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Worker Reactions to State-Sponsored Auto-IRA Programs

Employees without access to retirement plans at small to midsize firms interested in opportunities to save

Contents

The Pew Charitable Trusts

Susan K. Urahn, *executive vice president and chief program officer*
Travis Plunkett, *senior director*

Team members

John Scott, *director*
Andrew Blevins, *senior associate*
Theron Guzoto, *senior associate*
Alison Shelton, *senior officer*
Sarah Spell, *senior associate*

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Overview

Many Americans are uncertain about how they will pay for their retirement. They worry that they will outlive their savings or that volatile financial markets will not allow those savings to grow sufficiently over time. Some feel they will have to work as long as possible because they cannot afford to retire.

For many, these worries are not unfounded. At least one-quarter of nongovernmental, nonagricultural full-time workers do not have access to an employer-sponsored retirement plan, and fewer than 15 percent of households contribute to an individual retirement account (IRA).[1] Given these facts, policymakers, particularly at the state level, are examining ways to bolster retirement savings.

Many states are looking at how they might implement government-sponsored IRAs, commonly known as auto-IRAs, which provide automatic enrollment of eligible private sector workers. California, Connecticut, Illinois, Maryland, and Oregon have already passed legislation enabling them to do so. Under these plans, workers without access to a workplace retirement plan would see regular deductions from their paychecks sent to an IRA managed by a private financial services firm. Workers could opt out, and the employers' role would usually be limited to setting up the payroll deduction and perhaps distributing informational materials. Typically, the state's role would be limited to choosing the firm to manage the funds. Research shows that using automatic enrollment dramatically increases participation.

To help inform policymakers, The Pew Charitable Trusts surveyed more than 900 workers without access to retirement plans at small and midsize businesses (those with five to 500 employees) to see how they perceive state-sponsored auto-IRA proposals. A series of focus groups provided additional context. Among the key findings of the survey are:

- Generally, workers like the auto-IRA concept.
  - Participants were asked about such programs both early in the survey and then after hearing critical details. The largely positive responses were little changed.
  - Only 13 percent said they would opt out of an auto-IRA.
  - Still, a quarter said they are unsure whether they would take part, although they would be automatically enrolled by default if they remained undecided. That means they would start saving, but these workers might be more likely than others to opt out at a later date.
- Workers generally support both automatic enrollment (73 percent) and automatic escalation of contributions (68 percent). The automatic escalation feature raises the percentage of the employee contribution each year until it reaches a certain level. These features have been shown to increase participation and savings.
- Workers appear to be comfortable setting an employee contribution that defaults to a starting rate of 6 percent of earnings. There was no significant difference in the percentage who said they would opt out between workers asked about an auto-IRA with a 3 percent default contribution and those asked about a 6 percent rate.
  - Slightly more of those asked about the 6 percent default said they would choose to lower the default percentage, but more of this group also said they would stay in the program as is.
- About two-thirds support state sponsorship of auto-IRA programs after an explanation of the typical state role.

- Whether workers had previous retirement planning experience was associated with differing levels of support of plan features, such as target date funds. Those with that kind of experience were more likely to opt out compared with those without such a history, perhaps because they had other retirement savings or wanted a more rigorous plan.
- Differences in attitudes across demographic groups were not large, though certain groups, such as Hispanics, millennials, and part-time workers, typically have less access to employer-sponsored plans than whites, baby boomers, and full-time workers, respectively. Support for the concept across groups suggests that auto-IRA programs could help shrink gaps in availability and enrollment in retirement savings programs.

Initial reactions to auto-IRA concept

State proposals for auto-IRA programs target workers without access to employer-sponsored retirement plans. A critical measure of program success would be the level of worker participation. The survey presented a hypothetical state-sponsored plan. To account for skepticism about the role of the state government, the questionnaire was organized to first gauge attitudes about the concept generally. Respondents were then asked about specific features of the plans. Later, they read a detailed statement about state sponsorship that made clear that neither the state nor employers would contribute to the plans. Respondents then were asked again about their overall level of support for a state-sponsored auto-IRA. (See the appendix for the specific questions.) In each instance, majorities supported the concept and would not choose to opt out.

Initial Question Wording on Auto-IRA Concept

Your employer would automatically deduct a contribution from each paycheck and deposit the money into a retirement account in your name. Your savings will be invested and provide you with income in retirement. This account will follow you if you change jobs. Some important features of this program:

- By default, [respondents getting this question were asked either 3 or 6] percent of your pay, or [$30 or $60] per every $1,000 you earn, will be deducted and deposited into your account. You can change how much you contribute at least once a year and can stop contributions at any time by opting out of the program.
- The money will be invested in a fund with a mix of assets (e.g., stocks and bonds) appropriate for someone your age, managed by a private company that is regulated by the state. These “target date” retirement funds account for the amount of time until you retire and become more conservative as you approach retirement to lower investment risk and protect against loss.
- Contributions are made post-tax; that is, you have already paid your taxes on your contributions, so they grow tax-free and will not be taxed when withdrawn.
- You can withdraw your contributions without penalty at any time.

Continued on next page

If you were informed of the details of this program and told you had 30 days to opt out before being automatically enrolled, would you …

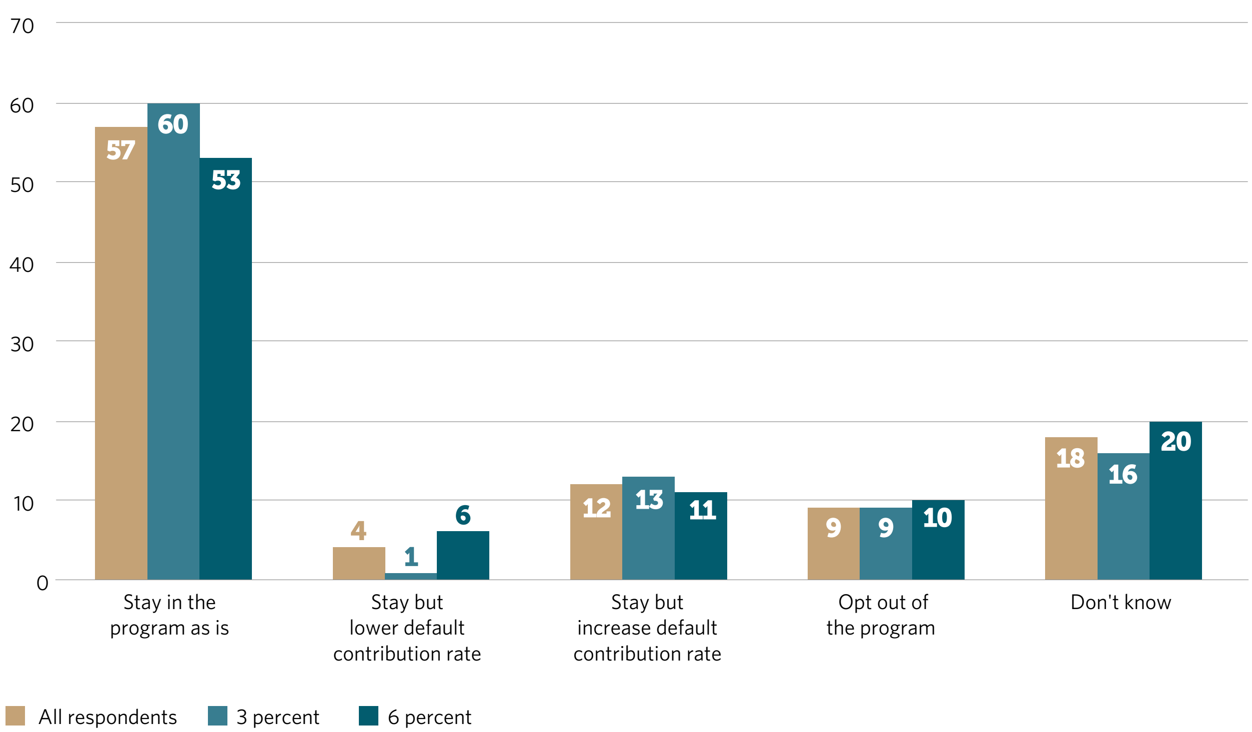
__ Stay in the program
__ Stay in the program but ask your employer to change the contribution rate to [fill in] percent
__ Opt out of program
__ Don't know
__ Prefer not to say

