Strengthening Retirement Security for Maryland Women: Barriers, Gaps, and Policy Solutions

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Report to the Maryland Commission for Women[1]

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EXECUTIVE SUMMARY

60% More	462,000	49% Less	$4.8B
Women Need to Save vs. Men	MD Employees w/o Retirement Plan	Women's Retirement Savings vs. Men	Projected State Cost by 2040

1. PURPOSE AND SCOPE

This policy brief examines the structural and systemic barriers preventing Maryland women from achieving retirement security, with a focus on low-income workers, small business employees, hospitality workers, and women of color. It evaluates existing state programs and proposes actionable legislative remedies to close the retirement savings gap before it becomes an irreversible fiscal crisis for Maryland.

2. METHODS

Research was conducted through a review of federal and state data sources, including:

- Federal Reserve Board, Economic Policy Institute, Center for Retirement Research at Boston College, AARP, Pew Charitable Trusts, and Nasdaq financial analyses
- Maryland Department of Legislative Services (DLS) evaluation of the MarylandSaves program (December 2024)
- State program data: MarylandSaves (December 2025), Maryland State Retirement and Pension System (March 2026)
- Longevity Ready Maryland initiative and the newly enacted HB278 (April 2026)

3. KEY FINDINGS

The research identified four compounding barriers to retirement readiness for Maryland women:

- Access Gap — Lack of access to employer-sponsored plans: 462,000 Maryland employees lack employer-based retirement plans; hospitality workers are 24% less likely to be offered one. 74% of employees at firms with <10 workers have no plan access.
- Financial Literacy Deficit —Only 25% of women have a written retirement strategy. Women are 50% more likely to answer "don't know" on financial literacy questions — largely a confidence gap, not a knowledge gap.
- Structural Earnings Disadvantage —Mothers earn over 28% less over a lifetime. Women's Social Security benefits average 23.6% ($3,878) less than men's. Women need a lifetime nest egg of ~$969,506 vs. ~$605,170 for men.
- Immediate Financial Pressure —41% of opt-outs to state sponsored saving plans cited immediate financial need. Gig workers, small business employees, and women of color are most affected. Black and Hispanic women are disproportionately behind in savings.

MarylandSaves (launched 2022) shows early promise with 16,799 active accounts and 6,000+ registered employers, but a 22% opt-out rate and low average balance ($1,606) signal gaps in reach and effectiveness.

4. CONCLUSION

Maryland women face a compounding retirement crisis driven by lower lifetime earnings, caregiving interruptions, reduced Social Security benefits, and limited plan access. With 65% of Maryland's elderly population being women and costs of living 15.4% above the national average, inaction risks both individual hardship and a projected $4.8 billion state fiscal burden by 2040. Current programs — MarylandSaves and the Maryland State Retirement and Pension System — are valuable but insufficient on their own. Targeted legislative intervention is needed now.

5. POLICY OPPORTUNITIES

- Implement DLS Recommendations for MarylandSaves — Add employer noncompliance penalties, explore multi-state cost-sharing consortia, expand investment options (ESG, international equity), and monitor fee transparency.
- Expand the Earned Income Tax Credit (EITC) — Pilot an increase from $4,000 to $4,500, with the $500 increment earmarked directly into a MarylandSaves account, helping low-income women save while addressing immediate needs.
- Enhance K-12 Financial Literacy Requirements — Mandate retirement planning as a standalone curriculum component statewide, aligned with Consumer Financial Protection Bureau principles, building confidence alongside knowledge.
- Create State-Matched Retirement Accounts — Establish a pilot matching contribution program for residents below the federal poverty line (~564,966 Marylanders), matching the ~$175 average monthly MarylandSaves contribution. Supported by data showing every $1 invested in MD pensions generates $4.86 in economic activity.

Full Report

Introduction

Background and Context of the Issue

Women in Maryland face significant challenges regarding long-term financial security and retirement readiness. A critical portion of this demographic lacks the substantial savings, formalized retirement plans, and financial planning necessary to transition away from a steady earned income. This shortfall is driven by a compounding set of demographic and economic factors. Women currently comprise 65% of Maryland's elderly population,[2] a segment projected to expand by 6.6% by 2035.[3] When combined with lower lifetime earnings, reduced Social Security benefits, lower rates of financial literacy, and a longer average life expectancy, Maryland women are left disproportionately vulnerable to retirement insecurity compared to their male counterparts.

Problem Definition

Maryland's older working-age population is expanding rapidly; by 2030, residents aged 50 and older are projected to hold 1.7 million positions, accounting for 36% of the state's total workforce.[4] Despite the critical economic role of this demographic, a severe gap in retirement infrastructure persists. Currently, an estimated 462,000 Maryland employees lack access to an employer-sponsored retirement savings plan, highlighting a structural vulnerability as the workforce continues to age.[5]

Women in the hospitality sector face some of the greatest retirement insecurity of any demographic. According to a study by Human Interest, only 44% of hospitality workers express confidence in their ability to retire comfortably; a deficit largely driven by the fact that these employees are 24 percent less likely to be offered an employer-sponsored retirement plan.[6] This gap in benefit access represents a critical vulnerability for the state's workforce, given that women comprise 52 percent of all hospitality industry personnel.[7]

Women who have children are also less able to save for retirement due to lower overall lifetime earnings. The Center for Retirement Research at Boston College found that mothers with one child earn 28 percent less overall, with each additional child decreasing lifetime earnings by 3 percent. They also receive less in Social Security benefits, with mothers receiving 16 percent

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[2] Maryland Department of Planning and Maryland State Data Center, "Analysis of the 2024 Population Estimates," 2024, https://planning.maryland.gov/MSDC/Documents/Trends_Report/Population_Estimates_Report_AGR.pdf.

[3] Longevity Ready Maryland, "Aging in Maryland: Older Adults and the Aging Services Network," Longevity Ready Maryland - Maryland's Multisector Plan for Aging, July 7, 2025, https://lrm.maryland.gov/background/.

[4] Maryland Department of Aging and Longevity Ready Maryland, "Maryland's Multisector Plan for Aging," July 2025, https://lrm.maryland.gov/wp-content/uploads/LRM_MPA508c-1.pdf.

[5] AARP Maryland, "Maryland Saves Data Sharing Act (SB 189) FAVORABLE," 2023, https://mgaleg.maryland.gov/cmte_testimony/2023/wam/124tNODuRWmLLUwvEC_Ne1QahYp0hTx9E.pdf.

