

John J. Heldrich Center for Workforce Development

Rutgers, The State University of New Jersey

Americans' Attitudes About Work, Employers and Government

Work Trends

Taking Stock of Retirement:

*How Workers and Employers Assess
Pensions, Trust, and the Economy*

A Joint Project with:
Center for Survey Research and
Analysis University of Connecticut

May 2002

heldrich

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A Joint Project with:

Center for Survey Research and Analysis
University of Connecticut

Project directed by Carl E. Van Horn, Ph.D.
director and professor, John J. Heldrich Center
Rutgers, The State University of New Jersey
and
Kenneth E. Dautrich, Ph.D., director
Center for Survey Research and Analysis
University of Connecticut

Report written by K.A. Dixon and Carl E. Van Horn

May 2002

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Background

Work Trends: The New Employer Series

Work Trends is the joint project of two distinguished social science research centers, the John J. Heldrich Center for Workforce Development at Rutgers, the State University of New Jersey, and the Center for Survey Research and Analysis at the University of Connecticut. This multi-year public opinion series, in its first phase, explores the attitudes of the U.S. workforce on the challenges faced by workers, families, and employers in the changing global economy. To date *Work Trends* reports encompass 11 major surveys and contain data from 10,000 worker interviews on a range of trends and national workplace and policy issues. The series was conceived in order to explore the practices and perceptions of American workers about the economy, their jobs, and employers. The project is co-directed by Dr. Carl E. Van Horn of the John J. Heldrich Center for Workforce Development at Rutgers, and Dr. Kenneth Dautrich of the Center for Survey Research and Analysis at the University of Connecticut, respective directors of the two centers.

Through rigorous, objective, and balanced field methodology, the series provides a new public voice for America's workforce. *Work Trends* reports have received major media coverage in the *Washington Post*, *Wall Street Journal*, *Business Week*, *Fortune*, *Money*, Reuters, AP, Bloomberg Business Radio, Marketplace Radio, National Public Radio, ABC, NBC, CNN, CNN-fn, *USA Today*, and many other outlets on a regular basis.

Work Trends reports and data have been used by a wide audience of economists and analysts, researchers, corporate executives, human resources consultants and experts, unions, activists, community based organizations, and students.

Work Trends now incorporates a new series that seeks the views of American employers on the policies and practices that govern the workplace and workforce, on changing economic conditions, and government policies that affect the economy and the workplace. This new initiative will provide fresh, carefully evaluated field research about the views of employers across the spectrum regarding changing events and conditions that affect their own and the nation's workforce, from the threat of terror to the nature of applied technology. The survey will incorporate longitudinal trend questions that will allow researchers to track employer responses to the economy, politics, and jobs over time.

Now the *Work Trends* team will use employer data to compare how workers and employers view big-picture economic concerns as well as specific choices being made about policy and practice in the workplace. The new survey series will explore many other areas of conflict and cooperation that are defining the new compact between workers and employers taking shape in the economy and society of the 21st century. In this and future *Work Trends* reports, researchers track worker and employer opinion on key trend topics at the same points in time, allowing direct point by point comparisons on cutting-edge workplace issues.

The John J. Heldrich Center for Workforce Development

The John J. Heldrich Center for Workforce Development is located at the Edward J. Bloustein School of Planning and Public Policy, at Rutgers, the State University of New Jersey. It is a university-based research and consulting center dedicated to raising the effectiveness of the American workplace by strengthening workforce education, placement and training programs and policies. The Center's efforts concentrate on both nurturing concrete innovations in local, state, and regional workforce practices, as well as addressing broad-scale economic policy changes that ensure Americans receive the education and training they need to be productive and prosperous in the knowledge economy of the 21st century.

The Heldrich Center was founded in 1997 and is well on its way to realizing its organizational goal of becoming the nation's leading academic center for the study of workforce issues. With an annual budget of \$4 million, it supports a staff of 25 full and part-time associates, which includes analysts, managers, and faculty. This group is now engaged in over 30 major projects with corporate, state and federal, nonprofit and foundation clients.

The Center embodies its slogan 'Solutions at Work' by teaming with partners and clients to translate cutting-edge research and analysis into practices and programs that companies, unions, schools, CBOs, and government officials can leverage to strengthen their workforces, create jobs, and remain competitive. Ultimately, the Center serves as a laboratory to create innovative, applied solutions to well-documented workplace challenges. These include the gap between worker skills and employer needs; under-performing government programs; economic disruptions resulting from a globalized economy; and the persistence of poverty despite work.

The Center for Survey Research and Analysis

Two years ago, the University of Connecticut announced the formation of its new **Center for Survey Research and Analysis (CSRA)**, thus strengthening its focus on conducting original survey research. The Center is an outgrowth of the tremendous success of original survey research conducted under the aegis of the Roper Center/Institute for Social Inquiry. For twenty years, Roper Center/ISI had conducted high quality, high profile original research; this tradition is being continued and expanded. The Center, a nonprofit, non-partisan research and educational facility, is a leader in conducting important public opinion research in the public and private sectors. CSRA staff have completed more than 300 survey projects, for a wide variety of clients, in the twenty years of survey research at UConn. The Center for Survey Research and Analysis has extensive experience in surveying special populations, including studies of Members of Congress, journalists, business owners and managers, parents, teen-agers, college seniors, and university faculty. In addition to quantitative research, CSRA also conducts in-depth qualitative research, including nationwide focus groups, one-on-one interviewing, and case studies. The staff has worked with clients to develop strong secondary research programs in support of on-going research in a variety of fields. Expert statisticians are also available for additional analysis of original and secondary data. CSRA strictly adheres to the code of ethics published by the American Association of Public Opinion Research, which, among other things, requires us to fully divulge our research methods, treat all respondents with respect and honesty, and insure that our results are not presented in a distorted or misleading manner. During the past three years staff now affiliated with CSRA have conducted more than seventy national, regional and local survey projects.

The *Work Trends* series: download reports and releases at
www.heldrich.rutgers.edu:

Work Trends X: *Standing on Shaky Ground: Employers Sharply Concerned in Aftermath of Recession and Terror.*
Publication Date: 2/20/02

Work Trends IX: *A Workplace Divided: How Americans View Discrimination and Race on the Job.*
Publication Date: 1/14/02

Work Trends Special Release: *Workers Respond to Terrorism and its Impact.*
Publication Date: 10/26/01

Work Trends VIII: *Holding On: Americans Assess A Changing Economic Landscape.*
Publication Date: 5/24/01

Work Trends VII: *Second Wind: Workers, Retirement, and Social Security.*
Publication Date: 9/26/00

Work Trends VI: *Making the Grade? What American Workers Think Should Be Done to Improve Education.*
Publication Date: 6/12/00

Work Trends V: *Nothing But Net: American Workers and the Information Economy.*
Publication Date: 2/10/00

Work Trends IV: *Who Will Let the Good Times Roll? A National Survey on Jobs, the Economy, and the Race for President.*
Publication Date: 9/2/99

Work Trends III: *Working Hard But Staying Poor.*
Publication Date: 7/22/99

Work Trends II: *Balancing Work and Family.*
Publication Date: 2/15/99

Work Trends I: *The Economy & Job Security.*
Publication Date: 9/3/98

Section 1: Overview

This report is the eleventh survey in the *Work Trends* series that polls American workers about issues regarding the economy, the workforce, and the workplace, and how workers view the policy choices made by employers and lawmakers to address their concerns. The project was founded in 1998 and is co-directed by the John J. Heldrich Center for Workforce Development at Rutgers, and the Center for Survey Research and Analysis at the University of Connecticut.

This new report, *Taking Stock of Retirement: How Workers and Employers Assess Pensions, Trust and the Economy*, is the first in the *Work Trends* series to combine survey data of both the nation's workers and its employers. In this report, workers and employers express their views on the recent collapse of the energy company Enron, its impact on trust in the workplace, and policy strategies needed to increase the security of employer-sponsored pension and retirement plans.

In this report, workers describe a workplace in which trust between employer and employee is often lacking, where workers believe that company executives are more concerned with looking out for themselves than the good of their company. Employees see a strong role for employers to play in helping them save for retirement, but are not confident that employers can provide the promised benefits when they retire.

Employers describe a workplace that is far more harmonious, where workers have all the information they need about the economic health of the company and are confident in their employer's ability to provide the retirement benefits it has promised. Employers see less of a role for themselves in helping workers prepare for retirement. Both workers and employers, however, offer strong support for many policy measures proposed in Washington that may increase

the security of company pensions and retirement plans, and give workers more control over their retirement savings.

Most workers look forward to the day when they can retire from full-time work, and many are relying on their employers to help them save enough to do so. More than half (57%) of the nation's workers say they

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are eligible to participate in an employer-sponsored retirement or pension plan, and nearly one-third (31%) say that they anticipate that income from these plans will be their principal source of income during retirement. For most workers, the security of their pension is of paramount importance.

Some workers participate in a defined benefit plan in which retirement benefits are determined by a specified formula, usually salary and years of service. Others participate in a defined contribution plan, such as a 401(k), that is financed by employee contributions. Historically, most workers participated in defined benefit plans. However, defined contribution plans are increasingly common in the workplace. According to the U.S. Department of Labor, 68% of all eligible workers in 1975 were enrolled in a defined benefit plan, while 13% were in a defined contribution plan (the remaining workers received coverage under both types of plans). By 1996, 19% of eligible workers participated in a defined benefit plan, and 50% were covered under a defined contribution plan. In 1974, 72% of all pension plan assets were held by defined benefit plans. By

1999, only about half of all pension assets were in defined benefit plans. At the same time, the number of pension plan contributions made by employers decreased significantly from 1974 to 1996 (90% and 60%, respectively).¹

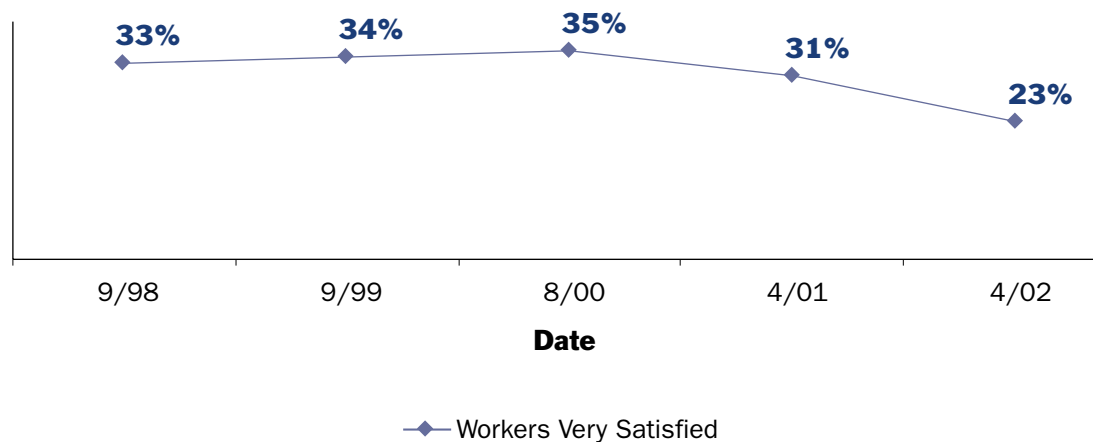
Only 23% of workers say that they are very satisfied with the retirement and pension plan provided by their employer, the lowest level of satisfaction since the *Work Trends* series began.

