

## Sizing the Market for the Saver's Match

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### AT A GLANCE

SECURE 2.0 has many provisions aimed at improving the retirement plan system. One provision within this legislation that is focused on increasing the savings of lower income workers is changing the current Saver's Credit to a match, where the federal government would make a matching contribution to a qualified retirement plan of lower income workers. The match would be directly added to the individual's qualified retirement plan after the worker applied for the match. This provision is scheduled to go into effect in 2027.

Since implementing this match provision will be a substantial undertaking, this *Issue Brief* estimates the expected number of workers who would qualify for the match based on historical data and how many workers would be expected to receive these additional funds through the match. This will provide important information on the scale and impact on the system for both those administering the accounts and the workers receiving the additional dollars. Statistics of Income (SOI) tabulations (publicly available data from the Internal Revenue Service (IRS)) are used to determine these numbers, given their detail on tax specifics from the official tax forms used in them.

- Among all tax filers, 83.8 million taxpayers had incomes that would have made them eligible for the Saver's Match from these tabulations. However, some of these individuals did not have wage income, a requirement for contributing to a qualified retirement plan. ***From tabulations of tax filers with W-2 (wage) income, 69.0 million had incomes eligible for the Saver's Match.***
- When examining the number who contributed to a qualified plan, it was found that 18.9 million workers contributed to an employment-based retirement plan and had incomes that would qualify for the Saver's Match. In addition, 1.0 million unique individuals contributed to a traditional individual retirement account (IRA), and 2.0 million unique individuals contributed to a Roth IRA. ***This is a total of 21.9 million individuals who contributed to a qualified retirement plan and would have been eligible for the Saver's Match based on the historical data examined.***

While these numbers are solid ballpark figures, there are a few caveats that should be mentioned. These estimates could be a lower bound, because they only focus on those contributing to an employer plan who had their wage income reported on Form W-2, whereas some workers have their earnings reported on other forms, such as Form 1099. The new rules on covering part-time employees for employment-based plans would not have gone into effect during the historical timeframe of the data. State-run auto-IRA plans, which are almost exclusively Roth IRAs, would only have been in their infancy during the study timeframe, while the number of these accounts is now on track to reach one million (though not all, but many, would be within the income thresholds). Furthermore, those not filing taxes are not counted, nor is the possibility of more individuals contributing given the additional incentive from the match to contribute. In contrast, one factor that could reduce the number being eligible to qualify for the match is wage and income growth, as 2027 and the study year (2018) are several years apart, which included a high inflation period pushing some contributors above the income cutoffs. Nevertheless, these numbers are a good starting point for understanding the provision's reach, and they show that the bulk of the individuals qualifying for the match will contribute to employment-based plans and a sizable number will contribute to Roth IRAs.

Craig Copeland is Director of Wealth Benefits Research at the Employee Benefit Research Institute (EBRI). This *Issue Brief* was written with assistance from the Institute's research and editorial staffs. Any views expressed in this report are those of the author and should not be ascribed to the officers, trustees, or other sponsors of EBRI, Employee Benefit Research Institute-Education and Research Fund (EBRI-ERF), or their staffs. Neither EBRI nor EBRI-ERF lobbies or takes positions on specific policy proposals. EBRI invites comment on this research.

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# Sizing the Market for the Saver's Match

*By Craig Copeland, Ph.D.*

## Introduction

The SECURE 2.0 Act of 2022 has many provisions aimed at improving the retirement plan system. One provision within this legislation that is focused on increasing the savings of lower income workers is changing the current Saver's Credit to a match, where the federal government would make a matching contribution to a qualified retirement plan<sup>1</sup> of lower income workers. The match has a maximum value of \$1,000 at a rate of \$0.50 per dollar contributed by a worker, up to \$2,000. The match would be directly added to the individual's qualified retirement plan after the worker applies for the match. This provision is scheduled to go into effect in 2027.

Under the Saver's Credit, a tax credit for contributing to a qualified retirement plan can be used as an offset against the tax liability of those contributing. If the individual does not have any tax liability, the credit cannot be used, since it is not refundable. However, under the Saver's Match, any worker qualifying for the match by contributing to a qualified retirement plan could receive the match. The match would be directly deposited to the qualified plan as instructed by the worker, as long as the plan is not a Roth account. This is a major change from the prior provision; in addition to more workers being able to use the match, the match will be directed to a retirement plan instead of to the worker, which has typically been the way that tax refunds are done. As such, new and unique procedures will need to be developed to facilitate the movement of any funds from the federal government to the workers' retirement plans. Since this will be a substantial undertaking, determining how many workers could be receiving these additional funds through the match will provide important information on the scale and impact on the system for both those administering the accounts and the workers receiving the additional dollars.

