Advisory Council on Employee Welfare and Pension Benefit Plans

Report to the Honorable Martin Walsh,

United States Secretary of Labor

Gaps in Retirement Savings Based on Race, Ethnicity and Gender

December 2021

TABLE OF CONTENTS

NOTICE 1

LIST OF COUNCIL MEMBERS 2

ABSTRACT OF ISSUE STATEMENT 3

ACKNOWLEDGEMENTS 4

I. RECOMMENDATIONS 6

II. EXECUTIVE SUMMARY 8

III. PRIOR COUNCIL REPORTS 10

IV. BACKGROUND 14

V. WITNESS TESTIMONY 16

VI. COUNCIL OBSERVATIONS 53

VII. RECOMMENDATIONS CONSIDERED 56

VIII. REASONS FOR RECOMMENDATIONS 57

NOTICE

This report was produced by the Advisory Council on Employee Welfare and Pension Benefit Plans, usually referred to as the ERISA Advisory Council (the "Council"). The Council was established under section 512 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") to advise the Secretary of Labor on matters related to welfare and pension benefit plans. This report examines the extent of gaps in retirement savings by people of color, ethnic minorities, and women, the challenges faced by these groups, and what actions may improve the situation. The contents of this report do not represent the position of the Department of Labor (the "Department").

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ABSTRACT OF ISSUE STATEMENT[1]

In 1974, Congress declared that the "well-being and security of millions of employees and their dependents are directly affected by these [employee benefit] plans."[2] ERISA has been effective in protecting accrued pension benefits, but the statute left retirement plan coverage and benefit levels to private agreement. The portion of the U.S. labor force actively participating in a private retirement plan has stagnated at about 50 percent, and many Americans do not accumulate sufficient resources to support a dignified retirement.

Building retirement savings today differs greatly from the situation workers faced in 1974. Changes in the nature of employment, shifts in benefit offerings, disparities in access to technology, and wage inequality have created an environment that makes retirement saving difficult for many. Employer-sponsored retirement plans have largely moved away from traditional pensions (defined benefit plans) to defined contribution programs, and to 401(k) plans in particular. Those plans offer individuals opportunity to build a nest egg for retirement, and provide some incentive to do so, but they leave much of the burden of financing retirement on the individual, along with responsibility for making wise saving and investment choices. To accumulate sufficient retirement resources under defined contribution plans, including 401(k) plans, participants must contribute consistently throughout their working years. Therefore, prolonged inability to save or inaction (whether due to lack of access to a plan, pay levels, communication failures, or other factors) can have a profound adverse effect on retirement security. In addition, individuals whose compensation or career opportunities have been impacted by racism, sexism, or implicit bias may face acute disadvantages in amassing adequate retirement support. Data show that people of color, ethnic minorities, and women often find themselves with lower retirement savings compared to other workers in the same occupation.

The Council examined the extent of and underlying causes for gaps in retirement security experienced by people of color, ethnic minorities, and women. The Council considered the challenges these groups face achieving retirement security and what actions might be taken to improve their situation. The Council has formulated specific recommendations that the Department of Labor could follow to reduce these gaps in retirement savings.

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[1] https://www.dol.gov/sites/dolgov/files/EBSA/about-ebsa/about-us/erisa-advisory-council/2021-advisory-council-issue-statement-gaps-in-retirement-savings.pdf

[2] ERISA § 2(a), 29 USC § 1001(a).

ACKNOWLEDGEMENTS

The Council recognizes the following individuals and organizations who contributed to the Council's deliberations and final report. Notwithstanding their contributions, any errors in the report rest with the Council alone. The witnesses are shown in alphabetical order on the date of their testimony. Their submitted written testimony can be found at https://www.dol.gov/agencies/ebsa/about-ebsa/about-us/erisa-advisory-council.

Kris Nguyen, with Benjamin Bolitzer, Michael Collins, Tamara Cross, Jennifer Gregory, Sharon Hermes, Ted Leslie, Rhiannon Patterson, and Chris Zbrozek, U.S. Government Accountability Office (GAO)
June 24, 2021

Nari Rhee, UC Berkeley Labor Center (Presentation)
June 24, 2021

John W. Rogers, Jr., Ariel Investments
June 24, 2021

Norman P. Stein, Pension Rights Center
June 24, 2021

Jan Jacobson, American Benefits Council
June 25, 2021

Lori Lucas, EBRI
June 25, 2021

Monique Morrissey, Economic Policy Institute
June 25, 2021

Jamal Rashad Watkins, NAACP
June 25, 2021

Francesco Briganti, Cross Border Benefits Alliance – Europe
August 26, 2021

Anqi Chen, Center for Retirement Research at Boston College
August 26, 2021

Teresa Ghilarducci and Siavash Radpour, The New School
August 26, 2021

Cindy Hounsell, Women's Institute for a Secure Retirement
August 26, 2021

Matti Leppälä, Pensions Europe
August 26, 2021

Amy Matsui, National Women's Law Center
August 26, 2021

Manny Pastreich, SEIU Local 32BJ
August 26, 2021

John Scott, The Pew Charitable Trusts
August 26, 2021

Jennifer Benz and Megan Yost, Segal Benz
August 27, 2021

Barbara Hogg, Aon
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Sarah Raposo, Fidelity Investments
August 27, 2021

Chantel Sheaks, U.S. Chamber of Commerce
August 27, 2021

Jack Towarnicky
August 27, 2021

Kai Walker, Bank of America
August 27, 2021

Steve Wendel, Lia Mitchell, Stan Treger, Michael Thompson, and Samantha Lamas, Morningstar, Inc.
August 27, 2021

I. RECOMMENDATIONS

Based on the Council's key observations and recommendations from many of the witnesses, and as outlined in this report, the Council recommends that the Department of Labor look at all of the facets of its authority and influence to examine, focus and update the Department's promulgations, regulations, interpretive bulletins, and communication and education materials to specifically and directly address the issue of gaps in retirement savings, and thereby retirement security, of people of color, ethnicities and women. The recommendations fall into five categories:

1. **Lack of retirement plans for 50 percent of American workforce:**

1.1. Expand on prior guidance (Employee Benefits Security Administration ("EBSA") Interpretive Bulletin 2015-02) to facilitate and encourage development of ERISA retirement plans, such as multiple-employer plans ("MEPs"), pooled employer plans ("PEPs"), and State-sponsored Master and Prototype defined contribution/401(k) Plans to increase retirement plan access to underserved groups, with a glide path for plan creation and administration that makes the process simple for employers, including the sharing of fiduciary responsibility with sophisticated professional entities

2. **Current U.S. retirement system is fragmented:**

- 2.1. Work with other federal agencies to establish an interagency working group to coordinate a federal approach to retirement policy among the disparate agencies addressing retirement issues of underserved populations (e.g., Retirement Commission, periodic Retirement Adequacy Report)

- 2.2. Notwithstanding the limitations of authority of the Department, work with Treasury/IRS to:

  a. Review penalties on involuntary small payments, hardship withdrawals, and relieve the penalty tax for early distributions of small amounts

  b. Encourage employer match on employee contributions (pre-tax, after-tax and Roth) and permit match on contributions to emergency funds and student debt payments. Promote non-elective (profit-sharing) contributions, and Roth contributions as the default under automatic enrollment

- 2.3. Study the feasibility of a national portability system to encourage and facilitate account consolidation and retirement savings preservation for individuals with small account balances in several plans

3. **Real need exists to enhance education and outreach:**

- 3.1. Update EBSA Interpretive Bulletin 96-1 and define/clarify the fine line between advice and education so that the goal of providing meaningful participant financial and retirement education to achieve financial wellness is not lost

- 3.2 Leverage and amplify EBSA education, tools and resource development, and promotion efforts (including employers, outreach/partnership with underserved community and advocacy groups) on financial literacy/retirement security and financial wellness for people of color, different ethnicities, and women

- 3.3. Include financial education in curricula of Department-funded/regulated training programs (Apprenticeship Standards, Women's Bureau, ETA grants, Job Corps), and work with the other agencies for middle and high school financial and investment curriculum

4. <u>Women are more likely to have lower retirement benefits:</u>

- 4.1. Leverage the Department's resources to address QDRO issues by working with and educating State bars, family court judiciary on importance of QDROs to retirement security of women and reduce impediments to obtaining QDROs

- 4.2. Working with plan sponsors and all stakeholders, EBSA to develop simplified model standard QDRO templates for defined contribution plans to help reduce the cost of interaction with the court system

- 4.3. Address gaps in spousal rights with respect to communications, protection, and access to information in defined contribution plans, which significantly impacts women and their potential retirement savings income

- 4.4. Encourage plan sponsors to treat absences of up to twelve weeks for caregiving as continuous service so as to prevent a break in service

5. <u>Opportunities for EBSA to update Regulations, Technical Bulletins, and Rules:</u>

- 5.1. Review Safe Harbors and provide guidance for enhancements including automatic enrollment, re-enrollment, escalation features, non-discrimination testing, and QDIA

- 5.2. Recognizing the changes in the economy since 1976 and where possible, update the Year of Service/Hours of Service regulations under ERISA Section 202(a)(3)(B) to provide retirement plan eligibility for part-time, seasonal, and contingent workers

- 5.3. Provide guidance that the promotion of Diversity, Equity and Inclusion ("DEI") initiatives is not at odds with ERISA fiduciary responsibilities, including:

  a. The tracking of participant behaviors and targeting education and communication based on employee participation, education, cultural priorities, and different long-term goals by race, ethnicity and gender

  b. Clarify that a plan fiduciary does not breach its fiduciary duty when including questions relating to diversity and inclusion in a request for proposal in the selection of ERISA plan service providers.

II. EXECUTIVE SUMMARY

The retirement system in the United States reflects the imperfections of its labor markets with regards to people of color and women. The voluntary approach embedded in ERISA has not moved the needle to encourage the employers of half of the American workforce to sponsor a retirement plan for their employees. Our recommendations attempt to find ways within the existing voluntary system to expand retirement plan coverage and participation.

In addressing the impact of structural racism and sexism on retirement security, the testimony and recommendations of many witnesses who testified before the Council went beyond the purview of EBSA, and, while we focus our recommendations on those subjects properly within the scope of the administrative authority of EBSA and the Department of Labor, we would be remiss if we failed to mention the need for statutory relief to close the gaps in retirement security for the underserved groups that have been the subject of this report.

Based on the testimony heard and the research performed by this Council, and for the reasons stated herein, the Council makes recommendations, covered in the prior section, to address the gaps in retirement savings based on race, ethnicity and gender which include, among others:

- Expand retirement plan access using existing guidance (EBSA Interpretative Bulletin 2015-02) to encourage States to provide ERISA plans for those workers whose employers provide no retirement program to provide meaningful consumer protections for workers that alternative State sponsored IRA programs lack;

- Continue to maintain focus on this issue, by increasing interagency cooperation and coordination on retirement policy affecting underserved groups with the creation of a periodic authoritative report on retirement adequacy in the United States similar to the European Commission's Pension Adequacy Report;

- Foster the expansion of financial education at all education levels, including adding financial education to the curricula of all Department-funded training and job programs;

- Update existing guidance (EBSA Interpretative Bulletin 96-01) to clarify the fine line between advice and education to help plan sponsors meet the goal of providing meaningful participant financial and retirement education to achieve financial wellness and retirement security;

- Address gaps in retirement security for women where divorce and unpaid caregiving responsibilities negatively impact retirement savings by educating State Court judiciary and the Bar on the importance of QDROs to the retirement security of women, providing resources to streamline the processing of QDROs, giving spouses/beneficiaries access to plan information in defined contribution retirement plans and encouraging plan sponsors to provide up to twelve weeks of continuous service so as to prevent a break in service for individuals whose careers are interrupted due to responsibilities to provide unpaid caregiving;

- Update existing regulations where possible to reflect the current workforce by specifically updating Year of Service/Hours of Service regulations under ERISA Section 202(a)(3)(B) to provide plan eligibility for part-time, seasonal, and contingent workers;

- Provide guidance that the promotion of Diversity, Equity and Inclusion (DEI) initiatives is not at odds with ERISA fiduciary responsibilities and that recognizes the need for plan sponsors to be able to identify service providers that include DEI elements to provide underserved populations with relatable retirement professionals.

III. PRIOR COUNCIL REPORTS

In 2010 and 2013, the Council issued reports and made recommendations that considered the disparities in retirement savings (and thereby retirement security) impacting people of color, ethnic groups and women, and the impact of effective communications to reach these groups. Both reports outlined how the Department could take steps to improve retirement savings outcomes for these targeted populations.