[6] Human Interest, "Hospitality Workers Least Prepared for Retirement, New Industry Ranking Reveals," Human Interest, December 12, 2023, https://humaninterest.com/pressroom/articles/hospitality-workers-least-prepared-for-retirement/.

[7] Roger Sands, "Women Hospitality Leaders Gain Ground but Still Face Obstacles," Forbes, April 2025, https://www.forbes.com/sites/rogersands/2025/04/01/women-hospitality-leaders-gain-ground-but-still-face-obstacles/.

less than non-mothers. This restricts a mothers' ability to save for retirement, and secure a reliable Social Security income once she does retire.[8]

Workers employed by small businesses face heightened barriers to retirement security due to a pronounced lack of access to employer-sponsored savings vehicles, such as 401(k) Defined Contribution (DC) plans. This deficit is particularly severe among Maryland's smallest firms. According to the American Association of Retired Persons (AARP), a staggering 74 percent of employees at companies with fewer than ten workers completely lack access to a workplace retirement plan, alongside 58 percent of those employed at firms with ten to 24 employees.[9]

This systemic lack of access represents a critical threat to the state's economic foundation, which is fundamentally driven by small businesses. Enterprises with fewer than 500 employees constitute more than 99 percent of all Maryland businesses, employing 1.2 million people and making up 49.3 percent of the state's total workforce.[10] Notably, women represent 49.2 percent of this small business workforce and own 44.3 percent of these firms. Consequently, approximately 237,668 working women in Maryland are directly vulnerable to this savings gap. While the state invests heavily in small business sustainability through initiatives like the State Small Business Credit Initiative and the Small Business Development Financing Authority, there is a disconnect in that the employees driving Maryland's economy are being left behind in long-term retirement security.

Evidence of the Problem

The Economic Policy Institute estimates that a two-adult household with no children in the Maryland metropolitan area requires approximately $57,000 annually to cover basic necessities.[11] Crucially, this baseline figure excludes the escalating long-term costs associated with retirement, most notably healthcare, which represents a substantial expenditure for older adults. Standard financial benchmarks suggest that a comfortable retirement necessitates maintaining 70 to 80 percent of pre-retirement earnings; based on the average state salary, this translates to an estimated $72,033 to $82,324 in annual retirement expenses.[12]

To meet these targets, women face a significantly steeper accumulation hurdle than men. Financial analyses from Nasdaq indicate that women must save over 60 percent more than their male counterparts to achieve an equivalent standard of living in retirement, requiring a lifetime nest egg of $969,506 compared to a male target of $605,170.[13] This massive $364,336 savings

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[8] Matthew S. Rutledge, Alice Zulkarnain, and Sara Ellen King, "How Much Does Motherhood Cost Women in Social Security Benefits?," *SSRN Electronic Journal*, 2017, https://doi.org/10.2139/ssrn.3048891.
[9] AARP Maryland, "Maryland Saves Data Sharing Act (SB 189) FAVORABLE"
[10] US Small Business Administration Office of Advocacy, "2021 Small Business Profile - Maryland," 2021, https://advocacy.sba.gov/wp-content/uploads/2021/Small-Business-Economic-Profile-MD.pdf.
[11] Economic Policy Institute, "Family Budget Calculator," Economic Policy Institute, 2024, https://www.epi.org/budget/.
[12] Maryland Manual On-Line, "Maryland Economy - Income," msa.maryland.gov, 2024, https://msa.maryland.gov/msa/mdmanual/01glance/economy/html/income.html.
[13] Gabrielle Olya, "How Much Men vs. Women Need to Save for a Comfortable Retirement in Every State," Nasdaq.com, January 8, 2025, https://www.nasdaq.com/articles/how-much-men-vs-women-need-save-comfortable-retirement-every-state.

premium is structurally necessary to offset the compounding effects of reduced Social Security payouts, the lifetime wage gap, and longer average lifespans.

Unfortunately, while neither men or women in the United States are adequately saving for retirement, women are significantly more underprepared. Research shows women have saved 49 percent less than men in total household retirement accounts, $56,000 compared to men's $92,000.[14] Their emergency savings are also 70 percent lower. As of 2024, women had $3,000 in emergency savings compared to $10,000 among men. This lack of savings and preparation is problematic because women who retire and are expecting to rely on Social Security to support themselves may find the income insufficient to supplement their savings. Twenty-seven percent of women expect to rely on Social Security as their primary source of income during retirement.[15] However, women's Social Security benefits are 23.6 percent less ($3,878) on average than men's.

Women are also less prepared for retirement in financial literacy and planning skills. Only 25 percent of women have a written retirement strategy, and 44 percent of women fear outliving their savings and investments.[16] According to the Federal Reserve, 52 percent of men were mostly or very comfortable with choosing and managing their investments, compared to only 38 percent of women.[17]

Both the lack of savings and lack of retirement planning is exacerbated along racial and ethnic lines. Compared with all non-retirees, the Federal Reserve found that Black and Hispanic non-retirees were less likely to view their retirement savings as on track, while White and Asian non-retirees were more likely to have such assets and say they were on track.[18]

