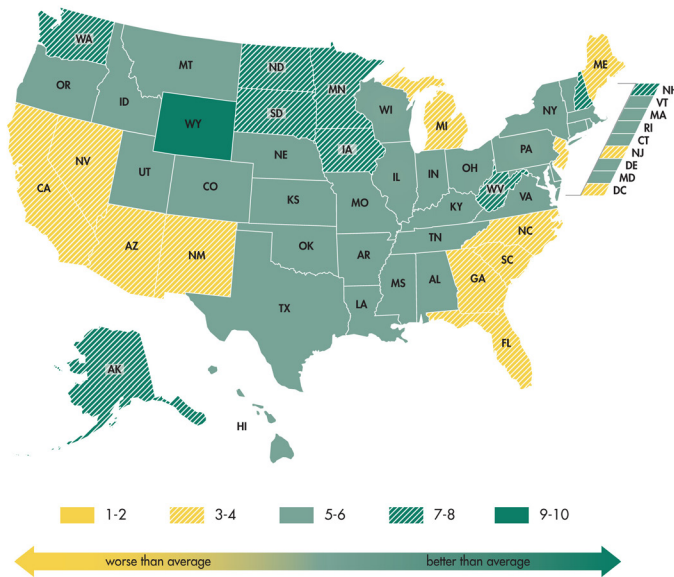


Financial Security for Future Retirees: Delaware Scores 6 out of 10



Delaware like every state faces challenges to the financial security of future retirees. The state's 6 out of 10 score on the Financial Security Scorecard means that the next generation has a lower potential for financial insecurity in retirement than counterparts in many other states, but there is still room for improvement. The scorecard considers: future income, key retiree costs, and labor markets for older workers.

Even with its relatively high ranking, Delaware still has an important role to play fashioning financial security as workers age. Its retiree income, cost, and labor market scores were all relatively high; however, workers need help to maintain their standard of living with an adequate income stream over their retirement years. Less than half of Delaware workers participate in a retirement plan at work. Those who have saved for retirement in defined

contribution (DC) account have an average balance of \$32,681; this means that workers have saved just over half of the \$56,506 average annual earnings of Delaware workers in 2012. Financial industry experts recommend that workers by their 40s should have 2-3 times salary in retirement savings set aside. Increasing retirement plan coverage and savings for retirement is important otherwise the percentage of older Delaware residents living in poverty in the future may exceed the 2012 level of 7.4 percent.



POTENTIAL FUTURE RETIREE INCOME SCORE: 6 OUT OF 10

The components of Delaware's retirement income score were mixed and yielded an above-average score. The \$32,681 saved in the average DC account held by Delaware workers was higher than the national average, so the state ranked 15th in this category. With 46 percent of private sector employees participating in an employer-sponsored retirement plan in 2012, Delaware fell right around the national average. However, since 2000 the percent of workers covered in a retirement plan has dropped from 56 percent. Also, Delaware had a relatively high 4.53 percent marginal tax rate on pension income.



MAJOR RETIREE COST SCORE: 6 OUT OF 10

Delaware's retiree cost score was also a mixed bag. The state ranked 12th in the nation in Medicaid generosity, with average payments of \$21,259 for older beneficiaries. The housing cost burden for older households was about average, with 31 percent of older households paying 30 percent or more of their income towards housing costs. In terms of Medicare generosity, Delaware ranked 28th in the nation, as retirees in the state saw a Medicare cost-sharing liability of \$1,748 in out-of-pocket costs for enrollees.



OLDER ADULT LABOR MARKET SCORE: 7 OUT OF 10

Delaware's older adult labor market score was above average, largely due to its relatively high median wage for older workers, at \$15.00 per hour, versus \$14.76 nationally. The state had a higher than average unemployment rate, however, at 5.4 percent, versus 5.3 percent nationally.

DELAWARE FINANCIAL SECURITY SCORES: 2000, 2007, 2012, AND NATIONAL AVERAGE 2012

	2000	2007	2012	National
Overall Score	7	7	6	5.4
Retirement Income Score	8	6	6	5.5
Retirement Plan Participation (Private Sector)	56.37%	51.35%	46.01%	46.0%
Average DC Account Balance	\$27,092	\$27,638	\$32,681	\$30,345
Marginal Tax Rate on Pension Income	3.66%	4.25%	4.53%	4.0%
Retiree Cost Score	7	6	6	5.4
Medicare Out of Pocket Cost per Enrollee	\$1,519	\$1,675	\$1,748	\$1,745
Medicaid Payments for Older Beneficiaries	\$20,363	\$20,923	\$21,259	\$16,978
Older Households Paying 30% or More for Housing	25.8%	30.7%	30.8%	32.7%
Labor Market Score	5	9	7	5.6
Older Worker Unemployment Rate	2.4%	1.8%	5.4%	5.3%
Median Hourly Wage for Older Workers	\$13.06	\$15.90	\$15.00	\$14.76

Note: All dollar figures are in 2012 dollars.

ABOUT THE FINANCIAL SECURITY SCORECARD

The Financial Security Scorecard measures three key areas of retirement security: potential future income, major retiree costs, and the labor market for older Americans. This Scorecard assesses Delaware relative to the other states on these dimensions of retirement security.

Nationally, private sector participation and savings in retirement plans are particularly inadequate. Reflecting an overall downward trend, even the highest-ranking state for workplace retirement plan participation had just 54% of private sector workers age 21-64 enrolled in a pension or 401(k) style retirement plan. Furthermore, existing savings levels in 2012 generated account values that are lower than a year's income and below levels that financial industry experts recommend as targets for most ages. Thus, regardless of relative scores, all states have their work cut out for them when it comes to creating absolute financial security for aging populations.

States were ranked based on eight measures of financial security for future retirees including: percentage of private sector workers participating in a retirement plan at work; average defined contribution account balance; marginal tax rate on pension income; average out-of-pocket expenditures for Medicare patients; average Medicaid spending per elderly patient; percent of older households spending 30 percent or more of income on housing costs; unemployment rate of people 55 and older; and median hourly earnings of workers 55 and older. Rankings were scored both overall and within three key categories on a scale of 1 to 10, with higher scores indicating better performance for the years 2000, 2007 and 2012.

For more information about the national and state scorecards visit www.nirsonline.org.