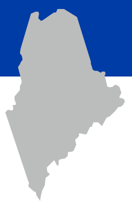
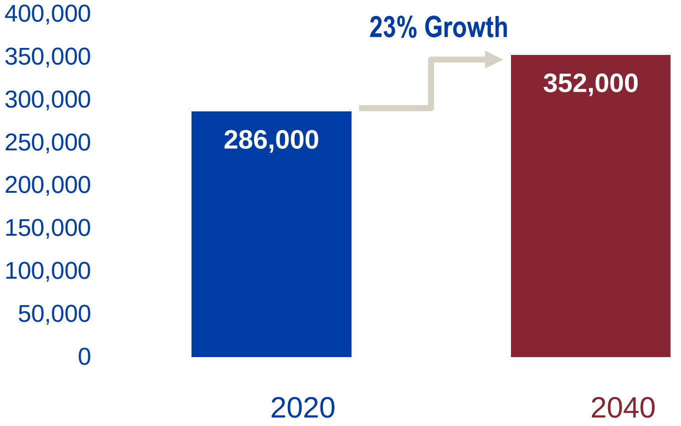
Maine



State Benefits of Expanding Access to Retirement Savings

Demographic Change

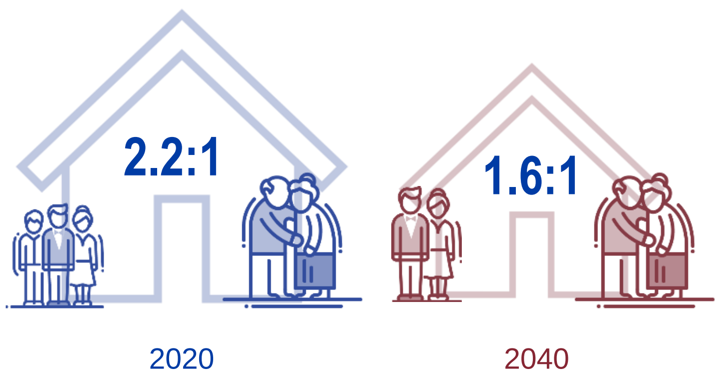
An Aging Population...



State Elderly Population Growth, 2020–2040

Source: University of Virginia Population Projections

...with Fewer Working-Age Households to Support it



State Ratio of Working Age to Elderly Households, 2020–2040

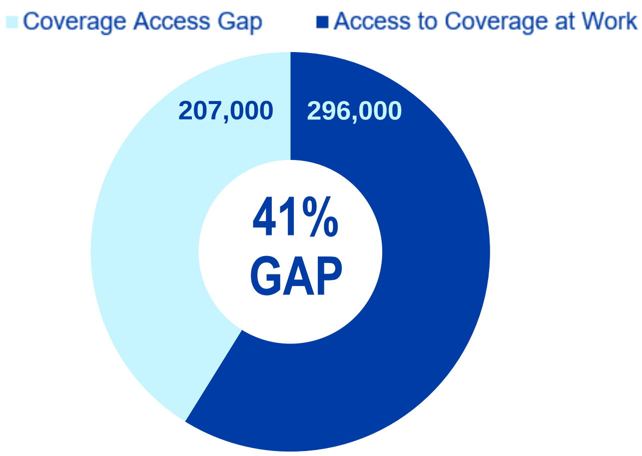
Source: ESI Analysis of UVA Population Projections

Retirement Savings Access

Employer-sponsored retirement plans are the primary way for private sector workers to build savings, but employers are not required to offer them. Universal workplace access policies, where every firm is required to offer a plan, could significantly reduce gaps in access and expand retirement savings. Because the smallest employers are the least likely to offer coverage, thresholds exempting small employers from coverage requirements reduce the ability to close the access gap.*

Many Employees in the State Lack Access to a Retirement Savings Plan at Work...

504,000 Private Sector Employees Statewide



Workplace Access to Retirement Savings Among Private Sector Workers (2020)

Source: ESI Analysis of Census Bureau and BLS Data

...Especially Those Working for the Smallest Employers

Employer Size	Workers Without Access (“Gap”)	% of State Access Gap Unaddressed
<5 Employees	33,000	16%
<10 Employees	71,000	34%
<25 Employees	114,000	55%

How Employer Size Thresholds for Providing Coverage Reduce the Ability to Close the Access Gap (2020)

Source: ESI Analysis of Census Bureau and BLS Data

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CENTER FOR RETIREMENT INITIATIVES
In conjunction with ESI Econsult Solutions Inc. economics | strategy | insight
With grant support from Berggruen Institute

* For further information and national analysis, see: *What are the Potential Benefits to Universal Access to Retirement Savings?*

Savings

Expanding Access Would Grow Savings...

