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The Straight Facts on Social Security

SOCIAL SECURITY IS FAR MORE THAN A RETIREMENT PROGRAM

Social Security is the bedrock of economic security for millions of children, as well as working and retired Americans.

- Social Security provided \$675 billion in benefits to 53 million people in 2009, including over 1 million in Washington state.
- 3.2 million children through age 19 are direct Social Security beneficiaries; many others have an immediate family member who receives Social Security benefits.
- One third of beneficiaries collect survivors or disability insurance, keeping millions of families with a disabled or deceased breadwinner out of poverty.

Social Security benefits are progressive, replacing half the earnings for a low wage worker, one-third for median wage earners, and one-quarter for high wage workers. Social Security has almost eliminated poverty among the elderly, thanks to lifetime retirement benefits, annual cost of living increases, and family benefits.

SOCIAL SECURITY IS IN GOOD SHAPE FINANCIALLY – NOW AND FAR INTO THE FUTURE

Social Security operates at a surplus and will have ample funding to serve future generations:

- **Baby-Boomers:** Social Security has been collecting extra payroll taxes for nearly 30 years to prepare for the retirement of the baby boom generation. For example, in 2009 Social Security took in \$122 billion more in interest and other income than it paid out in benefits and expenses.
- **Gen-Xers, Gen-Ys and Millennials:** Social Security payroll taxes will continue paying the benefits of retirees, disabled workers, and surviving family members for the next 75 years, just as it has over the past 75 years. And because benefits go up a little faster than inflation, benefits for future retirees will be worth more than today's seniors receive.
- Meanwhile, younger workers can rest assured that if anything happens to them, their families will receive survivors or disability benefits.

THE SOCIAL SECURITY TRUST FUND IS SECURE

Some fear the government is spending the trust fund instead of saving it. Actually, the trust fund is invested in U.S. Treasury bonds, which are widely considered the safest investment in the world. It's a win-win: the bonds pay for education, research, transportation and other public structures that benefit us all and will make the future workforce more productive, while the investment return improves Social Security's long-term bottom line.

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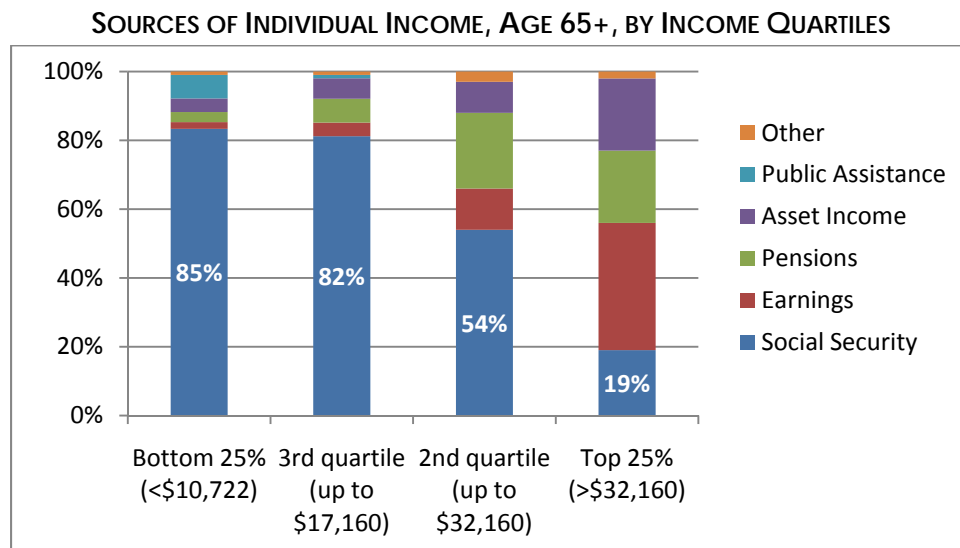
AMERICA CAN EASILY AFFORD SOCIAL SECURITY...

With our population aging, Social Security will naturally grow as a percentage of the economy. But we can easily handle the scale of change, from 4.8% of the U.S. economy today, to 6.2% in 2034, and 5.8% after 2050. Increasing productivity will mean that a relatively smaller working-age population will cover the benefits of more seniors – just as one farmer can now feed thousands.

...IN FACT, WE CAN'T AFFORD TO LOSE IT

Social Security guarantees that everyone will have at least a minimum monthly income in retirement. Investment-oriented retirement plans like 401(k) accounts seesaw with the ups and downs of the stock market, and favor the highest income earners. Social Security's progressive benefits, cost-of-living adjustments, family benefits, survivor and disability programs, and lifetime retirement benefits are crucial to the economic security of us all.

For half of American seniors, Social Security makes up, on average, more than 80% of income.



Source: *Income and Poverty Among Older Americans in 2007*, Congressional Research Service

WE CAN IMPROVE ON SOCIAL SECURITY'S WINNING FORMULA

Increase benefits for the lowest income earners. In 2007, 43% of seniors 75 and older lived with incomes under 200% of the poverty level, about \$1,702 per month.

Increase elderly survivors' benefits. Increasing benefits for a surviving spouse to 75% of the couple's pre-death benefit would help low and moderate-income widows and widowers.

Provide Family Care Credits. Social Security benefits are based on the adjusted average of a worker's 35 highest-earning years. While men average 44 years in the workforce, women average only 32 years and are far more likely to face poverty in their old age.

Recognize all families. State-recognized same-sex couples and their families should be treated equally with heterosexual couples.

Remove the cap. In 2010, workers pay into the system only on earnings under \$106,800. Applying Social Security taxes to all earnings – as with Medicare – would provide for more generous benefits for those who most need them.