News Release

SAVE! Your retirement clock is ticking.

A Retirement Savings Education Campaign

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USDL: 95-274
FOR RELEASE: Immediate
Wednesday, July 19, 1995

DEPARTMENT OF LABOR LAUNCHES RETIREMENT SAVINGS EDUCATION CAMPAIGN

WASHINGTON - Secretary of Labor Robert B. Reich and Secretary of the Treasury Robert Rubin, in an effort to raise public awareness about pensions and the need to save enough money for retirement, today announced a national retirement savings education campaign.

Under the banner, "Save! Your Retirement Clock is Ticking," the effort will direct Americans toward learning what they need to adequately prepare for retirement through a variety of public education activities. The campaign kickoff included distribution of educational materials and release of new data and studies on retirement savings as well as a brochure, "Top 10 Ways to Beat the Clock and Prepare for Retirement."

Joining Reich and Rubin at the announcement in the Great Hall of the Department of Labor were Olena Berg, Assistant Secretary of Labor for Pension and Welfare Benefits; representatives from a broad-based coalition of savings groups, trade and professional associations, labor unions, community groups, and representatives of the private sector.

"Huge numbers of Baby Boomers are moving toward retirement," said Reich. "People are living longer, the national savings rate has declined, and the cost of living is steadily rising. All these factors, taken together, will have a major impact on the way people live in retirement."

"The good news here is that for most people, it's not too late" said Reich. "Through this campaign we can show them the facts. People KNOW they need to put away more for their retirement - but they may need help understanding what is often a very complex subject. This effort will be aimed at giving them that information."

(MORE)

Secretary of the Treasury Robert Rubin underscored the need for such a public education campaign. "The savings rate in the United States is entirely too low. It lags well behind those of our major competitors. Japanese households save at three times the rate we do, and German households save at twice the rate. This disparity disadvantages the United States when it comes to enabling the private sector to have access to sufficient capital to invest, grow and remain competitive."

"It is important that Americans realize that raising our national savings rate requires far more than just reducing government deficits -- it requires a recognition that there is more at stake than just having enough on which to retire. Retirement savings are perhaps the single-most important element of savings in the life of each American, and they do more than just ensure a worry-free retirement," Rubin said. "Those savings are a critical source of capital for our private sector to use in creating economic growth, and creating the higher-paying jobs that will ensure better standards of living for our families."

Berg stated "the Department of Labor will be acting as a catalyst to heighten interest in the issue of retirement security and to help people become aware of the many good private sector sources of information available to them. Along with our partner organizations, we are committed to spreading an educational message geared to reach every American worker, particularly those who don't know how to save for retirement, and provide them with the tools to make informed retirement decisions."

Two brochures were unveiled by Secretary Reich for distribution as part of the campaign - "Top Ten Ways to Beat the Clock and Prepare for Retirement" and "What You Should Know About Your Pension Rights."

Consumers interested in getting copies of the brochures can call (202) 219-9247.

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The information in this news release will be made available to sensory impaired individuals upon request. Voice phone: (202) 219-7316.

News Release

U.S. Department of Labor

Office of Public Affairs
Washington, D.C.

CONTACT: Carl Fillichio
OFFICE: 202/219-8211

USDL: 95-272
FOR RELEASE: Immediate
Wed., July 19, 1995

NEW DATA FROM LABOR DEPARTMENT SHOWS NEED FOR RETIREMENT SAVINGS

A Labor Department report provides new information on pension benefits which makes a clear case for workers to save now so that they can maintain their standard of living in retirement.

The report, based on data from a special supplement to the September 1994 Current Population Survey (CPS), provides more complete and accurate data on the type of benefits workers over age 40 have received, including defined contribution plans (like 401(k)'s) and more traditional annuity type benefits.

Among the key findings:

* Fewer than one-half of today's retirees over 65 have received a private pension benefit to supplement their Social Security checks. 96% of retirees age 65 and older who were employed in the private sector are receiving Social Security benefits. 43% of these retirees report that they are receiving--or have received--either a lump sum or a pension annuity benefit;

* Workers in small firms and those with lower incomes have a particular need to save for their retirement. Less than one-in-four former employees of firms with fewer than 100 workers have received a pension benefit;

* More and more workers who receive a private pension are getting single lump sum payments. These plans often require the worker to set aside part of their paycheck. Last year, among workers 40 and over, 48% of those who had received some type of private pension benefit reported getting an annuity. 51% reported receiving only a lump sum distribution. The comparable numbers for 1989 were 60% receiving annuities and 40% receiving only a lump sum;

-more-

* Women are especially dependent on defined contribution plans. 63% of women who had received a benefit reported it to be a lump sum compared to 44% of men;

* Women have a greater need than men to supplement their annuity benefits. Median annuity benefits received by women were at 50% of the level received by men. This represents an improvement from 37% in 1989;

* Private pensions and Social Security benefits replace 60 percent or more of pre-retirement income for only one-half of today's retirees. At least 50% of current retirees will need to supplement their benefits with other savings to reach the minimum income to maintain their living standard;

* Savings are required to supplement pension and Social Security as inflation erodes the value of fixed pension benefits. According to the report, less than one-third of today's pension recipients have ever gotten a cost of living increase. Retire benefits replace less than 42% of the real value of pre-retirement income for one-half of today's retirees.

