

SAVINGS ARE VITAL TO EVERYONE'S RETIREMENT ACT OF
1997

MAY 20, 1997.—Committed to the Committee of the Whole House on the State of
the Union and ordered to be printed

Mr. GOODLING, from the Committee on Education and the
Workforce, submitted the following

REPORT

together with

ADDITIONAL VIEWS

[To accompany H.R. 1377]

[Including cost estimate of the Congressional Budget Office]

The Committee on Education and the Workforce, to whom was referred the bill (H.R. 1377) to amend title I of the Employee Retirement Income Security Act of 1974 to encourage retirement income savings, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Savings Are Vital to Everyone's Retirement Act of 1997".

SEC. 2. FINDINGS AND PURPOSE.

(a) FINDINGS.—The Congress finds as follows:

(1) The impending retirement of the baby boom generation will severely strain our already overburdened entitlement system, necessitating increased reliance on pension and other personal savings.

(2) Studies have found that less than a third of Americans have even tried to calculate how much they will need to have saved by retirement, and that less than 20 percent are very confident they will have enough money to live comfortably throughout their retirement.

(3) A leading obstacle to expanding retirement savings is the simple fact that far too many Americans—particularly the young—are either unaware of, or

without the knowledge and resources necessary to take advantage of, the extensive benefits offered by our retirement savings system.

(b) PURPOSE.—It is the purpose of this Act—

(1) to advance the public’s knowledge and understanding of retirement savings and its critical importance to the future well-being of American workers and their families;

(2) to provide for a periodic, bipartisan national retirement savings summit in conjunction with the White House to elevate the issue of savings to national prominence; and

(3) to initiate the development of a broad-based, public education program to encourage and enhance individual commitment to a personal retirement savings strategy.

SEC. 3. OUTREACH BY THE DEPARTMENT OF LABOR.

(a) IN GENERAL.—Part 5 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1131 et seq.) is amended by adding at the end the following new section:

“OUTREACH TO PROMOTE RETIREMENT INCOME SAVINGS

“SEC. 516. (a) IN GENERAL.—The Secretary shall maintain an ongoing program of outreach to the public designed to effectively promote retirement income savings by the public.

“(b) METHODS.—The Secretary shall carry out the requirements of subsection (a) by means which shall ensure effective communication to the public, including publication of public service announcements, public meetings, creation of educational materials, and establishment of a site on the Internet.

“(c) INFORMATION TO BE DISSEMINATED.—The information to be disseminated by the Secretary as part of the program of outreach required under subsection (a) shall include the following:

“(1) a description of the vehicles currently available to individuals and employers for creating and maintaining retirement income savings, specifically including information explaining to employers, in simple terms, how to establish each of the different retirement savings vehicles for their workers, and

“(2) information regarding matters relevant to establishing retirement income savings, such as—

“(A) the forms of retirement income savings,

“(B) the concept of compound interest,

“(C) the importance of commencing savings early in life,

“(D) savings principles,

“(E) the importance of prudence and diversification in investing,

“(F) the importance of the timing of investments, and

“(G) the impact on retirement savings of life’s uncertainties, such as living beyond one’s life expectancy.

“(d) ESTABLISHMENT OF SITE ON THE INTERNET.—The Secretary shall establish a permanent site on the Internet concerning retirement income savings. The site shall contain at least the following information:

“(1) a means for individuals to calculate their estimated retirement savings needs, based on their retirement income goal as a percentage of their preretirement income;

“(2) a description in simple terms of the common types of retirement income savings arrangements available to both individuals and employers (specifically including small employers), including information on the amount of money that can be placed into a given vehicle, the tax treatment of the money, the amount of accumulation possible through different typical investment options and interest rate projections, and a directory of resources of more descriptive information;

“(3) materials explaining to employers in simple terms how to establish and maintain different retirement savings arrangements for their workers and what the basic legal requirements are under this Act and the Internal Revenue Code of 1986;

“(4) copies of all educational materials developed by the Department of Labor, and by other Federal agencies in consultation with such Department, to promote retirement income savings by workers and employers; and

“(5) links to other sites maintained on the Internet by governmental agencies and nonprofit organizations that provide additional detail on retirement income savings arrangements and related topics on savings or investing.

“(e) COORDINATION.—The Secretary shall coordinate the outreach program under this section with similar efforts undertaken by other public and private entities.”.

(b) CONFORMING AMENDMENT.—The table of contents in section 1 of such Act is amended by inserting after the item relating to section 514 the following new items:

“Sec. 515. Delinquent contributions.

“Sec. 516. Outreach to promote retirement income savings.”.

SEC. 4. NATIONAL SUMMIT ON RETIREMENT SAVINGS.

(a) IN GENERAL.—Part 5 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (as amended by section 3 of this Act) is amended further by adding at the end the following new section:

“NATIONAL SUMMIT ON RETIREMENT SAVINGS

“SEC. 517. (a) AUTHORITY TO CALL SUMMIT.—Not later than June 1, 1998, the President shall convene a National Summit on Retirement Income Savings at the White House, to be co-hosted by the President and the Speaker and the Minority Leader of the House of Representatives and the Majority Leader and Minority Leader of the Senate. Such a National Summit shall be convened thereafter in 2001 and 2005 on or after September 1 of each year involved. Such a National Summit shall—

“(1) advance the public’s knowledge and understanding of retirement savings and its critical importance to the future well-being of American workers and their families;

“(2) facilitate the development of a broad-based, public education program to encourage and enhance individual commitment to a personal retirement savings strategy;

“(3) develop recommendations for additional research, reforms in public policy, and actions in the field of retirement income savings; and

“(4) disseminate the report of, and information obtained by, the National Summit and exhibit materials and works of the National Summit.

