

What Is Social Security?

- Social Security provides a guaranteed income each year for more than 47 million retirees, family members of workers who have died and people with disabilities. About 30 percent of Social Security beneficiaries receive survivor or disability benefits. *(Social Security Administration)*
- Nearly two-thirds of retirees count on Social Security for most of their retirement incomes. *(Social Security Administration)*
- Social Security is a safety net that keeps retirees out of poverty. Between 1960 and 2004, Social Security helped cut the poverty rate among seniors by more than two-thirds, from 35 percent to 10 percent. *(Social Security Administration)*
- Social Security beneficiaries earned their benefits by paying into the system throughout their time at work. Social Security is not a government handout.
- We must strengthen Social Security, but we must take the time to get it right. Social Security is a sound system that can meet 100 percent of its obligations until 2042 (some projections say 2052). After 2042, if no changes are made, funds from Social Security payroll taxes will be sufficient to finance nearly 70 percent of the payments to beneficiaries. *(Social Security Trustees, "The 2004 OASDI Trustees Report," Congressional Budget Office, "The Outlook for Social Security," June 2004)*
- Administrative costs for Social Security are less than 1 cent per dollar paid out in benefits. This is much lower than the average administrative costs of 12 to 14 percent for private insurers. *(Social Security Administration, American Council of Life Insurers)*
- Privatization backers are trying to scare Americans into believing Social Security faces a crisis so they can sell privatization. But while Social Security does face problems that must be addressed, privatization will make the situation *worse*, not better.
- In fact, under privatization proposals:
 - ▶ The average worker who worked a full career under the Bush plan would lose \$152,000 in guaranteed benefits. *(The Century Foundation, Center on Budget and Policy Priorities, Center for Economic and Policy Research)*
 - ▶ Guaranteed benefits would be cut by 40 percent even for workers who don't choose to have a privatized account. *(The Century Foundation, Center on Budget and Policy Priorities)*
 - ▶ For people with private accounts, the government would take at least 70 cents in retirement benefits for every \$1 in their accounts—on top of the 40 percent benefit cut. *(Center on Budget and Policy Priorities)*

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