

The Breakdown in Retirement Security and the Role of the Smart Employer Plan

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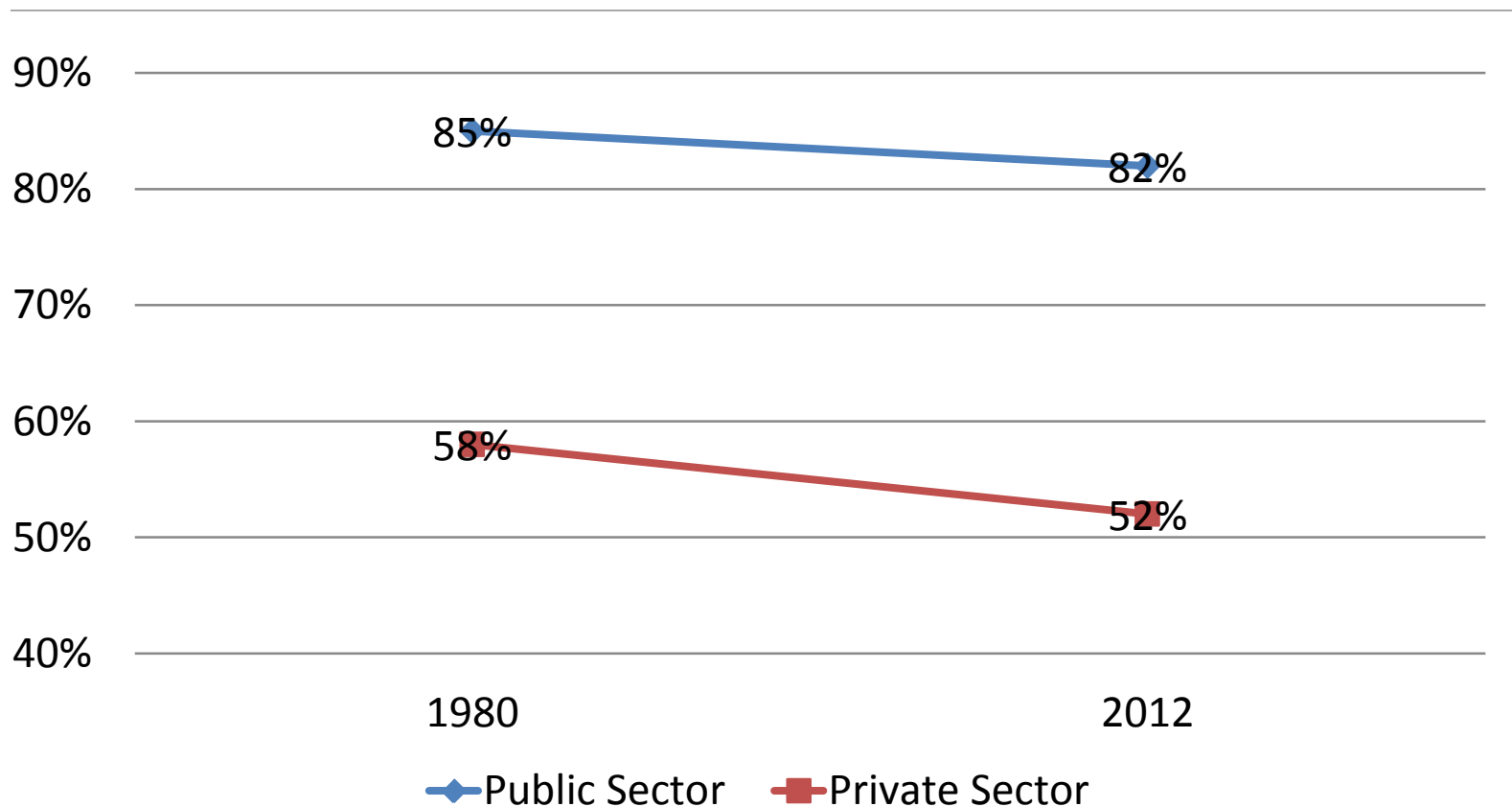
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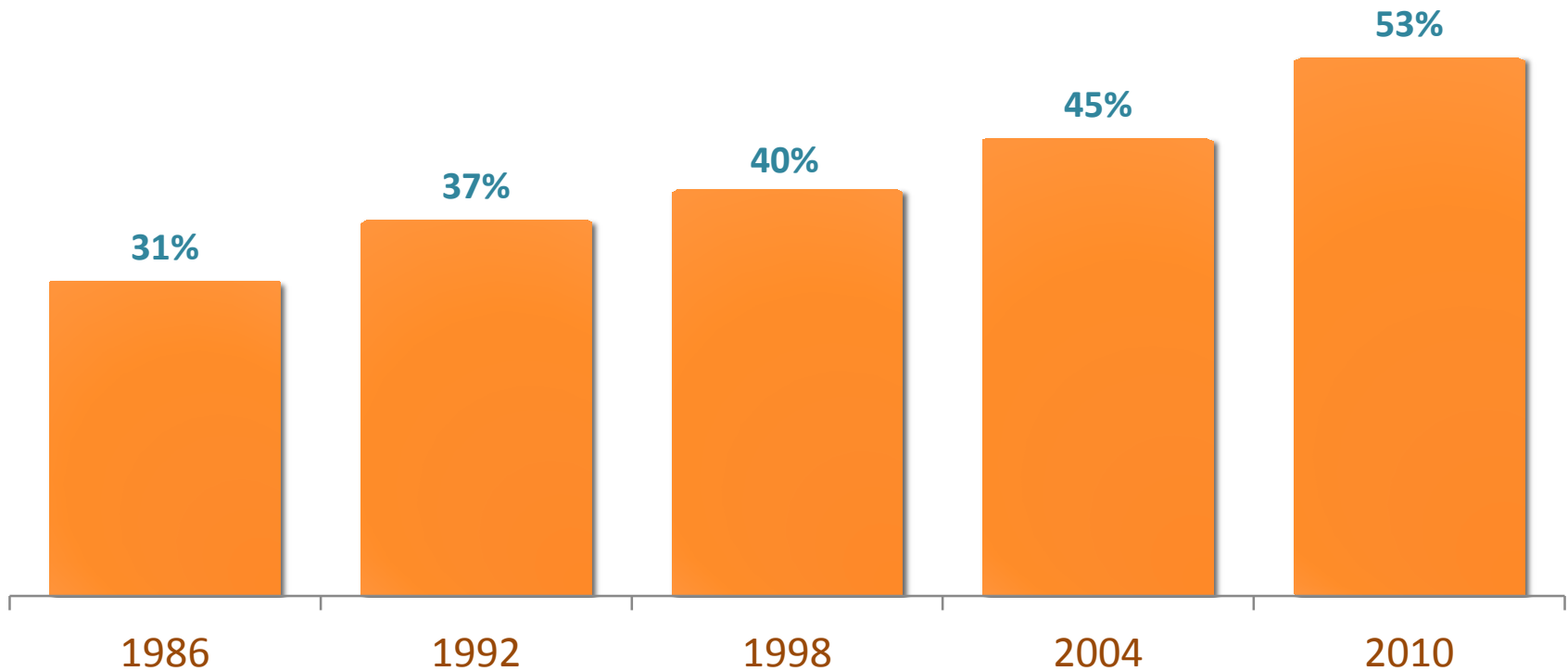
**SCHWARTZ CENTER FOR
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Private Sector Has Lost More Retirement Coverage than Public Sector



