



# Republican Study Committee Budget Proposal Decimates Social Security and Medicare

## The Importance of Social Security and Medicare

For decades Social Security has delivered guaranteed, lifetime benefits on time and without interruption to generations of Americans. Beneficiaries earn their Social Security by contributing into the system with every paycheck. Sixty-five million older Americans, people with disabilities and family members of deceased workers - one out of every five households - relies on Social Security.

Directly connected to Social Security is Medicare, the nation's largest and most successful health insurance system, that serves the health needs of nearly 57 million older Americans and just under 8 million beneficiaries with disabilities. Since 1965, Medicare has been the most financially efficient health care system in the U.S., delivering guaranteed coverage to millions who would otherwise have to forego health insurance later in life. Like Social Security, Medicare benefits are earned over a lifetime of work and are an essential component of a secure retirement.

## The Alliance Position:

We strongly believe that to continue to provide retirement security for current and future generations, Congress needs to strengthen and expand Social Security and Medicare benefits rather than reduce them.

## The Republican Study Committee Plan to Destroy Social Security and Medicare

The Republican Study Committee (RSC), a House Caucus consisting of 175 members out of a total Republican House Caucus of 222 members (nearly 80%), proposed a budget that would, if enacted, increase Social Security's full retirement age to 69 and subsidize private insurance options to compete with traditional Medicare, potentially transforming the program into a type of privatized voucher program.

The RSC's proposed budget cuts spending by \$16.3 trillion over 10 years and provides \$5.1 trillion in tax cuts to the wealthy over 10 years. The proposal, which is made up of over 220 individual bills and initiatives from RSC Members, would give away \$248 trillion in cuts currently scheduled to expire in 2025 by making individual tax cuts in the 2017 tax code overhaul permanent. This aspect of the proposal alone is estimated by the Congressional Budget Office (CBO) to add \$2.5 trillion to the deficit over the next 10 years. This is more than ironic given the hard fought enthusiasm the Republican Party demonstrated while attempting to enforce terribly strict budget spending limits during the debt ceiling debate.

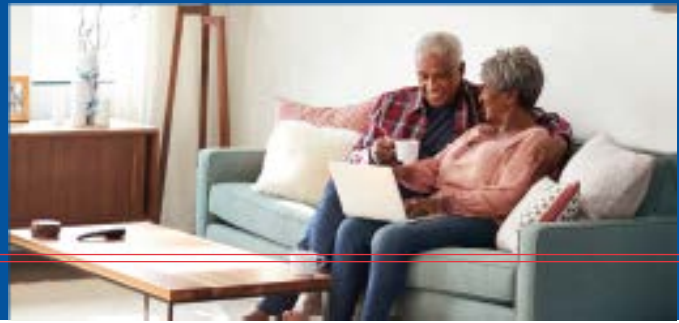
The budget also calls for accelerated depreciation for construction projects, indexing capital gains taxes to inflation and other tax relief items. The RSC base budget authority for defense spending would increase from \$886 billion in FY 24 to \$969 billion in FY 33, while non defense spending, which includes spending for programs in HHS and other agencies that benefit older Americans, would decrease by nearly 30% over 10 years.

## RSC Budget Items Specific to Social Security and Medicare

Beginning in 2026, people 59 years of age would see an increase in the retirement age of 3 months per year. The retirement age would reach 69 for those who turn 62 in 2033. Additionally, the RSC budget proposal does not include plans to raise additional revenue, such as increasing payroll taxes or the cap on Americans earning high incomes.

With respect to the Medicare program, the budget proposes a "premium support" plan that would subsidize private insurance options that compete with traditional Medicare, eventually transforming Medicare into a privatized voucher program. Additionally, the budget makes disability beneficiaries wait for five years before becoming eligible for Medicare benefits instead of two, the current rule. And ominously, the budget would repeal provisions that allow Medicare to negotiate lower prescription drug costs.

The Alliance strongly rejects this approach and believes that any changes to Social Security and Medicare must start from the premise that the benefits the American people have earned and deserve are a sacred promise between workers and the government that must be kept intact and expanded for future generations.



