Hearing on Improving Retirement Security for America's Workers

HEARING

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Hearing on Improving Retirement Security for America's Workers

U.S. House of Representatives,
Committee on Ways and Means,
Washington, D.C

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HOUSE COMMITTEE ON WAYS & MEANS
CHAIRMAN RICHARD E. NEAL

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

FOR IMMEDIATE RELEASE CONTACT: (202) 225-3625

January 30, 2019

No. FC-3

Chairman Neal Announces a Hearing on Improving Retirement Security for America's Workers

House Ways and Means Chairman Richard E. Neal announced today that the Committee will hold a hearing, entitled "The Challenges Facing America's Workers in Ensuring a Secure Retirement," on Wednesday, February 6, at 10:00 AM, in room 1100 Longworth House Office Building.

In view of the limited time available to hear witnesses, oral testimony at this hearing will be from invited witnesses only. However, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Committee and for inclusion in the printed record of the hearing.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Please Note: Any person(s) and/or organization(s) wishing to submit written comments for the hearing record must follow the appropriate link on the hearing page of the Committee website and complete the informational forms. From the Committee homepage, http://waysandmeans.house.gov, select "Hearings." Select the hearing for which you would like to make a submission, and click on the link entitled, “Click here to provide a submission for the record.” Once you have followed the online instructions, submit all requested information. ATTACH your submission as a Word document, in compliance with the formatting requirements listed below, **by the close of business on Wednesday, February 20, 2019.** For questions, or if you encounter technical problems, please call (202) 225-3625.

FORMATTING REQUIREMENTS:

The Committee relies on electronic submissions for printing the official hearing record. As always, submissions will be included in the record according to the discretion of the Committee. The Committee will not alter the content of your submission, but reserves the right to format it according to guidelines. Any submission provided to the Committee by a witness, any materials submitted for the printed record, and any written comments in response to a request for written comments must conform to the guidelines listed below. Any submission not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

All submissions and supplementary materials must be submitted in a single document via email, provided in Word format and must not exceed a total of 10 pages. Witnesses and submitters are advised that the Committee relies on electronic submissions for printing the official hearing record.

All submissions must include a list of all clients, persons and/or organizations on whose behalf the witness appears. The name, company, address, telephone, and fax numbers of each witness must be included in the body of the email. Please exclude any personal identifiable information in the attached submission.

Failure to follow the formatting requirements may result in the exclusion of a submission. All submissions for the record are final.

The Committee seeks to make its facilities accessible to persons with disabilities. If you require special accommodations, please call (202) 225-3625 in advance of the event (four business days’ notice is requested). Questions regarding special accommodation needs in general (including availability of Committee materials in alternative formats) may be directed to the Committee as noted above.

Note: All Committee advisories and news releases are available at http://www.waysandmeans.house.gov/

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WITNESSES

Ms. Nancy Altman
President, Social Security Works

Mr. Andrew Biggs
Resident Scholar, American Enterprise Institute

Mr. Roger J. Crandall
Chairman, President & CEO, MassMutual

Robin Diamonte
Corporate VIce President, Pension Investments, United Technologies

Mr. Luke Huffstutter
Owner, Annastasia Salon and Summit Salon Academy, Portland, OR

Ms. Cindy McDaniel
Co-director, Missouri-Kansas City Committee to Protect Pensions

Ms. Diane Oakley
Executive Director, National Institute on Retirement Security

IMPROVING RETIREMENT SECURITY FOR AMERICA'S WORKERS

Wednesday, February 6, 2019

House of Representatives,

Committee on Ways and Means,

Washington, D.C.

The committee met, pursuant to call, at 9:58 a.m., in Room 1100, Longworth House Office Building, Hon. Richard E. Neal [Chairman of the committee] presiding.

Chairman Neal. The Committee on Ways and Means will now come to order. I am pleased to convene today's hearing on a very important topic of retirement income security. One of my priorities as chairman of this committee is to help America and its workers of all ages prepare for a financially secure retirement so I plan for this hearing to be the first of many conversations on this very issue.

Unfortunately, Americans are currently facing a retirement income crisis with too many people in danger of not having enough in retirement to maintain their standard of living and to avoid sliding into poverty. Social Security benefits are modest, employer sponsored pensions are disappearing, and too many people find it difficult to save for retirement.

When Mr. Roosevelt signed the Social Security Act, he said it was to guard against the unexpected hardships of life. The exact quote, the vicissitudes of life. Let me tell you I know about these unforeseen challenges from my own experience. Democrats will continue as we always have to protect the intergenerational guarantee that Social Security provides for American families. But Social Security alone is not enough. And it was never intended to be complete in itself. While it is the foundation that workers can count on, we need to do more to help workers prepare for a secure retirement.

Americans are increasingly forced to work past retirement ages. Between 1977 and 2007 the number of workers over the age of retirement increased by almost 100 percent, and the number of workers age 75 and older increased by the same numbers. In addition, nearly half of the American private sector employees, roughly 55 million Americans, work for an employer that does not offer a retirement plan. Most of these workers are employed in small businesses, the fastest growing segment of the economy.

Increasing opportunities for employees to save through a plan at work could make a huge difference for families. Having an employer-sponsored retirement plan is the key to preparing for retirement. Notably for workers earning between 30,000 and $50,000 per year over 70 percent will participate if offered a retirement plan at work. But for those same workers, only 5 percent will save on their own through an individual retirement account. These facts underscore that the retirement crisis in America is real and will only worsen, unless we strengthen Social Security, make saving easier, and do more to encourage employers to offer retirement plans.

To address the retirement crisis, we must develop solutions to help Americans prepare for that very retirement. This means Democrats and Republicans, and all the words on this committee have been positive on both sides. We need to roll up our sleeves and develop these ideas together. It also means that the retirement industry must come together with participant and retiree groups.

Pensions have a long history of being a bipartisan issue. Now more than ever it is time to put politics aside and really work together to address as I have described this crisis. There are a number of good proposals that we can provide as a starting point. Mr. Kind and Mr. Kelly have a proposal that would make it easier for small businesses to sponsor retirement plans by strengthening open multiemployer plans.

I have introduced legislation that generally would require all but the smallest employers to maintain a 401(k) plan for their employees. This bill, which has broad support from a variety of groups like AARP to a number of financial service companies would provide an opportunity to save and help workers of all income groups.

Before concluding I want to highlight my continued commitment to addressing the multiemployer pension crisis. Unfortunately, we all seem to know retirees with failing multiemployer pension plans who now find themselves in a very difficult predicament. These are American workers who planned for their retirement, who year after year chose to contribute to their pensions instead of taking a wage increase. Now after working for decades their planned retirements may be taken away from them and taken away at a time when they are no longer able to prepare for retirement because they are now in retirement.

I am pleased to note that one of our witnesses today will tell her personal story about her family's pension benefit. There is no time to waste in addressing this crisis, and I call on our colleagues here to support the Rehabilitation for Multiemployer Pensions Act that will help these troubled plans. I should also note that there are a number of Republicans on my bill, and I hope that we can encourage both sides to continue down that path, as well.

And with that, let me recognize the ranking member Mr. Brady for an opening statement.

[The statement of Chairman Neal follows:]

Mr. Brady. Thank you, Chairman Neal, for calling this hearing today, which comes at an excellent time. Thanks to the Tax Cuts & Jobs Act and with our growing economy families and local businesses have more money in their pockets from lower taxes and higher paychecks. Economic expansion, job growth, and increased wages, the highest wage gains in nearly 11 years, are key factors in improving Americans retirement security. America's strong and growing economy, along with President Trump's renewed call for bipartisanship at last night's State of the Union, paved the perfect path for us to work together to help families save more and save earlier throughout their lives.

We almost romanticize retirement in this country, and for good reason. As George Washington quoted from the Old Testament in his farewell address, all of us long to one day sit under our own vine and our own fig tree. All Americans deserve a secure retirement, and they expect Congress to work together to find solutions, which is why with the bipartisan support just 6 months ago in this committee and in this House, we twice passed real reforms to help Americans save for education, retirement, new babies, and for key life events.

Our legislation, the Family Savings Act and H.R. 88, opened access to new savings vehicles. Our reforms expanded 529 savings accounts, giving families the flexibility to use their education savings to pay for apprenticeship fees, to cover the cost of home schooling and help pay off student debt. It included new universal savings accounts, offering a fully flexible savings tool that workers, especially young ones, can use for their individual needs.

Additionally, our bill helped families as they welcomed a new child into their home, whether it be by birth or by adoption. Helping our families save more is just one part of the equation. We also must make it easier for our local businesses to offer retirement plans to their workers. Many families have work-sponsored IRAs and 401(k)s. These are incredibly popular savings tools. To make these tools even more user family and flexible for our Main Street businesses and their workers such as allowing small businesses to band together to offer their workers these plans as well as removing age limits for contributions to IRAs. These are just smart solutions that can make an enormous impact for millions of workers.

Finally, we all came to Congress to take on big challenges to make things better for workers and their families. It is time to put the security back in Social Security. This is a crucial antipoverty program for the elderly and disabled that has succeeded but is on shaky financial ground, and we must work together to save it. Not once since Social Security's nearly 100-year history have major changes been made to this program solvency that didn't have Republicans' and Democrats' support in the House.

Going it alone forcing one party solutions will certainly fail. Regrettably in the past our Democrat colleagues have shown little interest in bipartisan Social Security solutions. Today we welcome your interest in that effort. If Democrats are finally serious about saving Social Security and addressing its demographic challenges Ways and Means Republicans are eager to join in that conversation in order to find common ground. It is exciting, and it is long overdue.

Any plan that Congress advances, however in order to gain Republican support needs to protect our most vulnerable, target help to those who need it most, reward work, improve overall retirement security, and plan for the workers and families of tomorrow. And it should ensure its equal treatment of teachers, police officers, and firefighters.

To protect seniors, it must be more than a bait and switch scheme that seizes more from every workers' paycheck, overpromises benefits to seniors and merely refills the Social Security trust fund for Congress to raid in the future. Americans have been down that road and deserve better. There are too few workers for our growing retirees, and we must successfully address that demographic challenge. It is time to work together to save Social

Security for every generation once and for all. Millions of workers are counting on us.

I look forward to our discussion today so that we can this year advance meaningful bipartisan retirement focused legislation.

And with that I yield back, Chairman Neal.

[The statement of Mr. Brady follows:]

Chairman Neal. Thank you, Mr. Brady. And without objection all members' opening statements will be part of the record.

We have a distinguished panel of witnesses here with us today to discuss the important issue of retirement income security. First let me welcome Diane Oakley, who is the executive director of the National Institute on Retirement Security. I would like to note that Ms. Oakley previously served on the staff of a former member of this committee and indeed a very competent one, Mr. Earl Pomeroy of North Dakota. She will be retiring soon. Diane, congratulations on your retirement. Thanks for your service to this committee over the years, and we all wish you the best.

Our next witness is Nancy Altman, the President of Social Security Works. Next we will hear from Cindy McDaniel, who is the codirector of the Missouri-Kansas City Committee to Protect Pensions. Roger Crandall, a friend, is chairman of MassMutual, and he is also the CEO. Luke Huffstutter is the owner of Annastasia Salon and Summit Academy in Portland, Oregon.

Next is Robin Diamonte, who is the corporate vice-president for pension investments for United Technologies and has been very helpful with her instructions over the years in terms of the conversations we have had. And finally, our last witness is Andrew Biggs, who is a resident scholar at the American Enterprise Institute.

Each of your statements will be made part of the record in their entirety. I would ask that you summarize your testimony in 5 minutes or less. And to help with that time there is a timing light on your table. When you have one minute left the light will switch from green to yellow, and then finally to red when 5 minutes are up.

Ms. Oakley, would you please begin.

STATEMENT OF DIANE OAKLEY, EXECUTIVE DIRECTOR, NATIONAL

INSTITUTE ON RETIREMENT SECURITY

Ms. Oakley. Chairman Neal, Ranking Member Brady, members of the committee, we should celebrate the dramatic reduction in poverty among older Americans attributed to Social Security and to a lesser extent defined benefit pension. Congress last enacted major revisions to maintain these retirement programs several decades ago. However, fundamental changes to the composition of the Nation's retirement systems over the last 40 years unfortunately make it difficult for Americans to prepare for retirement. Today younger workers in the private sector must do most of the preparing for retirement on their own.

While the typical older Americans appear to have financial resources to me very basic expenses, their capability declines as they age and changes when they lose a spouse. Between ages 65 and 70 work and Social Security benefits are the primary sources of income. While wage income declines over time DB pensions provide about one-fifth of the median household incomes across gender, age, and marital status.

Over the years since 1980 private sector pension coverage has vacillated and reached a low of 40 percent of workers covered in 2014. Some hundred million Americans working have no retirement accounts or pensions. Four out of five working age Americans have savings in retirement accounts that is less than one times their income.

On a bipartisan basis 9 out of 10 Americans agree that America faces a retirement crisis. After a 45-year career working at a leading pension firm, staffing a former member of this committee, and researching retirement I believe their concerns are real.

The type of retirement plans private employers offer employees shifted from DB plans to DC retirement accounts in 401(k) plans. This shift increased the risk and responsibilities for individuals to plan and manage their retirement, and it lowered the level of retirement coverage of workers in the bottom half of the income scale from 49 percent to 38 percent by 2013.

How will future retirees fill in that 20 percent that comes from DB pensions for current retirees especially as participation in DB plans have declined? The ownership of retirement wealth accounts skews towards the top one quarter of house individuals by income. And if you look at that group, they have 75 percent participation in a retirement account. In the bottom quarter, just 16 percent own a retirement account.

As the baby boomers age, the middle group, people who were born between 1951 and 1960, their median household retirement wealth in the bottom half is $6,500. The median retirement wealth of the top 5 percent of households is $716,000. In the face of that Americans overwhelmingly agree that Washington needs to give a higher priority, so today's hearing is critically important. Americans see their options as working longer, spending less in retirement, and perhaps saving a bit more. Experts predict that aging will act as a drag on our economic growth and will impact our economy, government budgets, and families. We should approve the bipartisan incremental changes, but we need to go beyond small steps. Americans need and want as the first Treasury Secretary says every night on Broadway bold strokes from policymakers. Incremental steps that we have tried since ERISA have only yielded fleeting results and no progress towards most Americans having more than just Social Security.

Proposals for automatic savings such as the Chairman has introduced over the last decade using IRAs represent a bold advance. It is driving a movement in the States across the country to create universal workplace retirement savings through employer payrolls. By combining automatic retirement savings with the transformation of the savers credit so that it works like an employer match, Congress can boldly lead America for the working class – especially the majority of working-class individuals today, who are Millennials, women, minorities and those with low and moderate incomes who have zero, nothing, nada saved for retirement. They need you to act sooner rather than later.

On behalf of working families I thank you, and I am happy to respond to your questions.

[The statement of Ms. Oakley follows:]

Chairman Neal. Thank you, Ms. Oakley. Ms. Altman.

STATEMENT OF NANCY J. ALTMAN, PRESIDENT, SOCIAL SECURITY WORKS

Ms. Altman. Chairman Neal, Ranking Member --

Chairman Neal. Your microphone.

Ms. Altman. How is that? Hello?

Chairman Neal, Ranking Member Brady, and other members of the committee, as all of you know, Social Security is overwhelmingly popular because it addresses economic insecurities that confront all working families, because it embodies the best of American and religious values, and because it is strikingly efficient, secure, and fair.

It contains a number of important features not found in the private sector, including benefits that are automatically indexed to keep pace with inflation, even if that inflation is in double digits. But its benefits are extremely modest by virtually any measure. Workers earning around $50,000 who retired at age 62 last year received only 32 percent of their pay, much too little for them to maintain their standard of living. That is just $16,000, which is about the average Social Security benefit.

Despite how modest Social Security's benefits are, they are vitally important. Around 2 out of 3 retirees depend on Social Security for most of their income. About 1 out of 3 depend on it for virtually all of their income. Though the wealthiest among us may not recognize Social Security's importance to them, some of those relying entirely on Social Security are former millionaires who made the mistake of investing all of their fortune in Bernie Madoff's Ponzi scheme.

They also include some who saw their promising professional careers cut short by a brain injuring ski or car accident. As important as Social Security is for virtually all of us, it is especially important to women, people of color, and others who are disadvantaged in the workplace, who on average earn less and have higher rates of unemployment. Because women and Hispanics on average live longer, Social Security's indexed guaranteed benefit that you can't outlive is especially important to them.

As important as Social Security is now, Americans reliance on it is only growing. But as reliance on Social Security is growing, Social Security's modest benefits are becoming even less adequate. Social Security's so-called full retirement age is increasing to age 67, a change that is being phased in right now. Because of how Social Security benefits are calculated, raising Social Security's retirement age from 65 to age 67 is a 13 percent across the board cut in retirement benefits, whether you retire at age 70, 62 or any other age. This 13 percent cut is contributing to our Nation's looming retirement income crisis.

Social Security should be recognized as the solution it is, not only to our retirement income crisis, but also to our rising income inequality and the financial squeeze on working families. If it is to be a solution, though, it is imperative to understand Social Security's basic structure, its guiding principles, and the values that underlie it. Social Security is insurance. It is not welfare. Those who suggest that it should be means-tested and only go to those who “need” it fail to recognize that Social Security is part of workers' compensation. Workers earn Social Security.

Social Security is also not savings. Those that seek to convert Social Security's guaranteed benefits into a retirement savings account fail to recognize this essential difference. Insurance is what is needed for substantial financial risks which are predictable for groups but unpredictable for individuals, like becoming disabled, dying prematurely, or living to age 100, all economic risks covered by Social Security.

It is imperative to understand that Social Security's wage insurance is strikingly superior to its private sector counterparts. It is, to quote President Franklin Roosevelt, "an insurance policy that is far more favorable than any policy that any private insurance company could afford to issue," unquote. Thank you.

[The statement of Ms. Altman follows:]

Chairman Neal. Thank you, Ms. Altman. Ms. McDaniel, you are recognized. Please proceed.

STATEMENT OF CYNTHIA MCDANIEL, CO-DIRECTOR, MISSOURI-KANSAS CITY COMMITTEE TO PROTECT PENSIONS

Ms. McDaniel. Chairman Neal, Ranking Member Brady, members of the committee, I want to thank you for inviting me to speak today. My name is Cynthia McDaniel, and I am the codirector of the Missouri-Kansas City Committee to Protect Pensions. My husband Ted, who I have been married to for 48 years, is a retired truck driver. He would have been here today as he has always been by my side all these many years, but he suffered a massive heart attack soon after finding out that his pension might be cut. Now his travel is limited. So here I am.

I flew here today from Appleton City, Missouri to be his voice and be the voice of tens of thousands of others who stand to lose as much as 70 percent of their earned pensions unless Congress acts to solve the multiemployer pension crisis.

We are grateful to you, Chairman Neal, for reintroducing the Rehabilitation for Multiemployer Pensions Act. This is a good bill that will save our pensions.

Let me briefly tell you my story. My husband Ted worked in the freight hauler for 35 years with a multiemployer pension plan, and the employers paying into the Central States pension plan. Driving a truck is hard work. Ted was on the road often in dangerous conditions 3 or 4 nights a week. He stayed with the job to put food on the table, put our kids through college, and earn a secure pension when he retired. The pension wasn't a gift. Ted gave up wages in exchange for the pension that he earned and that was promised. This is the most American of issues.

Imagine our shock when Ted got a letter from Central States pension plan telling him that he would lose 57 percent from $3,000 a month to $1,295. Because of the law called the Multiemployer Pension Reform Act of 2014 or MPRA. We were devastated. Just imagine being in retirement and receiving a letter saying that the pension you earned was going to be cut more than half forever.

We worried about paying our bills and especially paying for Ted's rising health costs. We didn't take this sitting down. More than a thousand of us organized the Missouri-Kansas City Committee to Protect Pensions. We joined 63 other committees throughout the country and became a part of the National United Committee to Protect Pensions, which represents hundreds of thousands of retirees. We estimate that 60 percent of our members are veterans. We went from truck drivers, spouses, and widows to pension protectors overnight.

I had never spoken in public in my life and now I along with other retirees have traveled to Washington dozens of times during these past 3 years on our own dime. We didn't set out to be lobbyists. We became this because we had to. Suddenly the American dream we had lived for and earned fell apart around us. Fortunately, the Treasury Department rejected Central States cuts, which saved our pensions for now.

But we have been told that if Congress doesn't pass the bill soon Central States and 130 other plans will collapse, and that will lead to cuts for over a million workers and retirees. If that happens it will devastate us, the local businesses in our communities that depend on our pensions, and even the Federal pension insurance program that backs up our pensions.

I hear that 12 other plans have already been approved to slash benefits under MPRA. Thousands of retired truck drivers, iron workers, furniture workers and others have had their worlds shattered. When you fix this problem I urge you to restore the pensions of those who have already been cut. It is only fair. This is not a Democrat issue. The people I talk to are Democrats, Republicans, and Independents. We live in your States, and we are your constituents. Everyone worked hard for this pension so they wouldn't have to depend on anyone to help them in their retirement.

So as I finish speaking to you today, picture not just, me but I want you to look at the hundreds of Central States members standing behind me along with the million and more other plans who have already been or could be affected. Put yourself in our place and feel our fear and what will happen if our income is cut.

Finally, this country has been riveted by the plight of 800,000 government workers whose pension checks were stopped during the shutdown. It has caused a great hardship. Now imagine the impact of families and the economy if 1.2 million workers and retirees lose a significant amount of their pension paychecks for the rest of their lives. We aren't going to stop until we fix this issue and restore the pensions and for the current and future retirees are protected.

Thank you for listening today, and I am happy to answer any questions you might have.

[The statement of Ms. McDaniel follows:]

Chairman Neal. Thank you, Ms. McDaniel. Mr. Crandall would you please proceed.

STATEMENT OF ROGER W. CRANDALL, CHAIRMAN, PRESIDENT, & CEO, MASSMUTUAL

Mr. Crandall. Chairman Neal, Ranking Member Brady and members of the committee, thank you for inviting me to testify on the important issues being considered by the Ways and Means Committee this morning. My name is Roger Crandall, and I am the chairman, president, and chief executive officer of the Massachusetts Mutual Life Insurance Company.

