

Poll Report: Small Business Owners' Views on Retirement Security

Based on a scientific phone survey of small business owners nationwide

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Main Street Alliance
www.mainstreetalliance.org



American Sustainable Business Council
www.asbcouncil.org

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INTRODUCTION

Small business owners are on the front lines of job creation, taking risks and building strong local economies across America and provide the foundation for our national economy. With their perspective on both the economic opportunities and challenges facing their communities and the country as a whole, small business owners' views can provide valuable insights to decision-makers on current policy issues. They can also help surface important priorities, and inform elected officials and the general public's understanding of what policies will help or hurt small businesses.

Retirement security has become an important topic in policy discussions as Social Security comes under federal budget pressures. But Social Security is a safety net, ideally used to supplement a retirement plan that enables a reasonable standard of living in retirement. Policy should encourage retirement saving for workers, so that they and their families do not rely exclusively on Social Security and public benefits for retirement years.

Unfortunately, only about half of working-age (18 to 64) Americans participate in employer-sponsored retirement plans and only 8% have Individual Retirement Accounts.* Even before the Great Recession, in 2007, one-half of households with someone aged 55 to 64 years had financial assets of \$72,400 or less. That wouldn't cover two years of retirement at the median annual working income that year of \$54,600.*

Solutions to this problem are being pursued at both the state and federal levels. For example, California, Oregon and Connecticut are among a number of states considering innovative state-level approaches to improving retirement security. Legislation in California would approach the problem by creating a state-wide system consisting of Individual Retirement Accounts offered on an opt-out basis by employers. Employee Stock Owned Plans are growing in popularity. Other ideas include setting up plans that look more like the Social Security system or traditional pensions. Nationally, Senator Tom Harkin has proposed instituting a universal private pension plan and enhancing Social Security.

This report, which contains the results of a scientific national phone survey of small business owners (2 to 99 employees) conducted in March 2013, is designed to inform policy discussions about retirement security and serve as a basis for evaluating proposals that address the needs and concerns of small business owners.

*<http://www.treasury.gov/tigta/auditreports/2010reports/201010097fr.pdf>

EXECUTIVE SUMMARY

Retirement security is a concern to small business owners. This report, based on the results of a scientific national phone survey of small business owners (2 to 99 employees) conducted in March 2013, shows that they overwhelmingly believe that lack of retirement security is a threat to business and the economy overall. At the same time, only one-third of small business owners offer a retirement plan, with cost being given as the largest obstacle.

Key findings from this survey include:

- **Small business owners believe that a lack of retirement security hurts business and the overall economy.** Seventy percent of small business owners believe that a lack of retirement security undermines confidence and willingness to spend among older Americans. Sixty-four percent of small business owners believe that lack of retirement security can hurt business and the economy by forcing the current generation of workers to devote time and money to the financial support of their aging parents.
- **However, only 33% of small business owners now offer a retirement plan.** This finding confirms the lack of employer assistance in retirement security, especially among small businesses.
- **Smaller companies are less likely to offer a plan.** Fifty percent of businesses with 20 or more employees offer a plan, while 77% of businesses with 2 – 4 employees do not.
- **A total of 60% of small business owners either offer or are interested in offering a plan.** In addition to the 33% that offer a plan, 27% are interested. Thirty-nine percent are not interested in offering a plan or don't know.
- **Small business owners perceive cost as the biggest barrier to offering a plan by more than 5 to 1 over other options.** When asked about obstacles to offering a retirement plan, 63% choose "cost," with 8% choosing "legal and regulatory requirements," "concern about liability" or "other." Six percent chose "complexity" as the main hurdle, and 6% "don't know."
- **Respondents in this scientific national telephone survey were politically and geographically diverse, with a strong plurality Republican or Independent-leaning Republican:** 47% identified as Republican (36%) or Independent-leaning Republican (11%); 27% as Democratic (19%) or Independent-leaning Democratic (8%); and 26% as Independent (14%) or other (12%).

