

Updated Pension Wealth Data Files in the HRS Panel: 1992 to 2010

Part III

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Introduction

This document reports on the third part of a project designed to create and document pension data originating from respondent reports to the Health and Retirement Study (HRS) and to post the findings on the HRS website for the benefit of users. This part updates the pension wealth data to include Wave 9 (2008) and Wave 10 (2010), and revises pension estimates for earlier survey waves in light of the pension information provided by the 2008 and 2010 survey waves.

Constructed variables in the pension wealth data files include the updated present values of DB plans and account balances from various jobs for the 1992 to 2010 survey years of the Health and Retirement Study. There are ten data files, one for each of the ten survey years. The wealth values are comprised of updated present discounted values of defined benefit plans from last and/or any previous jobs, including jobs the individual may have left after that person's initial wave in the survey, prorated present discounted values of expected future benefits from current jobs, and updated current DC account balances from any previous, last, and/or current jobs.

Part I of the project posted pension outcomes for members of the HRS, using the micro data underlying tables in our book, *Pensions in the Health and Retirement Study*. That project also created a user manual for the pension data. In our report, we calculated pension wealth for members of the original HRS cohort, War Babies and Early Boomers. Data were provided only for the years these cohorts were first included in the HRS, 1992, 1998 and 2004. That is, in the first wave they were in the HRS, respondents were asked about any pension plans from their current, last and previous jobs. They were also asked about pension plans from a previous wave's job if it was terminated. The pension wealth values were constructed based on the information from those interviews. They did not include any updated information from

interviews after the individual reported leaving the job. We also included pension wealth data for the 2006 survey year.

In the second part of the project, we calculated pension values for the eight biannual waves of the HRS from 1992 to 2006. Moreover, pension values in Part 1 of the project were constructed based on respondent reports during the first wave they were included in the survey and later waves if their previous wave's current job was terminated. Part 2 of the project updated those values using the information from follow-up questions that asked about the fate of respondents' dormant plans. The information about changes in older pension plans and the date of those changes is used to update the value of pension plans that were dormant at the time of a previous survey. In addition, for each survey year, we included the present value of the amounts received as cash settlements, rollovers into IRAs, converted to an annuity, transferred to a new employer, or withdrawn, received or receiving as installments.

Similarly in Part III of the project, we use the information from the Updated Pension Sequence to revise those pension values. In Part II, we used the information from updated pension sequences¹ from Waves 3, 4, 6, and 8 for updating pension wealth data in Waves 2 (1994) to 8 (2006). In Part III, we use additional information from updated pension sequences obtained in Waves 9 (2008) and 10 (2010) to update pension wealth data in Wave 9 (2008) and Wave 10 (2010), and to revise updated pension wealth data files in earlier waves.

Sources of Information

Construction of pension wealth data is based on the data from the Employment section of the HRS respondent survey and where necessary from the Assets and Income section of the

¹ In Waves 3 and 4, the Updated Pension Sequence was located in the Assets and Income section. That sequence starts with question J192 designed for dormant DB plans, and with question J197, designed for dormant DC plans. These questions were moved to the Employment section in later waves. They start with J434 asking about dormant DB plans and J450 about dormant DC plans.

survey. In the employment section of the HRS, five sets of pension questions are conditioned on whether the pension is from a current job, a last/previous job, if it is the respondent's first interview or if it is a returning interviewee, and if it is a follow-up on an old pension. Preload data files including information about respondents' dormant pensions play an important role in this project. Following is a brief description of the pension information:

- A) Respondents working on a current job who report a DB or combination plan are asked about their expected future benefits and the age they expect to receive them. Those reporting a DC plan are asked in each wave about their current account balances. This information is used to construct respondents' pension wealth from their current jobs.
- B) When first interviewed, respondents are also asked about up to three previous pension jobs, so long as they worked on those jobs for at least five years. They are asked about the type of plans they had and the form of disposition of those pensions. Questions about the disposition of pension plans include detailed questions about what the respondent did with the plan; if withdrew the money, rolled it over into an IRA, left it to accumulate in the old plan, converted it to an annuity, is expecting future benefits, receiving benefits, transferred to the new employer, received a cash settlement, or lost the benefit. There are follow-up questions asking about the amount of the benefits and the dates of the reported action the respondent has taken. Respondents who were not working at their first interview were asked about their last job and the pension from that job. Pension questions for this group of respondents are very similar to the pension sequence detailed for respondents' previous job. During Wave 1 to Wave 4 interviews, respondents were asked about the details of only one pension plan from any previous or last job. In Wave 5, this

number was increased to up to three plans and in Waves 6 (2002) to 10 (2010) to up to four plans.

C) Re-interviewee respondents are asked a set of pension questions about their previous job if they reported leaving a pension job held in the last interview. They are asked a similar set of questions to those noted in item B above. Pension values from those jobs are also included in constructed pension wealth as noted above in item B.

D) Updated Pension Sequence: In Wave 3, for the first time survey respondents were asked about the status of “dormant” pension plans from jobs terminated before the current wave. Dormant plans are pensions from last/previous jobs² reported prior to the survey year. Respondents had previously reported they were expecting some future benefits from these plans and not receiving benefits now, or that the DC account was left to accumulate.

More specifically, in the Wave 3 round up, respondents were asked if they are still expecting future benefits, if the account is still accumulating, or if they are receiving benefits now, had previously received a cash settlement, rolled the pension over into an IRA, converted to an annuity, withdrew the money, or lost the benefit. Respondents were also asked about the amount of the benefits and the dates of the reported action the respondent had taken. We call this pension sequence the “Updated Pension Sequence”. Those who reported in Wave 3 they are still expecting future benefits (and not receiving benefits now) or their account is still accumulating, were asked again about the status of those plans in Wave 4 (1998), Wave 6 (2002), Wave 7 (2004), Wave 8 (2006), Wave 9 (2008), and again in Wave 10 (2010). The round up in later waves also covered pension

² Previous jobs include jobs classified as ‘previous pension jobs’ in the first interview wave as well as jobs that were held in the first or subsequent waves, but were left after that.

jobs left since the last round up. As long as the reports show that a respondent's claim on a plan continues to be active, or in other word, s/he is expecting some benefits in the future and not receiving benefits at the time of the survey or has an account left to accumulate, the respondent is asked about the status of that plan. We then refer to that pension as a "dormant pension".

