



OregonSaves Auto-IRA Program Elicits Few Questions from Employees

Pew survey shows employer satisfaction with program is tied to low volume of worker queries

Overview

As the focus of the private sector retirement system has shifted in recent decades from traditional pensions to defined contribution plans, worker savings have played an increasingly critical role in ensuring retirement security. Employer-provided retirement plans are the main vehicle for retirement savings in the United States, yet some research estimates that as many as 42% of American workers lack access to a retirement plan at their jobs.¹

In seven states—California, Colorado, Connecticut, Illinois, Maryland, New Jersey, and Oregon—private sector workers who don't have a workplace retirement plan are or soon will be automatically enrolled in individual retirement accounts (IRAs). Also known as auto-IRAs or Secure Choice plans, these accounts allow workers to change their contribution amounts or opt out of the program. Since 2012, at least 20 other states, among them Pennsylvania, Virginia, and Wisconsin, have begun to consider auto-IRA legislation.

In 2017, the OregonSaves auto-IRA program began enrolling the state's largest firms. Over the course of several years, it will enroll successively smaller businesses. By the end of 2019, OregonSaves included all eligible firms without a qualified retirement plan and with five or more employees, and firms with four or fewer employees are targeted for enrollment late this year.

To help inform policymakers considering an auto-IRA program, The Pew Charitable Trusts from 2019 to 2020 surveyed more than 2,500 private sector businesses that are participating in OregonSaves. The survey was designed to help better understand how employers experience the program in terms of their satisfaction with different elements and whether OregonSaves imposes any costs or burdens (see Methodology for more information) . Key findings from the survey include that 73% of employers participating in OregonSaves were either satisfied with or neutral about the program and that roughly 80% incurred no out-of-pocket costs.²

A critical goal for auto-IRA programs such as OregonSaves is to reduce the burdens on employers, which could include the time and resources required to educate and train staff, answer questions, and address concerns. This brief discusses what employers said about fielding employee questions concerning the program, how the burden of the program varied across firm size and industry, which forms of state assistance helped employers the most, and employers' overall satisfaction with the program.

