

California Workers without Access to Retirement Plans

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Overview of California Private Sector Retirement Gap

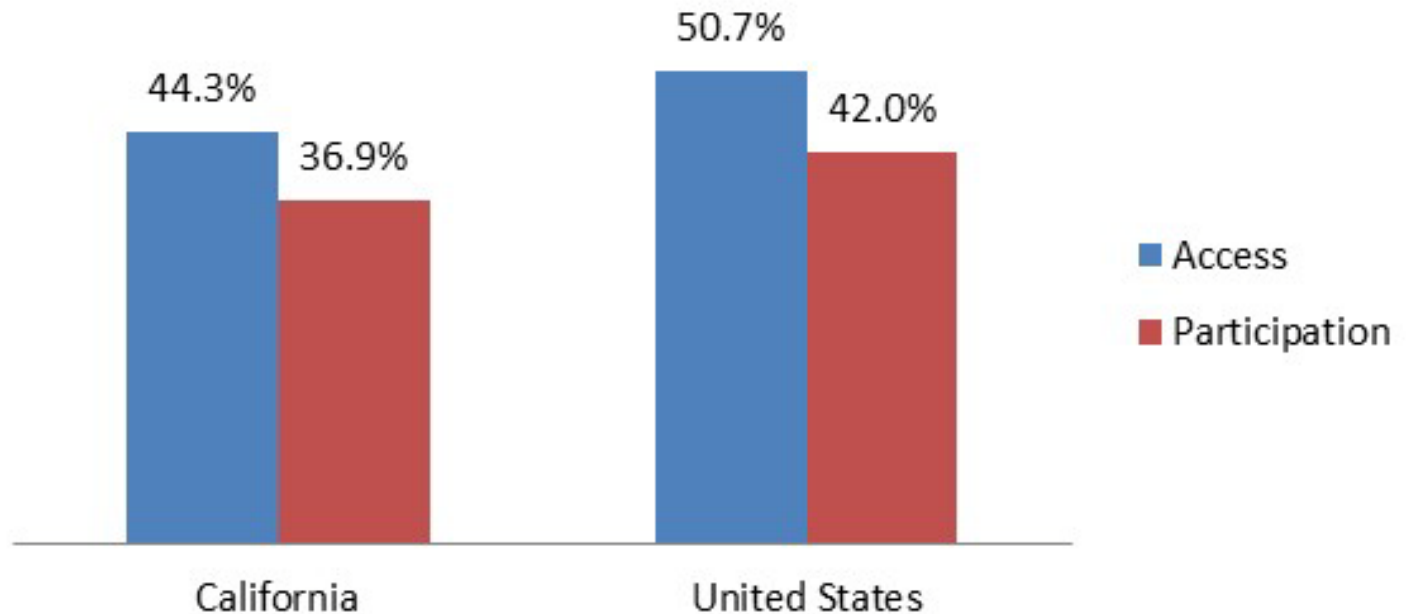
Workplace retirement plan coverage rates

Profile of private sector working population
without access to employer-sponsored
retirement plans

