

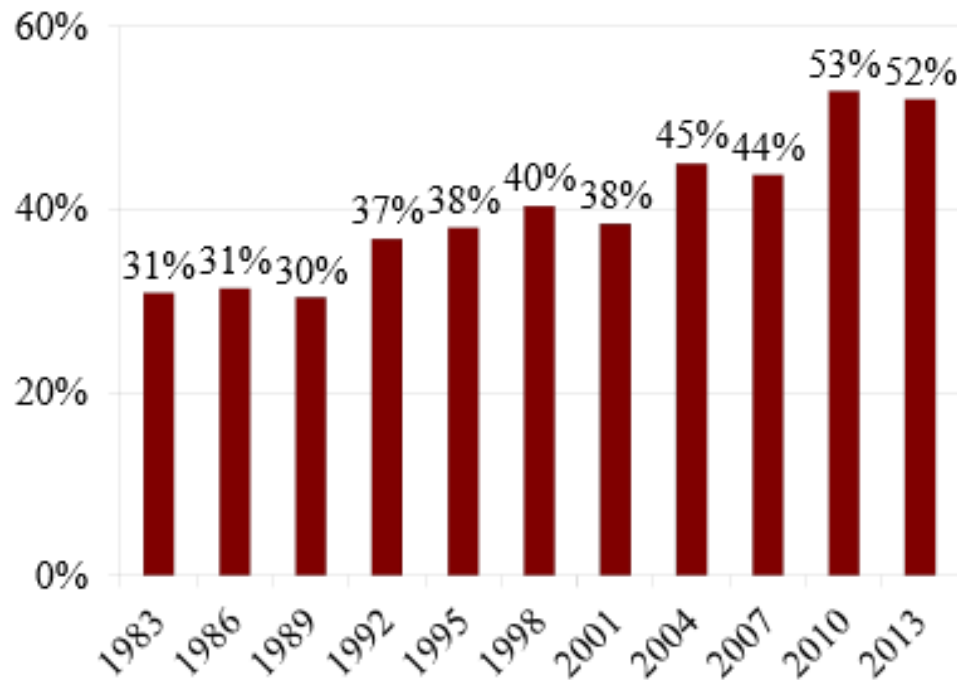
Work and Save

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Saving
Simplifying
Sustaining

Half of All Households At Risk for Financially Insecure Retirement- and Growing!

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FIGURE 2. THE NATIONAL RETIREMENT RISK INDEX, 1983-2013



52 percent of households are at risk of not having enough to maintain their living standards in retirement, according to the Center on Retirement Research.

Source: Center for Retirement Research, National Retirement Risk Index

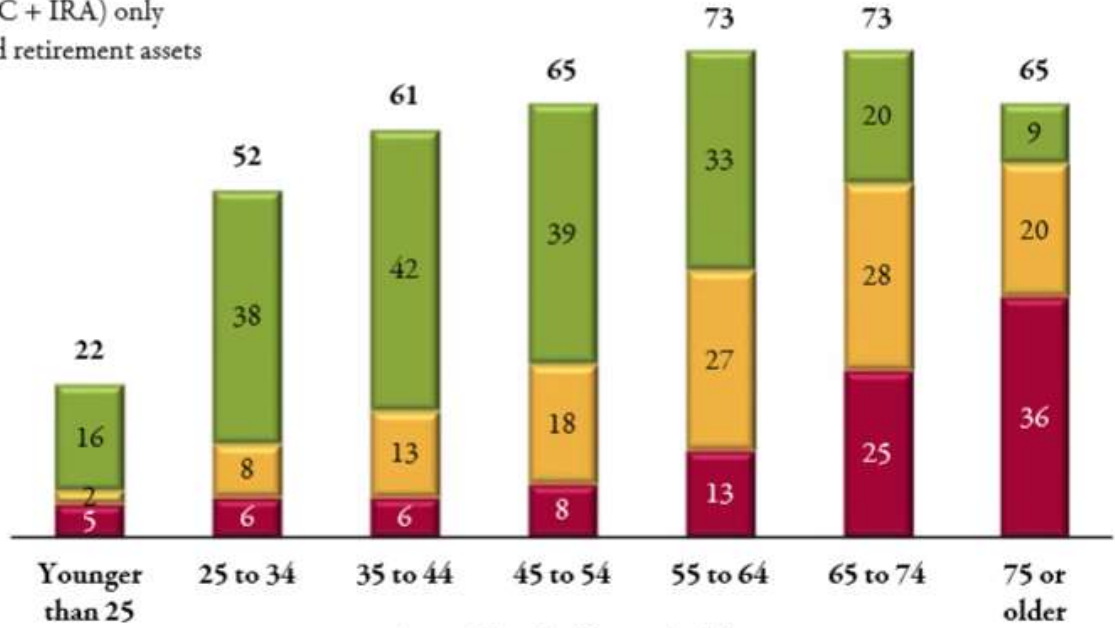
Dealing with Pension Envy

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Share of Households with DB, DC, or IRA Increases with Age, as Do Retirement Assets

Households by age of household head, 2013

- Retirement assets (DC + IRA) only
- Both DB benefits and retirement assets
- DB benefits only



Median retirement assets:

