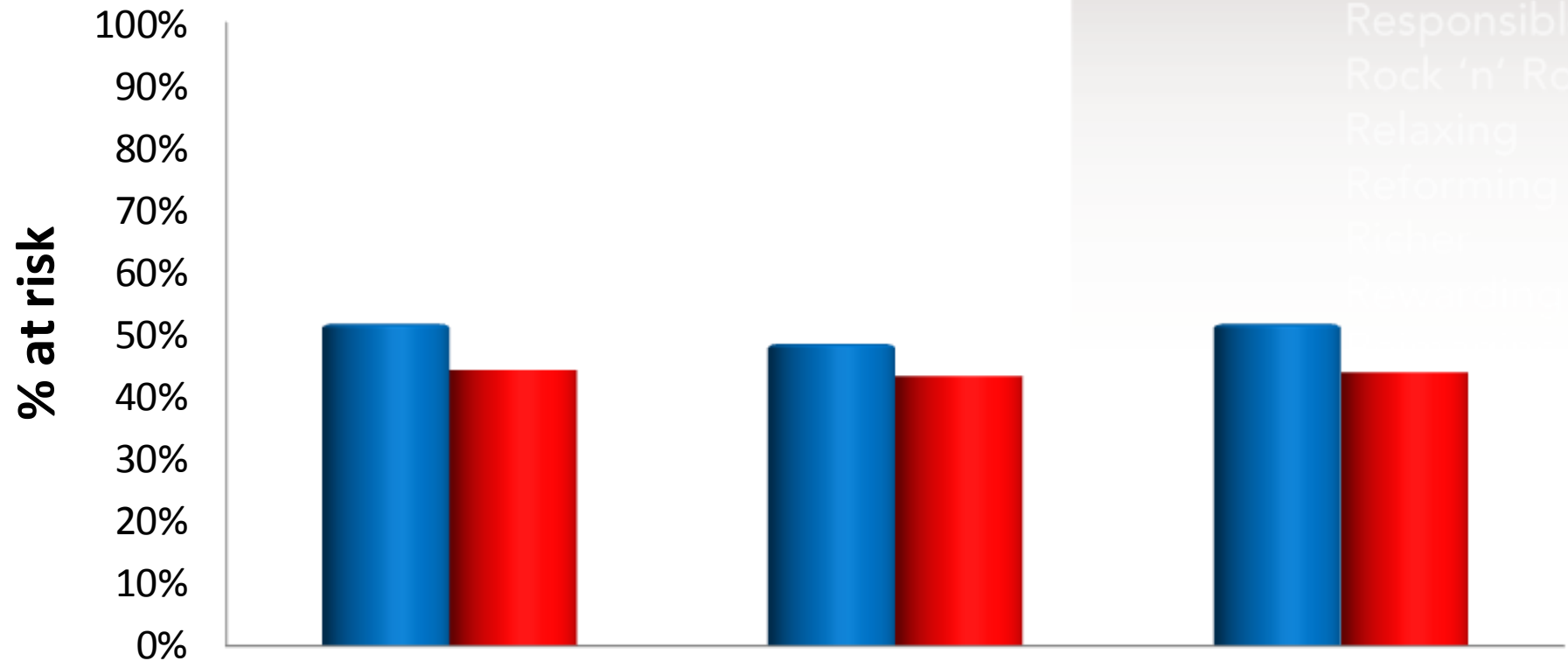


Work and Save

Sarah Mysiewicz Gill

AARP Senior Legislative Representative

Half of Boomers & Gen Xers At Risk of Financially Insecure Retirement

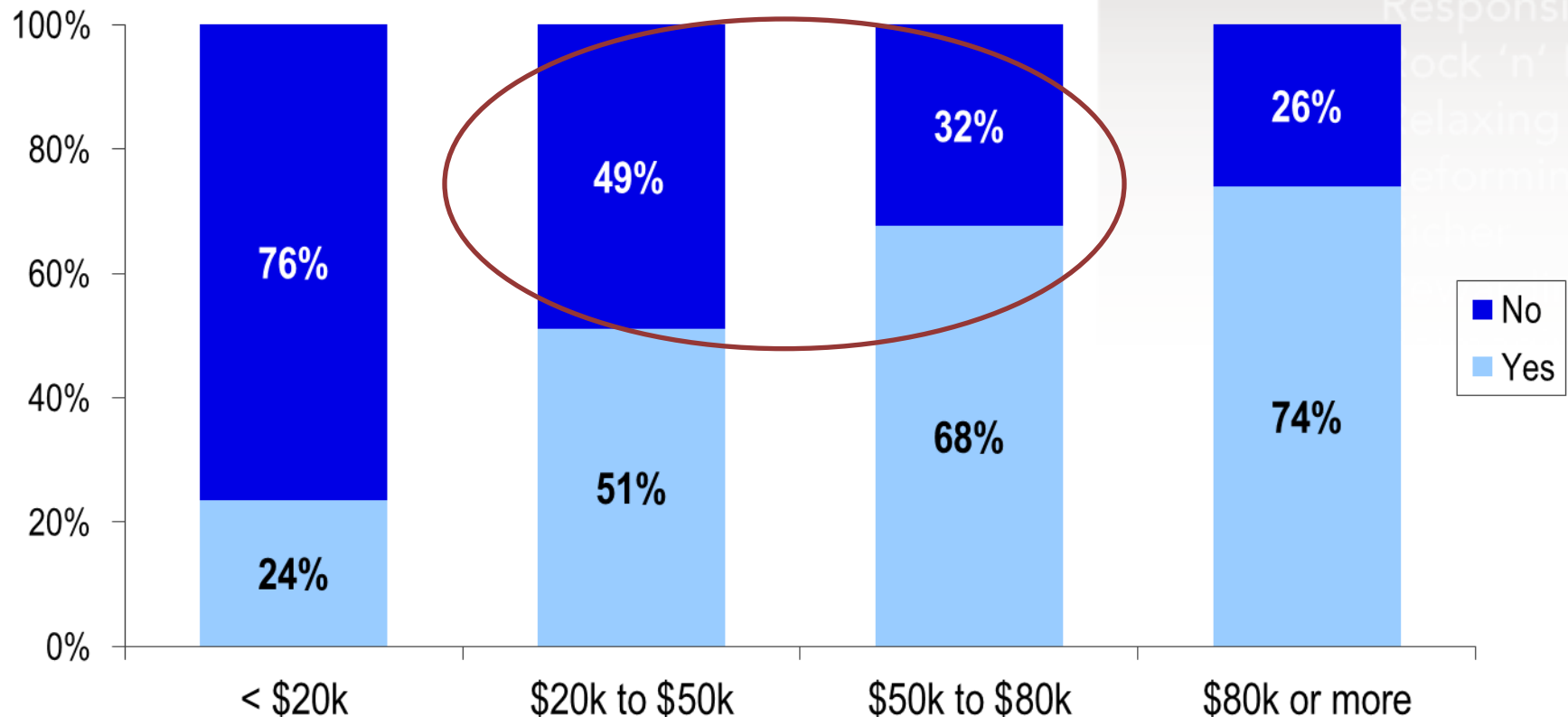


	Early Boomers	Late Boomers	Gen Xers
EBRI 2003 RRR	51.7%	48.5%	51.7%
EBRI 2012 RRR	44.3%	43.3%	43.9%

Source: EBRI Retirement Readiness Rating™: 2003 vs. 2012

Key Determinants: Income

U.S. PRIVATE SECTOR WORKERS: Does your employer offer a pension or retirement plan? By Personal Annual Income



