

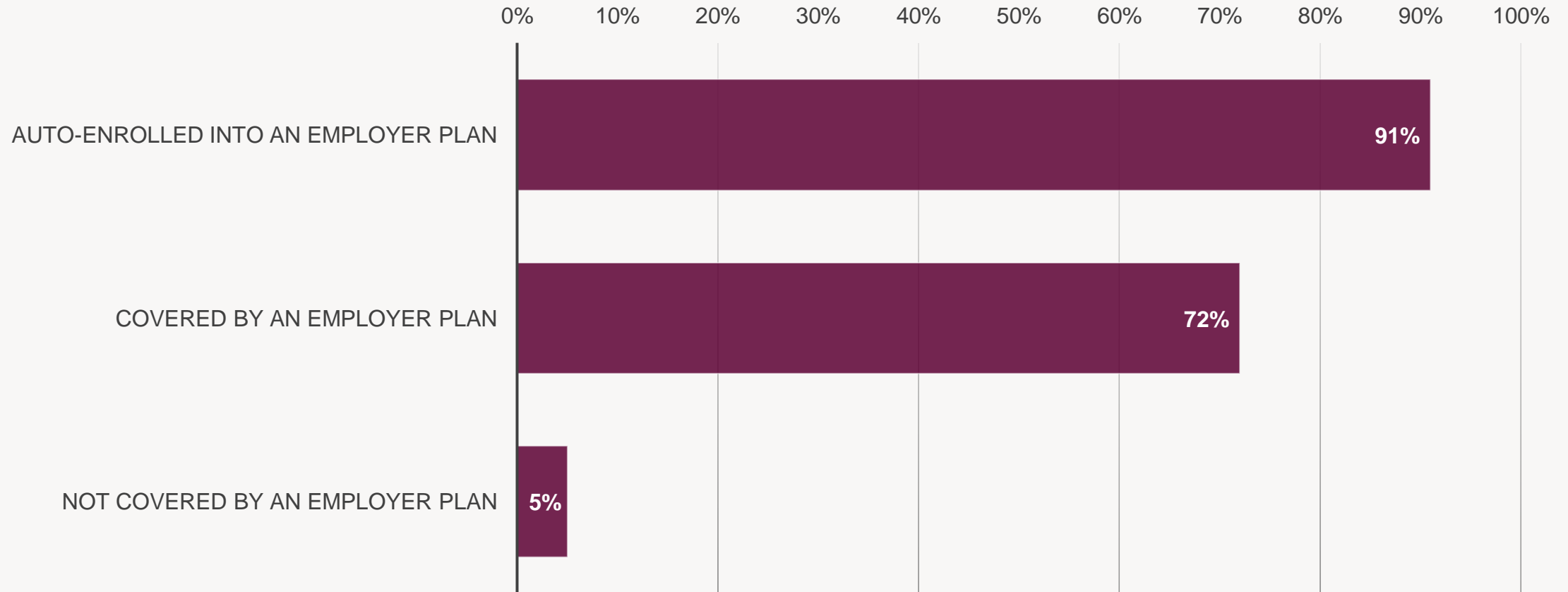
Retirement Savings Models



AARP[®]

Can't People Already Save If They Want To?

Participation Rates



Source: Data compiled by AARP's Public Policy Institute from unpublished estimates from the Employee Benefit Research Institute of the 2004 Survey of income and Program Participation Wave 7 Topical Module (2006 data). See also Brookings' Retirement Security Project, and WhiteHouse.gov. Automatic enrollment data estimates provided by Vanguard.

What is Work and Save?



- **Public-private partnership** to help workers save out of regular paycheck
- **Self-sustaining** – no ongoing costs or risks for employers or the state
- **Easy for Employers:** they just add a line-item payroll deduction and share information with employees

Program Design Features

Automatic Enrollment

Employees are 15 times more likely to save for retirement when they have access to a way to save at work, and 20 times more likely when they are automatically enrolled.

Voluntary

By allowing employers to decide whether or not to participate and allowing employees the choice to opt-out at any time, the program is completely voluntary and participants have full control over their participation.

Portability

Employees take their retirement savings with them when they leave a job.

Marketplace: How it Works



**Retirement plan providers
apply to be on marketplace**



**State agency vets plans for
fees & transparency.
Accepted plans listed on
website**



**Employer voluntarily goes to
marketplace to choose plan**



**Employer
establishes and
runs retirement
plan for employees**

Marketplace Drawbacks



**Employer
must:**

- ✓ **Choose type of plan, provider, and investment options**
- ✓ **Operate plan and fill out paperwork**
- ✓ **May act as fiduciary**
- ✓ **Remit payroll deduction**

Multiple Employer Plan: How it Works



State chooses a private sector provider for MEP, oversees operation



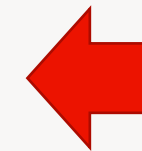
Retirement plan provider sets up and operates plan



