A Bipartisan Roadmap for Retirement Security

A Presentation to the United States Conference of Mayors
By Kenneth Megan, Manager of Policy at the Economic Innovation Group

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America's Retirement Security Problem

● **Too Many Americans Face Retirement Insecurity**
  ○ 81% of American voters are concerned about their retirement security.
  ○ Half of Americans are on pace to take a standard-of-living cut in retirement.
  ○ Half of U.S. families have no retirement accounts.

● **Insecurity is Higher for Low-Income Families**
  ○ Median net worth for the bottom 25% of families is only $310.
  ○ Median retirement savings balance for the bottom 50% of families is $0.

● **In America’s Cities...**
  ○ 28 percent of workers are in low-access industries.
  ○ Six percent in gig economy, which generally lacks benefits.
Inequitable Access to Retirement Plans

● **Black and Hispanic workers**
  ○ Lower levels of access to employer retirement plans.
  ○ Half the total retirement wealth of white households.

● **Women**
  ○ Hold 70% of average man’s retirement savings.
  ○ Higher life expectancy and unpaid care burden.

Source: “The State of American Retirement Savings” by Monique Morrissey
Federal Retirement Tax Benefits Disproportionately Accessed by Wealthy Households

Total Federal Retirement Tax Benefit, By Income Quintile

<table>
<thead>
<tr>
<th>Income quintile of recipient household</th>
<th>Billions of 2019 dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highest Quintile</td>
<td>$160</td>
</tr>
<tr>
<td>Fourth Quintile</td>
<td>$70</td>
</tr>
<tr>
<td>Middle Quintile</td>
<td>$29</td>
</tr>
<tr>
<td>Second Quintile</td>
<td>$13</td>
</tr>
<tr>
<td>Lowest Quintile</td>
<td>$4</td>
</tr>
</tbody>
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Congressional Working Group on Retirement Security

- **Membership**
  - Sen. John Hickenlooper (D-CO)
  - Sen. Thom Tillis (R-NC)
  - Rep. Terri Sewell (D-AL)
  - Rep. Lloyd Smucker (R-PA)

- **Goals**
  - Empower low- and middle-income workers to save for retirement.
  - Introducing legislation in the coming months.
  - Looking at the Thrift Savings Plan as inspiration and guidance.
TSP a Proven Model for Retirement Security

- **Key Design Features**
  - Matching contributions
  - Automatic enrollment
  - Low fees
  - Simple investment options

- **Successfully Reaches Underserved Populations**
  - 90%+ participation among Black and low-income federal employees.
  - Increasing from 77% and 74% before adopting auto-enrollment.
USCM Resolution on Retirement Security

● **Sponsors:**
  ○ Mayor Michael B. Hancock, Denver.
  ○ Mayor Randall Woodfin, Birmingham.

● **The resolution Calls on Congress to...**
  ○ develop bipartisan solutions to strengthen retirement security for low- and middle-income workers.
  ○ look towards the TSP as a model for improving access to well-designed savings plans.
Questions?

For More Information Visit the Inclusive Wealth Building Initiative Website at https://inclusivewealth.eig.org/

Contact: Kenneth Megan, Manager of Policy at the Economic Innovation Group at kenneth@eig.org