

Introducing the Public Retirement Research Lab

Speakers:

- Matt Petersen, NAGDCA
- Lori Lucas, EBRI
- Ben Taylor, Callan LLC
- Wendy Carter, Segal
- Brenda Anderson, Nationwide Retirement
- Craig Copeland, EBRI
- Mary Buonfiglio, State of North Carolina
- Greg Jenkins, Invesco
- Sue Walton, Capital Group | American Funds

Tenure Comparisons of Public and Private Sector Workers

Craig Copeland
Employee Benefit Research Institute

PRRL Research Study “Trends in Public-Sector Employee Tenure”

Tenure Comparisons of Public and Private Sector Workers



Trends in Median Years of Tenure at Current Job



Percentage of Workers With 10 or More Years of Tenure at Current Job

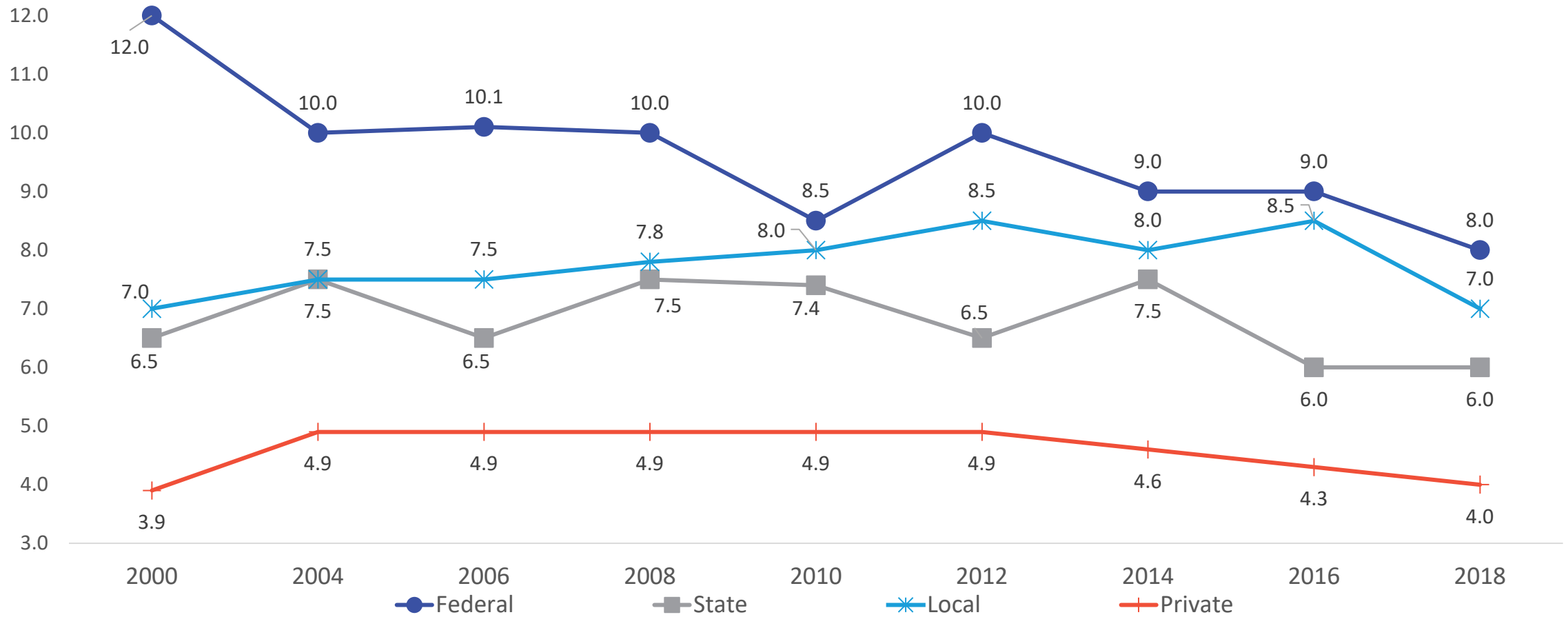


Median Years of Tenure at Current Job, by Age



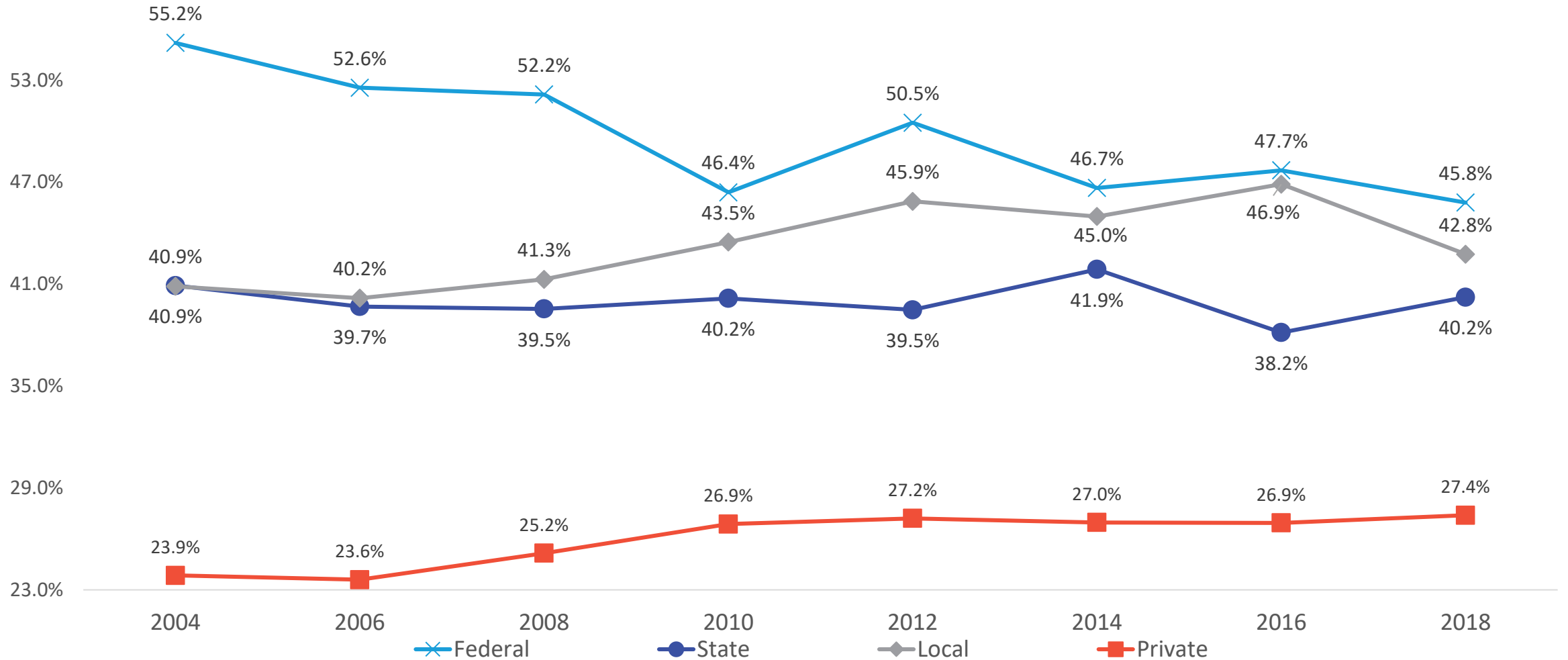
Comparison of the Age Distribution of Workers in the Public and Private Sectors

Median Years of Tenure at Current Job for Wage & Salary Workers Ages 20 or Older, by Class of Worker, 2000-2018



