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AT A GLANCE

Views on the Value of Voluntary Workplace Benefits: Findings from the 2015 Health and Voluntary Workplace Benefits Survey, *by Paul Fronstin, Ph.D., EBRI, and Ruth Helman, Greenwald & Associates*

- Three-quarters of workers state that the benefits package an employer offers prospective workers is extremely (36 percent) or very (41 percent) important in their decision to accept or reject a job.
- Nevertheless, 30 percent are only somewhat satisfied with the benefits offered by their current employer, and 20 percent are not satisfied.
- Eighty-eight percent of workers report that employment-based health insurance is extremely or very important, far more than for any other workplace benefit.
- Workers identify lower cost (compared with purchasing benefits on their own) and choice as strong advantages of voluntary employment-based benefits. However, they are split with respect to their comfort in having their employer choose their benefits providers, and think the possibility that they may have to pay the full cost of any voluntary benefits is a disadvantage.

Evidence on Defined Contribution Health and Retirement Benefits: The Road Ahead, *by Stephen Blakely, EBRI*

- For more than a quarter-century now, most private-sector American workers who have a retirement plan at work have funded it primarily through their own contributions—and do not have a traditional pension funded exclusively by the employer. Various new retirement policy proposals could go in opposite directions: encourage greater participation in retirement plans (such as with auto-IRAs), change employee 401(k) contributions through a "stretch match" (to increase account balances)—or possibly even cut federal tax incentives for workplace retirement plans.
- While the majority of private-sector health benefit costs historically have been paid by employers, that may be starting to change with the advent of "defined contribution" health plans that cap employers' health costs.
- These trends have major implications for the American work force, the U.S. health care system, and even economic security in the nation. These issues were explored at EBRI's 76th policy forum held in Washington, DC, last May. Experts from a cross-section of employers, nonprofits, consulting firms, think-tanks and trade associations shared their observations and experiences with defined contribution benefits with both health and retirement plans, and what "The Road Ahead" looks like.

Views on the Value of Voluntary Workplace Benefits: Findings from the 2015 Health and Voluntary Workplace Benefits Survey

By Paul Fronstin, Ph.D., Employee Benefit Research Institute, and Ruth Helman, Greenwald & Associates

2015 Health and Voluntary Workplace Benefits Survey Underwriters

AXA Equitable Financial Services, LLC	Metropolitan Life Insurance Co.
Cigna	Prudential Financial, Inc.
Massachusetts Mutual Life Insurance Co.	The Segal Group, Inc.
Mercer LLC	Unum Group

Introduction

The Employee Benefit Research Institute (EBRI) has been conducting "value of benefits" surveys for 20 years to determine the relative importance of different benefits to workers and to assess the role played by benefits in job choice and job change over time. The surveys show consistency in the value of some benefits and substantial change in the value of others.

Workers continue to rank health insurance as the first- or second-most important benefit provided by employers. Between 1999 and 2015, the percentage of workers ranking health insurance as the first- or second-most important benefit varied between 74 percent and 82 percent (Figure 1). While the ranking of a retirement savings plan fell from 2001 to 2013, this may be due to the introduction of additional benefits in the survey, such as paid time off.

This report examines public opinion surrounding voluntary workplace benefits. Data come from the 2015 EBRI/Greenwald & Associates Health and Voluntary Workplace Benefits Survey (WBS). Among other topics, the survey examines a broad spectrum of workplace-benefit issues, with a particular focus on voluntary workplace benefits.

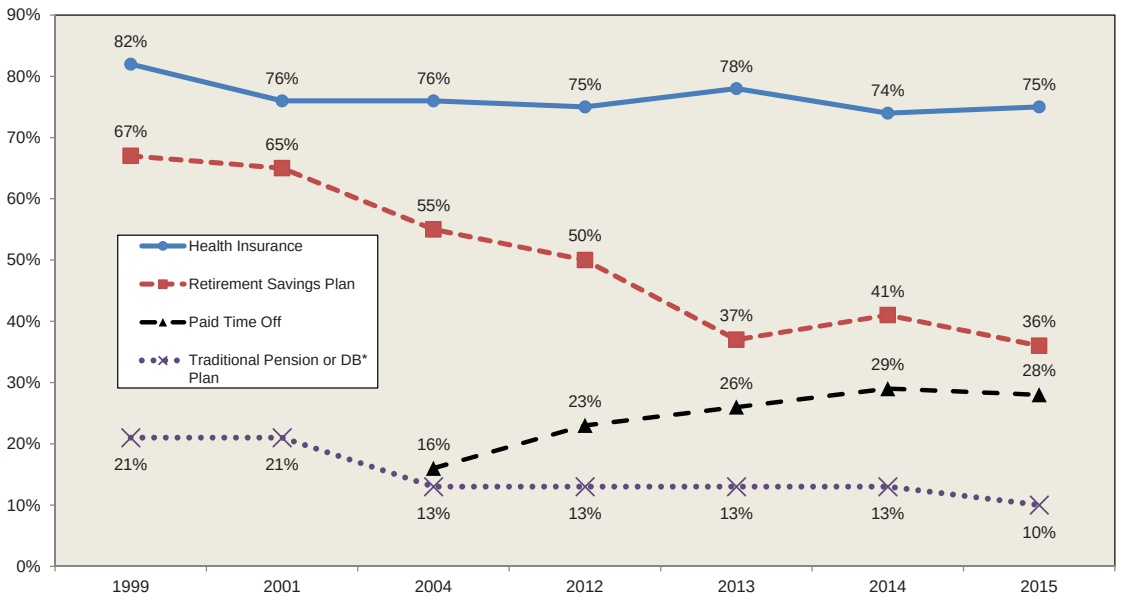
The Importance of Employee Benefits

The benefits package that an employer offers prospective workers is an important factor in their decision to accept or reject a job. More than one-third (36 percent) of workers say the benefits package is extremely important, while 41 percent say it is very important (Figure 2). In fact, 22 percent of workers report they have accepted, quit, or changed jobs because of the benefits, other than salary or wage level, that an employer offered or failed to offer.

Nevertheless, many workers are not especially satisfied with the benefits package offered by their employer. While 14 percent report being extremely satisfied and 37 percent are very satisfied, another 30 percent are only somewhat satisfied, and 2 in 10 are not too satisfied (11 percent) or not at all satisfied (9 percent) (Figure 3). Furthermore, job satisfaction and worker morale are strongly correlated with benefits satisfaction. For example, more than one-half (54 percent) of those who are extremely satisfied with their benefits are also extremely satisfied with their current job, compared with just 20 percent of those who are very satisfied. Just 10 percent of those who are at most somewhat satisfied with their benefits say they are extremely satisfied with their job.

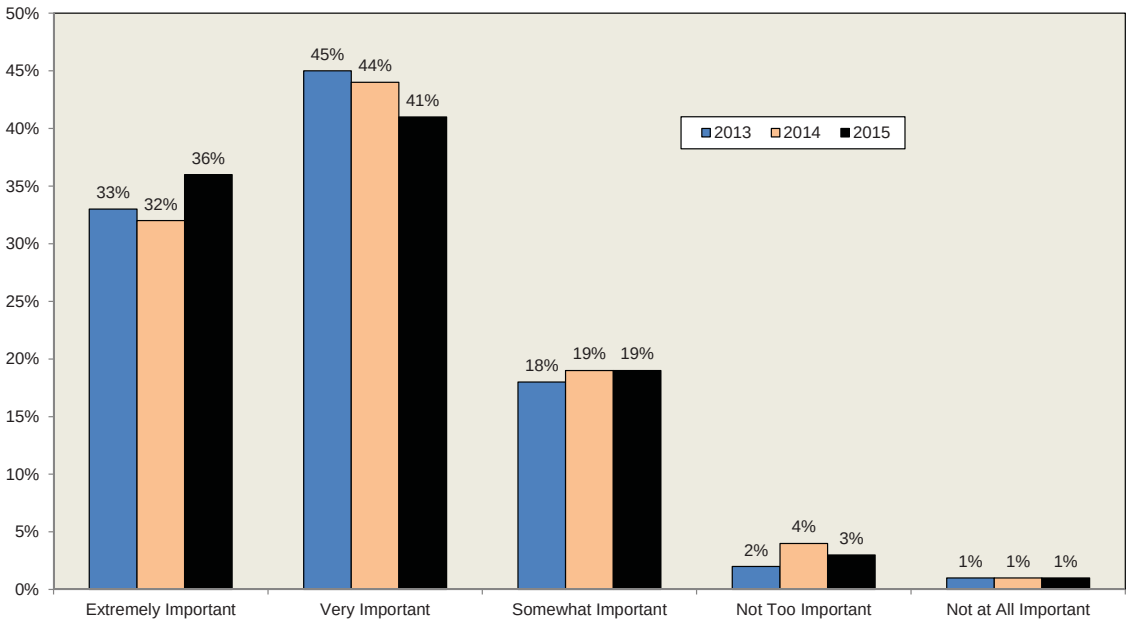
Workers overwhelmingly consider health insurance to be the most important workplace benefit. Nearly two-thirds (64 percent) say this benefit is extremely important, while an additional 24 percent consider it to be very important

Figure 1
Percentage of Employees Identifying Benefit as First- or Second-Most Important, Selected Years, 1999–2015



