

Remarks Announcing Pension Portability Regulations and an Exchange With Reporters

September 17, 1996

The President. Thank you. Thank you, Secretary Rubin, and thank you, Trisha, for that comment. I want to speak about this at some length but let me first of all say I think all of you know that this morning I had an opportunity to meet with congressional leadership to review with them what we have accomplished in Iraq and where we are going.

I believe we all agreed that Saddam Hussein's seizure of Irbil and movement in the northern part of Iraq after being warned not to do it by the United States and the world community required response. The response that we gave was one designed to improve the strategic position of the United States and our allies, to keep Saddam Hussein in a box, and to limit his ability to threaten his neighbors. That is a smaller box now because we have extended the no-fly zone. And we have also put Saddam Hussein on notice that we do not want him to take any actions that would increase the dangers to our pilots.

So I feel very good today that we did the appropriate thing in the appropriate way and that we've gotten the results that we sought. As I said, I had a good briefing with the congressional leaders. I was also very pleased by the report that Secretary Perry gave on his recent trip to the region and the support that our allies are giving the course that we are taking now. So I felt good about that.

Now, let me talk a little bit about what Trisha just discussed. When I became President it was obvious to everyone who had looked at the trends in the American economy that most new jobs were being created by people in small businesses and that many people were moving from job to job over the course of their lifetime.

Now, if we want to create an environment in which all working people and their children can prosper in a growing economy, obviously one of the things we have to do is to make it possible for people to move from job to job and still succeed in supporting their families. That means, among other things, we needed to make health insurance portable and we needed to make retirement portable and we needed to make retirement more accessible for small businesses, for the owners and the employees

of small businesses. We've been working on trying to do that for the last 4 years.

As all of you know, the Kennedy-Kassebaum bill made health care policies more portable, that you could take them from job to job and you couldn't be denied health insurance because someone in your family has been sick. We have worked very hard to make it easier for people to take out retirement plans. And today what we're doing is to make those retirement plans much, much more portable in ways that benefit both the employees and the employers in the small business sector of our economy. The message of the new Treasury Department actions today is simple: At a time when we are trying to seize the opportunities of a growing economy, when 5 million workers with pensions change jobs every year, we have to make it easier for them to save.

Now, as Trisha said, we do have a record number of small businesses now. In each of the last 4 years there has been a record of new businesses being started. A record number of them are owned by women and minorities. We do have lower interest rates and a healthier economy, and we've dramatically improved the ability of the Small Business Administration to make SBA loans—and I understand you had one when you started out—to start people out in small business and to help them.

Now, let me try to explain exactly what this regulation does. We have, as I think all of you know here—when I signed the minimum wage legislation there were provisions in that bill that were included in the “Retirement Savings and Security Act” that I presented to Congress. More than half of what I asked the Congress to adopt was in fact adopted in the minimum wage law. It does make it easier for small businesses to offer pensions; it does let more Americans save for their retirement from their first day on the job in whatever kind of employment situation they find themselves.

I hope Congress will pass the rest of the agenda. I hope Congress will give us tougher audits to crack down on the misuse of pensions. Because of a loophole more than 32,000 large pension plans covering 23 million Americans are

still not effectively audited. So we have to act to protect these pensions. We have seen that this administration, when we know what the audits are, will require deficiencies to be paid and will stabilize these funds.

I also want to expand the tax deductible IRA's because they're the most portable retirement savings of all. And under our plan, of course, people would be able to withdraw from them tax-free for a first-time home, for a medical emergency, or to pay for a college education.

But there are some things we can accomplish without legislation, and that's what we're doing here today. First, some people who change jobs want to leave their savings with their old employer, perhaps because their old job offered better investment choices for their savings plan. But some employers restrict the investment options of former employees to discourage them from keeping their old retirement plans there. The actions we're announcing today ensure that former employees don't have all their good investment options taken away so their families can make the most of the savings they are making.

Second, these actions eliminate restrictions that had prevented many businesses from accepting an employee's past savings into their retirement plans; that's what Trisha is talking about. And that will affect far more people. It's far more likely that employees who change from one business to another want to bring their retirement plan and are not permitted to.

Because today, if a company takes a new employee's past savings and it turns out that the pension plan that the savings were in had legal or administrative problems, then the new employer is fully liable to the employee and could have its entire pension plan disqualified even though the employer had done nothing at all wrong. Under today's Treasury actions if a company takes an employee's past savings and takes reasonable steps to ensure that the plan they came from was acceptable, then the company will no longer be held liable for problems they did not know about. As Trisha pointed out, these actions will make it easier for businesses to do the right thing by helping their employees save for retirement.

Portable pensions, more savings and investment options, health care families can take from job to job, tax cuts for college and job training, expanded IRA's, these are ways that we can give all people the opportunity to take advantage

of a growing economy, especially people in the small-business sector.