A. Disparities for Women and Minorities in Retirement Savings (2010)

The 2010 ERISA Advisory Council studied disparities for women and minorities as they relate to retirement security. The Council heard testimony in 2009 as part of the topic "New Approaches to Retirement Security in the United States", which indicated that women and minorities were less well positioned than men and Whites for retirement. The 2010 Council decided to study this topic more in depth and determine if the premise itself is true, and if so, what is the causation and what are the potential remedies. The objectives of the Council's study were to 1) identify the causes of the existing discrepancies with regard to retirement readiness for women and minorities and 2) determine what actions the Secretary of Labor could take to mitigate these discrepancies.

The genesis of the Council's study came from the 2009 testimony on the Ariel Hewitt study, a then-major study examining these issues. Fifty-seven large private sector employers anonymously contributed data on 3 million employees across several different categories – race, gender, ethnicity, salary levels and ages that were eligible to participate in 401(k) plans. This study and its results garnered great attention due to the disparities that were revealed. For comparison, a study by the Center for Retirement Research at Boston College showed that the disparities were dramatically reduced once adjusted for other factors such as education, tenure, non-pension wealth, defined benefit pension plan wealth, homeownership and income level.

While the Council referenced findings and testimony presented to formulate certain recommendations, the Council acknowledged its general references to certain behavior patterns did not characterize any particular group with accuracy and that there are exceptions to the general behavior pattern examined and referenced in its Report.

In general, the 2010 Council found that disparities exist and are due to a number of factors. Many minority workers are employed in industry sectors, such as non-union construction, services, and daycare, that traditionally do not offer retirement plans. For many women, moving in and out of the work force to care for children and other family members reduces their overall earning capability and the ability to build their "human capital" in the job market, often leading to fewer promotional opportunities and lower paying jobs. Breaks in service and lower average salaries often result in much lower benefit accruals. Employment choices, including part-time work and the types of jobs women choose, are additional contributors to the disparities. Less access, uneven workforce participation patterns, job choice, and lower wages combined often lead to lower account balances. The burden resulting from lower account balances is greater for women because of their longer life spans and the need to finance more years in retirement. Minority women tend to have even lower retirement incomes than White women and many older women of all races rely solely on Social Security benefits.

The 2010 Council Report noted that some of the differences that exist between the various groups can be attributed to education level and differences in employment patterns. The average education level of minorities was a major cause of the disparity in income which is reflected in employment, incomes, retirement benefit accruals and account balances. The lower-income level results in lower contributions to savings plans, lower employer match, and lower benefit accruals.

The 2010 Council also noted the decline of the defined benefit system has negatively impacted many lower-income individuals, regardless of race or gender. Leakage from the existing retirement system compounds the issue of low balances for those having no or inadequate emergency reserves, creating a need to draw on accumulated retirement assets. This lack of financial preparedness results in a large portion of the American population relying on Social Security as the primary or sole source of retirement income

While acknowledging the number of far-reaching policy issues that touch on its subject matter, the 2010 Council recommendations focused on four major policy area within the bailiwick of the Department:

1. **<u>Increased Education and Outreach</u>**

    - DOL should promote financial education in schools – both elementary and high school, helping to ensure America's future workers understand the value of securing a position that offers access to an employer-sponsored plan

    - DOL should continue its policy to translate all model participant notices into Spanish and translate those notices that are yet to be translated

    - DOL should provide education to employers, spouses and the public on the impact of participant divorce or death on plan benefits

    - DOL should engage in outreach to business on the importance of sponsoring plans

    - DOL should promote easier to understand, culturally relevant and easily accessible communications such as simpler summary plan descriptions and multi-language versions of required notices

2. **<u>Guidance for plan sponsor best practices and promotion of regulatory changes for plan designs that will encourage employment-based savings plan coverage and participation</u>**

    - DOL should provide regulatory support, with the Department of Treasury, as well as encouragement to plan sponsors to develop best practices designs to mitigate disparities, by:

        - encouraging 401(k) plan sponsors to consider the inclusion of auto-enrollment and auto-escalation features in their plans

    - encouraging employers to minimize leakage (facilitate loan portability, adopt provisions and/or technology to enable continued loan payments post separation, allow participants to suspend payments during short term periods of unemployment)
    - encouraging sponsors of 401(k) plans to allow all of their employees to participate – whether or not they would meet current permissible minimum service or age rules

- DOL should encourage the development of new retirement plan structures that would facilitate the adoption of retirement plans and broaden coverage, particularly among small and very small employers

- DOL should seek statutory changes to extend the period of absence permitted before the break-in-service rules would apply

- DOL should issue appropriate guidance permitting targeted disclosures to women and minorities by the plan sponsor and plan administrator

3. <u>Address family-related issues including clarification of rules related to qualified domestic orders to reduce confusion and legal fees as it relates to providing plan information to participants and spouses and the actions necessary to qualify an order</u>

- DOL should clarify or address

    - Whether a spouse is a beneficiary (by regulation)

    - The circumstances under which a spouse is entitled to receive participant information (e.g., before receiving distributions)

4. <u>Data Collection and the Sharing of Information</u>

- DOL should facilitate the voluntary collection of data on women/minorities disparities (including national origin)

- DOL should facilitate a clearinghouse on collecting disparity studies

- DOL should provide guidance to confirm the appropriateness of using plan assets to gather and supply this information/data.

B. <u>Successful Plan Communications for Various Population Segments (2013)</u>

In 2013, the Council, building on the 2010 Report, observed that certain communication methods used for specific segments of the population helped increase both participation and savings rates. Moreover, with the increased study of behavioral science and its practical applications, there are new insights into the factors influencing retirement saving decisions by various groups. Advances in behavioral science have been used to analyze "social norming" concepts as a way of assisting with tailoring these communications.

The 2013 Council expanded on the 2010 Council study by investigating the message and the use of media directed to other population segments in addition to women and minorities, in order to understand what communication methods and plan design options are most effective. The Council heard testimony from witnesses who provided strategies for reaching participants within particular population segments, including but not limited to, segments categorized by income level, household status, generation, gender, and ethnicity.

Through testimony and discussion over a two-day period, the 2013 Council heard repeatedly about the value of tailoring communications to different subgroups of employees through direct communication. The Council also heard extensive testimony regarding the benefits of certain plan design options that increase both participation and savings rates. Witnesses advised that despite the successful communication methods presented throughout their testimony, plan design was the most effective tool to increase participation and retirement savings. In particular, automatic enrollment and automatic escalation plan design options were viewed as extremely beneficial in achieving the goal of increased retirement savings. The Council discussed the guidance shared by various witnesses about why implementation of these automatic plan design options still remains a concern with plan sponsors, despite their proven success. To that end, the Council made the following recommendations in its report to encourage plan sponsors to implement these reported improvements in plan design:

- Provide education to plan sponsors on specific techniques and communication practices that have been statistically proven to be effective;

- Clarify the distinction between advice and education, particularly the extent to which segmented education and life planning may be construed as advice;

- Issue guidance to plan sponsors that would allow the use of promotional items or incentives to encourage participation, including purchasing reasonably priced promotional items with plan assets;

- Consider coordinating with Treasury to promote self-correction programs for plan sponsors who might not offer automatic enrollment and/or automatic escalation out of concern about unintentional errors;

- Provide examples of target contribution rates to enable participants to meet their retirement goals. Also, the Department should encourage higher default rates of employee contributions for automatic enrollment and/or automatic escalation.

IV. BACKGROUND

The 2021 ERISA Advisory Council heard from multiple witnesses – academics, researchers, retirement consultants, communication experts, government organizations, employers, labor organizations, advocacy groups and other interested parties – to identify the current comparative status of, trends in, and prospects for retirement savings and future individual retirement security. The Council found that the savings gaps measured by race, ethnicity and gender are wide and that the gaps have grown since the 2010 ERISA Advisory Council Report on Disparities for Women and Minorities in Retirement Savings. The issue is complex, multifaceted and challenging for all parties involved and will take a concerted and coordinated effort among government officials, plan sponsors, employers, community groups, and non-governmental organizations, as well as individuals, to truly address the issue and help close the gap.

The witnesses provided a wide range of recommendations, strategies and possible solutions that alone, and in combination, can help address this gap. The Council, in the development of its recommendations to the Department, in line with our issue statement mission, has looked to the witnesses' recommendations and solutions that are under the Department's purview and that can be implemented without a dependance on other agencies or legislative changes. We have also, however, identified those witness recommendations that may be beyond the Department's purview but that would benefit from the Department's focus, support, and joint involvement.

The interest in, research around and activity underway to address this issue of income, wealth and savings disparities is extensive and encouraging. The Council's witnesses provided a thorough snapshot/overview of the current state of comparative retirement coverage, participation, savings rates, and account accumulations. They shared research into the causes of the retirement savings disparity including differences in income levels, access to job-related savings vehicles, levels of emergency savings, cultural related financial priorities and obligations, debt levels and management, career life paths and patterns, caregiving obligations and employment disruptions, and access to and utilization of financial education and advice. The solutions the witnesses suggested, and the recommendations of this Council, that the Department may want to consider that address this issue directly involves increased focus, clarity, simplification, encouraging access and efficiency, and supporting and promoting education, flexibility, affordability, and plan design automatic features and incentives.

Professor Norman Stein from Drexel University School of Law and Senior Policy Advisor for the Pension Rights Center pointed out that

> ERISA was originally drafted as a vehicle for retirement plan transparency, not plan adequacy. Additionally, the employment model the statute was predicated on was that of male, full-time workers with long-term firm tenure. With no anticipation of alternative employment arrangements outside this original model, ERISA is inadequate to address the retirement needs of part-time or seasonal workers, workers with frequent firm changes, or the retirement needs of people performing uncompensated caregiving and household work.

Professor Stein noted that there are limits within which the Department and EBSA can operate and address this issue from a technical perspective without legislative changes. However, based on extensive testimony and recommendations from the array of excellent expert witnesses that appeared before the Council, the Council concluded that there are many areas under the law where the Department and EBSA can help employers and plan sponsors move the needle to help close the retirement-security gap.

Promising Changes for the Future

Congress is actively engaged in discussing and proposing legislation that, if enacted, will directly impact and help close the racial, ethnic and gender retirement security gaps that persist in our country. The Department and EBSA will play an instrumental role in the implementation of any changes, and the importance of timely attention to these legislative responses cannot be overstated. At the same time, we should all take note that recent Bank of America employer research found that 62 percent of employers feel an extreme responsibility for their employee's financial wellness compared to only 13 percent of employers in 2013. And that "today, the majority of employers understand that helping their employees on the path toward financial wellness is not a "nice to have," but an integral part of how they attract and retain talent in a landscape of changing demographics, as well as ensuring a workplace that is productive and can thrive."

The Council concluded from its findings that the time is right for the Department and EBSA to support employer initiatives to address racial, ethnic and gender retirement savings disparities, to offer employers guidance and encouragement to engage all of their employees, workers or contractors to actively participate in financial wellness practices, retirement planning and savings opportunities.

V. WITNESS TESTIMONY

U.S. Government Accountability Office (GAO), Kris Nguyen with Benjamin Bolitzer, Michael Collins, Tamara Cross, Jennifer Gregory, Sharon Hermes, Ted Leslie, Rhiannon Patterson, and Chris Zbrozek.

The GAO team reviewed the results of three of their recent research reports:

1. GAO-19-587, August 2019, Retirement Security: Income and Wealth Disparities Continue Through Old Age

2. GAO-20-435, August 2020, Retirement Security: Older Women Report Facing A Financial Uncertain Future

3. GAO-20-541, July 2020, Retirement Security: DOL Could Better Inform Divorcing Parties About Dividing Savings

The GAO found that over the last 30 years, income and wealth disparities have increased such that in 2016 the top quintile of households had an average income of $368,000 (compared to $242,000 in 1989), while the middle and bottom quintiles had averages of $53,000 and $14,000 (compared $9,000 in 1989), respectively. Estimated average wealth of households in the top 20 percent was about $2.1 million in 1989 and about $4.6 million in 2016. In comparison, average wealth of households in the bottom 20 percent was similar over time from 1989 to 2013 and in fact, in both 2010 and 2013, was estimated to be negative, meaning that those households, on average, had more debt than assets. The GAO found that minorities had lower incomes across all quintiles and that, for quintiles with lower wealth, future income from Social Security and defined benefit pensions provide a relatively significant portion of resources in retirement for those who expect such income.

The GAO found that there are material disparities in longevity, with more Whites surviving to old age, and women living longer than men. They looked at the data by race, retirement participation and marital status. The GAO surveys showed that less than half of individuals age 70 and older had high levels of confidence in their financial security. Married individuals were more confident than unmarried ones, African Americans and Latinx reported a lower confidence, and with divorce in later years taking a huge toll on income, wealth and retirement security. They noted that while longer life expectancy is a positive thing, longer lives means there is a greater need for planning and saving to support more years of retirement.