See the appendix for subsequent questions regarding specific proposal items.

Figure 1

Initial Reactions to Proposed State Plans by Employees Without Access to a Retirement Plan

Approximately three-quarters would stay in the program; only 10 percent would opt out



Notes: The 3 and 6 percent default contribution rates are statistically different at $p < 0.05$. Percentages may not add up to 100 percent because of rounding.

Half of those surveyed were asked about a hypothetical 3 percent default contribution rate, while the other half were asked about a 6 percent rate. The initial reactions were overwhelmingly positive. Nearly three-quarters would stay in the program, while just 9 percent said they would opt out; 18 percent said they did not know. Of the 16 percent who said they would change the default contribution rate, 12 percent—or three-fourths of that group—said they would increase the percentage. Still, almost 1 in 5 said that they did not know what they would do in this situation.

Those asked about the 6 percent default contribution were more likely than those asked about the 3 percent rate to lower their contribution. They also were more likely to say they didn't know what they would do. Still, the opt-out rates were virtually the same.

> "I want to say I don't want somebody controlling my paycheck, right? But I also want to say that because I don't do it on my own, for me this would be good, even if it's not being matched, because at this point, I need to save regardless. So if somebody is taking money out of my check, and I then can access it for retirement, then I'm OK with that. Otherwise, I'm not going to save it."
>
> — Focus group participant from a small business without a plan in San Jose, California

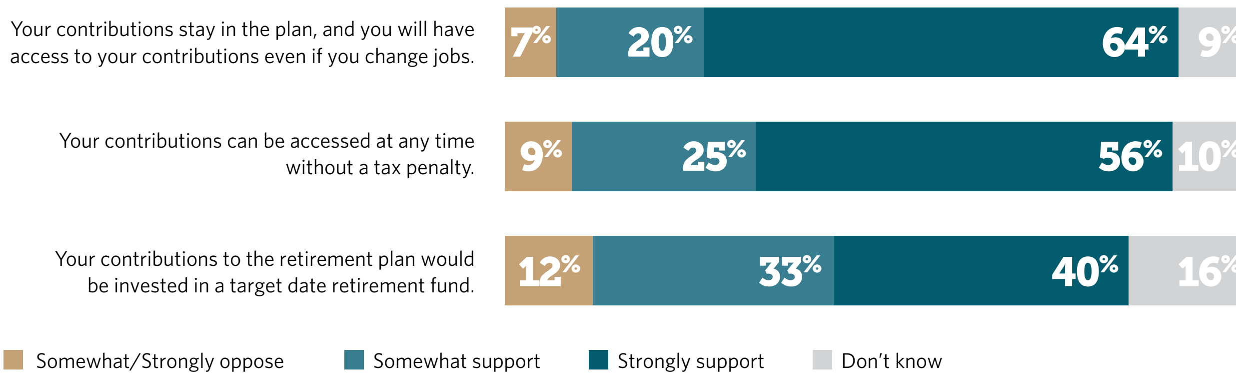
Reactions to specific auto-IRA features

Survey participants expressed relatively high rates of support for typical auto-IRA program features, such as provisions that ensure the mobility of contributions and access to the money at any time without penalty.

Figure 2

Strong Support for Individual Features of Auto-IRA Options

Most back penalty-free contribution access, mobility of contributions, and investment in target date funds



Note: Percentages may not add up to 100 percent because of rounding.

Previous Pew research on financial security and mobility shows that building an emergency fund is a priority for many families, an indication that offering a Roth IRA as part of the state auto-IRA likely would be well-supported.[2] Because contributions to Roth IRAs are made with money that has already been taxed, participants can withdraw their contributions without penalties. Workers might be more comfortable with saving for the long term if they know they have flexibility to meet short-term financial hardships. In addition, because many of these workers may have had little experience with retirement plans, the ability to access and control contributions could bring a higher level of trust and comfort with the program.

> "Since the plan allows you—or would allow you in case of an emergency—to withdraw that money without a penalty, that puts me at ease of mind to say, 'Hey, look, this is a good way to save money.'"
>
> — Focus group participant from a midsize business without a plan in San Jose

