

## *The 1993 SIPP and CPS Pension Surveys\**

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The Social Security Administration (SSA) is interested in coverage by employer-sponsored pensions because pensions are an important part of the income support for aged Americans. During the past two decades, SSA has co-sponsored supplementary data on pension coverage collected by the Current Population Survey (CPS) in 1972, 1979, 1983, 1988, and 1993.

In 1984, the Census Bureau began collecting data for a new survey, the Survey of Income and Program Participation (SIPP). The SIPP follows respondents for 32 months, interviewing sample persons every 4 months. In the 1984 survey and approximately every 2 years thereafter, the SIPP has included a section concerning pension coverage, based largely on the design of the 1983 CPS pension supplement. Some analysts in succeeding years have suggested the potential of using SIPP data as a substitute for further CPS pension supplements. The SIPP's sample size has been increased to a level comparable with that of the CPS, and the SIPP and CPS pension questionnaires have also been made more comparable, based on recommendations by SSA's Office of Research and Statistics. The *Social Security Bulletin* has published several studies about pension coverage using the CPS supplements. Most recently, Woods (1994) examined the 1993 pension coverage of persons born during the baby

boom. Woods found that the baby boomers' overall coverage rate remained stable over the past decade, despite shifts in coverage by gender and in plan type.

This note compares the pension coverage reported by Woods (1994), using the 1993 CPS with comparable figures developed from the SIPP. The SIPP data refer to currently paid employees aged 25-54 from Wave VII of the 1991 SIPP panel.<sup>1</sup> Both of these surveys assessed pension coverage in spring 1993.

### *Survey Questionnaires*

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This section focuses on the differences in the CPS and SIPP questionnaire designs.<sup>2</sup> The 1993 CPS questionnaire asked workers employed for pay in the week before the survey about their pension coverage by employer-sponsored plans on three jobs: their current primary job, any current secondary job, and any previous job. Both self-employed and wage and salary workers were asked the same set of pension coverage questions.

The SIPP gathered similar information on pension coverage from jobs in a 4-month period and from previous jobs. For as many as two wage and salary jobs, the SIPP identified employer-sponsored pension coverage and characteristics of that coverage. The SIPP asked the self-employed with as many as two businesses about the existence of a pension "not counting Social Security, IRA, Keogh, and 401(k) accounts." Earlier in the questionnaire, the SIPP requested information about any IRA or Keogh accounts and asked whether the respondent was receiving Social Security benefits. However, information from the

self-employed on coverage by 401(k) accounts was not gathered. Self-employed persons were not expected to have 401(k) accounts because these accounts are, by definition, employer-sponsored. This omission overlooked that businesses of the self-employed can be either unincorporated or incorporated. Incorporated businesses are technically employers of their owners, and the incorporated self-employed are therefore eligible to participate in a 401(k) pension sponsored by the business. Thus, to some extent, the SIPP may underestimate the coverage of self-employed persons.

The CPS and the SIPP also differ in their measures of labor supply for the primary job. The CPS asks respondents to identify the actual hours worked in the reference week (the week before the interview) and credits all hours worked to the major job. It classifies those persons working 35 or more hours as full time, and also includes in this category persons who usually work full-time hours but were working part-time hours for certain reasons or who had a job but were not at work. The SIPP collects information on the job hours "usually" worked in a week on a job, for up to two wage and salary jobs and up to two self-employment businesses held in the 4-month period before the interview. For the purpose of this note, full-time workers on the primary job in the SIPP are persons usually working 35 or more hours on the job with the most hours.

### *Coverage Comparisons*

The CPS and SIPP measured rates of employer-sponsored pension coverage were very similar for currently employed

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\*Howard M. Iams, Division of Program Analysis, Office of Research and Statistics, Social Security Administration.

workers aged 25-54. Table 1 compares the coverage rates from the CPS and SIPP<sup>3</sup> of currently employed workers aged 25-54 on the current primary job, a current secondary job, and any previous job. (For the self-employed in SIPP, a Keogh account is counted as coverage on the primary job.) In addition, the table shows the unduplicated percent of workers with “any” coverage as measured in the SIPP.<sup>4</sup>

