

**STATEMENT OF THE
SOUTH CENTRAL PENSION RIGHT PROJECT**

TO THE

**AOA-CONVENED
OLDER AMERICANS ACT REAUTHORIZATION LISTENING SESSION
EMBASSY SUITES HOTEL – DALLAS, TEXAS**

FEBRUARY 18, 2010

Good afternoon Assistant Secretary Greenlee and distinguished panelists. My name is Roger Curme and I am the Managing Attorney for and Regional Project Director of the South Central Pension Counseling Project – one of six regional projects funded by Administration on Aging grants under the Pension Counseling and Information Program. This AoA grant program is currently authorized under Title II, Section 215 of the Older Americans Act, and has built an increasingly successful track record since the AoA issued the first pension counseling grants in 1993. Thank you for allowing me to speak with you briefly this afternoon about this important and highly beneficial Program.

Benefits from employer-sponsored pensions and retirement savings plans are critical to the retirement security of millions of older Americans, providing an essential supplement to Social Security retirement benefits and personal savings. Pensioners are significantly less likely to retire into poverty, and significantly more likely to have access to necessary medications and health care, better nutrition and safer living conditions. Pension income allows retirees to stay in their own homes longer, and gives them access to a wider range of lifestyle choices. In short, income from pensions and other employer-sponsored retirement income plans allows our nation's seniors to enjoy their golden years with dignity.

A lifetime of work and a long history of pension promises do not automatically mean a

smooth transition into retirement. Benefits are all too frequently miscalculated or denied altogether. Many people simply cannot navigate their own pension documents; and others have trouble simply obtaining the most basic information from their employers. Frequently, individuals will lose track of their former employer altogether due to mergers, relocations, company closings or bankruptcies. These situations present even greater hurdles for divorced and widowed spouses.

The multitude of different federal, state and local laws that regulate the many pension and retirement savings programs throughout the country are inherently complex and beyond the capabilities of most individuals to navigate; and there is a lack of expertise available to assist individuals when questions and problems arise, particularly when the benefits at stake are modest as is often the case with low-income workers, those with limited English-speaking abilities, and other “at-risk” populations. The U.S. Department of Labor’s Employee Benefits Security Administration does provide some level of assistance to participants in privately sponsored pension plans; but their focus is primarily aimed at identifying fiduciary violations, the need is great, their resources are limited, and the lone participant with an individual benefit claim can slip through the cracks all too easily. And there simply is no government agency to serve the pension assistance needs of federal, state and local employees; or employees of railroads, religious institutions or retired members of the uniformed services. Even traditional legal services providers cannot adequately fill the service gap. Often, those who have worked in a job that provides a pension benefit are earning an income that makes them ineligible for legal services. And even where the potential client would be income eligible, there is a myth that all pension cases are fee generating. The harsh truth is that a retiree cannot afford to pay \$200 to \$400 per hour for an expected benefit increase of \$20 per month. In cases where the pension plan

has overpaid the retiree or beneficiary – sometimes by tens of thousands of dollars – even in the best of cases, where the overpayment is completely waived due to the hardship that repayment would cause, the individual’s benefit is still reduced to the correct amount moving forward. There is no lump sum recovery to pay an attorney with. Indeed, there is no recovery at all. Yet the need exists, and it is widespread.

The pension counseling projects were designed specifically to meet this need head on – to fill this critical service void. The counseling projects provide a range of vital services to workers, retirees and their families, all at no cost to the client. From answering the simplest pension question in a quick phone call and helping someone get their pension information from a recalcitrant former employer, to helping an individual rebuild a lengthy and varied work history as evidence of their pension credit and crafting a detailed appeal challenging the denial of a benefit for a widowed spouse. These people need a trustworthy place to turn to for help in getting the pension benefits they have earned. I would like to share a few of the South Central Pension Counseling Project’s “success stories” with you to illustrate just how well AoA’s Pension Counseling and Information Program meets that specific need.

A 53-year old man who was supporting a family on an income of less than \$10,000 per year came to our project for help. He had participated in his company’s 401(k) for several years but had been the victim of a recent reduction in force. Upon reviewing his statements it was determined that, although his employer was deducting from his paychecks what should have been his contributions to his retirement plan, the money never found its way into the plan; nor did the employer’s own matching contributions. Our project attorney drafted a claim for benefits on behalf of the employee that resulted in the client receiving nearly \$4,000 in back-owed contributions. Details of this case were shared with the Department of Labor and an

investigation of the plan as a whole was instituted on behalf of all participants.