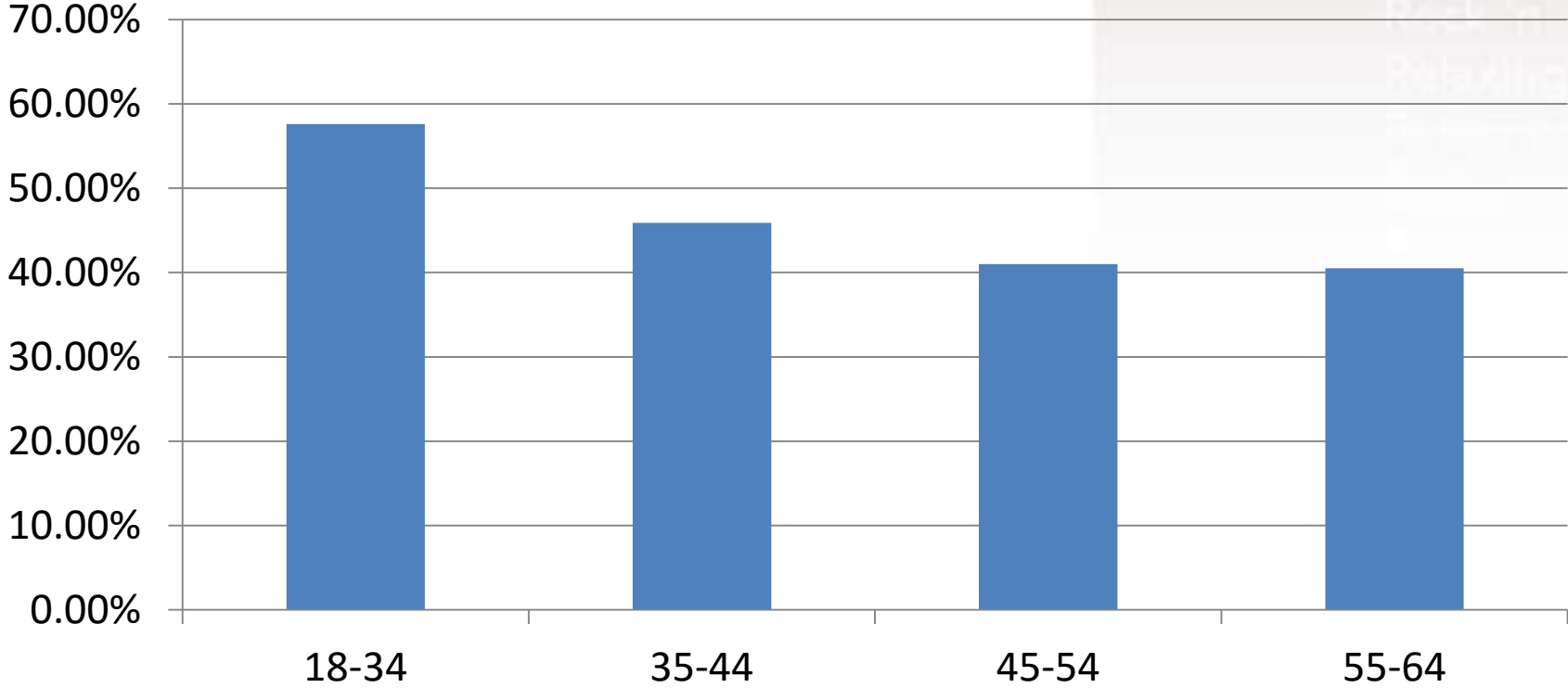
Younger than 25	25 to 34	35 to 44	45 to 54	55 to 64	65 to 74	75 or older
\$2,300	\$13,500	\$42,700	\$87,000	\$104,000	\$149,000	\$69,000

Note: Retirement assets include DC plan assets and IRAs. DB benefits include households currently receiving DB benefits and households with the promise of future DB benefits. Components may not add to the total because of rounding.

Source: ICI tabulations of the Survey of Consumer Finances

Access Breakdown: Age

Percent of U.S Private Wage and Salary workers whose employer does not offer a retirement plan 2013, by age

