



Defined Contribution

Institutional Investment Association

WISER's Annual Women's Retirement Symposium

Lightning Round:
Identifying Pathways Forward &
Finding Solutions

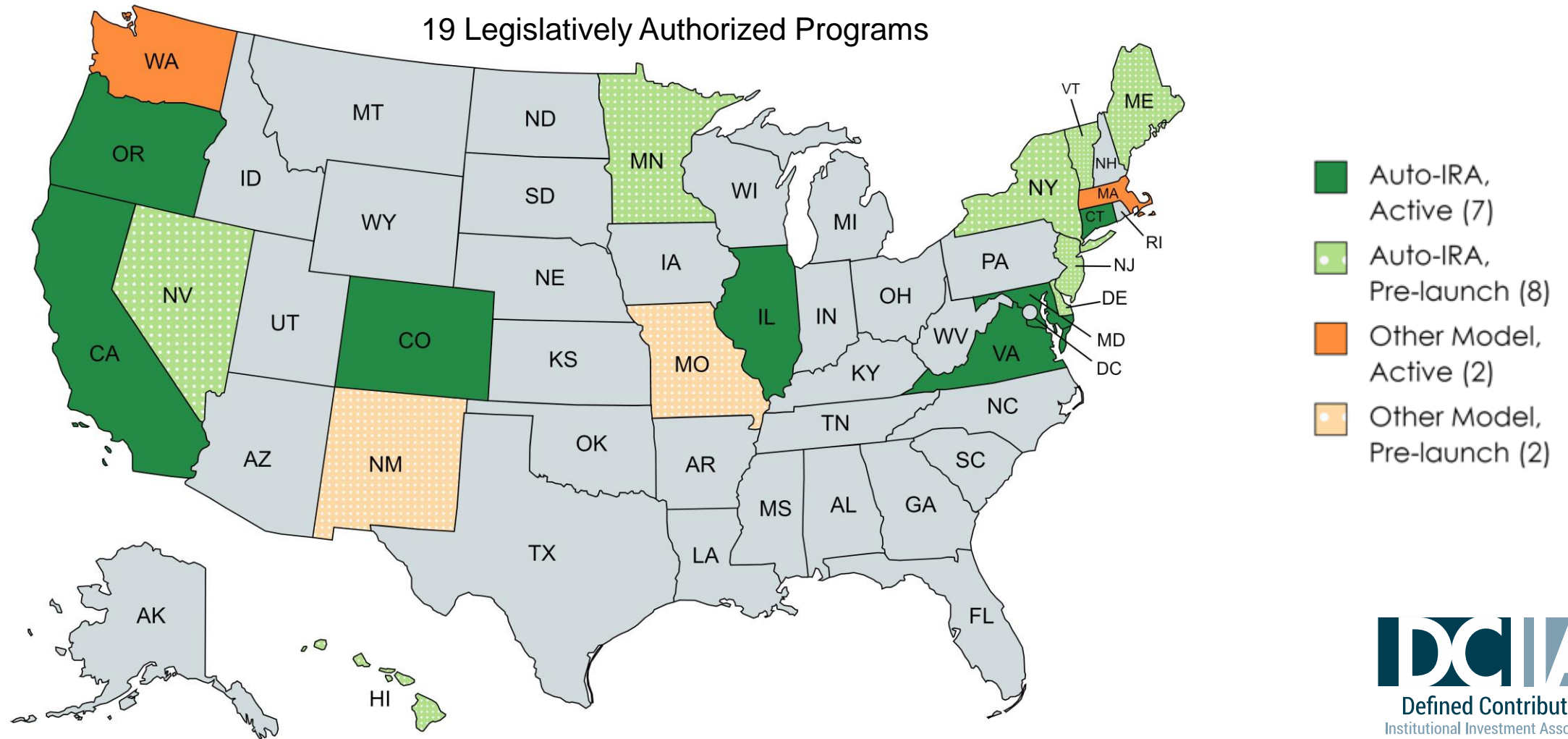
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TWO SOLUTIONS IN PROGRESS

