



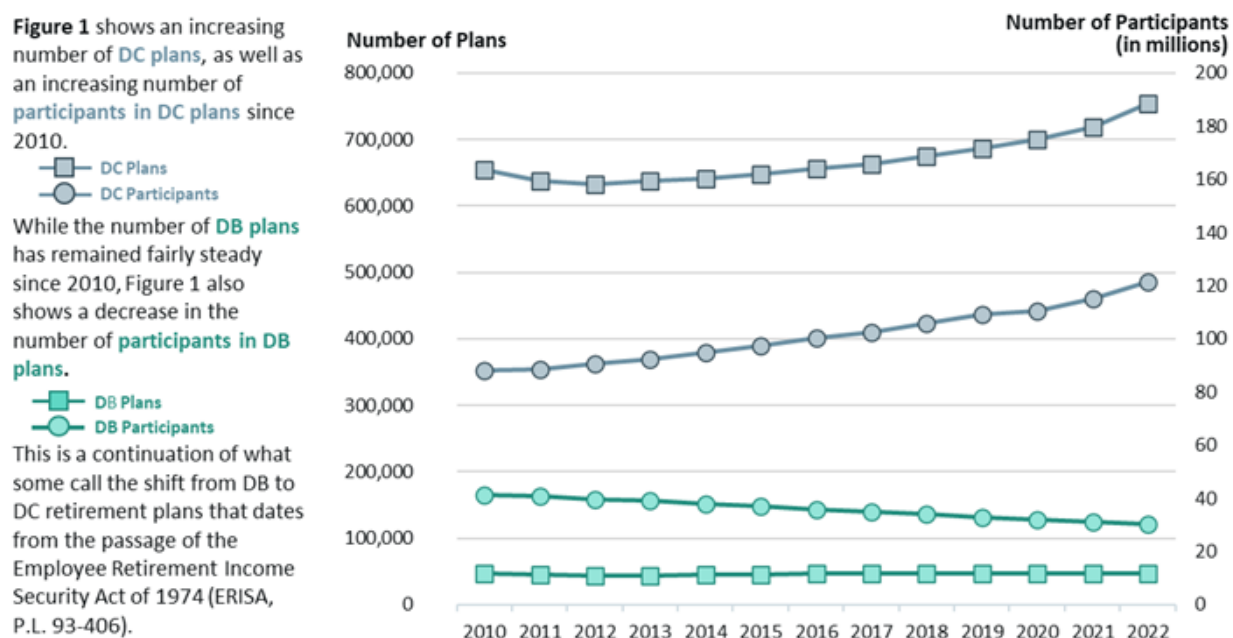
July 18, 2025

Data on Private Sector Defined Benefit Plans, 2010-2022

A pension is a voluntary benefit that employers can offer to assist employees in providing for their financial security in retirement. Pension plans receive a number of tax advantages and vary along a number of characteristics, such as whether the employer that sponsors the plan is in the public or private sector and whether the benefit is paid according to a specified formula (a defined benefit [DB] plan) or is based on funds that accumulate in a worker's account (a defined contribution [DC] plan). Most of the companies that sponsor private sector pension and

retirement plans are required to file an annual disclosure, called the Form 5500, with the Department of Labor. Form 5500 data, shown in **Figure 1**, indicated that from 2010 to 2022 most private sector workers that were covered by employer-sponsored plans were in DC plans and that the number covered by DB plans decreased, continuing a trend that began 50 years ago. However, as shown in **Figure 2** below, the number of a certain type of DB plan increased by more than 250% from 2010 to 2022.

Figure 1. Number of and Participants in Private Sector Defined Contribution and Defined Benefit Plans 2010-2022



Source: CRS analysis of Department of Labor Form 5500 data

Notes: Participants are one of three types: (1) working and accruing benefits in, or contributing to, a plan (*active participants*), (2) no longer accruing benefits in, or contributing to, the plan but will receive benefits when retired (*separated, vested participants*), or (3) retired and receiving benefits or making withdrawals from the plan (*retired participants*).

Traditional and Cash Balance DB Plans

DB plans can be either of two types: traditional or cash balance. In both types, workers earn a benefit, calculated using a formula, to be paid in retirement. A typical benefit in a traditional DB plan might equal the average of the last five years of salary, multiplied by an accrual rate (such as 2%), and multiplied by the number of years of service. While the benefit is expressed as a monthly benefit, many plans offer participants the option to receive their benefits as lump-sum amounts. Cash balance plans are sometimes called *hybrid plans* because they combine features of DB and DC plans: As in traditional DB plans, participants' benefits are calculated using a formula, typically using a *pay credit*, such as 5% of compensation per year, and an

interest credit, such as the interest rate on a U.S. Treasury security. Similar to a DC plan, the cash balance plan benefit is expressed as an account balance. Cash balance plans must offer participants the ability to receive the benefit as a monthly annuity.

