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# Employer Reactions to Leading Retirement Policy Ideas

Insights from Pew's national survey of small businesses

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Christin Evans, owner of the Booksmith, in San Francisco in February 2017.


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# Overview

The ease with which private sector workers can routinely put aside earnings for their retirement has made the workplace an effective place to accumulate money for the post-work years. Still, only about half (52 percent) of businesses with fewer than 100 employees offered retirement plans in 2012, leaving millions of American workers with no opportunity to save on the job.[1] Boosting that percentage is essential and is probably the most feasible path to increase retirement savings, considering how few people take advantage of savings arrangements outside of work.

With a lack of action at the federal level, policymakers in many states are looking for ways to increase access to retirement plans in the workplace. These legislative efforts are intended to boost retirement savings while also helping to reduce poverty and the demand for government social assistance that can strain state budgets.

Creative approaches to encourage retirement savings are needed at a time when the nation's population is aging, fewer workers have access to traditional pension plans, and many American do not set aside a sufficient amount for retirement. Only about a fifth of Americans (22 percent) are "very confident" that they will have enough money for a comfortable retirement.[2]

So far, states have pursued three basic approaches. Some are implementing state-sponsored individual retirement account (IRA) programs that automatically enroll workers who don't have access to employer-based plans—though workers can opt out. Others allow employers to band together to offer a retirement plan, sharing costs and liabilities. And a third group of states is establishing online marketplaces where employers can easily compare and select from plans that meet basic standards offered by private financial firms.

A key to the success of these programs will be how they are received by small and midsize businesses and their workers. To help inform policymakers considering the three approaches, The Pew Charitable Trusts in 2016 surveyed over 1,600 small and medium-size private sector businesses (those with five to 250 employees)—some of which sponsor plans.

The survey was designed to help better understand the barriers to and motivations for offering retirement plans, and to get employers' views on policy initiatives; few similar surveys have been conducted over the past decade. The responses generally show strong interest in offering retirement benefits, as well as support for various policy initiatives intended to boost employee savings.

Among the key findings:

- Nearly 9 in 10 (87 percent) of small to midsize employers that do not offer a retirement plan support the concept of an IRA program with automatic enrollment, known as an auto-IRA.
- Most of those without plans back specific elements of the auto-IRA approach; 92 percent supported providing employees with access to a retirement plan as well as allowing employees to stop or change contributions at any time.
- Of the businesses supporting auto-IRAs, 76 percent said they did so with the belief that such a program would help their employees. Those that opposed this approach provided a mix of reasons, most often citing concerns about the concept of automatic enrollment. A third said they didn't think their employees wanted, or needed, a retirement plan.
- While general support was high, firms with shrinking workforces or earnings appear to be less concerned with retirement benefits than with their companies' basic financial viability. Businesses without plans that had

recently downsized or recorded a decrease in earnings were more likely to oppose or offer limited support for auto-IRAs than to strongly support them.

- Most employers preferred that private firms, such as mutual fund companies or insurers—as opposed to state governments—administer an auto-IRA program, perhaps a sign of concerns about governments' ability to operate such programs effectively. The reservations also could reflect limited familiarity with the public-private partnership structure typically used with these programs.
- Businesses that outsource their payroll—nearly half of the sample—were more likely to somewhat support state sponsorship of auto-IRAs than oppose it, as were those that expected to offer their own plan in the next two years.
- Some 52 percent of businesses without plans said they would start their own if asked to choose between doing so and enrolling workers in a state-sponsored auto-IRA. Meanwhile, just 13 percent of businesses with plans said they would drop current offerings to enroll workers in a state program.
- Many employers without plans expressed willingness to consider other government-promoted options, such as an online retirement plan marketplace or a multiple employer plan (MEP). Fifty-six percent said availability of a marketplace would make them more likely to offer a plan; 61 percent said they would consider participating in a MEP.

## Policy choices

As the nation's population ages and the availability of traditional defined benefit pensions continues to decline, many Americans worry that they cannot put away enough money for a comfortable retirement.[3]

Today, employer-sponsored retirement savings plans, such as 401(k)s, are the primary way individuals accumulate retirement funds. These programs allow workers to contribute directly from their paychecks and can include employer contributions. Features such as automatic enrollment and regular payroll deductions make the workplace an effective place to encourage saving, though large gaps in availability exist.[4] Earlier Pew research found that 42 percent of full-time, full-year, private sector workers lack access to an employer-based retirement plan.[5] That means as many as 30 million people lack a way to save through their jobs.

To address this, lawmakers in Congress have introduced various retirement savings initiatives.[6] Separately, the Obama administration launched the myRA program, which has allowed people without retirement plans to invest payroll contributions in Treasury bonds since November 2015.[7]

Lawmakers in more than half of the states have introduced measures to either create or study state-sponsored retirement programs for private sector workers who don't have access to workplace plans. States have taken three approaches. The first is to create auto-IRA programs that automatically enroll these employees, though they can choose not to participate. A second strategy is to allow employers to join together to offer a retirement plan, sharing costs and liability. And the third is an online marketplace where employers can easily compare and select plans that meet basic standards.

Under an auto-IRA program, all employers that meet certain criteria must offer their own retirement plan or enroll their workers in their state's payroll deduction IRA plan. For example, the Illinois Secure Choice program, which is scheduled to begin enrolling workers in 2018, will cover employers with 25 or more employees that have been operating for at least two years and do not offer plans. California, Connecticut, Oregon, and Maryland have enacted similar programs. Under these state auto-IRA laws, employers process the enrollment and payroll contributions but otherwise have minimal involvement and almost no liability, compared with those offering a traditional employer plan. Employees are automatically enrolled and typically start with contributions at a specified percent of pay, though they can adjust contributions or opt out altogether.

### Typical Features of a State-Sponsored Auto-IRA

Generally, employers that meet program criteria must enroll employees, though workers can opt out or change elections.

Only employees contribute; employer contributions to IRAs are not allowed.

Employee contributions cannot exceed $5,500 in 2017, though employees 50 or older can make catchup contributions not to exceed an additional $1,000 in 2017 or the employee's taxable compensation for the year, whichever is lower.

Contributions are made from after-tax pay if a Roth IRA is used or pretax if a traditional IRA is used.

Alternatives to the auto-IRA approach include encouraging—but not requiring—business owners to join a state-sponsored multiple employer plan that covers workers at a group of unrelated employers or simplifying the process for employers to adopt existing private sector retirement plans. A MEP would be open to all employers in the state and provide a low-cost option with minimal employer responsibility and liability. States such as New Jersey and Washington, on the other hand, have enacted online retirement plan marketplace exchanges, where the state sets baseline criteria and presentation formats that allow employers to comparison shop easily.

> Forty-two percent of full-time, full-year, private sector workers lack access to an employer-based retirement plan. That means as many as 30 million people lack a way to save through their jobs.

Each approach affects employers differently. Pew's survey of small to midsize businesses was designed to get a better sense of their perceptions of different state policy options and potential employer responsibilities. Part of the survey focused on what these employers see as the benefits and challenges of offering retirement benefits; those responses are detailed in a separate analysis, "Employer Barriers to and Motivations for Offering Retirement Benefits."

## General reactions to the auto-IRA plan

To get at employer opinions about a possible auto-IRA program, the survey offered a detailed description of how such plans are expected to operate: Businesses would manage payroll contributions, withholding money from employee paychecks and sending it to employees' personal IRA account. Employers would not contribute and would have no legal responsibility beyond directing the contributions to the accounts.

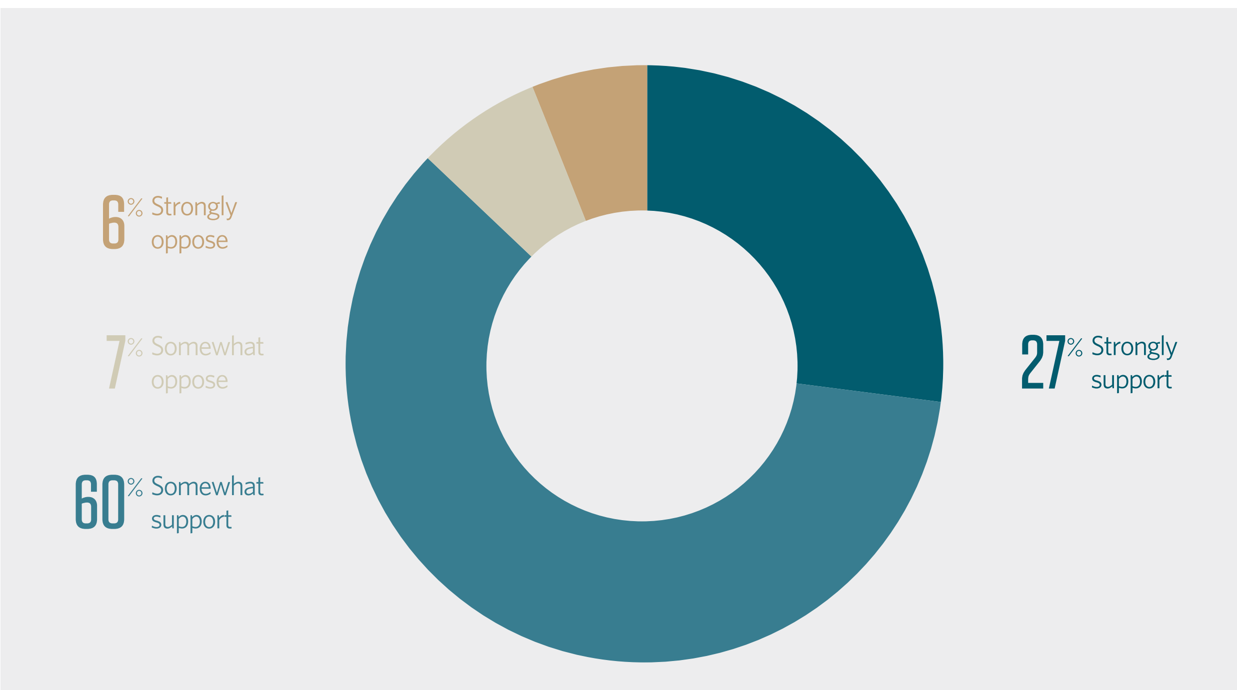
Workers would be able to opt out of the plan, and they could stop or change their contributions at any time. Contributions would start at a designated percentage of pay—the survey asked half about a 3 percent contribution and the other half about 6 percent—and employees would be able to withdraw their own contributions without a penalty.[8] (See *Small-Business Views on Retirement Savings Plans: Topline Results of Employer Survey* for the full questionnaire.) Respondents were asked to rate their impressions of individual program features and the program as a whole as strongly support, somewhat support, somewhat oppose, or strongly oppose.

Overall support for several common features of a generic auto-IRA proved high. (See Figure 1.) Among employers without a retirement plan, 87 percent supported the concept, with 27 percent saying they supported it strongly.

Figure 1

### Most Small and Medium-Size Business Owners Without Retirement Plans Support Auto-IRA

Just 13% oppose the concept in general




Note: Businesses without plans were asked whether they would strongly support, somewhat support, somewhat oppose, or strongly oppose individual program features and then the program overall.

Employers with retirement plans for their workers were asked a similar question, modified to reflect that they would be exempt from such a program because they sponsor their own plans.[9] These employers, who would not be subject to the program, were much less supportive. A total of 58 percent supported the hypothetical auto-IRA plan, with only 11 percent strongly supporting the concept.

The lower levels of support among those who already sponsor plans may reflect an understanding that auto-IRA plans have lower contribution limits and lack employer contributions, as opposed to 401(k)s or other traditional retirement plans. Conversely, they may see the programs as reducing the comparative advantage their retirement benefits packages offer them in the labor market. Still, certain auto-IRA features could appeal to these employers, including likely lower program costs and investment flexibility for workers. Therefore, this lower level of support could reflect that they are happy with their current offerings and don't need an alternative.

> Overall support for several common features of a generic auto-IRA proved high. Among employers without a retirement plan, 87 percent supported the concept, with 27 percent saying they supported it strongly.

Statistical modeling can help explore how business characteristics are associated with support or opposition to these proposals. Because of low levels of opposition, in this and most other analyses in this paper, the categories of strongly oppose and somewhat oppose are collapsed into one "oppose" category; however, because there are policy implications for different levels of program support, the strongly support and somewhat support categories are not combined.[10] Therefore, we focus on comparisons between:

- Businesses that strongly supported the auto-IRA program compared with those that somewhat supported it.
- Businesses that somewhat supported the program compared with those that opposed it.
- Businesses that strongly supported the program compared with those that opposed it.

Making these comparisons helps examine whether any business characteristics are associated with significant differences in the level of support. For example, are older businesses more or less likely to support a state auto-IRA than younger businesses? The survey asked about various characteristics and attitudes, including:

- Age of firm.
- Changes in earnings or employment levels in the past year.
- Whether the business outsourced payroll operations or handled them internally.
- The proportion of the workforce that was full or part time.
- The type of employee benefits offered, such as paid time off and health and dental insurance.
- For businesses without plans, the likelihood that they would start a plan in the next two years, as well as their level of familiarity with available alternatives.
- For businesses that sponsored plans, whether they made employer contributions or used plan features such as automatic enrollment or automatic escalation of contributions.

(See the appendix for the full set of characteristics and results of these models.)

### Key Elements of Select Defined Contribution Plans

**401(k):** Can be established by employers. Employees younger than 50 can contribute up to $18,000 a year in pretax money; those 50 or older can contribute up to $24,000. Employers can contribute up to $54,000 annually. Employees may borrow from these accounts.

**Savings Incentive Match Plan for Employees (SIMPLE):** Can be established by employers that do not offer a retirement plan and have up to 100 employees. Employees can contribute pretax money up to $12,500 a year; those 50 or older can contribute up to $15,500. Employers must make contributions—either matching what employees save up to 3 percent or a flat 2 percent of employee compensation—for those who made at least $5,000 in the previous calendar year. Employees may not borrow from these accounts but can make withdrawals subject to penalties in many cases.