“(b) PLANNING AND DIRECTION.—The National Summit shall be planned and conducted under the direction of the Secretary, in consultation with, and with the assistance of, the heads of such other Federal departments and agencies as the President may designate. Such assistance may include the assignment of personnel. The Secretary shall, in planning and conducting the National Summit, consult with the congressional leaders specified in subsection (e)(2). The Secretary shall also, in carrying out the Secretary’s duties under this subsection, consult and coordinate with at least one organization made up of private sector businesses and associations partnered with Government entities to promote long-term financial security in retirement through savings (including for 1998, and thereafter as the Secretary may deem appropriate, the American Savings Education Council).

“(c) PURPOSE OF NATIONAL SUMMIT.—The purpose of the National Summit shall be—

“(1) to increase the public awareness of the value of personal savings for retirement;

“(2) to advance the public’s knowledge and understanding of retirement savings and its critical importance to the future well-being of American workers and their families;

“(3) to facilitate the development of a broad-based, public education program to encourage and enhance individual commitment to a personal retirement savings strategy;

“(4) to identify the problems which hinder workers from setting aside adequate savings for retirement;

“(5) to identify the barriers which impede employers, especially small employers, from assisting workers in accumulating retirement savings;

“(6) to examine the impact and effectiveness of individual employers to promote personal savings for retirement among their workers and to promote participation in company savings options;

“(7) to examine the impact and effectiveness of government programs at the Federal, State, and local levels to promote retirement income savings;

“(8) to develop such specific and comprehensive recommendations for the legislative and executive branches of the Government and for private sector action as may be appropriate for promoting retirement income savings among American workers; and

“(9) to develop recommendations for the coordination of Federal, State, and local policies among the Federal, State, and local levels of government and for the coordination of such policies (including any solutions for Federal, State, and local needs devised at the Federal, State, and local levels) with the efforts of the private sector to meet such needs, and to identify the appropriate authority and entities to implement such recommendations.

“(d) SCOPE OF NATIONAL SUMMIT.—The scope of the National Summit shall consist of issues relating to individual and employer-based retirement savings and shall not include issues relating to the old-age, survivors, and disability insurance program under title II of the Social Security Act.

“(e) NATIONAL SUMMIT PARTICIPANTS.—

“(1) IN GENERAL.—To carry out the purposes of the National Summit, the National Summit shall bring together—

“(A) professionals and other individuals working in the fields of employee benefits and retirement savings;

“(B) Members of Congress and officials in the executive branch;

“(C) representatives of State and local governments;

“(D) representatives of private sector institutions, including individual employers, concerned about promoting the issue of retirement savings and facilitating savings among American workers; and

“(E) representatives of the general public.

“(2) STATUTORILY REQUIRED PARTICIPATION.—The participants in the National Summit shall include the following individuals or their designees:

“(A) the Speaker and the Minority Leader of the House of Representatives;

“(B) the Majority Leader and the Minority Leader of the Senate;

“(C) the Chairman and ranking Member of the Committee on Education and the Workforce of the House of Representatives;

“(D) the Chairman and ranking Member of the Committee on Labor and Human Resources of the Senate;

“(E) the Chairman and ranking Member of the Special Committee on Aging of the Senate; and

“(F) the parties referred to in subsection (b).

“(3) ADDITIONAL PARTICIPANTS.—There shall be not more than 400 additional participants. Of such additional participants—

“(A) one-fourth shall be appointed by the Speaker of the House of Representatives;

“(B) one-fourth shall be appointed by the Minority Leader of the House of Representatives;

“(C) one-fourth shall be appointed by the Majority Leader of the Senate; and

“(D) one-fourth shall be appointed by the Minority Leader of the Senate.

Such remaining participants shall be selected without regard to political affiliation or past partisan activity and shall be representative of the diversity of thought in the fields of employee benefits and retirement income savings.

“(4) PRESIDING OFFICERS.—The National Summit shall be presided over equally by representatives of the executive and legislative branches.

“(f) NATIONAL SUMMIT ADMINISTRATION.—

“(1) ADMINISTRATION.—In administering this section, the Secretary shall—

“(A) request the cooperation and assistance of such other Federal departments and agencies and other parties referred to in subsection (b) as may be appropriate in the carrying out of this section;

“(B) furnish all reasonable assistance, including financial assistance, to State agencies, area agencies, and other appropriate organizations to enable them to organize and conduct conferences in conjunction with the National Summit;

“(C) make available for public comment a proposed agenda for the National Summit that reflects to the greatest extent possible the purposes for the National Summit set out in this section;

“(D) prepare and make available background materials for the use of participants in the National Summit that the Secretary considers necessary; and

“(E) appoint and fix the pay of such additional personnel as may be necessary to carry out the provisions of this section without regard to provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

“(2) DUTIES.—The Secretary shall, in carrying out the responsibilities and functions of the Secretary under this section, and as part of the National Summit, ensure that—

“(A) the National Summit shall be conducted in a manner that ensures broad participation of Federal, State, and local agencies and private organizations, professionals, and others involved in retirement income savings

and provides a strong basis for assistance to be provided under paragraph (1)(B);

“(B) the agenda prepared under paragraph (1)(C) for the National Summit is published in the Federal Register; and

“(C) the personnel appointed under paragraph (1)(E) shall be fairly balanced in terms of points of views represented and shall be appointed without regard to political affiliation or previous partisan activities.

“(g) REPORT.—The Secretary shall prepare a report describing the activities of the National Summit and shall submit the report to the President, the Speaker and Minority Leader of the House of Representatives, the Majority and Minority Leaders of the Senate, and the chief executive officers of the States not later than 90 days after the date on which the National Summit is adjourned.

