

Retirement System Inequalities by Race and Gender

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Partial and racially disparate retirement plan coverage in private sector under ERISA and IRC

- **Reliance on voluntary employer sponsorship**
- **Some workers systematically excluded through eligibility rules**
- **Regressive tax incentives for employee contributions**

Retirement system interacts with racially segmented labor market

- Black and Latino workers disproportionately represented in occupations and sectors with low wages and limited benefits, especially in the private sector
- Employment discrimination
- Racial wage gap
- Black men experience higher rates of unemployment

Retirement benefit access vs Black/Latino employment, selected industries

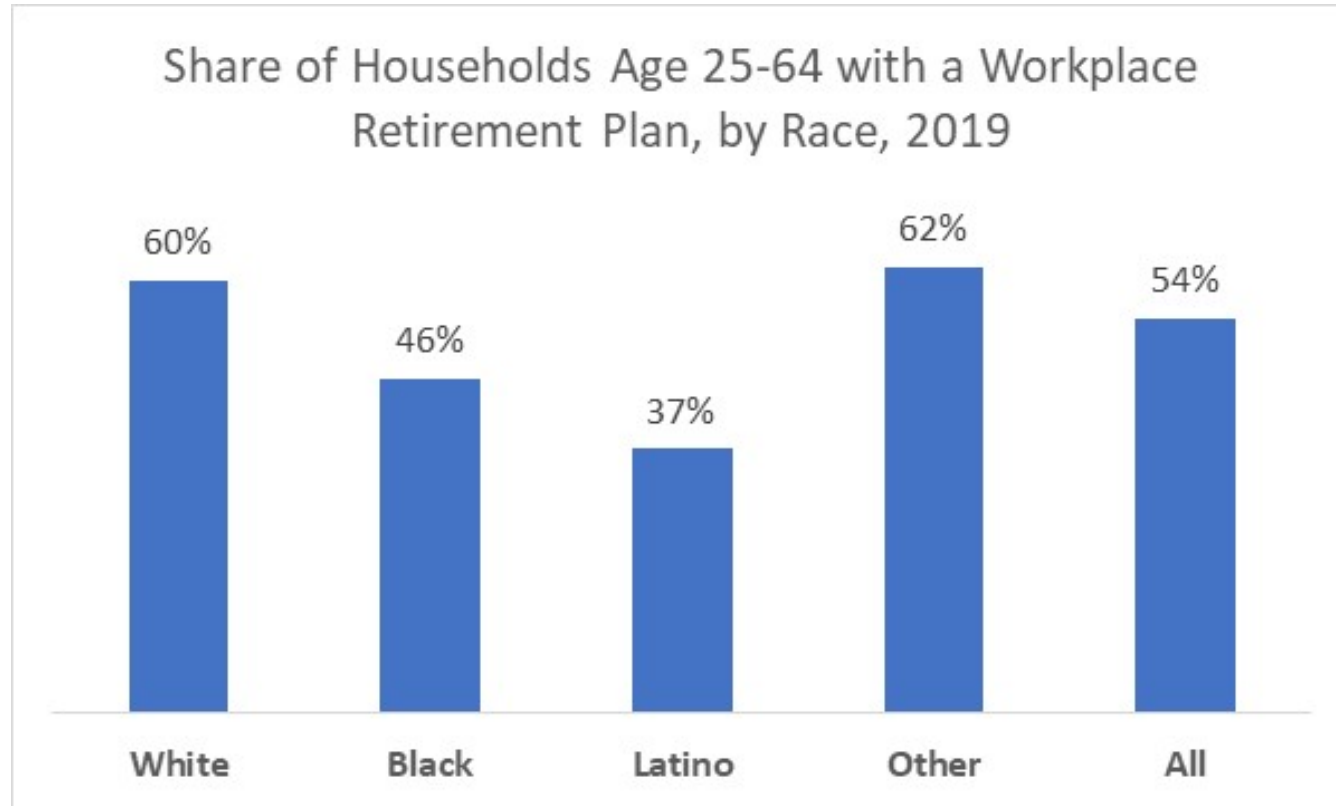
INDUSTRY	SHARE OF WORKERS OFFERED RETIREMENT BENEFITS	BLACK/LATINO EMPLOYMENT QUOTIENT
Construction	59%	1.7
Transportation and Warehousing	79%	1.2
Financial Activities	84%	0.7
Professional and technical services	82%	0.5
Administrative and Waste Services	38%	1.4
Accommodation and Food Services	33%	1.6

Data source: Author's analysis of 2020 National Compensation Survey/Employment Benefit Survey and Labor Force Statistics from the Current Population Survey, 2020.

