

Retirement Prospects for Workers in California

California Secure Choice Investment Board

Sacramento, California

April 27, 2015

Sylvia A. Allegretto, PhD

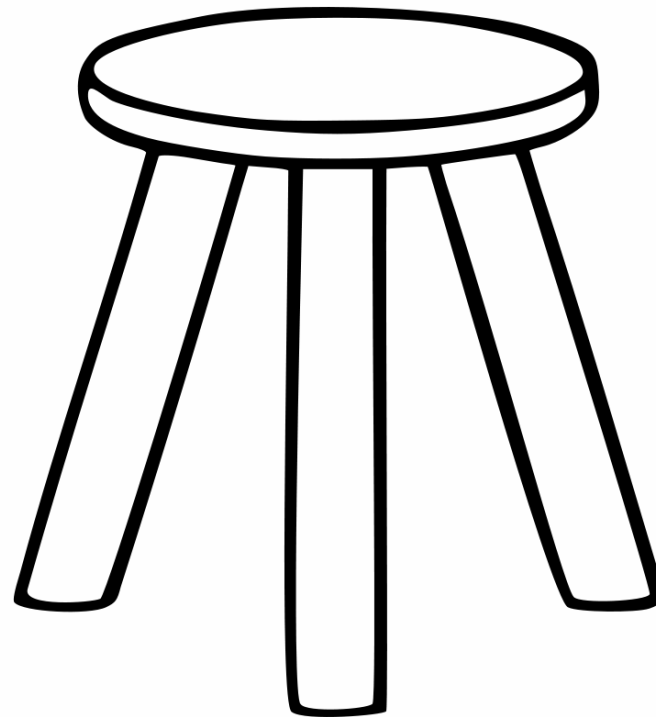
Co-director: Center on Wage & Employment Dynamics