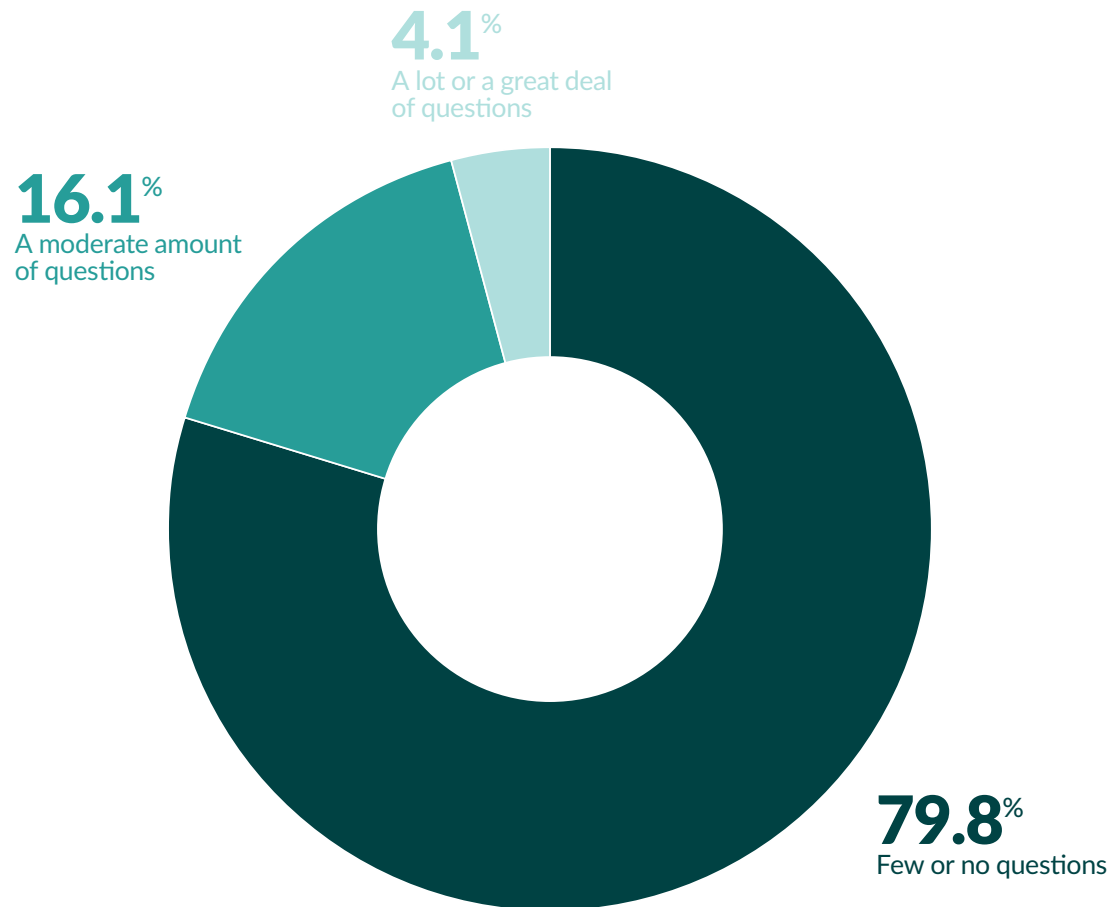
Key findings

- Four-fifths of employers (79.8%) reported that their employees had few or no questions about the program. Approximately 4% of employers reported that their workers had a lot, or a great deal, of questions about the program.
- Large firms fielded more questions from their workers than small firms, an unsurprising result given that a higher number of employees could generate a higher number of questions.
- Workers in the following industries had more questions than workers in other industries: leisure and hospitality (24.3%); trade, transportation, and utilities (21.9%); and administrative and support services (20.2%). By contrast, only 14.5% of employers in the manufacturing industry reported receiving questions from their employees. Industries with a greater number of part-time and contingent workers (such as on-call, temporary help agency, freelance, and independent contractors) may see more questions about whether employees qualify for the program.
- Firms that already had a pension plan for some part of their workforce were more, not less, likely to field questions about OregonSaves from their workers. Although the reasons are not clear, this finding could indicate that new participants in OregonSaves had questions because they were comparing the auto-IRA program with the retirement savings plans used by other employees at their firm.
- Higher employer satisfaction with OregonSaves is strongly linked to low levels of workers' questions about the program. Satisfaction may reflect, in part, that OregonSaves' customer service channels were successful in resolving questions and issues, resulting in fewer questions directed to employers.

Figure 1

Employee Questions About OregonSaves

Most employers reported receiving few or no questions from employees



Most employers reported fielding few, or no, questions from employees about Oregon Saves. In the survey, 16.1% of employers reported that their employees had a moderate amount of questions about the program, and 4.1% of all employers reported that their workers had a lot or a great deal of questions about the program.

The categories for “a moderate amount” and “a lot or a great deal” of questions are combined in some of the following figures. This was done for statistical purposes, to increase the number of observations in each category.