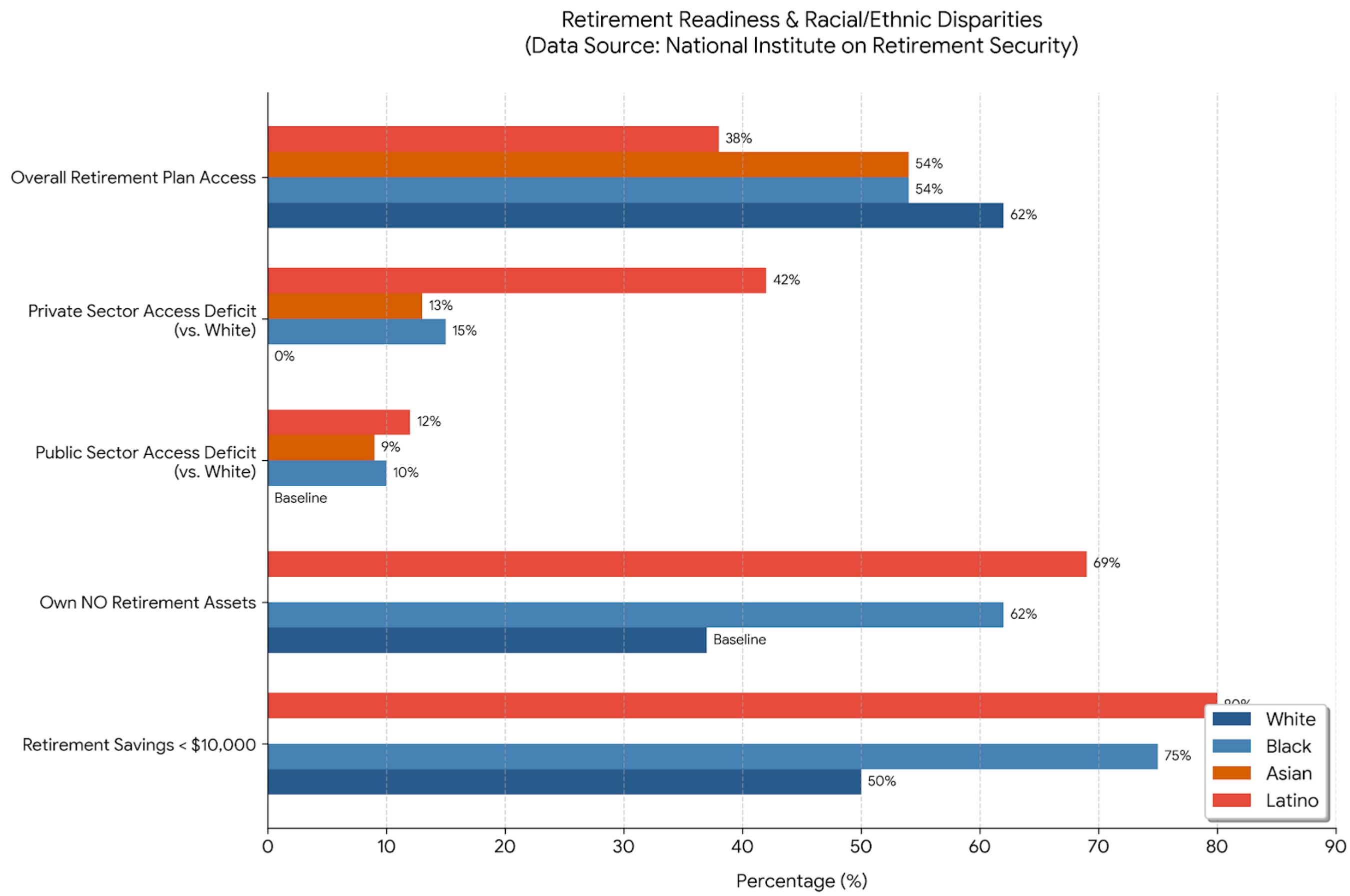
[14] Transamerica Institute, "25 Facts about Women's Retirement Outlook," Transamerica Center for Retirement Studies, November 2025, https://www.transamericainstitute.org/docs/research/25-facts-women-retirement-survey-report-2025..

[15] Social Security Administration, "Social Security Is Important to Women," n.d., https://www.ssa.gov/pressoffice/factsheets/women-alt.pdf.

[16] Transamerica Institute, "25 Facts about Women's Retirement Outlook"

[17] Federal Reserve Board, "Economic Well-Being of US Households in 2023," Federal Reserve Board Research and Analysis, May 2024, https://www.federalreserve.gov/publications/files/2023-report-economic-well-being-us-households-202405.pdf.

[18] Federal Reserve Board, "Economic Well-Being of US Households in 2023", page 66



Source: National Institute on Retirement Security[19]

When considering the factors that lead to retirement readiness, Black and Latino workers have the least access to retirement plans, do not own retirement assets, and have lower retirement savings as compared to their white counterparts.[20]

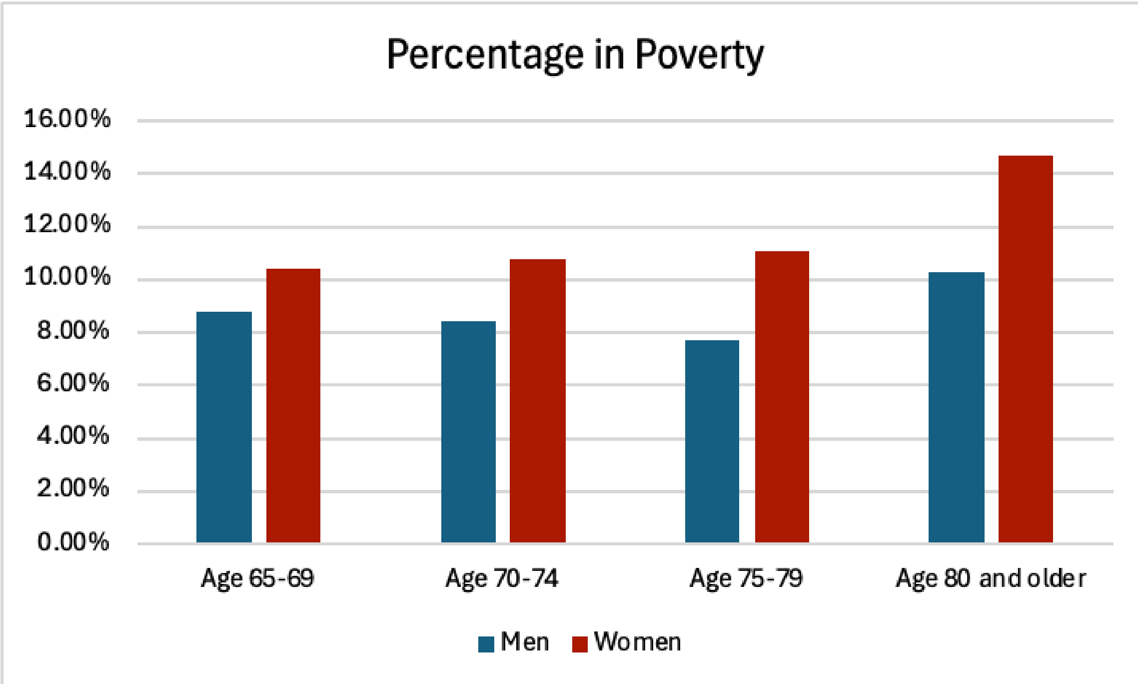
Having a large swath of the population not ready for retirement has serious consequences for the state of Maryland if left unaddressed. Many women, in particular, will fall into poverty as they age. As of 2023, 9.5 percent of Marylanders 65 or older were already living in poverty,[21] which accounts for around 82,000 people. As the figure below shows, older women live in poverty at higher rates than older men.[22] Nearly half (44%) of the entire 65 and older population of Maryland live below the ALICE threshold– individuals who are Asset Limited, Income Constrained, and Employed.