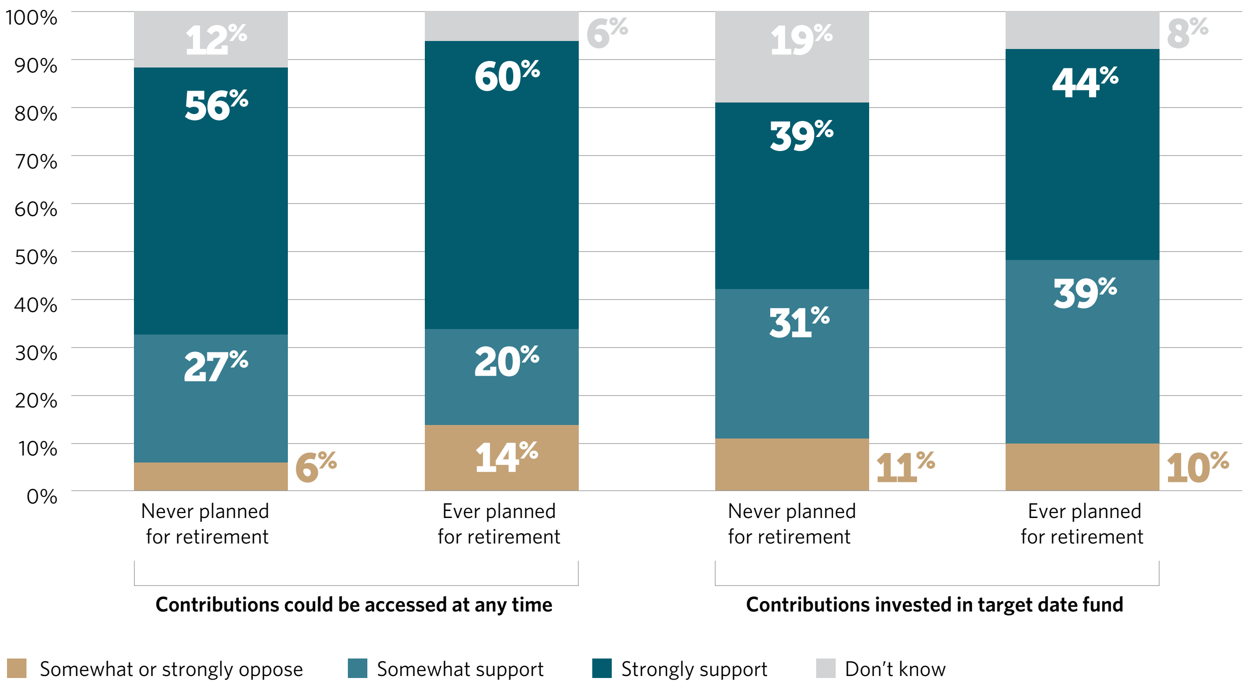
Further, limited knowledge about how these funds work may play a role in the relatively high percentage who said they do not know how they feel about having their contributions invested in a target date fund. The question describes this approach, but the specific workings still may be unclear to those without investment experience.

Typically, target date funds set the level of risk based on how many years a worker has until retirement. The fund becomes more conservative as the target date—the expected date of retirement—approaches to lower investment risk and protect against loss. A clear description in plan information materials could help workers understand the program and boost trust.[3]

Figure 3

Experience With Retirement Planning Associated With Opinions of Plan Options

Those with no planning background are more likely to say they don't know



Notes: Never planned and ever planned for retirement are statistically different at $p < 0.05$. Percentages may not add up to 100 percent because of rounding.

Those who have planned for retirement react somewhat differently to program features than those who have not. Those with experience were more likely to oppose and also slightly more likely to strongly support the concept of access to contributions at any time (14 percent, compared with 6 percent of those who have never planned). They also were more likely to support investing contributions in a target date fund. Notably, those who haven't planned were two times more likely than those who had to say they didn't know when asked if they support or oppose the target date feature.

Those who have planned may be more familiar with why these features are important and hold stronger opinions. For example, access to contributions could have a negative impact on savings growth, while target date funds allow investors to take a less active role in maintenance of their accounts.

Most back idea that plans move with workers

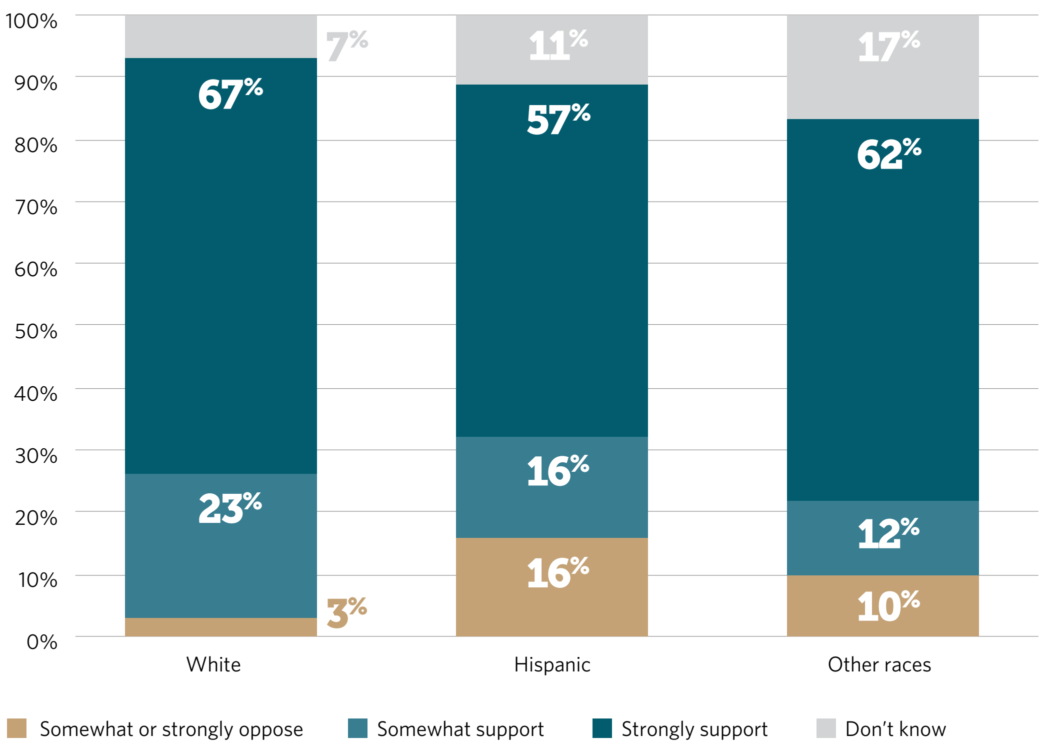
Most workers supported the concept of allowing retirement savings accounts to follow people from job to job, but Hispanics and nonwhite respondents showed somewhat greater opposition. They also were more likely than white employees to say they did not know.

White workers may have higher confidence in their ability to keep track of their retirement savings, as they change jobs less frequently on average. African-Americans and Hispanics have higher rates of unemployment. For example, 22 percent of Hispanics and 25 percent of African-Americans and Asians had been with their current employer for 10 years or more in January 2016, compared with 30 percent of whites.[4]

Figure 4

Strong Support for Plan Mobility Among Workers Without Access to Employer Plan

Nonwhite respondents more likely to oppose concept of plan that moves with worker from job to job



Notes: Racial/ethnic groups are statistically different at $p < 0.05$. Percentages may not add up to 100 percent because of rounding.