This *Issue Brief* estimates the expected number of workers who would at least qualify for the match based on historical data. These estimates are rough approximations due to data limitations and the necessary assumptions that must be used as a result. However, they should provide solid ballpark figures on the scale of those who would qualify for the match. The study will start by describing the choice of the data used, then go through the estimates for the potential number of workers who could qualify for the match — those with incomes within the limits by tax filing status. Next, the number of workers within the income limits who historically contributed on a pre-tax basis to a qualified retirement plan (employment-based plans and traditional individual retirement accounts (IRAs)) will be determined. Since the match as currently written cannot be directed to a Roth account, the number of workers who have historically only contributed to such an account is enumerated separately to see the number who would need a new or additional vehicle to receive the match.

## Data

Finding the most up-to-date and appropriate data to estimate these numbers presented certain challenges. Since the Current Population Survey (CPS) from the U.S. Census Bureau has very detailed data on worker characteristics and recently added questions about retirement plan contributions, it seemed like a natural source, given that it is updated annually. However, when comparing the CPS data with official Internal Revenue Service (IRS) data to benchmark the results, the CPS data did not match the tax data because of the limitations of the adjusted-gross-income and tax-filing-status variables in CPS. Therefore, despite the limitations of the publicly available data from the IRS, the IRS's Statistics of Income (SOI) tabulations are used, given their detail on tax specifics and the use of official tax forms in them.

## Potential Market Size

The most recent SOI tabulations available on all tax filers are from 2021, but the most recent tabulations using W-2 forms are from 2018. Since the W-2 retirement contribution data are critical to this estimation, the 2018 data from all tax filers are used along with the 2018 tabulations of those receiving W-2s. The first step is determining those tax filers

with incomes below the thresholds established for the Saver's Match. The adjusted gross income (AGI) cutoffs for the Saver's Match by filing status are as below:

- 1) Single and married filing separately: \$35,500 (phase-out range: \$20,500 to \$35,500).
- 2) Married filing jointly: \$71,000 (phase-out range: \$41,000 to \$71,000).
- 3) Head of household: \$53,250 (phase-out range: \$30,750 to \$53,250).

In the top panel of Figure 1, the number of tax filers under the income thresholds above from "Table 1.2. All Returns: Adjusted Gross Income, Deductions, and Tax Items, by Size of Adjusted Gross Income and by Marital Status, Tax Year 2018 (Filing Year 2019)" (file [18in12ms](#)) are shown. However, the tabulations do not correspond to the income cutoffs for the Saver's Match. Given this constraint, it is assumed that the number of taxpayers is equally distributed within each income grouping of the tabulations. The bottom panel adjusts the numbers by interpolation using this assumption. Thus, among all tax filers, 83.8 million had incomes that would make them eligible for the Saver's Match (Figure 1 bottom panel).

Figure 1 Total Tax Filers With Incomes Qualifying for the Saver's Match, 2018					
<i>Total in Income Groupings of Interest</i>					
Adjusted Gross Income	Married / Joint	Married / Separate	Head of Household	Single	Total
\$1 under \$5,000	684,502	113,219	463,622	7,926,308	9,187,651
\$5,000 under \$10,000	830,279	137,369	1,046,344	8,000,118	10,014,110
\$10,000 under \$15,000	1,244,383	159,039	2,447,399	7,603,454	11,454,275
\$15,000 under \$20,000	1,362,292	165,494	2,568,196	6,091,167	10,187,149
\$20,000 under \$25,000	1,617,744	209,202	2,186,068	5,597,614	9,610,628
\$25,000 under \$30,000	1,655,406	223,247	2,197,345	4,908,413	8,984,411
\$30,000 under \$40,000	3,347,911	487,346	3,355,102	8,320,222	15,510,581
\$40,000 under \$50,000	3,186,369	377,502	2,139,977	6,313,463	12,017,311
\$50,000 under \$75,000	8,570,820	681,682	2,955,059	9,253,116	21,460,677
<b>Totals</b>	<b>22,499,706</b>	<b>2,554,100</b>	<b>19,359,112</b>	<b>64,013,875</b>	<b>108,426,793</b>
SOI column location	N	Z	AL	AX	
<i>Adjusted for Specific Income Thresholds in SECURE 2.0</i>					
Adjusted Gross Income	Married / Joint	Married / Separate	Head of Household	Single	Total
\$1 under \$5,000	684,502	113,219	463,622	7,926,308	9,187,651
\$5,000 under \$10,000	830,279	137,369	1,046,344	8,000,118	10,014,110
\$10,000 under \$15,000	1,143,298	178,429	1,659,767	7,598,972	10,580,466
\$15,000 under \$20,000	1,238,778	163,900	1,964,220	6,656,776	10,023,674
\$20,000 under \$25,000	1,443,383	191,811	2,117,428	5,973,217	9,725,839
\$25,000 under \$30,000	1,541,048	236,335	2,193,886	5,544,525	9,515,794
\$30,000 under \$40,000	3,170,784	268,040	3,652,092	4,576,122	11,667,038
\$40,000 under \$50,000	3,192,472		2,345,850		5,538,322
\$50,000 under \$75,000	7,199,489		384,158		7,583,646
<b>Totals</b>	<b>20,444,033</b>	<b>1,289,103</b>	<b>15,827,367</b>	<b>46,276,038</b>	<b>83,836,540</b>
<i>Total Eligible based on 2018 AGIs.</i>					
Source: IRS SOI Tax Stats Size of Adjusted Gross Income and Marital Status (All Returns) 18in12ms.xls <a href="https://www.irs.gov/statistics/soi-tax-stats-individual-statistical-tables-by-size-of-adjusted-gross-income">https://www.irs.gov/statistics/soi-tax-stats-individual-statistical-tables-by-size-of-adjusted-gross-income</a>					

