

# Retirement security fast facts

## State of retirement in America

- “When all working-age individuals are included—not just individuals with retirement accounts—the median retirement account balance is \$0.”<sup>1</sup>
- “68.3% of individuals ages 55 to 64 have retirement savings equal to less than one times their annual income, which is far below what they will need to maintain their standard of living.”<sup>2</sup>
- Middle-class older workers (workers ages 55–64 in the middle 40% of the income distribution) have a median retirement savings of only \$60,000. Older workers in the top 10% of the income distribution have a median retirement savings of \$200,000.<sup>3</sup>
- “Even older workers in the top 10% are likely to experience a shortfall. As retirees, they will need 65% of their pre-retirement income, but will be able to replace only 40%.”<sup>4</sup>
- “We find more than a two-fold increase in the rate at which older Americans (age 65 and over) file for bankruptcy [protection] and an almost five-fold increase in the percentage of older persons in the U.S. bankruptcy system.”<sup>5</sup>
- “Households that need the most help saving for retirement receive the least assistance from the multitude of existing savings incentives.”<sup>6</sup>

## Downward mobility in retirement

- Because of inadequate retirement accounts, 8.5 million middle-class older workers and their spouses—people who earn over twice the official poverty line of \$23,340 (if single) or \$31,260 (if coupled)—will be downwardly mobile, falling into poverty or near poverty in their old age if they retire at age 62. This is two in five—or 40%—of older workers and their spouses.<sup>7</sup>
- “If we do nothing to reform the current retirement system, the number of poor or near-poor people over the age of 62 will increase by 25% between 2018 and 2045, from 17.5 million to 21.8 million.”<sup>8</sup>

## Challenges that women and people of color face in saving for retirement

- “Women are 80% more likely than men to be impoverished at age 65 and older.”<sup>9</sup>

- While well over half of white millennial men (59.1%) are eligible to participate in an employer-sponsored retirement plan, only 40.5% of millennial Latinas and 41.7% of black millennial women are eligible to participate in an employer-sponsored plan.<sup>10</sup>
- In 2016, only 41% of black families and 35% of Hispanic families had retirement account savings.<sup>11</sup>
- Even for families with retirement savings, the median amount is \$29,200 for black families and \$23,000 for Hispanic families, compared with \$79,500 for white non-Hispanic families.<sup>12</sup>

## Retirement savings for young people

- “Two-thirds of working Millennials have nothing saved for retirement.”<sup>13</sup>
- Millennials have a 94.2% take-up rate when they are offered a retirement plan through their employer and they are eligible to participate. However, millennials and other young workers are much less likely to be eligible for employer benefits because of shorter tenure in their job or fewer hours worked.<sup>14</sup>

## How Guaranteed Retirement Accounts (GRAs) can help

- “If GRAs [had been] implemented in 2018, 1.5 million seniors would [have been] saved from poverty or near poverty by 2025. This increases to 3.6 million seniors saved from poverty by 2035 and 8.1 million seniors by 2045.”<sup>15</sup>

## Endnotes

1. Brown, Saad-Lessler, and Oakley 2018, 1.
2. Brown, Saad-Lessler, and Oakley 2018, 1.
3. Ghilarducci and Webb 2018, 1.
4. Ghilarducci and Webb 2018, 1.
5. Thorne et al. 2018, Abstract.
6. Weller and Ghilarducci 2015.
7. Ghilarducci, Papadopoulos, and Webb 2018a.
8. Ghilarducci, Papadopoulos, and Webb 2018b.
9. Brown et al. 2016, 1.
10. Brown 2018, 8.
11. EPI analysis of Federal Reserve Survey of Consumer Finances (SCF) microdata for families headed by someone age 32–61.

12. EPI analysis of SCF, as above.
13. Brown 2018, 1.
14. Brown 2018, 4, 2.
15. Ghilarducci, Papadopoulos, and Webb 2018b.

## References

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