Retirement income projection model

CA workplace retirement plan coverage significantly worse than US average

**Private Workplace Retirement Plan Coverage
2010-2012**

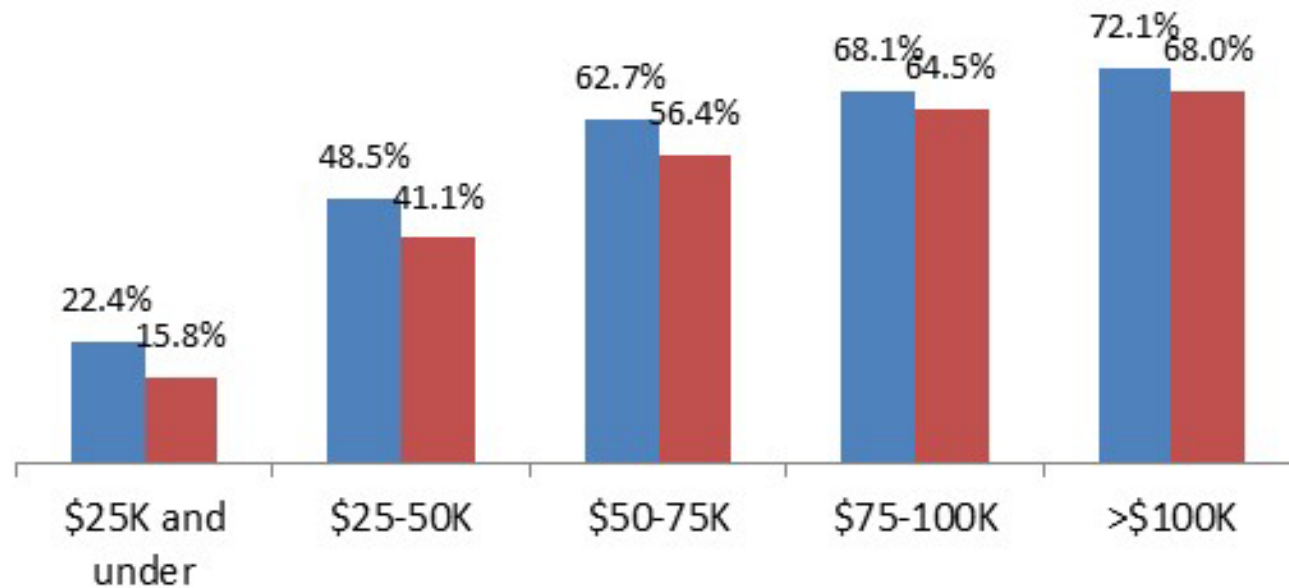


Source: Analysis of CPS ASEC. Universe is private sector wage & salary and self-employed/incorporated workers age 25-64.



Only 1 out of 5 full-time low-wage workers have access

**Private Workplace Retirement Plan Coverage
among Full-Time, Year-Round Workers
by Annual Earnings
California, 2010-2012**

