



Truth Squad

BUSTING MYTHS ON SOCIAL SECURITY & MEDICARE

Other Outrageous Quotes

<i>What they say...</i>	<i>The facts...</i>
<p>“The Social Security retirement age was set at 65 by President Roosevelt when life expectancy was 64. Life expectancy now is about 80. The math here is irrefutable.” Sen. Mark Warner (D-VA), February 17, 2011</p>	<p>Actually, that math is completely refutable. The current age for receiving full benefits is actually 66 and rising to age 67 for people born after 1962 due to reforms passed to 1983. That age hike was a benefit cut for retirees. The effect of further increasing the retirement age to 70, as one example, would lead to an additional 13 to 15 percent reduction in benefits at 62 (which is when most people file for Social Security, often for health or employment reasons). When added to the previously enacted benefit reductions for early retirement outlined above, the total reduction for a person who retires at age 62 could be as much as 43 to 45 percent. Further, life expectancy is not 80 for most Americans. The SSA reports since 1977, the life expectancy of male workers retiring at age 65 has risen 6 years in the top half of the income distribution, but only 1.3 years in the bottom half. http://www.ncpssm.org/news/archive/raising_retirement_age/</p>
<p>There’s a number of things you can do to that are pretty simple and are pretty gradual keep the system from going bankrupt which basically it already is, because we’ve already spent the money that’s in the Social Security trust fund. It’s a Ponzi scheme that Bernie Madoff would be proud of. Sen. John McCain</p>	<p>Social Security is not bankrupt. The Social Security Trust Fund holds a \$2.6 trillion surplus, contributed by American workers and invested, sensibly, in one of the world’s safest investment vehicles—U.S. Treasury notes. However, fiscal conservatives don’t want to honor that debt so they pretend it’s worthless or non-existent. That \$2.6 trillion was real money when Americans paid it in payroll taxes and real money when the federal government borrowed it. It’s also real money when Washington needs to pay it back.</p> <p>Social Security is not a Ponzi scheme by any definition; it is a pay-as-you-go program which has been self-funded by American workers <i>not</i> the federal government. CBPP, Understanding the Trust Funds</p>

<p>"It's very significant that in the next 10 years, Social Security will add a half-trillion dollars to the deficit. Social Security would be a good place to start when dealing with these mandatory entitlement programs that are 57 percent of our budget." Sen. Lamar Alexander, February 2011</p>	<p>Fiscal hawks like to describe the government's responsibility to pay back the Social Security Trust Fund as irresponsible Federal government borrowing. However, Social Security is working just as it's supposed to by redeeming its Treasury notes to pay benefits promised to millions of retirees and pre-funded by generations of American workers (not the government). The Social Security Trust Fund holds a \$2.6 trillion surplus, contributed by American workers and invested, sensibly, in one of the world's safest investment vehicles—U.S. Treasury notes. The economic collapse and high unemployment has the SSTF now redeeming some of those notes to pay out benefits, earlier than anticipated. Fiscal hawks don't want to honor those notes now that it's time to pay that money back. CBPP, Understanding the Trust Funds</p>
<p>"They're not going to receive anything or if they do, very little." Citing his sons -- who he said "want their money now" -- he asserted: "There's no proof that they will get much, if anything." Sen. Richard Shelby (R-AL), Feb 7, 2011</p>	<p>Actually, there's plenty of proof the Senator's adult sons will receive Social Security -- and his grandchildren too. The 2010 Social Security Trustees Report shows retirees will receive 100% of benefits until 2037, and 78% of promised benefits after that, paid out of incoming payroll taxes. There are no actuarial forecasts which show zero benefits for future generations. NCPSSM 2010 Trustees Report</p>
<p>"We've got a serious fiscal train wreck coming for this country if we don't deal with these entitlements - so entitlements are something that we need to begin to work on." Eric Cantor, January 2011</p>	<p>Social Security did not cause our current fiscal crisis -- the economic recession was caused by the burst of the housing bubble and a Wall Street meltdown. Decades of borrow and spend policies have also led to rising debt. By law, Social Security cannot and has not contributed one dime to our national debt. The Wrong Crisis-CEPR, February, 2011</p>
<p>"The worst one is, the distortion I was going to signal was the fact they're saying we have something in our commission report about privatization of Social Security, we had nothing about that, that's a phony, that's a fake. And when you listen to somebody pull that up just shut it off because you're dealing with a phony." Alan Simpson, January 2011</p>	<p>Section 5.10 of the Bowles-Simpson report recommends lower Social Security benefits and more funding for a "personal retirement savings system that should permit Americans to have the option to transmit the remainder of their accumulated savings to their heirs...is advanced funded and supplements the pay-as-you-go Social Security system." This same language also describes the failed Social Security privatization strategy proposed by President George W. Bush. Fiscal Commission Co-Chairman's Report</p>
<p>"Call it generational theft, or even fiscal child abuse. And, beyond the numbers, what would these burdens mean to our kids and grandkids? We need to ask ourselves: not just is that sustainable, but is it moral?" Pete Peterson, April 2010</p>	<p>Contrary to this generational warfare argument, young people have always benefited from the protections Social Security offers. Six million children receive Social Security benefits each year. Many economists also predict the Recession Generation will feel the effects of this economic collapse for decades to come. There's nothing immoral about providing benefits for future generations who are now contributing to a retirement system they may need even more than their parents and grandparents. Most Americans believe Social Security's intergenerational promise is not only moral but more sustainable than tax breaks for billionaires. NCPSSM Foundation Poll, July 2010</p>

