

# TOP 5 SOCIAL SECURITY MYTHS

**MYTH:** Social Security is going broke.

**REALITY: THERE IS NO SOCIAL SECURITY CRISIS.** By 2023, Social Security will have a \$4.3 trillion surplus. It can pay out all scheduled benefits for the next 25 years.<sup>1</sup> After 2037, it'll still be able to pay out 75% of scheduled benefits. The program started preparing for the Baby Boomers retirement decades ago.<sup>2</sup>

**MYTH:** We have to raise the retirement age because people are living longer.

**REALITY: THIS IS A RED-HERRING TO TRICK YOU INTO AGREEING TO BENEFIT CUTS.** Retirees are living about the same amount of time as they were in the 1930s. The reason average life expectancy is higher is mostly because fewer people die as children than did 70 years ago.<sup>3</sup> Since 1972, life expectancy increased by 6.5 years for workers in the top half of the income brackets, but by less than 2 years for those in the bottom half.<sup>4</sup>

**MYTH:** Benefit cuts are the only way to fix Social Security.

**REALITY: SOCIAL SECURITY CAN BE STRENGTHENED, HERE'S A BETTER WAY:** If everyone paid Social Security taxes on all of their income, Social Security would be sustainable for decades to come.<sup>5</sup> The 2009 contribution rate is 6.2% on earnings up to the maximum taxable amount of \$106,800 (or \$6,621.60).<sup>6</sup> This cap favors only high income! An annual income of \$50,000 is contributing the maximum 6.2%, but a high income of \$1 million a year is only contributing 0.66% —less than one percent of income! It is a regressive tax.

**MYTH:** The Social Security Trust Fund has been raided and is full of IOUs.

**REALITY: THE SOCIAL SECURITY TRUST FUND ISN'T FULL OF IOUS, IT'S FULL OF U.S. TREASURY BONDS.**<sup>7</sup> Republicans want to "Privatize" or "Personalize" your Social Security funds and put them in the stock market which would be another disastrous hand out to Wall St. banks and investment firms. Imagine what would have happened in the recent market collapse! The trillions of dollars in the Social Security Trust Fund should remain separate and safe from the regular budget. *DEMOCRATS will protect your Social Security!*

**MYTH:** Social Security adds to the deficit

**REALITY: IT'S NOT JUST WRONG —IT'S IMPOSSIBLE BY LAW!** Social Security funds are separate from the budget, and it must pay its own way. That means that Social Security can't add one penny to the deficit.<sup>1</sup>

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**What to Do:** Put the 5 myths on your Facebook page: <http://pol.moveon.org/ssmyths/index.html> and VOTE!

**Your vote on Tuesday, November 2, 2010 makes a difference.**

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**Sources: Top 5 Social Security Myths was compiled by Moveon.org.**

1. "To Deficit Hawks: We the People Know Best on Social Security" New Deal 2.0, June 14, 2010. <http://www.newdeal20.org/2010/06/14/to-deficit-hawks-we-the-people-know-best-on-social-security-12290/>

2. "The Straight Facts on Social Security" Economic Opportunity Institute, September 2009. [http://www.eoionline.org/retirement\\_security/fact\\_sheets/StraightFactsSocialSecurity-Sep09.pdf](http://www.eoionline.org/retirement_security/fact_sheets/StraightFactsSocialSecurity-Sep09.pdf)

3. "Social Security and the Age of Retirement" Center for Economic and Policy Research, June 2010. <http://www.cepr.net/index.php/publications/reports/social-security-and-the-age-of-retirement/>

4. "More on raising the retirement age" Ezra Klein, Washington Post, July 8, 2010. [http://voices.washingtonpost.com/ezra-klein/2010/07/more\\_on\\_raising\\_the\\_retirement.html](http://voices.washingtonpost.com/ezra-klein/2010/07/more_on_raising_the_retirement.html)

5. "Social Security is sustainable" Economic and Policy Institute, May 27, 2010. [http://www.epi.org/analysis\\_and\\_opinion/entry/social\\_security\\_is\\_sustainable/](http://www.epi.org/analysis_and_opinion/entry/social_security_is_sustainable/)

6. "Maximum wage contribution and the amount for a credit in 2010" Social Security Administration, April 23, 2010. [http://ssa-custhelp.ssa.gov/app/answers/detail/a\\_id/240](http://ssa-custhelp.ssa.gov/app/answers/detail/a_id/240)

7. "Trust Fund FAQs" Social Security Administration, February 18, 2010. <http://www.ssa.gov/OACT/ProgData/fundFAQ.html>

8. "To Deficit Hawks: We the People Know Best on Social Security" New Deal 2.0, June 14, 2010. <http://www.newdeal20.org/2010/06/14/to-deficit-hawks-we-the-people-know-best-on-social-security-12290/>

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## Attacking Social Security

By PAUL KRUGMAN | NY Times Published: August 15, 2010

Social Security turned 75 last week. It should have been a joyous occasion, a time to celebrate a program that has brought dignity and decency to the lives of older Americans.