DETAILED FINDINGS & CHARTS

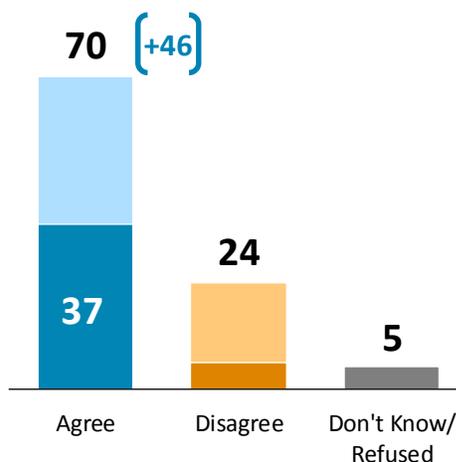
Small Business Views on Retirement Security

Small business owners believe that lack of retirement security hurts the businesses and the economy. To better understand the beliefs that animate small business opinion, we asked about the issue with two different versions of the question.

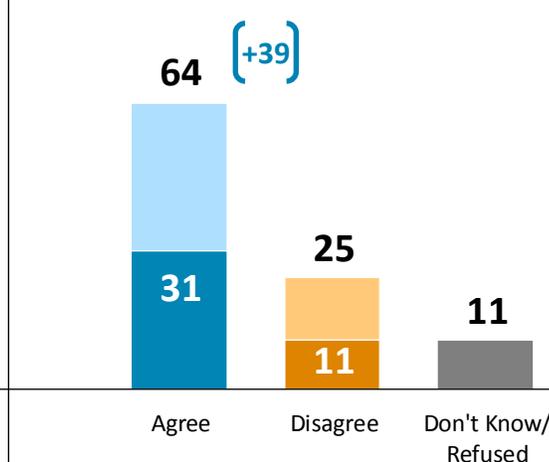
Seventy percent of small business owners believe that a lack of retirement security undermines confidence and willingness to spend among older Americans. Sixty-four percent of small business owners believe that lack of retirement security can hurt business and the economy by forcing the current generation of workers to devote time and money to the financial support of their aging parents.

A strong majority of small business owners agree that lack of retirement security can hurt business and the economy by undermining spending confidence among older Americans or by forcing the current generation of workers to support their aging parents.

SSA: Lack of retirement security can hurt business and the economy by undermining the confidence and willingness to spend among older Americans.



SSB: Lack of retirement security can hurt business and the economy by forcing the current generation of workers to devote time and money to the financial support of their aging parents.



