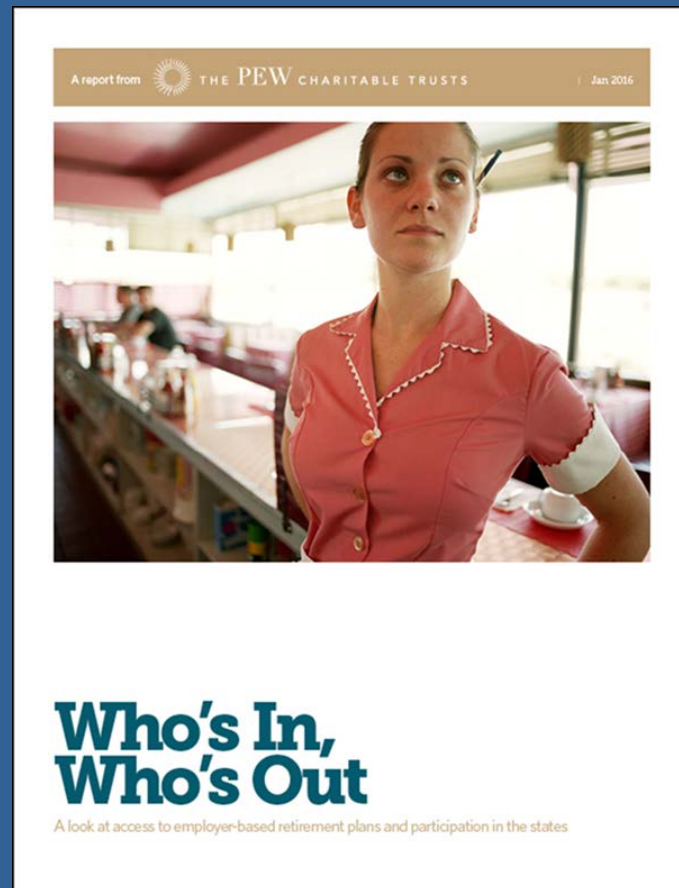


Who's In, Who's Out: National Landscape of Retirement Insecurity

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Investments & Pensions Oversight Committee
New Mexico State Legislature
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Overview

- Why saving for retirement is important
- Retirement savings: current situation
- Access to retirement plans across the states
- Factors associated with lack of access

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

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>.

Current Savings Situation

- “Rule of thumb” for retiree income: live on 4 percent of accounts per year or save 10 times their annual income.
- Median income for households between 55 and 64 is \$56,575
- Median DC savings accounts for persons between the ages of 55 and 64 is approximately \$76,000.

Current Savings Situation

- Retirement savings shortfall of \$4.13 trillion
- More than half of American households face a standard of living decline in retirement
- 56 percent of retired Americans born between 1928 and 1945 have debt
- Half of single elderly and one-third of elderly in relationships die with less than \$10,000 in assets

Sources: Employee Benefits Research Institute, “Retirement Savings Shortfalls: Evidence from EBRI’s Retirement Security Projection Model,” *Issue Brief*, No. 410 (2015); Munnell, Hou, and Webb, “NRRI Update Shows Half Still Falling Short,” *Issue in Brief*, Number 14-20, Boston, MA: Center for Retirement Research (2014); The Pew Charitable Trusts, *The Complex Story of American Debt*, (2015); Poterba, Venti, and Wise, “Were They Prepared for Retirement? Financial Status at Advanced Ages in the HRS and AHEAD Cohorts,” NBER Working Paper No. 17824 (2012)