For over 167 years MassMutual has operated with a single purpose, to help people secure their future and protect the ones they love. As a mutual life insurance company we operate for the benefit of our customers, and we manage our business with their long-term interests in mind. Our private retirement system has helped countless workers achieve a financially secure retirement, but there are still significant gaps in the system that we need to fill. And although I will focus today on the private retirement savings system we believe increased retirement security also requires strong support for our Social Security system.

Today I will review the barriers to enhanced retirement security. Next I will discuss one of the solutions that MassMutual is working on to improve our customers' overall financial well being and retirement preparedness. And finally I will discuss how Congress can help more Americans achieve retirement security.

I start with the three main barriers to retirement security. Workplace retirement plans like 401(k) plans are very effective in enabling American workers to save for retirement, but millions of Americans especially those working for small employers still do not have access to a workplace retirement plan. The cost and complexity associated with starting a retirement plan are the biggest obstacles preventing broader coverage. Expanded coverage alone however is not enough. American workers need to start saving earlier and saving more.

Finally, longer life expectancies have made it more difficult for Americans to manage their savings over an unpredictable period of time. These retirement challenges impact everyone, but certain populations experience disproportionately lower retirement plan participation and savings rates, most notably women, minorities and low income employees. Additional efforts should be made to increase retirement savings for these populations.

We have developed innovative solutions to help our customers overcome all of these challenges. Today I would like to focus on one of our newest innovations as an example of what we are doing. We will soon be launching a new financial and retirement planning program called Map My Finances. Map My Finances will be offered at no charge to the millions of retirement savers we serve and provides guidance that prioritizes emergency funds, college funding, life and income protection, healthcare, and retirement savings.

This solution recognizes that people have limited dollars to cover a variety of financial needs, and thus, is designed to optimize the allocation of dollars among those needs. Perhaps most importantly, Map My Finances including a simple actionable game plan that takes the participant from where they are to where they want to be with regard to financial security. We hope that this example is helpful to Congress as it determines how best to increase retirement security.

I now turn to Congress' critical role in advancing retirement security. First I would like to reiterate MassMutual's support for enactment as soon as possible of the Retirement Enhancement and Savings Act, or RESA, which includes proposals from Chairman Neal, Ranking Member Brady, and other members of the committee and many of which were also included in last year's Family Savings Act.

RESA would greatly decrease the cost of retirement plans for small employers and would open up retirement plan coverage options for the growing gig economy. This is excellent bipartisan bicameral legislation, and it is time to enact it.

While RESA would certainly represent a significant leap forward, there is more to be done. Accordingly, MassMutual strongly supports additional legislative efforts like Chairman Neal's Retirement Plan Simplification and Enhancement Act. We see this bill as a next generation of RESA provisions as it includes additional much needed reforms targeted at small business coverage, women's retirement security, guaranteed income for life, and part-time workers.

We also applaud Chairman Neal's leadership in introducing the Automatic Retirement Plan Act. That is a bold and innovative solution based entirely on a private sector solution to dramatically reduce the coverage gap. We need to find more ways to cover the employees of small employers without burdening those employers, and the chairman's bill offers intriguing opportunities to work together on this.

It is my hope that the private sector, including the small business community, can participate constructively with the chairman to identify ways to move this bill forward in a bipartisan manner that broadens coverage.

In conclusion, we look forward to working with Chairman Neal, Ranking Member Brady and other committee members to help all Americans achieve retirement security.

Thank you again for the opportunity to testify today, and I would be happy to answer any questions.

[The statement of Mr. Crandall follows:]

Chairman Neal. Thank you, Mr. Crandall. Mr. Huffstutter, would you please begin.

STATEMENT OF LUKE HUFFSTUTTER, OWNER, ANNASTASIA SALON AND SUMMIT SALON ACADEMY, PORTLAND, OR

Mr. Huffstutter. Chairman Neal, Ranking Member Brady, committee members, thank you for the opportunity to tell you about my experience with the OregonSaves Program and how it has positively affected my business.

My name is Luke Huffstutter. I own Annastasia Salon in Portland, Oregon. We have been in business for over 13 years and employ over 40 employees. I have been in the salon industry since graduating college, and while I have no background in investments or finance my family taught me the importance of saving for retirement from a young age.

I will focus my experience with the -- on my experience with the OregonSaves Program, but might experience is not unique. A number of States are in the process of implementing programs similar to OregonSaves, and all those programs are modelled on Chairman Neal's automatic IRA legislation. Mr. Chairman, I commend you for your leadership on this issue and for your years of dedication to helping provide working families with a more secure retirement.

Unlike many workers in my industry mine are W-2 employees, not contractors or stylists that rent a chair. I am deeply invested in them, their future, and in creating a company they choose to stay with. But we found one important missing piece. Retirement. And we are not alone. In my research I found that less than half of the businesses that are my size have any kind of retirement plan. Because of our commitment to our team we have sought bids for reasonable retirement plan solutions six times over the last 10 years, but I have found that they either would cost me a lot to run or they would pass these costs on to my employees. So while I hope to adopt a 401(k) plan or another plan at some point, now is not the right time.

My full-time employees make around $50,000 a year on average. Mostly they are not college educated, nor do they necessarily see themselves as financially sophisticated. Still I would bring in financial advisers each year to share with my team about ways that they could save. In all these years only about one in five started any kind of savings plan either because they didn't understand the options well enough or because it was intimidating to make investment selections on their own.

So when we heard about OregonSaves we joined the program even before we were required to enroll. I believe that the genius of the program is the opt-out design. At my salon every worker who didn't already have an IRA or other savings program has remained in OregonSaves. My other employees that already had an IRA tell me that the opt-out process is nearly effortless. Yet most of them have not opted out, which is a silent but powerful endorsement.

OregonSaves is easy for my employees, but it is also easy for me. The initial setup took about an hour, and I maybe spend 15 minutes a month adding employees and making other minor revisions on the employer site. When I adopt a different plan I just need to let OregonSaves know, and I will no longer have to participate. My team gets a savings program at minimal cost, and the program doesn't cost me anything.

Since July 2017 my 27 employees in OregonSaves now average over $2,200 in their IRAs. They are excited to see their balances growing each month. They have access to low cost target date funds and plan administration through reliable private sector companies. And they now express some hope that they can actually retire some day if they just keep saving.

OregonSaves has changed the future for the people in my company. Please consider making it easier for other States to follow in Oregon's steps by removing any remaining Federal obstacles. And even if you pass Federal automatic IRA legislation, please continue to let States facilitate programs like OregonSaves and let them establish new State programs. If my experience is any indication, employees around the country will thank you for the chance to save more easily.

Thank you for your invitation to share my practical experience with OregonSaves. I am honored and humbled by this opportunity, and would be happy to answer questions from the members of this committee.

[The statement of Mr. Huffstutter follows:]

Chairman Neal. Thank you, Mr. Huffstutter. Ms. Diamonte, will you please proceed?

STATEMENT OF ROBIN DIAMONTE, CORPORATE VICE PRESIDENT, PENSION INVESTMENTS, UNITED TECHNOLOGIES CORPORATION

Ms. Diamonte. Chairman Neal, Ranking Member Brady, and members of the committee, it is a privilege to be here to testify on retirement security from the perspective of a large employer and plan sponsor. Greetings also to our Connecticut Congressman, Mr. Larson.

Most people know United Technologies by our businesses and our products, namely Otis Elevators, Carrier Heating and Air-Conditioning, Pratt & Whitney Jet Engines, and Collins Aerospace Products. We have 87,000 employees in the U.S. and 240,000 globally. We are headquartered in Farmington, Connecticut.

As a former chair and board member of CIEBA, which is the Committee on Investment and Employee Benefit Assets I frequently exchange views with experienced chief investment officers who serve as investment fiduciaries for over 100 of the largest DB and DC plans in the country. I also have served on the PBGC advisory committee since 2013 and just completed a 2-year term as committee chair.

At UTC we are known for innovation. In the area of retirement security one innovation we have embraced is to offer a lifetime income strategy to participants in our DC plans. Like many other large corporations we closed our traditional DB plan to new entrants in 2010. We immediately realized the emergent importance of a defined contribution plan as the sole retirement vehicle for our new employees. We took this opportunity to really understand and address the challenges that our workforce would face in accumulating the appropriate level of retirement savings and then the most important and often overlooked challenge of turning those savings into a guaranteed income stream for life.

We focused on creating a strategy that blended the best attributes of DC and DB plans, a strategy that gave our employees security without sacrificing control over their retirement assets. We implemented our lifetime income strategy, which is our default option in 2012. All of our DC plans have access to this strategy, but let me take a minute to summarize how it works for a new employee.

When a new employee gets hired at UTC they automatically get enrolled in our savings plan at a default pretax contribution rate of 6 percent. Less than 2 percent of our population opts out of that enrollment. This contribution rate automatically escalates by 1 percent per year until it reaches 10 percent.

If a participant is contributing at least that 6 percent they receive a matching contribution that equates to 3.6 percent of pay. Since they no longer are covered by our legacy DB plan they automatically receive additional contributions from UTC that are independent of their own contributions. And these automatically escalate as people age. They start at 3 percent of pay for those below age 30 and increase up to five and a half for people age 50 and over. So a new employee will have combined annual contributions that range anywhere from 6 and a half percent to slightly over 19 percent of pay after just 4 years even if they take no action at all.

This lifetime income strategy starts out as a low cost target date fund for employees under the age of 48. From 48 to 60 this portfolio converts into a secure lifetime income fund that is guaranteed by a diverse group of insurance companies. I mention security and control as two design features we strive for. When the participants in this strategy are ready to retire they have security and peace of mind knowing that they have a guaranteed income stream for life.

And importantly, they feel in control of their assets since they are free to transfer out of the strategy at any time without penalty if they are faced with unexpected circumstances that arise during their retirement. We designed this strategy with the help of many internal and external experts and a strong desire by our senior leaders to help our workforce achieve the life and retirement that they all deserve.

We did this without the benefit of a safe harbor because we thought it was important to act urgently for our participants, and we believe that we had the in-house expertise to appropriately manage risks under existing law. We also believe that other plan sponsors would emulate our plan, however, few have. We believe it is because of the lack of the legal safe harbor for fiduciaries and the prevalence of ERISA class action litigation.

Congress is now considering enacting a legal safe harbor for lifetime income options in the RESA legislation. We support this goal and have some ideas on how to improve it further. Clear and specific guidance will reduce legal impediments and encourage more plan sponsors to offer lifetime income investment options.

Thank you for having me, and I look forward to answering your questions.

[The statement of Ms. Diamonte follows:]

Chairman Neal. Thank you, Ms. Diamonte. Mr. Biggs, would you proceed, please.

STATEMENT OF ANDREW G. BIGGS, RESIDENT SCHOLAR, AMERICAN ENTERPRISE INSTITUTE

Mr. Biggs. Chairman Neal, Ranking Member Brady, and members of the committee, I am very grateful for the opportunity to discuss retirement savings in the United States because despite what you may sometimes hear there is a positive and powerful story to tell.

To start, a lot of things are looking up. Retirement savings are up with both employers and employees contributing substantially more to retirement plans than any time in recorded history. Retirement plan participation is up from around 45 percent to the mid 1970s when defined benefit pension participation peaked to 61 percent today. Retirement plan assets are up, being six times higher today than in 1975. The share of retirees receiving private retirement plan benefits is also up, nearly doubling from 1984 to 2007. Retirement incomes are up for rich and poor retirees alike, rising substantially faster than incomes for working age households. Retirees' confidence in their income security is also up.

In 1992 only 63 percent of retirees said they could maintain their preretirement standard of living. Today 75 percent of retirees do. Eight in ten retirees today tell Gallup they, quote, have enough money to live comfortably.

A lot of things are up, so what is down? Poverty in old age for one thing. A 2017 Census Bureau analysis using IRS data found that just 6.7 percent of retirees have incomes below the poverty threshold. Down from 9.7 percent in 1990. Retirees are at much lower risk of poverty than other Americans.

What else is down? Dependence on Social Security. That same Census Bureau analysis found that only 12 percent of current retirees depend on Social Security for 90 percent or more of their incomes, a far lower percentage than Americans had been led to believe. All of these figures are documented in my written testimony with most of them drawn from Federal Government data. But why haven't most Americans heard these positive statistics? The answer is there aren't many people interested in telling the true success story of retirements in America.

The news media know that headlines saying retirement crisis generates a lot more clicks than a story highlighting retirement successes. Many progressives dislike 401(k)s and want to expand Social Security, so it is not in their interest to acknowledge rising retirement incomes and falling poverty. And the financial services industry, to be frank, has a product to sell. What is the chance Wall Street is going to tell you are saving too much for retirement.

Members of Congress need to digest these data if they want to truly improve America's system of retirement saving. That improvement can follow a tradition of bipartisan reforms, including 401(k) auto enrollment, target date retirement funds, and more recently open multiple employer plans that make it cheaper for small businesses to offer 401(k)s.

But there is one other thing policy makers need to do, fix the massive underfunding of government run retirement plans from Social Security to Federal employee pensions to State and local government plans. Underfunding of government retirement plans estimated up to $26 trillion in total dramatically exceeds even the most pessimistic estimates of the private sector retirement savings gap. If there is to be a retirement crisis it won't be because people don't save enough in their 401(k)s, it will be through Congress' decades long failure to fix Social Security or State and local government's failure to fix underfunded public employee retirement plans. That is why I am genuinely happy to see over 200 cosponsors of the Social Security 2100 Act. Any member of any party who will make the tough choices to fix Social Security deserves our thanks.

To be clear, I disagree with some of those choices. A payroll tax increase on low income workers would reduce their take home pain, and encourage them to take on more debt. A 14 percentage point increase in the top marginal tax rate, which is what the Social Security 2100 Act would do would reduce labor supply by high earners and encourage them to avoid taxes.

Raising benefits for middle and high income retirees would cause them to save less for retirement. And since these retirees have seen rapid growth in their incomes it is not clear that raising their benefits is the best use of Federal tax dollars. But we are the start of a conversation, not the end of one. I have worked on Social Security reform in the past, and in the past I regret that sometimes I have put an overemphasis on ideological purity of saying the things I must have, the things I won't accept.

Going forward I think the most important thing is for both sides to work together. The history of Social Security reforms is that bipartisan reforms are the ones that actually get passed. And the victory for the American people is a reform that is passed, not simply one that is proposed.

Thank you very much.

[The statement of Mr. Biggs follows:]

Chairman Neal. Thank you, Mr. Biggs. We will now proceed under the 5-minute rule with questions for the witnesses, and I want to begin by recognizing myself.

Ms. McDaniel, again, thank you very much for being here. It is not easy to talk about these very personal matters in such a public forum, but especially as it relates to the multiemployer pension crisis, and I emphasize the word "crisis" it is very important for us to hear from people like you who are living it. So I commend you for your bravery in being here today and telling your story.

When you received a letter from the Central States pension fund that your husband's pension was going to be cut by over 50 percent, what was your reaction? Your husband was already in retirement, had done all the right things in preparing for retirement, and I am assuming there was no plan B in your life?

Ms. McDaniel. Oh, I think it would be a shock for any of us to get a letter stating that what you had worked for 30, 40 years hard labor that it would no longer be there, and it would be gone forever. And I think that was what worried us more than anything. It was not a short-term, and this was not a true fix for the multi pension act at the time. It was only going to save the pensions for just a few more years, so it was not a fix. So we were looking at a lifetime of a pension cut when my husband was not able to go back to work.

Chairman Neal. So one of the hardest issues with respect to the multiemployer pension crisis for both the participants and the employers in the system is that everybody did the right thing along the way.

Ms. McDaniel. Yes.

Chairman Neal. The circumstances were out of their control. And I think that that is what we are trying to draw some attention to today. So indeed there is a crisis as it relates to the Central States problem. Is that correct?

Ms. McDaniel. Yes.

Chairman Neal. Okay. So I would encourage members of the committee that there is a vehicle, it is called the Butch Lewis Act, and it has Republican and Democratic sponsors on it, and I assume before the end of the year that there is going to be some legislative activity on that front. But again, you and your husband, I assume, are in support of the Butch Lewis Act?

Ms. McDaniel. Absolutely.

Chairman Neal. Thank you.

Ms. McDaniel. Absolutely. There are a lot of people across this Nation that are not able to come here today. Their health does not -- will not let them come, and there are many, who have been affected, who have lost their homes all across this Nation. They don't know what to do. And this has been a stressful time at the age of people when they should not have to be worried about this.

And this Butch Lewis Act or the H.R. 397 has been a very big light for us to think that our Congress would step up and take care of the retirees in this Nation, and this is a good bill, and we are very excited about it. Thank you.

Chairman Neal. Thank you.

Mr. Crandall, thanks for being with us today. And I want to note that for the record MassMutual is one of the largest employees in my congressional district. Americans are facing a retirement income crisis as I have described earlier with too many people in danger of not having the financial ability to retire or facing a drop in income when they can no longer work. More and more frequently Americans are forced to work past retirement age. I know that from friends that I have. And between 1977 and 2007 the number of workers of retirement age as I noted earlier has increased by almost 100 percent as is the case for those even over 75.

So, Mr. Crandall, could you speak for a couple of minutes about the role of Social

Security in the plans that you have suggested today.

Mr. Crandall. Yes. Thank you very much. Look, Social Security is a critical component to all Americans' retirement security. I appreciated the comments to think of it as an insurance program, and it is an incredibly powerful insurance program because of the longevity component. So that lifetime income with the inflation escalator that it has as mentioned is critically important.

So as we encourage folks that we are working with to look at their long-term needs, Social Security is a key component of it regardless of their incomes. So I think Social Security is very important. It is particularly important as the data indicates to lower and moderate income workers.

Chairman Neal. So what would you suggest would be some of the plans that you described earlier in your testimony that with might use to buttress or augment the guarantee of Social Security?

Mr. Crandall. I think RESA is so important because we have about half of Americans who are now working in small companies. We have a growing number that are working effectively in the so-called gig economy of self-employed workers and giving them the opportunity to be in an open MEPs plan where they can access the lower admin costs. You know, the problem of small companies and the expense of setting up plans is real because of the regulations that we have to work with.

So the ability for them to pool together to get economies of scale is very important. The ability as also mentioned to get lifetime income into plans more easily is critical because what really matters to everybody is are they going get a check every month. You know, the amount of money you have is an interesting piece of that, but everyone has real expenses they need to pay every month. And, you know, by having the private system have those guarantees as well is very important.

You know, the problems of the fiduciary obligations that an employer has that UTC has had to grapple with are unique frankly, and what UTC has done. We think every company should be able to take advantage of safe harbor rules because of the regulation that exists of insurance companies at the State level already and then those plans need to be portable for lifetime income because we know Americans are going to work for many employers over the course of their working lives, and, in fact, one of those employers might be themselves; that is what the gig economy is.

So we think all of the things under RESA would be incredibly powerful and also happy to hear the mentions of the value of auto enrollment. The statistics are stark. When companies offer auto enrollment, you know, employees enroll. And there is nothing more important than starting to save because saving early allows money to compound over time, and then money compounding over time allows to better outcomes. So I think all of the things that are in RESA would be incredibly valuable to American workers.

Chairman Neal. Thank you. And, Mr. Huffstutter, you noted that the success of the auto IRA legislation, which is practiced on the State level, and I want to note that the former chairman of the committee here, who is a good friend, Dave Camp, he tried very hard to do my auto IRA bill, and he expressed that -- as did Pat Tiberi, a former member of the committee, as well. And could you, Mr. Huffstutter, talk about just the success that you had with it because it is being implemented on a State level basis?

Mr. Huffstutter. The auto enrollment is amazing because my team who feel uncomfortable with retirement they don't feel like they know what to do. It is intimidating to sit across the table from somebody who knows so much more. It just took away the pain of having to learn something they were uncomfortable learning.

And what is so interesting is I am getting team coming to me and being like, oh, my gosh, I have $4,000 in my IRA, like, what do I do? Like suddenly they are interested because the money was automatically there.

What is also interesting is that very few of them diminished under the 5 percent. So my crew that already had an IRA were actually saving less than the people that are in auto enrolled in my OregonSaves Program, which is remarkable. So it just has been a really easy process for them.

Lots, I would guess half of the enrollees didn't do anything. They just let it happen. But now they are starting to get more interested as they see that dollar amount grow, and the meetings about saving have become much more interesting in my company.

Chairman Neal. Thank you. Mr. Brady is recognized for 5 minutes.

Mr. Brady. Thank you, Mr. Chairman. At this time I will reserve my questioning as will Mr. Nunes, and I would like to begin our sides' questioning with Mr. Buchanan.

Chairman Neal. Mr. Buchanan is recognized.

Mr. Buchanan. Thank you, Mr. Chairman, and I also want to thank you for your leadership. I know this is something you have been very passionate about for a long time we have talked about that, but I just want to say I am pleased to be here today to talk about the importance of improving retirement savings for American workers and protecting Social Security.

I am proud to represent an area in Southwest Florida where we have over 220,000 Social Security recipients. I represent one of the oldest districts in the country. It is the eighth oldest, so these issues are especially important to me and my constituents.

On the retirement side unfortunately today too many hardworking Americans enter retirement with not enough savings. I can tell you I do a lot of townhalls. I have done 75 of them over the years. I heard what you said there, Mr. Biggs, but I have got to tell you there is a lot of people out there who have little or nothing other than Social Security Medicare, and I have heard the statistic one third in that category, another third that have something but not quite enough and another third are maybe in better shape, maybe they are lucky or whatever it might be, but that is the reality that I see on the ground, and I have also a wealthy area part of it, as well.

According to USA Today the average American has less than $4,000 in savings. And 57 percent of U.S. adults have less than $1,000 to their name. That is what we are talking about living paycheck-to-paycheck. Fifty-seven percent of Americans have less than $1,000 to their name. Also shocking up to 35 percent of private sector workers over the age of 21 work for companies that don't offer a retirement plan.

This paints a pretty bleak picture for today's seniors and future generations and tells me that we need to be doing more to help people prepare for their golden years and invest in their future. That is why I champion a bill in Congress to make it easier for small business to offer retirement benefits to their employees. My bill, the Retirement Security for American Act lets businesses join together in multiple employment plans, MEPs, to share their administrative burdens and costs and offer a retirement program.

