



PENSION RIGHTS
CENTER

Retirement Security for All

Texas Municipal Retirement System, 2013 Annual Training Seminar

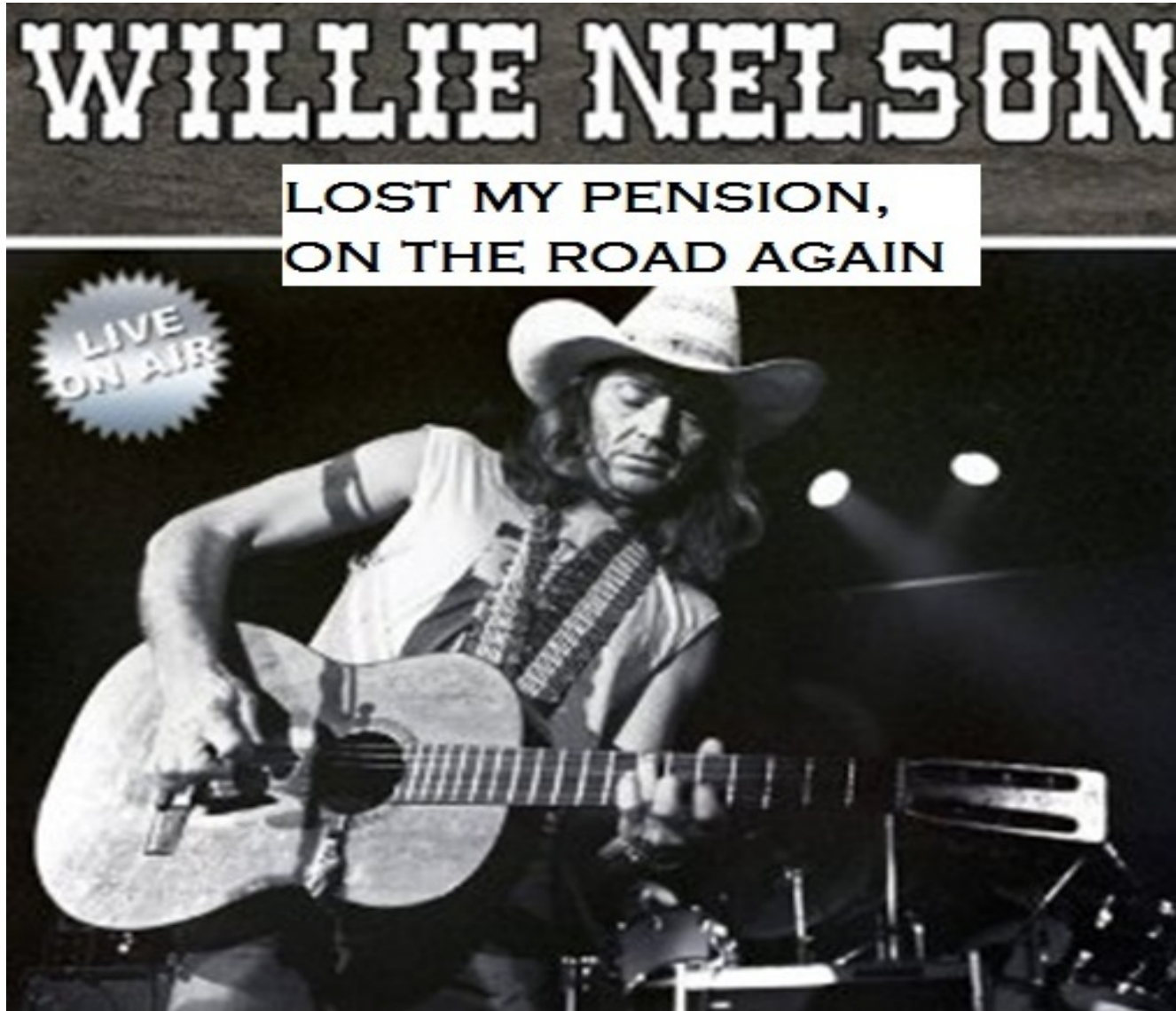
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Retirement Security for All



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Who is Covered and Retirement Savings By Age

Median retirement account balances for:

Public and private-sector households: \$44,000

Households with a worker or spouse age 55-64: \$100,000

How Many People Are Participating:

Private-sector workers participating in retirement savings plans: 41%

Private and public-sector households participating in a plan: 37%

Two-thirds of Americans receive one half of their income from Social Security.