Data from *Taking Stock of Retirement* reflect this trend. Only 28% of eligible workers participating in their employer-sponsored plan say that payments at retirement will be based on salary and years of service, while 39% say it will depend on how much is in the account (32% of workers either are not eligible for an employer-sponsored pension or do not know what type of plan they are enrolled in). Many of these

workers are not happy with their employer's plan, however. Only 23% of workers say that they are very satisfied with the retirement and pension plan provided by their employer, the lowest level of satisfaction since the *Work Trends* series began. In contrast, satisfaction peaked at 35% in August 2000² (See Fig. 1.1).

Many employers match employee contributions to the company retirement plan using company stock. Throughout the strong economic growth of the 1990s, workers poured millions of dollars into the booming stock market, both through personal investments and participation in employer-sponsored pension and retirement plans, such as 401(k)s. As the value of the market continued to increase, so did the value of many workers' portfolios. At the same time, company retirement plans are not immune to market downturns, and financial advisors commonly advise clients to diversify their retirement plans as a protection against a volatile market. Despite such risk, the retirement plans of many companies feature

Fig. 1.1: Worker Satisfaction With Employer-Sponsored Retirement Plan Over Time



¹ U.S. Department of Labor, Pension and Welfare Benefits Administration. "Changes in the Private Employment Based Pension and Health Systems over the past 25 Years." <http://www.dol.gov/dol/pwba/public/pubs/factsht2.htm>. Accessed on 5.02.02.

² Ibid

a heavy concentration of their own stock. As a result, the average company plan has nearly 39% of its assets in company stock, according to a study by the 401(k)/Profit Sharing Council.³ Perhaps because of this volatility, workers demonstrate a strong preference for defined benefit plans. Given the choice, more workers would prefer to have their benefits based on their salary and employment history, rather than how much they have accumulated in their retirement accounts (45% and 26%, respectively).

At the energy company Enron, company stock comprised nearly 58% of the plan. Prior to the collapse of Enron, many of its employees believed their employer-sponsored retirement benefits were secure. The company had experienced strong growth in the past, received glowing reviews from Wall Street analysts, and consistently reported profits. Company executives issued positive reviews of the value of the stock and the health of the company, even when the com-

pany was clearly heading toward financial trouble. At the same time that Enron's executives were reassuring the rank-and-file, they were busy selling their own shares. However, a company lockdown prevented employees who so desired to sell their Enron stock in their 401(k). When Enron collapsed, the company's 401(k) plan collapsed as well, losing \$1 billion in value. Many workers lost all of their retirement savings. Many others-if not all-lost their faith and trust in their employer.

Unfortunately, Enron is not an isolated incident. Other high-profile companies such as Arthur Anderson, Merrill Lynch, WorldCom, Quest and the conglomerate Tyco are under investigation for illegal accounting activities. The ethical problems plaguing corporate America have serious implications for the workplace, further eroding worker trust and heightening feeling of economic insecurity.

³ CNNmoney. "The Battle Cry for Reform." February 8, 2002. http://money.cnn.com/2002/02/08/retirement/401k_reform/ Accessed on 5.02.02

Section 2: Issues of Trust: Comparing Worker and Employer Findings

Trust in the American Workplace

The data in this new *Work Trends* report show that the Enron collapse and investigations into other corporations' misdeeds have sharpened the aura of mistrust between workers and their employers, and illustrate how eroding job and financial security in the current economy have widened differences of interests between employers and workers. When these interests collide in an Enron-sized scandal, disastrous consequences for workers and a serious—if not complete—erosion of their trust in the company can ensue.

Many of today's workers have serious trust issues with their employers, and express doubt that corporate America is concerned with any interests other than its own. More than half (58%) of workers think that most top executives at American corporations are only interested in looking out for themselves, even if it harms the corporation for which they work. In stark contrast, only one-third (33%) think that top executives are interested in doing a good job for the corporation.

Our data show that smaller but still significant number of workers do not trust their employers to tell them the truth about the economic health of the company, their job security, or the security of the company pension plan. While more than half (58%) of workers say they trust their employer a lot to tell the truth about the economic health of the company, 25% say they only trust their employer a little, and 14% say they do not trust their employer at all. Workers are even less likely to trust their employers to tell the truth about their job security or the security of the pension plan. For example, 42% of workers say that they trust their employer only a little or not at all to tell the truth about worker job security

(29% and 13%, respectively). Nearly one-third (31%) say they trust their employer a little or not at all to tell the truth about the security of the company pension plan (23% and 8% respectively).

Many of today's workers have serious trust issues with their employers, and express doubt that corporate America is concerned with any interests other than its own. More than half (58%) of workers think that most top executives at American corporations are only interested in looking out for themselves, even if it harms the corporation for which they work.

Most employers, despite the recent events regarding Enron, do not believe their firm needs to take additional steps to restore worker trust. Only 21% of employers express the opinion that their firm should take additional steps to restore worker trust. More than two-thirds (69%) say that their workers have all the information they need regarding the company's financial stability and retirement and pension plans. The majority (68%) of employers believe that their employees trust the company a lot to tell the truth about pension security. In contrast, only 7% believe that their employees do not trust the company at all to tell the truth about pension security. While nearly two-thirds (61%) of employers say that this level of trust has not changed as the result of the Enron case, almost one-third (32%) say that Enron has had an impact on worker trust.

Finally, many workers are very worried about the solvency of their employer-sponsored pension plan. Less than half (41%) are extremely or very confident that their employer-sponsored pension plan will have the money available to provide the benefits they expect in retirement (15% and 26%, respectively).

Finally, many workers are very worried about the solvency of their employer-sponsored pension plan. Less than half (41%) are extremely or very confident that their employer-sponsored pension plan will have the money available to provide the benefits they expect in retirement (15% and 26%, respectively). Slightly more than one-fifth (21%) of workers report they are somewhat confident, while 10% say that are not too or not at all confident that the expected benefits will be provided. In contrast, the majority (77%) of employers are extremely or very confident that their company's pension plan will have the money available to provide the benefits their employees expect for retirement (34% and 43%, respectively) (See Fig. 2.1).

Workers and employers disagree somewhat regarding the best way to compensate corporate executives for their work. Nearly half (49%) of employers and 48% of workers believe that company executives should be paid a fixed salary. In contrast, one-fourth (27%) of employers say that executive pay should be based on the stock value of the company, while slightly more (34%) workers say the same. Nearly one-fifth (18%) of employers and 14% of workers say they do not know how executives should be paid.

In light of the extensive news coverage that the collapse of Enron has generated, and its potential impact on employers as policymakers scramble to enact pension reform legislation, it could be expected that the nation's employers would be following this news story closely. However, only 25% of the nation's employers say that they have been following the news concerning the Enron energy corporation very or extremely closely, and 33% say that they have not followed it too closely, or at all (42% of employers say they have been focusing on the Enron scandal somewhat closely). Workers are also paying fairly minimal attention to the Enron crisis, with only 19% of American workers following it very or

Fig. 2.1: Worker and Employer Confidence in Pension Plans

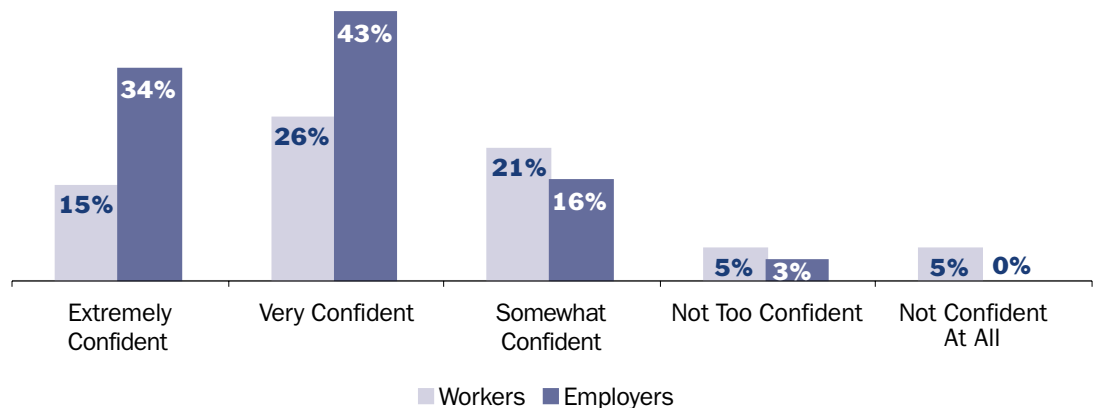
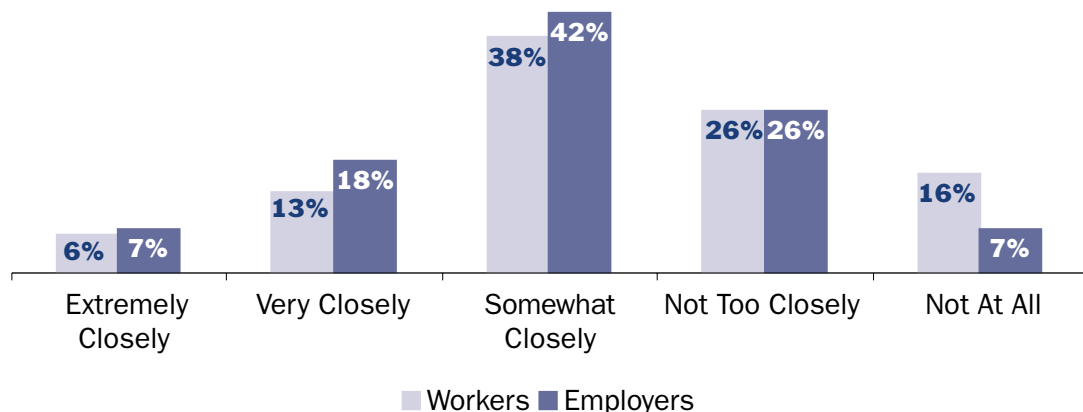


Fig. 2.2: Workers and Employers Follow the Enron Story



extremely closely, and 42% paying little or no attention (See Fig. 2.2). Older workers are watching the Enron scandal far more closely than workers in any other subgroup. Among workers age 18-29, only 9% say they are following the story very or extremely closely, compared to 21% of workers age 30-50 and 28% of workers 50+. Likewise, workers who anticipate being able to retire by age 55 are less likely than workers who do not think they will retire until after age 55 to say they are following the Enron story very or extremely closely (31% and 45%, respectively).

