

# Retirement Prospects for Workers in California

California Secure Choice Investment Board

Sacramento, California

April 27, 2015

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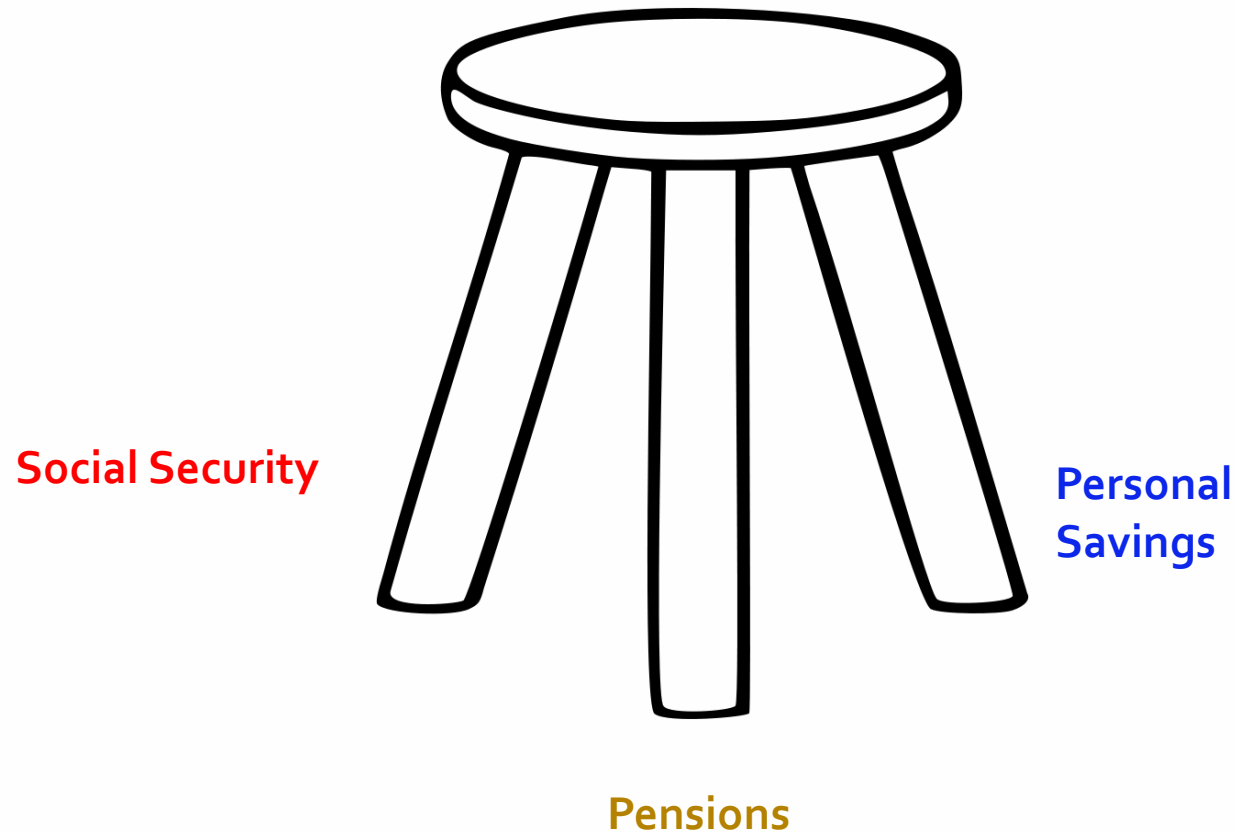
Sylvia A. Allegretto, PhD

