



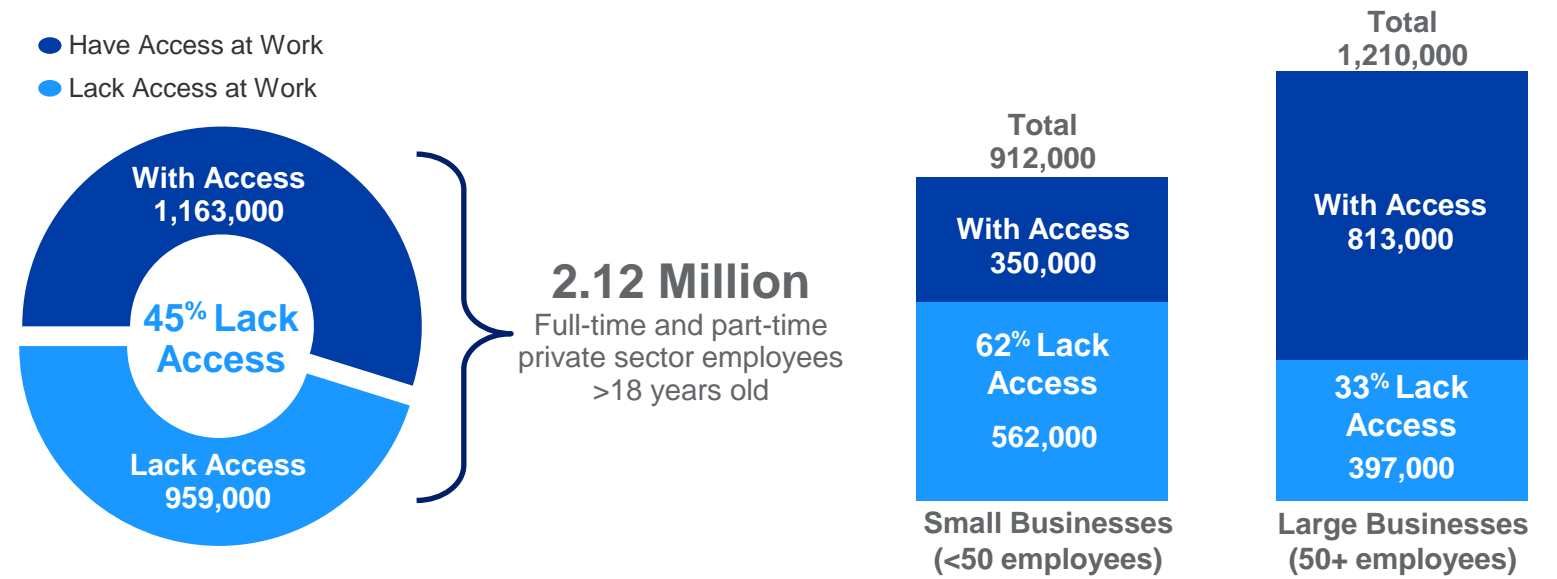
Who Lacks Access to Retirement Savings?

Private sector workers are much more likely to save for retirement if they have access to employer-sponsored retirement savings plans, but employers are not required to offer them. As a result, nearly half (47%) of U.S. private sector workers over the age of 18 lack access to such a plan.¹ In Maryland, a smaller share of private sector workers lacks such access (45%) when compared with the national average (47%).

State-facilitated retirement savings programs adopted across the country demonstrate the potential to increase savings options for the 959,000 Maryland employees who lack access. Maryland recently enacted the MarylandSaves Program. Such programs have been shown to expand coverage through worker participation and indirectly contribute to new private sector employer plan formation reaching even more workers. While progress is being made, a gap remains between those with access and those who still lack access.

Many Employees Lack Access to an Employer-Sponsored Retirement Savings Plan...

Workplace Access to Retirement Savings Among Private Sector Employees in Maryland, 2023²



Maryland has 109,000 small businesses with employees.³ Employees at these businesses are less likely than those working at larger firms to have access to retirement savings through their workplaces.

...while Gig Workers Represent Another Significant Population Lacking Access

“Gig economy” workers with non-traditional employment arrangements are less likely to have access to workplace retirement savings options.⁴ Access for this population is growing in importance as work arrangements change and this segment of the workforce grows.⁵



Notes:
1: ESI Analysis of Census Bureau (2022-2024) and BLS Data (2024); 2: ESI Analysis of Census Bureau (2022-2024) and BLS Data (2024). Results may not sum precisely due to rounding;
3: U.S. Small Business Administration (2024); 4: Gig workers include independent contractors, on-call, temporary, and contingent workers, as defined by the BLS; 5: Collins, et al., “Is Gig Work Replacing Traditional Employment? Evidence from Two Decades of Tax Returns” (2019); 6: ESI Analysis of BLS Data (2023) and Census NES Data (2022).

