

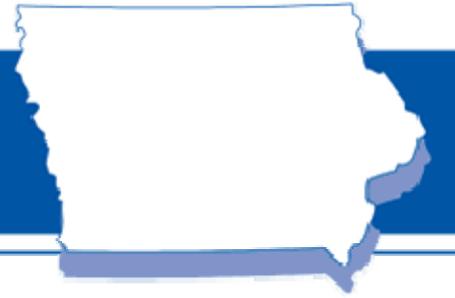
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*U.S. Senator*

**TOM HARKIN** OF IOWA



<http://harkin.senate.gov>

(202) 224-3254

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Contact: Kate Cyril / Bergen Kenny

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## **STATEMENT OF CHAIRMAN TOM HARKIN (D-IA)**

### **AT HELP COMMITTEE HEARING ON “PENSIONS IN PERIL: HELPING WORKERS PRESERVE RETIREMENT SECURITY THROUGH A RECESSION”**

*\*As Prepared for Delivery\**

“I want to welcome everyone to this very timely and important hearing on retirement security.

“In these troubled economic times, working families face unprecedented challenges. Millions of Americans have lost their jobs. And those who have jobs are often working harder and longer, but still can’t meet the rising costs of basic everyday needs, like health care, education, and housing, let alone save enough to provide for a secure old age.

“The harsh reality is that the retirement security of millions of American workers and retirees is in jeopardy. This is not a new problem. It is the culmination of a trend that has played out in recent decades. Today, about half of all U.S. workers have no pension or savings plan at all -- nothing. And most others have only a 401(k) account, where workers shoulder all the risk, and see much of their hard-earned savings siphoned off by hefty fees. Not surprisingly, many people have saved very little in these accounts. And, of course, most have seen their nest eggs decimated by the big decline in the stock market.

“All of these problems make traditional pensions more critical than ever. There are still 40 million Americans who rely on a secure defined-benefit pension to provide a guaranteed income in their golden years. Unfortunately, these secure pensions are under attack, too. More and more companies are telling workers that they can’t afford to pay for pensions—despite the fact that executives are getting salaries and benefits that would make King Midas blush. In other cases, companies use the bankruptcy process to shed pensions; the company lives on, but workers lose the hard-earned retirement income they were counting on.

“Congress has taken some important steps to help shore up Americans’ retirement security. In 2006 we passed the bipartisan Pension Protection Act, to require employers to do a better job of funding their pension plans and to make it more difficult for companies to default on what they owe.

“I hope and expect that we can continue to address pension issues in a bipartisan manner, as we did under the leadership of Senator Kennedy and Senator Enzi, along with Senator Mikulski and Senator Burr and our colleagues on the Finance Committee. As we investigate the challenges that workers and employers face when pension plans get into financial trouble, I look forward to moving forward in this same spirit to develop both short- and long-term solutions.

“Our first panel of witnesses today will focus on the many losses that workers and retirees face when pensions fail. Although we have a pension insurance system—through the Pension Benefit Guaranty Corporation—it provides only a partial safety net. When pensions fail, all too often people still lose out, and that loss is devastating to retirees and their families.

“In particular, we will hear about the plight of workers and retirees at Delphi Corp, the auto-parts manufacturer. The case of Delphi is unique, since General Motors did the right thing by many tens of thousands of workers under union contracts, and “topped up” their pensions.

“But there are still some other union workers—electrical workers, operating engineers, and machinists—who labored right alongside their brothers and sisters, but are not being made whole on their pensions. I have a letter, here, which I want to include in the record, that talks about these workers’ predicament, and I will be following up with GM to understand why it is they have not been taken care of. In addition – and we will hear more about this from Mr. Gump, an engineer who spent thirty-three years working at Delphi – there are 15,000 salaried workers who also stand to lose some of their pension benefits.

“These stories demonstrate why we must do everything we can to ease the toll that pension failures take on working families. But we also need a more global approach to stopping pension plan failures before they happen, and shoring up the security of ongoing pension plans.

“Our second panel will discuss precisely that question—how we can help companies and workers to keep secure pension plans going. We all agree that requiring more employer responsibility for the financial health of pensions has been an important step. Unfortunately, the tougher requirements of our new laws are kicking in just at the time when many employers are facing the pressures of a bad stock market and weak economy. Some companies say they can’t meet their new obligations because of the tough economy, and that they’ll have to cut back on hiring or expanding their business if they are required to meet their increased pension payments.

“I understand this predicament and I’m willing to look at solutions. But we must remember that it is precisely in such tough economic times that the role of the federal government in safeguarding Americans’ retirement is more important than ever. We must strike a careful balance. We can provide targeted, temporary relief to companies who need it to keep their pensions going. But we need to be sure that enough money continues to go into pension plans in order to pay workers’ benefits if a business fails.

“And while funding relief may help companies to retain their pension plans, we need to ensure that it comes with additional protections for workers. In other words, we don’t want a convenient, short-term fix that ends up weakening pensions in the long run.

“It’s important that we also consider the hardships faced by multiemployer pension plans. Those pension plans have allowed

small businesses to provide benefits to millions of hardworking people, who build our highways and skyscrapers, clean our hotel rooms, and transport our goods across country. Many of these workers could never have earned a pension but for multiemployer pension plans. But when these pensions fail, this can cause catastrophic losses for the small businesses and workers who participate in them. We should find a way to help these plans continue without jeopardizing the benefits that workers have earned.

“No question, today’s hearing could not be more important for tens of millions of American workers and retirees. We face big challenges in shoring up the retirement security of the American people. I look forward to working with my colleagues, on a bipartisan basis, to find solutions.”