

him to name his former spouse as the beneficiary to receive a refund of contributions upon his death, even if she was to receive a portion of his pension.

Solution—Authorize courts to order the ex-husband to name his former wife as the beneficiary of all or a portion of any refunded contributions.

SECTION 203—COURT ORDERS RELATING TO FEDERAL RETIREMENT BENEFITS FOR FORMER SPOUSES OF FEDERAL EMPLOYEES

Problem—Currently, under CSRS, if the husband dies after leaving the government (either before or after retirement age) and before starting to collect retirement benefits, no retirement or survivor benefits are payable to the spouse or former spouse.

Solution—Make widow or divorced widow benefits payable no matter when the ex-husband dies or starts collecting his benefits.

SECTION 301—SMALL 401(K) PLANS REQUIRED TO PROVIDE ANNUAL INVESTMENT REPORTS TO PARTICIPANTS

Problem—Current law requires that pension plans file an annual detailed investment report with the Treasury Department and make it available to any participant upon request. Pension plans, including 401(k)s, with fewer than 100 participants and beneficiaries are not required to file or make detailed investment reports available to participants. 401(k)s, unlike traditional pension plans, do not have the plan sponsor guaranteeing their pension benefits nor do they have PBGC pension insurance. Consequently small 401(k) participants bear the investment risks, but are not told what the investments are.

Solution—The Secretary of Labor must issue regulations requiring small 401(k) plans to provide each participant with an annual investment report. The details of the report are left to the Secretary.

SECTION 302—SECTION 401(K) INVESTMENT PROTECTION

Problem—Under federal law, a traditional defined benefit pension plan may not invest more than 10% of its assets in the company sponsoring the plan. The purpose of the limitation is to protect employees from losing their jobs and pensions at the same time. The 10% limitation does not apply to 401(k) plans, despite their having become the predominant form of pension plan, enrolling 23 million employees and investing more than \$675 billion.

Solution—Apply the 10% limit to employee contributions to 401(k) plans—unless the participants, not the company sponsoring the plan, make the investment decisions.

SECTION 401—MODIFICATIONS OF JOINT AND SURVIVOR ANNUITY REQUIREMENTS

Problem—Under current federal law, traditional defined benefit pension plans can offer unequal survivor benefit options. That option can pay the surviving spouse (most often the wife) only half the survivor's benefit paid to the spouse who participated in the plan. Plans may, but are not required, to offer more equitable options. Current law also requires that pension plans disclose retirement benefit options to one spouse, the spouse who participated in the plan. This leaves the other spouse (usually the wife) uninformed about an irrevocable decision that affects her income for the rest of her life.

Solution—Require that pension plans offer an additional option that provides either surviving spouse with two-thirds of the benefit received while both were alive. Require that both spouses be given a illustration of benefits before any benefit can be chosen.

SECTION 501—SPOUSAL CONSENT REQUIRED FOR DISTRIBUTIONS FROM SECTION 401(K) PLANS

Problem—Under current federal law, in order for a plan participant to take a lump

sum distribution from a defined benefit plan, the participant must have the consent of his or her spouse. This is not true of a 401(k) plan. This means that a participant can, at any time, drain his or her pension plan and leave the spouse with no access to retirement savings.

Solution—Require that 401(k) plans be covered by the same spousal consent protections as defined plans when it comes to lump-sum distributions.

SECTION 601—WOMEN'S PENSION TOLL-FREE PHONE NUMBER

Problem—One of the key obstacles to women's pension security is lack of information. Too many women do not know whether or not they are eligible for retirement income, the implications of the decisions they are asked to make regarding divorce and survivor benefits, the steps they should take to provide for a secure retirement, or even how to gather the necessary information.

Solution—Create a women's pension hotline that can provide basic information to women regarding pension law and their options under that law.

SECTION 701—PERIODIC PENSION BENEFITS STATEMENTS

Problem—Under federal law, pension plans are required to provide a benefits statement annually, upon request by the employee. Many employees, especially young employees, do not consider pension income or do not feel secure requesting information from their employer. Thus, many employees do not know the amount of their accrued benefits, or payout upon retirement. In addition, there are numerous instances of defined contribution plans misappropriating money by failing to place funds in the employee's account. Unless an employee asks for a statement, he or she does not have a clear idea of the state of his or her retirement security, or if the funds are being properly placed.

Solution—Require that 401(k) plans provide benefits statements automatically at least once year. For defined benefit plans, due to the more complicated calculation required to produce an accurate future benefits statement, require that a statement be automatically provided every three years.

UPON THE INTRODUCTION OF THE "DEPOSITORY INSTITUTION AFFILIATION ACT"

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 13, 1997

Mr. LaFALCE. Mr. Speaker, I am pleased to be the chief Democratic cosponsor of H.R. 669, the Depository Institution Affiliation Act, introduced by Chairman RICHARD BAKER. The goal of modernizing our financial services industry has been a longstanding objective of mine and many other Members of Congress, as well as many in the financial services industry. Unfortunately, that goal has eluded us to date.

