

News from Senator

BOB DOLE



(R - Kansas)

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DOLE BILL ADDRESSES PENSION INEQUALITY FOR WOMEN

WASHINGTON -- Senate Finance Committee Chairman Bob Dole (R-KS), a leader of tax and pension equity for women, has introduced legislation designed to redress pension inequities. The bill, S. 1978, has picked up a bipartisan group of 30 Senate cosponsors.

"The current philosophy of retirement plans -- that they are rewards for a worker's loyal, long and continuous service -- conflicts with some of the choices that women must make in today's society. Part of the difficulty in drafting this legislation was the need to reconcile the concerns of the employer who wishes to provide incentives for long and consistent service with the needs of women whose work patterns differ from the traditional mode."

"The bill we are introducing accomplishes this goal, I believe, by requiring qualified retirement plans to become a bit more flexible in their terms with respect to certain breaks in service, by requiring a spouse's consent before the participant can trade spousal survivor benefits for another benefit, and by providing expanded survivor coverage for spouses," said Dole.

"One of the major difficulties we faced in addressing the issue of pension equity for women is the fact that the work history of many women does not fit neatly into traditional work patterns that are generally rewarded with pension benefits," said Dole. "Many women, by choice or by necessity, must devote a portion of their so-called working years to the care and raising of children or other dependents. Other women may be required to leave an employer when her spouse is transferred to another city. I realize that in some cases these responsibilities or choices could and should be placed on men as well as women, but until these patterns change it is more likely that women will experience more breaks in their work history than men do."

"Although women may not be participating in the paid labor force for as long a period as men, they need funds to live on as they reach retirement age. In many cases -- either due to death or divorce -- a women who has made a choice to devote a period of years to her family may find herself unable to obtain the support from her husband's retirement plan," said Dole.

(PROVISIONS OF THE BILL ON BACK)

PROVISIONS OF S. 1978

- o Lower the minimum age of participation under the Employee Retirement and Income Security Act (ERISA) from 25 to 21.
- o Lower the minimum age for vesting credit from 22 to 18.
- o Provide that, in most cases, any participant who leaves the service of an employer for fewer than 5 years would not lose credit for participation and vesting for any prior period of service.
- o Prevent a break in service for individuals who take a limited maternity/paternity leave.
- o Require spousal survivor coverage for all plan participants who attain age 45 and have 10 years of service.
- o Require that a spousal survivor annuity be the normal form of benefit if an annuity form of benefit is provided in a retirement plan.
- o Require that any election out of spousal survivor coverage be authorized by the non-participant spouse.
- o Create an exception to ERISA's prohibition against assignment of benefits for court orders relating to child support, alimony, or other marital property rights in the case of a "qualified" domestic relations order.
- o Provide rules for the tax treatment of retirement plan distributions upon divorce.
- o Increase the level at which plans may cash out participants from \$1,750 to \$3,500.

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