



Enhancing retirement security through
access to retirement savings plans and
fair treatment of retirement income

HF2419 (Fritz)/SF2078 (Pappas)
HF2241 (Savick)/SF2267 (Carlson)

- Create a *Secure Choice Plan* that provides a convenient way for people to save for retirement on the job and to continue to save if they change jobs.
- Protect spouse caregivers from financial hardship by updating Minnesota's Medicaid spousal impoverishment law to treat 401k retirement accounts the same as defined benefit pensions.

The Facts

- Currently, one in seven Minnesotans age 65 or older lives in poverty and over half of them (38,463) are women.
- **Most people take advantage of employer-provided opportunities to save for retirement but many still do not have that option.** In Minnesota 1.2 million people-- or 39.8 percent of workers -- do not have access to a retirement plan at work. When offered the opportunity at work to save for retirement, seven out of ten people choose to participate.
- **Our nation and its working families face an unprecedented crisis: a vast retirement savings deficit,** estimated to be as much as \$6.6 trillion, or about \$57,000 per household. The typical working-age household has only \$3,000 in retirement assets, while near-retirement households only have \$12,000. Three out of five families headed by a person 65 or older have *no money* in retirement savings accounts.
- **Women receive lower benefits from and are more dependent on Social Security.** For nearly 20 percent of Minnesota seniors, Social Security makes up 90 percent or more of family income. According to the Social Security Administration in 2011, 48 percent of all elderly unmarried women (including widows) receiving Social Security benefits relied on Social Security for 90 percent or more of their income. In 2011, the average annual Social Security income received by women 65 years and older was \$12,188, compared to \$15,795 for men.
- **With longer life expectancies than men, women tend to live more years in retirement and have a greater chance of exhausting their savings and assets.** Older women are also much more likely than their male counterparts to live alone during retirement – 72% of Minnesota's seniors living alone are women.
- **Women generally receive lower pension benefits due to their relatively lower earnings.** In Minnesota in 2012, women's retirement earnings were 50% of men's.
- **The decline in coverage by traditional defined benefit pension plans is contributing to a drop in retirement income that is available to Minnesota couples, especially caregiver spouses who are more often women.** In 2002, Minnesota changed its Medicaid Spousal Impoverishment law so that spouses (often women) with retirement assets in *defined contribution* retirement plans (such as 401ks, and IRA's) were required to spend down these assets as part of asset reduction-- before their spouse could be eligible for Medicaid; whereas income from defined benefit pension is protected.

**Twice as many of
Minnesota's elder women
live in poverty as men**