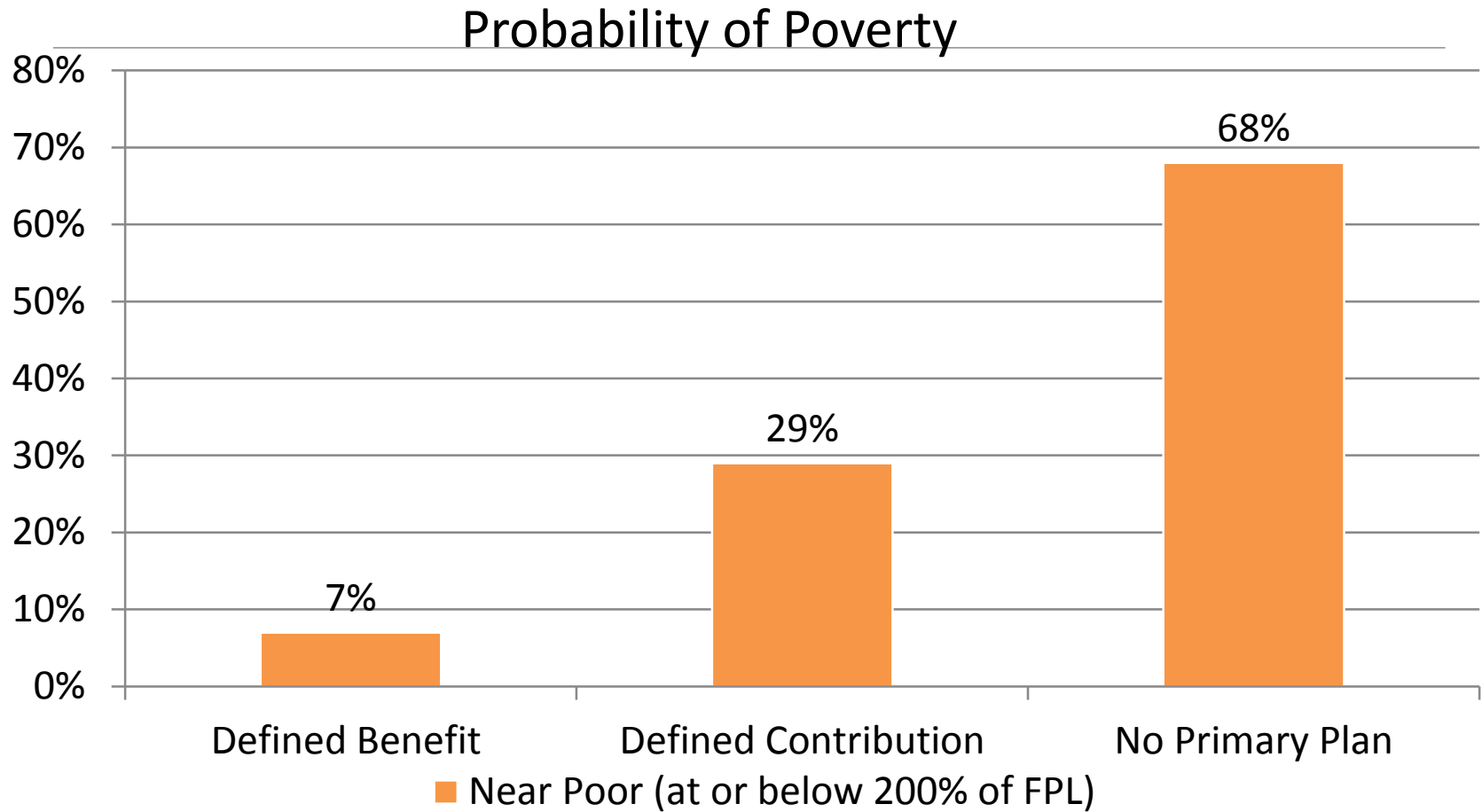
And Most Older Workers are Not Prepared for Retirement

(Projected income will be inadequate)



Source: Alicia Munnell, Anthony Webb, and Francesca Golub-Sass, "The National Retirement Risk Index: An Update" (Boston, MA: Center for Retirement Research at Boston College, 2012),

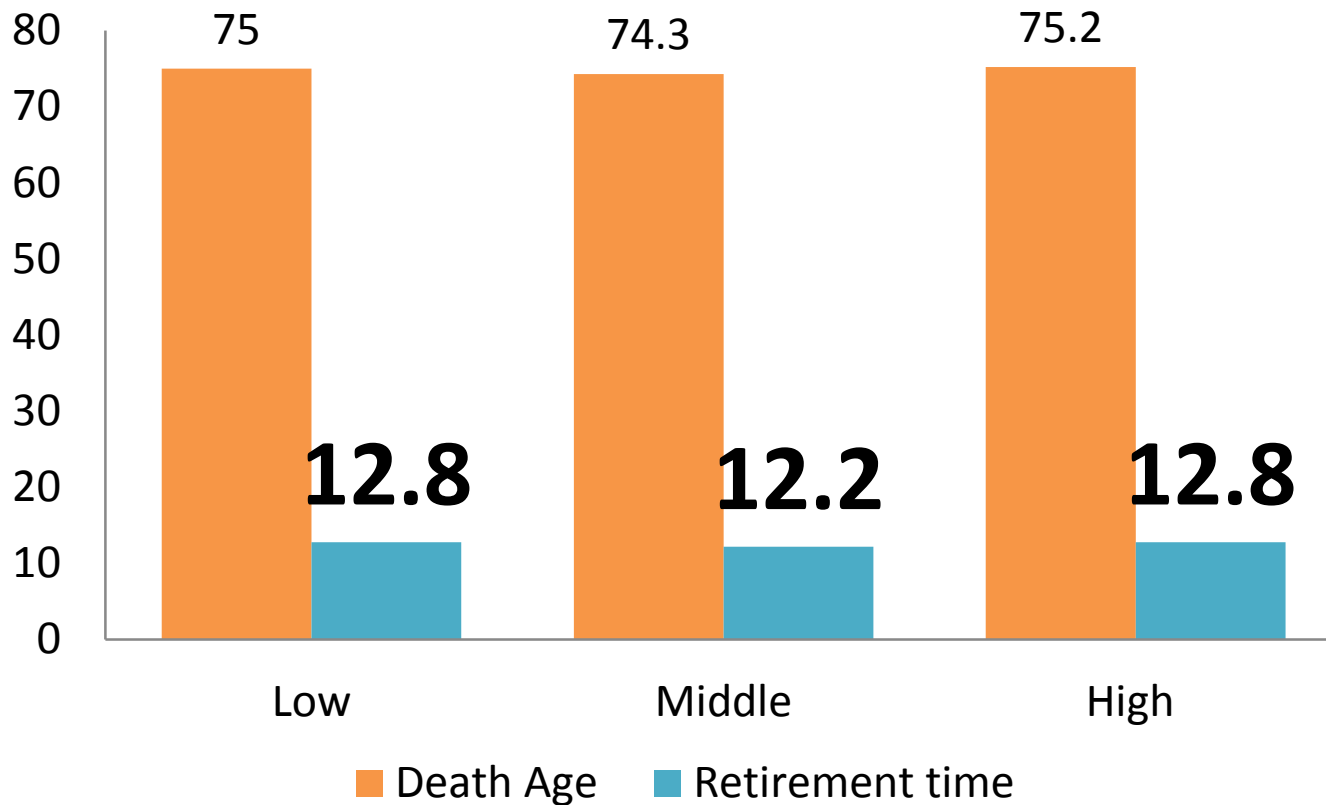
A Coming Retirement Crisis for Those Without DB Plans



Source: 2008 Survey of Income and Program Participation (SIPP)