Retirement Savings Across the States

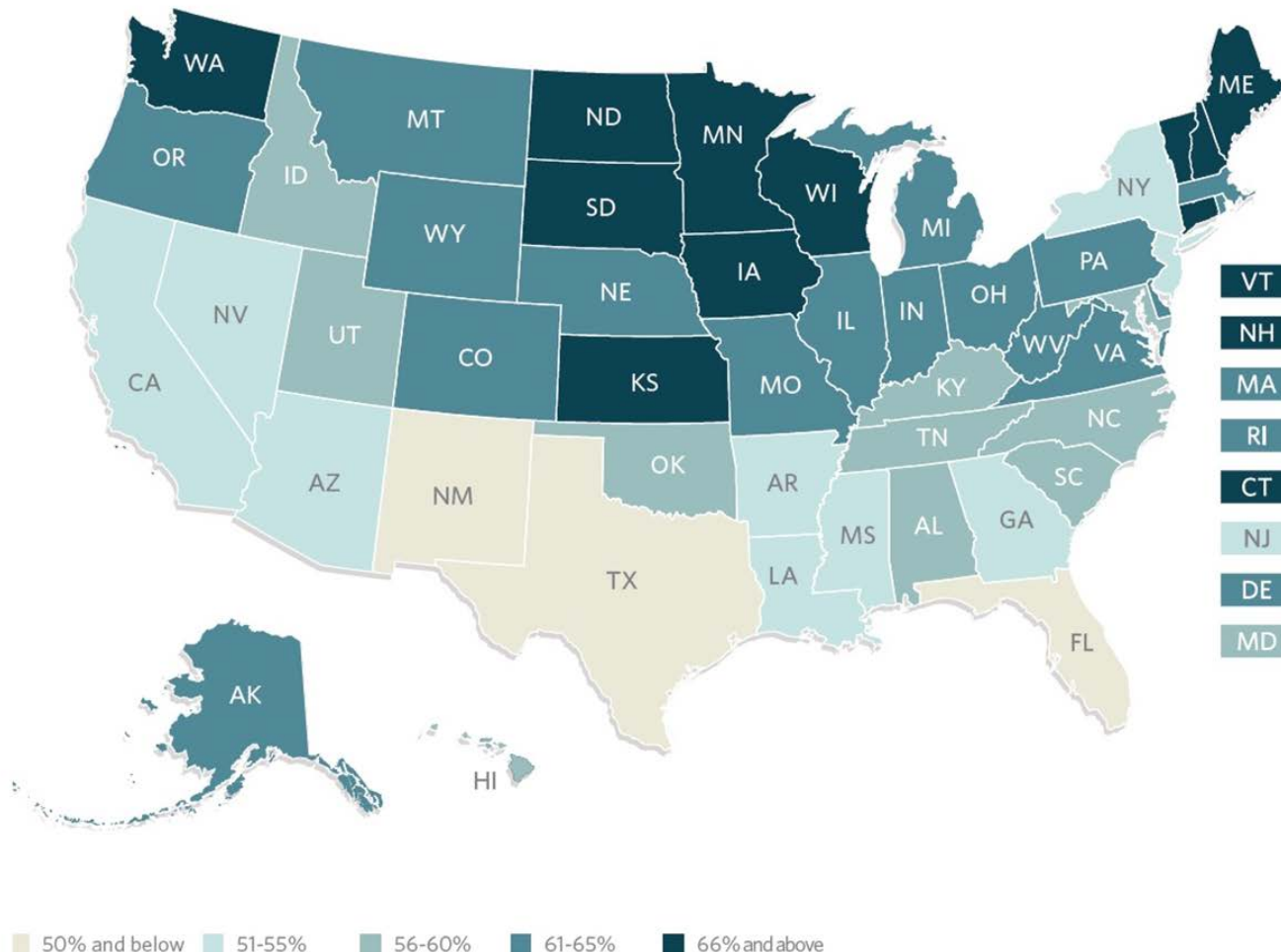
3 Key Terms

