SOCIAL SECURITY

Sound protection or a "War on Poverty" Welfare Tool?

What H.R. 5710 would do to your Social Security protection

CHAMBER OF COMMERCE OF THE UNITED STATES

Some people are trying to change the basic intent of your Social Security protection through a new law that would:

- *increase its cost to over $52 a month for you and your employer alike.*
- *turn Social Security into just another tool in the "war on poverty" by injecting, for the first time, the welfare concept of a test of "need."*
- *destroy the basic principle that has always related benefits to wages earned.*

What would H.R. 5710 do to Social Security?

The Administration's Social Security proposal, H.R. 5710, would:

- *increase Social Security benefits from 15% to 59%*
- *increase taxes on employees from less than $25 a month to as much as $52 per month, and increase the tax on employers by an equal amount*
- *increase the amount of wages taxed from $6,600 to $10,800*
- *extend Medicare to disabled workers under age 65*
- *tax Social Security benefits for the first time*
- *raid the general funds of the U.S. Treasury to finance part of Social Security benefits.*

Should Social Security Benefits be Increased?

Yes. Between 1954 and 1966 the cost of living rose about 23 per cent. In that same period of time Social Security benefits have risen about 14 per cent, and the new Medicare program has been added for health and medical care protection. To keep "in-step" with the increase in the cost of living, benefits should be increased about 8 per cent—an increase that can be financed without further increases in presently scheduled Social Security taxes.

Is General Fund Financing Needed?

No. The provision of H.R. 5710 that would finance some Social Security benefits by raids on the general funds of the U.S. Treasury should be rejected. General Fund financing would ultimately reduce Social Security to public "relief." General Fund financing undermines the sound principle that the Social Security program be self-financed through a payroll tax on both the employee and his employer.

Why Shouldn't Benefits be Subject to a Test of "Need"?

A fundamental principle that sets Social Security protection apart from "relief" programs is that Social Security benefits are paid as a "matter of right"—without any "needs test." Two provisions of H.R. 5710, however, would inject a "needs test" into Social Security by the back door. One provision of the bill would reduce the value of Social Security benefits to retired workers who have "too much" income by taxing benefits for the first time. Another provision would limit a wife's benefit to $90 even though her husband's prior earnings would qualify her for a larger amount. Social Security should not cross the line separating it from public relief.

Does H.R. 5710 Relate Benefits to Prior Earnings?

No. The bill would eliminate the traditional provision that benefits are related to earnings—that those who earn more, and hence experience a greater wage loss, stand to get a larger benefit. Instead, H.R. 5710 would relate benefits for some to the number of years of coverage. This would permit a worker who earned less to draw larger benefits than another worker who had substantially higher earnings. This provision of H.R. 5710 would be the first step toward destroying the principle of wage-related benefits.

What can you do to Protect Social Security?

There are two things you can do to help retain the basic purpose of Social Security protection:

1. Write, wire, call, or see your Congressman promptly and urge him to:
   - *support an increase in Social Security benefits to keep them "in-step" with the increase in the cost of living, without increasing Social Security taxes*
   - *reject provisions of H.R. 5710 that would convert Social Security into a welfare-type program to help fight the "war on poverty."*
   - *reflect your views to other Congressmen on the House Ways and Means Committee.*
2. Share this pamphlet with your friends and associates so they will know about H.R. 5710—and why they should join in opposing its bad features and supporting the preservation of a sound program of Social Security protection.

Whither Social Security Taxes?

The accompanying chart shows how Social Security payroll taxes have grown over the years. For example, from 1937 through 1949, the maximum yearly tax on each employee and employer was $30. This annual maximum has climbed rapidly since then: To $45 in 1950, $144 in 1960, and $290 this year.

Present law already calls for further boosts in payroll taxes to pay for liberalizations voted by Congress in earlier years. The maximum tax would ultimately hit $373 under present law.

The Administration's Social Security proposal—H.R. 5710—proposes a 64 per cent increase in the amount of earnings taxed by Social Security, and further hikes in the tax rates on workers and business.

The maximum tax would move up sharply from $290 on each employee and employer in 1967 to: $343 in 1968, $390 in 1969, $450 in 1971, $499 in 1973, $599 in 1974 **and ultimately hit $626 in 1987.**