The GAO pointed out in its report that “there is concern among some researchers and policy makers that disparities in income, wealth, and life expectancy may be indicative of potential problems for many Americans’ financial security in retirement.” It found that income and wealth continue to be low for minorities, and despite different longevity expectations (requiring fewer resources and greater reliance on Social Security and other social programs) it concluded that income over one’s career has the major impact on retirement security. It concluded that individuals need to have access to retirement information throughout their careers and that the information needs to be more accessible for our diverse populations.

GAO studies demonstrated that providing retirement security is complex and mentioned key factors that GAO learned or heard from survey respondents that issues that affect individuals' future retirement security include economic downturns, level of income, minority status, marital status, education, pattern of work, having retirement accounts or pension plan access, home ownership, impact of divorce, longevity, levels of debt, rural vs urban, understanding the need and how much to save for retirement, and access to, utilization of and reliance upon Social Security.

GAO suggested that the Department seek increased data from recordkeepers and plan sponsors to understand better the specific causes of these identified disparities and to understand how much of the disparity is due to different career earnings vs. other factors. GAO suggested that the Department collect more data on QDROs and associated fees on Form 5500s and provide more information for divorcing participants about how to pursue and keep track of QDROs.

John W. Rogers, Jr., the founder, Chairman, Co-CEO and Chief Investment Officer of Ariel Investments, LLC, a global value-based asset management firm with approximately $16.2 billion in assets under management, addressed the issues he has found that employees of color face when planning for a secure retirement. He also made some recommendations that might improve future outcomes. Based on his personal experience, he believes that early education about financial literacy will be helpful. During his childhood, Mr. Rogers's father emphasized the importance of saving and understanding basic types of investments such as stocks and bonds. Mr. Rogers wants to pass that legacy on.

He described some of the gaps that the African American community faces when compared to their White counterparts. He also mentioned that similar gaps exist in the Latinx community. He noted that 49 percent of Whites vs. 32 percent of African Americans have defined contribution ("DC") savings. Whites have about six times more set aside for retirement. The DC gap is just one aspect of the overall wealth gap. Black Americans have 12 cents in wealth for every dollar of wealth held by White Americans.

Mr. Rogers mentioned factors such as the long-term ramifications of slavery, Jim Crow laws, and redlining as contributing to the lower wealth. With few financial resources and less employment opportunity, the African American community tends to be more conservative and is reluctant to trust market volatility. As a result, Blacks are not as comfortable in the equity markets as other groups. They are also twice as likely to borrow from DC savings and more than twice as likely to take a hardship withdrawal.

Mr. Rogers's recommendations included the following.

- Improve financial literacy for young Americans. By the sixth grade, introduce investment concepts and have the students invest in portfolios. A key factor in engaging the students is letting them benefit from their stock selections and have them experience, first-hand, how money grows with compound interest. Also encourage them to put their earnings into a 529 Program with up to a $500 match.

- Encourage financial services companies to partner with schools – encourage careers in financial services, spread information to family and friends, improve community financial literacy. Black Americans currently represent less than two percent of Certified Financial Planners. If more enter the industry, the reach into the community will be much stronger.

- Employee communications need to match the audience, to reflect their education levels, cultural differences among the various groups and their different long-term goals.

- Encourage corporations to track DC data by race so that latent problems become evident. If a particular group is lagging in savings, the company can reach out with its communications. One example he cited was McDonald's Corporation, which encouraged all employees to increase savings through increased education, automatic enrollment, and front-loaded matching contributions. African-American contributions increased substantially after this change in approach.

Norman Stein, professor at Drexel University and Senior Policy Advisor for the Pension Rights Center, talked about several key topics. He noted that ERISA was initially crafted to improve transparency and fairness for working people who were participating in retirement plans but not to expand participation or improve the adequacy of benefits in those plans. It was primarily consumer protection legislation, not retirement policy legislation. Moreover, in the 1960s and early 1970s – the incubation period for ERISA – issues of race, gender, and ethnicity, and the disparate economic outcomes based on such characteristics, focused more on overt discrimination than on structural characteristics of American economic life that result in less favorable economic outcomes for members of certain groups.

A spouse's right to share in a pension at marital separation or divorce is another issue in which the 1974 ERISA Congress failed to engage, which led to considerable uncertainty about whether and how and by whom a pension could be divided when a marriage ended. Congress took up the issue in the Retirement Equity Act of 1984, which introduced the QDRO mechanism. The QDRO process, however, is expensive, complex, and can too often result in woman not receiving their equitable share of a pension after a divorce.

It is difficult to address the retirement savings problem without also addressing the aggregate savings problem. Professor Stein made recommendations to address the gaps in coverage and adequacy. He suggested that the nation consider a different national retirement policy to replace the current system. He also noted that the incentives tend to provide much larger advantages to more prosperous groups, and the retirement preparedness problems of lower and moderate-income individuals are studied rather than meaningfully addressed.

Issues Identified

Gender Issues

The retirement security for many married women was and continues to be tied partly or entirely to the workplace savings accumulated by their spouse. ERISA, as enacted in 1974, did not adequately protect the interests of a woman in her spouse's pension. There are three separate inflection points at which a spouse's interest in a retirement plan was (and … still is) inadequately protected: at divorce; at the time a pension benefit form is selected, for this is when a spouse's survivor annuity is either selected or foregone; and during pre-retirement moments of discretionary control of a plan's assets. Although there have been positive changes to ERISA in its protections for spouses, particularly with the enactment of the Retirement Equity Act of 1984, there remain significant statutory shortcomings in the protection of a woman's interest in her spouse's pension.

QDRO Concerns

The QDRO process is not well understood by the public and even by many professionals. As a result, many spouses, particularly in moderate- and lower-income households, are not in a position to divide a pension at all. A spouse of a plan participant does not have a clear legal right to request information from a plan, information that is generally required in order to prepare a QDRO. Sometimes a participant empties out a retirement plan before the QDRO process gets underway. Moreover, it is often difficult to modify a domestic relations order, which at the least requires a new court appearance, time and resources, even when the parties are in agreement about the modification.

Survivor Benefits

The Retirement Equity Act of 1984 added some critical spousal protections. However, these protections apply only to pension plans: defined benefit or defined contribution plans (for example, money purchase pension plans), but not to other individual account plans unless the plans offer an annuity benefit option. This means that the typical profit-sharing plan, including most 401(k) plans, offer only limited spousal survivor protections: the spouse is the automatic beneficiary of the plan unless the spouse waives this beneficiary status in a notarized writing. But there are no constraints on the participant in such plans until death: the participant can withdraw all or part of his account balance, or take a loan, without spousal consent. And for IRAs, federal law does not even mandate that the spouse be the default beneficiary, although under some State property regimes the spouse is automatically entitled to all or a part of the IRA. IRAs that receive rollovers from employer plans today hold more assets than in all ERISA-covered plans. It is a major defect in our retirement system that IRAs and most individual account plans provide so little recognition of the reality that retirement plans of married couples were, in effect, created by both parties to the marriage, not simply the participant.

Pre-Retirement Control of Assets

In profit-sharing plans and IRAs, a participant can, to the extent a plan permits, take withdrawals (often during active employment) and loans, without spousal consent. Additionally, the participant has control over the investment of plan assets in self- directed plans, and the spouse has no right to plan disclosures or information.

Incremental Measures to Address Coverage and Adequacy Gaps

Professor Stein discussed ideas that would mandate or at least incentivize coverage and employer contributions to Americans who currently do not benefit from the current system. He noted that there is overlap between the proposals:

- A mandatory universal pension system in which employers would contribute to a retirement savings vehicle. Jimmy Carter's Commission on Retirement Policy proposed such a system in its 1979 report, recommending a program in which employers would contribute three percent of payroll for all workers. There have been several similar proposals over the years, most recently "The Savings for the Future Act," which would require employers to contribute 50 cents per hour to an employer plan or an UP [Retirement] Account, which would be modeled on the Federal Thrift Savings Plan.

- Replace matching safe harbors, where employers match a percentage of employee contributions with reverse matches, where employees can match a percentage of employer contributions. This ensures that all plan participants will receive an employer contribution.

- Immediate vesting in employer matching contributions and prohibition of pre-retirement withdrawals for such contributions.

- Bright letter rules that treat most gig-economy workers as employees for purposes of retirement plans.

- Require coverage of part-time and seasonal workers. The Women's Retirement Protection Act would take modest first steps in this direction.

- Household worker SEPs. Permit a person who engages household labor on a regular basis to establish a SEP for such worker, with the employer eligible to deduct such contributions.

- Bring back the MyRA. Allow it to be used for small rollover contributions. Do not require conversion to an IRA, and provide federal annuity conversion of MyRA amounts.

- Increase the Saver's credit and make it refundable. To the extent of the credit, lock in assets until retirement age.

- Eliminate the IRC § 72(t) 10 percent penalty tax on early withdrawals. Section 72(t) of the Internal Revenue Code imposes a 10 percent penalty tax on withdrawals from a retirement plan unless one of several exceptions apply. There are two conceivable justifications for this tax: it recovers a tax subsidy that was intended to incentivize retirement savings, and/or it discourages people from withdrawing retirement assets before retirement.

Professor Stein noted that, although he was not aware of any studies that directly studied the impact of the withdrawal penalty by income, race, gender or ethnicity, his impression is that it is primarily a tax on lower and moderate-income participants in employer plans or IRA owners. For these individuals, the tax is punitive – lower-income retirement savers receive small if any tax subsidies for their savings and a 10 percent add-on tax is far in excess of any tax subsidy they received. Many such individuals withdraw money from an employer plan when they lose a job and often desperately need the money. A 10 percent tax is not likely to be a serious disincentive to leave the assets in a retirement solution in such situations.

Moreover, most of the exceptions from section 72(t) are designed to address the needs of middle-income rather than lower-income taxpayers. The section 72(t) tax, when assessed against lower- and moderate-income individuals, is a mean-spirited, unjustified punitive tax. There should be an exception from the tax for taxpayers whose income is below some amount, such as 200 percent of the poverty level.

A New System

In addition to the above recommendations, which are all incremental modifications to the existing national retirement policy, Professor Stein suggested that the Department and other government entities consider a complete redesign.

Current national retirement policy is essentially built on two pillars: Social Security, which alone is inadequate to provide for retirement, and the employer-based retirement system, which is heavily tax-subsidized. The value to an individual of the tax subsidy in the private system is a function of the individual's marginal tax rate on investment income, the amount sheltered in a retirement plan, and the length of time retirement assets stay in a plan solution.

Government resources should be used to increase the retirement resources of low- and moderate-income individuals. Government should direct that money at the intended beneficiaries and not provide the wealthy tax incentives to get plans established.

A MUPs plan [Mandatory Universal Pension System], a plan such as that advanced in the Savings for the Future Act [an UP Retirement Account], an expanded Social Security system, mandatory contributions to something similar to the Netherlands collective defined contribution plans, and Dr. Ghilarducci's Guaranteed Retirement Account are all ideas that could alleviate inadequate retirement savings across all groups of people.

Nari Rhee, PhD, Director of the Retirement Security Program at the UC Berkeley Labor Center, noted that although the retirement system in the United States shares similarities with the systems of other nations, it also has some distinctive characteristics that might explain the retirement savings differences among different populations. Dr. Rhee made the following observations.

Although the U.S. retirement system is like that of other countries in providing one layer of pensions through Social Security, other countries fund additional pensions through payroll or general tax revenue. Favorable demographics (immigration) in the U.S. help fund Social Security. The U.S. has an employer-driven system where:

- Firms with the ability and inclination to provide pensions do so
- Small firms are less inclined to provide retirement plans
- The U.S. systems tends to exclude workers
- Large firms may sponsor retirement plans but few employees meet eligibility (e.g., the retail industry has 80 percent turnover annually)
- Few employees meet 1/2/3 year of service requirement for participation
- Tax incentives in the U.S. system are regressive. Two thirds of the total tax subsidy goes to the top 20 percent of wage earners, while only 2 percent of the tax benefit benefits the bottom quintile
- There is significant labor market segregation among the different groups
- Black and Latinx workers have a significant wage gap in the private sector and higher unemployment
- Black workers are 30 percent underrepresented in financial services sector but 40 percent overrepresented in hospitality and retail industries
- Women experience near parity with men on access to retirement. However, lower pay and shorter careers create persistent wage gaps. Women carry the majority of unpaid caregiving responsibilities, and there is a cost-of-motherhood-penalty compared to a fatherhood-pay-bump. Women forego an estimated $120,000 in earnings, $60,000 in Social Security and $50,000 in retirement.

