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**McCourt School** *of Public Policy*

**CENTER FOR  
RETIREMENT  
INITIATIVES**

**PREPARING FOR THE SILVER TSUNAMI**  
**A National View of Challenges and Opportunities**

**TCRPC/SFRPC Regional Conference**

**Angela Antonelli**  
**Research Professor and Executive Director**  
**November 15, 2024**

# An Aging Population That's Living and Working Longer

- Between 2020 and 2040, the U.S. will see a 13% growth in its total population and a 44% growth in the 65+ population
- 10,000+ Americans are turning 65 every day from now until 2030, with 2024 being the PEAK 65 year
- By 2029, more than 20% of the U.S. population will be over the age of 65
- By 2034, the age 65+ population will outnumber children under 18
- Nearly a quarter of today's 65-year-olds will live past age 90
- A baby born in 2007 in the U.S. has a significant chance to live to age 104
- **If you retire at age 65, you may need to have savings, pensions and other resources from your working life (40+ years) to generate enough income for another 20-30 years once you stop working**
- Significant increases in the number of those over the age of 65 (38% growth past decade) and over the age of 75 (79% growth over next decade) who will continue to work

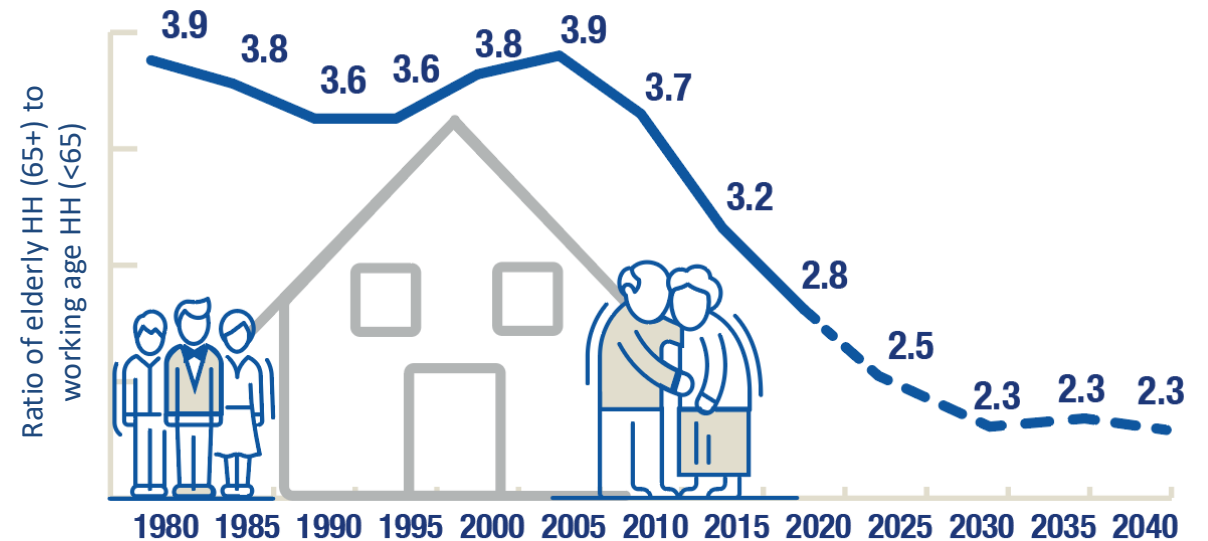


Sources: U.S. Census Bureau; DOL BLS; World Economic Forum

# An Aging Population Increases the Urgency

- Senior households are growing in number and share of the population
- Increasing fiscal pressure from a decreasing share of working age households
- Generational shifts by 2040: Millennials and Gen Z will be in prime working years (30-60) and need to save for retirement

Falling Ratios of Working Age to Elderly Households Creates Fiscal Pressure



ESI analysis of US Census Bureau data  
and University of Virginia Population Projections.

Source: Antonelli (2020). "What are the Potential Benefits of Universal Access to Retirement Savings?" Georgetown University Center for Retirement Initiatives in conjunction with Econsult Solutions, Inc.

