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# What Every WOMAN Needs to Know About MONEY AND RETIREMENT

## *A Simple Guide*

*A Project of the Teresa and H. John Heinz III Foundation and* Good Housekeeping
*Underwritten by: Morgan Stanley, Dean Witter, Discover & Co., and the Teresa and H. John Heinz III Foundation*

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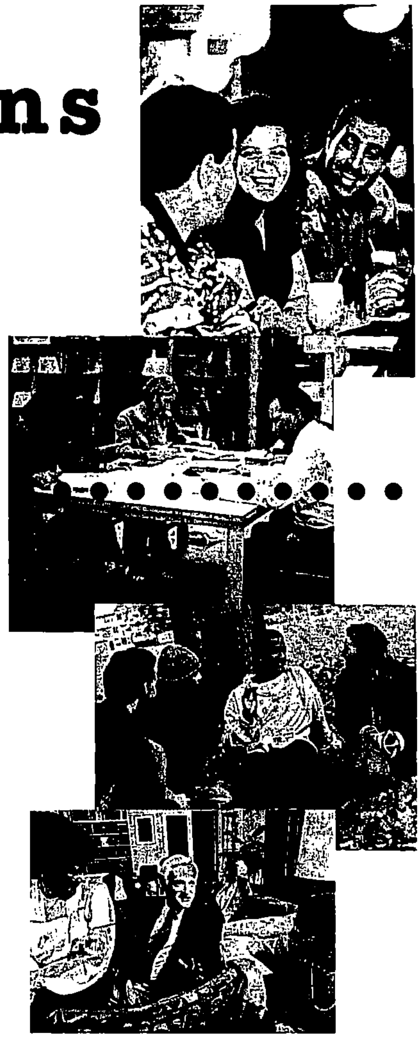
# ..Americans Discuss Social Security ............



**Across America, citizens are working together, discussing Social Security's future, and creating solutions.**

**Join the Conversation.**

**A project funded by The Pew Charitable Trusts**

## Let Your Voice Be Heard!

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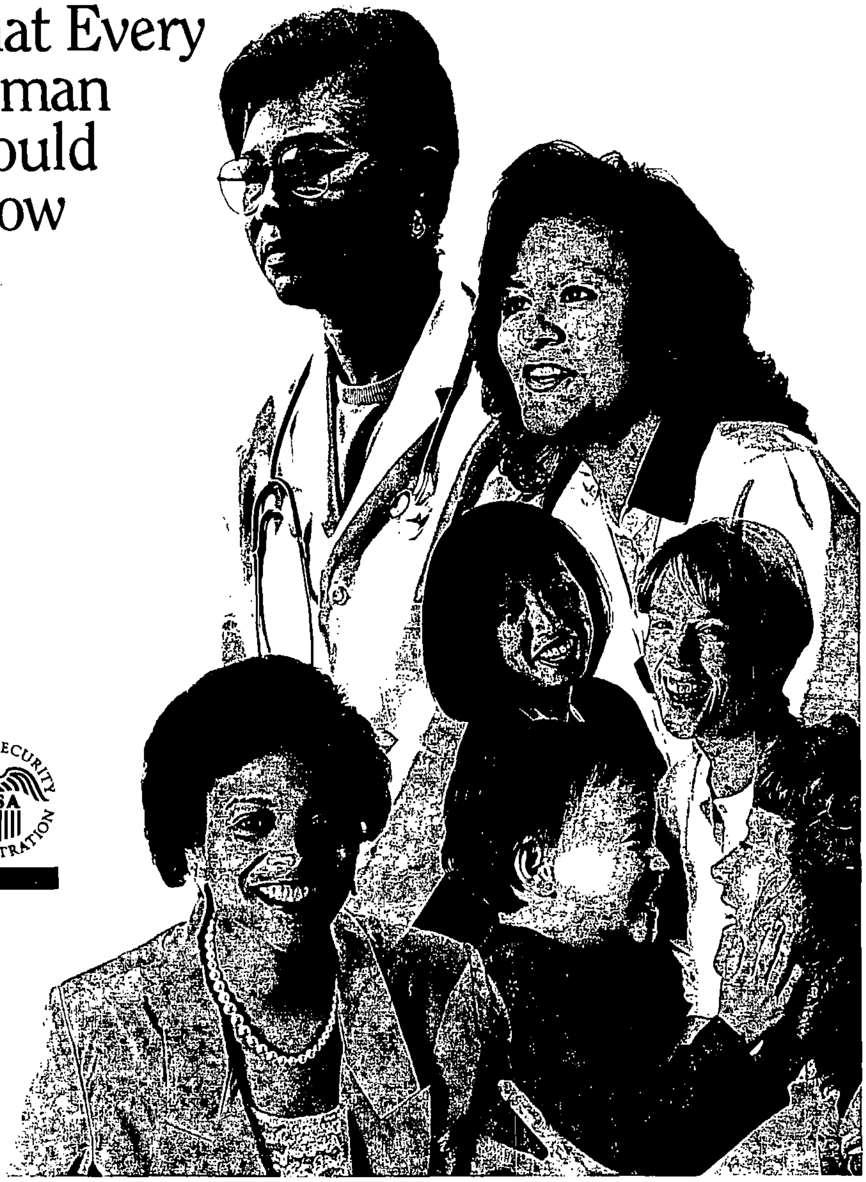
# Social Security

## What Every Woman Should Know



# Making Sense of Social Security

## A Discussion Starter

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Prepared By

*Americans Discuss Social Security*



A project funded by The Pew Charitable Trusts

SOCIAL SECURITY

Americans Discuss Social Security

**A project funded by The Pew Charitable Trusts**

**2001 Pennsylvania Avenue, NW**
**Suite 825**
**Washington, DC 20006**
**Phone: 202/955-9000**
**Fax: 202/955-3011**
**www.americansdiscuss.org**

# A Word About *Americans Discuss Social Security*

***Americans Discuss Social Security*** **is a non-partisan effort funded by The Pew Charitable Trusts. Our mission is to engage Americans from all walks of life in a nation-wide debate about the future of Social Security, and to provide a framework within which these citizens can help America's policymakers resolve this issue.**

**How do we pay for the retirement of 76 million baby boomers, members of the largest generation in American history? Our society will engage in a great debate to answer this question. For most Americans, Social Security is the biggest single source of cash in retirement. The future of Social Security is the key to retirement. Should we maintain the current system, with workers paying taxes for current retirees? Or should we change the Social Security system to allow workers to put some of their tax money into personal accounts they can invest in stocks and bonds? These questions will be argued in the halls of Congress, at business offices and in the homes of millions of Americans. *Americans Discuss Social Security* will provide information designed to engage all citizens in a discussion of these important issues. We also will create opportunities for the American people to voice their views to America's policy makers.**

### Ethnic Changes

The population will shift significantly. Whites, while still the biggest group, are rapidly aging, and will decline as a share of the total population.

Minority groups, with a younger population and a higher birth rate, will become a bigger share of the total population, and a rapidly growing segment of the work force.

The median age—half older, half younger—is 35 years old for whites, compared with 28 for blacks, 25 for Hispanics, and 29 for other groups (Asians, Native Americans).

By 2050, "the population will be one in which an increasing number of elderly Anglos may be dependent on young minority populations," according to *An America Challenged*, a population study by Steve Murdock.

### Currency and Trade

All the major industrial nations face the same aging problem as the United States. Nobody knows what will happen to currency exchange rates and flows of capital around the world as the countries devote more of their resources to pay for the retirement and health needs of an aging population. It could mean a slowdown in world trade, with fewer autos, computers and VCRs moving around the world.

Interest rates also could become more volatile. The Japanese, traditionally big buyers of U.S. Treasury securities, will be spending more of their money at home. This could force the Treasury to boost interest rates to attract investors, and the resulting high rates could hamper U.S. economic activity.

This review is an educated guess about the uncertain future. The only thing certain is that we will have legions of the elderly dominating America's economics, politics and culture. As the Beatles once sang, *Will you still need me, will you still feed me, when I'm 64?*




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Restaurants throughout the land will serve early bird specials, a buck off the price of dinner if you eat before 5:30 PM.

Cruise lines, nursing homes and retirement centers will be the Microsofts and Intels of tomorrow's stock market, avidly watched for each quarter's results.

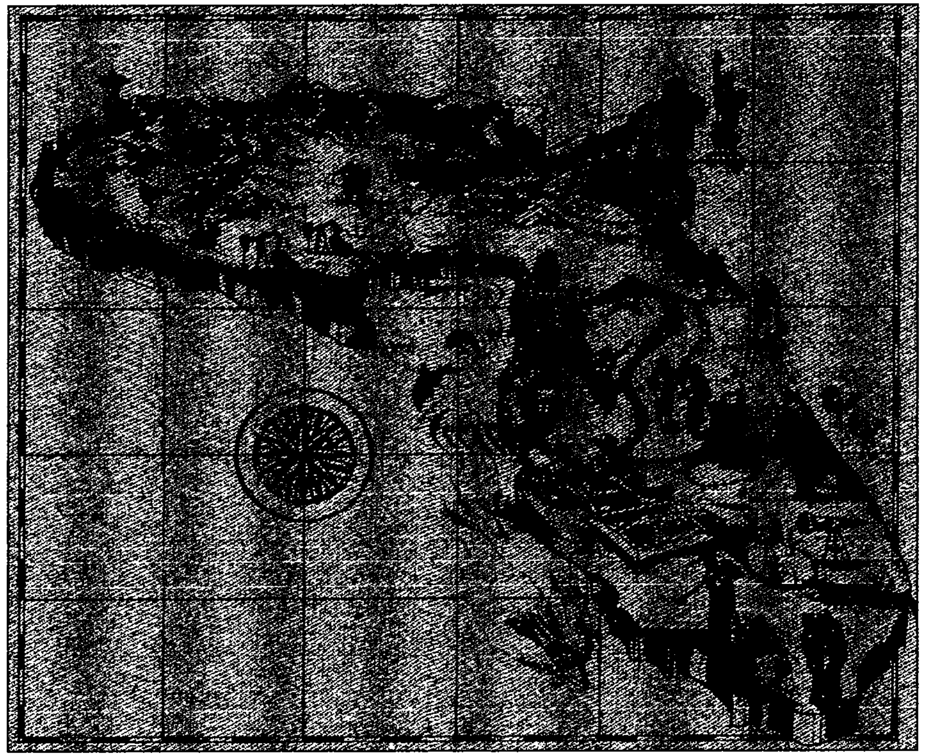
The music of the Rolling Stones and the Doors will pulsate through the communal dining rooms at assisted living communities and nursing homes, as 80 year-olds try to remember Woodstock through the haze of time.

The aging society will seize America, with profound economic, demographic and cultural consequences.

A few simple numbers illustrate the stark reality. Today, 13 of every 100 Americans are over the age of 65. By the year 2030, perhaps 20 of every 100 residents of this nation will be 65 and over.

This is unique in human history. Never have so many people lived so long. Old people have always been around, with the outer limit of human existence about 120 years. But they were rare: bad sanitation and diseases killed people, with only a lucky handful getting much beyond middle age.

An American born in the year 1900 had a life expectancy of 47. Today's newborns can expect to reach age 76, on average.



The age revolution is accelerating: the baby boom generation, the 76 million persons born in the years 1946-1964, is the largest cohort in American history. The boomers' parents married early and had lots of kids. But the boomers themselves marry late, if at all, and have smaller families.

That is the reason for the trends that will transform society. Large numbers of people are growing old, living longer than ever before. Yet the work force, those whose labor will sustain their elders in retirement, is growing very slowly.

At the same time, the economy has been mired in a productivity slowdown for a generation. Despite vast capital investments, and the universal dissemination of computer technology, the rate of productivity increase is very small by historical standards.

Therefore, the economic pie—the total output of goods and services produced by Americans—is expanding slowly. If growth were rapid, we wouldn't worry as much about meeting the demands of the elderly. But with the size of the pie expanding sluggishly, we are worried about the bigger slice the elderly will consume.

The U.S. is living in a calm before the storm. Because birth rates were low in the Great Depression, the number of people who begin drawing Social Security and Medicare each year is rising at a modest pace.

However, the crisis will hit when the masses of baby boomers begin drawing their benefits. The oldest of them will become eligible for full Social Security payments in the year 2012, and the ranks of beneficiaries will then swell by almost four million a year for a 20-year span.

> ...the crisis will hit when the masses of baby boomers begin drawing their benefits..

The challenge for society is how to pay for the costs of a huge chunk of the population that is not working. When people retire at 65, they can look forward to 15 to 20 years without a job, living on their pensions, Social Security and savings.

But only half of American workers are covered by private pension plans, and there is scant likelihood that this figure will improve. Social Security, therefore, is indispensable.

Individual savings won't be the answer, either. Baby boomers are not saving enough money. The national rate of personal savings is barely 5%, compared with 12% a generation ago, in 1965. The oldest boomers are saving a scant one-third of what they would need to maintain their current standard of living in retirement, according to a Merrill Lynch study.

We have a 15-year period to discuss, debate and determine changes in federal policy dealing with Social Security and Medicare before the crunch hits. That isn't much time for a political system that moves at a sluggish pace.

"In a worst case scenario, today's retirement promises could not be afforded without massive harm to the economy," the Hudson Institute warned in a report. "Painful trade-offs between competing generations and priorities would become inevitable."

On the medical side, the cost threat is even more ominous. At least with Social Security, we can make reasonably accurate guesses of wage growth and the retirement benefits that will be linked to wages.

But medical costs are an unknown. Consider: Medicare was created in 1965, two years before doctors at the Cleveland Clinic performed the first coronary bypass operation. Today, coronary tests and surgeries, costing a total of $5 billion per year, make up the biggest single category of spending in the Medicare budget.

New tests, surgeries and therapies yet undreamed of will add to the nation's health care bill. The combination of new medical technology and an aging population adds up to huge spending increases.

Combine new health technology with the increasing frailties of age, and the result is a spending explosion.

The average health cost for a 40-year old man is $1,900, and $3,067 for a woman of the same age. At age 65, spending jumps to $7,362 a year for a man, and $6,900 for a woman. At 80-plus, the figures soar to $16,000 for a man and $13,000 for a woman, according to a study by Watson Wyatt, a benefits consulting firm.

"The aging of the baby boom generation will deal a staggering blow to the U.S. health care system," the Watson Wyatt report said.

"Is it fair to ask today's taxpayers to continue funding a Medicare program that will not be able to furnish comparable benefits when they become Medicare enrollees?" the study asks.

The fairness issue applies with equal force to Social Security. "Looking only at what is fair to give Social Security beneficiaries leaves out the other half of the equation, which is what is fair to ask other people to pay," said Herbert Stein, a noted economist.

> "Is it fair to ask today's taxpayers to continue funding a Medicare program that will not be able to furnish comparable benefits when they become Medicare enrollees?"

*The following is a speculative look at America, the Gray-Haired Nation of the next century.*

### Real Estate

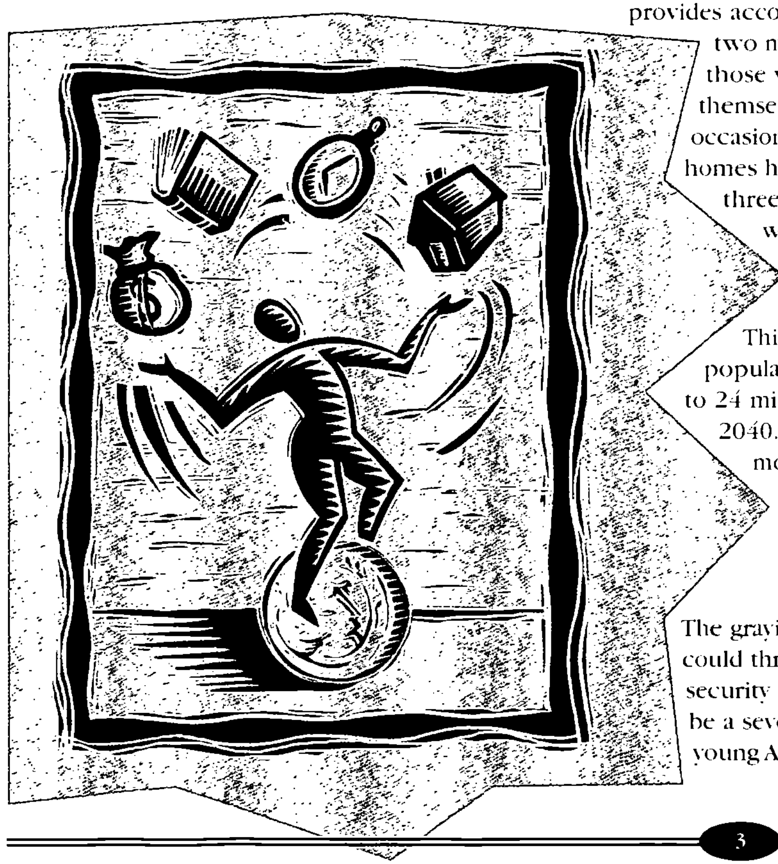
When the boomers begin retiring, the real estate market will go into a slump. The boomers may want to retire and move to Florida, Arizona or Colorado, or maybe just across town to a high-rise condo. Home ownership rates just hit a record high, 66% of the adult population.



There won't be enough Generation X couples to buy the homes that their parents, the boomers, built.

### Women

America will become increasingly a society of widows. Men are more likely to die younger, and women live longer with chronic diseases. The longevity gap between men and women, about seven years at birth, shows no signs of completely closing. Women have moved into the work force, reached the executive ranks and have access to the high-paid, high stress jobs. But they still are less likely to suffer fatal heart attacks and strokes.



Women, who are 60% of the Medicare and Social Security beneficiaries, will continue to outlive men, the experts believe.

Women have traditionally been the care givers, the ones who stay home from work to care for children, ailing husbands, parents and in-laws. With most women working outside the home, who will do the care-giving work in the next century for the aging population?

### Living Arrangements

There are more than 5 million aging people living in special circumstances. Assisted living—which ranges from fancy apartments to spartan rooming houses—provides accommodations for two million people, those who can care for themselves but need occasional help. Nursing homes house another three million persons, who need medical or custodial care.

This special population could soar to 24 million by the year 2040. Where will the money and the staff come from to care for them?

### Military

The graying of America could threaten national security because there will be a severe shortage of young Americans for the armed forces. "The median age of Americans is at its highest point in history," noted Milton R. Copulos, president of the National Defense Council Foundation. "This has grave implications for the nation's defense establishment, ranging from the size of the potential manpower pool, to current retirement policies and provisions for health care," he said.

### Labor Shortages

Workers expect to retire relatively young and enjoy many years without working. The average age for collecting Social Security benefits is currently 63.

"Employers and all levels of government must begin to prepare for a time when workers in general—particularly young, highly skilled and industrious workers—are very likely to be in short supply (except during recessions)," said the Hudson Institute report.

Yet corporate policy is going in the other direction, with layoffs, downsizings, mergers and the growing use of contingent workers. Only a handful of companies make efforts to hire older workers and these are so rare they generate feature stories in newspapers and on television. The corporate world is doing almost nothing for the skilled older worker who, according to many surveys, would like to make a transition to full retirement by working two or three days a week. The worker would get some extra money, and the corporation would have a veteran on the job. This rarely happens.

However, part-time opportunities may increase when businesses run short of skilled workers.

