

Statement of Gregorio Kilili Camacho Sablan  
House Education and Workforce Committee  
Subcommittee on Health, Employment, Labor, and Pensions  
“Regulatory Barriers Facing Workers and Families Saving for Retirement”  
May 18, 2017

Thank you, Chairman Walberg. I appreciate you convening today’s hearing.

We are in the midst of a retirement savings crisis. Tens of millions Americans who work in the private sector lack access to a retirement savings plan at their jobs. This problem is particularly acute for people of color, as only 54 percent of African-American and Asian employees and 38 percent of Latino employees work for an employer that sponsors a retirement plan.

And we know that many middle and lower income workers lack the resources to save enough on their own for retirement and that studies have shown that African-American and Hispanic families are far behind white families in retirement savings. That’s deeply concerning.

I look forward to today’s discussion on how to ensure that everyone is planning and saving for retirement and can get the investment advice that’s in their best interest.

I hope that we explore bipartisan ideas, such as Open MEPs, aimed at incentivizing small business to offer retirement savings plans, and allowing those that do offer plans to automatically enroll workers into the electronic delivery of disclosures and other retirement plan documents. Last Congress, I was a co-sponsor of H.R. 2656, authored by Dr. Roe and Congressman Polis to allow for this kind of automatic enrollment of retirement plan communications.

According to AARP, having access to a workplace retirement plan makes workers 15 times more likely to save, so we should be discussing ways to encourage or require employer sponsorship of retirement vehicles, such as automatic IRA legislation.

We should also be examining ideas that address issues associated with job changes, rollovers and default investments that could better maximize employees’ returns. And, recognizing Social Security as the primary source of retirement income, we must work to preserve and modernize and consider the impact of taxation of benefits on our retirees.

But Mr. Chairman, I have to note that bipartisan ideas are unfortunately not the place from which we started this Congress or with the Trump Administration.

Instead, one of the first items of business was to nullify two Obama Administration rules aimed at helping states and eligible municipalities expand working people's access to retirement savings programs.

For instance, California passed a law and established a program that is estimated to provide 6.8 million workers access to a retirement savings plan. In Illinois, more than 1 million people are expected to benefit from the state's retirement savings program.

These initiatives automatically enroll employees who are not offered a workplace savings plan and enable them to establish an IRA through a payroll deduction. State-based programs allow employees to opt-out if they do not wish to participate; and minimal administrative burdens are imposed on employers.

These rules were simply intended to ensure that these state initiatives did not inadvertently run afoul of federal law. It is unfortunate that Congressional Republicans and the Trump Administration worked together to nullify them.

As our full Committee Ranking Member, Mr. Scott, has said – Congress should not be in the business of destabilizing efforts that increase workers' ability to save for retirement. And we should not go out of our way to undermine states' rights to implement their own innovative solutions. I strongly agree with that.

Additionally, the House passed Trumpcare that includes which is known as an “age tax” which would force Americans ages 50-64 to pay premiums five times higher than what others pay for coverage. AARP strongly opposes this provision and estimates it will add an average of \$3,200 annually to premiums for adults age 60 or older.

I am concerned that if Trumpcare ever became law, just when Americans are at or approaching retirement age, they'd be facing skyrocketing premiums and wondering if they will ever be able to retire.

Mr. Chairman, my Democratic colleagues and I look forward to working with you on bipartisan ideas to help families save for retirement.

Thank you again, Mr. Chairman, for convening this hearing. I look forward to the witnesses' testimony. I yield back the balance of my time.