



Social Security...the NRLN Proposal

Protecting the Generational Compact

Talking Points:

Social Security is a contributory plan, an earned and paid-for benefit, not a government welfare program. It is a generational compact, whereby today's retirees helped to pay for their parents' Social Security, and current active workers help to pay for today's retirees, just as future workers will for them.

Current Social Security Trust Assets (\$2.7 trillion in government bonds) are sufficient to pay 100 percent of benefits over the next 25 years. Social Security is not irrevocably broken, but needs only to be strengthened in order to ensure that it remains in place for current and future retirees.

NRLN's Position and Proposed Changes Relative to Social Security:

- Congress should address any long-term funding gap by focusing on modest increases in the payroll tax rate (possibly between 0.5% and 1.5%) and increasing the cap on maximum wages subject to the tax until the Social Security Trust is again adequately funded actuarially.
- There is no need to reduce Social Security Cost of Living Allowances (COLAs), do means-testing or make other cuts in benefits. America's retirees are shouldering the burden of higher health care costs, reduced savings and declining house values.
- The NRLN opposes raising the Social Security eligibility age. Current and past Administrations and Congresses have known for 30 years that the number of Social Security beneficiaries would double but did nothing to prepare since the last round of changes in 1983 when the Greenspan Commission gradually raised the eligibility for full benefits to age 67, in essence a spreading out of benefits. Spreading out the eligibility age limit was an insufficient action in 1983 and extending the eligibility age limit again would be insufficient and unfair to those who have paid mandatory Social Security taxes to obtain full benefits under current eligibility criteria.
- The NRLN opposes the Chained Consumer Price Index (CPI) method currently being proposed for calculating Cost of Living Adjustments (COLA). There have been no benefits added to the Social Security system, other than COLA, since 1961. The NRLN opposes any changes in the way the annual COLA is calculated especially Chained CPI which is less accurate and would result in a reduction in benefits of 3.7% after 10 years, 6.5% after 20 years and 9.2% after 30 years. These cuts would push many of the oldest Americans into poverty.

The U. S. government and members of Congress do not own funds held in the Social Security Trust; the assets belong to the beneficiaries. Social Security Trust assets should be insulated from access by Congress and never again be loaned out as a piggybank to cover other government spending.

For a copy of an NRLN whitepaper on this subject, contact Marta Bascom at 703-863-9611 or marta.bascom@linkspace.net