

FRIDAY ALERT



Alliance for Retired Americans

815 16th Street, NW, Fourth Floor • Washington, DC 20006

202.637.5399 • www.retiredamericans.org • arafridayalert@retiredamericans.org

August 15, 2008

Social Security Celebrates 73rd Birthday, Alliance Fights for 73 More

From Oregon to Florida, the Alliance celebrated Social Security's 73rd birthday with 25 grassroots events lauding the program that has kept millions of Americans out of poverty and by promising to continue fighting privatization efforts. On August 14, 1935, President **Franklin D. Roosevelt** signed the Social Security Act into law as a "measure of protection to the average citizen and to his family against the loss of a job and against poverty-ridden old age." Yet, on July 7, Senator **John McCain** (R-AZ) said, "Americans have got to understand that we are paying present-day retirees with the taxes paid by young workers in America today. And that's a disgrace. It's an absolute disgrace, and it's got to be fixed." Alliance members protested these comments outside Republican headquarters and McCain offices in Raleigh, North Carolina, Portland, Oregon and Phoenix, Arizona, and asked Senators **John Sununu** (R-NH) and **Gordon Smith** (R-OR) to denounce their colleague's comments in Manchester, New Hampshire and Salem, Oregon, respectively. The Senator was also shadowed by the Alliance on his visits to York, Pennsylvania and Aspen, Colorado this week. Additionally, birthday cakes and cards were presented with thanks to Social Security Administration offices in Green Bay, Madison, and Milwaukee, Wisconsin; Morgantown, West Virginia; Raleigh and Winston-Salem, North Carolina; Tallahassee, Port St. Lucie, Lake Mary, and Valrico, Florida; Albuquerque, New Mexico; Reading, Pennsylvania; Tyler, Texas; and Montpelier, Vermont. More events are planned through next week.

"We are reminding retirees that Senator McCain continues to support **President Bush**'s plan to privatize Social Security. This would create Social Security accounts tied to the roller coaster of Wall Street. With all the turbulence in the stock market, this is a gamble few retirees can afford to take," said **Edward F. Coyle**, Executive Director of the Alliance, in a press conference organized by Americans United for Change. Also speaking in support of Social Security during the press conference were U.S. Reps. **Jan Schakowsky** (IL-9), **Debbie Wasserman Schultz** (FL-20), AFL-CIO Secretary-Treasurer **Richard Trumka**, and **James Roosevelt Jr.**, grandson of FDR. Mr. Coyle additionally lauded "one of our nation's greatest success stories" on "The Race," live Wednesday night on XM satellite radio's Presidential Politics Channel and on "Special Report with Brit Hume" on Fox News yesterday. Today, Alliance President **George J. Kourpias** speaks to the A. Philip Randolph Institute in Jacksonville, Florida about Social Security and other issues.

New Report Debunks Conventional Wisdom on the Cost of Retirement Plans

A new report by the National Institute on Retirement Security found that defined benefit (DB) pension plans are more cost-efficient for employees and employers than Defined Contribution (DC) accounts. The study, "A Better Bang for the Buck: The Economic Efficiencies of Defined Benefit Pension Plans," was published on Thursday by the National Institute on Retirement

Security, a new pension defense group. According to the report, DB plans can provide the same retirement income at nearly half the cost of individual 401(k)-type Defined Contribution (DC) accounts – 46 percent less. DB plans are designed to provide employees with a predictable monthly benefit in retirement. With a DC plan, however, determining whether it will be sufficient to cover a retiree’s needs depends on factors such as employee and employer contributions and the level of returns on assets. While DC plans are important to the retirement security equation, they were not designed to stand on their own. Certain built-in features make DB plans the most fiscally efficient way to provide retirement income: they avoid over-saving, are ageless, and achieve higher investment returns. The report concludes that DB plans should remain a centerpiece of retirement income policy and practice, especially in light of current fiscal and economic constraints facing corporate and government retirement plan sponsors. “It is important for employees to continue to fight for defined benefit plans,” said **George Kourpias**. The report is available at www.retiredamericans.org/ht/a/GetDocumentAction/id/7701 .

Widespread Nursing Home Evictions Put Patients at Risk

Despite the industry’s claims that evictions are uncommon, nursing homes across the nation are increasingly forcing out frail and ill residents. According to *The Wall Street Journal*, formal complaints about discharge practices have doubled over a decade, to 8,500 nationally in 2006. In Iowa, involuntary discharges have risen even as the number of nursing-home beds has declined. And in Washington, D.C., roughly 1 in 7 evictions are contested as improper. Officials in more than a dozen other states have expressed concern, arguing that facilities surpass legal boundaries in seeking to evict those who are merely inconvenient or too costly. While residents with dementia or demanding families are often evicted, those who depend on Medicaid to pay their bills are often the most vulnerable. The problem largely boils down to money: residents on Medicaid pay facilities as little as half of those who pay out-of-pocket, with private health insurance, or through Medicare. “It is inexcusable and unlawful for nursing homes to evict residents for these reasons,” said **Ruben Burks**, Secretary-Treasurer of the Alliance for Retired Americans. “Officials must step in to protect patients, particularly those on Medicaid.”

Texas Alliance Elects New President

Annie M. Banks, a retired Houston special education teacher, has been elected president of the Texas Alliance (TARA). As the new president, Banks has pledged to expand TARA’s efforts to educate and mobilize Texas retirees on local, state, and federal issues. “It is getting harder than ever to be a retiree, as the cost of gas, groceries, and health care continues to skyrocket. It saddens me to hear my friends and neighbors talk about how tough it is to get by, but it also reminds me of why we have no choice but to be politically savvy seniors,” she said. Ms. Banks is widely respected for her outreach to community groups and her success in building effective coalitions.

Did You Know...

In 2007, **Sen. John McCain** voted in line with **President Bush’s** position 95% of the time (*Congressional Quarterly*).