



Sarah Godlewski

Office of the State Treasurer | State of Wisconsin

Good morning, and thank you for the opportunity to speak before the Assembly Committee on Ways and Means today. I want to give a special thank you to Chairman Macco for bringing this important bill forward and for his leadership on the Retirement Security Task Force.

I was proud to serve as Chair of the Retirement Security Task Force and was honored to submit our findings and recommendations last year. One of the recommendations promoted by the Task Force was the idea we have before us today: 401(K)ids.

How did this recommendation come to be? It was a combination of listening to Wisconsinites to understand their needs, concerns, and struggles, and it was also about understanding the data. We set out to find answers. What is the retirement status quo in Wisconsin? What are the themes, challenges, and trends? What will happen if we don't take any action? And what we learned was deeply troubling.

As the State Treasurer and a data nerd, I want to start with the numbers and statistics that illustrate the breadth and depth of the retirement problem in Wisconsin. Here are the facts:

- 88% of registered voters in Wisconsin wish that they had saved more for retirement.¹
- Almost one million Wisconsinites between the ages of 18 and 64 do not have access to a retirement savings plan at work.²
- 38% of people between the ages of 18 and 29 have no retirement savings³, and 46% of all Wisconsinites do not have a rainy-day fund to cover a financial emergency.⁴
- The average monthly social security benefit for a Wisconsinite in January of 2022 was \$615.19⁵. This is not enough to live off of alone, and social security benefits are the sole source of income for 3 in 10 older Wisconsinites.⁶
- Families of color have less access to retirement savings vehicles, which contributes to the stark racial wealth gap in our state.⁷

¹ [Sauer, Jennifer, AARP 2018 Wisconsin Retirement Security Survey of Registered Voters. Washington D.C.: AARP Research, December 2018.](#)

² [John, David and Gary Koenig, "Fact Sheet: Wisconsin, Workplace Retirement Plans Will Help Workers Build Economic Security," American Association of Retired Persons Public Policy Institute, AARP, Aug. 2015.](#)

³ [Board of Governors of the Federal Reserve System, Report on the Economic Wellbeing of Households, May 2019.](#)

⁴ [Finra Investor Education Foundation National Financial Capability Study: Wisconsin Data at a Glance.](#)

⁵ [Social Security Office of Retirement and Disability Policy, "SSI Monthly Statistics, January 2022".](#)

⁶ [Krieger, Carter, Burr, and Collins, "The Case for Reducing Poverty Among Seniors: Encouraging Savings for Retirement by People in Wisconsin." \(University of Wisconsin-Madison Robert M. La Follette School of Public Affairs January 2017\).](#)

⁷ ["Nine Charts about Wealth Inequality in America," Urban Institute, October 5, 2017.](#)



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- If our state takes no action, over 400,000 Wisconsin seniors will be in poverty by 2030 and Wisconsin will have to spend an additional \$3.5 billion on public assistance programs annually.⁸

These numbers are incredibly concerning. To me, action is not only the right thing to do for our people, but it is the fiscally responsible thing to do for our state.

As impactful as those statistics are, I was deeply moved when I heard stories from across the state during our Task Force listening sessions that truly brought those numbers to life. At one of our listening sessions, a woman in her late sixties shared that she was there not for herself - she was able to retire with peace of mind. Instead, she was at the listening session for her children. She believed that retirement security was much harder for them to achieve than it was for her. She had three kids in their thirties, and not one had started to save for retirement. One worked for a small business that was unable to provide a retirement savings option, another one worked in the gig economy and retirement benefits were not offered, and the other was an independent contractor.

Soon after our Task Force started, the COVID-19 pandemic hit and we wanted to understand how this unprecedented event would impact retirement savings. What we found is that if Wisconsinites had a retirement account, they were relieved because many of them used it as a way to help weather the unexpected financial storm. As one Wisconsinite shared, their retirement account was all that they had after they lost their job. It was their only source of liquidity to help put food on the table and pay their bills. This story was not an outlier. In fact, nearly 60% of Americans withdrew or borrowed from their retirement accounts to help cover expenses during the pandemic.⁹

We know that much of building a financial future centers around having access to the tools and education that enable Wisconsinites to develop financial resiliency. As Wisconsinites, I believe we value innovation and independence as a way to move our state forward. These values serve as the pillars of 40(K)ids.

401(K)ids is a smart solution that uses the power of the market and the power of compound interest to help Wisconsinites save for their futures starting at birth. Those who are lucky enough

⁸ [Krieger, Carter, Burr, and Collins, "The Case for Reducing Poverty Among Seniors: Encouraging Savings for Retirement by People in Wisconsin."](#)

⁹ [Kiplinger 2020 Retirement Survey.](#)



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to have a 401(K) or any retirement account know that one of the most effective elements of these accounts is compound interest, where small contributions can grow significantly over time. Harnessing the power of compound interest at such an early age is what makes 401(K)ids such an attractive and also creative idea. This program will make it easier for Wisconsinites to start saving their own money, and to start saving it early.

Further, the educational impacts are another positive outcome of the bill. 401(K)ids would help students put their classroom learning into practice. When people are taught how to save early they are more successful in the long term, as this savings habit becomes their reality. Additionally, research shows that financial literacy in teens is positively correlated with asset accumulation and net worth at age 25.¹⁰

What I am most excited about is that Wisconsin would be the first state in the country to establish such a program, giving Wisconsin kids a savings tool that uses the benefits of the market and compound interest to build financial empowerment and future financial success!

At the end of the day, 401(K)ids can help keep Wisconsinites out of poverty in their retirement years, help the state of Wisconsin avoid monumental costs for services, and help provide financial security for generations to come. The retirement security crisis is serious, and we can't risk inaction. Now is the opportunity to address this challenge head-on and get this done.

It doesn't matter if you live in De Pere or Manitowoc, or if you are a small business owner or a farmer, 401(K)ids will have a positive impact on Wisconsin families and communities. I believe it is possible for us - you, me, our loved ones, the neighbor next door - to prepare for and have a financially secure future. This legislation will help make this a reality for Wisconsinites.

I want to thank Chair Macco for holding today's hearing and for the Representatives for giving me the opportunity to testify. Thank you again for your time, and I'm happy to answer any questions.

¹⁰ [Kasman, Matt, et al. Financial Literacy Review. Brookings Institution, Oct. 2018.](#)