

FRIDAY ALERT



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Elimination of Payroll Taxes a Road to Eliminating Social Security?

Amid [reports](#) that President **Trump** is abandoning the tax plan that was a part of his campaign, officials in the White House are considering eliminating FICA tax contributions, the payroll deductions that are the primary means of funding Social Security. Without employee and employer contributions to the Social Security trust funds, Social Security would have to compete with every other federal program for funding.

Given the GOP's willingness to cut Social Security in Congress, the guaranteed benefits that Social Security offers current and future retirees and people with disabilities would be in jeopardy. Eliminating the program's funding source would be a gateway to eliminating the program.

"Social Security is a contract between workers and the government that says the funds we put in will be returned to us. We will fight any attempt to take these guaranteed benefits away," said **Robert Roach, Jr.**, President of the Alliance.

Trump promised not to cut Social Security — or Medicare or Medicaid — during the campaign. However, House Freedom Caucus Chairman **Mark Meadows** (R-NC) [said](#) in February that he thought Trump would be open to making changes that would affect future Social Security beneficiaries. This plan would blatantly break Trump's pledge.

Referring to the president's promise, **Richard Fiesta**, Executive Director of the Alliance, said, "His rhetoric on the campaign was blunt and straightforward. He said he was not going to touch it. But now it seems like he's going after the very core of the funding of the system. That's crazy and dangerous."

OMB Director: Administration is Open to Medicare Privatization, Cuts to Social Security

In an [interview](#) that aired on CNBC Tuesday, Office of Management and Budget Director **Mick Mulvaney** — a former House member — kept the door open for President Trump to approve an overhaul of Medicare or Social Security if it were put forward by the Congress.

Asked by reporter **John Harwood** whether the president would veto the privatization of Medicare if it were passed by Congress, since he promised not to cut the program, Mulvaney urged Congress to pass the legislation and then said the Administration and Congress should "talk about it."

Harwood also questioned Mulvaney about whether Social Security Disability Insurance could be cut. Mulvaney said that he didn't think the administration had decided that yet, but added that he would like to "fix" that program, saying it is "one of the fastest growing programs that we have."



OMB Director Mulvaney

Mulvaney went on to say that “entitlement reform” is on the table. “There’s a lot of entitlement reform other than just how old do you have to be to get your Social Security benefits,” he declared.

“High-level Trump appointees are still pushing Paul Ryan’s dream of privatizing Medicare and slashing Social Security for disabled people and retirees,” said Alliance Secretary-Treasurer **Joseph Peters, Jr.** “The Social Security disability program is, in fact, not broken and is financially sound. It is important that Alliance members remain vigilant and active so we can stop these attacks on vulnerable citizens.”

Drug Companies Could Lose the Tax Write-off They Get for Running Ads

Changing the current system that allows the drug industry to write off advertising expenses could bring in \$50 billion in federal revenue over the next 10 years. Knowing that, many of the attendees at a drug advertising conference last week in Boston worried about the possibility of a federal crackdown on the pharmaceutical industry’s commercials.

According to the [website STAT](#), the United States is not likely to ban the ads altogether, but the tax break offered by the government for the ads could disappear. Democrats in Congress have long proposed stripping drug companies of this special interest tax advantage, and there’s now concern that Republicans could follow suit.

The Pharmaceutical Research and Manufacturers of America (PhRMA) spends about \$5 billion a year on direct-to-consumer advertising in the United States, or DTC. That is enough to tempt Republicans who are scrambling for ways to pay for a large corporate tax cut.

Recently several lawmakers — all of them Democrats except for **Bernie Sanders**, an independent — introduced identical bills in the House and Senate aimed at bringing down drug prices. Killing the tax deduction was among the provisions included in their bill.

For years, the Food and Drug Administration (FDA) kept PhRMA off TV by requiring that any ad list all of a drug's risks along with its benefits. This made running a 30-second clip a major challenge, but that changed in 1997 when the FDA began allowing commercials to summarize side effects and then refer viewers to a website or print ad instead.

The United States and New Zealand are the only two developed countries to allow TV ads for prescription drugs. The American Medical Association has long criticized the practice and in 2015 called for an outright ban on the ads. Over the past two decades, Democrats in Congress have tried and failed to get PhRMA off TV many times.

“Putting drug ads on TV contributes to the nation’s escalating health care costs,” said President Roach. “Drug companies are all too willing to take advantage of the millions of people who aren’t sure what condition they have, but know they want a cure.”

SOAR Members Convene in Las Vegas

Mr. Fiesta spoke about recent legislative developments concerning Social Security, Medicare and Medicaid at the United Steelworkers Organization of Active Retirees (SOAR) Conference last Friday and Saturday. He briefed retirees on the latest Republican proposal to repeal the Affordable Care Act, which would affect the cost of health care for older Americans who are not eligible for Medicare the hardest. The group discussed ways to build support for health care for all and mobilize retirees to oppose this dangerous agenda.

The Alliance for Retired Americans is a national organization that advocates for the rights and well-being of over 4.4 million retirees and their families.