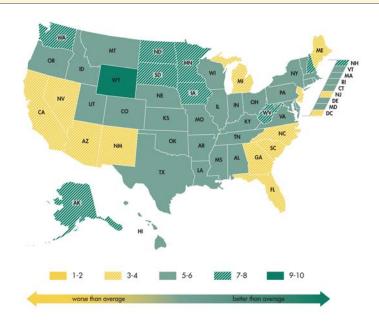
# Financial Security for Future Retirees: Alaska Scores 8 out of 10





Alaska like every state faces challenges to the financial security of future retirees. The state's 8 out of 10 score on the Financial Security Scorecard means that the next generation has a much lower potential for financial insecurity in retirement than counterparts in many other states; however, there is still room for improvement. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

Even with its high ranking, Alaska still has an important role to play fashioning financial security as workers age. Its retiree income, cost, and labor market scores were at the top; however, workers need help to maintain their standard of living with an adequate income stream over their retirement years. Less than half of Alaska workers participate in a retirement plan at work. Those who have saved for retirement in defined contribution (DC) account

have an average balance of \$32,582; although this is higher than the national average, it means that workers have saved only half of the \$61,051 average annual earnings of working Alaskans in 2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older Alaskans living in poverty in the future may exceed the 2012 level of 4.4 percent.



### POTENTIAL FUTURE RETIREE INCOME SCORE: 8 OUT OF 10

Each of the individual components of Alaska's retirement income score yielded a high score. Alaska ranked 16th in the nation in both participation in a retirement plan and average account balance. Just over 49 percent of private sector employees participated in an employer-sponsored retirement plan in 2012; however, since 2000, the percent of workers covered in a retirement plan has dropped from 53 percent. The \$32,582 saved in the average DC account held by Alaskans was a bit higher than the \$30,345 in retirement savings nationally. With a zero percent marginal tax rate on pension income, Arizona ranked first in the nation in this regard.



### **MAJOR RETIREE COST SCORE: 8 OUT OF 10**

Alaska received a very high ranking in cost of living for retirees. This high score was due largely to Alaska's relatively high generosity in both Medicare and Medicaid benefits. Average Medicaid payments were \$26,001 for older beneficiaries, the fifth highest in the nation. Retirees in the state had a Medicare cost-sharing liability of \$1,614 in out-of-pocket costs for enrollees, the ninth highest score in the nation. However, Alaska had a relatively high housing cost burden for older households, with 33 percent of older households paying 30 percent or more of their income towards housing costs.



## **OLDER ADULT LABOR MARKET SCORE: 9 OUT OF 10**

In 2012, Alaska had the highest median wage for older workers in the country, at \$18.00 per hour, versus \$14.76 nationally, positioning Alaska to score better than almost every other state in terms of labor market opportunities. Rounding out its score, the state had the 15th lowest unemployment rate for older workers at 4.4 percent, versus 5.3 percent nationally.

# ALASKA FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	6	7	8	5.4
Retirement Income Score	6	7	8	5.5
Retirement Plan Participation (Private Sector)	52.88%	49.00%	49.02%	46.0%
Average DC Account Balance	\$20,159	\$30,593	\$32,582	\$30,345
Marginal Tax Rate on Pension Income	0.00%	0.00%	0.00%	4.0%
Retiree Cost Score	6	8	8	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,361	\$1,463	\$1,614	\$1,745
Medicaid Payments for Older Beneficiaries	\$16,365	\$23,181	\$26,001	\$16,978
Older Households Paying 30% or More for Housing	31.6%	32.6%	32.9%	32.7%
Labor Market Score	6	6	9	5.6
Older Worker Unemployment Rate	4.0%	4.7%	4.4%	5.3%
Median Hourly Wage for Older Workers	\$18.92	\$17.85	\$18.00	\$14.76

Note: All dollar figures are in 2012 dollars.

#### ABOUT THE FINANCIAL SECURITY SCORECARD

The Financial Security Scorecard measures three key areas of retirement security: potential future income, major retiree costs, and the labor market for older Americans. This Scorecard assesses Alaska relative to the other states on these dimensions of retirement security.

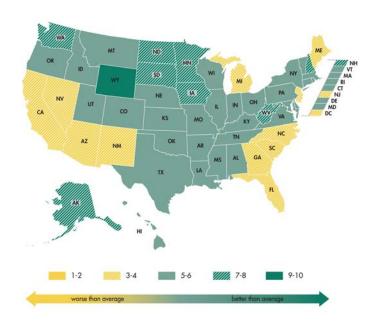
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Alabama Scores 6 out of 10





Alabama like every state faces challenges to the financial security of future retirees. The state's 6 out of 10 score on the Financial Security Scorecard means that the next generation has a relatively lower potential for financial insecurity in retirement than counterparts in many other states, but there is still significant room for improvement. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

Even with its relatively high ranking, Alabama still has an important role to play fashioning financial security as workers age. Alabama workers need help to maintain their standard of living with an adequate income stream over their retirement years. Less than half of Alabama workers participate in a retirement plan at work. Those who have saved for retirement in defined contribution (DC) account have an average balance of \$29,430; this means that

workers have saved less than even half of the \$55,966 average annual earnings of Alabama workers in 2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older Alabama workers living in poverty in the future may exceed the 2012 level of 11.1 percent.



## POTENTIAL FUTURE RETIREE INCOME SCORE: 5 OUT OF 10

The components of Alabama's retirement income score were relatively average. With 47 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, Alabama was about on par with the national average of 46 percent. Since 2000 the percent of workers covered in a retirement plan has dropped from 54 percent. The \$29,430 saved in the average DC account held by Alabama workers was below the \$30,345 in retirement savings nationally. Alabama had an about average 4.09 percent marginal tax rate on pension income.



## **MAJOR RETIREE COST SCORE: 6 OUT OF 10**

Alabama's retiree cost score was a mixed bag and resulted in a slightly above-average score. Alabama ranked 7th in the nation in housing cost burden for older workers, with just 27 percent percent of older households paying 30 percent or more of their income towards housing costs. The state also ranked relatively well in Medicare generosity, with an average Medicare cost-sharing liability of \$1,673 in out-of-pocket costs for enrollees. However, retirees in the state received just \$12,210 in Medicaid benefits per beneficiary, ranking the state 41st in the nation in terms of Medicaid generosity.



### **OLDER ADULT LABOR MARKET SCORE: 6 OUT OF 10**

In 2012, Alabama's unemployment rate for older workers was relatively low at 4.5 percent, versus 5.3 percent nationally. However, the state had a relatively low median wage for older workers, at \$14.40 per hour, versus \$14.76 nationally.

# ALABAMA FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	5	6	6	5.4
Retirement Income Score	5	6	5	5.5
Retirement Plan Participation (Private Sector)	53.63%	52.13%	46.54%	46.0%
Average DC Account Balance	\$17,626	\$25,841	\$29,430	\$30,345
Marginal Tax Rate on Pension Income	3.80%	4.05%	4.09%	4.0%
Retiree Cost Score	4	5	6	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,685	\$1,625	\$1,673	\$1,745
Medicaid Payments for Older Beneficiaries	\$13,395	\$12,374	\$12,210	\$16,978
Older Households Paying 30% or More for Housing	26.1%	28.6%	26.7%	32.7%
Labor Market Score	5	5	6	5.6
Older Worker Unemployment Rate	1.6%	1.7%	4.5%	5.3%
Median Hourly Wage for Older Workers	\$12.20	\$12.27	\$14.40	\$14.76

Note: All dollar figures are in 2012 dollars.

#### ABOUT THE FINANCIAL SECURITY SCORECARD

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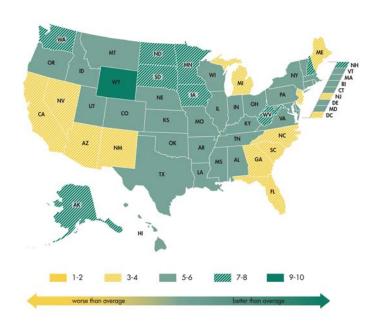
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Arkansas Scores 5 out of 10





Arkansas like every state faces challenges to the financial security of future retirees. The state's 5 out of 10 score on the Financial Security Scorecard means that the next generation has a lower potential for financial insecurity in retirement than counterparts in many other states; however, there is still room for improvement. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

Arkansas has an important role to play fashioning financial security as workers age. Especially considering that the state's future retiree income score was a quite low 3 out of 10, Arkansas workers need help to maintain their standard of living with an adequate income stream over their retirement years. Less than 4 in 10 Arkansas workers participate in a retirement plan at work. Those who have saved for retirement in defined contribution (DC) account

have an average balance of \$29,421; this means that workers have saved less than even half of the \$55,252 average annual earnings of working Arkansas workers in 2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older Arkansas residents living in poverty in the future may exceed the 2012 level of 10.9 percent.



### POTENTIAL FUTURE RETIREE INCOME SCORE: 3 OUT OF 10

Each of the components of Arkansas' retirement income score yielded a below-average score. With just 39 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, Arkansas had the 6th lowest coverage rate in the nation. Since 2000 the percent of workers covered in a retirement plan dropped from 46 percent. The \$29,421 saved in the average DC account held by Arkansas workers was below the \$30,345 in retirement savings nationally. In addition, Arkansas had a relatively high 5.29 percent marginal tax rate on pension income.



### **MAJOR RETIREE COST SCORE: 8 OUT OF 10**

Arkansas received a relatively high score in cost of living for retirees. This high score was due in part to Arkansas' rank as the state with the 3rd lowest housing cost burden for older households, with just 25 percent of older households paying 30 percent or more of their income towards housing costs. Arkansas residents also had a lower than average Medicare cost-sharing liability of \$1,645 in out-of-pocket costs for enrollees, and about average Medicaid generosity, with average payments of \$17,459 for older beneficiaries.



# **OLDER ADULT LABOR MARKET SCORE: 5 OUT OF 10**

The components of Arkansas' older adult labor market score were a mixed bag. The state had the 7th lowest unemployment rate for older workers in the nation, at just 3.6 percent. However, Arkansas had the lowest median wage for older workers nationwide, at just \$12.38 per hour, versus \$14.76 nationally.

# ARKANSAS FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	4	4	5	5.4
Retirement Income Score	3	4	3	5.5
Retirement Plan Participation (Private Sector)	46.34%	46.83%	39.22%	46.0%
Average DC Account Balance	\$20,617	\$27,486	\$29,421	\$30,345
Marginal Tax Rate on Pension Income	4.54%	5.30%	5.29%	4.0%
Retiree Cost Score	5	7	8	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,426	\$1,577	\$1,645	\$1,745
Medicaid Payments for Older Beneficiaries	\$10,993	\$15,026	\$17,459	\$16,978
Older Households Paying 30% or More for Housing	25.7%	26.7%	25.4%	32.7%
Labor Market Score	3	1	5	5.6
Older Worker Unemployment Rate	2.3%	4.4%	3.6%	5.3%
Median Hourly Wage for Older Workers	\$10.98	\$12.27	\$12.38	\$14.76

Note: All dollar figures are in 2012 dollars.

#### ABOUT THE FINANCIAL SECURITY SCORECARD

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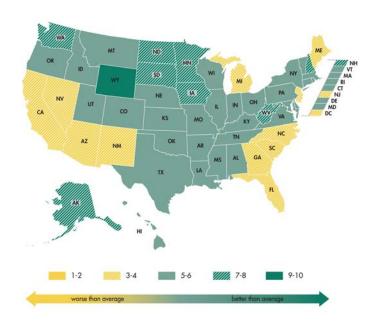
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Arizona Scores 4 out of 10





Arizona like every state faces challenges to the financial security of future retirees. The state's 4 out of 10 score on the Financial Security Scorecard means that the next generation has a higher potential for financial insecurity in retirement than counterparts in many other states. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

With its relatively low ranking, Arizona has much room for improvement in terms of promoting financial security as workers age. It ranked relatively high in retiree costs, but quite low in potential future retiree income and labor market opportunities. Arizona workers need help to maintain their standard of living with an adequate income stream over their retirement years. Less than 4 in 10 private-sector workers participate in a retirement plan at work. Those who have saved for retirement in defined contribution (DC) account

have an average balance of \$23,826; this means that workers have saved far less than even half of the \$62,574 average annual earnings of working Arizonans in 2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing both employment opportunities, retirement plan coverage and saving levels is important otherwise the percentage of older Arizonans living in poverty in the future may exceed the 2012 level of 8.3 percent.



## POTENTIAL FUTURE RETIREE INCOME SCORE: 3 OUT OF 10

The components of Arizona's retirement income score yielded a below-average score. With just 38 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, Arizona had the 5th lowest coverage rate in the nation. In addition, since 2000, the percent of workers covered in a retirement plan has dropped significantly, from 47 percent. The \$23,826 saved in the average DC account held by Arizonans was far below the \$30,345 in retirement savings nationally. However, Arizona had a relatively low 3.29 percent marginal tax rate on pension income.



#### MAJOR RETIREE COST SCORE: 6 OUT OF 10

Arizona received an above-average score in terms of cost of living for retirees. This high score was due largely to the fact that retirees in the state had a lower than average Medicare cost sharing liability, of \$1,648 in out-of-pocket costs for enrollees. However, 32 percent of older households pay 30 percent or more of their income towards housing costs, and Medicaid generosity was a bit low, with average payments of \$15,704 for older beneficiaries.



# **OLDER ADULT LABOR MARKET SCORE: 4 OUT OF 10**

In 2012, Arizona had a lower than average labor market score. This was due to a relatively high unemployment rate for older workers of 5.7 percent. Also, Arizona's median wage for older workers was a bit lower than the national average of \$14.76, at \$14.00 per hour.

# ARIZONA FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	5	4	4	5.4
Retirement Income Score	6	3	3	5.5
Retirement Plan Participation (Private Sector)	47.38%	38.48%	37.86%	46.0%
Average DC Account Balance	\$29,625	\$22,395	\$23,826	\$30,345
Marginal Tax Rate on Pension Income	3.31%	3.27%	3.29%	4.0%
Retiree Cost Score	5	5	6	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,422	\$1,579	\$1,648	\$1,745
Medicaid Payments for Older Beneficiaries	\$14,813	\$4,929	\$15,704	\$16,978
Older Households Paying 30% or More for Housing	28.9%	30.7%	32.2%	32.7%
Labor Market Score	4	5	4	5.6
Older Worker Unemployment Rate	3.4%	3.4%	5.7%	5.3%
Median Hourly Wage for Older Workers	\$13.39	\$14.16	\$14.00	\$14.76

Note: All dollar figures are in 2012 dollars.

#### ABOUT THE FINANCIAL SECURITY SCORECARD

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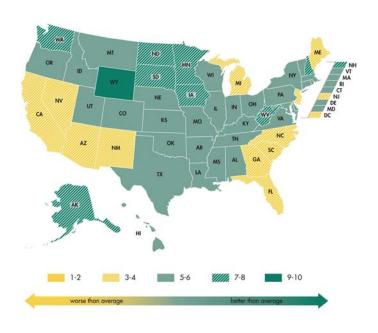
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: California Scores 3 out of 10





California like every state faces challenges to the financial security of future retirees. The state's low - 3 out of 10 - score on the Financial Security Scorecard means that near-retirees are likely to face financial insecurity in retirement. The scorecard considers: future income, key retiree costs, and labor markets for older workers. California has an important role to play in fashioning policies to promote financial security as workers age. With older individuals facing some of the highest living costs in retirement, Californians have very modest retirement savings to generate sufficient income relative to current earnings.

California policy makers may particularly look to focus on expanding retirement savings and employment opportunities. With only 2 out of 5 workers participating in a retirement plan at work and an average defined contribution (DC) account balance of \$23,381— less than one-third of the

average annual earnings of \$77,334 —increasing pension coverage and retirement savings is important, otherwise the percentage of older individuals living in poverty may increase beyond the 2012 level of 10.4%. Providing employment opportunities for older adults should also be a priority.



## POTENTIAL FUTURE RETIREE INCOME SCORE: 2 OUT OF 10

All components of California's potential retirement income score were low. Dropping from \$25,440 in 2000 to \$23,381 in 2012, the average DC account balance held by the minority of Californians who have actually saved fell from above average to nearly the bottom. Likewise, the declining percent of workers being covered by a retirement plan also fell about 10 percent over the period; now, only 2 in every 5 workers are covered by a retirement plan. Meanwhile, the state's 6% marginal tax rate on pension income was among the highest across the states.



# **MAJOR RETIREE COST SCORE: 2 OUT OF 10**

California received the lowest score regarding retiree expenses. With Medicaid payments of \$9,449 per aged beneficiary, the state consistently ranked at the just above the bottom nationally. Paying average out-of-pocket Medicare costs of \$1,890 put Californians among those with the highest cost-sharing liability for health expenses. In 2012, 42.5% of older households paid more than 30 percent of income for housing; only three states had higher housing cost burdens.



# **OLDER ADULT LABOR MARKET SCORE: 5 OUT OF 10**

California had average labor market opportunities for older workers. With a high unemployment rate for older workers in 2012—of 8.5 percent—California fell just behind Nevada in terms of the highest unemployment level among older workers. While the \$15.93 median hourly wage for older workers was among the highest in the nation, older workers lost ground from the \$16.74 median hourly wage in 2007. Balancing the two factors put the state in middle.

# CALIFORNIA FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	3	3	3	5.4
Retirement Income Score	3	2	2	5.5
Retirement Plan Participation (Private Sector)	44.15%	43.66%	40.21%	46.0%
Average DC Account Balance	\$25,440	\$24,310	\$23,381	\$30,345
Marginal Tax Rate on Pension Income	5.92%	6.07%	5.99%	4.0%
Retiree Cost Score	1	2	2	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,779	\$1,751	\$1,890	\$1,745
Medicaid Payments for Older Beneficiaries	\$7,995	\$9,341	\$9,449	\$16,978
Older Households Paying 30% or More for Housing	36.0%	40.9%	42.5%	32.7%
Labor Market Score	5	6	5	5.6
Older Worker Unemployment Rate	3.8%	3.9%	8.5%	5.3%
Median Hourly Wage for Older Workers	\$14.73	\$16.74	\$15.93	\$14.76

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#### ABOUT THE FINANCIAL SECURITY SCORECARD

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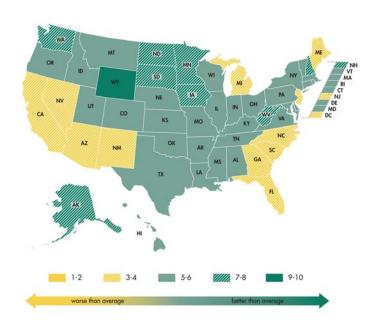
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States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Colorado Scores 6 out of 10





Colorado like every state faces challenges to the financial security of future retirees. The state's above average - 6 out of 10- score on the Financial Security Scorecard means that the next generations have a somewhat lower potential for financial insecurity in retirement than in many other states. The scorecard considers: future income, key retiree costs, and labor markets for older workers. Colorado has an important role to play in fashioning policies to promote retirement security as workers age.

Colorado's high level of unemployment among older workers and modest retirement savings levels suggests that state policy makers may particularly look to focus on expanding both retirement savings and work opportunities for older workers. Less than half of Colorado workers participate in a retirement plan at work. Also while financial industry experts recommend that workers in their 40s have 2-3 times their

salary in retirement savings, the \$28,301 average defined contribution (DC) account balance of is well below half of the average annual earnings of \$71,449 for Colorado workers in 2012. Increasing pension coverage and savings is important, otherwise the percentage of older individuals living in poverty may exceed the 2012 level of 7.8 percent in the future.



## POTENTIAL FUTURE RETIREE INCOME SCORE: 6 OUT OF 10

The components of Colorado's potential retirement income score were mixed but mainly positive, resulting in an above-average score. With 46.6 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, Colorado had a participation rate just above the national average. However, the \$28,301 average balance in DC retirement accounts among the less than half who have accounts is below average. The state's 3.29 percent marginal tax rate on pension income is somewhat lower that the average tax rate for other states.



# **MAJOR RETIREE COST SCORE: 6 OUT OF 10**

The cost of living for retirees in Colorado is relatively better than in other states. Medicare enrollees' \$1,594 expense for out-of-pocket costs put the state among those with the lowest cost-sharing levels. The state fell right in the middle of states regarding Medicaid generosity, with average spending of \$17,340 for older beneficiaries. However, Colorado housing cost burden for older households was higher than most other states, with one third of older households paying 30% or more of income for housing.



# **OLDER ADULT LABOR MARKET SCORE: 6 OUT OF 10**

Labor market opportunities for older workers in Colorado moved in two extremes. Driving up this score was above-average median hourly wages, while unemployment was high. In 2012, Colorado had the 6th highest median wage in the nation, at \$16.20 per hour. At the same time, the state had one of the highest unemployment rates for older workers in 2012, at 7.1%.

# COLORADO FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	6	5	6	5.4
Retirement Income Score	6	4	6	5.5
Retirement Plan Participation (Private Sector)	49.60%	44.30%	46.62%	46.0%
Average DC Account Balance	\$25,161	\$26,865	\$28,301	\$30,345
Marginal Tax Rate on Pension Income	2.76%	3.26%	3.29%	4.0%
Retiree Cost Score	6	6	6	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,385	\$1,562	\$1,594	\$1,745
Medicaid Payments for Older Beneficiaries	\$16,169	\$15,895	\$17,340	\$16,978
Older Households Paying 30% or More for Housing	28.9%	32.5%	33.8%	32.7%
Labor Market Score	9	5	6	5.6
Older Worker Unemployment Rate	1.7%	3.0%	7.1%	5.3%
Median Hourly Wage for Older Workers	\$14.73	\$14.03	\$16.20	\$14.76

Note: All dollar figures are in 2012 dollars.

#### ABOUT THE FINANCIAL SECURITY SCORECARD

The Financial Security Scorecard measures three key areas of retirement security: potential future income, major retiree costs, and the labor market for older Americans. This Scorecard assesses Colorado relative to the other states on these dimensions of retirement security.

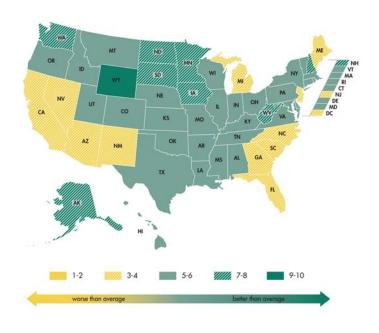
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Connecticut Scores 5 out of 10





Connecticut like every state faces challenges to the financial security of future retirees. The state's average - 5 out of 10-score on the Financial Security Scorecard means that the next generations have higher potentials for financial insecurity in retirement than in most states. The scorecard considers: future income, key retiree costs, and labor markets for older workers. Connecticut has an important role to play in fashioning retirement security policies that help support workers as they age. Even with its above average scores Connecticut still has work to do across the categories of retirement income, retiree costs, and labor market opportunities.

Given high costs of living for retirees in Connecticut, policy makers may particularly look to focus on expanding retirement savings opportunities for workers to help them meet the cost of housing and health care when retired. Half of Connecticut workers participate in a retirement plan at work, but coverage

has declined since 2000. Financial industry experts recommend that workers in their 40s have 2-3 times their salary in retirement savings, yet the \$26,975 average defined contribution (DC) account balance is less than one-third of the average annual earnings of \$81,685 for Connecticut workers in 2012. Increasing pension coverage and savings is important, otherwise the percentage of older individuals living in poverty may exceed the 2012 level of 6.9 percent in the future.