[19] Nari Rhee, "Race and Retirement Insecurity in the United States" (National Insititute on Retirement Security, 2013), https://www.nirsonline.org/wp-content/uploads/2017/07/race_and_retirement_insecurity_final-1.pdf.

[20] Rhee, "Race and Retirement Insecurity in the United States", page 5-10

[21] United Health Foundation, "Explore Poverty - Ages 65+ in the United States," America's Health Rankings, 2024, https://www.americashealthrankings.org/explore/measures/poverty_sr.

[22] Congressional Research Service, "Poverty among the Population Aged 65 and Older" (Congressional Research Service, December 6, 2022), https://sgp.fas.org/crs/misc/R45791.pdf



Source: Congressional Research Service[23]

This issue is particularly salient for Marylanders because costs of living are significantly higher than in other states, with average annual living costs 15.4 percent higher than the national average.[24] These costs are even higher for older adults in need of health care or assisted living programs. According to the Longevity Ready Maryland initiative, the median cost for a nursing home in Maryland is $160,000 annually, and $42,120 annually for in-home care 30 hours a week.[25] Meanwhile, rent increases for people aged 65+ have outpaced Social Security income increases by 7 percent between 2018-2023.[26]

This stark reality underscores that a lack of retirement readiness, and the subsequent inability to sustain financial stability, can result in severe physical and economic hardship for aging individuals. Beyond the personal toll, this crisis places an immediate and escalating fiscal burden on the state. Medicaid currently serves as the primary funding source for nursing homes and long-term care facilities,[27] incurring an average expenditure of approximately $21,502 per senior.[28] Additionally, reflecting the urgent need for targeted infrastructure, Maryland's fiscal year 2027 capital budget allocates nearly $1.1 million in grant funding exclusively for affordable

[23] Congressional Research Service, "Poverty among the Population Aged 65 and Older", page 8
[24] World Population Review, "Cost of Living Index by State 2023," worldpopulationreview.com, 2024, https://worldpopulationreview.com/state-rankings/cost-of-living-index-by-state.
[25] Maryland Department of Aging and Longevity Ready Maryland, "Maryland's Multisector Plan for Aging," July 2025, https://lrm.maryland.gov/wp-content/uploads/LRM_MPA508c-1.pdf.
[26] Maryland Department of Aging and Longevity Ready Maryland, "Maryland's Multisector Plan for Aging", page 24
[27] Maryland Medicaid, "Impact of Potential Medicaid Proposals Maryland Medicaid" (Maryland Department of Health, 2025), https://health.maryland.gov/newsroom/SiteAssets/Pages/Impact-of-Potential-Medicaid-Proposals-to-Maryland-Medicaid/Maryland%20Medicaid%20Fact%20Sheet_05.13.25_232pm.pdf.
[28] USAFacts, "How Much Is Spent per Medicaid Enrollee in Maryland?," USAFacts, 2023, https://usafacts.org/answers/how-much-is-spent-per-medicaid-enrollee-in-the-us/state/maryland/.

senior housing projects.[29] According to projections by the Maryland Department of Legislative Services, the cumulative cost to the state driven by insufficient senior retirement savings is expected to reach $4.8 billion by 2040.[30] These compounding figures demonstrate that senior financial insecurity is not merely a private struggle, but a critical public policy crisis that demands immediate and sustained attention from Maryland lawmakers.

Current State of Maryland Law and Policy

Maryland Department on Aging

Maryland has also created updated policies in order to deal with the continuing challenges that an aging population presents. On April 14th, 2026, Maryland Governor Wes Moore signed into law HB278, the Longevity Ready Maryland Act. This bill creates an inter-agency approach to prepare Maryland adults and workforce for advancing demographic changes.[31] The key aspects of the bill include:

1. System-Wide Advocacy – Empowering the Maryland Department of Aging to be the lead organizer of all state agencies that address the needs of an aging population
2. A Modernized Commission on Aging – Experts in elder consumer protection, health care, and technology will join representatives from veteran and immigrant communities to collaborate with the Area Agencies on Aging
3. Public Accountability – The DoA will publish comprehensive progress reports every four years, with internal tracking annually

The Longevity Ready Maryland agency released a comprehensive plan in July of 2025 to create resilient infrastructure for longer lives in Maryland. The plan includes four main goals, two of which are Promote Economic Opportunity and Prepare Marylanders to Afford Longevity.

The Promote Economic Opportunity goal involves balancing a multigenerational workforce with economic competitiveness in Maryland. It includes an important sub-strategy relating to older workers' access to benefits in the Maryland workforce.[32] This goal, however, is mainly focused on recruiting and retaining older workers, rather than explicitly preparing them for retirement. This goal will not have a strong effect on those who have already retired.

The Prepare Marylanders to Afford Longevity goal is much more directly targeted towards financial stability for older adults. The second objective under this goal contains strategies to assist Marylanders with long-term financial planning, such as financial literacy

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[29] Maryland Department of Housing and Community Development, "FY2027 Capital Budget Summary," 2026, https://mgaleg.maryland.gov/pubs/budgetfiscal/2027fy-budget-docs-capital-S00-Department-of-Housing-and-Community-Development.pdf.

[30] Department of Legislative Services et al., "Evaluation of the Maryland Small Business Retirement Savings Program" (Department of Legislative Services Office of Policy Analysis, December 2024), page 7 https://dls.maryland.gov/pubs/prod/TaxFiscalPlan/Evaluation-of-the-MD-Small-Business-Retirement-Savings-Program-2024.pdf.

[31] Carmel Roques and Jennifer Crawley, "Maryland Marks New Era for Aging with the Passage of the Longevity Ready Maryland Act," Maryland Department of Aging, 2026, https://myemail.constantcontact.com/Maryland-Marks-New-Era-for-Aging-with-the-Passage-of-the-Longevity-Ready-Maryland-Act.html?soid=1141794908071&aid=_sR4it8jw3o.