However, to contribute to a retirement plan, either an employment-based plan or an IRA, the individual must have earnings or wage income. Therefore, the same exercise is done using the W-2 tabulations, since those receiving a W-2 have earnings. But the W-2 tabulations only break out the numbers by married filing jointly and those not filing jointly, and thus, an assumption must be made regarding how the nonjoint filers are distributed across the nonjoint filing statuses. Since the nonjoint filers are broken out in the “all returns” tabulations, the distribution of the nonjoint filers from them will be used. Figure 2 shows the distribution of nonjoint filers for each income grouping.

**Figure 2**  
**Distribution of Nonjoint Filers by Nonjoint Filing Status**

<b>Adjusted Gross Income</b>	<b>Married / <u>Separate</u></b>	<b>Head of <u>Household</u></b>	<b><u>Single</u></b>
\$1 under \$5,000	1.3%	5.5%	93.2%
\$5,000 under \$10,000	1.5%	11.4%	87.1%
\$10,000 under \$15,000	1.6%	24.0%	74.5%
\$15,000 under \$20,000	1.9%	29.1%	69.0%
\$20,000 under \$25,000	2.6%	27.4%	70.0%
\$25,000 under \$30,000	3.0%	30.0%	67.0%
\$30,000 under \$40,000	4.0%	27.6%	68.4%
\$40,000 under \$50,000	4.3%	24.2%	71.5%
\$50,000 under \$75,000	5.3%	22.9%	71.8%

Source: Calculated from the IRS SOI Tax Statistics: Adjusted Gross Income and Marital Status (All Returns) 18in12ms.xls.

Using the numbers from [“Individual Information Return Form W-2 Statistics \(2018\).”](#) in “Table 1.F- Taxpayers with Wage Income, by Size of Adjusted Gross Income and Return and Earner Type, Tax Year 2018” (file [18inallw2](#)), and the assumed distribution of nonjoint filers, the number of earners with incomes below the threshold is shown in the top panel of Figure 3. Again, the number of earners with incomes below the Saver’s Match cutoffs is generated by interpolation assuming equal distribution of earners in each income grouping — with the result being 69.0 million (Figure 3 bottom panel).

Figure 3  
**Tax Filers With Earnings Qualifying for the Saver's Match, 2018**

**Total in Income Groupings of Interest**

<b>Adjusted Gross Income</b>	<b>Married / Joint</b>	<b>Nonjoint</b>	<b>Married / Separate</b>	<b>Head of Household</b>	<b>Single</b>
\$1 under \$5,000	189,932	5,763,556	76,741	314,250	5,372,565
\$5,000 under \$10,000	369,421	6,966,417	104,202	793,707	6,068,509
\$10,000 under \$15,000	694,239	7,398,928	115,253	1,773,587	5,510,089
\$15,000 under \$20,000	856,555	6,888,258	129,177	2,004,610	4,754,471
\$20,000 under \$25,000	1,205,017	6,615,113	173,141	1,809,245	4,632,727
\$25,000 under \$30,000	1,268,937	6,227,786	189,703	1,867,183	4,170,900
\$30,000 under \$40,000	3,107,865	10,462,795	419,234	2,886,187	7,157,374
\$40,000 under \$50,000	3,290,467	7,582,461	324,132	1,837,436	5,420,892
\$50,000 under \$75,000	10,611,319	10,608,024	561,007	2,431,938	7,615,079
<b>Totals</b>	<b>21,593,752</b>	<b>68,513,338</b>	<b>2,092,589</b>	<b>15,718,143</b>	<b>50,702,605</b>

