

Ranking Member Tim Scott's Opening Statement

Hearing: Building Wealth and Fostering Independence: Creating Opportunities to Save

Date: 7/15/21

Thank you, Chairman Casey. It's good to see you in-person, as well. This is such an important committee and we do good work under your leadership and I appreciate the way that you've handled the responsibilities of chairing this committee and keeping our focus on each side and on the American people and specifically on seniors and folks with disabilities.

It's important to recognize that many of us are blessed and we are blessed to serve in the United States Senate, on the behalf of our states and behalf of the people who need help. One of the things I think about, Chairman Casey, as I ponder this issue conversation around retirement security is how fortunate we are to be in a position where we have retirement accounts connected to what we do, and so many times, folks who have a hundred employees or fewer don't have access to a retirement account. I know that's true here in Washington, DC, as well it is true at home in South Carolina. Growing up in poverty has another impact on that wealth gap that you talked about.

The difference between African Americans, Hispanics and white folks on the amount of net worth they have typically manifests in the equity in the home, and so if you don't have access to home ownership because of challenges, then you are going to see that wealth gap only increase, and as that wealth gap increases we will see that have an impact on how comfortable you are in retirement. So there are many pieces to the life puzzle of retirement that we will address today, and I am thankful that we have the opportunity to do so. And I am also thankful that as a kid growing up in poverty, I had the chance of meeting a small business owner who was my mentor who started teaching me about financial literacy 15, 16 and 17 years old. That was a blessing that too many Americans do not have.

Learning those lessons early in life allows for your retirement years to look very differently. Far too many Americans live pay check to pay check, including vulnerable populations facing poverty and some with disabilities, retirement seems out of reach no matter how old you are, too often you see good people who have worked all their lives that continue to work well into what we would consider your traditional retirement years. For others, there are obstacles such as, keeping your retirement plan when you are switching jobs, getting access to retirement plan when working for small businesses, as I just mentioned it is harder to do.

In South Carolina approximately 400,000 employees do not have access to an employer-sponsored retirement plan. 200 plus thousand South Carolinians who are

working part time do not have access to a retirement plan. African Americans disproportionately have less access than other folks.

Employers are a critical major piece of this retirement puzzle, and one of the ways we can help this is to make sure that employers have an easier access to establishing retirement plans, and as a former small business owner myself, I know the passion we have for our extended families that we see as our employees. We see our employees as a part of our extended families and when we have an easier path to setting up retirement accounts for our employees, we look forward to that opportunity. We lean into that opportunity, and it does solve a lot of problems. When you are making between \$30,000 and \$50,000 a year, you are twelve times more likely to not be able to save for your retirement unless you work at a place where they have a retirement system there.

Despite wanting to, small employers find it difficult, and often impossible, to provide retirement plans because of administrative burdens, start-up costs, fees, and liabilities. There is good news though, the Secure Act signed into law in December of 2019 makes it easier for small business owners to set up retirement plans that are less expensive and frankly, much easier to administer.

Today, we'll have the good fortune to hear from an entrepreneur, a South Carolinian, John Iacofano who is launching his company's first retirement plan today. Wonderful! And I am excited to hear from John. This new retirement plan is also the result of work by Matt Watson, a local adviser in Charleston, who's helping small business across the state launch their own plans. We have wonderful examples throughout the great state of South Carolina of these folks taking advantage of the simpler and more effective way of providing for retirement security for their employees. Bitty and Beau's Coffee in Charleston is one of those great examples that comes to mind. This coffee shop specifically employs folks with disabilities, helping them achieve financial independence.

Despite the struggles that so many Americans face, there is good news. Two thirds of Americans living in retirement over the age of 65 over the past five years say that retirement is becoming a little more comfortable. In 2019, four out of five Americans aged 65 and older reported having enough money to live comfortably. This all means the financial wellbeing for seniors has improved substantially in recent decades, and it gets better every single year.

There is still more work to be done and that is one of the reasons we are working on what we call "Secure Act 2.0", a bill designed to help us solve some of these problems and overcome some of the challenges. Thank you Mr. Chairman.