Institute for Research on Labor & Employment

University of California, Berkeley

The 3 Legged Stool

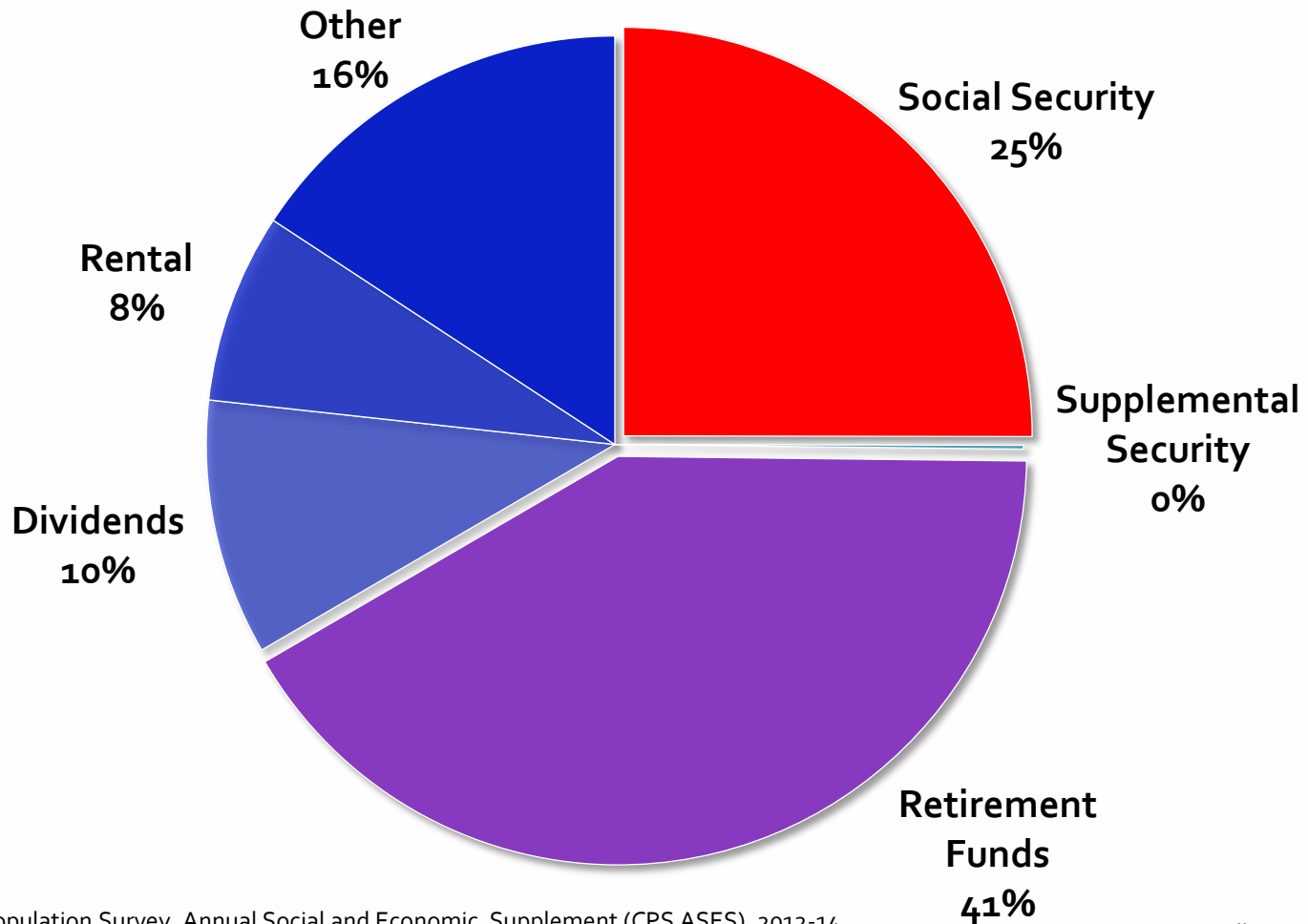
Social Security



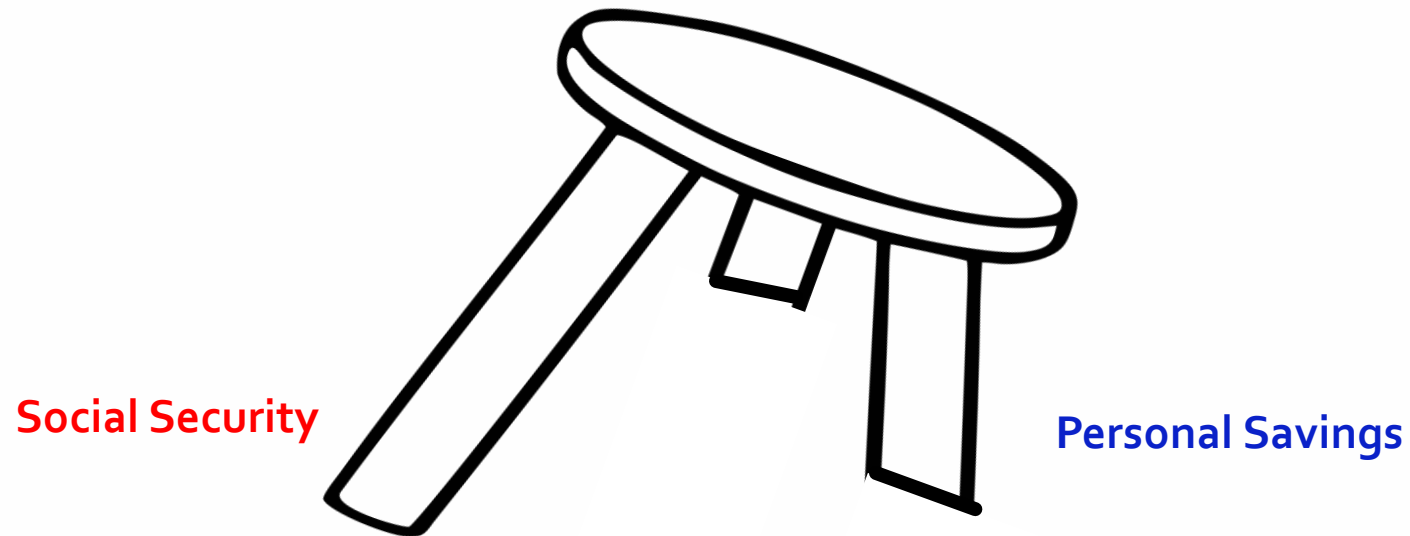
Personal
Savings

Pensions

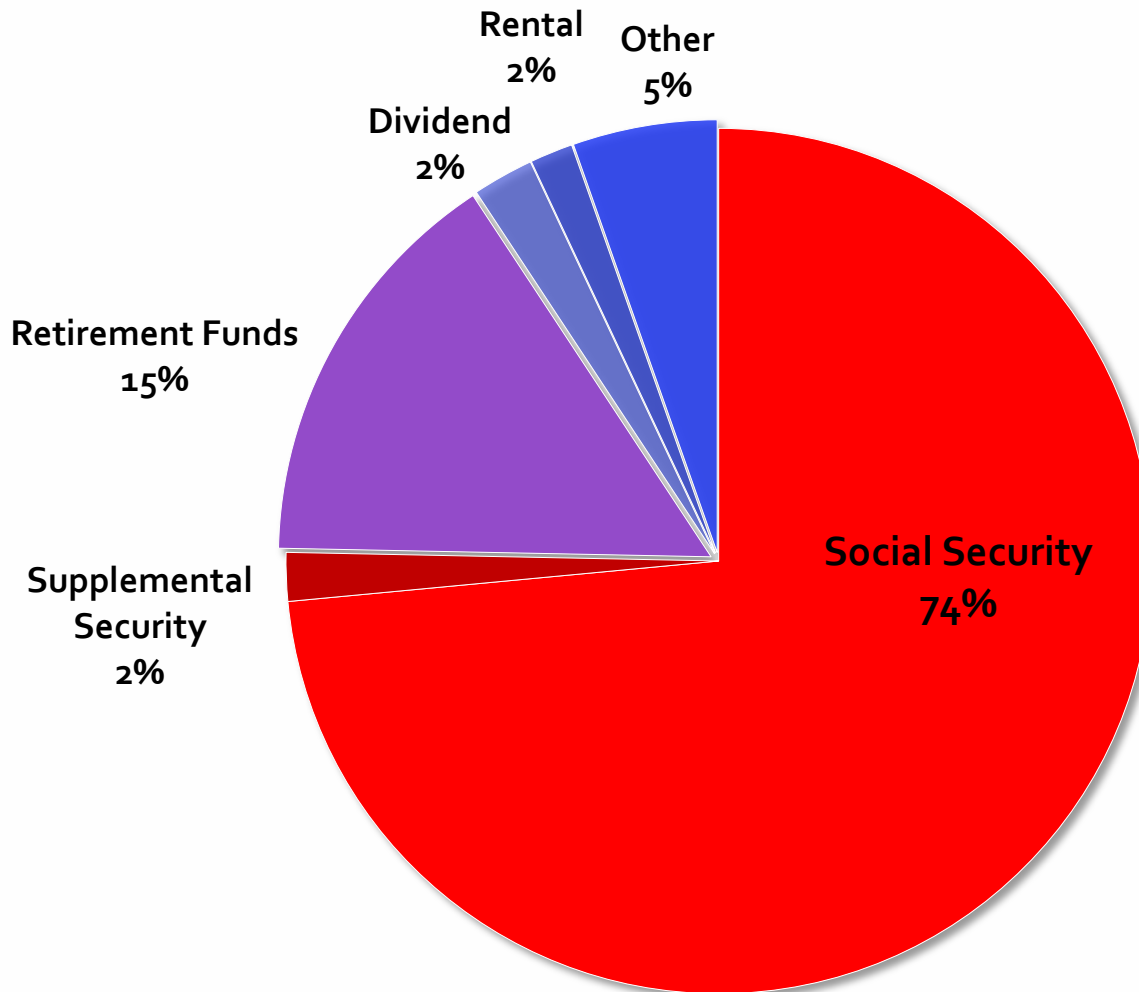
Source of Retiree Income Top 25% in California