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# Future Generations Unprepared for Retirement

Near or at retirement	Millennials	Women
<ul style="list-style-type: none"> <li>• Median amount of savings for households age 55+ was \$109,000 in 2015</li> <li>• 55% of households ages 55-64 had less than \$25,000 in retirement savings and 41% had \$0</li> <li>• 27% have neither DB plan or retirement savings</li> <li>• Older Americans are carrying more debt into retirement. Debt held by Americans over 60 is now \$4.2 trillion, up from \$2.6 trillion a decade ago, and a \$800 billion increase in just the past 4 years.</li> <li>• Retirees' major concerns are inflation, lack of savings and lack of support from Social Security</li> </ul> <p><i>Sources: U.S. GAO; Federal Reserve Bank of New York; Consumer Financial Protection Bureau; EBRI</i></p>	<ul style="list-style-type: none"> <li>• 66% of millennial workers have nothing saved for retirement</li> <li>• 55% eligible to participate in an employer-sponsored retirement plan, compared to 77% for Gen X and 80% for Baby Boomers</li> <li>• 57% of the \$1.58 trillion in outstanding student loan debt is held by those 39 and under (which means those 40 and older carrying 43% of outstanding student loan debt)</li> <li>• Those entering the workforce with \$30,000 in student loan debt risk ending up with \$325,000 less in retirement. The average student debt in 2015 was \$33,000</li> <li>• Taking out \$3,000 could equal a loss of as much as \$40,000 in savings at the time of retirement</li> </ul> <p><i>Sources: NIRS; ValuePenguin; LIMRA</i></p>	<ul style="list-style-type: none"> <li>• Account for 47% of the workforce, but almost two-thirds of part-time workers, often with fewer benefits</li> <li>• Career disruptions due to family caregiving results in lost income and ability to grow retirement savings</li> <li>• 41% drop in household income after divorce or separation near retirement, compared to a 23% drop for men</li> <li>• Nearly half of elderly unmarried women receiving Social Security relied on it for 90%+ of income, compared to 22% of all seniors</li> <li>• Live longer than men (average age 81 vs. 76) but pay more in medical or nursing home costs as a result, creating lower confidence in ability to pay medical expenses</li> </ul> <p><i>Sources: DOL; U.S. GAO; SSA; EBRI</i></p>

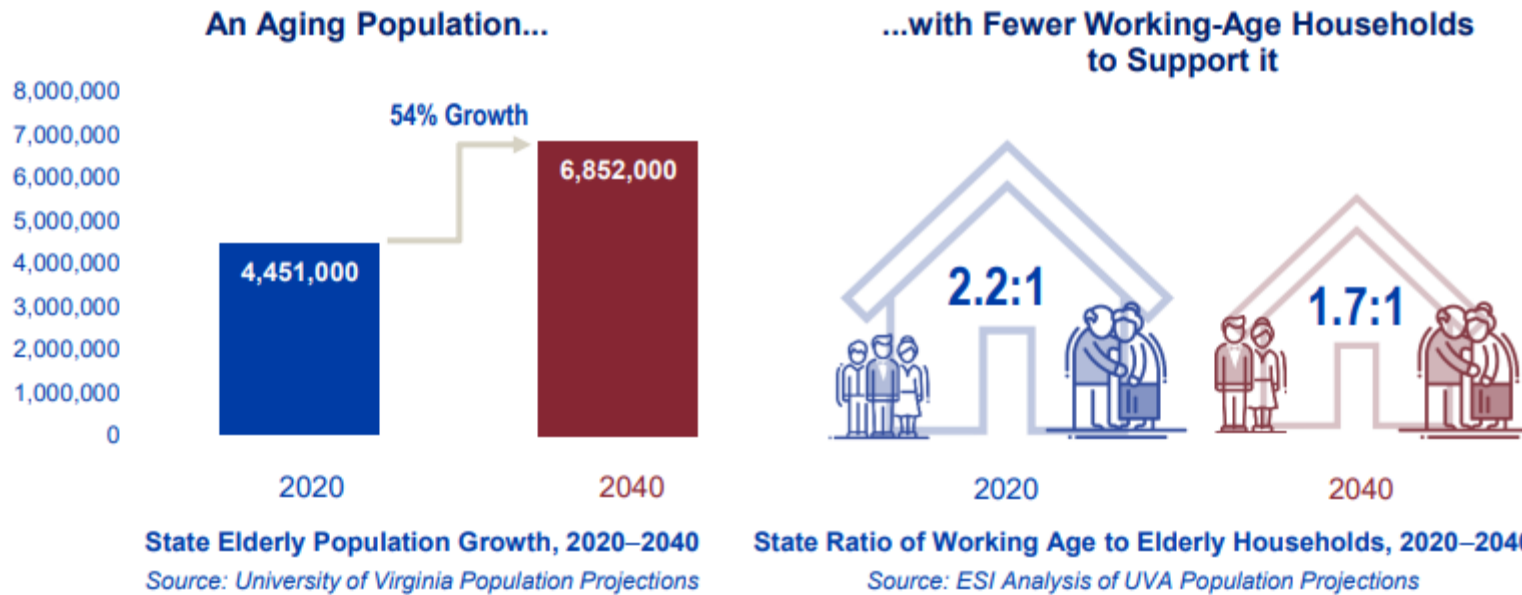
# Florida's Demographics Are Changing, Population is Aging

