

Bowles Simpson Deficit Plan



It's Not the Balanced Approach We Need

Bowles-Simpson Slashes Social Security Benefits

Social Security has not contributed a dime to the deficit and should not be used as a bargaining chip in any closed-door debt deal. However, the Bowles-Simpson plan currently being used as the starting point for Congressional deficit discussions proposes Social Security benefit cuts as much as 36% for young people entering the workforce today. These cuts mean Social Security would only replace 28% of their pre-retirement earnings, compared with 49% just decades ago. The recession generation is already suffering from high unemployment, low wages, and economic challenges unprecedented in modern history. Targeting them for massive and unnecessary benefit cuts in their retirement years ignores the economic realities these middle-class American workers will face. Here's how the Bowles-Simpson plan cuts their Social Security benefits:

Full Retirement Age Raised to 69 1/2, Early Retirement Raised to 64

Make no mistake about it, raising the retirement age is nothing more than a benefit cut for millions of American workers. This proposed increase is a 13% benefit cut on top of the 13% cut already made when the age was last raised to 67. Millions of Americans take early retirement, and the 25% benefit cut that comes with it, not because they want to but because they need to. Delaying early retirement will hurt millions who can no longer work or find work. Workers between ages 55 and 64 are unemployed much longer than their younger competition in the workforce as they fight for jobs in short supply. The Equal Employment Opportunity Commission also reports an increase in the number of age discrimination complaints as seniors feel the pressure of aging in the workforce. Simply telling seniors to work longer ignores these workplace realities.

Formula Changes Will Cut Benefits

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 contrary to claims that no Social Security changes would impact current or near retirees. According to the Social Security Administration, seniors would see a benefit cut ranging from 5% to 30% because of this formula change.

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. 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. Even the current formula does not represent the true costs seniors face in retirement, especially the high cost of healthcare. If anything, we should move to a more generous formula. Shifting to the proposed Chained-CPI is a stealth benefit cut politicians hope seniors won't notice. This COLA change would also take effect immediately, impacting retirees now and in the future.

Bowles-Simpson is Not the Balanced Approach We Need

Under Bowles-Simpson, Social Security benefit cuts far outweigh revenue changes, even though the average retiree receives just \$14,000 a year in Social Security. Most Americans want Social Security's payroll tax cap lifted so that wealthy workers contribute on all of their earnings just as lower wage workers do. Lifting the payroll tax cap will strengthen Social Security's long-term outlook without targeting seniors with benefit cuts they simply can't afford. While the Bowles-Simpson does include a modest change in the payroll tax cap, it is not fully implemented until 2050.

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



Cutting Benefits to Reduce the Deficit



IT'S NOT THE BALANCED APPROACH WE NEED

BOWLES-SIMPSON SLASHES SOCIAL SECURITY BENEFITS

THE BOWLES-SIMPSON PLAN CURRENTLY BEING USED AS THE STARTING POINT FOR CONGRESSIONAL DEFICIT DISCUSSIONS PROPOSES SOCIAL SECURITY BENEFIT CUTS AS MUCH AS 36 PERCENT FOR YOUNG PEOPLE ENTERING THE WORKFORCE TODAY.

FULL RETIREMENT AGE RAISED TO 69.5, EARLY RETIREMENT RAISED TO 64.

THIS IS A 13% BENEFIT CUT ON TOP OF THE 13% CUT ALREADY MADE WHEN THE AGE WAS LAST RAISED TO 67. MILLIONS OF AMERICANS TAKE EARLY RETIREMENT AND THE 25% BENEFIT CUT THAT COMES WITH IT, NOT BECAUSE THEY WANT TO BUT BECAUSE THEY NEED TO.

FORMULA CHANGES WILL CUT BENEFITS

ACCORDING TO THE SOCIAL SECURITY ADMINISTRATION, SENIORS WOULD SEE A BENEFIT CUT RANGING FROM 5% TO 30% BECAUSE OF THIS FORMULA CHANGE.