**Simplified Employee Pension (SEP):** Can be established by employers. Employees cannot contribute. Employers make annual contributions that cannot exceed the lesser of 25 percent of compensation or $54,000 for employees who have worked at the business for three of the last five years, are 21 or older, and received at least $600 in compensation. Employees may not borrow from these accounts but can make withdrawals subject to penalties in many cases.

***my*RA:** Can be established by employees. Employees can contribute after-tax money up to $5,500 a year, except those 50 or older who can contribute up to $6,500, with a total lifetime limit of $15,000. Employers cannot contribute. Employees can make tax-free withdrawals from the account at any time.

Source: Internal Revenue Service and U.S. Treasury Department

## Reactions from businesses without plans

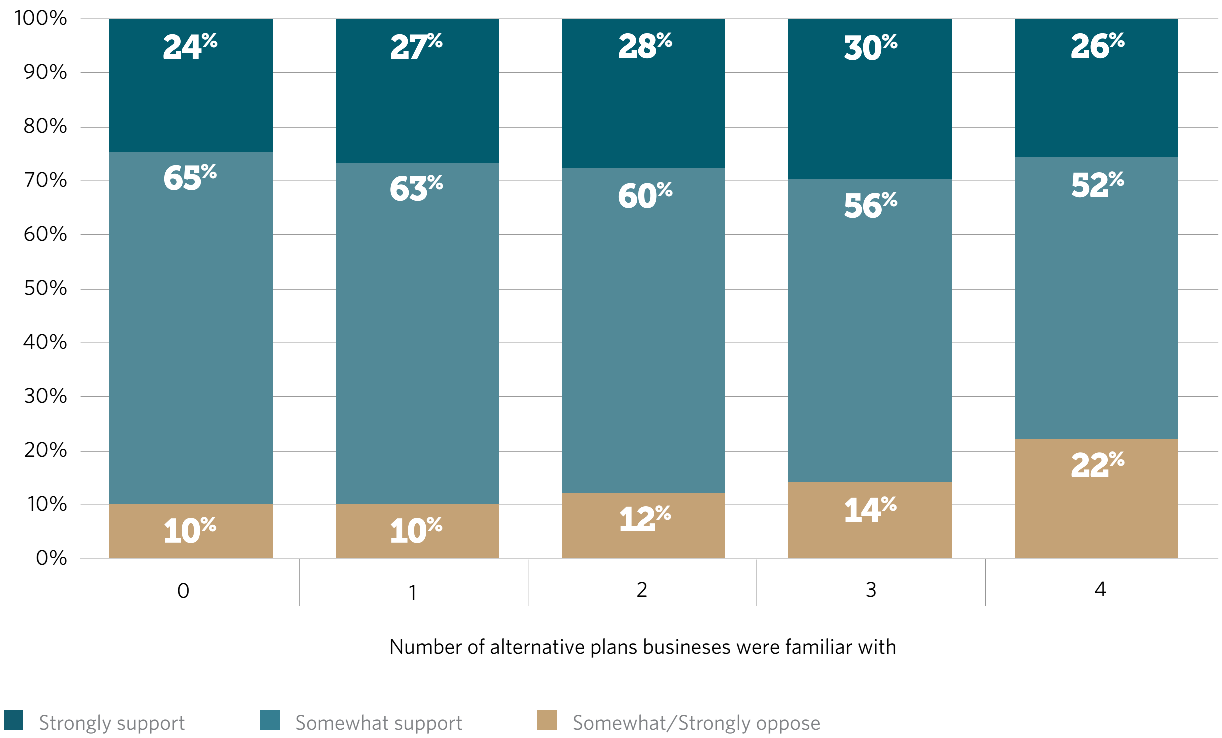
A regression analysis of the data finds that for businesses without retirement plans, greater familiarity with existing options reduced support for an auto-IRA program, as did recent reductions in an employer's workforce. Conversely, having increased earnings in the previous year meant more strong support.[11]

Survey respondents were asked their level of familiarity with various retirement programs, including the 401(k), the Savings Incentive Match Plan for Employees (SIMPLE), the Simplified Employer Pension (SEP) plan, and the myRA plan. Familiarity with more alternative retirement arrangements is associated with more opposition to an auto-IRA program. Using predicted probabilities based on regression analysis results, 10 percent of those who were familiar with none or one of the alternatives would be expected to oppose the auto-IRA plan, compared with 22 percent of those familiar with all four plans mentioned. (See Figure 2.) Because the auto-IRA program is designed for businesses without plans, greater familiarity with alternatives might lead executives to conclude that the program is not needed or is less desirable. (See Appendix Table A1 for regression details.)

Figure 2

## Knowledge of Alternative Savings Options Increases Opposition to Auto-IRAs

### Strong support relatively consistent




Note: Businesses without plans were asked to indicate their level of familiarity with the following retirement savings options: the 401(k) plan, the Savings Incentive Match Plan for Employees, the Simplified Employee Pensions plan, and *my*RA. Percentages may not add to 100 due to rounding.



Businesses whose workforces shrank in the preceding year were less likely to strongly support the program than those whose employee numbers stayed the same; the model predicts that 13 percent of those with smaller workforces would strongly support the program, compared with 29 percent of those that had maintained their employment totals. On the other hand, those with shrinking workforces were more likely to oppose the auto-IRA program: On average, 10 percent of businesses that had increased employment would be expected to oppose the plan, compared with 15 percent of businesses that had decreased the number of employees and 14 percent of those that had maintained employee numbers. (See Figure 3.) Businesses may be looking for ways to encourage employee retention with additional low-cost benefits, such as an auto-IRA, but they appear to be less willing to strongly endorse any program that may require significant attention or cause disruption at a transitional time.

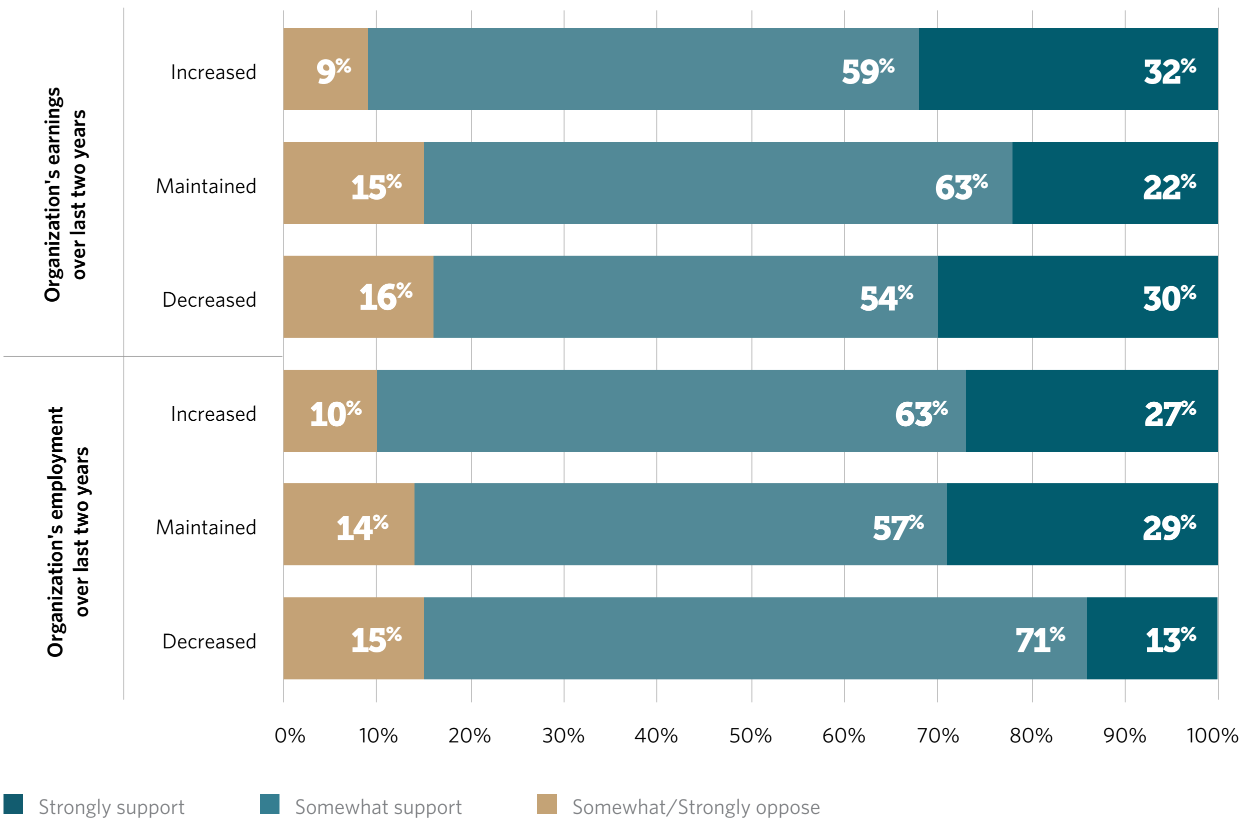
Finally, businesses with increased earnings were much more likely to strongly support the auto-IRA program than oppose it. On average, 9 percent of those that saw earnings rise can be expected to oppose the program, compared with 15 percent that maintained earnings. Instead, increased earnings are associated with strongly supporting the program, 32 percent vs. 22 percent of those that maintained earnings. (See Figure 3.) As growing businesses, those with increasing earnings may be more open to the idea of expanding benefits for their workers.

Regardless of these differences in opposition, even those with decreased earnings and employment numbers are on average likely to support the program at 84 percent.

Figure 3

## Growing Businesses Are More Likely to Strongly Support Auto-IRA Programs

### Just 9% of those with increasing earnings oppose such a plan




Note: Businesses without plans were separately asked if the organization's earnings and employee numbers had increased, stayed about the same, or decreased in the last year. Percentages may not add to 100 due to rounding.



## Reaction to specific auto-IRA features

Businesses that do not offer retirement benefits reacted positively to specific features common to proposed or enacted auto-IRA legislation. Most either strongly or somewhat supported each of the individual elements of a typical auto-IRA plan. About 9 in 10 backed providing employee access to a retirement plan and allowing employees to stop or change their contributions at any time (both 92 percent).

About two-thirds (69 percent) of businesses that do not offer plans supported setting the initial default employee contribution rate at 6 percent, the lowest level of support among the plan options, while a 3 percent default rate garnered 82 percent.[12] Still, the higher contribution rate proved a popular feature and there was no significant difference in overall support among those asked about the higher and lower default contribution rates, implying that a higher rate is not a primary driver of employer support or opposition.

Finally, most employers strongly supported the idea that workers would be able to withdraw their own contributions at any point without penalty. This assumes that the money is invested in a Roth IRA with after-tax contributions as opposed to a traditional IRA, and that states do not impose additional restrictions on withdrawals to limit what is known as leakage. States will need to consider these structural questions early in the design of their programs because of the potential impact on employer support.

Table 1

## Small and Midsize Business Leaders Support Auto-IRA Features

### Nearly 7 in 10 support 6% default contribution rate

| | Strongly support | Somewhat support | Somewhat oppose | Strongly oppose | Strongly/ Somewhat support | Somewhat/ Strongly oppose | *n* = |
|---|---|---|---|---|---|---|---|
| **Businesses' only responsibility would be to withhold money from participating employees' paychecks and send it to the retirement account on their behalf.** | 33% | 46% | 10% | 11% | 79% | 21% | 635 |
| **Businesses would not be required to contribute to the plan.** | 40% | 44% | 9% | 7% | 83% | 17% | 631 |
| **Businesses would not have any legal responsibility for their employees' retirement accounts.** | 52% | 35% | 7% | 7% | 87% | 13% | 628 |
| **Employees who don't have access to a retirement savings plan at their work would be offered the chance to participate in one.** | 56% | 36% | 3% | 5% | 92% | 8% | 637 |
| **By default, workers would contribute to the retirement savings account unless they took action to opt out of the program.** | 32% | 40% | 13% | 15% | 72% | 28% | 636 |
| **Employees could stop or change their contributions at any time.** | 61% | 31% | 4% | 4% | 92% | 8% | 638 |
| **As a starting point, participating employees would contribute a set amount of 3 percent of their paychecks to the retirement account.*** | 35% | 47% | 10% | 9% | 81% | 19% | 287 |

*Continued on the next page*

| | Strongly support | Somewhat support | Somewhat oppose | Strongly oppose | Strongly/ Somewhat support | Somewhat/ Strongly oppose | *n* = |
|---|---|---|---|---|---|---|---|
| **As a starting point, participating employees would contribute a set amount of 6 percent of their paychecks to the retirement account.*** | 25% | 44% | 17% | 14% | 69% | 31% | 344 |
| **Employees could withdraw their own contributions to the account at any point without a penalty.** | 55% | 27% | 8% | 9% | 82% | 18% | 633 |

Note: Businesses without plans were asked about a new hypothetical retirement plan intended to make it easier for employees without access to a retirement plan through their employer to save for retirement. They were told the program would be sponsored by a third-party and not by businesses like theirs. They were asked to indicate their level of support for each individual feature. Cells may not sum to 100% due to rounding. Individual cells may not sum to summary column totals due to rounding.

* Businesses without plans were randomly divided into two groups; one answered this question with "3 percent" as the default, the other with "6 percent" as the default.



## Motivations for supporting—or opposing—an auto-IRA program

Of those employers who support the concept of an auto-IRA program, 76 percent said they did so because they thought it would help their workers.

Table 2

### Businesses Favoring Auto-IRAs Offer Multiple Reasons

Desire to help employees most commonly cited

| | |
|---|---|
| **It would help my employees** | 76% |
| **The costs of withholding contributions would be modest** | 8% |
| **It would make our business more competitive with other firms** | 13% |
| **Other** | 3% |

Note: Businesses without plans that somewhat or strongly support the program were asked for the main reason they supported the program. Total *n* for the item: 559.