Source: NCPERS, Analysis of Current Population Survey, March 2011 Supplement

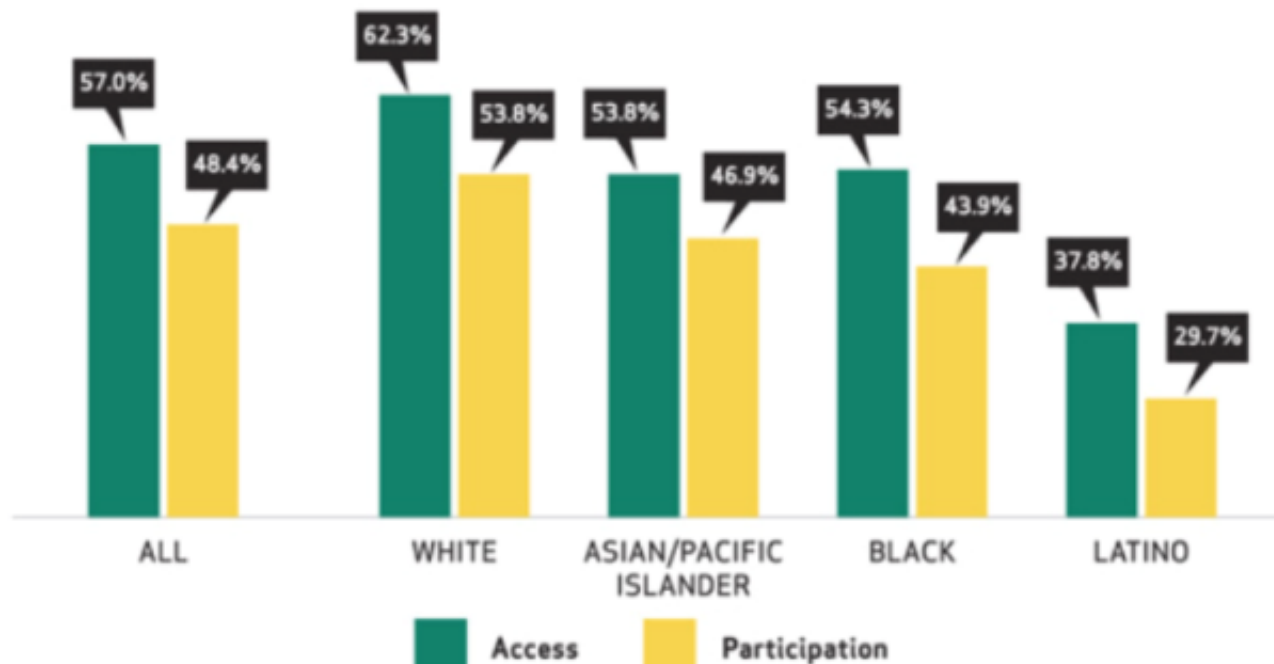
Key Determinants: Ethnicity

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Race & Retirement Insecurity

Employees of Color Are Significantly Less Likely to Have Access to Workplace Retirement Plans

Employer-sponsored retirement plan coverage among wage and salary employees by race, 2012



Data source: NIRS analysis of CPS ASEC microdata from IPUMS. Universe is public and private wage and salary employees age 25-64. Racial categories are single-race