# Threats to Social Security

## The Importance of Social Security

For decades Social Security has delivered guaranteed, lifetime benefits on time and without interruption to generations of Americans. Beneficiaries earn their Social Security, contributing into the system with every paycheck.

Sixty-five million older Americans, people with disabilities and family members of deceased workers – one out of every five households – relies on Social Security.

In the 118th Congress a growing number of legislators are promoting ideas that put these earned benefits at risk.

## Alliance for Retired Americans Position

We believe that to continue to provide retirement security for current and future generations, Congress needs to strengthen and expand Social Security by increasing benefits, rather than reducing them.

The Alliance for Retired Americans categorically opposes any attempts to reduce Social Security benefits or entertain ideas that will lead to the destruction of the Social Security system. This includes policy proposals to raise the full retirement age, partially or fully privatize the program, or create special commissions or expert panels to make decisions that adversely affect Social Security and its beneficiaries.

Details on some proposals under current discussion are below.

## Raising the Retirement Age

One frequently discussed change to Social Security is increasing the age at which beneficiaries can claim the “full” retirement benefits they have earned. The last change was made in 1983 when the 98th Congress voted to raise the full retirement age from 65 to the current age of 67 for people born in 1960 or later.

Another increase in the full retirement age (FRA) to 70 will result in a lifetime benefit cut for all Americans, as shown in the chart below.

The chart also demonstrates the average decrease in lifetime benefits (using the average lifetime span of 76 years) for each year that the full retirement age goes up. For illustration purposes annual cost-of-living increases are not factored.

Age of Retirement	Yearly benefits	Lifetime benefits received until death at age 76	Reduction
67	\$20,124	\$181,116	–
68	\$20,124	\$160,992	\$20,124
69	\$20,124	\$140,868	\$40,248
70	\$20,124	\$120,744	\$60,372

Proponents of a higher retirement age assert that this is needed because “Americans are living longer.” However, Americans with lower-incomes do not live as long as those with high incomes. A 2020 Harvard study found that men in the top 10% in household income could expect to live to 88 years old, while those in the bottom 10% could expect to live to just 76.

Moreover, people who work in physically demanding jobs are less able to work until they are 70. Clearly, increasing the full retirement age unfairly reduces lifetime Social Security benefits for those who may need to rely on them the most.

Lastly, there is an unfair racial component inherent in the proposal of raising the retirement age. This is because on average White Americans live longer (an average of 76.4 years in 2021) than Black Americans (70.8 years), largely because of sizable health disparities and historical economic and social racial biases.

## Privatizing Social Security

Politicians are again discussing fully or partially privatizing the Social Security system. Privatization would most likely lead to the ownership of large retirement accounts for the wealthy and more profits for Wall Street. Those advocating for privatization justify this idea by claiming that the Social Security program has sunk into a financial crisis that cannot be resolved without entirely dismantling the program and converting it into a system of market based, individual investments. For individual Social Security beneficiaries, private investment accounts would dramatically decrease their financial security in retirement. Unlike defined pension benefits which are guaranteed, investment accounts such as 401(k) accounts and others depend on the stock market and, as we have seen in recent years, can quickly lose value.

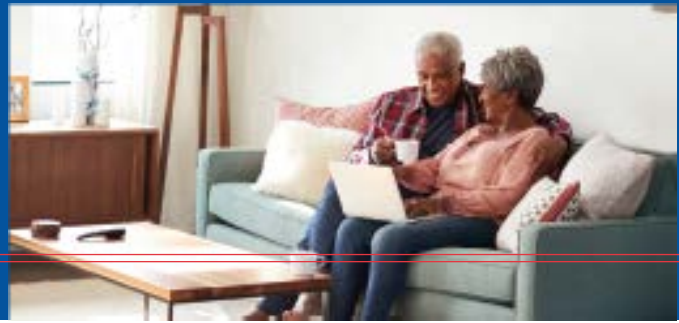
Privatization will not provide a financial boost to Social Security, but instead destroy the current system by failing to buttress the fundamental solvency of the program. Because private accounts would be financed by taking money out of Social Security, privatization plans would eviscerate Social Security's Trust Fund. Moreover, privatization would result in huge cuts in Social Security benefits without any guarantee of replacing them.

