

**WOMEN'S PENSION PROTECTION ACT OF 2002  
STATEMENT OF SENATOR EDWARD M. KENNEDY  
JUNE 28, 2002**

It's a pleasure to join Senator Snowe in introducing the 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. Less job security and fewer opportunities for advancement. Less respect for their work and fewer rewards for their contributions.

A major challenge of our time is to protect women's retirement security. The legislation we introduce today meets this important goal by giving women greater say in the management of 401(k) funds, giving widows more generous survivor benefits, and granting divorced spouses expanded opportunities to receive a share of their former spouses' pension after a divorce.

The challenge of retirement security is overwhelmingly a women's issue. The Older Women's League's annual Mother's Day Report concludes that women's pension problems are rooted in the realities that shape their lives: the reality of the wage gap, the reality of caregiving responsibilities, and the reality of jobs that offer few benefits – especially pensions.

Almost 40 years after the Equal Pay Act was passed, women still earn only 73 percent of what men earn. You can't save what you don't earn. And the impact of the wage gap extends far beyond the years that women participate in the workforce. Over a lifetime, the wage gap adds up to an average of \$250,000 less in earnings for a woman to invest in her retirement. The result is that one in four older women are living in poverty.

Women represent less than half of the paid workforce, but comprise almost two-thirds of those working in minimum wage jobs. This should not come as a surprise to anyone, but women are 96 percent of all childcare workers, 97 percent of receptionists, and 90 percent of secretaries. Because so many of these jobs are non-union, part-time, and low wage, women are much less likely to be covered by a pension plan than men.

At the same time, women are much more likely to spend time out of the workforce to tend to family caregiving responsibilities. In fact, the average woman now spends 12 years out of the workforce over her work life. That is time that she is not earning a pension, vesting in a pension or contributing to Social Security. This absence from the paid workforce translates into inadequate retirement income and an increased financial dependency on their spouses at retirement. A woman who drops out of the labor market for as few as five years, can end up with as much as 30 percent less in her defined contribution plan.

Although the pension laws are gender neutral, pension policy unintentionally discriminates against women. Women continue to be less likely to be covered by a pension plan and less likely to receive pension benefits. And even when women earn pensions, their benefits tend to be only a fraction of what men receive because of pension formulas that penalize them for moving in and out of the workforce. Only 13 percent of women age 65 and over receive a pension, and among that small group the median annual pension is only \$3,000. These challenges are made even more acute by the fact that women live longer than men and have a greater need for retirement income than men.

We need to make our pension system fairer, especially for women. Married women often count on their husband's retirement benefits to support them in old age, then outlive their husbands and frequently their husbands' retirement income.

Over the last twenty years, reform of the federal pension law has seen some improvement with changes that allow a widow to continue receiving defined benefit pension payments. The Retirement Equity Act of 1984 requires defined benefit pension plans to pay survivor benefits unless a spouse waives this protection. But this protection does not extend to 401(k) and other defined contribution plans.

The Women's Pension Protection Act offers simple, common sense improvements in our private pension system to ensure that retirement savings programs better respond to the realities of women's working lives. This bill will help women like Joan Mackey of Salem, New Jersey, who testified recently about the difficulties she has faced in trying to collect survivor benefits from her former husband's pension plan. Ms. Mackey's ex-husband wanted her to collect survivor benefits after his death, but because Ms. Mackey didn't know to ask for a widow's benefit at the time of their divorce, the plan now refuses to pay.

Sadly, Joan Mackey is not alone. Congress must do all it can to protect women's retirement security and address inequities in our pension laws that primarily affect women. I urge my colleagues to support the Women's Pension Protection Act.