

Written Testimony Provided by:  
American Agriculture Movement, Federation of Southern Cooperatives,  
National Latino Farmers and Ranchers Trade Association, National Association of Farmer  
Elected Committees and Women Involved in Farm Economics

Senate Special Committee on Aging  
Hearing on 'Turning Retirement Savings into Lifetime Income'  
June 16, 2010

Mr. Chairman and distinguished members of the committee, as members of the Americans for Secure Retirement coalition, we welcome the opportunity to submit for the record our statement on policy recommendations to help farmers, ranchers and others working in agriculture ("farmers") plan and save for their retirement years. Americans for Secure Retirement (ASR) is a broad-based coalition of 70 member and affiliate organizations representing women, farmers, Hispanic-Americans and small businesses, among others.

America's rural and farming communities are influenced by factors that make obtaining a secure retirement uniquely difficult. At a time when Social Security on average covers only two-thirds of retirement needs, farmers are less likely to be covered by traditional pensions, forcing them to rely on Social Security at a much greater rate than those in other sectors. In addition, there is extreme variability in farm income due to largely uncontrollable fluctuations in commodity prices, weather, and macroeconomic policies, making it more difficult for farmers to adequately plan and save for retirement.

We – American Agriculture Movement, Federation of Southern Cooperatives, National Latino Farmers and Ranchers Trade Association, National Association of Farmer Elected Committees and Women Involved in Farm Economics - are united to advocate for greater attention around efforts that would ensure that farmers and other agricultural workers, as well as Americans at large, have access to guaranteed streams of retirement income that cannot be outlived. We are pleased that this committee recognizes the scope of the challenges facing those working in agriculture as they plan for retirement, and the importance of examining the full range of potential approaches that can be tapped to improve their retirement security.

### **Farm Workers Face Unique Challenges in Retirement**

Farm and ranch operators and their workers face significant and unique obstacles in planning and providing for their retirement. They are less likely to be covered by traditional pensions, which make income payments for life, as well as other employer-sponsored retirement plans, as compared to workers in general. Extreme variability in farm income – due to fluctuations in commodity prices, weather, and macroeconomic policies, among other things – also makes it difficult for farmers to plan and save for retirement effectively.

For these reasons, many farmers today suffer the consequences of living long lives without adequate retirement income. Farm wives are particularly vulnerable to declining standards of living in retirement, because women tend to outlive men. Many have experienced this significant decline and a large number live only on monthly Social Security payments.

For too many farmers, there is little that is golden about their Golden Years. The average farmer faces very tough and unique obstacles to having a comfortable standard of living throughout his or her retirement. Considering increases in the average life expectancy, retired farmers are often faced with stretching their savings and investments to finance their housing, medical needs and way of life for 20 to 30 years beyond the age of 65.

Farmers' diminished independence and income ultimately affect the economic vitality of their communities, many some of the poorest in the nation, and strain already under-funded local governments. Indeed, the greatest concentrations of elderly Americans living below the federal poverty level are in rural America. Farmers, and their families and communities, would benefit greatly from having better access to retirement vehicles, such as annuities, that make it easier to convert and manage their farm assets and personal savings so they last a lifetime.

### **Agriculture Workers Are Less Likely To Have Employer Sponsored Retirement Plans**

Most farmers are self-employed, and operate or work for farms that are basically small businesses, which generally do not offer traditional pensions (or, for that matter, defined contribution plans). Other than Social Security, these farmers have no other sources of guaranteed retirement income no matter how long they should live.

Only 30 percent of the agricultural workers in the United States work for an employer that sponsors some form of retirement plan; either a traditional pension, which makes regular income payments for life (i.e., a defined benefit plan), a defined contribution plan such as a 401(k) plan, or both. To put this in perspective, 60 percent of the American workforce at large work for an employer that sponsors some form of plan. Similarly, less than one quarter (23.6 percent) of all farm workers participate in any retirement plan – again, half as much as the percentage for all workers. This means that for a majority of farmers, it is up to individuals to plan and save for retirement and then manage these savings to provide an adequate standard of living for the rest of their lives.<sup>1</sup>

### **Protecting Farmers and Their Income in Retirement**

As the Obama Administration and Congress consider issues within the nation's retirement systems and offer changes, it is imperative to the nation's farm and ranch families that they address all of the elements of retirement security. For the nation's rural and agricultural communities, true retirement security will only come when we address both the savings accumulation side of the equation and the management of savings that would help individuals secure retirement income that lasts a lifetime.

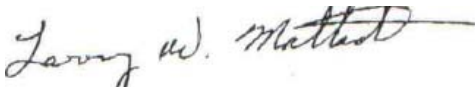
Without addressing the latter, farmers and other rural constituencies who have limited options for generating regular retirement income will be left out in the cold. Retirement reform must include supporting policies that make annuitization, the only retirement vehicle that provides a steady stream of income for life, more accessible. For example, Americans for Secure Retirement supports the Retirement Security for Life Act, S. 1297, introduced by Sen. Kent Conrad (D-ND) and Sen. Pat Roberts (R-KS), and similarly, the Retirement Security Needs for Life Act, H.R. 2748, introduced by Representatives Earl Pomeroy (D-ND) and Ginny Brown-Waite (R-FL). Both of these measures would encourage Americans to invest a portion of their savings in lifetime annuities to secure a guaranteed source of income in retirement, an important first step toward reaching this goal.

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<sup>1</sup> Lifetime Income Crucial to Farmer's Retirement Security," American Corn Growers Association and Americans for Secure Retirement, ([http://paycheckforlife.org/uploads/Ag\\_Issue\\_Brief\\_FINAL.PDF](http://paycheckforlife.org/uploads/Ag_Issue_Brief_FINAL.PDF))

Farmers represent the best of America. Their commitment to cultivating our land through hard work and dedication not only feeds, clothes, shelters and helps fuel our country, but supports an important part of our economy. It is a moral imperative to make sure farmers have the ability to have a secure retirement. It also makes for good public policy, as the inability of retired farmers to fend for themselves will have an impact on the budgets of local communities and the federal government.

The aforementioned legislation takes a sensible approach to encouraging Americans, especially Hispanics, to plan for the long-term. It should be among our top priorities to make sure that members of America's farming and agriculture industry have tools to help them adequately prepare for retirement and manage those savings so they last a lifetime. We are encouraged by this committee's demonstrated interest in helping American secure lifetime income for their retirement. We look forward to helping you in these efforts. Thank you.



Larry W. Matlack  
President  
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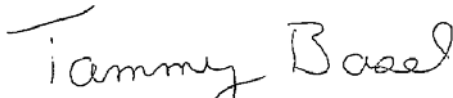


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