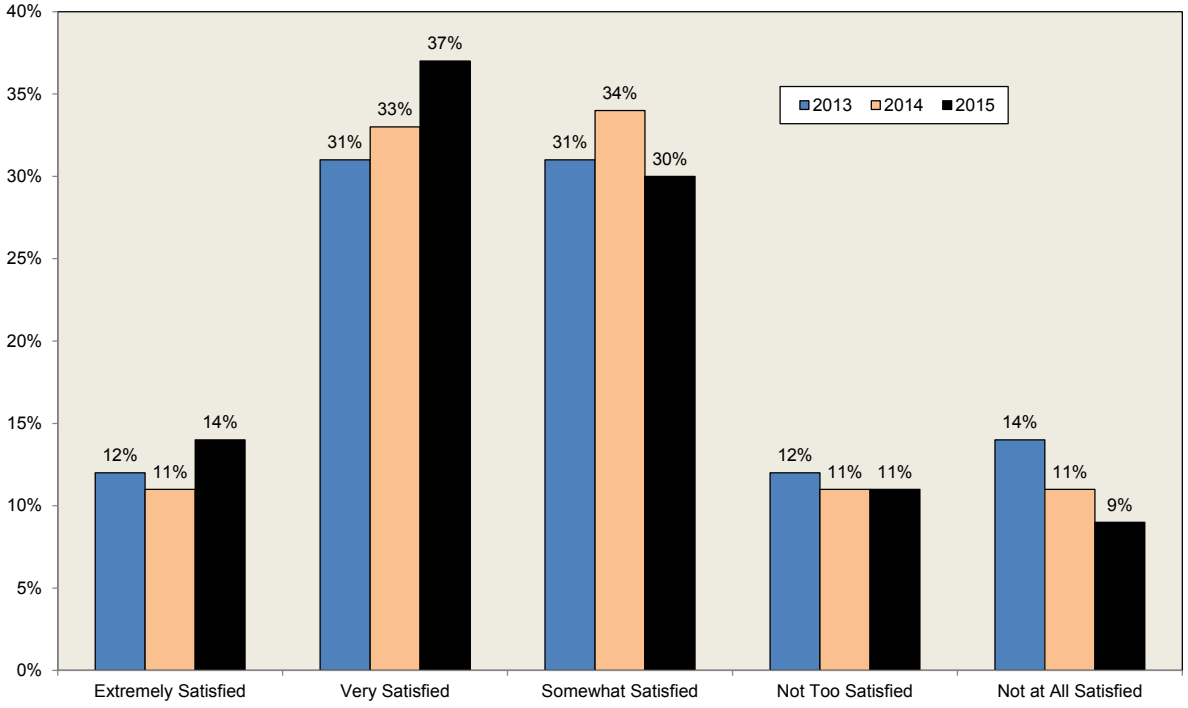
Source: Employee Benefit Research Institute and Greenwald & Associates, Inc., 1999 and 2001 Value of Benefits surveys, 2004 and 2012 Health Confidence surveys, 2013–2015 Health and Voluntary Workplace Benefits surveys.
* Defined benefit plan.

Figure 2
Importance of Benefits Package in Decision to Accept Job, 2013–2015



Source: Employee Benefit Research Institute and Greenwald & Associates, Inc., 2013–2015 Health and Voluntary Workplace Benefits Surveys.

Figure 3
Satisifaction With Benefits Package, 2013–2015



Source: Employee Benefit Research Institute and Greenwald & Associates, Inc., 2013–2015 Health and Voluntary Workplace Benefits Surveys.

(Figure 4). Indeed, having access to health insurance through their employer is considered so important that 6 in 10 (60 percent) report they are planning to work longer than they would like in order to continue receiving health insurance through their employer. When asked why continuing to receive health insurance through their employer was important enough to delay retirement, the plurality (44 percent) responded with a comment regarding the importance of having it, while another 36 percent said they would be unable to purchase it on their own due to its cost. Other reasons mentioned include the quality of their employer's plan (28 percent), inadequacy of Medicare (20 percent), and dissatisfaction with non-employment-based options for health insurance (13 percent).

A retirement savings plan (rated extremely or very important by 75 percent of workers) and dental or vision insurance (rated extremely or very important by 70 percent) are also among the highest-rated benefits. One-half (50 percent) of workers say a traditional pension or defined benefit plan is extremely or very important, while at least 4 in 10 indicate disability insurance (47 percent), life insurance (46 percent), and retiree health insurance (41 percent) are extremely or very important.

Benefits Coverage in the Workplace

Benefits coverage in the workplace, including health insurance, is far from universal. Eight in 10 workers (80 percent) report their employer offers them health insurance (Figure 5). Seven in 10 each indicate they are offered dental insurance (70 percent) and a retirement savings plan (70 percent), and almost two-thirds each say they are offered vision insurance (63 percent) and life insurance (63 percent). Approximately one-half each report their employer offers them short-term disability insurance (56 percent), long-term disability insurance (49 percent), a health savings account (HSA) (49 percent), and accidental death and dismemberment insurance (46 percent). However, only one-third each say they are offered accident insurance (32 percent), a traditional pension or defined benefit plan (31 per-

Figure 4

Importance of Various Employee Benefits, 2013–2015

	Extremely Important	Very Important	Somewhat Important	Not too Important	Not at all Important
Health Insurance					
2015	64%	24%	8%	2%	2%
2014	65	21	8	3	2
2013	63	25	9	2	1
Retirement Savings Plan					
2015	40	35	17	5	3
2014	40	35	19	4	2
2013	30	40	23	6	1
Dental or Vision Insurance					
2015	33	37	22	5	3
2014	30	36	23	8	2
2013	29	38	25	6	2
Traditional Pension or Defined Benefit Plan					
2015	20	30	31	14	5
2014	23	27	31	14	6
2013	17	30	34	16	3
Life Insurance					
2015	18	28	32	15	8
2014	17	26	34	17	6
2013	18	29	31	16	5
Retiree Health Insurance					
2015	16	25	33	19	8
2014	17	25	32	19	6
2013	16	24	37	19	5
Disability Insurance					
2015	15	32	34	14	4
2014	15	29	36	15	5
2013	16	32	35	14	3
Long-term Care Insurance					
2015	10	25	38	20	7
2014	11	23	38	22	6
2013	12	23	40	20	5
Other Health-related Insurance					
2015	11	27	38	19	6
2014	11	24	38	20	6
2013			NA		
Other Benefits					
2015	6	13	27	34	21
2014	5	10	28	37	20
2013	4	9	27	37	23

Source: Employee Benefit Research Institute and Greenwald & Associates, Inc., 2013–2015 Health and Voluntary Workplace Benefits Surveys.

Figure 5

Percentage of Employees Reporting Benefits are Offered by Employer, 2013–2015

	Offered			Not Offered			Don't Know		
	2013	2014	2015	2013	2014	2015	2013	2014	2015
Health Insurance	76%	78%	80%	23%	20%	20%	1%	2%	0%
Dental Insurance	67	72	70	30	23	27	3	5	3
Retirement Savings Plan	66	71	70	31	25	27	3	4	2
Vision Insurance	60	64	63	36	30	33	5	6	4
Life Insurance	58	64	63	36	28	32	6	9	5
Short-term Disability Insurance	55	57	56	34	30	33	10	13	11
Long-term Disability Insurance	49	53	49	38	31	36	12	15	15
A Health Savings Account (HSA)	NA	50	49	NA	39	42	NA	11	9
Accidental Death & Dismemberment Insurance	48	50	46	38	33	38	13	17	17
Accident Insurance	NA	34	32	NA	42	45	NA	24	23
Traditional Pension or Defined Benefit Plan	38	33	31	52	55	58	10	12	10
Long-term Care Insurance	25	30	31	56	45	47	19	25	22
Supplemental Health Insurance for Workers	NA	23	25	NA	49	49	NA	28	26
Critical Illness Insurance	17	19	20	60	49	52	23	32	27
Stock Options	16	19	18	76	70	73	8	12	9
Home Health Insurance	13	15	17	65	52	52	22	33	31
Pre-paid Legal Services	14	17	16	72	69	74	14	14	10
Cancer Insurance	13	16	15	66	53	56	21	31	29
Supplemental Health Insurance for Retirees on Medicare	NA	14	14	NA	52	56	NA	34	30
Health Insurance for Early Retirees	NA	13	14	NA	51	53	NA	36	33
Auto Insurance	7	8	8	86	85	86	8	7	6
Homeowner's Insurance	4	5	7	87	86	87	9	9	7
Pet Insurance	5	4	7	86	87	87	9	9	7

Source: Employee Benefit Research Institute and Greenwald & Associates, Inc., 2013–2015 Health and Voluntary Workplace Benefits Surveys.

cent), and long-term care insurance (31 percent). Fewer report being offered supplemental health insurance for workers (25 percent) or other non-core, ancillary benefits.

Further, not all workers offered a benefit at the workplace take advantage of it. Approximately 8 in 10 who are offered health insurance (85 percent), a retirement savings plan (82 percent), and dental insurance (80 percent) each report they currently take advantage of these benefits through their employer (Figure 6). Between two-thirds and three-quarters each of those offered vision insurance (75 percent), life insurance (73 percent), and a traditional pension or defined benefit plan (69 percent) indicate they take advantage of this coverage through the workplace, while approximately 6 in 10 each have elected short-term disability insurance (61 percent, down from 66 percent in 2014 and 71 percent in 2013), long-term disability insurance (59 percent), and accidental death and dismemberment insurance (58 percent). Fewer report taking up other benefits offered by their employer.

Figure 6
Reported Take-up of Workplace Benefits, 2013-2015

	Among All Employees			Among Employees Offered Benefit		
	2013	2014	2015	2013	2014	2015
Health Insurance	63%	64%	68%	83%	82%	85%
Retirement Savings Plan	53	57	57	80	80	82
Dental Insurance	54	59	56	80	81	80
Vision Insurance	44	47	47	73	74	75
Life Insurance	47	50	46	81	79	73
Short-term Disability Insurance	39	38	34	71	66	61
Long-term Disability Insurance	32	34	29	66	63	59
Accidental Death & Dismemberment Insurance	34	30	26	70	60	58
Traditional ension or Defined Benefit Plan	29	25	22	76	74	69
Health Savings Account (HSA)	NA	19	20	NA	38	42
Accident Insurance	NA	15	13	NA	45	41
Stock Options	9	9	9	57	49	51
Long-term Care Insurance	10	11	8	39	36	25
Supplemental Health Insurance for Workers	NA	6	7	NA	26	29
Critical Illness Insurance	7	7	6	41	34	28
Prepaid Legal Services	6	6	6	39	33	36
Home Health Insurance	3	3	5	27	23	31
Cancer Insurance	4	5	4	34	33	27
Supplemental Health Insurance for Retirees on Medicare	NA	3	3	NA	20	18
Health Insurance for Early Retirees	NA	3	3	NA	21	19
Auto Insurance	3	3	3	47	34	39
Homeow ner's Insurance	2	1	2	50	22	34
Pet Insurance	1	<0.5	2	26	9	29

