

**Testimony of Robert Roach, Jr.  
President, Alliance for Retired Americans**

**House Ways and Means Social Security Subcommittee Hearing  
Thursday, September 24, 2020  
Chairman John Larson (CT)  
Ranking Member Tom Reed (NY)**

Thank you Chairman Larson, Ranking Member Reed and members of the Committee for allowing me to speak at this very important hearing entitled, "Save Our Social Security Now", to discuss the detrimental impact of the President's executive action on the Social Security payroll tax. I am Robert Roach, President of the Alliance for Retired Americans, a grassroots advocacy organization with 4.4 million members across the country.

As a retiree organization, we focus on strengthening, expanding and protecting Social Security and Medicare -- the foundation of retirement security in this country. We were appalled that President Trump signed an executive action in August that permits businesses to temporarily defer the employees' share of the Social Security payroll tax -- an act that will not help retirees nor assist the more than 30 million unemployed Americans. This executive action will not even help workers, who will need to pay double the payroll contributions come next year.

The executive action is problematic for employees and employers alike. The Chamber of Commerce has expressed serious concerns, because it requires businesses to implement costly and complicated systems. Most large corporations and state governments, including those led by Republican governors, have

chosen not to participate. However, the Trump Administration has chosen to move forward and has ordered the federal government, including the Veterans Administration and the Department of Defense, to defer the payment from federal workers, giving them no choice to opt out. These workers will get the false sense that they are getting a tax break when in fact it is merely a loan that they will need to repay next year.

President Trump's subsequent statement to "make permanent cuts to the payroll tax" if he is re-elected is even more disturbing. While we are outraged, we are not surprised. The President has been promising to make cuts to our earned Medicare and Social Security benefits the cornerstone of a second Trump term. On multiple occasions, he and members of his Administration have expressed plans to change these social insurance programs. The Social Security payroll tax deferral is the first step toward enacting sweeping changes to the earned benefits of working Americans and retirees.

Social Security is an earned benefit and a sacred promise between the government and workers. By contributing through payroll taxes during a lifetime of hard work, Americans are guaranteed that the benefits will be there for them when they retire. At no time is this sacred trust more important than during a pandemic, when seniors are faced with such uncertainty. Not only are seniors bearing the brunt of this pandemic with 80% of deaths occurring in Americans 65 and over, older Americans are having to deal with social isolation that comes from not being able to see their family and friends. They should not have to also worry about their earned Social Security benefits.

According to the Social Security actuary, if the Social Security payroll taxes were permanently terminated, the Disability Insurance (DI) Trust Fund would run out of money to pay benefits in 2021, and the Old Age and Survivors Trust Fund would follow in 2023.

Older Americans are already facing a challenging future. Fewer seniors are getting income from a defined benefit pension or a defined contribution account and many are at risk of losing their multiemployer pensions. Also, the 2007 financial crisis and stagnant wages since then have contributed to workers not being able to save for their retirement. According to a 2018 Joint Economic Committee report, half of all American families near retirement have \$12,000 or less in formal retirement savings. As a result, older Americans are relying more and more on Social Security. Today, 40% of Americans rely on Social Security as their sole source of income in retirement. These figures are even higher for people of color.

Social Security is also an important source of revenue to the local economy. In 2020, 65 million beneficiaries will receive \$1 trillion in benefits from Social Security. These funds are spent in the local community on food, housing, health care and other essential needs.

Congress must do everything in its power to protect and expand Social Security, not reduce its funding or dismantle the program. While some may say that the President's executive action to defer

Social Security payment is an effort to stimulate the economy, there are much better ways to do this.

Congress should extend the \$600 unemployment benefits, which help unemployed workers who are the most affected by this pandemic. Congress should also provide hazard pay for our frontline and essential workers who are risking their lives every day. Congress could enact the Making Work Pay legislation, which would provide tax credits to workers, allowing them to put money in their pockets without affecting Social Security. Or Congress could enact the economic impact payments of \$1,200 to individuals with adjusted gross incomes up to \$75,000 and couples with incomes up to \$150,000, including retirees and Supplemental Security recipients, and provide \$500 to their dependents.

Finally, Congress should enact the Emergency Pension Plan Relief Act, which would provide pension relief to the more than 1.4 million workers and retirees whose multiemployer pension plans are in critical and declining status. If these plans go under, not only will these individuals lose a majority of their pensions, but the pension losses will overwhelm the Pension Benefit Guaranty Corporation -- the government backstop that protects beneficiaries when their pension plans are terminated. This proposal will also help reverse pension cuts that came as a result of the 2014 Multiemployer Pension Reform Act (MPRA). Tens of thousands of retirees have lost as much as 60% of their pension due to this law. Most of these provisions are included in the House passed HEROES Act.

Most importantly, I urge Congress to pass Congressman Larson's bills, H.J.Res. 94, a resolution of disapproval of President Trump's executive action, and the Save Our Social Security Now Act, H.R. 8171, which would bar the Treasury Department from implementing the deferral of payroll contributions. Thank you.