

**TESTIMONY BEFORE THE UNITED STATES SENATE  
COMMITTEE ON HEALTH, EDUCATION, LABOR & PENSIONS**

May 13, 2021

*“Retirement Security: Building A Better Future”*

**Deva A. Kyle  
Bredhoff & Kaiser, P.L.L.C.  
Washington, D.C.**

Chairperson Murray, Ranking Member Burr, and Members of the Committee, I want to thank you for the opportunity to testify today about disparities in retirement savings in furtherance of your efforts to ensure all Americans have the means to enjoy a secure retirement.

My name is Deva Kyle, and I am Of Counsel with the law firm of Bredhoff & Kaiser, P.L.L.C. Since joining the firm in 2019, I have represented pension plans and labor organizations that represent workers in the public and private sectors in a range of industries including: food service, education, professional sports, home healthcare, manufacturing, cleaning services, and construction. I work principally as benefits counsel providing advice on federal and state compliance as it relates to 401(k) and other defined-contribution, defined-benefit, and health and welfare plans.

Before joining Bredhoff & Kaiser, I spent 15 years in government. After graduating from Georgetown University Law Center in 2004, I worked at the Pension Benefit Guaranty Corporation serving first as a staff attorney and Assistant Chief Counsel before moving into retirement policy in the role of Staff Director of Policy and External Affairs. In 2015, I went on detail to assist the Treasury Department with what was then a new pension program under the Multiemployer Pension Reform Act of 2014 and served on detail in the House of Representatives as Tax Counsel with the Ways and Means Committee, advising on a broad range of tax and retirement issues. I have dedicated the better part of the last two decades to supporting the public and private retirement systems so many rely on in this country.

In my testimony today, I will be discussing retirement savings with a focus on class disparities, racial disparities, and gender disparities. While the numbers differ for each of these groups, the story is the same—retirement policy that relies solely on the ability of individuals to save will only exacerbate the income inequality already present in this country.

### **Retirement Security Still Unavailable to Many**

Many Americans have begun contemplating retiring years earlier than planned.<sup>1</sup> 2.7 million Americans over 55 years old are considering early retirement, and “[t]he number of people

---

<sup>1</sup> Michael Sasso and Alexandre Tanzi, *Affluent Americans Rush to Retire in New ‘Life-Is-Short’ Mindset*, Daily Lab. Rep. (BL) (Apr. 30, 2021), available at <https://www.bloomberg.com/news/articles/2021-04-30/more-americans-are-considering-retirement-because-of-covid> (last visited May 10, 2021).

expecting to work beyond age 67 fell to a record low of 32.9% last month.”<sup>2</sup> Some of these individuals are choosing to retire early because of fatigue from the global pandemic.<sup>3</sup> Those with the luxury to even contemplate early retirement can do so because they have savings sufficient to last them their whole lives. These potential early retirees are disproportionately white with high salaries and large amounts of accumulated wealth.<sup>4</sup> Many working-class people, people of color, and women, however, cannot retire early or at all because their savings are not and will never be sufficient to last them into old age.

*i. Socioeconomic Status*

In 2013, the median income for individuals with retirement savings was three times that of individuals without retirement savings.<sup>5</sup> Broadly speaking, the societal shift from pension plans to defined contribution plans has amplified disparities in retirement savings along class lines. In 2019, 72% of families below retirement age in the top quintile participated in defined-contribution plans, as compared to only 5% of families in the bottom quintile — to put it another way, high-income families were fourteen times more likely to have retirement savings accounts than low-income families.<sup>6</sup>

Participation in defined-contribution plans is highly correlated to relative socioeconomic status, even among those who are considered middle class. Almost two-thirds (58%) of families in the upper-middle class participate in defined-contribution plans.<sup>7</sup> That number drops to four in ten (40%) families in the middle class, and only one fourth (25%) of families in the lower-middle class.<sup>8</sup> This disparity in actual participation may, in part, be explained by the fact that 401(k) plans require workers to contribute, which is a greater hurdle for lower-income workers with less disposable income, lower investment risk tolerance, and lesser tax breaks.<sup>9</sup>

