

Saving for Retirement in America: The Struggle and the Solutions

Honors Thesis

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Abstract

Retirement is a part of life that all working Americans work towards. Sadly, it is not the reality a lot of people can enjoy. With the death of pensions, lack of retirement savings, poor finance education, and high cost of living, a lot of Americans do not get to retire and work until the day they die. There are several avenues that can be pursued to remedy this crisis. Becoming aware of what options are present such as the types of accounts where retirement savings can be invested effectively. Additionally, increasing the financial literacy of Americans during their primary and secondary education would greatly prepare them for their own financial future, and improve the U.S. as a whole. Furthermore, on a widespread scale, regulations and laws can be implemented to increase the minimum wage to an amount that is acceptable to live on in a given area, executive pay can be kept in check while increasing the median worker's pay, or monthly stimulus payments can be made to support individuals. Lastly, with the power of collective bargaining, individuals through a Union can fight for better wages, benefits, protections, and retirement benefits when firms are not willing to grant them by their own accord.

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The Struggle

One's life includes many milestones such as graduating from high school, college, finding a suitable career path, achieving proficiency – and maybe prominence – in one's work. Everyone's path has its own points of importance that may or may not be someone else's. One milestone which is present across most individuals is the point of no longer needing to work, retirement. Decades of hard work and dedication culminating in leaving the workforce behind to enjoy the rest of your days, if that may be traveling, enjoying hobbies, or spending time with family. Indeed, retirement is a time of life that all working Americans look forward to. Whether they are just graduating from high school or have a family with two kids, many Americans dream of the day when they can retire. The ability to retire and have unstructured time is what makes all previous work and effort worthwhile. Sadly, this dream that millions of people collectively have does not become a reality for most. According to a 2020 Federal Reserve report; “one-fourth of non-retirees indicated that they have no retirement savings, and fewer than 4 in 10 non-retirees felt that their retirement savings are on track” (Division of Consumer and Community Affairs, 2020). There are many reasons why this is the case. From insufficient financial literacy, low wages, which in itself have created a snowball effect of catastrophic issues that have contributed to the inability to save, and more. With the high cost of living, the lack of retirement savings, and the death of pensions, many Americans do not get to retire and must work until the day they die or be taken care of by family members who do not have the time nor resources to do so adequately.

Three-Legged Stool: Pension, Social Security, Personal Savings

The “three-legged stool” of retirement consists of three ways to pay for retirement which was common in the mid to late 20th century. The first leg is pensions, an investment fund that a worker and/or employer has paid into, that becomes an income payment during retirement. The second leg is Social Security, a federal program that provides income benefits to retirees. The final leg of the stool is the savings that an individual has been able to amass during their working career.

Pensions are an effective program to financially safeguard workers and their families from economic risk while simultaneously keeping retirees out of poverty. Normally, a pension is either managed by the employer or the union that the employee is associated with. When employees retire, they receive a percentage of the income they earned during their last years of working while also considering the amount of time they worked for said firm (The Investopedia Team, 2023). The longer they worked, the higher the benefits. Depending on the pension, a widow or widower would be able to receive their deceased partner’s pension until their death. In 2010, older households without a pension had a poverty rate nine times higher than those with a pension (Harkin, 2012). The statistic demonstrates the effectiveness of pensions and how much of a detriment those without it are in.

Social Security was created to pay part of a retiree’s expenses. The fund is financed via the payroll deductions of workers. Later in life, those workers would receive a monthly benefit based on how long and how much they contributed. According to a study by the National Institute on Retirement Security, Social Security only accounts for about 40% of a retiree’s pre-

retired income (National Institute on Retirement Security, 2020). An individual's savings are supposed to cover the rest of their expenses during retirement.

An individual's personal savings is self-explanatory, however that should not diminish the importance of it. Contributing from one's wages into a variety of retirement investment accounts is important due to the creation of that extra revenue stream for retirement to work hand in hand with pensions and Social Security to cover cost of living and other expenses. It is also the leg of the stool that the individual has the most control over. Having the ability to grow their savings as much as they financially can and/or want.

Unfortunately, the existence of pension benefits has dwindled in the U.S., as a result of the financial strain it has taken on firms. Individuals now must rely more on their savings to have sufficient funds for retirement, which is an obstacle in itself due to the inability to pay one's living expenses which naturally takes priority. Even with the help of Social Security, many retirees cannot cover all their expenses due to the insufficient savings.

The Inability to Save for Retirement

There are many reasons why many Americans do not or cannot save. One of those is the dependency on credit cards. Between 2013 and 2019, about half of the active credit card accounts had a balance carried onto the next month, creating an interest payment (U.S. GAO, 2023). Eleven percent of individuals who carried a balance either reached or exceeded their credit limit for the month (U.S. GAO, 2023). Credit cards for some have become a necessary evil which has worsened their own financial situation not because of their own mistakes, but due to the system seeming to be against them.

Without additional support, individuals' only option to pay for bills, food, other necessities, is to resort to using their credit card(s) and carry over a balance despite the high cost of interest due to it in itself being a necessity to get by, with saving for retirement not even being a consideration, understandably so.

Some individuals find themselves with insufficient savings because they choose to use their retirement funds for other reasons like emergencies or paying for furthering their education. Or it can be as simple as paying for rent or food as stated previously, which would naturally come first over saving for retirement. Penalties exist for withdrawing from retirement accounts early which makes the practice highly discouraged if it can be avoided. There are a few tax exemptions but overall, the procedure is not recommended due to the ramifications come retirement time.

Additionally, worker compensation has failed to match the increase in living expenses making it harder and harder to get by, let alone pay into retirement. Even though employees are working longer and are more productive than ever before, their pay and hopes for retirement have not kept pace. According to Bankrate, 56% of adults in 2023 feel behind on where their retirement savings are, a portion of that population feeling even more behind. Additionally, 46% of adults feel negatively about achieving the goal of saving enough to live comfortably in retirement (Gillespie, 2023). Having the belief of already being behind on retirement savings can become either a motivator to attempt to catch up or be detrimental to a point that individuals may cease any more contributions.

