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Remarks Prepared for Delivery at the Bipartisan Policy Center & Concord Coalition Meeting on:
"A Bipartisan Opportunity: Improving Retirement Security"
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Thank you Kent for that kind introduction and for having me here today. We miss you and your wonderful demeanor in the Senate and your budgeting prowess. I remember the many times I heard you on the floor warning about unsustainable federal debt. I swear that sometimes I mistook you for a Republican.

I also want to thank the Bipartisan Policy Center and the Concord Coalition for inviting me here today to this important meeting on improving retirement security for Americans.

The issues that we will discuss in today's meeting are important, urgent, and help remind us of the need to plan for the future. The sooner we prepare for the future, the easier it is to build for the future. In my view, both the needs of today and preparing for the future are important, and addressing today's needs does not mean that we cannot also set prudent paths for the future.

There are three things that I wish to emphasize in my brief remarks today.

First, Social Security, which is important for retirement security and protection against adversities such as old-age poverty and income losses from disabling conditions, faces financial challenges that need to be addressed.

Second, as we all know, the most urgent challenge in Social Security is the projected depletion of reserves in the disability insurance – or DI – trust fund toward the end of calendar year 2016.

Third, we need to consider ways to enhance the ability of all Americans to save and have retirement security, including many hardworking middle class taxpayers who may lack sufficient retirement savings options.

So, let me expand on each of those three points.

In Social Security generally, by which I mean the old-age and survivors insurance program as well as the DI program, there are close to $11 trillion of unfunded obligations over the next 75 years, and nearly $25 trillion in present value terms if you look over the infinite horizon.

The Trustees of Social Security's trust funds, which includes several members of President Obama's cabinet, "recommend that lawmakers address the projected trust fund shortfalls in a timely way in order to phase in necessary changes gradually and give workers and beneficiaries time to adjust to them."

That, to me, says that the sooner we act to put Social Security on a sustainable financial path, the better it is for Americans and their retirement security.

Of course, doing so is easier said than done. There are reasonable disagreements over how best to restore financial sustainability in Social Security, including different views on payroll tax revenues that fund the programs and how quickly promised benefits will grow in the future.

While I won't be able to tell you how to solve the problem today, I will tell you that we need to have discussions, debate, and analyses of available options.

We also should think not simply about taxes and outlays in the program, but also about how the programs could be modernized to fit the needs of modern American families. Much of the existing structure of Social Security was developed long ago, in an era in which families and work patterns of women, for example, were much different than they are today.

I believe, as do Social Security's Trustees, that it would be a mistake to wait until around the early 2030's to address Social Security's financial imbalances and modernize the program. And there is no reason to wait to discuss and analyze the available options.

Moreover, in my view, the longer we wait, the more disservice we do to younger generations of workers who, with deferred action, will face worse options in terms of taxes paid and benefits received.

I also believe that some recent proposals that simply increase taxes in order to spend the revenue now on beefed up promises that are, themselves, unsustainable and still leave a long-term hole in Social Security's finances are simply irresponsible and unfair to younger generations of workers.

Turning to my second point, involving the DI Trust Fund, let me thank this meeting's sponsors for the work they are doing to examine options to address the impending trust fund depletion. I, too, have been working to get input from stakeholders, including many in this room today, to help determine what will work best.

Part of what we do should involve explorations of ways to modernize the DI program and its rules, improve program integrity, and make the supports easier to navigate for disabled Americans who want to and are able to engage in gainful activity.

I have also put forward a number of bills this year to begin addressing various aspects of the DI program that deserve attention. I don't have time to discuss all of those bills right now, or additional ideas that I have been analyzing, but I urge everyone here, as well as my colleagues in Congress and the administration, to join with me in working to find solutions.

I can say without reservation that it doesn't hurt to talk. Yet, I can also say that I have been urging engagement for some time now, and have heard very little in response.

It is, in my view, irresponsible to sit idly by and wait for another financing cliff to appear around the end of next year.

I will to work with anyone, Republican or Democrat, to ensure that benefits continue to be paid to disabled American workers and their families. I am working, and will continue to work to make absolutely certain that the 20 percent benefit cut facing disabled American workers under current law will not occur.

