

10.28.21 Ranking Member Tim Scott, Opening Statement "A Financially Secure Future: Building a Stronger Retirement System for All Americans"

Thank you, Mr. Chairman. And I appreciate you holding a hearing on such a very important topic today. Seniors all across the country will benefit from hearing what we're having to say today and hearing from our witnesses. ... Equally as important, folks who are in their 30s and 40s should benefit from the conversation we have about the importance of retirement.

Having spent 25 years in the insurance and financial services industry, one of the things I realize is that we don't talk often enough about the importance of retirement security and how we achieve retirement security.

For so many of our seniors today, retirement security—when you're working paycheck to paycheck—seems to be outside of your grasp. It seems to be a little too far when you have too little money left at the end of the month.

One of the reasons I cosponsored a resolution designating October as National Retirement Security Month is because I want to make sure that we continue to emphasize the importance of focusing on retirement security for our seniors and frankly for those in their 40s and 50s.

Over the course of the past decade, the population of those 65 and older has grown by more than 1/3rd in just 10 years, a trend that we expect will continue.

Today, I am releasing a report entitled "The American Dream in our Golden Years: Improving Retirement Security and Building Independence." The report reviews the current trends and gaps in retirement savings, recent reforms, and proposals to strengthen America's retirement system.

One important issue outlined in this report is retirement account leakage and auto-portability. Roughly 15 million retirement plan participants change jobs every year.

When my grandparents and my mom [started] working, they literally stayed at the same employer for a very long time. My mother has been with her employer for 45-plus years. That trend is something in the rearview mirror. The average person today will work for between seven and 11 employers. That means that every time you change jobs, you have a chance to withdraw your money from your 401(k), and [when you cash out or lose accrued retirement savings], that's what we mean by leakage.

About \$92 billion leaked out. The importance of that is that when you have that kind of leakage on an annual basis, that means fewer dollars will be there when you really need it the most. When [you want] to retire and live comfortably [in the future], too much of your resources may have leaked out along the way.

We want to ... talk about ways to address that really important issue. One of the witnesses we will hear from today is Spencer Williams at Retirement Clearinghouse on how auto-portability is

slowing retirement account “leakage,” making it easier for folks to live more comfortably while retired.

I look forward to hearing from Mr. Williams and working with my colleagues in Congress so we can increase retirement security for all Americans.

My report also outlines other obstacles, like helping small businesses provide retirement accounts.

In South Carolina, approximately 400,000 full-time employees and somewhere over 200,000 part-time employees did not have access to an employer-provided retirement plan in 2019.

Helping small businesses launch retirement plans is crucial to boosting employee savings and closing the gap [between] how much money you need when you’re retired and how much money you can save along the way.

Research shows that workers who earn between \$30,000 and \$50,000 are 12 times more likely to save through employer-provided plans than on their own.

I, too, sponsored the SECURE act, which included “Pooled Employer Plans” to help small businesses launch retirement plans. In July 2021, John Iacofano, owner of Iacofano’s Catering in Mount Pleasant, launched a PEP—Pooled Employer Plan—that allows him, for the first time, to provide a retirement plan to his employees.

Another key area my report examines is the complicated and confusing rules seniors face when deciding when to collect Social Security.

This rule, known as the Retirement Earnings Test, or RET, confuses retirees and disincentives work because it is viewed as a tax.

That’s why, today, I introduced the Senior Citizens’ Freedom to Work Act of 2021 to remove the RET and simplify the decision-making process for seniors.

I look forward to discussing these reforms and more so we can ensure that all Americans have the tools necessary to retire with dignity and independence during their golden years.

Thank you, Mr. Chairman.