Key Determinants: Age

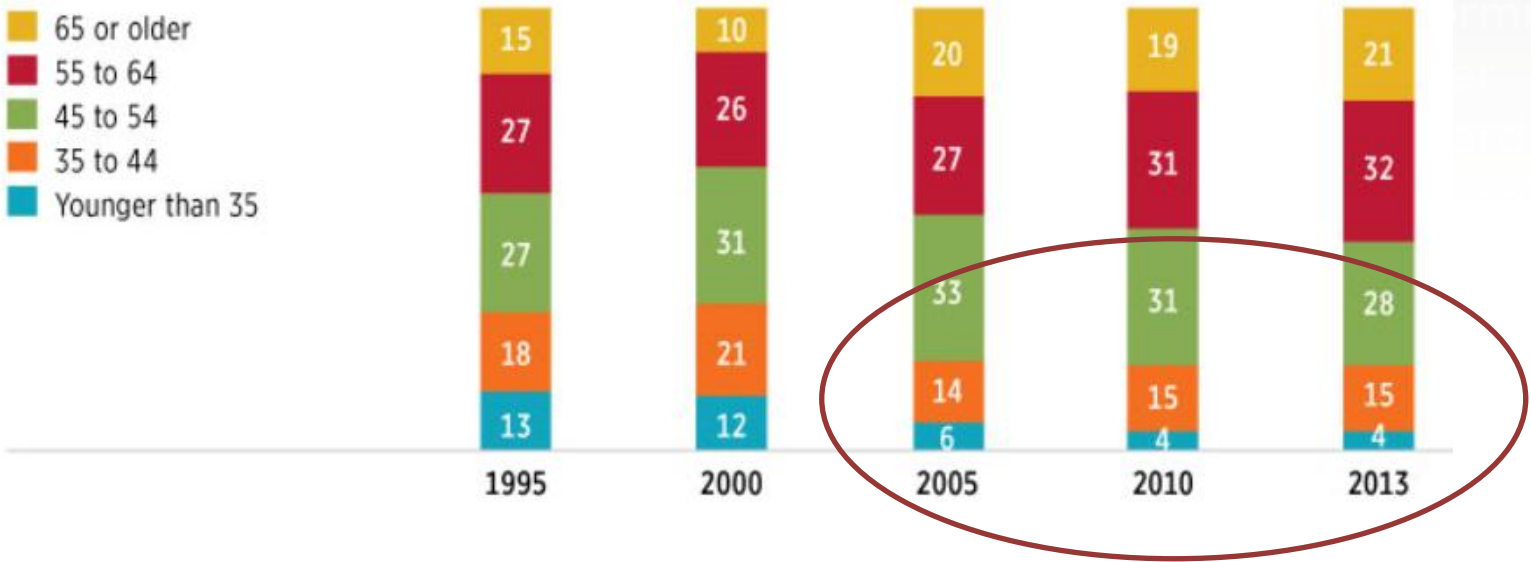
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Figure 2.10

