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January 18, 2008

United States Senate
Washington, DC 20510

Dear Senator:

On behalf of the millions of members and supporters of the National Committee to Preserve Social Security and Medicare, I would like to take this opportunity to deliver one simple message to Congress today: any measure to stimulate the economy that includes checks to individuals should **remember America's 23 million seniors**. According to the Bureau of Labor Statistics, consumers over age 65 are responsible for 14 percent of all consumer spending. *They should not be left behind* as Congress attempts to restore our nation's economic health.

The National Committee to Preserve Social Security and Medicare is a grassroots advocacy organization dedicated to preserving and promoting the financial security and health of maturing Americans. Our primary means to achieve this end is through the preservation and strengthening of Social Security and Medicare, but our support for these programs is rooted, in part, in a broader concern for the economic vitality of seniors.

As the economy has slowed over the past months, Congress has begun an important discussion on the need for an economic stimulus and the composition of such a measure. During this conversation, much has been said about the need to target relief to those most likely to spend any benefit they receive quickly. Most measures under consideration would provide needed assistance to workers and their families who are struggling under the current economic conditions. However, little has been said about the importance of including retired Americans in any such relief package, even though seniors are high on the list of demographic groups *most likely to spend any benefit they receive*.

According to the most recent Consumer Expenditure Survey by the Bureau of Labor Statistics, the average household headed by someone over age 65 had just under \$38,000 in pre-tax income in 2006. Of that amount, *92 percent*, or \$35,058, was spent that same year. That spend-out rate is *higher than any other demographic group* with the exception of those under age 25. In fact, households headed by an individual over age 75, who are most likely not to be working and filing income tax returns, *spent 98% of their income* in 2006. In contrast, the average household headed by consumers of any age spent 80 percent of their income that year.

While it is true that older consumers spend a higher portion of their incomes on health care than other demographic groups, in fact seniors spend 88 percent of their incomes on the same types of goods and services that are purchased by those under age 65. Food consumes over 11 percent of an older household's expenditures, compared with 10 percent for all age groups; housing expenses, including

utilities, furnishings and supplies represent over 31 percent of expenses for older households compared with 27 percent overall; and transportation (including public transportation) are roughly equal at 14 percent and 15 percent respectively.

Not only do these expenses represent a significant portion of the older household's income, they represent an equally significant percentage of aggregate consumer spending. In 2006, according to the Consumer Expenditure Survey, consumers over age 65 were responsible for 14 percent of all consumer spending. Almost 14 percent of the nation's aggregate expenditures on food were made by households headed by someone age 65 or older. These older households were also responsible for 14 percent of the nation's housing expenditures, 13 percent of national spending on transportation, and almost 10 percent of spending on apparel.

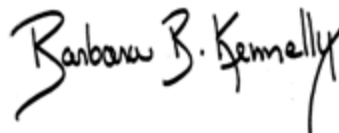
In total, households headed by someone over age 65 purchased over \$800 billion worth of goods and services in 2006, even though they only earned \$863 billion in income.

Clearly this is a segment of the economy that must not be forgotten when designing a stimulus measure, yet seniors are the least likely group to receive assistance from any of the traditional methods under discussion. Those who do not file tax returns or have a positive tax liability because they are solely or primarily living on their Social Security benefits would not be included in any form of check delivery that is based on income tax filings. Those over 65 are not eligible for the Earned Income Tax Credit; therefore making a tax "rebate" refundable would not include them either. And millions are not eligible for food stamps, Low-Income Heating Assistance or other low-income assistance programs under consideration for increases.

At the same time, seniors represent a group that should be easily reachable by the government as they receive Social Security checks every month. In fact, their addresses are more likely to be current than taxpayers who typically have contact with the government once a year when they file their tax returns.

Although America's seniors may not be working, they face many of the same economic strains that working families do every day. In fact, they frequently confront increased prices for goods and services with little ability to increase their existing incomes. They are important contributors to economic growth but in past stimulus measures they were largely forgotten. *We believe this must change.* On behalf of America's seniors, we urge you to **ensure non-working seniors are included in any stimulus relief package.**

Cordially,

A handwritten signature in black ink that reads "Barbara B. Kennelly". The signature is written in a cursive, flowing style.

Barbara B. Kennelly
President and CEO