### Tax Rates (1998)

| Program | Employer and Employee (each) | Self-Employed |
|---|---|---|
| Total | 7.65% | 15.30% |
| Old Age & Survivors' Insurance (OASI) | 5.35% | 10.70% |
| Disability Insurance (DI) | 0.85% | 1.70% |
| Hospital Insurance (HI) | 1.45% | 2.90% |

*Social Security tax for employers and self-employed can be partially offset under income tax rules.*

### Average Wage Level

| | |
|---|---|
| 1996 | $ 25,914 |
| 1997 | 27,019 |
| 1998 (est.) | 27,895 |

*Office of the Chief Actuary, Social Security Administration*

### Maximum Earnings Subject to Social Security Taxes (1998)

| | |
|---|---|
| Old Age Survivors' & Disability Insurance (OASDI) | $ 68,400 |
| Hospital Insurance (HI) | No limit |

### Taxes Payable (1998)

| Earner | OASI | DI | HI |
|---|---|---|---|
| Average Earner (est.) | $ 1,467 | $ 262 | $ 404 |
| Maximum Earner | 3,598 | 643 | No limit |
| Self-employed maximum earner | 7,196 | 1,286 | No limit |

### Quarters of Coverage — Work Credits (1998)

$700 in earnings equal one quarter of coverage (or 1 credit)

$2,800 are maximum earnings needed for four quarters of coverage (or 4 credits) per year

### Retirement Earnings Test (1998)

| Age | Annually | Monthly |
|---|---|---|
| Age 65-69 ($1 for $3 withholding rate) | $ 14,500 | $1,208 |
| Under age 65 ($1 for $2 withholding rate) | 9,120 | 760 |



# How Social Security Works.

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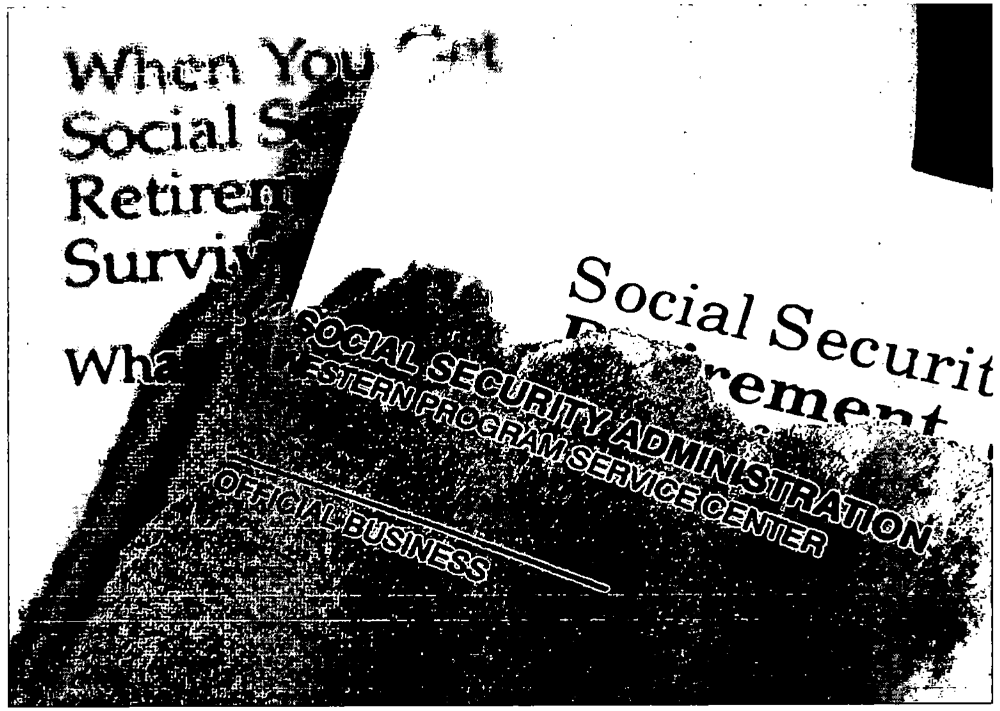



## The Facts

Social Security is a social insurance program. It pays retirement benefits to workers and their spouses, disability benefits to those who cannot work and members of their families, and survivors' benefits to the families of workers who have died.

147 million workers, and their employers, pay taxes on wages. The tax is 6.2% for the worker and an identical amount for the employer, on salaries up to $68,400 in 1998. The Medicare tax, 1.45% paid by worker and employer, is levied on all salary income.

The money collected from payroll taxes goes to pay monthly benefits to 43.9 million beneficiaries (March, 1998). These include:

- 27.3 million retired workers
- 3.3 million dependents of retirees
- 4.6 million disabled workers
- 1.6 million dependents of disabled workers
- 7.1 million survivors of workers: spouses and children

Social Security paid out about $367 billion in benefits last year, the biggest single federal expenditure, and 20% of the total federal budget.

## The Philosophy

Social Security is essentially a "pay-as-you-go" system, with today's workers paying the bill for their parents and grandparents who are receiving benefits now. You do not have a separate account for your money, as in some private pension plans, where money is set aside for each worker. Instead, you the worker have a promise by the nation's political system that you will get a benefit during retirement. The money will come from taxing the wages of your children and grandchildren.

When Social Security was created in 1935, President Roosevelt spoke of the three-legged stool for retirement security. It would include pensions, savings and Social Security. For most people, however, the main source of retirement income is Social Security.

For two-thirds of people receiving Social Security, the monthly check supplies 50% or more of their income. Among couples over 65, a whopping 91% have Social Security income, but only 42% have other retirement benefits.

The elderly are protected against inflation by the annual cost-of-living adjustment (COLA) in Social Security benefits. The COLA goes up by the amount of increase in the federal Consumer Price Index each year. Private pensions are rarely increased for inflation. Therefore, the longer people live, the more dependent they become on Social Security. There are thousands of widows over age 80 who have outlived their savings, and whose pensions have dwindled with time and inflation. Social Security is their defense against destitution.

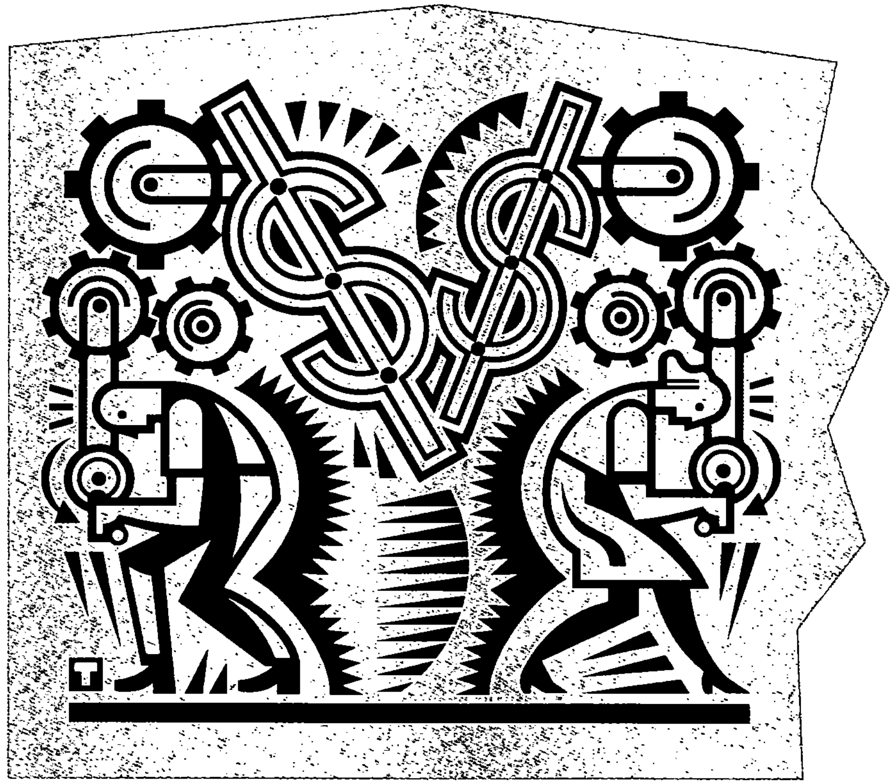
## The Benefits

You need 10 years of work to qualify for benefits. The size of the monthly check is linked to earnings during your working career. But the complex formulas are arranged to give proportionately more money to low-income workers.

The average person, someone who earned about $27,000 in 1997, will get a benefit at age 65 equal to about 42% of his or her earnings. The worker at the current maximum wage base, $68,400, will get a monthly check, representing about 26% of his or her wages.

You can retire at age 62 and receive 80% of the benefit, or wait until age 65 and get 100% of your benefit amount. Most people today retire before age 65.

(Retirement age will be boosted for the baby boomers, starting in the next century. The age for full retirement benefits will rise to 66 for those born 1943-54, and gradually increase to age 67 for those born in 1960 or later.)



Some current figures, as of January 1998:

The average payment for all retired workers is $765 a month.

The average for a couple over 62, both getting benefits, is $1,288 a month.

The maximum benefit for a worker retiring at age 65 is $1,342 a month.

Disability benefits go to workers who are unable to work for one year or more because of physical or mental impairment. The average family payment is $1,198 a month for a worker, spouse and two children. The disability protection under Social Security is equivalent, for the average income worker, to a $200,000 disability insurance policy.

Survivors' benefits average $1,522 a month for a widow, or widower, and two children. The value of the benefit, for the average worker with children, is equivalent to a $322,000 life insurance policy.

## The Problem

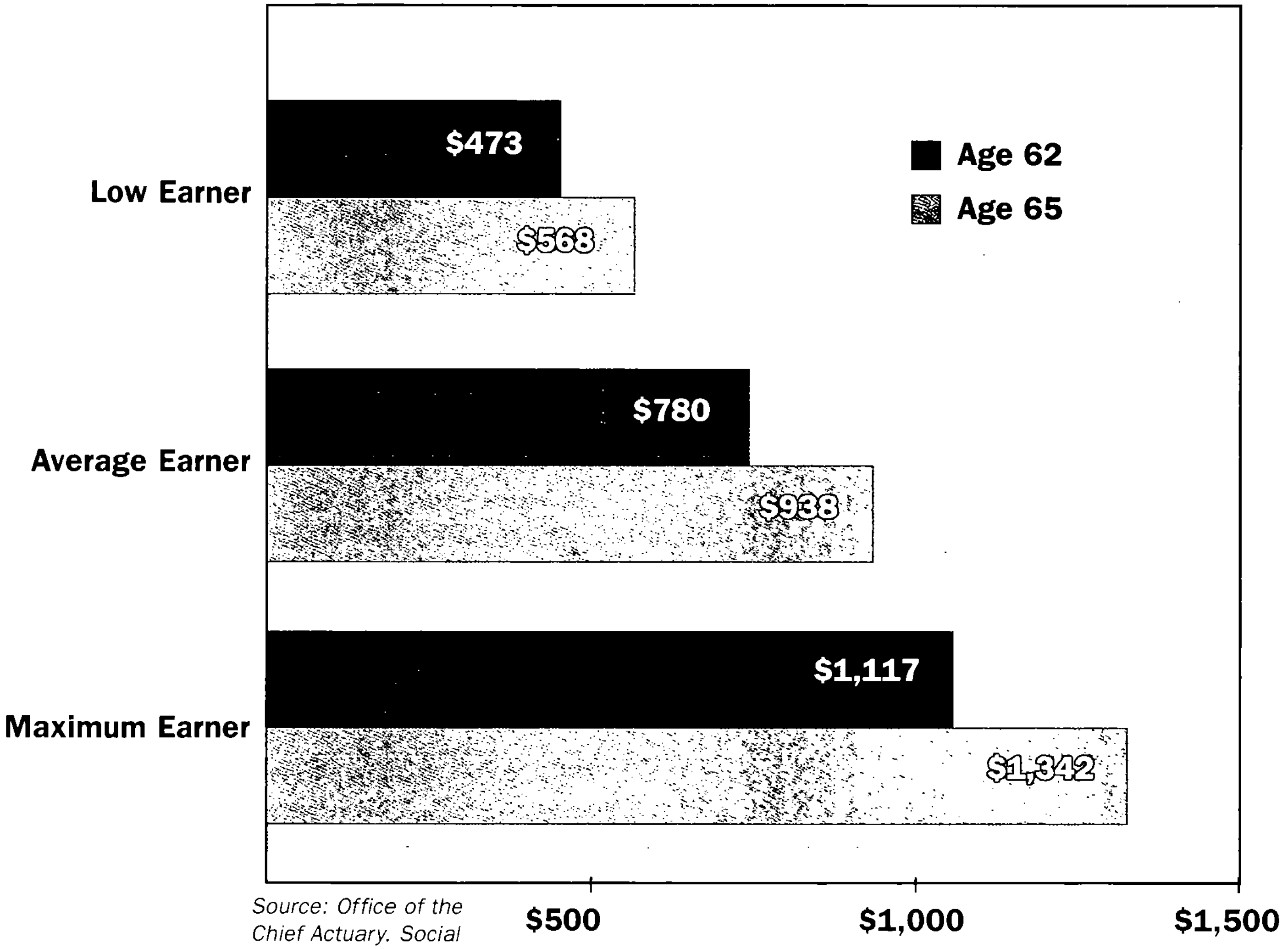
The aging of the baby boomers, those Americans born in the years 1946 through 1964, will create severe financial pressures on the Social Security system. This is the largest generation in American history, 76 million. They married late and had relatively few children. Their kids will have a heavy burden of Social Security taxes.

The trust funds will face a financial crisis in the year 2032, when, according to intermediate estimates of the Social Security Board of Trustees, their balance is exhausted, and there will be enough current revenue to pay just 75% of the promised benefits.





**Hypothetical Benefit Amounts, January 1998**




*Source: Office of the Chief Actuary, Social Security Administration*

# Social Security: A Retirement Story.

Retirement is an invention of the modern age, a new stage of life created by industrial society.

More than half of Americans lived and worked on farms until the 1870s. Then a burst of industrial activity drew millions into the cities and towns.

Both farmers and factory workers toiled until their strength gave out. Then it was the family's obligation to care for the elderly who could no longer work.

For those without spouses, siblings or children, the prospects were grim. Counties and local communities opened workhouses, or poorhouses for the destitute. Going "over the hill to the poorhouse" was the grim fate of the elderly.

> ...the idea of a universal system of retirement security seemed like a radical dream...

A handful of lucky people got old age pensions, including some veteran employees of the railroads. But the idea of a universal system of retirement security seemed like a radical dream.

The Great Depression smashed the American economy in 1929, wiping out banks, shutting businesses, closing factories, and throwing millions out of work. By 1933, a staggering 25% of American workers were unemployed.

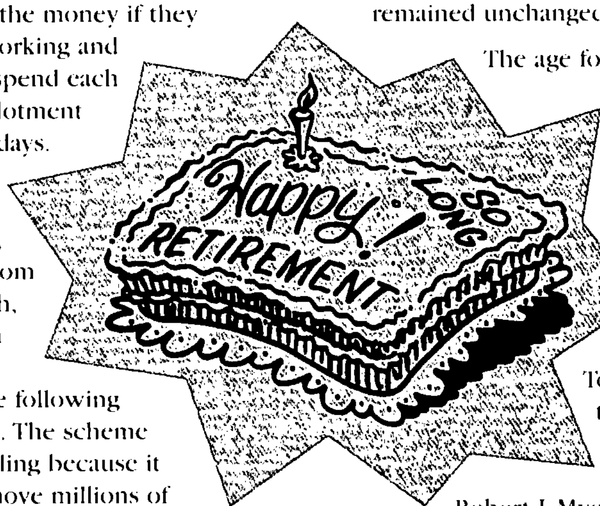
The federal government gave loans and grants to states to help with local relief. But these measures fell short, and local officials were overwhelmed with the tide of economic misery.

President Franklin D. Roosevelt appointed a special organization in 1934 to prepare a strategy for attacking the Depression. It was called the Committee on Economic Security—including four cabinet officers and federal relief administrator Harry Hopkins—and its attention quickly turned to the idea of social insurance, programs that would protect the entire population.

The idea was essentially imported from Europe, where several countries had jobless insurance and old-age pensions. In this country, the idea of insurance for workers was strictly limited to the workers' compensation programs operated by states for employees injured on the job.

The committee and the Roosevelt Administration had to maneuver among competing political forces. The business community was largely opposed to social insurance and the new taxes it would bring. Meanwhile, citizens were clamoring for drastic action from the government.

A movement led by Dr. Francis Townsend called for a pension of $200 a month for every citizen over the age of 60. They would get the money if they stopped working and agreed to spend each month's allotment within 30 days.




Townsend, a doctor from Long Beach, Calif., soon had a nationwide following of millions. The scheme was appealing because it would remove millions of people from the crowded labor markets, and provide an injection boost of cash to the economy.

At the same time, Sen. Huey Long, a Louisiana Democrat, was making the White House nervous with his slogan, "Every Man a King," and his populist program, "Share Our Wealth." He wanted to guarantee every family, so they could buy a radio, a car and a house. Long wanted federal laws to limit annual incomes to $1 million, inheritances to $5 million, and private fortunes to $50 million.

SOCIAL SECURITY
Americans Discuss Social Security

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The Committee on Economic Security finally settled on a social insurance plan, with contributions by workers and businesses to fund payments. The goal was to protect workers against the loss of income because they had retired.

The Social Security legislation was passed by Congress in 1935 with the ambitious goal of providing "for the general welfare by establishing a system of federal old age benefits..."

The tax was 1% each for the worker and the employer on earnings up to $3,000 a year. (This maximum tax, $30 a year, remained unchanged until 1950.)

The age for drawing benefits was set at 65, in the kind of split-the-difference compromise that characterizes much of American politics. "We thought 60 as suggested by the Townsend plan was too low, and the country couldn't afford it," recalled Robert J. Myers, who worked for the committee as a young graduate from the University of Iowa. "And 70, which was the retirement age for some railroad plans, was too old. Not many people would live that long. So we picked 65 as the age."

The retirement benefit was available for workers only.

It was the beginning of a revolution in American government and society. For the first time, the American people had decided that the federal government—not states, or cities, or local charities—had a formal responsibility for the economic well-being of its citizens. Today, billions of dollars flow from Washington every day in payments to assure the economic and physical health of Americans, and no one thinks twice about this activity. But in 1935, it was a dramatic and historic break with history.

Taxes were first collected in 1937, with several years scheduled for the trust fund to build its balances. Those who became 65 in 1937-40 received lump sum payments. The first person who collected money was Ernest Ackerman, who turned 65 one day after Social Security began in 1937. A nickel was withheld from his pay, and he collected 17 cents in benefits. The average lump-sum in 1937-39 was $50.06.

Changes were made in 1939 so that regular monthly retirement payments began in 1940, and the categories of beneficiaries were expanded from retired persons to include their dependents. And payments were also available to survivors of workers who died before or after reaching retirement age.

Ida Mae Fuller, of Ludlow, Vermont, received the first monthly check, in January 1940, for $22.54. She died in January, 1975, aged 100, after collecting more than $20,000 in benefits.

The program grew steadily. In 1956, disability benefits were added to protect workers and their families when illness cut short their work lives.

In 1965, Medicare was added as another pillar of social insurance to help pay the doctor and hospital bills for those over 65 (and in 1972 to the long-term disabled of all ages).

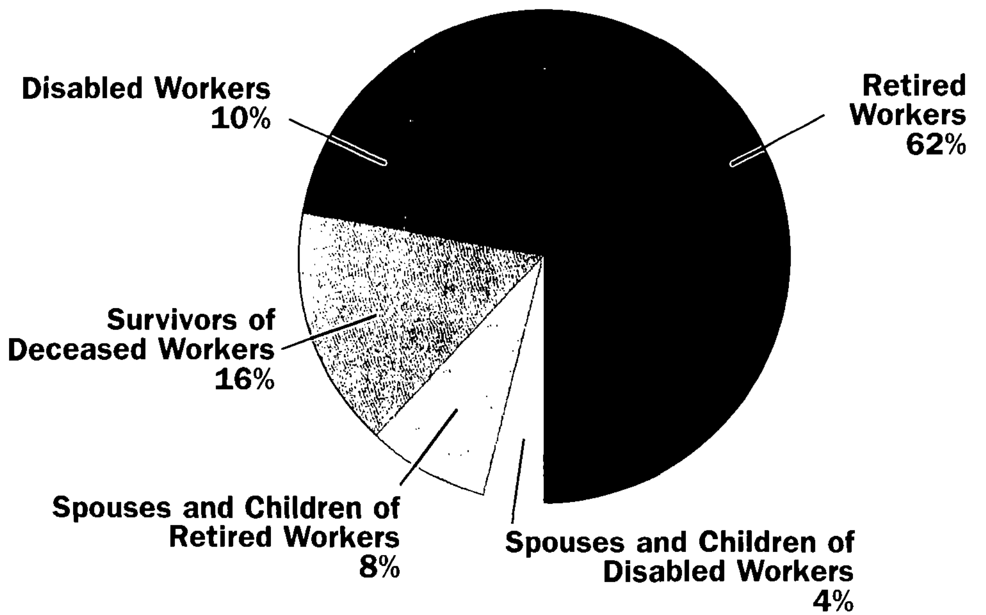
To fight the ravages of inflation, the law was changed in 1972 to provide an automatic increase, a cost-of-living adjustment each year in the Social Security check.

