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October 9, 2007

RETIREMENT SECURITY: A 401(k) Plan For All Americans

Thank you, so much. Thank you, David, for that very kind introduction. I appreciate your being here with me.

In a few minutes, I will be having an opportunity to discuss some of the issues that affect middle-class families here in Iowa and across America, with three local residents who have been kind enough to participate. And then we'll have a chance to throw it open to the audience.

I appreciate David Mitchell (ph) and Katy Vanderpool (ph) and Don Cousins (ph) for being part of this discussion.

And I also want to thank Janet Adams, your former state representative and my county coordinator, for helping to put this event together.

Yes, let's give Janet a round of applause.

(APPLAUSE)

I'm delighted that Mayor Eugene Gray is here. Thank you for welcoming me to your city.

And I also want to introduce someone else who I'm proud to call a friend and also one of my national co-chairs at my campaign, and that's your former governor, Tom Vilsack.

Tom, thank you.

(APPLAUSE)

Today, we're going to continue the conversation that I'm having across Iowa and America about how we rebuild the road to a strong and prosperous middle class.

Yesterday, in Cedar Rapids, I proposed a new economic blueprint for 21st century America, a plan to create new jobs, to make a commitment to clean energy and innovation, which will be a job engine and creator, just as it is being now here in Iowa, to restore fairness to our economy.

It's not right that people at the very top are doing so well and everybody else is marking time.

We have the largest inequality in our country that we've had since the Great Depression. That is not a recipe for success for the vast majority of Americans.

We need to put our fiscal house in order again. Six and a half years ago, we had a balanced budget and a surplus. That has been squandered, to our great detriment.

(APPLAUSE)

I want to renew the basic bargain that I grew up with, that I was taught about, that if you work hard and you're responsible, you can get ahead in our country.

And today I want to speak about one important part of that basic bargain: the promise of a secure retirement.

You know, as Americans we believe that if you help make America stronger, safer and more prosperous, then you should be able to count on your retirement years being better, healthier and more secure.

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But the reality today is far different from what that basic bargain used to deliver. Fewer than one-half of American families have retirement savings accounts in any given year, and those who do contribute are saving too little for their futures.

Nearly one-third of all households entering retirement do not have enough savings to replace even one-half of their income, and that is including Social Security.

One-half have saved just \$15,000 or less in a 401(k) or IRA type plan. The private savings rate last year fell to its lowest level since the Great Depression.

All of this fits together. If you're not making money that is a part of a rising economy, it's hard to save. And if the costs of health care and education and energy keep going up, it's even harder to save.

So many Americans have worked hard their entire lives. They've contributed to their communities, they've done everything right. But when it came time to retire, they came up short.

They worry that their children will have to support them.

They worry that they'll have to keep working. And I have met people across our country working not just into their late sixties or seventies, but into their early eighties because they just don't have enough to keep things going for them.

They worry that Medicare and Social Security won't be enough to make ends meet.

And then the younger generation is trying to raise their own kids, care for aging parents, plan for their own retirement.

And as their government turns a blind eye, they face the pressure themselves of stagnant wages and all of these increasing costs -- and, on top of what's happening now, a softening housing market, which has always been the main source of wealth and security for most Americans.

Too many families in America today feel like they're standing on a trap door. They're just one diagnosis, one pink slip, one missed mortgage payment away from falling through and losing everything.

What's been the Bush administration's answer to these real-world problems? Well, it's always the same answer: help those with the most and good luck to everybody else.

They want to privatize Social Security and let individuals bear the risk. They want to create retirement savings accounts, which allows the wealthiest Americans to get the best deal.

They have little concern for everybody else. They put tax breaks for drug companies and oil companies ahead of retirement security for hardworking Americans.

During the last six and a half years, on President Bush's watch, the share of American workers covered by employer-sponsored retirement plans has fallen below 50 percent for the first time.

Four million fewer workers have access to employer sponsored pensions than they did when President Bush took office.

Now, they call their vision of our country the "ownership society." The reality is, they own it. You work for it. I call it the "yoyo society" -- you're on your own. That's how they seem to think that America should be. I reject that.

For six long years, the middle class in our country has been as though it were invisible to their president. You know, if you're working hard, you're paying your bills and you have nothing left over to save at the end of the month, you're invisible.