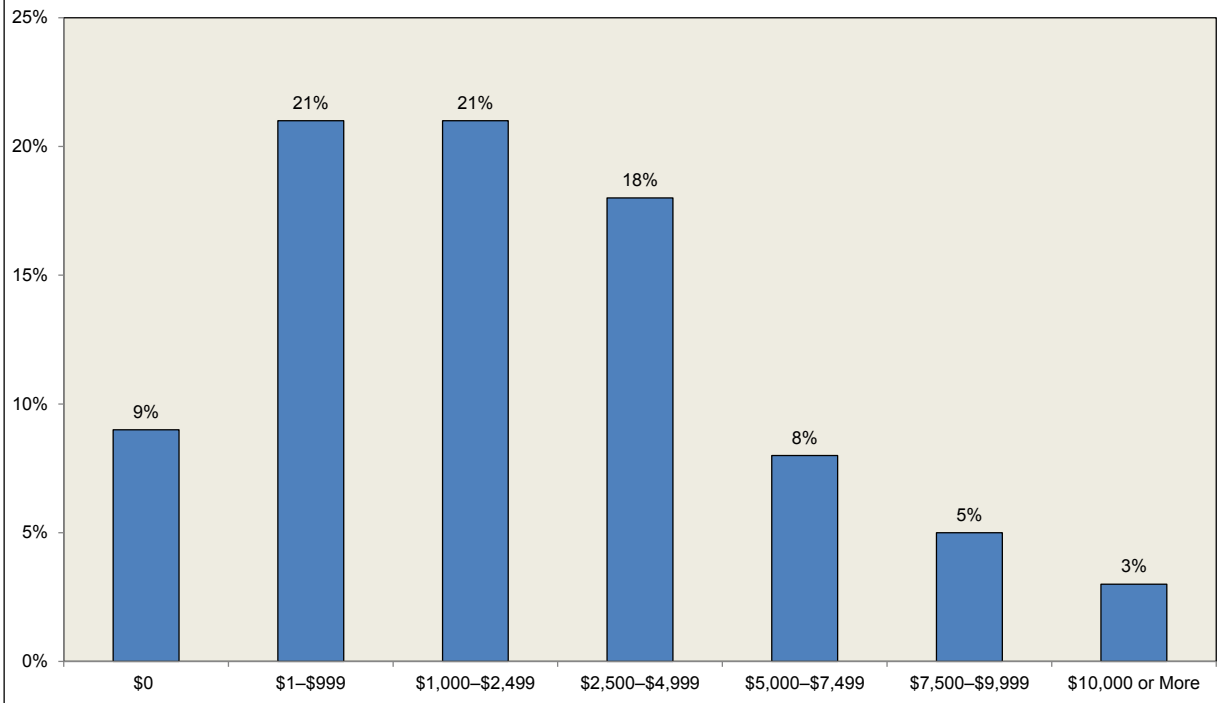
Source: Employee Benefit Research Institute and Greenwald & Associates, Inc., 2013-2015 Health and Voluntary Workplace Benefits Surveys.

However, a substantial minority of workers may be confused about some of the benefits their employer offers them. Roughly 3 in 10 each state they do not know whether their employer offers them health insurance for early retirees (33 percent), home health insurance (31 percent), supplemental health insurance for retirees on Medicare (30 percent), and cancer insurance (29 percent) (Figure 5). About one-quarter each do not know if they are offered critical

illness insurance (27 percent), supplemental health insurance for workers (26 percent), accident insurance (23 percent) and long-term care insurance (22 percent).

Half (51 percent) of those with benefits through their employer report they spent less than $2,500 on these benefits in 2014 (excluding any contributions to a retirement plan). Nearly 2 in 10 (18 percent) spent between $2,500 and $4,999, but 16 percent report spending $5,000 or more (Figure 7). Fourteen percent indicate they are not sure how much they spent on their employee benefits in 2014 (Figure 7). These amounts may be more than some can afford: 1 in 10 (9 percent) say they reduced or discontinued some other employee benefits in the past year in order to pay for health insurance.

Figure 7
Amount Employees Report Spending on Benefits in 2014, Among Those With at Least One Benefit Through Their Employer



Source: Employee Benefit Research Institute and Greenwald & Associates, Inc., 2015 Health and Voluntary Workplace Benefits Surveys.

Attitudes Toward Voluntary Benefits

Workers see a number of advantages to voluntary benefits. Foremost among these are cost and choice (Figure 8). Half (50 percent) report that a strong advantage of voluntary benefits is that purchasing these benefits through an employer may cost less than purchasing them on their own, with another 30 percent saying this is a moderate advantage. In fact, one-half of workers are extremely (19 percent) or very (39 percent, up from 32 percent in 2014) confident that insurance and other benefit products are less expensive when purchased through the workplace (Figure 9). One-half (44 percent) report that the ability to choose which benefits they want to purchase is a strong advantage, and 35 percent say it is a moderate advantage. Other advantages workers cite are portability (74 percent say it is a strong or moderate advantage, down from 80 percent in 2014) and payments made through payroll deduction (67 percent say it is a strong or moderate advantage).

However, workers also see some disadvantages. Four in 10 (39 percent) identify the potential of having to pay the full cost of any voluntary benefits they choose as a strong or moderate disadvantage. In addition, workers are as likely to say that the employer choosing the companies that provide the benefits is a disadvantage (26 percent) as they are to say it is an advantage (27 percent). Moreover, workers are split with respect to how comfortable they feel having their employer pick their benefits providers. While almost half (47 percent) are extremely or very comfortable having their employer pick the companies that provide their health insurance benefits, another 4 in 10 (38 percent) are only somewhat comfortable, and 15 percent are not too or not at all comfortable (Figure 10). Similar splits are found for comfort with having their employer pick their life-insurance provider (43 percent extremely or very comfortable, 14 percent not too or not at all comfortable), retirement-benefits provider (43 percent and 15 percent), disability-insurance provider (41 percent and 14 percent), and providers for plans that help with out-of-pocket medical and hospital costs (41 percent and 15 percent).

A majority of workers think it is important for their employer to offer them a choice of benefit plans, particularly when it comes to health plans (Figure 11). Eight in 10 say it is extremely (41 percent) or very (39 percent) important for their employer to offer them a choice of health plans. Nearly 7 in 10 feel it is extremely (32 percent) or very (37 percent) important to be offered a choice of retirement plans, while at least half indicate it is extremely or very important to have a choice of plans that help with out-of-pocket medical and hospital expenses (61 percent), disability plans (54 percent), and life insurance plans (52 percent).

As findings from the WBS clearly show, worker benefits continue to be important to workers. Even with enactment of the Patient Protection and Affordable Care Act, employers who offer a strong worker-benefits package should find themselves with a competitive advantage over other companies when it comes to attracting and retaining desirable workers.

Employees typically feel their employer gives them enough time to make good decisions about their benefits (83 percent) and are extremely (25 percent) or very (48 percent) confident about their ability to make informed decisions about their employee benefits. Nevertheless, many believe they would take advantage of benefits-advice providers, either through a third-party benefits advisor provided at no cost (18 percent extremely likely and 35 percent very likely) or an online program offered at no cost (18 percent and 40 percent). However, when asked if it would be useful to schedule the open enrollment for health insurance for a different time period than open enrollment for other employee benefits, they are split with 36 percent saying it would be extremely or very useful and 32 percent saying it would be not too or not at all useful. The remaining third (32 percent) think it would be somewhat useful.

Finally, workers clearly prefer that their employers continue to pay for benefits. Approximately 4 in 10 each express a preference for employers continuing to offer and pay for benefits the way they do now (38 percent) or choosing benefits from a list provided by the employer, with the employer continuing to pay the amount they currently spend toward these benefits and the worker paying any remaining amount (42 percent). Just 2 in 10 (20 percent) would prefer to move toward a system where the employer gives the worker the money they currently spend on benefits and leaves it up to workers to decide whether to purchase benefits on their own and how much to spend.

Appendix—The 2015 WBS

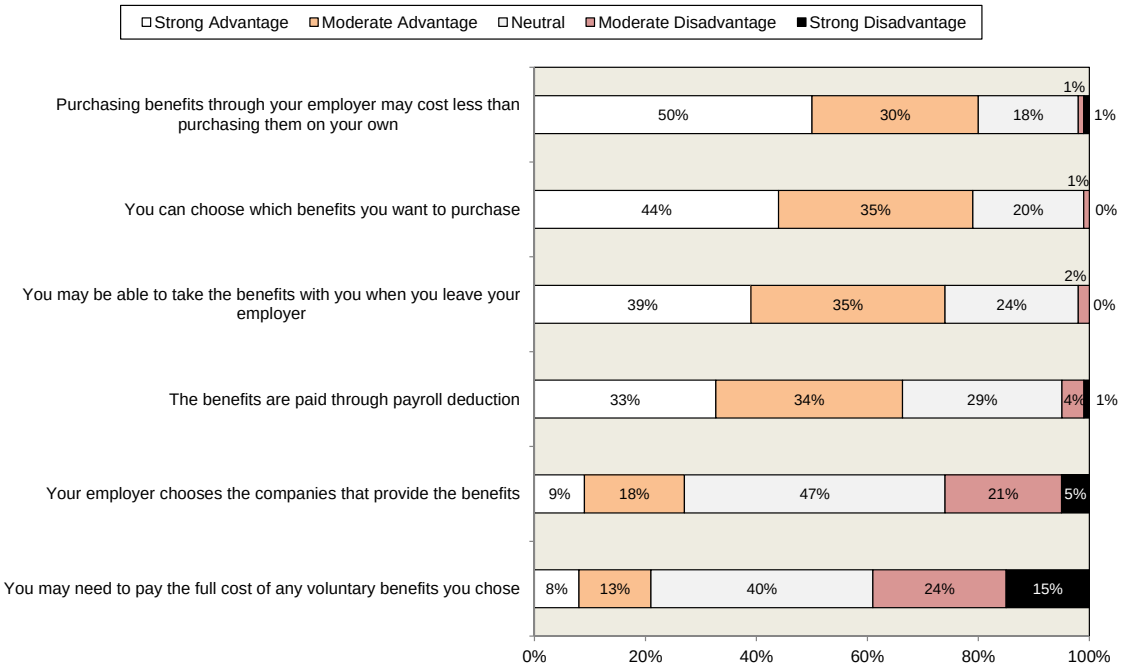
These findings are part of the 2015 EBRI/Greenwald & Associates Health and Voluntary Workplace Benefits Survey (WBS), which examined a broad spectrum of health care issues, including workers' satisfaction with health care today, their confidence in the future of the health care system and the Medicare program, and their attitudes toward benefits in the workplace. The survey was conducted online June 10–19, 2015, using the Research Now consumer panel. A total of 1,500 workers in the United States ages 21–64 participated in the survey. The data were weighted by gender, age, and education to reflect the actual proportions in the employed population.

Previously published trend data from the EBRI/Greenwald & Associates Health Confidence Survey (HCS) may differ from those published in more recent reports as the prior data have been recut from the total adult population to match the survey population of the WBS: workers ages 21–64. In addition, comparisons of 2015 data with data from years prior to 2013 should be viewed with caution due to the move from telephone to online methodology in 2013.

