

Today, almost half of North Carolina private-sector workers don't have access to a retirement savings account at work—especially those employed by small businesses—leaving them unprepared for the future and at risk for reliance on public, taxpayer-funded programs.

Without retirement savings accounts, North Carolinians will count on Social Security even more for financial security. However, Social Security alone is not enough for them to depend on as a sole source of retirement income:

- The average Social Security benefits for a 65+ North Carolina family are about \$20,000 per year, while average spending totals \$24,000 per year for food, utilities, and health care alone.

AARP supports the creation of a public-private retirement savings partnership that allows North Carolina workers to save their own money for the future.

### What is a Public-Private Retirement Savings Partnership?

It's a commonsense solution that provides workers with a voluntary way to save for retirement at work, rather than facing dependency on public assistance.

- \* North Carolina state elected officials can create a public-private retirement savings partnership that is overseen by the state and run by a private-sector financial services provider.
- \* A worker owns their account and can take it from job to job, while saving as much or as little as they want through paycheck deductions.
- \* The accounts are voluntary for employees and employers.

### Building a Stronger Future for North Carolina Workers

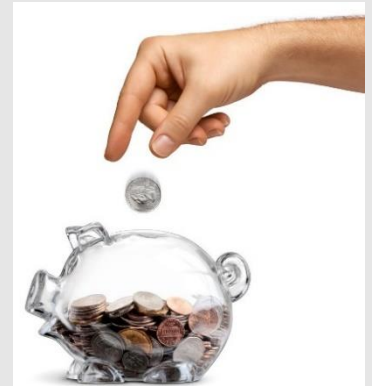
Nearly half of North Carolina's private sector employees at all levels of earnings, education, and backgrounds—roughly 2 million—work for an employer that does not offer either a traditional pension or a retirement savings plan.<sup>3</sup>

- \* Almost 79% of workers at North Carolina firms with under 10 employees, and 67% at companies with between 10-24 employees, lack a plan.<sup>4</sup>

### Promoting Fiscal Responsibility

**No ongoing costs for North Carolina:** A public-private retirement savings partnership will be self-sustaining, and participant funded after initial start-up costs. Employers (and the state) would not be responsible for participant gains or losses.

**Saving Taxpayer Dollars:** Offering employees a simple way to save means fewer North Carolinians will need to rely on public assistance programs in retirement— saving taxpayers approximately \$0.5 billion/year.<sup>5</sup>



\* **Americans are 15 times more likely to save for retirement when they can do so at work.**

\* **Retirement savings accounts allow workers to easily save from their paychecks, so they can take care of themselves during retirement.**

\* **No cost or risk for businesses.**

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## References:

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2. AARP calculations based on estimates from the March 2020 Current Population Survey, U.S. Bureau of the Census, and the September 2020 U.S. Bureau of Labor's Consumer Expenditure Survey.
3. David John, Gary Koenig, and Marissa Malta, "Payroll Deduction Retirement Programs Build Economic Security," AARP Public Policy Institute, 2022. [<https://www.aarp.org/content/dam/aarp/ppi/2022/state-fact-sheets/north-carolina.doi.10.26419-2Fppi.00164.035.pdf>]
4. David John, Gary Koenig, and Marissa Malta, "Payroll Deduction Retirement Programs Build Economic Security," AARP Public Policy Institute, 2022. [<https://www.aarp.org/content/dam/aarp/ppi/2022/state-fact-sheets/north-carolina.doi.10.26419-2Fppi.00164.035.pdf>]
5. Pew Charitable Trust preliminary findings from the ESI Report "The Impacts of Insufficient Retirement Savings in North Carolina, 2021-2040".



## Helping American Workers Save for Retirement State Actions to Expand Access to Retirement Savings