Today, more than 95% of the work force, some 145 million people, pay Social Security taxes. The deduction from the paycheck is 6.2% each by the worker and the employer, on wages up to $68,400. (The Medicare payroll tax is 1.45% each for worker and employer on all wages.) Self-employed persons pay the full tax, 12.4%, for the the retirement and disability programs, and 2.9% for Medicare.

**Beneficiaries, March 1998**

| Type of Beneficiary | Total Number |
|---|---|
| **Total beneficiaries** | **43.9 million** |
| **Retired workers** | **27.3 million** |
| **Spouses of retired workers** | **2.9 million** |
| **Children of retired workers** | **0.4 million** |
| **Disabled workers** | **4.6 million** |
| **Spouses of disabled workers** | **0.2 million** |
| **Children of disabled workers** | **1.4 million** |
| **Survivors of deceased workers** | **7.1 million** |

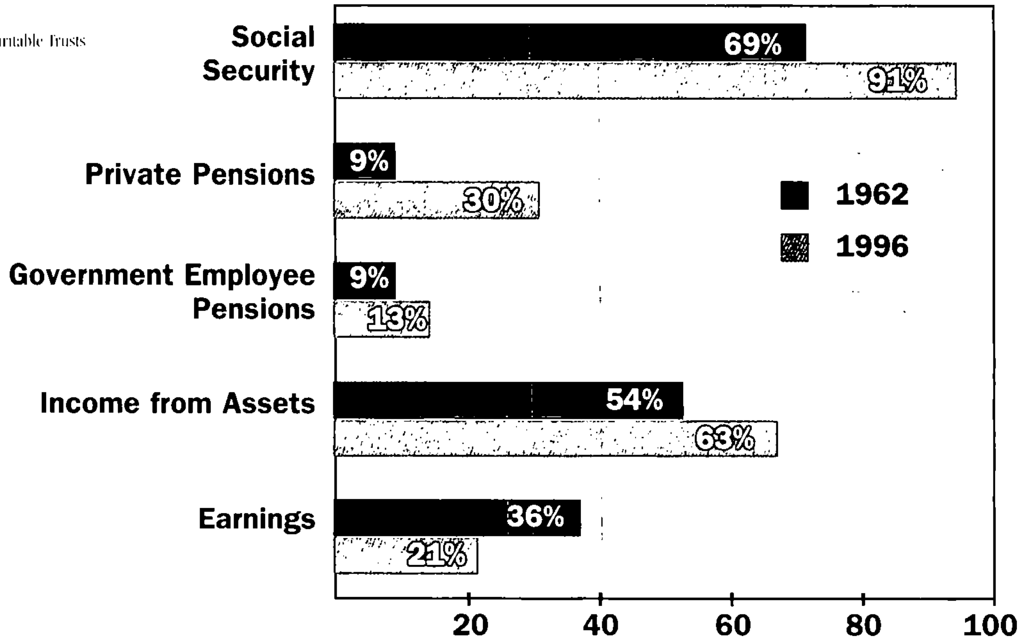
**Percent of Beneficiaries in Current-Payment Status, by Type, March 1998**



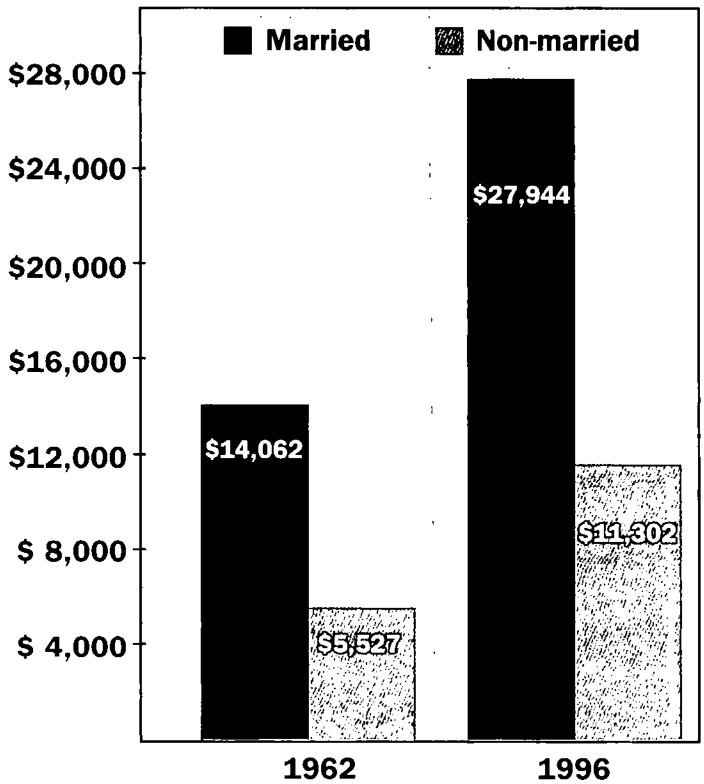
# Income of the Population Aged 65 and Over.

A project funded by The Pew Charitable Trusts

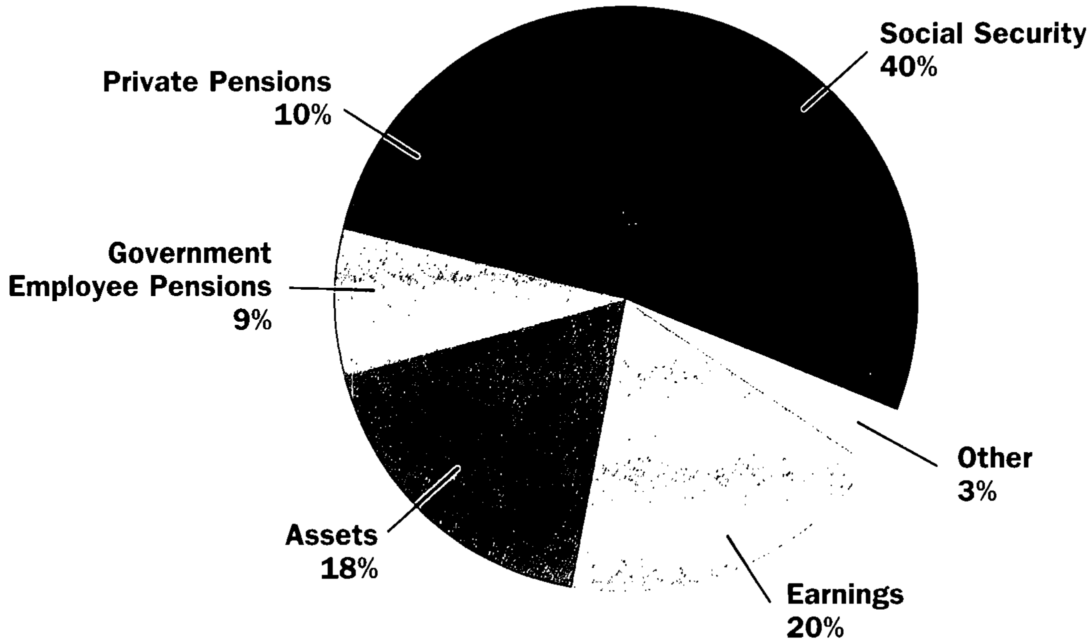
Sources of Income
1962 and 1996



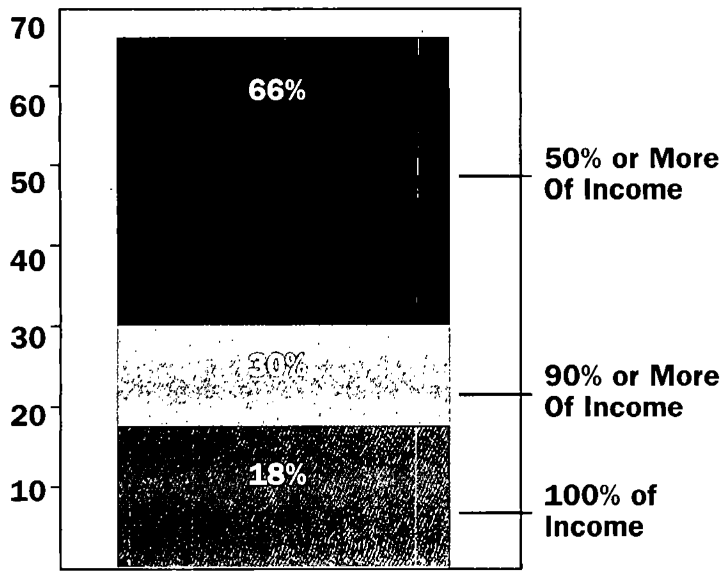

Median Income of the Aged
(age 65 and over)
1962 and 1996



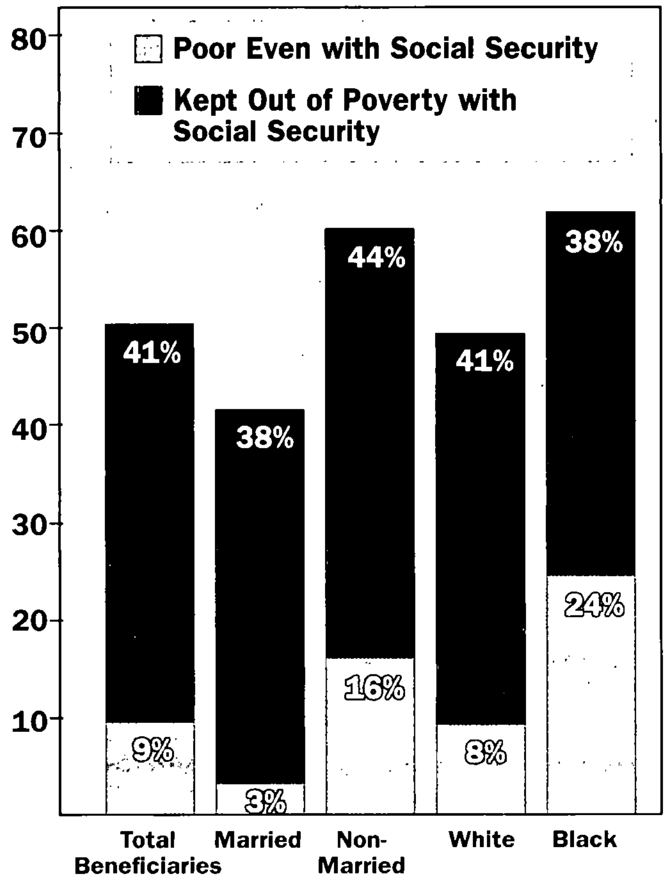
Percent Of Aggregate Income
of the Aged from Various Sources, 1996




Percent of Beneficiaries
with Social Security
Benefits as a Major Source
Of Income, 1996



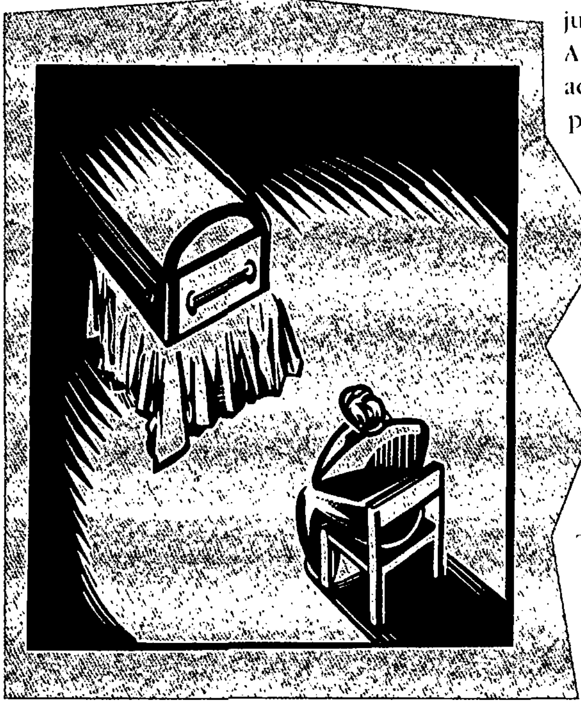

Benefits Reduce Poverty Rates, 1996



# Social Security: Economic Guardian Against Disability & Death.

At 18, fresh out of high school, a young worker feels invulnerable, never thinking of sickness or disability, and with death not even a remotely feared foe.

But accidents and illness can strike with devastating impact. A worker might become so significantly ill or injured that he or she may never be able to handle a job again. Or death may devastate a family, taking away the breadwinner. Consider this: 30% of today's 20 year-olds will experience disability at sometime before reaching retirement age; nearly 40% of today's 20 year olds will face some disability, or will die before they reach age 65. That's why Social Security bills itself as a "family program for all ages."



Social Security offers generous insurance. For an average worker (someone earning about $30,000 a year), Social Security is the equivalent of a $322,000 life insurance policy for those with children and a $200,000 disability policy.

Disability is a condition that will last at least a year and prevent a person from any significant "gainful" activity. Contrary to popular belief, persons with a disability may earn some money and still collect disability benefits. The key is the amount.

Any earnings over $500 a month are considered substantial enough to prevent a person from collecting disability payments, no matter how severe the mental or physical condition. When earnings range between $300 and $500 a month, the government makes a judgment on a case-by-case basis. Anything up to $300 a month is acceptable as earnings for a person with a disability.

Although Social Security is a federal program, the disability decisions are made by state agencies, working under contract to the Social Security Administration.

Typically, a person with a disability will take medical records to a Social Security office, which will send the paperwork to the state agency. The state can ask for additional records before making a determination. The waiting period is five months, designed to assure that only the seriously disabled receive benefits. Someone cannot collect benefits for the first five months he or she has a disability. Some people will recover sufficiently to return to work.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Social Security is paying $43 billion a year in disability benefits to 4.5 million workers. They must have paid Social Security taxes for five of the last 10 years. They receive payments until age 65, when they become eligible for full retirement benefits under Social Security.

The recipients include 4.6 million workers with disabilities, 1.4 million of their children, and 200,000 spouses. The children living with their parents receive benefits until they reach age 18.

Survivors' benefits go to widows or widowers who are 60 years or older (or 50-59 if they have a disability); to widows or widowers at any age who are caring for a child under the age of 16; and to children under 18 (or if they have a disability before 22).

The government is paying $56 billion a year in survivor benefits to 5 million widows and widowers 60 and older (or 50 with a disability); to 1.9 million children; and to 250,000 young widows or widowers with children.

### Average Monthly Benefits, January 1998

| Beneficiary | Amount |
|---|---|
| Retired worker alone | $ 750 |
| Retired worker and spouse aged 62 and over | 1,288 |
| Disabled worker (spouse under age 65, one or more children) | 1,198 |
| Survivors: | |
| Widowed mother or father and two children | 1,509 |
| Aged widow or widower alone | 731 |

# Social Security and Women.

For American women, Social Security is a defense against poverty and deprivation.

Women earn less than men. They spend fewer years in the work force. They are less likely to work in industries offering pension plans. And when they do get a pension, it is usually a small one. For all these reasons, Social Security is a vital economic resource for American women.

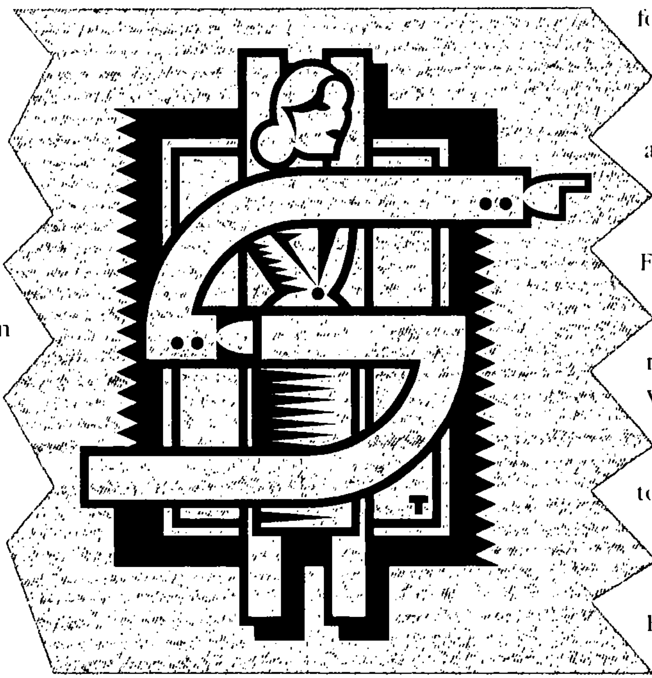
Most working women—some 55%—have jobs in services or the retail trade, where pension coverage is less frequent than in manufacturing. Only 26% of women over 65 received a pension or annuity payment in 1995, compared with 46% of men, according to the Employee Benefit Research Institute. And the financial gap was substantial: the average pension for the women was a scant $6,684 a year, compared with $11,460 for the men.

This makes Social Security all the more vital.

"Social Security is women's lifeline to economic security in old age, whether they are married or single," according to a paper by Sara E. Rix of the American Association of Retired Persons Public Policy Institute, and John B. Williamson, professor of sociology at Boston College. The poverty rate for women over 65 was 13.6% in 1995—without Social Security, the rate would have been a staggering 52.9%.

Women live longer. "The face of America is changing. She is growing older," said Terrie Wetle, deputy director of the National Institute on Aging, writing in the Journal of the American Medical Women's Association. "The good news is that women are living longer, healthier and more active lives. The bad news is that disability in later life continues to be a serious health problem for many women, threatening their independence and resulting in significant health care needs and expenditures."

The average married woman on Social Security will outlive her husband by eight years. The death of a spouse



typically means a dangerous fall in income. The pension benefit disappears, often replaced by a small survivors' benefit that is rarely adjusted for inflation.

"Studies have documented both the fall in income and the consequent rise in poverty among women when husbands die, as well as the importance of Social Security for poor elderly women," according to "Social Security in the 21st Century," by Eric R. Kingson and James H. Schulz.

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Millions of elderly women "are at risk of falling below the poverty level as a result of widowhood, catastrophic illness, or institutionalization," according to Rix and Williamson.

A special aid for women under Social Security is the spousal benefit, "paid overwhelmingly to wives who have failed to accumulate sufficient credits for retired worker benefits of their own," according to Rix and Williamson. The spouse of a retired worker is entitled to an amount equal to 50% of the worker's benefit, for retirement at age 65.

For wives who worked exclusively at home raising the children, this provides an assured benefit in retirement. Millions of other women may have combined working outside the home with child-rearing. They are entitled to choose whichever is bigger: the benefit they would get tied to their own earnings; or the benefit linked to the husband's earnings. Because most women still earn less than men, the spousal benefit is usually the better deal.

Women also get Social Security protection in divorce if they have been married 10 years. A woman is entitled to the 50% spousal benefit when her ex-husband retires if they had been married 10 years. It doesn't matter whether he has remarried once or several times. The current spouse, and all ex-spouses who were married to him for a decade, can collect retirement benefits pegged to his check.

# Social Security and Living Arrangements.

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Social Security checks offer independence for the elderly, making it possible for millions of Americans to live on their own, without depending on the devotion of their children or the kindness of friends and neighbors.

Most elderly people have their own homes—the ownership rate is 77% for persons aged 65 or older. And their houses are in good shape: only 3% had severe problems such as plumbing defects, the Census Bureau said in a special report on "65-Plus in the United States."

They have enjoyed an equity build-up in real estate. The median purchase price was $19,259, and the median value (in 1991) was $70,418, the Census Bureau reported.

"Aging in place" is the phrase to describe most elderly Americans. "Most older people stay put," the Census report noted. Only 3% of all elderly in 1993 moved far enough to change their county of residence. And only 1% moved to another state.

But those who do move can bring a surge of buying power and prosperity with them. The Social Security check, combined with pension money, is the economic fuel for those who move. Florida was a magnet in the past three decades for the affluent, while New York was a big loser of the post-65 population.

"Substantial amounts of retirement income may be transferred," the Census Bureau reported. Florida won a net gain of $6.5 billion in 1989 from the people 60 and over who moved into the state. New York lost a net $3.3 billion from people who left, with much of that money ($1.9 billion) going to Florida.

The elderly, for the most part, enjoy robust health through their 60s. Only after age 70 do health problems begin to multiply, with the resulting toll on independence. Many women become widows in their 70s, but still manage to live independently if they are healthy.

