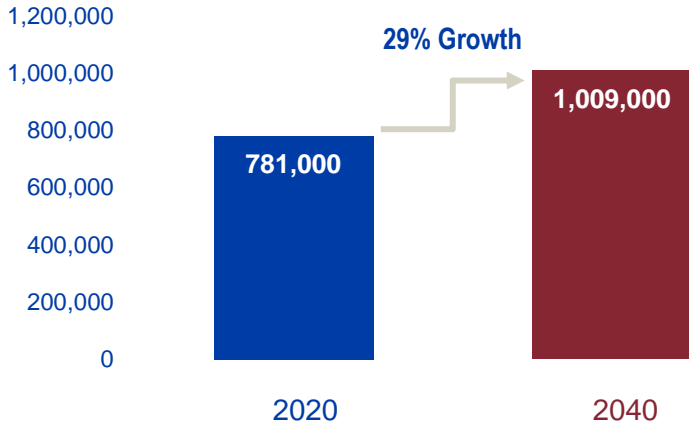




## State Benefits of Expanding Access to Retirement Savings

### Demographic Change

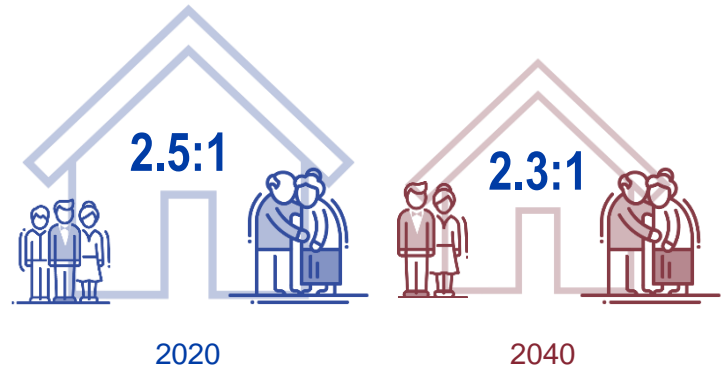
#### An Aging Population...



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

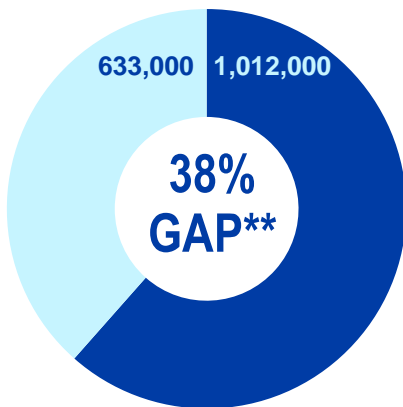
### Retirement Savings Access

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...

1.65 Million Private Sector Employees Statewide

■ Coverage Access Gap ■ Access to Coverage at Work



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

Source: ESI Analysis of Census Bureau and BLS Data

Oregon is increasing access to retirement savings for private sector workers through OregonSaves. All private sector businesses that do not offer qualified plans are required to participate in the state-facilitated Auto-IRA program. Launched in 2017, OregonSaves is one of the first state-facilitated programs of its type and serves a model for similar efforts in other states.

\*\* Adjusted to account for initial access increase through OregonSaves as of December 2020

### Savings

#### Expanding Access Would Grow Savings...

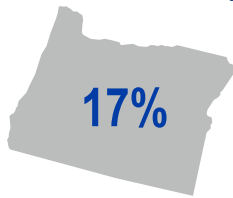
	Auto-IRA (no threshold)	Auto-IRA (employers <10 exempt)
Additional Savers	583,000	408,000
Average Contribution	\$2,520	\$2,650
Total Contributions	\$1.47 Billion	\$1.08 Billion

#### 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.\*

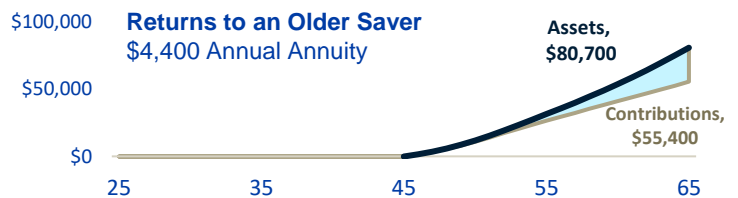
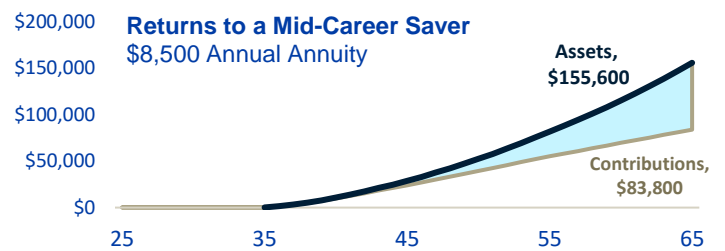
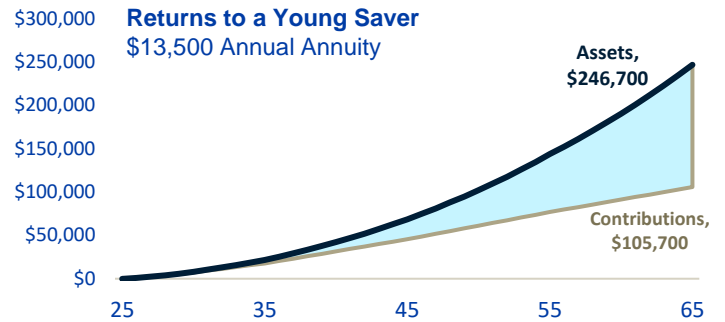
#### Many Seniors Rely Heavily on Social Security



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



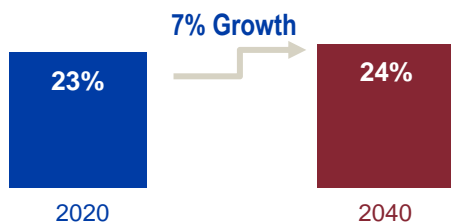
Source: ESI Projections for a Worker at a Small Business Following Auto-IRA Savings Defaults

### 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



\$25,000

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.\*