The updated pension sequences in Waves 3 (1996) to 9 (2008) are similar. However, in the 2010 survey this sequence is revised. In earlier waves, respondents were asked follow-up questions about up to four specific dormant pension plan types that were preloaded. That is, plan types were included in the preloads and follow-up questions were specific to a particular DB or DC plan. In Wave 10, the sequence is different in two ways. A) There is a base question asking the respondent if s/he has any of the preloaded dormant pension plans. B) If yes, they are asked about its type/name. The plan type is not preloaded for Wave 10.

In this project, we used the information from those sequences to update pension wealth values noted above in items B and C.

E) Finally, the pension preload data is used to identify dormant pensions and their corresponding jobs that have updated information in the updated pension sequence. Each record in the preload data file identifies respondents who have one or more dormant plan(s). The preload indicates each dormant pension's plan type, the start and end date of the job that plan belongs to, and the interview date when the dormant plan was initially reported. Each respondent may have records for up to four dormant plans.

The preload data files were prepared for the first time for Wave 3 (1996) interviews, and then for subsequent waves, except Wave 5 (2000). The Wave 3 preload

includes dormant plans from last and previous pension jobs, as reported in Sections G and H of Waves 1 and 2. The preload data file for Wave 4 includes updated Wave 3 preloads³ and any new dormant plans from Sections GG and/or GH of Wave 3. The Wave 6 preload data file includes updated preloads from Wave 4, and new dormant plans reported in the GG and GH sections of Waves 4 and 5. It also includes dormant plans from terminated jobs reported in Waves 2, 3, 4, and 5. Preload data files from Waves 7, 8, 9, and 10 include updated preloads from Waves 6, 7, 8, and 9 and any new dormant plans reported in Waves 6, 7, 8, and 9, respectively.

Limitation of the preload data files:

- 1- The preload data for Wave 3 does not include dormant plans from terminated⁴ jobs reported in Wave 2.
- 2- The preload data for Wave 4 does not include dormant plans from terminated jobs reported in Wave 2 and Wave 3.
- 3- In Wave 5, the preload data file was not available.
- 4- In Wave 6, about half of the preload data was transferred to the field for the interview. That is, about half of the respondents with dormant plans were asked the questions in the updated pension sequence in Wave 6.

In summary, within each wave, respondents may be covered by one or more current pension plans and have one or more previous pension plans from former employers that have remained dormant. In some survey waves, there are explicit follow-up questions about these pensions. In waves where no questions are asked about old pensions from previous employers that were last reported as dormant, the pension information from the last wave is brought

³ Updated Wave 3 preloads exclude dormant plans that were cashed out in Wave 3.

⁴ Terminated jobs are those jobs that were current in the respondent's previous interview, but were terminated before the current interview date.

forward, or it is updated based on subsequent data where in some future wave there is a retrospective report as to when the old pension transitioned into pay status, rolled over into an IRA, converted to an annuity, or cashed out.

Procedure

Updating pension wealth values in each wave involves several steps. We start by identifying dormant DB and/or DC plans reported in each interview wave. We calculate annual expected future benefits for dormant DB plans. We impute for missing, don't know, or refused responses for annual expected benefits and for DC account balances. We construct the present discounted value of DB plans with an expected future benefit in each wave. We then use the information collected in the updated pension sequences in subsequent waves to update the values of those dormant plans. This step involves matching the information from updated pension sequences with dormant plans from previously held jobs. We use the start and end dates of respondents' previous jobs and match them with the start and end dates in the preload data files. Upon matching the dates we take the information from the updated pension sequence to revise the status and the value of the corresponding dormant plan.

The updated values in each wave depend on the action respondents have taken since their initial report of a dormant plan. If respondents report they are still expecting future benefits or receiving benefits now, their DB value gets updated. If they report received cash settlements, rolled over into an IRA, lost the plan, record inaccurate, did not know or refused to respond; their DB value gets updated with a zero value in the wave the change in plan status was reported and in later waves. When respondents with a dormant DC plan report they still have the account, its value gets updated. When respondents reported they withdrew their account, converted their account to an annuity, rolled it over into an IRA, transferred it to new employer, lost the account,

record inaccurate, don't know, or refused to respond, their DC balance is set to zero in the wave the change was reported and in subsequent waves.

The present values of DB benefits and DC accounts in some of the earlier waves may also be affected by those actions, depending on the date the action took place. There are three situations where a report of an action in a wave may or may not affect the updated values of a dormant plan in an earlier wave.

- a) When the date that an action took place is available and it does not contradict a respondent's earlier report, we update the value of the dormant pension accordingly. For example, if a respondent reported a dormant DC in Wave 1 and then in Wave 4 s/he reported cashing out that account in 1994, we update (convert it to zero) that dormant DC account in Wave 2 and later waves.
- b) When the date the action was taken contradicts the respondent's initial report, i.e., if it is before the date that a dormant plan was reported, we keep the initial report intact in the wave that it was reported. But we update the plan's value in the following waves. For example, consider a respondent who reported a dormant DC plan in Wave 1, but then in Wave 3 s/he reported that s/he converted that account to an annuity on a date prior to the date Wave 1 was administered. In such a case we do not update the reported DC account balance in Wave 1. But we update the value to zero in Wave 2 and later waves.
- c) The third situation is when the dates are not available. In such cases the updates are made as of the wave the updates were reported. The update does not affect earlier waves. For example, suppose a respondent had reported a dormant DB plan in Wave 1. But in Wave 3 when s/he was asked about the fate of that DB plan in the updated pension sequence, s/he reported s/he received a cash settlement. If the respondent did not know or was unwilling to

report the date s/he received the cash settlement, we update the value of that dormant DB plan in Wave 3 and later waves. The DB values in Waves 1 and 2 are not changed.