If you're working two jobs, like a lot of people are today, but neither of them has a retirement plan, you're invisible, too.

If you've worked all your life to do what is right, only to realize you cannot afford to retire, well, you're sure invisible as well.

Well, you're not invisible to me. And when we take back the White House, you will no longer be invisible to the president of the United States.

(APPLAUSE)

I believe it's time for a new bargain with the American people, a bargain that reflects the changing global economy and the new realities of our aging. I believe if you do work hard and you contribute to your country, you should have the opportunity to save and invest. And through the discipline of good planning and the miracle of compound interest, you should be able to build wealth for yourself and a better future for your family and a secure retirement.

That's what I want to talk about today: My plan to help a new generation of Americans save and build wealth.

You know, it's really kind of ironic, because part of the American dream has always been you work hard today to build a better future and to make it better for your children and your grandchildren. That's how I was raised.

You know, my family lived better than my grandparents. Bill and I lived better than my parents and his. Our daughter is living well. We want every generation to do better.

If you look at what's happening today, older people have actually more assets, even though it's not enough to retire comfortably, than their own children and grandchildren do.

Think of all of the children moving back to live with parents. Think of all the single moms struggling to raise children, and grandparents having to help.

So this is not only about securing a better retirement for those who are on the brink of retiring but helping to build more assets and wealth for young people, like the ones you'll hear about in a minute.

I think every American deserves a chance to build a solid nest egg, to help save for that new home, to send a child to college and to secure that comfortable retirement.

I believe strongly that we can do this. And it's important that we do it. Because right now our savings rates are below what they were in 1929.

We don't have much of a nest egg to fall back on. We sure don't have it any longer in our government because we're back into deficits and debt. And every day we borrow money from foreign countries.

And what do we borrow it for? For President Bush's two main priorities: tax cuts for the wealthiest and the war in Iraq.

We need to change those priorities. We need to start once again respecting the Social Security Trust Fund and beginning to bring our troops home from Iraq so that we will have those resources to spend here at home.

(APPLAUSE)

Look at what happens today. We spend as a government -- as our government, we spend about \$200 billion a year to encourage retirement savings. But under the tax code, about half of that \$200 billion goes to the top 10 percent of earners. But only 10 percent goes to the bottom 60 percent of earners.

We are subsidizing the most the people who need it the least.

Many workers don't even have the opportunities that would encourage them to save. When you think about how few employees now actually have access to an employer who sponsors a retirement plan, you wonder what's going to happen to everybody else.

But even those who have access to a retirement plan, not nearly enough of them are encouraged or given the opportunity to save.

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So we've got a lot of workers, more than half in America right now, without any employer-based retirement savings account, including 770,000 workers right here in Iowa.

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Think about that: 770,000. It's maybe not something you talk about with your neighbors, but that's a lot of people right here in Webster City and across Iowa.

And many parts of the workforce are even worse off. Think about how it affects women, particularly single women. Women who work full-time are likely to have on the same level as their male counterparts a retirement plan. But a lot of women don't work full-time, they work part-time or, I like to say, they work two part-time jobs to try to make enough money to support themselves and their children.

You know, yesterday for lunch we stopped at a Maid-Rite on our way from Cedar Rapids to Marshalltown, and the waitress who served us was a single mom. She's raised two boys; they're now in their twenties.

She and her boys have worked hard every single day for a lot of years. She works at a nursing home and she works at a Maid-Rite. She doesn't have much to count on when it comes to retirement except for Social Security.

A lot of these workers are left behind. But I think we know what to do. We just need a president who believes it's important to do this.

When people have access to retirement accounts like 401(k)s that provide generous matches, they save more. In a recent study, middle-class Americans saved eight times more when they were given a 50 percent match. And we know that by making it easier with automatic enrollment, direct deposit and diversified investment options, people are more likely to build up their nest egg.

That's why I'm announcing my plan today to provide every single American with an easy, automatic opportunity to save for future through an account I'm calling an American retirement account. These accounts will take the best of the 401(k) plans and make them available to every working family.