Co-director: Center on Wage & Employment Dynamics

Institute for Research on Labor & Employment

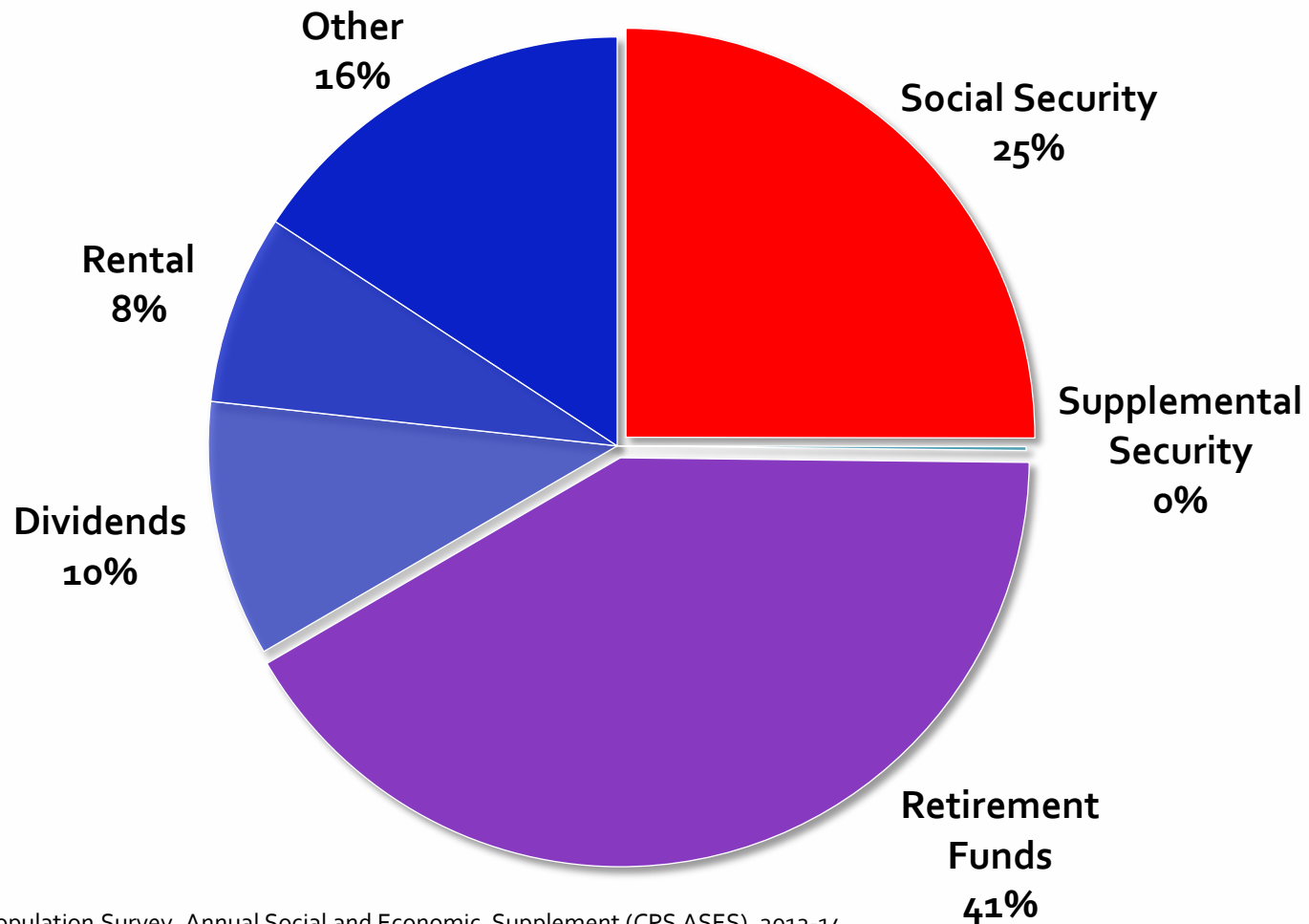
University of California, Berkeley

# The 3 Legged Stool





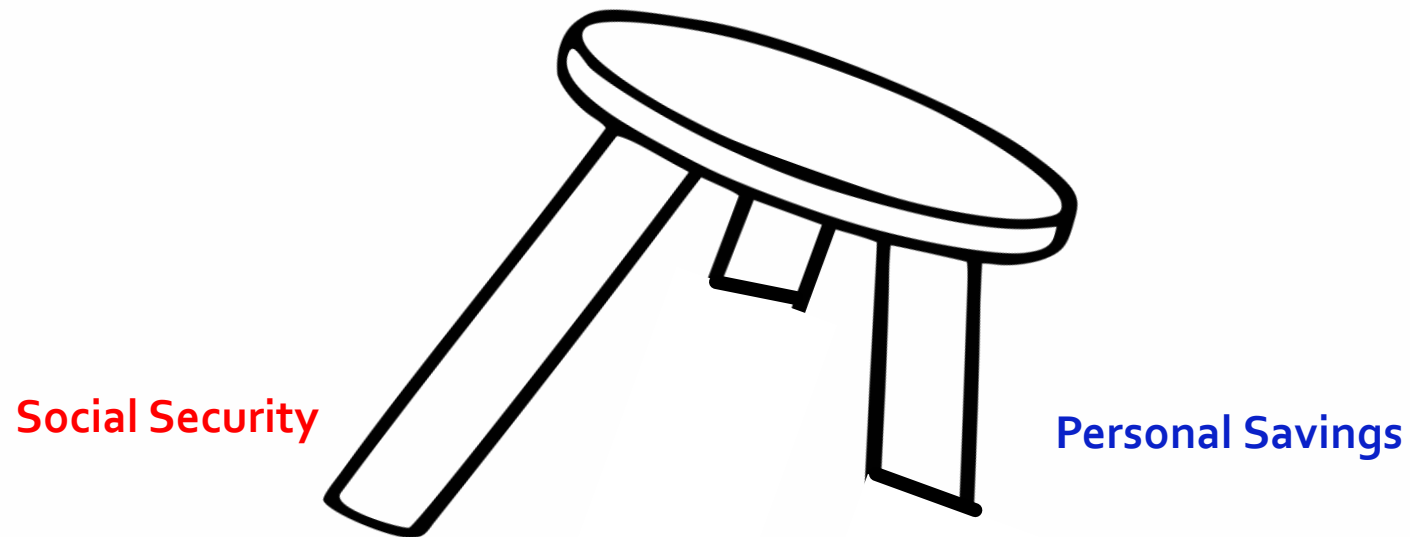
# Source of Retiree Income Top 25% in California



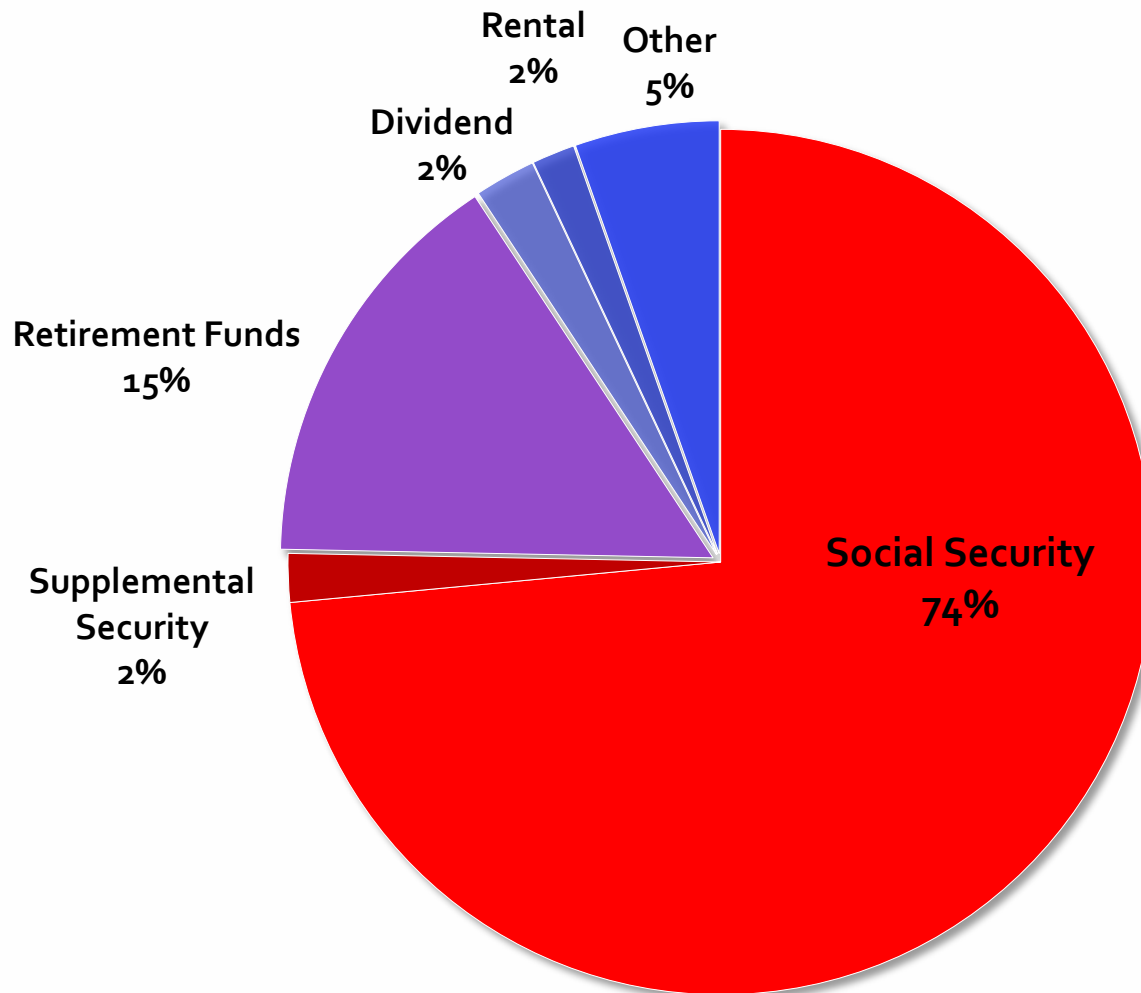
Source: Current Population Survey, Annual Social and Economic Supplement (CPS ASES), 2012-14

