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Dignity and Security in Retirement

Last winter, after my father entered a hospitalization from which he would never emerge, my mother and I sat down with a social worker to talk about options for the long-term care we thought he might need. I'll always remember the social worker patiently explaining to my mom that her best option to cover Dad's care might be for our family to spend everything that we had until we were asset-poor enough to qualify for Medicaid. I remember thinking, "Is that how this works in America?"

It is a fact of life that we and the people we love grow older. With aging can come deep satisfaction and joy--the chance to slow down, or travel, or play with a new grandchild. It can also bring hardship, as a worker frets whether she has sufficient savings to retire or a husband weighs whether to move his spouse to a nursing home.

More and more Americans are confronting the challenges of aging, as Baby Boomers continue to approach retirement. After full careers, many Americans continue working longer because they can't afford to retire. For the first time in our nation's history, there will be more older adults than children.¹ In 2020, half of adults who reach 65 will require long-term care.² By 2026, we will require 7.8 million new care jobs. At the same time, more and more Americans are becoming eligible for Social Security—even as the Trump Administration has attempted to undermine Americans' retirement by cutting billions of dollars from Social Security over the next decade.³

Politicians in Washington have known this crisis was intensifying for years. And for years, they have failed to address it. It is time for a new approach.

I am determined to usher in a new era for older Americans, one that empowers them to age and retire with dignity. One that equips them and their families with a sense of security over their futures, allowing them to see it as a time filled with possibility.

In this new era, we will uphold that unshakable promise that every American should be able to maintain a decent standard of living when they retire. We will honor and support our nation's caregivers—who are primarily women and disproportionately Black, Latino, and immigrant—and treat them with the respect they deserve. In a historic effort, we will fundamentally transform our long-term care system by establishing a new, historic long-term care program, Long-Term Care America, which will provide eligible seniors a benefit of \$90 a day for as long as they need it.

My plan also ensures that older Americans have freedom in retirement through greater choice. We will protect the ability of older Americans to choose the health plan that works best for them by preserving Medicare Advantage, a private Medicare plan that over 20 million older Americans selected for this year; eliminate roadblocks to aging in place so seniors can age at home or in their community if they prefer; and institute a Public Option 401(k) so that all workers have the opportunity to save for and achieve financial security in retirement.

¹ Vespa, John. "The U.S Joins Other Countries with Large Aging Populations." U.S. Census Bureau. October 8, 2019

² Favreault, Melissa, and Judith Dey. "Long-Term Services and Supports for Older Americans: Risks and Financing Research Brief." July 1, 2015. We adjusted for inflation.

³ <https://www.whitehouse.gov/wp-content/uploads/2019/03/budget-fy2020.pdf>

Vice President Hubert Humphrey observed that “the moral test of government” is, in part, how we treat “those who are in the twilight of life, the elderly.” Under my administration, we will meet that moral test and ensure every American has respect, dignity, and a sense of belonging in retirement and health security at home.

SECTION I: LONG-TERM CARE

Part I. Make Long-Term Services and Supports More Affordable

It’s not easy or cheap to age these days. Over one in four older Americans will spend more than \$50,000 on long-term care costs across their lifetime. About one in ten will spend upwards of a quarter of a million dollars.⁴ On average, it costs more than \$50,000 a year to employ a home health aide to cook meals, manage medication, or help with bathing.⁵ Nursing home care costs on average \$100,000 a year.⁶ These financial expenses are expected to increase as the over-65 population grows. This makes the need for a system to help Americans plan for and manage these costs even more urgent.⁷

Many people are grossly underprepared for the high costs of aging. Three out of four people over age 40 worry about not being able to afford long-term care.⁸ For millions of families across the country, including those impacted by dementia, this has reached crisis levels. This will worsen and impact our whole country, as caring for aging Baby Boomers will strain our health care system.⁹

Pete is proposing a new, historic long-term services and supports program to help cover the costs of long-term care for older Americans with a high level of need. To provide financial protection for those who have shorter-term needs or are in the early stages of long-term needs, Pete will strengthen the private long-term care insurance market and make Medicaid benefits more accessible.

Establish Long-Term Care America, a historic long-term services and supports program.

Pete’s Long-Term Care America proposal would create a long-term care program to protect people over age 65 who require assistance with two or more activities of daily living, such as bathing or eating. Benefits would be worth \$90 per day for as long as they need care, and kick in after an income-related waiting period. The cash benefit would come with requirements attached to ensure it is being used for high quality long-term services and supports and that the money isn’t perpetuating or undermining worker standards. This benefit will become “first payer,” and can be used to cover the cost of hiring a home

⁴ Favreault, Melissa, and Judith Dey. “Long-Term Services and Supports for Older Americans: Risks and Financing Research Brief.” July 1, 2015.

⁵ Marsha Mercer. “Can You Afford a Home Health Worker?” AARP. November 4, 2019.

⁶ Genworth. “Genworth Cost of Care Survey 2019: Median Cost Tables.”

⁷ Favreault, Melissa, and Judith Dey. “Long-Term Services and Supports for Older Americans: Risks and Financing Research Brief.” July 1, 2015.

⁸ “Financing Long-Term Services and Supports: Seeking Bipartisan Solutions in Politically Challenging Times.” Bipartisan Policy Center. July 11, 2017.

⁹ Baker, Sam. “The looming crisis in long-term care.” Axios. August 19, 2019.

health aide for several hours a day, or offset the cost of assisted living or nursing home facilities. It will be inflation-adjusted and regionally-adjusted. Similar programs have been supported by the Long-Term Care Financing Collaborative (a diverse group of policy experts), and the Bipartisan Policy Center.^{10,11}

Help families plan for the costs of long-term services and supports and have more options, including by strengthening the private long-term care insurance market.

Older people are often not prepared for the consequences—both financial and emotional—of aging, leaving them exposed to potentially catastrophic costs.¹² This can happen for a variety of reasons, from our predisposition to underestimate the risk of needing long-term care to the difficulty of thinking about losing one’s independence. Further, over 40 percent of people wrongly believe that Medicare covers long-term care,¹³ and the existing private long-term care insurance market is grossly inadequate, covering only eight percent of long-term care costs nationally.¹⁴ Only a handful of insurers offer meaningful coverage policies, and the market has shrunk considerably in the last decade.¹⁵ The private long-term care insurance market is failing people. But because our government can set the rules by which private players operate, the government can change the rules. As President, Pete will revitalize this broken system.

As a first step, Long-Term Care America will cover most catastrophic costs. This will help make it viable for insurers to offer long-term care coverage to people who need lower levels of care.¹⁶ Pete will also aim to make long-term care coverage options more attractive by strengthening the private market and designing it to partner with public coverage. This will include simplifying long-term care insurance to promote effective consumer choice by standardizing it, creating a marketplace for private long-term care insurance, encouraging employers to support the distribution of long-term care insurance to employees, and incentivizing employers to offer long-term care coverage on an opt-out basis.^{17,18}

Further, to improve understanding about the costs of long-term care and options for planning for these costs, Pete will launch a grant program to help communities and employers develop education and outreach campaigns. Pete will also support state efforts to develop education and outreach programs such as Minnesota’s [Own Your Future](#) campaign.

