



Report: Social Security benefits would be cut under Republican proposals

By Vicki Needham - 10/20/10 04:35 PM ET

A new report shows that seniors could lose up to 50 percent of their Social Security benefits under several different Republican proposals designed to reduce the cost of the mandatory program.

Social Security's chief actuary analyzed several proposals, including those by House Budget Committee ranking member Paul Ryan (R-Wis.) and Minority Leader John Boehner (R-Ohio), according to the details of the report released Wednesday by House Ways and Means Committee Democrats.

"There's been a lot of discussion about how easy it would be to cut Social Security in order to save it," said Rep. Earl Pomeroy (D-N.D.), chairman of the panel's Subcommittee on Social Security, who requested the analysis.

Under Ryan's plan, the report showed that by 2080, the benefit of a medium earner, about \$43,000 in 2010, would be 46 percent below today's wage-indexed amount; the benefit of a higher earner, \$69,000, would be 56 percent lower; and the benefit of someone who earns the maximum taxable amount, \$106,800, would be 61 percent lower. The reductions include a 7 percent cut in benefits resulting from the increase in the full retirement age that is already scheduled in law.

The average Social Security benefits are \$14,000 a year for retirees.

"The truth is that none of the cuts being proposed are easy on anyone, and in fact, all of them will hurt middle-class seniors and their retirement security," Pomeroy said in a statement.

He said the average Social Security recipient would lose 30 percent of his or her benefits under Republican proposals that "would have a profoundly negative impact on the retirement security of middle-class seniors, in addition to high-income retirees."

"That's not what I'd call 'saving' Social Security," Pomeroy said.

The chief actuary looked at several proposals, including raising the retirement age from 67, as scheduled under current law; reducing benefits for all regardless of when they retire; flattening benefit levels and reducing replacement rates by tying initial benefit levels to price levels rather than wage levels; and adopting an alternative measure of inflation as the basis for the annual cost-of-living adjustment.

Source:

<http://thehill.com/blogs/on-the-money/budget/125107-report-social-security-benefits-would-be-cut-under-republican-proposals>

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