In my opinion, we must do better than simply reallocating incoming payroll tax revenue from the retirement fund to the disability fund without examining areas where we can improve the programs. We can work along the way to make the DI program work more efficiently for beneficiaries and all insured workers. And we can work to promote opportunities for those who wish to and are able to explore return-to-work efforts.

Yes, there have been several payroll reallocations in the past, from DI to the retirement trust fund, from the retirement trust fund to DI, from the general fund to the Social Security trust funds, and even reallocations involving the Hospital Insurance Trust Fund.

Yet, without other policy changes, a reallocation from the retirement trust fund to the DI trust fund has never passed with bipartisan support. In all instances in which bipartisan agreements have occurred on tax reallocations, other considerations were made.

In addition, previous reallocations were made long ago, when the outlook for the combined Social Security trust funds looked quite different, and when the country's age distribution was also far different.

The last reallocation from the retirement to the DI trust fund was put in place at a time where growth in DI awards was increasing unexpectedly and Congress wanted time to more fully examine the reasons before acting to improve the DI program's outlook.

Unfortunately, Congress did not follow through and we once again face reserve depletion in the trust fund. I do not believe that it is prudent to simply double-down on a strategy of reallocating payroll taxes with a wink and a nod, hoping that, between now and 2033 we find some new way to improve the DI program's long-term outlook.

I would ask the Bipartisan Policy Center, the Concord Coalition, the Obama Administration, and everyone here today to work with me. Please, give me your best ideas for helping shore up finances in the DI program, and Social Security more generally. Give me your thoughts on how to improve the administration, integrity, and performance of the programs so that we can ensure that they are there for current and future beneficiaries and that they work even better for beneficiaries and insured American workers who depend on these programs.

With that, let me now pivot to discussing retirement security more generally, in terms of advancing abilities of Americans to save and be better prepared for their retirement years.

The most effective way to accumulate retirement savings is through employer-sponsored retirement plans. The problem is that for many employees, this is not an available option because, for a variety of reasons, many employers don't offer retirement plans to their workers. Unfortunately, no plan at work usually means no retirement savings by workers, because most won't set up an individual retirement account on their own.

What we need are new ideas to encourage employers who do not currently sponsor plans to start doing so.

That's why, in 2013, I introduced the Secure Annuities for Employee Retirement Act, or SAFE Retirement Act, much of which was directed at lowering costs and decreasing burdens for workers and employers who want to participate in retirement plans.

One of the things my bill would do is establish a Starter 401(k), a plan designed for small or start-up businesses that are not in a position to contribute to a plan but still want to help their employees save.

A Starter 401(k) would allow employees under age 50 to save up to $8,000 per year – 45 percent more than they can put in an IRA – but does not involve the administrative burden or expense of a traditional or 401(k) plan. The Starter 401(k) is targeted at employers who do not already sponsor a plan, so it's a proposal that takes direct aim at the current coverage gap.

My legislation would also remove obstacles to employers who want to join a so-called Open MEP, a multiple employer program in which a group of unrelated employers pool their resources into a single 401(k) plan and hire professional management.

This will lower costs, improve compliance, and expand investment opportunities. Small employers who would not otherwise sponsor a plan might be willing to join an Open MEP where a professional manager handles the administrative burden of operating the plan.

These are just two of the ideas I introduced in my legislation. There are many more, including an auto-escalation proposal that will help workers accumulate more retirement assets, and an annuity proposal that will help workers stretch those assets for as long as they live.

With that, I want to also ask everyone here today to work with me, and give me all of your best ideas to help American workers and their families save and prepare for a secure retirement.

Let me close by saying that I value the work that the Bipartisan Policy Center and the Concord Coalition are doing with stakeholders to come up with ideas and analyses that, in turn, will be valuable to Congress as we do our work to address challenges facing the Social Security programs and retirement-savings plans of American workers.

Before I go, I wish to thank the organizers of today's events, as well as all of the participants. You are in good hands with the guidance and leadership of Senator Conrad and Jim Lockhart, as well as the keen insights of today's panelists and the moderators, Bob Bixby and Bill Hoagland.

Of course, I'd love to stay for the rest of your discussions, but I have to go now and save the Republic.

Thank you, once again, for having me here today and for taking the time to listen.

God bless you all.