

thirty-seven years of dedicated service to Ironworkers Local #395 in Hammond, Indiana. James will be honored for his strong commitment to the Ironworkers at a retirement party to be held on Saturday, April 20, 2002 at the St. Elijah Serbian-American Hall in Merrillville, Indiana. His leadership and desire for excellence in all of his activities have made James a popular figure among his fellow members, and his departure will be felt throughout the organization.

Throughout its seventy-eight year history, the devoted members of Ironworkers Local #395 have displayed the commitment and work ethic that we in Northwest Indiana value so highly. I can remember as a child hearing my father, an Ironworker himself, tell us the stories of his friends and their experiences together in the workplace. Ironworkers are a loyal, hard-working, dedicated group of individuals who strive to produce the highest quality product that is possible. James "Butch" Belvins has exemplified these characteristics for thirty-seven years at Local #395.

During his thirty-seven years as a member of Ironworkers Local #395, James served as an elected officer for twenty-one years. He currently holds the title of Business Agent, and also serves as the Trustee to the Health and Welfare Plan, as well as the Trustee to the Northwestern Indiana Building Trades. His active role in these positions has been a tremendous asset to his fellow union members as well as to the entire Northwest Indiana community. James also served as a Hammond Precinct Committeeman and as President of the Hammond Economic Development Committee. His personal commitment and dedication to the citizens of Indiana's First Congressional district has been outstanding.

Although he has been a devoted worker and union member, James has always put his family first. He, along with his wife, Sally, takes great pride in raising their three children, Jim, Chad, and Eric. James' retirement will allow him to spend even more time with his loved family, something he eagerly awaits.

Mr. Speaker, I ask that you and my other distinguished colleagues join me in congratulating Mr. James "Butch" Blevins on his retirement after thirty-seven years of faithful and diligent service to Ironworkers Local #395 in Hammond, Indiana. James has been a valuable member to his union as well as to his community, and his service to Northwest Indiana will be greatly missed. I wish him the best of luck in his future endeavors, and I hope that he enjoys his retirement for many years to come.

IN RECOGNITION OF GERARD
LANGLAIS

HON. ELIOT L. ENGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 16, 2002

Mr. ENGEL. Mr. Speaker, Social Security benefits have become, since their inception, a mainstay of America's elderly. The men and women who work in the Social Security Administration are responsible for seeing that our elderly and dependents get the benefits they have earned through a lifetime of work.

One such man is Gerard Langlais, the Manager of the East Bronx District Office, who is

now retiring so he can collect his Social Security benefits. And he has earned them. He joined the Social Security Administration in 1961 as a claim representative in Poughkeepsie. Three years later he was promoted to Field Representative and four years later promoted again to Operations Supervisor at the Flatbush District Office. In 1970 he became an Assistant District Manager, also in Brooklyn. Three years later he was promoted to his present position, where he has served honorably and well for the past 29 years.

Mr. Langlais was born in Maine, graduated from Siena College, and served as a Seabee in the U.S. Navy for two years where he operated and designed construction equipment. He and his wife Toni live in Yonkers.

Mr. Langlais has served the people of America in their government for 41 years. It is people like him who make our society work. I congratulate him and thank him for the diligence and dedication he has done, work that has made the lives of so many of our citizens better.

PENSION SECURITY ACT OF 2002

SPEECH OF

HON. MARGE ROUKEMA

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 11, 2002

Mrs. ROUKEMA. Mr. Speaker, I am deeply concerned about Enron employees and retirees who invested a substantial portion of their retirement assets in Enron stock and are now facing financial uncertainty. I would like to commend Chairman BOEHNER for working expeditiously to produce a package of reforms that will help protect the retirement savings of millions of American workers.

By virtue of my service on two key Committees—the Committee on Education and Workforce and the Committee on Financial Services—I wear more than one hat when it comes to Enron. As you know, the Financial Services Committee is working to determine how the regulatory system failed in the Enron case and how reforms could correct these shortcomings. Our focus today is retirement security. The issues raised by the Enron bankruptcy have serious implications for millions of Americans who depend on their employers' pension plans for their retirement. Our actions today will help to protect nearly 50 percent of American households.

I represent a section of the country that has become known as a bedroom community for thousands of men and women who work every day in one of the most important financial districts on the planet. The confidence of these professionals has been shaken over the past few months. They come to doubt some of the very institutions they previously had come to rely on. It is obvious that these concerns are echoed throughout the country.

Since the enactment of ERISA in 1974, almost half of American households have joined the "shareholder society" by investing in the stock market, many through their employer-provided defined contribution plans. Today, 42 million workers hold 401(k) accounts amounting to \$2.0 trillion in retirement assets. Private pension plans—including 401(k)s—are crucial to retirement security for millions of Americans. These workers need to have full confidence in the security of their pension plans.

