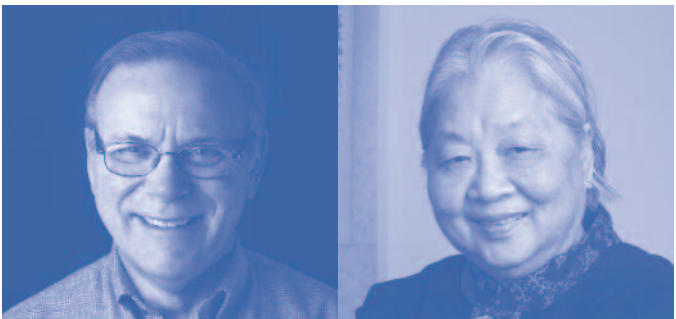
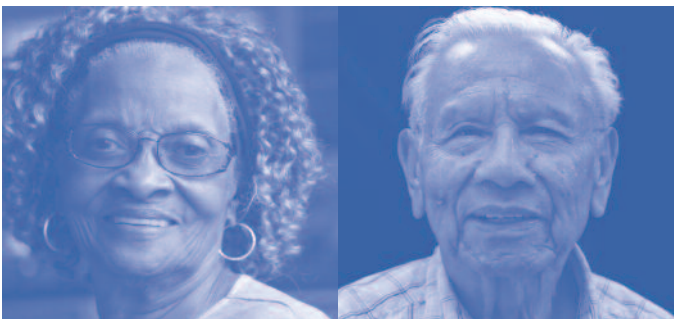


the TRUTH about Social Security



National Committee to Preserve
Social Security and Medicare



Social Security is one of America's most effective and efficient intergenerational social insurance programs. Yet opponents of the current system want to force very large cuts in existing Social Security benefits.

Under Social Security, people earn the right to participate by working and contributing. With broader policy goals than private retirement plans, Social Security provides guaranteed income to the elderly, disabled, survivors, and families of those who have paid into the system. Unlike most other retirement plans, it provides a Cost-of-Living Adjustment and lasts a lifetime.

Some arguments against strengthening Social Security may seem persuasive at first, but with a little research into the facts, they can be easily disproved. That's why the National Committee has assembled the following seven simple rebuttals to many common and misleading claims being spread by opponents of the current Social Security system. We've designed this booklet to be small enough to tuck in a purse or coat pocket and carry with you — that way you'll be able to

present truthful counterarguments based on facts the next time you hear someone making false claims against Social Security. ■

When they say, "Social Security will soon go bankrupt,"

The truth is ... If Congress does nothing — makes no changes at all — Social Security is projected to deliver full guaranteed benefits until at least 2037. Even after 2037, again without any changes, the trust funds will continue to pay more than 75% of benefits for decades into the future.

To date, Social Security has paid benefits in full and on time for nearly 75 years. If Congress enacts modest changes, Social Security will be able to meet 100% of its benefit obligations indefinitely. As one of the most successful government programs ever, the administrative costs to run it — less than 2% — are far below what Wall Street will ever charge investors for private retirement accounts. ■

When they say, "America can't afford Social Security,"

The truth is ... The most obvious counterargument to this statement is that we cannot return to a time when old age or disability often resulted in poverty. When the economy went into steep decline in 2009, pensions and other retirement savings such as 401(k)s lost as much as half of their worth. Housing values plummeted and food, health care, and energy costs rose. But for many seniors, Social Security has remained the only financial security in chaotic economic times.

Social Security was created in just such economic times. In the midst of the Great Depression, Franklin D. Roosevelt signed the Social Security Act to provide a foundation of financial security for America's retirees. Social Security spreads the risk of economic loss over large groups of people and long periods of time. Tomorrow's retirees are going to need this protection just as much as — if not more than — today's retirees. Almost half the people under the age of 40 give themselves

a failing grade for their ability to save money for retirement. ■

When they say, "The Social Security Trust Fund is full of worthless IOUs,"

The truth is ... Social Security's surplus is invested in American government securities. Like other government bonds, they are backed by the full faith and credit of the United States. That means that as long as the government is around, it is obligated to pay both principal and interest on its securities. The federal government has never defaulted on its bonds, which are considered one of the safest choices in an investment portfolio. ■

When they say, "America needs to cut Social Security,"

The truth is ... Social Security benefits are modest. The average benefit for today's retiree is only about \$14,000 per year — or about \$1,300 per month. Two

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out of three Social Security beneficiaries age 65 and over depend on it for at least half of their total income. One in three seniors receiving benefits relies on it for 90% or more of their total income. Without their monthly Social Security checks, it's very likely that half of today's seniors would be living in poverty. ■

When they say, "The government is raiding the Social Security Trust Fund,"

The truth is ... Because Social Security takes in more in taxes than it spends in benefits, it has a current surplus of \$2.6 trillion invested in bonds. A bond is like a loan to the federal government that earns interest. While the federal government uses the money loaned by the Social Security Trust Fund to pay for other government spending, just as with other holders of U.S. securities, the government is legally obliged to repay the holder when the bond comes due. There has not been one case of the government failing to pay a bond holder. ■

When they say, "The cost of Social Security is a burden to our grandchildren,"

The truth is ... Social Security costs are expected to grow only slightly as a share of the U.S. economy and will remain quite manageable. As a proportion of the Gross Domestic Product (GDP), Social Security costs are projected to rise from under 5% in 2009 to just over 6% in 2034 and then drop back down to only 5.8% by 2050.

The cost of fixing Social Security is about the same as the cost of making permanent the 2001 and 2003 tax cuts for the wealthiest 1% of Americans. In fact, the long-term cost of all the tax cuts enacted by President Bush in those years is three times the cost of saving Social Security.

Traditional pension plans have all but disappeared. Only about one half of all Americans have access to a retirement plan, such as a 401(k), at work. And those who are saving have a medium account balance of \$70,000 in their plans as they

approach retirement. It is clear our children and grandchildren will need Social Security more than ever when they are ready to retire. They can't afford not to have a Social Security program. ■

When they say, "Too few workers will be supporting too many elderly baby boomers,"

The truth is ... This country has a proven record of accommodating the population "bulge" of the Baby Boomer generation from the time they were born. When Boomers needed schools, we built them. When they needed housing, the government helped finance them. As with every age, the work and sweat of one generation helps to build the economy for the next. Just consider the 2008 testimony that National Committee President and CEO Barbara Kennelly gave to members of the U.S. House of Representatives, "While some would have us focus on the declining ratio of workers to retirees, the more correct measure is the ratio of workers

to the total number of dependents of all ages. That ratio remains the same as it was in the 1950s when the Baby Boomers were in school." ■

Conclusion: Social Security is in good shape.

Unfortunately, the opponents of Social Security have spent millions of dollars promoting the illusion that Social Security is in severe financial trouble and will not be there when the next generation retires.

Nothing could be further from reality. That is why the National Committee to Preserve Social Security and Medicare is spreading the truth, through educational materials like the one you are reading now.

Social Security is a strong and effective retirement program that provides millions of Americans the financial protection they need when they most need it. Implementing a few balanced, modest changes will ensure that Social Security remains stable for generations to come. ■