Only 1.4% of persons between 65 and 74 live in nursing homes. But the numbers begin rising sharply thereafter: 6% of the elderly between 75 and 84 are living in nursing homes. After age 85, the proportion in nursing homes leaps to 24%.

The fastest growing segment of the elderly are those over 85, designated the "oldest old." Typically, they are women who have outlived their savings. Pensions, rarely adjusted for inflation, have been eroded by time, and the Social Security check is their financial rock.

Alzheimer's disease takes its disastrous toll—about 40% of those over age 85 fall victim. The tally of Alzheimer's disease victims, four million today, could swell to 12 million when all the members of the huge baby boom generation reach advanced old age. The fiscal strain on government programs—Social Security, Medicare and Medicaid (which pays nursing home bills for the indigent)—will be great.

## 4-Individual Accounts

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**Option:** Individuals keep some of the money from Social Security payroll taxes, and invest this cash in individual accounts. The money would be invested in stocks and bonds.

Some proposals would divert part of the Social Security taxes into individual accounts, while retaining a basic benefit under Social Security. Other plans would eventually privatize the entire system, with individual accounts replacing Social Security.

**Pro:** Each individual would have a personal nest egg in addition to Social Security benefits. Workers would make a higher rate of return from this money than they would receive from their Social Security contributions, because they would be benefitting from the better returns in the stock market. Individuals would have more control over their retirement income.

**Con:** Individuals would be at risk if the stock market suffers a steep or extended decline. The separate accounts for 145 million workers would have high administrative costs. If current Social Security taxes are going into individual accounts, the money would have to be replaced to pay for current beneficiaries. This transition would be costly, forcing the government to raise taxes or borrow large sums.

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# Social Security and Minorities.

Today's "black elderly are better fed, better housed and in better health than in earlier eras," reports James S. Jackson, writing in the Encyclopedia of Aging.

Thanks are due to Medicare, Social Security and other social insurance activities, according to Jackson, a professor at the Institute for Social Research at the University of Michigan. "Most of this improvement is attributable to government assistance programs, still the prime support of black Americans in older age groups. Unfortunately, a larger proportion of blacks, because of histories of poor occupational opportunities, lack of wealth, and private retirement funds, are heavily dependent on these government programs," Jackson wrote.

> Social Security and other federal benefits are vital because of the huge income and wealth disparities among different groups of Americans.

Elderly African-Americans are among the poorest of the aged, with the lowest lifetime earnings, and the least chance of having a pension, or having accumulated any savings. One of every seven aged African-Americans (14.4%) received Supplemental Security Income (SSI) payments in 1994, compared with one out of every 29 whites (3.3%). SSI is a special program, funded by general revenues, to provide payments to poor people who are elderly, blind or disabled.

Similar economic problems afflict elderly Hispanics, with lower lifetime earnings, little savings, and scarce pensions.

The poverty rate in 1996 among Americans aged 65 and over was 9.4% for whites, 24.4% for Hispanics, and 25.3% for African-Americans.

Social Security and other federal benefits are vital because of the huge income and wealth disparities among different groups of Americans. Low incomes during a working career leave little money for saving and scant opportunity to amass wealth for retirement, or for transfer to the next generation.

Racial and ethnic differences in wealth are "enormous," according to a 1995 study by James Smith of the Rand Research Institute. For a middle-aged household, with persons between 51 and 61, the time when savings should be building up, the numbers are striking: for every dollar of wealth owned by a white household, a black household has 27 cents, and a Hispanic household has 30 cents. With no existing wealth—hardly any bank savings, stocks, or bonds—the members of minority groups have nothing to depend on for support except Social Security.

Smith pursued the concept of wealth as persons aged, looking at assets of households aged 70 and above. More than 25% of African-Americans and a third of Hispanics had "no wealth at all—a figure that is even more dramatic given how broad our wealth concept is. Remember wealth includes net equity in homes," Smith said in his report.

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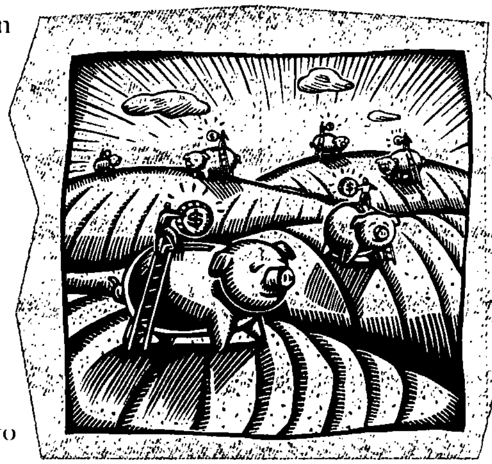
For the poorest elderly households, white as well as African-American and Hispanic, Social Security is the only line of defense against destitution and deprivation. Smith looked at the bottom 10% of households ranked by wealth, and discovered that their right to a Social Security check is their only asset of value. "In a nutshell, it is basically the only wealth they have. Seventy percent of the total wealth of these households rests in their future Social Security checks."

# Social Security's Financial Issues.

Social Security faces a serious problem, not a catastrophe. It will be there for future generations, although the benefits are likely to be less generous than the checks received by today's retirees.

Here's a look at what is happening, stripped of myth and exaggeration.

Social Security is essentially a pay-as-you-go system. Payroll taxes contributed by today's workers and their employers are funneled to retirees. Workers are paying for the retirement benefits of their parents and grandparents, their aunts and uncles.



Taxes are levied on salaries paid to workers—for 1998, the tax will be 6.2% for the first $68,400 in earnings. The worker and employer each pay this amount.

The ability of the system to pay benefits is linked to the growth of the labor force and the expansion of the economy. As more workers are employed, and business productivity expands, giving workers higher incomes, there is an ever-expanding pool of wages.

But the labor force is growing at a negligible pace. The birth rate has been low for 30 years, because the baby boomers are marrying later, and having smaller families.

And the elderly are living longer. In 1940, when Social Security checks were mailed for the first time, a man who reached 65 could look forward to another 12 years of life, and a woman age 65 had a 13 year life expectancy. By 2040, when all the boomers will have retired, life expectancy at age 65 will likely be 17 years for men and 21 years for women.

"Increasing life expectancy and falling fertility rates in combination mean that fewer workers will be contributing to Social Security for each aged, disabled, dependent, or surviving beneficiary," according to a recent report by the General Accounting Office, the investigative arm of the Congress.

In addition, the economy has been in a slow-growth phase since the early 1970s. The output of goods and services, everything the economy makes, from a haircut to a new car, has been expanding at a historically low rate. This means the pool of wages from which benefits are paid is growing more slowly, too.

In 1997, the Social Security trust funds enjoyed a surplus, with receipts of about $435 billion a year in taxes and interest on investments, compared with $370 billion in benefit payments and administrative expenses. The surplus will likely continue for another two decades, because the ranks of the retirees are growing slowly. People retiring today were born in the Great Depression era, when birth rates were extraordinarily low.

Surpluses now accumulating are invested in special issues of Treasury securities, which earn interest. The surplus will likely be liquidated in the years 2020-29, as the baby boom generation— those born in the years 1946 through 1964—begins drawing Social Security benefits. The oldest of the baby boomers become eligible for full retirement benefits after the year 2011.

There is not a formal fiscal crisis until 2032—the first year that Social Security will be unable to pay the promised benefits. However, the system will not be broke, or bankrupt, as is so often mentioned. Instead, revenues will be sufficient to pay 75% of the promised benefit. The gap that must be filled is the other 25%.

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The challenge for the voters, and the President and Congress they select, is to agree on a way to close the expected gap long before the year 2032. If we wait too long, only a big tax hike, or a big benefit cut, can close the gap.

"Social Security is not in a crisis," argues Commissioner Kenneth S. Apfel, "and if we take action soon, we can prevent a crisis from ever occurring."

Deciding on the shape of Social Security for the baby boomers will be "the most fundamental debate we will have in the next several years," Apfel said in a Senate committee hearing.

The debate will give Americans an opportunity to decide if they want to keep the current system largely intact, perhaps with some tinkering with both taxes and benefits.

Or they can decide to make a major change in the system by offering individuals the opportunity to invest for themselves and perhaps enjoy a better return on their money than they would get from Social Security. This idea, called privatization, would permit taxpayers to take some of the money they pay into the Social Security system and invest it in individual retirement accounts, purchasing securities.

Yet another possibility would keep the current Social Security system intact and supplement it with new savings accounts to help boomers set aside money for their retirement.

The common goal for all the diverse ideas is to ease the strain on Social Security so it can fulfill its promises to the baby boom generation without imposing too heavy a tax burden on their children and grandchildren.

## 11-Use Budget Surpluses for Retirement Accounts

**Current Law:** For the first time in 30 years, the federal government is running a budget surplus. There are no provisions detailing how to spend a surplus.

**Option:** Take money from the surplus, and open special new retirement accounts for each American. The accounts would be invested in stocks and bonds, and would provide extra cash at retirement, in addition to Social Security benefits.

**Pro:** This would give individuals extra money for retirement, making them less dependent on Social Security. The new money would add to national savings, providing additional capital for business investments to make the economy more productive.

**Con:** It does nothing to solve the long-range financing problems of the Social Security system: after 2032, according to the intermediate estimate, the trust fund will be able to pay only 75% of the benefits promised under current law.

## 12-Increase the Number of Years to Calculate Benefits

**Current Law:** The Social Security retirement benefit is pegged to earnings during an individual's work history. For current retirees Social Security calculates the benefit using the highest 35 years of income.

**Option:** Increase the number of years for determining benefits to 38 years or 40 years.

**Pro:** This would help the system's finances by making a slight reduction in overall benefit payments. It would help toward the desired goal of assuring the long-range solvency of Social Security without imposing major tax increases or significant benefit cuts.

**Con:** This would hurt workers who do not have 38 or 40 years of full employment during their career. The low earnings years, or years of zero earnings would reduce the benefit. Women would be particularly impacted, because they are more likely to leave the work force for a number of years to stay home raising their children.

## 13-Cover All New Workers Hired by State and Local Governments

**Current Law:** A number of state and local governments were allowed to choose years ago to remain outside the Social Security system.

**Option:** Require any new workers hired by these governments to enroll in the Social Security system.

**Pro:** This provides an additional source of revenue for Social Security. These workers will be contributing payroll taxes, and most of them will not collect benefits for decades.

**Con:** This restricts freedom of choice for these newly hired workers. They may prefer to be enrolled exclusively in the retirement programs operated by the state or local agencies. This option creates transition costs for state and local governments.



Social Security — Americans Discuss Social Security

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*This is a sample of some of the many options for Social Security reform.* ***Americans Discuss Social Security*** *does not endorse any options or take a position in the Social Security debate.*

## 1-Retirement Age

**Current Law:** Full benefits are currently available at age 65. A reduced benefit can be collected starting at age 62, with an amount equal to 80% of the full benefit.

The age of retirement for full benefits will increase at the rate of two months a year, starting in the next century. It will rise to the age of 66 for those born between 1943 and 1954, and rise to 67 for those born in 1960 or later. People will still be allowed to take early retirement at 62, but the benefit will be reduced to 75%, and eventually 70% of the full benefit.

**Option:** Increase the age at which one can receive full benefits.

**Pro:** Since Social Security was enacted, life expectancy at birth has risen from 63 to 76. It makes sense to keep pace with that increase by asking people to work longer before claiming full retirement benefits.

**Con:** This increase could hurt people who have physically demanding jobs, those who have serious health problems, and those who cannot find work because of age discrimination or lack of suitable work.

## 2-Payroll Tax Rates

**Current Law:** Social Security payroll tax rate for employers and employees each is 6.2% (total of 12.4%) on earned income up to $68,400 in 1998; no increases in the rate are scheduled in present law.

**Option:** Increase the payroll tax rate.

**Pro:** A modest increase in the payroll tax is a small price to pay to keep Social Security strong.

**Con:** Payroll taxes are already too high, and increasing them further will worsen the rate of return that all future beneficiaries receive.

## 3-Investment of Trust Fund Assets in Stocks

**Current Law:** Surplus funds collected by the Social Security system are invested in special issues of Treasury securities, backed by the full faith and credit of the U.S. government. The average interest rate earned last year was 7.5%.

**Option:** A portion of the Social Security surplus would be invested in the stock market, with an independent board selecting portfolio managers to operate indexed funds.

**Pro:** Social Security could receive a higher rate of return on its investments, and the Social Security system would bear the risks involved, rather than the individual.

**Con:** Social Security trust funds would have to absorb risks of market downturns. Investment decisions could become highly politicized as the Social Security trust funds are invested in the market. Social Security could become involved in the operations of businesses.

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# QUESTIONS? COMMENTS? SUGGESTIONS?

We at ***Americans Discuss Social Security*** would like very much to hear from you...and to engage you in our project. Just jot down your thoughts on this card and drop it in a mail box. We've prepaid the postage.

If you think you might be interested in helping us organize discussions in your community, please let us know. We can provide materials and resources.

We look forward to hearing from you.

My comments on Social Security are:

☐ I am interested in organizing a discussion on Social Security in my community. Please send me more information.

☐ I am interested in participating in discussions on Social Security in my community. Please send me more information.

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NAME OF ORGANIZATION (if any)

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**JENNIFER DUNN**
8TH DISTRICT, WASHINGTON
REPUBLICAN CONFERENCE VICE CHAIRMAN

COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEES:
TRADE
OVERSIGHT

UNITED STATES
HOUSE OF REPRESENTATIVES

WASHINGTON OFFICE:
432 CANNON BUILDING
WASHINGTON, D.C. 20515
(202) 225-7761
dunnwa08@mail.house.gov

DISTRICT OFFICE:
NINE LAKE BELLEVUE DRIVE
SUITE 204
BELLEVUE, WASHINGTON 98005
(425) 450-0161
(800) 955-3866

# BIOGRAPHY OF CONGRESSWOMAN JENNIFER DUNN (R-WA, 8th)

Congresswoman Jennifer Dunn, Republican of Washington State, made history this year as the first woman of either party to run for House Majority Leader or any top leadership post. Prior to that historic campaign, Dunn served as the highest ranking woman in the United States Congress in the elected leadership position of Vice Chair of the House Republican Conference since 1997. Identified as a "smart conservative" by *The Seattle Times*, Dunn is the fifth woman in history to serve on the prestigious House Ways and Means Committee. First elected in 1992, she has been reelected with at least 60 percent of the vote in each subsequent election. Her district, considered one of the most beautiful congressional districts in the country, runs from the shores of Lake Washington to the crest of the Cascade mountains to the majestic Mt. Rainier.

Congresswoman Dunn has been an active member of Congress, known for taking on big projects. She was an outspoken advocate of Congressional reform in the 103rd Congress as the only freshman to have held a seat on the prestigious Joint Committee on the Organization of Congress. In recognition of this work, Congresswoman Dunn was appointed by the Speaker of the House to the 10-Member transition team that converted the House to Republican majority control. In just her second term, she won appointment to the powerful Ways and Means Committee that gives her jurisdiction over all tax and trade issues, health care, welfare reform, Medicare, IRS oversight and Social Security.

Considered an outstanding spokesperson for House Republicans, Congresswoman Dunn has been called one of the "25 smartest women in America" by *Mirabella* magazine, the "GOP Woman to Watch" by *Washingtonian* magazine, and one of the "20 most fascinating women in politics" by *George* magazine. As Vice Chair of the House Republican Conference, she interprets legislation from a woman's perspective. In the 105th Congress, Congresswoman Dunn has spearheaded the effort to close the "gender gap" in American politics by explaining how GOP policies affect women. She has emerged as an expert on welfare reform, middle-class tax relief, and relief for small and family-owned businesses. A longtime champion of tax relief and budget balancing, Congresswoman Dunn has also been an outspoken advocate for IRS reform, overhaul of the tax code, retirement security and expansion of free and fair international trade.

Congresswoman Dunn is leading a national effort to energize the grass roots and successfully communicate the Republican message to women. Most recently, Congresswoman Dunn co-chaired the Republican Women Leaders Forum, a meeting of 700 women from 41 states, in Washington, D.C. Congresswoman Dunn presided over the Forum with Senator Kay Bailey Hutchison, successfully engaging national leaders, such as House Speaker Newt Gingrich, Senate Majority Leader Trent Lott, and American Red Cross President Elizabeth Dole in one of the most important Republican events of the year.

Congresswoman Dunn's vision for America stresses fairness and personal responsibility: *"My vision for America is simple. A United States with the most productive jobs, the greatest rate of innovation, the highest take-home pay, the best quality of life, and the best career security of any country in the world. A prosperous country that will produce a better quality of life for our children than the one we have today, where anyone who works hard can succeed and provide for his or her family. A country where public safety is a right, rather than an exception. A country with the best system of learning in the world, where all Americans think of themselves as Americans, rather than as ethnic groups with citizenship. And most importantly, a country that each day provides its citizens with a sense of hope and optimism."*

Born in Seattle on July 29th, 1941 and a native of Bellevue, Washington, Congresswoman Dunn has a long record of state, national, and international service. She served full-time as the Washington State Republican Party Chairman, re-elected five times by the Party's state committeemen and committeewomen from 1981 until she resigned in February of 1992. Her accomplishments with the state party led to her active involvement with the Republican National Committee, where she was elected Vice Chairman from the Western Region and served as Chairman of all the state party chairmen nationwide from 1988 to 1991.

*Washington Law & Politics* magazine recently named Congresswoman Dunn one of the ten most powerful women in the State. She is a member of the Washington State chapter of the International Women's Forum, which an organization of preeminent women who help to prepare future generations of women leaders. In 1997, Congresswoman Dunn was appointed to the Presidential Commission on Debates, which will establish rules for the 2000 Presidential debates. Congresswoman Dunn was honored for excellence in national leadership as a 1984 recipient of the Shavano Summit Award presented by Hillsdale College.

As a Member of the Ways and Means Subcommittee on Trade, Congresswoman Dunn has made several trips abroad representing the United States Congress. She is one of five Members on the Congressional Advisory Board for the International Republican Institute (IRI), working to promote democracy across the world. Congresswoman Dunn also serves as a board member for the National Endowment for Democracy. In these capacities, she has made several trips to Asia, including Taiwan, Hong Kong, and China. Her experience in the international arena goes back to her years of state and national Party service.

In 1984, Congresswoman Dunn was a Reagan administration delegate to the 30th United Nations Commission on the Status of Women [UNCSW] held in Vienna, Austria and she also participated as a member of the Preparatory Commission for the 1985 World Conference on the Status of Women held in Nairobi. She was asked by former President George Bush again to represent the United States at the UNCSW in 1990.

Prior to her work with the Republican Party, Congresswoman Dunn served in the King County Department of Assessments (1978-1980) with responsibilities for directing department-related legislation and public relations. From 1964 to 1969, she gained business experience as an IBM Systems Engineer designing, programming and teaching computer applications for small business.

Congresswoman Dunn is a graduate of Bellevue High School and holds a BA degree in English literature from Stanford University. She is a certified scuba diver and is also the mother of two sons, Bryant, 29, and Reagan, 28.

*November 23, 1998*

Foundation, which provides assistance to grassroots organizations in Latin America. He has also worked with migrant laborers in the western United States and with Native American groups on agricultural labor conditions, bilingual education, and economic development.

Josh received a B.S. from the University of California at Davis and graduate degrees in social anthropology from Princeton.

The Environment program, with Josh's guidance, promotes policies and practices that protect the global atmosphere, and aim to reduce the production and use of highly persistent toxic chemicals and preserve the nation's forest and marine systems.

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## Rebecca W. Rimel
**President & Chief Executive Officer**

Rebecca joined the Trusts' staff in 1983 following an exemplary career in health care, specifically in nursing. She rose from program manager for health to the Trusts' executive director in 1988. She became president and chief executive officer in 1994.

Prior to joining the Trusts, Rebecca served at the University of Virginia Medical Center, first as a nurse/nurse practitioner and later as head nurse in the emergency department and assistant professor of neurosurgery, the first nurse to hold a faculty position in the university's medical school. She has authored or coauthored numerous scientific articles relating to head injury and is active on many boards including the Council on Foundations and Thomas Jefferson Memorial Foundation (Monticello).

She received a B.S. degree, with distinction, from the University of Virginia and an M.B.A. from James Madison University. In 1982, Rebecca was awarded a Kellogg National Fellowship, an enrichment program for emerging leaders.