No theoretical basis exists for judging the accuracy of estimates obtained from non-probability samples such as the one used for the WBS. However, there are possible sources of error in all surveys (both probability and non-probability) that may affect the reliability of survey results. These include imperfect sampling frames, refusals to be interviewed and other forms of nonresponse, the effects of question wording and question order, interviewer bias, and screening. While attempts are made to minimize these factors, it is impossible to quantify the errors that may result from them.

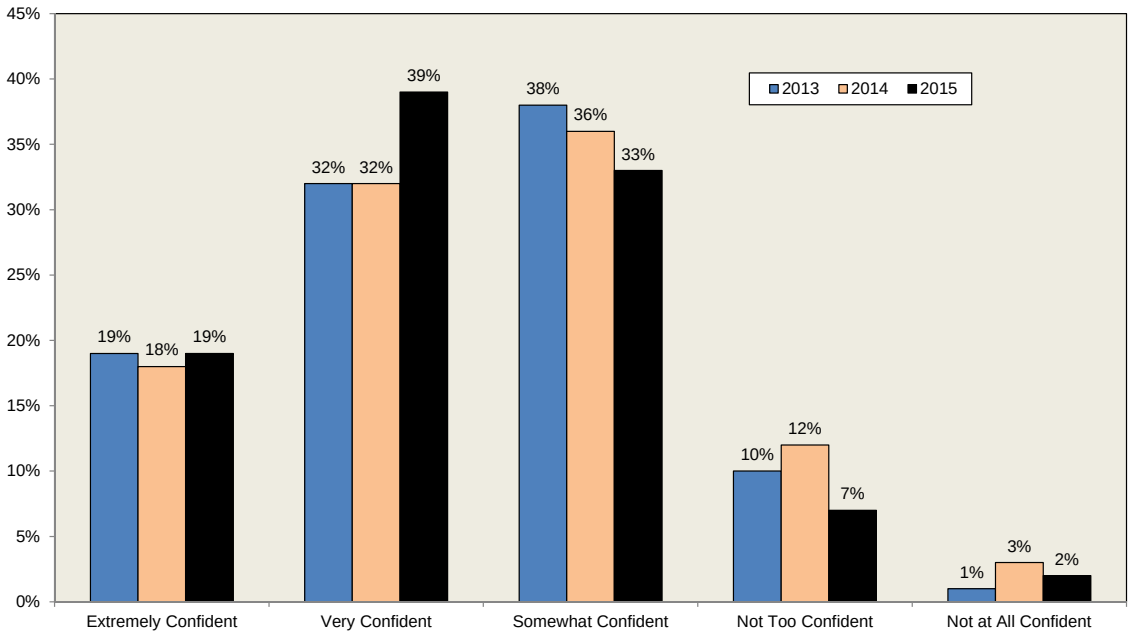
The WBS is co-sponsored by the Employee Benefit Research Institute (EBRI), a private, nonprofit, nonpartisan, public-policy research organization, and Greenwald & Associates, Inc., a Washington, DC-based market research firm. The 2015 WBS data collection was funded by grants from eight private organizations. Staffing was donated by EBRI and Greenwald & Associates. WBS materials and a list of underwriters may be accessed at the EBRI website: www.ebri.org/surveys/hcs/

Figure 8
Advantages and Disadvantages of Voluntary Benefits, 2015



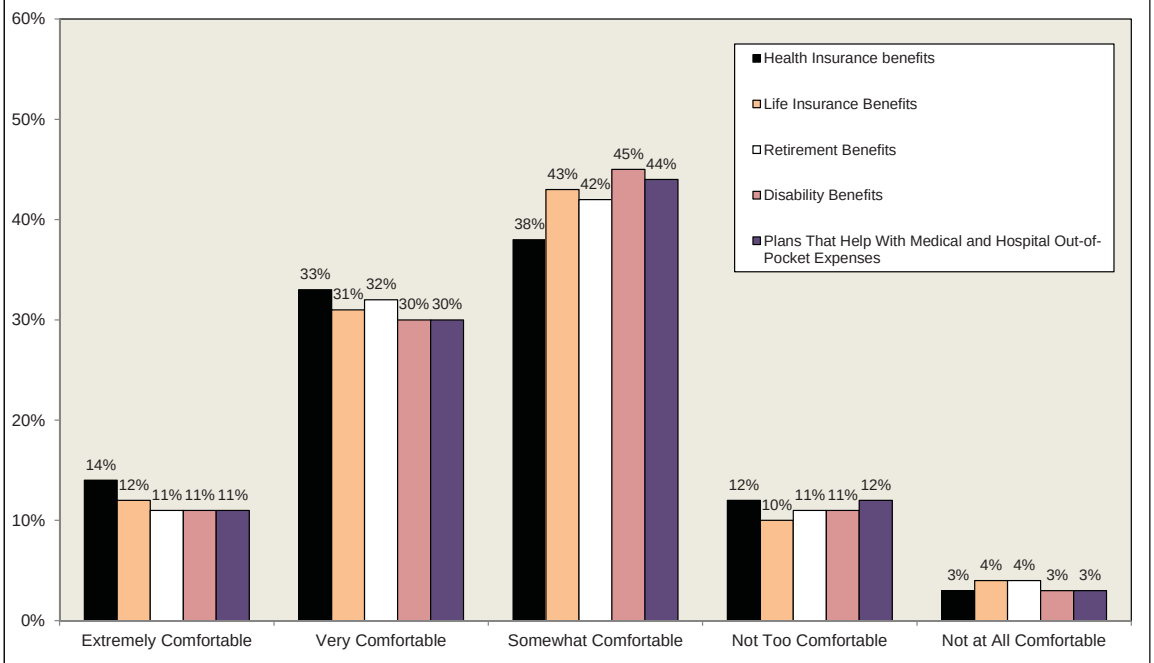
Source: Employee Benefit Research Institute and Greenwald & Associates, Inc., 2015 Health and Voluntary Workplace Benefits Survey.

Figure 9
Employee Confidence That Benefits Purchased Through the Workplace are Less Expensive, 2013–2015



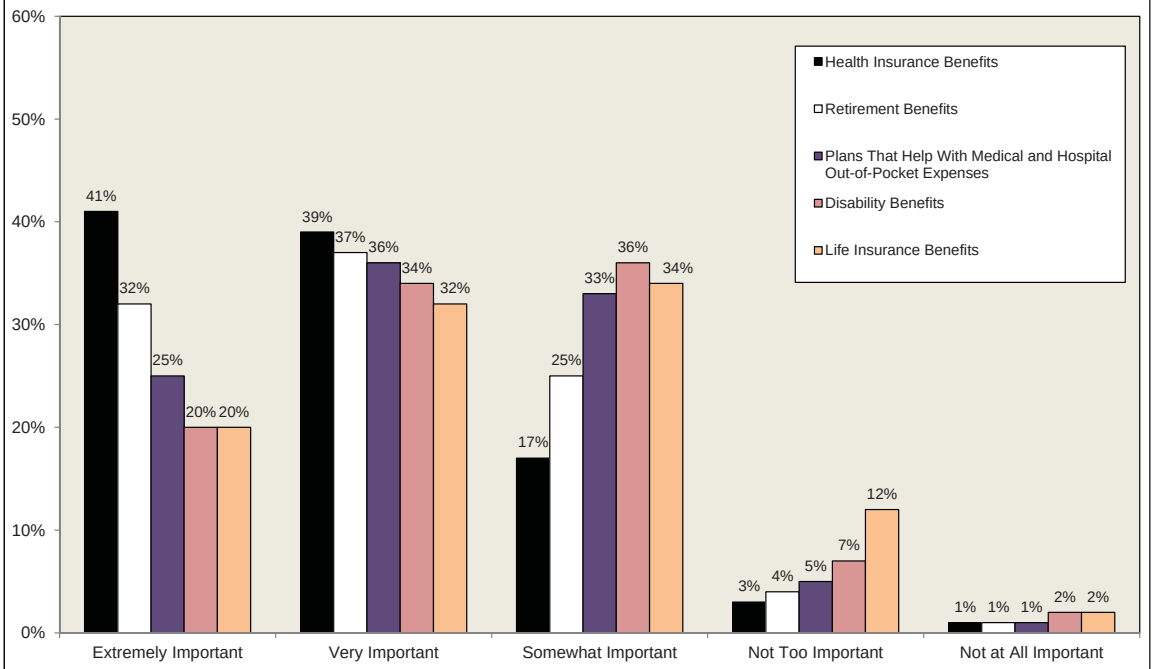
Source: Employee Benefit Research Institute and Greenwald & Associates, Inc., 2013–2014 Health and Voluntary Workplace Benefits Surveys.

Figure 10
Employee Comfort With Having Employer Pick Benefits Providers, 2015



Source: Employee Benefit Research Institute and Greenwald & Associates, Inc., 2015 Health and Voluntary Workplace Benefits Survey.

Figure 11
Importance of Employer Offering a Choice of Benefit Plans, 2015



Source: Employee Benefit Research Institute and Greenwald & Associates, Inc., 2015 Health and Voluntary Workplace Benefits Survey.

Evidence on Defined Contribution Health and Retirement Benefits: The Road Ahead

By Stephen Blakely, Employee Benefit Research Institute

Introduction

In the world of private-sector retirement benefits, the number of participants in "defined contribution" plans first out-stripped those in "defined benefit" pension plans in the United States in 1992.[1] For more than a quarter-century now, most private-sector American workers who have a retirement plan at work have funded it primarily through voluntary contributions to their own retirement accounts—and do not have a traditional pension funded exclusively by the employer.

Various new retirement policy proposals could go in opposite directions: encourage greater individual participation in retirement plans (such as with auto-IRAs), higher employee 401(k) contributions through a "stretch match" (to increase account balances)—or possibly even cut government incentives to offer and participate in private-sector retirement plans as part of a wholesale revision of the federal tax code.

In the world of health benefits, the financing structure is generally quite different: Employers that offer health plans typically pay the majority of the costs. But that may be starting to change: Employers have been interested in the concept of "defined contribution" (DC) health for many years because it provides more certainty of their costs for the benefit (as do DC retirement benefits). Also, advances in technology and enactment of the Patient Protection and Affordable Care Act (PPACA) and the development of private health insurance exchanges are rapidly increasing interest in the concept. As reflected by the increasing prevalence of "consumer-driven" and high-deductible health plans, the movement toward DC health—with workers taking more responsibility for their choice of health coverage—seems destined to grow.

All these changes have major implications for the American work force, the U.S. retirement and health care systems, and even economic security in the nation.

While there are similarities between "defined contribution" retirement and health, there are also significant differences, and there are pros and cons for both employers and their workers. And at least with the advent of private health exchanges, there is often confusion about what the term actually means.

