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CONTACT: Laura Burton Capps/ Melissa Wagoner
(202) 224-2633

**STATEMENT OF SENATOR EDWARD M. KENNEDY ON THE NOMINATION OF CHARLES
MILLARD TO BE DIRECTOR OF THE PBGC**

(As Prepared for Delivery)

Today we are considering the nomination of Charles Millard to be Director of the Pension Benefit Guaranty Corporation. Let me start by thanking Senator Mikulski for agreeing to help Chair this important hearing. She had a vital role in the passage of the Pension Protection Act last year, and has shown impressive leadership as Chair of our Retirement and Aging Subcommittee.

I'd also like to thank Senator Enzi for his continuing leadership and partnership on these issues, and to recognize Senator Burr as the new Ranking Member of the Subcommittee.

The Pension Benefit Guaranty Corporation has a main role in our retirement safety net. 44 million American workers and their families rely on it to insure their hard-earned pensions. This agency was established so that never again would employees who gave a lifetime of service to a company be left with nothing when their company pension plan failed. The agency's director is not only the chief steward of Americans' retirement, but also the leading advocate for defined benefit pensions.

This is a time of great change in our retirement system. Only 50 percent of American workers have any type of retirement plan through their job. In the last twenty-five years, the percent of workers with a secure, defined benefit pension has been cut in half, so that today only one in five workers is earning a traditional pension. As we know from the many pension failures in recent years, even these workers aren't secure.

In this climate of uncertainty, the PBGC is more important than ever. When pensions fail, workers and retirees are left unsure about their future. The agency is responsible for ensuring that retirees and workers know what has happened to their pensions and receive their payments in a timely manner. I look forward to hearing from Mr. Millard about how he intends to work to increase the agency's advocacy on workers' behalf.

The Pension Protection Act enacted last year created new rules to improve pension funding, thus lowering the risk to workers and the agency. It will be some years before the full effect of this legislation is known; in the meantime, the agency continues to face serious financial challenges.

It has a projected deficit of \$18.9 billion—a decrease from recent years, yet a stark difference from 2001 when it had a surplus. Retirees' benefits are in no immediate danger, but there is obviously cause for concern.

It's vital that the agency make its investments, in ways that are consistent with providing the maximum benefit to retirees. In recent years, the agency has changed its policies, shifting more toward investments in bonds. I understand that Mr. Millard is in the process of reviewing these decisions. I believe he should conduct his review with an eye toward best protecting the retirees under the agency's care.

Finally, the best strategy to protect workers' pensions is to act early to prevent pension failures. That's why I have long supported enabling the agency to negotiate with struggling companies— before their pensions fail — to keep pensions afloat. A provision establishing such an alternative funding arrangement program was included in the Pension Protection Act passed by the Senate, but unfortunately it was dropped in conference.

I strongly believe that it is in the best interests of workers, retirees, and the PBGC to explore this and every other available means to protect and preserve workers' pensions and prevent future losses.

As Interim Director, Mr. Millard has no doubt already become aware of the challenges faced by the agency. As director he has the demanding job of safeguarding Americans' security in their retirement. It takes someone with knowledge, experience, and determination to lead the agency at this critical time, and I look forward to hearing Mr. Millard's views on all of these issues.

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