

Opening Statement
Chairman Michael G. Oxley
Committee on Financial Services

Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises

Retirement Security: What Seniors Need to Know About Protecting Their Futures
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Congress has designated May Older Americans Month, and with 77 million baby-boomers facing retirement over the next decade, we need to focus on how to best protect the security and future of our country's seniors. Americans are living longer as medical science progresses – in fact, over the next 30 years the number of people over age 65 will more than double, and nearly half of those will reach age 90, meaning that baby boomers and younger workers need to plan for at least 20 to 30 years of retirement.

Retirement planning can be especially important for women, who live much longer than men on average while relying on a much smaller nest egg of assets. For example, in 2001, the average income for retired women was \$11,000, compared to nearly \$20,000 for retired men. Only 27 percent of retired women have pensions, and their Social Security benefits average only 75 percent of men's. Older women are much more likely to live alone than older men. Sixty percent of older women are unmarried, compared to only 25 percent of older men.

To avoid the impending retirement security crisis, our country needs to ensure that today's workers and seniors are properly preparing for their golden years. We have asked the ACLI represented by Governor Keating, the AARP, and NAIFA to join us today to prepare a checklist of retirement issues that all of us need to think about for our futures.

For ourselves, our parents, and our children, we need to assess our financial plans and consider necessary changes to anticipate future needs. We need to consider how life insurance, long-term care protection, annuities, savings and investments, pensions, and government programs such as Social Security, Medicare, and Medicaid will all fit together to provide a secure retirement. For example, few consumers know that private long-term care insurance has the potential to protect the policyholder and the policyholder's family from the high cost of home health care and nursing home care that is oftentimes not covered by existing government programs.

For men and women who have relied on their spouse's income, or who do not have significant pensions to draw on, financial literacy is particularly important to ensure their future solvency and protection in case their spouse is no longer with them. They need to know how to access information about available benefits and how to shop for sophisticated financial products such as annuities that are oftentimes necessary to provide an adequate living income as we age. Cindy Hounsell from WISER is helping us today discuss how to reach out to these vulnerable groups to help improve our financial education efforts.

We in Congress also need to step up our efforts to protect seniors where any regulatory gaps exist in financial regulation of retirement products, particularly in the regulation of hybrid financial products such as viaticals. While viaticals, life settlements, and other hybrid products can be very useful and appropriate investments, we need to make sure that our state consumer protection laws are comprehensive and effective.

We have asked Commissioner Gallagher here today to discuss Florida's success in fighting viatical fraud and how Florida has used the NAIC model law on viaticals to protect its seniors. I would note that only 12 States, including my home state of Ohio, have adopted the most recent version of this important consumer protection model law.

I would like to thank Subcommittee Chairman Baker for holding this hearing to help us protect the financial security of retirees. I would also like to thank our distinguished panel of witnesses for sharing their thoughts with us today.

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