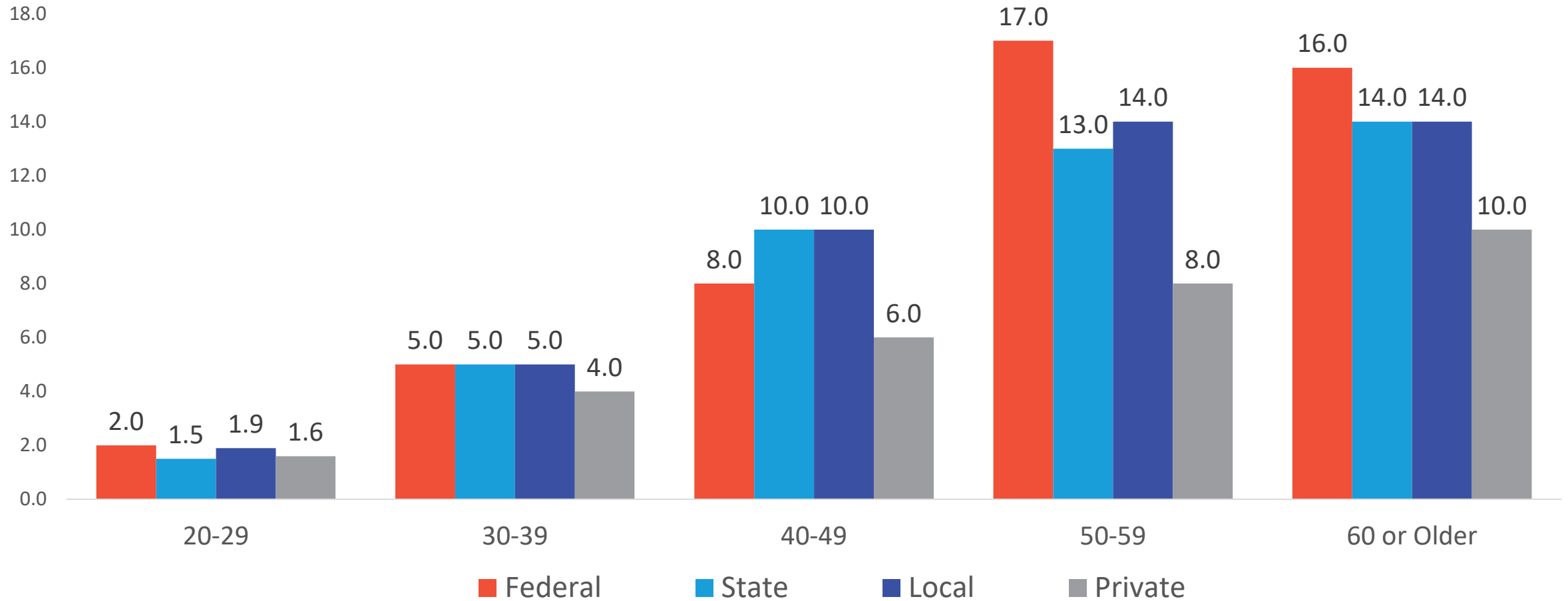
Source: EBRI estimates from the February 2000 and January 2004-2018 Current Population Surveys.

Percentage of Wage & Salary Workers Ages 20 or Older With 10 or More Years of Tenure at Current Job, by Class of Worker, 2000-2018



