



Social Security and Medicare Basics

Richard Fiesta

**Executive Director
Alliance for Retired Americans**

About the Alliance

Founded by the AFL-CIO in 2001

Leadership

Robert Roach, Jr., President

Joseph Peters, Jr., Secretary-Treasurer

Julie Rivera Horwin, Executive Vice President

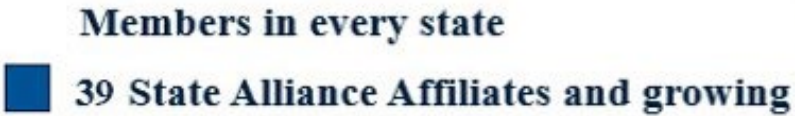
4.4 million members and growing

Union retirees & community members

Open to All - \$10 annual membership fee



Members in Every State



What We Do

- Grassroots advocacy and actions
- Legislative advocacy
- Educate
- Empower
- Mobilize



We fight for retirement security and economic fairness for all Americans

Resources



- **Annual Congressional Voting Record**
- **Fact Sheets and advocacy toolkits**
- **Monthly Seminars and Workshops**
- ***Friday Alert* weekly newsletter**

Americans Are Concerned

Does the U.S. Face a Retirement Crisis? YES

Democrats – 70 percent

Republicans - 62 percent

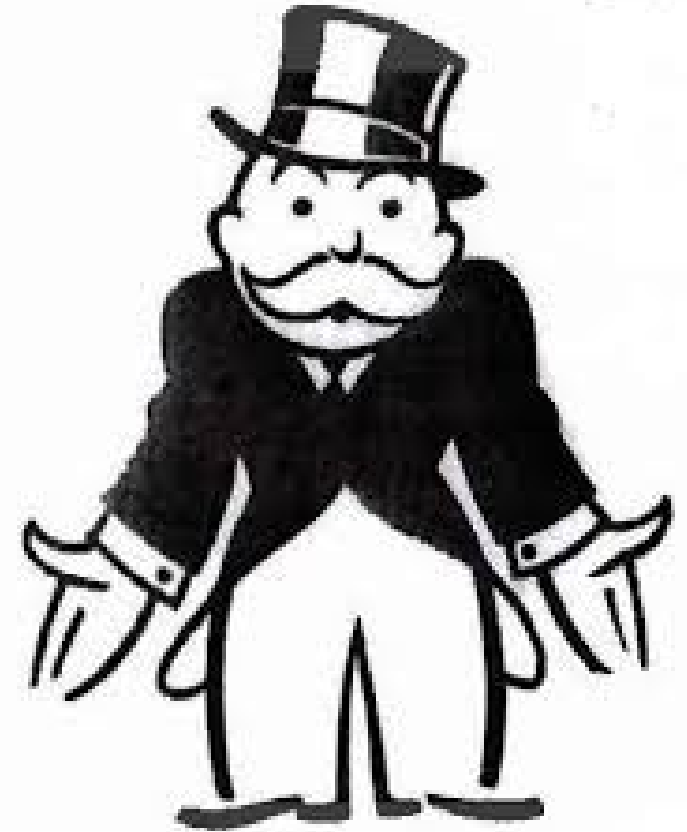
Independents - 70 percent

Retirement Savings is Low

57% of all households have no retirement savings

Median retirement account balances:

- **\$3,000** for working-age households
- **\$12,000** for near-retirement households



Federal Insurance Contribution Act (FICA)

Benefits Earned Over a Lifetime of Work

Social Security – 12.4%

Employee 6.2%

Employer 6.2%

2023 capped at \$160,200

Medicare – 2.9%

Employee 1.45%

Employer 1.45%

No wage cap

Social Security Basics

- Nearly **Universal, Portable**
- **Lifetime** benefits
- Provides **family benefits if a worker dies; provides disability protection**
- Provides a yearly cost-of-living adjustment (COLA)
- Funded by **payroll taxes, bond interest, tax revenue on high-earner beneficiaries**
- Just **.6%** of total expenditures is spent on administration

Faces of Social Security

176 million workers contribute

65.2 Million Beneficiaries

50.1 million receive retiree benefits

5.9 million receive survivors' benefits
including more than 4 million children

9.2 million receive disability benefits

Average Benefits

Retired worker **\$1,657**

Retired couple **\$2,753**

Disabled Worker **\$1,358**



Primary Income Source for Most Older Americans

For 1/3 of current beneficiaries
– **90%** of income is from Social Security

For 2/3 of current beneficiaries
– **50%** of income is from Social Security



Younger Workers and Social Security

9% of millennials have received Social Security because their working parent died, became disabled, or retired

A young person starting a career today has a **30% chance of being disabled before 67**