# POTENTIAL FUTURE RETIREE INCOME SCORE: 5 OUT OF 10

The key components of Connecticut's potential retirement income score were on the lower end. With \$26,975 as the average (DC) retirement account balance for its workers who have saved for retirement in an account, Connecticut's savings fell quite a bit below the national average of \$30,345. Although Connecticut ranked 6th in retirement plan participation, this still means that nearly half of private sector workers did not participate in a retirement plan. Also, the state's tax rate on pension income of 6.04 percent was among the higher marginal state tax rates.



#### MAJOR RETIREE COST SCORE: 4 OUT OF 10

The cost of living for retirees in Connecticut is overall more expensive than in other states. Medicare enrollees' \$1,910 expense for out-of-pocket costs put the state among the highest levels of cost-sharing for health care. Connecticut ranked very positively regarding Medicaid generosity, with average spending of \$27,244 for older beneficiaries. The housing cost burden for older households in Connecticut was the third highest of the states with 45 percent of older households paying 30% or more of income for housing.



# **OLDER ADULT LABOR MARKET SCORE: 6 OUT OF 10**

Labor market opportunities for retirees in Connecticut are mixed with high wages and above average unemployment. Its median hourly wages for older workers was \$17.00 in 2012, which was the third highest median wage in the nation. However, with 6.4 percent of older workers unemployed, Connecticut's unemployment rate was higher than the national average of 5.3%.

# CONNECTICUT FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	7	5	5	5.4
Retirement Income Score	8	5	5	5.5
Retirement Plan Participation (Private Sector)	56.06%	54.67%	50.66%	46.0%
Average DC Account Balance	\$34,618	\$22,210	\$26,975	\$30,345
Marginal Tax Rate on Pension Income	4.34%	5.39%	6.04%	4.0%
Retiree Cost Score	5	4	4	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,621	\$1,863	\$1,910	\$1,745
Medicaid Payments for Older Beneficiaries	\$30,368	\$30,633	\$27,244	\$16,978
Older Households Paying 30% or More for Housing	34.8%	42.6%	44.5%	32.7%
Labor Market Score	8	7	6	5.6
Older Worker Unemployment Rate		3.0%	6.4%	5.3%
Median Hourly Wage for Older Workers	\$15.54	\$16.57	\$17.00	\$14.76

Note: All dollar figures are in 2012 dollars.

#### ABOUT THE FINANCIAL SECURITY SCORECARD

The Financial Security Scorecard measures three key areas of retirement security: potential future income, major retiree costs, and the labor market for older Americans. This Scorecard assesses Connecticut relative to the other states on these dimensions of retirement security.

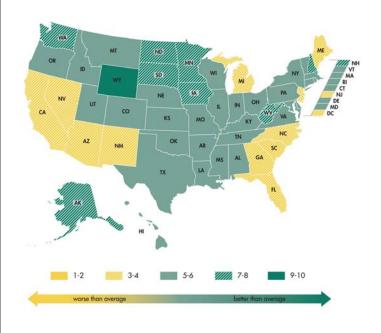
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Washington, DC Scores 4 out of 10





Washington, DC, like all the 50 states, faces challenges to the financial security of future retirees. The district's 4 out of 10 score on the Financial Security Scorecard means that the next generation has a higher potential for financial insecurity in retirement than counterparts in many states. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

With its relatively low ranking, DC has an important role to play fashioning financial security as workers age. Its future retiree income score was relatively high; however, its retiree cost and labor market scores were quite low. DC workers need help to maintain their standard of living with an adequate income stream over their retirement years. Just over half of DC workers participate in a retirement plan at work. Those who have saved for retirement in defined contribution (DC) account have an average balance of

\$34,639; this means that workers have saved less than even half of the \$82,252 average annual earnings of Washingtonians in 2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older DC residents living in poverty in the future may exceed the 2012 level of 11.9 percent.



### POTENTIAL FUTURE RETIREE INCOME SCORE: 7 OUT OF 10

The components of DC's retirement income score were mixed and yielded an above-average score. With 53 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, DC had the 3rd highest coverage rate in the nation. However, since 2000 the percent of workers covered in a retirement plan has dropped from 57 percent. The \$34,639 saved in the average DC account held by Washingtonians was slightly higher than the \$30,345 in retirement savings nationally. Yet DC had a 6.68 percent marginal tax rate on pension income, the 8th highest in the nation.



## **MAJOR RETIREE COST SCORE: 4 OUT OF 10**

The components of DC's retiree cost score were also mixed, and yielded a below average score. The state ranked 10th in Medicaid generosity, with average payments of \$21,424 for older beneficiaries. However, the state had the second poorest Medicaid generosity in the nation, with retirees in the state experiencing an average Medicare cost-sharing liability of \$2,011 in out-of-pocket costs for enrollees. The state also ranked poorly in housing cost burden for older households, with 39 percent of older households paying 30 percent or more of their income towards housing costs.



## **OLDER ADULT LABOR MARKET SCORE: 2 OUT OF 10**

In 2012, Washington, DC had one of the poorest older adult labor market score among all the states. Its unemployment rate for older workers was the sixth highest in the nation, at 7.4 percent, versus 5.3 percent nationally. In addition, DC had a relatively low median wage for older workers, at \$14.00 per hour, versus \$14.76 nationally.

# WASHINGTON, DC FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	4	5	4	5.4
Retirement Income Score	3	5	7	5.5
Retirement Plan Participation (Private Sector)	56.48%	50.12%	53.32%	46.0%
Average DC Account Balance	\$16,303	\$33,355	\$34,639	\$30,345
Marginal Tax Rate on Pension Income	7.89%	7.09%	6.68%	4.0%
Retiree Cost Score	4	4	4	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,789	\$1,975	\$2,011	\$1,745
Medicaid Payments for Older Beneficiaries	\$25,496	\$25,163	\$21,424	\$16,978
Older Households Paying 30% or More for Housing	34.7%	38.4%	39.1%	32.7%
Labor Market Score	6	6	2	5.6
Older Worker Unemployment Rate	2.7%	3.6%	7.4%	5.3%
Median Hourly Wage for Older Workers	\$15.07	\$15.96	\$14.00	\$14.76

Note: All dollar figures are in 2012 dollars.

#### ABOUT THE FINANCIAL SECURITY SCORECARD

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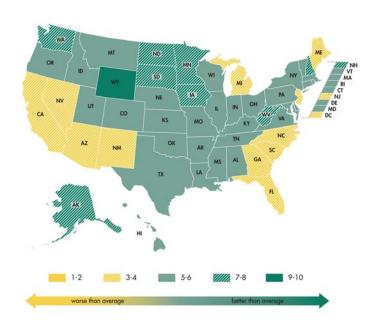
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Delaware Scores 6 out of 10





Delaware like every state faces challenges to the financial security of future retirees. The state's 6 out of 10 score on the Financial Security Scorecard means that the next generation has a lower potential for financial insecurity in retirement than counterparts in many other states, but there is still room for improvement. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

Even with its relatively high ranking, Delaware still has an important role to play fashioning financial security as workers age. Its retiree income, cost, and labor market scores were all relatively high; however, workers need help to maintain their standard of living with an adequate income stream over their retirement years. Less than half of Delaware workers participate in a retirement plan at work. Those who have saved for retirement in defined

contribution (DC) account have an average balance of \$32,681; this means that workers have saved just over half of the \$56,506 average annual earnings of Delaware workers in 2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older Delaware residents living in poverty in the future may exceed the 2012 level of 7.4 percent.



# POTENTIAL FUTURE RETIREE INCOME SCORE: 6 OUT OF 10

The components of Delaware's retirement income score were mixed and yielded an above-average score. The \$32,681 saved in the average DC account held by Delaware workers was higher than the national average, so the state ranked 15th in this category. With 46 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, Delaware fell right around the national average. However, since 2000 the percent of workers covered in a retirement plan has dropped from 56 percent. Also, Delaware had a relatively high 4.53 percent marginal tax rate on pension income.



## **MAJOR RETIREE COST SCORE: 6 OUT OF 10**

Delaware's retiree cost score was also a mixed bag. The state ranked 12th in the nation in Medicaid generosity, with average payments of \$21,259 for older beneficiaries. The housing cost burden for older households was about average, with 31 percent of older households paying 30 percent or more of their income towards housing costs. In terms of Medicare generosity, Delaware ranked 28th in the nation, as retirees in the state saw a Medicare cost-sharing liability of \$1,748 in out-of-pocket costs for enrollees.



## **OLDER ADULT LABOR MARKET SCORE: 7 OUT OF 10**

Delaware's older adult labor market score was above average, largely due to its relatively high median wage for older workers, at \$15.00 per hour, versus \$14.76 nationally. The state had a higher than average unemployment rate, however, at 5.4 percent, versus 5.3 percent nationally.

# DELAWARE FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	7	7	6	5.4
Retirement Income Score	8	6	6	5.5
Retirement Plan Participation (Private Sector)	56.37%	51.35%	46.01%	46.0%
Average DC Account Balance	\$27,092	\$27,638	\$32,681	\$30,345
Marginal Tax Rate on Pension Income	3.66%	4.25%	4.53%	4.0%
Retiree Cost Score	7	6	6	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,519	\$1,675	\$1,748	\$1,745
Medicaid Payments for Older Beneficiaries	\$20,363	\$20,923	\$21,259	\$16,978
Older Households Paying 30% or More for Housing	25.8%	30.7%	30.8%	32.7%
Labor Market Score	5	9	7	5.6
Older Worker Unemployment Rate	2.4%	1.8%	5.4%	5.3%
Median Hourly Wage for Older Workers	\$13.06	\$15.90	\$15.00	\$14.76

Note: All dollar figures are in 2012 dollars.

#### ABOUT THE FINANCIAL SECURITY SCORECARD

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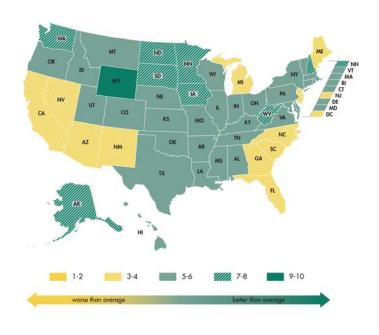
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Florida Scores 3 out of 10





Florida like every state faces challenges to the financial security of future retirees. The state's 3 out of 10 score on the Financial Security Scorecard means that the next generation has a much lower potential for financial security in retirement than counterparts in many other states. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

With its low ranking, Florida has an important role to play fashioning financial security as workers age. Its retiree income, cost and labor market scores were all below average; workers need help to maintain their standard of living with an adequate income stream over their retirement years. Only 34% of Florida workers participate in a retirement plan at work. Those who have saved for retirement in defined contribution (DC) account have an average balance of \$23,859; this means that workers have

saved far less than even half of the \$61,196 average annual earnings of working Floridians in 2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older Floridians living in poverty in the future may exceed the 2012 level of 10.2 percent.



## POTENTIAL FUTURE RETIREE INCOME SCORE: 4 OUT OF 10

The components of Florida's retirement income score were mixed and yielded a below average score. With a zero percent marginal tax rate on pension income, the state ranked first in the nation. However, with just 34 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, Florida had the second lowest coverage rate in the nation. Since 2000 the percent of workers covered in a retirement plan has dropped from 41 percent. In addition, the \$23,859 saved in the average DC account held by Floridians was far below the \$30,345 in retirement savings nationally.



## **MAJOR RETIREE COST SCORE: 2 OUT OF 10**

Florida was one of four states to receive lowest score in cost of living for retirees. The state had the poorest Medicare generosity in the nation, as retirees in the state saw an average Medicare cost-sharing liability of \$2,014 in out-of-pocket costs for enrollees. Florida also had the 12th highest housing cost burden for older households, with 37 percent of older households paying 30 percent or more of their income towards housing costs. Florida also ranked poorly in Medicaid generosity with average payments of \$13,298 for older beneficiaries.



### **OLDER ADULT LABOR MARKET SCORE: 3 OUT OF 10**

In 2012, Florida had a below average older adult labor market score. The state had a relatively high unemployment rate for older workers, at 7.0 percent, versus 5.3 percent nationally. In addition, the state had a somewhat low median wage for older workers, at \$14.50 per hour, versus \$14.76 nationally.

# FLORIDA FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	4	4	3	5.4
Retirement Income Score	7	4	4	5.5
Retirement Plan Participation (Private Sector)	41.40%	36.41%	33.97%	46.0%
Average DC Account Balance	\$38,611	\$24,768	\$23,859	\$30,345
Marginal Tax Rate on Pension Income	0.00%	0.00%	0.00%	4.0%
Retiree Cost Score	2	2	2	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,773	\$1,938	\$2,014	\$1,745
Medicaid Payments for Older Beneficiaries	\$12,450	\$12,945	\$13,298	\$16,978
Older Households Paying 30% or More for Housing	31.6%	38.8%	37.0%	32.7%
Labor Market Score	2	5	3	5.6
Older Worker Unemployment Rate	3.2%	2.8%	7.0%	5.3%
Median Hourly Wage for Older Workers	\$12.19	\$13.39	\$14.50	\$14.76

Note: All dollar figures are in 2012 dollars.

#### ABOUT THE FINANCIAL SECURITY SCORECARD

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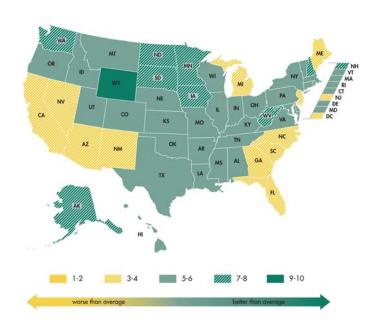
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Georgia Scores 4 out of 10





Georgia like every state faces challenges to the financial security of future retirees. The state's 4 out of 10 score on the Financial Security Scorecard means that the next generation has a higher potential for financial insecurity in retirement than counterparts in many other states. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

With its relatively low ranking, Georgia has an important role to play fashioning financial security as workers age. Its retiree income, cost, and labor market scores were all below average; workers need help to maintain their standard of living with an adequate income stream over their retirement years. Less than half of Georgia workers participate in a retirement plan at work. Those who have saved for retirement in defined contribution (DC) account have an average balance of \$21,922; this means that

workers have saved far less than even half of the \$61,343 average annual earnings of working Georgians in 2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older Georgians living in poverty in the future may exceed the 2012 level of 11.2 percent.



## POTENTIAL FUTURE RETIREE INCOME SCORE: 4 OUT OF 10

The components of Georgia's retirement income score were mixed and yielded a below average score. With just 45 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, Georgia ranked just 32nd in the nation. Since 2000 the percent of workers covered in a retirement plan has dropped from 52 percent. The \$21,922 saved in the average DC account held by Georgians was the third lowest in the nation, and far below the \$30,345 in retirement savings nationally. However, Georgia had a relatively low 3.23 percent marginal tax rate on pension income.



## **MAJOR RETIREE COST SCORE: 4 OUT OF 10**

Georgia had a relatively low 4 out of 10 score in major retiree costs. The state ranked seventh poorest in the nation in terms of Medicaid generosity, with average payments of \$11,173 for older beneficiaries. The state also ranked relatively low in Medicare generosity, as retirees in the state had a higher than average Medicare cost-sharing liability of \$1,770 in out-of-pocket costs for enrollees. Georgia also had a relatively high housing cost burden for older households, with 33 percent of older households paying 30 percent or more of their income towards housing costs.



# **OLDER ADULT LABOR MARKET SCORE: 4 OUT OF 10**

In 2012, Georgia also had a low adult labor market score. The state's unemployment rate was 5.8 percent, higher than the national average of 5.3 percent. Georgia also had a relatively low median wage for older workers, at \$14.50 per hour, versus \$14.76 nationally.

# GEORGIA FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	4	4	4	5.4
Retirement Income Score	4	4	4	5.5
Retirement Plan Participation (Private Sector)	52.30%	47.05%	45.09%	46.0%
Average DC Account Balance	\$18,817	\$20,071	\$21,922	\$30,345
Marginal Tax Rate on Pension Income	4.73%	4.22%	3.23%	4.0%
Retiree Cost Score	3	4	4	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,526	\$1,632	\$1,770	\$1,745
Medicaid Payments for Older Beneficiaries	\$11,221	\$11,110	\$11,173	\$16,978
Older Households Paying 30% or More for Housing	29.5%	33.1%	33.4%	32.7%
Labor Market Score	3	6	4	5.6
Older Worker Unemployment Rate	2.5%	2.3%	5.8%	5.3%
Median Hourly Wage for Older Workers	\$12.46	\$13.83	\$14.50	\$14.76

Note: All dollar figures are in 2012 dollars.

#### ABOUT THE FINANCIAL SECURITY SCORECARD

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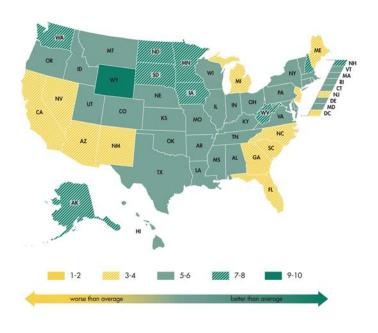
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan down. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Hawaii Scores 6 out of 10





Hawaii like every state faces challenges to the financial security of future retirees. The state's 6 out of 10 score on the Financial Security Scorecard means that the next generation has a somewhat higher potential for financial security in retirement than counterparts in many other states; however, there is still room for improvement. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

Even with its relatively high ranking, Hawaii still has an important role to play fashioning financial security as workers age. Its retiree cost and labor market scores were relatively high; however, its future retiree income score was low. Workers need help to maintain their standard of living with an adequate income stream over their retirement years. Half of Hawaii workers do not participate in a retirement plan at work. Those who have

saved for retirement in defined contribution (DC) account have an average balance of \$25,445; this means that workers have saved less than even half of the \$53,274 average annual earnings of working Hawaiians in 2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older Hawaii residents living in poverty in the future may exceed the 2012 level of 6.9 percent.



### POTENTIAL FUTURE RETIREE INCOME SCORE: 4 OUT OF 10

The components of Hawaii's retirement income score were mixed and yielded a below average score. With 50 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, Hawaii had the 11th highest coverage rate in the nation. However, the \$25,445 saved in the average DC account held by Hawaiians was the 11th lowest in the nation, and far below the \$30,345 in retirement savings nationally. Hawaii also had the third highest marginal tax rate on pension income, at 7.18 percent.



# **MAJOR RETIREE COST SCORE: 7 OUT OF 10**

Hawaii's major retiree cost scores were also mixed, and yielded an above-average score. The state ranked first in the nation in Medicare generosity, with retirees experiencing a \$1,342 average cost-sharing liability in out-of-pocket costs. The state ranked about average in Medicaid generosity, with average payments of \$16,303 per beneficiary. The state had a relatively high housing cost burden for older households, with 34 percent of older households paying 30 percent or more of their income towards housing costs.



# **OLDER ADULT LABOR MARKET SCORE: 7 OUT OF 10**

In 2012, Hawaii had an above average older adult labor market score, largely due to its high median wage for older workers, which was \$16.00 per hour, versus \$14.76 nationally. The state also had a relatively low unemployment rate for older workers of 5.1 percent, versus 5.3 percent nationally.

# HAWAII FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	6	6	6	5.4
Retirement Income Score	5	4	4	5.5
Retirement Plan Participation (Private Sector)	52.38%	52.63%	50.20%	46.0%
Average DC Account Balance	\$26,531	\$25,271	\$25,445	\$30,345
Marginal Tax Rate on Pension Income	7.25%	7.03%	7.18%	4.0%
Retiree Cost Score	6	7	7	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,155	\$1,223	\$1,342	\$1,745
Medicaid Payments for Older Beneficiaries	\$11,468	\$13,364	\$16,303	\$16,978
Older Households Paying 30% or More for Housing	27.6%	29.9%	34.3%	32.7%
Labor Market Score	7	8	7	5.6
Older Worker Unemployment Rate	2.1%	1.8%	5.1%	5.3%
Median Hourly Wage for Older Workers	\$13.73	\$14.50	\$16.00	\$14.76

Note: All dollar figures are in 2012 dollars.

#### ABOUT THE FINANCIAL SECURITY SCORECARD

The Financial Security Scorecard measures three key areas of retirement security: potential future income, major retiree costs, and the labor market for older Americans. This Scorecard assesses Hawaii relative to the other states on these dimensions of retirement security.

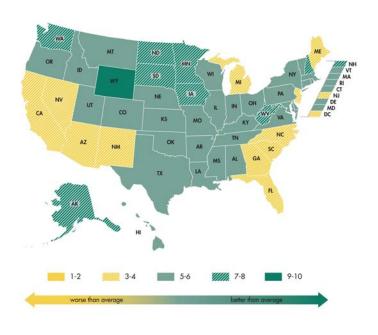
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Iowa Scores 7out of 10





Iowa like every state faces challenges to the financial security of future retirees. The state's 7 out of 10 score on the Financial Security Scorecard means that the next generation has a lower potential for financial insecurity in retirement than counterparts in many other states; however, there is still room for improvement. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

Even with its high relatively ranking, Iowa still has an important role to play fashioning financial security as workers age. Its retiree income, cost and labor market scores were all higher than average; however, workers need help to maintain their standard of living with an adequate income stream over their retirement years. Almost half of Iowa workers do not participate in a retirement plan at work. Those who have saved for retirement in defined contribution (DC) account have an average balance of \$31,762; this means that workers

have saved a bit more than half of the \$51,805 average annual earnings of working Iowans in 2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older Iowa residents living in poverty in the future may exceed the 2012 level of 7.8 percent.



## POTENTIAL FUTURE RETIREE INCOME SCORE: 7 OUT OF 10

The components of Iowa's retirement income score yielded an above-average score. With 54 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, Iowa had the highest coverage rate in the nation. However, since 2000 the percent of workers covered in a retirement plan has dropped from 57 percent. The \$31,762 saved in the average DC account held by Iowans was higher than the \$30,345 in retirement savings nationally. However, Iowa had a relatively high 5.03 percent marginal tax rate on pension income.



#### MAJOR RETIREE COST SCORE: 8 OUT OF 10

Iowa received a high score in cost of living for retirees. This was due in part to the state's relatively low housing cost burden for older households, with just 26 percent of older households paying 30 percent or more of their income towards housing costs. Iowa also ranked well in Medicaid generosity with average payments of \$18,625 for older beneficiaries. Retirees in the state had a lower than average Medicare cost-sharing liability of \$1,672 in out-of-pocket costs for enrollees.



## **OLDER ADULT LABOR MARKET SCORE: 7 OUT OF 10**

In 2012, Iowa also had a relatively high older adult labor market score. The state ranked fifth in the nation in the unemployment rate for older workers, with a rate of just 3.3 percent, versus 5.3 percent nationally. The state had a median wage for older workers of \$14.50 per hour, versus \$14.76 per hour nationally.

# IOWA FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	7	7	7	5.4
Retirement Income Score	6	7	7	5.5
Retirement Plan Participation (Private Sector)	56.74%	58.25%	54.08%	46.0%
Average DC Account Balance	\$22,017	\$28,985	\$31,762	\$30,345
Marginal Tax Rate on Pension Income	4.72%	5.05%	5.03%	4.0%
Retiree Cost Score	9	8	8	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,297	\$1,510	\$1,672	\$1,745
Medicaid Payments for Older Beneficiaries	\$18,625	\$17,299	\$18,625	\$16,978
Older Households Paying 30% or More for Housing	21.0%	25.9%	25.8%	32.7%
Labor Market Score	6	6	7	5.6
Older Worker Unemployment Rate	0.9%	2.2%	3.3%	5.3%
Median Hourly Wage for Older Workers	\$12.72	\$13.71	\$14.50	\$14.76

Note: All dollar figures are in 2012 dollars.