There is a stark economic disparity in retirement security for these groups between the public and private sector. Public employees in lower quintiles have access to defined benefit ("DB") plans. Employees in the private sector rely mostly on savings plans. The average 401(k) balance for the lower quintile is small and generates a monthly benefit of $200. Black and Latinx workers have half the retirement savings of Whites.

Dr. Rhee noted that 2/3 of workers of color work for small businesses and that IRAs were more prevalent than employer-sponsored qualified plans. She made several suggestions that might encourage stronger savings and broader participation by the different groups:

- Tax Incentive Programs-Savers' Credit in lieu of deduction

- Tighten loopholes that exclude part-time workers

- Auto IRAs (ERISA Preemption notwithstanding) – CalSavers, Oregon Saves, Illinois Saves- State IRAs (Auto IRAs with mandatory coverage). Public Board with fiduciary duty.

Lori Lucas, CFA, President and CEO of the Employee Benefit Research Institute ("EBRI") discussed EBRI's confidence survey and some recommended areas of focus. EBRI's Retirement Confidence Survey of 2021 had the following findings:

- The wealth gap persists between Whites and Blacks/Hispanics, *regardless of income*

- Blacks/Hispanics earning less than $35,000 per year … more likely to have less than $1,000 saved than Whites

- At $75,000 or more per year

    - 56 percent of Whites saved $250,000 or more
    - 39 percent of Blacks/Hispanics saved $250,000 or more

- Debt is a considered problem affecting retirement security

    - 61 percent of Blacks consider this a problem
    - 66 percent of Hispanic consider this a problem
    - 38 percent of Whites consider this a problem
    - For heads of households over age 55, median debt to asset ratio is
        - 29.5 percent for Whites
        - 47 percent for Blacks
        - 48 percent for Hispanics
    - Debt of older populations is growing; for heads of households age 72 or above
        - 2007 - 1/3 had debt
        - 2017 - 1/2 had debt
    - Debt in retirement was even more pronounced for women (and is highly correlated to marital status)
        - married women – 76 percent somewhat/very satisfied with retirement security
        - divorced women – 43 percent somewhat/very satisfied with retirement security
        - never-married women – 51 percent somewhat/very satisfied with retirement security
    - 20 percent of divorced or never-married women and 12 percent of married women expect "never to retire"
    - Student loans for individuals and their family members have become a big obstacle to saving for retirement.

- Regarding emergency savings—
    - 55 percent of Blacks lack access
    - 59 percent of Hispanics lack access
    - 34 percent of Whites lack access

Ms. Lucas noted that EBRI found several potential areas of focus for the various groups. Among Hispanic communities, helping families and friends ranked *more important* than saving for retirement. Retirement saving was not a priority; education savings was more important.

The survey also showed that, within the Black community, many did not feel fairly treated by the financial services industry and expressed a preference to have an advisor that "looked like them." There is also a near-term need to address issues affecting divorced women. Most indicated that there are few or no information sources to meet their needs.

All groups indicated that there is a critical need to access emergency savings and a preference for advice through the workplace.

Monique Morrissey, PhD, an economist at the Economic Policy Institute, emphasized that the U.S. employer-based retirement system poorly serves most workers but especially workers of color and women. She noted that retirement statistics are sometimes unreliable and incomplete, but evidence from multiple surveys points to a consistent finding: most workers are not on track to maintain their standard of living in retirement, and workers of color and women are especially likely to face hardship at older ages.

Dr. Morrissey noted that the situation is getting worse, as cuts implemented in 1983 are gradually reducing the Social Security replacement rate, while at the same time risky and inadequate 401(k) plans have largely replaced secure defined benefit ("DB") pensions among non-union private-sector workers. These trends have especially harmed lower-paid workers, including workers of color and women who rely more on Social Security and are less likely to have other forms of wealth to fall back on in retirement.

Most households of color have little or no savings in retirement accounts, including 401(k)-style defined contribution (DC) plans and Individual Retirement Accounts ("IRAs"). Among prime working-age households ages 32-61, only 32 percent of Hispanic and 44 percent of Black households had retirement account savings in 2019, as compared with 65 percent of White households. Even among households with retirement account savings, the median account balance was modest: $38,000 for Hispanic households, $40,000 for Black households, and $83,000 for White households, respectively.

Though it is easier for employers to offer DC plans than traditional DB pensions, the DB-to-DC shift did not increase access to retirement plans, especially among Hispanic households. Between 1989 and 2019, Hispanic households' participation in any type of employer retirement plan declined from 40 percent to 34 percent. Over the same period, the participation rate for Black households edged up from 45 percent to 48 percent, while that of White households edged down from 63 percent to 60 percent.

Household-level data can obscure differences or changes in the share of individual workers participating in retirement plans. However, evidence from the U.S. Census Current Population Survey ("CPS") confirms that workers of color, especially Hispanic workers, are much less likely to participate in employer plans than White workers, in most cases because their employers do not offer a plan. Among full-time workers in 2014, only 31 percent of Hispanic workers and 48 percent of Black workers participated in an employer plan, as compared with 53 percent of White workers.

Disparities in participation largely reflect differences in access and eligibility, as opposed to workers choosing not to participate. Among full-time workers in 2014, only 10 percent of Black workers, 8 percent of Hispanic workers, and 8 percent of White workers did not participate in a plan even though their employer offered one.

In the public sector, pay is lower but pension benefits are more secure and generous.

Gender disparities in retirement are also stark, though they may emerge later in life than racial and ethnic disparities. Like workers of color *vis à vis* White workers, women are paid less than men and are more likely to have employment gaps or work part-time, with negative implications for retirement preparedness. Women, especially women of color, still face greater hardships in old age. In addition to the negative impact of lower lifetime earnings, employment gaps, and part-time employment on retirement benefits and savings, women live longer and may be more likely than men to suffer financial consequences after widowhood or divorce.

Despite their longer life expectancy, women tend to retire at younger ages than men, often due to caregiving responsibilities that also reduce their earnings before retirement.

Dr. Morrissey then explored possible approaches to mitigating the disparities. She started by noting that low-income workers, including many workers of color and women, become low-income retirees. Although the U.S. needs to focus on helping people *before* they retire – by, for example, raising the minimum wage, making it easier for workers to form unions, pursuing full-employment macroeconomic policies, investing in physical and social infrastructure, addressing the student loan crisis, confronting racial inequities, reducing caregiving burdens, and other policies designed to foster broadly-shared prosperity – such steps will not likely be sufficient.

The U.S. employer-based retirement system is broken. It increasingly magnifies inequality. To Americans, at least, it may seem normal that public and private retirement benefits are linked to earnings and contributions, albeit with some social insurance provisions to reduce hardship among lower-income, longer-lived, and disabled participants. However, in the current system, merely *participating* in a plan depends greatly on income. Households in the top income quintile are eight times as likely as those in the bottom quintile to have any savings at all in a retirement account.

While parts of the current retirement system do a good job converting steady contributions from employers and workers into secure benefits for retirees, Social Security and DB pension benefits replace a shrinking share of pre-retirement income. Instead, the population increasingly relies on a system of tax-subsidized retirement accounts that was never designed to help ordinary workers achieve retirement security – and, not surprisingly, has failed at this task.

Dr. Morrissey suggested that the simplest solution is to expand a system that works: Social Security. She noted that, although popular with voters and although a part of the Democratic Party platform, Social Security expansion has so far failed to gain traction among Republicans in Congress. However, suggestions for targeted improvements, such as a caregiver credit that would help women and others who take time out of the paid labor force, have at least prompted Republican policymakers to offer alternatives.

As Social Security expansion has entered the mainstream, and as the failures of the do-it-yourself 401(k) system have become impossible to deny, centrists, including some Republicans, have begun contemplating what they might once have considered unthinkable: mandating employer contributions to retirement plans. Meanwhile, States have tried to address the coverage gap with plans designed to make it easy for small business employees and others left out of the system to voluntarily contribute to individual accounts.

These efforts aim to address the coverage crisis, a mostly political rather than technical challenge. They also seek to make investing decisions less complicated for small savers, with less emphasis on investor choice and more on facilitating access to suitable low-cost investments. But if the goal is to reform individual account plans rather than render them unnecessary, the U.S. will eventually need to address other problems with the system that harm small savers: Individual accounts are expensive to administer; participants in these accounts still bear longevity and investment risks; and tax subsidies for retirement are upside down, favoring the wealthy rather than those who face the greatest challenges saving for retirement.

These are not trivial problems. The higher cost and risk of individual accounts requires workers and employers to contribute roughly twice as much to individual accounts as to traditional pensions to achieve a similar level retirement security. But single-employer pensions are not a realistic option for most private-sector employers, and the system has yet to find a permanent solution to some of the challenges facing multiemployer pensions, though practitioners are working on ways to address stability issues.

Individual accounts' administrative cost problem can be solved, at least temporarily, with pooled investment funds and passive investment strategies modeled on the Thrift Savings Plan for federal employees. Implementation and overhead costs can also be minimized with multi-employer and multi-State efforts. However, passive investment strategies can become problematic as the size of the investment pool grows, and some experts are looking into active management options for pooled funds. Ideally, this would also include mechanisms for smoothing investment returns across cohorts and converting lump sums into lifetime income streams, creating hybrid plans that replicate some of the benefits of traditional pensions but with risk-sharing features designed to avoid saddling individual employers with systemic risks.

The current system of tax subsidies for retirement functions more as a tax shelter than a saving incentive. It favors high earners and investors with a higher risk tolerance because the value of the subsidy depends on taxes that would otherwise be owed on investment returns. Reforming these subsidies, which President Biden has included in his political agenda, will face political resistance from the financial industry and defined contribution plan participants who are counting on the current system remaining in place until they retire. Therefore, restructuring the system to incentivize saving rather than rewarding people for higher investment returns may have to be done incrementally – for example, by giving mid-career workers the option of remaining in the current system. Though these efforts are still in the beginning stages, in the meantime we should prioritize expanding access to, and increasing the value of, the Saver's Credit, a failed initiative of the Obama Administration.

The retirement challenges facing many workers of color and women are, for the most part, the same challenges facing other low- and middle-income workers. Though there are targeted policies that should be pursued, such as adding a caregiver's credit to Social Security or expanding access to a Saver's Credit, most policies that help workers of color and women will also help other low- and middle-income workers. But we will not make progress on addressing these challenges so long as we define the problem as an individual rather than systemic one.

Jan Jacobson, JD, Senior Counsel, Retirement Policy, for the American Benefit Council ("ABC"), reported on the results of an informal survey conducted for the Council. Forty plan sponsors, mostly of large plans with more than 5,000 participants, responded. About a third had data available that could be identified by gender, but only about 5 percent had data based by ethnicity or race. Of the few that could identify ethnicity or race, about half noticed a difference in plan participation and/or savings rates. In spite of the lack of broad-based data available by gender, ethnicity, or race, most plan sponsors indicated in response to the survey that they were aware of a need for targeted communications for the different groups and for adopting plan features that would encourage participation by such groups. Examples of such features include one-click enrollment, early enrollment, and making financial advisors available to employees.

Ms. Jacobson also made some key observations and recommendations that were based on a combination of the survey results and anecdotal interactions with ABC members. Plan sponsors are very interested in providing the most effective communications to all participants, which may mean communicating in different ways to different parts of their workforce. However, sponsors are concerned that providing this type of segmented education could be construed as investment advice because of its targeted nature. ABC believes it would be helpful for the Department to provide clarification that such education continues to be classified as education rather than investment advice, which could create new potential fiduciary liability for plan sponsors.

Ms. Jacobson also described several actions that were outside of the Department's purview, but that could mitigate the retirement savings disparity. These items included features from previous proposed legislation: using promotional items to encourage participation, enhancements to automatic enrollment and automatic escalation, and facilitating matching contributions on student loan payments. The provisions in the Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE) for pooled employer plans ("PEPs") could provide economies of scale. Expansion of and advertising the Saver's Credit could also encourage participation by the three groups.

Ms. Jacobson also emphasized that the three groups would benefit greatly from emergency savings programs that plan participants could access in times of emergency. Regulatory and legislative encouragement to establish and participate in these programs could be very helpful.

Ms. Jacobson concluded by restating a critical point. While many sponsors would appreciate tips and other guidance from the Department, it is important to provide such guidance in a way that does not increase potential litigation exposure. Flexibility is key in a voluntary retirement system, so that small employers especially are not discouraged from sponsoring employee retirement plans.

Jamal R. Watkins, Senior Vice President of Strategy and Advancement at the NAACP, opened his testimony with a quote from an anonymous author: "Retirement is wonderful if you have two essentials – much to live on and much to live for."