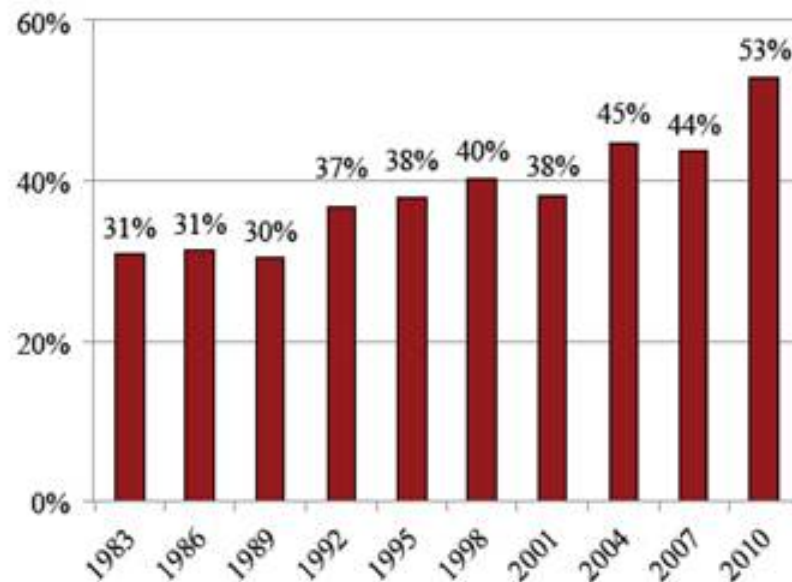
In 2010, the median income of retirees (age 65 and over) with pensions and Social Security was more than twice the income of retirees receiving only Social Security.

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National Retirement Risk Index

In 2012, the Center for Retirement Research updated their Retirement Risk Index. The results show that 53% of households are at risk of not having enough money to maintain their living standards in retirement. (National Retirement Risk Index, November 2012)

FIGURE 2. THE NATIONAL RETIREMENT RISK INDEX, 1983-2010



Source: Authors' calculations.

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Retirement Income Deficit

There is a **Retirement Income Deficit** of \$6.6 trillion – the gap between what households have today and what they should *have today* to maintain their standard of living.

- Center for Retirement Research looked at households in their peak earning years, assumed that people would continue to earn pensions, contribute to 401(k)s, and there will be no reduction in Social Security benefits.
- Also factored in the value of home equity for retirement income.

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Polling Data

- Associated Press/NORC Center for Public Affairs poll: Half of Older Workers are delaying retirement. (October 2013)
- A Hello Wallet Study shows that 60 percent of households with defined contribution plans added more debt to their family balance sheet than they contributed to retirement savings (October 2013)
- A Gallup poll shows lack of retirement funds is Americans' biggest financial worry: More Americans are worried about not having enough money for retirement than are worried about other financial matters, including paying for healthcare, paying a mortgage, and for their children's college education. (June 2011)
- An Allianz Life Insurance Poll shows People fear outliving their money more than death: and 61 percent of Boomers fear outliving their money in retirement more than death. (Allianz Life Insurance Company, June 2010)

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Principles for a New Retirement System

- **Universal Coverage.** A new retirement system that supplements Social Security should include all workers unless they already are in plans that provide equally secure and adequate benefits.
- **Secure Retirement.** Workers should be able to count on a steady lifetime stream of retirement income to supplement Social Security.
- **Adequate Income.** The average worker should have sufficient income, together with Social Security, to maintain a reasonable standard of living in retirement.

- Shared Responsibility
- Required Contributions
- Pooled Assets
- Payouts Only at Retirement
- Lifetime Payouts
- Portable Benefits
- Additional Voluntary Savings
- Efficient and Transparent Administration
- Effective Oversight