



Background

As millions of older Americans near retirement age, retirement income has become a major concern for households and policymakers. Many people nearing retirement face income insecurity and fear that they will outlive their money. It is clear that other asset-building strategies, such as employment-based retirement plans and tax-deferred savings, will play an increasingly important role in retirement planning.

Using employment data by industry and estimated retirement plan sponsorship rates, this report identifies the number of Illinois employees who likely do not have access to employment-based retirement savings plans and describes the basic principles that are essential to expanding access to employment-based retirement savings plans.

Sources of retirement income

Retirement income comes from four main sources: Social Security, employment-based retirement plans, assets, and earnings. Income from earnings and assets represent only a small fraction of retirement income, less than 15 percent for most retirees. Home equity is the largest asset and source of retirement support for most people, but as home values across Illinois have fallen substantially over the course of the foreclosure crisis, the wealth that many older Illinoisans counted on has been diminished. Social Security and employment-based retirement plans provide the only significant sources of income for the vast majority of older persons. Social Security income comprises a smaller fraction of retirement income today than it did in previous decades because many workers retire before they reach the age limit for receiving full benefits. Given current federal fiscal and political realities, an increase in Social Security retirement benefits appears highly unlikely. This makes access to employment-based retirement plans critically important.

Findings

Over half of private sector Illinois workers do not have access to an employment-based retirement plan. Applying national averages for sponsorship rates by industry to Illinois employment data by industry reveals that only 2.2 million private sector workers in Illinois, or 46.6 percent, had access to an employment-based retirement plan in 2010, while 2.5 million, or 53.4 percent, did not have access to such a plan.

Over half of Chicago region workers do not have access to an employment-based retirement plan. In the Chicago region, 1.4 million private sector workers, or 46.4 percent, had access to an employment-based retirement plan in 2010, while 1.7 million, or 53.6 percent, did not have access to such a plan.

Access to employment-based retirement savings plans is less likely in certain industries. Nearly 859,000 of the 1.2 million private sector workers, over 72 percent, in the Administrative and Support, Education Services, Arts, Entertainment and Recreation, Accommodation and Food Services, and Other Services industries did not have access to an employment-based retirement plan in 2010. These industries generally hire lower-skilled workers, pay lower entry-level wages, and have relatively high rates of turn-over among employees and higher percentages of part-time workers.

Recommendations

- Employers should enroll workers in employment-based retirement plans by default to maximize participation.
- These automatic employment-based retirement plans should not impose long vesting periods and should be portable, allowing workers to take their savings with them when they change jobs.
- Automatic employment-based retirement plans should provide the same kinds of favorable tax treatment accorded current individual retirement savings options, such as Individual Retirement Accounts (IRAs).

Appendix. Access to Employment-Based Retirement Savings Plans by Illinois House District					
House District	Representative	Number of Employed Residents	Number with Access	Number without Access	Percent without Access
1	Dena M. Carli	22,502	10,280	12,222	54.30%
2	Edward J. Acevedo	26,555	11,849	14,706	55.40%
3	Luis Arroyo	30,064	13,757	16,307	54.20%
4	Cynthia Soto	38,525	17,386	21,139	54.90%
5	Kenneth Dunkin	38,802	17,732	21,070	54.30%
6	Esther Golar	24,207	10,844	13,363	55.20%
7	Karen A. Yarbrough	34,261	15,997	18,264	53.30%
8	La Shawn K. Ford	29,563	13,533	16,030	54.20%
9	Arthur Turner	40,929	18,889	22,040	53.80%
10	Derrick Smith	37,710	17,231	20,479	54.30%
11	Ann Williams	53,249	24,525	28,724	53.90%
12	Sara Feigenholtz	54,404	24,946	29,458	54.10%
13	Greg Harris	41,415	18,544	22,871	55.20%
14	Kelly M. Cassidy	36,704	16,109	20,595	56.10%
15	John D'Amico	39,754	18,265	21,489	54.10%
16	Lou Lang	39,209	17,820	21,389	54.60%
17	Daniel Biss	43,463	19,980	23,483	54.00%
18	Robyn Gabel	38,868	17,462	21,406	55.10%
19	Joseph M. Lyons	39,474	18,060	21,414	54.20%
20	Michael P. McAuliffe	40,748	18,880	21,868	53.70%
21	Michael J. Zalewski	38,661	17,879	20,782	53.80%
22	Michael J. Madigan	39,065	18,144	20,921	53.60%
23	Daniel J. Burke	26,531	12,261	14,270	53.80%
24	Elizabeth Hernandez	30,086	13,913	16,173	53.80%
25	Barbara Flynn Currie	26,528	11,424	15,104	56.90%
26	Kimberly du Buclet	38,697	17,636	21,061	54.40%
27	Monique D. Davis	30,843	14,040	16,803	54.50%
28	Robert Rita	28,600	13,129	15,471	54.10%
29	Thaddeus Jones	28,559	13,223	15,336	53.70%
30	William Davis	30,818	14,258	16,560	53.70%
31	Mary E. Flowers	28,587	13,119	15,468	54.10%
32	André M. Thapedi	24,485	11,137	13,348	54.50%
33	Marcus C. Evans, Jr.	22,526	10,160	12,366	54.90%
34	Constance A. Howard	25,985	11,776	14,209	54.70%
35	William Cunningham	39,078	17,809	21,269	54.40%
36	Kelly Burke	38,131	17,563	20,568	53.90%
37	Charles W. Krezwick	46,064	21,269	24,795	53.80%
38	Al Riley	32,553	15,145	17,408	53.50%
39	Maria Antonia Berrios	35,678	16,086	19,592	54.90%
40	Deborah Mell	32,460	14,700	17,760	54.70%