But the program is under attack, with some Democrats as well as nearly all Republicans joining the assault. Rumor has it that President Obama's deficit commission may call for deep benefit cuts, in particular a sharp rise in the retirement age.

Social Security's attackers claim that they're concerned about the program's financial future. But their math doesn't add up, and their hostility isn't really about dollars and cents. Instead, it's about ideology and posturing. And underneath it all is ignorance of or indifference to the realities of life for many Americans.

About that math: Legally, Social Security has its own, dedicated funding, via the payroll tax ("FICA" on your pay statement). But it's also part of the broader federal budget. This dual accounting means that there are two ways Social Security could face financial problems. First, that dedicated funding could prove inadequate, forcing the program either to cut benefits or to turn to Congress for aid. Second, Social Security costs could prove unsupportable for the federal budget as a whole.

But neither of these potential problems is a clear and present danger. Social Security has been running surpluses for the last quarter-century, banking those surpluses in a special account, the so-called trust fund. The program won't have to turn to Congress for help or cut benefits until or unless the trust fund is exhausted, which the program's actuaries don't expect to happen until 2037 — and there's a significant chance, according to their estimates, that that day will never come.

Meanwhile, an aging population will eventually (over the course of the next 20 years) cause the cost of paying Social Security benefits to rise from its current 4.8 percent of G.D.P. to about 6 percent of G.D.P. To give you some perspective, that's a significantly smaller increase than the rise in defense spending since 2001, which Washington certainly didn't consider a crisis, or even a reason to rethink some of the Bush tax cuts.

So where do claims of crisis come from? To a large extent they rely on bad-faith accounting. In particular, they rely on an exercise in three-card monte in which the surpluses Social Security has been running for a quarter-century don't count — because hey, the program doesn't have any independent existence; it's just part of the general federal budget — while future Social Security deficits are unacceptable — because hey, the program has to stand on its own.

It would be easy to dismiss this bait-and-switch as obvious nonsense, except for one thing: many influential people — including Alan Simpson, co-chairman of the president's deficit commission — are peddling this nonsense.

And having invented a crisis, what do Social Security's attackers want to do? They don't propose cutting benefits to current retirees; invariably the plan is, instead, to cut benefits many years in the future. So think about it this way: In order to avoid the possibility of future benefit cuts, we must cut future benefits. O.K.

What's really going on here? Conservatives hate Social Security for ideological reasons: its success undermines their claim that government is always the problem, never the solution. But they receive crucial support from Washington insiders, for whom a declared will-



Jeff Parker, Florida Today / Politicalcartoons.com



ingness to cut Social Security has long served as a badge of fiscal seriousness, never mind the arithmetic.

And neither wing of the anti-Social-Security coalition seems to know or care about the hardship its favorite proposals would cause.

The currently fashionable idea of raising the retirement age even more than it will rise under existing law — it has already gone from 65 to 66, it's scheduled to rise to 67, but now some are proposing that it go to 70 — is usually justified with assertions that life expectancy has risen, so people can easily work later into life. But that's only true for affluent, white-collar workers — the people who need Social Security least.

I'm not just talking about the fact that it's a lot easier to imagine working until you're 70 if you have a comfortable office job than if you're engaged in manual labor. America is becoming an increasingly unequal society — and the growing disparities extend to matters of life and death. Life expectancy at age 65 has risen a lot at the top of the income distribution, but much less for lower-income workers. And remember, the retirement age is already scheduled to rise under current law.

So let's beat back this unnecessary, unfair and — let's not mince words — cruel attack on working Americans. Big cuts in Social Security should not be on the table.

### What to Do:

Get resources to write letters to your representatives and local newspapers at: [http://ucdw.org/ucdw\\_resources/letters.html](http://ucdw.org/ucdw_resources/letters.html)