¹⁰ Cohen, Marc, Judy Feder and Melissa Favreault. “[A New Public-Private Partnership: Catastrophic Public and Front-End Private LTC Insurance.](#)” Leading Age LTSS Center at UMass Boston and the Urban Institute. January 2018.

¹¹ Long-Term Care Financing Collaborative. “[A Consensus Framework for Long-Term Care Financing Reform.](#)” Convergence Center for Policy Resolution. February 2016.

¹² Frank, Richard, Marc Cohen, and Neal Mahoney. “[Making Progress: Expanding Risk Protection for Long-Term Care Services and Supports through Private Long-Term Care Insurance.](#)” The SCAN Foundation. March 2013.

¹³ Donnellan, Joan. “[How can Americans afford long-term care? Bipartisan policy center releases new recommendations.](#)” Bipartisan Policy Center. July 11, 2017.

¹⁴ Reaves, Erica L., MaryBeth Musumeci. “[Medicaid and Long-Term Services and Supports: a Primer.](#)” Kaiser Family Foundation. December 15, 2015.

¹⁵ Long-Term Care Financing Collaborative. “[A consensus framework for long-term care financing reform.](#)” Convergence Center for Policy Resolution. February 2016.

¹⁶ Lynn, Joanne. “[Caring for Aging Americans.](#)” Testimony to the Ways and Means Committee of the U.S. House of Representatives. November 2019.

¹⁷ Bahr, Daniel, Topher Spiro, and Maura Calsyn. “[Reforms to Help Meet Growing Demand for Long-Term care Services.](#)” Center for American Progress. October 31, 2014.

¹⁸ Frank, Richard, Marc Cohen, and Neal Mahoney. “[Making Progress: Expanding Risk Protection for Long-Term Care Services and Supports through Private Long-Term Care Insurance.](#)” The SCAN Foundation. March 2013; Cohen, Marc, Judy Feder and Melissa Favreault. “[A New Public-Private Partnership: Catastrophic Public and Front-End Private LTC Insurance.](#)” Leading Age LTSS Center at UMass Boston and the Urban Institute. January 2018.

Part II. Fully Support Care Workers and Unpaid Family Caregivers

Unpaid family caregivers and professional direct care workers, three quarters of whom are women,¹⁹ play an essential part in providing care to aging adults and people with disabilities, including dementia. They help ensure that these people can live in their own homes and communities. We are in an ever-worsening caregiving crisis. This crisis is driven by poor working conditions and a need for care workers that, if left unaddressed, could mean almost eight million unfilled jobs by 2026.²⁰ Pete will take the following actions to address these challenges.

Set a \$15 per hour minimum wage for everyone, including direct care workers.

Home care workers are often paid poverty wages. Last year, home care workers made an average of under \$12 an hour.²¹ The care workforce is primarily made up of immigrant women and women of color. As one care worker noted: “I know as a black woman, the low rate from state to state to state is not a coincidence.” As a result of this injustice, a disproportionate number of caregivers live in households below the poverty line, and over half rely on public assistance themselves.²² To address this, Pete will:

- **Pass \$15 minimum wage for everyone, including direct care workers, and index it to inflation.** Lifting the wages of direct care workers will have a multiplier effect in low-income communities and communities of color in particular.²³ We will also provide support for states to adjust Medicaid reimbursement rates accordingly. A \$15 wage will set a minimum floor, with the expectation that this rate would be higher for workers who gain more skills and experience through training.
- **Ensure that direct care workers have power and representation in the workplace.** Direct care workers who have joined together in states such as Illinois and Massachusetts are on a path to hourly wages that exceed \$15. Pete will reverse the Trump administration's efforts to undermine home care unions and support bargaining power for all direct care workers, including domestic workers that have historically been excluded from labor laws.²⁴ Pete will also take steps to facilitate the ability of home care workers, including independent providers, to join a union and advocate for improved wages and job standards.

Meet future demand for care workers, improving retention and growing the workforce.

¹⁹ Family Caregiver Alliance. “[Caregiver Statistics: Demographics](#).” April 17, 2019.

²⁰ Bryant, Bailey. “[Caregiver Shortage Could Mean 7.8 Million Unfilled Jobs by 2026](#).” Home Health Care News. January 28, 2019.

²¹ PHI National. “[U.S. Home Care Workers: Key Facts \(2019\)](#).” September 3, 2019.

²² PHI National. “[U.S. Home Care Workers: Key Facts \(2019\)](#).” September 3, 2019.

²³ “[Giving Caregivers a Raise: The Impact of a \\$15 Wage Floor in the Homecare Industry](#).” National Employment Law Project. February 2015.

²⁴ “CMS Finalizes Rule to Protect Medicaid Provider Payments.” CMS. May 2, 2019. In 2014, CMS allowed state governments to divert Medicaid payments from providers to specific third parties. In 2019, CMS finalized a rule that reversed this decision, changing the Medicaid Provider Reassignment regulation, eliminating states’ ability to divert Medicaid payments to third parties.



Demand for direct workers is expected to grow at an unprecedented rate over the next decade.²⁵ We must ensure that we have a well-trained workforce to meet this demand, and that we create robust mechanisms for families to connect with home care providers. Pete’s efforts to increase care worker salaries and improve job quality will help get us there. Pete will also:

- **Expand opportunities and training for young people to become direct care workers.** Pete will expand funding for long-term care registered apprenticeship programs, such as one that was pioneered in Washington State by the SEIU Healthcare NW Training Partnership,²⁶ and invest in community college partnership programs to support students’ entry into the direct care workforce. Recognizing the expertise of unions in developing training programs for the home care workforce, Pete will give them a role in developing national standards for training programs. Such programs, coupled with Pete’s Intergenerational Service Corps from his national service plan, can also expose high school and college students to career paths in direct care.
- **Help states develop online marketplaces and job boards for care workers.** Many aging Americans and people with disabilities who participate in consumer-directed programs have difficulty finding qualified caregivers. As President, Pete will fund state grants to create online matching service registries and job boards to facilitate connections. To ensure the highest quality of care, these registries will screen workers, ensure that they have access to ongoing training, receive at least the \$15 minimum wage, and have the ability to join a union and advocate for service rates that support these wages. He will also support other programs that drive state-based innovation in direct care workforce recruitment, retention, and development.
- **Create a local Community Renewal visa to allow communities to invite immigrant caregivers to live and work where they are needed most.** Community Renewal visa applicants will specify one or more preferred destinations before being matched with a community. If they stay in that community for three years, they will be eligible for an expedited green card. If they move, they can still receive a green card within five years.