“(h) DEFINITION.—For purposes of this section, the term ‘State’ means a State, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, the Virgin Islands, American Samoa, and any other territory or possession of the United States.

“(i) AUTHORIZATION OF APPROPRIATIONS.—

“(1) IN GENERAL.—There is authorized to be appropriated for fiscal years beginning on or after October 1, 1997, such sums as are necessary to carry out this section.

“(2) RELIANCE ON PRIVATE CONTRIBUTIONS.—The Secretary may accept private contributions, in the form of money, supplies, or services, to defray the costs of the National Summit. The Secretary shall ensure, to the extent practicable, that at least one-half of the funds available to the Secretary for each fiscal year to carry out the provisions of this section consist of such private contributions.

“(j) CONTRACTS.—The Secretary may enter into contracts to carry out the Secretary’s responsibilities under this section, but only to the extent, or in such amounts, as are provided in advance in appropriations Acts.”

(b) CONFORMING AMENDMENT.—The table of contents in section 1 of such Act (as amended by section 3 of this Act) is amended further by inserting after the item relating to section 516 the following new item:

“Sec. 517. National Summit on Retirement Savings.”

(c) AUTHORIZATION OF APPROPRIATIONS FOR FISCAL YEAR 1998.—Notwithstanding subsection (i) of section 517 of the Employee Retirement Income Security Act of 1974 (added by this section), the amount authorized to be appropriated for fiscal year 1998 to carry out such section is an amount equal to \$1,000,000.

EXPLANATION OF AMENDMENTS

The provisions of the substitute are explained in this report.

AMENDING TITLE I OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT TO ENCOURAGE RETIREMENT INCOME SAVINGS THROUGH AN EDUCATIONAL INITIATIVE AND CONVENING A NATIONAL SUMMIT

PURPOSE

The purpose of H.R. 1377 is to help defuse the ticking demographic time bomb that confronts America. The Savings Are Vital to Everyone’s Retirement (SAVER) Act initiates projects to educate American workers about retirement savings and creates a National Summit on Retirement Savings.

COMMITTEE ACTION

H.R. 1377 was introduced by Representative Harris Fawell, Chairman of the Subcommittee on Employer-Employee Relations, on April 17, 1997. There were 25 bipartisan original cosponsors, including Subcommittee Ranking Member Donald Payne. The Subcommittee on Employer-Employee Relations held a hearing on the issue of retirement savings on February 12, 1997 (Hearing No. 105-5). At the hearing, entitled “Defusing the Retirement Time

Bomb: Encouraging Pension Savings,” testimony was received from: Sylvester J. Schieber, Vice President of Watson Wyatt Worldwide (a human resources consulting firm), and a member of the Social Security Advisory Council; Donald Sauvigne, Program Director, Retirement and Capital Accumulation Programs at IBM, appearing on behalf of the American Savings Education Council (ASEC) (an organization made up of private-sector businesses and associations partnered with government entities to promote long-term financial security in retirement through savings); Richard D. Pearce, Vice President, John J. Pearce & Company, Wilmington, DE, and President of the American Society of Pension Actuaries (ASPA), appearing on behalf of ASPA; Bruce Young, President, Stainless Metal Products, Chattanooga, TN, appearing on behalf of the National Association of Manufacturers (NAM); David Certner, Senior Coordinator, Federal Affairs, American Association of Retired Persons (AARP); and Professor Teresa Ghilarducci, Professor of Economics at the University of Notre Dame.

On May 14, 1997, the Committee on Education and the Workforce approved H.R. 1377, as amended, by a voice vote, a quorum being present, and by voice vote ordered the bill favorably reported.

COMMITTEE STATEMENT AND VIEWS

BACKGROUND: THE PROBLEM OF RETIREMENT SAVINGS

America faces a ticking demographic time bomb that requires increased retirement savings. As the first step in defusing the retirement time bomb, Congressmen Harris Fawell and Donald Payne, the Chairman and Ranking Member of the Subcommittee on Employer-Employee Relations, introduced the Savings Are Vital to Everyone’s Retirement (SAVER) Act. The SAVER Act initiates projects to educate American workers about retirement savings and convenes a National Summit on Retirement Savings.

The SAVER Act will facilitate a public-private partnership to educate Americans on this looming crisis. Workers need to know the importance of saving for the future, and of saving as early in life as possible. As a survey released this year by the Employee Benefit Research Institute (EBRI) reveals, there is much work to do. Less than a third of Americans have even tried to calculate how much they need to have saved by retirement. Furthermore, less than twenty percent are very confident they will have enough money to live comfortably throughout their retirement. The magnitude of the dilemma will only increase as the baby boomers reach retirement age.

Retired Americans today also have misjudged their retirement savings needs: in the EBRI survey, 22% of retirees indicated that their lifestyle now is worse than when they first retired, and 21% expected it to continue to deteriorate. According to the Department of Labor (DOL), the average worker will need about 70% of his or her preretirement income to maintain his or her standard of living after retirement. However, Social Security pays the average retiree only about 40% of preretirement earnings (and for a worker earning \$60,000, that figure is only 27%).

Moreover, workers do not take advantage of the retirement savings opportunities currently available: the DOL estimates that 33% of those eligible to participate in a 401(k) plan declined to do so. Furthermore, 79% of those who did participate failed to roll over all of their account into either a new plan or an Individual Retirement Account (IRA) when they changed jobs (thus not only depleting their retirement savings but also incurring a significant tax penalty).

A leading obstacle to expanding retirement savings is the simple fact that far too few Americans have either the knowledge or the resources necessary to take advantage of the extensive benefits offered by our retirement savings system. The SAVER Act attempts to address this serious and underreported national problem.

