At a Glance | August 8, 2019

Projecting the Impact of Policy and Design Proposals on Retirement Income Adequacy

We used the EBRI Retirement Security Projection Model® to simulate a few proposed changes.

MAKING PROJECTIONS

Our projections reveal reduced deficits for all age cohorts. Deficits would be significantly lowered by the addition of auto portability.

SCENARIO 1

COVERAGE ENHANCEMENTS

All employers (except those with fewer than 10 employees) are required to offer defined contribution (DC) plans. New plans are auto-IRAs with a 6 percent default contribution rate that auto-escalates by 1 percent annually until it reaches 15 percent of pay. It assumes 30 percent opt-out for new eligibles and includes all non-excludable employees.

SCENARIO 2

COVERAGE ENHANCEMENTS + AUTO PORTABILITY

Upon termination, participants in Scenario 1 would have the account from their former employer automatically combined with their account in the new employer’s plan.

INCREASED ACCESS

Expanding access to open multiple employer plans (MEPs) results in a significant reduction in retirement deficits for employees ages 35–39 who otherwise would spend a large portion of their work career without eligibility. Workers are divided into quartiles according to their eligibility level.


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