

RETIREMENT ACCESS AND COVERAGE

Shai Akabas, Director of Fiscal Policy, BPC

G. William Hoagland, Senior Vice President, BPC

Fredrik Axsater, Global Head of Defined Contribution, SSGA

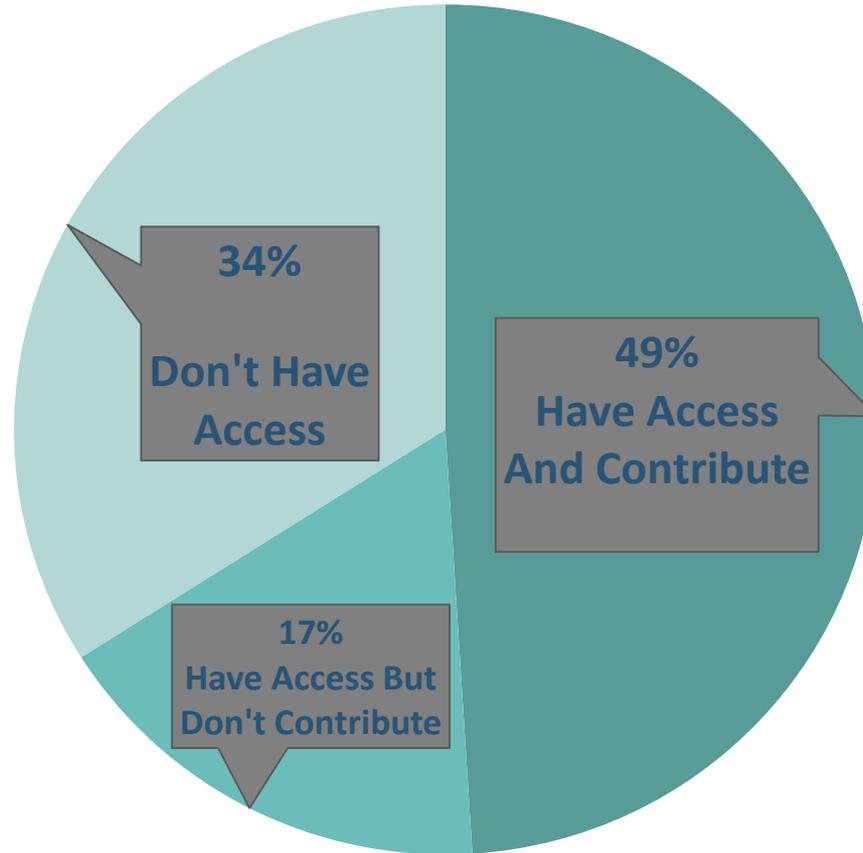
Melissa Kahn, Managing Director of Retirement Policy Strategy, SSGA

Thursday, September 29, 2016

QUESTIONS?

Please send any questions to
events@bipartisanpolicy.org

LESS THAN HALF OF PRIVATE-SECTOR WORKERS PARTICIPATE IN A RETIREMENT SAVINGS PLAN



Source: U.S. Bureau of Labor Statistics as of 2015

THE PROBLEM WITH RETIREMENT SAVINGS

Americans face a \$4.13 trillion retirement savings gap. Among those closest to retirement, deficits vary from \$19,304 for married couples to \$62,734 for single women.¹

The median retirement savings of all working households in the US is \$14,500.² 32 million to 42 million full-time American workers do not have access to a workplace retirement plan.³

¹ Source: Employee Benefit Research Institute ² Source: National Institute on Retirement Security. ³ AARP. ⁴ Government Accountability Office.

CHILEAN PROTESTS



The images are included for illustrative purposes only.

NATIONAL FRAMEWORK



**Auto-Enroll All
Private Sector
Workers Into
a DC Plan**



**Auto Escalation and
Default Investments**



**Tax Credits For
Small Employers**



**Eliminate Barriers
To Open Multiple
Employer Plans**

The images are included for illustrative purposes only.