Mr. Watkins noted that if one accepts the baseline conclusion that there is a racial wealth gap, then the logical extension is that the same racial gap exists and, in some ways is amplified, as it relates to overall savings and retirement. According to data released in 2016 by the National Retirement Risk Index (NRRI) – a calculation from the Center of Retirement Research ("CRR") at Boston College that is based on the Federal Reserve's Survey of Consumer Finances – 50 percent of all U.S. households were at risk of falling short in retirement while 54 percent of Black Americans, and 61 percent of Latinx, shared that risk – compared to only 48 percent of Whites.

- The National Institute of Retirement Security (NIRS) reported in 2013 some alarming facts.

    - Workers of color are significantly less likely than White workers to be covered by an employer-sponsored retirement plan – whether a 401(k) or defined benefit (DB) pension.

    - Only 54 percent of Black and Asian employees and 38 percent of Latinx employees age 25-64 work for an employer that sponsors a retirement plan, compared to 62 percent of White employees.

    - These racial disparities are much more pronounced in the private sector than in the public sector. Blacks are 15 percent less likely than Whites to have access to a job-based retirement plan in the private sector, compared to 10 percent in the public sector.

    - Households of color lag behind White households in coverage by DB pensions that guarantee lifetime retirement income. While 24 percent of White households have a DB pension through a current job, only 16 percent of households of color do.

    - Households of color are far less likely to have dedicated retirement savings than White households of the same age.

    - A large majority of Black working age households – 62 percent – do not own assets in a retirement account, compared with 37 percent of White households.

- The racial gap in retirement account ownership persists across age groups.

- Households of color have substantially lower retirement savings than White households. Three out of four Black households age 25-64 have less than $10,000 in retirement savings, compared to one out of two White households.

- Among near-retirees, the per-household average retirement savings balance among households of color ($30,000) is one-fourth that of White households ($120,000).

According to a report issued by Demos, employer-based retirement coverage is inadequate. Even for those who have coverage, the most common type of retirement plan, the 401(k), is fatally flawed. The significant possibility of outliving retirement savings or losing them to a turbulent market, high fees, or poor investment decisions make 401(k)s and other individual retirement plans unfit to be the primary private supplement to Social Security. The report indicated that the high fees that 401(k)-type plans charge is one of the worst aspects of these plans. Every investment option in a 401(k) charges hidden and high fees for investment management and other services. These fees might seem small, but they can cost an average worker tens of thousands of dollars over a lifetime of saving.

The combination of these factors creates the perfect storm that results in a lifetime of racial inequities that result in Black seniors being at risk of spending their last years with declining income and virtually no savings. Enduring generations of economic racism has resulted in lower wages, lower rates of homeownership and little-to-no savings or investments. The impact of these inequities has created a cycle of generational poverty and economic insecurity. The organization Prosperity Now predicts that the average net worth of Black Americans will average zero by 2053 if there is not a reversal of the trends we are seeing.

It should also be made apparent that Federal intervention through Social Security is not enough to shift the gap. According to the U.S. Social Security Administration, about 38 percent of minority beneficiaries rely on Social Security for 90 percent or more of their income, compared with 28 percent of White people. The average Social Security benefit is only $1,500 a month, but if you wait until you're 70 to begin receiving payments, the payment rises to about $3,000. Given the data, and this reality, most Black Americans who qualify for Social Security would have to work until age 70 to optimize the benefits of Social Security, which is an untenable solution to a pervasive crisis rooted in structural racism.

Mr. Watkins concluded by stating that the 401(k) needs to be replaced, not reformed. A solution such as Guaranteed Retirement Accounts would provide a secure foundation for the dignified retirement that should be the right of all American workers.

Francesco Briganti, PhD, Secretary General of the Cross Border Benefits Alliance, and **Matti Leppälä, LLM**, the Secretary General and CEO of Pensions Europe, provided testimony related to potential retirement security disparities in Europe.

Mr. Leppälä explained that the European Union ("EU") is not a nation or state, but is instead "a hybrid system of intergovernmentalism." It is not a federation but is much stronger than an international organization. He also pointed out that there is no legislation like ERISA in the EU. Instead, each nation has its own policies and laws that are affected by EU legislation, policies and case law in the European Court of Human Rights and the European Court of Justice. Mr. Leppälä cited EU treaties and directives that mandate equal pay for equal work and that prohibit discrimination on the basis of gender, nationality or ethnicity.

Mr Leppälä noted that in the EU there is a gender pay gap of approximately 15 percent and a pension gap of 30 percent. Women had shorter careers, more breaks in their careers, and lower pay. Much of the difference is due to the fact that women provide most of the care within families. Also, because women live longer on average and tend to be single at higher ages, the poverty rate for women in retirement worsens after age 75.

The EU addressed this disparity in its Gender Equality Strategy 2020-2025: "To protect pension rights and encourage equal sharing of care responsibilities between women and men, the Commission will explore with Member States and stakeholders the provision of pension credits for care-related career breaks in occupational pension schemes."

Mr. Leppälä briefly described the efforts of some European nations to achieve the strategic goal.

- In **Finland**, pension benefits for maternity, paternity or parental benefit periods (in total these leaves are now up to more than 12 months, and will increase to more than 14 months in 2022. Ninety percent of the available periods are used by women).

- In **Sweden**, in the occupational ITP30 pension plans contributions are paid by the pension provider during parental leave or time off for child care for a maximum of 13 months. The contributions are calculated based on the average of the last 12 months' income before the month prior to parental leave.

- In **Denmark**, during maternity, paternity and parental leave, contributions are no longer paid to the private occupational pensions but are replaced by a doubling of the contributions made to the ATP (a statutory, fully funded, collective insurance based, defined contribution scheme) covering all workers. These contributions are paid for 1/3 by the beneficiary and 2/3 by the government/municipality of their residence. The government expense is covered by contributions paid to the scheme by private employers

Mr. Leppälä concluded by noting that despite clear EU directives and strong case law prohibiting employment, pay, or benefit discrimination due to race or ethnicity, such disparities exist. A study in the UK showed that the gap in pension income between a female pensioner from an ethnic minority group and a male pensioner from White ethnic groups is 51.4 percent. https://thepeoplespension.co.uk/wp-content/uploads/Measuring-the-ethnicity-pensions-gap.pdf

He observed that Finland addressed the disparities by providing a guaranteed pension for those who have little or no pension income from other sources.

Dr. Briganti also identified the main causes of retirement disparities that his organization has seen emerge over the last few decades:

- From employment:

    - Number of years of employment
    - Intensity/duration of daily employment
    - Type of employment contract
    - Employees’ remuneration and career (and potential discrimination)
    - Educational background/financial literacy
    - Sector/industry of work
    - Rules/habits concerning the social protection in some professions

- From pension/retirement systems:

    - Compensation during career breaks and/or insurance solutions
    - Retirement savings redistribution
    - Capability to address loss of purchasing power over the years (ex: indexation);
    - Differences in retirement age and actuarial calculation of pension benefits
    - Differentiated compensation level in workplace retirement plans (case of non-contributory periods)
    - Treatment of spouses/survivors

Dr. Briganti proposed several solutions to mitigate the disparities:

- Increase the coverage/access to retirement plans to weak/low-income persons (through compulsion or incentives for employees and/or employers; automatic enrolment; enlarging scope of sectors; relax eligibility criteria for pension plans)

- Favour a regular and higher payment of contributions into pension plans (allow additional contributions from spouses; subsidies for maternity and caretaking)

- Better accommodate the pension systems to career patterns (e.g., flexible contributions; portability of pension plans; lower administrative fees for small pension pots)

- Improve investment returns for low-income people (overcome risk aversion; behavioural bias; education on importance of pension accumulation over the years)

- Transfer of pension entitlements between partners in a household (split retirement benefits of the spouse/split of benefits upon divorce)

- Actuarial elements (e.g., unisex mortality tables; equalize retirement age between genders; subsidies to compensate women for higher life expectations)

- Survivors' pensions (compulsory or as a default option; death insurance)

- Pension entitlements during parental leave (notional contributions; risk-sharing plans; employers or government contributions)

- Other initiatives (family allowances or extension of retirement plans to spouses or civil partners of self-employed persons)

Manny Pastreich, Secretary-Treasurer of the Service Employees International Union ("SEIU") Local 32BJ, and **John Scott, PhD**, Director of the Retirement Savings project at The Pew Charitable Trusts ("Pew"), provided a panel discussion.

Mr. Pastreich noted that the SEIU Local Union 32BJ represents 170,000 members, most of whom are lower-wage earners. The members are about evenly divided between men and women and are predominantly people of color and many are first generation immigrants. He warned that it can be misleading to make generalizations because each union member faces a unique situation. However, because there are so many members, Mr. Pastreich noted trends that have emerged over time.

His first observation was that the wealth and wage gap play a significant role in hampering minority workers' efforts to attain retirement security. He then shared two paragraphs from a recent brief from Morgan Stanley (found at:
https://www.morganstanley.com/atwork/articles/retirement-race-gap):

> The lines are clear when it comes to race and retirement. On average, White Americans have seven times the retirement savings of Black Americans, and five times the savings of Latinx retirees. What's more, if current trends continue, Black and Latinx Americans are at risk of owning zero wealth by 2053 and 2073, respectively.

Data from the Federal Reserve's 2019 Survey of Consumer Finances shows that White households own 83.9 percent of the wealth in the U.S., while Black households own 4.1 percent and Latinx households own 2.5 percent. Wages play a large factor in this disparity, with Black households earning just 61 cents and Latinx households earning just 74 cents for every dollar of income earned by White households.

These numbers have remained largely unchanged over the past 30 years and speak to a substantial and troubling disparity. The gap continues with age, putting the Black and Latinx workforce most at risk for retirement insecurity. Without Social Security, the poverty rate among Latinx seniors would be nearly 50 percent and the poverty rate among Black seniors would *exceed* 50 percent.

For union members who do accumulate savings, roughly one percent per year request a loan or hardship withdrawal every quarter.

Mr. Pastreich stated that the union strongly believes that defined benefit plans are the best form of retirement security. The professional investment, low fees, and combined investment structure that focuses on the retirement benefit as opposed to the amount an individual has today leads to positive long-term planning.

The union also recognizes that many of their members do not have access to defined benefit plans, and there is strong employer opposition to joining them because of the potential impact of withdrawal liability, both real and perceived.

The union will always reject a concept of shared sacrifice that puts an undue burden on the working class. A 401(k) plan can work fine for someone who has income that covers their monthly and yearly costs and allows them to accumulate assets over time in the hundreds of thousands or millions of dollars. But for the large majority of the union's members, the ability voluntarily to put aside enough money for retirement, to choose the future over today's very real challenges, is a model destined to fail. The facts about compounding returns are meaningless and is a potentially dangerous distraction to working people if the base does not exist to compound upon.

Mr. Pastreich acknowledged that some of the recommendations he made are outside the purview of EBSA, but any help the Department could provide would mitigate the disparities. First, supporting unionization and supporting efforts to raise the minimum wage are two important pre-conditions to addressing retirement security. Retirement security cannot be addressed adequately until wages are raised to a point that workers can see past today's crises.

Secondly, in the big picture, strengthening and improving Social Security for lower-income Americans is the simplest and most concrete step that can be accomplished in the near term to provide retirement security for working and poor people.

The Administration should also continue to take steps to strengthen defined benefit plans while keeping a particular eye on supporting those plans for low-wage workers.

Creative solutions are needed to address the employer opposition to defined benefit plans. Much of that opposition comes from the real and perceived impacts of withdrawal liability. Some of those fears are real and many are unfounded. But the Department and the Administration as a whole should look to creative solutions to lower that employer opposition. The union would support ways the Department can provide support to union and employers in key sectors to explore guaranteed retirement options, including variable defined benefit plans. There could be ways to fund these plans that builds on the models used to save insolvent plans but in a more positive situation, possibly seeding plans to allow for new groups to have guaranteed pensions.

Finally, in respect to 401(k)s, the union recognizes that they are part of the landscape. While they are ideally a supplemental retirement to defined benefit, it is clear that for many Americans they are both the second and third leg of the retirement security stool. The State and Federal governments should continue to look for ways to encourage and even force retirement options for working and poor people. Government seeding of accounts for lower-income Americans and State or Federal requirements that employers make a contribution to a defined benefit or defined contribution plan would also be a step forward. Just creating the accounts for working people will not lead to significant retirement savings.

Dr. Scott opened by describing Pew's involvement in 2004 with the retirement security project at the Brookings Institution. The project's key proposals, such as automatic enrollment, laid the foundation for State-facilitated Auto-IRA programs.