Helping Workers Prepare for Retirement: Who is Responsible?

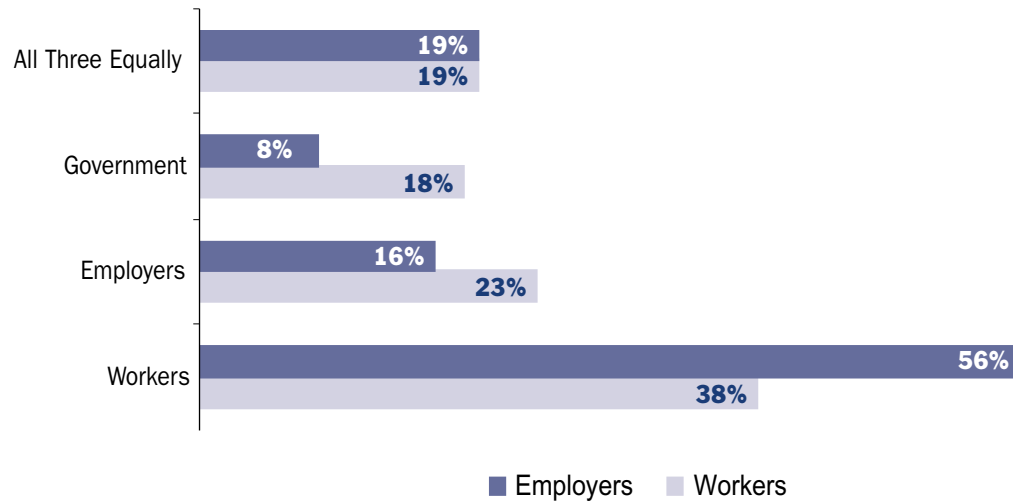
Unsure of whom to trust, workers seek a stronger partnership with employers and government in their preparation for retirement. This is not surprising given the prevailing worldview of most of the post-war era that retirement security is a three-legged stool of personal savings, Social Security and employer-based pension benefits. Over 60%

of workers believe that either employers (23%), government (18%) or a partnership of workers, employers, and government (19%) should bear primary responsibility for preparing workers for retirement. Only 38% of workers believe they should be primarily responsible.

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In stark contrast, more than half (56%) of employers think that workers should be primarily responsible for helping workers prepare for retirement. Conversely, only 16% of employers believe they are primarily responsible, and 8% say that government has the primary responsibility for helping workers prepare for retirement (See Fig. 2.3).

Fig. 2.3: Who Is Responsible for Helping Workers Save For Retirement



Public Policy and Pension Security

Policy makers and leaders of both parties moved swiftly in the wake of the Enron collapse and subsequent investigation of Arthur Anderson to propose legislation reforming

Despite their anxiety about whom will help them prepare for retirement, American workers continue to support proposals that reflect their deeply held preferences for personal choice and independence. At the same time, both employers and workers support changes that increase accountability.

pension security. For example, the House passed the Pension Security Act of 2002. The goal of this legislation is to provide additional protections to workers participating in individual employer-sponsored account plans from excessive investment in employer stock, to promote the provision of retirement investment advice to workers managing their retirement income assets, and to prohibit company executives from selling company stock during any suspension

of the ability of workers to do so. Many other strategies for reform have been proposed in the both the House and Senate.

Despite their anxiety about whom will help them prepare for retirement, American workers continue to support proposals that reflect their deeply held preferences for personal choice and independence. At the same time, both employers and workers support changes that increase accountability.

- More than three-fourths (76%) of employers and 75% of workers favor allowing individuals to keep some of their Social Security payroll taxes in personal retirement accounts for which they would determine their own investments to provide for their own retirement security.
- At the same time, 64% of employers and 68% of workers favor decreasing the time an employee has to wait to be vested (the time when benefits are guaranteed) in the company retirement plan, for example from 5 to 3 years.
- Almost all (91%) employers agree that workers who have participated in 401(k) plans for three years or more should be given the freedom to choose where to

invest their retirement savings. In contrast, however, less than two-thirds (63%) of workers support this idea. Workers and employers favor allowing workers to have a seat on the boards of pension plans where decisions about investments are made (83% and 76%, respectively).

- Workers are even more supportive of new rules regarding executive stock sales, with 94% saying that workers should be informed of executive stock sales so that workers can make informed decisions about their own investments.

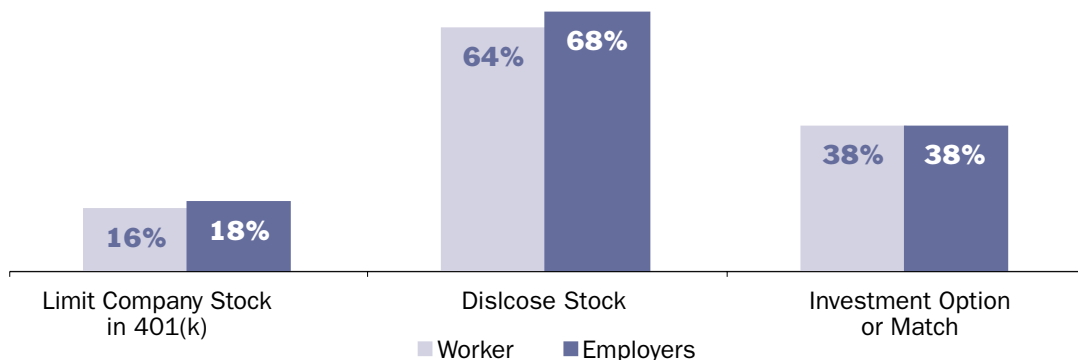
The federal government is also considering regulating certain business practices, for which employers and workers voice varying levels of support. Workers and employers voice less support for new regulations that would impose limits on the amount of company stock a worker can invest in his or her 401(k), or impose other limitations on their financial choices. The Employee Retirement Income Security Act (ERISA) of 1974 is the main law governing retirement plans. It puts a 10% cap on company stock in traditional pensions-but there is no limit in 401(k)s, as these types of plans were not prevalent when the law was written. This seems to suit both workers and employers, with only 18% of employers and 16% of workers saying that a cap on company stock is a very or extremely good idea. Similarly,

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both workers and employers think that it is a very good idea for the federal government to require company executives to disclose any significant stock sales within two business days, instead of the current 45 days after the end of the year (64% and 68%, respectively). Workers and employers express tepid support for requiring companies to offer workers company stock as an investment option or to provide it as a match to employee contributions, but not both. Only 38% of employers and workers of workers think that this is an extremely or very good idea (See Fig. 2.4).

Both workers and employers are more likely to say that they trust President Bush and the Republicans more than Democrats and Congress to address pension security issues (37% and 44%, respectively). Interestingly, one-fifth (21%) of employers and 18% of workers say they do not trust either party to address pension security issues, while 10% of workers and 12% of employers do not know whom they trust on the issue.

Fig. 2.4: Worker and Employer Support for Federal Pension Security Initiatives



Section 3: Cherishing No Illusions: Workers, the Economy, and Retirement

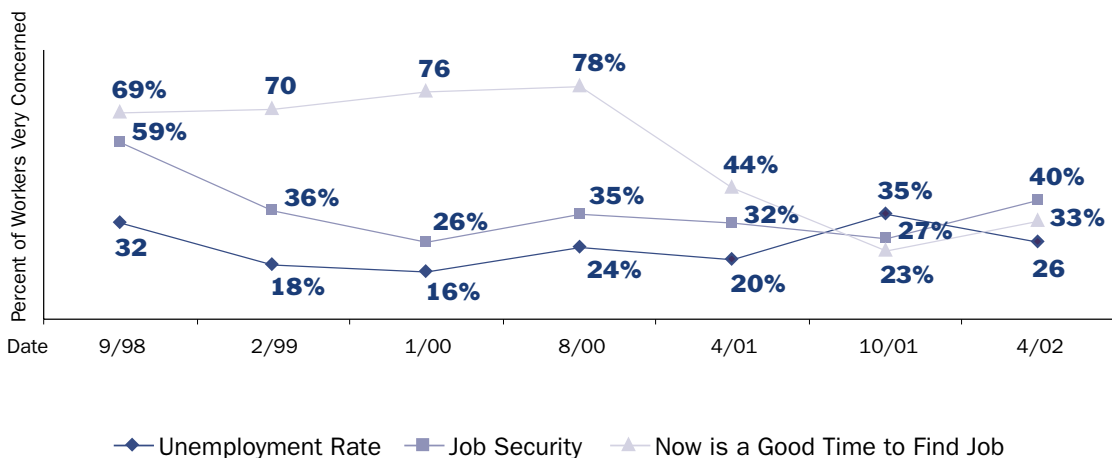
Economic Issues

For the past year, the American economy has been in a state of flux. After the blockbuster growth of the 1990s, the economy entered a period of fairly mild recession characterized by a series of well-publicized lay-offs at many large companies. The events of September 11 shook the financial markets and created significant economic uncertainty. The most recent economic statistics offer little clarity about the direction of the economy, with growth reported at over 5% in the first quarter of 2002, but unemployment data released May 3 showing unemployment going up to 6%. While many workers remain concerned about the current unemployment rate, they express less concern now than they did just six months ago. In October 2001, 35% of workers said they were very concerned about the unemploy-

ment rate, and 43% said they were somewhat concerned.⁴ In comparison, only 27% of workers today say they are very concerned and 41% say they are somewhat concerned about the current rate of unemployment. However, worker concerns are still far higher now than was found in January 2000 when 16% of workers said they were very concerned about the unemployment rate and 29% said they were somewhat concerned⁵ (See Fig. 3.1).