The percentages covered by an employer-sponsored plan on the current primary job, secondary job, and previous job were virtually identical for the CPS and the SIPP—within 2 percentage points of each other for the various types of employment on the primary job (with one exception for part-time workers). On the current primary job, the CPS and SIPP results were identical or almost

identical for coverage of all workers (51 percent), wage and salary workers (CPS, 55 percent; SIPP, 57 percent), private wage and salary workers (50 percent, 51 percent), government workers (80 percent), and the self-employed (8 percent).<sup>5</sup> The CPS and SIPP primary job coverage were also similar for full-time wage and salary workers (54 percent, 56 percent), but coverage in the CPS was somewhat lower than in the SIPP for part-time private wage and salary workers (20 percent and 25 percent, respectively).

Woods (1994, table 3) also tabulated pension coverage from the CPS by age group. As can be seen in table 2, when age groups are used, the SIPP figures on pension coverage on the primary, secondary, and previous jobs were almost identical to those from the CPS.

Pension coverage rates in the CPS and SIPP also were quite similar for men and for women of the same age or with the same employer-type, usually within 2 percentage points of each other (tables 1 and 2). As shown in table 1, the exception was that the coverage of part-time worker men was much lower in the CPS (14 percent) than it was in the SIPP (29 percent). This exception could reflect survey differences in measuring part-time work or large variability in the measure because of the small sample size (particularly in SIPP).

Table 3 distinguishes between the type of pension coverage provided by employers as a “401(k)-type plan” or another type of plan. The 401(k)-type plan category refers to several varieties of employer-sponsored plans that accumulate tax-deferred contributions.<sup>6</sup>

Table 1.—Percent covered under employer or individual retirement plans in 1993 in the CPS and SIPP, by type of employment and sex: Currently employed workers aged 25-54

Type of employment on primary job	Total number of workers (in millions)		Current primary job		Current secondary job		From previous job <sup>1</sup>		Total with any coverage <sup>2</sup>
	CPS	SIPP	CPS	SIPP	CPS	SIPP	CPS	SIPP	SIPP
All workers.....	85.9	89.8	51	51	1	1	7	7	55
Wage and salary.....	78.6	80.0	55	57	1	1	7	7	60
Private.....	63.9	66.0	50	51	1	1	7	6	55
Full time.....	56.6	55.6	54	56	1	1	7	7	59
Part time.....	7.3	9.4	20	25	1	1	5	5	30
Government.....	14.7	15.1	80	80	2	1	7	7	82
Self-employed.....	7.3	9.7	8	8	1	2	6	7	16
Men.....	46.7	48.3	53	53	2	1	7	8	57
Wage and salary.....	41.7	42.0	58	59	2	1	8	8	63
Private.....	35.0	35.2	53	54	1	1	7	8	58
Full time.....	33.5	32.9	55	56	1	1	7	8	60
Part time.....	1.5	2.3	14	29	1	2	6	5	34
Government.....	6.6	6.9	84	83	4	1	9	9	85
Self-employed.....	4.9	6.3	10	10	(3)	2	7	7	18
Women.....	39.2	41.5	50	49	1	1	6	5	53
Wage and salary.....	36.9	38.1	53	53	1	1	6	5	52
Private.....	28.8	29.7	46	47	1	1	6	5	50
Full time.....	23.0	22.6	52	54	1	1	6	5	57
Part time.....	5.8	7.1	21	23	1	1	4	5	28
Government.....	8.0	8.2	77	78	1	1	5	6	80
Self-employed.....	2.3	3.4	4	5	1	1	5	6	16

<sup>1</sup> Receiving or expecting pension from a previous job.

<sup>2</sup> Includes Keogh accounts.

<sup>3</sup> Less than 0.5 percent.

The CPS finds a larger percentage than the SIPP of workers to be covered only by a 401(k)-type plan on the current primary job (17 percent, compared with 13 percent), and a smaller percentage covered by both (10 percent, compared with 14 percent).<sup>7</sup> Taken together, about 27 percent of the respondents in both surveys had a 401(k) plan, but a higher percentage in the CPS had only a 401(k) plan. The percentages of those "only with other plans" were similar (28 percent, compared with 30 percent).