They will help families and individuals who are falling through the cracks. They will reduce the way the tax code skews for the wealthy. They will begin to bring down this inequality that is eating away at our social contract. And they will encourage national savings and economic growth.

This is a major commitment to how I think we can begin to right the balance again. Here's how American retirement accounts will work: To give a strong incentive for saving, my plan will offer working and middle-class families generous matching tax cuts.

For families making up to \$60,000 a year, the government will match dollar for dollar the first \$1,000 you save. For families making between \$60,000 and \$100,000, the plan will provide a 50 percent match on the first \$1,000 of savings.

That means tens of millions of middle-class families will be eligible for matching tax cuts of up to \$500 and \$1,000 to help them build a nest egg.

The new American retirement accounts will build upon and strengthen the existing employer-based retirement savings systems. If you like your current retirement savings options, you keep them as they are. No change is necessary.

But if you don't have a retirement savings plan or you don't like the one you have, you will be able to open a new American retirement account that will provide no hassle, portable savings opportunities throughout your career.

These universal accounts will allow you to contribute up to \$5,000 a year on a cash deferred basis. You will get the generous government matches on the first \$1,000.

So although 401(k)s now are only available to some, they will be available to everyone.

Saving in the accounts will be easy. It should not require a Ph.D. to save for retirement. We'll encourage employers to let employees directly deposit a portion of

their salaries into the account.

Savings will happen automatically unless a worker opts out.

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We'll provide expanded tax credits to smaller businesses to help cover the start-up costs of establishing direct deposit options. And we'll ensure there are secured, diversified investment options in these accounts.

Your account will be yours. You will be able to take it from job to job and roll over any existing retirement savings into the account. This is particularly important for women.

Women, as we know, are more likely to go in and out of the workforce. As a woman who has worked -- I started working, I think, when I was 13 in the summer time, and I got my first Social Security then. I worked part time. I worked full time. And, of course, when Bill was president I didn't work outside the home, as we might say.

And so I know that women go in and out of the workforce to raise children, to take care of their parents -- so many issues that affect our lives.

I would also make it easier for small businesses and for self-employed people, who often get the worst of all worlds -- they can't afford health care, they can't afford to save for retirement. We're going to address that.

Why should we be satisfied with our current system, a system in which a mother who chooses to stay home and raise her children misses out on savings opportunities that others can access?

Why should we be satisfied with a system in which starting your own business means passing up employer-sponsored retirement benefits?

Why should we be satisfied with a system in which part-time employees don't have incentives or an easy way to save?

Well, I'm not satisfied. That's why I want to change the system, and I want to make it available to every American.

Under my plan you'll also be able to use the savings in your American retirement account to make major life investments, like buying a home or paying for higher education.

In addition, in light of the growing economic uncertainty facing American families, we should consider ways to let workers access a portion of their savings to weather difficult times, like an illness or an accident that has affected you.

In short, my plan will help tens of millions of middle-class families go from just getting by to getting ahead.

Now, I know some people will say, "Well, we can't afford to invest in the American people." Well, I think we can't afford not to invest in the American people. We need to do it, and we can do it in a fiscally responsible way.

We will cover the cost of these middle-class retirement tax cuts with a portion of revenue from freezing the estate tax.

For every one wealthy estate facing a less-generous estate tax exemption, thousands of middle-class families will receive a tax cut that will help them save, invest, and one day own an estate of their own.

I think it's imperative that we start giving people the chance to acquire wealth again. Otherwise, we're going to become a two-tier society. We'll have the rich, and we'll have everybody else. That is not the America I grew up in. And I don't think that's the way America works best.

As we encourage individuals to save on their own, we will shore up existing employer-sponsored pensions. I fought in the Senate to ensure that companies funded 100 percent of their defined benefit pension obligations. I want to strengthen defined benefit coverage.

We're going to finally close the loophole when I'm president in our pension laws that allows companies to cut their employees' pensions when they sell off subsidiaries.

One of the most egregious examples of this was when Halliburton used this loophole to rob its employees of \$25 million in pension benefits they had earned. And then they turned around and rewarded their then-CEO, Dick Cheney, with a \$20 million sweetheart retirement deal.

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You could not have a clearer example of what is wrong with America. Why on Earth should any company be permitted legally to deprive workers of what they'd earned in order to give a CEO the same amount in benefits?

