



**Remarks By Senator Tim Johnson  
March 1, 2002**

Thank you for that warm welcome. It is such an honor to be with you today at the 2002 National Summit on Retirement Savings. I would like to thank President Bush, Secretary Chao, Majority Leader Daschle, Minority Leader Lott, Speaker Hastert, and Minority Leader Gephardt for their hard work in putting this great event together.

I'd also like to take a moment to say how pleased I am that Curt Hage, the delegate that I was able to appoint from South Dakota, is with us today. Curt has dedicated his life to helping his fellow South Dakotans save for retirement, and I'm confident he has brought his good ideas with him to Washington.

When Congress passed the SAVER Act in 1997, we were counting on the power of Americans to come together to solve difficult problems. And I know of few problems more important to our nation than how to encourage Americans to save for their retirement. We are proud of our work ethic, and I have been struck as I travel around South Dakota and the country at the determination of Americans to remain self-sufficient in our later years and to retire with dignity.

And I've heard from certain sources that some retirees may even aspire to a round or two of golf on occasion.

I was so pleased to see the theme of this year's summit is "Generations." As a Baby Boomer parent of two Gen X sons and a Millennial Generation daughter, one of my greatest parenting challenges has been passing along our family values while respecting the differences that come from growing up in a different historical era.

I watched with great interest as CNN carried President Bush's thoughtful remarks before the Summit yesterday. Retirement security is too important of an issue to get caught up in political partisanship, and I am proud to join my Republican and Democratic colleagues alike to put our heads together to make it easier for all Americans to retire with dignity.

I grew up in small-town South Dakota, the son and grandson of fiercely independent individuals who managed to find one of the few places in America colder than Norway to settle. South Dakotans have a tradition of homesteading, and while many of us now find work as bankers, teachers, nurses and lawyers, the soul of South Dakota can still be found on our ranches and farms, where we do what we have to do to keep ourselves and our families fed and sheltered.

Like many of you here today, my parents are children of the Great Depression, whose greatest legacy was not simply surviving that bleak time, but learning to turn adversity into opportunity. Much to my children's dismay, one of the lasting marks on me was a tradition of thriftiness.

In Congress, we passed a law in 1990 that required us to pass only those laws that we could pay for out of the current budget, and at the time, we heralded this as a novel idea. I dare say people of my parents' generation thought to themselves, "Well, it's about time."

That said, the widespread availability of credit has revolutionized our economy, and provided so many people with the opportunity to buy their own home, and start their own business. Yet I worry that the younger generation doesn't always appreciate the need to limit their reliance on credit, and may not experience the satisfaction of paying cash for that new car and knowing that it's yours when you drive it off the lot. As with so many things in life, we need to find the right balance between living in the present and saving for the future.

The last few years have brought great success in the use of tax incentives to encourage Americans to put money away in IRAs and 401(k) plans, so they can know the dignity of remaining independent in their later years. In fact, I think it's fair to say that these incentives have really revolutionized the way most workers think about their household budgets.

But clearly, we need to do more to help Americans manage their savings. The terrible events surrounding the collapse of Enron have brought sunlight to the urgent need for diversification in our investments. While most of us know that it's a mistake to put all our eggs in one basket, it was awfully tempting during the 90's to do just that. It's tough to stick with a disciplined investment plan when the newspapers are filled with stories of "aggressive growth" funds creating instant millionaires.

And clearly, investment strategies should shift as we grow older. As so many older Enron workers have discovered, it's awfully hard to recoup a lifetime's worth of savings in a few short years. So the older we get, the more conservative we need to be with our money.

One of my jobs today is to set forth some ideas about what Congress can do to encourage Americans to save for a successful retirement. I'd like to tell you about a bill called the Safety Act, S. 1945, which I introduced last month together with Senators Chuck Hagel, Jack Reed and Mike Enzi. We believe that the Safety Act is an important step for Congress to take in doing its part to promote retirement savings.

In S. 1945, we propose that FDIC coverage of retirement accounts increase from \$100,000 to \$250,000, so that retirees who want to keep their nest egg safe and in their hometown bank can do so without jumping through bureaucratic hoops.

While \$100,000 sounds like a lot of money, most retirees will tell you that between the cost of prescription drugs and home heating, the cost of a comfortable retirement continues to skyrocket.

S. 1945 takes into account the realities of today's cost of living, and provides a safe haven for retirees who believe that fully-insured, fixed income investments like CDs are the most appropriate savings vehicle for them. The Safety Act also acknowledges that throughout a large portion of rural America, there may only be one bank in a town. We should not force our retirees to choose between the safety of their savings and banking with someone they trust.

I am hopeful that S. 1945 will pass this year, and as Chairman of the Senate Subcommittee on Financial Institutions, I am working closely with my colleagues on both sides of the aisle to fulfill our obligation to all Americans, regardless of their generation.

Thank you for being here today, and for your public service.

Together, we can make real progress in helping all Americans, regardless of age, save for a comfortable retirement.