To explore these issues, the nonpartisan Employee Benefit Research Institute (EBRI) held its 76th policy forum in Washington, DC, on May 14, 2015,[2] on the future of defined contribution health and retirement plans. Experts from a cross-section of employers, nonprofits, consulting firms, think-tanks and trade associations shared their observations and experiences with "DC benefits" with both health and retirement plans, and what "The Road Ahead" looks like. A webcast of the event is online at http://bit.ly/1OQb2lc

Private Health Insurance Exchanges and "Defined Contributions"

The EBRI policy forum began by exploring the concept of DC health, why employers are interested in it, projected growth, and how the movement from defined benefit (DB) to defined contribution (DC) retirement benefits is similar and different from the anticipated movement to DC health. Perspectives and experiences of employers that have adopted a private exchange, as well as an employer that isn't adopting such an approach for the foreseeable future, were also provided.

Paul Fronstin, director of EBRI's Health Research & Education Program, began by providing a definition of "private health exchanges," a key element in the Patient Protection and Affordable Care Act (PPACA, often referred to

Paul Fronstin

as Obamacare): "A private business that sells insurance products to consumers through Web-based portals." While there are many ways to define them, Fronstin said, the common factor among private exchanges is that "they're all moving towards giving workers more choice of health plans."

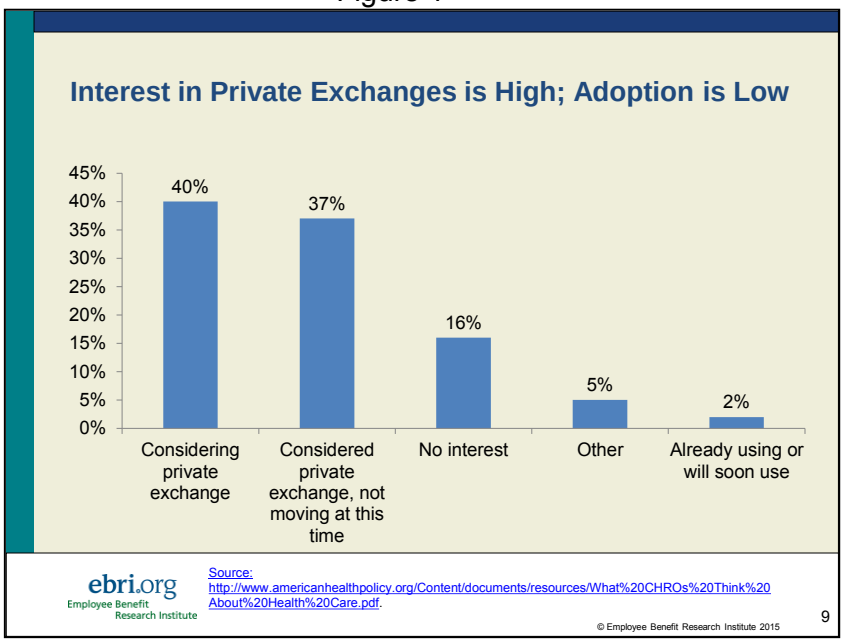
That's important because the entire "DC" approach is designed to allow workers more choice—such as choosing among a range of mutual funds in a 401(k) retirement plan, for instance. But until recently, when a choice of health plan was offered to workers, the choices were very limited.

"We've never really asked workers to be consumers of health insurance when it comes to choosing their health plan," Fronstin said. "When workers have a choice of health plans—typically two, maybe three, choices, which isn't a lot of choices—there's not much of a shopping experience." One of the goals of health exchanges is to expand workers' choices of health plans, similar to the old "cafeteria plan" concept of the 1970s that allowed workers to choose among a menu of benefit options.

Fronstin noted that the largest employer in the nation (the federal government) has been offering what amounts to a private exchange for more than 50 years, through the Federal Employees Health Benefits Program, which offers over 200 different health plans[3] to about 3 million civilian workers (covering about 9 million lives when retirees and dependents are counted).

Because health exchanges are "so new and mostly untested," there are still a lot of unknowns about how they work, Fronstin said. Adoption is low, interest is high, and many employers, struggling with high health-care costs, are considering them. The four largest current private exchanges, serving medium-and large-sized employers, cover about 3 million lives.

Figure 1



Fronstin said the movement toward private exchanges started about a decade ago with retiree health plans. As more employers get more experience with them for early retirees, they are likely to become more comfortable with applying the concept to active workers.

Predictions for the growth of private exchanges are "all over the map," according to Fronstin. EBRI's predictions of about 5 to 6 million participants in health exchanges are about where the market is today. Accenture has predicted growth to about 40 million by 2018, while HSA Consulting Services foresees about 75 million by 2020, roughly half of the health insurance market (EBRI estimates far less, about 13-15 million by 2020, or just 10 percent of the market).

Ted Nelson, global vice president of benefits for Hilton Worldwide, discussed Hilton's experience of adopting Aon Hewitt's private exchange in 2014. For a company as big as Hilton, he noted, their business is complicated. It's a global organization with 12 distinct brands; it owns properties; manages properties for others; and has franchises that it does not manage. With 159,000 Team Members at owned and managed hotels (62,000 in the United States alone),

Ted Nelson

and roughly 300 locations in this country, Puerto Rico and Guam, with union-sponsored and collectively bargained health plans, "it's a very big, complex operation."

Nelson said simply reducing Hilton's healthcare costs is not a simple issue. "Digging back through survey data and our engagement survey results, year in and year out, people who are enrolled in our benefits are happier, more engaged, have lower turnover, and provide better customer service," he said. "To simply contain costs by increasing our deductibles is not our path forward. We want people enrolled in our medical plans. We don't want them to be pushed to other employers' plans."

Hilton already had a "multipronged approach" to manage its healthcare costs, Nelson said, including being largely self-insured; aggressively managing its prescription drug costs with closed formulary plans; and the use of almost exclusively network-only plans with no out-of-network benefits.

"We had already pushed to using a defined contribution approach," Nelson said. "We're using some of the most cost-efficient carriers, and instead of simply one self-insured carrier, we used multiple, state by state, looking at who was providing the best networks and discounts. Coming into the health exchange decision, we were in the early stages of wellness programs."

Enactment of PPACA caused Hilton to take a "comprehensive look" at its health benefits in 2012 and 2013. "Since the law establishes who and what the benefit program must cover and the maximum amount employees can be charged for coverage, it establishes a 'floor' for employer-sponsored medical programs. And when the 'Cadillac tax' is effective, the ACA also establishes a ceiling on how rich medical benefits can be. As health care costs increase over time, the band between minimum and maximum will narrow," Nelson said.

As a result, "health care is not going to be as significant a differentiator as a piece of total remuneration," he said, which caused Hilton to start investigating all possible options, such as accountable care organizations, narrow networks, direct contracting, and wellness programs. While this is an era of great experimentation in the company's health care system, he said, no insurer or health system was making enough changes in enough locations to help reduce projected increases. And with the individual mandate and potential auto-enrollment further increasing costs, the company calculated it was facing a 12.5 percent increase in its healthcare costs entering 2014—an unsustainable jump.

"That gave us the motivation to start looking creatively and probably more aggressively and quickly at health exchanges than we otherwise would have," Nelson said. They went with the Aon Exchange, a multi-carrier, fully-insured platform, which has "worked very, very well for us."

He said it is a "myth" that employers that fully insure their health benefits (through an insurance carrier) end up paying more money through state premium taxes, commissions and other costs.

For instance, he said the overall starting rates, averaged across all of the Aon Exchange health plan sponsors, have been lower than what they were paying before (although Nelson noted that individual rates varied by employer). In Hilton's case, rather than realizing an 8.5 percent per capita increase in healthcare costs from 2013–2014, they saw their costs decrease by about 1 percent.

While the details of the health plan designs are different under the exchange, Hilton still offers four design choices at the same actuarial value as their pre-exchange plans, and at the same subsidy as a percentage of total premiums. And despite concerns of large premium increases in subsequent years, their actual experience continues to save the company and Team Members money. Nevertheless, he added, Hilton's management was prepared to change course

again, if necessary, because follow-on costs proved to be exorbitant. "You can change course. This is not an irreversible decision," he noted.

The Aon Exchange website was carefully designed to be easy and intuitive to use, "very much like an Amazon kind of online experience," and gets high marks from Team Members. Over time, Nelson said, worker satisfaction scores have remained high and "noise" from dissatisfied participants has not increased. In fact, Team Member satisfaction with the plan has been very high (84 percent), Nelson said, especially since four health carriers were offered in virtually every market in the country, and participants liked having that network choice, carrier choice, and different price points.

He also said employers "should not underestimate their employees. People understood the model, how to make the choices. They got through it very easily across language barriers and everything else. If you're thinking an exchange is too complicated for your Team Members, I would tell you they're smarter than you think they are."

In his recommendations to health plan sponsors, Nelson said employers should evaluate health exchanges every few years, since they are all different, there are several different models to consider, and "they continue to evolve." For instance, the exchanges can include other benefits, not just healthcare, and also voluntary benefit options. The exchanges may add new insurers to their mix, and change how they look at setting regional pricing. For example, Hilton had six pricing regions before adopting the health exchange, and 21 afterward. In some regions, such as California and the Pacific Northwest, a fully insured carrier such as Kaiser was very competitive and "picked up a lot of enrollment out west."

He also said that while health carriers will compete for an employer's business (especially on a fully insured model), population health and best-in-class clinical care also matter tremendously in the long run, and that, given the proper tools, workers will make smart decisions. "From our experiences, our Team Members really like having the choices, they did not find it difficult, and they're satisfied with the model," Nelson said.

And from a company perspective, "we not only saved money on premium costs, but have reduced our expenditures on annual consulting and communications and reduced our administrative fees. And because we don't need to devote as much time to healthcare, we have freed up staff time to take on initiatives that we haven't been able to tackle in the past," he said.

David Burroughs, corporate benefits manager for the American Red Cross. While the American Red Cross is not currently using a private exchange at this time, some may argue that they moved in that direction on their own given the plans that they're now offering.

David Burroughs

Burroughs said the American Red Cross is a $3.1 billon humanitarian services organization with about 23,000 benefit-eligible employees within the United States. It has five lines of business, including blood collection (the biggest in terms of staff); disaster services (which respond to some 70,000 small house and apartment fires in addition to major national disasters); and preparedness, health, and safety programs, among others.

The Red Cross currently has 495 chapters in 50 states plus the territories, a sharp reduction from the past. "When I first started at the Red Cross, there were about 1,200 active chapters out there, and they were all doing their own thing--they had their own back-office accounting, their own HR," Burroughs said. "In 1989, we decided to bring all that in-house and try to come up with a national health plan for the Red Cross."

