



National Committee to Preserve  
**Social Security & Medicare**  
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*Newsletter*

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[www.ncpssm.org](http://www.ncpssm.org)

Legislative Hotline: 1-800-998-0180

## Sorting Thru the Deficit Rhetoric

### When “Shared Sacrifice” Really Means *Cutting Social Security*

For almost a year, Social Security has been under siege in a well-financed campaign by fiscal hawks in Washington selling benefit cuts under the guise of deficit reduction. The President’s Fiscal Commission and deficit hawks in Washington have proposed deep cuts in Social Security with few if any new revenues dedicated to the program. Many observers worry these proposals put working Americans at the center of a flawed fiscal campaign which would ultimately weaken the nation’s retirement security and its economic security as a whole.

The Chairman of the House Ways and Means Committee, Rep. Sander Levin (D-MI) applauds efforts to rein in our deficits; however, he agrees working Americans can’t bear the burden alone.

*“Ultimately, proposals considered by this Commission proved to be imbalanced and unworkable due to the disproportionate burden they would*



▲ *After the Co-Chairs of the White House Fiscal Commission released their proposal to deal with deficits, Senator Bernie Sanders of Vermont assembled seniors’ organizations, including the National Committee, labor unions, and others at a meeting on Capitol Hill to come up with recommendations for responsible ways to cut the deficit without harming the middle-class. Immediately following the meeting, Senator Sanders invited NCPSSM President Kennelly to join him in talking with the press about how Congress goes forward on deficit reduction.*

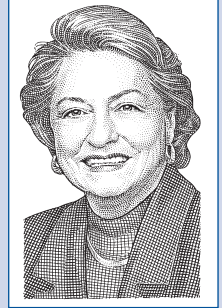
*place on America’s seniors and middle- and lower-income families.”*

How did we get here? A decade of borrow and spend policies and Wall Street excesses followed by economic collapse have burdened our nation with record debt. In spite of all this, Social Security has performed without fail providing the only secure source of income many Americans could count on during this crisis. According to the Center on

*continued ...*

## *Letter from the President ...*

Dear Friends,



As a former Congresswoman who served during the Social Security debate of 1983, I understand that sometimes we, as citizens and elected leaders, have to make tough decisions. However, I worry that for too many in Washington, “shared sacrifice” really means middle-class Americans must accept deep benefit cuts in programs like Social Security and Medicare to pay for the failed fiscal policies of the past. Fiscal hawks on the President’s Fiscal Commission and in Congress have offered proposals in which the only real shared sacrifice comes from generations of retirees who will *sacrifice* with massive cuts to Social Security and Medicare so that Washington can *share* the spoils. It’s clear the campaign against Social Security has reached a new and dangerous level.

Not only do the deep cuts in plans like that proposed by the Fiscal Commission’s Co-Chairs threaten the economic security of generations of working Americans, they also represent a fundamentally flawed fiscal philosophy where 80% in benefit cuts and 20% in revenue raisers are touted as a “balanced approach”. Examination of these proposals shows there are plenty of surprises hidden in the fine print such as: complicated changes to the formula for setting initial benefits described as “making it more progressive” that will instead cut benefits to welfare-like levels; COLA cuts that will leave most seniors further behind despite promises of an increase for older seniors that will only partly help restore their purchasing power; hardship exemptions for which 80% of lower income seniors won’t even qualify; subsidies that are designed so

***“Letter from the President”  
continued from front***

narrowly they will leave those who need help most out in the cold and, contrary to claims by some, increases in the retirement age that would actually start impacting workers who are now 48 years old. Ultimately, it’s up to us to ensure Congress knows that America’s seniors won’t be fooled and that we know the difference between responsible fiscal policies and a Social Security sleight of hand.

Moving forward, we at the National Committee believe that Congress must stay focused on reducing the deficit while remembering that today’s middle-income workers are tomorrow’s retirees. Given the economic challenges millions of Americans face now and into the future, it’s clear that preserving and strengthening Social Security should be Washington’s only goal for this program.

Our National Committee members understand this. So, together we must rededicate ourselves to fight back against efforts in Congress to weaken the very program which has served so many, so well during this economic crisis.

Whether it’s in upcoming budget battles or in legislation that weakens Social Security in this new Congress, your voices will help spread the message that strengthening Medicare and Social Security for future generations is *still* our national priority and one Americans are willing to fight for.

Sincerely,

*Barbara B. Kennelly*

***“Deficit Rhetoric” continued from front***

Budget and Policy Priorities, Social Security benefits kept 14 million elderly Americans out of poverty in 2009 alone. They estimate that the elderly poverty rate would actually exceed 40 percent in most states without those Social Security benefits. Yet it’s these real-world economics, lived by millions of seniors and their families each year, which are too often overlooked in Washington’s quest to clean up a fiscal mess that has absolutely nothing to do with Social Security.

Ironically, many of the same fiscal hawks who’ve argued we can’t afford Social Security also fought hard to keep tax cuts in place for the nation’s wealthiest Americans. Those tax cuts add up to billions of dollars in lost revenue for the two year extension period.

