How Ready is Your State for Retirement? Here's an Answer

By Editorial Staff *Thu, Mar 20, 2025*

The Georgetown University Center for Retirement Initiatives has just released a 130-page document, 'Who Lacks Access to Retirement Savings? A State Level Analysis.' You can access a pdf copy in this article.

The state-by-state "automatic IRA" movement has been slowly growing over the past decade. These are initiatives, modeled on a pre-Trump Treasury Department concept, where individual states sponsor auto-enrolled tax-deferred savings plans to workers whose employers don't offer such plans.

California, Oregon and Illinois were first-movers on auto-in, opt-out Roth IRAs, with the *CalSavers*, *OregonSaves* and *Illinois Secure Choice* programs, respectively. Massachusetts, Connecticut, Colorado and several other blue or purple states have demonstrated interest.

Angela Antonelli

The Georgetown University Center for Retirement Initiatives, directed by Angela Antonelli, tracks these programs. The center has just released a 130-page **document** ("Who Lacks Access to Retirement Savings? A State Level Analysis") with technical support from Econsult Solutions and financial support from the American Retirement Association, the big retirement industry lobbyist.

For each state, the report documents the combined number of private sector workers and "gig" workers who lack access to a retirement savings plan at work. It also documents the number of small businesses with employees, the percentage by which the state's elderly population is expected to grow between 2020 and 2040, the percentage of the state's elderly population that rely on Social Security for more than 90% of their income, and the median annual federal and state spending for each elderly Medicaid recipient in the state.

When the auto-IRA movement first achieved some traction, there was some uncertainty within the U.S. retirement industry about whether such programs would “seed” the creation of new 401(k)s—as small employers are nudged to start a 401(k) by the mandate to offer either an auto-IRA or a 401(k)—or if the availability of auto-IRAs might crowd out 401(k)-formation or even displace existing 401(k)s.

Evidently there has been some seed effect. “Auto-IRA programs in Oregon, California, and Illinois (as well as many recent-adopter states) require employers in the state to participate in the state-facilitated program or offer their own ESRP. Research shows that in addition to access gains through the Auto-IRA program, each of these states has seen an increase in private plan formation in response to this requirement.

“[The auto-IRAs and 401(k)s “complement each other, which [American Retirement Association CEO] Brian Graff has been vocal about recently, calling them the perfect public sector/private sector partnership,” John Sullivan, Chief Content Officer of the ARA, a Washington lobbying group that encompasses several branches of the qualified retirement plan industry, told *RIJ* in an email.

State estimates of induced formation are developed relying on research by Bloomfield et al. (2024).27 This analysis estimates the number of firms in early-adopter states that were induced by auto-IRA policies to offer their own ESRPs for various firm sizes. These estimates indicate that 27,908 firms with 5 to 99 employees in California, 2,211 such firms in Oregon, and 1,360 firms with 16 to 99 employees in Illinois adopted ESRPs following the initiation of the state-facilitated program and coverage requirement.”

The growth of these programs, individually and overall, has been slow. The populations they serve tend to be lower-income and minority workers, gig workers, or workers at micro-sized employers. Consequently their *capacity* to save and *opportunity* to save is challenged. “The Illinois Secure Choice program reports an Effective Opt-Out Rate of 38.2% as of December 2024, while the CalSavers program reports an Effective Opt-Out Rate of 35.3%.”