

Statement of Senator Charles Grassley, Chairman

Thank you all for joining us today for our hearing on the employment of older workers. In today's tight labor market, there are just too few workers for the job openings. Employers everywhere are competing for every available employee. This is especially true in my home state of Iowa where in February, unemployment was just 2.2 percent. Nationally unemployment was 4.1 percent.

How are employers filling jobs? In part, they're turning to older workers. They use recruitment campaigns and creative programs to attract and retain older individuals on their payrolls.

Two examples of these innovative programs come from Iowa employers, which are represented with a witness today. We have Mr. Stephen Meyer from Hy-Vee, Inc. of West Des Moines, Iowa. For those who haven't been to Iowa, Hy-Vee is a large grocery store chain and it is in almost every community in the state. The company makes a special effort to attract older workers.

Hy-Vee offers policies such as flexible scheduling, to keep older employees with them. An older worker can work at Hy-Vee in Des Moines all summer and play golf all winter in Orlando.

We also have Ms. September Dau from the Iowa Lakes Rural Electric Cooperative in Esterville, Iowa. Her company offers something called "phased retirement." That allows employees to work part-time and collect partial retirements. It's a good way to keep experienced, valuable older workers on the job longer.

These witnesses are exciting because they represent the future. As the labor pool shrinks, and as baby boomers age, we'll see more creative ways to retain older employees than ever before. More customized retirement arrangements and flexible scheduling will be the norm.

Policymakers will have to respond in kind. Our first witness is Congressman Earl Pomeroy of North Dakota. Congressman Pomeroy and I have had a long term interest in retirement savings and pension plans.

We both believe in a diversified retirement program.

What does that mean? Imagine if your retirement consists of only Social Security, as it does for many Americans. Well, your retirement would be just like this one-legged milking stool. It's not comfortable for very long - and it's not particularly stable.

A secure retirement is a three-legged stool. It has Social Security, a defined benefit pension and private savings, like a 401 (k) plan.

Here is that three-legged stool of retirement security. Just look at how much more stable and comfortable it would be.

One of the most important things we can do in Congress is to pass laws that encourage retirement savings. We should encourage the formation of savings plans, like 401(k) plans, and of *defined benefit* pension plans, which pay benefits to their retirees over their lifetime. In that way we help more workers retire with a *three legged stool* for their retirement security.

Congressman Pomeroy will talk to us about his efforts in these areas. He'll give us his ideas about how to fix a current problem involving phased retirement. Many employers feel we need to clarify that phased retirement programs are allowable. Clarifying the rules that restrict individuals from receiving

part-pay and part-retirement would help both older workers and their employees.

Our next panel looks at older employment generally. Mr. Joseph Perkins from the AARP will give the views of the largest organization representing individuals over the age of 50. He will talk about the challenges and barriers to employment of older workers.

The Committee for Economic Development is also with us. Mr. Scott Morris is representing the committee. The CED has just completed an excellent report on the importance of employment of older workers both from the perspective of promoting longer work lives and examining barriers for older Americans to work longer.

Then we have Mr. Stephen Meyer of Hy-Vee, as I mentioned.

Our final panel will examine the barriers to offering phased retirement.

Ms. September Dau of the Iowa Lakes Rural Electric Cooperative will discuss her employer's phased retirement program.

Ms. Wilma Schopp of the Association of Private Pension and Welfare Plans will discuss her group's deliberations on the need for government to facilitate phased retirement programs.

I think phased retirement is an important legislative matter to which we will all be paying more attention. I'd like to see government follow the private sector's lead and allow for more flexible retirement options. Our nation's financial bread and butter depends on it.