

REMARKS BY THE PRESIDENT
AT THE ANNOUNCEMENT OF THE
RETIREMENT SAVINGS AND SECURITY ACT

The Rose Garden

April 11, 1996

THE PRESIDENT: Thank you very much. Thank you, Shawn, and Secretary Rubin. Secretary Bentsen, it's nice to have you back in the Rose Garden. To all the business people here, the representatives of working people who are here, and to all the members of the administration who are here who worked on this project; I thank not only those who are here on the platform with me, but those who are in the audience, especially Marty Slate at the Pension Benefit Guaranty Corporation.

This is a very important day today. There are an awful lot of small business owners, like Shawn, who are trying to do well not only for their companies, but by their employees. We want to help them to give retirement opportunity and security to their workers. There are an awful lot of working people out there today who are afraid that if anything happens to the job they're in now that they'll also lose the opportunity for a secure retirement. And we want them and their families to have the opportunity of that security when they're out there working hard and doing the best they can.

I have said many times that we are living in an age of remarkable possibility where more Americans than ever before will have the opportunity to live out their dreams. But we also have significant challenges, and one of those great challenges is to help in this incredibly dynamic economy, so dominated by rapid changes of information and technology, so subject to global markets, which is basically a positive thing. I was so happy to hear Shawn say that the product that his company makes might be installed on mass transportation to protect people from terrorist attacks. That alone would be one of the most significant advances we've seen in this country in many years.

But we have to find a way to keep the dynamism of this global economy going and still allow people who are working in it in good faith to achieve a measure of security for themselves, their families and their children.

This problem is similar to the problems that people faced a century ago when our grandparents moved from the farm to the factory and from the country to the city. There were vast new opportunities, but also so much disruption -- there was a lot of insecurity. And over time, our country found ways to build mechanisms of security and stability into the lives of working families, which enabled our economy to continue to grow into the world's strongest, but enabled all Americans who are working to benefit from it and to stabilize their lives, their family's lives and, in the process, their community's lives.

That is the challenge we face today. When I took office, the economy was drifting, unemployment was high, the few new jobs we were getting were in lower-wage industries overwhelmingly. The deficit was skyrocketing. Our economic team that is here with me today determined that we would do something about that.

We had two central commitments: first, that we had to cut the deficit in half over four years and, second, that if we did it right and we got interest rates down, we continued to invest in education and technology, and to aggressively open markets for American products, we could also see 8 million new jobs coming into our economy.

Well, those promises have been kept. That deficit will be cut by more than 50 percent by the end of this fiscal year, and we already have 8.5 million new jobs in this economy. And I am proud of that. To give you some idea of the dimensions of that achievement, of the Big Seven economies in the G-7, America's 8.5 million new jobs are more than 8 million more than the combined new job totals of the other six countries in this very competitive global economy.

Nonetheless, we see the paradox of the moment because, day after day after day, we read about how people feel uncertain and insecure in a new world in which America's unemployment rate today is a full point lower than the average unemployment rate of the last 25 years. And that is because of all the dynamism and the new rules of the economy.

So the challenge now is: How do we keep the dynamism going? How do we keep the new jobs coming in? How do we keep the deficit coming down until we balance the budget, and still provide those mechanisms which will allow our people in this new age to do what we had to figure out how to do 100 years ago -- to take advantage of all these new opportunities, but to still be able to compose a good life for themselves and their families, their children and their communities.

It is clear that there are at least three things we have to do: Working families have to have lifetime access to education and training, lifetime access to affordable health care, and they have to have the ability to build a pension throughout a lifetime no matter where they work or whether they change jobs.

So we have proposed a G.I. Bill for America's workers so that, if whenever people lose their jobs, they can immediately get a voucher that will cover their training costs for up to two years. We have proposed to make the cost of college tuition tax deductible. I have called on the Congress to pass the Kassebaum-Kennedy bill, which is an important first step in guaranteeing access to affordable health care. The bill says you can't lose your health insurance when you change jobs or if someone in your family gets sick. And I hope and pray that bill will be coming to my desk in the fairly near future.