HELPING DEFUSE THE RETIREMENT TIME BOMB: THE SAVINGS ARE
VITAL TO EVERYONE'S RETIREMENT (SAVER) ACT

The SAVER Act has three goals: (1) to advance the public's knowledge and understanding of retirement savings and its critical importance to the future well-being of American workers and their families; (2) to provide for a periodic, bipartisan national retirement savings summit to elevate the issue of savings to national prominence; and (3) to initiate the development of a broad-based, public education program to encourage and enhance individual commitment to a personal retirement savings strategy.

The SAVER Act directs the Department of Labor (DOL) to maintain an ongoing program of education and outreach to the public through: (1) public service announcements, (2) public meetings, (3) creation of educational materials, and (4) establishment of a site on the Internet. The information to be disseminated will include: a description in simple terms of the common types of retirement savings arrangements available to both individuals and employers, a means for individuals to calculate their estimated retirement savings needs, and an explanation for employers, in simple terms, of how to establish and maintain different retirement savings arrangements for their workers.

The SAVER Act also convenes a National Summit on Retirement Savings at the White House, co-hosted by the executive and legislative branches, to be held by June 1, 1998 and again in 2001 and 2005. The National Summit would:

- (1) advance the public's knowledge and understanding of retirement savings and facilitate the development of a broad-based, public education program;
- (2) identify the barriers which hinder workers from setting aside adequate savings for retirement and impede employers, especially small employers, from assisting their workers in accumulating retirement savings; and
- (3) develop specific recommendations for legislative, executive, and private sector actions to promote retirement income savings among American workers.

The National Summit would bring together experts in the fields of employee benefits and retirement savings, key leaders of government, and interested parties from the private sector and general public. The delegates would be selected equally by the majority and minority leaders of the two houses of Congress and would rep-

resent the diversity of thought in the field without regard to their political affiliation. The National Summit would receive substantial funding from private sector contributions.

The current lack of adequate retirement savings will only become a more pressing problem as the baby boomers begin to retire. Future retiring Americans will have to rely less on Social Security and more on pensions and other personal savings. But we have known of this problem for a long time. Sixteen years ago, President Carter's Commission on Pension Policy reported that a "serious crisis" existed in our retirement income programs, and that baby boomers will place "severe strains" on an "already overburdened system." It is sixteen years later and the problems have only gotten bigger as they have come closer. The American people can afford to wait no longer. The SAVER Act is intended to be a first step in a bipartisan effort to reverse the long course of neglect of this vital issue, and help American workers better prepare for a comfortable and secure retirement.

SUMMARY

H.R. 1377, as amended, initiates projects to educate American workers about retirement savings and creates a National Summit on Retirement Savings.

SECTION-BY-SECTION ANALYSIS OF H.R. 1377, AS AMENDED

SECTION 1. SHORT TITLE

The short title of the bill is the "Savings Are Vital to Everyone's Retirement Act of 1997."

SECTION 2. FINDINGS AND PURPOSE

The bill makes findings regarding the severe strain that the impending retirement of the baby boom generation will place on our already overburdened entitlement system; the failure of Americans to even try to calculate their retirement needs; and the lack of knowledge and resources among far too many Americans to take advantage of the extensive benefits offered by our retirement savings system.

The purpose of the bill is to advance the public's knowledge and understanding of retirement savings; convene a bipartisan national retirement savings summit in conjunction with the White House to elevate the issue of savings to national prominence; and initiate the development of a broad-based, public education program.

SECTION 3. OUTREACH BY THE DEPARTMENT OF LABOR

The bill amends the Employee Retirement Income Security Act of 1974 to add a new section 516, directing the Secretary of Labor to maintain an ongoing program of outreach to the public to effectively promote retirement income savings by American workers. The Department is to do this through: (1) public service announcements, (2) public meetings, (3) creation of educational materials, and (4) establishment of a site on the Internet. The information to be disseminated through all four media will include: (1) a description, in simple terms, of the common types of retirement income

savings arrangements available to both individuals and employers (specifically including small employers), (2) a means for individuals to calculate their estimated retirement savings needs, and (3) an explanation for employers, in simple terms, of how to establish and maintain different retirement savings arrangements for their workers.

SECTION 4. NATIONAL SUMMIT ON RETIREMENT SAVINGS

The bill amends the Employee Retirement Income Security Act of 1974 to add a new section 517, convening a quadrennial national summit on retirement savings.

Subsection (a) of new section 517 authorizes the President to convene a national summit no later than June 1, 1998 and again in September 2001 and September 2005. The summit shall be cohosted by the President and the bipartisan leaders of both houses of Congress.

Subsection (b) of new section 517 directs the Secretary of Labor to plan and direct the summit in consultation with the leaders of Congress, the heads of other appropriate federal departments and agencies, and at least one organization made up of private businesses and associations partnered with government entities to promote retirement savings.

Subsection (c) of new section 517 sets out the purpose of the summit: (1) to advance the public's knowledge and understanding of retirement savings and its critical importance to the future well-being of American workers and their families; (2) to facilitate the development of a broad-based, public education program to encourage and enhance Americans' commitment to developing a retirement savings strategy; (3) to identify the barriers which hinder workers from setting aside adequate savings for retirement and impede employers, especially small employers, from assisting their workers in accumulating retirement savings; and (4) develop specific recommendations for legislative, executive, and private sector actions to promote retirement income savings among American workers.

Subsection (d) of new section 517 sets out the scope of the summit to be issues relating to individual and employer-based retirement savings but not issues relating to the Social Security Act.

