



Saving for Retirement– In Addition to Social Security

Some Background Statistics

Session III-B

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- **Percentage of US households 'at risk' of not being able to maintain their pre-retirement standard of living upon retirement:**

53%

Source: Boston College Center for Retirement Research, National Retirement Risk Index, 2010 data

- **Percentage of US households with a retirement account (IRA or 401k)**

50.4%

Source: Federal Reserve Board's 2010 Survey of Consumer Finances

- **Median retirement account balance:**

\$44,000 (all US households)

\$100,000 (households age 55-64)

Source: Federal Reserve Board's 2010 Survey of Consumer Finances

- **Some info for groups that might be considered particularly disadvantaged,**

Percentage of households with a retirement account among those in the bottom quintile of the income distribution: 11.2%

Percentage of non-white or Hispanic households without a retirement account: 65.6%

Median retirement account balance among households in the bottom income quintile: \$8,000

Median retirement account balance among non-white / Hispanic households: \$25,000

Source: Federal Reserve Board's 2010 Survey of Consumer Finances

- **But perhaps everyone can live off their great, DB retirement plans? (No!)**

% of workers with DB pensions: 20%

(Source: 2008 figure from Butrica et al's analysis of BLS data)

- **Might there be special challenges related to promoting or supporting retirement saving in this time of budget austerity?**

Cost of pensions in tax subsidies: \$90 billion

(Source: Pension Rights Center, "Why Pensions are Important" fact sheet)

- **Other challenges that society confronts with respect to DC plans specifically:**
Data from the Michigan Recession and Recovery Study suggest that some people find the need to tap into their accounts prior to retirement:
 - ◆ **35% of retirement account holders reduced or stopped contributions to their accounts in the aftermath of the 2007 recession**
 - ◆ **17% borrowed from the account**
 - ◆ **13% took an early withdrawal**

== > possible leakages from retirement accounts prior to retirement

(Source: Chiteji and Danziger's preliminary analysis of data from the University of Michigan's MRRS Survey)

References

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- Munnell, Webb and Golub-Sass (2012). *The National Retirement Risk Index: An Update*. Center for Retirement Research at Boston College Report #12-20, October 2012.
- Pension Rights Center, "Why Pensions are Important" fact sheet. Available at <http://www.pensionrights.org/publications/statistic/why-pensions-are-important> Accessed on January 14, 2013.