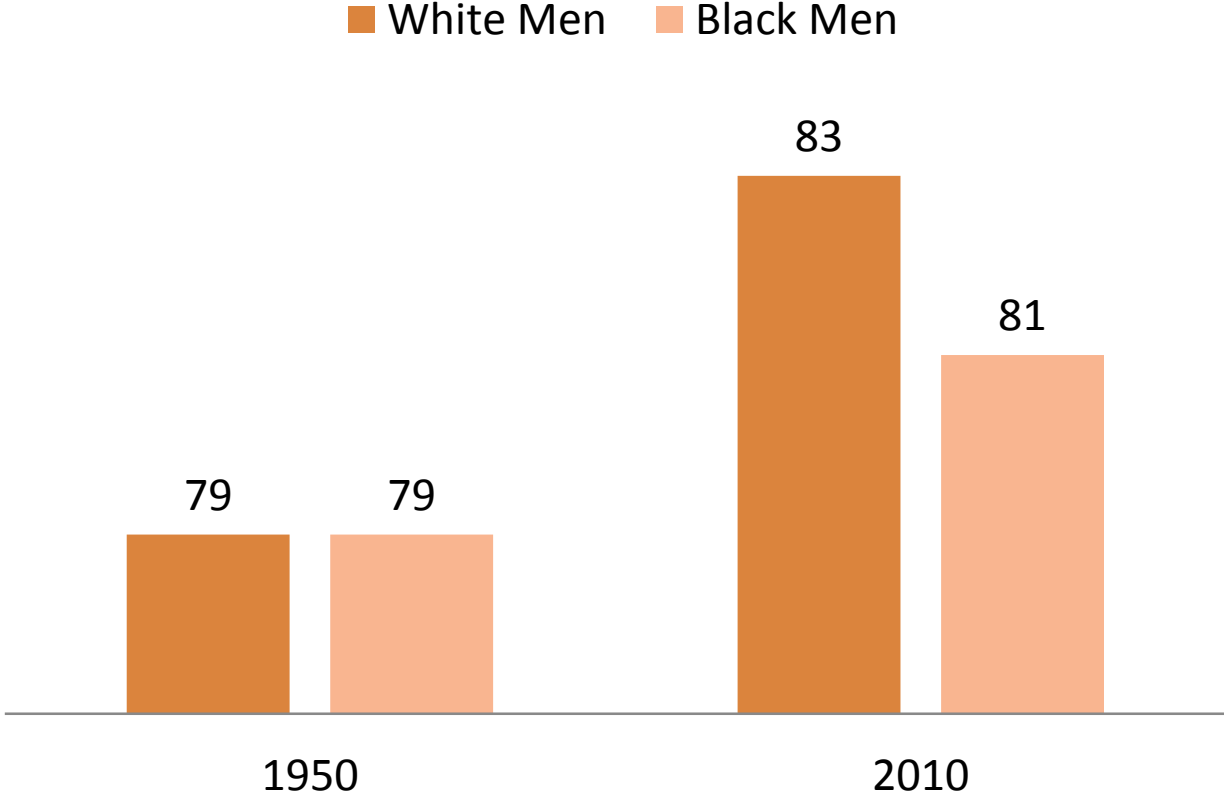
The Great American Achievement in Equity

(This is cause for celebration, but we could lose this form of equity)



Source: Health and Retirement Study (HRS) 2010

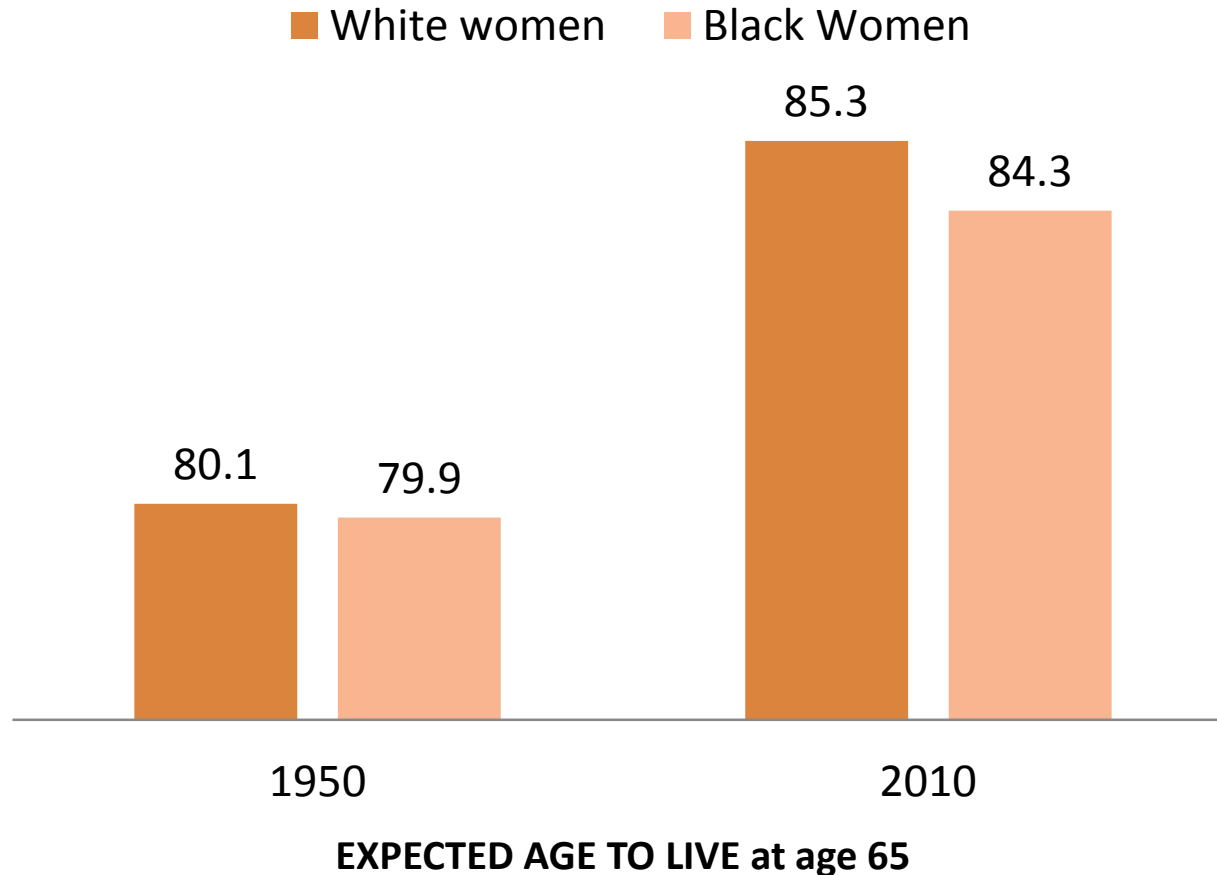
But Life Expectancy Gaps for Men are Growing