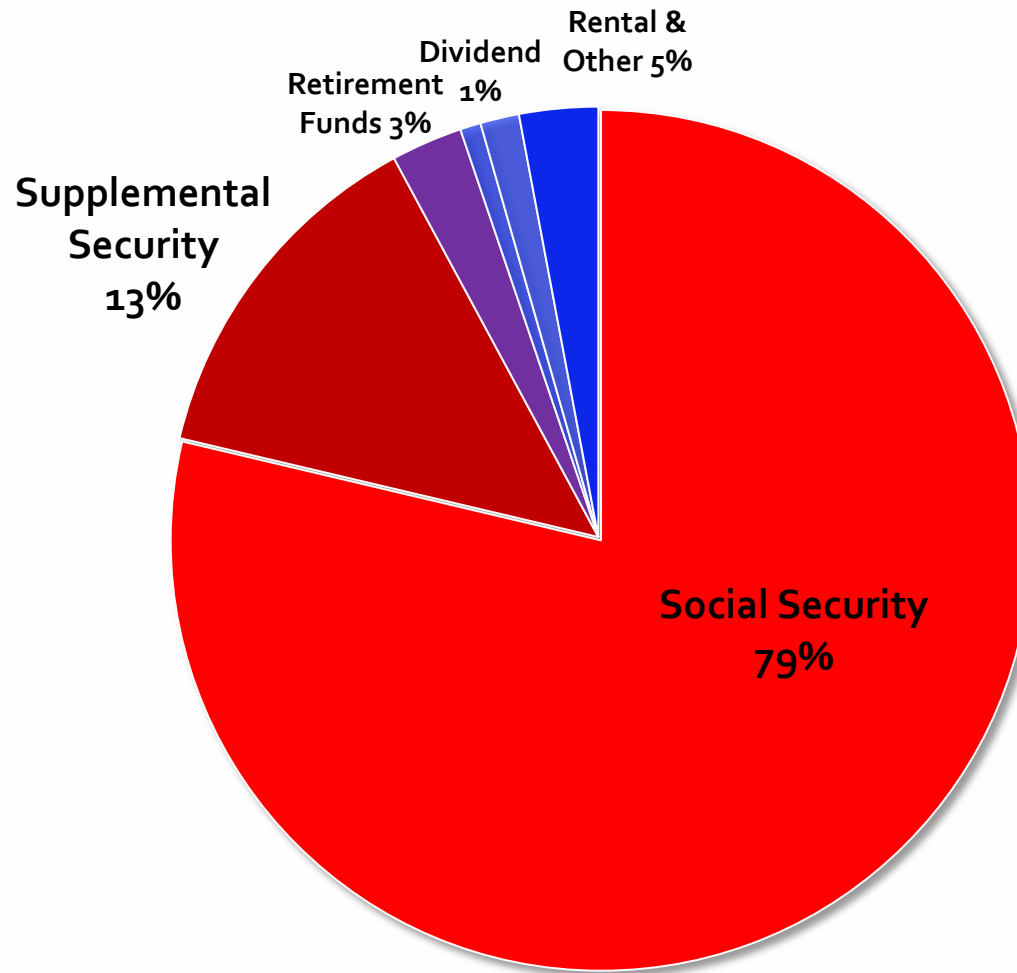
Most retirees depend heavily on SS



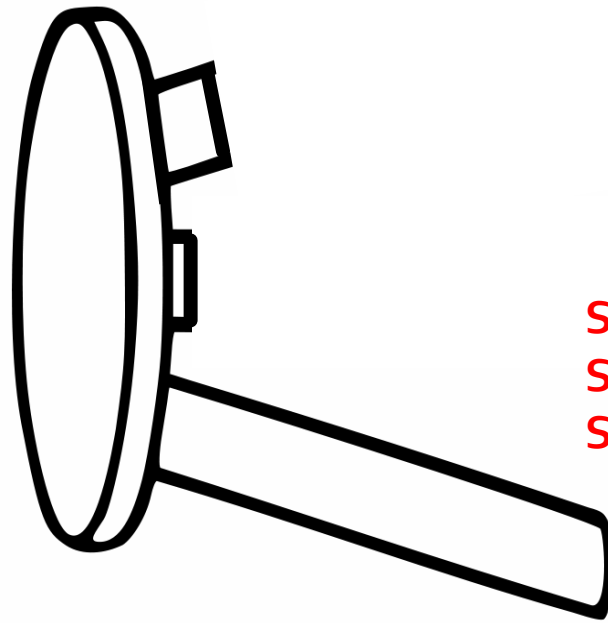
Source of Retiree Income Middle 50% in California



