

Expanding Retirement Security Requires Addressing the Coverage Gap

Our industry continues to help Americans understand the importance of saving for retirement in their employer-sponsored plans. We've helped educate our participants on setting goals, projecting how much income they'll need in retirement and ultimately helped them understand how much to save to achieve the retirement they envision.

This work is critically important as more Americans will rely on their employer-sponsored retirement plan savings to support them through retirement. Millennials are the largest generation in the workforce, but only 21% believe they'll be able to rely on a pension, and only half think Social Security will be a source of income in retirement. For Gen-X, approximately two-thirds say they will rely on Social Security, and 28% expect pension plans to be sources of income in retirement, while 87% of Baby Boomers are looking to Social Security for retirement income, and 41% of them expect pension plans to serve as additional income.

And while those numbers underscore the importance of an employer-sponsored plan, many Americans don't have access to one — in fact, there is a critical retirement plan coverage gap in the United States. Only 64% of salaried full-time workers say they or their spouse has access to a 401(k) or similar plan at work, and less than half of private sector organizations with fewer than 50 employees provide access to a defined contribution retirement plan. Knowing the importance of an employer-sponsored retirement plan as a major source of income in retirement, we as an industry are called to help.

Following the passage of the SECURE Act, there is a new opportunity for our industry to help address the retirement plan coverage gap. That landmark legislation provides increased opportunities for small employers to come together and leverage economies of scale to offer competitive retirement plans to their employees. Specifically, SECURE offers small employers the option to join a pooled employer plan (PEP), and form one large plan with other small employers, without satisfying commonality requirements.

Alternatively, small employers can also join programs with other structurally identical small employer plans (similar to pre-SECURE Open MEPs or Plan Aggregation Programs) without forming a single plan. You can see a breakdown of the different types of group retirement plans [here](#).

Group retirement plan programs like MEPs and PEPs are built to create economies of scale for small businesses that band together — businesses that may otherwise view the cost and administrative burdens of running their own plan as barriers. At Lincoln Financial, we are putting more than half a century of retirement plan services experience to work to support business owners and savers across the United States.

We are committed to helping small-business owners, and the financial professionals who support them, reach two essential goals: delivering retirement benefits that meet employees' needs while protecting them from future market volatility, and offering competitive benefits to attract top talent to drive the success of their companies. Through our commitment to product innovation, easy-to-use technology and personalized service, we can help more working Americans access a retirement benefit that meets their needs and eases their anxieties about having sufficient savings to live comfortably in retirement.