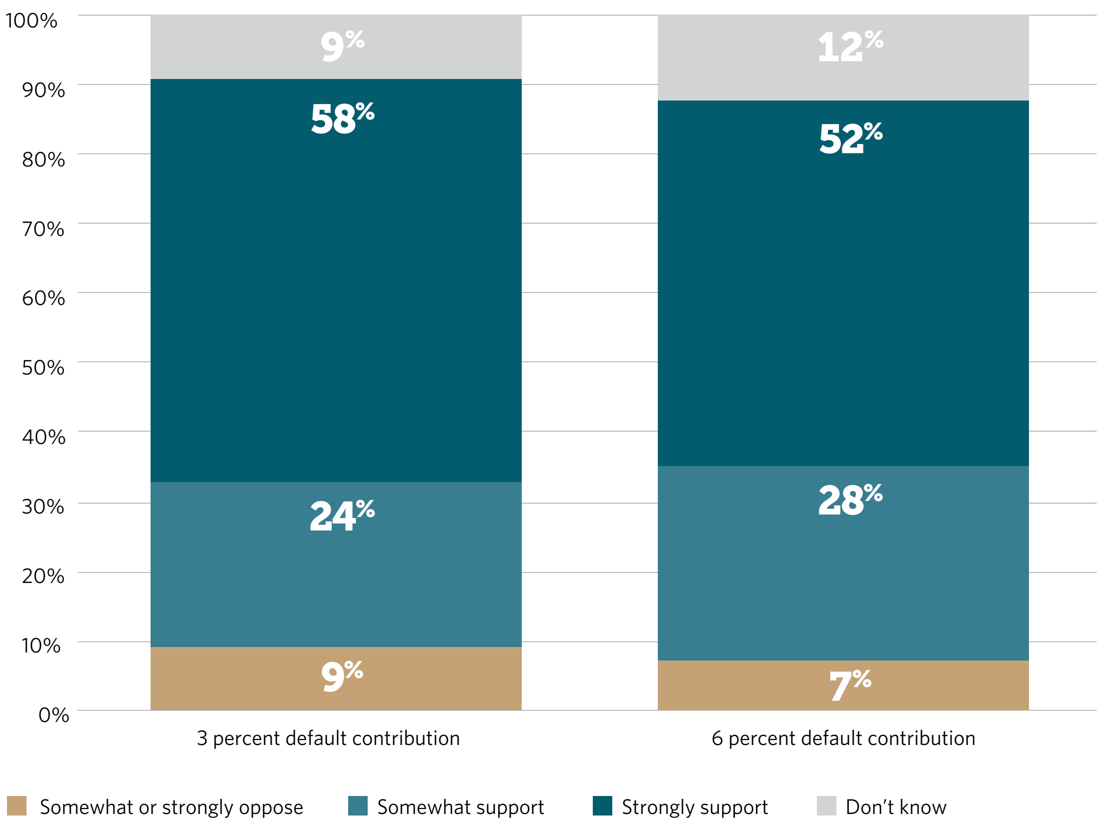
Differences modest when considering two default contribution rates

As policymakers look to design these auto-IRA programs, they can benefit from an understanding of how workers respond to default contribution rates. Setting too high a default rate for employee contributions may deter participation and motivate more to opt out. The survey divided those without access to workplace plans into two groups: One was asked about a 3 percent default contribution, while the other was asked about a 6 percent rate.

Figure 5

Differing Default Contribution Rates Bring Small Changes in Opinion

Slightly less 'strong support' for 6 percent versus 3 percent rate



Notes: The 3 and 6 percent default contribution rates are statistically different at $p < 0.05$. Percentages may not add up to 100 percent because of rounding.

Overall, support for using a default contribution rate is high, though there is slightly more support for a 3 percent than a 6 percent rate. Those asked about a 3 percent rate were more likely to strongly support this feature than those asked about the 6 percent rate (58 percent compared with 52 percent). The levels of opposition are roughly similar (9 percent compared with 7 percent). Notably, more answered that they do not know when asked about the 6 percent rate, but not by a large amount. Given the comparable opt-out rates for each option, the results suggest that policymakers could help constituents save more by setting a 6 percent default contribution rate.

Table 1

Reactions to Default Contributions Vary by Retirement Planning Experience and Age

Older respondents strongly support 6 percent rate, as do those who have planned for retirement

	Ever planned for retirement		Age cohort		
	No	Yes	18-35	36-51	52-64
3% default contribution					
Somewhat or strongly oppose	5	10	13	8	5
Somewhat support	23	27	16	31	28
Strongly support	61	60	59	54	61
Don't know	12	3	12	7	6
6% default contribution					
Somewhat or strongly oppose	7	5	9	9	3
Somewhat support	32	21	17	36	28
Strongly support	47	67	48	50	61
Don't know	13	7	26	5	7

Notes: Percentages read down. A chi-square test of significance shows that planned and never planned are statistically different from each other at $p < 0.05$. Age cohorts are statistically different at $p < 0.05$. Percentages may not add up to 100 percent because of rounding.

Age and retirement planning experience also shaped reactions to default contribution rates. The youngest cohort—those ages 18-35—expressed less support and were more likely than older cohorts to say they don't know when asked about the 6 percent level. Those without retirement planning experience were much more likely than those with experience to answer that they did not know in response to both the 3 percent and the 6 percent default rates. For those asked about a 3 percent contribution, non-planners were less likely to oppose but were more likely to oppose a 6 percent default contribution than were those who have planned. These "don't know" responses may point to a lack of financial literacy. Those who have never planned for retirement may be uncertain of the "right" percentage of income they should be saving.

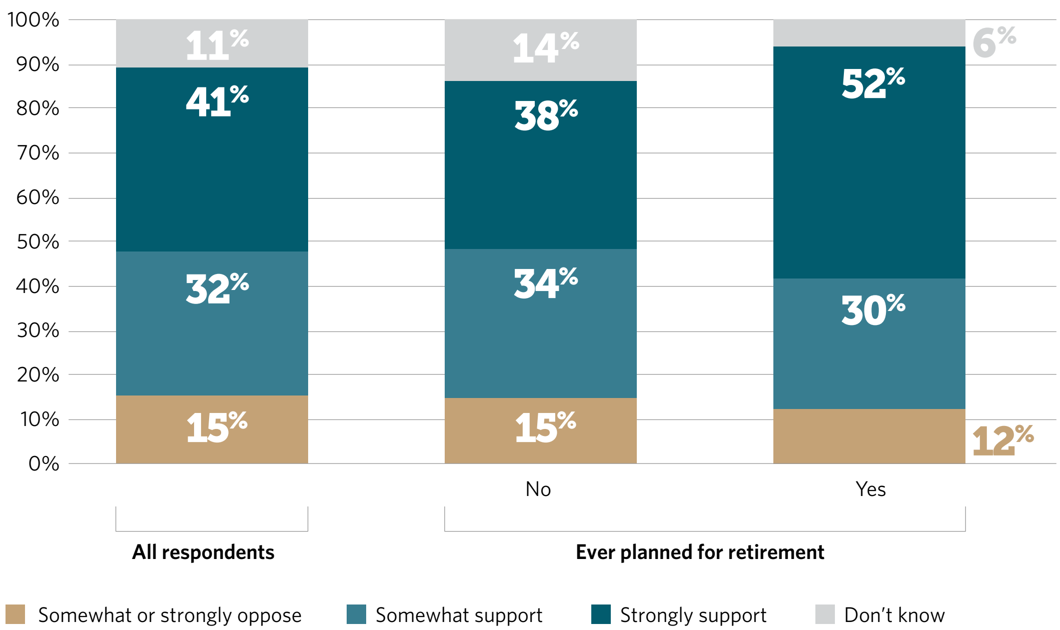
Broad support for automatic enrollment and escalating contributions

The workers surveyed generally supported pro-savings features designed to increase participation by automatically enrolling workers and automatically increasing employee contributions annually until certain limits are met. Still, there were some differences, depending on planning experience and age group.