- 1) ACCESS: State Auto-IRA Programs
- 2) PARTICIPATION: Collaborative for Equitable Retirement Savings (CFERS)

STATE OF THE STATE PROGRAMS



DESIGN: LARGELY CONSISTENT IN AUTO-IRA STATES

- **Employer Mandate**
 - Size threshold typically 5+ employees (varies from 1 to 25)
 - Non-compliance penalty structure varies
- **Automatic Enrollment**
 - Default contribution rate typically 5%
 - Default Auto-escalation typically 1pp/year to 8-10%
- **Simple Investment Option Menu (3-5 options)**
 - Default: Target Date Funds
- **Governance**
 - Typically governed by public board chaired by State Treasurer
 - Public Private Partnerships

IMPACT: THE FIRST 6* STATES

• In-Programs

- Employers registered: 175,000
- Employee participation rates avg. ~65%
- Avg. monthly contribution: \$150-180
- Avg. salary of participants: \$30-40k
- Assets: \$1B
- Savers: 750,000
- 98%+ of participants accept annual automatic escalation

• Market-wide

- Mandates are driving growth in new 401(k) plan formation
- Provider leveraging mandates for marketing and product innovation
- In CA alone: 113,000 employers exempted AFTER known 5500 filers screened out
 - Compared to 118,000 registered employers
- Studies (Pew) of 5500's show significant jumps in new plans with State deadlines

*Virginia not yet reporting public data

WOMEN A MAJORITY OF UNCOVERED POOL, BUT DATA LACKING ON PARTICIPANTS

- Women over represented in the dominant mandated industries (hospitality, food service, retail)
 - California Case: pre-program market study showed 58% of workers expected to gain access were women
- Programs currently lack gender & race data on participants;
 - Efforts in development to obtain voluntarily self-reported data but methodology issues arise
 - Questions to explore:
 - Access: Are women and people of color disproportionately affected by non-compliant employers?
 - Participation: Do women and people of color exhibit different participation patterns (opt-out, contribution rates, withdrawals, multiple jobs, etc.)?

LOOKING AHEAD / SUCCESS DRIVERS

- More Enforcement Action → faster growth expected following improved employer compliance
- Multi-state partnerships (all eyes on Colorado!)
 - Will partnerships yield savings? Accruing to whom? Accelerate small state legislative action?
- Enhanced Savers Match from SECURE 2.0: planning for implementation
- Efforts to gather meaningful gender and race information
- Opportunity for more competition among private sector partners, driven by:
 - Next wave of states; Original states with upcoming contract decisions; scale established
 - Technology enhancements; payroll APIs v2
 - Evolving fees / payment structures
- States' responses next time a federal mandate is introduced

COLLABORATIVE FOR EQUITABLE RETIREMENT SAVINGS (CFERS)



www.cfers.org

- Common assumption: Income disparities drive differences in account balances across gender & race
 - Is that true? Insufficient data; data on gender/race is housed separately from retirement data
 - Answer could affect plan design and engagement strategies
- CFERS is focused on measuring the gaps and exploring solutions to help make the system more equitable
 - Collecting anonymized data from plan sponsors
 - In return, employers get in-depth analytics on their workforce at no cost
 - Aggregated results to be released publicly



COLLABORATIVE FOR EQUITABLE RETIREMENT SAVINGS (CFERS)

Preliminary findings: There are significant differences by gender and race, even when controlling for income, age, and tenure

- Half million people in dataset so far
- First report forthcoming Q1 2024 (ongoing phases)

Our call to action

- **Plan sponsors:** Add your de-identified information to the universal dataset and receive your own private, customized and detailed comparative plan analysis on your own workforce.
- **Recordkeepers, advisers, consultants and other service providers:** Introduce your clients to this opportunity. Consider how you can use this forthcoming data to build recommendations to strengthen benefit offerings and support dynamic workforces.

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