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Written Testimony
before the
House Committee on Budget
Hearing on
"Keeping Our Promise to America's Seniors – Retirement Security in the 21st Century"
May 15, 2019

Thank you, Mr. Chairman, for the opportunity to testify before the House Committee on Budget on "Keeping Our Promise to America's Seniors – Retirement Security in the 21st Century." As Chairman of the House Ways and Means Subcommittee on Social Security, I am honored to discuss ways to strengthen retirement security for working families so that all Americans have the chance to enjoy a financially secure retirement.

Every day, 10,000 Baby Boomers become eligible for Social Security. These Americans are facing a retirement income crisis, with too many people in danger of not having enough in retirement to maintain their standard of living and avoid sliding into poverty. For almost two-thirds of beneficiaries, Social Security provides a majority of their income.

As a former insurance agent, I learned in insurance school about the "three-legged stool" of retirement security – employer-sponsored pensions, personal savings, and Social Security. All three legs of the stool are important to ensure retirement security and Congress needs to address ways to improve all three. But our greatest responsibility here in Congress is to protect Social Security and ensure that it meets the needs of today's beneficiaries and future generations.

I met yesterday with the newly confirmed Inspector General of the Social Security Administration and we discussed the imminent danger Social Security is facing if Congress does not act. The Social Security Subcommittee, the full Ways and Means Committee, the House of Representatives and all the Congress bear the responsibility to act before benefits are reduced by 20% in 2035.

Democrats will continue – as we always have – to work for solutions that will protect the intergenerational guarantee that Social Security provides for American families. In addition to

protecting and expanding Social Security, we need to do more to help workers build retirement savings on their own.

The House Ways and Means Committee, under the leadership of Chairman Richard E. Neal, is working hard to address these needs. The Chairman has shepherded a bipartisan bill, the Setting Every Community Up for Retirement Enhancement Act – or the SECURE Act – through our committee as one of his first priorities, where it passed unanimously. The SECURE Act goes a long way to help Americans save. For example, the legislation includes a small employer automatic enrollment credit and a new tax credit of up to \$500 per year to employers to defray startup costs for new Section 401(k) plans that include automatic enrollment. And it makes it easier for small businesses to sponsor retirement plans by strengthening open multiple employer plans.

In addition, the Chairman has introduced legislation that would require all but the smallest employers to maintain a 401(k) plan for their employees that will be considered later this year. Lastly the Chairman has committed to addressing the multiemployer pension crisis this year, which has left too many retirees with failing pension plans in a devastating predicament.

In the Social Security Subcommittee, we have focused this year on ways to protect and enhance Social Security so that it meets the needs of all American workers.

Social Security is the nation's premiere insurance program. It provides retirement, disability, spousal and dependent benefits to all working Americans.

It is not an entitlement, it is insurance you've paid for! That's why the deduction on your payroll is called FICA, the Federal Insurance Contribution Act. Whose contribution? Yours!

More than 62 million Americans are already receiving Social Security benefits.

According to the Social Security Trustees 2019 report, if Congress does not act before 2035, there will be a 20% reduction in benefits. In other words, for the person who was making \$50,000 a year throughout their working career, they would be living below poverty level if these cuts go into effect.

The choice is simple. We need to work bipartisanly and act.

The Social Security Subcommittee has held three hearings in the 116th Congress in addition to one in February held by the full Committee on retirement security and the need to protect and enhance Social Security.

Social Security is a civil rights issue too. People of color rely on Social Security more than their white counterparts due to their lower wages, lower life expectancy, higher disability rates and because they are less likely to work for an employer who offers retirement or disability benefits. Among seniors who received Social Security benefits in 2014, 45% of African Americans, 52% of Latinos, and 53% of Asian Americans relied on it for all or almost all of their income, compared to 32% of whites. Children of color are more likely to receive Social Security benefits as well.

Social Security is also a women's issue. Women accrue fewer Social Security benefits than men but need it more. Due to the wage gap, women earn 80 cents for every dollar earned by men (and its even lower for women of color -- 61 cents for African American women and 53 cents for Hispanic women), resulting in smaller Social Security benefits. While 74 percent of women are now in the workforce, women also typically bear most of the responsibility for caregiving, interrupting or reducing time in the workforce, reducing their Social Security benefits. The average benefit for women is around \$14,000. Without these modest benefits, 90% of women would be in poverty.

Social Security is the nation's largest economic development program. In 2014, Social Security contributed \$1.6 trillion nationally as benefits were spent. Social Security benefits go right back in to the economy, nobody is getting rich off them. It is not only a safety net for small business owners, it is a boon to entrepreneurship and business formation in this country.

Social Security isn't just an issue for seniors, it's a millennials issue. Millennials will rely more on Social Security for their retirement security than their parents or grandparents have due to wage stagnation, job instability, unprecedented levels of student debt, rising housing costs in addition to the risks posed by increased life expectancy, the 2008 Great Recession, decline in union jobs and expansion of the gig economy. Two-thirds of millennials have ZERO retirement savings, and its worse for millennials of color.

I have a bill, with 206 cosponsors, the Social Security 2100 Act, which will expand and enhance Social Security, making the program financially stable through this century and beyond. The Social Security 2100 Act is the only legislative proposal that expands benefits, is fully paid for, and achieves "sustainable solvency," as determined by the Chief Actuary of the Social Security Administration.

It offers current beneficiaries an across the board benefit increase of approximately \$300 a year, and it changes the formula for the Cost-of-Living-Adjustment to reflect costs that seniors face day to day.

It ensures that no one who has worked their whole life can retire into poverty, by increasing the special minimum benefit to 125% above the poverty level. It also provides tax relief for almost 12 million Social Security beneficiaries.

In closing, I commend the Chairman for holding this hearing on what I believe is the most important social issue of our time. I look forward to working with you to ensure that all working Americans are able to retire with the peace of mind that they will not be a burden to the next generation.