#### ABOUT THE FINANCIAL SECURITY SCORECARD

The Financial Security Scorecard measures three key areas of retirement security: potential future income, major retiree costs, and the labor market for older Americans. This Scorecard assesses Iowa relative to the other states on these dimensions of retirement security.

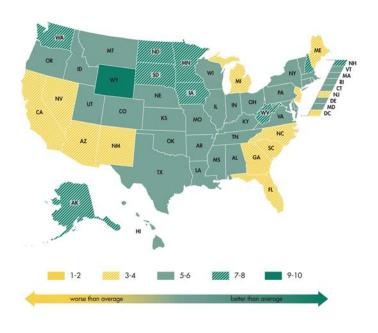
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Idaho Scores 5 out of 10





Idaho like every state faces challenges to the financial security of future retirees. The state's 5 out of 10 score on the Financial Security Scorecard means that the next generation has a much lower potential for financial insecurity in retirement than counterparts in many other states. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

With its average ranking, Idaho has an important role to play fashioning financial security as workers age. Its retiree cost score was high; however, its future retiree income and older labor market scores were relatively low. Idaho workers need help to maintain their standard of living with an adequate income stream over their retirement years. Less than half of Idaho workers participate in a retirement plan at work. Those who have saved for retirement in defined contribution (DC) account have an average balance of

\$31,128; this means that workers have saved just over half of the \$55,361 average annual earnings of working Idahoans in 2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older Idaho residents living in poverty in the future may exceed the 2012 level of 9.7 percent.



### POTENTIAL FUTURE RETIREE INCOME SCORE: 4 OUT OF 10

The components of Idaho's retirement income score yielded a below average score. With 45 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, Idaho ranked 30th in retirement plan coverage in the nation. Since 2000 the percent of workers covered in a retirement plan has dropped from 49 percent. The \$31,128 saved in the average DC account held by Idahoans was just above the \$30,345 in retirement savings nationally. Idaho had a 6.91 percent marginal tax rate on pension income, the sixth highest in the nation.



# **MAJOR RETIREE COST SCORE: 7 OUT OF 10**

Idaho scored relatively high in cost of living for retirees. This was due largely to the state's Medicare generosity, which ranked sixth highest in the nation. Retirees in the state had a Medicare cost-sharing liability of \$1,580 in out-of-pocket costs for enrollees. Idaho had relatively average Medicaid generosity, with average payments of \$17,425 for older beneficiaries. The state had a somewhat low housing cost burden for older households, with 30 percent of older households paying 30 percent or more of their income towards housing costs.



# **OLDER ADULT LABOR MARKET SCORE: 4 OUT OF 10**

In 2012, Idaho had a relatively low score in older labor market opportunities. The state's unemployment rate for older workers was somewhat high, at 5.5 percent, versus 5.3 percent nationally. The state's median wage for older workers was somewhat low at \$14.49 per hour, versus \$14.76 nationally.

# IDAHO FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	5	7	5	5.4
Retirement Income Score	3	4	4	5.5
Retirement Plan Participation (Private Sector)	49.21%	49.70%	45.26%	46.0%
Average DC Account Balance	\$21,978	\$28,673	\$31,128	\$30,345
Marginal Tax Rate on Pension Income	7.36%	7.20%	6.91%	4.0%
Retiree Cost Score	8	9	7	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,365	\$1,400	\$1,580	\$1,745
Medicaid Payments for Older Beneficiaries	\$18,125	\$16,661	\$17,425	\$16,978
Older Households Paying 30% or More for Housing	24.9%	25.3%	30.4%	32.7%
Labor Market Score	3	7	4	5.6
Older Worker Unemployment Rate	3.0%	2.3%	5.5%	5.3%
Median Hourly Wage for Older Workers	\$13.02	\$14.50	\$14.49	\$14.76

Note: All dollar figures are in 2012 dollars.

#### ABOUT THE FINANCIAL SECURITY SCORECARD

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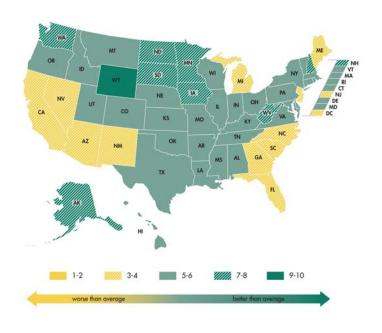
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Illinois Scores 5 out of 10





Illinois like every state faces challenges to the financial security of future retirees. The state's average - 5 out of 10 - score on the Financial Security Scorecard means that its next generations have slightly higher potentials for financial insecurity in retirement than in other states. The scorecard considers: future income, key retiree costs, and labor markets for older workers. Illinois has an important role to play in fashioning policies to promote financial security as workers age. Varied rankings on the scorecard measures indicate Illinois still has work to do across the retirement income, retiree costs, and labor market opportunity categories.

Illinois ranks at the bottom relative to retiree costs, so policy makers may particularly focus on reducing retiree medical costs and expanding retirement savings to meet future costs. Less than half of Illinois workers participate in a retirement plan at work. Financial industry experts recommend that

workers in their early 40s should have 2-3 their times salary in retirement savings, yet the \$44,590 average DC account balance among only those who have accounts compares to less than one times Illinois workers' \$69,015 average annual earnings. Increasing pension coverage and savings is important, otherwise the percentage of older individuals living in poverty may exceed the 2012 level of 8.8 percent in the future.



### POTENTIAL FUTURE RETIREE INCOME SCORE: 8 OUT OF 10

The components of Illinois' potential retirement income score were mixed but tended toward a high score. Illinois ranked 2nd in the nation on the average value in defined contribution (DC) accounts, with a typical balance of \$44,590 in 2012. Dropping from 53.4% in 2000 to just 46.4% of private sector employees participating in employer-sponsored retirement plans in 2012, the state fell below national pension coverage levels. Its 0.07% marginal state income tax rate on pension income put Illinois just behind the states with no tax on pension income.



#### MAJOR RETIREE COST SCORE: 2 OUT OF 10

High retiree costs in Illinois in both medical and housing components resulted in a low score. Illinois had the 7th highest Medicare out-of-pocket costs of \$1,917 per enrollee. Also, by spending just \$11,678 on average per older beneficiary in 2012, the state had one of the lowest levels of Medicaid generosity. At the same time, 36.3 percent of older households paid 30 percent or more of their income for housing. Illinois had a housing cost burden for older households greater than three-fourth of the other states.



# **OLDER ADULT LABOR MARKET SCORE: 6 OUT OF 10**

Illinois received a slightly above average score on its labor market conditions for older adults. The \$15.00 median hourly wage for older worker placed Illinois 12th among the states; however, the unemployment rate among older adults of 6% was higher than the national average of 5.3%, balancing the score at slightly better than average.

# ILLINOIS FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	6	5	5	5.4
Retirement Income Score	8	8	8	5.5
Retirement Plan Participation (Private Sector)	53.41%	49.09%	46.39%	46.0%
Average DC Account Balance	\$27,403	\$42,229	\$44,590	\$30,345
Marginal Tax Rate on Pension Income	0.03%	0.04%	0.07%	4.0%
Retiree Cost Score	5	2	2	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,535	\$1,842	\$1,917	\$1,745
Medicaid Payments for Older Beneficiaries	\$16,814	\$12,167	\$11,678	\$16,978
Older Households Paying 30% or More for Housing	29.1%	36.1%	36.3%	32.7%
Labor Market Score	6	5	6	5.6
Older Worker Unemployment Rate	2.5%	3.6%	6.0%	5.3%
Median Hourly Wage for Older Workers	\$13.88	\$14.91	\$15.00	\$14.76

Note: All dollar figures are in 2012 dollars.

#### ABOUT THE FINANCIAL SECURITY SCORECARD

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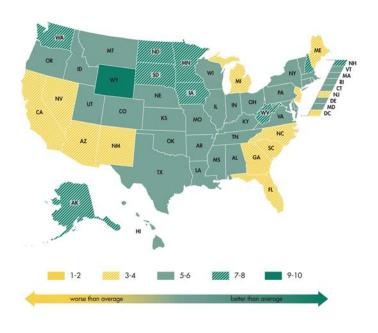
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Indiana Scores 6 out of 10





Indiana like every state faces challenges to the financial security of future retirees. The state's above average - 6 out of 10 - score on the Financial Security Scorecard means that the next generations have slightly higher potentials for financial insecurity in retirement than in other states. The scorecard considers: future income, key retiree costs, and labor markets for older workers. Indiana has an important role to play in fashioning policies to promote financial security as workers age. The state's consistent scores indicate that Indiana has work to do across the categories of retirement income, retiree costs, and labor market opportunities.

Since less than half of Indiana workers participate in a retirement plan, policy makers may particularly focus on expanding retirement savings opportunities for workers. Also, financial industry experts recommend that workers in their 40s should have 2-3 times salary in retirement savings, yet

the average \$26,971 saved in defined contribution (DC) accounts by Indianans who have such accounts is less than half of workers' average annual earnings of \$56,306 in 2012. Increasing pension coverage and savings is important, otherwise the percentage of older individuals living in poverty in the future may exceed the 2012 level of 7.2 percent.



## POTENTIAL FUTURE RETIREE INCOME SCORE: 6 OUT OF 10

The components of Indiana's potential retirement income score were mixed but generated an above-average score. With nearly 50 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, Indiana had the 14th highest participation rate in the nation. However, the \$26,971 average balance in DC accounts is less than the national average account value of \$30,345 and not even equal to half of the \$56,306 average earnings of Indiana workers. The state's 3.5 percent marginal tax rate on pension income is below average.



### **MAJOR RETIREE COST SCORE: 6 OUT OF 10**

The cost of living for retirees in Indiana is relatively better than in other states. Indiana received a prominent rank as the state has the 11th lowest housing cost burden for older households, with just 27 percent of older households paying 30% or more of income for housing. The state also scored well in Medicaid generosity, spending over \$20,000 for older beneficiaries. However, \$1,900 expense for out-of-pocket costs of Medicare enrollees was among the highest.



## **OLDER ADULT LABOR MARKET SCORE: 7 OUT OF 10**

In terms of labor market opportunities for retirees, Indiana scored better than most states. Driving this score was above-average median hourly wages for older workers. In 2012, Indiana had the 12th highest median wage in the nation, at \$15.00 per hour. While Indiana had a low unemployment rate for older workers in 2000 and 2007 relative to the rest of the nation, by 2012 labor market conditions deteriorated to put the state on par with the national average of 5.3%.

# INDIANA FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	7	6	6	5.4
Retirement Income Score	7	6	6	5.5
Retirement Plan Participation (Private Sector)	56.71%	54.02%	49.58%	46.0%
Average DC Account Balance	\$22,270	\$24,158	\$26,971	\$30,345
Marginal Tax Rate on Pension Income	3.44%	3.45%	3.48%	4.0%
Retiree Cost Score	6	6	6	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,570	\$1,752	\$1,900	\$1,745
Medicaid Payments for Older Beneficiaries	\$19,229	\$17,755	\$20,060	\$16,978
Older Households Paying 30% or More for Housing	25.1%	29.1%	27.3%	32.7%
Labor Market Score	7	4	7	5.6
Older Worker Unemployment Rate	2.0%	2.8%	5.3%	5.3%
Median Hourly Wage for Older Workers	\$13.39	\$13.39	\$15.00	\$14.76

Note: All dollar figures are in 2012 dollars.

#### ABOUT THE FINANCIAL SECURITY SCORECARD

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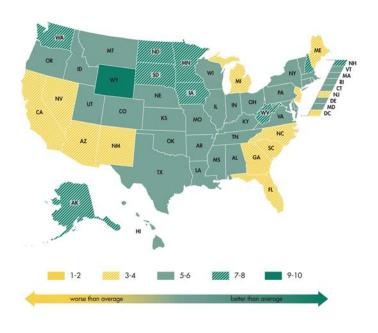
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Kansas Scores 5 out of 10





Kansas like every state faces challenges to the financial security of future retirees. The state's 5 out of 10 score on the Financial Security Scorecard means that the next generation has a lower potential for financial security in retirement than counterparts in many other states. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

With its average ranking, Kansas has an important role to play fashioning financial security as workers age. Its retiree cost and labor market score were relatively high; however, its future retiree income score was low. Kansas workers need help to maintain their standard of living with an adequate income stream over their retirement years. Less than half of Kansas workers participate in a retirement plan at work. Those who have saved for retirement in defined contribution (DC) account have an average balance of \$23,373; this means

that workers have saved far less than even half of the \$61,133 average annual earnings of working Kansans in 2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older Kansans living in poverty in the future may exceed the 2012 level of 6.7 percent.



## POTENTIAL FUTURE RETIREE INCOME SCORE: 4 OUT OF 10

The components of Kansas' retirement income score were mixed and yielded a below average score. With 49 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, Kansas had the 17th highest coverage rate in the nation. However, since 2000 the percent of workers covered in a retirement plan has dropped from 55 percent. The \$23,373 saved in the average DC account held by Kansans was the sixth lowest in the nation, far below the \$30,345 in national average. Kansas also had a relatively high 5.98 percent marginal tax rate on pension income.



#### MAJOR RETIREE COST SCORE: 6 OUT OF 10

Kansas received a relatively high score in cost of living for retirees. This score was due in part to the state's relatively low housing cost burden for older households, with just 28 percent of older households paying 30 percent or more of their income towards housing costs. Kansas also ranked relatively well in Medicaid generosity with average payments of \$17,797 for older beneficiaries. Retirees in the state had about average Medicare cost-sharing liability of \$1,723 in out-of-pocket costs for enrollees.



# **OLDER ADULT LABOR MARKET SCORE: 6 OUT OF 10**

In 2012, Kansas had a relatively high score in labor market opportunities for older workers. This was largely due to the state's relatively low unemployment rate for older workers, at 3.9 percent, versus 5.3 percent nationally. However, the state had a lower than average median wage for older workers, at \$14.30 per hour, versus \$14.76 nationally.

# KANSAS FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	6	5	5	5.4
Retirement Income Score	6	3	4	5.5
Retirement Plan Participation (Private Sector)	54.61%	49.61%	48.89%	46.0%
Average DC Account Balance	\$27,580	\$16,982	\$23,373	\$30,345
Marginal Tax Rate on Pension Income	5.88%	6.04%	5.98%	4.0%
Retiree Cost Score	7	7	6	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,539	\$1,669	\$1,723	\$1,745
Medicaid Payments for Older Beneficiaries	\$18,332	\$17,530	\$17,797	\$16,978
Older Households Paying 30% or More for Housing	22.8%	28.5%	28.0%	32.7%
Labor Market Score	6	6	6	5.6
Older Worker Unemployment Rate	1.4%	2.5%	3.9%	5.3%
Median Hourly Wage for Older Workers	\$12.05	\$13.83	\$14.30	\$14.76

Note: All dollar figures are in 2012 dollars.

#### ABOUT THE FINANCIAL SECURITY SCORECARD

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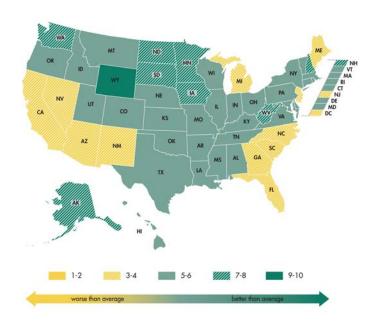
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Kentucky Scores 6 out of 10





Kentucky like every state faces challenges to the financial security of future retirees. The state's 6 out of 10 score on the Financial Security Scorecard means that the next generation has a lower potential for financial insecurity in retirement than counterparts in many other states; however, there is still room for improvement. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

Even with its relatively high ranking, Kentucky still has an important role to play fashioning financial security as workers age. Its retiree income and labor market scores were higher than average; however, workers need help to maintain their standard of living with an adequate income stream over their retirement years. Less than half of Kentucky workers participate in a retirement plan at work. Those who have saved for retirement in defined

contribution (DC) account have an average balance of \$32,499; this means that workers have saved far less than the \$48,500 average annual earnings of Kentucky workers in 2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older Kentucky residents living in poverty in the future may exceed the 2012 level of 12.3 percent.



## POTENTIAL FUTURE RETIREE INCOME SCORE: 6 OUT OF 10

The components of Kentucky's retirement income score were mixed and yielded an above-average score. With just 43 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, Kentucky had the 13th lowest coverage rate in the nation. However, the \$32,499 saved in the average DC account held by Kentucky workers was higher than the \$30,345 in retirement savings nationally. In addition, Kentucky had a relatively low 2.24 percent marginal tax rate on pension income.



### **MAJOR RETIREE COST SCORE: 6 OUT OF 10**

Kentucky received a relatively high score in cost of living for retirees. This was due largely to the state's rank as the state with the 9th lowest housing cost burden for older households, with just 27 percent of older households paying 30 percent or more of their income towards housing costs. However, Kentucky ranked relatively low in Medicaid generosity with average payments of \$14,665 for older beneficiaries. Retirees in the state had a higher than average Medicare cost-sharing liability of \$1,789 in out-of-pocket costs for enrollees.



### **OLDER ADULT LABOR MARKET SCORE: 5 OUT OF 10**

In 2012, Kentucky had an about average older adult labor market score. The state had a relatively low unemployment rate for older workers, at 4.5 percent, versus 5.3 percent nationally. However, the state had a relatively low median wage for older workers, at \$14.30 per hour, versus \$14.76 nationally.

# KENTUCKY FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	5	6	6	5.4
Retirement Income Score	4	6	6	5.5
Retirement Plan Participation (Private Sector)	49.00%	47.40%	43.14%	46.0%
Average DC Account Balance	\$18,458	\$30,389	\$32,499	\$30,345
Marginal Tax Rate on Pension Income	1.63%	2.09%	2.24%	4.0%
Retiree Cost Score	6	6	6	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,558	\$1,673	\$1,789	\$1,745
Medicaid Payments for Older Beneficiaries	\$13,889	\$13,359	\$14,665	\$16,978
Older Households Paying 30% or More for Housing	24.1%	25.7%	27.1%	32.7%
Labor Market Score	4	4	5	5.6
Older Worker Unemployment Rate	2.5%	2.8%	4.5%	5.3%
Median Hourly Wage for Older Workers	\$13.12	\$13.39	\$14.30	\$14.76

Note: All dollar figures are in 2012 dollars.

#### ABOUT THE FINANCIAL SECURITY SCORECARD

The Financial Security Scorecard measures three key areas of retirement security: potential future income, major retiree costs, and the labor market for older Americans. This Scorecard assesses Kentucky relative to the other states on these dimensions of retirement security.

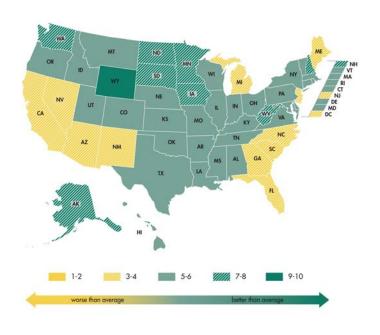
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Louisiana Scores 5 out of 10





Louisiana like every state faces challenges to the financial security of future retirees. The state's 5 out of 10 score on the Financial Security Scorecard means that the next generation has a lower potential for financial security in retirement than counterparts in many other states; however, there is still room for improvement. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

With its average ranking, Louisiana has an important role to play fashioning financial security as workers age. Workers need help to maintain their standard of living with an adequate income stream over their retirement years. Less than four in ten Louisiana workers participate in a retirement plan at work. Those who have saved for retirement in defined contribution (DC) account have an average balance of \$33,533; this means that workers have saved far less than the \$58,767 average annual earnings of Louisiana workers in

2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older Louisiana residents living in poverty in the future may exceed the 2012 level of 12.6 percent.



## POTENTIAL FUTURE RETIREE INCOME SCORE: 6 OUT OF 10

The components of Louisiana's retirement income score were mixed and yielded an above-average score. With just 39.5 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, Louisiana had the 7th poorest coverage rate in the nation. Since 2000 the percent of workers covered in a retirement plan has dropped from 48 percent. However, the \$33,533 saved in the average DC account held by Louisiana workers was above the \$30,345 in retirement savings nationally. In addition, Louisiana had a relatively low 3.23 percent marginal tax rate on pension income.



### **MAJOR RETIREE COST SCORE: 4 OUT OF 10**

The components of Louisiana's major retiree cost score was also mixed, and yielded a below-average score. Louisiana ranked as the state with the 4th lowest housing cost burden for older households, with just 26 percent of older households paying 30 percent or more of their income towards housing costs. However, the state ranked low in both Medicaid and Medicare generosity. Average Medicaid payments were just \$12,689 for older beneficiaries. Retirees in the state had a Medicare cost-sharing liability of \$1,998 in out-of-pocket costs for enrollees.



## **OLDER ADULT LABOR MARKET SCORE: 5 OUT OF 10**

In 2012, Louisiana had an average older adult labor market score. The state had a relatively low unemployment rate for older workers at 4.6 percent, versus 5.3 percent nationally. However, the state had a relatively low median wage for older workers, at \$13.94 per hour, versus \$14.76 nationally.

# LOUISIANA FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	4	5	5	5.4
Retirement Income Score	4	6	6	5.5
Retirement Plan Participation (Private Sector)	47.67%	40.44%	39.51%	46.0%
Average DC Account Balance	\$20,938	\$34,473	\$33,533	\$30,345
Marginal Tax Rate on Pension Income	2.72%	3.74%	3.23%	4.0%
Retiree Cost Score	3	4	4	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,727	\$1,860	\$1,998	\$1,745
Medicaid Payments for Older Beneficiaries	\$10,435	\$11,341	\$12,689	\$16,978
Older Households Paying 30% or More for Housing	27.0%	29.4%	25.5%	32.7%
Labor Market Score	5	5	5	5.6
Older Worker Unemployment Rate	2.6%	2.6%	4.6%	5.3%
Median Hourly Wage for Older Workers	\$13.39	\$13.61	\$13.94	\$14.76

Note: All dollar figures are in 2012 dollars.

#### ABOUT THE FINANCIAL SECURITY SCORECARD

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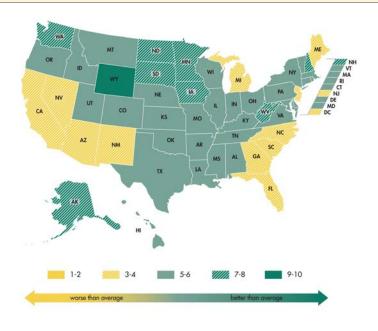
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Massachusetts Scores 5 out of 10





Massachusetts like every state faces challenges to the financial security of future retirees. The state's 5 out of 10 score on the Financial Security Scorecard means that the next generation has a lower potential for financial insecurity in retirement than counterparts in many other states; however, there is still much room for improvement. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

With its average ranking, Massachusetts has an important role to play fashioning financial security as workers age. Its labor market score was relatively high; however, its retiree cost score was relatively low. Workers need help to maintain their standard of living with an adequate income stream over their retirement years. Only one-half of Massachusetts workers participate in a retirement plan at work. Those who have saved for retirement in defined contribution

(DC) account have an average balance of \$22,485; this means that workers have saved less than even one-third of the \$76,657 average annual earnings of Massachusetts workers in 2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older Massachusetts residents living in poverty in the future may exceed the 2012 level of 9.3 percent.



