

401(k)s wreaking havoc on retirement

By Ben Steverman, Bloomberg

The shift from pensions to 401(k) plans is making retirement inequality much worse—and education is what separates the haves from the have-nots, a new study has found.

College graduates have always been able to get better jobs. What's new in recent decades is that traditional pensions have all but vanished, replaced by 401(k)-style plans.

In 1980, 38 percent of private sector workers had a pension and 19 percent a 401(k). By last year, according to the U.S. Department of Labor, the numbers had more or less reversed—just 15 percent had a pension and 43 percent a 401(k).

The authors analyzed surveys linked to W-2 tax data to figure out how much Americans with varying levels of education were saving in their retirement accounts.

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