(APPLAUSE)

We also need to examine our bankruptcy code, to ensure that companies are not using bankruptcy to get out of their obligations to workers. You know, bankruptcy is an unfortunate fact of life for some struggling companies.

But when a company runs into hard times, we need to give workers and retirees a fair chance to negotiate for the benefits they've earned.

I would also restore the Pension Benefit Guarantee Corporation to its historic role as an advocate for worker retirement benefits. I'll continue the work that I've done in the Senate to secure retirement benefits for law enforcement officers, military veterans and September 11th heroes.

And I'll work to strengthen spousal protections to ensure that widows and qualified divorced widows receive the retirement benefits they are due.

Finally, the bedrock of my retirement savings agenda is a fundamental commitment to Social Security. I don't think there's any doubt that we've got to fight and finally bury the idea of privatizing Social Security. It is one of those bad ideas that deserve to be totally buried.

(APPLAUSE)

When I am president, privatizing Social Security will certainly not be even discussed.

I reject the view of President Bush and others who have given large tax cuts to the wealthiest, failed to crack down on offshore tax dodgers, and handed out no-bid contracts to companies like Halliburton, and then insisted that we needed to cut benefits to middle-class retirees.

How can they get the top 1 percent of Americans a tax cut large enough to essentially fix Social Security and then turn around and say, "Oh, we have no choice but to cut Social Security benefits"?

Don't you believe all these people running around crying wolf about Social Security. That is exactly what they're doing. They're trying to get people confused and upset and agree to a bad deal.

When I am president, we'll have our priorities in order. We will return to fiscal responsibility and fair tax policies first, and then we will address the long-term challenges facing Social Security.

But I'm not going about demanding sacrifice from seniors and having others dismantle Social Security because they claim they can't cut back on the tax breaks for wealthy Americans and big corporations.

When my husband left office, because we had a balanced budget and a surplus, there was a plan in place to extend the solvency of Social Security until 2055. That gives us plenty of time to figure out what else we need to do.

Once George Bush came in and we went back to deficit spending, the last six and a half years what we've seen is a decrease in the life of the Social Security Trust Fund to 2041.

Well, when we get back to fiscal responsibility, we'll start paying back the Social Security Trust Fund. And that will give us a strong foundation to go toward fixing all of the long-term challenges that Social Security faces.

In my work, I will be guided by a belief that each generation owes a great deal to the

ones that come before it and owe a great deal to the ones that are coming after.

I'm grateful for what my parents did for me and what their generation did for all of us.

You know, my father was kind of old-fashioned. He had a small business and he didn't believe in debt. In fact, it was the explosion of the deficit during the 1980s that turned my rock-ribbed Republican father into an open-minded voter.

(LAUGHTER)

He began to say, "You know what? Your mother and I saved until we could buy our house. We saved until we could buy a car. We saved. And now my government's going into debt."

I think there's a lot of wisdom in that. You know, it's the same father who taught me to turn off lights when I left a room.

We got to get back to some of those habits. You know, I think in the world in which we are facing challenges from new competitors, threats and dangers that are real, we've got to start acting like Americans again. We got to roll up our sleeves and claim that this country is worth fighting for and saving, and (inaudible) that we get back on the right track.

(APPLAUSE)

So I'm excited to be here to unveil these plans, because I believe that we can do this. I'm absolutely confident and optimistic.

I know everybody says, "Well, we can't get anything done in Washington." But when you think about it, President Bush really wanted to divide America, unfortunately. I regret that deeply. There's a lot we can get done if we're working together.

That's what I've done in the Senate. You know, before I got to the Senate a lot of people didn't know whether I could or would work with Republicans.

One of the Republicans famously said after I got elected, "Well, maybe lightning will strike before she gets here."

(LAUGHTER)

Well, thankfully, it didn't.

(LAUGHTER)

But when I got there, I rolled up my sleeves, because I was elected to help the people who sent me to the Senate.

When I'm president, I'm going to roll them up even higher, and we're going to get to work together. And one of the things we're going to do is to help Americans once again face the future with security and have a retirement plan that really helps middle-class Americans.

That's what I pledge to you. Thank you all very much.

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