Social Security likely to provide **most of their income in old age**

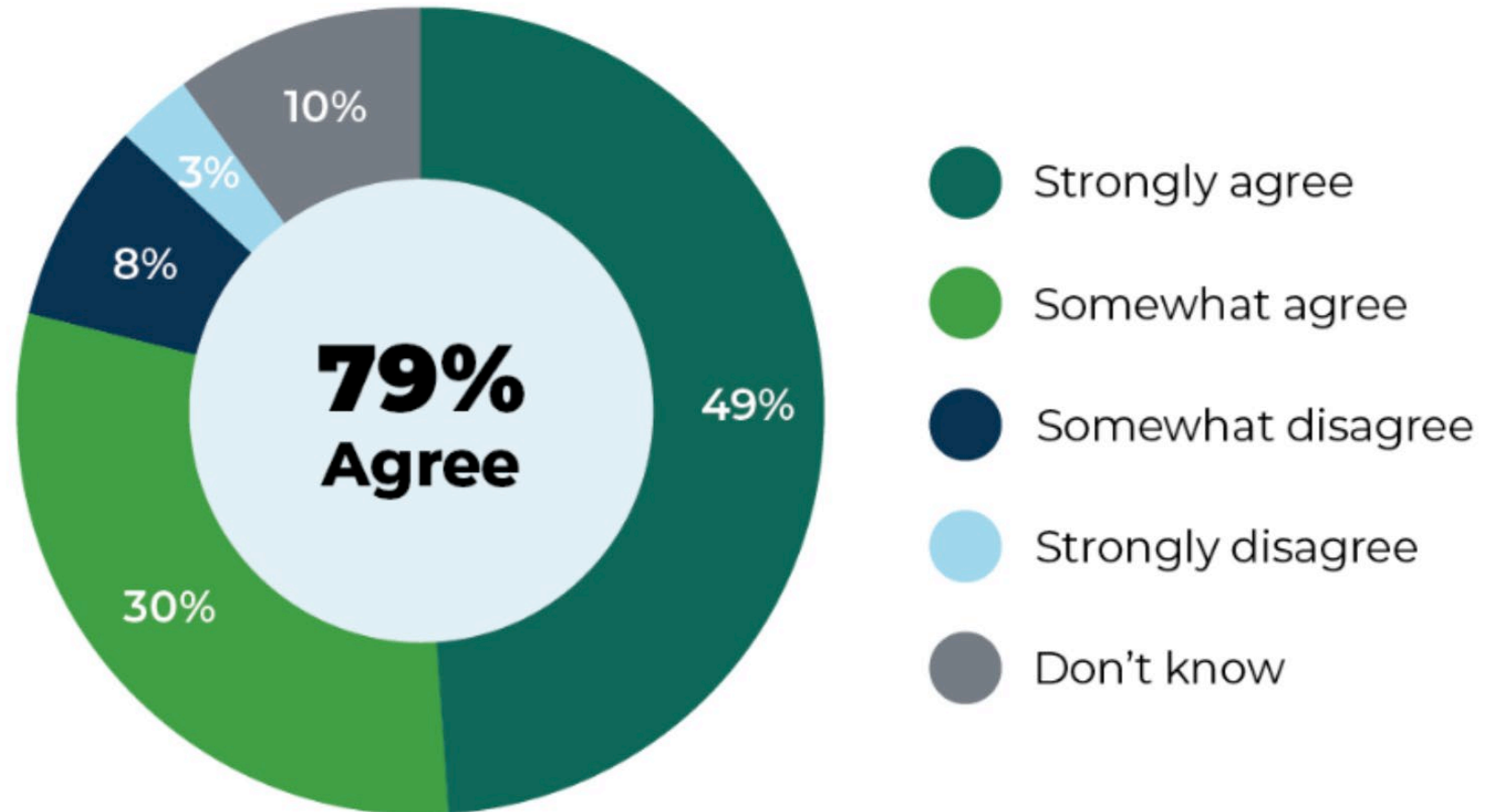
Lack of traditional pensions; only 1/3 have a retirement savings plan at work

65% of people 18-29 want no reduction in Social Security, but only 15% believe Social Security will have enough money to provide benefits at current levels

Social Security is Valued

Survey:

**Social Security
should remain a
priority
REGARDLESS of
budget deficits.**



Social Security is Solvent



Social Security's combined trust funds are solvent until **2034!**

Could pay **75%** after that
if nothing changes

Social Security Expansion

Social Security 2100: A Sacred Trust Act, H.R. 2023 and S. 3071

- Introduced by Rep. John Larson (CT) and Sen. Richard Blumenthal (CT)
- Increases benefits for all for 5 years
- **All earnings over \$400,000** subject to the Social Security payroll tax
- Extends the solvency of the Social Security Trust Fund by 9 years
- Repeals the WEP and GPO provisions
- Adopts the Consumer Price Index for the Elderly (CPI-E)
- Reported from Ways and Means Committee with no recommendation