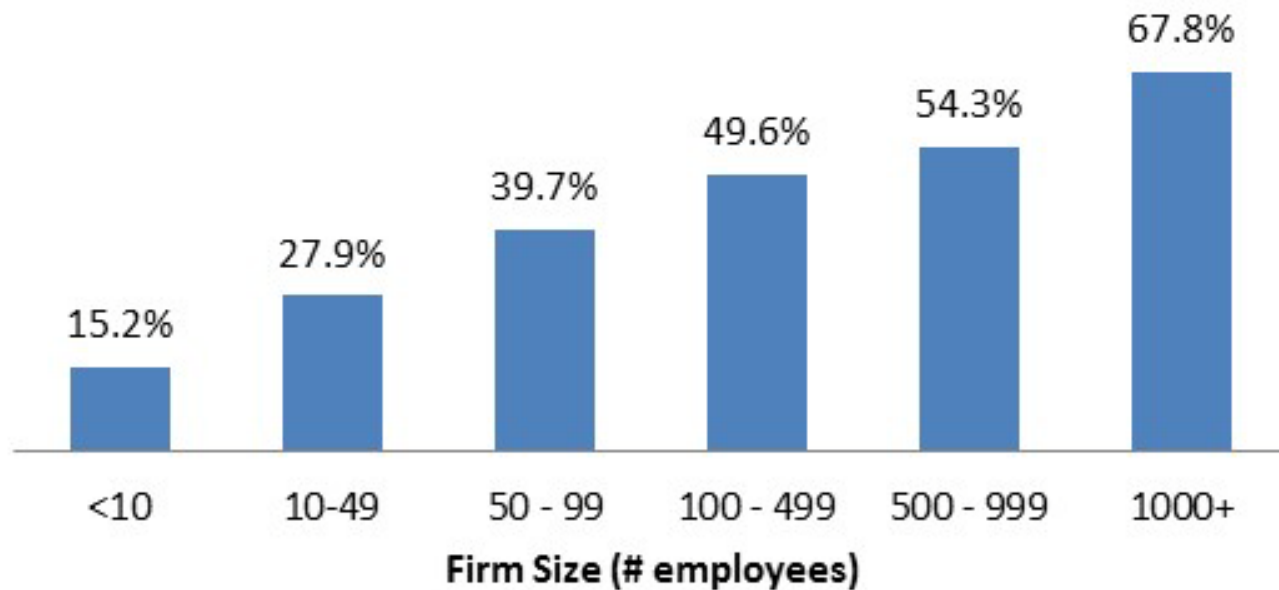


Source: Analysis of CPS ASEC. Universe is private sector wage & salary and self-employed/incorporated workers age 25-64 who worked full-time for at least 50 weeks in reference year.



Poorest access in small business sector

**Private Workplace Retirement Plan Access
by Firm Size
California, 2010-2012**

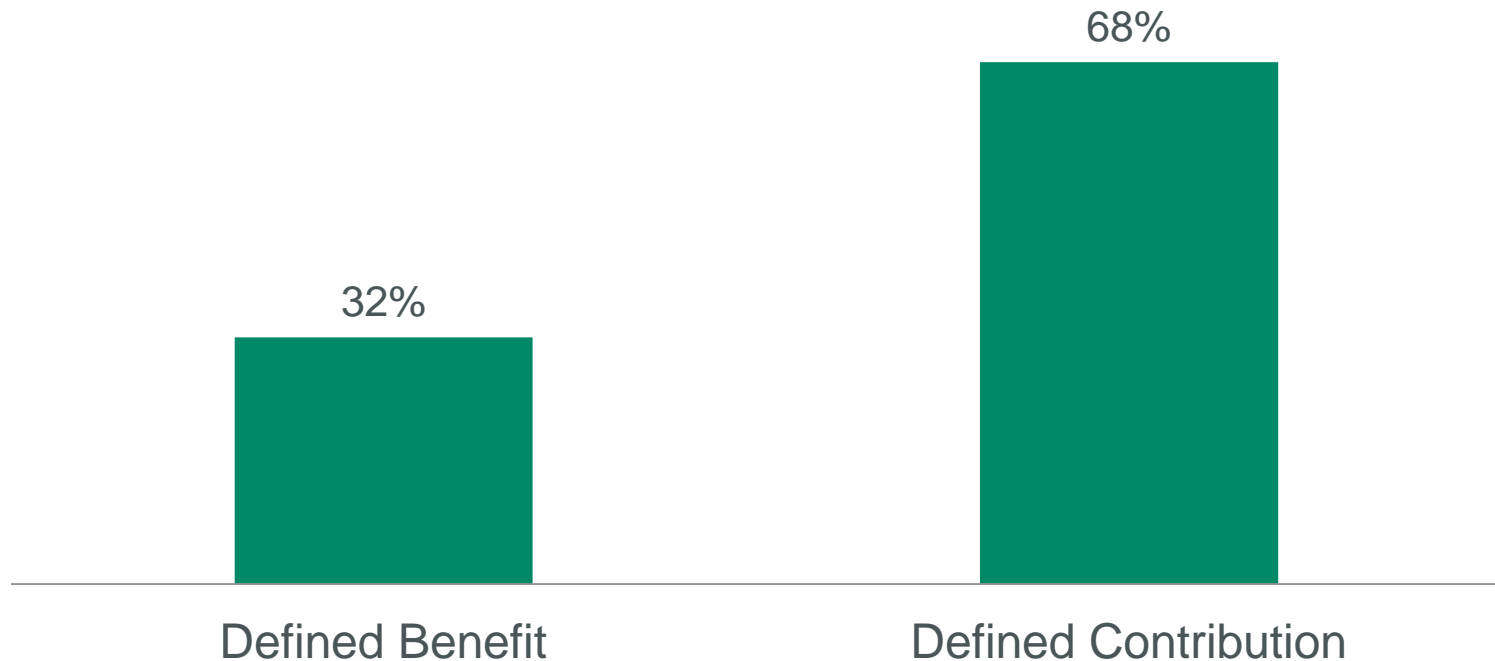


Source: Analysis of CPS ASEC. Universe is private sector wage & salary and self-employed/incorporated workers age 25-64.

