RETIREMENT SECURITY IN PHILADELPHIA

An Analysis of Current Conditions and Paths to Better Outcomes

EXECUTIVE SUMMARY

Why is the Controller’s Office interested in retirement security?

The US retirement security system has changed profoundly in recent decades. Broad national trends such as the rise of defined contribution retirement plans and the decline of defined benefit pensions, gains in life expectancy, and the surge of nontraditional work arrangements have shifted much of the responsibility for retirement planning and savings to the individual. In this altered context, many Americans struggle to save enough for retirement. The negative consequences of inadequate retirement savings will be most severe at the local level. Rising numbers of poor seniors will result in increased demand for public assistance programs and reduced spending in the local economy. In sum, insufficient retirement assets of Philadelphians pose a risk to the fiscal and economic health of the City of Philadelphia.

Findings

This report is intended to serve as the basis for a broader and deeper policy discussion and as a framework to guide City policy makers, and as such does not offer definitive solutions. Nevertheless, it does present the following findings:

- Philadelphians - as Americans elsewhere - do not save enough for retirement. The average working household in the United States has virtually no retirement savings. Women, minorities and low-income workers face the largest barriers to building financial security for old age.
- Accumulating sufficient retirement savings depends strongly on having a retirement plan at work. About fifty-four percent of employees in Philadelphia (334,000) do not have access to a
retirement plan at work. Small businesses are least likely to offer retirement plans to their employees.

- Currently, one third of Philadelphia’s seniors have incomes below 150 percent of the federal poverty level and 21 percent are in the Supplemental Nutritional Assistance Program.
- More than half of Philadelphia’s senior households are forced to make difficult choices between their basic needs such as food, medicine, heating or cooling.
- A senior in Philadelphia currently needs $423 per year, on average, to cover out of-pocket medical expenses. Millennials will face about four times higher expenses for health care in their senior years than current retirees.
- If nothing is done to stop the erosion of retirement security in Philadelphia, the economic and social costs associated with rising numbers of poor seniors in the city may undermine Philadelphia’s fragile economic revival.
- Given the inaction of the federal government, more than 20 states around the country - not including Pennsylvania - have stepped in and introduced policies to foster retirement readiness among their residents. Namely, states are pursuing state-run Auto-IRAs (aka “Secure Choice”), Open Multiple Employer Plans (Open MEP), Prototype Plans and Retirement Marketplaces.
- Some large cities, including New York City and Seattle, have expressed interest in exploring city-run Auto-IRA programs.

**Recommendations**

- The City should hold hearings to supplement the findings in this report and allow policymakers the opportunity to engage with both experts and ordinary citizens about retirement security issues.
- The City should form a Retirement Security Working Group. The RSWG will be charged with synthesizing the testimony collected during hearings and collecting additional information from experts and citizens in order to produce a set of recommendations for further action.
INTRODUCTION

With the aging of the population, the shift from defined benefit pensions to defined contribution plans and the transformations of work and employment, many Americans struggle to achieve financial security in old age. Philadelphians are no exception.

The current retirement security system - consisting of Social Security, workplace retirement plans and personal retirement savings (a.k.a. the “three-legged stool”) - has become increasingly inadequate to ensure Americans’ financial security in retirement. That is particularly true for the more vulnerable segments of the population, such as low-income workers, minorities and women, but also increasingly for the middle class.

As the poorest of America’s ten biggest cities, Philadelphia has large numbers of residents that struggle to build financial security for their senior years. If nothing is done, the economic and social costs associated with rising numbers of poor seniors in the city will threaten Philadelphia’s fragile economic revival. Thus, there is a dire need for policies that will help increase retirement readiness among Philadelphians.

Following a brief profile of Philadelphia’s current 65+ population, this report provides an overview of the retirement security issue and the major barriers to achieving financial security in old age. Second, the report outlines a number of potential policy strategies that may help to improve retirement security among Philadelphia’s residents; many of these approaches are in various stages of implementation across the country.

SECTION 1: PHILADELPHIA’S 65+ POPULATION

In Philadelphia, 12.3 percent (or 189,666) of the city’s 1.55 million residents are 65 years or older; 61 percent of them are women.¹ The median age of Philadelphia’s 65+ population is 74.3 years. Nearly half of the city’s seniors identify as white, 40 percent as Black or African American, five percent as Hispanic or Latino and four percent as Asian (Figure 1). Fourteen percent of city residents age 65 and older are foreign born.

¹ Data for this section comes from the U.S. Census, American Community Survey, 5-year estimates, 2014, unless otherwise noted.
The vast majority of Philadelphia’s 65+ population is no longer in the labor force; only 13 percent of them are still employed. Close to 90 percent of Philadelphia’s seniors live in households that receive Social Security. The average Social Security income is $16,429 per year. Only 44 percent of elderly households in the city receive some sort of other retirement income, which means that seniors in Philadelphia rely heavily on Social Security as a source of income.

About half of Philadelphia’s senior households (55 percent) consist of single householders living alone. Close to 70 percent of city residents age 65 and older live in housing units they own. About 30 percent rent. Over half of Philadelphia’s senior renters spend 30 percent or more of their income on housing, compared to about one third among those who own (Figure 2).
Many seniors in the city are poor. Even though Philadelphia’s 65+ population is somewhat better off than Philadelphians overall, poverty is still widespread among older residents. The median household income of Philadelphians age 65 and older is $26,533 per year. One third of the city’s seniors have incomes below 150 percent of the federal poverty level and 21 percent are in the Supplemental Nutritional Assistance Program.

The economic situation of Philadelphia’s seniors is even more concerning when considering local cost of living and the income needed to live a dignified life in old age, which is what the Elder Economic Security Standard Index (Elder Index) attempts to capture. According to the Elder Index, a senior household in Philadelphia needs $28,750 a year to meet its basic needs without relying on public assistance. More than half of Philadelphia’s senior households live on less than that and therefore may be forced to make difficult choices between their basic needs such as food, medicine, heating or cooling. This number is likely to increase in the future due to a number of alarming nationwide and city-level trends, which are the subject of the following section.

