

## **SOCIAL SECURITY**

### **ANA POSITION**

ANA believes Social Security needs to be maintained as a strong, viable program and needs to be preserved for those who count on its benefits. ANA supports maintaining the social insurance component of the current Social Security program and believes policy makers need to address the long term financing needs of the program to ensure that it remains viable.

### **BACKGROUND**

Since its establishment in 1935 to provide retirement income to retirees, Social Security has been providing retirement benefits, and also benefits for workers and their families if they die or become disabled. At the end of 2010 approximately 54 million people received Social Security benefits and over 157 million are covered by their contributions to Social Security. If you were born in 1937 or earlier your full retirement age is 65, born between 1943-1954 your full retirement age is 66 and if you were born in 1960 or later, your full retirement age is 67, but an individual may retire as early as age 62 with reduced benefits.

Social Security is financed primarily through payroll taxes. This income goes directly to meet current benefit obligations. The program is not, as is popularly believed, financed by individual accounts that a worker pays into when working and then draws out from when retired.

Given the future growth of the elderly population once the “baby boom” generation starts retiring; Social Security is facing a long term funding crisis. Since the program counts on the income of current workers to fund the benefits of current retirees, the demographic shift will have serious negative consequences for the Social Security Trust Fund.

There are frequently proposals to address the funding issue. The greatest controversy surrounds proposals to *privatize* funding. These proposals involve allowing individuals to invest some of the money they would pay in Social Security taxes in the stock market or other investment vehicles. Another proposal to adopt a “chained CPI” will cut the cost of living adjustment (COLA) by 3% for workers retired for 10 years and 6% for workers retired twenty years.

One issue raised by supporters of the current system is that Social Security provides a public “safety net” by increasing the payments lower income beneficiaries receive. The National Committee to Preserve Social Security and Medicare note that two-thirds of Social Security beneficiaries receive over half their income from Social Security. And for nearly 20 percent of retirees, Social Security is their only source of income. Without Social Security, nearly half of the elderly would fall into poverty<sup>1</sup>. Many of the proposals that involve allowing individuals to invest Social Security money themselves lose that element of social insurance.

### **RATIONALE**

The American Nurses Association believes that the Social Security program provides valuable

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<sup>1</sup> National Committee to Preserve Social Security and Medicare. **Myths and Realities about Social Security and Privatization**. <http://www.ncpssm.org/news/archive/myths/>

benefits to both retirees and younger workers and their dependents. The program must meet the challenge presented by the impending retirement of the baby boom generation, without dismantling the program or undermining its guarantees. In 1999, the ANA House of Delegates agreed to:

- Advocate the continuation of Social Security as a social insurance program that is universal and portable with guaranteed benefits.
- Promote strong consumer protections to assure that the social security safety net continues to provide for the needs of retirees, the disabled and their dependents, and the surviving spouses and children of deceased workers.
- Support funding mechanisms that require those most able to pay to contribute their fair share and those least able to pay to contribute proportionately less to maintain the ongoing solvency of the Social Security Trust Fund.
- Oppose individual private investment accounts that are in substitution of and thereby threaten the social insurance structure of the Social Security program.
- Oppose any additional increases in the age of eligibility for full retirement benefits.

The American Nurses Association urges Congress and the President to retool Social Security to ensure its solvency beyond 2042 and to include in the reformed Social Security Benefit package a “caregiver earning year benefit” of 10 years for workers who left the workforce to care for children and aging/impaired relatives. ANA also urges Congress and the President to oppose any shift of payroll taxes by substitution into private investment accounts. Finally, ANA urges Congress and the President to use any new revenues to repay and strengthen Social Security and extend the solvency of the Social Security Trust fund, not to the creation of any form of personal investment account.