Social Security Expansion

Social Security Expansion Act

S. 4365 and H.R. 8005

- Introduced by Sen. Bernie Sanders (VT) and Rep. Peter DeFazio (OR)
- **Increases benefits by \$200 per month** across the board for current and new beneficiaries
- **All income over \$250,000** subject to the Social Security payroll tax
- Extends the solvency for 75 years
- Adopts the Consumer Price Index for the Elderly (CPI-E)
- Improves the Special Minimum Benefit for Social Security recipients

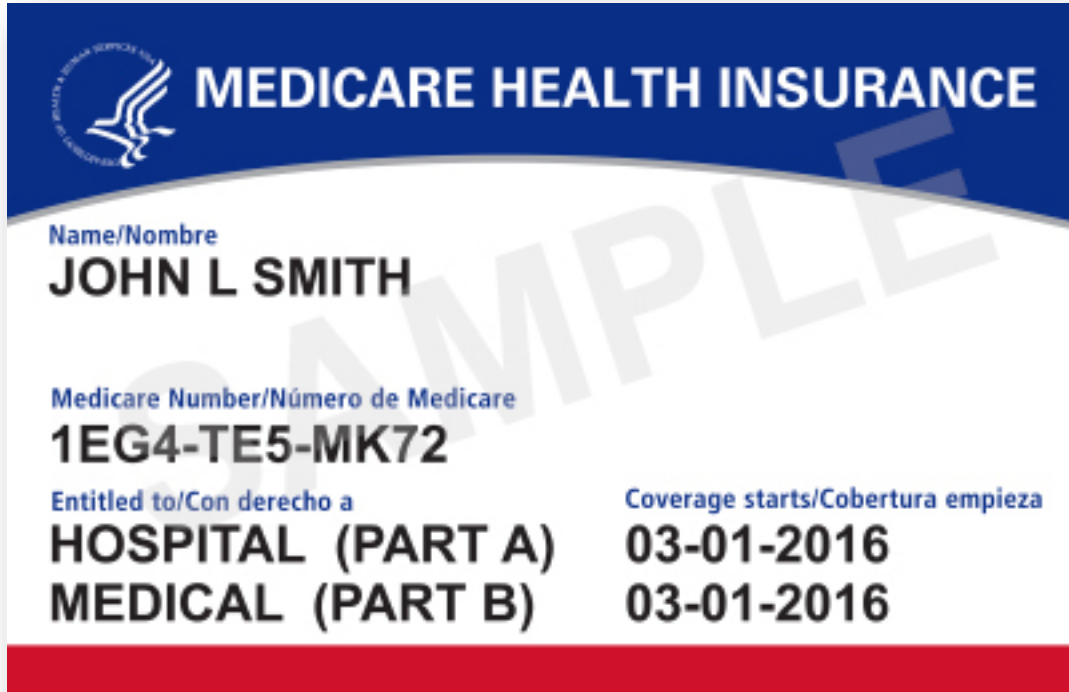
Social Security Expansion

Social Security Fairness Act

S. 1302 and H.R. 82

- Introduced by Sen. Sherrod Brown (OH) and Rep. Rodney Davis (IL)
- Repeals the GPO and the WEP
- The WEP affects nearly two million public sector retirees with public pensions
- The GPO reduces the spousal or survivor benefits of nearly 800,000 retirees who collect a public pension by 2/3
- More than 300 House co-sponsors

Medicare Basics



Universal hospital and health insurance for people 65 years+ and those with certain disabilities

Beneficiaries choose traditional Medicare or private plans

Faces of Medicare



**176 million workers
contribute to the system**

**More than 63 million
beneficiaries**

55.5 million seniors

8.1 million people with disabilities

Medicare is Solvent

Medicare is **solvent until 2028**.

The Inflation Reduction Act will save Medicare \$300 billion and families \$200 billion.



Traditional Medicare

Part A - hospital insurance

- Inpatient hospital care, short-term skilled nursing, hospice care
- Most do not pay premiums because of lifetime contributions

Part B - medical insurance

- Doctor visits, Ambulance services, durable medical equipment
- Monthly premiums, adjusted annually and based on income

No limit on out-of-pocket charges – beneficiaries pay 20% of covered costs

No coverage for prescription drugs, vision, dental services



Alliance *for* Retired Americans®

Traditional Medicare Add-Ons

Part D – Prescription drug coverage

- Monthly premiums + yearly deductible, co-pays, and coinsurance
- Available from private insurers

Medicare Supplemental insurance (Medigap)

- Helps pay beneficiary's share of costs including co-pays, co-insurance, deductibles
- Monthly premiums
- Limit out-of-pocket costs for hospital and medical care
- No network restrictions