- Access
- Take-up
- Participation

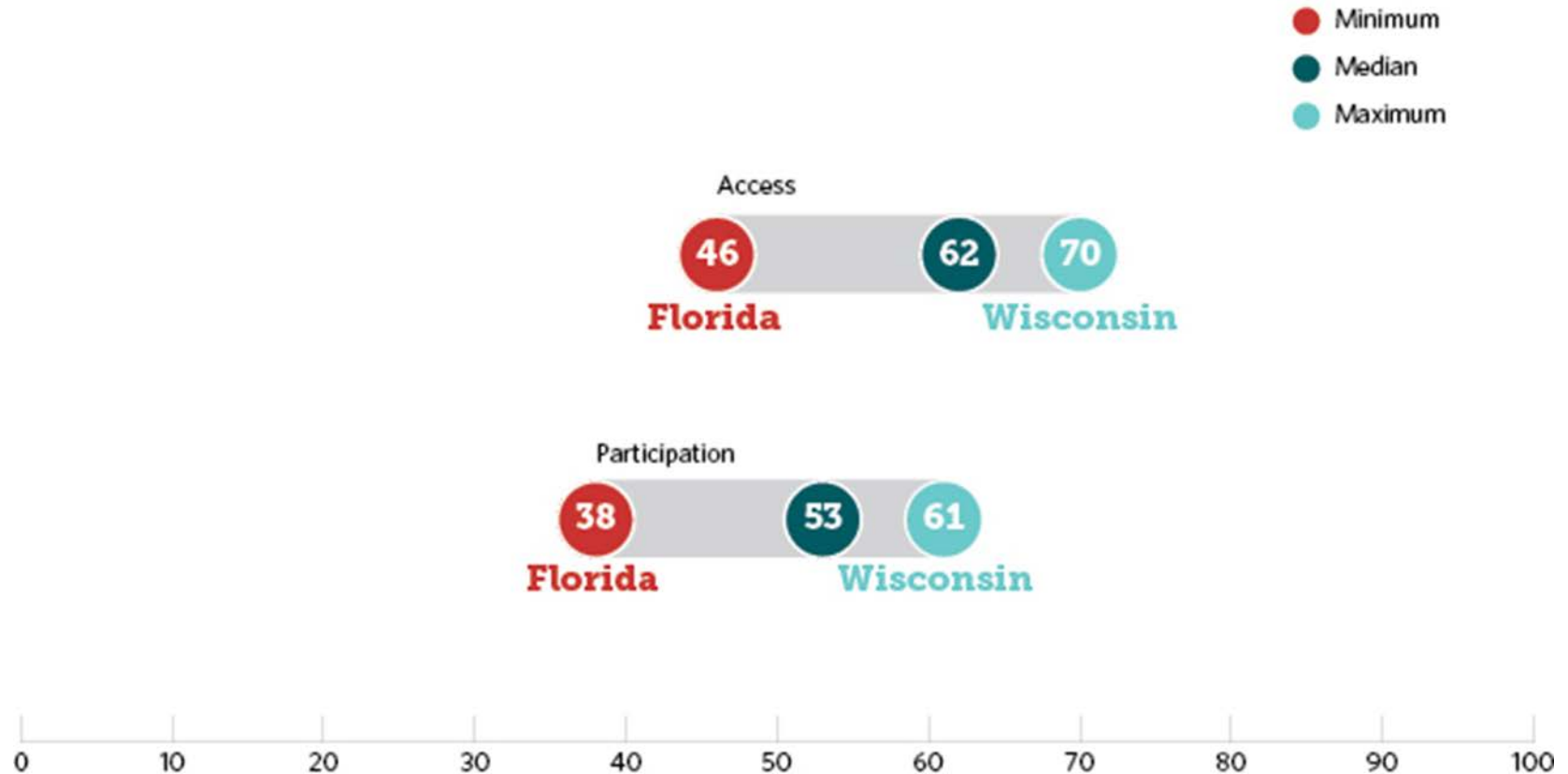
Example:

- 60 percent access
- 85 percent take-up rate
- 51 percent participation rate

Access across the 50 states

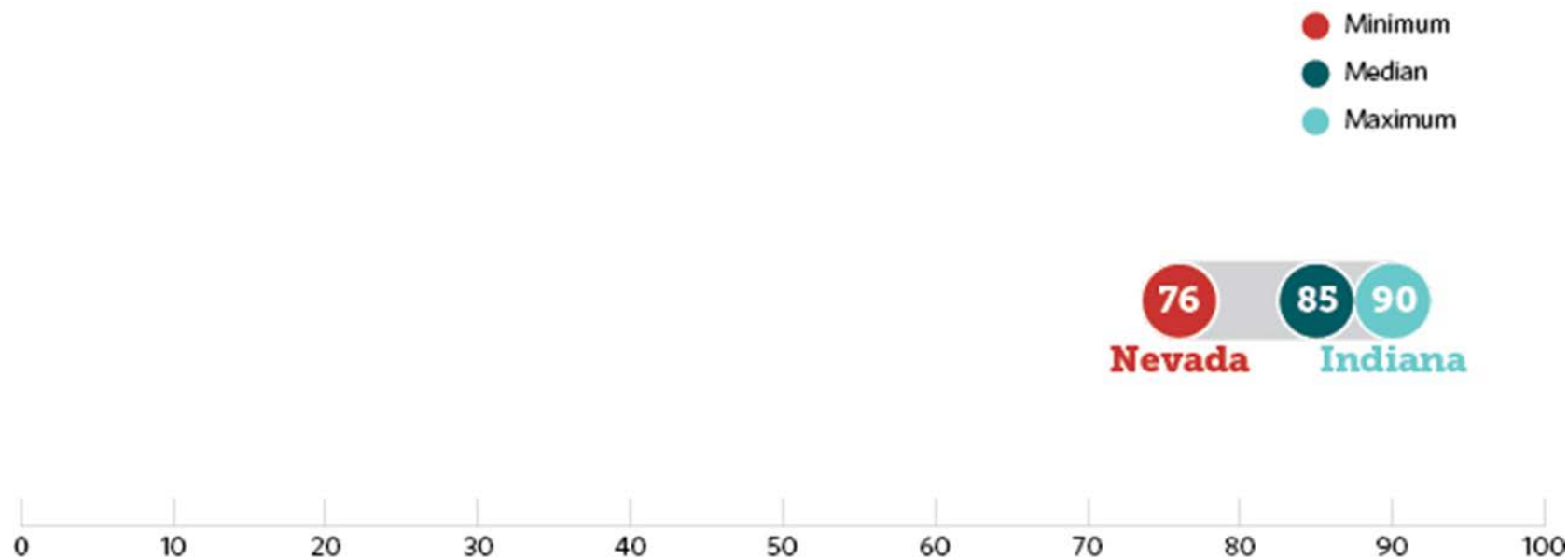


Access and participation range



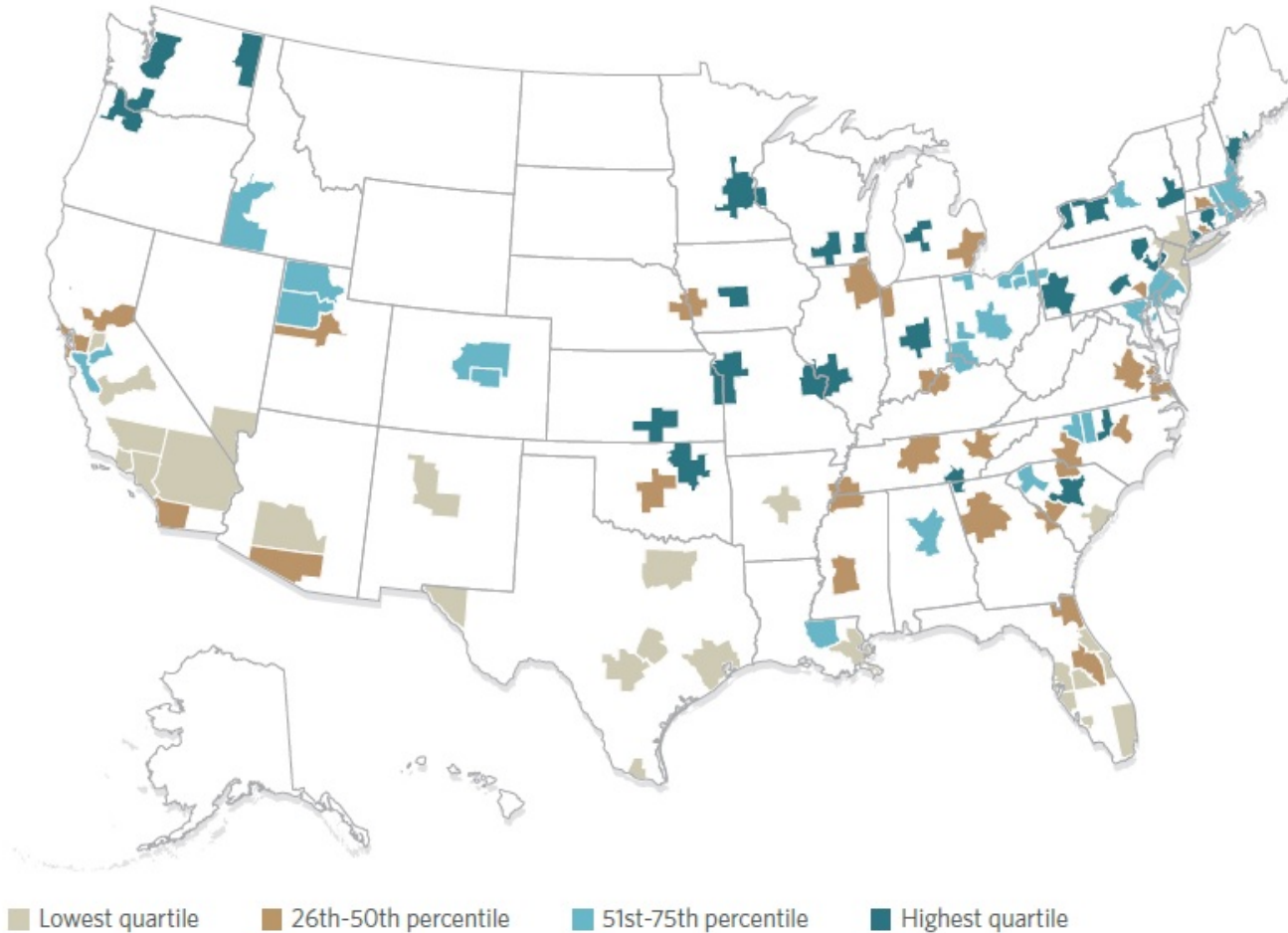
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Take-up range



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Access across the major metropolitan areas



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

Access by employer size

	Access
< 10 employees	22%
10-49 employees	37%
50-99 employees	52%
100-499 employees	63%
500+ employees	74%

Proportion working at small employers (less than 50 workers):

Low: Minnesota (23 percent)

High: Montana (39 percent)

Access by Industry

Manufacturing	69%
Financial activities	68%
Educational and health services	64%
Transportation and utilities	61%
Professional and business	56%
Wholesale and retail trade	56%
Other industries	50%
Construction	40%
Leisure and hospitality	34%

Proportion of workers in construction industry:

Low: Michigan (4 percent)

High: New Mexico and Texas (8 percent)

Access by wage and salary income

< \$25,000	32%
\$25,000 - \$49,999	56%
\$50,000 - \$99,999	71%
\$100,000+	75%

Proportion of workers in low income households:

Low: New Hampshire (12 percent)

High: Arkansas (29 percent)