Source of Retiree Income Bottom 25% in California



The reality for low income folks

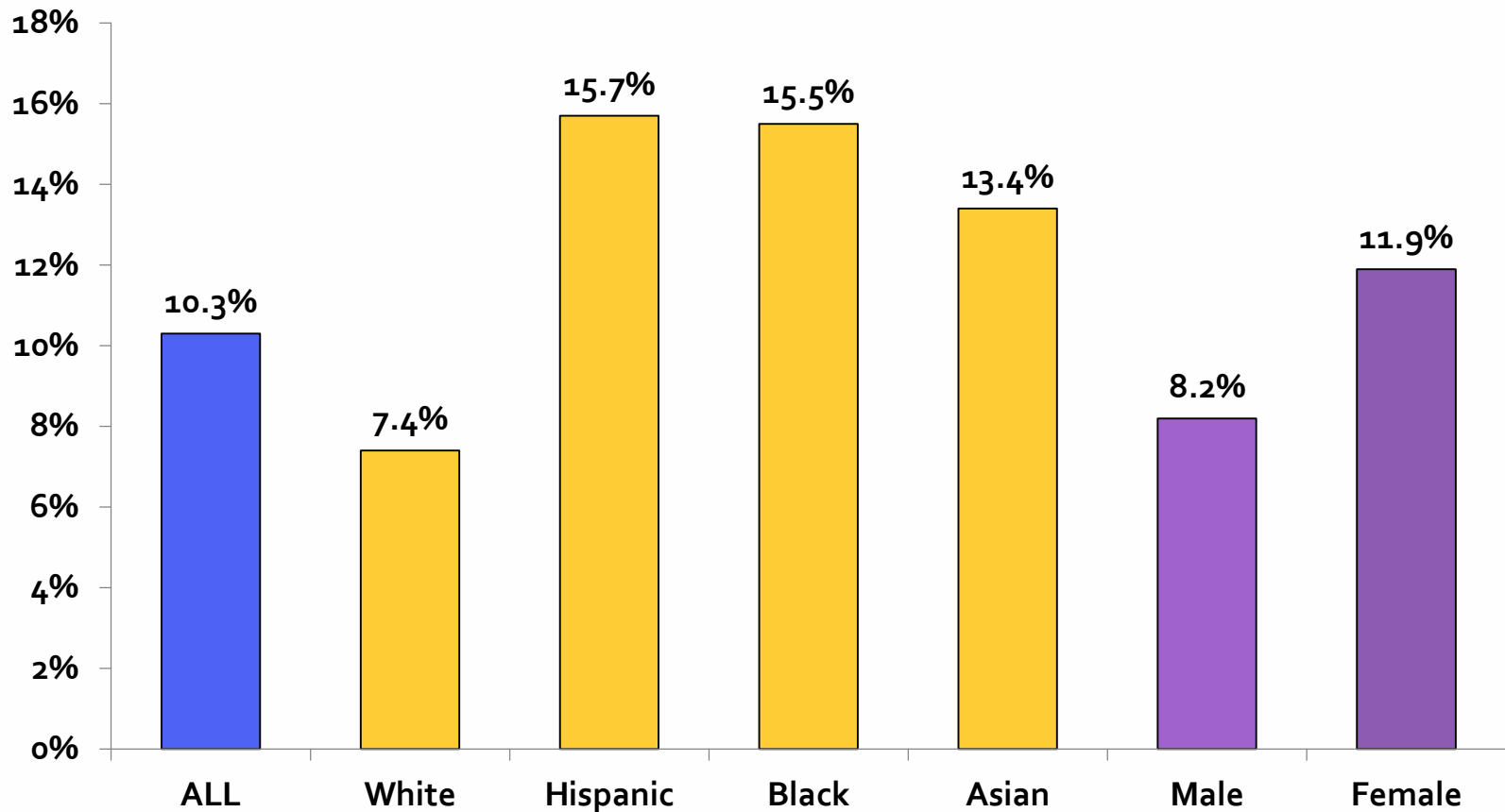


**Social Security &
Supplemental
Security (92%)**

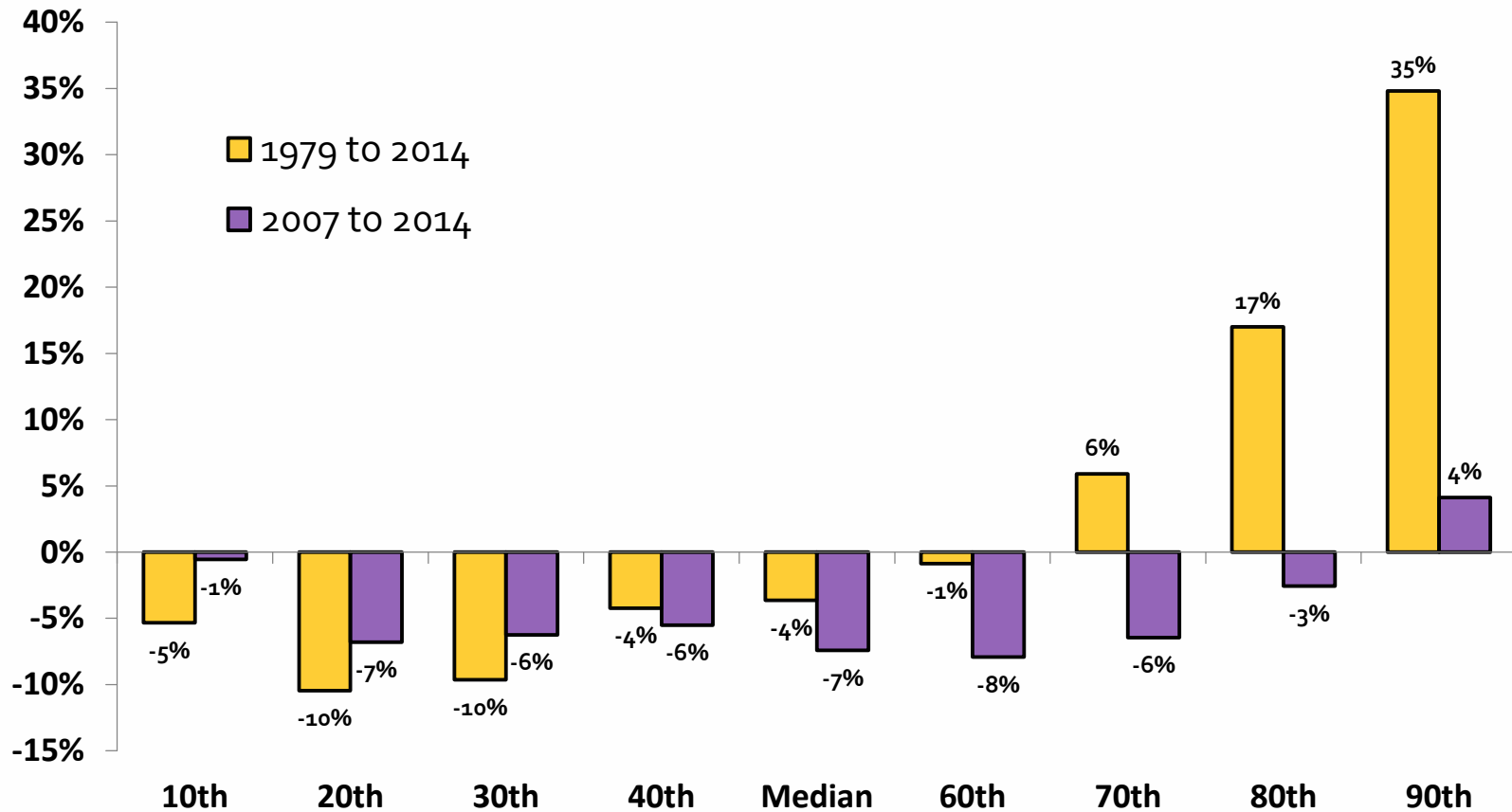
Inequalities follow workers into retirement

- Retirees in California
 - 57% are women
 - Of retirees in the bottom 25%—70% are women
- Of those in the Top 25%
 - 80% are men—even as they are just 43% of retirees.
 - 81% are white
- Minority retirees
 - Blacks & Hispanics more likely to be in the bottom 25%
 - Poverty rates are elevated for minorities & women

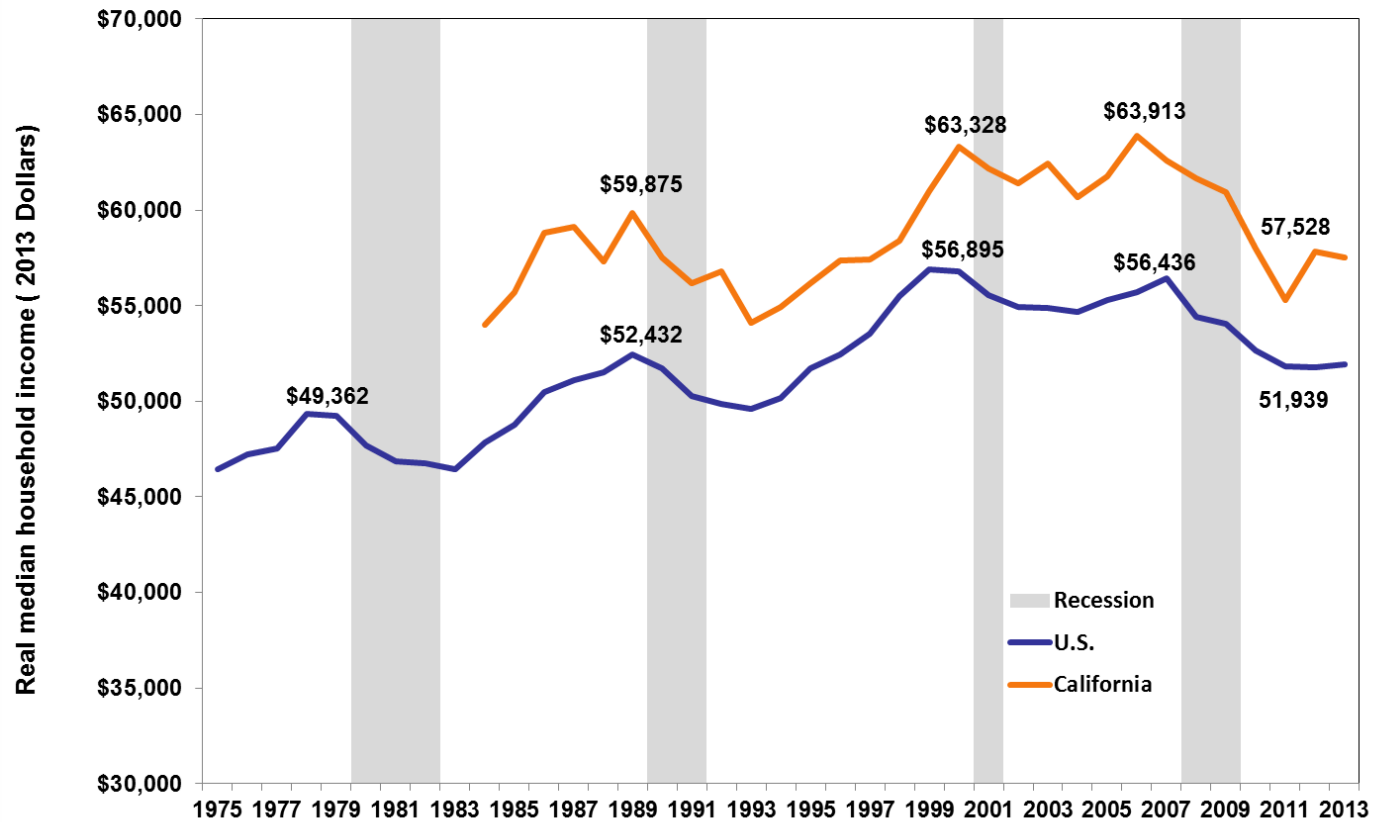
Poverty rates (California, 65 and over)