Mutual Fund Assets by Age Group

Percentage of households' mutual fund assets, selected years

Age of head of household

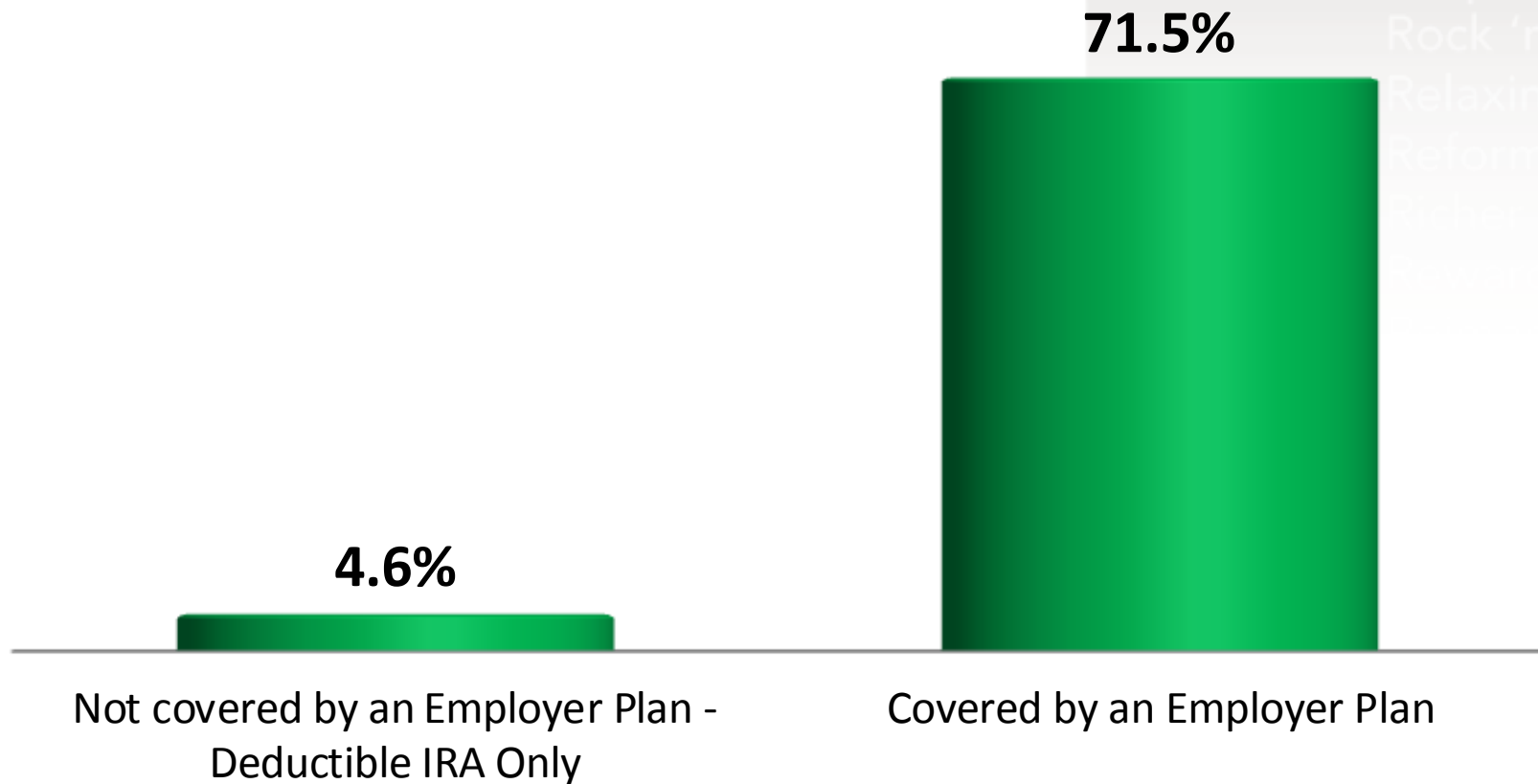


Note: Age is based on the age of the sole or co-decisionmaker for household saving and investing.