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3 This estimate was derived by averaging the Elder Index estimates for elderly single and and couple households with different housing situations. According to the Elder Index for Philadelphia, the estimated needed income is as low as $18,804 a year for elderly single households that own and have no mortgage, and as high as $37,068 a year for elderly couple households that own and have a mortgage. [http://www.basiceconomicsecurity.org/El/location.aspx](http://www.basiceconomicsecurity.org/El/location.aspx)
SECTION 2: RETIREMENT SECURITY - THE ISSUE

There are a number of interrelated factors that have contributed to the retirement crisis in America. Several broad trends and shifts have changed the parameters for building retirement security over the last few decades. In this altered context, Americans face numerous obstacles to building financial security for their senior years. Stark disparities in retirement security exist between different subgroups, which mirror broader patterns of persistent inequality in America. The situation in Philadelphia generally reflects these national trends.

2A: Broader Shifts Shaping Retirement Security

The Longevity Revolution

The remarkable gains in life expectancy since the late 19th century are one of the most important trends that have impacted retirement security in the United States and other developed countries. In 1850, the average American’s life expectancy at birth was only 38 years (Haines, 1994). Since then, this number has more than doubled (Figure 3).

**Figure 3: Life Expectancy at Birth in the United States, 1850 - 2014**

*Date Sources: Haines, 1994; Social Security Administration, 1983; Center for Disease Control, 2015*

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4 Source of estimates for 1850, 1860, 1870, 1880, 1890
5 Source of estimates for 1910, 1920, 1930, 1940
In 2014, the average life expectancy at birth in the United States was almost 79 years; 81 years for women and 76 years for men (Center for Disease Control, 2015). These astonishing increases in life spans are nothing short of a demographic revolution.\(^7\)

Moreover, the continuous declines in death rates, paired with low birth rates have led to the aging of the population. The share of the population age 65 and over has never been higher and is growing at unprecedented rates. In 2014, 46 million Americans were 65 years and older. By 2060, this number will have more than doubled (Mather, Jacobsen & Pollard, 2015). The aging of the baby boomers - those born between 1946 and 1964 - is one of the factors contributing to this trend. While the cohort of the baby boomers will actually experience more financial security in old age than previous generations, the opposite may be true for subsequent cohorts (Mather et al., 2015).

In this society of longer lives, the average person needs more retirement assets to last them through a longer phase of retirement. When President Franklin D. Roosevelt signed Social Security into law in 1935, the average American’s life expectancy at birth was lower than the retirement age of 65 years. For those that actually reached age 65 in 1940, women could expect to live another 14.7 years, men another 12.7 years (Social Security Administration, n.d.). By 2014, these numbers increased to 20.5 years for women and 18 years for men (Center for Disease Control, 2015). The US Social Security system has not kept pace with the longevity increases and is now greatly underfunded (John, 2010).

**Shift from Traditional DB Pensions to DC Savings Plans**

In the last few decades, responsibility for retirement planning and saving in America has increasingly been transferred to the individual. One of the main drivers of this trend has been the shift from traditional defined benefit (DB) pensions to defined contribution (DC) saving plans such as 401(k)s in the private sector (Weller, 2016). According to the Employee Benefit Research Institute, the share of private sector workers enrolled in traditional DB pension plans decreased by almost two-thirds since the late 1970s, while the share of those enrolled in DC plans more than doubled (Figure 4).

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\(^7\) Importantly though, national and even local averages conceal alarming discrepancies in life expectancy by race, income, education and place of residence. Longevity gains have been far greater among those at the top of the income and education distributions than among those at the bottom - and the gap is widening (Bosworth, Burtless & Zhang, 2016). Life expectancy at birth in Philadelphia County is substantially lower than in surrounding counties, Pennsylvania or the nation. In 2012, female life expectancy in Philadelphia was 78.6 years and ranked in the middle 50 percent of all US counties. Male life expectancy in the city was 72.6 years in the same year and ranked in the worst 25% of all US counties. Compared to the national averages, life expectancy in Philadelphia is 2.6 years lower for women and 3.9 years lower for men (Institute for Health Metrics and Evaluation, 2015). Even within Philadelphia, life expectancy at birth varies substantially across different neighborhoods. Life expectancy at birth is as high as 88 years in affluent parts of the city and as low as 68 years in poor neighborhoods (Center on Society and Health, 2016).
In contrast to DB pensions, contributions to DC plans are voluntary and require employees to make their own, often complex, investment decisions. DC plans also do not pool the risk of investment fluctuation and longevity of large numbers of employees, as DB pension plans do. This results in higher costs and increased exposure to the volatility of the market for individual participants, as the Great Recession of 2008-09 demonstrated (Almeida & Fornia, 2008).

Most Americans enrolled in DC plans fail to save sufficient amounts of money to provide for adequate income in retirement. In Pennsylvania, the median retirement account balance in 2011 was just $35,000, according to the Survey of Income and Program Participation (SIPP). Unless individuals manage to acquire substantial savings and use their retirement savings to buy annuities, there is a serious risk of outliving one’s savings. Increases in life expectancy have further magnified that risk. Moreover, individuals can drain their retirement savings accounts when faced with economic hardship - and many do, despite substantial penalties for early withdrawals.

*Weakened Social Security*

Social Security is the bedrock of the American retirement system and the most important source of retirement income for many Philadelphians. Data suggests that more than one-third of seniors depend on Social Security for more than 90 percent of their income (Social Security Administration, 2014). In particular, women and minorities often depend on Social Security as their primary source of income in retirement (WISER, 2008). However, Social Security was not meant to provide more than a minimum of protection in retirement. By itself, Social Security benefits are usually not sufficient to prevent downward social mobility in old age.
The average Social Security income of senior households in Philadelphia is $16,429 per year (ACS, 2014). Using the Elder Index as a benchmark, that amount is not nearly enough to allow a senior household in the city to live a dignified live.

Moreover, Social Security is replacing a declining percentage of pre-retirement income, as benefit cuts that were passed in 1983 are starting to take effect (Reno, Bethell & Walker, 2011). Consistent with that, Social Security’s share of income among senior household in the United States has been slowly declining since the mid-1990s, while the share of income derived from earnings (i.e. work) has almost doubled (Figure 5).

**Figure 5: Shares of Aggregate Income of 65+ Households in the United States, By Source, Selected Years (in Percent)**

![Graph showing shares of aggregate income by source.](image)

*Source: Social Security Administration, 2014*

Social Security will certainly continue to play a key role in Philadelphians’ retirement security in the future. However, there is an urgent need to increase city residents’ retirement savings to replace a sufficient share of their pre-retirement earnings.
Rise of Contingent Workforce

Structural changes in the economy and labor market have brought about new employment practices and more flexible work arrangements. Temporary, part-time and freelance work has been on the rise nationwide (U. S. Department of Commerce, 2015). According to a recent study, the share of workers in alternative work arrangements\(^8\) increased from 10.1 percent to 15.8 percent between 2005 and 2015 (Katz & Krueger, 2016). This growing workforce of contingent workers typically lack access to employer-based retirement plans of any kind (Government Accountability Office, 2015).