Subsection (e) of new section 517 sets out the participants in the summit. They will be professionals and others working in the fields of employee benefits and retirement savings, representatives of Congress and the executive branch, representatives of state and local governments, representatives of private sector institutions (including individual employers) concerned about promoting retirement savings among working Americans, and representatives of the general public. The bill also mandates that the following Congressional leaders or their designees be delegates: the Speaker and Minority Leader of the House of Representatives, the Chairman and Ranking Member of the House Committee on Education and the Workforce, the Majority and Minority Leaders of the Senate, the Chairman and Ranking Member of the Senate Committee on Labor and Human Resources, and the Chairman and Ranking Member of the Senate Special Committee on Aging. The remaining 400 delegates would be selected equally by the majority and minor-

ity leaders of the two houses of Congress. These delegates would represent the diversity of thought in the fields of employee benefits and retirement savings, without regard to their political affiliation. The summit will be presided over equally by representatives of the executive and legislative branches.

Subsections (f) and (g) of new section 517 set out the administration of the summit by the Secretary, including the mandate that the Secretary prepare an agenda to be published in the Federal Register for public comment and prepare a post-summit report.

Subsection (h) of new section 517 contains definitions and subsection (j) permits the Secretary to enter into contracts.

Subsection (i) of new section 517 authorizes the appropriation of such sums as are necessary to carry out the provisions of the bill. It also states that the Secretary may accept private contributions to defray the cost of the summit and that the Secretary shall ensure, to the maximum extent practicable, that half the funds to pay for the summit come from private contributions. In addition, Subsection (c) of Section 4 of the bill authorizes the expenditure of \$1,000,000 to implement this section (and is to be used for the exclusive purpose of educating about and promoting retirement income savings).

ROLLCALL VOTES

None.

STATEMENT OF OVERSIGHT FINDINGS AND RECOMMENDATIONS OF THE COMMITTEE

In compliance with clause 2(l)(3)(A) of rule XI of the Rules of the House of Representatives and clause 2(b)(1) of rule X of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in the body of this report.

CONSTITUTIONAL AUTHORITY STATEMENT

The creation of a national summit on retirement savings and the other elements of this Act are within Congress' authority under the spending clause of the constitution, Article I, section 8, clause 1.

GOVERNMENT REFORM AND OVERSIGHT

With respect to the requirement of clause 2(l)(3)(D) of rule XI of the Rules of the House of Representatives, the Committee has received no report of oversight findings and recommendations from the Committee on Government Reform and Oversight on the subject of H.R. 1377.

COMMITTEE ESTIMATE

Clause 7 of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs which would be incurred in carrying out H.R. 1377. However, clause 7(d) of that rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Con-

gressional Budget Office under section 403 of the Congressional Budget Act of 1974.

APPLICATION OF LAW TO LEGISLATIVE BRANCH

Section 102(b)(3) of Public Law 104–1 requires a description of the application of this bill to the legislative branch. This bill initiates projects to educate American workers about retirement savings and creates a National Summit on Retirement Savings; the bill does not prohibit legislative branch employees from receiving the benefits of this legislation.

UNFUNDED MANDATE STATEMENT

Section 423 of the Congressional Budget and Impoundment Control Act requires a statement of whether the provisions of the reported bill include unfunded mandates. This bill initiates projects to educate American workers about retirement savings and creates a National Summit on Retirement Savings, and as such does not contain any unfunded mandates.

BUDGET AUTHORITY AND CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

With respect to the requirement of clause 2(1)(3)(B) of rule XI of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974 and with respect to requirements of clause 2(1)(3)(C) of rule XI of the House of Representatives and section 403 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for H.R. 1377 from the Director of the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, May 15, 1997.

Hon. WILLIAM F. GOODLING,
*Chairman, Committee on Education and the Workforce,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 1377, the Savings are Vital to Everyone's Retirement Act of 1997.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Christina Hawley Sadoti.
Sincerely,

JUNE E. O'NEILL, *Director.*

Enclosure.

H.R. 1377—Savings are Vital to Everyone's Retirement Act of 1997

Summary: H.R. 1377, the "Savings are Vital To Everyone's Retirement Act of 1997," would amend the Employee Retirement Income Security Act of 1974 to require the Secretary of Labor to undertake various outreach activities to promote retirement income savings. The bill also would require the President to convene a National Summit on Retirement Income Savings by June 1, 1998, with additional summits in 2001 and 2005. The bill would author-

ize appropriations of \$1 million beginning in fiscal year 1998 for these purposes, and would require the Secretary to ensure—to the extent practicable—that one-half of the costs of the summit would be paid for with private donations.

This bill contains no private-sector or intergovernmental mandates as defined in the Unfunded Mandates Reform Act of 1995 (UMRA), and would impose no costs on state, local, or tribal governments.

Estimated cost to the Federal Government: Enacting H.R. 1377 would result in increased revenues, as well as direct and discretionary spending increases from the Pension and Welfare Benefits Administration (PWBA) in the Department of Labor. The estimated budgetary impact of H.R. 1377 is shown in the table on the following page.

[By fiscal year, in millions of dollars]

	1997	1998	1999	2000	2001	2002
SPENDING SUBJECT TO APPROPRIATION						
Spending under current law:						
Budget authority	77	80	82	85	88	91
Estimated outlays	74	79	81	84	87	90
Proposed changes:						
Authorization level		1	1	1	1	1
Estimated outlays		1	1	1	1	1
Spending under H.R. 1377:						
Authorization level	77	81	83	86	89	92
Estimated outlays	74	80	82	85	88	91
DIRECT SPENDING AND REVENUES						
Direct spending:						
Estimated budget authority		1			1	
Estimated outlays		1			1	
Revenues:						
Estimated revenues		1			1	

¹The 1997 level is the amount appropriated for that year.

The costs of this legislation fall within budget function 600 (General retirement and disability insurance).