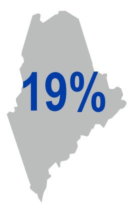
	Auto-IRA (no threshold)	Auto-IRA (employers <10 exempt)
Additional Savers	114,000	73,000
Average Contribution	$2,070	$2,150
Total Contributions	$240 Million	$160 Million

Projected Increases in Savings Within the State in the Year 2040 from Expanded Access

Source: ESI Projections

Projected savings levels are highest when the most workers are covered. Savings could be further enhanced through incentives such as a refundable federal Saver's Tax Credit.*

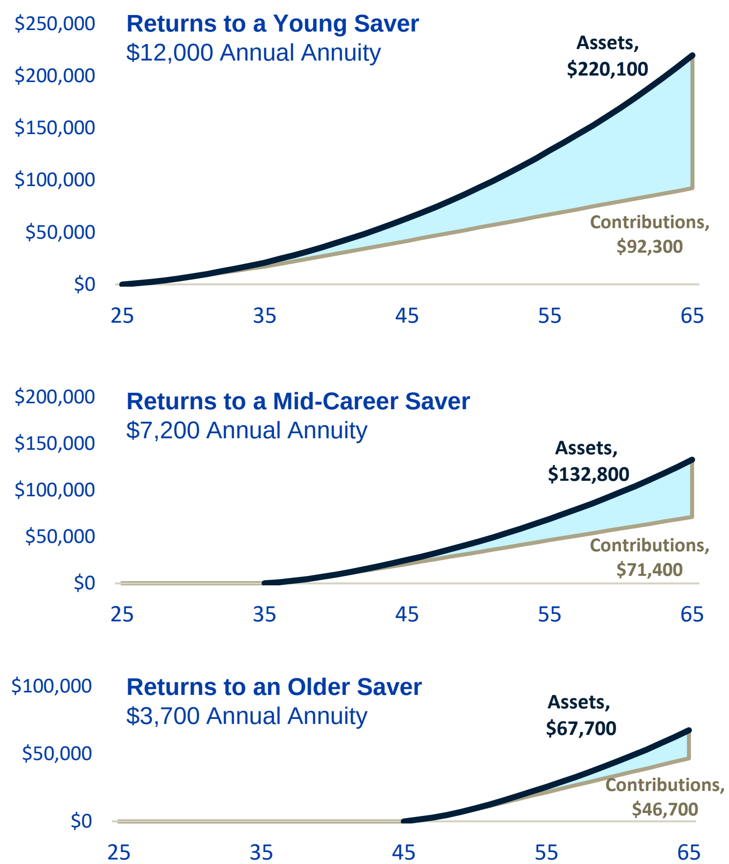
Many Seniors Rely Heavily on Social Security



Share of Elderly Households in the State Relying on Social Security for at Least 90% of Their Income (2018–2019)

Source: ESI Analysis of Current Population Survey Data

...Allowing Savers Across the State to Supplement Their Income in Retirement

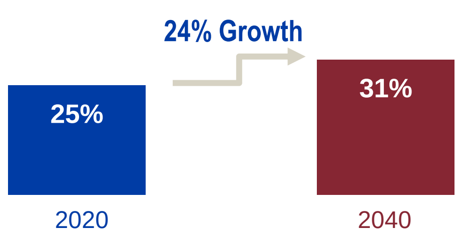


Source: ESI Projections for a Worker at a Small Business Following Auto-IRA Savings Defaults

Economic and Fiscal Impacts

An increase in savings would grow the disposable income available to retirees, boosting the economy because seniors represent an increasing share of household spending power.

Growing Household Spending…



Share of Statewide Household Spending by Seniors, 2020–2040

Source: ESI Analysis BLS Data

Current government expenditures to support low-income seniors through benefit programs like Medicaid are significant. Increases in retiree incomes through enhanced savings would limit the growing demand for these programs as the population ages.

...While Reducing Government Spending

$13,700

Annual Per-Beneficiary Spending (Federal & State) for Elderly Medicaid Recipients, 2017–2018

Source: Centers for Medicaid and Medicare Services

This analysis presents state data and analyses pertaining to an IRA model only, which does not allow for employer contributions. States are preempted by federal law (ERISA) from requiring employers to offer a 401(k)/MEP because those are considered employee benefit plans.*

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