An Analysis of National Options to Expand Coverage

Demographic Change

An Aging Population... 32% Growth

<table>
<thead>
<tr>
<th>Year</th>
<th>Elderly Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>53.8 Million</td>
</tr>
<tr>
<td>2040</td>
<td>71.1 Million</td>
</tr>
</tbody>
</table>

Elderly Population Growth, 2020–2040
Source: University of Virginia Population Projections

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Ratio of Working-Age: Elderly Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>2.8:1</td>
</tr>
<tr>
<td>2040</td>
<td>2.3:1</td>
</tr>
</tbody>
</table>

Ratio of Working Age to Elderly Households, 2020–2040
Source: Georgetown CRI, ESI Analysis of UVA Population Projections

Many Seniors Rely Heavily on Social Security

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

23%

Source: Georgetown CRI, ESI Analysis of Current Population Survey Data

Retirement Savings Access

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

124.6 Million Private Sector Employees

Coverage Access Gap

<table>
<thead>
<tr>
<th>Employer Size</th>
<th>Access to Coverage at Work</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Sizes</td>
<td>57.3 M</td>
</tr>
<tr>
<td>5+ Employees</td>
<td>6.9 mil</td>
</tr>
<tr>
<td>10+ Employees</td>
<td>14.5 mil</td>
</tr>
<tr>
<td>20+ Employees</td>
<td>22.8 mil</td>
</tr>
</tbody>
</table>

46% GAP

Source: Georgetown CRI, ESI Analysis of Census Bureau and BLS Data

...Especially Those Working for the Smallest Employers

Access Gap Would Remain for Millions of Workers if Small and New Employers are Exempted from Providing Coverage

<table>
<thead>
<tr>
<th>Employer Age</th>
<th>All Ages</th>
<th>1+ Years</th>
<th>2+ Years</th>
<th>3+ Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Sizes</td>
<td>No Gap</td>
<td>2.2 mil</td>
<td>4.2 mil</td>
<td>6.2 mil</td>
</tr>
<tr>
<td>5+ Employees</td>
<td>6.9 mil</td>
<td>8.2 mil</td>
<td>9.7 mil</td>
<td>11.3 mil</td>
</tr>
<tr>
<td>10+ Employees</td>
<td>14.5 mil</td>
<td>15.4 mil</td>
<td>16.5 mil</td>
<td>17.6 mil</td>
</tr>
<tr>
<td>20+ Employees</td>
<td>22.8 mil</td>
<td>23.3 mil</td>
<td>24.1 mil</td>
<td>24.8 mil</td>
</tr>
</tbody>
</table>

Source: Georgetown CRI, ESI Analysis of Private Sector Workers at Firms Exempted under Various Thresholds using Census Bureau and BLS Data

Suggested Report Citation

What are the Potential Benefits of Universal Access to Retirement Savings?

**Economic and Fiscal Impacts**

Regardless of the model selected, what is clear is that the benefits to savers, retirees, and to the nation would be significant. A national approach to universal access to retirement savings could:

- Increase cumulative total retirement savings by $1.4–$1.9 trillion by the year 2040
- Accelerate economic growth, increasing national GDP by $72–$96 billion in the year 2040
- Produce $7–$9 billion in federal and state program savings in the year 2040 through reduced benefit program demand

**Savings**

**New Savers can Supplement their Incomes in Retirement**

- **Returns to a Young Saver**
  - $21,300 Annual Annuity with Tax Credit
  - $14,300 Annual Annuity without Credit

- **Returns to a Mid-Career Saver**
  - $13,000 Annual Annuity with Tax Credit
  - $8,700 Annual Annuity without Credit

- **Returns to an Older Saver**
  - $6,600 Annual Annuity with Tax Credit
  - $4,400 Annual Annuity without Credit

**Supplemental Lifetime Income Available at 65**

*Source: Georgetown CRI, ESI Projections for a Worker at a Small Business Following Auto IRA Savings Defaults. For comparison purposes, savers follow equivalent earnings trajectories, differing slightly from those in the full report.*

**Scenarios Analyzed**

Universal access scenarios were developed based on state programs and national legislative proposals. The options analyzed varied the type of account (payroll reduction Roth IRA and Roth 401(k)), exemptions for certain small employers, and voluntary versus mandatory employer contributions. Approaches that provide the broadest expansion of access result in the largest increases in coverage, savings, economic, and fiscal impacts.

**Required Universal Access to Savings Options Can Expand Access and Savings**

- 28.1 M additional savers by 2040
- 28.3 M Workers Contributing
- 29.6 M Workers Opting Out
- 40.4 M Workers Contributing

**Projected Increases in Savers from Expanded Access (2040)**

*Source: Georgetown CRI, ESI Projections*