The consolidation has been gradual and difficult (as recently as 2002 they had 180 health maintenance organizations nationwide), moving to five preferred provider organizations (PPOs) and five indemnity plans, with regional pricing

and experience rating for the larger groups, community rating for the smaller ones. Burroughs said that when health exchanges were first modeled, "it was déjà vu to us because we felt like we had been doing a lot of that." Between 2003 and 2007, they worked to eliminate the local HMOs, streamline the self-insured plan options, and also moved to a "best in market" approach for the self-insured program utilizing all four national carriers. In 2008, all HMOs except Kaiser were eliminated and all the self-insured business was placed with BlueCross BlueShield. They placed their Medicare retirees into a health exchange in 2011 and the following year moved to Cigna, introducing two high-deductible health plan (HDHP) options along with a PPO option while keeping the Kaiser HMO. The HDHP plans included a health savings account (HSA) that was funded by the Red Cross, and a wellness program with incentives was introduced. The goal was to have all high-deductible health plans by 2013–2104.

However, Burroughs said there was considerable resistance from many workers, especially their labor unions. While about a quarter of the workforce did enroll in high-deductible health plans, take-up stalled at that point, with the remaining 75 percent sticking with the PPO or the Kaiser HMO.

Because of the costs and resources involved with going to a health exchange, Red Cross staff sought and obtained approval from the Board of Governors to explore that option. They contracted with Sibson Consulting for actuarial analysis and requested bids from several healthcare providers for comparative analysis.

While there was a projected 4 percent cost-savings by going with a fully insured model (the self-insured models would have represented a cost increase), the disruption such a shift would have caused to their work force and the uncertainty about later-year cost increases convinced the Red Cross Board of Governors not to pursue a health exchange, Burroughs said.

Figure 2

Results

Assessment Criteria	Conclusion
Cost	A reduction in the organization's healthcare benefits cost would have been a positive aspect of moving to an Exchange. However, Red Cross could achieve cost savings through plan design changes and employee contributions as well as leveraging the traditional RFP proposals
Member Impact	While the impact on membership could have been eased through strong communications, moving to an Exchange would have been a meaningful impact on the majority of employees.
Risk	Although there would not have been annual claims fluctuation risk, there was the risk of carrier volatility year over year, as well uncertainty of the Exchange's economic model
Market Maturity	Given leadership's position on Red Cross avoiding being the first to market in adopting benefit practices, the lack of market maturity was a primary reason why Red Cross did not move to an Exchange for 2015
Control	The Exchange would have meant loss of control over plan management activities, as well as reverting back to regional plan costs and designs.

American Red Cross

5

"Because our lead time to make changes is so long, we weren't really sure if those rates would be good for 2015," Burroughs said. "Also, the board felt the member impact, the risk, the lack of market maturity and loss of control over our health plans [in going with a health exchange] was something they were not ready to do until they saw some more modeling or more experience in the marketplace for the exchanges."

He added: "We tend not to be on the bleeding edge of change and technology when it comes to the benefit programs," since so much of Red Cross revenue comes from public donations. "If we make a wrong step, being public stewards of money, it's really hard to pull back and say, 'oops.'"

While Red Cross managers think "there's a lot of value in exchanges," they kept their current health plan model (with some changes) and will continue to monitor how health exchanges work out. As a "glide-path" to a possible switch to a health exchange, they now offer a bronze- and silver-level high-deductible health plan and two PPOs (silver- and gold-levels). They rejected a platinum plan due to the Cadillac tax scheduled to take effect in 2018. The Kaiser HMO was modified to include deductibles and coinsurance.. Employer contributions have been reset to a defined contribution model based on the silver-level high-deductible plan.

Even though employees have not embraced the defined-contribution model as much as was expected, there has been some enrollment movement out of the PPOs, and the overall result of the changes was to reduce overall health plan costs. The Red Cross continues to be interested in health exchanges, Burroughs said, but "right now, we felt like this was the right place for us to be."

Christopher Calvert

Christopher Calvert, senior vice president for Sibson Consulting, noted that his benefits consulting firm is one of the few that does not offer a private health exchange, and he highlighted what he called several misconceptions about exchanges:

- *Moving to a private exchange is a move to defined contribution health care.* Not so, Calvert said: "You can do one or the other or both." Employers that want to cap their per-employee health contribution, say, at $5,000 a year, and let them choose which of the offered health plans to buy, can do that now without a health exchange. "There is nothing that says that if you go to an exchange, you must offer defined contribution health care in general, and there is nothing that says that you need an exchange to offer it," he said.

- *Private exchanges eliminate claim fluctuation and trend risk.* Actually, Calvert said, "it depends." In general, private exchanges (with the exception of the Aon model) are self-insured group plans. What they cost will be different based on the carrier, or the wellness programs that are in place, or the plan designs, "but ultimately, the claims that come in are the employer's claims." If they weren't and it was not a group health plan, the plan sponsor would be paying the employer responsibility penalties under PPACA. "That's one of the big things here: These are your plans," Calvert said. "You will have a contract with every carrier on that exchange."

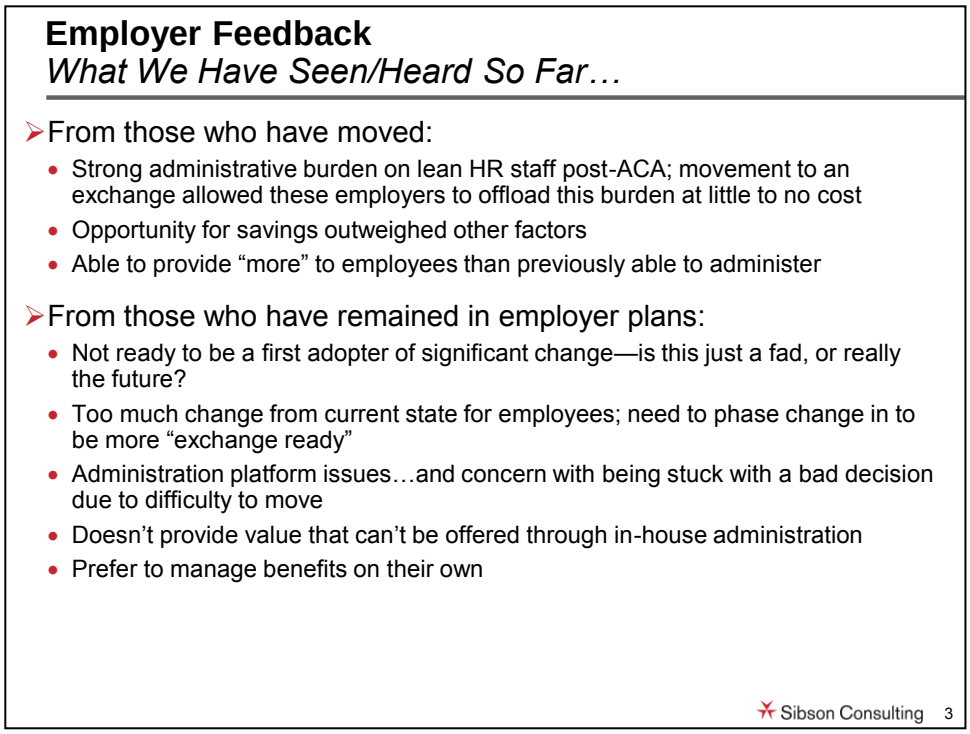
- *By moving to a private exchange, I avoid the excise tax.* As a blanket statement, Calvert said, that is absolutely not true. The excise tax (also known as the "Cadillac tax") is based on the full premium of the plan that each employee chooses, he noted, so there are two major differences in the exchange model: 1) The exchange is choosing the plans, ideally plans that are going to avoid hitting the excise tax; and 2) For many employers, the cost of the plan and the difference between different plans will be more transparent in a health exchange. "Theoretically, that's a big part of this model," he said.

- *The exchange gets me to stop worrying about wellness.* In reality, Calvert said, most employers will not abandon all their wellness programs since they have become part of the workplace culture in addition to being about cost control.

- *Exchanges pool claims risks with other employers.* Wrong, Calvert said: An exchange is still a group health plan based on an employer's health claims experience, and they do not pool risks among employers.

Calvert emphasized that private health exchanges are not just about health insurance. "Most employers who have gone to a private exchange have done it because of the benefits administration, because they can't handle any more on the leaner staff that they're demanded to have, all of the new PPACA requirements that they're forced to comply with, and all of the administration that they need to do with all these different benefits," he said. He referred to exchanges as "a cafeteria plan on steroids—this is a full outsourcing solution for all benefits, short of pension, and don't be surprised in a few years that pension is somehow linked to all this, too. This is not simply for your health plans."

Figure 3



It's not easy to define what a health exchange actually is, Calvert said, since there is so much variation to them: There are single-carrier exchanges, multi-carrier exchanges, multi-carrier exchanges but with only one per region, retiree exchanges, pre-65 exchanges, active exchanges. "If you've seen one exchange, you've seen one exchange. There are many, many versions of this, and it's important to look at them all," he said.

A key question among employers is whether they can control the plan design and how things are done for their workers in an exchange. Typically, Calvert said, an employer cannot: An exchange typically will offer six to eight health plan designs, of which the employer will chose to offer three or four and will not be able to override the exchange's decision-making. While they may be able to in some instances, it will cost them more to do so. To employers, Calvert said, "there are a lot of levers to pull, there are a lot of different models that you can adopt. Some will be more culturally acceptable to you than others."

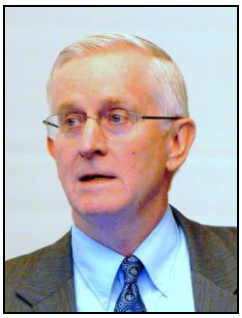
Because of the massive complexity involved in moving to a health exchange, Calvert urged employers and their benefits staff to keep studying them, especially as the health benefits field continues to rapidly change and evolve. But for those that are reaching their limits on time, staff investment, and cost, he suggested they may be inevitable.

"If you've pulled a lot of those [control] levers and you say, 'I can't do this anymore—I've done everything I can to keep my costs down, and the bottom line is I'm just going to pass on cost to employees in the future,' then you really should look closely at the option of an exchange. Because in the end, what you're doing is giving employees a choice of how they spend their money, maybe more so than you can on your own," he said.

Implications and Outcomes of Various Policy Proposals for Retirement Security

The second panel of the policy forum focused on recent EBRI analysis of three different retirement proposals in addition to discussion by expert panelists on the implications of each of the proposals. EBRI's proprietary Retirement Security Projection Model® (RSPM) was used to simulate how each of the proposals would affect the probability of a financially successful retirement, broken out by several factors such as age and income.