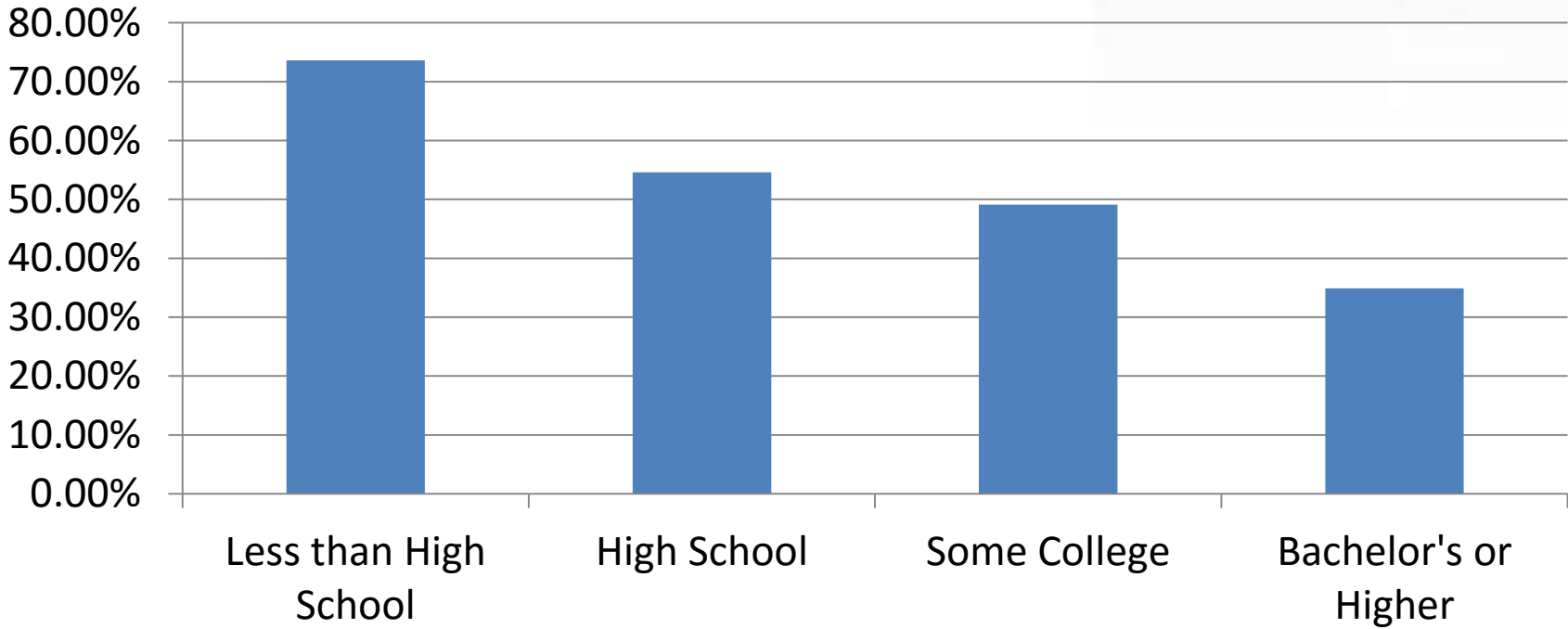


Source: AARP PPI

Access Breakdown: Education

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Reconnecting

Percent of U.S Private Wage and Salary workers whose employer does not offer a retirement plan 2013, by Education