Of the 12 percent of businesses without plans that oppose such a program, reasons were more mixed. Most often employers said they did not think employees should be automatically enrolled in a plan (44 percent), while 33 percent said they didn't think their workers wanted or needed a retirement plan.

Table 3

## Businesses That Oppose Auto-IRAs Cite Variety of Reasons

### Most common are concerns about automatic enrollment and doubts about employee demand

| | |
|---|---|
| **I am worried about the costs of enrolling workers and sending their contributions to the plan** | 12% |
| **I don't think my business' employees want/need a retirement savings program** | 33% |
| **I don't think workers should be automatically enrolled in a retirement plan** | 44% |
| **Other** | 11% |

Note: Businesses without plans that somewhat or strongly oppose the program were asked for the main reason they opposed the program. Total *n* for the item: 77.



## Program sponsorship affects auto-IRA support

After seeking employer opinions on various features of an auto-IRA program, the survey sought to assess attitudes about programs sponsored by government or private entities. They gave much stronger support to sponsorship by a financial services firm as opposed to a government.

> Eighty-three percent supported the idea of the program being sponsored by a mutual fund, while 72 percent supported one offered by an insurance company. Support dropped to 43 percent for government sponsorship, while 37 percent said they strongly opposed this approach.

Eighty-three percent supported the idea of the program being sponsored by a mutual fund, while 72 percent supported one offered by an insurance company. Support dropped to 43 percent for government sponsorship, while 37 percent said they strongly opposed this approach.

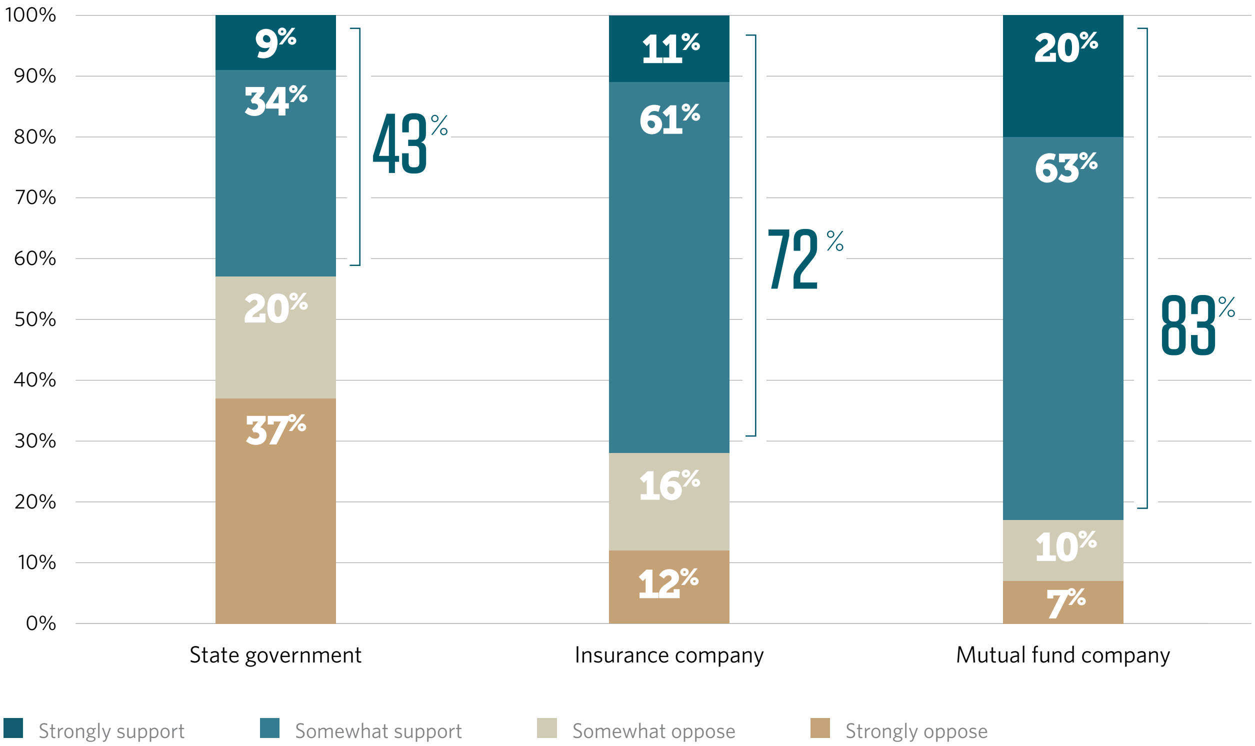
"Sponsorship" was not defined in the question and can denote anything from insuring program integrity to the management and investment of funds. All programs currently implemented at the state level delegate most of the responsibility for managing and investing funds to third parties, such as record-keepers responsible for tracking assets or private financial firms. In legislation enacted to date, no state will directly manage the investment of contributed funds. In addition, contributions and returns belong to participants and cannot be used by the state for general fund purposes. The measures currently implemented are intended to be self-funding and sustainable after a startup period.

The survey did not present respondents with details regarding the complex implications of sponsorship, in part to keep the concepts in the questions relatively simple. These findings then may represent a base level for support for different program sponsors, which could increase as employers learn more about the typical structure of these programs as public-private partnerships.

Figure 4

## Small and Midsize Businesses Are Skeptical of State 'Sponsorship' of Plans

Still, more than 2 in 5 support plan under state auspices




Note: Businesses without plans were asked about different entities potentially sponsoring and helping to administer a new hypothetical retirement plan. Specifically, they were asked to indicate their level of support for each entity.



## Reactions to state sponsorship of auto-IRAs

Statistical modeling of the survey results provides insights into which types of employers are more likely to support a state-sponsored auto-IRA. For businesses without retirement plans, outsourcing payroll and intending to start a plan in the next two years proved to be indicators of increased support for an auto-IRA program. On the other hand, having a greater share of employees work full time was correlated with reduced support.[13]

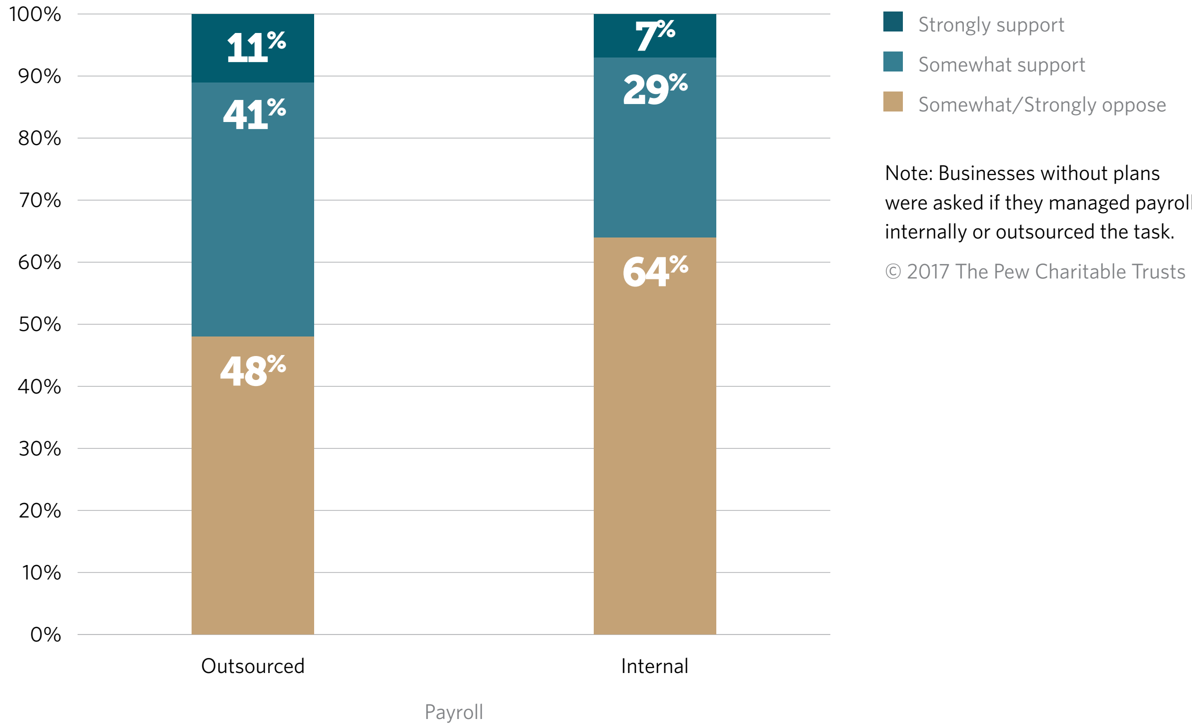
Businesses that outsource payroll were more likely than those that manage payroll internally to somewhat support the program. Some 41 percent of those that outsource this task somewhat supported the program, compared with 29 percent of those that handle payroll internally. Opposition was stronger among those that handle payroll internally (64 percent) than with those that outsource this task (48 percent). (See Figure 5.)

Because businesses under these state programs would be primarily responsible for transferring employee contributions to the accounts through payroll deductions, those that outsource payroll may be more comfortable with the concept in general. Of those businesses without plans, 43 percent outsourced their payroll.

Figure 5

## How Businesses Manage Their Payroll Affects Support for State-Sponsored Auto-IRA

About half of those that outsource payroll support the concept




Note: Businesses without plans were asked if they managed payroll internally or outsourced the task.

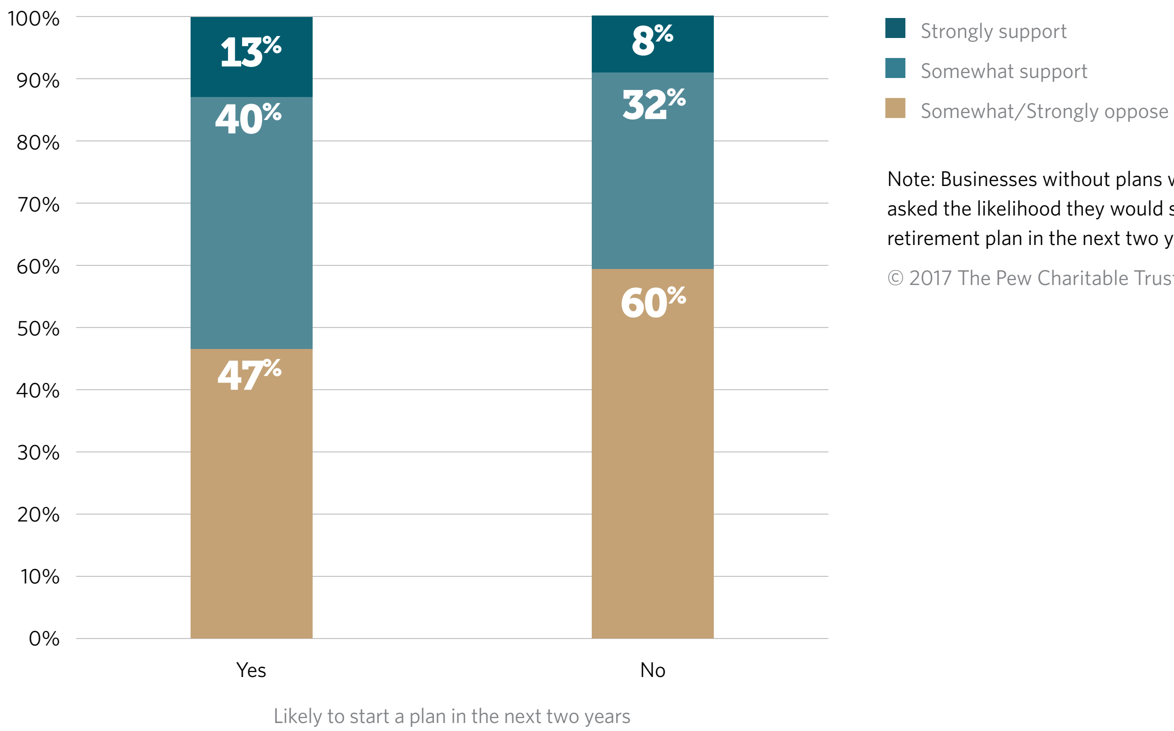


Additionally, those businesses that said they were at least somewhat likely to start a retirement plan in the next two years were more likely to support an auto-IRA program than those not likely to start a plan. Some 47 percent of businesses likely to start a plan in the next two years opposed state sponsorship, compared with 60 percent of those not likely to start one. Those looking to offer a plan were more likely to somewhat or strongly support state sponsorship of an auto-IRA program. Forty percent of those expecting to start their own plan somewhat supported the concept, compared with 32 percent of those that were not. Strong supporters included 13 percent of those likely to start a plan soon vs. 8 percent of those not likely to start one in the next two years. (See Figure 6.) Those that have started to investigate the private market may be more aware of the problems auto-IRA plans are designed to address, while employers not likely to start their own plan may see any program—whether public or private—as a potential burden.

Figure 6

## Considering a Retirement Plan in Next 2 Years Affects Support for State-Sponsored Auto-IRA

About half of those planning to start a plan support such programs




Note: Businesses without plans were asked the likelihood they would start a retirement plan in the next two years.