Inflation

The explanation for why living expenses increase, at its core, is inflation, the increase in the price of goods and services in an economy. When the alternative happens, when a currency's value increases over time, it is called deflation. The consequence of deflation is not motivating individuals to spend their funds that are available because its value will increase on its own, meaning you could buy more with what you have at a future point. With less desire to spend, the economy will slow down due to the supply of goods decreasing which would decrease production which would then result in companies issuing layoffs, causing those workers to spend even less due to being unemployed. With inflation, individuals are motivated to spend what they have due to the value of their funds decreasing over time. This spending contributes to the local and wider economy. Although it is painted in a negative light, some inflation is needed to drive economic growth. The issue is that wages do not always stay on pace with inflation. In early 2022, U.S. companies reported having an average salary increase of 3.4% while the inflation rate at that time was 7.9%. At the end of 2022, the salary increase was 4.2% versus the inflation rate of 6.4% (Bremen, 2023). For at least half of the workers of U.S. companies, they failed to receive a wage increase to at least match inflation. If this happens for one year, the negative effects may not be felt depending on the economy. However, if an employee has failed to receive a raise over an extended period such as several years, they are now working for less despite their salary not moving, due to inflation raising the costs of goods and services and decreasing the value of their wages. Some firms may offer a set percentage increase in wages every year to combat inflation which is an improvement but far from a solution due to it not being guaranteed across the workforce.

For many Americans, the failure to save more money is also caused, in part, by the lack of any meaningful and long-term financial education. As it currently stands, students may have the chance to take a Personal Finance course in High school for a semester, this being the case in 10 states as of 2024, with an additional 15 states that will require a semester-long course by 2030 (Next Gen Personal Finance, 2024). Some states go above this basic requirement such as North Carolina and Virginia which require one year of Economics and Personal finance courses to graduate from high school (Next Gen Personal Finance, 2024). Unfortunately, half of the states currently do not have in-effect or any plans to mandate a personal finance high school class. Correcting this would be a solid step forward, however, additional education beyond a semester would be highly beneficial to students and the country as a whole. Such as implementing more personal financial learning into the Common Core across middle and high schools.

Another factor that affects an individual's desire to save money for the future is the fear that they will not be able to retire, which eliminates their desire to save. This fear is due to the rise in the cost of living and the rising concern that the Social Security trust fund will be exhausted by 2034 (U.S. Senate Sergeant at Arms, 2024). Working adults are decreasingly optimistic about their financial future and being able to retire. Those who are optimistic that they will be able to live comfortably in retirement represent; “only 14% of people...That is down 9% since 2002. And 69% of people believe they could save until age 65 and still not have enough. Employers are even more pessimistic; only 4% are ‘very confident’ their employees will retire with sufficient assets. That is down from 30% in 2011” (Harkin, 2012).

Unfortunately, the lack of sufficient savings forces some people out of retirement and back into the workforce. Often, these individuals take lesser-paying part-time jobs that may be unrelated to their former careers. Firms may be reluctant to hire someone close to or at

retirement age knowing they will only be at the firm for a short time, due to health issues, wanting to retire in the near future, or death. Instead, the firm could hire someone much younger who could stay at the firm longer and may be more knowledgeable of newer developments in the field.

The Retirement Deficit

Those retirees who do not necessarily need to work due to having enough savings to cover their living expenses from Social Security may just be scraping by and are not able to enjoy their retirement and do the things they have wanted to do their entire life such as traveling or pursuing a particular hobby. Even after working for most of their life, 40 hours a week, five days a week, if not more, it sadly is not enough with the current system and is failing its workers.

The Employee Benefit Research Institute estimated the retirement savings deficit to be \$3.68 trillion at the start of 2020 (Josephson, 2023). Research conducted by the Federal Reserve also found that the median retirement savings in the U.S. for those who have them was only \$65,000 in 2019 and the mean balance was \$255,200 (Josephson, 2023). Additionally, the Federal Reserve reports that one in four Americans has no savings whatsoever. In the following table, data collected by Vanguard showing the average and median retirement account balance for individuals in six different age brackets is presented (*next page*):

Table 1*Vanguard Retirement Account Balances by Age*

Age Bracket	Average Balance	Median Balance
25 and younger	\$6,264	\$1,786
25 to 34	\$37,211	\$14,068
Table 1 (continued).		
35 to 44	\$97,020	\$36,117
45 to 54	\$179,200	\$61,530
55 to 64	\$256,244	\$89,716
65 and older	\$279,997	\$87,725

Note. In this specific context, Median balance may prove to be more of a reliant figure to follow due to the nature of extreme balances skewing the results higher than what the typical person's balance is.

Data From: Josephson, A. (2023, August 7). *Average retirement savings: How do you compare?* SmartAsset. <https://smartasset.com/retirement/average-retirement-savings-are-you-normal>.

To put the above information into context, it is important to know how much money is required for retirement. One method to calculate the necessary savings to retire while maintaining the lifestyle an individual had while working, is having at least 11 times their salary by age 60. If a male householder, owner of a home, with no spouse present, made the median income for their sex in 2022 of \$73,630 (Guzman & Kollar, 2023), he would need to have saved about \$809,930, pre-inflation adjusted. For a female householder with no spouse present, if they made the median income for their sex in 2022 of \$56,030 (Guzman & Kollar, 2023), she would need to have saved about \$616,330, pre-inflation adjusted. With these estimates in mind, the actual amount a specific individual will need will vary from their place of residence, lifestyle, and lifespan. Especially since the wage an individual is currently receiving may not even be sustainable as is. On the more conservative end, saving 20-30 times their salary will be needed: \$1.5 million to \$2.25 million based on a salary of \$75,000. According to the data from

Vanguard, the median and average balances are nowhere near that even though the median household income was used. This means that a majority of households and individuals do not have enough savings for retirement.

The New Generation's Struggle

Although Millennials and Generation Zers are not close to retirement age, these younger Americans are currently in or entering the workforce and should be taking steps to prepare for retirement. Unfortunately, Millennials have been struggling due to the recent COVID-19 pandemic and the 2008 recession. These events have made buying a house very difficult, or near impossible, due to the high asking price of most properties and the needed down payment which is a burden in itself. As of March 24th, 2024, in Salem, Massachusetts, a suburb 30 minutes north of Boston, it is difficult to find a house with at least two bedrooms and one bathroom for under \$300,000. To buy a house even at that low end of \$300,000 would require a 20% downpayment of \$60,000 and a monthly mortgage of about \$1,600 with 7.5% interest for 30 years. Keep in mind this is for the low end at \$300,000 and only increases from there. Even with two individuals sharing income to have already saved \$60,000 for a 20% deposit would be a challenge if they are already living paycheck to paycheck. As the market changes over time, same with the interest, acquiring a home may become more or less difficult. For instance, as recently as 2020, the interest rate fell below 3% during the COVID-19 pandemic, less than half of what the current interest rate is, making it significantly more achievable to buy a home. For perspective, with the same mortgage as before but with a 3% interest rate instead of 7.5%, the monthly payment would be just over \$1,000 a month versus over \$1,600. Buying a home during a low or at least reasonable interest rate is just as important as getting a good price on a home.