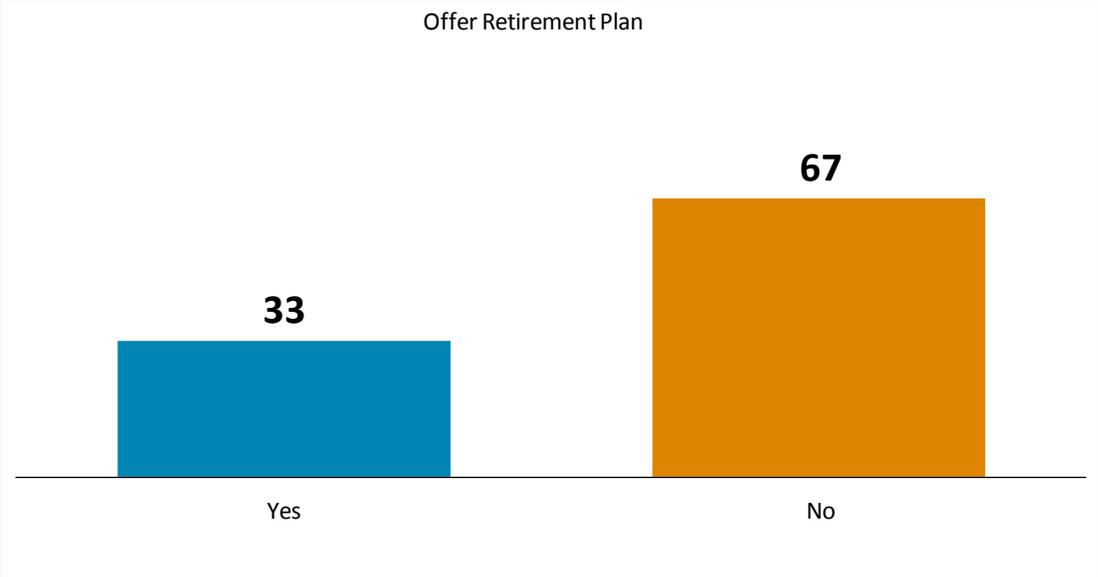
*Darker colors indicate intensity

*Asked of half of sample

² Do you agree or disagree with the following statement:

However, very few small business owners currently offer a retirement plan. This indicates a large disconnect between their opinions about the importance of retirement security in general and their actions in their own businesses.

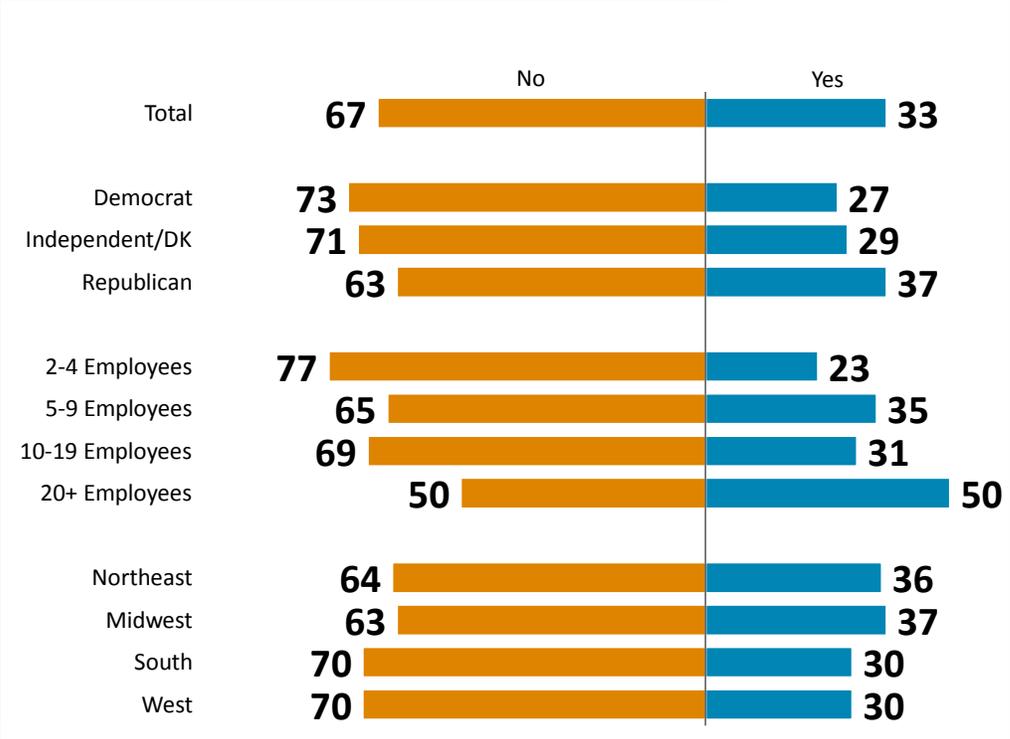
Only one third of small business owners say they currently offer a retirement plan to employees.



Do you offer any type of retirement plan for your employees, or do you not offer such a plan?

Businesses with fewer employees are less likely to offer a retirement plan. Fifty percent of businesses with 20 or more employees offer a plan, while 77% of businesses with 2 – 4 employees do not.

