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Employee Participation in Defined Benefit and Defined Contribution Plans, 1985-2000

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Percent of full-time employees in medium and large private establishments participating in defined benefit and defined contribution retirement plans, selected years, 1985-2000

Year	Defined benefit plans	Defined contribution plans	All retirement plans
1985	80	41	91
1986	76	47	89
1988	63	45	80
1989	63	48	81
1991	59	48	78
1993	56	49	78
1995	52	55	80
1997	50	57	79
1999	42	52	72
2000	36	50	70

Notes: Prior to 1988, data included establishments with 50, 100, or 250 or more workers, depending on industry, and coverage in the service industries was limited. Beginning in 1988, data included establishments with 100 or more workers in all private industries. "Private industry" excludes agriculture and private households.

- A defined benefit plan is a retirement plan that uses a specific, predetermined formula to calculate the amount of an employee's guaranteed future benefit. A defined contribution plan is a type of retirement plan in which the employer makes specified contributions to individual employee accounts, but the amount of the retirement benefit is not specified.
- Over a 15-year period, a trend has emerged in which more employees

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are participating in defined contribution plans than defined benefit plans. In 1985, when four-fifths of full-time employees participated in defined benefit plans, less than half of employees participated in defined contribution plans. In contrast, by 2000 only a little more than one-third of employees participated in defined benefit plans, whereas half participated in defined contribution plans. Overall, employee participation in all retirement plans decreased during this period.

- The wide variety and changing nature of defined contribution plans available to employees sometimes lead to fluctuations in employee participation from year to year. Notably, the influence in the mid-1980s of the payroll-based employee stock ownership plans--where companies contributed heavily in order to qualify for a limited tax credit--had waned by 1988.
- Employee participation in defined contribution plans surpassed the participation for defined benefit plans in 1995.
- Although there was a decline in the percent of employees participating in defined contribution plans from 1997 to 2000, the level of participation remained higher than the level of participation in defined benefit plans.

Source: [Bureau of Labor Statistics](#)

NOTE: This is a revised version of a presentation table that was originally published in March 2003. The revised version corrects and clarifies the table's footnote; it also corrects the text in the second bulleted paragraph, that half, rather than more than half, of employees participated in defined contribution plans in 2000.

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