As Generation Zers enter the workforce, they are also seeing the financial difficulty of subsisting, let alone saving for retirement. Affording an apartment requires several roommates to reduce the cost due to high rent and low wages. This shows the struggle individuals are financially facing even at a young age.

Elder Poverty

From 2020 to 2021, poverty increased amongst Americans aged 65 and older from 8.9% to 10.3% which represents an increase of almost six million people (The National Council on Aging, 2022). This trend could continue and would increasingly make older individuals depend on others for financial help, which in turn, reduces the ability of friends and family members to save for their own retirement. Individuals may have access to government programs such as general housing assistance, house heating, or food assistance, but as more struggle financially, the strain on these resources will limit the number of individuals who can be helped and by how much. Furthermore, acquiring government assistance is a difficult process to complete with many either not being qualified, do not know how to access the available benefits, or they do not even know they are qualified for them. According to a study done by the Urban Institute, more than four in ten adults reported at least one issue with enrolling in unemployment insurance, and about three in ten reported difficulties enrolling in “Medicaid/CHIP, Supplemental Security Income, Social Security Disability Insurance, and rental assistance programs” (McDaniel et al., 2023). Those who run into difficulties while applying for these programs may end up not getting the support they need due to this, leading to individuals continuing to struggle when support is possible despite the system being far from easy.

Elder poverty will also increase Medicare and Medicaid expenses as more elderly people will be unable to afford private long-term services for various health problems, they may have due to living in poverty. Along with this, some individuals who depended on coverage from their employer may not continue to be covered, depending on their plan if they worked in the private sector when they retire (Employee Benefits Security Administration, 2018), motivating some to continue working in some capacity to keep their benefits.

Is Retirement Savings a Global Crisis?

The lack of retirement savings is a problem that is not limited to the U.S. The Natixis Investment Managers' 10th Annual Global Retirement Index ranks countries based on the retirement security of their citizens. The index considers finances in retirement, material well-being, health, and quality of life. The U.S. is ranked 18th out of 44 countries and is followed by the UK, Belgium, Slovenia, and Japan at 22nd (Cameron, 2022). Although the U.S. is not the worst, there is plenty that can be done to improve the retirement situation of Americans. By analyzing the countries at the top of the Global Retirement Index ranking like Norway, Switzerland, and Iceland, their strategies can be adapted to improve other countries' retirement situation.

Upon a closer look at how Norway treats retirement, it is not much different from what used to be commonplace in the U.S., such as the continued use of federally paid pensions which cover public and private workers nationwide in Norway (Farrell, 2016). By having this extra financial support along with their existing savings, Norwegians can retire with the funds to do so. With all of this said, Norway only has a population of several million while the U.S. has over 300 million. Although it might be challenging for the U.S. to implement the approach that is

successful in Norway, the idea that should be imported from Norway is bringing back pensions in some form at the federal level.

What Can Be Done?

Although the problem of a lack of retirement savings is seemingly intractable, some solutions may exist at a variety of different levels. First, by utilizing common retirement accounts such as a conventional and high-yield savings account, along with a Roth IRA and 401(k) account, individuals will have the knowledge and ability to begin investing themselves, along with a strong foundation for the future by taking advantage of the offerings of each account type. Such as the 401(k)-match program offered by employers or the tax advantages of Roth IRA and 401(k). On a similar note, the high school and middle school curriculum could be adapted to require financial education to be a part of the Common Core. Financial education would include instruction about saving for retirement, preparing tax returns, budgeting strategies and practice, debunking misconceptions, and more. Additionally, increasing wages at the federal and state level via the minimum wage to account for a higher cost of living would allow individuals to live with an appropriate wage for their given area while also having a greater position to contribute to retirement. Additionally, federal programs and laws could also help redistribute funds from the wealthiest to the average worker via monthly payments, namely Universal Basic Income, or by keeping the ratio between an executive's wages and the median worker in check. Lastly, with the power of numbers, employees can join a union to pressure their firm for higher wages and to increase benefits such as retirement, while being shielded with regulations against their opposing employers.

Individual Preparation

Several actions can be taken to strengthen one's retirement savings or create a strong foundation that will figuratively and literally pay monumental dividends over one's life. The earlier an individual can start saving for retirement, the easier it will be. By starting to save when an individual acquires their first job, which is most likely during middle or high school when expenses are low, they can take advantage of compound interest which is interest that is earned off interest and increases exponentially. If an individual contributes \$100 a month until they turn 67 (retire with full benefits), they would have roughly 1.5 million dollars saved with a conservative estimate of 10% annual return. Compound interest cannot be fully taken advantage of if an individual waits to start saving until they are in their 50s, 40s, or even 30s. For example, an individual who does not start saving until age 40 would only have about \$820,000 even if they saved \$500 a month until they turn 67. This amount is just over half of what the first individual who saved less money (a fifth of the amount per month) but started 22 years earlier. Although those who are in their 30s to 50s might believe it is too late, it is better to start today than tomorrow, but pushing it off will only make the situation worse. It will just require more effort and dedication to make up for missed time such as contributing more to their retirement. When receiving a bonus or some other lump sum, contributing it to retirement can help greatly. With that said it is important to keep in mind the current contribution limits which vary from account and year. Once an individual turns 50 however, they become eligible for catch up programs allowing them to contribute more with no tax implications:

Table 2

2024 Contribution limit with no tax implications for unmarried individuals

Retirement Plan Type	Contribution Limit	Catch Up Limit	Total Limit for Individuals 50+
401(k) (other than a SIMPLE 401(k))	\$23,000	\$7,500	\$30,500
IRA (Roth and Traditional)	\$7,000	\$1,000	\$8,000
SIMPLE IRA	\$16,000	\$3,500	\$19,500

Data From: Internal Revenue Service. (2023b, November 1). 401(k) limit increases to \$23,000 for 2024, IRA limit rises to \$7,000. <https://www.irs.gov/newsroom/401k-limit-increases-to-23000-for-2024-ira-limit-rises-to-7000>

The additional amount that can be contributed tax free after age 50 can be beneficial if the individual has the means to do so. While also taking advantage of the catch-up program once eligible, individuals should take advantage of any advantage given. Including the 401(k)-match program, where an employer matches the contribution of an individual up to a specific percentage. More info on the program and the 401(k) account will be expanded upon in the 401(k) section.