**Adjusted for Specific Income Thresholds in SECURE 2.0**

<b>Adjusted Gross Income</b>	<b>Married / Joint</b>	<b>Nonjoint</b>	<b>Married / Separate</b>	<b>Head of Household</b>	<b>Single</b>	<b>Total</b>
\$1 under \$5,000	189,932	5,763,556	76,741	314,250	5,372,565	5,953,488
\$5,000 under \$10,000	369,421	6,966,417	104,202	793,707	6,068,509	7,335,838
\$10,000 under \$15,000	694,239	7,398,928	115,253	1,773,587	5,510,089	8,093,167
\$15,000 under \$20,000	856,555	6,888,258	129,177	2,004,610	4,754,471	7,744,813
\$20,000 under \$25,000	1,205,017	6,615,113	173,141	1,809,245	4,632,727	7,820,130
\$25,000 under \$30,000	1,268,937	6,227,786	189,703	1,867,183	4,170,900	7,496,723
\$30,000 under \$40,000	3,107,865	10,462,795	230,579	2,886,187	3,936,556	10,161,187
\$40,000 under \$50,000	3,290,467	7,582,461		1,837,436		5,127,903
\$50,000 under \$75,000	8,913,508	10,608,024		316,152		9,229,660
<b>Totals</b>	<b>19,895,941</b>		<b>1,018,795</b>	<b>13,602,357</b>	<b>34,445,816</b>	<b>68,962,909</b>

*Total Eligible based on 2018 AGIs.*

Source: IRS Individual Information Return Form W-2 Statistics (2018) 18inallw2.xls-Table 1.F Taxpayers with Wage Income, by Size of Adjusted Gross Income and Return and Earner Type, Tax Year 2018

<https://www.irs.gov/statistics/soi-tax-stats-individual-information-return-form-w2-statistics>

## Number Contributing Under Saver's Match Income Cutoffs

While 69.0 million is the number of W-2 earners who had incomes that would qualify them for receiving the Saver's Match, the earner must contribute to a qualified retirement plan to receive the match. The earner could contribute to an employment-based retirement plan or an IRA. Data on those contributing to employment-based plans and IRAs come from different sources, and as such, they are taken in turn.

*Employment-Based Retirement Plans* — Elective contributions to employment-based plans are reported on W-2 forms, so the W-2 tabulations are used for determining the number who contributed to an employment-based retirement plan that had qualifying incomes for the Saver's Match. First, the distribution of employer plan participation by filing status (joint and nonjoint) from "Table 3.E. Taxpayers with Wage Income, by Size of Adjusted Gross Income, Presence of Employer-Sponsored Retirement Plan, and Return and Earner Type, Tax Year 2018" and the same distribution of the nonjoint filers as used for the potential size of the market is applied to the share with elective contributions by AGI from "Table 3.B Taxpayers with Wage Income, by Size of Adjusted Gross Income, Presence of Retirement Plan Indicator, and

Elective Retirement Contributions, Tax Year 2018” (Figure 4 top panel). Again, using the interpolation assumption within the income groups produces a total of 18.9 million earners who contributed to an employment-based retirement plan with incomes qualifying for the Saver’s Match (Figure 4 bottom panel).

Figure 4								
Estimates of Those Who Contributed to an Employer Plan and Would Be Eligible for the Saver's Match								
Total Making Elective Contributions								
Adjusted Gross Income	Total	Married / Joint	Married / Both Spouses Contribute	Nonjoint	Married / Separate	Head of Household	Single	Total
\$1 under \$5,000	181,693	14,306	1,488	167,387	2,229	9,127	156,031	181,693
\$5,000 under \$10,000	495,077	36,826	2,965	458,251	6,854	52,210	399,186	495,077
\$10,000 under \$15,000	868,275	81,430	6,423	786,845	12,257	188,614	585,975	868,275
\$15,000 under \$20,000	1,260,731	140,498	13,691	1,120,233	21,008	326,009	773,217	1,260,731
\$20,000 under \$25,000	1,842,564	277,481	17,498	1,565,083	40,964	428,053	1,096,066	1,842,564
\$25,000 under \$30,000	2,224,137	326,026	20,846	1,898,111	57,818	569,082	1,271,211	2,224,137
\$30,000 under \$40,000	5,066,854	1,018,300	110,147	4,048,554	162,222	1,116,803	2,769,529	5,066,854
\$40,000 under \$50,000	4,682,103	1,301,029	212,353	3,381,074	144,533	819,326	2,417,215	4,682,103
\$50,000 under \$75,000	10,431,923	5,203,379	1,521,798	5,227,146	276,438	1,198,347	3,752,360	10,430,525
<b>Totals</b>	<b>27,053,357</b>	<b>8,399,275</b>		<b>18,652,684</b>	<b>724,322</b>	<b>4,707,570</b>	<b>13,220,791</b>	<b>27,051,959</b>
Adjusted Total Making Elective Contributions for Saver's Match								
Adjusted Gross Income	Total	Married / Joint	Married / Both Spouses Contribute	Nonjoint	Married / Separate	Head of Household	Single	Total
\$1 under \$5,000	181,693	14,306	1,488	167,387	2,229	9,127	156,031	183,181
\$5,000 under \$10,000	495,077	36,826	2,965	458,251	6,854	52,210	399,186	498,042
\$10,000 under \$15,000	868,275	81,430	6,423	786,845	12,257	188,614	585,975	874,698
\$15,000 under \$20,000	1,260,731	140,498	13,691	1,120,233	21,008	326,009	773,217	1,274,422
\$20,000 under \$25,000	1,842,564	277,481	17,498	1,565,083	40,964	428,053	1,096,066	1,860,062
\$25,000 under \$30,000	2,224,137	326,026	20,846	1,898,111	57,818	569,082	1,271,211	2,244,983
\$30,000 under \$40,000	5,066,854	1,018,300	110,147	4,048,554	89,222	1,116,803	1,523,241	3,857,713
\$40,000 under \$50,000	4,682,103	1,301,029	212,353	3,381,074		819,326		2,332,708
\$50,000 under \$75,000	10,431,923	4,370,838	1,278,310	5,227,146		155,785		5,804,934
<b>Totals</b>	<b>27,053,357</b>	<b>7,566,735</b>	<b>1,663,722</b>		<b>230,351</b>	<b>3,665,008</b>	<b>5,804,927</b>	<b>18,930,743</b>
Total With Employee Contributions Based on 2018 AGIs								
Source: Individual Information Return Form W-2 Statistics (2018) file 18inallw2.xls Tables 3.B/3.E								
<a href="https://www.irs.gov/statistics/soi-tax-stats-individual-information-return-form-w2-statistics">https://www.irs.gov/statistics/soi-tax-stats-individual-information-return-form-w2-statistics</a>								

