

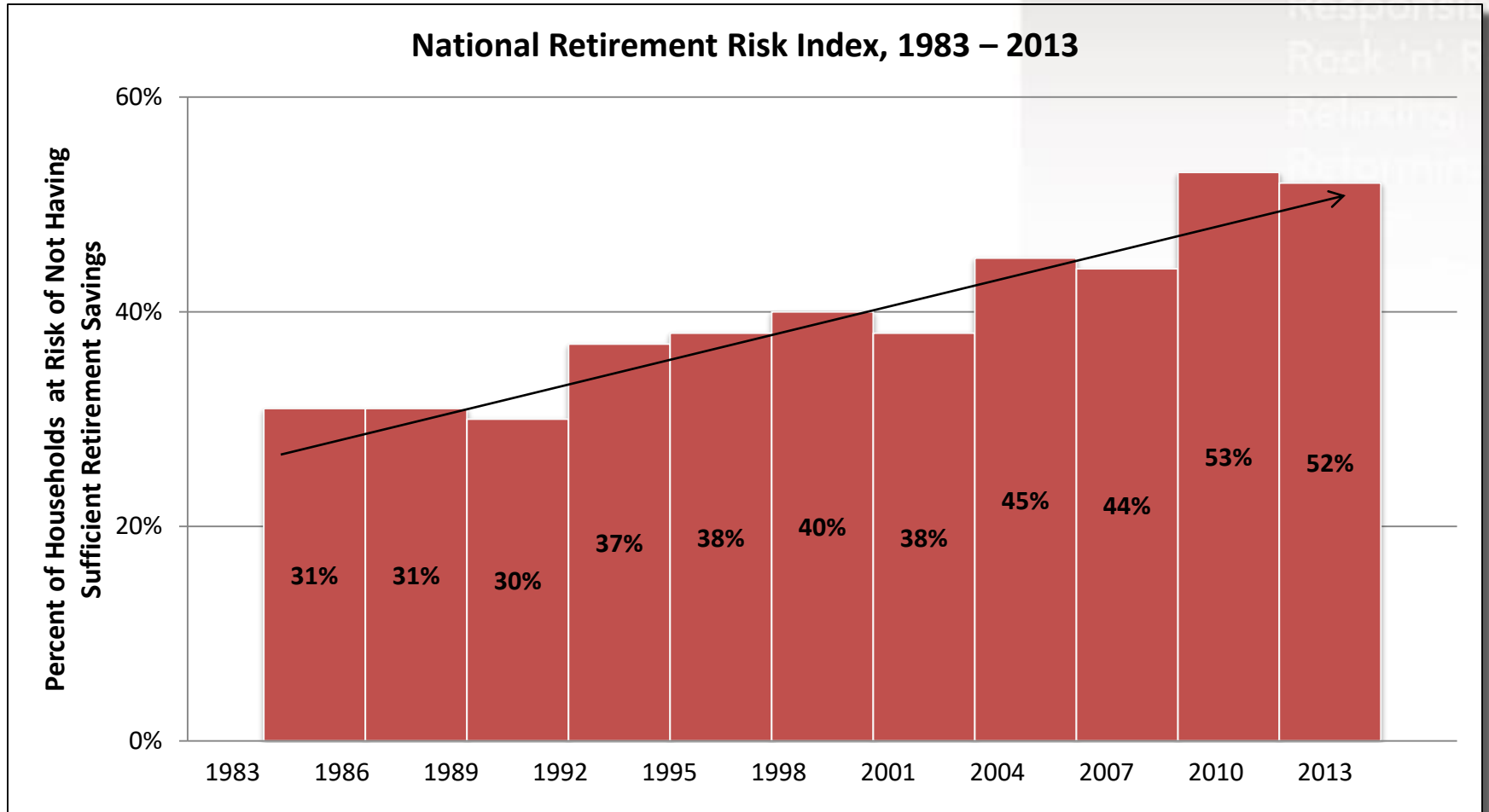
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# Kentucky's Financial Security Gap in Retirement



