



94TH PUBLIC POLICY FORUM
DECEMBER 5, 2024

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Agenda

9:00 a.m. — **Welcome**

9:10 a.m. — **Recognition of EBRI Lifetime Achievement Award Winners**

9:30 a.m. — **EBRI Research Presentation: How Social Security and the Private Retirement System Work Together to Provide Retirement Income**

9:40 a.m. — **The Importance of Social Security and the Private Retirement System for Retirees**

10:15 a.m. — **EBRI Research Presentation: Spending in Retirement Survey Highlights**

10:25 a.m. — **Networking Break**

10:45 a.m. — **The WISH Act**

11:00 a.m. — **Innovative State and Employer Approaches to Long-Term Care Financing**

11:40 a.m. — **EBRI Research Presentation: Resilience of Employment-Based Health Benefits**

11:50 a.m. — **Policy Issues in Health Benefits — The Election, Tax Reform, Drug Pricing, Transparency, Site Neutrality, and ERISA Threats**

12:30 p.m. — **Live Stream Ends**

1:00 p.m. — **Closing Remarks & Boxed Lunch**

EBRI Lifetime Achievement Award Winners



Hon. Phyllis C. Borzi, Former Assistant Secretary, U.S. Department of Labor



Mark Iwry, Nonresident Senior Fellow — Economic Studies, Urban-Brookings Tax Policy Center

EBRI Research Presentation: How Social Security and the Private Retirement System Work Together to Provide Retirement Income



Craig Copeland,
Director of Wealth
Benefits Research,
Employee Benefit
Research Institute



Replacement Rates — The Tradeoff Between Social Security and Defined Contribution Plans

**Findings from the Retirement Security Projection Model
(RSPM®)**

EBRI Policy Forum
December 5, 2024

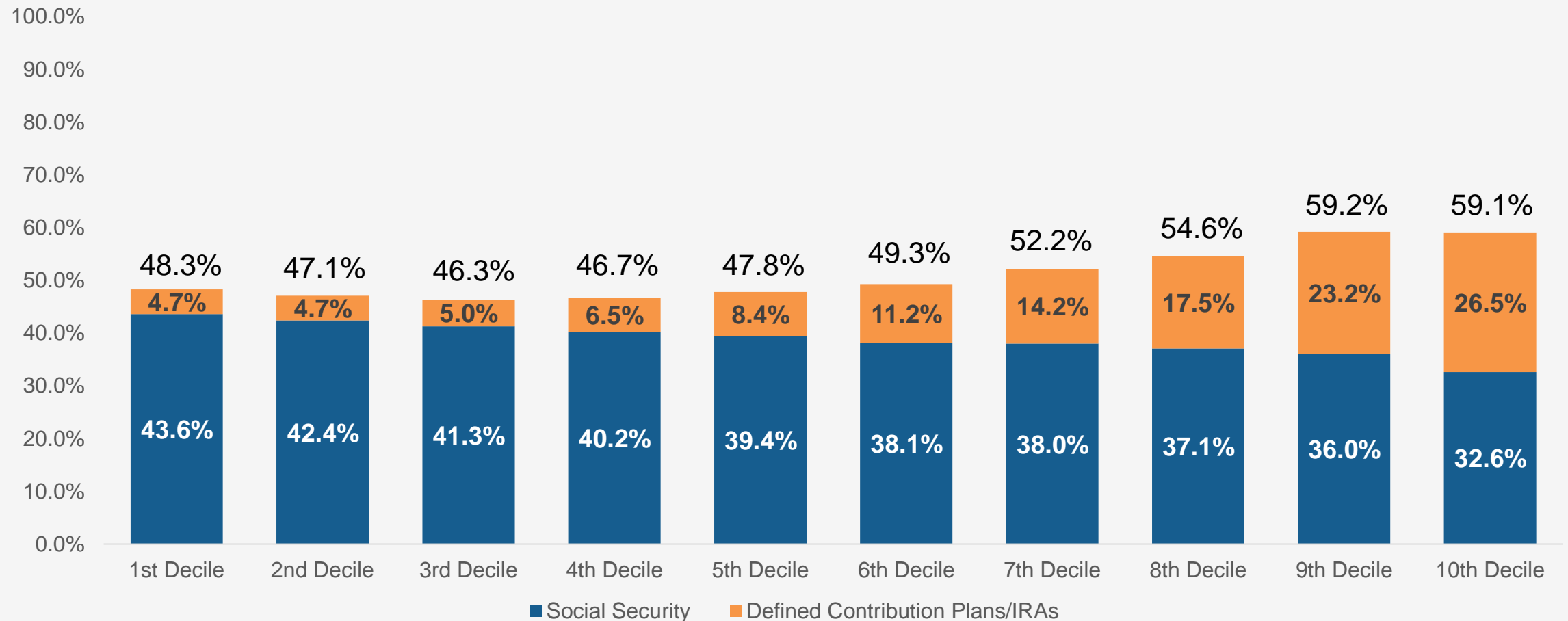
Overview—Replacement Rates from Social Security and Defined Contribution Plans/IRAs

- RSPM is used to generate asset accumulations in defined contribution plans and individual retirement accounts of workers during their working careers along with tracking their earnings history for the calculation of their Social Security benefits.
- The annuitized value of the DC/IRA accumulations and Social Security benefits are compared with the average lifetime earnings of the workers to determine the amount of the average lifetime earnings that these retirement income sources replace.
- The replacement rates are calculated for workers of different ages and incomes to see how Social Security and DC plans/IRAs work together to provide retirement income. *Defined benefit plans are not included in this analysis.*

Overview—Replacement Rates from Social Security and Defined Contribution Plans/IRAs

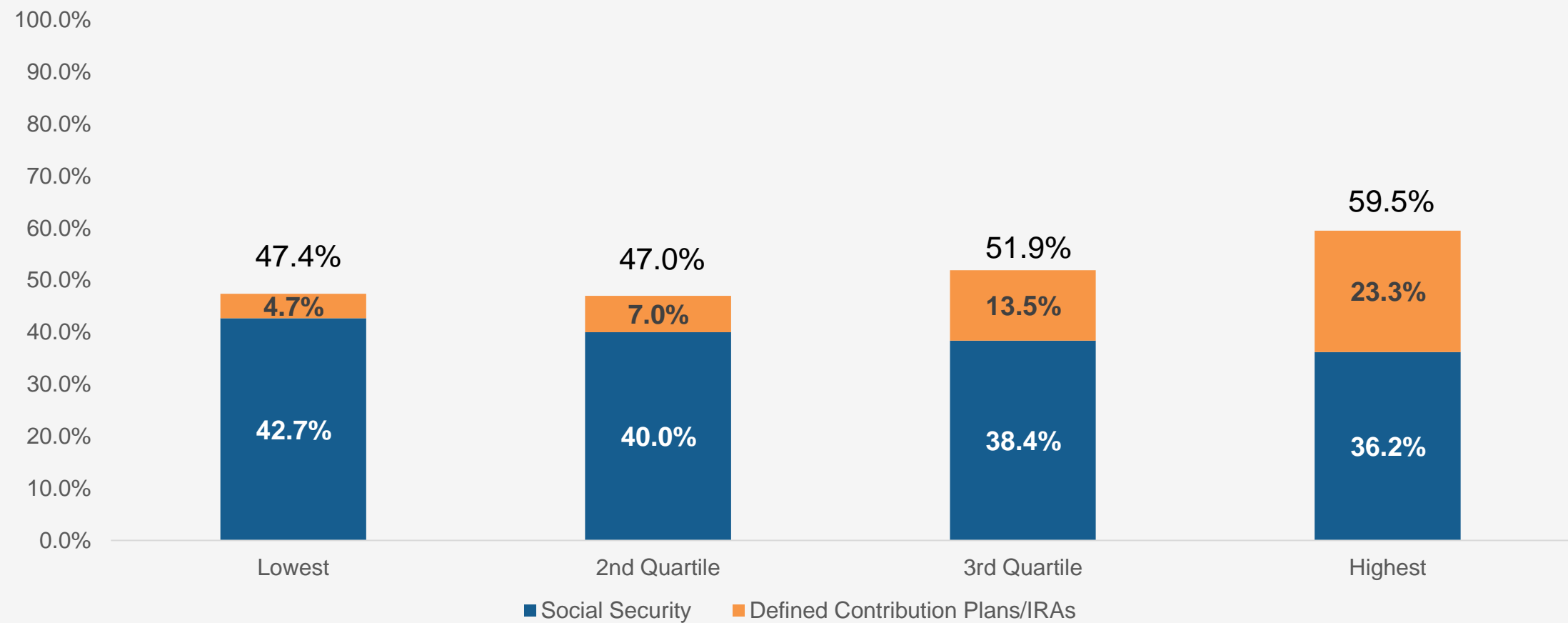
- Start with the cohort of individuals ages 60-64 who retire at age 65
 - Replacement rates by income decile and quartile
- Examine the cohort of individuals ages 35-59
 - Retiring at age 65 by income quartile with certain provisions of the SECURE legislation included as well as state-run Auto-IRAs
 - How replacement rates vary by future years of DC contributions
 - Replacement rates when retiring at age 67
 - What happens if Social Security benefits are reduced by 25 percent across the board to be near the level that can currently be funded.

