

**Opening Statement**  
**Senator Susan M. Collins**  
**“Financial Security in Retirement: Innovations and Best Practices to Promote Savings”**  
**February 6, 2019**

Good morning. Ten thousand Americans are turning 65 every day. It used to be that this was the traditional age of retirement. But today, as this Committee has examined in previous hearings, many older Americans continue to work well past the age of 65. Some of those who are healthy enough and want to continue working do so because of the personal satisfaction. Others, however, continue to work because they have no choice -- they simply cannot afford to retire.

The Center for Retirement Research estimates that there is a \$7.8 trillion gap between what Americans have saved for retirement and what they would actually need. As Americans live longer, the risk that they will outlive their savings only increases.

Perhaps most startling are studies that show just how little Americans have in savings. According to AARP, the typical working household in Maine has just \$3,000 saved for retirement. In fact, one out of two Americans has less than \$1,000 in savings. For those living paycheck to paycheck, it can be difficult to cover the heating bill or to afford much-needed medications, much less save for the future. For many, saving for retirement seems out of the question.

I am also particularly concerned with the impact of caregiving on retirement security. We know that time spent caring for loved ones can have implications for lifetime earnings and retirement savings.

We are on the verge of a national crisis. We did not get here overnight. Over the past several decades, employment patterns in America have evolved, creating new opportunities in some ways, and in other ways challenging the notion of retirement as our parents and grandparents knew it. Three emerging retirement trends, in particular, warrant our attention.

First, traditional pensions are rare these days as employers have shifted away from employer-based “defined benefit” plans to “defined contribution” plans, like 401(k)s. This means individuals are becoming increasingly responsible for their own retirement planning and are assuming more of the risk.

Second, Americans who look to employer-sponsored plans are finding that many companies do not offer this option. In Maine, about 46 percent of all private sector employees work for an employer that does not offer a retirement plan.

And third, it is increasingly clear that Social Security shouldn’t be the only source of income retirees count on to sustain their current standard of living. Nationwide, the Social Security Administration notes that among beneficiaries, 48 percent of married couples and 69 percent of unmarried persons receive half of their income or more from Social Security. Many

seniors in my State rely almost solely on Social Security to cover their monthly expenses in their retirement, despite the fact that the average annual benefit is just under \$16,000 a year.

Today, we will examine the state of our nation's retirement system. The Government Accountability Office has done extensive work studying this issue, and I appreciate the Comptroller General's personal interest in addressing the challenges that make it difficult for far too many Americans to adequately save for the future.

At the federal level, we must continue to look for ways to help employers who wish to do so to start their own retirement plans. The Small Business Administration estimates that about 60 million Americans work for small businesses. To help make it easier and less expensive for these employers to establish retirement plans, as well as to encourage individuals to save more of their own hard-earned money, Senator Hassan and I have introduced the "*Retirement Security Act.*" And, to provide greater flexibility and access to both employees and their employers seeking to use the popular SIMPLE plans as an option for saving for retirement, I have also introduced the *SIMPLE Plan Modernization Act* with my colleague, Senator Mark Warner.

We know that when full-time employees have access to retirement plans, approximately 85 percent contribute. Clearly, increasing access to employer-sponsored plans is a vital part of ensuring retirement security.

This is a significant public policy problem that requires bipartisan solutions. After spending decades in the workforce, seniors should be confident that they will have the money needed to pay their bills and enjoy their retirement, without fear that they will fall into poverty during their golden years.