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# The Protecting and Preserving Social Security Act

## *Overview*


The Protecting and Preserving Social Security Act **protects and extends the solvency** of Social Security by slowly phasing out the cap on high-income contributions and **improves benefits** for seniors, people with disabilities and all other beneficiaries by basing their cost-of-living adjustments on things like prescription drugs and housing instead of electronics or new cars to better reflect how seniors spend their money. It accomplishes both **without increasing the retirement age or cutting benefits in any other way**.

Senator Mark Begich and Congressman Ted Deutch reintroduced this bill to make clear that Social Security is **fully solvent** for at least two decades, has **not added to the federal deficit** and should **not be targeted for cuts or privatization**. They believe politicians should keep their hands off the Social Security Trust Fund. Social Security is not welfare, but a system of social insurance that protects all of us from utter poverty in the event we retire, suffer a disabling injury or illness, or experience the death of a breadwinner.

The promise of Social Security is that **hardworking Americans pay into it their whole lives and then count on it** to help make ends meet during their retirement years. This bill makes sure that will happen for generations to come.

***Key Elements of the Bill***

**Lifting the cap on high-income contributions** – Unless you are in a different retirement system, Social Security is deducted from each paycheck. Current law sets a cap on contributions based on income ($113,700 for 2013). High-income earners – including memebrs of Congress - stop paying into the program once they hit the cap each year. The Protecting and Preserving Social Security Act would phase out what has essentially become a tax loophole, so that higher-income Americans pay into Social Security all year, just like everyone else.

**Adjusting and improving benefits with a fair market basket of costs** – This bill not only protects Social Security, but improves benefits for all retirees. Today, Social Security benefit payments are adjusted by the Consumer Price Index for workers. However, costs for seniors rise faster than for working Americans. As seniors spend more of their income on medical care, prescription drugs, energy costs, and other growing expenses, the purchasing power of their benefits continues to shrink. This bill replaces the CPI for workers (CPI-W) with a CPI for the elderly (CPI-E), which was created by the Bureau of Labor Statistics to more accurately measure the costs of goods and services seniors actually buy.

***Additional Details***

**Social Security is solvent for 2 decades; this bill adds decades more solvency** – The current Social Security payroll tax (Federal Insurance Contributions Act, or FICA) and available reserves in the Trust Fund will cover full benefits until at least 2033, and nearly 75 percent of benefits after that with no changes at all. Social Security may even be able to pay out full benefits beyond 2033, for FICA revenues will increase if we create more jobs and grow middle class incomes. What is good for the economy is also good for Social Security.

This is a manageable shortfall and should not trigger talk of benefit cuts, raising the retirement age or privatization. Instead, modest revenue increases in the Protecting and Preserving Social Security Act will be gradually implemented to make Social Security solvent for decades longer – without adding to the deficit or slashing benefits.

**Those who pay more into Social Security will get more back** – Since its creation, Social Security has linked individual contributions to the amount of benefits paid. The Protecting and Preserving Social Security Act preserves this link. The bill lifts gradually the payroll tax cap over seven years, meaning that a worker earning $150,000 would only pay $321 more in FICA in Year 1 (about $13 per paycheck) and then an additional $321 annually through Year 7. Likewise, employers would keep paying FICA on the portion of wages above the cap. Every additional dollar a person pays contributes under this bill earns them higher benefits and increases the financial security of their families. The bill also ensures Social Security continues to pay out proportionately larger benefits to low- and middle-income retirees.

**A more accurate cost-of-living index means fairer benefits** – Since the 1980s the Bureau of Labor Statistics has tracked an experimental Consumer Price Index for the elderly. The CPI-E was first authorized in the Older Americans Act in 1982. This bill will finally replace the current CPI formula used to calculate Social Security benefits with the CPI-E. If the CPI-E had been in place since it was created, seniors' monthly checks would be 4.5 percent bigger today. Because Social Security covers not just seniors but also their survivors and younger disabled Americans, the CPI adjustment in this bill affects all beneficiaries.

**Social Security isn't just for retired seniors** – The Protecting and Preserving Social Security Act stabilizes, improves and modernizes Social Security for current and future beneficiaries. This affects not only retired workers but also survivors and the disabled – including veterans, women and children. More than 56 million Americans are receiving Social Security this year.