[32] Maryland Department of Aging and Longevity Ready Maryland, "Maryland's Multisector Plan for Aging", page 23

outreach programs targeted specifically at those about to retire, and increasing access to free financial counseling resources that can help navigate saving and investing for retirement.[33] Though the strategies and objectives within this goal are admirable, they are in the very early stages of implementation, and do not efficiently leverage existing resources within the state to prepare older adults for retirement.

Maryland State Retirement and Pension System

The Maryland State Retirement and Pension System provides a defined benefit pension fund for public employees in Maryland. It currently provides an average of $1,503 per month to 159,863 retired employees of the state of Maryland, making it a substantially impactful program.[34] For most regular state employees who participate in the supplemental retirement plans, the state provides a dollar-for-dollar employer match up to $600 per fiscal year on voluntary contributions. The American Association of Retired Persons calculated that "after a 30-year career, a pension benefit from the fund will replace 45% of an employees' pre-retirement income. This is significant in Maryland because of the large number of people it affects. Maryland has 117,000 state employees active in the workforce as of March 2026,[35] 56% of which are women.[36] Active employees contribute 5% or 7% of their pay into the fund, making it a sustainable retirement option for future state employees.

MarylandSaves

Maryland made a huge investment in the financial future of its residents in September of 2022, when the MarylandSaves program began. MarylandSaves is a state-run program in which employees are automatically enrolled in a Roth IRA.[37] Employers must register for the program if they do not already offer a workplace retirement plan, and accounts are automatically funded through employees' paychecks at a default contribution rate of five percent. The first $1,000 in contributions is defaulted into an Emergency Savings Fund, after which further paycheck contributions are set into a targeted date fund based on the employee's age, unless they choose otherwise. Participants can choose or change their investment options, withdraw their funds, and take the account with them if they change jobs, making the program adaptable to each individual's needs.[38]

As of December 2025, there were 16,799 active worker accounts in the MarylandSaves program, a 3.8% increase from November of the same year. This indicates that the program is growing as it becomes more established in the workforce. There were more than 6,000

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[33] Maryland Department of Aging and Longevity Ready Maryland, "Maryland's Multisector Plan for Aging", page 25

[34] AARP, "2024 AARP in the States Snapshot MD Public Employee Retirement-System" (AARP, 2024), https://drive.google.com/file/d/11vEm4oJCj5WPOzWnlDfzxMuoRlDQfwqM/view.

[35] Federal Reserve Bank of St. Louis, "All Employees: Government: State Government in Maryland," Stlouisfed.org, 2026, https://fred.stlouisfed.org/series/SMS24000009092000001#.

[36] Department of Budget and Management, "Annual Statewide Equal Employment Opportunity Report Fiscal Year 2025," January 2026, https://dbm.maryland.gov/eeo/Documents/Publications/AnnualEEO-ReportFY2025.pdf.

[37] MarylandSaves , "MarylandSaves Home," Marylandsaves.com, 2023, https://marylandsaves.com/.

[38] Stephanie Davis, "MarylandSaves Launches Innovative Paycheck Savings Program" (MarylandSaves, September 15, 2022), https://www.marylandsaves.org/wp-content/uploads/2022/09/MarylandSaves-Launch-Press-Release_FINAL.pdf.

employers registered in December 2025, with the average employee saving 5.6 percent of their paycheck each month.[39] The average account balance was $1,606, which is lower than the average account balance in similar programs in California, Oregon, Illinois, and Connecticut, but this is likely due to the program's recent inception.[40] MarylandSaves is a critical program in assisting retirement readiness, partially because it is available for sole proprietors and self-employed individuals,[41] helping to alleviate the inability of small businesses employees to save for retirement.

An important facet of MarylandSaves is that employees are able to opt out of the program at any time if they wish. In a study conducted by the Department of Legislative Services, they found that 22% of eligible workers have chosen to opt out of MarylandSaves within the first 30 days of participation, before payroll deductions begin. This is a two percent decrease in opt-out rates since the program began, but is still a significant consideration in terms of the program's effectiveness.[42]

The Pew Charitable Trust conducted a study of the Illinois Secure Choice program, an auto-enroll IRA program very similar to MarylandSaves,[43] in order to determine the reason for participant opt-outs. When asked why they had opted out of the Illinois auto-enroll IRA program, 14% reported that they were covered by another retirement plan already. This indicates not only an abundance of options for retirement accounts, but also an awareness of the employee's current retirement account status, both of which are positive for financial security. This was most true for workers over 55, with 37% of those in that age group surveyed reporting that they were already covered. Across racial lines, white workers were more likely than any other racial group to cite a separate plan as their primary reason for opting out of the program.

However, the Pew Charitable Trusts found that the primary reason that most respondents reported for opting out of the program was needing the money for more immediate financial needs. Forty-one percent of respondents who opted out said that they needed the money going into the retirement account for immediate concerns, with nearly 30% saying this was their primary reason for opting out. An additional 12% reported that it was in order to pay off debt, while eight percent said they needed to save for unexpected expenses, and six percent said they needed to save for large expenses.

This response was exacerbated among racial groups. Hispanic respondents were the most likely to report needing to save money for an unexpected expense as the primary reason for opting out, more so than Black or white workers. However, across all racial groups surveyed, the

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[39] MarylandSaves , "MarylandSaves Monthly Dashboard," MarylandSaves, December 2025, https://www.marylandsaves.org/wp-content/uploads/2026/01/MarylandSaves-Monthly-Dashboard-Report-12-31-25.pdf.
[40] Department of Legislative Services et al., "Evaluation of the Maryland Small Business Retirement Savings Program", page 27
[41] MarylandSaves Help Center, "Which Businesses Are Eligible to Participate in MarylandSaves?," MarylandSaves, 2026, https://marylandsaves.zendesk.com/hc/en-us/articles/19326110098455-Which-businesses-are-eligible-to-participate-in-MarylandSaves.
[42] MarylandSaves , "MarylandSaves Monthly Dashboard"
[43] Pew Charitable Trust, "Why Workers Opt out of Illinois 'Secure Choice' Automated Retirement Savings Program," Pew.org, May 2024, https://www.pew.org/en/research-and-analysis/issue-briefs/2024/05/why-workers-opt-out-of-illinois-secure-choice-automated-retirement-savings-program.

percentage of respondents who reported that their primary reason for opting out was immediate financial needs was about equal– nearly 30% in every group. Overall, more than half of all respondents reported some kind of financial concern as the reason for their discontinuation in the program. This indicates a major gap in auto-enroll IRA programs. The people that most need to save for retirement, those with low incomes and debt, are the ones opting out of the program for those same reasons. This leaves a gap in the intended and actual effects of the policy.

