New Mexico

STATE-FACILITATED **PROGRAM ADOPTED**

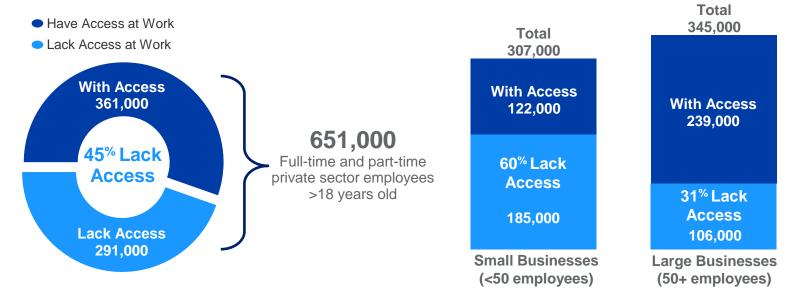
Who Lacks Access to Retirement Savings?

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. In New Mexico, 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 291,000 New Mexico employees who lack access. New Mexico recently enacted the New Mexico Work and \$ave Program, which is a voluntary marketplace and a voluntary payroll deduction IRA. 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 New Mexico, 2023²



New Mexico has 33,000 small businesses with employees. 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

291,000 **Private Sector Employees in NM Lack Access**



109,000 Gig Economy Workers in NM Lack Access⁶



400,000 **Total Workers In NM** Potentially Lack Access

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).









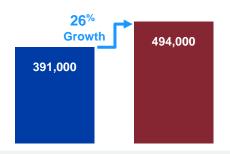
New Mexico

Why Do Retirement Savings Matter?

Too many of the elderly in New Mexico already rely almost exclusively on Social Security. Because New Mexico'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.

New Mexico's Aging Population...

Growth of Population 65 and Older: 2020-20401



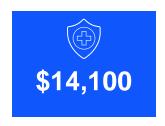
... Already Relies Heavily on Social Security...

Share of Elderly Households Relying on Social Security for at Least 90% of Their Income²



...and Benefit Programs

Median Annual Per-Beneficiary Spending (Federal & State) for Elderly Medicaid Recipients in New Mexico³



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

ANNUAL INCOME: \$23,600

SAVINGS CONTRIBUTION: 5% of income to start, growing 1% annually to 10% cap

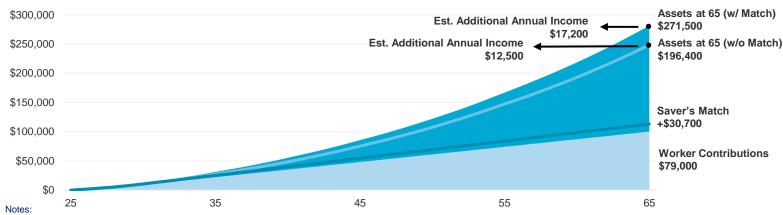
MARKET RETURN: Inflation adjusted annual

return of 4.0% - 5.4%, adjusted for fees

Using the most common state Auto-IRA program defaults, Jane would contribute \$79,000 to her retirement account over a 40-year career. The Saver's Match could add \$30,700 in contributions.

By age 65, Jane's assets could grow to \$271,500, providing her with \$17,200 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



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.



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For further information and technical details, see: "Who Lacks Access to Retirement Savings? A State-Level Analysis and an Examination of the Potential Benefits of State-Facilitated Retirement Savings Programs