The purpose of any financial modernization legislation should be to encourage the development of a competitive and efficient financial services system. Such a system should provide consumers with financial services at the lowest possible cost, while at the same time ensuring safety and soundness. In fact, a competitive industry providing a broader range of services enhances the safety and soundness of the industry, rather than reducing it. Indeed, it is the narrowness and rigidity of the

bank charter that has been responsible for the banking industry's loss of market share over the past several decades.

There are several different approaches to financial modernization being discussed in this Congress, as has been the case in all previous debates. Of all of these, Chairman BAKER's legislation—which is the companion to Senator D'AMATO's bill in the Senate—is the broadest, and therefore I believe offers the best opportunity for Congress to debate the full range of issues related to modernization. It is expected that the administration will soon present its own proposal to Congress, and I believe it also will be broad in scope. In order to get the job done, it is critical that we work on a bipartisan basis and in close cooperation with the Senate and the administration.

If we are to seriously take up the modernization issue, we must not restrict ourselves to considering only delimited legislation which addresses a very finite array of issues. Such legislation is necessary too narrow in scope to reflect the rapidly changing financial services market. Nor should we assume that legislation passed by the Banking Committee in previous years is a model for reform today. As the financial marketplace evolves, Congress must explore that evolution. We must attempt to understand its implications, ask critical questions about the most effective means of regulating new developments, and only then consider the most effective legislative vehicle for achieving reform.

Despite our previous failures to pass legislation, the debate in Congress over financial modernization has been progressing along with the evolution in the marketplace. Indeed, issues on which there was major disagreement in past debates are now a matter of near consensus. For example, many now agree that the total separation between commercial and investment banking is artificial in today's financial world.

No bill before this House has yet found the perfect resolution of the many issues we must address, including this one. But our bill has the advantage of raising the full range of issues we must study if we are to legislate intelligently. First, we need to understand more fully the appropriate relationship between banking and commerce. The affiliation of banks with commercial firms is an issue with a long and controversial history, and one on which many have strong and often contradictory opinions. However, very few of us adequately understand the rationale for allowing affiliations between banking and nonbanking or commercial firms. It is difficult to even agree on the meaning of the word "commercial."

The proposal to allow banks to affiliate with commercial firms should not be an ideological issue requiring one to take sides. There are beneficial aspects to linkages between banking and commercial firms, as well as some very legitimate concerns which should be addressed. I believe it is possible to strike a balance. We can place appropriate limitations on the affiliations between banks and commercial firms, while retaining the benefits of such affiliations and recognizing that companies in which some mix of banking and commerce already exists have posed no harm and done much good.

We also need to recognize that there are a broad range of nonbanking activities that some might consider "commercial." Some of

these are clearly financial in nature and have a close relationship to banking. Other nonbanking activities are technological in nature, making them crucial to the ability of banking organizations to compete with nonbank firms offering similar technology-based financial products. Other nonbanking activities involve making passive equity investments in commercial firms.

Before making any definitive decisions about the combination of banking and commercial firms, we need to understand more fully some of the complexities involved. This bill will contribute to that debate.

Second, we need to gain a better understanding of holding company regulation—whether it is needed, and what is its proper scope. In particular, we need to explore the question of whether a holding company is the most effective means of promoting competitiveness in the financial services market. In short, we need to understand the benefits as well as the disadvantages of a holding company structure.

Third, we need a more thorough understanding of how functional regulation would operate in reality. The basic concept is simple, but its application is not. The current regulatory structure mirrors to some degree the truncated system it regulates. A new system cannot so readily be forced back into an old framework.

On all these questions, our goal should be to maintain an openmind, and explore the issues fully. I encourage my colleagues to engage in as far-reaching a debate as possible, because that process will result in a superior legislative product.

I congratulate Chairman BAKER for his ongoing contribution to the vital goal of financial services modernization and pledge my support to work for a bill that addresses the issues in the most comprehensive way possible.

THE CITIZENS' CHOICE ACT

HON. MARTIN OLAV SABO

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 13, 1997

Mr. SABO. Mr. Speaker. It has been clear for many years that our campaign finance system must be reformed. Recent events have raised public awareness of this need, and I am glad that the issue is now near the top of our agenda.

Reforming our campaign finance system is one of the most difficult problems before Congress. In the past, sweeping comprehensive reform has yielded a multitude of unintended consequences. Our campaign system is complex, and it will not yield to easy solutions or quick fixes. That is why I am introducing legislation that takes a small but important step in the right direction—toward limiting campaign spending and leveling the playing field between challengers and incumbents.