Figure 6

Automatic Enrollment Proves a Popular Feature

Three-quarters back the idea, but those without retirement planning experience are more unsure and less likely to support it



Note: Percentages may not add up to 100 percent because of rounding.

Respondents also show strong support for pro-savings features, such as automatic enrollment and automatic escalation of contributions. Among those without access to a retirement fund, 73 percent somewhat or strongly support automatic enrollment. Similar to findings on other plan features, those who have planned for retirement were less likely to respond "don't know" than those who have not. They also were generally more supportive of automatic enrollment.

The survey results mirror impressions from the focus groups, where participants without retirement plans generally supported automatic enrollment and automatic escalation. Many said the features were forced savings, with some seeing them as a push in the right direction while others worried about potential difficulties if they wanted to opt out. Some said the fact that workers can change or stop contributions at any time was the main reason they supported this plan.

On Automatic Enrollment

"I'm not really sure because I feel like you could opt out, which is good, but at the same time, I'd be afraid that I would miss the memo to opt out and I would be stuck in it, and then I wouldn't like it. So I feel like I'd rather [it] not be a mostly forced thing. If it was something you could sign up for, that might be better, be something you choose to do. But if it's just like you have to opt out, then it seems intimidating and sketchy."

— Participant from a small business in Philadelphia

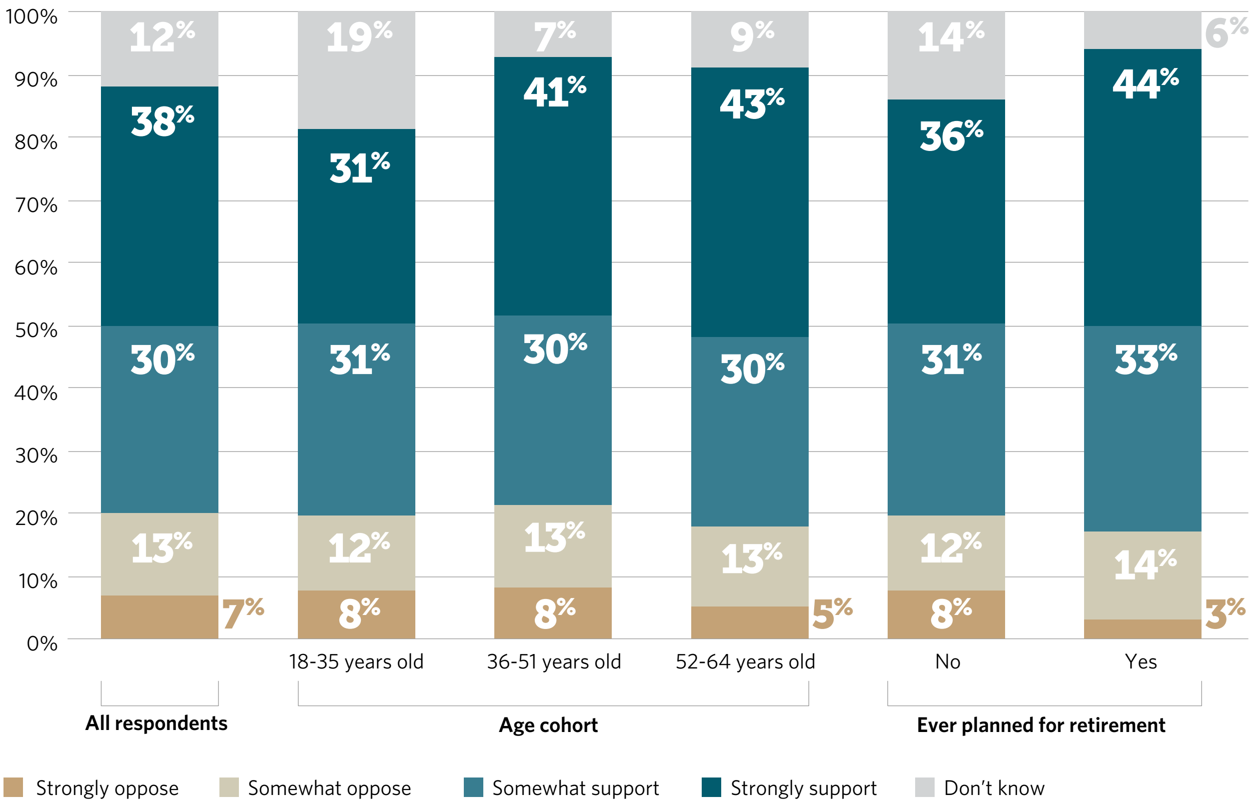
"I don't have a problem with it, because you can always change it later."

— Participant from a small business in Atlanta

Figure 7

Reactions to Automatic Escalation Among Employees Without Access to Employer-Sponsored Retirement Plans

Two-thirds support automatic escalation; younger respondents and non-planners are more likely to respond negatively or 'don't know'



Notes: Age cohorts are statistically different at $p < 0.05$. Ever planned and never planned are statistically different from each other at $p < 0.05$. Percentages may not add up to 100 percent because of rounding.

Workers who lack access to a retirement plan also supported automatic escalation of contributions (68 percent), though this differed by age cohort and experience with retirement planning. One-fifth of those 18-35 answered "don't know" when asked about automatic escalation. That drops to 7 percent among those 36-51. Those with no retirement planning experience were also twice as likely as those with experience to say they don't know (14 percent compared with 6 percent). They also expressed less support for automatic escalation (67 percent compared with 77 percent). Those with planning experience may more easily recognize the benefits of pro-savings features or may be more familiar with them. That experience also may be related to having access to an employer-sponsored plan previously. Greater familiarity with these features may make them more comfortable.