## POTENTIAL FUTURE RETIREE INCOME SCORE: 5 OUT OF 10

The components of Massachusetts' retirement income score were mixed and yielded an average score. With 50 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, Massachusetts had the 12th highest coverage rate in the nation. However, since 2000 the percent of workers covered in a retirement plan has dropped from 55 percent. The \$22,485 saved in the average DC account held by Massachusetts workers was the fifth lowest average balance in the nation, well below the \$30,345 in retirement savings nationally. Massachusetts also had a relatively high 5.27 percent marginal tax rate on pension income



#### **MAJOR RETIREE COST SCORE: 4 OUT OF 10**

Massachusetts received a relatively low score in cost of living for retirees. This was due in part to the state's rank as the state with the fifth highest housing cost burden for older households, with 42 percent of older households paying 30 percent or more of their income towards housing costs. Massachusetts also ranked relatively low in Medicare cost-sharing liability, with an average of \$1,852 in out-of-pocket costs for enrollees. On the other hand, Massachusetts had relatively high Medicaid generosity, with average payments of \$20,959 for older beneficiaries.



# **OLDER ADULT LABOR MARKET SCORE: 6 OUT OF 10**

In 2012, Massachusetts ranked 36th in the nation in the unemployment rate for older workers, with a rate of 6.0 percent, versus 5.3 percent nationally. On the other hand, the state had the ninth highest median wage for older workers, at \$15.95 per hour, versus \$14.76 nationally.

# MASSACHUSETTS FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	6	4	5	5.4
Retirement Income Score	6	5	5	5.5
Retirement Plan Participation (Private Sector)	54.96%	52.17%	49.79%	46.0%
Average DC Account Balance	\$26,125	\$24,342	\$22,485	\$30,345
Marginal Tax Rate on Pension Income	5.87%	5.33%	5.27%	4.0%
Retiree Cost Score	4	4	4	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,686	\$1,796	\$1,852	\$1,745
Medicaid Payments for Older Beneficiaries	\$22,319	\$19,881	\$20,959	\$16,978
Older Households Paying 30% or More for Housing	34.8%	42.7%	42.3%	32.7%
Labor Market Score	9	5	6	5.6
Older Worker Unemployment Rate	1.5%	4.4%	6.0%	5.6%
Median Hourly Wage for Older Workers	\$14.73	\$15.62	\$15.95	\$14.76

Note: All dollar figures are in 2012 dollars.

#### ABOUT THE FINANCIAL SECURITY SCORECARD

The Financial Security Scorecard measures three key areas of retirement security: potential future income, major retiree costs, and the labor market for older Americans. This Scorecard assesses Massachusetts relative to the other states on these dimensions of retirement security.

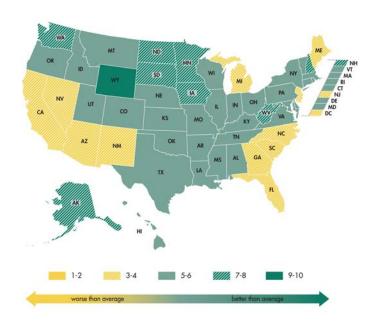
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Maryland Scores 6 out of 10





Maryland's next generation of retirees face a somewhat lower level of financial insecurity based on its overall financial security score of 6. Breaking down its rating into the three categories impacting financial security including retirement income, major retiree costs, and labor market conditions for older adults, the state's ranking is uneven. Maryland has an important role to play in fashioning retirement security policies that help support workers as they age.

Nearly 53% of workers in Maryland reported coverage in a retirement plan in 2012. Also, the \$32,094 average defined contribution (DC) account value, based only on those workers in Maryland with such accounts, was a higher than national average. At the same time, Maryland experience higher retiree costs especially for housing and out of pocket cost for Medicare covered health expenses. Additionally, its labor market conditions score was mixed. The state has

work to do across the categories of retirement security to keep older households contributing to the economy and out of poverty. In 2012, only 7.6% of older individuals living in Maryland fell below poverty levels.



## POTENTIAL FUTURE RETIREE INCOME SCORE: 7 OUT OF 10

Maryland's future retirees face a mixed picture when it comes to their income security. Maryland ranked 5th among the states in workplace retirement plan participation, with a 52.3% of private sector workers covered. The average balance DC retirement account in the state was \$32, 094, the 19th highest in the country, but this amount is less than half of average income in the state of \$72,469. Since financial industry experts recommend that workers in their 40s have 2-3 times their salary in retirement savings, current savings rates are unlikely to provide adequate retirement incomes, The state's 3.77%, marginal tax rate on pension income is just below the national average 4%.



### **MAJOR RETIREE COST SCORE: 4 OUT OF 10**

Maryland scored among the states with higher retiree medical and housing costs. It ranked 39th nationally in average out-of-pocket expenditures among Medicare patients. However, its average Medicaid spending per elderly beneficiary of \$22,611 was the 9th highest in the country. Housing costs are also squeezing many of Maryland's retirees. In 2012, 36.8% of Maryland's older households spent more than 30 percent of their income for housing. As a result, Maryland ranked 12th highest among the states in terms of the share of its elderly households that are housing cost-burdened.



# **OLDER ADULT LABOR MARKET SCORE: 7 OUT OF 10**

Maryland received an above middle score on its labor market conditions for older adults. Maryland ranked 7th among the states in median earnings for older workers. However, it also had the 19th highest unemployment rate among older adults, at 5.6%, which was nearly double the rate in 2007.

# MARYLAND FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	6	7	6	5.4
Retirement Income Score	7	7	7	5.5
Retirement Plan Participation (Private Sector)	58.4%	51.5%	52.3%	46.0%
Average DC Account Balance	\$23,869	\$30,294	\$32,094	\$30,345
Marginal Tax Rate on Pension Income	3.87%	3.72%	3.77%	4.0%
Retiree Cost Score	6	4	4	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,481	\$1,829	\$1,970	\$1,745
Medicaid Payments for Older Beneficiaries	\$19,588	\$21,908	\$22,611	\$16,978
Older Households Paying 30% or More for Housing	30.0%	36.4%	36.8%	32.7%
Labor Market Score	6	10	6	7
Older Worker Unemployment Rate	3.5%	2.0%	5.6%	5.3%
Median Hourly Wage for Older Workers	\$15.99	\$16.74	\$16.00	\$14.76

Note: All dollar figures are in 2012 dollars.

#### ABOUT THE FINANCIAL SECURITY SCORECARD

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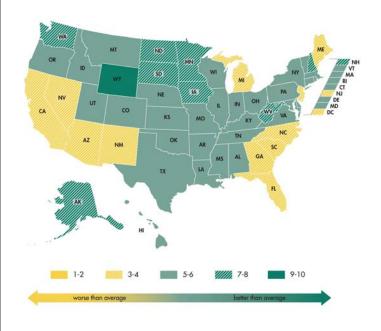
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Maine Scores 4 out of 10





Maine like every state faces challenges to the financial security of future retirees. The state's 4 out of 10 score on the Financial Security Scorecard means that the next generation has a much higher potential for financial insecurity in retirement than counterparts in many other states. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

With its relatively low ranking, Maine has much room for improvement in terms of promoting financial security as workers age. It is clear that Maine workers need significant help to maintain their standard of living with an adequate income over their retirement years from work and savings. Less than half of Maine workers participate in a retirement plan at work. Those who have saved for retirement in defined contribution (DC) account have an average balance of \$25,747, which means workers have

saved less than half of the \$57,488 average annual earnings of working Maine residents in 2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older workers in Maine living in poverty in the future may exceed the 2012 level of 8.2 percent.



## POTENTIAL FUTURE RETIREE INCOME SCORE: 4 OUT OF 10

The components of Maine's retirement income score were mixed and overall yielded a below-average score. Forty eight percent of private sector employees participated in an employer-sponsored retirement plan in 2012, dropping from 52 percent in 2000. In addition, the \$25,747 saved in the average DC account held by Maine residents was below the \$30,345 in retirement savings nationally. Maine also had a relatively high 6.96 percent marginal tax rate on pension income.



### **MAJOR RETIREE COST SCORE: 4 OUT OF 10**

Maine's retiree cost score of 4 has dropped significantly from 2007 and 2000, when it was above average. This is largely due to the reduction in Medicaid generosity over time; average Medicaid payments were just \$10,619 in 2012, a decline from nearly \$17,000 in 2000, and the fourth poorest in the nation. In addition, the state ranked poorly in terms of housing cost burden, with 35 percent of older households paying 30 percent or more of their income towards housing costs. However, Maine ranked relatively well in Medicare generosity, with an average cost-sharing liability of \$1,649 in out-of-pocket costs for enrollees.



# **OLDER ADULT LABOR MARKET SCORE: 4 OUT OF 10**

In terms of labor market opportunities for older workers, Maine comes out below average again. In 2012, Maine's unemployment rate for older workers was 5.5 percent, slightly higher than the national average of 5.3 percent. The state's median wage for older workers, \$14.42 per hour, was lower than the national average of \$14.76.

# MAINE FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	5	5	4	5.4
Retirement Income Score	3	4	4	5.5
Retirement Plan Participation (Private Sector)	51.85%	50.07%	48.29%	46.0%
Average DC Account Balance	\$21,802	\$27,792	\$25,747	\$30,345
Marginal Tax Rate on Pension Income	6.59%	7.05%	6.96%	4.0%
Retiree Cost Score	6	6	4	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,368	\$1,552	\$1,649	\$1,745
Medicaid Payments for Older Beneficiaries	\$16,957	\$12,816	\$10,619	\$16,978
Older Households Paying 30% or More for Housing	29.3%	30.7%	35.3%	32.7%
Labor Market Score	5	7	4	5.6
Older Worker Unemployment Rate	2.9%	2.7%	5.5%	5.3%
Median Hourly Wage for Older Workers	\$13.50	\$14.50	\$14.42	\$14.76

Note: All dollar figures are in 2012 dollars.

#### ABOUT THE FINANCIAL SECURITY SCORECARD

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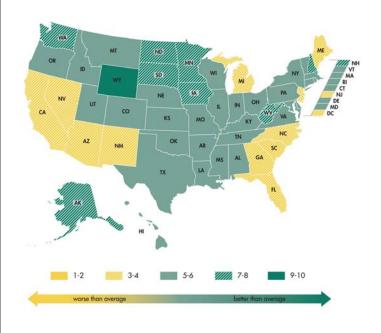
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States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Michigan Scores 4 out of 10





Michigan like every state faces challenges to the financial security of future retirees. The state's 4 out of 10 score on the Financial Security Scorecard means that the next generation has a much lower potential for financial security in retirement than counterparts in many other states. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

With its low ranking, Michigan has an important role to play fashioning financial security as workers age. Its major retiree cost and labor market scores were quite low; this means that workers need help to maintain their standard of living with an adequate income stream over their retirement years. Less than half of Michigan workers participate in a retirement plan at work. Those who have saved for retirement in defined contribution (DC) account have an average balance of \$30,021; this means that

workers have saved only about half of the \$61,137 average annual earnings of Michigan workers in 2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older Michigan residents living in poverty in the future may exceed the 2012 level of 8.3 percent.



# POTENTIAL FUTURE RETIREE INCOME SCORE: 6 OUT OF 10

The components of Michigan's retirement income score were mixed and yielded an above-average score. With 45 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, Michigan ranked just 35th in the nation in this regard. Since 2000 the percent of workers covered in a retirement plan has dropped from 57 percent. The \$30,021 saved in the average DC account held by Michigan workers was below the \$30,345 in retirement savings nationally. However, Michigan had a relatively low 2.52 percent marginal tax rate on pension income.



#### MAJOR RETIREE COST SCORE: 4 OUT OF 10

Michigan had a below-average score in cost of living for retirees, largely due to the fact that the state had relatively low generosity in both Medicaid and Medicare benefits. Michigan retirees had a high Medicare cost-sharing liability of \$1,906 in out-of-pocket costs for enrollees, and average Medicaid payments were relatively low, at \$14,182 for older beneficiaries. Michigan also had a relatively high housing cost burden for older households, with 33 percent of older households paying 30 percent or more of their income towards housing costs.



## **OLDER ADULT LABOR MARKET SCORE: 4 OUT OF 10**

In 2012, Michigan had an unemployment for older workers of 6.9 percent, the ninth highest in the nation. The state also had a relatively low median wage for older workers, at \$14.62 per hour, versus \$14.76 nationally.

# MICHIGAN FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	7	5	4	5.4
Retirement Income Score	8	7	6	5.5
Retirement Plan Participation (Private Sector)	57.42%	51.35%	44.99%	46.0%
Average DC Account Balance	\$25,317	\$29,906	\$30,021	\$30,345
Marginal Tax Rate on Pension Income	2.35%	2.32%	2.52%	4.0%
Retiree Cost Score	5	3	4	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,607	\$1,844	\$1,906	\$1,745
Medicaid Payments for Older Beneficiaries	\$14,901	\$12,530	\$14,182	\$16,978
Older Households Paying 30% or More for Housing	25.5%	33.5%	32.9%	32.7%
Labor Market Score	7	4	4	5.6
Older Worker Unemployment Rate	2.4%	4.7%	6.9%	5.6%
Median Hourly Wage for Older Workers	\$14.73	\$14.67	\$14.62	\$14.76

Note: All dollar figures are in 2012 dollars.

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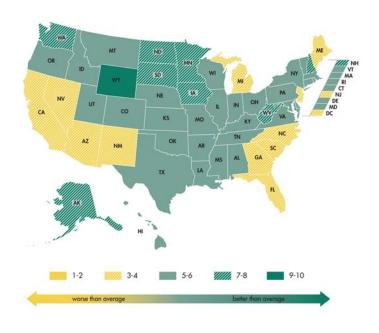
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States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Minnesota Scores 8 out of 10





Minnesota like every state faces challenges to the financial security of future retirees. The state's 8 out of 10 score on the Financial Security Scorecard means that the next generations have much lower potentials for financial insecurity in retirement than counterparts in many other states. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

Minnesota policy makers may particularly look to focus on increasing retirement savings and reducing housing costs for retirees. Even though Minnesota has one of the highest pension coverage levels, participation has declined since 2000, when 6 out of every 10 workers participated in a plan. Financial industry experts recommend that workers in their 40s should have 2-3 times salary in retirement savings, yet the average defined contribution (DC) account balance held by Minnesotans of \$38,492

falls far below one times the average annual earnings level of \$61,847 in the state. By increasing pension coverage and savings, Minnesota may be able to reduce the level older individuals living in poverty to below the 2012 level of 7.9 percent.



# POTENTIAL FUTURE RETIREE INCOME SCORE: 7 OUT OF 10

The components of Minnesota's retirement income score had both highs and lows, and resulted in an above-average score. With 54 percent of private sector employees participating in employer-sponsored retirement plans, the state had the second highest level of pension coverage. In 2012, Minnesota also ranked highly (4th in the nation) on average DC account balances, with a typical balance of \$38,492 in the account of those who had one. 2012. In contrast, Minnesota has the highest state marginal tax rate on pension income, at 7.94%.



## **MAJOR RETIREE COST SCORE: 8 OUT OF 10**

Minnesota's higher score was due in part to the state having the second lowest level of out of pocket expenses for Medicare coupled with sizeable generosity with regard to Medicaid. Medicare enrollees spent an average of just \$1,477 in out-of-pocket costs. With average payments of \$24,455 for older beneficiaries, Minnesota ranked 6th in Medicaid generosity. The state had a slightly below average ranking for housing cost burden, as slightly more than one third of older households pay 30 percent or more of their income towards housing.



#### **OLDER ADULT LABOR MARKET SCORE: 8 OUT OF 10**

Minnesota scored in the upper range when measuring labor market opportunities for retirees. The \$17.00 median hourly wage for older workers in 2012 was the third highest in the nation. This combined favorably with Minnesota's slightly better than average unemployment rate for older workers (4.9 percent in 2012), which was well above the national average of 5.3 percent.

# MINNESOTA FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	6	7	8	5.4
Retirement Income Score	6	7	7	5.5
Retirement Plan Participation (Private Sector)	59.46%	54.86%	53.62%	46.0%
Average DC Account Balance	\$23,952	\$35,260	\$38,492	\$30,345
Marginal Tax Rate on Pension Income	7.77%	7.93%	7.94%	4.0%
Retiree Cost Score	8	8	8	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,254	\$1,490	\$1,477	\$1,745
Medicaid Payments for Older Beneficiaries	\$23,560	\$23,945	\$24,455	\$16,978
Older Households Paying 30% or More for Housing	26.4%	32.7%	34.1%	32.7%
Labor Market Score	5	6	8	5.6
Older Worker Unemployment Rate	2.8%	3.6%	4.9%	5.3%
Median Hourly Wage for Older Workers	\$13.39	\$16.68	\$17.00	\$14.76

Note: All dollar figures are in 2012 dollars.

#### ABOUT THE FINANCIAL SECURITY SCORECARD

The Financial Security Scorecard measures three key areas of retirement security: potential future income, major retiree costs, and the labor market for older Americans. This Scorecard assesses Minnesota relative to the other states on these dimensions of retirement security.

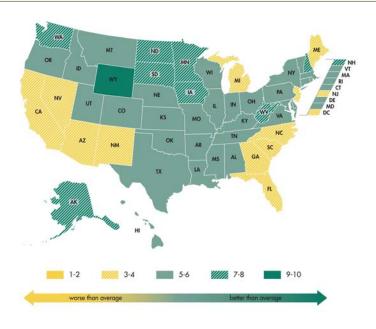
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Missouri Scores 6 out of 10





Missouri like every state faces challenges to the financial security of future retirees. The state's 6 out of 10 score on the Financial Security Scorecard means that the next generation has a lower potential for financial insecurity in retirement than counterparts in many other states; however, there is still room for improvement. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

Even with its relatively higher ranking, Missouri still has an important role to play fashioning financial security as workers age. Its potential future retiree income and older adult labor market scores were relatively high; however, its major retiree cost score was lower. Workers need help to maintain their standard of living with an adequate income stream over their retirement years. Less than half of Missourians participate in a retirement plan at work.

Those who have saved for retirement in defined contribution (DC) account have an average balance of \$37,390; this means that workers have saved far less than one-times the \$60,595 average annual earnings of working Missourians in 2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older Missourians living in poverty in the future may exceed the 2012 level of 9.0 percent.



## POTENTIAL FUTURE RETIREE INCOME SCORE: 6 OUT OF 10

The components of Missouri's retirement income score were mixed and yielded a slightly above-average score. With 45 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, Missouri ranked just 34th in the nation in this regard. Since 2000 the percent of workers covered in a retirement plan has dropped from 54 percent. However, the \$37,390 saved in the average DC account held by Missourians was the sixth highest in the nation, well above the \$30,345 in retirement savings nationally. Missouri had a relatively average 3.83 percent marginal tax rate on pension income.



## **MAJOR RETIREE COST SCORE: 5 OUT OF 10**

Missouri had an average score in cost of living for retirees. The state ranked 20th in the nation in its housing cost burden for older households, with 30 percent of older households paying 30 percent or more of their income towards housing costs. Missouri ranked relatively low in both Medicaid and Medicare generosity. The state saw average Medicaid payments of \$14,067 for older beneficiaries. Retirees in the state had an average Medicare cost-sharing liability of \$1,795 in out-of-pocket costs for enrollees.



## **OLDER ADULT LABOR MARKET SCORE: 7 OUT OF 10**

Missouri ranked relatively high in its older adult labor market score. This was largely due to its relatively high median wage for older workers of \$15.00 per hour, versus \$14.76 nationally. Also, the state had an unemployment rate for older workers of 5.1 percent, lower than the 5.3 percent national average.

# MISSOURI FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	6	5	6	5.4
Retirement Income Score	6	8	6	5.5
Retirement Plan Participation (Private Sector)	54.42%	53.78%	45.05%	46.0%
Average DC Account Balance	\$23,873	\$34,914	\$37,390	\$30,345
Marginal Tax Rate on Pension Income	4.90%	4.91%	3.83%	4.0%
Retiree Cost Score	6	5	5	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,519	\$1,751	\$1,795	\$1,745
Medicaid Payments for Older Beneficiaries	\$15,493	\$12,622	\$14,067	\$16,978
Older Households Paying 30% or More for Housing	24.4%	29.1%	30.0%	32.7%
Labor Market Score	6	2	7	5.6
Older Worker Unemployment Rate	2.5%	4.1%	5.1%	5.3%
Median Hourly Wage for Older Workers	\$13.39	\$13.39	\$15.00	\$14.76

Note: All dollar figures are in 2012 dollars.

#### ABOUT THE FINANCIAL SECURITY SCORECARD

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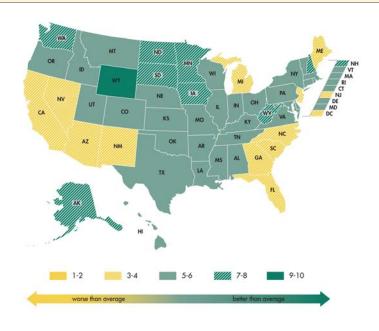
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Mississippi Scores 5 out of 10





Mississippi like every state faces challenges to the financial security of future retirees. The state's 5 out of 10 score on the Financial Security Scorecard means that the next generation has a lower potential for financial insecurity in retirement than counterparts in some other states; however, there is still much room for improvement. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

With its average ranking, Mississippi has an important role to play fashioning financial security as workers age. Its retiree income and cost scores were slightly above average; however, its older adult labor market score was below average. Workers need help to maintain their standard of living with an adequate income stream over their retirement years. Far less than half of Mississippi workers participate in a retirement plan at work. Those who have

saved for retirement in defined contribution (DC) account have an average balance of \$31,417; this means that workers have saved only about half of the \$59,507 average annual earnings of working Mississippians in 2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older Mississippians living in poverty in the future may exceed the 2012 level of 15.1 percent.



# POTENTIAL FUTURE RETIREE INCOME SCORE: 6 OUT OF 10

The components of Mississippi's retirement income score were mixed and yielded a slightly above-average score. With just 41 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, Mississippi had the ninth lowest coverage rate in the nation. Since 2000 the percent of workers covered in a retirement plan has dropped from 49 percent. However, the \$31,417 saved in the average DC account held by Mississippians was slightly higher than the \$30,345 in retirement savings nationally. Mississippi also had a relatively low 1.99 percent marginal tax rate on pension income.



### **MAJOR RETIREE COST SCORE: 6 OUT OF 10**

The components of Mississippi's retiree cost score were also mixed and yielded an above-average score. The state ranked 12th in housing cost burden for older households, with 28 percent of older households paying 30 percent or more of their income towards housing costs. However, Mississippi ranked just 36th in the nation in Medicare generosity, as retirees in the state had an average Medicare cost-sharing liability of \$1,858 in out-of-pocket costs for enrollees. Average Medicaid payments were \$14,828 for older beneficiaries.



# **OLDER ADULT LABOR MARKET SCORE: 4 OUT OF 10**

Mississippi ranked below average in its adult labor market score. The state had a relatively high unemployment rate for older workers of 5.6 percent, as compared with 5.3 percent nationally. Also, the state had a relatively low median wage for older workers, at \$14.00 per hour, versus \$14.76 nationally.