Source: ICI

15x More Likely to Save if Employer Offers Plan

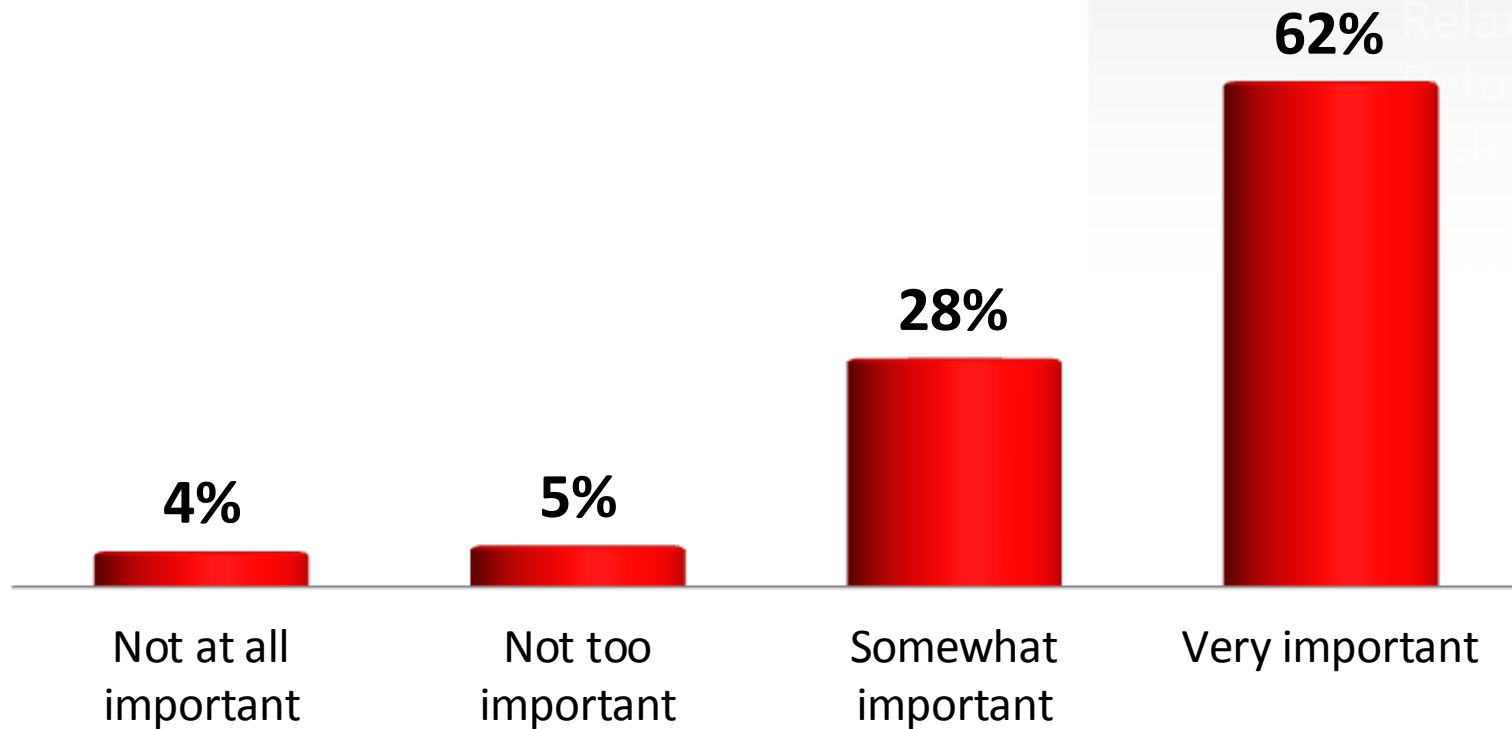
Participation Rates



Data compiled by AARP's Public Policy Institute from unpublished estimates from the Employee Benefit Research Institute of the 2004 Survey of Income and Program Participation Wave 7 Topical Module (2006 data). See also Brookings' Retirement Security Project and WhiteHouse.gov

Payroll Deduction Drastically Increases Participation

Percentage of Respondents who say Payroll Deduction Is Important to Helping them Save



Source: EBRI 2011

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Rock 'n' Roll

Senator: Do any of you see any reason why plans need to be run by State Governments? ... How do consumers in Illinois benefit from having to go through the State of Illinois to invest? ... I mean, why do we need to have the State Governments involved at all? Shouldn't you just be able to go online on Vanguard and open your own account and just pay Vanguard's fee and not a fee to the States?

Proponent: If Illinois consumers went directly to buy the funds, they would pay higher fees overall than if we hadn't put this program together, we wouldn't have negotiated institutional share classes that were lower using the economies of scale. We are bringing a billion dollars to a vendor.

Congressional Testimony

Laboratories of Democracy

Senator: Do any of you see any reason why **college savings** plans need to be run by State Governments? ...How do consumers in Illinois benefit from having to go through the State of Illinois to invest **in a college savings plan?** ... I mean, why do we need to have the State Governments involved **in college savings programs** at all? Shouldn't you just be able to go online on Vanguard and open your own **college savings** account and just pay Vanguard's fee and not a fee to the States?

Proponent: If Illinois consumers went directly to buy all the funds **that are part of Bright Start currently**, they would pay higher fees overall than if we hadn't put this program together, we wouldn't have negotiated institutional share classes that were lower using the economies of scale. We are bringing a billion dollars to a vendor.

2004 Congressional Oversight Hearing on Section **529 Savings Plans**

529's: A model for retirement?

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The plan-level data collected shows that 529 plan assets reached record amounts as of June 30, 2014, with \$244.5 billion invested nationally. This is a 7.6% increase during the first half of 2014.

The chart below shows annual 529 plan assets based upon data collected from 1996 through June 30, 2014.



Source: College Savings Plan Network

529's: A model for retirement?