Allegretto 2015

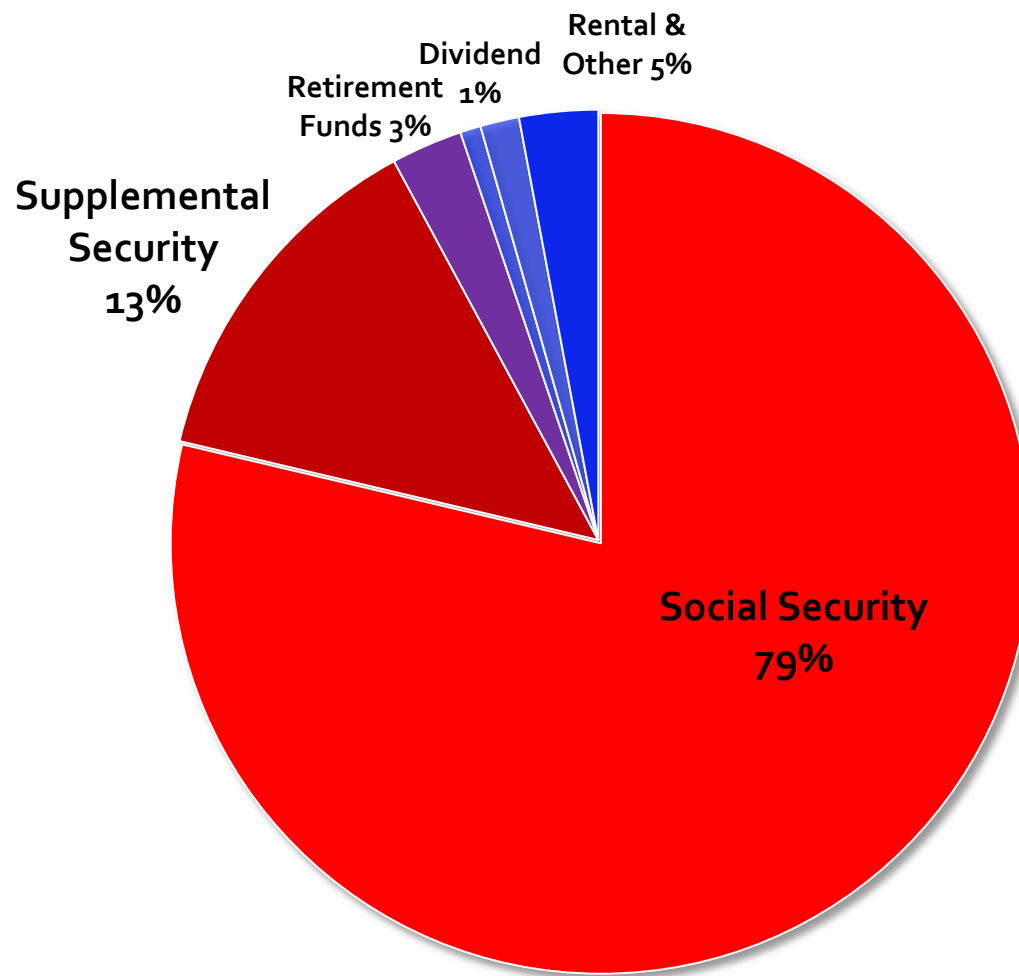
# Most retirees depend heavily on SS



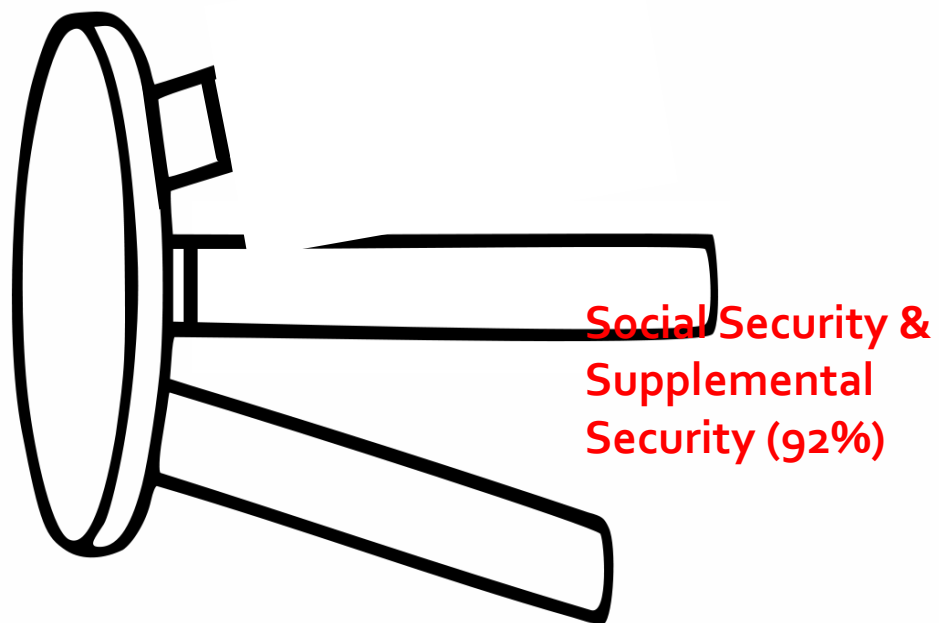
# Source of Retiree Income Middle 50% in California



# Source of Retiree Income Bottom 25% in California



# The reality for low income folks



# 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

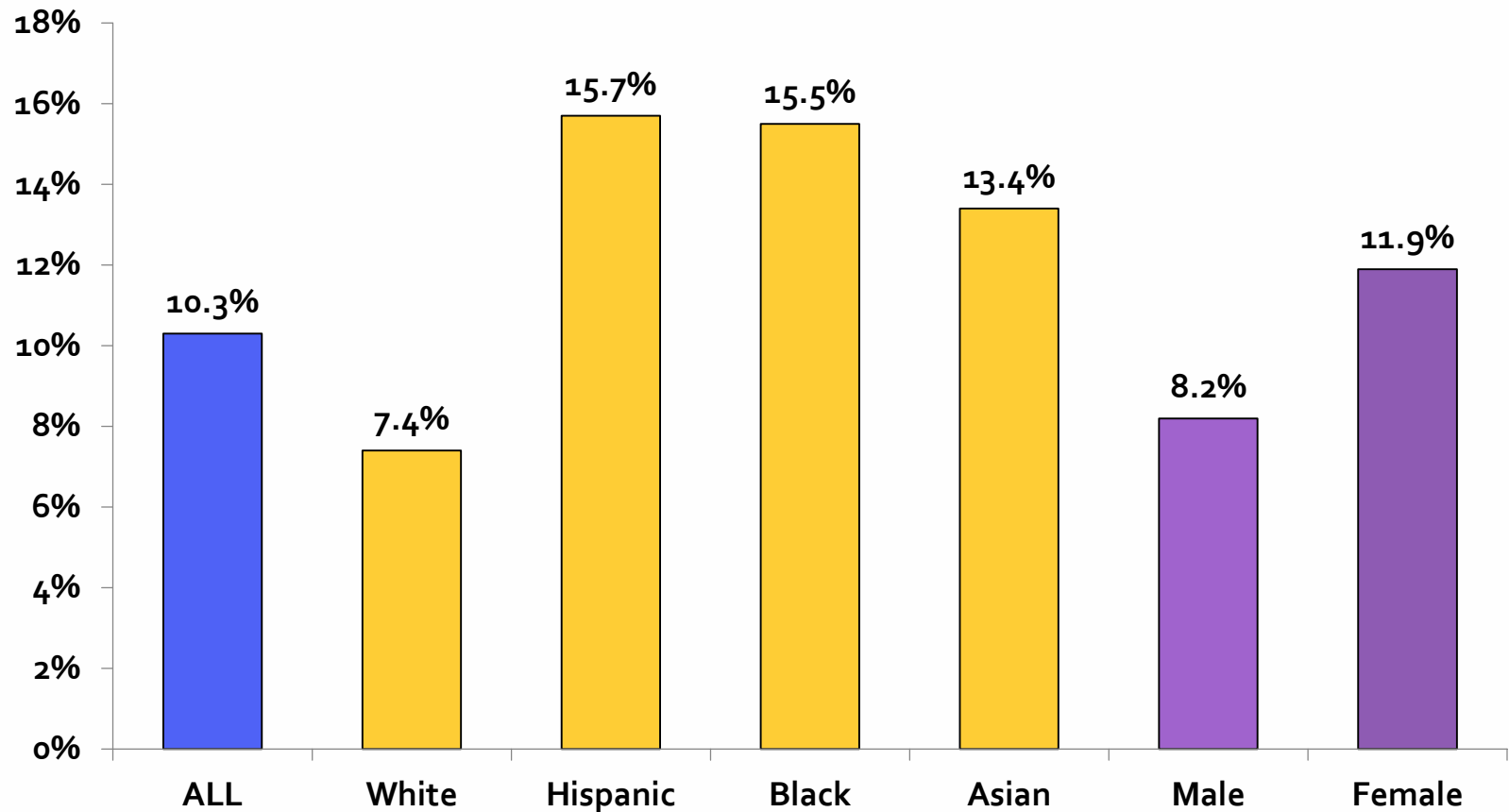
- Blacks & Hispanics more likely to be in the bottom 25%
- Poverty rates are elevated for minorities & women