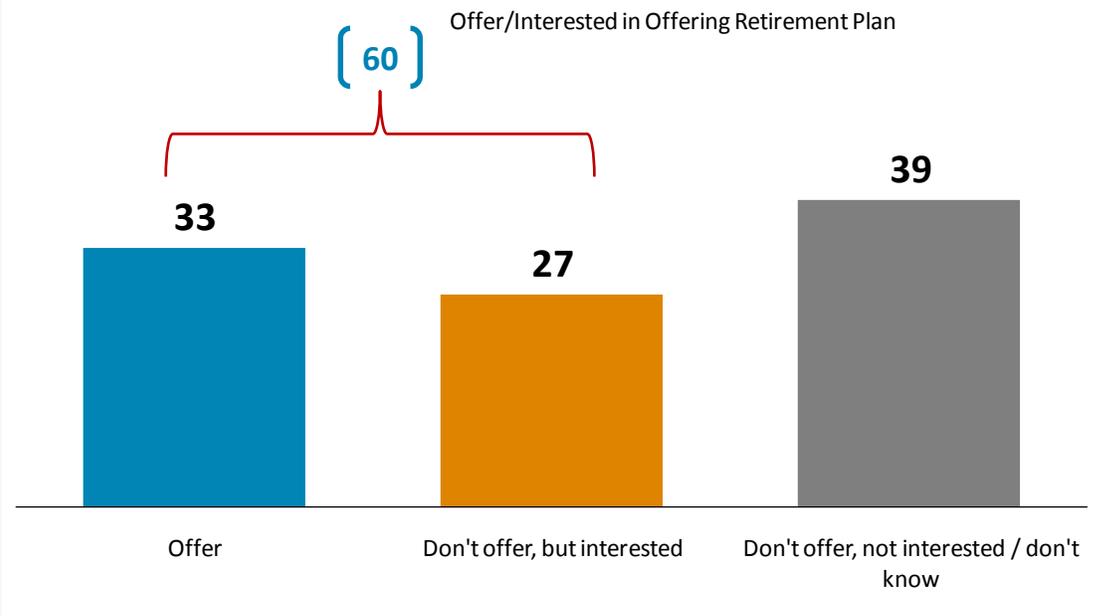
Companies with 20 or more employees are more likely to offer a retirement plan. Almost 8-in-10 businesses with 2-4 employees do not offer a retirement plan.



Do you offer any type of retirement plan for your employees, or do you not offer such a plan?

A majority of small business owners either offer or are interested in offering a retirement plan.

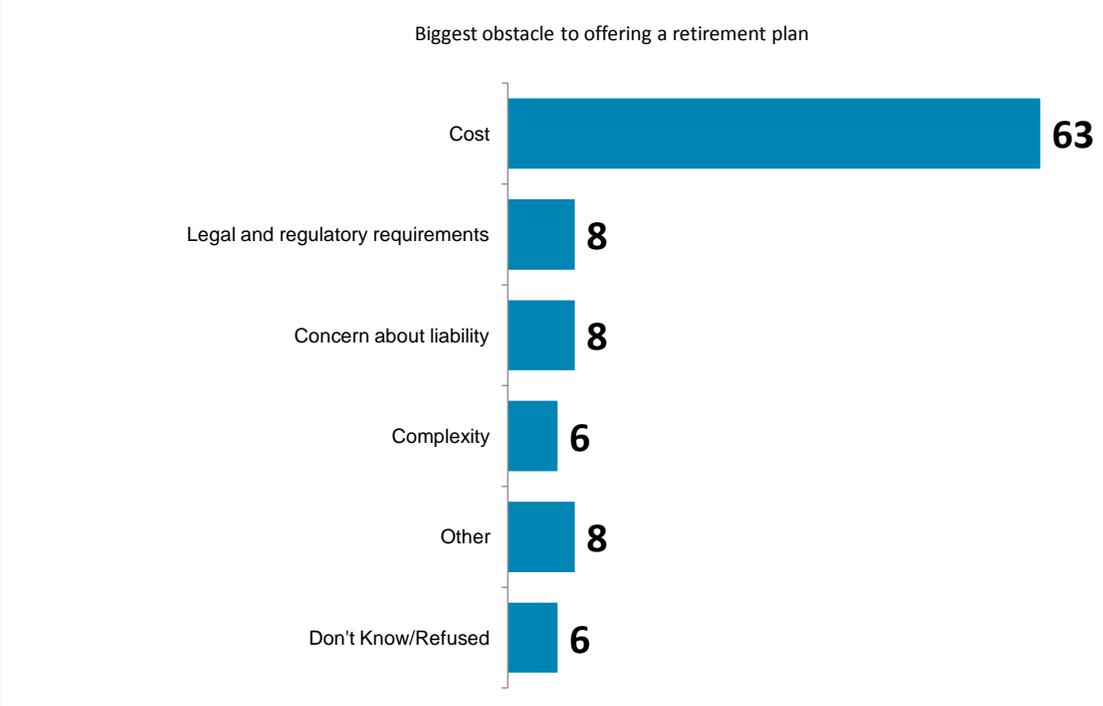
Sixty percent of small business owners either offer, or are interested in offering some sort of retirement plan.



