

Fact Sheet: Rhode Island

Payroll Deduction Retirement Programs Build Economic Security

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Access to an employer-based retirement plan is critical for building financial security later in life. Yet, about 40 percent of Rhode Island's private sector employees—roughly 172,000¹—work for an employer that does not offer either a traditional pension or a retirement savings plan. That 40 percent includes workers at all levels of earnings, education, and backgrounds. All of them would benefit from the ability to use payroll deduction to save for retirement.

Rhode Island's Situation by the Numbers

About 40 percent of Rhode Island private sector workers ages 18 to 64 in 2020 were employed by businesses that do not offer any type of retirement plan.

- **Small business employees are less likely to have a plan.** The smaller the employer, the less likely its workers are to have access to a retirement plan. Over 70 percent of workers at Rhode Island firms with under 10 employees, and about 59 percent at companies with between 10 and 24 employees lack a plan. In businesses with under 100 employees, 91,000 workers do not have access to a retirement plan, compared with about 81,000 workers in businesses with 100 or more employees.
- **Workers at all education levels lack a plan.** About 71 percent of Rhode Island workers who do not have a high school degree do not have access to an employer-provided retirement plan—compared with 42 percent of Rhode Island workers with some college and 26 percent with a bachelor's degree or higher. Looking at the actual numbers of workers without access to an employer plan, those with at least some college exceeded those workers without a high school degree (97,000 versus 22,000).
- **Employees at all earnings levels do not have access to a plan.** Over 142,000 Rhode Island workers with annual earnings of \$50,000 or less (83 percent of the 172,000 total) do not have access to an employer-provided retirement plan. In addition, almost 30,000 employees earning more than \$50,000 do not have access to a workplace plan.
- **Access to a plan differs substantially by race, ethnicity, and gender.** About 61 percent of Hispanic workers, 51 percent of Black workers, and 34 percent of Asian American workers in Rhode Island lack access to an employer-provided retirement plan. Together, they accounted for about 35 percent (60,000) of the roughly 172,000 employees without a workplace retirement plan. In addition, 41 percent of all men and 40 percent of all women do not have access to an employer-provided plan.

State-facilitated retirement savings programs are providing a growing number of workers with a way to build financial security at work using payroll deduction. As of August 2022, six states had “Work & Save” programs open to savers and ten additional states are implementing programs. Soon millions more workers will be able to start saving through them. For more information, see AARP's State Retirement Resource Center at: <https://www.aarp.org/ppi/state-retirement-plans/>.

Access to Payroll Deduction Retirement Savings Plans Is Important

- **Makes saving easier:** About 96 percent of American voters over the age of 25 say that having a workplace retirement savings plan is important in helping them save for retirement.² Saving at work appears to be critical: Few households eligible to contribute to an individual retirement account outside of their job regularly do so.³
- **Helps increase retirement income:** Social Security is essential to retirement security, but its average retirement benefit is only about \$1,600 a month. Most retirees will need additional resources. Providing workers with a convenient way to save is an important step toward increasing the amount of assets a person will have at retirement: A 2021 Employee Benefit Research Institute study found that about 82 percent of employees with access to a retirement plan had more than \$25,000 in total savings and investments, and 63 percent had \$100,000 or more. However, only 28 percent of those without access to such a plan had over \$25,000 saved, and only 9 percent had \$100,000 or more.⁴
- **Allows individuals to build their own economic security:** Retirement savings plans help workers build their own economic security. Greater access could also improve economic mobility and reduce wealth disparity.

RHODE ISLAND : WHO IS NOT COVERED BY A WORKPLACE RETIREMENT PLAN?

Item	Group	%	Number
ALL	ALL	40.1%	171,881
Age	18–34 years	49.9%	86,027
	35–44 years	36.9%	36,886
	45–54 years	34.9%	28,597
	55–64 years	27.4%	20,372
Race & Ethnicity	Hispanic	61.1%	43,274
	Asian (Non-Hispanic)	33.7%	6,422
	Black (Non-Hispanic)	51.2%	10,234
Education	White (Non-Hispanic)	34.8%	108,725
	Less than High School	71.2%	21,994
	High School	53.7%	52,859
	Some College	42.1%	52,297
Gender	Bachelor's or Higher	25.5%	44,732
	Male	40.5%	89,586
Employer Size	Female	39.7%	82,295
	Under 10	70.2%	34,315
	10–24	59.1%	42,500
	25–99	41.0%	14,218
	100–499	35.5%	24,489
	500–999	34.9%	9,120
Earnings Quintile	1,000 +	26.5%	47,238
	\$18,000 or less	71.7%	56,755
	\$18,001 to \$31,000	55.7%	45,773
	\$31,001 to \$50,000	39.5%	39,576
	\$50,001 to \$78,000	21.4%	16,904
	Over \$78,000	14.6%	12,874

1 For the methodology see: Sabelhaus, John, "The Current State of U.S. Retirement Plan Coverage," Wharton Pension Research Council Working Paper WP2022-07, March 2022. https://repository.upenn.edu/prc_papers/726/.

2 AARP Research, "Saving for Retirement at Work: Views of Voters Ages 25+," October 2021, <https://www.aarp.org/research/topics/economics/info-2021/retirement-saving-work.html>.

3 For workers earning between \$30,000 and \$50,000, about 72 percent participated in an employer-provided retirement savings plan when one was available, compared with less than 5 percent without an employer plan who contributed to an Individual Retirement Account. Unpublished estimates from the Employee Benefit Research Institute (EBRI) of the 2004 Survey of Income and Program Participation Wave 7 Topical Module (2006 data).

4 EBRI, "2021 RCS Fact Sheet #6," https://www.ebri.org/docs/default-source/rcs/2021-rcs/rcs_21-fs-6_wsp.pdf?sfvrsn=7ad83a2f_4.

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