*Traditional IRAs*— The number of taxpayers who contributed to a traditional IRA are tabulated in a different report: “[Accumulation and Distribution of Individual Retirement Arrangements \(IRA\) \(2018\).](#)” From “Table 2. Taxpayers with Individual Retirement Arrangement (IRA) Plans, by Size of Adjusted Gross Income” (file [18in02IRA](#)) of these tabulations, the distribution of taxpayers with any traditional contributions by AGI is combined with the distribution of contributions by filing status (joint and nonjoint) from “Table 7. Taxpayers with Individual Retirement Arrangement (IRA) Plans, by Filing Status and Gender” (file [18in07IRA](#)) and the “all returns” distribution for nonjoint filing status to



produce the top panel of Figure 5. This is accomplished by multiplying the joint (69.9 percent) and nonjoint (30.1 percent) filer percentages from the 18in07IRA file by the number of taxpayers in each income grouping to get the number of joint and non-joint filers, and then multiplying the percentages of nonjoint filer types in Figure 2 by the resulting number of nonjoint filers to get the number of each nonjoint filer type.<sup>2</sup> Using the interpolation assumption, the total traditional IRA contributors who would have had incomes qualifying for the Saver's Match was 1.1 million (Figure 5 bottom panel).

**Figure 5**  
**Estimates of Those Who Contributed to a Traditional Individual Retirement Account (IRA) and Would Be Eligible for the Saver's Match**

**Total Making a Traditional IRA Contribution**

Adjusted Gross Income	Total	Married / <u>Joint</u>	<u>Nonjoint</u>	Married / <u>Separate</u>	Head of <u>Household</u>	<u>Single</u>	
\$1 under \$5,000	23,198	16,214	6,984	93	381	6,510	
\$5,000 under \$10,000	42,207	29,500	12,707	190	1,448	11,069	
\$10,000 under \$15,000	64,697	45,219	19,478	303	4,669	14,506	
\$15,000 under \$20,000	70,564	49,319	21,245	398	6,183	14,664	
\$20,000 under \$25,000	72,542	50,702	21,840	572	5,973	15,295	
\$25,000 under \$30,000	96,531	67,468	29,063	885	8,713	19,464	
\$30,000 under \$40,000	222,546	155,544	67,002	2,685	18,483	45,835	
\$40,000 under \$50,000	252,659	176,591	76,068	3,252	18,433	54,383	
\$50,000 under \$75,000	617,507	431,593	185,914	9,832	42,622	133,460	
<b>Totals</b>	<b>1,462,451</b>	<b>1,022,149</b>	<b>440,302</b>	<b>18,210</b>	<b>106,905</b>	<b>315,187</b>	

(Joint returns — 69.9%; nonjoint returns — 30.1%)

**Adjusted Total With Traditional IRA Contributions for SECURE 2.0 Saver's Match**

Adjusted Gross Income	Total	Married / <u>Joint</u>	<u>Nonjoint</u>	Married / <u>Separate</u>	Head of <u>Household</u>	<u>Single</u>	<u>Total</u>
\$1 under \$5,000	23,198	16,214	6,984	93	381	6,510	23,198
\$5,000 under \$10,000	42,207	29,500	12,707	190	1,448	11,069	42,207
\$10,000 under \$15,000	64,697	45,219	19,478	303	4,669	14,506	64,697
\$15,000 under \$20,000	70,564	49,319	21,245	398	6,183	14,664	70,564
\$20,000 under \$25,000	72,542	50,702	21,840	572	5,973	15,295	72,542
\$25,000 under \$30,000	96,531	67,468	29,063	885	8,713	19,464	96,531
\$30,000 under \$40,000	222,546	155,544	67,002	1,477	18,483	25,209	200,712
\$40,000 under \$50,000	252,659	176,591	76,068		18,433		195,024
\$50,000 under \$75,000	617,507	362,538	185,914		5,541		368,079
<b>Totals</b>	<b>1,462,451</b>	<b>953,094</b>		<b>3,918</b>	<b>69,824</b>	<b>106,718</b>	<b>1,133,554</b>