Today I am urging Congress to pass this legislation we are proposing on retirement security so that people can build retirement throughout their careers.

As Secretary Bentsen said, in the last three years we have done a lot to protect American pensions and to expand opportunities to save for retirement. But there is so much more we have to do. Millions of Americans are not saving enough for their retirement. Often they have no choice. They either have a job where there's no retirement plan, or they have to change jobs. They aren't eligible for savings plans. Their employer doesn't offer the pension plan, or sometimes, even if they had one, the employer goes out of business before a plan can vest.

All these people may work as hard as they can. They may be doing all the right things. But they still have to worry about what will happen when their work is done, and they don't have the options that Secretary Rubin talked about, to put their savings into a retirement account that could be withdrawn from, tax-free, if there's a family emergency, if it's necessary for the health of a parent or the health of a child, or if they want to buy a first home or finance a child's education.

So all these things are, I think, a part of why we can have good economic news and still have good Americans working hard, feeling uncertain about their future. That is what we're here to do today -- to try to respond to that challenge.

I have proposed legislation to help these hard-working Americans. We call it The Retirement Savings and Security Act. It expands coverage to help 51 million working Americans who are

not now covered by an employer-provided retirement plan. Very importantly, it increases portability, so workers can take their retirement savings with them and keep saving if they change jobs or lose their job and have to wait a time to find a new job. This also enhances security so that retirement savings will be there when a worker retires.

With The Retirement Savings and Security Act, we can help to make retirement something Americans can look forward to, not dread. Where their hard-working retirement earnings are concerned, we can give Americans peace of mind. First, we ought to make it easier for small businesses like Shawn's -- I might say his is growing rather rapidly; Secretary Bentsen said he had 11 employees, Shawn said, no, 13, and, next month there will be a couple more. We ought to make it easier for them and, indeed, for all employers to provide pensions or other retirement plans.

Right now, three-quarters of the workers in large businesses have employer-provided pensions, compared to only one-quarter of workers in small businesses. So we would establish a new kind of 401K plan for employees of small businesses. They could expand coverage with this provision alone by up to 10 million working Americans.

Second, we should expand IRAs. We want to double income eligibility so that 20 million more Americans earning up to \$100,000 a year can take this tax deduction. This would, first, raise the savings rate in America, and second, make it possible for other family emergencies or needs to be met, for our plan would allow IRA withdrawals for education and training, first-time home purchases, major medical expenses, or during long-term unemployment.

Third, we have to make these pensions portable. This could help more than 5 million workers every single year. It means workers in new jobs will not have to wait to start saving in an employer pension plan. And we can start at home. We will start by allowing federal workers to save from the first day on the job. People would be able to keep saving through a 401K plan even as they move from job to job. We will further ensure that veterans who serve their country will not risk an interruption in their pension coverage. And it will guarantee coverage and benefits for more union workers who change jobs often, like those in the construction industries.

Fourth, we must continue to enhance pension security. We build on what we have done to help secure pensions through tighter enforcement. Most employers do play by the rules, but

we must ensure that no employer can easily skim from their employees' contributions. Our plan cracks down on fraud, requires broader audits, and protects workers like those whose pensions were threatened in the Orange County bankruptcy.

Finally, we should not go backward. As Secretary Rubin said, in the 1980s, companies took \$20 billion out of pension plans that affected something like 2.5 million American workers. And in 1994 when I signed the legislation that Secretary Rubin and Secretary Bentsen referred to, we were at that time looking at the possibility that 8.5 million more American workers could lose their pensions. So the '94 legislation clearly saved the pensions of 8.5 million American workers and stabilized those of 40 million others.