Set standards and expand programs to train caregivers and create career ladders.

Direct care jobs are physically and emotionally demanding and require specialized skills. Caregivers must be able to communicate effectively, observe and assess situations, problem solve, and provide comfort and emotional support to people who may otherwise be isolated. As President, Pete will establish core competency training requirements for all paid care workers who provide care through publicly funded programs. He will also dedicate federal funding for paid training and continuing education for all direct care roles; offer incentives to states to establish provider rates that account for specialized training and supervision; and invest in advanced training programs that provide career ladders for direct care workers, improve the quality of care, and reduce the burden on family caregivers.^{27,28} Pete will also expand funding

²⁵ Bureau of Labor Statistics. “Occupational Outlook Handbook 2016-2026.” 2018

²⁶ Dastur, Nina et al. “Building the Caring Economy.” Center on Poverty and Inequality, Georgetown Law. Spring 2017.

²⁷ The Eldercare Workforce Alliance. “A Role to Improve Quality and Efficiency of Care for Older Adults and Strengthen Career Ladders for Home Care Workers.” 2014.

²⁸ Dastur, Nina et al. “Building the Caring Economy.” Center on Poverty and Inequality, Georgetown Law. Spring 2017.

and training programs for direct care workers geared at certain conditions, such as dementia and HIV, and special populations, such as LGBTQ+ people.

Guarantee quality direct care work by setting national standards through a National Direct Care Workforce Standards Board.

A Buttigieg administration will create a National Direct Care Workforce Standards Board to work with the Departments of Labor and Health and Human Services on direct care workforce issues, including rate setting recommendations, compensation and benefits, training and credentialing, and recruitment and turnover. He will partner with states to collect standardized data to measure workforce volume, stability, and compensation in order to measure the impact of workforce-related policies and identify future needs. Consumers, home care workers, and other stakeholders will also have a voice and role in this process.

Improve family caregivers' access to services and supports, including through long-term care navigators and community-based service hubs.

Over 40 million unpaid caregivers provide the bulk of long-term care. While providing care to loved ones can be deeply fulfilling, it can also take a physical, emotional, and financial toll.²⁹ Compared to non-caregivers, family caregivers are more likely to experience depression, anxiety, and social isolation.³⁰

Family caregivers must navigate a complex web of programs, doctors, and appointments. Through his investment in advanced training programs, Pete's administration will ensure that more long-term care navigators are trained to help guide family caregivers through this process. Community hubs will be forums for family caregivers to get support and access trained navigators, especially in rural and underserved communities. Lastly, Pete will require publicly-funded health and long-term care programs to routinely identify and assess family caregivers at each point of care delivery.

Reduce the financial burden of unpaid caregiving, including by ensuring working Americans have access to 12 weeks of comprehensive paid leave to take care of loved ones.

Unpaid caregivers spend an average of 20 percent of their income on out-of-pocket caregiving costs, forcing them to cut costs elsewhere and reduce longer-term savings, including for retirement.^{31,32} Black and Latinx caregivers between a third to nearly half of their incomes on out-of-pocket care related costs, compared to 14 percent of white caregivers.³³ Sixty percent of unpaid caregivers also have a paying job,

²⁹ Feinberg, Lynn Friss. "The Dual Pressure of Family Caregiving and Employment." AARP Public Policy Institute. May 2016.

³⁰ Nguyen, Vivian. "long-term Support and Services." AARP Public Policy Institute. March 2017.

³¹ Rainville, Chuck, Laura Skufca, and Laura Mehgan. "Family Caregiving and Out-of-Pocket Costs. 2016 Report." AARP Public Policy Institute. November 2016.

³² Rainville, Chuck, Laura Skufca, and Laura Mehgan. "Family Caregiving and Out-of-Pocket Costs. 2016 Report." AARP Public Policy Institute. November 2016.

³³ Rainville, Chuck, Laura Skufca, and Laura Mehgan. "Family Caregiving and Out-of-Pocket Costs. 2016 Report." AARP Public Policy Institute. November 2016.

often incur lost wages and benefits when they need to reduce their hours or take time off.³⁴ This leads to lower lifetime earnings, savings, and retirement benefits as a result of less time spent in the workforce.³⁵

To reduce the economic burden and long-term financial impact of caregiving, Pete’s administration will:

- **Ensure that all workers are supported when they need to care for family members by providing at least 12 weeks of paid family leave per year as a portable benefit.** Pete will pass an enhanced version of the FAMILY Act to create a national paid family and medical leave fund. Benefits for lower-income workers will be high enough so they can afford to take leave, and no one will lose their job when they need time away to provide care. Caregiving responsibilities for grandparents, grandchildren, siblings, and chosen family members will be covered.
- **Provide credit toward Social Security for family and other unpaid caregivers.** Those caring full-time for children or for a disabled or elderly family member do not receive credit for Social Security benefits. Under Pete’s plan, Social Security will finally recognize the undeniable: caregiving is work. Caregivers of a child, senior, or disabled dependent will be awarded credit toward Social Security benefits as if they earned the average earnings of a full-time, year-round worker outside the home, with no limits on the number of years for which caregivers can claim the credit.

Part III. Expand Access to Long-Term Services and Supports at Home and in Communities

Most people nearing retirement age prefer to age in their home, yet it gets harder to remain in place as people age.³⁶ Yet as people get older, it can become harder to remain in place: stairs leading up to one’s bedroom, for example, can become more challenging to climb; one’s insurance may refuse to cover the costs of long-term care services delivered at home; driving can become more difficult; and impairments in memory and judgement can exacerbate safety risks at home. Even among public plans, such as Medicaid, there is a bias toward institutional care that deprives people the opportunity to age where they feel most comfortable. Pete’s administration will help ensure that everyone has the option of aging at home or in their community.

Increase access to the safety net by improving the accessibility of long-term care provided through Medicaid for both seniors and non-elderly people with a disability.

Medicaid accounts for a majority of national long-term services and supports spending—over \$150 billion a year.³⁷ Yet Medicaid services are generally only available to people with low incomes and assets, requiring middle-income people to impoverish themselves in order to access the benefit. This is

³⁴Feinberg, Lynn Friss. “The Dual Pressure of Family Caregiving and Employment.” AARP Public Policy Institute. May 2016.

³⁵Schulz, R., & Eden, J. (2016). *Families caring for an aging America*. Washington, DC: The National Academies Press.

³⁶AARP. “2018 Home and Community Preferences Survey: A National Survey of Adults Age 18-plus.” August 2018.