## Commissions to “Study” Social Security

Commissions to study Social Security have been thinly veiled attempts to create political justifications for fundamental changes and cuts to Social Security's earned benefits.

One concrete legislative proposal for a Committee to “study” Social Security's finances which has surfaced in the last few congresses is the TRUST Act. This proposal would form a committee that would conduct meetings behind closed doors and fast track recommendations to the House and Senate floors. In all likelihood, these furtive changes would result in substantive benefit cuts.

The Alliance strongly rejects this approach and believes that any changes to Social Security must start from the premise that the benefits the American people have earned are a sacred promise between workers and the government that must be kept intact and expanded for future generations.



## Expanding Social Security

These benefits are essential to all who rely on them, including seniors, people with disabilities and families of deceased workers.

Today 65 million Americans – one out of every five households – relies on Social Security's lifetime, guaranteed benefits.

To continue to provide retirement security for current and future generations, it is time to strengthen and expand Social Security and increase benefits. Many members of Congress recognize the need for action and are proposing legislation that will ensure the Social Security system remains strong and Americans receive the benefits they have earned.

### Alliance for Retired Americans Position

The Alliance for Retired Americans strongly supports federal legislation that increases Social Security benefits, extends the solvency of the Social Security Trust Fund, and repeals the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO).

We believe the practical and fair way to accomplish this is to lift the cap on Social Security payroll taxes above the current \$160,200 and require that wealthy Americans pay their fair share of taxes into the system.

Each of the bills described below would strengthen Social Security in important ways.

### S. 393, H.R. 1046: The Social Security Expansion Act

This legislation, introduced by Senator Bernie Sanders (D-VT), in the Senate and Rep. Jan Schakowsky (D-IL) in the House, expands Social Security and increases benefits by requiring that wealthy Americans pay their fair share.

This legislation extends the solvency of Social Security for 75 years by lifting the cap and subjecting all income above \$250,000 to the Social Security payroll tax.

The bill increases the Cost-of-Living-Adjustments to more accurately measure the spending patterns for seniors by adopting the Consumer Price Index for the Elderly (CPI-E). It also expands Social Security benefits across the board for current and new beneficiaries, increasing benefits by \$200 per month.

Moreover, it improves the Special Minimum Benefit for Social Security recipients, restores student benefits up to age 22 for children of disabled or deceased workers, and combines the Disability Insurance Trust Fund with the Old Age and Survivors Trust Fund so that all Americans receive the benefits they have earned.



## **H.R. 671: The Social Security Enhancement and Protection Act**

This legislation, introduced by Rep. Gwen Moore (D-WI), makes key reforms to strengthen and improve program benefits to augment Social Security's ability to protect vulnerable Americans living in poverty. The bill accomplishes this by eliminating the cap on Social Security payroll contributions, while also improving the program's special minimum benefit to better support low-income workers. And while recognizing that providing child care is hard work, it allows the years in which a parent provides care for a young child to count as a year of coverage for determining an individual's Social Security benefits.

Additionally, the legislation reinstates benefits for students up to age 26 who are children of retired, deceased, or disabled workers, and increases benefits for all beneficiaries 20 years after retirement, providing economic stability to the eldest among our nation's senior population.

## **H.R. 82 and S. 597: The Social Security Fairness Act**

This bill, introduced by Rep. Garret Graves (R-LA) and Rep. Abigail Spanberger (D-VA), in the House and by Sen. Sherrod Brown (D-OH) in the Senate, repeals the GPO and the WEP.

The WEP affects nearly two million public sector retirees with public pensions, while the GPO reduces by two-thirds the spousal or survivor benefits of nearly 800,000 retirees who collect a public pension. These are outdated provisions that deprive educators and other public employees of the benefits they have earned and the secure retirement they deserve. Moreover, eliminating the WEP and GPO would also serve as a tremendous financial boost not only to seniors but for the United States' economy overall, given that seniors support tens of millions of jobs and contribute trillions of dollars annually to the nation's economy.

## **H.R. 814: The Protect Social Security and Medicare Act**

This legislation, introduced by Rep. Mark Pocan (D-WI), raises the vote threshold and requires a two-thirds supermajority vote to pass any legislation that would reduce benefits in either the Social Security or Medicare programs.