Medicare Advantage

- Private plans, often charge premiums
- Beneficiaries have Part A and Part B coverage (some plans may pay Part B premiums)
- **HMOs or PPOs** with networks for providers and pharmacies
- Often require **prior authorization** for specialist care
- **Prescription drug** coverage
- Annual out-of-pocket maximums
- May include vision, dental, & hearing coverage
- **Costs taxpayers \$321 more per beneficiary than Traditional Medicare**

Recent Medicare Changes



- Free vaccines
- Insulin cost capped at \$35/month
- Medicare must negotiate lower prices for the 20 most expensive drugs
- \$2,000 annual out-of-pocket cap on drug costs for Part D beneficiaries
- Coverage for medically necessary dental care

Growing Support for Medicare Expansion

**Guaranteed Medicare
hearing, vision, and dental
services**

**House passed in 2019 and
2021**



Policy Threats to Social Security and Medicare

Would-be House Budget Committee Chairs:

*Block Debt Ceiling Increase to Force Cuts to
Social Security and Medicare*



Rep. Jason Smith (MO)



Rep. Jodey Arrington (TX)



Rep. Buddy Carter (GA)



Rep. Lloyd Smucker (PA)

Threats to Social Security and Medicare

Sen. Lindsay Graham: Entitlement reform “a must”; means testing and raising the retirement age

Sen. Rick Scott: Require reauthorization of Social Security and Medicare every 5 years

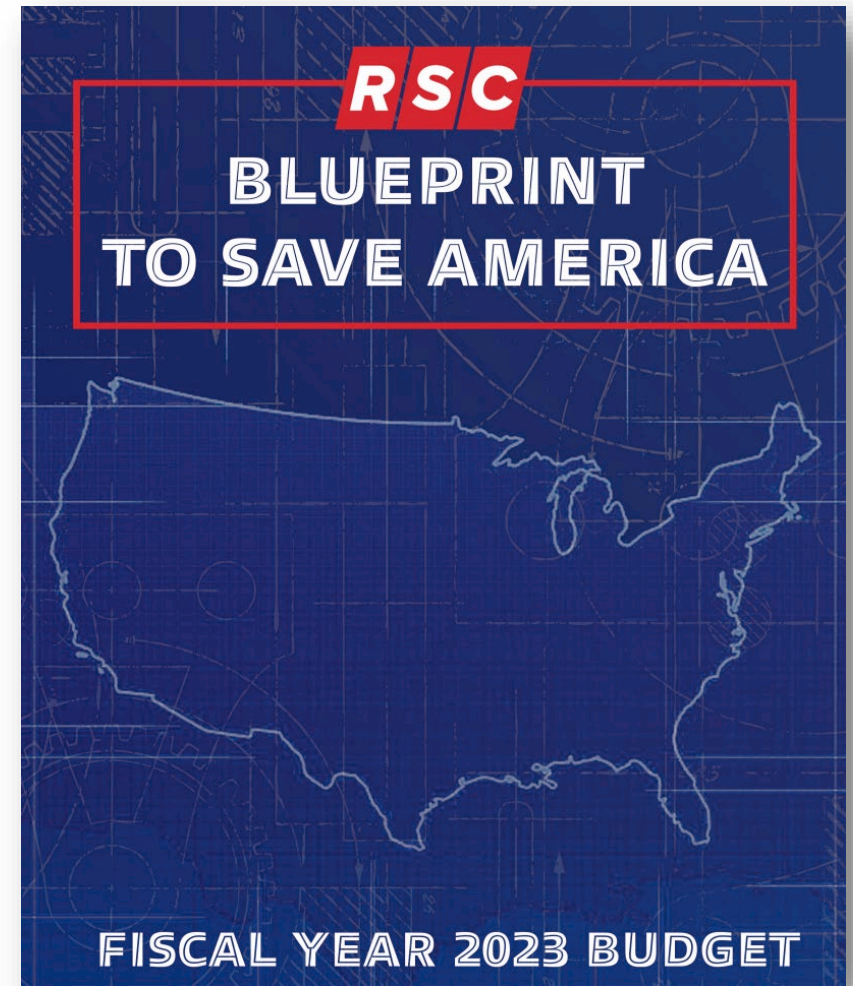
Sen. Ron Johnson: Make Social Security and Medicare discretionary spending; “coax seniors” back to work



Threats to Social Security and Medicare

House Republican Study Committee

- “Blueprint to Save America”
- **Raise the eligibility age** for Medicare and Social Security
- **Withhold payments** to early retirees and/or higher earners
- Allow **private accounts**
- Endorsed by **157 House members**



Policy Threats to Social Security and Medicare

TRUST Act, S. 1295

- Introduced by Sen. Romney;
13 bipartisan co-sponsors
- Establishes “**rescue committees**”
to meet behind closed doors
- Recommendations fast-tracked to
House and Senate floor for vote,
no amendments allowed



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