

[Working Papers](#)

Longevity-Insured Retirement Distributions from Pension Plans: Market and Regulatory Issues

Jeffrey R. Brown & Mark J. Warshawsky

SHARE



WORKING PAPER 8064

DOI 10.3386/w8064

ISSUE DATE January 2001

This paper explores the extent to which retirees can and do insure themselves against longevity risk in private pension plans. We first review the theoretical and empirical results on the value of annuities, and discuss reasons why households may choose not to further insure themselves against longevity risk. We then analyze current trends in the private pension market, and find that the shift from defined benefit plans to defined contribution plans is likely to reduce annuitization rates among future retirees. This is driven primarily by the fact that the majority of DC plans, such as 401(k) plans, do not even offer participants a life annuity option at retirement. Thus, individuals who wish to annuitize generally must do so in the individual market where payouts are lower due to a healthier mortality pool. Hence, we can forecast that in the coming decades, absent institutional and regulatory changes, overall annuitization rates may fall and households

may be increasingly exposed to the risk of outliving their financial resources, while the currently small private individual annuity market may witness significant growth. Finally, we discuss several policy options designed to increase annuitization of retirement resources.

Download a PDF

[Information on access](#)

Acknowledgements and Disclosures



Download Citation



Published Versions

Gale, W., J. Shoven and M. Warshawsky (eds.) Public Policies and Private Pensions. Brookings Institution, 2004.

Related

PROGRAMS

Economics of Aging
Public Economics

More from NBER



In addition to [working papers](#), the NBER disseminates affiliates' latest findings through a range of free periodicals — the [NBER Reporter](#), the [NBER Digest](#), the [Bulletin on Retirement and Disability](#), the [Bulletin on Health](#), and the [Bulletin on Entrepreneurship](#) — as well as online conference reports, [video lectures](#), and [interviews](#).



15th Annual Martin Feldstein Lecture:

**The Next Flight of the Bumblebee:
The Path to Common Fiscal Policy
in the Eurozone**

Mario Draghi, former President, European
Central Bank and former Prime Minister, Italy
Summer Institute, 2023

2023, 15th Annual Feldstein Lecture, Mario Draghi, "The Next Flight of the Bumblebee: The Path to Common Fiscal Policy in the Eurozone"

LECTURE

Dr. Mario Draghi, who served as President of the European Central Bank and Prime Minister of Italy, presented the 2023...



Methods Lecture:

Linear Panel Event Studies

Jesse M. Shapiro, Harvard University and NBER

Liyang Sun, CEMFI

July 28, 2023

2023 Methods Lectures, Jesse Shapiro and Liyang (Sophie) Sun, "Linear Panel Event Studies"

LECTURE

Overview: Linear panel event studies are increasingly used to estimate and plot causal effects of changes in policies...



Panel Discussion:

Long-Term Dynamics of the Employment-to-Population Ratio

Karen Glenn, Social Security Administration

Stephen Goss, Social Security Administration

Nicole Maestas, Harvard University and NBER

Julie Topoleski, Congressional Budget Office

July 26, 2023



2023, SI Economics of Social Security, Panel Discussion, "Long-Term Dynamics of the Employment-to-Population Ratio"

Supported by the Alfred P. Sloan Foundation, the National Science Foundation, and the Lynde and Harry Bradley...

National Bureau of Economic Research

Contact Us

1050 Massachusetts Avenue
Cambridge, MA 02138
617-868-3900
info@nber.org
webaccessibility@nber.org

HOME PAGE

Accessibility Policy

Diversity Policy

Privacy Policy

Standards of Conduct

FOLLOW