Access by race and ethnicity

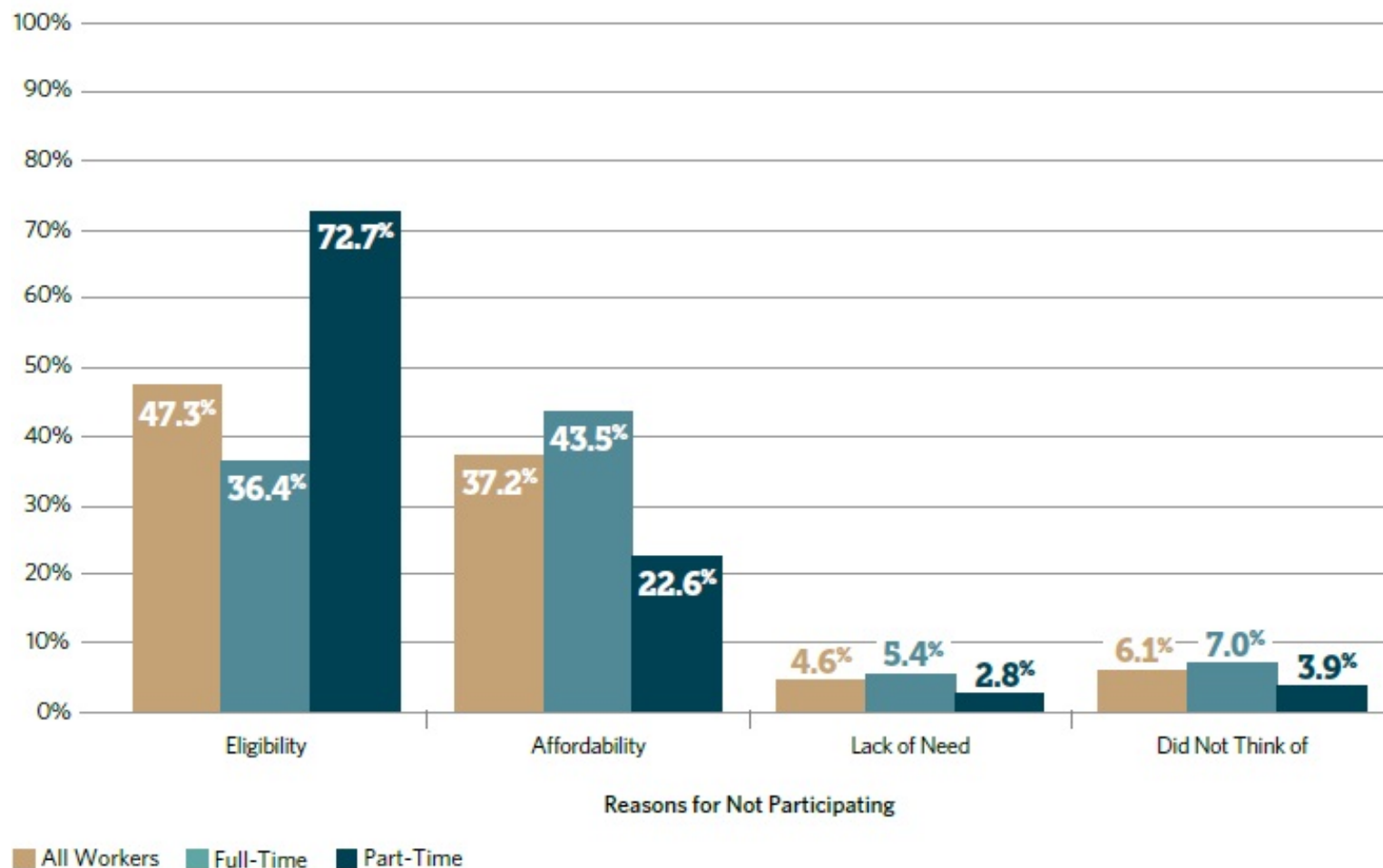
White non-Hispanic	63%
Black non-Hispanic	56%
Asian non-Hispanic	55%
Other non-Hispanic	59%
Hispanic	38%

Proportion of Hispanic workers:

Low: Vermont (1 percent)

High: New Mexico (52 percent)

Reasons for not participating: part-time and full-time workers



Implications

- Retirement savings are important to retirement security
- Access to a workplace retirement plan matters
- Workers participate when given a chance
- Focus on small employers, certain industries, young people, low income households, and under-served communities

Thank you

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Pew research reports used in this presentation:

[Who's In, Who's Out: A look at access to employer-based retirement plans and participation in the States](#)

[A Look at Access to Employer-Based Retirement Plans in the Nation's Metropolitan Areas](#)

[How States Are Working to Address the Retirement Savings Challenge](#)

Employer-Sponsored Retirement Plan Access, Uptake, and Savings (forthcoming)

Data and methodology for this presentation are presented in the reports listed above.