Main Gaps and Barriers

From the evaluation of existing programs within Maryland, several main gaps in effectiveness and barriers to retirement security were identified.

Access to an Employer-Sponsored Plan

The first is access to an employer sponsored retirement plan. As discussed above, having access to a plan makes saving for retirement significantly easier, especially for women. However, according to the Department of Labor, more than four in 10 working women do not have access to an employer-based retirement plan. Thirty-seven percent work for an organization that doesn't offer retirement plans to any employees, and 7% work for organizations that do offer retirement plans, but that the women are not eligible for.[44]

The MarylandSaves program is intended to fill that gap by requiring employers enroll in a state-run retirement program. However, there are several groups who are ineligible for MarylandSaves that are also affected by lower retirement savings. The first is self-employed individuals or independent contractors without verifiable earned income. This could be because they do not receive traditional pay stubs or W-2 forms. However, if those people work under a 1099, they are able to enroll their own account in the MarylandSaves program and make contributions from their personal or checking accounts.

Another group not eligible for MarylandSaves is any business that does not use an automated payroll system. This primarily affects small businesses, who are significantly more likely to not have an automated system due to higher upfront costs, need to retrain staff, or operational efficiency.[45]

Finally, another portion of the population that is not covered by the MarylandSaves program is those under 18 years old. Minors who wish to work in Maryland have to file for a Work Permit and are restricted in the hours they can work. The youth labor force participation rate in 2022 was 31.4%, accounting for approximately 124,776 people under the age of 18.[46] This is a significant part of the population that is not able to enroll in the state's retirement

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[44] Jeff Hayes, "How to Improve Women's Retirement Security in 2025," Department of Labor Blog, January 13, 2025, https://blog.dol.gov/2025/01/13/how-to-improve-womens-retirement-security-in-2025.

[45] Kerry Patterson, "Is Automated Payroll Worth It for Small Teams? The Math for 1–9 Employees," Surepayroll.com (SurePayroll, December 27, 2024), https://www.surepayroll.com/resources/article/why-small-businesses-should-use-automated-payroll-software.

[46] Governor's Workforce Development Board, "Maryland Statewide Workforce Development Plan," Maryland Statewide Workforce Development Plan, December 22, 2024, page 72 https://gwdb.maryland.gov/pub/pdf/2024-2028stateworkforceplan-wioacombined.pdf.

system, especially considering it is recommended by experts to start saving for retirement as early as possible.

An important sector of the modern economy that is not covered by an employer-sponsored retirement plan is gig workers, also known as nontraditional, independent, contingent, or alternative workers. This could include those driving for ridesharing services such as Uber or Lyft, graphic designers or freelance writers who work project-to-project, or food and grocery couriers for services such as DoorDash or InstaCart. These workers are generally not eligible for employer-provided benefits such as retirement programs under the 1974 Employee Retirement Income Security Act,[47] unless they are a full-time corporate employee. In a 2021 study conducted by Pew Charitable Trusts, nontraditional workers with little or no retirement savings tend to have no access to employer-provided programs, lack job security, are younger than 50, and are female. More than 65% of nontraditional workers surveyed cited immediate financial needs as the biggest ongoing challenge to saving for retirement, and 52.6% of those who said they were not interested in a retirement plan reported lack of income as the main reason.[48]

Gig workers are considered independent contractors and therefore eligible to enroll in the MarylandSaves program, but as a 1099 employee, it would be the prerogative of the employee to enroll in the program and make contributions from their savings or checking account. Meanwhile, 30.9% of gig workers surveyed by Pew reported that they were probably not interested or not interested at all in a retirement plan, and 8.7% of those uninterested said they did not understand how to save for retirement,[49] making it less likely for them to independently enroll themselves into a state-based retirement plan.

Financial Literacy

A significant barrier in saving for retirement is an individual's financial literacy– their ability to navigate retirement and investment systems, make economic decisions, and plan for long term financial stability. The Federal Reserve Board has found that the financial literacy gap is predictive of behaviors such as saving for retirement,[50] making it a crucial foundational step to increase retirement security. At present, all Maryland schools have a required financial literacy program in grades 3-12, with a specific standard that involves "creating wealth" and "financial security". However, none of the standards or curriculum requirements specifically mention retirement planning, and many of the financial literacy curriculums are integrated into other courses such as American Government, rather than being its own standalone course.[51]

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[47] American Academy of Actuaries, "Retirement and Gig Workers," September 2025, https://actuary.org/wp-content/uploads/2025/09/retirement-policypaper-GigWorkers9.9.25.pdf.

[48] Pew Charitable Trusts, "Nontraditional Workers Face Multiple Barriers to Saving for Retirement," Pew.org (The Pew Charitable Trusts, November 9, 2021), https://www.pew.org/en/research-and-analysis/issue-briefs/2021/11/nontraditional-workers-face-multiple-barriers-to-saving-for-retirement.

[49] Pew Charitable Trusts, "Nontraditional Workers Face Multiple Barriers to Saving for Retirement"

[50] Anna Tranfaglia, Alicia Lloro, and Ellen Merry, "Question Design and the Gender Gap in Financial Literacy," *FEDS Notes*, January 1, 2024, https://doi.org/10.17016/2380-7172.3415.

[51] Maryland State Department of Education, "2024-2025 Financial Education Report," *Personal Financial Literacy Education* , 2024,

It is well-documented that women are less financially literate than men,[52] but a less explored aspect of this gap is women's confidence in their own financial literacy skills. In an analysis conducted by the Federal Reserve Board, women were 50% more likely on average to answer "Don't know" on a series of questions regarding financial literacy. However, when the "Don't know" option was removed, there was only a 12% difference in correctly answering the questions between men and women.[53] This indicates that a major problem is not lower intelligence and decision-making power when it comes to finances, but confidence in making these decisions. This is especially important in the retirement context, as making decisions about retirement and financial planning can be stressful and high-stakes, so confidence in decisions is critical.