Wage growth in California



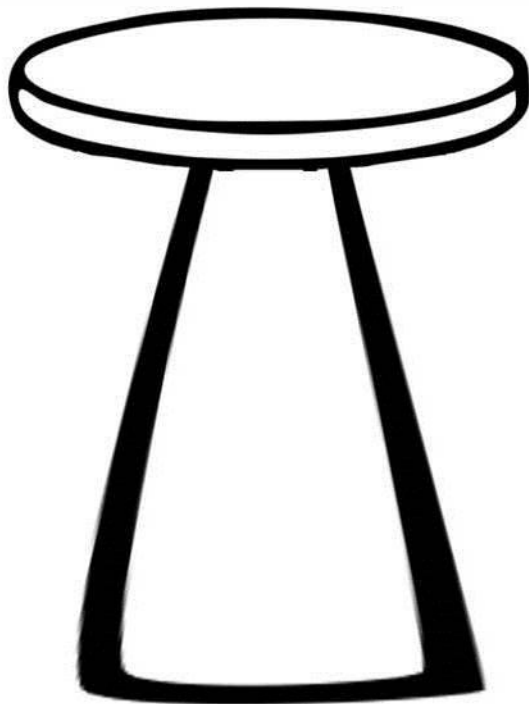
...the great recession



Source: SA Allegretto's analysis of U.S. Census data, median household income (2013 dollars).

Allegretto 2015

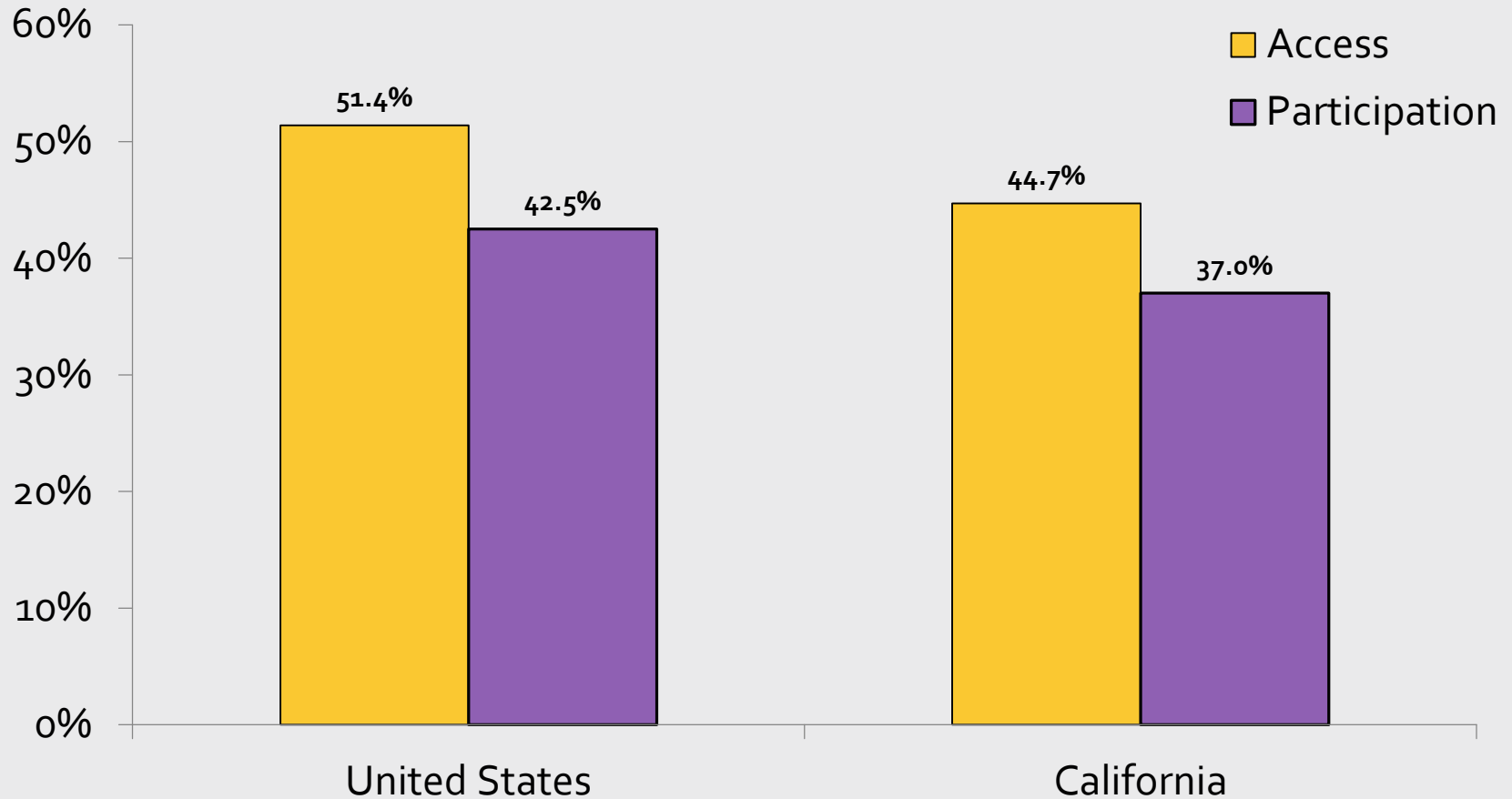
Importance of strengthening the pillar that is Social Security



