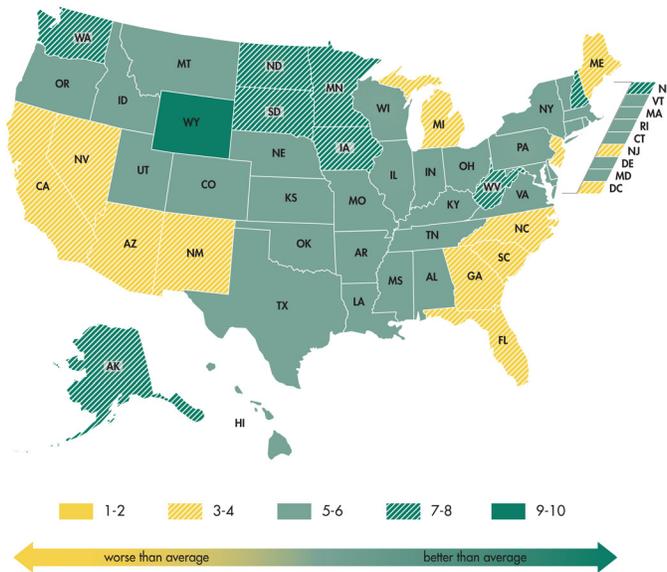


Financial Security for Future Retirees: Oregon Scores 5 out of 10



Oregon like every state faces challenges to the financial security of future retirees. The state's average 5 out of 10 score on the Financial Security Scorecard means that the next generations have slightly higher potentials for financial insecurity in retirement than in other states. The scorecard considers: future income, key retiree costs, and labor markets for older workers. Oregon has an important role to play in fashioning policies to promote financial security as workers age, especially given its low rating for potential retirement income.

Oregon policy makers may particularly look to focus on expanding retirement savings opportunities for workers to help them meet their expected costs in retirement. Only 45% of Oregon workers participate in a retirement plan, which is down from more than half in 2007. While the \$31,037 average defined contribution (DC) account

balance is above the national average, savers have accumulated amounts equal to just more than half of average annual earnings of \$57,312 for Oregon workers. Financial industry experts recommend that workers in their 40s have 2-3 times their salary in retirement savings. Increasing pension coverage and savings is important, otherwise the percentage of older individuals living in poverty in the future may exceed the 2012 level of 7.5 percent.



POTENTIAL FUTURE RETIREE INCOME SCORE: 3 OUT OF 10

Overall components of Oregon's potential retirement income score fell on the lower end. With \$31,037 as the average DC account balance for its workers that owned such account, Oregonians saved just more than the national average of \$30,345. Combining this modest savings level with the fact that only 45 percent of private sector workers participate in retirement plans generates an unfavorable outlook for income in retirement. Also, Oregon's tax rate on pension income of 7.67 percent was the second highest in the nation.



MAJOR RETIREE COST SCORE: 6 OUT OF 10

The cost of living for retirees in Oregon is relatively lower than in other states. Medicare enrollees' \$1,524 expense for out-of-pocket costs meant the state had the 4th lowest cost-sharing for health care. Oregon ranked well below the average of states regarding Medicaid generosity, with average spending \$13,882 for older beneficiaries. The housing cost burden for older households in Oregon was higher than nearly three-fourths of the states, with 36.2 percent of older households paying 30% or more of income for housing.



OLDER ADULT LABOR MARKET SCORE: 6 OUT OF 10

In terms of labor market opportunities for retirees, Oregon's results are mixed but come out above average. The state received a high score for its median hourly wages for older workers of \$16.25 in 2012, which was the 5th highest in the nation. However, with 6.3 % of older workers unemployed, Oregon's unemployment rate was higher than the national average of 5.3%.

OREGON FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	4	5	5	5.4
Retirement Income Score	4	4	3	5.5
Retirement Plan Participation (Private Sector)	47.73%	50.94%	44.84%	46.0%
Average DC Account Balance	\$26,553	\$29,754	\$31,037	\$30,345
Marginal Tax Rate on Pension Income	7.58%	7.68%	7.67%	4.0%
Retiree Cost Score	5	6	6	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,178	\$1,373	\$1,524	\$1,745
Medicaid Payments for Older Beneficiaries	\$12,958	\$13,142	\$13,882	\$16,978
Older Households Paying 30% or More for Housing	32.2%	35.5%	36.2%	32.7%
Labor Market Score	4	6	6	5.6
Older Worker Unemployment Rate	4.3%	3.5%	6.3%	5.3%
Median Hourly Wage for Older Workers	\$14.31	\$16.28	\$16.25	\$14.76

Note: All dollar figures are in 2012 dollars.

ABOUT THE FINANCIAL SECURITY SCORECARD

The Financial Security Scorecard measures three key areas of retirement security: potential future income, major retiree costs, and the labor market for older Americans. This Scorecard assesses Oregon relative to the other states on these dimensions of retirement security.

Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.

For more information about the national and state scorecards visit www.nirsonline.org.