# Risk of Financial Insecurity in Retirement on the Rise

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Relaxing  
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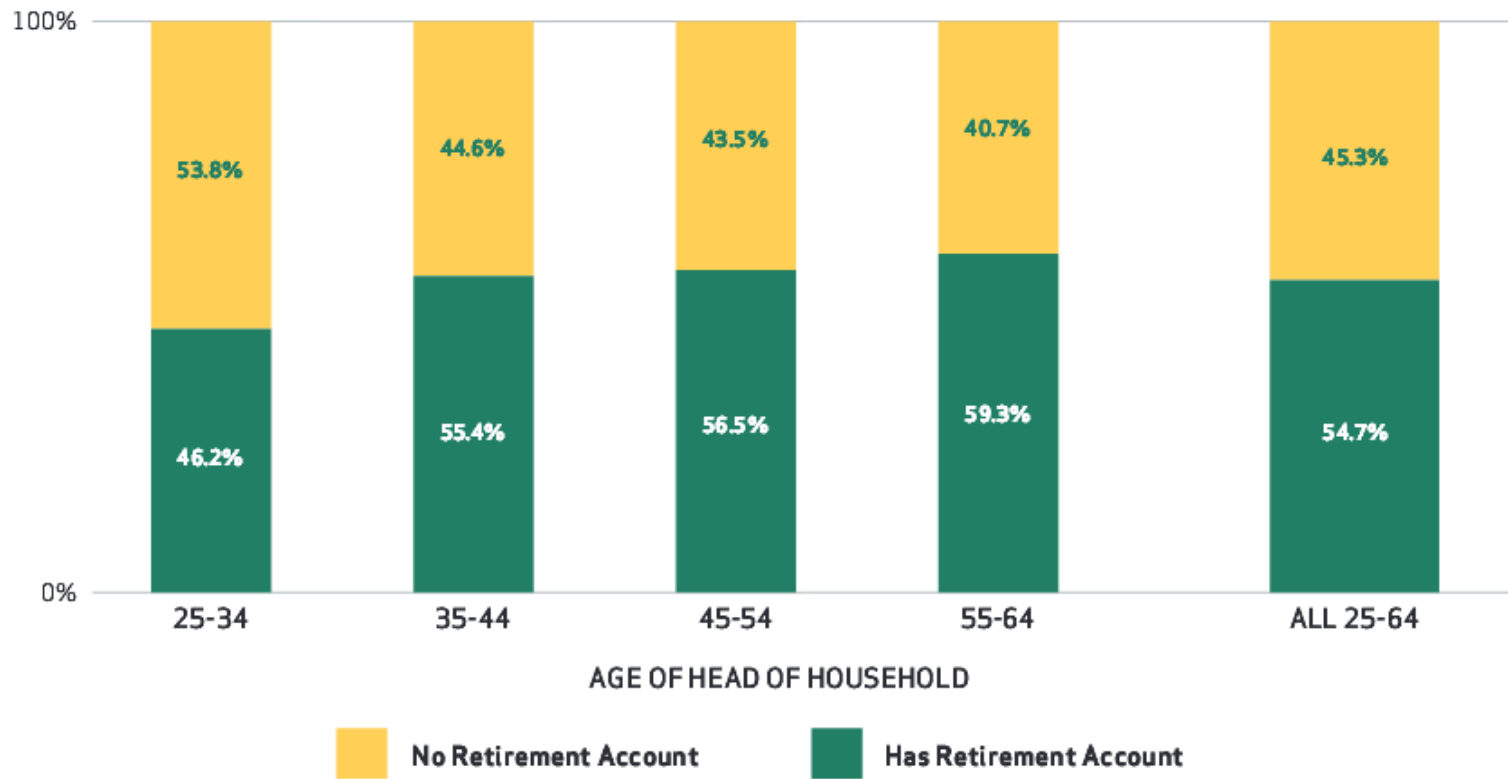
Source: Center for Retirement Research, National Retirement Risk Index

# Almost Half of all Households Have NO Assets Saved for Retirement

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Figure 5: **Over 45 Percent of all Working-Age Households Do Not Own Assets in a Retirement Account**

Household retirement account ownership by age of head of household, 2013



Source: Authors' analysis of 2013 SCF.

