

Overview of State Reforms and the New Mexico Retirement Security Landscape

Gerri Madrid-Davis

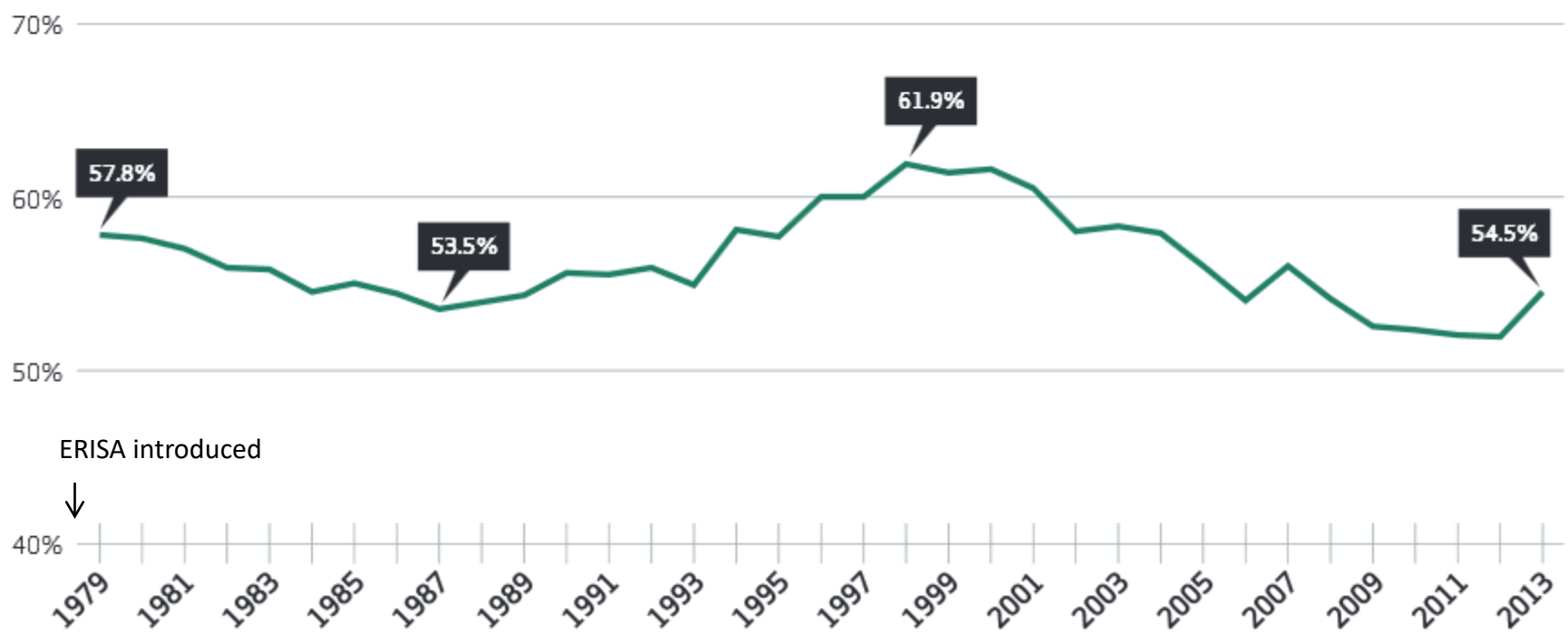
Investments & Pensions Oversight Committee
New Mexico State Legislature

August 29, 2016

Rethinking Access in the Workplace

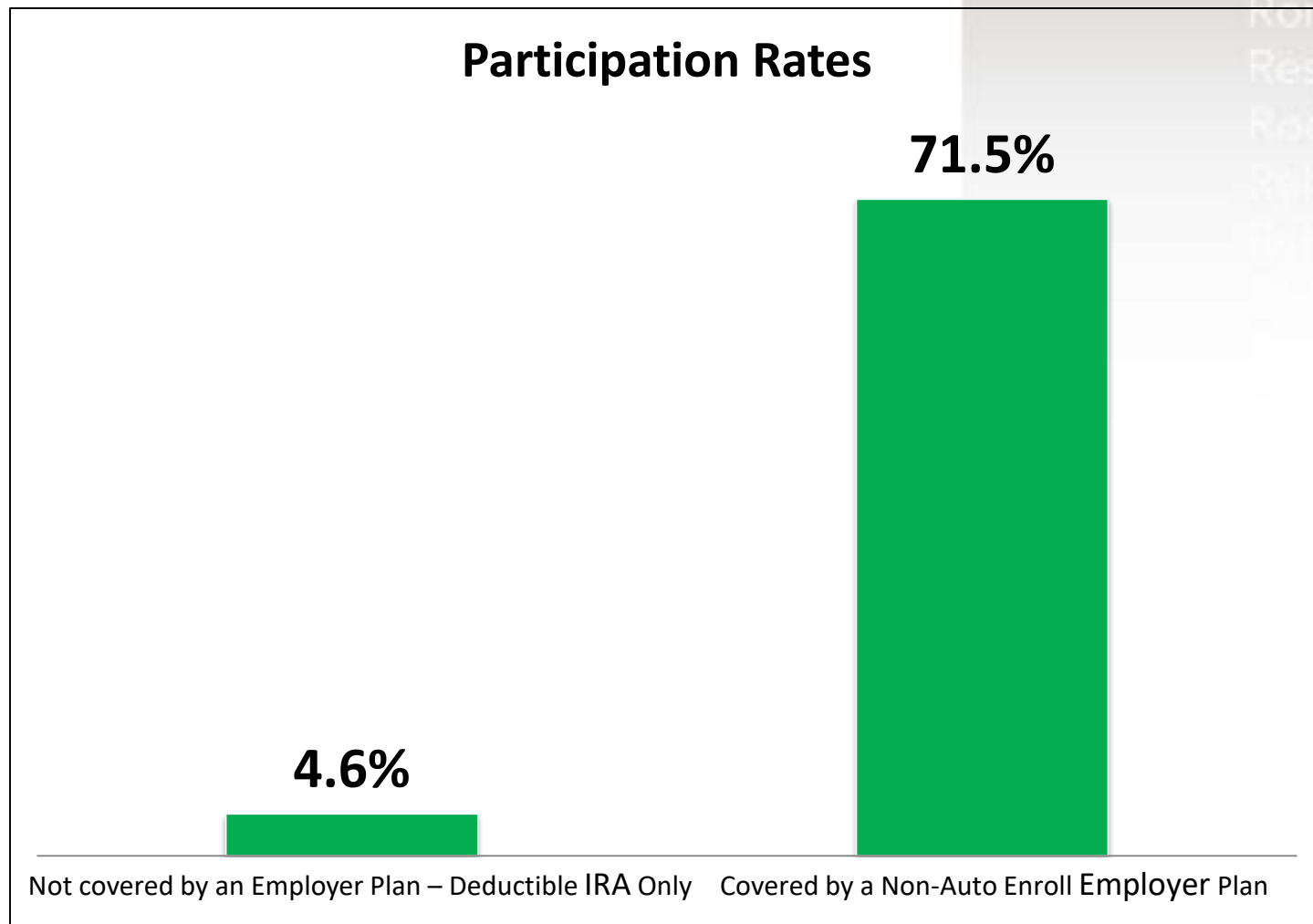
Only 55 Percent of Private Sector Workers Have Access to a Retirement Plan at Work