As chief executive officer, Rebecca leads the Trusts' grantmaking and administrative activities and is the principal liaison with grantees and the broader public—including the media, government officials, the civic community and other foundations.

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## Susan K. Urahn
**Director, Planning and Evaluation**

Susan joined the Trusts in 1994 with more than a decade of background in educational evaluation and policy research. She arrived from the research department of the Minnesota House of Representatives, where she staffed the House Education Committee and Education Finance Division and conducted policy analyses of student choice programs, including open enrollment, postsecondary enrollment options, and charter schools.

In addition to her legislative experience, Susan conducted higher education policy research at the University of Minnesota and of the College of St. Catherine. She has also authored several technical reports on educational programs and issues.

She was educated at the University of Minnesota, receiving a B.A. in sociology and a doctorate in education policy and administration. At the

JANE BRYANT QUINN

The nation's leading commentator on personal finance, with books and columns read by millions.

Mrs. Quinn is an award-winning....

--Newsweek columnist, writing on issues affecting personal finance.

--Newspaper columnist for the New York Daily News, whose twice-weekly column is syndicated by The Washington Post Writers Group to more than 250 newspapers.

--Columnist for Good Housekeeping Magazine, writing on personal finance for every issue.

--Contributor to computer software. Ms. Quinn helped develop, and appears on, the top-selling software program, Quicken Financial Planner, a personalized guide to saving and investing for college and retirement.

--Author of the new, updated edition of the best-seller, "Making the Most of Your Money," a comprehensive guide to personal finance, published by Simon & Schuster and a Book of the Month Club selection. Another recent book, "A Hole in the Market," published by Whittle Books (1994) tracks the effect that Generation X (the Baby Bust) has had on the economy. She wrote her first best-seller, "Everyone's Money Book," in 1978.

--TV personality. She currently co-hosts an investment series, "Beyond Wall Street," running on the Public Broadcasting System. She worked ten years for CBS News, first on the "CBS Morning News," then on the "Evening News with Dan Rather." In 1988, she hosted her own program, a personal-finance series called "Take Charge!" that also ran on PBS. She appeared twice-weekly on ABC's "The Home Show" 1990-91 and is has been a guest on "Good Morning America," "Nightline" and many other programs.

--Named by the World Almanac as one of the 25 most influential women in the United States.

—Winner of a coveted Emmy Award for outstanding coverage of news on television. Also, the Gerald Loeb Award for Lifetime Achievement and for Distinguished Business and Financial Journalism, the ICI-American University Journalism Award for Excellence in Personal Finance Reporting; the John Hancock Award for excellence in Business and Financial Journalism; the Janus Award for excellence in television reporting; three time winner of the National Press Club Award for Consumer Journalism; twice winner of the National Headliner Award, and honored by the Consumer Federation of America for Outstanding Consumer Media Service.

Ms. Quinn serves on the Dean's Council of the Harvard School of Public Health, the Board of Advisors for The Jerome Levy Economics Institute of Bard College and the Board of Trustees at her alma mater, Middlebury college.

A frequent speaker and panelist at business conventions and community lecture series, Ms. Quinn is spokesperson to all generations on how to handle their money in challenging times.

Ms. Quinn is married to David Quinn, a lawyer. They have five children.

## Comptroller General of the United States

# DAVID M. WALKER

David M. Walker became the seventh Comptroller General of the United States when he took the oath of office on November 9, 1998. He was nominated for the post by President Clinton on October 5, 1998, and was confirmed by the Senate on October 21, 1998.

As Comptroller General, Mr. Walker becomes the nation's top auditor and the head of the 77-year-old General Accounting Office, a legislative branch agency charged with "following the federal dollar" throughout the world. GAO conducts financial audits, assists Congress with public policy analysis, evaluates the effectiveness of federal programs, issues legal opinions and decisions, adjudicates bid protests filed by private companies concerning the award of federal contracts, and investigates waste, fraud, abuse, and mismanagement in government. Among his many other responsibilities as Comptroller General, Mr. Walker becomes chairman of the Intergovernmental Audit Forum, serves as a member of the governing board of the International Organization of Supreme Audit Institutions (INTOSAI), and co-chairs the Financial Accounting Standards Advisory Council.

Immediately prior to his appointment as Comptroller General, Mr. Walker was a partner and global managing director of Arthur Andersen LLP's human capital services practice and a member of the board of Arthur Andersen Financial Advisors, a registered investment advisor. His responsibilities spanned the audit, tax, legal, and consulting practices of the firm. They included strategic planning and leadership responsibilities related to the firm's human capital services practice, coordination of activities with the legislative and executive branches of the federal government, and the employee benefit plan audit practice in the United States. Mr. Walker also coordinated the firm's fiduciary risk management, Employee Retirement Income Security Act (ERISA) litigation support and independent fiduciary services, and served as an expert witness in appropriate compensation, employee benefits fiduciary and governance related cases.

Before joining Arthur Andersen, LLP, Mr. Walker held a variety of executive and policymaking positions in the federal government, including serving as head of two of the three U.S. government agencies that administer ERISA. He served as Assistant Secretary of Labor for Pension and Welfare Benefit Programs at the Department of Labor between 1987 and 1989, and as Acting Executive Director of the Pension Benefit Guaranty Corporation (PBGC) in 1985. His most recent government position was serving as one of two public trustees for the U.S. Social Security and Medicare trust funds from 1990 until 1995. Prior to his government service at the Labor Department and PBGC, his career included experience in the accounting/audit, human resource consulting, and practice management areas of Price Waterhouse, Coopers and Lybrand, and Source Services Corporation.

Mr. Walker has been involved in a number of professional, trade, and other organizations and has served as chairman of several industry and professional committees and task forces. He served on the board of directors of the Association of Private Pension and Welfare Plans, as a member of the Center for Strategic and International Studies' National Commission on Retirement Policy, and as a member and advisor on the Committee for Economic Development's Social Security and Private Pension Reform Task Forces, respectively.

Mr. Walker has won a number of industry awards, including the Pension World Public Policy Award (1992) and the Outstanding Official in Government Award from the National Employee Benefits Institute (1989). He is a frequent speaker, author, and congressional witness and is widely quoted in a number of publications on a variety of human resource compensation, benefits, investment, retirement planning, fiduciary, health and related issues. He is also the author of Retirement Security: Understanding and Planning Your Financial Future, published in October 1996, and co-author of Delivering on the Promise: How to Attract, Manage and Retain Human Capital, published in October 1998.

Mr. Walker, 47, is a certified public accountant and a registered investment advisor. He has a B.S. in accounting from Jacksonville University and an S.M.G. Certificate in Public Policy from the John F. Kennedy School of Government at Harvard University.

*December 1998*

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## CINDY HOUNSELL, EXECUTIVE DIRECTOR

Cindy Hounsell is the Executive Director of *WISER*, the Women's Institute for a Secure Retirement, a project launched by the Teresa & H. John Heinz III Foundation in 1996. *WISER* is a 501(c)(3) nonprofit organization that seeks to improve the opportunities for women to secure retirement income and to educate the public on the inequities in the nation's retirement systems that disadvantage women.

Prior to starting *WISER*, Ms. Hounsell was Director of the Women's Pension Project at the Pension Rights Center, Senior Staff Attorney and the leader of its national education campaign, *Pensions Not Posies*. Hounsell's career has been spent working as an advocate for women's rights. She is a past President of the New York Local of the Independent Union of Flight Attendants, a former law clerk with the International Union, United Auto Workers in Detroit, Michigan, a shop-steward with the Transport Workers Union, and an officer of Stewardesses for Women's Rights.

Ms. Hounsell graduated from Stonehill College in North Easton Massachusetts, with a B.A. in Political Science. Later in her career, she received a J.D. degree from the City University of New York Law School. She was a 1989-90, Fellow with the Women's Law and Public Policy Fellowship Program at the Georgetown University Law Center.

An experienced pension attorney, she has been quoted in the: *New York Times, Washington Post, Los Angeles Times, Boston Globe, Christian Science Monitor, U.S.A Today, Newsweek, Barrons, Investors Business Daily, Congressional Quarterly, Ms., Working Mother, Associated Press, Knight Ridder and Reuters*. She has appeared on ABC, CBS, CNN, CNBC, Fox Morning News & Financial News, and National Public Radio.

Ms. Hounsell has testified before Congress and written several columns and papers on women and pensions. A chapter, Women and Pensions: A Policy Agenda," appears in *The American Woman, 1996-97: Women and Work*, published in May 1996 by W. W. Norton. Her most recent work, *What Every WOMAN Needs to Know About MONEY And RETIREMENT: A Simple Guide*, appeared in the April issue of *Good Housekeeping* magazine.

# Ann L. Combs

Ann Combs is a Principal of William M. Mercer's Washington Resource Group, which provides legal and government relations assistance to the firm's consultants and clients on issues relating to employee benefits and compensation programs. Ann is responsible for WRG's government relations practice. Her emphasis in the WRG is on retirement security, including fiduciary responsibility, coverage, investment, and enforcement issues affecting private sector retirement plans; Social Security; and employment-based health insurance, including managed care regulation and ERISA preemption.

Ann served on the 1994-1996 Advisory Council on Social Security, which was charged with developing recommendations on long-term financing, the equity and adequacy of benefits; and the relationship of Social Security to private plans and savings.

Ann is a frequent guest speaker on employee benefits issues before such organizations as The Business Roundtable, the National Association of Manufacturers, the Investment Company Institute, the American Council on Life Insurance, the Financial Executives Institute, the American Bar Association, the International Foundation of Employee Benefits, the National Academy of Social Insurance, the National Commission on Retirement Policy, and numerous others.

Prior to joining Mercer in 1993, Ann served six years as Deputy Assistant Secretary of Labor for the Pension and Welfare Benefits Administration in the Reagan and Bush Administrations. She was responsible for advising the Secretary and senior staff on retirement trends and policy. Her overall responsibility was to develop legislative and regulatory policy for the agency and serve as the primary liaison with other federal agencies, Congress and affected constituencies. Ann also served on President Bush's White House Health Policy Working Group.

During her 18 years of employee benefits experience, Ann also has worked for Price Waterhouse, Inc., the National Association of Manufacturers (NAM), and the Government Research Corporation. While at the NAM, Ann staffed the organization's president, Alexander Trowbridge, in his capacity as a member of the National Commission of Social Security Reform (the Greenspan Commission).

Ann received her J.D. from the George Washington University in Washington, D.C., and received her B.A. from the University of Notre Dame. She is a member of the District of Columbia Bar and the National Academy of Social Insurance and former chair of the Secure Retirement Coalition. She authors a biweekly memo, "Politics and Policy," for Mercer's clients.

WILLIAM M.
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**Anna M. Rappaport, F.S.A.**

Anna Rappaport, a Principal in Mercer's Chicago office, is an actuary and futurist with 40 years' experience. She consults with major clients on benefits strategy and human resources issues, focusing in recent years in strategic benefit planning, retirement plan management, and health care and welfare benefits. Anna has worked with both non-profit and for-profit clients and has participated in a number of projects that included a focus on cash balance plans. Prior to joining Mercer in 1976, Anna spent nearly 20 years in the life insurance industry working with the design, marketing and financial management of financial security products.

For more than 25 years, Anna's special interest has been demographic, economic and social change and its implications for financial security. She has helped a number of clients evaluate total retirement benefit strategies. Long before Workforce 2000 was a popular issue, Anna was writing and studying the implications of our changing demographics for financial security systems. She publishes often and is a frequent public speaker.

Anna is a Fellow of the Society of Actuaries and has a Master's of Business Administration from the University of Chicago. She has been very active within the benefits community and the actuarial profession. In conjunction with its 10th anniversary, Workers in Employee Benefits named her Employee Benefits Professional of the Decade.

Anna is a member of the Pension Research Council, sponsored by the Wharton School; the National Academy of Social Insurance; on the Steering Committee of the National Academy for an Aging Society; and she served as President of the Society of Actuaries from October 1997 to October 1998. She serves on the Boards of Society of Actuaries, the Actuarial Foundation, the Metropolitan Chicago Information Center, the Chicago Network, and Wiser.



William M. Mercer, Incorporated
10 South Wacker Drive
Suite 1700
Chicago, IL 60606-7485

Phone 312 902 7500

**C. EUGENE STEUERLE**
Senior Fellow
The Urban Institute

**CAREER BRIEF**

Eugene Steuerle is a Senior Fellow at the Urban Institute and author of a weekly column, "Economic Perspective," for Tax Notes Magazine. At the Institute he has conducted extensive research on budget, Social Security, health care, tax, and welfare policy. Earlier in his career he served in various positions in the Treasury Department under four different Presidents and was appointed Deputy Assistant Secretary (DAS) of the Treasury for Tax Analysis from 1987-89. The DAS is in charge of 50 Ph.D-level economists who perform the estimation, modeling, and economic analysis functions for the Executive Branch on the receipts side of the budget. Dr. Steuerle also has served in a number of other roles, including Resident Fellow at the American Enterprise Institute and President of the National Economists Club Educational Foundation.

Over the course of his career, Dr. Steuerle has been able to present nonpartisan analysis in a way that has been able to promote policy advancement, understanding, and consensus. He served as Economic Coordinator and original organizer of the 1984 Treasury study that led to the Tax Reform Act of 1986, which exchanged reduced rates for a broadened tax base. As a commissioner on the National Commission on Retirement Policy, he was able to develop Social Security minimum benefit and other reform proposals that balanced demands for adequate social protection with calls for greater saving and allowed the four Congressional chairs from both parties to achieve consensus among all commissioners. He has served as the principal coordinator of advisors to the West Virginia Tax Commission of 1998, which is proposing a sweeping simplification of its multi-tiered tax structure, while as head of an IMF mission to Barbados, he put forward a plan for tax reform and rate reduction that formed the basis of the proposal sent by the Prime Minister to Parliament. His books on social insurance have been used by individuals on all sides of the Social Security question, and one was cited by Robert Myers, former Executive Director of the 1983 National Commission on Social Security Reform as "undoubtedly the most comprehensive analysis of the very long-range financing problems confronting the Social Security program."

On the research front, Dr. Steuerle is the author of seven books, and more than 125 reports and articles, 450 columns and 40 Congressional testimonies or reports. His latest book, The Government We Deserve (co-authored with Edward M. Gramlich, Demetra Nightingale and Hugh Heclo), examines how fiscal, economic and social policy must be made adaptable to meet the needs of a dynamic economy. It demonstrates how large automatic entitlement growth deters such efforts by tying up future increases in revenue and taking citizen control out of the hands of current and future generations. Other recent books include Retooling Social Security for the Twenty-First Century (co-authored with Jon Bakija), The New World Fiscal Order (co-edited with Masahiro Kawai), and Serving Children with Disabilities: A Systematic Look at the Programs (co-authored with Laudan Aron and Pamela Loprest).

Dr. Steuerle serves or has recently served as an advisor, consultant, or board member to or for the National Commission on Retirement Policy, the U.S. General Accounting Office's Advisory Panel on Social Security, the Entitlement Commission, a Technical Panel to the Social Security Advisory Council, the National Academy on Aging, the American Tax Policy Institute, the Joint Committee on Taxation, retreats of the Senate Finance Committee and the House Ways and Means Committee, the International Monetary Fund, the IRS, the Department of Labor, the National Commission on Children, and as a member of the Capital Formation Subcouncil of the Competitiveness Policy Council.

INSTITUTE FOR WOMEN'S POLICY RESEARCH
1400 20th Street, NW, Suite 104
Washington, DC 20036

**DR. HEIDI HARTMANN**

Heidi Hartmann is the director of the Washington-based **Institute for Women's Policy Research**, a scientific research organization on policy issues of importance to women which she founded in 1987. She is an economist with a B.A. from Swarthmore College and M.Phil. and Ph.D. degrees from Yale University, all in economics.

At IWPR she has co-authored several reports including Unnecessary Losses: Costs to Americans of the Lack of Family and Medical Leave; Women's Access to Health Insurance, and Combining Work and Welfare: An Alternative Anti-Poverty Strategy, and several journal articles, including: "Pay Equity and Women's Wage Increases: Success in the States, A Model for the Nation," and "A Welfare Reform Based on Help for Working Parents."

In the Spring of 1988, she was the Director of the Women's Studies program at Rutgers University. During 1986-87 she held an American Statistical Association fellowship at the Census Bureau where she conducted research on women's poverty. For eight years previously, she was a staff member of the National Research Council/National Academy of Sciences where she contributed to many reports on women's employment issues, including Women, Work and Wages: Equal Pay for Jobs of Equal Value; Women's Work Men's Work: Sex Segregation on the Job; and Computer Chips and Paper Clips: Technology and Women's Employment and served as Associate Executive Director of the Commission on Behavioral and Social Sciences and Education.

Dr. Hartmann has delivered Congressional testimony and participated in briefings on numerous issues including comparable worth, family and medical leave, child care, welfare reform, and health care. She also lectures widely on public policy, feminist theory, and the political economy of gender to women's organizations, community, labor and business groups, and universities. Her written work has been widely published both in the United States and abroad.

In 1994, Dr. Hartmann was the recipient of a MacArthur fellowship award. Commonly referred to as the "genius grant," this fellowship was awarded to recognize her pioneering work in the field of women and economics. She is also the recipient of an honorary Doctor of Laws degree from Swarthmore College and the Wilbur Cross Medal for distinguished alumni of the graduate school of Yale University.

Dr. Hartmann serves on the Board of the National Council for Research on Women and is Co-chair of the Economists' Policy Group on Women's Issues.

Telephone: (202) 785-5100 Fax: (202) 833-4362

# REPRESENTATIVE JENNIFER DUNN'S PROPOSAL FOR THE ISSUANCE OF CONTRIBUTIONS AND BENEFITS STATEMENTS (CABS) TO CURRENT SOCIAL SECURITY BENEFICIARIES

## BACKGROUND

- Representative Jennifer Dunn introduced legislation, passed in 1996, that required the Social Security Administration to conduct a 2-year pilot study and report on the efficacy of providing current Social Security beneficiaries with individualized information about their past Social Security contributions and benefits.

- The legislation indicated that the pilot statements were intended to promote a better understanding of the relationship between the contributions beneficiaries have paid into the Social Security program and the benefits they have received. However, because most current beneficiaries recovered their Social Security taxes very quickly, within 4 to 7 years, and can be expected to live an additional 10 to 13 years, some were concerned about the message the statements would send to retirees.

- Findings of the pilot study (released to Congress on December 28, 1998) indicated that routine issuance of the CABS to the retirement and survivors beneficiary populations would have little benefit for the public or for SSA. In fact, fewer than half of those responding to the survey about the statements found the information useful, and only about half of the respondents thought SSA should be mailing the statements at all.

- As required by current law, by the end of this year, SSA will provide a Personal Earnings and Benefit Estimate Statement (PEBES) which contains information about a worker's earnings, taxes, and potential benefits to all 125 million workers each year.

## SUGGESTED RESPONSE IF ASKED ABOUT THE CABS PILOT

- With the annual issuance of PEBES to all workers, Americans will gain a much better understanding of the relationship between their contributions to Social Security and their expected benefits. I fully support efforts to better educate Americans about Social Security.

- However, for current beneficiaries, many who have been receiving benefits for 10, 20, or thirty years, the pilot conducted by SSA found that the CABS statement provided information of limited value and, in many cases, raised concerns and worries about the motive or intent behind the statement.

- Unless the statements provide beneficiaries with information they can use effectively for some definable purpose, it would be difficult to justify spending millions of Social Security trust fund dollars to issue such statements routinely.

SSA
1/12/99

Nancy Lee Johnson
U.S. House of Representatives
Connecticut District 6
Party: Republican

**Committees:**

•Ways & Means [House]

**Biographical Data & Political Experience**

Name: Nancy Lee Johnson
Gender: Female
Birth Date: 01/05/35
Birth Place: Chicago, IL
Home City: New Britain, CT
Family: Husband: Theodore Johnson; 3 children.
Religion: Unitarian Universalist

**Educational Experience:**

BA, Radcliffe College, 1957.

**Current Office: U.S. House of Representatives District 6**

First Elected: 11/02/82
Last Elected: 11/03/98
Year of Next Election: 2000

**Political Experience:**

Connecticut State Senate, 1977-83.