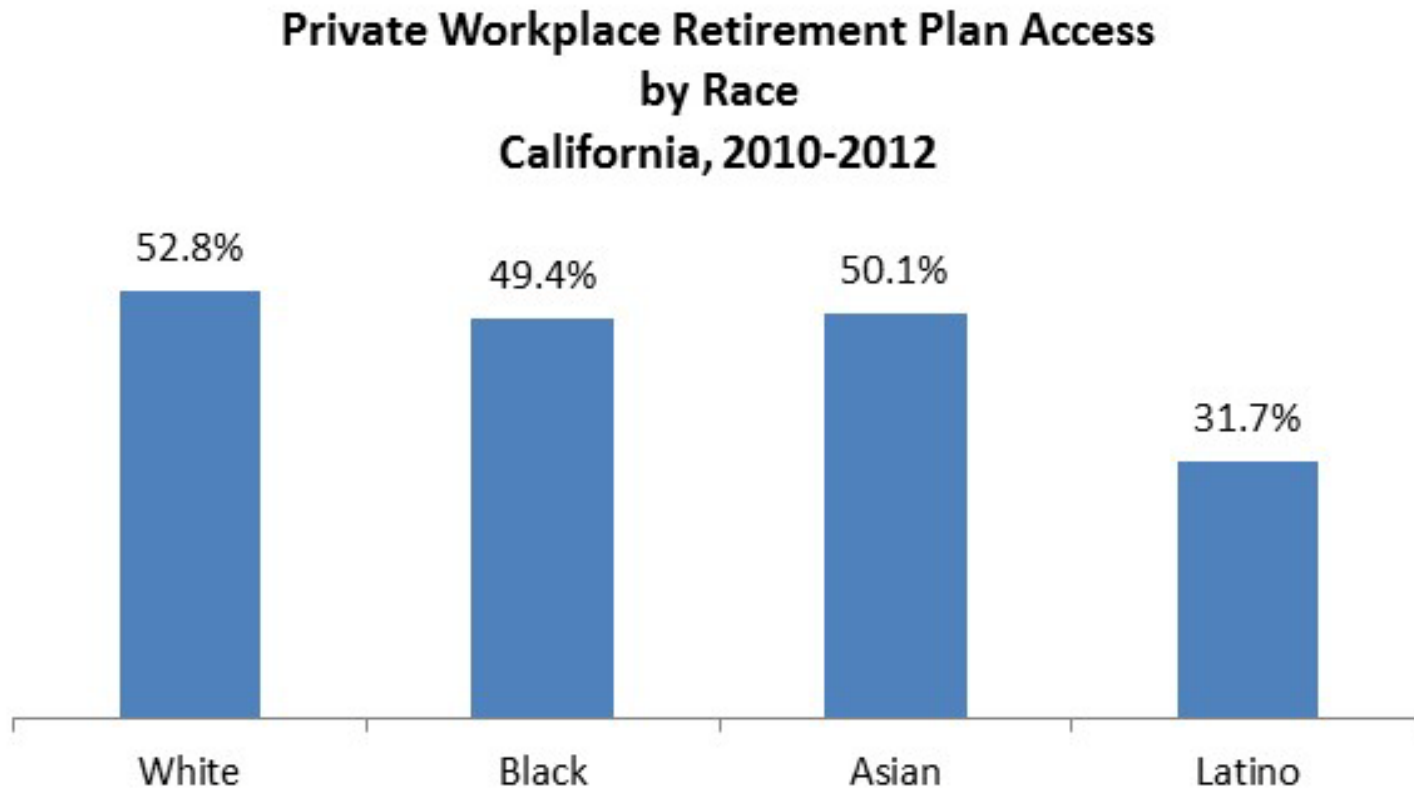


Few private sector workers in CA have a DB pension

Retirement Plan Type among Participating Private Sector Workers, CA, 2009



Latinos lag far behind other racial/ethnic groups



Source: Analysis of CPS ASEC. Universe is private sector wage & salary and self-employed/incorporated workers age 25-64.