How Updated?

DB Plans: In the updated pension sequences in Waves 3 (1996), 4 (1998), 6 (2002), 7 (2004), 8 (2006), 9 (2008), and 10 (2010)⁵, respondents with a dormant DB plan are asked a set of follow-up questions⁶ asking about the fate of that plan since they last reported about or updated the information⁷. A respondent may report either still expecting future benefits, receiving benefits now, received a cash settlement, lost benefits, record inaccurate, did not know or refused to report if or how his/her DB plan is disposed of. The updating scheme for the dormant DB plan varies depending on the action and the date a respondent has taken in each wave. If a respondent reported in Wave 3 that s/he is still expecting future benefits, her/his DB value gets an updated value in Waves 2 and 3. The respondent will again be asked about the fate of the pension in a later interview wave. If the report indicates that the plan has gone into pay status, its present value gets updated⁸ accordingly. If the respondent reports having cashed out the plan, lost the benefit, doesn't know or refuses in any of the updated pension sequences, the value of that plan is updated with a zero in the wave that the action was reported and also in later

⁵ In Wave 10 (2010), the question about the fate of dormant DB and DC plans is combined in one question. The wording of the question and its possible responses are modified to apply to both DB and DC plans.

⁶ The wording of the question in wave 4:
J192-[FIRST/SECOND] PENSION.

Our records show that as of 4 years ago, in [1994, 1995]), you were expecting future benefits from a job (at *PREVIOUS WAVE EMPLOYER FOR [FIRST/SECOND] PENSION*) where you worked from approximately *JOB START YEAR* until *JOB END YEAR*.

Are you still expecting future benefits, are you receiving benefits now, did you receive a cash settlement, have you lost your benefits, or what?

⁷ In Wave 10 (2010), the question about the fate of dormant DB and DC plans is combined in one question. The wording of the question and its possible responses are modified to apply to both DB and DC plans.

⁸ It is assumed that the benefit is a life-time benefit. Consequently, the respondent would not be asked about that plan in later waves. However, the present value of the remaining benefits from that plan in later waves is calculated and included in the respondents' pension wealth in those waves.

waves. If the respondent was not preloaded as having a dormant DB plan in a wave even though there was one, the status and the value of that DB plan depends on the information acquired through the updated pension sequences in a subsequent wave. If the information indicates the plan is still dormant (still expecting future benefits/still expecting regular benefits in the future), its value gets updated in that wave and the respondent will again be asked about the fate of that plan in later interviews. Alternatively, if the information indicates that the benefit was cashed out or lost, the pension value gets updated with a zero according to the date the plan was cashed out.

In brief, a respondent with a dormant DB plan is asked about the fate of that plan as long as it stays dormant (still expecting future benefits). Its present value is adjusted in each wave using a 5.8% discount rate. Once the respondent reports the plan has gone into pay status, the plan value is updated by the present value of that reported benefit. If and when a report is received that the plan was cashed out, from the relevant date reported and into the future, plan value is taken to be zero. When respondents have dormant plans, but updated information is not collected in a particular wave because the appropriate data was not preloaded for the updated pension sequence, or the respondent was not interviewed in that wave, information from an updated pension sequence in later waves is used.

DC Plans: Respondents with a dormant DC plan are asked a set of follow-up questions⁹ about the fate of that plan in the updated pension sequences in Waves 3 (1996), 4 (1998), 6 (2002), 7 (2004), 8 (2006), 9 (2008), and 10 (2010). A respondent may report still having the

⁹ Question J197 in Wave 4 states: Our records show that as of 4 years ago, in (1994/1995), you had a pension account from a job where you worked from approximately “date” until “date”. Do you still have that pension account, did you withdraw the money, roll it over into an IRA, convert the account to an annuity, or what?

STILL HAVE ACCOUNT
ROLL OVER INTO IRA
WITHDREW MONEY
CONVERT TO ANNUITY
OTHER (SPECIFY)
DK/RF

account, having rolled it over into IRA, withdrew the money, converted it to an annuity, other, or answers don't know or unwilling to respond whether or how his/her DC plan has been disposed of when he/she is asked. From Wave 6 forward, two other possible responses "Transferred to new employer" and "Records inaccurate" are added to the list of responses regarding the disposition of dormant DC plans (in J450). From Wave 6 and going forward, with the exception of "lost benefits and record inaccurate", there are follow-up questions about the date that the dormant DC account's status changed. DC values are updated according to the reported dates that an action has taken place.

For respondents who have dormant DC accounts, but in a particular wave did not have a preload for the updated pension sequence, or were not interviewed, we update their DC balances by adjusting their previous wave's balances by 5.8%.

Pension Wealth in Wave 1 (1992)

Pension wealth in Wave 1 includes pension values from current job and any dormant DB and DC plans from last or previous jobs reported by respondents in their initial interview. These values are not updated. For the observations in Wave 1 we ignore any contradiction of dates. For example if a respondent reported a dormant DB plan in Wave 1, but then in a subsequent wave reported having cashed out the plan before 1992, the contradiction in dates would be ignored. It is assumed that respondents have more accurate information about their previous pensions at a time closer to when the previous job was terminated. Thus, for Wave 1 we ignore the updated information from subsequent waves.

Pension Wealth in Wave 2 (1994)

Pension wealth in Wave 2 is updated using the information from updated pension sequences in Wave 3 and later waves. Below is a description of how DB and DC plans are updated.

DB Wealth in Wave 2

Consider how the information from the updated pension sequence in Wave 3 is used to update the present value of DB plans in Wave 2.