We have spent considerable time over the years promoting expanded pension coverage and portability. But we have also tried to ensure that American workers' pensions and retirement savings are protected. I have always argued that there are three necessary components of a successful retirement system: (1) accessibility; (2) security; and (3) information.

These are exactly the issues that we are facing today. We need to provide our workers easier access to pensions so that they have the ability to save for retirement. We must ensure that retirement savings are secure. And we must ensure that workers have the information they need to make wise choices to fully achieve their retirement goals.

The bill before us today addresses all of these important points. The Pension Security Act of 2002 will: (1) provide workers greater freedom to diversify and manage their own retirement funds; (2) give workers quarterly information about their investments and rights to diversify them; (3) expand workers' access to investment advice; and (4) ensure that senior corporate executives are held to the same restrictions as average American workers during "blackout periods."

In spite of the flaws exposed by the Enron debacle, we must be careful not to dissuade employers from providing such plans to their workers. Even while we make reforms to protect retirement savings, we must continue to encourage employers to make generous contributions to workers' 401(k) plans.

Workers must also be free to choose how to invest their retirement savings. It is not our role to tell employees how to manage their pension plans. However we can ensure that employees have the ability to sell company stock and diversify into other investment options. And we can also guarantee employees access to information and advice regarding their pensions and investments. We have already recognized the importance of equipping workers with the knowledge to make wise decisions for their future, but we must now make this proposal a reality.

I am pleased that this bill contains important provisions to work toward ensuring fiduciary responsibility. Specifically, at Committee markup I offered two amendments which are contained in the bill before us today.

EDUCATIONAL RESOURCES FOR PLAN FIDUCIARIES

The first provision requires the Secretary of Labor to ensure that information and educational resources are made available to persons serving as fiduciaries under employee benefit plans in order to assist them in diligently and effectively carrying out their fiduciary duties.

There has been a lot of talk on Capitol Hill about the rigorous fiduciary duties under ERISA. Many argue that ERISA subjects fiduciaries to what is considered the highest fiduciary obligation in the law, namely an express trust.

ERISA requires that fiduciaries have a duty of loyalty, prudence, diversification, and that they act in accordance with plan documents. Plan fiduciaries are required to discharge their duties "solely in the interest of participants and beneficiaries" and for the "exclusive purpose" of providing benefits and defraying reasonable expenses of administering the plan."

The law requires that the "assets of a plan shall never inure to the benefit of any employer." It requires that fiduciaries act with the

care, skill, prudence, and diligence that a prudent person familiar with such matters would use in similar circumstances.

The responsibilities of fiduciaries are very clear in ERISA. I know these rules exist and the ERISA lawyers know it too—The problem is that oftentimes the actual fiduciaries are not aware of or do not understand these strict rules governing their behavior.

What the Enron debacle has brought to light is that this carefully crafted law of fiduciary responsibility is not always followed with the due diligence that is expected. Many people who are charged with operating employee benefit plans do not understand what their fiduciary roles require. Even worse, many do not understand the consequences for violating their fiduciary obligations.

This was a problem at a large company like Enron, as we learned from the testimony of one Enron fiduciary, Cindy Olson. We can be assured that the fiduciaries for other companies are likewise not adequately informed about their responsibilities in managing a pension plan.

Dr. Norman Stein testified in front of the Education and Workforce Committee that during a pension-counseling clinic at the University of Alabama, a personnel manager "indicated that she did not know what a fiduciary was, did not know what rules governed a fiduciary behavior, and did not, of course, realize that she herself was a fiduciary."

This is what is happening in the real world. How can we, in good conscience, tell American workers to entrust their retirement security to fiduciaries who do not understand the rules that govern their behavior? How can we ensure that fiduciaries are acting in the sole interest of participants and beneficiaries if they don't even know this requirement exists?

I believe that this provision is a modest first step in addressing this lack of knowledge. The Secretary is directed "to establish a program under which information and educational resources are made available on an ongoing basis to persons serving as fiduciaries under employee benefit plans so as to assist them in diligently and effectively carrying out their fiduciary duties."

This provision is just common sense. It addresses an issue that most of us thought was a given in the implementation of ERISA. The Enron case has demonstrated that we were incorrect in making that assumption. The Department of Labor must ensure that fiduciaries understand their responsibilities under the law. Information dissemination is a necessary first step in preventing breaches of fiduciary duties.

I am pleased that my amendment was accepted unanimously by the Committee and thank the Chairman for ensuring that it is contained in the bill that we are voting on today.

INDEPENDENT ADVISORS FOR FIDUCIARIES

The second amendment that was unanimously accepted by the Committee and is included here requires a study of the implications of requiring an independent advisor to provide investment guidance to fiduciaries regarding the management or disposition of plan assets.

I am very concerned about the inherent problems of conflict of interest when a firm must both manage a pension plan and maximize profit. This conflict of interest is particularly acute when the employer has exclusive control over retirement plans.

