



GEORGETOWN UNIVERSITY  
 McCourt School of Public Policy  
 Center for Retirement Initiatives

## 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.  
 U.S. Census Bureau, [Statistics of U.S. Businesses Employment and Payroll Summary: 2012](#), February 2015.
- ✓ 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.  
 GAO-13-748T, [Retirement Security: Challenges and Prospects for Employees of Small Businesses](#), July 16, 2013.
- ✓ Small businesses account for approximately two-thirds of workers that lack access to a retirement plan.  
["The Continuing Retirement Savings Crisis,"](#) National Institute on Retirement Security, March 2015.
- ✓ 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.  
 GAO-13-748T, [Retirement Security: Challenges and Prospects for Employees of Small Businesses](#), July 16, 2013.
- ✓ 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.  
 GAO-13-748T, [Retirement Security: Challenges and Prospects for Employees of Small Businesses](#), July 16, 2013.
- ✓ 63% of small business owners perceive cost as the biggest barrier to offering a plan.  
 American Sustainable Business Council, [Poll Report: Small Business Owners' Views on Retirement Security](#), June 2013.
- ✓ 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.  
 Bureau of Labor Statistics, [News Release: Employee Benefits in the United States – March 2014](#), July 25, 2014.