Pensions&Investments

THE INTERNATIONAL NEWSPAPER OF MONEY MANAGEMENT

EBRI: Retirement savings gap stands at $4.13 trillion

The Employee Benefit Research Institute published updated figures Tuesday examining the retirement savings gap. They note that the aggregate national retirement savings gap is currently $4.13 trillion for all U.S. households, whose head of household is between 24 and 64 years old. Among those closest to retirement, deficits vary from $19,304 for married couples to $62,734 for single women.

Source: Pensions & Investments, February 17, 2015

Choosing the Right Path

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Institutional Investor

U.K.'s Pension NEST Is Off to a Promising Start!

You have to say this about the brits: In the face of past failures and major challenges in turning all of the nation's employees into savers, the country that kept calm and carried on during World War II is making real progress with its new auto-enrollment pensions initiative. As policymakers and advocates in the U.S. struggle to provide universal retirement benefits, there are lessons to be learned from our brethren across the pond.

National Framework

Auto-Enroll All Private Sector Workers Into a DC Plan

Auto Escalation and Default Investments
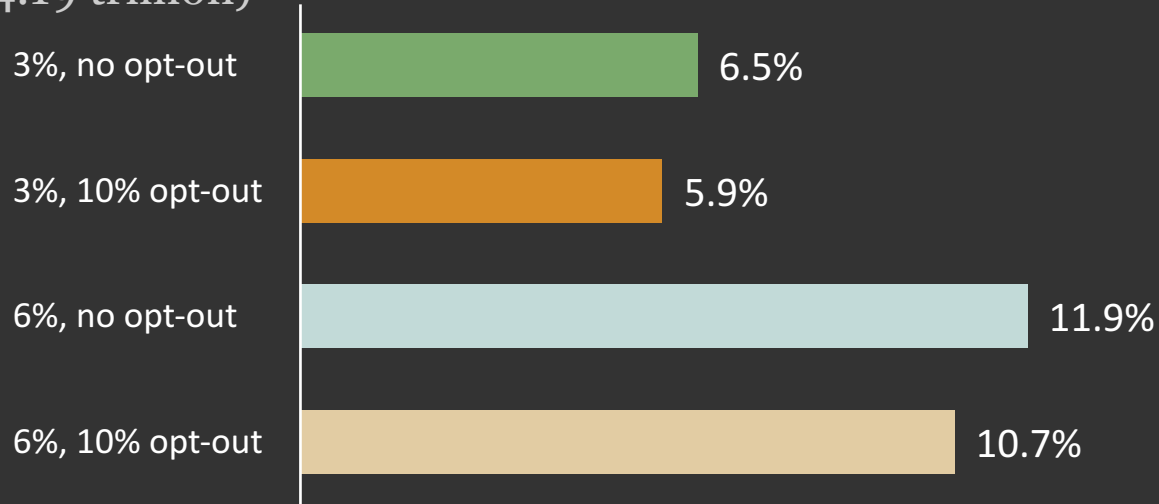
Tax Credits For Small Employers

Eliminate Barriers To Open Multiple Employer Plans

How Does Our Plan Stack Up?

EBRI: Impact of Modifying Coverage — Auto IRAs

Reduction in Retirement Savings Shortfalls for Various Scenarios
(Baseline = $4.19 trillion)

Scenario	Reduction
3%, no opt-out	6.5%
3%, 10% opt-out	5.9%
6%, no opt-out	11.9%
6%, 10% opt-out	10.7%

Source: EBRI.
- Retirement Savings Shortfalls (RSS) represent the present value (at age 65) of all simulated deficits in retirement for households where the head of household is 35–64.
- Assumptions for auto IRA scenario: All employers (regardless of size) are required to provide DB/DC or Auto IRA, no erosion from DC to Auto IRA, Husband's employer size is used to categorize employer size for married HH , 100% autocorrelation for employer size.
- For additional detail, see: VanDerhei, Jack, "Auto-IRAs: How Much Would They Increase the Probability of 'Successful' Retirements and Decrease Retirement Deficits? Preliminary Evidence from EBRI's Retirement Security Projection Model®", June 2015.

For illustrative purposes only.

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EBRI: Impact of Modifying Coverage – SSGA Plan

Reduction in Retirement Savings Shortfalls for Various Scenarios
(Baseline = $4.19 trillion)

Scenario	Reduction
No opt-out	17.7%
10% opt-out	16.1%
25% opt-out	13.6%

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EBRI: Impact of Modifying Coverage – SSGA Plan

Reduction in Retirement Savings Shortfalls for Various Scenarios by Age
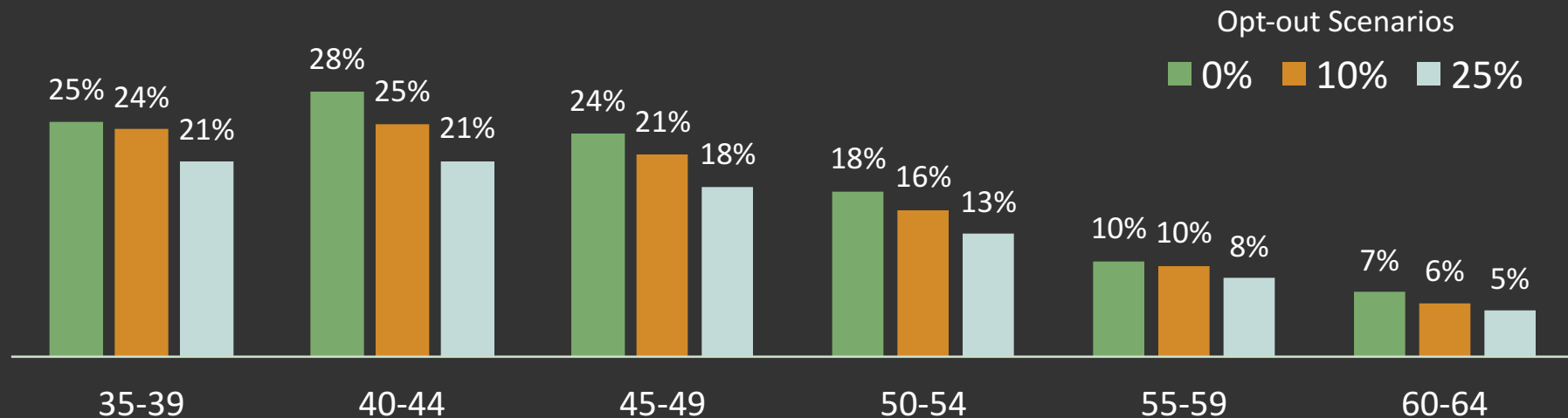(Baseline = $4.19 trillion)

Opt-out Scenarios
- 0%
- 10%
- 25%

Age	0%	10%	25%
35-39	25%	24%	21%
40-44	28%	25%	21%
45-49	24%	21%	18%
50-54	18%	16%	13%
55-59	10%	10%	8%
60-64	7%	6%	5%

Source: EBRI Retirement Security Projection Model® Version 2590
- Retirement Savings Shortfalls (RSS) represent the present value (at age 65) of all simulated deficits in retirement for households where the head of household is 35–64.
- For additional detail, see: Jack VanDerhei, Retirement Savings Shortfalls: Evidence from EBRI's Retirement Security Projection Model®, February 2015.
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Important Disclosures

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