## **S. 1174: The Medicare and Social Security Fair Share Act**

Senator Sheldon Whitehouse (D-RI) introduced legislation that extends the solvency of Social Security and Medicare by 20 years while augmenting fairness in the tax system by increasing the share that taxpayers earning over \$400,000 in income contribute (regardless of the source of their income). The bill also requires that taxpayers with incomes above \$400,000 contribute more to Medicare, while closing a legal loophole that favors high earners, mimicking President Biden's budget proposal. This legislation levels the playing field so that the vast majority of Americans will not continue paying a much larger percentage of their income for these programs than the wealthiest Americans.

## S. 1211: The Social Security Caregivers Act

Senator Chris Murphy (D-CT), introduced legislation that allows caregivers to receive a Social Security credit and provides retirement compensation in the form of credits to individuals who left the workforce to care for loved ones. The credit in the legislation is added to an individual's earnings to calculate their future Social Security benefits. To qualify, caregivers must provide care for a minimum of 80 hours per month to a loved one who cannot perform daily activities without assistance.

## The Safeguarding American Families and Expanding (SAFE) Social Security Act

Senator Brian Schatz (D-HI) has announced his intention to introduce the SAFE Social Security Act, a bill which increases Social Security benefits by \$125 per month across the board. The legislation will also ensure that cost of living adjustments adequately reflect the living expenses of retirees, extend the life of the Social Security Trust Fund, and remove the wage cap to ensure all Americans contribute equally to the system.

Key benefits of the legislation include:

- Phasing out the payroll tax cap so that payroll taxes apply fairly to every dollar of wages earned;
- Updating the annual COLA to better reflect the real costs that seniors face through the use of the Consumer Price Index for the Elderly;
- Guaranteeing a new minimum benefit so that lower income seniors receive enough to survive;
- Rewarding caregiving by providing a credit toward future Social Security payments;
- Ensuring that any increase in benefits would not harm an individual's eligibility or cause a reduction in their Supplemental Security Income (SSI), Medicaid or CHIP benefits;
- Eliminating the waiting period for disability insurance and surviving spousal benefits;





# Social Security and Medicare: Current Facts and Figures

## The Many Faces of Social Security

- Nearly 182 million workers contribute to Social Security through payroll taxes.
- Nearly 67 million people receive monthly Social Security benefits:
  - 52 million people receive retirement benefits
  - 5.9 million people receive survivors' benefits
  - 8.7 million people receive disability benefits.
- [Beneficiaries by state](#)

## Average May 2023 Monthly Social Security Benefit

- A retired worker: \$1,836
- A retired couple: \$2,731
- Disabled worker: \$1,485
- Disabled worker with spouse and child: \$2,365
- Widow or widower: \$1,713
- Young widow or widower with two children: \$3,364
- Maximum Monthly Social Security Benefit: \$3,627 (for worker retiring at Full Retirement Age).

## Social Security Cost of Living Adjustment (COLA) for 2023: 8.7%

## 2023 Social Security and Medicare Contribution Amounts

**Social Security:** 6.2% for both workers and employers. This contribution is paid on earnings up to \$160,200.

**Medicare:** 1.45% for both workers and employers on all wages.

## 2023 Social Security Eligibility

**Full Retirement Age:** Depends on your birth year. [Normal retirement age \(NRA\) \(ssa.gov\)](#)

**Early Retirement Age:** 62 (taking early retirement can reduce Social Security benefits up to 30 percent)

## Social Security: When and How to Apply for Benefits

Generally, you should apply for Social Security benefits four months before the date you want your benefits to begin. Click here for more information on when you can apply for Social Security: <https://www.ssa.gov/planners/retire/>. You can apply in one of the following ways:

- Visit your local Social Security office. Call 1-800-772-1213 to find the nearest office.
- Call Social Security at 1-800-772-1213. If you are deaf or hard of hearing, you can call Social Security at TTY 1-800-325-0778.
- Online: <https://secure.ssa.gov/iClaim/rib>

## The Many Faces of Medicare

- Nearly 182 million workers contribute to Medicare through payroll taxes.
- Approximately 64 million people receive Medicare benefits, including:
  - 55.9 million people age 65 and older
  - 8 million people with disabilities under 65
- [Beneficiaries by state](#)

## 2023 Medicare Part A (Hospital Coverage)

**Deductible:** \$1,600 (first 60 days of Medicare-covered inpatient hospital care)  
**Coinsurance:** \$0 (Days 1-60), \$400 per day (Days 61-90)

## 2023 Medicare Part B (Physician Coverage)

For all beneficiaries: Part B deductible is \$226 and the Part B copayment is 20%.

