

# FRIDAY ALERT



**Alliance for Retired Americans**

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Spanish version: [www.alianzadejubilados.org](http://www.alianzadejubilados.org)

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## **Budget Deal Protecting Social Security and Medicare Beneficiaries Passes U.S. House**

Congressional leaders and the White House announced on Monday that they had reached a deal to avert default and keep the government funded. Outgoing House Speaker **John Boehner** helped arrange the deal, which also cleared the way for new Speaker **Paul Ryan** to become the new Speaker without having to worry about clashes over the debt limit and budget issues until 2017.

Without the deal, some 30% of 54 million Medicare beneficiaries would have seen Part B premiums jump 52% in 2016, from a base rate \$104.90 per month to \$159.30. With the deal, about 16 million beneficiaries would see their Part B premiums rise 14% instead, to a new base rate of \$120 per month in 2016, plus a \$3-per-month surcharge.

In addition to smoothing out the Medicare premium spike, the budget deal also prevented a looming cut in Social Security disability payments. It re-allocates payroll taxes among Social Security program trust funds to ensure solvency of the disability insurance program. The disability insurance trust fund was on pace to run dry in 2016, and millions of Americans were going to get an automatic 19% reduction in their Social Security disability insurance benefits.

The deal cleared the House on Wednesday by a tally of 266-to-167, with Democrats providing the bulk of the yes votes. Republicans were divided on the bill, with 79 voting yes and 168 voting no. No Democrats voted against the bill. Senators voted 64-35 to approve the legislation shortly after 3 a.m. on Friday, and President **Obama** is poised to sign it into law.

“Movement to prevent a default and avert a government shutdown is welcome news for all Americans, but the deal is not perfect,” said **Richard Fiesta**, Executive Director of the Alliance.

“We would have preferred no increase to Medicare Part B premiums; however, limiting the increases of those who are not ‘held harmless’ is a step in the right direction,” he added.

In early October, Virginia Alliance President **Ron Thompson** of Ivor, Virginia spoke at a Capitol Hill press conference on how the increase would financially harm him. Over the last two weeks more than 30,000 Alliance members contacted their Members of Congress saying that a 52% premium hike was unfair and unwarranted.

“Our voices were heard,” said Mr. Fiesta. “While it appears a crisis has been averted, we have not improved retirement security for our nation’s seniors by expanding their earned Social Security benefits. We will continue to fight to make that a reality by urging Congress to implement a more accurate way to calculate cost-of-living adjustments: the Consumer Price Index for the Elderly (CPI-E),” Fiesta concluded.

## Republican Debate Dominated By Talk of Cutting Earned Social Security and Medicare Benefits

The contenders for the 2016 GOP nomination for U.S. president participated in their third debate on Wednesday in Boulder, Colorado, and several of the candidates spoke of raising the retirement age for Social Security and Medicare. **Dr. Ben Carson** spoke of “replacing” Medicare with a system of individual savings accounts. New Jersey Governor **Chris Christie** erroneously stated that Social Security would be “insolvent” in six to seven years. In actuality, Social Security has never missed a payment, and according to the Board of Trustees, is on track to meet all of its obligations until 2034.

“Retirees are deeply upset by the ease with which many of the candidates freely stated that the Social Security Trust Fund has been robbed,” said Alliance President **Robert Roach, Jr.** “They intend to make the ‘victims’ – the American people – pay for this ‘theft.’”

“There was no consideration that the trust fund is solid, and that seniors rely on these earned benefits for their daily livelihood,” Mr. Roach continued. “Without these funds, many seniors would not be able to make ends meet.”

“The Alliance for Retired Americans will aggressively fight back against any proposed cuts to Social Security. Those benefits were earned when the federal government took money out of people’s checks during their working years, and the government must keep its word.”

Earlier in the week, former Florida Governor **Jeb Bush’s** presidential campaign released a [plan](#) that would include “premium support” – also known as vouchers - to cut earned Medicare benefits.

## A Tale of Two Retirements: CEO’s and the Rest of Us

On Wednesday, the Center for Effective Government and the Institute for Policy Studies issued a new [report, A Tale of Two Retirements: Changing the rules that allow platinum pensions for CEOs and increase retirement insecurity for the rest of us](#). The report examined the retirement assets of the Fortune 500 CEOs and found that just 100 of them have \$4.9 billion - the same retirement savings as 41% of America's families. CEOs have been able to stockpile such huge retirement accounts in part due to the generosity of the American tax system – the Fortune 500 CEOs have \$3.2 billion in special tax-deferred compensation accounts that are exempt from the annual contribution limits imposed on ordinary 401(k)s. **David Cote** of Honeywell has the largest nest egg among major federal contractor CEOs, with \$168 million.

“The report is further evidence that we need to expand Social Security to help address the outrageous inequality in our country between the ‘haves-’ and the ‘have-nots,’” said Alliance Secretary-Treasurer **Joseph Peters, Jr.** “That is one of its key recommendations.”

## Vermont Alliance Holds Annual Meeting, Elects Officers

Last Saturday, the Vermont Alliance for Retired Americans held its annual meeting in Barre, Vermont. Mr. Fiesta provided an update from the national Alliance, including information about the proposed Trans-Pacific Partnership trade deal, and **Cindy Bruzese** from the Vermont Ethics Network spoke about the conflict between advance directives and EMT emergency care.

**Jane Osgatharp** was re-elected state president. Also elected were **Brenda Lindemann**, secretary, and **Scott Hess**, treasurer. **Jeanne Richardson**, **Fran Krushenick**, and **John Poeton** were elected for seats on the board.