FAST FACT SHEET #4

What Are the Retirement Savings Challenges for Small Businesses?

✓ 98.2% of all firms in the United States employed less than 100 workers. Of these small firms, 63% employed between 0-4 workers, 17.6% employed between 5-9 workers, 10.6% employed between 10-19 workers, and 8.8% employed between 20 and 99 workers.
  U.S. Census Bureau, Data Tables by Enterprise Employment Size: US_State_Totals_2012.

✓ In 2012, there were 5,624,518 small business employer firms (less than 100 employees) in the United States.
  U.S. Census Bureau, Data Tables by Enterprise Employment Size: US_State_Totals_2012.

✓ While small businesses make up the majority of firms, small firms employed 34.3% of all employees.

✓ About 42 million workers, or about one-third of all private-sector employees, work for employers with fewer than 100 employees. In 2009, of these small employers, about 14% sponsored some type of plan for their employees to save for retirement.

✓ Small businesses account for approximately two-thirds of workers that lack access to a retirement plan.

✓ In 2009, 5% of small businesses with less than 5 employees offered a retirement plan while 31% of small businesses with between 26 and 100 offered a retirement plan.

✓ According to the U.S. GAO, many of the small employers who were contacted said they felt overwhelmed by the number of plan options, plan administration requirements and paperwork, and fiduciary responsibilities, particularly selecting investment funds and managing plan assets.

✓ 63% of small business owners perceive cost as the biggest barrier to offering a plan.

✓ In 2012, the average amount sponsors of small plans reported paying for recordkeeping and administrative services was 1.33% of assets annually, compared with 0.15% paid by sponsors of large plans.
  GAO-12-325, 401(k) Plans: Increased Educational Outreach and Broader Oversight May Help Reduce Plan Fees, April 2012.

✓ In the private sector, 74% of full-time workers had access to a retirement plan, significantly higher than 37% of part-time workers.