# Boswell Briefing...

By Congressman Leonard Boswell

## Social Security Reform Should Focus On Security and Incentives For Younger Workers

Social Security provides guaranteed, lifelong benefits. It was developed more than 50 years ago as a safety net for seniors. However, given demographic shifts in our nation's population, we must consider reforms to Social Security to guarantee its solvency. Social Security has been, and continues to be, one of the most important and successful programs ever undertaken by the federal government. The system has substantially cut elderly poverty in the United States. In 1959, approximately 35 percent of seniors were at poverty level. Today, because of Social Security, there is only a 10 percent poverty rate for seniors. Without Social Security, the rate would jump to 50 percent. We must carefully consider alternatives as wee seek to improve the system.

I am very concerned about plans to privatize the system. I am concerned about the risks associated with privatization and what safety net would exist for those whose investments go bad or if the stock market takes a plunge. Private accounts do have some benefits, but would drain one trillion dollars out of Social Security over the next ten years. Workers could lose a considerable percentage of their accounts' value to administrative charges and management fees. Current administrative costs for Social Security are less than 1 percent of the total expenditures.

Young people must be encouraged to save for the future. Congress should provide incentives for young workers to save for their retirement. But funding for these incentives should come from additions to our retirement system, not by diverting Social Security funds from current beneficiaries.

Privatization plans can be especially hard on women, workers with disabilities, young families, and minorities. Around 60 percent of Social Security beneficiaries over 65 years of age and approximately 72 percent of over 85 years old are women. On average, women live six to eight years longer than men do. Consequently, women depend disproportionally upon Social Security's progressive, lifelong, inflation-indexed benefits.

Iowa's seniors depend on Social Security. It is extremely important to improve the program while keeping it intact. We must not put our security at risk.

---

*If you have comments or are having difficulty with a federal agency call my office toll-free 1-888-432-1984.*