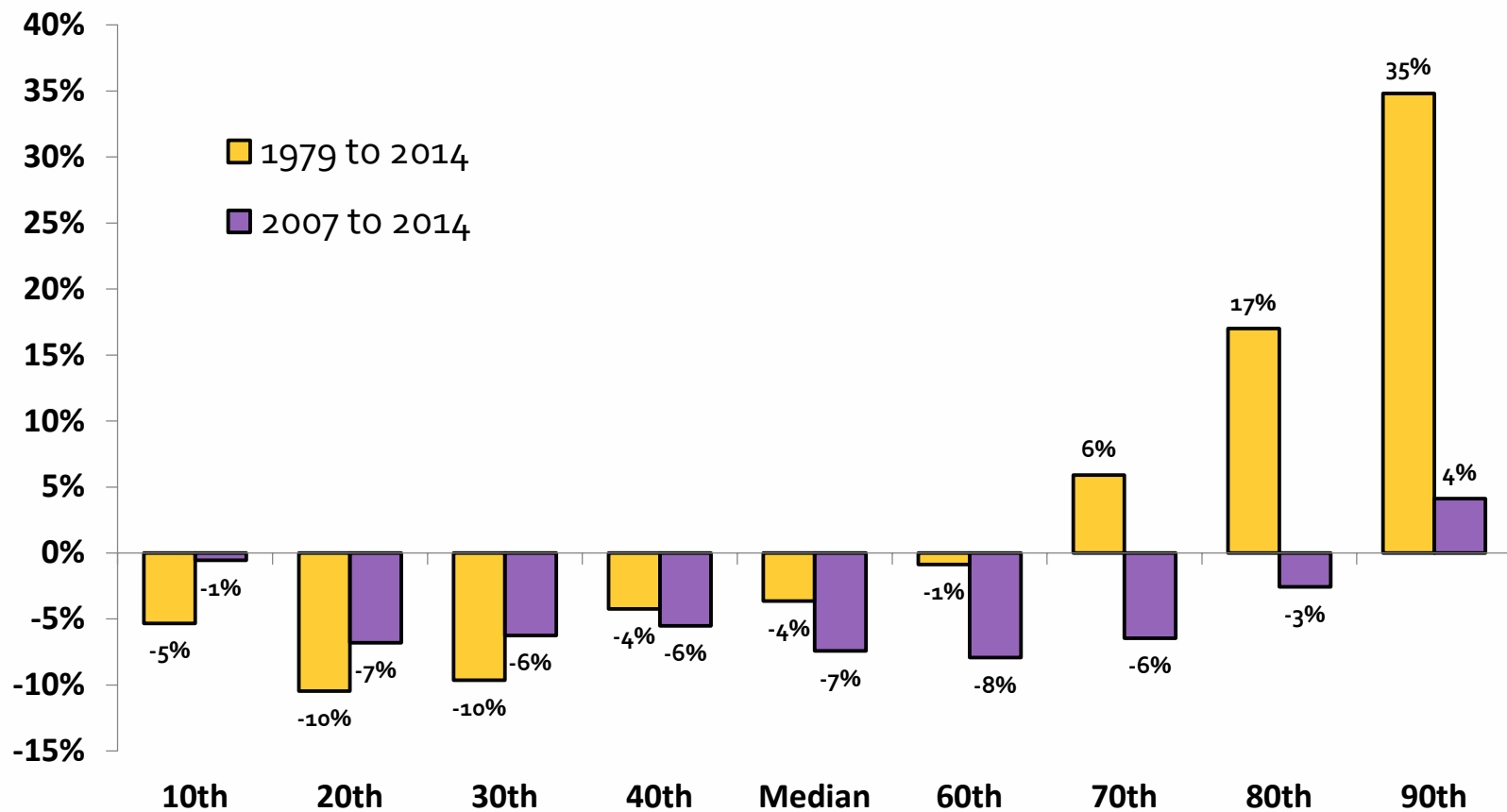


# Poverty rates

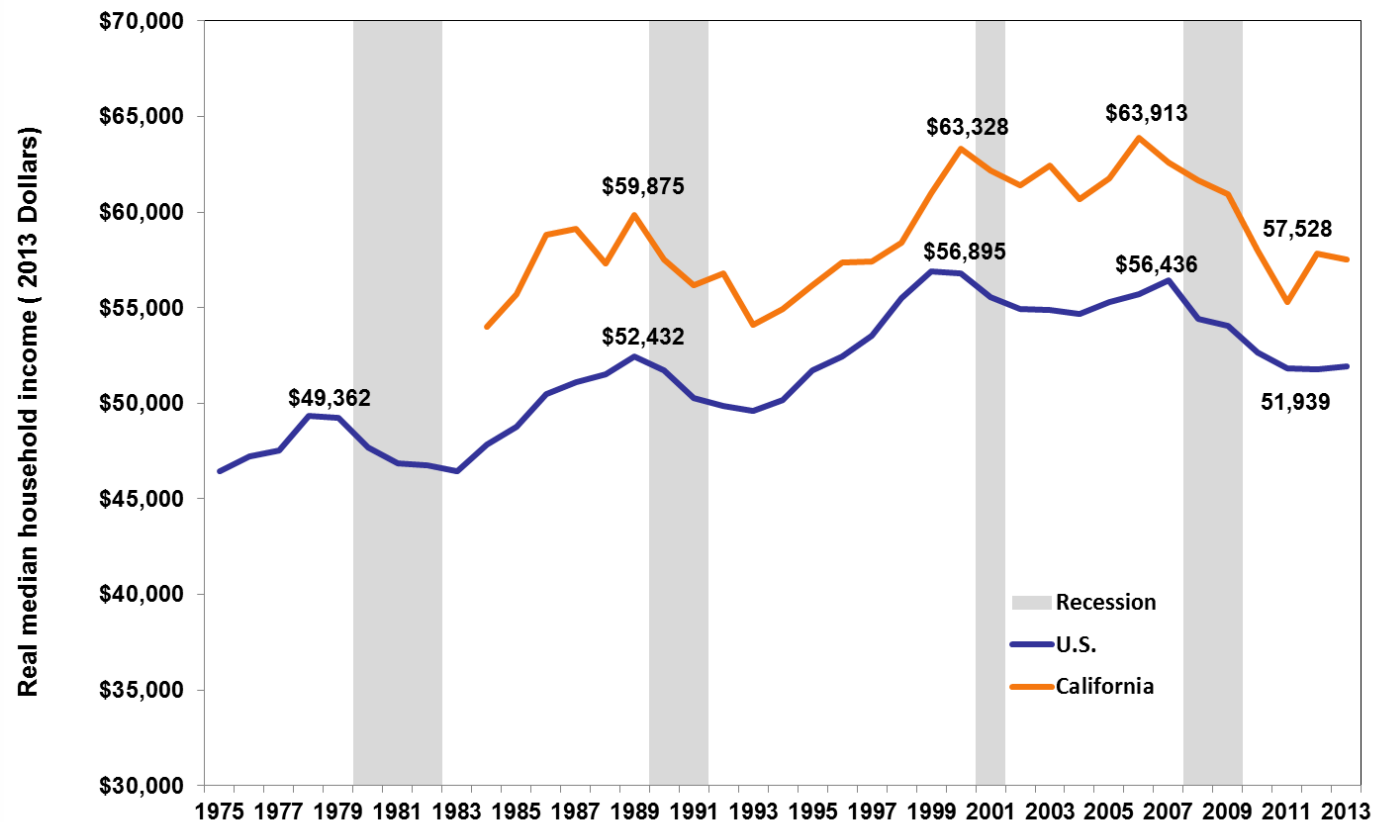
## (California, 65 and over)