Consistent with those national trends, data suggests that access to workplace retirement plans in Philadelphia is especially meager in lower-paying industries (see Mester & Sen, 2013, p. 5) such as leisure & hospitality, other services and transportation & utilities, where we would also expect larger shares of contingent workers (CPS, 2015).

Moreover, the number of sole proprietors (i.e. the self-employed) in Philadelphia has increased significantly in recent years. In fact, the number of sole proprietors in the city’s workforce more than doubled between 1999 and 2011 (Center City District, 2014). While there are a number of tax-advantaged retirement plan options such as the SEP IRA or SIMPLE IRA available to sole proprietors and small business owners, they need to actively seek out those plans and enroll in them. Currently, there is minimal information available about how sole proprietors in Philadelphia are preparing for retirement.

Growing Personal Debt

Personal debt has been on the rise in the US, which can have dire consequences for retirement security. More than three-quarters of US households has debt, most commonly in the form of mortgage debt, followed by credit card, automobile, and educational debt (The Pew Charitable Trusts, 2015). Research suggests that the growth of student debt has particularly alarming effects on working age adults’ ability to save for retirement and acquire financial assets through homeownership (Munnell, Hou & Webb, 2016).

Another related and concerning trend is that Americans are approaching retirement age with substantially more debt than previous generations. More Americans take on debt late in life or carry debt into their retirement years (The Pew Charitable Trusts, 2013; 2015). Mortgage debt in particular substantially increases a senior’s living costs. Elderly households in Philadelphia that have a mortgage spend on average 2.4 times more on housing ($7,464 per year) than senior households that own their housing unit outright (ACS, 2014).

\(^8\) Defined as temporary help agency workers, on-call workers, contract workers, and independent contractors or freelancers (Katz & Krueger, 2016).
Rising Medical Costs

Financial security in retirement is also under threat because of rising healthcare costs. Out of pocket medical expenses are consuming an increasing share of seniors’ retirement income and erode the prospects of financial security in old age for today’s working-age adults.

According to the Elder Index, a senior in Philadelphia currently needs $423 per year, on average, to cover out-of-pocket medical expenses. Research suggests that millennials will face about four times higher expenses for health care in their senior years than current retirees (Butrica & Waid, 2013, p. 10).

2B: Lack of Access to Employer-Sponsored Plans

Access to an employer-based retirement savings plan is crucial for accumulating sufficient funds for retirement. Data from the 2015 Current Population Survey’s Annual Social and Economic Supplement (CPS ASEC) suggest that 54 percent of employees in Philadelphia (about 334,000) do not have access to a retirement plan at work. Low access rates are particularly common among minorities, younger workers and those with low to moderate incomes (CPS, 2015; Brookings Institution). Access and participation rates also tend to be much lower among part-time and seasonal workers than among full-time employees. Small businesses are particularly unlikely to offer retirement savings plans to their employees (Government Accountability Office, 2013).

Even among employees with access to an employer-based plan, many do not participate (The Pew Charitable Trusts, 2016). In Philadelphia, roughly 30 percent of employees with access to a workplace plan do not participate in it (Figure 6). Male workers in the city tend to take advantage of employer-sponsored retirement plans more often than women, despite the fact that women have greater access to such plans. The differential take-up rate may have to do with the persistent earnings gap between male and female workers. Median weekly earnings of female full-time employees in the city are almost 18 percent lower than those of male workers (Bureau of Labor Statistics, 2015).

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9 Current Population Survey data on retirement plan access and participation rates at the county level should be considered rough estimates due to small sample sizes.
Of course, employees without access to retirement savings plan at work can set up an Individual Retirement Account (IRA) and save on their own for retirement - but very few do (Gale & John, 2015). Importantly, private IRAs – unlike employer-sponsored plans - are not covered by the protective laws of the Employee Retirement Income Security Act (ERISA) of 1974. Annual contribution limits for IRAs are substantially lower ($5,500) than for ERISA plans ($18,000) and fees are often much higher and less transparent.

**2C: Insufficient Retirement Savings**

Americans do not save enough for retirement. In fact, research suggests that the average working household has virtually no retirement savings (Rhee, 2013a). Those with access to a work-based retirement savings plan generally do better, but typically still fail to save enough.

Financial experts recommend saving 15 percent of monthly income over the course of a 40-year career to achieve financial security in old age. Few Americans manage to do that. In particular, low to moderate income households without access to retirement plans at work struggle to save for retirement (Rhee, 2013a).

Among Pennsylvanians with retirement accounts, the median account balance in 2011 was just $35,000, according to SIPP. Importantly, there is a substantial gap between men and women’s
retirement savings. Women’s median retirement account balance is just $27,000, compared to $44,500 for men in Pennsylvania (Figure 7).

![Figure 7: Distribution of Value of Retirement Accounts for Those 15 Years and Older Owning a Retirement Account in Pennsylvania, 2011 (in Dollars)*](image)

*Data is unweighted, estimates may be biased due to over-sampling of low income households


While Philadelphia-specific data are not available, it is almost certainly the case that retirement account balances are significantly lower in Philadelphia than in Pennsylvania. This is because in Philadelphia there is a larger proportion of precisely those groups that are most likely to have inadequate retirement savings - namely minorities and low income workers.

2D: Lack of Financial Literacy

Financial decision-making has become increasingly complex and responsibility for retirement planning and saving rests more than ever on the individual. When it comes to building financial security for old age, many if not most people lack the financial sophistication to make sound decisions. Making poor financial decisions - especially early in life - has serious consequences for retirement security. People’s ability to build financial security for their senior years depends more than ever on financial literacy (Mitchell & Lusardi, 2011).

Research suggests that two thirds of young adults lack basic understanding of financial concepts (Lusardi, Mitchell & Curto, 2009). Financial literacy is strongly correlated with socioeconomic characteristics. Low levels of financial literacy are particularly pronounced among women, minorities
and those with lower levels of education (Mitchell & Lusardi, 2015). Having large shares of these at-risk groups, Philadelphia faces a particular challenge when it comes to the financial literacy of its population.