1. Still expecting future benefits

If the information in response to the Wave 3 preload indicates that a respondent is still expecting future benefits, the present value of his/her DB plan in Wave 2 is adjusted from the value reported in Wave 1¹⁰ by 5.8% per year between Wave 1 to Wave 2, in this case over the two year gap.

2. Receiving benefits now

For respondents who reported receiving benefits now in Wave 3, the updated DB present values include the present value of the remaining benefits as of Wave 2. Those Wave 3 respondents who reported “Receiving benefits now” in the updated pension sequence of that wave are not asked about the amount of the benefits received or when they started receiving that benefit. But they are asked “Did you tell me about these pension benefits earlier?” This question allows us to use the pension income data reported in the Assets and Income section for updating the DB values. The updating process for a dormant DB’s present value in Wave 2 depends on the response as to whether the respondent had previously mentioned this plan or not within the Wave 3 sequence.

¹⁰ Respondents who report still expecting future benefits in an updated pension sequence are not asked about the amount of their expected benefits.

- a. For those who responded “yes” when asked about having mentioned this plan before during the Wave 3 sequence, we assume the pension income reported in the Assets and Income section of Wave 3 is the annual amount of benefits from the pension in Wave 2. However, to update the pension income value for Wave 2, the start date reported for receiving the pension income must be on or before the interview date of Wave 2. If the start date for receiving the pension income is after Wave 2, that pension income would not be considered as the income from dormant plans that went into pay status in time to be counted for Wave 2. When we update DB values in Wave 3, the condition is that the start date for receiving the pension income as reported in the Assets and Income section in Wave 3 should be on or before Wave 3.
- b. For respondents who answered in response to the updated pension sequence questions keyed by the preload of Wave 3 that they had not mentioned that pension earlier in the survey, we assume they have a missing value for the amount of their benefit received even though they may have reported a pension income when they were asked about their income from retirement. We assume that the reported retirement income is from another plan. We impute an annual amount of benefits using as donors respondents who responded “yes” to the question about having mentioned the pension earlier in Wave 3, and reported a positive value for the amount of pension income. We then construct a present value of the pension income and use that constructed value for updating the present value of the corresponding DB plan in Wave 2.

3. Received Cash Settlements

If respondents reported in response to the updated pension sequence questions keyed by the preload in Wave 3 that they had received a cash settlement, they were asked when they received the settlement. If the reported date was on or before the interview date in Wave 2, DB wealth is updated, inserting a zero value in Wave 2 and later waves. Otherwise, the plan is assumed to have been dormant in Wave 2 and its value in Wave 2 is the present value of the DB plan as constructed for a plan that is still dormant as of Wave 2.

4. Lost Benefits

Those who responded to the Wave 3's updated pension sequence questions keyed by the preload that they lost their benefits are not asked when they lost them. Therefore, their DB plan gets an updated value of zero in the wave they reported it and later waves. That is, the information from Wave 3 is not applied to Wave 2. It is assumed the plan was still dormant in Wave 2 and its value is given as the present value of the DB plan as constructed for a still dormant plan in Wave 2.

5. Record Inaccurate

Respondents who report the record is inaccurate are credited with a DB value of zero in the wave they reported it. The update is not applied to any of the earlier waves. The procedure is similar to the procedure used when respondents reported they lost benefits. Thus a respondent who reported the record is inaccurate in response to the pension preload of Wave 3 will be credited with a zero value for the DB pension from Wave 3 forward, while the value in Wave 2 will still assume there is a DB pension value for the dormant plan.

6. Don't Know or Refuse

Respondents who did not know about the fate of their dormant plan or were unwilling to report it are treated the same as those who reported the record was inaccurate, or that they lost their benefits. They are assigned a value of zero in the wave they gave the don't know or refuse response to the updated pension question, in this case Wave 3. Their earlier waves' values are not affected by this report.

DC Wealth in Wave 2 (1994)

The information from the updated pension sequence questions keyed by the dormant pension preload in Wave 3 is also used to update respondents' current DC balances in Wave 2. The updating process depends on the responses to the questions in that sequence. Respondents who reported they still have their account are asked about that account's current balance¹¹ in any wave that respondents reported still have the account. The dormant DC account balance is updated with the current account balance reported in response to the wave's updated pension sequence. Unfortunately, however, 50% to 75% of the respondents with a dormant DC plan who were asked to update the information about that plan did not know its balance as of that wave's interview date or refused to report it. Since such a high rate of missing, don't know, and refuse responses would not yield meaningful imputation results, we do not impute for those cases. Instead, in such cases those account balances are updated by adjusting their previous wave's balances by 5.8% growth over the two intervening years.

1. Still Have the Account

In the updated pension sequence of Wave 3, if respondents report they still have the account, we use that information and the information from account balances reported in Wave

¹¹ Note that this situation is different from that for DB plans. When a DB plan is reported as still dormant in response to the pension preload, the respondent is not asked about the expected benefit. When a DC plan is reported as still dormant, the respondent is asked for the account balance.

1¹² to update dormant account balances in Wave 2. We update their DC balances by adjusting their Wave 1's balances by 5.8% between 1992 and 1994.

2. Withdrew the Account

Wave 3 respondents with dormant DC plans who reported they withdrew their DC balances are not asked about the date that they withdrew their balances. We assume that the action took place after Wave 2 so that the update due to withdrawals does not affect the Wave 2 balances. We update their DC balances by adjusting their Wave 1 balances by 5.8% between 1992 and 1994.

3. Rolled Over Into IRA

Respondents who reported in the updated pension sequence of Waves 3 that they rolled over their DC balances into an IRA are not asked about the date they made that choice. The updating procedure for these respondents is similar to those who reported they withdrew the account.

4. Converted to Annuity

Respondents who reported they converted their account to an annuity are asked about the date they converted that account. The updating procedure for these respondents depends on the date reported. For respondents who reported they converted the account before Wave 2's interview date, their DC balances are updated to a zero value in Wave 2 and later waves. However if the reported date is after Wave 2, or the date was not available, we update their Wave 2 DC balances by adjusting their Wave 1 balances by 5.8% per year between 1992 and 1994.

