National Summit on Retirement Savings (3)

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**Instructions:**
- Prepare one form for insertion at the beginning of each record series.
- Prepare and insert additional forms at points that you want to index.
- For example: at the beginning of a new folder, briefing book, topic, project, or date sequence.

**Record Type***: Speeches & Remarks

**MONTH/YEAR of Records***: **June-1998**
(Example: JANUARY-2003)

(1) **Subject***: 1998 National Summit on Retirement Savings

(select subject from controlled vocabulary, if your office has one)

(2) **Subject***: Educate Americans on how to save

**DOCUMENT DATE***: **06/04/1998**
(Example: 01/12/1966)

* "required information"
Good evening.

First of all, let me express my appreciation to Secretary Herman and her hardworking staff at the Department of Labor, and the American Savings Education Council for their leadership in planning this important Summit. As President Clinton said earlier today, this successful partnership between the public and private sectors provides a perfect model for the cooperative effort that will be so crucial to achieving the goals of this Conference.
I'm delighted to be here with my Congressional colleagues, and among so many of you, who are experts in the field of retirement planning. I don't need to repeat this evening the facts about the failure of so many Americans to plan for their retirement, and the importance of encouraging savings.

It reminds me of what Ben Franklin once said: "A penny saved is a penny earned." (Even he couldn't have imagined just how magical the combination of time and compounded interest could really be.) What would have happened if Ben had taken a single dollar and invested it in the stock market after World War II? That dollar would have grown to $177 dollars today.
Our parents and grandparents understood the importance of saving. They lived through the depression. They understood all too well the need to put money aside for a rainy day. Out of their experience was born our system of public savings through the Social Security system.

Yet according to a recent survey, more Americans under the age of 35 believe in UFOs than believe that Social Security will be around when they retire! We in Congress must be committed to ensuring the long-term financial stability of the Social Security system so that Americans can count on government fulfilling its promise to them when they retire.
We also know that for most people Social Security, alone, cannot provide an acceptable standard of living. Personal savings and private pension plans are two other crucial building blocks to a comfortable retirement.

Somehow, during the 2 centuries that have passed since Ben Franklin’s time, we as a nation have lost our imperative to save. Personal savings rates have dropped to 3.8 percent of our Gross Domestic Product, the lowest level in 58 years.

We must reverse this trend.
The task we have before us now involves no less than changing the cultural dynamic of our nation.

We must turn a nation of spenders into a nation of savers.

That means educating Americans on what it takes to retire and how to invest wisely. Together, we need to deliver a convincing message to our fellow Americans — through educational materials, town meetings across our country, finance courses in our schools and information in the media, to name a few — that it’s never too late to begin saving and investing in their future.
And even starting with Ben Franklin's dollar is better than not saving at all.

I would like to now focus my principal remarks on the third building block to a comfortable retirement -- adequate pension coverage. Fifty-one million people in our nation's workforce have no pension coverage. In a nation blessed with such prosperity, that is unacceptable.

Moreover, 38 million of these people are employed by small businesses. This means 80 percent of all small business employees have no pension coverage.
I know first-hand the hardship faced by small business owners and their employees by this lack of coverage. My State of Montana is a small business state. 85 percent of our businesses have fewer than 10 employees, and only 13% of them offer pension plans. This is a critical problem that must be addressed aggressively by Congress if we are to achieve the goal of this Conference to ensure financial security for our nation’s retirees.

Effective pension reform must acknowledge the special challenges small businesses face in providing a secure retirement for their employees.
According to the results of EBRI's Small Employer Retirement Survey released just two days ago, those challenges include the concerns of small business employers about the cost of establishing and maintaining pension plans, and the lack of understanding among their workers about the importance of pension plans to their future retirements.

— We need to make it a smart business decision for small business owners to establish retirement plans for themselves, and their employees.
— And, we need to encourage simple, creative ways to expand pension coverage in the small business universe. That means:

- cutting back on paperwork;
- eliminating obstacles and providing incentives to starting pension plans;
- streamlining complex pension regulations; and
- providing employers with the guidance and support they need to respond to the pension requirements of their employees.
I have made it my priority to work with members of the small business community, both back in Montana and nationally, to identify legislative solutions that will most readily enable small businesses to offer pension plans to their employees. As a result of these efforts, we have concluded that a legislative solution must entail:

— changes in the top-heavy rules that limit employer contributions to plans;

— increases in income limits that apply to SIMPLE pension plans;
— the creation of a simplified defined benefit plan for small business; and

— financial incentives to cover the administrative costs of establishing and maintaining pension plans.

To help make pension plans more affordable, I also intend to offer a new tax credit for small businesses that will help defray the cost of employer contributions to pension plans.
Finally, I am looking forward to incorporating in this legislation any additional ideas that will be generated by you during this Summit.

**CONCLUSION**

This Summit is the beginning of a national effort. Let us make a commitment tonight, that when we meet again at the next summit in the year 2001, we will have made substantial progress in ensuring that Americans understand the importance of personal savings, can count on Social Security as part of their retirement, and have broader access to pension plans through their employers.
Each of you understands how important these three building blocks are to achieving our goal of making America in the next century, not only strong as a nation, but strong as a community of individuals confident in the security of their financial future.

Thank you.

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