District of Columbia DC College Savings Plan	Maryland Maryland Prepaid College Trust	Maryland Maryland College Investment Plan	Virginia Virginia529 inVEST	Virginia Virginia529 prePAID	Rewardi Romanc Respon
Investment Manager(s)	Investment Manager(s)	Investment Manager(s)	Investment Manager(s)	Investment Manager(s)	
Acacia Life Insurance Company Calvert Investment Management, Inc. State Street Global Advisors	College Savings Plans of Maryland Board NA	T. Rowe Price	Aberdeen American Funds Franklin Templeton Investments INVESCO Institutional (N.A.), Inc. Morgan Stanley Multiple Investment Managers Prudential Rothschild Asset Management, Inc. Stone Harbor Investment Partners The Vanguard Group®	Aberdeen Adams Street Partners, LLC Advent Capital Aether Investment Partners American Funds Aurora Investment Management, LLC Aventura Holdings, LLC BlackRock Brookfield Mortgage-Backed Securities Commonfund Capital Inc. CS Transition Donald Smith & Co. Ferox Capital Wellington Capital Management Westfield Capital Management	Franklin Templeton Investments Harmonic Alpha Plus Macro Fund INVESCO Institutional (N.A.), Inc. Private Advisors LLC Prudential Shenkman State Street Global Advisors State Treasury Stone Harbor Investment Partners The Vanguard Group® The Vanguard Group® Thompson, Siegel & Walmsley, Inc. UBS Global Asset Management (Americas) Inc.

Source: The College Savings Plan Network

National Context

2012: **Massachusetts** passed plan for non-profits
California passed feasibility study

2013: **Oregon** passed study of retirement security

2014: **Minnesota** and **Connecticut** each passed a feasibility study, appropriating \$400k for the work

Over a dozen states working on this concept nationwide . States that passed one chamber include: **Washington** and **West Virginia**. Additional states considering the concept include: **Indiana, Nebraska, Wisconsin, Ohio, Colorado,** and **Arizona** .

2015: **Illinois** Governor signs Secure Choice into law.
Utah Senate and **Virginia** pass studies unanimously.