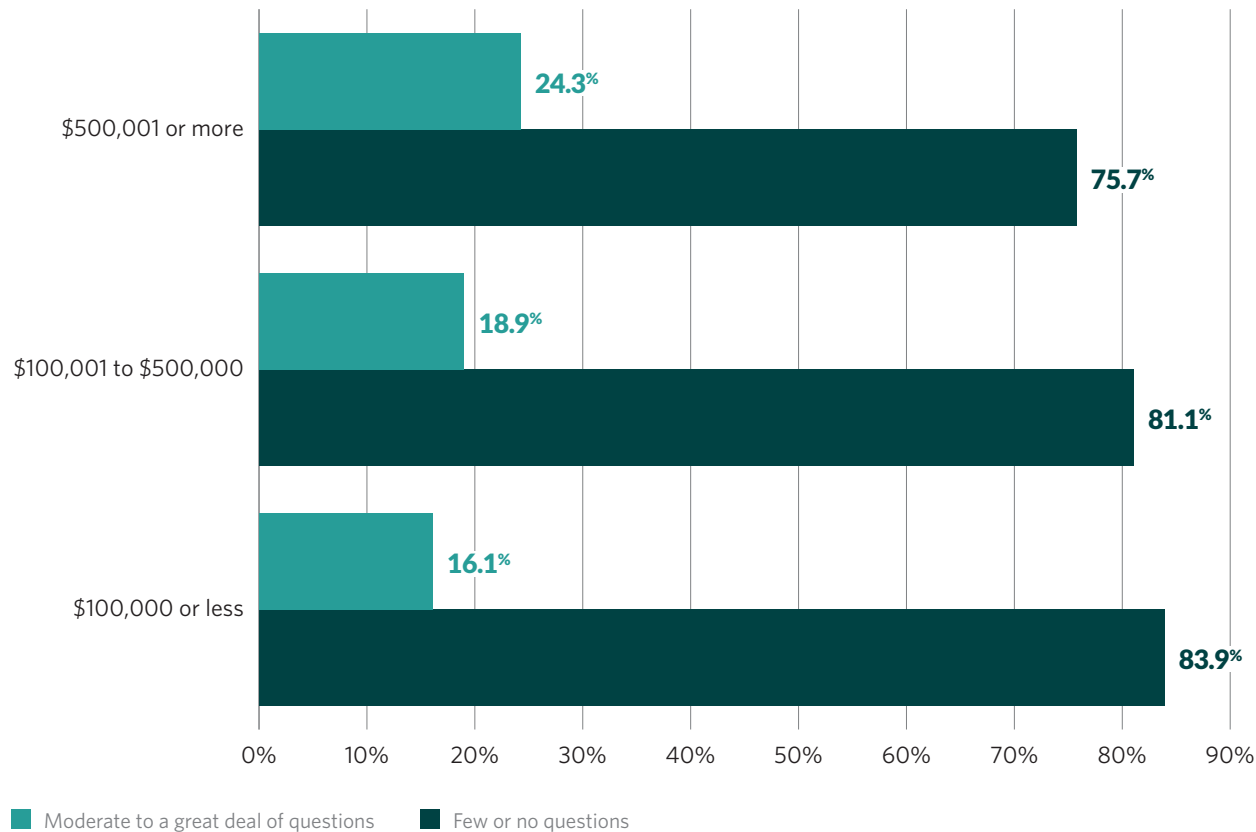
Source: Pew’s survey of employers registered with the OregonSaves retirement savings program, 2019-20

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Figure 2

Gross Payroll and the Frequency of Employee Questions about OregonSaves

Firms with larger payrolls received more questions from employees



Employers with larger gross payrolls were more likely than employers with payrolls of \$100,000 or less to report fielding many questions about OregonSaves.³ This is not surprising, given that firms with larger payrolls could be expected to have more employees who might ask questions.⁴ OregonSaves enrolled firms in rounds, beginning with the largest companies, so employees in smaller firms may have benefited from talking to already-enrolled workers. Finally, firms with a smaller workforce—which generally have more one-on-one contact with employees—may have found it easier to direct their workers to the OregonSaves customer service channels, thereby forestalling questions or concerns.

Employers with 20 or more seasonal workers were more likely than smaller employers to report their employees asked a lot, or a great deal, of questions (not shown).