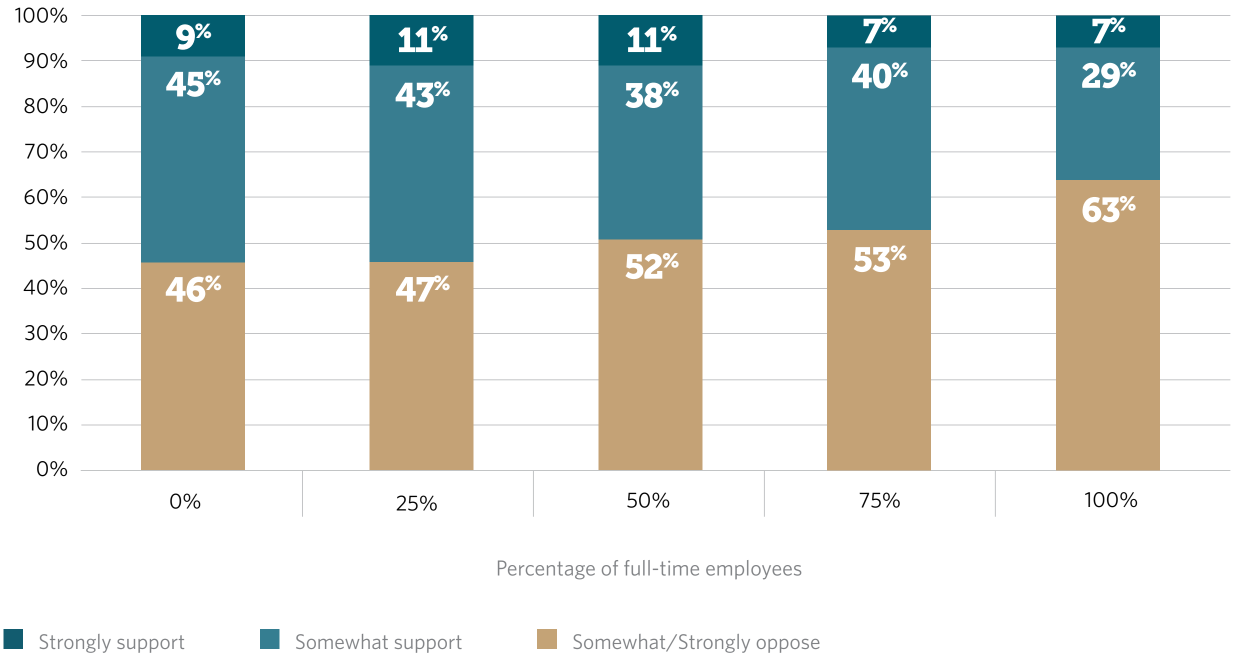


The results also show a correlation between the percentage of full-time workers and opposition to an auto-IRA program. A business of entirely part-time employees has a 46 percent chance of opposing state sponsorship while a business of entirely full-time employees has a 63 percent chance. Levels of strong support remain fairly consistent across groups. (See Figure 7.) Those businesses whose employees are mostly full-time may be less interested in auto-IRA programs, which provide a minimal level of savings opportunities, than in more robust retirement savings arrangements, such as a 401(k).

Figure 7

## Proportion of Full-Time Employees Affects Support for State-Sponsored Auto-IRA

### Higher percentage brings more opposition




Note: Businesses without plans were asked about the number of full- and part-time employees. Full-time employees were defined as those who typically work more than 35 hours per week while part-time employees were defined as those who typically work less. Percentages may not add to 100 due to rounding.



Employers with large percentages of full-time workers may be more able to offer benefits than those with many part-time workers. Part-time workers also may prefer higher pay over retirement benefits. Finally, other Pew research shows that industries with more part-time workers typically offer less in the way of retirement plan coverage than those in industries with high percentages of full-time workers.[14]

## Reactions from businesses with plans

For businesses with retirement plans, a recent decrease in earnings and already providing employer contributions reduced support for an auto-IRA program, while sponsoring a plan with automatic enrollment and automatic escalation increased support.[15]

For businesses with plans, those that offer pro-saving features—such as automatic enrollment or automatic escalation—as part of their retirement plan were 76 percent more likely to somewhat support the program than oppose it. Businesses that offer plans with automatic features may be more likely to support an auto-IRA program because of their familiarity with the concepts.[16]

Conversely, those whose earnings recently decreased were nearly twice as likely as those whose earnings had stayed the same to oppose an auto-IRA program than somewhat support it. It is unclear why these businesses—

which would not be subject to an auto-IRA requirement because they have plans—might be more likely to oppose the program if they had experienced volatile earnings. Additionally, firms that made employer contributions to their plans were more than twice as likely to oppose the program than to somewhat support it. Businesses that make employer contributions may object to an IRA investment vehicle that does not allow such contributions.

## Effects of state auto-IRA program on employer plan sponsorship

The survey results indicate that the availability of a state-sponsored auto-IRA could nudge some businesses without plans toward starting their own. In addition, few of those with plans appear likely to drop them for a state option.

Presented with auto-IRA program features as a whole and assuming state sponsorship, businesses without plans were asked whether they would enroll their workers in the state program or start their own. Just over half (52 percent) would choose to start their own. This rate of traditional plan adoption is surprisingly high and may be lower in practice because participants were not primed with information about the average cost of starting their own plan.

Still, states could see lower than anticipated enrollment numbers, which could affect costs, sustainability, and fees for enrollees. While the feasibility studies conducted as part of the Oregon, California, and Connecticut auto-IRA programs did not estimate employer rates of plan adoption, they did estimate rates of employee opt-out. California's feasibility study found that the program would still be self-sustaining even if 70 percent opted out.[17] That appears to indicate that the long-term sustainability of a state program might not be affected even if a large number of employers choose to start their own plans instead of enrolling workers in the state plan.

On the other hand, an increase in the number of employers adopting more robust traditional plans would be a positive outcome for employees, plan service providers, and policymakers, given that all three have a vested interest in increasing retirement plan access, participation, and overall financial security.

Table 4

### About Half of Businesses Without Plans Would Start Their Own Rather Than Join State Program

Auto-IRAs could be a boon for private retirement plan providers

| | |
|---|---|
| **Use this new program** | 48% |
| **Start your own plan** | 52% |

Note: Businesses without plans were asked if required, would they enroll their employees in the program or start their own plan. Total *n* for the item: 594.

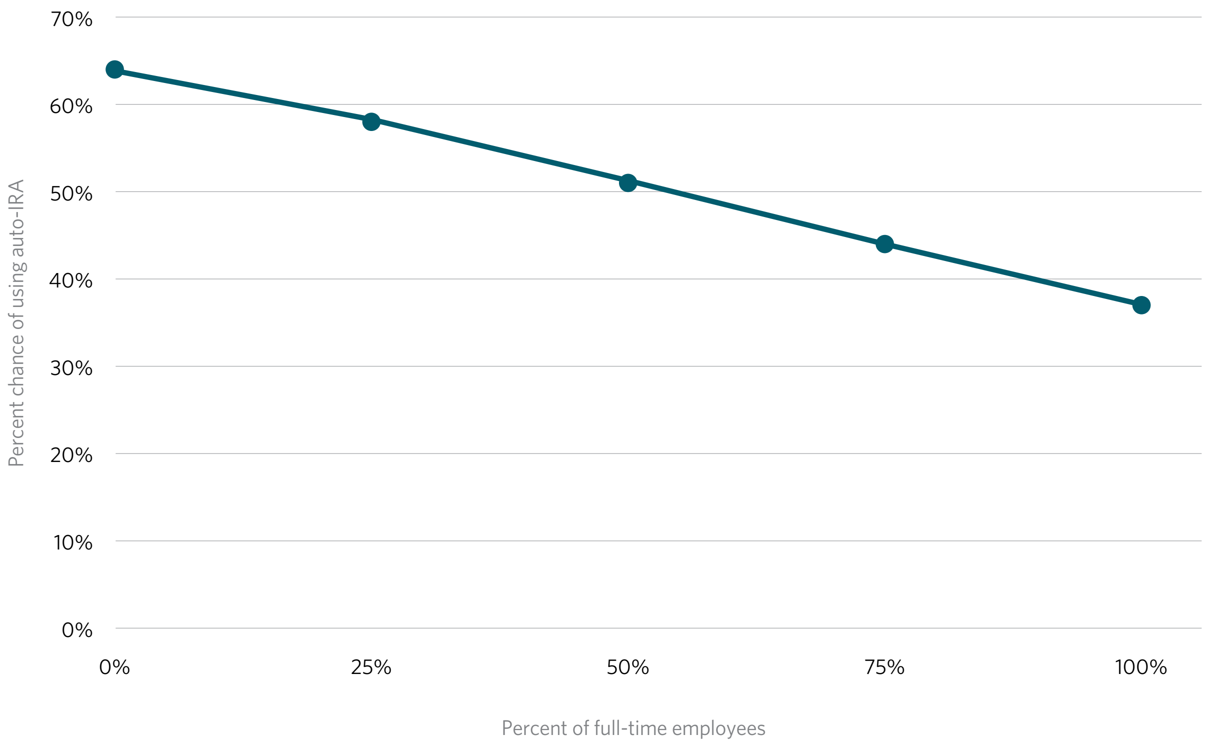


When modeling business characteristics associated with these responses, higher percentages of full-time employees at companies without plans translated into lesser likelihood to use the state program. For each percentage point increase in full-time workers, these businesses are on average 1 percentage point less likely to say they would use the state program and instead start their own. For example, a business with all part-time employees, on average, has a 64 percent likelihood of joining the program, while a business with only full-time employees has a 37 percent likelihood.

Figure 8

## Share of Full-Time Employees Affects Probability a Business Will Start Own Plan

On average, only 37% of businesses with no part-time employees would join auto-IRA




Note: Businesses without plans were asked about the number of full- and part-time employees. Full-time employees were defined as those who typically work more than 35 hours per week, while part-time employees were defined as those who typically work less. Total *n* for the item: 594.



Table 5

## Most Plan Sponsors Would Keep Their Plans

Few would switch to state auto-IRA if available

| | |
|---|---|
| **Continue offering your current retirement plan** | 87% |
| **Stop offering your current retirement plan and instead enroll your employees in this new plan** | 13% |

Note: Plan sponsors were asked if they would stop offering their existing plan and enroll their employees in the state plan. Total *n* for the item: 635.

Meanwhile, just 13 percent of businesses that offer a plan said they would consider dropping it to adopt a state auto-IRA program.

Of those executives who said they would drop their plan in favor of the new program, 56 percent said they would do so because of their existing plan's cost. Interestingly, those businesses that offered workers a match or had seen earnings decline were less likely to say they would use the auto-IRA program—indicating that their cost concerns may be driven by their plan's fee structures rather than a lack of resources. This main reason was consistent, regardless of plan type sponsored by the employer.

Table 6

## Cost Is Top Reason Plan Sponsors Might Switch to State Auto-IRA

### Other factors are less prominent

| | |
|---|---|
| **Reduced legal responsibility** | 21% |
| **Seems better than our current plan** | 17% |
| **Reduced cost** | 56% |
| **Other** | 7% |

Note: Plan sponsors who said they would drop their existing plan in favor of the new program were asked for the main reason they would do so. Percentages may not add to 100 due to rounding. Total *n* for the item: 74.



In statistical analysis of these responses, businesses whose earnings had decreased a little or a lot in the last year were 69 percent less likely to say they would stop offering their existing plan, compared with businesses with no change in earnings. This is somewhat at odds with findings that highlight plan cost as a primary motivation to stop offering a plan. It is possible that businesses that experience earnings volatility may be less willing to take on any additional disruption that may come with changing plans.

Similarly, businesses that offer an employer contribution as part of their plan were 70 percent less likely than those that do not offer a contribution to say they would switch to the new state program. Auto-IRA programs prohibit employer contributions, and businesses that offer matches may be less inclined to switch if they would lose an important tool for attracting and retaining workers. Additionally, for each percentage point increase in the number of employees participating in their existing plan, these businesses are on average 1 percentage point less likely to use the state program. For example, a business with 25 percent of its employees participating has , on average, a 17 percent likelihood of joining the program, while a business with all of its employees participating has a likelihood of 8 percent joining.

On the other hand, businesses that offer automatic features, such as auto-enrollment or auto-escalation, were over 2 ½ times more likely to say they would drop their plan in favor of the state program, compared with those that did not offer automatic features. Being familiar with automatic enrollment may make a business more likely to consider other programs that include this feature.

Of those that would maintain their current plan, reasons were mixed. Roughly equal percentages said that they didn't trust the state to manage the program or that they didn't see a need to change (42 and 43 percent, respectively).

Table 7

## Reasons Plan Sponsors Would Not Switch to State-Sponsored Auto-IRA

Top concerns are lack of trust in state management and unclear need for change

| | |
|---|---|
| **Don't see the need to change current plan** | 43% |
| **Seems worse than our current plan** | 9% |
| **I don't trust the state to manage the program** | 42% |
| **Other** | 7% |

Note: Plan sponsors who said they would not drop their existing plan in favor of the new program were asked for the main reason they would not do so. Percentages may not sum to 100 due to rounding. Total *n* for the item: 561.



# Business responses to auto-IRA alternatives

The survey showed that alternatives to auto-IRA programs—such as online marketplace exchanges and state-run multiple employer plans, also could encourage increased private plan sponsorship.

Employers without plans were asked how helpful it would be for state policymakers to set up websites where small businesses could find information about retirement plans and get price quotes, though they would not be required to select any plan. Several states, including Washington and New Jersey, have taken this approach.

Because these legislative initiatives are typically targeted at employers with 100 or fewer workers, Table 8 includes responses only from businesses of that size. Still, the results are nearly identical when looking at all businesses in the full sample—up to 250 employees. Eighty-six percent of these employers said they would find such a program somewhat or very helpful.[18]

Table 8

## Most Businesses Without Plans See Online Marketplace as Helpful

More than 2 in 5 see it as very helpful

| | |
|---|---|
| **Not very/Not at all helpful** | 14% |
| **Somewhat helpful** | 43% |
| **Very helpful** | 43% |

Note: Businesses without plans were asked how helpful they would find a website where small businesses could find information about retirement plans and get quotes but would not be required to select a plan. Total *n* for the item: 657.



While a large majority of businesses said an online marketplace would be helpful, reactions were split as to whether this approach would encourage them to offer a retirement plan. Though Table 9 is limited to businesses with 100 or fewer employees, the rounded results from the full sample are the same.

Table 9

## Half of Businesses Say Online Marketplace Would Encourage Plan Sponsorship

### About 2 in 5 disagree

| | |
|---|---|
| **No** | 44% |
| **Yes** | 56% |

Note: Businesses without plans were asked if they thought having access to an online marketplace would encourage them to offer a retirement plan. Total *n* for the item: 657.

