



## What is the iOme Challenge?

The iOme (I OWE ME) Challenge is a national student competition that works to raise awareness about the impact of financial security on the social and economic well being of our society. More specifically, the competition encourages students to challenge status quo thinking about the current state of retirement and propose viable policy recommendations.

Since 2009, the iOme Challenge has asked college students to imagine what America and the world will look like 40 years from now, understand and talk about the issues at hand, and identify what actions are needed today so that all generations may have a bright financial future. Student teams from across the country respond to the annual iOme Challenge question in the form of a policy essay of up to 5,000-words. A blue ribbon panel judges submissions and selects the winning team. The team shares a \$5,000 cash prize and is then invited to Washington, DC to present its submission at a symposium and discuss it with public policymakers. In 2016, the Women's Institute for a Secure Retirement (WISER) took on the management of the iOme Challenge, and continues to expand its reach and impact.

The iOme Challenge presents a unique opportunity to engage younger generations in the process of finding solutions to the financial and retirement challenges facing all generations. In the coming years, the project will aim to reach even more students with this opportunity and continue providing a platform for this important intergenerational dialogue.

### A UNIQUE EXPERIENCE:

#### Testimonials from iOme Challenge Winners

*It's been one of the most enriching and amazing experiences I've ever had and I can safely say that for our entire team! It's been our great honor to present our paper and hear from so many experts speaking at the forum and offering us a lot of useful suggestions for future work. And the meetings on the second day were simply eye opening!*

—2017 iOme Challenge Winning Team, A collaboration of students from Columbia University, Duke University and Amherst College

*Since participating in the iOme Challenge, I was awarded the Truman Scholarship and will also be interning with the Senate HELP Committee. Both of these accomplishments have been directly made possible by the iOme Competition and the way it helped spark a passion in me for the subject of retirement policy. For that, I am very grateful for the work your organization is doing!*

—2018 iOme Challenge Winner from University of Maryland Baltimore County

## 2019-20 Challenge Question

The 116th Congress has appointed you as a member of the 2020 Independent Commission on Retirement Security. Below is background information and instructions to the Members of the Commission.

### Background

In 2017, the U.S. Government Accountability Office (GAO) issued a report titled, “The Nation’s Retirement System: A Comprehensive Re-evaluation is Needed to Better Promote Future Retirement Security.” The report asked Congress to consider establishing an independent commission to examine the U.S. retirement system, as it has been nearly 40 years since a federal commission has conducted a comprehensive evaluation. The piecemeal approach taken in the past has not been effective in addressing the many challenges facing individuals today. It was suggested that the commission include representatives from government agencies, employers, financial services industry, unions, participant advocates, and researchers to help inform policy makers on changes needed to improve the current U.S. retirement system.

### The Problem

There is widespread agreement that large numbers of Americans are unprepared for lengthy retirements. The three pillars of retirement — Social Security, employer-sponsored retirement plans, and personal savings — together may not provide adequate benefits due to the various financial risks that need to be addressed.

The first pillar, Social Security’s retirement program, was never meant to be the only source of retirement income. It’s always been considered a foundation for workers to build on. In 2010, Social Security’s retirement program began paying out more in benefits than it received in income. Current projections indicate that unless changes are made to either or both the funding or benefit payments, Social Security will only be able to pay 75 percent of benefits starting in 2035. While various changes to the system have been suggested, none have yet been implemented.

The second pillar—employer-sponsored retirement plans—are proven to be the most effective and easiest way for workers to save for retirement. Current research shows that if an employer offers a plan, workers are 15 times more likely to save. Yet one-third of civilian workers are not offered a retirement plan at the workplace and many of those workers who are offered a plan still do not participate. Furthermore, there is no clear path on how to include the growing numbers of part-time and temporary workers in the current employer-based retirement plan system.

The third pillar—personal savings—refers to what individuals save beyond any savings they may have through a workplace plan. Americans are living longer, yet few are saving for retirement on their own. According to the IRS, only eight percent of eligible taxpayers contribute to tax-favored individual retirement accounts (IRAs) each year.