MEP operates similarly to a 529 college savings plan



Employer voluntarily chooses to use MEP



Auto IRA: How it Works



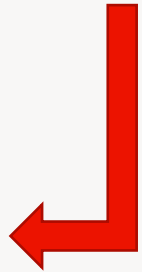
Choice 1: Use a private sector provider to offer a plan chosen by the employer. This fulfills the state's requirement on the employer to offer his/her employees a way to save for retirement at work



Employer establishes and runs retirement plan for employees



Employer is either required or voluntarily decides to offer a retirement plan to employees

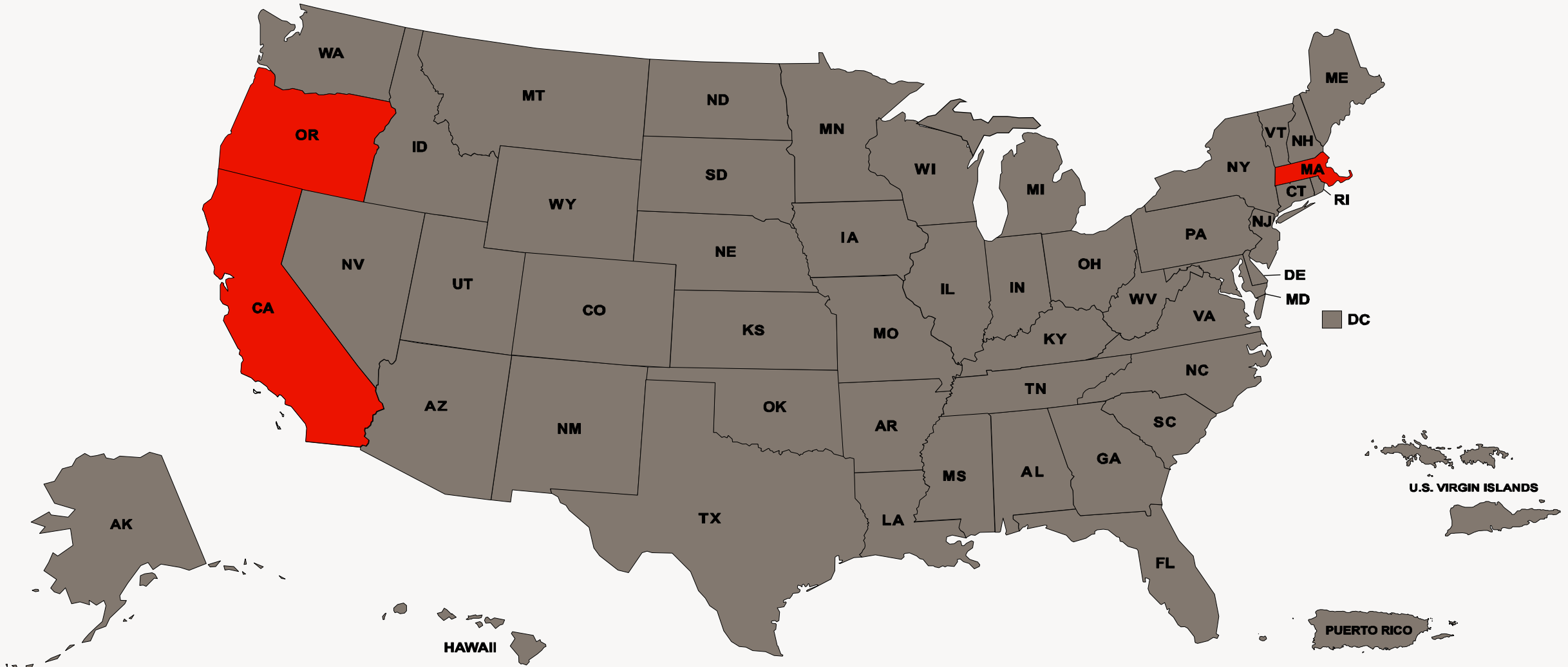


Choice 2: Use the default state-facilitated retirement savings program. Also fulfills state's requirement to offer a way to save



State facilitates the retirement program through a public private partnership

A National Movement: 2013



Work and Save Across the Country

Auto IRA (Including Voluntary IRA) States

- California (active)
- Colorado
- Connecticut
- Illinois (active)
- Maryland
- New Jersey
- New York
- Oregon (active)

Marketplace States

- Washington (active)

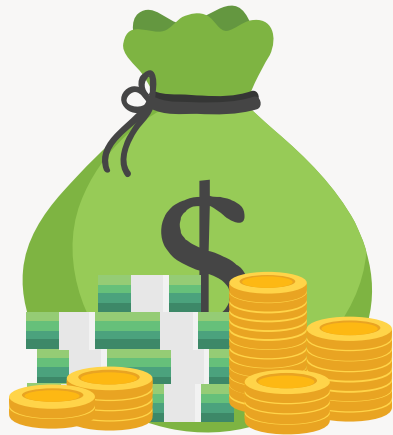
Multiple Employer Plan States

- Massachusetts (active)
- Vermont

Hybrid

- New Mexico

Work and Save Success



\$168 MILLION+
in assets



5% or more
average contribution rate

Questions?

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Additional Resources:

AARP's Public Policy Institute State Retirement Savings Resource Center

<http://www.aarp.org/ppi/state-retirement-plans/>