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## Raising the (Savings) Rate

A growing number of workers find themselves automatically enrolled in their workplace retirement account—but could the starting savings rate be set higher without discouraging participation?

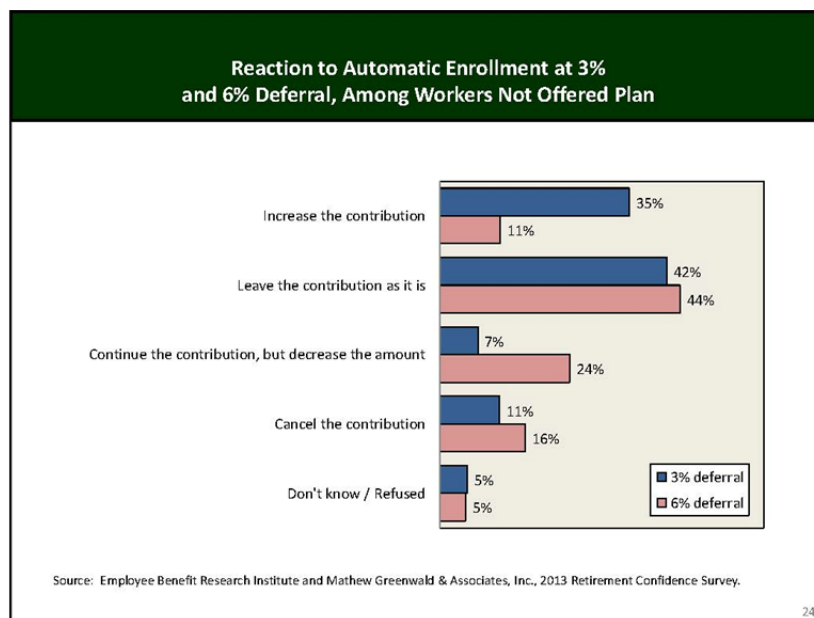
Many work place retirement savings plans that automatically enroll workers do so at a starting contribution rate of 3 percent of pay—the starting point set for the auto-enrollment safe harbor in the Pension Protection Act of 2006.

EBRI's 2013 Retirement Confidence Survey found that, at that 3 percent default deferral rate, more than 2 in 5 (42 percent) of those not already saving for retirement would continue the contribution as-is, and 35 percent would increase it, although 7 percent would continue contributing but decrease the amount. Just 11 percent indicate they would cancel the contribution altogether.

However, as for setting a higher starting contribution rate, if those not currently offered a plan were auto-enrolled in a retirement savings plan at a deferral rate of 6 percent of pay:

- 44 percent say they would continue contributing at that rate.
- 11 percent would increase it.
- 24 percent would continue contributing but decrease the amount.
- 16 percent would cancel the contribution altogether.

More information on the impact of auto-enrollment designs, and the potential outcomes associated with increasing the default contribution rate can be found in “Increasing Default Deferral Rates in Automatic Enrollment 401(k) Plans: The Impact on Retirement Savings Success Plans With Automatic Escalation,” available [online here](#). Additional findings from the 2013 Retirement Confidence Survey are available [online here](#).



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