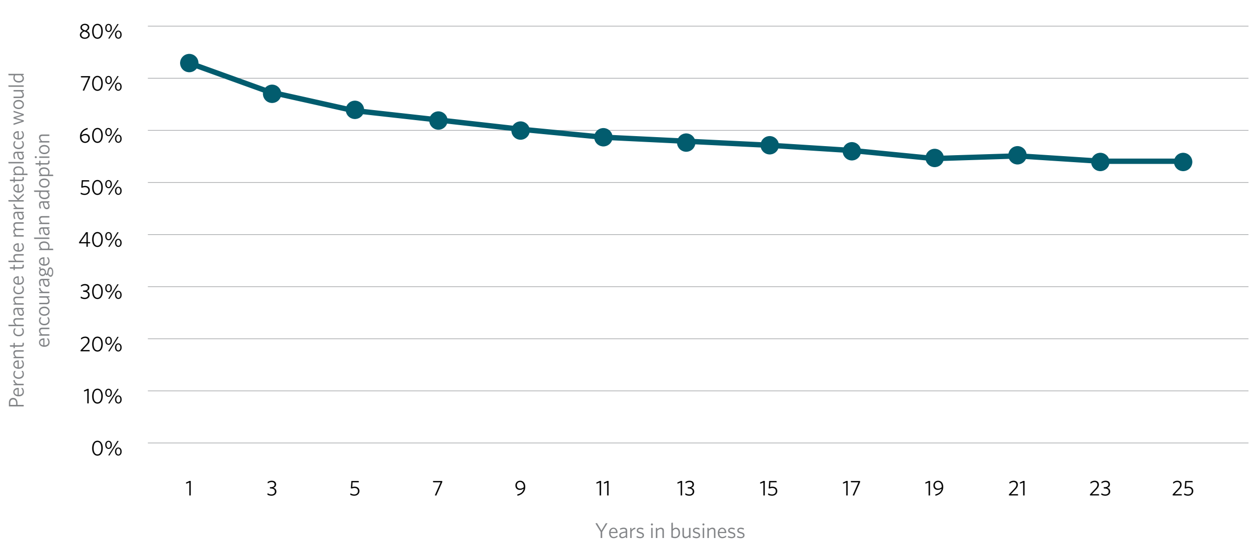


The statistical modeling shows that executives of businesses without plans whose earnings decrease over the previous year were 74 percent more likely to say such a marketplace would encourage them to offer a retirement plan than those whose earnings had stayed the same. And businesses that reported they were likely to start a plan in the next two years were more than four times as likely to say the online marketplace would encourage them to offer a plan compared with those who were not likely to start one. Because this group already intended to offer a plan, the marketplace might not greatly affect overall employer-based retirement plan access. It could, however, have an impact on the margins, helping some follow through on plans or make informed decisions.

Finally, the longer a business had been operating, the less likely executives were to say a marketplace would encourage them to offer a plan. A year-old business has a 75 percent chance of saying the marketplace would encourage officials to offer a plan; that drops to 58 percent for a 15-year-old business. (See Figure 9.)

Figure 9

## More Interest in an Online Marketplace Predicted Among Young Businesses




Note: The probability decreases fastest in a business' early years and then levels off as it ages.

Executives of small to midsize businesses also saw benefits from a multiple employer plan, which allows employers to join together to offer a single plan to achieve economies of scale and lower costs. Despite covering multiple businesses, MEPs are structured similarly to a traditional plan, meaning employers are able to make matching contributions. Under a MEP, service providers take on much of the fiduciary responsibility, which reduces, but does not eliminate, an employer's own fiduciary duties. Because employers take a more active role in a MEP, states cannot require participation—unlike a state-sponsored auto-IRA where employer responsibilities are more limited.

Overall, 85 percent of employers said they would find a MEP somewhat or very helpful. (See Table 10.) Most businesses without a plan strongly or somewhat supported each of the individual elements of the MEP. (See Figure 10.) Ninety-two percent liked the idea that the plan would allow employees to have choices in how their contributions are invested. The survey found lower levels of support, but still majorities, for the concept of a group plan sponsored by the state treasurer's office (55 percent) or the state handling record-keeping, financial reporting, and communication for the plan (57 percent). These features may suffer from anti-government sentiment similar to that expressed when these business representatives were asked about auto-IRA sponsorship.

> Overall, 85 percent of employers said they would find a MEP somewhat or very helpful.

Table 10

## Large Majority See Multiple Employer Plans as Helpful

Just 15% disagree

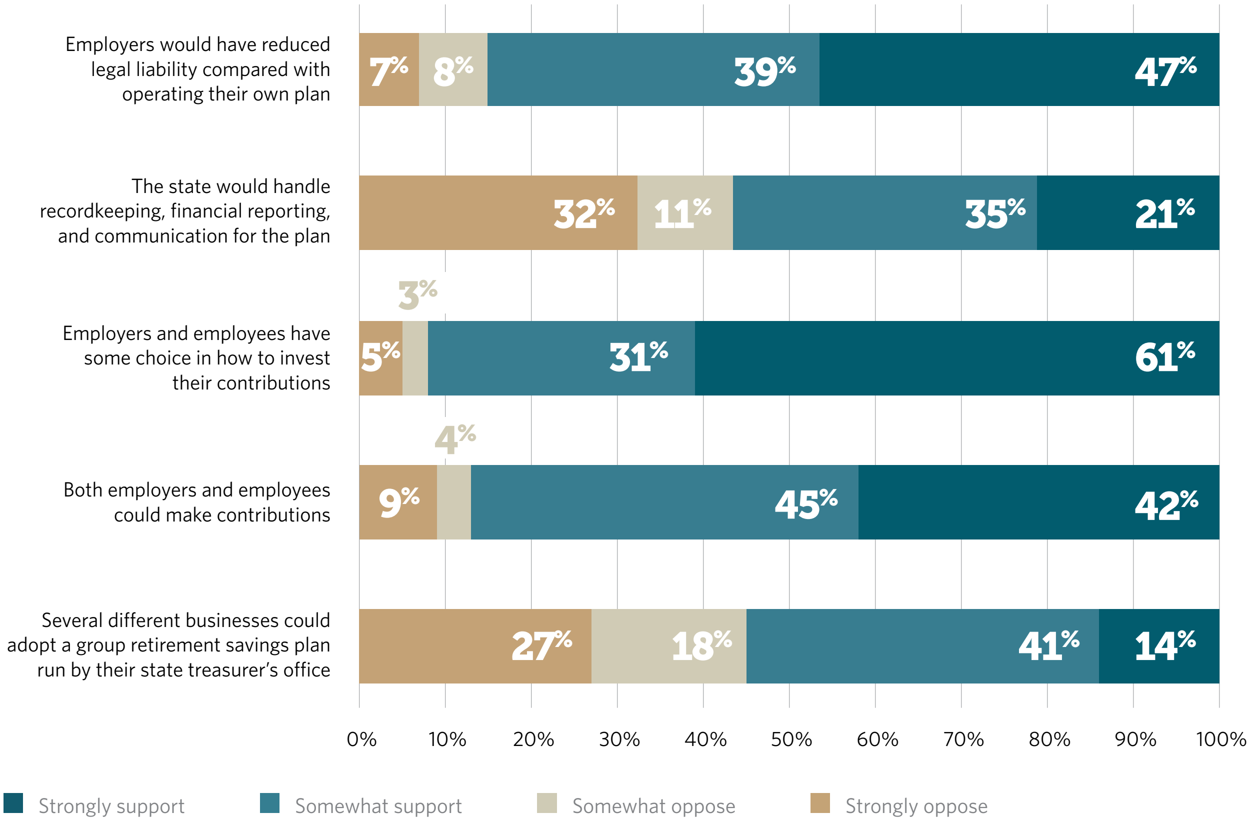
| | |
|---|---|
| **Not very/Not at all helpful** | 15% |
| **Somewhat helpful** | 54% |
| **Very helpful** | 31% |

Note: Businesses without plans were asked how helpful they would find a plan that multiple employers could join; employers and employees could contribute to; employers and employees would have a choice in investment options; the state would handle record-keeping, financial reporting, and participant communication; and that employers would have reduced legal liability compared with operating their own plan. Total *n* for the item: 665.

Figure 10

## Businesses Favor the Features of Multiple Employer Plans

### Strong support for investment choice and employer contributions




Note: Businesses without plans were asked about a new hypothetical retirement plan intended to make it easier for employees without access to a retirement plan through their employer to save for retirement. They were asked to indicate their level of support for each separate feature. Percentages may not sum to 100 due to rounding. Total *n* for each item: 657, 663, 665, 666, and 658, respectively.



The statistical modeling indicates that for each additional benefit offered, businesses without plans were 44 percent more likely to say the program would be very helpful rather than not helpful.

In addition, businesses leaders who were somewhat or much more likely to start a plan in the next two years were more than 2 ½ times more likely to say the program would be somewhat helpful and over three times more likely to say it would be very helpful compared with those who said it would not be helpful. Conversely, older businesses were more likely to say the program would not be helpful instead of very helpful. A year-old business has a 47 percent chance of saying a MEP would be very helpful; that drops to 36 percent for a 15-year-old enterprise.[19]

Although employers said they would find such a plan helpful, it is unclear how many would voluntarily adopt one if offered. Some 61 percent of employers without plans said they would definitely be or might be interested in participating in such a program. (See Table 11.)

Table 11

## Majority of Firms Without Plans Would Adopt a MEP if Offered

### Nearly 2 in 5 say they would not

| | |
|---|---|
| **No** | 39% |
| **Yes** | 61% |

Note: Businesses without plans were asked if they would consider joining a multiple employer plan. Total *n* for the item: 668.



In statistical modeling, businesses that offered more benefits were more likely to say they definitely or might be interested in participating in a MEP. For each additional benefit offered, the likelihood increased by 29 percentage points. Additionally, those likely to start a plan in the next two years were more than 2 ½ times more likely to say they were interested in participating in a MEP than were businesses not likely to start a plan in the next two years.

# Conclusion

This survey of small to midsize businesses—one of the few high-quality surveys of these employers on this topic in the past decade—sheds light on many issues related to policy proposals intended to boost retirement savings for private sector workers. Most of these businesses, whether they offer retirement benefits or not, acknowledge the need to provide new opportunities for their employees to put money away for their later years. Support proved high for auto-IRAs, MEPs, and online marketplaces.

However, the survey found some significant differences in employer attitudes that could have implications for these policies. For example, businesses that outsource their payroll were less likely to oppose state-sponsorship of auto-IRAs than those that handle pay themselves.

Support for state-sponsored auto-IRAs was lower among employers who were less financially stable, which suggests that policymakers will need to carefully consider how an auto-IRA program would affect startups and financially struggling firms. For example, Illinois' auto-IRA law exempts new businesses for two years.[20]

Support for auto-IRAs proved weaker when respondents were more familiar with existing retirement plan options, such as 401(k)s. In addition, findings that employers with plans were not likely to drop theirs to take part in a state-sponsored IRA program or that half of those without plans would prefer to start their own indicate that implementation of such a program could ultimately strengthen the existing private sector marketplace. States also will likely have to focus on customers' experience and invest in outreach and education to overcome mistrust of government-sponsored programs; employers will need a clear understanding of their limited role.

This analysis focuses on employers, but the survey results raise issues about workers who might be affected by these policy proposals. Many employers said they did not know if their workers would want or need an auto-IRA program. Those running small to midsize businesses often know their employees well and may be concerned about whether they can afford to save for retirement when many struggle to pay their current bills. A separate report on a companion survey of employees will address those concerns.

# Methodology

These data were collected by ICF International Inc. in the Small Business Retirement Survey done for Pew. The probability sample is based on the Dun & Bradstreet list of businesses and focuses on private sector small to midsize businesses (five to 250 employees) nationwide. Local, state, and federal government agencies and nonprofits were excluded from the sample. A representative from each business who was knowledgeable about benefits and had input on benefit-related decisions responded to the survey. ICF used a stratified survey design to ensure representative national estimates. The strata were the four Census Bureau regions, whether an enterprise was a goods-producing or service-producing business, and the number of employees (five to 50 and 51 to 250). The survey used computer-assisted telephone interviewing to collect data between April 26 and June 29, 2016.

The sample is split between employers that sponsor a retirement plan (56 percent) and those that do not (44 percent). In terms of workforce size, 68 percent have between five and 24 total employees, while the remaining 32 percent have between 25 and 250 total employees. All analyses presented in this report are weighted to match business characteristics based on the Census Bureau's Business Dynamics Statistics.[21]

## Model design

This report focuses on employers' reactions to auto-IRA plans. Businesses with and without plans were asked about overall support for these plans. Businesses without plans were also questioned about support for individual features of auto-IRA plans and support for various sponsors of the plan (e.g., mutual fund, state government, etc.). Because of low cell sizes, we collapse "strongly oppose" and "somewhat oppose" so that support variables are three category variables: oppose, somewhat support, and strongly support. Though these categories can be viewed as ordered (oppose to high levels of support), we use multinomial logistic regression to examine the views rather than ordinal logistic regression because analyses showed there is a large difference between opposition and somewhat support, but a much smaller difference between somewhat support and strongly support. In each of these regression models we use a base category, either "somewhat support" in the cases of "oppose" and "strong support" or "oppose" in the case of "strong support," and present relative risk ratios. To interpret tables showing multinomial logistic regression, the relative risk ratios show the likelihood of opposing the plan compared to somewhat supporting the plan in the left panel, the likelihood of strongly supporting the plan compared to somewhat supporting the plan in the middle panel, and the likelihood of strongly supporting the plan compared to opposing the plan in the right panel. Additionally, to examine whether or not a business would use an auto-IRA plan, online marketplace, and MEP, we use logistic regression.