Do you offer any type of retirement plan for your employees, or do you not offer such a plan?
Would you be very interested, somewhat interested, not too interested, or not at all interested in being able to offer some sort of retirement plan for your own employees?

Overwhelmingly, small business owners perceive cost as the biggest barrier to offering a retirement plan to their employees.

By a wide margin, cost is the biggest reported obstacle to small business owners offering a retirement plan.



Which of these is the biggest obstacle to your offering a retirement plan for your employees?

METHODOLOGY

Results reported here represent findings from a scientific live telephone survey of 515 owners of small businesses (2 to 99 employees) nationwide conducted by Lake Research Partners over March 14-25, 2013. Survey respondents were a geographically stratified sample of small business owners from around the country. The data were weighted slightly by gender, region, ethnicity, and business size to match the sample to the national population of small business owners. The survey's margin of error is +/-4.4%.

POLL TOPLINES

March 14-25, 2013
515 Small Business Owners

	N=	Total 515	Demo- crat 139	Indep- endent 72	Repub- lican 242
Gender of respondent					
Male.....	73	73	62	70	79
Female.....	27	27	38	30	21

Approximately how many people work 30 or more hours per week at your company, including yourself? Please don't include contractors.

2-4 Employees.....	38	36	43	40
5-9 Employees.....	24	27	16	23
10-19 Employees.....	18	20	15	16
20-99 Employees.....	20	16	26	21

Moving on to another issue, do you offer any type of retirement plan for your employees, or do you not offer such a plan?

Yes	33	27	34	37
No	67	73	66	63
(Don't know).....	0	0	0	0
(Refused).....	0	0	0	0

Would you be very interested, somewhat interested, not too interested, or not at all interested in being able to offer some sort of retirement plan for your own employees? *(Only asked respondents who do not offer a plan.)*

Very interested.....	16	28	18	10
Somewhat interested	25	27	27	26
Not too interested.....	11	13	10	11
Not at all interested	45	28	42	52
(Don't know).....	2	5	0	2
(Refused).....	0	0	3	0
Very /somewhat interested.....	41	55	45	36
Not too /not at all interested.....	56	40	53	63

Which of these is the biggest obstacle to your offering a retirement plan for your employees? (*Only asked respondents who do not offer a plan.*)

[READ CHOICES]

Cost	63	69	47	65
Legal and regulatory requirements.....	8	1	19	10
Complexity	6	6	6	7
Concern about liability.....	8	13	6	5
(Other)_____RECORD	8	5	16	7
(Don't know).....	5	5	4	4
(Refused)	1	1	3	0

SSA: Do you agree or disagree with the following statement: Lack of retirement security can hurt business and the economy by undermining the confidence and willingness to spend among older Americans.*

[IF AGREE/DISAGREE: Is that strongly, or somewhat [AGREE/DISAGREE]?

