

SENATE SPECIAL COMMITTEE ON AGING
“Bridging the Gap: How Prepared Are Americans for Retirement?”
March 12, 2015
Ranking Member Claire McCaskill
Opening Statement

Thank you Chairman Collins. Retirement security is a top priority of this Committee, and you have assembled a great panel to have the first of many conversations on this topic in the 114th Congress.

Many of us recall an era when it was more common for workers to have a secure, guaranteed pension plan waiting for them in their retirement. That is no longer the case. We live in a 401(k) world, one that requires American workers make more financial decisions and assume more risk in deciding how much money to invest and where to invest it. Due to many challenges, many Americans have not been able to save the necessary funds for retirement. This retirement security crisis is very real.

Despite the development of tax-favored retirement accounts and other incentives, many individuals – especially lower- and middle-income Americans – are not saving. In my home state of Missouri, only 45 percent of private sector workers are participating in an employer-sponsored retirement plans, and that is not an anomaly.

Lower income households are simply not putting money away for retirement. The National Institute on Retirement Security released a study **today** finding that nearly 40 million American households – or 45 percent of the population – have not put away a single penny in a retirement account. The difference between the households that save and those who do not? Income, pure and simple. Those that save bring in almost two and a half times more annually than those who don't. There are significant racial disparities in savings as well. The Urban Institute just released a study showing that white families had over \$100,000 more in average

liquid retirement savings than African American and Hispanic families, a figure that has quadrupled in the last quarter century.

This is not to say that that low- and middle-income families are incapable of saving. Far from it. I am pleased to welcome Washington University Professor Michal Grinstein-Weiss (mee-KAL grin-stin VICE) today to share the findings of her research showing that when presented with the opportunities, low- and middle-income Americans can and will put money aside. I will let her detail what she has seen, but suffice it to say that her charge to us is to provide those opportunities and the infrastructure for people to easily put money away at their place of work. Most economists will tell you that it is far easier to get people to save money for retirement through a payroll deduction at work instead of requiring them to open up an IRA on their own. The problem is that many low-income workers face real structural barriers to saving: they work seasonal jobs, or are in and out of the workforce before they can vest or they work for employers who have neither the time nor the resources to offer a retirement plan.

It is with this in mind that today I am announcing my support for Senator Collins and Senator Nelson's Retirement Security Act of 2015. This bill is designed, in part, to create more work-based savings opportunities for Americans who too often have no option at work: those working in small businesses. According to the Government Accountability Office, of the one-third of American workers employed by a business with fewer than 100 workers, only about a quarter have access to a retirement plan at work. This bill would aim to change that by allowing small businesses to pool together and create what are known as multiple employer plans, which can be run by a third party that can handle the administrative tasks a small business owner has neither the time nor expertise to do. This is a bipartisan solution, one that has been included in a variety of retirement bills in recent years, and one that should become law in the near future.

Thank you, again, to Senator Collins and our witnesses, for taking the time to be here today, and I look forward to listening and learning from your experiences.