Percentage of Traditional IRA Contributors Also Participating in 401(k) Plan **10.8%**  
Total With Traditional IRA Contributions Based on 2018 AGIs No 401(k) Plan **1,011,131**

Source: Accumulation and Distribution of Individual Retirement Arrangements (IRA) (2018) files 18in02IRA: Size of Adjusted Gross Income and 18in07IRA: Filing Status and Gender of Taxpayer

<https://www.irs.gov/statistics/soi-tax-stats-accumulation-and-distribution-of-individual-retirement-arrangements>

and estimates from the EBRI Integrated 401(k) Plan/IRA Database.



However, some individuals could have contributed to both an employment-based plan and a traditional IRA. The IRS SOI tabulations do not include numbers on those who contribute to both types of plans, as the employment-based elective contributions and IRA contributions come from different reports. The Employee Benefit Research Institute's Integrated 401(k) Plan/IRA Database has data on both individual 401(k) plan participants and IRA owners and can link the individuals with both types of accounts.<sup>3</sup> Using this database, it was determined that 10.8 percent of traditional IRA contributors were also 401(k) plan participants in the same year. When this 10.8 percent is multiplied by the 1.1 million traditional IRA contributors with incomes qualifying for the Saver's Match, it results in 1.0 million unique Traditional IRA contributors (those not also contributing to a 401(k) plan).

*Roth IRAs* — Under the current framework of the Saver's Match in SECURE 2.0, Roth accounts cannot receive the match — only accounts with tax-deferred contributions can. However, these individuals can still qualify for the match. Another vehicle or process will need to be created to accept or facilitate these government matching contributions. Thus, accounting for the number of individuals who are contributing to Roth accounts separately is important because of the additional means that would be needed to deliver and receive the match.

The number of taxpayers who contributed to a Roth IRA are also tabulated in SOI's "[Accumulation and Distribution of Individual Retirement Arrangements \(IRA\)](#)" report. For 2018 Roth numbers, the same process is used in which the distribution of individuals with any Roth contributions by AGI from "Table 2. Taxpayers with Individual Retirement Arrangement (IRA) Plans, by Size of Adjusted Gross Income" (file [18in02IRA](#)) is combined with the distribution of contributions by filing status (joint and nonjoint) from "Table 7. Taxpayers with Individual Retirement Arrangement (IRA) Plans, by Filing Status and Gender" (file [18in07IRA](#)), and the "all returns" distribution for nonjoint filing status to produce the top panel of Figure 6. Using the interpolation assumption, the total Roth IRA contributors who would have had incomes qualifying for the Saver's Match was 2.3 million (Figure 6 bottom panel).

Again, some individuals could have contributed to both an employment-based plan and a Roth IRA, so it is necessary to check for the number contributing to both types of accounts.<sup>4</sup> Using the Integrated 401(k) Plan/IRA Database again, it is determined that 13.3 percent of Roth IRA contributors were also 401(k) participants in the same year. When this 13.3 percent is multiplied by the 2.3 million Roth IRA contributors with incomes qualifying for the Saver's Match, it results in 2.0 million unique Roth IRA contributors (those not also contributing to a 401(k) plan).

*Total by Income* — Totaling the numbers contributing to each of the three account types results in 21.9 million individuals who would have qualified for the Saver's Match using these historical data. Looking at these numbers by income groupings shows that 12.4 million (or 57 percent) of these individuals had incomes below \$40,000 (Figure 7). The number below any of the phase-out income thresholds (less than \$20,000) was 3.4 million, and another 4.6 million were in the incomes between \$20,000 and \$30,000, where only the single and married filing separate individuals would be impacted by the phasing out of the match.

Figure 6  
Estimates of Those Who Contributed to a Roth Individual Retirement Account (IRA) and Could Be Eligible for the Saver's Match

**Total Making a Roth IRA Contribution**

Adjusted Gross Income	Total	Married / Joint	Non Joint	Married / Separate	Head of Household	Single
\$1 under \$5,000	115,206	80,521	34,685	462	1,891	32,332
\$5,000 under \$10,000	141,281	98,745	42,536	636	4,846	37,053
\$10,000 under \$15,000	147,023	102,759	44,264	690	10,611	32,964
\$15,000 under \$20,000	154,669	108,103	46,566	873	13,552	32,141
\$20,000 under \$25,000	189,176	132,221	56,955	1,491	15,577	39,887
\$25,000 under \$30,000	179,676	125,581	54,095	1,648	16,219	36,229
\$30,000 under \$40,000	422,320	295,172	127,148	5,095	35,074	86,980
\$40,000 under \$50,000	408,476	285,496	122,980	5,257	29,801	87,922
\$50,000 under \$75,000	1,165,836	814,836	351,000	18,563	80,468	251,969
<b>Totals</b>	<b>2,923,663</b>	<b>2,043,432</b>	<b>880,231</b>	<b>34,714</b>	<b>208,040</b>	<b>637,478</b>