Controller Alan Butkovitz has recognized the need for financial education and works with several non-profit organizations and government agencies to provide free resources for Philadelphians of all ages through the Philadelphia City Controller’s Bank on Philadelphia initiative. A core component of the initiative focuses on youth financial literacy and offers tools for educators, parents, and students. Many of the course programs offered in schools emphasize retirement savings in an effort to get students as young as elementary school age to start realizing the benefits of saving for their future.

2E: Disparities in Retirement Security

Gender Gap

Women are less likely to be financially secure in retirement than men. Women tend to earn less, live longer and interrupt their careers more often to care for family members than men (WISER, 2015). According to a 2016 Pew study, they are also about twice as likely as men to work part time. Together these factors result in a gender gap in retirement security.

Reflecting this general trend, women’s median retirement savings account balances in Pennsylvania in 2011 were almost 40 percent lower than that of men, according to the SIPP Census. Federal data also suggests that women in Philadelphia participate less often in retirement savings plans offered to them by their employers than their male counterparts. The pay gap between male and female workers is likely one of the main drivers of women’s lower retirement savings and lower participation rates in workplace plans. According to the Bureau of Labor Statistics, women’s earnings were only 82.5 percent of those of men in Philadelphia in 2015.

Racial Gap

There are persistent racial disparities when it comes to retirement security. Racial minorities are much less likely to have access to an employer-sponsored plan and also lag behind non-minorities in terms of private IRA ownership and amount of retirement savings. Minority workers tend to be overrepresented in industries that do not offer retirement plans, such as non-union construction, services, and daycare. They are also less likely to have high-paying jobs (Rhee, 2013b). A recent study suggests that on average, white workers have nearly five times more retirement assets than black workers (Morisse, 2016). Consequently, racial minorities are much more likely to be economically vulnerable in their senior years than whites.
Incomes Gap

Research suggests that income inequalities translate into even larger disparities in retirement savings. According to the Economic Policy Institute (2016), there is a large and widening gap in retirement savings between higher-income and lower-income families. High-income families are also 10 times more likely to have a retirement savings account than low-income families.

Intersecting Disadvantages

The groups that tend to struggle most to build financial security for retirement are:

- low to moderate income earners
- minorities
- women
- younger workers
- part-time, temporary and seasonal workers
- employees of small businesses

All of the above are also disproportionately likely to lack access to an employer-sponsored retirement plan. These categories often intersect - e.g. a young black woman working part-time at a small business - which magnifies disadvantage. This is particularly true in Philadelphia, where “at risk” groups make up relatively large shares of the population.

The following figures illustrate how Philadelphia’s population differs from that of Pennsylvania and the United States, in terms of race, age, income and poverty (Figures 8-11).

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**Figure 8: Racial Composition of the 16+ Population (in Percent)**

![Chart showing racial composition of the 16+ population in Philadelphia, Pennsylvania, and the United States](chart)

*Data Source: US Census, American Community Survey, 2014, 5-Year Estimates*
Figure 9: Age Composition of the 16+ Population (in Percent)

Data Source: US Census, American Community Survey, 2014, 5-Year Estimates

Figure 10: Median Household Income (in 2013 Dollars)

Data Source: US Census, American Community Survey, 2014, 5-Year Estimates
As shown in the figures above, Philadelphia has a lower median household income and substantially higher shares of minorities and population below the poverty level than Pennsylvania or the US overall. The preponderance of high-risk groups makes addressing the retirement security dilemma particularly challenging.

However, Figure 9 represents something of a silver lining: Philadelphia’s population is noticeably younger than the state’s or the nation’s. The median age of Philadelphia’s population is 33.6 years, compared to 40.4 years in Pennsylvania and 37.4 years in the United States overall. The City’s relatively young population is potentially an advantage for addressing the looming retirement crisis at the local level. Small changes in retirement savings behavior can have only a small impact on the retirement assets of older workers, but the power of compound interest can make a major difference for younger workers that still have decades before reaching retirement age. This presents an opportunity for policy makers to act now and create a strategy that will help more Philadelphians to get on a path to financial security in old age.

SECTION 3: POLICY STRATEGIES

The federal government has failed to provide adequate solutions to stop the erosion of retirement security in the US. States and municipalities have become increasingly concerned about the burden that insufficient retirement savings will impose on their budgets and economies in the future. They
will likely face rising demand for public programs that serve poor seniors and see decreased spending of retirees in their local economies.

Given the inaction at the national level, states around the country have stepped in and proposed legislation to help increase retirement readiness among their residents. A few large cities are considering following their example. Philadelphia should be one of them.

The City could pursue a number of policy strategies to broaden access to high quality retirement savings plans for employees that currently do not have retirement plans at work. Mirroring state-level initiatives, the City could consider adopting one or several of the following approaches:

- A Secure Choice or Auto-IRA Program
- An open Multiple Employer Plan (“Open MEP”)
- Prototype plans
- A Retirement marketplace
- Promotion of the US Treasury’s myRA program

With the exception of the promotion of myRA, all of these policy strategies interact in some ways with complex federal regulations - the Employee Retirement Income Security Act (ERISA) of 1974. Fortunately, the Department of Labor, the federal agency responsible for ERISA’s regulatory framework, has recently taken first steps to clarify the regulatory environment that frames these policy efforts.

The following pages provide an overview of the different policy strategies, their pros and cons and the relevant regulatory framework.

3A: Overview of Potential Approaches

Secure Choice or Auto-IRA

When it comes to retirement planning and savings behavior, research suggests that individuals tend to do what requires the least amount of effort - they usually follow the “path of least resistance” (Choi et al., 2006). That is why workplace retirement plans that have auto-enrollment and default contribution features and those that offer simple choices can substantially increase plan participation and contributions (Beshears et al., 2013; Choi et al., 2006; Madrian & Shea, 2001). Secure Choice or Auto-IRA programs build on these insights from behavioral economics and take advantage of people's financial inertia.

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10 See Georgetown’s Center for Retirement Initiatives for an overview of legislative activity http://cri.georgetown.edu/states/
In the Secure Choice or Auto-IRA model, a governmental entity such as a state or municipality establishes a state-run IRA program and requires that all private-sector businesses within its jurisdiction that do not offer a retirement savings plan enroll in the program. Employees of those businesses are, in turn, automatically enrolled in the IRA program, with a default share of pay automatically contributed to the IRA - unless they opt-out.

