



U.S. Retirement Assets in 2020

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The Federal Reserve's [Financial Accounts of the United States](#) reported that the total amount of U.S. retirement assets (outside of Social Security) was \$37.0 trillion at the end of 2020.

Figure 1 shows the total amount of financial assets (in trillions of dollars) in pension plans sponsored by private-sector employers, state and local governments, and the federal government. **Figure 1** also shows the amount of assets in Individual Retirement Accounts (IRAs).

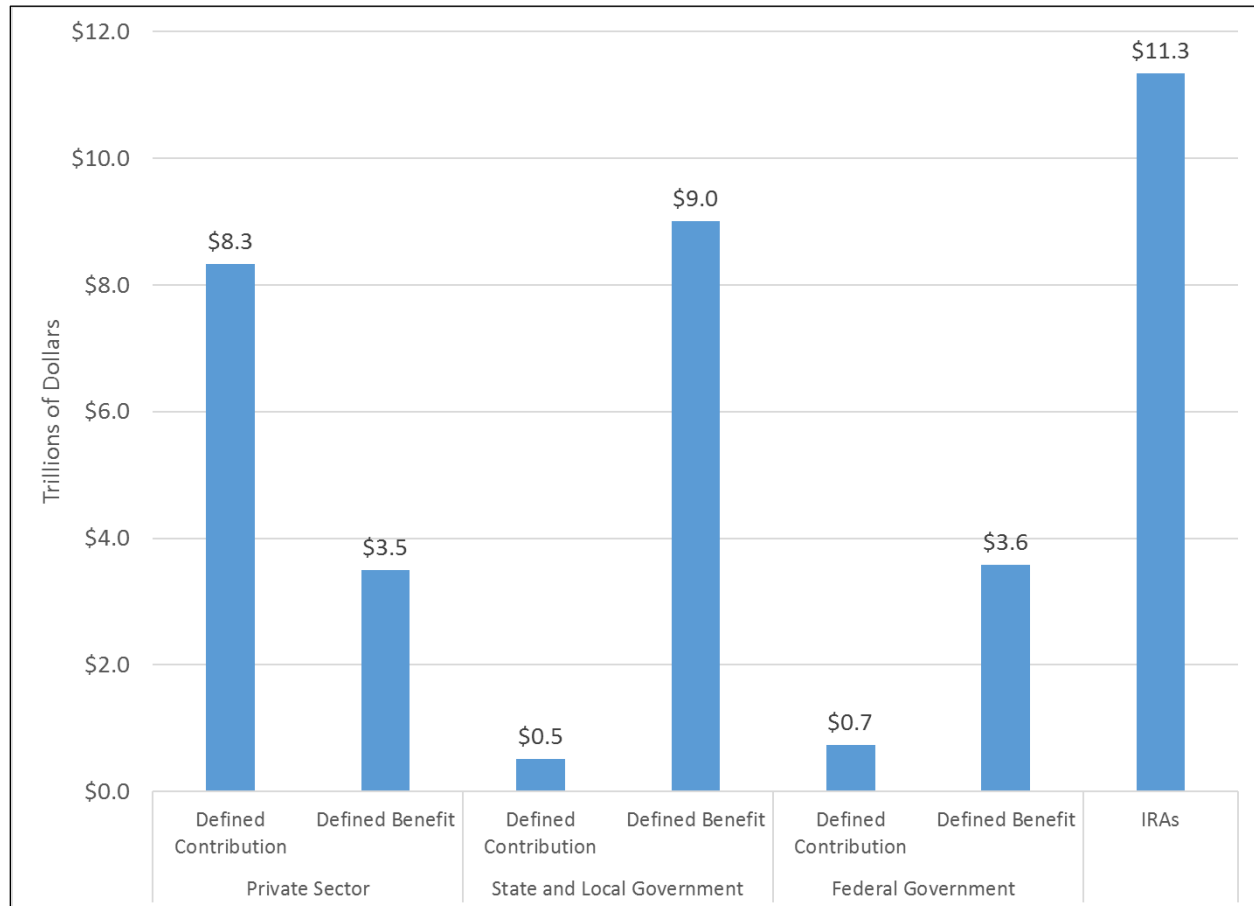
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Figure I. Total Financial Assets in U.S. Pension Plans and IRAs

Pension plan data as of December 31, 2020; IRA data as of September 30, 2020



Source: Financial Accounts of the United States, <https://www.federalreserve.gov/apps/fof/FOFTables.aspx>.

Note: IRAs include employer-sponsored IRAs.

Many employers in both the private and public sectors offer one of two types of pension plans: defined benefit (DB) plans or defined contribution (DC) plans. Some employers offer both types. Individuals can also save for retirement outside of the workplace with an [IRA](#).

