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Beyond Account Ownership: Effect of State Auto-IRA Policies on Retirement and Social Security Claiming

Manita Rao, Ngoc Dao, and Zeewan Lee[1]

Background

Nearly half of American private-sector workers have no retirement plan at their job.[2] Access is lowest among workers with the highest need for retirement savings: workers in smaller firms, lower-income workers, women, and workers with lower educational attainment. Because retirement savings compound over a career, these gaps widen over time and will likely follow workers into retirement, particularly since workers without access are less likely to accumulate retirement savings.

This is a growing problem, given the aging of the U.S. population. By 2030, roughly one in five Americans will be retired, and as the Social Security program continues to face solvency challenges, personal savings have become more important than ever.

A state auto-IRA program requires employers that do not offer a private plan to offer a private retirement plan or enroll their workers in the state-facilitated option. In either option, workers are automatically enrolled in a retirement savings arrangements, and contributions are deducted from payroll with average contributions ranging from 3 to 5 percent of pay. Workers can opt out or change their contributions at any time.

State auto-IRA programs have spread rapidly since the first program was launched by Oregon in 2017. As of mid-2026, more than 15 states have launched programs, seven more have passed legislation to create them, and even cities have considered similar programs.[3] Together, these programs now hold about $3.4 billion in more than 1.3 million accounts with 398,000 employers enrolling workers in the state option,[4] and about 30,000 starting their own retirement plan.[5]

Until now, research about these programs focused on whether the policies increased participation and savings rates. This study asks a different question: Once workers have these accounts, does it change the bigger retirement decisions they make — how long they work and when they claim Social Security?

State auto-IRA policies were designed to close gaps in retirement plan access and improve retirement savings rate among all workers. Previous research shows the programs have led to higher retirement account ownership,[6] accumulated savings,[7] and increases in private retirement plan offers. This brief[8] examines whether the effects of the policy extend beyond account

1 The findings and interpretations presented here are those of the study's authors and do not represent the views of AARP, Georgetown University, or the authors' other affiliated institutions.

2 Angela Antonelli. (2025). "A State-Level Analysis of Who Lacks Access to Retirement Savings and an Examination of the Potential Benefits of State-Facilitated Retirement Savings Programs," Policy Report 25-01.

3 See Georgetown University Center for Retirement Initiatives, State Activity Updates.

4 See Georgetown University Center for Retirement Initiatives, State Performance & Data Trends.

5 Bloomfield, Adam, Goodman, Lucas, Rao, Manita, and Slavov, Sita. (2024; revised April 2025). "State Auto-IRA Policies and Firm Behavior: Lessons from Administrative Tax Data," Georgetown University Center for Retirement Initiatives (CRI) .

6 Chalmers, John, Olivia S. Mitchell, Jonathan Reuter, and Minghao Zhong. (2022). "Do State-Sponsored Retirement Plans Boost Retirement Saving?" *AEA Papers and Proceedings* 112:142–46.

7 Dao, Ngoc. (2024). "Does a Requirement to Offer Retirement Plans Help Low-Income Workers Save for Retirement? Early Evidence from the OregonSaves Program." *Contemporary Economic Policy* 42(3):524–43.

8 This brief is based on a recent study: "Beyond Account Ownership: Effect of Auto IRA Policies on Retirement and Social Security Claiming." Manita Rao, Ngoc Dao, and Zeewan Lee. (2026). Georgetown University Center for Retirement Initiatives.

ownership to longer-term outcomes, such as retirement timing and Social Security claiming. These decisions are important because they influence whether higher savings levels allow workers to adjust their retirement and claiming decisions in ways that improve wellbeing in retirement.

Findings[9]

The study uses a decade of national survey data from the U.S. Census Bureau's Survey of Income and Program Participation (2014–2024) covering workers ages 55 to 75. The methodological approach uses the adoption of auto-IRA policies over time to compare how retirement and claiming behavior changed in states that adopted a program with states that had not yet done so. This approach helps to identify clearly how the effect of the policy itself differs from broader economic trends. The states examined include seven early adopters: Oregon, Illinois, California, Connecticut, Colorado, Maryland, and Virginia.