## Florida



### State Benefits of Expanding Access to Retirement Savings

#### Demographic Change



Source: Georgetown University CRI © 2024, Georgetown University

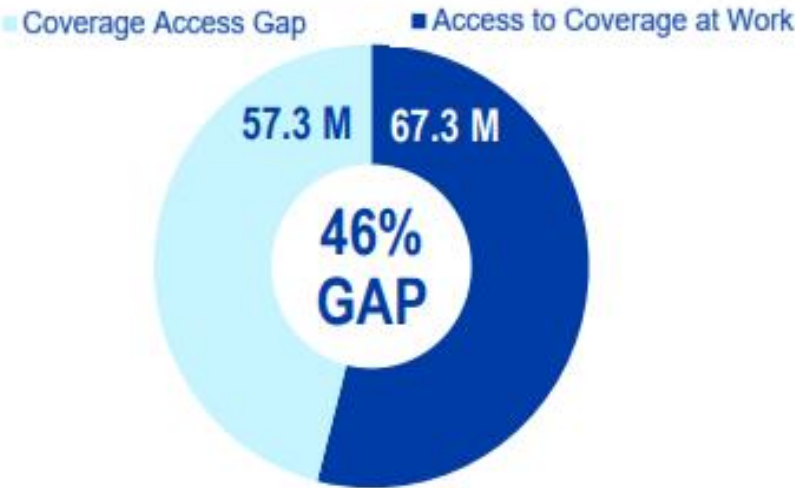
# The Retirement Savings Access Gap is Large

## United States

### Retirement Savings Access

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

124.6 Million Private Sector Employees



Workplace Access to Retirement Savings Among Private Sector Workers (2020)

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

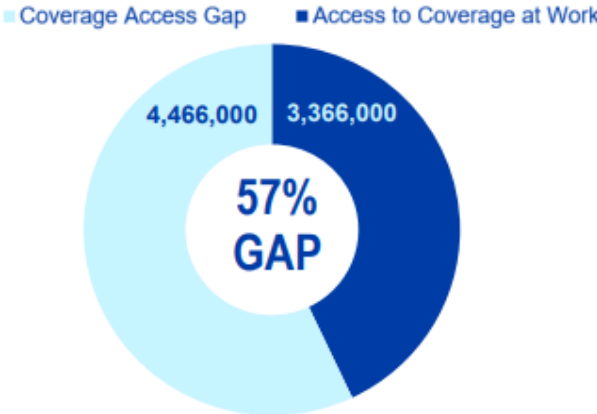
## Florida

### Retirement Savings Access

Employer-sponsored retirement plans are the primary way for private sector workers to build savings, but employers are not required to offer them. Universal workplace access policies, where every firm is required to offer a plan, could significantly reduce gaps in access and expand retirement savings. Because the smallest employers are the least likely to offer coverage, thresholds exempting small employers from coverage requirements reduce the ability to close the access gap.\*

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

7.83 Million Private Sector Employees Statewide



Workplace Access to Retirement Savings Among Private Sector Workers (2020)

Source: ESI Analysis of Census Bureau and BLS Data

...Especially Those Working for the Smallest Employers

Employer Size	Workers Without Access ("Gap")	% of State Access Gap Unaddressed
<5 Employees	548,000	12%
<10 Employees	1,031,000	23%
<25 Employees	1,748,000	39%

How Employer Size Thresholds for Providing Coverage Reduce the Ability to Close the Access Gap (2020)