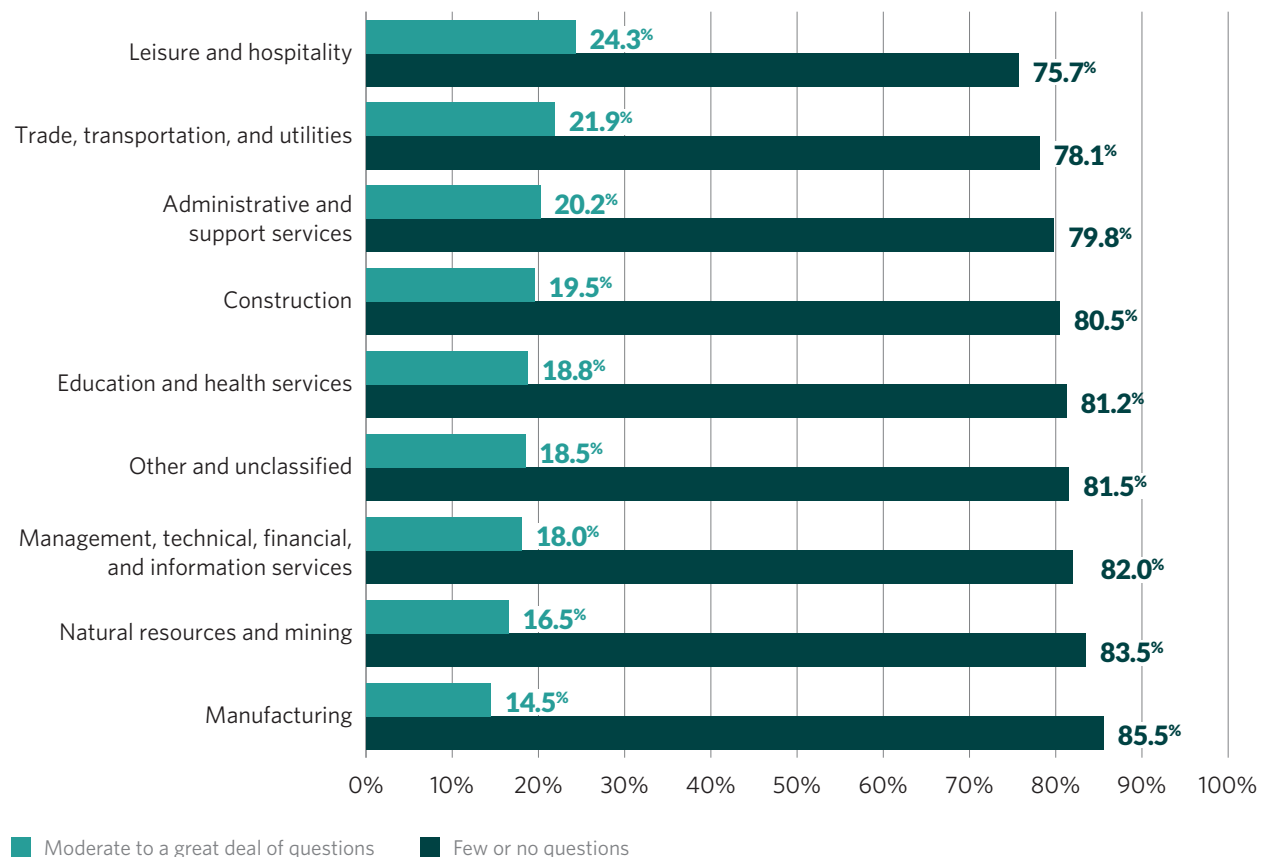
Source: Pew's survey of employers registered with the OregonSaves retirement savings program, 2019-20

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Figure 3

Industry and the Frequency of Employee Questions About OregonSaves

Questions from employees were more frequent in leisure and hospitality; trade, transportation, and utilities; and administrative and support services industries



Employees in some industries had more questions about OregonSaves than workers in other industries. Nearly a quarter (24.3%) of employers in the leisure and hospitality industries reported receiving a moderate amount or great deal of questions, compared with 14.5% in the manufacturing industry.⁵ Although the reasons aren't completely clear, this could indicate that employers in industries with a greater proportion of part-time and contingent workers are more likely to receive questions about program eligibility from those employees. A little over 40% of leisure and hospitality employees worked fewer than 35 hours, compared with only 9.7% of manufacturing industry workers,⁶ while 3.8% of leisure and hospitality and 2.3% of manufacturing sector workers were contingent.⁷

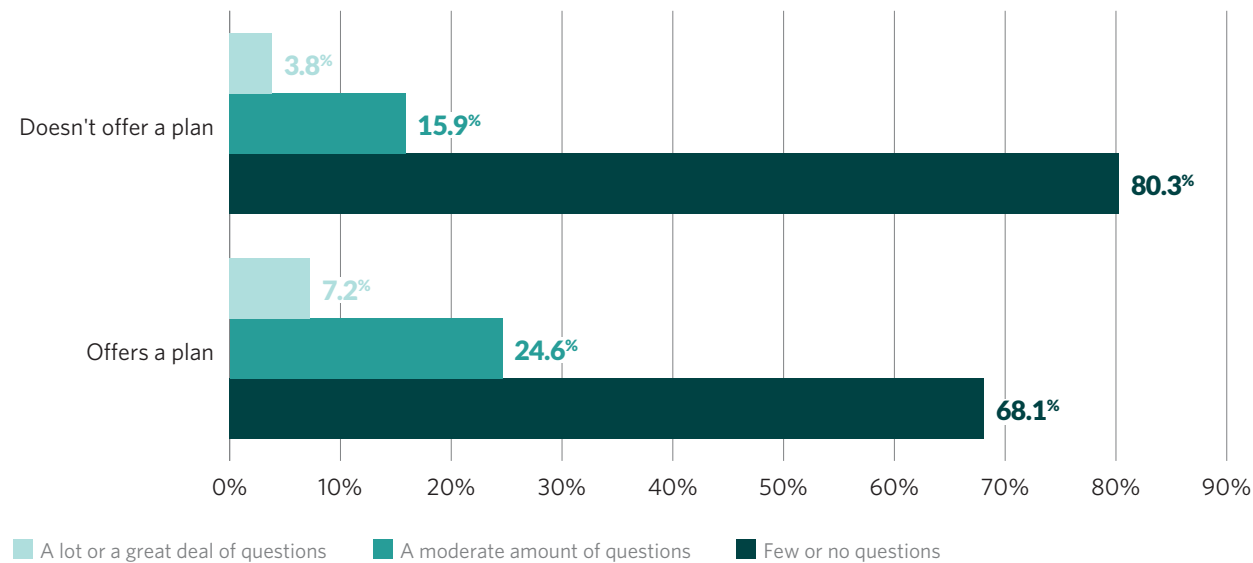
Source: Pew's survey of employers registered with the OregonSaves retirement savings program, 2019-20