---

<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

<sup>5</sup> Jennifer Erin Brown, Joelle Saad-Lessler & Diane Oakley, *Retirement in America: Out of Reach for Working Americans?*, Nat’l Inst. on Ret. Sec. (Sept. 2018), at 8, available at [https://www.nirsonline.org/wp-content/uploads/2018/09/SavingsCrisis\\_Final.pdf](https://www.nirsonline.org/wp-content/uploads/2018/09/SavingsCrisis_Final.pdf) (last visited May 10, 2021).

<sup>6</sup> Monique Morrissey, *The State of American Retirement Savings, How the shift to 401(k)s has increased gaps in retirement preparedness based on income, race, ethnicity, education, and marital status*, Econ. Pol’y Inst. (Dec. 10, 2019), at 9, 13, available at <https://files.epi.org/pdf/136219.pdf> (last visited May 10, 2021), updated by the author.

<sup>7</sup> *Id.* at 9.

<sup>8</sup> *Id.*

<sup>9</sup> Monique Morrissey and Natalie Sabadish, *Retirement Inequality Chartbook, How the 401(k) revolution created a few big winners and many losers*, Econ. Pol’y Inst. (Sept. 6, 2013), at 3, 5, available at <https://files.epi.org/2013/epi-retirement-inequality-chartbook.pdf> (last visited May 10, 2021).

Of households with savings, the amount of savings varies widely based on economic class. While median households with savings only have \$11,700 saved, families in the 90<sup>th</sup> percentile have \$568,030 saved.<sup>10</sup>

Many households have no savings at all. Those with incomes in the bottom 20% of earners have zero savings and those in the second-bottom 20% of earnings have only \$860 in savings.<sup>11</sup> Significantly, studies have shown that savings-based retirement plans not only reflect income inequality, but also amplify it. Sixty percent of working-age families receive 17% of total income but hold only 8% of retirement savings, while the top 20% of earners receive 64% of income but hold 79% of retirement account balances in 2019.<sup>12</sup>

Part-time workers, whose jobs are most insecure, not only do not save for retirement but do not see retirement as an option.<sup>13</sup> Over half of part-time workers in a recent survey said they also will keep working past normal retirement age and over one in five said that they will never retire.<sup>14</sup> Only 15% of full-time workers said the same.<sup>15</sup>

These numbers underscore the importance of Social Security. Social Security is the greatest source of household wealth for half of workers nearing retirement. Social Security represents 58% of net wealth for near retirees in the bottom half of the wealth distribution; 27% for the middle class; and 7% for the top 10%.<sup>16</sup>

---

<sup>10</sup> Kathleen Elkins, *Here's How Much Money Americans Have in Savings at Every Income Level*, Make It, CNBC (September 27, 2018) available at <https://www.cnbc.com/2018/09/27/heres-how-much-money-americans-have-in-savings-at-every-income-level.html> (last visited May 11, 2021).

<sup>11</sup> *Id.*

<sup>12</sup> Morrissey, *supra* note 9, at 23, updated by the author.

<sup>13</sup> Transamerica Center for Retirement Studies, *Retirement Security: A Compendium of Findings About U.S. Workers: 20th Annual Transamerica Retirement Survey* (December 2020), available at [https://transamericacenter.org/docs/default-source/retirement-survey-of-workers/tcrs2020\\_sr\\_20th\\_annual\\_compendium\\_of\\_workers\\_report.pdf](https://transamericacenter.org/docs/default-source/retirement-survey-of-workers/tcrs2020_sr_20th_annual_compendium_of_workers_report.pdf) (last visited May 10, 2021).