Women face challenges in and out of the labor market

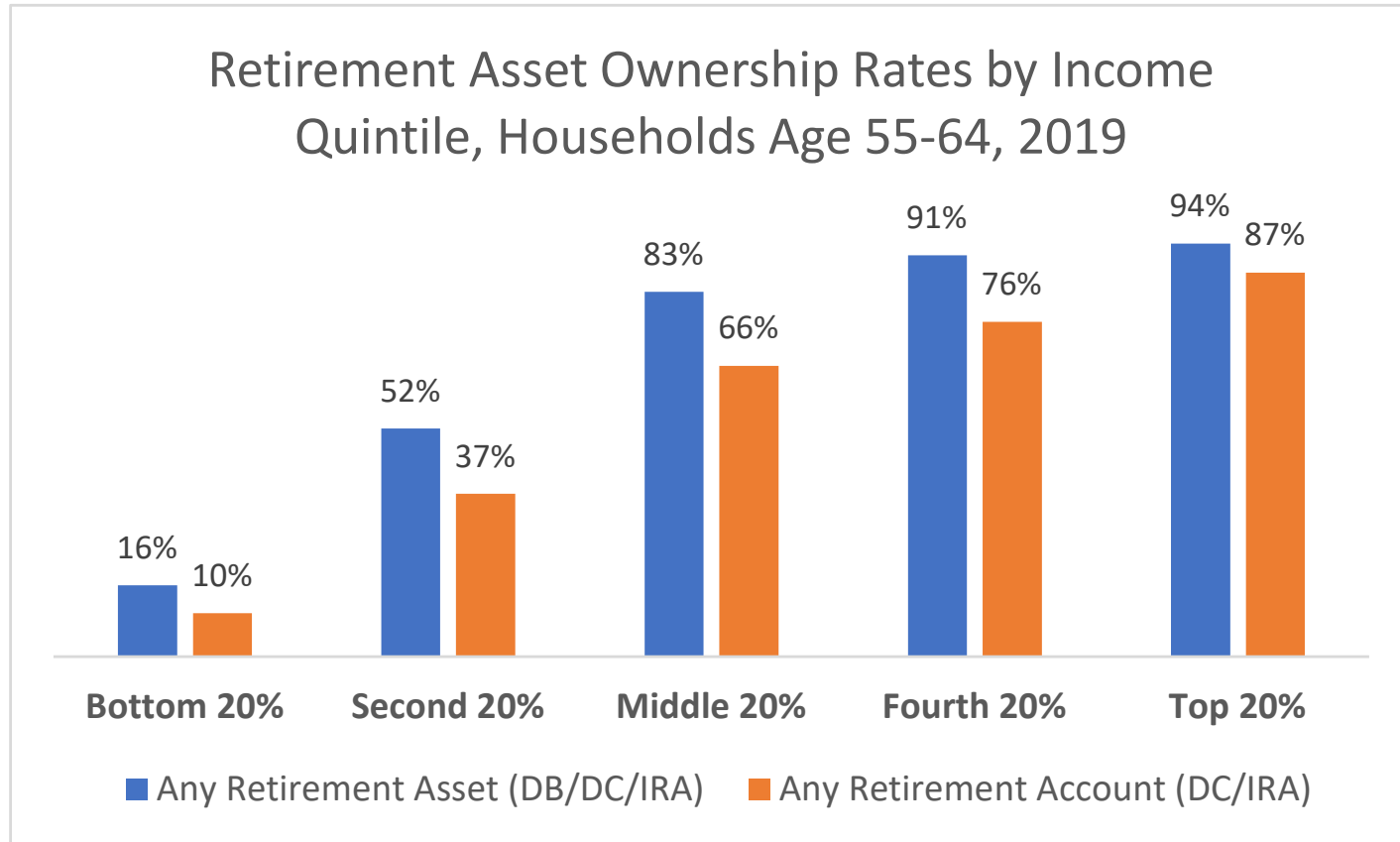
- **Women workers, as a group, have near-parity with men in access to job-based retirement benefits despite higher incidence of part-time work**
- **Same propensity to save as men, but held back by lower pay and shorter careers**
 - Persistent gender wage gap
 - Additional penalty from unpaid caregiving on wages, lifetime earnings