According to the AARP workers are 15 times more likely to save when they have access to a retirement program. Millions of Americans employed stand to benefit from expanding the availability of the workplace retirement plans. In fact, Mr. Chairman, I was pleased to have you and many of my other colleagues as part of my cosponsors on this bill, and I appreciate that. I hope we can come together and improve this bipartisan bill as soon as possible and make sure it helps seniors secure their future.

Mr. Crandall, let me ask you, I am not sure how much you have looked at my bill, but it is something that we had a lot of cosponsors, bipartisan last year, which allows small companies to pool their resources to cut through administrative costs. What is your thoughts? I know you touched on it, but maybe you can give it a little bit more of your thoughts on that.

Mr. Crandall. Congressman, thank you very much, and I appreciate all the comments that you made and the statistics are stark. When employees have an opportunity to be in a plan, they participate in a plan, just like auto enrollment for example make a huge difference. So we strongly support the proposal.

Again, the administrative costs of small plans can be significant, so the ability to spread those over more plans is very important. As I have indicated, I think the safe harbor provisions around offering lifetime income are of critical importance. The ability to have auto enrollment improves participation, and there is nothing more important than starting early and having people participate. Again hearing stories about moderate income workers having money in their accounts --

Mr. Buchanan. Thank you. I want to just run through. I have a limited amount of time.

Mr. Huffstutter, I want to applaud you for what you are doing for your employees because there is a lot of companies that don't do that, but let me ask you one thing that doesn't get discussed much, and I have been in business for 40 years is the fact that you offer those retirement benefits. How much does it make a difference in recruiting better employees because I would think in your industry I know a little about it not like you do there is probably a lot that don't offer it or can't afford to offer it, but what difference does that make for your company in terms of recruiting the best employees?

RPTR MOLNAR

EDTR ZAMORA

[11:00 a.m.]

Mr. Huffstutter. Yeah, I think recruiting employees, it is a huge deal, because we offer something that other people don't. I am happy that Oregon will -- everyone will be offering OregonSaves, who doesn't have a plan in place. But that is a huge piece. For me, another big piece is retaining my team. Like, they don't have to look elsewhere to be able to do a lifetime career with me. And so those two things, recruitment and retention, are a really big deal with the retirement piece in place.

Mr. Buchanan. Thank you.

With that, I yield back.

Chairman Neal. Thank you.

The chair would recognize the gentleman from Georgia, Mr. Lewis, for 5 minutes.

Mr. Lewis. Thank you, Mr. Chairman, for holding this hearing. I want to thank each and every one of you for being here.

Ms. Altman, you and other members of the panel have made it clear that we have unbelievable problems. We must face these problems head on when it comes to the necessary issue of looking out for our seniors, for people that are hurting, families that are hurting. May you talk about the retirement prospect for minorities and what role does Social Security play for them?

Ms. Altman. Thank you for that question. Social Security is especially important to people of color -- African Americans, Hispanics --, because they tend to be working at lower wages, on average. They have higher levels of unemployment, on average; all things that offsets. They are more likely to not work in jobs that have private pensions.

They also, because of -- especially with African Americans and their, on average, shorter life expectancies, which really we should be tackling front-on with better healthcare and safer working conditions. But Social Security, in addition to providing retirement benefits, provides disability and survivor benefits which are disproportionately of benefit to people of color.

So the American people are polarized over many things but not Social Security. They agree that Social Security is more important and should be -- and should not be cut and, indeed, be increased.

Mr. Lewis. All right. Thank you, Ms. Altman.

Ms. McDaniel, thank you. We are here to help people like you. Thank you for having the courage to tell your story. I just have one question for you. How is your husband doing?

Ms. McDaniel. Thank you for asking. You know, our lives changed that night when they air-lifted him out. We live in a rural area, and it was a very scary night. And our lives won't be the same again, but he is doing very well. And I watch him all the time, after 48 years. He doesn't like me catching him doing things he shouldn't, but I do watch him, and he is doing well. So thank you for asking.

Mr. Lewis. Well, you tell him and tell the people back home that you did a good job.

Ms. McDaniel. Thank you.

Mr. Lewis. And we listened.

Ms. McDaniel. Thank you.

Mr. Lewis. With the chairman, we will act. We will help.

Ms. McDaniel. Thank you.

Mr. Lewis. Thank you again for being here.

I yield back, Mr. Chairman.

Chairman Neal. Thank you, Mr. Lewis.

With that, let me recognize Mr. Smith.

Mr. Smith of Nebraska. Thank you, Mr. Chairman, and certainly thank you to our witnesses. I think we are having a very productive hearing. I appreciate the opportunity to discuss ways that we can help Americans plan and be ready for retirement.

I think there are many ways we can work together in this area on a bipartisan basis. For example, RESA has broad, bipartisan, bicameral support and provides a series of solutions to improve our retirement system.

However, I do have serious concerns about some of the approaches being considered in this hearing. I appreciate Mr. Larson's efforts to bring forward proposals to address the current shortfalls and shortcomings of Social Security. However, this proposal has issues and deviates from our bipartisan tradition in this area.

In particular, I would like to focus on the low-income and middle-class tax increase included in the proposal. Now, under the Tax Cuts and Jobs Act, a single mother with two children has zero federal income tax liability until she earns more than $53,000 a year. Let me say that again. The TCJA -- under the TCJA, a single mother with two children pays no federal income tax until her income is more than $53,000 per year. And yet the Social Security proposal we are discussing today would increase the taxes of the same single mother earning approximately $50,000 by $50 every year, because the economic literature tells us, both the worker and employer shares of payroll taxes ultimately come out of the worker's wages.

And this is not a static $50 either. It is a new increase repeated every year for the next 24 years. Over the course of 24 consecutive tax increases, that certainly adds up. By 2043, it would build to a tax increase of about $1,200 for someone earning $50,000. I think that is real money.

Let me say, we agree that we need to address Social Security's solvency problem, but implementing a $1,200 tax increase on single moms, while creating a new Social Security benefit for millionaires, I don't think is the way to do that. We should empower people to make better decisions to help themselves and certainly their own families with the hard earned money that they earn.

If saving for retirement or to buy a house or to start a family is the best use for your money, then do that. If your kids need new clothes or sneakers or you need a new battery for your car, you have other needs that we sitting here on this committee couldn't begin to guess, I would prefer you keep your own money and spend it on what you need.

We tried to help families do this last year with the Family Savings Act through the universal savings accounts and provisions which would let families access their retirement accounts for life events, like welcoming a new child into their family. We want every one of our fellow Americans to succeed in the workforce. We want them to earn more and benefit from what they earn. We want folks to save for a secure retirement. We want to have policies which empower the American people to make the right decisions.

Mr. Biggs, would you have anything to add to this?

Mr. Biggs. Well, thank you. You discussed some of the issues involved with raising payroll tax rates. The Social Security 2100 Act would increase the --

Chairman Neal. Would you speak into the microphone, Mr. Biggs.

Mr. Biggs. I apologize.

Chairman Neal. Thank you.

Mr. Biggs. The Social Security 2100 Act would increase the Social Security payroll tax rate over time from the current 12.4 percent up to 14.8 percent. So that is a 2.4 percentage point increase. It is important to recognize the Social Security payroll tax is the largest tax that most people pay, more than they pay in income taxes. So that is around a 20 percent increase, you know, in the dollars they would pay each year.

The question for a low-income household is, what do they do. One possibility is they just suck it up. They spend less money at home, less money on their kids, you know, less money towards buying a home. But there is other research that says the low-income workers, they will try to maintain their lifestyle in the face of lower take-home pay. And the way they may do that is by borrowing more, borrowing more on their credit cards, borrowing more on auto loans, putting a smaller down payment on a home.

That is something that is worrying to me, and it is really based on the research that has come out in the past several years. So I understand why you might want to raise payroll tax rates to keep Social Security going, but the impact on low-income folks is not at all clearly positive.

Mr. Smith of Nebraska. Thank you. I appreciate the insight of all of our witnesses here today. And like I said, I think this is a productive hearing where we can discuss issues that we know are important for the American people.

Thank you. I yield back.

Chairman Neal. I thank the gentleman.

Let me recognize the gentleman from Texas, Mr. Doggett.

Mr. Doggett. Thank you, and thanks for the testimony all of you have offered. Clearly, assuring retirement security is not just one thing. It is a combination of many features, public and private, and I especially salute the efforts of our chair to assure that we don't have other American families that have worked hard all their life and face the kind of challenge that the McDaniels do. And thank you for your comments.

Your comments do, though, also remind me of another really important aspect of retirement security, given what your husband went through and what you have gone through, and that is that we cannot have true retirement security unless we also have health security for those who are now in their golden years. I think of my constituent, Bob down in San Antonio, who suffered from crippling arthritis for over 38 years. He and his wife are retired. They live on a combination of the savings, the private retirement that they worked for, and Social Security, but they watched the price of the medication that Bob relies on skyrocket over the last 15 years from $200 a year to $22,000 a year. So he has been forced to switch, even though he had private and public retirement, to a drug that is less effective, and he lives with a daily fear that the prices will soar again and he won't be able to get what he needs for his arthritis. And it is just one of story after story of seniors that are affected by rising healthcare costs and, particularly, soaring pharmaceutical costs.

I would ask you, Ms. Altman, if you would comment on the impact of high healthcare costs and, particularly, the soaring cost of prescription drugs on the retirement security of Americans.

Ms. Altman. You are absolutely right. The creators of Medicare understood that you cannot have retirement security if you are one illness or accident away from destitution. And you certainly cannot be economically secure if you have to choose between your medication-- your life-saving medication and food, which many seniors now do.

The statistics are stark. Eighty percent of people over age 65 take at least two prescription drugs. Fifty percent take four or more. So I think I really applaud you for your legislation, which we have endorsed, which allows Medicare to do what every other -- what the rest of the government does and every other insurer does, and that is negotiate for drug prices. That is part of retirement security.

Mr. Doggett. And as important as Medicare has been and a life-saver for so many retirees, it does not provide protection against the prescription price gouging that has been occurring. Would you comment on how the negotiating of drug prices will help assure retirement security?

Ms. Altman. Absolutely. It is really, as I say, common sense that an insurer, which is the Federal Government through Medicare, negotiates for the best prices. We pay more for pharmaceuticals than any other country in the world. And taxpayers pay twice, because we pay out of pocket for them. We also finance the NIH, which is the basic innovator of all of that.

So it really -- as part of retirement security, I think getting drug prices under control and making sure that healthcare is a right, not a privilege, is a piece of it.

Mr. Doggett. Thank you. And some, as you know, have suggested, instead of full negotiating authority, that we could just set up a system of arbitration to work out the differences. What challenges do you see with that kind of system?

Ms. Altman. That makes no sense. You are an insurer and the point is that you are negotiating, and you have a very innovative part of your bill which is that the party on the other side can't hold us hostage and say, well, we just won’t sell that drug because you have competitive licensing if you can't reach agreement. That is the way to go, not arbitration.

Mr. Doggett. Well, thank you very much. And like the important initiative that Mr. Larson has on the future of Social Security, tomorrow we will be introducing, with over a hundred House sponsors and a number of Senate sponsors, the Medicare Negotiation and Competitive Licensing bill to try to respond to this aspect of retirement security.

Thanks to all of our witnesses.

I yield back.

Chairman Neal. I thank the gentleman.

With that, let me recognize the gentleman from Texas, Mr. Marchant.

Mr. Marchant. Thank you, Mr. Chairman. Thanks for having this hearing.

I got elected 14 years ago, and sitting in my office just after election, the first phone call I got, which I thought would be someone calling to congratulate me and tell me what a great job I was going to do and --

Chairman Neal. That was me.

Mr. Marchant. Well, it was a schoolteacher that had taught at the elementary school where my kids -- I mean, my brothers and I had all gone to elementary school. And it was a man and wife, and they both had since retired. And they spent the next 5 minutes informing me about the windfall elimination provision of Social Security. So that is one of my big concerns that we address in this Congress. I know that the chairman -- that Chairman Brady in the last Congress addressed it, and I hope that Chairman Neal will address it as well.

Mr. Biggs, what effect would allowing the teachers that are affected by it -- and I guess there are other professions. Teachers are the ones I hear from the most. I am a former mayor. I do hear from some firemen. How broad is the scope of that particular provision and how would it affect the solvency of Social Security?

Mr. Biggs. Oh, in many States, there are public sector employees, State and local government employees, who are not covered by Social Security. They participate in a retirement plan of their own; they don't pay into Social Security. A lot of teachers, in particular, a lot of public safety, police and firefighters. Texas, in the Midwest, some in California, Connecticut.

The issue is how you merge these two programs in a consistent way. If you are somebody who is entirely uncovered by Social Security throughout your working career, you simply don't pay in, you don't receive the benefit. The issue is, how do you adjust benefits for somebody who qualifies for Social Security but also receives a pension benefit from outside of it? The WEP and the GPO, which is a related provision, are designed to get to some level of equity between covered participants and those in State and local government who are not.

It is a complex formula. It is also one that very few public sector workers are aware of. They receive a Social Security statement from Social Security predicting how much they are going to get. Then in the fine print it says, well, if you are a public sector employee, you might get less. And then they retire and they find out, indeed, they are going to get substantially less.

I don't think eliminating the WEP is the way to go. It is there for a reason, but I know Ranking Member Brady and others in the committee have great interest in trying to work it in a fairer and more transparent way for teachers and other public employees.

Mr. Marchant. Ms. Altman, do you have an opinion on that?

Ms. Altman. Yes. I am sure all of you have experienced -- I certainly have -- speaking to seniors, exactly what you experienced. This is an issue that they feel very strongly they have been contributing to, and the position of Social Security Works is that we should eliminate the WEP/GPO and hope that it is part of discussion of, in fact, expanding Social Security.

Mr. Marchant. Do you think it would have a significant impact on the solvency of the Social Security --

Ms. Altman. It does have a significant cost. On the other hand, as I like to say, we are the wealthiest Nation in the world at the wealthiest moment in our history. We can afford the question of what we do with Social Security, whether we expand it or cut it, whether we eliminate GPO, whether we modify it, whether we leave it the same, is, I think, a question of values, not affordability.

Mr. Marchant. Ms. Oakley?

Ms. Oakley. My organization doesn't have a position. I would actually say I tend to agree with what Mr. Biggs says on this. It is a complex issue. The chair and the ranking member have been working on this, and I think, you know, trying to balance, there is -- it impacts different people different ways. Like so much in retirement, there is nothing that hits everybody the same way. But it is something that there is some effort to solve it, and I think that will be moving forward.

Mr. Marchant. Thank you.

Mr. Crandall, I was interested in getting a copy of that survey that you did that you talked about, that you cited that said that half of the people surveyed said they did not think they would have enough money. Is that a written survey, and do you mind if I get a copy of it, please?

Mr. Crandall. Congressman, we would be happy to get you a copy of the survey that we did.

Mr. Marchant. Okay. Thank you very much.

Chairman Neal. I thank Mr. Marchant.

And just a comment on Mr. Marchant's testimony and questions. The complexity of the WEP is based on the fact that public employees did pay into the system. That is the challenge, and that is what makes it so difficult, because there is some truth to what everybody says about the issue. And Mr. Brady and I, in the majority and the minority, we both remain keenly interested in that issue.

And with that, let me recognize the gentleman from Connecticut, Mr. Larson.

Mr. Larson. Thank you, Mr. Chairman, and because you remain keenly interested, so are we. And I want to thank all the witnesses today. I really appreciate the testimony, and I think there is a great opportunity that you have afforded us, and I am especially pleased to hear my colleagues talking about bipartisanship. Because I think it is essential for us to move forward on all pieces of legislation, but especially in the area of Social Security.

Now, some have mentioned Social Security 2100. Gee, you know, funny thing, we introduced that 6 years ago, and we couldn't even get a public hearing on it for 6 years. And so the -- let's say the spirit of bipartisanship was a little waning. But having said that, I have nothing but respect for Sam Johnson who really wanted to bring not only that bill, but his bill forward, which would have raised the age and cut benefits. That is the kind of conversation that we are going to have to have.

We have got to get away from the platitudes and actually put real plans on the table that people can actually discuss and analyze. And so I think we have the makings on this committee, as we have in historic Congresses, where we can come together and move forward, especially with Tom Reed as the ranking member on Social Security.

But I wanted to ask you, Ms. Altman, first of all, you, in your testimony, talked about what happens when you raise the age, and you talked about, as the age is now settling in at 67, one of the things we hope to do on the subcommittee is have a number of hearings to debunk a lot of the myths that are going out there.

Social Security is solvent. Social Security will continue to be solvent as long as Congress does its job. The last time Congress did anything to Social Security in a meaningful way was 1983. Ronald Reagan was President. Tip O'Neill was Speaker. They moved together bipartisanly, but they missed a lot of things, including indexing. And if we did index at that time, we probably wouldn't even be having this kind of a conversation, but we did not.

And so we have got a number of issues, not the least of which, 10,000 baby boomers a day become eligible for Social Security. So this is not something that we can kick the can down the road.

So, Ms. Altman, could you explain to us more in detail what that means by hiking the age?

Ms. Altman. Yes. It is really most accurate to think of Social Security as a band of ages. The earliest you can receive benefits is 62. After 70, there are no -- 70 is really the latest age people take it. For every month you delay, there is an incremental change. So basically the bottom line is, it is indistinguishable, mathematically, from an across-the-board benefit cut, but it is actually a cruel cut because it particularly hurts people of color, low-income people, women, people who need to leave the workforce to care for elderly parents and so forth. It hits them especially hard.

That was a change that was made -- I was actually Alan Greenspan's assistant in that 1982 commission that led to the bipartisan amendments. It was a very different time because we were not facing a retirement income crisis the way we are now. Bob Ball, the former commissioner, the late Bob Ball, who was instrumental to that legislation before he died, said it would be the height of responsibility to come together with a package similar to your 2100 Act that doesn't cut benefits.

Mr. Larson. How many women currently live, who are on Social Security, who paid in all their quarters, who are living in poverty in this country, in the wealthiest Nation in the world?

Ms. Altman. I am so glad you asked that, because women, especially women who are -- women make up, at age 65, about 55 percent of Social Security beneficiaries. Because of longer life expectancy, at 85, it is closer to two-thirds of beneficiaries are women, and yet women are disproportionately living in poverty. I think it is about --

Mr. Larson. I think it is about three million women that are living in poverty or more. And two million men as well.

Ms. Altman. Twice as many women as men.

Mr. Larson. Well, I thank you, and I thank all of the witnesses, and a special shout-out to United Technologies, who was an outstanding employer who my dad worked for 37 years to keep the eagle flying, and thank you for doing that.

Chairman Neal. I thank the gentleman.

Adhering to the Gibbons rule, meaning that when the gavel came down, the individual member had taken their seat, I would recognize Mr. Rice from South Carolina for 5 minutes.

Mr. Rice. Thank you, Mr. Chairman, and thank you to the witnesses for being here today.

One basic question. Ms. Altman, is Social Security solvent?

Ms. Altman. Social Security can pay all benefits in full and on time for about a decade and a half. It is 93 percent solvent for the next 25 years. Fifty years, it is about 88 percent solvent --

Mr. Rice. So it is not solvent?

Ms. Altman. Well, based on the multiemployer test that Congress --

Mr. Rice. Ms. Oakley, is Social Security solvent?

Ms. Oakley. Social Security has benefits -- is able to pay benefits through 2034 --

Mr. Rice. So it is not solvent.

Ms. Oakley. -- and it will continue to pay benefits at a lower level.

Mr. Rice. Mr. Biggs, is Social Security solvent?

Mr. Biggs. The phrase from the Social Security trustee's report would be that the Social Security program fails the test of long-term solvency.

Mr. Rice. So, you know, I think the definition that Social Security trustees use is, to be able to pay benefits for 75 years, correct? So under that definition, it is not solvent.

So we have to fix it. And everybody on this panel knows, really, everybody knows that, Republican and Democrat. You know, we have widespread bipartisan support for doing anything we can to enhance retirement plans and retirement savings. And when we were in the majority, we passed numerous bills that would allow for that and incentivize that, and I am sure that Mr. Neal and the majority now want to do the same thing, as evidenced by this hearing.

But the biggest problem, in my opinion, facing retirees is that Social Security is not solvent. Now, why -- I am proud of my friend, Mr. Larson, for attacking this problem, because it takes a lot of political courage to do it. You know, there is a lot of ways you can do it. The problem is that the revenue coming in is not enough to pay the outgo. Simple. Simple math. Revenue is not enough to pay the outgo.

So you got to do one of two things. You got to either increase the revenue or you got to reduce the outgo. You got to raise taxes or you got to cut benefits. One of the two. Those are hard choices, and the reason people don't attack it is because any time you do that, you are going to infuriate masses of people on either side, right?

So I have seen various proposals. President Obama proposed change CPI, which is a fancy word for cutting benefits, right, Ms. Altman?

Ms. Altman. Right.

Mr. Rice. Yeah. There have been proposals to raise retirement age, because Social Security, when it was originally designed, didn't come into being until people were pretty much at the life expectancy at that time. And life expectancy has dramatically increased, so perhaps we should consider raising the retirement age. Also a cut in benefits, right, Ms. Altman?

Ms. Altman. That is right.

Mr. Rice. And then other proposals have been to use more years of income and, therefore, lower the initial benefit, when they are calculating the initial benefit, correct, Ms. Altman?

So these are various ways to cut benefits. Mr. Larson's bill, on the other hand, is simply a tax increase. 2.4 percent tax increase on somebody making $40,000 a year, as

Mr. Smith pointed out, is about a thousand dollars a year. That is a lot of money. A thousand dollars a year for somebody making $40,000 a year is a big tax increase.

So these are hard choices. And my personal opinion is it is not going to get solved on one side or the other. There is probably going to have to be both.

So here is what I want to do in my 1 minute left. I want to ask Ms. Oakley, Ms. Altman, and Mr. Biggs, if you had one suggestion as a part of a plan to fix Social Security, what would it be? Ms. Oakley?

Ms. Oakley. Do it as soon as you can.

Mr. Rice. No, I am talking about which specific --

Ms. Oakley. Well, specifically, I would say -- we have asked Americans what would they prefer you do, and they would tell you not to cut benefits. The large majority of Americans would say not to cut benefits for current or existing retirees.

