

Table 17. Traditional defined benefit plans: Early retirement reductions,¹ private industry workers, 2019

(All workers participating in traditional defined benefit plans with early retirement = 100 percent)

Characteristics	Flat percent per year reduction ²	Reduction varies by age or service ³	Actuarial reduction ⁴	Other reduction ⁵	Not determinable
Worker characteristics					
All workers	59	31	6	—	—
Management, professional, and related	51	34	11	—	—
Management, business, and financial	55	35	8	—	—
Professional and related	48	34	—	—	3
Sales and office	54	41	—	—	—
Sales and related	68	—	—	—	—
Office and administrative support	48	49	—	—	—
Natural resources, construction, and maintenance	49	41	—	—	7
Construction, extraction, farming, fishing, and forestry	52	—	—	—	9
Installation, maintenance, and repair	43	49	—	—	—
Production, transportation, and material moving	75	18	—	—	—
Production	67	—	—	—	—
Transportation and material moving	79	—	—	—	—
Full time	56	33	7	—	—
Part time	80	—	—	—	—
Union	66	28	—	—	3
Nonunion	50	36	10	—	—
Average wage within the following categories ⁶ :					
Second 25 percent	63	25	—	—	—
Third 25 percent	56	37	5	—	—
Highest 25 percent	56	33	7	—	—
Highest 10 percent	51	36	—	—	3
Establishment characteristics					
Goods-producing industries	63	21	—	—	3
Manufacturing	67	12	—	—	—
Service-providing industries	57	38	—	—	1
Trade, transportation, and utilities	69	29	—	—	(⁷)
Transportation and warehousing	81	—	—	—	—
Utilities	26	62	—	—	1
Financial activities	58	35	—	—	—
Finance and insurance	55	38	—	—	—
Credit intermediation and related activities ..	47	—	—	—	—
Insurance carriers and related activities	54	40	—	—	—
Education and health services	37	47	—	—	4
Educational services	—	—	—	—	16
Junior colleges, colleges, and universities ...	26	45	—	—	—
Health care and social assistance	39	55	—	—	—

See footnotes at end of table.

Table 17. Traditional defined benefit plans: Early retirement reductions,¹ private industry workers, 2019—continued

(All workers participating in traditional defined benefit plans with early retirement = 100 percent)

Characteristics	Flat percent per year reduction ²	Reduction varies by age or service ³	Actuarial reduction ⁴	Other reduction ⁵	Not determinable
1 to 99 workers	57	28	—	—	6
1 to 49 workers	54	—	—	—	11
50 to 99 workers	60	—	—	—	—
100 workers or more	60	32	6	—	—
100 to 499 workers	71	22	—	—	1
500 workers or more	53	38	6	—	—
Geographic areas					
Northeast	67	—	—	—	4
New England	56	—	—	—	5
Middle Atlantic	70	—	—	—	4
South	66	19	—	—	—
South Atlantic	65	22	—	—	—
West South Central	80	—	—	—	—
Midwest	61	34	—	—	(⁷)
East North Central	57	38	—	—	(⁷)
West North Central	92	—	—	—	—
West	34	52	—	—	3
Pacific	—	54	—	—	4

¹ Early retirement is the age, length of service, or combination of age and length of service, requirements at which plan participants may retire and receive all accrued benefits, minus a reduction or penalty.

² Formerly uniform reduction and reflects a reduction in the benefit amount for each year by which early retirement precedes normal retirement. In specific cases, flat percent per year reductions may approximate actuarial reductions, such as early retirement at age 55 with a reduction of 6 percent per year between age 55 and the plan's normal retirement age of 62.

³ The rate of reduction is held constant within age brackets, but differs among brackets, sometimes in approximation of an actuarial table. For example, benefits may be reduced by 6 percent for each year between age 60 and the plan's normal retirement age, and by 3 percent for each year retirement precedes age 60. Also includes some plans that reduce benefits arithmetically for each year immediately below normal retirement age and actuarially below a specified age, usually 55.

⁴ The amount of the normal retirement benefit is reduced based on actuarial assumptions, so that on average, the beneficiary receives the same total lifetime benefit regardless of retirement age.

⁵ Reduction not derived from normal retirement formula.

⁶ Surveyed occupations are classified into wage categories based on the average wage for the occupation, which may include workers with earnings both above and below the threshold. The categories were formed using percentile estimates generated using data from the National Compensation Survey publication, "Employer Costs for Employee Compensation - March 2019."

⁷ Less than 0.5.

Note: Because of rounding, sums of individual items may not equal totals. Dashes indicate that no data were reported or that data do not meet publication criteria. For definitions of major plans, key provisions, and related terms, see the "Glossary of Retirement Benefit Terms" at www.bls.gov/ncs/ebs/detailedprovisions/2019/ownership/private/glossary-retirement.htm.

Source: U.S. Bureau of Labor Statistics, National Compensation Survey.