EXPECTED AGE TO LIVE at age 65
Source: Health and Retirement Study (HRS) 2010

And the Racial Gap for Women has Also Grown

Age 65 Life Expectancy Gains Are Not Equally Distributed



Source: Health and Retirement Study (HRS) 2010

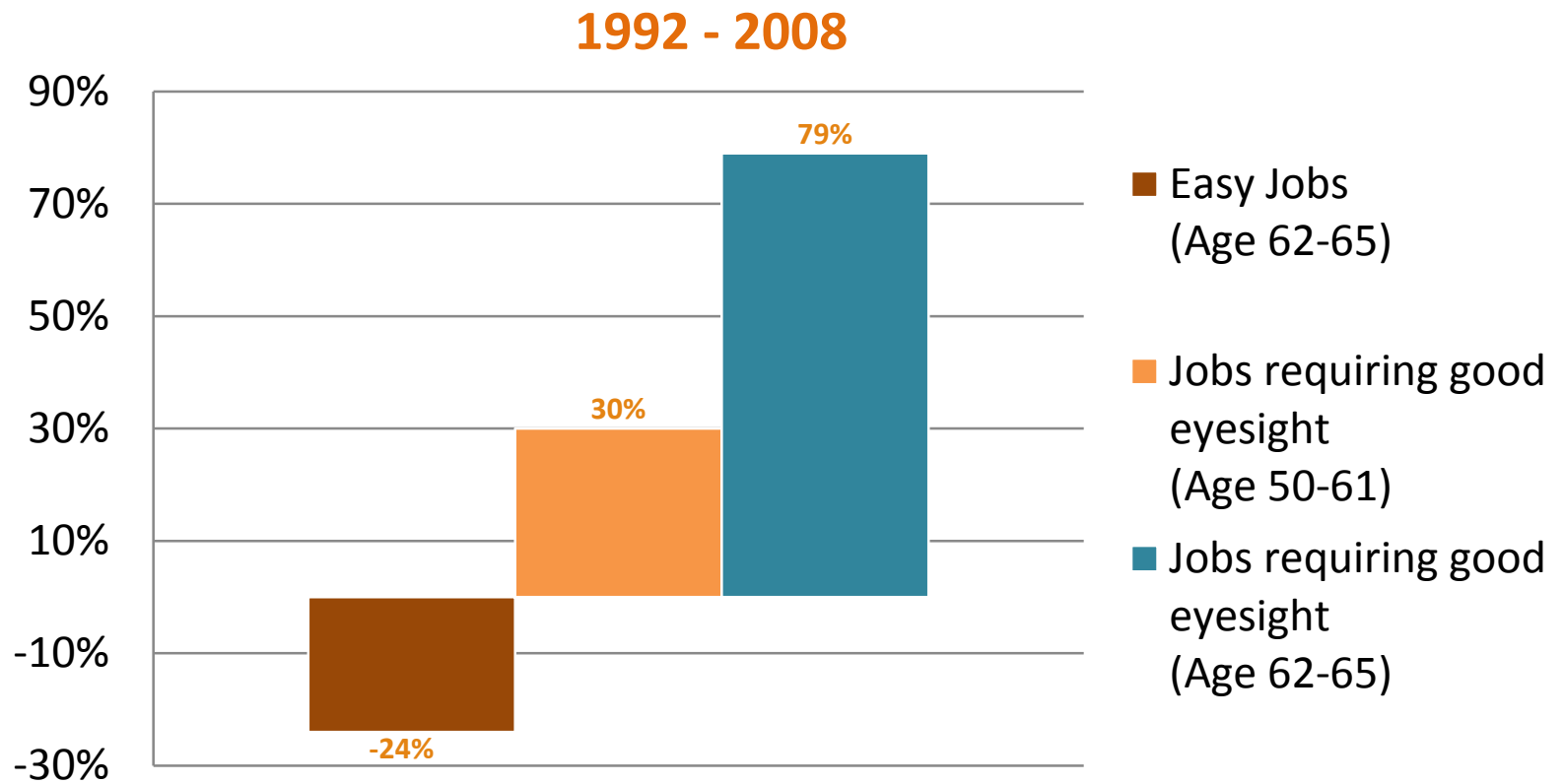
The New Retirement: Work!

	Depression babies (1926–1935)	Leading boomers (1946–1955)	GenXers (1966–1975)
Income from Assets	20	24	28
DB pension	20	11	3
Social Security	38	36	37
Earnings	14	21	24

Source: SSA Office of Retirement and Disability Policy (2012)



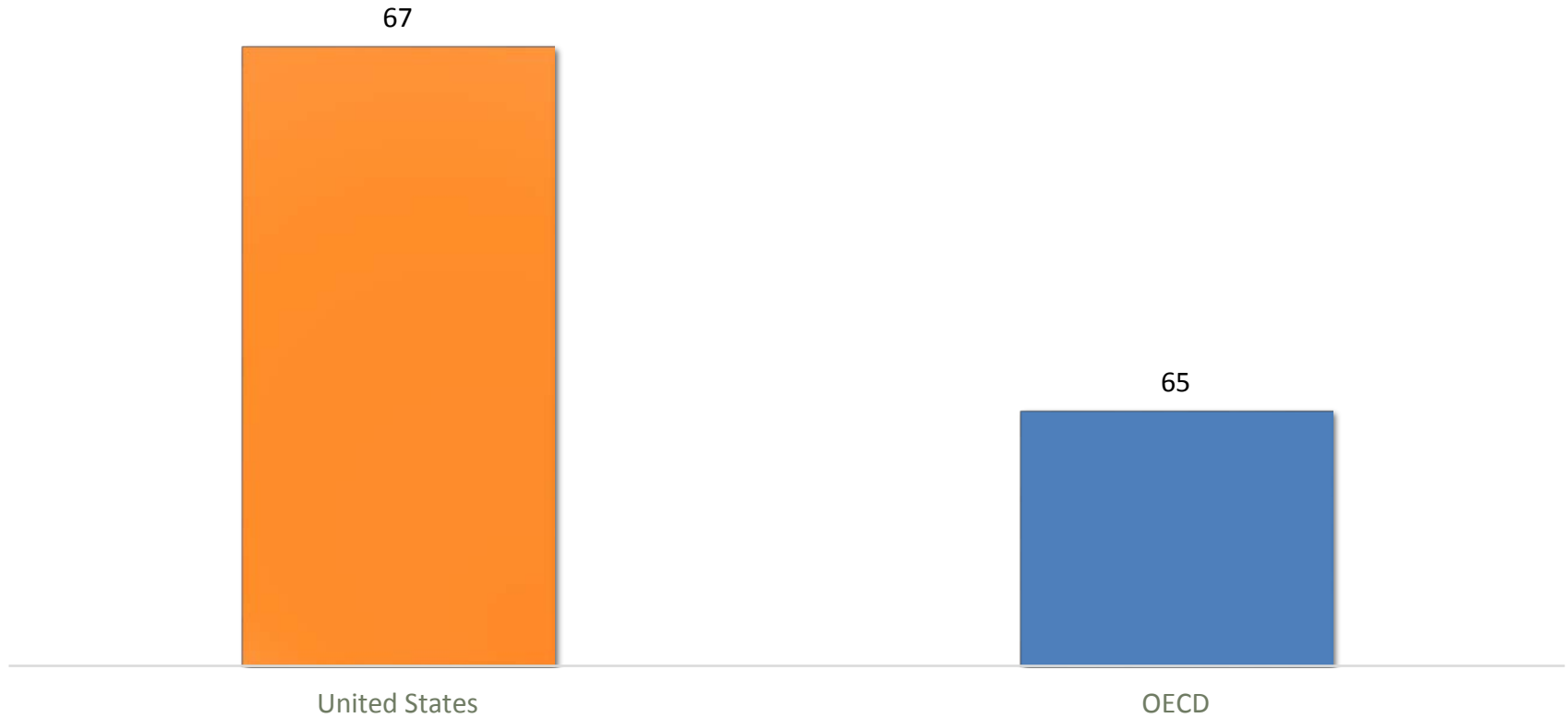
Degradation in Job Quality for Older Americans