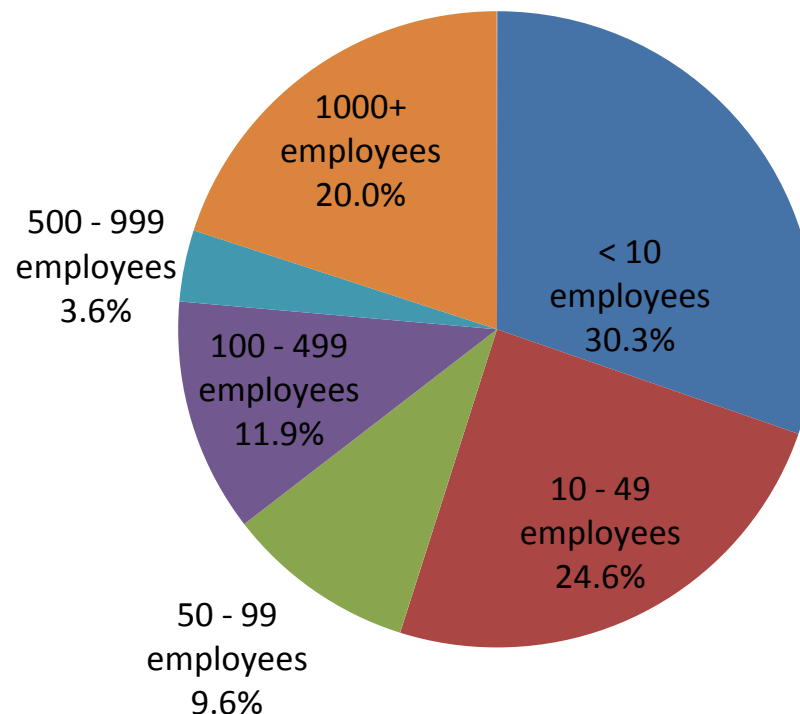
California Private Workplace Retirement Plan Coverage Gap

- **6.4 million** people in CA work for private employers who don't offer a retirement plan.
- **7.2 million** private sector workers do not participate in a plan.
- Large majority of **small business** and **low wage workers** lack access.
- **Workers of color** make up disproportionate majority of those without access.



65% of private sector workers without access work in businesses with <100 employees

**Firm Size Distribution of Private Sector Workers Who Lack Access to a Workplace Retirement Plan
CA, 2010-2012**

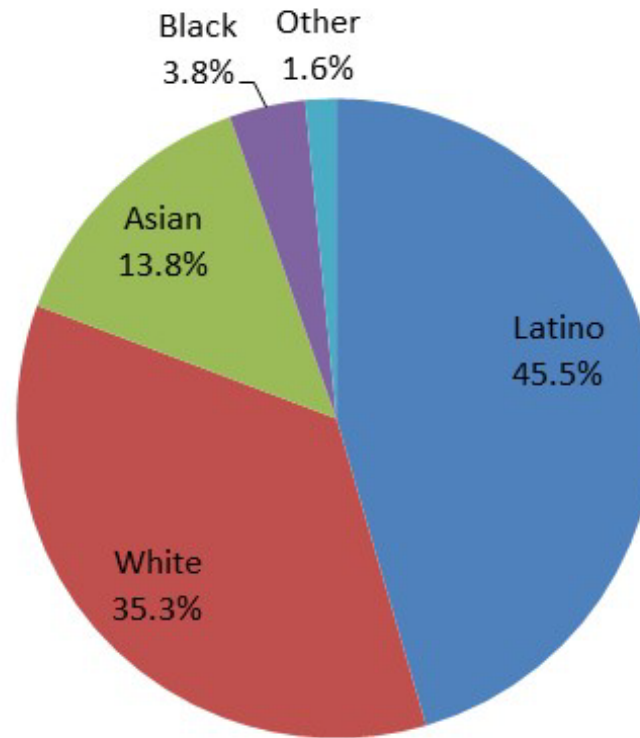


Source: Analysis of CPS ASEC. Universe is private sector wage & salary and self-employed/incorporated workers age 25-64 without access to a workplace retirement plan.