A 57 year old man had worked long enough for Flat River Glass in Farmington, Missouri to earn a right to a future benefit, but he left the service of that employer decades prior to becoming eligible to apply for his pension. He came to the Project after receiving a notice from the Social Security Administration informing him that a company named Wheaton Industries made significant pension contributions on his behalf and that he may be due a benefit. He was unable to make any headway in his search and came to the South Central Project for assistance. We were able to track down his original employer, Flat River Glass, even though the company had changed ownership several times in the interim. We reconnected the individual with his former employer and assisted him in successfully applying for a pension benefit worth nearly \$100,000.

In yet another representative case, our client was the husband of a participant in the Teachers Retirement System of Texas (TRS). The client cared for his wife who was quite sick and not able to effectively manage her own affairs. The client's and wife's son had manipulated the client's wife into changing the beneficiary designation on both the pension and death benefit from the client to the son and also attempted to divert the pension amount into a living trust established earlier by the wife that directly benefitted the son. The SCPRP advocate intervened and TRS paid the pension and death benefit totaling \$584,382 to the elderly man.

Though these clients hail from states within our own service region – Arkansas, Louisiana, Oklahoma, Missouri and – of course – the great state of Texas, the problems they encounter are no different than those that individuals experience all across our country. And the victories are no different than those achieved by the talented and dedicated pension counselors that staff the other five regional projects. Altogether, the regional projects currently cover 27

states. And together we have helped our clients obtain more than \$100,000,000 in benefits. This represents more than a 5 to 1 return on investment – for every federal dollar invested in this program, AoA’s pension counselors put more than \$5 in benefits back into their clients’ pockets. Of course, most of the pension dollars we help our clients obtain represents taxable income. So, in a very real way, this program actually helps to pay for itself.

Our own recoveries in TX are something I am particularly proud of. Over the relatively short period of only 5 years that our project has been on the roster, we have recovered more than \$4.5 million in benefits for our clients and a return on federal investment of 7.5 to 1. While this is higher than the overall Program’s cumulative figures, our project has benefitted tremendously from the significant experience of the other counseling projects, and from the excellent training and ongoing technical assistance we receive from the National Pension Assistance Resource Center in Washington, DC. This national technical assistance center is also funded by a grant from the Administration on Aging under the Pension Counseling and Information Program and is a key contributor to the overall success of the program as a whole. They also serve as a place of last resort to aid clients who are unable to find assistance elsewhere.

As I conclude my comments, I would like to emphasize the fact that these impressive results have been obtained without litigation. The work of the pension counseling projects occurs purely within the administrative claims and appeals procedures of the given pension plan or system. It is also worth mentioning that pension counseling services are provided to clients without regard to their age or income. We applaud AoA’s visionary approach to the provision of these vital services, as it recognizes that pension and retirement savings plan issues may arise at any point in one’s career sufficient to impact their retirement security when they are old.

Employer-sponsored pensions and retirement savings plans are clearly where the greatest

gaps in service delivery exist. This contrasts with government benefit and entitlement programs, health, disability and other non-pension benefits where there already exists a funded network of state and area agencies on aging, private attorneys, and legal services providers to assist individuals. The AoA program currently serves 27 states through six regional projects and a national technical assistance center. A nationwide pension counseling and information program is necessary not only meet this need – ensuring that everybody has a trustworthy place to help them get the pension benefits they have earned; but also to increase the likelihood that our nation of aging adults can live out their seniority independently and with dignity after a lifetime of productive work. We urge AoA to continue its history of support for this Program by defending the specific language within the older Americans Act that authorizes it, and by strengthening the program’s core strengths. These are the (1) the exclusive subject matter jurisdiction of pensions and other employer-sponsored retirement savings plans - our specialization is our strength and our greatest benefit to those we serve; and (2) the ability to serve individuals regardless of age or income – allowing us to help where help is needed to increase retirement security for our aging nation.

Thank you again for allowing me the opportunity to present this information to you today. Please feel free to contact me with any questions you may have about the Counseling program our about the specific work of the South Central Pension Counseling Project. My contact information is included in my submitted remarks. Good afternoon.

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