# Wage growth in California



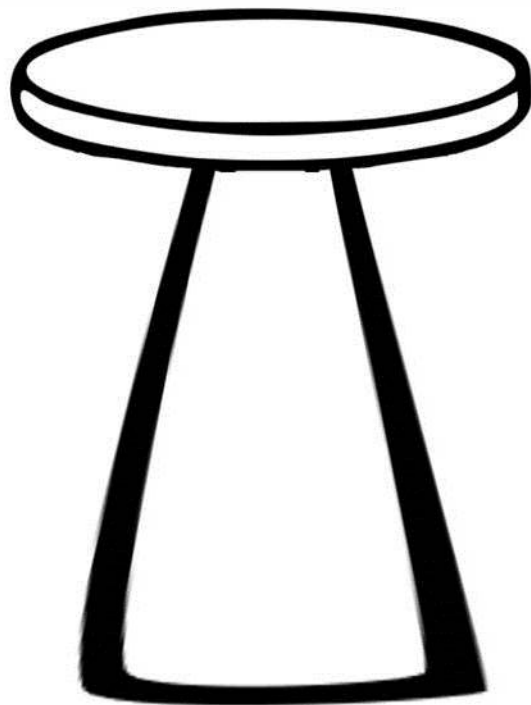
# ...the great recession



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

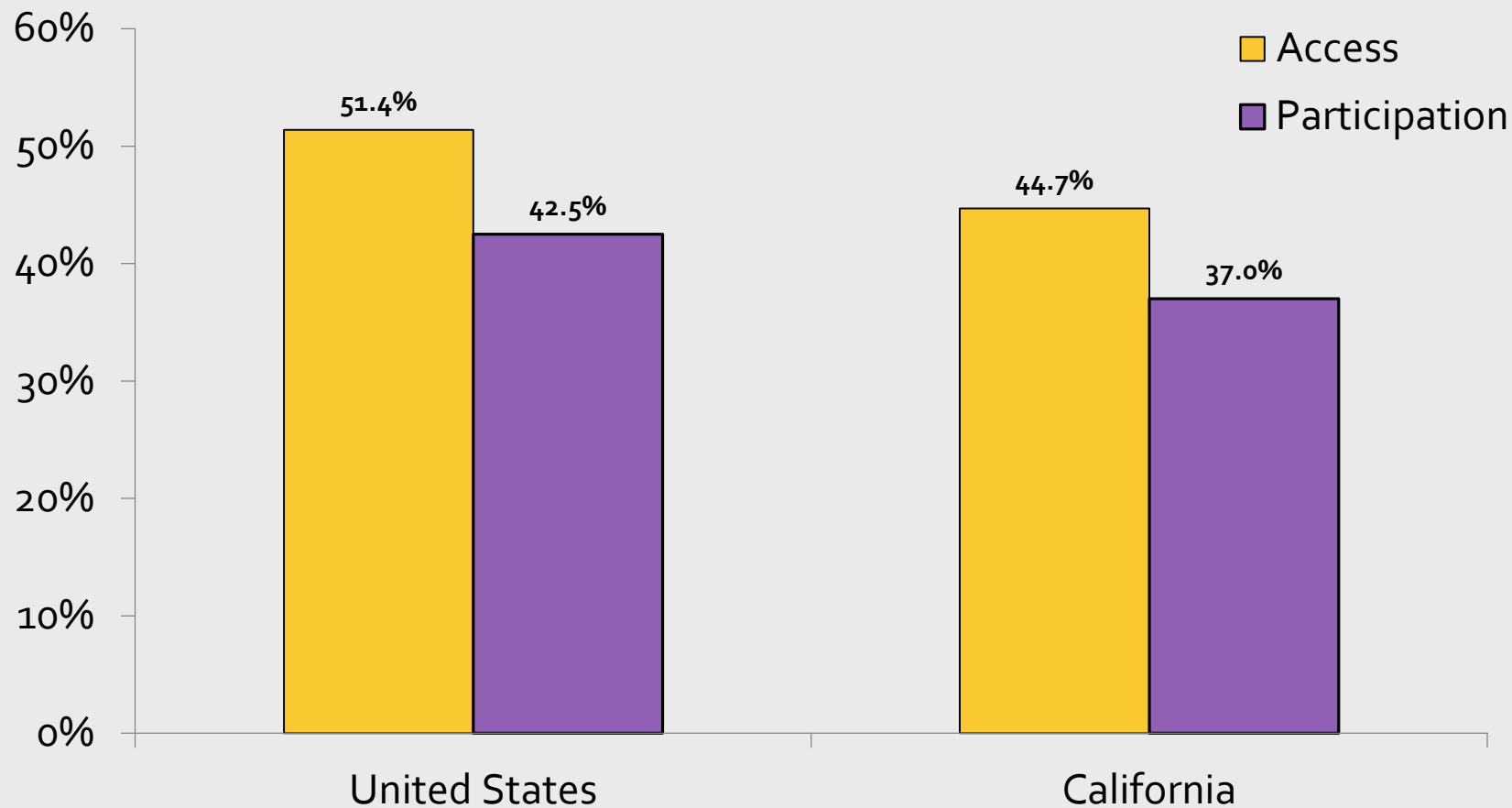


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