California was the first state to introduce legislation to establish a state-run Auto-IRA program, the California Secure Choice Retirement Savings Trust Act, passed in 2012. Once in effect, probably in 2017, the Act will require private sector employers with five or more employees that do not offer a retirement plan to automatically enroll their employees in a state administered payroll deduction IRA; they may also choose to sponsor their own plan. Unless employees opt out, a three-percent payroll deduction will automatically be placed into the state IRA. The employees’ assets would then be pooled and professionally managed.

The legislation established the California Secure Choice Retirement Savings Investment Board, chaired by the state treasurer, to administer the program. The Board was tasked with conducting a feasibility study to demonstrate that the state’s Auto-IRA would be financially self-sufficient, qualify for federal tax advantages, and not be considered an employer-sponsored plan under ERISA. The Board completed the feasibility study in March 2016 and has since urged lawmakers to move ahead with setting up the program according to its recommendations.

In the last few years, states around the country have followed California’s lead and introduced legislation to study or establish similar state-run Auto-IRA programs for private sector workers without access to workplace retirement plans. So far, Illinois, Connecticut, and Oregon have also successfully passed Auto-IRA legislation; other states are likely to follow soon. Cities such as New York and Seattle have also expressed interest in Secure Choice programs.

The various proposed Auto-IRA programs generally resemble California’s Secure Choice model, but program design details differ from state to state. In some states, the employer mandate kicks in at 5 employees, in others it is 25 employees. The level of default payroll deductions varies from 3 to 5 percent, and some plans include auto-escalation of contributions.

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11 At present the US Department of Labor is determining whether states and municipalities will be granted a “safe harbor” from ERISA’s rules; RIN 1210-AB71.
12 Pension Rights Center
13 If the state Auto-IRA would be considered an employer-sponsored employee benefits plan (i.e. an ERISA plan), ERISA would preempt the state program (Center for Retirement Initiatives). See Section 3B below for more detail.
14 California State Treasurer, 2016
15 See Georgetown’s Center for Retirement Initiatives for an overview of states’ legislative activity to increase retirement security: http://cri.georgetown.edu/states/all-states/
16 Center for Retirement Initiatives, 2015.
While the Secure Choice or Auto-IRA has been the most common approach, a few states have taken different paths to increase retirement security among their residents. Some are considering state-sponsored Open Multiple Employer Plans (“Open MEPs”), Prototype Plans, and state-facilitated Retirement Marketplaces. In contrast to the Secure Choice auto-IRA programs - which, as state-sponsored plans are not subject to ERISA - these alternative approaches are subject to the rules and consumer protections afforded by ERISA.

Open Multiple Employer Plans (open MEPs)

Open Multiple Employer Plans (“Open MEPs”) are another promising approach to increasing retirement plan coverage and savings among private sector workers. In this model, a governmental entity such as a state or municipality sponsors a tax-advantaged Defined Benefit or Defined Contribution retirement plan that selected eligible employers - e.g. small businesses without retirement plans - can join. In contrast to Secure Choice programs, the Open MEP is covered by ERISA and thus the state or municipality cannot mandate employer participation. However, an Open MEP could have built-in features that resemble those of Secure Choice plans. For instance, it could have auto-enrollment and default payroll deductions that would automatically apply to the employees of participating firms. As in the Secure Choice model, individual employees would always have the right to opt-out of the plan or change their payroll contributions at any time.

In the Open MEP model, participating employers share the costs of the plan, while most of the administrative and fiduciary responsibility rests on the plan sponsor, the state or municipality. The sponsor could in turn pass much of that responsibility onto a carefully selected financial services provider. Lower costs and liabilities make Open MEPs an attractive option for small businesses that want to offer a retirement plan to their employees but do not have the capacity or financial means to sponsor their own ERISA plan. However, due to the voluntary nature of the program, employer participation would likely be lower than in a mandatory Secure Choice or Auto-IRA program. Thus the success of an Open MEP would strongly depend on an effective outreach campaign that engages the small business community.

Prototype Plans

Another approach to expand retirement plan coverage and encourage retirement savings are publicly-administered Prototype Plans. Prototype Plans strongly resemble Open MEPs. In a Prototype Plan structure, the state or city offers a tax-advantaged retirement plan such as a 401(k) to selected eligible employers. As in the Open MEP model employer participation must be completely voluntary. Participating employers can choose certain plan features from a menu of pre-selected choices. In contrast to Open MEPs though, each participating employer ultimately sponsors its individual, but standardized, ERISA plan - the prototype. Nonetheless, the state or city could take on much of the employer’s administrative and fiduciary responsibility for the plan.
Yet another approach to addressing the looming retirement crisis would be the establishment of a retirement marketplace by a state or local government. Washington was the first state to pass retirement marketplace legislation. In New Jersey, after Governor Chris Christie vetoed a bill that would have created a California-like Secure Choice program, legislation was recently passed that will create a retirement marketplace.

Structured somewhat like the Affordable Care Act, the marketplace model attempts to make it easier for small businesses to find high-quality low-cost retirement plans for their employees. The state or city facilitates a web-based platform that connects eligible small businesses with providers that offer retirement plans that are pre-screened and found suitable for small businesses. The plans offered in the marketplace can include both ERISA and non-ERISA plans. Participation in the marketplace must be completely voluntary.

By itself, a retirement marketplace hardly alters the retirement plan landscape for small businesses. It makes it a little easier for them to identify suitable plans, but does not address major barriers to plan provision that small employers commonly cite, such as concerns about costs and liabilities. It is unlikely that such a plan alone would substantially increase retirement plan coverage among employees of small businesses.

Campaign Promoting myRA

In November 2015, the Obama administration launched a new retirement account program - “myRA” - to help low- and middle-income Americans without work-based retirement accounts to start saving for retirement. MyRA is a free Roth IRA that safely invests citizens’ savings in a new US Treasury Security Fund that cannot lose money.\(^{17}\) Participants can contribute to myRA by setting up automatic payroll deductions, transferring money from a checking or savings account or directing some or all of their federal tax refund to their account. The maximum annual contribution limit is $5,500 (or $6,500 per year for people 50 years and older) and the lifetime maximum aggregate contribution is $15,000.\(^{18}\) While myRA may not be the ideal retirement savings option for all workers without retirement plans, it could play an important role in fostering a savings habit among certain classes of workers.\(^{19}\)

The federal government’s myRA program could be the cornerstone of a financial literacy campaign that would educate Philadelphians about retirement savings and promote myRA as a free and secure

\(^{17}\) The fund’s return on investment was 2.31 percent in 2014 and had an average annual return of 3.19 over a ten year period.\(^{18}\) For more information about US Treasury’s myRA retirement savings program, go to www.myra.gov.\(^{19}\) myRA may not be the most appropriate investment choice for younger workers. Since myRA contributions are invested in government securities, they are low risk and have very low return on investment. Younger people with a longer investment time window can generally tolerate more risk than older workers and benefit from the higher returns of riskier investment options (Polzer, 2015). MyRA does not allow them to do that.
option to start saving for retirement. In partnership with local and federal governmental agencies, local businesses, nonprofits and community-based organizations, the City could run an effective financial literacy campaign. Ideally, the City would combine such a financial outreach and literacy campaign with one of the other strategies.

