

Commission on Retirement Security and Personal Savings: What would our plan accomplish?



BIPARTISAN POLICY CENTER

1 As a retirement security and personal savings commission, the most important takeaway is that our policies would increase retirement savings for middle-class Americans by about 50 percent by 2065. Increased savings will result from expanded access to workplace retirement savings plans.

2 Our recommendations would reduce old-age poverty by one-third from today's levels by 2035, lifting well over 1 million older Americans out of poverty. Under our Social Security proposal, poverty among older Americans (aged 62+) would fall below 6 percent in 2035, compared to 9 percent today.

3 We create Retirement Security Plans that would encourage individuals to save for retirement by dramatically simplifying the process of offering automatic-enrollment plans for employers with fewer than 500 workers. Currently, one-third of private-sector workers don't have access to a workplace retirement savings plan, and others

are not contributing to their plan. 401(k)-style plans can be particularly challenging for smaller businesses, which often are not prepared or willing to take on large administrative and fiduciary burdens. Retirement Security Plans would be a simpler option for smaller employers to offer a retirement savings plan. We encourage employers to automatically enroll their employees into these plans — workers could always opt out — by offering a new option for employers to bypass complex annual testing requirements

4 We establish a national minimum-coverage standard that would require all employers with at least 50 employees to offer their workers some form of workplace retirement savings option. This could be a Retirement Security Plan, a standard 401(k) plan, a defined benefit plan, or myRA.

5 We propose a balanced package to strengthen and modernize Social Security — nearly equal between additional revenues and benefit savings — that would improve retirement security for lower earners and middle-class workers.

6 Our package would make Social Security solvent for 75 years and beyond and help Americans know what to expect in benefits from the program. The Chief Actuary found it would achieve sustainable solvency, which means that the program's reserves would be increasing even after 75 years. This would avoid the 23-percent cut that is set to take effect in 2034 — removing a major source of uncertainty for Americans as they prepare for retirement.

7 We increase Social Security benefits by 35 percent (compared to what is currently scheduled, and by 65 percent compared to what is currently payable with existing trust fund revenues) for the 20 percent of beneficiaries with the lowest lifetime earnings. Our proposal would achieve this, in part, by creating a basic minimum benefit, which would supplement standard Social Security benefits for the most vulnerable beneficiaries, such as those who worked for very low wages.

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8 We enhance the Social Security survivors benefit so that, upon the passing of a spouse, the survivor would keep his or her full benefits plus three-quarters of the deceased spouse's benefits. This would improve living standards and dramatically reduce poverty among widows and widowers, who suffer from some of the highest poverty rates today. For higher earners, we would also limit the spousal benefit, which undoes much of the progressivity of Social Security.

9 Our proposals would help build a culture of savings and improve the financial resilience of American families. For example, we propose a new *Starter Saver's Match*, which would be a refundable credit of up to \$500 to encourage younger workers with lower wages to start saving for retirement. We also recommend the creation of a *Retirement Security Clearinghouse* to make combining retirement accounts much simpler. Further, we believe that *employers should be able to automatically enroll their employees into two accounts — one meant for retirement savings, another for short-term savings.*

10 Our recommendations would result in fewer individuals who outlive savings in retirement. More than 4 in 10 Gen-Xers are projected to run short of money in retirement. In addition to increasing savings, offering retirees the tools to make their savings last is critical to achieving a secure retirement. Our recommendations encourage plan sponsors to give Americans better options to turn their savings into a sustainable retirement income. We also propose ways to encourage Americans to claim Social Security later, thereby locking in a higher monthly benefit for life.

11 Our proposals would make home equity more readily available for retirement needs. Many Americans are “home-rich, cash-poor,” and their home is their largest asset. Our policies would encourage individuals to preserve equity in their home during their working years and then make use of that equity to provide them with a more secure retirement.

12 We promote financial knowledge and capability. This would be imparted by better integrating financial learning in K-12 and college curriculums and delivering just-in-time financial education, such as by improving the Social Security benefit statement.

*For more on the commission's recommendations, please visit:
bipartisanpolicy.org/retirement-security*



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