

Table 17. Standard errors for traditional defined benefit plans: Early retirement reductions,¹ private industry workers, 2019

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	3.7	3.5	1.4	—	—
Management, professional, and related	5.4	5.1	3.0	—	—
Management, business, and financial	7.6	7.7	1.8	—	—
Professional and related	6.7	6.8	—	—	1.8
Sales and office	7.2	7.1	—	—	—
Sales and related	10.3	—	—	—	—
Office and administrative support	9.8	9.9	—	—	—
Natural resources, construction, and maintenance	10.7	10.5	—	—	4.6
Construction, extraction, farming, fishing, and forestry	13.5	—	—	—	6.1
Installation, maintenance, and repair	11.1	11.1	—	—	—
Production, transportation, and material moving	6.0	4.9	—	—	—
Production	7.7	—	—	—	—
Transportation and material moving	7.1	—	—	—	—
Full time	4.2	4.0	1.6	—	—
Part time	7.4	—	—	—	—
Union	5.5	5.6	—	—	1.6
Nonunion	5.3	5.0	2.3	—	—
Average wage within the following categories ⁶ :					
Second 25 percent	6.4	4.6	—	—	—
Third 25 percent	6.0	5.9	1.4	—	—
Highest 25 percent	5.5	5.2	2.1	—	—
Highest 10 percent	8.7	9.2	—	—	2.3
Establishment characteristics					
Goods-producing industries	6.8	5.7	—	—	2.3
Manufacturing	6.8	3.3	—	—	—
Service-providing industries	4.1	4.1	—	—	0.6
Trade, transportation, and utilities	7.0	7.3	—	—	0.1
Transportation and warehousing	11.8	—	—	—	—
Utilities	7.1	9.1	—	—	0.8
Financial activities	8.1	5.9	—	—	—
Finance and insurance	8.8	6.4	—	—	—
Credit intermediation and related activities	8.9	—	—	—	—
Insurance carriers and related activities	11.0	9.9	—	—	—
Education and health services	6.8	7.3	—	—	2.6
Educational services	—	—	—	—	10.1
Junior colleges, colleges, and universities	7.6	8.4	—	—	—
Health care and social assistance	8.1	8.2	—	—	—

See footnotes at end of table.

Table 17. Standard errors for traditional defined benefit plans: Early retirement reductions,¹ private industry workers, 2019—continued

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	7.4	7.4	—	—	3.9
1 to 49 workers	10.9	—	—	—	7.3
50 to 99 workers	8.9	—	—	—	—
100 workers or more	4.1	4.1	1.4	—	—
100 to 499 workers	7.4	6.7	—	—	1.2
500 workers or more	5.8	5.7	1.8	—	—
Geographic areas					
Northeast	7.8	—	—	—	2.7
New England	15.8	—	—	—	5.3
Middle Atlantic	9.0	—	—	—	3.1
South	7.2	4.2	—	—	—
South Atlantic	9.8	6.7	—	—	—
West South Central	7.4	—	—	—	—
Midwest	4.6	4.4	—	—	0.1
East North Central	4.9	4.8	—	—	0.2
West North Central	6.0	—	—	—	—
West	9.2	9.7	—	—	3.1
Pacific	—	10.5	—	—	3.5

¹ Reduction for each year prior to normal retirement.

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."

Note: 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.