Now, when the budget passed, part of it was giving a green light to corporations to take \$15 billion more out of pension plans. One of the reasons I vetoed that budget -- one of several reasons -- was that I do not believe, after all the horrible experience of the '80s, and after what we went so far to do in a bipartisan fashion in 1994 to stabilize the pension funds of the country, that we ought to turn around and repeat the mistakes of the past. Our first rule ought to be to do no harm in an age of opportunity and uncertainty.

Now, I want to call on the Congress to help us move forward. In many of the things that I have proposed today, there is very broad bipartisan support -- broad bipartisan support for making the 401K plans more readily available; broad bipartisan support for an expanded IRA. We have to do the portability piece of this. We have to do it. We have to create an environment where ordinary working Americans can look forward to a future with excitement. They'll say, hey, well, maybe I'll have to do more jobs than my parents and grandparents did, but I'll always be able to get education and training, I'll always be able to afford health care and have access to it, I'll always be able to have a retirement plan for my later years -- my family is going to be all right in this new world.

That is what this legislation is all about. That's what retirement savings and security means. I hope the Congress will join with us. I hope we can pass all the elements of this plan, and we ought to be able to do it fairly quickly because I do not believe there is a partisan issue here. This is something we can and should do for America, and we ought to do it now.

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Well, those promises have been kept. That deficit will be cut by more than 50 percent by the end of this fiscal year, and we already have 8.5 million new jobs in this economy. And I am proud of that. To give you some idea of the dimensions of that achievement, of the Big Seven economies in the G-7, America's 8.5 million new jobs are more than 8 million more than the combined new job totals of the other six countries in this very competitive global economy.

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So the challenge now is: How do we keep the dynamism going? How do we keep the new jobs coming in? How do we keep the deficit coming down until we balance the budget, and still provide those mechanisms which will allow our people in this new age to do what we had to figure out how to do 100 years ago -- to take advantage of all these new opportunities, but to still be able to compose a good life for themselves and their families, their children and their communities.

It is clear that there are at least three things we have to do: Working families have to have lifetime access to education and training, lifetime access to affordable health care, and they have to have the ability to build a pension throughout a lifetime no matter where they work or whether they change jobs.

So we have proposed a G.I. Bill for America's workers so that, if whenever people lose their jobs, they can immediately get a voucher that will cover their training costs for up to two years. We have proposed to make the cost of college tuition tax deductible. I have called on the Congress to pass the Kassebaum-Kennedy bill, which is an important first step in guaranteeing access to affordable health care. The bill says you can't lose your health insurance when you change jobs or if someone in your family gets sick. And I hope and pray that bill will be coming to my desk in the fairly near future.

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All these people may work as hard as they can. They may be doing all the right things. But they still have to worry about what will happen when their work is done, and they don't have the options that Secretary Rubin talked about, to put their savings into a retirement account that could be withdrawn from, tax-free, if there's a family emergency, if it's necessary for the health of a parent or the health of a child, or if they want to buy a first home or finance a child's education.

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With The Retirement Savings and Security Act, we can help to make retirement something Americans can look forward to, not dread. Where their hard-working retirement earnings are concerned, we can give Americans peace of mind. First, we ought to make it easier for small businesses like Shawn's -- I might say his is growing rather rapidly; Secretary Bentsen said he had 11 employees, Shawn said, no, 13, and, next month there will be a couple more. We ought to make it easier for them and, indeed, for all employers to provide pensions or other retirement plans.

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Third, we have to make these pensions portable. This could help more than 5 million workers every single year. It means workers in new jobs will not have to wait to start saving in an employer pension plan. And we can start at home. We will start by allowing federal workers to save from the first day on the job. People would be able to keep saving through a 401K plan even as they move from job to job. We will further ensure that veterans who serve their country will not risk an interruption in their pension coverage. And it will guarantee coverage and benefits for more union workers who change jobs often, like those in the construction industries.

