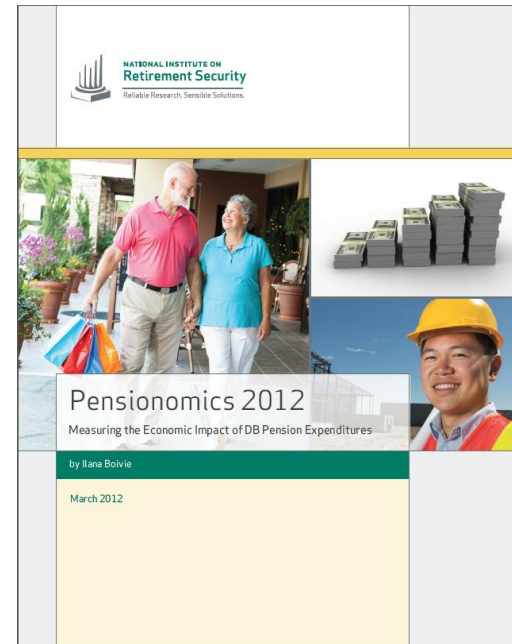
DB pension expenditures in 2009...

Provided a critical source of reliable income for 18.9 million Americans;

Supported 6.5 million jobs that paid \$314.8 billion in income;

Created over \$1 trillion in economic output; and

Supported \$134 billion in local, state and federal tax revenues.



NATIONAL INSTITUTE ON
Retirement Security

DB Pensions Still an Important Source of Income to Middle Class Retirees

| DB Pension Income Received by Persons Age 60 or Older (from Own or Spouse's Former Employer) | | | | |
|---|----------------------------|-----------------|------------------------|--------------------------|
| | # of Persons (millions) | % of Persons | Mean Pension Amount | Median Pension Amount |
| All Persons | 55.2 | 42.8% | \$20,943 | \$14,403 |
| Lowest Quintile | 11.0 | 16.9% | \$3,349 | \$1,920 |
| 2 nd Quintile | 13.8 | 40.3% | \$8,680 | \$6,996 |
| 3 rd Quintile | 12.9 | 55.4% | \$18,446 | \$17,296 |
| 4 th Quintile | 10.4 | 54.5% | \$31,264 | \$30,516 |
| Highest Quintile | 7.1 | 42.0% | \$42,668 | \$36,000 |



Illinois Pensionomics 2012: Economic Impact of Public Pensions

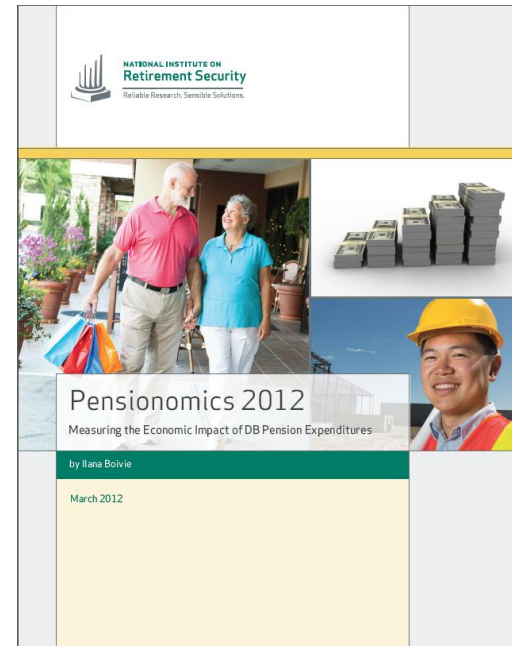
DB pension expenditures in 2009...

Supported 127,065 jobs that paid \$6.3 billion in income;

Created nearly \$19 billion in economic output;

Supported \$2.6 billion in local, state and federal tax revenues; and

Each dollar of taxpayers contributed to the pensions over the last 30 years supported \$5.36 of economic output in the state.



NATIONAL INSTITUTE ON
Retirement Security

Towers Watson: *Attraction and Retention; What Employees Value Most*

- **In 2011, 63 percent of workers under 40 agreed their retirement plan was an important factor in accepting their job – jumping up from 28% in 2009%.**
- **More than three-quarters of new hires at companies sponsoring DB plans say the retirement program gives them a compelling reason to stay on the job.**
- **Among DB plan participants in 2011, 51% say the company's retirement program played a strong role in their decision to join the company, up considerably from 31% in 2009.**