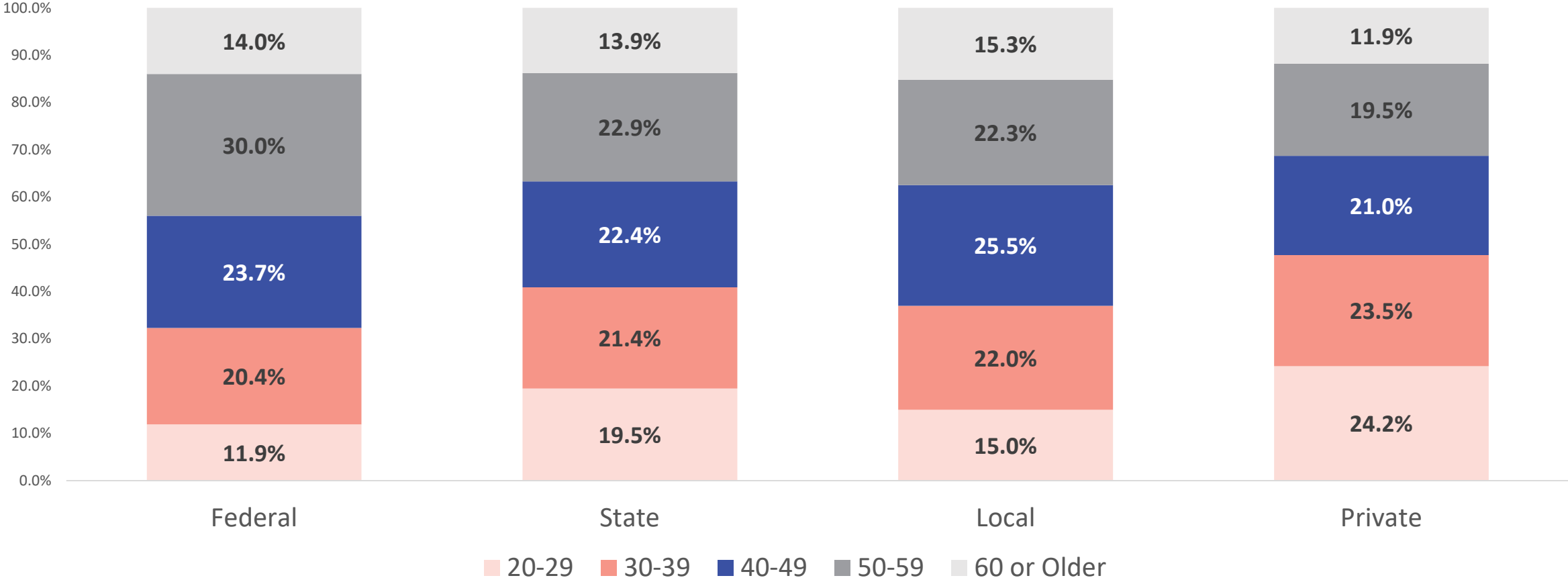
Source: EBRI estimates from the February 2000 and January 2004-2018 Current Population Surveys.

Median Years of Tenure at Current Job for Wage & Salary Workers Ages 20 or Older, by Class or Worker and Age, 2018