Source: SCEPA 2013

Older Americans Expected to Work More Than Those in Rich Countries

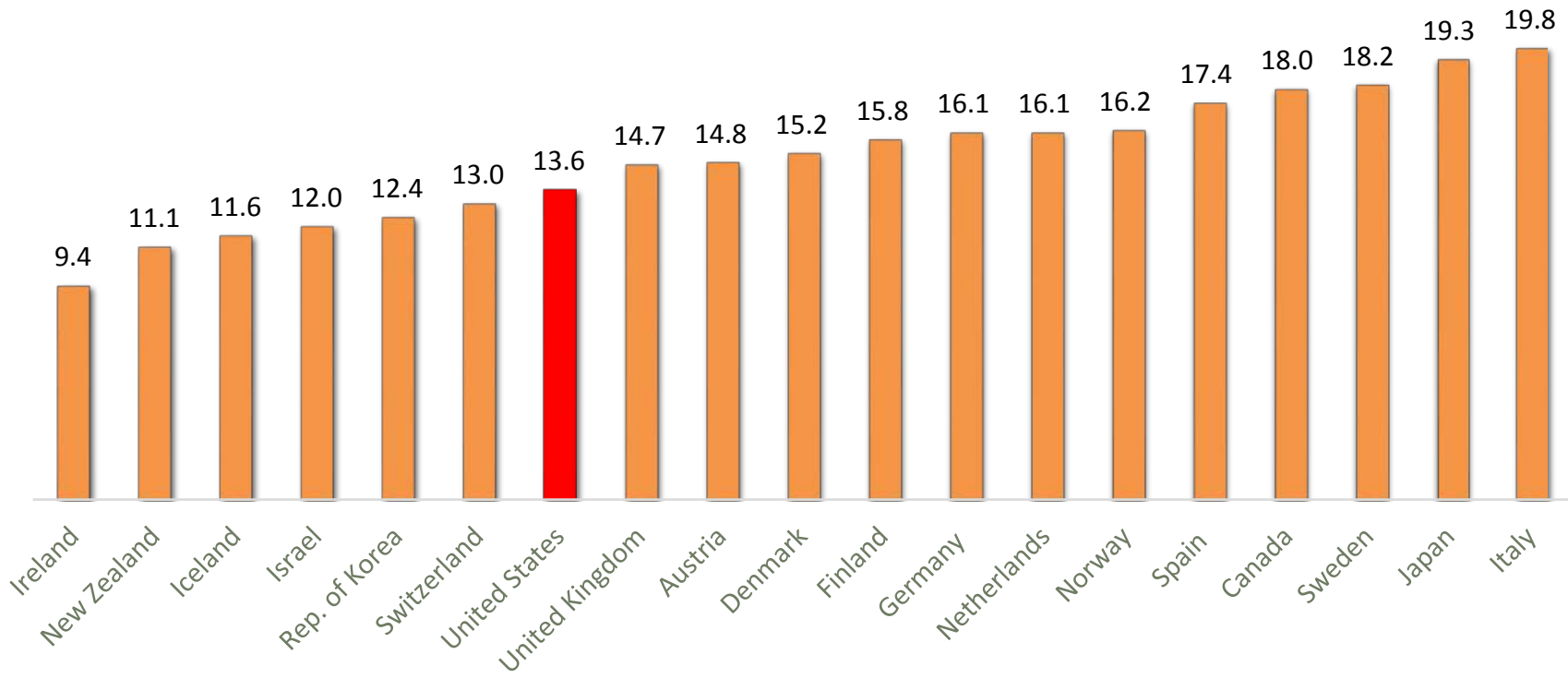
Age For Collecting Full Pension Benefits



Source: OECD 2013

Americans Spend Less Time in Retirement : 13.8 years!

Average Number of Years Spent in Retirement

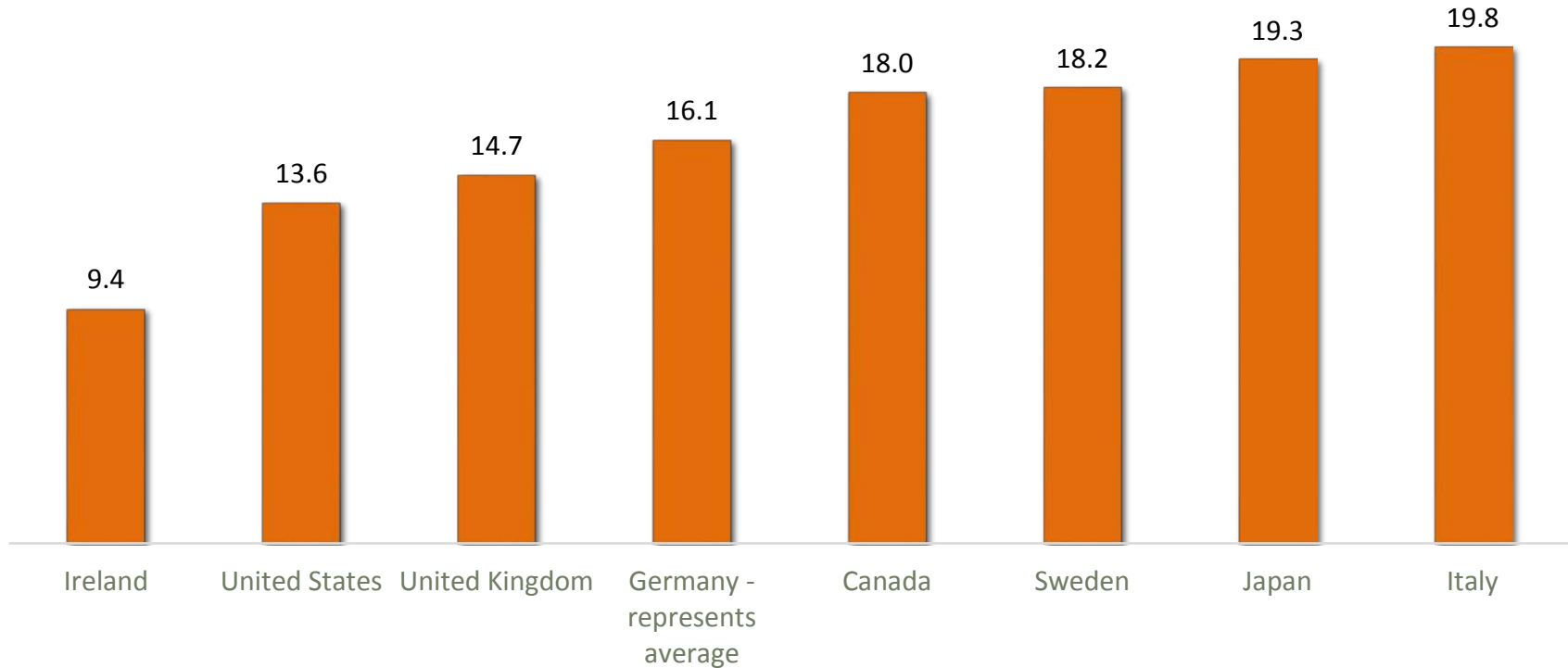


Source: OECD 2013

What is Possible? Modest Proposal

Normal Human Life Spans and Pensions for All!!