<sup>14</sup> *Id.*

<sup>15</sup> *Id.*

<sup>16</sup> Does Wall Street Always Win? GameStop, Robinhood, and Retail Investors: Hearing Before the United States Senate Committee on Banking, Housing, and Urban Affairs, 117<sup>th</sup> Cong. (2021). (Oral Testimony of Teresa Ghilarducci).

ii. Race/Ethnicity

When we look at retirement disparities along race and ethnic lines, the picture is worse. By and large, White people have substantially more retirement savings and retirement plan participation than people of color.<sup>17</sup>

Most Black and Hispanic households have no retirement savings at all.<sup>18</sup> Fully 61% percent of Hispanic Americans and 54% of Black Americans are at risk for having inadequate income in retirement, compared to 48% of White Americans.<sup>19</sup> But significantly, Black and Hispanic participation in retirement savings plans has gotten worse over time, particularly since the Great Recession. From 2007 to 2019, the percentage of Hispanic families with retirement savings dropped from 38% to 32%; for Black families, the percentage dropped from 47% to 44%.<sup>20</sup> Meanwhile, in 2019, 65% of White families had retirement savings, only slightly less than in 2007 (67%).<sup>21</sup> The disparities in participation in 401(k) plans are similar, with 50% of White families participating in such plans in 2019, compared to 37% of Black families and 26% of Hispanic families.<sup>22</sup>

When looking at the amount of retirement savings Americans have in their retirement plans, disparities along racial lines are even more stark. In 2016, the average White family had almost \$160,000 in liquid retirement savings (including 401(k), 403(b), and IRAs), compared to only about \$25,000 for Black families and \$29,000 for Hispanic families.<sup>23</sup> As with participation rates, the amount of retirement savings held by Black and Hispanic families declined after the Great Recession and took over 10 years to recover, in contrast to White families whose savings recovered more quickly. In 2016, the median account balance for Black families with retirement savings was about \$31,000, down from nearly \$36,000 in 2007; the median amount for Hispanic families with savings in 2016 was \$24,000, down from \$30,000 in 2007.<sup>24</sup> The median amount for White families with savings, on the other hand, increased from \$77,000 in 2007 to over \$85,000 in 2016. The median account balance for White families with savings in 2019 (\$83,000) remains

---

<sup>17</sup> Mark Miller, *America's Retirement Race Gap, and Ideas for Closing It*, N.Y. TIMES (Aug. 14, 2020), available at <https://www.nytimes.com/2020/08/14/business/retirement-inequality-racism.html> (last visited May 10, 2021).

<sup>18</sup> Morrissey, *supra* note 6, at 14, updated by the author.

<sup>19</sup> Margarida Correia, *Plans Tackle Problem of Racial Disparity in Savings*, PENSIONS & INVESTMENTS (Nov. 16, 2020), available at <https://www.pionline.com/defined-contribution/plans-tackle-problem-racial-disparity-savings> (last visited May 10, 2021).

<sup>20</sup> Morrissey, *supra* note 6, at 14, updated by the author.

<sup>21</sup> *Id.*

<sup>22</sup> *Id.* at 9.

<sup>23</sup> Urban Inst., *Nine Charts About Wealth Inequality in America (Updated)*, (last updated Oct. 5, 2017), available at <https://apps.urban.org/features/wealth-inequality-charts/> [hereinafter *Nine Charts About Wealth Inequality*] (last visited May 10, 2021).

<sup>24</sup> Morrissey, *supra* note 6, at 15, updated by the author. Amounts are adjusted for inflation to 2019 dollars.

over twice as high as the median account balance for Black families with savings (\$40,000) or Hispanic families with savings (\$38,000).<sup>25</sup>

