

Statement by Roberta Tim Quan

**U.S. House Committee on Education and Labor
Honorable George Miller, Chairman**

“The Impact of the Financial Crisis on Workers’ Retirement Security”

October 22, 2008

San Francisco, CA

My name is Roberta Tim Quan from San Pablo, California. I am 74 years old. I retired as an elementary school educator from the Richmond School system in the East Bay. It was a rewarding career having instructed over 700 children in a span of 25 years.

In the era of the 1960’s, my husband John, was employed at the Lawrence Berkeley Laboratory. With our combined income, we were able to save almost an entire salary. Classically, expenses were for home mortgages, auto loans, utilities, health care, food and clothing, and a university education for our son. The cost of living was most reasonable at this time. Thus, planning for our future retirement, each month funds were payroll deducted into a 403(b) plan.

Throughout the years, we looked forward to a reasonable retirement with the accumulating nest egg. Typically, retirement activities would include travel plans, lunch with friends, time spent with our granddaughter, and perhaps a health club membership. At age 70 ½, I began taking the Required Minimum Distribution from my 403(b) plan in the sum of about \$550 per month. All appeared well.

Those best laid plans did not occur due to several life-altering factors in the last several years

1. In 2000, John was diagnosed with Alzheimer’s. I was his care giver for six years. As he entered the severe stage, I could no longer handle the 24/7

regimen. John was placed in a residential care home two years ago. The expenses ran \$6,000/mo..... that breaks down to \$200/day. Recently I transferred him to a facility costing \$3,800/mo down to \$127/day. One of his Alzheimer's medications runs \$1,100 for a 3 month's supply. A recent bout with pneumonia resulted in a week's hospitalization for John. An unexpected and unbudgeted expense.

2. Within the last few years, expenses have sky-rocketed. A litany of cost increases; i.e., health, home and auto premiums, fuel costs, utility bills, food bills, property taxes, etc. The cost of living was out of sight but the income remains modest. Overwhelmingly, the only alternative was to pare down expenses to the bare-bone where ever possible.
3. The recent unstable financial crisis is having a devastating effect on my life. As of the current July-September report, my 403(b) account has sustained a loss of \$38,000. I do not look forward to the next quarterly report. My situation is in shambles with expenses exceeding income. A life-time of savings in catastrophic decline is demoralizing.

The bottom line is that I am retired and unable to re-earn the lost funds. I am now faced with the insecurity of outliving my rapidly diminishing 403(b) account. And that is worrisome for John and my future. The word "fear" looms on the horizon.

I thank you for the opportunity to voice my concerns. It is my hope that concrete action will be initiated to rectify this economic crisis as soon as possible. We have reached critical mass.