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41	Chris Nybo	41,951	19,564	22,387	53.40%
42	Sandra M. Pihos	43,300	20,156	23,144	53.40%
43	Keith Farnham	42,437	19,961	22,476	53.00%
44	Fred Crespo	47,982	22,733	25,249	52.60%
45	Franco Coladipietro	45,856	21,612	24,244	52.90%
46	Dennis M. Reboletti	43,764	20,635	23,129	52.90%
47	Patricia R. Bellock	43,180	20,196	22,984	53.20%
48	Michael G. Connelly	46,030	21,530	24,500	53.20%
49	Timothy L. Schmitz	60,429	28,608	31,821	52.70%
50	Kay Hatcher	73,870	34,764	39,106	52.90%
51	Ed Sullivan, Jr.	50,198	24,080	26,118	52.00%
52	Kent Gaffney	51,287	24,391	26,896	52.40%
53	Sidney H. Mathias	45,621	21,590	24,031	52.70%
54	Thomas Morrison	45,795	21,737	24,058	52.50%
55	Randy Ramey, Jr.	52,090	24,821	27,269	52.30%
56	Michelle Mussman	48,378	23,009	25,369	52.40%
57	Elaine Nekritz	43,415	20,371	23,044	53.10%
58	Karen May	35,263	16,361	18,902	53.60%
59	Carol A. Sente	46,094	21,883	24,211	52.50%
60	Rita Mayfield	29,211	13,331	15,880	54.40%
61	JoAnn D. Osmond	46,901	22,175	24,726	52.70%
62	Sandy Cole	48,628	23,158	25,470	52.40%
63	Jack D. Franks	50,576	24,041	26,535	52.50%
64	Michael W. Tryon	55,750	26,395	29,355	52.70%
65	Rosemary Mulligan	43,310	20,285	23,025	53.20%
66	David Harris	43,794	20,704	23,090	52.70%
67	Charles E. Jefferson	33,916	15,945	17,971	53.00%
68	Dave Winters	46,837	22,406	24,431	52.20%
69	Joe Sosnowski	42,660	20,426	22,234	52.10%
70	Robert W. Pritchard	37,987	17,932	20,055	52.80%
71	Richard Morthland	40,971	19,537	21,434	52.30%
72	Patrick J. Verschoore	40,098	18,806	21,292	53.10%
73	David R. Leitch	46,108	21,952	24,156	52.40%
74	Donald L. Moffitt	34,427	16,231	18,196	52.90%
75	Pam Roth	49,479	23,045	26,434	53.40%
76	Frank J. Mautino	41,503	19,606	21,897	52.80%
77	Angelo Saviano	41,974	19,721	22,253	53.00%
78	Camille Y Lilly	34,222	15,818	18,404	53.80%
79	Lisa M. Dugan	41,591	19,420	22,171	53.30%
80	Anthony DeLuca	35,618	16,559	19,059	53.50%

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81	Renée Kosel	57,627	26,748	30,879	53.60%
82	Jim Durkin	43,340	20,287	23,053	53.20%
83	Linda Chapa LaVia	38,141	17,783	20,358	53.40%
84	Tom Cross	64,747	30,297	34,450	53.20%
85	Emily McAsey	58,435	27,365	31,070	53.20%
86	Jack McGuire*	41,193	19,041	22,152	53.80%
87	Bill Mitchell	38,234	18,014	20,220	52.90%
88	Dan Brady	43,362	20,581	22,781	52.50%
89	Jim Sacia	40,072	19,108	20,964	52.30%
90	Jerry L. Mitchell	37,911	18,303	19,608	51.70%
91	Michael Unes	39,583	18,549	21,034	53.10%
92	Jehan A. Gordon	37,117	16,806	20,311	54.70%
93	Jil Tracy	40,854	19,520	21,334	52.20%
94	Norine Hammond	30,782	14,636	16,146	52.50%
95	Mike Fortner	46,480	21,751	24,729	53.20%
96	Darlene J. Senger	54,066	25,527	28,539	52.80%
97	Jim Watson	36,591	16,983	19,608	53.60%
98	Wayne Rosenthal	36,084	16,826	19,258	53.40%
99	Raymond Poe	33,895	14,924	18,971	56.00%
100	Rich Brauer	37,879	17,213	20,666	54.60%
101	Adam Brown	36,225	17,243	18,982	52.40%
102	Paul Evans	42,793	19,844	22,949	53.60%
103	Naomi D. Jakobsson	27,641	12,662	14,979	54.20%
104	Chad Hays	34,245	16,423	17,822	52.00%
105	Jason Barickman	36,836	17,563	19,273	52.30%
106	Keith P. Sommer	45,644	21,871	23,773	52.10%
107	John D. Cavaletto	35,383	17,014	18,369	51.90%
108	David Reis	37,700	18,292	19,408	51.50%
109	Brad E Halbrook	35,029	16,901	18,128	51.80%
110	Chapin Rose	34,501	16,473	18,028	52.30%
111	Daniel V. Beiser	38,784	17,793	20,991	54.10%
112	Dwight Kay	43,533	19,866	23,667	54.40%
113	Scott E Penny	38,111	17,197	20,914	54.90%
114	Eddie Lee Jackson, Sr.	31,435	13,935	17,500	55.70%
115	Mike Bost	28,623	13,300	15,323	53.50%
116	Jerry F. Costello, II	41,860	19,532	22,328	53.30%
117	John E. Bradley	33,447	15,483	17,964	53.70%
118	Brandon W. Phelps	29,574	13,630	15,944	53.90%