3B: The Regulatory Framework

Need for Clarification

As states around the country started passing legislation to address the looming retirement crisis (largely via state-run Auto-IRAs), there was much confusion and worry about how federal regulations would affect these initiatives. More specifically, states were concerned that the Employee Retirement Income Security Act of 1974 (“ERISA”) that regulates employer-sponsored retirement plans in the private sector would apply to their programs or even preempt them. In fact, the implementation of most states’ Secure Choice legislation has been contingent on finding that their Auto-IRA programs would not trigger ERISA.

ERISA plays a crucial role in safeguarding employees’ retirement funds in the private sector. ERISA-regulated retirement plans such as 401(k)s have higher contribution limits than IRAs ($18,000 vs. $5,500 per year) and allow employer contributions.\(^\text{20}\) However, ERISA also requires plan-sponsoring employers to comply with strict disclosure and reporting requirements and adhere to high fiduciary standards. That is why smaller employers with limited institutional capacity tend to shy away from sponsoring ERISA plans.

States that have been pursuing state-run retirement programs have had two fundamental concerns with regards to ERISA. First, there is uncertainty as to whether employers that participate in a state-run retirement plan would be considered sponsors of employee benefits plans, and thus be subject to ERISA regulations. Second, states are concerned that ERISA would preempt their state-run initiatives altogether; ERISA prohibits states from mandating private sector employers to set up or administer an ERISA plan and also preempts all state laws that relate to employee benefit plans.\(^\text{21}\)

In support of the state-level initiatives, President Obama directed the Department of Labor (DOL) in July 2015 to clarify the regulatory environment and allow states to move forward with implementing their programs. In November 2015, DOL proposed a new rule, \textit{RIN: 1210-AB71}, that would provide state-run Secure Choice or Auto-IRA programs with a “safe harbor” from ERISA, under certain

\(^{20}\) Contribution limits for both types of plans are higher for older individuals, who are allowed to make “catch-up contributions”. For a more detailed overview of the contribution limits that apply to different types of retirement plans, see for example The Pension Right Center’s fact sheet on \textit{Retirement Plan Contribution and Benefit Limits}.  

\(^{21}\) ERISA § 514(a)
conditions. DOL also released an Interpretive Bulletin (Fed. Reg. 80, 222) that lays out alternative options for state-run retirement plans that fall within the scope of ERISA - such as Open MEPs, Prototype Plans and Retirement Marketplaces. DOL has thus far referred only to “states” (not cities or municipal governments) as facilitators or plan sponsors of Auto-IRA programs and alternative ERISA-based plans. However, conversations with DOL staff indicate that the same principles would apply to a ‘sub-sovereign’ such as a City or county, at least in terms of ERISA-covered plans like Open MEPs or Prototype Plans.

Safe Harbor for State Auto-IRAs

In its proposed rule, titled Savings Arrangements Established by States for Non-Governmental Employees, DOL laid out the circumstances under which state-run Auto-IRA or Secure Choice programs would be exempt from ERISA. According to DOL’s proposed rule, the safe harbor from ERISA applies to state plans that meet the following criteria:

1) A state must establish and administer the Auto-IRA program, either directly or indirectly, and in accordance with state law. The state may contract with commercial service providers such as investment managers and administrators to operate the plan, but is ultimately responsible for safeguarding employees’ payroll deductions and investments. Employers cannot auto-enroll their employees in any other IRAs than the state-run plan.

2) Employees that are automatically enrolled in the plan must have the option to opt-out and change their amount of their payroll deductions. The state is further obligated to provide written notice to the employees informing them about their right to opt-out. If these conditions are fulfilled, DOL considers employees’ participation to be voluntary. States may also incorporate auto-escalation features into their programs, so that default payroll contribution rates increase over time and with employees’ pay increases.

3) States must mandate participation of (certain) employers in the state-run Auto-IRA. Employers that are not covered by the mandate and choose to participate on a voluntary basis would not be allowed to automatically enroll their employees.

4) The involvement of employers must be minimal, limited to ministerial functions that are necessary to implement the program. That is, they can withhold and forward payroll

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22 The proposed rule was open to commentary for a 60 day period that ended on January 19, 2016. DOL will likely issue the final rule sometime in the summer of 2016.
23 Conference call with DOL staff, April 12, 2016.
24 This is in contrast to DOL’s 1975 safe harbor rule for payroll deductions IRAs that required employees’ participation to be “completely voluntary”. “Completely voluntary” meant that employees had to actively opt-in to participate in the plan, rather than being able to opt-out after being Auto-enrolled, as in the proposed safe harbor rule for state-run Auto-IRAs.
25 DOL’s reasoning for making the safe harbor from ERISA contingent on mandating employer participation is that leaving it up to the individual employer to decide whether to participate in the state-run Auto-IRA could open the door to “undue employer influence or pressure to enroll” (Fed. Reg. 80, 222, 2015, p. 72009). Furthermore, if employers were allowed to choose whether to participate in the state’s Auto-IRA, one could make the argument that the employers are actively involved in establishing or maintaining an employee benefits plan (i.e. an ERISA plan). Both of these conditions would trigger ERISA and lead to the preemption of the states’ Auto-IRA programs (see also Mitchell & Smith, 2016).
deductions from employees’ paychecks and perform related ministerial duties such as maintaining records of employee contributions and providing information about the program to employees. Importantly, in contrast to ERISA plans, employers participating in a state-run Auto-IRA program are **not allowed to contribute** to employee’s retirement accounts with matches or other contributions.

