Retirement Prospects for Workers in California

California Secure Choice Investment Board
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The 3 Legged Stool

Social Security

Pensions

Personal Savings
Source of Retiree Income
Top 25% in California

- Social Security: 25%
- Retirement Funds: 41%
- Rental: 8%
- Dividends: 10%
- Other: 16%


Allegretto 2015
Most retirees depend heavily on SS

Social Security

Personal Savings
Source of Retiree Income Middle 50% in California

- Social Security: 74%
- Supplemental Security: 2%
- Retirement Funds: 15%
- Dividend: 2%
- Rental: 2%
- Other: 5%

Source: CPS ASES, 2012-14

Allegretto 2015
Source of Retiree Income Bottom 25% in California

- Social Security: 79%
- Supplemental Security: 13%
- Retirement Funds: 3%
- Dividend: 1%
- Rental & Other: 5%


Allegretto 2015
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

Allegretto 2015
Poverty rates
(California, 65 and over)

Source: U.S. Census Bureau, American Community Survey, 2011-2013
Allegretto 2015
Wage growth in California


Allegretto 2015
...the great recession

Importance of strengthening the pillar that is Social Security

+ Additional layer of secure retirement income
Private sector retirement plan coverage (2011-2013)

Source: Analysis of 2012-2014 CPS ASEC. Private sector workers 25-64.

Allegretto 2015
Employer retirement plan offer rates—size matters

- United States
- California

Source: Analysis of 2012-2014 CPS ASEC. Private sector workers 25-64. Allegretto 2015
Employer retirement plan coverage by race
(California 2011-2013)

Source: Analysis of 2012-2014 CPS ASEC. Private sector workers 25-64.
Allegretto 2015
Californians without access—by firm size (2011-2013)

- Under 11: 30%
- 11 to 49: 25%
- 50 to 99: 9%
- 100 to 499: 12%
- 500 to 999: 4%
- 1000+: 21%

Source: CPS ASEC

Allegretto 2015
Race/ethnic make up of Californians without access

- Latino: 45%
- White: 35%
- Asian: 14%
- Black: 4%
- Other/mult.: 2%

Source: CPS ASEC Allegretto 2015
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

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

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>25-44</td>
<td>55%</td>
</tr>
<tr>
<td>45-54</td>
<td>39%</td>
</tr>
<tr>
<td>55-64</td>
<td>33%</td>
</tr>
<tr>
<td>All</td>
<td>47%</td>
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</tbody>
</table>

"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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