



## The Straight Facts on Social Security

### **SOCIAL SECURITY IS FAR MORE THAN A RETIREMENT PROGRAM.**

It is the bedrock of economic security for millions of children and parents, as well as working and retired Americans.

- Social Security provided \$615 billion in benefits to 51 million people in 2008.
- 3.2 million children through age 19 are direct Social Security beneficiaries; many others have an immediate family member who receives Social Security benefits.
- One third of beneficiaries collect survivors or disability insurance, keeping millions of families with a disabled or deceased breadwinner out of poverty.

Social Security benefits are progressive, replacing half the earnings for a low wage worker, one-third for median wage earners, and one-quarter for high wage workers. Social Security has almost eliminated poverty among the elderly, thanks to lifetime retirement benefits, annual cost of living increases, and family benefits.

### **SOCIAL SECURITY IS IN GOOD SHAPE FINANCIALLY – NOW AND FAR INTO THE FUTURE.**

Even with the economy in recession, Social Security currently operates at a surplus. And the program is projected to have ample funding to serve future generations, including:

- **Baby-Boomers:** Social Security has been collecting extra payroll taxes for the past 25 years to prepare for the retirement of the baby boom generation. For example, in 2008 Social Security took in \$49 billion more in payroll taxes and \$131 billion more in interest and other income than it paid out in benefits and expenses.
- **Gen-Xers, Gen-Ys and Millennials:** Even if Social Security's Trust Fund is spent down during the baby boomers' retirement years, because benefits actually go up a little faster than inflation, Social Security payroll taxes alone will finance benefits for later retirees worth more than today's seniors receive.

Meanwhile young workers can rest assured that if anything happens to them, their families will receive survivors or disability benefits.

### **THE SOCIAL SECURITY TRUST FUND IS SECURE.**

Some fear the government is spending the trust fund instead of saving it. Actually, the trust fund is invested in U.S. Treasury bonds, which are widely considered the safest investment in the world. It's a win-win: the bonds pay for education, research, transportation and other public structures that benefit us all, and the investment return improves Social Security's long-term bottom line.

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**“Building an economy that works. For everyone.”**

## AMERICA CAN EASILY AFFORD SOCIAL SECURITY...

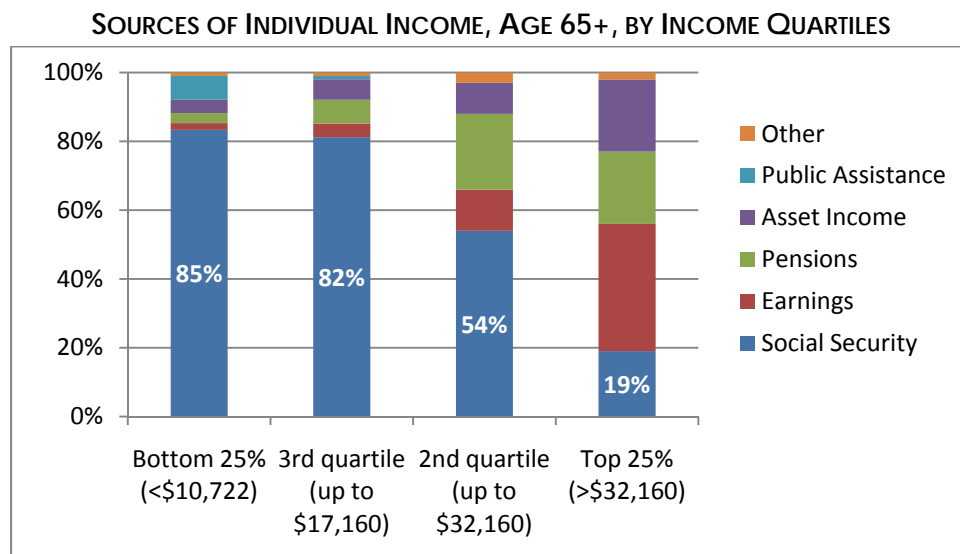
As a percentage of our economy, Social Security costs will grow only about 1.4% over the next 75 years as our population ages. From about 4.8% today, costs will peak at 6.2% in 2034, before leveling at 5.8% after 2050. That's a scale of change we can easily handle.

If Social Security requires additional funds, we could **"remove the cap."** In 2009, workers pay into the system only on earnings under \$106,800. Applying Social Security taxes to all earnings – as we already do for Medicare – would afford more generous benefits for those who most need them.

### ...IN FACT, WE CAN'T AFFORD TO LOSE IT.

Social Security guarantees that everyone will have at least a minimum monthly income in retirement. Investment-oriented retirement plans like 401(k) accounts are highly dependent on the ups and downs of the stock market, and favor the highest income earners.

**For half of American seniors**, Social Security makes up, on average, more than 80% of income.



Source: *Income and Poverty Among Older Americans in 2007*, Congressional Research Service

**For half of American workers**, who have no workplace retirement plan, the stable base of Social Security's progressive benefits, annual cost-of-living adjustments, family benefits, and lifetime retirement benefits are crucial to future economic security.

## WE CAN IMPROVE ON SOCIAL SECURITY'S WINNING FORMULA.

**Increase benefits for the lowest income earners.** In 2007, 43% of seniors 75 and older lived with incomes under 200% of the poverty level, about \$1,702 per month.

**Increase elderly survivors' benefits.** Increasing benefits for a surviving spouse to 75% of the couple's pre-death benefit, with an income cap on the high income recipients, would help low and moderate-income widows and widowers.

**Provide Family Care Credits.** Social Security benefits are based on the adjusted average of a worker's 35 highest-earning years. While men average 44 years in the workforce, women spend far more time providing unpaid family care and average only 32 years. Fewer women would live in poverty in their old age if benefits were adjusted for time spent in family care-giving.