

## Fact Sheet: South Dakota

# 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 South Dakota's private sector employees—roughly 137,000—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 South Dakota, 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.

### South Dakota's Situation by the Numbers

About 44 percent of South Dakota 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 South Dakota businesses with fewer than 100 employees are much less likely to have access to a plan (63 percent) than workers in larger businesses (27 percent). In raw numbers, about 90,000 small-business employees do not have access to a retirement plan compared with about 47,000 in businesses with 100 or more workers.
- **Workers at all education levels do not have a plan:** About 72 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 (42 percent) or a bachelor's degree or higher (32 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 (73,000 versus 17,000).

- **Workers at all earnings levels do not have a plan:** More than 111,000 of South Dakota employees with annual earnings of \$40,000 or less did not have access to a workplace plan. These workers represent about 82 percent of the 137,000 employees without an employer-provided retirement plan.
- **Access to a plan differs substantially by race and ethnicity:** About 65 percent of Hispanic workers and about 54 percent of African Americans lacked access to an employer-provided retirement plan. Minorities accounted for about 16 percent (22,000) of the roughly 137,000 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.

**South Dakota: 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>	43.6%	136,533
<b>Age</b>	18-34 years	52.7%	75,605
	35-44 years	40.4%	23,052
	45-54 years	34.1%	21,022
	55-64 years	33.2%	16,853
<b>Race &amp; Ethnicity*</b>	Hispanic	65.1%	7,454
	Asian (non-Hispanic)	61.3%	1,629
	Black (non-Hispanic)	53.5%	2,595
	White (non-Hispanic)	41.2%	114,663
<b>Education</b>	Less than high school	72.1%	16,761
	High school	49.9%	46,408
	Some college	41.9%	51,962
	Bachelor's or higher	32.2%	21,403
<b>Gender</b>	Male	45.0%	74,410
	Female	42.1%	62,122
<b>Employer Size</b>	Under 10	78.8%	42,744
	10-49	59.5%	35,173
	50-99	41.2%	11,928
	100-499	35.9%	18,251
	500-999	22.5%	3,548
	1,000+	23.9%	24,890
<b>Earnings Quintile</b>	\$14,000 or less	72.8%	45,581
	\$14,001 to \$25,000	51.7%	35,430
	\$25,001 to \$40,000	38.8%	30,959
	\$40,001 to \$63,500	24.6%	16,200
	Over \$63,500	23.2%	8,363

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>.

State Fact Sheet: SD, #332, August 2015

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