Private sector wage and salary workers age 25-64 whose employers sponsor a retirement plan, 1979-2013



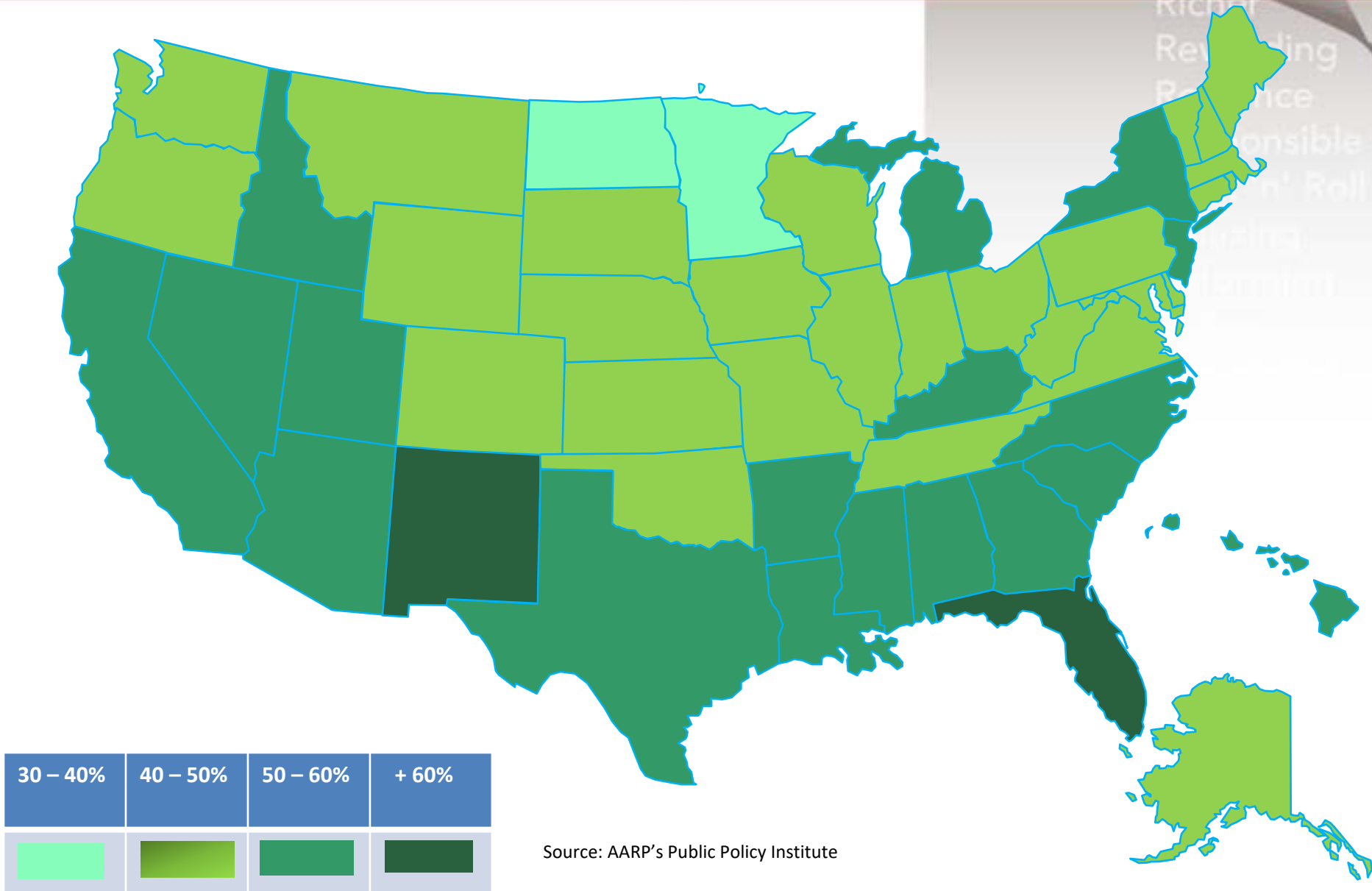
Source: NIRS, "The Continuing Retirement Savings Crisis"