Black and Latino households much less likely to have a workplace retirement benefit



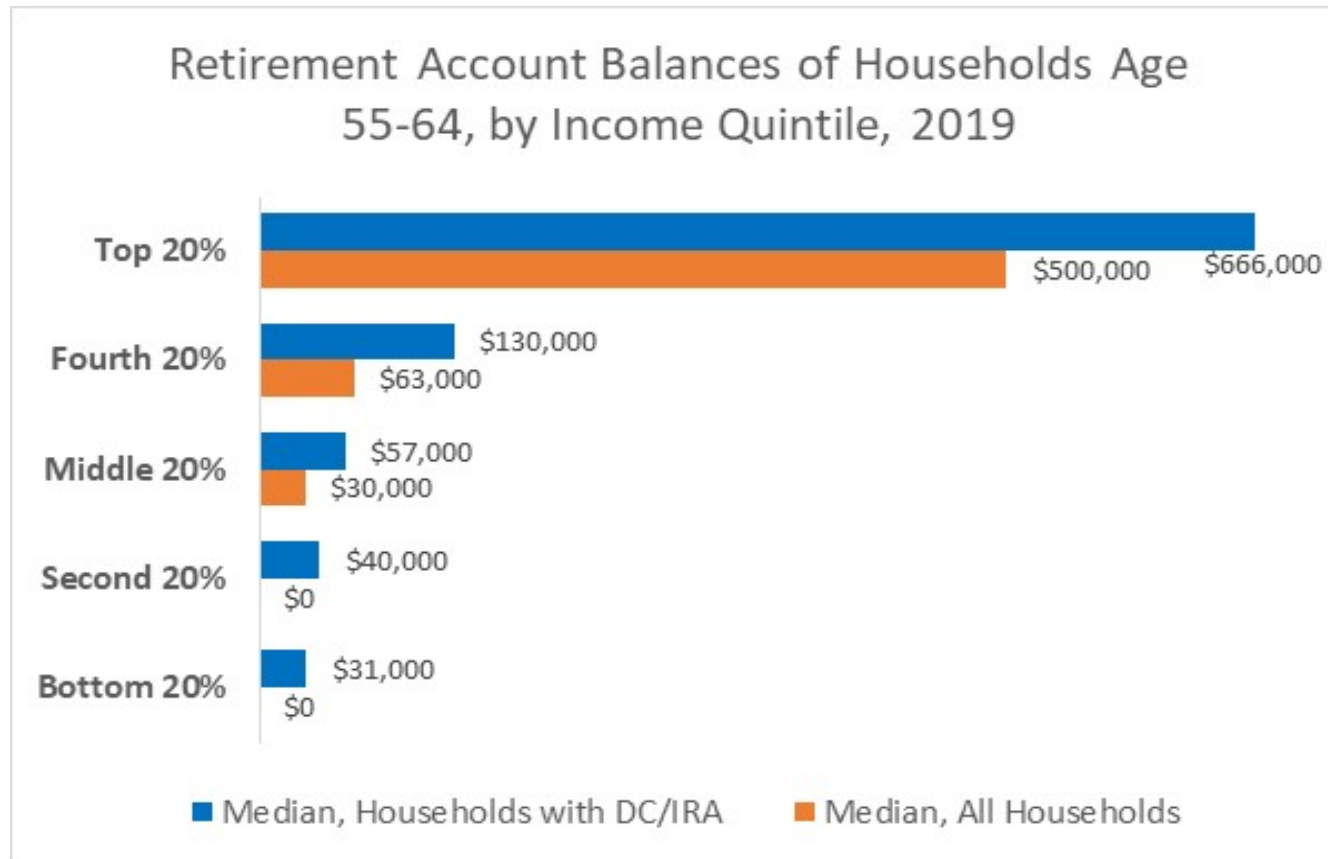
Source: Author's analysis of Survey of Consumer Finances.

