



A Look at the Pew Retirement Savings Project

Achieving retirement security can be a complex and confusing process. For the past 20 years, the proportion of private sector workers who do not have access to retirement savings benefits through the workplace has held steady at about 30 percent. And these workers aren't saving on their own: Fewer than 15 percent of households save for retirement outside of work. Moreover, so-called contingent workers—those who operate outside of traditional employment relationships—now number more than 15 million, but they have especially low levels of retirement savings. In addition, the first waves of workers who have saved for retirement wholly through plans such as 401(k) accounts are retiring and deciding what to do with their savings. And although the financial choices at the end of a career can be daunting, not every retiree is financially positioned to face them. These developments are contributing to an aggregate savings shortfall of more than \$4 trillion, a cost that taxpayers will ultimately bear in increased spending on social services for retirees without adequate savings.

The Pew Charitable Trusts retirement savings project focuses on the following areas of research and support to help address these issues:

- **Retirement savings policy initiatives.** Several states have begun implementing programs to increase retirement plan coverage. The most common approach involves automatically enrolling workers without a workplace plan in an IRA administered by a private sector firm, with the ability to opt out. The retirement savings project provides data, analysis, and technical assistance to help these states develop effective savings plans that do not overburden employers. Specifically, the project's research is designed to increase the number of workers who participate and the amount they save without creating unsustainable debt or other financial difficulties; identify best practices to ease employers' participation in these programs by minimizing burdensome administrative requirements; and provide analysis of the long-term financial sustainability of these programs.
- **Preserving assets in retirement.** As retirees leave the workforce, many face a complex set of financial choices on their own and turn to advisers for guidance. Unfortunately, unsuitable financial products and services cost retirement account holders an estimated \$17 billion in higher fees annually. The retirement savings project examines the feasibility of policies or market practices to help improve retirees' financial choices and decisions, such as promoting low-fee investment options, making it easier to keep savings in employer-provided plans at and through retirement, and improving the portability of benefits through low-fee vehicles for workers who change jobs.
- **Retirement plan coverage for contingent workers.** People in contingent or alternative work arrangements, such as independent contractors and freelance workers, now represent roughly 16 percent of all U.S. workers. Contingent workers do not have easy and efficient access to a retirement savings plan and, as a result, most are not saving on their own. The retirement savings project is working to identify large segments of the contingent workforce that are most likely to want and need an effective retirement savings program and assess the potential effectiveness of policies and market practices that would connect these workers to such options.

For further information, please visit:

pewtrusts.org/retirementsavings

Contact: Benny Martinez, communications officer

Email: bmartinez@pewtrusts.org

Phone: 202-540-6533

Project website: pewtrusts.org/retirementsavings

Contact: Steven Abbott, officer, government relations

Email: sabbott@pewtrusts.org

Phone: 202-540-6647

Project website: pewtrusts.org/retirementsavings

The Pew Charitable Trusts is driven by the power of knowledge to solve today's most challenging problems. Pew applies a rigorous, analytical approach to improve public policy, inform the public, and invigorate civic life.