Power of Payroll Deduction



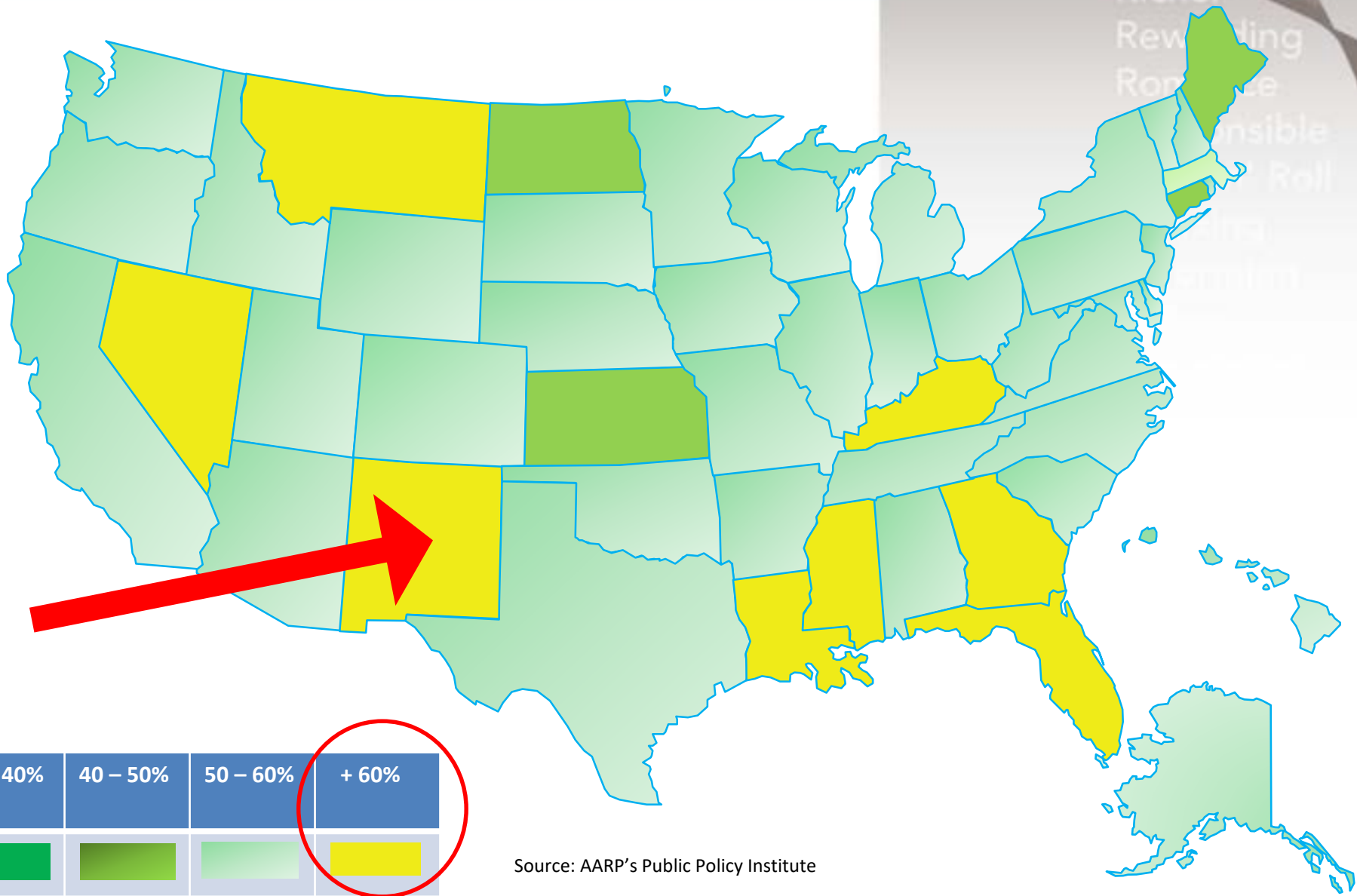
Data compiled by AARP's Public Policy Institute from unpublished estimates from the Employee Benefit Research Institute of the 2004 Survey of Income and Program Participation Wave 7 Topical Module (2006 data). See also Brookings' Retirement Security Project and Whitehouse.gov