A significant reason for these disparities in savings can be traced to racial wage gaps. A 2019 study by the Economic Policy Institute found that college-educated White workers earned an average of \$35.90 per hour, compared to \$30.35 for Hispanic workers and \$27.81 for Black workers with the same level of education.<sup>26</sup> Yet the race-based gaps in retirement wealth cannot be attributed to income differences alone, as at the same income levels, gaps in retirement wealth along racial lines remain.<sup>27</sup>

iii. Sex/Gender

Many of the disparities we see by gender result from women being disproportionately low-wage workers<sup>28</sup> who work in industries that do not provide access to employer-sponsored retirement plans.<sup>29</sup> Disparities in retirement savings between men and women also are a result of the persistent gender wage gap. On average, a woman is still paid 82 cents for every dollar a man is paid.<sup>30</sup> Similarly, as of 2016, the median household income for retirement-aged women was just over \$47,000 — 83% of the median household income for men of the same age (\$57,144).<sup>31</sup>

The gender wage gap, however, does not tell the whole story. At each generational level, women are contributing a lower percentage of their income to their 401(k) plans than men.<sup>32</sup>

---

<sup>25</sup> *Id.*

<sup>26</sup> Elise Gould, *State of Working America Wages 2019*, A story of slow, uneven, and unequal wage growth over the last 40 years, Econ. Pol’y Inst. (Feb. 20, 2020), available at <https://files.epi.org/pdf/183498.pdf> (last visited May 10, 2021).

<sup>27</sup> *Nine Charts About Wealth Inequality*, *supra* note 21; see also Morrissey & Sabadish, *supra* note 8, at 38 (describing data “suggest[ing] that the growing disparity in retirement savings is not simply a function of income inequality, but that our retirement system exacerbates inequality between racial and ethnic groups”).

<sup>28</sup> National Women’s Law Center, *Women and the Minimum Wage, State by State* (January 12, 2021) available at <https://nwlc.org/resources/women-and-minimum-wage-state-state/> (last visited May 11, 2021)

<sup>29</sup> Annie Nova, Carmer Reinicke, *Why the 401(k) Won’t Fix the U.S. Retirement Crisis*, CNBC (February 12, 2021) available at <https://www.cnbc.com/2021/02/14/why-401k-wont-fix-us-retirement-crisis.html> (last visited May 11, 2021).

<sup>30</sup> Catherine Tymkiw, *Retirement Savings by Gender, Learn what’s behind the retirement savings gap*, Investopedia (last updated Apr. 7, 2021), available at <https://www.investopedia.com/retirement-savings-by-gender-5100948> (last visited May 10, 2021).

<sup>31</sup> Tyler Bond, Joelle Saad-Lessler, PhD, and Christian E. Weller, PhD, *Still Shortchanged, An Update on Women’s Retirement Preparedness*, Nat’l Inst. on Ret. Sec. (May. 2020), at 1, available at <https://www.nirsonline.org/wp-content/uploads/2020/04/Still-Shortchanged-Final.pdf> (last visited May 10, 2021).

<sup>32</sup> Judith Ward, CFP, *Retirement Savings by Gender: What You Need to Know*, T. Rowe Price (May 10, 2021), available at <https://www.troweprice.com/content/dam/iinvestor/resources/insights/pdfs/retirement-savings-gender-gap-what-you-need-to-know.pdf>.

Recent data show larger gaps between annual income and 401(k) balances for women than for men. A T. Rowe Price Retirement Savings and Spending study found that women's median annual income in 2019 was \$57,900 while their median 401(k) balance was \$48,300, whereas for men, their 2019 median annual income was \$85,500 compared to a median 401(k) balance of \$84,600.<sup>33</sup> The disparity between men and women in median 401(k) balances grew in 2020, with the median balance for women growing to \$52,300 while the median balance for men grew to \$90,800.<sup>34</sup>

Disparities in retirement savings between men and women are exacerbated by the fact that women, on average, live longer than men, meaning women generally must stretch to make less money sustain them for longer periods.<sup>35</sup>

*iv. Effects of Union Membership*

Because labor unions fight in large part to improve wages and benefits for working people, it is not surprising that union membership substantially improves access to and participation in retirement benefits that are provided through employment, especially for those in blue collar jobs. The U.S. Bureau of Labor Statistics reported that, in 2019, 91% of union workers had access to private sector retirement benefits, compared to 65% of nonunion workers.<sup>36</sup> This difference is attributable in substantial part to union members' access to defined-benefit plans in lieu of defined-contribution plans. The same set of statistics demonstrated that 79% of union members had access to defined-benefit plans as compared to 17% of nonunion workers.<sup>37</sup>