Average Replacement Rates From Social Security and Defined Contribution Plans/IRAs for Those Ages 60-64 Retiring at Age 65, by Lifetime Income Decile



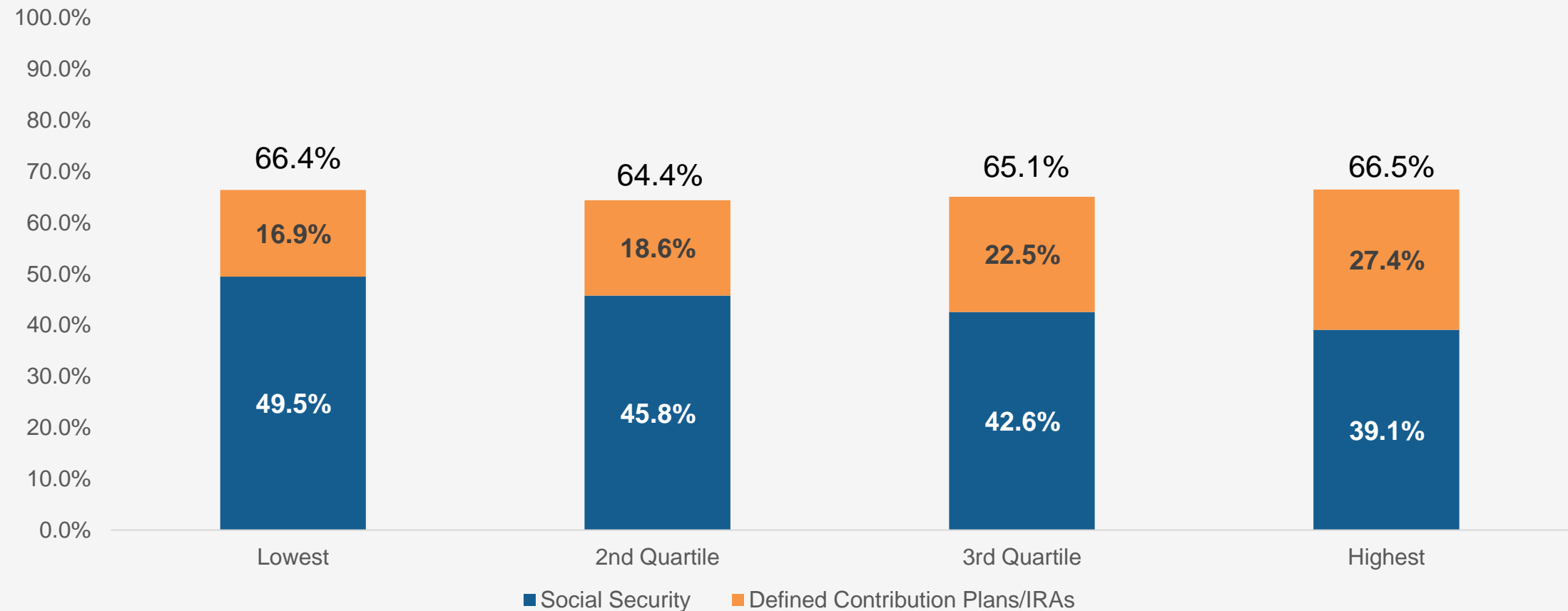
Source: RSPM

Average Replacement Rates From Social Security and Defined Contribution Plans/IRAs for Those Ages 60-64 Retiring at Age 65, by Lifetime Income Quartile



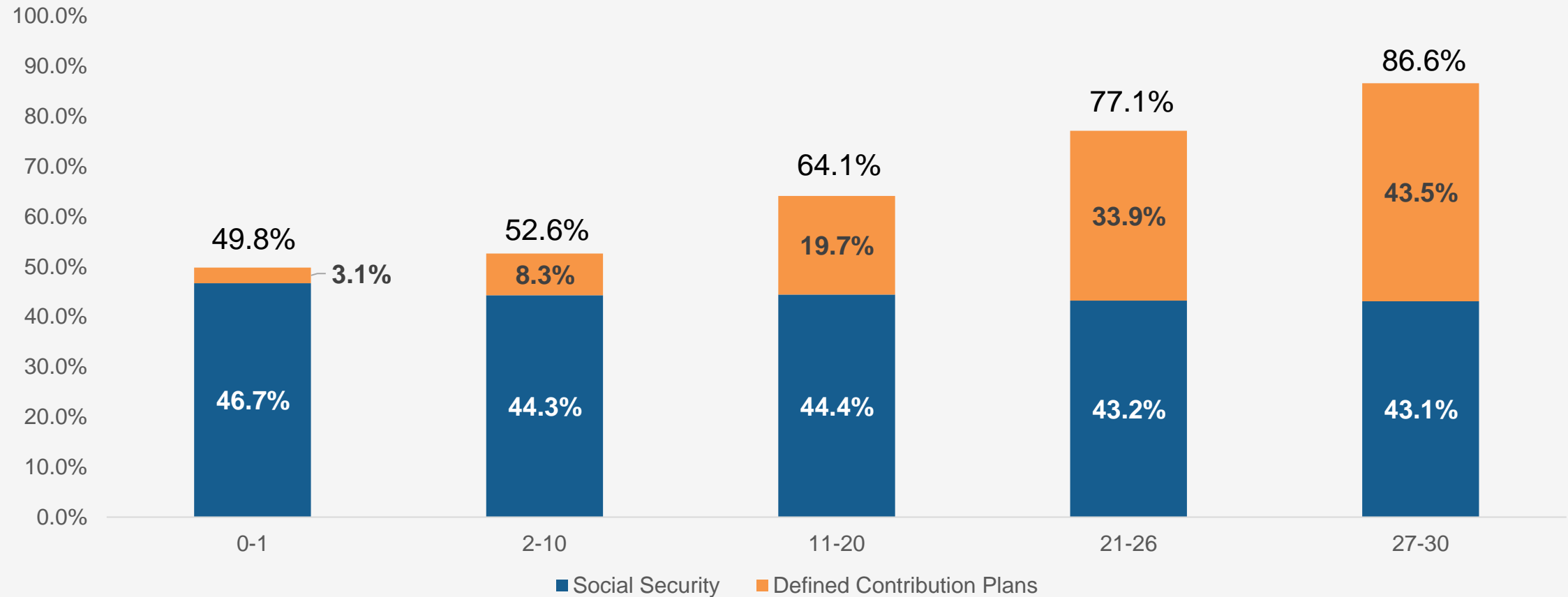
Source: RSPM

Average Replacement Rates From Social Security and Defined Contribution Plans/IRAs for Those Ages 35-39 Retiring at Age 65, by Lifetime Income Quartile



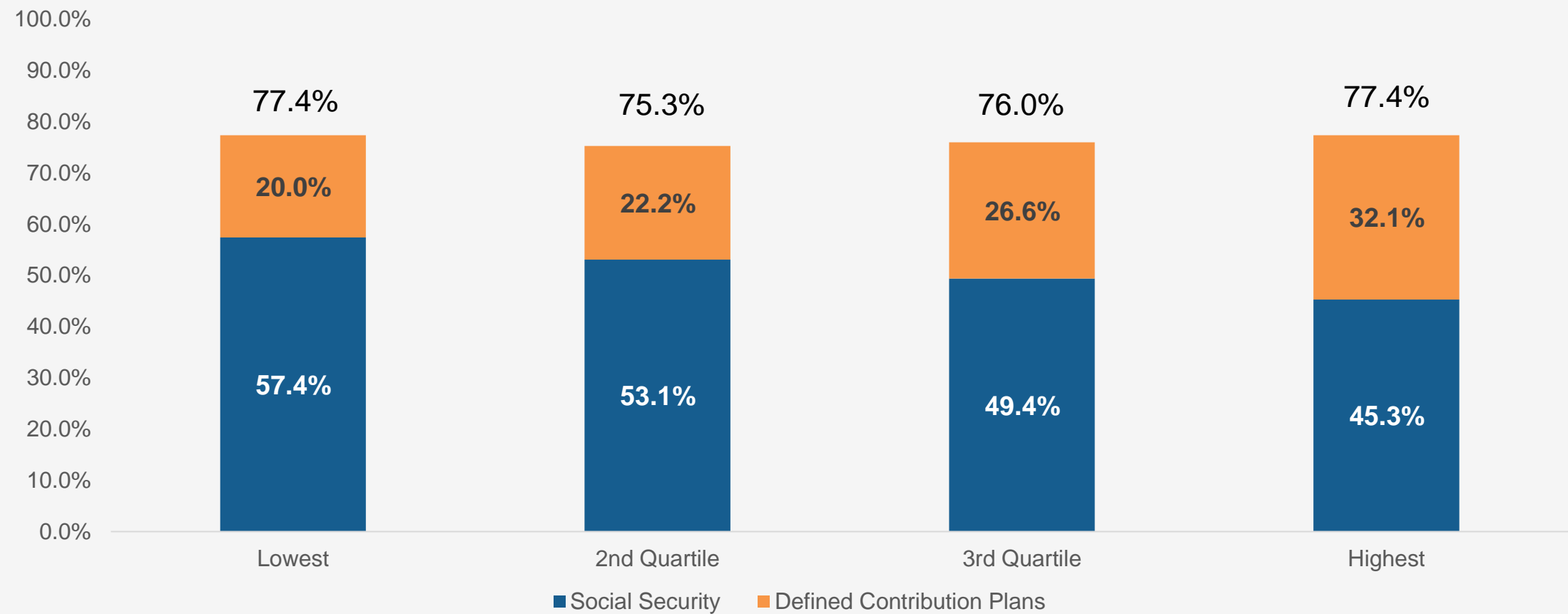
Source: RSPM

Average Replacement Rates From Social Security and Defined Contribution Plans/IRAs for Those Ages 35-39 Retiring at Age 65, by Years of Future DC Plan Contributions



