



Press Releases

House Labor Subcommittee Explores Ideas to Help More Americans Save for Retirement

Thursday, November 8, 2007

WASHINGTON, DC -- The House Subcommittee on Health, Employment, Labor and Pensions held a hearing today to examine proposals to help more Americans save for their retirement, in light of the troubling fact that over 75 million Americans have no retirement savings plan.

“I am gravely concerned with the potential crisis we may face in the next few decades with retirement savings,” said [Rep. Rob Andrews](#) (D-NJ), chairman of the subcommittee. “Retirement participation in employer-sponsored plans is on the decline and over 80 million baby boomers are quickly approaching retirement with about half of them not adequately prepared for retirement.”

“America’s real retirement security crisis is not Social Security solvency, nor even the many big companies freezing their traditional pension plans,” testified [Michael Calabrese](#), vice president and co-director of the New America Foundation. “The larger problem is that a steadily declining minority of American adults are participating in any retirement plan – whether pensions or 401(k) plans or IRAs.” The New America Foundation has proposed a universal 401(k) program, where worker contributions would be matched by the government, depending on income. Employers would also be encouraged to make matching contributions to the account.

[Norman Stein](#), a professor at the University of Alabama School of Law, testified that participation rates in pension programs have stalled for the past 25 years at about 50 percent. Stein also works with the Conversation on Coverage, a public policy project by the Pension Rights Center, focused on proposals to increase retirement savings participation for workers in small businesses, where coverage rates are among the lowest.

[David John](#), senior research fellow at the Heritage Foundation, and [J. Mark Iwry](#), a senior fellow at the Brookings Institution, agreed that national coverage rates have stalled and are actually declining. Their proposal would require employers to offer automatic payroll deductions in order to make it easier for workers to save for retirement. Employers would receive a tax credit to offset administrative costs.

[Pamela Perun](#), policy director for the Aspen Institute, said that the coverage problem is even worse for those with lower incomes. The Aspen Institute

proposed a retirement savings program that seeks to increase the savings rate for low and moderate-income workers.

“At any given moment, 59 percent of Americans who make less than \$50,000 per year do not have access to pension benefits on the job,” said Perun. “Far too many Americans have no supplement at all. For fully one in every five American aged 65 and older, Social Security is their sole source of income.”

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