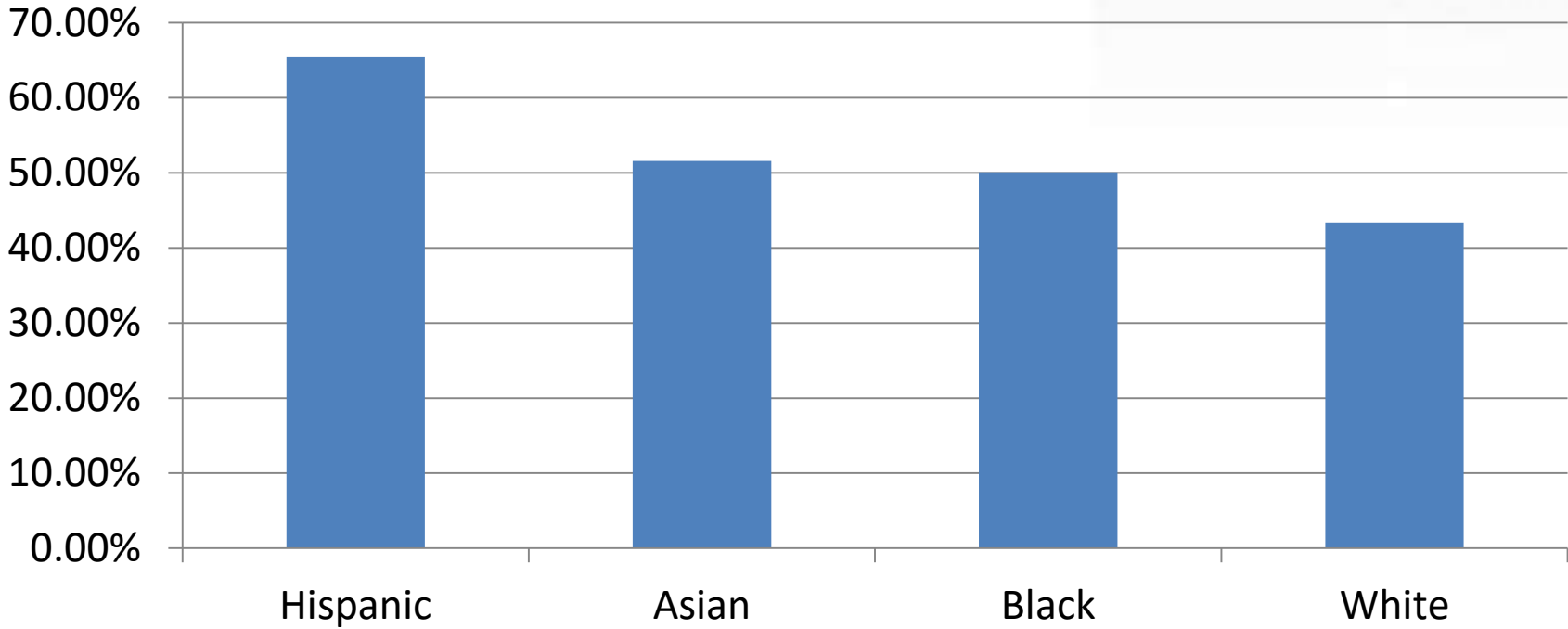


Source: AARP PPI

Access Breakdown: Race and Ethnicity

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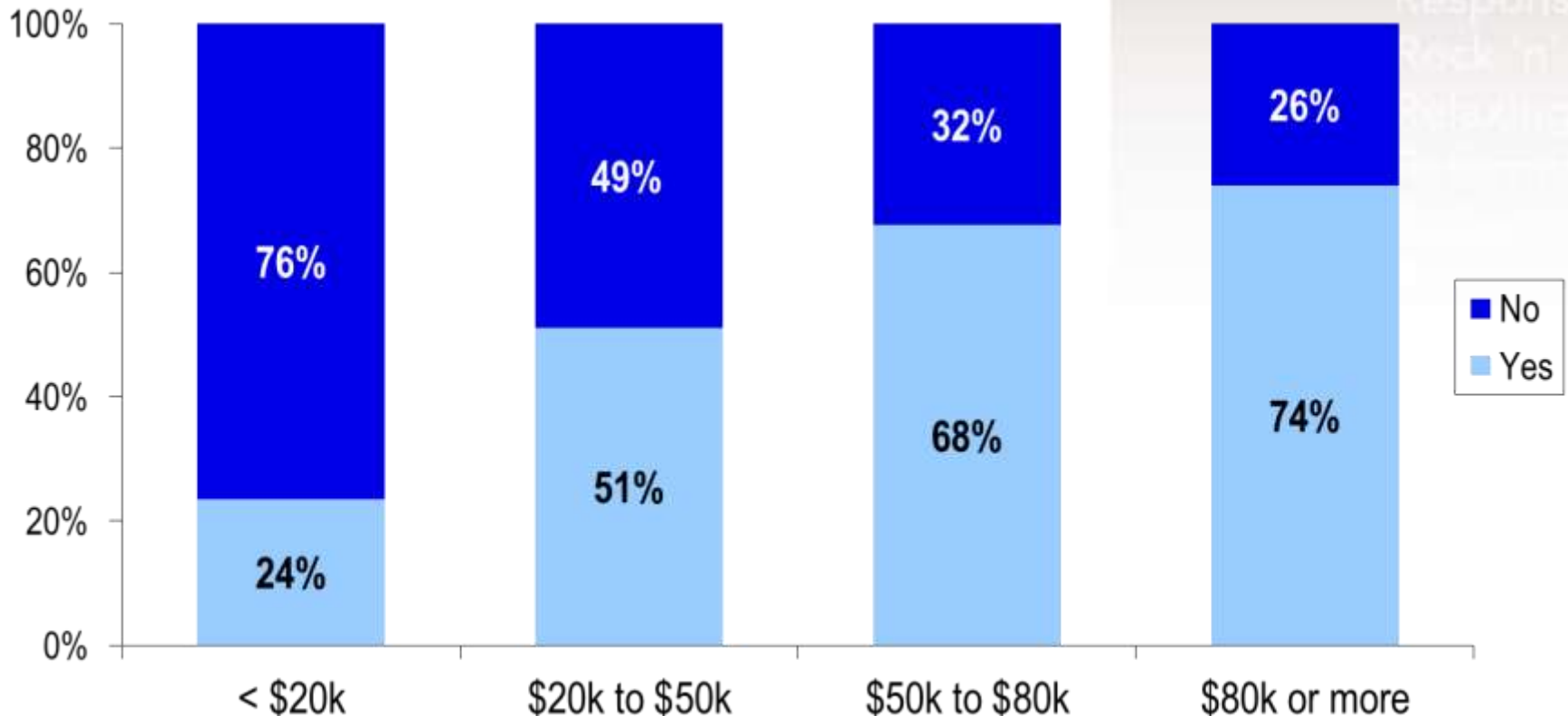
Percent of U.S Private Wage and Salary workers whose employer does not offer a retirement plan 2013, by Race and Ethnicity



Source: AARP PPI

Access to Retirement Plans by Income- Not all small dollar accounts

U.S. PRIVATE SECTOR WORKERS: Does your employer offer a pension or retirement plan? By Personal Annual Income