³⁷Reaves, Erica, Mary Beth Musumeci. “Medicaid and Long-Term Services and Supports: A Primer.” Kaiser Family Foundation. December 15, 2015.

unacceptable. To make long-term services more accessible to seniors and non-elderly people with a physical, intellectual, or development disability, Pete will:

- **Raise the asset and income limits for long-term services and supports through Medicaid.** To qualify for Medicaid’s long-term care benefits, individuals can’t own more than about \$2,000 in assets and need an income below \$771 per month. This means that to access public long-term care services, older people often must push themselves into poverty. Pete will alleviate this burden on families by raising Medicaid’s asset limit for people who need long-term care to \$10,000, and increasing the income limit by 300 percent, or \$2,313 per month for an individual in 2019.
- **Make protections against spousal impoverishment permanent for individuals seeking long-term care through Medicaid.** Spousal impoverishment rules protect a spouse from losing their home or income when their partner needs long-term care. Pete will permanently extend these protections so families can live with independence and dignity.
- **Bar Medicaid from taking families’ homes to pay for their long-term care.** Under current law, states are required to seek repayment of Medicaid costs from the estates of individuals who received long-term care benefits prior to their deaths. This policy overwhelmingly punishes working- and middle-income Americans. Pete’s administration will eliminate estate recovery rules.

Both the federal long-term care program and the reforms to the private long-term care insurance market will help offset part of the long-term care cost burden currently absorbed by Medicaid, to help make the Medicaid reforms proposed above cost as neutral as possible.

Ensure everyone has the choice of receiving long-term care at home or in their community, including by eliminating Medicaid’s institutional bias.

Pete’s plan gives people the option of receiving long-term care in their home and community. Medicaid pays for the majority of long-term care services, totaling over \$150 billion a year.³⁸ Yet Medicaid has historically made it easier for someone to receive care in an institution, such as a nursing home, than in one’s own home or community. To expand access to home- and community-based long-term care services, Pete will:

- **Mandate coverage for home- and community-based services.** Mandating coverage for home- and community-based care settings will eliminate the institutional bias in funding and end waiting lists for home-based services and supports. This policy will help Medicaid save costs, as home- and community-based care is more cost-effective than nursing home care. Further, home- and community-based care will help older people remain healthier, further bringing down costs for the Medicaid program.

³⁸ Reaves, Erica, Mary Beth Musumeci. “[Medicaid and Long-Term Services and Supports: A Primer.](#)” Kaiser Family Foundation. December 15, 2015.

- **Make it easier for individuals to hire the caregiver of their choice, including neighbors or family members, by expanding self-directed programs nationally.** As President, Pete will create a national program to expand access to self-directed (often called consumer-directed) service models. This program will set standards and ensure access to self-directed home based services, particularly in states where options for self-directed services are limited.
- **Support the [Disability Integration Act](#) and permanently fund the [Money Follows the Person program](#).** This will eliminate barriers to home- and community-based services, and ensure that there are home- and community-based care options regardless of whether the recipient is covered by Medicaid, private insurance, or another funding program.

Help older people age in community by increasing funding for the Older Americans Act.

Aging at home improves quality of life, including by improving physical and mental health. Studies indicate that older people who age at home can have increased cognition, lower depression, and are independent for longer than those who move to nursing homes.³⁹ Pete will increase funding for the Older Americans Act and related programs by \$500 million a year, to \$2.5 billion, and tie future funding to inflation and population growth. The Act supports a range of home- and community-based services, including home-delivered meals, transportation, legal services, caregiver support, and elder abuse prevention. Addressing these health-related social needs is also likely to improve health outcomes and save money by preventing hospital visits and other costly services.

Dramatically expand access to the CAPABLE program, which sends a nurse, a home repair person, and an occupational therapist to an older adult’s home to help them stay healthy and achieve personal goals.

As important as access to high-quality health care is, most of our health outcomes are determined by what happens outside the clinic or hospital. Housing is one of the most important social determinants of health; some experts note that “home is where the health is.”⁴⁰ Often, modifications as simple as making a bathroom accessible or fixing a railing can have profound impacts on quality of life.

To this end, Pete will dramatically expand the Community Aging in Place: Advancing Better Living for Elders (CAPABLE) program.⁴¹ The CAPABLE program teams up a registered nurse, an occupational therapist, and a home repair person and sends them to older adults’ homes, where they help older adults stay healthy and achieve personal wellness goals. It focuses primarily on people with multiple chronic conditions or who need assistance with two or more activities of daily living. A program evaluation showed an average of more than \$20,000 in Medicare savings per participant, as well as improved health

³⁹Marek, KD, et al. “Clinical outcomes of aging in place.” Nurs Res. 2005.

⁴⁰ Johns Hopkins University. “Community Aging in Place: Advancing Better Living for Elders.”

⁴¹ Johns Hopkins University. “Community Aging in Place: Advancing Better Living for Elders.”

outcomes, including reduced depression and disability.⁴² Pete’s administration will explore launching a pilot program that adds a mental health clinician to the CAPABLE teams.

Enhance Medicare coverage of non-elderly people who are disabled, expand home- and community-based care benefits, and perverse choice.

Medicare provides limited coverage of home- and community-based care, although over three million Medicare beneficiaries could benefit from this type of care.⁴³ To improve coverage, Pete will:

- **Eliminate the two-year waiting period for Medicare coverage in the Social Security Disability Insurance (SSDI) Program.** SSDI recipients are denied Medicare coverage for their first two years on the program. More than 1 out of 9 SSDI recipients die during this waiting period.⁴⁴ Pete will eliminate this waiting period, which will impact over 7 million people with severe disability.
- **Preserve Medicare Advantage to protect the ability of older Americans to choose the health plan that works best for them.** Medicare Advantage is a private Medicare plan that over 20 million older Americans selected for this year.
- **Cover innovative technological services to ensure that home- and community-based care is high quality and sustainable.** Pete will allow Medicare to cover technological services, such as remote patient monitoring for blood pressure, that enable beneficiaries to remain in their homes and communities safely. These innovations will be covered in the context of value-based care.
- **Improve coordination of complex medical and long-term care needs, including non-medical benefits.** Pete will facilitate the provision of coordinated, high-quality, community-based care by improving linkages between Medicare providers participating in alternative payment models and Medicare Advantage insurers and community-based organizations. Further, Pete will incorporate measures of cognitive and functional limitations into Medicare to mitigate inappropriate penalties faced by physicians who treat vulnerable patients and are participating in value-based payment models (and incentivize physicians to increase participation in these models).

Part IV. Improve Quality of Life for People in Long-Term Care

The quality of life varies considerably in home care or long-term care facilities, which includes residential care communities and nursing homes. Although many facilities provide high-quality, compassionate care

⁴² Baker, Beth. “Novel Program Helps Older Adults With Aging In Place.” Forbes. April 26, 2017.

⁴³ Bipartisan Policy Center. “Improving Care for High-Need, High Cost Medicare Patients.” April 25, 2017.