65% of those without access are workers of color

**Race Distribution of Private Sector Workers Who Lack Access to a Workplace Retirement Plan
California 2010-2012**



Source: Analysis of CPS ASEC. Universe is private sector wage & salary and self-employed/incorporated workers age 25-64 who lack access to a workplace retirement plan.



Retirement income projections model*

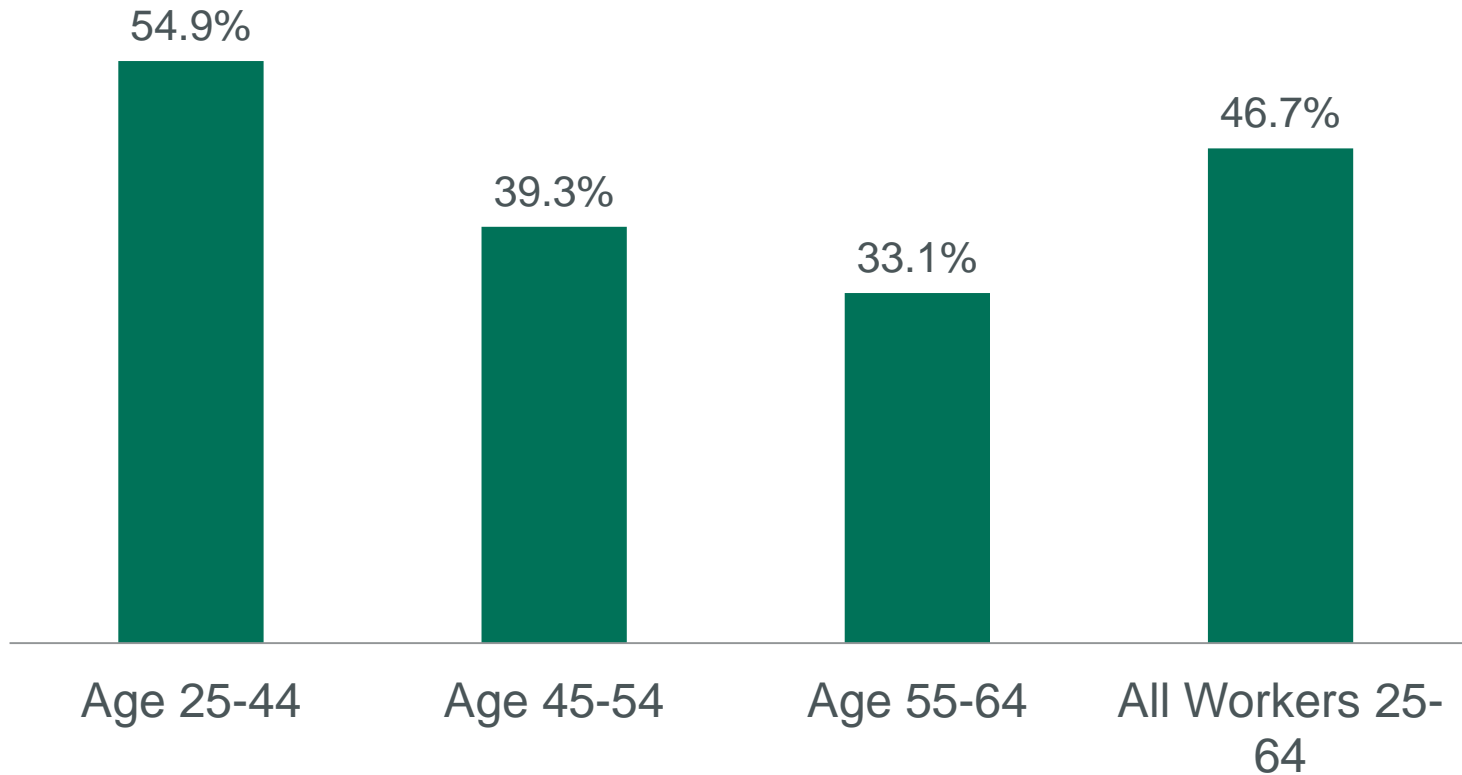
- Designed by T. Ghilarducci et al. @ Schwartz Center/New School
- Input: data on earnings, pension coverage, and assets from Survey on Income & Program Participation
- Estimate Social Security, pension, and other income available in retirement for each worker, assuming retirement age of 65
- Does projected income meet minimum living standard (200% of Federal Poverty Level)?

