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## **Portable Retirement Accounts Move Forward in Washington State Policy overview at Shriver Center presents ideas for Illinois**

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With the baby boomer generation approaching retirement and life spans growing longer, concerns over retirement savings have become increasingly important. Social Security, the most important source of income for the majority of retired Americans, is not enough for a truly secure retirement. In Washington State, the [Economic Opportunity Institute](#) (EOI) has been developing universal retirement savings accounts that will make it possible for more low-wage workers to save for retirement. EOI Senior Policy Associate Gary Burris recently presented an overview of the organization's plans at the Shriver Center.

Currently, less than 47 percent of workers participate in an employer sponsored retirement plan. This savings gap disproportionately affects low-income employees and those working at small or medium sized businesses. According to the EOI, only 18 percent of those earning less than \$20,000 and 20 percent of those employed by a business with less than 10 workers have pension coverage. Low-wage workers and small businesses often find pension plans unaffordable and complex to implement.

Washington Voluntary Retirement Accounts offer simplified options. These state-sponsored, universal, portable, 401(k)-style, defined contribution plans would have a positive impact on retirement security, business competitiveness, and national economic performance. A two-tiered system is envisioned by the EOI, with a workplace based individual retirement account open to all workers, and a deferred compensation 401(k)-type or SIMPLE IRA-type program open to all employers who choose to participate for their employees. The accounts would be available to any worker who elects to have tax-deferred contributions deducted directly from each paycheck. Employers may choose to contribute to employee accounts independently, or match employee contributions, and all accounts would be portable when workers change jobs. Participants would be able to choose from a number of investment options, ranging from conservative to aggressive funds. More information on Washington Voluntary Accounts can be found [here](#).

The Washington State Department of Retirement Systems would handle many in-house administrative functions, but would contract out private companies for services such as record keeping and investment education. These plans would not displace private pension providers, since they target those not served by the private pension market.

The Shriver Center is bringing together a number of parties to discuss the future of voluntary retirement accounts in Illinois. Several other states, such as Maryland, West Virginia, California and Pennsylvania have also shown interest in similar state-level retirement plans.

For more information on Washington Voluntary Retirement Accounts and the Shriver Center's work to introduce similar pension programs in Illinois, please contact Dory Rand at [doryrand@povertylaw.org](mailto:doryrand@povertylaw.org) or Brian Clappier at [brianclappier@povertylaw.org](mailto:brianclappier@povertylaw.org).