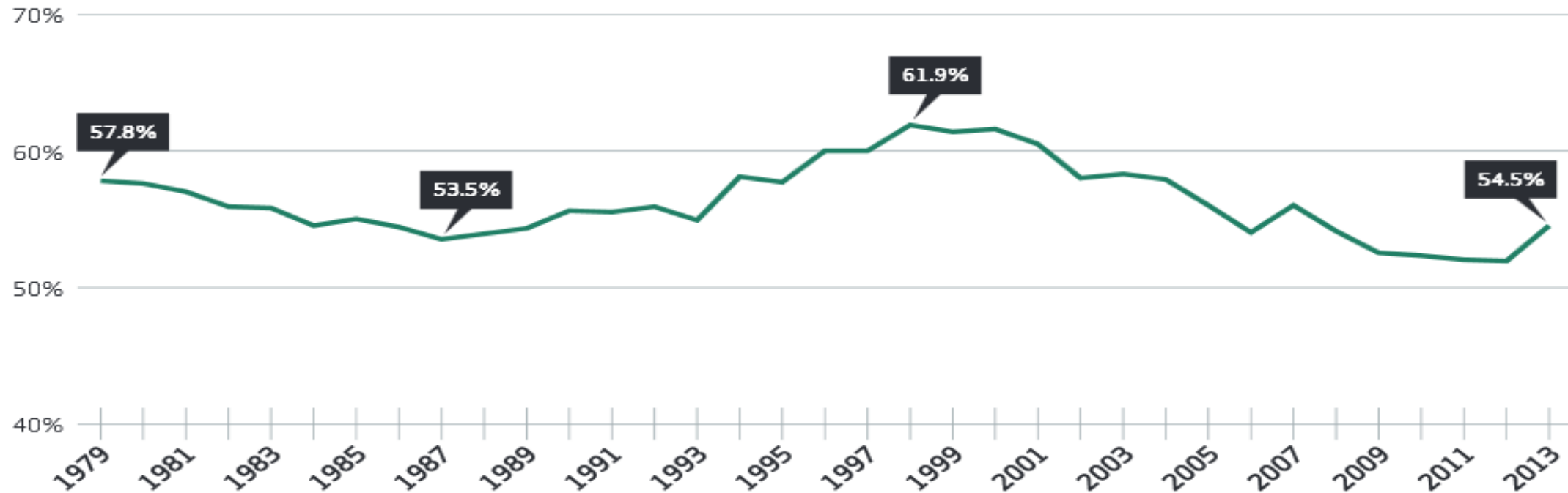
Source: ESI Analysis of Census Bureau and BLS Data