(Joint returns-69.9% and nonjoint returns-30.1%)

**Adjusted Total With Roth Contributions for SECURE 2.0 Saver's Match**

Adjusted Gross Income	Total	Married / Joint	Non Joint	Married / Separate	Head of Household	Single	Total
\$1 under \$5,000	115,206	80,521	34,685	462	1,891	32,332	115,206
\$5,000 under \$10,000	141,281	98,745	42,536	636	4,846	37,053	141,281
\$10,000 under \$15,000	147,023	102,759	44,264	690	10,611	32,964	147,023
\$15,000 under \$20,000	154,669	108,103	46,566	873	13,552	32,141	154,669
\$20,000 under \$25,000	189,176	132,221	56,955	1,491	15,577	39,887	189,176
\$25,000 under \$30,000	179,676	125,581	54,095	1,648	16,219	36,229	179,676
\$30,000 under \$40,000	422,320	295,172	127,148	2,802	35,074	47,839	380,887
\$40,000 under \$50,000	408,476	285,496	122,980		29,801		315,297
\$50,000 under \$75,000	1,165,836	684,462	351,000		10,461		694,923
<b>Totals</b>	<b>2,923,663</b>	<b>1,913,058</b>		<b>8,601</b>	<b>138,032</b>	<b>258,446</b>	<b>2,318,138</b>

Percentage of Roth IRA Contributors Also Participating in 401(k) Plan **13.3%**

**Total With Roth IRA Contributions Based on 2018 AGIs No 401(k) Plan 2,009,826**

Source: Accumulation and Distribution of Individual Retirement Arrangements (IRA) (2018) files 18in02IRA: Size of Adjusted Gross Income and 18in07IRA: Filing Status and Gender of Taxpayer

<https://www.irs.gov/statistics/soi-tax-stats-accumulation-and-distribution-of-individual-retirement-arrangements>

and estimates from the EBRI Integrated 401(k) Plan/IRA Database.

Figure 7 Number of Those Who Contributed Who Would Qualify for the Saver's Match, by Income (in millions)				
Adjusted Gross Income	Employer Plans	Traditional IRAs*	Roth IRAs*	Total
\$1 under \$5,000	0.18	0.02	0.10	0.3
\$5,000 under \$10,000	0.50	0.04	0.12	0.6
\$10,000 under \$15,000	0.87	0.06	0.13	1.1
\$15,000 under \$20,000	1.27	0.06	0.13	1.5
\$20,000 under \$25,000	1.86	0.06	0.16	2.1
\$25,000 under \$30,000	2.24	0.09	0.16	2.5
\$30,000 under \$40,000	3.86	0.18	0.33	4.4
\$40,000 under \$50,000	2.33	0.17	0.27	2.8
\$50,000 under \$75,000	5.80	0.33	0.60	6.7
<b>Total</b>				<b>21.9</b>
IRA = individual retirement account				
Source: EBRI estimates using IRS-SOI tabulations and the EBRI Integrated 401(k) Plan/IRA Database.				

## Conclusion

Calculations using IRS data from 2018 conclude that approximately 83.9 million Americans had incomes that fall within the Saver's Match income limits, with 69.0 million of those receiving W-2 income.<sup>5</sup> Furthermore, 21.9 million contributed to either an employment-based retirement plan or an IRA (Figure 8). Thus, the impact of this provision has the potential to help a significant number of low-income Americans save for retirement.

Figure 8 Summary (in millions)	
Potential Number of Individuals Eligible for the Saver's Match	
All Returns	83.8
W-2	69.0
Potential Number of Individuals Who Would Have Been Able to Use the Saver's Match by Contributing to an Employer Plan or an Individual Retirement Account (IRA)	
Employer Plan Contributions	18.9
Traditional IRAs*	1.0
Roth IRAs*	2.0
<b>Total</b>	<b>21.9</b>
*Excludes those also with a 401(k) plan.	
Source: EBRI estimates using IRS-SOI tabulations and the EBRI Integrated 401(k) Plan/IRA Database.	

While these numbers are solid ballpark figures, there are a few caveats that should be mentioned. These estimates could be a lower bound, because they only focus on those having their wage income reported on Form W-2, whereas some workers have their earnings reported on other forms, such as Form 1099. The new rules on covering long-term, part-time employees for employment-based plans would not have gone into effect during the historical timeframe of the data. State-run auto-IRA plans, which are almost exclusively Roth IRAs, would only have been in their infancy during the study timeframe, while the number of these accounts is now on track to reach one million (though not all, but many, would be within the income thresholds).<sup>6</sup> Furthermore, those not filing taxes are not counted, nor is the possibility of more individuals contributing given the additional incentive from the match to contribute. In contrast, one factor that could reduce the number being eligible to qualify for the match is wage and income growth, as 2027 and the study year are several years apart, which included a high inflation period pushing some contributors above the income cutoffs. Nevertheless, these numbers are a good starting point for understanding its reach, and they show that the bulk of the individuals qualifying for the match will contribute to employment-based plans and a sizable number will contribute to Roth IRAs.

