



TESTIMONY OF ELIZABETH MARAFINO
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WAYS & MEANS COMMITTEE
SUBCOMMITTEE ON SOCIAL SECURITY

HEARING ON

“PROTECTING AND IMPROVING SOCIAL SECURITY: BENEFIT ENHANCEMENTS”

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Thank you, Congressman Larson, Ranking Member Reed and members of the Social Security subcommittee. I am Elizabeth Marafino, from West Hartford, Connecticut. I am President of the Connecticut Alliance for Retired Americans, a grassroots advocacy organization of more than 57,000 people. We are an affiliate of the Alliance for Retired Americans, which has 4.4 million members and is fighting to protect the health and economic security of all older Americans.

Every year the Connecticut Alliance surveys our members on which issues are the most important. Preserving and strengthening Social Security and Medicare always engender the most concern. It is so encouraging to our members that your committee is holding hearings and looking at proposals to both preserve and strengthen these programs.

When the Social Security Act was signed into law by President Franklin D. Roosevelt on August 14, 1935, it was intended to be - and still is today - a Social Insurance program. Social Security provides economic security to U.S. citizens. I want to stress the term "social insurance." Social Security is not an entitlement; it's an insurance program. Every paycheck we earned had a portion taken out and contributed to trust funds to protect retirees, people who lost a spouse or a parent and people with disabilities. For more than eight decades, in good times and in bad times, Social Security has never missed a payment to a beneficiary.

As part of our outreach, members of the Alliance speak with and interview retirees all across the country. Health concerns and income security are common to most seniors, and many tell us their only income is their monthly Social Security check. Retirees fear what would happen to them if Social Security were cut and worry about the skyrocketing cost of prescription drugs.

I'd like to share a few stories we've gathered that illustrate the challenges facing older Americans.

David of New Haven, Connecticut. "My wife and I retired and we both have several health problems. We live on \$900.00 a month from Social Security. We are worried that if we lose Social Security through a benefit cut or have Medicare coverage reduced, we would be unable to pay for our healthcare."

Mary of Essex, Connecticut. "I have crippling rheumatoid arthritis and get an infusion every six weeks. The cost for this procedure is approximately \$4,200.00. Without this treatment, I would be confined to a wheelchair. I worry that if Medicare is reduced, I would not be able to afford this treatment. I do not have a pension and receive \$700.00 a month from Social Security. Every month I take money out of my small bank account to supplement my Social Security check. I am 78-years old and hope I don't live a long life because I do not want to rely on relatives to help me."

A fellow Alliance member, Margaret of Garner, North Carolina is struggling. After long years of being a caregiver for her mother who had Alzheimer's disease, Margaret relies solely on Social Security and a small pension to keep a roof over her head. After her mother died, Margaret lost her job in the recession. She depends on food pantries to ensure she has enough to eat without breaking the bank each month. While the food pantry helps, it cannot provide items such as fresh produce or eggs. Some weeks Margaret says she must choose between toothpaste and bread.

On a personal note, my maternal grandmother, mother of six and a widow at the age of fifty, often said how glad she was to receive my grandfather's Social Security check because that check kept her from having to move to a poor house.

At the time, Connecticut had a number of poor houses for those with very little money. There was one not very far from Grandma's. She baked bread and brought it to the poor house every week, and I often went with her to deliver the bread. I have vivid memories of that poor house. It was a very simple structure with just the basics. Fortunately, Grandma was able to live in her own modest home until her passing at the age of 102.

For decades economists described the U.S. retirement system as a "three legged stool," with a pension, Social Security and personal savings all supporting a person in retirement. But of course, when one leg of the stool is missing or shorter than the others, instability and financial problems result.

The pension leg of the stool has been gradually disappearing from the American workplaces, eroding retirement security for most Americans and making Social Security even more important.

