NIRS Annual Retirement Policy Conference Presentation:
Commission on Retirement Security and Personal Savings

February 2017

Full Recommendations Available at:
bipartisanpolicy.org/retirement-security
SIX MAJOR RECOMMENDATIONS FOR RETIREMENT SECURITY AND PERSONAL SAVINGS

• Improve Access to Workplace Retirement Savings Plans
• Promote Personal Savings for Short-Term Needs and Preserve Retirement Savings for Older Age
• Facilitate Lifetime-Income Options to Make Savings Last in Retirement
• Facilitate the Use of Home Equity for Retirement Consumption
• Improve Financial Capability Among All Americans
• Strengthen Social Security’s Finances and Modernize the Program
COMMISSION’S PROPOSALS SIGNIFICANTLY DECREASE ELDERLY POVERTY

Projected Poverty Rate for Individuals Aged 62 and Older Under Commission’s Proposals

- 2015: 9%
- 2025: 6%
- 2035: 5%
- 2045: 5%
- 2055: 4%
- 2065: 3%
**Today**: Less than half of private-sector workers participate in a retirement savings plan

- **Don't Have Access**: 34%
- **Have Access but Don't Contribute**: 17%
- **Have Access and Contribute**: 49%
# Participation Rates by Plan Design and Income

<table>
<thead>
<tr>
<th>Income</th>
<th>Voluntary Enrollment</th>
<th>Automatic Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; $30,000</td>
<td>32%</td>
<td>83%</td>
</tr>
<tr>
<td>$30,000 - $49,999</td>
<td>55%</td>
<td>89%</td>
</tr>
<tr>
<td>$50,000 - $74,999</td>
<td>62%</td>
<td>92%</td>
</tr>
<tr>
<td>$75,000 - $99,999</td>
<td>69%</td>
<td>95%</td>
</tr>
<tr>
<td>&gt; $100,000</td>
<td>85%</td>
<td>97%</td>
</tr>
</tbody>
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**BPC’s Recommendations** would increase access to retirement savings plans for tens of millions of Americans who lack access today; auto-enrollment through payroll deduction and other provisions would help them maintain and grow these savings; and recommendations on reverse mortgages, lifetime income would help to ensure it lasts, paving the way to a more secure retirement.
Note: Retirement savings include savings in defined contribution plans, such as 401(k) plans, IRAs, and Keogh plans, which are available to self-employed individuals. Population is segmented based on lifetime earnings. Figure is presented on a per-capita basis.

Source: The Urban Institute -- DYNASIM3
The scheduled-benefits scenario assumes that benefits are paid out of the general treasury according to the existing benefit formula despite insufficient Social Security revenues. The payable-benefits scenario assumes that benefits are limited to levels that can be financed with existing, dedicated Social Security revenues after the exhaustion of the trust funds.

Source: The Urban Institute -- DYNASIM3
SOCIAL SECURITY MODERNIZATION REDUCES OLD-AGE POVERTY RATE BY ONE-THIRD OVER 20 YEARS

Note: The scheduled-benefits scenario assumes that benefits are paid out of the general treasury according to the existing benefit formula despite insufficient Social Security revenues. The payable-benefits scenario assumes that benefits are limited to levels that can be financed with existing, dedicated Social Security revenues after the exhaustion of the trust funds.

Source: The Urban Institute -- DYNASIM3
Minimum-Coverage Standard and Social Security Proposals Help Middle- and Lower-Earners

Disposable Income for Americans Aged 62 and Older (2065)

<table>
<thead>
<tr>
<th>Position in the Lifetime-Earnings Distribution</th>
<th>Average Disposable Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bottom Earning Quintile</td>
<td>$0</td>
</tr>
<tr>
<td>2nd Quintile</td>
<td>$10,000</td>
</tr>
<tr>
<td>Middle Quintile</td>
<td>$20,000</td>
</tr>
<tr>
<td>4th Quintile</td>
<td>$30,000</td>
</tr>
<tr>
<td>Top Earning Quintile</td>
<td>$100,000</td>
</tr>
</tbody>
</table>

- **Payable-Benefits Scenario** (Payable with Existing Revenues)
- **Commission Package** (Fully Financed)
- **Scheduled-Benefits Scenario** (Not Payable with Existing Revenues)

*Note: Disposable income includes cash income from all sources, such as Social Security benefits and retirement account withdrawals, after subtracting taxes and Medicare premiums. Disposable income does not include cash equivalents from in-kind benefit programs, such as SNAP. Population is segmented based on lifetime earnings. Figure is presented on a per-capita basis.*

*Source: The Urban Institute -- DYNASIM3*