

Testimony – National Fiscal Commission on Responsibility and Reform

Submitted by Ashley B. Carson, Executive Director, Older Women’s League

Thank you, Mr. Simpson and Mr. Bowles, for the opportunity to speak tonight. A critical part of economic security for women, especially older women, is Social Security. There is a great deal of concern among advocates, but also among the public, as recent polling data indicates, that this commission will recommend cuts Social Security. In the same way the public rejected privatization in 2005, they reject any notion of cuts to Social Security, either by further raising the retirement age, or by reducing benefits. They know it’s they money, and they expect the government to keep its promises, and they firmly reject the idea that cuts to Social Security will “fix” the deficit.

The reality of the situation is that most retirees are not driving Lexuses and living in gated communities, though the faith in the American dream has us all believing that that will be our fate. Right now, nearly half of women 65+ living alone are poor. While the average Social Security benefit is \$13,800, women receive about \$2000 less. It’s above poverty, but let’s be real: \$11,800 is not enough to survive on, and for a growing number of older women, it’s all they have. It’s less than \$1000 a month to pay rent, or mortgage and taxes, to buy food, pay for heat, water and electricity, transportation, medicine and basics like toothpaste and toilet paper. According to the Elder Economic Security Standard™ Index (Elder Index), which compares incomes with actual costs of living for older Americans, it’s about 56% of what older women need to meet their basic needs.

Women face an incredible confluence of circumstances in retirement. First, women are paid less for **the same work** as their male counterparts, to the tune of hundreds of thousands of dollars over a lifetime of working. This means they have fewer financial resources to care for themselves and their families, a lower base upon which Social Security benefits will be determined, and less money at the end of each month to put away for retirement. On top of this, many women spend years out of the paid workforce caring for children and aging parents and loved ones. Women in the so-called “sandwich generation” find themselves caring for both children and parents at the same time. Women receive no pay for this time out of the workforce, and are not credited in Social Security for the contributions this work makes to families, community, and our larger society. Further, women are more likely to work in part-time positions, which do not offer retirement benefits and result in lower take-home pay, and are less likely overall to have any employer-sponsored retirement benefit, whether through pension, 401(k), or retiree health benefits. This means that at the end of a woman’s working life, she has less money, and more needs. Finally, women live longer, which means they have to make whatever private funds they may have last even longer. Cutting Social Security will not remedy these problems, it will only exacerbate them.

One way to cut benefits in Social Security is to raise the retirement age. Raising the retirement age is being touted as the most likely “fix” to Social Security’s imagined “crisis,” but this will not reduce our nation’s deficit, and voters know it.

We need to focus on the facts. First, Social Security is not in crisis and cutting benefits will not solve a crisis that does not exist. Social Security does not contribute one penny to the federal deficit and in its current state will remain solvent for almost thirty years. Second, Social

Security's trust fund was built up in anticipation of the baby boom retirement wave. We knew this would happen, and the government built up the surplus for this very purpose. Third, the money in the trust fund has been placed into US Treasury bonds, and much of the money has been borrowed by the Federal Government to fund other items in the budget – such as the wars in Iraq and Afghanistan. The United States has sold Treasury Bonds to others besides the American people, such as China, and will be required to pay those debts in full, plus interest. These aren't "worthless IOUs," but loans the government took and owe back to American workers.

Due to the changing workforce, unemployment later in life and the vast increase in age discrimination claims, it is clear that raising the retirement age for Social Security is not a viable option for the American people. While overall, women and men are living longer, the data show that increased longevity is linked to income and education and does not mean that people are able to work longer before receiving their Social Security retirement benefits. Well-educated, higher-income white men are living longer, but for lower-income women, life expectancy has actually decreased.

Adjustments to Social Security's "retirement age" sound to non-experts like a work incentive or an appropriate adjustment for longer, healthier lives, when it is simply an across-the board benefit cut, albeit disguised, which falls heaviest on those who are in physically demanding jobs or who find themselves laid off and unable to find new employment. While an economist, lawyer or Member of Congress may find it easy to delay retirement for a few more years, the same cannot be said for auto workers, coal miners and nursing assistants.

As an aside, if deficit-hawks were serious about linking retirement benefits to longevity or cutting back worker investments, they would also be talking about increasing ERISA's statutorily defined retirement age, which is still set at age 65, and increasing the age at which taxpayers can withdraw private retirement funds from IRA's and 401(k)s without penalty, which remains at 59.5. That they are not sheds a little light on their true motives: not strengthening retirement, but cutting Social Security and forcing workers into private retirement plans that benefit Wall Street.

The goal of Social Security retirement income is to provide a base level of replacement of monthly wages in old age, when workers can no longer stay in the workforce. These benefits provide a foundation for retirement security, but are not enough to meet the basic needs of many retirees; nonetheless many retirees rely solely on Social Security, and that number is going up. Cuts to benefits for the workers who paid in will force too many retirees to choose between rent, medicine, and food, and will take us back to the days before Social Security, when nearly half of all seniors lived in poverty. Women deserve better than that.