¹² DC balances from dormant DC plans from last and/or previous jobs reported in Wave 1.

5. *Other, Don't Know, and Refuse*

Respondents who reported “other” or did not know or refused to respond to the question are treated the same as those who reported they withdrew the account.

Respondents without any information in the updated pension sequence in Wave 3 (1996)

There are two groups of respondents whose dormant plans do not get updated by using the updated pension sequence in Wave 3; a) Respondents whose Wave 1 job was terminated before Wave 2. They were not included in the preload prepared for the pension sequence of Wave 3. b) Respondents who were not interviewed in Wave 3. For those cases we use the information from the updated pension sequences in Waves 4, 6, 7, 8, 9, or 10; whichever is available first. The updated pension sequence in Wave 4 is similar to the sequence in Wave 3. Therefore, the updating procedure using the updated pension sequence in Wave 4 is similar to the procedure used when updating the information in Wave 2 using the updated pension sequence from Wave 3. However, there are several differences in the updated pension sequences in Waves 6, 7, 8, 9, and 10 compared with those sequences in Waves 3 and 4. These differences are:

1. In Wave 6 going forward respondents who reported “receiving benefits now” are asked two follow-up questions¹³; the amount of the benefit and the date they started receiving benefits. We use this information for updating the DB values.

¹³ In Waves 3 and 4 respondents are not asked about the amount and the start date of the benefits. We use the retirement or pension income from the Assets and Income section.

2. In Wave 6 going forward, respondents who rolled over their DB plan to an IRA account are asked about the date they made the change. This date has an effect on the updated value of the DB plan in Wave 2 if it was on or before respondents' interview date in Wave 2.

3. From Wave 6 going forward, respondents are asked about the date that they withdrew their DC accounts and rolled them over into an IRA. The reported dates have affected the updated value of the DC plan in Wave 2 if they were on or before respondents' interview date in Wave 2.

4. From Wave 6 going forward, "transferred to new employer" is added to the list of choices that respondents had for disposing their dormant DC accounts. They are also asked about the date they made the transfer. This date has an effect on the updated value of the DB plan in Wave 2 if it was on or before respondents' interview date in Wave 2.

5. In Wave 8, "received/receiving installments" was added to the list of choices that respondents had for disposing their dormant DC accounts. They are not asked about the date that they received the installments. This date has no effect on the updated value of the DC plan in Wave 2.

6. In Wave 10, the disposition question and the question about the fate of dormant DB and DC plans are combined in one question. The wording of the question and its possible responses are modified. The question and responses are applicable to both plans.

7. In Wave 10, respondents who reported "still expecting regular benefits in the future" are asked about their expected amount of benefits as a percent of their pay or as an amount per month or year. This question was not asked in the updated pension sequences in earlier waves.

Pension Wealth in Wave 3 (1996)

Pension wealth in Wave 3 is updated using the same procedures described above for updating pension wealth in Wave 2. We start with the information from the updated pension sequence in Wave 3 for updating dormant DB values and DC account balances. When appropriate we update pension values from Wave 2. We apply the dates reported for particular actions together with the interview dates in Wave 3 in the updating process.

Respondents who were not interviewed in Wave 3 or were not preloaded for Wave 3's updated pension sequence have their DB values and DC account balances updated with information from the updated pension sequences in Wave 4, 6, 7, 8, 9, or 10; whichever is available first.

Pension Wealth in Wave 4 (1998)

The updating procedure for pension wealth in Wave 4 is similar to the updating procedure in Wave 3. We start with the information from the updated pension sequence keyed by the preload for the old pension plans in Wave 4. We update DB and DC values from dormant plans based on the dates reported by particular actions considering the interview dates in Wave 4.

Respondents who were not interviewed in Wave 4 or were not preloaded for Wave's 4 updated pension sequence have their DB values and DC account balances updated by using the information from the updated pension sequences in Wave 6, 7, 8, 9, or 10; whichever was first available.

Pension Wealth in Wave 5 (2000)

The updated pension sequence was not administered in Wave 5. For updating respondents' pension wealth in Wave 5, we use the information from the updated pension sequence in Wave 6. The procedure is similar to the procedure we use for constructing the pension wealth in Wave 4.

Respondents who were not interviewed in Wave 6 or were not preloaded for Wave's 6 updated pension sequence have their DB values and DC account balances updated with the information from the updated pension sequences in Wave 7, 8, 9, or 10; whichever was available first.

Pension Wealth in Wave 6 (2002)

For updating respondents' pension wealth in Wave 6, we use the information from the updated pension sequence in Wave 6. The procedure is similar to the procedure we use for constructing the pension wealth outcomes for Wave 5.

For respondents who were not interviewed in Wave 6 or were not preloaded for Wave 6's updated pension sequence, their DB values and DC account balances get updated by using the information from updated pension sequences in Wave 7, 8, 9, or 10; whichever was available first.

Pension Wealth in Wave 7 (2004)

The procedure for updating respondents' pension wealth in Wave 7 is similar to the procedure we use for updating pension wealth in Wave 6. We use the information from the updated pension sequence in Wave 7. We apply the dates of choices made coordinated with respondents' interview dates in Wave 7. The procedure is similar to the procedure we use for constructing the pension wealth in Wave 6.

For respondents who were not interviewed in Wave 7 or were not preloaded for Wave's 7 updated pension sequence, their DB values and DC account balances get updated by using the information from the updated pension sequence in Wave 8, 9, or 10.

Pension Wealth in Wave 8 (2006)

We use the information from the updated pension sequence in Wave 8. The procedure for updating respondents' pension wealth in Wave 8 is similar to the procedure we use for updating pension wealth in Wave 7. We apply the dates of choices made coordinated with respondents' interview dates in Wave 8.

