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Lift The Debt Limit! 95% Older Americans Say That Government Must Repay Money Borrowed From Social Security Trust Fund

New Poll By The Senior Citizens League

(Washington, DC) – The Senior Citizens League (TSCL) is calling on Congressional leadership to lift the federal budget debt ceiling and prevent a default on the federal debt — including the debt held by the Social Security Trust Fund. "Congressional inaction on the debt ceiling is a growing concern, " said TSCL in a letter to House and Senate budget leaders. "In prior debates to lift the debt ceiling, Social Security benefits have been used as a bargaining chip, and retirees have seen unexpected benefit cuts," the letter states.

After being suspended since November 2, 2015, the debt cap was reinstated last week. "Although the Treasury secretary is using 'extraordinary measures' to fund the budget for now, a failure to lift the debt limit in time would affect all Americans, including the timely payment of Social Security benefits," says TSCL Social Security and Medicare policy analyst, Mary Johnson.

There are two types of U.S. debt: debt held by the public, like U.S. savings bonds, and debt held by government accounts. The Social Security Trust Fund is the single biggest government account holding U.S. debt, with the federal government owing the Trust Fund about $2.8 trillion. Since 2010, the program has paid out more in benefits than it receives in cash revenues, requiring the U.S. treasury to borrow to pay the interest due on the non-marketable bonds or I.O.U.s held by the Trust Funds — money that is needed to pay the benefits of current beneficiaries. According to a recent TSCL poll, 95 percent of older voters say that money owed to the Social Security Trust Fund should be repaid in full.

Yet since 2010, when the Social Security Trust Fund first started running a cash deficit, budget negotiators have repeatedly attempted to enact Social Security reforms that would decrease benefits. One of the most widely - discussed proposals would switch to a more slowly - growing inflation measure — the chained consumer price index (CPI) — to calculate the annual cost – of – living adjustment as a means of slowing the growth of Social Security benefits and other inflation - adjusted federal programs. Although the proposal was not adopted in the past, primarily due to fear of public backlash, "It remains a key feature in many plans for reducing the deficit," Johnson says.

Although President Trump promised during his campaign not to touch Social Security, "it's unclear how he would view slowing the growth in Social Security benefits by this type of technical change," Johnson observes. "Make no mistake, no matter what sort of 'improvement' lawmakers may try to call it, getting less money from Social Security is a cut," she states.

According to an analysis by Johnson, the impact of switching to the more slowly - growing "chained" CPI would compound over time, with the deepest cuts accruing after people had spent 25 or 30 years in retirement. After 25 years, benefits would be cut by about 4.6 percent, and by 5.5 percent after 30 years. For someone with average benefits of $1,245 in 2017, benefits would be $100 per month lower from using the chained CPI after 25 years, and $136 per month lower after 30 years, the analysis found.

TSCL is urging older Americans to speak out to Members of Congress about earned benefits like Social Security and Medicare. What do you think? Visit www.SeniorsLeague.org to participate in TSCL's annual Senior Survey.

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