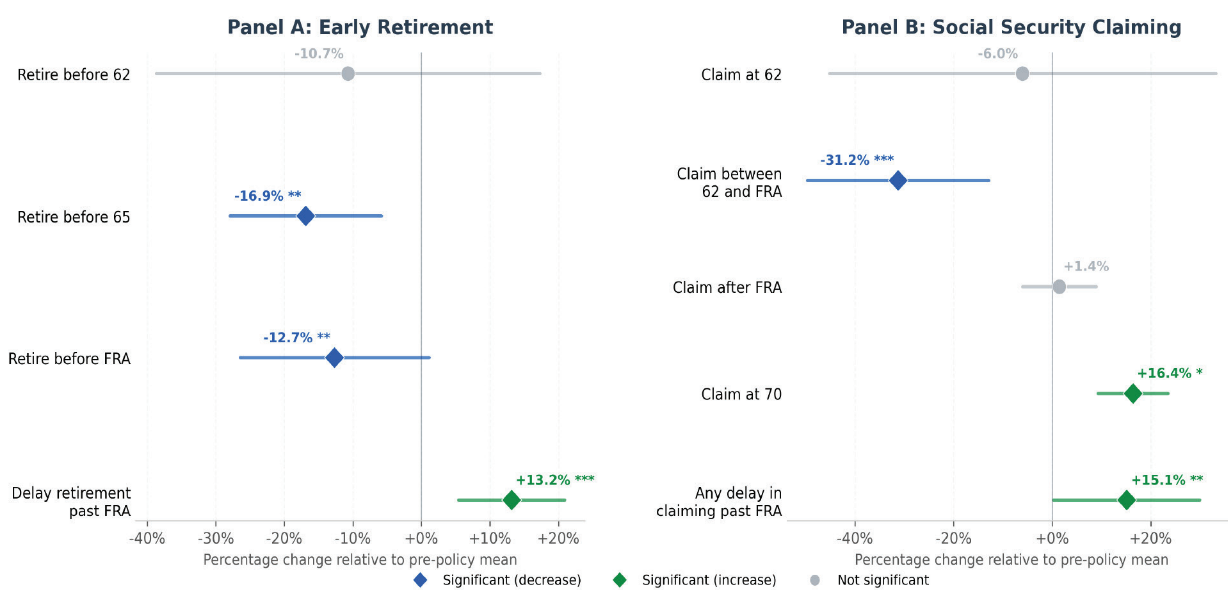
IRA Ownership Increases

The study finds that, similar to previous studies, IRA ownership rose by 3.8 percentage points and 401(k) ownership by 2.3 percentage points after the policies took effect, confirming their effectiveness in expanding retirement plan access and reducing coverage gaps.

Workers Are More Likely to Remain in the Workforce Longer

In the case of the focus of the study — retirement timing and Social Security claiming — we find workers in states with auto-IRA policies were more likely to remain in the labor force longer. On average, early retirement (leaving the workforce before age 65) fell by 1.2 percentage points, while working past the full retirement age of 67 rose by 3 percentage points.

Effect of Auto IRA Policies on Retirement and Social Security Claiming



*Note: Percentage changes calculated (CSDiD coefficient / pre-policy mean) x 100. Model 3 with full controls. 95% confidence intervals shown. * p<0.10,** p<0.05,*** p<0.01.*

9 A few limitations to keep in mind: Some states adopted their programs only recently, so our estimates are a lower bound of policy effects. The data do not distinguish account types or show account balances, which limits how finely the savings effects can be traced.

Workers Are More Likely to Delay Claiming Social Security

Correspondingly, workers in auto-IRA states were also more likely to delay the age at which they claimed Social Security. Early claiming (measured as claiming between 62 and the full retirement age) declined, while claiming at age 70, the age at which monthly benefits are highest, rose by 1.8 percentage points.

Why This Matters

Retiring at later ages means workers can build savings for a longer duration and delaying Social Security claiming means workers receive higher lifetime benefits. For the typical earner, delaying claiming from age 62 to 70 translates to an actuarial gain of roughly 77 percent (or about $1,028) more in monthly Social Security benefits. Because Social Security is paid for life and adjusted for inflation, that difference compounds into substantially higher lifetime income.

We also investigate how auto-IRA policies affect other aspects of household finances, including savings and debt. Workers in states with auto-IRA policies carried less unsecured debt (on the order of $220 to $300). This suggests that savings accumulated through the program were used to pay down debt and improve household financial conditions. These improvements accrued mainly to more financially vulnerable groups, including women and workers with lower educational attainment.

Why Auto-IRA Policies Appear to Shift Retirement and Claiming Behavior

The evidence points to two complementary explanations: The programs help workers build a financial cushion (the “liquidity” channel) and become more informed about retirement-related choices (a “behavioral” channel).

Many people claim Social Security early not because it is the best deal, but because they face liquidity constraints. By building up savings, auto-IRA programs ease these constraints, allowing workers to delay claiming, which pays off in higher benefits. The programs also increase attention to retirement. Automatic enrollment and the regular account statements that come with it make retirement saving more visible and top-of-mind, which can shift decisions on its own. It is plausible that the two channels complement one another and work together in shaping retirement and claiming decisions among workers in states with auto-IRA policies compared to states that do not have these policies.

Conclusion

Our findings show that workers in states with auto-IRA policies are more likely to retire from the labor force and claim Social Security at later ages. This delay in Social Security claiming translates to higher monthly benefits and an increase in lifetime retirement income for affected workers. These effects are largest for groups that have historically had the least access to workplace retirement plans: women and workers without a college degree.

These findings suggest that the payoff from auto-IRA policies extends beyond account ownership to broader labor market and retirement income gains for workers. By helping workers stay employed longer and claim Social Security later, the programs are associated with higher lifetime retirement income. As policymakers and additional states consider expanding retirement-coverage mandates at the local, state, and federal levels, findings from this study suggest low-cost, automatic savings policies enhance welfare by improving retirement security over the life course.

About the Authors

Manita Rao is a Senior Policy Advisor, AARP Public Policy Institute, and a Non-Resident Scholar, Georgetown University Center for Retirement Initiatives at the McCourt School of Public Policy; Ngoc Dao is an Assistant Professor, School of Criminal Justice and Public Affairs, Kean University; and Zeewan Lee is an Assistant Professor, Lee Kuan Yew School of Public Policy, National University of Singapore.

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