A smaller percentage of respondents in SIPP with only 401(k)-type plans could occur if SIPP identifies more pension plans than the CPS and classifies more persons as possessing both types of plans. Similarly, the percentage could also be affected by the SIPP's limited pension questions for the self-employed.

To summarize, the two surveys give very similar results on pension coverage of the respondents' primary, secondary, and previous jobs. The minor discrepancies involve small subgroups of the

worker population and type of plan. The SIPP gives higher coverage rates for part-time private wage and salary workers, particularly for men. This could reflect measurement differences on part-time workers or variability due to small sample size. SIPP and CPS identify about the same percentage of persons with a 401(k)-type plan, but SIPP gives a lower percentage for persons covered *only* with a 401(k)-type plan. This may reflect the identification of other pension plans by SIPP. The SIPP might consider making some minor changes to enhance its measurement of pension coverage for the self-employed. For example, all job holders could be routed through the main set of questions on pensions as in the 1993 CPS pension supplement. The SIPP also could identify possession of a Keogh account for the current job rather than possession of the asset in general.

### Trend Data

Using data for spring 1993, the SIPP and CPS generated comparable estimates

of employer-sponsored pension coverage. Can comparable estimates be expected over time? If future analysis relies solely upon SIPP, we risk compromising the trend measurement of pension coverage. Although past performance isn't a perfect predictor of the future, it is reasonable to expect future stability if past SIPP-CPS estimates were comparable over time. Because the general structure and content of both surveys have been fairly stable over the past decade, we can compare trends in both surveys. We next make the comparison between 1983-84 and 1993, concluding that both surveys demonstrate similar trends.

For the period 1979-93, Woods (1994) reported that pension-coverage changes among wage and salary workers aged 25-54 mainly occurred on the current primary job (Woods 1994, table 2). Coverage for men decreased from 66 percent in 1979 to 60 percent in 1983, remaining relatively constant at 59 percent in 1988 and 58 percent in 1993. By contrast, the coverage among women

Table 2.—Percent covered under employer or individual retirement plans in 1993 in the CPS and SIPP, by age and sex: Currently employed workers aged 25-54

Age of worker	Total number of workers (in millions)		Current primary job		Current secondary job		From previous job <sup>1</sup>		Total with any coverage <sup>2</sup>
	CPS	SIPP	CPS	SIPP	CPS	SIPP	CPS	SIPP	SIPP
All workers.....	85.9	89.8	51	51	1	1	7	7	55
47-54 (pre-boomers).....	16.0	16.5	58	58	2	1	10	11	63
37-46 (early-boomers).....	31.0	32.3	56	55	1	1	8	7	59
27-36 (late boomers).....	33.4	35.5	47	47	1	1	4	4	51
25-26 (post-boomers).....	5.5	5.5	35	35	(3)	2	3	3	38
Men.....	46.7	48.3	53	53	2	1	7	8	57
47-54 (pre-boomers).....	8.7	8.8	59	62	2	1	13	15	68
37-46 (early boomers).....	16.6	17.1	58	58	2	1	9	8	62
27-36 (late boomers).....	18.4	19.4	48	48	1	1	4	5	51
25-26 (post-boomers).....	3.0	2.9	37	35	1	2	3	2	38
Women.....	39.2	41.5	50	49	1	1	6	5	53
47-54 (pre-boomers).....	7.4	7.7	57	53	1	(3)	7	8	57
37-46 (early boomers).....	14.3	15.2	53	53	1	1	7	6	56
27-36 (late boomers).....	15.0	16.1	46	47	1	1	4	4	50
25-26 (post-boomers).....	2.5	2.5	33	35	(3)	1	3	3	38

<sup>1</sup> Receiving or expecting pension from a previous job.

<sup>2</sup> Includes Keogh accounts.

<sup>3</sup> Less than 0.5 percent.

