“Protecting America’s Pensions Act’
Statement of Senator Edward M. Kennedy
March 20, 2002

Today, we must take action to protect workers’ retirement security and to ensure that what happened at Enron never happens again. We witnessed a shocking abuse of corporate power that left thousands of workers high and dry. The legislation we are debating today gives to workers the retirement security they deserve and holds corporate executives accountable when they mislead their workers about their pensions.

Our legislation protects workers pensions in four important ways.

First, it protects retirement savings by preventing employers from overloading 401(k) plans with company stock. That’s what happened at Enron, and that’s why Enron’s workers lost over a billion dollars in retirement savings.

With this legislation, employers can no longer have it both ways when its comes to pushing their stock in 401(k) plans – they can’t both contribute in stock and pressure workers to buy company stock as an investment option.

Second, it gives workers a voice – a real voice – in choosing the investment options under their 401(k) plans. To guarantee worker choice, we must give workers a voice on the boards of pension plans. Workers are the best watchdogs over their pension funds, because it’s their money. To further strengthen the pension rights of workers, the bill also includes Senator Harkin’s proposal to create an office of Participant Advocate within the Department of Labor to help workers facing pension abuse.

Third, it makes sure that workers get the best independent information possible on the best investments for them. Employers who mislead workers about their pensions will face real penalties under this legislation. Workers must be informed of executive stock sales so that they can make informed decisions about their own investments. And workers deserve truly independent investment advice as they build their retirement savings. Toward this end, this legislation includes Senator Bingaman and Collins’ independent investment advice bill.

Finally, this bill empowers workers to hold top executives accountable when they knowingly abuse workers’ pensions. If workers lose their retirement savings due to deliberate corporate mismanagement, then they should have the right under our laws to hold those top executives accountable in a court of law, and recover what they lost. This right could make the difference for a worker between an impoverished retirement and a comfortable retirement.

There are few more important issues facing the nation than ensuring a secure retirement for workers who have saved all their lives for their golden years. We look forward to working with President Bush to achieve this important goal.

But unfortunately, the bill proposed by the White House leaves workers high and dry. Their plan would not have prevented Enron workers from losing everything. The Administration proposal does nothing to address the core issue of employer pressure. It does not make executives any more accountable when it comes to workers’ pensions. It denies workers a voice in their own retirement plans by refusing to put workers on pension boards. The Republican proposal endorses conflicted advice from financially interested parties. If we’ve learned anything from Arthur Andersen, it’s that we need fewer – not more – conflicts of interest.

The legislation our Committee is considering today will prevent future Enrons by giving workers investment choices plus protection for their retirement savings. When corporations like Enron fail, corporate executives get golden parachutes and stock options, but workers get only a tin cup for their retirement. For America's workers, there is no second chance when it comes to retirement security. After working hard all their lives, our pension system should provide them with security for their golden years. America's workers deserve no less.