Percent of Workers Without Access to a Retirement Plan by State



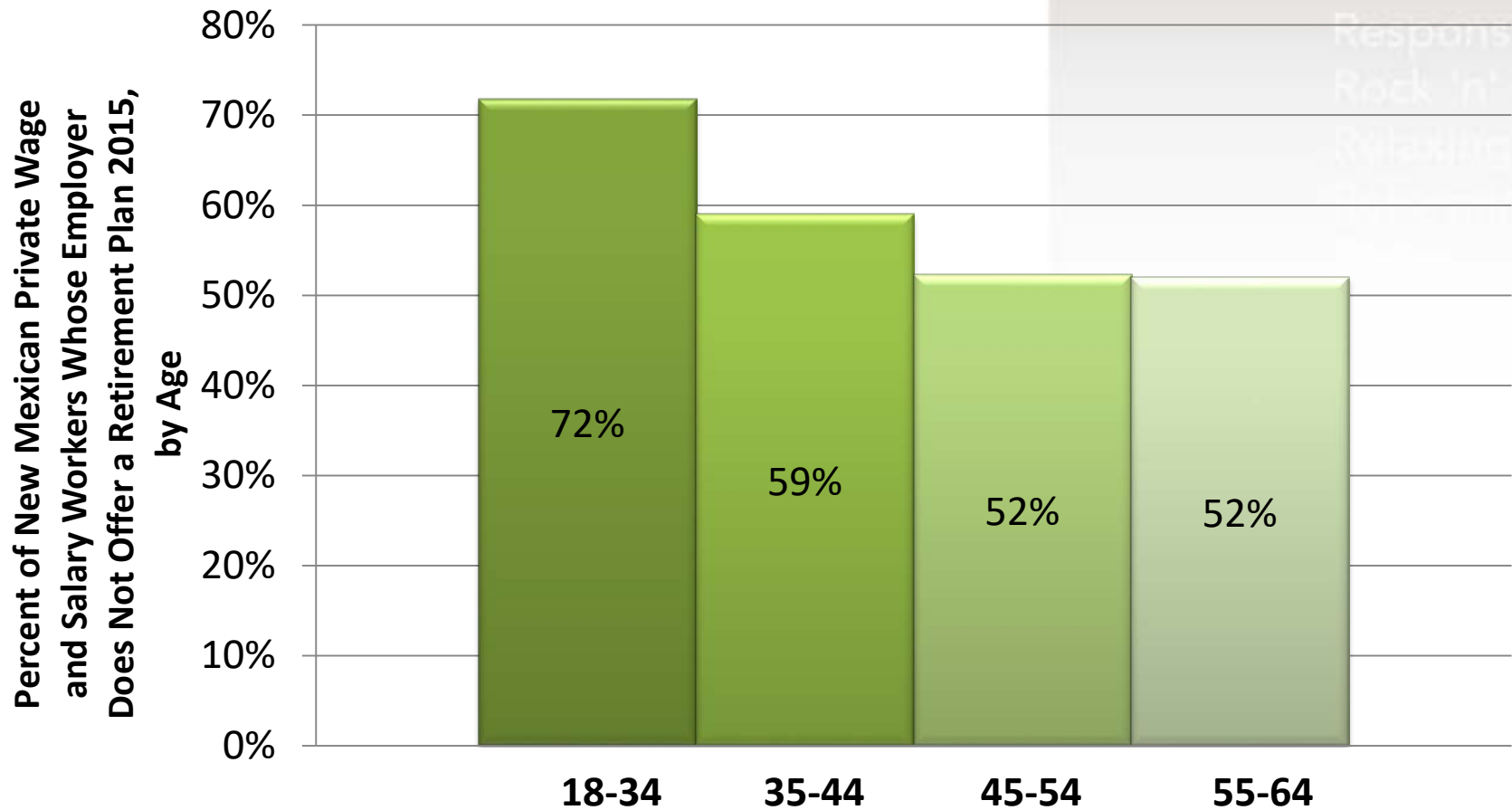
Source: AARP's Public Policy Institute

Percent of Multicultural Workers Without Access to a Retirement Plan by State



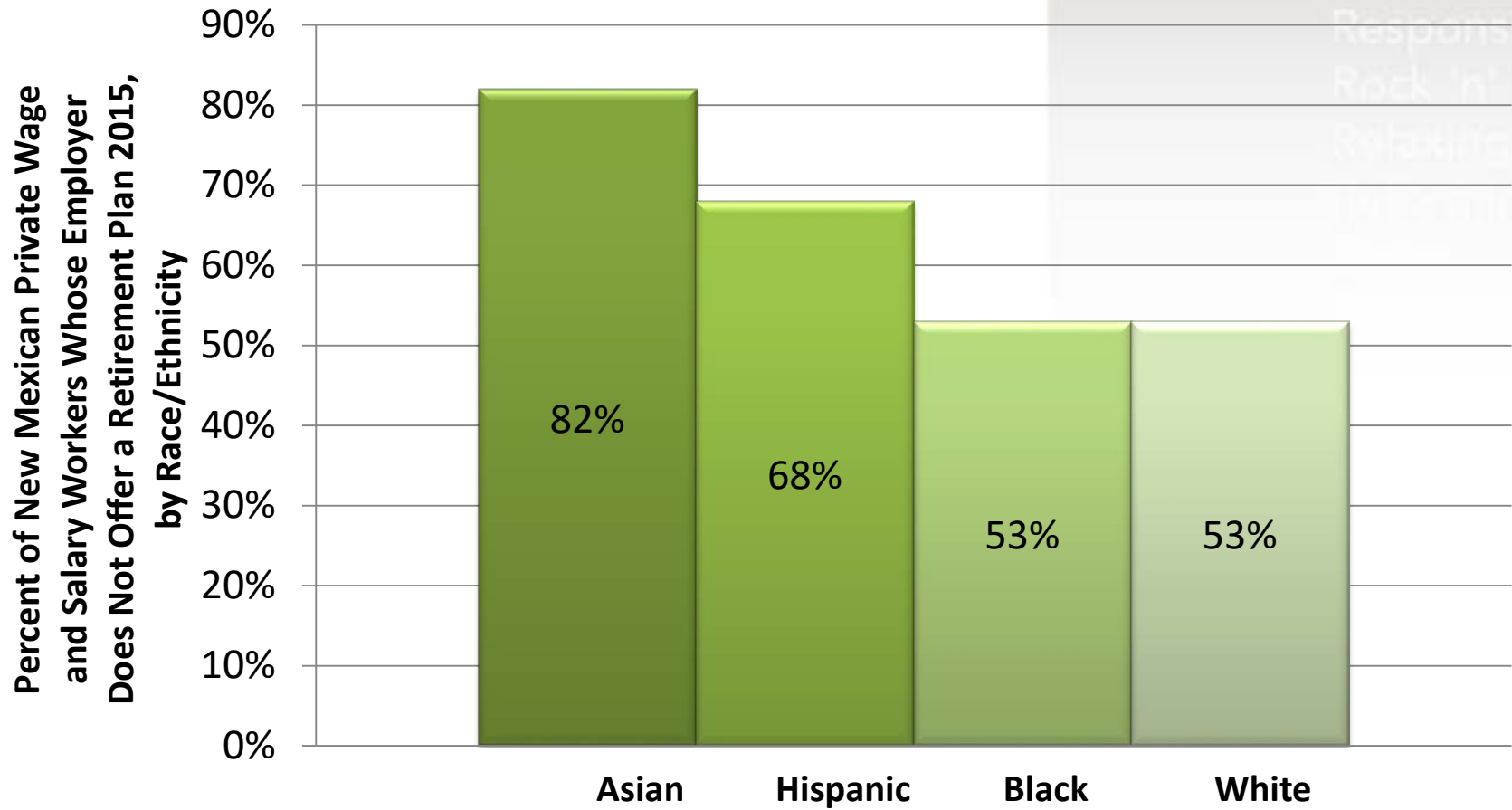
New Mexico: Lack of Access by Age

Reimagine
Realizing
Reaching
Richer
Rewarding
Romance
Responsible
Rock 'n' Roll
Relaxing
Respectful