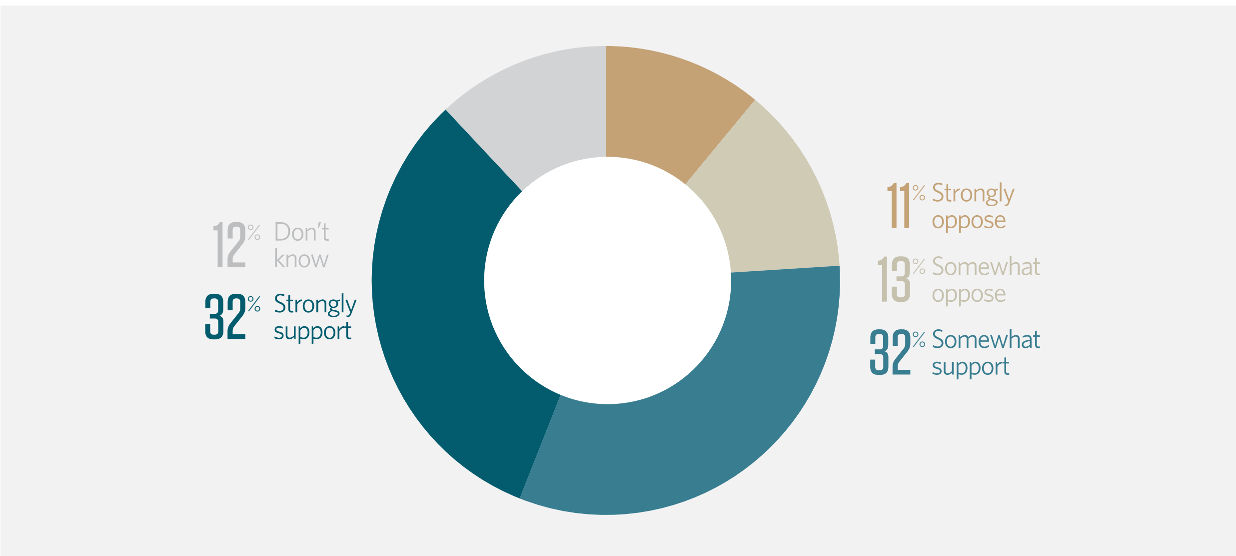
Most comfortable with state sponsorship of auto-IRA plans

Research into the attitudes of top executives at small to midsize businesses about auto-IRA programs shows notable concern about state sponsorship because of the possibility of government overreach or worries about the ability to effectively manage funds.[5] In the worker focus groups, some also expressed doubts about how effectively a state might run a retirement savings program, despite the typically limited day-to-day role. To ensure a clearer understanding of the state's role, the worker survey provided details about state sponsorship before asking relevant questions.

Figure 8

Worker Reactions to State Sponsorship of Auto-IRA

Two-thirds of those without access to employer plan back state's role



About two-thirds of these workers support a state-sponsored plan (64 percent). That is a higher level of support for the general concept found in response to a similar question in Pew's survey of small and midsize business representatives.

On Government Sponsorship

"Just the being monitored by the state is all—it just scares me. [...] All the stuff you hear on the media about the state."

— Participant from a small business in Chicago

Participants from small businesses without plans in Philadelphia discussing auto-IRA plan sponsorship:

Participant E: "I have no problem with the outside company. I know [Participant F] and some other people do. I have more problem with it being run by the state."

Participant F: "Yeah, that would be actually worse. The state doesn't know what they're doing."

Participant E: "Because I think the state would—I mean, unless the state hired someone that knows what they're doing—you're going to have some clerk sitting, 'Oh, yeah, let's throw a couple hundred thousand in here.'"

"I think it's a good idea because there's people that never take any interest in retirement savings, and a lot of it has to do with just not understanding and never wanting to find out how, and never thinking that you're going to have enough money to do it. And I believe if it became just another thing that came out of your check, like your federal and your Medicare, and everything else came out, people would get used to it."

— Participant from small and midsize business discussion in Atlanta

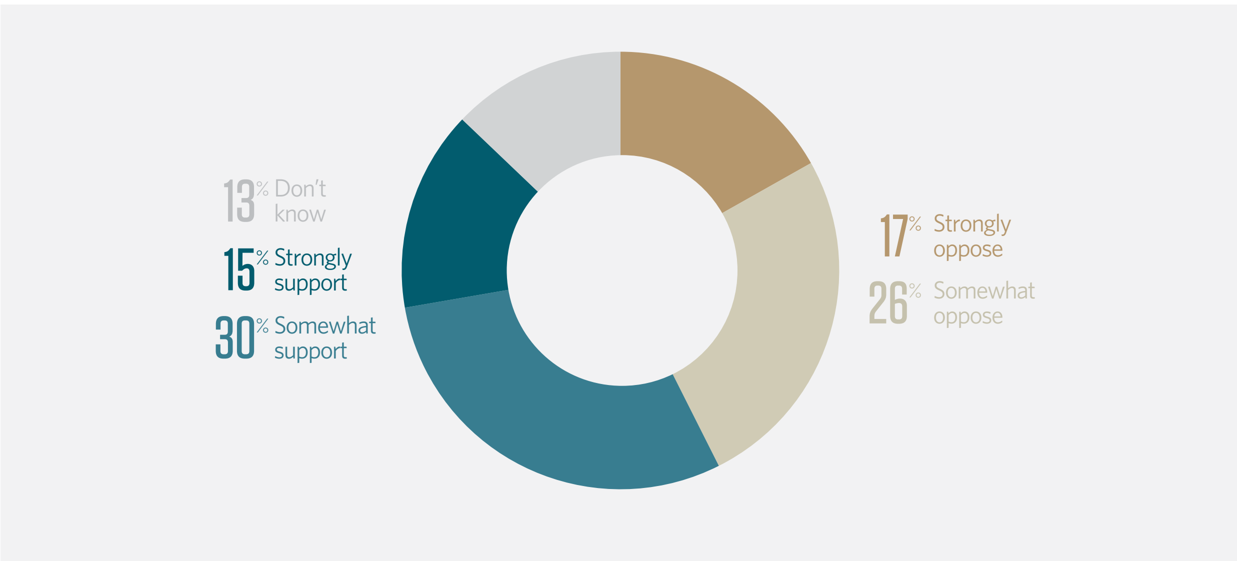
Employee-only contributions

Although the survey makes clear that only employees would contribute to the state-sponsored IRA, some respondents may assume that is not the case because 401(k) retirement plans often include matching employer contributions. It is therefore possible that some responded more positively to the auto-IRA concept because they thought that might be the case here as well. Employee-only contributions received the least support of all features tested, but 45 percent still somewhat or strongly support the concept.

Figure 9

Worker Reactions to Contributions Only From Employees

Slightly more support than oppose the practice



Note: Percentages may not add up to 100 percent because of rounding.