A copy of the report, "Retirement Benefits of American Workers -- New Findings from the September 1994 Current Population Survey" is available from the Department of Labor's Office of Public Affairs by calling 202/219-8211.

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E X E C U T I V E   O F F I C E   O F   T H E   P R E S I D E
N T

06-Mar-1995 06:42pm

TO: Lynn M. Margherio

FROM: Ellen S. Seidman
National Economic Council

SUBJECT: Draft pension reform talking points

PENSION REFORM

"The Retirement Protection Act says that people deserve a pension system that they rely on. They deserve employers who take actions to be worthy of their own trust and the labor that they give them, year-in and year-out. They deserve a Government that will protect them and stand by them, a Government that is their partner. . . . In stabilizing the Federal insurance system, we used the power of Government to avert a potential crisis, protecting millions of reitrees, corporate pension plans, and the taxpayers from huge potential losses."

-President Clinton
January 19, 1995

PROBLEM: Defined benefit pension plans -- where an employer promises a certain benefit based on earnings and years of service -- were in trouble when the Administration came into office. Underfunding had grown from $27 billion in 1987 to $53 billion in 1992, much of it in older industries (such as steel, autos, tires and airlines) with companies in trouble. This put workers at risk of not getting the pensions they had been promised. The deficit of the Pension Benefit Guaranty Corporation, the government agency that guarantees most -- but not in all cases the full amount -- of such pensions was also growing, potentially putting taxpayers at risk.

RESPONSE: In March 1993, as one of the Administration's first actions, the Labor Department established an interagency task force to develop legislation to respond to both the underfunding and PBGC deficit problems. On September 30, 1993, the Administration submitted to Congress the Retirement Protection Act. The RPA, which passed as part of the GATT legislation in December 1994:

-- Strengthens underfunded pension plans
  - It accelerates funding for plans that are less than 90% funded, with the fastest funding required

for plans less than 60% funded;

- It reforms accounting procedures and assumptions that weaken plan funding and solvency; and
- It requires severely underfunded plans to have enough cash and marketable securities to make current benefits payments.

-- Increases premiums for pension plans that pose the greatest risk

  - It requires the most underfunded pension plans to pay premiums that reflect the level of their underfunding -- under a formula that encourages them to increase funding.

-- Improves information for workers and retirees in underfunded plans and protections in fully funded plans
    - It requires most employers whose plans are less than 90% funded to provide a notice to participants, in simple language, about plan funding and the limits of PBGC's guarantees; and
    - It establishes the PBGC as a clearinghouse for the benefits of participants in terminated plans who cannot initially be found when the plan is terminated.

POSITION/PLAN: The Administration's philosophy in this area, as elsewhere, is that people who work hard and play by the rules should be rewarded. In the pension area it means that workers who are promised pension benefits and work the number of years required to get them should be assured the benefits will be there when they retire. With the passage of the RPA, the Administration has the tools to meet this goal. In the coming years we will:

-- Vigorously enforce the RPA;

-- Continue to monitor plan funding to ensure that the RPA reforms in fact accomplish their goal of moving toward fully funded plans within a reasonable period of time;

-- Continue to stand up for plan beneficiaries -- both retirees and workers --when companies get in trouble, and work to prevent companies from disadvantaging plan beneficiaries when restructuring;

-- Continue to improve the PBGC's responsiveness to both plan beneficiaries and plan sponsors; and

-- Work to simplify pension laws and regulations so that more employers will establish and maintain pension plans, whether defined benefit or defined contribution, for their employees.

Prepared by: Ellen Seidman, NEC, 456-2802
Date: March 6, 1995

1ST DOCUMENT of Level 1 printed in FULL format.