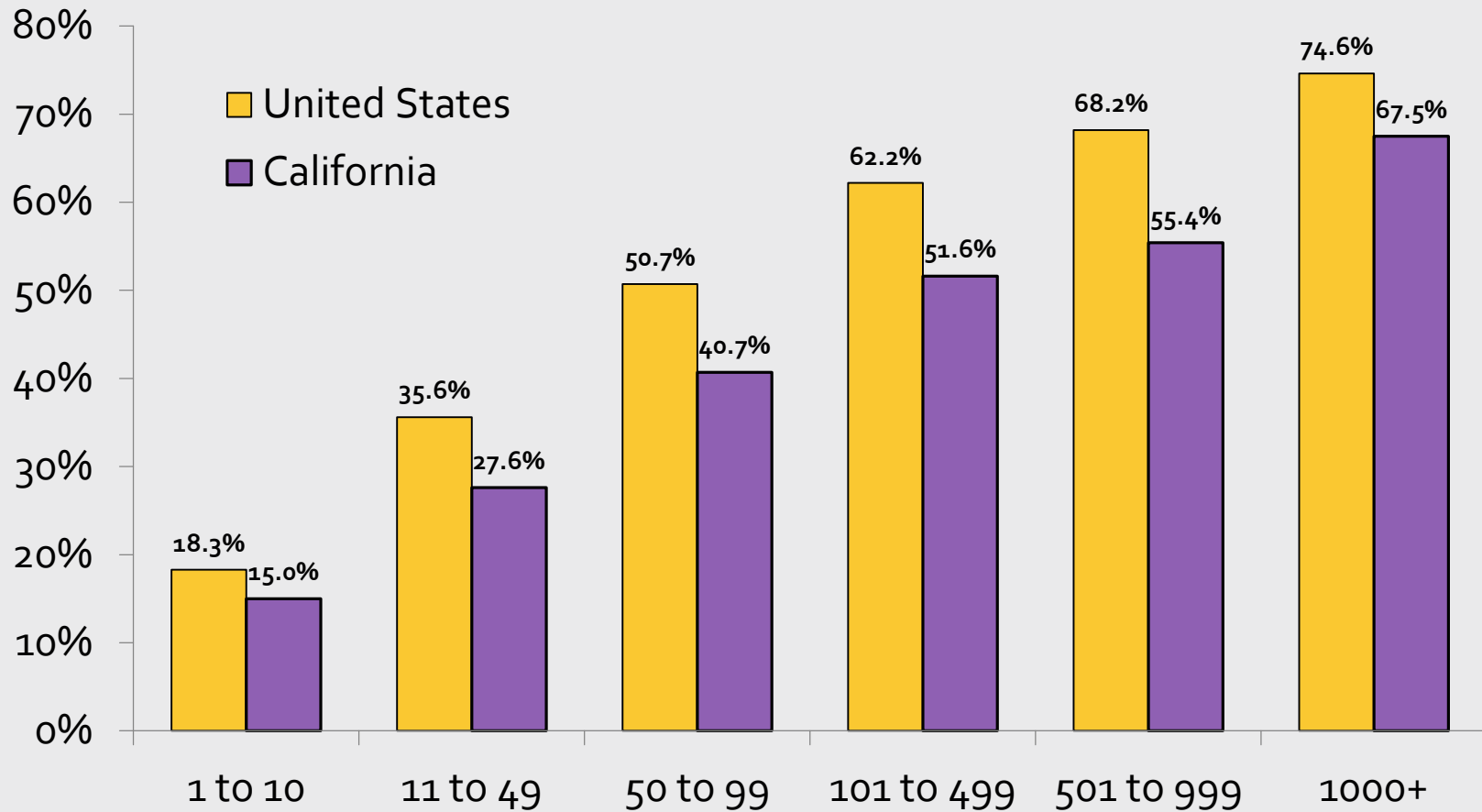
+

Additional
layer of
secure
retirement
income

Private sector retirement plan coverage (2011-2013)