States that design their Secure Choice or Auto-IRA programs in accordance with the DOL’s proposed safe harbor requirements can be relatively confident that their programs fall outside the scope of ERISA. However, it could ultimately still be up to the courts to decide whether state-run Auto-IRAs are really exempt from ERISA. In other words, even if states that implement Secure Choice or Auto-IRA programs abide strictly by DOL’s Safe Harbor requirements, their programs may still be challenged in court. Nonetheless, DOL’s proposed rule has certainly reduced the risk of lawsuits.

**ERISA-Based Options**

When DOL proposed the safe harbor rule for state-run Secure Choice programs, it also released an Interpretive Bulletin that outlines what other retirement programs or plans states could pursue that fall within the scope of ERISA.\(^{26}\) This bulletin clarified how ERISA relates to the alternative policy strategies that a few states were already pursuing, including Open MEPs, Prototype Plans, and Retirement Marketplaces.

**Open MEPs:** According to DOL’s Interpretive Bulletin, a state-run Open MEP offered to small employers without retirement plans would be considered a **single** ERISA plan, with the state as its main sponsor. Consequently, the administrative and fiduciary responsibilities that are associated with an ERISA plan would not apply to the participating employers individually but to the state-run plan as a whole. Thus, the burden associated with offering an ERISA plan to employees would rest largely with the state that administers the plan. The state could, in turn, pass many of its obligations onto a carefully selected financial services provider or providers. For these reasons, a state-run Open MEP would be a particularly attractive option for small businesses, minimizing their liabilities and expenses. The plan could include auto-enrollment, default payroll deductions, and auto-escalation features, like an Auto-IRA plan, but it could not mandate employer participation.

**Prototype plans:** From a regulatory perspective the main difference between a state-sponsored Open MEP and a state-sponsored Prototype plan is that in the latter, participating employers would each set up its own ERISA plans. That entails assuming the same responsibilities as sponsoring any regular ERISA retirement plan. However, according to DOL’s Interpretive Bulletin, Prototype plan documents could specify that the state is the employer’s designated fiduciary and plan administrator. This would

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allow the state to assume most of the functions and responsibilities of the employer’s Prototype plan. As with a state-run Open MEP, there could be no employer mandate to participate.

Retirement marketplaces: DOL further explained in its Interpretive Bulletin that plans included in a state-facilitated retirement marketplace may include both ERISA-regulated plans such as 401(k) and non-ERISA plans such as IRAs. The retirement marketplace itself, the state, would not be subject to ERISA. The state would not establish or sponsor any plans, unless it makes use of the safe harbor from ERISA and offers a state-run auto-IRA in the marketplace or sponsors an open MEP.

In any of these ERISA-based options, participating employees benefit from the higher contribution limits, possible employer contributions such as matches, and the strong consumer protections of an ERISA plan. However, again, in contrast to Secure Choice or Auto-IRA programs, states cannot mandate employers to participate in any of the ERISA-covered plans. In essence, there is a trade-off between the stability afforded by ERISA and the promise of broader participation in the mandatory, non-ERISA plans.

What about Cities?

So far, DOL has only referred explicitly to states in all of the documents it has issued to help clarify the regulatory environment. It is still unclear whether DOL will extend the safe harbor for Secure Choice programs to cities (or other sub-state governmental bodies) in its final rule. It is also uncertain whether DOL will eventually recognize cities as legitimate facilitators or sponsors of the ERISA-based options it described in its Interpretive Bulletin.

During the commentary period for its proposed rule, DOL received several letters from New York City asking it to extend the safe harbor for Secure Choice programs to cities and other large municipalities. Philadelphia City Controller Alan Butkovitz and Seattle City Councilmember Tim Burgess also sent letters to DOL echoing New York City’s comments.

Now that DOL is aware that a number of cities are considering similar programs as the states to increase retirement plan coverage and savings among their residents, it is hoped that it will soon clarify how it sees the role of cities and allow them to move forward. That said, nothing is actually preventing cities at this time from pursuing similar efforts as the states. However, DOL’s approval is important, because it would discourage legal challenges and reduce the risk of ERISA preemption.

3C: Summary of Key Features, Pros and Cons

In sum, the City of Philadelphia has two fundamental options when it comes to addressing the looming retirement crisis among its residents. It could either pursue a policy strategy that avoids triggering ERISA, such as a City-run Auto-IRA Program or a financial literacy campaign, or it could
choose a strategy that stays within the scope of ERISA, such as Open MEP, Prototype plan, or Retirement Marketplace. Both types of policy strategies have their respective advantages, downsides and challenges.

Compared to all the other approaches, the Auto-IRA has by far the most potential to substantially increase retirement plan coverage and savings among private sector workers in Philadelphia. That is because it is the only program that can mandate the participation of (certain) employers. Moreover, it has auto-enrollment and default payroll deduction features, which are proven to be highly effective.

However, as one of the approaches that falls outside ERISA’s scope (using the safe harbor), a city-run Auto-IRA would have relatively low yearly contributions limits ($5,500) and would not allow employer contributions (or matches). It would also lack the strong consumer protections that are inherent in an ERISA-covered plan, unless the City would replicate those protections when designing the program. It certainly could (and probably should) if it were to choose the Secure Choice path.

ERISA-regulated approaches would provide participants with superior retirement plans than the Secure Choice model. Yet, in contrast to the Auto-IRA approach, the City could not mandate employers to participate in it. Participation in the ERISA-based programs would therefore be lower and depend strongly on an effective outreach campaign in the small business community. On the other hand, because ERISA-regulated plans cannot be mandatory, there is a far lower probability of business opposition.

Of the three ERISA-based options (i.e. open MEP, prototype plans and retirement marketplace), the open MEP model seems the most promising. A city-sponsored open MEP would allow small businesses to offer a high-quality ERISA retirement plan such as a 401(k) to their employees without having to shoulder the administrative and fiduciary responsibilities associated with sponsoring their own ERISA plan. If structured properly, the Open MEP would have auto-enrollment and default payroll deductions features - similar to a Secure Choice or Auto-IRA - that would apply to employees of participating employers.

Furthermore, a city-sponsored Open MEP for small businesses would not only be an effective tool for expanding access to high-quality retirement plans among private sector workers but also enable small businesses in Philadelphia to offer retirement benefits comparable to those of larger employers. It would help them attract and retain talented employees and make Philadelphia a better place for doing business.