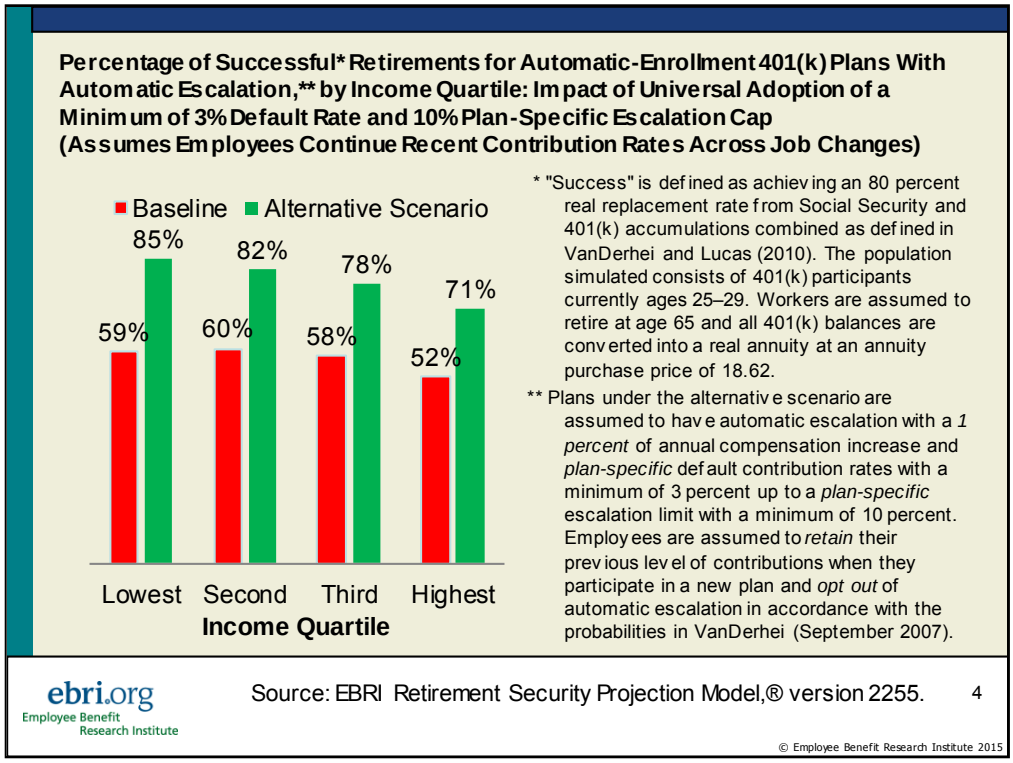
Jack VanDerhei, EBRI research director, presented modeling results of three different scenarios:



Jack VanDerhei

- *Universal adoption of an auto-enrollment 401(k) plan with automatic escalation of worker contributions.* VanDerhei's modeling assumed that all employers adopted an auto-401(k) plan with a minimum 3 percent default rate; a 10 percent minimum escalation cap; contribution rates are maintained across job changes; and balances are simulated to age 65 (including Social Security benefits) with retirement assets converted to a real annuity. This model is based on both 401(k) balances and IRA balances that originated from a 401(k) rollover, so as to include all money that started in the 401(k) system; it includes the effects of job changes and potential leakages from 401(k) accounts for workers ages 25 to 29.

Figure 4



In this scenario (shown in green in Fig. 4, the success rate is significantly higher than the current baseline situation shown in red in Fig. 4), since all workers would be automatically enrolled in a 401(k) plan. Almost 85 percent of the lowest-income workers would achieve an 80 percent real income replacement rate in retirement under the alternative scenario.

"Basically, you have a 26 percentage point increase in what we're conveniently describing as 'success' for the lowest-income quartile," VanDerhei said. "Primarily, that's because of the way the Social Security is structured, and higher replacement rates go to people with lower incomes. It narrows a bit as income goes up, but there's still a considerable improvement across all four income quartiles for something like this."

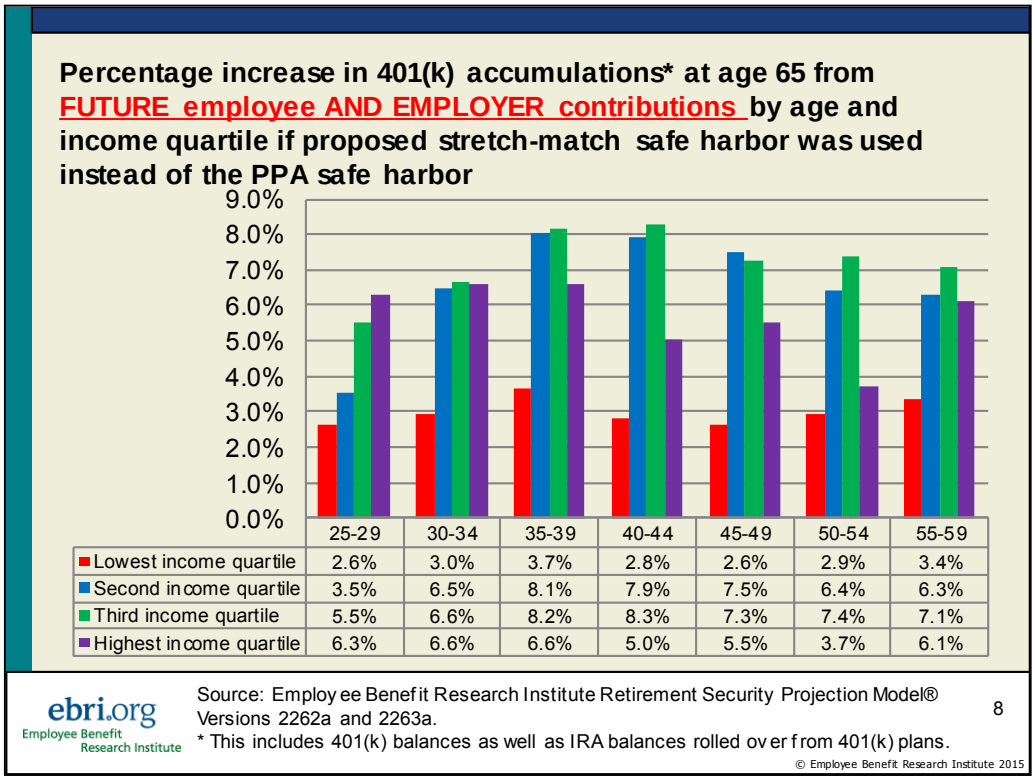
- *The "stretch-match" proposal,* as an alternative to the auto-enrollment safe harbor provision contained in the Pension Protection Act of 2006. VanDerhei modeled a proposal that would increase the default rate to 6 percent of compensation and have annual increases of 2 percent of compensation each year until the employee

contribution reached 10 percent. In addition, employer matches of 50 percent would be provided on employee contributions for the first 2 percent of compensation and then 30 percent on the next 8 percent.

Figure 5 shows net increases in future 401(k) balances for all age groups and income quartiles following adoption of this particular stretch match proposal compared to what is simulated to take place under the PPA safe harbor.

- *Automatic individual retirement accounts (IRAs)* for employees (currently ages 35 to 64) working for an employer that does not sponsor a retirement plan.. Recent modeling by VanDerhei has found that under the best-case, most optimistic assumptions possible (no opt-outs allowed, focusing on younger workers with full earning careers and employed only by a small employer unlikely to offer any other retirement plan), an auto-IRA would be likely to result in a 5.1 percent increase in the probability of a "successful" retirement, he said.

Figure 5



Applying those results to EBRI's $4.13 trillion estimated national retirement savings deficit, he said, "if you had an auto-IRA for everyone who didn't have a DB or DC plan at work, the overall retirement savings deficit goes down 6.5 percent to $3.86 trillion."

Breaking that out by age group, he added—again assuming a best-case scenario where no one is allowed to opt out and all workers participate—the youngest workers modeled (those ages 35–39) would benefit the most, showing a 10.6 percent reduction in their retirement savings deficit.[4]

Derek Dorn, vice president and associate general counsel of TIAA-CREF. A former Senate staffer, Dorn noted the importance of federal tax incentives for retirement savings and the risk of what wholesale reform of the federal tax code (as many lawmakers have suggested) could mean. He praised Senate Finance Committee Chairman Orrin Hatch (R-UT) for emerging as a strong supporter of existing tax code incentives for retirement savings.

Derek Dorn

He also noted that the Pension Protection Act of 2006 has been on the books almost 10 years now, and some of its features—notably incentives for auto-enrollment in 401(k) plans—provide an opportunity "to help Congress understand what has worked and what could we build upon." And given the current gridlock in Congress, he

suggested that state efforts to improve retirement security, such as state-sponsored auto-IRAs, may be an important new development.

Dorn predicted that the current partisan gridlock in Washington is forcing states to take initiatives on retirement security and other areas "to fill in the gaps where the federal government is not acting," which is why state auto-IRA proposals are gaining traction.

Dorn noted that TIAA-CREF participants are enrolling in workplace savings plans at much higher deferral rates than either current safe-harbor rules or even some proposed stretch-match levels. Nevertheless, the company does support protecting current safe-harbor provisions that make it easier for employers to sponsor a retirement savings plan at work, as well as adding new ones.

Dorn said TIAA-CREF has been involved in discussions with state regulators about state auto-IRA proposals, not because they have a product to offer but as "a good corporate citizen to help states think through these issues." There is little depth of knowledge about retirement plans on either the state or federal levels—especially concerning ERISA pre-emption of state action in the private-sector retirement field—"so we would like to make sure that, states, if they do it, they do it right. That obviously is a challenge," he said.

In Washington, Dorn said retirement tax incentives remain vulnerable to being cut or eliminated due to the continuing "revenue hunger" in Congress as lawmakers seek to reduce the federal deficit and ever-rising federal debt ceiling. Congress has repeated turned to retirement and health provisions as a source to offset spending elsewhere in the federal budget, he noted.

He suggested that a recent House proposal that would force workers to shift to Roth 401(k)s above a certain savings threshold—effectively creating a 10 percent excise tax on high savers—is designed to produce more government revenue and not to improve retirement security. A similar but different provision in the Obama administration's budget proposals has the same goal, he said.

A point often lost in the lobbying over tax incentives, Dorn added, is that traditional 401(k) and IRA tax incentives merely *defer* the revenue that the government will collect, and that the taxes are collected in the out-years when people retire and start drawing on their savings.