Workers today express the highest levels of concern regarding job security for those currently working since September 1998, when the *Work Trends* series began. For example, 40% of today's workers say they are very concerned about job security for people with jobs, compared to 27% of workers surveyed in October 2001. In September 1998, 59% of workers were very concerned about job security.⁶

Fig. 3.1: Worker Concern Regarding Economic Issues



⁴ *A Workplace Divided: How Americans View Discrimination and Race on the Job*. John J. Heldrich Center for Workforce Development, Rutgers University, and the Center for Survey Research and Analysis, University of Connecticut. January 2002.

⁵ *Nothing But Net: American Workers and the Information Economy*. John J. Heldrich Center for Workforce Development, Rutgers University, and the Center for Survey Research and Analysis, University of Connecticut. February 2000.

⁶ *Work Trends: Americans' Attitudes about Work, Employers, and the Government*. John J. Heldrich Center for Workforce Development, Rutgers University, and the Center for Survey Research and Analysis, University of Connecticut. Fall 1998.

Belief that now is a good time to find a quality job has declined dramatically since August 2000, when 78% of workers said that now is a good time to find a quality job.⁷ In stark contrast, workers surveyed for this report and those surveyed in October 2001 are far more pessimistic about the job market, and far fewer workers said that now is a good time to find a job (33% and 23%, respectively). Women today are particularly pessimistic, with only 28% saying it is a good time to find a job, compared to 38% of men.

Belief that now is a good time to find a quality job has declined dramatically since August 2000, when 78% of workers said that now is a good time to find a quality job.⁷ In stark contrast, workers surveyed for this report and those surveyed in October 2001 are far more pessimistic about the job market, and far fewer workers said that now is a good time to find a job (33% and 23%, respectively). Women today are particularly pessimistic, with only 28% saying it is a good time to find a job, compared to 38% of men.

Black workers express the highest levels of concern regarding economic issues, with 47% saying they are very concerned about the current unemployment rate, compared to 22% of white workers and 38% of Hispanic workers. Similarly, black and Hispanic workers express the highest levels of concern regarding the job security of those currently working (47% and 60%, respectively), while white workers are least likely to say they are very concerned (37%).

Lower income workers are also more concerned about economic issues than higher income workers. Among workers earning less than \$40,000 a year, 33% say they are very concerned about the current unemployment rate, and 48% are very concerned about job security for those currently working. In contrast, among workers earning more than \$40,000 a year, only 24% say they are very concerned about the rate of unemployment, and 36% are very concerned about worker job security. However, lower and higher income workers are almost equally likely to say that now is a bad time to find a quality job (62% and 58%, respectively).

Clearly for many Americans—particularly black, Hispanic, and low-income workers—a climate of anxiety regarding the economy still pervades the country. These worries can only be underscored and exacerbated by the Enron crisis and the uncertainty of pension security.

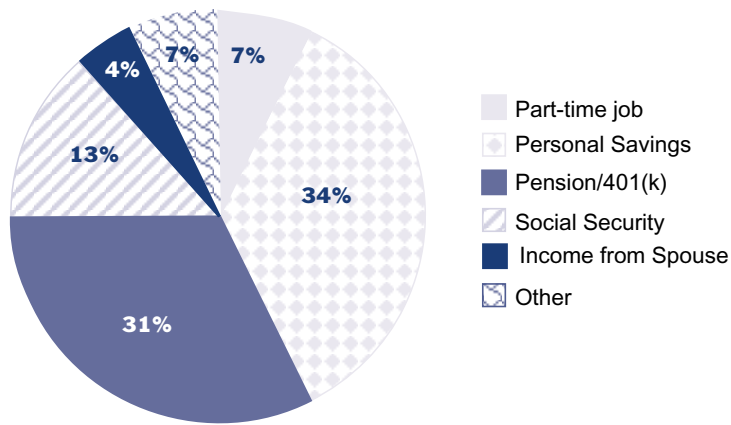
Workers and Retirement: When and How

Nearly half (48%) of workers anticipate that they will be financially able to retire between the ages of 56 and 65. Nearly one-fifth (19%) anticipate being able to retire at age 50-55, while 15% think they will not be able to retire until they are over the age of 65. A very small minority (5%) think they will be able to retire before the age of 50, while 14% of workers say they do not know when they will be financially able to retire.

Different people plan on using the three pillars of retirement income in different ways. For example, workers are most likely to say that their principal source of income in retirement will be income or money from personal savings and investments, or money from an employer sponsored pension or

⁷*Second Wind: Workers, Retirement, and Social Security*. John J. Heldrich Center for Workforce Development, Rutgers University, and the Center for Survey Research and Analysis, University of Connecticut. September 2000.

Fig. 3.2: Principal Source of Income in Retirement



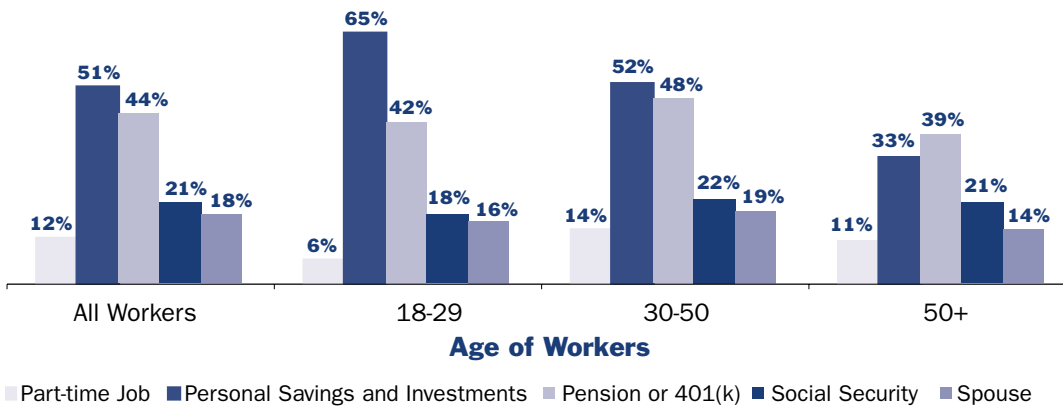
401(k) (34% and 31%, respectively). In contrast, only 13% say that Social Security will be their principal source of retirement income, and only 7% of workers say that income from a part-time job will be their principal source of income (See Fig. 3.2).

Similarly, very few workers say that they plan on relying a lot on income from a part-time job or income from a spouse (12% and 18%, respectively), and only 21% see Social Security as a source of income on which they will rely a lot. Workers are increasingly looking to themselves and their employers for support in their retirement years. For example, nearly half (51%) of workers say that they will rely a lot on income from personal savings and investments and 44% plan on relying a lot on their employer-sponsored

pension plan or 401(k). Less than two years ago, only 44% of workers said that a lot of their retirement income would come from personal savings and investments, while 40% indicated they would rely a lot on their employer-sponsored pension plan or 401(k).⁸

Age and income play a significant role in influencing how workers view retirement. The majority (65%) of younger workers under the age of 30 say that income or money from personal savings will comprise a lot of their retirement resources. In contrast, among workers over the age of 50 only one-third (33%) say they will rely a lot on personal savings and income (See Fig. 3.3). When asked what they think will be their principal source of income in retirement, half (50%) of younger workers age 18-30 are

Fig. 3.3: Sources of Retirement Income by Age: Who Will Rely a Lot on One or More Sources of Income



⁸ *Second Wind: Workers, Retirement and Social Security*, The John J. Heldrich Center for Workforce Development, Rutgers University, September 2000.

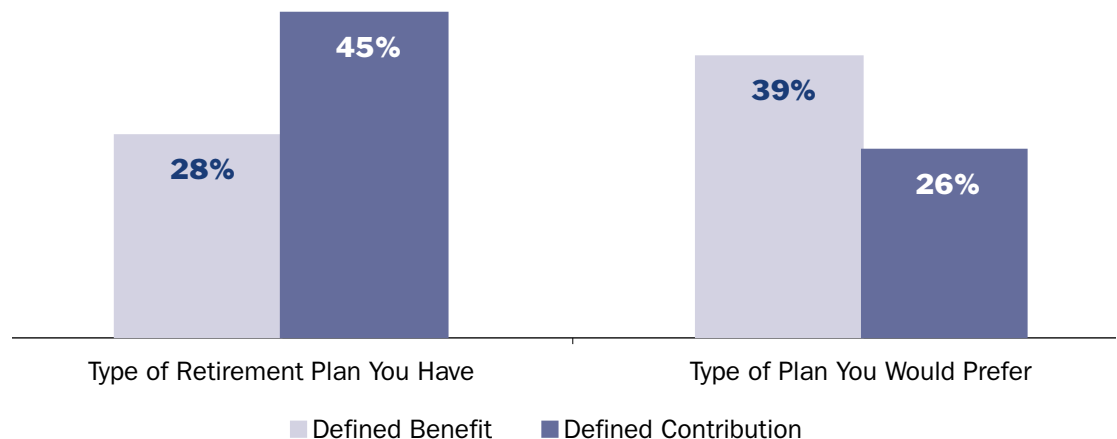
most likely to say income from personal savings and investments, and older workers (50+) are most likely to identify Social Security and employer-sponsored pensions or 401(k) (27% and 28% respectively). Among workers age 30-50, employer-sponsored pension plan and personal savings are seen as their two principal sources of income in retirement (34% and 31%, respectively).