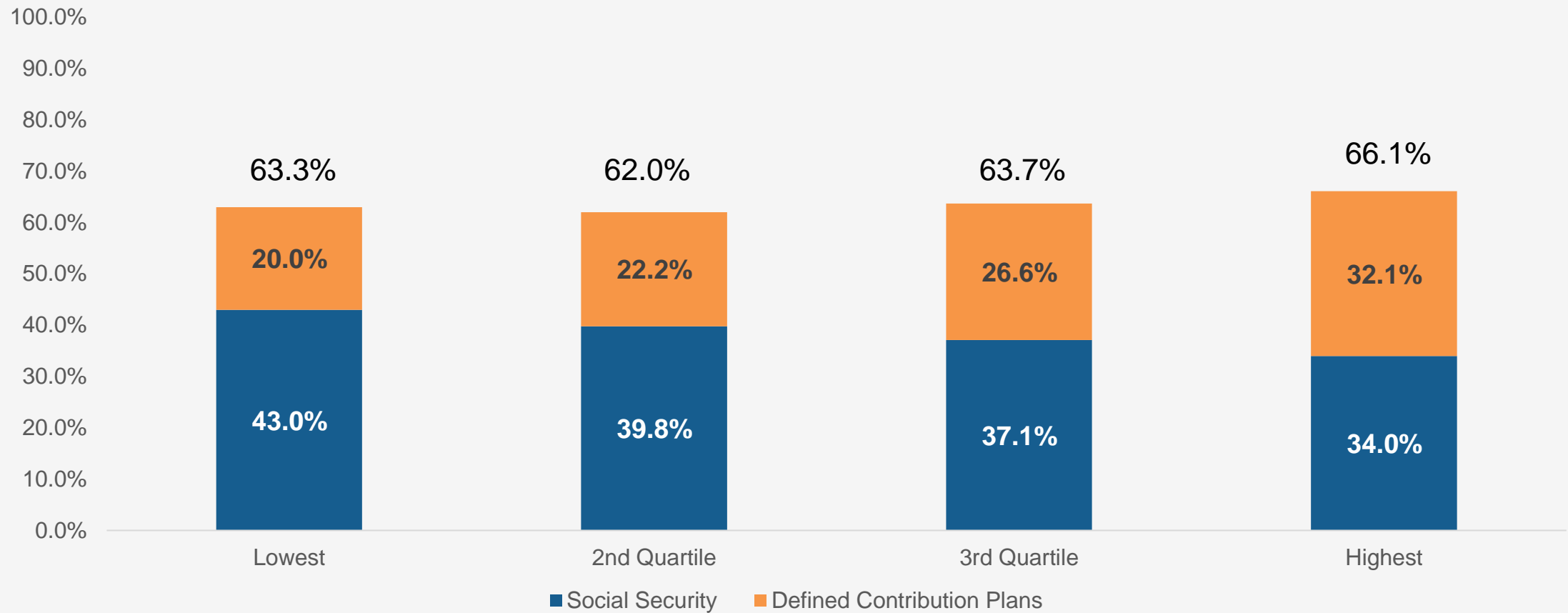
Source: RSPM

Average Replacement Rates From Social Security and Defined Contribution Plans/IRAs for Those Ages 35-39 Retiring at Age 67, by Lifetime Income Quartile



Source: RSPM

Average Replacement Rates for All Individuals Retiring at Age 67 With 25% Reduction in Social Security Benefits, by Lifetime Income Quartile



Source: RSPM

Takeaways

- Social Security is a vital part of individuals' retirement incomes, especially among lower income individuals.
- The Social Security system works together with the defined contribution system which are projected to provide similar levels of average replacement rates across individuals of all incomes now in their 30s.
- Lower income individuals receive larger shares from Social Security, while higher income individuals receive larger shares from the private system.
- Middle-income individuals rely heavily on the private system to provide income in retirement.
- The defined contribution system is improving, so that future cohorts can expect more from DC plans than those retiring now.
- Cutting Social Security benefits would have a dramatically negative impact on workers' retirement security.

Appendix: Assumptions

- Replacement rate definition-the annuity value of all defined contribution (DC) plan and individual retirement account (IRA) balances plus the annual Social Security benefit at retirement age of 65 or 67 divided by the average of the simulated annual earnings (i.e., for those ages 45 at the beginning of the simulation, it is the average of their earnings from age 45 until retirement age; for those age 50, average of earnings from age 50 through retirement age)
- Income cutoffs (in 2020\$s)

Income Quartile Cutoffs	Age 65
Lowest	< \$27,953
Second	\$27,953-\$57,741
Third	\$57,741-\$80,957
Highest	>\$80,957

Decile	Amount	Decile	Amount
First	< \$14,430	Sixth	\$57,741-\$66,801
Second	\$14,430-\$22,377	Seventh	\$66,801-\$75,402
Third	\$22,377-\$33,754	Eighth	\$75,402-\$89,471
Fourth	\$33,754-\$46,971	Nineth	\$89,471-\$100,002
Fifth	\$46,971-\$57,741	Tenth	>\$100,002

Appendix: Assumptions (p. 2)

- Annuity assumptions-annuity starts at retirement age, with all married individuals taking a joint and survivor annuity, and not married individuals taking single life annuities of their respective gender. Rates as of August 5, 2024, from *immediateannuities.com*
 - **Monthly benefits per \$100,000**

	Age 65	Age 67
Joint and Survivor	\$545	\$564
Male	\$635	\$665
Female	\$612	\$639

The Importance of Social Security and the Private Retirement System for Retirees



Will Hansen, Chief Government Affairs Officer, American Retirement Association



Michael Doshier, Senior Retirement Strategist, T. Rowe Price



Peter Kapinos, Head of Workplace and Investment Marketing, Empower



Moderated by: Craig Copeland, Director of Wealth Benefits Research, Employee Benefit Research Institute

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The Importance of Social Security and the Private Retirement System for Retirees



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EBRI Research Presentation: Spending in Retirement Survey Highlights



Bridget Bearden,
Research and
Development
Strategist,
Employee Benefit
Research Institute



2024 Spending in Retirement Survey: Select Findings

December 5, 2024

About the survey

The 2024 Spending in Retirement Survey queried ~3,600 individuals ages 62 to 75 about their spending habits and situation at and during retirement. Quotas were set on age, gender, caregiver, and disability status to ensure accurate representation of overall retirees and oversample population.

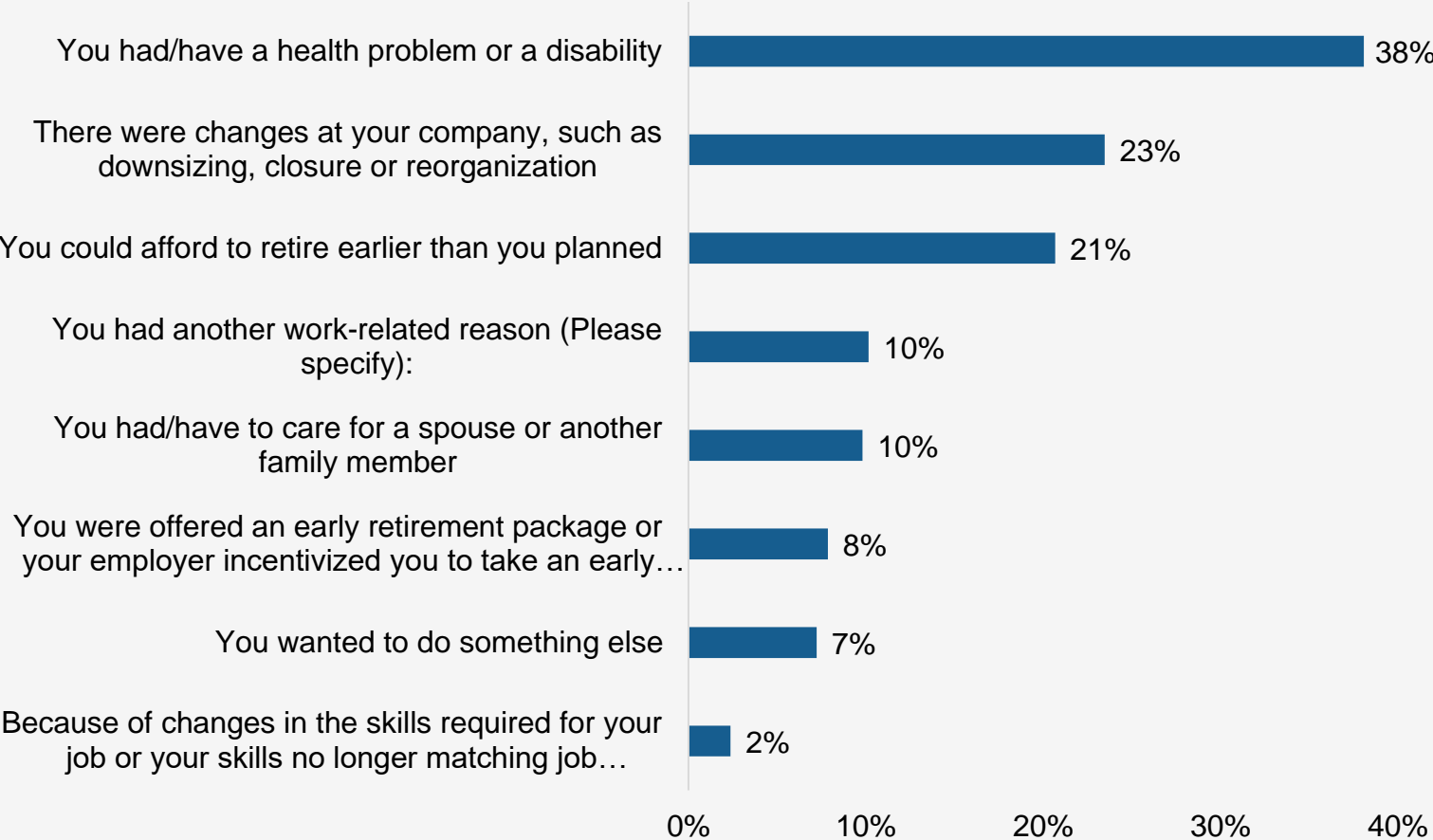
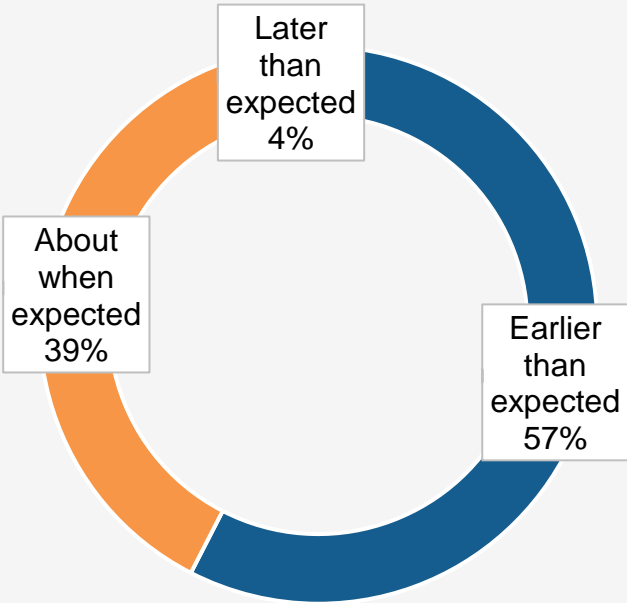
Data reported is weighted based on gender, race, income, disability, and caregiving using CPS and EBRI estimates.

