

I am grateful for their foundational work on this issue.

PERSONAL EXPLANATION

**HON. MICHAEL K. SIMPSON**

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, October 25, 2000*

Mr. SIMPSON. Mr. Speaker, on rollcall No. 534, final passage of S. 2796, the Water Resources Development Act of 2000; I was inadvertently detained. Had I been present, I would have voted "yea."

INTRODUCTION OF THE RETIREMENT ENHANCEMENT ACT OF 2000

**HON. ROBERT E. ANDREWS**

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

*Wednesday, October 25, 2000*

Mr. ANDREWS. Mr. Speaker, today I introduce the Retirement Enhancement Act of 2000. The Retirement Enhancement Act of 2000 consist of two bills one amending the Employee Retirement Income Security Act (ERISA) and the other amending the Internal Revenue Code (IRC). These bills are the product of my work as the Ranking Member of the Subcommittee on Employer-Employee Relations, which earlier this year held a number of bipartisan hearings to consider updating ERISA. Throughout the hearings, the Subcommittee Chairman, Representative JOHN BOEHNER, and I, maintained a common agenda of seeking to strengthen a private pension system that is already very strong as a result of ERISA. We both recognized ERISA's achievement in moving from a system where insecure pensions were somewhat common, to a situation where insecure pensions are exceedingly rare. Witnesses were selected to testify at the hearing that could assist us in looking for ways the Congress could make the pension holdings of Americans expand and grow even more secure.

The subcommittee heard from representatives of pension participants, employers, and financial advisors. They presented us with a variety of proposals to improve the retirement security of American workers. Taking the best of these contributions, and coupling them with other pension provisions that I have either advocated or supported in the past, I drafted this comprehensive pension reform legislation.

Joining with me as cosponsors of the Retirement Enhancement Act of 2000 are numerous members of the Committee on Education and the Workforce, including Representatives CLAY, KILDEE, OWENS, PAYNE, MINK, WOOLSEY, ROMERO-BARCELO, FATTAH, TIERNEY, KIND, SANCHEZ, FORD, KUCINICH and HOLT. They share my belief that enactment of these bills will ensure that all workers and retirees receive their promised benefits.

Since the enactment of ERISA, the number of Americans who participate in a pension plan has grown from 38.4 million in 1975 to almost double that today. While this growth is

considerable, it still leaves about half the workforce without access to a pension plan through their employer. Both the General Accounting Office and Congressional Research Service have recently completed studies analyzing pension coverage in the United States. The studies found that about

These bills seek to eliminate the remaining weaknesses in ERISA and lay the groundwork to help those not covered by an employer pension. These bills seek to improve pension coverage and adequacy. Pension coverage for all workers is very important and we should all support the effort to achieve this goal. Under these bills, employers that sponsor plans would be required to offer pension coverage to all employees who meet current minimum eligibility requirements such as completion of one year of employment. These bills also improve coverage for part-time workers who represent one of the largest groups without pension coverage. As the workforce changes to include many temporary and contract workers, Congress must also help to improve pension coverage for this part of America's workforce. With the ever-changing workforce it is also important that we decrease the vesting period for workers in defined contribution plans. For workers who will have many employers during their working lives, we need to ensure that they will earn pension benefits that will benefit them in retirement.

The Retirement Enhancement Act seeks to expand pension availability to those workers without it. One of the innovative ways in which it would do so is to create a model small employer group pension plan into which small employers could buy in with minimal administrative responsibilities. The Departments of Labor and Treasury would work with associations or financial institutions to advertise these model plans so that employers would know that easy and accessible pension options exist.

The Retirement Enhancement Act of 2000 includes important pension protections for women. These bills establish a 75 percent joint and survivor annuity option that would provide surviving spouses greater benefits in retirement. It protects divorced spouses' pension rights and improves spousal information rights. These bills would also allow for time taken off from work under the Family and Medical Leave Act to count toward pension participation and vesting requirements.

The act improves ERISA's safeguards for the investment of pension plan monies. It creates an expedited prohibited transaction exemption approval process under which plans would be able to more easily and quickly provide participants with new investment products. It does so, however, without weakening participant protections. These bills also make clear that employers may offer access to investment advice to participants with limited liability provided such advice is by qualified advisors and they are subject to the fiduciary responsibility requirements. This will be extremely helpful to those workers in defined contribution pension plans who bear the primary responsibility for their pension plan investment decisions.

The Retirement Enhancement Act of 2000 improves access to pension information and strengthens enforcement mechanisms. It would require that plan participants regularly

receive statements apprising them of the status of their earned pension benefits. Pension plans would also have to provide more detailed financial information about their earnings and investments.

The bills create an alternate dispute resolution system to resolve benefit disputes. The Department of Labor, along with dispute resolution organizations, would develop an early neutral evaluation program. This would allow for participants to receive benefits in a timely manner instead of after years of litigation. The bills also strengthen ERISA's remedies to ensure that participants have meaningful access to court, and that the courts can remedy violations of the law.

Finally, the Retirement Enhancement Act of 2000 requires the timely distribution of defined contribution cash-out amounts, which would have to be made within 60 days of an employee's termination. It permits employees to work longer without being required to start pension receipt by delaying the minimum distribution of benefits from age 70½ to 75. Furthermore, for workers who are involuntarily terminated, it permits them to borrow against their pension earnings in order pay for health or job training expenses.

Mr. Speaker, it is now time for the Congress to build on what was started with the enactment of ERISA in 1974, and take additional steps to ensure retirement security for our workforce. Advances in medical technology, environmental protection, nutrition, and improved living standards give us reason to believe that Americans are going to live longer lives. Whether the quality of these lives, after retirement, is good or not, will depend upon the existence, nature, and security of each person's pension plan. Because employers are rapidly shifting to the use of employee-directed pension accounts, more and more workers will be making decisions that are critical to their future financial health. I believe that the Retirement Enhancement Act of 2000 will help make those decisions easier, and make the benefits of those decisions more secure. I look forward to working with my colleagues and the pension community to continue to improve these bills and advance their consideration during the next Congress.

Mr. Speaker, I submit the following summary and letters of support from AARP, AFL-CIO, the Pension Rights Center, and the Women's Institute for A Secure Retirement to be included in the RECORD.

SUMMARY OF THE RETIREMENT ENHANCEMENT ACT OF 2000 SPONSORED BY CONGRESSMAN ROBERT E. ANDREWS

EMPLOYEE RETIREMENT INCOME SECURITY ACT (ERISA) AMENDMENTS

TITLE I. IMPROVED PENSION VESTING AND PARTICIPATION:

(1) PENSION COVERAGE FOR ALL EMPLOYEES—Employers that sponsor plans would be required to offer pension coverage to all employees who meet minimum eligibility requirements in a single line of business (age 21 or older, one year of service).

(2) IMPROVE COVERAGE FOR PART-TIME WORKERS—Reduce from 1000 to 750 or more hours a year the minimum service requirement and provide pro-rata credit for part-time workers.