

Addressing Retirement Savings Inadequacy:

A Discussion of Challenges, Successes, and Opportunities across the States

June 23, 2016 1:30 PM – 4:00 PM (ET)

#PewRetirement

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Why retirement savings is important

- Longevity: additional years of life at age 65
 - 1950: 14 years
 - 2013: 19 years
- Annual cost of long term care
 - Adult day health care: \$17,904
 - Assisted living: \$43,200
 - Nursing home: \$80,300
- Median DC savings accounts for persons between the ages of 55 and 64 is approximately \$76,000.

Source: National Center for Health Statistics. Health, United States, 2014: With Special Feature on Adults Aged 55–64. Hyattsville, MD. 2015; Table 16, available at <http://www.cdc.gov/nchs/data/hus/hus14.pdf#016>.

Access and participation range

- Minimum
- Median
- Maximum



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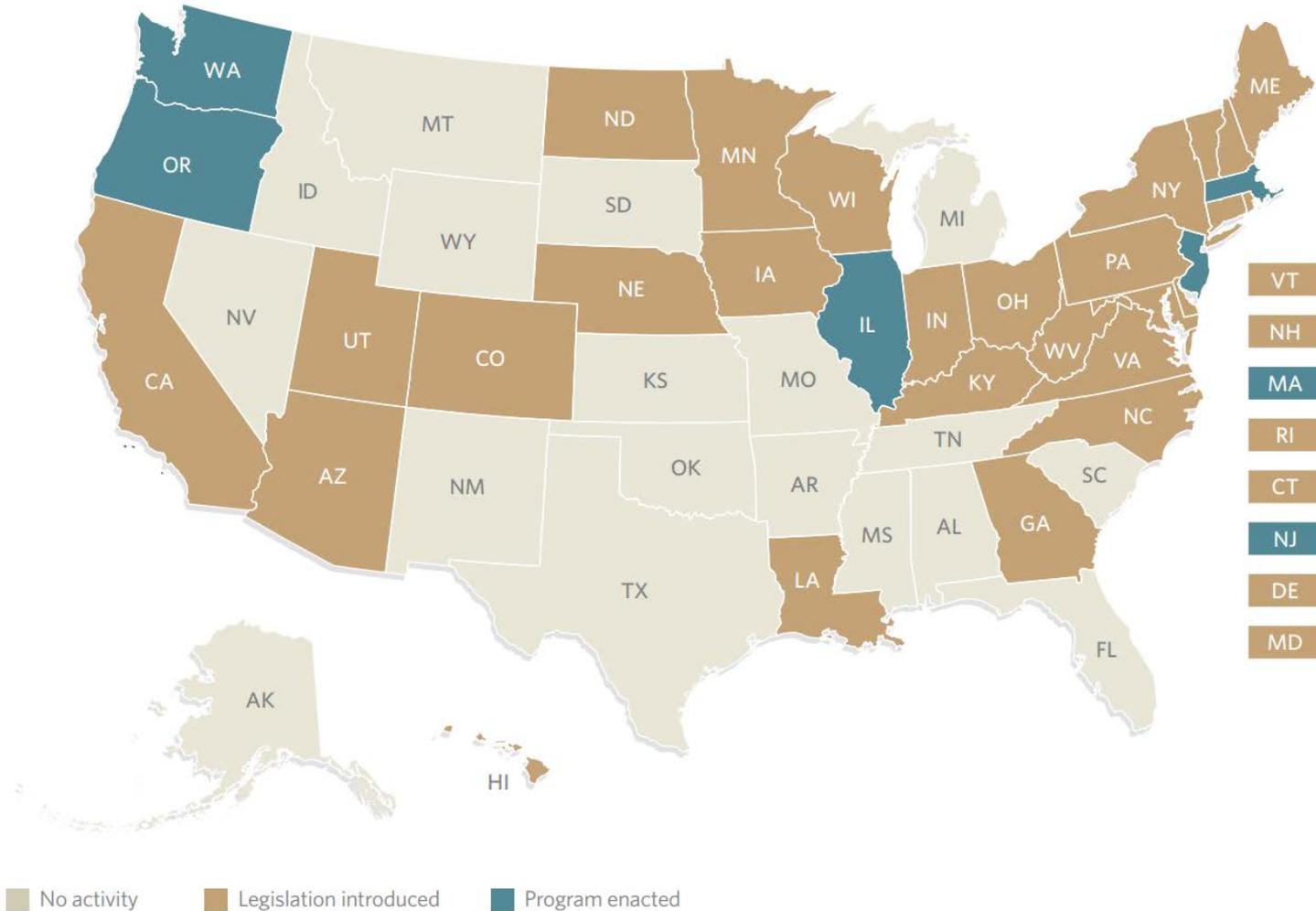
What factors can influence access and participation?

Various factors associated with access and participation, including:

- Employer size
- Industry
- Wage and salary income
- Age
- Education
- Race and ethnicity

Many of these elements vary across the states

The state policy response



3 public policy goals:

- Increasing retirement savings
- Minimizing burdens for employers
- Managing legal and financial risk for states

Tradeoffs among these goals?