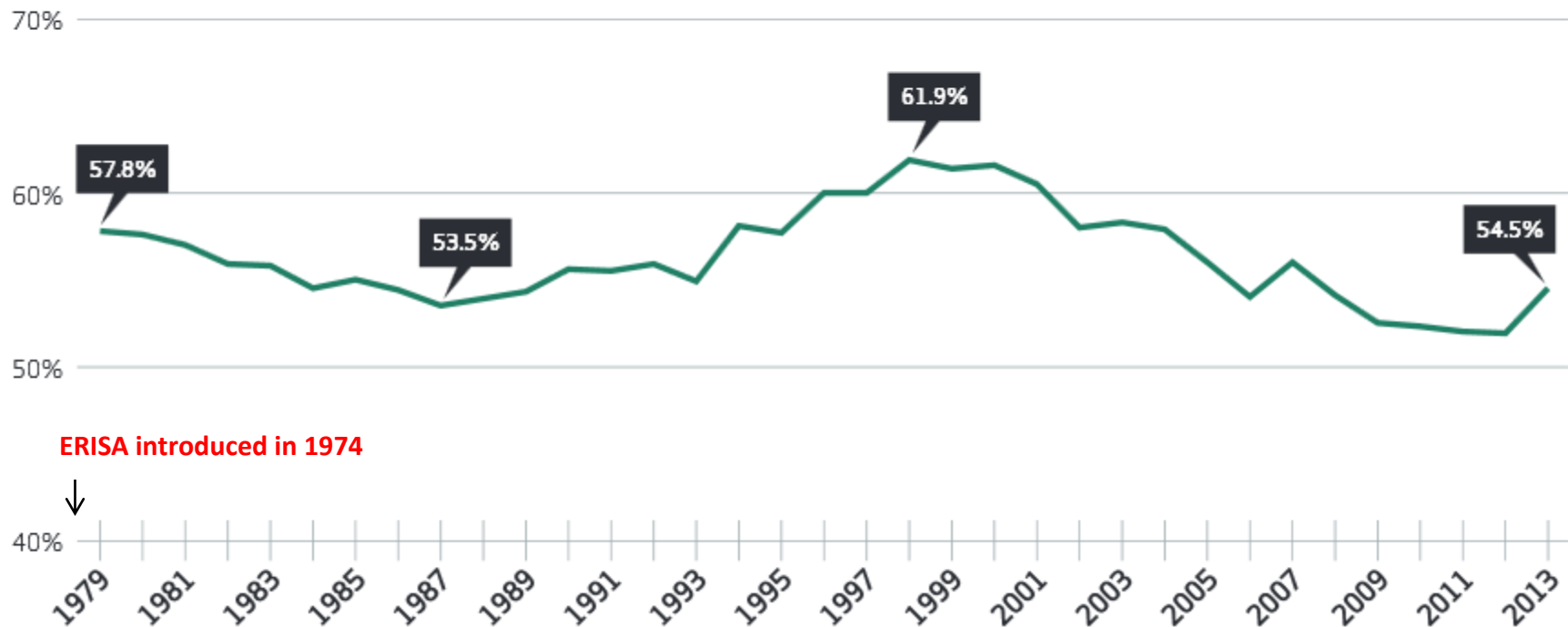
Source: NIRS, ["The Continuing Retirement Savings Crisis"](#)