Dr. Scott confirmed that Pew's findings on retirement preparedness and retirement savings were consistent with those of earlier witnesses. He provided specifics and referred to his written testimony for details and source material. He mentioned that State-facilitated auto-IRAs seem to be successful. California, Illinois and Oregon are actively enrolling new members and participation appears strong. The savings are enabling the growth of a nest egg, but they are also providing a source of funds for emergencies. Because most of these plans use Roth IRAs, funds can be withdrawn without penalty.

Dr. Scott also recommended expanding the Saver's Credit. He pointed out that an expanded credit would encourage participation in retirement savings plans.

Dr. Scott closed his testimony with a list of the following recommendations:

- The Department could fund research in several areas: especially how employees and plan participants learn about benefits. How can communications be customized for key, underserved groups?
- Facilitate and encourage Auto-IRAs
- Support a commission on federal retirement policy

Cindy Hounsell, President and founder of the Women's Institute for a Secure Retirement ("WISER"), and **Amy Matsui, JD**, Director of Income Security and Senior Counsel at the National Women's Law Center, testified as a panel to the Council.

Ms. Hounsell focused primarily on the unique challenges that women face in trying to achieve both long-term and short-term retirement/financial security. Women want and need targeted information and knowledge in navigating the retirement system as well as in avoiding the traps and the gaps. She suggested that EBSA expand access to financial literacy publications and work with plan sponsors to provide education. The promise of financial wellness programs is important because long-term financial education is not widely available to the general public, even as many individuals take on more financial responsibility and the systems become more complicated.

Ms. Hounsell explained that it is important to focus on women because there are 5.8 million more women than men at age 65 and 67 percent of the over-age-85 population is female. Many of the group over age 85 ends up near poor or in poverty even if they have never been poor before. Women's longevity means that they will need **more** income. At age 65, women can expect to live an average of 21+ years while men can expect to live an average of 18+ years. One out of two women in their mid-50s today will live until age 90.

Ms. Hounsell focused on the challenges women face including:

- **Financial Capability**

  WISER and the Administration on Community Living, with the U.S. Administration on Aging, operate the National Resource Center on Women and Retirement (the "Center" or "NRCWR"), which serves as a national clearinghouse of tools and information on retirement planning. The Center's goal is for WISER to improve the financial knowledge of the Center's target population of vulnerable women by helping them plan and achieve retirement security. WISER presents financial workshops to diverse groups of women across the country; the target population includes not just low-income women, but women with disabilities, caregivers, and women with limited English-speaking proficiency. The Center creates consumer publications that explain in easy-to-understand language the complexity of women's retirement issues: claiming Social Security, signing up for Medicare, emergency savings programs, caregiving issues, divorce, widowhood, long-term care and elder financial abuse.

  WISER's outreach extends to 22 partners providing specialized programs and co-branded reports such as the updated 2020 report, *Minority Women & Retirement Income*, which is distributed through partners with underserved audiences and those with low financial literacy. Among the partners are two national nonprofit organizations: MANA, A National Latina Organization ("MANA") with 25+ chapters, and the National Caucus & Center on Black Aging, Inc. ("NCBA"), with several State and local programs. These groups are long-time financial literacy partners who have prioritized providing skills and knowledge to their members.

  The major underlying problem is that there are still too many women over-represented in the low-wage workforce with little access to workplace benefits or to employer financial wellness programs. These low- to moderate-income women often work multiple jobs with little to no savings to show for it and are likely to live in poverty in old age

  While many Americans are not financially prepared for retirement, the future for under-resourced women, the target population of this work group session, is especially alarming. The statistics mentioned in earlier sessions result in the following situation; older women living alone becoming poorer as they age, especially minority women living alone who are more likely to age into poverty. The data confirms the high rates of poverty: for Hispanic women 43 percent and Black women 33 percent– rates almost twice that of White women.

- **Unique Challenges: Longevity Risks, Health Care Costs, Marital Status and Caregiving**

  - **Longevity Risks & Health Care Costs:** Women confront other retirement income challenges that are long-lasting due to their longevity and health care costs. Longevity risks include inflation, loss of spouse, and health care costs which have a disproportionate harm on women's retirement income. Today, a woman at age 65 can expect to spend approximately $47,000 *more* in retirement for health care expenses than her male counterpart. These health care costs increase with age, as women experience more frailty and more long-term care services are needed. Many women are unaware of these facts and what services Medicare and Social Security actually provide. In fact, many families are not aware that Medicare does not cover most long-term care costs or that Medicare premiums are subtracted from their Social Security benefits.

- **Marital Status:** Women are more likely to be single and at much greater risk of poverty as they age than are men: 26.1 percent of those who never married live in poverty compared to 4.9 percent of married women. The gender mortality difference and the fact that many women marry older men, means that women are more likely to be living alone which increases the likelihood of poverty. While many women are caregivers for their husbands, many women do not have a spouse to care for them in their retirement years. At age 85, about 86 percent of women are single.

- **Caregiving**: Currently, there are 48 million family caregivers. and most are women. Women generally, and as caregivers, are spending on average 9 years out of the paid work force. Those nine years mean zero earnings, or a career of 29 years compared to men's 39-year careers. The zero earnings are compounded in the 35-year calculation of their Social Security benefit. In addition, women, because of their need for flexibility for caregiving, are twice as likely to work on a part-time basis as are men, with the resulting lower earnings. Women are more likely to work in industries that pay lower salaries and have no retirement plans or less generous retirement plans.

- **Financial Caregiving:** Women compromise work schedules by leaving the labor force or working part-time to accommodate family needs. Recent research studying the financial effects of caregiving found a majority of women/caregivers have given little/or no thought to their own financial situation; while over half describe their financial position as fair or poor. Another study shows that single women who care for elderly parents are 2.5 times more likely than other caregivers to live in poverty in retirement. The financial consequences are serious but understanding the financial implications of these decisions allows for better planning and more opportunities for preserving retirement income and affording health benefits. However, financial caregiving also has consequences for both the caregiver and the care recipient who needs help with managing their financial affairs. More than one in five caregivers provide both financial management and out-of-pocket support ($7,242+) to their care recipients with two-thirds of family caregivers reporting they could benefit from financial advice on managing money.

- **Automatic Portability – a positive step:** A fairly new retirement savings feature is a technology-based solution developed by the Retirement Clearinghouse. It ensures that when someone switches jobs (which 14.8 million workers do annually) their 401(k) savings move automatically from their previous employer's plan to their new employer’s plan, even if their assets are less than $5,000. That allows their savings to continue to grow in one easy-to-monitor, consolidated investment account. Studies indicate that over a 40-year period, automatic portability could decrease cash-outs to such a degree that it could add as much as $1.5 trillion to $2 trillion to Americans’ retirement savings. And much of that savings will belong to the people who need it most. Without automatic portability, 50 percent of workers who earn between $20,000 and $30,000 cash out within a year when changing jobs. Sixty-three percent of Black and 57 percent of Hispanic workers also do so. Forty-one percent of women do. And 71 percent of women age 25-34 do. Automatic portability changes that. The more financially challenged demographic groups, those with the smaller balances, lower their cash-out rates more than other groups when automatic portability is a feature of the plans.

Ms. Hounsell explained that WISER’s focus has been to help workers do the best they can with the system we have now by providing Financial Literacy programs, educating and advocating for a much-improved Saver’s Tax Credit, preserving savings through automatic portability, and by listing important issues that most workers need to know:

- The impact of future inflation and taxes is often not included in planning for retirement despite the significant impact it can have on retirement income – think 10 years after retirement.

- Individuals are often confused about how much is needed for a secure retirement – benchmarks would be helpful.

- Many individuals struggle to plan how they will draw down assets and need greater access to flexible income distribution options and guaranteed lifetime income options.

- Longevity risk is poorly understood and not widely planned for – we are an aging society.

- Many women assume they will just keep working beyond normal retirement age, but more than 40 percent of Americans end up retiring earlier than they planned to, usually due to job loss, family needs including health issues, or personal poor health.

Ms. Hounsell concluded with the following suggested actions for building and supporting increased economic and financial security for women (and men) of all ages:

- Most important, even though it does not lie directly within the Department’s or EBSA’s purview, is protecting and preserving and strengthening Social Security – a program critical to the financial well-being of most workers but especially women, minorities and disabled workers.

- EBSA could work with employers and plan sponsors to offer and revive their successful financial education program on demystifying retirement planning.

- EBSA could consider providing basic benchmarks so people are not confused about their full Social Security retirement age and when and how to sign up for Medicare

- EBSA could also help employers educate workers about the Savers Tax Credit while making it a staple of retirement for middle-income as well as for moderate- and low-income workers, while we are awaiting the improved version to pass legislatively.

- Financial Capability – target women as caregivers, as well as women employees. Experience and research shows that relevant financial information can dramatically increase total net worth by nearly one-third for those with the lowest income and 18 percent for those with moderate income.

Ms. Matsui noted that even before the COVID-19 pandemic, women of color and women more generally faced greater risk of economic insecurity throughout their lives, experiencing racial and gender income and wealth gaps, lack of caregiving supports that make it difficult to meet work and family responsibilities, and other barriers to building wealth. This risk persists for older women, in part because these trends culminate in lower levels of retirement savings – which is doubly unfortunate because women, who live longer on average than men, need *more*, rather than less, retirement savings to ensure a secure retirement.

The pandemic has upended the financial security of women, and especially women of color, which will have reverberating effects on their retirement savings. Women who have lost hours of work or their job during the economic downturn or who left the workforce altogether because of caregiving responsibilities, will not only face current financial straits, but will also be unable to accumulate retirement savings while they are not working. They may also have dipped into any savings they have, including retirement savings, which they may have difficulty replenishing. While some women will be able to rejoin the labor force once schools start again and child care providers slowly reopen, others who have lost their jobs may be unable to quickly find a new one. Some may even be forced into retirement earlier than planned, which will lock them into lower Social Security and pension benefits for life, and forestall additional retirement savings.

As we contemplate the policies underlying an equitable economic recovery, we need to ensure that women, and especially women of color, can experience greater economic security and build towards a secure retirement. This will require robust investments in supports that enable women to succeed in our economy throughout their lives and broad changes to our retirement systems. In addition, and especially as women of color lag behind in the recovery, we need to make investments and policy changes to boost women's retirement security overall.

Because the primary sources of retirement income, Social Security, employer-sponsored pensions, and tax-favored retirement savings accounts are based on employment and earnings, women of color and women more generally face greater barriers to attaining retirement security. Being paid less than men means that women have fewer resources to save for retirement, and lower Social

Security and pension benefits in their own right as workers. Taking time out of the workforce likewise reduces the earnings that women can contribute to retirement savings accounts and that are used to calculate Social Security and pension benefits. This lifetime impact falls most severely on women of color, who have the largest wage disparities and are more likely to act as caregivers. Married women can receive Social Security retirement benefits based on their spouses' benefits (if those benefits would be higher than benefits based on their own work history), and can also receive traditional pension benefits as a surviving spouse. But they may have limited control over assets in their spouses' retirement savings accounts during an intact marriage. And while divorced spouses automatically qualify for spousal Social Security benefits if the marriage lasted for at least 10 years, the division of pensions and retirement savings during a divorce, and the effectuation of that division, can be complicated and result in lower retirement wealth for women.

Women need retirement income from employer-sponsored pensions and retirement savings plans (like 401(k)s) to supplement Social Security benefits in order to experience a secure and dignified retirement. Traditional, defined benefit pensions provide retirement benefits in the form of annuities, and married workers' surviving spouses (including divorced spouses) can also receive pension benefits based on the worker-spouse's pension. Eligible workers are automatically enrolled in defined benefit pensions and, in the private sector, are not required to contribute. Traditional pension benefits have been shown to help keep lower-income workers out of poverty. However, the share of workers who have a traditional pension has steeply declined in recent years, with employers shifting to defined contribution retirement savings plans. This shift has been particularly detrimental to women, who have longer average lifespans than men, because, unlike pensions, retirement savings accounts do not provide a default steady and fixed stream of lifetime income. This shift also contributes to racial disparities in retirement income, because access to 401(k)s is less equitably distributed than pensions: in 2016, 51 percent of White workers participated in defined contribution plans, such as 401(k)s, compared to 33 percent of Black and 28 percent of Latinx workers.

While more employers offer defined contribution retirement savings plans (like 401(k) or 403(b) plans), women, workers of color, and lower-income workers may lack access to retirement savings accounts at work. Poorly paid jobs, in which women of color predominate, are especially unlikely to offer retirement benefits. Even if women work for an employer that offers a retirement savings plan, they must meet minimum service requirements to be eligible to participate. And until recently, employers were not required to offer retirement savings plans to any part-time workers, and women are more likely to work part-time than men.