The following table provides an overview of the different approaches to increase retirement security and their key features, pros, cons and open questions. It also considers the implications of the federal regulations outlined in the previous section.
<table>
<thead>
<tr>
<th>POLICY STRATEGY</th>
<th>KEY FEATURES</th>
<th>PROS</th>
<th>CONS</th>
<th>QUESTIONS / CONTINGENCIES</th>
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<tr>
<td>Secure Choice (Auto-IRA)</td>
<td>Payroll deduction auto-IRA program / auto-enrollment and default contributions (opt-out approach) / auto escalation possible / mandatory participation for small businesses that do not offer plans California, Illinois, Oregon and Connecticut at the forefront / several other states are pursuing “Secure Choice” / NYC and Seattle are also interested in a auto-IRA program</td>
<td>Potential to make a big difference / likely to substantially increase coverage among groups most at risk / lots of research suggests auto-enrollment and default payroll deductions work / virtually no cost to employers / could eventually pay for itself / support from AARP and SEIU likely / lots of interest and momentum around the country</td>
<td>Avoids ERISA / program design is complex / has not been attempted at the city level / small risk of legal challenges / low contribution limits / no employer contributions allowed / need to built-in ERISA-like consumer protections / mistrust in the city’s ability to run such a program likely / some resistance from businesses and financial services industry likely</td>
<td>Will DOL extend the safe harbor from ERISA to cities in its final rule? Small risk of ERISA-preemption (if challenged in court) Building in sufficient consumer protection is crucial</td>
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<tr>
<td>Open MEP</td>
<td>A city-sponsored tax-favored retirement plan that selected small businesses can join / participation is voluntary / city (state) takes on most of the administrative and fiduciary burden (but can contract with professional providers) / plan could be a DB or DC plan / built-in auto-enroll and default payroll contributions possible / is an ERISA plan Massachusetts currently pursues this for small non-profit organizations.</td>
<td>Full protections of ERISA / contribution limits would be much higher than for auto-IRAs or regular IRAs / employer contributions allowed / low burden on participating small employers / helps small businesses be attractive employers / could make the city more attractive for small businesses</td>
<td>Participation must be voluntary, so employer participation may be low / employers retain marginal fiduciary responsibility</td>
<td>DOL has only referred to states as possible sponsors of open MEPs (unclear how it would react to cities as sponsors)</td>
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<td>Prototype Plans</td>
<td>City offers a tax-favored prototype retirement plan to certain eligible small businesses / employer participation is voluntary / businesses could select certain plan features / each businesses sponsors their own (but</td>
<td>Full protections of ERISA / contribution limits would be much higher than for auto-IRAs or regular IRAs / employer contributions allowed / possibly lower burden on participating small employers than if they</td>
<td>Participation must be voluntary / participating employers still need to sponsor their own ERISA plans (would probably deters participation) / very similar to the open MEP model but with more</td>
<td>DOL has so far only referred to states as sponsors of prototype plans (unclear how it would react to cities offering them)</td>
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<tr>
<td>POLICY STRATEGY</td>
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<tr>
<td>Retirement Marketplace</td>
<td>A platform that connects small businesses with vetted retirement plan providers / employer participation is voluntary / can include both ERISA-covered plans and non-ERISA plans (e.g. myRA). Washington (state) and New Jersey are creating retirement marketplaces.</td>
<td>Small employers can more easily find a suitable low-cost plans / myRA can be one of the plans offered / a city-run auto-IRA or open MEP could be offered / financial services industry (SIFMA) likely to support it</td>
<td>Participation would be low because it's voluntary /</td>
<td>Could be effective in combination with other city-run plans (e.g. auto-IRA, open MEP).</td>
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<td>Campaign promoting myRA</td>
<td>A campaign aimed at improving financial literacy around retirement planning and saving / pushing the federal government' myRA program and Saver’s Credit</td>
<td>myRA already exists / educational materials exist / little controversy / secure saving option / partnerships with Treasury, SSA and local organizations likely / SIFMA supports myRA / no concerns about ERISA</td>
<td>Limited scope / unlikely to result in high uptake rates (completely voluntary) / relatively small max. savings allowed in myRA ($5,500 per year, $15,000 total) / employer cannot contribute / Saver’s Credit is non-refundable / returns are low / use as emergency fund, rather than for retirement likely</td>
<td>Unless combined with other strategies, unlikely to be very effective. A tax credit or some other incentive for retirement savings in myRA could make a difference.</td>
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**SECTION 4: NEXT STEPS FOR PHILADELPHIA**

The City of Philadelphia needs to have a serious discussion about the lack of retirement plan coverage and retirement savings among private sector workers, followed by a careful consideration of different policy strategies (including those presented in this report) that could help prevent the looming retirement crisis. Informed by these discussions, the City should then create and implement a plan of action.

Initially, the City should hold hearings that allow various stakeholders to share their perspective on the state of retirement security in the city. The City should invite appropriate members of community
groups and businesses as well as retirement experts to testify in the hearings. The hearings should address the barriers to building retirement security and how the lack of retirement plan access and savings affect both individuals and communities in the city.

Following the hearings, the City should establish a Philadelphia Retirement Security Working Group. The mission of the working group should be to gather and evaluate the available information about retirement security in the city and carefully consider different policy approaches to address the city’s retirement crisis. The working group should then identify the most adequate policy strategy (or combination of strategies) for Philadelphia and make concrete recommendations for action to legislators or appropriate city agencies.

CONCLUSION

This report is intended as a starting point for a much needed discussion about the alarming state of retirement security in Philadelphia and what could be done about it. Broad trends such as the shift from DB pensions to DC retirement plans, increases in life expectancy and the rise of nontraditional work arrangements have destabilized the pillars of America’s retirement security system. The responsibility for financial security in old age lies increasingly with the individual. In this altered context, Philadelphians - as Americans elsewhere - struggle more than ever to save enough for retirement. Women, minorities and low-income workers face particular challenges. Lacking access to a retirement plan at work is one of the major barriers to accumulating sufficient retirement savings. In Philadelphia, more than half of workers (about 54 percent) do not have access to a workplace retirement plan.

The negative long-term consequences of insufficient retirement savings will be most severe at the local level. Rising numbers of poor seniors will increase pressure on local assistance programs and reduce spending in the local economy. Given the inaction at the federal and state level, the City of Philadelphia should take it upon itself to address the looming retirement crisis. It should consider following the lead of states such as California, Illinois, Oregon, Connecticut and Massachusetts that are pursuing innovative policies to expand retirement plan coverage and savings among private sector workers. Policymakers should now work with different stakeholders to identify and then pursue a policy strategy that will help more Philadelphians to get on a path to a dignified retirement.
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