

Statement of Cindy Hounsell, JD, President

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U.S. Senate Committee on Health, Education, Labor & Pensions

Hearing: *Rise and Shine: Improving Retirement and Enhancing Savings.*

March 29, 2022

INTRODUCTION

Good morning. Thank you to the Committee for inviting WISER to participate in today's hearing on improving retirement and enhancing savings.

I am Cindy Hounsell, President of the Women's Institute for a Secure Retirement (WISER), a 25-year-nonprofit organization that helps women, educators and policymakers address the complicated issues that affect women's long-term financial security.

WISER's mission is to educate and inform women so they are better prepared financially, and to support opportunities for them to secure adequate retirement income.

This 5-minute statement will cover: Why Women?, the National Resource Center on Women & Retirement, and three interventions that are workable solutions to the challenges women face - 1) *Emergency Savings Accounts* 2) *Targeted Retirement Literacy* and 3) *Auto Portability*.

**WHY Women?** That's the question WISER is often asked. The answer is that it's the numbers—there are nearly 6 million more women than men at age 65, and almost 70% of the over age 85 population are female.<sup>i</sup> Many of those in the 85+ group end up living at the poverty level, even if they have never been poor before.

Issues Affecting Women's Retirement

While it's well-documented that many Americans are not prepared for retirement, the future for under-resourced women is alarming.

Women have a more difficult time saving for reasons commonly acknowledged: lower wages and time spent either out of the paid workforce because of **caregiving responsibilities** or **working part time** – which is why women make up nearly two-thirds or **64%** of part time workers.

Also telling a big part of the story is that while women are 46% of the total labor force, they make up **69% of low wage workers**. These women have little access to benefits or financial wellness programs.

**Many also work all their lives with little to no savings to show for it.**

Yet, the financial hardships **due to the COVID-19 economy** highlight the importance of having a cash cushion to get through times of unemployment or reduced hours.

The research finds that working women want to take control of their finances and their retirement. They want more financial education, and they want to know how to overcome the knowledge gap and how to protect their savings. Since women generally live longer, they need to have more savings that last longer and they cannot afford financial mistakes.

### **Emergency Savings Accounts**

Emergency savings are foundational building blocks for the unbanked and for moderate and low-income women, as well as for the many employees who agree that they want to enroll in a workplace “rainy day” emergency savings program with an automatic payroll deduction if offered by their employer.<sup>ii</sup>

The findings from the Federal Reserve research that finds 39% of Americans would not be able to cover a \$400 unexpected bill with cash has highlighted the need for policymakers to help workers save more and to find ways to use the employer plan structure to make it less burdensome with linked emergency fund accounts.

WISER’s focus is on expanding its turn-key emergency fund model with the credit unions for at-risk women to establish accounts and begin saving. Encouragingly, these model programs help these groups of women access matched savings accounts, allowing them to better their finances.

### **Targeted Financial Literacy and Capability**

The National Resource Center on Women & Retirement (the Center): This is WISER’s key initiative: a national clearinghouse with programs administered cooperatively and funded by the U.S. Administration on Aging.

Through partners, WISER has access to diverse groups of women to train-trainers in their communities by providing helpful resources and experts to lean on. We

have directly reached hundreds of thousands of women through these workshops and reached millions with publications, media, social media and website.

### What We Know Works for Helping Women Save and Plan

Our target populations include women from many job categories including childcare workers and home health workers plus many demographics including Latinas, Black women, Asian women, Native Americans, and others. What they all have in common is they want easy access to basic, trustworthy financial information, and to know how to deal with the various financial decision points along the way. Their message quite simply is: “tell me what I need to do and how to do it.”

### Auto Portability – A Positive Step

A recent report finds that \$400 billion has left the retirement system since 2015<sup>iii</sup> That headline points to the importance of a tech-based solution developed by the Retirement Clearinghouse. It ensures that when someone changes jobs (which 14.8 million workers do annually), their 401(k)savings moves automatically from their previous employer’s plan to their new employer’s plan, even if their assets are less than \$5,000.

That move allows their savings to continue to grow in one easy-to-monitor, consolidated investment account. The best thing about it is that the more financially challenged demographic groups – those with the smaller balances – lower their cash-out rates more than other groups when auto portability is a feature of the plans.<sup>iv</sup>

### Conclusion

WISER helps workers do the best they can within the system we have now by providing Financial Literacy & Capability programs, educating and advocating for a much needed and simplified Saver’s Tax Credit, by preserving savings through auto portability and helping women without access to a workplace retirement plan to be able to build emergency funds.

Thank You!

(As a nation with an aging population, we need to do more to educate the public and focus on strengthening our existing retirement programs wherever possible.

That means focusing on Social Security and Medicare and educating average workers about how these systems work to prevent penalties and loss of benefits.)

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<sup>i</sup> Administration for Community Living, *2020 Profile of Older Americans*, May 2021.

<sup>ii</sup> Harvey, C., John, D., & Brown, K. (2018) *Saving at work for a rainy day: Results from a national survey of employees* (AARP Public Policy Institute Report).

<sup>iii</sup> Morningstar Report: Retirement-Plan-Landscape-Report.

<sup>iv</sup> Retirement Clearinghouse, *New Data Proves the Effectiveness of 401(k) Auto Portability*, July 27, 2021.