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Figure 4

Impact of a Pre-Existing Employer Retirement Plan

Already offering a plan leads to more questions from employees eligible for OregonSaves



Firms that already had a pension plan for some part of their workforce were more likely (31.9%) to receive a moderate amount or great deal of questions from employees than firms that did not have another retirement plan (19.7%).

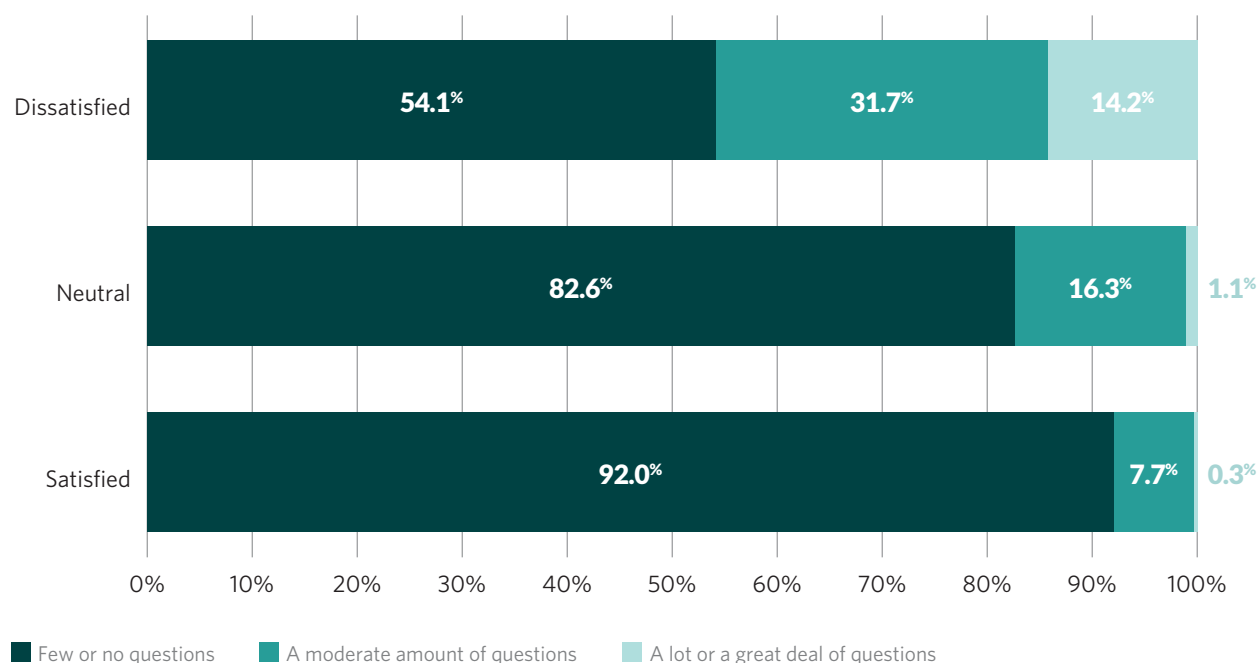
Source: Pew's survey of employers registered with the OregonSaves retirement savings program, 2019-20

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Figure 5

Employer Satisfaction and the Frequency of Employee Questions

Employers who fielded few questions from workers were more satisfied with OregonSaves



Higher employer satisfaction with OregonSaves is strongly linked to whether an employer has fielded a low number of questions about the program. Among employers who said they were satisfied or very satisfied with the program, 92.0% reported fielding few or no questions from employees, while only 8.0% said they had fielded a moderate amount or a great deal of questions. At the same time, a higher share—45.9%—of employers who said they were dissatisfied or very dissatisfied with the program had fielded a moderate amount or a great deal questions from employees.