Source: Georgetown University CRI © 2024, Georgetown University

# No Progress in 40 Years to Close the Gap

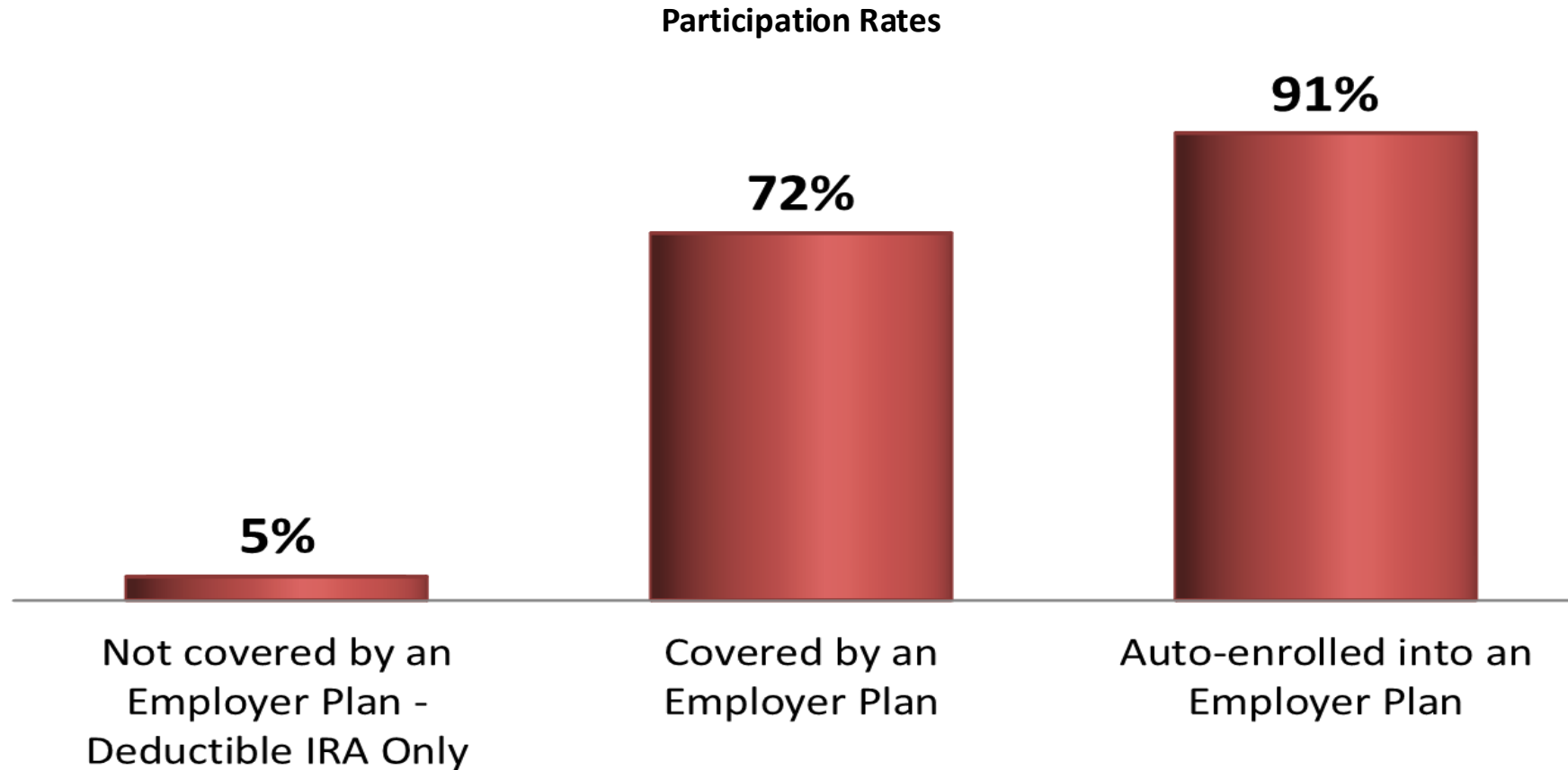
## Only 55 Percent of Private Sector Workers Have Access to a Retirement Plan at Work

Private sector wage and salary workers age 25-64 whose employers sponsor a retirement plan, 1979-2013



SOURCE: Rhee, Nari & Boivie, Ilana. (2015). The Continuing Retirement Savings Crisis. National Institute on Retirement Security. [https://www.nirsonline.org/wp-content/uploads/2017/07/final\\_rsc\\_2015.pdf](https://www.nirsonline.org/wp-content/uploads/2017/07/final_rsc_2015.pdf)

# Can't People Already Save if They Want To?



SOURCE: AARP. Data compiled by AARP's Public Policy Institute from unpublished estimates from the Employee Benefit Research Institute of the 2004 Survey of income and Program Participation Wave 7 Topical Module (2006 data). See also Brookings' Retirement Security Project, and WhiteHouse.gov. Automatic enrollment data estimates provided by Vanguard.

# Significant Racial Disparities in Savings

- Black households have 1/8<sup>th</sup> and Latino households 1/5<sup>th</sup> the net worth of white households
- Black households are burdened by greater levels of student loan debt & other types of debt
- White households have a median retirement account balance of \$80,000 compared with \$35,000 for black households and \$31,000 for Latino households and white households are significantly more likely to even have retirement accounts

Source: Aspen Institute, 101 Solutions for Inclusive Wealth Building, May 2022

# States Are Driving Change by Designing and Adopting Universal Access Retirement Savings Programs

- Provide small employers (those most likely to not offer a retirement plan of their own) an easy way to help their workers save and their reduce burden and cost of offering a retirement account
- Auto-enroll workers into simple, low-cost IRA at no cost to employers; workers can always choose to opt-out
- Trend is increasingly toward state-level universal access auto-IRAs requiring employers who do not have a retirement savings plan to either get one or to facilitate the ability of their workers to save through the state program (17 auto-IRA states of the 20 enacted state programs)
- More than two-thirds of workers who are auto-enrolled save and they are saving *on average* 5% or more per month
- Low- and moderate-income workers can and will choose to save when given the opportunity and access
- Preliminary survey data suggests that even a modest amount of saving can help to reduce stress and provide a stronger sense of financial security