## Representative Nancy Johnson (R-CT-6th District) - Solvency Quotes

During Rep. Johnson's re-election campaign, she stated that she supported reining in Medicare's growth rate and reorganizing Social Security in her response to her challenger's remark that she supported bids to cut Medicare and Social Security.
"Candidates Speak to Senior Citizens; Medicare, Social Security Lead Issues," *The Hartford Courant*, 10/23/98.

"Nothing is more important in my life or yours than a strong Social Security system. No one, Democrat or Republican, is talking about cutting Social Security or Medicare."

In an 10/20/98 letter and report to Ways and Means Committee Chairman, Rep. Archer, Rep. Johnson wrote: "I believe that action on reforming the private pension system should go in parallel with action to improve the Social Security system in the 106th Congress. Addressing one without the other would leave half the problem unsolved."
"GOP Brass to put Pensions at Center Stage," *Money Management Letter*, 11/2/98.

Representative Nancy Lee Johnson
Connecticut -- Party: Republican
Vote Issue Area: Social Security

Social Security Surplus - Passage

Date: 9/25/98
Issue: Social Security
Bill Number: HR 4578
Sponsor: Bill introduced by Archer, R-TX.
Outcome of This Vote: Bill passed
Votes FOR: 240
Votes AGAINST: 188

HR 4578: Save Social Security Act

Vote to pass a bill to establish a 'Protect Social Security Account' to place 90 percent of any annual budget surpluses until a reform measure is enacted to keep Social Security solvent long-term. The bill provides for the 90 percent set-aside through fiscal year 2008. Bill introduced by Archer, R-TX.
(Bill passed 240-188 9/25/98)

Representative Nancy Lee Johnson Voted:

**YES**

Social Security Surplus - Democratic Substitute

Date: 9/25/98
Issue: Social Security
Bill Number: HR 4578
Sponsor: Amendment introduced by Rangel, D-NY; bill introduced by Archer, R-TX.
Outcome of This Vote: Amendment rejected
Votes FOR: 210
Votes AGAINST: 216

HR 4578: Save Social Security Act

Vote to pass a substitute amendment, to replace the language in the bill with alternative language that would require 100 percent of any annual budget surplus to be placed in a trust held by the Federal Reserve Bank of New York for the Social Security System. [The original language would require 90 percent of any annual to be set aside in a new 'Protect Social Security Account.']
Amendment introduced by Rangel, D-NY; bill introduced by Archer, R-TX.
(Amendment rejected 210-216 on 9/25/98)

Representative Nancy Lee Johnson Voted:

**NO**

Social Security Reform Panel - Passage

Date: 4/29/98
Issue: Social Security
Bill Number: HR 3546
Sponsor: Bill introduced by Archer, R-TX.
Outcome of This Vote: Bill passed
Votes FOR: 413
Votes AGAINST: 8

HR 3546: National Dialogue on Social Security Act of 1998

Vote to pass a bill to establish a bipartisan commission to develop reform proposals for Social Security. The panel must submit a report of its findings and recommendations no later than February 1, 1999.
Bill introduced by Archer, R-TX.
(Bill passed 413-8 on 4/29/98)

Representative Nancy Lee Johnson Voted:

**YES**

Budget Enforcement Act - Social Security

Date: 7/23/97
Issue: Social Security
Bill Number: HR 2003
Sponsor: Thurman, D-FL
Outcome of This Vote: Motion to recommit rejected
Votes FOR: 148
Votes AGAINST: 279

HR 2003: The Budget Enforcement Act

Vote on a motion to send the bill back to the Budget Committee with instructions to add language to reserve the first $100 billion of budget surpluses to take Social Security off-budget, and to establish the House Ways and Means Committee, and the Senate Finance Committee as the committees with jurisdiction to consider legislation responding to revenue shortfalls, among other provisions.
Thurman, D-FL, motion to recommit.
(Motion to recommit rejected 148-279 on 7/23/97)

Representative Nancy Lee Johnson Voted:

**NO**

Social Security Benefits & the Debt Limit - Passage

Date: 2/1/96
Issue: Social Security
Bill Number: HR 2924
Sponsor:
Outcome of This Vote: Passed
Votes FOR: 396
Votes AGAINST: 0

HR 2924: The Social Security Guarantee Act

Motion to express Congress' intent to pass an increase in the public debt limit by March 1st, and to guarantee the timely payment of Social Security benefits for March of 1996. If the debt limit is not raised by March 1st, the bill exempts March Social Security obligations from the public debt limit.
(Passed 396-0 on 2/1/96)

Representative Nancy Lee Johnson Voted:

**YES**

Social Security Benefits & the Debt Limit - Rule

Date: 2/1/96
Issue: Social Security
Bill Number: HR 2924
Sponsor: Goss, R-FL
Outcome of This Vote: Previous Question motion adopted
Votes FOR: 229
Votes AGAINST: 178

HR 2924: The Social Security Guarantee Act

Motion to vote on the rule allowing consideration of a bill expressing the intent of passing an increase in the public debt limit by March 1st, and guaranteeing the timely payment of Social Security benefits for March of 1996. If the debt limit is not raised by March 1st, the bill exempts March Social Security obligations from the public debt limit. Motion introduced by Goss, R-FL.
(Previous Question motion adopted 229-178 on 2/1/96)

Representative Nancy Lee Johnson Voted:

**YES**

How Other Members Voted (Listed by Party)

<

Karen L. Thurman
U.S. House of Representatives
Florida District 5
Party: Democrat

**Committees:**

•Ways & Means [House]

Biographical Data

Name: Karen L. Thurman
Gender: Female
Birth Date: 01/12/51
Birth Place: Rapid City, SD
Home City: Dunnellon, FL
Family: Husband: John Thurman; 2 Children.
Religion: Episcopalian

**Educational Experience:**

AA, Santa Fe Community College, 1969-1971;
BA, University of Florida, 1973;
Attended University of Florida Graduate School, 1973.

**Professional Experience:**

Mathematics teacher, Dunnellon Middle School.

**Organizational Memberships:**

State Sentencing Guidelines Commission;
State Public Service Commission;
Board of Directors, Future Farmers of America.

Current Office: U.S. House of Representatives District 5

First Elected: 11/03/92
Last Elected: 11/03/98
Year of Next Election: 2000

**Political Experience:**

Dunnellon City Council, 1975-83;
Mayor of Dunnellon, 1979-81;
Florida Senate, 1983-93.

# Karen L. Thurman

U.S. House of Representatives
Democrat Florida District 5

**Committees:**
•Ways & Means [House]

**Solvency Legislation and Other Activities**
Co-sponsored H.R. 3546, The National Dialogue on the Social Security Act of 1998. This bill would establish a bipartisan panel to design long-range Social Security reform. Rep. Archer introduced this bill on 3/25/98.

**Social Security Statements:**
"I recognize that everyone wants a guaranteed benefit that lasts as long as you live; a benefit that is risk-free, and a benefit that is annually updated based on cost of living adjustments. Strengthening Social Security based on these fundamental components may not be easy, but the majority of Florida's seniors believe that a risk-free, guaranteed benefit is worth it." Congresswoman's News Release 8/5/98

"Regardless of the solution Congress ultimately adopts, it is imperative that we remember that intent behind Social Security. It is a guaranteed benefit to ensure that when working adults retire, they will not live in poverty. It is a guaranteed benefit to ensure that unfortunate circumstances, such as death and disability, do not sink the vulnerable into destitution." – Id.

"I am committed to ensuring that Social Security continues as a strong safety net for American workers. By achieving a balanced budget three years ahead of schedule, we are not only able to eliminate the deficit, but also reserve the budget surplus for strengthening Social Security." Congresswoman's New Release, 4/22/98.

"I welcome any and all proposals that would promote responsible, bipartisan, and comprehensive long-term solutions to the looming trust fund shortfall. However, I also believe Congress should resist legislation that could undercut proposals to set aside the budget surplus to protect Social Security." Congresswoman's New Release 4/1/98

News *from*

# CONGRESSWOMAN
# KAREN THURMAN

5th District, Florida

440 Cannon H.O.B.
Washington, D.C. 20515

(202) 225-1002

**November 19, 1998** **Contact: Steven Cohen**

## THURMAN URGES COLLEAGUES, PUBLIC TO RESIST "SPIN-GAME" AND "SOUNDBITES" IN SOCIAL SECURITY DEBATE

Washington, D.C. - Rep. Karen Thurman (D-FL) today cautioned her colleagues on the House Ways and Means Committee to oppose partisan rankling in the Social Security debate. Thurman also urged the public to play a more visible role in understanding how different proposals may affect them and their families. "The public cannot afford to get caught up in a spin game for one party's--Democrat or Republican--benefit. This is too important of an issue," stated Thurman.

The House Ways and Means Committee today heard testimony from Senator Phil Gramm (R-TX), Assistant Secretary of the Treasury David Wilcox, and a panel of experts on economic policy on how best to strengthen and reform Social Security.

"As we listen to the witnesses, I urge my colleagues and the public to thoughtfully and deliberately debate methods of strengthening Social Security," stated Thurman. "In the 106th Congress, we will all be asked to more fully understand the impact and implications Individual Accounts may have on small businesses, employers, and current and future retirees. We will also be asked to more fully understand the administration and costs associated with creating and maintaining these new accounts. Neither we nor the public will benefit from a spin-game or partisan soundbites."

Thurman emphasized that the Social Security system is not in a crisis. Without changes, the Trust Fund reserves will not be depleted until 2032, at which point the program would be able to pay 75 percent of annual benefits to which retirees are entitled.

Thurman is taking the lead in ensuring that the views of women are figured into the Social Security reform debate. "The facts are clear and indisputable," stated Thurman, "Women represent 60 percent of all elderly Social Security recipients; women earn 74 percent of what men earn for the same work; women spend roughly 11.5 years out of the workforce caring for children and family; women live an average of seven years longer than men." Thurman continued, "While I am not advocating the status quo, we must remember that the current system offers a range of protections -- such as dependents' benefits, lifetime benefits, progressive benefits formula, and inflation adjustments -- that are of great importance to women. I will continue to bring these issues to the attention of the Congress and the Administration."

Back to Congresswoman Thurman's home page

Representative Karen L. Thurman
Florida -- Party: Democrat
Vote Issue Area: Social Security

Social Security Surplus - Passage

Date: 9/25/98
Issue: Social Security
Bill Number: HR 4578
Sponsor: Bill introduced by Archer, R-TX.
Outcome of This Vote: Bill passed
Votes FOR: 240
Votes AGAINST: 188

HR 4578: Save Social Security Act

Vote to pass a bill to establish a 'Protect Social Security Account' to place 90 percent of any annual budget surpluses until a reform measure is enacted to keep Social Security solvent long-term. The bill provides for the 90 percent set-aside through fiscal year 2008. Bill introduced by Archer, R-TX.
(Bill passed 240-188 9/25/98)

Representative Karen L. Thurman Voted:

**NO**

Social Security Surplus - Democratic Substitute

Date: 9/25/98
Issue: Social Security
Bill Number: HR 4578
Sponsor: Amendment introduced by Rangel, D-NY; bill introduced by Archer, R-TX.
Outcome of This Vote: Amendment rejected
Votes FOR: 210
Votes AGAINST: 216

HR 4578: Save Social Security Act

Vote to pass a substitute amendment, to replace the language in the bill with alternative language that would require 100 percent of any annual budget surplus to be placed in a trust held by the Federal Reserve Bank of New York for the Social Security System. [The original language would require 90 percent of any annual to be set aside in a new 'Protect Social Security Account.']
Amendment introduced by Rangel, D-NY; bill introduced by Archer, R-TX.
(Amendment rejected 210-216 on 9/25/98)

Representative Karen L. Thurman Voted:

**YES**

Social Security Reform Panel - Passage

Date: 4/29/98
Issue: Social Security
Bill Number: HR 3546
Sponsor: Bill introduced by Archer, R-TX.
Outcome of This Vote: Bill passed
Votes FOR: 413
Votes AGAINST: 8

HR 3546: National Dialogue on Social Security Act of 1998

Vote to pass a bill to establish a bipartisan commission to develop reform proposals for Social Security. The panel must submit a report of its findings and recommendations no later than February 1, 1999.
Bill introduced by Archer, R-TX.
(Bill passed 413-8 on 4/29/98)

Representative Karen L. Thurman Voted:

**YES**

Budget Enforcement Act - Social Security

Date: 7/23/97
Issue: Social Security
Bill Number: HR 2003
Sponsor: Thurman, D-FL
Outcome of This Vote: Motion to recommit rejected
Votes FOR: 148
Votes AGAINST: 279

HR 2003: The Budget Enforcement Act

Vote on a motion to send the bill back to the Budget Committee with instructions to add language to reserve the first $100 billion of budget surpluses to take Social Security off-budget, and to establish the House Ways and Means Committee, and the Senate Finance Committee as the committees with jurisdiction to consider legislation responding to revenue shortfalls, among other provisions.
Thurman, D-FL, motion to recommit.
(Motion to recommit rejected 148-279 on 7/23/97)

Representative Karen L. Thurman Voted:

**YES**

Social Security Benefits & the Debt Limit - Passage

Date: 2/1/96
Issue: Social Security
Bill Number: HR 2924
Sponsor:
Outcome of This Vote: Passed
Votes FOR: 396
Votes AGAINST: 0

HR 2924: The Social Security Guarantee Act

Motion to express Congress' intent to pass an increase in the public debt limit by March 1st, and to guarantee the timely payment of Social Security benefits for March of 1996. If the debt limit is not raised by March 1st, the bill exempts March Social Security obligations from the public debt limit.
(Passed 396-0 on 2/1/96)

Representative Karen L. Thurman Voted:

**YES**

Social Security Benefits & the Debt Limit - Rule

Date: 2/1/96
Issue: Social Security
Bill Number: HR 2924
Sponsor: Goss, R-FL
Outcome of This Vote: Previous Question motion adopted
Votes FOR: 229
Votes AGAINST: 178

HR 2924: The Social Security Guarantee Act

Motion to vote on the rule allowing consideration of a bill expressing the intent of passing an increase in the public debt limit by March 1st, and guaranteeing the timely payment of Social Security benefits for March of 1996. If the debt limit is not raised by March 1st, the bill exempts March Social Security obligations from the public debt limit. Motion introduced by Goss, R-FL.
(Previous Question motion adopted 229-178 on 2/1/96)

Representative Karen L. Thurman Voted:

**NO**

Jennifer B. Dunn

U.S. House of Representatives
Washington
District 8
Party: Republican

Biographical Data & Political Experience
Committees:

•Ways & Means [House]•House Leadership, Republican Conference Vice-Chair

Name: Jennifer B. Dunn
Gender: Female
Birth Date: 07/29/41
Birth Place: Seattle, WA
Home City: Bellevue, WA
Family: Divorced; 2 Children.
Religion: Episcopalion

Educational Experience:

BA, Stanford University, 1963.

Professional Experience:

IBM Systems Engineer, 1964-69;
King County Assesors Office, 1978-80.

Organizational Memberships:

Seattle Junior League;
Epiphany School, Board Member;
KUOW-FM (National Public Radio), Advisory Board;
Metropolitan Opera National Council.

Current Office: U.S. House of Representatives District 8

First Elected: 11/03/92
Last Elected: 11/03/98
Year of Next Election: 2000

Political Experience:

Washington Republican Party, Chair, 1981-92;
House Republican Conference Vice-Chair, 1997-Present.

Caucus / Non-Legislative Committees:

National Republican Congressional Committee, ex officio;
Policy Committee;
Steering Committee.

## Rep. Jennifer Dunn R-WA (8th District)

Q: "Bob Livingston, has said that he wants to take Social Security off budget the way it used to be. Now of course, that would make for much smaller surplus in the near term and therefore there could not be nearly as large tax cut. Do you go along with Bob Livingston, then would you like to do that, and make Social Security take precedence over a tax cut in the short term?"

A: "Absolutely. I think that's a very important bill. I hope to be the first co-sponsor of that bill. We should be the party of honest management of this government. We are saying that we have a budget surplus. ......If we take Social Security off budget then that puts us back to a deficit. It will take us a couple of years to work into a surplus. But the American people understand that we are talking truthfully and Social Security will be preserved and of course we want to augment that whole program to make it more secure for younger people who might want to have a chance to use some of that money to invest through a responsible management company on their own and increase their Social Security." CNN interview with Evans, Novak, Hunt, & Shields on 11/14/98.

Q "Steve Largent said he wanted to privatize Social Security and one of the supporters of Dick Armey, told me that was a huge mistake, it leaves open the Republican Party to severe criticism and attack. Do you agree with that?"

A. "I think what we must do is put a lid on the fear that seniors feel about the changes that will probably happen in Social Security/ We see a critical mass rising now where you get Democrats, republican, the administration, and Congress talking about making Social Security more secure and to protect it in the long run.

Seniors are worried that something is going to happen to them. We've got to commit to them that we've got to commit our contract. But what we also have to do is personalize and modernize the Social Security system more for younger people – 85 percent of whom don't think that they're going to get .....can invest some of that money through a responsible management.

Q "But you wouldn't use the word privatize?

A "Privatize is a word that's used with the Chilean system. I've been down there and talked to Jose Tinjaro who developed that system. Personalizing and modernizing are probably better terms. We can't go as far as Chile has but we can do better so that our seniors when they retire are going to end up with more income, not less." – *Ibid.* 11/14/98

"I ...reflect a belief that I have found among many women out there, that there must be some degree of safety net for people who must can't help themselves. That's an important belief for me a belief that government has a role." –In vying for more of the women's vote, Mrs. Dunn said how the (Republican ) party handles Social Security will be critical, sine more than 75 percent of the women outlive their husbands. Washington Times 11/17/98

**Voting Record of Representative Jennifer B. Dunn**
Washington -- Republican
105th Congress - Vote Issue Area: Social Security

Social Security Surplus - Passage

Date: 9/25/98
Issue: Social Security
Bill Number: HR 4578
Sponsor: Bill introduced by Archer, R-TX.
Outcome of This Vote: Bill passed
Votes FOR: 240
Votes AGAINST: 188

HR 4578: Save Social Security Act

Vote to pass a bill to establish a 'Protect Social Security Account' to place 90 percent of any annual budget surpluses until a reform measure is enacted to keep Social Security solvent long-term. The bill provides for the 90 percent set-aside through fiscal year 2008. Bill introduced by Archer, R-TX.
(Bill passed 240-188 9/25/98)

Representative Jennifer B. Dunn Voted:

**YES**

Social Security Surplus - Democratic Substitute

Date: 9/25/98
Issue: Social Security
Roll Call Number: 0463
Bill Number: HR 4578
Sponsor: Amendment introduced by Rangel, D-NY; bill introduced by Archer, R-TX.
Outcome of This Vote: Amendment rejected
Votes FOR: 210
Votes AGAINST: 216

Vote to pass a substitute amendment, to replace the language in the bill with alternative language that would require 100 percent of any annual budget surplus to be placed in a trust held by the Federal Reserve Bank of New York for the Social Security System. [The original language would require 90 percent of any annual to be set aside in a new 'Protect Social Security Account.']
Amendment introduced by Rangel, D-NY; bill introduced by Archer, R-TX.
(Amendment rejected 210-216 on 9/25/98)

Representative Jennifer B. Dunn Voted:

**NO**

Social Security Reform Panel - Passage

Date: 4/29/98
Issue: Social Security
Bill Number: HR 3546
Sponsor: Bill introduced by Archer, R-TX.
Outcome of This Vote: Bill passed
Votes FOR: 413
Votes AGAINST: 8

Vote to pass a bill to establish a bipartisan commission to develop reform proposals for Social Security. The panel must submit a report of its findings and recommendations no later than February 1, 1999.
Bill introduced by Archer, R-TX.
(Bill passed 413-8 on 4/29/98)

Bill Status:
Bill Number: HR 3546 - 105th Congress (1997-98)
House Passage Vote: 04/29/98 - Outcome: Passed
Bill referred to Senate Finance committee on 04/30/98
No further action was taken on this bill, never became law.

