



News From

U.S. Congressman Jim DeMint *Serving South Carolina's Fourth District*

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DeMint Praises Social Security Administration for Sounding Alarm on Social Security

Updated Annual Social Security Statement Sent to American Workers Now Details Program's Cost, Tax Burden, and Potential Collapse

WASHINGTON – U.S. Representative Jim DeMint (R-S.C.) today thanked the Social Security Administration for updating its annual report to American workers to more accurately reflect the declining economic condition of Social Security. The new version of the annual Social Security statement arriving in homes this week reflects changes DeMint and U.S. Representative Karen McCarthy (D-MO) called for in their bipartisan bill, “Straight Talk on Social Security Act of 2003.”

“I want to applaud the Social Security Administration for sounding the alarm on Social Security,” DeMint said. “The future of Social Security is in jeopardy and Congress needs to act now to modernize the program so future retirees can enjoy the retirement security generations have enjoyed in the past. If Congress fails to act in the next few years, Americans could see their Social Security taxes double or endure massive benefit cuts.”

The updated version of the annual Social Security statement reflects two changes requested by DeMint and McCarthy.

- 1) The new statement tells workers the truth about their Social Security tax burden. The statement explains that 12.4 percent of every worker's salary – one out of every eight dollars – goes to Social Security taxes. Self-employed workers pay this entire amount directly to Social Security. Other workers also pay 12.4 percent in Social Security taxes but employers send half of this amount directly to Social Security before employee earnings are ever directed to a worker's account.
- 2) The new statement informs workers that Social Security is going broke and will not be able to pay future benefits if the system is not reformed soon. The new letter states: “Unless action is taken soon to strengthen Social Security, in just 15 years we will begin paying more in benefits than we collect in taxes. Without changes, by 2042 the Social Security Trust Fund will be exhausted. By then, the number of Americans 65 or older is expected to have doubled. There won't be enough younger people working to pay all of the benefits owed to those who are retiring. At that point, there will be enough money to pay only about 73 cents for each dollar of scheduled benefits. We will need to resolve these issues soon to make sure Social Security continues to provide a foundation of protection for future generations as it has done in the past.”

“Americans have a right to know how their Social Security dollars are performing. It is my hope that informing the public about the true condition of Social Security will create momentum for much-needed reforms that will provide choices to those who want it, guarantee benefits to those who need it and ensure retirement security for everyone,” DeMint said.