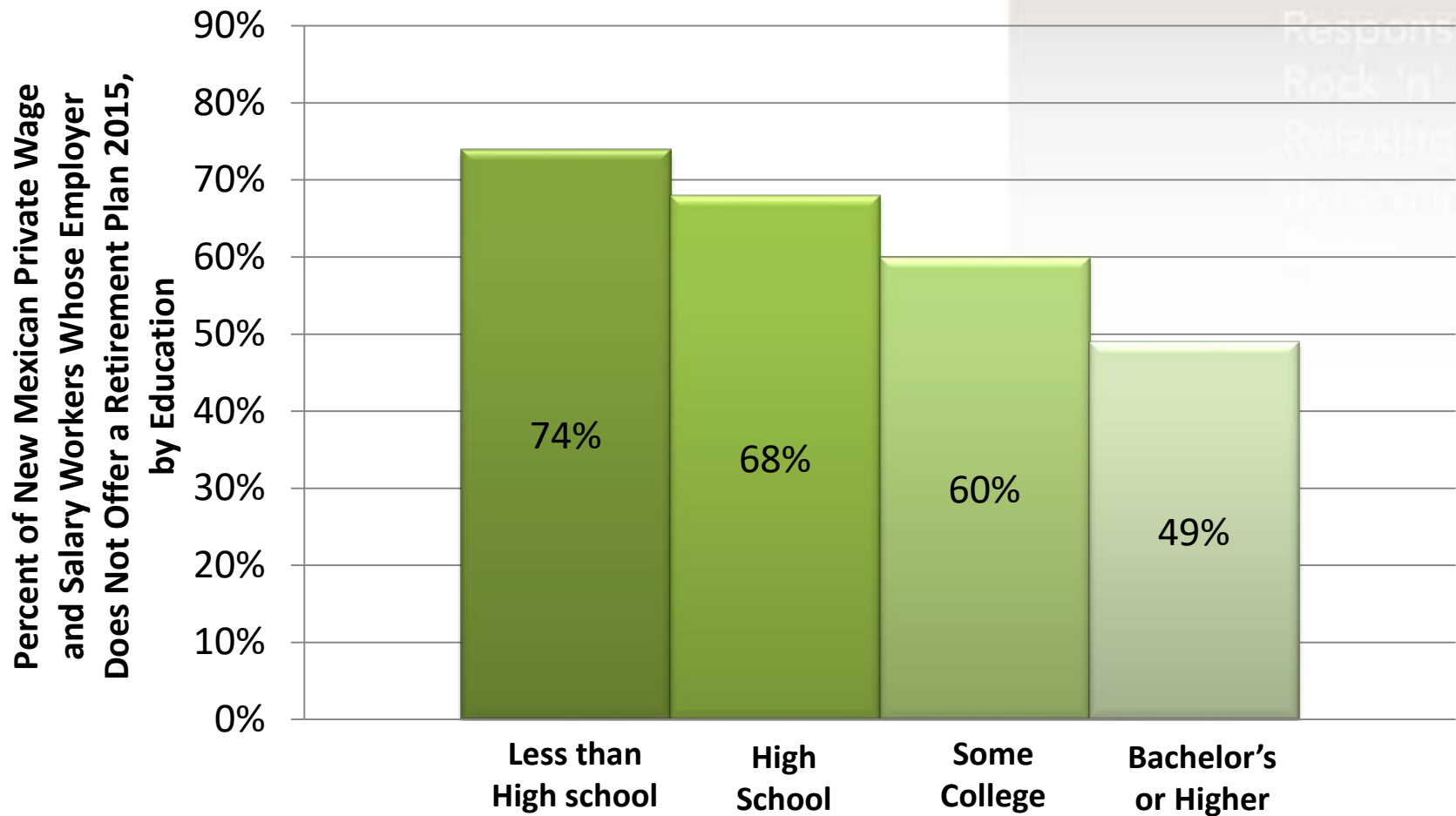
Source: AARP's Public Policy Institute

New Mexico: Lack of Access by Race/Ethnicity



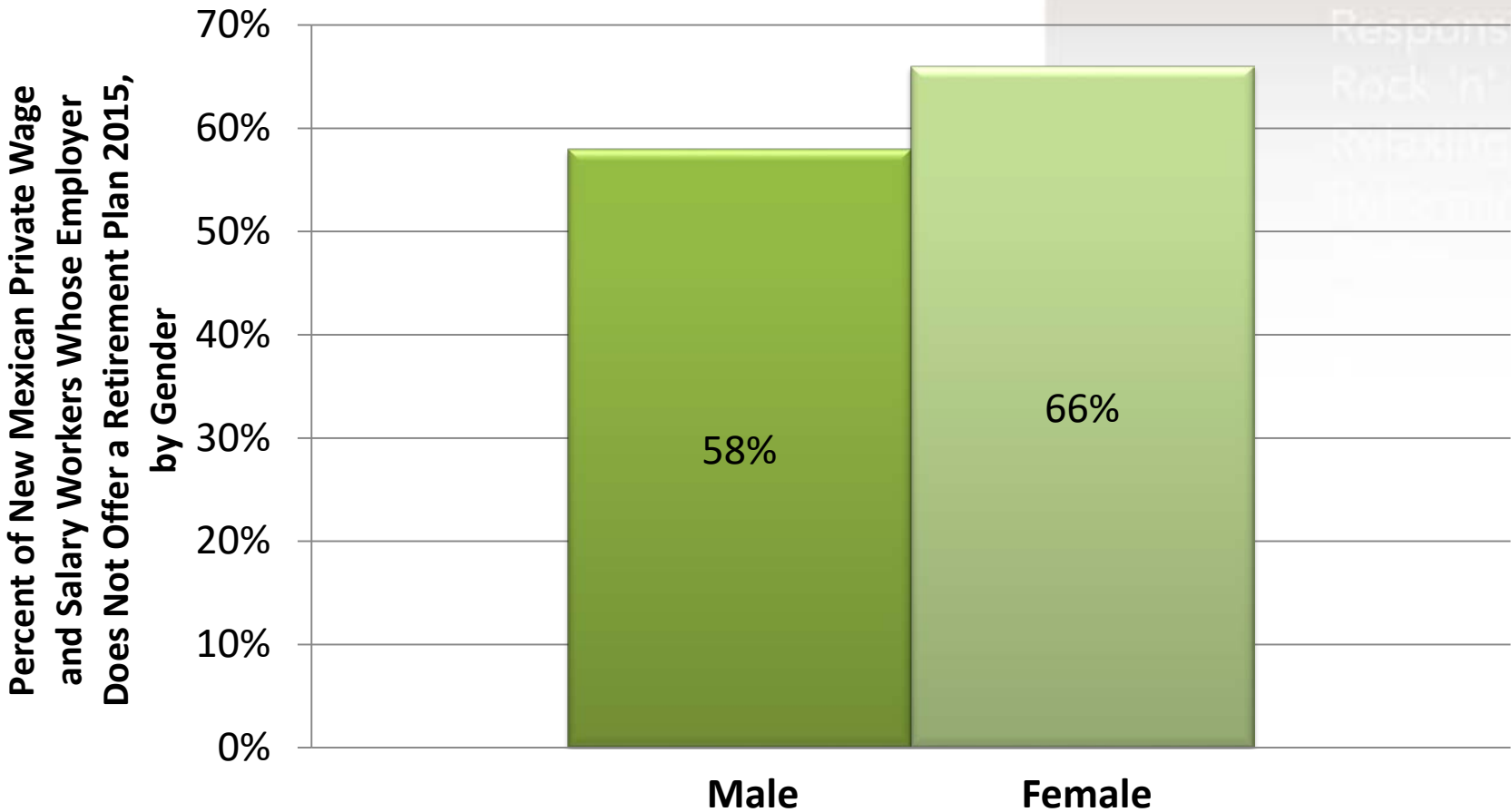
Source: AARP's Public Policy Institute

New Mexico: Lack of Access by Education



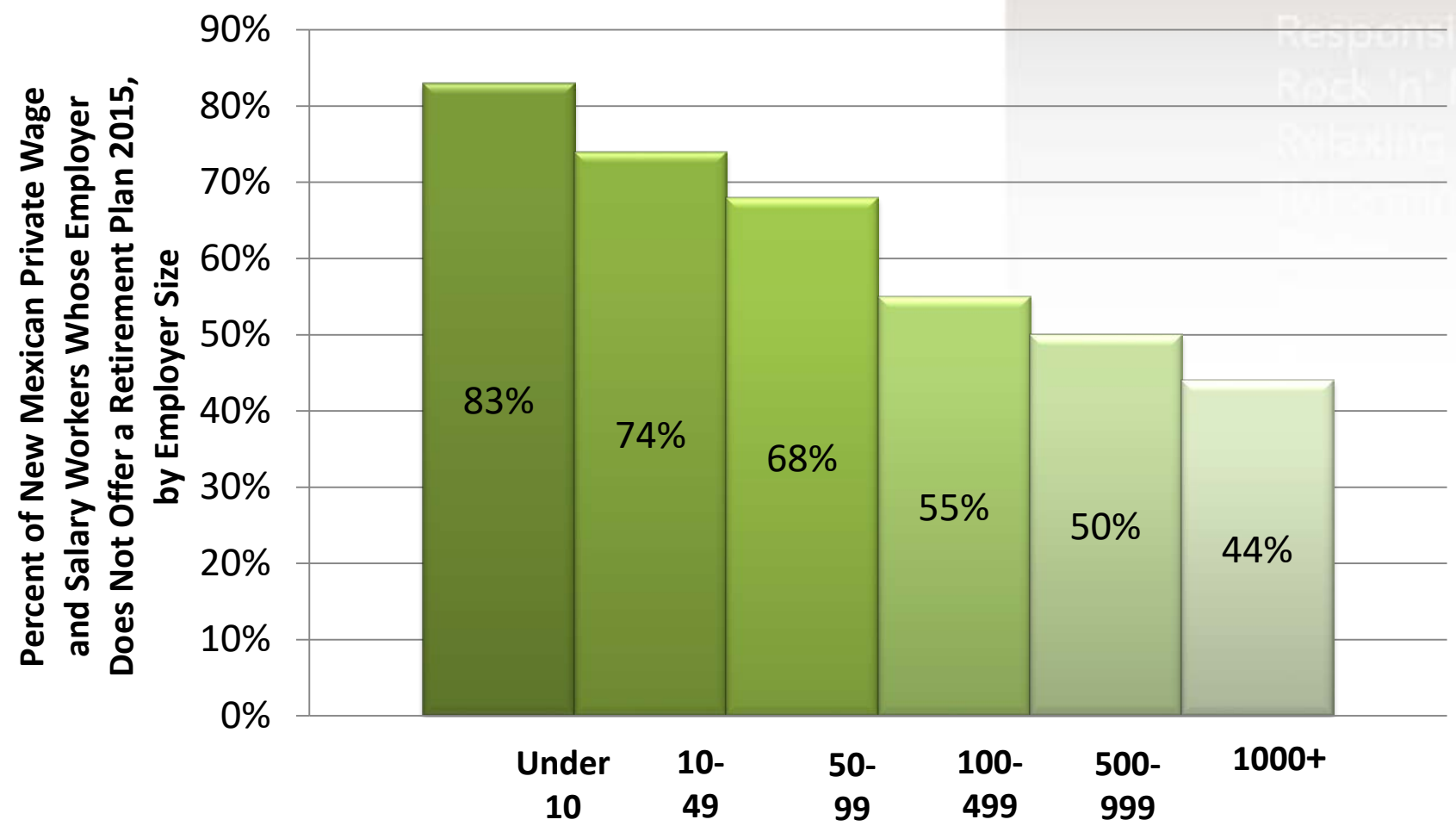
Source: AARP's Public Policy Institute

New Mexico: Lack of Access by Gender



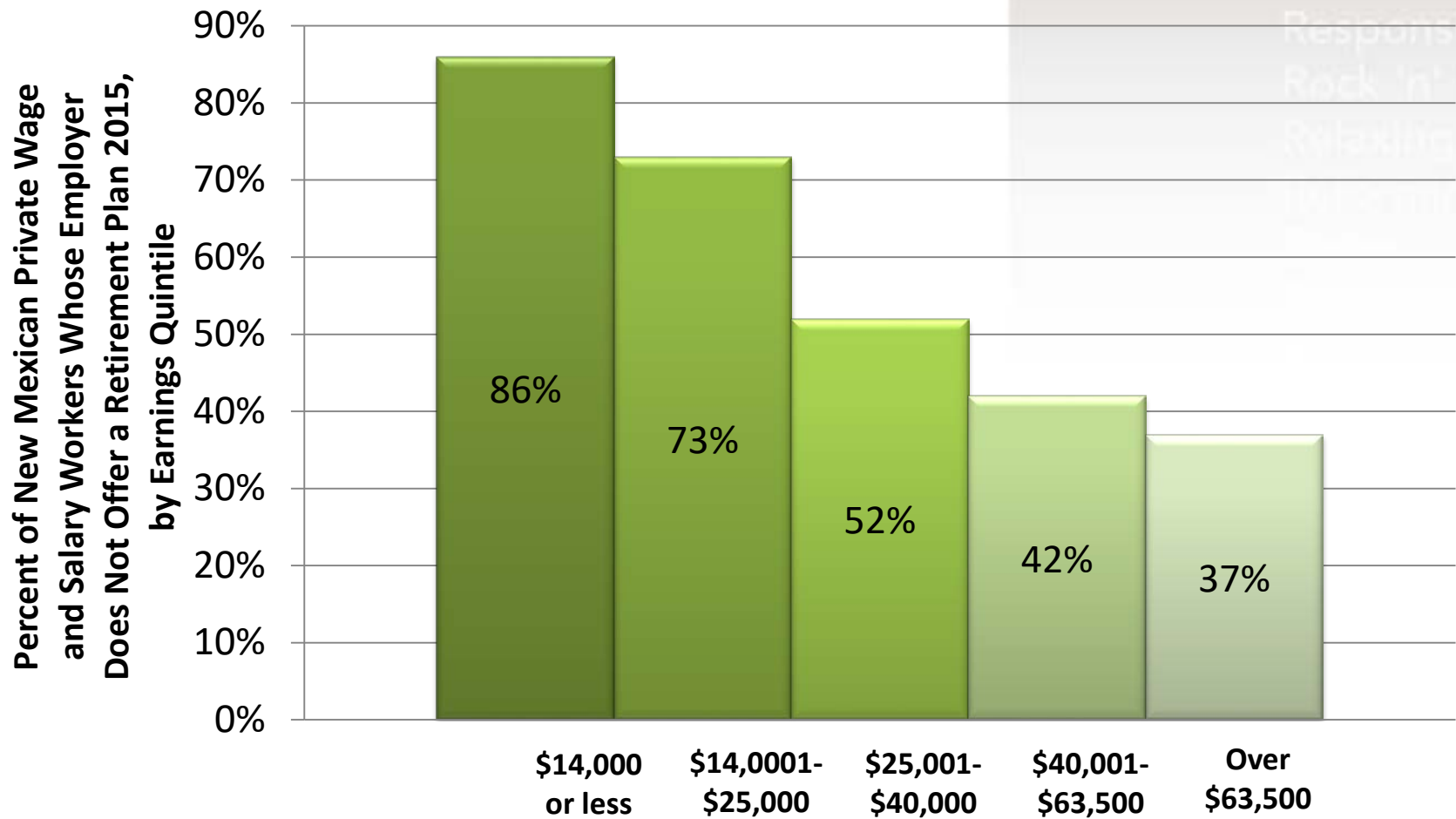
Source: AARP's Public Policy Institute

New Mexico: Lack of Access by Employer Size



Source: AARP's Public Policy Institute

New Mexico: Lack of Access by Earnings Quintile



Source: AARP's Public Policy Institute

Lack of Access in Albuquerque, New Mexico

556, 495

Albuquerque Metro Area Population

Source: U.S. Census Bureau's Current Population Survey, 2013

**On workplace retirement savings access for full-time private sector wage
between the ages of 18-64 in Albuquerque:**

- 53% have access and only 44% participate
- In businesses with less than 10 employees, 1 in 5 have access
- 1 in 5 work for businesses with 10 to 49 employees
