

## Fact Sheet: Kentucky

# Workplace Retirement Plans Will Help Workers Build Economic Security

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**Access to an employer-based retirement plan is critical for building financial security later in life. Yet, about 51 percent of Kentucky's private sector employees—roughly 795,000—work for an employer that does not offer a retirement plan. Significant numbers of workers at all levels of earnings and education do not have the ability to use payroll deductions to save for retirement.**

Currently in Kentucky, workers of larger employers are more likely to have a retirement plan than workers of smaller employers. The probability of having a workplace retirement plan also differs considerably by workers' earnings level, education, and race and ethnicity. The lack of ability to participate in an employer-provided retirement plan, however, spans all levels of education and earnings, and cuts across all groups.

### Kentucky's Situation by the Numbers

About 51 percent of Kentucky workers ages 18 to 64 in the private sector work for businesses that do not offer a retirement plan.

- **Small-business employees are less likely to have a plan:** Workers in Kentucky businesses with fewer than 100 employees are much less likely to have access to a plan (72 percent) than workers in larger businesses (38 percent). In raw numbers, about 428,000 small-business employees do not have access to a retirement plan compared with about 367,000 in businesses with 100 or more workers.
- **Workers at all education levels do not have a plan:** About 75 percent of workers who did not have a high school degree did not have an employer-provided retirement plan—a much higher percentage than workers with some college (52 percent) or a bachelor's degree or higher (36 percent). But in raw numbers, workers with at least some college who did not have access to an employer plan exceeded those workers without a high school degree who did not have access to an employer plan (406,000 versus 88,000).

- **Workers at all earnings levels do not have a plan:** More than 644,000 of Kentucky employees with annual earnings of \$40,000 or less did not have access to a workplace plan. These workers represent about 81 percent of the 795,000 employees without an employer-provided retirement plan.
- **Access to a plan differs substantially by race and ethnicity:** About 76 percent of Hispanic workers and about 56 percent of African Americans lacked access to an employer-provided retirement plan. Minorities accounted for about 20 percent (155,000) of the roughly 795,000 employees without a workplace retirement plan.

### Why Access to Payroll Deduction Retirement Savings Plans Is Important

- **Makes saving easier:** About 90 percent of households participating in a workplace retirement plan today report that payroll deductions are very important and make it easier to save.<sup>1</sup> Saving at work appears to be critical: Few households eligible to contribute to an Individual Retirement Account outside of their jobs regularly do so.<sup>2</sup>
- **Helps increase retirement income:** Social Security is essential to retirement security, but its



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average retirement benefit is only \$1,300 a month. Most retirees will need additional resources. Providing workers with a convenient way to save is an important step to increase the amount of assets a person will have at retirement: A 2014 Employee Benefit Research Institute study found that about 62 percent of employees with access to a retirement plan had more than \$25,000 in total savings and investments, and 22 percent had \$100,000 or more. However, only 6 percent of those without access to such a plan had over \$25,000 saved, and only 3 percent had \$100,000 or more.<sup>3</sup>

- **Allows individuals to build their own economic security:** Retirement savings plans help workers achieve economic security through their own efforts. Greater access could also help improve economic mobility and reduce wealth disparity.

**Kentucky: Who is NOT Covered by a Workplace Retirement Plan?**  
*(percentage and number of private wage and salary workers ages 18-64 whose employer does not offer a retirement plan)*

Item	Group	%	Number
<b>ALL</b>	<b>ALL</b>	50.6%	794,528
<b>Age</b>	18-34 years	61.4%	400,049
	35-44 years	47.1%	145,994
	45-54 years	41.5%	146,162
	55-64 years	39.9%	102,322
<b>Race &amp; Ethnicity*</b>	Hispanic	76.1%	52,565
	Asian (non-Hispanic)	54.3%	15,567
	Black (non-Hispanic)	56.1%	69,889
	White (non-Hispanic)	48.2%	639,254
<b>Education</b>	Less than high school	75.2%	88,361
	High school	53.6%	30,034
	Some college	52.2%	267,123
	Bachelor's or higher	36.1%	138,650
<b>Gender</b>	Male	49.2%	420,289
	Female	52.4%	374,239
<b>Employer Size</b>	Under 10	84.4%	173,863
	10-49	70.9%	195,692
	50-99	51.6%	58,085
	100-499	40.3%	101,001
	500-999	45.7%	39,995
	1,000+	35.5%	225,893
<b>Earnings Quintile</b>	\$14,000 or less	76.8%	282,245
	\$14,001 to \$25,000	59.2%	219,357
	\$25,001 to \$40,000	44.2%	142,802
	\$40,001 to \$63,500	34.0%	93,854
	Over \$63,500	24.3%	56,271

Source: U.S. Census Bureau's Current Population Survey, March Supplements 2012-2014.

Note: The results are based on three-year averages from 2011-2013. The sample includes workers whose longest-held job was in the private sector. Earnings quintiles are based on all wages and salary earned by U.S. workers, whether or not they were covered by a retirement plan.

\* Other non-Hispanic category is not shown, so sum of race & ethnicity categories may not sum to total

- 1 Jack VanDerhei, "The Impact of Modifying the Exclusion of Employee Contributions for Retirement Savings Plans from Taxable Income: Results from the 2011 Retirement Confidence Survey," Employee Benefit Research Institute (EBRI) Notes, March 2011. Available at [http://www.ebri.org/pdf/notespdf/EBRI\\_Notes\\_03\\_Mar-11.K-Taxes\\_Acct-HP.pdf](http://www.ebri.org/pdf/notespdf/EBRI_Notes_03_Mar-11.K-Taxes_Acct-HP.pdf).
- 2 For workers earning between \$30,000 and \$50,000, about 72 percent participated in an employer-provided retirement savings plan when one was available, compared with less than 5 percent without an employer plan who contributed to an Individual Retirement Account. Unpublished estimates from EBRI of the 2004 Survey of Income and Program Participation Wave 7 Topical Module (2006 data).
- 3 2014 RCS Fact Sheet #6," EBRI. Available at <http://ebri.org/pdf/surveys/rcs/2014/RCS14.FS-6.Prep-Ret.Final.pdf>.

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