Source: Pew's survey of employers registered with the OregonSaves retirement savings program, 2019-20

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Conclusion

A critical issue for state-facilitated auto-IRA programs such as OregonSaves, which are meant to minimize the role of the employer, is whether the programs impose burdens on businesses.

One such burden is dealing with employee questions or concerns about the program. Pew analysis shows that roughly 80% of participating firms in OregonSaves report no or few employee questions or concerns, and only 4% report a great deal of questions or concerns. Certain employer characteristics were associated with greater or fewer employee questions; for example, larger employers received more questions, as did employers in the leisure and hospitality industries.

OregonSaves continues to roll out, with its last enrollment deadline for small employers targeted for late 2021. Given that the level of questions or concerns from workers is relatively low at this early stage of the program, we would expect it to decline even more as the program develops and participants gain more experience with it.

Methodology

The Pew Charitable Trusts hired Qualtrics to conduct an online survey of businesses that registered with the OregonSaves retirement savings program. Responses were received from 2,564 businesses out of 11,740 that had registered with OregonSaves on or by Dec. 1, 2019, and are representative across nine industries and a variety of business sizes.

OregonSaves required employers to join by given registration deadlines, beginning with the largest firms and moving to successively smaller firms. Some employers joined before their deadlines. Qualtrics fielded the survey three times, each time about 3½ months following the latest business registration date. Pew's first survey, conducted July 29 to Aug. 16, 2019, included all businesses that had registered on or before April 1, 2019. The second survey, conducted Sept. 21 to Oct. 11, 2019, included all businesses that registered on or before May 31, 2019. The third and final survey, conducted March 23 to April 10, 2020, included businesses that registered on or before Dec. 1, 2019. Lags between Oregon's registration deadlines and Pew's surveys gave all businesses time to complete the registration process, set up payroll, and start to administer contributions on behalf of their employees.

To target the survey at respondents who were familiar with their organization's experience with OregonSaves, Pew obtained a list of businesses maintained by the OregonSaves program administrator, Ascensus. All unique emails provided by the program administrator were sent invitations to complete the survey. For contacts that

were associated with multiple businesses registered with OregonSaves, Pew asked for a response on behalf of just one of the registered businesses, randomly chosen. All potential respondents received a pre-notification email and three email reminders following the initial invitation. All respondents were given a \$15 e-gift card for their participation.

Because all unique contacts received an invitation, the survey was a census. Sampling error is therefore not reported in this analysis, because the observations are not drawn from a random sample of a specified population.

Endnotes

- 1 The Pew Charitable Trusts, “A Look at Access to Employer-Based Retirement Plans and Participation in the States: Who’s In, Who’s Out” (2016), (<https://www.pewtrusts.org/en/research-and-analysis/reports/2016/01/a-look-at-access-to-employer-based-retirement-plans-and-participation-in-the-states>). See also I. Dushi, H.M. Iams, and J. Lichtenstein, “Retirement Plan Coverage by Firm Size: An Update,” *Social Security Bulletin* 75, no. 2 (2015), <https://www.ssa.gov/policy/docs/ssb/v75n2/v75n2p41.html>.
- 2 This endnote is a placeholder for links to the OregonSaves Satisfaction and OOP pieces.
- 3 A t-test for firms with gross payroll under \$100,000 compared with all other firms was significant at 0.0480. A comparison of firms with between \$100,000 and \$499,999 in payroll resulted in $t = 0.2531$. The t-test for firms with gross payroll over \$500,000 compared to all other firms was 0.0062.
- 4 The survey did not ask for a firm’s total number of employees, therefore we were unable to explore firm size by this measure. A firm with \$100,000 in annual payroll costs might have a single highly compensated worker or five or six full-time workers earning minimum wage.
- 5 Results for leisure and hospitality workers, and for manufacturing workers, are significant. Among the other top industries with the most employee questions, results are not statistically significant for trade, transportation, and utilities workers or for administrative and support workers.
- 6 U.S. Bureau of Labor Statistics, “Persons at Work in Nonagricultural Industries by Class of Worker and Usual Full- or Part-Time Status,” accessed Oct. 26, 2020, <https://www.bls.gov/cps/cpsaat21.htm>.
- 7 U.S. Bureau of Labor Statistics, “Contingent and Alternative Employment Arrangements—May 2017,” news release, June 7, 2018, <https://www.bls.gov/news.release/conemp.nr0.htm>.

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