



Fact Sheet

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Republicans Want to Privatize Social Security and Trust Wall Street with Main Street's Retirement Security

We must always remember what is at stake for the millions of American seniors who depend on this earned benefit. If my Republican colleagues had their way, Social Security benefits would be eliminated, phased out or risked on the stock market, leaving millions of Americans' retirement security hostage to the up and down fluctuations of Wall Street. I believe that retirement security for Main Street should be guaranteed, not trusted to Wall Street. And that is why I will continue to fight to make sure we do not jeopardize the future of Social Security with risky schemes that leave our seniors vulnerable.

-Majority Leader Harry Reid, August 13, 2010

This Saturday marks the 75th anniversary of Social Security, a critical program that was created at a time when the American economy had crumbled and was struggling to recover. Now, it is more important than ever. Without Social Security, nearly half of Americans age 65 and older would live in poverty. Instead, millions of Americans can live their lives with dignity and independence.

Remarkably, Republicans are threatening once again to privatize and cut your Social Security – turning it over to Wall Street just two years after they almost collapsed the American economy and destroyed millions of dollars in personal savings. The financial and economic crises were the direct result of greedy and reckless behavior of Wall Street CEOs and Republican economic policies that encouraged excessive risk-taking and a laissez-faire approach to financial regulation and oversight. Would we really trust these same people with our retirement?

Republicans want to privatize Social Security, and turn Main Street's retirement security over to Wall Street. The Republican Roadmap for the Future proposes large cuts in Social Security benefits and redirects funds into private accounts that would be risked on Wall Street. [CBPP, [7/7/10](#)] And some Republicans are seeking to phase Social Security out entirely in favor of “free market alternatives.” [Fox5 News, [6/24/10](#)] As the *LA Times* noted, this agenda is “the old George W. Bush plan to privatize Social Security in new clothing. It's a way of diverting critical resources from the program and loading more risk onto the shoulders of working men and women and their families – more exposure to the stock market, to Wall Street chicanery, to promoters of gold accounts and other nostrums – and eroding the average person's one secure path to a comfortable retirement.” [LA Times, [6/23/10](#)] According to the *Wall Street Journal*, “the

stock-market rout has ignited a crisis of confidence for millions of Americans who manage their own retirement savings through 401(k) plans. Their success depends “largely on the luck of the stock-market draw.” [[Wall Street Journal](#), 1/8/09] What does that mean? Simply that individuals who invest their retirement savings may not experience sufficient growth to retire comfortably

Even before the financial crisis took hold of the markets in the fall 2008, a columnist expressed concern that “the most widely-watched domestic market benchmark [the S&P 500] is back below where it was in February 2000... Baby Boomers [who are] planning to dip soon into their life savings are quickly running out of time to recoup their losses.” [[The Capital Times](#), 1/22/08]

Someone who invested in a recommended 401(k) account indexed to the S&P 500 the day before President Bush was sworn into office in 2001 would have lost money if they withdrew those funds when President Bush left office in 2009:

When adjusted for inflation, the S&P 500 had actually declined by 47.73 percent between January 19, 2001 and January 16, 2009. A \$1000 investment would have been worth only \$522.72. [[CPI Inflation Calculator](#), [S&P 500 Historical Prices](#)]

The consensus on the Republicans’ disastrous plans for our seniors is in: “[I]t’s mystifying that anyone who watched his or her 401(k) stagnate with the stock market for the past decade would want to trade Americans’ guaranteed retirement security for the unreliable mercies of the markets.” [[USA Today](#), 8/10/10]

Democrats are committed to ensuring that Social Security continues to support America’s retirees. Democrats know that Social Security is a promise that must never be broken – a program that Americans have earned and paid for with a lifetime of hard work. We are committed to protecting Social Security from those who oppose the program and want to privatize it or phase it out altogether. Privatization would force deep benefit cuts and a massive increase in debt, while putting benefits at the mercy of Wall Street and taking the security out of Social Security.

Senate Democrats are committed to:

- Honor our obligations: While many are scared that Social Security won’t be there for them, if we just honor our obligations to Social Security, as we always have, the program can pay all promised benefits for nearly 30 years;
- Do no harm: Save the program from those who want to privatize it or phase it out altogether;
- Crack down on cheaters, who cost Social Security about \$50 billion a year; and
- Bipartisan negotiations: Work in a bipartisan manner to make the modest adjustments necessary to ensure long-term solvency.

While Social Security faces long-term challenges that must be addressed, it is not in crisis. The Congressional Budget Office says that, even if no improvements are made to Social Security’s long-range financing, it can pay every penny of benefits for nearly 30 years. And, after that it can pay larger benefits than seniors receive today, even after accounting for inflation. [CBO, [7/10](#)]