State Facilitated Savings Programs
Risk of Financial Insecurity in Retirement on the Rise

National Retirement Risk Index, 1983 – 2013

Source: Center for Retirement Research, National Retirement Risk Index
Almost Half of all Households Have **NO** Assets Saved for Retirement

**Figure 5: Over 45 Percent of all Working-Age Households Do Not Own Assets in a Retirement Account**

Household retirement account ownership by age of head of household, 2013

Source: Authors’ analysis of 2013 SCF.

Source: NIRS, “The Continuing Retirement Savings Crisis”
Access to Workplace Savings Plans Static Over 30+ Years

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

ERISA introduced in 1974

Source: NIRS, “The Continuing Retirement Savings Crisis”
Percentages of Workers Without Access to a Retirement Plan

Source: AARP’s Public Policy Institute
Nearly **HALF** of the country’s private sector workers don’t have a way to save for retirement out of their regular paycheck. That’s 55 million American workers.

Source: [AARP’s Public Policy Institute](https://www.aarp.org/public-policy/institutional-research/pages/public-policy-research-by-topic.html)
Can’t People Already Save if they Want to?

Participation Rates

- 5% Not covered by an Employer Plan - Deductible IRA Only
- 72% Covered by an Employer Plan
- 91% Auto-enrolled into an Employer Plan

Payroll Deduction Valued Across All Income Levels

Importance of Being Able to Deduct Retirement Savings Plan Contributions From Taxable Income as an Encouragement to Save for Retirement, Among Full-time Workers, by Total Household Income

Effect of Auto Enrollment on Participation

b. By Age

<table>
<thead>
<tr>
<th>Age</th>
<th>Without automatic enrollment</th>
<th>With automatic enrollment</th>
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<tr>
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Fact Sheet

The US Could Save $33 Billion by Helping People Save for Their Own Retirement

William Shiflett and Catherine Harvey
AARP Public Policy Institute

When individuals save for retirement they are less likely to rely on public assistance programs later in life. State-facilitated retirement savings plans for small-business employees would help people save more for retirement and, in turn, save significant taxpayer dollars for programs like Medicaid, Supplemental Security Income, the Supplemental Nutrition Assistance Program, and housing assistance. More than 30 states are considering creating retirement plans for private-sector workers whose employers do not already offer one. New research finds that the US would save $33 billion on public assistance programs between 2018 and 2032 if lower-income retirees save enough to increase their retirement income by $1,000 more per year.

Source: AARP’s Public Policy Institute
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.

2015: Illinois (D), Oregon (D) and Washington (D) Governors sign new laws.

2016: New Jersey (R), Maryland (R), Connecticut (D) and California (D) Governors sign new laws.

2017: Vermont (R) signs bill into law. Oregon goes live.

2018: New York (D) signs bill into law. Virginia (R), Wyoming (R), and Kansas (R) pass studies. Illinois and California go live with their programs.

2019: New Jersey (D) signed auto-IRA bill into law. New Mexico (D), Indiana (R) and Idaho (R) passed study resolutions.
OregonSaves: Success!

- With over $18.4 million saved, the program is helping Oregonians of all different income levels save their own money and prepare for a more secure retirement.

- As of May 1st, 78,467 employees have enrolled in the program.

- The average contribution is about $100 per month, and the average savings rate is 5.54%.
Updates on Legal Issues

California:

• Howard Jarvis Taxpayers Ass’n v. Cal. Secure Choice Ret. Sav. Program filed May 2018

• In April 2019, a District Court in California granted CalSavers’ motion to dismiss the Jarvis Association complaint, but granted the Association leave to amend.
  – “Finding that ERISA preempts CalSavers would be out-of-step with the underlying purposes of the Act. CalSavers does not govern a central matter of an ERISA plan’s administration, nor does it interfere with nationally uniform plan administration.”
  – “Because CalSavers is not subject to preemption under ERISA, the Court further finds that providing Plaintiffs leave to amend would be futile. Accordingly, Plaintiffs’ claims are hereby DISMISSED with one final leave to amend.”

• Amended complaint filed April 2019.

• No active litigation in other states.

Oregon

• In 2018, the ERISA Industry Committee dropped it’s suit against Oregon Saves, stating “As a result of a settlement with Oregon, ERIC dismissed its lawsuit against the ORSB. Under the terms of the settlement, ERIC members may inform the State, if it asks, that they are ERIC members, and the State will verify their membership with ERIC to confirm their exemption from OregonSaves.”
Questions?
Sarah Mysiewicz Gill
Senior Legislative Representative
State Government Affairs
AARP

Additional Resources:
AARP’s Public Policy Institute State Retirement Savings Resource Center
http://www.aarp.org/ppi/state-retirement-plans/