

**Statement of Senator Herb Kohl, Ranking Member**  
**“Managing Retirement Assets: Ensuring Seniors Don’t Outlive Their Savings”**

Thank you, Mr. Chairman, and good morning. I also thank our witnesses for appearing today to discuss how we can ensure that seniors don’t outlive their savings.

Of course, managing savings after retirement is an issue only if seniors have saved for retirement. Most workers don’t save enough to have the sorts of choices we will discuss today. So we must also remember to focus on helping workers save for retirement, as well as helping them manage their savings.

For retirees with nest eggs, we must encourage them to strike a balance between annuities – which protect them from running out of money in retirement – and assets that preserve flexibility for unexpected expenses, like costly long-term care. We must also guard against scam artists who con retirees into buying unsuitable annuities.

The largest source of annuities in the United States is Social Security, which pays monthly benefits for life. Unlike most defined benefit plans and private annuities, Social Security payments also automatically increase with inflation, protecting the purchasing power of retirees. So, as we discuss private sector annuities today, we must remember that the most powerful action we can take to help most seniors post retirement is to make sure Social Security remains healthy and whole.

For those who are able to supplement Social Security with a private sector annuity, employer plans offer a product at a lower cost than is available to an individual. Unfortunately, only 30 percent of defined contribution plans offer an annuity as a payout option. To boost this number, I’m examining the merits of requiring defined contribution plans to offer an annuity as a payout option – just like defined benefit plans are required to do. Another possible approach is to offer incentives for plans to voluntarily offer an annuity.

We need to help people understand how annuities work and what their benefits are. One way to educate the public on annuities is through hearings like this, and I look forward to the testimony of our witnesses. Thank you.