⁴⁴ Szymendera, Scott, “Social Security Disability Insurance (SSDI) and Medicare: The 24-Month Waiting Period for SSDI Beneficiaries Under Age 65.” Congressional Research Service. January 7, 2019.

to residents, some have been described as “treacherous” places for older people.⁴⁵ Living conditions in a facility in Florida were so bad, for example, that “bed bug droppings covered mattresses, stained linens, encrusted walls and windows, and one of the insects was observed crawling up the leg of a resident.”⁴⁶ While some facilities appallingly push out poor and disabled patients into homelessness, others’ negligent care can result in avoidable and fatal sepsis infections.⁴⁷ Pete is committed to increasing oversight of long-term care facilities to ensure they can provide the highest quality care to all residents.

Implement and enforce minimum staffing ratios at long-term care facilities.

One reason for poor nursing home care is not enough direct care nursing staff.⁴⁸ Almost half of nursing homes have adequate staffing only 20 percent of the time.⁴⁹ When nursing homes are short-staffed, residents are at a higher risk of negative health outcomes including bed sores, falls, and anxiety and depression.

As President, Pete is committed to raising quality of care by setting and enforcing federal minimum staffing ratios, by shift and direct care role. This will make it easy for nursing home residents, their family members, and direct care workers themselves to see at a glance whether the facilities they live in are illegally short-staffed.

Address abuse, neglect, and exploitation of older people by fully funding Adult Protective Services and the Long-Term Care Ombudsman program.

Older people are vulnerable to neglect; exploitation; and physical, emotional, verbal, and financial abuse. Government estimates indicate that 10 percent report being neglected or exploited, likely an underestimate as many victims do not come forward.⁵⁰ This abuse can result in injury, emotional distress, and depression. It can also have deadly consequences, such as when a woman who lived in an assisted living facility drowned after being left in a bathtub for hours.⁵¹ Financial abuse is particularly rampant. As part of a targeted elder fraud sweep, 260 people were charged with defrauding over two million older people of about \$750 million in 2018 alone.⁵² Studies indicate that this is only the tip of the iceberg, and that older people are scammed billions of dollars a year.⁵³ Adult Protective Services and the Long-Term Care Ombudsman program, entities entrusted with safeguarding older Americans, have been crippled by underfunding and budget cuts. In Iowa, budget cuts have eliminated travel budgets, often limiting ombudsman's investigations to what can be uncovered through phone calls.

⁴⁵ Rau, Jordan. “Half the time nursing homes scrutinized on safety by Medicare are still treacherous.” Kaiser Health News. July 6, 2017.

⁴⁶ Brook, Jay. “Retirement home had bed bugs. It’s closing, but could residents wind up somewhere worse?” Miami Herald. October 31, 2019.

⁴⁷ Schulte, Fred, Elizabeth Lukas, Joe Mahr. “In Illinois’ understaffed nursing homes, deadly infections persist from bedsores and common injuries that go untreated.” Chicago Tribune & Kaiser Health News. September 5, 2018.

⁴⁸ Harrington, Charlene, John Schnelle, Margaret McGregor and Sandra Simmons. “The Need for Higher Minimum Staffing Standards in U.S. Nursing Homes.” Health Service Insights. 2016.

⁴⁹ Spanko, Alex. “75% of Nursing Homes ‘Almost Never’ in Compliance with RN Staffing Levels.” Skilled Nursing News. July 19, 2019.

⁵⁰ Center for Disease Control and Prevention. “Elder Abuse Prevention.” June 5, 2017.

⁵¹ Thompson, A.C. “Elderly, at risk and haphazardly protected.” ProPublica. October 29, 2013.

⁵² Department of Justice. “Justice Department Coordinates Largest-Ever Nationwide Elder Fraud Sweep.” March 7, 2019.

⁵³ Epperson, Sharon, Jessica Dickler. “Elder financial abuse is a multibillion dollar problem.” CNBC. October 13, 2019.

To address this, Pete will empower and fully fund the Adult Protective Services and the Long-Term Care Ombudsman program to carry out their mission. Pete will also strengthen Adult Protective Services' infrastructure, so it operates similarly to Child Protective Services. Through full funding, Pete will also ensure the independence of ombudsmen so they can effectively advocate for the people they serve.

Increase oversight of involuntary resident discharges and illegal evictions from long-term care facilities.

Long-term care facilities regularly evict residents illegally.⁵⁴ Some people have been dropped off at homeless shelters or left with open wounds in front of a relative's home.⁵⁵ This unconscionable practice, which tops the list of grievances received by the long-term care ombudsmen, is becoming more common in many parts of the country.⁵⁶ It particularly affects people on Medicaid and disabled individuals with behavioral health conditions, who may struggle to understand what is happening to them.

To help end this practice, Pete will improve the government's ability to identify when inappropriate discharges and evictions happen by better enforcing existing regulations and improving data collection. Pete will also require long-term care facilities to notify ombudsmen when an involuntary discharge or eviction takes place, specifying why it's happening and to where the patient is being discharged. During a Buttigieg administration, we expect nearly everyone to have access to some form of long-term care financing, making this practice less common.

Improve quality of life in residential care communities, including assisted living facilities, by setting federal standards.

Residential care communities are a type of long-term care facility focused primarily on helping older people who can no longer live independently, but do not yet require nursing home care.⁵⁷ Over the last several decades, residential care communities evolved from being a community-based, more humane alternative to nursing homes, to a multibillion dollar industry that houses over 800,000 people.^{58,59} Yet there are no federal quality standards in place, and state-level standards vary considerably. In some states, residential care communities are given weeks to report resident abuse or deaths.⁶⁰ Others allow people without appropriate training to be caregivers, or don't require clinicians to be on staff.⁶¹

A Buttigieg administration will set federal standards for residential care communities, including staffing ratios, required access to mental health clinicians, and annual inspections.

⁵⁴ American Nurse Today. "Dumped: When nursing homes abandon patients in the hospital." October 11, 2016.

⁵⁵ Weiner, Jocelyn. "When nursing homes push out poor and disabled residents." Forbes. January 2, 2018.

⁵⁶ Graham, Judith. "Assisted living kicks out the frail 'cause 'we can't take care of you any longer.'" Kaiser Health News. September 6, 2018.

⁵⁷ Khatutsky G, et al. "Residential care communities and their residents in 2010: A national portrait." DHHS Publication No. 2016-1041. Hyattsville, MD: National Center for Health Statistics. 2016.

⁵⁸ Thompson, A.C. "Elderly, at risk and haphazardly protected." ProPublica. October 29, 2013.

⁵⁹ The National Center for Health Statistics. "Residential Care Facilities." Center for Disease Control and Prevention. March 11, 2016.

⁶⁰ Koh, Elizabeth. "Florida may crack down on assisted living facilities after all." Tampa Bay Times. November 5, 2019.