- Latinos/Hispanics make up almost half of all private sector wage workers in Albuquerque and only 1 in 3 have access

How do we Increase Retirement Savings?

5 essential ingredients that facilitate adequate retirement savings rates:

- Availability
- Automatic enrollment
- Ease of investment
- Automatic escalation
- Lifetime income streams

A National Movement

Reimagine
Realizing
Reaching
Richer
Rewarding
Romance

2013 Work and Save



Reimagine
Realizing
Reaching
Richer
Rewarding
Romance



A National Bipartisan Movement: 25+ States

Studying Retirement Insecurity	Feasibility Study	Marketplace	Voluntary IRA	Auto IRA	ERISA Plans/ DB features
Utah	Minnesota	Washington*	West Virginia	Illinois*	Wisconsin
Virginia	California	New Jersey*	North Dakota	Oregon*	Massachusetts**
Vermont	Connecticut		Indiana	Connecticut*	
New Hampshire			Utah	Maryland*	
Nebraska				New Jersey	
NYC				Kentucky	
Philadelphia				Ohio	
				California	
				Colorado	
				New Jersey	
				New York	
				Arizona	
				Kentucky	
				Rhode Island	
<ul style="list-style-type: none"> Legislation being implemented <p>** Massachusetts implementing a plan for small non profits Note- double listings are not mistakes, they reflect multiple bills under consideration Updated August 2016</p>					