Data was collected on the Qualtrics platform from April through July 2024. At 95% confidence, the margin of error is +/-1.6% in a similarly-sized random sample.

EBRI was able to fund the development of this research thanks to generous support from EBRI's Retirement Security Research Center partners: American Funds/Capital Group, Empower, Mercer, Principal Financial Group, Transamerica Retirement Services, BlackRock, J.P. Morgan, PGIM, and SS&C Technologies.

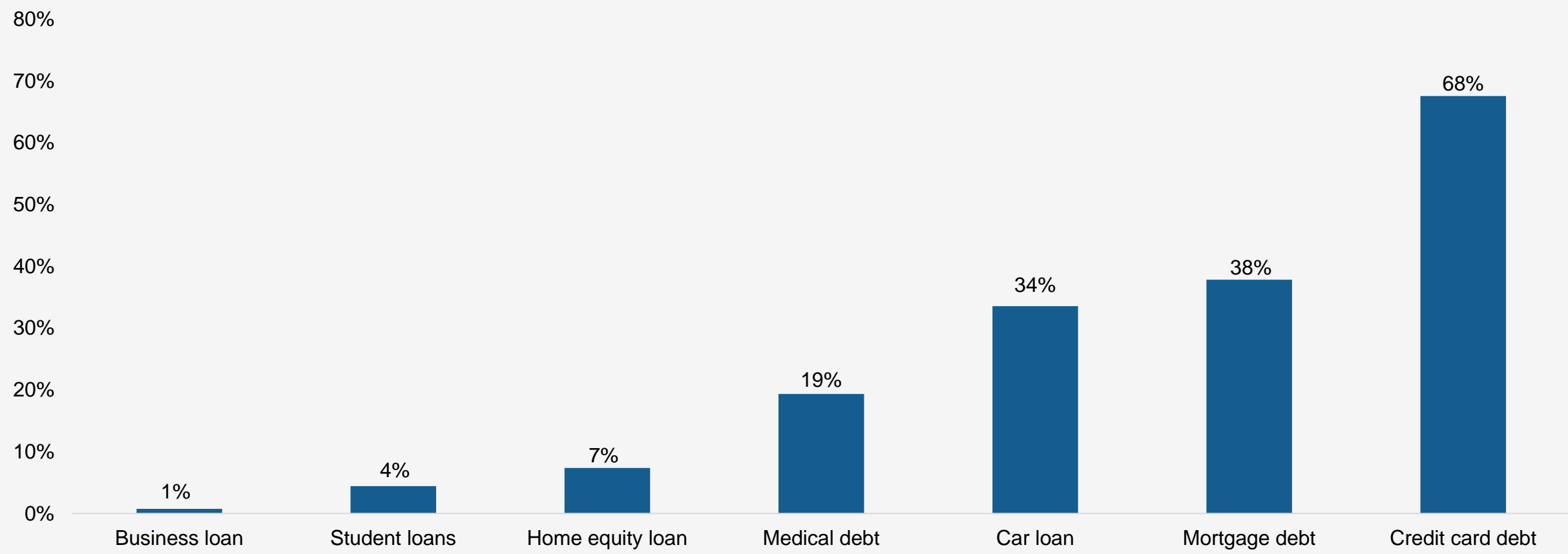
Over half of respondents retired earlier than expected, and respondents most commonly retired due to something outside of their control

Did you retire earlier or later than expected?



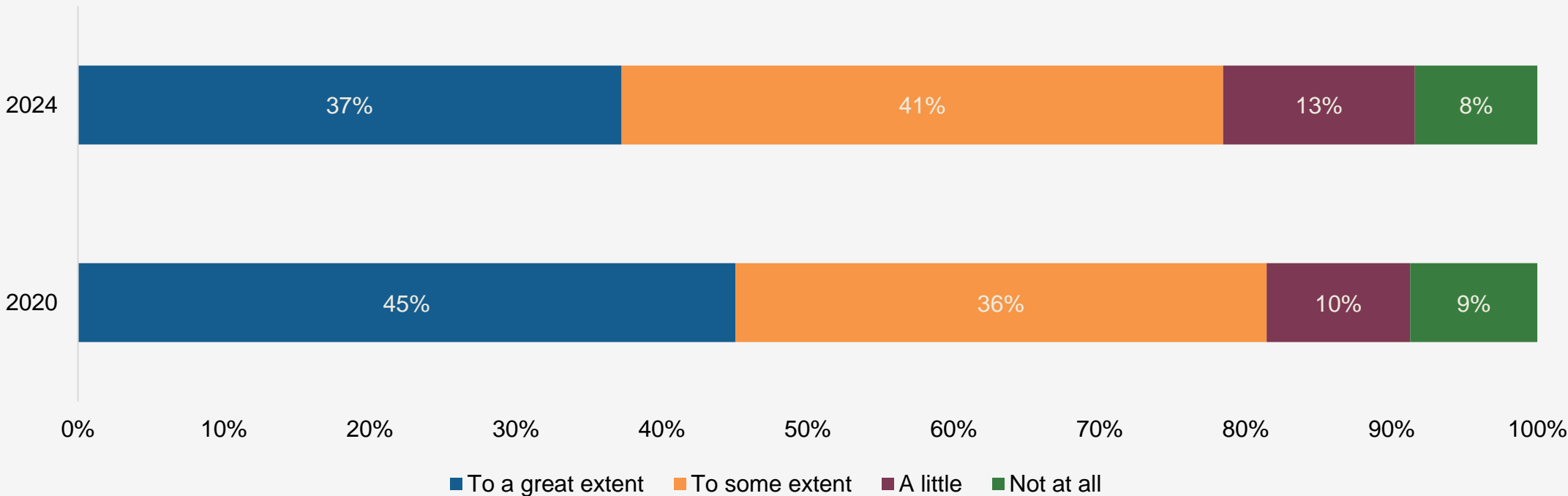
7 in 10 report credit card debt outstanding, 4 in 10 have mortgage debt, and 1 in 3 have car loans