Table 2

Reactions to Employee-Only Contributions Across Groups

Breakdown shows wide range in workers willing to offer an opinion

	Strongly oppose	Somewhat oppose	Somewhat support	Strongly support	Don't know
Household income (%)					
Less than $30,000	15	19	26	20	21
$30,000 to $49,999	13	19	35	18	15
$50,000 to $74,999	22	33	27	6	13
$75,000 to $99,000	19	30	30	15	6
More than $100,000	14	28	35	15	9
Race/ethnicity (%)					
White	16	31	31	11	12
Hispanic	22	11	31	23	13
Other race	10	28	25	17	20
Gender (%)					
Female	15	29	27	12	17
Male	18	22	34	18	8
Ever planned for retirement (%)					
No	16	22	32	14	16
Yes	16	33	28	16	7
Has children (%)					
No	17	28	30	11	14
Yes	15	22	31	20	11
Marital status (%)					
Married	19	26	31	16	9
Widowed	16	27	26	16	15
Never	13	25	30	13	19

Notes: Each category reads across. Totals may not add up to 100 percent because of rounding. Chi-square tests of significance show that there are statistically significant differences among household income, racial/ethnic groups, gender, and ever planned for retirement for retirement at $p < 0.05$.

Reactions to employee-only contributions varied by household income, race/ethnicity, gender, and experience with retirement planning. Those who made less than $75,000, those who had not planned previously, nonwhite respondents, and women were more likely than their counterparts to say that they did not know about this feature. White respondents were more likely than Hispanics to oppose this feature (47 percent versus 33 percent), while those with retirement planning experience were more likely than those without to oppose it as well (49 percent versus 38 percent). Still, no majority in any group opposed this feature. Certain groups, such as those with planning experience, may have a better feel for the value of employer contributions in building retirement assets rapidly. Others may be less certain how much they could save if only they contribute or whether an employer contribution might reduce their wages.

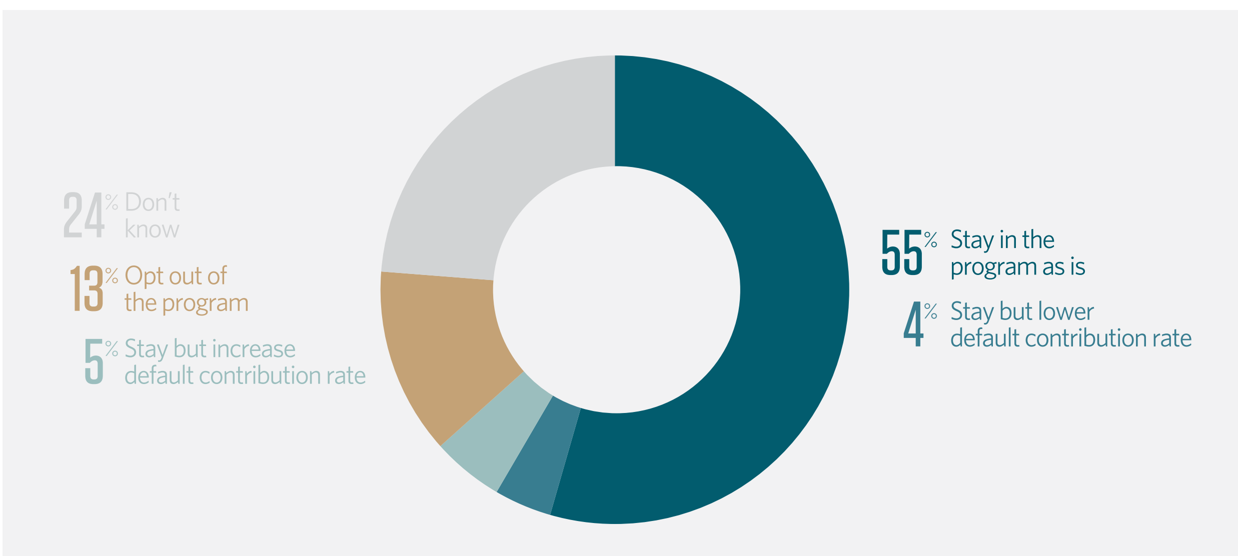
Changes in initial reactions

The workers surveyed were asked a second time—after receiving more details about state sponsorship and employee-only contributions—if they would stay in the plan, stay but change the default contribution, or opt out. Slightly more said they would opt out (13 percent after all details, compared with 9 percent initially), and somewhat fewer would participate (64 percent compared with 73 percent initially). Still, a clear majority would stay in the program.

Figure 10

Reaction to State Proposal After All Details

About two-thirds would stay in the program after hearing details; one-quarter don't know



Note: Percentages may not add up to 100 percent because of rounding.

About a quarter (24 percent) said they do not know what they'd do in this situation, slightly more than the 18 percent who answered "don't know" when the question was first asked. By default, these respondents would be enrolled in the program if they did not make an immediate decision to opt out. This suggests that participation could initially be high but decrease if these workers decide to opt out later.

Generally, there were no differences by demographics or work experience, but experience with retirement planning did seem to play a role in changed reactions between the initial and final questions. Those without experience were somewhat less likely to opt out (11 percent) than those with experience (16 percent). This may be because experience is associated with participating in some other retirement plan, such as an IRA or a 401(k) with a previous employer, making this program unnecessary for these workers. Some may also expect to have a more robust program offered, and therefore do not feel that they would need this program.

Table 3

How Reactions Changed Between Initial and Final Prompt

Three-quarters do not change after learning additional details; 11 percent shift to 'don't know'

	All respondents (%)
Always opt out	6
Always contributes	58
Always don't know	12
First contributes, then opts out	6
First contributes, then don't know	9
First opts out, then contributes	1
First opts out, then don't know	2
First don't know, then contributes	4
First don't know, then opts out	1

Note: Percentages may not add up to 100 percent because of rounding.

The vast majority (76 percent) did not change views after learning additional details. Of those who did, a total of 7 percent switched to opting out, while 11 percent shifted to "don't know."

Table 4

Factors Associated With Changing Reactions to State Auto-IRA Programs

Those who don't know or oppose program features are more likely to change their reactions

	Changes reactions	Maintains reactions
Target date (%)		
Oppose	29	71
Support	19	81
Don't know	38	62
Automatic enrollment (%)		
Oppose	30	70
Support	20	80
Don't know	35	65
Auto escalation (%)		
Oppose	25	75
Support	20	80
Don't know	39	61
State government sponsorship (%)		
Oppose	31	69
Support	19	81
Don't know	34	66
Only employee contributes (%)		
Oppose	31	70
Support	15	85
Don't know	30	70

Notes: Numbers read across and totals may not add up to 100 percent because of rounding.

Those who initially opposed specific features of the auto-IRA were also more likely to change their reaction after learning more details than those who initially supported these features. Notably, there were no differences by demographics in those who changed their responses.

Those who said that they were undecided about several plan features, such as target date investments, automatic enrollment, automatic escalation, and state sponsorship, were much more likely than those who oppose or support these features to change their minds. For example, about a third of those marking "don't know" on specific plan features changed their minds on the overall concept between the initial and final response.