# Access to Workplace Savings Plans Static Over 30+ Years

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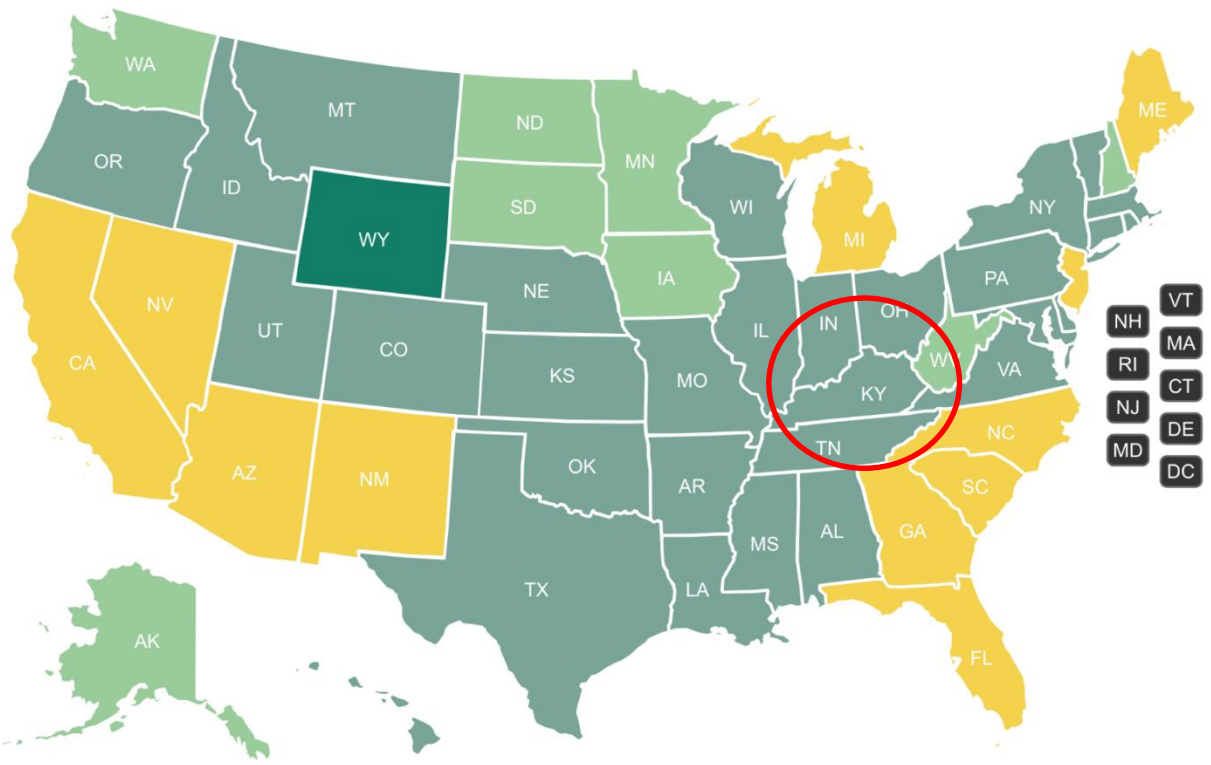
## Only 55 Percent of Private Sector Workers Have Access to a Retirement Plan at Work

Private sector wage and salary workers age 25-64 whose employers sponsor a retirement plan, 1979-2013



# Kentucky's Financial Security Scorecard Ranking

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The scorecard is measured through:

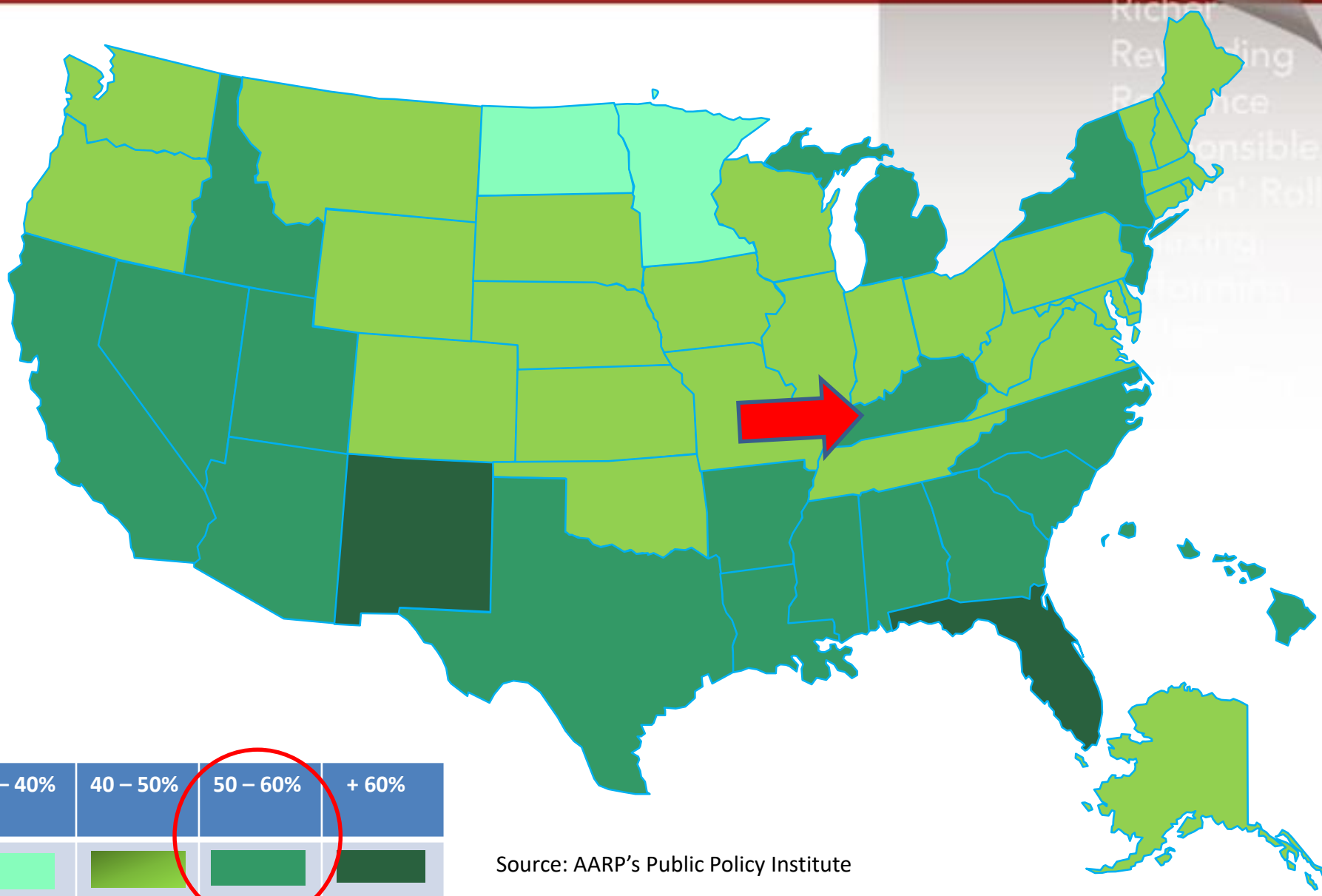
- ❖ Potential retirement income
- ❖ Major retiree costs
- ❖ Labor market conditions for older

In relation to other states, Kentucky scored **slightly better than average** on potential economic pressures facing future retirees, but there is still room for improvement.

Source : [NIRS "Financial Security Scorecard"](#)