Strongly agree	37	48	46	33
Somewhat agree	33	29	17	38
Somewhat disagree	18	16	23	16
Strongly disagree.....	6	1	8	9
(Don't know).....	5	5	6	3
(Refused).....	0	1	0	0
Strongly /somewhat agree	70	77	63	72
Strongly /somewhat disagree	24	17	31	25

*Asked of half the sample.

SSB: Do you agree or disagree with the following statement: Lack of retirement security can hurt business and the economy by forcing the current generation of workers to devote time and money to the financial support of their aging parents.*

[IF AGREE/DISAGREE: Is that strongly, or somewhat [AGREE/DISAGREE]?

Strongly agree	31	48	14	28
Somewhat agree	33	24	45	35
Somewhat disagree	14	15	12	17
Strongly disagree.....	11	0	22	12
(Don't know).....	10	14	6	9
(Refused).....	1	0	1	0
Strongly /somewhat agree	64	71	59	63
Strongly /somewhat disagree	25	15	33	29

*Asked of half the sample.

Generally speaking, do you think of yourself as a Republican, a Democrat, an independent, or something else?

[IF REPUBLICAN OR DEMOCRAT:] Do you consider yourself a strong (Republican/Democrat) or a not-so-strong (Republican/Democrat)?

[IF INDEPENDENT:] Would you say that you lean more toward the Republicans or more toward the Democrats?

Strong Republican	23	0	0	49
Not-so-strong Republican	13	0	0	27
Independent - lean Republican	11	0	0	24
Republican	47	0	0	100
Independent	14	0	100	0
Democrat	27	100	0	0
Independent - lean Democratic	8	29	0	0
Not-so-strong Democrat	8	31	0	0
Strong Democrat	11	41	0	0
(Other)	7	0	0	0
(DO NOT READ, BUT RECORD VOL: Libertarian).....	1	0	0	0
(Don't know).....	4	0	0	0

In what country were you born?

U.S.	90	84	90	95
(Other country) _____ RECORD.....	9	16	10	5
(Refused).....	2	0	0	0

What is your age? **IF REFUSED:** I am going to read you some categories. Stop me when we get to your category.

READ CATEGORIES:

18-24 years.....	1	2	1	1
25-29	2	1	1	2
30-34	5	2	5	6
35-39	6	5	2	7
40-44	9	11	6	9
45-49	9	9	13	9
50-54	14	16	12	15
55-59	16	20	17	16
60-64	19	19	19	18
65-69	8	10	3	9
70-74	4	3	5	4
Over 75	1	1	2	2
(Refused)	6	0	15	3

Just to make sure we have a representative sample, could you please tell me whether you are from a Hispanic, Latino, or Spanish-speaking background? **[IF “NO”, ASK:]** What is your race--white, black, Asian, or something else?

DO NOT READ

White/Caucasian.....	81	72	81	88
Black/African American.....	4	9	0	2
Latino/Hispanic.....	4	6	5	3
Asian/Pacific Islander.....	6	8	6	5
Native American.....	1	1	1	0
(Other).....	2	3	3	1
(Don't know/refused).....	3	1	4	1

THIS COMPLETES OUR SURVEY.

ABOUT THE ORGANIZATIONS



The American Sustainable Business Council and its member organizations represent more than 165,000 businesses nationwide, and more than 300,000 entrepreneurs, executives, managers, and investors. ASBC informs and engages policy makers and the public about the need and opportunities for building a vibrant and sustainable economy.

www.asbcouncil.org



The Main Street Alliance is a national network of state-based small business coalitions. Main Street Alliance creates opportunities for small business owners to speak for themselves on issues that impact their businesses and local economies.

www.mainstreetalliance.org