



Equitable Access to Secure Choice: **Addressing the Barriers to Retirement Savings for Illinois Workers**

Presentation to the Secure Choice Board

November 16, 2017

HEARTLAND ALLIANCE

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What were we trying to learn?

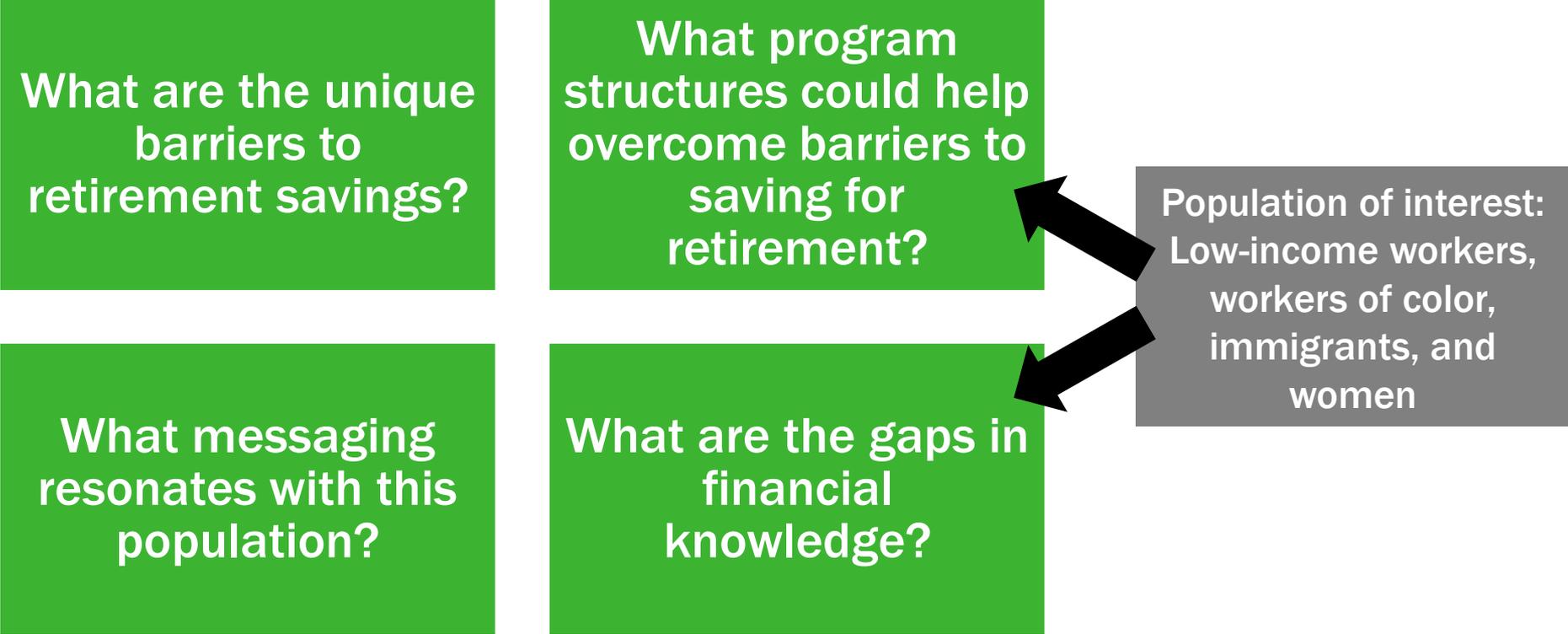
What are the unique barriers to retirement savings?

What program structures could help overcome barriers to saving for retirement?

What messaging resonates with this population?

What are the gaps in financial knowledge?

Population of interest:
Low-income workers,
workers of color,
immigrants, and
women



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graph TD; Q1[What are the unique barriers to retirement savings?]; Q2[What program structures could help overcome barriers to saving for retirement?]; Q3[What messaging resonates with this population?]; Q4[What are the gaps in financial knowledge?]; P[Population of interest: Low-income workers, workers of color, immigrants, and women]; P --> Q2; P --> Q4;
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We addressed the questions with...

