A Bipartisan Roadmap for Retirement Security

A Presentation to the United States Conference of Mayors
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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

- Highest Quintile: $160 billion
- Fourth Quintile: $70 billion
- Middle Quintile: $29 billion
- Second Quintile: $13 billion
- Lowest Quintile: $4 billion

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.
Thank You

Questions?

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

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