

## Fact Sheet: West Virginia

# Workplace Retirement Plans Will Help Workers Build Economic Security

David John and Gary Koenig  
AARP Public Policy Institute

***Access to an employer-based retirement plan is critical for building financial security later in life. Yet, about 48 percent of West Virginia's private sector employees—roughly 270,000—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 West Virginia, 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.

### West Virginia's Situation by the Numbers

About 48 percent of West Virginia 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 West Virginia businesses with fewer than 100 employees are much less likely to have access to a plan (67 percent) than workers in larger businesses (35 percent). In raw numbers, about 155,000 small-business employees do not have access to a retirement plan compared with about 115,000 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 (45 percent) or a bachelor's degree or higher (35 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 (108,000 versus 32,000).

- **Workers at all earnings levels do not have a plan:** More than 207,000 of West Virginia employees with annual earnings of \$40,000 or less did not have access to a workplace plan. These workers represent about 77 percent of the 270,000 employees without an employer-provided retirement plan.
- **Access to a plan differs substantially by race and ethnicity:** About 53 percent of Hispanic workers and about 50 percent of African Americans lacked access to an employer-provided retirement plan. Minorities accounted for about 8 percent (21,000) of the roughly 270,000 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>

**AARP**<sup>®</sup>

Real Possibilities

**Public Policy  
Institute**

- **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.

**West Virginia: 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>	
		48.0%	270,001
<b>Age</b>	18-34 years	53.2%	116,266
	35-44 years	45.8%	53,740
	45-54 years	47.3%	60,549
	55-64 years	40.1%	39,447
<b>Race &amp; Ethnicity*</b>	Hispanic	52.6%	5,556
	Asian (non-Hispanic)	52.3%	3,896
	Black (non-Hispanic)	49.9%	8,118
	White (non-Hispanic)	47.7%	249,261
<b>Education</b>	Less than high school	72.1%	32,470
	High school	53.5%	129,360
	Some college	44.9%	69,137
	Bachelor's or higher	34.5%	39,035
<b>Gender</b>	Male	46.2%	141,729
	Female	50.3%	128,272
<b>Employer Size</b>	Under 10	81.8%	74,453
	10-49	63.6%	60,170
	50-99	43.6%	20,625
	100-499	45.5%	36,630
	500-999	28.9%	9,836
	1,000+	31.8%	68,286
<b>Earnings Quintile</b>	\$14,000 or less	74.5%	87,933
	\$14,001 to \$25,000	56.5%	72,815
	\$25,001 to \$40,000	43.0%	46,972
	\$40,001 to \$63,500	32.1%	34,161
	Over \$63,500	28.2%	28,120

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: WV, #332, August 2015

© AARP PUBLIC POLICY INSTITUTE  
 601 E Street, NW  
 Washington DC 20049

Follow us on Twitter @AARPolicy  
 on facebook.com/AARPolicy  
[www.aarp.org/ppi](http://www.aarp.org/ppi)

For more reports from the Public Policy Institute, visit <http://www.aarp.org/ppi/>.



**Public Policy Institute**