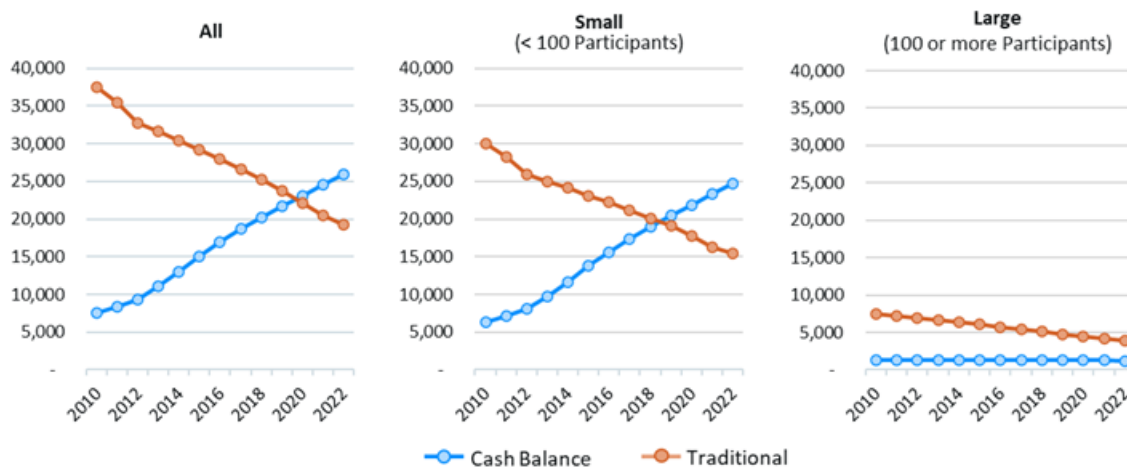
The Form 5500 data, shown in **Figure 2**, indicated that while the number of DB plans was roughly similar in 2022 compared to 2010, the composition of DB plans changed. Cash balance plans comprised 16.9% of all DB plans in 2010 but increased to 57.3% of all DB plans in 2022.

A number of reasons have been cited for the decline in traditional DB plans, such as the cost of providing

traditional DB benefits and fewer workers spending long careers with single employers. Among the reasons cited for the increase in the number of cash balance plans is greater predictability of employer contributions, and, because of the different structures of DB and DC plans, the amount of annual contributions to a DB/cash balance plan are potentially larger than the annual amount that an employer can contribute to a DC plan. For this reason, cash balance plans are sometimes marketed to high-income professionals, such as lawyers and doctors. The marketing materials may point out that a cash balance might be especially attractive when a high-income professional has made the maximum contributions to their DC plan.

Figure 2 shows the number of large (100 or more participants) and small (fewer than 100 participants) traditional and cash balance DB pension plans, respectively, from 2010 to 2022. The figures show the declines in the number of large and small traditional DB plans and large cash balance plans but an increase in the number of small cash balance plans. The number of large traditional DB plans decreased by 48.0%, and the number of small traditional DB plans decreased by 48.6%. While the number of large cash balance plans declined by 2.7%, the number of small cash balance plans increased by 287.2%.

Figure 2. Number of Cash Balance and Traditional Defined Benefit Plans
2010-2022



Source: CRS analysis of Department of Labor Form 5500 data.

Industries of Small Cash Balance Plans

Table 1 provides data on the distribution of industries with cash balance plans for plans with 25 or fewer participants and those with 26-99 participants. Among the 95.3% of cash balance plans in 2022 that had fewer than 100 participants, further analysis of the data indicated that 89.6% of these plans had 25 or fewer participants. While private sector DB plans are generally required to be covered by the Pension Benefit Guaranty Corporation (PBGC), a

government insurance corporation, plans that (1) have 25 or fewer participants and (2) are established by a “professional service employer” (such as physicians, attorneys, and public accountants) are exempt from PBGC coverage. These plans do not pay PBGC premiums. While it is possible that many of the plans with 25 or fewer participants in the health care and professional services industries are exempt from PBGC coverage, it is not possible to determine with certainty with the available data.

Table 1. Distribution of Industries for Cash Balance Plans with Fewer Than 100 Participants in 2022

	25 or Fewer Participants	26-99 Participants
Services: Health Care and Social Assistance	8,225 (37.2%)	874 (34.2%)
Services: Professional, Scientific, and Technical Services	4,772 (21.6%)	505 (19.7%)
Finance, Insurance, and Real Estate	2,423 (11.0%)	152 (5.9%)
Construction	1,618 (7.3%)	245 (9.6%)
Services: Other	1,368 (6.2%)	209 (8.2%)
Other (including transportation, manufacturing, mining, retail and wholesale trade, utilities, agriculture, and not reported)	3,709 (14.4%)	572 (18.3%)

Source: CRS analysis of Department of Labor Form 5500 Data

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