Although saving \$100 a month is a good goal for young workers, realistically an employed adult should be contributing more since they are likely earning higher pay in their career versus a teenager. As they advance through their career and obtain more education, licenses, etc., their pay should increase which should prompt an increase of their retirement contributions. Advisors throughout the retirement sector recommend that an individual save 15% of their pre-tax income for retirement. An individual making \$50,000 a year would contribute

\$7,500 to retirement annually, for example. The feasibility of this of course will vary from individual to individual, although this goal is helpful to keep in mind.

Savings Account

There are many avenues where an individual can save. A conventional savings account may be attractive due to its simplicity and the convenience of most likely already having one, yet it is not the recommended option due to the benefits of other options along with the rate of return being under 1% per year. According to the Federal Deposit Insurance Corporation (FDIC), as of February 20th, 2024, the interest rate for a savings account is 0.046% (National rates and rate cap, 2024). If an individual had \$1,000 saved in a savings account, they would only gain \$4.60 in interest. Instead of using a conventional savings account, there is a high-yield savings account, which bases its annual percentage yield (APY) on the Federal Reserve's ever-changing benchmark interest rate. With that in mind, over a year the interest rate for the account could increase, decrease, or stay relatively the same. Consistent or even high returns are far from guaranteed; however, it is at least a better option than traditional savings accounts with minuscule APY or a checking account that has none. During Spring 2024, the interest rate for a high-yield savings account of around 5% could easily be obtained, meaning an account with \$1,000 would receive about \$50 in interest a year, ten times more than a conventional savings account. If the account never decreases in size, the returns will always exponentially increase due to compound interest too. As mentioned previously, the rate for these accounts can easily change based on what the Federal Reserve decides to update it to due to the current activity of the economy. Some high-yield savings accounts may also require a minimum balance, monthly fee, or limit on transfers/withdrawals, making funds not as accessible compared to a normal savings

account. A high-yield savings account should be used for long-term growth due to the listed factors. Taking advantage of high interest rates in these accounts can give individuals an extra hand just by having their funds sit in a certain account. Making their savings work for them.

Roth IRA Account

There are many other options to save for retirement while receiving higher returns, being responsible, and taking reliable options. One such recommended option is a Roth IRA (Internal Retirement Arrangement) account, named after Delaware Senator Roth, who created the plan. In this account, taxes are paid on contributions and can be withdrawn at retirement time without tax implications. This is called a post-tax account, meaning contributions had already been taxed, resulting in tax free growth and withdrawals. This is beneficial to those who will be in a higher tax bracket later in life at retirement age compared to their tax bracket when they are working, resulting in less being paid in taxes compared to if an individual was paying taxes upon withdrawal in for example a 401(k) account. In a Roth IRA account, an individual can purchase bonds with returns of several percent based on the current market, same with stocks and more.

401(k) Account

Another option is a 401(k) account, which is a specialized employer-sponsored retirement account where contributions are not taxed until they are withdrawn, a pretax account, meaning contributions are not taxed until withdrawals begin. Although being the opposite of Roth IRA accounts, the same kind of investments can be used within such as bonds, stocks, and more. Different employers may offer the 401(k)-contribution match program. The Internal Revenue

Service (IRS) indicates on its website that employer matching programs are helpful to an employee who is already making contributions from their salary directly into a 401(k) or IRA.

An example that the IRS uses is if an individual contributes \$1,200 from a \$30,000 salary to their firm's 401(k) plan and the employer matches 50% of those individual's contributions (up to 5% of the salary), it would add another \$600 to the retirement investment for the year (Internal Revenue Service, 2023a). As previously stated, the limits of how much an employer will match can vary if any. If the employee is financially able to, they should at least contribute enough to a 401(k) account so they fully utilize the match program, in some cases increasing contributions by half or double, which can drastically improve the account's overall return and worth. In particular, if an employer were to match an individual's contributions up to 5% of their salary, contributing at least 5% themselves would fully utilize the program in the given example, although more can be contributed by the individual, they would not get any additional match contributions for it. This does not necessarily mean an individual should not contribute more, especially if an employer has a low match percentage.

On the other hand, a Roth IRA may have better tax implications depending on an individual's current tax bracket and the tax bracket at their age of retirement; it is helpful to use every advantage available to ensure retirement stability. There also exists a Roth 401(k) which has the benefits of being employer-sponsored and can benefit from employer match programs while also having tax-free withdrawals since the individual pays taxes at the time of contributing. If an individual will be in a higher tax bracket in retirement over when they are working, a pre-tax option such as a Roth IRA will be the most beneficial since an individual would end up paying more tax due to being in a higher tax bracket. If an individual will be in a lower tax bracket, on the other hand, a post-tax option such as a 401(k) would be most beneficial in that

case due to paying less taxes by being in a lower tax bracket compared to earlier in their working career.

Opening an Investment Account

Opening a Roth IRA, 401(k), or any kind of retirement account is just one step. First, an individual will have to pick a brokerage firm to open an account with, such as Charles Schwab or Fidelity. Both of these have no fees or commissions for stock trades and are all an individual investor will need for retirement savings. Upon selecting a firm to open an account with, the next step is selecting at least one retirement plan that the individual must decide what investments to place within. An individual can invest in specific stocks, but it is recommended that investments be diversified. In other words, people should not put all their eggs in one basket. Mutual funds are helpful to ensure diversification because they are a type of investment where many individuals pool their money to purchase different assets together such as stocks, bonds, and securities, and which helps mitigate risk. There are many types of mutual funds, like stock funds which focus either on small, mid, or large companies. One mutual fund to consider is an index fund, which follows the movement of a market index like the Dow Jones Industrial Average, or S&P 500, collections of 30 and 500 companies respectively. Companies that are in these markets are already seen as proven and reliable investments with little risk. Index funds are already highly diversified across different sectors and have the current largest companies in the country making them an easier investment with little to no research needed while also ensuring the diversification of assets automatically due to the wide variety of companies in the different market indexes which come with their successes or failures which affects the return of the fund. Index funds historically perform well. The S&P 500 for instance has an average annualized

return of 9.9% since its creation in 1928 to the end of 2023 (Maverick, 2024). Other funds are similar. Even when there is a recession causing the fund's value to plummet, it all evens out in the end and with exceptional growth too, due in part to having the large and recognizable firms in the fund that for the most part, will be present and successful consistently.

Improving Financial Literacy

The lack of foundational financial literacy has put countless Americans at a disadvantage from the start. Although it is not the only reason for the retirement savings deficit, it is one of the factors. Misconceptions, fearmongering, misunderstandings, and more, have prevented individuals from saving for retirement. Upon correcting this, individuals will have gained the knowledge and confidence to save.

