A fact sheet from THE PEW CHARITABLE TRUSTS

The Pew Retirement Savings Project

Families in the United States are facing substantial and growing challenges in trying to build their retirement savings. The nation's private-sector retirement system has been in a period of significant transition with the decline of defined benefit pension plans, efforts to restrain projected Social Security deficits, and the growing reliance on individual savings through employer-based 401(k) plans and individual retirement accounts (IRAs). In an era of limited economic growth and constraints on governmental budgets, those seeking to expand Americans' retirement savings continue to focus on helping individuals build their personal safety net.

Many Americans do not set aside a sufficient amount for retirement, despite changes in policy and employment practices that increased the number of people saving for retirement. A significant proportion of employees still do not have access to a retirement savings plan through their workplace. In response, policymakers are proposing a wide array of reforms to expand access to retirement plans and increase the level of savings.

To better understand these challenges and the opportunities for policies to help boost retirement savings, The Pew Charitable Trusts launched the retirement savings project in 2014. This research initiative examines:

1. **Barriers to retirement savings:** Americans typically rely on employer-sponsored plans for retirement savings, yet nearly half of U.S. firms—and 70 percent of small businesses—do not offer this option. Policymakers are offering proposals intended to expand retirement savings, though there is still not a nuanced understanding of the barriers employers face. This part of the project will provide a deep and contextualized look at the challenges that confront businesses trying to establish plans and workers hoping to accumulate and maintain retirement savings. A key goal is identifying the employers and employees who are most likely to respond to particular policy initiatives.
2. **Retirement savings policy initiatives:** We will evaluate retirement savings reforms under development at the federal level and by states, including initiatives in California, Connecticut, Illinois, and Oregon. When looking at proposals with the potential to significantly affect national policy discussions, we will assess the possible impact on retirement savings, employee participation, and employer costs; analyze administrative feasibility issues; and estimate possible costs and benefits to governments and taxpayers.
3. **Plan fees:** Plan fees, which include both investment and administrative costs, can reduce Americans' retirement savings. Still, plan service providers and sponsors do not always clearly or fully disclose the fees charged to participants. Following changes in disclosure requirements for 401(k) plans enacted in 2012, plan providers must now disclose fees to sponsoring employers and participating employees. This reform provides a unique opportunity to evaluate the effects of increased disclosure on fee reduction and whether the approach should be expanded to cover IRAs.

For further information, please visit:

pewtrusts.org/retirementsavings

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