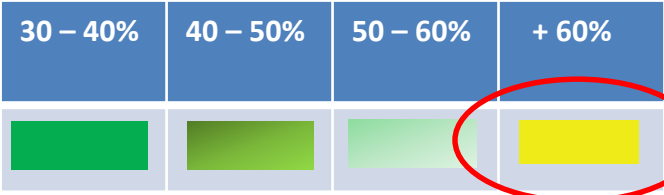
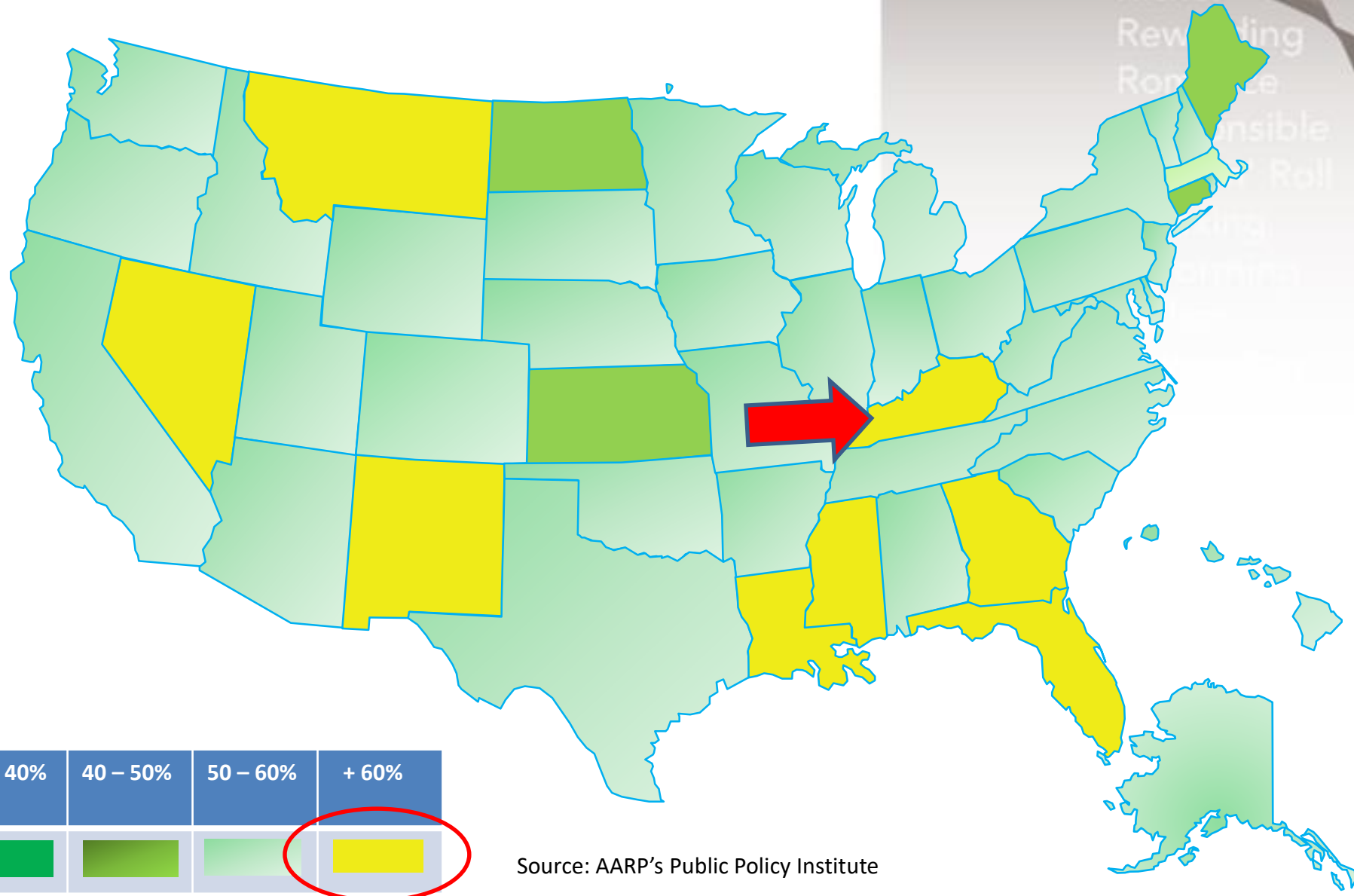
# Percent of Workers Without Access to a Retirement Plan by State

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Source: AARP's Public Policy Institute

# Percent of Multicultural Workers Without Access to a Retirement Plan by State



Source: AARP's Public Policy Institute

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# Kentucky

About 51% of Kentucky's private sector workers, 795,000 people, don't have a way to save for retirement out of their regular paycheck.



Source: [AARP's Public Policy Institute](#)



# Public/Private Retirement Savings: Possible Program Design Features

**Automatic Enrollment** – Employees are 15 times more likely to save for retirement when they have access to a way to save at work, and 20 times more likely when they are automatically enrolled.

**Voluntary** – By allowing employees the choice to opt-out at any time, the program is completely voluntary and participants have full control over their participation.