Basis of estimate: Spending subject to appropriations—H.R. 1377 would require the Secretary to maintain an ongoing program of outreach to the public, including the establishment of an Internet site, to promote retirement savings. The site would contain a means for individuals to calculate their retirement needs, a description of the types of retirement income savings arrangements available, materials explaining to employers how to establish and maintain different retirement savings arrangements for their workers, as well as other materials developed by federal agencies to promote retirement income savings. The Internet site would also contain links to other sites that would provide additional detail on retirement income savings arrangements and related topics. The bill also would require the President to convene a National Summit on Retirement Savings not later than June 1, 1998, with additional summits to follow in 2001 and 2005.

The bill would authorize appropriations of \$1 million in fiscal year 1998, and such sums as may be necessary in subsequent fiscal years, for the purposes outlined in the bill. Assuming that these funds would be spent according to the historical spending patterns of the PWBA, CBO estimates that enacting H.R. 1377 would in-

crease spending subject to appropriations by \$1 million in fiscal year 1998 and \$5 million over the 1998–2002 period.

Revenues and direct spending—The bill also would require the Secretary to ensure, to the extent practicable, that at least one-half of the funds available for the National Summit on Retirement Savings consist of private contributions. Accordingly, CBO estimates that at least \$500,000 in private donations would be available to be spent on Summit expenses. Therefore, enactment of H.R. 1377 would increase revenues by about \$500,000 in fiscal year 1998, and these funds in turn would be spent. These outlays would be classified as direct spending.

Pay-as-you-go considerations: Enactment of H.R. 1377 would require the Secretary of Labor to ensure that at least one-half of the funds available for the National Summit on Retirement Savings would come from private donations. Because this bill would increase revenues as well as direct spending, pay-as-you-go procedures would apply. However, the direct spending and revenues would offset one another, with no resulting net pay-as-you-go impact.

Intergovernmental and private sector impact: H.R. 1377 contains no intergovernmental or private sector mandates as defined in the Unfunded Mandates Reform Act of 1995 (UMRA), and would impose no costs on state, local, or tribal governments. In order to conduct conferences in conjunction with the National Summit, state agencies would be eligible to receive a portion of the funds authorized to be appropriated by this bill.

Estimate prepared by: Federal cost, Christina Hawley Sadoti; impact on State, local and tribal governments, John Patterson; impact on the private sector, Ralph Smith.

Estimate approved by: Paul N. Van de Water, Assistant Director for Budget Analysis.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (new matter is printed in italic, and existing law in which no change is proposed is shown in roman):

EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974

* * * * *

TABLE OF CONTENTS

Sec. 1. Short title and table of contents.

* * * * *

TITLE I—PROTECTION OF EMPLOYEE BENEFIT RIGHTS

* * * * *

Subtitle B—Regulatory Provisions

* * * * *

PART 5—ADMINISTRATION AND ENFORCEMENT

Sec. 501. Criminal penalties.

* * * * *

Sec. 515. *Delinquent contributions.*
 Sec. 516. *Outreach to promote retirement income savings.*
 Sec. 517. *National Summit on Retirement Savings.*

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TITLE I—PROTECTION OF EMPLOYEE BENEFIT RIGHTS

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SUBTITLE B—REGULATORY PROVISIONS

* * * * *

PART 5—ADMINISTRATION AND ENFORCEMENT

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OUTREACH TO PROMOTE RETIREMENT INCOME SAVINGS

SEC. 516. (a) *IN GENERAL.*—*The Secretary shall maintain an ongoing program of outreach to the public designed to effectively promote retirement income savings by the public.*

(b) *METHODS.*—*The Secretary shall carry out the requirements of subsection (a) by means which shall ensure effective communication to the public, including publication of public service announcements, public meetings, creation of educational materials, and establishment of a site on the Internet.*

(c) *INFORMATION TO BE DISSEMINATED.*—*The information to be disseminated by the Secretary as part of the program of outreach required under subsection (a) shall include the following:*

(1) *a description of the vehicles currently available to individuals and employers for creating and maintaining retirement income savings, specifically including information explaining to employers, in simple terms, how to establish each of the different retirement savings vehicles for their workers, and*

(2) *information regarding matters relevant to establishing retirement income savings, such as—*

- (A) *the forms of retirement income savings,*
- (B) *the concept of compound interest,*
- (C) *the importance of commencing savings early in life,*
- (D) *savings principles,*
- (E) *the importance of prudence and diversification in investing,*
- (F) *the importance of the timing of investments, and*
- (G) *the impact on retirement savings of life's uncertainties, such as living beyond one's life expectancy.*

(d) *ESTABLISHMENT OF SITE ON THE INTERNET.*—*The Secretary shall establish a permanent site on the Internet concerning retirement income savings. The site shall contain at least the following information:*

(1) *a means for individuals to calculate their estimated retirement savings needs, based on their retirement income goal as a percentage of their preretirement income;*

(2) *a description in simple terms of the common types of retirement income savings arrangements available to both individuals and employers (specifically including small employers), including information on the amount of money that can be*

placed into a given vehicle, the tax treatment of the money, the amount of accumulation possible through different typical investment options and interest rate projections, and a directory of resources of more descriptive information;

(3) materials explaining to employers in simple terms how to establish and maintain different retirement savings arrangements for their workers and what the basic legal requirements are under this Act and the Internal Revenue Code of 1986;

(4) copies of all educational materials developed by the Department of Labor, and by other Federal agencies in consultation with such Department, to promote retirement income savings by workers and employers; and

(5) links to other sites maintained on the Internet by governmental agencies and nonprofit organizations that provide additional detail on retirement income savings arrangements and related topics on savings or investing.

