

The Impacts of Household Characteristics on Private Pension Deduction: New Evidence from the 2013 Consumer Expenditure Survey

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This study investigated the impact of household characteristics on the amount of private pension deduction. Using the 2013 Consumer Expenditure Survey (CE), this study provides the most recent picture of household participation in private pensions in the United States. We used the CE Interview data collected between the second quarter of 2013 and the first quarter of 2014. In this study, we focused on the consumer units that own private pensions, excluding those responding with \$0 for the amount of private pension deduction. To avoid double counting in the sample, we reduced repetitive answers regarding private pension through the four interview periods; for the consumer units with more than one report through the four periods, the largest amount was included. With these exclusions, the final analytical sample is composed of 1,392. This study found that household characteristics have important effects on the likelihood of contributing to private pensions, such as family size, educational attainment, and family salary income. More specifically, results indicated that educational attainment and log of family salary income were positively associated with private pension contribution levels. Conversely, family size was negatively associated with private pension contribution levels. This study suggests an important role for both households in determining retirement savings throughout the life course and financial counselors in personal financial planning focused on private pensions. Furthermore, policymakers can legislatively apply the current findings in recognizing the importance of factors affecting household private pension decisions.

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