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Treasurer of State

Capitol Building  
1007 E Grand Ave.  
Des Moines, IA 50319

To: Legislative Services Agency

From: Karen Austin, Chief of Staff

Date: November 24, 2020

Re: Retirement Savings Iowa, Need and Purpose of proposed legislation

### Description of Legislation

There is a looming retirement crisis in America as studies have repeatedly shown that Americans are not saving enough for their retirement years. The Treasurer believes more must be done to help workers in Iowa save more now in order to have the necessary resources for living expenses and health care after they reach retirement age. The proposed legislation aims to assist those who do not currently have access to a retirement savings plan through their employer by creating a state program with the specific purpose of making retirement savings easier through their employer.

Over the last decade states around the nation have blazed the trail on creating state run plans. Iowa can leverage the experience and research through the efforts of the twelve states who have adopted a state retirement solution. Now is the time to start thinking about the impact on Iowa if we don't help people help themselves in retirement.

The Treasurer's Office looks forward to working with legislators and Iowans who are concerned about retirement savings shortfalls in this state.

### Retirement Savings Facts

- 33% of American workers in the private sector have no retirement benefits offered through their employer. Among low wage workers, 55% do not have access to retirement benefits through their employer. – Bureau of Labor Statistics, March 2020.
- 37% of Iowans have less than \$5,000 saved or invested for retirement. 39% of Iowans plan on Social Security as their only means of retirement income. – Iowa Insurance Division, 2019 survey.
- According to the National Institute on Retirement Security, 2019
  - 70% of Americans say the average worker cannot save enough to guarantee a secure retirement.
  - 65% believe they will have to work past retirement age to have enough money to retire (up to 77% of millennials).
  - 71% of Americans agree that state-based retirement plans are a good idea, with 74% saying they would participate if offered.