



## **2011 NRLN “FLY-IN”**

**September 19, 20 2011**

**Opening, Social Security and Medicare – Bill Kadereit**

**Pension Asset Protection – Marta Bascom**

**Mergers Acquisitions and Spinoffs – Michael Calabrese**

**3:45 Break**

**Prescription Drug Costs – Bob Volpe**

**Retiree Testimonials – Ed Beltram**

**Preparation for September 20 – Marta Bascom, Bob Martina**

***Retirement Heist* – Ellen Schultz**

**5:30 Social – 6:30 Dinner**



## **2011 NRLN “FLY-IN”**

**September 19-20, 2011**

**Retiree Financial Security and Balancing the Budget**

**Social Security - Medicare - Pension Assets**

**Protecting Retirees in a Global M & A World**

**Cost Containment Vs Protecting Political Capital**

**Kick the Can Vs Do What’s Best for America**

**Don’t Shift Blame and Cost to Retirees**

**IT’S THE COST STUPID!**



	<u>Budget / Expenditures</u>	<u>Income / Revenue</u>	<u>New Debt Created</u>
<b>Total Federal Government:</b>	\$3,597,000,000,000	\$2,314,000,000,000	\$1,283,000,000,000
<b>2011 Medicare</b>	\$555,000,000,000	\$486,000,000,000	-\$69,000,000,000
% of Federal Budget	15.4%	21.0%	5.38%
<b>2011 Medicaid</b>	\$274,000,000,000		-\$274,000,000,000
% of Federal Budget	7.6%		21.36%
<b>2011 Social Security</b>	\$726,000,000,000	\$816,000,000,000	\$90,000,000,000
% of Federal Budget	20.2%	35.3%	-7.01%
<b>2011 MEDICARE, MEDICAID &amp; SOCIAL SECURITY SPENDING*</b>	\$1,555,000,000,000	\$1,302,000,000,000	-\$253,000,000,000
% of Federal Budget	43.2%	56.3%	19.72%
<b>2011 OTHER FEDERAL SPENDING:</b>	\$2,042,000,000,000	\$1,012,000,000,000	\$1,030,000,000,000
% of Federal Budget	56.8%	43.7%	80.28%

\* Excludes \$23 billion for C.H.I.P. and two other Health Care Programs Paid Funded by General Revenue.

SOURCE: CBO August "UPDATE" ( Also see O.M.B. , Medicare Trustees Report and Soc Sec.gov)



## **2011 NRLN “FLY-IN”**

### **SOCIAL SECURITY – Breaking the Covenant**

**Social Security Trust – \$1.7 surplus is enough for 25 Years**

**Some Facts - \$1.7 trillion surplus cash was swapped for T-Bills**

**Tax income exceeded benefits annually, 1983 through 2010**

**Surplus and interest earned was squandered – cash is gone**

**Congress must pay \$1.7 trillion by 2037, as T-Bills Mature**

**Congress Kicked the Baby Boomer Can for more than 30 Years**

**Avoided tax rate increases – Did wrong thing but got elected**

**1983 tax reductions – Political heroes then, goats now**

**Tax Cut and Avoidance Games Exposed by the 2007 Recession**

**Payroll tax revenue is down significantly – Unemployment up**

**Baby-Boomers arrive on time, in 2010 – Must Pay Them!**



## **2011 NRLN “FLY-IN”**

### **SOCIAL SECURITY – Restoring the Covenant**

**NRLN Opposes Chained C. P. I. – It does not factor in retiree disproportionate health care cost inflation (>6% HC vs 3% CPI)**

**NRLN Opposes Age Eligibility Change – 1983 Eligibility change didn’t work, neither will another. Pass a statute that prohibits employer age-related retirement and hiring practices!**

**NRLN Proposes - A combined Social Security tax and Maximum Earnings Limit increase (e.g. .5 – 1.5%) that would be rescinded once the trust is funded on a 75 Year basis.**

**NRLN Proposes – Prohibition of trust fund use for non-Social Security purposes and more rationale fixed-income investing**



## **2011 NRLN “FLY-IN”**

### **MEDICARE – A Covenant, Not Welfare**

**May 2011 Medicare Trustee report says:**

**Medicare spending increased 8.2% annually, 1985-2010**

**Baby Boomers push spending to grow at 7.2% - Double GDP**

**Tax revenue supported 60-65% of spending in 1990 – now 39%**

**General revenue supported 28% of spending in 1990 – now 44%**

**CBO’s analysis says: private plans carry more overhead and inflation risk than Medicare does.**

**Congress says “it’s not our fault”: Medicare tax not raised since 1990, members and parties live on. Congress wants cuts but won’t pass Rx importation, competitive bidding, or attack fraud.**



## **2011 NRLN “FLY-IN”**

### **MEDICARE – Restoring the Covenant**

**Eliminate waste – cut other federal programs, non-strategic grants, pork barreling, sneaky last minute adds, be honest**

**Attack Medicare fraud – enact stiffer penalties including prison time. Trustees report Plan A fraud only – mandate full disclosure**

**Attack Rx drug cost – compel safe importation, competitive bidding & formularies, FDA generic funding and rules changes, and eliminate non-competitive industry practices.**

**Set equitable physician fee formula – examine costly referrals, redundant visits, physician owned brick and mortar, etc...**

**Increase Medicare tax - until revenue supports 65% of Medicare expenditures, then adjust down actuarially.**