Stark inequality in retirement asset ownership by income among households nearing retirement



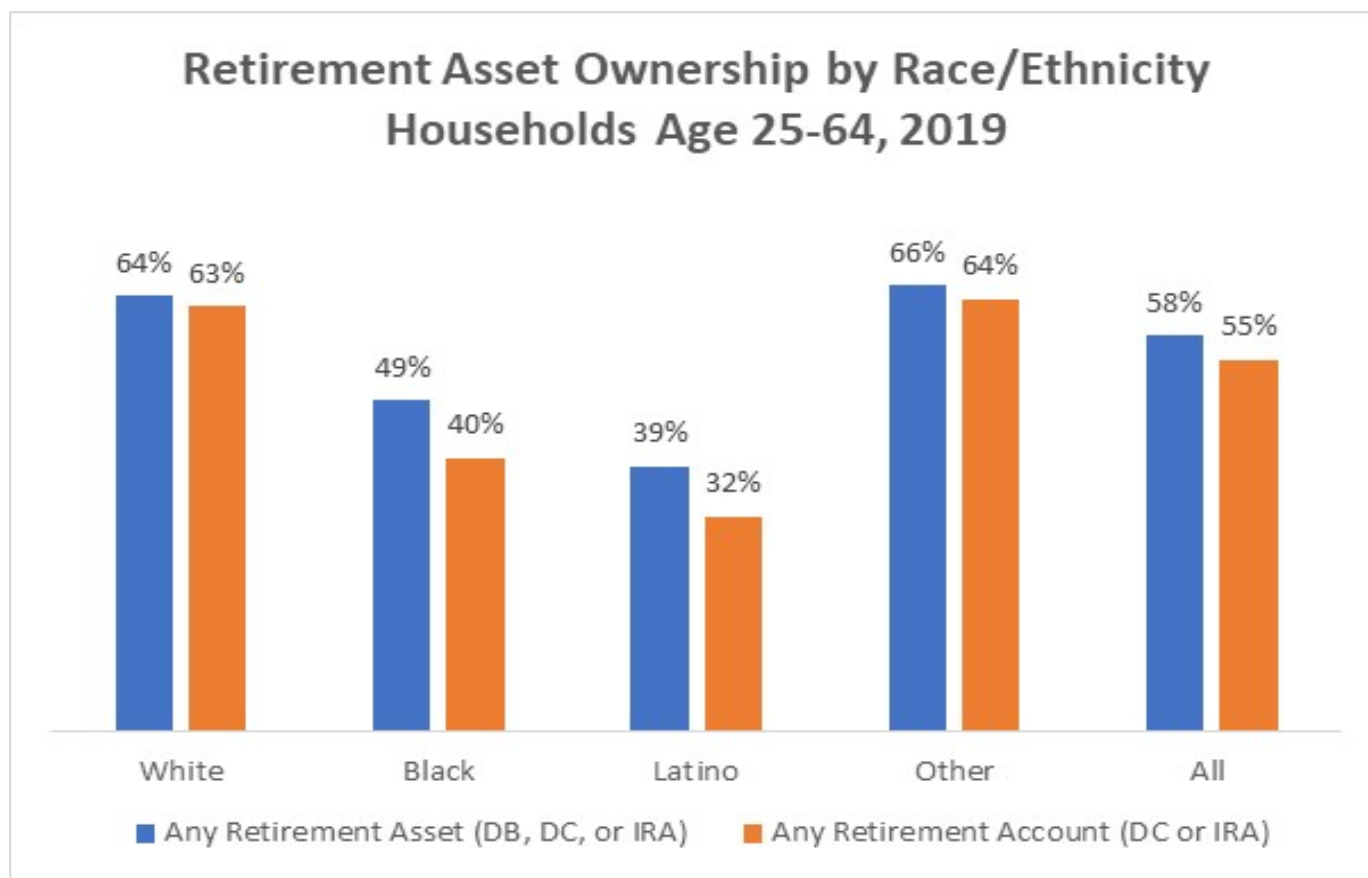
Source: Author's analysis of Survey of Consumer Finances.