Public Papers of the President

January 19, 1995

CITE: 31 Weekly Comp. Pres. Doc. 77

LENGTH: 848 words

HEADLINE: Remarks on Retirement Protection Legislation

BODY:
Thank you very much, Mr. Secretary. After that kind introduction I'm loathe to say what I was about to say, which is I'm afraid the headline on this story will be "Reich comes out for playing hard." [Laughter] But I think people who work hard should also be able to play hard. [Laughter]

I want to thank Paul Wood for his story, and Marvin Clarke for his testimony in his long battle to make sure the country did something to help people so that there wouldn't be other people in the situation he finds himself in. I want to thank the steel-workers and the senior citizens groups and all the others who were mentioned by Secretary Reich. I'd like to especially thank someone who is not here, my longtime friend, J.J. Pickle, who retired from the Congress and who left this as his last legacy in a long career of helping people with their own lives. I'd like to thank another longtime friend of mine who is still here -- that's maybe a disability in this town, but Marty Slate has done a wonderful job at the Pension Benefit Guaranty Corporation. I'll never forget the first time Hillary told me about Marty Slate. She said, "That's the smartest guy I ever met in my life. He'll find a way to solve any kind of problem." And you have done a fine job, and we're grateful to you.

And I'd like to thank someone whose name I don't know, and I've been trying to find out before this moment. I'd like to thank the person in the Richmond debate in 1992 who asked President Bush and Ross Perot and Bill Clinton about the problems of underfunded pensions, and first got my attention on this issue. I wish -- and I don't know who that person was, but I am deeply indebted, and now so are several million other Americans, to that person for bringing this issue personally to me in a very direct way.

Two years ago from tomorrow, I became President, with a commitment to try to restore the American dream for all Americans and to make sure that we enter the next century as the strongest country in the world, a force for peace and freedom and democracy, but most important of all, as one which in a very different world would keep the American dream alive for all of our people.

When I signed the Retirement Protection Act into law last month, it was almost completely unnoticed because at the end of the year it had to go through in the comprehensive legislation that involved the passage of the GATT trade agreement. And we wanted to do this today because this act was so profoundly important to so many millions of Americans. And it says a lot about what we are trying to do here in Washington.

This is part of a new economic policy designed to help the American people stay ahead in a world economy that is changing so rapidly that, while it offers vast new benefits to people, it also is very frightening to a lot of people and causes too much insecurity and unsettling for people who have worked hard and done the right things all their lives. it gives the American taxpayers a more effective, more efficient, and more disciplined government. And this bill furthers what I have called my own contract with America, the new covenant. It says that people who act responsibly should be rewarded.

The Betirement Protection Act says that people deserve a pension system that they rely on. They deserve employers who take actions to be worthy of their own trust and the labor that they give them, year-in and year-out. They deserve a Government that will protect them and stand by them, a Government that is their partner.

It says to employers that they can no longer gamble with the retirement savings of their own employees, allowing pension plans to become dangerously underfunded, expecting taxpayers to bail them out. It means that responsible businesses with well-funded plans will no longer have to carry an unfair share of the burden of the insurance costs for businesses who do not do the same.

As a result of the new law, the funding level of large, underfunded pension plans will be increased dramatically so that the benefits can be paid as they were promised. The National Pension Insurance System will remain secure. Employees will get better information warning them when their plans could be at risk.

In stabilizing the Federal insurance system, we used the power of Government to avert a potential crisis, protecting millions of retirees, corporate pension plans, and the taxpayers from huge potential losses.

Today we can be grateful that the security of our pensions are strong and growing stronger, thanks to the Retirement Protection Act and the work of all of you in this room who did so much to make it happen.

Thank you very, very much.

NOTE: The President spoke at 12:34 p.m. in the Roosevelt Room at the White House. In his remarks, lie referred to Marvin D. Clarke of Moundsville, WV, who lost one-third of his pension, and Paul E. Wood of Griffin, CA, who feared losing his pension. The retirement benefits legislation appears in Title 7 of the Uruguay Round Agreements Act of 1994 (P.L. 103-465).

LANGUAGE: ENGLISH

LOAD-DATE-MDC: February 20, 1995

E X E C U T I V E   O F F I C E   O F   T H E   P R E S I D E N T

26-Oct-1995 05:00pm

TO: Molly Brostrom

FROM: Andre Oliver
Office of Public Liaison

SUBJECT: Pension Reversion

Have we (The White House) taken a position on pension funds, and the proposals before the Congress?

Andre

E X E C U T I V E   O F F I C E   O F   T H E   P R E S I D E N T

27-Oct-1995 05:45pm

TO: Molly Brostrom

FROM: Ellen S. Seidman
National Economic Council

SUBJECT: RE: attached

ABSOLUTELY -- the President made continued inclusion of the pension reversion one of the five veto items he mentioned at the AFL-CIO. The business community never asked for this one, but once Archer gave it to them, they decided they wanted it. If they're complaining to you, don't worry about it. The Senate's deletion of the reversion provision was a big victory for us. Ellen