

Fact Sheet on the Keeping Our Social Security Promises Act

1. Current co-sponsors of the Keeping Our Social Security Promises Act

Sanders, Whitehouse, Boxer, Blumenthal, Leahy, Klobuchar, and Franken. Congressman DeFazio is introducing the companion legislation in the House.

2. Who is supporting this bill?

- The Strengthen Social Security Campaign, comprised of more than 320 organizations throughout the country representing more than 50 million Americans, including the **National Committee to Preserve Social Security and Medicare**.
- AFL-CIO
- United Steelworkers
- Alliance for Retired Americans
- Social Security Works
- Campaign for Community Change
- The Arc

3. What does this bill do?

The Keeping Our Social Security Promises Act would eliminate the cap subject to payroll taxes on earned income above \$250,000. No-one earning less than \$250,000 would see their taxes go up under this bill.

4. Would this bill increase the solvency of Social Security for at least 50 years?

Yes.

According to a September 7, 2011 letter from Steve Goss, the Chief Actuary of the Social Security Administration, "Assuming enactment [of the Keeping Our Social Security Promises Act], the [Social Security] program would be expected to be solvent for the next 75 years ... The assets in the combined [Social Security Trust Fund] would be positive throughout the 75-year period, meaning that solvency would be expected throughout the period ... For the 75-year long-range period as a whole, the present-law unfunded obligation of \$6.5 trillion in present value is replaced with a positive trust fund balance of [\$40 billion] in present value through the end of the period."

Note: Because of the economy, SSA has now estimated that this bill would extend the solvency of Social Security for the next 50 years. After 50 years, Social Security would be 91% solvent under this legislation, according to SSA.

5. Under this bill, the payroll tax would not be applied on income between \$113,700 and \$250,000. Why is that?

Because that's exactly how President Obama proposed doing it when he campaigned for President in 2008.

Here is what the **Economic Times** reported on June 14, 2008:

"Democrat Barack Obama said on Friday he would apply the Social Security payroll tax to all annual incomes above \$250,000 ... The presidential candidate told senior citizens in Ohio that it is unfair for middle-class earners to pay the Social Security tax 'on every dime they make,' while millionaires and billionaires pay it on only 'a very small percentage of their income.'

The 6.2 percent payroll tax is now applied to all income up to [\$113,700], which covers the entire amount for most Americans. Under Obama's plan, the tax would not apply to incomes between that amount and \$250,000. But all annual income above the quarter-million-dollar amount would be taxed under his plan.

Obama said his plan "allows us to extend the life of Social Security" without raising the retirement age or cutting benefits."

6. How many Americans would this impact?

According to a report released in January of 2013 by the Center for Economic and Policy Research, only the top 1.3 percent of workers would be affected if the Social Security payroll tax were applied to income above \$250,000.

In other words, under this legislation, 98.7 percent of American workers would not see their taxes go up by one dime.

7. Would the wealthy receive more benefits under this bill?

No. The wealthy would receive the same benefits as they receive now. If benefits went up, billionaires could be eligible for multi-million dollar a year Social Security benefits. That would not be fair.

8. How much more revenue would this bill add to Social Security?

About \$85 billion per year.

9. How would the wealthy be impacted under this bill?

For someone making \$1 million a year, the 12.4% payroll tax (which is split equally between employer and employee) would apply for the first \$113,700 just like under current law.

Income from \$113,700 to \$250,000 would not be taxed.

Income from \$250,001 to \$1 million would be subject to the payroll tax.

This millionaire would pay \$46,500 more per year into Social Security; and the millionaire's employer would pay \$46,500 more into Social Security.