

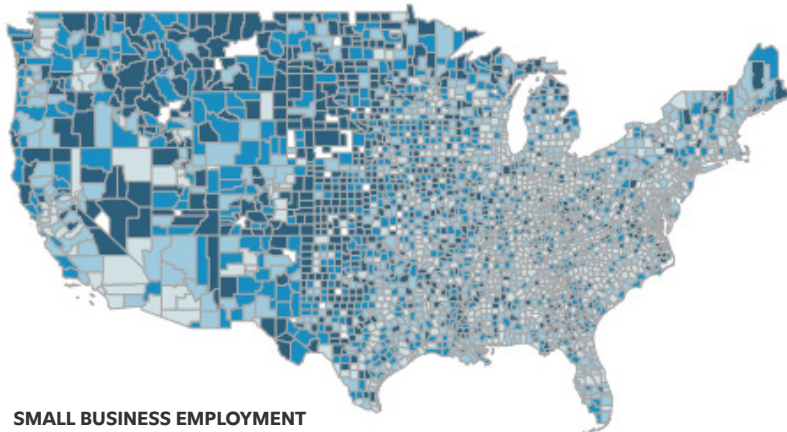
# SMALL BUSINESS RETIREMENT OPPORTUNITIES

## Improving multiple employer plans (MEPs) through legislation encourages private sector action

Open MEPs fill the retirement coverage gap by making it easier for **small businesses** and **independent workers** to access retirement savings plans

### SMALL BUSINESSES AND INDEPENDENT EMPLOYEES KEEP AMERICA WORKING

#### UNITED STATES SMALL BUSINESS PERCENT OF EMPLOYMENT BY COUNTY



**SMALL BUSINESS EMPLOYMENT**

16% to 52%	63% to 79%
52% to 63%	79% to 100%



**57.9 MILLION**  
small business employees <sup>1</sup>

**47.8%**

OF U.S. EMPLOYEES <sup>1</sup>

About **32 million workers in small businesses** do not have access to a retirement plan

### OFFERING RETIREMENT COVERAGE CAN BE COMPLICATED

Entering a multiple employer plan (MEP) can allow businesses to **achieve economies of scale**, **simplify administration**, **offer better plans**, and **provide their employees and themselves with the coverage they need**.



### A SOLUTION FOR ALL WORKERS

ACCESS FOR SMALL BUSINESS AND GIG WORKERS

More than **40% of full-time private sector workers** say they lack access to employer-based retirement savings plan <sup>2</sup>

STUDIES PREDICT THERE WILL BE **55 MILLION INDEPENDENT OR "GIG" WORKERS BY 2020**.

*These employees need a retirement solution that can be portable from gig to gig*

**Only 22% of workers** at companies with fewer than 10 employees report having access to a workplace retirement plan

COMPARED TO

**74% of workers** at businesses with at least 500 employees <sup>2</sup>



### ALL EARNERS ARE SEEKING COVERAGE

A SOLUTION FOR ALL

Among major occupational groups, access ranged from **42% for workers in service occupations** to **82% for workers in management, professional, and related occupations** <sup>3</sup>

MORE THAN **12 million employees in the top two earning quintiles (\$40,000+)** did not have access to a workplace plan



### SMALL BUSINESSES ARE MAJOR EMPLOYERS OF MINORITY WORKERS LOOKING TO SAVE

About two in three Hispanic workers and roughly half of African Americans and Asians lacked access to an employer-provided retirement plan

Minority workers accounted for about 41% (22 million) of the 55 million employees without a workplace retirement plan <sup>4</sup>

### SIMPLE CHANGES WILL MAKE A BIG DIFFERENCE



Remove the **1 bad apple provision**, which unfairly holds all employers liable for one employer's noncompliance



Remove the **common bond provision** to eliminate the need for a "common nexus" among employers



**IF CONGRESS ACTS TO OPEN MULTIPLE EMPLOYER PLANS**, SMALL BUSINESS AND GIG WORKERS COULD HAVE ACCESS TO A START-UP MEP FOR AT LEAST **50% less cost than a typical stand-alone defined contribution plan** <sup>5</sup>

### FIDELITY URGES ACTION ON MEPS

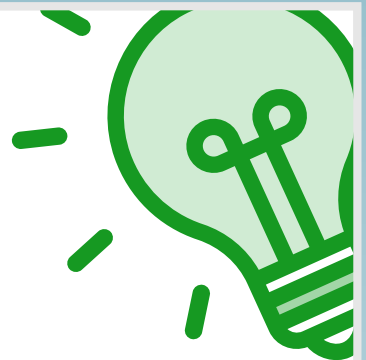
WITH **600K SMALL BUSINESS ACCOUNTS AT FIDELITY**, we understand what small businesses need to offer a competitive plan - or any plan at all.

**SMALL BUSINESSES ARE SEEKING A SOLUTION** that gives them **service support, open architecture**, and a **direct to consumer business model**.

Without a policy change, small businesses will continue to face challenges to offering plans.



Together with the private sector, **policymakers should be supporting a system that encourages employers to offer robust retirement plans for their employees** - not the opposite.



1. "SMALL BUSINESS PROFILE," U.S. SMALL BUSINESS ADMINISTRATION OFFICE OF ADVOCACY, 2017.

2. "A LOOK AT ACCESS TO EMPLOYER-BASED RETIREMENT PLANS IN THE NATION'S METROPOLITAN AREAS," THE PEW CHARITABLE TRUSTS, MAY 2016.

3. "EMPLOYEE BENEFITS IN THE UNITED STATES - MARCH 2017," BUREAU OF LABOR STATISTICS U.S DEPARTMENT OF LABOR, JULY 2017.

4. "WORKPLACE RETIREMENT PLANS WILL HELP WORKERS BUILD ECONOMIC SECURITY," AARP PUBLIC POLICY INSTITUTE, OCTOBER 2014.

5. FIDELITY ANALYSIS