Personal Finance Misconceptions

In any professional field, there are bound to be misunderstandings of how certain aspects operate to those who do not work in that particular field. It is only natural, especially since individuals only have enough time and reason to be at least knowledgeable of their own field and its inner workings. When it comes to finance and economics, several concepts have become misunderstood causing confusion and unnecessary actions which have hurt individuals when it comes to their income and retirement savings.

Tax Brackets

One common misconception involves tax brackets. In a scenario where an individual gets a promotion with expanded responsibilities and increased pay, their new salary has put them in a

higher tax bracket. Some individuals believe they will be paying that new higher tax rate on all their income. This is false and not how tax brackets function as the below table demonstrates:

Table 3

Unmarried individual federal tax brackets for 2024 Tax Year

Income Brackets	Tax Rate	Max amount owed in federal taxes for each bracket
\$11,600 or less	10%	\$1,160
\$11,601 to \$47,150	12%	\$4,265.88
\$47,151 to \$100,525	22%	\$22,742.28
\$100,526 to \$191,950	24%	\$21,941.76
\$191,951 to \$243,725	32%	\$16,567.68
\$243,726 to \$609,350	35%	\$127,968.40
\$609,351+	37%	No limit

Note. Federal Tax rates and income brackets are subject to change based on the current administration. Refer to www.irs.gov for any future year's brackets and tax rate.

Data From: Internal Revenue Service. (2023c, November 27). IRS provides tax inflation adjustments for tax year 2024. Internal Revenue Service. <https://www.irs.gov/newsroom/irs-provides-tax-inflation-adjustments-for-tax-year-2024>

If an unmarried individual is making \$50,000 a year in 2024, this is how their federal taxes would work for the current bracket system. For the first \$11,600, they are taxed at 10%, meaning they will pay \$1,160 for that sum. The next tax bracket at 12% is from every dollar over \$11,600 to \$47,150, meaning they will pay \$4,265.88 on the \$35,549 made in the bracket. The last tax bracket for this individual is for every dollar over \$47,150 to \$100,525 at 22%, meaning they will pay \$626.78 on the \$2,849 they earned in the bracket. In total the individual would

have spent \$6,052.66 on taxes with an income of \$50,000 in the year 2024. This is in comparison to the misconception of a flat rate for taxes being applied to an individual's entire income. The misconception is that since the individual's income is in the \$47,151 to \$100,525 bracket, they must pay 22% of their entire income, \$11,000 to federal taxes. In reality, the individual is paying less in taxes, only about \$5,000 worth. This means that an individual should not decline a promotion or increased pay due to being in a new tax bracket, it is a factor that should not be applicable. Note that tax brackets can change from year to year based on the administration that passed it. With that said, one thing that will not change is the marginal structure, meaning a pay increase should not be denied based on false assumptions of having to pay significantly more taxes.

Social Security Running Dry?

Fifty-five percent of non-retired individuals believe that the Social Security program's trust fund would run out of funding before their retirement (Mayer, 2024). Based on this misconception, the idea of saving for retirement has become futile to these individuals. Since with the removal of yet another pillar of retirement and the lack of their own savings, the idea to cease any future savings becomes an attractive option. Therefore, why should the effort of saving at all be warranted, is asked upon these individuals. Although the current standing of the reserve funds is in flux, it is unreasonable to cease saving for retirement and to be alarmed about Social Security's future. First, it is important to understand how the trust fund works. As an individual works, they pay a part of their income into retirement programs, one of them being Social Security. At the same time, the Social Security Administration uses those funds to either pay current retirees or uses the funds to invest in Treasury securities that are provided by the U.S. Government. The issue is that the fund is slowly spending more money than it is receiving, and it

is estimated that benefits could be reduced in the 2030s because of this, although it is seen as a worst-case scenario by the Social Security Administration (SSA Talks, 2023). The fund is in this position due to the population continuing to age and there not being enough workers to cover the expenses of the current retirees.

Chief Actuary, Steve Goss of the Social Security Administration, further covered this topic via their SSA Talks audio recordings on their site. Goss mentions that of the two funds that are maintained, 2.8 trillion dollars are held in reserve but are predicted to run out by 2034 where the SSA would only be able to pay 80% of benefits to retirees. This is because the SSA would only be able to use Social Security tax income to pay retirees instead of reserves (SSA Talks, 2023). To reiterate, this is mentioned as the worst-case scenario. Goss does not discuss the possibility of retirees receiving no benefits. Before reaching 2034, several things can happen to affect Social Security. Legislation could be presented to increase Social Security payroll taxes or possibly an income or wealth tax (on an individual's assets) to the rich to fund the trust fund to halt it from running out and help grow it again. Even if no additional funding is provided, at worst, 80% of benefits will still be provided at least and individuals should continue their own investments and retirement plans to strengthen their retirement stool as mentioned earlier. One way to ensure that individuals do not lose any percentage of their benefits is by increasing taxes. If that is across the entire population, or income or wealth tax for the rich, the latter being the more attractive as a means to assist with redistributing wealth while not increasing the burden on the working class.

Implementing Personal Finance into the Common Core

With all these misconceptions and fears in mind, it is clear that financial literacy in our educational system is a much-needed program to improve our society and help at the individual level. A bill at the state or federal level, adding a Personal Finance/Financial Literacy course alongside Math, English, and History through grades six to twelve, would be an adequate solution but comes with its flaws. For one, adding a course for students to learn would result in longer school days, or less time for other courses. Additionally, the workload may become overwhelming. Instead, the idea of reworking the Math subject may be a stronger alternative for a curriculum change.

The financial literacy curriculum could be implemented as follows. During elementary school, preschool through fifth grade, small instances of personal finance could be implemented such as how to give change back when doing addition and subtraction, along with other possible instances. Students would still learn the basics of math for general life skills but to also be built upon later in their educational career. Beginning in middle school, grades six through eight, students learning in the subject will slowly pitch towards financial skills such as budgeting/money management, credit card usage, taxes, etc. As they transition into high school, most if not all of the subject would revolve around personal finance but now with more complex topics such as investments for savings/retirements, how to save for milestone purchases such as a house or car, and more. They would not have to learn enough to become financial advisors, but enough to give individuals the support and foundation they need to become successful instead of being thrown into the world not knowing what to do. They could use the topics learned as a method of teaching specific courses such as calculus, algebra, statistics, etc. This approach of giving future generations stronger financial knowledge would reduce the struggles associated

with making choices that hurt them without knowing it such as the misunderstanding of tax brackets, and the ability to make or at least understand certain investments. The future generations of our country will be stronger and more intelligent for it which brings benefits for the economy and our society.