# MISSISSIPPI FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	3	5	5	5.4
Retirement Income Score	4	6	6	5.5
Retirement Plan Participation (Private Sector)	48.73%	45.92%	41.39%	46.0%
Average DC Account Balance	\$14,428	\$31,535	\$31,417	\$30,345
Marginal Tax Rate on Pension Income	1.89%	1.98%	1.99%	4.0%
Retiree Cost Score	3	5	6	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,613	\$1,742	\$1,858	\$1,745
Medicaid Payments for Older Beneficiaries	\$10,290	\$13,136	\$14,828	\$16,978
Older Households Paying 30% or More for Housing	29.0%	30.0%	27.5%	32.7%
Labor Market Score	2	2	4	5.6
Older Worker Unemployment Rate	2.7%	4.0%	5.6%	5.3%
Median Hourly Wage for Older Workers	\$11.90	\$12.83	\$14.00	\$14.76

Note: All dollar figures are in 2012 dollars.

#### ABOUT THE FINANCIAL SECURITY SCORECARD

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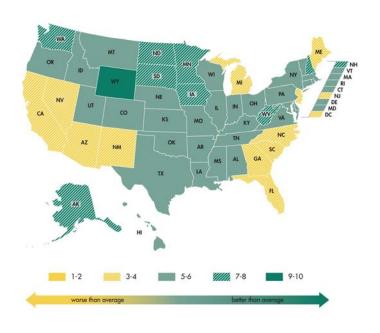
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Montana Scores 5 out of 10





Montana like every state faces challenges to the financial security of future retirees. The state's 5 out of 10 score on the Financial Security Scorecard means that the next generation has a somewhat lower potential for financial insecurity in retirement than counterparts in some other states; however, there is still much room for improvement. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

With its average ranking, Montana has an important role to play fashioning financial security as workers age. Its potential future retiree income score was quite low; this means that workers need help to maintain their standard of living with an adequate income stream over their retirement years. Less than half of Montana workers participate in a retirement plan at work. Those who have saved for retirement in defined contribution (DC) account

have an average balance of \$25,306; this means that workers have saved far less than one-times the \$46,882 average annual earnings of working Montanans in 2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older Montanans living in poverty in the future may exceed the 2012 level of 8.6 percent.



### POTENTIAL FUTURE RETIREE INCOME SCORE: 3 OUT OF 10

The components of Montana's retirement income score all yielded a below average score. With just 44 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, Montana ranked 37th in the nation in terms of its coverage rate. Since 2000 the percent of workers covered in a retirement plan has dropped from 48 percent. Montana had the 10th lowest average DC balance in the country, as the \$25,306 saved in the average DC account held by Montanans was far below the \$30,345 in retirement savings nationally. Montana also had a relatively high 5.98 percent marginal tax rate on pension income.



### **MAJOR RETIREE COST SCORE: 8 OUT OF 10**

Montana received a high score in cost of living for retirees. This high score was due in part to Montana's rank as the state with the 5th highest Medicare generosity, as retirees in the state had an average Medicare cost-sharing liability of \$1,553 in out-of-pocket costs for enrollees. The state also had relatively high Medicaid generosity, with average payments of \$18,873 for older beneficiaries. The state's housing cost burden for older households was relatively low, with 28 percent of older households paying 30 percent or more of their income towards housing costs.



### **OLDER ADULT LABOR MARKET SCORE: 5 OUT OF 10**

The components of Montana's older adult labor market score were mixed and yielded an average score. In 2012, Montana had a relatively low unemployment rate for older workers at 4.1 percent, as compared with 5.3 percent nationally. However, the state had the fourth lowest median wage for older workers, at \$13.00 per hour, versus \$14.76 nationally.

# MONTANA FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	5	6	5	5.4
Retirement Income Score	4	4	3	5.5
Retirement Plan Participation (Private Sector)	47.74%	49.72%	43.80%	46.0%
Average DC Account Balance	\$23,459	\$27,278	\$25,306	\$30,345
Marginal Tax Rate on Pension Income	5.61%	5.91%	5.98%	4.0%
Retiree Cost Score	8	8	8	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,282	\$1,468	\$1,553	\$1,745
Medicaid Payments for Older Beneficiaries	\$17,639	\$21,108	\$18,873	\$16,978
Older Households Paying 30% or More for Housing	26.1%	30.0%	28.1%	32.7%
Labor Market Score	3	5	5	5.6
Older Worker Unemployment Rate	3.1%	3.1%	4.1%	5.3%
Median Hourly Wage for Older Workers	\$12.86	\$14.09	\$13.00	\$14.76

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#### ABOUT THE FINANCIAL SECURITY SCORECARD

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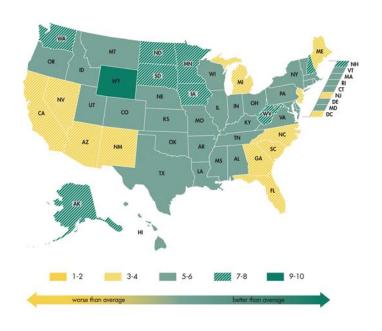
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: North Carolina Scores 4 out of 10





North Carolina like every state faces challenges to the financial security of future retirees. The state's low - 4 out of 10- score on the Financial Security Scorecard means that the next generations have higher potentials for financial insecurity in retirement than counterparts in most states. The scorecard considers: future income, key retiree costs, and labor markets for older workers. North Carolina has an important role to play in fashioning retirement security policies that help support workers as they age. Its low scores indicate that the state has significant work to across the categories of retirement income, retiree costs, and especially employment opportunities.

In particular, North Carolina policy makers may particularly look to focus on expanding work and savings opportunities. In light of the state having some of the most unfavorable labor market conditions for older

workers, employment opportunities should be a focus. Also, with just 42% of private workers participating in a retirement plan at work and the tax rates on pensions, retirees face challenges. The marked improvement in defined contribution (DC) account balances is impressive, but the average balance of \$38,330 in 2012 falls short of even one times North Carolinians average annual earnings of \$62,011. Increasing pension coverage and the amount of retirement savings is important, otherwise the percentage of older individuals living in poverty may exceed the 2012 rate of 10%.



### POTENTIAL FUTURE RETIREE INCOME SCORE: 4 OUT OF 10

North Carolina's potential retirement income components delivered mixed results. North Carolina had the fifth highest average DC account balance with \$38,330 saved based only on those with retirement accounts. However, with just 4 out of every 10 private sector workers covered by a retirement plan, that financial achievement is not widely shared. Also, the state's 7 percent top tax on pension income was among the highest marginal state tax rates.



### **MAJOR RETIREE COST SCORE: 5 OUT OF 10**

North Carolina's retiree costs hover around the middle ranking among states. With average out of pocket costs at \$1,689, Medicare enrollees in North Carolina faced lower than average cost-sharing liability. By contrast, Medicaid payments of \$12,933 fell among the lowest fifth of states in terms of Medicaid generosity for older households. With 32.4% of older households paying more than 30 percent for housing, North Carolina's housing cost burden was just about average.



## **OLDER ADULT LABOR MARKET SCORE: 1 OUT OF 10**

North Carolina received the lowest score measuring labor market opportunities for retirees. In fact, the state had the third highest unemployment rate for older workers in 2012, of nearly 8 percent and the \$13.60 median hourly wage for older workers fell below the \$14.76 national average in 2012.

# NORTH CAROLINA FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	4	4	4	5.4
Retirement Income Score	4	4	4	5.5
Retirement Plan Participation (Private Sector)	51.85%	44.39%	41.55%	46.0%
Average DC Account Balance	\$23,402	\$33,657	\$38,330	\$30,345
Marginal Tax Rate on Pension Income	6.66%	6.95%	7.00%	4.0%
Retiree Cost Score	4	5	5	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,521	\$1,622	\$1,689	\$1,745
Medicaid Payments for Older Beneficiaries	\$12,555	\$12,381	\$12,933	\$16,978
Older Households Paying 30% or More for Housing	28.6%	32.2%	32.4%	32.7%
Labor Market Score	6	3	1	5.6
Older Worker Unemployment Rate	2.1%	3.1%	7.9%	5.3%
Median Hourly Wage for Older Workers	\$13.06	\$13.39	\$13.60	\$14.76

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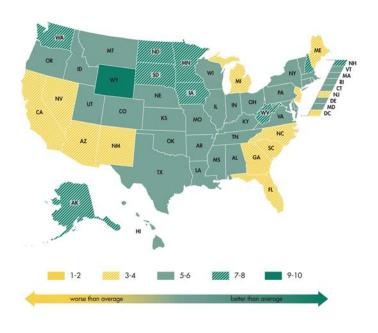
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States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: North Dakota Scores 8 out of 10





North Dakota like every state faces challenges to the financial security of future retirees. The state's 8 out of 10 score on the Financial Security Scorecard means that the next generation has a much lower potential for financial insecurity in retirement than counterparts in many other states. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

Even with its high ranking, North Dakota still has an important role to play fashioning financial security as workers age. Its retiree cost and labor market scores were at the top; however, workers need help to maintain their standard of living with an adequate income stream over their retirement years. Almost half of North Dakota workers do not participate in a retirement plan at work. With those who have saved for retirement in defined contribution (DC) account having an average balance of \$26,180, workers have saved less than half

of the \$56,384 average annual earnings of working North Dakotans in 2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older North Dakotans living in poverty in the future may exceed the 2012 level of 10.6 percent.



### POTENTIAL FUTURE RETIREE INCOME SCORE: 7 OUT OF 10

The components of North Dakota's retirement income score were mixed and yielded an above-average score. With 52 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, North Dakota had the 6th highest coverage rate in the nation. Since 2000 the percent of workers covered in a retirement plan dropped from 58 percent. The \$26,180 saved in the average DC account held by North Dakotans fell below the \$30,345 in retirement savings nationally. North Dakota also had a relatively low 2.34 percent marginal tax rate on pension income.



## **MAJOR RETIREE COST SCORE: 9 OUT OF 10**

North Dakota was one of two states to receive the top score in costs of living for retirees. This high score was due in part to North Dakota's rank as the state with the 6th lowest housing cost burden for older households, with just 26 percent of older households paying 30 percent or more of their income towards housing costs. North Dakota also ranked well in Medicaid generosity with average payments of \$27,686 for older beneficiaries. Retirees in the state had a lower than average Medicare cost-sharing liability of \$1,621 in out-of-pocket costs for enrollees.



#### **OLDER ADULT LABOR MARKET SCORE: 9 OUT OF 10**

In 2012, North Dakota had the lowest unemployment rate for older workers in the nation, at just 2.2 percent, positioning North Dakota to score better than almost every other state in terms of labor market opportunities. Rounding out its score the state had the 12th highest median wage for older workers, at \$15.00 per hour.

# NORTH DAKOTA FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	7	7	8	5.4
Retirement Income Score	6	7	7	5.5
Retirement Plan Participation (Private Sector)	57.57%	57.67%	52.05%	46.0%
Average DC Account Balance	\$19,807	\$25,656	\$26,180	\$30,345
Marginal Tax Rate on Pension Income	3.22%	3.32%	2.34%	4.0%
Retiree Cost Score	9	8	9	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,245	\$1,498	\$1,621	\$1,745
Medicaid Payments for Older Beneficiaries	\$20,903	\$25,103	\$27,686	\$16,978
Older Households Paying 30% or More for Housing	24.4%	31.1%	26.0%	32.7%
Labor Market Score	3	4	9	5.6
Older Worker Unemployment Rate	2.4%	2.9%	2.2%	5.3%
Median Hourly Wage for Older Workers	\$11.79	\$13.39	\$15.00	\$14.76

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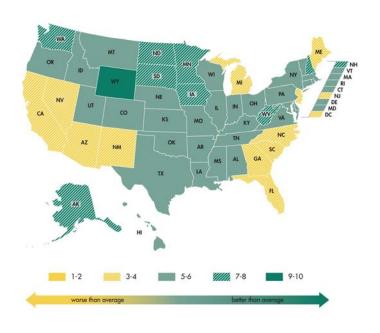
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States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Nebraska Scores 6 out of 10





Nebraska like every state faces challenges to the financial security of future retirees. The state's 6 out of 10 score on the Financial Security Scorecard means that the next generation has a somewhat lower potential for financial insecurity in retirement than counterparts in many other states; however, there is still room for improvement. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

Even with its relatively higher ranking, Nebraska still has an important role to play fashioning financial security as workers age. Workers need help to maintain their standard of living with an adequate income stream over their retirement years. Less than half of Nebraska workers participate in a retirement plan at work. Those who have saved for retirement in defined contribution (DC) account have an average balance of \$35,590; this means that

workers have saved far less than even one-times the \$54,870 average annual earnings of working Nebraskans in 2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older Nebraskans living in poverty in the future may exceed the 2012 level of 7.4 percent.



### POTENTIAL FUTURE RETIREE INCOME SCORE: 6 OUT OF 10

The components of Nebraska's retirement income score were mixed and yielded an above-average score. With 48 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, Nebraska ranked 19th in the nation in terms of retirement plan coverage. Since 2000 the percent of workers covered in a retirement plan has dropped from 55 percent. The state ranked 9th in the nation in average DC balance, as the \$35,590 saved in the average DC account held by Nebraskans was above the \$30,345 in retirement savings nationally. However, Nebraska had a relatively high 6.36 percent marginal tax rate on pension income.



# **MAJOR RETIREE COST SCORE: 6 OUT OF 10**

The components of Nebraska's major retiree cost score were also mixed. The state ranked 17th in the nation in terms of its housing cost burden for older households, with 28 percent of older households paying 30 percent or more of their income towards housing costs. Nebraska also ranked well in Medicaid generosity with average payments of \$18,673 for older beneficiaries. However, retirees in the state had a higher than average Medicare cost-sharing liability of \$1,824 in out-of-pocket costs for enrollees.



# **OLDER ADULT LABOR MARKET SCORE: 6 OUT OF 10**

Nebraska's older adult labor market score was above average. This was largely due to the fact that in 2012, Nebraska had the second lowest unemployment rate for older workers in the nation, at just 2.3 percent, as compared with 5.3 percent nationally. However, Nebraska also had the fifth lowest median wage for older workers in the nation, at just \$13.12 per hour, versus \$14.76 nationally.

# NEBRASKA FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	6	5	6	5.4
Retirement Income Score	5	6	6	5.5
Retirement Plan Participation (Private Sector)	55.44%	50.30%	48.44%	46.0%
Average DC Account Balance	\$23,347	\$33,778	\$35,590	\$30,345
Marginal Tax Rate on Pension Income	5.90%	6.29%	6.36%	4.0%
Retiree Cost Score	7	6	6	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,449	\$1,723	\$1,842	\$1,745
Medicaid Payments for Older Beneficiaries	\$17,505	\$17,837	\$18,673	\$16,978
Older Households Paying 30% or More for Housing	23.7%	30.9%	28.2%	32.7%
Labor Market Score	6	5	6	5.6
Older Worker Unemployment Rate	1.4%	3.1%	2.3%	5.3%
Median Hourly Wage for Older Workers	\$12.72	\$13.95	\$13.12	\$14.76

Note: All dollar figures are in 2012 dollars.

#### ABOUT THE FINANCIAL SECURITY SCORECARD

The Financial Security Scorecard measures three key areas of retirement security: potential future income, major retiree costs, and the labor market for older Americans. This Scorecard assesses Nebraska relative to the other states on these dimensions of retirement security.

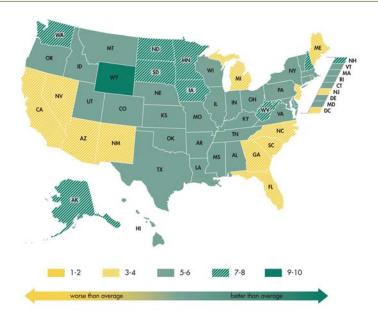
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: New Hampshire Scores 7 out of 10





New Hampshire like every state faces challenges to the financial security of future retirees. The state's 7 out of 10 score on the Financial Security Scorecard means that the next generation has a lower potential for financial insecurity in retirement than counterparts in many other states; however, there is still room for improvement. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

Even with its relatively high ranking, New Hampshire still has an important role to play fashioning financial security as workers age. Its retiree income and labor market scores were high; however, its retiree cost score was just average. Workers need help to maintain their standard of living with an adequate income stream over their retirement years. Almost half of New Hampshire workers do not participate in a retirement plan at work. Those who have

saved for retirement in defined contribution (DC) account have an average balance of \$26,285; this means that workers have saved far less than even half of the \$69,476 average annual earnings of New Hampshire workers in 2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older New Hampshire residents living in poverty in the future may exceed the 2012 level of 6.6 percent.



#### POTENTIAL FUTURE RETIREE INCOME SCORE: 7 OUT OF 10

The components of New Hampshire's retirement income score were mixed and yielded an above-average score. With 51 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, New Hampshire had the 8th highest coverage rate in the nation. Also, New Hampshire had a 0.0 percent marginal tax rate on pension income, versus 4.0 percent nationally. However, since 2000 the percent of workers covered in a retirement plan has dropped from 57 percent. Also, the state ranked just 37th in the nation in average DC balance, as the \$26,285 saved in the average DC account held by New Hampshire workers was below the \$30,345 in retirement savings nationally.



# **MAJOR RETIREE COST SCORE: 5 OUT OF 10**

New Hampshire ranked average in its cost of living for retirees. The state had the sixth highest housing cost burden for older households, with 42 percent of older households paying 30 percent or more of their income towards housing costs. The state also had relatively low Medicare generosity, as retirees in the state saw an average Medicare cost-sharing liability of \$1,754 in out-of-pocket costs for enrollees. However, New Hampshire ranked relatively well in Medicaid generosity with average payments of \$21,127 for older beneficiaries.



#### **OLDER ADULT LABOR MARKET SCORE: 8 OUT OF 10**

New Hampshire had a high older adult labor market score. In 2012, the state had the 14th lowest unemployment rate for older workers in the nation, at 4.4 percent, as compared with 5.3 percent nationally. The state also had the 12th highest median wage for older workers, at \$15.00 per hour, versus \$14.76 nationally.

# NEW HAMPSHIRE FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	8	7	7	5.4
Retirement Income Score	9	7	7	5.5
Retirement Plan Participation (Private Sector)	56.63%	54.08%	51.13%	46.0%
Average DC Account Balance	\$27,288	\$22,058	\$26,285	\$30,345
Marginal Tax Rate on Pension Income	0.00%	0.00%	0.00%	4.0%
Retiree Cost Score	6	5	5	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,367	\$1,645	\$1,754	\$1,745
Medicaid Payments for Older Beneficiaries	\$24,835	\$23,607	\$21,127	\$16,978
Older Households Paying 30% or More for Housing	34.2%	37.9%	41.7%	32.7%
Labor Market Score	8	8	8	5.6
Older Worker Unemployment Rate	1.9%	2.6%	4.4%	5.3%
Median Hourly Wage for Older Workers	\$14.00	\$15.62	\$15.00	\$14.76

Note: All dollar figures are in 2012 dollars.

#### ABOUT THE FINANCIAL SECURITY SCORECARD

The Financial Security Scorecard measures three key areas of retirement security: potential future income, major retiree costs, and the labor market for older Americans. This Scorecard assesses New Hampshire relative to the other states on these dimensions of retirement security.

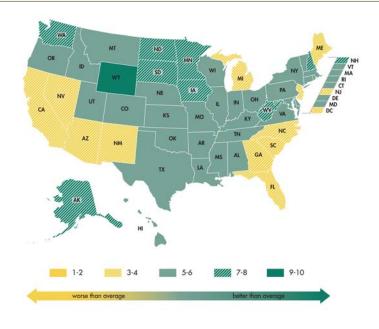
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: New Jersey Scores 4 out of 10





New Jersey like every state faces challenges to the financial security of future retirees. The state's 4 out of 10 score on the Financial Security Scorecard means that the next generation has a higher potential for financial insecurity in retirement than counterparts in many other states; however, there is still room for improvement. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

With its relatively low ranking, New Jersey has an important role to play fashioning financial security as workers age. Its retiree income and labor market scores were average; however, its retiree cost score was well below average. While there is room for improvement in every category, New Jersey policy makers may particularly look to focus on expanding retirement savings opportunities for older workers to help them meet the high cost of expenses.

Only 46.29 percent of New Jersey workers participate in a retirement plan at work, and coverage declined since 2000. Financial industry experts recommend that workers in their early 40s have 2-3 times their salary in retirement savings, yet the \$29,777 average DC account balance is less than half of the average annual earnings of \$79,004 for New Jersey workers in 2012. Increasing pension coverage and savings is important, otherwise the percentage of older individuals living in poverty may exceed the 2012 rate of 7.9 percent in the future living in poverty in the future may exceed the 2012 level of 6.6 percent.



### POTENTIAL FUTURE RETIREE INCOME SCORE: 5 OUT OF 10

Most of the components of New Jersey's potential retirement income score were on the lower end. With \$29,777 as the average defined contribution (DC) retirement account balance for its workers, New Jersey's savings fell somewhat below the national average of \$30,345. Combining this modest savings level with the fact that only 46.3 percent of private sector workers participate in a retirement plan in New Jersey generates a less favorable outlook for income in retirement. However, the state's tax rate on pension income of 3.55 percent was relatively low among the states.



#### **MAJOR RETIREE COST SCORE: 3 OUT OF 10**

The cost of living for retirees in New Jersey is overall more expensive than in other states. Medicare enrollees' \$2,009 expense put the state at the third highest in terms of out of pocket costs for health care. The housing cost burden for older households in New Jersey was the highest in the nation, with 48.1 percent of older households paying 30% or more of income for housing. In contrast, New Jersey ranked more positively regarding Medicaid generosity, with average spending of \$20,449 for older beneficiaries.



# **OLDER ADULT LABOR MARKET SCORE: 5 OUT OF 10**

In terms of labor market opportunities for retirees, New Jersey's results are mixed but come out about average. The state received a higher score for it median hourly wages for older workers of \$15.00 in 2012, which was the 12th highest in the nation. However, with 7.7 percent of older workers unemployed, New Jersey's unemployment rate was substantially higher than the national average of 5.3%.

# NEW JERSEY FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	6	5	4	5.4
Retirement Income Score	8	5	5	5.5
Retirement Plan Participation (Private Sector)	53.73%	47.43%	46.29%	46.0%
Average DC Account Balance	\$29,097	\$26,959	\$29,777	\$30,345
Marginal Tax Rate on Pension Income	3.09%	3.41%	3.55%	4.0%
Retiree Cost Score	3	3	3	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,691	\$1,934	\$2,009	\$1,745
Medicaid Payments for Older Beneficiaries	\$20,293	\$21,828	\$20,449	\$16,978
Older Households Paying 30% or More for Housing	39.1%	47.0%	48.1%	32.7%
Labor Market Score	8	6	5	5.6
Older Worker Unemployment Rate	2.1%	2.9%	7.7%	5.3%
Median Hourly Wage for Older Workers	\$14.73	\$14.64	\$15.00	\$14.76

Note: All dollar figures are in 2012 dollars.

#### ABOUT THE FINANCIAL SECURITY SCORECARD

The Financial Security Scorecard measures three key areas of retirement security: potential future income, major retiree costs, and the labor market for older Americans. This Scorecard assesses New Jersey relative to the other states on these dimensions of retirement security.

