

What's Going On?

In February, President Obama signed an Executive Order creating the National Commission on Fiscal Responsibility and Reform ("Commission"). The Executive Order directs the commission to recommend how to reduce the annual deficits to 3% of the national economy by 2015. While retirees fully support the President on the critical need to reduce our nation's budget deficit, many are troubled by the incorrect words of deficit hawks who repeatedly claim that Social Security is to blame for the deficit, even though the program has not contributed to the federal deficit and maintains a \$2.5 trillion surplus. In fact, according to data from the Congressional Budget Office (CBO), most of the projected budget deficit over the next 10 years results from President Bush's tax cuts for the rich, the wars in Afghanistan and Iraq, spiraling health care costs and the continuing effects of the worst recession since the Great Depression.

The Commission contains a number of known foes of Social Security and Medicare. This point is important, and alarming, because it is these very commission members who will be voting on final recommendations that will be then sent to Congress for an up or down vote. Considering that six panel members named by Congressional Republican leadership have a combined average life rating of 6.5 percent on the Alliance for Retired Americans Voting Record, it is likely that these individuals may propose cuts to Medicare and Social Security. Equally disconcerting is the fact that the Commission's own co-chair, former Republican Senator Alan Simpson, is similarly opposed to strengthening Social Security. Simpson previously described older Americans as "greedy geezers" and supported President Bush's 2005 efforts to privatize Social Security by turning part of the program into millions of individual investment accounts, which by now would have lost 20% of their value.

The battle against Social Security and Medicare is also heating up outside the beltway – largely championed by billionaire Peter G. Peterson and his namesake foundation, as well as the U.S. Chamber of Commerce and the National Association of Manufacturers. Peterson has gone to great lengths to devise schemes to take away people's Social Security and Medicare in the name of "fiscal responsibility," even bankrolling the film "I.O.U.S.A." which makes the one-sided argument that the nation is facing a fiscal crisis that can only be addressed through substantial cuts in "entitlement" programs, including Social Security and Medicare. So why does Peterson, who made billions as CEO of now-defunct Lehman Brothers focus so much on Social Security? According to journalist Saul Friedman of Gray Matters, "He gave his motive away in 1996 when he complained that the growth of Social Security would 'crowd out all forms of capital accumulations.'"



Why You Should Care!

Opponents of Social Security are conducting a multi-million dollar campaign designed to fool the public about Social Security by claiming that benefits for “greedy geezers” must be cut to lower the deficit. Without your help and input, this campaign will continue to spread its dishonest message that cutting entitlements is the way to cut the deficit.

Ways to Show Your Support For Social Security & Medicare!

Retirees across the nation must keep an eye on the Commission to make sure that they do not unfairly target the critical benefits provided by Social Security and Medicare. The Commission and Congress needs to know that you oppose any recommendations that will raise the retirement age, lower benefits, privatize or do anything else to diminish these great American programs! The following lists ways to have your voice heard:



Contact your members of Congress today to (1) let them know that you support Social Security and Medicare and (2) request that the Commission host open field hearings that will encourage debate and input from constituents like you!



Write a letter to the editor of your local newspaper that urges the Commission to fully examine ALL the tax and spending policies that created the deficit (2 wars, tax cuts, spiraling health care costs, housing bubble), not just entitlement programs.



Talk to your friends and neighbors about the value of Social Security and Medicare. Share the good word about the importance of making these vital programs remain strong for our children and grandchildren!

Recommendations on Ways to Improve Our Nation's Economy!

Social Security's long-term solvency can be resolved by relatively modest adjustments and without cutting benefits. The following are solutions to consider:

- ✓ Raise the payroll tax cap on Social Security taxes for the wealthiest Americans.
- ✓ Freeze the estate tax at 2009 levels and apply those revenues to Social Security.
- ✓ Put people back to work in good-paying, American jobs.
- ✓ Support legislation proposed by Senator Tom Harkin (D-IA) “The Wall Street Fair Share Act” (S. 2927) and Representative Peter DeFazio (D-OR) “Let Wall Street Pay for the Restoration of Main Street Act of 2009” (H.R. 4191). This legislation would place a modest tax on Wall Street financial speculation while leaving the vast majority of ordinary investors largely unaffected. All told, this modest tax of 0.25 percent would raise over \$75 billion a year.



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Share the Good News About Social Security & Medicare!