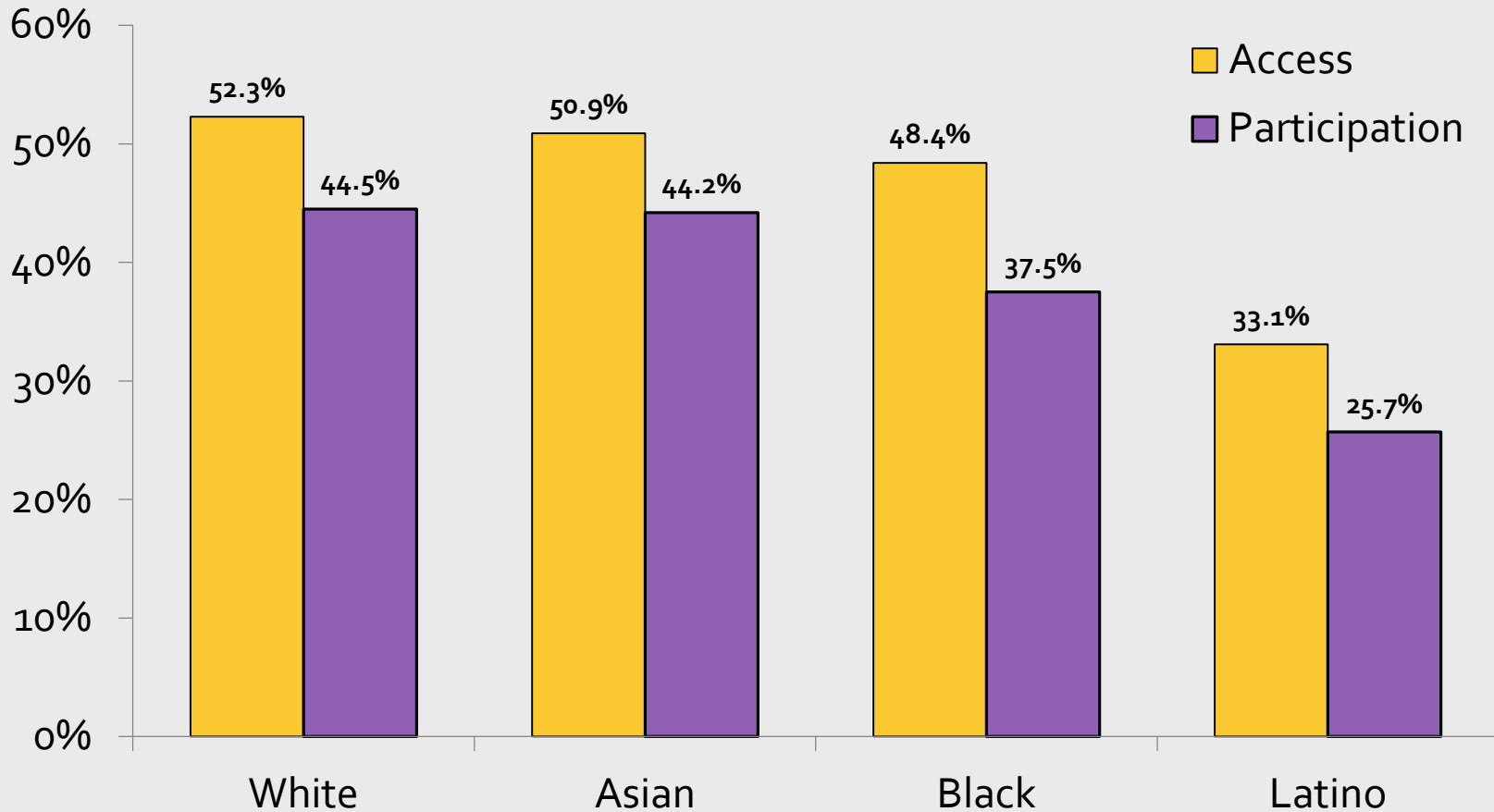


Employer retirement plan offer rates— size matters

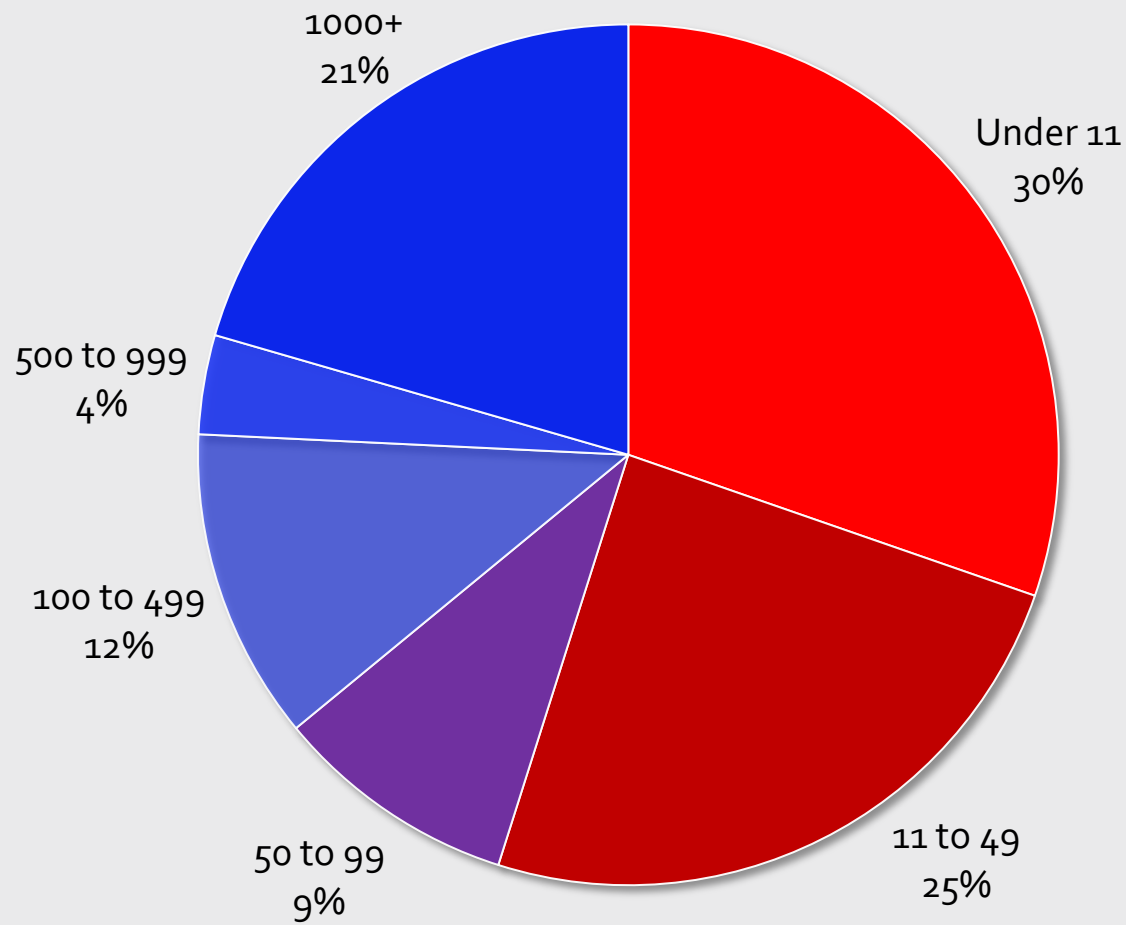


Employer retirement plan coverage by race

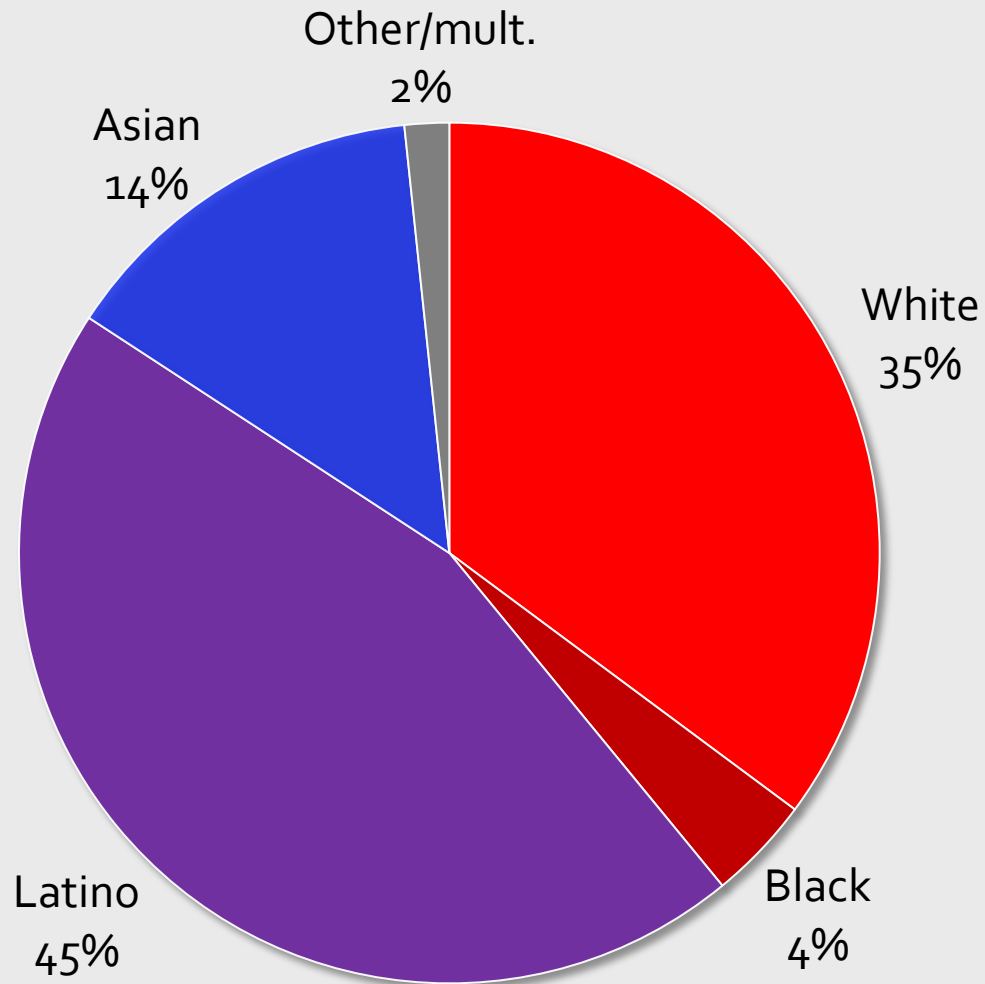
(California 2011-2013)