Source: EBRI estimates from the 2018 Current Population Survey.

Age Distribution of Wage & Salary Workers Ages 20 or Older, by Class of Worker, 2018



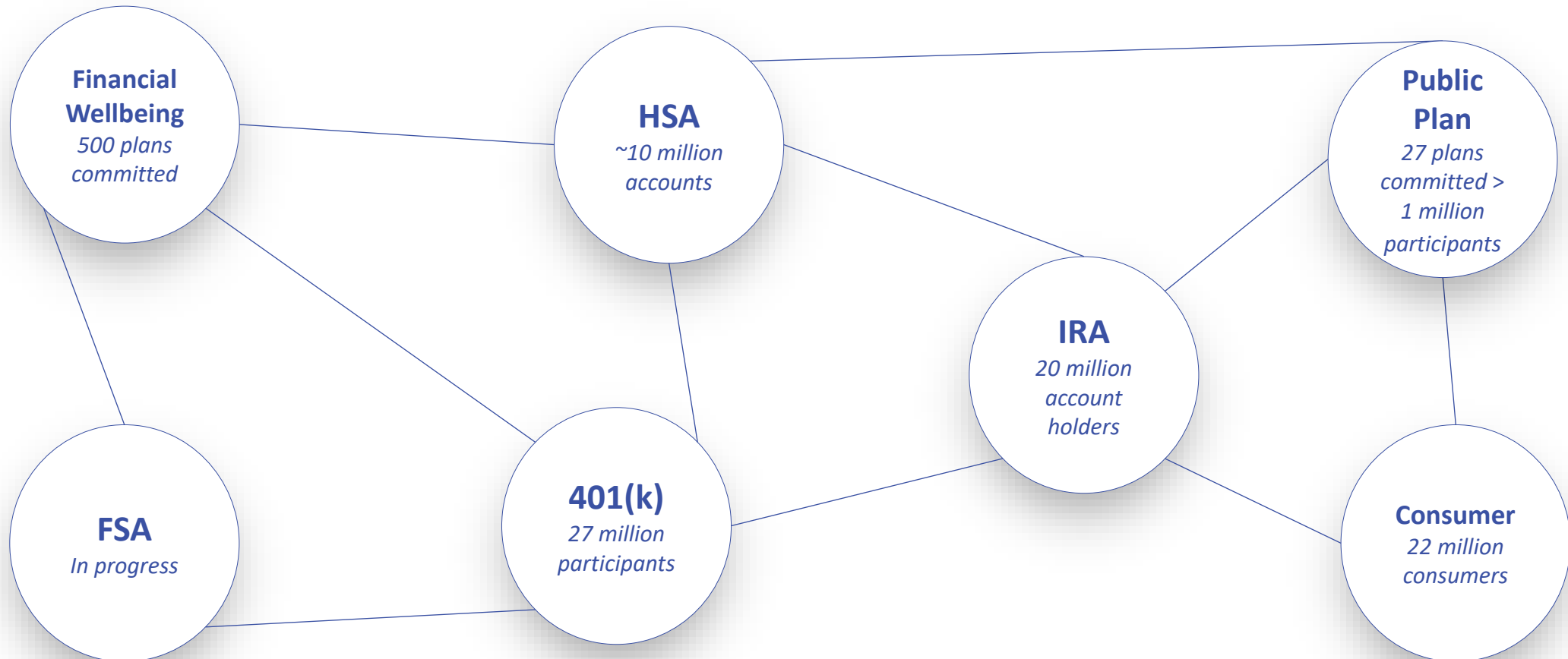
Source: EBRI estimates from the 2018 Current Population Survey.