* California model results published in Allegretto, Rhee, Saad-Lessler & Schmitz, 2011.



Nearly half of CA workers headed for economic hardship in retirement

Percentage of CA Workers Projected to Retire with Incomes below 200% Poverty Level, 2009

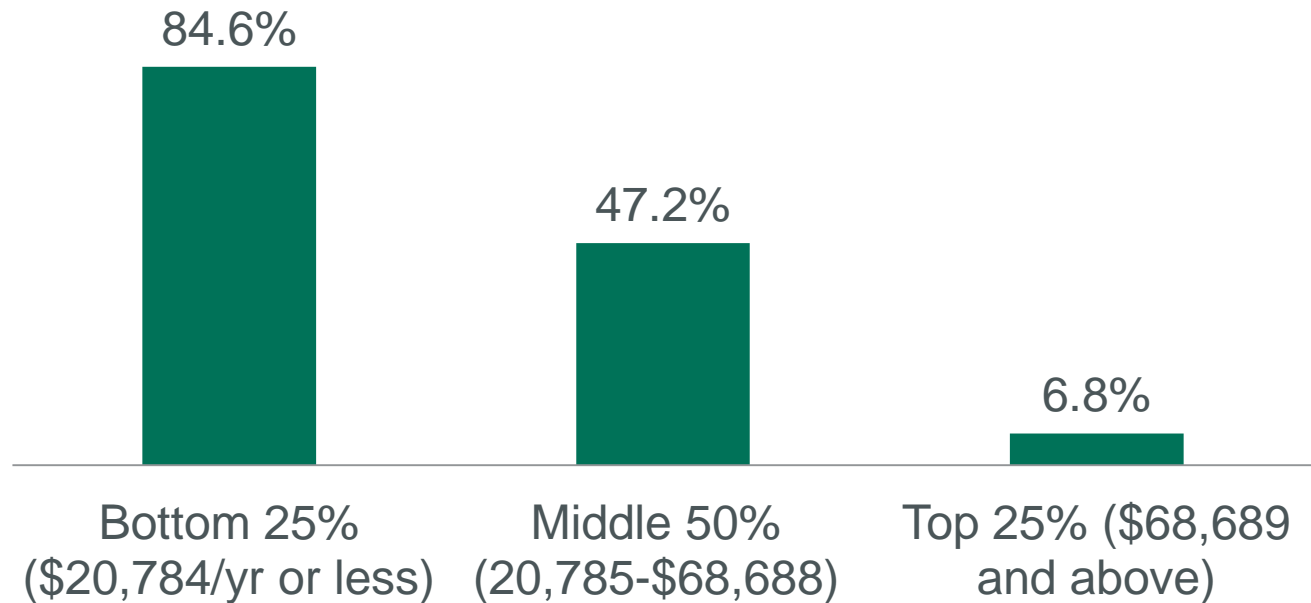


Source: Allegretto, Rhee, Saad-Lessler & Schmitz, 2011. Universe is all civilian workers.



Both low and middle income groups are in trouble

CA Workers Projected to Retire with Incomes below 200% Poverty Level, by Income Bracket, 2009



Source: Allegretto, Rhee, Saad-Lessler & Schmitz, 2011. Universe is all civilian workers age 25-64.



Summary

- CA lags nation in workplace retirement plan access, with only 44% of private sector workers in jobs that offer a plan.
- 6.4 million workers lack access – mostly low-wage, small businesses, workers of color (esp. Latinos).
- Nearly half of CA workers at risk of economic hardship in retirement, each generation poorer than the last.



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