The significance of the Social Security safety net is apparent in the responses of lower-income workers. One-fourth (25%) of workers who earn less than \$40,000 a year say they will rely a lot on Social Security, compared to 18% of higher income workers. Only 37% of low income workers say they will rely a lot on personal savings and investments, compared to 60% of higher income workers. Only 34% of lower-income workers plan to rely a lot on employer-sponsored pension or 401(k), compared to 50% of workers earning more than \$40,000 a year.

Employer-sponsored Pension and Retirement Plans

Only 57% of workers say that they are currently eligible, through their employer, to participate in a pension or retirement plan. The majority (81%) of eligible workers participate in their employer's plan, and 55% of eligible workers work for employers who offer only one plan. Nearly two-thirds (64%) of workers share in the costs of the plan, compared to 25% for whom the employer pays, and 6% who say they themselves pay the costs. Most workers participate in either a defined benefit plan or defined contribution plan. For example, 28% of workers participating in their employer sponsored plan say that payments at retirement will be based on salary and years of service, while 39% say it will depend on how much is in the account. Given the choice, however, more workers would prefer to have their benefits based on salary and years of service instead of depending on how much is in the account (45% and 26%, respectively) (See Fig. 3.4).

Fig. 3.4: Workers and Types of Retirement Plans



Only 23% of workers say that they are very satisfied with the retirement and pension plan provided by their employer, the lowest level of satisfaction since the Work Trends series began. In contrast, satisfaction peaked at 35% in August 2000.⁹ Slightly less than one-third (32%) of today's workers say that they are somewhat satisfied.

One-fourth (25%) of all workers work for a publicly traded company, and only 17% of all workers currently own shares of stock in the company where they work. Among workers whose company is publicly traded, 42% currently own shares of company stock. Among workers who own shares of their

company's stock, 60% acquired those shares through an employee stock purchase program, while 14% bought them on the open market. Only 6% received this stock as part of their compensation.

Only 19% of all workers work at a company that has an employee stock option program. However, few workers say they know something about these programs and even fewer say they know a lot (20% and 10%, respectively). More than one-third (34%) indicate that they know nothing at all about employee stock option programs. Less than one-fifth (18%) of workers have been granted stock options by their current employer.

⁹ Ibid

Section 4: Lingering Concerns: Employers, the Economy and Pension Security

The majority (90%) of employers surveyed in this national sample are private, for profit businesses; 8% identify themselves as non-profit organizations. Only 15% of employers work for a company whose stock is publicly traded. More than half (57%) employ 4-24 people, while 16% employ 500 or more people. Similarly, more than half (53%) of employers have been in business for more than 20 years; only 15% have been in business for five years or less. One-fifth (20%) of employers identify themselves as in the retail trade business, while 16% are in the service industry, 12% are in manufacturing and 11% are in the finance/real estate/insurance industry.

Economic Issues

Eight months after September 11, and amidst contradictory evidence that the current recession may already be easing, employers continue to express high levels of concern over the state of the economy and other economic issues. The majority (86%) of employers say that they are concerned about the state of the economy, with 43% saying they are very concerned. This is an increase from just six months ago, when 36% of the nation's employers said they were very concerned about the state of the economy. Similarly, 67% of employers say they are very or somewhat concerned about the current unemployment rate, and 57% say that now is a bad time to find a quality job. The manufacturing industry is the most pessimistic about the current labor market, and are the most likely to say now is a bad time to find a quality job, while the services industry is the least likely (66% and 41%, respectively).

Both workers and employers express high levels of concern over the job security of those currently working, with workers slightly more likely than employers to say

they are concerned (77% and 73%, respectively). In stark contrast, employers express far less concern regarding their own job security, with only 40% of employers expressing a similar level of concern regarding their own job security.

Retirement and Pension Plans

Half (51%) of all employers say they offer their employees some type of retirement or pension plan. The larger the company, the more likely it is that it offers employees retirement benefits. For example, only 32% of companies with 5-24 workers offer their employees some type of retirement plan, compared to 64% of companies employing 26-99 workers and 83% employing 100+ workers.

Similarly, manufacturers are more likely than employers in the service industry to offer employees a pension or retirement plan (58% and 47%, respectively). Three-fourths (75%) of employers who offer employees a retirement plan indicate that all workers at their company are eligible to participate in this plan, with 65% determining eligibility based on the number of hours worked per week. Slightly more than one-fifth (22%) base eligibility on number of years of service. The majority (88%) say that participation in their plan is voluntary. A small number (30%) of employers offer their employees a choice in retirement or pension plans.

Half (50%) of employers who offer workers a pension or retirement plan say that 76-100% of their workers participate. Employers are less likely to say that 26-50% or 51-75% of workers participate (21% and 17%, respectively). Only 11% of employers say that less than 25% of eligible workers participate in the company pension or retirement plan.

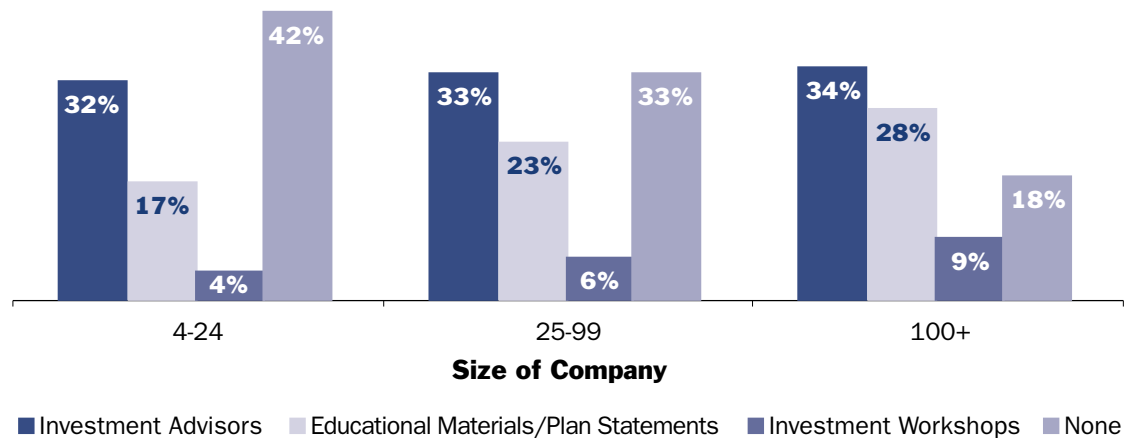
More than half (55%) of employers say that the cost of the plan is shared between the worker and the company, while 34% indicate that the employer pays. More than half (55%) offer employees a defined contribution plan, based on how much is in the account, compared to 34% who offer workers a defined benefit plan that is based on salary and years of service. Manufacturers are the most likely to offer a defined benefit plan, while the retail trade industry is most likely to offer workers a defined contribution plan (44% and 62%, respectively).

To help workers understand their plan, one-third (33%) of employers provide their employees with company-sponsored investment advisors, while 23% offer educational materials and plan statements. Only a small minority (7%) sponsor investment workshops for employees, while 31% of employers say that they do not provide any investment advice to their workers. Larger

companies are more likely than smaller companies to offer some kind of investment advice. Firms that employ 5-24 workers are the most likely to say that they do not offer investment advice, while firms with 100+ employees are the least likely (42% and 18%, respectively) (See Fig. 4.1).

The majority (82%) of employers work for private companies that are not publicly traded on the stock market, with companies with 100+ workers the most likely to be publicly traded and those with 5-24 workers the least likely (31% and 6%, respectively). Among the 15% of employers who work for a publicly traded company, 74% indicate that their employees currently own company shares. Only 34% say that their company has an employee stock option program, whereby workers are compensated in part by receiving discounted shares of the company's publicly traded stock, and hold it for a specified period of time.

Fig. 4.1: Helping Workers Understand Company Plans: What Companies Provide



Section 5: Conclusion

The findings from the *Work Trends* surveys of employers and workers strongly point to the need to restore trust between workers and employers about pensions and retirement plans. The need is evident for employers to improve education and awareness about pension plans, how they operate, the risks and rewards of various stock and other investments, and worker protections. More transparency is also needed regarding executive compensation—including how stock options are exercised—if employer credibility is to be assured. While the turbulence of the American job market continues to make workers uneasy about an array of economic security concerns, the ongoing prominence of cases involving the loss of pension benefits at large corporations will continue to damage worker confidence. It is likely if large numbers of retirees continue to see their pensions disappear, without more action from employers, more and more Americans will struggle to increase their personal savings and investments in order to be

prepared for retirement, further straining current finances and other savings needs such as education. In the current political and media climate, corporations seeking to retain and recruit the best skilled workers may find it advantageous to strengthen safeguards in their pension and benefit plans and promote those clearly to workers. In the post-Enron era, employers should consider how a strong, guaranteed pension plan will improve their credibility with a range of key constituents.

Policymakers should also read these findings as a strong plea from workers for greater government protection of pension systems and greater accountability for those who manage retirement savings for workers. By helping to restore the balance and strength of the three legs of retirement financing—Social Security, employer pensions, and personal savings—policymakers will help restore trust and faith in this aspect of corporate governance.

Appendix 1: Methodology

The survey was conducted from March 22 through April 27, 2002 by the Center for Survey Research and Analysis (CSRA) at the University of Connecticut. This report is based on a total of 1,000 telephone interviews completed with adult members of the workforce in the contiguous United States.

Interviews were conducted at the CSRA's interviewing facility in Storrs, Connecticut, using a Computer Assisted Telephone Interviewing (CATI) system. All CSRA surveys are conducted by professional survey interviewers who are trained in standard protocols for administering survey instruments. All interviewers assigned to this survey participated in special training conducted by senior project staff. The draft survey questionnaire and field protocols received extensive testing prior to the start of the formal interviewing period. Interviews were extensively monitored by center staff to insure CSRA standards for quality were continually met.