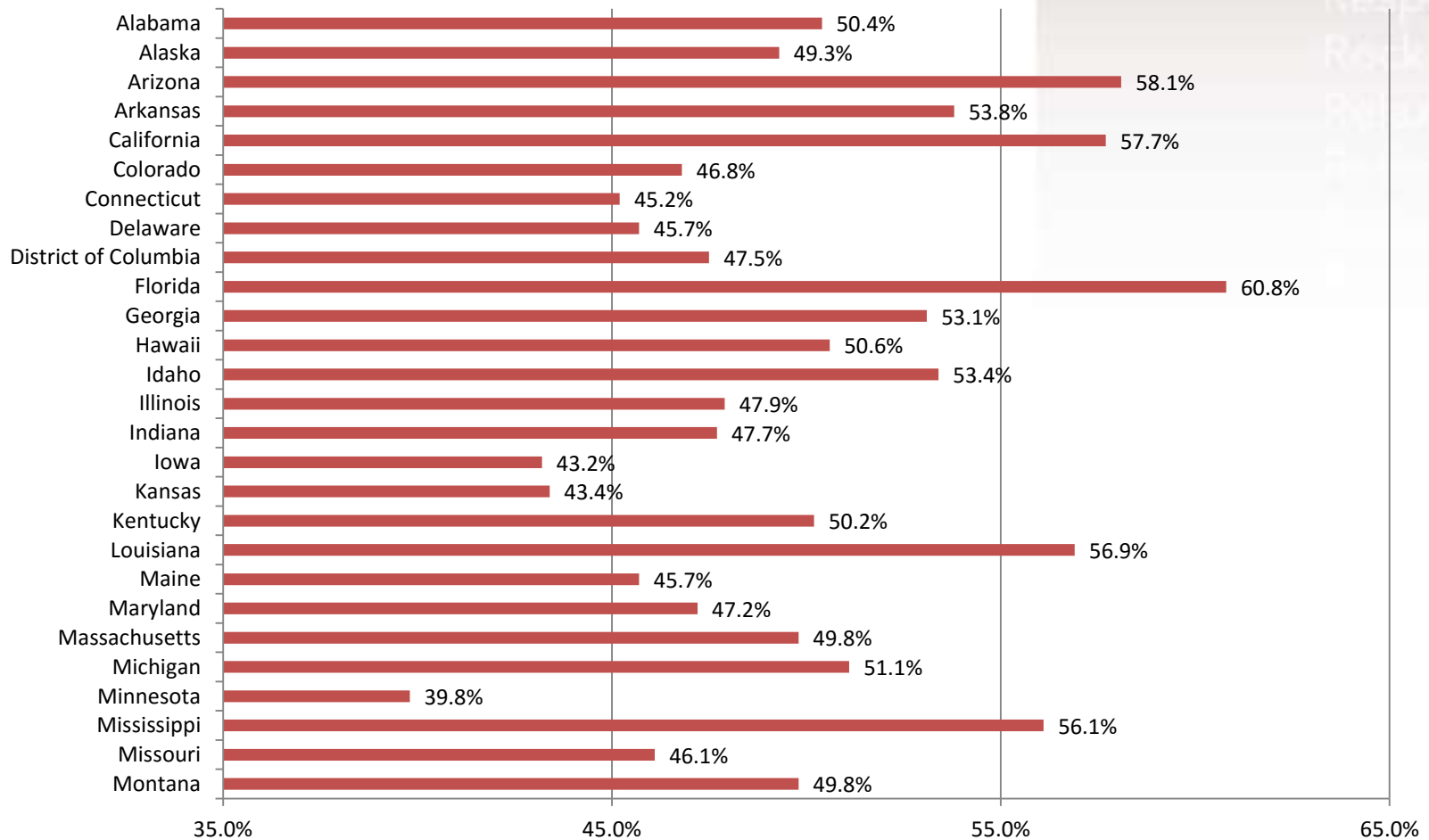


Source: NCPERS, Analysis of Current Population Survey, March 2011 Supplement

How Does Your State Rank?

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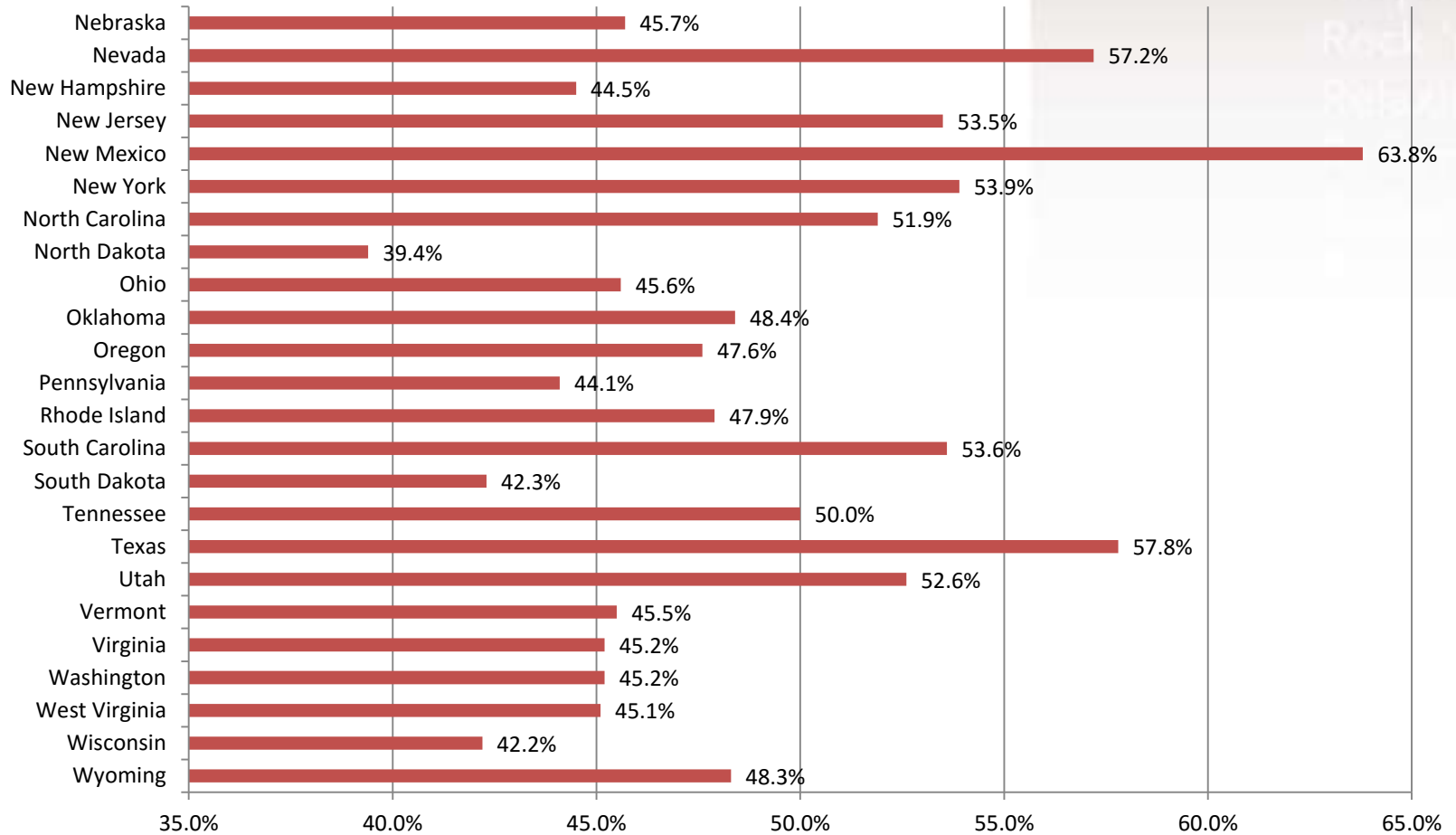
Percentage of Private Sector Workers WITHOUT Access to Workplace Savings Plan by State (AL - MT)