Types of Debt Outstanding



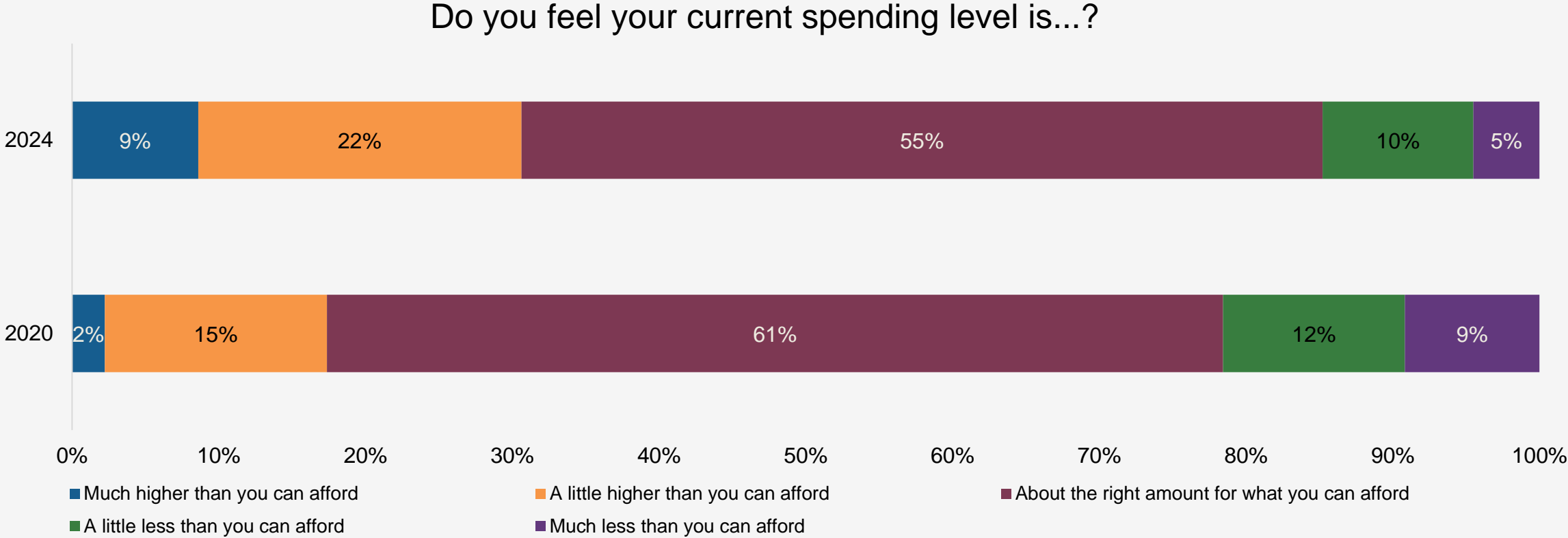
While 8 in 10 follow a spending plan at some level, fewer retirees follow a spending plan “to a great extent” compared with 2020

To what extent do you stick to a monthly spending plan?



Q46 To what extent do you stick to a monthly spending plan?

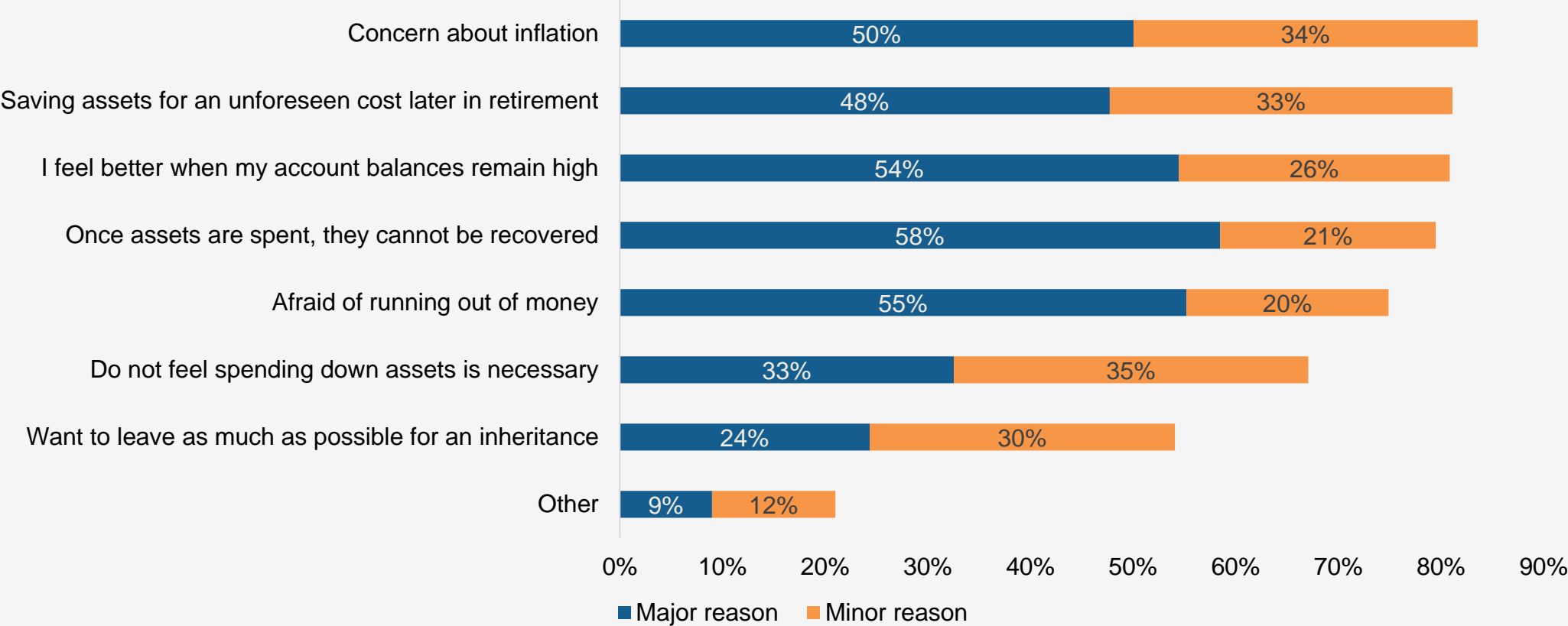
Retirees are more likely to report that their spending is higher than they can afford in 2024 (31%) compared with 2020 (17%)



And 1 in 2 say they saved less than what was needed for retirement

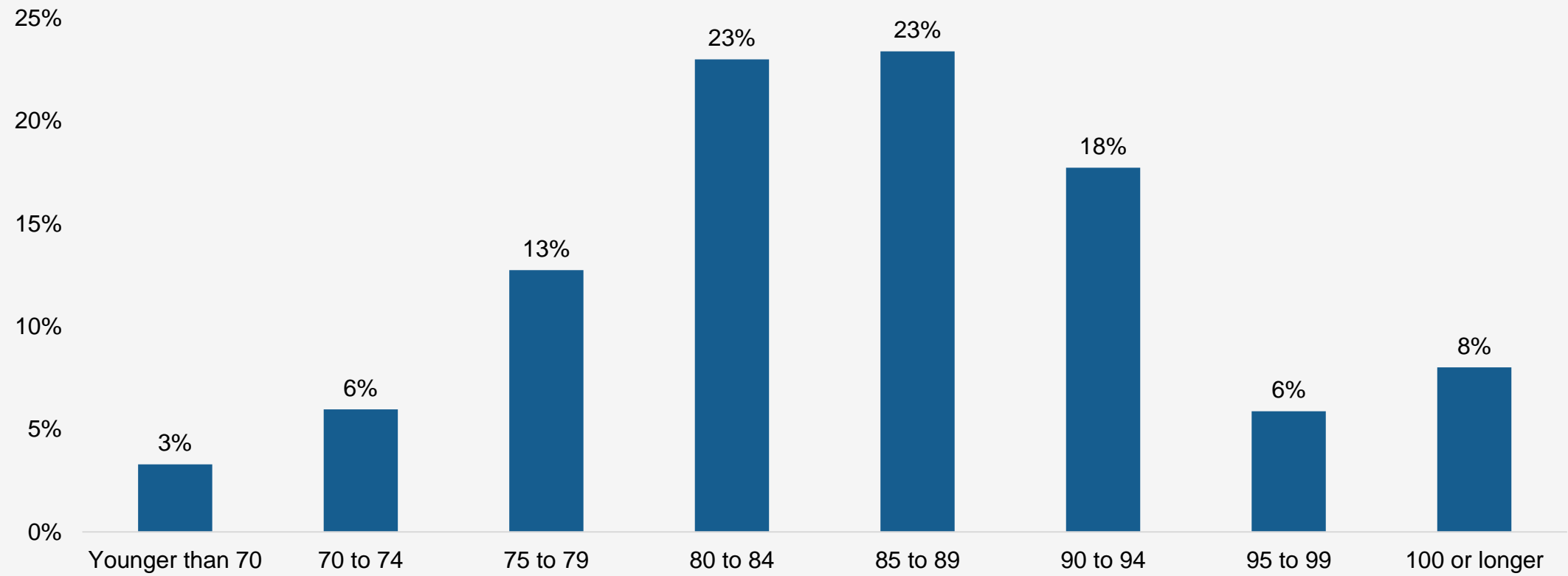
Among the 48% who plan to not spend down the assets they have, concern about inflation and unexpected expenses lead in reasons for not spending down

Reasons for not spending down



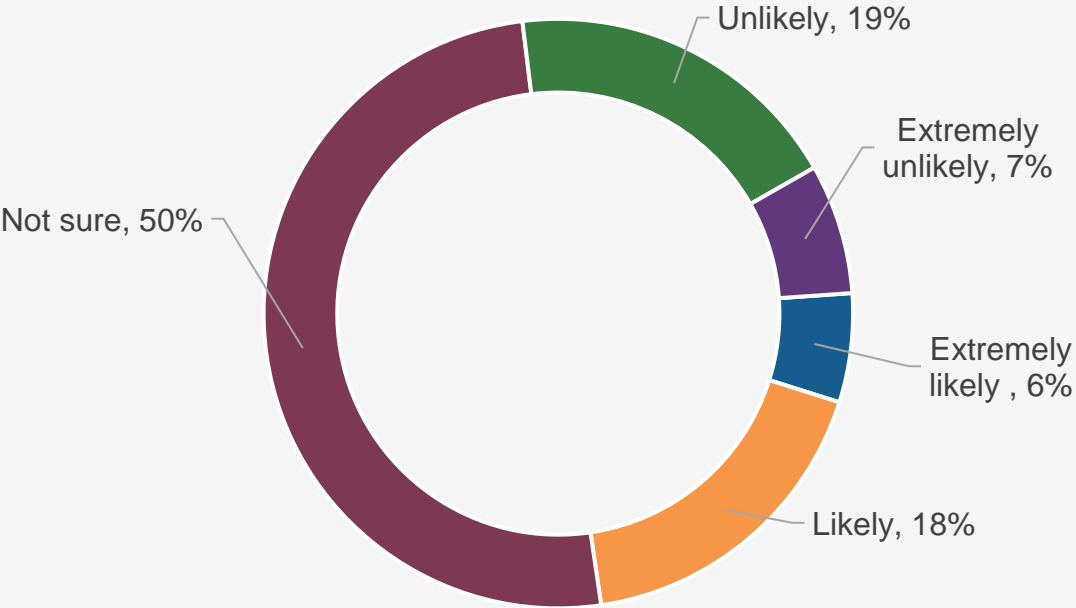
1 in 3 retirees expect to live past age 90

How long do you expect to live?