Reimagine
Realizing
Reaching
Richer
Rebuilding

Auto IRA vs. Marketplace

Feature	Illinois/ Oregon Model (Secure Choice)	Washington Model
Automatic IRA	✓	
Marketplace	(Can include)	✓
Requires access to payroll deduction for employees and provides access to automatic enrollment	✓	
Businesses are only required to provide information to employees and run payroll deduction	✓	
Provides plug-and-play plan option for small business owners that employers don't have to manage	✓	
Optional for employees	✓	✓
Employee can chose which plan they want to offer	✓	✓
ERISA plan		Some, including SIMPLE
Fee cap	✓	✓
Public Private-Partnership	✓	✓

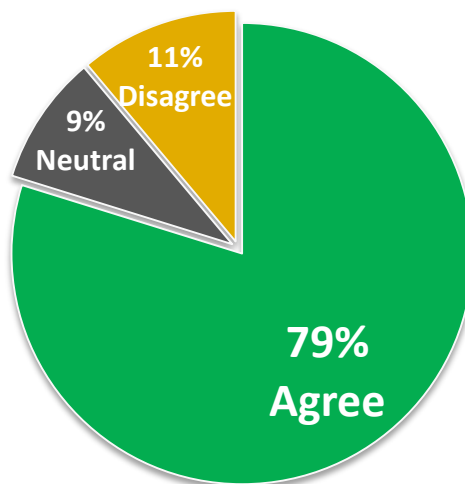
Voters Support Work and Save

Reimagine
Realizing
Reaching
Richer
Rewarding
Romance
Responsible
Rock 'n' Roll
Satisfying

2015 New Jersey Survey of Registered Voters

Across party lines, eight in ten agree that elected officials should support a retirement saving plan and many would think positively of small businesses that offer a plan