Extreme inequality in typical retirement account holdings by income among households approaching retirement



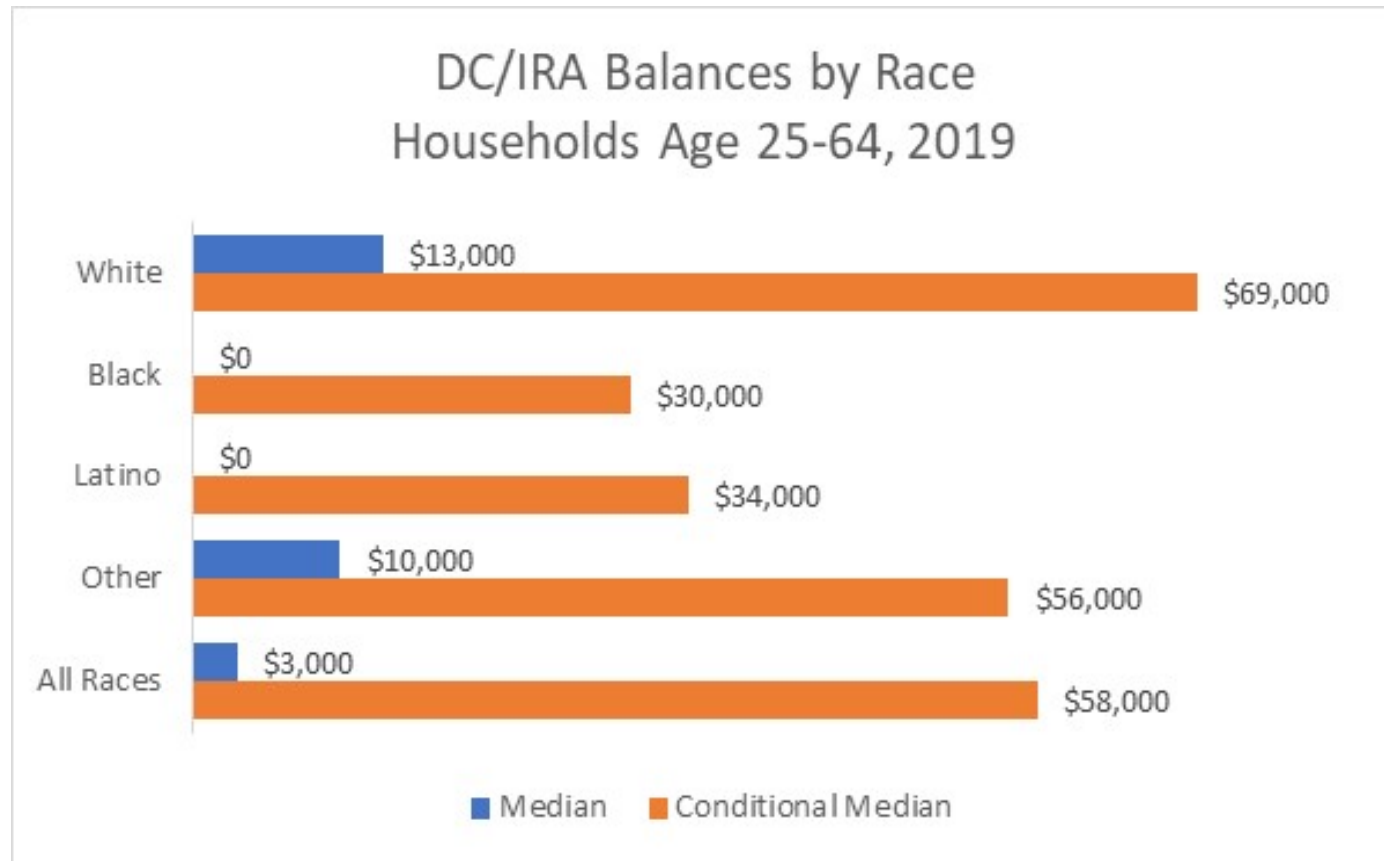
Source: Author's analysis of Survey of Consumer Finances.

