CONSORTIUM FOR CITIZENS WITH DISABILITIES

No Cuts to Social Security Benefits:

VITAL PROGRAM FOR PEOPLE WITH DISABILITIES MUST BE PRESERVED

MODEST PREMIUM CONTRIBUTION ADJUSTMENTS, RATHER THAN BENEFIT CUTS, MUST BE USED TO ACHIEVE THE LONG-TERM SOLVENCY OF THE SOCIAL SECURITY SYSTEM.

Millions of people with disabilities and their families rely on the Social Security disability, retirement, and survivors programs to meet their basic needs. The CCD Social Security Task Force strongly supports taking steps sooner rather than later to achieve the long-term financial solvency of the Social Security system. It is vitally important to take steps to strengthen the long-term financing of the Social Security system so that it can continue to provide the critical income support on which many of the most vulnerable members of our society depend. Social Security benefits, however, are already very modest and should not be cut in any way. This is especially the case given that very modest increases in FICA (Federal Insurance Contribution Act) contributions could solve Social Security's long-term financing shortfall.

- ✓ **Social Security Benefits Are Modest:** The average monthly benefit for someone receiving benefits through the Disability Insurance program for August 2012 was only $1,111, an annual income of just $13,332. The average monthly benefit for Retirement Insurance was only slightly higher at $1,253 ($15,036 per year).[1] Many beneficiaries receive significantly lower monthly payments.

- ✓ **People Rely on Social Security Benefits:** Social Security benefits make up a significant percentage of total family income for many workers and their families. This is especially true for lower income beneficiaries. For example, the average yearly benefit for the lowest 20% of income earners receiving retirement benefits in 2008 was $9,989 and that represented 95% of their family income.[2] Any cut to benefits will likely mean that a basic need (like food, medicine, or shelter) will not get met for the people who depend almost entirely on Social Security benefits. Someone with a total income of just over $10,000 a year simply does not have luxury items to cut out of his or her budget.

- ✓ **Social Security's Funding Shortfall Is Small:** This is true both as a percentage of Gross Domestic Product (GDP) and taxable payroll. The long-term shortfall in Social Security's funding is just over 1% of GDP over the next 75 years and only 2.67% of taxable payroll during the same time period.

- ✓ **Modest Premium Contribution Changes Can Solve the Shortfall:** There are a variety of ways in which making modest adjustments to the contributions of workers and employers to the Social Security system can solve the long-term financing shortfall. For example, raising the contribution rate immediately by 1.1 % on both employers and employees could almost eliminate the shortfall completely over 75 years. An average earner (making $43,451 annually) might only need to contribute around $10 more per week.[3] Similar small increases in the cap on earnings taxed could also more than solve the funding shortfall.

THE CURRENT STRUCTURE OF THE SOCIAL SECURITY DISABILITY PROGRAMS SHOULD BE PRESERVED.

Social Security's disability programs are particularly critical to people with disabilities and their families. Their basic structure is effective and should be preserved. Any efforts to change the Social Security disability programs must protect and expand the effectiveness of these income support programs, as well as protect access to the corresponding health coverage provided through Medicare and Medicaid. Additionally, because the intent of the Social Security disability programs is to provide income support for people who lack the capacity to work at a substantial level, the existing definition of disability is appropriate. The current definition is strict, providing benefits only to individuals with the most significant impairments. The current structure also provides sufficient flexibility to allow for policies that promote employment for beneficiaries who are able to do some work.

ACHIEVING LONG-TERM SOLVENCY FOR SOCIAL SECURITY SHOULD NOT BE PART OF DEFICIT REDUCTION EFFORTS.

- ✓ **Social Security Does Not Contribute to the Deficit:** By law, Social Security cannot spend money it does not have. In the event that FICA (Federal Insurance Contribution Act) contributions and the money in the Old Age, Survivors, and Disability Insurance (OASDI) Trust Funds cannot pay for the promised benefits in any given year, benefits will automatically be reduced.

- ✓ **Self-Financed Program:** Social Security is self-financed by FICA contributions paid by workers and employers, commonly referred to as payroll taxes.

- ✓ **Current Surplus:** The Social Security programs currently have a surplus. In fact, according to the 2012 Social Security Trustees report, the OASDI Trust Funds had a surplus – revenue plus interest income in excess of outgo – of $69 billion. Reserves are projected to grow to $3.1 trillion by the end of 2020. There is no reason to include a program running a surplus in deficit reduction efforts.

- ✓ **Social Security Is Fundamentally Sound:** Social Security is fully solvent and can pay 100% of the benefits promised under all of the Social Security programs until 2033 with no changes.

ANY REFORMS TO OUR SOCIAL SECURITY SYSTEM MUST BE EVALUATED IN TERMS OF THEIR IMPACT ON CURRENT AND FUTURE BENEFICIARIES.

Any reforms must:

- ✓ maintain the current structure based on payroll taxes,
- ✓ preserve Social Security as a social insurance program for everyone who is eligible,
- ✓ guarantee monthly benefits adjusted for inflation,
- ✓ preserve Social Security to meet the needs of people who are eligible now and in the future, and
- ✓ restore Social Security's long-term financial stability.

Fact sheet prepared by the CCD Social Security Task Force, October 2012. For more information contact Ethel Zelenske, CCD Social Security Task Force Co-Chair, at nosscrdc@att.net or (202) 457-7775.

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[1] Social Security Administration, Monthly Statistical Snapshot, http://www.socialsecurity.gov/policy/docs/quickfacts/stat_snapshot/
[2] Social Security Administration, *Income of the Population 55 or Older, 2008,* Table 3.A6
[3] National Academy of Social Insurance, *Fixing Social Security: Adequate Benefits, Adequate Financing*, 2009