Mr. Rice. Ms. Altman?

Ms. Altman. Our polling shows that the American people say they are willing to pay more to make sure Social Security will be there for them. Representative Larson's bill averages to about 50 cents a week for moderate -- for middle-income workers. So my suggestion would be to enact Representative Larson's bill or something even that -- given the income inequality --

Mr. Rice. Mr. Biggs?

Ms. Altman. -- brings in progressive revenue.

Mr. Biggs. The single proposal I would make would be to reduce the growth of benefits for middle- and high-income individuals. A range of research that I outlined in my testimony shows, I think pretty convincingly, that middle- and high-income workers adjust their personal savings to their Social Security benefits, meaning, if you reduce the growth of their future benefits, they will save more in their 401(k)'s, they will retire later. So their retirement incomes won't necessarily fall, but it will shift income from the government side to personal saving. I think that is the best long-term solution.

Mr. Rice. I yield back. Thank you.

Chairman Neal. With that, let me recognize the gentleman from Oregon, Mr. Blumenauer.

Mr. Blumenauer. Thank you, Mr. Chairman. And let me just start by thanking you for being relentless in your approach to retirement security. You heard from my friend from Oregon that it has made a difference in terms of what we are doing here on a State level, modeled on part of what you have been advancing, and I think it is important that this is the first real hearing of the Ways and Means Committee.

And I can think of nothing more important for us to do, because I think there is a wide range of things we can do. Some are modest, technical fixes. Some are listening to the American public and paying more to protect Social Security. But I am convinced following through on this is going to be one of the hallmarks of this committee, this Congress, and I appreciate your leadership and starting us off on this foot.

I want to thank Mr. Buchanan because what he said, sort of in response to Mr. Biggs, is where I am at. I don't think we should be cherry-picking statistics somehow to suggest that there isn't a problem with retirement income in this country or that somehow pension benefits peaked in 1975 and then retirement plan participation increased.

What that means is corporations cut back dramatically on pensions and people were forced into IRAs that they weren't necessarily equipped to manage. They didn't save as much. The statistics are, I think -- have been pointed forth, that two-thirds of the millennials have zip, that 55 percent of people have no meaningful retirement savings.

So what I would request, Mr. Chairman, is that perhaps Ms. Oakley, Ms. Altman, and you, Mr. Biggs, do a little deeper dive on your testimony to try and provide the context, which I find lacking. And I don't find very compelling a poll that says many Americans think they are comfortable in retirement. My Lord, they have no clue about what their demands are going to be in the future, what is going to happen with the stock market, what is going to happen with the vagaries that are subjective.

And I think there is some hard data, and I am sure Mr. Biggs can find the hard data, rather than polling on people's opinions. And I am sure Ms. Oakley and Ms. Altman could help round that picture out. I think that would be very valuable for us as we move forward with what we are going to see with Mr. Larson and his committee. But let's dig a little deeper, provide the context and the facts.

I want to thank you, Mr. Huffstutter, for being here and giving a story of what you have done with your employees. You clearly, as a small business person, have been working on this. Yours is not an industry that is on the scale as, perhaps, lucrative. You have challenges for people, many of whom are not highly sophisticated. And I commend you for moving forward.

That figure that you cite, in about a year, of $2,200 for your employees, a little back of the envelope calculation, that $2,200 over 30 years with a 6 percent rate of return gives those employees about $185,000. I think this is very significant, supplementing other things that you and others might do, and I -- I would like you to elaborate, if you could, on what you think is happening in Oregon in response to the program modeled on our chairman's vision.

Mr. Huffstutter. Thank you, Mr. Blumenauer. I am involved in a lot of entrepreneur groups, and I have gotten a lot of feedback from my fellow business owners, small business owners, that this is overwhelmingly positive. And the burden of -- I mean, I don't have a ton of time to research, make sure that I am implementing a plan that makes sense when, you know, I am doing all the jobs in my company, and my fellow business owners feel the same way.

This provides an easy path to help our people move forward and to create a retirement conversation that was not there before. And that is essential and a huge, huge deal for me and my people.

Mr. Blumenauer. Thank you.

Thank you, Mr. Chairman. I would, however, like to work with our witnesses and the staff to provide a little context --

Chairman Neal. It is a good suggestion.

Mr. Blumenauer. -- to some of the hearing testimony. Thank you.

Chairman Neal. With that, let me recognize Mr. Schweikert.

Mr. Schweikert. Thank you, Mr. Chairman and Mr. Brady.

This is actually one of my personal fixations, so tolerate me here for just a moment. I am actually terrified because I am going to be almost -- at least for the first part, saying things like Mr. Doggett just said.

Mr. Doggett. It is okay.

Mr. Schweikert. I am going to ask -- I am going to ask for us to consider the language of retirement security and to understand this is much bigger and much more complicated and that it is about demographics. This is a math problem. And for many of us who, you know, are ideological, it is often tricky for us because this is a math problem.

And can you bring -- I know we were all riveted, last week we had the latest CBO report. And if you actually just get to like page 3 or 4, in 9 years, 50 percent -- in 9 years, 50 percent of our noninterest spending will be to those who are 65 and up.

You have got to understand. What also happens in 9 years? It is the end of the baby boom moving into being 65, moving into their benefits cycle. This conversation should have happened 20 years ago, because the math would have been a lot easier.

So when you start to realize, in 9 years, this is 50 percent of where we are benefit wise. Next board. One other thing on the demographics. In functionally a decade -- here, I got it -- we have two workers, you and your partner will be supporting one person in retirement. This is a decade from now. This is a demographic issue on, do we have the robustness, the income, the resources, to keep our promises.

Next slide. I am elated there is a Social Security bill moving. There is a number of things, as we have talked, I think need to be adjusted to -- you used the term "indexing." Well, do we also index for life expectancy? Because we have a Nation right now where about a third of our lives is expected now to be spent in retirement.

But if you actually look at these dollar amounts, for Medicare's underfundedness, think of this, next 30 years, if you add in interest and the unfunded levels, 84 trillion, underfunded. The rest of the budget actually is 16 trillion in the positive.

Our greatest fragility as a country right now is keeping our promises. So, Mr. Chairman, my begging to you is, can we look at this even more holistically? It is not just Social Security. It is not just incentivizing more private retirement. It is a revolution in Medicare and incentives and technology there and how we deal with its unfunded levels.

It is also, how do we design incentives all up and down our social safety net that have our brothers and sisters stay in the workforce or move into the workforce, because labor force participation numbers actually have a whole cascade effect on the revenues that we see in the reports.

So my ultimate comment here is really simple. This is a huge, complex issue. Can we do it much more holistically, that it is healthcare, it is incentives and private retirement? It is incentives up and down in Social Security and it is incentives for revolutions in technology to crash the prices of healthcare, particularly for Medicare. And this means we are going to be taking on a lot of incumbent interests and making a lot of people cranky, but we will protect our country.

And with that, I yield back.

Chairman Neal. I thank the gentleman.

Let me recognize the gentleman from Wisconsin, Mr. Kind.

Mr. Kind. Thank you, Mr. Chairman. I want to thank the witnesses for your testimony today. Mr. Chairman, I want to thank you for teeing up this hearing on an issue where there appears to be wide bipartisan recognition that, yes, America, we do have a problem when it comes to our retirement savings as a Nation and what we are facing.

But I am also encouraged hearing a lot of consensus developing over possible solutions to this problem, one of which I am proud to have reintroduced, the Retirement Enhancement and Savings Act with my good friend, Mr. Kelly, this week, the so-called RESA bill. We came very close last year getting it across the finish line, and I think that is one item that, hopefully, we can find an early date this year to move forward on, given the importance of the shortfall of retirement savings.

This is really an evolution or another iteration of legislation that I had introduced about 10 years ago with a former member of this committee, Mr. Reichert, called the SAVE Act, recognizing that one of the great black holes we have with retirement savings in our country is in the small business world, and how do we increase incentives through that, whether it is the SAVE Act or RESA bill right now, to reduce cost, reduce administrative burden, reduce the liability exposures with safe harbors, address some serious issues that needed to be addressed with charities and rural co-ops, for instance, allowing the expansion of multiemployer plans, and also some lifetime income streams too, are products being offered.

So we are hoping we will be able to build on that bipartisan support for it, and the bicameral support that we know exists too.

And, Mr. Chairman, with your leadership in this whole sphere, I think it is going to be important for us to try to move forward on that one aspect of the retirement stool that needs increased attention.

Mr. Crandall, looking at you, since I read your testimony, you did have some good things. You endorsed the RESA bill and had some important things that you comment on it. Let me ask you, in one particular area on the multiemployer plan, the open MEPs, as they are called, and the important role that they can play to allow small businesses to congregate and form a much larger pool in order to offer these retirement savings to their employees, how important is that provision with the legislation?

Mr. Crandall. We believe it is very important, and we think retirement plan providers such as ourselves would embrace offering those kind of plans. Again, particularly being able to lower the admin costs is very critical. So we think that is one of the important parts of RESA.

Mr. Kind. Yeah. You know, in the original SAVE Act, contemplating a simple IRA, simple 401(k)'s, now with the various lifetime income products that are available out there to, just encouraging more choices, you know, for the small businesses and their employees to get into.

But getting to Mr. Huffstutter's original point too about one of the most powerful forces in nature is inertia, just getting people to do something. It is one of the major laws of physics that a stationary object will remain stationary until something propels it forward or collides with it. I hope that collision isn't the huge retirement savings shortfall that we are facing, the crisis there, and the recent bill.

We have some tax incentives to encourage auto enroll, auto escalation. How important do you think, Mr. Huffstutter, that will be to increase the number of participants with small businesses?

Mr. Huffstutter. My team has already seen the 1 percent, the first 1 percent increase, and I think only five of them went into the system, because they have total control over all of their money, and reduced it back down to 5 percent. So people are excited to see this number grow over time. I have heard a lot of feedback that it just doesn't feel like a lot is coming out of my check, and I think they are surprised at how easy it has been for them to adjust their lifestyle to that -- you know, to the increasing number over time.

Mr. Kind. Yeah. You know, inertia has the ability of working both ways. You do auto enroll with an opt out for employees, but chances are, and as I think you cite in your testimony, very few of them choose the opt-out provision. Then once they are in and once they started seeing that savings start to accumulate -- so trying to put a lot of this on automatic pilot, I think, in overcoming the inertia that exists in human nature is one of the keys to increasing the personal retirement savings habits of us Americans.

Just getting us to do something and sticking with it and with the magic of compound, as you said earlier, Mr. Crandall, perhaps we can start turning the ship around before it is too late.

And I also just -- you know, he just took off, but I want to commend Mr. Larson for taking on the tough task of Social Security reform. It is long overdue. We have known it for decades, that we have had an insolvency problem, 75-year shortfall that needs to be fixed. He has come out with a courageous plan that he is starting to take shots from already.

We are interested to hear details from the other side, quite frankly. They were in the majority for 8 years, but they did not offer any detailed, proposed plan on how we fix the 75-year shortfall with Social Security. So, hopefully, we can continue this conversation and work through whatever differences may exist so we can finally take some action where it is needed.

Thank you, Mr. Chairman.

Chairman Neal. I thank the gentleman.

And with that, let me recognize the gentlelady, Mrs. Walorski, to inquire.

Mrs. Walorski. Thank you, Mr. Chairman, and thanks to all of you for being here.

I just want to kind of echo the words that I am excited and very optimistic about what we can do together as a bipartisan team in making sure in addressing things that affect every single American. And I am obviously at the helm of a large manufacturing district with a lot of folks that are double-income households in this country.

Mr. Biggs, this was already mentioned, but I just wanted to ask you a couple of follow-up questions on the fact that employees are more likely to save for retirement if their employer offers a retirement plan. Can you describe any existing barriers that even -- that we could help with that may discourage employers from offering a retirement plan to their employees? What is standing in the -- what stands in the way?

Mr. Biggs. There are a number of barriers, and they are particularly salient for small businesses. There is a fixed cost to setting up a retirement plan. You have to have a plan administrator. You have to have a financial advisor. You have to consult lawyers. If you are a large firm, that is no problem, you do it once. If you are a small firm, that cost is large, relative to your employees.

Increasingly today, there is a legal liability in the sense there is more lawsuits against 401(k) providers, against employers who are offering them. That is something which I think would scare, in particular, small businesses who say, I don't want -- I don't want to take that risk. So those are the real fears I have, and it explains why it is a -- coverage is a bigger problem among small employers than among big firms. The vast majority of big firms already offer a plan.

Mrs. Walorski. What about, would it help with multiple employers with a MEPs? Would it actually help addressing -- address that existing coverage gap?

Mr. Biggs. The MEPs plan was designed to go at exactly those issues in the sense it spreads that fixed cost among many small employers. It helps them all put their employees in a plan. So, you know, we don't know yet how large the responses will be. There is still the legal liability issue --

Mrs. Walorski. Sure.

Mr. Biggs. -- but that is designed to address exactly that problem.

Mrs. Walorski. Mr. Crandall, anything you would care to add on that when it comes to, you know, things that even that we could identify and help with, in your position? Anything that really exists as barriers that maybe we haven't covered?

Mr. Crandall. Well, again, I want to highlight particularly the safe harbor provision for lifetime income annuities. We think that is very, very important. The fiduciary obligation that exists is very difficult. In fact, only one very large firm has actually kind of dealt with that. So I would very much highlight -- I would highlight that provision.

Mrs. Walorski. And then I just have a follow-up, Mr. Biggs. As you know, all workers are saving for retirement by their participation in Social Security. Different Americans are in different financial circumstances at different points in their lives. Many young people expect to earn higher amounts as they age and, therefore, might want to spend more money currently. Additionally, they have savings needs other than retirement, such as education, purchasing a house, starting a family.

Is it necessarily a public policy problem requiring government intervention that, beyond Social Security, some young people are not saving in retirement accounts?

Mr. Biggs. This is precisely why if you hear a statistic of so-and-so percent of Americans have not saved anything for retirement, it is a meaningless statistic. What textbook economics or financial planning says is, low-income people, if you are in the bottom quarter of the population, you get a high replacement rate from Social Security, you probably shouldn't save for retirement.

Likewise, young people -- this is textbook stuff -- they usually don't start saving for retirement until their thirties, because their incomes are low, they have got college loans to pay off, they might want to build up a down payment for a home. So the idea that 100 percent of people should be saving retirement at 100 percent of their time is just not correct.

Mrs. Walorski. Thank you.

Thank you, Mr. Chairman. I yield back.

Chairman Neal. Thank you, Mrs. Walorski.

With that, let me recognize the gentleman from New Jersey, Mr. Pascrell, to inquire.

Mr. Pascrell. Mr. Chairman, excellent witnesses today. I thank each of you.

Retirement security in America has traditionally been thought of as that three-legged stool, consisting of Social Security, employer-provided pensions, and personal savings and investment. Without all the three legs of the stool, families transfer to many -- too many of their resources to older adults at the expense of the young. That is a fact.

And today, for far too many Americans, Social Security is the only leg left standing. I think you have all pointed it out quite well.

The way I see it, employers and the government have reduced their contribution to retirement security, instead, shifting the responsibility and the risk onto individuals to make up the difference.

We fact-checked all of what you are saying, and thank you for being so candid today. The percentage of workers covered by traditional defined plan benefits has been declining steadily over the past 35 years. A problem. Defined contribution plans, which hold more risk, they have increased.

So today, about half of the U.S. workforce is covered by an employer-sponsored retirement plan, and the majority of which are defined contribution plans. Only half have autoenrollment. So working families are being squeezed from every angle and are unable to save.

But the promise of Social Security, about reducing poverty, you take two groups that have been mentioned today -- Hispanics and African American seniors -- 70 percent of Hispanic seniors live in poverty. Without Social Security, this would increase to 46 percent. Nineteen percent of African American seniors live in poverty. Without Social Security, that number would increase to 52 percent.

With Social Security being the bedrock of retirement security in America, we must not cut benefits. For almost one-third of senior citizens, Social Security is virtually their only source of income. Think about it in the two examples I just gave. What are we saying? Is it worth the increased poverty, to make a point, which is pointless?

So I would argue that Social Security benefits should be expanded. I would argue that. I would support John Larson's bill, the Social Security -- I think I am a sponsor on one of the -- that bill, that would do that in a responsible, I think, responsible way. We need to enact policies that encourage employers to offer retirement plans, and you have heard that.

So, Diane, let me ask you this question, Ms. Oakley. Inequality has been growing to stark levels. The President did not mention that in his speech last night. We don't expect him to. And retirement security is yet another victim to the trend. You articulated in your testimony the ways in which the decline in defined benefit pension plans has disproportionately harmed the bottom 50 percent of seniors, who actually lost savings since 1995. How do we address this inequality and get at two of the key problems with the current retirement system: adequacy and access?

For the 50 percent of the workers with retirement plans, we want to look at the issue of adequacy. For the 50 percent of the workers without plans, the question is access. How do we address it? Ms. Oakley, how would you suggest?

Ms. Oakley. Congressman, thank you very much for what you said. I think in terms of adequacy, the defined benefit plans -- and these were private sector primarily, I think -- in the lower income, part of that was, employers made decisions that they could no longer take the risk of the pension. And it is interesting that now that risk falls on the bottom half of households by income, who are the least able to take on the risk of really preparing themselves for retirement. So, clearly, Social Security has -- those benefits have to be maintained.

I think the other thing we have to do is, in the Pension Protection Act that was passed in 2006, there were some issues in that too in terms of what we did in the private sector to put a lot of volatility in the plans, and the private sector members came into the congressional office I was working at that point and said, if you do this, we can't keep these plans, and that is exactly what we have seen. United Technologies made a tough decision, I am sure --

Mr. Pascrell. Right.

Ms. Oakley. -- because they care about their employees. To say we have to freeze this benefit, this risk we can't have on our bottom line. We have to find some ways to do that and give people better -- the one thing I would say we clearly can't do is get rid of the plan. We ought to find a way to make sure any DB plan that we have, we can keep.

Mr. Pascrell. Thank you.

Ms. Oakley. And I hope we can do that in some way.

Mr. Pascrell. Thank you. Thank you, Mr. Chairman.

Chairman Neal. Thank you, Mr. Pascrell.

Now let me recognize the gentleman from Illinois, Mr. LaHood, to inquire.

Mr. LaHood. Thank you, Mr. Chairman, and I want to thank all of the witnesses for your valuable testimony here today. And particularly, Ms. McDaniel, thank you for sharing your story about your husband here today. It means an awful lot.

I want to focus a little bit on 529 plans and many of the Members on both sides of the aisle here in the Ways and Means, and in the full Congress, believe in expanding and strengthening the Section 529 program, which, of course, helps families save for future college expenses. And as part of a bipartisan House-passed bill last year, the Family Savings Act, Section 529 plan was expanded to include higher education expenses related to apprenticeship programs and other areas. In addition, some of those expenses include now homeschooling, along with providing support for the payment of principal and interest with respect to student loans.

Mr. Biggs, I wanted to ask you, how do these targeted approaches to savings help working families save for more retirement?

Mr. Biggs. Well, I think you make a good point in that saving for retirement is not the only reason people save. They save for education; they save for home purchase; they save for a variety of reasons. The policy question, I think, would be whether, you know, a single, universal savings account for all purposes or targeted approaches. In theory, you could have a single account to do everything, but I think an advantage of targeted approach is that people in their minds, they frame things. In the sense, they say, I have retirement to save for; I have education to save for. Having different pots for those, I think, may be helpful in doing that, but helping people get a little bit ahead of the game, particularly given the rising cost of education.

Mr. LaHood. And, Mr. Huffstutter, I think you did a wonderful job talking about how employees aren't likely to save unless their employer offers a retirement plan on that. And to your point on that, I don't know if you mentioned this, but your 40 employers, do they all participate in the Oregon savings plan?

Mr. Huffstutter. [Nonverbal response.]

Mr. LaHood. What is the percentage that does?

Mr. Huffstutter. Twenty-seven do.

Mr. LaHood. Twenty-seven out of the 40?

Mr. Huffstutter. Yeah.

Mr. LaHood. And is there a reason why the others don't? Are they in a different plan?

Mr. Huffstutter. Yeah. Everyone who opted out already had a IRA or another plan in place. So they didn't want two plans, essentially.

Mr. LaHood. And then in terms of that plan in Oregon, can you tell me, is your small business fairly reflective of other small businesses and their participation in this program?

Mr. Huffstutter. I was in the pilot program, so I was one of the first 10 companies. That was a year and a half ago. And I am watching a lot of my peers start opting in before the mandatory deadlines. It is rolling out over the course of, I think, 3 years, although you would have to get the facts from Oregon Saves. I don't manage it, so I don't know. But I am watching a lot of people opt in early so that they have something in place for their small businesses.

Mr. LaHood. Thank you. Those are all my questions, Mr. Chairman.

Chairman Neal. I thank the gentleman.

With that, let me recognize the gentleman from Illinois, Mr. Davis, to inquire.

Mr. Davis. Thank you very much, Mr. Chairman, especially for calling this very important hearing. I also want to thank each one of the witnesses. I was saying to myself, if we had had only one witness, we would have been well served, because all of your responses and your testimony has been exciting, accurate, and has done a great deal.

Ms. Altman, let me just zero in on you, because in your response to inquiry from Mr. Lewis and Mr. Larson, you reinforced for me, personally, that my notion of concern, when people start talking about efforts to raise the eligibility age for individuals to participate -- and you have explained and John has explained, we know that African American males, for example, have the lowest life expectancy in this country of all population groups. We also know that African American females have lower life expectancy than females in other racial and ethnic groups.

I often get calls from women whose husbands have died, and they are too young, the women are, for Social Security. They are too young for Medicare, and so they are just perplexed. They don't know what to do. I mean, I don't know what to do either. And so here we are talking about doing something.

And so when I hear people talking about raising the eligibility, would that deny large numbers of individuals the assistance that they are going to need as they get old? And shouldn't we make sure, as we provide the changes that might become necessary, to make sure that we don't deny opportunity for any particular groups in our desire to help everybody and make sure? Anything else you have got to say about that? You have said a lot already.