My bill, the Citizens' Choice Act, creates a voluntary system of publicly financing general elections to the U.S. House of Representatives. Under my bill, a House of Representatives general election trust fund would be funded by a voluntary \$5 check-off on income tax returns, and would consist of one account per political party in every congressional district. Candidates who accepted money from

this fund must agree to spend no more than \$600,000 on their campaigns. The spending limit would be waived if a candidate's opponent refuses to participate in the public funding and raises at least \$100,000. My bill also includes a blanket prohibition on all House general election candidates from loaning more than \$500,000 to their own campaigns.

My bill addresses the most common criticism of public financing proposals: that taxpayers should not subsidize the campaigns of candidates they oppose. That is why I would allow people to choose which party would receive their tax dollars. This eliminates the problem, while creating greater opportunity for citizens to get involved in the electoral process.

Mr. Speaker, some Members are too ready to believe that citizens strongly oppose public financing. I believe it is time for Congress to take another look at public financing of campaigns. Widespread frustration with our current system has grown to the point that Americans demand new solutions. People want fair campaigns, and I believe the American people will understand that an appropriate combination of public financing and spending limits is an effective way to govern our campaign system. I also feel that citizens will welcome the opportunity to support our political system through my proposed check-off.

I urge my colleagues to look beyond any preconceived notions they may have about public financing of campaigns, and support legislation that gives citizens a choice in financing our electoral process.

THE DIAMOND ROAR OF THE BAY CITY LION'S CLUB

HON. JAMES A. BARCIA

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 13, 1997

Mr. BARCIA. Mr. Speaker, in addition to keeping full-time jobs, volunteers spend long and tireless hours helping others while in return they are not paid and receive no financial gain. A truly dedicated and committed group of volunteers, the Lions Club of Bay City, will celebrate its 75th anniversary on February 22, 1997. The Lions Club of Bay City has made an indisputable difference for the citizens of Bay City.

Chartered on December 8, 1921, the club has had more than 1,205 members during its 75 years in existence. Thirty-five local community-spirited men who were committed to improving their community founded the club. They established the club's motto: "We Serve," and serve they did. The club continues their legacy, serving the citizens of Bay City with a dedicated spirit and wholehearted devotion.

The Lions Club of Bay City has raised more than \$1 million which they have used to improve the lives of many citizens. Under the capable leadership of the club's president, Leonard Kaczorowski, the 238 members have completed many incredible projects throughout Bay City, including providing services for vision and hearing impaired individuals. The club also built and developed a park pavilion while at the same time completing work on a playground in Bigelow Park.

The club should be proud of its accomplishments and of its impressive membership num-

bers. The Bay City chapter is the largest Lions Club in Michigan, the 5th largest in the United States, and the 15th largest in the world.

The loyal volunteers represent the spirit of volunteerism and community service that has made our country one of the greatest Nations in the world. I ask my colleagues to join me in wishing the Bay City Lions Club a hearty congratulations for 75 years of success.

IN HONOR OF ALEX SMITH ON HIS 90TH BIRTHDAY

HON. CAROLYN B. MALONEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 13, 1997

Mrs. MALONEY of New York. Mr. Speaker, I rise today to bring to the attention of my colleagues the great achievements of Alex Smith and the East Side Peace Action Committee. This outstanding organization in my district has worked for 40 years on world peace and nuclear disarmament issues.

The East Side Peace Action Committee, which has been led by Mr. Smith for 40 years, was born out of the Committee for a Sane Nuclear Policy in 1957. It was established in a time when Americans first felt fear over the threat of nuclear war. Early on, the members of the East Side chapter recognized the dangers of stockpiling nuclear weapons and banded together to work on ending "mutually assured destruction," or MAD, as a national campaign. Participants in this cause have included Eleanor Roosevelt, Dr. Benjamin Spock, Senator Wayne Morse, Norman Cousins, and many others.

The East Side chapter would not have been so successful if it were not for Mr. Alex Smith, a long time resident of the 14th Congressional District. Mr. Smith has spearheaded the East Side chapter and served our community since 1957. He is a remarkable leader and organizer and has received widespread recognition for his work on peace issues and for ending the threat of nuclear annihilation. His labor and struggle has truly made our world a safer place, especially now that the chances of nuclear war has greatly diminished.

Alex Smith, for the past 40 years, has been an advocate for eliminating nuclear weapons and has provided leadership for the East Side Peace Action Committee. It is for these reasons and many more that I would like to recognize Mr. Smith on his 90th birthday.

SALUTE TO AN OUTSTANDING MILWAUKEEAN

HON. GERALD D. KLECZKA

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, February 13, 1997

Mr. KLECZKA. Mr. Speaker, I want to take this opportunity to salute one of Milwaukee's outstanding citizens, Bonnie Szortyka Peterson.

Ms. Peterson is featured in February's Milwaukee Magazine in a story called "One Woman's War." It's an appropriate title for a remarkable woman. The article calls Ms. Peterson "the State's staunchest advocate for the blind" and "the toughest critic of the system built to help them." I'm sure those who read the article will agree.