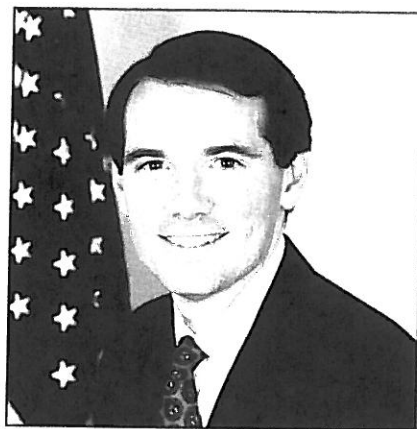


# Increasing Retirement Security Must Be A Top Priority

by Congressman Rob Portman

With Americans living longer and 76 million Baby Boomers retiring within the next 15 short years, solving Social Security's fiscal problems is a top priority for the President and the Congress, as it should be. But the spotlight on Social Security also has dramatized the limits of the program and the need to look more broadly at the overall issue of retirement security.

The annual Retirement Confidence Survey, which was recently



released by the Employee Benefits Research Institute (EBRI), showed that fewer than 10 percent of American workers are doing a very good job of preparing for retirement.

In fact, the Retirement Confidence Survey found that 24 percent of working Americans feel very confident they have saved enough to live comfortably in retirement. But

only half of all workers have taken steps to figure out how much they need to save before they retire, and only 16 percent have accumu-

lated a significant nest egg to fund their retirement.

Social Security was never intended to meet all the financial needs of retirement, and for most Americans it does not. Rather, it is one leg of a three-legged stool that supports Americans in their retirement years. The other two are personal savings and employer-provided retirement plans- or pensions.

Pension plans—including traditional defined benefit plans as well as 401(k) and other defined contribution plans—are crucial to retirement security for millions of Americans. Last year, pensions paid almost \$380 billion in benefits annually to workers—\$63 billion more than retirement benefits paid from Social Security. They help those who need retirement security most—77 percent of pension plan participants earn less than \$50,000 per year. And, economists from across the ideological spectrum agree that enhanced personal savings and increased pensions are key to long-term economic growth and prosperity.

But this vital component of a secure retirement is under threat. Many businesses—particularly smaller companies where most of the new jobs are being created—are not offering retirement plans due to the costs, red tape and liabilities. Since 1982, increasing layers of restrictions, regulations and artificial caps have been imposed on pensions—often purely as revenue raising mechanisms. As a result, defined benefit plans have practically ceased to exist in the small employer market—where most new job growth is being created—and coverage among all types of pensions has had no net growth since the early 1980s. The Department of Labor reports that only half of all workers have pension coverage, and statistics published by EBRI show that, of businesses with 25 or fewer employees, only 20 percent now offer any kind of pension plan.

Regardless of whether we are able to make progress on reforming Social Security, Congress must act now to increase retirement security for everyone by enacting a comprehensive reform of our outdated pension laws. That's why Congressman Ben Cardin and I introduced bipartisan legislation (H.R. 1102) to enact the most significant expansion of pensions in a generation.

The Portman-Cardin plan makes retirement security available to millions of workers by making common sense changes to our retirement laws. It tears down barriers to savings by raising limits and allowing workers to set aside

more of their earnings tax-free. And, it untangles complex and irrational rules that burden retirement plans and their participants, and creates new incentives for small businesses to establish plans.

Our plan allows a special "catch-up" contribution for older workers for the years they've spent outside the workforce or working in part-time positions. That's particularly important for working moms who have returned to the workforce after raising their children. The Portman-Cardin plan also cuts through red-tape that has strangled private retirement savings, and it enhances fairness and protections for those who depend on their pension plans.

Unlike many of our parents and grandparents who worked for their same employers for decades, today's worker changes jobs nine times before the age of 32, on average. To accommodate this new reality, our bill allows

workers to become vested in their pension plans faster, and it enhances fairness and protections for those who depend on their pension plans.

If the early signs are any indication, we have a good chance of enacting meaningful changes to our pension laws this year. H.R. 1102 has been endorsed by leading groups from across the political spectrum—from business groups like the U.S. Chamber of Commerce and the National Federation of Independent Business to labor organizations like the AFL-CIO and AFSCME. More than 100 Members of

Congress on a bipartisan basis have cosponsored these reforms. And House Ways and Means Chairman Bill Archer took an important step by including much of the Portman-Cardin plan in his comprehensive tax relief package.

If enacted, these needed changes will expand savings and make the difference between retirement subsistence and retirement security for millions of workers nationwide. Imagine the impact we could have if we could give every American worker access to a 401(k) or similar pension plan.

Congress should act now to give people the independence and sense of security they need in their retirement years. Let's work toward a real solution to preserve Social Security's future, but let's also strengthen our private retirement system as well. **P**

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