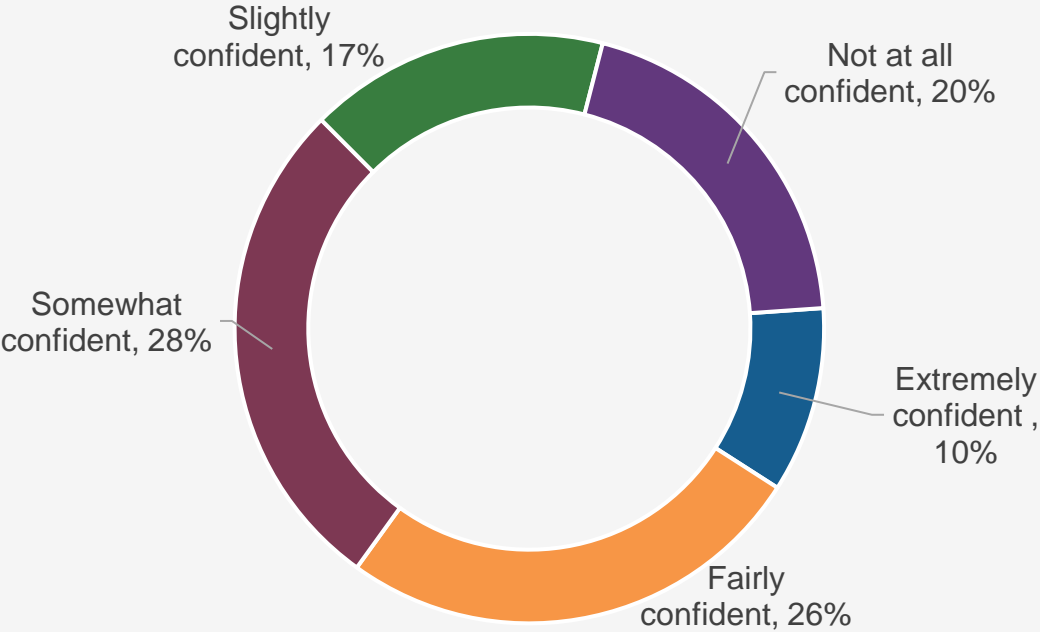


Half are unsure whether they'll need assistance with daily activities as they age, yet many (64%) have confidence in their financial resources for aging

How likely is it that you will need assistance with daily activities as you age?

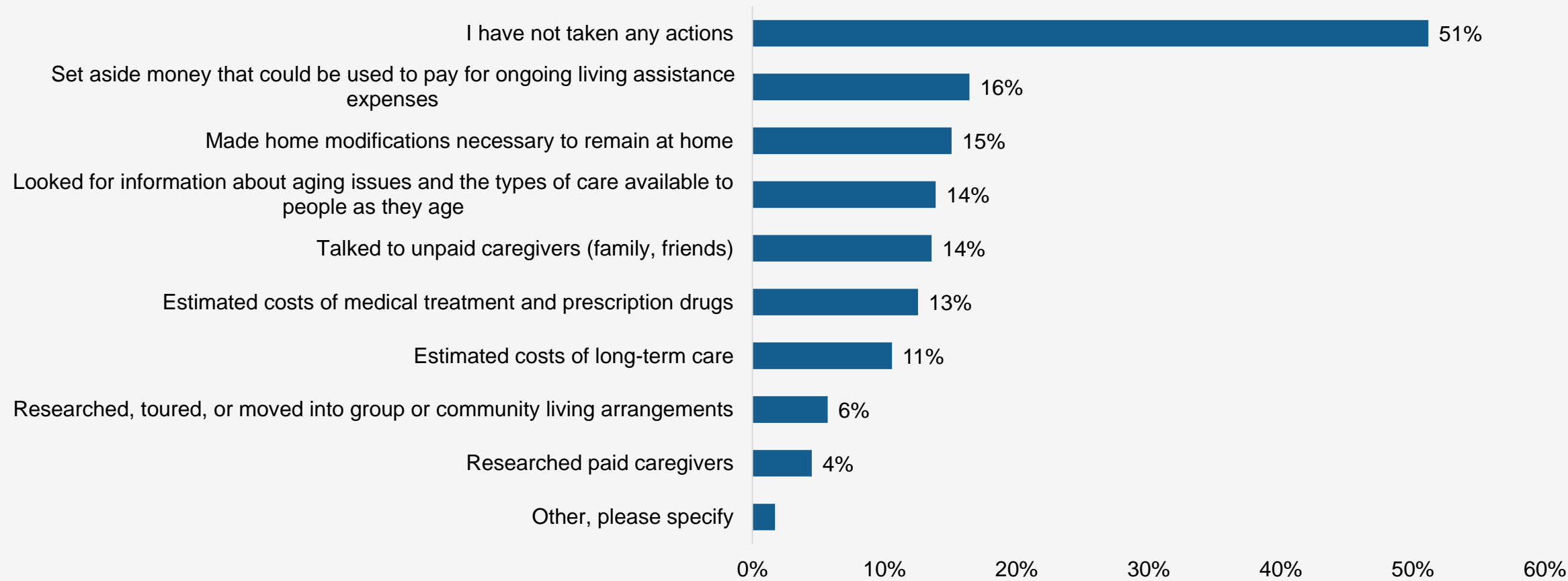


Confidence sufficient financial resources for future aging care

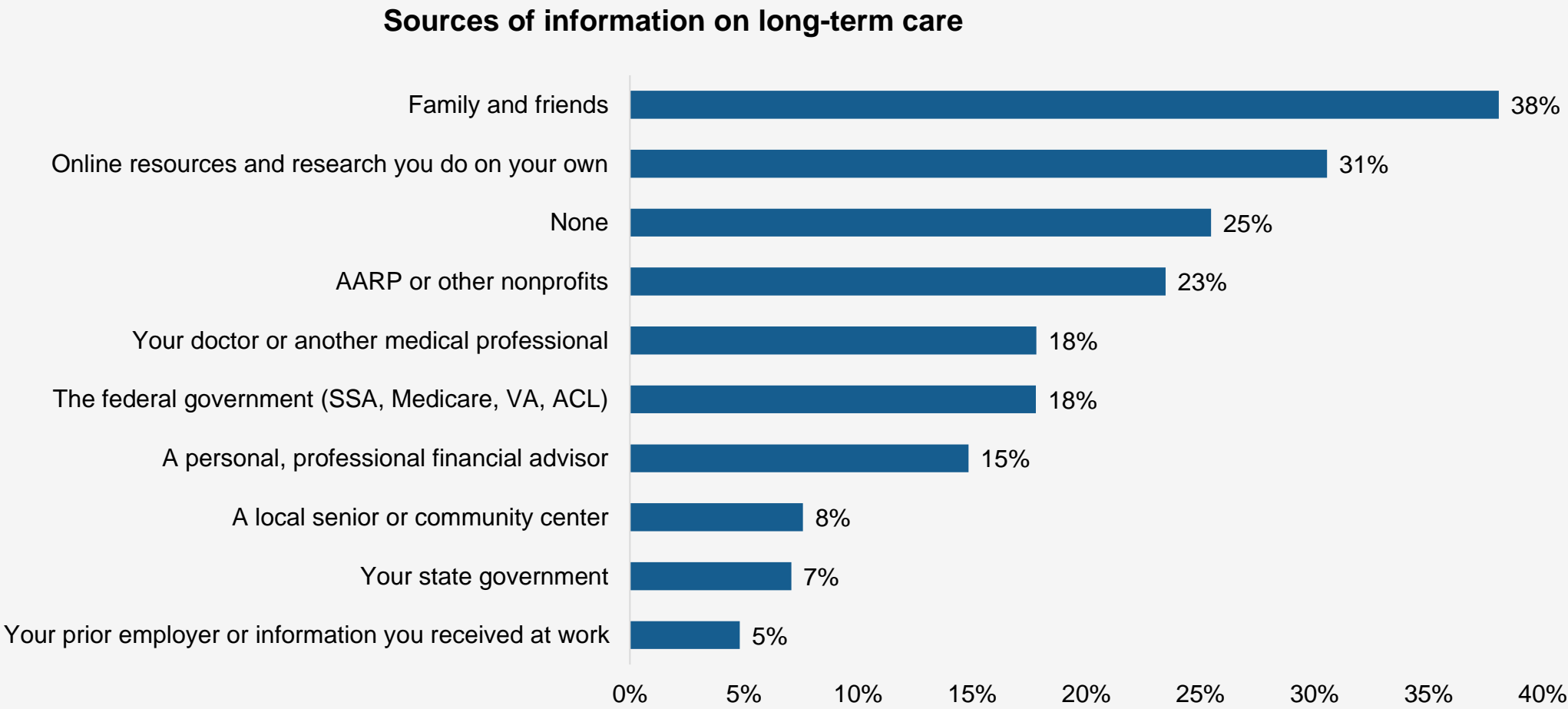


Half of retirees have taken no action to prepare for aging needs around long-term care services and supports

Actions taken to prepare for aging



Most common resources on long-term care are family & friends, online research, and none





NETWORKING BREAK
PLEASE RETURN BY 10:45 A.M.