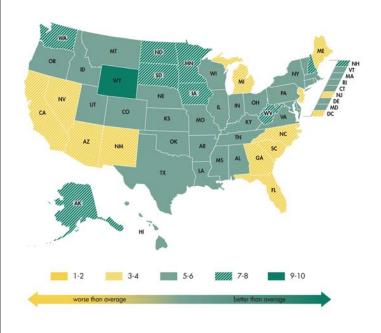
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: New Mexico Scores 4 out of 10





New Mexico like every state faces challenges to the financial security of future retirees. The state's 4 out of 10 score on the Financial Security Scorecard means that the next generation has a much lower potential for financial security in retirement than counterparts in many other states. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

With its low ranking, New Mexico has an important role to play fashioning financial security as workers age. Its potential future retiree income score was at the bottom; this means that workers need help to maintain their standard of living with an adequate income stream over their retirement years. Less than one-third of New Mexico workers participate in a retirement plan at work. Those who have saved for retirement in defined contribution (DC) account have an average balance of \$22,402; this

means that workers have saved less than even one-third of the \$82,241 average annual earnings of working New Mexicans in 2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older New Mexicans living in poverty in the future may exceed the 2012 level of 11.9 percent.



# POTENTIAL FUTURE RETIREE INCOME SCORE: 2 OUT OF 10

New Mexico was one of two states to receive the lowest potential future retiree income score, as the components of the retirement income score were all below average. With just 32 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, New Mexico had the lowest coverage rate in the nation. Since 2000 the percent of workers covered in a retirement plan has dropped from 49 percent. The \$22,402 saved in the average DC account held by New Mexicans was the third lowest in the nation, far below the \$30,345 in retirement savings nationally. New Mexico also had a relatively high 4.83 percent marginal tax rate on pension income.



### **MAJOR RETIREE COST SCORE: 6 OUT OF 10**

The components of New Mexico's retiree cost score were mixed, and yielded an above-average score. The state ranked lowest in the nation in terms of Medicaid generosity, with average payments of just \$2,407 per beneficiary. However, the state ranked third in terms of Medicare generosity, as retirees in the state had an average cost-sharing liability of just \$1,502 in out-of-pocket costs for enrollees. New Mexico ranked 13th in the nation in its housing cost burden for older households, with 28 percent of older households paying 30 percent or more of their income towards housing costs.



### **OLDER ADULT LABOR MARKET SCORE: 6 OUT OF 10**

Both of the components of New Mexico's adult labor market score were about average, and yielded a slightly above average score. In 2012, New Mexico had an older adult unemployment rate of 5.3 percent, the same as the national average. Its median wage for older workers was \$14.90 per hour, slightly higher than the national average of \$14.76 per hour.

# NEW MEXICO FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	5	5	4	5.4
Retirement Income Score	2	3	2	5.5
Retirement Plan Participation (Private Sector)	48.80%	45.40%	32.09%	46.0%
Average DC Account Balance	\$16,929	\$22,434	\$22,402	\$30,345
Marginal Tax Rate on Pension Income	6.49%	5.19%	4.83%	4.0%
Retiree Cost Score	6	7	6	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,275	\$1,478	\$1,502	\$1,745
Medicaid Payments for Older Beneficiaries	\$12,494	\$12,781	\$2,407	\$16,978
Older Households Paying 30% or More for Housing	26.3%	29.4%	27.7%	32.7%
Labor Market Score	6	7	6	5.6
Older Worker Unemployment Rate	2.1%	2.1%	5.3%	5.3%
Median Hourly Wage for Older Workers	\$13.39	\$14.23	\$14.90	\$14.76

Note: All dollar figures are in 2012 dollars.

#### ABOUT THE FINANCIAL SECURITY SCORECARD

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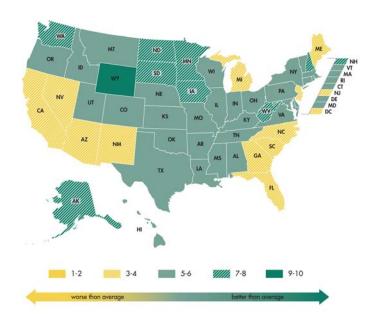
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Nevada Scores 4 out of 10





Nevada like every state faces challenges to the financial security of future retirees. The state's 4 out of 10 score on the Financial Security Scorecard means that the next generation has a much lower potential for financial security in retirement than counterparts in many other states. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

With its low ranking, Nevada has an important role to play fashioning financial security as workers age. Its retiree cost and labor market scores were at the bottom; this means that workers need help to maintain their standard of living with an adequate income stream over their retirement years. Nearly two-thirds of Nevada workers do not participate in a retirement plan at work. Those who have saved for retirement in defined contribution (DC) account have an average balance of \$35,983; this means

that workers have saved far less than even one-times the \$56,381 average annual earnings of working Nevadans in 2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older Nevadans living in poverty in the future may exceed the 2012 level of 8.1 percent.



## POTENTIAL FUTURE RETIREE INCOME SCORE: 7 OUT OF 10

The components of Nevada's retirement income score were mixed and yielded an above-average score. With only 34 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, Nevada had the third poorest coverage rate in the nation. Since 2000 the percent of workers covered in a retirement plan has dropped from 47 percent. However, the state ranked 8th in the nation in its average DC balance, as the \$35,983 saved in the average DC account held by Nevada workers was above the \$30,345 in retirement savings nationally. Nevada also had a 0.0 percent marginal tax rate on pension income, as compared with 4.0 percent nationally.



### **MAJOR RETIREE COST SCORE: 2 OUT OF 10**

Nevada was one of three states to receive the lowest score in cost of living for retirees. The state had a relatively high housing cost burden for older households, with 39 percent of older households paying 30 percent or more of their income towards housing costs. The state also ranked low in both Medicaid and Medicare generosity. Average Medicaid payments were just \$11,148 for older beneficiaries, and retirees in the state had a higher than average Medicare cost-sharing liability of \$1,877 in out-of-pocket costs for enrollees.



#### **OLDER ADULT LABOR MARKET SCORE: 2 OUT OF 10**

In 2012, Nevada received the second lowest older adult labor market score in the country. This was largely due to the state having the highest unemployment rate for older workers in the nation, at 9.8 percent, as compared with 5.3 percent nationally. The state also had a relatively low median wage for older workers, at \$14.00 per hour, versus \$14.76 nationally.

# NEVADA FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	5	4	4	5.4
Retirement Income Score	7	7	7	5.5
Retirement Plan Participation (Private Sector)	46.97%	43.90%	34.01%	46.0%
Average DC Account Balance	\$26,739	\$31,715	\$35,983	\$30,345
Marginal Tax Rate on Pension Income	0.00%	0.00%	0.00%	4.0%
Retiree Cost Score	3	3	2	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,534	\$1,721	\$1,877	\$1,745
Medicaid Payments for Older Beneficiaries	\$11,286	\$12,185	\$11,148	\$16,978
Older Households Paying 30% or More for Housing	37.0%	42.2%	38.6%	32.7%
Labor Market Score	5	4	2	5.6
Older Worker Unemployment Rate	3.8%	4.9%	9.8%	5.3%
Median Hourly Wage for Older Workers	\$14.63	\$14.50	\$14.00	\$14.76

Note: All dollar figures are in 2012 dollars.

#### ABOUT THE FINANCIAL SECURITY SCORECARD

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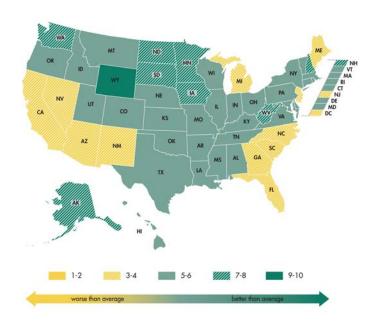
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States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: New York Scores 5 out of 10





New York like every state faces challenges to the financial security of future retirees. The state's average - 5 out of 10 - score on the Financial Security Scorecard means that the next generations have somewhat higher potentials for financial insecurity than in many other states. The scorecard considers: future income, key retiree costs, and labor markets for older workers. New York has an important role to play in fashioning policies to promote retirement security as workers age. Retirees in the state face higher living expenses and have only modest retirement savings to generate sufficient retirement income to pay bills.

New York policy makers may particularly look to focus on expanding retirement savings opportunities, given the high level of retiree costs. Only 45% of New York workers participate in a retirement plan at work. With \$30,811 as the average balance in defined contribution (DC)

accounts, New Yorkers have saved much less than half of the \$68,039 average earnings level of New Yorkers in 2012. Financial industry experts recommend that workers in their 40s should have 2-3 times salary in retirement savings, so many risk falling short. Increasing pension coverage and savings is important if New York hopes to reduce the 11.4 percent of older New Yorkers who lived in poverty in 2012.



### POTENTIAL FUTURE RETIREE INCOME SCORE: 5 OUT OF 10

The mixed components of New York's potential retirement income yielded an average score. The average DC account balance of \$30,811, looking only at New Yorkers who held accounts, fell just above the national average. On the other hand, just 45 percent of private sector employees participated in employer-sponsored retirement plans was slightly low relative to other states, and retirement coverage has declined since 2000 when more than half of worker were in plans. The 4.7 percent marginal tax rate on pension income in New York was higher than that of most other states.



## **MAJOR RETIREE COST SCORE: 4 OUT OF 10**

New York's retiree costs varied widely. Its low score reflects the high housing cost burden among older households. In 2012, New York had the second highest housing cost burden, with 45 percent of older households paying 30 percent or more of their income for housing. New York also had the fifth highest Medicare out-of-pocket costs of \$1,925 on average per enrollee. However, New York was the most generous state in terms of Medicaid benefits for older beneficiaries, with average spending of \$29,177 per beneficiary in 2012.



# **OLDER ADULT LABOR MARKET SCORE: 5 OUT OF 10**

New York scored in the lower middle range when measuring labor market opportunities for retirees. The state had the 11th highest unemployment rate for older workers in 2012, at 6.7 percent, which was more than double the rate in 2000. This drawback was somewhat offset by relatively high median hourly wages for older workers of \$15.00 per hour.

# NEW YORK FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	5	5	5	5.4
Retirement Income Score	5	5	5	5.5
Retirement Plan Participation (Private Sector)	50.23%	44.52%	45.19%	46.0%
Average DC Account Balance	\$26,423	\$31,378	\$30,811	\$30,345
Marginal Tax Rate on Pension Income	4.10%	4.77%	4.71%	4.0%
Retiree Cost Score	4	4	4	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,723	\$1,870	\$1,925	\$1,745
Medicaid Payments for Older Beneficiaries	\$28,233	\$30,688	\$29,177	\$16,978
Older Households Paying 30% or More for Housing	39.4%	44.1%	44.6%	32.7%
Labor Market Score	4	6	5	5.6
Older Worker Unemployment Rate	3.1%	2.9%	6.7%	5.3%
Median Hourly Wage for Older Workers	\$13.39	\$14.46	\$15.00	\$14.76

Note: All dollar figures are in 2012 dollars.

#### ABOUT THE FINANCIAL SECURITY SCORECARD

The Financial Security Scorecard measures three key areas of retirement security: potential future income, major retiree costs, and the labor market for older Americans. This Scorecard assesses New York relative to the other states on these dimensions of retirement security.

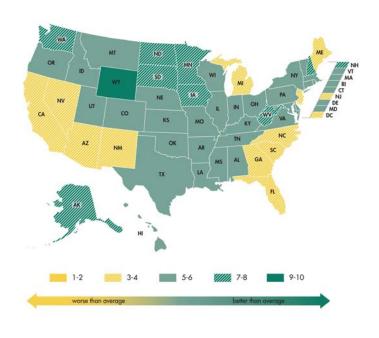
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Ohio Scores 5 out of 10





Ohio like every state faces challenges to the financial security of future retirees. The state's 5 out of 10 score on the Financial Security Scorecard means that the next generation has a moderate potential for financial insecurity in retirement. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

With its about average ranking, Ohio has an important role to play fashioning financial security as workers age. Workers need help to maintain their standard of living with an adequate income stream over their retirement years. Less than half of Ohio workers participate in a retirement plan at work. Those who have saved for retirement in defined contribution (DC) account have an average balance of \$27,499; this means that workers have saved only half of the \$55,403 average annual earnings of working Ohioans in 2012. Financial industry experts

recommend that workers in their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older Ohioans living in poverty in the future may exceed the 2012 level of 8 percent.



## POTENTIAL FUTURE RETIREE INCOME SCORE: 5 OUT OF 10

Ohio's potential future retirement income score was about average. With 47 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, Ohio was slightly higher than the national average of 46 percent. Since 2000, the percent of workers covered in a retirement plan experienced a sizeable drop from 56 percent. The \$27,499 saved in the average DC account held by Ohioans fell below the \$30,345 in retirement savings nationally. Ohio had a roughly average 4.25 percent marginal tax rate on pension income.



#### MAJOR RETIREE COST SCORE: 6 OUT OF 10

Ohio received an above-average score in terms of cost of living for retirees. This score was due largely to Ohio's higher than average Medicaid generosity, with average payments of \$23,278 for older beneficiaries. However, 31 percent of older households pay 30 percent or more of their income towards housing costs. In addition, the state ranked just 41st in the nation in Medicare generosity, with an average cost-sharing liability of \$1,903 in out-of-pocket costs for enrollees.



## **OLDER ADULT LABOR MARKET SCORE: 6 OUT OF 10**

In 2012, Ohio had an above-average adult labor market score, largely due to its unemployment rate, which stood at 5.1 percent for older workers, versus 5.3 percent nationally. However, Ohio had a slightly lower than average median wage for older workers, at \$14.50 per hour, when compared to \$14.76 nationally.

# OHIO FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	7	5	5	5.4
Retirement Income Score	7	6	5	5.5
Retirement Plan Participation (Private Sector)	55.88%	54.00%	47.02%	46.0%
Average DC Account Balance	\$26,825	\$26,510	\$27,499	\$30,345
Marginal Tax Rate on Pension Income	4.57%	4.69%	4.25%	4.0%
Retiree Cost Score	7	5	6	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,510	\$1,758	\$1,903	\$1,745
Medicaid Payments for Older Beneficiaries	\$24,148	\$22,657	\$23,278	\$16,978
Older Households Paying 30% or More for Housing	27.1%	33.5%	31.4%	32.7%
Labor Market Score	6	4	6	5.6
Older Worker Unemployment Rate	2.4%	3.6%	5.1%	5.3%
Median Hourly Wage for Older Workers	\$14.31	\$13.95	\$14.50	\$14.76

Note: All dollar figures are in 2012 dollars.

#### ABOUT THE FINANCIAL SECURITY SCORECARD

The Financial Security Scorecard measures three key areas of retirement security: potential future income, major retiree costs, and the labor market for older Americans. This Scorecard assesses Ohio relative to the other states on these dimensions of retirement security.

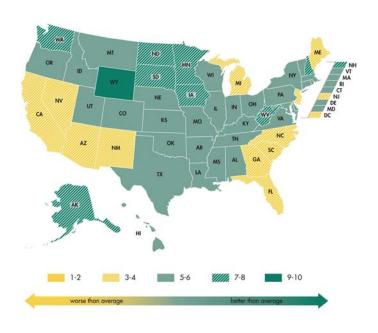
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Oklahoma Scores 5 out of 10





Oklahoma like every state faces challenges to the financial security of future retirees. The state's 5 out of 10 score on the Financial Security Scorecard means that the next generation has a lower potential for financial insecurity in retirement than counterparts in some other states; however, there is much room for improvement. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

With its average ranking, Oklahoma has an important role to play fashioning financial security as workers age. Its retiree cost and labor market scores above average; however, its retiree income score was just average. Workers need help to maintain their standard of living with an adequate income stream over their retirement years. Less than half of Oklahoma workers participate in a retirement plan at work. Those who have saved for retirement in defined contribution (DC) account have an average balance of \$29,577; this means that workers

have saved far less than even one-times the \$57,499 average annual earnings of working Oklahomans in 2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older Oklahomans living in poverty in the future may exceed the 2012 level of 9.9 percent.



# POTENTIAL FUTURE RETIREE INCOME SCORE: 5 OUT OF 10

The components of Oklahoma's potential future retiree income score yielded an average score. With just 43 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, Oklahoma ranked 40th in the nation in this regard. Since 2000 the percent of workers covered in a retirement plan has dropped from 46 percent. The \$29,577 saved in the average DC account held by Oklahomans was below the \$30,345 in retirement savings nationally. Oklahoma had a slightly lower than average 3.67 percent marginal tax rate on pension income.



# **MAJOR RETIREE COST SCORE: 6 OUT OF 10**

The components of Oklahoma's retiree cost score were mixed, and yielded a slightly above average score. This was due in part to Oklahoma's rank as the state with the 8th lowest housing cost burden for older households, with just 27 percent of older households paying 30 percent or more of their income towards housing costs. Oklahoma also ranked well in Medicare generosity, as retirees in the state had an average cost-sharing liability of \$1,671 in out-of-pocket costs for enrollees. However, the state ranked just 42nd in the nation in Medicaid generosity, with average payments of \$12,068 per older beneficiary.



# **OLDER ADULT LABOR MARKET SCORE: 6 OUT OF 10**

Oklahoma had an above average older adult labor market score, largely due to its low unemployment rate for older workers. In 2012, Oklahoma had the fourth lowest unemployment rate for older workers in the nation, at just 3.1 percent, as compared with 5.3 percent nationally. On the other hand, the state had the seventh lowest median wage for older workers in the country, at just \$13.50 per hour, versus \$14.76 nationally.

# OKLAHOMA FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	5	6	5	5.4
Retirement Income Score	3	5	5	5.5
Retirement Plan Participation (Private Sector)	46.29%	50.22%	42.87%	46.0%
Average DC Account Balance	\$23,651	\$27,455	\$29,577	\$30,345
Marginal Tax Rate on Pension Income	5.78%	5.15%	3.67%	4.0%
Retiree Cost Score	6	6	6	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,441	\$1,598	\$1,671	\$1,745
Medicaid Payments for Older Beneficiaries	\$10,565	\$12,061	\$12,068	\$16,978
Older Households Paying 30% or More for Housing	23.6%	26.5%	27.0%	32.7%
Labor Market Score	5	6	6	5.6
Older Worker Unemployment Rate	1.9%	2.1%	3.1%	5.3%
Median Hourly Wage for Older Workers	\$12.56	\$13.39	\$13.50	\$14.76

Note: All dollar figures are in 2012 dollars.

### ABOUT THE FINANCIAL SECURITY SCORECARD

The Financial Security Scorecard measures three key areas of retirement security: potential future income, major retiree costs, and the labor market for older Americans. This Scorecard assesses Oklahoma relative to the other states on these dimensions of retirement security.

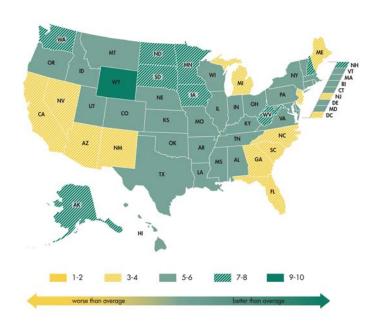
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Oregon Scores 5 out of 10





Oregon like every state faces challenges to the financial security of future retirees. The state's average 5 out of 10 score on the Financial Security Scorecard means that the next generations have slightly higher potentials for financial insecurity in retirement than in other states. The scorecard considers: future income, key retiree costs, and labor markets for older workers. Oregon has an important role to play in fashioning policies to promote financial security as workers age, especially given its low rating for potential retirement income.

Oregon policy makers may particularly look to focus on expanding retirement savings opportunities for workers to help them meet their expected costs in retirement. Only 45% of Oregon workers participate in a retirement plan, which is down from more than half in 2007. While the \$31,037 average defined contribution (DC) account

balance is above the national average, savers have accumulated amounts equal to just more than half of average annual earnings of \$57,312 for Oregon workers. Financial industry experts recommend that workers in their 40s have 2-3 times their salary in retirement savings. Increasing pension coverage and savings is important, otherwise the percentage of older individuals living in poverty in the future may exceed the 2012 level of 7.5 percent.



## POTENTIAL FUTURE RETIREE INCOME SCORE: 3 OUT OF 10

Overall components of Oregon's potential retirement income score fell on the lower end. With \$31,037 as the average DC account balance for its workers that owned such account, Oregonians saved just more than the national average of \$30,345. Combining this modest savings level with the fact that only 45 percent of private sector workers participate in retirement plans generates an unfavorable outlook for income in retirement. Also, Oregon's tax rate on pension income of 7.67 percent was the second highest in the nation.



## **MAJOR RETIREE COST SCORE: 6 OUT OF 10**

The cost of living for retirees in Oregon is relatively lower than in other states. Medicare enrollees' \$1,524 expense for out-of-pocket costs meant the state had the 4th lowest cost-sharing for health care. Oregon ranked well below the average of states regarding Medicaid generosity, with average spending \$13,882 for older beneficiaries. The housing cost burden for older households in Oregon was higher than nearly three-fourths of the states, with 36.2 percent of older households paying 30% or more of income for housing.



# **OLDER ADULT LABOR MARKET SCORE: 6 OUT OF 10**

In terms of labor market opportunities for retirees, Oregon's results are mixed but come out above average. The state received a high score for its median hourly wages for older workers of \$16.25 in 2012, which was the 5th highest in the nation. However, with 6.3 % of older workers unemployed, Oregon's unemployment rate was higher than the national average of 5.3%.

# OREGON FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	4	5	5	5.4
Retirement Income Score	4	4	3	5.5
Retirement Plan Participation (Private Sector)	47.73%	50.94%	44.84%	46.0%
Average DC Account Balance	\$26,553	\$29,754	\$31,037	\$30,345
Marginal Tax Rate on Pension Income	7.58%	7.68%	7.67%	4.0%
Retiree Cost Score	5	6	6	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,178	\$1,373	\$1,524	\$1,745
Medicaid Payments for Older Beneficiaries	\$12,958	\$13,142	\$13,882	\$16,978
Older Households Paying 30% or More for Housing	32.2%	35.5%	36.2%	32.7%
Labor Market Score	4	6	6	5.6
Older Worker Unemployment Rate	4.3%	3.5%	6.3%	5.3%
Median Hourly Wage for Older Workers	\$14.31	\$16.28	\$16.25	\$14.76

Note: All dollar figures are in 2012 dollars.

### ABOUT THE FINANCIAL SECURITY SCORECARD

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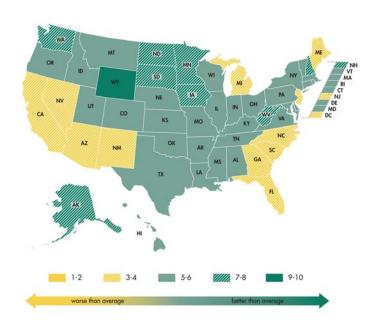
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Pennsylvania Scores 6 out of 10





Pennsylvania like every state faces challenges to the financial security of future retirees. The state's 6 out of 10 score on the Financial Security Scorecard means that the next generation has a lower potential for financial insecurity in retirement than counterparts in many other states; however, there is still room for improvement. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

Even with its relatively higher ranking, Pennsylvania still has an important role to play fashioning financial security as workers age. Workers need help to maintain their standard of living with an adequate income stream over their retirement years. Only one-half of Pennsylvania workers participate in a retirement plan at work. Those who have saved for retirement in defined contribution (DC) account have an average balance of \$40,719; this means

that workers have saved far less than even one-times the \$61,240 average annual earnings of working Pennsylvanians in 2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older Pennsylvanians living in poverty in the future may exceed the 2012 level of 8.3 percent.



## POTENTIAL FUTURE RETIREE INCOME SCORE: 8 OUT OF 10

Each of the components of Pennsylvania's retirement income score yielded an above-average score. With 50 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, Pennsylvania had the 13th highest coverage rate in the nation. However, since 2000 the percent of workers covered in a retirement plan has dropped from 58 percent. The \$40,719 saved in the average DC account held by Pennsylvanians was well above \$30,345 in retirement savings nationally, ranking the state third in the nation in this regard. Pennsylvania also had a relatively low 3.08 percent marginal tax rate on pension income.