Threshold Question

- ERISA or not ERISA?
- State Plan or no State Plan?

	ERISA	Not ERISA
State Plan	Prototype/MEP	Auto-IRA
No State Plan	Marketplace	X

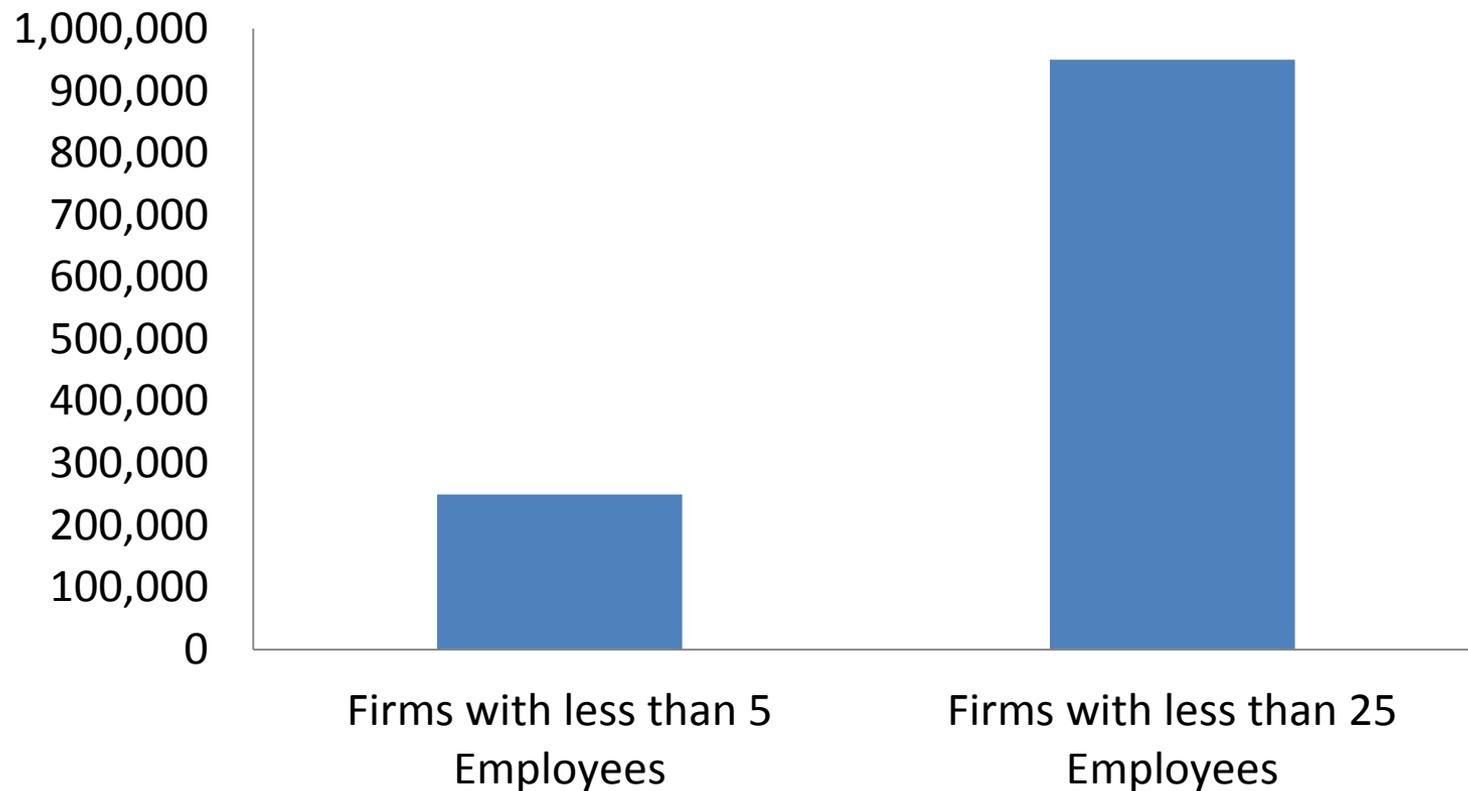
State Policy Options

- ERISA and State-sponsored Plan
 - Prototype/MEP: State as administrator/oversight
 - *Example: Massachusetts non-profits*
- Non-ERISA State-sponsored Plan
 - Payroll Deduction Auto-IRA
 - *Example: Connecticut, Illinois, Maryland and Oregon*
- ERISA and No State-sponsored Plan
 - Marketplace
 - *Example: Washington and New Jersey*

Specific choices facing policymakers, including the range of approaches to:

- Employers' participation, responsibilities, and liabilities.
- Employees' enrollment, contributions, and withdrawals.
- How contributions will be invested and savings will be protected
- How the programs will be governed and administered, including the likely costs and the potential state liabilities.

Example of policy tradeoff – threshold for employer mandate: Number of workers excluded from Illinois Secure Choice



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