<p>“Just so you know the main programs of our government, Medicare, Medicaid and Social Security, they’re all going bankrupt. They are growing themselves into extinction so you’ve got to reform these programs for future generations if you’re going to save these programs.” Paul Ryan (R-WI), March 2010</p>	<p>Social Security is not going bankrupt and the challenges facing Medicare and Medicaid stem from decades of skyrocketing healthcare costs. Ironically, Rep. Paul Ryan wants to repeal the healthcare reforms projected to add 12 years of solvency to the Medicare program. The 2010 Social Security Trustees Report shows Social Security will be fully funded until 2037 and able to pay 78% of benefits after that. This is <i>not</i> bankruptcy. NCPSSM 2010 Trustees Report and NCPSSM Secure Retirement.</p>
<p>“Unfortunately, the White House and congressional Democrats are still insisting on their massive, 2,700-page bill that includes higher premiums, \$500 billion in higher taxes, and \$500 billion in cuts to seniors' Medicare. That's not reform.” Rep. John Boehner and Sen. Mitch McConnell, March 2010</p>	<p>Skyrocketing health care costs system-wide are causing Medicare’s fiscal problems and creating our nation’s long-term funding gap. Healthcare reform is a critical step to bringing our fiscal house in order; however, the same fiscal hawks who now decry our federal debt are still fighting those reform efforts. Healthcare reform did not cut senior’s benefits; however, it did cut subsidies to private insurers collecting billions in government overpayments each year, and trimmed inflation in provider payments. This added 10 years of solvency to the Medicare program. NCPSSM Healthcare Reform & Seniors, April 2010</p>
<p>“Unless you deal with Medicare, unless you go into Medicaid, unless you deal with Social Security for future generations—programs that were a great comfort to my grandparents and parents are morphing into a cruel Ponzi scheme for my 8-year-old daughter and my 7-year-old son.” Rep. Jeb Hensarling, January 2011</p>	<p>Projections of long-term deficits are driven almost entirely by projections of exploding private sector health care costs. If health care costs rise only due to the aging of the population, and otherwise grow at the rate of per capita income, the long-term deficit problem is very manageable. Social Security is not a Ponzi scheme by any definition; it is a pay-as-you-go program which has been self-funded by American workers <i>not</i> the federal government. CEPR, Health Reform and Deficits</p>
<p>“I believe you can get better health care and better retirement security if you go to a defined contribution plan. We had this debate in Social Security a few years ago. Ultimately we weren’t victorious--there will be a transition--those under 55, are they going to get the same deal as their parents? No, probably not.” Rep. Jeb Hensarling (R-TX) February 2010</p>	<p>The privatization of Medicare in 2003 and attempts to privatize Social Security have not and will not lead to better services. MedPac’s estimates, that in the case of Private Fee-For-Service plans, only about half of the billions in over payments to private insurers were used to deliver extra benefits for enrollees. The rest financed administrative costs, marketing, and profits. Social Security privatization would mean huge cuts in Social Security benefits with no guarantee that private investment can replace lost benefits. The privatization plan favored by President Bush, known as the "price-indexing" plan, would reduce guaranteed Social Security benefits over time by nearly 50 percent. NCPSSM Medicare Viewpoint, January 2009 & NCPSSM Social Security Privatization Viewpoint, February 2008</p>

<p>“And who will suffer the most when they ration care? The sick, the elderly, and the disabled, of course. The America I know and love is not one in which my parents or my baby with Down Syndrome will have to stand in front of Obama's 'death panel' so his bureaucrats can decide, based on a subjective judgment of their 'level of productivity in society,' whether they are worthy of health care. Such a system is downright evil.” Sarah Palin, August 2009</p>	<p>There was no such thing as “death panels” in health reform. The American Medical Association said, “the bill would create a new Medicare benefit to pay physicians for time spent on advance-care planning consultations with seniors. It would be completely voluntary, and it will allow patients, if they wish, to discuss a broad range of issues, including hospice, living wills, advance directives and appropriate pain care. These are important discussions everyone should have so they are fully informed and can make their wishes known. That's not controversial; it's plain, old-fashioned patient-centered care.” AMA, August 2009</p>
<p>“The entitlements due from Social Security and Medicare present us with that frightening abyss. The costs of these current programs, along with other health-care costs, could bankrupt our country. The abyss offers no assets, troubled or otherwise, to help us cross it.” David Walker, October 2008</p>	<p>Social Security has not contributed a dime to our federal debt “abyss”. The \$2.6 trillion dollar Social Security Trust Fund is extra payroll taxes contributed by millions of working Americans over the decades. It was real money when workers contributed it, real money when Washington invested it in US Treasuries, and should be honored when Americans retire. Lumping together Social Security (a retirement program) with Medicare (a healthcare program) ignores the fact that the healthcare crisis is what's driving our long-term budget imbalance. EntitledtoKnow, June 2007</p>
<p>"We will no longer be able to afford a system that equates the last third or more of one's adult life with a publicly subsidized vacation." Pete Peterson, 1994</p>	<p>The average Social Security beneficiary lives only about 30 percent over the poverty level--hardly a vacation. The average benefit for Social Security — retired workers, disabled workers, and aged widows and widowers — is only about \$1,100 a month, or \$14,000 a year. These modest benefits explain why many older people are near poor. CBPP, January 2011</p>