

What Is Social Security?

SOCIAL SECURITY provides a guaranteed income each year for more than 47 million retirees, family members of workers who died and people with disabilities. About 30 percent of Social Security beneficiaries receive survivor or disability benefits.

Nearly two-thirds of retirees count on Social Security for most of their retirement incomes.

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 beneficiaries earned their benefits by paying into the system throughout their time at work.

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.

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.

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 would lose \$152,000 in guaranteed retirement benefits.
- Guaranteed benefits would be cut by 40 percent even for workers who don't choose to have a privatized account.
- For workers who do choose privatized accounts, the government will take back 70 cents in Social Security benefits for every \$1 in their accounts. That's on top of the 40 percent guaranteed benefit cut.

Social Security
FIX IT. DON'T PRIVATIZE IT.