Union membership improves retirement outcomes beyond providing workers access to retirement plans. One study found that union membership also has a positive effect on retirement *satisfaction* by, for example, reducing incidences of forced retirement.<sup>38</sup>

---

<sup>33</sup> *Id.*

<sup>34</sup> *Id.*

<sup>35</sup> Benjamin Curry and E. Napoletano, *How the Gender Gap Impacts Women's Retirement*, Forbes Advisor (May 10, 2021), available at <https://www.forbes.com/advisor/retirement/retirement-gender-income-gap/>.

<sup>36</sup> U.S. Bureau of Labor Statistics, *67 percent of private industry workers had access to retirement plans in 2020*, TED: The Economics Daily, (March 1, 2021), available at <https://www.bls.gov/opub/ted/2021/67-percent-of-private-industry-workers-had-access-to-retirement-plans-in-2020.htm#:~:text=Among%20union%20workers%2C%2091%20percent,to%20defined%20benefit%20retirement%20plans.&text=These%20data%20are%20from%20the%20National%20Compensation%20Survey%20%E2%80%94%20Benefits%20program> (last visited May 11, 2021).

<sup>37</sup> *Id.*

<sup>38</sup> Kevin Neuman, *Is There Another Union Premium? The Effect of Union Membership on Retirement Satisfaction*, 64 Indus. & Lab. Rel. Rev., no. 5, 2011, at 981, 982, 998 (2011).

## Covid-19 Exacerbated Inequality in Retirement in America

Women and people of color have faced increased difficulties in saving for retirement due to the Covid-19 pandemic, not the least of which is that many no longer have jobs that provide the income that allows them to save for retirement.<sup>39</sup> Jobs that are held disproportionately by women were hit the hardest: 83% percent of waitresses, 72% of cleaners, and 58% of cooks lost their jobs in the first six weeks of the pandemic.<sup>40</sup> The National Women’s Law Center found that by the beginning of 2021, four out of five adults in the US who stopped working or stopped looking for work were women.<sup>41</sup> In total, over 2.3 million women left the labor force from February 2020 to February 2021, a disproportionate number as compared to their percentage of the overall workforce.<sup>42</sup> When women and people of color cannot pay for their day-to-day needs, they cannot save for retirement.

I started this testimony describing a recent news article that states that, due to the pandemic, wealthy people are retiring early.<sup>43</sup> Their retirement plans, funded through employer contributions and ample excess income put into savings, have fared well in the stock market. Social and personal hardships brought on by the pandemic have also led them to take stock in their lives. The impact of the pandemic for working people has been very different. Almost a third of Americans withdrew or borrowed money from their retirement plans in the last year.<sup>44</sup> Over 60% of people who withdrew their retirement savings during the pandemic did so to cover basic living expenses.<sup>45</sup> Provisions in the CARES Act and the American Rescue Plan understandably allowed additional withdrawals from retirement savings because many people had no other source of income to cover expenses while jobs were shuttered. These workers that were able to make it through difficult times with the help of savings were then left with an even larger retirement income deficit to fill.

---

<sup>39</sup> Heather Long, Andrew Van Dam, Alyssa Fowers, and Leslie Shapiro, *The covid-19 recession is the most unequal in modern U.S. history*, Wash. Post (September 30, 2020), available at <https://www.washingtonpost.com/graphics/2020/business/coronavirus-recession-equality/> (last visited May 10, 2021).

<sup>40</sup> Tim Henderson, Stateline, Pew Charitable Trusts, *Single Mothers Hit Hard by Job Losses* (May 26, 2020), available at <https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2020/05/26/single-mothers-hit-hard-by-job-losses> (last visited May 10, 2021).

