

A Solution to America's Retirement Savings Crisis

America's retirement system is broken. The current patchwork of plans deliver insufficient returns, leaving workers unable to save what they need for retirement. If we do not take action, America will face rates of poverty among senior citizens not seen since the Great Depression – and the strain of this newly poor population will devastate federal, state, and local budgets for decades to come.

**25 million
poor and near-poor
retirees by 2050**

Our system today:

- Favors investments that deliver subpar returns
- Offers lopsided subsidies for the wealthy
- Leaves the vast majority of workers unable to save enough for retirement

The Solution

The Retirement Savings Plan is a pragmatic solution to this looming crisis. The plan proposes a system of Guaranteed Retirement Accounts (GRAs) for all workers.

**95 million
workers would have
their own GRA**

Retirement Savings Gap

\$14,500 Average Savings

\$290,000 Savings Needed

Guaranteed Retirement Accounts



*An individually
owned account*



*Invested more
effectively*



*Delivering lifelong
retirement income*

The Principles of GRAs

Universal Coverage

- Every worker would own and control his/her own GRA.
- Workers contribute 1.5% of their annual income, which is matched by a 1.5% contribution from their employer. (This plus social security is the minimum needed to close the gap.)
- This is mandatory, but cost-neutral for almost all workers below median income. The 1.5% employee contribution is offset by a deficit-neutral tax credit.

**1.5% contributions
from workers and
employers**

Individually Owned, Effectively Invested

- Participants own their fund and select their portfolio manager.
- Assets are invested with long-term, low-fee strategies to generate better returns. While 401(k)s earn only 3-4% annually, GRAs will be able to target a return of 6-7%.
- The government guarantees a minimum 2% return.

**A 25-year old saving \$600 a
year could expect an additional
\$75,000 by age 65**

Guaranteed Lifelong Income

- Upon retirement, savings are returned through guaranteed recurring payments, no matter how long you live.
- Payments are coordinated through existing Social Security infrastructure, meaning no new bureaucracy.
- For those who want to work longer, GRA and Social Security contributions made in years worked past 65 would enjoy a doubled tax credit—up to the age of 72.

It includes NO new taxes – The Plan redeploys existing regressive tax subsidies toward workers at the bottom 90% of income distribution.

It will NOT increase the deficit – The program is simple to implement and creates efficiencies in existing agencies.

It is NOT another form of Social Security – Retirees own their accounts and get back what they put in, plus returns.

It is NOT another new government bureaucracy – The Plan intelligently integrates into existing infrastructure.

It is NOT another program run by the government – Workers decide when they retire, and who their investment manager and annuity provider are.