Defined Benefit (DB) vs Defined Contribution (DC) Plans

The structural shift from traditional Defined Benefit (DB) pensions to modern Defined Contribution (DC) accounts has been significant for women trying to save for retirement. Traditional DB plans calculate retirement benefits as an annuity based heavily on job tenure and peak salary. Historically, this model favored workers with long, uninterrupted careers at a single employer, which is a structure mostly found in government or unionized sectors. Since women are far more likely to take career breaks for caregiving or work part-time, they frequently missed out on the back-loaded vesting schedules of DB plans.[54]

DC plans offer portability between jobs and are less structured around strict job tenure, which aligns with more flexible career paths. The MarylandSaves program makes inroads with the importance of portable retirement accounts. Early data indicates that Maryland workers are already utilizing this portability; of the funded accounts active in MarylandSaves, 1,507 were for employees with more than one employer as of June 2024. This suggests that a number of savers either kept their accounts when they switched employers.[55] However, DC plans introduce a different set of barriers. First, DC plans require active investment decisions. Research indicates that women tend to be more risk-averse, often tilting their portfolios toward conservative assets that underperform over the long term.[56] Furthermore, DC plans rarely have payout benefits as a guaranteed monthly income stream. This penalizes women, who have longer life expectancies than men and therefore face a higher risk of outliving their self-managed savings. Despite these barriers, DC plans are highly successful for saving. Workers with access to an

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https://marylandpublicschools.org/programs/documents/cte/financial%20literacy/2024-2025-financial-literacy-update-report-a.pdf.

[52] Kentaro Iwatsubo, Chiaki Araki, and Nobuyoshi Yamori, "Gender Gap in Financial Literacy – Numeracy, Financial Concepts and Retirement Financial Planning," *Finance Research Open* 1, no. 4 (December 2025): 100054, https://doi.org/10.1016/j.finr.2025.100054.

[53] Anna Tranfaglia, Alicia Lloro, and Ellen Merry, "Question Design and the Gender Gap in Financial Literacy"

[54] Grace Enda and William Gale, "How Does Gender Equality Affect Women in Retirement?," Brookings, July 2020, https://www.brookings.edu/articles/how-does-gender-equality-affect-women-in-retirement/.

[55] Department of Legislative Services et al., "Evaluation of the Maryland Small Business Retirement Savings Program", page 27-28

[56] Enda Gale, "How Does Gender Equality Affect Women in Retirement?"

employer-sponsored DC plan are twice as likely to reach their retirement goals as those without.[57]

Policy Opportunities

Based on the above research, several policy options exist for the Maryland government to strengthen retirement security for women. Research shows that income from sources such as pensions or investments are more financially stable and successful than those who rely solely on Social Security or public income.[58] Policy recommendations should, therefore, be focused on incentivizing individuals to save for retirement and streamlining programs that help them do so.

Implementing Department of Legislative Services (DLS) Recommendations

The Department of Legislative Services (DLS) reviewed the Maryland Small Business Retirement Savings Act in December of 2024 to evaluate the program's current successes and areas for improvement. The recommendations primarily target operational inefficiencies in the MarylandSaves program, not the root causes of financial insecurity in retirement age.

DLS recommends instituting penalties for employers who have failed to register for the MarylandSaves program. Maryland is currently the only state that has an auto-enroll IRA program without noncompliance penalties, so DLS advises that if employer participation rates remain lower than in other states, these penalties be implemented to ensure that the program is self-sufficient.[59]

A key recommendation to reduce costs for savers and expand the MarylandSaves program is to look into partnerships with other states, following in the footsteps of Colorado's consortium, the Partnership for Dignified Retirement.[60]

One of the recommendations was to expand investment choices within MarylandSaves. Right now, employees can choose from an emergency savings fund, target retirement date options, a bond index option, and a global growth stock option instead of the default investment in an emergency savings fund and a target retirement date fund. However, other states with similar auto-enroll IRA programs such as California and New Jersey have more diversified options. California's program offers an environmental, social, and governance fund that invests in the equity securities of sustainable global companies and issuers of U.S. investment grade fixed income securities that satisfy certain progressive criteria. New Jersey's program allows employees choices of a capital preservation fund, target retirement date series, a large-, mid-, and small- cap core fund, an international equity fund, and a fixed income fund as alternatives to the default investment rate. DLS advises that more diverse investment opportunities could both encourage expanded financial literacy skills and diversify retirement portfolios in Maryland.[61]

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[57] Fiona Grieg et al., "The State of Retirement Readiness in 3 Charts," Vanguard.com, 2025, https://corporate.vanguard.com/content/corporatesite/us/en/corp/articles/state-retirement-readiness-three-charts.html.
[58] Federal Reserve Board, "Economic Well-Being of US Households in 2023", page 63
[59] Department of Legislative Services et al., "Evaluation of the Maryland Small Business Retirement Savings Program", page 31
[60] Department of Legislative Services et al., "Evaluation of the Maryland Small Business Retirement Savings Program", page 31
[61] Department of Legislative Services et al., "Evaluation of the Maryland Small Business Retirement Savings Program", page 28

DLS also notes that high investment fees are detrimental to retirement savings. Rather than make a change to the MarylandSaves program to affect this, DLS recommends continued monitoring of rising investment fees and ensure that fees are kept low for Maryland users while preserving transparency and the operational abilities of the program.[62]

Expand the Earned Income Tax Credit (EITC)

The Maryland Earned Income Tax Credit (EITC) is a state-level benefit intended for those that work, but do not make high incomes. It is available at the state and federal level, and in Maryland matches 50% of the federal EITC for filers claiming dependents, and 100% of the federal EITC for single filers with no dependents. Eligible Marylanders can receive up to $4,000 to lower tax liabilities or increase tax refunds.[63]

This policy recommendation would involve expanding the amount available in the EITC in order to directly target low-income workers who need to be saving for retirement, but may be opting out of programs such as MarylandSaves in order to meet immediate financial needs. Instead of being capped at $4,000 in tax refunds, the EITC could be expanded to $4,500 as a pilot program, with the excess being earmarked specifically for retirement savings that goes specifically into a MarylandSaves account. This way, recipients could still use the EITC for financial needs while saving for retirement at the same time. This bolsters women's accounts specifically, because single mothers and women of color are both more likely to receive EITC[64] and more likely to have lower retirement savings.[65] An additional $500 annually in retirement savings can be significant in creating financial stability for working women, and the tax credit can continue to be expanded if positive results accrue.

