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

19 Legislatively Authorized Programs

- **Auto-IRA, Active (7)**
- **Auto-IRA, Pre-launch (8)**
- **Other Model, Active (2)**
- **Other Model, Pre-launch (2)**
**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 $\rightarrow$ 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)

• 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
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.

www.cfers.org