



Congressman Pete Stark Protecting Social Security for California Families

“In response to the administration’s plan to partially privatize Social Security, I have put together this guide to answer questions about what this privatization plan will mean to you and your retirement. I have serious reservations about this plan, and I am committed to strengthening Social Security. After all, you have worked hard for Social Security, and the government shouldn’t jeopardize it.”

Pete Stark

Privatizing Social Security Cuts Guaranteed Monthly Benefits

Plans to partially privatize Social Security would undermine retirement security by cutting guaranteed benefits over 40% for future retirees, even for those who don’t choose an account. Risky privatization accounts won’t make up the difference. Such accounts would take nearly \$5 trillion from Social Security over 20 years, and jeopardize benefits earned by current retirees, disabled workers and children who have lost a parent. Today, the average monthly benefit is \$950, and without this money, nearly 50% of American seniors would be living in poverty.

Social Security Faces Long-Term Challenges, but There Is No Crisis

The Social Security Trust Fund has accumulated more than \$1.7 trillion in reserves that are held in Treasury bonds. According to the Congressional Budget Office, even if no changes are made, Social Security will be able to pay full benefits for the next 50 years. We have time to come up with a bipartisan solution that will strengthen the Social Security system for generations to come.

Privatizing Social Security Makes the Problem Worse

Private accounts would make the challenge to Social Security worse by diverting nearly \$5 trillion over 20 years from the system. Using this Trust Fund money turns a long-term challenge into a much larger immediate problem.

America Would Be Forced to Borrow Nearly \$5 Trillion From Foreign Countries

In order to pay for the proposed partial privatization plan, the government would need to sell nearly \$5 trillion over 20 years in new Treasury bonds, mainly to China, Japan and other foreign countries. Adding to our national debt hurts our economy and passes costs on to future generations.



Congressman Stark discusses his efforts to protect guaranteed benefits for Social Security.

Four Facts You Need to Know About Private Social Security Accounts

- 1. The plan is not voluntary:**
Everyone’s benefits will be cut. If you choose not to invest in a private account, your benefits will still be cut over 40%.
- 2. 70% tax on accounts:**
On average, for every dollar you have in your investment account, the plan would deduct about 70 cents from your Social Security check.
- 3. Cannot pass on to children:**
At retirement, you will be required to turn over most of your account proceeds to an insurance company (or a new bureaucracy), which will give you monthly income, leaving little or nothing to be passed on to your children.
- 4. You won’t control your own money:**
The money is not yours to invest as you see fit; instead, the government will choose which funds you are allowed to invest in.

See reverse side for information about a Town Hall Meeting