Individual's Income in 2021	Couple's Income in 2021	Your 2023 Part B Monthly Premium
\$97,000 or less	\$194,000 or less	\$164.90
\$97,000-\$123,000	\$194,000-\$246,000	\$230.80
\$123,000-\$153,000	\$246,000-\$306,000	\$329.70
\$153,000-\$183,000	\$306,000-\$366,000	\$428.60
\$183,000-\$500,000	\$366,000-\$750,000	\$527.50
\$500,000 and Above	\$750,000 and Above	\$560.50

## 2023 Medicare Part D (Prescription Drug Coverage)

**Monthly Premium:**Varies by plan, \$505 maximum  
**Deductible:**Varies by plan, \$480 maximum

**Doughnut Hole:** \$4,660 - \$7,400. Beneficiaries in the donut hole will pay 25% of the cost of generic drugs and no more than 25% of the cost of brand-name drugs.

**Cap on Out-of-pocket Costs:** \$7,400

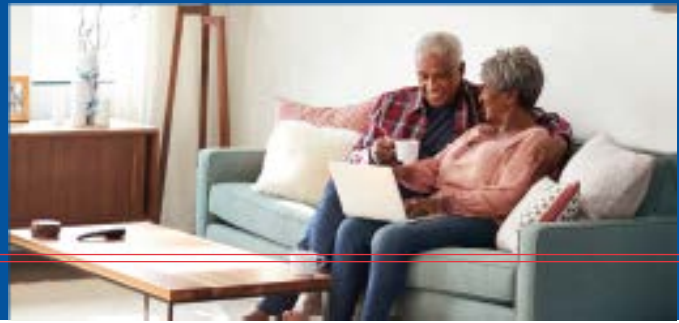
In addition to a monthly plan premium, high-income individuals will pay an income-related monthly adjustment amount as noted below:

Individual's Income in 2021	Couple's Income in 2021	Income-related monthly adjustment amount
\$97,000 or less	\$194,000 or less	\$0.00
\$97,000 - \$123,000	\$194,000 - \$246,000	\$12.20
\$123,000 - \$153,000	\$246,000 - \$306,000	\$31.50
\$153,000 - \$183,000	\$306,000 - \$366,000	\$50.70
\$183,000 - \$500,000	\$366,000 - \$750,000	\$70.00
\$500,000 and Above	\$750,000 and Above	\$76.40

## Medicare: When and How to Apply for Benefits

Medicare is available for people age 65 or older, younger people with disabilities and people with End Stage Renal Disease. If you sign up after you turn 65, you may be penalized unless you have other coverage.

For information about when to apply for Medicare go to <https://www.ssa.gov/planners/retire/justmedicare.html>. To apply for Medicare, call 1-800-772-1213 or visit [www.medicare.gov](http://www.medicare.gov).



## Medicaid

### What is it?

Medicaid is a social safety net program that provides health coverage for pregnant women, children, the disabled and seniors with low-incomes.

### Who is covered under Medicaid?

93.4 million people receive Medicaid and CHIP benefits, including:

- o 42 million children, including those on the Children's Health Insurance Program (CHIP)
- o 33.9 million people age 19-64 without disabilities
- o 4.8 million people with disabilities
- o 7.2 million people over the age of 65

### Medicaid Expansion

Since 2014, the Affordable Care Act has provided states the ability to expand the Medicaid program to include coverage of individuals not previously covered by the program. As of this year 39 states have expanded Medicaid programs to provide health insurance coverage to 15 million people with incomes up to 138% of the Federal Poverty Level (\$14,580 for individuals and \$24,860 for a family of three).

A list of states that have expanded Medicaid is available [here](#).

