

Helping Working Families Afford Retirement

Background:

After a lifetime of responsibility and hard work, Americans should be able to retire with comfort and dignity. Working Americans, however, are facing a retirement crisis. Social Security alone does not provide enough of a benefit to ensure a secure retirement, and with stagnant incomes making it harder to save and decreased access to pensions, the other two legs of Franklin Delano Roosevelt's "three legged stool" are either wobbly or on the verge of being sawed off entirely.

The scale of the retirement deficit is significant. A typical working-age household has only \$2,500 saved in retirement accounts, and as of 2015 56% of private sector workers had no access to pension or 401(k) plan – with an additional 10 million lacking access since 2012 alone. The result is a national retirement deficit that has been estimated to be somewhere between \$6.8 and \$14 trillion.

Part of the challenge is the cost that small businesses face in setting up retirement plans for their workers. An AARP study indicates that small businesses can face retirement plan costs that are four times higher than for big businesses.

Several states have attempted to help their workers save for retirement by offering state savings plans such as auto-IRAs for private sector workers. In addition to helping people save for retirement, these plans could save billions of taxpayer dollars by keeping seniors out of poverty and off of Medicaid. However, the Republican Congress recently voted to thwart these efforts.

Therefore, be it resolved that the 2017 8th District Democratic Convention:

1. Urges action in Congress to support retirement savings and expand retirement savings options through initiatives such as allowing workers without employer-sponsored options to enroll in auto IRAs and creating minimum pension plans for workers and employers at businesses with 50 or more employees.
2. Recommends that Virginia establish a state savings plan option.