

## Fact Sheet: Pennsylvania

# 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 44 percent of Pennsylvania's private sector employees—roughly 2,182,000—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 Pennsylvania, 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.

### Pennsylvania's Situation by the Numbers

About 44 percent of Pennsylvania 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 Pennsylvania businesses with fewer than 100 employees are much less likely to have access to a plan (63 percent) than workers in larger businesses (32 percent). In raw numbers, about 1,175,000 small-business employees do not have access to a retirement plan compared with about 1,006,000 in businesses with 100 or more workers.
- **Workers at all education levels do not have a plan:** About 66 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 (46 percent) or a bachelor's degree or higher (33 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 (1,135,000 versus 213,000).

- **Workers at all earnings levels do not have a plan:** More than 1,263,000 of Pennsylvania employees with annual earnings of \$40,000 or less did not have access to a workplace plan. These workers represent about 74 percent of the 2,182,000 employees without an employer-provided retirement plan.
- **Access to a plan differs substantially by race and ethnicity:** About 56 percent of Hispanic workers and about 52 percent of African Americans lacked access to an employer-provided retirement plan. Minorities accounted for about 21 percent (467,000) of the roughly 2,182,000 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>

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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.<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.

**Pennsylvania: 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>	
		43.8%	2,181,586
<b>Age</b>	18-34 years	53.1%	1,020,179
	35-44 years	40.7%	411,029
	45-54 years	36.4%	416,173
	55-64 years	36.9%	334,204
<b>Race &amp; Ethnicity*</b>	Hispanic	55.6%	151,298
	Asian (non-Hispanic)	52.4%	53,699
	Black (non-Hispanic)	51.8%	231,153
	White (non-Hispanic)	41.8%	1,714,719
<b>Education</b>	Less than high school	65.9%	212,671
	High school	48.6%	834,307
	Some college	46.4%	638,916
	Bachelor's or higher	32.8%	495,692
<b>Gender</b>	Male	42.1%	1,102,529
	Female	45.8%	1,079,057
<b>Employer Size</b>	Under 10	76.7%	444,129
	10-49	61.2%	497,456
	50-99	50.0%	233,599
	100-499	37.5%	273,682
	500-999	33.1%	107,652
	1,000+	30.3%	625,067
<b>Earnings Quintile</b>	\$14,000 or less	73.0%	569,724
	\$14,001 to \$25,000	54.6%	388,366
	\$25,001 to \$40,000	43.4%	305,175
	\$40,001 to \$63,500	31.9%	257,443
	Over \$63,500	24.7%	188,727

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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