Enhanced Financial Literacy Requirements

Eleven states of the 30 requiring personal finance courses in high school specifically include the importance of saving for retirement early, as well as different retirement plans, as part of the curriculum.[66] This should be a required element of the Maryland curriculum as well. Although each county has financial literacy programs integrated into the graduation requirements in some capacity, it is not specifically required to learn retirement planning in Maryland.[67] Harvey and Urban (2023) found that having a financial education requirement increases the likelihood of having a retirement account outside an employer, which is vital in serving the population of people who are not traditionally offered retirement plans through employment.[68]

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62 Department of Legislative Services et al., "Evaluation of the Maryland Small Business Retirement Savings Program", page 31

63 Comptroller of Maryland, "Earned Income Tax Credit," Maryland Comptroller, 2025, https://www.marylandcomptroller.gov/individuals/eitc.html.

64 Chuck Marr and Yixuan Huang, "Women of Color Especially Benefit from Working Family Tax Credits," Center on Budget and Policy Priorities, September 9, 2019, https://www.cbpp.org/research/federal-tax/women-of-color-especially-benefit-from-working-family-tax-credits.

65 Tatiana Walk-Morris, "The Retirement Crisis for Women of Color - Dame Magazine," Dame Magazine -, January 18, 2021, https://www.damemagazine.com/2021/01/18/the-retirement-crisis-for-women-of-color/.

66 Melody Harvey and Carly Urban, "Does Financial Education Affect Retirement Savings?," *The Journal of the Economics of Ageing* 24, no. 100446 (February 2023), https://doi.org/10.1016/j.jeoa.2023.100446.

67 Maryland State Department of Education, "2024-2025 Financial Education Report"

68 Harvey and Urban, "Does Financial Education Affect Retirement Savings?"

The Consumer Protection Bureau lays out five principles of an effective financial well-being curriculum: 1) Know the individuals and families to be served; 2) Provide actionable, relevant, and timely information; 3) Improve key financial skills; 4) Build on motivation; and 5) Make it easy to make good decisions and to follow-through on them.[69] More research should be conducted on how Maryland's curriculum can satisfy these pillars and create an effective financial planning curriculum that boosts both awareness and confidence in future retirees.

State-Matched Retirement Accounts

The final policy recommendation of this report is the establishment of a state-level retirement savings incentive targeted at low-income residents, structured as a matching contribution program for those falling below a designated income threshold. Initially, eligibility would be restricted to Maryland residents living below the federal poverty line, a demographic that currently comprises approximately 9.3 percent of the state's population, or 564,966 people.[70] Following a successful pilot and implementation phase, the program could scale structurally by introducing a sliding benefit tier, expanding support to a broader segment of the state's economically vulnerable population.

The key benefits of this recommendation include not just the immense impact it would have on Maryland women, but the way it optimizes existing structures in Maryland. This program would use the existing financial and technological resources of the MarylandSaves program, and build on the institutional abilities of the Maryland State Retirement and Pensions System. The average monthly savings contribution into MarylandSaves accounts is $175,[71] which would mean that under this program, the state would match that amount and add it to the employee's account if they make under a certain income. This would result in an expense for the state, but the AARP reports that each dollar invested into pension systems in Maryland supports a $4.86 return in economic activity in the state, demonstrating a clear return on investment.[72]

This program would be particularly impactful for women because women in Maryland are likely to earn less over time,[73] and 24% more women live under the poverty line than men,[74] meaning they would be more likely to qualify for matched savings. Women are also more likely to have interrupted careers,[75] so a stable, portable contribution from the state would provide continuity and assist in long-term financial soundness.

Conclusion

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[69] Consumer Protection Bureau, "Effective Financial Education: Five Principles and How to Use Them," June 2017, https://files.consumerfinance.gov/f/documents/201706_cfpb_five-principles-financial-well-being.

[70] National Institute on Minority Health and Health Disparities, "An Ecosystem of Minority Health and Health Disparities Resources," Nih.gov, 2026, https://hdpulse.nimhd.nih.gov.

[71] MarylandSaves , "MarylandSaves Monthly Dashboard"

[72] AARP, "2024 AARP in the States: Snapshot MD Public Employee Retirement-System"

[73] Sapna Mehta, Michael Siers, and Ajani Pierce, "Maryland Equal Pay Day Report 2026"

[74] National Institute on Minority Health and Health Disparities, "An Ecosystem of Minority Health and Health Disparities Resources"

[75] Enda and Gale, "How Does Gender Equality Affect Women in Retirement?"

Maryland women contribute to the economy, workforce, and future of Maryland, yet they suffer from lower retirement readiness than their male counterparts due to a compounding set of circumstances. Lower lifetime pay, lower Social Security benefits, and lower levels of financial literacy are all important contributors, but the state of Maryland can take actionable steps now that addresses the result of those causes and helps women be more ready for retirement.

The main barriers that prevent women from being secure in their retirement savings are lack of access to an employer-sponsored retirement plan, under-confidence in their financial decision-making, the shift in different kinds of retirement plans, and pressing financial needs impacting ability to save. In order to address these barriers, Maryland can take several options. The first of these options, and perhaps the least intensive, is to implement the recommendations made by the Department of Legislative Services to streamline the operations of the MarylandSaves program. Another policy solution to prevent the issue of lower savings in future generations of women could be to enhance financial literacy requirements in education, while more policy-intensive options would be for the state to expand the Maryland Earned Income Tax Credit or match retirement contributions for those under the poverty line.

Retirement readiness is affected by dozens of factors across women's life, so more research is needed to gain a full comprehensive understanding of the issue. Currently, DLS is set to conduct a study on why people are opting out of the MarylandSaves program, which can inform future research on how to close the gap between those who need both retirement savings and stable income in Maryland specifically. Future research is also needed on whether or not the uncertainty regarding the future of Social Security is affecting women's saving habits now.

Ultimately, ensuring retirement security for Maryland's women is not just an issue of individual financial planning, but a matter of economic equity and long-term state stability. While systemic hurdles like the lifetime wage gap and shifting plan structures have historically left women at a disadvantage, the policy interventions outlined above offer a viable roadmap toward closing these disparities. State lawmakers can design a more inclusive financial ecosystem that honors women's vital contributions to the workforce by guaranteeing them dignity, autonomy, and security in their later years.