

Keeping Our Social Security Promises Act

1. Who is co-sponsoring this bill?

Boxer, Whitehouse, Akaka, McCaskill, Blumenthal, Leahy, and Franken.
2. Who is supporting this bill?
 - A. **The Strengthen Social Security Campaign**, comprised of more than 320 organizations throughout the country representing more than 50 million Americans including the **AFL-CIO** and the **National Campaign to Preserve Social Security and Medicare**
 - B. The United Steelworkers
 - C. The Older Women's League
 - D. The National Organization for Women
 - E. The Arc, the largest national organization advocating for people with intellectual and developmental disabilities.
 - F. Latinos for a Secure Retirement
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 by one dime under this bill.
4. Would this bill make Social Security solvent for the next 75 years? Yes.

According to a September 7, 2011 letter from Steve Goss, the Chief Actuary of the Social Security Administration, "Assuming enactment, 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."
5. How much more revenue would this bill add to Social Security?

About \$85 billion per year.
6. Under your bill there would be a donut hole in the payroll tax from \$106,800 to \$250,000. Why is this this?

Because we wanted to make sure that Social Security was strengthened for the next 75 years without raising taxes on anyone making less than \$250,000 or cutting benefits.

In addition, this legislation is exactly what Barack Obama proposed 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, which would affect the wealthiest 3 percent of Americans. 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 \$102,000 a year [now \$106,800], 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. He said McCain "a few years ago" stated that he might consider a higher cap on incomes subject to the tax, "but today he's attacking me for holding the very same position."

7. How many Americans would this impact?

According to a report released today by the Center for Economic and Policy Research, "only slightly more than 1 percent would be affected if the current [payroll] tax were applied to earnings over \$250,000."

In other words, only the richest 1.2 percent of Americans in this country would have their taxes go up under my bill according to the Center for Economic Policy and Research. 98.8 percent of Americans would not see their taxes go up by one dime.

8. Would the wealthy receive more benefits under your bill? No. They 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 be absurd.

9. How would the wealthy be impacted by your 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 \$106,800 just like under current law.

Income from \$106,800 to \$250,000 would not be taxed.

Income from \$250,000 to \$1 million would be subject to the payroll tax.

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

10. President Obama has proposed a one-year extension and expansion of the payroll tax holiday. Would this be impacted under this bill? No. The payroll tax holiday is only on the first \$106,800 of income. The Keeping Our Social Security Promises Act only applies to income above \$250,000.