The sample for this survey was stratified to insure that regions, as defined by the U.S. Bureau of the Census, were represented in proportion to their share of the total U.S. population. Within each of these regions, telephone numbers were generated through a random-digit-dial telephone methodology to insure that each possible residential telephone number had an equal probability of selection. Telephone banks which contain no known residential telephone numbers were removed from the sample selection process. The sample was generated using the GENESYS sampling database under the direction of a CSRA survey methodologist. Once selected, each telephone number was contacted a minimum

of four times to attempt to reach an eligible respondent. Households where a viable contact was made were called up to 25 additional times. All households who initially refused to be interviewed were contacted at least one additional time by a senior interviewer who attempted to elicit cooperation. Within each household one adult was randomly selected to complete the interview.

A total of 1,516 adults were interviewed for this survey. Respondents who worked full or part time, or who were unemployed and looking for work, received a full interview. A total of 503 respondents who did not meet these criteria received a short interview that included demographic questions. An additional 13 respondents completed partial interviews and asked that the interview be completed after the field period had ended. The results of this report are based on a total of 1,000 complete interviews with members of the workforce. The final results were weighted to adjust for disproportionate probabilities of selection based on household size and telephone lines; additional weights were applied to match U.S. Bureau of the Census estimates for age, educational attainment, gender and race.

The sample error associated with a survey of this size is +/- 3%, meaning that there is less than one chance in twenty that the results of a survey of this size would differ by more than 3% in either direction from the results which would be obtained if all members of the workforce in the contiguous U.S. had been selected. The sample error is larger for sub-groups. CSRA also attempted to minimize other possible sources of error in this survey.

Braun Research Incorporated completed 501 interviews with businesses from April 3rd through April 15th, 2002. Businesses were selected randomly from a database of all businesses throughout the continental United States. Businesses with fewer than 5 employees were left off the sample. Colleges, Universities and government offices were ineligible to participate.

The eligible respondent was the personnel director, human resources director, or other person in charge of hiring for their respective company.

The average length of the survey was 9 minutes. The sample error is +/- 4.38% at the 95% confidence level.

The sampling frame used in the employer survey report yields a representative sample of the nation's employers. Consistent with common practice in survey research of employers, the sample frame for the employer survey excludes firms with fewer than 5 employees. In addition to being difficult to contact, employers with fewer than 5 employees are often self-employed individuals and consultants and are not representative of employers that hire full-time workers or make policies affecting an actual workplace. Looking at the population of workers in the United States, only 5% of workers are employed by employers with fewer than 5 employees. In addition, the sampling frame excludes public sector employers (governments and institutions of higher education) so that the results reflect the perceptions and actions of private employers.

Appendix 2: Worker Survey Results

INT1. Hello, my name is \$I and I'm calling from the Center for Survey Research and Analysis at the University of Connecticut. We're conducting a brief national survey of the American workforce. May I please speak to the person in your household who is at least 18 years old and who has the next birthday?

N= 1503 100%
Continue 01

QS1. Are you currently employed, are you unemployed and looking for work, or are you not employed and not looking for work?

N= 1503 100%
Employed 01=> QS2 57%
Unemployed looking for work 02=> IQ1 8%
Unemployed and not looking for work 03=> INT2 34%
Don't know 98=> D8 *
Refused 99=> D8 *

QS2. Which statement best describes your current employment situation (READ CHOICES 1-5):

N= 903 100%
I work full-time for only one employer 01 71%
I work full-time for one employer and part-time for another employer 02 6%
I work one part-time job 03 11%
I work two or more part-time jobs 04 2%
I am self-employed 05 10%
Don't know 98=> D8 *
Refused 99=> D8 —

QS3. How many hours do you work in a typical week? (Enter 2 digits 00-80)

N= 900 100%
80 or more hours per week 80=> IQ1 3%
Don't know 98=> IQ1 1%
Refused 99=> IQ1 *

=> +1 if QS1==01

INT2. Why are you currently not working? (ASK AS OPEN END BUT PICK ONE RESPONSE BELOW)

N= 497 100%
Retired 01=> D8 58%
Unable to work due to disability 02=> D8 9%
Could not find employment 03=> D8 1%
Caring for children 04=> D8 7%
Caring for a sick or elderly relative 05=> D8 1%
Homemaker 06=> D8 11%
Student Not Working 07=> D8 7%
Other (Specify) 08 O=> D8 5%
Don't know 98=> D8 *
Refused 99=> D8 —

IQ1. I'm going to read you a list of some economic issues. For each issue that I read, please tell me whether you are very concerned, somewhat concerned, not too concerned, or not at all concerned about this.

N= 1000 100%
Continue 01 1000 100%

Q1. The current unemployment rate. (PROBE WITH CATEGORIES 1-4 AS NEEDED)

N= 1000 100%
Very concerned 01 27%
Somewhat concerned 02 41%
Not too concerned 03 19%
Not at all concerned 04 13%
Don't know 98 1%
Refused 99 —

Q2. Job security for those currently working. (PROBE WITH CATEGORIES 1-4 AS NEEDED)

N= 1000 100%
Very concerned 01 40%
Somewhat concerned 02 37%
Not too concerned 03 13%
Not at all concerned 04 9%
Don't know 98 1%
Refused 99 —

Q3. Thinking about the job situation in America today, would you say that now is a good time or a bad time to find a quality job?

N= 1000 100%
Good 01 33%
Bad 02 58%
Don't know 98 9%
Refused 99 *

Q4. At what age do you think you will be financially able to retire from full-time work? (ENTER 2 DIGIT NUMBER)

N= 1000 100%
Don't know 98 14%
Refused 99 1%

IQ5. Different people use different ways of supporting themselves in retirement. I'm going to read you a list of different ways people support themselves in retirement. For each, please tell me how big a role this source of income will be in your retirement

N= 1000 100%
Continue 01 1000 100%

Q5. Income from a part time job (READ CHOICES 1-4)

N=	1000	100%
A lot	01	12%
Some	02	26%
A little	03	26%
None	04	32%
Don't know	98	4%
Refused	99	1%

Q6. Income or money from personal savings and investments, such as stocks, IRAs, or savings accounts (READ CHOICES 1-4)

N=	1000	100%
A lot	01	51%
Some	02	28%
A little	03	11%
None	04	7%
Don't know	98	2%
Refused	99	1%

Q7. Employer-sponsored pension or 401(K) (READ CHOICES 1-4)

N=	1000	100%
A lot	01	44%
Some	02	24%
A little	03	10%
None	04	18%
Don't know	98	3%
Refused	99	1%

Q8. Social Security (READ CHOICES 1-4)

N=	1000	100%
A lot	01	21%
Some	02	36%
A little	03	28%
None	04	12%
Don't know	98	3%
Refused	99	1%

Q9. Income from a spouse (READ CHOICES 1-4)

N=	1000	100%
A lot	01	18%
Some	02	25%
A little	03	16%
None	04	36%
Don't know	98	4%
Refused	99	1%

Q10. What do you think will be your principle source of income in your retirement?

N=	1000	100%	
Income from a part-time job	01	7%	
Income or money from personal savings and investments such as stocks, IRAs or savings accounts		34%	
Employer sponsored pension or 401K	03	31%	
Social Security	04	13%	
Income from spouse	05	4%	
Other (Specify) (vol.)	06	0	7%
Don't Know	98	5%	
Refused	99	1%	

=> Q28 if QS1==02

Q11. Are you currently eligible, through your employer, for any type of retirement or pension plan? (NOTE: IF RESPONDENT IS SELF-EMPLOYED, DO NOT READ "through your employer" as part of the question.)

N=	900	100%
Yes	01	57%
No	02=> Q16	41%
Don't know	98=> Q16	2%
Refused	99=> Q16	*

=> +1 if QS2==05

Q12. Does your employer require you to participate in this plan, or is your participation voluntary?

N=	514	100%
Require	01=> Q14	26%
Voluntary	02	71%
Don't know	98=> Q14	3%
Refused	99=> Q14	—

=> +1 if QS2==05

Q13. Do you participate in this plan, or not?

N=	368	100%
Participate	01	81%
Do not participate	02	18%
Don't know	98	*
Refused	99	1%

Q14. Do you have a choice of retirement or pension plans through your current employer, or are you eligible for only one plan? (NOTE: IF RESPONDENT IS SELF-EMPLOYED, DO NOT READ "through your current employer" as part of the question.)

N=	542	100%
Have a choice	01	37%
Only eligible for one plan	02	55%
Don't know	98	8%
Refused	99	*

=> +1 if QS2==05

Q15. Does your employer pay for all of the cost of the plan, do you pay for all of the cost of the plan, or is the cost shared?

N=	524	100%
Employer pays	01	25%
Respondent pays	02	6%
Shared cost	03	64%
Don't know	98	5%
Refused	99	1%

Q16. For your primary pension plan, when you retire will you receive benefits that are based on your final salary and years of service, or will your benefits depend on how much money is in the account when you retire?

N=	900	100%
Based on salary and years of service	01	28%
Depends on how much is in the account	02	39%
Don't have a pension plan (vol.)	03	19%
Don't know	98	13%
Refused	99	1%

Q17. If you had the choice, how would you prefer to receive your benefits? (READ CHOICES 1-2)

N=	900	100%
Based on salary and years of service	01	45%
Depends on how much is in the account	02	26%
Don't have a pension plan (vol.)	03	17%
Don't know	98	11%
Refused	99	1%

Q18. How satisfied are you with the retirement and pension plans provided by your employer? (READ CHOICES 1-5) (NOTE: IF RESPONDENT IS SELF-EMPLOYED, DO NOT READ "provided by your employer" as part of the question.)

N=	900	100%
Very satisfied	01	23%
Somewhat satisfied	02	32%
Neither satisfied nor dissatisfied	03	7%
Somewhat dissatisfied	04	6%
Very dissatisfied	05	6%
Don't know	98	22%
Refused	99	4%

Q19. How confident are you that your employer sponsored pension plan will have the money available to provide the benefits you expect for your retirement? (READ CHOICES 1-5) (NOTE: IF RESPONDENT IS SELF-EMPLOYED, DO NOT READ "your employer sponsored" as part of the question.)

N=	900	100%
Extremely confident	01	15%
Very confident	02	26%
Somewhat confident	03	21%
Not too confident	04	5%
Not confident at all	05	5%
Don't have an employer sponsored plan (vol.)	06	20%
Don't know	98	7%
Refused	99	2%

=> +1 if QS2==05

Q20. Do you currently own shares of stock in the company where you work?