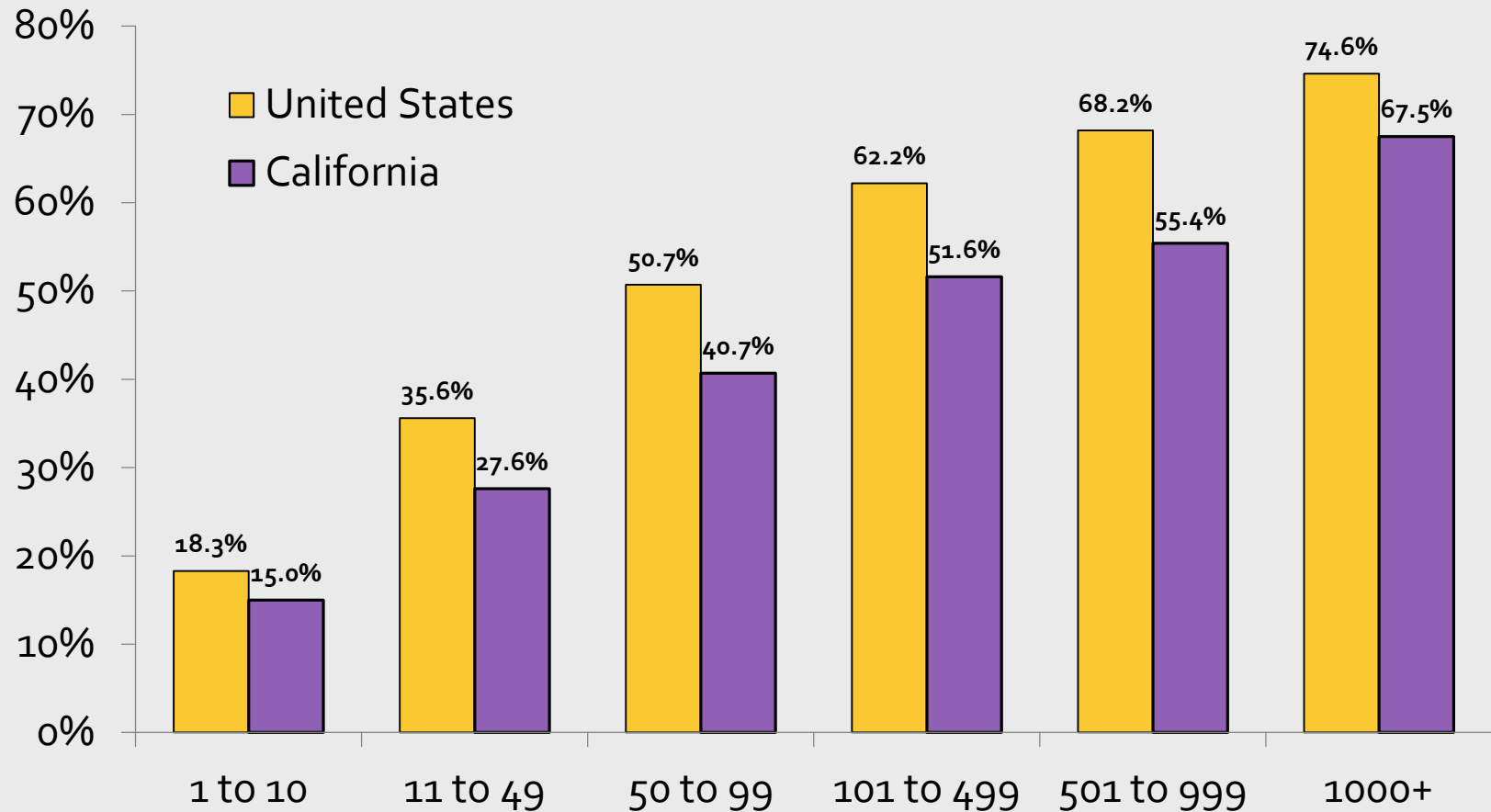
Additional  
layer of  
secure  
retirement  
income



# Private sector retirement plan coverage (2011-2013)



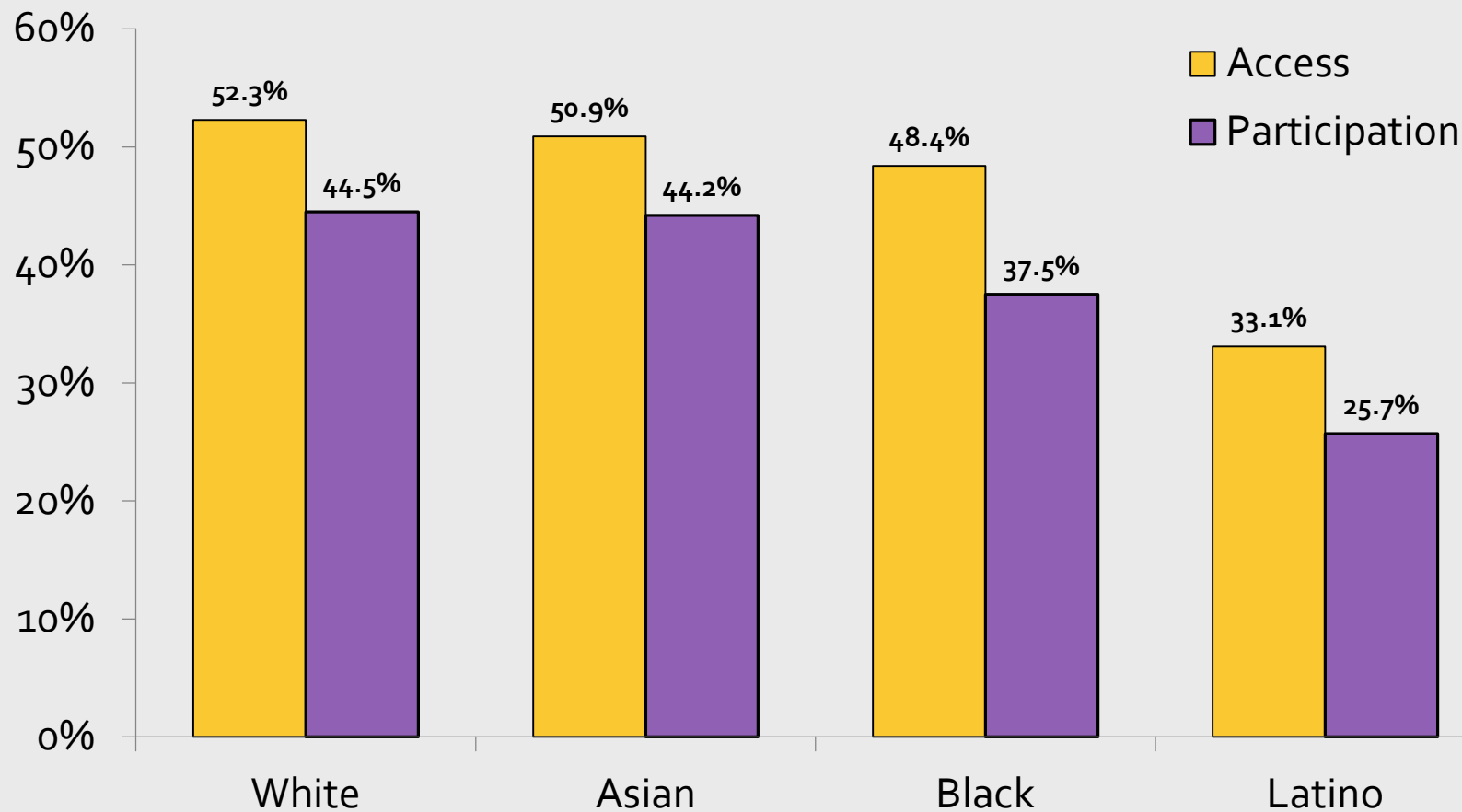
# Employer retirement plan offer rates— size matters