Black and Latino working-age households less likely to have any retirement assets



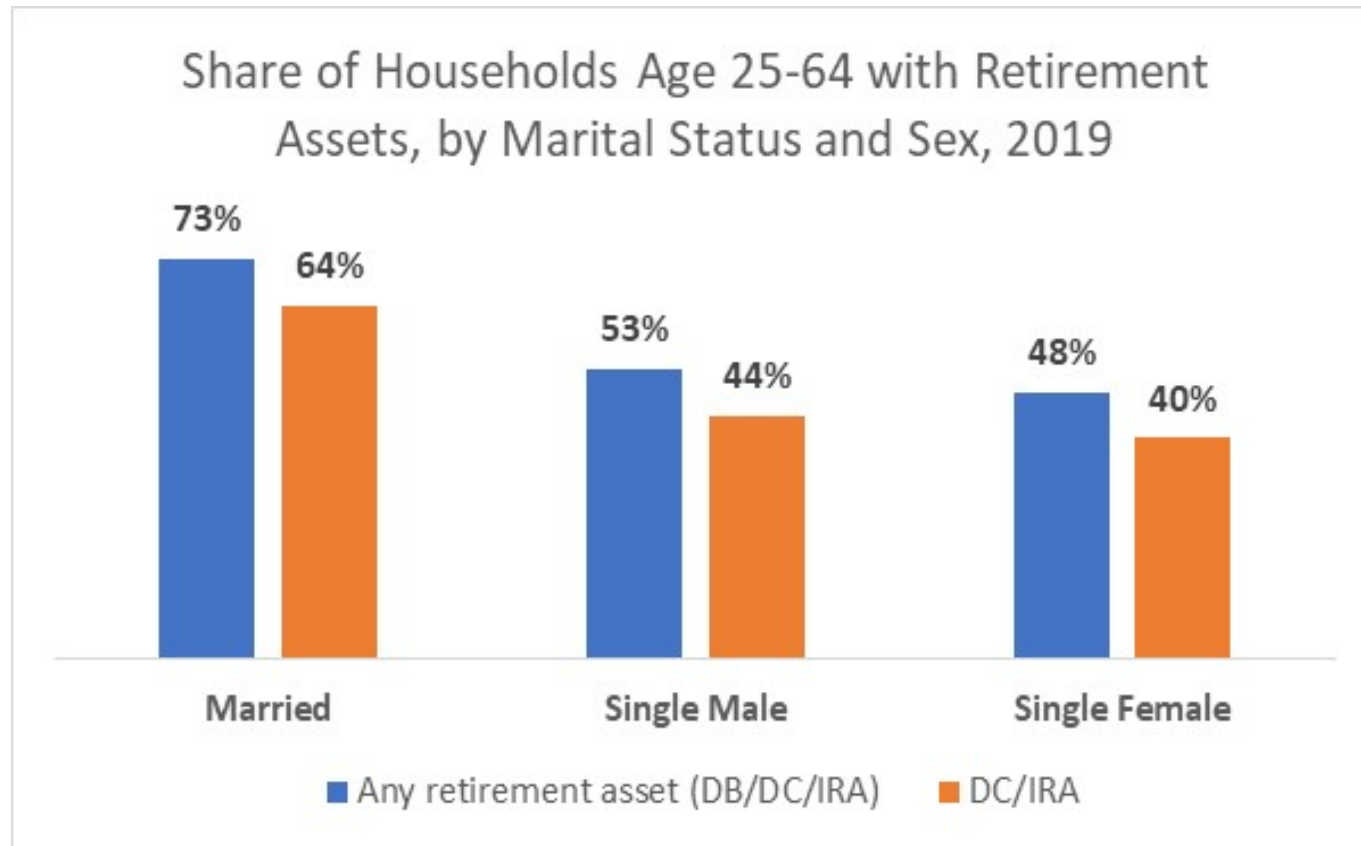
Source: Author's analysis of Survey of Consumer Finances.