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# States Are Driving Change by Designing and Adopting Universal Access Retirement Savings Programs (20 States)

Individual Retirement Account (Auto-IRA)= 17 states			Voluntary Open Multiple Employer Plan (MEP)	Voluntary Payroll Deduction IRA	Voluntary Marketplace
California	Maine	Oregon	Massachusetts	New Mexico	New Mexico
Colorado	Maryland	Rhode Island	Missouri		Washington
Connecticut	Minnesota	Vermont			
Delaware	Nevada	Virginia			
Hawai'i	New Jersey	Washington			
Illinois	New York				

Green = program now open to all eligible workers

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# The Increase in Savings and Retirement Income Can Be Great

## Florida

### State Benefits of Expanding Access to Retirement Savings

#### Savings

##### Expanding Access Would Grow Savings...

	Auto-IRA (no threshold)	Auto-IRA (employers <10 exempt)
Additional Savers	3,722,000	2,815,000
Average Contribution	\$2,510	\$2,640
Total Contributions	\$9.34 Billion	\$7.43 Billion

##### Projected Increases in Savings Within the State in the Year 2040 from Expanded Access

Source: ESI Projections

Projected savings levels are highest when the most workers are covered. Savings could be further enhanced through incentives such as a refundable federal Saver's Tax Credit.\*

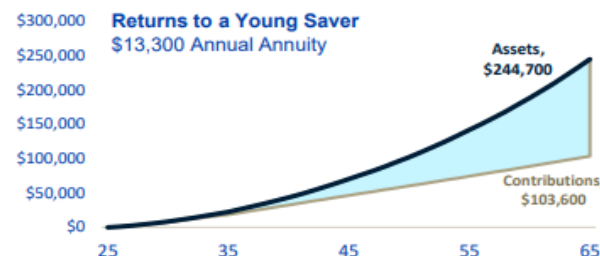
##### Many Seniors Rely Heavily on Social Security



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

Source: ESI Analysis of Current Population Survey Data

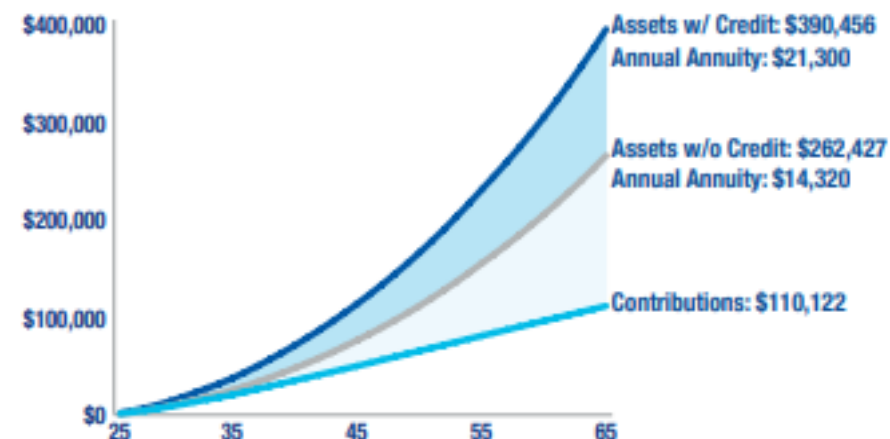
##### ...Allowing Savers Across the State to Supplement Their Income in Retirement



Source: ESI Projections for a Worker at a Small Business Following Auto-IRA Savings Defaults

## New Saver's Match Would Help Boost Savings

Figure 2.4: An Enhanced Saver's Credit Increases Lifetime Returns to a Young Auto-IRA Saver