### Long-term Care and Support Services

Medicaid is the largest payer of nursing home and home care services, paying for a median of 86% of these services. Seniors with incomes up to \$2,742 per month for an individual may qualify to receive these benefits. Check with your state's Medicaid program to see if you qualify. For eligibility requirements, visit: <https://tinyurl.com/3yj73ufz>.

## Cost-sharing Assistance for Low-income Seniors

The Medicaid program also helps low-income seniors pay their monthly Medicare Part B premiums of \$148.50 through the Medicare Savings Program (MSP). The Centers for Medicare and Medicaid Services, in conjunction with states, offer four different programs under MSP described below.

The chart below is a summary of programs available. It shows what each program will cover and the maximum income and assets allowed to qualify:

Medicare Savings Program	Individual Monthly Income Limit	Married Couple Monthly Income Limit	Asset Limit	Help Covers
<b>QMB</b> Qualified Medicare Beneficiary	\$1,084	\$1,457 (limits are higher in Alaska and Hawaii)	\$7,860 (Individuals) \$11,800 (Couples)	Part A&B Premiums, deductibles, co-payments and coinsurance
<b>SLMB</b> Specified Low-Income Medicare Beneficiary	\$1,296	\$1,744 (limits are higher in Alaska and Hawaii)	\$7,860 (Individuals) \$11,800 (Couples)	Part B Premiums
<b>QI</b> Qualified Individual	\$1,456	\$1,960 (limits are higher in Alaska and Hawaii)	\$7,860 (Individuals) \$11,800 (Couples)	Part B Premiums
<b>QDWI</b> Qualified Disabled and Working Individuals	\$4,339	\$5,833 (limits are higher in Alaska and Hawaii)	\$4,000 (Individuals) \$6,000 (Couples)	Part A Premiums

**NOTE:** *These income and asset limits are based on federal guidelines, states may have more generous limits.*



# Social Security: Current Facts and Figures

## Millions of Americans Have a Stake in Social Security

- Nearly 182 million workers contribute to Social Security through payroll taxes.
- Nearly 67 million people receive monthly Social Security benefits:
  - 52 million people receive retirement benefits
  - 5.9 million people receive survivors' benefits
  - 8.7 million people receive disability benefits
- [Beneficiaries by state](#)

## Social Security Old-Age and Survivors Insurance (OASI) Trust Fund

The 2023 Annual Trustees Report shows that the Social Security Trust Fund is strong and solvent, with enough money to cover full benefits and expenses until 2033. If no changes are made, the Trust Fund will be able to pay 77% of scheduled benefits after that year.

## Average May 2023 Monthly Social Security Benefit

- A retired worker: \$1,836
- A retired couple: \$2,731
- Disabled worker: \$1,485
- Disabled worker with spouse and child: \$2,365
- Widow or widower: \$1,713
- Young widow or widower with two children: \$3,364
- Maximum Monthly Social Security Benefit: \$3,627 (for worker retiring at Full Retirement Age).

## Social Security Cost of Living Adjustment (COLA)

To ensure that the purchasing power of Social Security benefits are not eroded by inflation, a Cost-of-Living Adjustment is given based on the percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) from the prior year. If there is no increase, there can be no COLA.

The cost of living adjustment for 2023 was **8.7%**.

## 2023 Social Security Contribution Amounts

**Social Security:** 6.2% for both workers and employers. This contribution is paid on earnings up to \$160,200.

## 2023 Social Security Eligibility

**Full Retirement Age:** Depends on your birth year. [Normal retirement age \(NRA\) \(ssa.gov\)](https://www.ssa.gov/normalretirementage/)

**Early Retirement Age:** 62 (taking early retirement can reduce Social Security benefits up to 30 percent)

## Social Security: When and How to Apply for Benefits

Generally, you should apply for Social Security benefits four months before the date you want your benefits to begin.

There are three ways to apply:

- Visit your local Social Security office. Call 1-800-772-1213 to find the nearest office.
- Call Social Security at 1-800-772-1213. If you are deaf or hard of hearing, you can call Social Security at TTY 1-800-325-0778.
- Online: <https://secure.ssa.gov/iClaim/rib>