## **MAJOR RETIREE COST SCORE: 5 OUT OF 10**

The components of Pennsylvania's retiree cost score were mixed and yielded an average score. The state ranked well in terms of Medicaid generosity with average payments of \$19,183 for older beneficiaries. However, the state ranked poorly in Medicare generosity, with an average cost-sharing liability of \$1,887 in out-of-pocket costs for enrollees. Pennsylvania also ranked poorly in terms of housing cost burden for older households, with 34 percent of older households paying 30 percent or more of their income towards housing costs.



# **OLDER ADULT LABOR MARKET SCORE: 6 OUT OF 10**

Pennsylvania ranked relatively highly in terms of older adult labor market opportunities. The state had a relatively high median wage for older workers at \$15.00 per hour, as compared with \$14.76 nationally. However, Pennsylvania also had a relatively high unemployment rate for older workers, at 6.4 percent, versus 5.3 percent nationally.

# PENNSYLVANIA FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	6	6	6	5.4
Retirement Income Score	9	8	8	5.5
Retirement Plan Participation (Private Sector)	58.27%	51.48%	49.66%	46.0%
Average DC Account Balance	\$28,226	\$34,926	\$40,719	\$30,345
Marginal Tax Rate on Pension Income	2.92%	3.11%	3.08%	4.0%
Retiree Cost Score	4	5	5	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,640	\$1,770	\$1,887	\$1,745
Medicaid Payments for Older Beneficiaries	\$17,239	\$18,372	\$19,183	\$16,978
Older Households Paying 30% or More for Housing	29.9%	35.0%	34.2%	32.7%
Labor Market Score	5	6	6	5.6
Older Worker Unemployment Rate	2.4%	2.7%	6.4%	5.3%
Median Hourly Wage for Older Workers	\$13.30	\$14.02	\$15.00	\$14.76

Note: All dollar figures are in 2012 dollars.

### ABOUT THE FINANCIAL SECURITY SCORECARD

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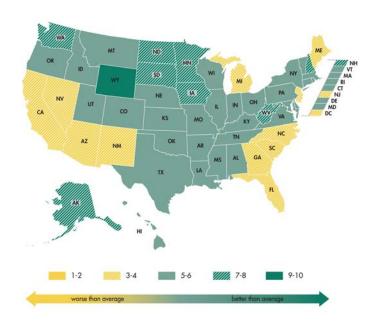
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Rhode Island Scores 5 out of 10





Rhode Island like every state faces challenges to the financial security of future retirees. The state's 5 out of 10 score on the Financial Security Scorecard means that the next generation has a lower potential for financial insecurity in retirement than counterparts in many other states; however, there is still significant room for improvement. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

With its average ranking, Rhode Island has an important role to play fashioning financial security as workers age. Its potential future retiree income score was slightly above average; however, workers need help to maintain their standard of living with an adequate income stream over their retirement years. Less than half of Rhode Island workers participate in a retirement plan at work. Those who have saved for retirement in defined contribution (DC) account

have an average balance of \$30,846; this means that workers have saved less than even half of the \$66,093 average annual earnings of Rhode Island workers in 2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older Rhode Island residents living in poverty in the future may exceed the 2012 level of 9.7 percent.



# POTENTIAL FUTURE RETIREE INCOME SCORE: 6 OUT OF 10

The components of Rhode Island's retirement income score yielded a slightly above average score. With 48 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, Rhode Island ranked 23rd in the nation in terms of retirement plan coverage. Since 2000 the percent of workers covered in a retirement plan has dropped from 54 percent. The \$30,846 saved in the average DC account held by Rhode Island workers was slightly higher than the \$30,345 in retirement savings nationally. Rhode Island had a slightly below average 4.36 percent marginal tax rate on pension income.



## **MAJOR RETIREE COST SCORE: 5 OUT OF 10**

The components of Rhode Island's retiree cost score were mixed, and yielded an average score. The state ranked 7th in the nation in Medicaid generosity, with average payments of \$23,581 for older beneficiaries. However, the state had the seventh highest housing cost burden in the country, with 41 percent of older households paying 30 percent or more of their income towards housing costs. The state ranked average in Medicare generosity, as retirees in the state saw an average Medicare cost-sharing liability of \$1,711 in out-of-pocket costs for enrollees.



# **OLDER ADULT LABOR MARKET SCORE: 5 OUT OF 10**

In 2012, Rhode Island received an adult labor market score of 5, which has dropped significantly since 2000, when its score was 9. This is largely due to the increasing unemployment rate in the state. In 2012, Rhode Island had the fifth highest unemployment rate for older workers in the nation, at 7.5 percent, versus 5.3 percent nationally. However, the state also had the 12th highest median wage for older workers, at \$15.00 per hour, versus \$14.76 nationally.

# RHODE ISLAND FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	6	4	5	5.4
Retirement Income Score	5	4	6	5.5
Retirement Plan Participation (Private Sector)	54.20%	47.05%	47.55%	46.0%
Average DC Account Balance	\$23,717	\$29,795	\$30,846	\$30,345
Marginal Tax Rate on Pension Income	5.62%	5.75%	4.63%	4.0%
Retiree Cost Score	5	5	5	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,609	\$1,640	\$1,711	\$1,745
Medicaid Payments for Older Beneficiaries	\$24,128	\$24,244	\$23,581	\$16,978
Older Households Paying 30% or More for Housing	36.1%	41.9%	41.3%	32.7%
Labor Market Score	9	3	5	5.6
Older Worker Unemployment Rate	1.4%	4.3%	7.5%	5.3%
Median Hourly Wage for Older Workers	\$15.06	\$13.93	\$15.00	\$14.76

Note: All dollar figures are in 2012 dollars.

### ABOUT THE FINANCIAL SECURITY SCORECARD

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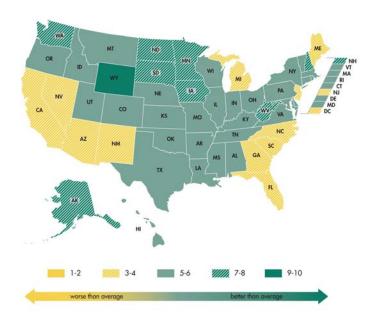
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: South Carolina Scores 3 out of 10





South Carolina like every state faces challenges to the financial security of future retirees. The state's 3 out of 10 score on the Financial Security Scorecard means that the next generation has a much lower potential for financial security in retirement than counterparts in many other states. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

With its relatively poor ranking, South Carolina has an important role to play fashioning financial security as workers age. Its retiree income and labor market scores were at the bottom; this means that workers need help to maintain their standard of living with an adequate income stream over their retirement years. Less than one-half of South Carolina workers participate in a retirement plan at work. Those who have saved for retirement in defined contribution (DC) account have an average balance of

\$20,630; this means that workers have saved far less than even one-half of the \$53,220 average annual earnings of working South Carolinians in 2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older South Carolinians living in poverty in the future may exceed the 2012 level of 10.1 percent.



# POTENTIAL FUTURE RETIREE INCOME SCORE: 3 OUT OF 10

Each of the components of South Carolina's retirement income score yielded a below average score. With just 45 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, South Carolina ranked 33th in the nation in this regard. Since 2000 the percent of workers covered in a retirement plan has dropped from 53 percent. South Carolina also had the second poorest average DC account balance in the nation, with just \$20,630 saved in the average DC account held by South Carolina workers, well below the \$30,345 in retirement savings nationally. South Carolina also had a relatively high 5.27 percent marginal tax rate on pension income.



### **MAJOR RETIREE COST SCORE: 5 OUT OF 10**

South Carolina received an average score in terms of major retiree costs. The state ranked well in terms of its housing cost burden for older households, with 29 percent of older households paying 30 percent or more of their income towards housing costs. However, the state had the fifth lowest ranking in terms of Medicaid generosity, with average payments of \$11,060 for older beneficiaries. In terms of Medicare generosity, South Carolina saw an average cost-sharing liability of \$1,703 in out-of-pocket costs for enrollees.



### **OLDER ADULT LABOR MARKET SCORE: 2 OUT OF 10**

South Carolina was one of three states to receive the lowest older adult labor market score. The state had the fourth lowest median wage for older workers in 2012, at just \$13.00 per hour, as compared with \$14.76 nationally. The state also had a high unemployment rate for older workers, of 6.5 percent, versus 5.3 percent nationally.

# SOUTH CAROLINA FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	5	3	3	5.4
Retirement Income Score	4	3	3	5.5
Retirement Plan Participation (Private Sector)	52.83%	45.34%	45.08%	46.0%
Average DC Account Balance	\$21,943	\$24,022	\$20,630	\$30,345
Marginal Tax Rate on Pension Income	4.94%	5.29%	5.27%	4.0%
Retiree Cost Score	3	4	5	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,616	\$1,619	\$1,703	\$1,745
Medicaid Payments for Older Beneficiaries	\$10,361	\$9,563	\$11,060	\$16,978
Older Households Paying 30% or More for Housing	27.3%	31.2%	29.3%	32.7%
Labor Market Score	7	4	2	5.6
Older Worker Unemployment Rate	1.8%	4.4%	6.5%	5.3%
Median Hourly Wage for Older Workers	\$13.39	\$14.25	\$13.00	\$14.76

Note: All dollar figures are in 2012 dollars.

### ABOUT THE FINANCIAL SECURITY SCORECARD

The Financial Security Scorecard measures three key areas of retirement security: potential future income, major retiree costs, and the labor market for older Americans. This Scorecard assesses South Carolina relative to the other states on these dimensions of retirement security.

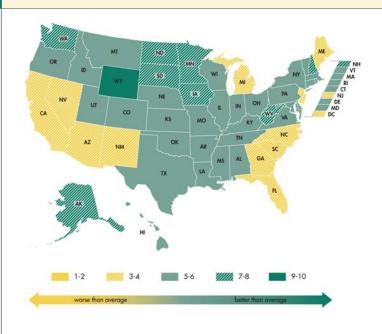
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: South Dakota Scores 7 out of 10





South Dakota like every state faces challenges to the financial security of future retirees. The state's 7 out of 10 score on the Financial Security Scorecard means that the next generation has a much lower potential for financial insecurity in retirement than counterparts in many other states; however, there is still room for improvement. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

Even with its relatively high ranking, South Dakota still has an important role to play fashioning financial security as workers age. Workers need help to maintain their standard of living with an adequate income stream over their retirement years. Less than one-half of South Dakota workers participate in a retirement plan at work. Those who have saved for retirement in defined contribution (DC) account have an average balance of \$36,326; this

means that workers have saved far less than even one-times the \$53,028 average annual earnings of working South Dakotans in 2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older South Dakotans living in poverty in the future may exceed the 2012 level of 10 percent.



# POTENTIAL FUTURE RETIREE INCOME SCORE: 9 OUT OF 10

Each of the components of South Dakota's retirement income score yielded an above-average score. With 48 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, South Dakota ranked 21st in the nation in terms of retirement plan coverage. However, since 2000 the percent of workers covered in a retirement plan has dropped from 53 percent. The \$36,326 saved in the average DC account held by South Dakotans was above \$30,345 in retirement savings nationally, ranking the state seventh in the nation in this regard. South Dakota also had a 0.0 percent marginal tax rate on pension income.



## MAJOR RETIREE COST SCORE: 6 OUT OF 10

The components of South Dakota's retiree cost score were mixed and yielded an above-average score. The state ranked well in terms of housing cost burden for older households, with 27 percent of older households paying 30 percent or more of their income towards housing costs. South Dakota ranked about average in Medicare generosity with an average cost-sharing liability of \$1,702 in out-of-pocket costs for enrollees. However, the state ranked poorly in terms of Medicaid generosity with average payments of \$13,557 for older beneficiaries.



# **OLDER ADULT LABOR MARKET SCORE: 6 OUT OF 10**

South Dakota's older adult labor market score was above-average, largely due to its low unemployment rate for older workers. South Dakota's unemployment rate for older workers was just 3.0 percent, versus 5.3 percent nationally, ranking it third in the nation in this regard. However, the state had the sixth lowest median wage for older workers at \$13.28 per hour, as compared with \$14.76 nationally.

# SOUTH DAKOTA FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	6	7	7	5.4
Retirement Income Score	6	8	9	5.5
Retirement Plan Participation (Private Sector)	53.02%	50.50%	47.94%	46.0%
Average DC Account Balance	\$21,671	\$31,963	\$36,326	\$30,345
Marginal Tax Rate on Pension Income	0.00%	0.00%	0.00%	4.0%
Retiree Cost Score	7	7	6	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,274	\$1,519	\$1,702	\$1,745
Medicaid Payments for Older Beneficiaries	\$14,317	\$13,413	\$13,557	\$16,978
Older Households Paying 30% or More for Housing	25.0%	28.0%	27.1%	32.7%
Labor Market Score	5	6	6	5.6
Older Worker Unemployment Rate	1.6%	1.8%	3.0%	5.3%
Median Hourly Wage for Older Workers	\$12.05	\$12.83	\$13.28	\$14.76

Note: All dollar figures are in 2012 dollars.

### ABOUT THE FINANCIAL SECURITY SCORECARD

The Financial Security Scorecard measures three key areas of retirement security: potential future income, major retiree costs, and the labor market for older Americans. This Scorecard assesses South Dakota relative to the other states on these dimensions of retirement security.

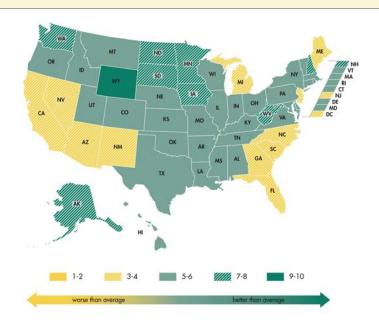
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Tennessee Scores 6 out of 10





Tennessee like every state faces challenges to the financial security of future retirees. The state's 6 out of 10 score on the Financial Security Scorecard means that the next generation has a lower potential for financial insecurity in retirement than counterparts in many other states; however, there is still room for improvement. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

Even with its relatively higher ranking, Tennessee still has an important role to play fashioning financial security as workers age. Its retiree income and labor market scores were just average; workers need help to maintain their standard of living with an adequate income stream over their retirement years. Less than one half of Tennessee workers participate in a retirement plan at work. Those who have saved for retirement in defined contribution

(DC) account have an average balance of \$25,785; this means that workers have saved only half of the \$51,833 average annual earnings of working Tennesseans in 2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older Tennesseans living in poverty in the future may exceed the 2012 level of 10.0 percent.



# POTENTIAL FUTURE RETIREE INCOME SCORE: 5 OUT OF 10

The components of Tennessee's retirement income score were mixed and yielded an average score. With just 43 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, Tennessee ranked 41st in the nation in terms of retirement plan coverage. Since 2000 the percent of workers covered in a retirement plan has dropped from 52 percent. The \$25,785 saved in the average DC account held by Tennesseans was well below \$30,345 in retirement savings nationally, ranking the state just 39th in the nation in this regard. However, Tennessee had a 0.0 percent marginal tax rate on pension income.



### MAJOR RETIREE COST SCORE: 7 OUT OF 10

Tennessee ranked relatively well in terms of major retiree costs. The state ranked 11th in the nation in terms of Medicaid generosity with average payments of \$21,281 for older beneficiaries. Tennessee also ranked relative well in terms of housing cost burden for older households, with 28 percent of older households paying 30 percent or more of their income towards housing costs. However, the state ranked slightly below average in Medicare generosity, with an average cost-sharing liability of \$1,752 in out-of-pocket costs for enrollees.



# **OLDER ADULT LABOR MARKET SCORE: 5 OUT OF 10**

The components of Tennessee's older adult labor market score were mixed and yielded an average score. The state had a relatively low unemployment rate for older workers, at 3.9 percent, versus 5.3 percent nationally. However, Tennessee had the second lowest median wage for older workers in the nation, at just \$12.50 per hour, as compared with \$14.76 nationally.

# TENNESSEE FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	5	6	6	5.4
Retirement Income Score	6	6	5	5.5
Retirement Plan Participation (Private Sector)	52.12%	47.05%	42.50%	46.0%
Average DC Account Balance	\$18,974	\$26,118	\$25,785	\$30,345
Marginal Tax Rate on Pension Income	0.00%	0.00%	0.00%	4.0%
Retiree Cost Score	3	6	7	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,655	\$1,679	\$1,752	\$1,745
Medicaid Payments for Older Beneficiaries	\$1,246	\$16,117	\$21,281	\$16,978
Older Households Paying 30% or More for Housing	26.5%	28.1%	28.3%	32.7%
Labor Market Score	6	4	5	5.6
Older Worker Unemployment Rate	2.4%	2.5%	3.9%	5.3%
Median Hourly Wage for Older Workers	\$13.39	\$12.83	\$12.50	\$14.76

Note: All dollar figures are in 2012 dollars.

### ABOUT THE FINANCIAL SECURITY SCORECARD

The Financial Security Scorecard measures three key areas of retirement security: potential future income, major retiree costs, and the labor market for older Americans. This Scorecard assesses Tennessee relative to the other states on these dimensions of retirement security.

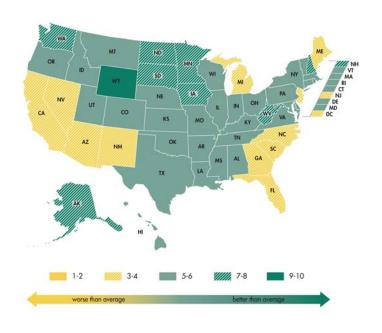
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Texas Scores 5 out of 10





Texas like every state faces challenges to the financial security of future retirees. The state's 5 out of 10 score on the Financial Security Scorecard means that the next generation has a lower potential for financial insecurity in retirement than counterparts in some other states; however, there is still much room for improvement. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

With its average ranking, Texas has an important role to play fashioning financial security as workers age. Its retiree cost and labor market scores were below average; this means that workers need help to maintain their standard of living with an adequate income stream over their retirement years. Less than 4 in 10 Texas workers participate in a retirement plan at work. Those who have saved for retirement in defined contribution (DC) account

have an average balance of \$32,028; this means that workers have saved just half of the \$63,278 average annual earnings of working Texans in 2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older Texans living in poverty in the future may exceed the 2012 level of 11.6 percent.



### POTENTIAL FUTURE RETIREE INCOME SCORE: 6 OUT OF 10

The components of Texas' retirement income score were mixed and yielded a slightly above-average score. With just 38 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, Texas had the fourth poorest coverage rate in the nation. Since 2000 the percent of workers covered in a retirement plan has dropped from 47 percent. On the other hand, the \$32,028 saved in the average DC account held by Texans was above \$30,345 in retirement savings nationally, ranking the state 20th in the nation in this regard. Texas also had a 0.0 percent marginal tax rate on pension income.



### **MAJOR RETIREE COST SCORE: 4 OUT OF 10**

The components of Texas' retiree cost score yielded a below-average score. The state ranked slightly above average in terms of housing cost burden for older households, with 30 percent of older households paying 30 percent or more of their income towards housing costs. However, the state ranked poorly in both Medicare and Medicaid generosity. The average cost-sharing Medicare liability was \$1,904 in out-of-pocket costs for enrollees, and average Medicaid payments were \$13,622 for older beneficiaries.



# **OLDER ADULT LABOR MARKET SCORE: 4 OUT OF 10**

Texas ranked relatively low in terms of older adult labor market opportunities. The state had a relatively low unemployment rate for older workers at just 4.8 percent, versus 5.3 percent nationally. However, the state had a low median wage for older workers at \$13.80 per hour, as compared with \$14.76 nationally.

# TEXAS FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	4	4	5	5.4
Retirement Income Score	5	6	6	5.5
Retirement Plan Participation (Private Sector)	46.58%	41.98%	37.58%	46.0%
Average DC Account Balance	\$23,439	\$28,297	\$32,028	\$30,345
Marginal Tax Rate on Pension Income	0.00%	0.00%	0.00%	4.0%
Retiree Cost Score	4	3	4	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,617	\$1,822	\$1,904	\$1,745
Medicaid Payments for Older Beneficiaries	\$11,745	\$12,013	\$13,622	\$16,978
Older Households Paying 30% or More for Housing	27.8%	31.1%	30.4%	32.7%
Labor Market Score	3	3	4	5.6
Older Worker Unemployment Rate	2.5%	2.9%	4.8%	5.3%
Median Hourly Wage for Older Workers	\$11.89	\$12.44	\$13.80	\$14.76

Note: All dollar figures are in 2012 dollars.

### ABOUT THE FINANCIAL SECURITY SCORECARD

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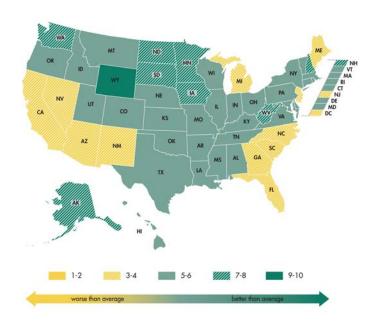
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Utah Scores 5 out of 10





Utah like every state faces challenges to the financial security of future retirees. The state's average - 5 out of 10- score on the Financial Security Scorecard means that the next generations have higher potentials for financial insecurity in retirement than in most states. The scorecard considers: future income, key retiree costs, and labor markets for older workers. Utah has an important role to play in fashioning retirement security policies that help support workers as they age. Its low retirement income scores indicates that the state has significant work to do.

Utah policy makers may particularly look to focus on expanding retirement savings opportunities as only 43.4% of Utah workers participate in a retirement plan at work. This retirement coverage has declined since 2000, when half of private sector workers saved in a plan. Financial industry experts recommend that workers in their 40s have

2-3 times their salary in retirement savings, yet the \$26,756 average defined contribution (DC) account balance is much less than half of average annual earnings of \$59,631 for Utah workers in 2012. Increasing pension coverage and savings is important, otherwise the percentage of older individuals living in poverty may exceed the 2012 level of 6.8 %.



# POTENTIAL FUTURE RETIREE INCOME SCORE: 3 OUT OF 10

All of components of Utah's potential retirement income score were low. Only 43.4 percent of private sector workers participate in a retirement plan in Utah. With just \$26,756 as the average DC account balance based just on those who have DC accounts, Utah's retirement savings was well below the national average of \$30,345. The low participation level compounds this low amount of savings by those covered by a retirement plans. Also, the state's tax rate on pension income of 6.11 percent was among the higher marginal state tax rates.



# **MAJOR RETIREE COST SCORE: 6 OUT OF 10**

The cost of living for retirees in Utah is relatively lower than in other states. Medicare enrollees' \$1,619 expense for out-of-pocket costs put the state among those with the lower cost-sharing levels. However, Utah ranked near the bottom of states regarding Medicaid generosity, with average spending of \$11,709 for older beneficiaries. The housing cost burden for older households in Utah was also lower than most other states, with 27.9 percent of older households paying 30% or more of income for housing.



# **OLDER ADULT LABOR MARKET SCORE: 7 OUT OF 10**

In terms of labor market opportunities for retirees, Utah's results fall above average in both components. The median hourly wages for older workers in Utah of \$15.00 in 2012; put the sate with the 12th highest median wage in the nation. With 4.6 % of older workers unemployed, Utah's unemployment rate was lower than the national average of 5.3%.

