House Budget Committee Hearing Builds Momentum for Debt Commission, Cuts to Social Security and Medicare

The House Budget Committee held a hearing on three pieces of legislation to create a so-called fiscal commission to find ways to reduce the national debt Wednesday. The bills are similar and all create a path to votes on cuts to Social Security and Medicare.

Representatives Ed Case (D-HI), Bill Huizenga (R-MI), James McGovern (D-MA), Scott Peters (D-CA), Lloyd Smucker (R-PA) and Steve Womack (R-AR) and Senators Mitt Romney (R-UT) and Joe Manchin (D-WV) testified at the hearing. Rep. McGovern was the only witness who opposed creating a commission.

Following the hearing, Budget Committee Chairman Jodey Arrington (R-TX) floated using annual government funding bills to pass the legislation needed to create a fiscal commission. He called potential appropriations legislation that could move in January or February a “likely vehicle,” meaning that a closed-door, fast-track commission emboldened to cut Social Security and Medicare could be a requirement for funding the government.

President Biden has promised to veto any bill that could negatively affect Social Security or Medicare.
“There is truly no need for a fiscal commission, especially one that starts from the false premise that Social Security is adding to the national debt,” said Richard Fiesta, Executive Director of the Alliance. “Social Security needs to be strengthened for future generations, and benefits should be increased — not cut. We know that Social Security can be expanded by making the wealthiest Americans pay their fair share. The fact that the leading commission proponents never mention eliminating the cap on earnings subject to Social Security tax shows where their priorities lie.”

**Senate Finance Committee Advances Martin O'Malley's Nomination to Lead SSA**

Former Maryland Gov. Martin O'Malley is now one big step closer to becoming Social Security Administration (SSA) commissioner. On Tuesday, the Senate Finance Committee voted 17-10 to send his nomination to the Senate floor, with three Republicans joining all of the Democratic members of the Committee in voting for his confirmation.

As Commissioner, O'Malley would play a key role in seeing that Congress takes action to strengthen and protect Social Security benefits, that SSA has the resources to meet the public's needs, and that staff have the best tools and technology available.

During the Senate Finance Committee’s nomination hearing on November 8, O'Malley acknowledged the customer service challenges Social Security is facing. He called on Congress to increase funding so SSA can hire additional staff to manage its growing workload and reduce wait times for beneficiaries to get assistance.

“We share the Committee’s confidence in Governor O'Malley and we encourage the full Senate to confirm him before the end of the year,” said Joseph Peters, Jr., Secretary-Treasurer of the Alliance. “Congress should also act on his calls for increased SSA funding.”

**401(k) Balances are Down and Hardship Withdrawals Continue to Rise**

In the most recent quarter, retirement account balances have slumped, despite bouncing back earlier in the year. Due to volatile market conditions, the average 401(k) balance fell 4% to $107,700 in the third quarter. This drop follows a previous 4% drop in the second quarter of 2023. Only 6% of Americans have a 401(k) balance over $100,000.

The balances were also affected by an increase in hardship withdrawals. Hardship withdrawals allow account owners to withdraw retirement funds before they are 59 ½ without penalty if the funds are used to pay for medical expenses, losses due to natural disasters, to buy a primary residence, or prevent eviction or foreclosure.

According to reports by Fidelity Investments and Bank of America, the largest share of hardship withdrawals were for avoiding foreclosure and paying medical expenses. The number of 401(k) participants who have taken out hardship withdrawals is up 13% from the second quarter and 27% compared to the first quarter, with an average withdrawal amount of just over $5,000.
Financial experts label hardship withdrawals as last resort solutions, as it can significantly weaken compound interest. However, with rising costs, most adults living paycheck to paycheck, and record high credit card debt, hardship withdrawals have become more difficult to avoid.

“Americans are being forced to withdraw retirement funds early just to meet basic needs,” said Robert Roach, Jr., President of the Alliance. “This is another reason defined pensions are so important. All jobs should provide enough income for Americans to save for a rainy day and put aside some money for retirement.”

Materials Available from Alliance Webinar, Watch Your Wallet: Making Housing Decisions, Managing Debt and Avoiding Scams as You Age

On Monday the Alliance hosted a webinar with officials from the Consumer Financial Protection Bureau’s (CFPB) Office for Older Americans entitled, Watch Your Wallet: Making Housing Decisions, Managing Debt and Avoiding Scams as You Age.

Dr. Hector L. Ortiz, Senior Policy Analyst with CFPB, covered specifics related to paying for long term care, wrongful medical billing and scams that prey on older Americans. Cora Hume, an attorney with the CFPB’s Office for Older Americans, focused on topics including aging in place, making housing decisions after losing a spouse or partner, and using home equity to meet financial needs. The webinar concluded with the speakers taking several questions from Alliance members.

Ortiz and Hume also highlighted some of the educational material on its website designed to help older Americans, their families, and caregivers make informed financial decisions, including:

- Five things to consider before collecting Social Security
- Report scams to the Federal Trade Commission
- Know your rights: Caregivers and nursing home debt
- Housing decision guides
- Reverse mortgages

If you were unable to tune in, a recording of the webinar is [here](#) and Ortiz and Hume’s presentation is [here](#).
KFF Health News: Uncle Sam Wants You … to Help Stop Insurers’ Bogus Medicare Advantage Sales Tactics
By Susan Jaffe

After an unprecedented crackdown on misleading advertising claims by insurers selling private Medicare Advantage and drug plans, the Biden administration hopes to unleash a special weapon to make sure companies follow the new rules: you.

Officials at the Centers for Medicare & Medicaid Services are encouraging seniors and other members of the public to become fraud detectives by reporting misleading or deceptive sales tactics to 800-MEDICARE, the agency's 24-hour information hotline. Suspects include postcards designed to look like they're from the government and TV ads with celebrities promising benefits and low fees that are available only to some people in certain counties.

The new rules, which took effect Sept. 30, close some loopholes in existing requirements by describing what insurers can say in ads and other promotional materials as well as during the enrollment process.

Read more here.

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The Alliance for Retired Americans is a national grassroots advocacy organization with 4.4 million members fighting for retirement security for all Americans. www.retiredamericans.org @activereviewees