

Thinking About Privatization: An Update July 2005

The President and some Members of Congress continue to promote a major overhaul of Social Security. Bills have been introduced by a key Senator and Representative that would create private accounts. There also have been reports that Congress may skip committee discussions, where public hearings are usually held on important issues, and proceed directly to the House and Senate floors. This creates an opportunity to add private accounts during the final legislative negotiations.

Pending Bills. Senator DeMint (R-SC), **S. 1302**, and Representative Jim McCrery (R-LA), **H.R. 3304**. Mr. McCrery is the Chairman of the House Ways and Means Subcommittee on Social Security. Both bills would direct Social Security's current annual surpluses to fund private accounts, rather than being used to purchase Treasury bonds for the Social Security Trust Funds. Under these bills, the shifting of revenues would end when the Social Security surpluses end. Some believe that the purpose of these bills is to "open the door" for more far-reaching private accounts in the future. Some analysts think that shifting the surplus funds would worsen Social Security's solvency problems and increase the federal deficit. More information on the DeMint and McCrery Plans is available on the Center on Budget and Policy Priorities web site, www.cbpp.org.

New report on private accounts and disability benefits. A new report from the Employee Benefit Research Institute (EBRI) concludes that "individual accounts are not as well suited to provide a disability benefit" because of fewer years to contribute and to compound contributions. EBRI focuses on the development of sound employee benefit programs and public policy through research and education. Craig Copeland, *Social Security Reform: The Importance of Disability Insurance and Annuities in Individual Accounts*, EBRI Notes, July 2005, Vol. 26, No. 7. The report concludes that there would have to be substantial cuts in retirement benefits if disability benefits were protected as part of Social Security change proposals. Some policymakers, including the White House, have stated that disability benefits would not be affected by any Social Security overhaul. The EBRI report and press release are available on the EBRI web site, www.ebri.org.

Sharing personal stories about Social Security beneficiaries. The best way to educate the public and Members of Congress about the importance of Social Security is to share real life stories of how people with disabilities and their families rely on Social Security benefits when the family wage earner becomes disabled, retires or dies. The Consortium for Citizens with Disabilities (CCD) is collecting stories about Social Security beneficiaries. [At this time, the focus is on Title II beneficiaries, not SSI beneficiaries]. The story template is available on the CCD website at www.ccd.org/FactSheets/storytemplate.pdf. If you have stories about clients and their families that would be good to share, please take a look at the template and contact your client about sharing the information. The individual can choose to remain anonymous, list their name, or indicate their willingness to speak publicly.