COVID-19 will likely further widen existing disparities, especially among women of color. Increased caregiving responsibilities, whether due to closed schools and the lack of child care or elder care providers or the illness of family members, fell largely on women. Women of color are overrepresented in the front-line workforce, risking their lives to provide health care, child care, and other essential services. And sectors in which women workers predominate and women of color are also overrepresented suffered heavy job losses. The pandemic will likely have long-term negative effects on the lifetime incomes, wealth, and retirement security of women of color, who tend to recover more slowly from recessions, and women more generally.

In addition, workers who have lost their jobs who have accumulated retirement savings will need to keep track of retirement savings accounts associated with their former employers. In addition, if they do not have an immediate need for those funds, *and* if they find a new job that offers a retirement savings plan, they will need to decide whether to roll over any retirement savings to an account with their new employer or to an Individual Retirement Account ("IRA"), a decision which can have consequences in terms of fees, investment options, and options at distribution.

Ms. Matsui described some policies that could help narrow gender and racial retirement savings gaps:

- First and foremost, she suggested that broad systemic changes that increase the economic security of women of color, and women more generally, are needed, to address some of the root causes of racial and gender retirement savings disparities. Measures such as raising the minimum wage would close gender and racial wage gaps and boost lifetime wages of women of color and women more generally, who are overrepresented in the low-paid workforce. Investing in the care infrastructure, including providing access to affordable, high-quality child care, comprehensive paid family and medical leave, and home- and community-based services, would also increase women's economic security, as well as boost their retirement savings

- Second, a broad array of policies that bolster women's ability to build wealth overall are needed, so that women can pay education costs (for themselves and their families), buy homes, meet emergency expenses, *and* save for their future retirement. Alleviating student loan debt (which most burdens Black women), helping renters save to buy their own home (rather than rewarding households who can afford to do so, with income tax deductions), and potentially transformational policies like "baby bonds" would all make it easier for women to build wealth. Addressing disparities in credit, predatory lending practices, and curbing the impact of State and local fines and fees that especially impact women, or increasing access to low-cost banking services, could also boost women's wealth, and thus, make it easier for women to save for their own retirement.

- Third, there are policy changes that would improve women's overall retirement security, making them less reliant on retirement savings. These include improving Social Security, the foundation of women's retirement security, with measures such as increasing benefit amounts, providing credits to caregivers in the benefit formula, and improving the Special Minimum Benefit for workers who spent their careers in poorly paid jobs. These also include encouraging the retention of defined benefit pensions and making lifetime income options more available in defined contribution plans and IRAs.

- Fourth, there are policy changes that could give more women the ability to save for retirement in employer-sponsored defined contribution plans, and maximize their retirement savings. Lowering the threshold for part-time workers to participate in defined contribution plans (as the Women's Retirement Protection Act of 2021 would do) would allow more women workers, who are almost twice as likely as men to work part-time, to have access to retirement savings plans at work. Expanding the Savers' Credit, including by making the credit refundable and allowing the refund to be added to retirement savings accounts as an effective government-sponsored match, would also boost retirement savings for lower-income workers. Increasing spousal protections in defined contribution plans (and IRAs) to be commensurate with those in defined benefit plans (and the Federal Thrift Savings Plan) would give spouses a greater ability to participate in decisions around marital retirement savings, which may be one of the largest assets in a marriage and upon which women are more likely to rely than men.

Other policy options for boosting women's retirement savings are especially critical as the COVID-19 economic crisis slowly, and unevenly, is resolved. It will be important for the Department to ensure that its public education materials are clear and understandable and to engage in outreach to the public, to make it easier for workers to keep track of their retirement savings accounts and, if appropriate, roll account balances over into new employer accounts. Divorcing women would also benefit from accessible public education materials around the process of dividing retirement assets through QDROs. Other measures, including training and education around QDROs for family law practitioners and family court judges, and the development of model QDROs, would also improve the process of dividing retirement assets at divorce. In addition, it is important not to further undermine spousal protections by extending temporary emergency procedures implemented earlier in the pandemic.

Anqi (Angie) Chen, Research Economist and Assistant Director of Savings Research at the Center for Retirement Research at Boston College, **Teresa Ghilarducci, PhD**, Director of the Schwartz Center for Economic Policy Analysis at the New School for Social Research, and **Siavash Radpour, PhD**, Associate Research Director of ReLab spoke as a panel.

Ms. Chen started her testimony by emphasizing that most of the U.S. retirement system is voluntary; only half of employers provide plans. She also described the shift from defined benefit to defined contribution plans that has occurred over the last few decades. In theory, defined contribution plans could generate significant wealth, but that requires steady contributions and low fees. 401(k) plans are too recent, and people do not regularly contribute. And leakage (cash-outs, early withdrawals, and loans) erodes 401(k) accumulations. Congress tried to discourage withdrawals through penalties.

Inconsistent coverage and contributions result in lower balances. Lower-wage workers are more likely to work part time and for employers without a plan. Most of these lower-wage workers are minority and /or women.

Policies that are/would be helpful for closing the gap include savings incentives, like matching contributions, and automatic enrollment. However, those helpful features are mostly voluntary. Some States have implemented mandatory Auto-IRAs. In the absence of major federal action, the voluntary features seem to have had little impact on the participation rate, availability, and savings rates for low-income workers. The mandatory features seem to be more effective. Making savings credits refundable would help.

Dr. Radpour emphasized Ms. Chen's observation that the main cause of the gap is the voluntary aspect of the system. Lower take up rates are mostly explained by employees earning lower wages;

they are unable to set aside money in these plans. Other systemic factors include less job security, higher unemployment rates, less access to credits, lower emergency savings. More importantly, he pointed out, low-income workers are not incentivized to save for the future. Low-income workers also tend to keep money in a savings account and not put it in a retirement account because their low marginal tax rates now are not different than future rates. This is especially true if there is no employer match. Employment shocks are a major cause, and early withdrawals and losing a job result in less time contributing. When low-wage earners are finally rehired, they need to satisfy yet a new waiting period. So, the lack of job security and the high risk of job loss, and lack of emergency savings or access to credit, is a major factor that also contributes to inequality in retirement assets.

Dr. Ghilarducci noted that EBSA has limitations of what it can do. Many of the reforms proposed by witnesses are much broader than EBSA's purview. In the past, Social Security combined with defined benefit pensions closed the gap between different groups after retirement, but with the rise in defined contribution plans and decline in defined benefit plans, the wealth gap experienced during employment between groups persists and often worsens after retirement. The current defined contribution system also makes it more likely that there will be predation, especially for low-wage earners.

Dr. Ghilarducci stated that EBSA has focused on educating individuals about financial matters, but the root of the problem is the voluntary nature of the plan and the lack of advocacy, such as by unions, for such plans

She pointed out that current and proposed legislation would make it easier for employers to provide plans, but it would make it easier to help mostly the wealthier people. She then listed three common proposals that would not help the lower paid workers:

- Lower safe harbor contributions – would make the gap larger

- Raising the age for required minimum distributions – no favors to lower paid, helps only the wealthier

- Ease nondiscrimination – increases the gap

Helpful policies would include:

- Making it easier to have a rainy-day fund

- Having EBSA reduce roadblocks to State plans and Auto-IRAs. Expanding Auto-IRAs may not address some of the major underlying causes for the disparities, but it would extend participation to the groups who are least likely to contribute to a savings plan.

- Having EBSA encourage meeting with other agencies and government entities, such as Treasury, the Social Security Administration and Congress, to scrub existing regulation to reduce inequality.

Barbara Hogg, FSA, a partner in Aon's retirement practice, and a team from Morningstar's Behavioral Insights and Public Policy group, including **Steve Wendel**, **Samantha Lamas**, **Lia Mitchell**, **Michael Thompson**, and **Stan Treger** presented their testimony as a panel.

Ms. Hogg started by acknowledging the disparities that exist and emphasizing how to close the gaps. She focused on workplace benefits because that is what she works with, but she pointed out that closing the gap will take a much a broader approach and must address government programs, community support, consumer protection, and personal savings opportunities.

In her experience, Ms. Hogg has seen four major factors that disproportionately affect minorities and women:

- Lack of access to programs and plans
- Wealth disparities, which leads to less financial flexibility
- Debt, which makes it hard to save
- Specific to women, fewer working years and greater longevity

Ms. Hogg's proposed eight specific actions to address the gaps:

- The first action is to encourage employers to address employees' immediate financial needs; people cannot save otherwise. Employers are already providing education and counseling. If employers, or the government, created some programs for emergency savings, lower wage workers would be less likely to need a payday loan to make ends meet. The U.S. retirement system would also work better if there were community services and consumer protection vehicles.

- Second, it would help to improve after-tax savings that can serve as emergency savings, and reduce financial penalties for emergency withdrawals to encourage savings. Plan features need to be easy for employees and plans. Retirement savings could default to a target date fund. Emergency savings would be more short-term and liquid. It would also help to eliminate another barrier; old pre-ERISA rules put barriers on after-tax matching contributions. For low-wage earners who are currently in a low marginal tax rate bracket, after-tax matching contributions could provide flexibility and liquidity.

- Third, U.S. retirement policy should reconsider the current automatic enrollment features. For most private employers, their plans offer automatic enrollment of pre-tax contributions. Those contributions are not accessible; they are subject to the 10 percent penalty for early withdrawal. The States' Auto-IRAs, in contrast, mostly use after-tax Roth IRA contributions. It would be helpful if the Department or other appropriate agency could provide more guidance and confirm that a post-tax default automatic enrollment is feasible for plans sponsored by private employers.

- Fourth, encourage plan sponsors to provide more non-elective employer contributions that do not rely on employee contributions in retirement plans. Consider adapting the ADP/ACP safe harbor rules to accommodate more combinations of flat dollar contributions, non-elective contributions and hybrids of elective/non-elective/flat dollar.

- Fifth, encourage automatic "backsweep" programs. Even when automatically enrolled, the most vulnerable employees still opt out in disproportionate numbers. Circumstances change with longer steadier employment. Every two or three years, it would be helpful if employers would go back and automatically enroll those employees again. A backsweep automatic enrollment option could use a lower default percentage. Could employers adopt this approach? If so, could the Department encourage it?

- Sixth, expand accessibility and curtail leakage. For example, the SECURE Act could address long-term part-time employees. Establish and encourage cost-effective vehicles for people to enroll in rather than expensive retail accounts. Encourage more PEPs to improve the economies of scale when participants are pooled together. Concentrate on having a PEP for inactive/former/retired employees to participate in.

- Seventh, remove barriers for employees to offer lifetime income distribution options. Encourage a default investment for a portion of a target date fund to provide lifetime income. Perhaps offer a tax incentive for participants to elect a lifetime income which may have a dollar limit and phase out for highly paid employees.

- Eighth, simplify employee education information, and communication. Plans are complex. Communications need to cover all factors for all employees. Different forms of communications to meet different learning styles would be helpful.

Mr. Thompson and Ms. Lamas of Morningstar talked about recent research on the Hispanic community. Morningstar's research, which is described with links in the written testimony, confirms much of what earlier witnesses had observed. Hispanics have lower savings, lower wages and lower wealth. Ms. Lamas noted that Hispanic wealth is often held at the family level, rather than individually, and that home and vehicle ownership are a large proportion of that wealth. Retirement accounts and liquid savings are not as significant, and when there are retirement savings, they are less likely to be in equities and more likely to be held in conservative, low-growth securities or in cash. This is especially true of the immigrant population.

Ms. Lamas also noted that the Hispanic community is diverse. There is a significant split in the behaviors and wealth between U.S. born and immigrants. In many respects, U.S. born Hispanics resemble White households. As a result of the spilt, there is large variation among the various Hispanic groups for account balances.

Mr. Thompson notes that statistics show that savings rates for Hispanics tend to improve faster than those of Whites by a great amount as education and income improve. Rural Hispanics save more than their urban counterparts, which is not the case with White households.

Mr. Treger, and the Morningstar team, made several suggestions to improve the future financial security of Hispanics and of other groups who experience a savings disparity:

- Keep encouraging automatic enrollment. Some plans offer automatic escalation too, which could help. Plan sponsors could also offer enhanced choices, not through automatic enrollment but through reaching out to employees.

- Put in emergency savings plans

- Custom tailor communications for navigating funds, bonds, and annuities. Even if the messages are the same, it still would be better to be customized. Encourage situational workshops, e.g., for women getting divorced, for multigenerational households to address current situations. Spoon-feed the information based on interactive choices. Information could be designed to reach specific communities and to address needs at different points in life. Information delivered by members of the employees' community was better received.