According to the Center for Retirement Research at Boston College, in the 1980s, 62 percent of workers had a traditional defined benefit pension. By 2017, that figure had dropped to 17% of workers. Many who do have defined benefit pensions are in danger of losing them, such as public employees, workers whose companies have filed for bankruptcy, and workers in multiemployer pension plans that are in danger of becoming insolvent.

The research also found that many employers don't offer a retirement plan at all: only 51% of Americans 21 to 64 years old had access to a retirement plan in 2014.

Nearly half of all retired Americans rely on Social Security for half their income, and 24% percent of Americans over 65 rely on Social Security for 90% of their income. We must keep in mind that Social Security benefits are modest. The average Social Security benefit for 2019 is just \$1,461 a month, or about \$17,500 a year.

Americans pay the highest prices in the world for prescription drugs, putting extreme pressure on seniors' finances and making the need to increase Social Security benefits even more urgent. We hear this from our members every day, and a KFF Health Tracking poll released last week reinforces this. The Kaiser poll found that 23 percent of seniors say it is difficult to afford their prescription drugs, and 29% of all adults report not taking their drugs as prescribed at some point in the last year because of costs.

Social Security payments are not keeping up with inflation. The Social Security cost-of-living adjustment, created in 1972, is inadequate and fails to accurately measure the inflation that affects seniors. In 2016, 9.3% of seniors over 65 lived in poverty, according to the Census Bureau.

The poverty rate is even higher (14.3%) if you use the Census Bureau's Supplemental Poverty rate, which factors in out-of-pocket medical expenses. The poverty rate is higher for some seniors than others. Elderly Hispanics and Blacks experience twice the poverty rate of whites, and the poverty rate for women over 80 under the supplemental rate is 21.1%.

To ensure that all Americans have the dignified retirement they have earned after a lifetime of work, the Alliance for Retired Americans is urging Congress to expand Social Security and increase earned benefits for current and future beneficiaries. Social Security expansion should include calculating COLAs based on the Consumer Price Index for the Elderly (CPI-E), an experimental measure kept by the Department of Labor that more accurately reflects the true costs of inflation for seniors.

We must also increase the special minimum benefits for low-wage workers. The special minimum benefit is currently so low in comparison to most workers' monthly benefits that it's virtually irrelevant to new beneficiaries. In 2013, the full special minimum benefit equaled about 88 percent of the Census Bureau's aged poverty threshold and about 85 percent of the HHS poverty guideline. We must do better and ensure low-wage workers have the basic dignity in retirement they deserve.

In addition, we must help widows and widowers. The Alliance urges Congress to ensure that surviving spouses receive 75% of the total household Social Security benefits they received prior to their spouse's death. This change is particularly important to women. The poverty rate for women over 65 is almost twice that of men over 65, and more than 50 percent of elderly women in poverty are widows. A 2018 Social Security Administration Inspector General's report found that widows and widowers were being shortchanged \$140 million in benefits due to a complex funding formula. What kind of society tells someone who has just lost their spouse of 50 years that they will now be destitute in addition to being alone?

To fund benefit increases and extend the solvency of the Social Security Trust Fund, the Alliance supports lifting the payroll cap and requiring millionaires and billionaires to pay their fair share into the Trust Fund. We are opposed to any kind of benefit cut, including the chained CPI, which would reduce Social Security COLAs, and raising the retirement age. We also oppose raising the payroll tax on workers.

Social Security is a sound economic investment. If seniors can live in dignity, the entire community benefits. Every August the Connecticut Alliance celebrates Social Security's birthday with a party at a senior center. This summer we will celebrate Social Security's 84th, and we hope to have many, many more.

And let me close by reminding everyone that Social Security protects people with disabilities and the surviving children of deceased parents. The president of the Arizona Alliance for Retired Americans' father died when he was a child, and credits Social Security with keeping him, his mother and his siblings out of poverty.

On behalf of the Alliance for Retired Americans, thank you for your commitment to addressing the issue of retirement security and for listening to my testimony today.