- Data from the Treasurer's Office on Secure Choice-eligible workers
- Surveys
- Focus groups & focus group questionnaires
- Expert interviews

What we found:

Many low-income workers in Illinois are not able to save for retirement due to lack of employer-sponsored retirement options.

- Top barriers to saving for respondents without access to retirement savings at work:
 - Lack of employer-sponsored retirement savings plan (61%)
 - Not knowing how to choose a plan (39%)
- Even those who had access to retirement savings at work often lacked the knowledge to use them
 - 47% did not know whether money invested in an IRA is likely to grow over time (12% believed it would not)

***“The fewer plans, the better. The idea that we’re going to make everyone in America a financial expert so they can manage their own investments is an outrageous concept.”
- Martin, Retirement Expert***

“And when you jump- you have to literally jump into broad air and say ‘I think I have wings. Hopefully I learn how to fly. And if I don’t fly, somebody catch me.’” - Peoria Focus Group Participant

What we found:

Many low-income workers in Illinois struggle to save for retirement due to a lack of funds or appropriate financial planning support.



54% of respondents say that their biggest barrier to saving is living paycheck to paycheck



40%

of all survey respondents did not know how much of their household income they would need to save for retirement

22%

of all survey respondents believed they would need to save \$100,000 to \$499,999 for retirement

“A coworker shared it with me. They were getting ready to retire and they were talking about money and I said, ‘well how did you do that because I’m gonna be retiring soon too and the numbers don’t add up for me and I know we should be close to the same?’ And then he started telling me about the voluntary contribution and I’m like, ‘well why didn’t anybody else say anything about this? Why isn’t this part of the intake process?’” - Peoria Focus Group Participant

“I guess the biggest thing is just making it relatable with someone who seems like me rather than someone talking down to me. I think it’s going to be a win.” - Peoria Focus Group Participant

“It’s really, really hard to convince people who don’t have any savings at all to put money aside in a risk-bearing account. As you soon as you say you could lose money people kind of feel like they’re going to lose money.” - Theresa, Financial Education Expert

What we found:

Low-income workers in Illinois have a high need for emergency savings accounts as well as retirement savings accounts.

- The most important saving priority for all survey respondents was to have **emergency funds** available in case of job loss, medical expenses, etc.
- **56%** of respondents had \$0 in retirement savings, while **19%** had just \$1 to \$5,000
- **55%** of respondents' total non-retirement savings was \$0, **32%** had \$1 to \$5,000

What we found:

Many low-income workers in Illinois experience distrust of financial institutions, employers and the government.

- Survey respondents had high levels of mistrust of the state government (45%), federal government (42%), and employers (33%)

“It’s very difficult for people like me that don’t speak English well and don’t understand everything completely so when I’m going to talk about retirement I don’t know many regulations or rules-then there are people that take advantage of this.” - Chicago Focus Group Participant

What we found:

There are promising features of Secure Choice that speak directly to the needs of low-income workers in Illinois.



1 in 3 survey respondents would not change their Secure Choice contribution rate if they were eligible to participate in Secure Choice.

But... **26%** of respondents would raise their contribution to 6 percent or more.

■ Messages that resonated...

- **Full ownership** of their account from day one and the ability to take their savings from **job to job** (79%)
- Saving with Secure Choice would give them the **peace of mind** that they would have enough in their **nest egg** to retire comfortably (74%)

Secure Choice Implementation Considerations

- Make program features **clear**.
- **Limit the number of investment options** and provide guidance on the differences between existing options.
- Take advantage of **tax season**.
- Build **portability discussions** into exit interviews.

Financial Planning Considerations

- **Address lack** of financial planning supports.
- Refer workers to **vetted institutions** that can assist with emergency savings accounts.
- Remind workers about **portability**.
- Provide **demonstrations** on how to navigate the online site for Secure Choice.

Messaging Considerations

- All messaging needs to be written at an **accessible reading level**.
- Clarify stakeholder **roles**.
- Define '**meaningful information**' for monthly statement content.
- Be **persistent**.
- Be **creative** with the medium of messaging.
- Be **culturally relevant**.
- Include **diverse outreach tactics** for messaging.



Questions?

For more information, contact:

Katie Buitrago, kbuitrago@heartlandalliance.org or 312-870-4954

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