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Utah Workplace Savings Program Would Help More Than a Half-Million Workers Save for a More Secure Financial Future

Retirement savings at current low levels would cost Utah taxpayers more than $1 billion in additional state spending by 2040

Overview

Retirement security depends on individuals saving for their future, but millions of Americans lack access to an employer-provided savings plan that might help them do so. Research shows that workers are 15 times more likely to save for retirement if they can set aside money through payroll deductions. But many small businesses cannot offer retirement benefits because of high startup costs and a lack of administrative capacity.

Nationally, 56 million workers—nearly half of the private sector workforce—don't have retirement benefits at their workplaces, which affects the ability of working families to plan for their financial future. The lack of access to workplace savings also affects taxpayers, as shown in a recent study by The Pew Charitable Trusts that quantified the costs of insufficient retirement savings both nationally and in Utah. Pew found that insufficient savings results in decreased household spending and increased demand for social assistance programs, placing a greater burden on a shrinking tax base.

Retirement in Utah by the numbers

- 578,504 workers—48% of the Beehive State's private sector workforce—do not have access to a retirement savings plan through their jobs.
- If the situation in Utah doesn't change, Pew estimated that inadequate retirement savings would cost the state more than $1 billion in additional spending through 2040.
- By 2040, older households without adequate retirement savings in Utah will face an average income shortfall of $2,980 per year.
- From 2021 to 2040, the ratio of older households to working-age households in Utah will increase by 50%, exacerbating the burden on Utah taxpayers.

Why state automated savings programs matter

But there's good news: Even small savings now could help offset the impact of this projected taxpayer burden of more than $1 billion. If Utah households saved an average of an additional $710 a year—about $60 a month—they could erase the taxpayer burden while ensuring themselves a decent standard of living in retirement.

To spur such savings, lawmakers in 17 states have passed legislation to create automated savings programs designed to make it easier for businesses to help workers save for retirement. In these programs—variously known as “secure choice,” “auto-IRA,” or “work and save”—employees who don’t have access to employer-based retirement benefits are automatically enrolled and begin saving in an individual retirement account (IRA) overseen by a state-approved financial services firm. Workers control their contribution level and can opt out at any time; no one is required to participate. Businesses incur no costs; they simply enroll workers and process payroll deductions. In addition, businesses can stop participating in the program at any time by adopting an employer-sponsored plan, such as a 401(k).

If Utah were to enact similar legislation, it would join California, Colorado, Connecticut, Delaware, Hawaii, Illinois, Maine, Maryland, Minnesota, Nevada, New Jersey, New York, Oregon, Rhode Island, Vermont, Virginia, and Washington in expanding retirement security for its residents. Although some of those state programs are relatively new, as of April 2025, more than 1 million funded accounts across 10 states had already amassed nearly $2 billion in assets. These workers are saving $161 per month, on average.

Benefits of a Utah automated savings program

For employees:

- Workers are automatically enrolled to start saving for their future via payroll deductions—they don’t have to do anything to sign up. But they can opt out of the program or change their contributions at any time.
- Contributions are deposited into a post-tax Roth IRA owned by the worker, who can access that money at any time with no penalty for any reason, including unexpected financial emergencies.
- The IRA moves with the worker if the person changes jobs.

For employers:

- The program is provided at no cost to employers, and setup is simple.
- Businesses enroll their workers and process payroll deductions; they are not plan sponsors and are not legally liable for the accounts. A financial services firm hired and overseen by the state handles all administration and reporting.
- Offering a retirement savings benefit helps small businesses recruit and retain workers, putting these employers on a more level playing field with larger businesses.
- An employer can start its own plan, such as a 401(k), at any time, replacing the state program. In fact, data from the first states to adopt automated savings programs shows that many employers have started their own plans since the state programs were established.

For taxpayers:

- Like the rest of the country, Utah faces the fiscal strain of an aging population. Making it easier for people to set aside even modest levels of savings during their working years will pay dividends for workers and taxpayers in the long run—and help to reduce the anticipated $1 billion increase in state spending.

The Pew Charitable Trusts

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