



**Remarks By Senator Edward M. Kennedy
February 28, 2002**

Thank you Madam Secretary. I want to commend you for your leadership in convening this impressive group of delegates to address the timely topic of retirement savings. And it's a pleasure to join my good friend John Boehner today. Our challenge today is to learn lessons from the Enron scandal so we can strengthen America's pension system and protect the retirement security of America's workers. Enron executives cashed out more than a billion dollars of stock while Enron workers' retirement disappeared.

Corporate executives get golden parachutes when they lose their jobs, but workers get only a tin cup when they lose their retirement savings. As we have seen with Enron, all too often the top brass is set for life, while the average worker pays the price.

The emerging details of the Enron scandal reveal a shocking abuse of corporate power that left workers powerless to protect themselves. Enron workers lost more than \$1 billion of their retirement savings because they were pressured to invest 401(k) savings in company stock. This is a widespread problem at many major companies, where workers have as much as 90 percent of their 401(k) assets in company stock.

The real test of pension reform is whether it will prevent future Enrons. Sadly, the President's proposal falls far short of this goal. We need tough action to prevent corporate greed from eating away at workers' savings. We need more than a slap on the wrist to corporate America.

Instead of fixing our pension system to ensure workers can count on a secure retirement, the Administration's proposal offers symbol without substance. It does little to address the key issue of diversification. Across the nation, workers are being pressured to buy company stock, resulting in risky, undiversified retirement savings. The result is that workers' assets are being eaten away by corporate mismanagement and corporate greed.

Instead of giving workers independent, unbiased investment advice to improve their retirement security, the Administration's proposal allows for conflicts of interest to taint the choices available to workers. Under the Administration's proposal, workers could receive investment advice from parties with a financial interest in the workers' investment decisions. If we've learned anything from Arthur Andersen, it is that we need fewer -- not more -- conflicts of interest. That is why I support the Bingaman-Collins bill to ensure that workers would have access to unbiased investment advice.

When it comes to protecting the hard-earned retirement dollars of America's workers, we should not settle for half measures. I intend to move forward next week with legislation that will give workers real investment choices plus protection for their retirement savings.

We owe it to America's workers to

make them savers -- not losers -- when it comes to their retirement. We must insure that workers have real choice and genuine retirement security when it comes to their 401(k)s. Workers must be free of employer intimidation and pressure to buy company stock. Real choice means the ability to choose investment options without undue employer pressure. Real choice means that workers, not just employers, have a role in choosing the investment options. Our pension reforms must be straightforward and easy to understand, not bureaucratic and full of loopholes that future Enrons can exploit. Above all, our pension system must provide retirement security for the long haul.

Toward this end, my legislation will take concrete steps to end employer intimidation and promote diversification. My bill will stop employers from having it both ways when it comes to pushing their stock in 401(k) plans -- they can't both match in stock and push workers to buy company stock as an investment option.

The legislation will require that workers are given complete and accurate information to make their investment decisions. My bill will insure that workers receive independent not conflicted investment advice. The bill will also require that workers be informed of executive stock sales so that workers can make informed decisions about their own investments. Employers who mislead workers when it comes to their investments will face real penalties. My bill will make clear that ERISA fiduciary rules prohibit an employer from providing false or misleading information.

If the Enron scandal teaches us anything it's that we must stop rewarding corporate misbehavior. It's time to stop letting big business get away with it at the expense of the little guy. But that's exactly what's happening in Washington today. Each day, a door is opened for corporate America while another is slammed shut on workers.

We need to change course in Washington, to ensure that all Americans can ride the tides of prosperity, not just those at the top.

That means that instead of papering America with gimmicks and false promises, we should focus on concrete, responsible steps to protect Social Security for our children and our children's children.

That means no \$250 million tax breaks for Enron while its workers lose their retirement savings.



Senate Health, Education, Labor and Pensions Committee Chairman Ted Kennedy (D-Mass.) and House Education and Workforce Committee Chairman John Boehner (R-Ohio) also participated in the 2002 National Summit on Retirement Savings.

That means protecting workers from ergonomic injuries instead of protecting corporate tax shelters in the Caribbean.

That means providing all workers with a living minimum wage, instead of softening rules for top corporate executives to get more and more tax relief for their pensions at the expense of workers' savings.

And it means providing real retirement security -- with guaranteed Social Security benefits, strong 401(k) protections, and a meaningful voice for workers in corporate retirement decisions.

While we must protect the retirement savings of workers in the wake of Enron, we must also protect Social Security. Most Americans are counting on Social Security as a major source of income in their golden years.

Social Security is the most successful program ever designed to lift people out of poverty and to insure their financial security. For two-thirds of America's senior citizens, Social Security retirement benefits provide more than half their annual income. Without Social Security, half the nation's elderly would be living in poverty. Protecting Social Security for future generations is one of our foremost responsibilities.

Because Social Security provides the financial foundation for so many retirees, it must remain the guaranteed benefit it is today. It would be an enormous mistake to substitute private accounts subject to the uncertainty of the market for that guaranteed benefit. The substantial decline in stock values which we have seen in the last two years underscores the inherent risk in private accounts. Devastating losses, like those faced by Enron workers, should not be risked with Social Security funds. We must keep the security in Social Security.

We cannot let another day go by without taking action to protect the future of America's workers. I am hopeful in the end that we can agree on a pension plan that provides the kind of retirement security that our workers need and deserve. But we owe it to all Americans to keep the bar high when it comes to their future and their retirement. We have demonstrated in the past that we can come to meet pressing national priorities. And on this important issue, American workers deserve no less.