⁶¹ Thompson, A.C. "Elderly, at risk and haphazardly protected." ProPublica. October 29, 2013.

Combat rising social isolation and loneliness among older people by expanding community-based programs that help strengthen communal bonds.

Nearly one in three older people report feeling lonely either sometimes or always, part of what experts have deemed an epidemic of loneliness in our country.⁶² This epidemic also affects their caregivers.^{63,64} As a person’s isolation and/or loneliness increases, it can profoundly affect their mental and physical health and lead to premature death. Some studies indicate that loneliness can be as damaging to someone’s health as smoking 15 cigarettes a day.⁶⁵ To foster community, Pete will:

- **Launch a national campaign to end social isolation and loneliness.** Through a national campaign, we will support organizations addressing these issues and raise awareness about social isolation and loneliness and their impact on individuals and communities, while targeting those most at risk—including individuals with dementia who live alone—to ensure they are reached and supported by culturally-resonant resources. Pete’s administration will work with technology companies and researchers to understand how technology impacts meaningful connections, and support local efforts that encourage community bonds and neighborhood action.
- **Help strengthen social and communal bonds between older and younger Americans through Pete’s [National Service plan](#).** Pete’s plan includes an Intergenerational Service Corps with a focus on caregiving, mentorship, and other intergenerational service opportunities. Younger adults will help seniors continue to live independently by helping them cook at home or driving them to the doctor or grocery store, while benefiting from the older adult’s mentorship. The Intergenerational Service Corps will build on the success of programs like the Senior Corps and National Volunteer Care Corps from the Administration for Community Living.
- **Foster relationships between child care facilities and long-term care facilities.** Intergenerational models of care that allow children and older Americans to interact regularly have proven effective at improving the quality of life for older people. One promising example is Providence Mount St. Vincent in Seattle, Washington, where children from a licensed child care center and nursing home residents interact on a regular basis.

Better address older people’s mental health, and the mental health and well-being of their caregivers.

Mental health is essential for optimal health and well-being, and is as important to address in old age as it is to address throughout life. Not addressing underlying mental health conditions can worsen overall

⁶² “[New Cigna Study Reveals Loneliness At Epidemic Levels in America](#).” Cigna. May 1, 2018.

⁶³ Ducharme, Jaime. “[One in Three Older Americans Is Lonely. Here’s What Can Help](#).” TIME Magazine. September 24, 2018.

⁶⁴ Pinquart, M. & Sorensen, S. “[Differences between caregivers and noncaregivers in psychological health and physical health: A meta-analysis](#).” Psychology and Aging. 2003.

⁶⁵ “[The Loneliness Epidemic](#).” Health Resources & Services Administration. January 2019.

health outcomes, decrease quality of life, and minimize overall functioning, all three critical areas for older people. For details on Pete’s strategy for mental health and addiction, see his [plan](#).

- **End the lack of parity in Medicare.** Currently, Medicare does not have to comply with the federal parity law, which limits the type of services that seniors on Medicare can receive.
- **Increase training and educational opportunities for older people and caregivers.** Issues of poor mental health often accumulate over time, and can worsen with age. Enhancing training, such by offering courses like Mental Health First Aid to long-term care facilities and as well as senior centers, can improve mental health and well-being.⁶⁶
- **Increase mental health and addiction specialists in long-term care facilities.** Older adults, especially those living in a long-term care facility, often lack adequate access to specialists. Pete’s administration will work to change Medicare regulations to require geriatric mental health expertise in hospitals, skilled nursing facilities, and Medicare Advantage networks.
- **Make it easier for older Americans to get access to specialty mental health and addiction services.** In a Buttigieg administration, Medicare will work with long-term care facilities settings to create stronger mental health resources, and CMS will work to change Medicare regulations and to address the challenges older adults have getting into inpatient settings, such as detox facilities and inpatient psychiatric beds.

Support older people in Naturally Occurring Retirement Communities (NORCs) and Villages through a new grant program dedicated to increasing their quality of life.

A NORC is a community of people who are older or retired that forms organically. As about one of every four older people live in one of these communities,⁶⁷ NORCs can serve as important vehicles for community-building and service delivery. Some states, like New York, have leveraged these informal communities to provide social support to older people. These services include health and wellness activities, case-management services, assistance with benefits and entitlements, among others.⁶⁸ Pete will support older people living in NORCs through a new \$50 million annual grant program aimed at improving health and quality of life.

SECTION II: ECONOMIC SECURITY FOR AMERICA’S RETIREES

“We can never insure one hundred percent of the population against one hundred percent of the hazards and vicissitudes of life,” President Franklin D. Roosevelt declared on signing the Social Security Act into law in 1935. “But we have tried to frame a law which will give some measure of protection to the average citizen and to his family against the loss of a job and against poverty-ridden old age.”

⁶⁶ Mental Health First Aid USA. “[Mental Health First Aid: Older Adults](#).”

⁶⁷ Piturro, Marlene. “[Some of the best retirement communities occur naturally](#).” Next Avenue. May 7, 2012.

⁶⁸ New York City Government. “[Naturally Occurring Retirement Communities](#).”



Through high times and hard times, Social Security has embodied that unshakable American promise: after a lifetime of work, every American should be able to retire with dignity. In the years since FDR created Social Security, Congress has expanded the program to protect more and more Americans, while creating new ways for individuals and employers to save for retirement.

Yet today, too many seniors are deeply anxious about a system they rely on—and many in the next generation fear that the promise of Social Security will go unfulfilled. Sixty-two million American workers do not have a private retirement account, whether due to lack of access or stagnant paychecks that don't leave room for savings.⁶⁹ Social Security benefits, meanwhile, average less than \$1,500 per month for retirees, an insufficient sum to ensure a financially secure retirement.⁷⁰

The Trump Administration has attempted to undermine Americans' retirement by cutting billions of dollars from Social Security over the next ten years, which would weaken the system as we know it and put millions of hard-working Americans' financial futures at risk.⁷¹ Already, years of inaction by politicians in Washington have left millions of Americans facing an uncertain retirement.

Pete believes **every American has the right to a secure retirement with a dignified standard of living.** Today, Pete is proposing a Social Security policy and a Retirement Savings policy to guarantee economic security for America's retirees. Pete's Social Security policy will:

- Fully protect Social Security for the next generation without cutting anyone's benefits by ensuring the most fortunate pay their fair share.
- Increase Social Security benefits to keep vulnerable seniors out of poverty.
- Value family care work like professional employment—by counting years spent caring for a child, elderly, or disabled dependent toward Social Security benefits.
- Work with Congress to protect Social Security forever by automatically adjusting tax rates for high earners.