In DB plans, participants usually receive monthly payments in retirement based on a formula that typically uses either (1) a combination of length of service, accrual rate, and average of final years' salary or (2) a flat dollar amount times the number of months or years in the plan.

In DC plans, such as 401(k) plans, 403(b) plans, 457(b) plans, and the [federal government's Thrift Savings Plan \(TSP\)](#), workers and/or employers contribute a portion of their wages (up to an annual dollar limit that is adjusted annually for increases in the cost of living) to individual accounts established by the employers. When the employer's contribution is equal to some or all of the worker's contribution, it is called a *match*. The account may accrue investment returns and can then be used as a source of income in retirement.

An IRA is a privately held retirement savings account funded by individual contributions from wage income and rollovers of DC account savings at job change or retirement. Most assets in IRAs are from rollovers.

Pension plans and IRAs receive [preferential tax treatment](#). For example, employer contributions to DB and DC plans are tax-deductible expenses, workers' contributions to DC accounts are not included in taxable income, and some contributions to IRAs are [tax-deductible](#).

To provide additional context for the \$37.0 trillion in (non-Social Security) retirement assets, the rest of this Insight provides data on (1) household attachment to the retirement system, (2) breakdown between active and nonactive participants in employer-sponsored pension plans, and (3) access and participation rates for current workers in employer-sponsored pension plans.

About two-thirds of U.S. households have a financial stake in the U.S. retirement system ([outside of Social Security, which covers most households](#)), through participation in one or more pension plans and/or ownership of retirement assets. CRS analysis of the triennial [Federal Reserve's Survey of Consumer Finances \(SCF\)](#) found that among all U.S. households (which includes working and retired households) in 2019,

- 63.3% had DC assets, participated in a DB plan, or had IRA assets,
- 37.5% had DC assets,
- 30.2% participated in a DB plan, and
- 25.4% had IRA assets.

Financial assets in pension plans are used to provide benefits for (1) current retirees and (2) future retirees. In DC plans, active participants are eligible to contribute or have employer contributions made to the plans. Other participants in DC plans are those no longer working for the employer that sponsors the plan but who have assets in the plan.

In DB plans, active participants are working and earning benefits in the plans. Other participants in DB plans are those separated from the plan and (1) receiving benefits (retired participants) or (2) with a right to benefits in the future (separated, vested participants).

The percentage of active participants differs between DC and DB plans.

- In private-sector DC plans, data from the [Employee Benefits Security Administration \(EBSA\)](#) indicated that 78.6% of participants in 2018 were active participants. DC plan participants tend to roll over their plan assets to IRAs when they leave the employer.
- In the TSP, the [Federal Retirement Thrift Investment Board](#) reported that 70.0% of participants on December 31, 2020, were active participants. Participant data for state and local DC plans are not available.
- In private-sector DB plans, [EBSA](#) data reported that 36.3% of participants in 2018 were active participants.
- In the federal government's two DB plans that cover nearly all civilian federal employees (the Civil Service Retirement System [CSRS] and the Federal Employees Retirement System [FERS]), the [Office of Personnel Management](#) indicated that 50.4% of participants were active participants at the beginning of FY2019.
- In state and local government DB plans, data from [the Public Plan Database at Boston College's Center for Retirement Research](#) indicated that 48.7% of participants in FY2019 were active participants.

[The Bureau of Labor Statistics \(BLS\)](#) reported that 71% of U.S. private-sector and state and local government workers (*civilian* workers) had access to, and 55% of all U.S. civilian workers participated in, a pension plan at work in 2020. **Table 1** shows the access and participation rates in retirement plans among civilian U.S. workers (private-sector workers and state and local government workers). Nearly all

federal employees (which are not included in **Table 1**) are enrolled in the DB and DC plans sponsored by the federal government.

Table 1. Access and Participation Rates in Employer-Sponsored Pension Plans, March 2020

	Either Defined Benefit or Defined Contribution Plan		Defined Benefit		Defined Contribution	
	Access	Participation	Access	Participation	Access	Participation
Civilian Employees ^a	71%	55%	25%	20%	60%	43%
Private-Sector Employees ^b	67%	51%	15%	11%	64%	47%
State and Local Government Employees ^c	91%	83%	86%	76%	37%	18%

Source: March 2020 National Compensation Survey (NCS), <https://www.bls.gov/ncs/ebs/benefits/2020/employee-benefits-in-the-united-states-march-2020.pdf>.

Notes: Definitions are from the NCS's Glossary of Employee Benefit Terms, available at <http://www.bls.gov/ncs/ebs/glossary20152016.htm>, and BLS Information Glossary, at <http://www.bls.gov/bls/glossary.htm#C>.

a. Defined by BLS as all private industry and state and local government workers, excluding federal government, military, and agricultural workers.

b. Referred to in the NCS as private industry workers, excluding agricultural workers and private households.

c. Referred to in the NCS as public sector workers, excluding federal workers.

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