Ms. Altman. Well, I thank you, because I think you can't say too much about this issue. It is -- and I think you raise an extremely important point that everyone should understand, and that is, there is sort of a facile "everybody's living longer." That is not correct. Those are average life expectancies.

Over the last 3 years, actually, life expectancy has dropped from birth, and African American life expectancies are the lowest in the Nation, as you say. We should be addressing that. We shouldn't take that as a given. We should be improving safety in workplaces. We should be making sure there is a living wage. There are many things we should do to make sure that African American life expectancies catch up with everyone else's.

But you are exactly right, we have got to make sure that early retirement benefits and disability benefits and survivor benefits remain strong. The value of raising -- expanding Social Security benefits is that there is a single benefit formula that generates all those benefits. So when you raise benefits for current and future retirees, you are also raising them for people who receive disability and survivor benefits.

Mr. Davis. Thank you very much.

Ms. Oakley, I think we have got enough time for you. We know that millennials are facing a hard time. Student loan debt, not everybody's able to even pay. I am working on a bill to try and provide an opportunity for employers to provide 50 percent of what workers would need to be in a position. Innovative approaches to this are coming. Is there anything quickly you could tell us about?

Ms. Oakley. Let me quickly say, I think the issue with millennials is a significant one. The issue that I also think, in terms of retirement savings, in defined contribution plans, as Mr. Crandall said, if you put that money in early, it will cost you less to save for this expensive thing we call retirement, a lot less over the course of your lifetime. And so if we get the money in early, that is a big plus.

I actually think, you know, having ways that individuals can save for retirement and provide for paying back their student loans are critical. The thing we know about millennials is they can multitask. They walk and chew and use their cell phone. You know, chewing gum isn't the same thing anymore. But they walk and use their cell phone very, very easily. They should be able to save, maybe not a lot for retirement, while they are paying down their student loans, and then perhaps do something a little bit more when the student loan payments finish.

RPTR TELL

EDTR HUMKE

[12:00 p.m.]

Mr. Davis. Thank you very much. I yield back. Excellent hearing, Mr. Chairman.

Chairman Neal. I thank the gentleman. And as we proceed we will now begin to recognize two members on our side for one member on the other side. So let me recognize the gentlelady from California, Ms. Sanchez.

Ms. Sanchez. Thank you, Mr. Chairman. And I want to thank our witnesses who have joined us today to kick off the first of what I hope are many proactive hearings to try to address the retirement crisis that is currently facing too many Americans in our country.

I want to start with a quick story. Several years ago when my son was five I picked him up from kindergarten, and he got in the car, and he said, Mom, can I borrow some money? I said, What do you want to do with that money, Joaquin? He says, I want to buy a monster truck. I said, Well, it is going to be 13 years before you are able to drive even, and besides, I need to save my money because when I become too old to work anymore I am going to have to live off of the money I saved. And my son turned to me and said, Oh, mom, you don't have to worry about that. And my heart melted and I said, Joaquin, are you going to take care of me when I am too old to work? And he looked at me and he said, No, but my kids might. Which just goes show you can count on nobody but yourself for your retirement savings. And I tell people that. Don't rely on anybody else but yourself for your retirement savings.

I know that many of you have put a lot of time and effort and thought into how both Social Security and the private retirement sector can better serve more people in terms of saving for that day of retirement when it comes. I am particularly concerned about women because it is no secret that women, especially women of color fall very far behind in adequate retirement savings due to a number of factors. We earn less money than our male counterparts for the same work is the first starting point. But women live longer and there are many other factors that go into that.

Roughly half of Latinas work for employers that don't even sponsor retirement savings plans. So I know Ms. Walorski asked earlier what would help employers, you know, create these plans, but if you are working for an employer that doesn't even have that option for you how likely is it that you are going to be able to save for retirement? The average accumulated retirement assets for Latina workers who have saved for retirement income is something like $20,000, and that doesn't get you very far in today's day and age.

Women are more likely than men to be care providers for their parents. That is another issue. And women if they choose to have children often times have to be out of the workforce, as well, because they are still the major primary caregivers. So there are many factors that work against women.

So, Ms. Oakley, I would like to discuss your organization's report with UnidosUS regarding Latina retirement insecurity. I know that access remains probably the largest hurdle for the Latino community. Some of the statistics in the report I have to say are absolutely terrifying. Can you share some insights gleaned from this report about ways that we can start closing that very, very troubling gap?

Ms. Oakley. Thank you, Congresswoman. Actually one of the things is going on in California right now CalSavers is coming into the marketplace. It is launching this year in its first phase and its first phase of the rollout Senator de Leon, State Senator de Leon was the lead person on this, and he used to talk about his aunt who was cleaning houses and was doing that well into her older years because she didn't have anyone to take care of her. And his motivation for that bill was very specifically this specific Latino woman.

What we have seen is having that opportunity to save. What I find most encouraging within the Latino community is once individuals are eligible and they have access they save at the same exact rate, and we are seeing this with millennials. And women actually are willing to save more than men because we know we live longer, and we know we have to take time out of the workforce. So I think the CalSaves ideas can be significant. You know, Congressman Pascrell talked about -- or Congressman Blumenauer mentioned in Oregon if people were to save through the plan that they have got in Oregon, California is very similar, they would end up with about $180,000 at retirement. You compare that to the typical Latino household today who gets to retirement with nothing. And that is a huge improvement.

And, in fact, the Government Accountability Office has put out a report if we took these auto saving, and we combined it with revising the Federal savers tax credit that could be particularly helpful. If we moved it into a match so it would go into the plan itself you would end up at the lowest income level increasing their retirement incomes by 21 percent. Every single year. That is a real improvement in where we are.

Ms. Sanchez. It is. Thank you for that suggestion, and I want to again thank the chairman for holding this hearing, and I yield back.

Chairman Neal. I thank the gentlelady. Let me recognize the gentleman from Kansas, Mr. Estes, to inquire.

Mr. Estes. Thank you, Mr. Chairman. And thank you to all the witnesses for being here today.

You know as we conduct this hearing our Nation's economy is experiencing historic growth and the lowest unemployment numbers in nearly 50 years. You know, in fact, we have the highest number of Americans working today than ever before, which is great news for workers and for families across the country. You know, that strong economic growth since the Tax Cuts & Jobs Act has really strengthened Social Security. And more people with more jobs is putting more money into the Social Security system to help support those retirees.

Following this progress, you know, the committee and Congress we have made jump-starting the economy we have now got to look at ways that we can help people prepare for their retirement once their careers are over. Our current retirement system, which is a combination of retirement savings, whether it is from defined benefit plans or defined contribution plans like 401(k)s or 403(b)s, private savings, Social Security, you know, they have worked well for a large number of our citizens, but we have got to address some of the unique aspects of Americans particularly things like different life expectancies. I believe we can work together in bipartisan ways to make some of these components better for all Americans.

You know, as far as savings go, I was a proud supporter of the Family Savings Act, which would have made it easier for businesses to promote 401(k)s and IRA retirement plans for more employers who did not have that and did not provide that for their employees. We are also able to debate 529 plans and universal savings accounts, and I hope some of those ideas get included in our discussions as we move forward.

As far as pensions, I am a former State treasurer for the State of Kansas, and I have first-hand knowledge about how to manage in that public employee retirement system. I know how vital these retirement systems are to millions of workers and families. In fact, in Kansas there are over 300,000 individuals that are members of the public employee retirement system, and during my term as treasurer we spent a lot of time working on how do we address some of the reforms that are necessary for that plan. I hope we can address some of that as we move forward in this session of Congress.

And as far as Social Security we have got a lot of things that we need to address. We have talked about several of those today. Social Security was established as a plan where a large number of employers -- or a large number of employees contributed to support each retiree. And as seen earlier now we are looking at only two workers supporting each retiree. So we have got to make some of these changes.

But I think there is some real opportunities for us to work in bipartisan ways to address some of those issues. I wanted to ask a couple questions. Mr. Biggs, you know, talking about Social Security, you know, some of the proposals being talked about would change benefits across the board for all participants in the Social Security system. Are there ways that we can particularly target for lower income individuals to make sure they get a supporting benefit since that is so important for their retirement income?

Mr. Biggs. Well, thank you. It is a little bit tricky within the Social Security benefit formula to target benefits, which leads to the issue of if you want to raise benefits for lower income retirees you can often end up raising them for everyone else, as well, which may not be necessary. So there are a variety of aspects of proposals that have tried to target the benefit increases on the people who need them the most.

I have talked about ways of increasing benefits for, say, the bottom third of retirees but without raising them across the board because that is where it gets very, very expensive. With some of the benefit expansion plans, although it seems like it is aimed at low income people most of the dollars, most of the benefit increases actually go to middle and higher income retirees, and that is a cost that is made difficult given the rising costs of Medicare and all the other things we have to do. So I think that is something that policymakers should look at. How do you target the people who need it the most.

Mr. Estes. All right. Thank you. One of the other things I talked about, you know, as former State treasurer I overlooked our public pension system, and, you know, one of the things that we are looking at or that a lot of States are looking at is in order to minimize the contribution costs that are made on an annual basis that they come back and do frequent reamortization to lower those costs to increase spending. Is that an idea that you would recommend to a State like Kansas that we amortize to focus on that?

Mr. Biggs. Under no circumstances. Reamortizing a debt in a pension plan is simply kicking the can down the road. It is saying we can't afford to pay the contributions today, so let's assume that future taxpayers will be willing to pay our bills for us. It is the same when we put off Social Security reforms. If we had acted 30 years ago as we should have this transition to a solvent Social Security program would be much, much easier. Kicking the can down the road is no different than borrowing and giving the bill to your kids.

Mr. Estes. Thank you. Mr. Chairman, I yield back.

Chairman Neal. I thank the gentleman. With that let me recognize the gentleman from New York to inquire, Mr. Higgins.

Mr. Higgins. Thank you, Mr. Chairman. You had said at the outset that there is a retirement income crisis. Today 63 million Americans received a trillion dollars in benefits last year in 2018. And they spent that money. In fact, there is a multiplier effect that says that if a trillion dollars was received by 63 million people that produced about $2 trillion in economic output. That $2 trillion is 10 percent of the entire American economy. And this is the kind of economic activity we should be hoping to stimulate with Social Security benefits.

In 1935 and amended twice between 1940 Social Security was designed to replace 40 percent, 40 percent of worker income after retirement. Today Social Security is 90 percent of 21 million Social Security beneficiaries' retirement income, 90 percent.

Between 2009 and 2019 the average annual increase including the 2.8 increase this year was 1.64 percent. The problem is that 70 percent of Social Security recipients have their Medicare Part B that covers doctors' appointments deducted from their Social Security check each month. This year Medicare Part B will seek another increase of 1.1 percent, thus eating up the economic activity that otherwise would occur if these Social Security beneficiaries were putting that money in their pocket.

John Larson in his bill that he has been working on for half a decade wants to expand Social Security benefits to keep pace with economic growth and to experience the full force of that economic activity that would benefit from that great resource. The truth is the best way to fix Social Security is to grow the economy. Strong growth, more earnings, increased payroll tax revenues going to Social Security reducing the need to cut benefits.

Last year this Congress enacted a $1.3 trillion corporate tax cut. We are told by the White House Council of Economic Advisers that that would result in annual household income increasing by between 4 and $9,000 every year. It didn't happen and it is never going to happen. This theory of economic growth is based on a hokey political or economic ideal called dynamic scoring, which is nothing more than rebranded supply side economics and trickle down theory.

Here is my point, I would have rather spent $1.3 trillion over the next 10 years in increasing, what John Larson wants to do, increasing Social Security benefits because the American economy is 70 percent consumption. Social Security money is spent back into the economy. That is why you get the multiplier effect of a trillion dollar investment that produces $2 trillion in growth.

You know, the best case scenario for a tax cut there is not a tax cut in human history that ever paid for itself. For every dollar that you give away in tax cuts the best case scenario is that you will retrieve 30 cents of that. You are in a deficit situation. Infrastructure isn't like that. Make a dollar investment in infrastructure, you get a buck 80 to $2 for every dollar you invest. Economic growth. Expanding the economy. Reducing the need to cut Social Security benefits.

So I guess this is more of a statement than a question, but every dollar increased in Social Security is reinvested back into the growth of the American economy. And when you have economic growth of 3 and a half to 4 percent that takes care of a lot of problems like reducing the deficit, reducing the overall debt, and helping to grow the American economy. Two percent growth isn't doing it, and it never will. We have to achieve a higher level of growth to fix Social Security and increasing Social Security benefits is a good way to do that.

So I congratulate my colleague for his good work, John Larson, in seeking to expand the Social Security benefits and to grow the American economy. With that, I will yield back.

Chairman Neal. I thank the gentleman. With that let me recognize the gentlelady from Washington State, Ms. DelBene, to inquire.

Ms. DelBene. Thank you, Mr. Chairman. And thank you so much for holding today's hearing on this very important issue, and I want to thank all our witnesses for being here with us today.

From the testimony so far today it is clear that in combination with Social Security having an employer sponsored retirement plan has been key to preparing for sustainable and secure retirement. Unfortunately, nearly half of American workers in the private sector, about 55 million people, work for an employer that doesn't offer a retirement plan, and there is a sector of the economy that we haven't talked about yet, and those are gig economy workers.

More than one-third of U.S. workers are in the gig economy working jobs like driving for a Lyft or an Uber or assembling furniture, mounting televisions for customers, or walking dogs through platforms like TaskRabbit or Thumbtack, and while these jobs offer many benefits in terms of flexibility or the opportunity to earn additional income, the gig economy has a long way to go when we look at traditional benefits.

And so we know that when workers are offered a retirement plan through their employer like a 401(k) they are significantly more likely to participate and save than they are through an IRA. And that is why last Congress I introduced and I will introduce again this Congress the Portable Benefits for Independent Workers Pilot Program Act. It is a bill to create a temporary grant program to help design, implement, and evaluate new models to provide portable benefits to contingent workers. I think this is a very important issue for us to address a shortfall in one of the fastest growing sectors of the workforce.

Mr. Crandall, I wanted to ask you if you can elaborate on the current options that are available for folks in the gig economy, contract workers, so that they -- things that are currently available for them to be able to save for their retirement?

Mr. Crandall. Congresswoman, thank you very much, and this is an issue that is near and dear to my heart. My 25-year old son is a gig economy worker, so I am getting a front row seat of what that looks like, and your comments about the growth of that part of the economy are noted, as well.

First, I would absolutely agree, we need to be looking at all of our benefit offerings to reflect this reality. But one of the things that is most intriguing to me about open MEPs is that a self-employed worker could become a member of an open MEP, and that would give them access to a plan with they could decide to auto enroll themselves effectively. They would have higher limits than they would have under an IRA, for example, and they would also have the fiduciary coverage that comes from a 401(k) plan.

So I think that would be one step that would be quite positive for the retirement security for gig economy workers, but again I applaud to look more broadly at those workers for benefits more overall.

Ms. DelBene. When you talk about open multiple employer plans, what is preventing that now and what needs to happen to kind of bring that to fruition?

Mr. Crandall. Well, again, if you think it is hard for a small company with 20 or 30 employees to create a 401(k) plan today imagine a company of one. So just the administrative costs of setting those plans up. So the ability to take all of those costs and spread them across a much broader plan would be very positive, we think, and then all of the other features we have talked about particularly around making sure that they have access to lifetime income solutions, and also the ability to transport them if they ultimately then went to work for another company. Because again I suspect over time many of these gig economy workers could work for a traditional job for a while and then go back.

I think it is also particularly important for women. Women when you talk about gig economy you should be thinking part-time. And for all the reasons we have heard in testimony today already women come and go from the labor force more frequently than men. They also have a longer life expectancy than men, so anything we can do to make sure that when people are employed they have opportunities to save for their financial future we think would be a real benefit to the economy.

Ms. DelBene. Thank you. Ms. Oakley, I wondered if you had any comments about opportunities or what is available for independent contractors and gig economy workers today?

Ms. Oakley. You know, one important thing to remember besides a 401(k) plan if you are just an individual and you are working on your own opening up a SEP IRA gives you an awful lot of opportunity to put aside resources for retirement, more than just a regular IRA. So, you know, opening up a SEP IRA is easy. I have one. I had -- the hardest thing for me, and I worked in the financial services industry for 28 years, was suddenly I didn't have an employer making the choice for me, and I had to look among, you know, hundreds of firms to figure out where is the firm I am going put my money.

And I think where some of the State plans are also -- I served on the task force that looked at the plan in Maryland, and they were very much aware of these individual contractors and looking to try to find ways to make sure that individuals in the gig economy could potentially use these State retirement IRA automatic plans.

Ms. DelBene. Thank you for your feedback, and I yield back, Mr. Chairman.

Chairman Neal. I thank the gentlelady. With that let me recognize the gentleman from Pennsylvania, Mr. Kelly, to inquire.

Mr. Kelly. Thank you, Mr. Chairman. And we all seem to agree in almost everything here today about what we have to do to help people as they get to retirement age. Mr. Biggs, I was fascinated by your testimony though because you have a little different take than other people. Mr. Crandall, thanks for talking about RESA because we really do believe as a total that RESA was incredibly important. And Chairman Brady at the time we talked about getting that done before the end of the year. We didn't get help from down the hall when we needed it though.

So, Mr. Biggs, I think the part of the Family Savings Act and when we looked at RESA was giving people flexibility to use some of the money they had put away in programs for maybe an emergency use, particularly I have got for a new baby or an adoption. Access to money that they had put in themselves without getting penalized heavily for it. What other ideas did you have on that or what did you think that would be maybe something that people would look at.

Realize that every single penny we are talking about today is taxpayer money. This idea that somehow the Federal Government funds this stuff is absolutely absurd. Mr. Huffstutter, you are dealing with what almost every employer does is take care of the talent that he or she employs, making sure that we understand it is a team that gets to a finish line together. So I applaud you for what you are doing. But, Mr. Biggs, any other ideas?

Mr. Biggs. Well, the criticism you will hear about --

Chairman Neal. Could you speak into microphone, Mr. Biggs? Thank you.

Mr. Biggs. I apologize. The criticism you will hear about giving access to retirement savings through other savings say for the birth or adoption of a child for some other financial emergency, the criticism is that people will take those opportunities to drain their accounts and they won't have anything left for retirement. In some cases that may happen.

But there is also research showing particularly for low income individuals they are reluctant to participate in a retirement savings plan if they feel they can't have access to that money even in an emergency. So giving some of that access might make people feel more willing to save for retirement and they may end up with more savings in retirement than they otherwise would have. So it is not necessarily a zero-sum game. But people have talked about giving access for education, for financial emergencies, birth of a child, you know, if you want to take time off work when you have a child or an adoption those are the ways of doing it. So we want to make sure we have enough money going in, but giving that access isn't necessarily a negative for retirement savings.

Mr. Kelly. Mr. Huffstutter, whenever you made your determination to do what you did with your team what was the main driving factor for that? And I know it is hard for people to understand every time an employer offers a benefit it is a cost of doing business for them, but you were able to get 27 of your people out of the 40 some said, you know what, that makes sense, I wouldn't have done it on my own, but now that we are in this partnership I will do it. What were you looking at?

Mr. Huffstutter. I mean, I feel as an employer I have an obligation to search and find ways to help my team. It is a win-win. If they have got a plan that allows them to save for retirement then they are going to stay with me longer. And so like I said in my testimony I have been searching for this for a decade. I have had six quotes from private companies, but I am a small business, and I have a very small percentage of profit, and I haven't been able to put that in place. I needed this partnership to get me started.

And I will continue to look for a better plan that offers more where I can start -- when I am ready I will start contributing to a new plan. But this is what allowed me to get started and not put me in a scarier spot financially.

Mr. Kelly. Mr. Crandall, because this is what you do for a living is you make people's retirement look a lot more workable. Some of the programs that you offer right now if you can explain to people and especially people like Mr. Huffstutter and myself, we do have that same type of a program at the dealership, how do you get that idea across to younger people and especially talk about the rule of seven where if they could just leave it sit there I think it is about, what, a 10 percent return over a time period what that means to --

Mr. Crandall. If you really want to have fun, look at what happens over 50 or 70 years. I think it was Einstein that reportedly said the greatest power in the universe is compound interest. So first it is very, very, very critical that you make it simple. We have heard that many times, all right? So one of the things we are trying to do with Map My Finances is make it simple for people to make a decision what is the best thing to do. Should I pay down that student loan or should I put it into my retirement? Or maybe if I am having a baby I should have some life insurance in case heaven forbid something bad happens, right?

So you have got a set number of dollars. We want to make it very simple. We want to work with employers who want to attract and retain the best employees. And that is the reason a business -- you pay people to come to work and you want to keep them. So we think there is a real tie in here because employers --

Mr. Kelly. You know, we talk about auto enrolls. The greatest auto enroll program I have ever seen is Social Security. That is 6.2-6.2 match.

Mr. Crandall. And 100 percent participation.

Mr. Kelly. The Tax Cuts & Jobs Act added more people to the workforce. All of that income, all of that revenue is starting to flow in which helps sustainability of Social Security.

So, chairman, thank you so much. You and I are on a lot of these things together is what we are trying to go with retirement plans. Thank you for your passion on it. Thanks for having this hearing today.

Chairman Neal. I thank the gentleman. With that let me rice the gentlelady from California, Ms. Chu, to inquire.

Ms. Chu. Yes. As a Californian I would like to address the issue of the windfall elimination provision and the government pension offset. I hear a lot from our public employees, actually I can relate to the situation because I was a teacher who paid into our California State retirement system for 20 years, but I have a husband who solely paid into Social Security. And now that I am in Congress I pay solely into Social Security.

But I hear plenty from my former teacher colleagues, colleagues like Jane, who is a retired educator. She receives a public pension of $2,400 a month from the California State Teachers Retirement System. Her husband earned Social Security benefits all his life from his job in the private sector. When he passed away she was shocked to find that the amount that she got from his retirement benefit as a widow was zero. And that, of course, is the government pension offset.

But then there is the windfall elimination provision. I hear from someone like Tracey, another teacher who spent the last 30 years dedicated to teaching first graders, but in order to make ends meet also worked for 15 years as a night auditor at a local hotel paying into Social Security. But because of the windfall elimination provision Tracey's Social Security check will be cut by almost 50 percent.