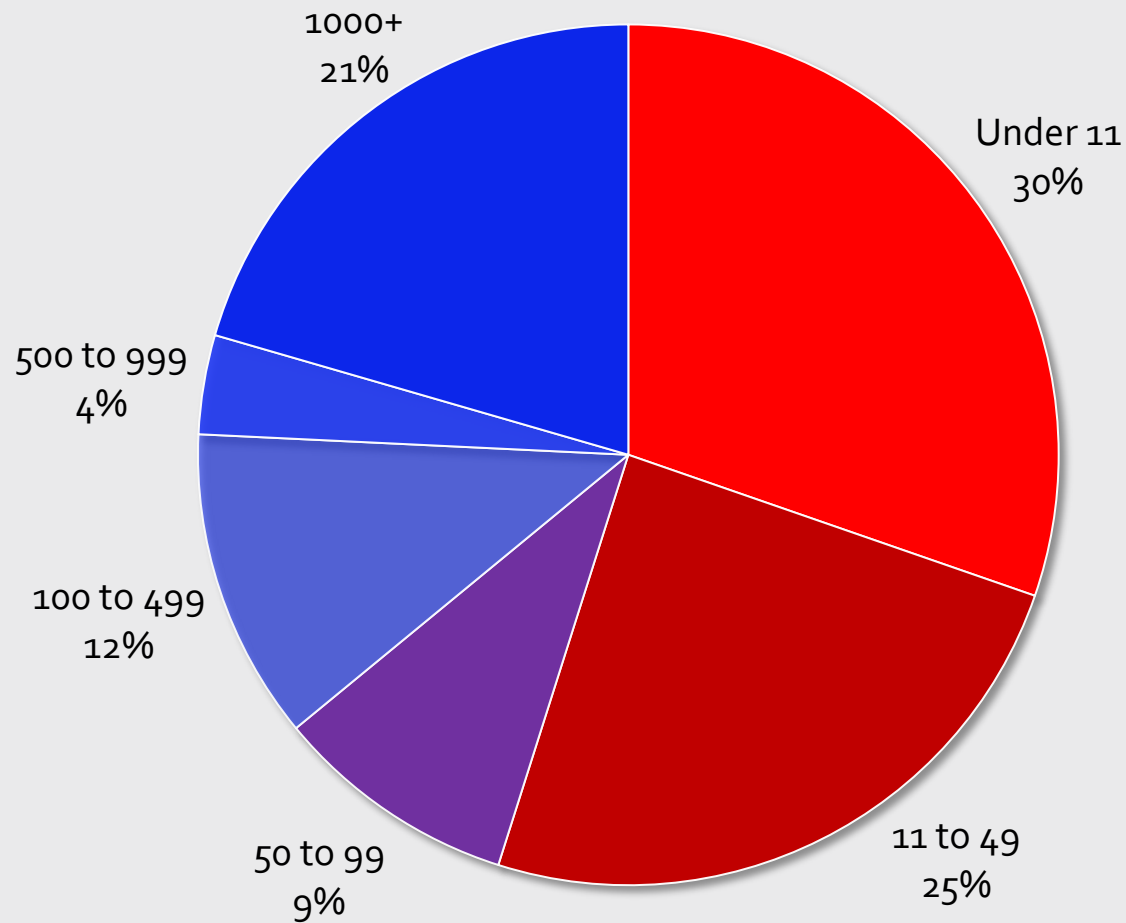
# Employer retirement plan coverage by race

(California 2011-2013)





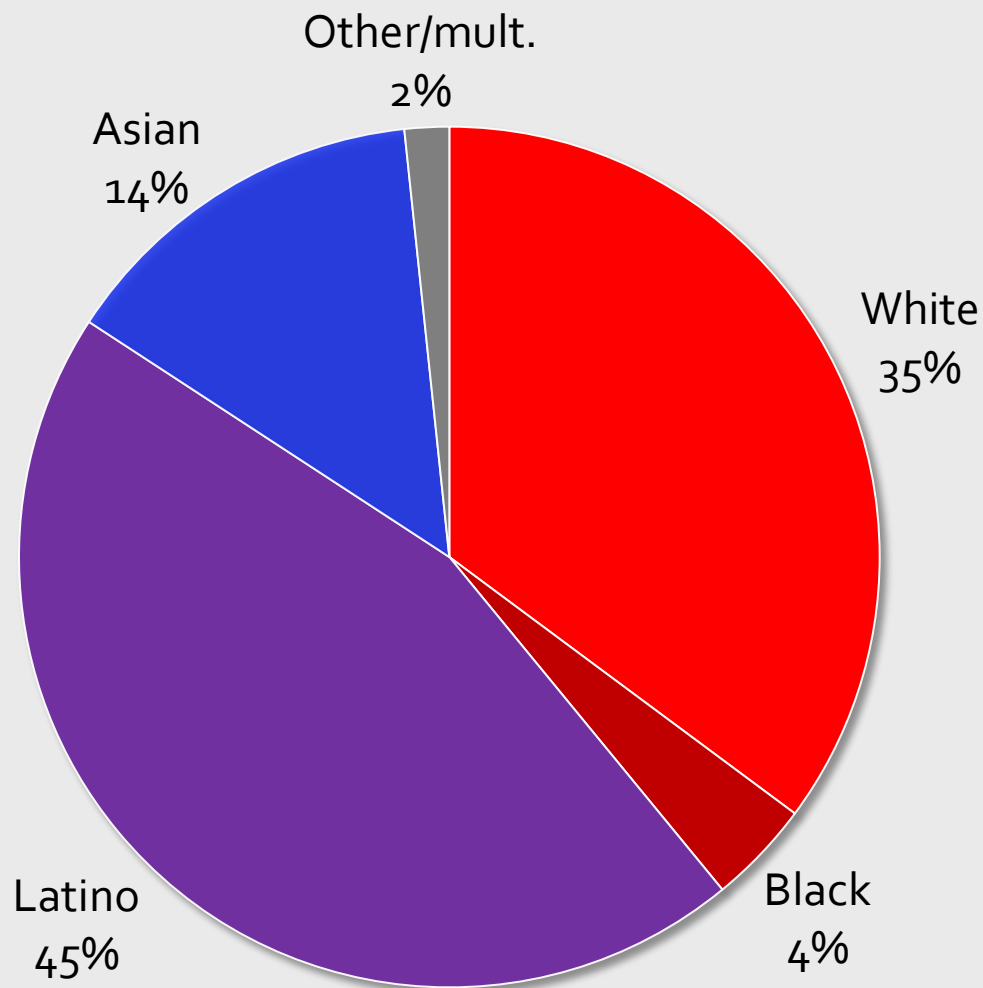
# Californians without access– by firm size (2011-2013)







