

June 27, 2002

Dear Colleague:

We are writing to urge you to protect women's retirement savings by supporting the bipartisan Women's Pension Protection Act of 2002. In this new millennium, women still work in a world of "less" and "fewer." Less pay and fewer benefits – especially retirement benefits.

The challenge we face is to protect women's retirement security. The Women's Pension Protection Act does this by giving women greater say in how 401(k) money is paid out, giving widows more generous survivor benefits, and granting divorced spouses expanded opportunities to receive a share of their former spouses' pension after a divorce.

Women's pension problems are rooted in the realities that shape their lives: the reality of less pay, the reality of caregiving responsibilities, and the reality of jobs that offer few benefits – especially pensions. Over a lifetime, this adds up to an average of \$250,000 less in earnings for a woman to invest in her retirement. The result of these realities is that one in four older women are living in poverty.

Despite the threat to their financial security, women are much more likely to spend time out of the workforce to attend to family care-giving responsibilities. In fact, the average woman now spends 12 years out of the workforce. That is time that she is not earning a pension, vesting in a pension or contributing to Social Security.

The Women's Pension Protection Act offers simple improvements in our pension system to ensure that retirement savings programs better respond to the realities of women's working lives. We have attached a description of the Women's Pension Protection Act and a summary of how it will address inequities in our pension laws that affect women.

Congress must do all it can to protect women's retirement savings. We urge you to support the Women's Pension Protection Act. If you would like to be a cosponsor or would like additional information, please contact Deborah Forbes (Kennedy 4-5441 or Tanya Mottley (Snowe 4-5344).

Sincerely,

Edward M. Kennedy

Olympia J. Snowe

WOMEN'S PENSION PROTECTION ACT OF 2002

SENATOR EDWARD M. KENNEDY AND SENATOR OLYMPIA J. SNOWE

The Women's Pension Protection Act offers simple improvements in our pension system to protect women's retirement security and address inequities in our pension laws that primarily affect women.

- **Gives spouses the option of a 75% survivor benefit in addition to the current 50% survivor payment.** Under a 50% survivor benefit, the payment to a surviving spouse is reduced to half of the payment that the worker received. Unless there are other retirement assets, this amount frequently is not enough to live on. The bill requires plans to provide the option of a 75% survivor benefit.
- **Gives spouses the right to consent to lump sum payments of pension plan benefits.** In 1984, Congress passed consent requirements for spouses of workers covered by traditional pension plans – but no similar requirement protects spouses of workers with 401(k) plans. At that time, 401(k) plans were relatively new and most workers received pensions from tradition defined benefit plans. Today, the 401(k) plan has become the primary retirement vehicle for millions of workers. Without this requirement, spouses can be left in devastating circumstances, especially in cases where they never worked and have no pension benefits of their own. Under the bill, consent is **not** required for loans, hardship withdrawals, or transfers of pension assets to another plan when a worker changes jobs.
- **Gives divorced spouses the ability to receive a share of their former spouses' pension benefits after a divorce.** People going through divorces often are unaware that they can ask state divorce courts to award them a share of their spouses' pensions as well as pension survivor benefits. By the time the mistake is discovered and a spouse obtains a new court order, pension plans often won't honor the modified court order. The bill requires pension plans to honor state divorce court orders prospectively, even if the orders are issued long after the divorce.
- **Gives widows and widowers of former federal employees the right to receive survivor benefits.** This corrects a long-standing inequity under the Civil Service Retirement System that denies survivor benefits to widows and widowers of former federal employees who die before applying for their pensions. This provision brings the Civil Service Retirement System into conformity with the Federal Employees Retirement System and with private-sector pension plans.
- **Gives a divorced spouse of a Railroad Retirement worker the right to receive court-awarded retirement benefits at the former spouse's earliest retirement age, and permits a divorced spouse to continue receiving court-awarded benefits after the former spouse's death.** Currently, no court-awarded benefits are payable to a divorced spouse until the former spouse actually retires. This provision will allow a divorced spouse to begin receiving court-awarded benefits at the former spouse's earliest retirement age. In addition, a divorced spouse's court-awarded benefits stop after the former spouse's death. The Railroad Retirement System is the only federally regulated retirement program that does not pay court-awarded survivor benefits to divorced spouses. This provision will correct this inequity.