

AFSCME

Retirees Bulletin

Protecting and Preserving Social Security

For over 80 plus years, Americans have relied on Social Security to provide efficient and reliable wage insurance to millions of retirees, surviving spouses and children, and individuals with disabilities. It has become one of the most successful programs in history. While monthly benefits are modest, they are the main source of income for most seniors. But despite its success, there are multiple threats and proposals under consideration that can weaken this extremely affordable benefit. While many in Congress seek to cut benefits even though the Social Security Trust Funds have a large and growing surplus, others, including AFSCME, want to ensure that its vital protections are maintained and that benefits are expanded.

Don't Weaken Benefits

Privatization. Right-wing forces have advocated for privatization and the creation of individual retirement accounts for all workers. Individuals would be forced to divert the money they contribute to Social Security as we know it now, to private accounts they manage on their own. However, we know that private investments are inherently risky, and retirees could lose everything. Privatization also increases the deficit by trillions of dollars because money set aside to pay current beneficiaries would no longer be available; subsequently requiring the government borrow money. AFSCME opposes any effort to privatize Social Security.

Chained CPI. Moving to a Chained CPI reduces the value of already modest Social Security benefits and results in a lower Cost of Living Adjustment (COLA). A Chained CPI also causes special hardships for older beneficiaries; people who count on Social Security benefits for a large share of their income; women, who live longer on average than men; and people with disabilities. AFSCME believes beneficiaries deserve a living adjustment that lifts everyone up and pushes no one down and opposes a Chained CPI.

Raising the Retirement Age. The full retirement age for receiving Social Security benefits is 67 years old. Increasing the retirement age from 67 to 69, as proposed by some, would cut benefits by thirteen percent across the board for everyone no matter what age they retire. Many workers who are low income, veterans or forced to retire early from physically demanding work would be impacted the most. Raising the retirement age is unfair. AFSCME opposes raising the retirement age.

Means Testing. Efforts to means test Social Security reduces benefits for middle class families who have earned their Social Security benefits. Retirees should not have to prove they need assistance to qualify for the benefits they paid and earned. Efforts to means test benefits essentially changes Social Security from social insurance to a welfare program. Social Security is for people at all earning levels that pay into the system and meet the age requirements for retirement. AFSCME believes that all workers should be able to participate regardless of their income, pensions, and savings.



GOP Budget Cuts. Despite Donald Trump's promises during his presidential campaign to not cut Social Security, Medicare, or Medicaid, he proposed cuts of over \$1.8 trillion to all three in the budget he submitted to Congress. He called for reforming disability programs by cutting \$72 billion over a 10-year period, including explicit cuts to Supplemental Security Income programs and Social Security Disability Insurance programs managed by the Social Security Administration. On top of that, he proposes to slash other programs for seniors to pay for a huge tax giveaway to the wealthy and big corporations. AFSCME opposes these cuts to Medicare, Medicaid, Social Security and other vital public services.

We Must Expand Benefits

Expand Benefits. Sens. Bernie Sanders (I-VT) and Elizabeth Warren (D-MA) and others want to expand Social Security benefits rather than cut them. Expanding benefits helps to address the growing senior poverty rate and it begins to address an expanding retirement security problem in the country. AFSCME supports efforts to expand benefits and to make sure that every senior citizen receives a fair cost-of-living adjustment to keep up with the skyrocketing cost of prescription drugs and health care.

Lifting the Salary Cap. Lifting the cap increases the threshold of workers earnings subject to the Social Security payroll contribution. Under Social Security insurance, workers only pay a portion of their earnings to finance their retirement up to a cap which is maxed at \$128,400 in 2018. About 5 percent of all workers earn more than the cap. AFSCME supports lifting the cap to raise revenues for Social Security by asking workers who earn more than the cap to pay into Social Security throughout the year as other workers do.

Change the COLA Formula to CPI-E. The purpose of Social Security's COLA is to automatically adjust benefits to reflect retirees' monthly expenses. Switching to the Consumer Price Index for the Elderly (CPI-E) changes the COLA formula in a way which boosts benefits for all Social Security beneficiaries. CPI-E more accurately measures reflects the buying patterns of retirees. AFSCME supports adoption of the CPI-E formula, which better measures seniors living expenses.

Extend Solvency. Extending solvency of the Social Security by addressing the long-term projected shortfall is a top priority. The Social Security Trustee Report confirms that even though the program faces long-term challenges, the Social Security Trust Fund is healthy and projected to be able to pay full benefits on time until 2034. Nearly 40% of all seniors use Social Security for most, if not all, of their income to meet their basic monthly needs. Data from the Social Security Administration (SSA) also shows that by 2035, the number of Americans 65 and older will increase from approximately 49 million today to over 79 million. AFSCME supports preserving the foundation of America's retirement security is what should be expected of our leaders for the workers who have earned their benefits by many years on the job.

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