He also noted that the lack of knowledge about how private-sector retirement plans actually function could end up costing the government money if lawmakers don't understand what they're doing. He cited proposals to "unify" the different types of salary reduction retirement plans, such as 401(k)s (private-sector plans), 403(b)s (nonprofits) and 457s (public sector).

"We're not sure it's simplification to get rid of those," he said. "What does it do to participants, and does it undermine some important public policy goals? We have to be really careful."

Judy Miller

Judy Miller, director of retirement policy for American Retirement Association and executive director, ASPPA College of Pension Actuaries, said her organization, like TIAA-CREF, also supports the auto-IRA. Its impact in improving retirement security for many Americans "is not insignificant, even though it's not a cure-all," she said.

Like many retirement organizations, Miller said, hers supports keeping Social Security as "the baseline benefit," and shoring up the system against the Social Security Trust Fund's looming deficit. "We need to keep Social Security strong, but even if we do that, it's critically important that we expand workplace savings beyond where it is now. And auto-IRAs are a great way, we believe, to do that."

Noting a recent survey finding that more than half of all Americans could not come up

with $2,000 if they had three months to do so, Miller said "that's why expanding workplace savings is so critical, because people can save through work. People earning between $30,000 and $50,000 a year are 15 times more likely to save if they have a workplace savings plan than to do it on their own."

Getting an auto-IRA system in place, either on the state or federal level, would improve coverage with smaller businesses, she said, and "nudge" smaller employers to actually think about retirement.

Acknowledging that the typical default savings rate of 3 percent in automatic savings plans is far too low to achieve retirement income security, Miller said "I think it would still be a vast improvement over where we are now," and that once people start saving they are likely to improve. "We think that as businesses mature, they'll move on to a better arrangement, and the people will end up with more than this kind of arrangement," she said.

Miller suggested the government should suspend the "minimum required distribution" rules for people below a certain asset threshold. "It makes no sense for somebody to get to retirement with $30,000 or $40,000 and force them to start drawing it out when they're 70," she said. In many cases, these individuals have no taxable income anyway, so the change would not cost the government much in lost revenue.

Miller, a former Senate staffer, noted that state-level auto-IRA programs are proliferating, and predicted they will continue to do so. "Nothing will propel a federal IRA program more than having four or five states that have slightly different arrangements—we're all going to be out there saying, 'we need uniformity.'"

Concerning the stretch-match, Miller agreed that the 3 percent default contribution rate is inadequate and "that we should be enrolling people at higher levels of pay." However, taking away from employer's base matching rate and shifting it to higher contribution levels would penalize lower-income workers. "What this basically does is increase savings by putting more of it on the back of the individual and less of it on the back of the employer, she said. "Before we go roaring into this, we need to think carefully about the outcomes of what this really means and what we're doing with it."

Bill Hoagland

Bill Hoagland, senior vice president, Bipartisan Policy Center, noted that his organization a year ago established the Commission on Retirement Security and Personal Savings, headed by former Sen. Kent Conrad (D-ND) and James Lockhart, former deputy commissioner of Social Security and high-level official in President George W. Bush's administration.

The panel is expected to release its recommendations in the near future. Given the commission's membership and their connections on both sides of the aisle in Congress, Hoagland said there is a chance "that some of the fundamental reforms we're seeking here to modify our retirement security systems will start to receive some serious consideration, if not in this Congress, at least in the next Congress and the next administration."

Hoagland said there are four key areas the commission is focusing on:

- Access and contributions to retirement savings plans.
- Leakage from retirement savings, when workers use their savings for other purposes.
- Social Security—"which we consider the bedrock"—and solvency of the Social Security Trust fund. He noted the Social Security Disability Program is currently projected to default in November 2016, "right in the middle of the presidential election."
- Longevity risk, which includes the issue of long-term care.

Hoagland said he believes that auto-enrollment, auto-escalation, and the stretch-match concept all would encourage higher worker contribution rates and give employers more flexibility with their retirement plans. He said he was "impressed" by the EBRI computer modeling results showing that the lowest-income group would benefit the most from the proposals.

He suggested a key factor that should be included in future simulation studies is the average student loan of $30,000 among younger workers and reports that the average student loan balance among 25-year-olds almost doubled between 2003 and 2012. He suggested that the success rates shown in the EBRI simulations may be overstated because of retirement savings leakage and student loan debt.

Given the low projections for additional retirement savings under auto-IRA plans, Hoagland suggested that "the most significant thing we can do for particularly the low earners nearing retirement is to focus on that cohort for shoring up Social Security."

Hoagland, a former high-level Senate staffer, noted that current federal regulations governing stretch matches in 401(k) plans are so complex that "to try to read that really makes my hair hurt."

"While I am open-minded about a stretch-match, safe harbor plan, I believe the possible additional complexity of administering the proposal would further discourage expansion of offering plans to those who currently have no option but their own IRA," Hoagland said. "I understand that the existing auto enrollment safe harbor doesn't get much take up from employers, so finding something more workable would probably increase take up."

He said a better alternative to the stretch-match concept may be the proposal by Sen. Orrin Hatch (R-UT) for a "Starter 401(k)," designed for small or start-up businesses where no employer match is required while still allowing workers to save for retirement through payroll deduction.

Even though Hoagland said he thinks the auto-IRA is a "a good proposal for expanding access," he warned that "it's going to be extremely difficult, particularly in this Congress, to consider any proposal that mandates a business be required to have an auto-IRA, even with an opt-out for the individual." In light of the extreme partisan battle in Congress over the health insurance mandate in PPACA, Hoagland said, "what you're doing [with an auto-IRA] would mandate that those businesses provide that. I think we have to look for something like this, but we've got to get away from a mandate on those small businesses out there."

Hoagland agreed that targeting new savings policies at younger and lower-income cohorts is what's needed, and finding an alternative to the auto-IRA "is going to be a real challenge." But he predicted flatly that enacting auto-IRAs "will not be done on the federal level, particularly with this Congress."

Endnotes

[1] U.S. Department of Labor, Employee Benefit Security Administration. "Private Pension Plan Bulletin Historical Tables and Graphs 1975-2013 (September 2015), Table E5. http://www.dol.gov/ebsa/pdf/historicaltables.pdf

[2] An online webcast of the entire proceedings, along with speaker presentations and supplemental materials, on the EBRI website at http://www.ebri.org/programs/policyforums/index.cfm?fa=pfMay2015

[3] As a practical matter, individual workers and retirees are often limited to 10 to 20 different plans to choose from, depending on where the individual resides.

[4] See "Auto-IRAs: How Much Would They Increase the Probability of "Successful" Retirements and Decrease Retirement Deficits? Preliminary Evidence from EBRI's Retirement Security Projection Model," *EBRI Notes,* June 2015, http://www.ebri.org/pdf/notespdf/EBRI_Notes_06_June15_SI-AutoIRAs.pdf

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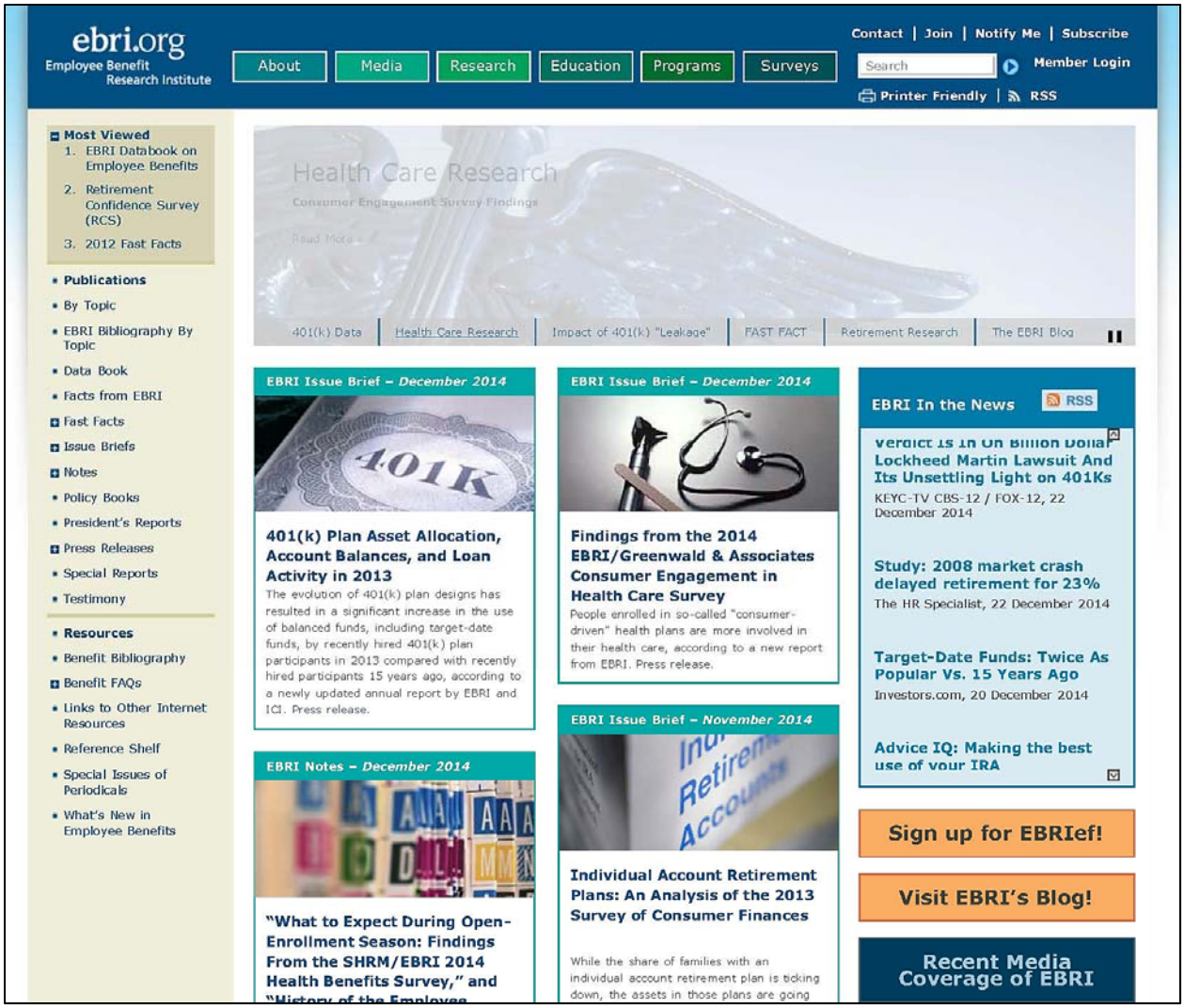

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