Bowles Simpson Deficit Plan

It's Not the Balanced Approach We Need

New Formulas Will Cut Benefits

Changing the Benefit Formula

By changing the formula used to calculate monthly benefits, Bowles-Simpson cuts Social Security income for all future beneficiaries. These cuts are slated to begin in just 5 years (2017) contrary to claims that no Social Security changes would impact current or near retirees.

- 17% benefit cut for workers earning $43,000 over their working lives
- 30% benefit cut for workers earning $69,000 over their working lives
- 36% benefit cut for workers earning $107,000 over their working lives

This proposal is a benefit cut pure and simple. It does nothing to enhance the progressivity of the Social Security program and all workers will see their benefits reduced.

Changing the Cost of Living Formula

The Bowles-Simpson plan also changes the formula used to determine annual Cost of Living Adjustments. Known as the "Chained CPI", this will cut the COLA by 3% for workers retired for ten years and 6% for workers retired for twenty years. This translates to a benefit cut of $130 per year in Social Security benefits for a typical 65 year-old. By the time that senior reaches 95, the annual benefit cut will be almost $1,400. This COLA change would also take effect immediately, impacting retirees now and in the future.

These reductions disproportionately impact Social Security's oldest beneficiaries. These are often women who have outlived their other sources of income, depleted their assets, and rely on Social Security as their only lifeline to financial stability. Claims that the current COLA is too generous are false. The COLA has averaged just 2% over the past five years with 0% for two of those years.

There is a formula that more accurately measures expenses retirees incur. The CPI-E was developed in 1987 to reflect the different spending patterns of consumers age 62 and older. This formula acknowledges health costs have been rising much faster than other expenses, and that those costs represent a much larger percentage of seniors' monthly spending than is the case with other demographic groups. The CPI-E is a more accurate measure of the real-world expenses retirees face than the current COLA formula and far more accurate than the proposed Chained CPI which would cut projected benefits over time.

JOIN THE FIGHT

The National Committee to Preserve Social Security and Medicare represents millions of members and supporters nationwide who do not believe Congress should target middle-class and poor families to pay down the deficit. You can add your voice to our fight for common sense fairness and equity.

TELL CONGRESS

Hands Off - No Cuts to Social Security and Medicare. There are many ways you can ensure your voice is heard:

Write or email Congress
Call via our Free Hotline
Sign Our Online Petition

LEARN MORE

All the information and tools you need to fight back against Congressional efforts to cut vital benefits to millions of Americans are available at:

thetruthnow.org

National Committee to Preserve Social Security & Medicare
Trusted • Independent • Effective

NEW FORMULAS WILL CUT SOCIAL SECURITY BENEFITS

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CHANGING THE COST OF LIVING FORUMULA

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