Source: Georgetown University CRI © 2024, Georgetown University

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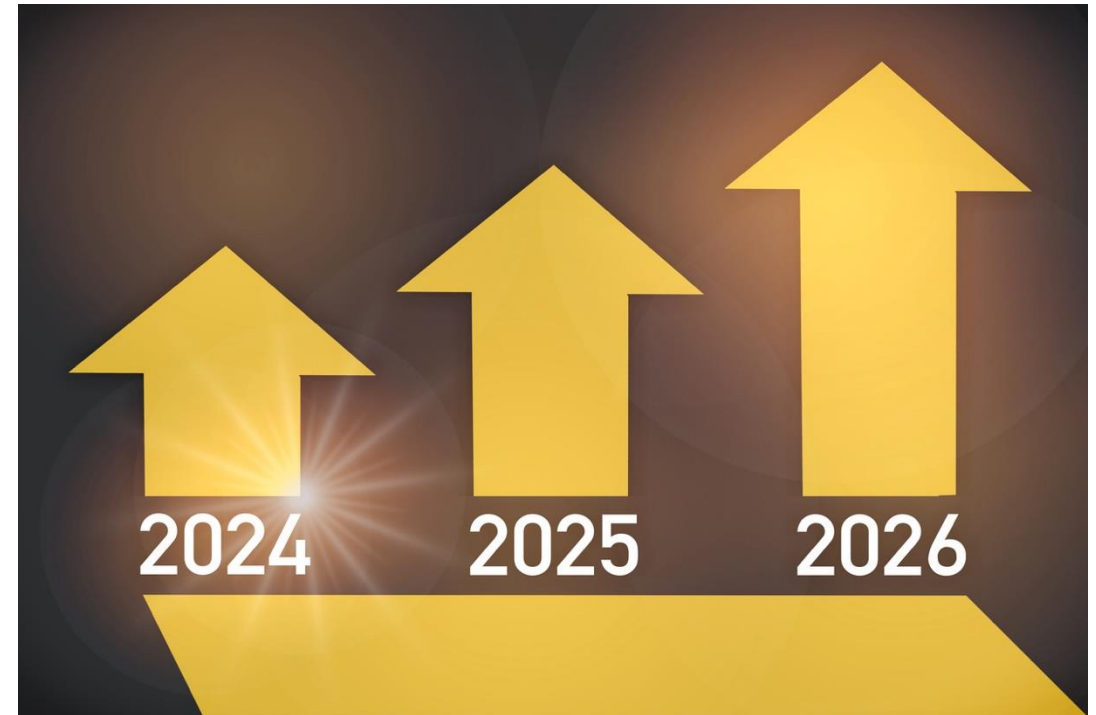
# While the Cost of Doing Nothing is Significant

*Pay Now or Pay Later*

**Federal Budget Costs** = \$964 billion/FL share is **\$63** billion between 2021 and 2040

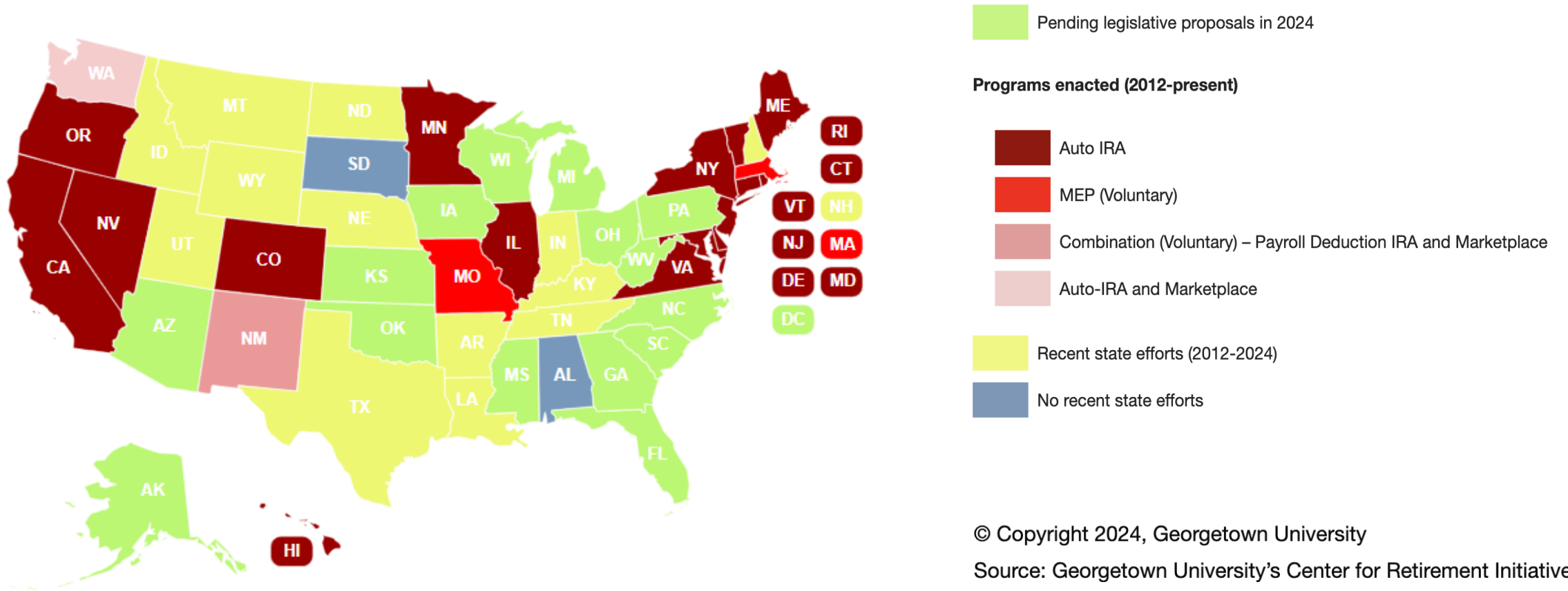
**State Budget Costs** = \$334 billion/FL share is **\$17** billion between 2021 and 2040