Recommendations by the President’s Fiscal Commission Co-Chairs to raise the retirement age, cut benefits in Social Security and Medicare, reduce Social Security’s COLA and push more health care costs to seniors failed to achieve enough votes to send the proposal to Congress. In spite of that, the incoming House Budget Committee chairman, Rep. Paul Ryan (R-WI), promises most of the Commission’s proposals will be included in the GOP budget. Democratic Senate Budget Chairman, Kent Conrad, also wants the Commission’s proposal to be the focus of a White House/Congressional summit. And a bi-partisan group of Senators are working on a bill they intend to introduce soon after the new Congress begins which will include many of the Co-Chairs’ proposals. It’s clear the fiscal hawks’ campaign to cut Social Security benefits didn’t end with their Fiscal Commission failure, it will continue and ramp up when the new Congress reconvenes in 2011.

Fiscal Commission member, Rep. Jan Schakowsky (D-IL), described these ongoing attempts to balance the budget on the backs of middle America this way, *“Middle-class America wasn’t invited to the prosperity party celebrated by the richest 1% of our nation over the past decade yet working Americans are now being told they’ll pick up the tab.”*

That leaves millions of Americans asking, “Where is the ‘shared sacrifice?’”



*The magnitude of the nation’s retirement income crisis was revealed during a press conference about the Retirement Income Deficit — the gap between the pensions and retirement savings that American households have today and what they should have today to maintain their living standards in retirement. Using conservative assumptions, the Retirement Income Deficit is estimated to be \$6.6 trillion. The figure was released by Retirement USA, a coalition of which*

*the National Committee is a convening member.*

*In announcing the Retirement Income Deficit, Maria Freese, Director of Government Relations and Policy for the National Committee to Preserve Social Security and Medicare, spoke during the press conference: “This number should be a wake-up call. It is a measure of how far behind Americans are in their retirement savings today. Cuts to Social Security, pension freezes, and 401(k) losses on the stock market could easily make the Retirement Income Deficit much, much worse in the future.”*

***Retirement USA is a campaign for a new retirement system that, along with Social Security, will provide universal, secure, and adequate income for future retirees. Learn more at [www.retirement-usa.org](http://www.retirement-usa.org).***



## Ask Mary Jane

**Q. Will a person who is only 30 and hasn't worked enough to earn their 40 credits draw the same amount as a person who has worked their whole life and earned their 40 credits?**

**A.** *Social Security retirement, disability or death benefits are based on average indexed monthly earnings over the number of years specified in the Social Security Act.*

*Eligibility for retirement benefits at retirement age requires a minimum of 40 work credits (ten years). Death benefits to dependent survivors or Disability Insurance benefits to a disabled worker can require as little as 18 months of work in Social Security covered employment. A 30-year-old disabled worker, for example, could receive Social Security Disability Insurance benefits or, upon the wage earner's death, dependents could receive survivor benefits if the wage earner had four-and-a-half years of earnings. Once average indexed monthly earnings are determined, the calculation for disability or survivor benefits is identical to that used for retirement benefits.*

**Q. I am currently collecting Social Security disability payments. I also receive benefits for my wife and stepson. My wife is a homemaker but is thinking about reentering the job market. How will this affect my benefits and my dependents' benefits?**

**A.** *Your wife's income cannot affect your benefit or your stepson's benefit.*

*There is a family maximum benefit payable on any wage earner's Social Security earnings record. For Disability Insurance benefits, that maximum is one and a half times the wage earner's benefit. The wage earner always receives his own benefit. Eligible dependents divide the balance between them. Whenever one dependent becomes ineligible, the amount payable is reapportioned between remaining eligible dependents. Since each eligible dependent is entitled to up to 50 percent of the wage earner's benefit, the disability benefit family maximum is reached with even one eligible dependent.*

*Simply put, if your wife enters the labor market at earnings that offset her share of the benefit payable, there will be no change whatsoever in the total amount the family receives until your stepson reaches age 18- age 19 if he is still in high school.*

**Q. My husband and I both worked full time for many years and individually will qualify for close to a maximum benefit. Will we each be able to do that, or is there a maximum payment to married persons that is less than the total they would receive if they were not married? If so, what is the maximum, today, that a married couple can receive?**

**A.** *There is no maximum benefit for a married couple when both have participated in the work force. Each receives his or her own benefit. The survivor receives whichever of their two benefits is the greater.*

**Q. Someone told me if you don't sign up for SS as soon as you are eligible, but do sign up a few years later, you get back pay to when you were first eligible. Is this true?**

**A.** *In general, Social Security benefits cannot be paid retroactive to the month the application for benefits is filed. The exception is if the applicant is past full retirement age. In that case, up to six months of retroactive benefits can be paid as long as backdating the application does not result in benefits being paid for any month prior to full retirement age.*

**Q. I am a 61-year-old widower. My wife was employed by a school district as a teacher. I receive her retirement benefits as a beneficiary. Will I be able to receive my own Social Security benefits at age 62 or 66 in addition to my deceased wife's retirement?**

**A.** *Receipt of a survivor annuity based on your wife's work record has absolutely no effect on your Social Security benefit. When you choose to apply for Social Security to begin, your monthly benefit will be determined solely on your earnings record, adjusted as appropriate by the age at which you retire. If you had personally earned a pension from non-Social Security employment, your Social Security might have been affected.*

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Entitled to Know

*The Wall Street Journal has recognized the National Committee's Ask Mary Jane as "the best source of help for questions about Social Security." Send your questions to NCPSSM Senior Policy Analyst Mary Jane Yarrington at NCPSSM, 10 G Street, NE, Suite 600, Washington, D.C. 20002-4215, or via email to [maryjane@ncpssm.org](mailto:maryjane@ncpssm.org).*