



# EBRI News

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## EBRI Policy Forum:

### **Experts Examine Factors Threatening Retirement Security**

WASHINGTON—A variety of factors, including rising health care costs, increasingly suggest that individuals who are trying to plan for a secure retirement face a gathering storm, speakers told about 100 participants at the nonpartisan Employee Benefit Research Institute's spring policy forum.

EBRI researchers and nearly a dozen other experts examined the different forces at work that threaten Americans' economic security in retirement as they discussed three topics: Social Security overhaul, 401(k) enrollment and accumulations, and health savings accounts.

An article summarizing the forum was published today in the August *EBRI Notes*, entitled "Retirement Income Security: A Look at Social Security, Employment-Based Retirement, and Health Savings Accounts." The article, available on the Web at [www.ebri.org](http://www.ebri.org), reported that speakers at the forum:

- Agreed that health care expenses should be considered a key component of any retirement savings plan. These now often neglected expenses are likely to be higher than most individuals anticipate and could add 20 percent or more to the amount of preretirement income workers need to replace in retirement. Health savings accounts can get workers started, but are not the complete answer, according to a study presented at the forum.
- Supported the idea of automatically enrolling all workers who are eligible to participate in 401(k) plans. Automatic enrollment could have a dramatic impact on the amount available for retirement income, especially for low-income workers, according to another study presented at the forum. Forum participants also heard results of a model projecting the amount of wealth that could be accumulated through a lifetime of participating in employment-based 401(k) plans.
- Expressed widely divergent views on President Bush's proposal to restructure Social Security to set up individual accounts within the current program. Some speakers argued for maintaining Social Security as a defined-benefit system, while others said individual accounts are the key to offering workers the opportunity to accumulate more retirement wealth than Social Security will provide. EBRI research presented at the forum explored the effects of several possible changes in Social Security.

EBRI President Dallas Salisbury said the forum was designed to pull together research that touched on the "total integration of all aspects of financial security." Picking up on Salisbury's theme, Mark Iwry, of the Brookings Institution, focused on the linkage between "all of the different moving parts" of financial security. "Health care and pensions have completely converged now in many key respects, [and] long-term care is part of that picture," Iwry said.

Established in 1978, EBRI is an independent nonprofit organization committed exclusively to data dissemination, policy research, and education on economic security and employee benefits. EBRI does not take policy positions and does not lobby.

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