How Does Your State Rank?

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Percentage of Private Sector Workers WITHOUT Access to Workplace Savings Plan by State (NV- WY)



Solutions

There are five essential ingredients that facilitate adequate retirement savings rates: availability, automatic enrollment, ease of investment, automatic escalation, and lifetime income streams.

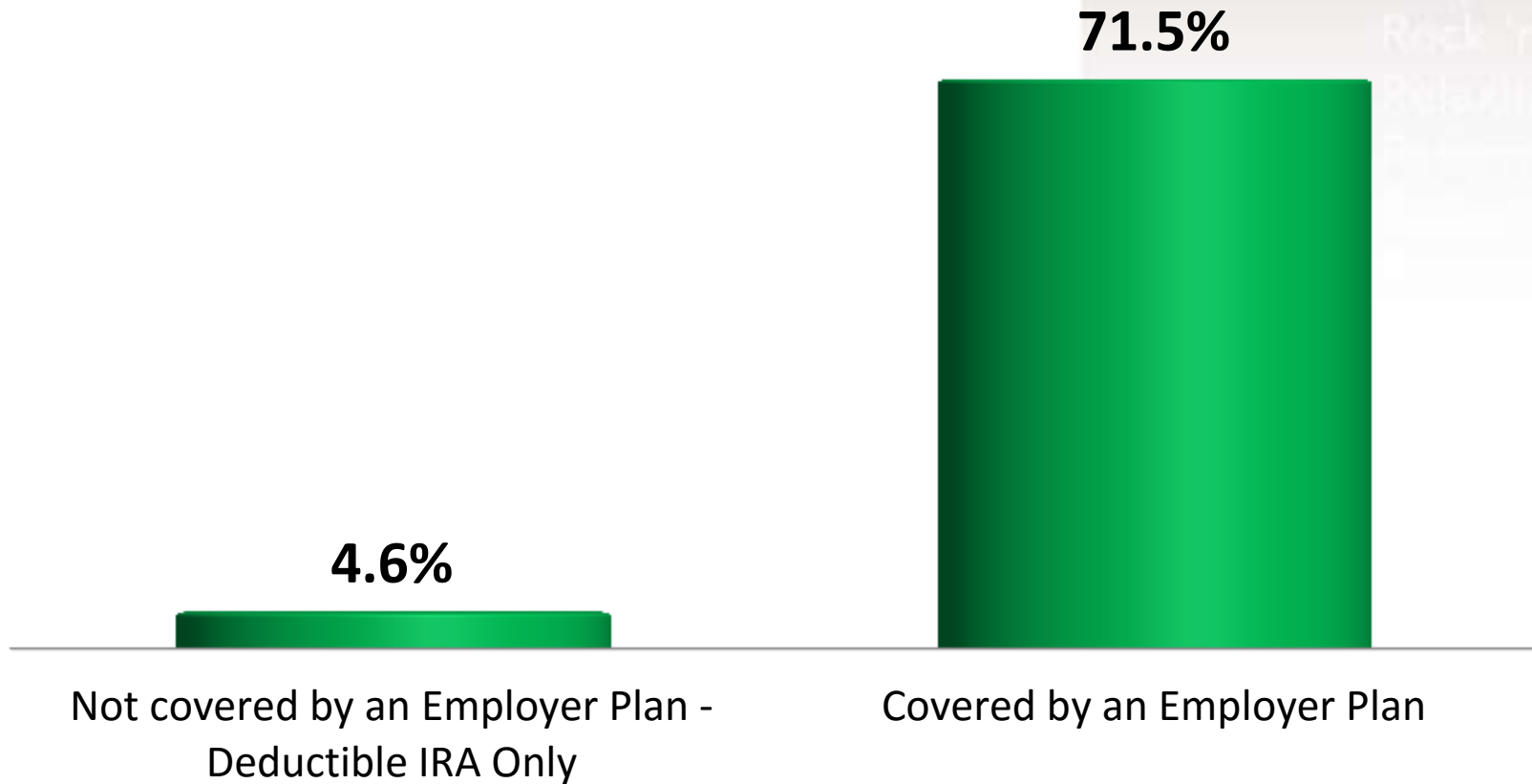
Action steps:

- 1) Make retirement plans with payroll deduction available to all workers. Currently, 55 million US employees have no way to save for retirement at work.
- 2) Increase participation and savings rates by changing the choice architecture of retirement plans, utilizing the findings of behavioral economics

Workers are 15x More Likely to Save if Employer Offers Plan

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Participation Rates



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

Budget Consequences

According to a recent Utah study, the total cost to taxpayers for new retirees will top \$3.7 billion over the next 15 years. These constitute potential savings for taxpayers if we act now.