Table 3.—Type of coverage under employer-sponsored retirement plans in 1993 in the CPS and SIPP, by age and sex:  
Wage and salary workers aged 25-54

Age of worker	Total number of workers (in millions)		Percent covered on current job		Type of coverage (percent)					
					401(k)-type plan only <sup>1</sup>		Other type of plan only		Both 401(k)-type plan and other plan(s)	
	CPS	SIPP	CPS	SIPP	CPS	SIPP	CPS	SIPP	CPS	SIPP
All workers.....	78.6	80.0	55	57	17	13	28	30	10	14
47-54 (pre-boomers).....	14.3	14.1	64	66	18	12	33	36	13	19
37-46 (early boomers)...	28.0	28.2	60	62	17	12	31	33	12	17
27-36 (late boomers).....	31.0	32.4	50	52	18	14	24	26	8	12
25-26 (post-boomers)....	5.3	5.2	36	38	12	11	20	21	4	6
Men.....	41.7	41.9	58	60	18	14	27	30	12	16
47-54 (pre-boomers)...	7.5	7.2	67	72	19	13	32	37	15	23
37-46 (early boomers)	14.6	14.4	64	67	19	14	31	34	15	19
27-36 (late boomers)...	16.8	17.4	52	53	19	14	23	25	10	13
25-26 (post-boomers).	2.8	2.8	39	39	12	12	22	21	5	5
Women.....	36.9	38.1	53	53	16	12	28	30	9	12
47-54 (pre-boomers)...	6.8	6.8	61	59	17	11	33	34	11	14
37-46 (early boomers)	13.4	13.8	56	58	15	11	31	33	10	14
27-36 (late boomers)...	14.2	15.0	48	50	16	13	25	27	7	10
25-26 (post-boomers).	2.5	2.6	34	38	12	9	18	20	4	8

<sup>1</sup> The term, "401(k)-type plan," refers to several kinds of employer-sponsored retirement plans that allow participating employees to make tax-deferred contributions to the plan, usually with some matching contribution from the employer.

increased between 1988 and 1993 from 49 percent to 53 percent.

Similar estimates are available for 1984 and 1993 based on SIPP data (table 4). The figures for women appear quite similar in the two surveys—increasing primary job coverage by 6 percentage points in the CPS and 5 percentage points in the SIPP. However, men reported slightly higher pension coverage in the 1984 SIPP than in the 1983 CPS supplement (63 percent, compared with 60 percent). Thus among men, SIPP data find a 4 percentage point decrease from 1984 to 1993 (63 percent to 59 percent) rather than the 2 percentage point decrease observed in the CPS (60 percent to 58 percent). Although benefits from a previous job were under-reported in 1984 due to the omission of this question for persons under age 40, the two surveys find similar levels of 4.5 percent with pension coverage from previous jobs. In general, only slight differences occurred between the CPS and SIPP in pension coverage

trends from the 1983-84 period to 1993.

Although SIPP and CPS give similar trend data on coverage of men and women, SIPP has a unique advantage: It can measure trends in pension coverage in couples, while CPS cannot. SSA is interested in pension coverage of the entire population, not just current employees, and historically women have shifted in and out of the labor force. An important question for income security of the aged is the trend in pension coverage of married couples, both because their coverage depends on the husband and on the wife, and because widows may inherit coverage from the husband. Such analysis is not possible with the CPS because the 1983 supplement omitted spousal interviews of some working spouses, and Census Bureau records lacked information to directly link husbands and wives (Andrews 1985). The SIPP permits couple analysis because it contains both spousal interviews and family record linkage information in both the 1984 and 1991 SIPP panels.

Despite the increasing pension coverage of married women, coverage by couples remained stable (table 5). Looking at the population of women, even those not currently in the labor force, coverage increased from 44 percent to 49 percent for unmarried women and from 33 percent to 43 percent for married women. Despite this substantial increase for married women, the pension coverage of married couples (either or both spouses) remained at about 74 percent. This stability reflects the fact that some women became covered whose husbands were already covered, and that increasing coverage of wives was partially offset by the decreasing coverage by their husbands. Nevertheless, an increasing percentage of couples have coverage from both husband and wife (25 percent in 1984, 31 percent in 1993), which may increase pension benefits at retirement. Thus, women's pension coverage may be more important to retirement income in future years, even if couple coverage does not increase.

