

Covering^{the} Uncovered

COMMON GROUND RECOMMENDATIONS TO EXPAND
RETIREMENT SAVINGS FOR AMERICAN WORKERS

WORKING REPORT

CONVERSATION

on

COVERAGE

Foreword

Back in 2001, the Pension Rights Center decided to do something that had never been done before. We brought together stakeholders from a variety of perspectives to start a comprehensive initiative to find ways of increasing pension coverage for American workers. With coverage rates stalled at approximately 50 percent for the last quarter century, there was broad recognition of the need to address this pressing issue. So with an initial grant from the Ford Foundation, we convened an ambitious two-day policy dialogue on the subject among a balanced group of representatives from business, unions, retiree, women's, minority and consumer organizations, as well as from the professional and academic communities. We called this process the Conversation on Coverage. And right from the beginning, it built a strong sense of camaraderie among participants and produced numerous promising initial concepts aimed at increasing coverage.

The success of the first event led to the launch of the second stage of the Conversation on Coverage in May of 2003. Again, with a wide range of Sponsors (listed separately in the report), we brought together 45 individuals from a broad spectrum of stakeholders in the pension system, to build on the first Conversation's ideas and to focus their expertise on developing concrete ways of increasing coverage.

This Working Report is the culmination of the second stage of the Conversation on Coverage. It is the product of concentrated efforts among experts of strong and differing viewpoints to reach agreement on new approaches to expanding pension coverage and retirement savings for American workers – particularly among low and moderate-wage earners.

The participants in all three Working Groups went beyond their traditional, work-related positions and personal ideologies. Just as I set aside my traditional advocacy role for the Pension Rights Center, Working Group members also cast off their advocacy hats and donated collectively hundreds of hours of time and creativity to thinking outside the box, and developing new approach-

es to expanding coverage. These experts joined as individuals, not specifically as representatives of particular organizations. The conversations were off-the-record, so participants could let their hair down and participate freely, away from the glare and bright lights of the Washington public policy process.

The Working Groups took different approaches to expanding coverage: Working Group I looked at new defined benefit designs; Working Group II looked at ways of getting more individuals to save; and Working Group III designed a plan that might appeal to small businesses. Under the ground rules of the Conversation, and through the powerful leadership of the Working Group Co-Chairs, members focused on where they agreed, not on where they disagreed. They tried, as best as possible, to transcend personal and professional ideologies, to come together on common ground. They stayed focused only on addressing ways of increasing private retirement savings -- and steered clear of related issues, including Social Security, Medicare and Medicaid.

The success of this process may be best summed up by MetLife Vice President Melissa Kahn, Co-Chair of Working Group I, who said, "The Conversation has been a give-and-take like nothing else I've experienced in Washington... We worked hard, laughed hard, sometimes argued, but in the end, developed innovative approaches that we think hold the potential of expanding pensions and savings for millions of American workers."

Each Working Group did its job alone, without conferring with the other two during the year-long process – not because they were not interested in what the other groups were doing—but because of time constraints and the desire to maximize the flow of ideas within each Working Group. On some issues, Working Group outcomes were surprisingly similar. On other issues they reached differing conclusions and solutions. All recognized that the world is changing – that the global economy and pressures on employers and employees increase the challenges and the need for new solutions

This is called a Working Report because the products described are still works-in-progress. In their present form, as outlined in these reports, they are promising ideas that remain in varying degrees of completion. These recommendations were first released on July 22, 2004, at a National Policy Forum held at the National Press Club. More than 200 stakeholders representing the broad spectrum of interests and views on the private sector retirement system attended the one-day event. The National Policy Forum, thus, was the first “hearing” for the recommendations. Participants at the Forum had a chance to ask questions and propose changes – which are included, in summary form, at the back of each report.

We were honored that Senator Grassley provided the opening address for the National Policy Forum and to have other esteemed Members of Congress – Representatives Rob Andrew, Rob Portman and Earl Pomeroy—address the participants. This Working Report contains some of their ideas as well. In his opening statement, Senator Grassley said, “Working together, I know we can improve the retirement security of millions upon millions of Americans across the country. Working together, I am confident we can ultimately achieve the goal of pension coverage for all Americans.”

Because of my role as a neutral facilitator of this process, I had the opportunity to sit on the sidelines of the Working Group deliberations and listen to a lot of great new ideas from some of the best minds in this country. I now have a much greater appreciation and understanding of the challenges facing businesses, and the balance that needs to be struck between both the needs of employers and employees in shaping policy proposals. I discovered how passionate and committed my colleagues are and found that when people come together for the common good it is indeed possible to find common ground. The Conversation on Coverage has been an incredible experience for everyone involved and it is not an overstatement to say that it has changed the way many of us think and how we approach issues.

The Working Groups are starting anew with some of the same people and with some new people as well, to keep the process going, to refine the existing proposals and to work out outstanding issues. The goal is to have numerous solid ideas produced by the end of the process in early 2006 that could lead to proposals and demonstration projects.

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SENATOR CHARLES GRASSLEY (R-IA),
CHAIRMAN OF THE SENATE FINANCE
COMMITTEE, FROM HIS OPENING
STATEMENT FOR THE CONVERSATION'S
NATIONAL POLICY FORUM, JULY 2004.

I am greatly indebted to all who helped make this project so productive. I want to particularly thank the Ford Foundation that made this process possible. Also, I want to thank the Charles Stewart Mott Foundation, the Annie E. Casey Foundation and a range of organizational Sponsors and Co-Sponsors that supported the second stage of the Conversation, and the publishing of this report. I also want to thank profusely all of the Working Group members, the Steering Committee members and the staff of the Conversation on Coverage who have made this process such a success – and who are named on the acknowledgement page.

It is so rare to be able to say that we have been part of something that is truly going to make the world a better place. I truly believe that the Conversation, because of the goodwill and hard work of the individuals involved, is part of the solution, and will help in designing ideas that will enable millions of people to live more comfortably in retirement. It has been a magical process and I'm delighted to invite all of you to read the Working Report and join the larger public policy dialogue.

KAREN D. FRIEDMAN
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