The WISH Act



**Congressman Tom
Suozzi (NY-03)**

Innovative State and Employer Approaches to Long-Term Care Financing



Ben Veghte,
Director, WA
Cares Fund



Robert Eaton,
Actuary, Milliman



Lynn White,
President & Chief
Executive Officer,
CareScout
Insurance



Moderated by:
Bridget Bearden,
Research and
Development
Strategist,
Employee Benefit
Research Institute

EBRI Research Presentation: Resilience of Employment-Based Health Benefits



Paul Fronstin,
Director of Health
Benefits Research,
Employee Benefit
Research Institute



Resilience of Employment-Based Health Benefits

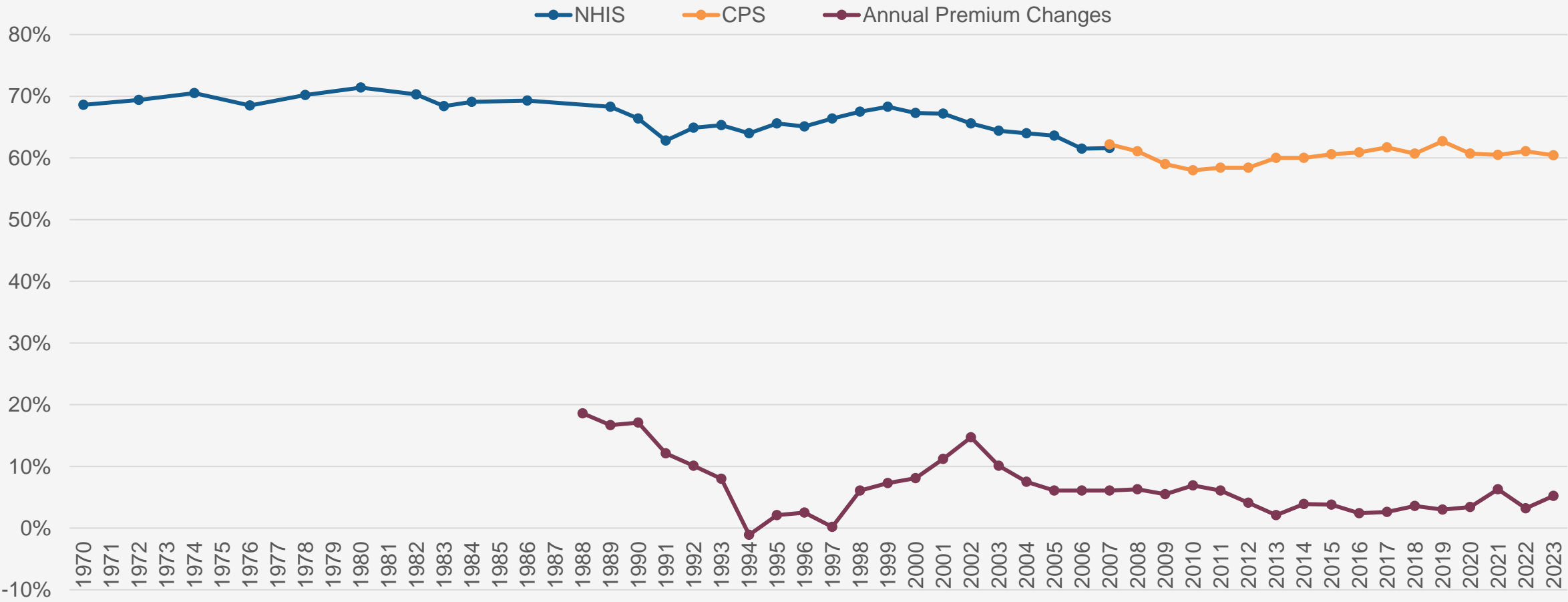
Paul Fronstin, Ph.D.

Employee Benefit Research Institute

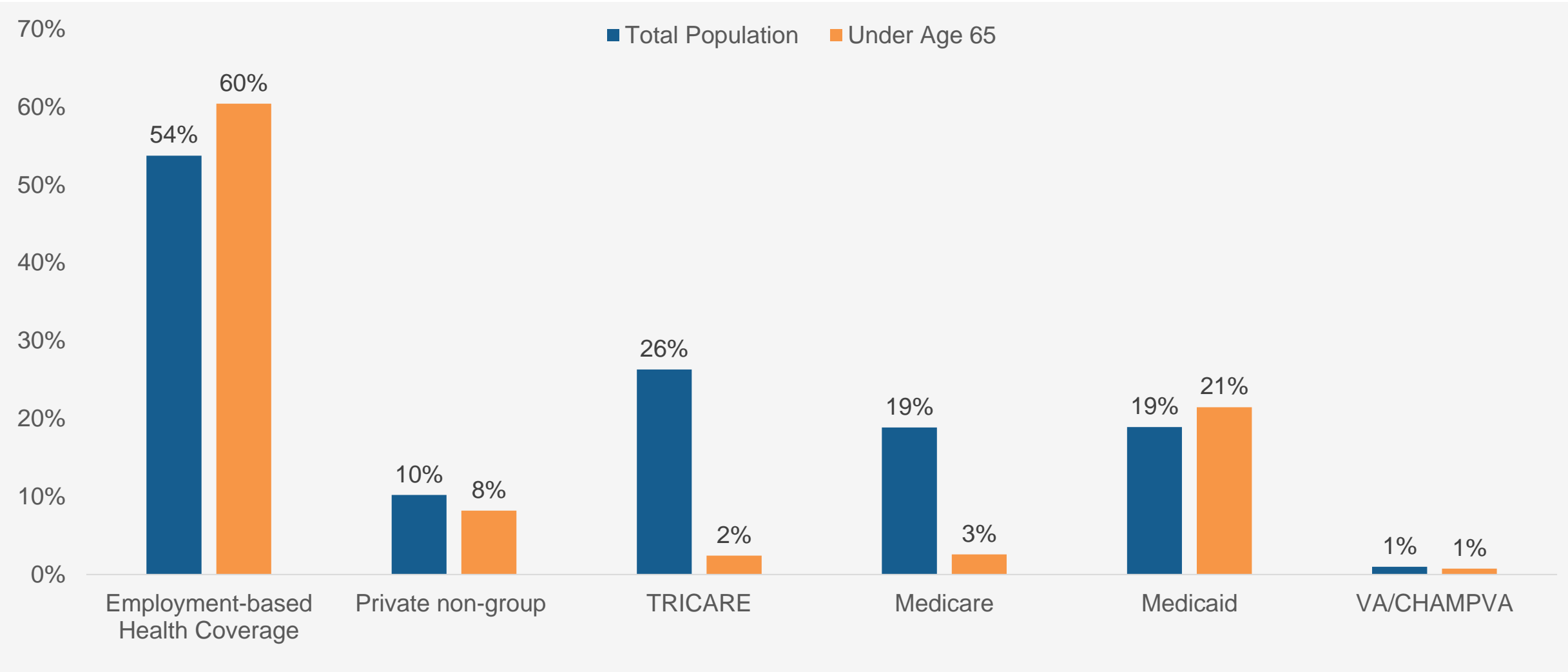
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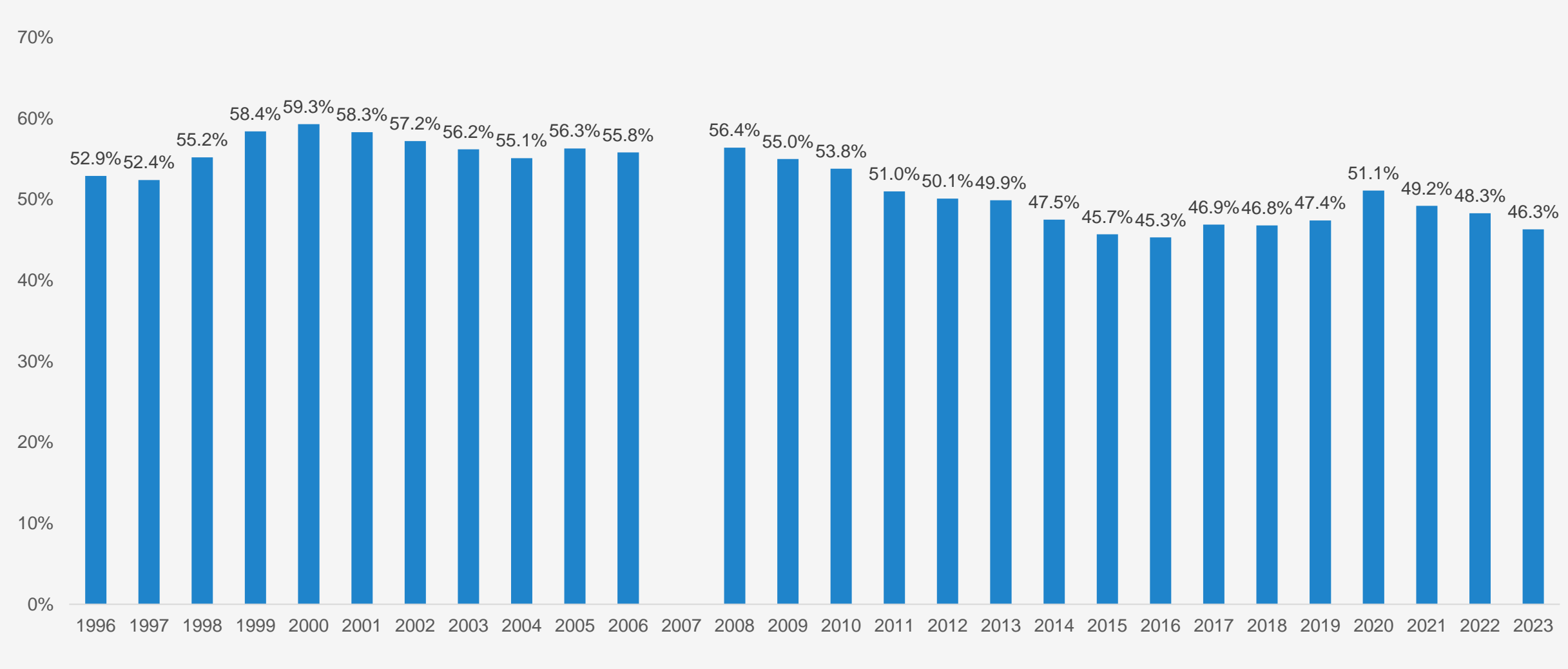
Percentage of Persons Under Age 65 With Employment-Based Health Coverage, 1970-2023