Table 4.—Percent covered by employer-sponsored pension plans on current primary job or from previous job in the CPS and SIPP, by sex, 1983-84<sup>1</sup> and 1993: Wage and salary workers aged 25-54

Sex and year	CPS			SIPP		
	Total	Current job	Previous job <sup>2</sup>	Total	Current job	Previous job <sup>2</sup>
All workers:						
1983-84.....	56	54	5	58	56	4
1993.....	58	55	7	59	57	7
Men:						
1983-84.....	62	60	7	65	63	5
1993.....	60	58	8	62	59	8
Women:						
1983-84.....	49	48	2	49	47	3
1993.....	56	53	5	55	53	6

<sup>1</sup> CPS in 1983; SIPP in 1984. SIPP does not measure expected receipt of pension benefits from previous jobs of persons under age 40.

<sup>2</sup> Coverage from previous job indicated by current receipt or expected receipt of pension benefits.

Table 5.—Percent covered by an employer-sponsored pension plan<sup>1</sup> on a current or previous job in 1984 and 1993 in SIPP, for women aged 40-54, by marital status, couples with the wife aged 40-54

Year	Unmarried women	Married women	Married women and their husbands			Total
			Wife only	Husband only	Both	
1984.....	44	33	9	41	25	74
1993.....	49	43	12	32	31	75

<sup>1</sup> Pension coverage includes coverage in formal pension plans and Keogh plans, and expectation of future benefits or benefit receipt from a former job.

Source: 1984 Wave IV and 1991 Wave VII Survey of Income and Program Participation.

## Conclusion

The SIPP and CPS give similar estimates of employer-sponsored pension coverage in 1993 and of the trend in coverage between 1983-84 and 1993. The SIPP contains information on pension coverage of couples and of the general population. Because of SSA's interest in the income security of couples and future retirees, the SIPP provides useful information for SSA analyses. Moreover, the SIPP's pension information can substitute for specialized studies in the CPS.

## Notes

<sup>1</sup>The 1991 and 1992 panels of the SIPP both administered a topical module on pensions in spring 1993. Wave VII of the 1991 SIPP panel, processed for this note, had 36,576 logical records based on interviews in about 14,300 household living quarters. Wave IV of the 1992 SIPP panel was not processed because results were not yet available when this analysis was completed.

<sup>2</sup>One difference between SIPP and CPS that is not mentioned in this note is that the SIPP imputes missing information, but the CPS does not.

<sup>3</sup>The CPS data are from Woods (1994). Woods estimated birth year from the CPS. Estimates made for the 1991 SIPP use age reported in Wave VII. Both methods yield very similar categories.

<sup>4</sup>The SIPP measure of "any" coverage did not include contributions during the year to an IRA, while the CPS tabulation by Woods (1994) included them in the measure of "any" coverage. Furthermore, the pension coverage literature typically focuses on employer-sponsored pension plans, excluding IRA account contributions. Consequently, the table shows the SIPP measure of "any" coverage.

<sup>5</sup>The CPS assumes that Keogh accounts are included in the general question about "retirement plan on your job," while the SIPP specifically asks about assets including a Keogh account, either from the current or a former job. A Keogh account in SIPP is included as an employer-sponsored retirement plan. In SIPP, about 0.6 percent of the self-employed reported both a Keogh account and pension coverage on the current job "not counting Social Security, IRA, Keogh, and 401(k) accounts."

<sup>6</sup>As discussed in Woods' earlier analysis (1994, pp. 17-18), "The structure of the...questionnaires (which ask first about any pension or retirement plan, and later about 401(k)-type plans specifically), yields three categories of plan type: 401(k)-type coverage only, some other type of plan only, and both 401(k) and other type(s). Based on administrative data from the Department of Labor, we may reasonably assume that most of the 'other' coverage is under defined benefit plans....The...category... '401(k)-type plans' encompasses several subtypes. The defining characteristic of these employer-sponsored plans is that workers are allowed to have part of their wages or other compensation placed in a designated retirement account, with income tax on those contributions deferred until the money is distributed to them at a later point. The most common types of 401(k) plans are savings and thrift plans, although deferred profit sharing and other DC [defined contribution] plans may also have this 'pretax contribution' feature, and tax-sheltered annuities, or 403(b) plans, are a parallel type for employees of nonprofit organizations."

<sup>7</sup>When the respondent reported a 401(k)-type plan, he/she was classified as having "both" types if the 401(k)-type plan was different from the basic plan or if multiple plans were reported. This parallels the pro-

cedure in Woods (1994) and assumes that multiple plans include a plan other than a 401(k)-type plan.

## **References**

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