(e) COORDINATION.—The Secretary shall coordinate the outreach program under this section with similar efforts undertaken by other public and private entities.

NATIONAL SUMMIT ON RETIREMENT SAVINGS

SEC. 517. (a) AUTHORITY TO CALL SUMMIT.—Not later than June 1, 1998, the President shall convene a National Summit on Retirement Income Savings at the White House, to be co-hosted by the President and the Speaker and the Minority Leader of the House of Representatives and the Majority Leader and Minority Leader of the Senate. Such a National Summit shall be convened thereafter in 2001 and 2005 on or after September 1 of each year involved. Such a National Summit shall—

(1) advance the public's knowledge and understanding of retirement savings and its critical importance to the future well-being of American workers and their families;

(2) facilitate the development of a broad-based, public education program to encourage and enhance individual commitment to a personal retirement savings strategy;

(3) develop recommendations for additional research, reforms in public policy, and actions in the field of retirement income savings; and

(4) disseminate the report of, and information obtained by, the National Summit and exhibit materials and works of the National Summit.

(b) PLANNING AND DIRECTION.—The National Summit shall be planned and conducted under the direction of the Secretary, in consultation with, and with the assistance of, the heads of such other Federal departments and agencies as the President may designate. Such assistance may include the assignment of personnel. The Secretary shall, in planning and conducting the National Summit, consult with the congressional leaders specified in subsection (e)(2). The Secretary shall also, in carrying out the Secretary's duties under this subsection, consult and coordinate with at least one organization made up of private sector businesses and associations partnered with Government entities to promote long-term financial security in retirement through savings (including for 1998, and thereafter as

the Secretary may deem appropriate, the American Savings Education Council).

(c) *PURPOSE OF NATIONAL SUMMIT.*—The purpose of the National Summit shall be—

(1) to increase the public awareness of the value of personal savings for retirement;

(2) to advance the public's knowledge and understanding of retirement savings and its critical importance to the future well-being of American workers and their families;

(3) to facilitate the development of a broad-based, public education program to encourage and enhance individual commitment to a personal retirement savings strategy;

(4) to identify the problems which hinder workers from setting aside adequate savings for retirement;

(5) to identify the barriers which impede employers, especially small employers, from assisting workers in accumulating retirement savings;

(6) to examine the impact and effectiveness of individual employers to promote personal savings for retirement among their workers and to promote participation in company savings options;

(7) to examine the impact and effectiveness of government programs at the Federal, State, and local levels to promote retirement income savings;

(8) to develop such specific and comprehensive recommendations for the legislative and executive branches of the Government and for private sector action as may be appropriate for promoting retirement income savings among American workers; and

(9) to develop recommendations for the coordination of Federal, State, and local policies among the Federal, State, and local levels of government and for the coordination of such policies (including any solutions for Federal, State, and local needs devised at the Federal, State, and local levels) with the efforts of the private sector to meet such needs, and to identify the appropriate authority and entities to implement such recommendations.

(d) *SCOPE OF NATIONAL SUMMIT.*—The scope of the National Summit shall consist of issues relating to individual and employer-based retirement savings and shall not include issues relating to the old-age, survivors, and disability insurance program under title II of the Social Security Act.

(e) *NATIONAL SUMMIT PARTICIPANTS.*—

(1) *IN GENERAL.*—To carry out the purposes of the National Summit, the National Summit shall bring together—

(A) professionals and other individuals working in the fields of employee benefits and retirement savings;

(B) Members of Congress and officials in the executive branch;

(C) representatives of State and local governments;

(D) representatives of private sector institutions, including individual employers, concerned about promoting the issue of retirement savings and facilitating savings among American workers; and

(E) representatives of the general public.

(2) *STATUTORILY REQUIRED PARTICIPATION.*—The participants in the National Summit shall include the following individuals or their designees:

(A) the Speaker and the Minority Leader of the House of Representatives;

(B) the Majority Leader and the Minority Leader of the Senate;

(C) the Chairman and ranking Member of the Committee on Education and the Workforce of the House of Representatives;

(D) the Chairman and ranking Member of the Committee on Labor and Human Resources of the Senate;

(E) the Chairman and ranking Member of the Special Committee on Aging of the Senate; and

(F) the parties referred to in subsection (b).

(3) *ADDITIONAL PARTICIPANTS.*—There shall be not more than 400 additional participants. Of such additional participants—

(A) one-fourth shall be appointed by the Speaker of the House of Representatives;

(B) one-fourth shall be appointed by the Minority Leader of the House of Representatives;

(C) one-fourth shall be appointed by the Majority Leader of the Senate; and

(D) one-fourth shall be appointed by the Minority Leader of the Senate.

Such remaining participants shall be selected without regard to political affiliation or past partisan activity and shall be representative of the diversity of thought in the fields of employee benefits and retirement income savings.

(4) *PRESIDING OFFICERS.*—The National Summit shall be presided over equally by representatives of the executive and legislative branches.

