

For Immediate Release
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**Statement of the National Senior Citizens Law Center
Happy Birthday, Social Security!**

WASHINGTON, DC -- Seventy-seven years ago on August 14, 1935, President Franklin D. Roosevelt signed the Social Security Act into law. Of all presidential actions in the 20th century, this is the one that has the greatest impact on most Americans today. Yet far too few people are aware of the profound change this legislation has brought about. At that time, old age and poverty were synonymous. Older Americans and those with disabilities were all too often forced to endure severe deprivation or move in with their children for support, thereby straining the financial prospects of the next generation.

Over the years since 1935, as Social Security gradually kicked in, poverty in old age has gradually diminished. This trend has been bolstered by improvements to the program, beginning with legislation authorizing benefits for spouses, widows and minor children of retired or deceased workers in 1939. Another major landmark came 56 years ago this month when President Dwight D. Eisenhower signed legislation establishing the Social Security Disability Insurance program.

Today Social Security accounts for a majority of the income of two-thirds of Americans age 65 and over. This percentage is even higher for older age groups as fewer people are able to continue working. Reliance on Social Security is significantly higher for single women, whether widowed, divorced or never married, as well as for African-Americans, Latinos and Asian-Americans. In the future, Social Security can be expected to play an even more important role in retirement security for all these groups as private pensions disappear and 401(k)s and other private savings diminish.

In observing this anniversary, we need to celebrate the critical role played by Social Security in enabling older Americans and workers who become disabled to live independently and not be a burden to their offspring. We also need to be vigilant and protect Social Security from ill-advised efforts to cut benefits. For example, the proposal to reduce the annual cost of living adjustment (COLA) by use of the Chained CPI does not work very well for those who are already doing with less and this is because the chained CPI is based on the theory that if prices go up, you should make do with less.

Social Security benefits must be protected, not only for those who are receiving benefits now, but also for those who will be receiving benefits 30, 40 or more years from now. These are the people who would suffer a significant reduction in future benefits if the proposal to increase the retirement age were enacted. A retirement age increase is simply a stealth benefit cut that would apply to everyone regardless of the age at which one retires.

We should see this anniversary as an opportunity to continue an historical pattern of improving and updating the program, not threatening to scale it back. Among needed improvements to the program are the following:

- **Equal benefits for those in a same sex committed relationship.** Currently, those in a same sex relationship are denied benefits which are routinely available to those in an opposite sex marriage, such as the widow or widower benefit and the spousal benefit.
- **Caregiver credit.** Currently, when one spends time out of the labor force for the purpose of child care or to care for an aging parent, this time is not recognized in the calculation of the Social Security benefit. Upon retirement, this most often results in lower benefits for women who already have lower benefits because of lower wages. Various proposals have been made for correcting this gap.
- **Use CPI-E for calculating the annual Social Security COLA.** Currently the annual Social Security cost of living adjustment is calculated by use of the CPI-W which is based on a survey of the living expenses of a working population and excludes from the survey anyone over age 62. The CPI-E, or Consumer Price Index for the Elderly, is a more appropriate measure of the cost of living of Social Security beneficiaries, who because of age and/or disability spend a much higher portion of their income on health care. The CPI-E needs to be made more robust and should be used to calculate the Social Security COLA.
- **Eliminate or raise the FICA cap.** Currently only the first \$110,100 of annual wages is subject to FICA. Because of rising income inequality, this captures a smaller percentage of total wages than it did 30 years ago. Raising the FICA cap and/or gradually increasing the percentage by a modest amount from the current 6.2% of wages would eliminate the current projected long-term shortfall in the Social Security Trust Fund and would pay for the suggested benefit improvements.

If we are able to preserve the Social Security program and make modest improvements to it, we will have even more to celebrate when it comes time for Social Security's centennial in 2035.

The National Senior Citizens Law Center is a non-profit organization whose principal mission is to protect the rights of low-income older adults. Through advocacy, litigation, and the education and counseling of local advocates, we seek to ensure the health and economic security of those with limited income and resources, and access to the courts for all. For more information about our positions on protecting Social Security, visit the Economic Security section of our Web site at www.NSCLC.org.

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Media contact:

Scott L. Parkin
202-683-1996 (Office)
703-975-1769 (Cell)
Sparkin (at) nsclc (dot) org