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Now, when the budget passed, part of it was giving a green light to corporations to take \$15 billion more out of pension plans. One of the reasons I vetoed that budget -- one of several reasons -- was that I do not believe, after all the horrible experience of the '80s, and after what we went so far to do in a bipartisan fashion in 1994 to stabilize the pension funds of the country, that we ought to turn around and repeat the mistakes of the past. Our first rule ought to be to do no harm in an age of opportunity and uncertainty.

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That is what this legislation is all about. That's what retirement savings and security means. I hope the Congress will join with us. I hope we can pass all the elements of this plan, and we ought to be able to do it fairly quickly because I do not believe there is a partisan issue here. This is something we can and should do for America, and we ought to do it now.

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It is clear that there are at least three things we have to do: Working families have to have lifetime access to education and training, lifetime access to affordable health care, and they have to have the ability to build a pension throughout a lifetime no matter where they work or whether they change jobs.

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As Secretary Bentsen said, in the last three years we have done a lot to protect American pensions and to expand opportunities to save for retirement. But there is so much more we have to do. Millions of Americans are not saving enough for their retirement. Often they have no choice. They either have a job where there's no retirement plan, or they have to change jobs. They aren't eligible for savings plans. Their employer doesn't offer the pension plan, or sometimes, even if they had one, the employer goes out of business before a plan can vest.

All these people may work as hard as they can. They may be doing all the right things. But they still have to worry about what will happen when their work is done, and they don't have the options that Secretary Rubin talked about, to put their savings into a retirement account that could be withdrawn from, tax-free, if there's a family emergency, if it's necessary for the health of a parent or the health of a child, or if they want to buy a first home or finance a child's education.

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Third, we have to make these pensions portable. This could help more than 5 million workers every single year. It means workers in new jobs will not have to wait to start saving in an employer pension plan. And we can start at home. We will start by allowing federal workers to save from the first day on the job. People would be able to keep saving through a 401K plan even as they move from job to job. We will further ensure that veterans who serve their country will not risk an interruption in their pension coverage. And it will guarantee coverage and benefits for more union workers who change jobs often, like those in the construction industries.

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we must ensure that no employer can easily skim from their employees' contributions. Our plan cracks down on fraud, requires broader audits, and protects workers like those whose pensions were threatened in the Orange County bankruptcy.

Finally, we should not go backward. As Secretary Rubin said, in the 1980s, companies took \$20 billion out of pension plans that affected something like 2.5 million American workers. And in 1994 when I signed the legislation that Secretary Rubin and Secretary Bentsen referred to, we were at that time looking at the possibility that 8.5 million more American workers could lose their pensions. So the '94 legislation clearly saved the pensions of 8.5 million American workers and stabilized those of 40 million others.

Now, when the budget passed, part of it was giving a green light to corporations to take \$15 billion more out of pension plans. One of the reasons I vetoed that budget -- one of several reasons -- was that I do not believe, after all the horrible experience of the '80s, and after what we went so far to do in a bipartisan fashion in 1994 to stabilize the pension funds of the country, that we ought to turn around and repeat the mistakes of the past. Our first rule ought to be to do no harm in an age of opportunity and uncertainty.

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That is what this legislation is all about. That's what retirement savings and security means. I hope the Congress will join with us. I hope we can pass all the elements of this plan, and we ought to be able to do it fairly quickly because I do not believe there is a partisan issue here. This is something we can and should do for America, and we ought to do it now.

Thank you very much.

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I have said many times that we are living in an age of remarkable possibility where more Americans than ever before will have the opportunity to live out their dreams. But we also have significant challenges, and one of those great challenges is to help in this incredibly dynamic economy, so dominated by rapid changes of information and technology, so subject to global markets, which is basically a positive thing. I was so happy to hear Shawn say that the product that his company makes might be installed on mass transportation to protect people from terrorist attacks. That alone would be one of the most significant advances we've seen in this country in many years.

But we have to find a way to keep the dynamism of this global economy going and still allow people who are working in it in good faith to achieve a measure of security for themselves, their families and their children.

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