**Portability** – Employees take their retirement savings with them when they leave a job.

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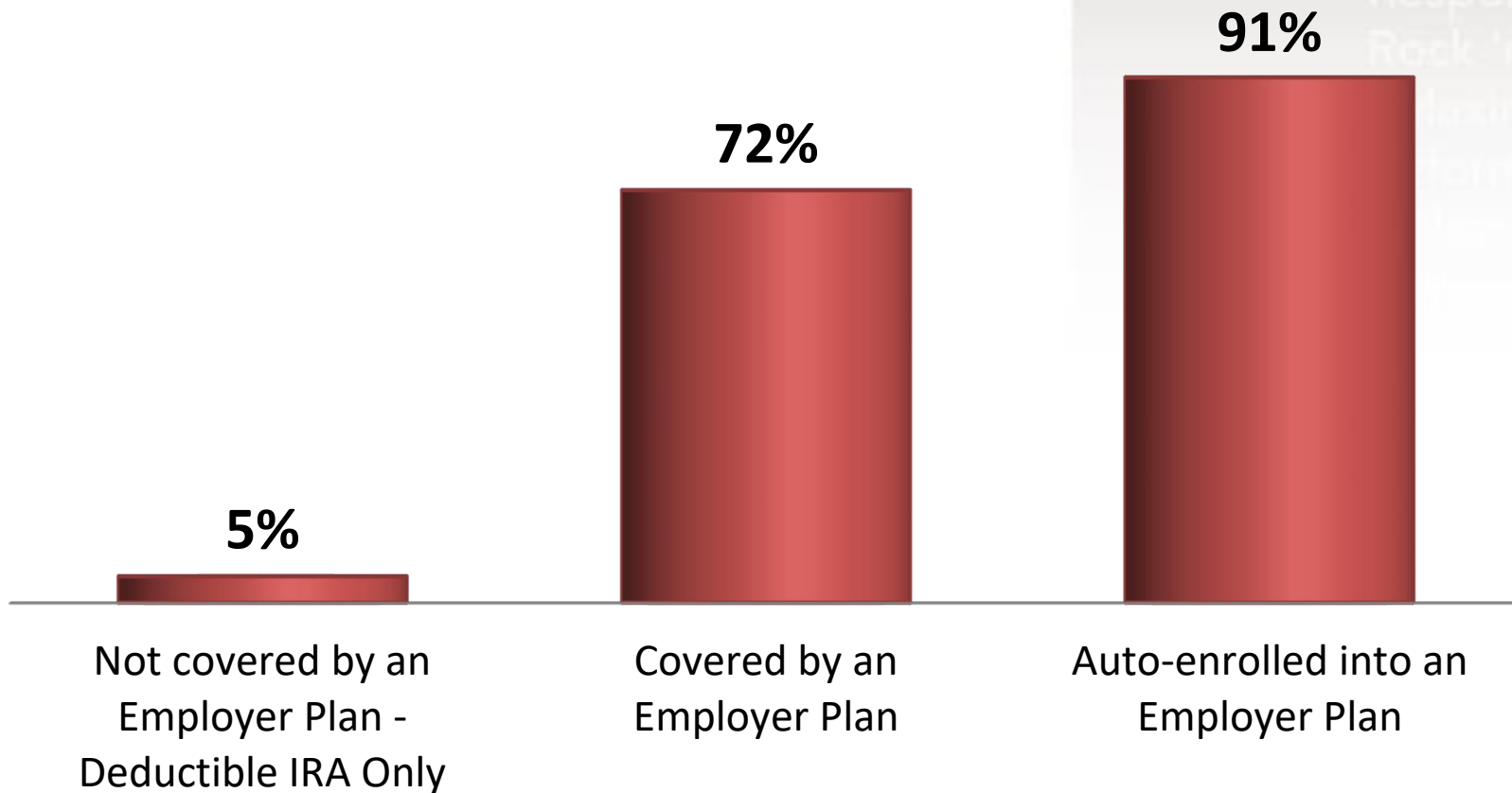
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# Can't People Already Save if they Want to?

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## 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. Automatic enrollment data estimates provided by [Vanguard](#).

# Kentucky Budget Savings Numbers

## **Fact Sheet: Kentucky**

# **Kentucky Could Save \$46.2 Million by Helping People Save for Their Own Retirement**

William Shiflett and Catherine Harvey  
*AARP Public Policy Institute*

When individuals save for retirement they are less likely to rely on public assistance programs later in life. State-facilitated retirement savings plans for small-business employees would help people save more for retirement and, in turn, save significant taxpayer dollars for programs like Medicaid, Supplemental Security Income, the Supplemental Nutrition Assistance Program, and housing assistance. More than 30 states are considering creating retirement plans for private-sector workers whose employers do not already offer one. New research finds that Kentucky would save \$46.2 million on public assistance programs between 2018 and 2032 if lower-income retirees save enough to increase their retirement income by \$1,000 more per year.

