

TRIBUTE TO LEON WINSTON AND
RAY DEFRESS

HON. THOMAS M. DAVIS

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Friday, February 24, 1995

Mr. DAVIS, Mr. Speaker, I rise today to pay tribute to the winners of this year's Fairfax County Don Smith Employees Advisory Council [EAC] Award. The winners are Leon Winston and Ray DeFress. These two men are being honored for consistently going the extra mile for those around them. These two fine men will be honored on Monday, February 27, 1995, at ceremonies at the Fairfax County Government Center.

The Don Smith Award was established by the Fairfax County EAC in 1991 to honor Donald D. Smith, who retired in 1990 after devoting 16 years to the EAC. The award honors employees who have contributed to the well-being of their fellow employees. Recipients receive \$1,000 and a plaque.

Ray DeFress, an employee in the real estate assessments office, is being honored for his timeless generosity. Employees know that they can turn to Ray DeFress for a lift or help with a move. He can be found on his lunch hour taking someone to the service station or fixing their car. He is always available to help employees moving from one place or another. He has also raised money for people in need and spent hundreds of dollars of his own money to help people in their darkest hour. He has been a county employee for 26 years, with an exemplary record.

Leon Winston, a custodian at Navy Elementary School in Fairfax, is being commended for his commitment, leadership, hard work, and contribution to a positive work environment, and concern for others. When another custodian became ill, Winston offered to share work hours. He is a favorite with the students at the school, who not only see him as a supervisor but, a friend. He is a man who can always be trusted to always have the school open, even during the strongest snow storms, and clean for the public.

Mr. Speaker, I know my colleagues join me in acknowledging and honoring these two fine men who exemplify all that is right with local government employees not only in Fairfax, but across the Nation. Their honor, voted by their peers, is one for which we can all be proud.

THE SAVINGS AND INVESTMENT
LIBERATION BILLS

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Friday, February 24, 1995

Mr. CRANE. Mr. Speaker, today I introduce a package of three bills designed to give Americans the freedom to invest and save, without interference from the IRS. Our current tax code acts as an obstacle for individuals to do what they have been counseled to do by their parents for generations—save and invest.

A study by the Tax Foundation revealed that effective tax rates on income from savings and investment are substantially higher than the effective tax rates on income from wages. As a result, the tax burden falls heaviest on those who earn a greater portion of their income

from savings and investments—namely entrepreneurs and senior citizens. As a consequence, these high tax rates actually discourage Americans from saving and investing.

Again according to the Tax Foundation, the current estate laws have similar negative effects in the market. Amazingly, the current Federal estate taxes have the same punishing effect on Americans as doubling income tax rates.

As a member of the Ways and Means Committee, I am attempting to put some rationality back in the tax code, and as part of the effort to achieve fundamental reform of the code, I am introducing a package of three bills to do the following:

1. Eliminate dividend and interest taxes on individuals;
2. Repeal estate and gift taxes and the tax on generation-skipping transfers; and
3. Repeal the capital gains tax on individuals.

It is high time we stopped punishing those who save and invest. A typical taxpayer who chooses to save is taxed several times on the same dollar of earned income under the present system. As a result, savings and investment rates in the United States are among the lowest of the world's major industrial powers. Under this legislative package, taxpayers will finally be set free from these redundant taxes.

I encourage my colleagues to support these bills for the benefit of their constituents.

THE PENSION REFORM ACT OF 1995

HON. BARBARA B. KENNELLY

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Friday, February 24, 1995

Mrs. KENNELLY. Mr. Speaker, I rise today to introduce the Pension Reform Act of 1995.

There can be no doubt that the status of women in America has changed dramatically in this century with these changes having profound implications for the long-term economic security of women. Whereas, heretofore extended families cared for the aged, both male and female; women today are increasingly likely to be alone as they age due to the disappearance of the extended family, mortality rates, and the increased incidence of divorce and single parenthood. And when one considers the average woman earns 68 cents for every dollar earned by the average man, it is easy to understand why the poverty rate is so much higher among older women than older men, 15 percent versus 9 percent. Even more striking is that the median income of women aged 65 and older is \$6,425, 56 percent lower than the median income of older men—\$11,544.

The Retirement Equity Act of 1984 made an important start. It improves the chance of widows actually receiving a pension by offering survivors protection to employees as soon as they become vested and requiring a wife's notarized signature before her husband can sign away her right to receive a survivor's benefit. The law also makes it easier for a divorced wife to get a share of a court-awarded pension directly from a former spouse's pension plan; lowers the age at which plans begin counting service for vesting credit, and extends the amount of time women can take off for child-rearing without losing credit for prior service.

But the Retirement Equity Act didn't go far enough. Women divorced before its passage have no pension rights. That means that a 56-year-old woman divorced in 1980 is now 65 and has no pension rights. That means we could have a whole new class of poor elderly women. The Pension Reform Act of 1995 would allow pensions not divided at the time of divorce, to be divided now, pursuant to a court order thereby effectively making the Retirement Equity Act retroactive. The Pension Reform Act of 1995 would also require the division of pension assets prospectively unless a domestic relations order provides otherwise.

The Tax Reform Act of 1986 continued the trend of enhanced retirement security for women. It reduced the vesting period, the period of service which must be completed before an employee has a nonforfeitable right to a pension, to 5 years for single employer pensions. This means that employees must be 100 percent vested after 5 years of service or, using an alternative vesting schedule, 20 percent vested after 3 years and 20 percent for each year thereafter. In general, therefore, employees who have been covered by an eligible pension plan for 5 years and work at least 1 hour after January 1, 1989 are automatically vested. This change is particularly important for women as it is estimated that approximately 1.9 million additional workers are now entitled to pensions. Multiemployer pension plans however, are not covered by these new vesting rules. The Pension Reform Act of 1995, would extend the 5 year vesting period to these types of plans as well. This provision was contained in H.R. 4210 and H.R. 11 in the 102d Congress—both were vetoed by the President. It was also contained in H.R. 3419, which was passed by the House of Representatives, but ultimately never reached the President's desk for signature. It is my hope that we can at least enact this provision this year.

Faster vesting also leads the way to greater portability; the ability to carry one's credit for service in an employer-sponsored pension plan from job to job. This is of particular importance to women as they are much more likely to change jobs and interrupt their participation in the work force at one or more times in their lives.

The Tax Reform Act of 1986 also limited integration, a little known, but potentially devastating, mechanism whereby employers may reduce pension benefits by the amount of Social Security to which an employee is entitled. Although originally intended to offset the employer contribution to Social Security, integration has often had the effect of eliminating an employee's entire private pension. In 1986, after much struggle, it was determined that Social Security benefits do not adequately replace the preretirement earnings of low- and middle-income workers. Today, therefore, the law limits integration and assures that all eligible employees receive some minimum level of benefits. However, this protection only applies to benefits earned in plan years beginning after December 31, 1988. The Pension Reform Act of 1995 would extend this protection to all benefits earned since January 1, 1987 and eliminate integration entirely by January 1, 2000.

Under current law of the Railroad Retirement Act a divorced spouse may receive a divorced spouse annuity at age 62 if the employee has attained age 62 and is receiving an annuity. The Pension Reform Act of 1995 would amend the Railroad Retirement Act by