Why Do Retirement Savings Matter?

Too many of the elderly in Maryland already rely almost exclusively on Social Security. Because Maryland’s senior population will grow significantly, boosting private retirement savings is crucial to supporting a better quality of life for seniors and greater economic activity from their household spending, while constraining growth in the costs of government support programs.



State-facilitated retirement programs provide a simple pathway for workers without employer-sponsored plans to save for retirement. These programs, most often designed as automatic enrollment individual retirement accounts (Auto-IRAs), make saving easy and automatic while giving workers full control to adjust their contribution levels or opt out at any time. The new federal Saver’s Match provides additional support for eligible low- and moderate-income workers, including those saving through these state programs. It has the potential to boost retirement savings and income for millions of Americans and help supplement Social Security benefits, which today average \$23,150 per year.⁴

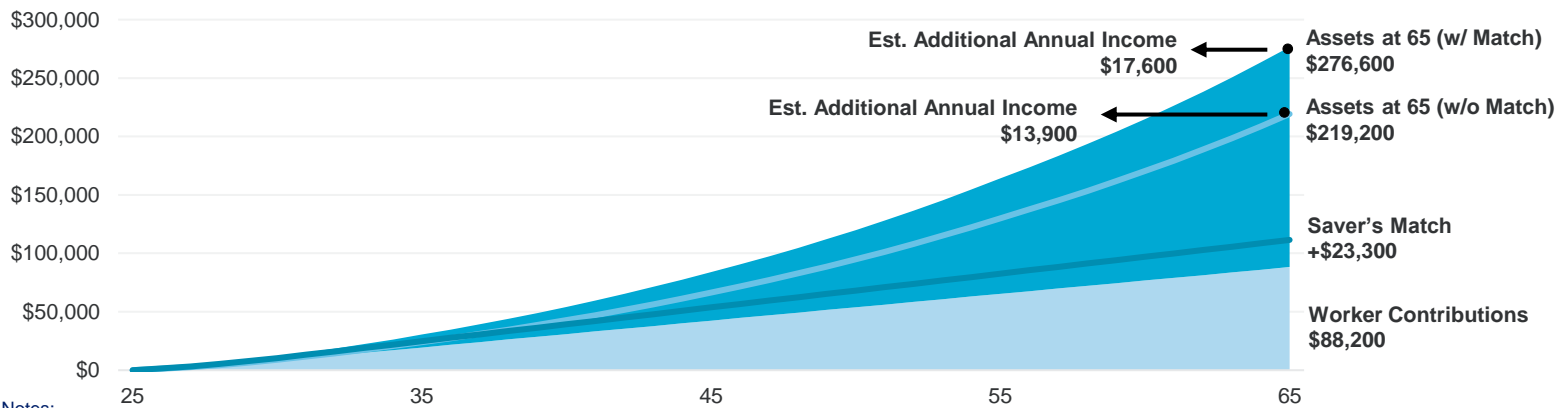
Worker Contributions + Saver’s Match Provide Additional Income for Retirement

NAME: Jane Doe
OCCUPATION: Server
AGE: 25
ANNUAL INCOME: \$26,600
SAVINGS CONTRIBUTION: 5% of income to start, growing 1% annually to 10% cap
MARKET RETURN: Inflation adjusted annual return of 4.0% - 5.4%, adjusted for fees

Using the most common state Auto-IRA program defaults, Jane would contribute \$88,200 to her retirement account over a 40-year career. The Saver’s Match could add \$23,300 in contributions.

By age 65, Jane’s assets could grow to \$276,600, providing her with \$17,600 each year in retirement through an immediate annual fixed annuity to supplement her Social Security Income.

Potential Supplemental Income Available at Age 65 for a Saver With and Without the Saver’s Match⁵



Notes: 1: University of Virginia Population Projections (2024); 2: ESI Analysis of Current Population Survey Data (2022-2024); 3: Centers for Medicaid and Medicare Services (2021-2022); 4: Social Security Administration, “Monthly Statistical Snapshot,” Table 2 (Jan. 2025); 5: ESI simulation of asset growth over time for a worker in the food service industry in the state following Auto-IRA savings defaults.