RECOMMENDATIONS to IMPROVE ACCESS to WORKPLACE RETIREMENT SAVINGS PLANS

Create “Retirement Security Plans” for businesses with fewer than 500 employees, enabling multiple employers – even from different industries, unlike today’s multiple employer plans (or “MEPs”) – to band together to offer workers low-cost, well-designed savings options

Establish an enhanced, more-flexible, automatic-enrollment contribution safe harbor, exempting employers from complex annual testing requirements if they implement automatic features

Overhaul existing myRA program (allow automatic-enrollment and employer contributions)

Introduce a **nationwide minimum-coverage standard** to pre-empt a disjointed patchwork of state-by-state regulations

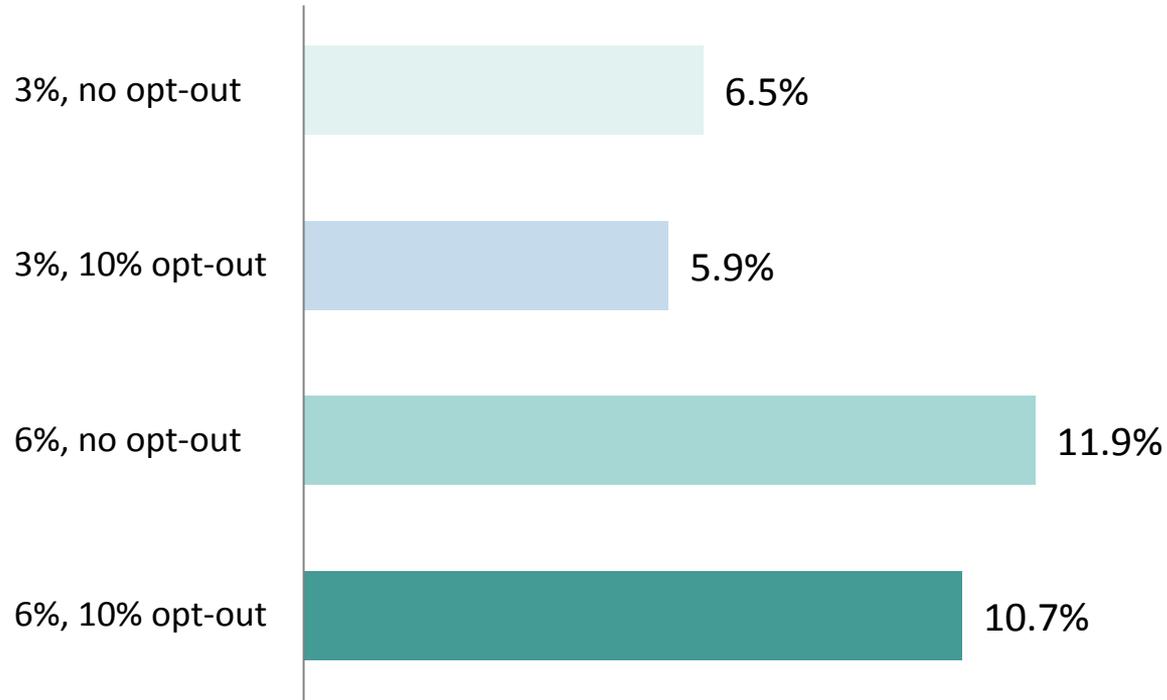
Establish **Lifetime Income Plans** as a new, more-sustainable retirement plan design for multiemployer defined benefit plans

Create a private-sector **Retirement Security Clearinghouse** to help individuals consolidate their retirement assets

Change the present Saver’s Credit into a refundable **“Starter Saver’s Match”** for workers between ages 18 and 35

EBRI: IMPACT OF MODIFYING COVERAGE – AUTO IRAS

Reduction in Retirement Savings Shortfalls for Various Scenarios (Baseline = \$4.19 trillion)



Source: EBRI
Retirement Savings Shortfalls (RSS) represent the present value (at age 65) of all simulated deficits in retirement for households where the head of household is 35–64.
Assumptions for auto IRA scenario: All employers (regardless of size) are required to provide DB/DC or Auto IRA, no erosion from DC to Auto IRA, Husband's employer size is used to categorize employer size for married HH, 100% autocorrelation for employer size.
For additional detail, see: VanDerhei, Jack (June 2015), "Auto-IRAs: How Much Would They Increase the Probability of 'Successful' Retirements and Decrease Retirement Deficits? Preliminary Evidence from EBRI's Retirement Security Projection Model[®]", EBRI Notes <http://bit.ly/ebri-2015-june-notes-pdf>