<sup>41</sup> Claire Ewing-Nelson and Jasmine Tucker, Nat’l Women’s Law Ctr., *A Year Into the Pandemic, Women Are Still Short Nearly 5.1 Million Jobs*, (March 2021), available at <https://nwc.org/wp-content/uploads/2021/03/feb-jobs-day-v2.pdf> (last visited May 9, 2021).

<sup>42</sup> *Id.*

<sup>43</sup> *See, e.g.*, Michael Sasso and Alexandre Tanzi, *supra* note 1.

<sup>44</sup> Teresa Ghilarducci, *30% Of Workers Dipped into Retirement Funds During 2020*, Forbes (January 6, 2021), available at <https://www.forbes.com/sites/teresaghilarducci/2021/01/06/60-of-workers-dipped-into-retirement-funds-during-2020/?sh=5409dbfc7a64> (last visited May 11, 2021).

<sup>45</sup> *Id.*

## Conclusion

As these disparities make clear, retirement insecurity is highly correlated to whether workers have the disposable income to afford to save for retirement. This does not have to be the case, however. Policies that improve worker wages, require employer contributions (not just matching contributions) to defined-contribution plans, and provide workers with funds to cover emergencies so that they can save for retirement without having to draw down on their retirement savings will help to bolster retirement savings for working people.

Proposals that are targeted to reduce retirement income disparities will also help. The Women's Retirement Protection Act, for example, extends spousal consent requirements to defined contribution plans so women do not unknowingly lose retirement income at divorce.<sup>46</sup> The bill also allows more long-term part-time workers to participate in company retirement plans.

I testify today about disparities in retirement, but I am not a sociologist or economist. I am an attorney who sees these disparities in my work every day. I see it when pension plans review the impact of a robust stock market on plan investments and then turn to consider appeals from members with limited means who have been denied benefits. I see it when corporations decide to work-from-home endangering their janitors' jobs and retirement savings all at once. I ask, as you consider retirement policy, that you remember these workers and three things: defined-contribution plans are an important source of retirement income for many Americans but right now they are insufficient to provide lifetime income for most. Requiring employer contributions and otherwise increasing the value of these plans, will improve people's lives. Unions can and do help the most vulnerable workers advocate for a better more secure retirement, including lifetime income through defined benefit plans. Public policy should reflect that reality through support for legislation like the PRO Act.<sup>47</sup> Most importantly, expanding Social Security with legislation like the Social Security Expansion Act,<sup>48</sup> will have the biggest impact on retirement security for most workers in this country because these workers simply do not make enough money in their working years to cover decades of retirement. Indeed, in the latest study of U.S. workers by Transamerica Center for Retirement Studies, almost half of workers surveyed said that the number one retirement priority for Congress should be addressing Social Security's funding shortfall.<sup>49</sup>

I would like to thank the Committee for its time and attention today, and for its commitment to closing the gaping disparities in retirement savings in this country. These gaps must be closed to ensure retirement security for all Americans.

---

<sup>46</sup> Women's Retirement Protection Act, S.975, 116th Cong. (2019).

<sup>47</sup> Protecting the Right to Organize Act of 2021, S. 420, 117<sup>th</sup> Cong. (2021).

<sup>48</sup> Social Security Expansion Act, S. 478, 116<sup>th</sup> Cong. (2019).

<sup>49</sup> Transamerica Center for Retirement Studies, *Retirement Security: A Compendium of Findings About U.S. Workers: 20th Annual Transamerica Retirement Survey*, (December 2020), available at [https://transamericacenter.org/docs/default-source/retirement-survey-of-workers/tcrs2020\\_sr\\_20th\\_annual\\_compendium\\_of\\_workers\\_report.pdf](https://transamericacenter.org/docs/default-source/retirement-survey-of-workers/tcrs2020_sr_20th_annual_compendium_of_workers_report.pdf) (last visited May, 10, 2021).