

Opening Remarks by U.S. Senator Charles Grassley of Iowa
Chairman, U.S. Senate Finance Committee
Hearing on Challenges in the Retirement System
Tuesday, May 14, 2019

Good morning. Today the committee will continue its work on retirement security and the challenges facing the U.S. retirement system.

I want to welcome our witnesses this morning. I look forward to hearing your thoughts and ideas on ways to improve the United States retirement system.

Last month, Senator Wyden and I introduced the *Retirement Enhancement and Savings Act of 2019* – which typically goes by the nickname of RESA. This bill is an update package of important reforms to the retirement tax rules, which was developed and advanced by the Committee over the last two Congresses.

Passage of RESA remains a top priority for me. Its centerpiece expansion of Open MEPs and other commonsense changes would make it more feasible for businesses of all sizes to offer retirement plans by harnessing economies of scale and reducing unnecessary administrative burdens on employers.

I'm hoping that the House will send its version of RESA over to us at some point this month. And, I'll continue to work closely with Senator Wyden and other Committee members to reconcile the differences and get this important bill to the President.

But there is still work to be done and gaps to fill in the retirement system. Our focus today will be to explore those issues. What more can we do now to increase coverage in the existing system, how we can encourage more people to save, and what approaches should we take to help workers plan, save, and – critically — live in retirement?

The workplace retirement system is the primary way American workers save for retirement, whether through a defined benefit pension plan or an employer-sponsored defined contribution program. And while defined benefit plans remain an important part of our overall retirement system, defined contribution plans – 401(k) plans and similar programs – are now the primary means for private sector workers to save.

While it's clear that there are gaps in the system, and we need to work on improvements to the system, it's not generally clear that there is a "retirement savings crisis."

Let's look at the numbers. At the end of 2018, \$27 trillion has been set aside in retirement funds, including over \$5 trillion in private sector defined contribution plans.

Workers with access to a retirement plan has reached 66 percent in the private sector, with over 75 percent of workers with access to plans actually making contributions toward their retirement.

Since 1984, the number of 401(k) plans has grown from 17 thousand plans to just over a half million plans, covering over 60 million active participants.

By any measure, the growth in these plans and the dollars saved are a success. But we need to do more to encourage and facilitate retirement savings. As the economy grows, our retirement system needs to keep pace with greater access for employees and independent workers and efforts to make sure retirees enjoy a financially sound retirement.

So, while this hearing is a continuation of the Committees work in this area, it marks the start of our work on the next round of retirement savings reforms. We have several members on the Committee who have put forward good ideas for next steps, and our panel today will share their views on those and other proposals to strengthen our retirement system.

With that, I recognize Ranking Member Wyden for his opening statement.