Black and Latino working-age households have less than half the typical retirement savings of White households



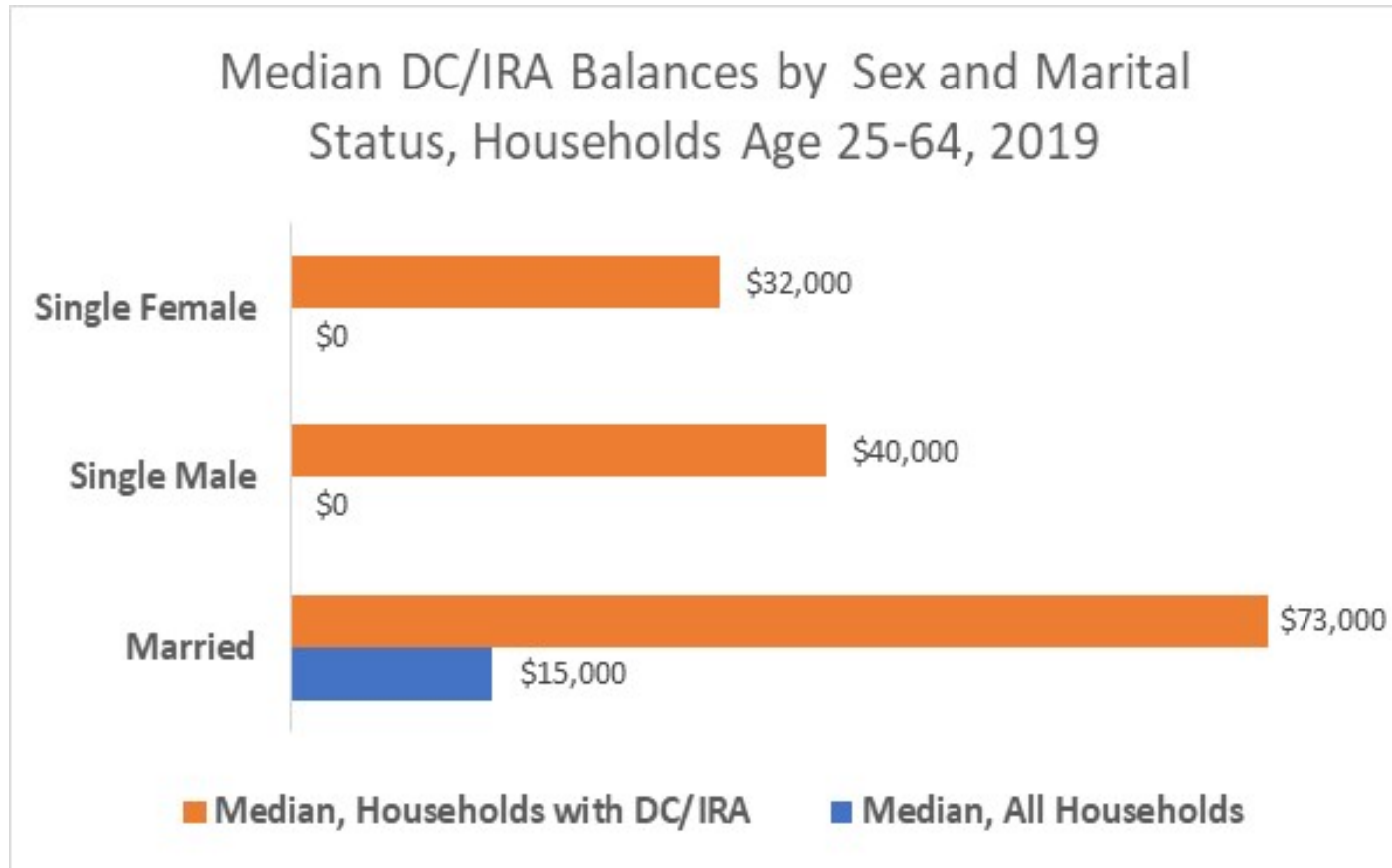
Source: Author's analysis of Survey of Consumer Finances.

Single female households least likely to have retirement assets



Source: Author's analysis of Survey of Consumer Finances.

Single female households have low retirement account balances



Source: Author's analysis of Survey of Consumer Finances.

Policy Implications

- **Tax incentive reform: progressive saver's credit in lieu of deduction**
- **Continue to tighten loopholes in ERISA for exclusion of part-time workers**
- **Increasing number of states are pursuing auto-IRAs, which particularly benefit young workers, workers in low-wage jobs, small businesses, and workers of color. Need to soften ERISA limits on these programs: coverage, employer contributions.**
- **Federal action needed to ensure universal coverage**