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Hatch Statement at Finance Hearing on Retirement Savings

WASHINGTON – U.S. Senator Orrin Hatch (R-Utah), Ranking Member of the Senate Finance Committee, today delivered the following opening statement at a committee hearing on retirement savings:

Thank you Mr. Chairman for holding today's hearing.

This is an important topic and we have an outstanding panel of witnesses. I think that we're going to have a very interesting discussion.

Retirement policy has always been an especially important topic to this committee. It also has always been bipartisan.

Most of the major pieces of retirement legislation that Congress has passed in recent decades have been named for Senators from this committee – one from each party. I'm talking, of course, about legislation like Bentsen/Roth; Roth/Breaux; Grassley/Bob Graham; Grassley/Baucus and Hatch/Pryor, which, in the other body, came to be known as Portman/Cardin, for the two excellent legislators that I am proud to say are now colleagues of ours on this committee.

I believe this tradition of bipartisanship on these issues can and will continue.

Mr. Chairman, during the recent Highway Bill markup, we agreed to work together on multiemployer pension reform. That was done in the spirit of bipartisanship. And, I have a pension reform bill for the modern economy that just last week received high marks from the Urban Institute that I hope you'll work on with me as well.

It is my sincere hope that the tradition of bipartisanship in retirement policy will continue and that the next retirement bill that comes out of this committee and becomes law will be known as Wyden/Hatch.

We have always had incentives in the tax code to encourage saving for retirement. As the late Chairman Roth was known for saying: "There are no bad savings."

Congress has revisited saving incentives on occasion with an eye toward improving the incentives and increasing savings.

For example, in 2001 Congress increased the limits for contributions to 401(k) plans so that today a worker may contribute \$17,500 to a 401(k) and \$5,000 to an IRA. Congress also added a “catch-up” contribution feature to the Code to allow workers to contribute several thousand dollars more beginning in their 50s, an age when many workers finally get serious about saving and when workers, including spouses, primarily women, who might have left the workforce for a time finally have the opportunity to save again.

As reported in the Bluebook published at the time by the Joint Committee on Taxation, Congress believed it was important to increase the amount of employee elective deferrals allowed under such plans, and other plans that allow deferrals, to better enable plan participants to save for their retirement.

Well, it worked. Since 2000, retirement assets in defined contribution plans have grown from \$3 trillion to nearly \$6 trillion, despite the market downturn in 2008. Assets in IRAs have grown from \$2.6 trillion to \$6.5 trillion. In fact, increased contribution limits worked so well that, in 2006, Congress made those provisions permanent, and the vote to make them permanent was overwhelming: 93 to 5.

The retirement policies we have pursued have always been about helping Americans help themselves save more of their hard-earned money, not less.

In the last 25 years Democrats and Republicans have worked together to respond to a mutually-shared goal: expanding savings among workers. Republicans agreed to proposals targeted to lower income workers like the savers credit. Democrats agreed that small business owners and managers needed to have some tax benefit skin in the game to take on the burdens of adopting and maintaining retirement plans.

In these areas, members from both parties have resisted partisan impulses and, as a result, we’ve been able to craft good policy.

Lately, however, I’ve become concerned that there is a political strategy by some in Congress to turn pension policy into just another partisan battleground. They would turn retirement policy into another front in the class warfare that consumes so much energy on some of the other committees in Congress.

I’m worried that some want to disregard the bipartisan good will of the last 25 years.

That would be unfortunate. I especially hope it does not happen in our hearing today.

Mr. Chairman, what I hope to hear today from the witnesses are facts that can inform our policy considerations. We need to know how much income Americans are projected to need in retirement, how much are they projected to have and, if there is a shortfall, what policies they recommend we enact to help Americans close the gap.

What I hope to not hear today are poll-tested slogans like "Upside Down Tax Incentives," "Bang for the Buck," "Pension Stripping," or "The System is Rigged" without substantiating data. We need to hear facts and serious policy proposals, not political slogans.

Thank you, once again, Mr. Chairman for holding this hearing.

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