Conclusion

Efforts by policymakers to increase retirement savings through state-sponsored IRAs with automatic enrollment can be effective only if employers and workers support the basic concept. Overall, workers back both this approach and typical program features.

There are a few notable takeaways for policymakers. First, employees were more likely to support automatic enrollment and state involvement than employers, possibly because the worker survey provided greater detail about how these features would work. Workers in the focus groups understood the importance of preparing for retirement, but some saw the general proposal and automatic enrollment as requiring participation in something they did not choose. Some expressed concerns that state government would not manage such programs effectively.

The survey findings suggest that workers need good information about how the programs work, including assurances that the government does not manage or have access to their contributions. State policymakers might consider how they present an auto-IRA plan to workers to ensure that the options are clearly understood. Focusing on the features with strong worker support, such as fund accessibility, portability, the ability to adjust contribution amounts, and professional fund management, would likely increase program support.

The level of support for the higher default employee contribution rate also should be reassuring to those looking for ways to help workers save. Despite some differences in initial support between employees presented with a 3 percent and a 6 percent default contribution rate, the number in each group who said they would opt out was about the same.

The survey also found only limited differences in reactions across demographic groups. Younger workers, Hispanics, and those working in wholesale or retail trade are least likely to have access to employer-sponsored retirement plans and therefore would likely benefit from an auto-IRA program.[6] These groups were no more likely to opt out than others, suggesting that such a program could be effective at reaching a large audience.

Survey participants reacted positively to the general concept of an auto-IRA, but their responses indicate areas of concern that policies can address. Government agencies can clearly articulate their role in sponsoring—but not controlling—a retirement savings program for constituents. The high percentages of workers who are undecided about how they feel about program features suggest that efforts to boost financial literacy—the knowledge of financial terms and products and an awareness of the need to prepare—could help workers understand the benefits of specific program features.

Appendix

Questions about specific auto-IRA features

After the initial reaction, the survey included questions providing more detailed information, and then the respondent was asked again about whether he or she would stay in the program or opt out. In this way, reasons why respondents may remain or opt out are more apparent. The following are the questions about specific auto-IRA features.

H2a. Your contributions can be accessed at any time without a tax penalty.

H2b. As a starting point, your contributions to the retirement plan would be set at [3 or 6] percent of pay, but you could change that amount at any time.

H2c. Imagine an additional plan feature where every year, the percent of pay that you would contribute to the plan would automatically increase by 1 percent until it reaches [7 or 10] percent. For example, after one year, it would change from [3 or 6] percent to [4 or 7] percent. But again, you can adjust your contribution or stop this increase at any time.

H3a-H3c presented in random order:

H3a. Your contributions to the retirement plan would be invested in a target date retirement fund, which accounts for the amount of time remaining until you retire. The fund becomes more conservative as the "target date" (the date of expected retirement) approaches to lower investment risk and protect against loss.

H3b. You are automatically enrolled after an enrollment period and would have to opt out if you did not want to participate. That is, contributions to the account would automatically come out of each paycheck unless you told your employer that you did not want to participate. You could opt out at any time.

H3c. Your contributions stay in the plan, and you will have access to your contributions even if you change jobs.

H3d. Suppose this plan is sponsored by your state government. Everything about the plan remains the same: Your contribution is still deducted from your paycheck by your employer, who deposits it in your personal individual retirement account, which is managed by a private investment company. The investment company would be selected and monitored by the state. The funds in your account are legally your money and cannot be accessed by your employer or the state.

H3e. Only you make contributions to your fund; neither your employer nor the state government would make contributions.

Methodological appendix

The Pew Charitable Trusts arranged eight focus groups in four major U.S. cities moderated by Alan Newman Research. In total, 61 employees from small-sized businesses (those with five to 49 employees) and medium-sized businesses (those with 50 to 249 employees) participated. The eight focus groups are divided by employer size and whether employees had access to an employer-sponsored retirement plan, as outlined in the table below. Audio recordings were transcribed verbatim. Data were coded in NVivo by two Pew employees. Quotes presented in this brief were edited to remove fillers, including "like" and "um," and extraneous information (indicated by […]) for clarity.

Table A.1

Focus Group Configuration

Segment	Small company employees (5-49 employees)	Medium-size company employees (50-249 employees)	Total
No retirement plan offered to employees	1 Philadelphia group (8) 1 Chicago group (8)	1 Atlanta group (8)* 1 San Jose group (6)*	30 participants
Retirement plan offered to employees	1 Atlanta group (8) 1 San Jose group (7)	1 Philadelphia group (8) 1 Chicago group (8)	31 participants
TOTAL	31 participants	30 participants	61 participants

* In these groups, employer size was relaxed due to difficulty finding medium-size companies that did not offer retirement benefits. Approximately half of these participants worked at medium-size businesses, and the rest were from smaller companies, ranging from seven to 32 employees.

Pew surveyed 2,918 Americans ages 18-64 who are employed and not working for the government using GfK's probability-based internet panel, KnowledgePanel. The survey, released to a random sample of 15,872 panel members, was fielded from Aug. 2-23, 2016, in English and Spanish. Data were weighted to be nationally representative using several benchmarks (i.e., gender, race/ethnicity, education, census region, household income, language proficiency, and employment status).

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, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2604116; Sarah Holden and Daniel Schrass, “The Role of IRAs in U.S. Households’ Saving for Retirement, 2016,” *ICI Research Perspective* 23, no. 1 (2017), https://www.ici.org/pdf/per23-01.pdf.

2 The Pew Charitable Trusts, “The Role of Emergency Savings in Family Financial Security: What Resources Do Families Have for Financial Emergencies?” (November 2015), http://www.pewtrusts.org/~/media/assets/2015/11/ emergencysavingsreportnov2015.pdf.

3 FINRA Investor Education Foundation, “Investors in the United States” (December 2016), http://www.usfinancialcapability.org/downloads/NFCS_2015_Inv_Survey_Full_Report.pdf.

4 Bureau of Labor Statistics, “Employee Tenure in 2016,” news release, Sept. 22, 2016, https://www.bls.gov/news.release/tenure.nr0.htm.

5 The Pew Charitable Trusts, “Business Owners’ Perspectives on Workplace Retirement Plans and State Proposals to Boost Savings” (August 2016), http://www.pewtrusts.org/~/media/assets/2016/09/business_owners_workplace_retirement_plans.pdf.

6 The Pew Charitable Trusts, "Employer Barriers to and Motivations for Offering Retirement Benefits" (June 2017), http://www.pewtrusts.org/~/media/assets/2017/06/employer_barriers_to_and_motivations_final_v2.pdf.

For further information, please visit:

pewtrusts.org/retirementsavings

Cover photo:
Getty Images

Contact: Esther Berg, officer, communications
Email: eberg@pewtrusts.org
Phone: 202-552-2283
Project website: pewtrusts.org/retirementsavings