



GRAY PANTHERS MEDIA WATCH CAMPAIGN

Know the Facts about Social Security

No program has done more to lift older Americans out of poverty than Social Security. So when politicians and pundits spread lies about this vitally important benefit, keep in mind what's driving them:

1. **Ideology:** They don't believe that government should provide retirement benefits for the elderly or support for people with a disability, widows and orphans.
2. **Cronyism:** They'd like to see their friends on Wall Street make billions by administering private retirement accounts.

Fight truth decay! Arm yourself with the facts.



Lie: Social Security is going bankrupt.

The Simple Truth: Social Security is solvent.

More facts: Social Security today has a \$2.6 trillion surplus and can pay out every benefit owed to every eligible American for the next 27 years. From that point forward, it will still be able to provide 75-80 percent of all benefits. And if we lift the cap on contributions so that rich people pay their fair share, we can fund it indefinitely.

Lie: Social Security is contributing to the federal deficit.

The Simple Truth: Social Security pays for itself.

More facts: Social Security is funded by a separate payroll tax, has not contributed one penny to the federal deficit, and *by law* cannot do so, ever! With a separate funding source and separate fiscal system, it is completely detached from the federal operating budget.

The federal budget deficit was caused primarily by three things: 1) unfunded wars in Iraq and Afghanistan, 2) Bush-era tax cuts for the wealthy, and 3) the Wall Street bailouts.

Lie: We have to raise the retirement age because people are living longer.

The Simple Truth: Americans are spending the same amount of time in retirement that they did 70 years ago.

More facts: People are living approximately the same number of years in retirement as they were in the 1930s, when Social Security began. The main reason average life expectancy is higher is that many fewer people now die in childhood.

And here's another fact: It's mainly the well-off who are living longer. Since 1972, life expectancy has increased 6.5 years for workers in the top half of the income brackets, but less than two years for those in the bottom half. Low income workers, people in physically demanding jobs and some minority groups generally have lower life expectancies and will be most dramatically affected by these cuts. However, lifting the retirement age will cut benefits for everyone.

Lie: Benefit cuts are the only way to “fix” Social Security.

The Simple Truth: We just have to raise the cap on taxable income.

More facts: Social Security doesn't need to be fixed. But if we want to strengthen it, here's a better way: Make the rich pay their fair share. Right now workers only pay Social Security taxes on the first \$106,800 of their income. If high income workers paid taxes on all of their income, Social Security could thrive indefinitely. Conservatives insist benefit cuts are the only way because they want to protect the super-rich from paying their fair share.

Lie: The Social Security Trust Fund has been raided and is full of IOUs.

The Simple Truth: U.S. Treasury bonds keep Social Security funds safe.

More facts: The Social Security Trust Fund is NOT full of IOUs; it is full of U.S. Treasury bonds that are backed by the full faith and credit of the United States. The reason Social Security holds only Treasury Bonds is the same reason many Americans do: The federal government has never missed a single interest payment on its debts. President Bush wanted to put Social Security funds in the stock market in 2004—which would have been disastrous—but luckily, he failed. So the trillions of dollars in the Social Security Trust Fund, which are separate from the regular budget, are as safe as can be.

Lie: Illegal immigrants are collecting Social Security.

The Simple Truth: Immigrants, both legal and undocumented, pay in more than they get out.

More facts: Many undocumented immigrants pay taxes through the use of a false Social Security Number. Overall, in 2005, they contribute \$6 to \$7 billion a year to the Social Security system. Yet because they're undocumented, they will never be able to collect the retirement benefits on the taxes they've paid. Legal immigrants also help Social Security, since most new immigrants are of working age and contribute more than they take from the system.

LIE: A “payroll tax holiday” is a good deal for workers.

The Simple Truth: If this risky diversion from the Social Security Trust Fund is not replaced with scarce tax dollars, workers retirement income will be in jeopardy.

More Facts: In December 2010, President Barack Obama declared a “payroll tax holiday” in which workers would pay only 4.2%, instead of 6.2%, of their earned income into the

Social Security Trust Fund. A family with the median income of \$46,326/year (in 2010) would keep only about \$18 more in their pockets each week by this so called “holiday”. This “economic stimulus” strategy is projected to divert \$120 billion from the Social Security Trust fund each year. The diverted funds are – for now -- being replaced with scarce federal tax dollars. However, this risky scheme to maintain the Social Security Trust Fund could be ended by anti-tax politics. President Obama proposed extending a payroll holiday for another year.

LIE: Reducing the cost of living allowance (COLA) is a fair way to make sure that the Social Security Trust Fund is “there” for our grandchildren.

The Simple Truth: Further reductions in the COLA would undermine Social Security beneficiaries’ ability make ends meet.

More Facts: For the last two years, persons on Social Security have gotten NO cost of living allowance based on an antiquated system that doesn’t take into consideration retirees full expenses. A recent Consumer Research Service report has documented that health expenses of older persons are not adequately accounted for in the current Social Security COLA (See: <http://aging.senate.gov/crs/aging9.pdf>). Further cuts in the COLA – for example, by using a so-called “chained CPI” – would cut benefits for both current and future retirees. A more fair way to strengthen Social Security for all generations will be to lift the cap so the wealthy pay their fair share of these investments.

**For information on the Gray Panthers, go to: www.graypanthers.org
or call the national office at 1-800-280-5362.**

For more sources of information about Social Security, go to:

Social Security Administration: www.socialsecurity.gov

Strengthen Social Security: www.strengthensocialsecurity.org/fact-sheets-and-resources

National Committee to Protect Social Security & Medicare: <http://www.ncpssm.org/>

National Academy of Social Insurance: <http://www.nasi.org/>