SOCIAL SECURITY

Social Security is a contributory social insurance system that covers 164 million workers (94 percent of workers in paid employment or self employment) and provides monthly cash benefits to 51 million beneficiaries, including retired and disabled workers and their dependents, as well as the dependents of deceased workers.

Social Security was enacted in 1935 and was intended to improve the economic circumstances of older adults during the Depression. As more and more people were covered and living longer, Social Security has been modified to address these changes over the years.

Social Security has been, for 75 years, a bedrock promise. You have earned it with a lifetime of hard work, and it should be there for you and future generations.

At the end of 2011, 56 million people, including retirees, widows, disabled workers, and children, will be receiving Social Security benefits. The Trust Fund's assets are projected to be $2.7 trillion at the end of 2011 – enough to

pay full benefits until 2036.

Social Security has weathered difficult economic times, including 13 recessions over the last 75 years. Never once has it failed to pay beneficiaries; Americans continue to be paid their benefits on time and in full.

Considering the large and important role that Social Security has in America's safety net for older and disabled, widowed and orphaned citizens, comprehensive Social Security reform has been a perennial and contentious item on the Congressional agenda.

I fully support maintaining traditional Social Security and finding ways to effectively extend it without cutting benefits to our nation's seniors.

For many Americans, Social Security is the lifeline that keeps them out of poverty. The average benefits are only $14,000 a year, but six out of ten seniors depend on Social Security benefits to make up more than half their incomes. Nearly half of all seniors – 45.2 percent – would be living in poverty

if it weren't for their Social Security benefits.

THE COST OF LIVING ADJUSTMENT (COLA)

To compensate for the effects of inflation, Social Security recipients have been eligible to receive a cost of living adjustment (COLA) each year since 1975. The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) is the measure used to compute the cost of living adjustment. If there is no percentage increase in the CPI-W between measuring periods, as was the case in both 2010 and 2011, no COLA is payable.

Several policies have been suggested to offer a more accurate measurement of change in the cost of living. One example is to create a new CPI especially for seniors, which would take into account their higher costs for health care, prescription drugs, and other goods and services. Another is to compensate seniors with a $250 payment in years where there is no COLA. I have cosponsored a bill, the Preserving Our Promise to Seniors Act, which would do both these things. This bill would also phase out the cap on Social Security payroll taxes, to help ensure that Social Security is solvent for years to come.

DEFICIT CONTRIBUTION

Social Security is not adding to the deficit – it pays its

own way through worker contributions. In addition, Social Security is not running out of money. The Social Security Trust Fund has significant reserves and can pay full benefits until 2036.

PRIVATIZATION

There have been a number of proposals debated which involve converting Social Security retirement benefits into private accounts to invest in the stock market. The creation of Social Security was a direct response to the stock market crash of 1929 and the ensuing Great Depression. Americans experienced widespread loss of savings that threatened their

livelihoods. When President Roosevelt signed the Social Security Act into law, he said, "It is, in short, a law that will take care of human needs and at the same time provide the United States an economic structure of vastly greater soundness."

I oppose privatizing Social Security because Americans need stable retirement benefits to depend on today, and in the future. Had this plan been in effect during the Great Recession of recent years, Americans would have lost trillions of dollars in retirement savings. Instead, seniors continued receiving their monthly retirement check, in full and on time.