Strength in Numbers

One simple idea to help increase retirement savings is to increase employees' salaries, allowing employees to more comfortably allocate their savings without compromising current expenses and debts. Of course, this is easier said than done. Firms are profit-driven and are only inclined to increase pay on their own if it is to retain or obtain talent for their advantage. To make meaningful change, several avenues can be pursued.

Regulations and Laws

The first avenue is putting in place regulations and laws to increase the federal and state minimum wage. As of January 1st, 2024, the state minimum wage in Massachusetts is \$15 an hour while at the federal level and in fifteen other states, the minimum wage is still only \$7.25. Fifteen years after it had originally been implemented and could continue to be the minimum for several more years. Although the cost of living varies across the country and even within states, most of the time even the higher minimum wage states do not provide enough to live on when considering a 40-hour work week and the cost of living in that area. Inflation and lack of new legislation have also been a main factor. Every year the federal minimum wage stays the same, lessening the value it holds due to inflation, and making it harder for those workers who earn a low wage or even less if they are a service worker who relies mostly on gratuity from customers.

According to Drexel University, in 2020, 1.1 million workers, or 1.5% of hourly workers make at most the federal minimum wage: 865,000 of them making less due to having a tip-dependent position. Only about 10% of them are 16- to 19-year-olds and the rest are working adults (Drexel University, 2021) who are either trying to provide for themselves or their family but are not making anywhere near enough to live comfortably.

For context, to cover the cost of living for one adult and one child to live comfortably in two of the most expensive locations in the country, such as Hawaii or Washington D.C., an individual would need to make \$38.57 and \$39.51 per hour respectively. In reality, as of January 1st, 2024, the minimum wage in Hawaii is \$14 and \$17 per hour for D.C.; less than half of what is needed. On the opposite end, South Dakota, and Mississippi, which are the two states with the lowest cost of living, require a minimum wage of \$27.06 and \$26.74 respectively to support one adult and one child (Drexel University, 2021). However, as of January 1st, 2024, South Dakota's actual minimum wage is \$11.20, also less than half of what is needed, and \$7.25 for Mississippi., just over a fourth of what is needed.

The implication of this is that not only does new legislation need to be added to increase the minimum wage, but it also needs to be updated annually due to the cost of living and inflation decreasing its value over time. The current federal minimum wage was implemented in 2009 and currently, there is no plan or strong enough support to increase it. Even doubling it to \$15, as some groups have suggested, will not be sufficient as the data has shown. With that said, it would be a move in the right direction, but as time goes by its value further decreases.

Drexel University recommends that each state, on the individual level, should determine its livable minimum wage between \$20 and \$30 by the end of the decade by slowly increasing it to its goal over time to allow businesses to adjust instead of facing an instant jump in their

payrolls (Drexel University, 2021). Along with this, Drexel University recommends that each year, the minimum wage at the state level should increase to account for inflation (Drexel University, 2021). Furthermore, the federal minimum wage is recommended to be increased to \$15 to serve as a new baseline for the entire country regardless of state legislation. A gradual increase would be best due to the ramifications of doubling the minimum wage overnight. Firms would need time to slowly adjust, large and small.

With all this in mind, the question of how such an increase in wages would affect the economy is a valid concern. The argument goes that the cost of goods would have to increase to offset the cost to businesses. The funding will have to come from somewhere and, if not the employers directly, then the customers of said business. This would cause a higher cost of living and potentially render all the effort moot.

Redistributing Executive Compensation

One source of funding an increase in wages for the median worker, could come from redistributing compensation from within firms, specifically executives. In 2012, among the largest companies in the country, the average CEO pay was \$12.3 million which is 354 times that of a typical American worker (Liberto, 2013). Some CEOs make significantly more like Oracle's CEO Larry Ellison at \$96.1 million (Liberto, 2013). As CEOs, they should be compensated for their worth and what they contribute to the firm, but it is unreasonable to think their compensation is just. Hence the idea to redistribute not only the CEO's compensation but other leadership's pay to the rest of the employees to cover the adjustment in the minimum wage. As individuals receive a higher wage and can more comfortably provide for themselves and/or family, the ability to significantly contribute to their retirement will become easier. It is understood that it would be a daunting task for even one state to add a significantly higher

minimum wage which gets adjusted for inflation while redistributing leadership pay by implementing wage caps and limits on additional compensation such as stock. Therefore, these reforms should be adopted at the federal level. One piece of legislation that was introduced in 2024 to tackle specifically the income difference between the CEO and the median worker at the firm is the Tax Excessive CEO Pay Act. It was presented by Senator Bernie Sanders of Vermont, Elizabeth Warren, and Ed Markey of Massachusetts, along with several others. The act would increase the corporate tax rates on companies based on the ratio of the pay between the CEO and the median worker, or if the CEO did not receive the highest pay, it would be based on who did instead (Tax Excessive CEO Pay Act of 2024, 2024). These increases would occur once the ratio reaches 50 to 1 or a CEO who receives \$1,500,000 a year against a worker who receives about \$30,000 a year or about \$15 an hour before tax. At this ratio, the corporate tax rate would increase by .5% to 21.5%. Below is a table with the additional tax rate increases based on the compensation ratio on top of the already flat corporate tax of 21%:

Table 4

Proposed Tax Rate increase based on CEO to Median Worker Compensation Ratio

Firm's compensation ratio between the median worker and the CEO (Or Highest paid individual)	Corporate tax rate increase from 21%
50 ≤ 100	+0.5%
100 ≤ 200	+1.0%
200 ≤ 300	+2.0%
300 ≤ 400	+3.0%
400 ≤ 500	+4.0%
500 <	+5.0%

Table 4 (continued).