Percentage of Population, by Health Insurance Source, 2023



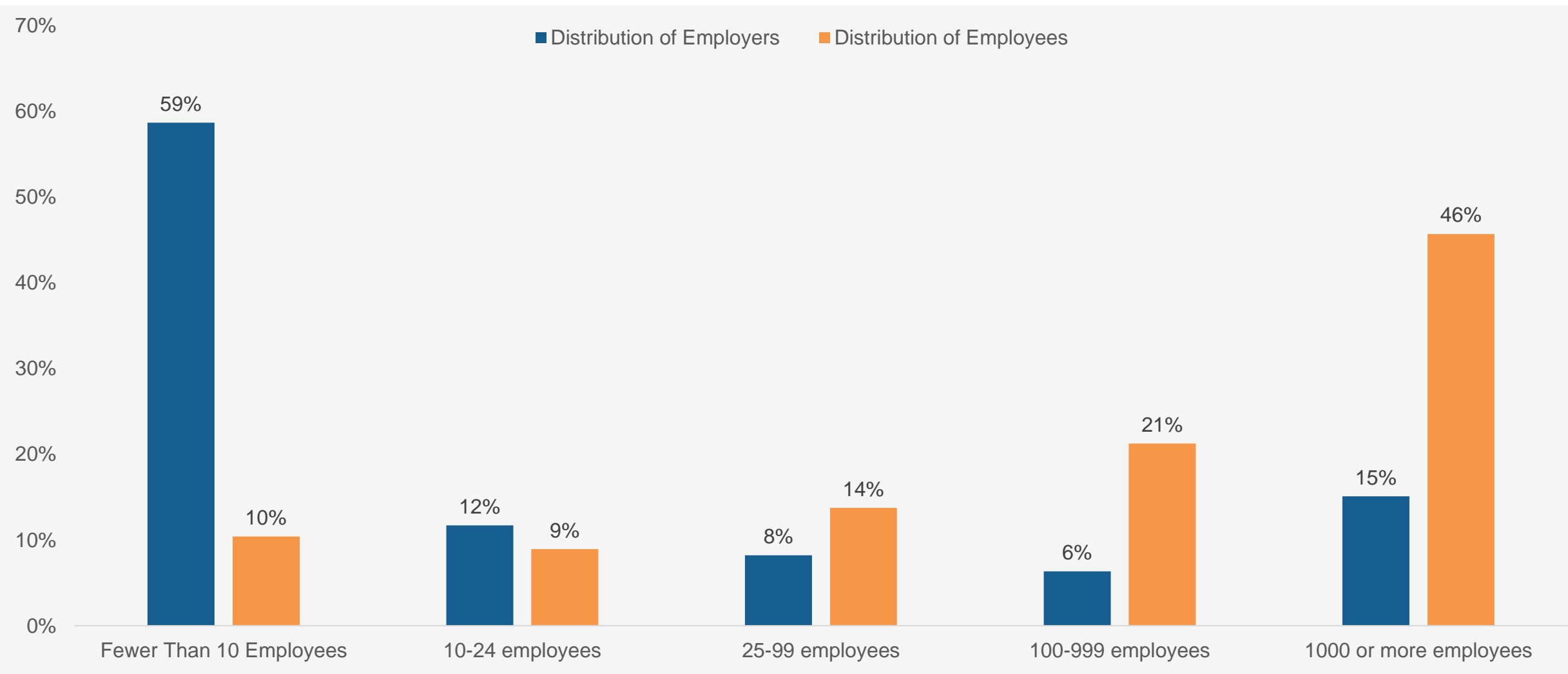
Percentage of Private-Sector Establishments That Offer Health Insurance, 1996-2023



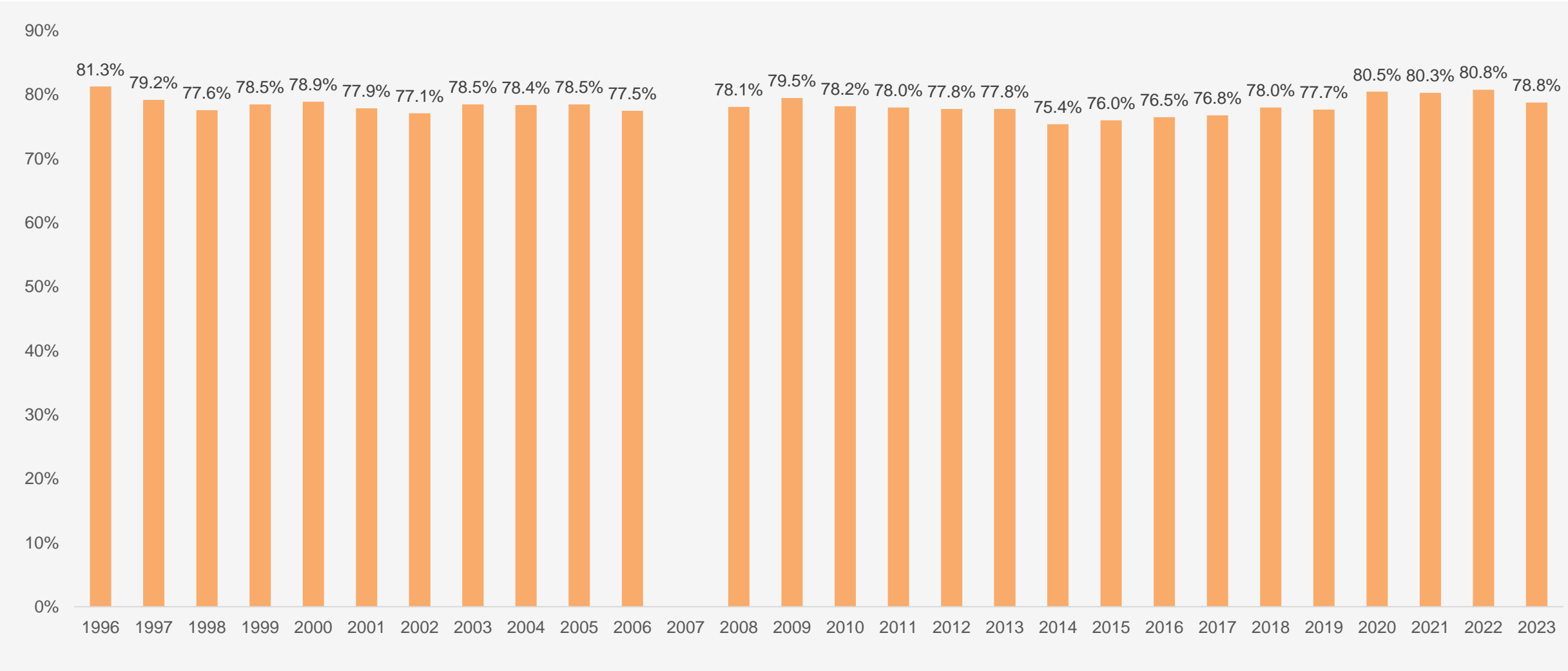
Percentage of Private-Sector Establishments That Offer Health Insurance, by Establishment Size, 1996-2023



Distribution of Private-Sector Establishments and Their Employees, 2023



Percentage of Private-Sector Workers Eligible for Health Coverage, 1996-2023



Comparison of Tax Subsidies Under Current Law

	Total Subsidy	Lives Covered	Average subsidy
Employment-Based Coverage	\$389 bil.	164 mil.	\$2,400
Non-group	\$129 bil.	21 mil.	\$6,000
Medicaid/CHIP	\$568 bil.	79 mil.	\$7,200

Policy Issues in Health Benefits — The Election, Tax Reform, Drug Pricing, Transparency, Site Neutrality, and ERISA Threats



Tracy Watts,
Senior Partner,
US Leader for
Healthcare
Policy, Mercer



Adam Beck, Senior
Vice President of
Commercial
Product & Employer
Policy, AHIP



Garrett Hohimer,
Vice President,
Public Policy and
Advocacy, Business
Group on Health



Moderated by:
Marilyn Serafini,
Executive Director
Health Policy
Bipartisan Policy
Center



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