As I said, I am very proud of the fact that in the last 4 years of this administration in each successive year there have been a record number of new small businesses started, but this is an area in which there is a whole lot of folks moving around all the time. So today we are saying to the 5 million people who change jobs every year from small business to small business, "You've got a lot better chance to keep your retirement. You've got a lot better chance to get a retirement. You've got a lot better chance to take your retirement plan with you." And that means more security for American families, 5 million of them every year.

Thank you, Secretary Rubin, thank you, Trisha, and I thank the rest of our administration for their role in this.

Thank you.

Troop Deployment to Kuwait

Q. Mr. President, have you decided to proceed with the planned deployment of 5,000 troops to Kuwait?

The President. Yes. I frankly don't know what the genesis of the story in the morning paper was about that. I authorized it last weekend and the orders, the deployment orders, were signed last night. There was never any back and forth, to the best of my knowledge. I was surprised when I read the story today. I asked for an explanation of it and none of our people had one because I authorized the deployment last weekend and the—as I said, the orders were signed last night.

Q. When do you expect it to take place?

The President. Well, you can ask the Defense Department. They're doing it in a very timely fashion. They can give you the details.

Iraq

Q. As you might expect, the meeting this morning has not quelled some Republican criticism of how the situation has been handled. If I may just quote—paraphrase for a moment, Senator Lott was wondering what had happened to the disproportionate response which Secretary Perry had said was coming, and I believe Senator McCain said Saddam Hussein is better off than he was 2 weeks ago now that he sort of controls northern Iraq. I would like to get your response to that.

The President. Well, let's take them each in turn here. First of all, I think the response that we selected was entirely appropriate under the circumstances. This will partly answer the second one. Keep in—here is what happened; this was a complicated matter. The United States and the entire world community told Saddam Hussein, you know, don't invade, in effect, the Kurdish communities in northern Iraq; yes, they're in your country, but part of the United Nations resolution was that you should not repress your people. Now, the situation was considerably complicated by the fact that the leader of one of the Kurdish factions actually asked him to do it, wanted to make, if you will, a temporary marriage. So he did it.

From our point of view, it still constituted a violation of the U.N. resolution; plus which, the United States cannot be in the position after years and years and years of dealing with Saddam Hussein in which it's obvious that he's always pushing the envelope of saying don't do this and then have him do it and we did nothing. I mean, a lot of people would say well, "We ought to just take a pass on this. After all, it's just the Kurds. They're divided. He's not invading a country beyond his borders." But to us it was more serious than that because we didn't want to create a precedent in which—which could lead him to believe that he could take further action. There is still a lot of debate about whether 5 or 6 years ago he was somehow misled by actions of others into thinking he could take over Kuwait with no consequences. So we didn't want there to be any ambiguity at all.

Therefore, I believe that—I will say again—I told Senator Lott this this morning, my view is that the action we took was appropriate because it would not have been appropriate for the United States to send ground forces into northern Iraq to try to throw Saddam out of northern Iraq. We could have done that, of course, but it would have been at a very high price. It was inappropriate.

It would not have been appropriate for us to take action that would have cost the lives of a lot of civilians in that country. What we did was appropriate. What we did by extending the no-fly zone is to say, "We want you to

understand, we have no intention of permitting you to threaten your neighbors. We're going to limit your ability to maneuver. The box you are in is now a tighter box." I still believe it was the right thing to do.

In terms of northern Iraq, is he in a stronger position today? He's in a weaker position in southern Iraq and a weaker position to threaten his neighbors. Yes, he has his army deployed in areas of northern Iraq that they weren't there a few weeks ago. But I would remind you, there are a lot of shifting sands in the Kurdish political scene. And as the Secretary of State cautioned the Members of Congress today, if you look at where these Kurdish leaders are coming out, I think it is unlikely that there will be any profound, lasting benefits to him from what he has done in the north.

I think it is perfectly clear that there are some significant disadvantages in the south, in the areas where we have the greatest interests, including his ability to threaten either Kuwait or Saudi Arabia.

Q. Sir, Senator McCain said that we would pay a price for not matching the rhetoric with action. He was taking issue with—

The President. Well, my rhetoric has been very careful. I think if you go back and look at exactly what I said, I think my actions and my rhetoric have been very closely calibrated. I've been very careful not to try to run this up the rhetorical flagpole.

Q. What about Secretary Perry?

The President. Well, I think Secretary Perry just completed 3 days of hard work in the region. He got reaffirmations of support for the United States and our policy in every nation he visited from a broad range of officials, and I'm very pleased with the work he has done these last 3 days.

Thank you.

NOTE: The President spoke at 10:17 a.m. in the Oval Office at the White House. In his remarks, he referred to Patricia Parson, president and chief executive officer, AmerInd, Inc. The Internal Revenue Service proposed rule on retirement plan rollovers was published in the *Federal Register* on September 19.