For respondents who were not interviewed in Wave 8 or were not preloaded for Wave's 8 updated pension sequence, their DB values and DC account balances get updated by using the information from the updated pension sequence in Wave 9 or 10.

Pension Wealth in Wave 9 (2008)

We use the information from the updated pension sequence in Wave 9. The procedure for updating respondents' pension wealth in Wave 9 is similar to the procedure we use for updating pension wealth in Wave 8. We apply the dates of choices made and coordinate them with respondents' interview dates in Wave 9.

For respondents who were not interviewed in Wave 9 or were not preloaded for Wave's 8 updated pension sequence, their DB values and DC account balances get updated by using the information from the updated pension sequence in Wave 10.

Three additional constructed wealth variables in 2008 and 2010

In the 2008 and 2010 surveys, the sequence for identifying pension plan type from current job is revised. Respondents were asked if they can name their pension plan type. If not, they were given a list of plan types such as 401k, 403b, profit sharing, defined benefit, defined contribution, etc. to select from. As in sequences from past waves, they were also asked whether their plan is Type A or Type B. The follow-up questions for each plan depend on whether respondents consistently identify their pension plan types by name and/or whether they are Type A or Type B. For example, respondents who reported a 401k and type B are assumed to be

knowledgeable about their pension plan. They are only asked follow-up questions about a DC plan. They are not asked specific questions about a DB plan. However, respondents who inconsistently reported their plan name and whether it is Type A or B (e.g., responded their plan was a 401k and it was Type A) are asked follow-up questions designed for both DB and DC plans. These respondents are asked about their expected future benefits (a DB question) and also account balances (a DC question). When respondents were inconsistent in reporting their pension plan name and whether it is Type A or B, we used the reported plan name as the indicator of the plan type. For respondents who were unable or unwilling to name their pension plan, we used the information from the Type A/Type B question.

We have constructed two sets of pension wealth variables for the 2008 and 2010 survey years. First set; includes constructed DB and DC wealth from current job based only on the plan type (type A, B, or AB) question. This set is consistent with values constructed for previous survey waves. In the second set, we use the information provided in the plan name and Type A/B questions to identify pension plans. We construct the pension wealth values from current job and the total wealth in 2008 and 2010. The name of constructed variables in this set is the same as in the names in the first set with an ‘n’ preceding the names.

Pension Wealth in Wave 10 (2010)

We use the information from the updated pension sequence in Wave 10. The procedure for updating respondents’ pension wealth in Wave 10 is similar to the procedure we use for updating pension wealth in Wave 9. We apply the dates of choices made coordinated with respondents’ interview dates in Wave 10.

List of Updated Pension Wealth Data Files

Updated Pension Wealth Data Files report separately DB wealth, DC wealth, and total pension wealth, as the sum of the two. Pension wealth levels reported in this project are updated using information from the updated pension sequence, based on responses to questions keyed by the pension preload. There are eight data files, one for each of the eight survey years covered, Wave 1 to Wave 8. They are as follows:

1. PenWlth_w1:

This data file reports separately DB wealth and DC wealth from respondent's current job and their total, and similarly from last and/or previous jobs, and their total as reported in Wave 1. DB wealth from current job (Cur_DBwlth1) includes the prorated present discounted value of expected future benefits from the respondent's most important DB plan on their current job. DC wealth from current job (Cur_DCwlth1) includes the sum of all DC account balances from respondent's current job. DB wealth from respondents' last and previous jobs (Prv_DBwlth1) includes present discounted value of expected future benefits for respondents with a dormant DB plan and present discounted value of remaining benefits as of Wave 1 for plans in pay status. DC wealth from respondents' last and/or previous job (Prv_DCwlth1) includes the sum of current account balances from those jobs. Pension wealth variable (Penwlth1) is the sum of current and previous DB and DC values. Values for Wave 1 are not updated from the values reported at the time of the first wave even if information collected in the updated pension sequence of some future wave provides conflicting information.

2. UPenWlth_w2:

This data file includes DB and DC wealth from respondent's current job in Wave 2, from last and/or previous jobs, and pension wealth in Wave 2. Constructed variables include:

Cur_DBwlth2: DB wealth from current job includes respondent's prorated present discounted value of expected future benefits from the most important DB plan from their current job in Wave 2.

Cur_DCwlth2: DC wealth from current job includes the sum of all DC account balances from respondent's current job in Wave 2.

UPrv_DBwlth2: DB wealth from respondent's last and previous jobs reported in Wave 1 and from jobs terminated between Wave 1 and Wave 2. The reported value includes the updated present discounted value of expected future benefits for respondents with a dormant DB plan and present discounted value of remaining benefits as of Wave 2 for plans in pay status.

UPrv_DCwlth2: DC wealth from respondents' last and/or previous jobs includes the sum of updated account balances from respondents' last and previous jobs reported in Wave 1 and from jobs terminated between Wave 1 and Wave 2.

UPenwlth2: Pension wealth variable is the sum of pension wealth from plans on current jobs and updated DB and DC values from previous jobs as of Wave 2.

3. **UPenWlth_w3:**

This data file includes DB and DC wealth from respondents' current jobs, from last and/or previous jobs, and the sum of pension wealth from these sources as of Wave 3.

Constructed variables include:

Cur_DBwlth3: DB wealth from current job includes respondent's prorated present discounted value of expected future benefits from the most important DB plan from their current job in Wave 3.

Cur_DCwlth3: DC wealth from current job includes the sum of all DC account balances from respondent's current job in Wave 3.

UPrv_DBwlth3: DB wealth from respondent's last and previous jobs reported in Wave 1 and from jobs terminated between Wave 1 and Wave 2 and between Wave 2 and Wave 3. It includes the updated present discounted value of expected future benefits for respondents with a dormant DB plan and present discounted value of remaining benefits as of Wave 3 for plans in pay status from those jobs.

UPrv_DCwlth3: DC wealth from respondent's last and/or previous job includes the sum of updated account balances from respondents' last and previous jobs reported in Wave 1 and from jobs terminated between Wave 1 and Wave 2 and Wave 2 and Wave 3.

