Improving Financial Security for Mississippians: Options for Mississippi

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Agenda

• Retirement Savings
  • Current State of MS
  • Policy Options

• Emergency Savings
  • Current State of MS
  • Program Options
Retirement Savings
Current State of MS Retirement

• 53.8% of private-sector employees in MS do not have access to an employer-sponsored retirement plan
  – 915,000 private sector employees in MS
  – 492,000 employees without access

• National Average: 47.7%
Current State of MS Retirement

MS Employees Without Access to an Employer-Sponsored Retirement Plan

- Less than 10 employees: 82.0%
- 10 - 24 employees: 72.0%
- 25 - 99 employees: 58.6%
- 100 - 499 employees: 42.0%
- 500 - 999 employees: 42.3%
- Greater than 1000 employees: 40.8%
Current State of MS Retirement

MS Employees Without Access to an Employer-Sponsored Retirement Plan

- Black: 59.8% (198,784)
- Hispanic: 60.3% (19,613)
- Asian American: 72.6% (5,733)
- White: 49.1% (261,368)

[Bar chart showing the percentage of MS employees without access to an employer-sponsored retirement plan by race/ethnicity]
Current State of MS Retirement

• 36% of MS senior citizens rely on Social Security for at least 90% of their retirement income

• 2020 Social Security Average monthly benefit for MS was $1,430.12 which is $17,161.44 per year.
Current State of MS Retirement

• 92% of voters believe that elected officials should create legislation to make it easier to save for retirement from their paychecks

• 91% of voters support creating a program to help employees build retirement savings if their employer does not offer a retirement savings program
Economic Impact

• With more MS employees with retirement savings, MS and the US spend less on public assistance programs

• Automatic enrollment retirement plan benefits can be realized if lower income MS employees save an additional $1000 per year
Economic Impact

• An automatic enrollment retirement plan has the potential to save Mississippi $29,500,000 in tax dollars from 2018 to 2032

• Federal Savings from 2018 to 2032 of over $166,400,000
A Closer Look at Automatic Enrollment Retirement Plans
Automatic Enrollment

• Type of retirement savings plan designed to simplify the retirement process for employees and increase retirement savings

• Employees would be automatically enrolled in an employer or state managed retirement plan
Automatic Enrollment

• Focuses on an opt-out strategy to increase retirement savings among Mississippians
• Option to NOT save for retirement is still available
• More likely to benefit less-educated, lower-income, and older private sector employees
State of Automatic Enrollment Initiatives

Dark Green = Open for Enrollment
Light Green = Passed Legislation
Yellow = Proposed Legislation
Orange = Died
Red = None Proposed
History of MS Automatic Enrollment Retirement Legislation

• Mississippi Secure Choice Savings Program (MSCSP)
  • First proposed by Representatives Paden and Clark in the 2020 MS Regular Session
    • Died in the House Appropriations Committee in 2020
  • Rep. Paden proposed the MSCSP in the 2021, 2022, and 2023 MS Regular Sessions
    • All have died in the House Appropriations Committee

• Mississippi Work and Save Program
  • Authored by Representative Jody Steverson
  • HB1019 introduced in 2022 and HB701 introduced in 2023
    • Both died on the calendar
A Closer Look at the Different Ways States are Setting up Automatic Enrollment Plans
# State Retirement Plan Options

<table>
<thead>
<tr>
<th>Plan Option</th>
<th>Optional for Employers</th>
<th>Employee Option to Opt-Out</th>
<th>Shown to Increase Retirement Savings</th>
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<tr>
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<tr>
<td>Marketplace</td>
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</table>
State Retirement Plan Options

Most Regulations
Non-Optional for Employers
Secure Choice

Multi-Employer Plan

Least Regulations
Optional for Employers
Marketplace
Emergency Savings
State of Emergency Savings in MS

Mississippi Economic Disparities in Comparison to US

- Zero Net Worth: 16.0% (Mississippi), 13.0% (United States)
- Difficulty Paying for Usual Household Expenses: 38.9% (Mississippi), 27.3% (United States)
- Households below the Asset Poverty Rate: 28.0% (Mississippi), 19.0% (United States)
Employer Resource Networks

• Aims to help and provide resources for both employers and their employees
• A network of companies that often work together to address shared workforce concerns
• Six to ten small to medium-sized businesses that are looking to take advantage of economies of scale to access beneficial resources for their employees
• Success coaches
ERN USA

Source: ERN USA website
Mid-South ERN

- Memphis, Tennessee
- 646% Return on Investment
- 445 employees coached
- $208,000 in financial assistance like microloans, housing assistance, and other grants
Microloans Through Financial Institutions

• Offers low-interest, small-dollar, short-term loans with no associated fees
• Encouraging regular savings habits
• BankPlus CreditPlus program
• Hope Credit Union Borrow and Save program
Microloans Through Employers

- Employer has an agreement with the bank/credit union
- Withdrawn from the employee's paycheck
- Once the loan is paid off, they are still withdrawing and it goes into savings account
- MCJ New Roots Credit Partnership
- The City of Jackson partners with BankPlus and Hope Community Credit Union to offer microloans
Questions?

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