Additional findings:

- 18% of retirees in the next 15 years will retire with more debt than savings.
- A 10% increase in net worth of the 1/3 least prepared for retirement will save taxpayers \$194 million through 2030.

A New Approach: Work and Save

- State facilitated approach to retirement savings- auto IRA, Secure Choice, marketplace
- Utilizes the power of payroll deduction, automatic enrollment, and automatic escalation when possible
- Allows employees and small businesses to benefit from the power of pooling
- Saves Taxpayer Dollars
- Self-sustaining Plan



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National Context

2012: **Massachusetts** passed plan for non-profits
California passed feasibility study

2013: **Oregon** passed study of retirement security

2014: **Minnesota** and **Connecticut** each passed a feasibility study, appropriating \$400k for the work

Over a dozen states working on this concept nationwide . States that passed one chamber include: **Washington** and **West Virginia**. Additional states considering the concept include: **Indiana, Nebraska, Wisconsin, Ohio, Colorado,** and **Arizona** .

2015: **Illinois** Governor signs Secure Choice into law.
Utah Senate and **Virginia** pass studies unanimously.

AARP expects 20+ states advocating on Work and Save

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Work and Save: A National Movement

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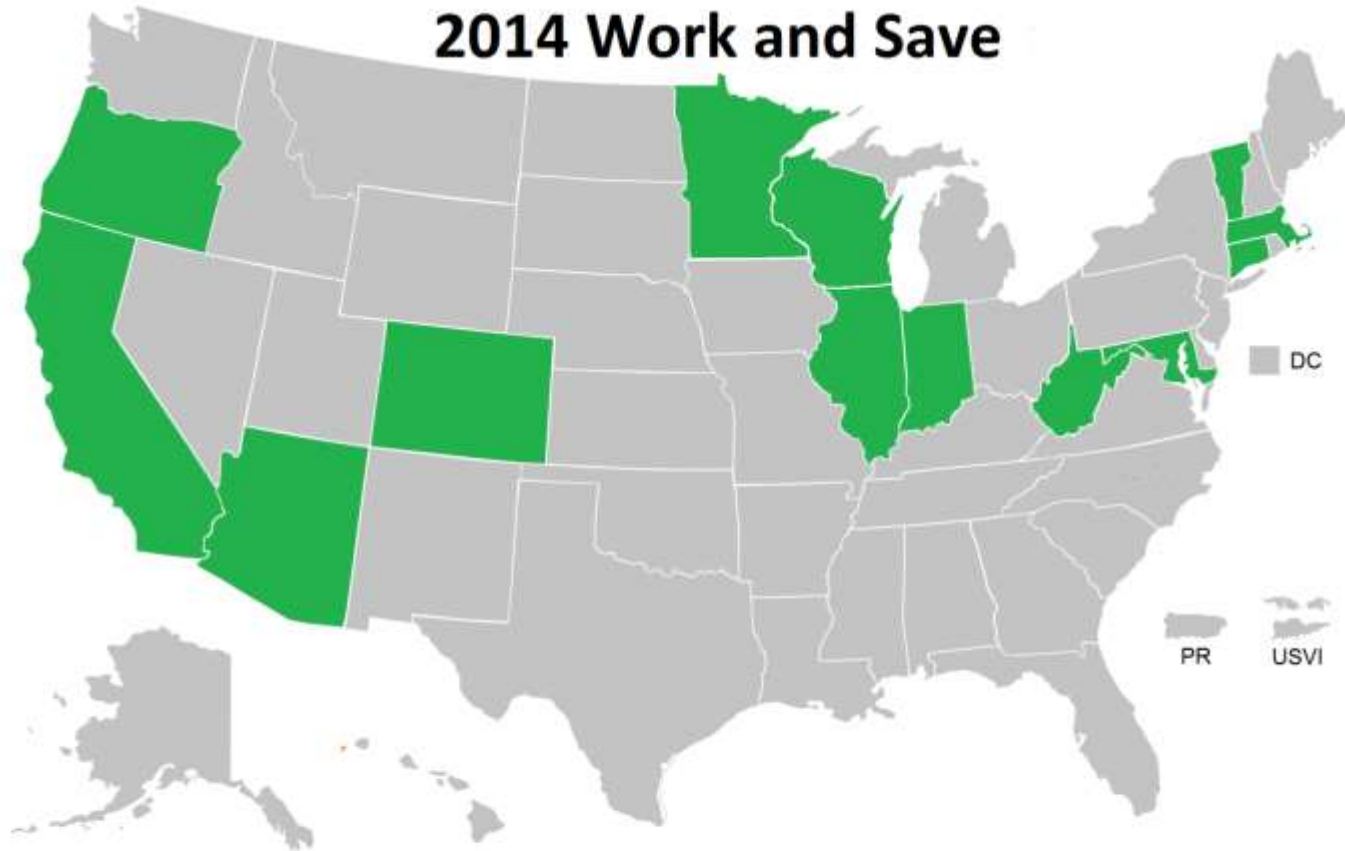
2013 Work and Save