(f) *NATIONAL SUMMIT ADMINISTRATION.*—

(1) *ADMINISTRATION.*—In administering this section, the Secretary shall—

(A) request the cooperation and assistance of such other Federal departments and agencies and other parties referred to in subsection (b) as may be appropriate in the carrying out of this section;

(B) furnish all reasonable assistance, including financial assistance, to State agencies, area agencies, and other appropriate organizations to enable them to organize and conduct conferences in conjunction with the National Summit;

(C) make available for public comment a proposed agenda for the National Summit that reflects to the greatest extent possible the purposes for the National Summit set out in this section;

(D) prepare and make available background materials for the use of participants in the National Summit that the Secretary considers necessary; and

(E) appoint and fix the pay of such additional personnel as may be necessary to carry out the provisions of this section without regard to provisions of title 5, United States

Code, governing appointments in the competitive service, and without regard to chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

(2) *DUTIES.*—*The Secretary shall, in carrying out the responsibilities and functions of the Secretary under this section, and as part of the National Summit, ensure that—*

(A) *the National Summit shall be conducted in a manner that ensures broad participation of Federal, State, and local agencies and private organizations, professionals, and others involved in retirement income savings and provides a strong basis for assistance to be provided under paragraph (1)(B);*

(B) *the agenda prepared under paragraph (1)(C) for the National Summit is published in the Federal Register; and*

(C) *the personnel appointed under paragraph (1)(E) shall be fairly balanced in terms of points of views represented and shall be appointed without regard to political affiliation or previous partisan activities.*

(g) *REPORT.*—*The Secretary shall prepare a report describing the activities of the National Summit and shall submit the report to the President, the Speaker and Minority Leader of the House of Representatives, the Majority and Minority Leaders of the Senate, and the chief executive officers of the States not later than 90 days after the date on which the National Summit is adjourned.*

(h) *DEFINITION.*—*For purposes of this section, the term “State” means a State, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, the Virgin Islands, American Samoa, and any other territory or possession of the United States.*

(i) *AUTHORIZATION OF APPROPRIATIONS.*—

(1) *IN GENERAL.*—*There is authorized to be appropriated for fiscal years beginning on or after October 1, 1997, such sums as are necessary to carry out this section.*

(2) *RELIANCE ON PRIVATE CONTRIBUTIONS.*—*The Secretary may accept private contributions, in the form of money, supplies, or services, to defray the costs of the National Summit. The Secretary shall ensure, to the extent practicable, that at least one-half of the funds available to the Secretary for each fiscal year to carry out the provisions of this section consist of such private contributions.*

(j) *CONTRACTS.*—*The Secretary may enter into contracts to carry out the Secretary’s responsibilities under this section, but only to the extent, or in such amounts, as are provided in advance in appropriations Acts.*

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ADDITIONAL VIEWS OF THE HONORABLE DONALD M.
PAYNE

We are pleased to join in this effort to bring attention to a very important issue concerning the long-term security of working families. Unfortunately, the retirement clock is running out for millions of American workers and their families. Today's debate about Social Security is fueled by the fact that millions of people will not have any significant retirement income beyond Social Security. This consideration makes the Federal program even more critical, especially at a time when its fiscal future is under tremendous scrutiny.

The Savings Are Vital to Everyone's Retirement (SAVER) Act will provide a big first step toward creating greater awareness among Americans of the need to evaluate their pension plans and to prepare for retirement. After a lifetime of hard work, and contributing to and building our society, millions of older Americans have retired inadequately prepared for their retirement years. They find themselves unable to pay their bills and maintain a secure retirement.

The Democratic Members of the Committee have always strongly advocated retirement security for workers. Although H.R. 1377 is a laudable step in the right direction, we need to do more.

While we have worked closely with the Clinton Administration to make gains in strengthening protections for pension plan participants over the last 4 years, we still have miles to go in assuring retirement security. Half of all older Americans have incomes of less than \$11,300. Their incomes are drawn primarily from Social Security, which on average pays \$8,460 to retired workers, an amount that represents less than today's minimum wage! Very little of their income comes from individual savings.

This statistical snapshot paints a very disturbing picture. There is a direct correlation between pension adequacy and the wages that workers receive. Many employers based their pension benefits on workers' wages. Defined contribution plans, including 401(k) plans and defined benefit plans, are calculated based on the earnings of workers. A very alarming image has emerged concerning the retirement security of low wage workers.

Women and minorities are disproportionately represented among low wage workers. Many of them will never receive a pension. Less than half of all working women are covered by a pension. Those who are fortunate enough to be covered by a pension benefit plan can expect to receive lower benefits in retirement because their wages were lower while they were working. We need to do a much better job in alerting these workers to the peril of inadequate retirement planning. However, that kind of education alone is not enough.

Some 12 million women work for small firms that do not offer pension plans. It is not surprising then that only 39% of women are covered by a pension plan. The U.S. Department of Labor recently reported that the median annuity benefits received by women were at 50 percent of the level received by men.

A recent study conducted by Professor Yung-Ping Chen, of the University of Massachusetts—Boston, noted an alarming trend in private pension coverage among African Americans and Latinos. His study suggests that a disproportionate number of minority workers will become strictly dependent on Social Security. Furthermore, he reports that these workers will have a shrinking chance to enjoy a financially comfortable retirement.

The percentage of blacks covered by private pensions of all types plummeted from 45.1% in 1979 to 33.8% in 1993, while coverage for Latinos fell from 37.7% to 24.6% during the same period. Equally as disturbing, the Chen study found that pension protection may actually be diminishing for minorities.

We hope that the SAVER Act will successfully reach these workers. But, with the baby boom generation on the eve of retirement, this Committee has to take additional steps toward enhancing the security of pension plans for the next generation of retirees. The provisions in the SAVER Act will open up opportunities to better educate and prepare America for the retirement of the baby boom generation.

Finally, we hope that the Republican Majority will commit to working with us to improve the quality of pension plan audits. We think this is the next big step that the Congress needs to take to assure retirement income security for all Americans.

DONALD M. PAYNE.
 LYNN WOOLSEY.
 CHAKA FATTAH.
 HAROLD FORD, JR.
 GEORGE MILLER.
 DALE E. KILDEE.
 MAJOR R. OWENS.
 RUBIN HINOJOSA.
 CAROLYN MCCARTHY.
 BOBBY SCOTT.
 WILLIAM L. CLAY.
 LORETTA SANCHEZ.