# A National Movement: 2013

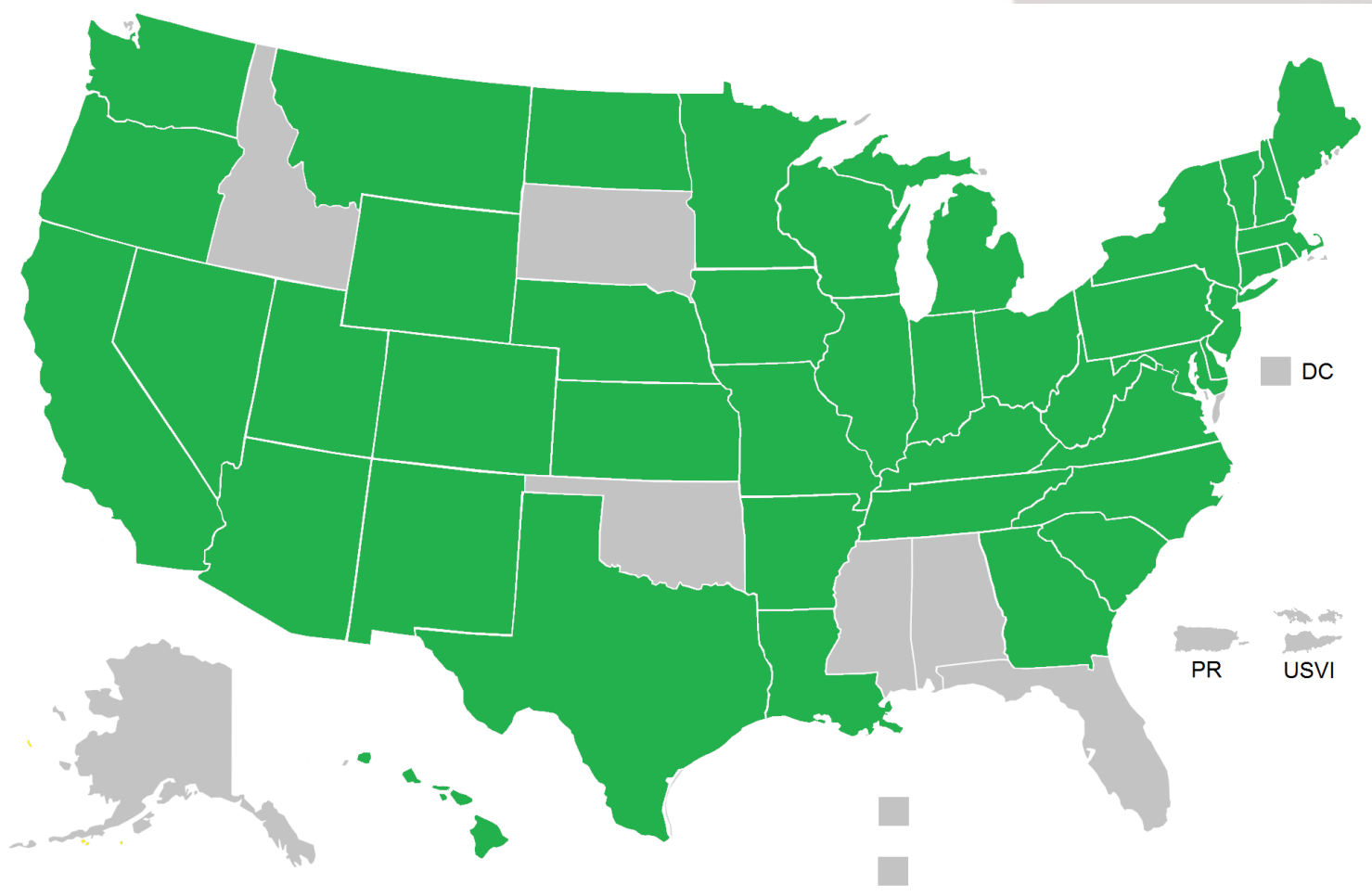
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# A National Movement: 2019

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Responsible  
Rock 'n' Roll  
Relaxing  
Reforming  
Relief  
Rejuvenating

# Questions?

Eric Evans

Associate State Director  
Advocacy and Outreach

AARP

(502) 744-5064

[edevans@aarp.org](mailto:edevans@aarp.org)