Representative Jennifer B. Dunn Voted:

**YES**
Budget Enforcement Act - Social Security

Date: 7/23/97
Issue: Social Security
Bill Number: HR 2003
Sponsor: Thurman, D-FL
Outcome of This Vote: Motion to recommit rejected
Votes FOR: 148
Votes AGAINST: 279

HR 2003: The Budget Enforcement Act

Vote on a motion to send the bill back to the Budget Committee with instructions to add language to reserve the first $100 billion of budget surpluses to take Social Security off-budget, and to establish the House Ways and Means Committee, and the Senate Finance

Committee as the committees with jurisdiction to consider legislation responding to revenue shortfalls, among other provisions.
Thurman, D-FL, motion to recommit.
(Motion to recommit rejected 148-279 on 7/23/97)

Bill Status:
Bill Number: HR 2003 - 105th Congress (1997-98)
House Passage Vote: 07/23/97 - Outcome: Failed
No further action was taken on this bill, never became law.

Representative Jennifer B. Dunn Voted:

**NO**

Press Release

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August 10, 1998

# DUNN, OTHER HOUSE LEADERS OUTLINE COMMITMENT TO SAVING SOCIAL SECURITY FOR SENIORS

(Washington, D.C.) Vice Chair of the House Republican Conference, Jennifer Dunn, today joined fellow House Leaders and senior citizens in outlining a plan to save Social Security. Congresswoman Dunn released the following statement at the event:

"Every American who works hard and contributes to the community ought to be able to enjoy the fruits of his or her labor later in life. By addressing the looming insolvency of Social Security now, we can make that objective a reality for current and future seniors.

"Thanks to a healthy economy created by balancing the budget for the first time in a generation, the nation faces a decade of federal budget surpluses. These surpluses will be more than enough to save Social Security, which is our first priority. We will also continue to lower taxes so Americans can save more of their hard-earned money and control their own future.

"Americans value the principle of financial security in retirement, and we must work to preserve it for every senior citizen. After all, our Social Security system is a promise that we must keep. It is time, however, to get smarter about how we plan and pay for the system so we can sustain it for Americans of every generation.

"Congress cannot ensure the Social Security benefits that every generation expects by relying on the same old 'fixes' it has enacted 17 times since its inception in 1935: raising taxes and reducing benefits. Republicans in Congress are discussing a different approach as an option for rescuing the Social Security system from insolvency -- the creation of personal retirement savings accounts for young Americans. We want to pass control over retirement security from Washington, D.C. bureaucrats to individuals by allowing citizens to invest in personal accounts.

"Personal retirement accounts would especially benefit women, who outlive their husbands 75 percent of the time. Since women on average live longer than men, they rely on retirement income for more years of their life and must be able to count on a modern Social Security system.

"Widows and single working moms who are consumed with meeting the day to day needs of their children, all too often find that saving for retirement is a luxury they cannot afford. By investing their Social Security taxes in a personal account, these women could create a 'nest egg' of their own that would not only make them more secure during retirement, but would also enable them to pass on any remaining savings to their children.

"Together, we can save and rebuild Social Security to provide additional financial security and a better quality of life for ourselves and everyone in our nation."

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September 23, 1998

# House Republican Tax Relief Package Prepares Americans for a Brighter Future

Financial security in every stage of life is important to all Americans. Men and women throughout the country work long hours — oftentimes more than one job — and sacrifice time with their loved ones just to be able to make ends meet. Americans have always believed that if they work hard, take responsibility for themselves, and help others where they can, they will reap the benefits of their efforts and fulfill the American dream. It makes sense, and it's the American way.

Over the past four years, Congress has made significant progress in ensuring that Americans reap the benefits of their hard work so that they can provide a better way of life for their families. Last year, Republicans in Congress restrained the growth of federal spending, balanced the budget for the first time in a generation, and provided more than 40 million middle-income Americans with the first broad-based tax relief in 16 years.

Today, America enjoys a strong economy — lower interest rates, more private investment, higher job growth, low unemployment — and a projected budget surplus of $1.6 trillion over the next ten years resulting from a more accountable and efficient government. This is **great** news. But as we move into the 21st century, we must do everything we can to continue to prevent wasteful spending, keep the economy growing, and enable families to keep more of their hard-earned dollars.

That is why House Republicans are advancing a tax plan that focuses on building a brighter, more secure future for women and their families by saving Social Security and returning taxpayer dollars to taxpayers so they can improve their quality of life. Specifically, we have committed to setting aside approximately $1.4 trillion of the surplus to rescue Social Security from going broke. With the remainder of the surplus, we will hold true to our promise to cut taxes every year that Republicans control Congress by providing Americans with $80 billion in additional tax relief over the next five years.

Here's how the Taxpayer Relief Act of 1998 helps women and their families and promotes greater fairness in the U.S. tax system:

**Marriage tax penalty relief** — The current marriage penalty taxes the income of a family's second wage earner at a much higher rate than if that salary were taxed only as individual income. For example, a husband and wife with a household income of $61,000 and each earning $30,500 would pay $8,563 in federal taxes. If each were to file as singles, each would pay $3,592, or a total of $7,184. So, by filing jointly, this couple must pay $1,379 more in taxes. Republicans are working to change this inequity. By allowing married couples to claim a standard deduction that is twice the amount of that of a single taxpayer, a woman who files jointly with her husband will no longer be penalized for being married. 24 million couples (48 million taxpayers) will benefit from this sensible relief, allowing them to receive fair tax treatment.

**Small saver exclusion** — The small saver exclusion gives families a real incentive to save by exempting the first $200 in interest and dividends that individual taxpayers receive and $400 in interest and dividends that married couples receive. So, with this exclusion, a married woman could have money in her savings account -- earning 3.5% interest -- without having to pay any tax on the first $400 in interest.

**Death tax relief** — Under the current tax system, it is easier and cheaper to sell a business before death rather than pass it on to family members afterward. The tax treatment at death imposes such hardship that when business owners die, their children oftentimes are forced to sell and turn over more than half of their inheritance just to pay the taxes. This death tax discourages savings and entrepreneurship by punishing those who save for their future and the future of their families. By giving families a death tax credit of $1 million, sons and daughters will be able to keep the farm that has been in their family for generations or the small business that has helped them live the American dream, instead of having to sell their legacy in order to pay the taxes.

**Health insurance deduction** — The cost of insurance is staggering. On average, a self-employed businesswoman will pay $300-$400 per month in health insurance costs for herself and her family. Enabling a self-employed woman to deduct 100% of these costs spares her from having to worry about how she is going to be able to afford health care coverage with limited resources. Under the Taxpayer Relief Act of 1998, this 100% deductibility will be effective January 1, 1999 instead of being phased in over 10 years as under current law.

**Education and child care incentives** — The Taxpayer Relief Act of 1998 ensures that middle-income families will be able to keep more of their hard-earned dollars by protecting important tax credits, including credits for children, the elderly, adoption, dependent care, and education, from being reduced by the alternative minimum tax (AMT), which limits the amount of tax credits that taxpayers may take. Under the Act, a woman who has a child in daycare will have greater control over how she meets her family's needs by being able to take the $500 per child credit and the Dependent Care tax credit without being restricted by the AMT.

**Tax relief for senior citizens** — Women outlive their husbands 75% of the time, but usually retire with fewer dollars in savings. The Taxpayer Relief Act of 1998 helps women to be financially secure throughout their lives by increasing the amount of money that they can earn without losing their Social Security benefits. With an increase in the Social Security earnings limit, women will no longer have to worry about being penalized for continuing to work later in life.

**Flexibility for farmers and ranchers** — Because the American farm economy is faced with the increasing risks of unpredictable markets, family farms and ranches often suffer unexpected losses. The Taxpayer Relief Act of 1998 protects farmers and ranchers by giving them the flexibility to manage these risks so that they can continue to be competitive in the global marketplace.

The Taxpayer Relief Act of 1998 proves that we can take responsible steps to cut taxes while working to save Social Security for all Americans. By continuing to give families the freedom and financial security they deserve, this bill builds on the Republican commitment to helping improve the quality of life for America's families.

Press Release — Next

October 1, 1998

# DUNN, OTHER LEADERS CELEBRATE FIRST BUDGET SURPLUS IN A GENERATION

(Washington, D.C.) Congresswoman Jennifer Dunn, Vice Chair of the House Republican Conference, released the following statement today at a bicameral leadership press event marking the beginning of a new fiscal year with the first federal budget surplus in a generation.

"Success has many parents and failure is an orphan. That's why the President and many Democrats are taking credit for the first federal budget surplus in a generation. Today, I want you to know that the real credit for a balanced budget goes to the American people who stood firmly in support of our principle that the federal government must live within its means, just as families across America do every day.

"In my view, balancing the federal budget for the first time since 1969 is one of the greatest achievements of the Republican Congress. Before 1995, Congressional leaders never talked about surpluses, rarely discussed reining in government spending, and had not seriously considered a tax cut since 1981. All of that changed when Republicans took control of Congress in January 1995. We have successfully changed the dialogue among Democrats and Republicans in Washington, D.C. to focus on how much we can lower taxes so every American can live a better life with greater control of their future.

"I want to assure Americans across the country that the Republican-led Congress will protect this historic surplus to save Social Security and enable you to keep more of your hard-earned dollars to provide for your families. After all, it's your money--not the government's."

Press Release — Next

October 2, 1998

# House Republicans Help Women Live Independent and Secure Lives as They Grow Older

After a lifetime of hard work and balancing the competing demands of their jobs and their families, women should be able to look forward to a financially secure retirement. But growing old in America is very different for women than it is for men.

Although women outlive men 75% of the time, they usually have fewer dollars in savings and are almost twice as likely as older men to be living in poverty because of their life and work patterns. For example, the average woman spends about eleven and a half years out of the workforce to care for her family — these are years when she is investing in her family, not in a pension or Social Security. And, the flexible work that allows women to be caregivers usually offers few employment benefits, especially pensions, which is one of the reasons why women historically have relied either solely or predominately on Social Security as they have grown older.

While Congress has a responsibility to continue to increase the accessibility, security, and choices of retirement funds for America's workers, our first responsibility is to keep the promise we made to the hard-working men and women of this country who depend on getting a return on the dollars they have invested in the Social Security system.

Since Republicans in Congress restrained the growth of federal spending, balanced the budget for the first time in a generation, and created a projected budget surplus of $1.6 trillion over the next ten years, we now have the means to ensure that women can count on Social Security when they need it the most. That is why we have committed to setting aside $1.4 trillion to strengthen the existing Social Security system — this is $1.4 trillion more than Democrats set aside to save Social Security over the last 40 years. Under Democratic control, Congress never set aside one penny to strengthen the system.

Republicans are also working to personalize and modernize retirement choices for women so that they can enjoy greater independence and a financially sound retirement.

Following are some of the Republican initiatives that are helping women to be self-sufficient and secure as they grow older:

**The Save Social Security Act** holds true to our promise to women born in the baby boom generation that they will be able to collect their guaranteed benefits when they can no longer work. By creating a new account — the "Protect Social Security Account" — in the U.S. Treasury, this bill enables money to be set aside to save Social Security from going broke.

**The Taxpayer Relief Act of 1998** prepares America's families for an even brighter future by saving Social Security and returning taxpayer dollars to taxpayers so that they can improve the quality of life for their families. For the first time ever, this bill sets aside dollars — 90% of the projected budget surplus — to ensure Social Security benefits for seniors today and to help preserve the system for future generations.

Older women who want to continue to work and be productive oftentimes must stop working in order to receive their full benefits. The Taxpayer Relief Act helps women to be financially secure throughout their lives by increasing the amount of money that they can earn without losing their Social Security benefits. With an increase in the Social Security earnings limit, women will no longer have to worry about being penalized for continuing to work later in life.

**The Taxpayer Relief Act of 1997** (Public Law 105-34) provides women with additional options to save for retirement. New and expanded Individual Retirement Accounts (IRAs) give women a greater opportunity to be financially independent when they retire.

**The Balanced Budget Act of 1997** (Public Law 105-33) improves the quality of life for America's older women by protecting and strengthening Medicare, offering more choices in benefit packages, and simplifying the Medicare process. This law also encourages preventive care by providing annual mammogram screenings for women who are 40 or over, Pap smears and pelvic examinations every three years, and bone density measurement screening for women who are at high risk for osteoporosis.

**The Savings Are Vital to Everyone's Retirement Act of 1997** (Public Law 105-92) prepares women for a more secure future by helping them make well-informed decisions about how to save for retirement. By initiating education and outreach programs, such as the National Summit on Retirement Savings, this law makes information about retirement options more easily available for today's women.

As Republicans continue to change America for the better, we will continue to advance initiatives that help older women live financially secure and independent lives.

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**Voting Record of Representative Jennifer B. Dunn**
Washington -- Republican
105th Congress - Vote Issue Area: Social Security

Social Security Surplus - Passage

Date: 9/25/98
Issue: Social Security
Bill Number: HR 4578
Sponsor: Bill introduced by Archer, R-TX.
Outcome of This Vote: Bill passed
Votes FOR: 240
Votes AGAINST: 188

HR 4578: Save Social Security Act

Vote to pass a bill to establish a 'Protect Social Security Account' to place 90 percent of any annual budget surpluses until a reform measure is enacted to keep Social Security solvent long-term. The bill provides for the 90 percent set-aside through fiscal year 2008. Bill introduced by Archer, R-TX.
(Bill passed 240-188 9/25/98)

Representative Jennifer B. Dunn Voted:

**YES**

Social Security Surplus - Democratic Substitute

Date: 9/25/98
Issue: Social Security
Roll Call Number: 0463
Bill Number: HR 4578
Sponsor: Amendment introduced by Rangel, D-NY; bill introduced by Archer, R-TX.
Outcome of This Vote: Amendment rejected
Votes FOR: 210
Votes AGAINST: 216

Vote to pass a substitute amendment, to replace the language in the bill with alternative language that would require 100 percent of any annual budget surplus to be placed in a trust held by the Federal Reserve Bank of New York for the Social Security System. [The original language would require 90 percent of any annual to be set aside in a new 'Protect Social Security Account.']
Amendment introduced by Rangel, D-NY; bill introduced by Archer, R-TX.
(Amendment rejected 210-216 on 9/25/98)

## Legislative History – Representative Jennifer Dunn

In the 106th Congress through January 7, 1999, Representative Dunn has not sponsored nor cosponsored any Social Security-related legislation. During the 105th Congress, she sponsored legislation:

> To include retirees among recipients of annual Social Security account statements (H.R. 3649).

She cosponsored legislation:

> To remove the limitation upon the amount of outside income which an individual may earn while receiving Social Security benefits (H.R. 326, Solomon, R-NY).
>
> To provide for the implementation of prohibitions against payment of Social Security benefits to prisoners. It includes a provision requiring correctional facilities to report monthly the name and Social Security number of any inmate who has received a Social Security benefit payment (H.R. 530, Herger, R-CA).
>
> To repeal the increase in the tax on Social Security benefits (H.R. 693, Nancy Johnson, R-CT).
>
> To permit revocation by members of the clergy of their exemption from Social Security coverage (H.R. 939, English, R-PA).
>
> To provide for compassionate payments with regard to individuals with blood-clotting disorders, such as hemophilia, who contracted human immunodeficiency virus due to contaminated antihemophilic factor, and for other purposes. As there are class action lawsuits pending regarding blood transfusions, the bill prohibits a settlement payment under a specified lawsuit from being considered income or resources in determining eligibility for, or the amount of, medical assistance under the Medicaid program or SSI benefits (H.R. 1023, Goss, R-FL).
>
> To repeal the 1993 increase in taxes on Social Security benefits (H.R. 2723, Ron Paul, R-TX).
>
> To establish a Bipartisan Panel to Design Long-Range Social Security Reform (H.R. 3546, Archer, R-TX).

To provide penalties against any person who knowingly and with intent to deceive or defraud, obtains, uses, or attempts to obtain or use one or more means of identification (including Social Security cards and numbers) other than that lawfully issued to such person (H.R. 4151, Shadegg, R-AZ).

To establish the Protect Social Security Account into which the Secretary of the Treasury shall deposit budget surpluses until a reform measure is enacted to ensure the long-term solvency of the OASDI trust funds, provide tax relief for individuals, families, and farming and other small businesses, to provide tax incentives for education, to extend certain expiring provisions, and for other purposes (H.R. 4579, Archer, R-TX).

**Key Votes**

**1998**
Provide for a national dialogue on Social Security and establish a Bipartisan Panel to Design Long-Range Social Security Reform Y
To establish an interim Protect Social Security Account for budget surpluses Y
Allow vote to strike language restoring food stamps to legal immigrants Y

**1997**
Prevent prisoners from being considered part of a household when determining food stamp eligibility Y
Provide for a balanced budget Y
Provide for local prison programs to identify before arraignment criminal aliens and aliens unlawfully present Y

**1996**
Replace federal welfare guarantee with block grants to the states Y
Allow states to deny public education to illegal aliens Y
Provide for immigration reform Y
Raise the Social Security earnings limit Y

# REPRESENTATIVE JENNIFER DUNN'S PROPOSAL FOR THE ISSUANCE OF CONTRIBUTIONS AND BENEFITS STATEMENTS (CABS) TO CURRENT SOCIAL SECURITY BENEFICIARIES

## BACKGROUND

- Representative Jennifer Dunn introduced legislation, passed in 1996, that required the Social Security Administration to conduct a 2-year pilot study and report on the efficacy of providing current Social Security beneficiaries with individualized information about their past Social Security contributions and benefits.

- The legislation indicated that the pilot statements were intended to promote a better understanding of the relationship between the contributions beneficiaries have paid into the Social Security program and the benefits they have received.

- Findings of the pilot study (released to Congress on December 28, 1998) indicated that routine issuance of the CABS to the retirement and survivors beneficiary populations would have little benefit for the public or for SSA. In fact, fewer than half of those responding to the survey about the statements found the information useful, and only about half of the respondents thought SSA should be mailing the statements at all.

- As required by current law, by the end of this year, SSA will provide a Personal Earnings and Benefit Estimate Statement (PEBES) which contains information about a worker's earnings, taxes, and potential benefits to all 125 million workers each year.

## SUGGESTED RESPONSE IF ASKED ABOUT THE CABS PILOT

- With the annual issuance of PEBES to all workers, Americans will gain a much better understanding of the relationship between their contributions to Social Security and their expected benefits. I fully support efforts to better educate Americans about Social Security.

- However, for current beneficiaries, many who have been receiving benefits for 10, 20, or thirty years, the pilot conducted by SSA found that the CABS statement provided information of limited value and, in many cases, raised concerns and worries about the motive or intent behind the statement.

- Unless the statements provide beneficiaries with information they can use effectively for some definable purpose, it would be difficult to justify spending millions of Social Security trust fund dollars to issue such statements routinely.

SSA
1/12/99

Benjamin L. Cardin
U.S. House of Representatives
Maryland District 3
Party: Democrat

**Committees:**

•Budget [House] •Ways & Means [House]•House Leadership, Democratic At-Large Whip

**Biographical Data & Political Experience**

Name: Benjamin L. Cardin
Gender: Male
Birth Date: 10/05/43
Birth Place: Baltimore, MD
Home City: Baltimore, MD
Family: Wife: Myrna Edelman; 2 Children: Michael and Deborah.
Religion: Jewish

**Educational Experience:**

BA, University of Pittsburgh, 1964;
LLB, JD, University of Maryland Law School, 1967;
Doctor of Laws, University of Baltimore School of Law, 1990;
Doctor of Humane Letters, University of Maryland-Baltimore, 1993;
Doctor of Humane Letters, Baltimore Hebrew University, 1994;
Doctor of Humane Letters, Goucher College, 1996.

**Professional Experience:**

Practicing Private Attorney, 1967-87.

**Organizational Memberships:**

Trustee, University of Maryland Alumni Association International, 1982-1988;
Associated Jewish Charities and Welfare Fund, 1985-89;
Chair, Maryland Legal Services Corp, 1988-95;

Trustee, St. Mary's College, 1988-98;
Board of Visitors, University of Maryland Law School, 1989-98;

Current Office: U.S. House of Representatives District 3
First Elected: 11/04/86
Last Elected: 11/03/98
Year of Next Election: 2000

**Political Experience:**

Chair, State Fed. Assembly, National Council of State Legislators, 1980-81;
Maryland House of Delegates, 1967-86: Speaker of the House, 1979-86;
Executive Committee, Council of State Governments, 1979-86;
Co Chair, Legislative Policy Committee, MD General Assembly, 1979-86;
Ethics Committee, 1991-97;
Representative, US House, MD District 3, 1987-Present;
Presidential Advisory Committe on Federalism;
Democratic At-Large Whip.

