Boo$t Social Security Now

Justification and Proposals for Improving Social Security Benefits

As a result of income inequality and declining retirement benefits and savings, a growing share of Americans depend on Social Security for all or most of their retirement income. To prevent millions from falling into poverty, Social Security benefits must be strengthened rather than cut. That's why the National Committee to Preserve Social Security and Medicare has launched the ***"Boost Social Security Now"*** campaign to urge Congress to pass legislation that would improve benefits and strengthen Social Security's financing.

Why Congress Must *Boost Social Security Now*

The modest benefits (average monthly benefit: $1,340) earned through a lifetime of payroll tax contributions have become the last remaining pillar of economic security for millions of retirees, people with disabilities and surviving spouses and children because:

- Middle-class wages have remained stagnant for three decades;
- More than half of all workers have no access to retirement plans at work; and
- Four out of five working families have retirement savings less than one times their annual income and 45 percent do not have any retirement assets at all.

Ensuring a livable retirement is an ever greater challenge for:

- Communities of color -- because they have the highest poverty rates and possess the least amount of wealth, and…
- Women -- because they are subject to persistent wage discrimination, leave jobs to care for family members, and are less likely to receive pension income and more likely to live longer than men. [For more information, see the National Committee's fact sheet, "Women and Social Security Benefits."]

We Must Strengthen Social Security's Finances and Boost Benefits With These Measures

- **Scrap the Cap:** Social Security is not in crisis, but does face a long-term deficit. Phasing out the current cap of $118,500, so the payroll tax applies fairly to every dollar of wages will extend the life of the Social Security Trust Fund. In 2016, workers who earn less than $118,500 contribute 6.2 percent of their wages in Social Security payroll taxes. For amounts earned above $118,500, no Social Security payroll taxes are paid. That means an individual's effective tax rate for Social Security payroll taxes decreases for every dollar they make above the $118,500 cap. In fact, workers who earn over a $1 million per year pay Social Security tax on one-tenth or less of their earnings. The truth is, the payroll tax cap is really a loophole for millionaires. ***Getting rid of this loophole and making everyone pay the same tax rate would increase Social Security's funding by enough to extend the program's solvency for many years and also provide additional funding to boost benefits, including proposals to:***

- **Strengthen the Cost of Living Adjustment (COLA)** by switching the COLA formula to a more accurate measure of inflation which takes into account the unique spending patterns of seniors. Today, the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) is the measurement used to determine COLAs. The CPI-W reflects the expenditures of about 31 percent of households nationally – those representing wage and clerical households in urban areas. By definition, this population is employed, unlike most retired Social Security beneficiaries, and displays patterns of consumer spending which are reflective of an employed demographic. Concerns about whether the CPI-W accurately reflects the spending patterns of retirees or people with disabilities date back to the 1980s. The purpose of the COLA is to adjust the Social Security benefit so that inflation does not erode its purchasing power. ***A more accurate measure of the spending patterns of seniors is needed to ensure that they are able to keep up with the rising costs of essential items.***

- **Boost Social Security Benefits:**

  - ***Increase benefits by $70 a month through changing the Social Security benefit formula for newly-eligible beneficiaries.*** This change would gradually increase benefits for all newly-eligible Social Security beneficiaries, but would be especially helpful to low and middle income seniors who depend on Social Security for their primary source of retirement income.

  - ***Increase benefits for seniors who have received Social Security for a long period of time.*** Seniors need an across-the-board benefit increase to compensate them for years of living under a COLA which does not reflect the higher inflation attributable to health expenditures and the fact that seniors devote a higher percentage of their monthly spending to health care costs.

- **Provide Social Security Credits for Caregivers**: One of the principal reasons women have fewer assets and less income in retirement than men is that they often interrupt their participation in the labor force to provide care to other family members, usually children and elderly parents or relatives. These temporary interruptions can lead to a significant reduction in the amount of a woman's Social Security benefit. ***When calculating an individual's Social Security benefits, caregivers should be granted imputed earnings equal to 50 percent of that year's average wage for up to as many as five years spent providing care to family members.***

- **Restore Student Benefits:** Currently, Social Security pays benefits to children until age 18 (or 19 if they are still attending high school) if a parent has died, become disabled or retired. In the past, those benefits continued until age 22 if the child was a full-time student in a college or a vocational school. Congress ended post-secondary students' benefits in 1981. Research has shown that recipients of these benefits were disproportionately children of parents in blue-collar jobs, African Americans, and families with lower incomes than other college students. ***These benefits should be reinstated for the children of disabled or deceased workers.***

Legislation to *Boost Social Security Now*

The National Committee urges Congress to address income inequality and increase income security for millions of Americans by passing legislation that will strengthen Social Security's financing and improve Social Security benefits for millions of current and future beneficiaries. To that end, we support S. 731, the "Social Security Expansion Act," introduced by Senator Bernie Sanders, H.R. 1391/S. 1904, the "Social Security 2100 Act," introduced by Rep. John Larson and Sen. Richard Blumenthal, and H.R. 3377, the "Social Security Caregiver Credit Act," introduced by Rep. Nita Lowey.