



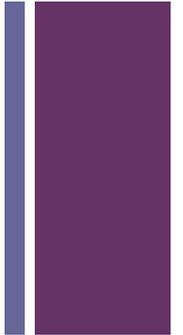
Domestic Workers and Retirement Security

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Domestic Workers as Case Study of Nonstandard Workers



- Nannies, housecleaners, or other kinds of caregivers in private homes
- Work can be piecemeal; because workers may be employed by families, they are even less likely than other nonstandard workers to have access to benefit programs and other workplace supports
- Overwhelmingly female, largely immigrant, and many from ethnic or racial minority groups
- As of 2014, 45 percent of private household workers were immigrants, and 22 percent were undocumented (Pew Research Center)
- Domestic workers are also largely low-income:
 - In a survey of more than one thousand domestic workers, researchers found that **23 percent of the workers** (and **67 percent of live-in workers**) were paid less than their state minimum wage, and **70 percent were paid less than \$13 an hour** (Burnham and Theodore 2012).



Domestic Workers and Retirement



- Less than 2 percent of domestic workers had access to a retirement plan through work (Burnham and Theodore 2012).
- A study of Filipino elderly caregivers in Los Angeles found that the average caregiver for the elderly was fairly old herself (57.5 years of age); while the majority wanted to stop working between the ages of 65 to 75, most had no concrete retirement plans (Nazareno et al. 2014).
- Many domestic workers paid “under the table”
 - Less than 9 percent of the workers in the 2012 survey worked for employers who contributed to Social Security.
- Reflection of broader trends for low-income people, women, and minorities



Low Income Workers Can Save For Retirement



- **Women's Institute for a Secure Retirement (WISER) experiment**
 - Series I savings bonds, with a 50 percent match provided by WISER
 - Participants put aside \$767 in savings on their own, and \$383 in match savings over the course of the program, for a total of \$1,150—5.5 percent of their average annual incomes.

- **Duflo et al. NBER Working paper (2005)**
 - Large randomized experiment through H&R Block in St. Louis
 - Some offices provided clients a 20 percent match to IRA contributions; some 50 percent; and some zero
 - 50 percent match group had a 14 percent take up rate (compared to 3 percent for the control group and 8 percent for the 20 percent match group)
 - Average IRA contributions were seven times higher in the 50 percent match group than in the control group (and four times higher for the 20 percent match group than the control), not including the matches themselves.



Retirement Savings Options for Domestic Workers



1. **Workers Who Pay Taxes**
2. **Workers Who Do Not Pay Taxes**



Retirement Savings Options for Domestic Workers



1. Workers Who Pay Taxes

- Series I Savings Bonds
- Private Sector IRAs (including SEP IRAs), plus Saver's Credit
 - Roboadviser investments in IRAs
- Multiple Employer Plans (MEPs)

Previously: MyRA

Other options: Social Security (largely not accessible to undocumented workers)



Retirement Savings Options for Domestic Workers



1. Workers Who Do Not Pay Taxes

- Get an ITIN and a bank account (opens up more options)
- Lending circles to get money for a specific purchase (e.g., a down payment on a house that is also meant to serve as a retirement asset)
- Take advantage of exchange rates and retire someplace where money goes further
 - Financial programs, including remittance-backed products, that make it easier to retire in countries of origin