# For Immediate Release

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## EBRI Projects Extending OregonSaves, Expanding 401(k) Safe Harbors, Would Reduce Retirement Savings Deficits

***Auto Portability Further Bridges the Gap Between Retirement Savings and Expenses***

**Washington, D.C. – October 31, 2019 –** The Employee Benefit Research Institute (EBRI) Retirement Security Projection Model® (RSPM) estimates that the aggregate national retirement deficit or Retirement Savings Shortfalls (RSS) are $3.83 trillion for U.S. households headed by those between the ages of 35 and 64. A new Employee Benefit Research Institute (EBRI) study examines several scenarios that might reduce that deficit.

***Extending OregonSaves***

The issue brief, "What if OregonSaves Went National: A Look at the Impact on Retirement Income Adequacy" projects that if an auto-IRA program with the same design parameters as OregonSaves was established on a federal basis, retirement savings deficits would be reduced by 12 percent, or $456 billion dollars, including a 16.3 percent reduction in retirement deficits for those aged 35-39. In contrast, the drop in retirement savings deficits would be smaller for those closer to age 65, with the reduction being only 3.1 percent for those currently ages 60–64.

***Expanding Existing 401(k) Safe Harbors***

The study also finds a 401(k) safe harbor plan expansion would reduce the retirement deficits for those aged 35-39 by an additional 8.8 percentage points, for an overall reduction of 25.2 percent. The additional reduction for those ages 40–44 would be slightly higher, at 9.2 percentage points, but by ages 60–64 the additional reduction would only be 2.5 percentage points. Overall, this scenario would reduce the simulated retirement deficits by $645 billion, or 17 percent of the $3.83 trillion under the baseline assumptions.

***Full Auto Portability***

Adding a full auto portability scenario to both of the access expansion scenarios further reduces retirement deficits. Under the "national" OregonSaves plan with a full auto portability scenario, simulated retirement deficits would be reduced by $759 billion, or 20 percent of the $3.83 trillion under the baseline assumptions. Likewise, under the 401(k) safe harbor plan expansion with a full auto portability scenario, simulated retirement deficits would be reduced by $1,031 billion, or 27 percent of the $3.83 trillion under the baseline assumptions.

“One of the major contributors to retirement deficits is generated by workers who spend a large portion of their careers working for employers who do not sponsor retirement plans,” said Jack VanDerhei, EBRI’s Director of Research and author of the study. “A program that would allow all Americans to access a retirement plan that could be funded through payroll deductions could be an important tool for off-setting, or even eliminating, retirement deficits.”

OregonSaves began in July 2017 with a small pilot group of employers, and is scheduled to finish rolling out in 2020. The employee’s contributions are made post-tax and the contribution rate is defaulted to five percent.  The rate automatically increases by one percent each year until it reaches ten percent (unless the employee opts out of automatic increases). Employees can opt out of the program or choose a savings rate of as little as one percent and as much as 100 percent of gross pay, up to annual Roth IRA contribution limits.

**EBRI Retirement Security Projection Model® Methodology**

EBRI’s RSPM® simulates retirement income adequacy for all U.S. households between the ages of 35 and 64. The model’s accumulation module reflects the real-world behavior of 27 million 401(k) participants as well as 20 million individuals with IRAs.

One of the basic objectives of RSPM® is to simulate the percentage of the population at risk of NOT having retirement income to adequately cover average expenses and uninsured health care costs (including long-term-care costs) at ages 65 or older throughout retirement in specific income and age groupings. RSPM® also provides information on the distribution of the likely number of years before those at risk run short of money as well as the percentage of preretirement compensation they will need in terms of additional savings in order to have a 50, 70, or 90 percent probability of retirement income adequacy.

The study “What if OregonSaves Went National: A Look at the Impact on Retirement Income Adequacy” is available at www.ebri.org.

**About EBRI**