N=	810	100%
Yes	01	17%
No	02=> Q22	83%
Don't know	98=> Q22	1%
Refused	99=> Q22	*

=> +1 if QS2==05

Q21. How did you acquire those shares? (READ CHOICES 1-3)

N=	140	100%
Employee Stock Purchase Program	01	60%
Open market purchase	02	14%
Compensation	03	6%
Other (Specify) (Vol.)	04	18%
Don't know	98	2%
Refused	99	—

Q22. Does your company have an employee stock option program, whereby workers are compensated in part by receiving discounted shares of the companies publicly traded stock, and hold it for a specified period of time?

N=	900	100%
Yes	01	19%
No	02	62%
Don't work for a publicly traded company (vol.)	03	11%
Don't Know	98	8%
Refused	99	*

Q23. How much would you say you know about employee stock options? (READ CHOICES 1-4)

N=	900	100%
A lot	01	10%
Some	02	20%
A little	03	28%
Nothing at all	04	34%
Don't know	98	6%
Refused	99	1%

=> +1 if QS2==05

Q24. Have you been granted stock options by your current employer?

N=	810	100%
Yes	01	18%
No	02	78%
Don't know	98	4%
Refused	99	1%

IQ25. And now I like to ask you about other topics...

N=	900	100%
Continue 01	900	100%

=> +1 if QS2==05

Q25. How much do you trust your employer to tell the truth about the economic health of your company—a lot, only a little, or not at all?

N=	810	100%
A lot	01	58%
Only a little	02	25%
Not at all	03	14%
Don't know	98	2%
Refused	99	1%

=> +1 if QS2==05

Q26. How much do you trust your employer to tell the truth about the security of your job at your company—a lot, only a little, or not at all?

N=	810	100%
A lot	01	56%
Only a little	02	29%
Not at all	03	13%
Don't know	98	2%
Refused	99	1%

=> +1 if QS2==05

Q27. How much do you trust your employer to tell the truth about the security of pension plans at your company-a lot, only a little, or not at all?

N=	810	100%
A lot	01	53%
Only a little	02	23%
Not at all	03	8%
No pension plan at company (vol.)	04	12%
Don't know	98	4%
Refused	99	1%

Q28. Do you think most top executives at American corporations are: (READ TOP 2 CHOICES)

Rotation => 2

N=	1000	100%
Only interested in looking out for themselves, even if it harms the corporation they work for		58%
Or are they interested in doing a good job for the corporation	02	33%
Don't know	98	9%
Refused	99	1%

Q29. In your opinion do you think company executives should be paid a fixed salary or should they be paid based on the stock value of the company?

N=	1000	100%
Fixed salary	01	48%
Based on the stock value of the company	02	34%
Both (Vol.)	03	5%
Don't know	98	14%
Refused	99	*

Q30. Who do you think should be primarily responsible for helping workers prepare for retirement? Workers, employers or the government?

N=	1000	100%
Workers	01	38%
Employers	02	23%
The government	03	18%
All three (vol.)	04	19%
Don't know	98	3%
Refused	99	*

Q31. Whom do you trust more to address pension security issues? (READ CHOICES 1-2)

N=	1000	100%
President Bush and the Republicans	01	37%
Democrats and Congress	02	28%
Trust both equally (vol.)	03	7%
Neither (vol.)	04	18%
Don't know	98	10%
Refused	99	1%

Q32. Do you favor allowing individuals to keep some of their Social Security payroll taxes in personal retirement accounts for which they would determine their own investments to provide for their own retirement security?

N=	1000	100%
Yes	01	75%
No	02	19%
Don't know	98	6%
Refused	99	*

Q33. Do you favor decreasing the time an employee has to wait to be vested, where benefits are guaranteed, in the company retirement plan, say from 5 years to 3 years?

N=	1000	100%
Yes	01	68%
No	02	22%
Don't know	98	10%
Refused	99	*

Q34. Do you think that workers who have participated in 401(k) plans for three years are given the freedom to choose where to invest their retirement savings?

N=	1000	100%
Yes	01	63%
No	02	18%
Don't know	98	19%
Refused	99	*

Q35. Do you think that workers should have a seat on the boards of pension plans where decisions about investments are made?

N=	1000	100%
Yes	01	83%
No	02	10%
Don't know	98	8%
Refused	99	*

Q36. Do you think that workers should be informed of executive stock sales so that workers can make informed decisions about their own investments?

N=	1000	100%
Yes	01	94%
No	02	3%
Don't know	98	4%
Refused	99	*

Q37. How closely have you been following the news concerning the Enron energy corporation? (READ CHOICES 1-5)

N=	1000	100%
Extremely closely	01	6%
Very closely	02	13%
Somewhat closely	03	38%
Not too closely	04	26%
Or not at all	05	16%
Don't know	98	1%
Refused	99	*

Q38. Following the Enron incident there has been talk about the government regulating certain business practices. For each of the following please tell me if you think it is an extremely good, very good, somewhat good, somewhat bad, very bad, or extremely bad idea.

N=	1000	100%
Continue 01	1000	100%

Q38. The federal government should limit the amount of company stock a worker can invest in his or her 401(k). (PROBE CHOICES 1-6 AS NEEDED)

N=	1000	100%
Extremely good idea	01	6%
Very good idea	02	10%
Somewhat good idea	03	22%
Somewhat bad idea	04	27%
Very bad idea	05	19%
Extremely bad idea	06	9%
Not sure (vol.)	07	2%
Don't know	98	6%
Refused	99	*

Q39. The federal government should require that company executives disclose any significant stock sales within two business days, instead of the current 45 days after the end of the year. (PROBE CHOICES 1-6 AS NEEDED)

N=	1000	100%
Extremely good idea	01	33%
Very good idea	02	31%
Somewhat good idea	03	16%
Somewhat bad idea	04	6%
Very bad idea	05	3%
Extremely bad idea	06	2%
Not sure (vol.)	07	3%
Don't know	98	6%
Refused	99	*

Q40. The federal government should require companies to offer workers company stock as an investment option or to provide it as a match to employee contributions, but not both. (PROBE CHOICES 1-6 AS NEEDED)

N=	1000	100%
Extremely good idea	01	9%
Very good idea	02	29%
Somewhat good idea	03	32%
Somewhat bad idea	04	10%
Very bad idea	05	4%
Extremely bad idea	06	4%
Not sure (vol.)	07	5%
Don't know	98	8%
Refused	99	1%

ID1. Now, I just have a few questions for classification purposes only...

N=	1000	100%
Continue 01	1000	100%

=> D8 if QS1==02

D1. I am going to read you a list of occupations, please tell me the one that most closely corresponds to the work that you do for your primary employer. (READ CHOICES 1-8)

N=	900	100%
Professiona l	01	28%
Managerial	02	10%
Service	03	16%
Manufacturing	04	6%
Processing	05	2%
Technical	06	8%
Clerical and Sales	07	14%
Agriculture	08	3%
Other (specify)	80	13%
Don't know	98	*
Refused	99	1%

D2. Which best describes your current primary employer? Is it...(READ CHOICES 1-4) (NOTE: IF RESPONDENT IS SELF-EMPLOYED, CHOOSE 04)

N=	900	100%
A private, for profit business	01	55%
The government	02	17%
A non-profit organization	03	14%
Or are you self-employed	04	10%
Other (specify)	80	2%
Don't know	98	1%
Refused	99	1%

D3. Do you work for a company whose stock is publicly traded?

N=	900	100%
Yes	01	25%
No	02	65%
Don't know	98	10%
Refused	99	*

D4. How many people does the organization or company where you work employ? (READ CHOICES 1-4)

N=	900	100%
Less than 25 people	01	27%
25-99 people	02	13%
100-249 people	03	11%
250 or more people	04	46%
Don't know	98	4%
Refused	99	1%

D5. Are you married? (If respondent says "separated or legally separated" ask if they are still married)

N=	900	100%
Yes, married	01	61%
No, not married	02=> D7	37%
Don't know	98=> D7	*
Refused	99=> D7	1%

D6. Does your spouse work?

N=	521	100%
Yes	01	84%
No	02	16%
Don't know	98	—
Refused	99	—

D7. Are you a member of a labor union or teacher's association? (If Yes, Probe for which one)

N=	900	100%
Yes, Labor Union	01	13%
Yes, Teacher's Association	02	3%
No	03	83%
Don't know	98	—
Refused	99	1%

D8. In politics today, do you consider yourself to be a Democrat, Republican, Independent, or something else?

N=	1503	100%
Democrat	01	32%
Republican	02	25%
Independent	03	24%
Something else	04	10%
Don't know	98	4%
Refused	99	5%

D9. What was the last grade of school you have completed?

N=	1503	100%
Grade school or less	01	3%
Some high school	02	7%
High school	03	38%
Some college (1-3 years)	04	27%
College grad (4 years)	05	15%
Post graduate (beyond 4 years)	06	7%
Don't know	98	*
Refused	99	3%

D10. In what year were you born? (Enter 4 digit year)

N=	1503	100%
Don't know	9998	1%
Refused	9999	6%

How many phone numbers do you have in your household that are connected to phones that can be answered by a person, not including cell phones?

N=	1503	100%
1	01	83%
2	02	10%
3	03	2%
4	04	1%
5	05	—
6	06	*
7 or more	07	—
Don't know	98	1%
Refused	99	4%

How many adults live in this household who are 18 years of age or older (ENTER NUMBER 1-15)

N=	1503	100%
Don't know	98	1%
Refused	99	5%

D11. Are you of Hispanic origin?

N=	1503	100%
Yes	01	11%
No	02	85%
Don't know	98	*
Refused	99	4%

D12. Are you Black, White, Asian, Native American or something else?

N=	1503	100%
Black	01	12%
White	02	72%
Hispanic (vol.)	03	6%
Asian	04	1%
Native American	05	2%
Bi-racial (vol.)	06	1%
Other (specify)	80	2%
Don't know	98	1%
Refused	99	4%

D13. Including all members of your household currently living at home, is your total yearly income before taxes: (READ CHOICES 1-7)

N=	1503	100%
Under 10,000	01	6%
\$10,000 to less than \$20,000	02	6%
\$20,000 to less than \$30,000	03	11%
\$30,000 to less than \$40,000	04	9%
\$40,000 to less than \$50,000	05	10%
\$50,000 to less than \$75,000	06	17%
\$75,000 to less than \$100,000	07	13%
or is it \$100,000 or more	08	6%
Don't know	98	6%
Refused	99	18%

SEX. (Do not Ask- Record gender by observation)

N=	1503	100%
Male	01	47%
Female	02	53%

Thank you for your time. That's all the questions I have.