# Race/ethnic make up of Californians without access





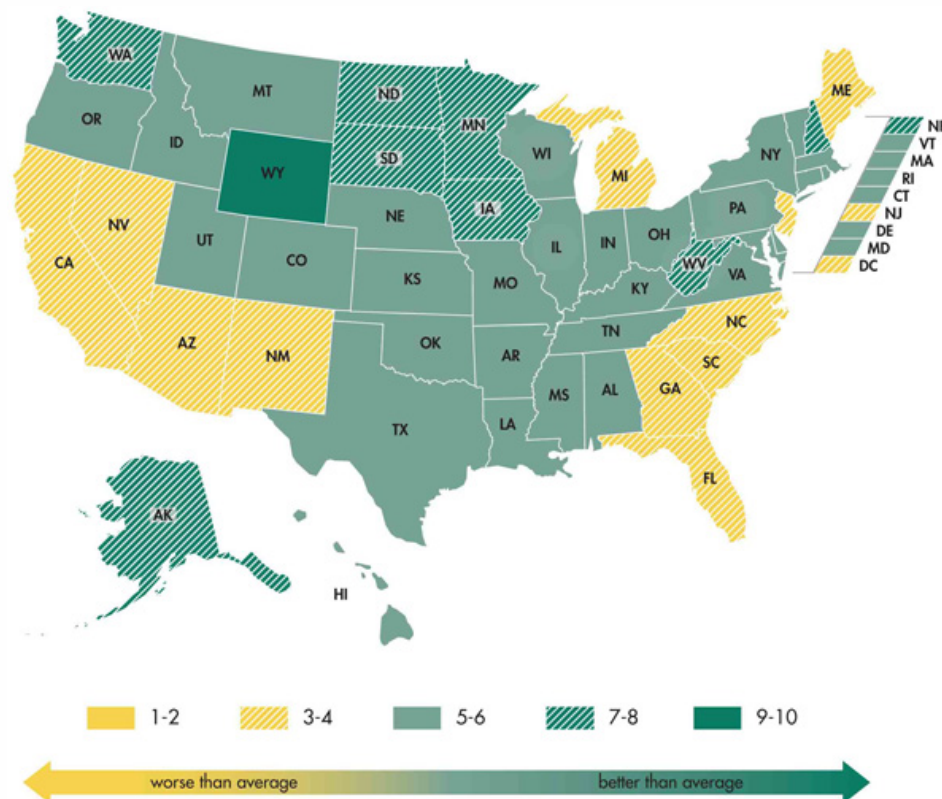
# Large workplace retirement plan coverage gap in CA

- **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

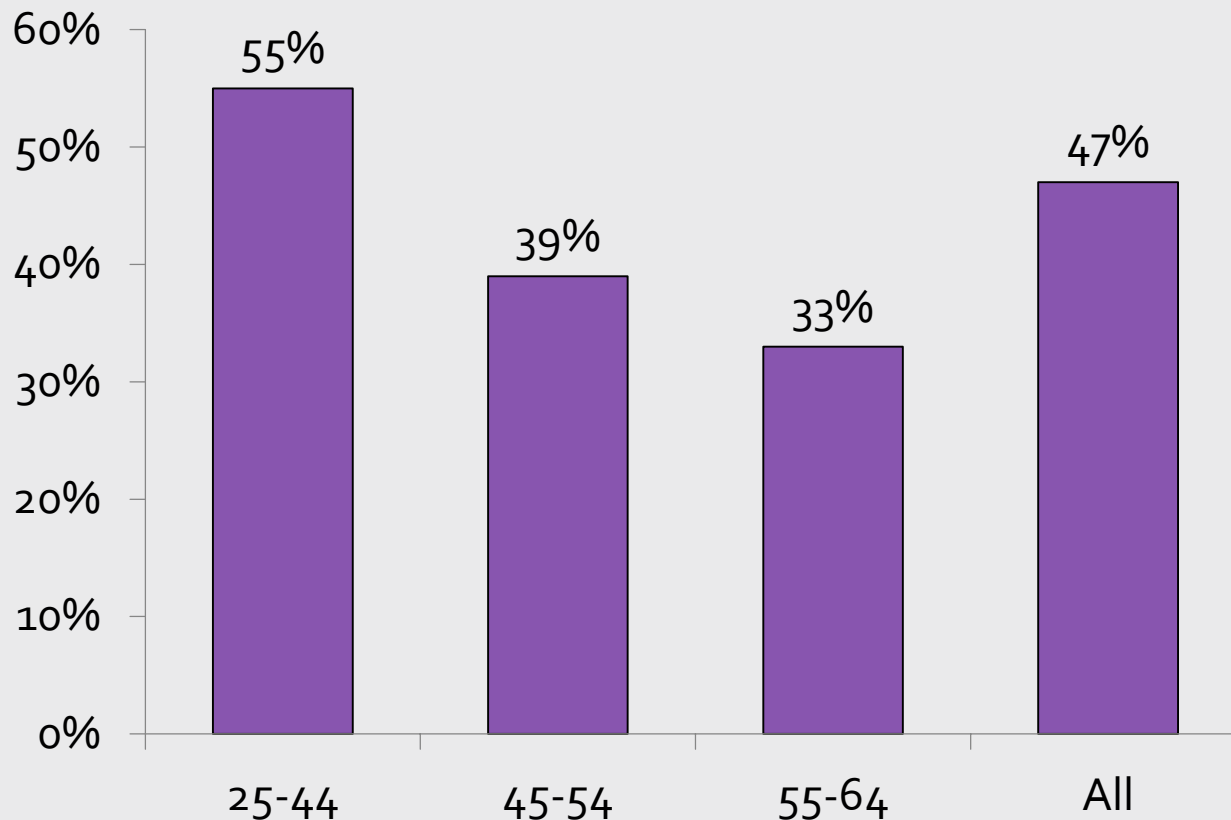
# Workers in CA worse off than in most states

- **44<sup>th</sup>** among states in private sector retirement plan participation
- **45<sup>th</sup>** 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

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