**Caucus / Non-Legislative Committees:**

At-Large Whip;
Steering Committee;
Commission on Security & Cooperation in Europe, Helsinki;
Chair, Organization, Study, and Review Committee, Democratic Caucus.

## Representative Benjamin Cardin (D-MD-3rd District) - Solvency Quotes

After stating that the public will warm to the idea of government investment, once it understands the down sides of other approaches, Rep. Cardin said: "The others are far more politically controversial."
"A Newer New Deal," *The National Journal*, 1/9/99.

"As a participant in the White House conference, I believe that any solution to saving Social Security must include four goals. First, we must ensure that Social Security continues to provide an inflation-proof retirement benefit that lasts as long as the beneficiary lives. Second, we must ensure the long-term solvency of Social Security by improving the return on the investment of today's workers. ... By investing a portion of the trust funds in private markets, we can improve the financial outlook for Social Security. Third, we must preserve Social Security as a safety net for disabled individuals, survivors and poor seniors. ... And, fourth, we must encourage Americans to save for their retirement."
"We Must Soon Take Action to Ensure Social Security's Survival," *The Capital*, 1/3/99.

"This budget surplus may well be needed for transitional costs in reforming Social Security in order to preserve a lifetime, inflation-proof guaranteed income."
"Strengthening Social Security Means Closing the Gender Gap in Retirement Benefits Too," *Chicago Tribune*, 11/22/98.

"I certainly opposed the Republican tax cut that would've eaten into the Social Security money."
"Incumbent Cardin Vies with Harby in District 3 Race," *The Capital*, 10/21/98.

**Representative Benjamin L. Cardin**
Maryland -- Party: Democrat
Vote Issue Area: Social Security

Social Security Surplus - Passage

Date: 9/25/98
Bill Number: HR 4578
Sponsor: Bill introduced by Archer, R-TX.
Outcome of This Vote: Bill passed
Votes FOR: 240
Votes AGAINST: 188

HR 4578: Save Social Security Act

Vote to pass a bill to establish a 'Protect Social Security Account' to place 90 percent of any annual budget surpluses until a reform measure is enacted to keep Social Security solvent long-term. The bill provides for the 90 percent set-aside through fiscal year 2008. Bill introduced by Archer, R-TX.
(Bill passed 240-188 9/25/98)

Representative Benjamin L. Cardin Voted: **NO**

Social Security Surplus - Democratic Substitute

Date: 9/25/98
Bill Number: HR 4578
Sponsor: Amendment introduced by Rangel, D-NY; bill introduced by Archer, R-TX.
Outcome of This Vote: Amendment rejected
Votes FOR: 210
Votes AGAINST: 216

HR 4578: Save Social Security Act

Vote to pass a substitute amendment, to replace the language in the bill with alternative language that would require 100 percent of any annual budget surplus to be placed in a trust held by the Federal Reserve Bank of New York for the Social Security System. [The original language would require 90 percent of any annual to be set aside in a new 'Protect Social Security Account.']
Amendment introduced by Rangel, D-NY; bill introduced by Archer, R-TX.
(Amendment rejected 210-216 on 9/25/98)

Representative Benjamin L. Cardin Voted: **YES**

Social Security Reform Panel - Passage

Date: 4/29/98
Bill Number: HR 3546
Sponsor: Bill introduced by Archer, R-TX.
Outcome of This Vote: Bill passed
Votes FOR: 413
Votes AGAINST: 8

HR 3546: National Dialogue on Social Security Act of 1998

Vote to pass a bill to establish a bipartisan commission to develop reform proposals for Social Security. The panel must submit a report of its findings and recommendations no later than February 1, 1999.
Bill introduced by Archer, R-TX.
(Bill passed 413-8 on 4/29/98)

Representative Benjamin L. Cardin Voted: **YES**

Budget Enforcement Act - Social Security

Date: 7/23/97
Bill Number: HR 2003
Sponsor: Thurman, D-FL
Outcome of This Vote: Motion to recommit rejected
Votes FOR: 148
Votes AGAINST: 279

HR 2003: The Budget Enforcement Act

Vote on a motion to send the bill back to the Budget Committee with instructions to add language to reserve the first $100 billion of budget surpluses to take Social Security off-budget, and to establish the House Ways and Means Committee, and the Senate Finance Committee as the committees with jurisdiction to consider legislation responding to revenue shortfalls, among other provisions.
Thurman, D-FL, motion to recommit.
(Motion to recommit rejected 148-279 on 7/23/97)

Representative Benjamin L. Cardin Voted: **NO**

Robert T. Matsui
U.S. House of Representatives
California District 5
Party: Democrat

**Committees:**

•Ways & Means [House]•House Leadership, Democratic At-Large Whip

**Biographical Data & Political Experience**

Name: Robert T. Matsui
Gender: Male
Birth Date: 09/17/41
Birth Place: Sacramento, CA
Home City: Sacramento, CA
Family: Wife: Doris Okada; 1 Child.
Religion: Methodist

**Educational Experience:**

AB, University of California, Berkely, 1963;
JD, Hastings College of Law, University of California, Berkeley, 1966.

**Professional Experience:**

Attorney, admitted to California Bar, 1967.

**Organizational Memberships:**

California Democratic Central Committee, 1973-78;
Sacramento Metropolitan Chamber of Commerce.

Current Office: U.S. House of Representatives District 5

First Elected: 11/07/78
Last Elected: 11/03/98
Year of Next Election: 2000

**Political Experience:**

Sacramento City Council, 1971-78;
Sacramento Vice Mayor, 1977;
House Democratic At-Large Whip.

**Caucus / Non-Legislative Committees:**

At-Large Whip
Democratic Congressional Campaign Committee
Steering Committee.

## Rep. Robert Matusi, D-CA (5th District) Solvency Quotes

Congressman Matusi as the ranking Democratic member of the Social Security subcommittee, would be in a position to shape the Democrats' proposal and possibly influence the Republican plan. .......... In the past, Matusi has said the current federal budget surplus should be used to shore up Social Security. And he is likely to oppose GOP proposals to privatize the program. Sacramento Bee article of 11/6/98.

"My highest priorities for the next Congress are the preservation of Social Security, passing a more simplified tax code and ensuring that Sacramento has a significantly improved level of flood protection." Sacramento Bee 10/25/98.

"After a brief honeymoon, this could become a very partisan Congress, Everybody is very nervous and the problem is so far off.... the (Social Security)system won't go broke for another 30 years. The odds of getting an agreement next year are not better than 25-75. It's going to be very very tough." Sacramento Bee 12/8/98

Congressman Matusi does oppose requiring new local and state workers to join Social Security. Sacrament Bee story 12/9/98

**Representative Robert T. Matsui**
California -- Party: Democrat
Vote Issue Area: Social Security

Social Security Surplus - Passage

Date: 9/25/98
Bill Number: HR 4578
Sponsor: Bill introduced by Archer, R-TX.
Outcome of This Vote: Bill passed
Votes FOR: 240
Votes AGAINST: 188

HR 4578: Save Social Security Act

Vote to pass a bill to establish a 'Protect Social Security Account' to place 90 percent of any annual budget surpluses until a reform measure is enacted to keep Social Security solvent long-term. The bill provides for the 90 percent set-aside through fiscal year 2008. Bill introduced by Archer, R-TX.
(Bill passed 240-188 9/25/98)

Representative Robert T. Matsui Voted: **NO**

Social Security Surplus - Democratic Substitute

Date: 9/25/98
Bill Number: HR 4578
Sponsor: Amendment introduced by Rangel, D-NY; bill introduced by Archer, R-TX.
Outcome of This Vote: Amendment rejected
Votes FOR: 210
Votes AGAINST: 216

HR 4578: Save Social Security Act

Vote to pass a substitute amendment, to replace the language in the bill with alternative language that would require 100 percent of any annual budget surplus to be placed in a trust held by the Federal Reserve Bank of New York for the Social Security System. [The original language would require 90 percent of any annual to be set aside in a new 'Protect Social Security Account.']
Amendment introduced by Rangel, D-NY; bill introduced by Archer, R-TX.
(Amendment rejected 210-216 on 9/25/98)

Representative Robert T. Matsui Voted: **YES**

Social Security Reform Panel - Passage

Date: 4/29/98
Bill Number: HR 3546
Sponsor: Bill introduced by Archer, R-TX.
Outcome of This Vote: Bill passed
Votes FOR: 413
Votes AGAINST: 8

HR 3546: National Dialogue on Social Security Act of 1998

Vote to pass a bill to establish a bipartisan commission to develop reform proposals for Social Security. The panel must submit a report of its findings and recommendations no later than February 1, 1999.
Bill introduced by Archer, R-TX.
(Bill passed 413-8 on 4/29/98)

Representative Robert T. Matsui Voted: **YES**

Budget Enforcement Act - Social Security

Date: 7/23/97
Issue: Social Security
Roll Call Number: 0300
Bill Number: HR 2003
Sponsor: Thurman, D-FL
Outcome of This Vote: Motion to recommit rejected
Votes FOR: 148
Votes AGAINST: 279

HR 2003: The Budget Enforcement Act

Vote on a motion to send the bill back to the Budget Committee with instructions to add language to reserve the first $100 billion of budget surpluses to take Social Security off-budget, and to establish the House Ways and Means Committee, and the Senate Finance Committee as the committees with jurisdiction to consider legislation responding to revenue shortfalls, among other provisions.
Thurman, D-FL, motion to recommit.
(Motion to recommit rejected 148-279 on 7/23/97)

Representative Robert T. Matsui Voted: **NO**

E. Clay Shaw, Jr.
U.S. House of Representatives
Florida District 22
Party: Republican

**Committees:**

•Ways & Means [House]

**Biographical Data**

Name: E. Clay Shaw, Jr.
Gender: Male
Birth Date: 04/19/39
Birth Place: Miami, FL
Home City: Fort Lauderdale, FL
Family: Wife: Emilie Costar; 4 Children.
Religion: Roman Catholic

**Educational Experience:**

BA, Stetson University, 1961;
MBA, University of Alabama, 1963;
JD, Stetson University College of Law, 1966.

**Professional Experience:**

Assistant City Attorney, Ft. Lauderdale, 1968;
Chief City Prosecutor, 1968-69;
Associate Municipal Judge, 1969-71;
City Commissioner, 1971-73.

Organizational Memberships:

St. Anthony's Church;
Republican National Committee. Executive Committee, US Conference of Mayors.

Current Office: U.S. House of Representatives District 22

First Elected: 11/04/80
Last Elected: 11/03/98
Year of Next Election: 2000

**Political Experience:**

US Special Ambassador, Papua, New Guinea (Pres. Ford);
Ft. Lauderdale Chief vice mayor, 1973-75;
Ft. Lauderdale Mayor, 1975-81;
Ft. Lauderdale Associate Municipal Judge, 1969-71;
Ft. Lauderdale Assistant City Attorney, 1968;
Ft. Lauderdale Chief City Prosecutor, 1968-69;
City Commissioner, 1971-73.

## Representative E. Clay Shaw (R-FL-22nd District) - Solvency Quotes

"It may be incremental and we can't do it all at once. But my goal is to assure the liquidity of the Social Security system through the next century."
"No Done Deal on the Hill," *The National Journal*, 1/9/99.

"We don't want the federal government running America's corporations, that's socialism, and we sure don't want politics getting involved in the investments."
"Social Security Idea Complex," *AP Online*, 1/4/99.

"To save and strengthen Social Security, Mr. President, you need to lead our nation. ... You need to submit to Congress a specific plan to save Social Security soon, or the job may not get done." *The Sacramento Bee*, "Clinton calls for cooperation on Social Security," 12/9/98.

"Put principles before politics, and make this the finest hour of your presidency." *Pittsburgh-Post-Gazette*, "Clinton, lawmakers pledge Social Security bipartisanship," 12/9/98.

"In this year's budget, I would urge you and the Congress to stop the so-called emergency spending that has led to a breakdown in fiscal discipline." *The Sacramento Bee*, "Clinton calls for cooperation on Social Security," 12/9/98.

(Referring to business groups who do not want responsibility for administration of the investment plans:) "I don't know if that's a doable option." *CQ Daily Monitor*, "Guarded Optimism Emerges from Social Security Conference," 12/10/98.

"I'm making an absolute effort to put all plans on the table."
"Breaux: Social Security Has 6 Month Window of Opportunity," *States News Service*, 12/8/98.

"Republicans have four goals that any plan should achieve:

Number 1: It must be fair to current and future retirees, especially women.
Number 2: Improve fairness across generations.
Number 3: There must be a safety net for the needy and disabled.
Number 4: There should be new options for younger workers."

Rep. Shaw's Radio Address, 12/5/98.

"When President Clinton convenes his historic White House summit, we are hopeful that he will present to us and the nation a specific plan on how best to strengthen Social Security. That's how Social Security reforms always began in the past, and we agree with the President that we should save Social Security first." *Id.*

"...[W]e've got to make the system actuarially sound. When we find ourselves with less workers supporting more retirees, we've got to make sure that we've go a [system] that is affordable."
"Social Security Group Gets Chief," *The Washington Times*, 11/21/98.

**Rep. Shaw's Solvency Quotes (continued)**

"We're running out of time. If it's not done during the rest of the term of this administration, it will be looked at as a real tragedy."
"GOP Calls on Clinton for Social Security Reform Plan," *The Palm Beach Post*, 11/20/98.

**Representative E. Clay Shaw, Jr.**
Florida -- Party: Republican
Vote Issue Area: Social Security

Social Security Surplus - Passage

Date: 9/25/98
Bill Number: HR 4578
Sponsor: Bill introduced by Archer, R-TX.
Outcome of This Vote: Bill passed
Votes FOR: 240
Votes AGAINST: 188

HR 4578: Save Social Security Act

Vote to pass a bill to establish a 'Protect Social Security Account' to place 90 percent of any annual budget surpluses until a reform measure is enacted to keep Social Security solvent long-term. The bill provides for the 90 percent set-aside through fiscal year 2008. Bill introduced by Archer, R-TX.
(Bill passed 240-188 9/25/98)

Representative E. Clay Shaw, Jr. Voted: **YES**

Social Security Surplus - Democratic Substitute

Date: 9/25/98
Bill Number: HR 4578
Sponsor: Amendment introduced by Rangel, D-NY; bill introduced by Archer, R-TX.
Outcome of This Vote: Amendment rejected
Votes FOR: 210
Votes AGAINST: 216

HR 4578: Save Social Security Act

Vote to pass a substitute amendment, to replace the language in the bill with alternative language that would require 100 percent of any annual budget surplus to be placed in a trust held by the Federal Reserve Bank of New York for the Social Security System. [The original language would require 90 percent of any annual to be set aside in a new 'Protect Social Security Account.']
Amendment introduced by Rangel, D-NY; bill introduced by Archer, R-TX.
(Amendment rejected 210-216 on 9/25/98)

Representative E. Clay Shaw, Jr. Voted:**NO**

Social Security Reform Panel - Passage

Date: 4/29/98
Issue: Social Security
Sponsor: Bill introduced by Archer, R-TX.
Outcome of This Vote: Bill passed
Votes FOR: 413
Votes AGAINST: 8

HR 3546: National Dialogue on Social Security Act of 1998

Vote to pass a bill to establish a bipartisan commission to develop reform proposals for Social Security. The panel must submit a report of its findings and recommendations no later than February 1, 1999.
Bill introduced by Archer, R-TX.
(Bill passed 413-8 on 4/29/98)

Representative E. Clay Shaw, Jr. Voted: **YES**

Budget Enforcement Act - Social Security

Date: 7/23/97
Bill Number: HR 2003
Sponsor: Thurman, D-FL
Outcome of This Vote: Motion to recommit rejected
Votes FOR: 148
Votes AGAINST: 279

HR 2003: The Budget Enforcement Act

Vote on a motion to send the bill back to the Budget Committee with instructions to add language to reserve the first $100 billion of budget surpluses to take Social Security off-budget, and to establish the House Ways and Means Committee, and the Senate Finance Committee as the committees with jurisdiction to consider legislation responding to revenue shortfalls, among other provisions.
Thurman, D-FL, motion to recommit.
(Motion to recommit rejected 148-279 on 7/23/97)

Representative E. Clay Shaw, Jr. Voted: NO

## 11-Use Budget Surpluses for Retirement Accounts

**Current Law:** For the first time in 30 years, the federal government is running a budget surplus. There are no provisions detailing how to spend a surplus.

**Option:** Take money from the surplus, and open special new retirement accounts for each American. The accounts would be invested in stocks and bonds, and would provide extra cash at retirement, in addition to Social Security benefits.

**Pro:** This would give individuals extra money for retirement, making them less dependent on Social Security. The new money would add to national savings, providing additional capital for business investments to make the economy more productive.

**Con:** It does nothing to solve the long-range financing problems of the Social Security system: after 2032, according to the intermediate estimate, the trust fund will be able to pay only 75% of the benefits promised under current law.

## 12-Increase the Number of Years to Calculate Benefits

**Current Law:** The Social Security retirement benefit is pegged to earnings during an individual's work history. For current retirees Social Security calculates the benefit using the highest 35 years of income.

**Option:** Increase the number of years for determining benefits to 38 years or 40 years.

**Pro:** This would help the system's finances by making a slight reduction in overall benefit payments. It would help toward the desired goal of assuring the long-range solvency of Social Security without imposing major tax increases or significant benefit cuts.

**Con:** This would hurt workers who do not have 38 or 40 years of full employment during their career. The low earnings years, or years of zero earnings would reduce the benefit. Women would be particularly impacted, because they are more likely to leave the work force for a number of years to stay home raising their children.

## 13-Cover All New Workers Hired by State and Local Governments

**Current Law:** A number of state and local governments were allowed to choose years ago to remain outside the Social Security system.

**Option:** Require any new workers hired by these governments to enroll in the Social Security system.

**Pro:** This provides an additional source of revenue for Social Security. These workers will be contributing payroll taxes, and most of them will not collect benefits for decades.

**Con:** This restricts freedom of choice for these newly hired workers. They may prefer to be enrolled exclusively in the retirement programs operated by the state or local agencies. This option creates transition costs for state and local governments.



A project funded by The Pew Charitable Trusts

*This is a sample of some of the many options for Social Security reform.* ***Americans Discuss Social Security*** *does not endorse any options or take a position in the Social Security debate.*

## 1-Retirement Age

**Current Law:** Full benefits are currently available at age 65. A reduced benefit can be collected starting at age 62, with an amount equal to 80% of the full benefit.

The age of retirement for full benefits will increase at the rate of two months a year, starting in the next century. It will rise to the age of 66 for those born between 1943 and 1954, and rise to 67 for those born in 1960 or later. People will still be allowed to take early retirement at 62, but the benefit will be reduced to 75%, and eventually 70% of the full benefit.

**Option:** Increase the age at which one can receive full benefits.

**Pro:** Since Social Security was enacted, life expectancy at birth has risen from 63 to 76. It makes sense to keep pace with that increase by asking people to work longer before claiming full retirement benefits.

**Con:** This increase could hurt people who have physically demanding jobs, those who have serious health problems, and those who cannot find work because of age discrimination or lack of suitable work.

## 2-Payroll Tax Rates

**Current Law:** Social Security payroll tax rate for employers and employees each is 6.2% (total of 12.4%) on earned income up to $68,400 in 1998; no increases in the rate are scheduled in present law.

**Option:** Increase the payroll tax rate.

**Pro:** A modest increase in the payroll tax is a small price to pay to keep Social Security strong.

**Con:** Payroll taxes are already too high, and increasing them further will worsen the rate of return that all future beneficiaries receive.

## 3-Investment of Trust Fund Assets in Stocks

**Current Law:** Surplus funds collected by the Social Security system are invested in special issues of Treasury securities, backed by the full faith and credit of the U.S. government. The average interest rate earned last year was 7.5%.

**Option:** A portion of the Social Security surplus would be invested in the stock market, with an independent board selecting portfolio managers to operate indexed funds.

**Pro:** Social Security could receive a higher rate of return on its investments, and the Social Security system would bear the risks involved, rather than the individual.

**Con:** Social Security trust funds would have to absorb risks of market downturns. Investment decisions could become highly politicized as the Social Security trust funds are invested in the market. Social Security could become involved in the operations of businesses.