Data From: Tax Excessive CEO Pay Act of 2024, Bernie Sanders - U.S. Senator for Vermont (2024). bill. Retrieved April 7, 2024, from

<https://www.sanders.senate.gov/wp-content/uploads/TaxExcessiveCEOPayActText20244.pdf>

For additional context, 43 firms currently have ratios that are over 1,000 to 1, such as McDonald's, Chipotle, and Coca-Cola (Tax Excessive CEO Pay Act of 2024, 2024). If this act had been active in 2022 for instance, Walmart would have paid up to \$754 million more in taxes, Nike would have paid up to \$233 million more, and JPMorgan Chase would have paid up to \$1.04 billion more (Tax Excessive CEO Pay Act of 2024, 2024). With all that said, this bill is not aimed at increasing tax revenue. It is a deterrent to having such a high ratio. As explained by the press release about the proposed bill: "if companies increased annual median worker pay to just \$60,000 and reduced their CEO compensation to \$3 million, they would not owe any additional taxes" (U.S. Senate Sergeant at Arms, 2024). An increase of the median pay to \$60,000 may seem unreasonable, consider the following: an employee at one of McDonald's locations would have to work for more than 1,200 years to earn the same compensation as their CEO in 2022 of \$17.77 million, or a worker at Live Nation would need to work 5,414 years to receive the same compensation as their CEO in 2022 at \$139 million (U.S. Senate Sergeant at Arms, 2024). The scales are beyond off-balance to the point of absurdity. No one person should receive so much money while the majority of the working-class population and the firm employees are struggling to get by. By passing the bill at the federal level, all U.S. firms would be required to pay an increase in corporate taxes or decrease the compensation ratio. The income for the country from any corporate taxes could be used to fund new or existing support programs for workers which will be expanded upon in the following section.

Government Support Programs

The second avenue to increase retirement savings is the creation of new government support programs and initiatives through legislation. The idea is that if an individual's pay is not providing enough for themselves and/or family, Government assistance could be given to those who earn less than the local cost of living wage. Already, at the federal level, there exists food assistance via the Supplemental Nutrition Assistance Program (SNAP) program and housing assistance which can help individuals subsidize rental costs, acquire Government-backed loans, obtain public housing, and more. There currently is no federal program that helps tackle the income deficit that leads to a lack of retirement contributions. Two ideas exist to correct this. One tackles the income deficit and the other addresses retirement specifically.

Stimulus Payments

One idea to solve the income deficit is via monthly stimulus payments. Similar to the stimulus checks from the past several years during the COVID-19 Pandemic, but instead becoming a more consistent stream of support for those who need it. One proposal of this is Universal Basic Income (UBI): "a periodic cash payment unconditionally delivered to all on an individual basis, without means-test or work requirement" (Howard, 2024). As mentioned, unlike other aid, which is either a one-time grant, or requires the satisfaction of at least one condition, often continuously, UBI would be granted to all. This could be used in conjunction with an increase in the minimum wage to ease the burden on firms, specifically small businesses, who may not be able to afford the proposed minimum wage increase into the twenties or thirties as mentioned in the Regulations and Laws section. If UBI is implemented in the U.S., with a "basic income of \$1,000/month for every person in the U.S. (it) would have a gross cost of about

\$4 trillion a year” (Howard, 2024). With the current landscape of government spending and tax revenue, the idea of such an expense has already proven to be a hard obstacle to overcome.

An alternative idea to UBI is the Negative Income Tax (NIT). The main difference against UBI is “NITs are means-tested, phasing out their benefit levels as earned income rises. Doing so could lower the sticker price while achieving basically the same economic effects as a UBI considered together with higher taxes” (Jarow, 2023). A specific example from a 2021 proposal explained that “an NIT-style basic income that guaranteed \$12,500 to all adults (plus an additional \$4,500 per child). The benefit would begin phasing out when household income (calculated for two-adult households) reaches \$15,000 and would zero out at a household income of \$70,000. It was estimated to cost \$876 billion per year” (Jarow, 2023). With a fraction of the cost, and primarily helping those who need it most, NIT is the most feasible option of the two. Regardless of the option chosen, a monthly payment from the government would make individuals more productive over the idea of disincentivizing productivity. A UBI Study by GiveDirectly in Kenya found no evidence of laziness after receiving a monthly UBI payment over two years, but instead became more productive and increased savings (GiveDirectly, 2023). When promised a longer term UBI plan of twelve years over the two initial years, individuals in Kenya were more self-motivated to increase saving and investment knowing that in the given scenario, UBI gave them the opportunity to plan for the future through these investments due to the consistent UBI payments for the next several years (GiveDirectly, 2023). Based on this, bringing UBI or NIT to the U.S. could produce the same results of more productive individuals, and the ability and incentive to save and invest for the future. Individuals want to invest in themselves and prepare for the future not just in Kenya or in the U.S., but around the world. All that is stopping them is the lack of tools and support.

Custodial Retirement Savings Account

The second idea which tackles the retirement deficit specifically is creating a custodial retirement savings account with a one-time grant by the government. This idea is inspired by the already existing custodial college savings, where an account is created at an individual's birth, and grows over the next almost two decades until they become an adult and assume ownership of the account to use for post-secondary education expenses. For the proposed idea of a retirement variant, an individual would not gain ownership or the ability to withdraw from the account until they reach the earliest retirement age of 62 where Social Security benefits can begin to be disbursed. With the creation of the account at the individual's birth, if a certain amount was invested into the account, it could become an important resource to retirees with no need to make additional contributions to it. For instance, if the Federal Government made a one-time deposit into the account of at least \$2,000, equal to the current child tax credit for the 2023 tax year, at an expected return of 10% which is compounded annually, by age 70, the age to achieve the highest social security benefits, the custodial account would have 1.4 million dollars. This would happen just from investing \$2,000, 70 years prior and using compound interest to build the value of the account over time. The fund could invest in bonds and/or stocks. Specifically, an index fund such as the S&P 500 could further increase returns with its historical performance in mind. This amount could be increased if the future owner wants to contribute additional funds to it. However, they would not be able to withdraw from it until they at least reach 62 years of age, or perhaps some exceptions could be made with certain penalties to discourage withdrawals but allow it as an emergency option. Until that time, the accounts would be managed by the Federal Government who would transfer full ownership at age 62. Then it would be the individual's choice to start withdrawing and how much. A federally sponsored account like this would give

every citizen a sizable retirement savings that, with the use of Social Security, can help to become the new legs of the previously mentioned three-legged stool, this time with just two but giving individuals the support they need to retire and live comfortably for the rest of their life after decades of working tirelessly.

Unions

The utilization of labor unions is believed to be the most feasible and practical option nationwide for increasing compensation for workers. A union is an organization of workers either for a single firm or an industry that negotiates contracts with their employers' management on behalf of the collective to improve working conditions, pay, benefits, and more. On the topic of retirement savings, as reported by the U.S. Bureau of Labor Statistics, in 2020, 91% of Union workers had access to a retirement plan while only 65% nonunion workers do (U.S. Bureau of Labor Statistics, 2021). The use of negotiating retirement benefits with collective bargaining has increased the amount of union workers who have a retirement plan. Many of those plans being a pension, which has already been mentioned to be an important pillar of retirement savings.

In 2023, 16.2 million workers, or 11.2% of workers were a part of a union (Shierholz et al., 2024). The majority of workers who belong to a union are employed in the public sector at 36% of workers and only 6.9% of workers in the private sector are unionized (Shierholz et al., 2024).