This is a big issue for numerous States, but certainly for my State of California, and it is such a big issue that just this last year the California State legislature passed overwhelmingly a resolution to fix this government pension offset and windfall elimination provision somehow.

In California it affects peace officers, including the California Highway Patrol, the firefighters and many other public servants working for cities in special districts and basically more than 300,000 retirees. And so I would like to submit this resolution into the record.

[The information follows:]

Chairman Neal. Without objection.

Ms. Chu. Now, of course I heard the discussion earlier, and basically all of you said the situation is complex. We want to work on it. I understand that there is a lot of discussion on it, and I look forward to participating in that and solving this problem.

So I would like to actually ask about a different issue which is the Savers Credit, and I would like to ask Ms. Oakley about this. The Savers Credit was created in 2001 to encourage savings for low and moderate income taxpayers. I think it was a step in the right direction, but the credit has been extremely underutilized over recent years.

In fact, from 2006 to 2014 only between 3.25 percent and 5.33 percent of eligible filers claimed the credit, and what is more a 2019 study conducted by the Transamerica Center for Retirement Studies found that 6 in 10 employees don't even know about the tax credit at all.

So, Ms. Oakley, can you discuss what improvements Congress should consider in order to make the Savers Credit more effective in achieving its original goal of encouraging workers to save?

Ms. Oakley. Thank you very much. In fact, when I worked for Congressman Pomeroy he actually had put a bill in that expanded the Savers Credit. The Savers Credit has income limits. It also has restrictions on the benefit that was designed to fit it into the budget process in how much dollars were available to use when it was first designed. If you could take the Savers Credit, make it a refundable credit so that at the very, very low income if they are able to save maybe when they get an EITC check they can put $500 into an IRA. If they can get that matched, in essence, I used to call it the Uncle Sam match by the Federal Government through this tax credit, and if that money could actually go into the IRA rather than go back to them as a payment, you could end up with a very significant improvement.

So if we could find a way to make that Savers Credit be a match by going back into the plan, not just going back to the individual and helping them save and let them have that choice, but have a way make sure that is there.

The other thing I think we need to do is we need to get more information out. The filing for that tax benefit requires individuals to file a long form and make extra paperwork, which, again, at this income level, a lot of individuals don't do -- many of them don't even have to file a tax return.

So I think if we could find ways to make this simple, put it on a 1040-EZ and make it refundable and get it into the retirement account this could really transform the financial picture for the low income individuals.

Chairman Neal. I thank the gentlelady. And I have a piece of legislation that does precisely that, Ms. Chu. You might want to take a look at it. Let me recognize the gentlelady from Wisconsin, Ms. Moore, to inquire.

Ms. Moore. Thank you so much, Mr. Chairman, and I want to thank all the witnesses and indeed my colleagues for this very informative hearing. I have more questions than I do time, so bear with me.

Let me start with Ms. Oakley. We have heard a lot of discussions about the efficacy of saving, and certainly it is one of the pillars of retirement security, and so the ranking member, our witness, Mr. Biggs, Mr. Smith, all of them have really, I have noticed, sort of focused on, you know, if you would just save that somehow this would sort of ameliorate some of the distress in retirement.

And I guess I wanted you -- we heard specifically from Mr. Smith about the hardship of a very low income person paying $50 a year over the course of 24 years, $1,200, so could you sort of compare the strategy of paying $50 a year if you are a low income person into the Social Security system versus trying to save $1,200 over 24 years.

And I also just wanted to refer to something Mr. Biggs talked about when he said that -- when he talked about and I maybe miscomprehended this, but he talked about people are not relying on Social Security. And I guess I was looking at the Joint Committee on Taxation chart, and it seems to me that people in the lowest -- the lowest quarter of income of 84.6 percent of their retirement income is Social Security versus the highest, which is 17 percent. So I just wanted to get your thoughts on savings versus the Social Security system in terms of reliance on that.

Ms. Oakley. Clearly one of the things that is so important is that we -- for the low income and moderate income households Social Security is critically important to those individuals. And the fact that without action by Congress Social Security benefits are automatically reduced because that is the way Social Security makes sure that it doesn't go insolvent. It can only pay benefits for which it has resources. And if we were to ask low income individuals to put in a little bit more money into Social Security, as we would ask all individuals who are working and getting a paycheck, those individuals would benefit because their benefits would not be cut later on --

Ms. Moore. Exactly. Thank you. I don't have much time, so I am going to move on.

Ms. Altman, let me thank you so much. You helped me to try to stop a closure of a Social Security office in my district, and I appreciate that.

I wanted you to lean into something you had in your testimony about comprehensive immigration. If we were to do that to what extent would that help towards solvency of the Social Security fund?

Ms. Altman. Immigration is a key assumption of the actuaries. There was conversation -- a couple of members talked about the changed worker to beneficiary ratio going from three to one to two to one. What the actuaries say is the reason for that is not because people are living so much longer but because fertility rates have gone down.

And what they say is that the way to offset the lower fertility rates is to increase immigration. Immigrants tend to be younger, often by culture they have larger families, so immigration is a very important assumption of the actuaries. Increasing immigration makes Social Security much more affordable, along with growing the economy.

Ms. Moore. Thank you so much for that.

Mr. Biggs also raised or someone asked him a question I thought was really compelling. Talking about targeting lower income people, and, Mr. Biggs, I appreciated your answer that it would be good to just figure out a way to target them without necessarily raising the benefits for everyone.

So I was wondering what you, Ms. Altman, thought about a proposal to provide benefits for women with caretaking children at least, you know, say 5 years of benefits that along with a minimum benefit in order to help this, you know, women who, of course, by far are dependent on Social Security?

Ms. Altman. We strongly endorse both proposals. Representative Larson's bill does have an increase in the special minimum, and I should say for people really concerned about low income we have the --

Ms. Moore. How about women with children, caretaking?

Ms. Altman. The caregiving credit we endorse for exactly that reason. We have talked about inadequate benefits; we think those are both crucial improvements. We also think that we should be increasing the companion program, the supplemental security income program.

Ms. Moore. So many questions, so little time. I yield back.

Chairman Neal. I thank the gentlelady. With that let me recognize the gentleman from Texas, Mr. Arrington, inquire.

Mr. Arrington. Thank you, Mr. Chairman. And thank you witnesses for being here for your time and insight.

I think we have a credit and debt culture in America. I think we need to move to a savings and investment culture. I think we can do some things to incentivize that. I certainly believe policies that encourage savings is a good thing.

I think we have the freedom and opportunity as Americans to save. Some more than others. Some can save more than others, but I think we have the freedom and opportunity to save. My colleague and I were just talking about the piggy banks that we had when we were kids and the importance of education and financial literacy and the like.

But I don't think Americans have the freedom and opportunity to fix the unfunded liabilities and the insolvency crisis that I think is working its way through the system.

So, Mr. Biggs, if I can dialogue with you just a little bit on that, you mentioned $26 trillion in unfunded liabilities. Tell me about that $26 trillion number that you threw out. That is a pretty scary number.

Mr. Biggs. Sure. In a study several years ago I looked at estimates of undersaving by households, the retirement savings gap, alongside estimates of underfunding of government retirement plans. Even the most pessimistic estimates of undersaving by households are smaller than the smallest estimates of undersaving or underfunding in Social Security, State and local government pensions, Federal employee pensions. By far, and this is a statistic I will stand by all day long, by far the biggest funding gap for retirement is in government plans not in the household sector.

So what concerns me is when people say oh, Americans are bad at saving for retirement. Let's have State government run its retirement plans, let's expand Social Security, you are shifting more responsibility to the sector that unequivocally has been doing a worse job of funding.

Mr. Arrington. You said savings are up, retirement participation is up, retirement assets are up, retirement income is up. You paint a rosier picture certainly than Ms. Altman, but regardless on that issue where we land I think everybody on the panel would raise their hand. Let me just ask you, raise your hand if you think the bigger nut to crack here and the bigger challenge and problem to solve is this unfunded liability on the government retirement program and pension backstop program.

Would you guys agree with that? You wouldn't agree with that? Okay.

Ms. Oakley. Can I answer that?

Mr. Arrington. Sure.

Ms. Oakley. First of all, I would say on the State and local plans, -- every State has already acted to put reforms into their pension systems to move those systems to a more sustainable funding. They have been lowering their interest rates that they are assuming, so they are working towards that. So that is going on already.

I think again the other issue, the Social Security issue was never meant to be a really prefunded program.

Mr. Arrington. Let me read this statistic. There are 10 million workers in multiemployer pension plans, that 96 percent of these plans are less than 60 percent funded. So we have got a huge unfunded liability on the multiemployer pension plans.

So the chairman, and I appreciate what he said about I think Ms. McDaniel's husband and workers that they did everything right along the way. Somebody didn't do something right. So what happened, Mr. Biggs, to have that kind of liability and for this to be upside down because this pension benefits guarantee corporation is the taxpayer backstop, and we are really upside down there. What happened? Who is at the wheel, and who is managing the risk both at the employer level and at the government level?

Mr. Biggs. I would touch on the wisdom that came from Congresswoman Sanchez's son Joaquin who said you have to look out for yourself. I wish the world weren't like that, but when people relied on others for their retirement security those others have often let them down.

With multiemployer plans they work under much looser accounting standards than single employer pensions. The trustees of those plans did not act responsibly. They overestimated their rates of return. And so they have let people down. And it is the same with Social Security with 35 years without reform. The same with State and local pensions, which are not, in fact, reformed today.

So I wish we could trust other people to manage our retirements, but the reality is that hasn't worked. When you have trusted other people, particularly in government, they have promised benefits and they haven't paid for them. That is a problem with human nature, and I don't know whether we are going to fix it any time soon.

Mr. Arrington. Thank you, Mr. Chairman. I yield back.

Chairman Neal. I thank the gentleman. With that let me recognize the gentleman from Michigan to inquire.

Mr. Kildee. Thank you, Mr. Chairman, for recognizing me and particularly for holding this really important hearing.

Like a lot of my colleagues I represent a lot of retirees. I have a district that is full of retirees, a lot of them General Motors but government retirees, and a lot of folks like Ms. McDaniel who depend on multiemployer benefit plans or multiemployer retiree plans that are struggling. So the conversation about how we strengthen those is an important one.

So I have a question for Ms. Oakley, but I would like to just give Ms. McDaniel a moment if she would to add anything that she would like to add about the choices that families have to make when faced with the sudden and pending loss of half of the income that they were, or more in your case, preparing to depend on for the rest of your lives. What are the individual family choices that you have had to face?

Ms. McDaniel. Well, as we have been working on this over the last 3 years and being so busy trying to get something -- a solution made, we run into all kinds of retirees across the United States that have had to make these decisions already. Some of them in New York State has already lost 70 percent. If you guys can imagine what it would be like if you woke up one morning and 70 percent of your income was gone. These people are on oxygen. Their health, they have worked in an industry that it has been very hard on them. It has been hard on their families. They have been gone from work for years. And now that they are 80 years old and they get this letter and saying that their pensions may be gone and there is no way of making it back up.

They are losing their homes. They can't even make their taxes. They can't be productive citizens within their own communities. They can't buy things, and as I was saying earlier that the retirees and their benefits they pay for things in their community. They help local businesses. My little community is very small, and they depend on a lot of retirees to come in and eat. We like to eat when we get old, and, you know, we like to go places, you know, and if we don't have this money then those places are going to suffer, as well.

So you talk about a trickle down effect, but we did nothing wrong, nothing wrong in this. This was a promise that is not being a promise kept today.

Mr. Kildee. Well, thank you. And thanks for the willingness to come and tell your story.

So, Ms. Oakley, you know, we have known for quite a number of years that our large -- many of our large multiemployer pension plans are in trouble, but Congress has not acted. This failure has resulted in a lot of things, but one of the real problems is that failing to deal with the liquidity challenges in these systems have kept these systems from full participation in a market that could have delivered some significant returns to them in the last 8 or 9 years. And it is never too late to do the right thing.

I think we have to acknowledge if we had begun to deal with this 8 or 9 years ago and just looking at taking any of the indices what do you suggest is the lesson from that lost opportunity for this Congress that is attempting to take this issue on right now?

Ms. Oakley. Congressman, it is an interesting question. I actually think when you think about it, if you go back 9 years we are in 2009, 2008. What happened? In 401(k) plans employers the first thing they did is they said, well, we are going to suspend our contributions. Many employees also said I have got to do this or they lost their jobs and they did that.

They took money out of their 401(k) plans. Had they just left that money in, had employers continued to make those contributions they would have gone in at the bottom of the market and moved up.

Mr. Kildee. But specifically if Congress had acted to provide the kind of liquidity that we could act to provide, obviously don't you believe those systems would have been able to take advantage of the rising market that we have experienced in the last 100 months?

Ms. Oakley. Exactly. Correct. The rising market could have potentially helped. If you have money in the plan, you could have made those opportunities. They also would have provided at that time greater stability because those institutional investors didn't have the same level of fear as the individual who realized, wait a minute, this is my retirement. They took on those opportunities and, in fact, in the public sector a lot of those plans were going into investments that were more long-term and that had better returns. So I think, you know, it is an important stabilizing component on both sides.

Mr. Kildee. Thank you. I thank the panel. I thank the chairman for holding this hearing. I yield back.

Chairman Neal. Thank you, Mr. Kildee. With that let me recognize the gentleman from Pennsylvania, Mr. Boyle, to inquire.

Mr. Boyle. Thank you, Mr. Chairman, to ranking member. Ms. Diamonte, I didn't want you to get too bored there, so I wanted to direct you -- direct a couple questions to you because really United Technologies has such a great reputation when it comes to retirement security. In many ways its defined contribution plan is seen in the industry as a best practice plan. So I was wondering if you could kind of describe to us why exactly that is the case.

Ms. Diamonte. Yes. You know, I think it is because we have a team.

Chairman Neal. Could you speak into the microphone? Turn your microphone on please.

Ms. Diamonte. Okay. Yes. I think in order to create DC plan unlike we have heard from others it takes a larger group of people to do that. People with expertise, and in-house we have expertise. We have legal ERISA counsel. We have investment expertise. We have human resources. And we have, quite frankly, the money to be able to communicate to our participants the importance of saving.

So we can look within the law to figure out let's do auto enrollment, let's do auto escalation. Let's get people in and let's create these low cost savings vehicles so that people can start to take advantage of the markets and build this type of income stream.

Mr. Boyle. There is one of the features I know of the United plan is this lifetime income component. Would you mind just describing that feature?

Ms. Diamonte. Sure. It is very much like a DB plan in that you start off target at the date fund, as I said in my testimony, and then when you are getting ready to retire you have a guaranteed income stream. So you are not worried about the market volatility at that point because there is a floor on what that stream is. It is like having a variable annuity. So you are promised that amount in retirement, but that promise is backed by your principal in the savings plan.

So what you are actually doing is when you go into retirement you are withdrawing from your own savings a certain amount. And then if you outlive that amount, and that amount goes down to zero, then that is when the insurance company start to kick in and actually provide that secure income level for life.

Mr. Boyle. It is interesting to me because back when I was a State legislator so much of the controversy about pension reform was defined benefit versus defined contribution, and it seems in some ways you have kind of found a sweet spot of having a direct contribution plan that preserves one of the most important features of defined benefit.

Ms. Diamonte. Yes, absolutely. I think the strength is that we found is a lot of participants will not go into a regular annuity because it is very hard for them to hand over their life savings in an unrevokable trust, but what happens with ours is that they still have liquidity and they have control of it, so they are willing to put their money into this option for a guaranteed income stream knowing that they have the flexibility to take it out if they need it.

Mr. Boyle. And finally for you I am just curious if you had any ideas on how we could incent other companies to set up a similar plan?

Ms. Diamonte. Yes, absolutely. I think the lifetime income safe harbor in RESA is actually very key to doing that. I think it will help a lot of ERISA plans and larger plans to be able to put a lifetime income feature. The only thing that I would say is that I think that in the RESA legislation it is very specific to helping insurance products and products like ours, and we think that when safe harbors are created that they should have some flexibility so that plans like mine can be more innovative in coming up with solutions, even if they are noninsurance based.

Mr. Boyle. Right. And just thank you, and just switching gears for one second while I have a remaining minute, I have even heard it today during this hearing about promises government has made and that it is complete unrealistic to expect them to be fulfilled.

Ms. Altman, Social Security has existed since about 1935, correct?

Ms. Altman. Correct.

Mr. Boyle. And in the almost 84 years Social Security has existed, has it ever once missed a monthly payment?

Ms. Altman. No.

Mr. Boyle. No, not once.

Ms. Altman. Not in wartime, not in peace time, never.

Mr. Boyle. Thank you. I yield back.

Chairman Neal. I thank the gentleman. With that let me recognize the gentleman from New York to inquire, Mr. Reed.

Mr. Reed. Well, thank you, Mr. Chairman, and truly thank you for a great panel on an important issue facing America.

And I want to start by applauding my colleague Mr. Larson from Connecticut for putting forward as the ranking member Republican leader on Social Security I appreciate the leadership that he has demonstrated by putting in black and white a proposal.

And one of the reasons why I am so concerned and committed to Social Security is, you know, not everybody on this panel nor probably out there know our life story. You know, I am a Republican. I am a proud Republican. But I will tell you being raised the youngest of 12, eight older sisters, three older brothers whose father passed when I was two, it was my mother who relied on a Social Security benefit check and my dad's military death benefit in order to take care of us for the rest of our lives and their lives. Her life.

And I will tell you, I share a commitment with Mr. Larson to make sure that Social

Security is solvent over that 75-year time horizon that we talk about under the actuarial report to make sure that every benefit promised under Social Security is there and it is there for generations to come.

And I look forward to working with my partner from Connecticut who is a true gentleman, and I mean that in the sincerest way and has become a very good friend, so I look forward to working with you on this. But we do need to recognize that there will be a difference of opinion as to the complete solution in order to make Social Security solvent.

And I just want to look at history just briefly, Mr. Biggs. We had the staff pull every major Social Security reform that has occurred from day one in the history of -- from 1935 forward. Has there ever been a partisan effort, just one party or the other, that has taken on Social Security reform and successfully achieved any outcome?

Mr. Biggs. Thank you, Congressman. I should say from the outset if your mother had 12 children she did plenty for Social Security, so you shouldn't feel guilty about anything you received. But you are entirely correct. I have looked back at Social Security reforms that have passed over the years, and as far as I know all of them have been bipartisan with significant support from both political parties regardless of which political party was in charge of Congress or the White House at the time.

Another thing that struck me as interesting though is for most of those reforms you lost some votes from both parties. In the sense as far as I know none of them were single one party votes. They were actual votes. We have the centers of the two parties to work together. You might lose a few on the far right or the far left, but the centers came together, and I think that if we are going to fix Social Security that is clearly what we need.

Mr. Reed. I appreciate that, and I think history should be a great lesson teacher to all of us in regards to the solution.

And, Ms. Altman, you are going to be critical to our efforts in this solution that we are seeking and will achieve together in regards to that. Are you committed to working with us on both sides of the aisle, Democrats and Republicans, to find that sweet spot that we can work together?

Ms. Altman. Absolutely. I think the reason that there has been so much bipartisan support is when you go out and talk to people, Republicans, Independents, Democrats, all agree that Social Security is more important than ever. If I could say I believe the schism is between the elites in Washington and the rest of the country, and I really applaud Representative Larson for doing what I think the people want.

Mr. Reed. And so as we build off of the proposal there, and I look forward to getting to working with Mr. Larson and finding that sweet spot because I think at the end of the day, you know, as I remember my mom pounding on that calculator with the paper roll at the end each month, and we knew when that check came in because we knew what was in the refrigerator, and in that last 2 days we were splitting literally egg sandwiches, but we didn't know any better because that is who we were, and we were a happy family. But having the security of that Social Security is something I am very passionate about and making sure it is there.

But beyond Social Security is something also, Mr. Chairman, I think you articulated very well here by this panel because as I hear the testimony across the spectrum I see the backstop of Social Security. I see the public-private partnership that is demonstrated by Mr. Huffstutter where he is partnering as a small employer who treats his employees like most of us did in the private practice, as part of your family. These are people that work for you, and they are part of your family, so you went out and you sought a solution for them and their security in retirement, and you partnered with Oregon, a State partner. It is a public-private partnership to get you through that corner.

Then we have some great leaders in the private sector. UTC, United Technologies

Corporation is leading one of the efforts here in my humble opinion. MassMutual being a private based entity that is providing a solution here. I think if we want true retirement for everyone and the best retirement for all it is a combination of all three.

So I look forward to working with you as we go forward, and with that I yield back.

Chairman Neal. All right. I thank Mr. Reed, and a reminder that that check for some of us every month was everything. That was the difference.

So with that let me recognize the gentleman from Virginia, Mr. Beyer.

Mr. Beyer. Thank you, Mr. Chairman. Mr. Chairman, thank you so much for scheduling this hearing. It is fascinating. Thank you all for being with us. To pick up on Mr. Reed's comments, I was having a fascinating dinner the other night with some of our Nation's best thinkers, and one was asked what was the single most important thing we could do, and he said rebuild the intact American family. When you look at the percentage of children born out of wedlock and the like, and it comes back to the fact, I am one of six, and Tom is one of 12, and our mothers worked as hard as anybody I know with no Social Security contribution.

And you take -- so, A, you have women who contribute nothing, and then you have people at the lower end of the economic scale disproportionately also people of color who end up with much diminished lifetime Social Security earnings because it is based on lifetime earnings.

So, Ms. Altman, how do we think about, and deal about how the inequities of your working life are continued into your retirement years?

RPTR MOLNAR

EDTR ZAMORA

[1:00 p.m.]

Ms. Altman. Social Security does an enormous amount to offset those inequities through the progressive benefit formula, but it can't solve all the problems that you specify.

I think it can do more: increasing the special minimum which was put in to make sure that long-term workers who worked at very low wages never retired into poverty. That has eroded in value. So, basically, no one uses that anymore. So there are -- increasing the supplemental security income program is another.

But I think you are asking exactly the right question. The idea -- the reason Social Security is so popular, I think, is it is universal. We are all in it together. It benefits everyone. But it recognizes that those who earn very little have little discretionary income to do the kinds of saving that is being talked about this morning, and Social Security is there for all of us.

