



## **Social Security Update**

***The Truth about Social Security  
& the federal debt***

**February 2010**

On Thursday, February 17, 2010, the President signed an Executive Order creating the National Commission on Fiscal Responsibility and Reform. The Executive Order directs the commission to recommend how to balance the budget by 2015.

While retirees fully support President Obama on the critical need to reduce our nation's budget deficit, many are troubled by the rhetoric suggesting that Social Security is to blame for our national debt. Even more worrisome is the accompanying claim that the Commission should consider cuts to the program in the name of fiscal responsibility and then put these cuts to Congress with no opportunity for amendments or input from constituents.

Strengthening Social Security's core guarantee of retiring with dignity is now more important than ever. While we applaud the President's commitment to reduce our national debt, Congress – not an executive commission – should work together to consider, debate and make the necessary adjustments that will further sustain the program above and beyond 2043.

### **Share the good news about Social Security!**

- ✓ The 2009 Annual Report of the Board of Trustees stated that Social Security ran a surplus of \$180 billion last year with a reserve of \$2.4 trillion. This surplus is projected to reach \$5.5 trillion by 2026. When you compare this amount with the tax cuts enacted under President George W. Bush from 2001 through 2006, which will cost \$2.48 trillion over the 2001-2010 period, it becomes clear that the cause of our fiscal deficit is *not* Social Security.
- ✓ In its August 2009 forecast, the Congressional Budget Office said that full benefits can continue to be paid until 2043. These benefits are not excessive by any measure. In fact, they are quite modest: In 2009, average annual benefit was \$13,800.
- ✓ The income security of many older Americans has been devastated by the collapse of the housing bubble and the plunge in the stock market. Additionally, the decline of American manufacturing and good jobs has taken away private pensions. Social Security is the one part of the retirement system that is guaranteed and provides cost-of-living adjustments. Any cut in benefits would drastically impact the livelihood and well being of older Americans, leaving large segments of middle-income workers with near-poverty level incomes in retirement.

- ✓ Without Social Security, 55% of severely disabled workers and their families would live in poverty; 47% of elderly households would live in poverty; another 1.3 million children would fall into poverty; and 2.4 million grandparent-headed households caring for 4.5 million grandchildren would be deprived of the most important source of income going to these grandfamily households.
- ✓ Children, youth, people with disabilities, seniors and the unemployed should not be made to pay the price for the excesses of Wall Street; for tax cuts that have benefited the most well-off, for unfunded wars and for the billions of taxpayer dollars being squandered as bonuses to the very financial managers who brought the economy to near-ruin.

### *What should be done about the nation's long term deficit?*

Social Security's long-term solvency can be resolved by relatively modest adjustments and without cutting benefits. For instance, we should consider the following solutions:

- ✓ Raise the payroll tax cap on Social Security taxes for the wealthiest Americans.
- ✓ Freeze the estate tax at 2009 levels and apply those revenues to Social Security.
- ✓ Put people back to work in good-paying, decent American jobs.
- ✓ Tax the bonuses of the Wall Street millionaires and billionaires who are doing so well.
- ✓ Reign in health care costs by passing a strong health reform bill that will improve both our physical health, and our nation's fiscal health.