The models all use various business characteristics as independent variables, including natural log transformations of years in business and number of employees, whether the payroll was handled internally or outsourced, geographic region, whether the business' earnings and number of employees in the past year increased, decreased, or stayed the same, a continuous variable of the number of nonretirement benefits the employer offers, and a five-category industry variable. Post-hoc tests were performed to determine that the best fit regression models use natural log transformations of years in business and number of employees.

In some cases, businesses with and without plans were asked different questions, so models between the two groups differ in independent variables. Models of support for plan sponsors take into account whether their businesses have a pro-savings feature in their retirement plan (i.e., automatic enrollment or automatic escalation), the number of employees who participate, whether the employer contributes to the retirement plan, and familiarity with the retirement plan's fees. Because of these variables, the model of support includes only those who answered yes to the question "Does your organization offer a retirement plan based on employee and employer contributions to an individual account plan, such as a 401(k) plan?" Models of support for businesses without plans include the percentage of employees who are full time, the number of alternative plans the business is familiar with (e.g., 401(k), SEP IRA, SIMPLE plans, and myRA), and whether they were presented with a plan with a 3 or 6 percent default employee contribution rate. Statistical significance is indicated by * $p < 0.05$ ** $p < 0.01$ *** $p < 0.001$.

Predicted probabilities (presented in Figures 2, 3, 5, 6, and 7) based on multinomial regression models of support, were generated using Stata's predict command. Predicted probabilities (Figure 8) based on a multinomial regression model of support, and predicted probabilities (Figure 9) based on a logistic regression model of the likelihood of responding the program would encourage them to offer a plan, were generated using Stata's margins command. Additionally predicted probabilities referenced in the text used Stata's margin commands. Covariates are held at their mean. In order to match samples across analyses, univariate and bivariate analyses exclude those that were missing any of the covariates in regression models.

# Appendix

Table A.1

## Businesses Without Plans: Auto-IRA Support

| | Oppose vs Somewhat Support | | Strongly Support vs Somewhat Support | | Strongly Support vs Oppose | |
|---|---|---|---|---|---|---|
| | Relative risk ratio | Standard error | Relative risk ratio | Standard error | Relative risk ratio | Standard error |
| **Industry category** | | | | | | |
| Wholesale and retail trade | (reference) | | (reference) | | (reference) | |
| Natural resources, construction, and maintenance | 2.81 | 1.58 | 1.22 | 0.57 | 0.44 | 0.27 |
| Production, transportation, and material moving | 1.64 | 0.96 | 1.03 | 0.40 | 0.63 | 0.39 |
| Management, professional, and related | 1.19 | 0.53 | 1.22 | 0.34 | 1.02 | 0.48 |
| Other services | 2.47 | 1.32 | 0.61 | 0.23 | 0.25 | 0.14 * |
| **Years in business (logged)** | 1.22 | 0.24 | 0.81 | 0.11 | 0.67 | 0.14 |
| **Number of employees (logged)** | 1.18 | 0.28 | 1.05 | 0.15 | 0.89 | 0.21 |
| **Percentage of employees that are full-time** | 1.01 | 0.01 | 1.00 | 0.00 | 0.99 | 0.01 |
| **Handle payroll** | | | | | | |
| Internal | (reference) | | (reference) | | (reference) | |
| Outsource | 0.81 | 0.26 | 1.14 | 0.29 | 1.40 | 0.50 |

*Continued on the next page*

| | Oppose vs Somewhat Support | | Strongly Support vs Somewhat Support | | Strongly Support vs Oppose | |
|---|---|---|---|---|---|---|
| | Relative risk ratio | Standard error | Relative risk ratio | Standard error | Relative risk ratio | Standard error |
| **Change in organization's earnings over last two years** | | | | | | |
| Unchanged | (reference) | | (reference) | | (reference) | |
| Increase a little/a lot | 0.67 | 0.26 | 1.59 | 0.46 | 2.38 | 1.04 * |
| Decrease a little/a lot | 1.03 | 0.45 | 1.87 | 0.67 | 1.81 | 0.90 |
| **Change in organization's employment over last two years** | | | | | | |
| Unchanged | (reference) | | (reference) | | (reference) | |
| Increase a little/a lot | 0.72 | 0.33 | 0.61 | 0.21 | 0.84 | 0.43 |
| Decrease a little/a lot | 1.04 | 0.53 | 0.29 | 0.13 ** | 0.28 | 0.17 * |
| **Number of employee benefits** | 0.82 | 0.12 | 1.12 | 0.12 | 1.36 | 0.22 |
| **Number of auto-IRA alternative plans familiar with** | 1.33 | 0.18 * | 1.03 | 0.11 | 0.77 | 0.12 |
| **Somewhat or much more likely to start plan in the next two years** | | | | | | |
| No | (reference) | | (reference) | | (reference) | |
| Yes | 0.68 | 0.30 | 1.16 | 0.34 | 1.70 | 0.78 |
| **Default auto-IRA program contribution rate** | | | | | | |
| 3% | (reference) | | (reference) | | (reference) | |
| 6% | 1.13 | 0.37 | 1.03 | 0.25 | 0.92 | 0.33 |
| **Constant** | 0.04 | 0.04 ** | 0.59 | 0.39 | 16.41 | 19.03 * |
| *n* = | **641** | | **641** | | **641** | |

Note: 725 businesses reported that they did not offer a retirement plan. The model excludes 10 respondents (1 percent) that are missing the dependent variable, and, of those that are not, 74 respondents (10 percent) that are missing one or more covariates. In total 84 respondents (12 percent) of the sample are excluded. Statistical significance is indicated by * $p < 0.05$ ** $p < 0.01$ *** $p < 0.001$.

Table A.2

# Businesses With Plans: Auto-IRA Support

| | Oppose vs Somewhat Support | | Strongly Support vs Somewhat Support | | Strongly Support vs Oppose | |
|---|---|---|---|---|---|---|
| | Relative risk ratio | Standard error | Relative risk ratio | Standard error | Relative risk ratio | Standard error |
| **Industry category** | | | | | | |
| Wholesale and retail trade | (reference) | | (reference) | | (reference) | |
| Natural resources, construction, and maintenance | 0.74 | 0.29 | 1.21 | 0.79 | 1.65 | 1.12 |
| Production, transportation, and material moving | 1.48 | 0.52 | 1.81 | 1.19 | 1.22 | 0.81 |
| Management, professional, and related | 0.85 | 0.25 | 1.68 | 0.86 | 1.98 | 1.08 |
| Other services | 1.40 | 0.68 | 3.35 | 2.26 | 2.38 | 1.72 |
| **Years in business (logged)** | 1.02 | 0.14 | 0.73 | 0.13 | 0.72 | 0.13 |
| **Number of employees (logged)** | 1.04 | 0.12 | 1.05 | 0.22 | 1.01 | 0.22 |
| **Handle payroll** | | | | | | |
| Internal | (reference) | | (reference) | | (reference) | |
| Outsource | 0.86 | 0.18 | 1.31 | 0.40 | 1.52 | 0.47 |
| **Change in organization's earnings over last two years** | | | | | | |
| Unchanged | (reference) | | (reference) | | (reference) | |
| Increase a little/a lot | 1.20 | 0.29 | 1.48 | 0.56 | 1.23 | 0.48 |
| Decrease a little/a lot | 1.98 | 0.60 * | 2.23 | 1.12 | 1.13 | 0.57 |
| **Change in organization's employment over last two years** | | | | | | |
| Unchanged | (reference) | | (reference) | | (reference) | |
| Increase a little/a lot | 0.83 | 0.23 | 0.62 | 0.28 | 0.75 | 0.34 |
| Decrease a little/a lot | 1.34 | 0.44 | 1.24 | 0.64 | 0.93 | 0.47 |
| **Number of employee benefits** | 1.11 | 0.10 | 1.29 | 0.19 | 1.16 | 0.17 |
| **Current retirement plan includes automatic features** | | | | | | |
| No | (reference) | | (reference) | | (reference) | |
| Yes | 0.57 | 0.13 * | 1.28 | 0.43 | 2.26 | 0.79 * |
| **Percentage of employees participating in current retirement plan** | 1.00 | 0.00 | 1.00 | 0.01 | 1.00 | 0.01 |

*Continued on the next page*

| | Oppose vs Somewhat Support | | Strongly Support vs Somewhat Support | | Strongly Support vs Oppose | |
|---|---|---|---|---|---|---|
| | Relative risk ratio | Standard error | Relative risk ratio | Standard error | Relative risk ratio | Standard error |
| **Current retirement plan includes employer contributions** | | | | | | |
| No | (reference) | | (reference) | | (reference) | |
| Yes | 2.25 | 0.85 * | 0.96 | 0.46 | 0.43 | 0.23 |
| **Familiarity with current retirement plan's investment fees** | | | | | | |
| Not at all familiar | (reference) | | (reference) | | (reference) | |
| Somewhat familiar | 0.84 | 0.19 | 1.06 | 0.40 | 1.26 | 0.49 |
| Very familiar | 1.57 | 0.49 | 2.23 | 0.98 | 1.42 | 0.61 |
| **Constant** | 0.28 | 0.18 | 0.09 | 0.10 * | 0.33 | 0.35 |
| *n* = | 692 | | 692 | | 692 | |

Note: 816 businesses reported that they offered a retirement plan based on contributions to an individual account plan. The model excludes 40 respondents (5 percent) that are missing the dependent variable, and, of those that are not, 84 respondents (10 percent) that are missing one or more covariates. In total 124 respondents (15 percent) of the sample are excluded. Statistical significance is indicated by * $p < 0.05$ ** $p < 0.01$ *** $p < 0.001$.



Table A.3

## Businesses Without Plans: Auto-IRA Support Under State Government Sponsorship

| | Oppose vs Somewhat Support | | Strongly Support vs Somewhat Support | | Strongly Support vs Oppose | |
|---|---|---|---|---|---|---|
| | Relative risk ratio | Standard error | Relative risk ratio | Standard error | Relative risk ratio | Standard error |
| **Industry category** | | | | | | |
| Wholesale and retail trade | (reference) | | (reference) | | (reference) | |
| Natural resources, construction, and maintenance | 1.05 | 0.42 | 0.78 | 0.58 | 0.74 | 0.55 |
| Production, transportation, and material moving | 1.31 | 0.48 | 1.05 | 0.62 | 0.80 | 0.44 |
| Management, professional, and related | 1.16 | 0.32 | 1.88 | 0.83 | 1.62 | 0.68 |
| Other services | 1.05 | 0.37 | 1.15 | 0.64 | 1.09 | 0.59 |
| **Years in business (logged)** | 1.05 | 0.13 | 0.85 | 0.13 | 0.81 | 0.12 |

*Continued on the next page*

| | Oppose vs Somewhat Support | | Strongly Support vs Somewhat Support | | Strongly Support vs Oppose | |
|---|---|---|---|---|---|---|
| | Relative risk ratio | Standard error | Relative risk ratio | Standard error | Relative risk ratio | Standard error |
| **Number of employees (logged)** | 1.20 | 0.17 | 1.45 | 0.33 | 1.21 | 0.26 |
| **Percentage of employees that are full-time** | 1.01 | 0.00 * | 1.00 | 0.01 | 0.99 | 0.01 |
| **Handle payroll** | | | | | | |
| Internal | (reference) | | (reference) | | (reference) | |
| Outsource | 0.54 | 0.13 ** | 0.92 | 0.33 | 1.70 | 0.56 |
| **Change in organization's earnings over last two years** | | | | | | |
| Unchanged | (reference) | | (reference) | | (reference) | |
| Increase a little/a lot | 0.80 | 0.21 | 0.63 | 0.25 | 0.79 | 0.29 |
| Decrease a little/a lot | 0.67 | 0.21 | 0.58 | 0.26 | 0.85 | 0.36 |
| **Change in organization's employment over last two years** | | | | | | |
| Unchanged | (reference) | | (reference) | | (reference) | |
| Increase a little/a lot | 1.20 | 0.35 | 0.50 | 0.23 | 0.42 | 0.19 |
| Decrease a little/a lot | 1.76 | 0.67 | 1.05 | 0.67 | 0.60 | 0.35 |
| **Number of employee benefits** | 0.97 | 0.09 | 1.12 | 0.17 | 1.15 | 0.17 |
| **Number of auto-IRA alternative plans familiar with** | 0.92 | 0.09 | 0.95 | 0.14 | 1.03 | 0.14 |
| **Somewhat or much more likely to start plan in the next two years** | | | | | | |
| No | (reference) | | (reference) | | (reference) | |
| Yes | 0.56 | 0.15 * | 1.22 | 0.48 | 2.17 | 0.83 * |
| **Default auto-IRA program contribution rate** | | | | | | |
| 3% | (reference) | | (reference) | | (reference) | |
| 6% | 0.85 | 0.19 | 1.14 | 0.41 | 1.35 | 0.46 |
| **Constant** | 1.17 | 0.75 | 0.15 | 0.15 | 0.13 | 0.13 * |
| ***n* =** | **641** | | **641** | | **641** | |

Note: 725 businesses reported that they did not offer a retirement plan. The model excludes 8 respondents (1 percent) that are missing the dependent variable, and, of those that are not, 76 respondents (10 percent) that are missing one or more covariates. In total 84 respondents (12 percent) of the sample are excluded. Statistical significance is indicated by * $p < 0.05$ ** $p < 0.01$ *** $p < 0.001$.

