

How Do State Auto-IRAs Affect Household Balance Sheets?

By Adam Bloomfield, Ngoc Dao, Kyung Min Lee, and Sita Slavov¹

Background

Many private-sector workers do not have access to a retirement plan at work. State auto-IRA programs aim to address this gap by requiring covered employers to do one of three things: offer their own employer-sponsored retirement plan, certify that they are exempt, or facilitate recurring payroll deductions into a state-facilitated IRA. In the latter option, workers are automatically enrolled but may opt out. Employers cannot contribute to workers' auto-IRAs, although they may choose to establish and contribute to their own employer-sponsored plans.

Previous research shows that auto-IRA programs increase IRA ownership and contributions, although opt-out rates and early withdrawals are substantial.² Other studies find that these mandates also induce some firms to establish their own retirement plans.³ Therefore, auto-IRA policies appear to expand retirement saving directly through state-facilitated IRAs and indirectly through new employer-sponsored plans.

Retirement accounts are only one part of a household's financial portfolio. For workers who begin making retirement contributions, lower take-home pay could lead them to draw down liquid savings or borrow more, so retirement account balances alone may provide an incomplete picture of the policy's effects on household finances.⁴

State auto-IRA programs are intended to expand workplace retirement savings among workers whose employers do not offer retirement plans. This brief presents new evidence from OregonSaves, the first state auto-IRA program in the U.S., to examine whether its effects extended beyond retirement accounts to household finances.

Findings

The analysis uses data from the Survey of Income and Program Participation (SIPP) from 2013 to 2022. The SIPP is well-suited to this question because it includes information about employment, demographics, retirement accounts, checking and savings accounts, and consumer debt in the same survey.

OregonSaves was the first auto-IRA program to launch in the United States. The program began in 2017 with employers that had 100 or more employees. It then expanded to employers with 20–99 employees in 2018, employers with 5–19 employees in 2019, and employers with 1–4 employees in 2023. Because of data limitations, this study focuses on the rollout for firms with at least five employees.

The study focuses on private-sector workers ages 18–60 who worked at least two months during the year,

¹ The findings and conclusions expressed in this brief are those solely of the authors and do not necessarily reflect the views of their affiliated institutions.

² Quinby, L. D., Munnell, A. H., Hou, W., Belbase, A., and Sanzenbacher, G. T. (2020). "Participation and pre-retirement withdrawals in Oregon's auto-IRA." *Journal of Retirement*, 8(1), 8–21; Dao, N. (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), 524–543; Chalmers, J., Mitchell, O. S., Reuter, J., and Zhong, M. (2025). "New evidence on the efficacy of state-based retirement programs: The case of OregonSaves." *Journal of Public Economics*, 246, 105379; and Willingham, T. (2026). "Automatic enrollment, opt-out, and optimal default design with competing frictions."

³ Bloomfield, A., Goodman, L., Rao, M., and Slavov, S. (2025). "State Auto-IRA policies and firm behavior: Lessons from administrative tax data." *Journal of Public Economics*, 247, 105403; and Bloomfield, A., Lee, K. M., Philbrick, J., and Slavov, S. N. (2025). "How do firms respond to state retirement plan mandates?" *Economic Inquiry*, 63(1), 265–288.

⁴ Beshears, J., Choi, J. J., Laibson, D., Madrian, B. C., and Skimmyhorn, W. L. (2022). Borrowing to save? The impact of automatic enrollment on debt. *The Journal of Finance*, 77(1), 403–447; and Choukhmane, T., and Palmer, C. (2025). "The effect of increasing retirement saving on consumption, balance sheets, and welfare."

consistent with OregonSaves eligibility rules, and who reported firm-size information. Workers are classified as likely to have been exposed to OregonSaves if they lived in Oregon, worked for a private-sector employer, and were in a firm-size category that had become subject to the mandate.

The comparison group consists of similar workers in states that eventually adopted auto-IRA policies but had not yet implemented them during the study period. Focusing on these states is intended to provide a more comparable benchmark than using the nation as a whole, because they were also moving toward Auto-IRA adoption.

The analysis compares changes in financial outcomes for Oregon workers as their employers became subject to OregonSaves with changes over the same period for similar workers in states that had not yet implemented auto-IRA programs. This approach helps separate the effects of OregonSaves from broader economic and financial trends.

Retirement account ownership and balances increased

The estimates indicate that OregonSaves increased retirement saving among workers likely exposed to the mandate. IRA ownership rose by 2.7 percentage points, a 12.7 percent increase relative to the pre-policy mean, while average IRA assets in the analysis sample increased by about \$8,600.⁵ Ownership of 401(k)-type plans rose by an estimated 8.2 percentage points, while average balances increased by about \$6,200.

The increases in both types of accounts are consistent with OregonSaves operating through two channels: direct enrollment in state-facilitated IRAs and employer adoption or expansion of their own retirement plans. The latter interpretation is also consistent with earlier research on employer responses to auto-IRA mandates.

Ownership of a checking or savings account also increased

Workers likely exposed to the mandate became 2.3 percentage points more likely to report having a checking or savings account—a 2.7 percent increase relative to the pre-policy mean. Average reported checking or savings balances also increased by about \$900.⁶

Two possible explanations are that some workers opened bank accounts to receive or manage auto-IRA withdrawals or cash-outs, or that some respondents misclassified their auto-IRA assets as checking or savings balances. The SIPP data cannot distinguish between these explanations.

The implications differ: account opening would represent a real expansion in engagement with the financial system, while misclassification would indicate a change in how respondents report their financial accounts.

Credit card debt increased modestly

The study also finds evidence of increased credit card debt. Likely exposure to OregonSaves is associated with a 2 percentage point increase in the likelihood of having credit card debt, a 6.2 percent increase relative to the pre-policy mean. Credit card balances increased by about \$90, or 5.6 percent relative to the pre-policy mean.

These increases are small compared with the estimated increases in retirement account balances. Still, they are relevant for evaluating the policy. The results suggest that some households may partially offset higher retirement saving by taking on additional short-term debt. This pattern is consistent with a small but growing body of research showing that automatic retirement saving policies can affect borrowing and other elements of the household balance sheet.

⁵ Dollar estimates are expressed in inflation-adjusted 2019 dollars.

⁶ The checking-or-savings balance estimate excludes respondents who reported having an account but did not report the balance.

Conclusion

The evidence from OregonSaves suggests that auto-IRA mandates can expand retirement saving while affecting other parts of household balance sheets. Among workers likely exposed to the policy, retirement account ownership and assets increased, along with higher reported checking or savings account ownership and balances, and modest increases in credit card debt. Evaluations of auto-IRA programs should therefore consider households' broader financial portfolios, not retirement outcomes alone.

The results do not establish the long-term effect of auto-IRA policies on total wealth or financial security. The available post-policy period is relatively short, and the study cannot determine whether the increase in reported checking or savings account ownership reflects actual account opening or survey misclassification of auto-IRA balances.

Future research using longer follow-up periods and linked program, banking, and credit-bureau data could determine whether these patterns persist and generalize to other state auto-IRA programs.

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