

April 22, 2007

WASHINGTON, DC—U.S. Rep. Peter DeFazio (D-Springfield) today commented on the release of the annual Social Security and Medicare Trustees report, which found that Social Security will be able to pay full benefits to American workers for at least the next 34 years with no changes whatsoever. Following is DeFazio's statement:

“Where’s the crisis? The report released today shows that Social Security will be able to pay 100 percent of promised benefits until at least 2041. And after that date, Social Security will still be able to cover 75 percent of promised benefits without any changes whatsoever. Covering that 25 percent gap is a manageable challenge, and with a few modest changes to the system, we can maintain Social Security on sound footing for the next seven decades and beyond.

I have a plan to do just that that I will reintroduce later this year.

“It is also important to note that the president’s so-called ‘solution’ to this issue is privatizing Social Security, which actually makes the program’s financial situation worse, not better, and puts at-risk the one guaranteed retirement plan on which all American families can rely.

“But most importantly we have to put the projections in this report into perspective. It is difficult to project with any real accuracy, what will happen 75 years from now.

Yet that is exactly what the Trustees are asked to do.

These projections should be taken for what they are: educated guesses.

If the actuaries' 75 year projections on wages, economic growth, inflation, life expectancy, birth rates or any other of the many economic and demographic projections they make, then the long-term financial status of Social Security could be even better.

There is no reason to radically overhaul Social Security as the President has proposed based on today's projections.

DeFazio has prepared a plan to protect and stabilize Social Security. The three main highlights of the DeFazio plan are 1) lifting the cap on wages subject to the Social Security payroll tax (currently at \$97,500) so millionaires would pay the same percentage of their salary to Social Security as the average American worker; 2) providing an exemption from the payroll tax on the first \$4,000 of wages, so everyone earning less than \$101,500 a year would receive a tax cut; and 3) investing, in aggregate, a portion of the trust fund in diversified stocks.