Mr. Beyer. Thank you. Also, I was on the Science Committee the last 4 years, and we had an important oversight hearing, I think with Ways and Means, on the long-term fiscal health of the Federal employee, long-term care insurance program. We saw many of our Federal employees have these huge increases in their premiums.

Ms. Oakley, can you talk about the impact, not just of the cost of the health -- long-term health insurance premiums, but just long-term healthcare alone on the ability to retire securely?

Ms. Oakley. Congressman --

Mr. Beyer. And how we think about that and how we deal with it.

Ms. Oakley. Well, let me share with you data we -- we actually have -- one of the things we asked Americans, what is it that is difficult -- makes it most difficult to plan for retirement? And we had a number of different questions in there, and the first year we went and we add, what about the expenses of long-term care. It soared to the top of the list. It was there at, you know, 80, 90 percent of Americans saying, this is one of the reasons why it is hard to plan for retirement. It was higher than, my salary hasn't gone up that much.

And I think some of that is -- you know, I, myself, have -- my mother is in a long-term facility. She is now on Medicaid. You know, and part of the difference -- I am the oldest of six. All three of my mother's daughters work full time, which is a benefit, it is a good thing for the economy, but it means none of us are home who can care for my mother. My brothers, they are not going to do that, I hate to say, but -- they are less likely to do that. I will put that that way.

So when we look at that, you know, that -- and my mom saved, you know, my dad was independent, done his own thing. My mom had dollars. We had to spend down everything she had when we liquidated her house, and now she is in under Medicaid. And I am, you know, carefully making sure we never go over that $2,000 limit so that the Medicaid would go away.

So it really is a crux for all families. And as you have that with your parents, you realize that is the risk. It is a huge risk. The reality of it is, I don't think the insurance industry has yet really figured out how to rate that liability, as I am sure you have heard in your hearing, but -- because of the change that happened in the Federal plan, but it is a great program.

Mr. Beyer. And my last one. Let me pivot from people that get old to people that are born. What do you think about baby bonds? The notion of putting aside, in savings accounts, a variable amount of money for every child that is born as a way to overcome the enormous difference in wealth that is basically inherited? And the teaching of financial literacy.

Ms. Oakley. The reality -- I think the best thing about baby bonds is teaching financial literacy -- you know, when you understand what compound interest is -- you know, I have had colleagues of mine who worked in investments, they explained to their son what compound interest was, and the next day he got up, he said, I got to go get myself a job, Dad. And he said -- he was, like, why. And he said, because I want some of that compound interest. And like the gentleman who mentioned before, well, you know, I had my piggy bank, my dad used to take me to the bank with him, and he would give me his stock dividend checks and let me put it into my savings account. I mean, you wanted to -- I guess it is an intergenerational wealth transfer, but it taught me the value of savings.

Mr. Beyer. Thank you very much.

Mr. Chairman, I yield back.

Chairman Neal. I thank the gentleman.

Let me recognize the gentleman from Pennsylvania, Mr. Evans, to inquire.

Mr. Evans. Thank you, Mr. Chairman. Also, thank you for this hearing. This is a very appropriate discussion.

We just came off the longest shutdown in U.S. history. And I met and stood beside constituents who was devastated by the closing of our government. They were forced either not to work or to work and not to get paid. Many of them turned their savings to basic needs, unsure when the next paycheck would come.

This question -- and I will probably just start with Ms. Oakley -- is, what is the true impact of a government shutdown on the individual ability to save for retirement? What impact does an event like this have on their plan if they are forced to withdraw funds before they actually planned to?

Ms. Oakley. You know, having money --

Chairman Neal. Would you turn on your microphone, please.

Ms. Oakley. Having money in your TSP is a good resource that some Federal employees were able to use. If they were able to borrow, they can pay that loan back quickly when they get their paychecks. So I think that can be one sort of a resource.

The reality of it is, what we realized was that most individuals in America, working people, are -- you know, don't have enough money -- and surveys have told us this -- they don't have money to take $400 and pay for an emergency.

You know, I think of when people get to retirement and they are living, you know, as we know, for many of them with Social Security being their check, they no longer have a paycheck. When they have a financial situation, what happens to them if they have no other individual savings? They are left with less choices.

And so the importance of getting people to save in our country, across all income levels, is important. I started to save the first time when I worked through my workforce retirement plan. And that, to me, was a positive. I haven't taken much money out. I think I took $10,000 out to help me pay for my home down payment, but that was a net positive. So there are reasons to take money out. And there are appropriate reasons, and we are trying to find those right balances in the mix of it.

Mr. Evans. Ms. Altman?

Ms. Altman. You know, an issue we haven't yet talked about are the stagnating wages. They are part of income inequality, but we are a very productive Nation. We are wealthier than we have ever been, but it used to be that those productivity gains were spread, not completely evenly, but more evenly. If you are -- if you are falling behind, if you are not making a living wage, it is very hard, and you come out of school with student debt and all sorts of things. It is very hard.

So I think we have to take the broader picture, and we should be talking about the other kinds of improvements that we need to do to make sure that unions -- you know, that workers can bargain collectively, that we have a living minimum wage and so forth.

Mr. Evans. Mr. Crandall, I want to sort of follow up on -- I am vice chair on the Small Business Committee, and small businesses are the drivers in our community. Spur investment, economic development contribute to what truly -- in terms of neighborhood development. I think the question that was asked, I kind of heard earlier, to you, is, what can help us understand some of the obstacles. And I heard you sort of respond that facing providing retirement for saving plans. What can be done to help more small business employers overcome barriers to offering retirement plans to their employees?

Mr. Crandall. Congressman, thank you very much for the question. Again, I would just highlight the provisions that we have got in front of the -- in RESA would make a huge difference, in my opinion, to let the truly smaller businesses, almost 28,000 retirement plans, and we have plenty of businesses with a hundred employees. But when you get down into less than 50, or 10 employees, it is very difficult. So I think that alone would make a huge -- a huge difference for small companies.

Mr. Evans. Something you have any comments on, Mr. Huffstutter? Any comments on that?

Mr. Huffstutter. Yeah. I think OregonSaves is a great example of helping small businesses get started and start taking those steps to help their people save. And for me, you know, that is a great partnership between the government and the private sector and a good thing for us all to be looking at.

Mr. Evans. I thank you, Mr. Chairman. I yield back.

Chairman Neal. I thank the gentleman.

And let me recognize the gentleman from North Carolina, Mr. Holding, to inquire.

Mr. Holding. Thank you, Mr. Chairman.

You know, retirement security is an issue that spans political parties and impacts all Americans.

And, Mr. Chairman, I want to thank all of my colleagues for the comity of today's hearing. So I have certainly heard from numerous constituents and businesses in my district about this, and often I hear that doable reforms to the employer-based system is the best step from which much of the access and coverage and savings are derived. And I believe that the Retirement Enhancement Savings Act and the House-passed Family Savings Act are a really good place to start. I look forward to our continued progress on these pieces of legislation.

So my question -- first question is to Mr. Biggs. Now, I appreciate your extensive research and scholarship, and I wanted to see if you could shed some light on a particular provision that has been included in both RESA and the Family Savings Act. So both bills have eliminated the maximum age for contribution to the traditional IRAs, thus providing savings flexibility to seniors and reflecting the reality that folks are living longer and saving later in their life.

I believe that it is important to ensure that Americans of all ages have access to all savings vehicles that best suit their individual needs. And in your testimony, you raised the point that many retirees are not consuming their whole incomes. And, in fact, many retirees' net worth continues to rise as they get older. And based on your research, I would like to ask what benefits or impact do you believe we would see from proposals, such as the elimination of the maximum age for contributions? And further, what, if any, additional recommendations you would have to ensure that Americans continue to save throughout their life?

Mr. Biggs. Thank you. The data I cite are from the Federal Reserve's Survey of Consumer Finances, and they find that over half of retiree households say they don't even consume their entire income; meaning, they are not spending down their resources, they are not running out of money.

Those same data show median net worth for retirees rises as they get older. It doesn't fall. This, again, shows we are not facing a retirement crisis. But if these folks are still wanting to save, the question is, should they be prohibited from saving in IRAs? There is a limit of 70-1/2 on making contributions to IRAs. By lifting that, they could continue to save in the vehicle they have used their entire lives.

There is also issues of required minimum distributions from IRAs, trying to loosen those up for lower income folks, so you are not constraining their savings. You are not telling them when to save, when to draw down their savings. You are giving people flexibility, because many retirees continue to save even relatively late in life.

Mr. Holding. Thank you.

Mr. Chairman, there are very few members from North Carolina who have had the opportunity to serve on this committee during the history of our country. But there is one particular member from North Carolina who served on this committee at a very critical time. His name was Robert Dalton. And Robert Dalton was chairman of this committee --

Chairman Neal. That is right.

Mr. Holding. -- for nearly 20 years. He went by the name of Farmer Bob. Came from the western part of the State. His father died at an early age. He had to go to work, didn't graduate from college, but he ended up here, and he made a difference. And he chaired this committee at the time when Social Security was created. And here we are many, many years later, 70-plus years later, at a critical time in the history of Social Security. And it is my pleasure to be on this committee, and I look forward to working with you, Ranking Member Brady, Chairman Larson, on the future of Social Security, and I hope we are able to make some good progress on that, because it is a critical time.

Chairman Neal. I thank the gentleman for his gracious comments, and I don't intend to be here for the next 20 years.

Mr. Holding. Hopefully, our difference will not take 20 years.

Chairman Neal. But, you know, just -- you gave me an opening here to talk about the role of this committee once again. It was people who served on this committee at critical moments, including Wilbur Mills, who oversaw the creation of Medicare, from Arkansas. And he really wasn't enthusiastic about it, but Lyndon Johnson was. And on that basis, he helped to build the construct of that initiative.

And I think that this committee, whether it was financing the Lewis and Clark Expedition, as you have heard me say over these years, it met the moment. And I hope, on the retirement front, we are going to be able to do the same thing. And I do thank you, Mr. Holding, for your nice comments.

Mr. Holding. Yes, sir. And I yield back.

Chairman Neal. Thank you.

And I believe that the chair would recognize Mr. Suozzi from New York to inquire.

Mr. Suozzi. Thank you, Mr. Chairman. I want to comment on the respect that you always show for the history of this committee and the admiration for this institution. And the issues that we are talking about today, as we have heard from so many different stories, are so important in people's lives. This is real-life business. As Ms. McDaniel has told us her personal story and so many other stories we have heard here today, these are real-life stories. And politics has gotten so small and so petty and so petulant that sometimes we forget that this is very serious business that affects people's lives.

I am a first-generation American. My father was born in Italy, and the American Dream is a big thing in our family, talking about the American Dream. And a lot of people have different views of what the American Dream means, but for me and for my family, the

American Dream is that if you are willing to work hard, you make enough money. And with that money, you have a place to live, you can educate your children, you can have health insurance, and you can retire one day without being scared. And that is why it is so important that we are having a detailed hearing like this in this committee right now.

And if there was ever a time in American history that successful people, wealthy people, corporations, businesses could share their good fortune with their employees, it is now. But it is not happening enough. And so we have to take action to try and protect against making sure those American Dream elements are real.

So we talked about three major topics here today: Social Security certainly is one big one, the multiemployer plans is another, and private retirement as well -- private retirement plans. Social Security, you know, for years, we have gone on, you know, we knock the Republicans. You are going to cut benefits; you don't care about senior citizens. They knock us, we want to raise taxes. We have got to get our acts together, and we have got to figure out a way to preserve and strengthen Social Security once and for all.

And I want to compliment, like everyone else has today, our colleague, Mr. Larson, on the work that he has done to try and present a plan, and I want to compliment Mr. Reed, who is sitting next to him now, to start the negotiations, to get Republican support for his bill. So we appreciate that.

Ms. McDaniel, we are going to try and do everything we can to work on these multiemployer plans. The chairman's made a point about making this a big priority, and we are going to try and do everything that we can.

As far as the private retirement plans, I want to compliment the chairman again for what he has laid out, bills that he has put out before us.

I want to take my last 2 minutes and 45 seconds and ask each of you to take 30 seconds to tell us -- not you, Mr. Biggs, you are not for this one, though -- tell us what we need to realize is the urgent crisis that must be addressed. Why do we as politicians, Democrats and Republicans, have to act now? Why is this really a crisis that we have to act now? Thirty seconds each.

Ms. Oakley. The lack of access, and particularly what is happening with millennials, I am very concerned about the fact that only one-third of millennials have anything saved for retirement. And two-thirds of them work for employers who have plans. Some of that is the eligibility requirements and the types of jobs they have. We can do some stuff about that. With refinements, I think that would work.

Mr. Suozzi. So you are really worried about the millennials.

Ms. Altman, 30 seconds.

Ms. Altman. Given what has happened with defined benefit plans, (off mic) traditional pension plans, I think what we need to do is expand Social Security, which will allow immediately -- you don't need 20 years of building up an account -- you can immediately increase benefits for current beneficiaries and future beneficiaries.

Mr. Suozzi. Thank you.

Ms. McDaniel, why is it urgent that we act?

Ms. McDaniel. I think there is twofold on this. It is not just the economic effect on this country that we need to address, but it is also the humanitarian and the life expectancy and the quality of life that needs to be remembered with this group.

Mr. Suozzi. Thank you again so much for coming here today, Ms. McDaniel.

Mr. Crandall?

Mr. Crandall. The reason it is important is Americans need confidence. They need confidence that Social Security is going to be there for them and they need confidence that they are going to have plans to be able to prepare for their own security as well.

Mr. Suozzi. We could really use more confidence in the country right now.

Mr. Huffstutter?

Mr. Huffstutter. The average age of my employees is 28. They are almost all women. And we have to put a plan in place, and it can't just be OregonSaves. It can't just be another thing. We have to look at all the pieces of the solution so these women who work in my company who use their hands every day who have families, who are caregivers can count on a future that is positive. It is essential.

Mr. Suozzi. Thank you, Mr. Huffstutter.

Ms. Diamonte?

Ms. Diamonte. We talked about Social Security and how this would have been a less difficult problem 10 years ago to save for multiemployer plans. It is really important to address it now, because the solutions aren't easy right now, but they are going to be even harder 5 or 10 years from now.

Mr. Suozzi. And, Mr. Biggs, you say there is not a crisis, but you have got 20 seconds if you want to tell us why we need to act quickly.

Mr. Biggs. Well, there are hundreds of government-run pensions around the country, from Social Security down to cities and counties. You could probably count on one hand the number of them that are truly well funded. At all levels of government, the planners need to get on top of the programs that are under their direct control.

Mr. Suozzi. I think Ms. Oakley pointed out that a lot of people are acting on those government local plans right now, but thank you so much.

Thank you, Mr. Chairman.

Chairman Neal. I thank the gentleman.

With that, let me recognize the gentleman from California, Mr. Panetta, to inquire.

Mr. Panetta. Thank you, Mr. Chairman, Ranking Member Brady. I appreciate this opportunity. And, obviously, thank you for all of the witnesses, not only your preparation for this event, everything that you have done, but also your endurance, going on 3 hours, 15 minutes now, I think. So I appreciate that.

Mr. Suozzi. Don't drink any more water.

Mr. Panetta. I didn't say that. My name is Jimmy Panetta. I come from the central coast of California, 20th Congressional District. Agriculture is the number one industry in my district. It is called the salad bowl of the world. It is called the salad bowl of the world because we have a lot of specialty crops, crops where you just can't run a machine through the fields. It takes human labor to pick our soft fruits and vegetables.

Now, despite what some people say, American workers are not filling those jobs that are needed, and the number one problem facing that industry is the lack of labor, unfortunately. There is 1.2 million workers in California's ag industry. UC Davis just did a study saying that 60 percent of those workers are undocumented. Some people say that is a low estimate. Actually, what I have heard is about 70 percent, if not more.

Now, a lot of these employees who are undocumented do have Social Security numbers. They are paying in to Social Security. But they are not taking out, clearly. Obviously, I am a firm believer in comprehensive immigration reform. Obviously, as you mentioned earlier, with the question from Ms. Moore from Wisconsin, about comprehensive immigration reform -- my question to you, Ms. Altman, is, in regards to immigration reform, would -- you would be paying out a lot of the benefits that you don't do that now, but would comprehensive immigration reform still help Social Security?

Ms. Altman. Absolutely. I mean, you are exactly correct. The actuaries have projected that undocumented workers pay billions of dollars into Social Security every year without getting a return, getting their money -- benefits they have earned. But we have a fact sheet on our website that if we increased immigration, you could -- you could, just for that, pay for the childcare credit that was spoken about before. You could increase benefits across the board. There are a number of increases you could do simply by increasing immigration and bringing people out of the shadows so that they -- because many are paying in, but others are under the table. Comprehensive immigration reform will make Social Security much more affordable.

Mr. Panetta. So even though we would, you know, be paying more out, we would be taking more in, is what you are saying?

Ms. Altman. Exactly. Exactly.

Mr. Panetta. Okay. Now, also in regards to -- I think it was your testimony where -- no, I think, Ms. Oakley, your testimony, you talked about how, in regards to Latinos, there is a 31 percent participation rate in regards to retirement savings accounts, correct?

Ms. Oakley. That is correct.

Mr. Panetta. Would immigration reform obviously increase that number?

Ms. Oakley. It would to a certain extent because you would have more Latinos. And especially if we got immigration reform and they were documented, they would have employers, more likely to be eligible for a plan. You know, California, the CalSaves plan, I am not exactly sure how undocumented workers are going to be treated in that environment, but they would be eligible for that type of plan. I think that the plan in California is going to be a wonderful experiment for our Latino community in terms of how willing they are to save.

Mr. Panetta. Okay. Pivoting to another area, obviously I have a lot of agriculture, I also have a lot of environment. It is a beautiful place to live, I will be the first to admit it, but it is also an expensive place to live. And right now, we got about one in six people who are over 60 years old. Come 2030, the number is going to drop to one in four people. And right now, in regards to seniors, there is a good chance that there is a lot of seniors who may be homeless because -- in that area because of the choices, difficult choices they make.

Would the fact that there may be, you know, particular mandates cutting Social Security, would that affect homeless seniors in any way?

Ms. Altman. Oh, absolutely. Social Security lifts about 20 million Americans out of poverty -- and a million of those are children. And it reduces the poverty of millions more. So there would be a direct correlation. If you cut, you would be increasing poverty for sure.

Ms. Oakley. Let me also just add, when we look at data about where retirees spend their money, the bulk of their money and the bulk of the jobs that are created when they spend their money goes into the real estate industry. Because rent -- you know, we heard our other witness here talk about going out to eat. It goes into rent, going out to eat, and medical care. Those are where the jobs are created when those retirees spend their money.

Mr. Panetta. Thank you both. Thanks to all of you.

Thank you, Mr. Chairman. I yield back.

Chairman Neal. I thank the gentleman.

Ms. Altman, if you could provide the committee with an updated -- data on how much undocumented immigrants contribute to the Social Security. I think the last number I remember was about $8 billion, but that might be a bit dated. So if you could get that number to us, that would be very helpful.

With that, let me recognize the gentleman from Georgia, Dr. Ferguson, to inquire.

Mr. Ferguson. Thanks, Chairman, and to the Ranking Member, thank you for having this.

You know, just about a week and a half ago, Subcommittee Chairman Larson pulled us all together. We had a good bipartisan meeting, and I was incredibly encouraged about the genuineness of us trying to work together to solve some of these very important issues and try to reach good, solid, bipartisan solutions. You know, all too often, the conversation back home -- and I think Mr. Suozzi from New York touched on this -- as soon as a Democrat stands up and talks about refining Social Security, we attack him. And when we stand up and say we need to solve the problem, our side gets attacked.

So the one thing that I hope that this committee will do -- and I get a sense that it is heading in this direction -- is to have real, honest, and transparent conversations that are intellectually honest and not political in nature.

Because I will tell you, when you go back home and you talk about this and you talk about a lot of issues, there are three buckets that people put it into. Sometimes it is Republicans that did something to me or took something away. Other times it is Democrats that did something or took something away. And the third bucket is, is when the whole stinking place did, and they refer to when Congress did something to you. Okay?

So we have had a lot of -- a lot of good conversations today about things like autoenrollment. I was a small business owner getting my employees invested in their retirement savings, and having them active is vitally important. I am encouraged. I think the ability for small businesses to ban together to drive down costs is fantastic.

You know, I would be curious now, looking at -- looking at our -- at the employment rate over the last few years, but particularly the last 2 years. Ms. Altman, I believe you said -- I believe it was you that said that there are about a third of the women that are retired that live in poverty. Okay. I would be interested to look at to see, now that we have broken so many barriers down and women are doing so well in the economy -- the fact is, one of the few moments where there was true bipartisan cheering last night when the President addressed that in the State of the Union. But looking long term, what effect will that have on retirement? I know you don't have the answer for that right now, but I mean, something to think about.

But for right now, we are going to change roles for just a minute. Okay? Because I have been sitting here for most of the morning. My good friend, Mr. Arrington from Texas, and I have had conversations not only today, but many times before about this. So I am going to be the constituent, and I am going to pick two of you to be the Congressman, okay, or the Representative. All right? And I am going to ask you the question that we get asked so many times back home. Okay? And I don't want you to read me the phone book and I don't want you to read me the technical data. All I want you to do is to answer the question. Okay?

Congress raided the Social Security trust fund and stole from me. What are you going to do to fix it? Mr. Biggs, Congressman Biggs, I will start with you. You have 20 seconds to answer a question, because that is what I get.

Mr. Biggs. Congress is currently repaying the trust fund. It will repay it in full. The way it repays it is by out of your taxes or out of spending for other programs.

Voice. That is a good answer.

Mr. Ferguson. I don't understand what you said. Who stole from me?

Voice. That was a good answer.

Mr. Biggs. There is nothing legally stolen. Congress borrowed the money. And when Congress repays it, which it will, the way Congress repays it is not out of the Congressmen's pocket; it is out of the taxpayers' pocket.

Mr. Ferguson. Okay. Ms. Oakley, you are the next contestant on "Let's Be a Congressman."

Ms. Oakley. Thank you.

Mr. Ferguson. Congress stole my retirement. What are you going to do about it, and who stole it?