The way a union functions is when a contract is coming to an end, the negotiators from either side meet, each listing what they want for the next contract. After discussions and making compromises, which may be a necessity for both sides, a finalized contract is then presented to the membership of the union to vote on. Negotiations could end when neither side can come to

an agreement and at that moment is not willing to give any more concessions. Unions have the power to go on strike if the members voted to do so. The union then instructs union members to cease any work with the firm(s). Workers may also form a picket- line outside their place of work to prevent those who are not following the strike from entering and to generally impede the business's daily activities. This gives the union leverage against the firms. A strike could last days, weeks, or even months. Even the threat of a strike is enough to get firms to yield to union demands. As an example, the International Brotherhood of Teamsters union (Teamsters for short), who represents over 300,000 UPS employees, threatened to go on strike against the firm which could have cost the U.S. economy over 7 billion dollars if the strike had gone on for ten days (Cerullo, 2023). This sheer power of collective bargaining and the willingness of the Teamsters to hold their ground against UPS to achieve higher wages and benefits demonstrates the power of unions and should be recognized and replicated across unions nationwide.

In 2023, 393 strikes took place between January 1st and November 30th, which involved more than half a million workers who in the first quarter of the year were able to increase their wages on average by 7% which is the largest increase in a single quarter since 2007 by a union (Malinsky, 2023). The success of unions continued that year as they showed their bargaining power and leverage over the firms they work for. One of these successes involves the United Auto Workers (UAW) who went on strike for 46 days after negotiations had failed with Ford, General Motors, and Stellantis. The Union got a minimum of 33% increase in their wages while a select few got over 160%, and additional workers in newer departments became covered by the union such as electric vehicle and battery positions (Malinsky, 2023).

Two related strikes involved the Writers Guild of America (WGA) and the Screen Actors Guild-American Federation of Television and Radio Artists (SAG-AFTRA). WGA represents

writers of movies and TV shows while SAG-AFTRA represents the actors. Both went on strike against the Alliance of Motion Picture and Television Producers (AMPTP), which represents the big production studios including Universal, Disney, Warner Brothers, Netflix, etc. WGA and SAG-AFTRA were looking for wage increases and protections against AI as it became more and more prevalent, and studios were looking to cut costs and replace workers with its utilization. Both strikes were successful and yielded 5% wage increases for WGA and 7% for SAG-AFTRA members respectively. Both unions also received protections against AI. The success of these three unions and others helped lots of workers obtain higher wages and better protections after their employers looked to limit or not offer them. By learning from these successes, already established unions and newly created ones can help counter the demands of the corporations, and instead put the common individual first.

Not all unions are treated equally, however. Starbucks Workers United (SWU), workers of the global coffeehouse, has had to deal with the corporation shutting down locations that were unionized to either send a warning to other locations or to reduce the power of the union. This is a textbook example of “union busting,” which is defined under the National Labor Relations Act as any employer action to discourage involvement with a union, if that may be via job termination, shutting down the specific location, or withholding of promotion or benefits. These activities are strictly illegal (National Labor Relations Board, n.d.). In 2022, the National Labor Relations Board, a U.S. labor agency, instructed Starbucks to reopen 23 locations and rehire the employees who were suspected of being fired due to union busting (Wiessner, 2023). Starbucks has denied any use of union busting and has stated that they were closed for other reasons. Regardless of the truth, unions and their workers should be given protection. Under existing

protections and with proper enforcement, unions and their workers will continue to use their collective bargaining to negotiate stronger wages and benefits going forward.

Conclusion

The retirement crisis in the U.S. is not present due to a single issue but is the culmination of many that have developed over time. The lack of substantial financial education has left past and future generations crippled from the start, unable to provide for themselves or even know the best avenues to do so. They are thrust into the world with years of education but hardly any knowledge regarding how to benefit their own retirement savings and financial wellbeing. Additionally, the sub-par quality of the best financial support from employers through wages and benefits results in the limitation or even elimination of savings for retirement from an individual's budget due to living paycheck to paycheck. Furthermore, the State and Federal Governments' failure to increase the minimum wage to an acceptable livable wage along with the absence of applicable support programs have left individuals with no assistance. Other issues include the removal of pensions and inflation increasing the cost of goods and services making necessities such as food and rent harder to afford. There are many avenues that can and should be pursued to remedy this crisis. The goal of this research was to establish what could be done about the crisis at various levels.

At the individual level, one step involves becoming aware of common retirement accounts such as a Roth IRA and 401(k) account, with their advantages and disadvantages. Despite the upfront tax expense, a Roth IRA may be the most beneficial with tax free withdrawals depending on an individual's current and future financial standing. A 401(k) may be preferable for someone else depending on their financial situation, both current and future.

Choosing one or more account types is as crucial as creating a foundation for a home. One account may be the most beneficial when it comes to taxes and contribution limits and can allow individuals to begin saving for themselves. The individual also needs to decide on the appropriate investments for those accounts – index funds, stocks, bonds, etc – based on their risk tolerance and expected rate of return.

On a wider level, states can improve the financial literacy of its citizens by overhauling the Math curriculum from middle school through high school as students focus more on Personal Finance to prepare themselves for when they enter the workforce and live on their own. Aspects of the curriculum would include explaining how the marginal tax bracket system works, budgeting and money management, credit card usage, and more. Students will not have to know as much as a financial professional, but they will be given the information and tools to allow them to adjust into the world with some financial literacy after high school or college graduation.

To tackle the wage deficit which results in people having little to no retirement savings, State and Federal Governments can implement several programs through legislation. The first method is to increase the minimum wage to a suitable amount based on the area. Another is to keep unreasonably high executive pay in check via corporate taxes while increasing the pay of the median worker at a given firm. Third, monthly stimulus payments through Universal Basic Income or Negative Income tax payments would give individuals the financial support to pay their expenses and afford to save for retirement. Lastly, a custodial retirement savings account could be created and initially funded for each generation at birth which would grow during their life to be utilized during retirement.

Continuing on broad solutions, being a part of a union can bring many benefits; higher wages, job security, retirement benefits such as a pension, and more. By using collective

bargaining, unions can keep firms in check to make sure appropriate contracts are approved for the workers who are their core and allow the firms to be successful.

With all these issues and possible solutions to them in mind, it is now left to the citizens of the country to either personally fight for these implementations, or support politicians who will write them into law. The path to do so will not be easy or quick. Nothing with significant change is, which underlines the importance of ending the retirement crisis for all current and future generations of the U.S..

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