- ✓ Social Security and Medicare are two of our nation's greatest success stories. Social Security has helped generations of Americans retire with dignity and Medicare has helped reduce senior poverty by two-thirds since it began in 1965!
- ✓ Social Security is not part of the nation's deficit and debt problem. Social Security is the most fiscally responsible federal program – it is self-financed through dedicated contributions. Ninety-nine percent of contributions are returned in benefits, with only 1 percent spent on administrative costs.
- ✓ Health care reform will cut the nation's deficit by \$138 billion over the next 10 years, will save Medicare about \$475 billion over 10 years and is expected to extend the solvency of the Medicare Trust Fund for an additional nine years.
- ✓ More than one-third of all people 65 and older rely on Social Security for 90 percent or more of their income. Without Social Security, 55% of severely disabled workers and their families would live in poverty; 47% of elderly households would live in poverty; another 1.3 million children would fall into poverty; and 2.4 million grandparent-headed households caring for 4.5 million grandchildren would be deprived of the most important source of income going to these grandfamily households.
- ✓ Social Security is not merely a "retirement program." It pays more benefits to children than any other federal program. Six and a half million children in the United States receive assistance from Social Security's survivors' benefits program – which protects virtually all U.S. children in the tragic event of the death of a parent.
- ✓ Despite the economy's meltdown, Social Security was able to continue to guarantee its beneficiaries their monthly benefits last year and, according to the 2009 Annual Report of the Board of Trustees, is safe and solvent for another 30 years.
- ✓ Social Security is the nation's top poverty fighter! It is particularly important to older women and people of color, who are more likely to face poverty in their retirement years.
 - Women make up 60 percent of Social Security beneficiaries and they depend more heavily on Social Security than men do for their income in retirement.
 - More than 75 percent of older Latinos and almost 80 percent of African Americans rely on Social Security for more than half of their total income.
- ✓ Social Security benefits are protected from inflation and guaranteed for life. Given the \$10 trillion in asset values that have disappeared in the stock market recently, Social Security is even more critical to retirement security as it is clearly impossible to reliably replicate these necessary benefits in the private market.



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Nuts and Bolts of the Fiscal Commission

▪ 18 members, 6 appointed by the President, 3 appointed by the Senate Majority Leader Harry Reid, 3 appointed by Senate Minority Leader Mitch McConnell, 3 appointed by the Speaker of the House Nancy Pelosi and 3 by the House Minority Leader John Boehner. Additionally, Democratic Leadership Council CEO Bruce Reed was recently appointed to serve as the executive director of the Commission.

- *President's Appointees:* Andy Stern, president of the Service Employees International Union; Dave Cote, a Republican executive who is the head of Honeywell; Ann Fudge, a former executive at several corporations; Alice Rivlin, a former vice chair of the Federal Reserve and director of both the Congressional Budget Office and President Clinton's White House budget office; former White House chief of staff Erskine Bowles and former Republican Senate Whip Alan Simpson, who both serve as co-chairs of the panel.

- *Senate Majority Leader Harry Reid's Appointees:* Kent Conrad of North Dakota; Max Baucus of Montana; and Richard J. Durbin of Illinois.

- *Senate Minority Leader Mitch McConnell's Appointees:* Tom Coburn of Oklahoma; Judd Gregg of New Hampshire; and Michael Crapo of Idaho.

- *Speaker of the House Nancy Pelosi's Appointees:* John Spratt Jr. of South Carolina; Xavier Becerra of California; and Jan Schakowsky of Illinois.

- *House Minority Leader John Boehner's Appointees:* Paul Ryan of Wisconsin; Dave Camp of Michigan; and Jeb Hensarling of Texas.

▪ The Commission is tasked with proposing recommendations designed to (1) reduce annual deficits to 3% of the national economy by 2015 and (2) improve the long-run fiscal outlook, including changes to address the growth of entitlement spending.

▪ The Commission must vote on a final report containing a set of recommendations no later than December 1, 2010. This report must be approved by 14 of its 18 members for it to be adopted by the commission. Blocking cuts to Social Security and Medicare thus requires 5 commissioners.

▪ If the final report is adopted by the commission, Senate Majority Leader Reid has promised to give the recommendations an up or down vote by the end of the year.

▪ House Speaker Nancy Pelosi will then vote on the Senate's recommendations by the end of the year.

▪ The commission will dissolve 30 days after submitting its final report.



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