Table A.4

## Businesses Without Plans: Auto-IRA Support Under Mutual Fund Company Sponsorship

| | Oppose vs Somewhat Support | | Strongly Support vs Somewhat Support | | Strongly Support vs Oppose | |
|---|---|---|---|---|---|---|
| | Relative risk ratio | Standard error | Relative risk ratio | Standard error | Relative risk ratio | Standard error |
| **Industry category** | | | | | | |
| Wholesale and retail trade | (reference) | | (reference) | | (reference) | |
| Natural resources, construction, and maintenance | 2.02 | 1.05 | 1.87 | 0.89 | 0.92 | 0.57 |
| Production, transportation, and material moving | 4.62 | 2.08 ** | 1.66 | 0.71 | 0.36 | 0.19 |
| Management, professional, and related | 1.51 | 0.55 | 1.52 | 0.48 | 1.01 | 0.44 |
| Other services | 2.45 | 1.09 * | 0.51 | 0.23 | 0.21 | 0.12 ** |
| **Years in business (logged)** | 1.07 | 0.16 | 0.87 | 0.12 | 0.82 | 0.15 |
| **Number of employees (logged)** | 0.79 | 0.18 | 0.96 | 0.15 | 1.22 | 0.29 |
| **Percentage of employees that are full-time** | 1.00 | 0.01 | 1.00 | 0.00 | 0.99 | 0.01 |
| **Handle payroll** | | | | | | |
| Internal | (reference) | | (reference) | | (reference) | |
| Outsource | 0.97 | 0.27 | 1.41 | 0.39 | 1.45 | 0.49 |
| **Change in organization's earnings over last two years** | | | | | | |
| Unchanged | (reference) | | (reference) | | (reference) | |
| Increase a little/a lot | 0.88 | 0.28 | 0.96 | 0.32 | 1.08 | 0.44 |
| Decrease a little/a lot | 1.01 | 0.39 | 1.79 | 0.70 | 1.77 | 0.86 |
| **Change in organization's employment over last two years** | | | | | | |
| Unchanged | (reference) | | (reference) | | (reference) | |
| Increase a little/a lot | 1.02 | 0.34 | 1.64 | 0.66 | 1.61 | 0.74 |
| Decrease a little/a lot | 0.83 | 0.40 | 1.93 | 0.74 | 2.32 | 1.24 |
| **Number of employee benefits** | 0.78 | 0.11 | 0.92 | 0.11 | 1.19 | 0.19 |
| **Number of auto-IRA alternative plans familiar with** | 1.16 | 0.14 | 1.05 | 0.11 | 0.91 | 0.13 |
| **Somewhat or much more likely to start plan in the next two years** | | | | | | |
| No | (reference) | | (reference) | | (reference) | |
| Yes | 0.92 | 0.34 | 1.67 | 0.48 | 1.81 | 0.74 |

*Continued on the next page*

| | Oppose vs Somewhat Support | | Strongly Support vs Somewhat Support | | Strongly Support vs Oppose | |
|---|---|---|---|---|---|---|
| | Relative risk ratio | Standard error | Relative risk ratio | Standard error | Relative risk ratio | Standard error |
| **Default auto-IRA program contribution rate** | | | | | | |
| 3% | (reference) | | (reference) | | (reference) | |
| 6% | 0.80 | 0.22 | 0.67 | 0.18 | 0.84 | 0.28 |
| **Constant** | 0.25 | 0.25 | 0.32 | 0.24 | 1.29 | 1.53 |
| *n* = | 641 | | 641 | | 641 | |

Note: 725 businesses reported that they did not offer a retirement plan. The model excludes 14 respondents (2 percent) that are missing the dependent variable, and, of those that are not, 70 respondents (10 percent) that are missing one or more covariates. In total 84 respondents (12 percent) of the sample are excluded. Statistical significance is indicated by * p < 0.05 ** p < 0.01 *** p < 0.001.



Table A.5

## Businesses Without Plans: Auto-IRA Support Under Insurance Company Sponsorship

| | Oppose vs Somewhat Support | | Strongly Support vs Somewhat Support | | Strongly Support vs Oppose | |
|---|---|---|---|---|---|---|
| | Relative risk ratio | Standard error | Relative risk ratio | Standard error | Relative risk ratio | Standard error |
| **Industry category** | | | | | | |
| Wholesale and retail trade | (reference) | | (reference) | | (reference) | |
| Natural resources, construction, and maintenance | 0.74 | 0.33 | 0.72 | 0.44 | 0.98 | 0.65 |
| Production, transportation, and material moving | 2.17 | 0.81 * | 1.36 | 0.68 | 0.63 | 0.34 |
| Management, professional, and related | 1.05 | 0.32 | 1.39 | 0.52 | 1.33 | 0.57 |
| Other services | 2.53 | 0.95 * | 0.58 | 0.38 | 0.23 | 0.16 * |
| **Years in business (logged)** | 1.00 | 0.12 | 0.70 | 0.14 | 0.70 | 0.15 |
| **Number of employees (logged)** | 0.93 | 0.15 | 1.01 | 0.18 | 1.09 | 0.24 |
| **Percentage of employees that are full-time** | 1.00 | 0.00 | 1.00 | 0.01 | 1.00 | 0.01 |
| **Handle payroll** | | | | | | |
| Internal | (reference) | | (reference) | | (reference) | |
| Outsource | 0.91 | 0.22 | 1.45 | 0.49 | 1.58 | 0.58 |

*Continued on the next page*

| | Oppose vs Somewhat Support | | Strongly Support vs Somewhat Support | | Strongly Support vs Oppose | |
|---|---|---|---|---|---|---|
| | Relative risk ratio | Standard error | Relative risk ratio | Standard error | Relative risk ratio | Standard error |
| **Change in organization's earnings over last two years** | | | | | | |
| Unchanged | (reference) | | (reference) | | (reference) | |
| Increase a little/a lot | 0.67 | 0.18 | 0.73 | 0.28 | 1.09 | 0.46 |
| Decrease a little/a lot | 1.49 | 0.47 | 1.56 | 0.70 | 1.04 | 0.50 |
| **Change in organization's employment over last two years** | | | | | | |
| Unchanged | (reference) | | (reference) | | (reference) | |
| Increase a little/a lot | 0.86 | 0.29 | 0.58 | 0.26 | 0.67 | 0.33 |
| Decrease a little/a lot | 0.86 | 0.33 | 0.91 | 0.46 | 1.06 | 0.60 |
| **Number of employee benefits** | 0.92 | 0.10 | 1.30 | 0.18 | 1.41 | 0.22 * |
| **Number of auto-IRA alternative plans familiar with** | 1.25 | 0.12 * | 0.95 | 0.10 | 0.76 | 0.09 * |
| **Somewhat or much more likely to start plan in the next two years** | | | | | | |
| No | (reference) | | (reference) | | (reference) | |
| Yes | 1.31 | 0.38 | 1.29 | 0.43 | 0.98 | 0.38 |
| **Default auto-IRA program contribution rate** | | | | | | |
| 3% | (reference) | | (reference) | | (reference) | |
| 6% | 0.88 | 0.20 | 0.96 | 0.31 | 1.09 | 0.38 |
| **Constant** | 0.40 | 0.28 | 0.39 | 0.36 | 0.96 | 1.01 |
| ***n* =** | **641** | | **641** | | **641** | |

Note: 725 businesses reported that they did not offer a retirement plan. The model excludes 9 respondents (1 percent) that are missing the dependent variable, and, of those that are not, 75 respondents (10 percent) that are missing one or more covariates. In total 84 respondents (12 percent) of the sample are excluded. Statistical significance is indicated by * $p < 0.05$ ** $p < 0.01$ *** $p < 0.001$.

Table A.6

# Businesses Without Plans That Would Use State Plan Rather Than Offering Their Own

| | Odds ratio | Standard error |
|---|---|---|
| **Industry category** | | |
| Wholesale and retail trade | (reference) | |
| Natural resources, construction, and maintenance | 1.14 | 0.47 |
| Production, transportation, and material moving | 0.75 | 0.27 |
| Management, professional, and related | 1.03 | 0.27 |
| Other services | 1.02 | 0.36 |
| **Years in business (logged)** | 0.94 | 0.12 |
| **Number of employees (logged)** | 0.92 | 0.13 |
| **Percentage of employees that are full-time** | 0.99 | 0.00 ** |
| **Handle payroll** | | |
| Internal | (reference) | |
| Outsource | 1.11 | 0.25 |
| **Change in organization's earnings over last two years** | | |
| Unchanged | (reference) | |
| Increase a little/a lot | 0.73 | 0.19 |
| Decrease a little/a lot | 1.49 | 0.45 |
| **Change in organization’s employment over last two years** | | |
| Unchanged | (reference) | |
| Increase a little/a lot | 0.82 | 0.23 |
| Decrease a little/a lot | 0.77 | 0.28 |
| **Number of employee benefits** | 1.20 | 0.11 |
| **Number of auto-IRA alternative plans familiar with** | 0.94 | 0.09 |
| **Somewhat or much more likely to start plan in the next two years** | | |
| No | (reference) | |
| Yes | 1.41 | 0.35 |

*Continued on the next page*

| | Odds ratio | Standard error |
|---|---|---|
| **Default auto-IRA program contribution rate** | | |
| 3% | (reference) | |
| 6% | 1.24 | 0.27 |
| **Constant** | 1.98 | 1.26 |
| ***n* =** | **594** | |

Note: 725 businesses reported that they did not offer a retirement plan. The model excludes 66 respondents (9 percent) that are missing the dependent variable, and, of those that are not, 65 respondents (9 percent) that are missing one or more covariates. In total 131 respondents (18 percent) of the sample are excluded. Statistical significance is indicated by * p < 0.05 ** p < 0.01 *** p < 0.001.



Table A.7

## Businesses With Plans That Would Stop Offering Them if the State Sponsored an Auto-IRA

| | Odds ratio | Standard error |
|---|---|---|
| **Industry category** | | |
| Wholesale and retail trade | (reference) | |
| Natural resources, construction, and maintenance | 0.41 | 0.26 |
| Production, transportation, and material moving | 0.28 | 0.15 * |
| Management, professional, and related | 0.90 | 0.39 |
| Other services | 0.88 | 0.51 |
| **Years in business (logged)** | 0.83 | 0.15 |
| **Number of employees (logged)** | 0.87 | 0.14 |
| **Handle payroll** | | |
| Internal | (reference) | |
| Outsource | 1.49 | 0.48 |
| **Change in organization's earnings over last two years** | | |
| Unchanged | (reference) | |
| Increase a little/a lot | 0.57 | 0.23 |
| Decrease a little/a lot | 0.31 | 0.14 * |

*Continued on the next page*

| | Odds ratio | Standard error |
|---|---|---|
| **Change in organization's employment over last two years** | | |
| Unchanged | (reference) | |
| Increase a little/a lot | 1.03 | 0.50 |
| Decrease a little/a lot | 2.08 | 0.97 |
| **Number of employee benefits** | 0.93 | 0.12 |
| **Current retirement plan includes automatic features** | | |
| No | (reference) | |
| Yes | 2.69 | 0.98 ** |
| **Percentage of employees participating in current retirement plan** | 0.99 | 0.01 * |
| **Current retirement plan includes employer contributions** | | |
| No | (reference) | |
| Yes | 0.30 | 0.14 ** |
| **Familiarity with current retirement plan's investment fees** | | |
| Not at all familiar | (reference) | |
| Somewhat familiar | 1.27 | 0.49 |
| Very familiar | 0.56 | 0.26 |
| **Constant** | 2.53 | 2.29 |
| ***n* =** | **635** | |

Note: 816 businesses reported that they offered a retirement plan based on contributions to an individual account plan. The model excludes 78 respondents (10 percent) that are missing the dependent variable, and, of those that are not, 103 respondents (13 percent) that are missing one or more covariates. In total 181 respondents (22 percent) of the sample are excluded. Statistical significance is indicated by * $p < 0.05$ ** $p < 0.01$ *** $p < 0.001$.

Table A.8

## Businesses Without Plans: How Helpful Would You Find a Marketplace?

| | Oppose vs Somewhat Support | | Strongly Support vs Somewhat Support | | Strongly Support vs Oppose | |
|---|---|---|---|---|---|---|
| | Relative risk ratio | Standard error | Relative risk ratio | Standard error | Relative risk ratio | Standard error |
| **Industry category** | | | | | | |
| Wholesale and retail trade | (reference) | | (reference) | | (reference) | |
| Natural resources, construction, and maintenance | 1.65 | 0.84 | 0.74 | 0.31 | 0.45 | 0.22 |
| Production, transportation, and material moving | 1.97 | 0.92 | 0.76 | 0.28 | 0.38 | 0.18 * |
| Management, professional, and related | 1.50 | 0.57 | 1.22 | 0.33 | 0.82 | 0.31 |
| Other services | 0.96 | 0.47 | 0.68 | 0.25 | 0.71 | 0.35 |
| **Years in business (logged)** | 1.15 | 0.20 | 0.87 | 0.11 | 0.76 | 0.12 |
| **Number of employees (logged)** | 0.95 | 0.21 | 1.04 | 0.17 | 1.10 | 0.24 |
| **Percentage of employees that are full-time** | 1.00 | 0.01 | 0.99 | 0.00 | 0.99 | 0.01 |
| **Handle payroll** | | | | | | |
| Internal | (reference) | | (reference) | | (reference) | |
| Outsource | 1.06 | 0.34 | 1.05 | 0.24 | 0.99 | 0.31 |
| **Change in organization's earnings over last two years** | | | | | | |
| Unchanged | (reference) | | (reference) | | (reference) | |
| Increase a little/a lot | 0.78 | 0.28 | 1.17 | 0.29 | 1.49 | 0.51 |
| Decrease a little/a lot | 0.95 | 0.38 | 1.16 | 0.36 | 1.22 | 0.48 |
| **Number of employee benefits** | 0.95 | 0.13 | 1.12 | 0.11 | 1.17 | 0.15 |
| **Number of auto-IRA alternative plans familiar with** | 1.10 | 0.14 | 0.85 | 0.08 | 0.77 | 0.09 * |
| **Somewhat or much more likely to start plan in the next two years** | | | | | | |
| No | (reference) | | (reference) | | (reference) | |
| Yes | 0.66 | 0.28 | 1.30 | 0.35 | 1.96 | 0.79 |
| **Constant** | 0.19 | 0.19 | 2.06 | 1.37 | 10.63 | 10.03 * |
| *n* = | 657 | | 657 | | 657 | |

Note: 709 businesses reported that they did not offer a retirement plan and had 100 or fewer employees. The model excludes 2 respondents (0 percent) that are missing the dependent variable, and, of those that are not, 50 respondents (7 percent) that are missing one or more covariates. In total 52 respondents (7 percent) of the sample are excluded. Statistical significance is indicated by * $p < 0.05$ ** $p < 0.01$ *** $p < 0.001$.