Key Takeaways

By comparing the tenure of public- and private-sector workers some important conclusions can be drawn:

- The most significant changes were among federal workers, where the work force was aging but the share of workers with the longest tenures were decreasing.
- But all classes of public-sector workers had longer tenures, on average, than that of private-sector workers.
- The share of workers who are older (40 years old or older) is larger for each of the public sector groups relative to the private sector.
- Given these tenure and age differences and the strong prevalence of defined benefit plans in the public sector, retirement programs in the private sector are not likely models for the public sector. For example:
 - DC plans in the public sector could have different appropriate asset allocation strategies given the guaranteed income coming from the DB plan.
 - Since public-sector workers were less likely to change job, areas of focus in terms of plan leakage differ from private-sector plans.

EBRI Databases



Fiscal Year: 2018

Plan: Default Plan - Demo Account

Plan Type - Employer Setting:

Single Employer

DC Plan Designation:

Supplemental

Number of Plan Participants:

5,000 to 15,000

Plan Type:

457(b)

Plan Type - Competing vs. Sole:

Sole DC Plan

Total Account Balance:

\$700 Million to \$2.25 Billion

Matching Results: 5

BUILD REPORT

RESET

Show Your Firm

Export to Excel

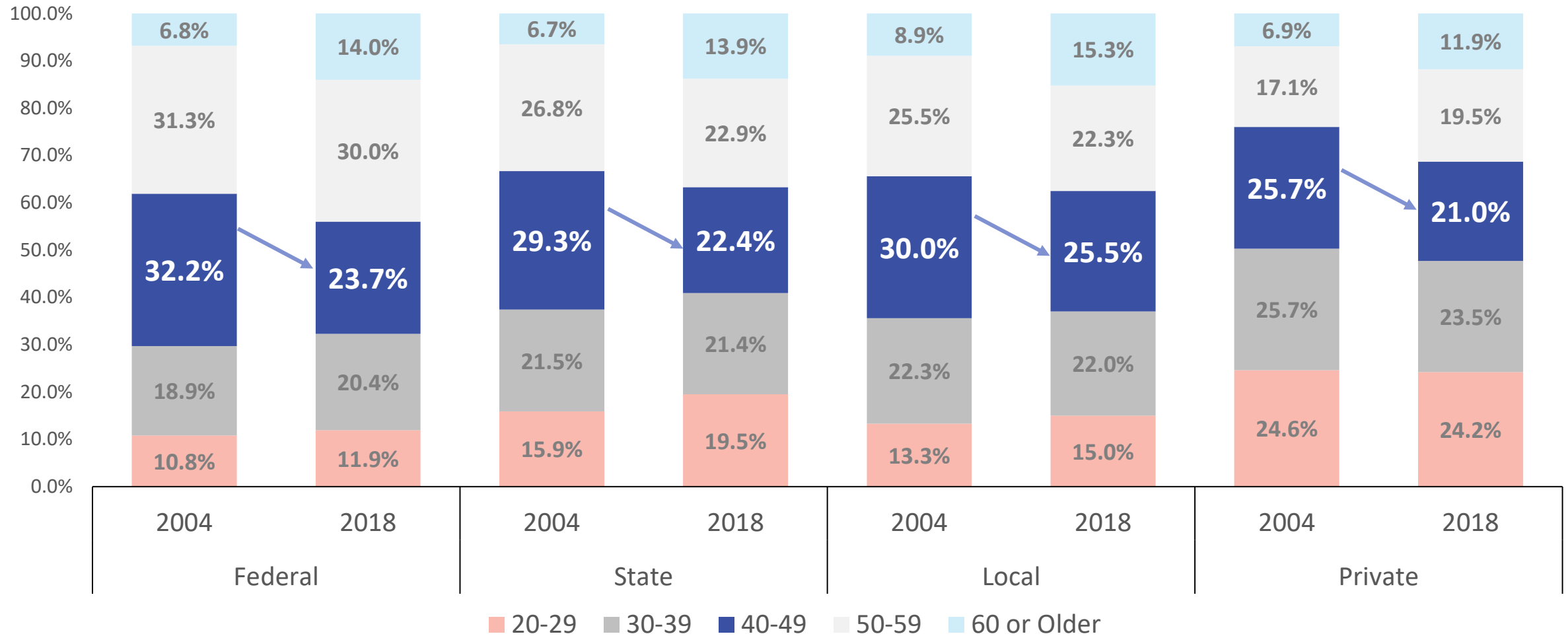
Enter text to search...

Metric	Your Firm	Industry
Total Plan Balances by Contribution Type (\$)		
Employee Pre-Tax	\$1,820,672,072.00	\$765,841,132.80
Employee Roth	\$23,550,684.25	\$9,774,496.60
Employee After-Tax (non-Roth)	\$0.00	\$0.00
Employer Pre-Tax	\$403,053.50	\$18,301,465.40
Rollover (Roth)	\$262,748.00	\$283,120.60
Rollover (non-Roth)	\$82,036,943.75	\$46,582,012.60
Other	\$0.00	\$189,926,857.40
Total	\$2,103,271,432.25	\$1,030,709,085.40
Total Plan Balances by Contribution Type (% Total)		

The Changing Demographics of Public Sector Workers

The decreasing percentage of 40-year-olds and the increasing percentages of those younger and older than them.

Age Distribution of Wage & Salary Workers Ages 20 or Older, by Class of Worker, 2004 and 2018



Source: EBRI estimates from the 2018 Current Population Survey.

Key Takeaways

- A striking result from this study is the dramatically decreasing share of 40-year-olds in the public sector.
- This means that the work force will become significantly younger in 5 to 10 years, as the large share of workers ages 50 or older will be retiring while the smaller share now in their 40s starts to move into the 50-or-older age group.
- With the younger-than-age-50 cohort making up a larger and larger share of the public-sector work force going forward, retirement programs are likely going to need to encompass programs that look at the total finances of the workers, as these can be more important for the younger workers.
- This could include various financial wellbeing programs, such as emergency savings, student loan debt, and overall budgeting.
- These programs can help establish the overall finances of the younger workers, so that they have their finances in order to prepare for retirement instead of struggling to meet current financial obligations.

The goal of the PRRL is to enable a financially secure retirement for the nation's public sector employees.

Plan sponsors, visit the link below to participate:
<https://www.nagdca.org/data-center/prrldataauthorization/>