Pete's Retirement Savings policy will:

- Institute a Public Option 401(k) so that all workers have the opportunity to supplement their Social Security benefits if they choose with employer contributions.
- Give workers the choice to enroll in a standard savings plan with a substantial employer match and let them opt out at any time.
- Enable the typical worker to retire with over \$500,000 in the Public Option 401(k).
- Help American families weather financial emergencies with a Rainy Day Account within the Public Option 401(k).
- Require low fees on all Public Option 401(k) investments so that workers, not financial institutions, make extra money on hard-earned savings.

⁶⁹Bureau of Labor Statistics. "[National Compensation Survey: Employee Benefits in the United States, March 2019.](#)" September 2019.

⁷⁰"[Social Security Fact Sheet.](#)" Social Security Administration. 2019.

⁷¹"[A Budget for a Better America.](#)" U.S. Government Publishing Office. 2019.

Expand the promise of Social Security and fully protect it for the next generation.

Social Security is the main reason poverty among seniors fell from 35 percent in 1960 to 10 percent today.⁷² Despite what many Republicans erroneously claim, Social Security is not facing imminent insolvency.⁷³ But Social Security does face a fiscal imbalance that needs to be addressed—without raising taxes on working- and middle-class Americans. At the same time, we must do more to ensure that Social Security provides sufficient economic security for the financially vulnerable and for those still left out of the program, like caregivers. Pete proposes to:

- **Protect Social Security for the next generation by asking more from the most fortunate.** Skyrocketing income inequality has undermined the promise of Social Security. The primary reason is that only wages below \$133,000 face Social Security taxes. Rising top incomes mean that less and less of total U.S. income falls under the threshold and gets taxed.⁷⁴ This creates a vicious cycle in which inequality begets more inequality—exactly the opposite of Social Security’s essential purpose. That’s why Pete’s plan will draw high earners more fully into the Social Security compact. Individual wage earnings above \$250,000 (which means family wage earnings above \$500,000 for equal-earning couples) will face additional Social Security taxes and earn modest Social Security benefits for their extra contributions.⁷⁵ Individuals earning less than \$250,000 will not be affected. Fewer than 2 percent of American workers earn wages above \$250,000.⁷⁶
- **Provide credit toward Social Security for family and other unpaid caregivers.** Those caring full-time for children or for a disabled or elderly family member do not currently receive credit toward Social Security benefits—disproportionately affecting women. Under Pete’s plan, Social Security will finally recognize the undeniable: caregiving is work. Caregivers of a child, elderly, or disabled dependent will be awarded credit toward Social Security benefits as if they earned the median earnings of a full-time, year-round worker outside the home, with no limits on the number of years for which caregivers can claim the credit.⁷⁷
- **Create a new special minimum benefit.** Pete will propose a new special minimum benefit of 125 percent of the federal poverty line for any senior who has worked at least 30 years (including in caregiving). This benefit will guarantee that no American who has worked all their life, or that worker’s surviving spouse, will retire in poverty.⁷⁸

⁷² Cawthorne, Alexandra. “[Elderly Poverty: The Challenge Before Us](#).” Center for American Progress. July 30, 2008.

Cubanski, Juliette, Wyatt Koma, Anthony Damico, and Tricia Neuman. “[How Many Seniors Live in Poverty?](#)” The Henry J. Kaiser Family Foundation, November 20, 2018. Engelhardt, Gary, and Jonathan Gruber. “[Social security and the evolution of elderly poverty](#).” Public Policy and the Distribution of Income. Russell Sage Foundation, 2006. 259-287.

⁷³ Romig, Kathleen, Matt Broaddus, and Aviva Aron-Dine. “[Financial Challenges Facing Social Security and Medicare Largely Unchanged From Last Year, Except for Improvement in Disability Insurance](#).” Center on Budget and Policy Priorities, April 22, 2019.

⁷⁴ “[Annual Statistical Supplement: Covered Workers](#).” Social Security Administration. 2018.

⁷⁵ The employee Social Security contribution rate is 6.2%. Employers also contribute 6.2%. For high earners, a small share of these contributions will count toward their Social Security benefits.

⁷⁶ “[Wage Statistics for 2018](#).” Social Security Administration. 2019.

⁷⁷ The caregiver credit will be provided to all future beneficiaries and to current beneficiaries retroactively by five years.

⁷⁸ The new special minimum benefit will be prorated for those who have worked (including in caregiving) between 10 and 30 years, and will be carefully designed to ensure that it does not interact negatively with existing programs that assist vulnerable seniors.

- **Work to protect Social Security forever.** Pete’s plan to secure Social Security for the next generation requires contributions from high earners proportionate to their ability to pay. As President, Pete will work with Congress to develop options for enshrining a process of automatically adjusting high earners’ contributions to keep Social Security solvent without ever cutting benefits or ever sabotaging the program via privatization.

Even without a process of automatic adjustments, an independent estimate by Mark Zandi, Chief Economist of Moody’s Analytics, indicates that Pete’s Social Security plan will protect Social Security benefits for the next generation by extending the program’s solvency to 2051. It will also reduce cumulative deficits over the next 10 years by \$1.2 trillion.

Extend retirement security and emergency savings for millions of Americans with a Public Option 401(k).

Protecting and expanding the promise of Social Security is the key way to promote financial security for America’s retirees. On top of Social Security, many households want to save more for retirement and also for a rainy day. But roughly half of all Americans do not have a workplace retirement plan, often because their employer either doesn’t offer one or doesn’t offer a matching contribution that makes saving attractive.⁷⁹ Those left out are disproportionately low-income and people of color, worsening the injustice of America’s wealth gaps.⁸⁰ Many employers would like to offer a 401(k), but the private market doesn’t offer low-cost, hassle-free options. Not only that, but unexpected emergencies place an enormous burden on families who have not been able to save for a rainy day.⁸¹ A major barrier to saving for retirement is the fear of not being prepared for a pre-retirement emergency.

By empowering workers through his [A New Rising Tide](#) plan, millions more workers will have unions fighting for defined benefit pensions and other ways for employers to bear responsibility in helping Americans save. To further complement the expanded promise of Social Security and improve the financial security of working and middle class families, Pete will propose a new **Public Option 401(k)** with employers’ skin in the game. Workers who do not currently have a defined benefit pension or a robust 401(k) savings option will be able to opt into the Public Option 401(k) to increase their nest eggs with an employer match.

The Public Option 401(k) is designed to complement Social Security’s vital bedrock by achieving three key goals: expanding savings for retirement with employer support, expanding savings for *pre*-retirement emergencies, and expanding worker benefits and options. The Public Option 401(k) both levels the retirement savings playing field—which currently works best for high earners—and also helps workers weather pre-retirement emergencies.

The Public Option 401(k) comes with the following features:

⁷⁹ Elkins, Kathleen. “[Only half of Americans have access to a 401\(k\)—here’s how to save for retirement if you don’t.](#)” CNBC. March 18, 2019.

⁸⁰ Rhee, Nari. “[Race and Retirement Insecurity in the United States.](#)” National Institute on Retirement Security. December, 2013.