N=	1503	100%
Continue 01	1503	100%

Notes:

Results reported reflect weighted percentages and unweighted sample sizes

* Denotes less than .5% of responses in category

— Denotes no responses in category

Some of the question percentages may add up to more than 100% due to rounding

Appendix 3: Employer Survey Results

Hello, my name is _____ and I'm calling from Braun Research, Inc. We are conducting a brief national survey of employers regarding the economy, trust in the workplace and pension security.

IQ1. I'm going to read you a list of some economic issues. For each issue that I read, please tell me whether you are very concerned, somewhat concerned, not too concerned, or not at all concerned about this.

Q1. The state of the economy

	N=503	
Very concerned	43%	
Somewhat concerned	44%	
Not too concerned	10%	
Not concerned at all	4%	
Don't know	*	
Refused	*	

Q2. The current unemployment rate

	N=503	
Very concerned	27%	
Somewhat concerned	40%	
Not too concerned	23%	
Not at all concerned	9%	
Don't know	1%	
Refused	*	

Q3. Job security for those currently working

	N=503	
Very concerned	35%	
Somewhat concerned	38%	
Not too concerned	18%	
Not at all concerned	8%	
Don't know	1%	
Refused	*	

Q4. Your own job security

	N=503	
Very concerned	19%	
Somewhat concerned	21%	
Not too concerned	23%	
Not concerned at all	37%	
Don't know	1%	
Refused	*	

Q5. Thinking about the job situation in America today, would you say that now is a good time or a bad time to find a quality job?

	N=503	
Good	34%	
Bad	57%	
Don't know	9%	
Refused	*	

Now I would like to ask you some questions on a different topic...

Q6. Do you currently offer your employees any type of retirement or pension plan?

	N=503	
Yes (Go to Q7)	51%	
No (Go to Q16)	48%	
Don't Know (Go to Q16)	1%	
Refused (Go to Q16)	*	

Q7. Are all workers at your company eligible to participate in this plan?

	N=256	
Yes (Go to Q9)	75%	
No (Go to Q8)	25%	
Don't Know (Go to Q8)	*	
Refused (Go to Q8)	*	

Q8. How do you determine eligibility?

	N=63	
Number of hours worked per week (full time vs. part time)	65%	
Number of years of service	22%	
Age of worker	8%	
All of the above (volunteer)	2%	
None of the above (Volunteer)	3%	
Don't know	*	
Refused	*	

Q9. Does your organization require employees to participate in this plan, or is participation voluntary?

	N=256	
Require (Go to Q11)	11%	
Voluntary (Go to Q10)	88%	
Don't Know (Go to Q11)	1%	
Refused (Go to Q11)	*	

Q10. [If Voluntary] What percentage of your employees participate in this plan?

	N=225	
[Verbatim response]		
Don't know		
Refused		

Q11. Do your employees have a choice of retirement or pension plans through your organization, or are they eligible for only one plan?

	N=256	
Have a choice	30%	
Only eligible for one plan	64%	
Don't Know	6%	
Refused	*	

Q12. Does your organization pay for all of the cost of the plan, do employees pay for all of the cost of the plan, or is the cost shared?

	N=256	
Employer pays	34%	
Respondent pays	7%	
Shared cost	55%	
Don't Know	4%	
Refused	*	

Q13. What type pension plan do you offer your employees?

N=256

Defined benefit plan, based on salary and years of service	34%
Defined contribution plan, depends on how much is in the account	55%
Don't have a pension plan (vol.)	2%
Don't Know	9%
Refused	1%

Q14. What kind of investment advice do you provide to your employees?

N=256

Company sponsored investment advisors	33%
Educational materials and plan statements	23%
Investment workshops	7%
Other	4%
None	31%
Don't know	4%

Q15. How confident are you that your sponsored pension plan will have the money available to provide the benefits your employees expect for their retirement?

N=256

Extremely confident	34%
Very confident	43%
Somewhat confident	16%
Not too confident	3%
Not confident at all	0%
Don't have an employer sponsored plan (vol.)	1%
Don't Know	2%
Refused	*

Q16. Do you work for a company whose stock is publicly traded?

N=503

Yes (Go to Q17)	15%
No (Go to Q20)	82%
Don't know (Go to Q20)	4%
Refused (Go to Q20)	*

Q17. Do employees currently own shares of stock in your company?

N=73

Yes (Go to Q18)	74%
No (Go to Q19)	22%
Don't Know (Go to Q19)	4%
Refused (Go to Q19)	*

Q18. How did they acquire those shares? (READ CHOICES 1-3)

N=54

Employee Stock Purchase Program	59%
Open market purchase	24%
Compensation	4%
Other (Specify) (Vol.)	13%
Don't Know	*
Refused	*

Q19. Does your company have an employee stock option program, whereby workers are compensated in part by receiving discounted shares of the company's publicly traded stock, and hold it for a specified period of time?

N=73

Yes	34%
No	58%
Don't Know	8%
Refused	

Now I'd like to ask you about other topics...

Q20. Observers have suggested that the Enron case is causing workers to lose trust in their employers' financial stability and retirement and pension plans. Do you believe your firm should take additional steps to restore worker trust, or do you believe that workers have all the information they need?

N=503

Workers have all the information they need	69%
Firm should take additional steps to restore worker trust	21%
Neither	7%
Don't know	4%
Refused	*

Q21. How much do you think your employees trust the company to tell the truth about pension security?

N=503

A lot	68%
Only a little	14%
Not at all	7%
Don't know	10%
Refused	2%

Q22. Do you think this level of trust has changed as a result of the Enron case?

N=503

Yes	32%
No	61%
Don't know	5%
Refused	2%

Q23. In your opinion do you think company executives should be paid a fixed salary or should they be paid based on the stock value of the company?

N=503

Fixed salary	49%
Based on the stock value of the company	27%
Both (Vol.)	4%
Don't know	18%
Refused	1%

Q24. Who do you think should be primarily responsible for helping workers prepare for retirement? Workers, employers or the government?

N=503

Workers	56%
Employers	16%
The government	8%
All three (vol.)	19%
Don't Know	2%
Refused	*

Q25. Whom do you trust more to address pension security issues? (READ CHOICES 1-2)

N=503

<i>President Bush and the Republicans</i>	44%
<i>Democrats and Congress</i>	18%
<i>Trust both equally (vol.)</i>	4%
<i>Neither (vol.)</i>	21%
<i>Don't Know</i>	12%
<i>Refused</i>	2%

Q26. Do you favor allowing individuals to keep some of their Social Security payroll taxes in personal retirement accounts for which they would determine their own investments to provide for their own retirement security?

N=503

<i>Yes</i>	76%
<i>No</i>	19%
<i>Don't know</i>	5%
<i>Refused</i>	*

Q27. Do you favor decreasing the time an employee has to wait to be vested (where benefits are guaranteed) in the company retirement plan, say from 5 years to 3 years?

N=503

<i>Yes</i>	64%
<i>No</i>	28%
<i>Don't know</i>	7%
<i>Refused</i>	

Q28. Do you think that workers who have participated in 401(k) plans for three years should be given the freedom to choose where to invest their retirement savings?

N=503

<i>Yes</i>	91%
<i>No</i>	4%
<i>Don't know</i>	5%
<i>Refused</i>	*

Q29. Do you think that workers should have a seat on the boards of pension plans where decisions about investments are made?

N=503

<i>Yes</i>	76%
<i>No</i>	18%
<i>Don't know</i>	6%
<i>Refused</i>	*

Q30. How closely have you been following the news concerning the Enron energy corporation?

N=503

<i>Extremely closely</i>	7%
<i>Very closely</i>	18%
<i>Somewhat closely</i>	42%
<i>Not too closely</i>	26%
<i>Or not at all</i>	7%
<i>Don't know</i>	*
<i>Refused</i>	*

IQ31. Following the Enron incident there has been talk about the government regulating certain business practices. For each of the following please tell me if you think it is an extremely good, very good, somewhat good, somewhat bad, very bad, or extremely bad idea.

Q31. The federal government should limit the amount of company stock a worker can invest in his or her 401(k).

N=503

<i>Extremely good idea</i>	7%
<i>Very good idea</i>	11%
<i>Somewhat good idea</i>	25%
<i>Somewhat bad idea</i>	23%
<i>Very bad idea</i>	16%
<i>Extremely bad idea</i>	13%
<i>Not sure (vol.)</i>	2%
<i>Don't Know</i>	3%
<i>Refused</i>	*

Q32. The federal government should require that company executives disclose any significant stock sales within two business days, instead of the current 45 days after the end of the year.

N=503

<i>Extremely good idea</i>	36%
<i>Very good idea</i>	33%
<i>Somewhat good idea</i>	18%
<i>Somewhat bad idea</i>	5%
<i>Very bad idea</i>	2%
<i>Extremely bad idea</i>	2%
<i>Not sure (vol.)</i>	2%
<i>Don't Know</i>	3%
<i>Refused</i>	*

Q33. The federal government should require companies to offer workers company stock as an investment option or to provide it as a match to employee contributions, but not both.

N=503

<i>Extremely good idea</i>	12%
<i>Very good idea</i>	26%
<i>Somewhat good idea</i>	28%
<i>Somewhat bad idea</i>	12%
<i>Very bad idea</i>	7%
<i>Extremely bad idea</i>	4%
<i>Not sure (vol.)</i>	5%
<i>Don't Know</i>	7%
<i>Refused</i>	*



John J. Heldrich Center for Workforce Development
Edward J. Bloustein School of Planning and Public Policy
Rutgers, The State University of New Jersey
33 Livingston Avenue, Fifth Floor
New Brunswick, NJ 08901
732/932-4100, ext. 717
www.heldrich.rutgers.edu



University of Connecticut
341 Mansfield Road, Room 400
Storrs, CT 06269-1164
860/486-2579