EBRI: IMPACT OF MODIFYING COVERAGE – SSGA PLAN

Reduction in Retirement Savings Shortfalls for Various Scenarios (Baseline = \$4.19 trillion)



Source: EBRI Retirement Security Projection Model® Version 2590

- Retirement Savings Shortfalls (RSS) represent the present value (at age 65) of all simulated deficits in retirement for households where the head of household is 35–64.
- For additional detail, see: Jack VanDerhei (February 2015), Retirement Savings Shortfalls: Evidence from EBRI's Retirement Security Projection Model®, EBRI Issue Brief <http://bit.ly/ebri-2015-february-ib-pdf>

BIOGRAPHIES



Fredrik Axsater **Global Head of Defined Contribution**

Fredrik is a Senior Managing Director of State Street Global Advisors and the Global Head of the Defined Contribution and ESG businesses. In this role, he is responsible for advancing SSGA's retirement and ESG initiatives, including product development, distribution, client service, operations and marketing infrastructure. He works closely with our global teams to create and deliver competitive offerings tailored to meet regional and country-specific requirements. Additionally, Fredrik is a member of SSGA's Senior Leadership Team.

Prior to joining SSGA, Fredrik was a Managing Director and Head of Investment Strategy and Product Management for Blackrock's DC business. He started working within Defined Contribution in 1996, and has deep investment knowledge, with a particular expertise in target date and retirement income solutions, as well as best-practice DC plan architecture. The mission-oriented principles for retirement investing also apply to impact investing, and Fredrik oversees the rapid growth of this team and business. Earlier in Fredrik's career, he spent ten years in multiple portfolio management roles, across both Defined Contribution and Global Macro Strategies.

Fredrik earned a BS/BA in Electrical Engineering from the University of San Diego, an MBA from the University of Illinois, and the Chartered Financial Analyst designation. He has co-led the strategic partnership between State Street and the CFA Institute, and for many years he has also worked closely with the CFA Institute to evolve the CFA curriculum.



Melissa Kahn **Managing Director of Retirement Policy Strategy**

Melissa is the Managing Director of Retirement Policy for the Defined Contribution team. Melissa leads the DC team in developing and communicating the team's public policy positions as they relate to the retirement market, and will be responsible for cultivating relationships with key retirement policy decision-makers.

Melissa reports directly to Fredrik Axsater and is based in Washington, D.C., and in Boston. She works closely with State Street's Regulatory, Industry, and Government Affairs (RIGA) group, which is responsible for coordination of overall State Street public policy positioning and advocacy.

Melissa is an attorney with extensive experience in developing and implementing policy and strategies on domestic and international employee benefits legislation and regulation, as well as Social Security reform. Importantly, she has worked for many years on Retirement Income policy. Immediately prior to joining SSGA, Melissa was a consultant providing strategic planning, policy analysis and advocacy work on a variety of issues, including retirement, long-term care, Social Security, and global employee benefits to financial institutions and large plan sponsor clients in the US. Previously, Melissa worked at MetLife, where she spent 12 years in the company's Washington D.C. government relations office. Melissa also has worked for the Retirement Strategies Group, the American Council of Life Insurance and the Equitable Life Assurance Society of America.

BIOGRAPHIES



Shai Akabas **Director of Fiscal Policy, BPC**

Shai Akabas is BPC's director of fiscal policy. He joined BPC in 2010 and staffed the Domenici-Rivlin Debt Reduction Task Force that year. He also assisted Jerome H. Powell, who was later appointed to the Board of Governors of the Federal Reserve System, in his work on the federal debt limit in 2011.

Akabas has conducted research on other federal fiscal policy issues, including entitlement reform, tax reform, and sequestration, and is currently helping to steer BPC's Commission on Retirement Security and Personal Savings. He has been interviewed by publications including *The New York Times*, *The Washington Post*, and *The Wall Street Journal*, and has published op-eds in *The Hill* and *The Christian Science Monitor*.