⁸¹ “[Report on the Economic Well-Being of U.S. Households in 2018.](#)” Federal Reserve System. May, 2019.

- **Employer match:** Every worker who chooses to opt in to the Public Option 401(k) will have two accounts: a Rainy Day Account and a Retirement Account. Under the baseline savings plan, the worker could opt in to contributing 1.5 percent of their pay into their Rainy Day Account—and that worker’s contribution would trigger an employer contribution of 3 percent of pay into the worker’s Retirement Account. A 3 percent employer contribution is approximately the average maximum employer match currently available in 401(k)s.⁸² Workers can make extra contributions to either account, dial down their contributions, or opt out at any time.⁸³
- **Helps workers weather emergencies:** Workers who opt into the Public Option 401(k) can access their Rainy Day Account funds at any time, for any reason, and with absolutely no penalty, even before retirement. Retirement Account funds must be saved until old age, unless a safety valve is triggered—for emergencies like disability, unemployment, or family medical emergencies, or for major life expenses like a house down payment or educational expenses. Limits on safety valve withdrawals will vary by income and will be capped for high earners, ensuring that workers, especially the most financially vulnerable, can access needed savings. For instance, right now a family making \$30,000 a year who has an unexpected medical expense cannot take money out of their current 401(k) without paying a penalty. With the new Public Option 401(k), they would be able to do so without penalty.
- **High opt-in rates:** While workers will be free to opt in to the Public Option 401(k), the plan has two key attractive features that help ensure high rates of opting in. First, employees’ baseline contributions are always accessible from the Rainy Day Account: workers do not tie up a dime of their own pay. Second, the employer match is generous: whereas current employers tend to contribute only seventy cents for each dollar of employee 401(k) contribution, employers under the Public Option 401(k) will contribute two dollars.⁸⁴ Public communication will make these features clear. As such, we expect the Public Option 401(k) to yield high participation rates over time even without automatic enrollment and while preserving a high degree of worker choice.⁸⁵
- **Universal coverage:** The Public Option 401(k) will first be available at large employers, while building toward a seamless, streamlined, hassle-free system for medium and eventually smaller employers. Employers will be exempt from the requirement to offer the Public Option 401(k) if they offer a defined benefit pension or a 401(k) or similar account with a sizeable employer match or otherwise successful and generous retirement package instead. Guardrails, such as a special maximum contribution limit in the Public Option 401(k) like in current SIMPLE plans,

⁸² [“Automatic Enrollment, Employer Match Rates, and Employee Compensation in 401\(k\) Plans.”](#) Bureau of Labor Statistics. May 2015. Three percent is a common amount recommended in universal account plans, such as: Ghilarducci, Teresa. Robert Hilton Smith and Lauren Schmitz. [“State Guaranteed Retirement Accounts: A Low Cost, Secure Solution to America’s Retirement Crisis.”](#) Demos. November, 2012.

⁸³ Workers can dial their contribution rate below 1.5% at any time, with the employer match scaled down proportionately. Workers can also contribute more than 1.5% into their Rainy Day Account (without a mandated employer match) and/or make additional contributions into their Retirement Accounts if they so choose, subject to annual contribution limits.

⁸⁴ The average employer match is currently only 71%: Table 3 “Match ceiling”. <https://www.bls.gov/opub/mlr/2015/article/automatic-enrollment-employer-match-rates-and-employee-compensation-in-401k-plans.htm>

⁸⁵ Transparent matches dramatically increase participation when workers’ contributions are tied up in illiquid accounts and will likely increase participation dramatically more when workers’ contributions are not. Duflo, Esther. William Gale, Jeffrey Liebman, Peter Orszag, and Emmanuel Saez. [“Saving Incentives for Low- and Middle-Income Families: Evidence from a Field Experiment With H&R Block.”](#) The Quarterly Journal of Economics. November 2006; Choi, James. David Lisbon, Brigitte Madrian, and Andrew Metrick. “Saving for Retirement on the Path of Least Resistance.” July 19, 2004.

will further protect current 401(k) plans. Workers can take their Public Option 401(k)s with them from job to job and retain their opt-in choice from a previous job.

- **Extremely low fees:** Workers are routinely robbed of hard-earned retirement savings by high 401(k) fees.⁸⁶ Public Option 401(k)s will be invested in broad-based funds with fees that are required by law to be nearly zero, like those in the Thrift Savings Plan, which is negotiated by the federal government and available to members of Congress and other federal workers.⁸⁷
- **Safe and smart investment:** Retirement Account dollars will be defaulted into life-cycle index funds that combine stocks and bonds in proportions that vary with a worker's age. Workers who prefer different allocations for their savings will have other low-cost, safe options, as well. Rainy Day Account dollars will be invested in safe money market funds.
- **Tax benefits available to the working- and middle-class:** The millions of working and middle-class families without a 401(k) currently do not enjoy its tax benefits. The Public Option 401(k)'s Retirement Account will have all the tax benefits of a 401(k), either traditional or Roth.
- **Simplicity:** The Public Option 401(k) provides an easy savings option for workers and employers: Default asset allocations take out the guesswork for workers, and employers benefit from having an easy-to-use, off-the-shelf product to offer employees. An employer will go to a website, click a few buttons, and start contributing to the worker's Public Option 401(k) via bank transfers or their payroll provider, just like direct deposits of workers' wages.
- **Optional consolidation:** All workers will be able to seamlessly roll their prior 401(k)s into the Public Option 401(k) when they switch jobs so that at retirement, their savings are in one place. A portion of rollover amounts can go to the Rainy Day Account.
- **Built on successful state programs:** The Public Option 401(k) builds on similar programs in California, Connecticut, Illinois, Maryland, Massachusetts, New Jersey, Oregon, and Vermont. States like these with similar programs would keep their programs if they want.
- **Effective:** Under Pete's proposal, a middle-earning American worker participating in full over their lifetime will be able to retire with over \$500,000 in retirement savings.⁸⁸

⁸⁶ Rosenberg, Eric. "[An 'Expensive' 401\(k\) Fee is Around 2%, but Most People Have No Idea What They're Paying.](#)" Business Insider. August 7, 2019.

⁸⁷ "[Fund Information.](#)" Thrift Savings Plan. April 2019.

⁸⁸ This calculation is for a middle-earning worker who begins saving at age 22 in 2021. We use estimates of earnings factors at each age for a medium earner from the [Social Security Administration](#) along with [projections for average wages](#) from the 2019 Social Security Trustees Report. We assume a 2% inflation rate, a real lifecycle fund return that declines from 5% to 3% over the worker's working life, as well as no pre-retirement withdrawals from the Retirement Account. Under these assumptions, this worker will accumulate over \$500,000 of retirement savings by age 65 (or over \$200,000 in constant 2019 dollars).