Agree or Disagree Elected Officials Should Support a New Jersey Retirement Savings Plan



62%

Would think more positively about local small business that offered a retirement savings plan to their employees

Agree by Political Party

Democrat	85%
Republican	79%
Independent/Other	76%

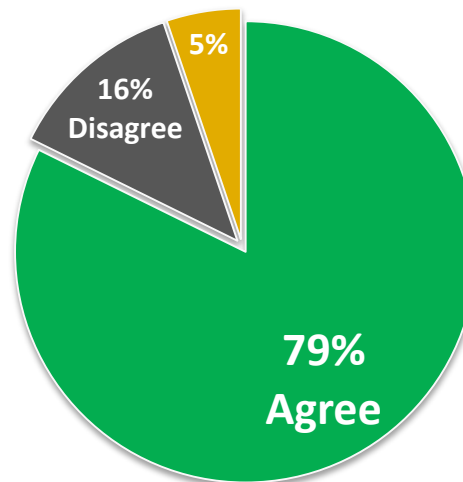
Small Business Owners Support Work and Save

Reimagine
Realizing
Reaching
Richer
Rewarding
Romance
Responsible
Rock 'n' Roll
Satisfying

2015 Connecticut Small Business Owners

Across party lines, Connecticut business owners favor low cost, voluntary plans that follow employees from job to job

Agree or Disagree that Connecticut Should
Encourage Residents to Save for Retirement



3 in 5

support a retirement savings
plan offered by the state

SBO Political Party Affiliation

Democrat	18%
Republican	24%
Independent	39%
Other	12%

Questions?

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Additional Resources:

AARP's Public Policy Institute State Retirement Savings Resource Center

<http://www.aarp.org/ppi/state-retirement-plans/>