Average Number of Years Spent in Retirement

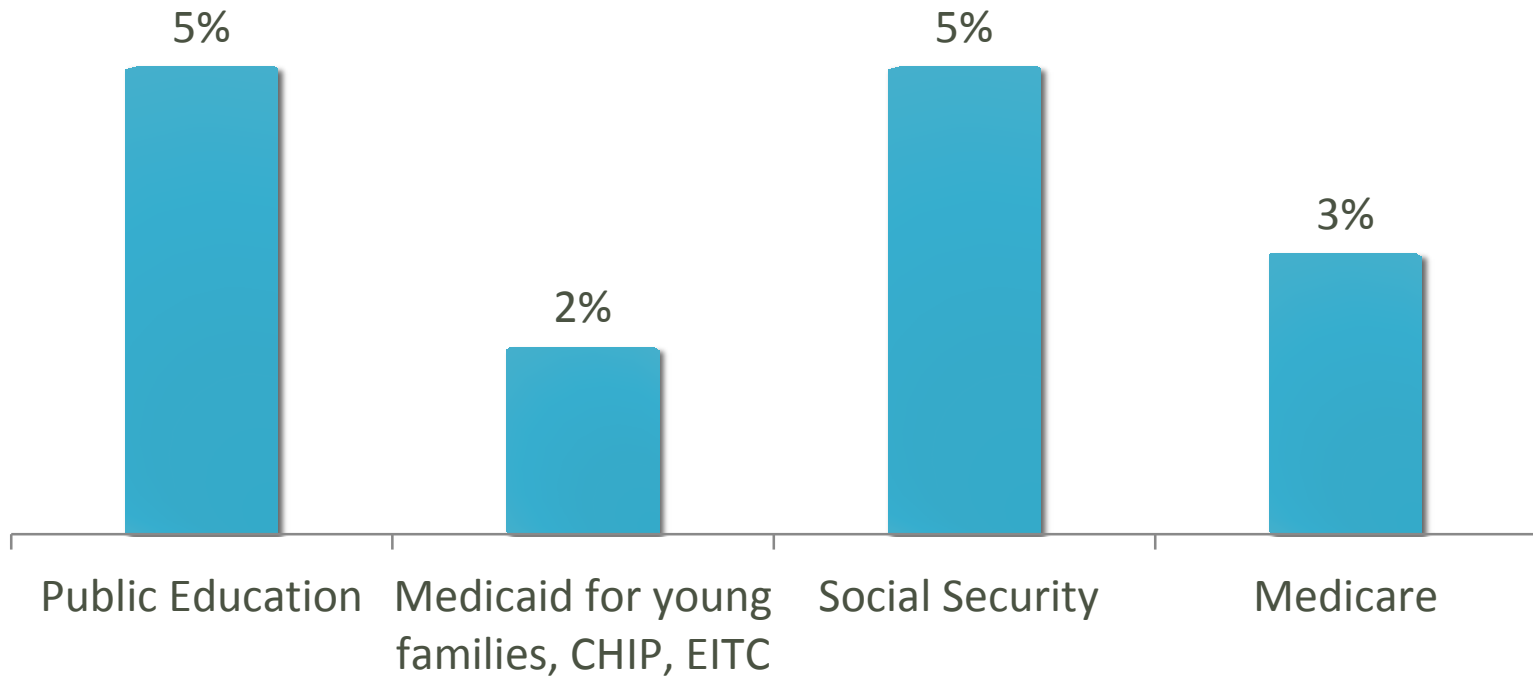


Source: OECD 2013

You've Heard About Greedy Geezers And Unaffordable Pensions?

Truth: Young and Old Spending Equal

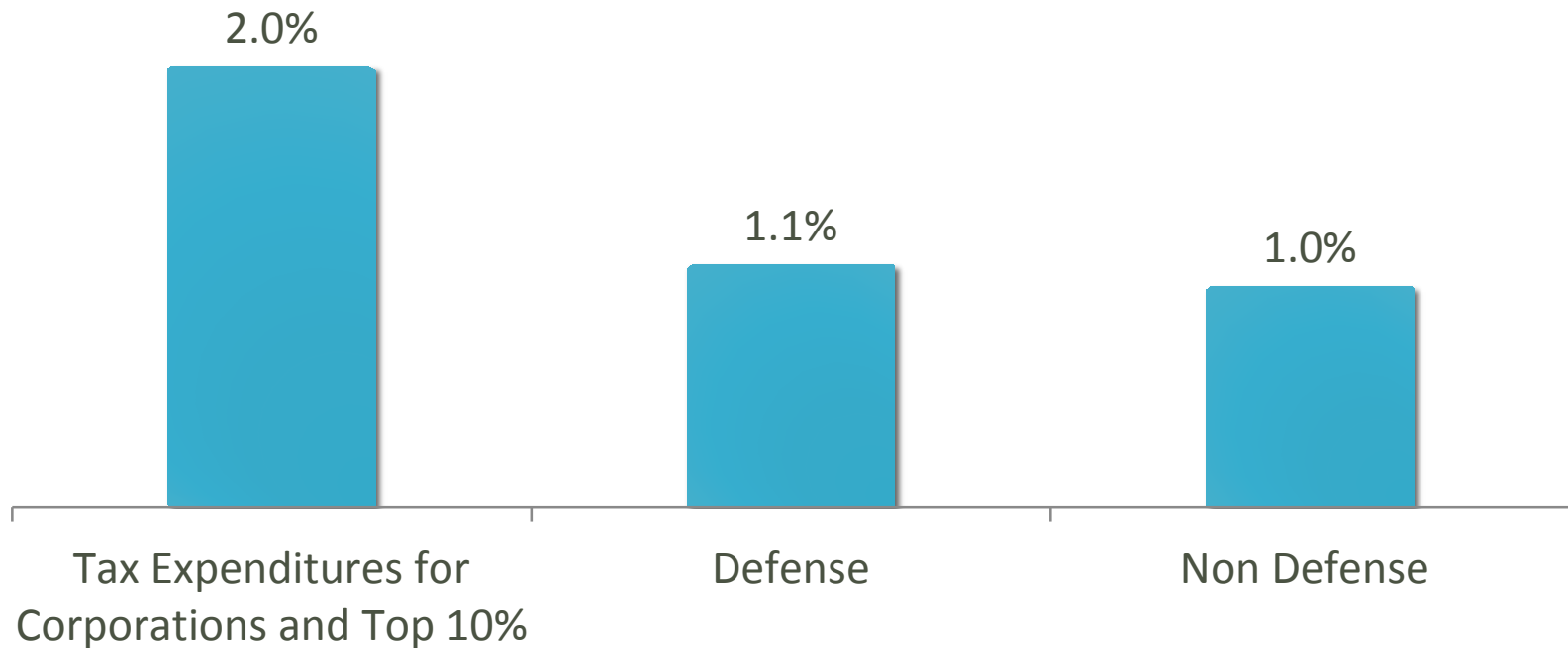
Federal, State, Local Government Spending (% of GDP)



Source: Kaiser Family Foundation (2010)

Economists : Plenty of Money for Pensions

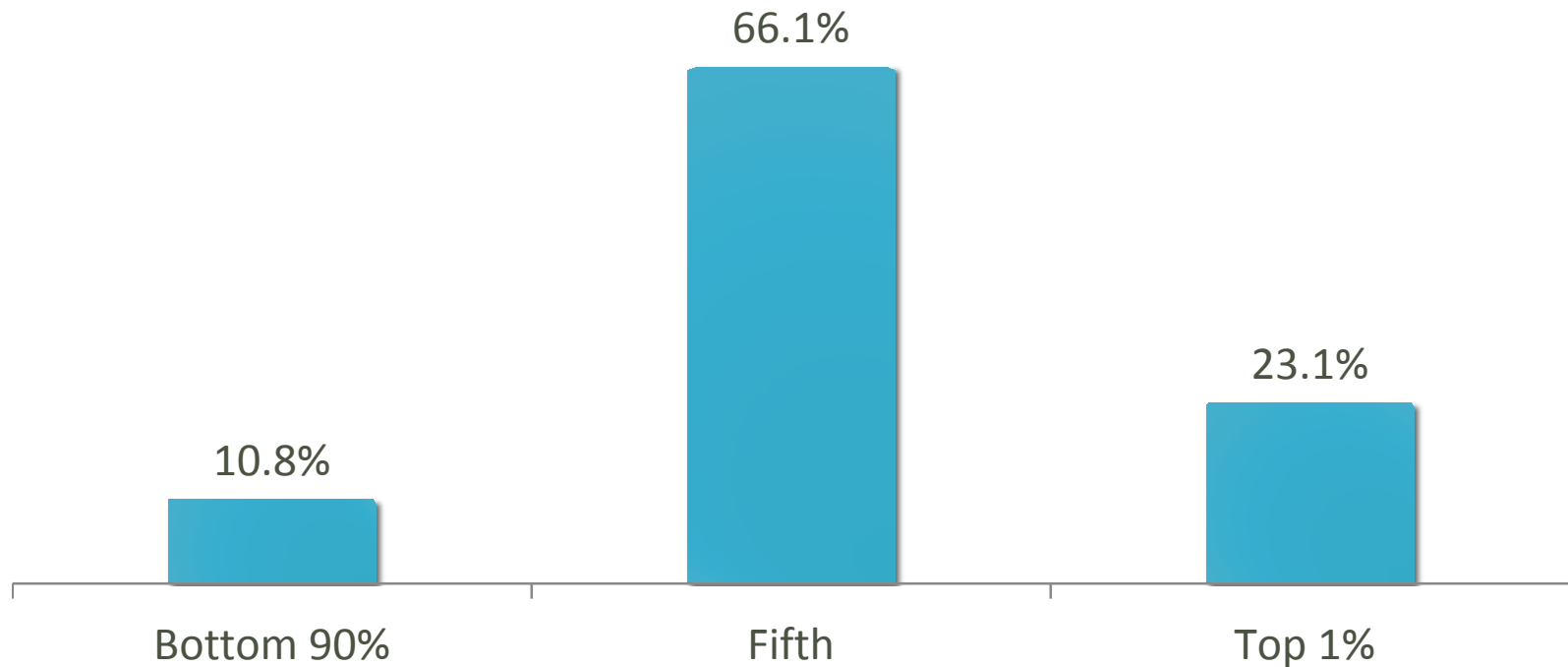
Federal Spending (% of GDP)