# UTAH FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	5	6	5	5.4
Retirement Income Score	3	3	3	5.5
Retirement Plan Participation (Private Sector)	50.90%	46.27%	43.39%	46.0%
Average DC Account Balance	\$19,200	\$26,334	\$26,756	\$30,345
Marginal Tax Rate on Pension Income	6.44%	6.42%	6.11%	4.0%
Retiree Cost Score	8	7	6	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,242	\$1,518	\$1,619	\$1,745
Medicaid Payments for Older Beneficiaries	\$13,377	\$13,356	\$11,709	\$16,978
Older Households Paying 30% or More for Housing	21.9%	24.3%	27.9%	32.7%
Labor Market Score	5	10	7	5.6
Older Worker Unemployment Rate	2.7%	1.4%	4.6%	5.3%
Median Hourly Wage for Older Workers	\$13.39	\$16.46	\$15.00	\$14.76

Note: All dollar figures are in 2012 dollars.

### ABOUT THE FINANCIAL SECURITY SCORECARD

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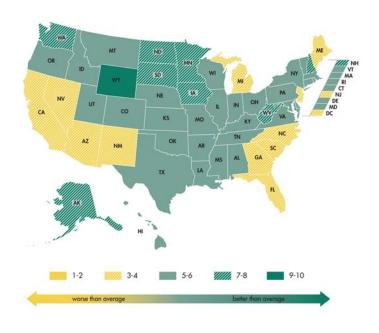
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Virginia Scores 6 out of 10





Virginia like every state faces challenges to the financial security of future retirees. The state's above average - 6 out of 10- score on the Financial Security Scorecard means that the next generations have slightly lower potentials for financial insecurity in retirement than in other states. The scorecard considers: future income, key retiree costs, and labor markets for older workers. Virginia has an important role to play in fashioning policies to promote financial security as workers age. Virginia still has work to do across the categories of retirement income, retiree costs, and labor market opportunities. Even with its above average rankings.

While there is room for improvement in every category, Virginia policy makers may particularly look to focus on expanding retirement savings opportunities for workers. Only half of workers participate in a retirement plan at

work. Financial industry experts recommend that workers in their 40s have 2-3 times their salary in retirement savings. Yet, among only those workers who have defined contribution (DC) accounts, the \$32,278 average balance is well below half of the average annual earnings of \$77,061 for Virginia workers. Increasing pension coverage and savings is important, otherwise the percentage of older individuals living in poverty in the future may exceed the 2012 level of 7.9 percent.



### POTENTIAL FUTURE RETIREE INCOME SCORE: 6 OUT OF 10

Generally positive results across components of retirement income resulted in an above-average score. With 51 percent of private sector employees participating in an employer-sponsored retirement plan, Virginia had the 10th highest participation rate in the nation. The \$32,278 average balance in a DC account held by workers in Virginia is above average. The state's 5.31 percent marginal tax rate on pension income is higher than the tax rate in 35 other states.



# **MAJOR RETIREE COST SCORE: 6 OUT OF 10**

The cost of living for retirees in Virginia is relatively better than in other states. Medicare enrollees' \$1,641 expense for out-of-pocket costs put the state among those with the lower cost-sharing levels. However, with average spending of \$13,986 for older beneficiaries, the state is on the lower end of Medicaid generosity. Meanwhile, Virginia's housing cost burden for older households fell in the middle with about one-third of older households paying 30% or more of income for housing.



# **OLDER ADULT LABOR MARKET SCORE: 6 OUT OF 10**

In terms of labor market opportunities for retirees, Virginia displayed two extremes and generated an average ranking. Virginia had the 6th lowest unemployment rate for older workers in 2012, at 3.5%, comparing favorably to the national average of 5.3%. Below-average median hourly wages for older workers in Virginia at \$14.31 drove down the labor score, however.

# VIRGINIA FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	6	6	6	5.4
Retirement Income Score	6	6	6	5.5
Retirement Plan Participation (Private Sector)	56.38%	51.66%	50.52%	46.0%
Average DC Account Balance	\$21,922	\$31,082	\$32,278	\$30,345
Marginal Tax Rate on Pension Income	4.53%	5.29%	5.31%	4.0%
Retiree Cost Score	5	5	6	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,438	\$1,546	\$1,641	\$1,745
Medicaid Payments for Older Beneficiaries	\$11,883	\$12,806	\$13,986	\$16,978
Older Households Paying 30% or More for Housing	26.8%	31.6%	32.4%	32.7%
Labor Market Score	8	6	6	5.6
Older Worker Unemployment Rate	1.4%	2.2%	3.5%	5.3%
Median Hourly Wage for Older Workers	\$13.84	\$13.95	\$14.31	\$14.76

Note: All dollar figures are in 2012 dollars.

### ABOUT THE FINANCIAL SECURITY SCORECARD

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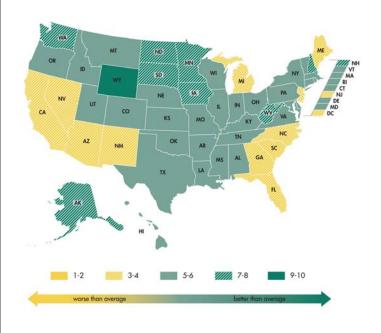
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Vermont Scores 5 out of 10





Vermont like every state faces challenges to the financial security of future retirees. The state's 5 out of 10 score on the Financial Security Scorecard means that the next generation has a relatively low potential for financial insecurity in retirement. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

With its average ranking, Vermont has an important role to play fashioning financial security as workers age. Although the state's labor market score indicated good employment opportunities for older workers, its retiree cost and future retiree income scores could use significant improvement. Workers need help to maintain their standard of living with an adequate income stream over their retirement years. Less than half of Vermont workers participate in a retirement plan at work. Those who have saved for retirement in defined contribution (DC) account have an average balance of just

\$19,768, the lowest in the nation. Workers have saved just over a third of the \$57,175 average annual earnings of working Vermonters in 2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older Vermonters living in poverty in the future may exceed the 2012 level of 7.5 percent.



# POTENTIAL FUTURE RETIREE INCOME SCORE: 4 OUT OF 10

The components of Vermont's retirement income score were mixed and yielded a below-average score. With 49 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, Vermont had the 15th highest coverage rate in the nation. However, the \$19,768 saved in the average DC account held by Vermont workers was the lowest in the nation, and far below the \$30,345 in retirement savings nationally. Vermont also had a relatively high 5.98 percent marginal tax rate on pension income.



# **MAJOR RETIREE COST SCORE: 4 OUT OF 10**

Vermont's retiree cost score was also a mixed bag, and also yielded a below-average score. Vermont had higher than average Medicare generosity, with an average cost-sharing liability of \$1,615 in out-of-pocket costs for enrollees. However, Medicaid generosity was the third poorest in the nation, with Medicaid payments of just \$9,870 per beneficiary. In addition, the state ranked 44th in housing costs, with 40 percent of older households in Vermont paying 30 percent or more of their income towards housing costs.



# **OLDER ADULT LABOR MARKET SCORE: 8 OUT OF 10**

In 2012, Vermont ranked well above average in its older adult labor market score. The state ranked 12th in the nation in both unemployment rate and labor market opportunities for older workers. Specifically, the unemployment rate for workers age 55 and older was 3.9 percent, versus 5.3 percent nationally, and the median wage for older workers was \$15.00 per hour, higher than the national average of \$14.76.

# VERMONT FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	5	4	5	5.4
Retirement Income Score	4	3	4	5.5
Retirement Plan Participation (Private Sector)	50.91%	50.52%	49.04%	46.0%
Average DC Account Balance	\$23,724	\$18,475	\$19,768	\$30,345
Marginal Tax Rate on Pension Income	6.28%	6.39%	5.98%	4.0%
Retiree Cost Score	4	4	4	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,334	\$1,537	\$1,615	\$1,745
Medicaid Payments for Older Beneficiaries	\$9,476	\$10,438	\$9,870	\$16,978
Older Households Paying 30% or More for Housing	33.2%	40.6%	40.2%	32.7%
Labor Market Score	8	6	8	5.6
Older Worker Unemployment Rate	1.3%	3.1%	3.9%	5.3%
Median Hourly Wage for Older Workers	\$13.39	\$15.06	\$15.00	\$14.76

Note: All dollar figures are in 2012 dollars.

### ABOUT THE FINANCIAL SECURITY SCORECARD

The Financial Security Scorecard measures three key areas of retirement security: potential future income, major retiree costs, and the labor market for older Americans. This Scorecard assesses Vermont relative to the other states on these dimensions of retirement security.

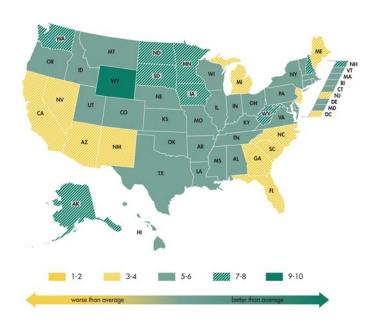
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Washington Scores 7 out of 10





Washington like every state faces challenges to the financial security of future retirees. The state's moderately high - 7 out of 10 - score on the Financial Security Scorecard means that the next generations have a lower potential for financial insecurity in retirement than most states. The scorecard considers: future income, key retiree costs, and labor markets for older workers. Washington has an important role to play in fashioning retirement security policies that help support workers as they age. Its above average scores indicate that the state has work to consider not only retirement income, but also retiree costs and employment opportunities.

While there is room for improvement in every category, Washington policy makers may particularly look to focus on lowering retiree costs and expanding retirement savings in order to meet future expenses. Less than half of Washington

workers participate in a retirement plan at work. Financial industry experts recommend that workers in their 40s should have 2-3 times salary in retirement savings, yet the \$35,344 average defined contribution (DC) account balance compares to just less than half of the \$71,332 average annual earnings of Washington workers. Increasing pension coverage and savings is important, otherwise the percentage of older individuals living in poverty in the future may exceed the 2012 level of 7.8 percent.



## POTENTIAL FUTURE RETIREE INCOME SCORE: 8 OUT OF 10

All the components of Washington's potential retirement income score were above-average. With no income tax, Washington held the top rank in comparing state marginal tax rates on pension income. Washington also ranked 10th in the nation on the \$35,344 value in the average DC account balance, based only on those who had retirement accounts in 2012. With nearly 48 percent of private sector employees participating in an employer-sponsored retirement plan, Washington in the top half of states regarding coverage although participation had declined from more than 51 percent in 2000.



### **MAJOR RETIREE COST SCORE: 5 OUT OF 10**

The housing cost burden for older households has been increasing in recent years, and 37.7 percent of older households spent 30 percent or more of their income on housing costs in 2012. Medicaid payments per older beneficiary of \$14,147 in Washington were less generous than other states. However, Washington ranked well in terms of Medicare out-of-pocket costs. Its Medicare enrollees had the 8th lowest health care cost of \$1,613 on average in 2012.



### **OLDER ADULT LABOR MARKET SCORE: 6 OUT OF 10**

Washington had mixed scores when measuring labor market opportunities for retirees. The \$17.50 median hourly wage for older workers in 2012 was the second highest in the nation. However, offsetting this income level was Washington's high unemployment rate for older workers—6.8 % in 2012—which was above the national average of 5.3 %.

# WASHINGTON FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	6	7	7	5.4
Retirement Income Score	8	9	8	5.5
Retirement Plan Participation (Private Sector)	51.14%	52.09%	47.76%	46.0%
Average DC Account Balance	\$32,394	\$31,821	\$35,344	\$30,345
Marginal Tax Rate on Pension Income	0%	0%	0%	4.0%
Retiree Cost Score	5	6	5	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,324	\$1,514	\$1,613	\$1,745
Medicaid Payments for Older Beneficiaries	\$12,415	\$14,096	\$14,147	\$16,978
Older Households Paying 30% or More for Housing	31.6%	35.3%	37.7%	32.7%
Labor Market Score	5	6	5	5.6
Older Worker Unemployment Rate	4.3%	3.9%	8.5%	5.3%
Median Hourly Wage for Older Workers	\$15.40	\$17.50	\$17.50	\$14.76

Note: All dollar figures are in 2012 dollars.

### ABOUT THE FINANCIAL SECURITY SCORECARD

The Financial Security Scorecard measures three key areas of retirement security: potential future income, major retiree costs, and the labor market for older Americans. This Scorecard assesses Washington relative to the other states on these dimensions of retirement security.

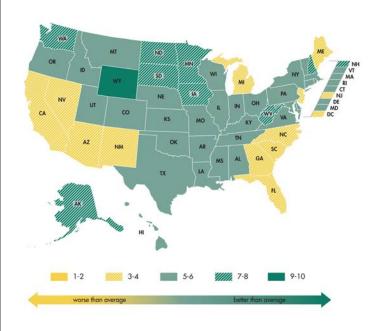
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plans. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Wisconsin Scores 6 out of 10





Wisconsin like every state faces challenges to the financial security of future retirees. The state's above average - 6 out of 10- score on the Financial Security Scorecard means that the next generations have a somewhat lower potential for financial insecurity in retirement than in many other states. The scorecard considers: future income, key retiree costs, and labor markets for older workers. Wisconsin has an important role to play in fashioning policies to promote retirement security as workers age. Its scores suggest that retirees face higher cost while being somewhat better prepared to generate retirement income and having better employment opportunities.

With key retiree expenses receiving lower scores, Wisconsin policy makers may want particularly look to focus on improving Medicaid for older individuals while also expanding retirement savings opportunities to help

workers meet the higher retirement expenses. More than half of Wisconsin workers participate in a retirement plan at work but coverage has declined since 2000. Financial industry experts recommend that workers in their 40s have 2-3 times their salary in retirement savings, yet the \$45,461 average defined contribution (DC) account balance, based only one workers with accounts less than one times the average annual earnings of \$60,913 for Wisconsin workers. Increasing pension coverage and savings is important; otherwise the percentage of older individuals living in poverty may exceed the 2012 level of 7.5 percent.



### POTENTIAL FUTURE RETIREE INCOME SCORE: 7 OUT OF 10

Wisconsin retirement income score blends the \$45,461 average DC account balance held by individuals with retirement savings – the highest in the country -- with high participation rates in employer-sponsored retirement plans. Having 53 percent of private sector employees covered by a retirement plan placed Wisconsin fourth highest in retirement coverage. However, the state's 6.7% marginal tax rate on pension income is among the top tax rates in the country.



# **MAJOR RETIREE COST SCORE: 4 OUT OF 10**

The cost of living for retirees in Wisconsin is relatively higher than in other states. While Medicare cost sharing was low at \$1,662 average expense for out-of-pocket costs, Wisconsin spent on average \$13,130 per older Medicaid beneficiary, placing the state among the least generous states regarding Medicaid. Its housing cost burden for older households in Wisconsin was higher than most other states, with 35.6 percent of older households paying 30% or more of income for housing.



## **OLDER ADULT LABOR MARKET SCORE: 7 OUT OF 10**

In terms of labor market opportunities for retirees, Wisconsin's mixed results come out above average. The state received an above-average score for it median hourly wages for older workers of \$15.25 in 2012; it paid the 11th highest median wage in the nation. With 5.4 % of older workers unemployed, however, Wisconsin's unemployment rate was barely higher than the national average of 5.3%.

# WISCONSIN'S FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	7	6	6	5.4
Retirement Income Score	7	7	7	5.5
Retirement Plan Participation (Private Sector)	59.20%	57.72%	52.79%	46.0%
Average DC Account Balance	\$28,560	\$38,723	\$45,641	\$30,345
Marginal Tax Rate on Pension Income	6.92%	6.93%	6.69%	4.0%
Retiree Cost Score	7	3	4	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,322	\$1,590	\$1,662	\$1,745
Medicaid Payments for Older Beneficiaries	\$20,825	\$10,400	\$13,130	\$16,978
Older Households Paying 30% or More for Housing	28.5%	36.2%	35.6%	32.7%
Labor Market Score	7	8	7	5.6
Older Worker Unemployment Rate	2.1%	2.6%	5.4%	5.3%
Median Hourly Wage for Older Workers	\$13.86	\$15.62	\$15.25	\$14.76

Note: All dollar figures are in 2012 dollars.

### ABOUT THE FINANCIAL SECURITY SCORECARD

The Financial Security Scorecard measures three key areas of retirement security: potential future income, major retiree costs, and the labor market for older Americans. This Scorecard assesses Wisconsin relative to the other states on these dimensions of retirement security.

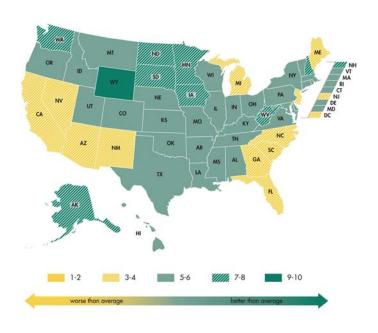
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: West Virginia Scores 7 out of 10





West Virginia like every state faces challenges to the financial security of future retirees. The state's 7 out of 10 score on the Financial Security Scorecard means that the next generation has a lower potential for financial insecurity in retirement than counterparts in many other states; however, there is still room for improvement. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

Even with its relatively high ranking, West Virginia still has an important role to play fashioning financial security as workers age. Workers need help to maintain their standard of living with an adequate income stream over their retirement years. Nearly one-half of West Virginia workers do not participate in a retirement plan at work. Those who have saved for retirement in defined contribution (DC) account have an average balance of

\$35,178; this means that workers have saved far less than even one-times the \$54,170 average annual earnings of working West Virginians in 2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older West Virginians living in poverty in the future may exceed the 2012 level of 8.8 percent.



## POTENTIAL FUTURE RETIREE INCOME SCORE: 7 OUT OF 10

The components of West Virginia's retiree income score were mixed and yielded an above-average score. With 52 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, West Virginia had the 7th highest coverage rate in the nation. Also, the \$35,178 saved in the average DC account held by West Virginians was above \$30,345 in retirement savings nationally, ranking the state 11th in the nation in this regard. However, West Virginia had a relatively high 6.23 percent marginal tax rate on pension income.



### **MAJOR RETIREE COST SCORE: 7 OUT OF 10**

West Virginia also received an above-average score in terms of major retiree costs. The state ranked first in the nation in terms of its housing cost burden for older households, with just 20 percent of older households paying 30 percent or more of their income towards housing costs. West Virginia ranked slightly above average in Medicaid generosity with average payments of \$17,722 for older beneficiaries. On the other hand, the state ranked a bit poorly in Medicare generosity, with an average cost-sharing liability of \$1,728 in out-of-pocket costs for enrollees.



### **OLDER ADULT LABOR MARKET SCORE: 9 OUT OF 10**

West Virginia was one of three states to receive the highest score in terms of older adult labor market opportunities. The state had a high median wage for older workers at \$15.00 per hour, as compared with \$14.76 nationally. West Virginia also had a low unemployment rate for older workers, at 3.6 percent, versus 5.3 percent nationally.

# WEST VIRGINIA FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	5	8	7	5.4
Retirement Income Score	3	7	7	5.5
Retirement Plan Participation (Private Sector)	51.33%	52.44%	51.91%	46.0%
Average DC Account Balance	\$17,063	\$32,679	\$35,178	\$30,345
Marginal Tax Rate on Pension Income	5.48%	5.97%	6.23%	4.0%
Retiree Cost Score	8	8	7	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,395	\$1,499	\$1,728	\$1,745
Medicaid Payments for Older Beneficiaries	\$16,439	\$16,063	\$17,722	\$16,978
Older Households Paying 30% or More for Housing	20.9%	19.5%	20.1%	32.7%
Labor Market Score	2	8	9	5.6
Older Worker Unemployment Rate	3.8%	2.2%	3.6%	5.3%
Median Hourly Wage for Older Workers	\$12.78	\$15.06	\$15.00	\$14.76

Note: All dollar figures are in 2012 dollars.

### ABOUT THE FINANCIAL SECURITY SCORECARD

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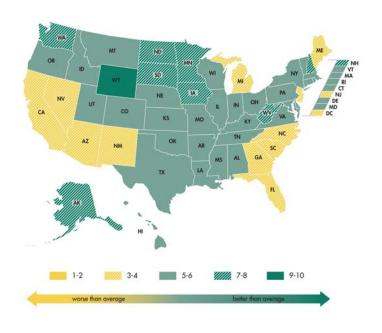
Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plans. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.



# Financial Security for Future Retirees: Wyoming Scores 9 out of 10





Wyoming like every state faces challenges to the financial security of future retirees. The state's 9 out of 10 score on the Financial Security Scorecard means that the next generation has a much lower potential for financial insecurity in retirement than counterparts in other states; however, there is still room for improvement. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

Even with its highest ranking in 2012, Wyoming still has an important role to play fashioning financial security as workers age. Each of its retiree scores were at the top; however, workers need help to maintain their standard of living with an adequate income stream over their retirement years. Less than one-half of Wyoming workers participate in a retirement plan at work. Those who have saved for retirement in defined contribution (DC) account

have an average balance of \$33,552; this means that workers have saved only about half of the \$64,499 average annual earnings of Wyoming workers in 2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older Wyoming residents living in poverty in the future may exceed the 2012 level of 4.8 percent.



# POTENTIAL FUTURE RETIREE INCOME SCORE: 8 OUT OF 10

Each of the components of Wyoming's retirement income score yielded an above-average score. With 49 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, Wyoming had the 18th highest coverage rate in the nation. However, since 2000 the percent of workers covered in a retirement plan has dropped from 52 percent. The \$33,552 saved in the average DC account held by Wyoming workers was above \$30,345 in retirement savings nationally, ranking the state 13th in the nation in this regard. Wyoming also had a 0.0 percent marginal tax rate on pension income.



# **MAJOR RETIREE COST SCORE: 9 OUT OF 10**

The components of Wyoming's retiree cost score all yielded an above average score. The state ranked second in the nation in terms of Medicaid generosity with average payments of \$27,781 for older beneficiaries. The state also ranked second in the nation in terms of its housing cost burden for older households, with just 23 percent of older households paying 30 percent or more of their income towards housing costs. Rounding out its cost score, Wyoming ranked 14th in the nation in Medicare generosity, with an average cost-sharing liability of \$1,643 in out-of-pocket costs for enrollees.



## **OLDER ADULT LABOR MARKET SCORE: 8 OUT OF 10**

Wyoming ranked highly in terms of older adult labor market opportunities. The state had a relatively high median wage for older workers at \$15.00 per hour, as compared with \$14.76 nationally. The state also had a relatively low unemployment rate for older workers, at 3.7 percent, versus 5.3 percent nationally.

# WYOMING FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	8	8	9	5.4
Retirement Income Score	8	7	8	5.5
Retirement Plan Participation (Private Sector)	51.72%	49.24%	48.75%	46.0%
Average DC Account Balance	\$28,978	\$28,749	\$33,552	\$30,345
Marginal Tax Rate on Pension Income	0.00%	0.00%	0.00%	4.0%
Retiree Cost Score	8	9	9	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,380	\$1,507	\$1,643	\$1,745
Medicaid Payments for Older Beneficiaries	\$18,429	\$23,912	\$27,781	\$16,978
Older Households Paying 30% or More for Housing	20.5%	19.9%	23.4%	32.7%
Labor Market Score	6	7	8	5.6
Older Worker Unemployment Rate	1.9%	1.7%	3.7%	5.3%
Median Hourly Wage for Older Workers	\$13.06	\$13.67	\$15.00	\$14.76

Note: All dollar figures are in 2012 dollars.

### ABOUT THE FINANCIAL SECURITY SCORECARD

The Financial Security Scorecard measures three key areas of retirement security: potential future income, major retiree costs, and the labor market for older Americans. This Scorecard assesses Wyoming relative to the other states on these dimensions of retirement security.

Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

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