Prior to joining BPC, Akabas worked as a satellite office director on New York City Mayor Michael Bloomberg's 2009 campaign for reelection. Born and raised in New York City, he received his B.A. in economics and history from Cornell University and an M.S. in applied economics from Georgetown University.



G. William Hoagland **Senior Vice President, BPC**

G. William Hoagland is a BPC senior vice president. In this capacity, he helps direct and manage fiscal, health, and economic policy analyses.

Before joining BPC in September 2012, Hoagland served as vice president of public policy for CIGNA Corporation, working with business leaders, trade associations, business coalitions, and interest groups to develop CIGNA policy on health care reform issues at both the federal and state levels.

Before joining BPC in September 2012, Hoagland served as vice president of public policy for CIGNA Corporation, working with business leaders, trade associations, business coalitions, and interest groups to develop CIGNA policy on health care reform issues at both the federal and state levels.

From 1982 to 2003, Hoagland served as a staff member and director of the Senate Budget Committee, reporting to U.S. Sen. Pete V. Domenici, chairman and ranking member of the committee during this period. He participated in major federal budget negotiations, including the 1985 Gramm-Rudman-Hollings Budget Deficit Reduction Act, the 1990 Omnibus Budget Reconciliation Act, and the historic 1997 Balanced Budget Agreement.

APPENDIX

Key Terms

Defined Benefit Plan

An employer-sponsored retirement plan where employee benefits are derived from a specified formula using factors such as, but not limited to, salary history and duration of employment. Investment risk and portfolio management are entirely under the control of the company.

Defined Contribution Plan

An employer-sponsored retirement whereby employees make contributions to accumulate wealth during their working years to provide income in retirement. Often times, an employer will match an employee's contribution, up to a certain amount.

Longevity Risk

The risk that an individual will live longer than expected with the potential result of exhausting all income sources before death.

Qualified Default Investment Alternative (QDIA)

QDIA is intended to encourage investment of employee assets in appropriate vehicles for long-term retirement savings.

Target Date Fund

An investment fund designed to adjust an asset allocation mix over time typically by becoming more conservative as the target date (usually retirement) approaches.

Participant

A plan participant either contributes into a defined benefit and/or defined contribution or is in a position to receive benefit payments from the plan.

Plan Sponsor

A plan sponsor is a designated party, usually a company or employer, that sets up a healthcare or retirement plan such as a 401(k) for the benefit of the organization's employees.

Individual Retirement Account

An investing tool used by individuals to earn and earmark funds for retirement savings. There are several types including Traditional, Roth, SIMPLE and SEP.

Accumulation

An individual investor's cash contributions to invest in securities over a period of time in order to build a portfolio of desired value.

Decumulation

Pension decumulation is the process of converting pension savings to retirement income.

Drawdown Strategy

A drawdown is the peak-to-trough decline during a specific record period of an investment, fund or commodity. A drawdown is usually quoted as the percentage between the peak and the trough.

Auto-enrollment

An employer's decision to sign employees up to have a percentage of their paychecks automatically placed into a retirement savings and investment account

IMPORTANT DISCLOSURES

State Street Global Advisors One Lincoln Street, Boston, MA 02111-2900. T: +1 617 664 7727.

Investing involves risk including the risk of loss of principal. The whole or any part of this work may not be reproduced, copied or transmitted or any of its contents disclosed to third parties without SSGA's express written consent. The information provided does not constitute investment advice and it should not be relied on as such. It should not be considered a solicitation to buy or an offer to sell a security. It does not take into account any investor's particular investment objectives, strategies, tax status or investment horizon. You should consult your tax and financial adviser. All material has been obtained from sources believed to be reliable. There is no representation or warranty as to the accuracy of the information and State Street shall have no liability for decisions based on such information.

© 2016 State Street Corporation. All Rights Reserved. DC-3310 Exp. Date: 09/30/2017

THANK YOU.

For additional information or any questions on the information covered in today's presentation, please contact:

Fredrik Axsater

+1 415 836.9811

Fredrik_Axsater@ssga.com

Melissa Kahn

+1 202 394.3784

Melissa_Kahn@ssga.com

ssga.com/definedcontribution | bipartisanpolicy.org

STATE STREET
GLOBAL ADVISORS[®]



BIPARTISAN POLICY CENTER