AARP expects ~30+ states advocating on Work and Save

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Rising



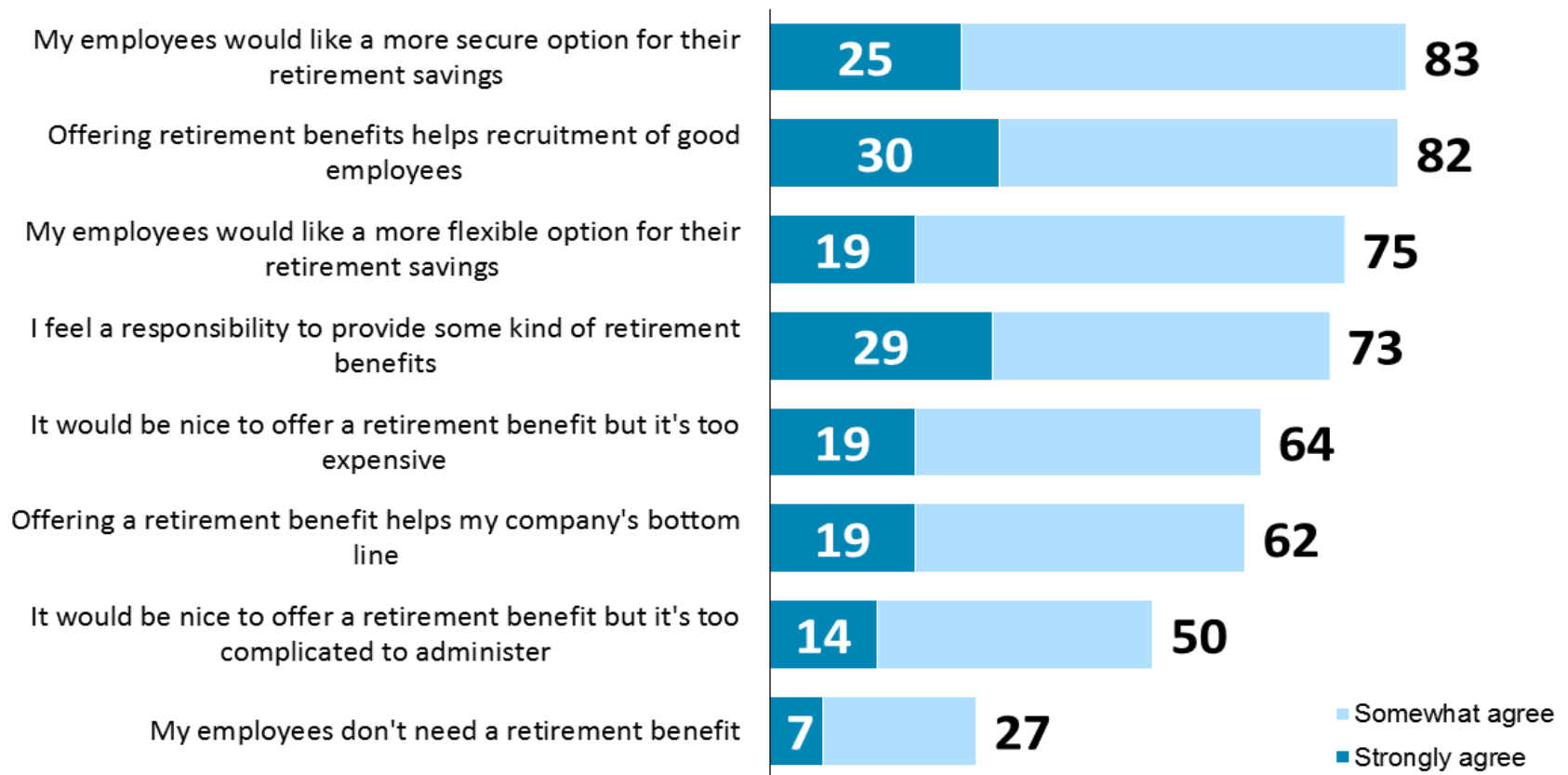
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Small Businesses Support Work and Save

Small business owners overwhelmingly agree that retirement benefits help recruit good employees

Percent Agree



Data from NCPERS

National Media Attention

The New York Times



BUSINESS DAY | RETIRING

Some States Look to Fill a Retirement Savings Gap



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Reforming

Industry Support for Work and Save- Illinois Secure Choice/ Auto IRA

Supporters:

“Secure Choice opens up access to a secure and affordable employment-based retirement savings opportunity from which minority communities have been historically excluded. It will also help to **create a culture of saving** and financial literacy that **will benefit financial services firms.**”

– Martin Cabrera, Jr., Cabrera Capital Markets

TIAA- CREF

Cabrera Capital

Ariel Investments

American Society of Pension
Professionals and Actuaries

Illinois Black Chamber of
Commerce

National Association of
Women Business Owners

AARP

Industry Supports Work and Save- Washington Senate Bill 5826/ Marketplace Model

Supporters:

American Council of Life
Insurers

Securities Industry and
Financial Markets
Association

AARP

“On behalf of the Securities Industry and Financial Market Association, representing securities firms, banking, and asset management- **in strong support of the legislation in front of you** ... a long-term retirement plan is in the benefit of the country. This plan itself is a great option in our viewpoint... This state set the national path.”

~ Testimony provided by SIFMA
representative February 11 on
SB 5826

Industry Support for Work and Save-Maryland Task Force/ Secure Choice

“We are a strong advocate of a plan like this, and highly recommend an option that allows the private sector an opportunity to also manage and administer the program.”

Gary Kleinschmidt, Member Task Force to Ensure Retirement Security for All Marylanders

Sample of Participants:

Vice Chairman, T. Rowe Price

Retirement Sales Manager, Legg Mason
Global Asset Management

Secretary, Maryland Department of
Business and Economic Development

Maryland State Treasurer

Secretary-Treasurer, Maryland State
and DC AFL-CIO

Policy Director for Public Services, SEIU

Members of House and Senate

Questions?

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@pensionimposble

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