

STATEMENT OF KAREN FRIEDMAN, EXECUTIVE DIRECTOR
THE PENSION RIGHTS CENTER
FOR THE
UNITED STATES SENATE
COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS
“FREEDOM TO WORK: UNLOCKING BENEFITS FOR INDEPENDENT WORKERS”

JULY 17, 2025
430 SENATE DIRKSEN OFFICE BUILDING
10:00 AM

Chairman Cassidy, Ranking Member Sanders, and Committee members, thank you for the opportunity to testify today about expanding retirement plan coverage. I am here on behalf of the Pension Rights Center (“PRC”), a national nonpartisan, consumer organization that protects and promotes the retirement income security of workers, retirees, and their families.

We work on two tracks to further our commitment to ensuring that every American has an adequate and secure retirement income. Since our founding in 1976, our policy program has focused on improving our nation’s retirement income system that supplements Social Security. And PRC’s legal program is the go-to place for individuals when they face problems locating or accessing their earned pension or 401(k) or other defined contribution plan benefits. To that end, the Pension Rights Center is the Resource Center for six regional pension counseling projects, funded by the Administration for Community Living, which provide free expert hands-on assistance to individuals in 31 states with their daunting, and often complex, retirement income problems, ensuring they get the benefits they have earned. Since the 1993 inception of this legal program, the counseling projects, with our technical assistance, have helped more than 70,000 people, recovering some \$294 million in earned benefits.

Over the past 49 years, PRC has heard from tens thousands of retirees across the country about how they are suffering in retirement because they can’t make ends meet. Some don’t have a pension; some have a pension, but it has been frozen; others find that their 401(k) plan is insufficiently funded and/or poorly invested; others have no employer-provided retirement plan at all.

Those we hear from are clear that retirement income security should not be a partisan issue. It is an American issue. They tell us that all hard-working Americans, regardless of party or ideology, should be able to count on a decent retirement.

But that isn't happening for most people. Running out of money in retirement is a top concern for Americans. The National Institute on Retirement Security has found that more than half (55%) are concerned that they won't be able to be financially secure.¹ An Allianz life insurance company poll shows that a stunning 64% of Americans are worried more about retiring without adequate income than they are about death!² The vast majority (87%) of Americans also say, however, that policy makers don't understand how hard it is for workers to save for retirement; eighty six percent want to see retirement given a higher priority on the policy agenda.³

The data on retirement plan access and adequacy underscores these concerns and fears. Just half of private sector workers participate in an employer-sponsored retirement plan⁴ to supplement Social Security which now averages just \$1,976 a month or \$23,712 a year for a retired worker.⁵

And there has been a transformative shift from defined benefit plans which provide secure, guaranteed lifetime income to less secure 401(k) plans. With a 401(k) plan, the know-how, risk, and responsibility of saving for retirement is put on each individual worker and the account balance at retirement is subject to the whims of the capital markets. Each individual must decide whether to participate in the plan, how much to contribute, what to invest in, how to resist withdrawing the money before retirement, and, finally, how to make their money last a lifetime. That's a lot to ask of people.

¹Doonan, Dan and Kelly Kenneally, "Retirement Insecurity 2024: Americans' Views of Retirement," National Institute on Retirement Security (February 2024), *available at* <https://www.nirsonline.org/reports/retirementinsecurity2024>

² "Americans are More Worried About Running Out of Money Than Death," Allianz Life Insurance Company of North America (April 22, 2025), *available at* <https://www.allianzlife.com/about/newsroom/2025-Press-Releases/Americans-Are-More-Worried-About-Running-Out-of-Money-Than-Death>

³ Doonan and Kenneally.

⁴ "Has Pension Participation in the Private Sector Improved?" Center for Retirement Research at Boston College (June 24, 2025), *available at* <https://crr.bc.edu/has-pension-participation-in-the-private-sector-improved/>

⁵ See U.S. Social Security Administration, *available at* <https://www.ssa.gov/faqs/en/questions/KA-01903.html>

According to the Survey of Consumer Finances, half of all households that participate in 401(k)-type plans have an account of \$87,000 or less.⁶ Those closest to retirement have managed to save only twice that amount⁷—hardly enough to carry them through their retirement years.

Over the years, the PRC has convened numerous stakeholder working groups to explore and develop both short- and long term more visionary proposals to provide an adequate and secure retirement income for the millions of Americans who do not have the benefit of an employer-provided pension plan. Our stakeholders, who included labor unions, retiree organizations, consumer-oriented non-profits, and economists, developed and supported a set of principles that, we believe, should be used to evaluate any legislation purporting to bolster retirement income security for low- and moderate-income Americans. These principles are:

Universal Coverage: *Every worker should be covered by a retirement plan that supplements Social Security.*

Secure Income: *Every worker should be able to count on a steady lifetime stream of retirement income to supplement Social Security.*

Adequate Income: *Every worker should be able to have an adequate retirement income to maintain a reasonable standard of living after a lifetime of work.*

Shared Responsibility: *The providing of retirement income should be the shared responsibility of employers, employees and the government.*

Required Contributions: *Employers and employees should both contribute.*

Pooled Assets: *Contributions should be pooled and professionally managed to minimize costs and financial risks.*

The PRC applauds Ranking Member Sanders for introducing the "Pensions for All Act" which largely embodies these principles. His visionary bill is modeled on the retirement plan provided to new members of Congress—surely American workers deserve no less. His bill is a welcome addition to other proposals that expand the availability of a secure, adequate, and defined retirement benefit.

Next year, when the Pension Rights Center turns 50, we plan on having a common ground conference, with diverse stakeholders, to explore the full range of pension coverage solutions—including Senator Sanders's new bill as well as the USA Retirement Funds Act, introduced in the

⁶ Bhuta, Neil, Jesse Bricker, Andrew C. Chang, Lisa J. Dettling, Joanne W. Hsu, Kevin B. Moore, Sarah Reber, Alice Henriques Volz, and Richard Windle. "Changes in U.S. Family Finances from 2019 to 2022: Evidence from the Survey of Consumer Finances." Federal Reserve Bulletin, October 2023, Table 3, p. 15, *available at* www.federalreserve.gov/publications/files/scf23.pdf

⁷ Federal Reserve Bulletin, October 2023, Table 3, p. 15.

113th Congress by Senator Harkin,⁸ and other proposals, large and small. We will consider existing plan designs that reduce financial risk for plan sponsors, while retaining important features of traditional defined benefit plans, such as lifetime retirement income, professional investment management, and certain benefit guarantees, as well as discussing state-administered “Secure Choice savings programs and other ideas to provide retirement savings to uncovered workers, including “gig” workers. We invite you all to participate and look forward to continuing this conversation with all of you then.

Thank you for the opportunity to be with you today.

⁸ See <https://pensionrights.org/pension-rights-center-applauds-senator-harkin-for-bold-proposal-to-solve-nations-retirement-crisis/>