- Encourage programs that provide liquid savings. Recent research shows liquid savings were instrumental in helping employees pay their bills in an emergency and avoid additional debt. More liquid savings means employees will be less likely to tap their retirement fund. Having at least $1,000 available makes a huge difference.

- Address medical and student debt through education and programs. Medical debt of any amount means sixty-nine percent less savings overall.

Ms. Mitchell of the Morningstar team followed up the discussion of solutions with a description of additional structural/policy changes that would help close the gap:

- Baby bonds, as described in Morningstar's presentation that is part of the written testimony, would be an account created at birth and provide money available to a child at age 18. Baby bonds would promote wealth for home ownership or education and increase liquid assets in adulthood.

- Expansion of the Saver's Credit would help close the gap among minority households and help lower-income households more. Morningstar modeled the recent Senate and House proposals in this area and concluded that these could have an even larger impact if expanded and if the Department helped employers communicate it to their employees.

Sara Raposo, PhD, Director of Behavioral Research at Fidelity Investments, and **Kai Walker**, head of Inclusion Transformation at Bank of America presented their experience and recommendations in a panel.

Dr. Raposo opened by exploring Fidelity's research on this topic. Fidelity found many reasons employees might not participate in workplace retirement accounts. Fundamentally, she notes, systemic factors have "likely" played into many of the disparities in retirement security. Systemic factors include unequal access to retirement plans, affordable housing, healthcare and education, and even discriminatory practices such as redlining. These factors create barriers to Black and Hispanic families in accumulating wealth and therefore in participating in workplace retirement savings accounts.

One important reason for Black and Hispanic lack of participation in workplace retirement funds is a lack of trust, both of their workplace retirement providers and the financial services industry more broadly due to feelings of being excluded, misunderstood, or programs to which they have access not meeting their financial needs. Women in general were less likely to trust professional plan providers, instead relying on social networks of family and friends. Dr. Raposo posits that more "inclusive benefits" that meet the employees where they are might be a way of building more trust.

Another barrier to enrolling in workplace retirement plans is lack of funds due to other financial needs. With less savings, higher student loan debt, and more medical debt, people of color have fewer resources to devote to retirement plans. Among workers who do participate in workplace retirement plans, Latinx, Black, and Asian employees are more likely than their White peers to have provided financial support to family members outside of their household. And Black participants are most likely to have provided financial support to a religious organization over the past year. For women, particularly Black women, all these factors are even more pronounced.

Dr. Raposo suggests that the motivation to save for the long-term is similar across all of these groups, and that their sense of financial confidence may be as important as their financial knowledge. She suggests that a more effective way to increase enrollment might be to help employees address issues around their immediate financial priorities and needs, trust, confidence and inclusivity, and help them be better financially prepared. However, she noted that this is an area for future research.

Mr. Walker indicated that the Bank of America research shows that the majority of employers understand that helping their employees on a path to financial wellness is an integral part of attracting and retaining talent and ensuring a workplace that is productive and can thrive. Employers recognize that different employees may need different support. So, they recommend a strong financial wellness program for their clients to promote good financial habits and positive financial decision making to face the changing and challenging situations. They found that access to financial advisors and financial websites were the major sources valued by ethnic minority employees. And they recommend an end-to-end holistic, personalized and actionable financial wellness framework is needed.

To address the large segment of employees not participating, automatic enrollment and automatic escalation programs may work. However, it is important to recognize that financially challenged individuals have more immediate needs and pressing priorities, such as debt, family needs and care, and simply living from paycheck to paycheck to cover basic needs. Therefore, employers are seeing the need to provide support and solutions across the full spectrum of employees' lives and encouraging good financial behavior.

In Bank of America's survey, employers in 2020 feel an increased responsibility to help support their employees to address financial wellness and sustaining assets through retirement. Their clients expressed interest in analyzing plan demographic data to identify disparities in plan utilization and outcomes, and to the extent possible, take specific actions to help target and mitigate the identified disparities and enhance retirement security for all. The challenge remains that plan sponsors are limited in the actions they can take. So, it recommends:

- The industry must acknowledge an individual's race, ethnicity and gender and consider it as part of the planning tools and information that are developed and rolled out.

- Retirement security for these groups has been on a decline, yet all agree retirement preparedness is a priority and employer based financial wellness programs can play a significant role.

- Plan sponsors should:

    - Provide access to personalized tools and resources tailored to the individual's specific priorities

    - Take a holistic view to benefits considered for short- and long-term needs

    - Include resources that are personal and actionable

    - Commit to being a diverse and inclusive workplace – offer programs that deliver resources and support employees across all life stages, genders, ethnicities and experiences

    - Consider that employees are willing to use financial tools provided by a third party through their employer

Bank of America has implemented a program to provide employers the ability to extend financial education to their employees. This program identifies behavioral change as the key element to addressing people's financial struggles, allowing them to better address their day-to-day finances and manage their debt. Their goal is "financial wellness;" which the program defines as one who can:

- Manage day-to-day expenses
- Handle personal and household debt
- Save for the future, with a cushion for the unexpected

Mr. Walker does note that behavioral change alone cannot address the true root of the problem: lack of financial resources. Financial challenges including assisting family members, tending to caregiving responsibilities, or low wages are more fundamental to financial struggles.

In its own surveys, Bank of America found that, over time, the number of employees who self-rated their financial wellness as good or excellent has been declining, especially for women and people of color. Mr. Walker reported that an increasing number of employers feel an "extreme responsibility" to help their employees feel financially well. Employers also identified helping their employees in this way as an important talent retention tool. In Bank of America's surveys, it

4. Women are more likely to have lower retirement benefits:

4.1. Leverage the Department's resources to address QDRO issues by working with and educating State bars, family court judiciary on the importance of QDROs to retirement security of women and reduce impediments to obtaining QDROs

As divorce is a common cause of women's lower retirement benefits, addressing the equitable division of retirement benefits at divorce would improve the retirement assets and retirement security of women. Several speakers noted the importance of Qualified Domestic Relations Orders ("QDROs") in achieving this goal. Not only are individuals often unaware of QDROs and their importance in accessing retirement assets acquired during a marriage, State Court Judiciary and family law practitioners are also unaware of the importance of an efficient QDRO adjudication to the retirement security of women. Ms. Cindy Hounsell from the Women's Institute for a Secure Retirement ("WISER") noted the complete lack of information on QDROs for women as they enter into divorce proceedings. This lack of knowledge was reiterated by Professor Norman Stein on behalf of the Pension Rights Center in his comments as well.

The lack of familiarity with QDROs plays out in the small numbers of divorces with QDROs. Kris Nguyen, Director of the Government Accountability Office's Education Workforce and Income Security Team, noted for the Council that the GAO's 2020 report, "Divorce and Dividing Savings", described how few people seek and obtain QDROs. GAO's analysis of PBGC data from 2019 showed that only about one-half of one percent (0.6 percent) of participants had approved QDROs.

From the testimony before the Council, due to the general lack of knowledge about QDROs not only among those litigants in divorce proceedings, but also the State Court Judiciary and divorce counsel, it is the recommendation of the Council that the Agency do more educational outreach and provide more materials on the importance of QDROs to the retirement security of women to the legal community.

4.2. Working with plan sponsors and all stakeholders, EBSA to develop simplified model standard QDRO templates for defined contribution plans to help reduce the cost of interaction with the court system

As noted above, divorce is a common cause of women's lower retirement benefits and, addressing the equitable division of retirement benefits would improve women's retirement assets. As also noted above, GAO's analysis of PBGC data from 2019 showed that only about one-half of one percent (0.6 percent) of participants had approved QDROs.

This low prevalence is partly a function of design. Testimony from Professor Norman Stein on behalf of the Pension Rights Center noted that ERISA, the governing statute for employee retirement benefits, was written in 1974, and had in mind only a full-time, male, single-earner model. It was not until ERISA was amended by Congress in the Retirement Equity Act ("REA") in 1984 that QDROs were created to overcome the impact that ERISA's anti-alienation provisions had on women in divorce. As QDRO language was

hold the vast majority of retirement assets in this country. Professor Stein called it “a major defect in our retirement system that IRAs and most individual account plans provide so little recognition of the reality that retirement plans of married couples were in effect created by both parties of the marriage, not simply the participant.”

The testimony heard by the Council on the significant lack of spousal rights to retirement savings income, coupled with the overwhelming prevalence of defined contribution retirement points to the need for updated laws. Therefore, it is the recommendation of the Council to clarify existing regulations to give spousal beneficiaries improved access to information concerning the retirement plans their participant-spouses accrue or accumulate during their lives.

Some Council members objected to this recommendation noting that access to certain information would or could violate privacy laws as the participant is the account owner. It is also unclear the extent to which ERISA would permit providing certain information to a spouse who is not otherwise a designated beneficiary. These members believe that this recommendation may create an unworkable burden.

4.4. Encourage plan sponsors to treat absences of up to twelve weeks for caregiving as continuous service so as to prevent a break in service

Overall, women, regardless of marital status, are more likely to have lower retirement benefits due to gaps in employment for family caregiving.

Several presenters noted that women are more likely to take time away from the workforce to care for family members. Ms. Anqi Chen from Boston College’s Center for Retirement Research noted that women were more likely to take time off for childcare and other caregiving duties. Manny Pastriech, Secretary-Treasurer of SEIU Local 32BJ mentioned how these breaks early on in women’s careers to care for children means their wages grow more slowly, negatively impacting retirement savings. Indeed, Mr. Leppälä from Pensions Europe cited that organization’s “2021 Pension Adequacy Report” showing that the majority of caregiving work in Europe is provided by women.

To address this serious gap, Mr. Leppälä noted that giving credit for career breaks “…is seen as an effective policy measure to protect women’s pension rights.” European Union Member States are addressing disparities in retirement through its Gender Equality Strategy. The policy document states that in order to “protect pension rights, the commission will explore with Member States and stakeholders the provision of pension credits for care-related career breaks in occupational pension schemes.”

Additional examples from Europe were provided by Dr. Francesco Briganti of the World Pension Alliance. He noted that several countries have policies in place that provide pension credits for workers who take time away from the workforce to care for family. These policies exist in Ireland, Lithuania, Norway, Spain, Belgium, and Croatia. Testimony from Professor Stein on behalf of the Pension Rights Center noted that, as women tend to live longer, more retirement assets are needed to stay out of poverty. Pensions Europe noted

fifty years and updating the regulations under ERISA Section 202(a)(3)(B) to bring retirement benefit coverage to more workers, the majority of whom are women and minorities.

Some Council members objected to this recommendation, noting that the issue has been addressed via the long-time part-time provisions in the SECURE Act and therefore there is no action for the Department to take. Further, they believe that the Department does not have the authority to make these changes.

5.3. Provide guidance that the promotion of Diversity, Equity and Inclusion (DEI) initiatives is not at odds with ERISA fiduciary responsibilities, including:

a. The tracking of participant behaviors and targeting education and communication based on employee participation, education, cultural priorities, and different long-term goals by race, ethnicity and gender

b. Clarify that a plan fiduciary does not breach its fiduciary duty when including questions relating to diversity and inclusion in a request for proposal in the selection of ERISA plan service providers

Over the course of the witnesses' testimony to the Council, the gap in retirement savings between White workers and Black and Hispanic workers, as well as between men and women workers was made evident. Equally evident was the lack of diversity among the retirement professional community. Mr. John Rogers, Jr. of Ariel Investors LLC shared with the Council that according "…to Barron's, [while] the rates of Black certified financial planners (CFPs) has improved over the last two years, Black CFPs comprised just 1.7 percent of planners nationwide."

The lack of resources among Black and Hispanic workers was also named a factor in retirement savings gaps by race and ethnicity. Citing two studies, one by Economic Policy Institute ("EPI") and one by the Urban Institute, Mr. Rogers noted that Black workers were less likely than White workers to participate in defined contribution plans. Two other presenters, Ms. Lori Lucas of EBRI and Ms. Deva Kyle of Bredhoff & Kaiser, both pointed out that Black and Hispanic households have less savings in general; and therefore, it is difficult to save what you do not have. Diversifying the retirement professional community was presented as a way to begin addressing these racial, ethnic and gender gaps. Mr. Rogers shared findings from the Ariel-Schwab survey that participants responded more positively, and interact more frequently with, advisors and professionals who "look like America." Furthermore, his study found that "…only 35 percent of Blacks feel they're respected by financial institutions and financial advisors in this country, and that 95 percent of Black investors feel that racial diversity was somewhat or very important in choosing a financial institution or choosing a financial advisor."

Ms. Lucas, President of EBRI, echoed those findings in the Retirement Confidence Survey that EBRI conducts in conjunction with Greenwald Research. The 2021 survey found that, "Black and Hispanic Americans showed a definite preference for having some connection