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Roll

Work and Save: A National Movement

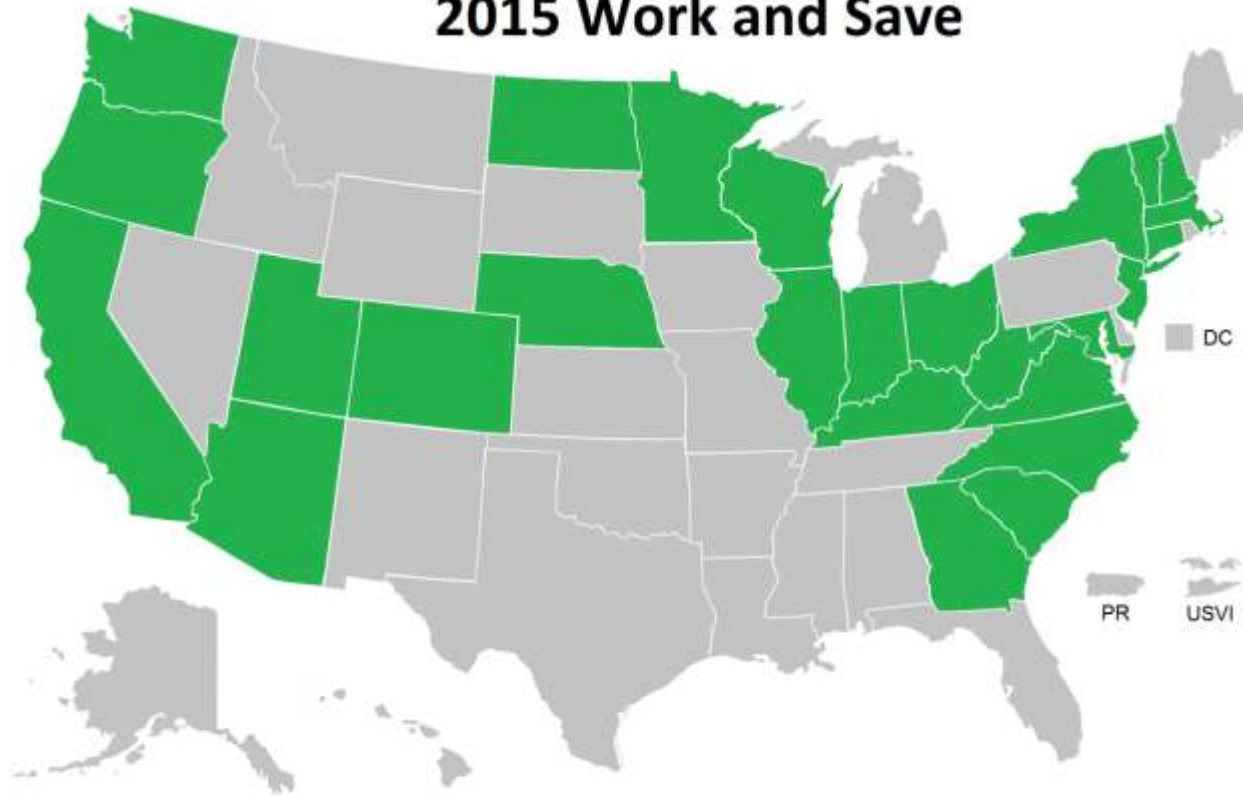
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Work and Save: A National Movement

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2015 Work and Save



National Attention

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Clearing a Path for State-based Retirement Plans

Filed in [DOL](#), [Retirement](#), [Secretary Perez](#) by [Secretary Tom Perez](#) on July 13, 2015 • 0 Comments

Money

Forbes

MarketWatch

Is This the Future of Retirement?

STATE GOVERNMENTS ARE STARTING TO STEP IN TO HELP WORKERS SAVE. HERE'S WHY THAT'S A GOOD THING.



by Penelope Wang

A BARE INNOVATION in retirement

building a nest egg (see below). So states will face a huge drain on their budgets as workers with no savings reach retirement and need services such as Medicaid and

The New York Times

Some States Look to Fill a Retirement Savings Gap

Retirement plans for small business gaining steam

Kelley Holland | @KKelleyHolland
Wednesday, 20 May 2015 | 8:00 AM ET



STATE SAVINGS PLANS

LIVE 5:32 PM ET	WILLIS REPORT	INDUSTRIALS		HONEYWELL (HON)	95.17	0.59	DOW	16982.59
FOX BUSINESS		SEM	45.09	0.31	CURRENCIES	EUR/USD (EUR)	OIL	101.67
					ZILLOW TO ACQUIRE TRULIA FOR \$3.5B		GOLD	1305.80

THE WALL STREET JOURNAL.

May 28, 2015, 6:00 AM ET

States Tackle America's Retirement-Savings Shortfall

By Anne Tergesen

Pensions & Investments

State private retirement programs get help from president

GOVERNING

THE STATES AND LOCALITIES

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FINANCE

States Forge Ahead of Feds to Address Retirement Crisis

Questions?

Sarah Mysiewicz Gill
Senior Legislative Representative
State Financial Security & Consumer Affairs
AARP
202-434-3756
sgill@aarp.org
@pensionimposble

Additional Resources:

AARP's Public Policy Institute State Retirement Savings Resource Center
<http://www.aarp.org/ppi/state-retirement-plans/>

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