Californians without access– by firm size (2011-2013)



Race/ethnic make up of Californians without access



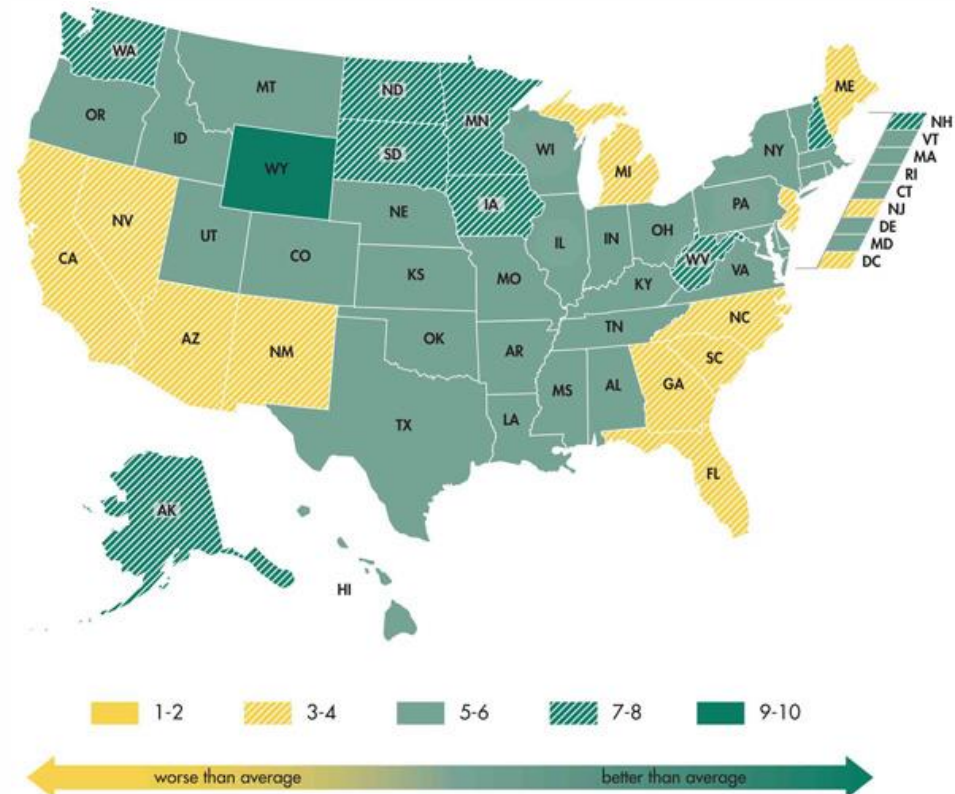
Large workplace retirement plan coverage gap in CA

- **6.4 million** workers age 25-64 in the private sector lack access to a job-based retirement plan.
 - 7.6 million including self-employed workers
- Large majority of small business and low wage workers lack access.
- Profile of the underserved:
 - 2/3 workers of color
 - 2/3 small business employees
 - \$25,000 median full-time earnings

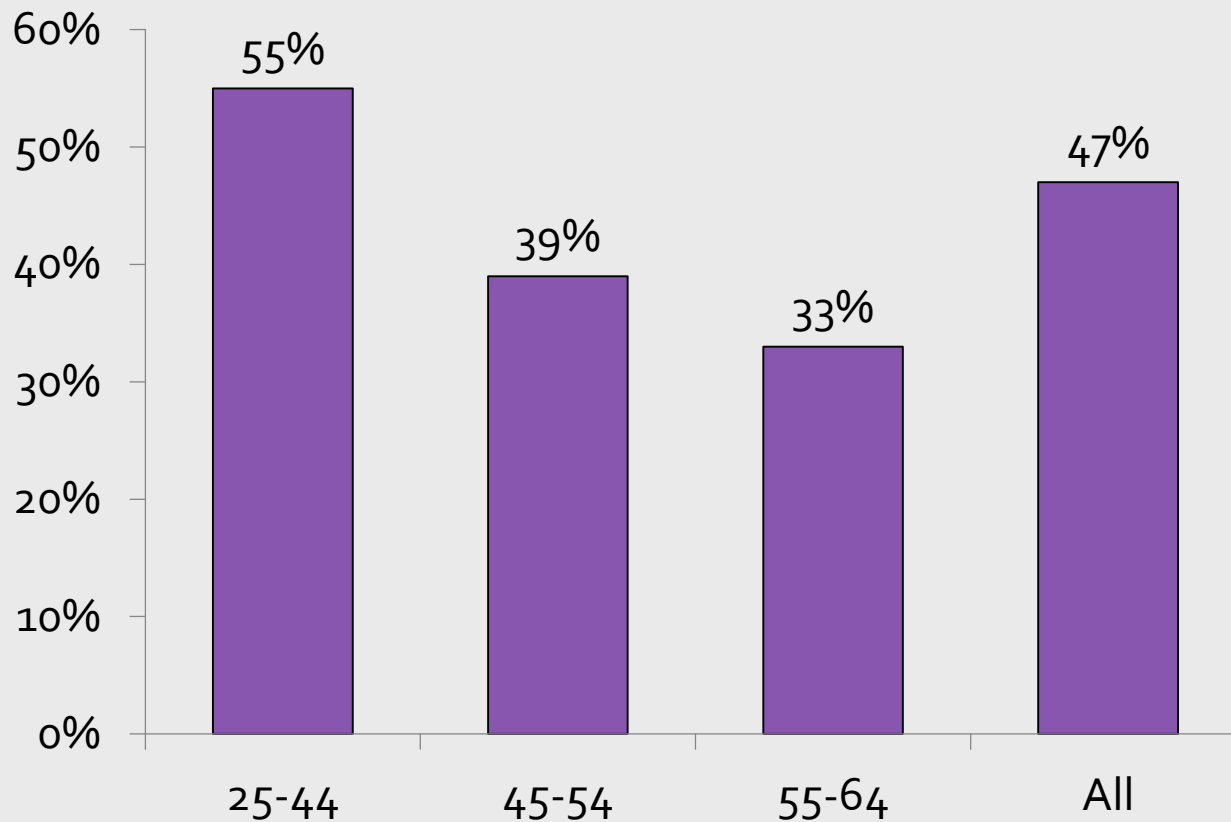
Workers in CA worse off than in most states

- **44th** among states in private sector retirement plan participation
- **45th** in DC account balance among working participants – \$23,381 in 2012

NIRS Financial Security Scorecard



Share of future retirees projected to have incomes below 200% of the Federal poverty level



Source: Projections using SIPP 2008 in Allegretto, Rhee, Saad-Lesser, & Schmidt, 2011

"This Nation must not break faith with those Americans who have a right to expect that Social Security payments will protect them and their families...almost all Americans have a stake in the soundness of the Social Security system."

September 25, 1969

Richard Nixon

Thank you
Sylvia A. Allegretto, PhD
allegretto@berkeley.edu
510 643-7080