UPenwlth3: Pension wealth variable is the sum of pension wealth from plans on current jobs and updated DB and DC values from previous jobs as of Wave 3.

4. **UPenWlth_w4:**

This data file includes DB and DC wealth from respondents' current jobs, from last and/or previous jobs, and the sum of pension wealth from these sources as of Wave 4.

Constructed variables include:

Cur_DBwlth4: DB wealth from current job includes respondent's prorated present discounted value of expected future benefits from the most important DB plan from their current job in Wave 4.

Cur_DCwlth4: DC wealth from current job includes the sum of all DC account balances from respondent's current job in Wave 4.

UPrv_DBwlth4: DB wealth from respondent's last and previous jobs reported in Wave 1 (for the HRS cohort) or in Wave 4 (for the WB cohort) and from jobs terminated after their initial interview. It includes the updated present discounted value of expected future benefits for respondents with a dormant DB plan and present discounted value of remaining benefits as of Wave 4 for plans in pay status from those jobs.

UPrv_DCwlth4: DC wealth from respondent's last and/or previous job includes the sum of updated account balances from respondents' last and previous jobs reported in Wave 1 (for the HRS cohort) or in Wave 4 (for the WB cohort) and from jobs terminated between Wave 1 and Wave 2, Wave 2 and Wave 3, and Wave 3 and Wave 4.

UPenwlth4: Pension wealth variable is the sum of pension wealth from plans on current jobs and updated DB and DC values from previous jobs as of Wave 4.

5. **UPenWlth_w5:**

This data file includes DB and DC wealth from respondent's current jobs, from last and/or previous jobs, and the sum of pension wealth from these sources as of Wave 5.

Constructed variables include:

Cur_DBwlth5: DB wealth from current job includes respondent's prorated present discounted value of expected future benefits from the most important DB plan from their current job in Wave 5.

Cur_DCwlth5: DC wealth from current job includes the sum of all DC account balances from respondent's current job in Wave 5.

UPrv_DBwlth5: This constructed variable includes DB wealth from respondents' last and previous jobs reported in Wave 1 (for the HRS cohort) or in Wave 4 (for the WB cohort) and from jobs terminated after respondents' initial interview. It includes the updated present discounted value of expected future benefits for respondents with a dormant DB plan and present discounted value of remaining benefits as of Wave 5 for plans in pay status from those jobs.

UPrv_DCwlth5: DC wealth from respondent's last and/or previous job includes the sum of updated account balances from respondents' last and previous jobs reported in Wave 1 (for the HRS cohort) or in Wave 4 (for the WB cohort) and from jobs terminated after respondents' first interview.

UPenwlth5: Pension wealth variable is the sum of pension wealth from plans on current jobs and updated DB and DC values from previous jobs as of Wave 5.

6. **UPenWlth_w6:**

This data file includes DB and DC wealth from respondents' current jobs, from last and/or previous jobs, and the sum of pension wealth from these sources as of Wave 6.

Constructed variables include:

Cur_DBwlth6: DB wealth from current job includes respondent's prorated present discounted value of expected future benefits from the most important DB plan and present discounted value of remaining benefits as of Wave 10 for plans in pay status from their current job in Wave 6.

Cur_DCwlth6: DC wealth from current job includes the sum of all DC account balances from respondent's current job in Wave 6.

UPrv_DBwlth6: This constructed variable includes DB wealth from respondents' last and previous jobs reported in Wave 1 (for the HRS cohort) or in Wave 4 (for the WB cohort) and from jobs terminated after respondents' initial interview. It includes the updated present discounted value of expected future benefits for respondents with a dormant DB plan and present discounted value of remaining benefits as of Wave 6 for plans in pay status from those jobs.

UPrv_DCwlth6: DC wealth from respondent's last and/or previous job includes the sum of updated account balances from respondents' last and previous jobs reported in Wave 1 (for the HRS cohort) or in Wave 4 (for the WB cohort) and from jobs terminated after respondents' first interview.

UPenwlth6: Pension wealth variable is the sum of pension wealth from plans on current jobs and updated DB and DC values from previous jobs as of Wave 6.

7. UPenWlth_w7:

This data file includes DB and DC wealth from respondents' current jobs, from last and/or previous jobs, and the sum of pension wealth from these sources as of Wave 7.

Constructed variables include:

Cur_DBwlth7: DB wealth from current job includes respondent's prorated present discounted value of expected future benefits from the most important DB plan and present discounted value of remaining benefits as of Wave 7 for plans in pay status from their current job in Wave 7.

Cur_DCwlth7: DC wealth from current job includes the sum of all DC account balances from respondent's current job in Wave 7.

UPrv_DBwlth7: This constructed variable includes DB wealth from respondents' last and previous jobs reported in Wave 1 (for the HRS cohort) or in Wave 4 (for the WB cohort), or Wave 7 (for the EB cohort), and from jobs terminated after respondents' initial interview. It includes the updated present discounted value of expected future benefits for respondents with a dormant DB plan and present discounted value of remaining benefits as of Wave 7 for plans in pay status from those jobs.

UPrv_DCwlth7: DC wealth from respondent's last and/or previous job includes the sum of updated account balances from respondents' last and previous jobs reported in Wave 1 (for the HRS cohort) or in Wave 4 (for the WB cohort), or Wave 7 (for the EB cohort), and from jobs terminated after respondents' first interview.

UPenwlth7: Pension wealth variable is the sum of pension wealth from plans on current jobs and updated DB and DC values from previous jobs as of Wave 7.

8. UPenWlth_w8:

This data file includes DB and DC wealth from respondents' current jobs, from last and/or previous jobs, and the sum of pension wealth from these sources as of Wave 8.

Constructed variables include:

Cur_DBwlth8: DB wealth from current job includes respondent's prorated present discounted value of expected future benefits from the most important DB plan and present discounted value of remaining benefits as of Wave 8 for plans in pay status from their current job in Wave 8.

