

Retirement Security Crisis

The American Pension Crisis
an Alliance for Retired Americans Seminar
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Retirement Security – the Crisis

- Recent survey found one in five adults in the United States have nothing saved for retirement or emergencies.
- Another one in five have saved only 5 percent or less of their annual income to meet retirement needs
- Little over half of working American adults have access to employer-sponsored 401(k)-type plans and only 40 percent actually participate
- It's hard to save for retirement when wages just meet basic needs – that's why credit card debt is now more than \$1 trillion –there's more debt – non-revolving debt (auto loans, student loans and mortgages) is at \$1.5 trillion



Retirement Security – the Crisis

- **Even among workers who have accumulated savings in retirement accounts, the typical worker had a modest account balance of \$40,000**
- **Furthermore, 68.3 percent of individuals age 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 over their expected years in retirement**
- **Even after counting an individual's entire net worth—a generous measure of retirement savings—three-fourths (76.7%) of Americans fall short of conservative retirement savings targets for their age and income based on working until age 67**
- **Over 100 million working age individuals (59.3%) do not own any retirement account assets, whether in an employer-sponsored 401(k) type plan or an IRA nor are they covered by defined benefit (DB) pensions**



Retirement Security – the Crisis

- If we do nothing, 40% of middle class Americans will descend into old-age poverty
- Older Americans already file for bankruptcy at a much higher rate than in years before
- The typical working American has no retirement savings
- This crisis threatens to undermine all that has been achieved



Is there recognition of the crisis?

- AFT conducted two polls; the research was conducted in two phases:
 - 1) **2017:** Between February 7th and 13th, we conducted 3,000 online interviews with members of the general population in the United States. The margin of error overall is +/- 1.65% and is larger for subgroups.
 - 2) **2018:** Between May 2nd and 9th, we conducted 1,000 online interviews with members of the general population in the United States. The margin of error overall is +/- 3.15% and is larger for subgroups.



A vast majority of Americans – 76% - support the idea of the Retirement Savings Plan.

- **Why? Three key benefits are most appealing:**
 - **A small percentage from each paycheck, matched by employers**
 - **Follows you to every job**
 - **Guaranteed monthly payments in retirement**



Great news: The plan is popular and has momentum