Source: Kaiser Family Foundation (2010)

Economists: Plenty of Money For Pensions

Distribution of Tax Breaks



Source: Kaiser Family Foundation (2010)

The money is there.

No detectable tradeoff between
spending on the old and the young.

Social Security Taxes Have Not Increased for 24 Years

Calendar Year	OASDI Rate for Employee & Employer	Years between Changes
1990 until today	6.20	24 years and counting
1988-90	6.06	2 year
1984-87	5.7	3 year
1978 - 87	5.05	Every 1 year
1949 - 1977	1 – 4.9	Every two years
1937-49	1.00	12 years

Source: SSA Office of Chief Actuary (2014)

The SS Earnings Cap is Just as Important as the FICA Rate

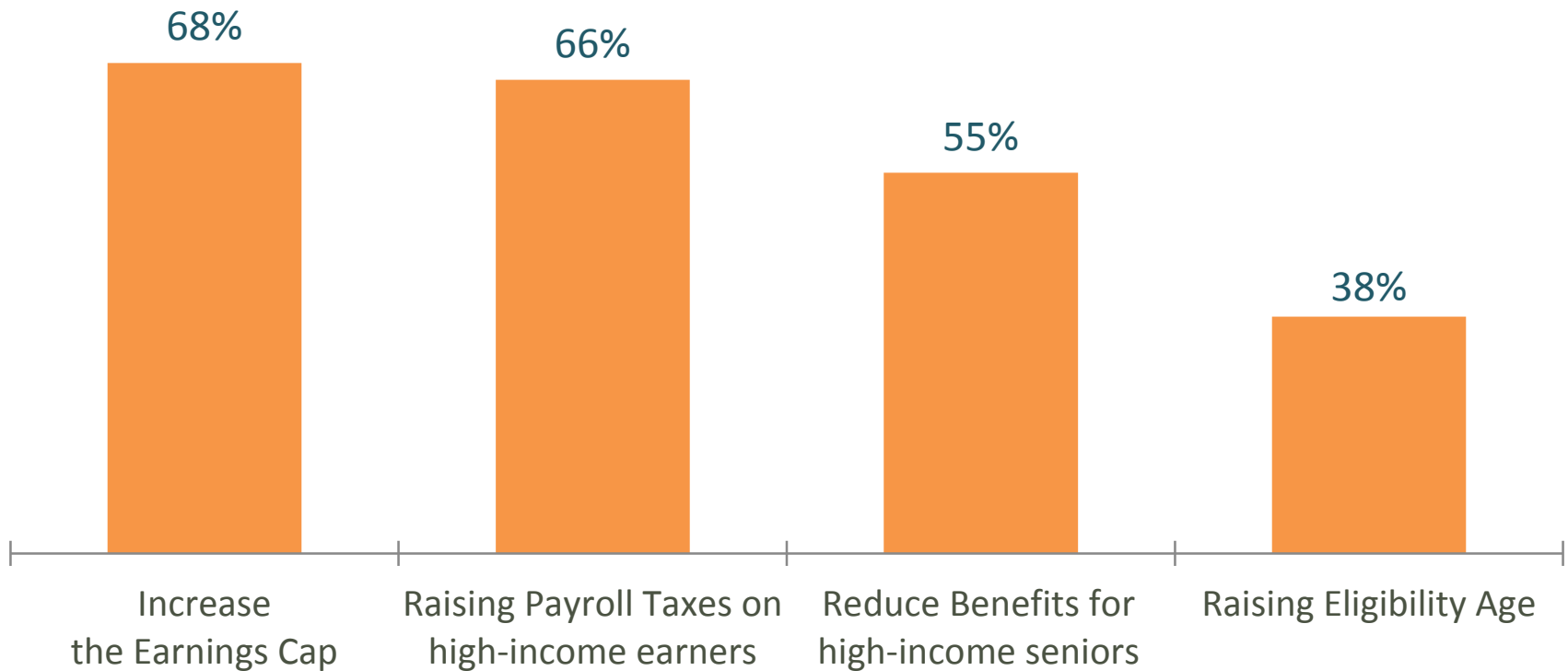


There Are Many Social Security Balancing Options

Proposal	Shortfall Eliminated	Who Pays?
Do Nothing	0%	Future
Raises F.I.C.A. from 6.20% to 7.64%	100%	Workers
Eliminate the Earnings Cap (\$117,000)	82%	Wealthy
Cut Benefits By Raising Age to Collect Full Benefits to 69	35%	Elderly

Source: SSA Office of Chief Actuary (2014)

There Is Wide Support for Strengthening Social Security



Source: NASI (2013) PEW (2012)

There Is Wide Support for Retirement Plans a lot like Public Pensions

79%



Create an Automatic IRA

79%



Require companies provide guaranteed pensions

75%



Create a new privately run, universal, portable pension plan

Source: David Madland (2008) and (2013)

What Is to Be Done?

