Senator Sherrod Brown's Opening Statement for the Finance Committee Subcommittee on Social Security, Pensions and Family Policy "Retirement Savings for Low-Income Workers"Wednesday, Februrary 26, 2014 Washington, D.C.

There is a growing retirement crisis in this country.

For many Americans, the traditional three-legged retirement system of pensions, personal retirement savings, and Social Security is no longer working.

For too many, this three-legged stool lacks stability.

The annuitized income of Social Security remains a safeguard of retirement security for working class families. Social Security provides 84 percent of the retirement income of older Americans in the bottom 40 percent of the income distribution.

For too many, it is the **private retirement system** that is not working. About half of American workers, nearly 75 million, have no employer-provided retirement plan or other opportunity to save for retirement through workplace contributions.

Nearly half of working households do not own any retirement assets. The median retirement account balance is $3,000 for all working age households and $12,000 for households nearing retirement.
While tax preferenced retirement accounts have helped spur a great deal of savings, the distributions from these private retirement accounts are concentrated among the wealthy.

Households in the top fifth of the income distribution account for 72 percent of IRA and 401(K) assets. The average disbursement among all seniors is just over $1,500 and only 19 percent of senior households receive any disbursements at all.

What is to be done?

Today, we will be discussing the dimensions of this crisis and a number of policy responses to it. These policies are specifically targeted towards low-income workers. **And they all follow the same theme: doing more of what works.**

Social Security works.

For low-income workers, **the only question is whether the benefit is adequate**. A great deal of evidence suggests that it may not be.

Sixty one percent of low-income families are at risk of not having enough income to maintain their standard of living in retirement, according to the **National Retirement Risk Index,** published by the **Center for Retirement Research at Boston College**.

Remember these are low-income families. So when we discuss failing to maintain standards of living, ***we are talking about the difference between a modest retirement and living in poverty.***

The **Employee Benefit Research Institute** has developed a model to predict whether retirees will have sufficient income to cover their expenses.

In general, retirees in the bottom income quartile do not have enough money to cover their expenses in retirement. Overall, the model predicts that just 16.8 percent of low-income retirees will have enough money, compared to 86.4 percent in the highest quartile.
The President's decision to withdraw the ill-conceived policy of Chained CPI will hopefully put an end to treating Social Security as another trading piece in budget negotiations.

Hopefully, we can now have the thoughtful debate we need on how to expand Social Security. I look forward to working with **Senator Toomey, Chairman Wyden, and Ranking Member Hatch** on that debate.

We also need to debate how to expand the kind of **guaranteed annuitized income** that Social Security provides to private sector savings. My colleague, **Chairman Tom Harkin,** has proposed a way to do this with his **USA Retirement Accounts**. It is legislation with great merit, andI am proud to be a cosponsor.

The bottom line is that access to tax preferenced retirement accounts must not be something workers receive when they cross the threshold into the middle class – **but a tool that helps them start that journey.**

The proposal from the Treasury to introduce the **MY IRA program** is a step in that direction. In particular, the MYRA plan addresses the gap in access to tax preferenced savings.

While 50 percent of full time workers participated in an employer sponsored plan, only 13 percent of workers at companies with less than 10 workers participated in an employer sponsored retirement plan.

There is no silver bullet policy for retirement savings.

But in a system where we primarily administer our programs to encourage private retirement savings through the tax code, we need to make sure the incentives align to the need.

Our upside-down tax expenditures need to be fixed, and we need to do everything possible to expand access and uptake of private retirement accounts.

I want to thank my ranking member, **Senator Toomey**, and, I might add, a fellow Eagle Scout. The Senator has been a tremendous partner in having these discussions. These issues are critical to our country's future and I am thankful to him and his staff for their thoughtful partnership.

Now I would like to introduce our esteemed panel.

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