

Fact Sheet: Massachusetts

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 49 percent of Massachusetts's private sector employees—roughly 1,250,000—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 Massachusetts, 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.

Massachusetts's Situation by the Numbers

About 49 percent of Massachusetts 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 Massachusetts businesses with fewer than 100 employees are much less likely to have access to a plan (66 percent) than workers in larger businesses (37 percent). In raw numbers, about 698,000 small-business employees do not have access to a retirement plan compared with about 552,000 in businesses with 100 or more workers.
- **Workers at all education levels do not have a plan:** About 73 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 (55 percent) or a bachelor's degree or higher (40 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 (776,000 versus 122,000).

- **Workers at all earnings levels do not have a plan:** More than 886,000 of Massachusetts employees with annual earnings of \$40,000 or less did not have access to a workplace plan. These workers represent about 71 percent of the 1,250,000 employees without an employer-provided retirement plan.
- **Access to a plan differs substantially by race and ethnicity:** About 68 percent of Hispanic workers and about 49 percent of African Americans lacked access to an employer-provided retirement plan. Minorities accounted for about 30 percent (370,000) of the roughly 1,250,000 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.¹ Saving at work appears to be critical: Few households eligible to contribute to an Individual Retirement Account outside of their jobs regularly do so.²



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- **Helps increase retirement income:** Social Security is essential to retirement security, but its 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.³
- **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.

Massachusetts: 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
	ALL	ALL	
Age	18-34 years	49.2%	1,249,655
	35-44 years	61.6%	614,506
	45-54 years	41.0%	213,191
	55-64 years	41.2%	253,560
		41.3%	168,399
Race & Ethnicity*	Hispanic	67.8%	175,414
	Asian (non-Hispanic)	52.1%	99,544
	Black (non-Hispanic)	49.0%	74,323
	White (non-Hispanic)	46.2%	879,659
Education	Less than high school	72.5%	121,632
	High school	59.0%	351,866
	Some college	54.9%	370,472
	Bachelor's or higher	40.3%	405,686
Gender	Male	46.9%	611,654
	Female	51.6%	638,001
Employer Size	Under 10	78.8%	284,570
	10-49	65.2%	277,888
	50-99	49.2%	135,134
	100-499	46.4%	169,419
	500-999	44.6%	63,987
	1,000+	32.8%	318,657
Earnings Quintile	\$14,000 or less	77.9%	378,434
	\$14,001 to \$25,000	67.9%	268,743
	\$25,001 to \$40,000	51.4%	239,154
	\$40,001 to \$63,500	39.3%	193,148
	Over \$63,500	24.2%	170,176

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.
- 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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