For these individuals to benefit from the match, the mechanics of getting the money to the retirement accounts are likely to involve building an entirely new infrastructure, which is complicated and likely to incur significant costs. It will also entail buy-in from 401(k) plan and IRA administrators in helping develop the process for the plans to receive the money and from plan sponsors in amending their plans to receive dollars from outside the plan. While this provision does not go into effect until 2027, creating the system to make this provision work is not going to be an easy task, but it has the potential to help around 22 million Americans who would be eligible to contribute, plus more who might do so once the match is implemented.

## Endnotes

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<sup>1</sup> For purposes of this study, to ease exposition, “qualified retirement plan” will be used to reference both (1) plans provided through an employer that meet the requirements of the Internal Revenue Code and ERISA for tax preferences and (2) individual retirement accounts (IRAs) that have the same tax preferences for the owners of these accounts as those of participants in employer plans — through either a traditional manner or Roth tax treatment. “Qualified retirement plans” has generally referred to only employer plans.

<sup>2</sup> The choice of the 69.9 percent and 30.1 percent split is based on the overall numbers of IRA contributions, but the percentage of overall taxpayers with incomes below \$50,000 who are joint filers is much lower. However, the distribution by filing status does not matter until the incomes reach the single-filer income cutoff of \$35,500, as all of these individuals would qualify regardless of tax filing status. Above \$50,000, the joint/nonjoint filing status breakdown is much closer to overall tax-filer breakdown. Therefore, the impact of this assumption is likely limited.

<sup>3</sup> In this database, the 401(k) plan participants from the EBRI/ICI 401(k) Database are combined with the account owners of the EBRI IRA Database. For more information about the EBRI/ICI 401(k) Database, see Holden, Sarah, Steven Bass, and Craig Copeland, “401(k) Plan Asset Allocation, Account Balances, and Loan Activity in 2020,” *EBRI Issue Brief*, no. 576 (Employee Benefit Research Institute, November 29, 2022) for the latest cross-sectional results and background on the database. For more information about the EBRI IRA Database, see Copeland, Craig, “EBRI IRA Database: IRA Balances, Contributions, Rollovers, Withdrawals, and Asset Allocation, 2017 Update,” *EBRI Issue Brief*, no. 513 (Employee Benefit Research Institute, September 17, 2020). Also, see Copeland, Craig, “Having Both a 401(k) Plan and an IRA: How Much Does This Change the Retirement Asset Picture?,” *EBRI Issue Brief*, no. 511 (Employee Benefit Research Institute, August 20, 2020) for an example of research using the Integrated Database. For this Saver’s Match analysis, using data closest to 2018, 27.1 million 401(k) plan participants were included, along with 18.7 million IRA owners, of whom 5.4 million were Roth IRA owners.

<sup>4</sup> An individual could also contribute to both a Traditional IRA and a Roth IRA in the same year. However, of those contributing to a Roth IRA in the EBRI IRA Database, only 2.7 percent also contributed to a Traditional IRA. Of those contributing to a Traditional IRA, only 5.1 percent also contributed to a Roth IRA. Furthermore, 98.2 percent of those contributing to either a Traditional or Roth IRA only contributed to that IRA. Thus, virtually all of those contributing to an IRA contribute to only one account, so no adjustment is made since the amount would not have a material impact on the final

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results. See Copeland, Craig, "EBRI IRA Database: IRA Balances, Contributions, Rollovers, Withdrawals, and Asset Allocation, 2017 Update," *EBRI Issue Brief*, no. 513 (Employee Benefit Research Institute, September 17, 2020) for more on contributions to IRAs. This result has been a consistent finding across multiple years.

<sup>5</sup> The number of those having incomes within the Saver's Match thresholds would be higher than 69.0 million, as many Americans have their earnings reported on tax forms other than W-2s, such as Forms 1099. Furthermore, some low earners do not file taxes given their low incomes. The 83.9 million includes those who do not have earnings, so the full potential number would be between these numbers. However, given the data limitations, 69.0 million is the closest that can be derived for those with earnings.

<sup>6</sup> By the end of 2023, there were over 820,000 accounts established under state-run auto-IRA plans. See Center for Retirement Initiatives, Georgetown University, *Monthly Performance Trends in State-Facilitated Retirement Savings Programs December 2023*, January 2024, <https://cri.georgetown.edu/wp-content/uploads/2024/01/Monthly-Trends-in-State-Retirement-Plans-November-2023-to-December-2023.pdf>.