Source: The Pew Charitable Trusts



# 2024 State Programs and Legislative Activity

2024 State Program & Legislative Activity Map



# State Program Performance (Auto-IRA States)



**\$1.75 Billion in Assets**

CA, CO, CT, IL, ME, MD, OR, VA  
as of 9/30/2024



**223,000+ Registered  
Employers**

CA, CO, CT, IL, ME, MD, OR, VA  
as of 9/30/24



**941,000+ Funded  
Accounts**

CA, CO, CT, IL, ME, MD, OR, VA  
as of 9/30/24

Source: Data compiled by Georgetown CRI from state public and provided data

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# Strong Public, Employer, and Employee Support

NIRS 2024 [survey](#) of views of state-facilitated retirement savings programs:

- 77 percent agree that state-facilitated retirement programs are a good idea with high support across party and generational lines.
- 82 percent say they would participate in state-facilitated retirement programs, consistent across party and generational lines.
- Many key features of state-facilitated retirement programs viewed favorably, especially higher expected returns than other safe investments (87 percent) and low fees (86 percent).

Pew 2019-2020 [survey](#) of 2,500 responding employers in Oregon:

- ✓ 79% of the businesses surveyed responded that they paid no out of pocket costs
- ✓ 80% of employers reported that they heard a little or nothing from their employees about participating in the program (assumption is that employees would express any dissatisfaction to their employer)
- ✓ 73% of employers reported being satisfied or neutral about the program overall

# Research Shows State Programs Help Private Plan Growth

## [Pew Charitable Trust \(2023\)](#)

- Evidence from CA, OR, and IL indicate state programs complement the private sector market for retirement plans
- Employers are not enticed by state programs to drop their existing plans
- Rate of introduction of new plans as a share of existing plans grew in all three states after program enrollment began (higher than national average): 1.3% in CA; 0.9% in IL; 1.8% in OR

## [Bloomfield, Lee, Philbrick, Slavov \(NBER, 2023\)](#) and [Bloomfield, Goodman, Rao, Slavov \(NBER/CRI, 2024\)](#)

- Auto-IRA legislation has a positive impact on the likelihood of employers offering retirement plans and employee participation
- Firms in states with programs are 1.5-1.7% more likely to offer any employer-sponsored retirement plan relative to firms in states without and workers 3-5% more likely to participate in existing plans
- Recent state policies requiring employers to facilitate workplace savings options have induced at least 30,000 firms to establish retirement plans in four of the early adopter states (CA, IL, OR and CT).

**Center for Retirement Initiatives**  
**McCourt School of Public Policy**  
**125 E Street NW, Suite 530 | Washington, DC 20001 | 202-306-8540**

[cri.georgetown.edu](http://cri.georgetown.edu)

**Angela M. Antonelli**

Research Professor

Executive Director, Center for Retirement Initiatives

[ama288@georgetown.edu](mailto:ama288@georgetown.edu)

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