Cur_DCwlth8: DC wealth from current job includes the sum of all DC account balances from respondent's current job in Wave 8.

UPrv_DBwlth8: This constructed variable includes DB wealth from respondents' last and previous jobs reported in Wave 1 (for the HRS cohort), in Wave 4 (for the WB cohort), or Wave 7 (for the EB cohort), and from jobs terminated after respondents' initial interview. It includes the updated present discounted value of expected future benefits for respondents with a dormant DB plan and present discounted value of remaining benefits as of Wave 8 for plans in pay status from those jobs.

UPrv_DCwlth8: DC wealth from respondent's last and/or previous job includes the sum of updated account balances from respondents' last and previous jobs reported in Wave 1 (for the HRS cohort) or in Wave 4 (for the WB cohort), or Wave 7 (for the EB cohort), and from jobs terminated after respondents' first interview.

UPenwlth8: Pension wealth variable is the sum of pension wealth from plans on current jobs and updated DB and DC values from previous jobs as of Wave 8.

9. UPenWlth_w9:

This data file includes DB and DC wealth from respondents' current jobs, from last and/or previous jobs, and the sum of pension wealth from these sources as of Wave 9. There are two set of constructed variables. One set includes pension wealth based on information respondents provided when identifying plans in response to the plan type question (type A, B, or AB). In the second set, the wealth is constructed based on the information from plan names as well as the plan type A/B questions.

First set:

Cur_DBwlth9: DB wealth from current job includes respondent's prorated present discounted value of expected future benefits from the most important DB plan and present

discounted value of remaining benefits as of Wave 9 for plans in pay status from their current job in Wave 9. The DB plan type is identified based on the respondent's report that the plan is Type A or AB.

Cur_DCwlth9: DC wealth from current job includes the sum of all DC account balances from respondent's current job in Wave 9. The DC plan type is identified based on the respondent's report that the plan type is type B or AB.

UPrv_DBwlth9: This constructed variable includes DB wealth from respondents' last and previous jobs reported in Wave 1 (for the HRS cohort), in Wave 4 (for the WB cohort), or Wave 7 (for the EB cohort), and from jobs terminated after respondents' initial interview. It includes the updated present discounted value of expected future benefits for respondents with a dormant DB plan and present discounted value of remaining benefits as of Wave 9 for plans in pay status from those jobs.

UPrv_DCwlth9: DC wealth from respondent's last and/or previous job includes the sum of updated account balances from respondents' last and previous jobs reported in Wave 1 (for the HRS cohort) or in Wave 4 (for the WB cohort), or Wave 7 (for the EB cohort), and from jobs terminated after respondents' first interview.

UPenwlth9: Pension wealth variable is the sum of pension wealth from plans on current jobs and updated DB and DC values from previous jobs as of Wave 9.

Second set:

nCur_DBwlth9: DB wealth from current job is constructed similar to the DB wealth in the first set. The difference is that DB plans are identified by a combination of plan names and whether the plan is Type A or B as described earlier on page 24.

nCur_DCwlth9: DC wealth from current job is constructed similar to the DC wealth in the first set. The difference is that DC plans are identified by a combination of plan names and whether the plan is reported as Type A or B as described earlier on page 24.

nUPenwlth9: Pension wealth variable is the sum of pension wealth from plans on current jobs ('nCur_DBwlth9' and 'nCur_DCwlth9') and updated DB and DC values from previous jobs as of Wave 9.

10. UPenWlth_w10:

This data file includes DB and DC wealth from respondents' current jobs, from last and/previous jobs, and the sum of pension wealth from these sources as of Wave 10. There are two set of constructed variables. One set includes pension wealth based on identifying plans by whether the plan is Type A, B, or AB. In the second set, the wealth is constructed based on the information from plan names and whether the plan is Type A, B, or AB.

First set:

Cur_DBwlth10: DB wealth from current job includes respondent's prorated present discounted value of expected future benefits from the most important DB plan and present discounted value of remaining benefits as of Wave 10 for plans in pay status from their current job in Wave 10. DB plans are identified by the information from their plan type question. We constructed DB wealth if the plan type is reported as Type A or AB.

Cur_DCwlth10: DC wealth from current job includes the sum of all DC account balances from respondent's current job in Wave 10. DC plans are identified by the information from their plan type question. We constructed DC wealth if the plan type is reported as Type B or AB.

UPrv_DBwlth10: This constructed variable includes DB wealth from respondent's last and previous jobs reported in Wave 1 (for the HRS cohort), in Wave 4 (for the WB cohort), or Wave 7 (for the EB cohort), and from jobs terminated after respondents' initial interview. It includes the updated present discounted value of expected future benefits for respondents with a dormant DB plan and present discounted value of remaining benefits as of Wave 10 for plans in pay status from those jobs.

UPrv_DCwlth10: DC wealth from respondent's last and/or previous job includes the sum of updated account balances from respondents' last and previous jobs reported in Wave 1 (for the HRS cohort) or in Wave 4 (for the WB cohort), or Wave 7 (for the EB cohort), and from jobs terminated after respondents' first interview.

UPenwlth10: Pension wealth variable is the sum of pension wealth from plans on current jobs and updated DB and DC values from previous jobs as of Wave 10.

Second set:

nCur_DBwlth10: DB wealth from current job is constructed similar to the DB wealth in the first set. The difference is that DB plans are identified by a combination of plan names and whether the plan is reported as Type A or B as described earlier on page 24.

nCur_DCwlth10: DC wealth from current job is constructed similar to the DC wealth in the first set. The difference is that DC plans are identified by a combination of plan names and whether the plan is reported as Type A or B as described earlier on page 24.

nUPenwlth10: Pension wealth variable is the sum of pension wealth from plans on current jobs ('nCur_DBwlth10' and 'nCur_DCwlth10') and updated previous DB and DC values as of Wave 10.