As we learned all too well from our hearings on the Enron crisis, this conflict of interest is

real and can be detrimental to plan participants. Outside experts would be able to give independent advice to the plan fiduciaries because they are not beholden to the employer.

It makes sense that competent professional advisors should assist with retirement plan investment management. Employers' strict fiduciary responsibilities should necessitate consultation with competent investment managers. Some employers do this. However, as we saw with Enron, others do not. In fact, in the case of Enron, the Department of Labor has taken steps to replace Enron's fiduciaries with independent experts. Every day we talk about the lessons we have learned from the Enron fiasco. This sounds like a lesson to me. How can we correct the situation of Enron and ignore the case of all other workers? Must we wait for other companies to reach the disaster point of Enron before we ensure that independent advisors assist with plan management? Every plan should have the benefit of an independent advisor to assist with plan management. If it makes sense for Enron after-the-fact, it makes sense for all businesses before there is a problem! What we saw in Enron is that when the interest of the plan participants was pitted against company interests, the participants lost.

As such, we should seriously study the implications of requiring employers to hire an independent advisor to assist in the management of plan assets. Rather than requiring that a new trustee board be created or requiring that the independent advisor serve as a plan manager, I believe we should investigate the implications of requiring that plan managers seek advice and guidance from an independent source regarding the management or disposition of plan assets. This is a common sense approach.

I do understand that some employers may be concerned about the implications of such a proposal. This bill requires a study of the issue so we can better understand the specific impact on retirement savings of requiring fiduciary consultants for individual account plans. Specifically, the study would assess:

(1) The benefits to plan participants and beneficiaries of engaging independent fiduciary advisers to provide investment advice regarding the assets of the plan to persons who have fiduciary duties.

(2) The extent to which independent advisers are currently retained by plan fiduciaries.

(3) The availability of assistance to fiduciaries from appropriate Federal agencies.

(4) The availability of qualified independent fiduciary consultants to serve the needs of accounts in individual account plans in the United States.

(5) The impact of the additional fiduciary duty of an independent advisor on the strict fiduciary obligations of plan fiduciaries.

(6) The impact of consulting fees, additional reporting requirements, and new plan duties to prudently identify and contract with qualified independent fiduciary consultants on the availability of individual account plans.

(7) The impact of a new requirement on the plan administration costs per participant for small and mid-size employers and the pension plans they sponsor.

CONCLUSION

In sum, I am committed to strengthening the retirement security of workers and their families. I believe that this bill takes important steps to further protect plan participants and I urge my colleagues to support this legislation.

PENSION SECURITY ACT OF 2002

SPEECH OF

HON. RODNEY P. FRELINGHUYSEN

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, April 11, 2002

Mr. FRELINGHUYSEN. Mr. Speaker, today, I rise in strong support of H.R. 3762 the Pension Security Act of 2002. I believe the time to update Federal pension law is now! I also believe this legislation could have prevented the tragic financial consequences of the Enron collapse, which is why I strongly support H.R. 3762.

This legislation will help ensure the safety of the American workers' pension fund savings through the following ways:

First, this legislation holds businesses to a higher standard of accountability. Specifically, it clarifies that company pension officials who do not act in the best interests of pension beneficiaries, can be held liable for breaching their fiduciary duty; it requires that workers be given 30 days advance notice of any blackout period affecting their pensions; and it forbids employers to sell their stock during "black out" periods when employees are not permitted to sell their stock. Thus, this legislation ensures that the Ken Lay's of the world, do not get rich at the expense of the American workers' pension fund savings.

Second, this legislation empowers the American worker by protecting employees against future abuses by giving them more control over their investments. Specifically, the American worker is empowered with the right to diversify employer stock contributions and the option to sell company stock three years after receiving it.

Third, this legislation also empowers the American worker by increasing their access to quality investment advice and by providing them with more information about their pensions. Specifically, it encourages employers to make investment advice available to their employees; it allows workers to use a tax-free payroll deduction to purchase investment advice on their own; and it requires companies to give quarterly reports that include account information, as well as their rights to diversify.

Notably, the Democrat's alternative for pension reform does not address the current shortcomings in the pension system. Instead, the Democratic alternative increases mandates and regulations that will result in increased costs, which will ultimately discourage employers from offering retirement plans altogether.

Finally, this legislation will help restore confidence in America's pension fund system.

A generation of American workers have enjoyed a safe and secure retirement. By passing H.R. 3762 today, we will ensure future generations enjoy the same safe and secure retirement.

WE THE PEOPLE—THE CITIZEN
AND THE CONSTITUTION

HON. MICHAEL N. CASTLE

OF DELAWARE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, April 16, 2002

Mr. CASTLE. Mr. Speaker, it is with great pride that I rise today to congratulate the