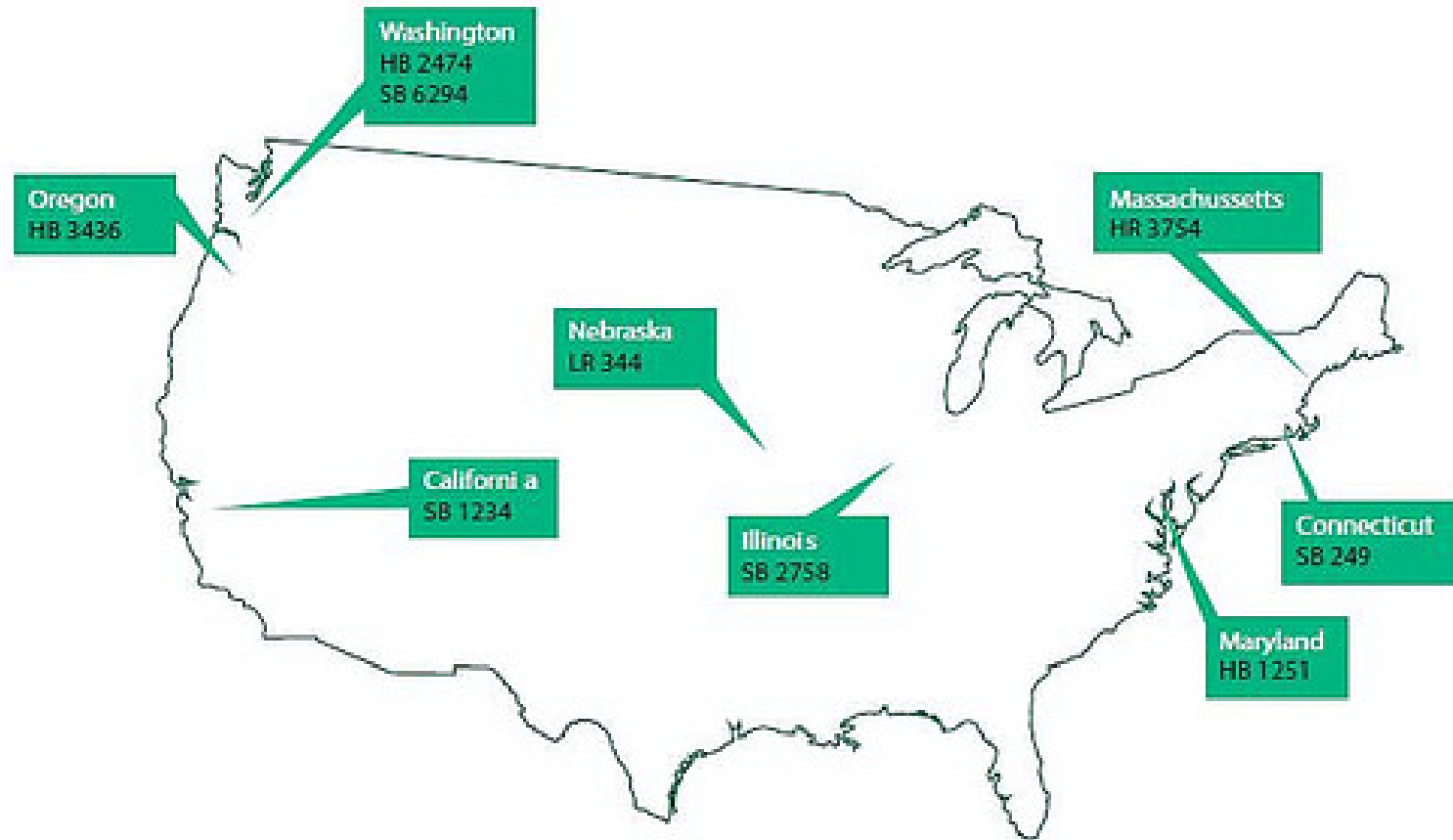
Problems:

1. Old and Young Are Falsely Being Pitted Against Each Other
2. Without Strong SS and Strong Pensions Only Way Elderly will Replace their Income By Working More
3. Many Elderly Face Competing for Low Wage and Difficult Jobs

Fixes:

1. Equitable Ways To Fix Social Security
 2. Follow State Leads To Universal Pensions
- WHY? Preserve the Historic Victory: Equal and Dignified Retirement For All

States are Taking The Lead In Securing Pensions



Role of Existing State-Based Pensions Like TMRS

Available Financial Infrastructure to Help Everyone

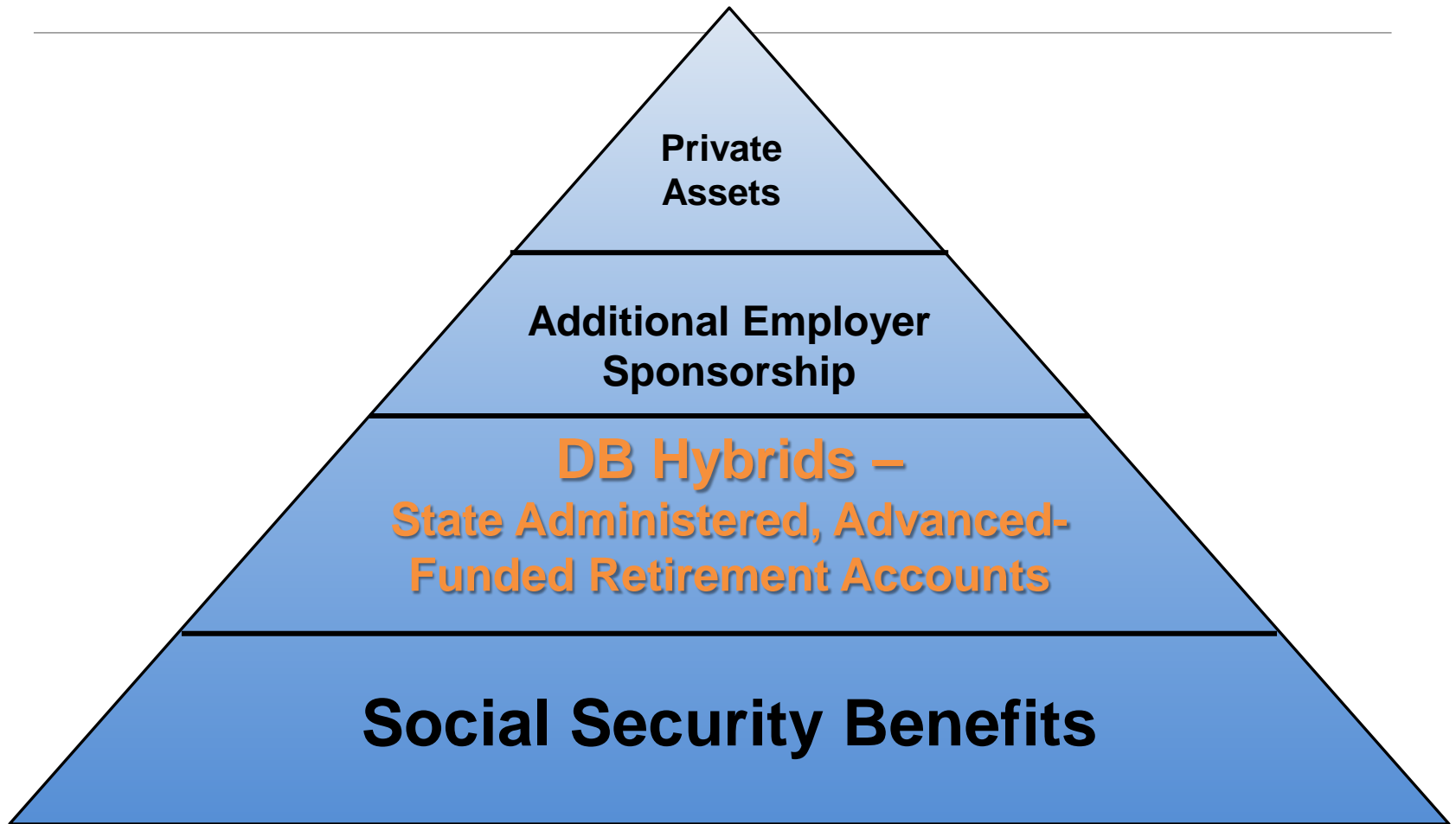
Efficient and Trusted

Aligns Public and Private Employee Interests

GRAs Beat 401(k)s

Needed Features	401(k)	DB Plan/ Hybrids State GRAs
Universal Coverage	No	Yes
Pooled Assets	No	Yes
Payouts Only at Retirement	No	Yes
Steady Lifetime Income Stream (Annuity)	No	Yes
Portable Benefits	Yes	Yes
Low-Cost and Transparent Administration	No	Yes

A New American Pension Structure



Thank You!

Read more about GRAs at SCEPA's official website:

www.economicpolicyresearch.org