Looking at both workplace and individual retirement savings, a large percentage of Americans have saved little for retirement. According to the Employee Benefits Research Institute, nearly half of

Americans nearing age 65 have less than \$25,000 put away for retirement. One in four Americans have less than \$1,000 saved. Yet, living longer means Americans have to make their savings last longer.

Ethnic and racial inequality is also an important factor in retirement savings. According to the National Institute on Retirement Security, 66 percent of Latino households have no assets in retirement accounts and 62 percent of Black households have no assets in retirement accounts. This compares to 37 percent of White households with no retirement assets.

In addition, many Americans lack basic knowledge about personal finance, including managing debt, improving credit, and retirement planning. A 2018 study by the FINRA Foundation estimates that two-thirds of Americans could not pass a basic financial literacy test. It found that Americans have low levels of financial literacy and have difficulty applying financial decision-making skills to real life situations. Also, many job changers cash out and spend their retirement income instead of preserving it and moving it into a new retirement plan. The need for cash along with a complex process of rolling over the funds contributes to a very real problem – the loss of a retirement benefits as it is used for current needs and not rolled over into other retirement savings.

Finally, it is clear that different generations face different degrees of urgency when it comes to retirement. For instance, **Millennials** (born between 1981 and 1996) and **Generation Z** (born 1997 onward) have the longest time frame before them and the most to benefit from both improvements to the fragmented retirement system and to wage growth. **Generation X** (born between 1965 and 1980) are vulnerable when it comes to retirement – there is research indicating that about one-third of Gen-Xers have zero retirement dollars saved. **Baby Boomers** (born between 1946 and 1964) are already in their first decade of retirement or getting very close to retirement and may benefit from new ideas or programs. Even within generations there is a great diversity of circumstances, with some segments well prepared and others in great need of new solutions. Women have a particularly hard time achieving a secure retirement as they earn less over their working lives and lose income when they work part-time or leave the workforce to care for children or aging parents. As a result of lower earnings, their Social Security benefits are less and their ability to save is also affected.

## Instructions to the members of the Independent Commission on Retirement

The retirement system needs to be re-evaluated and a comprehensive approach needs to be developed to modernize efforts in support of more efficient and effective programs that help Americans plan and save for retirement.

Your job as a Gen Z'er about to enter the workforce is to bring a new perspective to the Independent Commission on Retirement Security and to develop a comprehensive proposal to improve one or all of the three pillars of the nation's retirement system for all generations in order to improve their chances of living a financially secure retirement. Your proposal should include both broad policy solutions, as well as policies that target the needs and challenges of specific population segments you believe the commission should prioritize. Further, you may want to recommend policies both to promote increased retirement savings and to improve the income options to prevent individuals from running out of savings in retirement.

**The following list is meant to stimulate your thinking about policy proposals to improve the retirement system but you are not limited to these suggestions:**

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- Ideas to improve access to and participation in employer-sponsored retirement savings plans.
  - Ideas to increase savings through new types of plans.
  - Ideas about how to expand the current retirement system that is focused on employer and employee participation to include options for those workers who are “1099 employees” or part of the gig workforce.
  - Ways to use tax incentives/penalties targeting workers and/or employers in the current system, or in a newly formed retirement savings system.
  - Ways to use non-tax incentives targeting workers and/or employers.
  - Ideas for changes to the Social Security system.
  - Ways to improve Americans’ financial skills and financial literacy.
  - Ideas that focus on different subsets of Americans either by proximity to retirement, household income, or other factors that affect retirement security (e.g. gender, ethnicity.)
  - Ideas for helping individuals get more from their savings once they retire.
  - Ideas that take into account changing demographics, including changes in lifespans and household patterns.
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**To learn more about the iOme Challenge, visit:**  
**[www.iomechallenge.org](http://www.iomechallenge.org)**

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The iOme Challenge is a project of the Women’s Institute for a Secure Retirement (WISER)