Ms. Oakley. In your own individual retirement, Congress can't steal it, because that is in a trust with your employer. Within Social Security, Congress invests the dollars that it gets in the trust fund in Treasury bills. These are the most secure financial assets we have in the country. Those dollars have to be repaid as Social Security brings them to the Federal Government. They are repaid and, ultimately, they may be either taxes or it could be other spending will be cut.

Mr. Ferguson. I want to thank you for playing this game show today of "Let's Be a Congressman." I bring this up for one reason. It is a question that we all get. It is not a Republican question; it is not a Democratic question. And it is time -- and those are the kinds of honest conversations that we have to have with our constituents, because it is something that rolls off of their tongues very easily.

When you are in retirement, you are in retirement. And there is -- that threat to that income is -- I mean, it is real. You are guarding your nest egg. And so we have got to be able to have those conversations and we have got to -- whether it is Republican or Democrat, we have got to be able to give concise answers and give the American people the confidence that we are working together to solve these problems.

So thank you, and, Mr. Chairman, I yield back.

Chairman Neal. Thank you.

With that, let me recognize the gentleman from Illinois, Mr. Schneider, to inquire.

Mr. Schneider. Thank you. I want to thank the chairman and the committee for having this hearing. It is a critically important issue.

As someone who was at the tail end of the baby boom -- and every day, 10,000 baby boomers are aging into retirement -- as a parent of two millennials who are today's largest generation, but I hope their generation and each generation after will have the opportunity to build a career, have a life, raise a family, but, ultimately, to be able to count on a dignified and secure retirement, this conversation is of paramount importance.

And one of the things I would like to dwell on -- and I want to thank all the witnesses for sharing your perspectives and insights, and I wish I had time to address all of you. But, Ms. Altman, I want to talk to you and really focus on this idea of retirement age, and there is two ages. There is the early retirement age, which is 62, and the full retirement age, which is approaching and will be 67, and how that affects and what is the just way of looking at it.

Because life expectancy is linked to income. The more one earns over the course of their lifetime, the longer they will live. And that is just a statistic. And, in fact, I would like to include in the record a Harvard study as reported in the Journal of American Medical Association, The Association Between Income and Life Expectancy in the United States Between 2001 and 2014. If I may include that in the record. And also a Congressional Research Service study, The Growing Gap in Life Expectancy: Evidence and Implications for Social Security Retirement Age. If I may include that in the record.

Chairman Neal. Without objection, yes.

[The information follows:]

Mr. Schneider. Thank you.

But, specifically, if you look at the -- and I will use roughly my age, I am 57, but a 55-year-old today has a life expectancy, if they are in the top 20 percent of the income range, of 88 years old. And a person born the same year but in the lower 20 percent has a life expectancy of only 76. And if you look at the present value of their retirement, the likely -- they are going to depend on their Social Security for that dignified secure retirement. Raising their time and age has a disproportionate, and I would argue, unjust impact. But, Ms. Altman, I would love your perspective on that.

Ms. Altman. Yeah, I agree completely. The concept --

Chairman Neal. Would you speak into the microphone, please.

Ms. Altman. Oh, sorry. The concept with Social Security is that it is supposed to be a band of ages. You can retire early at 62 or 70, and for every month you delay, you get a little bit more. It is supposed to be neutral. But the problem is, as you say, some people are able to work longer. Some people are not able to work longer. Some women have to leave the workforce to care for aging parents. So raising the Social Security age is an across-the-board benefit cut, but it disproportionately hurts low-income people.

And we talk about average age, but the age is -- that is -- there is some demographic groups that are living considerably longer than other demographic groups, and so we have got to keep that in mind and not look for just simplistic solutions.

Mr. Schneider. And if I could add another piece to it, and it sometimes is related to income, but my father retired at age 84. He was a management consultant. He worked behind a desk or standing up in front of his clients, and, fortunately, he has good genes. He was able to work a full life into later years. But someone who is doing back-breaking work at a lower wage, if you will, getting to even 65 is a burden. How do we consider those? And I will open that to anyone if there is --

Ms. Altman. Exactly. Do you want to --

Ms. Oakley. No.

Ms. Altman. In fact, a lot of labor -- nursing is very physically demanding. Kindergarten teaching is very physically demanding. We have to understand that we -- that Social Security has to work for everyone. And what we want to make sure is that early retirement benefits are benefits that people can live on.

Mr. Schneider. And, Ms. Oakley, were you going to say something as well?

Ms. Oakley. Overall, I think you are absolutely right. The retirement age is a crucial issue, and if we raise that age -- you know, the other aspect is, so many of those lower paid workers end up on disability. But if I recall, we have always had a backlog too of how long it takes to claim for disability, which then pushes some people into, well, if I can get income by retiring, I can at least use that, and it can help them.

So, you know, there is that -- the other tradeoff is this also impacts the disability side of Social Security. So it is important to look at the whole thing comprehensively.

Mr. Schneider. Thank you, and my time is expiring. The last comment I will make, and turning to Mr. Huffstutter, your story about small businesses being able to create simple plans for their employees and give them that opportunity. This has to be a partnership, and we have to look for ways un any solution to allow small businesses to engage.

And with that, I yield back.

Chairman Neal. I thank the gentleman.

It is the chair's desire to finish before we proceed to the floor. And with that, I would like to recognize the gentlelady from Florida, Mrs. Murphy.

Mrs. Murphy. Thank you, Mr. Chairman, and thank you to the witnesses for your testimony.

You know, today, I thought it was a great conversation for us to talk about strengthening the three pillars of our retirement system, talking about Social Security, how do we strengthen Social Security, employer-sponsored retirement plans, and personal savings. It is incredibly important that we make sure that individuals who have worked their whole lives can have a secure and independent and dignified retirement.

I represent a district in central Florida, and Florida has -- 20 percent of Floridians are over the age of 65. Additionally, my district is one of the youngest districts in all of Florida. So it is a little bit of a barbell district where we have mature constituents and some younger constituents. And we are home to a lot of small and innovative businesses.

Also, here in Congress, I chair the Future Forum, which is a coalition of about 50 of the youngest Members of Congress who try to address issues that are important to young people. I lay all that out as background to explain why I am interested in two particular areas I would like to ask the witnesses to comment on.

The first piece is that you mentioned that there is a real disparity in access to retirement plans based on the size of the firms. And I was curious, what kinds of things can we do to close that gap between access to retirement plans?

And then, secondly, as it relates to younger Americans, what we hear from younger Americans is that they are really struggling to pay student debt. They are struggling to make their wages stretch across increasing cost of living, and especially in a district like Orlando where our wages tend to be a little bit lower. One in five workers makes under $20,000. But the cost of housing and just living in the area is one of the highest metropolitan areas in the country.

So how do you incentivize or how do you encourage or make it possible for young people to cover their costs and still investment in their retirement?

Ms. Oakley. Congresswoman, I think your constituency, especially those younger ones, using that saver's credit could be a critical piece. Because their income is so low, the tax incentive that comes from being able to save through an employer plan and put away money doesn't really exist for them because many of them don't pay that much in income tax.

So being able to change that so it is a credit that could go into their account and look more like another match from their employer, if they are lucky enough to have a match. And I think opening up access, the open MEP issues will do some of that. You know, the RESA bill will do some of that, but the other -- the big piece -- you know, we have been in this middle place where we haven't had any improvement in retirement security, in terms of coverage. And, in fact, we are now at a low point in terms of where people are after the Great Recession. And if we can do things to expand access. And also in the employer section, think about how many of those millennials are part time. Many of them, like my niece, have five part-time jobs, and if you could find a way that they could get some type of retirement savings through at least one of those employers, that would be fantastic.

Mrs. Murphy. Great. Thank you.

Ms. Altman?

Ms. Altman. I think the best we can do, again, for young people, is improve Social Security. It is the nation’s largest children's program, which many people don't realize. Too many young people think that it won't be there for them, that they will get nothing, which, of course, isn't right. It is there to help them so they can go out and take risks, so they can be entrepreneurs, because Social Security will be there for them.

So I think the best we can do for the economic security of all your constituents is to expand Social Security.

Mrs. Murphy. Ms. McDaniel?

Ms. McDaniel. Well, I would just like to say, when my husband started working, he had some truck lines that went down, and his -- because they were paying into the multipension fund, that every place he went, that they added to that, he didn't lose any of his pension. He may have lost his seniority and things like that, but he did not lose his pension. And these multipension acts, if it is set up and worked right, it is wonderful. And it would be wonderful for young people to have that too, if they went -- or had part time and they had it all paid into a multipension system.

Mr. Crandall. I have four working millennials, so I kind of see it in a front-row seat. First, I think RESA would make a huge difference. So if they are working for small companies, they can get access to a plan.

And the others, you got to start. It is so hard to start, but just $5 a day, you know, $2 a day. I mean, just -- because it can feel daunting, if you start talking about $185,000 in 30 years. You know, 1 percent. Great. So I just think I would encourage all young people to start.

Mrs. Murphy. Great. Thank you.

I am out of time. I yield back.

Chairman Neal. I thank the gentle lad.

Let me recognize the gentleman from Missouri, Mr. Smith, to inquire.

Mr. Smith of Missouri. Thank you, Mr. Chairman.

I want to thank all the witnesses for being here, but I am very glad to have the young lady from Missouri. It is good to see a fellow show-me State Missourian and someone from Appleton City. I can remember a few years ago, Appleton City, a town of just over 1,100 people, was winning the statewide, community-betterment meetings. They were --

Ms. McDaniel. I was there.

Mr. Smith of Missouri. I was at that conference too. I think it was 1996. But we always watched Appleton City just beat everyone else that was a larger community. So you are making them very proud by being here.

Ms. McDaniel, knowing your story, reading about it, I can't imagine what you and your family have had to deal with, with the whole issue with Central States Pension Plan. Can you -- I just want to get this right. Under the plan, you were supposed to be receiving how much a month, and then where are you right now?

Ms. McDaniel. They haven't cut Central States yet. Treasury turned that back. And we are going to go insolvent in 2025, the same time as the PBGC, which Chairman Neal's bill will take care of that as well. And that is really important for this body to know, on that. But we have not been cut yet, but when we got our cut letter, it was going to be 57 percent, and it was going to go from $3,000 a month to $1,295.

And that was not going to be a guarantee, because the next year they could cut it again and cut it again and cut it again till it was gone. It was not going to save the fund by cutting, and that is why Treasury turned it back, because it was not going to save the fund by making pension cuts.

Mr. Smith of Missouri. Okay. I hope to work with the chairman and my colleagues across the aisle on this bipartisan issue that we have -- we need to explore solutions that are fair to you, as well as to all taxpayers. We understand the magnitude of this problem, but the answer is not always to shift the responsibility onto the taxpayer. To solve this, not only do we need to improve the situation and fix the structures that are in place to make sure that this does not happen again to anyone else.

As I am sure you all know, as well as many in this room, since the 1980s, Central States has been aware their pension plan was underfunded. They made promises to families just like yours, Ms. McDaniel, that they never would have been able to keep.

In fact, back in the late 1970s, a witness testified in front of this very committee and warned that every multiemployer plan, even the healthiest, at that time, would be considered insolvent if judged by normal business concepts of insolvency.

I would like to submit, Mr. Chairman, into the record, this GAO report that reflects this.

Chairman Neal. Without objection.

[The information follows:]

Mr. Smith of Missouri. Thank you, Mr. Chairman.

Using the mythology seen on page 36, it has found that had Central States actually earned the rates of return upon which its promises were based, it would be 96 percent funded.

That is all I have to offer, Mr. Chairman.

Chairman Neal. Thank you. And, Mr. Smith, a reminder on the Butch Lewis Act, that we do not provide a bailout; we provide a loan guarantee that Treasury would oversee. Thank you.

With that, let me recognize the gentleman from California, Mr. Gomez. I think there is about 5 minutes left on the floor schedule. So Mr. Brady would like to inquire as well. And we can --

Mr. Gomez. Thank you, Mr. Chairman.

Chairman Neal. You are recognized, Mr. Gomez.

Mr. Gomez. I will make it real quick.

A lot of my perspective when it comes to retirement comes from my own experience, like everybody else. My parents, two immigrants from Mexico, raised four kids that were born there; two of us were born here. They worked minimum-wage jobs. My mom worked as a laundry room attendant, also cleaned homes. But she worked from 9 a.m. to like 2:00 in the afternoon, and then she would go and work in the evening as a laundry room attendant. So she was working basically 24/7 almost. It felt like it at least. And she would not only work during the week, but also on the weekends. My father, the same thing.

These are individuals that kind of really represent the district that I currently represent in Congress, people that are hardworking, that work all the time. They manage to save a little money to put a down payment on a house. They get a house and that house becomes their nest egg, right?

My mother -- my father passed away a few years after he retired. My mother is on Social Security, and that is basically what she lives off of, as well as what the kids, you know, always give her every few months to keep her afloat. But it is about 600 bucks a month, I would say. I know this because I helped make a budget.

You have so many families that are just -- that is their lifeline, right? They live on this Social Security. It seems a little -- it seems like it is so little that they can't do it, but they do. They are innovative; they are creative how they spend; and they are very, very frugal.

My question is, there is a lot of intersectionality with a lot of issues. One of them is, you know, the minimum wage. If we increase the minimum wage across the country, the Federal minimum wage, what kind of impact would that have on saving, especially when it comes to lower income, women, people of color?

Ms. Altman. Raising the minimum wage -- and in fact, that would have a ripple effect all through, because other wages would go up as well -- would bring more revenue into Social Security. People would be earning benefits that are -- they would be paying premiums on those earnings. So it is -- and as others have said, their earned benefits would be spent in the local economy. It would stimulate the economy and would create more jobs. So it really is a winning strategy. It is one where everyone would be better off.

Mr. Gomez. Another issue, as was mentioned, you know, my mom was -- there was times where she was the lone breadwinner. Women are doing better in the workplace, but there is still this income gap. Is there a strategy that you would recommend, Ms. Oakley or Ms. Altman, on how do we make sure that that income gap decreases, and how do we help, especially minority women, be better prepared for retirement?

Ms. Oakley. I would -- I would say on the retirement piece, besides Social Security, again, Latino women, and male, Latino men, have issues where they are working for employers who are less likely to offer pensions than other racial groups. They have the lowest level of access.

In addition to that, they are – at the employers they are working for, they are not eligible for the plan yet. So they have access and eligibility gaps. If we could find ways to make sure that we could improve access, look at eligibility -- your mom having a part-time job, that part-time job often might not have a retirement plan coverage and might not let her be in a plan even if the employer had one.

Ms. Altman. And if I can just add to that, we actually have done a fact sheet that if women were paid as much as men, it would -- I have forgotten exactly the amount of revenue that would be brought into Social Security, but it, again, would finance expanding benefits.

So that it really -- as I have said before, and as you know extremely well, we are a very wealthy country. The problem is that the money -- the productivity gains have not been distributed evenly, and raising the minimum wage is one step, an important step that can be taken. Having workers strengthening their ability to collectively bargain so they can provide wages for themselves, and, in addition, expanding Social Security, I think, are three steps that will improve people's lives and also the economy.

Mr. Gomez. Thank you so much for your time.

Thank you, Mr. Chairman.

Chairman Neal. I thank the gentleman.

The chair will recognize Mr. Brady to inquire.

Mr. Brady. Thank you. I will be very brief. First, thank you to the witnesses here today. Very thoughtful, very helpful. Mr. Chairman, thanks for pulling this together.

There will be common ground that we can find here between Mr. Kelly's Family Savings Act, work that was done there, the work that has been done in the Senate, your ideas and the ideas of these members here. I am confident that we can find a way to help more people save earlier and more throughout their lifetime, help more businesses offer plans, more workers take them up, and have ever higher matching, so at the end of the day, they have that comfortable lifestyle.

I also believe you and I have worked together for 15 years to address the windfall elimination provision. It is critical that our teachers, police, and firefighters have equal treatment under Social Security. So I look forward to working with you to continue this effort, and we are just not going to give up till we get that done.

Final couple points. Couple of fact checks. Mr. Kind noted that there were no Republican ideas on Social Security. The good news is he is wrong. Beyond a number of ideas about how we can help build additional complimentary accounts.

Mr. Johnson, the long-time chairman of the Social Security Subcommittee 2016, laid out ideas on how we might save Social Security. Some of them were very similar to Mr. Larson's, the minimum benefit and focusing on those most vulnerable. Others were different, on less growth, less benefits for the wealthy, without tax increases. But nonetheless, I think if we lay out more ideas together, we have a chance of solving this.

Mr. Higgins made the case that the Tax Cuts and Jobs Act were about corporate tax reduction, but, in fact, $3 out of every $4 went to individuals.

Wages are increasing, the highest in 11 years. It is for disability. Wages are increasing for teenagers, for women, for minorities, for the most vulnerable among us. We have got to continue that growth, and as a result, even Congressional Budget Office estimates that because of tax reform, we will see wages increase $1.2 trillion. The tax foundation add $300 billion of payroll tax. That helps not just Social Security and Medicare; it helps people save for the future.

So I am convinced, Mr. Chairman, if we work together, we can both make Social Security solvent -- that is our anti-poverty program -- and we can make people's retirements more comfortable through these retirement savings. And I look forward to working with you.

Chairman Neal. I thank the gentleman. And I intend to work closely with him and the Republican members of the committee as well as on our side to see these through.

If the witnesses would give us 10 minutes, Mr. Horsford would like to inquire. So we are going to -- I can go over and vote. There are only two votes. I can get right back, to allow Mr. Horsford to inquire. Can you do that? Thank you.

RPTR TELL

EDTR HUMKE

[2:12 p.m.]

Chairman Neal. If the witnesses would kindly take their place, and I would like to recognize the gentleman from Nevada, Mr. Horsford, to inquire.

Mr. Horsford. Thank you very much, Mr. Chairman, and thank you for your indulgence. And to the --

Chairman Neal. By the way, we can pass anything we want now.

Mr. Horsford. The benefits of staying late. I really want to thank the panel for your indulgence. Obviously this is a very, very important topic, and the issue of retirement security, which our chairman is advocating very strongly with this committee to address this Congress.

I just really want to touch on a couple of things coming from Nevada's fourth congressional district where over 380,000 Nevadans are retired workers, of which nearly 95,000 live in our district. And to quote Maria Dent, who is the AARP Nevada State director, Nevadans earn their benefits through a lifetime of hard work. And I underscore the word "earn." As a result, it ensures families against the loss of income caused by retirement, disability, or death. Without Social Security benefits as we have heard throughout the day about 4 in 10 Americans age 65 and older would have incomes below the poverty line all else being equal according to official estimates based on the 2017 current population survey.

Now, despite all the great outcomes that we have heard about Social Security the average benefit in my home State is $1,378. And when you look at the increased cost of housing, prescription drugs, medical costs, food, utilities, most people on Social Security, and if they are relying only on Social Security, are struggling just to make ends meet.

So, Ms. Altman, I would like to ask if you could, please, talk to us on how Social Security benefits help lift the more than 15 million elderly Americans and 131,000 Nevadans out of poverty each year.

Ms. Altman. Absolutely, and, you know, and the number you just said that is an average benefit, so there are millions who are living under -- with incomes under that amount. And in addition to lifting the seniors out of poverty, it lifts a million children out of poverty. It is our Nation's largest children's program.

The concept behind Social Security is different from welfare. As long as there is poverty, we need welfare to alleviate that poverty. The idea of Social Security is to prevent people from falling into poverty in the first place. These are people who have earned these benefits; they have worked. It is part of their compensation just like the cash wages they get, and it is why it is so popular across the economic spectrum and across every demographic group.

Mr. Horsford. So in Nevada, again, the elderly poverty rate is about 8.5 percent. Without Social Security it would be over 38 percent. That is a stark and devastating increase, and is simply unacceptable and is why this hearing is so important.

Ms. Altman, I wanted to ask, Mr. Lewis talked about the disproportionate representation of communities of color. Can you touch on that and the effects, as well as women and how they are affected in Social Security as we are working to uplift women through economic policies?

Ms. Altman. The groups in our society that have been discriminated against, that have been disadvantaged in the workplace, for them -- Social Security is important for everyone, but it is particularly important for those groups.

Women take time out to do caregiving. Low income groups have longer periods of unemployment. And Social Security takes that all into account in providing the benefits. So it is particularly important -- and the disability and survivor protections.

African Americans have higher rates of disability and lower life expectancies, and that is something we should directly confront, but at the very least we should make sure the program is strong because African American families including African American children disproportionately make up those receiving disability and survivor benefits.

Mr. Horsford. Thank you. Thank you, Mr. Chairman. I yield back.

I know we are talking about a number of proposals, but the proposal around increasing the eligibility age I think disproportionately affects the communities that I represent, and I would hope that we would find other reasonable alternatives.

I yield back.

Chairman Neal. I thank the gentleman. And as usual the caliber of the witnesses that appear before the Ways and Means Committee was superb. Please be advised that members have 2 weeks to submit written questions to be answered later in writing. Those questions and your answers will be made part of a formal hearing record.

And with that the committee stands adjourned. Thank you.

[Whereupon, at 2:15 p.m., the committee was adjourned.]

Questions for the Record follow:

Ms. Diane Oakley, Questions for the Record

Mr. Roger Crandall, Questions for the Record

Ms. Nancy Altman, Questions for the Record

Submissions for the Record follow:

Rep. Schweikert, Slides for the Record

Rep. Sewell, Remarks for the Record

Rep. Schneider, Submission

Rep. Chu, Resolution

Rep. Smith, Submission

Alliance for Retired Americans, Statement

ACLI, Statement

AARP, Statement

American Benefits Council, Statement

ARA, Statement

Ascensus, Statement

Martin N. Bailey, Benjamin H. Harris, and J. Mark Iwry, Statement

Bipartisan Policy Center, Statement

BlackRock, Statement

BlackRock, Attachment

Douglas Rumsey, Letter

IRI, Statement

J. Greer, Statement

Mary Packett, Statement

Michael Binder, Center for Fiscal Equity, Comments

Multiemployer Coalition, Statement

National Pension Fund, Statement

Perry Adams, Western Conference of Teamsters Pension Plan, Statement

Retirement Clearinghouse, Statement

Scott A. Dickinson, Letter

SIFMA, Statement

SPARK, Letter

[The Church Alliance, Statement]

[TIAA, Statement]