Table A.9

## Businesses Without Plans: Would the Marketplace Encourage You to Offer a Plan?

| | Odds ratio | Standard error |
|---|---|---|
| **Industry category** | | |
| Wholesale and retail trade | (reference) | |
| Natural resources, construction, and maintenance | 0.72 | 0.29 |
| Production, transportation, and material moving | 0.48 | 0.15 * |
| Management, professional, and related | 0.85 | 0.21 |
| Other services | 0.66 | 0.22 |
| **Years in business (logged)** | 0.75 | 0.10 * |
| **Number of employees (logged)** | 0.90 | 0.14 |
| **Percentage of employees that are full-time** | 1.00 | 0.00 |
| **Handle payroll** | | |
| Internal | (reference) | |
| Outsource | 1.40 | 0.31 |
| **Change in organization's earnings over last two years** | | |
| Unchanged | (reference) | |
| Increase a little/a lot | 1.47 | 0.35 |
| Decrease a little/a lot | 1.77 | 0.49 * |
| **Number of employee benefits** | 1.07 | 0.10 |
| **Number of auto-IRA alternative plans familiar with** | 0.85 | 0.07 |
| **Somewhat or much more likely to start plan in the next two years** | | |
| No | (reference) | |
| Yes | 4.14 | 1.28 ** |
| **Constant** | 2.99 | 2.36 * |
| ***n* =** | **646** | |

Note: 709 businesses reported that they did not offer a retirement plan and had 100 or fewer employees. The model excludes 3 respondents (0 percent) that are missing the dependent variable, and, of those that are not, 49 respondents (7 percent) that are missing one or more covariates. In total 52 respondents (7 percent) of the sample are excluded. Statistical significance is indicated by * $p < 0.05$ ** $p < 0.01$ *** $p < 0.001$.

Table A.10

## Businesses Without Plans: How Helpful Would You Find a MEP?

| | Oppose vs Somewhat Support | | Strongly Support vs Somewhat Support | | Strongly Support vs Oppose | |
|---|---|---|---|---|---|---|
| | Relative risk ratio | Standard error | Relative risk ratio | Standard error | Relative risk ratio | Standard error |
| **Industry category** | | | | | | |
| Wholesale and retail trade | (reference) | | (reference) | | (reference) | |
| Natural resources, construction, and maintenance | 1.69 | 0.87 | 0.84 | 0.35 | 0.50 | 0.27 |
| Production, transportation, and material moving | 1.40 | 0.65 | 0.53 | 0.20 | 0.38 | 0.19 |
| Management, professional, and related | 2.25 | 0.80 * | 1.59 | 0.44 | 0.70 | 0.26 |
| Other services | 1.41 | 0.67 | 0.62 | 0.22 | 0.44 | 0.22 |
| **Years in business (logged)** | 1.23 | 0.21 | 0.82 | 0.10 | 0.67 | 0.12 * |
| **Number of employees (logged)** | 0.96 | 0.21 | 0.82 | 0.11 | 0.86 | 0.18 |
| **Percentage of employees that are full-time** | 1.00 | 0.01 | 0.99 | 0.00 | 1.00 | 0.01 |
| **Handle payroll** | | | | | | |
| Internal | (reference) | | (reference) | | (reference) | |
| Outsource | 1.23 | 0.37 | 0.93 | 0.21 | 0.75 | 0.24 |
| **Change in organization's earnings over last two years** | | | | | | |
| Unchanged | (reference) | | (reference) | | (reference) | |
| Increase a little/a lot | 0.53 | 0.17 | 0.86 | 0.21 | 1.64 | 0.55 |
| Decrease a little/a lot | 0.51 | 0.19 | 0.87 | 0.27 | 1.70 | 0.68 |
| **Number of employee benefits** | 0.81 | 0.10 | 1.17 | 0.12 | 1.44 | 0.19 ** |
| **Number of auto-IRA alternative plans familiar with** | 1.05 | 0.13 | 0.89 | 0.08 | 0.85 | 0.11 |
| **Somewhat or much more likely to start plan in the next two years** | | | | | | |
| No | (reference) | | (reference) | | (reference) | |
| Yes | 0.38 | 0.17 * | 1.29 | 0.33 | 3.39 | 1.46 ** |
| **Constant** | 0.24 | 0.25 | 2.53 | 1.55 | 10.51 | 10.99 * |
| *n* = | 665 | | 665 | | 665 | |

Note: 725 businesses reported that they did not offer a retirement plan. The model excludes 7 respondents (1 percent) that are missing the dependent variable, and, of those that are not, 53 respondents (7 percent) that are missing one or more covariates. In total 60 respondents (8 percent) of the sample are excluded. Statistical significance is indicated by * $p < 0.05$ ** $p < 0.01$ *** $p < 0.001$.

Table A.11

# Businesses Without Plans: Would You Be Interested in Participating in a MEP?

| | Odds ratio | Standard error |
|---|---|---|
| **Industry category** | | |
| Wholesale and retail trade | (reference) | |
| Natural resources, construction, and maintenance | 1.09 | 0.45 |
| Production, transportation, and material moving | 0.75 | 0.27 |
| Management, professional, and related | 0.89 | 0.23 |
| Other services | 0.85 | 0.29 |
| **Years in business (logged)** | 0.83 | 0.11 |
| **Number of employees (logged)** | 0.91 | 0.13 |
| **Percentage of employees that are full-time** | 1.00 | 0.00 |
| **Handle payroll** | | |
| Internal | (reference) | |
| Outsource | 1.07 | 0.24 |
| **Change in organization's earnings over last two years** | | |
| Unchanged | (reference) | |
| Increase a little/a lot | 1.32 | 0.31 |
| Decrease a little/a lot | 1.18 | 0.36 |
| **Number of employee benefits** | 1.29 | 0.14 * |
| **Number of auto-IRA alternative plans familiar with** | 1.02 | 0.09 |
| **Somewhat or much more likely to start plan in the next two years** | | |
| No | (reference) | |
| Yes | 2.75 | 0.83 ** |
| **Constant** | 1.56 | 0.98 |
| ***n* =** | **668** | |

Note: 725 businesses reported that they did not offer a retirement plan. The model excludes 5 respondents (0 percent) that are missing the dependent variable, and, of those that are not, 52 respondents (7 percent) that are missing one or more covariates. In total 57 respondents (8 percent) of the sample are excluded. Statistical significance is indicated by * $p < 0.05$ ** $p < 0.01$ *** $p < 0.001$.

# Endnotes

1 Irena Dushi, Howard Iams, and Jules Lichtenstein, "Retirement Plan Coverage by Firm Size: An Update," Social Security Bulletin 75, no. 2 (2015): 41–55, http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2604116.

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3 The 2015 Retirement Confidence Survey.

4 Melissa A.Z. Knoll, "The Role of Behavioral Economics and Behavioral Decision Making in Americans' Retirement Savings Decisions," Social Security Bulletin 70, no. 4 (2010): 1–23, http://www.ssa.gov/policy/docs/ssb/v70n4/v70n4p1.pdf; Richard H. Thaler and Shlomo Benartzi, "Behavioral Economics and the Retirement Savings Crisis," Capital Ideas (Summer 2013), http://www.chicagobooth.edu/capideas/magazine/summer-2013/retirement-savings?cat=more. See Investment Company Institute, "Quarterly Retirement Market Data," accessed Nov. 10, 2015, for data on the share of total U.S. retirement assets by different sources, http://www.ici.org/research/stats/retirement. Although assets held in individual retirement accounts (IRAs) are larger than those for defined contribution plans, IRA assets largely come from defined contribution plan rollovers. See Craig Copeland, "Individual Retirement Account Balances, Contributions, and Rollovers, 2011: The EBRI IRA Database," Employee Benefit Research Institute Issue Brief No. 386 (2013): 1, http://www.ebri.org/pdf/briefspdf/EBRI_IB_05-13.No386.IRAs.pdf.

5 The Pew Charitable Trusts, "Who's In, Who's Out: A Look at Access to Employer-Based Retirement Plans And Participation in the States" (January 2016), 1, http://www.pewtrusts.org/~/media/assets/2016/01/retirement_savings_report_jan16.pdf?la=en.

6 Senator Orin Hatch, "Hatch Unveils Bill to Overhaul Pension Benefit System, Secure Retirement Savings," news release, July 9, 2013, http://www.hatch.senate.gov/public/index.cfm/2013/7/hatch-unveils-bill-to-overhaul-pension-benefit-system-secure-retirement-savings; Senator Susan Collins, "Retirement Security: A Path Forward," news release, Jan. 28, 2015, https://www.collins.senate.gov/newsroom/retirement-security-path-forward; Senator Sheldon Whitehouse, "Sen. Whitehouse and Rep. Neal Introduce Retirement Savings Bill," news release, Jan. 22, 2015, http://www.whitehouse.senate.gov/news/release/sen-whitehouse-and-rep-neal-introduce-retirement-savings-bill; Senator Tom Harkin, "Harkin Unveils Legislation to Address Retirement Crisis, Rebuild Private Pension System," news release, Jan. 30, 2014, http://www.help.senate.gov/ranking/newsroom/press/harkin-unveils-legislation-to-address-retirement-crisis-rebuild-private-pension-system.

7 For a summary of how the myRA program works, see U.S. Department of the Treasury, https://myra.gov.

8 The description of the program's features was based on the description provided in printed form to workers in the Overture Financial LLC feasibility study conducted on behalf of the California Secure Choice program. Alterations to the prompts were made for clarity in the context of an employer phone interview and to allow for a generalized, rather than California-specific, program. See Overture Financial LLC, "California Secure Choice Market Analysis, Feasibility Study, and Program Design Consultant Services: Final Report to the California Secure Choice Retirement Savings Investment Board" (March 17, 2016), http://www.treasurer.ca.gov/scib/report.pdf.

9 Employers with an existing retirement plan were given the following prompt:

Now I am going to ask a few questions about a new retirement plan intended to make it easier for employees at businesses without retirement plans to save for retirement. Since your business offers a retirement plan, this proposal would not necessarily apply to your organization. However, given your experience with retirement plans, we would like your input.

Here are a few details about the plan:

- The plan would only cover employees who don't have access to a retirement savings plan at their work and would not apply to employees already in a plan.
- Workers would contribute to the retirement savings account unless they took action to opt out of the program. Employers could not make their own contributions.
- The plan would be sponsored by an outside organization and not by businesses like yours.
- A business' only responsibility would be to withhold money from participating employees' paychecks and send it to the retirement account on their behalf.

10 All of the following findings are statistically significant at the 0.05 level or greater.

11 Other business characteristics such as industry, age of business, number of employees or the number of full-time employees, internal vs. outsourced payroll management, the number of other benefits offered, the likelihood of starting a plan in the next two years, and the presented default contribution rate (3% vs. 6%) were not associated at a statistically significant level with support or opposition for employers without plans. See Appendix Table A1 for details.

12 It is possible that one individual feature is more strongly associated with overall support than others. Using Chronbach's alpha to examine how well individual features reliably measure support, all individual features have a high degree of reliability (Chronbach's alpha = 0.83). Even when excluding automatic enrollment and default contributions by the employee, which have lower levels of support and more variation in answers, Chronbach's alpha remains high (0.82).

13 Other business characteristics such as industry, age of business, number of employees or any change in the number of employees over the last two years, any change in earnings over the last two years, the number of other benefits offered, the number of alternative retirement options available, and the presented default contribution rate (3% vs. 6%) were not associated at a statistically significant level with support or opposition for state sponsorship for employers without plans. See Appendix A3 for details.

14 The Pew Charitable Trusts, "Having a Retirement Plan Can Depend on Industry or Hours Worked" (November 2016), http://www.pewtrusts.org/~/media/assets/2016/11/having_a_retirement_plan_can_depend_on_industry_or_hours_worked.pdf.

15 Other business characteristics, such as age of business, number of employees, the number of full-time employees, or any change in the number of employees over the last two years, any change in earnings over the last two years, internal vs. outsourced payroll management, the number of other benefits offered, the number of alternative retirement options available, the likelihood of starting a plan in the next two years, and the presented default contribution rate (3% vs. 6%), were not associated at a statistically significant level with support or opposition for state sponsorship for employers without plans. See Appendix A2 for details.

16 Other business characteristics such as industry, age of business, number of employees or recent changes to the number of employees, internal payroll management, the number of other benefits offered, retirement plan participation rates, and familiarity with plan fees, were not associated at a statistically significant level with support or opposition for employers with plans.

17 Overture Financial LLC, "California Secure Choice Market Analysis," 110.

18 In a model of helpfulness, the only statistically significant differences between businesses were by industry. Businesses in the natural resources, construction, and maintenance industries as well as the production, transportation, and material moving industries were more likely to report the program would be somewhat helpful than very helpful, compared with businesses in the wholesale and retail trade industries. See Appendix A8 for details.

19 In addition to the features outlined in the body of the paper, in a model of support there were statistically significant differences between businesses in different industries. Businesses in the management, professional, and related industries were more likely to report the program would be not helpful than somewhat helpful as compared with businesses in the wholesale and retail trade industries. See Appendix A10 for details.

20 Illinois General Assembly, Public Act 098-1150 (January 2015). http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=098-1150. For a discussion of retirement plan adoption and financially fragile small firms, see Jules Lichtenstein, "Financial Viability and Retirement Assets: A Look at Small Business Owners and Private Sector Workers," Small Business Administration (December 2012), https://www.sba.gov/sites/default/files/files/rs401tot%20(1).pdf.

21 Census Bureau, "Business Dynamics Statistics: Establishment Characteristics Data Tables," accessed Oct. 15, 2016, http://www.census.gov/ces/dataproducts/bds/data_estab.html.

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